



**FOR IMMEDIATE RELEASE**

**Notice regarding spin-off by Canon Inc. of Fukushima Plant**

TOKYO, January 30, 2003—Canon Inc. announced on October 29, 2002, plans to spin-off its Fukushima Plant into a wholly owned subsidiary. Following consideration of the separation method and post-separation structure, Canon Inc.'s Board of Directors today adopted a resolution to separate the Fukushima facility into a newly established subsidiary, Fukushima Canon Inc., and transfer such business to the new company, effective April 1, 2003, in accordance with the Commercial Code that provides for corporate separation.

1. Objective of Corporate Separation

Through the spin-off into an independent high value-added mass-production base for the company's Bubble Jet printer products operations, Canon Inc. aims to strengthen its management structure and accelerate the decision-making process with Fukushima Plant playing a new supporting role within the Canon Group as a highly cost-competitive excellent company in the local community.

2. Summary of Corporate Separation

(1) Schedule

Board of Directors approval of separation plans	January 30, 2003
Corporate separation becomes effective	April 1, 2003
Commercial registration of corporate separation	April 1, 2003

(2) Corporate Separation Method

1. Form of Corporate Separation

Canon Inc. will separate and transfer the business of its Fukushima Plant through the establishment of a new company, Fukushima Canon Inc., by means of simplified corporate separation.

2. Reason for Adopting Corporate Separation Method

Fukushima Plant represents a core manufacturing facility in an important business area. The decision to establish a wholly owned subsidiary through corporate separation was made with the aim of achieving more agile factory management while maintaining the present functions and role that the Fukushima Plant plays in the Canon Group.

(3) Allocation of Shares

1,600 shares of common stock will be issued upon separation of the newly established company, which will be allocated in full to Canon Inc.

(4) Cash Distribution

None

(5) Assumed Rights/Obligations

Fukushima Canon Inc. will assume all rights and obligations related to Fukushima Plant's Bubble Jet printer and related product-manufacturing business.

(6) Expectation of Fulfillment of Obligations

At this time no circumstances that would impede the fulfillment of obligations by Canon Inc. or the newly established company after the corporate separation are foreseen.

(7) New Directors and Corporate Auditor

Directors

Takeshi Izumi (Current plant manager, Fukushima Plant, i Printer Products Operations, Canon Inc.)

Osamu Miyagawa (Current deputy plant manager, Fukushima Plant, i Printer Products Operations, Canon Inc.)

Hideki Fukasawa (Current deputy plant manager, Fukushima Plant, i Printer Products Operations, Canon Inc.)

Kazuhiro Akiyama (Current general manager, Fukushima General Affairs Division, Fukushima Plant, i Printer Products Operations, Canon Inc.)

Teruomi Takahashi (Current director, chief executive, i Printer Products Operations, Canon Inc.)

Shigeru Imaiida (Current senior general manager, Production Engineering Center, Production Management Headquarters, Canon Inc.)

Corporate Auditor

Kyoji Amano (Current general manager, Budget & Management Administration Division, Finance & Accounting Headquarters, Canon Inc.)

3. Overview of the Companies Party to the Corporate Separation

(1) Ceding Company

1. Name	Canon Inc.
2. 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.
3. Date of incorporation	August 10, 1937
4. Head office	30-2 Shimomaruko 3-Chome, Ohta-ku, Tokyo
5. Representative	President and CEO Fujio Mitarai
6. Capital	Yen 167,242 million (as of the end of Dec. 2002)
7. Total number of issued shares	879,136,244 shares (as of the end of Dec. 2002)
8. Shareholders' equity	Yen 1,235,309 million (as of the end of Dec. 2002)
9. Total assets	Yen 1,848,136 million (as of the end of Dec. 2002)
10. Fiscal year end	December 31
11. Number of employees	19,741 (as of the end of Dec. 2002)
12. Major business contacts	Customers: Canon U.S.A., Inc.; Canon Europa N.V.; Canon Sales Co., Inc. Suppliers: Oita Canon Inc.; Canon Hi-Tech (Thailand) Ltd.; Canon Chemicals Inc.
13. 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%)
14. Main banks	Mizuho Corporate Bank, Ltd.; Sumitomo Mitsui Banking Corporation; The Bank of Tokyo-Mitsubishi, Ltd.

15. Business results for the previous three fiscal years

(unit: millions of yen, except per-share amounts)

Fiscal year ending	December 2000	December 2001	December 2002
Net sales	1,684,209	1,707,459	1,789,005
Operating profit	178,762	193,389	237,193
Ordinary profit	155,947	211,127	240,982
Net income	88,414	39,163	144,184
Net income per share (unit: 1 yen)	101.32	44.71	164.46
Dividend per share (unit: 1 yen)	21.00	25.00	30.00
Stockholders' equity per share (unit: 1 yen)	1,251.31	1,276.45	1,407.34

(2) Seceding Company (New Company)

1. Name	Fukushima Canon Inc.
2. Business activities	Production of Bubble Jet printers and related products
3. Date of incorporation	April 1, 2003
4. Head office	2, Aza Nihon-Enoki, Sakura-shimo, Fukushima-shi, Fukushima
5. Representative	President and CEO Takeshi Izumi
6. Capital	Yen 80,000,000
7. Total number of issued shares	1,600 shares
8. Fiscal year end	December 31
9. Number of employees	Approximately 1,330
10. Major shareholders and their share percentages	Canon Inc. (100%)

(3) Relationship between the Companies

Capital: The newly established company will be a wholly owned subsidiary of the ceding company.

Human Resources: All of the employees of the newly established company will be transferred from the ceding company.

Business Connections: The ceding company will be the main customer of the newly established company.

4. Description of business operations to be separated

(1) Description of Fukushima Plant business operations: Production of Bubble Jet printers and related products

(2) Business Results of Fukushima Plant for the Fiscal Year Ending December 31, 2002

(unit: millions of yen)

	Fukushima Plant (A)	Canon Inc.'s results (B)	(A)/(B) x 100%
Net sales	(production output) 84,577	1,789,005	4.73%

(3) Assets and Liabilities to be Transferred and their Book Values (as of December 31, 2002)

(unit: millions of yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current Assets	6,277	Current Liabilities	41
Fixed Assets	7,074	Fixed Liabilities	11,377
Total	13,351	Total	11,418

## 5. Details of Canon Inc. after the Corporate Separation

(1) Name	Canon Inc.
(2) 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.
(3) Head office	30-2 Shimomaruko 3-Chome, Ohta-ku, Tokyo
(4) Representative	President and CEO Fujio Mitarai
(5) Capital	Yen 167,242 million
(6) Total assets	Yen 1,836,718 million
(7) Fiscal year end	December 31

### (8) Possible Influence on Business Performance

#### 1. Post-separation Non-consolidated Forecast (unit: millions of yen)

	Fiscal Year Ending December 31, 2003
Net sales	1,920,000
Ordinary profit	255,000
Net income	154,000

Note: While the influence of estimated costs and income related to the corporate separation have been factored into the above forecast, as these amounts are minimal, they have not been listed.

#### 2. Post-separation Consolidated Forecast (unit: millions of yen)

	Fiscal Year Ending December 31, 2003
Net sales	3,120,000
Income before income taxes	350,000
Net income	205,000

Note: As the newly established company will be a wholly owned subsidiary, there will be no material impact on consolidated business results.