



FOR IMMEDIATE RELEASE

MEDIA RELEASE

Canon Inc.
30-2 Shimomaruko 3-chome
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Canon Sales to transfer shares of subsidiary to Canon Inc.

TOKYO, May 28, 2003—Canon Inc. (“Canon”) and Canon Sales Co., Inc. (“Canon Sales”) announced on November 20, 2002, plans to transfer all of the shares of Canon N.T.C., Inc. (“Canon N.T.C.”), a wholly owned subsidiary of Canon Sales, from Canon Sales to Canon. Canon and Canon Sales today entered into a formal share-transfer agreement and announced the terms of the transfer.

1. Overview of the subsidiary to be transferred

(1) Name	Canon N.T.C., Inc.
(2) Representative	Kenji Mori, President and Representative Director
(3) Location of headquarters	1234 Matate, Iwai-shi, Ibaraki
(4) Date of incorporation	May 3, 1917
(5) Business activities	Development and production of business machines
(6) Fiscal year end	December 31
(7) Number of employees	624 (as of Apr. 1, 2003)
(8) Capital	Yen 80 million (as of Apr. 1, 2003)
(9) Total number of issued shares	29,378,693 shares (as of Apr. 1, 2003)
(10) Major shareholders and their share percentages	Canon Sales Co., Inc. (100%) (as of Apr. 1, 2003)

(11) Recent business results

(unit: millions of yen)

Fiscal year ending	December 2002 (before corporate separation)	As of April 1, 2003 (after corporate separation)
Net sales	34,619	—
Operating profit	(838)	—
Ordinary profit	(681)	—
Net income	(518)	—
Total assets	35,507	18,976
Stockholders' equity	27,458	13,792

Note: Effective April 1, 2003, Canon N.T.C.'s marketing operations were spun off and merged with Canon System & Support Inc., and its real estate operations were spun off into a newly established company, Canon Facility Management Inc. As of April 1, 2003, Canon N.T.C.'s operations focus on development and manufacturing activities. Accordingly, Canon N.T.C.'s current operating results have yet to be determined.

2. Overview of the acquiring company

(1) Name	Canon Inc.	
(2) Representative	Fujio Mitarai, President and CEO	
(3) Location of headquarters	30-2 Shimomaruko 3-chome, Ohta-ku, Tokyo	
(4) Date of incorporation	August 10, 1937	
(5) Business activities	Production and sales of optical products; audio, electric and electronic products, precision products and medical equipment; development and sales of software; provision of telecommunication, data processing and other information services.	
(6) Capital	Yen 167,242 million (as of Dec. 31, 2002)	
(7) Major shareholders and their share percentages	The Dai-ichi Mutual Life Insurance Company (6.72%); Japan Trustee Services Bank, Ltd. (Trust Account) (5.51%); The Master Trust Bank of Japan, Ltd. (Trust Account) (5.24%) (as of Dec. 31, 2002)	
(8) Relationship with transferring company	Capital	Canon owns 50.13% of Canon Sales' outstanding shares
	Personnel	One of Canon's corporate auditors also serves as a corporate auditor for Canon Sales
	Business	60.8% (280,410 million yen in FY 2002) of Canon Sales' amount of goods purchased is generated from business with Canon

3. Number and value of shares to be acquired; Transferee's shareholding before and after transfer

(Transferee: Canon Sales)

(1) Shares owned before transfer	29,378,693 shares (ownership ratio: 100%)
(2) Number of shares to be acquired	29,378,693 shares (value: 10,996 million yen)
(3) Shares owned after transfer	0 shares (ownership ratio: 0%)

Note: The transfer price was based on Canon N.T.C.'s net asset value following the completion of corporate separation of divisions and necessary fair-market-value adjustments to certain assets and liabilities based on third-party assessments, etc.

4. Schedule

May 28, 2003: Signing of share-transfer agreement
May 30, 2003 (tentative): Transfer of shares

5. Impact on business results

For Canon Sales, gains from the transfer of Canon N.T.C.'s shares from Canon Sales to Canon was originally expected to be JPY3.3 billion on a non-consolidated basis, and JPY3.2 billion on a consolidated basis for the current fiscal year. The transfer is now expected to result in gains of JPY0.9 billion on a non-consolidated basis, and JPY0.5 billion on a consolidated basis.

For Canon, the impact of the transfer on business results is expected to be minimal.