This presentation contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management’s views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project” or “should” and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon’s targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this presentation. A detailed description of these and other risk factors is included in Canon’s annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.
| Agenda |
|--------------------------|--------|
| ■ Excellent Global Corporation Plan Phase V – Progress | P1-3   |
| ■ Revitalization of Existing Businesses                   | P4-6   |
| ■ Progress and Future Measures of New Businesses           | P7-18  |
| ■ Summary                                                 | P19    |
Excellent Global Corporation Plan Phase V
2016 – 2020

(Basic Policy)

Embrace the challenge of new growth through a grand strategic transformation

(Key Strategies)

1. Achieve a cost-of-sales ratio of 45%
2. Strengthen and expand new businesses
3. Restructure global sales network
4. Enhance R&D capabilities through open innovation
5. Complete the Three Regional Headquarters management system
### M&As for Business Portfolio Transformation

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Acquisitions</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-2007</td>
<td>Tokki, Anelva, &amp; Machinery</td>
<td>Industrial Equipment</td>
</tr>
<tr>
<td>2010</td>
<td>océ</td>
<td>Commercial Printing</td>
</tr>
<tr>
<td>2014</td>
<td>milestone</td>
<td>Network Cameras</td>
</tr>
<tr>
<td>2015</td>
<td>AXIS Communications</td>
<td>Network Cameras</td>
</tr>
<tr>
<td>2016</td>
<td>Toshiba Medical</td>
<td>Medical</td>
</tr>
</tbody>
</table>
Excellent Global Corporation Plan Phase V (2016 – 2018 Update)

- Steady progress in portfolio transformation
- New business sales expanded to 23%

Total net sales and new business composition

(Trillions of yen)

New businesses are steadily growing

Raise to around 30%
Existing Businesses
Revitalization of Existing Businesses (Launch Competitive New Products)

- Aim to raise market share through products offering superior features

**MFD**
- Color Mkt. Shr.
- ‘16⇒‘18
- 17% ⇒ 19%

Growth thanks to total cost of ownership improvement

**Semi-conductor**
- Mkt. Shr.
- ‘16⇒‘18
- 26% ⇒ 32%

Highly evaluated by the market for high productivity and leading customer support capability
Revitalization of Existing Businesses
(Cameras: Focus on growth areas amid continuing market contraction)

- Support camera bus., concentrating mgmt. resources on mirrorless
- Plan to stabilize business over medium term, shifting to B2B areas

Continue to further enhance product lineup in the future
Launch of strategic models
Revitalization of Existing Businesses
(Improve Profitability – Expansion of automated assembly)

Expand range of products
Apply automation to mirrorless cameras and lenses

Expand range of processes
In addition to assembly of end goods and units, use automation in investigation and packaging processes

• Improved workforce efficiency more than doubled that of last year through automation
• Re-aligned workforce to in-house production etc.
New Businesses
Progress and Future Measures of New Businesses
(4 new businesses that will drive future growth)

- Commercial Printing
- Network Cameras
- Medical
- Industrial Equipment
Progress and Future Measures of New Businesses (Commercial Printing)

- Continuing to grow 5 to 6% per year, supported by shift to digital
- Change in printing technology trend from toner to inkjet

Digital Printing Market Outlook

3 Trillion yen

- CAGR('17-'21): +5 to +6%

Company's new products

2016
- VarioPrint i300

2017
- ProStream 1000
- Colorado 1640

2018
- LabelStream 4000
Progress and Achievements

• Launched 3 new products into graphic arts market where high growth is expected
• Also launched new product into packaging market, with the aim of building a position in this market

Challenges and Measures over the next 2-years

• Accelerating the pace of market penetration of new products that were launched
  ✓ Increase number of high-level sales engineers that are able to properly address customer challenges
  ✓ Employ sales structure that was successful in North America to Europe
Progress and Future Measures of New Businesses (Network Cameras)

- **High market growth thanks to demand for security and shift to digital**
- **Expanding use from security to marketing analytics**

Camera hardware, Video management systems – CAGR (‘17-’21) +8 to +9%

Video analytics software – CAGR (‘17-’21) +20% or more

Network camera market expected to grow more than 10% overall in the medium term
Progress and Achievements

- Achieved market exceeding CAGR of more than 20%
- Expanded industry-leading global partner network to 90 thousand
- Acquired BriefCam, a company known for strength in video synopsis technology

Challenges and Measures over the next 2-years

- Strengthening ability to handle customer needs in line with swiftly expanding market sphere
  - In addition to proprietary development, enhance applications through M&As
  - Promptly respond to diversifying needs for cloud-based management services etc.
Progress and Future Measures of New Businesses (Network Cameras)

- Market is swiftly expanding from office to infrastructure

Enhancing applications to respond to diversifying custom needs

**Marketing**
- Customer base/
- People flow analysis

**Entertainment**
- People counter/
- Understand usage situation

**Security**
- Spot suspicious people/
- Human tracking
Progress and Future Measures of New Businesses (Medical)

- Demand for leading-edge systems in developed countries and medical infrastructure development in emerging markets continues in the diagnostic imaging equipment market.

(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
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<tr>
<td>2019</td>
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<td>2020</td>
<td></td>
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<tr>
<td>2021</td>
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Diagnostic Imaging Equip. Mkt. Outlook

CAGR: Approx. +2 to +3%
Progress and Achievements

- Drastically renewed CT, MRI, ultrasound, and X-ray lineups
- Improved overseas awareness, collaborating with well-recognized universities
- Prepared for business field expansion through M&As, business partnerships etc.

Challenges and Measures over the next 2-years

- Expanding sales in growing overseas markets as well as strengthening profitability
  - Expand sales force and local incorporation of distributors
  - Cost reduction through maximization of Group synergies
  - Continue strengthening lineup in each business area
Progress and Future Measures of New Businesses (Medical)

- Cost reduction on parts through cooperation with Canon HQ’s procurement div., reduced lead-time by leveraging production tech.
- Swiftly achieve operating profit ratio of 10% or more, maximizing Group synergies

(Billions of yen)

Medical Sales and Op. Profit

- Net sales
- Op. Profit Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales</th>
<th>Op. Profit Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>400</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>450</td>
<td>8%</td>
</tr>
<tr>
<td>2019</td>
<td>500</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>550</td>
<td>10%</td>
</tr>
</tbody>
</table>
Progress and Achievements

• Established high-definition technology which meets panel manufacturers expectations
• Achieved overwhelming market share in the OLED vacuum deposition equipment market

Challenges and Measures over the next 2-years

• Preparation for recovery phase, during period of completed one round manufacturer investment
  ✓ Accelerate cost reduction activities to improve profitability (Reducing system size, switch to general-use parts, standardize manufacturing process)
  ✓ Promote development of large-size vacuum deposition equip. in anticipation of expanding demand for large TVs
Progress and Future Measures of New Businesses (Industrial Equipment)

- Preparation for recovery phase, during period of completed one round manufacturer investment

  **Strengthen Profitability**

  - Switch to general-use parts for easy cost reduction
  - Reduce system size, reducing the number of parts
  - Standardization of manufacturing process

**Growing use of OLED panels in large-size TVs**

- Accelerate cost reduction activities
- Promote development of large-size vacuum deposition equip.
Improve Company-wide Productivity

**Progress and Achievements**
- Improve work force efficiency through automated assembly
- Expansion of highly specialized training facilities (Software, Manufacturing)

**Challenges and Measures**
- Train and re-align human resources from production divisions
- Reallocate go-to-market resources from B2C to B2B
Summary
(Achievement Goals by the end of Phase V 2020)

Return to path of growth by promoting measures in each business

Raise new business sales composition to around 30% of total company

Further reinforce transformed business portfolio