



THE MARKET

Nikon is a world leader in precision optics and imaging technology. Recognized globally for setting new standards in product design and performance, the unique strength of the Nikon brand is attributable to the company's unwavering commitment to quality, performance, technology, and innovation.

As digital imaging has become the new standard and the demand for imaging solutions evolves, Nikon's innovations continue to define the market. To most, the Nikon name is synonymous with an iconic status in the field of photography due to unparalleled image quality and the highest level of performance and dependability. For over six decades, Nikon cameras, lenses, and accessories have been the brand of choice for professional photographers, enthusiasts, and customers who expect nothing but the best from their equipment and the images it captures.

Nikon's vast innovations in engineering and design as well as its precision optics and manufacturing expertise extend well beyond cameras and photography into an array of industries that rely on performance, accuracy, and precision to deliver best-in-class products:

- Nikon's ultra-high-precision stepper products have been indispensable to the success of the semiconductor industry, and Nikon's semiconductor manufacturing and wafer inspection equipment is found at chip fabrication facilities throughout the world.
- Nikon microscopes and scientific imaging products are leaders in the U.S. life science market, both in research and diagnostic laboratories.
- Industries from automotive and aerospace to internal medicine depend on Nikon metrology products for maximum accuracy in component production.
- Nikon's binoculars and sport optics, many of which are designed to perform in the most extreme conditions, are used by outdoor enthusiasts the world over.

ACHIEVEMENTS

Nikon has been a leader in technical innovations for more than 85 years, and the performance delivered by Nikon products has helped the company and its customers earn prestige and recognition in a variety of fields. For instance, the



majority of the most recent Pulitzer Prize-winning photographers have used Nikon equipment to capture the winning image. On the consumer level, Nikon COOLPIX compact digital cameras have earned dozens of industry awards and top rankings, and are among the best-selling consumer digital cameras on the market today.

products. For an unprecedented fifth consecutive year, Nikon has earned the distinct honor of receiving the National Association of Photo Equipment Technicians Manufacturer Service Support Award — the highest honor bestowed for consistent quality service within the industry.

HISTORY

Nikon's legacy began in 1917 when three of Japan's leading optical manufacturers merged to form a comprehensive, fully integrated optical company known as Nippon Kogaku K.K. In 1932, Nikkor was adopted as the brand name for camera lenses, and today Nikkor Optics remains the name synonymous with premiere quality.

The Nikon name was used for the first time in 1946, and by 1959 the first system-oriented SLR camera, the groundbreaking Nikon F, began its 15-year domination of the industry.

Between 1970 and 1989, Nikon delivered innovative products across multiple product lines and introduced the world's first autofocus compact camera, which revolutionized the photographic industry.

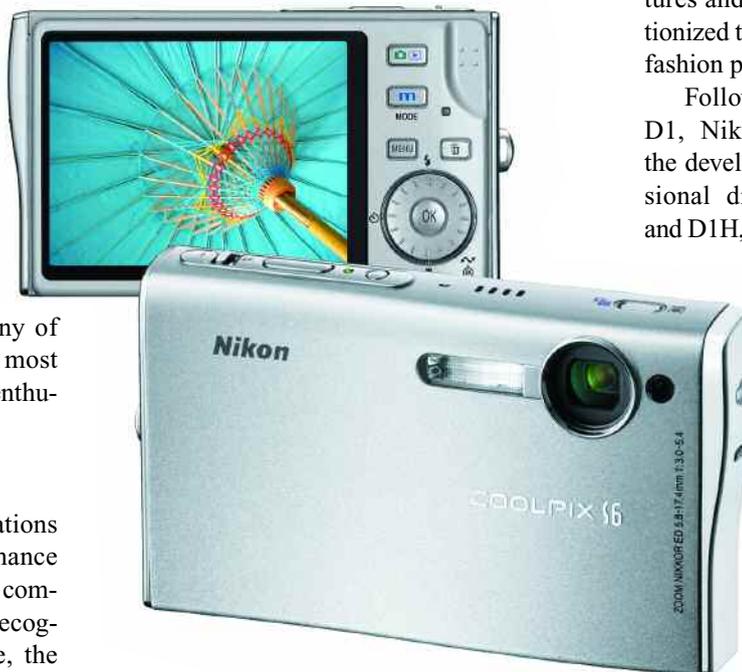
The 1990s brought the introduction of the flagship F5 camera, the widest variety of lenses and speedlights ever available, and the award-winning Nikon COOLPIX line of compact digital cameras. In a 1999 announcement that forever changed the photographic industry, Nikon introduced its first megapixel pro-quality digital SLR camera — the Nikon D1. With its advanced features and aggressive price point, the D1 revolutionized the fields of photojournalism, sports, and fashion photography.

Following the immediate success of the D1, Nikon continued to push forward with the development of the successors in the professional digital SLR line, including the D1X and D1H, D2X, D2H, and the recent D200. Taking a page from the professional line, Nikon helped to create the consumer digital SLR category with the D100, D70, and D50 cameras. Recent years have also brought incredible enhancements to the COOLPIX line of compact cameras, like smaller, sleek body designs and the integration of premium technology such as wireless image transfer and facial recognition.

Nikon has been successful at developing applications across divisions to further enhance the experience

As "The Eyes of Science," Nikon Microscopes have been at the forefront of leading research and critical breakthroughs. The superior performance of Nikon instruments has helped enable discoveries relating to AIDS, Alzheimer's, cancer, in vitro fertilization, and genetic research.

This tradition of Nikon quality pervades the company, extending beyond the excellence of



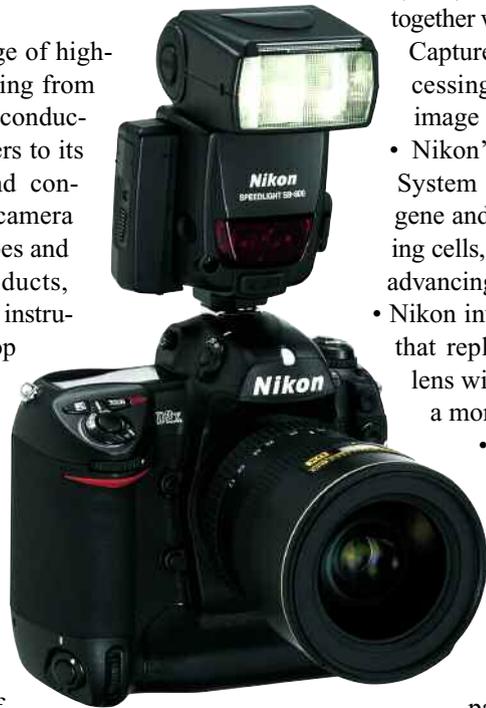


of using Nikon Sports Optics equipment and Nikon precision instruments. By combining digital photography with the latest field spotting scopes and powerful microscopes, the technique and art of digiscoping and microscopy has been passed along to the consumer.

Nikon has established a strong position in the software business environment in recent years behind the company's strategic efforts to expand the value and performance of the Nikon Digital Imaging System, with products like Nikon Capture NX and Nikon Picture Project.

THE PRODUCT

Nikon offers a wide range of high-precision products, ranging from its world-renowned semiconductor manufacturing steppers to its popular professional and consumer digital and film camera systems, to its microscopes and scientific imaging products, measuring and inspection instruments, binoculars, desktop digital film scanners, and more. Virtually the entire product line is based on the company's core competency and strength: Nikon glass, from which its precision optical lenses are crafted. Nikon is, in fact, one of the world's leading manufacturers of optical glass. Nikon directs every aspect of lens manufacturing from innovations in design to choosing the finest raw materials; from the most advanced processing techniques to the most exacting manufacturing standards. Nikon has developed over 200 types of optical glass and is the pioneer of the design and manufacture of aspherical lenses, which minimize optical aberrations.



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RECENT DEVELOPMENTS

Nikon's dedication to system compatibility has ensured smooth integration of the latest technological developments into all aspects of Nikon imaging. Nikon continues to grow its product line and make its products even better, with new features, advantages, and innovations:

- Nikon's exclusive WT-2A wireless transmitter enables photographers to take pictures and instantly transmit the images directly to their computer's local area network.
- Vibration Reduction (VR) delivers unprecedented stability for sharper images at slower shutter speeds.
- Nikon's iTTL automatic Speedlight System enables groups of Nikon Speedlights to be controlled and fired by the camera without a wired connection.
- Nikon's 1,005-pixel Sensor 3D Color Matrix Meter provides automated precision exposure performance.
- The Nikon Electronic Format (NEF) raw data file

together with Nikon's

Capture software delivers processing capabilities that maximize image quality.

- Nikon's Evanescent Wave Imaging System enables observation of single gene and protein molecules within living cells, an important breakthrough for advancing research in the life sciences.
- Nikon introduced a digital microscope that replaces the traditional eyepiece lens with digital images displayed on a monitor.

- Nikon is setting new standards with rangefinders that offer precision measuring to the target.

PROMOTION

At the heart of Nikon's marketing communication campaigns is a core message built

around the power of photography. This message extends through the company's advertising, marketing, and media efforts. Whether showcasing Nikon's superior quality and performance or its lifestyle appeal, the brand remains among the most desired and admired in the imaging industry and beyond. This can be reflected in its presence throughout the movie and television industries, both on-screen and behind

the scenes, as well as its visibility among the celebrity and influencer circle.

Based on a long-standing philosophy that education is a critical element of marketing communication, Nikon has a tradition of supporting its promotional efforts through comprehensive educational tools and on-line programs that differentiate Nikon from its competitors. These efforts underscore the company's commitment to serving its customers and broadening the company's reach in the marketplace.



BRAND VALUES

The Nikon brand is a well-earned, valued asset that is synonymous with extraordinary performance, innovation, precision, and optical quality, and has evolved to become widely regarded as a design innovator and style-conscious brand. The unique strength of the Nikon brand comes from the determination of the company and its employees to deliver quality that its customers can trust. Nikon is always at the *Heart of the Image*™.

THINGS YOU DIDN'T KNOW ABOUT NIKON

- Nikon Instruments have been central to some of the most famous life science developments in recent history. Nikon's diaphot microscope was used during the country's first in vitro birth, and is still the predominant microscope for assisted reproduction.
- Many of the world's most memorable photographic images over the past half-century have been captured through the lens of a Nikon camera . . . from John Kennedy Jr. saluting the passing casket at his father's funeral, and the defiant Tiananmen Square student standing bravely in front of a military tank, to the fear in young Elian Gonzalez's eyes as authorities approached.
- A Nikon camera has been present on every manned NASA space flight since the Apollo 15 mission in 1971, capturing some of the most recognized images of planet Earth and astronaut activities in space.
- A Nikon microscope was used in the cloning process for Dolly the Sheep, the world's first successful fully grown mammal clone.