

**Canon**

A NEW WAY

# FORWARD

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ANNUAL REPORT

**2010**

for the year ended December 31, 2010

Canon Marketing Japan Inc.

Canon Marketing Japan Inc. (Canon MJ) is the global Canon Group's independent marketing arm for the Japanese market, and manages nearly all aspects of the sales and marketing of Canon products in Japan. Positioned between Canon Inc. and Japanese customers, Canon MJ supports its parent company's product development by feeding back information about market needs, while supplying consumers with high-quality products that meet those needs. To further add value to customers, Canon MJ is also actively developing a wide range of business solutions in the field of IT.

**KEY FACTS :**

- Near-exclusive right to sell products of the globally trusted Canon brand in Japan\*
- Canon-branded products make up about 70% of net sales
- No. 1 market share for digital SLR cameras, digital compact cameras and ink-jet printers
- 21 subsidiaries, 330 sales offices and nearly 19,000 employees nationwide

\* Excludes semiconductor and LCD lithography systems, which were transferred to Canon Inc. in January 2010.



# NEW THINKING, NEW OPPORT

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# Supporting creativity in all areas of life, work and society

is a key part of Canon MJ's mission. We do this by carefully listening to customers and supplying solutions that precisely meet their needs.

Our strengths are distinct: the near-exclusive right to sell Canon products in Japan, top market shares in strategic product areas, a powerful nationwide sales network, in-depth market intelligence, and truly excellent service that fosters long-term customer relationships.

Before the global recession, these strengths let us set records in net sales and net income for five years straight. Now, with the world economy back on the growth path, we see new ways for us to use our strengths and capture opportunities for growth.

To do this, we need to think bigger. We must build a nimbler Canon MJ not only focused on marketing innovation, but also business innovation—that seeks out new paths for long-term growth through new business models and new ways to meet customers' ever more sophisticated needs.

# UNITIES

This annual report is about how we are meeting that challenge. 

## BUSINESS AREAS

### DOCUMENT BUSINESS

- Business-use multifunctional products
- Laser printers
- Commercial printing systems
- Maintenance services
- Large-sized ink-jet printers
- Projectors and other products

### CONSUMER EQUIPMENT

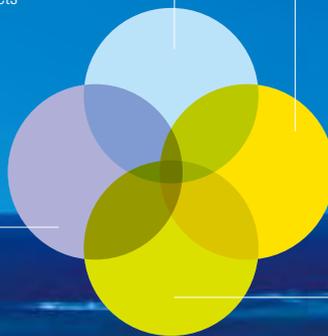
- Compact digital cameras
- Digital single-lens reflex cameras
- Digital video cameras
- Ink-jet printers
- Compact photo printers
- Calculators and other products

### IT SOLUTIONS

- System integration services
- Embedded software
- Solutions
- Infrastructure and outsourcing
- IT products

### INDUSTRIAL EQUIPMENT

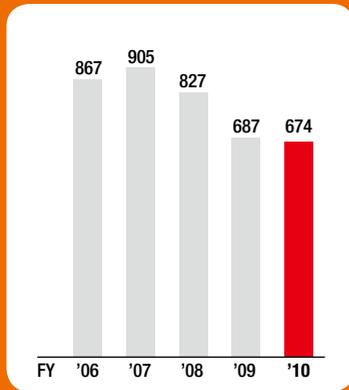
- Industrial equipment
- Medical equipment
- Broadcasting lenses



# PERFORMANCE SUMMARY

## NET SALES

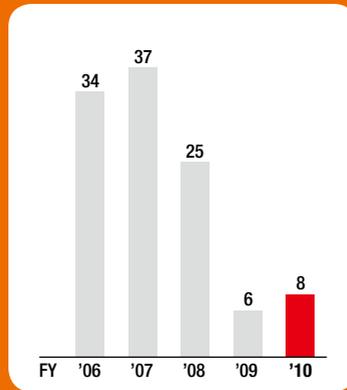
(Billions of yen)



Net sales were 2% lower year on year. One of the reasons for the lower result was the transfer of the semiconductor and LCD lithography systems business to Canon Inc. in January 2010, which reduced revenues by approximately ¥15 billion.

## OPERATING INCOME

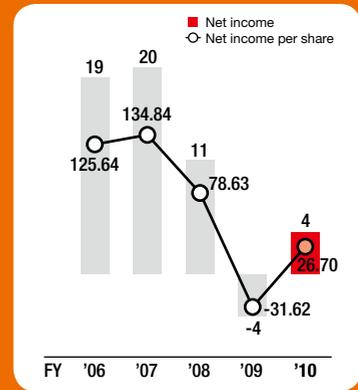
(Billions of yen)



Operating income increased by 23% year on year. One reason behind this increase was a year-on-year reduction of SG&A expenses, including service-related guarantee expenses, labor costs and depreciation, by approximately ¥8 billion.

## NET INCOME AND NET INCOME PER SHARE (Note 2)

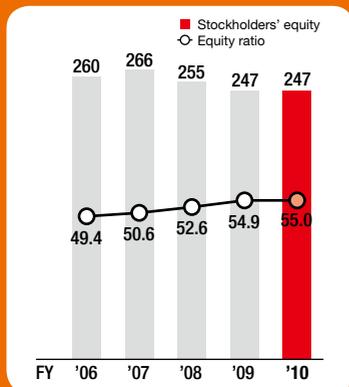
(Billions of yen)



Net income recovered by ¥8.1 billion year on year and returned to positive figures. The results for fiscal 2010 did not include impairment losses, which were approximately ¥11 billion in the previous year. Net income per share recovered by ¥58.32 from the previous year's figure to ¥26.70.

## STOCKHOLDERS' EQUITY AND EQUITY RATIO

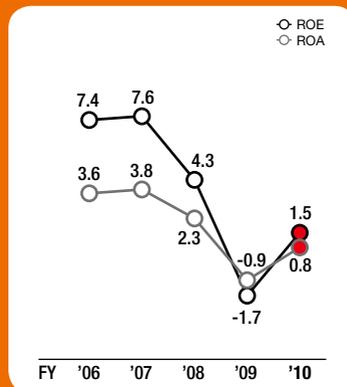
(Billions of yen/%)



Stockholders' equity ratio improved by 0.1 points year on year, while we continued to maintain the virtually debt-free position we have held since 2004.

## ROE AND ROA

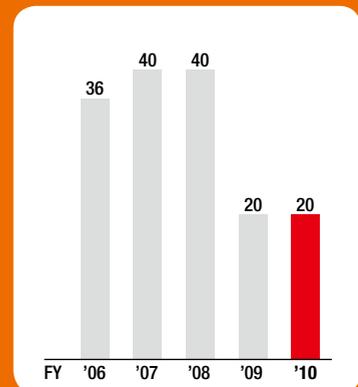
(%)



ROE recovered by 3.2 points over the previous year's level.

## CASH DIVIDENDS (Note 3)

(Yen)



Valuing the maintenance of stable stockholder distributions, the dividend for fiscal 2010 was ¥20 per share.

### NOTES:

1. The figures have been presented in U.S. dollars by translating all Japanese yen amounts at ¥81 to U.S.\$1, the prevailing exchange rate as of December 31, 2010.
2. Net income per share is based on the weighted average number of shares of common stock outstanding during the respective fiscal years.
3. Cash dividends per share are the amounts applicable to the respective fiscal years, including dividends to be paid after the end of the year.

## TO OUR STAKEHOLDERS

# Pursuing a New Vision for Canon Marketing Japan

Dear stakeholders, it is our pleasure to report to you that the Canon MJ Group is now moving decisively toward a future of renewed growth.

In fiscal 2009 (ended December 31, 2009) economic stagnation in Japan pushed our results into negative figures. However, in our annual report for last year, we promised a return to positive net income in fiscal 2010. We are pleased to tell you that we achieved this target despite the persistently harsh economic environment.

Building on this success, in January 2011, we adopted and announced Phase II of our Long-Term Management Objectives for the period fiscal 2011–2015, as well as a new three-year management plan for the period fiscal 2011–2013 under which we will move toward realizing the long-term goals. The Long-Term Management Objectives Phase II follows the same direction of business diversification, technological innovation and drastic market share expansion as that outlined for the entire Canon Group under Phase IV of the Excellent Global Corporation Plan.

This is our ambition, our challenge. To achieve it, we will over five years steadily focus investment into reinforcing our income base, creating new businesses and expanding service activities in all segments. This dynamic strategy will not only put us firmly back on the growth track; leveraging the potential of our IT solutions, we also aim to transform the Canon MJ Group into a group of service creation companies that continuously provides original IT-based solutions with high added value.

Before closing, we wish to express our deepest sympathies to those affected by the Great East Japan Earthquake, which occurred on March 11, 2011. We would also like to reassure our stockholders that, although we are likely to see a short-term market downturn, this event does not affect our strategic direction or our commitment to business innovation.

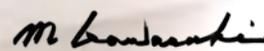
We look forward to the continuing support of all stakeholders.

*“We promised a return to positive net income in fiscal 2010. We are pleased to tell you that we achieved this target despite the persistently harsh economic environment.”*

Chairman **Haruo Murase**



President **Masami Kawasaki**



## PRESIDENT'S MESSAGE

**IN FISCAL 2010, THE JAPANESE ECONOMY SHOWED SIGNS OF RECOVERY, ALTHOUGH DEFLATION PERSISTED. IN THIS ENVIRONMENT, CANON MJ ACHIEVED CONSOLIDATED NET INCOME OF ¥3.7 BILLION.**

Compared with the previous year, we saw signs that investment in office equipment and IT-related products was recovering in the corporate market, especially among small and medium-sized enterprises, our core market segment. However, other areas, such as system integration (SI) services, continued to be affected by reduced or postponed investment in IT systems. In consumer markets, there was strong demand for digital SLR cameras, compact digital cameras and interchangeable lenses, which are key products for Canon MJ. However, continuing deflation and escalating competition eroded prices significantly, and conditions remained challenging overall. We expect them to remain difficult for some time.

Consolidated net sales fell marginally to ¥674 billion (US\$8,323 million). One key reason was the transfer to Canon Inc. of the semiconductor and LCD lithography systems business, which in the previous year contributed ¥14.6 billion to sales, in January 2010. However, decisive cost-cutting as well as healthy trends for key products in the Consumer Equipment segment helped to lift consolidated operating income by 22.8% year on year to ¥7.7 billion (US\$96 million), while consolidated net income recovered from the previous year's loss to a positive ¥3.7 billion (US\$46 million).

## FROM MARKETING INNOVATION TO BUSINESS INNOVATION

➔ Capturing new opportunities in a new market environment requires new thinking. While leveraging all of our strengths in marketing, we are expanding the scope of Canon MJ's activities beyond our traditional activities into new business models with excellent growth potential.



# ATION

## **GOING FORWARD, OUR FOREMOST PRIORITY IS TO CONTINUE TO MEET CUSTOMERS' NEEDS THROUGH INNOVATIVE PRODUCTS AND EXCELLENT SERVICE.**

I am convinced that we have entered an era in which users will demand higher added value than ever before. In fiscal 2010, we recorded substantially higher sales of the imageRUNNER ADVANCE Series of business-use multifunctional products (MFPs). The first products in this series were announced in September 2009, and we completed the line-up with a compact series in October 2010.

Besides networking and security functions, imageRUNNER ADVANCE products are superbly designed for easy integration with corporate IT systems and office document operations. I believe they have gained customers' favor because of the added value that they provide.

In the digital camera market, in which we are No. 1, income remained steady despite fierce competition. I attribute this to several factors, including the enhanced video capabilities of digital SLR cameras and the development of multifunctional compact digital cameras, as well as our own efforts to reflect customer input in product marketing, detailed product manuals, prompt maintenance and product recovery systems.

In an environment this challenging, it is essential that we in this way stay true to our Customer Focus philosophy and provide enhanced added value.

## **UNDER LONG-TERM MANAGEMENT OBJECTIVES PHASE II, WE WILL TRANSFORM OUR ORGANIZATION BY FOCUSING BEYOND CANON, BEYOND JAPAN.**

In January 2011, we adopted our Long-Term Management Objectives Phase II. Running from fiscal 2011 through fiscal 2015, it is a dynamic growth strategy targeting consolidated net sales of at least ¥850 billion, operating income of ¥42.5 billion with a margin of 5%, and net income per share of at least ¥185 by fiscal 2015.

At the heart of the plan are four priority strategies:

- Expand the market shares of Canon products
- Diversify business
- Evolve into a service company
- Further group management innovation

Canon products that are already No. 1 in their markets will be central to our efforts to expand market shares. Also, by expanding our non-Canon product line-up, we will branch out into new areas including sales of production-grade printing solutions, Mixed Reality (MR), which includes computer-aided design (CAD) imaging solutions, and medical and industrial equipment. This diversification is key to raising net sales. Focusing particularly on the IT solutions business, we will also expand service activities across all segments so as to increase their contribution to net sales from 38% in fiscal 2010 to at least 45% by fiscal 2015.

Our vision is to transform the Canon MJ Group into a group of service creation companies that, alongside expanded maintenance and service, continually supplies original solutions with high added value based on IT. We also aim to develop overseas business activities, especially in IT solutions. The words we use to express these goals are "Beyond Canon, Beyond Japan."

# PRESIDENT'S MESSAGE

## AN OVERVIEW OF THE NEW THREE-YEAR MANAGEMENT PLAN (FROM 2011 TO 2013)

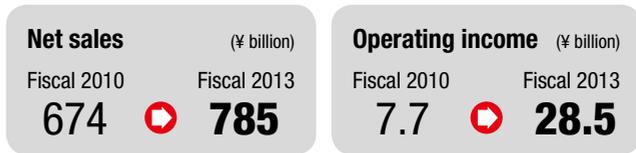
### Basic Strategies and Targets

To evolve into a service creation group, we must across all segments integrate strong product value with our ability to offer unique solutions. To this end, the new three-year plan follows these basic strategies:

- Strengthen collaboration with the global Canon Group and enhance our own solutions capabilities so as to achieve overwhelming leadership for Canon products, and establish them as No. 1 in market shares.
- Use the core competencies of the Canon Group and Canon MJ Group to create original solutions with high added value.
- Realize the “Beyond Canon, Beyond Japan” concept through the evolution of the Canon MJ Group toward new business domains and business models.

The fiscal 2013 targets are net sales of ¥785 billion and operating income of ¥28.5 billion (consolidated). Expanding our IT operations is central, and to improve strategic coordination we have established a dedicated holding company, Canon MJ IT Group Holdings, and created a clearer segment structure. As of January 1, 2011, IT Solutions is a separate segment, alongside Business Solutions, Consumer Imaging and Industrial Equipment.\*

\* This spread reflects the new structure. Please note that the Business Review and Outlook section and the financial notes, which focus on fiscal 2010, use the old segmentation in which the IT solutions business was part of the Business Solutions segment.



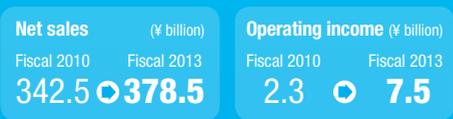
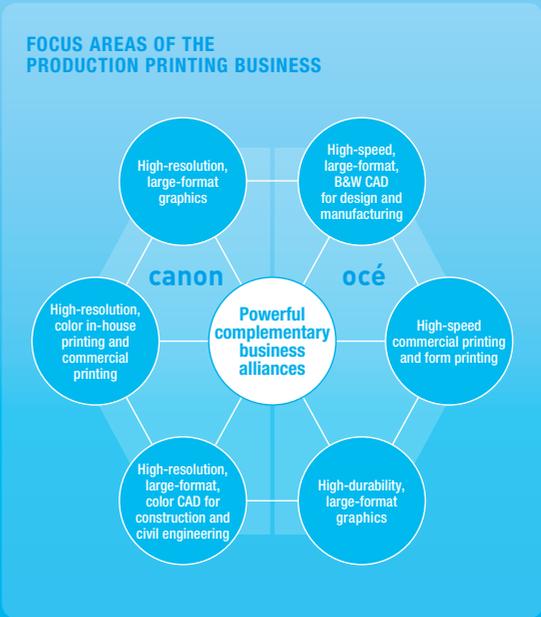
# 1 BUSINESS SOLUTIONS

We continue to reinforce this core business, especially by rebuilding the income structure.

In the document business, we are rebuilding the income structure. We aim to increase the number of office MFPs in use, and raise our market share to 22% by fiscal 2013. Enhancing customer support is crucial. We will do this via a dedicated BC sales division for medium-sized and large corporations, and stronger partnerships with smaller businesses.

In maintenance services, we aim to boost profitability by cutting costs, raising subscription rates and gradually shifting 15% of MFP support engineers to system maintenance. We will also create stock-type businesses, such as IT services for small and medium-sized offices and managed document services.

In the production printing business, we are building a powerful alliance with Océ, a Canon Group member, and promoting packages of Canon and Océ products, targeting sales of ¥50 billion by fiscal 2013.



## 2 IT SOLUTIONS

We are moving to build this business into a growth driver for the Canon MJ Group.

Boosting earnings of existing IT businesses is key. In system integration (SI) services, we are targeting more large-size contracts and improved revenue management. For embedded software, we are targeting inclusion into more Canon products as well as automobiles. In our solutions business, we will boost sales in areas of strengths, such as security.

We will also launch new businesses. These include the MR business, under which we will propose CAD imaging solutions to corporate customers, as well as new stock-type businesses such as outsourcing of data center facilities and system operation, BPO\* and cloud services.

We will also work with the Canon Group to develop solutions for the global market, to be provided to Canon Group sites overseas and to Japanese companies in Asian markets.

\* BPO: Business process outsourcing

**Net sales** (¥ billion)  
Fiscal 2010 Fiscal 2013  
**133.3** ○ **153.0**

**Operating income** (¥ billion)  
Fiscal 2010 Fiscal 2013  
**-3.7** ○ **6.5**

## 3 CONSUMER IMAGING

We will strengthen our No. 1 position while branching out into new business areas.

For consumer imaging products, we are resolutely pushing a "total No. 1 strategy" aimed at ensuring that Canon-branded products are No. 1 in terms of market shares, customer satisfaction and brand status by fiscal 2013. We will also move rapidly to launch new businesses, including an online imaging portal site, where users can upload and share photos.



**Net sales** (¥ billion)  
Fiscal 2010 Fiscal 2013  
**213.8** ○ **231.5**

**Operating income** (¥ billion)  
Fiscal 2010 Fiscal 2013  
**9.8** ○ **11.5**

## 4 INDUSTRIAL EQUIPMENT

We aim to restore profitability in this segment through a three-pronged growth strategy.

First, in the industrial equipment business, we will focus on reinforcing the inspection and measurement business. We will target both semiconductor and non-semiconductor fields, the latter including MEMS\*, photovoltaic cells, LED devices and organic EL displays.

Second, we will aggressively expand the medical equipment business by strengthening marketing of Canon products and imported products, and by launching medical information solutions.

Third, we will build on our No. 1 market share for broadcast TV lenses and launch a broadcasting and imaging solutions business, focusing specifically on imaging solutions for disaster prevention and security applications.

\* MEMS: Microelectromechanical systems, meaning very small electrically powered mechanical devices.

**Net sales** (¥ billion)  
Fiscal 2010 Fiscal 2013  
**13.4** ○ **50.0**

**Operating income** (¥ billion)  
Fiscal 2010 Fiscal 2013  
**-0.2** ○ **3.0**

## 5 INVESTING FOR GROWTH

The new three-year management plan will be backed by aggressive investment for the long term.

To achieve the targets of the Long-Term Management Objectives Phase II and put Canon MJ on a sustained growth path, we intend to invest a cumulative ¥100 billion during the period between fiscal 2011 and fiscal 2013. This investment will include M&A, especially in the areas of data centers, as well as cloud IT infrastructure and new categories.

	(¥ billion)	
	2008-2010 cumulative (Actual)	2011-2013 cumulative (Plan)
Sales cash flow	94.4	82
Investment cash flow	67.8	<b>100</b>
Free cash flow	26.6	-18

# PRESIDENT'S MESSAGE

## MISSION

To provide optimal value through marketing innovation that enhances security and peace of mind and supports creativity in all areas of life, work and society.

## VISION

To be a group of service creation companies that practices the principle of customer focus with a global perspective.



### **WE WILL STEADILY IMPROVE OUR CORPORATE VALUE THROUGH SUSTAINABLE GROWTH AND CUSTOMER SERVICE EXCELLENCE.**

The strength of Canon products and the capacity of the Canon MJ Group to offer solutions will be the core drivers of our evolution into a service creation group capable of continually providing original added value in the global business arena.

“Value” is the keyword here. We are proud that many of the products that we market are No. 1 in their respective markets. But I would like to emphasize that we judge value not just according to the number of products that are No. 1 in terms of market share, but from a comprehensive perspective that includes customer satisfaction, brand strength and competitiveness in the market.

I view corporate value in the same way. A company needs to earn reasonable profits and maintain continuous growth. Also extremely important, however, is a company’s ability to base its activities on a global perspective as a member of society and the global community, and actively respond to the expectations of all stakeholders.

*“We believe that real growth in corporate value comes not only from effective strategies, but also from sound governance and fulfillment of stakeholders’ expectations.”*



*“The strength of Canon products and the capacity of the Canon MJ Group to offer solutions will be the core drivers of our evolution into a service creation group.”*

I believe that real growth in corporate value comes not only from effective business strategies, but also from good corporate governance and a sense among stakeholders that the organization fulfills its wider responsibilities.

Meeting stakeholders' expectations is not only the right thing to do, it also makes business sense as it builds trust in our corporate brand and fosters close communication that lets us improve products and services.

Going forward, we will focus our energies on the reinforcement of the Canon and Canon MJ brands and the provision of stable returns to our stockholders, with a targeted consolidated payout ratio of 30%. But we will also keep in mind the central tenet of our corporate mission, that we “support creativity in all areas of life, work and society.”

We will also keep our minds sharply focused on one particular keyword in our corporate vision—a word that is the foundation for everything that we do at Canon MJ, that drives the growth strategies that we undertake, that enables us to build strong, long-lasting customer relationships.

That word is “service.” Truly excellent customer service.

We look forward to your continuing strong support as we move toward our goals.

President **Masami Kawasaki**

A handwritten signature in black ink that reads "M. Kawasaki". The signature is stylized and cursive.

## SPECIAL FEATURE: STRENGTHENING IT SOLUTIONS

# CREATING A NEW DRIVER OF FUTURE GROWTH

Strengthening the IT solutions business is a central part of the new Three-Year Management Plan. Under the watchwords Synergy and Speed, we aim to build this segment into a new growth driver for the Canon MJ Group.

### CANON MJ IT GROUP HOLDINGS— A STRATEGIC COMPANY

In April 2010, the Canon MJ Group established Canon MJ IT Group Holdings as a holding company for IT-related group companies. Its role will be to develop the IT solutions business, which was made a separate segment from fiscal 2011.

The Canon MJ IT Group consists of 12 consolidated subsidiaries affiliated to Canon MJ IT Group Holdings. These companies, which employ approximately 6,000 people, are expanding globally from Japan into the United States, China, Vietnam and other countries.



### A HIGHLY COMPETITIVE BUSINESS STRUCTURE

Canon MJ IT Group Holdings' operations span six business areas: System integration (SI) services, embedded software, solutions, IT products, infrastructure and outsourcing. Its mission is to provide high-added-value solutions by combining the capabilities of three corporate groups: Canon IT Solutions Inc., which has extensive expertise as an IT service provider; Canon Software Inc., which has advanced development and technological resources, especially in the field of embedded software for Canon products, and Edifist Learning Inc., a provider of human resource development and corporate IT training services.

The synergies gained through this restructuring will accelerate our ability to provide total services encompassing applications development, information security and other areas. It will also optimize the structure of the IT Solutions segment, by improving management efficiency and decision-making speed.



## STRENGTHENING DATA CENTER OPERATIONS

Through our data centers in Tokyo and Okinawa, we provide outsourcing services that include 24/365 maintenance and administration of customers' systems based in those facilities. We also offer Internet-based cloud services that enable use of software, servers and various other computer resources. In recent years, as more and more customers have actively shifted IT assets out of their balance sheets, we have seen a rapid increase in the use of our services, especially our data centers. To fully meet this demand, we are currently building a new data center in Tokyo. We are investing approximately ¥15 billion in this advanced facility, which will be completed in the fall of 2012.

The new data center will enable us to enhance the quality of our operational systems, infrastructure operations and facility management, especially in the areas of cloud services and system administration. This will lead to further service expansion, including the development of systems for small and medium-sized companies.

### Canon MJ's Advanced New Data Center

To be completed:	July 2012
Location:	Nishitokyo-shi, Tokyo
Floorspace:	17,000m <sup>2</sup>
Server room floorspace:	5,480m <sup>2</sup>
Number of racks:	2,310
Investment:	Approx. ¥15 billion



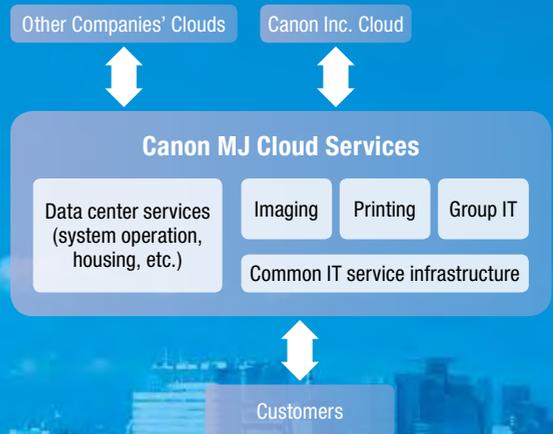
## ENHANCING CLOUD SERVICES

In October 2010, we established the Cloud Business Center within Canon IT Solutions as our core organization for the development and expansion of the cloud business. The main tasks of the new center are to formulate cloud business strategies and business models, create common infrastructure for IT services, and strengthen and upskill business implementation organizations.

With the new center, we are now able to provide a comprehensive range of services, including consulting at all stages from studies on the introduction of new technology to the operational phase, the creation of private clouds, linkage with public clouds, line provision, the creation of networks inside clients' facilities, hardware supply and maintenance support.

We will provide cloud services in the three areas of imaging, printing and group IT, using Canon's advanced imaging and printing technology, as well as know-how that we ourselves have gained by migrating the Canon MJ Group's IT systems into a cloud environment. We will progressively launch new services based on our uniform group-wide IT service infrastructure, which became operational in January 2011. In fiscal 2013, we plan to offer this infrastructure as a PaaS solution to outside SaaS vendors.

There is also considerable potential for expansion overseas. Cloud technology will allow us to meet the needs of global enterprises that want to introduce uniform systems for all business sites. In this respect, this business plays an important role in advancing the "Beyond Japan, Beyond Canon" strategy.



1 PaaS: Platform-as-a-Service  
2 SaaS: Soft-as-a-Software

# SPECIAL FEATURE: STRENGTHENING IT SOLUTIONS

## CASE STUDIES

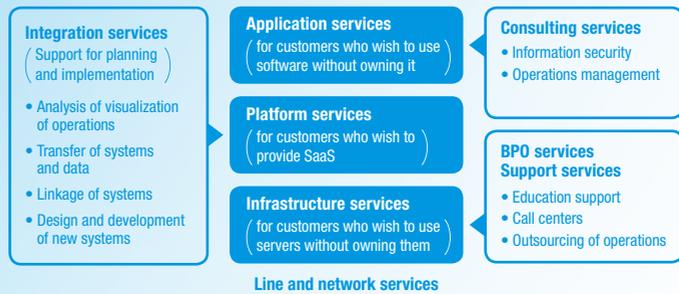
Canon MJ's IT expertise enables advanced services with excellent growth potential. The case studies below are examples of how our IT solutions benefit customers.

### 1 Cloud services with enhanced added value

Cloud services use virtualization technology to offer a wide variety of solution services simultaneously. Another feature is the ease with which clouds can be interconnected. It is possible to link public clouds, which are used by large numbers of general users, and private clouds, which are available only within specific organizations. For example, a private cloud consisting of Canon printing solutions can be linked with public clouds such as Salesforce and Amazon. To the user, these multiple services are available via a single screen.

The cloud-based approach is suitable for practically all of our IT solutions. To ensure that our cloud services offer genuine added value, we will, as shown above, provide a comprehensive range of services that offers a high degree of flexibility. Applying our Customer Focus philosophy to the cloud business is key to realizing our vision for cloud services.

#### The Canon MJ Group's Vision for Cloud Services

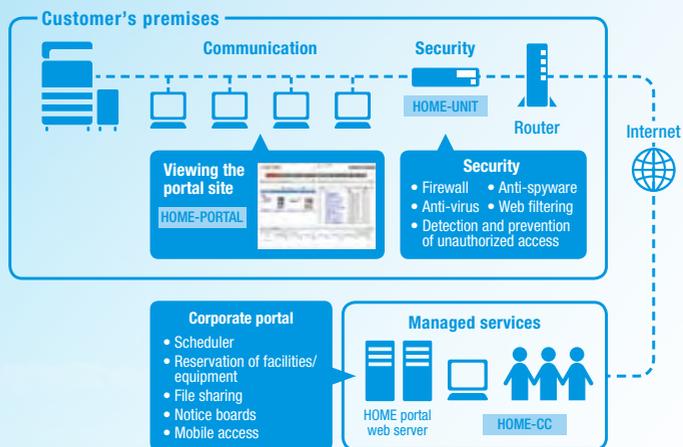


### 2 HOME IT support and cloud services for smaller offices

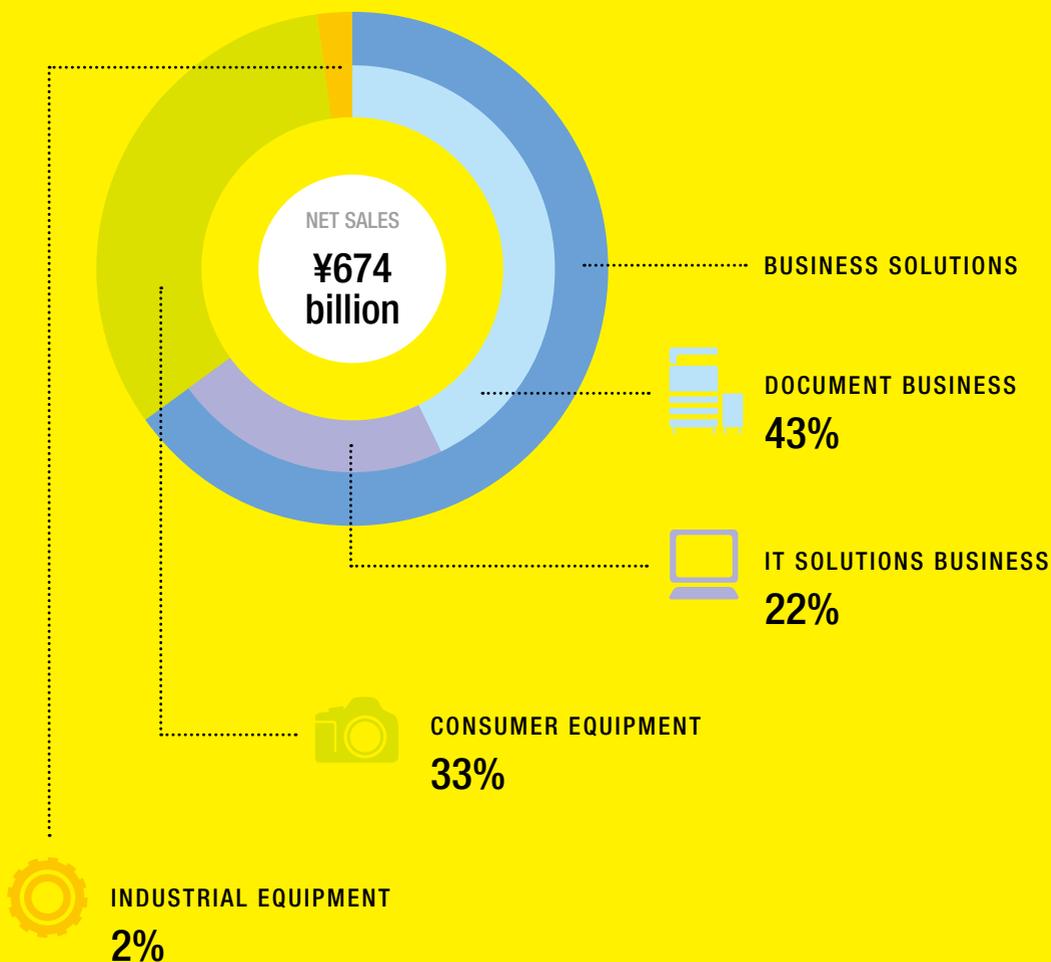
There is strong demand from small and medium-sized companies for IT solutions that digitize information, and improve operating efficiency and information security. However, many such organizations have no room for full-time IT managers and lack the resources to support the implementation of IT tools. To meet this need, we are continuously enhancing our HOME IT support service, which we launched in December 2009.

HOME is a one-stop source for support services, including network security, groupware and IT administration, designed primarily for companies with 30 or fewer employees. Through HOME, we provide easy, low-cost access to IT infrastructure, enabling customers to benefit from advanced cloud services for a monthly charge with minimal initial investment and operating costs. We also help offices lacking IT managers to develop their support systems, including through remote tool support and call centers.

#### The HOME Concept



# BUSINESS REVIEW AND OUTLOOK



## ENHANCING EFFICIENCY AND FOCUS

In fiscal 2010, Canon MJ worked ceaselessly to make each business segment as competitive as possible in preparation for a strategic restructuring of the earnings base into four distinct segments in fiscal 2011.

Note: As of January 1, 2011 the new segments are: Business Solutions, IT Solutions, Consumer Imaging and Industrial Equipment. Please note that the Business Review and Outlook section and financial notes follow the old segment structure as these sections mainly focus on fiscal 2010.

# BUSINESS REVIEW AND OUTLOOK



## BUSINESS SOLUTIONS DOCUMENT BUSINESS

- ➔ Efforts to build a new income structure will center on expanding our share of the multifunctional product (MFP) market, and on improving the earning capacity of maintenance services.
- ➔ We will expand our production printing business, which includes not only Canon products but also commercial printers manufactured by Océ, a Canon Group member.

### NET SALES

(Millions of yen)	
2009	438,738
2010	440,732

### OPERATING INCOME

(Millions of yen)	
2009	(3,021)
2010	(867)

Note: The above figures include sales and operating income for the IT solutions business.

## PERFORMANCE

In fiscal 2010, the Japanese market for office equipment benefited from a recovery trend in corporate capital investment, and shipments of business-use MFPs and laser printers appear to have exceeded the previous year's level. There were double-figure increases in the quantities of MFPs and laser printers sold by Canon MJ, and sales of toner cartridges were also higher.

Despite a recovery in office printing demand, sales of maintenance services were below the previous year's level because of reductions in unit prices.

Total net sales in the Business Solutions segment amounted to ¥441 billion (US\$5441 million). There was also an operating loss of ¥867 million (US\$11 million) due to sluggish performance in the areas of system integration services and IT products within the IT solutions business.

## MAJOR TRENDS

### Office MFPs

We recorded growth in sales of our flagship color MFP range, the imageRUNNER ADVANCE series. We achieved this by offering users new solutions, including efficiency improvements and the ability to link into IT systems. In October, we further strengthened the product line-up with the imageRUNNER ADVANCE C2000 series, a compact model range designed for small and medium-sized offices. We aim to expand our market share from 17% in fiscal 2010 to 22% in fiscal 2013.

### Laser printers

There was growth in sales of both color and monochrome printers, especially the Satera Series. Sales of toner cartridges also expanded steadily. We are determined to maintain the biggest share of the laser printer market.

## PRODUCT HIGHLIGHTS



### imagePRESS C7010VP

This printer combines all of Canon's unique digital photography technology to create high-quality, high-resolution output for all needs, from commercial printing to corporate in-house publishing.



### imageRUNNER ADVANCE C2030F

The most compact, space-saving color system yet produced, this model features a highly intuitive user interface and a variety of personalization options.



### Satera LBP8630

Capable of printing 37 pages a minute, this environment-friendly A3 monochrome laser printer is ideal for smaller offices.

### Large-format ink-jet printers

Sales were substantially higher, thanks to our efforts to build new markets in such areas as CAD and poster production. Though sales are still small, we will continue to expand this product category as rapidly as possible.

### Expansion of production printing business

We worked to expand sales of high-speed printers manufactured by Océ, which complement our own product range. We aim to expand sales from the production printing business to around ¥50 billion by 2013.

### Office MFP maintenance services

Sales of maintenance services were lower year on year because of a continuing decline in unit prices. We will continue to reduce costs while also expanding new stock-type businesses, such as remote IT-based monitoring systems.

“ We shifted to an aggressive stance in fiscal 2010, and our sales of hardware in particular were substantially higher than in the previous year. There was also growing evidence of a recovery in sales of maintenance services. As a positive and highly skilled team, we will work with all the resources of our Group and our business partners to make fiscal 2011 the first year of our recovery phase. ”

### KOJI ASHIZAWA

Director, Executive Vice President



# BUSINESS REVIEW AND OUTLOOK



## BUSINESS SOLUTIONS IT SOLUTIONS BUSINESS

- ➡ We will work to improve earnings from system integration (SI) services and other existing businesses in this segment.
- ➡ We will create new businesses, including a Mixed Reality (MR) business that includes CAD imaging solutions for corporations.
- ➡ We will also expand stock-type IT service businesses, including data center and cloud services.

On January 1, 2011, the IT solutions business became an independent segment called IT Solutions, as part of a concerted strategy to build this business area into a growth driver for the Canon MJ Group.

Performance figures for fiscal 2010 are shown on page 14. To learn more about how we are strengthening this business area, please see the special feature on page 10.

## PERFORMANCE

In the Japanese market for IT solutions, investment in computers and other hardware returned to a positive trend, but corporate customers continued to reduce or postpone IT investment, and demand for SI services appears to have remained slow. In this environment, we were able to expand sales in the areas of security and engineering solutions, and also in the infrastructure and outsourcing category, especially infrastructure development services.

However, both sales and income were disappointing in the key area of SI services. This reflects unprofitable projects and pressure from customers to reduce costs. Sales of IT products were also lower year on year.

## MAJOR TRENDS

### SI services and other existing businesses

Our priority is profitability, and our efforts focus on expanding our portfolio of prime projects. We are also working to reduce development costs. In the solutions business area, we are expanding our involvement in CAD solutions through the MR business, as well as in security and the development of embedded products for Canon products.

### Stock-based IT services

We will build outsourcing, operations and maintenance services into a second core business area alongside our existing activities. Specifically, we will strengthen our data center services, expand our systems operations services, and commence full-scale development of cloud services. As part of our efforts to strengthen data center services, we will invest approximately ¥15 billion in a fourth data center, to be completed in the fall of 2012. In January 2011, we also

## PRODUCT HIGHLIGHTS

### YouYan Series

In the Chinese market, we provide software solutions optimized for Japanese-owned companies and Chinese companies in the three areas of document management, production management and warehouse management.

友研 文件仓库  
友研 生产管理  
友研 仓库管理



established a new specialized cloud organization of 100 people. Our goal is to build this into a ¥45 billion business by 2013.

### Creating new businesses

There are also plans for other new activities, including a business linked to sales of CAD software to customers' design and development departments. We will also be active in the provision of IT services to the overseas business sites of Japanese companies, including Canon Group companies.

Canon MJ has long supported the domestic activities of Japanese companies through innovative IT solutions, and we are confident that we will be highly competitive even outside of Japan.

“ A year has passed since the business restructuring that resulted in the establishment of Canon MJ IT Group Holdings Inc. on April 1, 2010. Trends in IT investment by customers still present significant challenges. However, we are preparing for the cloud computing era through strategies centering on service model evolution and globalization. ”

### KAZUNORI ASADA

President, Canon MJ IT Group Holdings Inc.





## CONSUMER EQUIPMENT

- ➔ We will maintain and strengthen Canon's position as No. 1 in terms of market share, customer satisfaction and brand power in the areas of digital SLR cameras, digital compact cameras and home-use ink-jet printers.
- ➔ We will move quickly to create new businesses, including an imaging portal site business.

### NET SALES

(Millions of yen)	
2009	222,227
2010	219,781

### OPERATING INCOME

(Millions of yen)	
2009	10,428
2010	9,184

## PERFORMANCE

In the Japanese digital camera market, fiscal 2010 shipments of both digital SLR cameras and compact digital cameras appear to have exceeded the previous year's levels. Our sales of digital SLR cameras followed a healthy trend, increasing by 16% in volume terms. However, sales of compact digital cameras were sharply lower year on year in both volume and value terms due to a steep downward trend in unit prices. In contrast, we recorded strong sales of digital video cameras and home-use ink-jet printers.

Net sales in the Consumer Equipment segment were slightly lower than the previous year's figure at ¥220 billion (US\$2,713 million). Operating income was 11.9% lower year on year at ¥9.2 billion (US\$113 million).

## MAJOR TRENDS

### Digital SLR cameras

The EOS Kiss X4, with improved full hi-vision video capabilities, maintained its position as the top model of the year. Canon also achieved the biggest market share of any manufacturer. In addition, sales of interchangeable lenses set a new record in volume terms. We are determined to maintain our top market share in this area.

### Compact digital cameras

Prices continued to fall, and the product line-up weighted increasingly toward low-priced models. Canon maintained its position as the leading manufacturer in terms of market share by introducing a number of cutting-edge new models, including the IXY 10S with its touch-panel LCD monitor, and the IXY 30S and IXY 50S, which produce beautiful pictures even in low-light conditions. However, sales were below the previous year's level.

## PRODUCT HIGHLIGHTS



### EOS Kiss X4

This entry-level digital SLR camera is equipped with a high-definition CMOS sensor capable of approximately 18 megapixel resolution. Alongside enhanced ISO sensitivity, this camera also supports full Hi-Vision video recording.



### IXY 10S

For enhanced ease of use, all buttons on the rear of the camera have been replaced with a 3.5-inch touchscreen. The camera also features a 14.1 megapixel, high-resolution CCD and a wide-angle 24mm 5x zoom lens.



### PIXUS MG6130

This printer can be linked into a wireless LAN for enhanced wireless printing capabilities. New features include full high-definition printing from videos.

### Digital video cameras

In fiscal 2010, we launched the iVIS HF M31, which has a touch-screen monitor, and the iVIS HF M32, which has increased internal memory capacity. In volume terms, sales were over 60% higher year on year. Canon is currently ranked third in terms of market share, but we will continue our efforts to increase our slice of the market.

### Home-use ink-jet printers

We expanded sales and gained the biggest market share of any manufacturer by introducing new products, including the PIXUS MP640, which was launched in 2009, and the PIXUS MG6130, which went on sale in September 2010 with improvements in both design and usability. We also achieved steady growth in sales of ink-jet cartridges and other consumables by suggesting a wide range of uses for ink-jet printers. We will continue to strengthen Canon's position as the leading name in home-use ink-jet printers.

“ Despite continuing price erosion, especially in the digital camera market, we maintained an operating margin of 4% and gained the biggest market shares in key product categories.

In existing business areas, we aim to be No. 1 in terms of both customer satisfaction and market share. In 2011, we will also focus on establishing new businesses, and on building a new future by using all the resources of our entire organization and optimizing all aspects of our activities. ”

### OSAMU SASAKI

Director, Senior Vice President





## INDUSTRIAL EQUIPMENT

- ➡ We will expand the industrial equipment business with emphasis on imported products.
- ➡ In the medical equipment area, we will expand sales and launch a medical information solutions business.
- ➡ We will create a new broadcasting and imaging solutions business, while maintaining our leading market share for TV broadcast lenses.

### NET SALES

(Millions of yen)	
2009	25,650
2010	13,646

### OPERATING INCOME

(Millions of yen)	
2009	(1,110)
2010	(581)

## PERFORMANCE

Most of our industrial equipment products are imported. Sales of semiconductor-related equipment, optical measuring systems and other products were higher year on year, mainly because of a recovery in semiconductor production.

In the area of medical equipment, we recorded pleasing sales of digital X-ray systems. The full-scale start-up of activities as a distributor of automated external defibrillators also helped to lift sales in this area above the previous year's level. However, sales of broadcast equipment were lower year on year due to a continuing investment slump among broadcasters.

One of the business areas in this segment, namely sales, service and support of semiconductor and LCD substrate lithography systems, was transferred to Canon Inc. on January 1, 2010. In the previous year, this business contributed ¥14.6 billion (US\$180 million) to net sales. As a result, net sales in this segment were halved year on year, but the operating loss was substantially reduced to ¥581 million (US\$7 million).

## MAJOR TRENDS

### Industrial equipment, including imported products

A production recovery in the semiconductor industry and firm trends in capital investment were reflected in a recovery trend in our sales of inspection and measuring equipment, including wafer inspection systems, and precision industrial components. In both semiconductor and non-semiconductor areas, our priority is to expand sales of industrial inspection and measurement equipment for use with products including microelectromechanical systems (MEMS), photovoltaic cells, LED devices and organic EL displays.

### Medical equipment business

Our priority in this category is to expand sales of digital X-ray systems, our core products in this area, and ultrasound and mammography systems. We also plan to expand sales by working with a manufacturer of digital radiography systems, and by introducing new ophthalmological products. Another key

## PRODUCT HIGHLIGHTS



### XDI-70C Wireless

This is Canon's first wireless X-ray imaging device\*. For enhanced usability, data can be transferred wirelessly to a computer.

\* The battery and charger are shown at left.



### HJ15e×8.5B KRSE-V

This 15x zoom lens is the world's first portable HDTV zoom lens with a built-in anti-vibration system.



### MicroXCT-200— Industrial X-Ray CT

Manufactured by Xradia, Inc. of the United States, this system captures internal images from all angles. The computer then reconstitutes these images to produce cross-sectional views.

growth strategy calls for the establishment of a new medical information solutions business that will make extensive use of our IT expertise.

### Broadcasting and imaging solutions

In this area, we are determined to maintain our leading share of the market for TV broadcast lenses. We anticipate a gradual recovery in capital investment by broadcasters. We will also step up our efforts to provide imaging solutions for the disaster prevention and monitoring markets.

“ In fiscal 2010, we struggled back from the all-time lows recorded last year. Every member of our team worked to create new businesses and take advantage of even the smallest opportunity. In fiscal 2011, we are determined to lead the efforts of our corporate group to move back into positive figures by realizing the “Beyond Canon, Beyond Japan” concept. ”

### KUNIO KURIHARA

Vice President



**LINKING**

# **CSR TO OUR BRAND**

The Canon MJ Group closely monitors society's changing needs as a matter of sound marketing. From a business perspective, we use technology and expertise accumulated over many years to help resolve problems confronting customers through products and IT solutions.

We also use our management resources from a non-business perspective to contribute to society. Not only do we have countless points of contact with people and communities; CSR is also an integral part of our Customer Focus philosophy, by which we always strive to see our company from the customers' perspective. This philosophy is shared by all employees, and enables a CSR approach based on the participation of all members of the Group.

By always striving to reduce our environmental load, we not only help to build a sustainable society, we also meet our customers' expectations for a brand that responds to the needs of our times.



## CSR AWARENESS

Our participatory approach to CSR is based on the sharing of the Canon MJ Group's CSR philosophy and values by all employees, and on a commitment to accurate knowledge. Our efforts to foster CSR awareness in our employees are coordinated by the CSR Promotion Division.

## THE "THREE SELFS" SPIRIT

Our "Three Selves" spirit is a code of conduct that dates back to the founding of Canon and is part of our corporate DNA. The code states that employees should take an active approach to every situation (self-motivation), maintain self-control (self-management) and be fully aware of their position, role and situation (self-awareness). The Three Selves spirit is the foundation for our CSR activities.

## UNITED NATIONS GLOBAL COMPACT

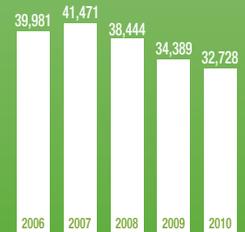
In December 2009, Canon MJ signed the UN Global Compact. Under this initiative, companies commit themselves to universal principles relating to human rights, labor standards, the environment and the prevention of corruption. The underlying principle is that companies should work to solve global problems through responsible corporate activities. By reflecting this principle in our business activities, we will contribute to the realization of a better and more sustainable society.



## CO<sub>2</sub> REDUCTION

CO<sub>2</sub> EMISSIONS (t)

The entire Canon MJ Group is working to reduce CO<sub>2</sub> emissions at its business sites.



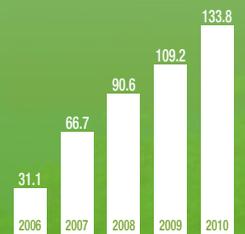
## RECYCLING

USED CARTRIDGES RECOVERED (t)

We have established a variety of recovery systems for cartridges and other consumables.



Note:  
Gross weight of ink and toner cartridges recovered from schools registered with the Bellmark Foundation.



## DONATIONS

DONATED AMOUNT

We have set up various donation methods through which employees can support charitable activities.



2010

¥1,777,843

## SECURITY

NO. OF SPECIALISTS TRAINED

We have made the training of information security specialists a priority.



ISMS\* promotion staff: 1,506

ISMS\* internal auditors: 419

Personal information protection contact persons: 349

\* ISMS: Information security management systems

## COMMITTED TO DOING MORE FOR SOCIETY



President  
**Masami Kawasaki**

By meeting stakeholders' expectations through proactive CSR activities, the Canon MJ Group strives to bring a greater sense of security, peace of mind and fulfillment to life, work and society.

Social needs and values in such areas as environmental protection, compliance and information security are continually changing. Through CSR management, we monitor these changes sensitively and accurately, and reflect them in our business activities as we help our customers to create value. We believe these efforts will bring a greater sense of security, peace of mind and fulfillment to life, work and society.

We have further expanded our commitment to CSR activities. Under our new environmental vision, Future Forest 2015, we have intensified our efforts to reduce CO<sub>2</sub> emissions from our operations and help customers to reduce energy consumption when using our products, at the same time as we also enhance user convenience.

In the area of information security, we must strengthen the infrastructure on which systems are based, as well as raise employee awareness of the importance of information security. We are achieving this by implementing awareness programs linked to compliance activities, and by periodically verifying that appropriate attitudes are being consolidated throughout our group. At the same time, we are helping to create a secure society by providing information security know-how to our customers. We regard this work as a mission that we cannot neglect.

As befits a marketing company, our approach to social contribution is based on a framework encompassing not just Canon MJ, but also our business partners, customers, and non-profit and non-governmental associations. We are actively using this framework to expand our CSR activities. We took an important step forward in December 2009, when we signed the United Nations Global Compact to establish a focused direction for our CSR activities and reaffirm our commitment to a better, safer, more sustainable world.

As a member of the Canon Group, and as a business group with countless points of contact with stakeholders, Canon MJ will continue to base its CSR on its strengths as a marketing company, and on participation by all employees.

# ENVIRONMENTAL MANAGEMENT

We are continually strengthening our environmental management infrastructure by refining the vision and management systems at its heart. This enables us to lessen the environmental load of our operations, as well as that of our customers and society.

## THE FUTURE FOREST 2015 ENVIRONMENTAL VISION

The Future Forest 2015 vision adopted by the Canon MJ Group is based on Canon's Action for Green environmental action plan. In addition to efforts to reduce environmental loads, the Canon MJ Group uses its many contact points with customers in Japan to reduce CO<sub>2</sub> emissions and contribute to society in partnership with communities and customers. In this way, we contribute toward a society that can reconcile prosperity with global environmental protection.

We chose the name "Future Forest" for our environmental vision as it reflects the long-term perspective that guides our efforts, and the fundamental role that forest resources have played in the activities of the Canon MJ Group for many years through its products, including paper used in photographic printing and office automation systems.

## NEW CO<sub>2</sub> REDUCTION TARGET

The Canon MJ Group is committed to helping our corporate customers reduce their CO<sub>2</sub> emissions. Under a special initiative, we use our own CO<sub>2</sub> reduction as a base and set a specific CO<sub>2</sub> amount that we "contribute" toward our customers' CO<sub>2</sub> reductions.

As shown by the chart below, in 2007 we contributed a reduction of 83,895 tons toward our customers' CO<sub>2</sub> reductions. Under Future Forest 2015, we have set a strict target figure of at least 100,000 tons of CO<sub>2</sub>, and at least double the amount of our own CO<sub>2</sub> reductions.

We call this ratio between our own CO<sub>2</sub> emissions and those of our customers the Green Ratio.

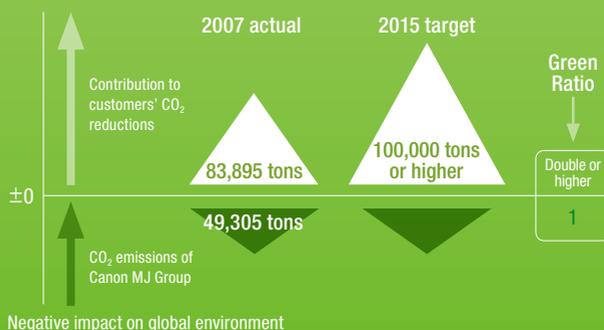
### FUTURE FOREST 2015

Canon's philosophy emphasizes the concept of *kyosei*, or harmonious coexistence. In keeping with this concept, the Canon MJ Group is contributing toward a society that reconciles prosperity with global environmental protection, and that is committed to respecting the Earth's biodiversity and preserving forests and countryside for future generations. We aim to maximize our resource productivity through efficient operations that minimize resource consumption, and work with communities and customers to reduce the environmental loads of the products and IT solutions that we supply.

### NEW TARGET FOR CO<sub>2</sub> REDUCTION

Our contribution to the reduction of CO<sub>2</sub> emissions at customers' business sites will be at least 100,000 tons per year and at least double the level of our own CO<sub>2</sub> emissions.

Positive effect on global environment

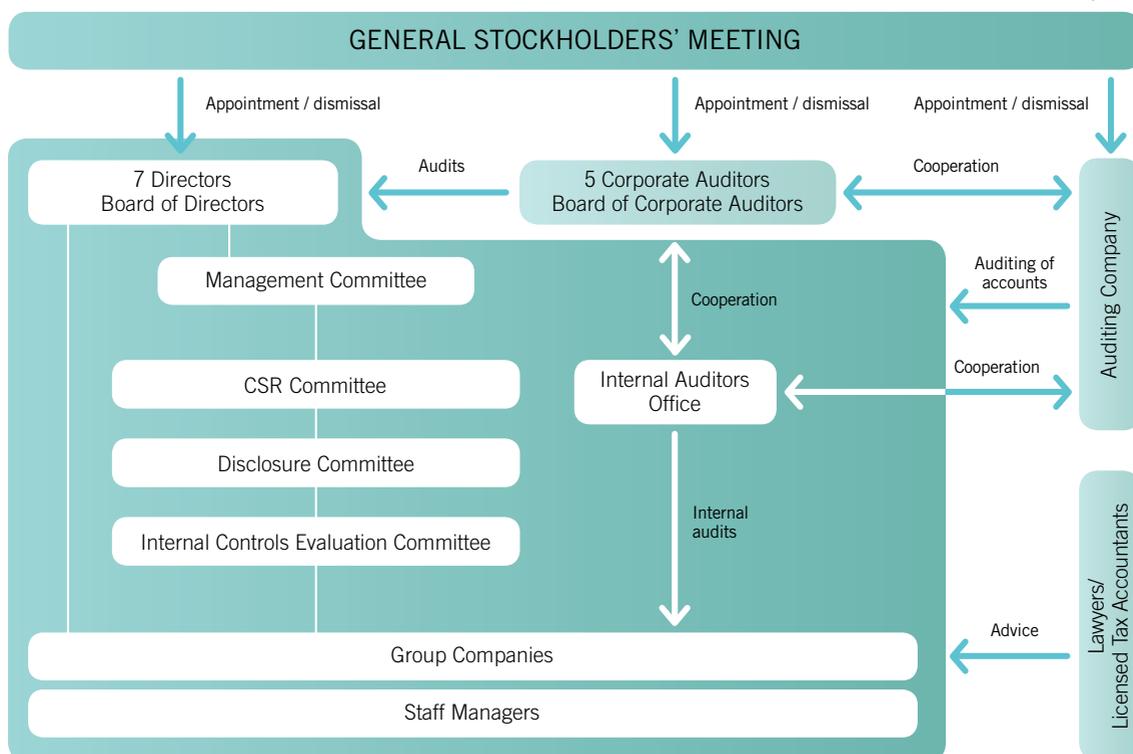


Negative impact on global environment

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE ORGANIZATION

(As of March 29, 2011)



### BASIC STANCE ON CORPORATE GOVERNANCE

We recognize that sustainable growth in corporate value requires ongoing improvement in such areas as management transparency and the monitoring of progress toward management targets. This is reflected in our wide-ranging initiatives to strengthen corporate governance.

### THE CORPORATE GOVERNANCE STRUCTURE

In addition to the Board of Directors and the Board of Corporate Auditors, our corporate governance structure also includes an internal auditing system. We have also established a range of committees, including the CSR Committee, the Disclosure Committee and the Internal Controls Evaluation Committee, to implement policies across the entire organization.

### BOARD OF DIRECTORS

There are now seven directors, including one outside director. By limiting the term of office for directors to one year, we have created a management structure capable of adapting quickly to changes in the business environment. Important decisions are made by the Board of Directors, which normally meets once a month, and at Management Committee meetings attended by the directors of Canon MJ and the presidents of key subsidiaries.

On March 29, 2011, we introduced an executive officer system. The purpose of the new system is to speed up management decision-making in the Canon MJ Group by separating management decision-making from executive functions and reducing the number of directors. It also clarifies responsibility for the performance of business operations and strengthens executive systems.

## BOARD OF DIRECTORS AND CORPORATE AUDITORS

BOARD OF DIRECTORS	 Chairman <b>Haruo Murase</b>	 President <b>Masami Kawasaki</b>	 Director <b>Koji Ashizawa</b>	 Director <b>Osamu Sasaki</b>	 Director <b>Yo Shibasaki</b>
	 Director <b>Masahiro Sakata</b>	 Outside Director <b>Ikuo Soma</b>			
BOARD OF CORPORATE AUDITORS	 Corporate Auditor <b>Taiji Miyazaki</b>	 Corporate Auditor <b>Tetsuo Yoshida</b>	 Outside Corporate Auditor <b>Hiroshi Kawashimo</b>	 Outside Corporate Auditor <b>Keijiro Yamazaki</b>	 Outside Corporate Auditor <b>Kuniyoshi Kitamura</b>

### BOARD OF CORPORATE AUDITORS

There are five corporate auditors, of whom three are appointed from outside of the Company. The Board of Corporate Auditors sets audit policies and allocates responsibilities to the auditors, who conduct stringent audits in accordance with those policies. Specific activities include attending Board meetings, interviewing directors and examining documents containing important Board resolutions. The corporate auditors also monitor the Company's operations and assets.

### INTERNAL AUDITORS OFFICE

Internal audits are conducted by the Internal Auditors Office, an independent specialist unit that also assesses and advises Canon MJ and its subsidiaries on legal compliance, the effectiveness of processes, internal control systems and information security. The Internal Auditors Office works in

coordination with similar units established in major subsidiaries. The Canon MJ Group has 44 audit staff members.

### AUDITING OF ACCOUNTS

Canon MJ's accounts are audited under an audit agreement with Ernst & Young ShinNihon LLC. There are no special interests between Canon MJ and this audit corporation, nor are any operating officers of the audit corporation involved in the conduct of internal audits of Canon MJ. To ensure that involvement is limited to specific periods, the audit corporation rotates operating officers who have been involved in audits of any company for more than seven years.

# INFORMATION SECURITY

In an ever more digitalized and interconnected world, information security is a key concern. Through stringent information security measures, the Canon MJ Group contributes to a more secure society and greater peace of mind for its customers.

## FRAMEWORK AND KEY THEMES FOR INFORMATION SECURITY INITIATIVE

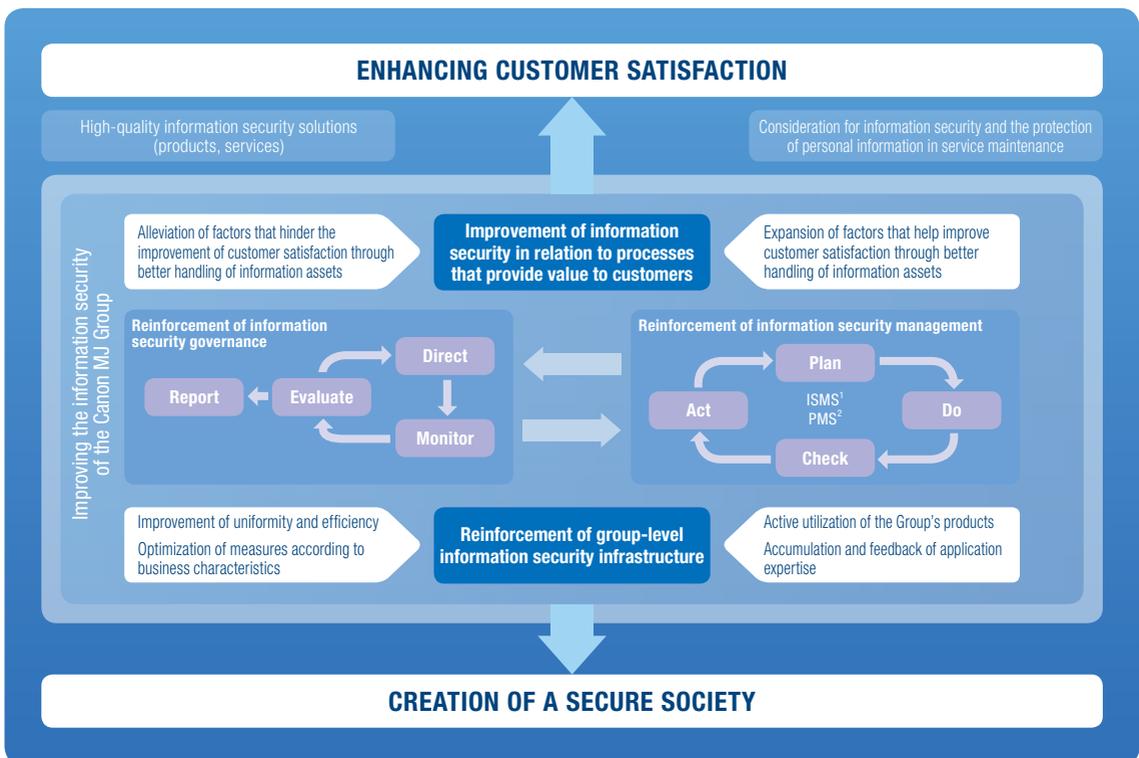
The Canon MJ Group regards the reinforcement of information security as part of its responsibilities toward the creation of a more secure society, and as essential to meeting customers' expectations in line with our Customer Focus philosophy.

Our efforts follow two central themes: Reinforcing the group-level information security infrastructure by improving uniformity and efficiency, and improving the security, reliability and efficiency of the processes through which we provide value to customers.

Through continuous monitoring and evaluation, we strive to identify factors that hinder or contribute to better information security, a process that we also use to upgrade our services to customers and our IT solutions.

### MAJOR OBJECTIVES IN FISCAL 2010

1. Implement uniform management systems group-wide, and improve efficiency
2. Optimize information security according to each Group company's characteristics
3. Develop human resources in the area of information security
4. Active information disclosure about information security activities
5. Provide peace of mind and security to customers
  - Improve information security in processes that provide value to customers
  - Help resolve customers' information security issues



1 ISMS: Information security management systems  
2 PMS: Personal information protection management systems

# MANAGEMENT SYSTEMS

Raising the value of the Canon MJ Group's corporate brand is an ongoing priority. We do this by maintaining high standards of corporate ethics group-wide, and by developing structures capable of responding to a variety of management risks.

## COMPLIANCE

For the Canon MJ Japan Group, compliance is not simply a matter of obeying laws and regulations. We define compliance as obedience to regulatory requirements and social rules, a commitment to social justice, and continuing efforts to meet the expectations of society. Our compliance activities are designed to encourage high ethical values and respect for the law in individual employees through awareness activities, employee education and organizational activities.

To raise awareness of the Canon Group Code of Conduct, all employees and officers of Canon Marketing Japan carry Compliance Cards. Printed on these cards are the Three Self's spirit and compliance tests that can be used by individuals to check their own conduct.



## DISCLOSURE POLICY

The task of the Disclosure Committee is to make prompt decisions concerning important corporate information, including the identification of information for which timely disclosure is required, and decisions concerning the content and timing of disclosure. To ensure that information can be gathered promptly, disclosure officers have been appointed in each department and subsidiary. As part of our Investor Relations activities, Canon MJ holds briefings on medium-term planning, quarterly results briefings and business briefings. We also distribute timely, accurate information continually via websites and other channels.

## RISK MANAGEMENT

The Canon MJ Group has taken steps to ensure the continuity of its business activities in the event of a major earthquake, an influenza outbreak or other contingencies that could impact on its activities. These initiatives are coordinated by the BCM<sup>1</sup> Expert Committee.

In July 2007, we established the BCP<sup>2</sup> Expert Committee as a subsidiary organization of the Management Committee tasked with developing, maintaining and managing business continuity management systems. Renamed the BCM Expert Committee in fiscal 2009, its activities include deliberations on BCP policies for the entire Canon MJ Group.

<sup>1</sup> BCM: Business continuity management  
<sup>2</sup> BCP: Business continuity plan

# MANAGEMENT SYSTEMS

## INTERNAL CONTROLS

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Chaired by the President, the Internal Controls Evaluation Committee consists of officials representing corporate departments and subsidiaries. Its task is to develop internal control systems for the entire Canon MJ Group.

Canon Inc., which is listed on the New York Stock Exchange, has adopted systems that comply with the Sarbanes-Oxley Act, a U.S. law designed to improve corporate governance. As a member of the global Canon Group, Canon MJ has also applied global perspectives by establishing systems based on the same standards.

## FTSE4GOOD AND MS-SRI

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Canon MJ actively discloses information that is of particular interest to stockholders and investors. We also actively cooperate in surveys by SRI evaluation agencies and other organizations. The recognition we receive for our CSR initiatives includes our continuing inclusion in the FTSE4Good index.

Morningstar, Inc. has consistently included Canon MJ in the MS-SRI, the first socially responsible stock index in Japan, which consists of 150 Japanese companies selected for their superior CSR performance.



FTSE4Good



Canon MJ's strong commitment to CSR is reflected in our inclusion in FTSE4Good and MS-SRI.

## QUALITY MANAGEMENT

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Under our basic product safety policy, we maintain quality management and quality- and risk-control systems designed to ensure that customers can use our high-quality products and services in safety and with confidence.

All products, services and support provided to customers are guaranteed to meet the same Canon Quality standards as Canon products. We are continually working to improve customer satisfaction through the development and implementation of our quality management system (QMS).

In addition to product safety, we also regard product and service quality as important targets for risk management. We have established a Quality and Product Liability Expert Committee under the jurisdiction of the Management Committee. Its task is to ensure an appropriate and timely response in the unlikely event of a contingency concerning products or services supplied to customers.

## RELATIONSHIP WITH CANON INC.

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Canon MJ is a subsidiary of Canon Inc., which owns 55.3% of Canon MJ stock (as of December 31, 2010). This percentage figure excludes Canon MJ's treasury stock holdings. With these holdings, the ownership percentage for Canon Inc. would be 50.1%. Canon MJ has the near-exclusive right to sell products (excluding semiconductor and LCD lithography systems) manufactured by Canon Inc. under the Canon brand in Japan. In fiscal 2010, our purchases from Canon Inc. amounted to ¥268.0 billion (US\$3,308.0 million), or 68.7% of our total purchases.

Because of this relationship, a major shift in the management policies or business activities of Canon Inc. could have a significant impact on the business activities, performance and financial position of the Canon MJ Group.

# FINANCIAL SECTION

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# TEN-YEAR CONSOLIDATED FINANCIAL SUMMARY

Canon Marketing Japan Inc. and Consolidated Subsidiaries  
Years ended December 31

	Millions of yen			
	2010	2009	2008	2007
<b>FOR THE YEAR:</b>				
Net sales	¥ 674,159	¥ 686,615	¥ 827,487	¥ 905,137
Operating income	7,736	6,297	25,416	36,886
Income (loss) before income taxes and minority interests	8,584	(595)	22,229	35,452
Net income (loss)	3,724	(4,343)	11,186	20,033
<b>AT YEAR-END:</b>				
Total assets	448,592	449,607	484,937	526,125
Total stockholders' equity (Note 5)	246,680	246,829	255,220	266,086
<b>CASH FLOWS:</b>				
Cash flows from operating activities	35,186	18,144	41,122	47,214
Cash flows from investing activities	(13,012)	(25,834)	(28,967)	(21,912)
Cash flows from financing activities	(8,171)	(4,324)	(21,738)	(16,345)
Cash and cash equivalents	109,575	95,575	107,589	117,206

Yen

## PER SHARE OF COMMON STOCK:

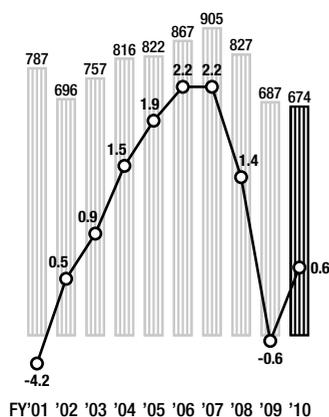
Net income (loss) (Note 2)	¥ 26.70	¥ (31.62)	¥ 78.63	¥ 134.84
Cash dividends (Notes 3 and 4)	20.00	20.00	40.00	40.00
Stockholders' equity (Note 5)	1,798.16	1,797.31	1,858.39	1,817.59

- Notes:**
- The figures have been presented in U.S. dollars by translating all Japanese yen amounts at ¥81 to U.S.\$1, the prevailing exchange rate as of December 31, 2010.
  - Net income (loss) per share is based on the weighted average number of shares of common stock outstanding during the respective fiscal years.
  - Cash dividends per share are the amounts applicable to the respective fiscal years, including dividends to be paid after the end of the year.
  - Year-end cash dividends applicable to the year ended December 31, 2005 include a ¥2.00 bonus dividend reflecting record-high consolidated net sales, operating income and net income.

### Return on Sales (ROS)

(Billions of yen/%)

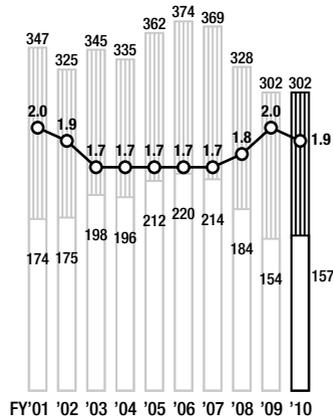
Net Sales  
ROS



### Working Capital

(Billions of yen/Times)

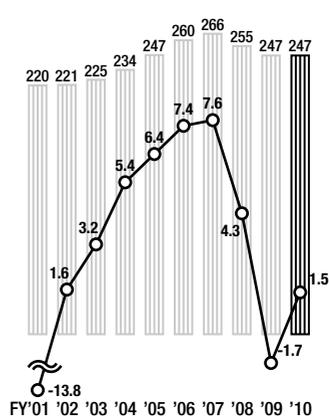
Current Assets  
Current Liabilities  
Current Ratio



### Total Stockholders' Equity and ROE

(Billions of yen/%)

Total Stockholders' Equity  
ROE

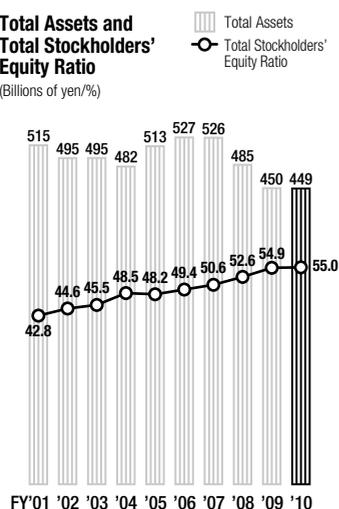


Millions of yen						Thousands of U.S. dollars (Note 1)
2006	2005	2004	2003	2002	2001	2010
¥ 867,172	¥ 821,948	¥ 815,511	¥ 757,033	¥ 695,585	¥ 786,828	<b>\$ 8,322,951</b>
33,919	29,723	29,274	16,987	10,885	19,397	<b>95,506</b>
32,967	27,086	20,186	20,438	6,873	(63,280)	<b>105,975</b>
18,807	15,358	12,364	7,043	3,436	(32,831)	<b>45,975</b>
526,578	513,335	482,337	495,396	495,298	514,698	<b>5,538,173</b>
260,367	247,244	234,158	225,317	220,797	220,418	<b>3,045,432</b>
18,094	36,985	22,053	23,671	36,275	(3,384)	<b>434,395</b>
(19,217)	(17,887)	(7,963)	(16,258)	(26,869)	(7,364)	<b>(160,642)</b>
(6,126)	(4,311)	(39,045)	(20,305)	(13,889)	(6,182)	<b>(100,877)</b>
108,248	115,504	98,844	123,815	136,448	141,045	<b>1,352,772</b>
Yen						U.S. dollars (Note 1)
¥ 125.64	¥ 101.78	¥ 81.78	¥ 46.24	¥ 22.96	¥ (217.39)	<b>\$ 0.33</b>
36.00	28.00	22.00	18.00	18.00	18.00	<b>0.25</b>
1,739.50	1,650.52	1,562.23	1,496.74	1,464.43	1,459.60	<b>22.20</b>

5. Total stockholders' equity in the above table represents the total of stockholders' equity and valuation and translation adjustments in the consolidated balance sheets. This is due to the adoption of an accounting standard for the presentation of net assets in the balance sheet effective the year ended December 31, 2006, which requires former stockholders' equity and minority interests to be presented as net assets, and net assets to be classified as stockholders' equity, valuation and translation adjustments and minority interests.

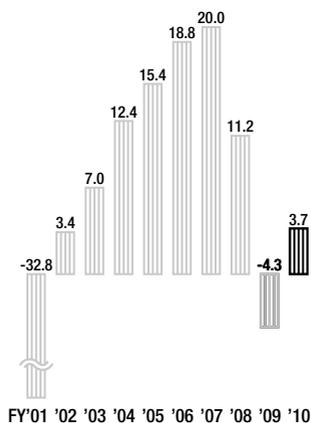
### Total Assets and Total Stockholders' Equity Ratio

(Billions of yen/%)



### Net Income (Loss)

(Billions of yen)



# FINANCIAL REVIEW

## Business Performance

### Net Sales

Consolidated net sales in the year ended December 31, 2010 were 1.8% below the previous year's level at ¥674,159 million. One key reason for this reduction was the transfer to Canon Inc. of business units involved in sales of lithography equipment for semiconductors and LCD substrates, and related service and support.

As described in Note 12 Segment Information, effective the year ended December 31, 2010, the Company has adopted a new reclassification of its business segments. The year-on-year comparison shown below uses the figures for the year ended December 31, 2009 adjusted based on the new segment structure.

### Segment Information

In the Business Solutions segment, we achieved sustained growth in sales of office multifunctional products (MFPs) through marketing efforts combined with the proposal of solutions based on linkage with IT systems, efficiency improvements and other benefits. Sales of laser printers were also higher year on year, reflecting a healthy trend in demand for office printing. Our efforts to build new markets brought substantial year-on-year growth in sales of large-format ink-jet printers. Despite a recovery trend in demand for office printing, sales of MFP maintenance services were lower year on year because of a decline in maintenance charges. Canon System & Support Inc., a member of the Canon MJ Group, benefited from healthy trends in the areas of business equipment and IT solutions, and its net sales increased over the previous year.

In the IT Solutions Business, there was a year-on-year decline in sales in the system integration (SI) service category. This resulted from the elimination of unprofitable projects in the area of individual system development, as well as client pressure to reduce costs. Sales in the solutions category exceeded the previous year's level thanks to a strong trend in demand for engineering solutions, including security and CAD solutions. Sales in the infrastructure/outourcing area were also higher year on year because of major orders from the public sector and the education sector, which helped to lift sales of infrastructure development services. Sales of IT products were marginally lower year on year because of a major review of our handling of unprofitable items.

Total consolidated net sales in the Business Solutions segment were 0.5% above the previous year's level at ¥440,732 million.

In the Consumer Equipment segment, Canon MJ gained the biggest share of the market for digital single-lens reflex (SLR) cameras. Higher camera sales were also reflected in increased shipments of exchangeable lenses, and annual sales set a new record in volume terms. These factors helped to lift total sales of digital SLR cameras above the previous year's level. We were also the leading manufacturer in the market for compact digital cameras. However, lower shipments and falling unit prices were reflected in a substantial year-on-year decline in sales for this market segment.

Shipments of digital video cameras were significantly higher, and sales surpassed the previous year's level. In the ink-jet printer category, we maintained steady growth in sales of consumables by suggesting a variety of printing applications, and sales in this category increased year on year.

Total consolidated net sales in the Consumer Equipment segment were 1.1% lower year on year at ¥219,781 million, mainly due to the fall in sales revenue from compact digital cameras.

In the Industrial Equipment segment, a recovery in semiconductor production helped to lift sales of imported equipment and other items above the previous year's level. Sales of medical equipment were also higher. This reflects increased demand in the health screening market, closer collaboration with equipment manufacturers and the start of full-scale sales of automated external defibrillators (AED) under a distributorship agreement signed in 2009. Sales of broadcasting equipment were lower because of reduced capital investment by broadcasters.

Business units involved in sales of lithography equipment for semiconductors and LCD substrates and related service and support, which were formerly included in this segment, were transferred to Canon Inc. as of January 1, 2010. Sales from these activities amounted to ¥14,564 million in the previous year.

Mainly as a result of the transfer, total consolidated net sales in the Industrial Equipment segment were reduced by 46.8% year on year to ¥13,646 million.

### Income

Operating income increased by 22.8% year on year to ¥7,736 million. This increase resulted from reductions in selling, general and administrative expenses, including lower payroll costs. Net income, which was affected by losses on sales of fixed assets and impairment losses in the previous year, recovered to ¥3,724 million.

Net income per share was ¥26.70, compared with negative ¥31.62 in the previous year. The annual dividend per share was ¥20.00.

## Financial Position

Current assets declined by ¥135 million year on year to ¥301,693 million. The main changes were a ¥16,479 million increase in marketable securities, a ¥6,851 million decrease in notes and accounts receivable and a ¥5,253 million reduction in inventories.

A year-on-year reduction of ¥880 million took fixed assets to ¥146,899 million. Significant changes included a ¥3,455 million increase in the value of land, a ¥2,170 million reduction in buildings and structures, and a ¥1,021 million decline in investment securities.

Current liabilities increased by ¥3,537 million over the previous year to ¥157,247 million. Key factors were a ¥4,357 million increase in accrued income taxes, and a ¥3,594 million reduction in notes and accounts payable.

Long-term liabilities were reduced by ¥524 million year on year to ¥44,498 million. Key changes included a ¥566 million increase in lease obligations, and a ¥1,032 million reduction in the allowance for employees' retirement benefits.

Net assets declined by ¥4,028 million year on year to ¥246,847 million. The main factors were as follows: ¥3,724 million in net income; reductions caused by dividend payments of ¥2,789 million; a ¥2,239 million reduction in retained earnings, resulting from a ¥3,173 million reduction relating to a share exchange; a net reduction in treasury stock of ¥2,567 million, mainly resulting from a ¥5,003 million acquisition of treasury stock through market purchases and a ¥7,567 million decrease related to a share exchange; and a ¥3,925 million reduction in minority interests relating to a share exchange.

As a result of these changes, total assets declined by ¥1,015 million year on year to ¥448,592 million.

Return on equity (ROE) was 1.5%, compared with negative 1.7% in the previous year, while the stockholders' equity ratio increased from 54.9% to 55.0%. Net assets per share amounted to ¥1,798.16, compared with ¥1,797.31 in the previous year.

## Cash Flows

Cash and cash equivalents increased by ¥14,000 million to ¥109,575 million as of December 31, 2010.

Net cash provided by operating activities amounted to ¥35,186 million, compared with ¥18,144 million in the previous year. The main factors influencing this result were net income before provision for income taxes of ¥8,584 million, as well as depreciation of ¥13,739 million, a ¥6,901 million decline in notes and accounts receivable and a ¥3,927 million reduction in inventories.

Net cash used in investing activities amounted to ¥13,012 million, compared with ¥25,834 million in the previous year. The main inflows and outflows were proceeds of ¥1,777 million resulting from the transfer of business units, and expenditure of ¥11,489 million on the acquisition of tangible fixed assets and ¥5,238 million on the acquisition of intangible fixed assets.

Net cash used in financing activities amounted to ¥8,171 million, compared with ¥4,324 million in the previous year. This total consisted mainly of expenditure of ¥5,003 million for the acquisition of treasury stock, and dividend payments of ¥2,857 million.

# CONSOLIDATED BALANCE SHEETS

Canon Marketing Japan Inc. and Consolidated Subsidiaries  
December 31, 2010 and 2009

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents (Notes 8 and 9)	¥ 109,575	¥ 95,575	\$ 1,352,778
Notes and accounts receivable (Note 8)	118,887	125,738	1,467,741
Short-term investments in securities (Notes 3, 8 and 9)	1,000	221	12,345
Inventories (Note 5)	20,532	25,785	253,481
Deferred tax assets (Note 11)	4,930	4,361	60,864
Short-term loans receivable (Note 8)	40,001	40,001	493,840
Other current assets	7,278	10,715	89,852
Allowance for doubtful receivables	(510)	(568)	(6,296)
Total current assets	301,693	301,828	3,724,605
<b>PROPERTY AND EQUIPMENT:</b>			
Land	35,084	31,629	433,136
Buildings and structures	70,167	71,605	866,259
Machinery and vehicles (Note 7)	13	17	160
Furniture and fixtures (Note 7)	16,604	18,733	204,988
Rental assets	22,669	21,568	279,864
Lease assets	1,710	702	21,111
Construction in progress	504		6,222
Total	146,751	144,254	1,811,740
Accumulated depreciation	(60,624)	(60,064)	(748,444)
Net property and equipment	86,127	84,190	1,063,296
<b>INTANGIBLE ASSETS:</b>			
Goodwill (Note 2)	1,430	2,335	17,654
Software (Note 7)	21,857	21,638	269,840
Lease assets	56	26	691
Utilization rights	288	289	3,556
Other intangible assets	106	104	1,309
Total intangible assets	23,737	24,392	293,050
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in securities (Notes 8 and 9)	4,134	5,155	51,037
Long-term loans receivable	15	21	185
Lease deposits	8,624	9,016	106,469
Deferred tax assets (Note 11)	20,875	21,236	257,716
Other investments	3,716	5,301	45,877
Allowance for doubtful receivables	(329)	(1,532)	(4,062)
Total investments and other assets	37,035	39,197	457,222
Total assets	¥ 448,592	¥ 449,607	\$ 5,538,173

	Millions of yen		Thousands of U.S. dollars (Note 1)
<b>LIABILITIES AND NET ASSETS</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>CURRENT LIABILITIES:</b>			
Notes and accounts payable (Note 8)	¥ 102,850	¥ 106,444	\$ 1,269,753
Lease obligations (Note 15)	432	190	5,333
Accrued income taxes (Note 11)	5,055	698	62,408
Consumption taxes payable	2,607	2,268	32,185
Deferred tax liabilities (Note 11)	—	8	—
Accrued expenses	24,389	22,903	301,099
Reserves	4,273	4,174	52,753
Other current liabilities	17,641	17,025	217,790
Total current liabilities	157,247	153,710	1,941,321
<b>LONG-TERM LIABILITIES:</b>			
Lease obligations (Note 15)	1,069	503	13,197
Deferred tax liabilities (Note 11)	2,022	2,079	24,963
Allowance for employees' retirement benefits (Notes 2 and 10)	36,506	37,538	450,691
Allowance for long-term continuous service rewards (Note 2)	916	1,007	11,309
Allowance for directors' and corporate auditors' retirement benefits (Note 2)	801	844	9,889
Other long-term liabilities	3,184	3,051	39,309
Total long-term liabilities	44,498	45,022	549,358
CONTINGENT LIABILITIES (Note 4)			
<b>NET ASSETS:</b>			
<b>STOCKHOLDERS' EQUITY (Note 16):</b>			
Common stock:			
Authorized —299,500,000 shares;			
Issued —151,079,972 shares in 2010 and 2009	73,303	73,303	904,975
Capital surplus	82,820	83,289	1,022,469
Retained earnings	112,914	115,153	1,394,000
Treasury stock	(22,192)	(24,759)	(273,975)
<b>VALUATION AND TRANSLATION ADJUSTMENTS:</b>			
Net unrealized loss on available-for-sale securities	(47)	(117)	(580)
Foreign currency translation adjustments	(118)	(40)	(1,457)
<b>MINORITY INTERESTS</b>			
	167	4,046	2,062
Total net assets	246,847	250,875	3,047,494
Total liabilities and net assets	¥ 448,592	¥ 449,607	\$ 5,538,173

• See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF OPERATIONS

Canon Marketing Japan Inc. and Consolidated Subsidiaries  
Years ended December 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>NET SALES</b>	¥ 674,159	¥ 686,615	\$ 8,322,951
<b>COST OF SALES</b>	446,616	453,557	5,513,778
Gross profit	227,543	233,058	2,809,173
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>	219,807	226,761	2,713,667
Operating income	7,736	6,297	95,506
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income	466	712	5,753
Interest expense	(36)	(87)	(444)
Insurance Income	597	544	7,370
Gain on sales of noncurrent assets	4	5,596	49
Loss on impairment of fixed assets	(493)	(10,769)	(6,086)
Gain on sales of investments in securities	212	1	2,617
Loss on sales and disposal of property and equipment	(313)	(414)	(3,864)
Loss on devaluation of investments in securities	(45)	(1,104)	(556)
Gain on transfer of business	400	—	4,938
Loss on cancellation of lease contracts	(207)	—	(2,555)
Expenses related to restructuring of consolidated subsidiaries	—	(66)	—
Loss on adjustment for changes of accounting standard for inventories measurement	—	(1,299)	—
Other, net	263	(6)	3,247
	848	(6,892)	10,469
Income (loss) before income taxes and minority interests	8,584	(595)	105,975
<b>INCOME TAXES (Note 11):</b>			
Current	5,097	1,477	62,926
Deferred	(326)	1,926	(4,025)
	4,771	3,403	58,901
Income (loss) before minority interests	3,813	(3,998)	47,074
<b>MINORITY INTERESTS</b>	89	345	1,099
Net income (loss)	¥ 3,724	¥ (4,343)	\$ 45,975
	Yen		U.S. dollars (Note 1)
<b>PER SHARE OF COMMON STOCK (Note 2):</b>			
Net income (loss)	¥ 26.70	¥ (31.62)	\$ 0.33
Cash dividends applicable to the year	¥ 20.00	¥ 20.00	\$ 0.25

• See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Canon Marketing Japan Inc. and Consolidated Subsidiaries  
Years ended December 31, 2010 and 2009

	Millions of yen								
	Number of shares of common stock	Stockholders' equity				Valuation and translation adjustments		Minority interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized loss on available-for-sale securities	Foreign currency translation adjustments		
<b>BALANCE AT DECEMBER 31, 2008</b>	151,079,972	¥73,303	¥83,289	¥123,616	¥(24,731)	¥(212)	¥ (45)	¥ 3,823	¥259,043
Net income (loss)				(4,343)					(4,343)
Cash dividends				(4,120)					(4,120)
Purchases of treasury stock					(4)				(4)
Disposition of treasury stock			0		2				2
Changes due to sales of investments in subsidiaries			0		(26)				(26)
Contributions to employee welfare pension fund				0					0
Other, net						95	5	223	323
<b>BALANCE AT DECEMBER 31, 2009</b>	<b>151,079,972</b>	<b>¥73,303</b>	<b>¥83,289</b>	<b>¥115,153</b>	<b>¥(24,759)</b>	<b>¥(117)</b>	<b>¥ (40)</b>	<b>¥ 4,046</b>	<b>¥250,875</b>
Net income (loss)				3,724					3,724
Cash dividends				(2,789)					(2,789)
Purchases of treasury stock					(5,003)				(5,003)
Disposition of treasury stock			0	(1)	3				2
Changes due to share exchange			(469)	(3,173)	7,567			(3,925)	—
Contributions to employee welfare pension fund				(0)					(0)
Other, net						70	(78)	45	37
<b>BALANCE AT DECEMBER 31, 2010</b>	<b>151,079,972</b>	<b>¥73,303</b>	<b>¥82,820</b>	<b>¥112,914</b>	<b>¥(22,192)</b>	<b>¥ (47)</b>	<b>¥(118)</b>	<b>¥ 167</b>	<b>¥246,847</b>

	Thousands of U.S. dollars (Note 1)								
	Common stock	Stockholders' equity				Valuation and translation adjustments		Minority interests	Total net assets
		Capital surplus	Retained earnings	Treasury stock	Net unrealized loss on available-for-sale securities	Foreign currency translation adjustments			
<b>BALANCE AT DECEMBER 31, 2009</b>	<b>\$904,975</b>	<b>\$1,028,259</b>	<b>\$1,421,642</b>	<b>\$(305,667)</b>	<b>\$(1,444)</b>	<b>\$ (494)</b>	<b>\$ 49,951</b>	<b>\$3,097,222</b>	
Net income			45,975					45,975	
Cash dividends			(34,432)					(34,432)	
Purchases of treasury stock				(61,765)				(61,765)	
Disposition of treasury stock			0	(12)	37			25	
Changes due to share exchange		(5,790)	(39,173)	93,420			(48,457)	0	
Contributions to employee welfare pension fund			(0)					(0)	
Other, net					864	(963)	556	457	
<b>BALANCE AT DECEMBER 31, 2010</b>	<b>\$904,975</b>	<b>\$1,022,469</b>	<b>\$1,394,000</b>	<b>\$(273,975)</b>	<b>\$(580)</b>	<b>\$(1,457)</b>	<b>\$ 2,062</b>	<b>\$3,047,494</b>	

• See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Canon Marketing Japan Inc. and Consolidated Subsidiaries  
Years ended December 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income (loss) before income taxes and minority interests	¥ 8,584	¥ (595)	\$ 105,975
Adjustments for:			
Depreciation and amortization	13,739	12,356	169,617
Loss on impairment of fixed assets	493	10,769	6,087
Amortization of goodwill	905	849	11,173
Increase (decrease) in allowance for doubtful receivables	(222)	510	(2,741)
Increase (decrease) in provision for retirement benefits	(326)	846	(4,025)
(Reversal of) provision for liability for directors' and corporate auditors' retirement benefits	(43)	40	(531)
Interest and dividend income	(466)	(712)	(5,753)
Interest expense	36	87	444
Loss (gain) on sales and disposal of property and equipment, net	309	(5,182)	3,815
Loss (gain) on transfer of business	(400)	—	(4,938)
Loss (gain) on sales of investment securities	(212)	7	(2,617)
Decrease (increase) in notes and accounts receivable-trade	6,901	23,282	85,198
Decrease (increase) in inventories	3,927	8,635	48,481
Increase (decrease) in notes and accounts payable-trade	(3,594)	(16,829)	(44,370)
Other, net	2,639	(6,145)	32,580
Sub-total	32,270	27,918	398,395
Interest paid	(36)	(88)	(444)
Interest and dividends received	478	737	5,901
Income taxes received (paid)	2,474	(10,423)	30,543
Net cash provided by operating activities	35,186	18,144	434,395
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sales of securities	386	—	4,765
Payments for purchases of property and equipment	(11,489)	(6,958)	(141,839)
Proceeds from sales of property and equipment	646	6,204	7,975
Payments for purchases of intangible assets	(5,238)	(9,590)	(64,667)
Payments for purchases of investments in securities	(232)	(9)	(2,864)
Proceeds from sales of investments in securities	520	16	6,420
Payments for purchases of investments in subsidiaries accompanying changes in scope of consolidation	—	(396)	—
Payments for sales of investments in subsidiaries accompanying changes in scope of consolidation	—	(188)	—
Net decrease (increase) in short-term loans receivable	0	(20,000)	0
Decrease (increase) in time deposits	—	5,010	—
Proceeds from transfer of business	1,777	—	21,938
Other	618	77	7,630
Net cash used in investing activities	(13,012)	(25,834)	(160,642)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of finance lease obligations	(313)	(77)	(3,864)
Payments for purchases of treasury stock	(5,003)	(4)	(61,766)
Dividends paid	(2,857)	(4,244)	(35,272)
Other	2	1	25
Net cash used in financing activities	(8,171)	(4,324)	(100,877)
Effect of exchange rate changes on cash and cash equivalents	(3)	(0)	(36)
Net (decrease) increase in cash and cash equivalents	14,000	(12,014)	172,840
Cash and cash equivalents at beginning of year	95,575	107,589	1,179,938
Cash and cash equivalents at end of year	¥ 109,575	¥ 95,575	\$ 1,352,778

• See accompanying notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1 Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of Canon Marketing Japan Inc. (the "Company") and its consolidated subsidiaries (the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The U.S. dollar amounts are included solely for convenience of the reader and are stated, as a matter of arithmetical computation only, at the exchange rate of ¥81=U.S.\$1, the rate prevailing at December 31, 2010. These translations should not be construed as representations that the Japanese yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate.

## 2 Summary of Significant Accounting Policies

### (a) Principles of Consolidation

The accompanying consolidated financial statements for the year ended December 31, 2010 include the accounts of the Company and all of its 21 (20 in 2009) subsidiaries. Investments in nonconsolidated subsidiaries and affiliated companies are accounted for by the equity method.

All intercompany accounts and transactions are eliminated in consolidation.

The excess of acquisition costs over net assets acquired is amortized generally over five years.

### (b) Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company and its consolidated subsidiaries consider all highly liquid investments, including securities, time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition, to be cash equivalents.

### (c) Securities

The held-to-maturity debt securities are stated at amortized cost. Available-for-sale marketable securities are stated at fair market value, with unrealized gain or loss, net of the applicable taxes, reported as a separate component of net assets. Available-for-sale marketable securities whose fair value is not readily determinable are stated at cost determined by the moving-average method.

### (d) Inventories

Merchandise and service parts are valued at cost determined by the monthly moving-average method. The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.

Work in process is valued at cost determined by the specific identification method.

Supplies are valued at cost determined by the last-purchase price method. The carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability.

### (e) Property and Equipment

Property and equipment are stated at cost. Depreciation is computed by the declining-balance method for property and equipment, with the exception of items that are depreciated by the straight-line method at rates based on the estimated useful lives of the respective assets. These items are buildings purchased on or after April 1, 1998 (exclusive of furniture and fixtures), all buildings and structures of the Company's Makuhari office, all property and equipment of certain consolidated subsidiaries, and rental assets in the Business Solutions segment. The useful lives are as follows: buildings, mainly 50 years; furniture and fixtures, mainly five years; and rental assets, mainly three years. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

In accordance with the amendment to the Corporation Tax Law, from the first accounting period after the fiscal year in which fixed assets acquired on or before March 31, 2007 reach 5% of their acquisition value under the application of methods of depreciation based on the pre-amendment Corporation Tax Law, the Company shall apply straight-line depreciation over a period of five years to the difference between the amount equivalent to 5% of the acquisition value of the fixed assets acquired on or before March 31, 2007 and the memorandum value (1 yen) of those assets. The resulting amount will be recorded under depreciation and amortization in the accounts.

### (f) Allowance for Employees' Retirement Benefits

In order to provide for employees' retirement benefits, the Company and its consolidated subsidiaries provide liability for employees' retirement benefits in an amount calculated based on the estimated projected benefit obligation and plan assets at the end of the fiscal year.

Unrecognized prior service cost is amortized by the straight-line method over the average service period of the eligible employees remaining at the time when it arose. Unrecognized actuarial gain or loss is amortized from the fiscal year following the year in which it arose, by the straight-line method over the average service period of the eligible employees remaining.

#### <Change in Accounting Standards>

Effective the year ended December 31, 2010, the Company has adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (the Accounting Standards Board of Japan (ASBJ) Statement No. 19, issued on July 31, 2008). Since the Company amortizes the unrecognized actuarial gain or loss from the fiscal year following the year in which it arises, there was no impact on operating income and income before income taxes and minority interests for the fiscal year ended December 31, 2010. Unrecognized liability for employees' retirement benefit incurred as a result of this accounting change was ¥380 million.

**(g) Leases**

Leased assets under finance lease contracts are depreciated by the straight-line method over their respective lease contract term with zero residual value.

Leased assets under finance lease contracts that do not deem to transfer ownership to the lessee and were entered into before January 1, 2009 when the latest accounting standards for lease transactions were adopted are accounted for as operating leases.

**(h) Allowance for Doubtful Receivables**

An allowance for doubtful receivables is provided in the amount required to cover possible losses on collection. It is determined by adding individually estimated uncollectible amounts for specific items to an amount based on the actual rate of uncollected receivables of the Company in prior years.

**(i) Income Taxes**

Deferred tax assets and liabilities are recorded to reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. These deferred taxes are measured by applying the normal statutory rate of income taxes to the temporary differences.

**(j) Translation of Foreign Currency Accounts**

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates in effect at the balance sheet date. The foreign exchange gains and losses on translation are recognized in the accompanying consolidated statements of income.

**(k) Foreign Currency Financial Statements**

The balance sheet accounts and revenue and expense accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rates except for the components of net assets excluding minority interests which are translated at their historical exchange rates.

**(l) Per Share Amounts of Common Stock**

Net income per share is calculated using net income available to holders of common stock which is computed more precisely than under previous standards, and the weighted average number of shares of common stock outstanding for the period.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the respective fiscal years.

**(m) Bonuses to Directors**

The estimated amount payable for the next round of directors' bonuses, which are classed as expenses for the current year, has been included in the accounts for the current fiscal year.

**(n) Allowance for Directors' and Corporate Auditors' Retirement Benefits**

The Company and its consolidated subsidiaries pay lump-sum retirement benefits to directors and corporate auditors, the amounts of which are determined in accordance with the Company's and its consolidated subsidiaries' internal regulations. Also, in accordance with the Company's and its consolidated subsidiaries' internal regulations, a reserve is provided for such benefits at the amount that would be required to be paid if all directors and corporate auditors retired at the end of the fiscal year.

**(o) Allowance for Long-Term Continuous Service Rewards**

In order to set aside money for payment of rewards to employees who have given long-term continuous service determined in accordance with the Company's internal regulations, we book allowance for long-term continuous service rewards based on the amount we expect to pay in the future.

The Company and some of its subsidiaries have established internal regulations related to the Refresh and Vacation System for employees who have been very diligent and have given long-term and continuous service. The system grants vacations and pays rewards at fixed intervals in order to refresh the minds and bodies of these employees and enable them to work with new vigor in the future.

**(p) Recognition of Revenues and Expenses and Recognition of Revenue from Customized Software Development**

For contracts under which software development started on or after January 1, 2010 and which were in progress as of December 31, 2010, the percentage-of-completion method is applied in cases where the outcomes of such software development contracts can be estimated reliably. When the percentage-of-completion method is applied, the percentage of completion at the end of the fiscal year is determined based on actual costs incurred and estimated total contract costs. For all other contracts, the completed-contract method is applied.

**<Change in Accounting Standards>**

Until the previous fiscal year, the completed-contract method was applied to recognize revenue from software development contracts. Effective the year ended December 31, 2010, the Company has adopted the "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and the "Implementation Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, issued on December 27, 2007).

In accordance with the new accounting standards, for contracts under which software development started on or after January 1, 2010 and which were in progress as of December 31, 2010, the percentage-of-completion method is applied in cases where the outcomes of such software development contracts can be estimated reliably, with the percentage of completion at the end of the fiscal year being determined based on actual costs incurred and estimated total contract costs. For all other contracts, the completed-contract method continues to be applied.

As a result of this accounting change, consolidated net sales increased by ¥3,598 million, and operating income and income before income taxes and minority interests increased by ¥750 million, for the year ended December 31, 2010 from the corresponding amounts which would have been recorded under the method applied in the previous year.

### 3 Assets Pledged as Collateral

Assets pledged as collateral for deferred payments of customs duties as of December 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Short-term investments in securities	—	¥ 221	—

### 4 Contingent Liabilities

Contingent liabilities at December 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Guarantees for employees' housing loans	¥ 97	¥ 114	\$ 1,198

### 5 Inventories

Inventories at December 31, 2010 and 2009 were composed of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Merchandise	¥ 16,448	¥ 18,233	\$ 203,062
Service parts	2,557	3,794	31,568
Work in process	1,116	3,213	13,777
Supplies	411	545	5,074
	¥ 20,532	¥ 25,785	\$ 253,481

**Note:** For the software development contracts from which contract losses are expected, the inventory relating to such contracts and relevant reserves for contract losses do not offset each other and have been recorded in gross amounts in current assets and current liabilities, respectively. Out of inventories, ¥358 million (\$4,420 thousand) for work in progress relates to software development contracts from which losses are expected and corresponds to the reserve for contract losses.

### 6 Consolidated Statements of Changes in Net Assets

#### Current Fiscal Year (from January 1, 2010 to December 31, 2010)

1. Matters pertaining to the types and total number of shares issued and the types and number of shares of treasury stock

	End of the previous fiscal year (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	End of the current fiscal year (Thousands of shares)
Issued stock				
Common stock	151,080	—	—	151,080
Total	151,080			151,080
Treasury stock				
Common stock	13,748	4,351	4,203	13,896
Total	13,748	4,351	4,203	13,896

**Notes:** 1. The increase of 4,351 thousand shares of treasury stock consists of an increase of 4,349 thousand shares due to the purchase through the market, and 2 thousand shares due to the purchase of fractional stock.  
2. The decrease of 4,203 thousand shares of treasury stock consists of a decrease of 4,201 thousand shares due to a share-for-share exchange, and 2 thousand shares due to the sale of fractional stock.

## 2. Matters regarding dividends

### (1) Payment of dividends

Resolution	Type of stock	Total dividends (Millions of yen)	Dividend per share (Yen)	Base date	Date effective
March 26, 2010 General stockholders' meeting	Common stock	¥ 1,373	¥ 10	December 31, 2009	March 29, 2010
July 26, 2010 Board of Directors' meeting	Common stock	¥ 1,415	¥ 10	June 30, 2010	August 27, 2010

### (2) Dividends for which the base date falls within the current fiscal year and the date effective is in the following fiscal year

Resolution	Type of stock	Funds used to pay the dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Base date	Date effective
March 29, 2011 General stockholders' meeting	Common stock	Retained earnings	¥ 1,372	¥ 10	December 31, 2010	March 30, 2011

## Previous Fiscal Year (from January 1, 2009 to December 31, 2009)

### 1. Matters pertaining to the types and total number of shares issued and the types and number of shares of treasury stock

	End of the previous fiscal year (Thousands of shares)	Increase (Thousands of shares)	Decrease (Thousands of shares)	End of the current fiscal year (Thousands of shares)
Issued stock				
Common stock	151,080	—	—	151,080
Total	151,080			151,080
Treasury stock				
Common stock	13,746	3	1	13,748
Total	13,746	3	1	13,748

**Notes:** 1. The increase of 3 thousand shares of treasury stock was due to the purchase of fractional stock.  
2. The decrease of 1 thousand shares of treasury stock was due to the sale of fractional stock.

## 2. Matters regarding dividends

### (1) Payment of dividends

Resolution	Type of stock	Total dividends (Millions of yen)	Dividend per share (Yen)	Base date	Date effective
March 26, 2009 General stockholders' meeting	Common stock	¥ 2,747	¥ 20	December 31, 2008	March 27, 2009
July 23, 2009 Board of Directors' meeting	Common stock	¥ 1,373	¥ 10	June 30, 2009	August 28, 2009

### (2) Dividends for which the base date falls within the current fiscal year and the date effective is in the following fiscal year

Resolution	Type of stock	Funds used to pay the dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Base date	Date effective
March 26, 2010 General stockholders' meeting	Common stock	Retained earnings	¥ 1,373	¥ 10	December 31, 2009	March 29, 2010

## 7 Leases

### (a) Finance Leases

Lease payments for finance leases excluding subleases, except for the lease agreements which stipulate the transfer of ownership of the leased property to the Company and its consolidated subsidiaries, were ¥2,495 million (\$30,802 thousand) and ¥3,173 million for the years ended December 31, 2010 and 2009, respectively.

(As Lessee)

Future minimum lease payments subsequent to December 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Future minimum lease payments:			
Within one year	¥ 2,063	¥ 2,723	\$ 25,469
Thereafter	583	2,660	7,198
	¥ 2,646	¥ 5,383	\$ 32,667

Future minimum lease payments included the following subleases:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Future minimum lease payments:			
Within one year	¥ 38	¥ 66	\$ 469
Thereafter	22	60	272
	¥ 60	¥ 126	\$ 741

The following pro forma amounts represent acquisition cost, accumulated depreciation and amortization, and net book value of leased property as of December 31, 2010 and 2009, excluding subleases:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Acquisition cost:			
Machinery and vehicles	¥ 22	¥ 51	\$ 272
Furniture and fixtures	8,662	11,311	106,938
Software	283	505	3,494
	¥ 8,967	¥ 11,867	\$ 110,704
Accumulated depreciation and amortization:			
Machinery and vehicles	¥ 17	¥ 40	\$ 210
Furniture and fixtures	6,161	6,248	76,062
Software	203	322	2,506
	¥ 6,381	¥ 6,610	\$ 78,778
Net book value:			
Machinery and vehicles	¥ 5	¥ 11	\$ 62
Furniture and fixtures	2,501	5,063	30,876
Software	80	183	988
	¥ 2,586	¥ 5,257	\$ 31,926

(As Lessor)

Future minimum lease payments, which consist of subleases subsequent to December 31, 2010 and 2009, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Future minimum lease payments:			
Within one year	¥ 38	¥ 66	\$ 469
Thereafter	23	60	284
	¥ 61	¥ 126	\$ 753

## (b) Operating Leases (Non-cancelable)

(As Lessee)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Future minimum lease payments:			
Within one year	¥ 16	¥ 17	\$ 198
Thereafter	—	16	—
	¥ 16	¥ 33	\$ 198



## 8 Financial Instruments

### Current Fiscal Year (from January 1, 2010 to December 31, 2010)

#### 1. Informations on financial instruments

##### (1) Policies for financial instruments

The Company and its consolidated subsidiaries (the "Group") invest their surplus funds only in highly secure financial instruments, and take advantage of the group finance system to procure funds. The Group does not hold or issue derivative financial instruments.

##### (2) Types and risks of financial instruments and systems to control those risks

Operating receivables, consisting of notes and accounts receivable, are exposed to credit risks of customers. The Group strives to mitigate these risks by strict credit control utilizing credit information provided by external credit agencies, as well as by credit insurance and other risk-hedging means.

Short-term loans receivable are the loans to the parent company by the Company, rendered in compliance with the internal regulations for investment and management of funds.

Short-term investments in securities and investments in securities consist primarily of held-to-maturity debt securities and equity securities issued by business counterparties of the Group, and are exposed to market price fluctuation risk. Regarding this risk, the Group periodically monitors the fair values of the securities and the financial condition of their issuers i.e., business counterparties. In addition, for securities other than held-to-maturity debt securities, the Group continuously reviews the status of security holdings, taking market conditions and relationships with business counterparties into consideration.

Operating payables, consisting of notes and accounts payable, are mainly those due within six months.

##### (3) Supplementary explanation on fair values of financial instruments

The fair values of financial instruments include not only values based on market quotations, but also values calculated on a theoretical basis in cases where market quotations are not available. Such values may vary depending on different assumptions, as variables are factored into the calculation of such values.

#### 2. Fair values of financial instruments

The book values of financial instruments in the consolidated balance sheet as of December 31, 2010, their fair values, and the differences between the two are as follows. The table below, however, excludes the financial instruments whose fair values are considered extremely difficult to assess (see Note 2).

	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 15,975	¥ 15,975	¥ —
(2) Notes and accounts receivable	118,887	118,887	—
(3) Short-term investments in securities and investments in securities	97,921	97,922	1
(4) Short-term loans receivable	40,001	40,001	—
Total assets	272,784	272,785	1
(5) Notes and accounts payable	102,850	102,850	—
Total liabilities	¥ 102,850	102,850	¥ —

	Thousands of U.S. dollars (Note 1)		
	Book value	Fair value	Difference
(1) Cash and deposits	\$ 197,222	\$ 197,222	\$ —
(2) Notes and accounts receivable	1,467,741	1,467,741	—
(3) Short-term investments in securities and investments in securities	1,208,901	1,208,913	12
(4) Short-term loans receivable	493,840	493,840	—
Total assets	3,367,704	3,367,716	12
(5) Notes and accounts payable	1,269,753	1,269,753	—
Total liabilities	\$ 1,269,753	\$ 1,269,753	\$ —

**Notes:** 1. Calculation methods of fair values of financial instruments and other matters relating to securities are as below;

Assets

(1) Cash and deposits, (2) notes and accounts receivable, and (4) short-term loans receivable

The book values of these assets are used as their fair values, since they are to be settled in the short term and accordingly their fair values approximate their book values.

(3) Short-term investments in securities and investments in securities

The fair values of equity securities are based on the prices at the security exchanges, and those of debt securities are based on the prices at the security exchanges or quotations obtained from counterparty financial institutions. Details of securities by holding objectives are described in Note 9 Securities.

Liabilities

(5) Notes and accounts payable

The book values of these liabilities are used as their fair values, since they are to be settled in the short term and accordingly their fair values approximate their book values.

2. The book values of financial instruments whose fair values are considered extremely difficult to assess are as follows:

Category	Millions of yen	Thousands of U.S. dollars (Note 1)
	Book value	
Unlisted equity securities	¥ 617	\$ 7,617
Investments in partnerships	¥ 196	\$ 2,419

These financial instruments are not included in (3) short-term investments in securities and investments in securities in the preceding table of fair values, since they do not have market prices and therefore assessment of their fair values is considered to be extremely difficult.

3. The redemption schedule of monetary claims and securities with maturities as of December 31, 2010 is summarized as follows:

	Millions of yen			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and deposits	¥ 15,975	—	—	—
Notes and accounts receivable	118,887	—	—	—
Short-term investments in securities and investments in securities				
Held-to-maturity debt securities				
(1) Corporate bonds	1,000	—	—	—
(2) Other	93,600	—	—	—
Short-term loans receivable	40,001	—	—	—
Total	¥ 269,463	—	—	—

	Thousands of U.S. dollars (Note 1)			
	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years
Cash and deposits	\$ 197,222	—	—	—
Notes and accounts receivable	1,467,741	—	—	—
Short-term investments in securities and investments in securities				
Held-to-maturity debt securities				
(1) Corporate bonds	12,345	—	—	—
(2) Other	1,155,556	—	—	—
Short-term loans receivable	493,840	—	—	—
Total	\$ 3,326,704	—	—	—

(Additional Information)

Effective the year ended December 31, 2010, the Company has adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, revised on March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on March 10, 2008).

## 9 Securities

Securities held by the Company and its consolidated subsidiaries as of December 31, 2010 and 2009 were classified and included in the following accounts:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Securities classified as:			
Available-for-sale:			
Investments in securities	¥ 4,134	¥ 4,155	\$ 51,037
Held-to-maturity:			
Cash and cash equivalents	93,600	77,899	1,155,556
Short-term investments in securities	1,000	221	12,345
Investments in securities	—	1,000	—
	<b>94,600</b>	<b>79,120</b>	<b>1,167,901</b>
	<b>¥ 98,734</b>	<b>¥ 83,275</b>	<b>\$ 1,218,938</b>

The carrying amounts and aggregate fair values of investments in securities at December 31, 2010 and 2009 were as follows:

	Millions of yen			
	2010			
	Book value	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Corporate bonds	¥ 1,000	¥ 1	—	¥ 1,001
	<b>¥ 1,000</b>	<b>¥ 1</b>	<b>—</b>	<b>¥ 1,001</b>

	Millions of yen			
	2010			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 3,573	¥ 523	¥ (785)	¥ 3,311
Other	11	—	(1)	10
	<b>¥ 3,584</b>	<b>¥ 523</b>	<b>¥ (786)</b>	<b>¥ 3,321</b>

	Millions of yen			
	2009			
	Book value	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Corporate bonds	¥ 1,000	¥ 2	—	¥ 1,002
Government bonds	221	2	—	223
	<b>¥ 1,221</b>	<b>¥ 4</b>	<b>—</b>	<b>¥ 1,225</b>

	Millions of yen			
	2009			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 3,577	¥ 590	¥ (918)	¥ 3,249
Other	11	—	(2)	9
	<b>¥ 3,588</b>	<b>¥ 590</b>	<b>¥ (920)</b>	<b>¥ 3,258</b>

	Thousands of U.S. dollars (Note 1)			
	2010			
	Book value	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Corporate bonds	\$ 12,346	\$ 12	—	\$ 12,358
	\$ 12,346	\$ 12	—	\$ 12,358
	Thousands of U.S. dollars (Note 1)			
	2010			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 44,111	\$ 6,457	\$ (9,691)	\$ 40,877
Other	136	—	(13)	123
	\$ 44,247	\$ 6,457	\$ (9,704)	\$ 41,000

Available-for-sale and held-to-maturity securities whose fair values are not readily determinable as of December 31, 2010 and 2009 were as follows:

	Carrying amount			Thousands of U.S. dollars (Note 1)
	Millions of yen		2010	
	2010	2009		
Available-for-sale:				
Equity securities	¥ 617	¥ 872		\$ 7,617
Investments in investment partnerships	¥ 196	¥ 25		\$ 2,420
Held-to-maturity:				
Certificates of deposit	¥ 92,600	¥ 76,900		\$ 1,143,210
Commercial paper	¥ 1,000	¥ 999		\$ 12,346
	¥ 94,413	¥ 78,796		\$ 1,165,593

## 10 Employees' Retirement and Severance Benefits

The Company has a defined contribution pension plan, a pension plan with a market-based variable accumulation rate (quasi-cash balance plan), and a lump-sum severance payment plan, and its domestic consolidated subsidiaries have defined benefit corporate pension plans, tax-qualified retirement pension plans and lump-sum severance payment plans.

The liability for employees' retirement benefits as of December 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	
	2010	2010	
Projected benefit obligation	¥ 160,696	¥ 152,040	\$ 1,983,901
Fair value of plan assets	(121,578)	(123,316)	(1,500,963)
Unrecognized actuarial loss	(32,412)	(25,543)	(400,148)
Unrecognized prior service cost	29,549	34,065	364,802
Prepaid pension cost	251	292	3,099
Allowance for employees' retirement benefits	¥ 36,506	¥ 37,538	\$ 450,691

The components of net periodic benefit costs for the years ended December 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	
	2010	2010	
Service cost	¥ 6,173	¥ 6,176	\$ 76,210
Interest cost	3,472	3,471	42,864
Expected return on plan assets	(3,802)	(3,607)	(46,938)
Expenses incurred due to the change in accounting standards for retirement benefit obligations from the simplified method to the standard method	—	202	—
Amortization of prior service cost	(3,864)	(3,925)	(47,704)
Amortization of actuarial loss	2,849	3,103	35,173
Other	1,394	1,268	17,210
Net periodic benefit costs	¥ 6,222	¥ 6,688	\$ 76,815

Assumptions used in accounting for the above plans for the years ended December 31, 2010 and 2009 were principally as follows:

	2010	2009
Discount rate	1.4% - 2.1%	2.4% - 2.5%
Expected rates of return on plan assets	1.0 - 3.4%	1.0% - 3.4%
Amortization period of prior service cost	10-14 years	10-15 years
Recognition period of actuarial loss	10-14 years	10-15 years

## 11 Income Taxes

The normal statutory rate of income taxes was approximately 40.0% for the years ended December 31, 2010 and 2009.

The effective tax rates for the years ended December 31, 2010 and 2009, differed from the normal statutory tax rate following the adoption of tax-effect accounting for the reasons outlined in the table below.

	2010	2009
Normal statutory tax rate	40.0%	40.0%
Change in valuation allowance	6.9%	(571.7)%
Per-capita levy of inhabitants taxes	4.4%	(34.6)%
Amortization of goodwill	4.1%	(56.3)%
Entertainment and other expenses permanently not deductible for tax purposes	2.8%	(39.0)%
Dividend income not taxable	(0.6)%	8.5%
Effects of realignment of subsidiaries	—	52.5%
Deduction entry reserve for fixed assets	—	21.7%
Other	(2.0)%	7.1%
Effective tax rate following the adoption of tax-effect accounting	55.6%	(571.7)%

The effects of significant temporary differences, which resulted in deferred tax assets and liabilities as of December 31, 2010 and 2009, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
<b>DEFERRED TAX ASSETS:</b>			
Loss on disposal and devaluation of inventories	¥ 334	¥ 622	\$ 4,123
Accrued business tax and business office tax	658	71	8,123
Accrued bonuses to employees	1,256	1,367	15,506
Excess amortization of software	5,201	4,177	64,210
Loss on impairment of fixed assets	723	770	8,926
Excess depreciation of fixed assets	639	342	7,889
Allowance for doubtful receivables	66	404	815
Allowance for employees' retirement benefits	14,666	15,050	181,062
Loss on devaluation of investments in securities	1,524	1,634	18,815
Loss carried forward	1,871	2,899	23,099
Other	4,349	4,021	53,692
Gross deferred tax assets	31,287	31,356	386,260
Less: valuation allowance	(5,470)	(5,729)	(67,531)
Total deferred tax assets	¥ 25,817	¥ 25,627	\$ 318,729
<b>DEFERRED TAX LIABILITIES:</b>			
Net unrealized gain on available-for-sale securities	¥ 69	¥ 68	\$ 852
Deferred capital gain	1,933	1,942	23,864
Other	31	107	383
Total deferred tax liabilities	2,033	2,117	25,099
Net deferred tax assets	¥ 23,784	¥ 23,510	\$ 293,630

# 12 Segment Information

## (a) Business Segment Information

Year ended or as of December 31,	Millions of yen					
	2010					
	Business Solutions	Consumer Equipment	Industrial Equipment	Total	Corporate and eliminations	Consolidated
Net sales:						
Third-party customers	¥ 440,732	¥ 219,781	¥ 13,646	¥ 674,159	—	¥ 674,159
Intersegment	—	—	—	—	—	—
Total	440,732	219,781	13,646	674,159	—	674,159
Operating expenses	441,599	210,597	14,227	666,423	—	666,423
Operating income (loss)	¥ (867)	¥ 9,184	¥ (581)	¥ 7,736	—	¥ 7,736
Total assets	¥ 205,158	¥ 74,126	¥ 8,688	¥ 287,972	¥ 160,620	¥ 448,592
Depreciation and amortization	11,463	1,922	355	13,740	—	13,740
Loss on impairment of fixed assets	493	—	—	493	—	493
Capital expenditures	16,315	1,457	224	17,996	—	17,996

Year ended or as of December 31,	Millions of yen					
	2009					
	Business Solutions	Consumer Equipment	Industrial Equipment	Total	Corporate and eliminations	Consolidated
Net sales:						
Third-party customers	¥ 419,217	¥ 241,748	¥ 25,650	¥ 686,615	—	¥ 686,615
Intersegment	—	—	—	—	—	—
Total	419,217	241,748	25,650	686,615	—	686,615
Operating expenses	422,494	231,064	26,760	680,318	—	680,318
Operating income (loss)	¥ (3,277)	¥ 10,684	¥ (1,110)	¥ 6,297	—	¥ 6,297
Total assets	¥ 199,711	¥ 81,644	¥ 17,496	¥ 298,851	¥ 150,756	¥ 449,607
Depreciation and amortization	10,507	1,308	541	12,356	—	12,356
Loss on impairment of fixed assets	700	150	9,919	10,769	—	10,769
Capital expenditures	12,456	3,467	1,117	17,040	—	17,040

Year ended or as of December 31,	Thousands of U.S. dollars (Note 1)					
	2010					
	Business Solutions	Consumer Equipment	Industrial Equipment	Total	Corporate and eliminations	Consolidated
Net sales:						
Third-party customers	\$ 5,441,136	\$ 2,713,346	\$ 168,469	\$ 8,322,951	—	\$ 8,322,951
Intersegment	—	—	—	—	—	—
Total	5,441,136	2,713,346	168,469	8,322,951	—	8,322,951
Operating expenses	5,451,840	2,599,963	175,642	8,227,445	—	8,227,445
Operating income (loss)	\$ (10,704)	\$ 113,383	\$ (7,173)	\$ 95,506	—	\$ 95,506
Total assets	\$ 2,532,815	\$ 915,136	\$ 107,259	\$ 3,555,210	\$ 1,982,963	\$ 5,538,173
Depreciation and amortization	141,519	23,728	4383	169,630	—	169,630
Loss on impairment of fixed assets	6,086	—	—	6,086	—	6,086
Capital expenditures	201,420	17,988	2,765	222,173	—	222,173

### Notes: Change in business segments

Personal copiers and personal computers were previously included in the Consumer Equipment segment. A review of our segment structure indicated that there were increased opportunities to market these products through business channels. Because of similarities in the markets in which these products are sold, it was decided to allocate them to the Business Solutions segment beginning with the fiscal year ended December 31, 2010.

The table below shows the segment results for the year ended December 31, 2009 based on the segment structure introduced in the year ended December 31, 2010.

Year ended or as of December 31,	Millions of yen					
	2009					
	Business Solutions	Consumer Equipment	Industrial Equipment	Total	Corporate and eliminations	Consolidated
Net sales:						
Third-party customers	¥ 438,738	¥ 222,227	¥ 25,650	¥ 686,615	—	¥ 686,615
Intersegment	—	—	—	—	—	—
Total	438,738	222,227	25,650	686,615	—	686,615
Operating expenses	441,759	211,799	26,760	680,318	—	680,318
Operating income (loss)	¥ (3,021)	¥ 10,428	¥ (1,110)	¥ 6,297	—	¥ 6,297
Total assets	¥ 204,953	¥ 76,402	¥ 17,496	¥ 298,851	¥ 150,756	¥ 449,607
Depreciation and amortization	10,580	1,235	541	12,356	—	12,356
Loss on impairment of fixed assets	700	150	9,919	10,769	—	10,769
Capital expenditures	12,726	3,197	1,117	17,040	—	17,040

### (b) Geographic Segment Information

As international sales of the Company and its consolidated subsidiaries for the years ended December 31, 2010 and 2009 constituted less than 10% of consolidated net sales, geographic segment information has not been disclosed.

### (c) Overseas Sales

Overseas sales amounted to less than 10% of consolidated net sales for the years ended December 31, 2010 and 2009. For this reason, overseas sales have not been disclosed.

## 13 Transactions with Affiliated Companies

Current Fiscal Year (from January 1, 2010 to December 31, 2010)

Parent Company and Major Corporate Stockholders, Etc.

Category	Name of company, etc.	Address	Capital or investment capital (Millions of yen)	Business contents or occupation	Percentage possession of voting rights (Ownership) (%)	Related contents		Contents of transactions	Transaction amount (Millions of yen)	Subject	Balance at end of fiscal year (Millions of yen)	
						Board members holding concurrent positions	Business relationships					
Parent company	Canon Inc.	Ohta-ku, Tokyo	¥ 174,762	Manufacture and sale of business equipment, consumer equipment, and industrial equipment	(Ownership) Direct 55.3% Indirect 0.0%	Two hold concurrent positions	Manufacture of products sold by Canon MJ	Operating transactions	Purchases of products	¥ 267,952	Accounts payable	¥ 78,498
									Sales of business equipment and consumables, etc.	¥ 8,183	Accounts receivable and others	¥ 3,819
								Non-operating transactions	Loans of capital	¥ 40,000	Short-term loans	¥ 40,000

**Note:** Transaction amounts do not include sales tax, etc., and the balance of credit and debt includes sales tax, etc.

Transaction conditions and policies for deciding transaction conditions, etc.

- (1) Purchases of products are decided based on price negotiations each fiscal year, after considering market prices and the affiliated company's proposals regarding desired prices.
- (2) Sales of business equipment and consumables, etc. are subject to similar conditions as general transactions.
- (3) With regard to loans of capital, interest rates on loans are decided rationally after considering market interest rates. Furthermore, collateral is not accepted.

**Previous Fiscal Year (from January 1, 2009 to December 31, 2009)  
Parent Company and Major Corporate Stockholders, Etc.**

Category	Name of company, etc.	Address	Capital or investment capital (Millions of yen)	Business contents or occupation	Percentage possession of voting rights (Ownership) (%)	Related contents		Contents of transactions	Transaction amount (Millions of yen)	Subject	Balance at end of fiscal year (Millions of yen)
						Board members holding concurrent positions	Business relationships				
Parent company	Canon Inc.	Ohta-ku, Tokyo	¥ 174,762	Manufacture and sale of business equipment, consumer equipment, and industrial equipment	(Ownership) Direct 55.2% Indirect 0.0%	Two hold concurrent positions	Manufacture of products sold by Canon MJ	Purchases of products	¥ 269,211	Accounts payable	¥ 79,575
								Sales of business equipment and consumables, etc.	¥ 7,400	Accounts receivable and others	¥ 4,229
								Loans of capital	¥ 40,000	Short-term loans	¥ 40,000

**Note:** Transaction amounts do not include sales tax, etc., and the balance of credit and debt includes sales tax, etc.

Transaction conditions and policies for deciding transaction conditions, etc.

- (1) Purchases of products are decided based on price negotiations each fiscal year, after considering market prices and the affiliated company's proposals regarding desired prices.
- (2) Sales of business equipment and consumables, etc. are subject to similar conditions as general transactions.
- (3) With regard to loans of capital, interest rates on loans are decided rationally after considering market interest rates. Furthermore, collateral is not accepted.

## **14 Business Combinations**

**Current Fiscal Year (from January 1, 2010 to December 31, 2010)**

**Business Transfer**

1. Name of the company to which the business was transferred, content of transferred business, principal reasons, the date, and outline of the business transfer including its legal form

(1) Name of the company to which the business was transferred  
Canon Inc.

(2) Content of transferred business  
Semiconductor equipment business of the Company

(3) Principal reasons of business transfer  
The Company's activities in the area of semiconductor equipment involved sales, service and support, primarily in relation to lithography equipment for semiconductors and LCD substrates. The business of the Company in this area was transferred to Canon Inc., the parent company, because of the need for the Canon Group to establish an integrated structure covering all stages from development and design through to manufacture, sales, service and support, in order to respond flexibly in the rapidly changing market for semiconductor equipment.

(4) Date of business transfer  
January 1, 2010

(5) Outline of the business transfer including its legal form  
Business transfer for which the consideration received consisted of cash only

2. Outline of accounting procedures applied

(1) Amount of transferred profit and loss  
¥400 million (\$4,938 thousand)

(2) Book values and principal assets and liabilities relating to the transferred business

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 1,371	\$ 16,926
Fixed assets	713	8,802
Total assets	¥ 2,084	\$ 25,728
Current liabilities	¥ 42	\$ 518
Long-term liabilities	665	8,210
Total liabilities	¥ 707	\$ 8,728

(3) Business segment in which transferred business had been included  
Industrial equipment

(4) Estimated amounts of profit and loss attributable to the transferred business recorded in the consolidated statement of operations for the fiscal year ended December 31, 2010

Net sales                    ¥ —million  
Operating income        ¥ —million

#### Transaction under Common Control

1. Name and business activities of merger parties

(1) Merging company (sole parent company after share-for-share exchange)

Name: Canon Marketing Japan Inc.

Business activities: Marketing of business equipment, consumer equipment and industrial equipment, and provision of related solutions

(2) Merged company (wholly-owned subsidiary after share-for-share exchange)

Name: Canon Software Inc.

Business activities: Provision of information services, sales of information processing equipment and related software

2. Legal format of merger

Share-for-share exchange

3. Name of company after merger

Unchanged

4. Outline of the merger including its purpose

A share-for-share exchange was implemented as of May 1, 2010, resulting in the acquisition of Canon Software Inc. as a wholly-owned subsidiary of the Company. The purpose of the merger was to accelerate the development of the IT Solutions Business as a core business segment, and create the capacity to provide services of higher quality to customers by realizing optimal use of the technology and expertise accumulated by Canon Software Inc. within the Group.

5. Outline of accounting procedures applied

The merger was accounted for as a transaction under common control, generating no goodwill, under the provisions of the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, revised on December 26, 2008) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, revised on December 26, 2008).

6. Details of additional acquisition of shares of the subsidiary

(1) Details of the acquisition cost

Common stock of the Company    ¥3,925 million (\$48,457 thousand)  
Acquisition cost                    ¥3,925 million (\$48,457 thousand)

(2) Share exchange ratio by type of shares, calculation method of share exchange ratio, number of shares granted, and valuation of the shares granted

1) Type of shares and share exchange ratio

Type of shares: Common stock

Name of company	Share exchange ratio
Canon Marketing Japan Inc.	1
Canon Software Inc.	0.43

2) Calculation method of share exchange ratio

Each company has been analyzed using the market share price method, comparisons with similar listed companies and the discounted cash flow method. The results of all three analyses were taken into account in the calculation of the share exchange ratio.

3) Number of shares granted

4,201,096 shares

4) Valuation of the shares granted

¥3,925 million (\$48,457 thousand)

#### <Change in Accounting Standards>

Effective the year ended December 31, 2010, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, revised on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on December 26, 2008), the "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, issued on

December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, revised on December 26, 2008), and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, revised on December 26, 2008).

#### Previous Fiscal Year (from January 1, 2009 to December 31, 2009)

Notes on business combinations are omitted due to the immateriality of the impact on the consolidated financial statements.

## 15 Long-Term Debt

Lease obligations and deposits at December 31, 2010 and 2009 consisted of the following:

	Average interest rate	Millions of yen		Thousands of U.S. dollars (Note 1)
		2010	2009	2010
Lease obligations		¥ 1,501	¥ 693	\$ 18,530
Current portion of lease obligations		(432)	(190)	(5,333)
		¥ 1,069	¥ 503	\$ 13,197
Deposits	0.0%	3,069	2,915	37,889
		¥ 4,138	¥ 3,418	\$ 51,087

## 16 Stockholders' Equity

The Corporate Law of Japan went into effect on May 1, 2006, replacing the Commercial Code. It is applicable to events or transactions of companies in Japan occurring on or after May 1, 2006 and for fiscal years ending on or after May 1, 2006.

The Corporate Law stipulates that the amounts actually paid in or provided in consideration for newly issued stock shall be recorded as common stock. However, it also allows 50% or less of such amounts to be recorded as additional paid-in capital.

Under the Corporate Law, a company that meets certain criteria can establish its Articles of Incorporation so that dividends can be paid to its existing stockholders by resolution of the Board of Directors, without requiring the approval of a resolution at a general stockholders' meeting. The Company has met said criteria and amended its Articles of Incorporation at the annual general stockholders' meeting for fiscal 2006. The Corporate Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. However, such appropriation cannot be made if the aggregate amount of the legal reserve exceeds 25% of common stock (i.e. the aggregate amount of the Company's legal reserve has already reached 25% of its common stock).

## 17 Subsequent Events

#### (Subsequent to Current Fiscal Year, January 1 to December 31, 2010)

##### Damage Resulting from the Great East Japan Earthquake

The Group suffered damage to inventories and equipment in some of its buildings as a result of the Great East Japan Earthquake that occurred on March 11, 2011.

#### (1) Level of damage

##### ① Human impact

The safety of all Group employees has been confirmed, and there was no significant human impact.

##### ② Status of business sites, etc.

Merchandise at distribution centers in Tohoku and Kanto suffered some damage including breakage as a result of falling. The buildings and other facilities also suffered some partial damage.

#### (2) Amount of losses

The amount of loss is currently being calculated, and the amount has not yet been determined.

#### (3) Significant effects of the disaster on business activities, etc.

In addition to the damage listed above, business activities could also be affected by the partial suspension of operations by Canon, Inc. and its production subsidiaries, as well as damage suffered by customers and business partners in the affected area.

# REPORT OF INDEPENDENT AUDITORS



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## Report of Independent Auditors

The Board of Directors  
Canon Marketing Japan Inc.

We have audited the accompanying consolidated balance sheets of Canon Marketing Japan Inc. and consolidated subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Canon Marketing Japan Inc. and consolidated subsidiaries at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

*Ernst & Young ShinNihon LLC*

March 28, 2011

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# CORPORATE DATA

## HEADQUARTERS

Canon S Tower, 16-6, Konan 2-chome,  
Minato-ku, Tokyo 108-8011, Japan

## DATE OF ESTABLISHMENT

February 1, 1968

## CAPITAL STOCK

¥73,303,082,757

## STOCK

151,079,972 shares

## STOCK LISTING

Canon Marketing Japan Inc.'s common stock is traded on the First Section of the Tokyo Stock Exchange.

## NUMBER OF EMPLOYEES

Consolidated: 18,571

Non-consolidated: 5,298

(As of December 31, 2010)

## MAIN LOCATIONS OF OPERATIONS

Headquarters, Makuhari office and branches (Sapporo, Sendai, Nagoya, Osaka, Hiroshima and Fukuoka)

(As of April 1, 2011)

## MAJOR STOCKHOLDERS

Name of stockholder	Number of shares held (thousands)	Percentage of ownership (%)
Canon Inc.	75,708	50.11
Canon Marketing Japan Inc.	13,895	9.20
Canon Marketing Japan Group Employee Stock Ownership Association	5,803	3.84
The Bank Of New York, Treaty JASDEC Account	2,633	1.74
Japan Trustee Services Bank, Ltd. (Trust Account)	2,524	1.67
The Master Trust Bank of Japan, Ltd.	2,293	1.52
RBC Dexia Investor Service Bank Account Luxembourg Non-Resident Domestic Rate	1,526	1.01
State Street Bank and Trust Company	1,321	0.87
Canon Marketing Japan Group Business Partner Stock Ownership Association	1,083	0.72
Mizuho Bank, Ltd.	1,001	0.66

## CANON MJ INVESTOR RELATIONS WEBSITE

Canon MJ maintains a comprehensive Investor Relations website to further facilitate communication with stockholders. The website contains:

- News for investors
- IR calendar
- Financial results and other financial information
- Information on the Three-Year Management Plan (fiscal year 2011–2013)
- Stock information
- Annual reports



<http://cweb.canon.jp/eng/ir/>



# Canon

**Canon Marketing Japan Inc.**

**Headquarters**

Canon S Tower, 16-6, Konan 2-chome,  
Minato-ku, Tokyo 108-8011, Japan

**Canon Marketing Japan Website  
(Investor Relations)**

<http://cweb.canon.jp/eng/ir/>



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