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Notice Regarding the Share Exchange Transaction by Canon Marketing Japan Inc.
to Make Showa Information Systems Co., Ltd. a Wholly-Owned Subsidiary

Please be informed that Canon Marketing Japan Inc. (hereinafter referred to as “Canon MJ” or the “Company”) and Showa Information Systems Co., Ltd. (hereinafter referred to as “Showa Information Systems”) have decided at their respective board of directors’ meetings held earlier today to enter into a share exchange transaction, effective May 1, 2012, for the purpose of making Showa Information Systems a wholly-owned subsidiary of Canon MJ (hereinafter referred to as the “Share Exchange”) and have concluded an share exchange agreement (hereinafter referred to as the “Share Exchange Agreement”).

It is scheduled that the Share Exchange will be carried out, without obtaining a resolution of the general meeting of shareholders of the respective companies for approval, through a simplified share exchange procedure prescribed in the main clause of Article 796, Paragraph 3 of the Companies Act in the case of Canon MJ and a summary share exchange procedure prescribed in the main clause of Article 784, Paragraph 1 of the Companies Act in the case of Showa Information Systems.

It is also scheduled that the shares in Showa Information Systems will be delisted from the JASDAQ standard market of the Osaka Securities Exchange Co., Ltd. (hereinafter referred to as the “JASDAQ market”) as of April 25, 2012 (last trading date: April 24, 2012) prior to the effective date of the Share Exchange (May 1, 2012 (scheduled)).

1. Purpose of the Share Exchange to Make Showa Information Systems a Wholly-Owned Subsidiary

As notified in the “Notice of the Commencement of Tender Offer for Shares, etc. in Showa Information Systems Co., Ltd.” dated November 9, 2011 issued by Canon MJ (hereinafter referred to as the “Notice of the Commencement of Tender Offer”), Canon MJ carried out a tender offer to acquire common shares in Showa Information Systems and share subscription rights issued pursuant to the resolutions of the 30th annual general meeting of shareholders of Showa Information Systems held on March 28, 2003 and the meeting of the board of directors of the Showa Information Systems held on September 29, 2003 (hereinafter referred to as the “Share Subscription Rights”) during the period from November 10, 2011 to December 20, 2011 aiming at making Showa Information Systems a wholly-owned subsidiary of Canon MJ (hereinafter referred to as the “Tender Offer”). As a result, Canon MJ holds 10,845,852 common shares in Showa Information Systems representing a shareholding percentage of 77.99% based on the total number of shares issued by Showa Information Systems as of September 30, 2011 (13,906,823) as stated in the company’s Quarterly Report for the 3rd Quarter of its 39th Term (submitted on November 11, 2011) (any fractions rounded off to the second decimal place) as of the date of this release.

As noted in the Notice of the Commencement of Tender Offer, since it has been the case that, while Canon MJ intends to make Showa Information Systems its wholly-owned subsidiary, the Company failed to acquire all common shares issued by Showa Information Systems (including any common shares in Showa Information Systems to be issued or transferred upon exercise of the Share Subscription Rights and excluding the common shares in Showa Information Systems held by Canon MJ), Canon MJ and Showa Information Systems have decided to make Showa Information Systems a wholly-owned subsidiary of Canon MJ by carrying out the Share Exchange.

The specific purpose of making Showa Information Systems a wholly-owned subsidiary of Canon MJ has already been explained in previous releases including the Notice of the Commencement of Tender Offer and is reiterated below:

Since its establishment in 1968, Canon MJ has been a member of the global Canon Group, which operates a wide range of businesses in over 180 countries, and, as a company in charge of the overall marketing of Canon products in the domestic market, has orchestrated the sales and marketing of the products of Canon Inc. (hereinafter referred to as “Canon”) and related services to provide value-added solutions to the customers. In recent years, Canon MJ has been striving to evolve into an information services company from its previous business portfolio predominantly consisting of the wholesale businesses in order to strengthen its business model. Canon MJ has been implementing in phases a business platform to offer IT solutions since 2003 as part of the efforts toward improving the competitiveness and quality of services.

Upholding the Long-term Management Objectives Phase II (2011 - 2015) (hereinafter referred to as the “Long-term Management Objectives”), Canon MJ has been working to realize them since January 2011 by developing and following an implementation plan covering the first three years (hereinafter referred to as the “Mid-term Business Plan” (2011 - 2013)). The central theme of the Long-term Management Objectives is “toward a new growth path through business creation.” In particular, the Company’s strategic focus is on the diversification of businesses and the evolution into a service company operating on a global basis and Canon MJ and its subsidiaries and affiliates as a group (hereinafter collectively referred to as the “Canon MJ Group”) is working to achieve an ambitious goal of consolidated sales of at least 850 billion yen in FY2015. As one of the principal management policies adopted in the Mid-term Business Plan, the Company is also aiming at expanding into new business domains through the expansion of the business to provide non-Canon products/services and of the overseas business particularly in the area of IT solutions, guided by its key slogan: “Beyond CANON, Beyond JAPAN.”

Under the management strategy outlined above, upholding the expansion of the production printing business as one of the priority strategies, Canon MJ is striving to achieve the objective of generating net sales of 50

billion yen in the production printing business by FY2013.

As part of efforts to increase its presence in the production printing market, the Canon Group launched the “imagePRESS series” digital on-demand printers in 2006, which marked the Group’s full-fledged entry into the digital commercial printing segment, and has strived to expand the market. In March 2010, the Canon Group acquired shares in Océ N.V. (hereinafter referred to as “Océ”) to make it a group company. As Océ was one of the leading manufacturers of high speed printers and wide format printers for office use, this acquisition significantly strengthened the business foundation of the Group in the production printing business. In June 2011, Océ-Japan Corporation, a Japanese subsidiary of Océ, joined the Canon MJ Group through transfer of shares. Under this arrangement, the Group is further strengthening the coordination with Océ in the Japanese market and is taking steps to strengthen its business platform aiming at creating the overall No.1 presence in the global printing industry.

Canon MJ’s current production printing product lineup includes a wide variety of competitive products such as digital commercial printers that enable print on demand (POD) in enterprises, system printers used, for example, in a central printing office, wide format printers used for such purposes as printing posters, CAD documents, outdoor signage and advertising materials, etc., and high quality printers that can deliver quality equivalent to offset printing and are targeted at creative art production needs. In February 2011, Cannon MJ announced its entry in the office use production photo printer market to offer versatile, high value-added printing that can handle not only the photographic materials, but also the high quality POD, leveraging the printing technology that the Canon Group has developed through many years of experience. In addition, the Company provides optimal products and solutions that aptly respond to the needs of our customers through, for example, proposals of a workflow linked to IT solutions.

Showa Information Systems was established in 1973 as a spin-off company of Takachiho Koheki Co., Ltd. mainly from its Kanji (Chinese Character) Information Processing & Printing Systems Department. After dissolving its capital ties with Takachiho Koheki Co., Ltd. in 1977, Showa Information Systems registered its shares with the Japan Securities Dealers Association in 1990 and listed its shares on the JASDAQ market in 2004.

For about 39 years since its establishment, Showa Information Systems, as a R&D-oriented enterprise, has led the development of Japanese language processing technologies for office printer systems in the area of office document printing, including the commercialization of the world’s first kanji printer. More specifically, Showa Information Systems has a competitive advantage in system printers such as a high speed continuous form kanji printer system called “SX series” with competitiveness in the market and a broad customer base. In particular, it has an outstanding track record of selling many electrophotographic high speed continuous form printers to customers in the data printing service industry (i.e., the outsourcing service for high volume office document printing needs). The strength of Showa Information Systems lies in its ability to provide high value-added systems built around its proprietary printer controller by leveraging the Japanese language information processing know-how accumulated through many years of experience, in combination with user-friendly after-sales support services from initial installation to ongoing maintenance for its office printer products, delivered by its skilled support staff and nationwide maintenance network.

In recent years, the printing market has faced a major paradigm shift encompassing, among others, the change in values toward paper media and the acceleration of the cross-media trend through the wide-spread use of the Internet and smartphones. In this market environment, marketing techniques with favorable cost-benefit characteristics such as one-to-one marketing and direct marketing have become more relevant. As a result, printing needs are also expected to shift from high volume printing to small lot printing for a wide range of products. In addition, it is predicted that “digital commercial printing” and “office document printing” will be more undistinguishable and seamless going forward due to the dissemination of new business models such as TransPromo, which refers to a technique of sending, for example, monthly bills or usage statements through direct mail with appropriate promotional messages printed on them that are relevant to the receivers of such documents.

Affected by the trend toward open data processing and increasing demand for lower prices and color printing capabilities in addition to the changes in the market environment described above, the business domain of Showa Information Systems is also facing a period of transition that requires the providers to expand and improve both hardware and software to create higher values for customers than before.

Showa Information Systems' principal business (particularly in relation to its main product lines of kanji printers) has been the manufacturing of proprietary systems consisting of kanji printers, which are supplied by both domestic and overseas manufacturers of printers and other hardware based on the specification of Showa Information Systems (including products jointly developed with Showa Information Systems), and additional hardware and software developed by Showa Information Systems and the sales of these systems to users under its own brand. However, due to the consolidation of printer manufacturers resulting from recent business reorganizations and integration through M&As by major printer manufacturers, Showa Information Systems is facing an urgent challenge of strengthening alliance with a partner who is capable of offering products with competitive advantage to the production printing market in order to continue said business and to improve its competitiveness.

In this market environment, Canon MJ and Showa Information Systems started an alliance in the sales of Océ office printers in November 2010 and have worked together by leveraging the sales/after-sales service capability, technical capability, and customer base of Showa Information Systems in the area of office document printing. In addition, we are also strengthening our collaboration in the support function. For example, in the Océ Makuhari Showroom, which was opened in July 2011 as the first showroom for Océ high speed continuous form printers in Asia, Canon MJ worked with Showa Information Systems in the provision of maintenance services for these products. In parallel with these collaborations, Canon MJ and Showa Information Systems have also had ongoing discussions about the synergy created by more integrated business operations that combine the business resources of both companies including capital, which goes beyond a mere business alliance.

We started specific discussions about a series of transactions designed to make Showa Information Systems a wholly-owned subsidiary of Canon MJ including the Tender Offer and the Share Exchange (hereinafter collectively referred to as the "Transaction") in August 2011, which resulted in a conclusion that, in order to further enhance the enterprise value of both companies and achieve sustained growth, it is beneficial for both of us to strengthen the capital ties between the two companies and create a strong collaborative system that leverages the business resources of both companies as soon as possible by entering into the Transaction in which Showa Information Systems will become a wholly-owned subsidiary of Canon MJ, given that the printing market is experiencing a major paradigm shift and Showa Information Systems is facing an urgent challenge of strengthening alliance with a partner who is capable of offering products with competitive advantage to the production printing market.

As it is predicted that both "digital commercial printing" and "office document printing" in the production printing market will change together in a seamless fashion, we believe that the largest merit of carrying out the Transaction will be the expansion of business driven by the synergy between the strengths of both companies in these two areas and specifically we expect that the following four major synergies can be achieved.

- 1) Acquisition of a strong sales capability and reliable customers

We believe that the reliable customer channel developed through Showa Information Systems' long operating history in the area of "office document printing" and the customer base of Canon MJ in its office device business and production printing business effectively complement each other. Canon MJ's main target customers so far have been major corporations that have in-house printing functions and copy service companies. In future, Canon MJ will be able to access commercial printing users consisting mainly of printing companies by taking advantage of the customer channel of Showa Information Systems. Showa Information

Systems will also be able to access a wider range of users by using Canon MJ's existing customer base. Canon MJ will also work to expand the presence of the Canon MJ Group, particularly with Océ products, in the office printer market based on the sales know-how developed by Showa Information Systems in the area of office document printing, where customer requirements are at high level and specialized know-how is required.

2) Establishment of a strong complementary relationship in products and technologies

The Canon Group will be able to offer a wider variety of printing systems by strong coordination through Canon MJ among Showa Information Systems with strength in continuous form printers as exemplified by its high speed continuous form kanji printer system called "SX series," Canon with strength in cut sheet printers such as digital on-demand commercial printers targeted mainly at in-house central printing offices, copying machines and multifunction printer-copiers targeted at office and SOHO needs and wide format printers targeted at design offices, and Océ with a product line-up consisting of high speed continuous form printers and wide format printers. The Canon Group will also tap the customer needs involving technical innovation such as open data processing and lower cost printing by offering unique, high value-added products and solutions, leveraging to a maximum extent the technological and marketing capabilities of the Canon Group including Océ. Products jointly developed by Canon and Océ have already been released in March and September 2011. With the addition of the know-how of Showa Information Systems, we are confident that we will be able to develop next-generation products in a manner that will more effectively respond to the market needs.

3) Acquisition of a maintenance/service network

With the integration of the infrastructure of Showa Information Systems that has professional supporting capabilities regarding continuous form printers and that of Canon MJ Group that has nationwide operations, we will be able to create a system that can deliver a wide range of meticulous support and maintenance services. We also plan to respond quickly to customer needs and further increase our competitiveness by building the ability to provide support and maintenance services for both continuous form printers and cut sheet printers in an integrated manner, which will be our unique strength that no other company has.

4) Business expansion into the Asian region

We will strive to realize the "Beyond JAPAN" business development in future, which is one of our principal strategies as noted above. Specifically, we will consider the possibility of business development in the Asian region, particularly in China by taking advantage of the know-how of Showa Information Systems that has 2-byte character processing technologies.

Canon MJ and Showa Information Systems have decided to enter into the Transaction based on the judgment that the Transaction in which Showa Information Systems will become a wholly-owned subsidiary of Canon MJ will contribute to the enhancement of the enterprise value of both companies as it will enable the maximization of synergy between Canon MJ and Showa Information Systems in each of their business domains by creating a management system that allows for integrated and speedy decision making, while leveraging the unique strengths of Showa Information Systems, such as its know-how accumulated through many years of experience, to a maximum extent.

2. Outline of the Share Exchange

(1) Schedule of the Share Exchange

Date of the resolution of the board of directors to enter into the Share Exchange Agreement (both companies)	Thursday, January 26, 2012
Date of execution of the Share Exchange Agreement (both companies)	Thursday, January 26, 2012
Last trading date (Showa Information Systems)	Tuesday, April 24, 2012 (scheduled)
Delisting date (Showa Information Systems)	Wednesday, April 25, 2012 (scheduled)
Date of the Share Exchange (effective date)	Tuesday, May 1, 2012 (scheduled)

Note 1: It is scheduled that the Share Exchange will be carried out, without obtaining a resolution of the general meeting of shareholders of the respective companies for approval, through a simplified share exchange procedure prescribed in the main clause of Article 796, Paragraph 3 of the Companies Act in the case of Canon MJ and a summary share exchange procedure prescribed in the main clause of Article 784, Paragraph 1 of the Companies Act in the case of Showa Information Systems.

- 2: The schedule of the Share Exchange may be changed based on consultation and agreement between the two companies if it is necessary for procedural or other reasons.

(2) Method of the Share Exchange

The Share Exchange will be carried out through a share exchange transaction between Canon MJ and Showa Information Systems with Canon MJ being the wholly owning parent company in Share Exchange and Showa Information Systems being the wholly owned subsidiary company in Share Exchange. It is scheduled that the Share Exchange will be carried out, without obtaining a resolution of the general meeting of shareholders of the respective companies for approval, through a simplified share exchange procedure prescribed in the main clause of Article 796, Paragraph 3 of the Companies Act in the case of Canon MJ and a summary share exchange procedure prescribed in the main clause of Article 784, Paragraph 1 of the Companies Act in the case of Showa Information Systems.

(3) Details of the allotment pertaining to the Share Exchange

	Canon MJ (Wholly Owing Parent Company in Share Exchange)	Showa Information Systems (Wholly Owned Subsidiary Company in Share Exchange)
Details of the allotment pertaining to the Share Exchange	1	0.22
Number of shares to be delivered in the Share Exchange	Common shares: 252,495 (scheduled)	

Note 1: Share allotment ratio

0.22 shares of Canon MJ per share of Showa Information Systems will be allotted and delivered to the shareholders of Showa Information Systems. However, such allotment will not be carried out for the shares in Showa Information Systems held by Canon MJ (10,845,852 shares as of the date of this release).

2: Number of shares in Canon MJ to be delivered in the Share Exchange

In the Share Exchange, Canon MJ will deliver, to shareholders of Showa Information Systems (excluding Canon MJ) who are entered or recorded in the shareholder register of the company immediately before the acquisition of all issued shares in Showa Information Systems (excluding those held by Canon MJ) by Canon MJ through the Share Exchange (hereinafter referred to as the “Record Date”), common shares in Canon MJ in exchange for common shares in Showa Information Systems at a ratio of 0.22 shares in Canon MJ per share of Showa Information Systems. Thus the total number of common shares in Canon MJ to be delivered to a shareholder of Showa Information Systems will be calculated as the total number of common shares Showa Information Systems held by said shareholder times 0.22. It is scheduled that Showa Information Systems will cancel all treasury shares it holds as of the Record Date based on a resolution passed at a board of directors’ meeting to be held on or before the day immediately preceding the effective date of the Share Exchange.

It is also scheduled that the source of the shares to be delivered will be Canon MJ’s treasury shares (13,895,071 shares as of December 31, 2011) rather than issuance of new shares. The number of shares to be delivered may be changed going forward due to the cancellation of treasury shares by Showa Information Systems or for other reasons.

3: Treatment of shares less than one unit

Shareholders of Showa Information Systems who will become a holder of shares less than one unit after the Share Exchange will be entitled to use the following system of Canon MJ concerning shares less than one unit. However, shares less than one unit cannot be sold in a financial instruments exchange market.

1. Demand for purchase of shares less than one unit

Pursuant to Article 192, Paragraph 1 of the Companies Act, shareholders of Canon MJ holding shares less than one unit are entitled to demand that Canon MJ purchase the shares less than one unit they hold.

2. Demand for sale of shares to holder of shares less than one unit

Pursuant to Article 194, Paragraph 1 of the Companies Act and the provisions of the articles of incorporation of Canon MJ, shareholders of Canon MJ holding shares less than one unit are entitled to demand that Canon MJ sell them such number of shares which, together with the number of shares less than one unit they hold, will constitute one share unit.

4: Treatment of fractional shares

With regard to shareholders of Showa Information Systems who are to receive a fraction less than one common share in the Share Exchange, pursuant to Article 234 of the Companies Act, Canon MJ will sell the number of shares equivalent to the total sum of the fractions held by each of such shareholders (in the case where the total sum includes a fraction of less than one, such fraction will be rounded off) and deliver the proceeds to the respective shareholders.

(4) Treatment of share subscription rights and corporate bonds with subscription warrants in connection with the share exchange

Although Showa Information Systems has issued the Share Subscription Rights, they will be expired before the effective date of the Share Exchange as the exercise period of the Share Subscription Rights will end on March 31, 2012.

Showa Information Systems has not issued any corporate bonds with subscription warrants.

3. Grounds for calculating the details of the allotment pertaining to the Share Exchange

(1) Basis of calculation and its background

In order to ensure the fairness and appropriateness of the share exchange ratio of the Share Exchange (hereinafter referred to as the “Share Exchange Ratio”), Canon MJ and Showa Information Systems appointed SMBC Nikko Securities Inc. (hereinafter referred to as “SMBC Nikko Securities”) and Mizuho Bank, Ltd. (hereinafter referred to as “Mizuho Bank”), respectively, as a third-party valuation expert with respect to calculation of the Share Exchange Ratio.

After analyzing the facts, terms, results, etc., of the Tender Offer completed prior to the Share Exchange, SMBC Nikko Securities adopted the average market price method (based on the average closing stock prices of the common shares in Canon MJ in the First Section of Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) for the period from November 10, 2011 to the calculation base date, for the latest one-month period from December 26, 2011 to the calculation base date, and for the latest three-month period from October 25, 2011 to the calculation base date, with the calculation base date being January 24, 2012 and in consideration of other relevant conditions) for the shares in Canon MJ in the calculation of the Share Exchange Ratio as they are listed on a financial instruments exchange and have a quoted market price. For the shares in Showa Information Systems, SMBC Nikko Securities adopted the average market price method (based on the average closing stock prices of the common shares in Showa Information Systems in the JASDAQ market for the period from November 11, 2011 to the calculation base date and for the latest one-month period from December 26, 2011 to the calculation base date, with the calculation based date being January 24, 2012 and in consideration of other relevant conditions) in the calculation of the Share Exchange Ratio as they are listed on a financial instruments exchange and have a quoted market price. In addition, SMBC Nikko Securities adopted the comparable listed company method as there were several comparable listed companies and the comparable listed company method could be used to estimate the value of the shares and the discounted cash flow method (hereinafter referred to as the “DCF method”) in order to reflect the status of the future business activities of the company in the calculation of the Share Exchange Ratio.

The range of the estimated exchange ratio is summarized in the following table (expressed as 1 vs. a range of values where 1 represents the value of one share in Canon MJ).

Valuation method	Range of the estimated exchange ratio
Average market price method	1 : 0.21 - 0.22

In estimating the Share Exchange Ratio, SMBC Nikko Securities, in principle, used the information provided by both companies and other publicly available information without any adjustment based on the presumption that said information was wholly accurate and complete and has not independently verified the accuracy and the completeness of said information. The estimation was also subject to various assumptions including the assumption that there was no fact undisclosed to SMBC Nikko Securities that might have significant impact on the calculation of the Share Exchange Ratio. With regard to the assets and liabilities (including contingent liabilities) of both companies and their subsidiaries and associates, SMBC Nikko Securities has neither performed any independent valuation, appraisal, or assessment including the analysis of said assets and liabilities on an individual basis nor requested a third-party expert to perform such appraisal or assessment. In addition, SMBC Nikko Securities presumed that the financial forecasts it referenced in the calculation of the Share Exchange Ratio were reasonably prepared by the management of both companies based on the best prediction and judgment that is currently obtainable. The estimates by SMBC Nikko Securities reflect the information and the economic climate up to January 24, 2012. The estimation results of the Share Exchange Ratio submitted by SMBC Nikko Securities do not constitute an opinion on the fairness of the Share Exchange Ratio.

Meanwhile, after analyzing the facts, terms, results, etc., of the Tender Offer completed prior to the Share Exchange, Mizuho Bank adopted the average market price method (based on the volume-weighted average closing stock prices of the shares in Canon MJ in the First Section of the Tokyo Stock Exchange for the latest one-week, one-month, and three-month periods ending on the calculation base date with the calculation base date being January 20, 2012 as well as the closing price on the calculation base date) for the shares in Canon MJ in the calculation of the Share Exchange Ratio as they are listed on a financial instruments exchange and have a quoted market price.

For the shares in Showa Information Systems, Mizuho Bank adopted the average market price method (based on the volume-weighted average closing stock prices of the shares in Showa Information Systems in the JASDAQ market for the latest one-week, one-month, and three-month periods ending on the calculation base date with the calculation base date being January 20, 2012 as well as the closing price on the calculation base date) in the calculation of the Share Exchange Ratio as they are listed on a financial instruments exchange and have a quoted market price. In addition, Mizuho Bank adopted the DCF method, which looks into future cash flows generated by the company, as the company was a going concern and had prepared a business plan for future fiscal years.

The range of the estimated number of shares in Canon MJ to be allotted to one common share in Showa Information Systems is summarized in the following table.

Adopted method	Range of the estimated Share Exchange Ratio
Average market price method	0.205 – 0.218
DCF method	0.161 – 0.268

In estimating the Share Exchange Ratio, Mizuho Bank, in principle, used the information provided by both companies and other publicly available information based on the presumption that said information was wholly accurate and complete and has not independently verified the accuracy and the completeness of said information. With regard to the assets and liabilities (including off-balance-sheet assets and liabilities and other contingent liabilities) of both companies and their subsidiaries and associates, Mizuho Bank has neither performed any independent valuation, appraisal, or assessment including the analysis and valuation of said assets and liabilities on an individual basis nor requested a third-party expert to perform such appraisal or assessment. The estimates of the Share Exchange Ratio by Mizuho Bank reflect the information and the economic conditions up to January 20, 2012. In addition, Mizuho Bank presumed that the financial forecasts of Showa Information Systems it referenced in the calculation of the Share Exchange Ratio were reasonably prepared by the management of Showa Information Systems based on the best prediction and judgment that is currently obtainable. The estimation results of the Share Exchange Ratio submitted by Mizuho Bank do not constitute an opinion on the fairness of the Share Exchange Ratio.

Based on the careful examination of the estimation results of the Share Exchange Ratio submitted by their respective third-party valuation expert and in consideration of the terms and the results of the Tender Offer as well as the market price of the shares in Canon MJ and other various factors, Canon MJ and Showa Information Systems had ongoing negotiations and discussions on the basis that the value of the shares in Showa Information Systems is equal to the tender offer price of the Tender Offer. As a result, Canon MJ and Showa Information Systems have made a judgment that the Share Exchange Ratio specified in 2. (3) “Details of the allotment pertaining to the Share Exchange” is appropriate and will not impair the interest of the shareholders of both companies and have entered into the Share Exchange Agreement to carry out the Share Exchange using the Share Exchange Ratio specified in 2. (3) “Details of the allotment pertaining to the Share Exchange” pursuant to the resolution of their respective board of directors.

The Share Exchange Ratio may be changed based on consultation and agreement between the two companies

if there is a significant change in the conditions underlying the calculation.

(2) Relationship with the valuation expert

Each of SMBC Nikko Securities and Mizuho Bank, as a third-party valuation expert to Canon MJ and Showa Information Systems, respectively, neither is a related party of Canon MJ and Showa Information Systems nor has a significant interest in the Share Exchange requiring disclosure.

(3) Prospect for delisting and reasons therefor

It is scheduled as a result of the Share Exchange that Showa Information Systems will become a wholly-owned subsidiary of Canon MJ effective May 1, 2012 and the shares in Showa Information Systems will be delisted as of April 25, 2012 (last trading date: April 24, 2012) in accordance with the delisting criteria of Osaka Securities Exchange Co., Ltd. through the procedure predetermined by the Exchange. Once the shares in Showa Information Systems are delisted, they can no longer be traded in the JASDAQ market.

Since shares in Canon MJ, which will be allotted to the shareholders of Showa Information Systems in the Share Exchange, will continue to be listed on the Tokyo Stock Exchange after the shares in Showa Information Systems are delisted and will continue to be traded in a financial instruments exchange market after the effective date of the Share Exchange, the liquidity of shares will continue to be provided for those shareholders of Showa Information Systems who hold 455 or more shares in Showa Information Systems and will receive an allotment of 100 shares in Canon MJ (which is the share unit number of Canon MJ) or more in the Share Exchange.

On the other hand, for those shareholders of Showa Information Systems who hold less than 455 shares in Showa Information Systems, the number of shares in Canon MJ to be allotted in the Share Exchange will be less than 100 (which is the share unit number of Canon MJ). Although these shares less than one unit cannot be sold in the abovementioned financial instruments exchange market, such shareholders are entitled to demand that Canon MJ sell to them such number of shares which, together with the number of shares less than one unit they hold, will constitute one share unit or that Canon MJ purchase shares less than one unit from them. For the details of these treatments, please refer to 2. (3) Note 3 above.

For the details of the treatment of cases in which a shareholder receives a fraction less than one share in Canon MJ in the Share Exchange, please refer to 2 (3) Note 4 above.

Shareholders of Showa Information Systems can continue to trade their shares in the JASDAQ market as before until the last trading date (April 24, 2012).

(4) Measures to ensure fairness

Given that Canon MJ holds 77.99% of the total number of issued shares in Showa Information Systems as noted in 1. above, in order to ensure the fairness and the appropriateness of the Share Exchange Ratio, Canon MJ and Showa Information Systems separately requested a third-party valuation expert who is independent from both companies to estimate the Share Exchange Ratio, had negotiations and discussions based on the estimation results obtained from their respective valuation experts, and decided at their respective board of directors' meetings to carry out the Share Exchange based on the Share Exchange Ratio agreed by both companies as a result of said negotiations and discussions.

Neither of the two companies has obtained a fairness opinion on the fairness of the Share Exchange Ratio from their respective third-party valuation experts.

(5) Measures to avoid conflict of interest

Showa Information Systems established a third-party committee consisting of Mr. Hironari Hashioka (attorney-at-law, Vasco Da Gama Offices), who is an outside corporate auditor of Showa Information Systems, Mr. Taizo Ohta (attorney-at-law, Marunouchi Sogo Law Office) as an external expert, and Mr. Tetsuya Ishihara (CPA, Grant Thornton Taiyo ASG LLC), all of whom do not have any interest in Canon MJ

(hereinafter referred to as the “Third-party Committee”) for the purpose of avoiding the potential conflict of interest by ensuring fairness in the meetings of the board of directors of Showa Information Systems concerning the Transaction and by eliminating arbitrariness from the decision making process as much as possible and confirming that passing a resolution approving the Transaction at a meeting of the board of directors of Showa Information Systems would not cause any disadvantages to the general shareholders including minority shareholders (hereinafter referred to as “Minority Shareholders, etc.”) after the Tender Offer. Showa Information Systems requested the Third-party Committee to deliberate on (a) the appropriateness of purpose of the Transaction, (b) the fairness of the procedures adopted in the negotiation process concerning the Transaction, (c) the fairness of the consideration delivered to the Minority Shareholders, etc. of Showa Information Systems as a result of the Transaction, and (d) whether the Transaction would cause any disadvantages to the Minority Shareholders, etc. of Showa Information Systems and to provide advice on these topics and subsequently received from the Committee a report summarizing its advice to the effect that (a) the Transaction is expected to result in enhancement of the enterprise value of Showa Information Systems and the purpose of the Transaction is appropriate, (b) the procedures adopted in the negotiation process concerning the Transaction was fair, (c) the consideration to be delivered to the Minority Shareholders, etc. of Showa Information Systems as a result of the Transaction is fair, and (d) given the conclusions stated in (a) through (c) as well as other relevant matters, the Transaction is not disadvantageous to the Minority Shareholders, etc. as of November 7, 2011.

The board of directors of Showa Information Systems, in order to ensure transparency and reasonableness in the decision making process concerning the Transaction, etc., appointed TMI Associates as a legal adviser who is independent from Canon MJ and Showa Information Systems and obtained legal advice from TMI Associates on the decision making process concerning the Transaction, the decision making method, and other points to be noted in making decisions related to the Transaction.

Showa Information Systems, after carefully discussing and considering the appropriateness of the Transaction and the Share Exchange Ratio as well as other terms and conditions of the Share Exchange based on the estimation results of the Share Exchange Ratio and advice submitted by Mizuho Bank, the legal advice obtained from TMI Associates, and the report submitted by the Third-party Committee, passed a resolution at a board of directors’ meeting held earlier today to approve the Share Exchange, based on the judgment that (1) the Transaction will enable the maximization of synergy between Canon MJ and Showa Information Systems in each of their business domains by creating a management system that allows for integrated and speedy decision making, while leveraging the unique strengths of Showa Information Systems, such as its know-how accumulated through many years of experience, to a maximum extent, (2) in view of Showa Information Systems’ financial conditions, business environment, etc., the Transaction will contribute to the enhancement of Showa Information Systems’ enterprise value in the medium- to long-term period by strengthening its business foundation, and (3) the Share Exchange Ratio as well as other terms and conditions of the Share Exchange are considered appropriate for the shareholders of Showa Information Systems. The abovementioned resolution was passed at a board of directors’ meeting held earlier today by a unanimous vote of the directors present and all directors were present at the meeting. In addition, all the corporate auditors of Showa Information Systems attended the board of directors’ meeting mentioned above and each of them stated his/her opinion that there was no objection to passing said resolution.

4. Outline of the Parties to the Share Exchange (as of December 31, 2011 unless noted otherwise)

	Wholly Owing Parent Company in Share Exchange	Wholly Owned Subsidiary Company in Share Exchange
(1) Company name	Canon Marketing Japan Inc.	Showa Information Systems Co., Ltd.
(2) Address	16-6 Konan 2-chome, Minato-ku, Tokyo	No.45 Kowa Bldg., 15-9 Minami Aoyama 1-chome, Minato-ku, Tokyo
(3) Title and name of the company representative	Masami Kawasaki, President	Yuichi Nakazawa, Representative Director, President, and Executive Officer
(4) Business	Integrated management of the sales and marketing of Canon products and the provision of related services	Development and sales of high speed kanji information processing systems, etc.
(5) Capitalization	73,303 million yen	2,744 million yen
(6) Date of Incorporation	February 1, 1968	January 24, 1973
(7) Number of shares issued	151,079,972	13,906,823
(8) End of fiscal year	December 31	December 31
(9) Number of employees	18,861 (consolidated)	378
(10) Major business partners	Canon Inc., distributors of office equipment, mass retailers, major customers, etc.	Dai Nippon Printing Co., Ltd., Toppan Forms Co., Ltd., printing companies, etc.
(11) Major banks	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mizuho Bank, Ltd. Resona Bank, Ltd. The Shoko Chukin Bank Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Aichi Bank, Ltd. Joyo Bank, Ltd. The Bank of Yokohama, Ltd. The Sumitomo Trust & Banking Co., Ltd. Mitsubishi UFJ Trust and Banking Corporation
(12) Major shareholders and the percentage of their shareholdings (As of June 30, 2011)	Canon Inc. 50.11%	Mars Engineering Corporation 25.88%
	The Canon Marketing Japan Group Employee Stock Ownership Association 4.15%	Showa Information Systems Employee Stock Ownership Association 4.12%
	The Bank of New York ,Treaty JASDEC Account (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) 1.71%	Showa Information Systems Trade Partner Stock Ownership Association 2.87%
	Japan Trustee Services Bank, 1.62%	Kimiko Kobayashi 1.66%

	Ltd. (Trust Account)		
	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.28%	Kiyoshi Murakata 1.60%
	Chase Manhattan Bank GTS Clients Account Escrow (Standing Proxy: Mizuho Corporate Bank, Ltd., Settlement Division)	0.98%	Sumisho Computer Systems Corporation 1.51%
	State Street Bank and Trust Company (Standing Proxy: Mizuho Corporate Bank, Ltd., Settlement Division)	0.87%	ABN AMRO Global Custody N.V. 430000 (Standing Proxy: Mizuho Corporate Bank, Ltd., Settlement Division) 1.43%
	RBC Dexia Investor Services Bank A/C LUX Non Resident/Domestic Rate (Standing Proxy: Standard Chartered Bank)	0.82%	Sinfonia Technology Co., Ltd. 1.36%
	Canon Marketing Japan Business Partner Stock Ownership Association	0.76%	Mizuho Bank, Ltd. 1.30%
	Mizuho Bank, Ltd.	0.66%	Minoru Kobayashi 0.89%

(13) Relationship between the parties to the Share Exchange

Capital ties	Canon MJ holds 10,845,852 common shares in Showa Information Systems (shareholding percentage: 77.99%) as of the date of this release.
Personnel ties	Not applicable.
Trade relations	Canon MJ and its subsidiaries and associates sell printer equipment, etc. to Showa Information Systems.
Related party status	Showa Information Systems is a consolidated subsidiary of Canon MJ and is a related party of Canon MJ.

(14) Operating results and financial position for last three years

Fiscal year	Canon MJ (consolidated)			Showa Information Systems (non-consolidated)		
	Fiscal year ended December 31, 2009	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011	Fiscal year ended December 31, 2009	Fiscal year ended December 31, 2010	Fiscal year ended December 31, 2011
Net assets	250,875	246,846	251,307	5,879	5,459	5,207
Total assets	449,607	448,592	447,765	12,191	10,714	9,532
Net assets per share (yen)	1,797.31	1,798.16	1,827.25	432.13	455.15	434.30
Net sales	686,614	674,159	632,418	14,290	12,178	10,428
Operating income (loss)	6,297	7,735	8,441	308	(44)	22

Ordinary income (loss)	8,222	9,480	10,668	260	(39)	60
Net income	(4,343)	3,724	6,763	101	(86)	(247)
Net income (loss) per share (yen)	(31.62)	26.70	49.30	7.48	(6.86)	(20.60)
Dividend per share (yen)	20	20	20	4	-	-

(Millions of yen unless noted otherwise)

5. Status of the Company after the Share Exchange

	Wholly Owning Parent Company in Share Exchange
(1) Company name	Canon Marketing Japan Inc.
(2) Address	16-6 Konan 2-chome, Minato-ku, Tokyo
(3) Title and name of the company representative	Masami Kawasaki, President
(4) Business	Integrated management of the sales and marketing of Canon products and the provision of related services
(5) Capitalization	73,303 million yen
(6) End of fiscal year	December 31
(7) Net assets	To be determined.
(8) Total assets	To be determined.

6. Outline of the Accounting Treatment

It is expected that the Share Exchange will constitute an acquisition under the Accounting Standard for Business Combinations. It is also expected that goodwill (or negative goodwill) will be recognized in the consolidated financial statements of Canon MJ as a result of the Share Exchange. However, the amount of the goodwill (or negative goodwill) has not been determined yet.

7. Outlook

Since Showa Information Systems is a consolidated subsidiary of Canon MJ, the impact of the Share Exchange on the financial performance of Canon MJ and Showa Information Systems is expected to be insignificant.

8. Matters Concerning Transactions, etc. with a Controlling Shareholder

For Showa Information Systems, the Share Exchange will constitute a transaction, etc. with a controlling shareholder. Although Canon MJ has become a controlling shareholder of Showa Information Systems as of December 28, 2011 as a result of the successful completion of the Tender Offer, the corporate governance report disclosed by Showa Information Systems as of March 31, 2011 did not and does not, as of the date of this release, have any provisions on “guidance concerning the policy for the protection of minority shareholders when the company enters into a transaction, etc. with a controlling shareholder.” However, Showa Information Systems believes that the Share Exchange will not be disadvantageous to the minority shareholders as Showa Information Systems has taken the following measures.

As noted in 3. (4) “Measures to ensure fairness” and 3. (5) “Measures to avoid conflict of interest” above, Showa Information Systems has taken the measures to ensure fairness and avoid conflict of interest. As noted in 3. (5) “Measures to avoid conflict of interest” above, Showa Information Systems established the Third-party Committee for the purpose of avoiding the potential conflict of interest by ensuring fairness in the meetings of the board of directors of Showa Information Systems concerning the Transaction and by eliminating arbitrariness from the decision making process as much as possible and confirming that passing a

resolution approving the Transaction at a meeting of the board of directors of Showa Information Systems would not cause any disadvantages to Minority Shareholders. Showa Information Systems requested the Third-party Committee to deliberate on (a) the appropriateness of purpose of the Transaction, (b) the fairness of the procedures adopted in the negotiation process concerning the Transaction, (c) the fairness of the consideration delivered to the Minority Shareholders, etc. of Showa Information Systems as a result of the Transaction, and (d) whether the Transaction would cause any disadvantages to the Minority Shareholders, etc. of Showa Information Systems and to provide advice on these topics and subsequently received from the Committee a report summarizing its advice to the effect that (a) the Transaction is expected to result in enhancement of the enterprise value of Showa Information Systems and the purpose of the Transaction is appropriate (b) the procedures adopted in the negotiation process concerning the Transaction was fair, (c) the consideration to be delivered to the Minority Shareholders, etc. of Showa Information Systems as a result of the Transaction is fair, and (d) given the conclusions stated in (a) through (c) as well as other relevant matters, the Transaction is not disadvantageous to the Minority Shareholders, etc. as of November 7, 2011.

(Reference)

The forecast of the consolidated results of Canon MJ for the current fiscal year (as announced on January 26, 2012) and the consolidated results for the previous fiscal year

(Millions of yen)				
	Net sales	Operating income	Ordinary income	Net income
Forecast for the current fiscal year (ended December 2012)	717,000	12,000	13,100	7,000
Actual results for the previous fiscal year (ended December 2011)	632,418	8,441	10,668	6,763

The financial results for the previous fiscal year

(Millions of yen)				
	Net sales	Operating income	Ordinary income	Net income
Actual results for the previous fiscal year (ended December 2011)	10,428	22	60	(247)