



## **Acquisition of SLM Solutions Group AG**

To Become a Global Leader in Metal Additive Manufacturing

September 2, 2022

**NIKON CORPORATION**

- My name is Toshikazu Umatate, President of Nikon Corporation. Thank you for joining us today for this important announcement.
- Today, we would like to update you—reporters, investors and analysts—about a strategic investment by our company.

## Agenda

### **Executive Summary**

- 1. Our Strategy**
- 2. Transaction Summary**
- 3. Overview of SLM**
- 4. Strategic Rationale**
- 5. Transaction Overview**

- During this presentation I will first outline a summary of the proposed transaction, and how this relates to our Medium-Term Management Plan. Following this, Mr. Ohmura, Senior Vice President and General Manager of Office of the President will give an overview of the target company, and well as the strategic rational and technical details of the transaction.

# Executive Summary



## Transaction Overview

- Nikon has entered into an investment agreement with SLM Solutions Group AG ("SLM"), a world-leading developer and manufacturer of metal additive manufacturing ("Metal AM") equipment in Germany, and announced its decision to launch a voluntary public takeover offer for all outstanding shares, with the total amount of capital expected to be required for the acquisition of €622MM<sup>(1)</sup>(JPY 84Bn)<sup>(2)</sup>
  - €45MM capital increase to SLM, approx. 10% of registered share capital in September 2022
  - Launch of voluntary public takeover offer to registered share capital and in-the-money convertible bonds at the price equivalent to €20.00 per share
  - Entered into irrevocable undertakings with SLM's key shareholders, Elliott International, L.P., ENA Investment Capital LLP and SLM's founder Hans-Joachim Ihde regarding their SLM shares and certain SLM convertible bonds
- SLM's Supervisory and Management Board welcome and support the offer
- Closing of public takeover offer, expected between January to June 2023, is subject to foreign investment control clearances and other customary conditions (The offer is not subject to a minimum acceptance threshold)

## Overview of SLM

- SLM is the leading provider of industrial Metal 3D printing machines focused on Metal AM and multi-laser technology
- Delivered 750+ Laser Powder Bed Fusion (L-PBF) Metal 3D printers to 150+ leading companies in aerospace, automotive and other industries

## Strategic Rationale

- Nikon aims to become a global leader in Metal AM, offering innovative manufacturing solutions to customers worldwide, and fulfilling Nikon's Medium-Term Management Plan which sets Digital Manufacturing as a core growth driver
- Through the acquisition, Nikon will obtain the following:
  - Brand power and market share in the growing Metal AM sector
  - Manufacturing and sales platform of L-PBF, the mainstream in Metal AM
  - Access to SLM's global and diversified customer base with a variety of end user industries and product applications
  - Strong and experienced management team as well as talented technical engineers and sales professionals

Note 1. Assuming acquisition of 100% of shares on a fully diluted basis. The number of fully diluted shares is calculated by adding the number of registered share capital, the number of shares to be issued through the capital investment, and the number of additional shares assuming that all in-the-money convertible bonds are converted into common shares

Note 2. Assuming FX rate as 1 EUR = 135.00 JPY

2

- Firstly, as an overall summary, Nikon is aiming to acquire SLM, based in Germany, which is a world-leading developer and manufacturer of metal additive manufacturing equipment, commonly known as metal AM. We expect that the total amount required for this transaction will be 622 million euros, or approximately 84 billion yen.
- SLM is listed on the Frankfurt Stock Exchange, and Nikon intends to launch a takeover offer for all outstanding shares of SLM at a price of 20 euros per share.
- We have received irrevocable undertakings from three key SLM shareholders, including Elliott International, L.P., to takeover their shares in the takeover offer.
- In addition, the Supervisory Board and the Management Board of SLM have expressed their support for the takeover offer.
- SLM has supplied more than 750 metal AM that use a molding method called Laser Powder Bed Fusion to more than 150 leading companies around the world, including in the aerospace and automotive industries.
- With this transaction, Nikon aims to become a leading global player in metal additive manufacturing, offering innovative manufacturing solutions.

# 1. Our Strategy - Steps To Get To Vision 2030

2022 - 2025

## Operate in lockstep with customers

Deeply align with customer needs  
and support their innovation

2025 -

## Jointly innovate with customers

Anticipate the challenges customers will  
face in the future and drive the process  
of innovation with diverse solutions

2022

Where we will  
be in  
2025

Providing Products and Services  
optimized to meet our customer needs

- Strengthen delivery of solutions -

Vision  
2030  
A key technology  
solutions company  
in a global society where  
humans and machines  
co-create seamlessly

## Corporate philosophy

Trustworthiness  
and Creativity

## Corporate vision

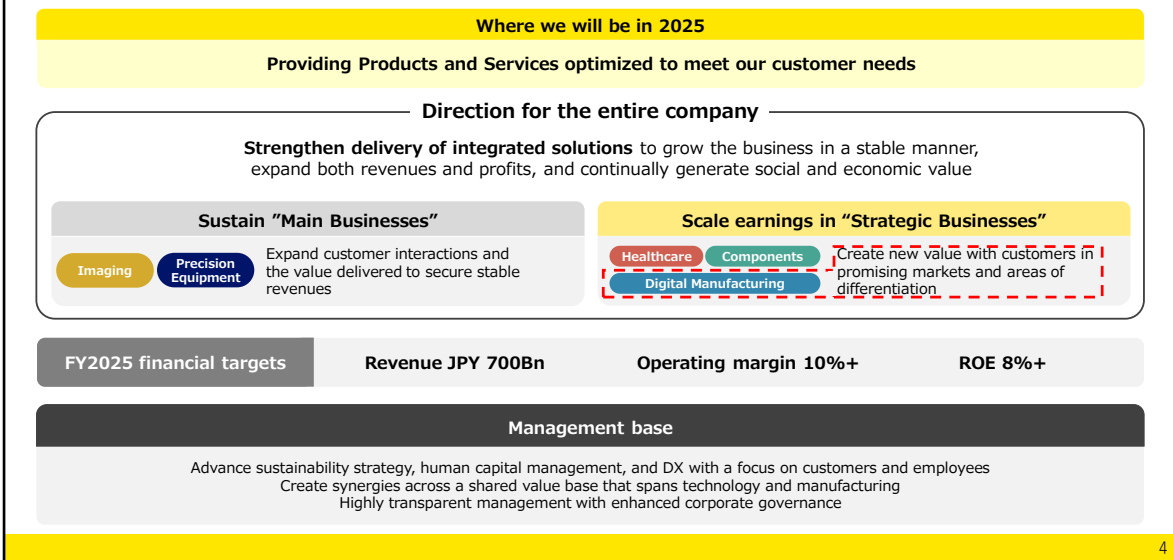
Unlock the future  
with the power of light

3

- I will now explain the background of this strategic acquisition.
- The next four slides are excerpts from our Medium-Term Management Plan, presented in April 2022.
- Nikon set out our Medium-Term Management Plan through to 2025, as well as our “Vision 2030” goals.
- By 2030, Nikon aims to become “a key technology solutions company in a global society where humans and machines co-create seamlessly”.
- In other words, Nikon will provide solutions for our global customers to drive innovation and enhance human potential to build a prosperous and sustainable world where humans and machines co-create seamlessly.

# 1. Our Strategy

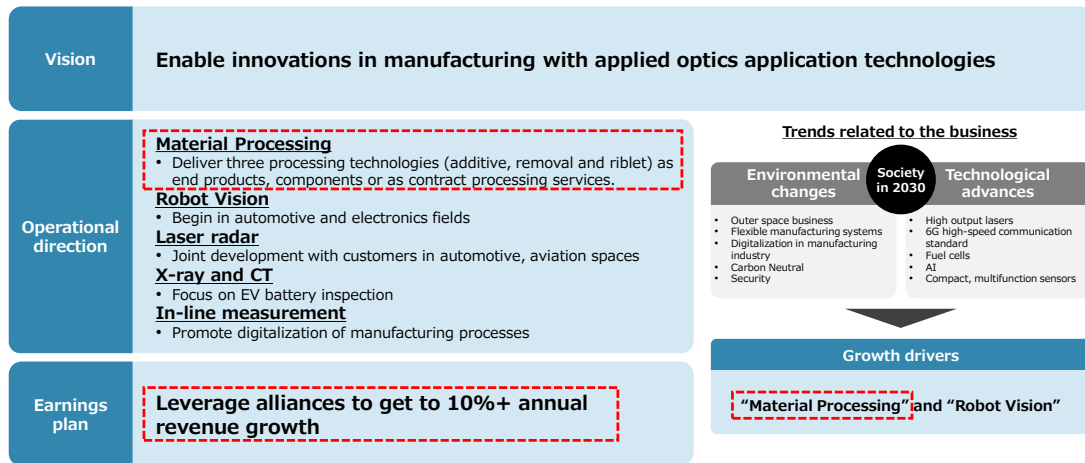
## - Overview of the Medium-Term Management Plan



- To achieve our Vision 2030 goals, in our Medium-Term Management Plan up to 2025, we aim to cement our business operations and expand earnings by strengthening our delivery of integrated solutions.
- Specifically, we set out in our Medium-Term Management Plan in April 2022 that we will work to secure stable earnings in our two main businesses, "Imaging" and "Precision Equipment", and create new value in our three strategic businesses, including "Digital Manufacturing", where we expect market growth.
- This strategic acquisition is exactly aligned with our management plan and will create new value for Nikon in the promising market of metal AM.

# 1. Our Strategy

## - Business Strategy of Digital Manufacturing (1/2)



Note 1. Material Processing and Robot Vision reside under the Components Business segment. The other businesses reside under Industrial Metrology and Others.

5

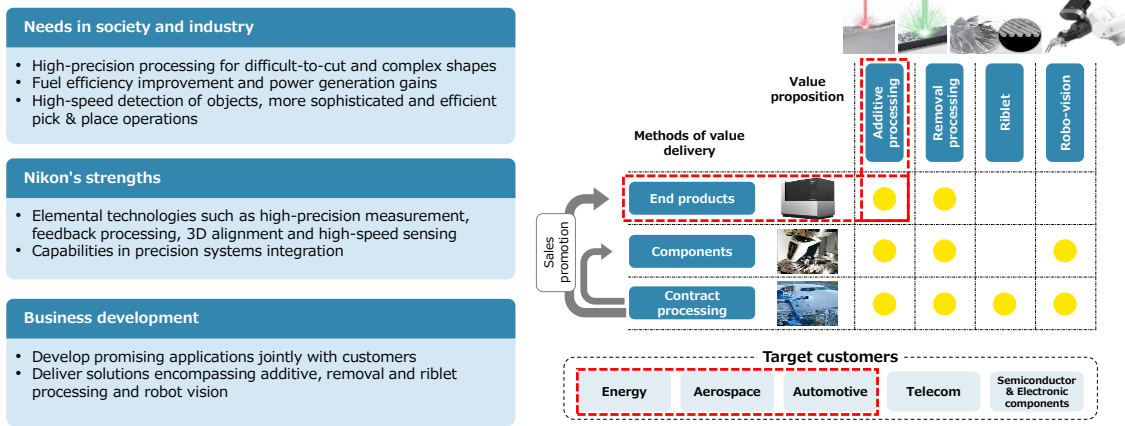
- In our Medium-Term Management Plan, we set out that our digital manufacturing business will enable innovations in manufacturing with applied optics application technologies.
- As you can see on the right of the slide, in 2030 we expect a number of societal changes, including the expansion of the space industry, digitalization in manufacturing, and a bigger push towards carbon neutrality. We also expect technological innovations, for example in high output lasers.
- With this in mind, we declared that we would leverage alliances to generate over 10% annual revenue growth.
- This strategic transaction is to achieve our commitments in the area of material processing.

# 1. Our Strategy

## - Business Strategy of Digital Manufacturing (2/2)



### Capitalize on New Markets by Combining Unique Value Propositions



- We have positioned material processing as a growth driver in our Medium-Term Management Plan. We expect that by 2030 the space industry will require high-precision components in complex shapes, and that the automotive industry will focus on weight reduction for electric vehicles and other products.
- In the right-hand side of the slide, you can see that Nikon will address these various challenges and add value for our customers by providing additive processing and riblet processing for end products, components, and contract processing.
- Within these different value propositions, this strategic acquisition aims to unlock value in AM using lasers, otherwise known as additive processing, to customers in the aerospace, energy, and automotive industries. These sections are all highlighted with a red dotted line.
- We believe that this transaction is a key milestone in achieving our goal of enabling innovation in manufacturing.
- We will continue to pursue steady growth, both organic and non-organic, in accordance with our Medium-Term Management Plan.
- We aim to secure earnings in our two main business lines. In imaging we will focus on digital cameras, and in precision equipment we will focus on FPD and semiconductor lithography systems. We will also expand earnings in our strategic businesses, including digital manufacturing. As a result, by the 2025 financial year, we aim to achieve sales of 700 billion yen, as well as an operating profit margin over 10% and a return on equity of at least 8%.
- We appreciate your ongoing support. Thank you.

# Executive Summary

Same as  
P2



## Transaction Overview

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## Strategic Rationale

- Nikon aims to become a global leader in Metal AM, offering innovative manufacturing solutions to customers worldwide, and fulfilling Nikon's Medium-Term Management Plan which sets Digital Manufacturing as a core growth driver
- Through the acquisition, Nikon will obtain the following:
  - Brand power and market share in the growing Metal AM sector
  - Manufacturing and sales platform of L-PBF, the mainstream in Metal AM
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Note 2. Assuming FX rate as 1 EUR = 135.00 JPY

7

- My name is Ohmura. Now, I would like to elaborate further.
- This slide is a restatement of the deal summary slide we presented earlier.
- I will now provide further information about the specifics of this transaction.
- As President Umatate stated, the total value of this transaction is expected to be 622 million euros and this is divided into three parts.
- First, in September 2022, Nikon will subscribe to all newly issued shares in SLM, in the amount of 45 million euros.
- In addition, we will launch a takeover offer for all outstanding common shares of SLM at a takeover price of 20 euros per share.
- We will also launch a separate public offer for the acquisition of convertible bonds issued by SLM (where the purchase price of the takeover offer exceeds the conversion price of the bond.)
- As part of this takeover offer, we have received irrevocable undertakings from three of SLM's key shareholders, including Elliott International, L.P., to takeover their shares and convertible bonds.
- Through the takeovers by these three key shareholders, we will have already secured 61.1% ownership of SLM on a fully diluted basis.
- The completion of this takeover offer will depend on the timeline for receiving regulatory approval, but we tentatively expect this will be between January and June of 2023.



### 3. Overview of SLM – At a Glance



#### Overview

Established	1996
HQ	Lübeck, Germany
Listing Market	Frankfurt Stock Exchange (Ticker: AM3D)
CEO	Sam O'Leary
Employees	500+ (As of June 2022)

#### Key Product

**NXG XII 600 – Designed for Serial Production**



**20x faster**  
than a standard single laser system

12 Lasers

**1,000 watts each**

Build up rate up to  
**1,000 cm<sup>3</sup>/h**

Note 1. Last Twelve Months (unaudited)

#### Key Statistics

<b>750+</b> Installed Machines	<b>€85MM</b> Revenue (22/6 2Q LTM <sup>(1)</sup> )	<b>38%</b> YoY Revenue Growth (22/6 2Q LTM <sup>(1)</sup> )	<b>39%</b> GP Margin (22/6 2Q LTM <sup>(1)</sup> )
<b>#1</b> The World's Fastest L-PBF System	<b>100%</b> Focus on Metal Additive Manufacturing	<b>40%+</b> Are Engineers	<b>30+</b> Diversity of Employees From 30+ Countries

#### Customer Base

Serving <b>150+</b> Blue Chip Customers including Fortune 500 companies and some industry leaders	Porsche	BMW	Volkswagen	HONDA
	KLS Martin Group	RMIT University	Swiss m4m Center	BONE 3D
	EMERSON	SIEMENS	Baker Hughes	
	NASA	Blue Origin	Rocket Factory Augsburg	Collins Aerospace
	AIRBUS	BOEING	SAFRAN	Rolls Royce

- Next, I would like to give an overview of the company we are acquiring, SLM.
- SLM is a listed company that was founded in 1996, and headquartered in Lübeck, a city in Northern Germany. SLM specializes in additive manufacturing equipment and it has over 500 employees.
- SLM's cutting-edge NXG machine has 12 lasers, the highest in the industry, and is capable of molding large products with high speed, and it is expected that technology to be a game changer in the industry.
- As shown on the right, SLM's sales are expanding, and it is serving over 150 leading customers, including Fortune 500 companies, in the automotive, medical, electrical, space, and aviation industries.

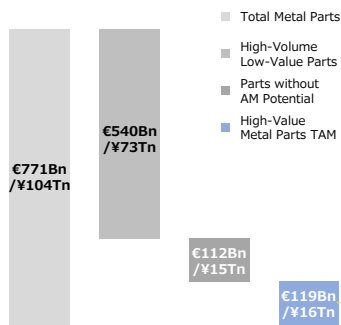
### 3. Overview of SLM – Expansion of Additive Manufacturing Market



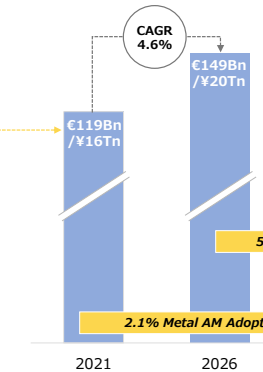
#### Benefits of AM / Market Forecast

- Significant reduction of development period and cost with complex geometries at lower weights
- Metal AM market is entering a mid to long-term growth phase through accelerating adoption rate

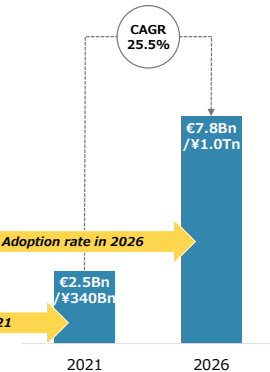
#### Total Metal Parts Market and TAM of High-Value Metal Parts in 2021<sup>(1)</sup>



#### Growth of High-Value Metal Parts TAM<sup>(1)(2)</sup> (2021-2026)



#### Addressed Market for Metal AM<sup>(1)(3)</sup> (2021-2026)



Source: AM POWER  
 Note 1. Assuming FX rate as 1 EUR = 135.00 JPY  
 Note 2. Total addressable market that can theoretically be replaced by Additive Manufacturing  
 Note 3. Current Metal AM market including systems, part manufacturing and material

- Compared to conventional molding methods, such as casting or forging, additive manufacturing offers several advantages including shorter development time, reduced costs, specialized modeling, and significant weight reduction.
- Currently, the global metal processing market is worth 771 billion euros (104 trillion yen). Of this, 15% of the total, 119 billion euros (16 trillion yen), is in high-value metal parts area where additive manufacturing excels, and we expect manufacturing in this area will gradually shift from conventional casting, forging, and die processing to additive manufacturing.
- As of 2021, additive manufacturing covered only 2.1% of this 119 billion euros (16 trillion yen), or about 2.5 billion euros (340 billion yen).
- Four years from now, in 2026, we expect metal additive manufacturing's share of the high-value metal parts market to increase to 5.2%, and reach a value of approximately 7.8 billion euros, or approximately 1 trillion yen.

### 3. Overview of SLM – Positioning and Technology

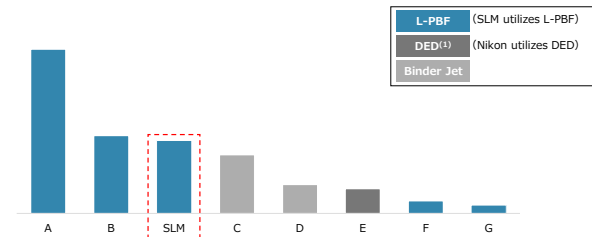


#### Positioning / Technology

- A world-leading developer and manufacturer of Metal 3D printers using the L-PBF method
- L-PBF method leads Metal AM technology with 80%+ market share

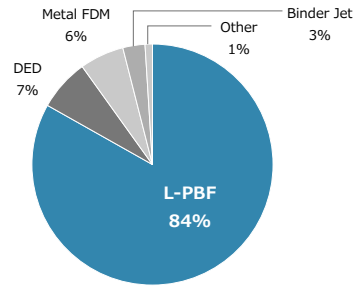
#### Revenue of Metal 3D Printer Suppliers

Nikon's estimate



#### Installed Base (units) by Technology 2021<sup>(2)</sup>

Source: AM POWER



Note 1. Directed Energy Deposition  
Note 2. Please refer to P.18 for details on metal 3D printing types

- While there are many players in this market, mainly U.S. and German companies, we view SLM as one of the world's leading specialized manufacturers.
- There are several methods of additive manufacturing. As shown in the graph on the right, the Laser Powder Bed Fusion, or L-PBF, method used by SLM is the most common. In this process metal powder is spread out on a bed and a laser beam is applied to the bed to create a mold.
- Currently, Nikon manufactures and sells optical process machines based on a different method called directed energy deposition, or DED.

### 3. Overview of SLM - Core Product: NXG XII 600



#### Core Product

- NXG XII 600 designed for serial production with 12 lasers

#### NXG XII 600 – Designed for Serial Production

**20x faster**  
than a standard single  
laser system

**5x faster**  
than a SLM quad-laser  
machine

12 Lasers  
**1,000 Watts**  
each

Zoom function  
**build up rate up**  
**to 1,000 cm<sup>3</sup>/h**



Designed for  
**serial**  
**production**

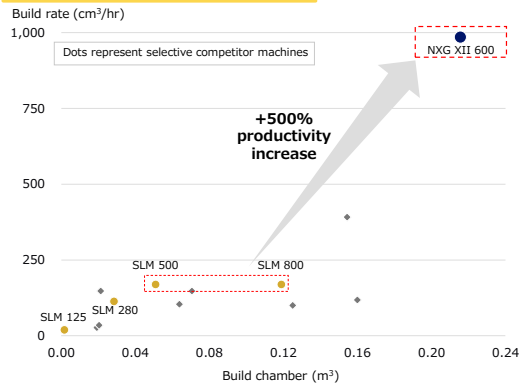
Optimized for large  
parts and  
**high-volume**  
**production**

Capable of  
**large layer**  
**thickness**

Fine features and  
**delicate patterns**  
**possible**

Source: SLM's investor presentation

#### NXG XII 600 as a Game Changer



- SLM has already delivered over 750 products to customers. SLM's state-of-the-art NXG product is said to outperform competitors' models in terms of productivity, and we expect that this will be a driving force for growth.
- Two units have already been delivered this fiscal year, and orders are steadily piling up.

## 4. Strategic Rationale – Rationale and Key Business Synergies



Nikon aims to become a global leader in Metal AM,  
offering innovative manufacturing solutions to customers worldwide

### Strategic Rationale

- Brand power and market share in the growing Metal AM sector
- Manufacturing and sales platform of L-PBF, the mainstream in Metal AM
- Access to SLM's global and diversified customer base with a variety of end user industries and product applications
- Strong and experienced management team as well as talented technical engineers and sales professionals

### Key Business Synergies

- Accelerate product development and product road mapping through joint development efforts
- Implementation of Nikon's cutting edge technology and manufacturing know-how
- Generate new innovative business solutions through R&D collaboration and by offering both L-PBF and DED technologies

12

- Now I will explain our aims and significance of this strategic acquisition.
- As President Umatate mentioned, by acquiring SLM, Nikon aims to become a leading global player in metal additive manufacturing by providing innovative manufacturing solutions to customers worldwide.
- If this acquisition is closed, Nikon will acquire brand power and market share in the metal AM sector, which we expected to grow.
- Nikon will also gain access to SLM's global, diversified customer base with a variety of end-user industries and product applications.
- We can add the SLM's management team, which has many years of experience and skills in building additive manufacturing technology, as well as those of SLM's, talented, technical field engineers, sales, and after-sales staff.
- In terms of business synergies, SLM will benefit from accelerated product development and product road mapping. In addition, we expect to create new innovative business solutions for our customers by combining SLM's L-PBF and Nikon's DED methods.

## 5. Transaction Overview (1/2)



<b>Financial Terms</b>	<ul style="list-style-type: none"> <li>• <b>All-cash consideration of €20.00 per share for 100% of the share capital of SLM on a fully diluted basis</b> <ul style="list-style-type: none"> <li>- Implied equity value of €622MM (JPY 84Bn)<sup>(1)</sup> on a fully diluted basis</li> </ul> </li> <li>• <b>61.1% of the share capital of SLM already secured on a fully diluted basis</b> <ul style="list-style-type: none"> <li>- €45MM (JPY 6.1Bn)<sup>(1)</sup> (approx. 10% of the registered share capital) capital increase (7.3% on fully diluted basis)</li> <li>- Entered into irrevocable undertakings with SLM's key shareholders, Elliott International, L.P., ENA Investment Capital LLP and SLM's founder Hans-Joachim Ihde regarding their SLM shares and certain SLM convertible bonds</li> </ul> </li> </ul>
<b>Recommended Transaction</b>	<ul style="list-style-type: none"> <li>• Nikon and SLM have entered into an investment agreement setting out the core principles of the transaction</li> <li>• SLM's supervisory and management board welcome and support the transaction</li> </ul>
<b>Offer Conditions and Transaction Structure</b>	<ul style="list-style-type: none"> <li>• No minimum acceptance threshold</li> <li>• Foreign investment control clearances and other customary conditions</li> <li>• Commitment not to enter into a domination and/or profit and loss transfer agreement for 3 years</li> <li>• Intention to initiate a delisting of SLM after closing to the extent commercially reasonable</li> </ul>
<b>Capital Allocation</b>	<ul style="list-style-type: none"> <li>• Acquisition to be covered by the capital allocation framework of the current Medium-Term Management Plan</li> <li>• Transaction to be funded with existing cash</li> </ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"> <li>• Profit contribution during the current Medium-Term Management Plan period toward FY2025 is expected to be limited, profit contribution expected to accelerate towards 2030</li> <li>• Detailed financial impact to be announced after closing</li> </ul>

Note 1. Assuming FX rate as 1 EUR = 135.00 JPY

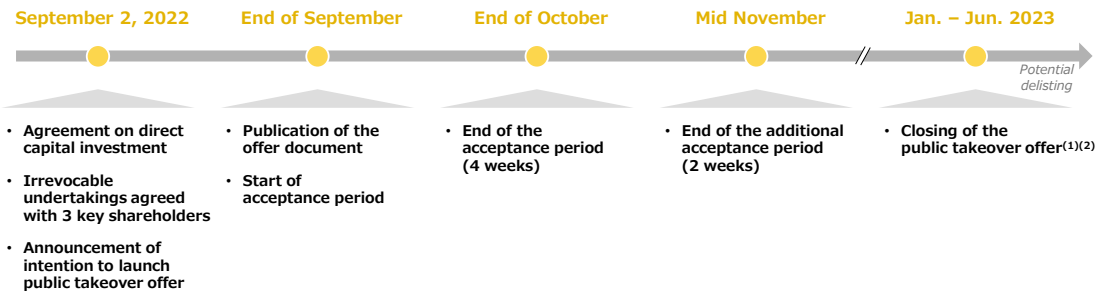
13

- This next slide contains details of the takeover offer, including some of the points that we have already explained.
- The second row from the bottom shows that this project is in line with the capital allocation set forth in our Medium-Term Management Plan.
- Specifically, in our Medium-Term Management Plan, we announced that we would set aside 700 to 800 billion yen to enhance growth, and that we would allocate 30% to M&A, or 200-300 billion yen. This is the first of such projects, and we plan to finance the acquisition with cash on hand.
- Contribution to profit from this acquisition will be limited during the period of our Medium-Term Management Plan, however we expect it to contribute to the consolidated earnings of the entire Nikon Group into 2030.

## 5. Transaction Overview (2/2)



### Illustrative Transaction Schedule



Note 1. Long-stop date is 12 months after the end of acceptance period  
Note 2. Subject to regulatory approvals and other customary conditions

14

- Lastly, here is the schedule for the transaction.
- Today, Nikon's board of directors has resolved to launch this takeover offer. At the same time, SLM has announced its decision to support the takeover offer.
- The takeover offer is expected to commence by the end of September 2022.
- From now, the process will proceed in accordance with German law, and the takeover offer is expected to be completed sometime between January and June of 2023, subject to the approval of the relevant regulatory authorities.
- This concludes our presentation.

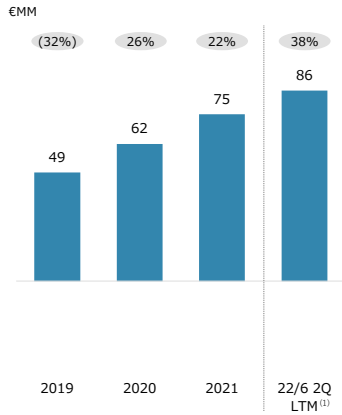
# Appendix



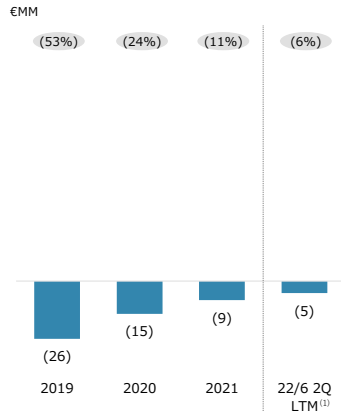
# SLM – Key Financials



## Revenue



## EBITDA



## B/S

€MM

	2019/12	2020/12	2021/12	2022/6
Cash and Cash Equivalents	25	18	24	37
Total Assets	136	126	149	175
Financial Liabilities	67	78	81	107
Total Equity	44	15	32	27

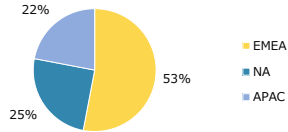
Note 1. Last Twelve Months (unaudited)

# SLM – Customer Base and Product Lineups



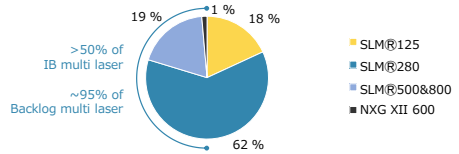
## Installed Base by Region

As of February 2022



## Installed Base by Machine Type

As of February 2022

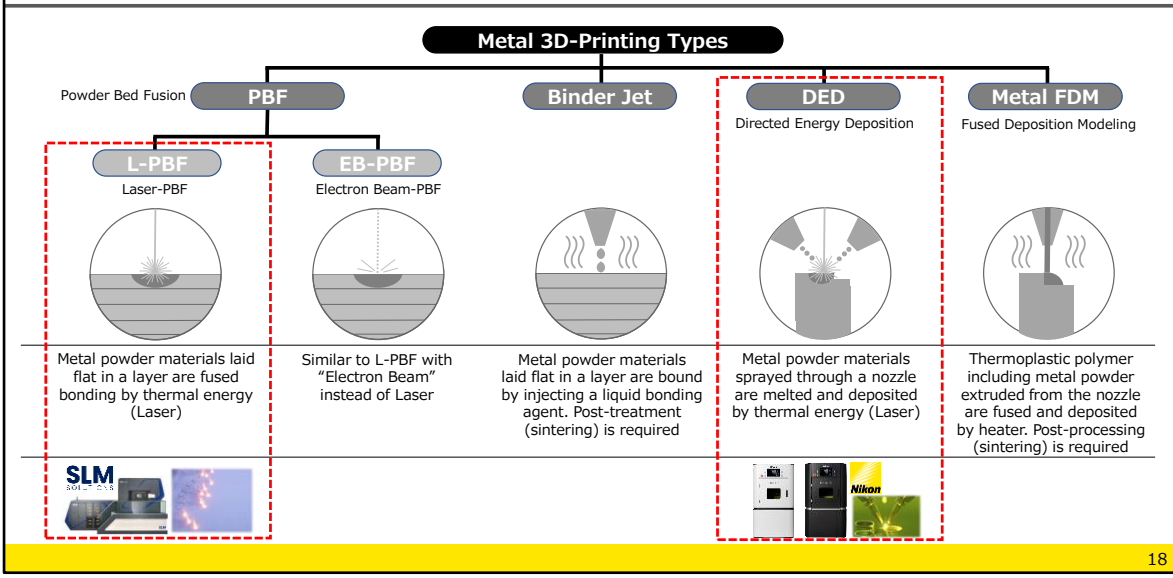


## Key Product Lineups

	2009	2011	2013	2017	2020
	<b>SLM@125</b>	<b>SLM@280</b>	<b>SLM@500</b>	<b>SLM@800</b>	<b>NXG XII 600</b>
					
Addressable Market		<i>Small series production</i>			<i>High volume, serial production</i>
Chamber Size	125x125x125	280x280x365	500x280x365	500x280x850	600x600x600
Laser	Single	Twin	Twin & Quad	Quad	12
Build Rate cm <sup>3</sup> /h	Up to 25	Up to 88	Up to 171	Up to 171	1,000+

Source: SLM's investor presentation

# Metal 3D Printing Types



## Certain Disclaimers



This announcement is for information purposes only and does not constitute an invitation to make an offer to sell SLM securities. This announcement does not constitute an offer to purchase SLM securities and is not for the purposes of Nikon making any representations or entering into any other binding legal commitments. Investors and holders of SLM securities are strongly advised to read the relevant documents regarding the takeover offer and the bonds offer, when available, because they contain important information. In addition, holders of SLM securities subject to the takeover offer and/or the bonds offer are strongly recommended to seek independent advice in order to reach an informed decision in respect of the content of such offer documents and with regard to the takeover offer and/or the bonds offer.

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This announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

If you are a resident of the United States, please read the following:

The takeover offer and the bonds offer are being made for the securities of a non-U.S. company and will be subject to the disclosure and procedural laws, standards and practices of jurisdictions other than the U.S., although the takeover offer and the bonds offer will be made in reliance on, and compliance with, Section 14(e) of the Exchange Act and Regulation 14E thereunder.

In some jurisdictions, publication or distribution of this announcement may be illegal or permitted only to certain persons.

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## Forward-looking Statements



This announcement contains forward-looking statements or statements that may be deemed to be forward-looking statements with respect to Nikon, the Bidder and SLM. Statements other than historical facts contained in this announcement may constitute forward-looking statements. Forward-looking statements include "targets," "plans," "believes," "expects," "aims," "intends," "will," "may," "anticipates," "estimates," "projects" and similar words and phrases, or the negative forms thereof. Forward-looking statements include (i) future capital expenditures, expenses, revenues, earnings, synergies, economic trends, indebtedness, financial condition, dividend policy, losses and projections; (ii) business and management strategies and the potential synergies and business expansion and growth that the takeover offer and the bonds offer may bring to Nikon, the Bidder, or SLM; and (iii) the impact of any governmental regulation on the business of the Company or SLM, including statements regarding the impact of such regulation on the business of the Nikon or SLM.

Forward-looking statements are subject to risks and uncertainties that may materially affect expected results and are based on certain important assumptions. A number of factors could cause actual results to differ materially from those assumed or implied in the forward-looking statements. In light of such uncertainties and risks, you are cautioned not to place undue reliance on forward-looking statements, which are relevant only as of the date they are made. Neither Nikon, the Bidder nor SLM undertakes any obligation to update any forward-looking statements or other statements contained in this announcement, except as required by applicable law.

None of the statements contained or referred to in this announcement are made as a profit forecast.

