

Leveraging Strengths

Annual Report 2014

for the year ended December 31, 2014

Canon

Canon Marketing Japan Inc.

Profile

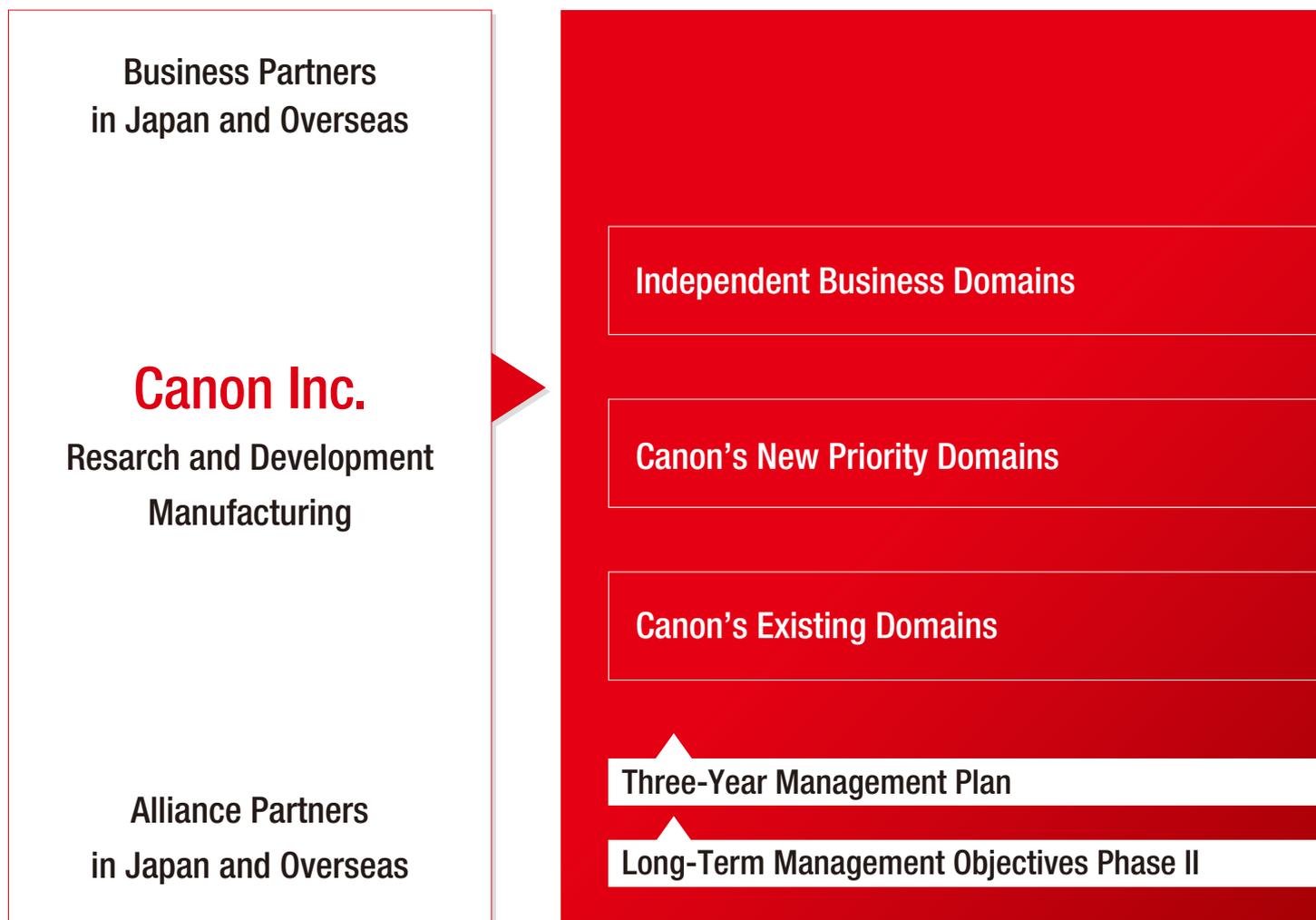
The globally respected Canon Group engages in diverse activities in more than 180 countries. The roles of the Canon Marketing Japan (Canon MJ) Group in Canon Group are to market and propose solutions, primarily in Japan.

The Canon MJ Group harnesses its Business Solutions, IT Solutions, Imaging Systems, and Industrial/Medical business segments to create new customer value in all areas of life, work, and society. We provide products and services for Canon's existing and new priority domains and our independent business domains through strategies that we tailor specifically for each domain. In keeping with the basic concept of Beyond Canon, Beyond Japan for our independent business domains, we reinforced our presence in Japan and overseas—particularly in Association of Southeast Asian Nation (ASEAN) member states—for products and services outside the Canon brand.

Under our new medium-term management plan, the Canon MJ Group's 27* companies and 18,482* employees will strive to evolve into a trading company that adds value and supplies solutions that resolve social issues.

* As of April 1, 2015

Canon Marketing Japan Group's Value Creation Flow



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Disclaimer Regarding Forward-Looking Statements

This annual report contains forward-looking statements about the performance and management plans of Canon Marketing Japan Inc., based on management's assumptions in light of current information. The following factors may therefore influence actual results. These factors include consumer trends in Japan as well as other major global markets, private capital expenditures, currency fluctuations, notably against the U.S. dollar, materials prices, and political turmoil in certain countries and regions.

Marketing | Services | Solutions

**Business
Solutions**

**IT
Solutions**

**Imaging
Systems**

**Industrial/
Medical**

Customers

**Businesses
Consumers
Overseas
Society**

Financial and Business Highlights

Financial Highlights of FY2014

For the year:

Net sales

¥659,432 million

0.3% increase
2013: ¥657,216 million

Cost of sales

¥425,896 million

1.7% decrease
2013: ¥433,279 million

Gross profit

¥233,536 million

4.3% increase
2013: ¥223,937 million

At year-end:

Total assets

¥479,747 million

2.7% increase
2013: ¥467,076 million

Total stockholders' equity

¥270,061 million

5.2% increase
2013: ¥256,795 million

Key ratios:

Total stockholders' equity ratio

56.3%

1.3pp increase
2013: 55.0%

ROE

6.1%

2.1pp increase
2013: 4.0%

Business Highlights of FY2014

Canon's existing domains

Captured top shares of the camera and printer markets

No. 1 market share

Maintained leading shares in markets for interchangeable lens digital cameras, compact digital cameras, and laser printers and secured the top spot in inkjet printers for the first time in four years

Canon's new priority domains

Progressed steadily in network cameras

62.2% growth

Secured large orders and expanded business by highlighting marketing as well as monitoring applications

SG&A expenses**¥208,448** million0.7% increase
2013: ¥206,924 million**Operating income****¥25,088** million47.5% increase
2013: ¥17,013 million**Net income****¥16,030** million57.7% increase
2013: ¥10,168 million**Per share data:****Stockholders' equity****¥2,082.60**5.2% increase
2013: ¥1,980.22**Net income****¥123.62**61.2% increase
2013: ¥76.67**Cash dividends****¥40.00**66.7% increase
2013: ¥24.00**Stock information:****Number of shares outstanding at year-end****151,080** thousand

2013: 151,080 thousand

Canon MJ's independent business domains**Expanded IT Solutions segment sales****4.5% growth**

Expanded IT Solutions segment sales overall while increasing sales of IT Solutions businesses in the Business Solutions segment by 6.3%

Grew 3D businesses**Business acquisitions**

Purchased 3D computer-aided design (CAD) software firm A&A Co., Ltd., and 3D medical imaging company AZE, Ltd., and expanded sales of 3D printers and Mixed Reality (MR) systems through various channels

To Our Stockholders and Stakeholders

Moving Forward with a Growth Scenario

The first item to report in this message is that Masahiro Sakata became president of Canon Marketing Japan Inc. as of March 26, 2015.

It is a pleasure to report to our stockholders and stakeholders that Canon MJ boosted operating income for the fifth straight term in the year ended December 31, 2014.

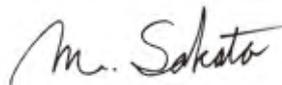
Management accordingly increased the dividend for the year by ¥16, to ¥40 per share.

However, we are only at the beginning of our task. Our objective for 2017, the final year of the medium-term management plan that we recently announced, is to evolve into a corporate group that continues to provide original and new added value. This also means that it is crucial for us to generate average annual net sales growth of 4% through fiscal 2017, which is double the pace of Japan's nominal projected GDP expansion. It is thus vital that we embark on a basic policy of refocusing to expand our business horizons under a concept that we have termed "Beyond Canon," and "Beyond Japan." We must now move forward with a solid expansionary strategy.

Your new top management team's focus is on accelerating growth, and we look forward to your ongoing support and encouragement in our endeavors.



Haruo Murase
Chairman



Masahiro Sakata
President



Haruo Murase
Chairman

Masahiro Sakata
President

A Message from the President



Masahiro Sakata
President

Fiscal 2014 Performance

- ▶ Increased operating income 47.5%, to ¥25.1 billion—our fifth consecutive gain—on the strength of a shift to higher value-added businesses and enhanced productivity
- ▶ Under Long-Term Management Objectives Phase II, a five-year plan launched in 2011, we reached our final year objective of Beyond Canon revenues representing 33% of net sales

The Japanese economy experienced instability in fiscal 2014, ended December 31, 2014. Although a spike in demand ahead of the consumption tax hike underpinned an ongoing recovery through March, the tax increase caused a prolonged slowdown in personal consumption after April.

It was against this backdrop that the Canon MJ Group set about deploying key strategies under a three-year medium-term management plan ending in fiscal 2016. These efforts enabled us to capture top

shares of the Japanese markets for interchangeable lens digital cameras, inkjet printers, laser printers, and other offerings in Canon's existing domains. In addition, we took advantage of market growth in Canon's new priority domains of commercial printing and network cameras to boost revenues and increased sales in such independent business domains as IT solutions for the industrial and medical fields. As such, and despite the sales of some products being negatively affected by the consumption tax hike, consolidated net sales increased 0.3%, to ¥659.4 billion.

We also enhanced profitability on the favorable performances of high-margin products, services, and solutions, and enhanced productivity from operational streamlining. Operating income climbed 47.5%, to ¥25.1 billion, our fifth consecutive rise. Net income advanced 57.7%, to ¥16.0 billion.

Leveraging Strengths

We will leverage our strengths to generate and build synergies beyond in-house and Group company boundaries to become a robust corporate group that can deliver sustainable growth under all economic conditions.

Goals of New Medium-Term Management Plan

Under our new three-year initiative, which ends in fiscal 2017, our mission is to evolve into a trading company that adds value and supplies solutions that resolve social issues. We will continue to improve and train our in-house talent and relentlessly overhaul our earnings structure to bolster our earnings potential.

We have formulated the following six policies to drive progress.

- ▶ Dominate the markets for each of Canon's businesses
- ▶ Enhance productivity and add further value in Canon's existing domains
- ▶ Maximize Group synergies
- ▶ Strengthen and expand Canon's new priority domains
- ▶ Focus the Canon MJ Group's energies on expanding independent business domains while swiftly creating new businesses and procuring new products
- ▶ Promote a Beyond Japan concept in all business creation

A Message from the President

Leveraging Strengths

Numerical Targets of New Medium-Term Management Plan

The table below shows that we aim to increase both revenues and earnings over the three years ending in fiscal 2017.

In keeping with our Beyond Canon, Beyond Japan concept, we will invest heavily in domains offering growth potential, maximizing Group synergies to expand our businesses. We aim to increase net sales an average 4.0% annually, reaching ¥741.0 billion by fiscal 2017. This growth rate is lower than the figure we set in fiscal 2013 as net sales rose only marginally in fiscal 2014 and because we also factored in Japanese economic prospects. That said, our net sales

expansion target is double Japan's roughly 2% growth rate projection for nominal GDP.

On the earnings front, we will add value to existing businesses while increasing the proportional sales contributions of high-margin services and leveraging IT and business process innovations to boost productivity and reduce variable expenses. We therefore seek to increase operating income an average 13.8% annually, to ¥37.0 billion in fiscal 2017.

Consolidated Performance Targets

(Billions of yen)

	FY2014 Results	FY2015 Targets	FY2016 Targets	FY2017 Targets
Net sales	659.4	681.0	709.0	741.0
Sales growth rate	0.3%	3.3%	4.1%	4.5%
Average growth rate (FY2014–FY2017): 4.0%				
Operating income	25.1	26.0	33.0	37.0
Income margin	3.8%	3.8%	4.7%	5.0%
Net income	16.0	16.9	21.6	24.2
ROE	6.1%	6.2%	7.5%	8.0%
EPS* (yen)	124	130	167	186

* EPS for 2015 and thereafter were calculated based on the number of shares at the end of 2014.

Growth Scenario (for Canon's Existing Domains, Canon's New Priority Domains, and Independent Business Domains)

In Japan, most of Canon's existing businesses are in mature markets. While these areas are projected to offer stable growth, we aim to increase their profitability by streamlining operations and services and enhancing productivity. At the same time, we will strive to accelerate growth in Canon's new priority domains and our independent business domains. The areas that Canon is prioritizing because of their significant growth prospects are network cameras and commercial printing, the latter presenting increasing opportunities because of progress in digitization. In our independent business domains, we will expand our IT Solutions business to take advantage of a projected ongoing rise in IT investments in Japan. We also anticipate growth in the 3D printer and medical imaging fields.



Segment Growth Strategies

▶ Business Solutions

We expect to maintain basically the same levels for multifunction products (MFPs) and laser printers in Canon's existing domains. As such, we will endeavor to generate growth in MFPs by deploying strategies focused on corporate scales and priority sectors so that we can increase the number of machines in field (MIF) and document volume (DV). In services, we will deploy remote equipment monitoring and other tools to enhance customer satisfaction and efficiency, thereby boosting profitability. With laser printers, we will deepen our market reach in specific sectors to increase cartridge sales. Good examples are drug envelopes and information sheets for pharmaceutical dispensaries and point-of-purchase materials in retailing.

In Canon's new priority domains, we will draw on Canon Production Printing Systems Inc., established in 2013, to expand our production printing business by increasing our profile in central reprographics departments and commercial printing. Network cameras have high growth prospects because applications are broadening beyond monitoring to include marketing. We also look to expand the projector business, as applications are broadening beyond office usage to encompass such promotional tools as digital signage.

In solutions, representing independent business domains for the Canon MJ Group, we look to expand cloud-based solutions for large corporations and will have Canon System & Support Inc. spearhead our IT Solutions business services for small and medium-sized enterprises. We will also cultivate 3D solutions.

Through these growth strategies, for fiscal 2017 we target Business Solutions segment sales of ¥362.0 billion and operating income of ¥13.5 billion.

▶ IT Solutions

Apart from Mixed Reality (MR)*—a new priority field for Canon— independent business domains account for most of this segment.

Here, we seek to improve our efficiency and shift to service businesses by restructuring operations. Accordingly, we plan to partially integrate Canon IT Solutions Inc. and Canon Software Inc. to generate new value and Group synergies.

The Nishi-Tokyo Data Center has steadily increased its operating rates, and we look to swiftly launch full-scale operations there and expand system operation services.

Our greatest strength in this segment is developing core systems

for the finance and brokerage fields, where customers rate our offerings very highly. We will reinforce systems integration (SI) services in those areas and in manufacturing and education, particularly at universities, where we are attracting solid orders for migrations and other large projects.

Overseas, Material Automation (Thailand) Co., Ltd. will spearhead our transformation from an IT infrastructure services provider to a solutions business, deploying the solutions that we provide in Japan in ASEAN member states.

In Canon's new priority domains, we will swiftly expand 3D technology-based businesses that draw on such Group offerings as 3D computer-aided design (CAD), 3D printers, and business solutions for MR*.

For fiscal 2017, therefore, we project ¥173.6 billion in sales and ¥8.4 billion in operating income for the IT Solutions segment.

* Mixed Reality (MR) is a graphics system that is able to merge smoothly the real world with computer graphics (CG), giving the user the impression that the CG image really exists. In designing products, using 3D CG that has been created by the MR system makes prototypes unnecessary and so development lead time and costs can be greatly reduced.

▶ Imaging Systems

In the digital camera category, we aim to reinforce our product lineup from user perspectives and offer an array of interchangeable lenses to encourage those relying on their compact digital cameras and smartphones for photography to move up to the entry-level EOS KISS and the EOS M3 mirrorless camera and thereafter to such mid-range models as the EOS 70D and EOS 7D Mark II.

In Japan, the household penetration of interchangeable lens digital cameras was around 20% in 2014, so we anticipate further growth in this area in the years ahead. We will capitalize on the astounding success of the EOS 7D Mark II in 2014 to deploy marketing strategies that match customer needs so we can maintain our No. 1 shares in the entry-level, mid-range, and professional photography categories.

We believe that demand for inkjet printers, in which we had the top market share in 2014, will remain around the same over the next few years. The keys to expanding this business will be deploying attractive new products that drive replacement purchases and proposals that encourage people to do more printing. Specific efforts will include highlighting the fun of printing smartphone photos, reinforcing our professional model lineup, and expanding sales for business applications, particularly for small and home offices.

A Message from the President

Leveraging Strengths

Japan initiated 4K broadcasting in March 2015 through Communications Satellite and cable TV channels. 8K broadcasts are now set to begin in 2018, ahead of the originally scheduled 2020. We therefore anticipate a surge in demand for high-resolution professional video equipment, and already have a range of offerings with 4K and 8K capabilities. We will endeavor to take advantage of demand growth and build on our leading position in the high-resolution broadcasting and video fields.

Our Imaging Systems segment projections for fiscal 2017 are for ¥200.0 billion in sales and ¥13.0 billion in operating income.

► Industrial/Medical

Of our four segments, we target our greatest growth in this business area.

In the industrial equipment category, we look to increase our range of such traditional independent business domain offerings as semiconductor testing and measuring systems and build our position

in such areas as precision sensors and other non-semiconductor applications.

In Canon's new priority domains, we will fully deploy machine vision and industrial camera offerings.

In medical systems, we will endeavor to increase sales of Canon's CXDI digital radiography system, boost unit sales from modalities, and enhance market share.

In our independent business domains, we will reinforce our capabilities in medical imaging IT solutions to make them the core of our medical business. We will also take advantage of our strong offerings in infection management and pharmaceutical dispensing to expand our operations in those areas in Japan and abroad.

We will endeavor to make this business segment profitable by increasing sales and swiftly deploying business process reforms.

For the Industrial/Medical segment, we forecast ¥42.4 billion in sales and ¥1.7 billion in operating income for fiscal 2017.

Segment Performance Targets

(Billions of yen)

	FY2014 Results		FY2015 Targets		FY2016 Targets		FY2017 Targets		Average growth rate (FY'14-'17)
	Sales	Operating income							
Business Solutions	330.2	8.2	340.0	8.7	351.4	12.5	362.0	13.5	3.1%
	0.9%	2.5%	3.0%	2.6%	3.4%	3.6%	3.0%	3.7%	
IT Solutions	148.8	3.2	151.7	4.2	159.5	6.4	173.6	8.4	5.3%
	4.5%	2.1%	2.0%	2.8%	5.1%	4.0%	8.8%	4.8%	
Imaging Systems	185.4	14.3	188.8	13.2	195.0	12.7	200.0	13.0	2.6%
	(3.3%)	7.7%	1.8%	7.0%	3.3%	6.5%	2.6%	6.5%	
Industrial/Medical	28.0	(1.0)	31.5	(0.5)	37.8	1.0	42.4	1.7	14.8%
	7.3%	—	12.4%	—	20.1%	2.6%	12.1%	4.0%	
Other/Sales eliminations	(33.0)	0.4	(31.0)	0.4	(34.7)	0.4	(37.0)	0.4	
Group consolidated	659.4	25.1	681.0	26.0	709.0	33.0	741.0	37.0	4.0%
	0.3%	3.8%	3.3%	3.8%	4.1%	4.7%	4.5%	5.0%	

* The percentage in the lower part of each segment shows the YOY growth rate for sales and operating income margin.

Investment Plan

I would now like to explain our investment plan for materializing the objectives of our new medium-term management plan. One of our general investments will be to allocate ¥21.0 billion over three years in securing assets to expand our highly promising MFP rental business.

In keeping with our growth strategies for the IT Solutions segment, we plan to invest an additional ¥5 billion over three years in the Nishi-Tokyo Data Center.

We will also invest ¥9 billion over three years to develop in-house

IT equipment and systems to help enhance business process productivity.

For strategic M&As, we have prepared approximately ¥40 billion in funds, which is within the bounds of free cash flow for the relevant fiscal years. Acquisition targets would include the IT solutions, medical, and documentation fields.

We believe that such proactive investments will help us to build further value.

Contributing to Social Sustainability

I mentioned when presenting our new medium-term management plan that our mission is to evolve into a trading company that adds value and supplies solutions that resolve social issues. This will entail us leveraging our marketing capabilities to resolve such issues while

generating economic value, and we will make CSR central to our corporate management. Through pursuit of our mission, we hope to contribute to social sustainability.

Looking Ahead

In fiscal 2015, the Japanese economy should continue a mild recovery despite the impacts of downturns in overseas economies and a declining yen. The Canon MJ Group will accordingly step up business efforts to reach the targets of the medium-term management plan that it announced in January this year.

Our product and services lineup is far more diverse than those of rivals, and are a source of our strength. We will leverage such strength to generate and build synergies beyond in-house and Group company boundaries to become a robust corporate group that can deliver sustainable growth under all economic conditions.

I will do my very best in the year ahead to maximize value for all of Canon MJ Group's stockholders and stakeholders.

May 2015



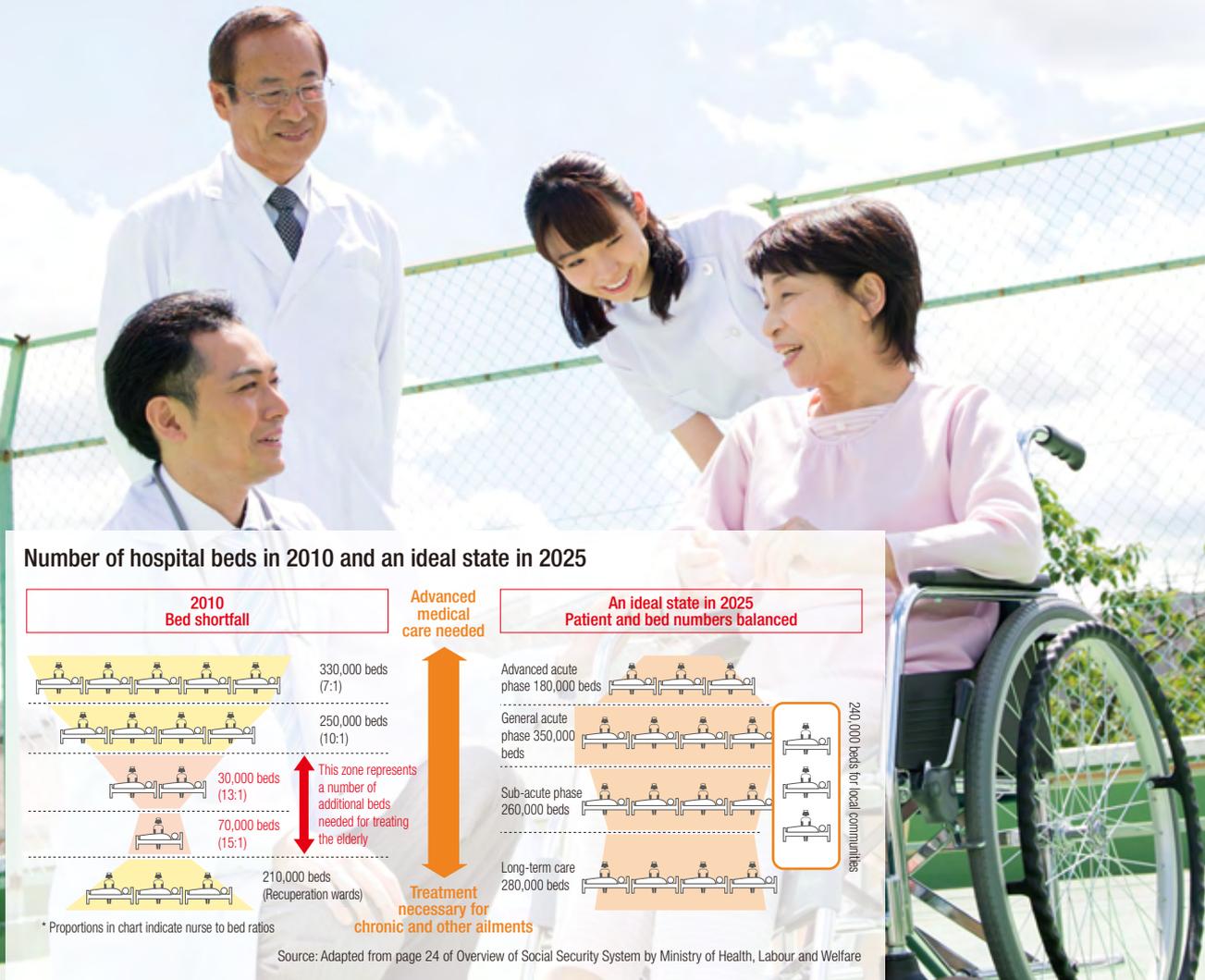
Masahiro Sakata
President



Providing Healthcare Solutions to Address Social Issues

Japan is the world's fastest graying country. In 2013, 25% of the nation's population was over the age of 65. This figure is expected to reach 30% by 2025. Providing the most appropriate healthcare services in such a situation while also constraining the seemingly ever increasing cost of treatment has become a huge challenge that society must resolve. As such, the Japanese government is pushing ahead with initiatives that entail functionally differentiating treatments, fostering collaboration between medical institutions, and creating preventive medicine frameworks.

As a private entity, the Canon MJ Group is doing much to tackle these issues.



Strategies for Cultivating Our Healthcare Capabilities

The Canon Group has a long track record in healthcare. In 1940, not long after its establishment, Canon Inc. developed Japan's first indirect X-ray camera. It has since continued to create digital X-ray imaging equipment and retinal cameras.

The Canon MJ Group is leveraging its strengths in imaging and other fields to deliver unmatched value so it can increase its share in the medical arena.

One thrust is to employ proprietary solutions to assist with treatment through cloud-based medical imaging services. Another is to draw on Canon's strengths in proposing new applications for cameras, printers, scanners, projectors, network cameras, and other general-purpose equipment as part of a focus on increasing productivity in the healthcare field.

Medical Image Place: A Cloud-Based Medical Imaging Services Infrastructure

In October 2014, we unveiled Medical Image Place, a proprietary cloud-based medical imaging services infrastructure that incorporates Canon's imaging strengths and cloud technologies.

It will become increasingly important to properly manage health diagnoses, medical history, and other data to deliver finely tuned medical services. Cloud services are attracting attention as a vehicle for centrally managing such data.

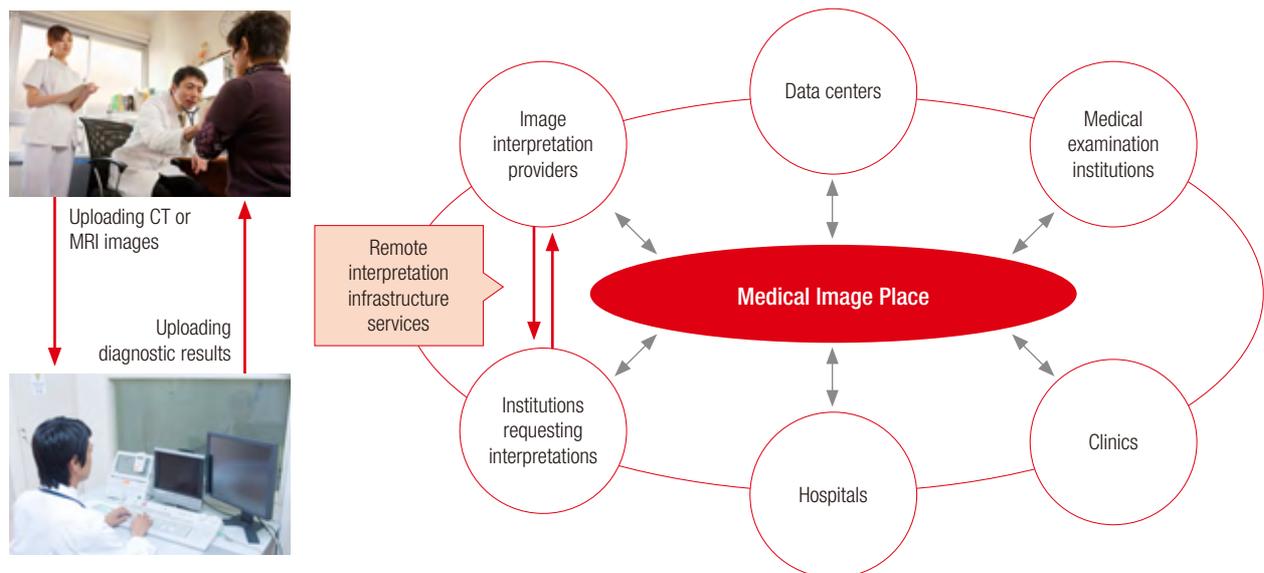
The initial offering from Medical Image Place was a remote interpretation infrastructure service. This setup uploads computed tomography (CT), magnetic resonance imaging (MRI), and other images from medical institutions so that they can secure diagnostic support from external radiologists. This can benefit the considerable number of

small and mid-sized hospitals without resident physicians with diagnostics capabilities.

Medical Image Place is the fruit of joint research and development with remote interpretation service provider Medical Image Lab, Inc. Medical Image Place inaugurated services in October 2014, and has since seen a steady increase in the number of hospitals using its services.

The Canon MJ Group aims to bolster its applications and medical cloud services, and has already launched its second offering, a service that can externally store huge volumes of medical image data. Within 2015, the Group looks to launch a cloud-based picture archiving and communication system.

Overview of Medical Image Place



Feedback: Medical Image Lab, Inc.

Medical Image Lab was established as a venture at Hokkaido University in 2002 to engage in medical diagnostic systems research and development and to provide medical support in Hokkaido. We asked the firm about its R&D collaboration with Canon MJ and its hopes for Canon.



Kazuo Miyazaka, chairman of Medical Image Lab, and Yukinori Hirasawa, CEO

Outside Sapporo, Asahikawa, Hakodate, and other major cities, medical institutions are few and far between in Hokkaido, which is Japan's biggest prefecture. Medical institutions outside large population areas suffer from a lack of diagnostic radiologists in CT, MRI, and other modalities.

In 1988, Hokkaido University Hospital set about addressing this medical coverage gap by becoming the first in Japan to deploy and experiment with remote interpretation systems. It thereafter launched Medical Image Lab, which provides interpretation services to approximately 60 medical institutions. The key recent challenges for the company have been its aging systems and surging data volumes.

In seeking a partner to collaborate in next-generation systems development, we found that only Canon satisfied our standards. We were convinced that we could create better systems by drawing on Canon's image processing and cloud technologies and on our experience. Canon personnel spent about a year observing procedures at hospitals, creating systems that reflected radiologist needs and completing Medical Image Place.

Institutions are proceeding apace in using Medical Image Place, and it will likely play a vital role as the foundation for collaboration in the healthcare community. We look for it to materialize even more advanced services, which would include automated image diagnostics that leverage Canon's image processing technologies. We will endeavor to engage even more closely with hospitals requesting services and continue to enhance the quality of medicine.



Interpretation using Medical Image Place

Services Stemming from Medical Solutions Collaboration within the Group

It is crucial for all Group business units to pool their resources to drive progress in the medical field. They are therefore collaborating to share their customer information, products, sales support structures, and other tools to create medical solutions that draw on Canon's strengths.

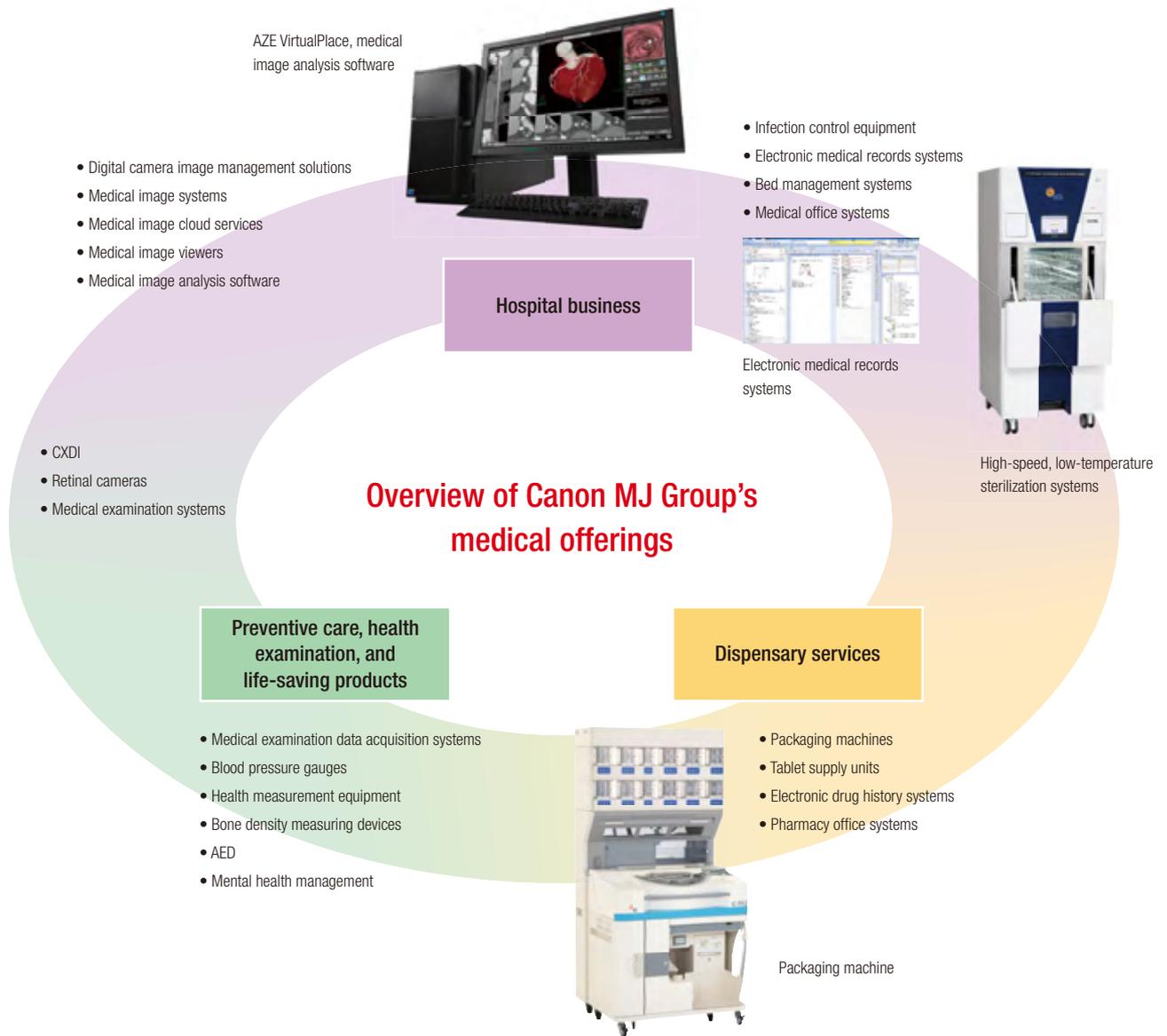
Medical Photo Solution was the first fruit of such teamwork, linking digital pictures of treated sites and other subjects with electronic medical records through Wi-Fi. This solution has greatly improved medical treatment workflows.

Physicians are naturally most interested in practicing medicine. This is why there tend to be delays in setting up systems for office equipment and documentation that do not relate directly to providing treatment. Yet, having systems in place can contribute to providing

treatment more efficiently, thereby enhancing medical care. We will therefore draw on our Group expertise to resolve medical issues.

Using models created with 3D printers offers tremendous potential. We believe that physicians would find it very useful before surgery to be able to evaluate models created on Canon MJ 3D printers based on data from AZE, Ltd., which provides 3D medical imaging solutions from CT and MRI modalities. AZE became part of the Canon MJ Group in September 2014.

In addition to packaging our products to create new solutions, it is also important to share information from customers and expertise to create a common process. Such an approach makes it possible to identify issues arising in medical treatment and develop solutions and services.



Providing Healthcare Solutions

The healthcare market is worth approximately ¥40 trillion annually, and it continues to grow. The Canon MJ Group has only just begun to tap into this area, and anticipates tremendous business opportunities. Preventive medicine is a particularly promising area for leveraging the Canon Group's solid track record, examples being X-ray and retinal examinations. Preventive medicine also needs a lot of

imaging, which is a core competence of Canon. By bolstering activities in this field, we can contribute to the health of numerous people by suppressing the occurrence of diseases and also constrain national medical expenditure.

SPECIAL
FEATURE

2

Demand for Network Cameras Set to Expand

Japan's network camera market expanded approximately 20% in 2014, to around ¥25.4 billion (Source: Fuji Keizai Group).

The Canon MJ Group is expanding its business in new applications for network cameras as one of its growth strategies in the Business Solutions segment.

Network cameras are surveillance systems that distribute videos through IP networks, and Japan's many

analog surveillance cameras are set for replacement with high-definition digital models. Canon's network cameras showcase its technologies and strengths as a camera manufacturer, delivering vivid images even in dark places, smooth subject movements, and instant focusing.

In recent years, applications for these cameras have expanded beyond surveillance for crime prevention to encompass marketing and business process improvements.



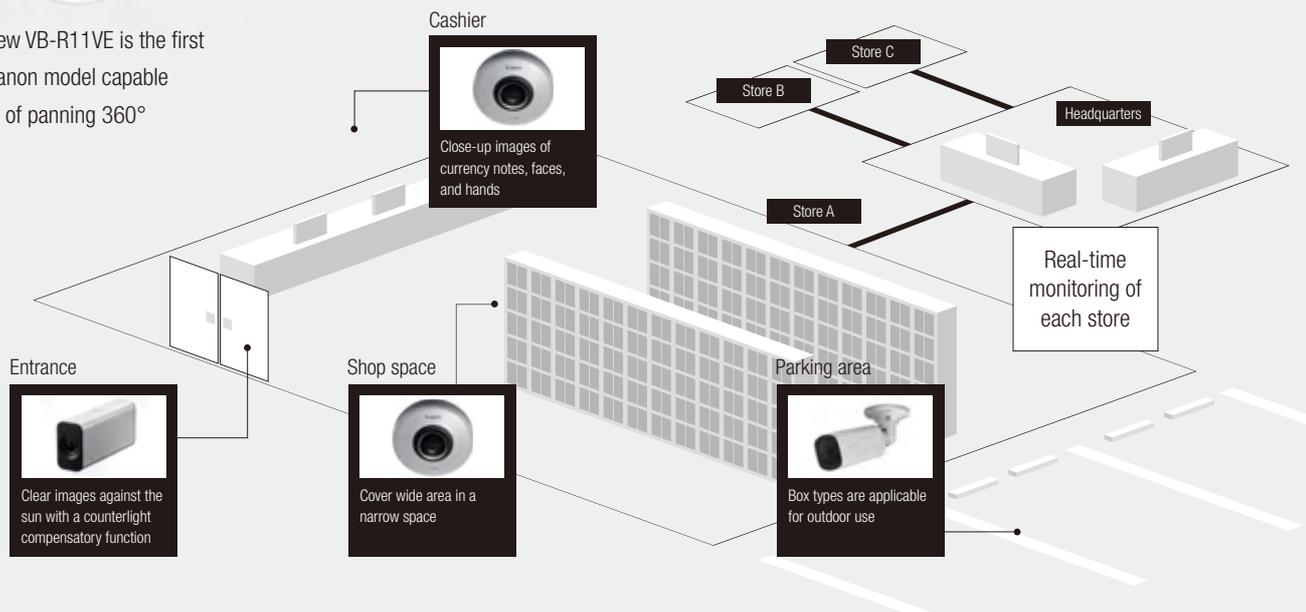


Examples of fields in which network cameras are increasingly deployed

- Monitoring food and beverage manufacturing and packaging lines
- Preventing crime in shopping streets and malls
- Store management
- Preventing crime and managing safety in nursing homes (monitoring patients)
- Enhancing operational processes in hospitals

Example of Retail Store Management

The new VB-R11VE is the first Canon model capable of panning 360°



At a Glance

The Canon MJ Group leverages close collaboration between its companies to add new value in all areas of life, work, and society for customers around the globe.

Business Solutions



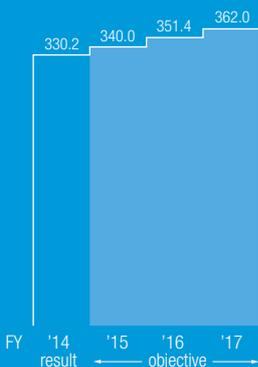
We help customers improve productivity and resolve business challenges by providing innovative solutions that combine an array of business equipment, particularly Canon offerings, with software and operating services.

Growth Scenario

Category	Annual average growth rate (FY2014–FY2017)	Included businesses
Independent business domains	6%	IT solutions, Document solutions, Support business
Canon's new priority domains	15%	Production printing business, Network cameras, Projectors
Canon's existing domains	0.2%	MFP (including maintenance business), LBP (including cartridges and maintenance business)

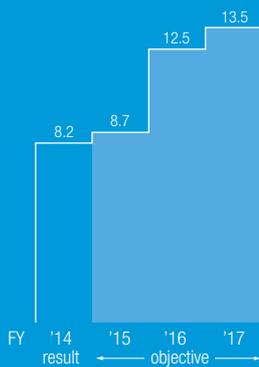
Sales target

(Billions of yen)



Operating income target

(Billions of yen)



IT Solutions



We leverage our comprehensive capabilities in such areas as system development, data center services, and packaged software to create advanced IT environments to help customers improve their competitiveness as well as corporate value.

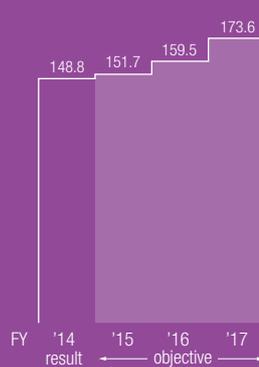
Growth Scenario

Category	Annual average growth rate (FY2014–FY2017)	Included businesses
Independent business domains	6%	Systems integration business
	12%	IT infrastructure and service business
	8%	Embedded systems business
Canon's new priority domains	-0.4%	Products business
	45%	MR*

* Mixed Reality

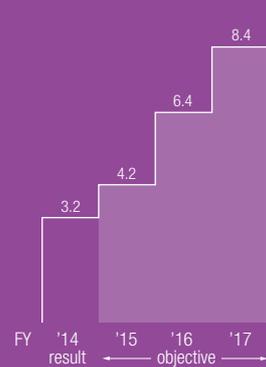
Sales target

(Billions of yen)



Operating income target

(Billions of yen)



Composition of Net Sales



Imaging Systems



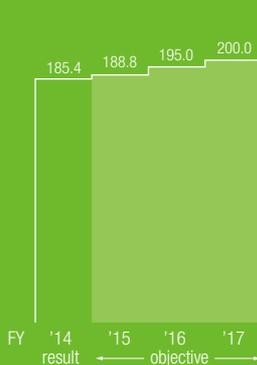
We provide a broad range of input through output products that enable everyone from novices to professionals to enjoy photography and videography.

Growth Scenario

Category	Annual average growth rate (FY2014–FY2017)	Included businesses
Independent business domains	21%	Framed photo rental (Shuttle Photo), Photo-related online services (withPhoto), IT products
Canon's new priority domains	19%	Commercial imaging equipment, Commercial photo printers (DreamLabo)
Canon's existing domains	2%	Interchangeable lens digital cameras, Compact digital cameras, Digital video cameras, Inkjet printers, Other consumer equipment

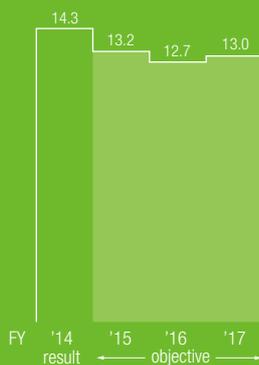
Sales target

(Billions of yen)



Operating income target

(Billions of yen)



Industrial / Medical



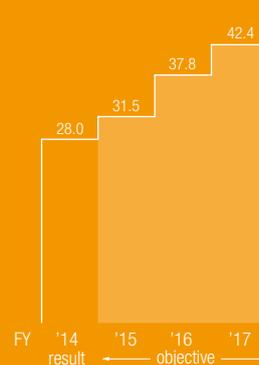
We use the world's most advanced equipment and technology to provide specialty solutions for semiconductor manufacturing, healthcare, and other fields.

Growth Scenario

Category	Annual average growth rate (FY2014–FY2017)	Included businesses	
Industrial	Independent business domains	22%	Testing and measurement, Process equipment, Field engineers, ecoFab, New products
	Canon's new priority domains	148%	Inspection cameras, Machine vision, AGV
	Canon's existing domains	7%	Component business
Medical	Original businesses	11%	Procurement modality/Ophthalmic products, PACS/Medical imaging solutions, Ophthalmic equipment, Infection management, Pharmaceutical dispensing, Healthcare products
	Canon's new priority domains	—	Medical IT business
	Canon's existing domains	11%	CXDI, Digital non-mydriatric retinal cameras/OCT

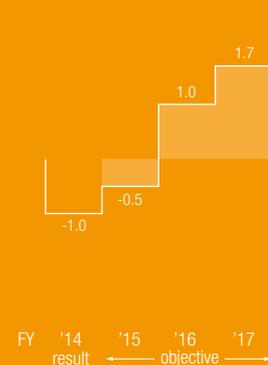
Sales target

(Billions of yen)



Operating income target

(Billions of yen)



Segment Review and Strategies

▶ Major Products

Business-use multifunction products (MFPs)
 Commercial printing systems
 Laser printers
 Large-format inkjet printers
 Maintenance services

▶ Major companies / organizations

Canon Marketing Japan Inc.
 Business Solutions Company
 Canon System & Support Inc.
 Canon Production Printing Systems Inc.

Senior Vice President's Business Management Policies

Japan's business-to-business (B2B) operating climate continues to improve. The Canon MJ Group provides hardware and IT solutions that it optimizes for customers, and is endeavoring to increase the productivity of maintenance services as well as add value to them to overcome an ongoing decline in unit prices. At the same time, we will also accelerate expansions in such areas as production printing, network cameras, and projectors.

Business Solutions

Masachika Adachi
 Senior Vice President



Performance and Key Trends

▶ Office Multifunction Products (MFPs)

Unit office MFP shipments in the domestic market were up slightly from a year earlier. We expanded sales of such imageRUNNER ADVANCE series models as the C2220F/C5235F color models to cultivate new customers and secured several large orders.

In production MFPs for the commercial printing market, we focused on generating sales of the imagePRESS C800/C700 for the light production market and Océ series commercial printers.

We thereby increased overall MFP sales from a year earlier.

▶ Laser Printers

Unit shipments of these printers rose in Japan. We secured large orders for such offerings as the Satera LBP8730i/8630 A3 monochrome series while cultivating demand for printers for sector-specific applications. We thus boosted unit shipments and maintained our No. 1 market share. Sales were down, however, owing largely to lower unit prices.

Toner cartridge sales declined amid a shift among general offices toward MFPs for print applications.

▶ Large-Format Inkjet Printers

Sales were solid, particularly for the iPF605L plus/iPF680 series, enabling us to remain the market leader in unit shipment terms, although sales were basically unchanged from a year earlier.



imageRUNNER ADVANCE C5255F

► Maintenance Services

Sales were around the same as the previous term, as an increase in the number of machines in field (MIF) and solid demand stemming from brisk corporate activities offset an ongoing decline in unit prices for maintenance services.

► Network Cameras

We generated steady sales on the strength of efforts to cultivate marketing as well as monitoring applications, generating several large orders in the process.

Sales for the Business Solutions segment therefore increased 0.9%, to ¥330.2 billion. Operating income climbed 48.3%, to ¥8.2 billion.

Growth Strategies

1. Increase MFP market share and profitability through business innovations
2. Expand share for laser printers in specific business areas and maintain top market share
3. Secure a competitive edge in the central reprographic department, data print services, and commercial printing markets and expand the managed document services business
4. Reinforce the solutions business
5. Expand the network camera business to encompass new applications
6. Expand the projector business to cover new applications

Outlook and Key Measures

Expanding Office MFP Market Share and Number of MIF

We aim to increase market share and the number of MIF for office MFPs by cultivating new customers, providing industry-specific solutions, introducing new products, and undertaking sales promotions. In production MFPs for the commercial printing market, we will endeavor to generate orders for the imagePRESS C800/C700 light production devices and continuous feed digital printers. Such efforts should enable us to increase overall MFP shipments.

Anticipating Steady Demand for Large-Format Inkjet Printers

We expect that laser printer shipments will be basically unchanged in fiscal 2015, as notwithstanding efforts to expand deals for sector-specific applications, there were many large deals in the previous year. At the same time, we expect a slight decline in toner cartridge sales. We also anticipate increased shipments of large-format inkjet printers, reflecting favorable demand in the poster and computer-aided design (CAD) markets.

We accordingly forecast that segment sales will rise 3.0%, to ¥340.0 million, in fiscal 2015, and operating income will increase 6.1%, to ¥8.7 billion, with the MFP and the production printing businesses driving this growth.

Segment Review and Strategies

▶ Major Products

Systems integration (SI) business
IT infrastructure and services business
Embedded systems business
Products business

▶ Major companies / organizations

Canon MJ IT Group Holdings Inc.
Canon IT Solutions Inc.
Canon Software Inc.
Edifist Learning Inc.
14 other companies

Senior Vice President's Business Management Policies

We expect IT investment in Japan to expand, and are seeking further growth in systems integration (SI) services for financial institutions, an area in which we excel. Our stock business focus is on data center services. Overseas, we will reinforce our solutions businesses throughout Southeast Asia, particularly in Thailand.

IT Solutions

Akihisa Kamimori
Senior Vice President



Performance and Key Trends

▶ SI Services Business

We did well with customized systems development projects for brokerages and banks, and increased the number of solutions projects for medical institutions. In Southeast Asia, IT solutions business Material Automation (Thailand) Co., Ltd., began contributing to performance. These factors resulted in higher sales.

▶ IT Infrastructure and Services Business

Although data center service orders were solid, revenues declined for services, software, and other infrastructural solutions offerings, resulting in slightly lower sales.

▶ Embedded Systems Business

Sales rose on an upturn in projects for key customers in the manufacturing sector, while project demand remained solid in the automotive sector.

▶ Products Business

Sales were higher than a year earlier. One factor was that Canon IT Solutions Inc. generated solid sales of ESET security software, for which we are the general distributor in Japan. Another contributor was CAD software firm A&A Co., Ltd., which became a consolidated subsidiary in June 2014.

Segment sales thus increased 4.5%, to ¥148.8 billion. Operating income surged more than eightfold, to ¥3.2 billion.



Nishi-Tokyo Data Center

Growth Strategies

1. Improve efficiency and shift to services business by restructuring operations
2. Expand SI services business based on sector strengths and solutions in niche areas
3. Swiftly launch full-scale operations of the Nishi-Tokyo Data Center and expand systems operation services
4. Expand products business by strengthening in-house package product lineup and cultivating competitive offerings for which we have exclusive distribution rights
5. Expand the embedded systems business in the automotive and other sectors
6. Reinforce the business structure in ASEAN member states, centered on Material Automation (Thailand)
7. Accelerate new business launches

Outlook and Key Measures

Solid Prospects for Customized System Development and Data Center Services

In the year ahead, SI services business sales should increase on steady customized system development demand from financial institutions and an increase in the number of manufacturing and retail projects.

The IT infrastructure and services business should boost its sales by expanding systems operation and data center services.

The embedded systems business looks to increase sales by reinforcing operations for external customers, particularly in the automotive sector.

Products business sales could drop in fiscal 2015, as PC revenues in the year under review were higher than average.

We therefore anticipate growth in fiscal 2015 in financial institution, manufacturing, retail, and educational solutions. Segment sales are expected to rise 2.0%, to ¥151.7 billion, while operating income is projected to increase 31.3%, to ¥4.2 billion.

Segment Review and Strategies

▶ Major Products

Interchangeable lens digital cameras
Compact digital cameras
Inkjet printers
Commercial imaging equipment

▶ Major companies / organizations

Canon Marketing Japan Inc.
Imaging Systems Company
Canon Customer Support Inc.
withPhoto Inc.

Senior Vice President's Business Management Policies

There is considerable room for demand for interchangeable lens digital cameras to grow. We will market strategically to increase sales of new offerings and maintain our top market share. In addition, we expect demand for 4K and 8K broadcasting systems to become more common, and will therefore reinforce our commercial imaging equipment lineup and expand our business.

Imaging Systems

Koichi Yagi
Senior Vice President



Performance and Key Trends

▶ Digital Cameras

During the year under review, we retained our top share of the Japanese market for interchangeable lens digital cameras on the strength of demand for such mid-range models as the EOS 5D Mark III and the EOS 7D Mark II, which was launched in October 2014, and dynamic marketing activities. These factors helped us to increase unit prices and maintain a healthy business structure. Interchangeable lenses were popular, particularly for new products. Interchangeable lens digital camera sales were down, however, as the April 2014 consumption tax hike caused a prolonged decline in demand.

We did well in compact digital cameras with the PowerShot G1 X Mark II and other premium models, as well as with the PowerShot SX long zoom series, which helped to maintain our No. 1 market share based on the strength of a lineup extending from premium models through such entry-level offerings as the IXY series. Sales of compact models were down from a year earlier, however, as the market shrank.

▶ Inkjet Printers

We extensively promoted the PIXUS MG7530, which makes it easy to print smartphone photos. October 2014 saw the introduction of the MAXIFY series for the business printer market. These factors enabled us to increase unit shipments and capture top share in the inkjet printer market. Sales declined, however, owing to sluggish market conditions. Ink cartridge sales remained basically unchanged.



EOS 7D Mark II

► Commercial Imaging Equipment

Demand was steady for portable broadcast zoom lenses and for Cinema EOS System lenses, while commercial 4K displays launched during the year also contributed to sales. Nonetheless, sales were down from a year earlier owing to a demand decline for studio zoom

lenses between equipment upgrade cycles and the absence of the large orders experienced in the previous year for outdoor monitoring cameras.

As a result of these factors, segment sales decreased 3.3%, to ¥185.4 billion, although operating income rose 14.1%, to ¥14.3 billion.

Growth Strategies

1. Secure top market shares in all interchangeable lens digital camera categories
2. Dominate the market for compact digital cameras by strategically offering a full lineup centered on premium models
3. Increase inkjet printer print volumes
4. Expand commercial imaging equipment by strengthening capabilities in 4K and over resolution and SI capabilities
5. Bolster customer relationship management (CRM) and engage in digital marketing

Outlook and Key Measures

Maintain No. 1 Share in Digital Camera Market

We aim to boost our share of the markets for interchangeable lens digital cameras and lenses by deploying new products while pushing ahead with a strategy of encouraging users to step up to premium models. We look to increase shipment numbers in the year ahead.

In compact digital cameras, we will continue to focus on selling high-value-added premium models and high-magnification zoom models. We will endeavor to increase profitability and maintain our top market share by maintaining our full lineup strategy.

Proposing New Printing Techniques to Cultivate Demand

We will cultivate demand for photo printing by highlighting the smartphone compatibility of our inkjet printers. We look to expand our

share of the business market through the MAXIFY series. We thereby anticipate higher shipment numbers.

Capturing the 4K Market

We will strive to increase sales of broadcast television lenses. We will also expand sales of the Cinema EOS System, commercial 4K displays, and other offerings for the 4K market to boost sales of commercial imaging equipment.

We will accordingly introduce and aggressively market new products in fiscal 2015 with a view to increasing segment sales 1.8%, to ¥188.8 billion. Reflecting advertising and other expenditures, operating income is projected to decline 7.7%, to ¥13.2 billion.

Segment Review and Strategies

▶ Major Products

Industrial equipment

Medical equipment

▶ Major companies / organizations

Canon Marketing Japan Inc.

Industrial Equipment Sales Headquarters

Canon Marketing Japan Inc.

Medical Equipment Sales Headquarters

Canon Lifecare Solutions Inc.

ELQUEST CORPORATION

Canon Advanced Technologies Taiwan Inc.

President's Business Management Policies

Industrial Equipment

We seek to expand our lineup beyond semiconductor fabrication equipment and other existing offerings by developing areas offering fast growth rates. These include machine vision and industrial cameras.

Medical Equipment

We will expand sales in our modalities, centered on the expanding markets for hospitals and clinics, and will swiftly cultivate our capabilities centered on pharmaceutical dispensing systems and sterilization equipment as new core businesses. We aim to develop medical image cloud services in keeping with the importance of employing IT solutions in the healthcare field.

Masahiro Sakata

President

Industrial/ Medical

Performance and Key Trends

Industrial Equipment

During the year under review, capital spending recovered in the semiconductor fabrication market, driving solid sales for semiconductor fabrication equipment maintenance services and for the metrology systems of Zygo Corporation of the United States. 3D printers from 3D Systems, Inc., also of the United States, and other new products also contributed to performance, enabling us to boost sales from fiscal 2013.



Phenix Systems PXL,
Powder bed additive manufacturing equipment

Medical Equipment

In the medical imaging business, demand was favorable for digital radiography (X-ray imaging) systems as well as for the computed tomography (CT), magnetic resonance imaging (MRI), and other modalities. In the healthcare field, sales rose for sterilization equipment and ophthalmic equipment. Sales increased owing to these factors

and the contributions of AZE, Ltd., a 3D medical imaging technology company that became a consolidated subsidiary in August 2014.

Segment sales thus increased 7.3%, to ¥28.0 billion. We posted an operating loss of ¥1.0 billion, which was significantly lower than the previous year.

Growth Strategies

Industrial Equipment

1. Bolster our lineup of new products and make them growth engines while strengthening our capabilities as a technology trading company
2. Swiftly launch Canon's priority businesses, including for machine vision and industrial cameras
3. Cultivate the Taiwanese market through Canon Advanced Technologies Taiwan Inc.

Medical Equipment

1. Expand modality sales by reinforcing our marketing capabilities
2. Strengthen consulting and one-stop trading company capabilities for hospitals
3. Strengthen and expand medical imaging IT solutions
4. Expand independent infection management and pharmaceutical dispensing businesses
5. Expand overseas businesses

Outlook and Key Measures

Market 3D Printers and New Products

In the industrial equipment category, we aim to increase sales of semiconductor fabrication equipment and optical metrology systems while expanding sales of 3D printers. We also plan to boost orders for machine vision, industrial cameras, and other new offerings while increasing maintenance services to increase sales for the year.

Anticipating Favorable Demand for Modality Projects, Pharmaceutical Dispensing Systems, and Sterilization Equipment

In medical equipment, we expect favorable demand in digital radiography, CT, MRI, and other modalities, and in such areas as

pharmaceutical dispensing systems and sterilization equipment. We will develop such areas of the medical imaging solutions business as 3D medical image analysis systems and remote interpretation infrastructure services*, thus increasing sales year on year.

For fiscal 2015, we look to increase segment sales 12.4%, to ¥31.5 billion, on the strength of existing products and extensive marketing efforts for new offerings. Operating loss is expected to be lower, at ¥500 million.

* These services can be offered any time and anywhere for diagnosing images from CT, MRI, and other modalities.

Sustainable Management

The Canon MJ Group undertakes CSR activities to help resolve social issues while harnessing the power of marketing to create economic value. In keeping with Canon's corporate philosophy of *Kyosei* (which means living and working together for the common good), we will continue to pursue synergistic progress for the Group and for society and enhance the corporate value and brand by benefiting society through business. We will also contribute to sustainable social development by making CSR central to corporate management.

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 Selves" Spirit

Our "Three Selves" spirit is a central guiding principle that dates back to the founding of Canon and is part of our corporate DNA. The principle states that employees should proactively take the initiative (self-motivation), conduct oneself responsibly and with accountability (self-management), and know one's position, roles, and circumstances (self-awareness). The Three Selves spirit is the foundation of 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.

Philosophy



CSR Policies

We produced the Canon MJ Group CSR Activity Policy to enable all Group employees to practice CSR in their work. We will contribute to sustainable social development by sharing and applying the policy throughout the entire Group.

CSR Activity Policy

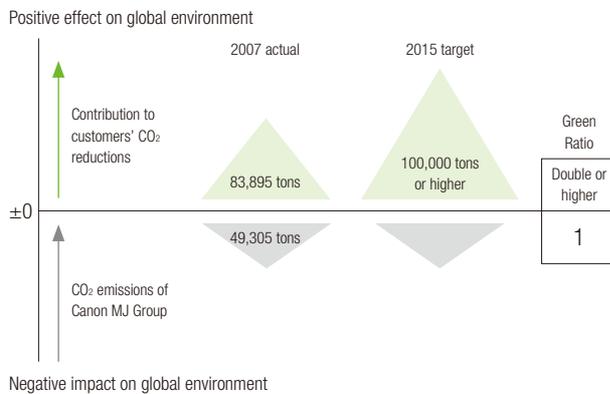
- We will contribute to the creation of an enriched social environment in which people can live in safety and with peace of mind.
- We will provide dependable quality through all of our business activities.
- We will contribute to the development of human resources capable of contributing to the improvement of society.
- We will conduct our business activities fairly and in good faith, with particular emphasis on dialogue with stakeholders.
- We will strive to develop safe, healthy working environments.
- We will contribute to the conservation of the environment and biodiversity.
- We will respect human rights.

Environmental Management

We strengthened our environmental management infrastructure by formulating an environmental vision and management system. Also, we endeavor to reduce the environmental impacts of our operations and of customers and society.

Establishing a Green Ratio

We lowered CO₂ emissions from our business sites and logistics activities and aim to help customers reduce their emissions by a minimum of 100,000 metric tons annually and at least double our own levels. This is what we term the Green Ratio. We are doing this by providing environmentally friendly products and managing progress accordingly. The 2014 start of full operations at the Nishi-Tokyo Data Center increased our CO₂ emissions by 19% from a year earlier. At the same time, we also helped customers lower their emissions through our products and IT solutions. Accordingly, our Green Ratio improved to 1:3.0.



Social Contributions

As a good corporate citizen, the Canon MJ Group contributes to society through business and activities that help to create a society in which all people can enjoy fulfilling lives.

Case Study: School Building Memorials Project

Numerous schools were built in Japan in the 1970s and the early 1980s as the country's number of students surged. To reinforce seismic performance and increase levels of safety, the Japanese government is extensively rebuilding many of these older facilities. The result being that it will be impossible for many children to celebrate their graduations in familiar surroundings. As such, the Canon MJ Group and Pentel Co., Ltd.—which makes painting, writing, and other supplies for schools and offices—are jointly running a project that allows students to memorialize school buildings before demolition.

Children at schools participating in the project paint giant murals in their classrooms. As well as decorating their new facilities with large posters from the murals, assigned student photographers use digital SLRs to take pictures of classmates creating the murals, for inclusion in photo albums for school libraries. Pentel donates art materials and frames for the project and we lend cameras and produce and donate large posters and photo albums.

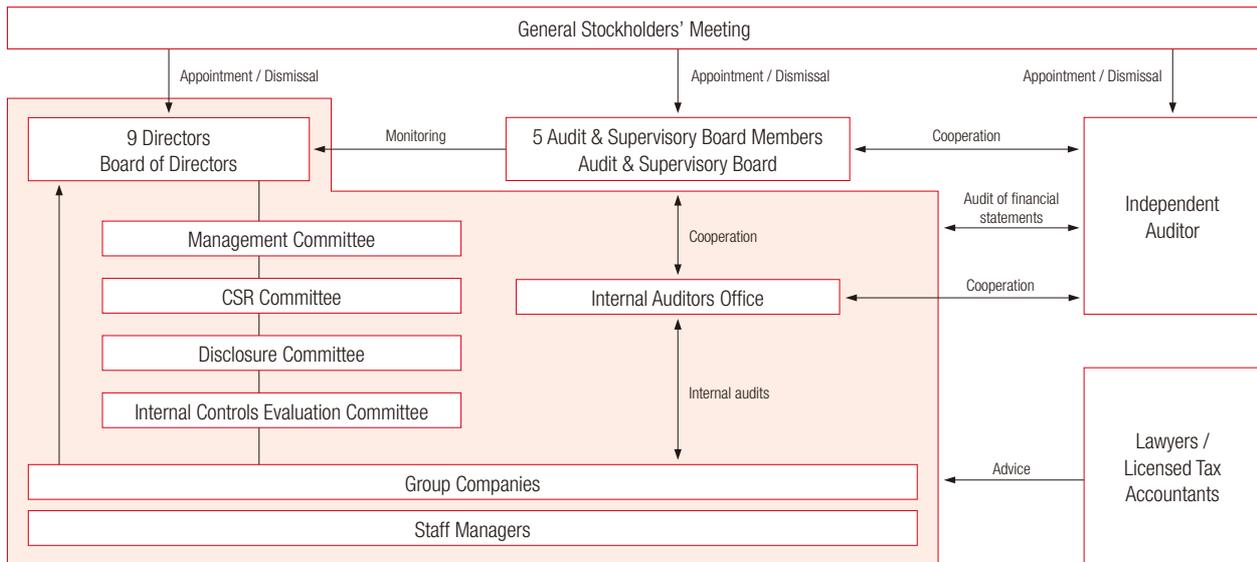


Sustainable Management

Corporate Governance

Corporate Governance Organization

(As of March 26, 2015)



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.

Corporate Governance Structure

In addition to the Board of Directors and the Audit & Supervisory Board, 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 nine 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 major subsidiaries.

On March 29, 2011, we introduced an executive officer system.

The purpose of the 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.

Audit & Supervisory Board

There are five Audit & Supervisory Board members, of whom three are appointed from outside of the Company. The Audit & Supervisory Board's duties include monitoring and reviewing management as well as reporting the results of these activities to the stockholders or Board of Directors of the Company. The Audit & Supervisory Board also works in close alliance with the Internal Auditors Office and the independent auditor to improve the efficacy of monitoring.

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 50 audit staff members.

Message from Outside Director



Norihisa Doi
Outside Director

I believe that the fundamental role of an outside director is to help drive corporate activities and to oversee management.

I therefore participate in the Management Committee and other executive meetings as well as gatherings of the Board of Directors to provide appropriate suggestions and advice and occasionally offer dissenting views. Before such meetings, I endeavor to assess corporate activities by receiving detailed briefings from management planning officers on operational issues and implementation progress and, where necessary, by conducting hearings about individual projects.

My experience after more than a year as an outside director of Canon Marketing Japan is that the Company has a solid corporate governance structure. The Board of Directors, Management Committee, president-chaired CSR Committee, Audit & Supervisory Board, and other governance components all function well.

I will continue exploring ways to draw on my expertise in the software aspects of computer science and information security to contribute to the growth strategy of Canon Marketing Japan.

Audit of Financial Statements

Canon MJ's financial statements are audited by the Company's independent auditor, Ernst & Young ShinNihon LLC. The independent auditor rotates responsible partners who have been involved in audits of any company for more than five years or seven years.

Outside Directors and Outside Audit & Supervisory Board Members (as defined under the Corporation Law)

Canon MJ has one outside director and three outside Audit & Supervisory Board members. We have not adopted a policy or criteria concerning the selection of outside directors and outside Audit & Supervisory Board members, who are independent from Canon MJ. However, the people that we appoint to these positions have extensive knowledge and are able to provide effective monitoring and supervision of management. Our outside director, who has experience as a university professor and official of an academic organization, is unlikely to have any conflicts of interests with Canon MJ's general stockholders.

IR Activities

We formulated the Canon MJ IR Policy in 2008 to clarify our stance on disclosure. For retail investors, we exhibit at investor relation (IR) events (in 2014, February and August) and have the head of the Communications Headquarters, which oversees IR, hold company briefings (in 2014, four

such gatherings at brokerage branches). For analysts, the director in charge of accounting or the general manager of the Accounting Headquarters overview our results at quarterly briefings for analysts. The president presents medium-term management plans upon results announcements. In addition, we welcome meeting requests from institutional investors and analysts, and hold individual meetings and teleconferences with foreign institutional investors.

Canon MJ IR website

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



Sustainable Management

Board of Directors and Audit & Supervisory Board Members

Board of Directors



Representative Director,
Chairman
Haruo Murase



Representative Director,
President
Masahiro Sakata



Director
Yo Shibasaki



Director
Yutaka Usui



Director
Koichi Yagi



Director
Yoshiyuki Matsusaka



Director
Masachika Adachi



Director
Akihisa Kamimori



Outside
Norihisa Doi

Audit & Supervisory Board Members



Standing
Masahiro Shimizu



Standing
Fumio Ogaki



Standing, outside
Shigeo Hasegawa



Outside
Kuniyoshi Kitamura



Outside
Kazuto Ono

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 Groupwide, and by developing structures capable of responding to a variety of management risks.

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*¹ Expert Committee.

In July 2007, we established the BCP*² Expert Committee as a subsidiary organization of the Management Committee tasked with developing, maintaining, and managing BCM systems. Renamed the BCM Expert Committee in 2010, its activities include deliberations on BCP policies for the entire Canon MJ Group.

*¹ BCM: Business continuity management

*² BCP: Business continuity plan

Internal Controls

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.

Compliance

For the Canon MJ 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 MJ carry Compliance Cards. Printed

on these cards are the Three Selves spirit and compliance tests that can be used by individuals to check their own conduct.

Information Security

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.

Sustainable Management

Business Risks

Impacts of Market Competition and Fluctuations

In the Business Solutions segment, price competition continues in office MFPs and maintenance services. Although the Group is endeavoring to avoid such competition by differentiating itself through initiatives to add value to its offerings, profitability could deteriorate if price competition intensifies. An increase in unit sales of third-party laser printer toner cartridges could constrain revenues from genuine Canon counterparts.

In IT Solutions, the Company carefully manages work hours in various SI projects to prevent losses. Nonetheless, such factors as additional customer specifications, altered requirements, or mismatches in the Company's and customers' interpretations of specifications or progress could hamper results.

In the Imaging Systems segment, intense price competition in the market for digital cameras could continue due to the rapid speed of innovation in technology and the presence of numerous competitors. While the Company continuously strives to ensure its competitive superiority, through such measures as the swift launch of competitive products and the holding of training workshops for sales staff of mass electronics retailers, profitability could further deteriorate if price competition further intensifies.

The market for compact digital cameras could shrink further amid competition with smartphones. Demand for inkjet printers is heaviest at year-end, so results could suffer if competition is greater than anticipated during that time. Revenues could deteriorate if a downturn in print demand for photos and other output leads to sluggish sales of ink cartridges.

In the Industrial/Medical segment, capital spending among semiconductor and device manufacturers greatly affects orders for semiconductor fabrication and optical measuring equipment. Results could stagnate if these manufacturers reduced such expenditure. The revised Pharmaceutical Affairs Law makes it mandatory to appoint sales administrators, set up post-marketing traceability information systems, and reinforce safety management structures. While the Canon MJ Group does its utmost to maintain systems to comply with such requirements, transactions with medical institutions and medical equipment dealers could decline if its safety management structure or information systems do not perform as envisaged.

Each business segment offers goods purchased from parent company Canon Inc. and many other manufacturers, creating the risk

of insufficient supplies of goods following natural disasters, major accidents, or other events. Results could be affected if such situations hamper sales activities.

Credit Risks

The Canon MJ Group could experience unforeseen credit losses, as it engages in many transactions in which it collects payments after providing goods and services. The Company therefore draws on credit information from external credit bureaus and other sources as part of thorough credit management efforts while hedging risks through trade credit risk insurance and other means. The Company provides allowances for doubtful receivables to cover the risks of losses on collection. Large unforeseen uncollectible amounts could detract from the Group's results and financial position.

Relationship with Parent Company

Canon MJ is a subsidiary of Canon Inc., which owned 58.5% of its stock as of December 31, 2014. 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 2014, Canon MJ's purchases from Canon Inc. amounted to ¥233.0 billion, or 65.0% of its 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. If it becomes impossible to maintain the superiority of Canon products in relevant industries for whatever reason, the Group's results could be adversely affected.

Information Management

The Canon MJ Group holds important information about various Group operations as well as a lot of sensitive information about companies and individuals. As such, we formulate information management policies and rules, educate and train employees to increase awareness of the importance of information management, implement system security measures, and create and deploy an information security management system. Information that leaks externally notwithstanding these measures could greatly inconvenience business partners and other stakeholders or lower the credit standing of the Canon MJ Group, thus possibly hampering its operations, results, and financial position.

Financial Section

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Ten-Year Consolidated Financial Summary

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

	2014	2013	2012	2011
For the year:				
Net sales (Note 6)	¥ 659,432	¥ 657,216	¥ 659,218	¥ 632,419
Operating income	25,088	17,013	16,802	8,442
Income (loss) before income taxes and minority interests	25,858	17,055	17,529	10,972
Net income (loss)	16,030	10,168	10,579	6,764
At year-end:				
Total assets	479,747	467,076	462,574	447,765
Total stockholders' equity (Note 5)	270,061	256,795	253,862	250,671
Cash flows:				
Cash flows from operating activities	38,191	28,781	33,767	8,716
Cash flows from investing activities	(15,221)	(25,757)	(16,067)	(12,108)
Cash flows from financing activities	(4,545)	(9,105)	(11,813)	(3,811)
Cash and cash equivalents	120,607	102,183	108,260	102,373
Per share of common stock:				
Net income (loss) (Note 2)	¥ 123.62	¥ 76.67	¥ 77.45	¥ 49.30
Cash dividends (Notes 3 and 4)	40.00	24.00	24.00	20.00
Stockholders' equity (Note 5)	2,082.60	1,980.22	1,907.50	1,827.25

Notes 1. The figures have been presented in U.S. dollars by translating all Japanese yen amounts at ¥121 to U.S.\$1, the prevailing exchange rate as of December 31, 2014.

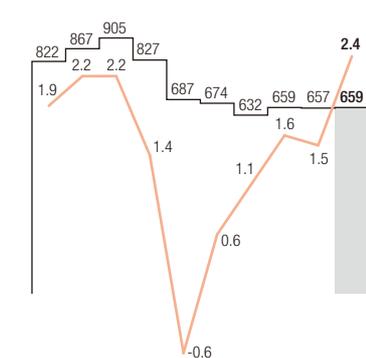
2. Net income (loss) per share is based on the weighted average number of shares of common stock outstanding during the respective fiscal years.

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.

4. 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.

Net Sales and Return on Sales (ROS)

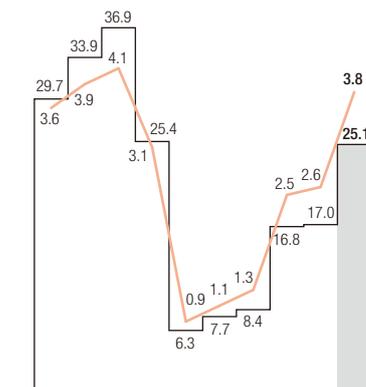
(Billions of yen / %) ■ Net Sales — ROS



FY '05 '06 '07 '08 '09 '10 '11 '12 '13 '14

Operating Income and Operating Margin

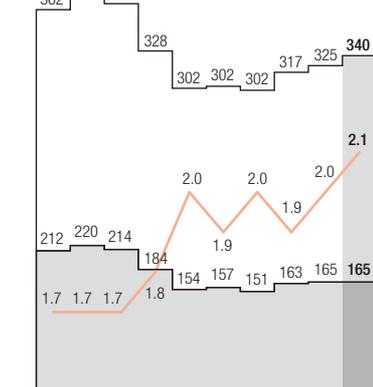
(Billions of yen / %) ■ Operating Income — Operating Margin



FY '05 '06 '07 '08 '09 '10 '11 '12 '13 '14

Working Capital

(Billions of yen / Times) ■ Total Current Assets ■ Total Current Liabilities — Current Ratio



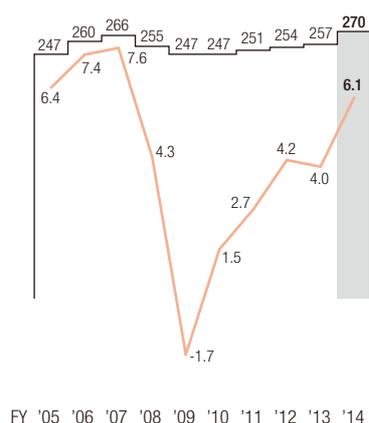
FY '05 '06 '07 '08 '09 '10 '11 '12 '13 '14

Millions of yen						Thousands of U.S. dollars (Note 1)	
2010	2009	2008	2007	2006	2005	2014	
¥ 674,159	¥ 686,615	¥ 827,487	¥ 905,137	¥ 867,172	¥ 821,948	\$ 5,449,851	
7,736	6,297	25,416	36,886	33,919	29,723	207,339	
8,584	(595)	22,229	35,452	32,967	27,086	213,702	
3,724	(4,343)	11,186	20,033	18,807	15,358	132,479	
448,592	449,607	484,937	526,125	526,578	513,335	3,964,851	
246,680	246,829	255,220	266,086	260,367	247,244	2,231,909	
35,186	18,144	41,122	47,214	18,094	36,985	315,628	
(13,012)	(25,834)	(28,967)	(21,912)	(19,217)	(17,887)	(125,793)	
(8,171)	(4,324)	(21,738)	(16,345)	(6,126)	(4,311)	(37,562)	
109,575	95,575	107,589	117,206	108,248	115,504	996,752	
						Yen	U.S. dollars
¥ 26.70	¥ (31.62)	¥ 78.63	¥ 134.84	¥ 125.64	¥ 101.78	\$ 1.02	
20.00	20.00	40.00	40.00	36.00	28.00	0.33	
1,798.16	1,797.31	1,858.39	1,817.59	1,739.50	1,650.52	17.21	

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.
6. Effective fiscal 2013, we have changed to an accounting method that deducts a portion of sales incentives (which had previously been accounted for under selling, general and administrative expenses) from net sales; therefore, the amount of net sales for fiscal 2012 and relevant key management indicators have been adjusted retroactively.

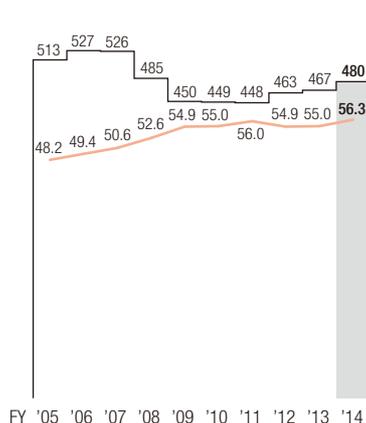
Total Stockholders' Equity and ROE

(Billions of yen / %) ■ Total Stockholders' Equity — ROE



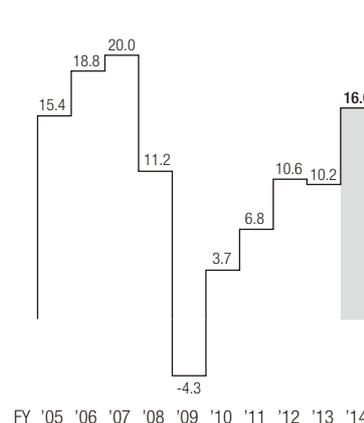
Total Assets and Total Stockholders' Equity Ratio

(Billions of yen / %) ■ Total Assets — Total Stockholders' Equity Ratio



Net Income (Loss)

(Billions of yen)



Financial Review

Business Performance

Net Sales

In the year ended December 31, 2014, consolidated net sales increased 0.3%, to ¥659,432 million. This improvement reflected new product sales promotions and extensive efforts to market solutions, which offset lower sales of some offerings owing to the impact of the Japanese consumption tax hike in April 2014.

Segment Information

Business Solutions

Overall sales of multifunctional products (MFPs) were higher than a year earlier. This reflected intensive efforts to cultivate new customers for office MFPs, generating solid results in major accounts. In production MFPs, we also focused on generating orders for Canon and Océ commercial printers. In the laser printer category, we secured large orders for A3 monochrome models and cultivated demand for printers for specialist applications. We thereby increased shipments, maintaining our number-one shipment share, although sales of laser printers declined amid lower unit prices. Toner cartridge sales were down amid a shift toward MFPs at regular offices.

Sales of maintenance services for office MFPs were basically unchanged from a year earlier, as the growing number of machines in the field and brisk corporate activity overcame an ongoing decrease in unit prices. Group company Canon System & Support Inc. increased sales by boosting unit shipments of office MFPs and laser printers and doing well in its IT Solutions business. Canon Production Printing Systems Inc., formed on April 1, 2014, by integrating production printing units within the Group, posted lower sales owing to lackluster production printer sales that overshadowed solid demand for POP advertising production printers.

As a result of these factors, Business Solutions sales increased 0.9% year on year, to ¥330,233 million.

IT Solutions

Sales of the systems integration (SI) service business were up, reflecting higher orders for developing individual systems, particularly from financial institutions, and more solutions projects for medical institutions. Sales from the IT infrastructure service business were down slightly from a year earlier. This was because sales of servers and software declined in the infrastructure solutions business,

offsetting steady orders for data center services. In the IT products category, sales were higher than a year earlier on the strength of solid security software revenues and the consolidation in June 2014 of A&A Co., Ltd., which markets 3D computer-aided design software.

Segment sales thus rose 4.5%, to ¥148,750 million.

Imaging Systems

We maintained our top market share in interchangeable-lens digital cameras owing to strong demand for mid-range models and extensive promotional efforts. Sales of interchangeable lenses were favorable, particularly of new offerings. Nonetheless, sales of these cameras were lower than a year earlier because of a prolonged downturn following the consumption tax hike. We also maintained our market-leading share in compact digital cameras on the strength of a balanced lineup covering premium to entry-level products. Sales of these offerings were down, however, as the market shrank. We captured top share in the inkjet printer market, with shipments increasing from a year earlier on the strength of solid promotional efforts and new offerings for business markets, but sales decreased amid sluggish market conditions. Ink cartridge sales remained basically unchanged. Sales from the commercial imaging equipment category decreased year on year. Favorable demand for portable zoom lenses for broadcasting applications, exchangeable CINEMA EOS SYSTEM lenses, and commercial 4K displays was insufficient to offset lower demand for studio zoom lenses and the absence of another large order for monitoring cameras.

Sales of this segment therefore decreased 3.3%, to ¥185,407 million.

Industrial/Medical

Industrial equipment sales were up. This reflected steady sales of maintenance services for semiconductor fabrication equipment and metrology systems from Zygo Corporation amid a recovery in capital expenditure in the semiconductor production equipment market. Performance also benefited from such new offerings as 3D printers from 3D Systems, Inc., of the United States. In the medical imaging category, demand was strong for digital radiography systems, as well as for computed tomography (CT), magnetic resonance imaging (MRI), and other modalities. The healthcare category benefited from higher sales of sterilizers and ophthalmic equipment. The August 2014 consolidation of AZE, Ltd., which has outstanding 3D medical image

analysis technologies, also contributed to an increase in medical equipment sales.

As a result of these factors, segment sales increased 7.3%, to ¥28,024 million.

Income Analysis

Consolidated net sales increased 0.3%, to ¥659,432 million. This reflected gains in the Business Solutions, IT Solutions, and Industrial/Medical segments, which outweighed a decline in Imaging Systems sales.

Cost of sales decreased ¥7,383 million. Gross profit rose 4.3%, to ¥233,536 million.

Selling, general and administrative expenses increased 0.7%, to ¥208,448 million, owing to such factors as advertising and sales promotion expenses.

Operating income therefore climbed 47.5%, to ¥25,088 million.

Net other income was ¥770 million, an increase from ¥42 million a year earlier. The key factors here were ¥332 million in insurance income due to disaster and ¥255 million in settlement received.

Net income thus rose 57.7%, to ¥16,030 million. Net income per share was ¥123.62, up ¥46.95 from a year earlier.

Financial Position

Total current assets increased ¥14,657 million from the end of the previous year, to ¥339,596 million. This stemmed from an increase of ¥18,424 million in cash and cash equivalents, which offset a ¥4,224 million decrease in notes and accounts receivable.

Fixed assets decreased ¥1,986 million, to ¥140,151 million. Prime factors in this change were decreases of ¥2,645 million in software and ¥1,045 million in deferred tax assets, outweighing a ¥4,130 million increase in rental assets.

Total current liabilities decreased ¥143 million, to ¥164,771 million. This was because a decrease of ¥7,161 million in notes and accounts payable offset rises of ¥2,922 million in accrued income taxes and ¥4,654 million in consumption taxes payable.

Total long-term liabilities decreased ¥463 million, to ¥44,623 million, owing to a ¥38,234 million decrease in the allowance for employees' retirement benefits, which offset an increase of ¥37,863 million in net defined benefit liabilities.

Total net assets increased ¥13,277 million, to ¥270,353 million, owing to such factors as ¥16,030 million in net income and ¥3,501

million in dividend payments. Total stockholders' equity ratio was 56.3%, up 1.3 percentage points from a year earlier. Stockholders' equity per share increased ¥102.38, to ¥2,082.60.

Cash Flows

Cash and cash equivalents ("net cash") amounted to ¥120,607 million as of December 31, 2014, an increase of ¥18,424 million from the end of the previous year.

Net cash provided by operating activities amounted to ¥38,191 million, compared with ¥28,781 million in the previous year. This change was due mainly to ¥25,858 million in income before income taxes and minority interests, ¥17,090 million in depreciation and amortization, and a decrease of ¥4,848 million in notes and accounts receivable, partially offset by a decrease of ¥7,244 million in notes and accounts payable and income taxes paid of ¥5,918 million.

Net cash used in investing activities was ¥15,221 million, compared with ¥25,757 million in the previous year. The main factors were ¥10,332 million in payments for purchases of property, plant and equipment, ¥3,354 million in payments for purchases of intangible assets, ¥939 million in payments for purchases of shares of subsidiaries, and ¥1,279 million in payments for purchases of investments in subsidiaries resulting in change in scope of consolidation.

Net cash used in financing activities amounted to ¥4,545 million, compared with ¥9,105 million in the previous year. Cash flows from financing activities mainly represent dividends paid of ¥3,514 million.

Consolidated Balance Sheets

Canon Marketing Japan Inc. and Consolidated Subsidiaries
December 31, 2014 and 2013

Millions of yen

ASSETS	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents (Notes 9 and 10)	¥ 120,607	¥ 102,183
Notes and accounts receivable (Note 9)	128,473	132,697
Inventories (Note 5)	27,815	28,234
Deferred tax assets (Note 12)	4,860	5,089
Short-term loans receivable (Note 9)	50,055	50,000
Other current assets	7,899	6,924
Allowance for doubtful receivables	(113)	(188)
Total current assets	339,596	324,939
PROPERTY, PLANT AND EQUIPMENT:		
Land (Note 3)	36,302	36,013
Buildings and structures (Note 3)	87,005	85,973
Machinery and vehicles	161	160
Furniture and fixtures (Note 8)	19,902	19,917
Rental assets	31,731	27,601
Lease assets	1,907	1,852
Total	177,008	171,516
Accumulated depreciation	(76,949)	(71,832)
Net property, plant and equipment	100,059	99,684
INTANGIBLE ASSETS:		
Goodwill (Note 2)	1,091	448
Software	9,362	12,007
Lease assets	116	93
Utilization rights	318	316
Other intangible assets	20	30
Total intangible assets	10,907	12,894
INVESTMENTS AND OTHER ASSETS:		
Investments in securities (Notes 3, 9 and 10)	6,293	5,304
Long-term loans receivable	12	12
Lease deposits (Note 16)	5,338	5,571
Deferred tax assets (Note 12)	15,040	16,085
Other investments	2,859	2,981
Allowance for doubtful receivables	(357)	(394)
Total investments and other assets	29,185	29,559
Total assets	¥ 479,747	¥ 467,076

Millions of yen

LIABILITIES AND NET ASSETS	2014	2013
CURRENT LIABILITIES:		
Notes and accounts payable (Notes 3 and 9)	¥ 101,338	¥ 108,499
Lease obligations (Note 16)	344	447
Accrued income taxes (Note 12)	5,919	2,997
Consumption taxes payable	7,619	2,965
Accrued expenses	24,115	24,976
Reserves	4,166	4,311
Other current liabilities	21,270	20,719
Total current liabilities	164,771	164,914
LONG-TERM LIABILITIES:		
Long-term loans payable (Notes 3 and 16)	—	74
Lease obligations (Note 16)	445	455
Deferred tax liabilities (Note 12)	540	579
Deferred tax liabilities for land revaluation (Note 12)	29	31
Allowance for employees' retirement benefits (Notes 2 and 11)	—	38,234
Allowance for long-term continuous service rewards (Note 2)	998	933
Net defined benefit liabilities (Notes 2 and 11)	37,863	—
Other long-term liabilities	4,748	4,780
Total long-term liabilities	44,623	45,086
CONTINGENT LIABILITIES (Note 4)		
NET ASSETS (Note 2):		
STOCKHOLDERS' EQUITY (Note 17):		
Common stock:		
Authorized—299,500,000 shares;		
Issued—151,079,972 shares in 2014 and 2013	73,303	73,303
Capital surplus	82,820	82,820
Retained earnings	143,864	131,332
Treasury stock	(31,905)	(31,897)
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Net unrealized gain on available-for-sale securities	1,705	1,139
Foreign currency translation adjustments	272	98
Remeasurements of defined benefit plans	2	—
Total accumulated other comprehensive income	1,979	1,237
MINORITY INTERESTS	292	281
Total net assets	270,353	257,076
Total liabilities and net assets	¥ 479,747	¥ 467,076

• See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Canon Marketing Japan Inc. and Consolidated Subsidiaries
Years ended December 31, 2014 and 2013

Millions of yen

	2014	2013
NET SALES	¥ 659,432	¥ 657,216
COST OF SALES	425,896	433,279
Gross profit	233,536	223,937
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	208,448	206,924
Operating income	25,088	17,013
OTHER INCOME (EXPENSES):		
Interest and dividend income	362	347
Interest expense	(32)	(31)
Equity in loss of affiliates	(3)	—
Insurance income	596	648
Gain on sales of fixed assets	71	26
Gain on negative goodwill	12	—
Insurance income due to disaster	332	—
Settlement received	255	—
Loss on impairment of fixed assets	(6)	(5)
Gain on sales of investments in securities	4	603
Loss on sales and disposal of fixed assets	(216)	(639)
Loss on disaster	(390)	—
Loss on litigation	(600)	—
Expenses related to change of business name	—	(3)
Office transfer expenses	—	(204)
Special extra retirement payments	(13)	(597)
Other, net	398	(103)
	770	42
Income before income taxes and minority interests	25,858	17,055
INCOME TAXES (Note 12):		
Current	8,686	6,331
Deferred	1,109	518
	9,795	6,849
Income before minority interests	16,063	10,206
MINORITY INTERESTS	33	38
Net income	¥ 16,030	¥ 10,168
		Yen
PER SHARE OF COMMON STOCK (Note 2):		
Net income	¥ 123.62	¥ 76.67
Cash dividends applicable to the year	¥40.00	¥24.00

- The fiscal 2013 cost of sales, selling, general and administrative expenses, and gross profit have been restated.
- See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Canon Marketing Japan Inc. and Consolidated Subsidiaries
Years ended December 31, 2014 and 2013

Millions of yen

	2014	2013
INCOME BEFORE MINORITY INTERESTS	¥ 16,063	¥ 10,206
OTHER COMPREHENSIVE INCOME (Note 6)		
Net unrealized gain on available-for-sale securities	567	1,078
Foreign currency translation adjustments	165	168
Total other comprehensive income	732	1,246
Comprehensive income	¥ 16,795	¥ 11,452
Comprehensive income attributable to		
Shareholders of Canon Marketing Japan Inc.	¥ 16,771	¥ 11,398
Minority interests	24	54

• 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, 2014 and 2013

Millions of yen

	Stockholders' equity				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock
BALANCE AT JANUARY 1, 2013	151,079,972	¥ 73,303	¥ 82,820	¥ 124,624	¥ (26,892)
Net income				10,168	
Cash dividends				(3,460)	
Purchase of treasury stock					(5,006)
Disposition of treasury stock				(0)	1
Other, net					
BALANCE AT JANUARY 1, 2014	151,079,972	¥ 73,303	¥ 82,820	¥ 131,332	¥ (31,897)
Net income				16,030	
Cash dividends				(3,501)	
Purchase of treasury stock					(9)
Disposition of treasury stock			0		1
Other, net				3	
BALANCE AT DECEMBER 31, 2014	151,079,972	¥ 73,303	¥ 82,820	¥ 143,864	¥ (31,905)

Millions of yen

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Minority interests	
BALANCE AT JANUARY 1, 2013	¥ 61	¥ (54)	—	¥ 226	¥ 254,088
Net income					10,168
Cash dividends					(3,460)
Purchase of treasury stock					(5,006)
Disposition of treasury stock					1
Other, net	1,078	152		55	1,285
BALANCE AT JANUARY 1, 2014	¥ 1,139	¥ 98	—	¥ 281	¥ 257,076
Net income					16,030
Cash dividends					(3,501)
Purchase of treasury stock					(9)
Disposition of treasury stock					1
Other, net	566	174	2	11	756
BALANCE AT DECEMBER 31, 2014	¥ 1,705	¥ 272	¥ 2	¥ 292	¥ 270,353

• See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Canon Marketing Japan Inc. and Consolidated Subsidiaries
Years ended December 31, 2014 and 2013

Millions of yen

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income taxes and minority interests	¥ 25,858	¥ 17,055
Adjustments for:		
Depreciation and amortization	17,090	17,448
Loss on impairment of fixed assets	6	5
Amortization of goodwill	139	53
Gain on negative goodwill	(12)	—
Decrease in allowance for doubtful receivables	(115)	(150)
Increase in allowance for employees' retirement benefits	—	483
Decrease in allowance for directors' retirement benefits, net	—	(1,046)
Decrease in net defined benefit liabilities	(474)	—
Interest and dividend income	(362)	(347)
Interest expense	32	31
Loss on sales and retirement of property, plant and equipment, net	95	510
Gain on sales of investments in securities	(3)	(599)
Decrease (increase) in notes and accounts receivable-trade	4,848	(4,730)
Decrease in inventories	303	433
Decrease (increase) in notes and accounts payable-trade	(7,244)	4,192
Other, net	3,618	3,541
Sub-total	43,779	36,879
Interest and dividends received	363	350
Interest paid	(33)	(31)
Income taxes paid	(5,918)	(8,417)
Net cash provided by operating activities	38,191	28,781
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities	—	30
Payments for purchases of property, plant and equipment	(10,332)	(13,691)
Proceeds from sales of property, plant and equipment	440	327
Payments for purchases of intangible assets	(3,354)	(3,513)
Payments for purchases of investments in securities	(180)	(194)
Proceeds from sales of investments in securities	33	1,307
Payments for purchases of shares of subsidiaries	(939)	—
Proceeds from sales of shares of affiliates	239	—
Payments for purchases of shares of subsidiaries resulting in change in scope of consolidation	(1,279)	—
Proceeds from purchases of shares of subsidiaries resulting in change in scope of consolidation	—	45
Increase in short-term loans receivable, net	(40)	(9,998)
Decrease in time deposits, net	109	47
Other	82	(117)
Net cash used in investing activities	(15,221)	(25,757)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term loans payable, net	(141)	—
Repayments of finance lease obligations	(527)	(631)
Payments for purchases of treasury stock	(9)	(5,006)
Dividends paid	(3,514)	(3,468)
Other	(354)	0
Net cash used in financing activities	(4,545)	(9,105)
Effect of exchange rate changes on cash and cash equivalents	(1)	4
Net increase (decrease) in cash and cash equivalents	18,424	(6,077)
Cash and cash equivalents at beginning of year	102,183	108,260
Cash and cash equivalents at end of year	¥ 120,607	¥ 102,183

• See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

01 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.

Certain accounts and items presented in the original consolidated financial statements in Japanese have been reclassified for the convenience of readers outside Japan.

02 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements for the year ended December 31, 2014 include the accounts of the Company and all of its 27 (30 in 2013) subsidiaries.

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 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, Plant and Equipment

Property, plant 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, property and equipment of certain consolidated subsidiaries, and rental assets in the Business Solutions segment. The useful lives are as follows: buildings, mainly fifty 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.

(f) Accounting Method for Retirement Benefits

(1) Method of attributing estimated amounts of retirement benefits to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits attributed to a period up to the current fiscal year is primarily determined based on the straight-line basis.

(2) Amortization of unrecognized actuarial gains and losses and prior service cost

Unrecognized prior service cost is amortized by the straight-line method over the average remaining service period of the eligible employees at the time when it arose. Unrecognized actuarial gains and losses are amortized from the fiscal year following the year in which they arose by the straight-line method over the average remaining service period of the eligible employees.

(3) Application of simplified method at smaller-sized companies, etc. Certain consolidated subsidiaries apply the simplified method for calculating net defined benefit liabilities and net periodic benefit costs. Under this method, the payments for voluntary early retirement of all eligible employees at the end of the fiscal year are recognized as retirement benefit obligations.

(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 Group 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 statutory income tax rate 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 of the foreign subsidiaries are translated into Japanese yen at the current exchange rates in effect at the balance sheet date, except for the components of net assets excluding minority interests which are translated at their historical exchange rates.

Revenue and expense accounts are translated at the average exchange rates prevailing during the year.

(l) Per Share Amounts of Common Stock

Net income per share is calculated using net income available to holders of common stock, 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 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, an allowance for long-term continuous service rewards is recorded based on the amount the Company and certain consolidated subsidiaries 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.

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

For software development contracts in progress as of December 31, 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.

(p) Application of Consolidated Taxation System

The Company and certain consolidated subsidiaries have adopted the consolidated taxation system.

(q) Changes in Accounting Policies

Effective from December 31, 2014, the Company applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), except for the main clause of Article 35 of the Accounting Standard for Retirement Benefits and the main clause of Article 67 of the Guidance on Retirement Benefits. In accordance with this application, this accounting treatments for retirement benefits have been changed to record net defined benefit liabilities in the amount of retirement benefit obligations less the fair value of plan assets. Unrecognized actuarial gains and losses and unrecognized prior service cost are also included in net defined benefit liabilities.

The Accounting Standard for Retirement Benefits and its guidance are applied with transitional treatments stipulated in Article 37 of the Accounting Standard for Retirement Benefits. As of December 31, 2014, the impact of this change was reflected in remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result, as of December 31, 2014, ¥37,863 million was allocated to net defined benefit liabilities and accumulated other comprehensive income increased by ¥2 million.

(r) Accounting Standards Not Yet Applied

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012)

(1) Overview

In light of financial reporting improvement perspectives and international trends, these standards were amended to enhance disclosure for unrecognized actuarial gains and losses and unrecognized prior service cost accounting and calculations of retirement benefit obligations and service costs.

(2) Application Date

The Company adopted revised accounting methods for retirement benefit obligations and service costs from the beginning of the fiscal year ending December 31, 2015.

This change in accounting policy will not apply retroactively to prior year consolidated financial statements because transitional treatments have been specified in the relevant accounting standards.

(3) Effect of Applying Accounting Standards

Management was reviewing the effect on the consolidated financial statements at the time of their preparation of revisions to calculations of retirement benefit obligations and service costs.

(s) Change in Presentation Method

Consolidated Statements of Income

The Company traditionally included the expenses of intragroup business system development and operations entrusted to certain consolidated subsidiaries in cost of sales. From the current fiscal year, however, it included this expenditure in selling, general and administrative expenses to reflect the increasing quantitative impact of such operations amid increasing process internalization.

The Company has restated its consolidated financial statements for the previous fiscal year to reflect this change in presentation method.

As a result of this decision, management reclassified ¥3,727 million of cost of sales in the previous fiscal year's consolidated statement of income as part of selling, general and administrative expenses.

03 Assets Pledged as Collateral

Assets pledged as collateral as of December 31, 2014 and 2013 were as follows:

(1) Pledged assets

	Millions of yen	
	2014	2013
Land	¥ 701	¥ 647
Buildings	480	435
	¥ 1,181	¥ 1,082

(2) Liabilities secured by the above assets

	Millions of yen	
	2014	2013
Accounts payable	¥ 264	¥ 315
	¥ 264	¥ 315

04 Contingent Liabilities

Contingent liabilities at December 31, 2014 and 2013 were as follows:

	Millions of yen	
	2014	2013
Joint and several guarantee on lease payment of two customers	¥ 8	¥ 38
Guarantees for employees' housing loans	45	54
	¥ 53	¥ 92

05 Inventories

Inventories at December 31, 2014 and 2013 were composed of the following:

	Millions of yen	
	2014	2013
Merchandise	¥ 24,043	¥ 24,414
Service parts	2,428	2,427
Work in progress	489	578
Supplies	720	669
Other	135	146
	¥ 27,815	¥ 28,234

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, ¥21 million at December 31, 2014 for work in progress relates to software development contracts from which losses are expected and corresponds to the reserve for contract losses.

06 Other Comprehensive Income

The following table shows reclassification adjustments for each component of other comprehensive income for the years ended December 31, 2014 and 2013

	2014		2013	
Net unrealized gain on available-for-sale securities				
Amount arising during the year	¥ 870		¥ 2,217	
Reclassification adjustments	(1)	869	(564)	1,653
Foreign currency translation adjustments				
Amount arising during the year	165	165	168	168
Total other comprehensive income before tax effect		1,034		1,821
Tax effect		(302)		(575)
Total other comprehensive income		¥ 732		¥ 1,246

The following table shows tax effects for each component of other comprehensive income for the years ended December 31, 2014 and 2013

	2014			2013		
Net unrealized gain on available-for-sale securities	¥ 869	¥ (302)	¥ 567	¥ 1,653	¥ (575)	¥ 1,078
Foreign currency translation adjustments	165	—	165	168	—	168
Total other comprehensive income	¥ 1,034	¥ (302)	¥ 732	¥ 1,821	¥ (575)	¥ 1,246

07 Consolidated Statement of Changes in Net Assets

Current Fiscal Year (from January 1, 2014 to December 31, 2014)

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	21,400	5	0	21,405
Total	21,400	5	0	21,405

Notes: 1. The increase of 5 thousand shares of treasury stock was due to the purchase of fractional stock.

2. The decrease of 0 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 27, 2014					
General stockholders' meeting	Common stock	¥1,556	¥12	December 31, 2013	March 28, 2014
July 23, 2014					
Board of Directors' meeting	Common stock	¥1,945	¥15	June 30, 2014	August 26, 2014

(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, 2015						
General stockholders' meeting	Common stock	Retained earnings	¥3,242	¥25	December 31, 2014	March 27, 2015

Previous Fiscal Year (from January 1, 2013 to December 31, 2013)

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	17,993	3,407	0	21,400
Total	17,993	3,407	0	21,400

Notes: 1. The increase of 3,407 thousand shares of treasury stock consists of an increase of 3,403 thousand shares due to the purchase through the market, and 4 thousand shares due to the purchase of fractional stock.

2. The decrease of 0 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 27, 2013					
General stockholders' meeting	Common stock	¥1,863	¥14	December 31, 2012	March 28, 2013
July 23, 2013					
Board of Directors' meeting	Common stock	¥1,597	¥12	June 30, 2013	August 27, 2013

(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 27, 2014						
General stockholders' meeting	Common stock	Retained earnings	¥1,556	¥12	December 31, 2013	March 28, 2014

08 Leases

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 ¥15 million and ¥82 million for the years ended December 31, 2014 and 2013, respectively.

(As Lessee)

Future minimum lease payments subsequent to December 31, 2014 and 2013 are summarized as follows:

	Millions of yen	
	2014	2013
Future minimum lease payments:		
Within one year	—	¥ 15
Thereafter	—	—
	—	¥ 15

Future minimum lease payments included the following subleases:

	Millions of yen	
	2014	2013
Future minimum lease payments:		
Within one year	—	—
Thereafter	—	—
	—	—

The following pro forma amounts represent acquisition cost, accumulated depreciation and amortization, and net book value of leased property as of December 31, 2014 and 2013, excluding subleases:

	Millions of yen	
	2014	2013
Acquisition cost:		
Furniture and fixtures	—	¥ 210
		¥ 210
Accumulated depreciation and amortization:		
Furniture and fixtures	—	¥ 195
		¥ 195
Net book value:		
Furniture and fixtures	—	¥ 15
	—	¥ 15

09 Financial Instruments

Current Fiscal Year (from January 1, 2014 to December 31, 2014) and Previous Fiscal Year (from January 1, 2013 to December 31, 2013)

1. Information on financial instruments

(1) Policies for financial instruments

The Group limits its asset management to financial instruments characterized as very safe and believes that financing should mainly be conducted through the use of Group finances whenever necessary. The Company enters into derivative transactions to hedge against foreign exchange fluctuation risks and not for speculative purposes.

(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 mainly 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.

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

Derivative transactions consist of forward exchange contracts to hedge against the risks of fluctuations in foreign currency denominated trade payables.

(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 sheets as of December 31, 2014 and 2013, 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			
2014			
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 36,107	¥ 36,107	—
(2) Notes and accounts receivable	128,473	128,473	—
(3) Short-term investments in securities and investments in securities	90,010	90,010	—
(4) Short-term loans receivable	50,055	50,055	—
Total assets	¥ 304,645	¥ 304,645	—
(5) Notes and accounts payable	¥ 101,338	¥ 101,338	—
Total liabilities	¥ 101,338	¥ 101,338	—

Millions of yen			
2013			
	Book value	Fair value	Difference
(1) Cash and deposits	¥ 20,083	¥ 20,083	—
(2) Notes and accounts receivable	132,697	132,697	—
(3) Short-term investments in securities and investments in securities	86,836	86,836	—
(4) Short-term loans receivable	50,000	50,000	—
Total assets	¥ 289,616	¥ 289,616	—
(5) Notes and accounts payable	¥ 108,499	¥ 108,499	—
Total liabilities	¥ 108,499	¥ 108,499	—

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 10 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:

		Millions of yen	
		2014	2013
Book value			
Equity securities		¥ 308	¥ 327
Investments in investment partnerships		¥ 475	¥ 341

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, 2014 and 2013 is summarized as follows:

					Millions of yen			
					2014			
	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	¥ 36,107	—	—	—				
Notes and accounts receivable	128,473	—	—	—				
Short-term investments in securities and investments in securities								
Held-to-maturity debt securities								
(1) Corporate bonds	—	—	—	—				
(2) Other	84,500	—	—	—				
Short-term loans receivable	50,055	—	—	—				
Total	¥ 299,135	—	—	—				

					Millions of yen			
					2013			
	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	¥ 20,083	—	—	—				
Notes and accounts receivable	132,697	—	—	—				
Short-term investments in securities and investments in securities								
Held-to-maturity debt securities								
(1) Corporate bonds	—	—	—	—				
(2) Other	82,200	—	—	—				
Short-term loans receivable	50,000	—	—	—				
Total	¥ 284,980	—	—	—				

10 Securities

Securities as of December 31, 2014 and 2013 were classified and included in the following accounts:

	Millions of yen	
	2014	2013
Securities classified as:		
Available-for-sale:		
Investments in securities	¥ 6,293	¥ 5,304
Held-to-maturity:		
Cash and cash equivalents	84,500	82,200
Investments in securities	—	—
	84,500	82,200
	¥ 90,793	¥ 87,504

The carrying amounts and aggregate fair values of investments in securities at December 31, 2014 and 2013 were as follows:

	Millions of yen			
	2014			
	Book value	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Corporate bonds	—	—	—	—
Other	—	—	—	—
	—	—	—	—

	Millions of yen			
	2014			
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 3,052	¥ 2,471	¥ (25)	¥ 5,498
Other	11	1	—	12
	¥ 3,063	¥ 2,472	¥ (25)	¥ 5,510

Millions of yen				
2013				
	Book value	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Held-to-maturity:				
Corporate bonds	—	—	—	—
Other	—	—	—	—
	—	—	—	—

Millions of yen				
2013				
	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 3,030	¥ 1,712	¥ (117)	¥ 4,625
Other	11	0	—	11
	¥ 3,041	¥ 1,712	¥ (117)	¥ 4,636

Available-for-sale and held-to-maturity securities whose fair value is not readily determinable as of December 31, 2014 and 2013 were as follows:

Millions of yen		
	2014	2013
Available-for-sale:		
Equity securities	¥ 308	¥ 327
Investments in investment partnerships	475	341
Held-to-maturity:		
Certificates of deposit	84,500	82,200
	¥ 85,283	¥ 82,868

11 Employees' Retirement and Severance Benefits

Current Fiscal Year (from January 1, 2014 to December 31, 2014)

1. Overview

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, and lump-sum severance payment plans. The Company sometimes provides retiring employees with extra retirement payments not included in the retirement benefit obligations actuarially calculated in line with its retirement benefit accounting.

2. Defined benefit plans

(1) Reconciliation of retirement benefit obligations at beginning and end of year

Millions of yen

	2014
Retirement benefit obligations at beginning of year	¥ 186,469
Service costs	6,760
Interest costs	2,845
Actuarial gains and losses	12,097
Benefit paid	(5,695)
Retirement benefit obligations at end of year	¥ 202,476

(2) Reconciliation of plan assets at beginning and end of year

Millions of yen

	2014
Plan assets at beginning of year	¥ 154,598
Expected return on plan assets	4,283
Actuarial gains and losses	6,967
Contributions from the employer	4,599
Benefit paid	(5,269)
Plan assets at end of year	¥ 165,178

(3) Reconciliation of retirement benefit obligations at beginning and end of year for which the simplified method was applied

Millions of yen

	2014
Net defined benefit liabilities at beginning of year	¥ 444
Net periodic benefit costs	91
Benefit paid	(19)
Contributions to plans	(29)
Other	78
Net defined benefit liabilities at end of year	¥ 565

(4) Reconciliation of retirement benefit obligations and plan assets at year-end and net defined benefit liabilities and assets in consolidated balance sheets

Millions of yen

	2014
Funded retirement benefit obligations	¥ 186,455
Plan assets	165,431
	21,024
Unfunded retirement benefit obligations	16,839
Net liabilities and assets in consolidated balance sheets	¥ 37,863
	¥ 37,863
Net defined benefit liabilities	¥ 37,863
Net liabilities and assets in consolidated balance sheets	¥ 37,863

Note: Includes plans for which the simplified method was applied.

(5) Retirement benefit costs

Millions of yen

	2014
Service costs	¥ 6,760
Interest costs	2,845
Expected return on plan assets	(4,283)
Amortization of actuarial gains and losses	3,641
Amortization of prior service cost	(4,462)
Net periodic benefit costs using the simplified method	91
Retirement benefit costs of defined benefit plans	¥ 4,592

Note: In addition to the above retirement benefit costs, the Company recorded ¥352 million (including ¥13 million of special extra retirement payments) for extra retirement payments.

(6) Remeasurements of defined benefit plans

Millions of yen

	2014
Unrecognized prior service cost	¥ (12,380)
Unrecognized actuarial gains and losses	12,430
Total	¥ 50

(7) Plan assets

1. Main components of plan assets

Ratios for main components of plan assets were as follows:

	2014
Bonds	24%
Stocks	4%
Pooled funds	48%
Life insurance company general accounts	20%
Other	4%
Total	100%

Note: The Company holds 48% of its pooled funds in bonds and 52% in stocks.

2. Methodology for setting long-term expected rates of return

The long-term expected rate of return on plan assets are determined by considering current and projected plan asset allocations and current and anticipated long-term rates of return from diverse plan assets.

(8) Actuarial assumptions

The principal actuarial assumptions at the end of the year ended December 31, 2014 were as follows:

	2014
Discount rate	1.1 - 2.0%
Long-term expected rate of return on plan assets	1.0 - 3.0%

3. Defined contribution plan

The required contributions of the Company and consolidated subsidiaries to defined contribution plans totaled ¥1,589 million.

Previous Fiscal Year (from January 1, 2013 to December 31, 2013)

The liability for employees' retirement benefits as of December 31, 2013 consisted of the following:

	Millions of yen
	2013
Projected benefit obligation	¥ 187,143
Fair value of plan assets	(154,829)
Unrecognized actuarial loss	(10,941)
Unrecognized prior service cost	16,842
Prepaid pension cost	19
Allowance for employees' retirement benefits	¥ 38,234

The components of net periodic benefit costs for the year ended December 31, 2013 were as follows:

	Millions of yen
	2013
Service costs	¥ 6,832
Interest costs	3,147
Expected return on plan assets	(3,739)
Amortization of prior service cost	(4,649)
Amortization of actuarial loss	4,863
Other	1,389
Net periodic benefit costs	¥ 7,843

Assumptions used in accounting for the above plans for the year ended December 31, 2013 were principally as follows:

	2013
Discount rate	1.4 - 2.0%
Expected rates of return on plan assets	1.0 - 3.0%
Amortization period of prior service cost	5-13 years
Recognition period of actuarial loss	5-13 years

12 Income Taxes

The difference between the statutory income tax rate and the effective income tax rate for the year ended December 31, 2014 is not material, therefore the tax reconciliation for 2014 is not disclosed.

For the year ended December 31, 2013, the difference between the statutory income tax rate (38.0%) and the effective income tax rate following the adoption of tax-effect accounting (40.2%) was 2.2 percentage points. The effective income tax rate for the year ended December 31, 2013, differed from the statutory income tax rate following the adoption of tax-effect accounting for the reasons outlined in the table below.

	2013
Statutory income tax rate	38.0 %
Entertainment and other expenses permanently not deductible for tax purposes	2.0 %
Per-capita levy of inhabitant's taxes	2.1 %
Valuation allowance	(2.0)%
Dividend income not taxable	(0.5)%
Other	0.6 %
Effective income tax rate following the adoption of tax-effect accounting	40.2 %

The effects of significant temporary differences, which resulted in deferred tax assets and liabilities as of December 31, 2014 and 2013, were as follows:

Millions of yen

	2014	2013
DEFERRED TAX ASSETS:		
Accrued bonuses to employees	¥ 1,291	¥ 1,491
Accrued business tax and business office tax	654	504
Loss on disposal and devaluation of inventories	434	642
Net defined benefit liabilities	13,255	—
Allowance for employees' retirement benefits	—	13,653
Excess amortization of software	1,695	2,563
Loss carried forward	1,124	2,129
Loss on devaluation of investments in securities	812	695
Excess depreciation of fixed assets	520	497
Loss on impairment of fixed assets	100	261
Allowance for doubtful receivables	117	46
Other	4,890	4,390
Gross deferred tax assets	24,892	26,871
Less: valuation allowance	(3,199)	(3,872)
Total deferred tax assets	¥ 21,693	¥ 22,999
DEFERRED TAX LIABILITIES:		
Net unrealized gain on available-for-sale securities	¥ 711	¥ 539
Deferred capital gain	1,534	1,684
Other	117	212
Total deferred tax liabilities	¥ 2,362	¥ 2,435
Net deferred tax assets	¥ 19,360	¥ 20,595
Deferred tax liabilities for land revaluation	¥ 29	¥ 31

(Additional Information)

Modifications to the amount of deferred tax assets and liabilities due to changes of corporate tax rates

Due to the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.10, 2014) on March 31, 2014, the Special Reconstruction Corporation Tax will not be imposed from fiscal years starting on or after April 1, 2014. As a result, the effective statutory income tax rate to be used in the calculation of deferred tax assets and liabilities for temporary differences that are expected to reverse in fiscal years starting from January 1, 2015, will be revised to 35% from 38% of the prior fiscal year.

Due to these changes in corporate tax rates, the amount of deferred tax assets (less the amount of deferred tax liabilities) decreased by ¥657 million, resulting in an increase of the same amount in deferred income taxes as of and for the year ended December 31, 2014.

13 Segment Information

1. Segment Information

(1) Description of Reportable Segments

Reportable segments are constituent units of the Group for which separate financial information is available and they are subject to periodic reviews by the Board of Directors to determine the allocation of management resources and assess their respective operating results.

The Company has four reportable segments, Business Solutions, IT Solutions, Imaging Systems and Industrial/Medical, all of which are determined based on the organizational structure of the Group and include companies of the Group.

The "Industrial Equipment" segment has been renamed the "Industrial/Medical" segment.

This change in segment description has no impact on any financial information of this segment.

Major companies and organizations in each segment

Reportable Segment	Major companies / organizations
Business Solutions	Canon Marketing Japan Inc. Business Solutions Company Canon System & Support Inc. Canon Production Printing Systems Inc.
IT Solutions	Canon Marketing Japan Inc. IT Product Promotion Headquarters Canon MJ IT Group Holdings Inc. Canon IT Solutions Inc. Canon Software Inc. Edifist Learning Inc. 12 other companies
Imaging Systems	Canon Marketing Japan Inc. Imaging System Company Canon Customer Support Inc.
Industrial/Medical	Canon Marketing Japan Inc. Industrial Equipment-Medical Equipment Business Canon Lifecare Solutions Inc. AZE, Ltd. Canon Advanced Technologies Taiwan Inc. 1 other company

Major products and services in each segment

Reportable Segment	Major products / services
Business Solutions	Business-use multifunctional products, print-on-demand (POD) digital presses, personal-use plain-paper copiers, laser printers, large format ink-jet printers, office-use facsimiles, liquid crystal projectors, document scanners, color cardprinters, color label printers, teleconference system, network cameras, document solutions, service and support
IT Solutions	System integration, embedded software, infrastructure & operation, solution & software products, computer devices, network devices, smart devices
Imaging Systems	Digital cameras, interchangeable lenses, digital video cameras, ink-jet printers, compact photo printers, personal-use scanners, electronic dictionaries, calculators, commercial imaging equipment
Industrial/Medical	Semiconductor manufacturing equipment, optical measurement equipment, 3D printers, medical equipment (digital X-ray cameras, ophthalmic equipment), medical system, sterilization and cleaning systems, fully automated pharmaceutical dispensing systems

(2) Methods of measurement for sales, segment income (loss), assets, and other items for reportable segments

Accounting methods for reportable segments are the same as the accounting methods described in Note 2 Summary of significant accounting policies. Segment income (loss) is measured based on the amount of operating income. Intersegment sales and transfers are based on market prices.

(3) Information by reportable segment for the years ended December 31, 2014 and 2013 was as follows:

Millions of yen

Year ended or as of December 31,	Reportable Segment				Other	Total	Adjustments	Consolidated
	Business Solutions	IT Solutions	Imaging Systems	Industrial/Medical				
2014								
Net sales:								
External customers	¥ 330,233	¥ 115,717	¥ 185,407	¥ 28,024	¥ 51	¥ 659,432	—	¥ 659,432
Intersegment	—	33,033	—	—	—	33,033	¥ (33,033)	—
Total	¥ 330,233	¥ 148,750	¥ 185,407	¥ 28,024	¥ 51	¥ 692,465	¥ (33,033)	¥ 659,432
Segment income (loss)	¥ 8,206	¥ 3,164	¥ 14,258	¥ (978)	¥ 438	¥ 25,088	—	¥ 25,088
Segment assets	¥ 138,579	¥ 65,040	¥ 77,940	¥ 19,725	¥ 9,395	¥ 310,679	¥ 169,068	¥ 479,747
Other items:								
Depreciation and amortization	¥ 10,877	¥ 3,065	¥ 2,489	¥ 484	¥ 175	¥ 17,090	—	¥ 17,090
Amortization of goodwill	—	¥ 103	—	¥ 36	—	¥ 139	—	¥ 139
Changes in the amount of property, plant and equipment and intangible assets	¥ 10,089	¥ 2,321	¥ 1,322	¥ 755	¥ 41	¥ 14,528	—	¥ 14,528

Notes: 1. "Other" represents operating segments which are not included in the reportable segments, and includes operations such as the shared-services business.

2. Major items of adjustments of segment assets are surplus operating funds (cash, cash equivalents and short-term investments in securities) of the Company and assets of administrative departments, totaling ¥169,068 million.

3. Segment income (loss) corresponds to operating income stated on the consolidated statement of income.

Millions of yen

Year ended or as of December 31,	Reportable Segment				Other	Total	Adjustments	Consolidated
	Business Solutions	IT Solutions	Imaging Systems	Industrial/Medical				
2013								
Net sales:								
External customers	¥ 327,264	¥ 112,049	¥ 191,730	¥ 26,106	¥ 67	¥ 657,216	—	¥ 657,216
Intersegment	—	30,250	—	—	—	30,250	¥ (30,250)	—
Total	¥ 327,264	¥ 142,299	¥ 191,730	¥ 26,106	¥ 67	¥ 687,466	¥ (30,250)	¥ 657,216
Segment income (loss)	¥ 5,535	¥ 387	¥ 12,491	¥ (1,765)	¥ 365	¥ 17,013	—	¥ 17,013
Segment assets	¥ 135,459	¥ 66,660	¥ 81,881	¥ 19,075	¥ 11,089	¥ 314,164	¥ 152,912	¥ 467,076
Other items:								
Depreciation and amortization	¥ 10,812	¥ 3,186	¥ 2,811	¥ 461	¥ 178	¥ 17,448	—	¥ 17,448
Amortization of goodwill	—	¥ 53	—	—	—	¥ 53	—	¥ 53
Changes in the amount of property, plant and equipment and intangible assets	¥ 9,285	¥ 2,926	¥ 1,654	¥ 540	¥ 12	¥ 14,417	—	¥ 14,417

Notes: 1. "Other" represents operating segments which are not included in the reportable segments, and includes operations such as the shared-services business.

2. Major items of adjustments of segment assets are surplus operating funds (cash, cash equivalents and short-term investments in securities) of the Company and assets of administrative departments, totaling ¥152,912 million.

3. Segment income (loss) corresponds to operating income stated on the consolidated statement of income.

2. Related Information

(1) Information by product and service

Disclosure of information by product and service is omitted since the segment information contains the same information.

(2) Information by geographical area

1. Sales

Disclosure of information on sales by geographical area is omitted since sales to domestic external customers accounts for more than 90% of consolidated net sales.

2. Property, plant and equipment

Disclosure of information on property, plant and equipment by geographical area is omitted since the amount of domestic property, plant and equipment accounts for more than 90% of total property, plant and equipment recorded on the consolidated balance sheet.

(3) Information by major customers

Disclosure of information by major customers is omitted since no customer accounts for 10% or more of consolidated net sales.

3. Information on impairment loss on property, plant and equipment by reportable segment

Millions of yen

Year ended or as of December 31,	Reportable Segment				Other	Total	Adjustments	Consolidated
	Business Solutions	IT Solutions	Imaging Systems	Industrial/Medical				
2014	—	—	—	¥ 6	—	¥ 6	—	¥ 6

Note: "Other" represents operating segments which are not included in the reportable segments and includes operations such as the shared-services business.

Millions of yen

Year ended or as of December 31,	Reportable Segment				Other	Total	Adjustments	Consolidated
	Business Solutions	IT Solutions	Imaging Systems	Industrial/Medical				
2013	—	¥ 0	—	¥ 5	—	¥ 5	—	¥ 5

4. Information on amortization and balance of goodwill by reportable segment

Millions of yen

Year ended or as of December 31,	Reportable Segment				Other	Total	Adjustments	Consolidated
	Business Solutions	IT Solutions	Imaging Systems	Industrial/Medical				
2014	—	¥ 103	—	¥ 36	—	¥ 139	—	¥ 139
Goodwill at December 31, 2014	—	¥ 401	—	¥ 690	—	¥ 1,091	—	¥ 1,091

Millions of yen

Year ended or as of December 31,	Reportable Segment				Other	Total	Adjustments	Consolidated
	Business Solutions	IT Solutions	Imaging Systems	Industrial/Medical				
2013	—	¥ 53	—	—	—	¥ 53	—	¥ 53
Goodwill at December 31, 2013	—	¥ 448	—	—	—	¥ 448	—	¥ 448

5. Information on gain on negative goodwill

In the year ended December 31, 2014, the Company acquired shares in A&A Co., Ltd., making it a consolidated subsidiary. This resulted in a ¥12 million gain on negative goodwill, which the Company included in other income but has not allocated to individual reporting segments.

There were no applicable items in the year ended December 31, 2013.

14 Related Party Transactions

Current Fiscal Year (from January 1, 2014 to December 31, 2014)

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)	Accounts	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	Development and manufacturing in the office, imaging system, and industrial equipment areas	(Ownership) Direct 58.5 Indirect 0.0	Two hold concurrent positions	Manufacture of products sold by Canon MJ	Operating transactions	¥ 232,974	Accounts payable	¥ 71,051
								Sales of office equipment and consumables, etc.			
								Non-operating transactions	¥ 5,560	Accounts receivable and others	¥ 2,809
								Loans of capital	¥ 50,000	Short-term loans	¥ 50,000

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 office 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, 2013 to December 31, 2013)

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)	Accounts	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 office equipment, imaging system equipment, and industrial equipment	(Ownership) Direct 58.5 Indirect 0.0	Two hold concurrent positions	Manufacture of products sold by Canon MJ	Operating transactions	¥ 242,165	Accounts payable	¥ 76,241
								Sales of office equipment and consumables, etc.			
								Non-operating transactions	¥ 4,284	Accounts receivable and others	¥ 2,785
								Loans of capital	¥ 50,000	Short-term loans	¥ 50,000

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 office 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.

15 Asset Retirement Obligations

The Group recognizes restoration obligations under real estate rental agreements of buildings and other real estates as asset retirement obligations.

Instead of recognizing liabilities, the Group reasonably estimates the uncollectible amount of lease deposits relating to the real estate rental agreements, and accounts for the portion of such estimated amount attributable to the current fiscal year as an expense.

The outstanding balances of lease deposits considered uncollectible as of December 31, 2014 and 2013 were ¥1,951 million and ¥1,900 million, respectively.

16 Lease Obligations, Long-Term Loans Payable and Deposits

Lease obligations, long-term loans payable and deposits at December 31, 2014 and 2013 consisted of the following:

	Average interest rate	2014	2013
Millions of yen			
Lease obligations			
Current portion of lease obligations		¥ 344	¥ 447
Lease obligations (excluding current portion)		445	455
		789	902
Long-term loans payable (excluding current portion)	—	—	74
Deposits	0.0%	3,710	3,603
		¥ 4,499	¥ 4,579

17 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).

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho, Chiyoda-ku
Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197
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Independent Auditor's Report

The Board of Directors
Canon Marketing Japan Inc.

We have audited the accompanying consolidated financial statements of Canon Marketing Japan Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at December 31, 2014, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Canon Marketing Japan Inc. and its consolidated subsidiaries as at December 31, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

March 25, 2015
Tokyo, Japan

Canon MJ Group Companies

As of January 1, 2015

Segment	Company Name	Lines of Business
Business Solutions	Canon System & Support Inc.	Business equipment sales and service IT solutions for small and medium-sized enterprises
	Canon Production Printing Systems Inc.	Sales and maintenance services for production printers and consumables
IT Solutions	Canon MJ IT Group Holdings Inc.	Overseeing business activities of Group IT solutions companies
	Canon IT Solutions Inc.	Systems integration and consulting and software development and sales
	Canon ITS Medical inc.	Medical systems sales and development
	Canon BizAttenda Inc.	Business process outsourcing and temp staffing
	SuperStream Inc.	Integrated business package planning and sales
	Qualysite Technologies Inc.	Software development and data center operations
	A&A Co., Ltd.	Domestic sales of Vectorworks 3D CAD software
	Canon Software America, Inc.	Business applications software development
	Canon Information Systems (Shanghai) Inc.	Software development and sales
	Canon IT Solutions (Thailand) Co., Ltd.	IT solutions operations in Thailand
	Material Automation (Thailand) Co., Ltd.	IT solutions operations in Southeast Asia
	Canon IT Solutions (Philippines), Inc.	IT solutions operations in the Philippines
	Canon Software Inc.	Development of IT solutions and software embedded in products
Edifist Learning Inc.	Corporate IT and management training for corporations	
Imaging Systems	Canon Customer Support Inc.	Call center and consumer product services
Industrial/Medical	Canon Lifecare Solutions Inc.	Medical equipment and systems and healthcare-related equipment sales and service
	ELQUEST CORPORATION	Medical equipment production
	AZE, Ltd.*	3D medical image analysis and other systems development, production, and sales
	Canon Advanced Technologies Taiwan Inc.	Sales and service for semiconductor manufacturing and other equipment
Shared services	Canon Business Support Inc.	Management of Group real estate and other assets

The Group comprises 26 consolidated subsidiaries (the other four including a domain name management company).

*AZE, Ltd., became a consolidated subsidiary as of August 26, 2014.

Corporate Data

Headquarters

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

Date of Establishment

February 1, 1968

Common Stock

¥73,303,082,757

Number of Shares Issued

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 Stockholders

13,347

Number of Employees

Consolidated: 18,378

Non-consolidated: 5,327

(As of December 31, 2014)

Main Locations of Operations

Headquarters, Makuhari office and branches

(Sapporo, Sendai, Nagoya, Osaka, Hiroshima, and Fukuoka)

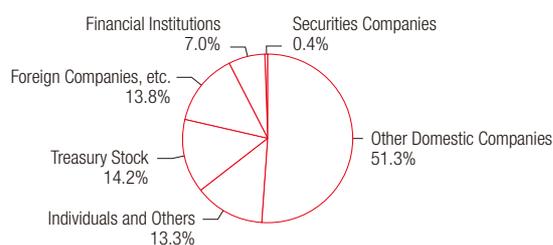
(As of April 1, 2015)

Major Stockholders

Name of stockholder	Number of shares held (thousands)	Percentage of ownership (%)
Canon Inc.	75,708	58.51%
Canon Marketing Japan Group Employee Stock Ownership Association	6,150	4.75%
CBNY—Government of Norway	1,769	1.37%
Japan Trustee Services Bank, Ltd. (Trust Account)	1,484	1.15%
State Street Bank and Trust Company	1,339	1.04%
The Master Trust Bank of Japan, Ltd.	1,274	0.99%
Canon Marketing Japan Group Business Partner Stock Ownership Association	1,249	0.97%
Mizuho Bank, Ltd.	1,001	0.77%
The Bank of New York Mellon SA/NV 10	907	0.70%
The Bank of New York 133524	886	0.68%

Note: The percentage of ownership is calculated excluding the number of treasury stocks (21,404,708 shares)

Shareholder Composition



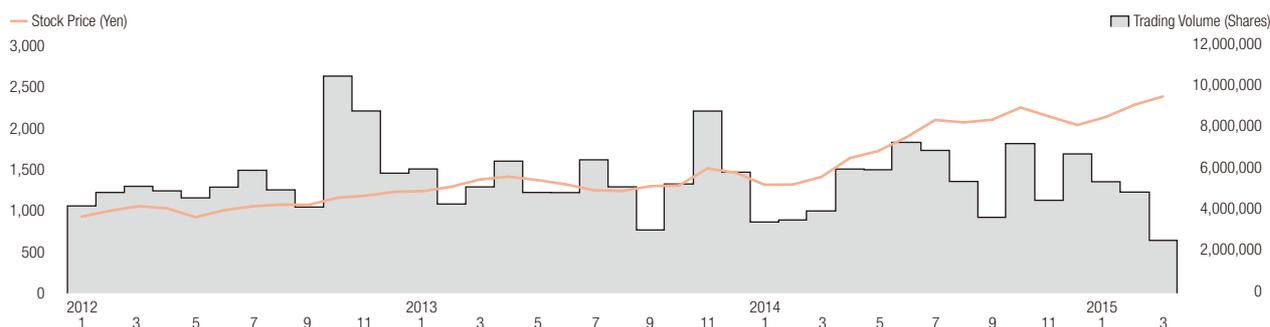
Canon MJ Investor Relations Website

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 (FY2015–2017)
- Stock information
- Annual reports

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

Stock Price Range and Trading Volume





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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