



# **Nikon Medium Term Management Plan**

## **March 30, 2006**

### **NIKON CORPORATION**

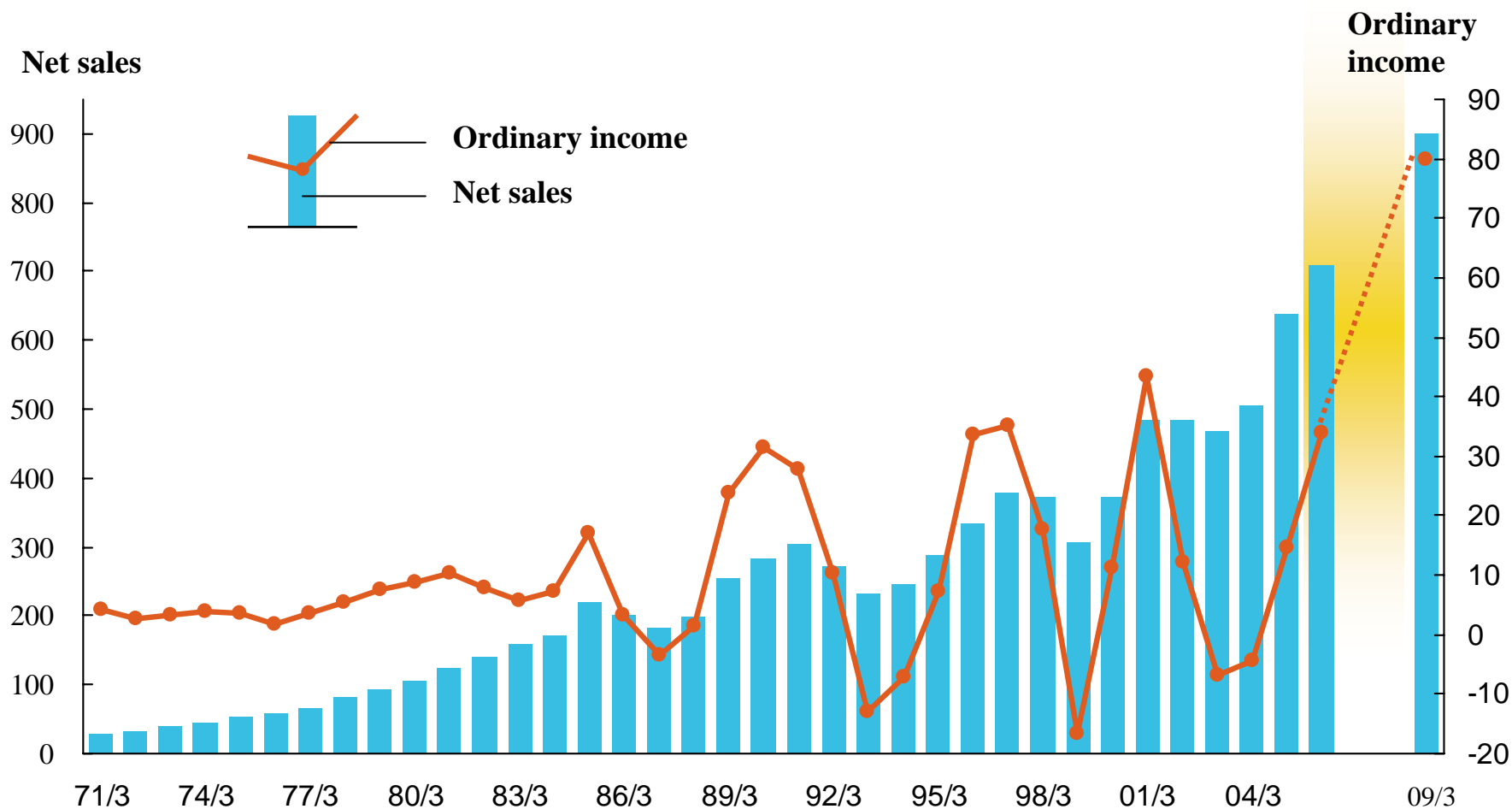
This presentation contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements.

# Agenda

- I . Overview of Medium Term Management Plan
- II . Management Plan of each Company
- III . Conclusion

# Financial results

Billions of yen

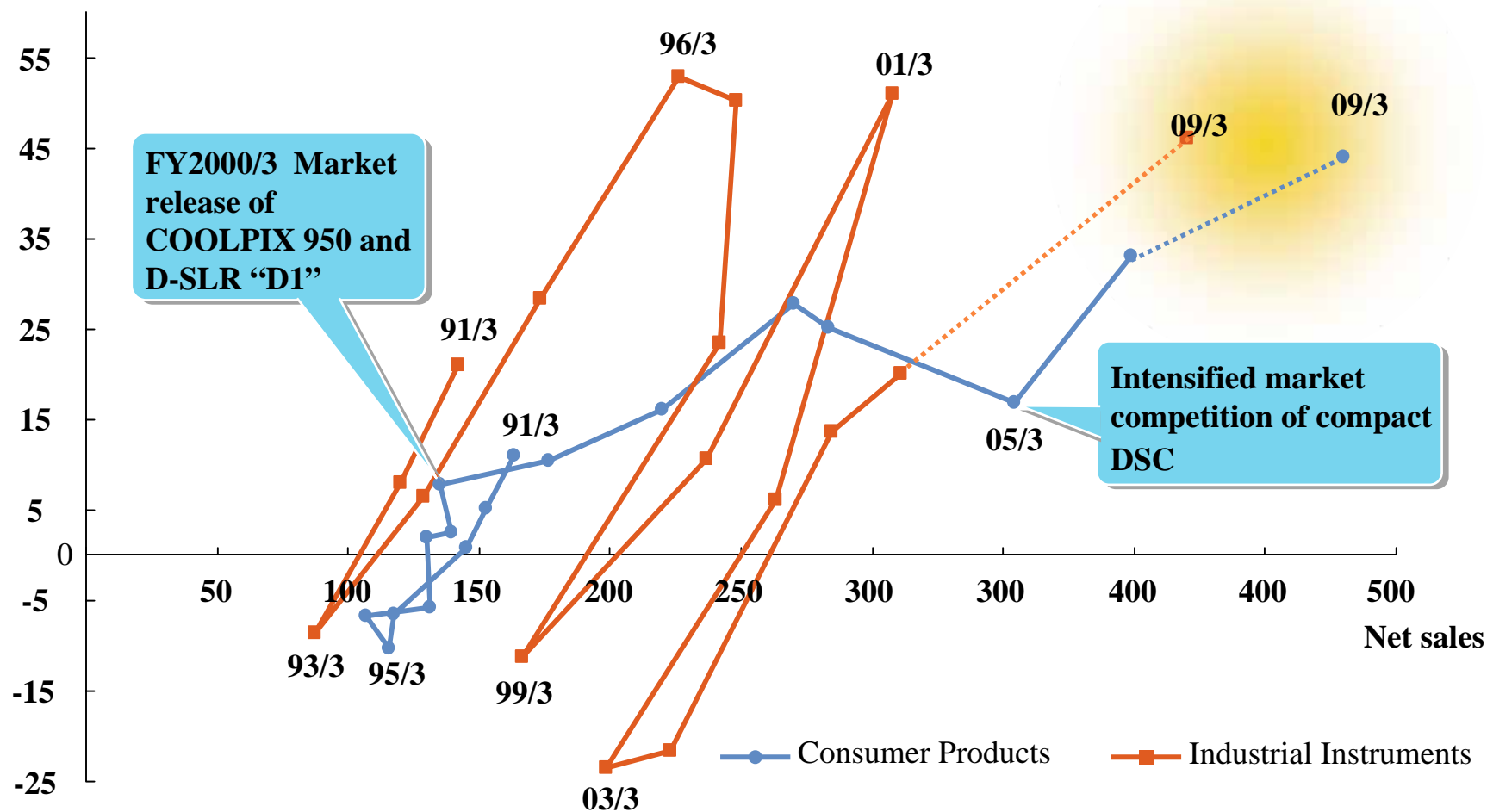


\* 1970-1976 : Non-consolidated net sales and ordinary income  
 After 1977: Consolidated net sales and ordinary income

# Financial results

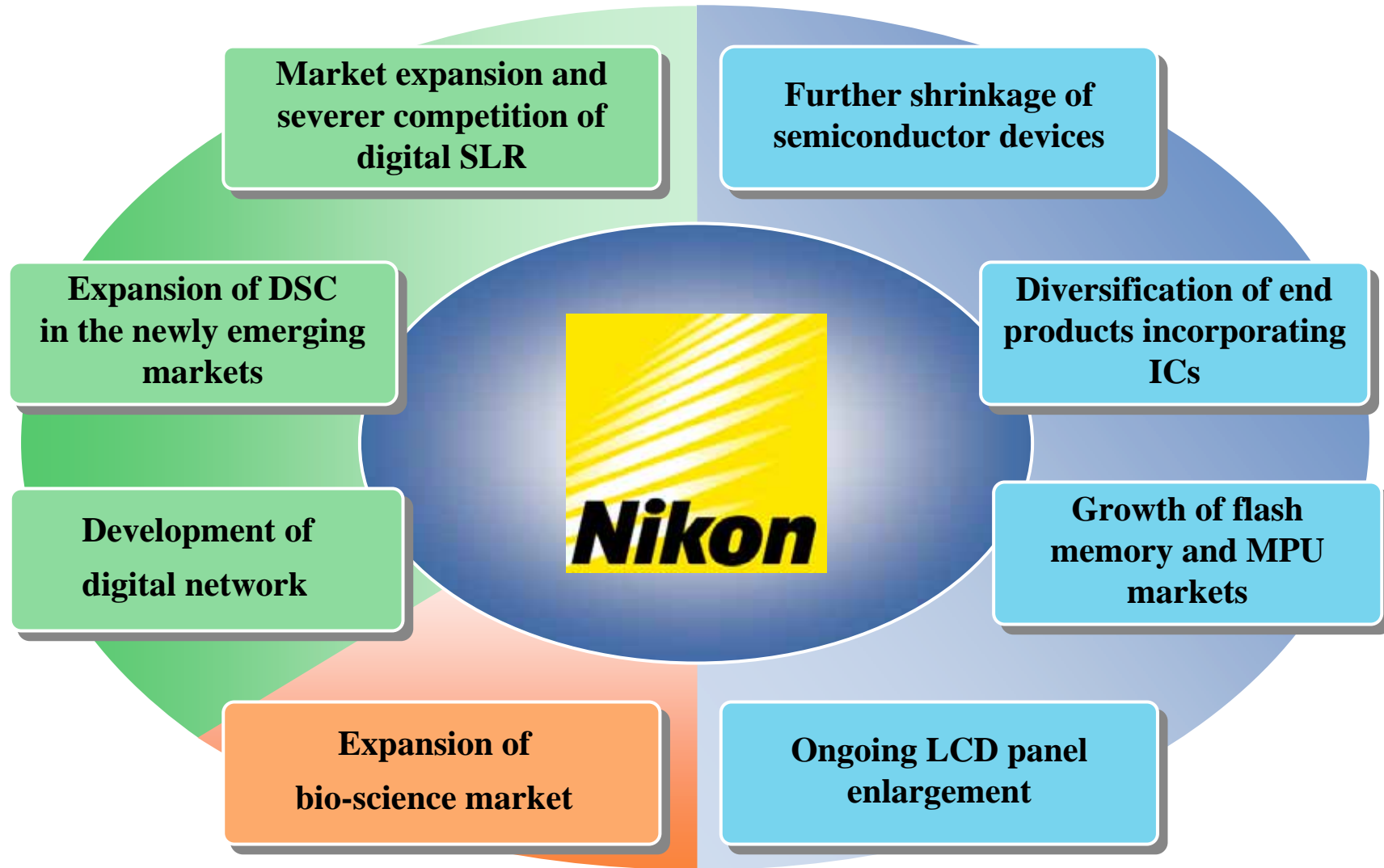
Operating income

Billions of yen

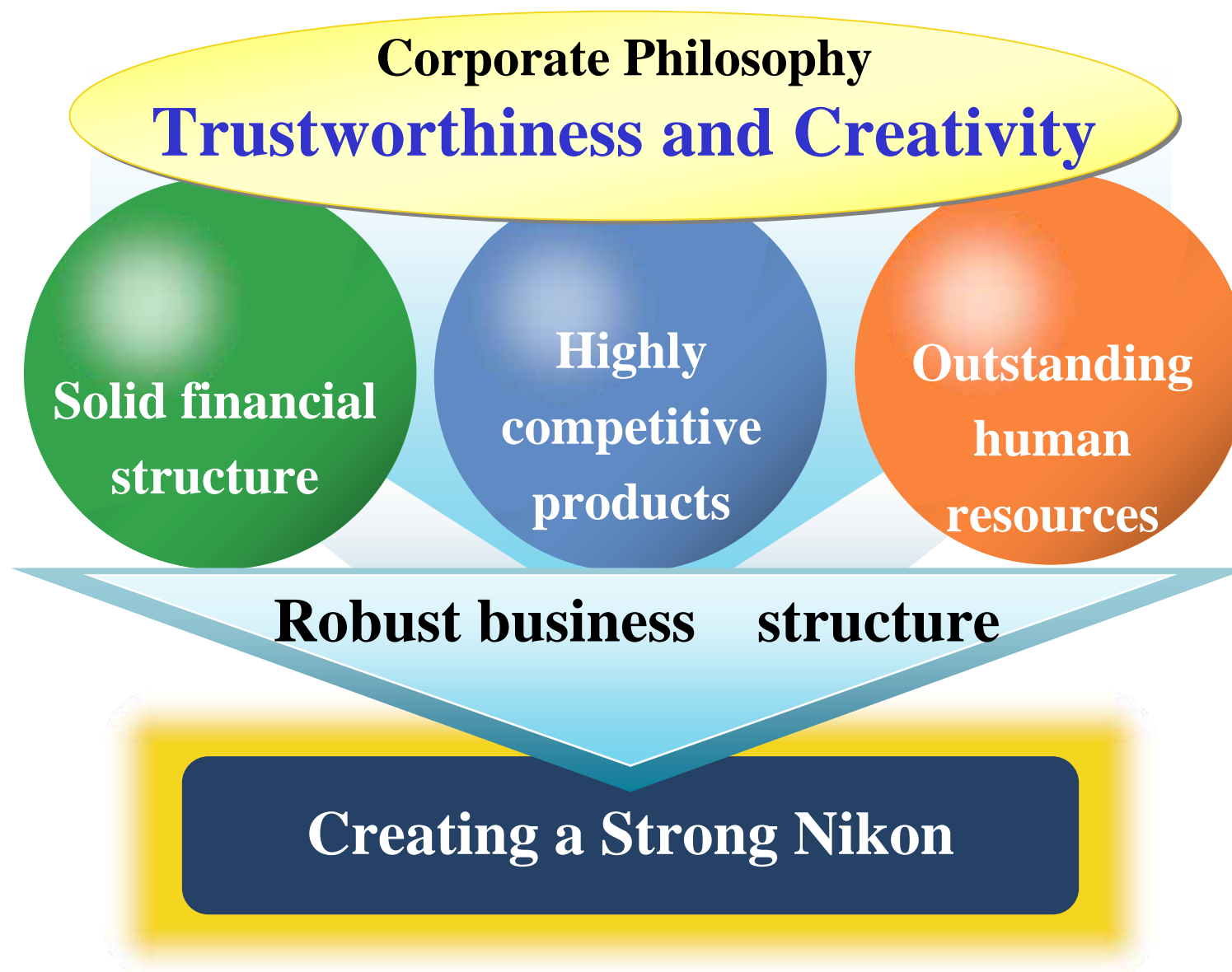


From 2000/3, Imaging Company is included in Consumer Products, and Precision Equipment, Instruments Companies and Others are included in Industrial Instruments.

# Business environment surrounding Nikon Corporation



# Management Policy



# Key Objectives

## To Create a Strong Nikon

Strengthening competitiveness of core businesses

Creating and fostering new businesses

Bolstering manufacturing competitiveness

Improving financial structure

Practicing transparent CSR-oriented management

Nurturing a free and open-minded corporate culture

# Consolidated financial targets

**Consolidated operating income ratio(09/3) : 10%**

Billions of yen

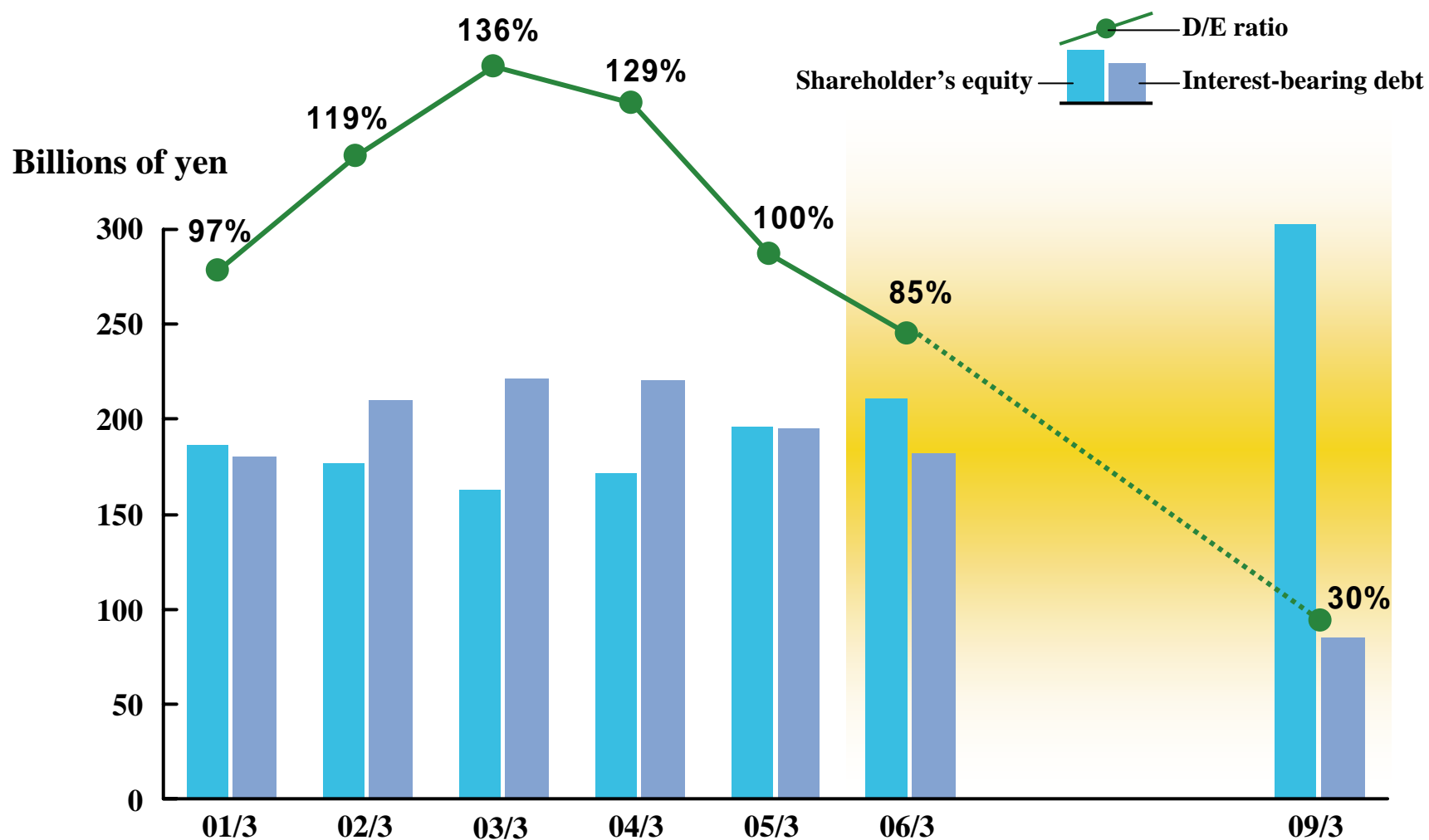
	06/3	09/3
Net Sales	710	900
Operating income	53	90
Ordinary income	34	80
D/E ratio	85%	Under 30%

\*The forecast for 06/3 is our estimation announced on Feb. 6, 06



# D/E ratio

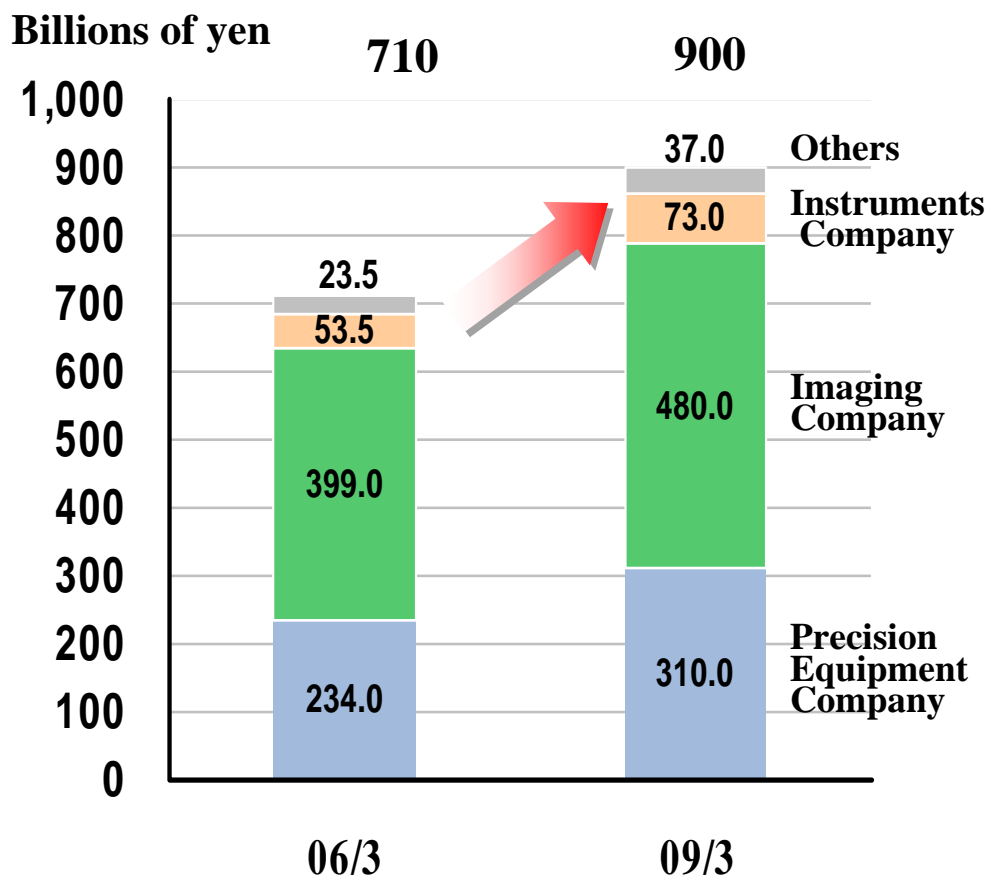
Improvement to sound financial structure



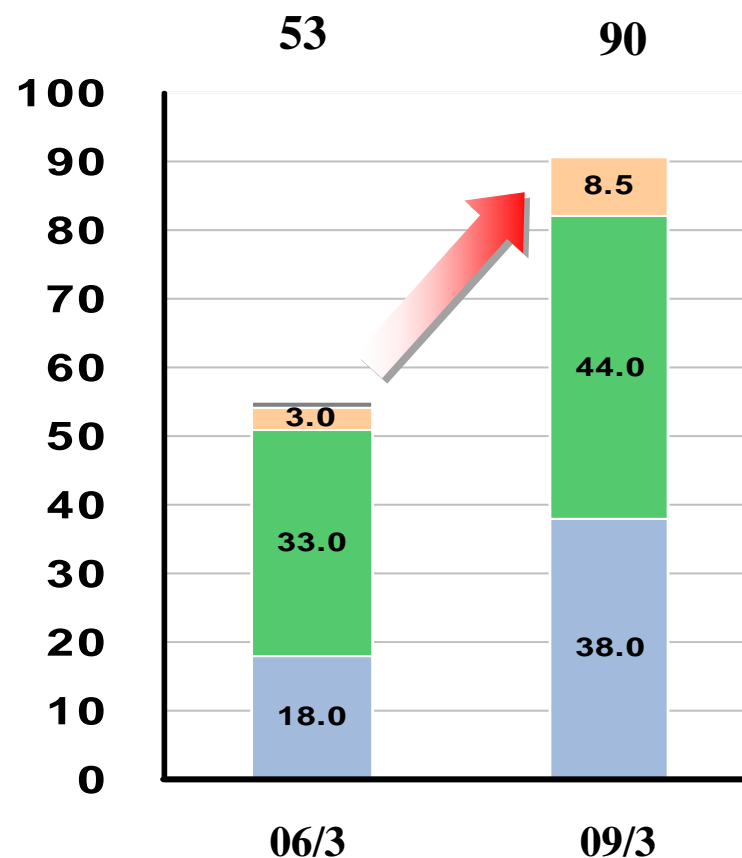
# Consolidated financial target of each Company

**Consolidated operating income ratio(09/3) : 10%**

**Net sales**

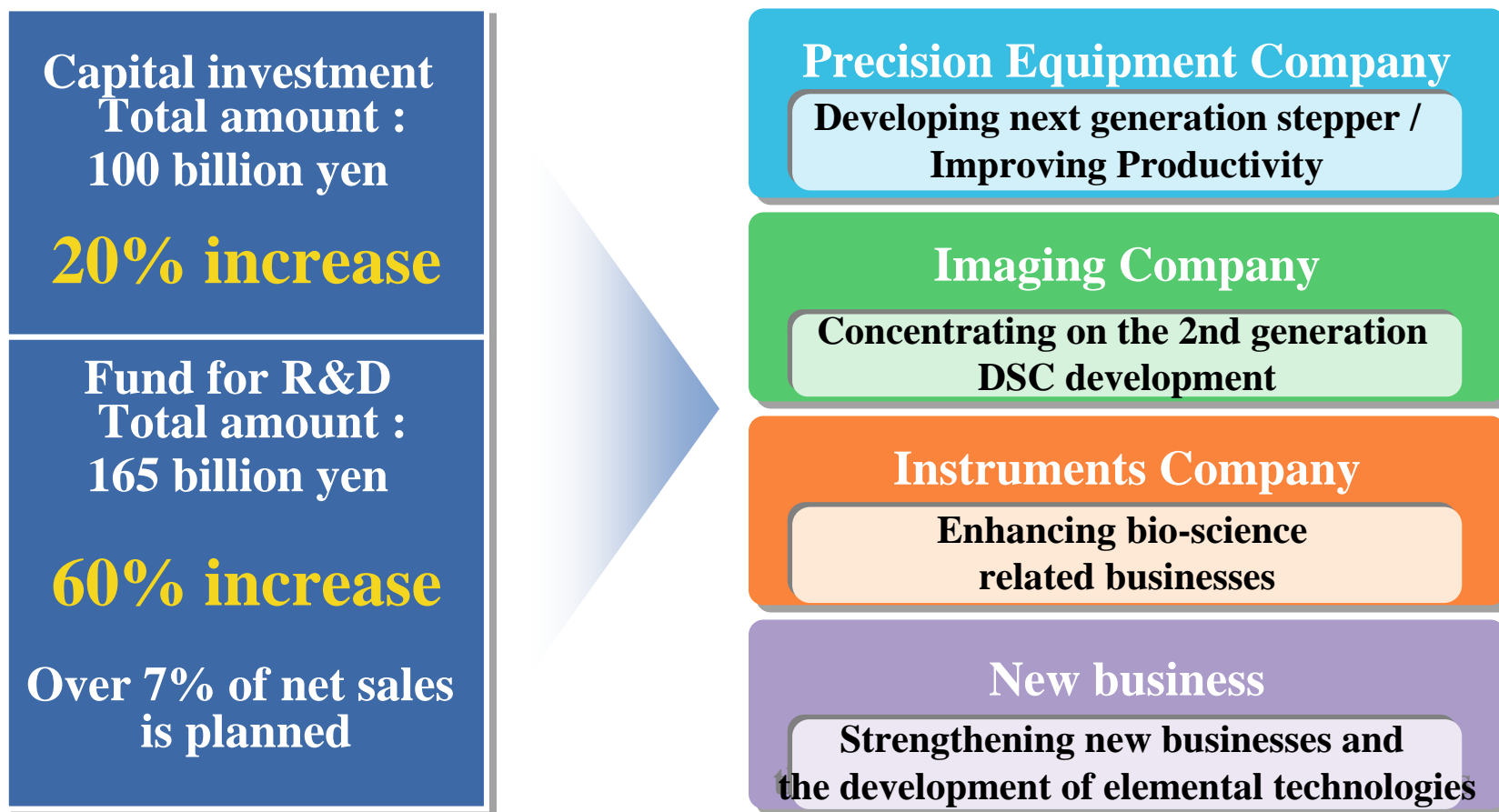


**Operating income**



## Plan of capital investment and R&D (Total amount of 3 years)

Expanding investment for future growth



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# Precision Equipment Company

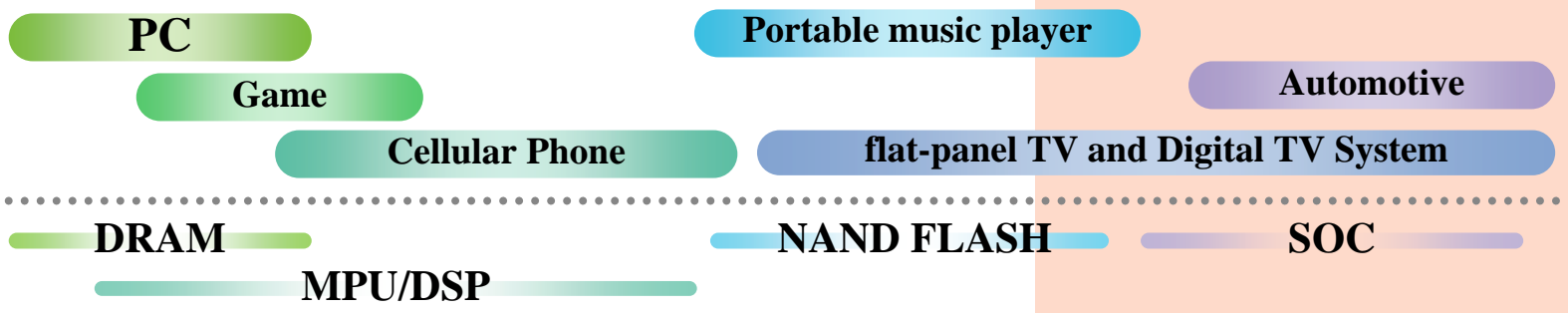
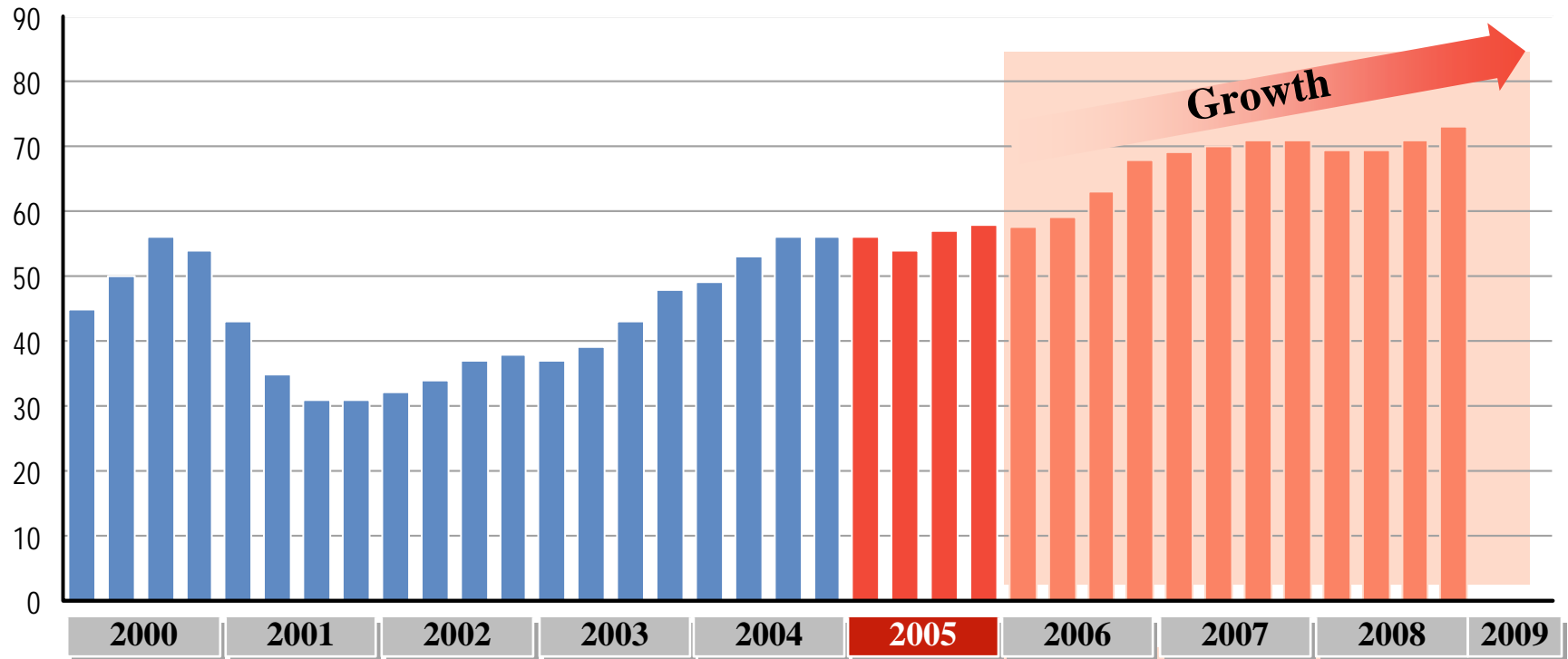
**No.1 share of ArF system including immersion**  
**No.1 share of LCD steppers for large panel**



# Semiconductor market: Continuing to grow

**Semiconductor market continues its growth through diversification of the end products incorporating semiconductor.**

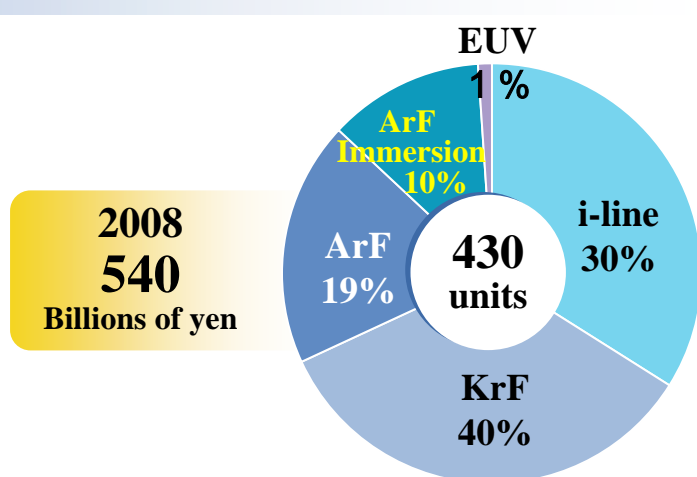
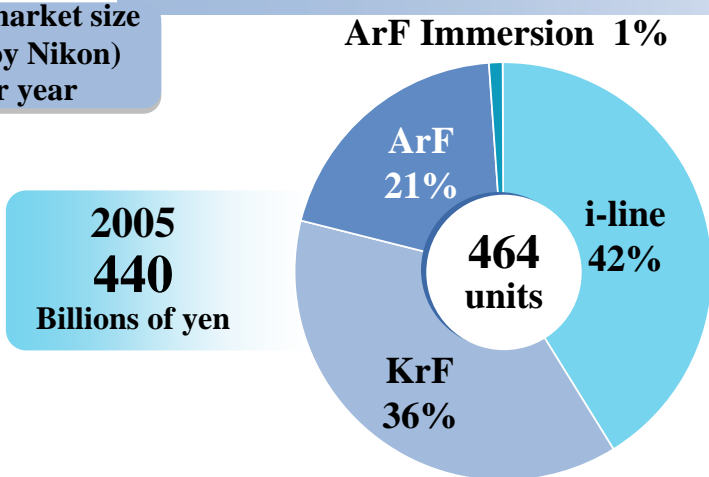
Billions of dollar



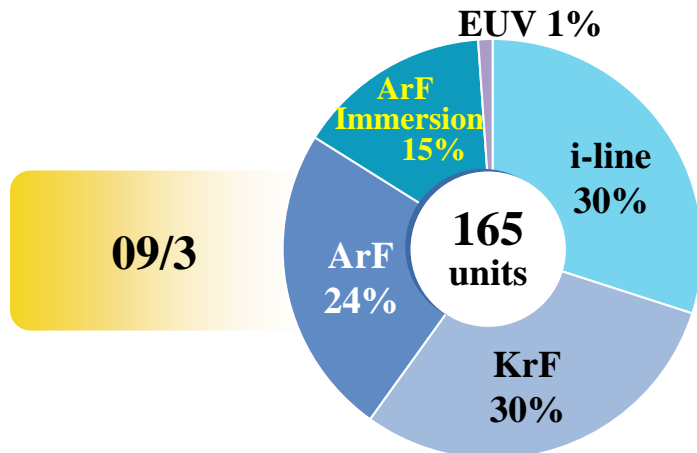
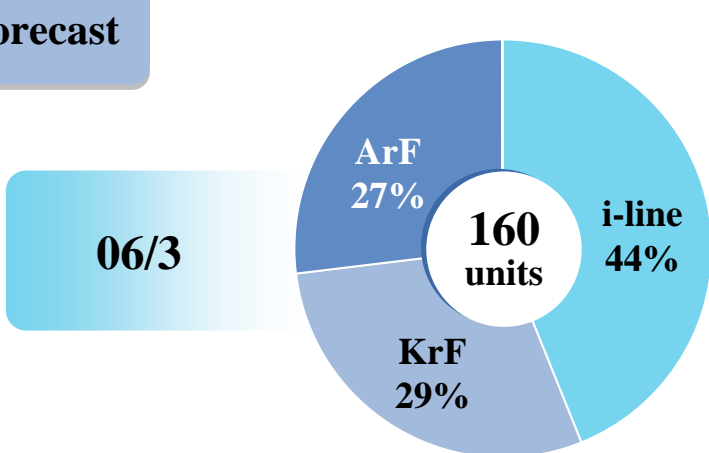
# Outlook of IC steppers

No.1 share of cutting-edge stepper (ArF including immersion)

Worldwide market size  
(Forecast by Nikon)  
\*calendar year



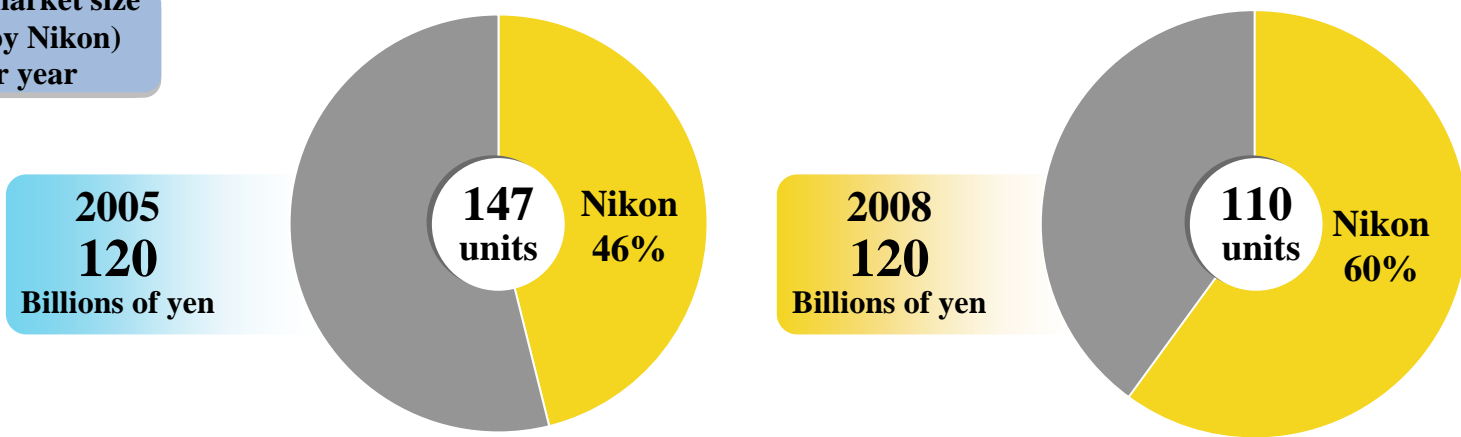
Nikon's forecast



# Outlook of LCD steppers

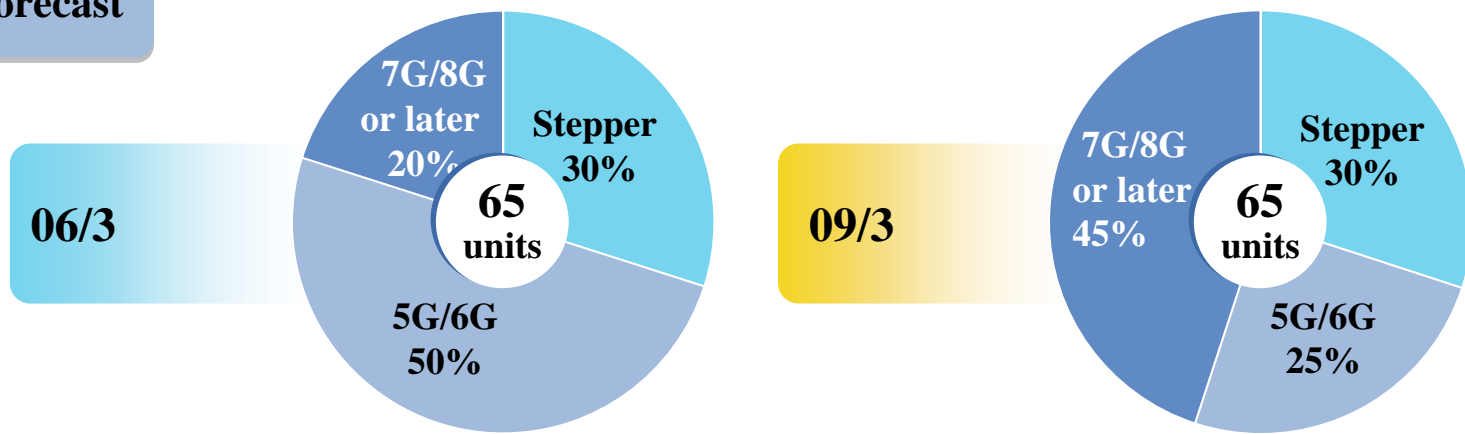
## No.1 share of LCD stepper for large panel

Worldwide market size  
(Forecast by Nikon)  
\*calendar year



\* LCD steppers for color filter are not counted in the market size.

Nikon's forecast





# Key Objectives of Precision Equipment Company

**No.1 share of ArF Immersion**

**Enhancing cost competitiveness**

**Continuing simplified design**

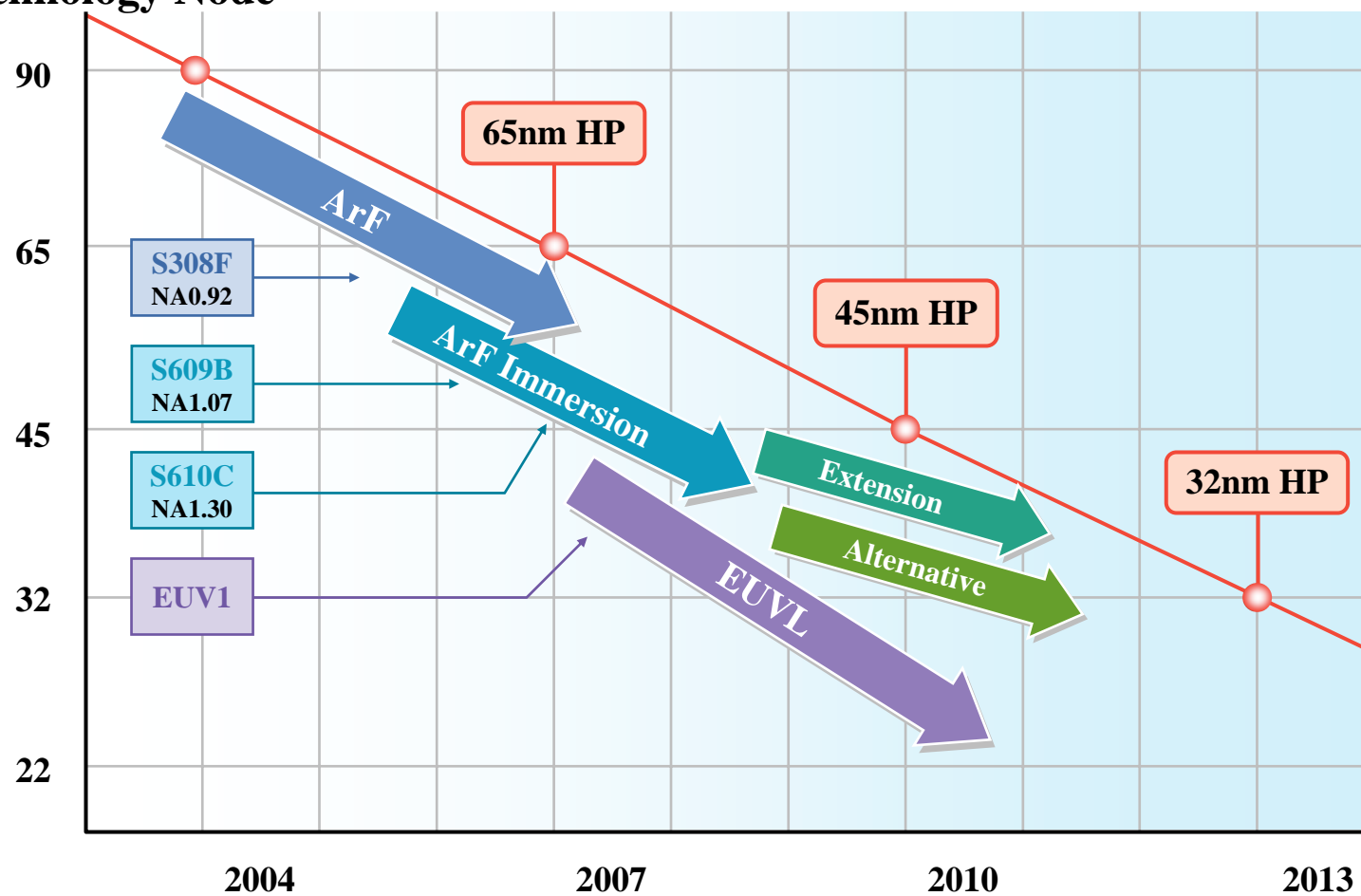
**Standardizing platforms**

**Further expanding the share  
in the large LCD stepper market**

# Lithography Roadmap

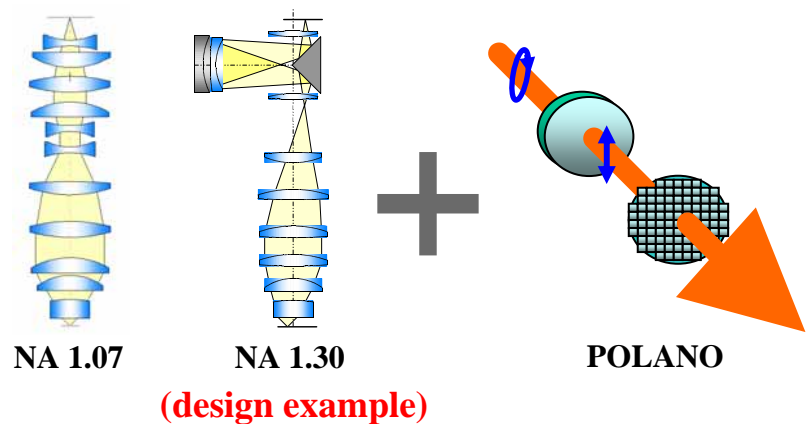
Leading the lithography market by cutting-edge technologies

Technology Node

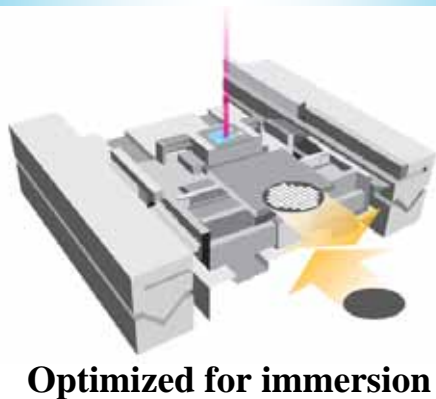


# ArF Immersion : Technological strategies

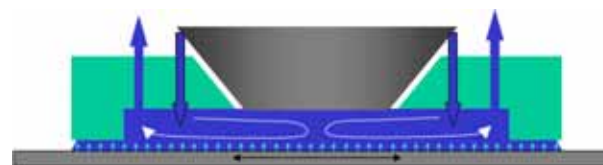
## Imaging



## Tandem stage

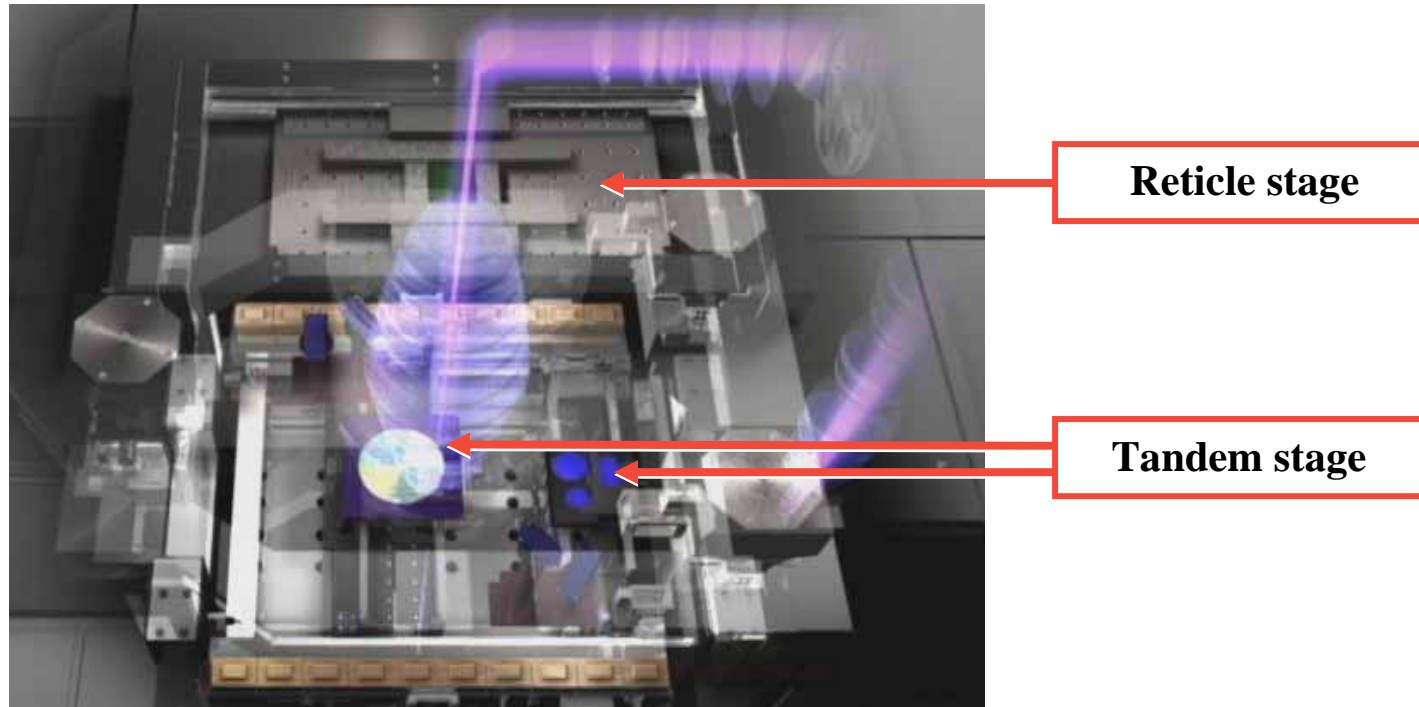


## Local fill Technology



- Proven**
- No added defects
  - Excellent overlay

# Standardizing platforms and simplified design

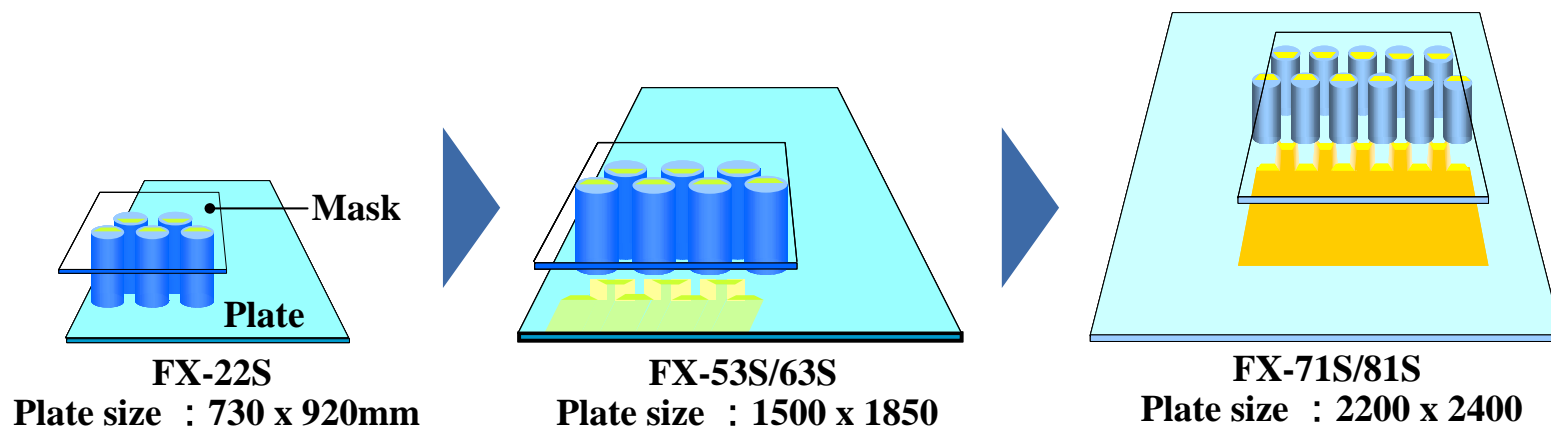


The tandem stage and reticle stage, newly introduced to S609B scanner and subsequent models, can be used for a long period with the future scanners requiring just minor adjustment.

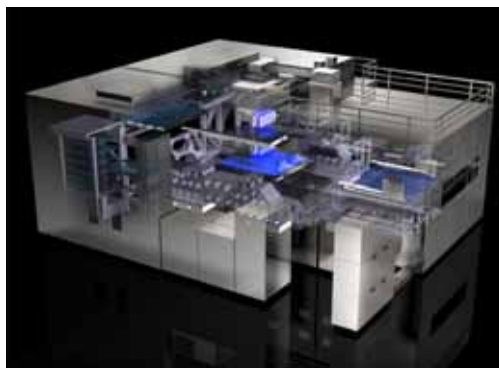
The simplified design applied to the tandem stage and reticle stage contributes to cost reduction, convenience for maintenance, shortening downtime, future possibility of upgrading, etc.

# LCD steppers : Technological strategies

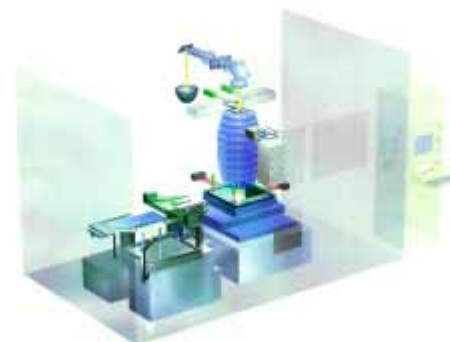
## Multi-lens system



## Higher throughput model



## Higher resolution model



# Imaging Products Company

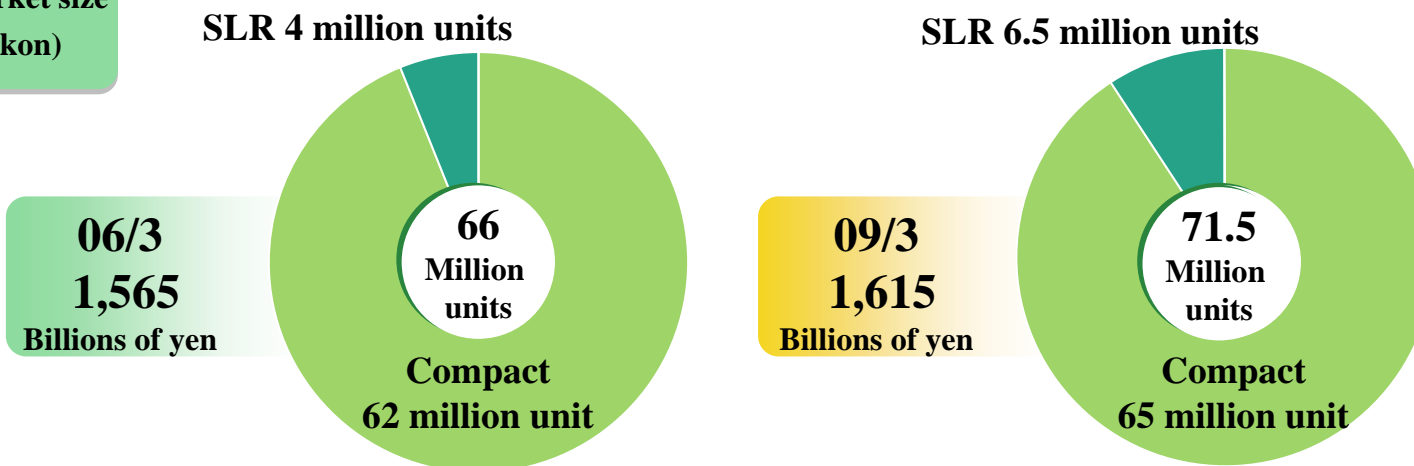
**Digital SLR market share: 40% or more**



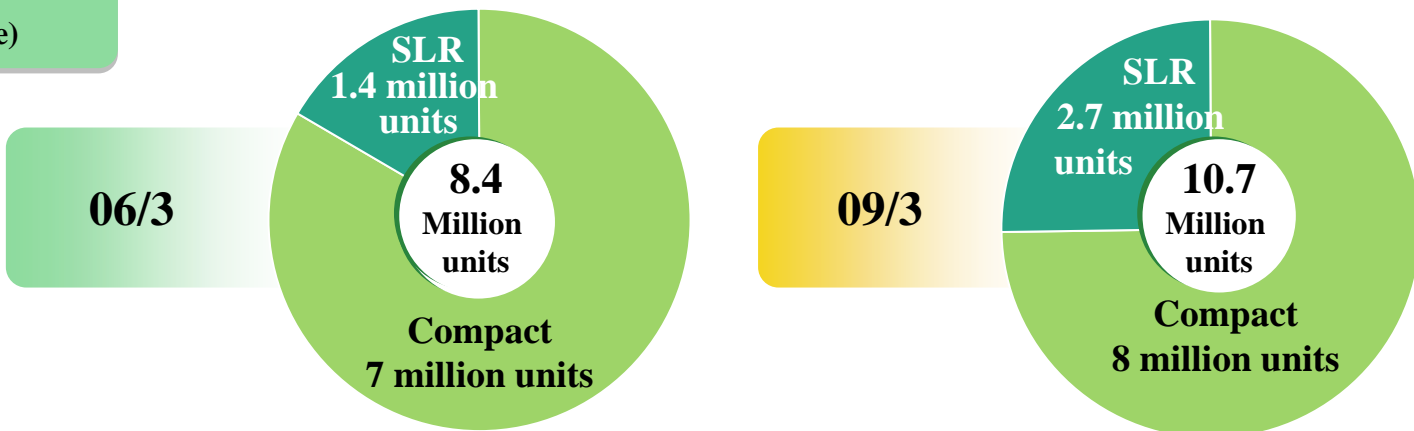
# Outlook of digital still camera (Unit base)

## Expansion of digital SLR market

Worldwide market size  
(Forecast by Nikon)



Nikon's forecast  
(Shipment base)



# Key Objectives of Imaging Company

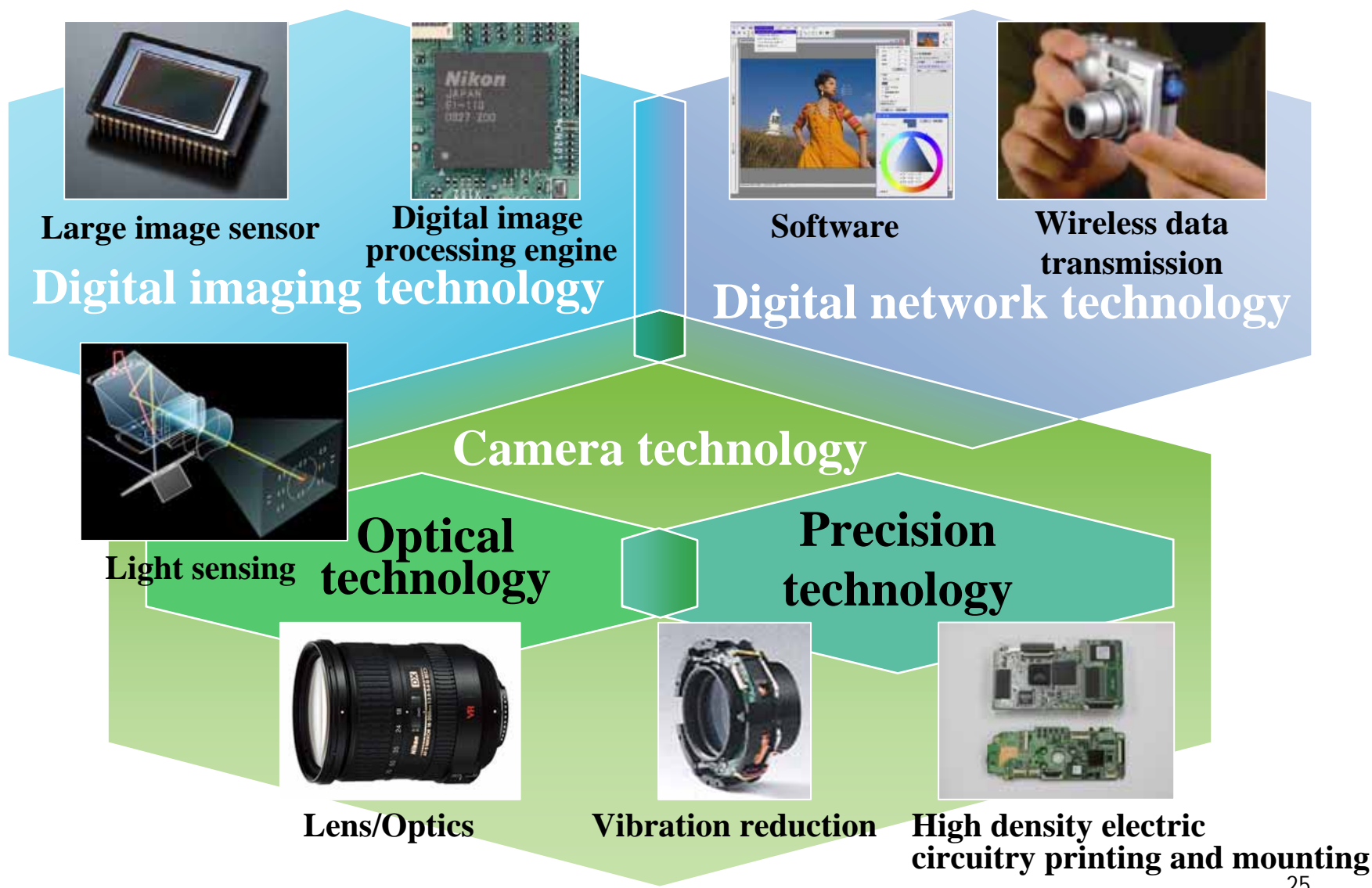
**Maintaining market position  
as the D-SLR leading company**

**Adding more value to compact DSC**

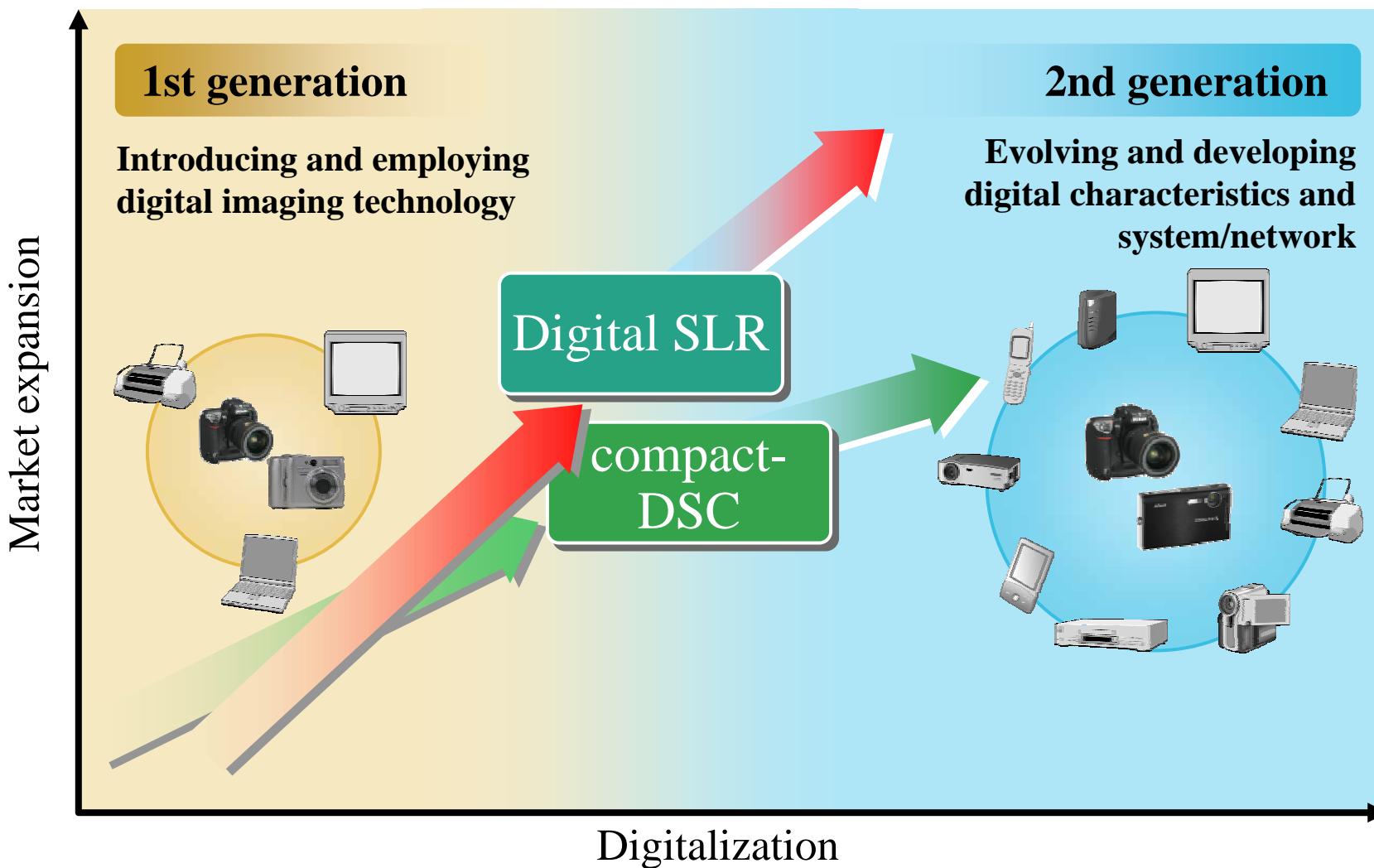
**Strengthening manufacturing competitiveness**



# Technologies of Imaging Company

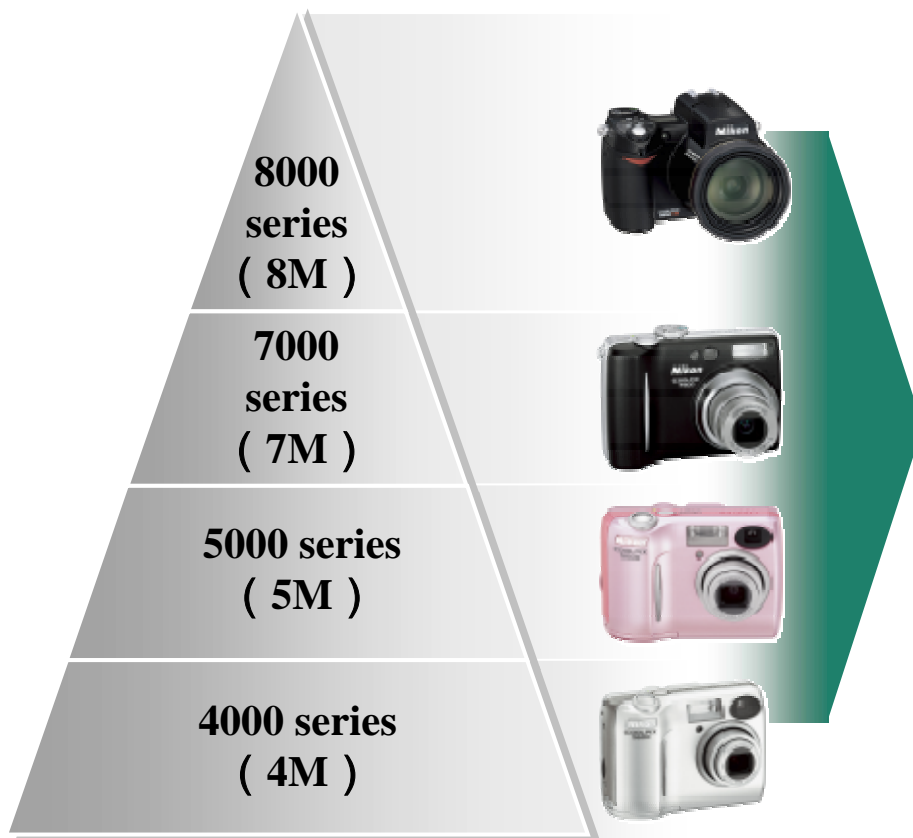


# Transition to the 2<sup>nd</sup> generation DSC



# Extension of Compact-DSC's added value

COOLPIX (Number of pixels)



COOLPIX (Customers' needs and usage)



Established brand image of SLR +α



Establishing COOLPIX as premium brand

# Enhancement of manufacturing competitiveness



## Quality

- Product quality aiming at human-and-environment-friendliness
- Strengthening the function of domestic engineering centers
- Passing on technologies and techniques/skills

## Cost

- Shortening production lead-time
- Thorough reduction of inventory
- Strengthening QCD through procurement innovation and distribution reform

## Delivery

- Shortening product development lead-time
- Feedback to product development by CRM
- Emphasis on the after-sales service

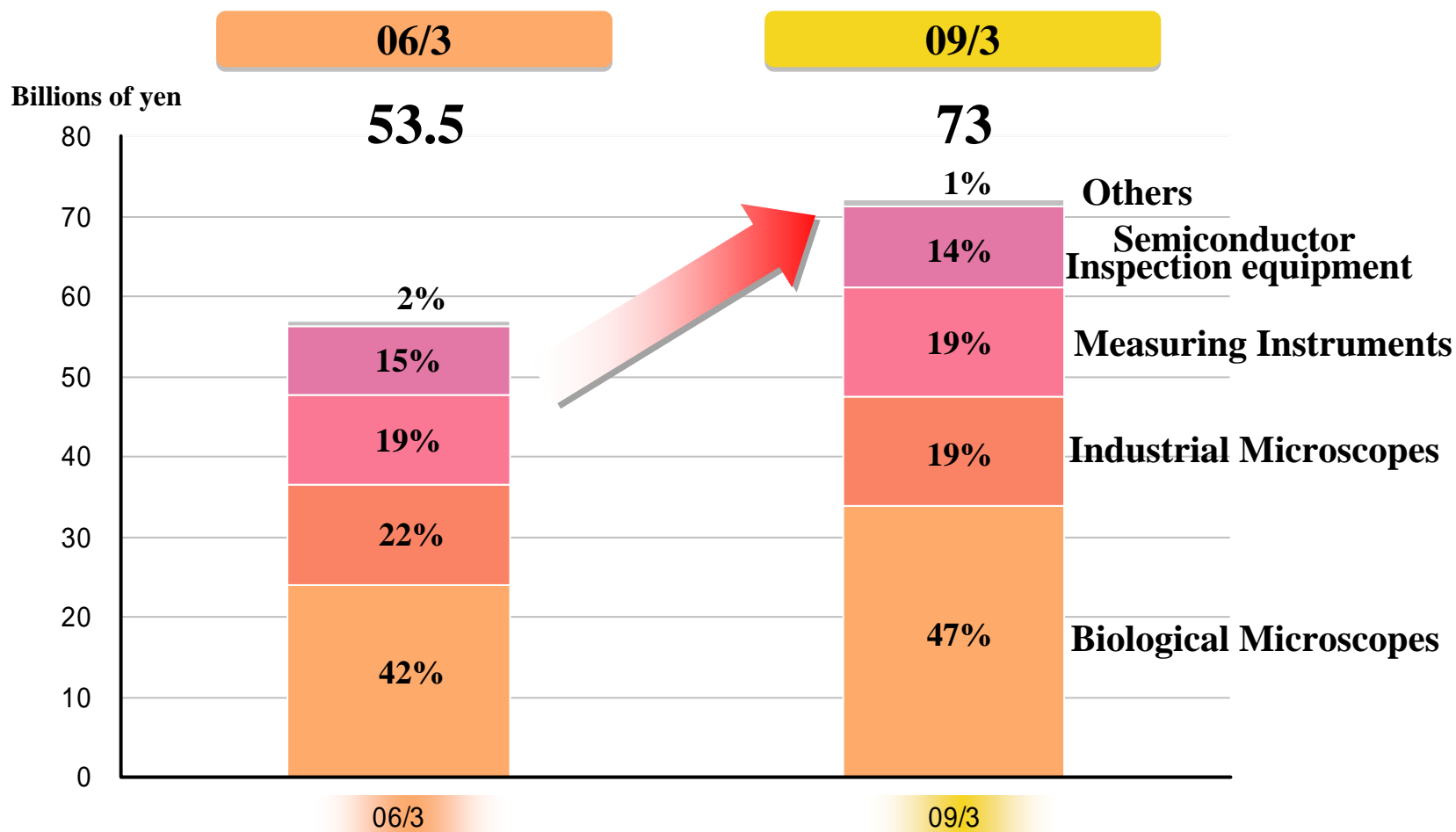
# Instruments Company

**Concentration on live cells and  
Non-contact vision based measuring fields**



# Instruments Company: Sales share by products group

Bio-science related field leading sales growth



## Key objectives of Instruments Company

**Bio-science**

**Developing solution business  
in the live-cell imaging field**

**Industrial  
instruments**

**Developing Non-contact vision based  
measuring systems utilizing image processing  
technology and creating series lineup of  
auto macro inspection equipment**

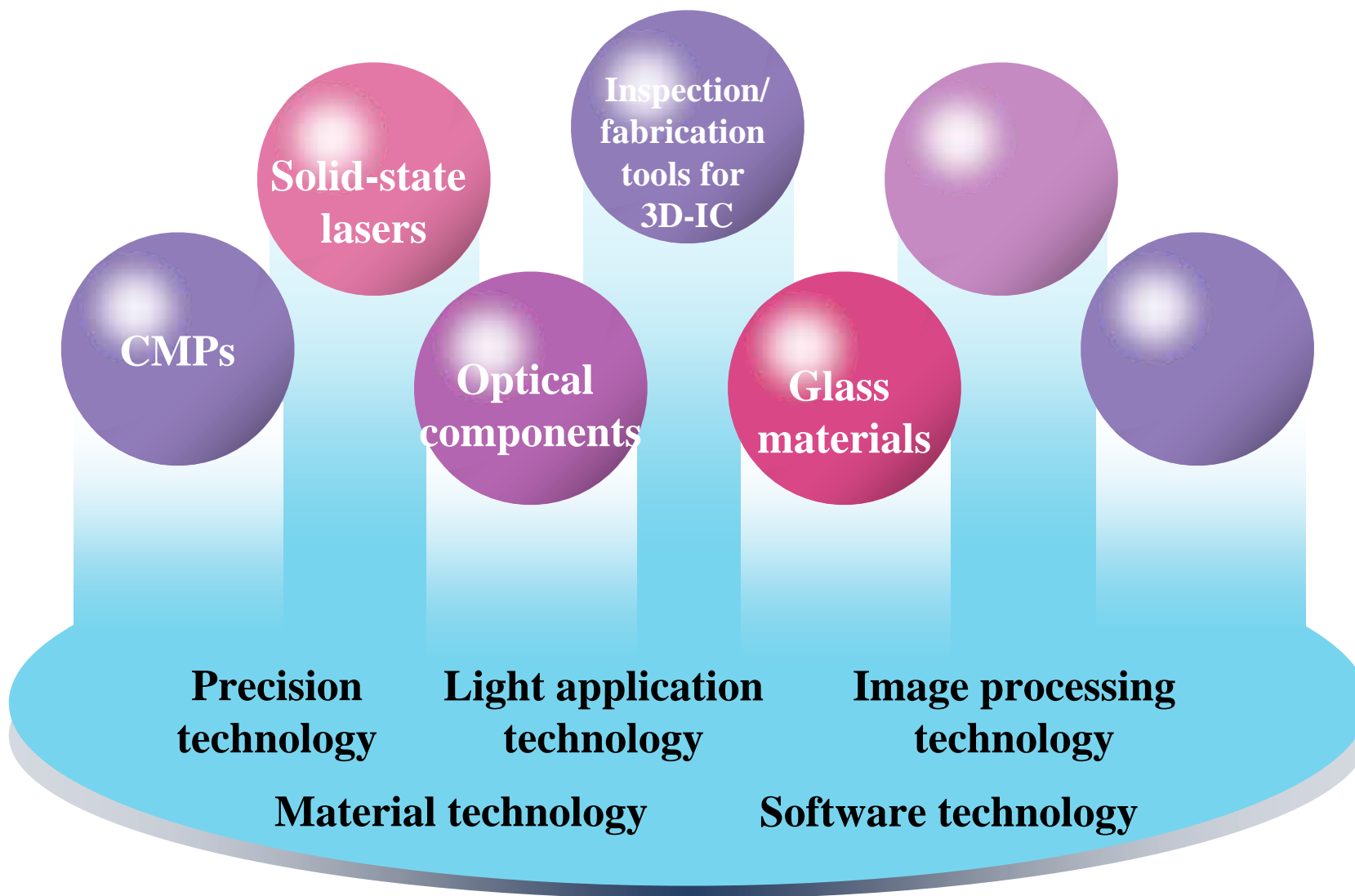
**Product  
development**

**30% reduction of  
development lead-time**

# New businesses



# New businesses



## **New businesses**

**Glass  
materials**

**Supplying the industrial consumable**

**Solid-state  
lasers**

**Applying to inspection equipment and  
new areas**

**Inspection/fabrication  
tools for 3D-IC**

**Potential alternative to the limit of IC  
shrinkage**

**CMPs**

**Providing Optimum CMPs for extreme  
shrinkage**

**Optical  
components**

**Various optical elements, becoming  
essential to the industrial fields**

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## Summary

**Operating income ratio to net sales: 10%**  
**Debt-equity ratio: Under 30%**

Achieving the above targets through improvement of market share and productivity

Creating a “**Strong Nikon**” which can sustain  
the continuous capital and R&D investment

**NEXT STAGE: Toward new targets**  
**Net sales: 1 trillion yen**  
**Operating income to net sales: Over 10%**