November 6, 2008

Financial Results of the First Half ended September 30, 2008

Company name: NIKON CORPORATION
Code number: 7731; Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange
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Date for the filing of the Quarterly Securities Report (*Shihanki Houkokusho*): November 12, 2008
Date of dividend payout: December 8, 2008

Note: Amounts less than 1 million yen are omitted.

1. Consolidated Results of the First Half ended September 30, 2008 (From April 1, 2008, to September 30, 2008)

(1) Financial Results

(%: change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Half ended September 30, 2008	487,141	-	54,069	-	53,102	-	33,624	-
First Half ended September 30, 2007	445,793	18.2	63,266	43.7	58,866	58.8	34,438	48.5

	Net income per share of common stock	Net income per share of common stock after dilution
	Yen	Yen
First Half ended September 30, 2008	84.78	81.29
First Half ended September 30, 2007	86.23	82.68

(2) Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share of common stock
	Million yen	Million yen	%	Yen
First Half ended September 30, 2008	865,721	406,892	47.0	1,026.01
Year ended March 31, 2008	820,621	393,125	47.9	983.94

(Reference) Equity: First Half ended September 30, 2008: 406,724 million yen
Year ended March 31, 2008: 392,978 million yen

2. Dividends

	Dividend per share				
	First Quarter ended	Second Quarter ended	Third Quarter ended	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	-	11.50	-	13.50	25.00
Year ending March 31, 2009	-	12.50	-	-	-
Year ending March 31, 2009 (Planned)	-	-	-	12.50	25.00

(Note) Revision of cash dividend forecast for this period: None

3. Forecasts for Year Ending March 31, 2009 (From April 1, 2008, to March 31, 2009)

(%: change from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share of common stock
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	940,000	(1.7)	82,000	(39.3)	79,000	(34.2)	47,000	(37.7)	118.56

(Note) Revision of forecast for this period: None

4. Other

(1) Changes of significant subsidiaries during the current fiscal year (change of specified subsidiaries that affected the scope of consolidated reporting): None

(2) Adoption of simplified accounting methods and special accounting methods for quarterly consolidated financial statements: Yes
Note: Please see “4. Other” of [Qualitative Information, Financial Statements, etc.] on page 6 for further details.

(3) Changes of accounting policies applied, procedures and methods of presentation for preparing quarterly consolidated financial statements

1. Changes by revision of accounting standards: Yes
2. Changes other than the above: None

Note: Please see "4. Other" of [Qualitative Information, Financial Statements, etc.] on page 6 for further details.

(4) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury stocks):

First Half ended September 30, 2008	400,878,921 shares
Year ended March 31, 2008	400,101,468 shares

2. Number of treasury stock as of the term end:

First Half ended September 30, 2008	4,466,898 shares
Year ended March 31, 2008	708,305 shares

3. Average number of shares during the term:

First Half ended September 30, 2008	396,623,077 shares
First Half ended September 30, 2007	399,392,781 shares

Statement regarding the proper use of financial forecasts and other special remarks

1. Effective from the fiscal year ending March 31, 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Implementation Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. The quarterly consolidated financial statements have been prepared in accordance with "Regulations for Quarterly Consolidated Financial Reporting."
2. These forecasts are based on the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual results may differ materially from those discussed in these forecasts as a result of numerous factors outside of the Company's control.

・Qualitative Information, Financial Statements, etc.

1. Qualitative information regarding the consolidated operating results

During the first half ended September 30, 2008, LCD steppers and scanners achieved increased sales thanks to the aggressive capital expenditures of manufactures, but IC steppers and scanners suffered the impact of the rapid cutbacks in capital expenditures despite sales expansion efforts focused on ArF immersion scanners, and the Precision Equipment Business as a whole recorded decreased sales. On the other hand, the Imaging Products Business increased sales by expanding the product lines including digital SLR (single-lens reflex) cameras and compact digital cameras, in spite of the effect of the strong yen, due to the continued expansion of the digital camera market. The Instruments Business recorded decreased revenue due to cutbacks in capital expenditures.

As a result, the Nikon Group's consolidated first-half performance was marked by an increase in revenue and a decrease in earnings, with net sales increasing by 41,347 million yen (9.3%) from the same period in the previous year to 487,141 million yen, while, due to the effect of the exchange rate and such factors as changes in accounting policies, operating income decreased by 9,197 million yen (14.5%) to 54,069 million yen, ordinary income decreased by 5,764 million yen (9.8%) to 53,102 million yen, and net income decreased by 813 million yen (2.4%) to 33,624 million yen.

Status by segment during the first half ended September 30, 2008, is as follows:

Precision Equipment Business

The LCD-related market remained solid owing to aggressive capital expenditure by LCD panel manufacturers, although the semiconductor market was impacted by the scaling back of capital expenditure, due to the low prices of NAND flash memories and DRAMs.

In the field of LCD steppers and scanners, the FS-65S compatible with 6th generation glass plates exposure performed solidly in Asia, and efforts were made to win orders for FX-803M and FX-903N that are optimally suited for the production of high-definition, small to mid-sized LCD panels and expected to be in demand for use in mobile phones and car-mounted display devices.

In the field of IC steppers and scanners, efforts were made to further promote the steady sale of NSR-S610C ArF immersion scanner, which is the world's first scanner capable of mass production of semiconductors sized 45 nm node or less, a leading edge device indispensable for device shrinkage. Ongoing efforts were also made to reduce costs by shortening manufacturing periods, promoting simplified designs, and adopting common platforms, while continuing to focus on the development of next-generation exposure technologies. However, manufacturers' abrupt suspension of planned capital investments had a severe impact and sales of these products dwindled.

As a result, Precision Equipment Business segment net sales fell by 16.5% from the same period of the previous year to 117,208 million yen, and operating income decreased by 43.0% to 12,162 million yen.

Additionally, the Company has decided to invest in the enhancement of its production capacity, including the construction of a new plant, in response to the large-scale inquiries that it had received due to the technological superiority of its proprietary ArF immersion scanners having been recognized.

Imaging Products Business

Although there were concerns about the subprime mortgage problem in the United States affecting the Imaging Products markets, the digital SLR (single-lens reflex) camera market continued to expand along with the interchangeable lens market. The compact digital camera market also continued to expand.

Under these circumstances, digital SLR cameras saw a significant increase in sales, with entry-level models D40 and D60, mid-range model D80, and advanced-level model for amateurs D300 all performing well. The product lineup was enhanced with the launch in July of D700, a high performance and highly functional model featuring the Nikon FX-format sensor, nearly identical to the size of 35mm film, the same as the flagship model D3, and the launch in September of D90, a mid-range model equipped with the world's first built-in D Movie video recording function.

Compact digital cameras enjoyed a healthy increase in sales, particularly the new S series and P series products launched in March 2008, including COOLPIX S600 and COOLPIX P80.

Sales of interchangeable lenses increased significantly, owing to the steady sales of digital SLR camera kits and sales of such high-priced lenses as AF-S DX VR Zoom-NIKKOR ED18-200mm F3.5-5.6G (IF) remaining solid.

Further efforts are being made to enhance sales, marketing, and services in Russian market with large growth potential, commencing the operation of Nikon (Russia) LLC,. a sales subsidiary, in July 2008. In addition, service offerings were expanded for “my Picturetown,” an image storing and sharing site that integrates everything from storage to transmission of photographs online, thus proposing new ways of enjoying photographs. In addition, further cost reduction was sought through continued efforts to reinforce manufacturing by promoting procurement innovation, ensuring quality, and improving productivity.

As a result, in spite of the effect of the strong yen, Imaging Products Business segment net sales increased by 24.8% from the same period of the previous year to 337,205 million yen, and operating income increased by 8.3% to 41,986 million yen.

Instruments Business

In the instruments markets, the bioscience business showed solid performance mainly in fields dealing with live cells. However, the industrial instruments business experienced a cutback in capital expenditure, due to the deterioration of the semiconductor market. Under these conditions, efforts were made in the bioscience business to promote the sales of system products and digital cameras for microscopes, centering on the inverted research microscope ECLIPSE Ti and confocal microscope A1, while seeking to increase sales by reviewing the sales structures of sales subsidiaries and expanding direct-sales areas. In the industrial instruments business, on the other hand, sales decreased for industrial microscopes, measuring instruments, and semiconductor inspection equipment.

As a result, Instruments Business segment net sales fell by 11.9% from the same period of the previous year to 23,171 million yen, and operating loss amounted to 1,283 million yen.

Other

The customized products business saw a decrease in net sales, in spite of the healthy performance of optical components, due to the decrease in the sales of space-related equipment and solid-state lasers.

The glass-related business achieved an increase in sales by increasing the sale of LCD photomask substrates.

The sport optics products business enjoyed solid sales in the European and Asian markets.

As a result, Other segment net sales increased by 7.9% from the same period of the previous year to 9,557 million yen, and operating income decreased by 39.4% to 1,507 million yen.

2. Qualitative information regarding the consolidated financial position

The balance of total assets at September 30, 2008, increased by 45,099 million yen from the end of the previous fiscal year to 865,721 million yen. This is due mainly to the increase in inventories and property, plant and equipment, despite the decrease in cash and deposits.

The balance of liabilities at September 30, 2008, increased by 31,332 million yen from the end of the previous fiscal year to 458,828 million yen. This is due mainly to an increase in notes and accounts payable-trade, short-term loans payable, and an increase in “other” under current liabilities resulting mainly from an increase in advances received.

The balance of net assets at September 30, 2008, increased by 13,767 million yen from the end of the previous fiscal year to 406,892 million yen. This is due to an increase in capital stock and capital surplus as a result of the partial exercise of yen zero coupon convertible bonds due 2011, and an increase in retained earnings as a result of the posting of net income of 33,624 million yen for the first half ended September 30, 2008, in spite of an increase in treasury stock resulting from the acquisition of treasury stock in the market.

During the first half ended September 30, 2008, cash flows from operating activities increased by 16,383 million yen. This is due in part to the fact that income before income taxes was 51,591 million yen and the income taxes paid were 31,574 million yen. Cash flows from investing activities decreased by 24,209 million yen. This is due mainly to expenditure for the purchase of property, plant and equipment amounted to 15,787 million yen. Cash flows from financing activities decreased by 15,169 million yen. This is due in part to cash dividends paid of 5,386 million yen and the expenditure of 12,285 million yen for the purchase of treasury stock, in spite of the 4,406 million yen net increase in short-term loans payable.

3. Qualitative information regarding the consolidated financial forecasts

Looking ahead into the future, effects of the confusion in the global financial market stemming from the subprime mortgage crisis are of concern, such as the sharp appreciation of yen as well as the sharp decline in stock prices from around the end of the first half of the fiscal year ending March 31, 2009. Under such circumstances, device manufacturers are rapidly suspending capital investments in response to the deteriorating semiconductor market and Nikon Group's semiconductor-related business is expected to face a much severer situation. With respect to our LCD panel related business, LCD TVs will further become popular but the market conditions are becoming more opaque, giving rise to concerns of a slowdown in the LCD panel market. In the market of digital cameras the increasing adverse effects of the global recession on personal consumption cannot be disregarded, and the market growth is expected to slow with intensifying price competition.

For the purpose of realizing “Strong Nikon” and a “Truly Excellent Company” able to make a continuous growth even under the severe market conditions as currently imminent, the Nikon Group is aware of a crisis and try to be prompt and precise in management and, at the same time, promote the enhancement of product competitiveness and cost reduction and try to realize our new vision formulated last year, “Our Aspiration: Meeting needs. Exceeding Expectations.”

In the Precision Equipment Business, we will firmly establish its position in cutting-edge areas by ensuring the technical superiority of ArF immersion scanners. Customer needs and market trends regarding LCD steppers and scanners will be identified accurately to firmly secure the number one position. In the Imaging Products Business, Nikon will firmly maintain its position as the leading manufacturer of digital SLR cameras. At the same time, efforts will be made to generate a premium and strengthen sales capabilities in the compact digital camera market. In the Instruments Business, we will accelerate fundamental business reforms to strengthen business constitution, while accelerating advancement into and development of new business areas. As regards new businesses, further efforts will be made to expand and strengthen the LCD photomask substrate and other businesses.

As a result, the forecast for the year ending March 31, 2009 has not been changed from the “Revision of the Forecasts of Financial Results for the Year ending March 31, 2009” announced on October 30, 2008, as summarized below.

Revised Consolidated Forecast for the Year Ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Million yen)

	Net sales	Operating income	Ordinary income	Net income
Full year	940,000	82,000	79,000	47,000
Year ended March 31, 2008	955,791	135,169	120,139	75,483

4. Other

(1) Adoption of simplified accounting methods and special accounting methods for quarterly consolidated financial statements

Computation Method for Income Taxes and Deferred Tax Assets and Liabilities

As regards the computation of the amount of income taxes due, only significant add-subtract items and tax deduction items are taken into consideration.

An approach involving the application of the business forecast and tax planning as of the end of the previous fiscal year is used in determining the collectibility of deferred tax assets, when it is deemed that there has been no significant change in business environment, temporary differences, and other factors since the previous fiscal year.

Deferred income taxes are included in the “Income taxes.”

(2) Changes of accounting policies applied, procedures and methods of presentation for preparing quarterly consolidated financial statements

i. Effective from the fiscal year ending March 31, 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12; March 14, 2007) and the “Implementation Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14; March 14, 2007) have been applied. The quarterly consolidated financial statements have been prepared in accordance with “Regulations for Quarterly Consolidated Financial Reporting.”

ii. Changes in Standards and Method of Valuation of Important Assets

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method. Effective from the first quarter ended June 30, 2008, Nikon Corporation and its domestic subsidiaries adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9; July 5, 2006), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, operating income, ordinary income, and income before income taxes decreased by 6,492 million yen, respectively.

In addition, loss on retirement of inventory and write-down of inventory, which were previously included in non-operating expenses, is included in cost of sales. As a result, operating income decreased by 1,559 million yen.

The effect thereof on segment information is indicated in the relevant section.

iii. Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from the first quarter ended June 30, 2008, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18; May 17, 2006) is being applied and necessary revisions are being made in terms of consolidated closing. The effect of this change on operating income, ordinary income, and income before income taxes was not material.

iv. Application of accounting standard for lease transactions

Finance lease transactions without title transfer were formerly accounted for by the Company and its domestic subsidiaries, in accordance with the method conforming to that regarding ordinary leasing transactions. However, because the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, First Committee of the Business Accounting Council, June 17, 1993; amended March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, January 18, 1994 (Accounting System Committee, Japanese Institute of Certified Public Accountants); amended March 30, 2007) became applicable to consolidated quarterly financial statements starting from the consolidated fiscal year beginning on or after April 1, 2008, said Accounting Standard and Guidance are applied effective from the first quarter ended June 30, 2008. Hence, finance lease transactions were accounted for in accordance with the method applied to normal sales transactions. Finance lease transactions without title transfers are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

With regard to finance leases without title transfer occurring prior to the beginning of the current fiscal year ending March 31, 2009, the unexpired lease amount as of the end of the preceding fiscal year is recorded as the acquisition amount and posted as a lease asset acquired as of the beginning of the current fiscal year.

There was no effect on profit or loss from this change.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of September 30, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and deposits	90,228	113,973
Notes and accounts receivable-trade	168,999	159,934
Inventories	302,057	264,720
Other	68,475	60,529
Allowance for doubtful accounts	(3,052)	(3,041)
Total current assets	626,708	596,117
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	42,412	41,879
Machinery, equipment and vehicles, net	40,159	36,691
Land	15,206	15,488
Construction in progress	7,549	8,232
Other, net	24,284	14,872
Total property, plant and equipment	129,612	117,163
Intangible assets	23,311	21,661
Investments and other assets		
Investment securities	69,387	74,559
Other	16,807	11,222
Allowance for doubtful accounts	(106)	(104)
Total investments and other assets	86,088	85,678
Total noncurrent assets	239,012	224,503
Total assets	865,721	820,621

(Million yen)

	As of September 30, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	195,000	186,060
Short-term loans payable	13,716	11,321
Current portion of bonds	5,000	5,000
Income taxes payable	22,201	32,063
Provision for product warranties	7,912	8,551
Other	133,332	109,466
Total current liabilities	377,163	352,463
Noncurrent liabilities		
Bonds payable	42,900	44,500
Long-term loans payable	17,074	15,712
Provision for retirement benefits	13,684	13,023
Provision for directors' retirement benefits	437	532
Other	7,567	1,263
Total noncurrent liabilities	81,665	75,032
Total liabilities	458,828	427,495
Net assets		
Shareholders' equity		
Capital stock	65,475	64,675
Capital surplus	80,711	79,911
Retained earnings	275,328	245,255
Treasury stock	(13,513)	(1,357)
Total shareholders' equity	408,001	388,485
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,122	10,388
Deferred gains or losses on hedges	361	(11)
Foreign currency translation adjustments	(6,761)	(5,884)
Total valuation and translation adjustments	(1,277)	4,492
Subscription rights to shares	168	146
Total net assets	406,892	393,125
Total liabilities and net assets	865,721	820,621

(2) Consolidated Statement of Income
First Half ended September 30, 2008

(Million yen)

	First Half ended September 30, 2008 (from April 1, 2008 to September 30, 2008)
Net sales	487,141
Cost of sales	288,463
Gross profit	198,678
Selling, general and administrative expenses	144,609
Operating income	54,069
Non-operating income	
Interest income	761
Dividends income	721
Equity in earnings of affiliates	818
Other	1,837
Total non-operating income	4,138
Non-operating expenses	
Interest expenses	699
Cash discount	2,853
Other	1,552
Total non-operating expenses	5,105
Ordinary income	53,102
Extraordinary income	
Gain on sales of noncurrent assets	55
Total extraordinary income	55
Extraordinary loss	
Loss on retirement of noncurrent assets	648
Loss on sales of noncurrent assets	23
Impairment loss	402
Loss on valuation of investment securities	492
Total extraordinary loss	1,566
Income before income taxes	51,591
Income taxes	17,966
Net income	33,624

(3) Consolidated Statement of Cash Flows

(Million yen)

	First Half ended September 30, 2008 (from April 1, 2008 to September 30, 2008)
Cash flows from operating activities	
Income before income taxes	51,591
Depreciation and amortization	15,594
Impairment loss	402
Decrease in allowance for doubtful accounts	(13)
Decrease in provision for product warranties	(646)
Increase in provision for retirement benefits	582
Decrease in provision for directors' retirement benefits	(94)
Interest and dividends income	(1,482)
Equity in earnings of affiliates	(818)
Interest expenses	699
Loss (gain) on sales of noncurrent assets	(32)
Loss on retirement of noncurrent assets	648
Loss on revaluation of investment securities	492
Increase in notes and accounts receivable-trade	(10,608)
Increase in inventories	(39,120)
Increase in notes and accounts payable-trade	9,321
Other, net	20,615
Subtotal	47,131
Interest and dividends income received	1,425
Interest expenses paid	(599)
Income taxes paid	(31,574)
Net cash provided by operating activities	16,383
Cash flows from investing activities	
Purchase of property, plant and equipment	(15,787)
Proceeds from sales of property, plant and equipment	435
Purchase of investment securities	(3,076)
Net increase in loans receivable	(159)
Other, net	(5,621)
Net cash used in investing activities	(24,209)
Cash flows from financing activities	
Net increase in short-term loans payable	4,406
Proceeds from long-term loans payable	1,700
Repayments of long-term loans payable	(2,320)
Cash dividends paid	(5,386)
Purchase of treasury stock	(12,285)
Other, net	(1,283)
Net cash used in financial activities	(15,169)
Effect of exchange rate change on cash and cash equivalents	(890)
Net decrease in cash and cash equivalents	(23,886)
Cash and cash equivalents at beginning of period	112,957
Cash and cash equivalents at end of period	89,071

(4) Notes regarding Going Concern Assumption
None applicable

(5) Segment Information
[Industry Segments]
First Half ended September 30, 2008 (From April 1, 2008, to September 30, 2008)

(Million yen)

	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or corporate	Consolidated
Net sales							
1) Outside customers	117,208	337,205	23,171	9,557	487,141	-	487,141
2) Intersegment sales/transfer	689	660	1,093	17,700	20,143	(20,143)	-
Total	117,897	337,865	24,264	27,257	507,285	(20,143)	487,141
Operating income (loss)	12,162	41,986	(1,283)	1,507	54,373	(304)	54,069

Notes: 1. Method for classifying industry segments: The Group's industries are segmented based on their proximity in terms of the type and markets of their products.

2. Leading products of each industry:
   - Precision Equipment: IC steppers, LCD steppers
   - Imaging Products: Digital cameras, Film cameras, Interchangeable camera lenses
   - Instruments: Microscopes, Measuring instruments, Inspection equipment
   - Other: Glass materials, Sport Optics

3. Changes in standards and method of valuation of important assets

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method.

Effective from the first quarter ended June 30, 2008, Nikon Corporation and its domestic subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9; July 5, 2006), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, the effect of this change was to decrease operating income of Precision Equipment segment by 5,972 million yen, Imaging Products segment by 97 million yen, Instruments segment by 280 million yen and Other segment by 141 million yen, respectively.

In addition, loss on retirement of inventory and write-down of inventory, which were previously included in non-operating expenses, is included in cost of sales. As a result, the effect of this change was to decrease operating income of Precision Equipment segment by 621 million yen, Imaging Products segment by 304 million yen, Instruments segment by 201 million yen and Other segment by 431 million yen, respectively.

[Geographic Segments]
First Half ended September 30, 2008 (From April 1, 2008, to September 30, 2008)

(Million yen)

	Japan	North America	Europe	Asia/Oceania	Total	(Eliminations) or corporate	Consolidated
Net sales							
1) Outside customers	158,846	134,666	119,257	74,371	487,141	-	487,141
2) Intersegment sales/transfer	270,201	1,038	99	85,162	356,501	(356,501)	-
Total	429,047	135,704	119,356	159,533	843,642	(356,501)	487,141
Operating income	45,546	2,950	1,290	8,523	58,310	(4,241)	54,069

Notes: 1. The countries or regions are segmented by geographical vicinity.

2. Major countries or regions other than Japan:
   - (1) North America: U.S.A., Canada
   - (2) Europe: The Netherlands, Germany, The United Kingdom
   - (3) Asia/Oceania: China, South Korea, Taiwan, Thailand, Australia

3. Changes in standards and method of valuation of important assets

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method.

Effective from the first quarter ended June 30, 2008, Nikon Corporation and its domestic subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9; July 5, 2006), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, the effect of this change was to decrease operating income of

Japan by 6,492 million yen.

In addition, loss on retirement of inventory and write-down of inventory, which were previously included in non-operating expenses, is included in cost of sales. As a result, the effect of this change was to decrease operating income of Japan by 1,500 million yen, Europe by 2 million yen and Asia/Oceania by 55 million yen, respectively.

[Export Sales]

First Half ended September 30, 2008 (From April 1, 2008, to September 30, 2008)

(Million yen)

	North America	Europe	Asia/Oceania	Other	Total
I. Export sales (A)	127,759	114,838	131,187	7,979	381,765
II. Net sales (B)					487,141
III. (A)/(B)	26.2%	23.6%	26.9%	1.7%	78.4%

Notes: 1. The countries or regions are segmented by geographical vicinity.

2. Major countries or regions other than Japan:
   (1) North America: U.S.A., Canada
   (2) Europe: The Netherlands, Germany, The United Kingdom
   (3) Asia/Oceania: China, South Korea, Taiwan, Singapore, Australia
   (4) Other: Middle & South America, Africa

3. Export sales indicate the sales of the Company and its consolidated subsidiaries in countries or regions excluding Japan.

(6) Notes regarding Significant Changes in the Amount of Shareholders’ Equity

As of September 30, 2008, capital stock and capital surplus were 65,475 million yen and ¥80,711 million yen, each up 799 million yen from the end of the previous fiscal year, due to the partial redemption of yen zero coupon convertible bonds due 2011. Treasury stock held by the Company amounted to 13,513 million yen, up 12,156 million yen from the end of the previous fiscal year. This increase was primarily attributable to the acquisition of 3,713,000 shares of the Company’s common shares for total 11,997 million yen in the market through a trust bank, which was carried out from May 13 to 21, 2008, in accordance with the resolution of the Board of Directors’ meeting held on May 12, 2008.

(Reference)
Financial Statements for the First Half ended September 30, 2007
(1) Consolidated Statement of Income

(Million yen)

	First Half ended September 30, 2007
Net sales	445,793
Cost of sales	256,065
Gross profit	189,728
Selling, general and administrative expenses	126,462
Operating income	63,266
Non-operating income	4,922
Interest income	667
Dividends income	619
Equity in earnings of affiliates	569
Other	3,065
Non-operating expenses	9,321
Interest expenses	752
Loss on retirement of inventories	3,545
Write-down of inventories	424
Cash discount	2,022
Foreign exchange losses	1,687
Other	889
Ordinary income	58,866
Extraordinary income	77
Gain on sales of noncurrent assets	77
Extraordinary loss	2,815
Loss on retirement of noncurrent assets	254
Loss on sales of noncurrent assets	9
Impairment loss	257
Loss on sales of investment securities	9
Loss on valuation of investment securities	5
Loss on restructuring of business	1,383
Expenses for environment measures	894
Income before income taxes	56,128
Income taxes	21,690
Net income	34,438

(2) Consolidated Statement of Cash Flows

(Million yen)

	First Half ended September 30, 2007
I. Cash flows from operating activities	
Income before income taxes	56,128
Depreciation and amortization	11,887
Impairment loss	267
Increase in allowance for doubtful accounts	131
Decrease in provision for product warranties	(133)
Decrease in provision for retirement benefits	(1,001)
Increase in provision for directors' retirement benefits	46
Interest and dividends income	(1,286)
Equity in earnings of affiliates	(569)
Interest expenses	752
Gain on sales of noncurrent assets	(77)
Loss on sales and retirement of noncurrent assets	264
Loss on sales of investment securities	9
Loss on revaluation of investment securities	5
Increase in notes and accounts receivable-trade	(18,575)
Increase in inventories	(12,068)
Increase in notes and accounts payable-trade	8,259
Other, net	14,181
Subtotal	58,221
Interest and dividends income received	1,364
Interest expenses paid	(803)
Income taxes paid	(27,517)
Net cash provided by operating activities	31,264
II. Cash flows from investing activities	
Purchase of property, plant and equipment	(11,885)
Proceeds from sales of property, plant and equipment	725
Purchase of investment securities	(3,344)
Proceeds from sales of investment securities	30
Net decrease in loans receivable	157
Other, net	(3,523)
Net cash used in investing activities	(17,839)
III. Cash flows from financing activities	
Net decrease in short-term loans payable	(3,996)
Proceeds from long-term loans payable	155
Repayments of long-term loans payable	(867)
Cash dividends paid	(4,587)
Other, net	(224)
Net cash used in financial activities	(9,520)
IV. Effect of exchange rate change on cash and cash equivalents	553
V. Net increase in cash and cash equivalents	4,457
VI. Cash and cash equivalents at beginning of period	83,848
VII. Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	470
VIII. Cash and cash equivalents at end of period	88,776

(3) Segment Information

1) Industry Segments

First Half ended September 30, 2007 (From April 1, 2007, to September 30, 2007)

(Million yen)

	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or corporate	Consolidated
Net sales							
(1) Outside customers	140,362	270,284	26,291	8,856	445,793	—	445,793
(2) Intersegment sales/transfer	386	886	983	17,876	20,133	(20,133)	—
Total	140,748	271,170	27,275	26,732	465,927	(20,133)	445,793
Operating expenses	119,418	232,385	26,340	24,246	402,390	(19,862)	382,527
Operating income	21,330	38,785	935	2,486	63,536	(270)	63,266

2) Geographic Segments

First Half ended September 30, 2007 (From April 1, 2007, to September 30, 2007)

(Million yen)

	Japan	North America	Europe	Asia/Oceania	Total	(Eliminations) or corporate	Consolidated
Net sales							
(1) Outside customers	174,196	110,562	102,934	58,100	445,793	—	445,793
(2) Intersegment sales/transfer	196,417	1,259	83	80,617	278,377	(278,377)	—
Total	370,613	111,821	103,018	138,717	724,171	(278,377)	445,793
Operating expenses	324,092	107,148	97,840	130,159	659,241	(276,713)	382,527
Operating income	46,521	4,673	5,177	8,558	64,930	(1,664)	63,266

3) Export Sales

First Half ended September 30, 2007 (From April 1, 2007, to September 30, 2007)

(Million yen)

	North America	Europe	Asia/Oceania	Other	Total
I. Export sales (A)	106,171	102,017	119,614	5,882	333,685
II. Net sales (B)					445,793
III. (A)/(B)	23.8%	22.9%	26.9%	1.3%	74.9%

(Reference)

Comparative Consolidated Balance Sheets for the First Half ended September 30, 2008

(Million yen)

	As of September 30, 2008	As of March 31, 2008	Change
Assets			
Current assets			
Cash and deposits	90,228	113,973	(23,745)
Notes and accounts receivable-trade	168,999	159,934	9,064
Inventories	302,057	264,720	37,337
Other	68,475	60,529	7,945
Allowance for doubtful accounts	(3,052)	(3,041)	(10)
Total current assets	626,708	596,117	30,591
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	42,412	41,879	532
Machinery, equipment and vehicles, net	40,159	36,691	3,468
Land	15,206	15,488	(282)
Construction in progress	7,549	8,232	(683)
Other, net	24,284	14,872	9,412
Total property, plant and equipment	129,612	117,163	12,448
Intangible assets	23,311	21,661	1,649
Investments and other assets			
Investment securities	69,387	74,559	(5,172)
Other	16,807	11,222	5,584
Allowance for doubtful accounts	(106)	(104)	(1)
Total investments and other assets	86,088	85,678	410
Total noncurrent assets	239,012	224,503	14,508
Total assets	865,721	820,621	45,099

(Million yen)

	As of September 30, 2008	As of March 31, 2008	Change
Liabilities			
Current liabilities			
Notes and accounts payable-trade	195,000	186,060	8,939
Short-term loans payable	13,716	11,321	2,395
Current portion of bonds	5,000	5,000	-
Income taxes payable	22,201	32,063	(9,861)
Provision for product warranties	7,912	8,551	(639)
Other	133,332	109,466	23,865
Total current liabilities	377,163	352,463	24,699
Noncurrent liabilities			
Bonds payable	42,900	44,500	(1,600)
Long-term loans payable	17,074	15,712	1,362
Provision for retirement benefits	13,684	13,023	661
Provision for directors' retirement benefits	437	532	(94)
Other	7,567	1,263	6,304
Total noncurrent liabilities	81,665	75,032	6,632
Total liabilities	458,828	427,495	31,332
Net assets			
Shareholders' equity			
Capital stock	65,475	64,675	799
Capital surplus	80,711	79,911	799
Retained earnings	275,328	245,255	30,072
Treasury stock	(13,513)	(1,357)	(12,156)
Total shareholders' equity	408,001	388,485	19,516
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	5,122	10,388	(5,265)
Deferred gains or losses on hedges	361	(11)	373
Foreign currency translation adjustments	(6,761)	(5,884)	(877)
Total valuation and translation adjustments	(1,277)	4,492	(5,770)
Subscription rights to shares	168	146	21
Total net assets	406,892	393,125	13,767
Total liabilities and net assets	865,721	820,621	45,099

(Reference)

Comparative Consolidated Statements of Income for the First Half ended September 30, 2008

(Million yen)

	First Half ended September 30, 2008		First Half ended September 30, 2007		Change
		Composition ratio (%)		Composition ratio (%)	
Net sales	487,141	100.0	445,793	100.0	41,347
Cost of sales	288,463	59.2	256,065	57.4	32,397
Gross profit	198,678	40.8	189,728	42.6	8,950
Selling, general and administrative expenses	144,609	29.7	126,462	28.4	18,147
Operating income	54,069	11.1	63,266	14.2	(9,197)
Non-operating income					
Interest income	761		667		93
Dividends income	721		619		102
Equity in earnings of affiliates	818		569		248
Other	1,837		3,065		(1,228)
Total non-operating income	4,138	0.8	4,922	1.1	(784)
Non-operating expenses					
Interest expenses	699		752		(53)
Cash discount	2,853		2,022		831
Other	1,552		6,546		(4,994)
Total non-operating expenses	5,105	1.0	9,321	2.1	(4,216)
Ordinary income	53,102	10.9	58,866	13.2	(5,764)
Extraordinary income					
Gain on sales of noncurrent assets	55		77		(21)
Total extraordinary income	55	0.0	77	0.0	(21)
Extraordinary loss					
Loss on retirement of noncurrent assets	648		254		394
Loss on sales of noncurrent assets	23		9		13
Impairment loss	402		257		144
Loss on sales of investment securities	-		9		(9)
Loss on valuation of investment securities	492		5		486
Loss on restructuring of business	-		1,383		(1,383)
Expenses for environment measures	-		894		(894)
Total extraordinary loss	1,566	0.3	2,815	0.6	(1,249)
Income before income taxes	51,591	10.6	56,128	12.6	(4,536)
Income taxes	17,966	3.7	21,690	4.9	(3,723)
Net income	33,624	6.9	34,438	7.7	(813)