THE CANON STORY

2016 / 2017

Kyosei

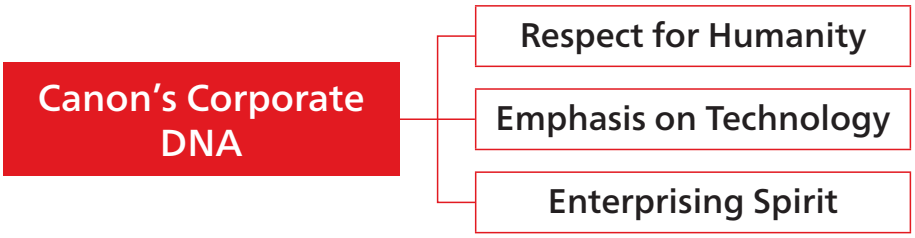
Canon's corporate philosophy is *kyosei*.
It conveys our dedication to seeing all people,
regardless of culture, customs, language or race,
harmoniously living and working together in happiness
into the future. Unfortunately, current factors related to economies,
resources and the environment make realizing *kyosei* difficult.

Canon strives to eliminate these factors
through corporate activities rooted in *kyosei*.
Truly global companies must foster good relations
with customers and communities, as well as with governments,
regions and the environment as part of their fulfillment of social
responsibilities.

For this reason, Canon's goal is to contribute to global
prosperity and the well-being of mankind as we continue
our efforts to bring the world closer to achieving *kyosei*.

Canon's Corporate DNA

Behind Canon's 70-plus-year history and development as a business lies its corporate DNA: a respect for humanity, an emphasis on technology, and an enterprising spirit that the company has consistently passed on since its foundation. The enterprising spirit on which Canon was started as a venture company, and the relentless drive to distinguish itself through technology, permeate the company, and have continued to provide society with new advances. These motivating factors are in turn supported by a respect for humanity, which encompasses meritocracy and an emphasis on good health. Canon is committed to passing its corporate DNA on to future generations to ensure the company grows for another 100, or even 200, years.



The San-ji (Three Selfs) Spirit

The Three Selfs, the foundation of the company's guiding principles that have been passed down since Canon was founded, are self-motivation, self-management and self-awareness. For Canon, which strives to be a truly excellent global corporation while maintaining the legacy of its corporate DNA, the Three Selfs continue to serve as the company's most important guiding principles.

[Self-motivation] Take the initiative and be proactive in all things.
[Self-management] Conduct oneself with responsibility and accountability.
[Self-awareness] Understand one's situation and role in all situations.

Contents

The QR codes in this booklet are links to the Canon Video Square, a part of the Canon website. Scan any QR code to see a movie introducing the topic.

Piccadilly Circus (London, England)
Photographer: Vincent Laforet
EOS-1D X, TS-E45mm f/2.8


Canon Camera Collection

Taking a decisive first step toward transformation to a new Canon focused on attaining new avenues of growth.

During Phase IV (2011–2015) of our Excellent Global Corporation Plan, the world economy faced stiffer headwinds than had been anticipated. For a global company with operations worldwide, this weak economy impacted all areas of our business. In response, we focused our energies on further strengthening our robust financial structure, aiming to emerge from this severe global recession stronger and better positioned for long-term success, while laying the foundation for two important strategic moves in our business transformation.

One of these strategies is securing new avenues of growth. We have undertaken the lateral expansion of current businesses while pursuing M&A in areas such as commercial printing, network cameras and next-generation semiconductor lithography systems. The second strategy is strengthening our manufacturing capabilities through automation and robotization.

2016 marks the inaugural year of Phase V. Over the next five years we will expand the ambitious reforms we have promoted to date. I want the Canon of 2020 to look completely different from how it does now, completing a transformation into an all-new Canon capable of achieving new growth.

Across our business operations we are strengthening and expanding the growth engines we acquired through diversification and M&A. In manufacturing, we are refocusing on Japan-based production, implementing advanced automation while maximizing our in-house production capabilities. At the same time, IoT, big data, artificial intelligence and other next-generation technologies are enabling us to develop a new production system. In R&D, we are embracing open innovation to integrate leading-edge technologies from different fields. And as we work to complete our Three Regional Headquarters management system, we are restructuring our worldwide sales network to capture the dynamism of global economic growth. Along the way, Canon remains committed to cultivating global human resources that enable us to work successfully across international borders.

Achieving our Phase V reforms amid this unstable global economic environment will be challenging. But with Canon's DNA of entrepreneurial spirit and the San-ji, or "Three Selfs," Spirit, which has been passed down since our foundation, the Canon Group will work as one to achieve this great strategic turning point, embarking on a period of reform that will pave the way to new business growth.

Fujio Mitarai
Chairman & CEO
Canon Inc.

Excellent Global Corporation Plan

Phase V
2016–2020

Canon, seeking to become a truly excellent company that is admired and respected around the world, launched the medium-to-long-term Excellent Global Corporation Plan in 1996 and has successfully completed the first four phases of this plan. With the start of Phase V in 2016, we are implementing seven key strategies as we embrace the challenge of new growth through a grand strategic transformation.

1 Establish a new production system to achieve a cost-of-sales ratio of 45%

Strengthen domestic mother factories by further promoting a higher ratio of production in Japan and the integration of design, procurement, production-engineering and manufacturing-technology operations. At the same time, pursue total cost reductions through the promotion of such advanced production-engineering technologies as robotics and automation.

2 Reinforce and expand new businesses while creating future businesses

Create and expand new businesses by accelerating the horizontal expansion of existing businesses. Additionally, concentrate management resources and make effective use of M&A to accelerate the expansion of promising business areas such as commercial printing, network cameras and life sciences.

3 Restructure the global sales network in accordance with market changes

Review existing sales organizations and reinforce omni-channel marketing that integrates online and brick-and-mortar sales routes while strengthening and expanding solutions-driven businesses with the aim of solving issues faced by customers. Additionally, continue focusing energies on cultivating markets in emerging countries.

4 Enhance R&D capabilities through open innovation

Discard the strict notion of self-sufficiency and construct an R&D system that proactively leverages external technologies and knowledge, promoting joint and contract research with various partners such as domestic and foreign universities and research institutes.

5 Complete the Three Regional Headquarters management system capturing world dynamism

Promote the acquisition of promising businesses through active M&A and complete the Three Regional Headquarters management system, under which Japan, the U.S. and Europe will each roll out businesses globally.

6 Cultivate globally competent human resources capable of performing duties while maintaining an all-encompassing perspective of the world map

Build a global management system targeting the optimal use of human resources in operations worldwide. Examine personnel worldwide to identify candidates for senior management positions and develop the skills of these future leaders by rotating them through key positions in Japan and overseas.

7 Re-instill the Canon Spirit as a foundation for new growth

Revitalize the enterprising spirit and San-ji (Three Selfs) Spirit at the heart of Canon's corporate culture.

Canon's Road to Phase V

Phase I
1996–2000

To strengthen its financial structure, Canon transformed its mindset to a focus on total optimization and profitability. The company introduced various business innovations, including the selection and consolidation of business areas, and reform activities in such areas as production and development.

Phase II
2001–2005

Aiming to become No. 1 in all major business areas, Canon focused on strengthening product competitiveness along with the changing times, stepping up efforts to digitize its products. The company also conducted structural reforms across all Canon Group companies around the world.

Phase III
2006–2010

Canon moved ahead with such growth strategies as enhancing existing businesses and expanding into new areas while also thoroughly implementing supply chain management and IT reforms.

Phase IV
2011–2015

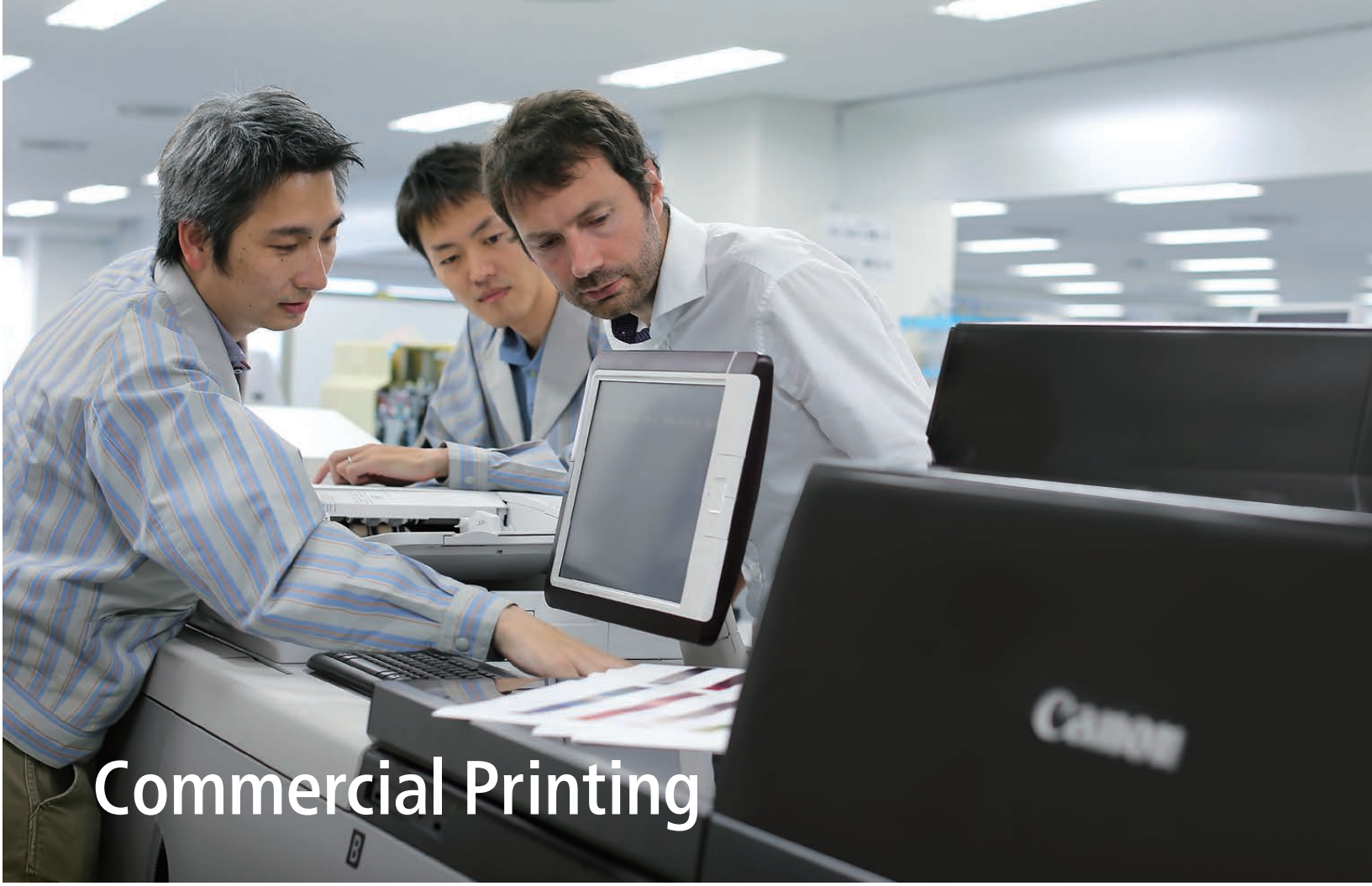
Responding to weakness in the global economy, Canon revised its management policy from a strategy targeting expansion of scale to a strategy aimed at further strengthening its financial structure. While actively pursuing M&A activities, the company restructured its business at a foundational level to introduce new growth engines for future expansion.

Creating A New Future

Canon is undergoing a major transformation. In addition to such B-to-C business sectors as cameras and printers, we are expanding into the heart of B-to-B business through such areas as commercial printing, safety and security, and life sciences. By implementing strategic decision making and proactive M&A to create new value, Canon is striving to enrich the future for all.

Image courtesy of Axis Communications.

Network Cameras


Commercial Printing


Biomedical Solutions

Network Ca

Expanding and diversifying our solutions business, centered on Canon's outstanding optical and imaging technology, we are cooperating with world-class businesses to meet the needs of the growing network camera market.

The British Library owns a distinguished collection of more than 150 million items collected over the past 250 years. Canon's network cameras are part of the advanced security system that protects these precious records of human history. With security concerns growing in recent years, the global network video surveillance market has expanded at an annual rate of nearly 20%. This is a promising new business area for Canon. With our leading technologies and optics and image-processing know-how, we have been able to develop high-performance network cameras.

The cameras themselves, however, are only one part of the network camera market. Realizing a comprehensive system solution also requires such components as video recording software and video analysis applications. Addressing these needs, we welcomed into the Canon Group Denmark-based Milestone Systems, a world-leading provider of open-platform video management software, and Axis, a Swedish network video solutions provider with outstanding image processing technologies and over 75,000 sales partners worldwide.

By integrating cloud services and image analysis with our high-performance network cameras, Canon is developing innovative solutions beyond the field of security. Our solutions hold promise for observation and big-data analysis of manufacturing processes at factories, retail operations for market research purposes, and much more.

Above: A network camera in operation in the main reading room Right: The King's Library in the British Library

meras

Commercial

Through our partnership with Océ, we are enhancing Canon's digital commercial printing capabilities and expanding into new business fields as we progress toward becoming a comprehensive printing company.

Offset printing technology has long dominated the field of commercial printing. But now, with the rise of digitalization, the industry's focus is increasingly shifting toward digital printing. Quick and versatile, digital printing addresses the growing demand for small-lot printing, customized orders, and the creative use of such non-traditional media as glossy paper, pressure-bonded paper, and carbonless paper.

Canon's printing business had been mainly directed at home and office markets. To become a comprehensive printing company capable of serving all the needs of printing customers worldwide, we welcomed the Dutch company Océ into the Canon Group. Boasting a business history of over 130 years, Océ is the leading printer manufacturer in Europe. Known for delivering high productivity and stability, Océ high-speed continuous-feed printers and commercial large-format printers command strong market positions.

Synergy between Océ and Canon's technologies, combined with our commitment to build a mutually beneficial relationship, has brought expansion into new business areas such as ultra-high-speed printing and variable-data printing. Moreover, our partnership with Océ furthers our efforts at global diversification. Together we are developing advanced technologies for printing on ceramics, metals, plastics and other non-paper materials, and we are producing 2.5D textural printing technology, which faithfully reproduces even the texture of objects. Combining our unique strengths, we will pursue new possibilities in digital printing in areas such as industrial packaging.

An Océ JetStream high-speed continuous-feed commercial printer

Printing

Biomedical S

Aiming to improve human health and longevity, Canon is conducting research into healthcare-related technologies, collaborating with research institutes.

Today the medical field is ripe with potential for technological innovation and growth. This is particularly true in the field of human genetics. Since the completion of the DNA sequence of the human genome project, expectations have risen sharply for breakthroughs in biotechnology and applied medical research. Using our CMOS sensor and inkjet printing technologies for the development of a genetic testing platform that drastically reduces testing times, Canon has made inroads in developing solutions for the biomedical field.

The United States, a country that stands at the vanguard of advanced medicine, is home to the most exciting developments in this field. In 2015, Canon U.S.A. established Canon BioMedical, Inc. to build a business around molecular diagnostics. The R&D process includes collaborative work with universities and advanced research institutes. Among Canon BioMedical's early successes was the launch of research-use-only Novallele genotyping assays, which are being used in cancer and hereditary disease research.

At the forefront of the medical imaging field, the Canon Group continues to strengthen our existing businesses while working toward the practical application of our advanced technologies. Offering the potential for revealing even the smallest of lesions in the body without the need for invasive procedures, Canon medical imaging aims to contribute to advances in medicine.

Novallele genotyping assays (Sold in the U.S. for research use only)


olutions

Production

To establish a robust financial structure that is resistant to global economic fluctuations, Canon is implementing a new production system that is capable of generating higher profits.

Since 1998, Canon has endeavored to innovate production and development operations to maximize profitability. These efforts have included a thorough re-examination of production processes at our factories worldwide. Key initiatives have been the strengthening of domestic mother factories by promoting a higher ratio of production in Japan and the integration of design, procurement, production-engineering and manufacturing-technology operations, along with the implementation of automated production systems.

Canon has already automated production lines for toner cartridges and interchangeable lens units, yielding significant cost reductions. Next, we aim to fully automate camera production and implement automation in other businesses. Moving ahead with advanced robotics, the Internet of Things (IoT), big data, artificial intelligence and other next-generation technologies, Canon is focused on the future of production.

Evolution of Canon

1970s
1998
2000
2001
2002 (year end)
2010 (approx.)
2013
2018

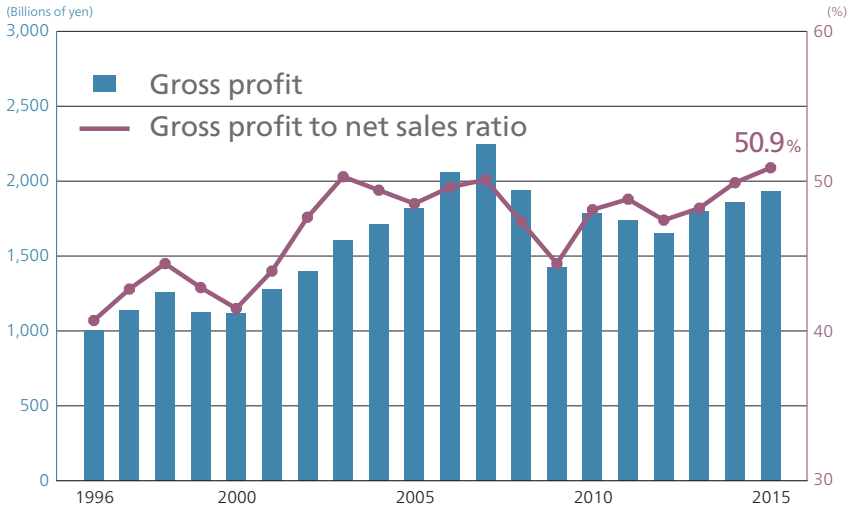
Automated production of toner cartridges

Above: In-house production at the Toride Plant
Below: Architectural rendering of new Techno Wing R&D facility at Oita Canon

Production

Conveyer belt system
Nagahama Canon adopts cell production system for printer production
Oita Canon introduces full-fledged cell production for digital camera production
In-house Production Advisory Committee formed to promote in-house production of core parts
Conversion to cell production at factories worldwide completed
Changeover to man-machine cell production system; reduces manpower needs per assembly line
Automated assembly for some lens parts introduced
Target date for complete automation of camera assembly

Canon Group Business Performance



Home

Digital imaging enriches and expands communication in our daily lives.


Digital SLR Cameras


Compact System Cameras


Digital Compact Cameras


Digital Camcorders


Inkjet Printers


Binoculars


Compact Photo Printers


Image Scanners


Connect Station


Office Multifunction Devices


Laser Multifunction Printers


Industrial Cameras


Business Inkjet Printers


Laser Printers


Facsimile Machines


Network Cameras


Document Scanners


Large Format Inkjet Printers


Multimedia Projectors


MR Systems


Calculators


Toner Cartridges

Cloud-Based Document Services


Die Bonders

Office

A variety of digital imaging solutions that deliver high image quality, high precision and high speed.

Solutions Software


Components

Professional

Winning the trust of professional users around the world through consistently innovative imaging technologies.

Professional Digital Video Camcorders

Professional Digital SLR Cameras

Broadcast Equipment

Digital Cinema Cameras

Multi-Purpose Cameras

Professional Displays

Interchangeable Lenses

Ophthalmic Equipment

Professional Photo Inkjet Printers

Digital Radiography

Color Label / Color Card Printers

High-Speed Continuous-Feed Printers

Digital Production Printing Systems

Commercial Photo Printers

Semiconductor Lithography Equipment

3-D Machine Vision Systems

Organic LED (OLED) Panel Manufacturing Equipment

Flat Panel Display (FPD) Lithography Equipment

Vacuum Thin-Film Deposition Equipment

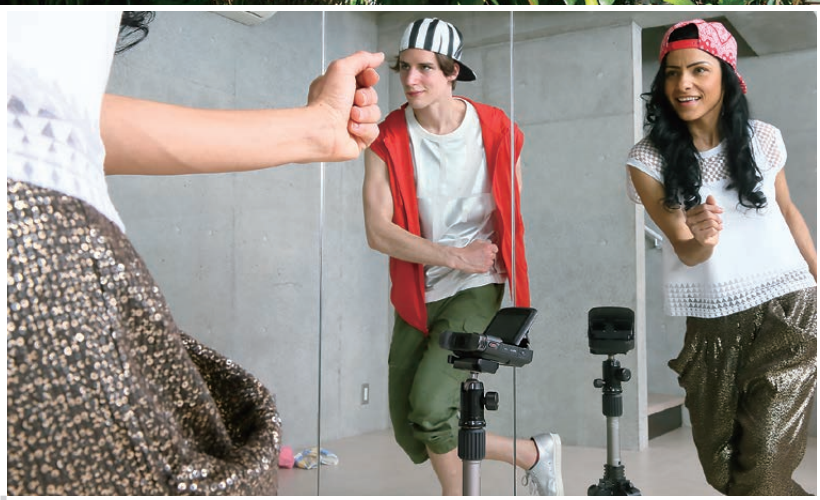
Handy Terminals

Industry

Supporting the development of industry and society through a broad range of technologies that satisfy diverse user needs.

Home

We all want to capture life's precious moments—scenes from travels, special occasions—so we can recall them with the same clarity as we experienced them. Providing the means to preserve these experiences is what motivates Canon to develop the innovative input and output technologies supporting our products—the lenses, sensors and image processors that not only capture true vivid colors, but also the emotions of the moment. Canon enriches lives by bringing people and imaging technology together.



Digital Compact Cameras

Through advances in image quality and multi-functionality, digital compact cameras have greatly expanded the enjoyment of photography. Canon digital compact cameras deliver some of the industry's most advanced features, such as high-precision image stabilization and high-magnification zoom lenses that range from wide-angle to super telephoto. Canon will continue to pursue the potential offered by digital compact cameras.

Digital Camcorders

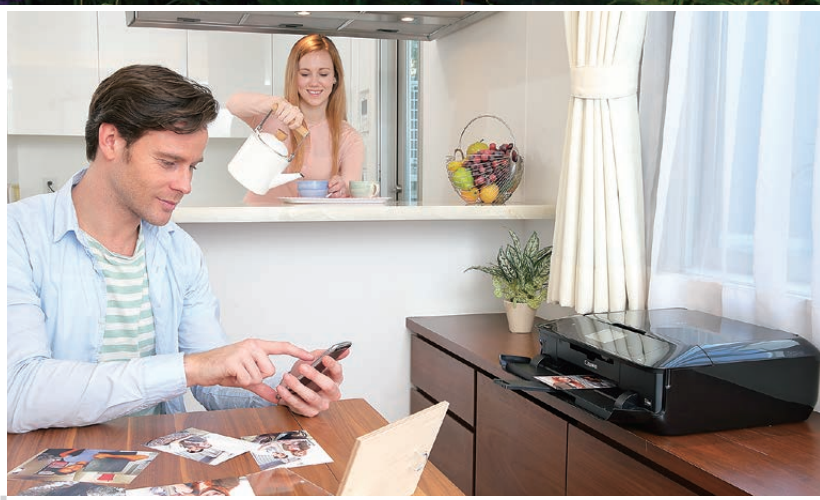
The VIXIA mini X (LEGRIA mini X in other regions) digital camcorder fits in the palm of your hand and offers ultra-wide-angle shooting. Delivering the freedom of place-and-shoot and self-shooting recording, it's ideal for recording performances. Built-in Wi-Fi allows movies to be uploaded to social media and transferred to smartphones and tablets. Through such innovation, Canon offers new ways to enjoy video.

Interchangeable Lens Digital Cameras

To create the world's finest cameras, Canon develops in-house our lenses, which correspond to the human eye; image sensors, which correspond to the retina; the image processors, which correspond to the brain. By continually refining our imaging technologies, Canon has been a pioneer in the history of photography. Our focus is on bringing superior products and the joy of photography to all.

Connect Station

The Connect Station not only enables easy storage of photos and movies through near field communication (NFC) and Wi-Fi, but also connects to televisions for large-screen viewing. Users can easily print and share digital image data from the cloud without the need for a personal computer. Providing ease of use, convenience and high image quality, the Connect Station offers new ways to enjoy photos and movies.

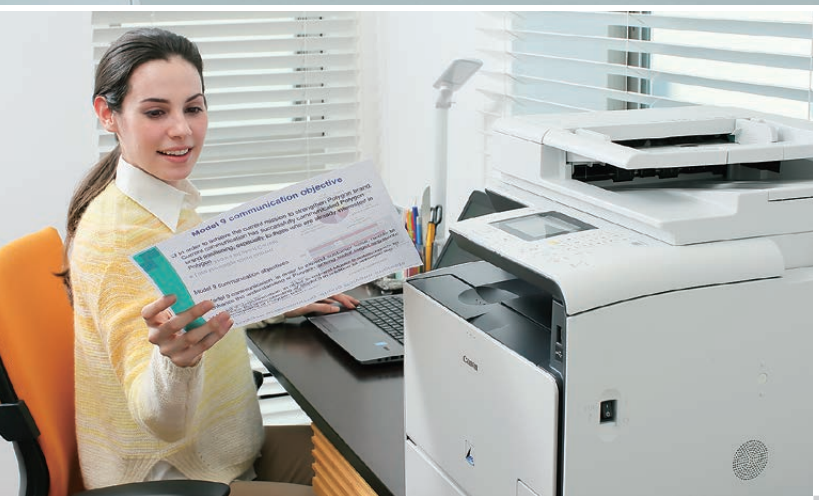


Inkjet Printers

Canon inkjet printers now make printing easier than ever through improved cloud connectivity and Canon's PIXMA Touch & Print, which enables users to quickly and easily print photos and documents without a computer simply by touching an NFC-enabled smartphone to the printer. Canon inkjet printers feature an intuitive touch panel and ECO settings that contribute to the conservation of paper and energy.

Office

Through high-quality printing, solutions software and cloud-based document services, among other services and technologies, Canon offers an extensive range of tools for bringing greater convenience and efficiency to office work environments. For our customers with worldwide business operations, Canon Global Services is a one-stop service for everything from sales and maintenance of office equipment to managed print services.



Laser Printers/Laser Multifunction Printers

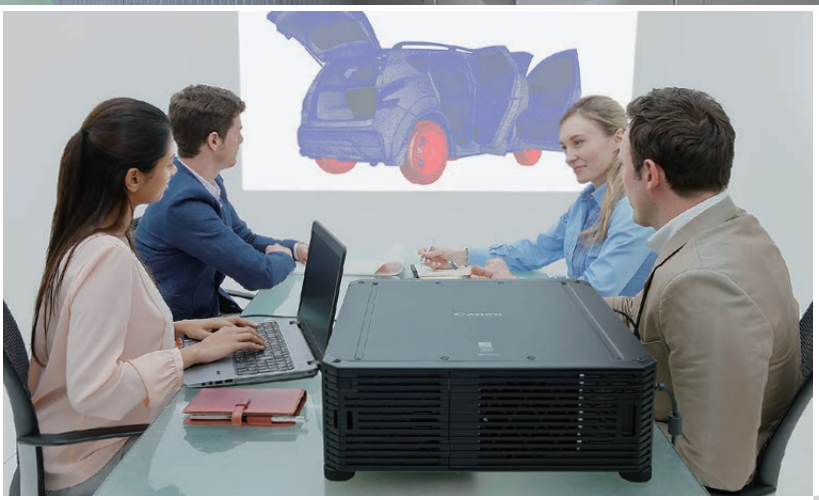
Canon laser printers enhance business productivity by delivering faster printing speeds. Wireless LAN technology provides the freedom to install the printer at the most convenient location in the office and allows printing directly from a smartphone or tablet. Through energy-efficient performance and Canon's toner cartridge recycling activities, our printers also address environmental concerns.

Large Format Inkjet Printers

Canon large format inkjet printers bring together high-speed printing and high image quality. Through our broad product lineup we satisfy a wide range of printing needs, including CAD (Computer-Aided Design) applications, commercial poster production and high-quality photo printing. Our original software for in-house poster production and printing management provides users with solutions that create new value.

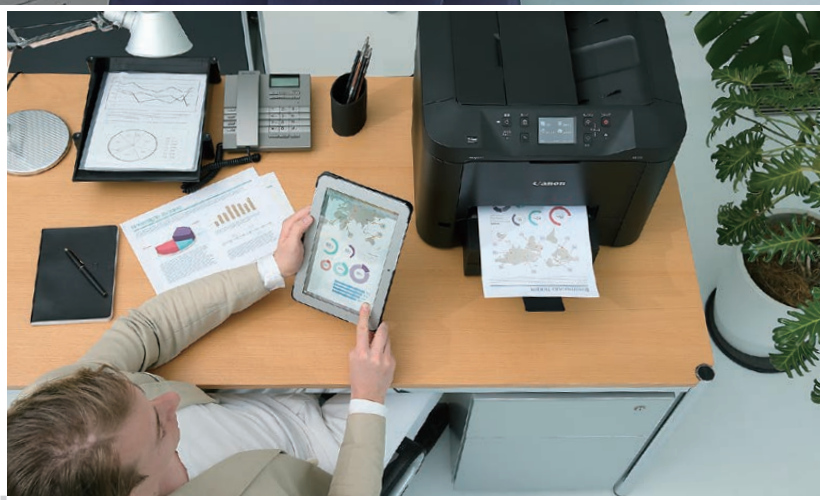
Office Multifunction Devices

Canon office multifunction devices offer an impressive combination of ease of use, compatibility with networking environments, and powerful security features. Capable of copying, printing, scanning and faxing documents, these devices enable businesses to quickly share and organize information to support efficient office workflows.



Multimedia Projectors

Canon produces a complete range of projectors that have earned a reputation for high performance and high image quality. Our ultra-compact 4K projector is ideal for displaying designs and layouts, simulations and ultra-high-resolution artwork at galleries and museums. Our short-throw models project large and bright distortion-free images, even in small meeting rooms.



Business Inkjet Printers

Canon business inkjet printers play an integral role at countless offices thanks to their high speed, high image quality and high cost performance. Our newly developed pigment inks produce sharper blacks and vivid colors for the creation of truly impressive color documents. Designed for space and cost savings, these office printers contribute to easier and more efficient office workflows.

Professional

Canon professional-use imaging products are loaded with leading-edge technologies to support the expression of innovative ideas and the creation of works with exceptional levels of creative detail. Providing both high image quality and the durability to perform under even the most demanding conditions, Canon imaging products have earned the trust of top professionals. Additionally, in the medical field, our imaging technologies deliver value through such products as ophthalmic equipment and digital radiography systems.

Digital Cinema Cameras

Delivering exceptional image quality and sensitivity, Canon's Cinema EOS System cinema cameras and lenses have earned the trust and respect of industry professionals. Strong performers in low-light conditions with compact, lightweight designs that enable shooting in locations with limited space, the lineup also offers the mobility to be installed on drones, bringing about a revolution in motion picture and TV production.

Professional Displays

Featuring a proprietary image-processing engine, an RGB LED backlight system and an IPS LCD panel, Canon professional-use displays enable a wide color gamut. Our lineup, which now includes a portable lightweight model for on-location use, is designed for digital cinema and television production and the next generation of high-definition video formats that lie beyond 4K.

Interchangeable Lens Digital Cameras

Professional photographers must have the patience and perseverance to wait, sometimes in harsh conditions, for a once-in-a-lifetime shot. To meet the high expectations of demanding professionals, Canon professional digital SLR cameras are packed with the latest imaging technologies. In addition to offering high image quality, high sensitivity and continuous shooting speeds, our cameras deliver superior ruggedness and durability, earning the trust of top photographers around the world.

Professional Photo Inkjet Printers

Canon inkjet printers satisfy the high standards of professional photographers and graphic designers. Our lineup includes a new A2 (17" x 22") model that features newly developed inks, image processing engine and print head. Canon's professional-use inkjet printers deliver faithful color reproduction and superior image quality.

Ophthalmic Equipment

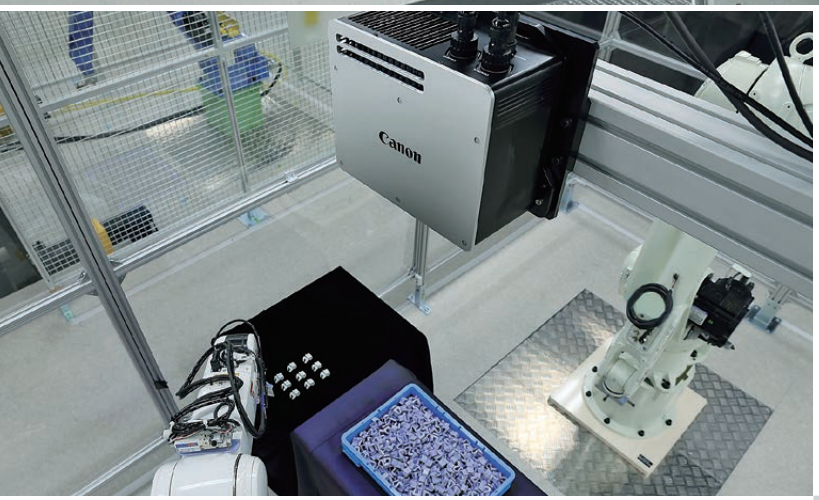
Imaging technologies that Canon has cultivated over the years contribute to enhanced ophthalmic diagnostic precision. Focusing on high image quality and compactness, we have expanded our ophthalmic equipment lineup to include retinal cameras that enable examinations with reduced stress on patients and optical coherence tomography (OCT) devices capable of 3-D scanning for diagnosis of retinal disorders that can lead to vision loss.

Digital Radiography

The adoption of digital radiography, which eliminates the need for film, has gained traction in recent years within the healthcare industry. Canon digital X-ray detectors fulfill a range of general radiography applications, including upright and supine imaging. Our lineup covers static and dynamic imaging and includes portable and wireless models. We are also developing digital radiography solutions that can be used in the home and remotely at disaster sites.

Industry

Canon produces high-performance, high-image-quality industrial equipment ranging from production printing systems to semiconductor lithography equipment and 3-D machine vision systems that incorporate our optical and image-processing technologies. In addition to expanding Canon's business domains, our industrial equipment helps industry and society grow. Carrying out R&D focused on future businesses, we are pursuing technological innovation through such technologies as nanoimprint lithography.



3-D Machine Vision Systems

Combining leading-edge image-recognition, data-processing and optical technologies, Canon 3-D Machine Vision Systems serve as the "eyes" of robots. They make possible the instant and accurate three-dimensional recognition of randomly assembled objects and the data transmission required for the movement of a robotic arm. Our 3-D Machine Vision Systems can even pick up small parts, supporting the automation of production lines.

Semiconductor Lithography Equipment

Semiconductor lithography equipment is used in the fabrication of the semiconductor chips at the heart of digital devices. With mainstream photolithography equipment reaching its technological limit for circuit miniaturization, Canon has turned to the development of nanoimprint technology, a next-generation lithography technology capable of delivering ultra-fine patterning and nanometer-level precision while maintaining high resolution, high performance and reliability.

Digital Production Printing Systems

Widely used in commercial printing and central reprographics departments, Canon digital production printing systems are capable of handling diverse print content in a variety of paper types and sizes, and providing quick turnaround of small-lot print jobs. Our product lineup, enhanced by the addition of products from the Dutch printer manufacturer Océ, brings high-quality output and enhanced productivity to today's printing businesses.

Commercial Photo Printers

Commercial photo printing systems are designed for retail photo and printing businesses that offer customers high-value-added photo merchandise. Through advances in our inkjet technology, Canon meets the high-image-quality and high-productivity demands of printing professionals. Our new top-of–the-line PhotoJewel S photo album service is another way we are meeting the needs of the evolving commercial photo printing industry today.

MR Systems

Canon MR (Mixed Reality) Systems seamlessly merge the real world with virtual images in real time. By donning a head-mounted display, users can interact with realistic full-scale CG images from any point of view. Facilitating simulations and design evaluations, offers benefits to manufacturing sites through reduced prototyping costs and the sharing of 3-D design data.

Scan the QR code to visit the video website

Research

Since Canon's founding, we have pursued innovation based on our corporate DNA that places emphasis on technology. To discover and cultivate new technologies we support open innovation and cooperate with universities and research institutes around the world.

Material Appearance Acquisition and Output Technology

In order to faithfully reproduce the delicate appearance of an oil painting, it is necessary to analyze and digitalize not only the color information, but also the object's surface contours and glossiness. Canon is advancing research and development of technologies that can accurately acquire and process such textual information in order to apply them to various kinds of paper with color materials for output.

A reproduction of Johannes Vermeer's "Girl with a Pearl Earring," owned by the Mauritshuis (The Netherlands), created using Canon material appearance acquisition and output technologies.

Lead-Free Piezoelectric Materials

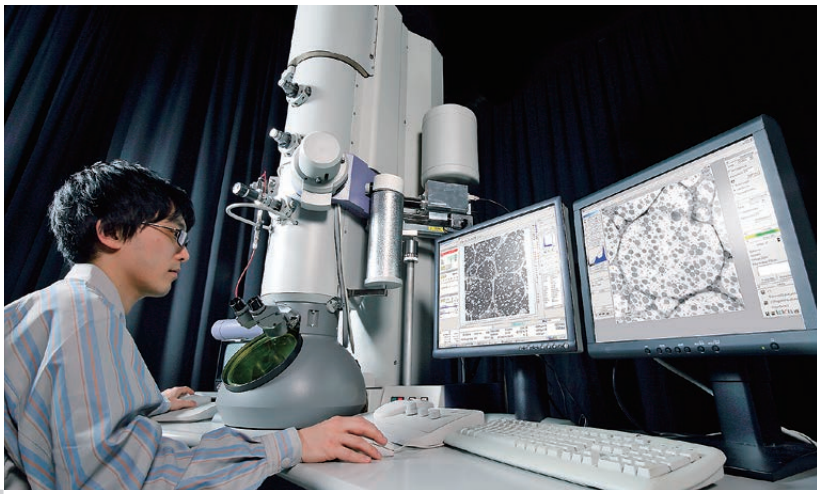
Piezoelectrics are used in electronics and automobiles. Today, most piezoelectric materials are made from lead, which is harmful to the environment. While Canon already uses lead-free solder and lead-free (glass) lenses, we now aim to develop lead-free piezoelectric materials for use in our products.

Colorants

Canon has compiled the results from many years of materials research to create the Canon Material Bank, a database used companywide for research and product development. Our recently developed xanthene-based magenta dye helps realize inkjet printer ink with vivid coloration performance that differentiates Canon from the competition.

Photoacoustic Tomography

Photoacoustic tomography (PAT) enables physicians to "see" changes occurring in blood vessels due to disease. Ultrasonic waves generated by laser illumination create 3-D images, which make the blood vessels visible without the use of X-rays or contrast agents. At the leading edge of medical technology, Canon participates in the Impulsing Paradigm Change through Disruptive Technologies (ImPACT) Program organized by the Cabinet Office of Japan.

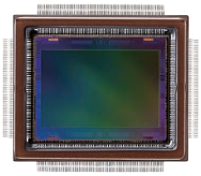


Materials Analysis Technology

Product performance is greatly affected by the structure and composition of materials. Canon has various technologies for materials analysis. Using a state-of-the-art electron microscope we can scrutinize ultra-microscopic material structures. We also have technologies for chemical analysis of molecular structures; for examining the elemental composition of the surface of materials; and for X-ray analysis of the crystal structure of materials.

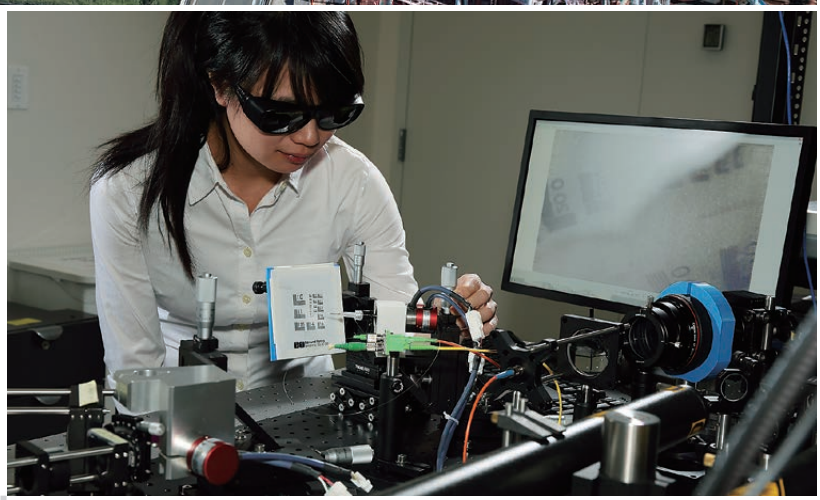
CMOS Sensors

CMOS sensors, a key component in our digital SLR cameras and other products, are manufactured by Canon using proprietary technologies. As we continue to develop sensors offering higher levels of sensitivity and resolution, the applications for our products are expanding from the fields of astronomy and medical research to aerospace and security surveillance.



An approx. 250-megapixel CMOS sensor

Images captured by Canon's ultra-high-resolution 250-megapixel CMOS sensor maintain high levels of definition even when greatly magnified, revealing details invisible to the human eye.



Core Technologies for Intelligent Robots

Canon is exploring the leading edge of digital imaging by fusing information and communication technology (ICT) with 3-D measurement and object recognition technologies. Using Machine Vision, which utilizes image-measurement and recognition technologies, together with ICT capable of self-learning and decision making, Canon aims to not only realize practical applications for intelligent robots, but also develop safety, security and healthcare applications in new business domains.

Ultra-miniature Endoscope

At Healthcare Optics Research Laboratory in Cambridge, Massachusetts, Canon is working with Harvard-affiliated medical institutions on biomedical research. Our ultimate goal is to bring medical devices to market for a variety of applications, such as an ultra-miniature endoscope that enables direct visualization of anatomies difficult to see by conventional methods.

Development & Design

To create never-before-seen value, Canon carries out various development and design initiatives, introducing new technologies while leveraging flexible systems we have developed over the years. Through design we not only make use of advanced technologies, but also inspire ideas for new development. Through testing and evaluations that reproduce conditions of actual usage, we strive to develop innovative products from the perspective of users.

Product Design

Canon strives to create products that are convenient, easy to use and elegantly designed, focusing on who will use them and the environments in which they will be used. Giving form to ideas, we believe the role of design is to propose new value by evaluating each product's ideal form and function.

Product Usability Testing

Canon employs state-of-the-art technologies in the design process and examines the functionality of each product we make from the user's perspective. For example, our production printing systems are designed to ensure that wheelchair users can fully and easily operate them. Toward this goal, we incorporate universal design in our products.

Manufacturing

At Canon, we are working to establish a globally optimized production system and proprietary production processes. On top of the manufacturing technology and know-how that we continue to cultivate, we are pursuing man-machine cell production, which represents the next stage in the evolution of the cell production system, leading-edge automation, and the in-house production and development of everything from materials and components to manufacturing equipment. Through these efforts, we strive for maximum production efficiency.

Globally Optimized Production

In pursuit of globally optimized production, Canon determines the most appropriate production locations through a comprehensive examination of costs, taxes, logistics, procurement, labor, risk and other factors in each country and region. Each location has an assigned function, such as automated production at mother factories in Japan, mass production of mid-to-low range products in emerging countries, and localized production of consumables in the United States and Europe.

Developing Human Resources for Manufacturing

At Canon, we carry out global human resource training to prepare tomorrow's leaders for success at production sites around the world. Honing the skills of employees has resulted in such achievements as two Gold Awards at Japan's National Skills Competition in 2015.

Quality

Through Canon Quality, which encompasses everything from product development to procurement, production, sales and marketing, as well as after-sales service and support, we aim to ensure customer safety, trust and satisfaction. In accordance with our basic policy of pursuing products that result in "no claims, no trouble," we are fully committed to the highest levels of quality worthy of the trust our customers place in the Canon brand.

Semi-anechoic Chamber

Canon maintains certified testing facilities based on ISO/IEC 17025. With semi-anechoic chambers, we are able to conduct safety and certification tests required to confirm compliance with government and industry regulations. In 2015, we installed one of the largest and most advanced semi-anechoic chambers in Japan, expanding our in-house testing capabilities to cover verification for such large products as commercial photo printers.

Safety Assessments of Chemical Substances

We perform various tests and evaluations on chemical substances, including those used in Canon inks and toners, for safety and quality. Our Tamagawa Office, which serves as our central hub for quality control, is certified by Japan's Ministry of Health, Labour and Welfare as in compliance with Good Laboratory Practice (GLP) standards under the Chemical Substances Control Law.

Marketing & Service

Official Sponsor of Rugby World Cup 2015 in England

Europe

Canon Europe is the strategic headquarters for Europe, the Middle East and Africa (EMEA). In 2015, thanks to a successful Canon EXPO in Paris and the launch of new Canon ecommerce sites, sales and marketing operations were strengthened. Strategic acquisitions included UK-based Lifecake (digital consumer services) and Integra Document Management in Italy (document and business process outsourcing services). As an official sponsor of Rugby World Cup 2015, Canon Europe provided services for professional photographers and supplied printers and other products. 2016 objectives include building on strong positions in core markets while focusing on growth opportunities in emerging markets and areas such as network cameras and 3D printing. Activities such as Miraisha Programme, which include supporting aspiring photographers, aim to further establish the Canon brand in Africa.

Lifecake photo and video-sharing service

Miraisha Programme provides support for African youth

Canon EXPO 2015 New York attracted crowds of visitors

Americas

Canon U.S.A. oversees operations in North, Central and South America. Under the slogan "Canon See Impossible," this headquarters continues to embrace the challenges posed by developing new businesses. In 2015 Canon U.S.A. held the Canon EXPO New York, showcasing Canon's businesses, products and technologies while demonstrating our comprehensive strengths. The exhibits provided customers with real-world experiences of the usage and benefits of Canon products, services and technologies. A new operating company, Canon BioMedical, Inc., was established for the research, development and production of genetic testing systems for research. Canon U.S.A. functions as a regional headquarters under the Three Regional Headquarters management system, which envisions market expansion through businesses created and nurtured in the United States.

Development of genetic testing system for research at Canon BioMedical, Inc.

DSLR cameras and lenses are preferred by many professional photographers at major sports events

Approximately 2,600 participants took part in Photomarathon Singapore 2015

Asia & Oceania

The Canon Asia Marketing Group (CAMG) oversees operations in China, South Asia and Southeast Asia. While responding to the diverse needs of each market, CAMG focuses on strengthening and expanding B-to-B operations. Canon China, opening two new offices in Northwest and Northeast China, has adopted a six-branch office system to swiftly and appropriately address customer needs. With Canon Singapore moving to new offices, expanding its role as a regional headquarters, and Canon India opening a technical skills development center, Canon is aiming to cultivate personnel for our production printing business. Meanwhile, in the Oceania region we are working to strengthen our solutions business. Additionally, the Canon Photomarathon, a unique photo contest held annually in Asia, highlights the collective strengths that make Canon the leading imaging company.

Canon China celebrates the opening of its Northeast office

Training center for technical skills development opens in India

A network camera provides surveillance for an aircraft in a hangar

Japan

For the Canon Marketing Japan Group, 2016 marks the start of Phase III (2016–2020) of its Long Term Management Objectives aimed at helping solve social issues by providing advanced Imaging and IT solutions. In addition to existing business domains, such as digital cameras and office multifunction devices, this Group's work centers on higher-growth domains, such as network cameras, commercial printing and business imaging devices, and also involves the businesses of security and outsourcing. High-value-added solutions are created through the integration of Canon's imaging technologies and IT know-how. As a marketing leader, the Canon Marketing Japan Group pursues its vision of deeply understanding and growing together with customers.

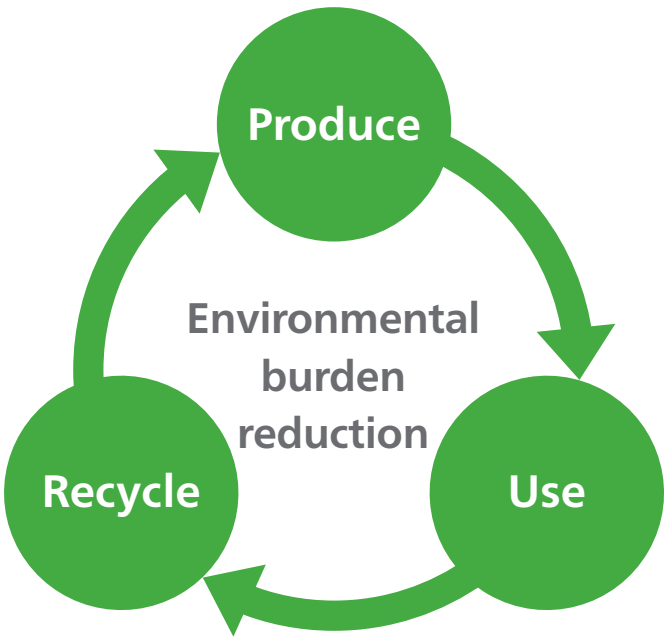
The Cinema EOS System plays an important role in movie production

An imagePRESS delivers variable-content and small-lot printing

Environmental Activities

Under our Action for Green environmental vision, Canon carries out various initiatives aiming to realize a society that promotes both enriched lifestyles and the global environment. While creating highly functional and user-friendly products, we strive to reduce our environmental impact through every stage of the Produce-Use-Recycle product lifecycle.

Product Lifecycle

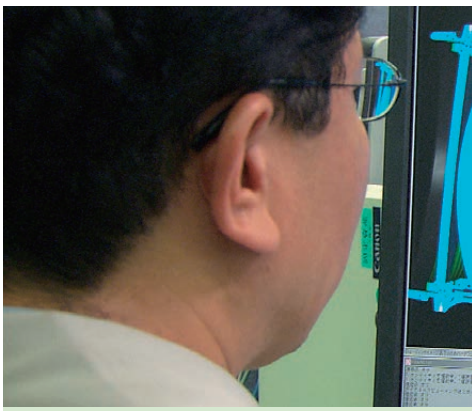


ACTION for GREEN

What is Action for Green?

Aspiring to a rich future for people and the earth, Canon's Action for Green environmental vision aims to achieve highly functional products with minimal environmental burden.

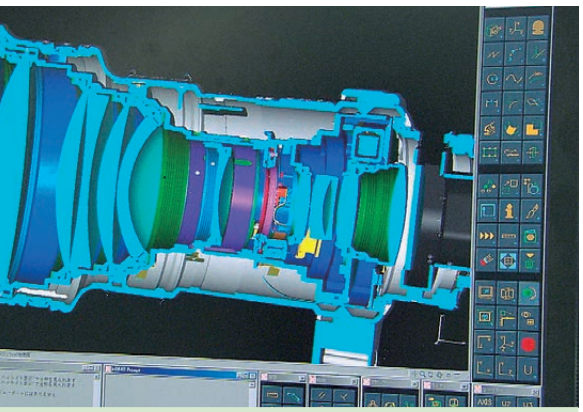
Scan the QR code to visit the video website



Produce Product Development

Produce Manufacturing

Use Usage



Canon's Lifecycle Assessment (LCA) system evaluates our environmental impact throughout the entire product lifecycle. We constantly take the environment into consideration during the development of our products.

Produce Procurement

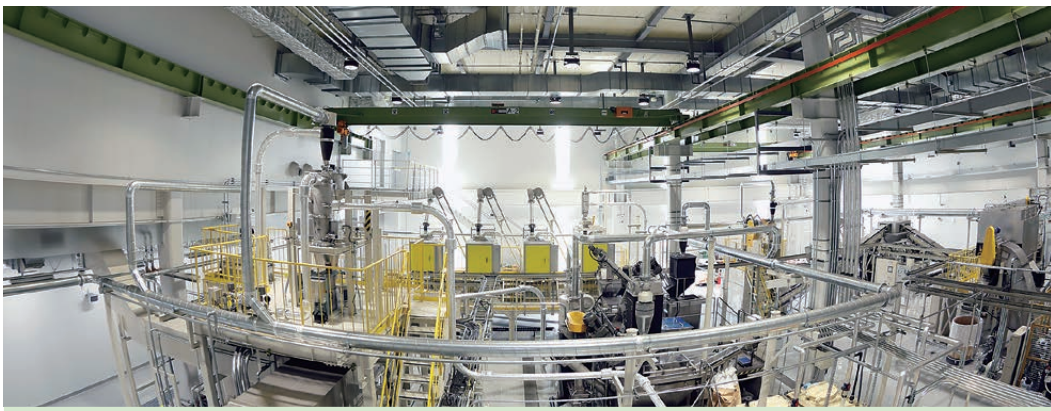
Strictly adhering to a policy of green procurement, we avoid using parts containing specified hazardous substances and prioritize the purchasing and sourcing of materials and products with minimal environmental impact.

Canon achieves significant energy and resource savings through our efficient manufacturing processes. We have implemented a closed-loop wastewater treatment system that circulates water for reuse, reducing the amount of water we use at our factories.

Produce Logistics

Canon promotes modal shifts, reducing shipments by air and truck in favor of sea and railway freight, which have a lower environmental impact.

Canon office multifunction devices employ on-demand fixing technology and LED backlights on LCD panels to reduce power consumption. Our inkjet printers and other products are also equipped with technologies that contribute to thoroughly reducing energy usage.



Recycle Recycling

Canon has implemented a fully automated recycling line as part of our Toner Cartridge Recycling Program. Through remanufacturing, we are also able to offer remanufactured office multifunction devices that deliver the same quality as new machines.

Social Contribution

Under our corporate philosophy of *kyosei*, Canon carries out various social contribution activities as a good corporate citizen. We provide support for local communities, social welfare, humanitarian aid and disaster relief, education and science, art, culture and sports. As a global corporation, we believe it is our responsibility to contribute to enriching lifestyles for people around the world.

Adopt a School

Canon Middle East's Adopt a School project supports children's education in developing countries. Activities include auctioning used equipment to employees to raise funds for building schools and providing hands-on support in Senegal for school construction.

World Scout Jamboree

Canon served as an official sponsor of the 23rd World Scout Jamboree and provided operational support for the event. Over 30,000 young people from approximately 150 countries and regions participated, working together to deepen their awareness of global issues and enjoying cross-cultural exchanges with participants from around the world.

Tsuzuri Project

Launched by Canon and Kyoto Culture Association (NPO), Tsuzuri Project produces high-resolution facsimiles of precious Japanese cultural assets that can be publicly displayed, allowing the delicate original works to be carefully preserved. In 2015, a reproduction of Soga Shohaku's "Dragon and Clouds," which is owned by the Museum of Fine Arts, Boston, was donated to the Tenryuji Temple in Kyoto.

The high-resolution facsimile of "Dragon and Clouds" by Soga Shohaku (donated to Tenryuji, Kyoto)

Exploration of the Silk Road Cultural Heritage Project

Since 2014, Canon China has held the Discovering the Beauty of the Silk Road project, an initiative which makes use of Canon imaging technology to preserve and promote the culture, scenery, architecture and craftwork of the Silk Road.

Canon Wind

Canon Wind, an Oita Canon subsidiary jointly established with Gyoun Fukushikai, promotes the employment of persons with intellectual disabilities, providing them with a good work environment. In recognition of these activities, Oita Canon has been commended as an excellent business establishment.

Environmental Activities at U.S. National Parks

Canon U.S.A. continues to support nature conservation activities in Yellowstone National Park and Acadia National Park, employing Canon imaging equipment to observe wildlife.

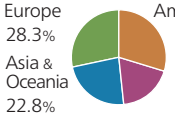
Friendship School Chain Project

Canon Vietnam's Friendship School Chain Project builds and renovates schools to support education for children living in low-income areas. Canon employees visit the schools as volunteers to build desks and install donated equipment.

Stats

Net sales (2015)

$31,407 million



Net sales	$8,879 million
Employees	24,826

Net sales	$7,167 million
Employees	78,785

* Canon Europe presides over Europe, the Middle East and Africa.

Global ranking (2015)

FORTUNE Global 500*

Fortune July 22, 2015 issue

(Net sales)
Global ranking **334** th (292nd in '14)

(Net income)
Global ranking **208** th (211st in '14)

Evaluation of five performance measures for fiscal 2014, including net sales, net income, and total assets
*FORTUNE Global 500 is a registered trademark of Time Inc. in the United States.

FT Global 500

FT.com June 19, 2015 issue

(Market capitalization)
Global ranking **207** th (243rd in '14)

(9th in Technology Hardware & Equipment sector)

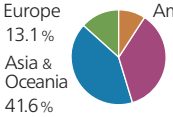
Market capitalization ranking on March 31, 2015 (the number of outstanding shares multiplied by share price)

Top ten U.S. patent holders by company

Rank	Organization	Number of patents
1	IBM	7,355
2	SAMSUNG ELECTRONICS	5,072
3	CANON	4,134
4	QUALCOMM	2,900
5	GOOGLE	2,835

- Canon has been ranked No. 1 in Japan for 11 years running.
- Figures were based on preliminary data released by IFI CLAIMS Patent Services, a U.S. research company specialized in patent information.

Net income (2015)	Employees (2015)	Consolidated subsidiaries (2015)
$1,820 million	189,571	317



Japan

Net sales	$5,903 million
Employees	68,325

Americas

Net sales	$9,458 million
Employees	17,635

Notes: • Net sales and employee numbers are based on consolidated financial statements for the fiscal year ended December 31, 2015.
• U.S. dollar amounts are translated from yen at the rate of JPY 121 = U.S. $1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2015, solely for the convenience of the reader.

(2015)

Rank	Organization	Number of patents
6	TOSHIBA	2,627
7	SONY	2,455
8	LG ELECTRONICS	2,242
9	INTEL	2,048
10	MICROSOFT TECHNOLOGY LICENSING LLC	1,956

• IBM is an abbreviation for International Business Machines Corporation.

Business segments

Sales ratio by business unit (%)

• Sales ratios do not total 100% due to sales between segments of 2.6%.

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