

April 30, 2008

Company Name: Canon Finetech Inc.
(Code Number: 6421, First Section of the Tokyo Stock
Exchange)
Representative: Ikuo Soma,
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Contact: Yuji Inoue,
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Tel: +81-48-949-2111

Company Name: Nisca Corporation
(Code Number: 6415, JASDAQ)
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**CONVERSION OF NISCA CORPORATION INTO A WHOLLY OWNED
SUBSIDIARY OF CANON FINETECH INC. THROUGH A SHARE EXCHANGE**

Canon Finetech Inc. (“Canon Finetech”) and Nisca Corporation (“Nisca”, together with Canon Finetech, “Both Companies”) are pleased to announce that they resolved at their respective board meetings held today to implement a share exchange effective as of July 1, 2008, as set forth below, through which Nisca will become a wholly owned subsidiary of Canon Finetech (the “Share Exchange”), and that they have entered into a share exchange agreement. Nisca’s shares are expected to be delisted from the Jasdaq Securities Exchange, Inc. (the “JASDAQ Stock Exchange”) prior to the effective date of the Share Exchange.

1. Purpose of Making Nisca a Wholly Owned Subsidiary of Canon Finetech through the Share Exchange

(1) Purpose of the Share Exchange

As previously announced in “1. Purpose of the Tender Offer” in the “Announcement of

Commencement of Tender Offer for Shares of Nisca Corporation (Listed Subsidiary of Tender Offeror)” (the “Announcement of Commencement of Tender Offer”) dated February 1, 2008, Canon Finetech implemented a tender offer for shares of Nisca (the “Tender Offer”), from February 4, 2008 through March 17, 2008 with a view to making Nisca a wholly owned subsidiary of Canon Finetech. As a result, as of the date hereof, Canon Finetech holds 10,040,492 issued shares of Nisca, which account for 97.79% of the total number of issued shares of Nisca and for 97.98% of the voting rights of all the shareholders of Nisca (note).

Canon Finetech is principally engaged in independent development, design and manufacture of multifunctional printers (“MFP”), which form the main body of office machines, and peripheral devices for office machines, and, with a view to establishing a firm foundation for such business, Canon Finetech is steadily pursuing important policies such as development of well-defined business domains and reorganization of business locations. Also, in the mid-term consolidated business plan, Canon Finetech is targeting consolidated sales of JPY 220 billion and consolidated ordinary profit ratio of 8.2% in 2010 and is striving to create new enterprise value as a manufacturing company of originally developed products.

Nisca was founded in 1960 for the purpose of producing optical measuring instruments, and began producing peripheral devices for copy machines in 1978. Nisca is now in the business of development and manufacture of peripheral devices for office machines. Nisca registered with the Japan Securities Dealers Association for over-the-counter stock exchange in 1990, and was listed on the JASDAQ Stock Exchange in 2004. Canon Finetech made Nisca an affiliated company in 1997 by acquiring approximately 28% of Nisca’s issued shares, and further made it a consolidated subsidiary in 2000 by increasing the shareholding ratio to approximately 51%.

Development, design and manufacture of high quality product lines with strong competitive power, supported by differentiated skills, is essential for Canon Finetech group including Nisca group as a developing and manufacturing company with original business ratio (ratio of originally developed and manufactured products) of over 80%. Especially, optimal utilization of resources, in cooperation with Nisca group, is needed for Canon Finetech group. In terms of production, for the purpose of centralization of Canon Finetech group’s production resources and optimal allocation of production bases, Canon Finetech is carrying out reorganization of production bases located in southern and eastern China. Notably, in southern China, Canon Finetech sold to Nisca 51% of the shares of Canon Finetech’s subsidiary in the business of production of peripheral devices for office machines in July 2007 and Canon Finetech has been striving for further enhancement of its operating base. Furthermore, Canon Finetech is aiming at centralizing its production bases in southern China for peripheral devices for office machines in the fourth quarter of 2008.

The market environment of peripheral devices for office machines is substantially changing due to, among others, commencement of independent development/production of peripheral devices by the manufacturers of a main body of office machines, decrease of profit margins of peripheral devices resulting from price reduction of office machines, and increasing cost of development/production investment in peripheral devices for POD models, and Canon Finetech cannot be optimistic about the future of peripheral devices for office machines, which are the pillar of Canon Finetech's profits. Given the foregoing, in order to achieve the goal in 2010, Canon Finetech group deems it the largest challenge to restructure the business of peripheral devices for office machines. Canon Finetech group is, with a view to establishing stronger operating base for further expansion of office machines business, intending to improve development/design of the products and to accelerate business expansion of differentiated products, by allocating MFP to Canon Finetech and peripheral devices for office machines to Nisca, and thereupon making business domains defined clearer. With this business strategy, Canon Finetech group is aiming at becoming the leader in the market of peripheral devices for office machines.

In order to avoid profit outflow, to invest more business resources in Nisca and to pursue flexibility and efficiency of consolidated business operations, Canon Finetech decided to make Nisca a wholly-owned subsidiary. Canon Finetech group desires to be the leader in the market of peripheral devices for office machines by organically combining Nisca's strong product development capability and the low cost operation to be attained through a production revolution, with the Canon Finetech's business resources.

Furthermore, as previously announced in "Notice of Announcement of Opinion in Support of Tender Offer for Shares of the Company" dated February 1, 2008, Nisca, taking into consideration the difficult market environment of peripheral devices for office machines and management strategy of Canon Finetech group, believes that, by becoming a wholly-owned subsidiary of Canon Finetech, it will be able to benefit from the merits of being able to quickly implement large scale management decisions for improvement in core business structures and large development investments, etc., based on a mid to long-term point of view, instead of pursuing short-term profits with an eye on the market price for shares, and receive large investments of management resources from Canon Finetech at appropriate times, much more quickly than previously. Nisca further believes that utilizing such merits to their greatest extent will enable it to organically integrate low cost operation resulting from the solid development ability and production improvements of Nisca and the management resources of Canon Finetech, and reached the decision that it will be the best way to enhance Nisca's enterprise value to lead the office equipment peripherals industry, together with Canon Finetech and to aim at maximizing the group synergies.

Based on such decisions, as announced in the “Announcement of Commencement of Tender Offer” dated February 1, 2008, Both Companies planned to conduct the Share Exchange in the event that Canon Finetech failed to acquire all of the outstanding shares of Nisca.

Given the aforementioned circumstances, Canon Finetech and Nisca today decided to conduct the Share Exchange effective as of July 1, 2008, and have entered into a share exchange agreement.

(Note) The 97.98% voting right ratio represents the ratio of 100,404 voting rights related to Nisca’s shares held by Canon Finetech to the total number of voting rights held by all the shareholders of Nisca, which is 102,478 as of December 31, 2007. Figures are rounded off to the second decimal place.

(2) Possibility of Delisting and Reasons Therefor

Through the Share Exchange, Nisca will become a wholly owned subsidiary of Canon Finetech, as of July 1, 2008, which is the effective date of the Share Exchange, and the shares of Nisca will be delisted from the JASDAQ Stock Exchange as of June 25, 2008 (the final trading date will be June 24, 2008). No shares of Nisca can be traded at the JASDAQ Stock Exchange once they are delisted.

Since the consideration to be delivered in exchange for Nisca’s shares in the Share Exchange are the shares of Canon Finetech, which are listed on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”), liquidity for stocks should continue to be provided to those shareholders of Nisca who hold not less than 72 shares of Nisca’s common stock, even after the completion of the Share Exchange. Please note, however, that it is Canon Finetech’s shares of less than one unit (100 shares) that will be allotted to those shareholders of Nisca who hold less than 72 Nisca’s shares. Please see Note 3 of 2. (2) for the treatment of shares constituting less than one unit (*tangen-miman-kabushiki*).

(3) Measures to Ensure Fairness

In order to ensure the fairness and appropriateness of the share exchange ratio for the Share Exchange, in light of the fact that Canon Finetech holds 97.98% of all the voting rights held by all the shareholders of Nisca, as described above, Canon Finetech and Nisca separately requested third party appraisers independent from Both Companies to evaluate the share exchange ratio as described in 2. (3) below, and respectively obtained the valuation reports. After discussions, negotiations and consultations were conducted between Both Companies referring to the valuation results, Both Companies decided to implement the Share Exchange

using the agreed-upon share exchange ratio. Neither Canon Finetech nor Nisca has obtained a fairness opinion from any third party appraisers.

(4) Measures to Avoid Conflict of Interests

As Minoru Fujishima and Noriaki Yoshida, corporate auditors of Nisca, are concurrently serving as employees of Canon Finetech, with a view to avoiding any conflict of interests, they refrained from presenting their opinions in the discussions and in relation to the resolution of the aforementioned board meeting of Nisca.

2. Outline of the Share Exchange

(1) Schedule for the Share Exchange

A board meeting to approve the Share Exchange (Both Companies)	Wednesday April 30, 2008
Execution of the share exchange agreement	Wednesday April 30, 2008
Date for delisting (Nisca)	Wednesday June, 25 2008 (Scheduled)
Scheduled date of the Share Exchange (Effective date)	Tuesday July 1, 2008 (Scheduled)
Delivery date of the share certificates	By early September 2008 (Scheduled)

(Note) The Share Exchange is planned to be implemented, without obtaining the approval of shareholders meeting of each company, pursuant to Article 796, Paragraph 3 of the Companies Act (a so-called summary share exchange (*kan'i-kabushiki-koukan*)) in the case of Canon Finetech, and pursuant to Article 784, Paragraph 1, of the Companies Act (a so-called short form share exchange (*ryakushiki-kabushiki-koukan*)) in the case of Nisca.

(2) Allotment of Shares in the Share Exchange

Company Name	Canon Finetech (Wholly owning parent company)	Nisca (Wholly owned subsidiary)
Share exchange ratio for allotment of shares in the Share Exchange	1	1.40

Number of shares to be newly issued through the Share Exchange	Common stock: 149,511 shares (Canon Finetech is planning to use 155,000 shares of treasury shares for the allotment of shares in the Share Exchange.)
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(Note 1) Share exchange ratio for allotment of shares

Canon Finetech will deliver 1.40 shares of common stock of Canon Finetech in exchange for each one (1) share of common stock of Nisca. However, no shares will be delivered through the Share Exchange in relation to the 10,040,492 shares of common stock of Nisca held by Canon Finetech. Nisca plans to cancel all treasury shares held by Nisca by the effective date.

(Note 2) Number of shares to be issued through the Share Exchange

Canon Finetech will deliver its common stock, the number of which can be obtained by multiplying 1.40 and the aggregate number of common stock of Nisca held by the shareholders, excluding Canon Finetech, stated or recorded in the final shareholders' registry of Nisca (including the beneficial shareholders' registry) as of the end of the day immediately preceding the effective date.

For the purpose of the above delivery of Canon Finetech's common stock, it will allot 149,511 newly issued shares and treasury shares held by itself, the number of which can be calculated by deducting 149,511 shares from the total number of shares to be delivered in the Share Exchange.

(Note 3) Treatment of shares constituting less than one unit (*tangen-miman-kabushiki*)

Those shareholders who come to hold shares of Canon Finetech constituting less than one unit as a result of the Share Exchange will be entitled to demand that Canon Finetech purchase such shares constituting less than one unit ("*kaitori*") or sell additional shares constituting less than one unit (*kaimashi*), pursuant to the relevant rules and regulations regarding Canon Finetech's shares; details therefor will be provided separately. Shareholders cannot sell shares constituting less than one unit in the stock exchange markets.

(3) The Basis of Calculation, etc. of the share exchange ratio

(i) Basis and Process of Calculation

Canon Finetech appointed Nomura Securities Co., Ltd ("*Nomura Securities*") and Nisca appointed Deloitte Tohmatsu FAS as their respective third party appraisers for the purpose of calculation of the share exchange ratio and separately requested them to calculate the share exchange ratio, with a view to ensuring the fairness of the share

exchange ratio for the Share Exchange.

Upon negotiations and consultations between Canon Finetech and Nisca on the basis of valuation results of the share exchange ratio rendered by each of the third party appraisers and taking into consideration, among others, the fact that the shares of Both Companies are listed, the tender offer price of 2,010 yen in the Tender Offer (the “Tender Offer Price”), protection of the interests of minority shareholders, and the principle of shareholders’ equality, the share exchange ratio for the Share Exchange was agreed and determined at the board meetings of Both Companies held on April 30, 2008 and a share exchange agreement was executed between Both Companies on the same day. However, such share exchange ratio may be changed upon consultations between Canon Finetech and Nisca in the event that there occur significant changes in the conditions based on which the calculation of the share exchange ratio was made.

The valuation results rendered by each of the third party appraisers are as follows.

Nomura Securities calculated the value of common stock of Both Companies utilizing (a) the Average Stock Price Analysis with respect to Canon Finetech and (b) the Average Stock Price Analysis, the Comparison of Similar Companies Analysis and the Discounted Cash Flow Analysis (the “DCF Analysis”) with respect to Nisca. As a result, the ratio of the value per share of Nisca’s common stock to that of Canon Finetech’s common stock when the latter is set at one was indicated as follows.

	Range of the Share Exchange Ratio
Average Stock Price Analysis	1.34 to 1.41
Comparison of Similar Companies Analysis	0.90 to 1.04
DCF Analysis	1.10 to 1.49

In the Average Stock Price Analysis, the valuation of each company’s common stock was made setting April 24, 2008 as the base date and picking up (a) the closing price per share on the base date, (b) the average closing price per share for the period from the first business day following the announcement of the consolidated financial results for the first quarter of the fiscal year ending December 31, 2008 of Canon Finetech to the base date (i.e., April 22, 2008 to April 24, 2008), and (c) the average closing price per share for one month prior to and including the base date (i.e., March 25, 2008 to April 24, 2008).

In calculating the share exchange ratio, Nomura Securities, in principle, relied upon the information provided by Both Companies and publicly-available information in the form that such information was provided or disclosed, and assumed that such materials

and information were all accurate and complete without independently reviewing their accuracy and completeness. Also, with respect to the assets and liabilities (including contingent liabilities) of Both Companies (and their respective affiliates), Nomura Securities did not, and did not request any third party appraiser to, (i) evaluate, appraise or assess them or (ii) analyze or evaluate each asset and each liability. Nomura Securities further assumed that the financial projections of Both Companies were made reasonably by the management of Both Companies based on the best forecast and judgment available at this moment.

Deloitte Tohmatsu FAS already conducted the valuation of the Tender Offer Price with respect to the value of Nisca's common stock, and taking into consideration, among others, the fact that (a) it is not so long since the closing date of the Tender Offer (i.e., March 17, 2008) and (b) since then no special events happened which could bring significant impact on the value of Nisca's common stock and which are beyond the expectation and valuation made in evaluating the Tender Offer Price, Deloitte Tohmatsu FAS calculated the value of Nisca's common stock to be 2,010.

Moreover, with regard to the valuation of Canon Finetech's common stock, Deloitte Tohmatsu FAS utilized the Average Stock Price Analysis (application periods of the share price are, with the base date set on April 24, 2008, (i) the closing price on the base date (ii) one month (iii) three months (iv) the period from the first business day following the announcement of the Tender Offer to the base date and (v) the period from the first business day following the closing of the Tender Offer to the base date) and concluded that the ratio of the value per share of Nisca's common stock to that of Canon Finetech's common stock when the latter is set at one is calculated to be 1.39 to 1.50.

In calculating the share exchange ratio, Deloitte Tohmatsu FAS, in principle, relied upon the information provided by Both Companies and publicly-available information in the form that the information was provided or disclosed, and assumed that such materials and information were all accurate and complete without independently reviewing their accuracy and completeness. Also, with respect to the assets and liabilities (including contingent liabilities) of Both Companies (and their respective affiliates), Deloitte Tohmatsu FAS did not, and did not request any third party appraiser to, (i) evaluate, appraise or assess them or (ii) analyze or evaluate each asset and each liability. Deloitte Tohmatsu FAS further assumed that the financial projections of Both Companies were made reasonably by the management of Both Companies based on the best forecast and judgment available at this moment.

(ii) Relationship with the Appraisers

Neither Nomura Securities nor Deloitte Tohmatsu FAS is a related party of Canon Finetech or Nisca.

(4) Treatment of the Stock Acquisition Rights and Convertible Bonds of the Wholly Owned Subsidiary

Nisca does not issue stock acquisition rights (*shinkabu-yoyakuken*) or convertible bonds (*shinkabu-yoyakuken-tsuki-shasai*).

3. Outline of the Parties to the Share Exchange (as of December 31, 2007)

(1) Company Name:	Canon Finetech Inc.	Nisca Corporation
(2) Description of Business:	Development, manufacturing, and selling of business equipment, industrial printer, and other products	Development, manufacturing and selling of OA equipment and optical measuring instruments
(3) Date of Incorporation:	December 14, 1953	January 8, 1960
(4) Address of Head Office:	5540-11 Sakatemachi, Joso-shi, Ibaraki (Note 1)	430-1, Kobayashi, Masuho-cho, Minamikoma-gun, Yamanashi
(5) Name and Title of the Representative:	Ikuo Soma, President and Representative Director	Mamoru Tanaka, President and Representative Director
(6) Amount of Paid-in Capital:	3,451 million yen	2,102 million yen
(7) Number of Shares Issued:	42,383,732 shares	10,267,000 shares
(8) Net Assets:	79,444 million yen (on a consolidated basis)	21,544 million yen (on a consolidated basis)
(9) Total Assets:	117,650 million yen (on a consolidated basis)	31,006 million yen (on a consolidated basis)
(10) End of Accounting Period:	December 31	December 31

(11) Number of Employees:	6,810 (on a consolidated basis)	1,836 (on a consolidated basis)
(12) Major Business Partners:	Canon Inc. Canon Marketing Japan Inc. Toshiba Tec Corporation, and others	Canon Finetech Inc. Seiko Epson Corporation Sharp Corporation, and others
(13) Major Shareholders and Shareholding Ratio:	<p>Canon Inc. 57.79%</p> <p>The Master Trust Bank of Japan, Ltd. (Trust account) 2.88%</p> <p>Japan Trustee Services Bank, Ltd. (Trust account) 1.77%</p> <p>State Street Trust and Banking Co., Ltd. (Standing Proxy: Mizuho Corporate Bank, Ltd.) 1.57%</p> <p>Canon Finetech Employees Shareholding Association (<i>shain-mochikabukai</i>) 1.17%</p> <p>The Dai-ichi Mutual Life Insurance Company 1.13%</p> <p>Sumitomo Mitsui Banking Corporation 0.88%</p> <p>Mizuho Bank, Ltd. 0.85%</p> <p>The Chase Manhattan Bank NA London SL Omnibus Account (Standing proxy: Mizuho Corporate Bank, Ltd.) 0.83%</p> <p>RBC Dexia Investor Service Bank Account DUB Non-Resident Domestic (Standing proxy: Standard Chartered Bank) 0.71%</p>	<p>Canon Finetech Inc. 51.00%</p> <p>The Yamanashi Chuo Bank, Ltd. 4.30%</p> <p>Nidec Logistics Corporation 3.32%</p> <p>Kinuko Yamada 2.93%</p> <p>Nisca PS Association 2.90%</p> <p>Nisca Employees Shareholding Association 2.72%</p> <p>Minami Nippon Bank, Ltd. 1.11%</p> <p>SCSS/ SCBT lux (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch, Division of Custody Business Department) 1.04%</p> <p>Japan Trustee Services Bank, Ltd. (Trust account) 0.90%</p> <p>UBS AG LONDON Account-IBB Segregated Client Account (Securities Business Division, Citibank, Japan Ltd., Standing Proxy) 0.84%</p>
(14) Major Banks:	Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and The Bank of Tokyo-Mitsubishi	The Yamanashi Chuo Bank, Ltd., The Shoko Chukin Bank, Mizuho Corporate Bank, Ltd.

	UFJ, Ltd.		
(15) Relationship, etc. between Canon Finetech and Nisca:	Capital Relationship	Canon Finetech owns approximately 97.79% or 10,040,492 shares of the total number of issued shares in Nisca (as of April 30, 2008) and is a parent company of Nisca. (Note 2)	
	Personal Relationship	Minoru Fujishima and Noriaki Yoshida, Nisca's corporate auditors, are concurrently serving as an employee of Canon Finetech (as of April 30, 2008).	
	Transaction Relationship	Canon Finetech is purchasing products from Nisca.	
	Status as a Related Party	Nisca is a consolidated subsidiary of Canon Finetech, and a related party of Canon Finetech.	

(Note 1) The address of the head office of Canon Finetech is 717 Yaguchi, Misato-shi, Saitama as of today.

(Note 2) As a result of the Tender Offer, Canon Finetech's current shareholding ratio of the total number of Nisca's issued shares is 97.79% (97.98% of total voting rights). Figures are rounded off to the second decimal place.

(16) Business Results of the Most Recent Three (3) Years (Consolidated)

Fiscal Year Ended	Canon Finetech (Wholly owning parent company)			Nisca (Wholly owned subsidiary)		
	December, 2005	December, 2006	December, 2007	December, 2005	December, 2006	December, 2007
Net Sales (million yen)	170,870	176,147	171,577	45,022	44,743	42,291
Operating Income	10,629	11,565	10,550	3,329	1,870	1,714

(million yen)						
Ordinary Income (million yen)	11,196	12,119	11,348	3,765	2,139	1,994
Net Income (million yen)	5,652	6,612	5,728	2,370	1,225	1,040
Net Income per Share (yen)	132.9	156.6	135.6	227.4	119.4	101.4
Dividend per Share (yen)	20.0	30.0	30.0	30.0	20.0	20.0
Net Assets per Share (yen)	1,389.8	1,531.8	1,622.1	1,772.3	1,891.3	1,979.0

(17) Business Results of the Most Recent Three (3) Years (Non-Consolidated)

Fiscal Year Ended	Canon Finetech (Wholly owning parent company)			Nisca (Wholly owned subsidiary)		
	December, 2005	December, 2006	December, 2007	December, 2005	December, 2006	December, 2007
Net Sales (million yen)	120,246	126,800	126,159	41,797	41,433	36,685
Operating	4,951	6,279	6,036	2,724	1,340	1,421

Income (million yen)						
Ordinary Income (million yen)	6,577	7,311	9,344	3,516	1,719	1,581
Net Income (million yen)	4,404	4,608	6,289	2,234	1,158	855
Net Income per Share (yen)	103.9	109.1	148.9	214.7	112.9	83.4
Dividend per Share (yen)	20.0	30.0	30.0	30.0	20.0	20.0
Net Assets per Share (yen)	1,220.1	1,308.9	1,420.4	1,508.7	1,582.8	1,641.1

4. Status after the Share Exchange

- (1) Company Name: Canon Finetech Inc.
- (2) Description of Business: Development, manufacturing, and selling of business equipment, industrial printer, and other products
- (3) Address of Head Office: 717 Yaguchi, Misato-shi, Saitama
- (4) Name and Title of the Representative: Ikuo Soma, President and Representative Director
- (5) Amount of Paid-in Capital: 3,451 million yen

(6) Total Assets: Undetermined

(7) Net Assets: Undetermined

(8) End of Accounting Period: December 31

(9) Outline of Accounting Treatment

The accounting processing and the amount of goodwill to be generated by the Share Exchange, etc. are yet to be determined.

(10) Future Outlook

The impact of the Tender Offer and the Share Exchange on Canon Finetech's business results for the consolidated and non-consolidated fiscal year ending December 31, 2008 will be immaterial.

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