



Canon Inc.

FY 2011 Results

January 30, 2012
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Agenda

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(4Q/FY 2011 Results and FY 2012 Projections)

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FY 2011 in Summary

External Environment

- ✓ Economy: Continued gradual recovery of global economy thanks to emerging markets
- ✓ Year of challenges: The Great East Japan Earthquake, economic troubles in Europe, yen's rapid appreciation, and Thailand floods
- ✓ Canon's markets: Remained generally strong, but signs of slowdown, particularly in Europe, towards end of year

Results

- ✓ Posted improved profitability, through cost reduction and expense efficiency, overcoming challenging environment
 - Second qtr. of consecutive operating profit growth
 - FY gross profit ratio: 48.1% in 2010 → 48.8% in 2011
 - FY operating profit ratio: 10.5% in 2010 → 10.6% in 2011
- ✓ Achieved second year of consecutive net income growth, despite disasters and yen's rapid appreciation

Summary of Results

4Q/FY 2011 Actual

(Billions of yen)

	4Q			FY		
	2011 Actual	2010 Actual	Pct. Change	2011 Actual	2010 Actual	Pct. Change
Net Sales	964.8	1,067.9	-9.7%	3,557.4	3,706.9	-4.0%
Gross Profit	459.5	492.2	-6.6%	1,736.8	1,783.1	-2.6%
(% Sales)	47.6%	46.1%		48.8%	48.1%	
Op. Profit	94.6	82.8	+14.2%	378.1	387.6	-2.4%
(% Sales)	9.8%	7.8%		10.6%	10.5%	
Net Income						
Attributable to Canon Inc.	61.4	54.0	+13.9%	248.6	246.6	+0.8%
(% Sales)	6.4%	5.1%		7.0%	6.7%	
Foreign Exchange Rate						
Yen – 1USD	77.40	82.68		79.55	87.40	
Yen – 1EURO	104.22	111.99		110.72	114.97	

Summary of Results

FY 2011 Actual (Excluding Earthquake & Thailand Flood Effects)

(Billions of yen)

	FY2011			FY2010	Pct. Change A VS B
	Actual	Earthquake & Thailand Flood Effects *	Excluding Earthquake & Thailand Flood Effects A	Actual B	
Net Sales	3,557.4	-236.8	3,794.2	3,706.9	+2.4%
Gross Profit (% Sales)	1,736.8 48.8%	-126.5	1,863.3 49.1%	1,783.1 48.1%	+4.5%
Op. Profit (% Sales)	378.1 10.6%	-127.5	505.6 13.3%	387.6 10.5%	+30.4%
Foreign Exchange Rate					
Yen – 1USD	79.55			87.40	
Yen – 1EURO	110.72			114.97	

*Earthquake effects on net sales (-186.9), gross profit (-107.0), and operating profit (-107.7)

Transition in Sales and Op. Profit

FY 2011 Actual v. Projection

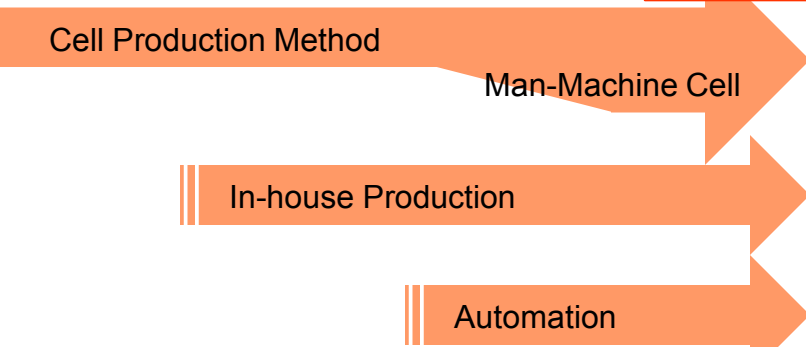
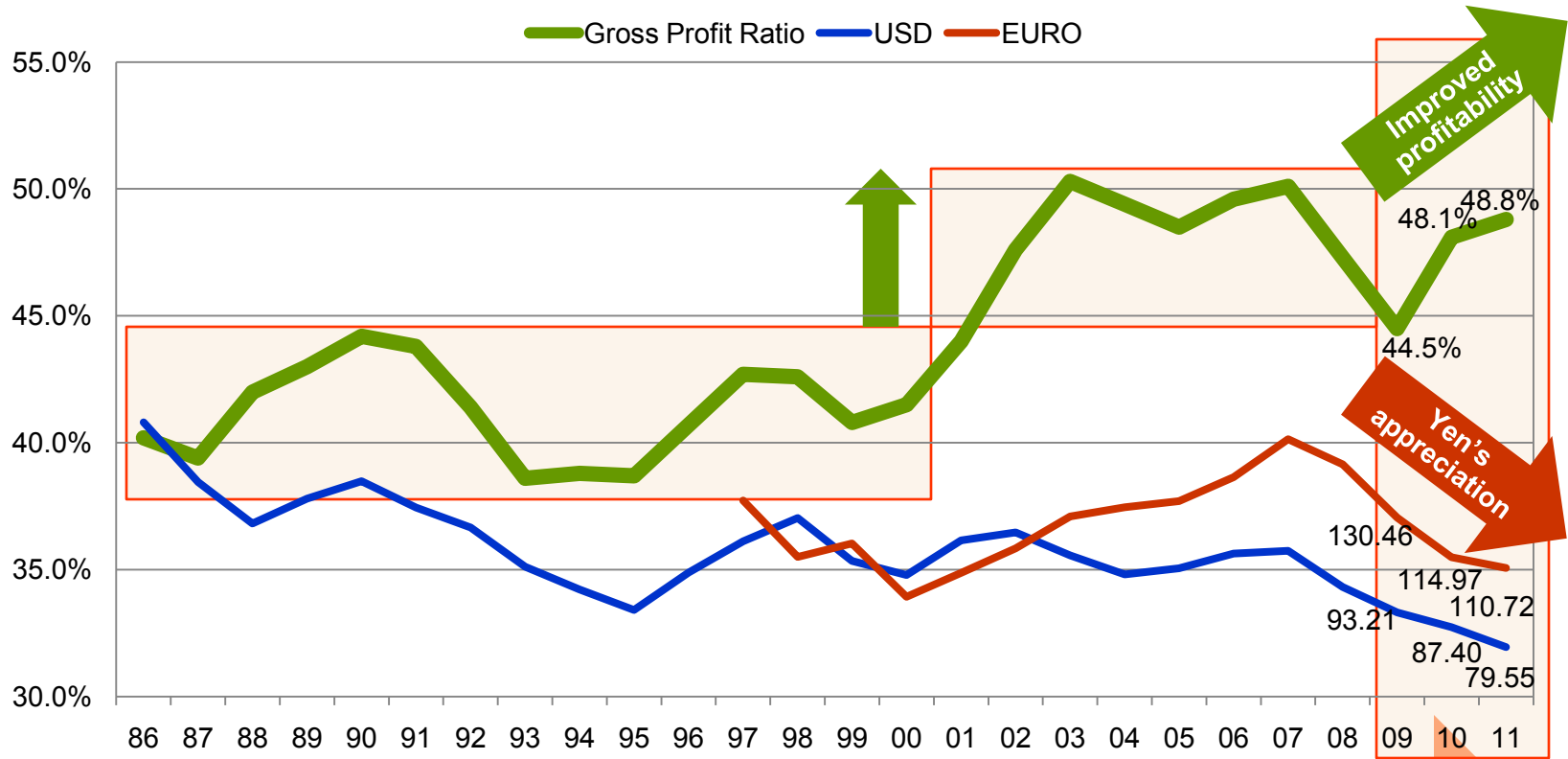
(Billions of yen)

	Sales	Op. Profit
FY 2011 Projection (Oct.25,2011)	3,650.0	360.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	0.0	-0.3
Sales Volume Impact		
Office	-53.5	
Consumer	-35.1	
Industry and Others	-15.0	
Total	-103.6	-32.2
Others	+10.9	+50.1
Total Change (Excluding Below Effects)	-92.7	+17.6
Earthquake Effects	0.0	+0.3
Thailand Flood Effects	+0.1	+0.2
Total Change	-92.6	+18.1
FY 2011 Actual	3,557.4	378.1

Change in Exchange Rate

- 1USD: 79.41 to 79.55 yen
- 1EURO: 110.83 to 110.72 yen

Improved Gross Profit Ratio by Production Reform and Production Technology



Assumptions

FY 2012 Projection

Average Exchange Rate	FY12	FY11
■ Yen-1USD	75.00 yen	79.55 yen
■ Yen-1EURO	100.00 yen	110.72 yen

Impact of Exchange Rate Movement (FY12 Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	19.3 billion yen	9.2 billion yen
■ EURO	10.1 billion yen	5.4 billion yen

Key Points

FY 2012 Projection

External Environment

- ✓ Economy: Continued economic growth of emerging markets, recovery of developed countries will take time, can't count on significant growth globally
- ✓ Exchange rates: Historically high yen's appreciation will continue

Outlook

“Build solid foundation for growth to achieve 2015 targets in Phase IV of Excellent Global Corporation Plan”

- ✓ Expand business sphere
- ✓ Accelerate launch of new products and services, as well as enhance sales power
 - Achieve sales and profit growth that exceeds GDP and overcome yen's appreciation

Summary of Projected Results

FY 2012 Projection

(Billions of yen)

	FY 2012 Projection	FY 2011 Actual	Pct. Change
Net Sales	3,750.0	3,557.4	+5.4%
Gross Profit	1,779.0	1,736.8	+2.4%
(% Sales)	47.4%	48.8%	
Op. Profit	390.0	378.1	+3.2%
(% Sales)	10.4%	10.6%	
Net Income	250.0	248.6	+0.6%
Attributable to Canon Inc.			
(% Sales)	6.7%	7.0%	
Foreign Exchange Rate			
Yen – 1USD	75.00	79.55	
Yen – 1EURO	100.00	110.72	

Transition in Sales and Op. Profit

FY 2012 Projection v. FY 2011 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2011 Actual	3,557.4	378.1
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-199.8	-105.1
Sales Volume Impact		
Office	+146.0	
Consumer	+304.9	
Industry and Others	+51.5	
Total	+502.4	+211.2
Others	-110.0	-94.2
Total Change	+192.6	+11.9
FY 2012 Projection _(Jan.30,2012)	3,750.0	390.0

Change in Exchange Rate

- 1USD: 79.55 to 75.00 yen
- 1EURO: 110.72 to 100.00 yen

Office

2011 Actual Sales

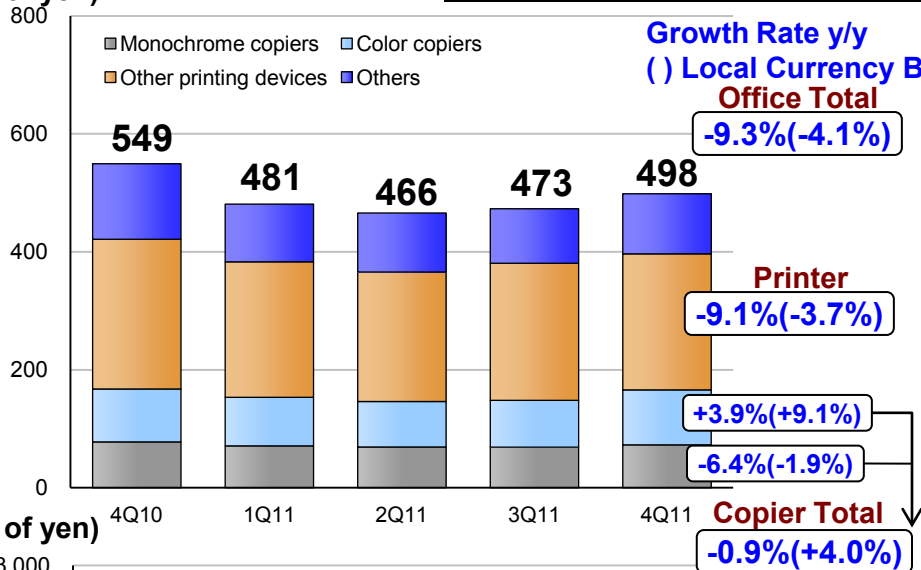
Growth Rate y/y (Unit Base)				
	Copiers		LP	
	4Q11	FY11	4Q11	FY11
Color	+14%	+11%	+7%	-3%
Monochrome	+1%	-4%	-9%	+10%
Total	+5%	+1%	-7%	+8%

Color Ratio				
	Copiers		LP	
	4Q11	FY11	4Q11	FY11
Value Base*	56%	54%	42%	43%
Unit Base	36%	33%	14%	12%

*Includes consumables

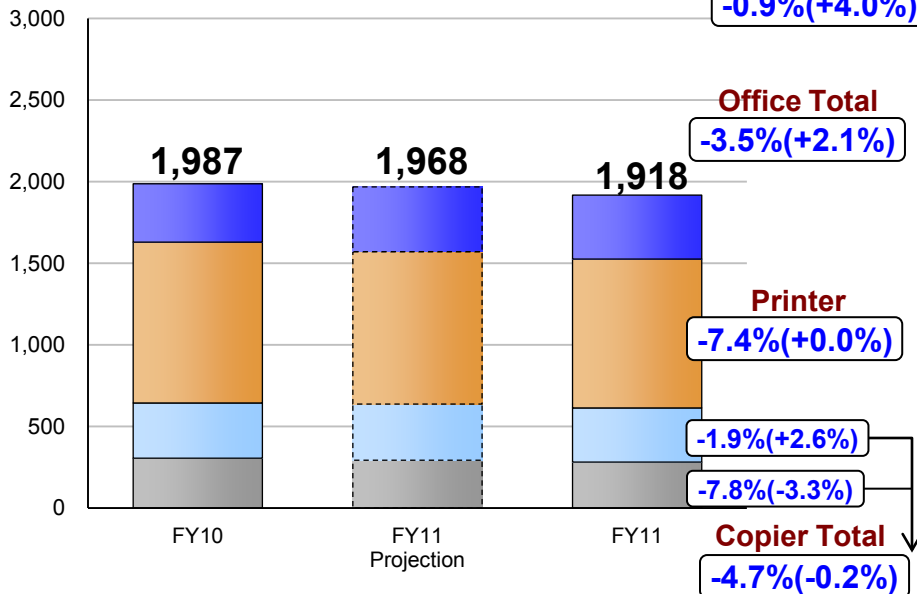
(Billions of yen) Sales

4Q



(Billions of yen)

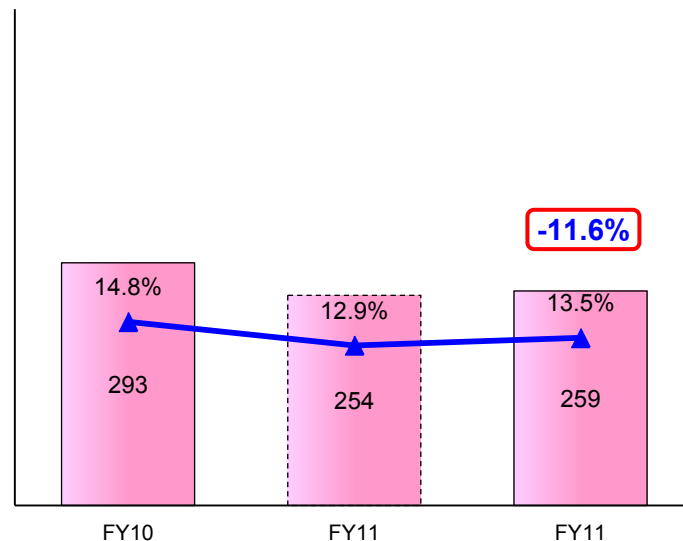
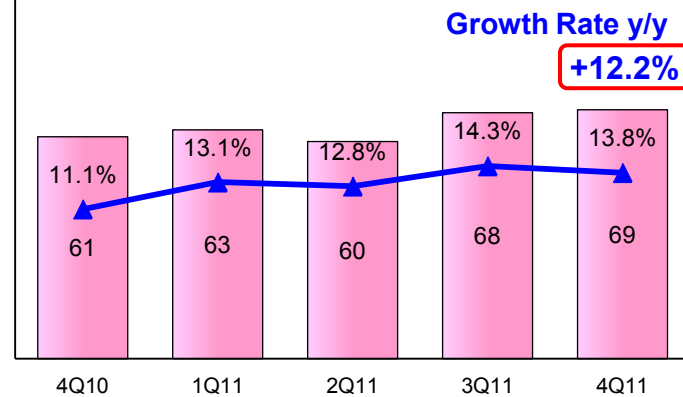
FY



Op. Profit (Billions of yen)

Op. Profit Ratio

Op. Profit

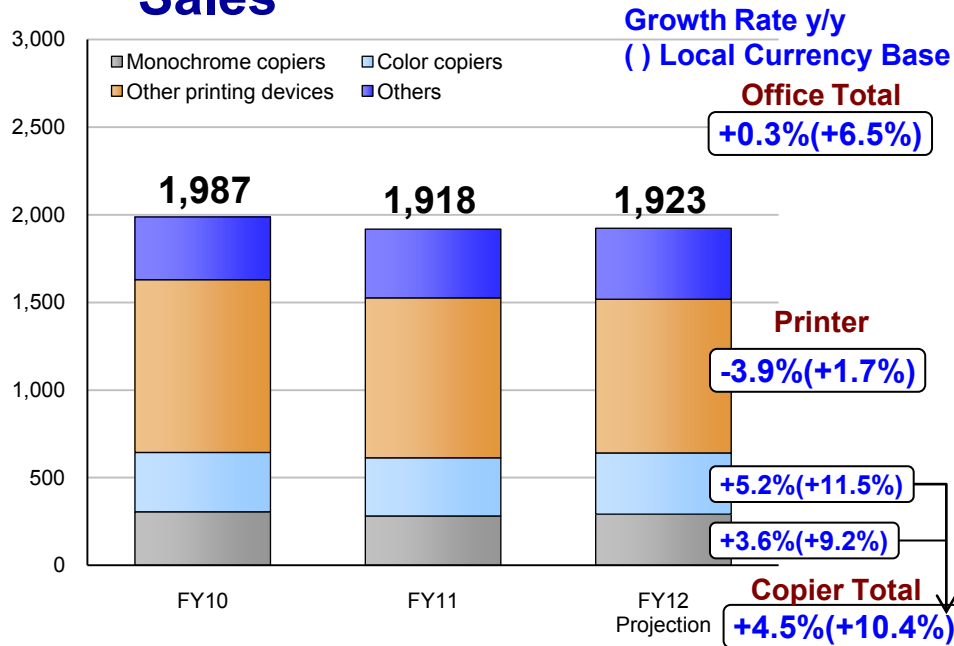


Office

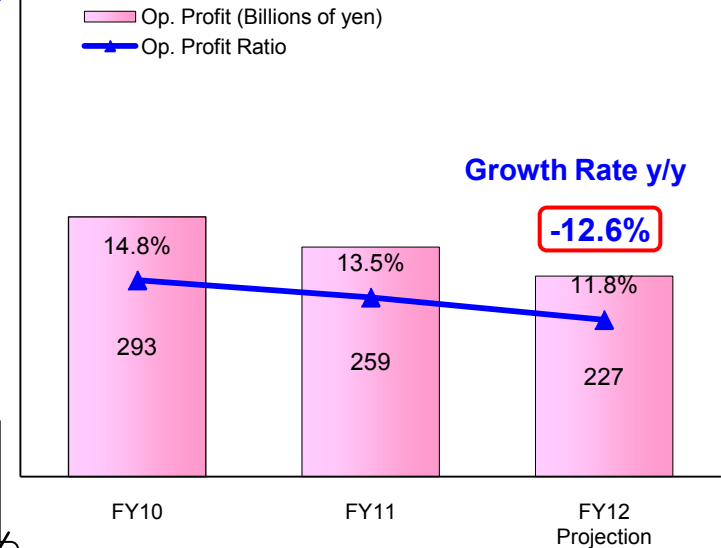
FY 2012 Projection

(Billions of yen)

Sales



Op. Profit



Growth Rate y/y (Unit Base)				
	Copiers		LP	
	FY11	FY12 Projection	FY11	FY12 Projection
Color	+11%	+21%	-3%	+12%
Monochrome	-4%	+10%	+10%	-2%
Total	+1%	+14%	+8%	+0%

Color Ratio				
	Copiers		LP	
	FY11	FY12 Projection	FY11	FY12 Projection
Value Base*	54%	54%	43%	44%
Unit Base	33%	36%	12%	14%

*Includes consumables

Consumer

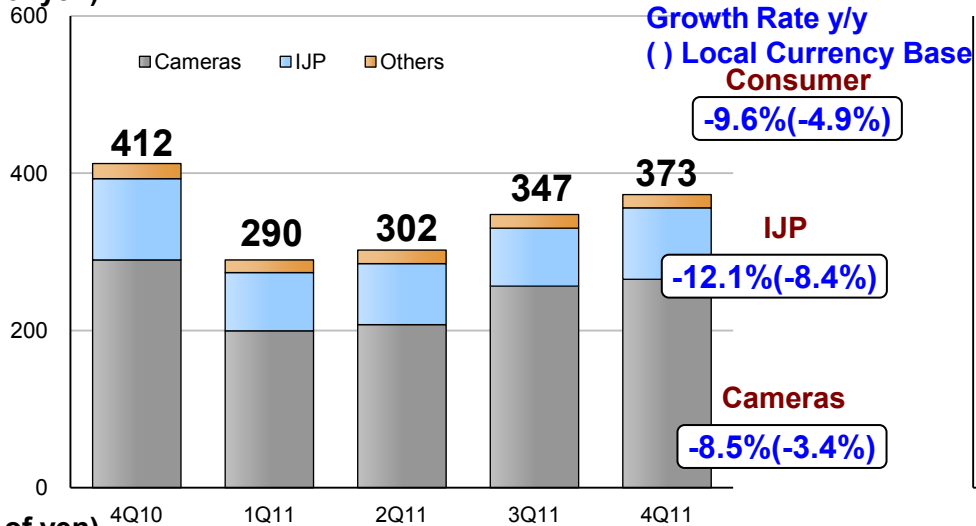
2011 Actual Sales

Growth Rate y/y (Unit Base)		
	4Q11	FY11
Digital Cameras	-11%	-4%
IJP	-5%	+2%

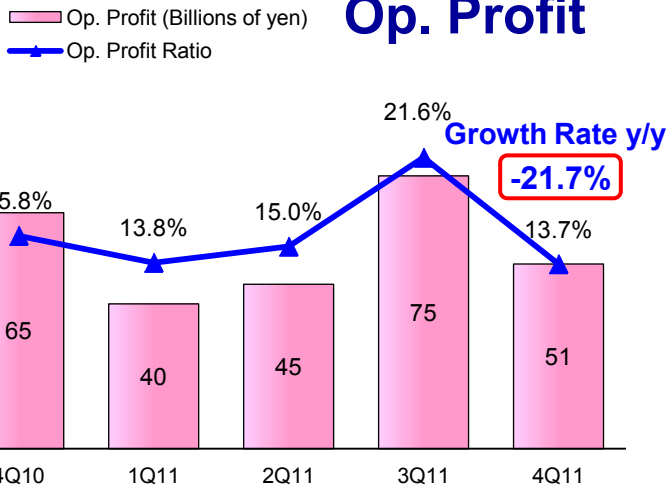
D SLR Ratio *		
	4Q11	FY11
Value Base	73%	71%
Unit Base	30%	28%

* Proportion of digital camera total

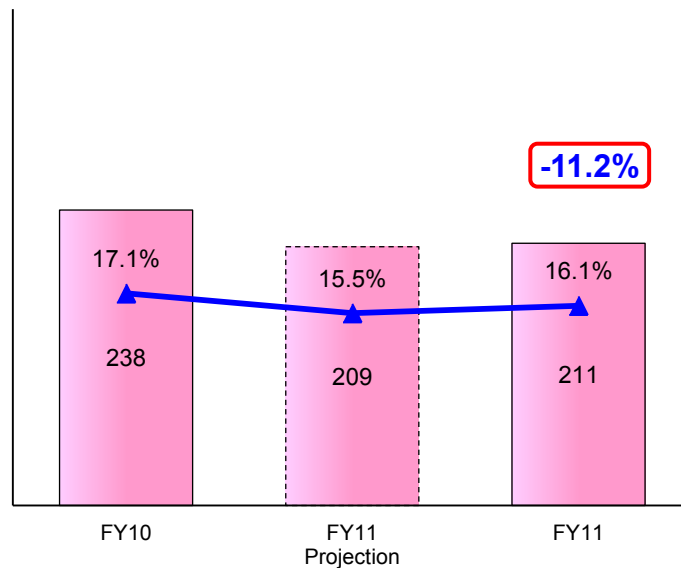
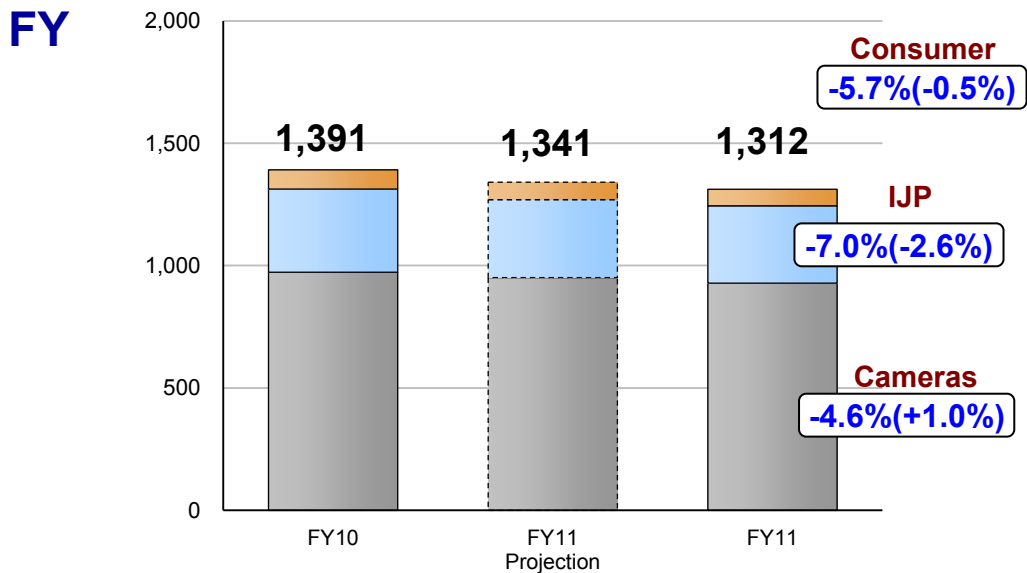
(Billions of yen) 4Q Sales



Op. Profit



(Billions of yen) FY

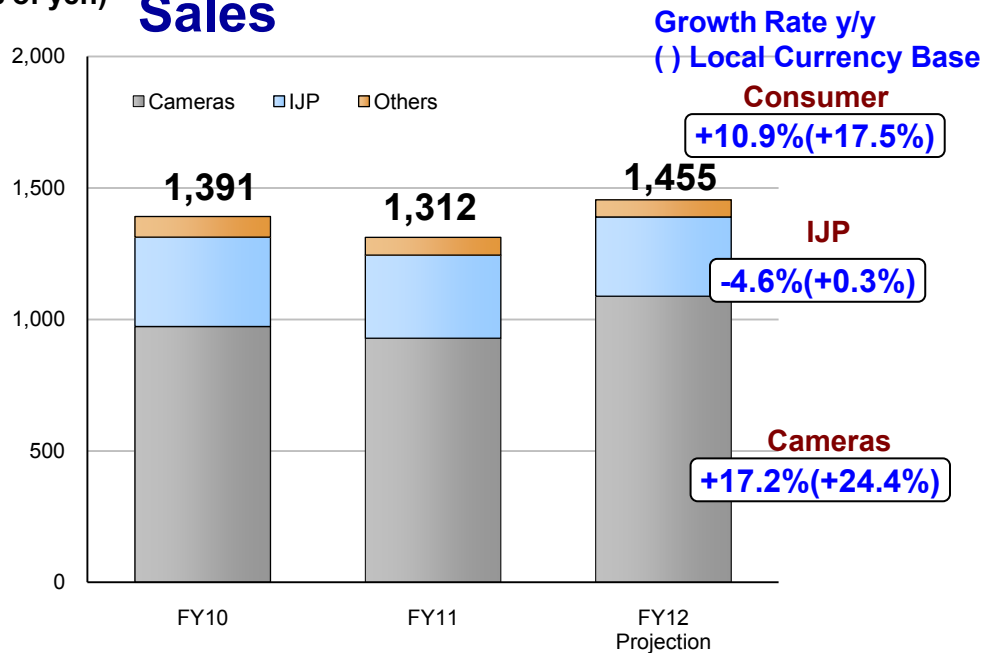


Consumer

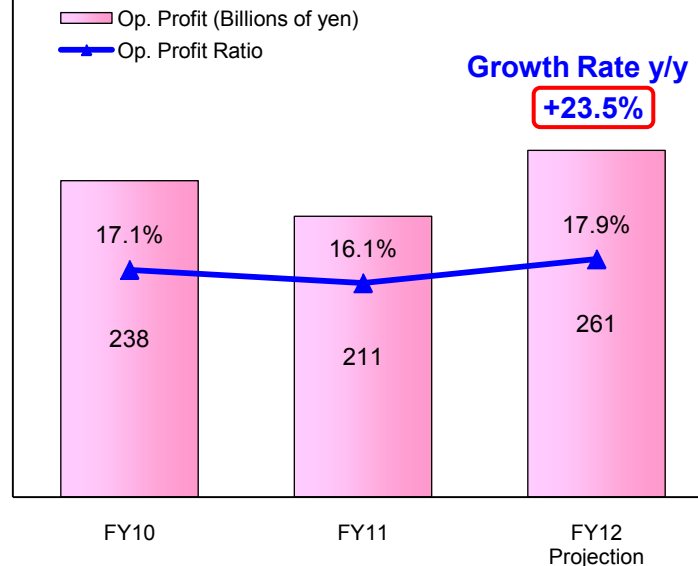
FY 2012 Projection

(Billions of yen)

Sales



Op. Profit



Growth Rate y/y (Unit Base)		
	FY11	FY12 Projection
Digital Cameras	-4%	+20%
IJP	+2%	+1%

D SLR Ratio *		
	FY11	FY12 Projection
Value Base	71%	74%
Unit Base	28%	29%

* Proportion of digital camera total

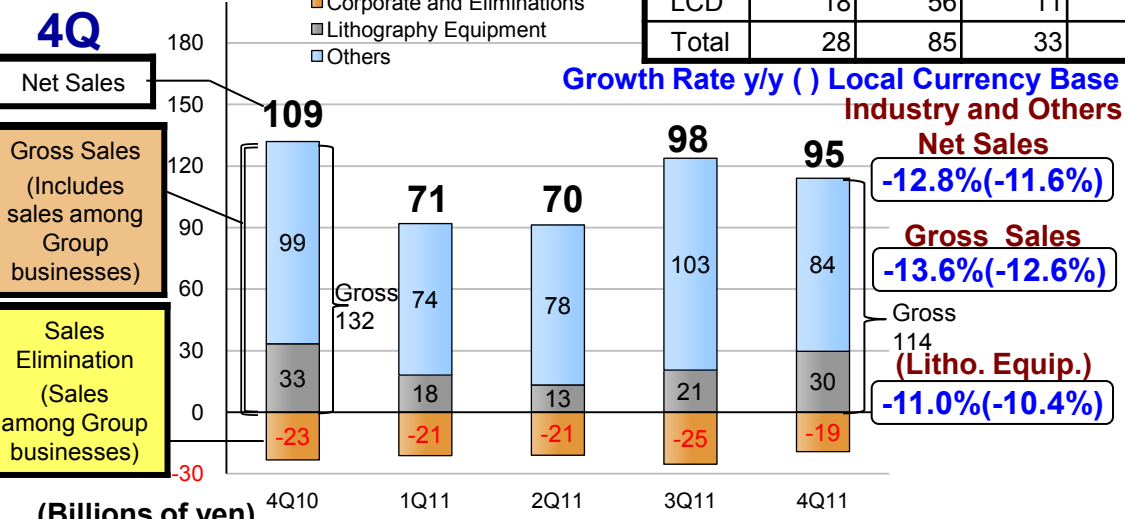
Industry and Others

2011 Actual

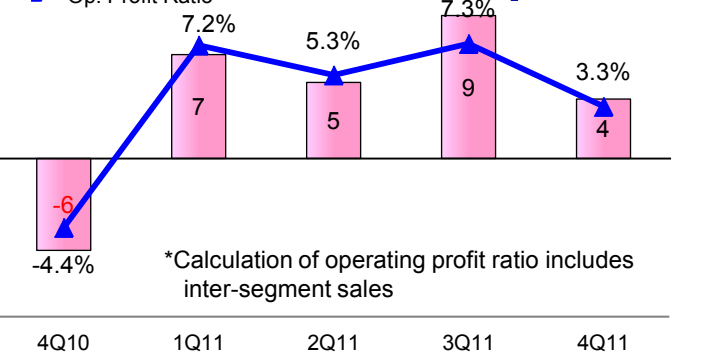
	4Q10	FY10	4Q11	FY11
IC	10	29	22	52
LCD	18	56	11	25
Total	28	85	33	77

	4Q10	FY10	4Q11	FY11
ArF Dry	0	0	0	0
ArF Immersion	0	0	0	0
KrF	3	6	3	7
i-line	7	23	19	45

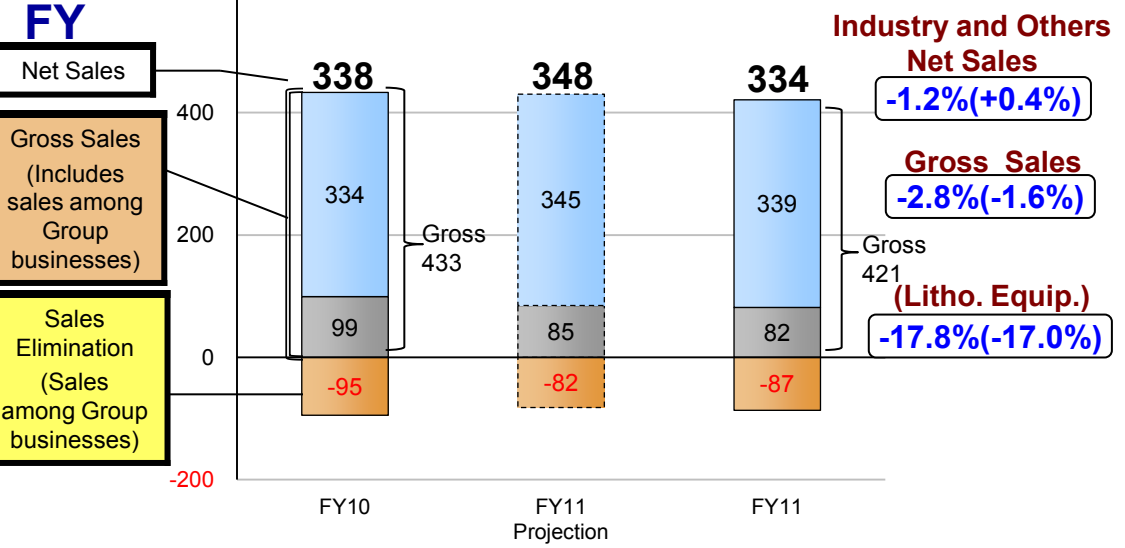
(Billions of yen) Sales



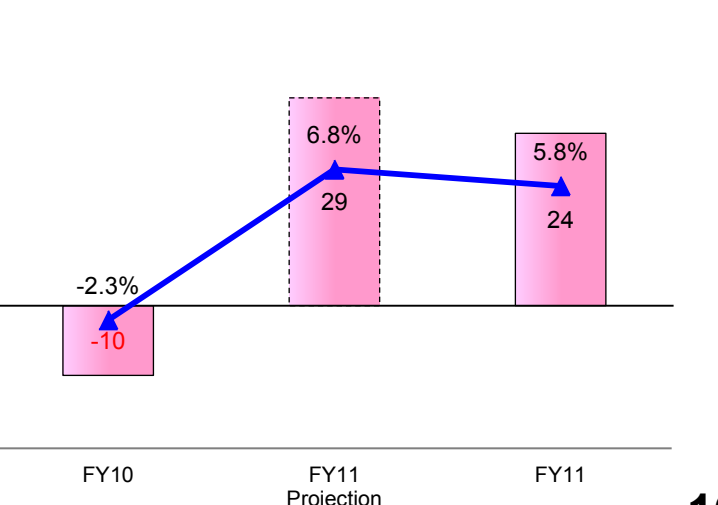
Op. Profit



(Billions of yen) Sales



Op. Profit



Industry and Others

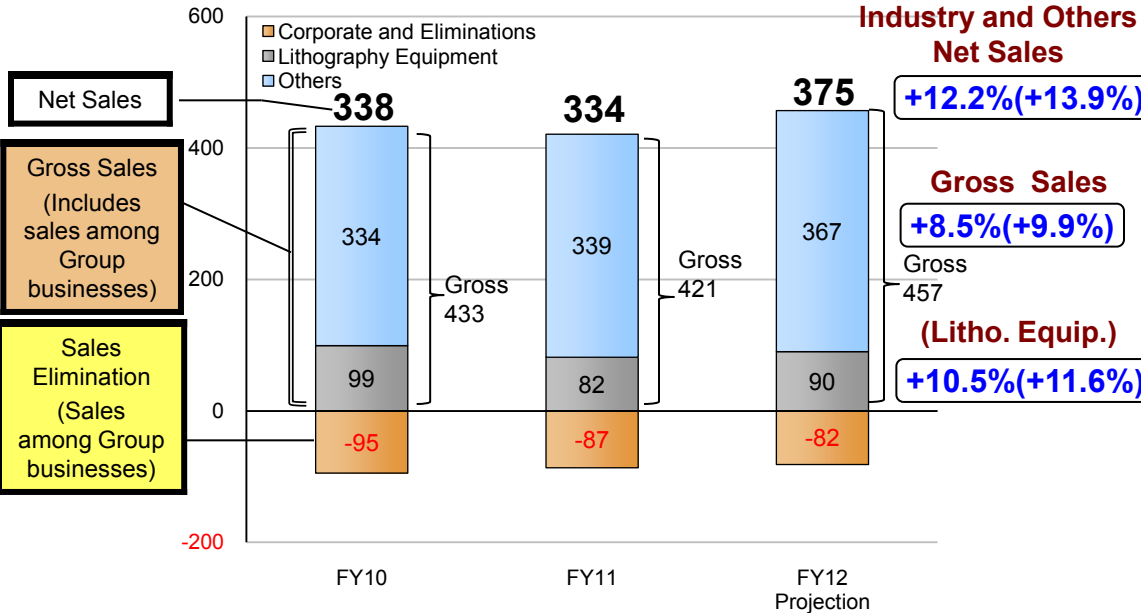
FY 2012 Projection

(Billions of yen)

Sales

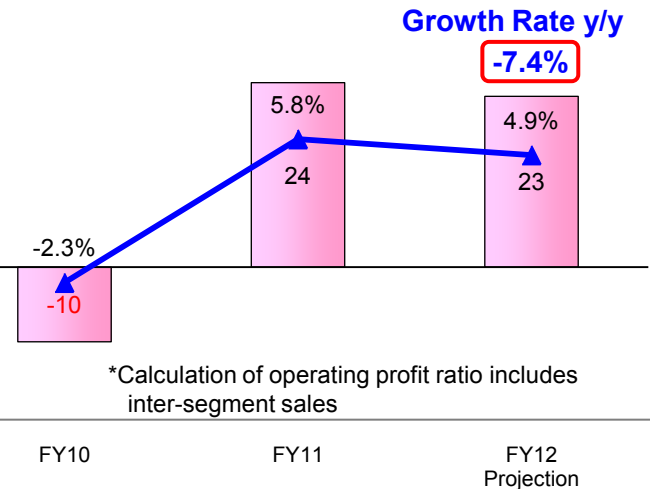
Growth Rate y/y
() Local Currency Base

Op. Profit



Op. Profit (Billions of yen)

Op. Profit Ratio



*Calculation of operating profit ratio includes inter-segment sales

Lithography Equipment (Unit Sales)

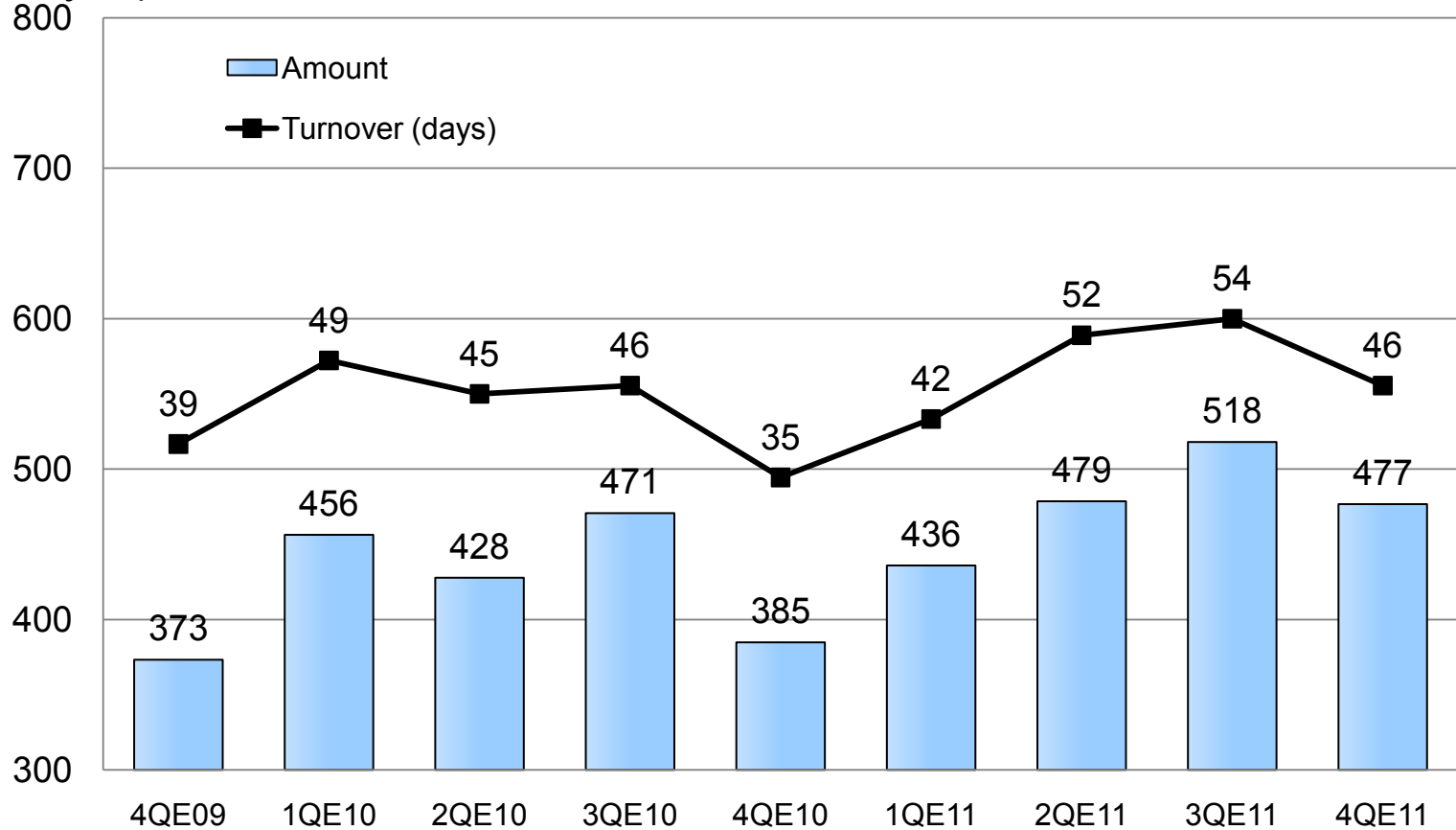
	FY11	FY12 Projection
IC	52	94
LCD	25	20
Total	77	114

IC Stepper Unit Breakdown by Light Source

	FY11	FY12 Projection
ArF Dry	0	0
ArF Immersion	0	0
KrF	7	18
i-line	45	76

Inventories

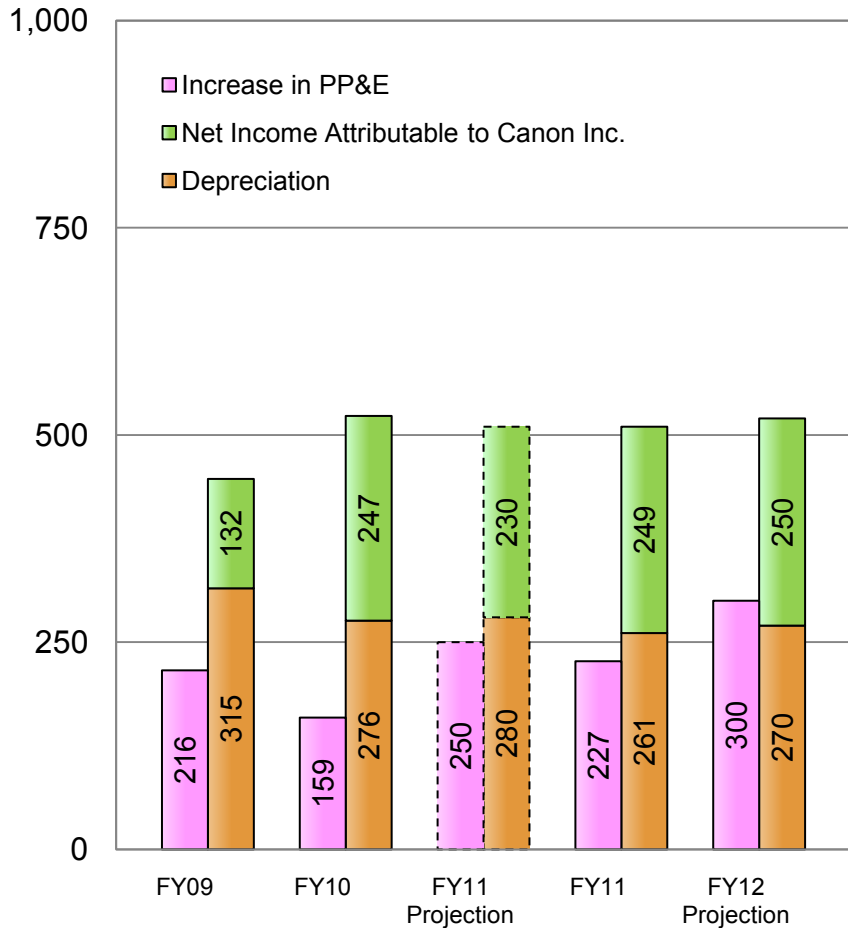
(Billions of yen)



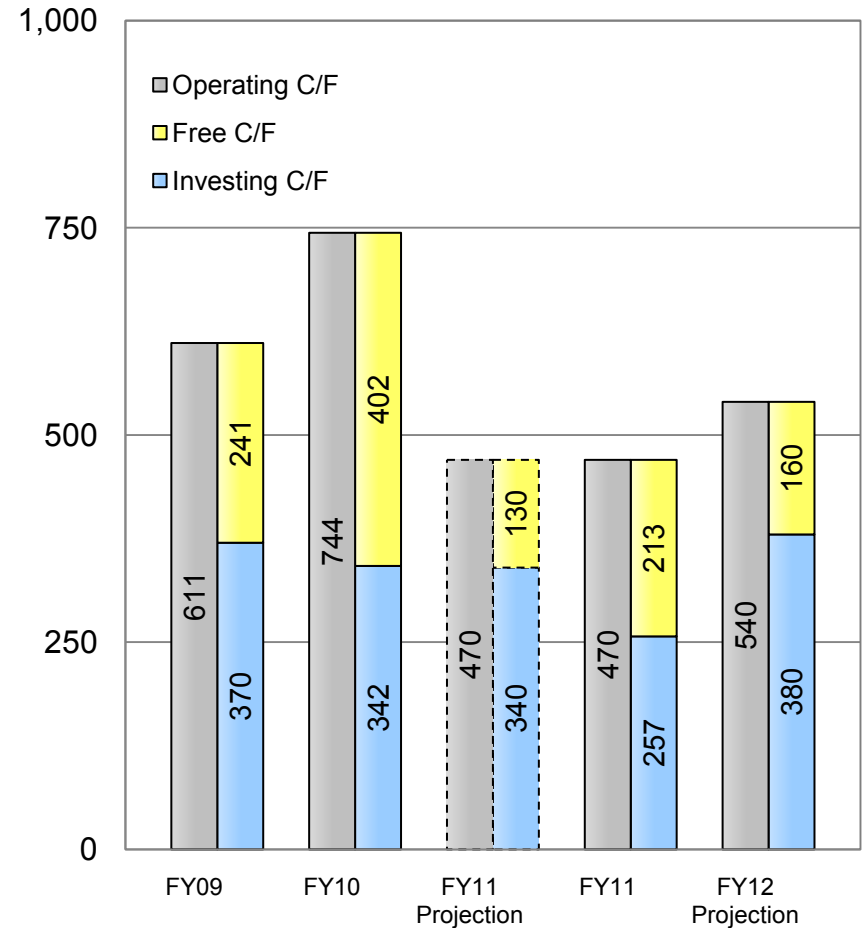
Capital Expenditure

Free Cash Flow

(Billions of yen)



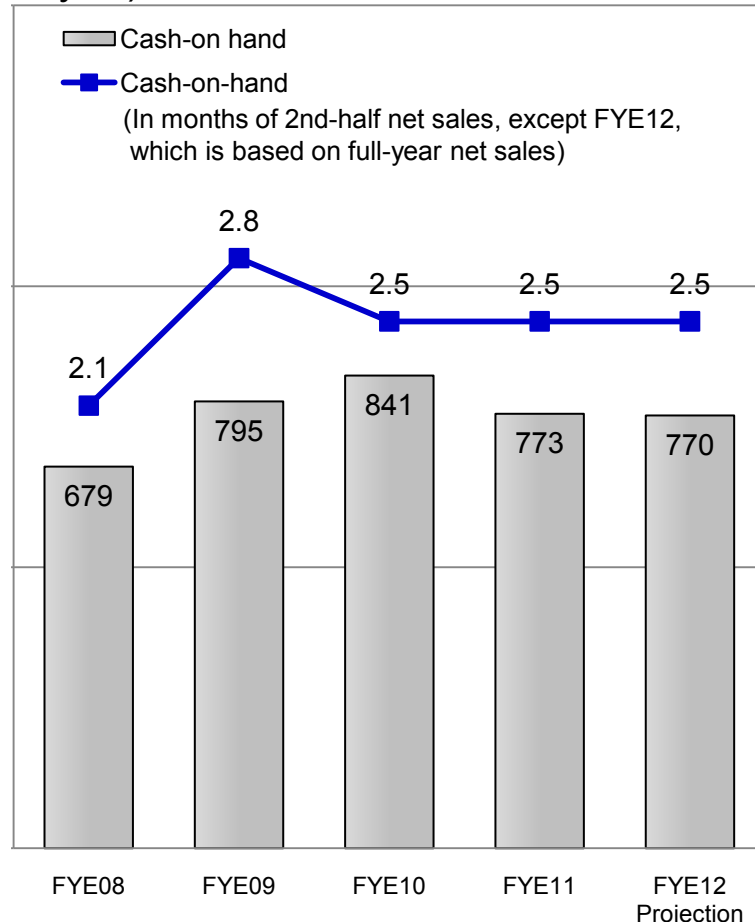
(Billions of yen)



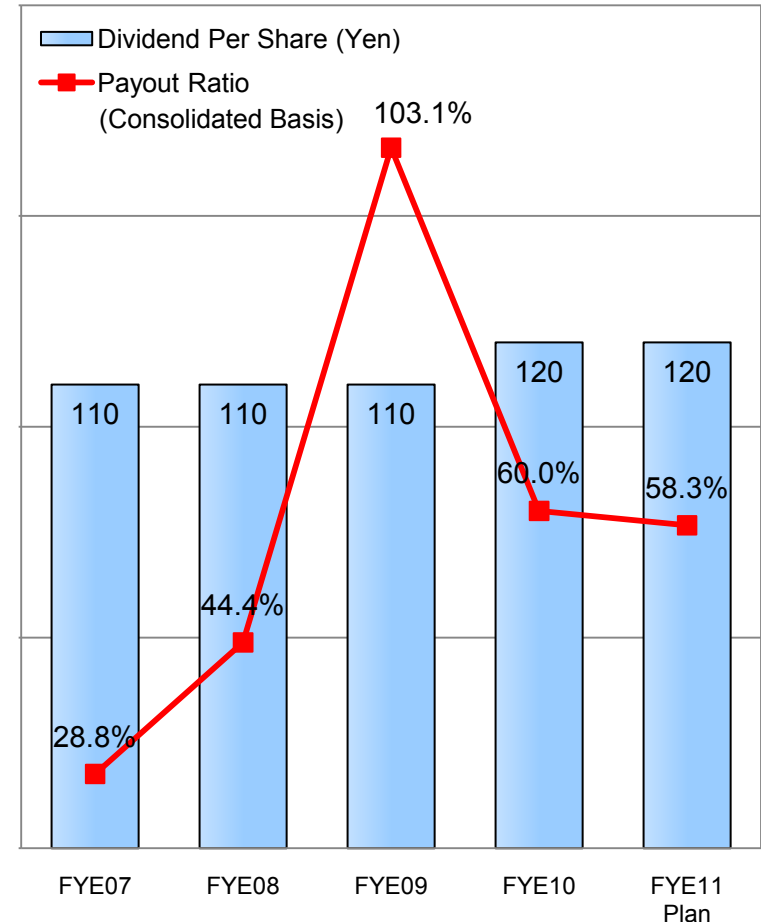
Cash on Hand and Return to Shareholders

Cash on Hand (Year-end)

(Billions of yen)



Dividend



Note 1: In 2007, 450 billion yen was used to acquire own shares.
 In 2008, 100 billion yen.
 In 2010, 50 billion yen.
 In 2011, 100 billion yen.

Supplementary Information

Latest IMF World Economic Outlook

	2007	2008	2009	2010	2011				2012			
					Jun. Projection	Sep. Projection	Actual		Jun. Projection	Sep. Projection	Jan. Projection	
Japan	+2.4%	-1.2%	-6.3%	+4.4%	-0.7%	-0.5%	-0.9%	↘	+2.9%	+2.3%	+1.7%	↘
US	+1.9%	-0.3%	-3.5%	+3.0%	+2.5%	+1.5%	+1.8%	↗	+2.7%	+1.8%	+1.8%	→
Euro Area	+3.0%	+0.4%	-4.3%	+1.9%	+2.0%	+1.6%	+1.6%	→	+1.7%	+1.1%	-0.5%	↘
China	+14.2%	+9.6%	+9.2%	+10.4%	+9.6%	+9.5%	+9.2%	↘	+9.5%	+9.0%	+8.2%	↘
India	+10.0%	+6.2%	+6.8%	+9.9%	+8.2%	+7.8%	+7.4%	↘	+7.8%	+7.5%	+7.0%	↘
Russia	+8.5%	+5.2%	-7.8%	+4.0%	+4.8%	+4.3%	+4.1%	↘	+4.5%	+4.1%	+3.3%	↘
Brazil	+6.1%	+5.2%	-0.6%	+7.5%	+4.1%	+3.8%	+2.9%	↘	+3.6%	+3.6%	+3.0%	↘
Global	+5.4%	+2.8%	-0.7%	+5.2%	+4.3%	+4.0%	+3.8%	↘	+4.5%	+4.0%	+3.3%	↘

Transition in Sales and Operating Profit

4Q 2011 Actual v. 4Q 2010 Actual

(Billions of yen)

	Sales	Op. Profit
4Q 2010 Actual	1,067.9	82.8
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-43.2	-22.1
Sales Volume Impact		
Office	-22.8	
Consumer	+45.5	
Industry and Others	-10.4	
Total	+12.3	+12.8
Others	-22.3	+43.5
Total Change (Excluding Below Effects)	-53.2	+34.2
Earthquake Effects	0.0	-2.6
Thailand Flood Effects	-49.9	-19.8
Total Change	-103.1	+11.8
4Q 2011 Actual	964.8	94.6

Change in Exchange Rate

- 1USD: 82.68 to 77.40 yen
- 1EURO: 111.99 to 104.22 yen

	(Billions of yen)	
Thailand Flood Effects	Sales	Op. Profit
Office	-0.6	-19.8
Consumer	-49.3	
Industry and Others	0.0	

Supplementary Information

Transition in Sales and Operating Profit

FY 2011 Actual v. FY 2010 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2010 Actual	3,706.9	387.6
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-161.9	-83.3
Sales Volume Impact		
Office	+132.9	
Consumer	+193.5	
Industry and Others	+11.9	
Total	+338.3	+171.0
Others	-89.1	+30.3
Total Change (Excluding Below Effects)	+87.3	+118.0
Earthquake Effects	-186.9	-107.7
Thailand Flood Effects	-49.9	-19.8
Total Change	-149.5	-9.5
FY 2011 Actual	3,557.4	378.1

Change in Exchange Rate

- 1USD: 87.40 to 79.55 yen
- 1EURO: 114.97 to 110.72 yen

(Billions of yen)

Earthquake Effects	Sales	Op. Profit
Office	-90.7	-107.7
Consumer	-86.0	
Industry and Others	-10.2	

(Billions of yen)

Thailand Flood Effects	Sales	Op. Profit
Office	-0.6	-19.8
Consumer	-49.3	
Industry and Others	0.0	

Supplementary Information

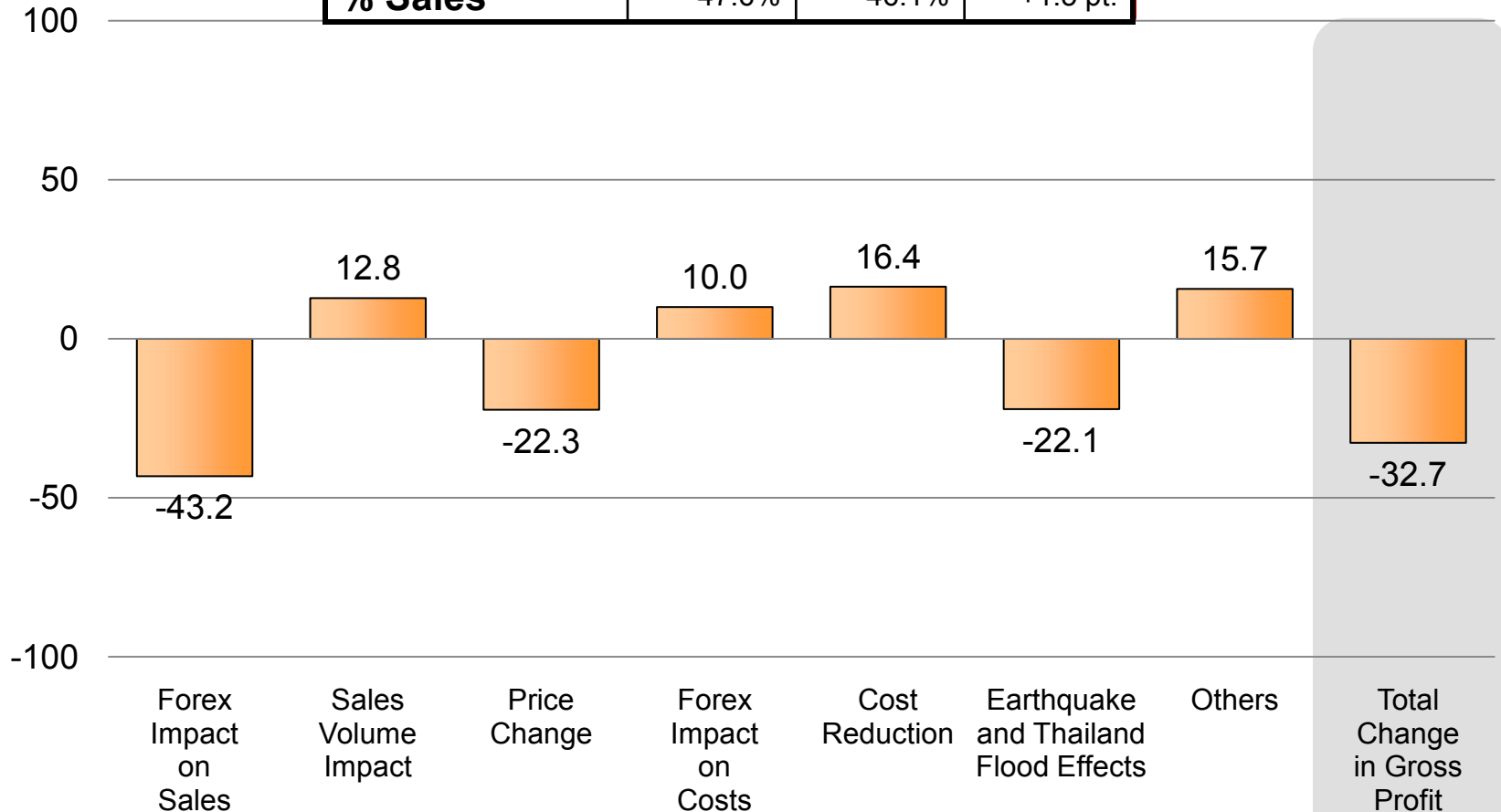
Gross Profit Variance Analysis

4Q 2011 Actual v. 4Q 2010 Actual

(Billions of yen)

	4Q11	4Q10	Change
Gross Profit	459.5	492.2	-32.7
% Sales	47.6%	46.1%	+1.5 pt.

(Billions of yen)



Supplementary Information

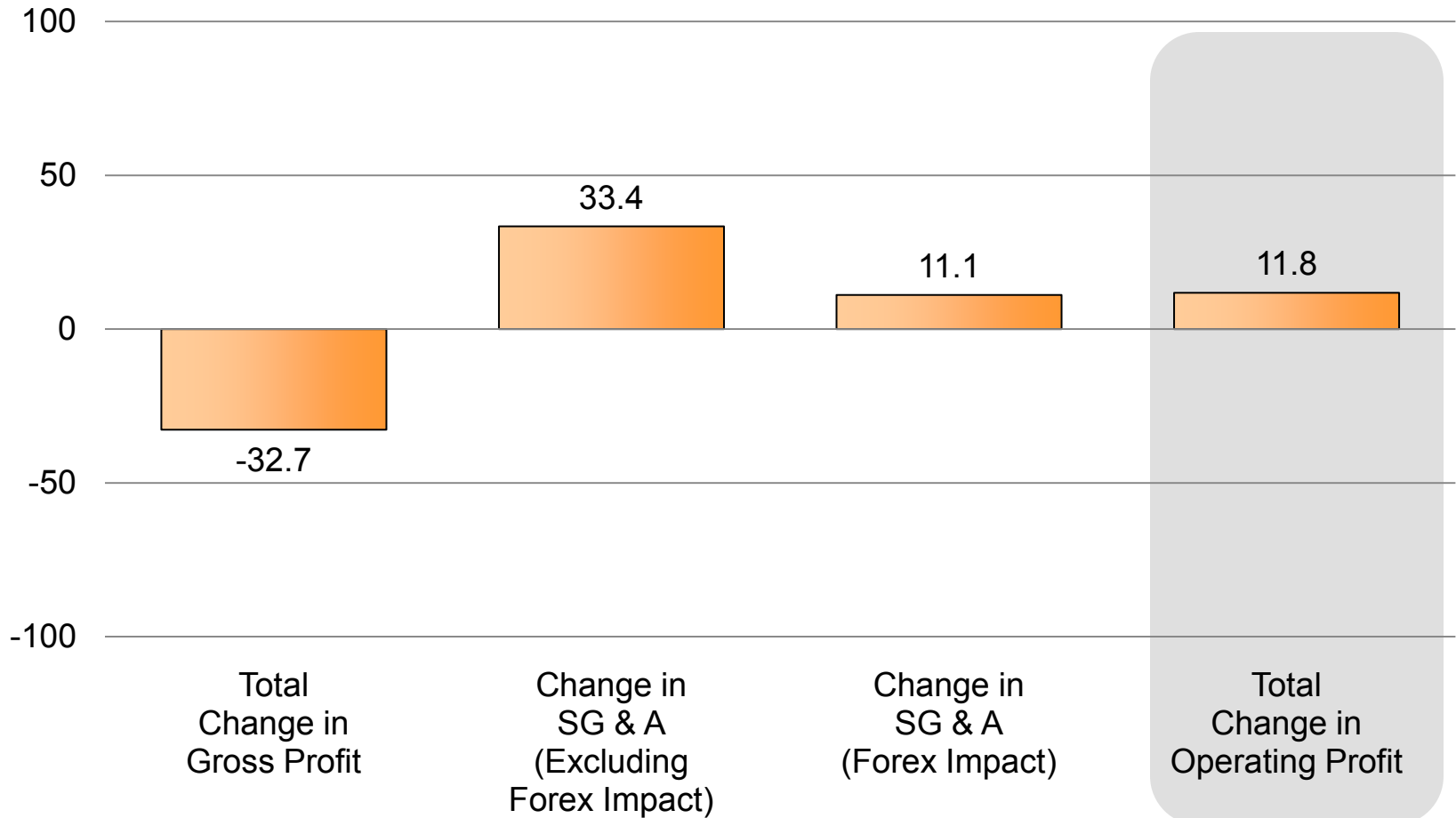
Operating Profit Variance Analysis

4Q 2011 Actual v. 4Q 2010 Actual

(Billions of yen)

(Billions of yen)

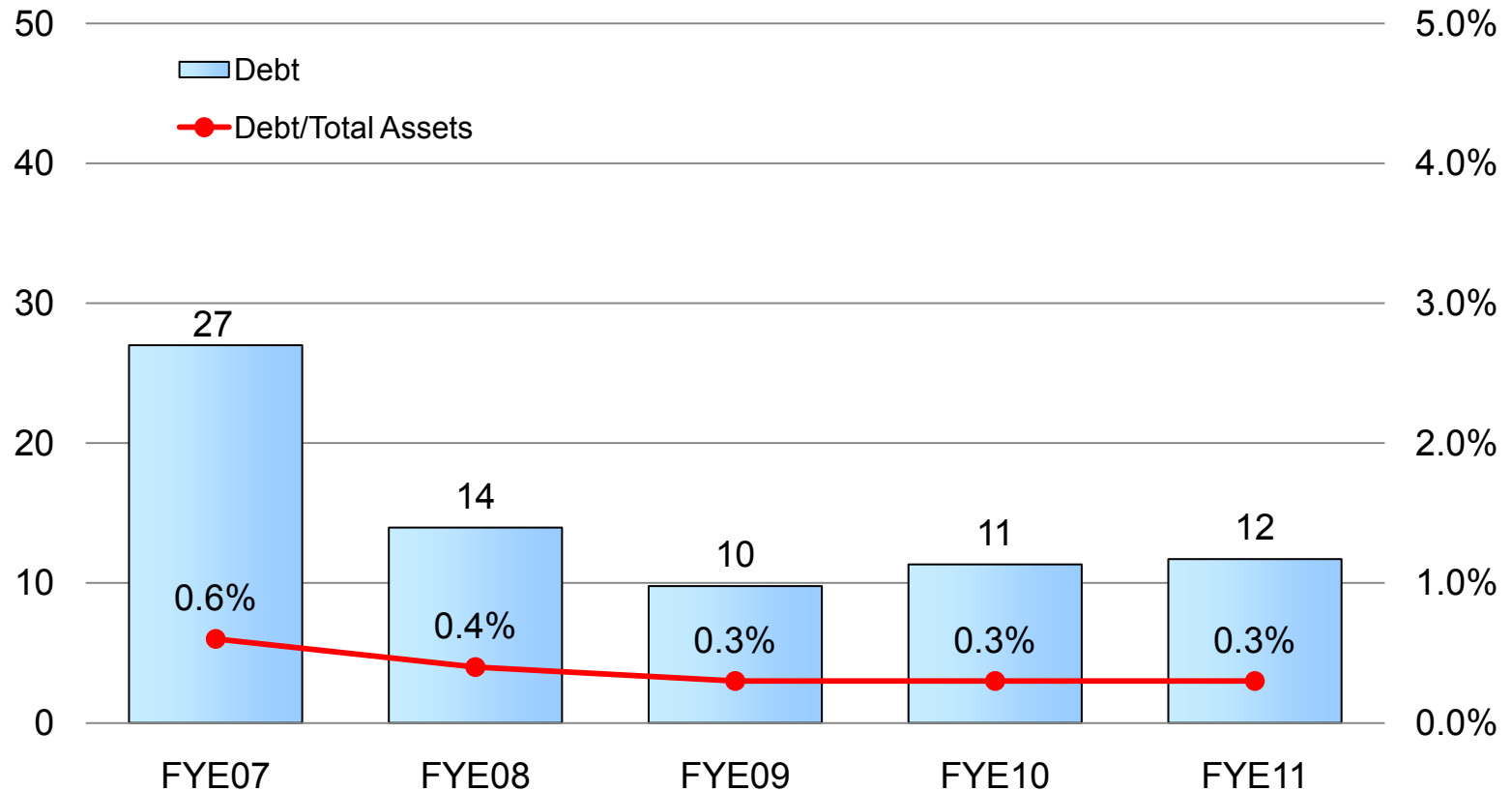
	4Q11	4Q10	Change
Op. Profit	94.6	82.8	+11.8
% Sales	9.8%	7.8%	+2.0 pt.



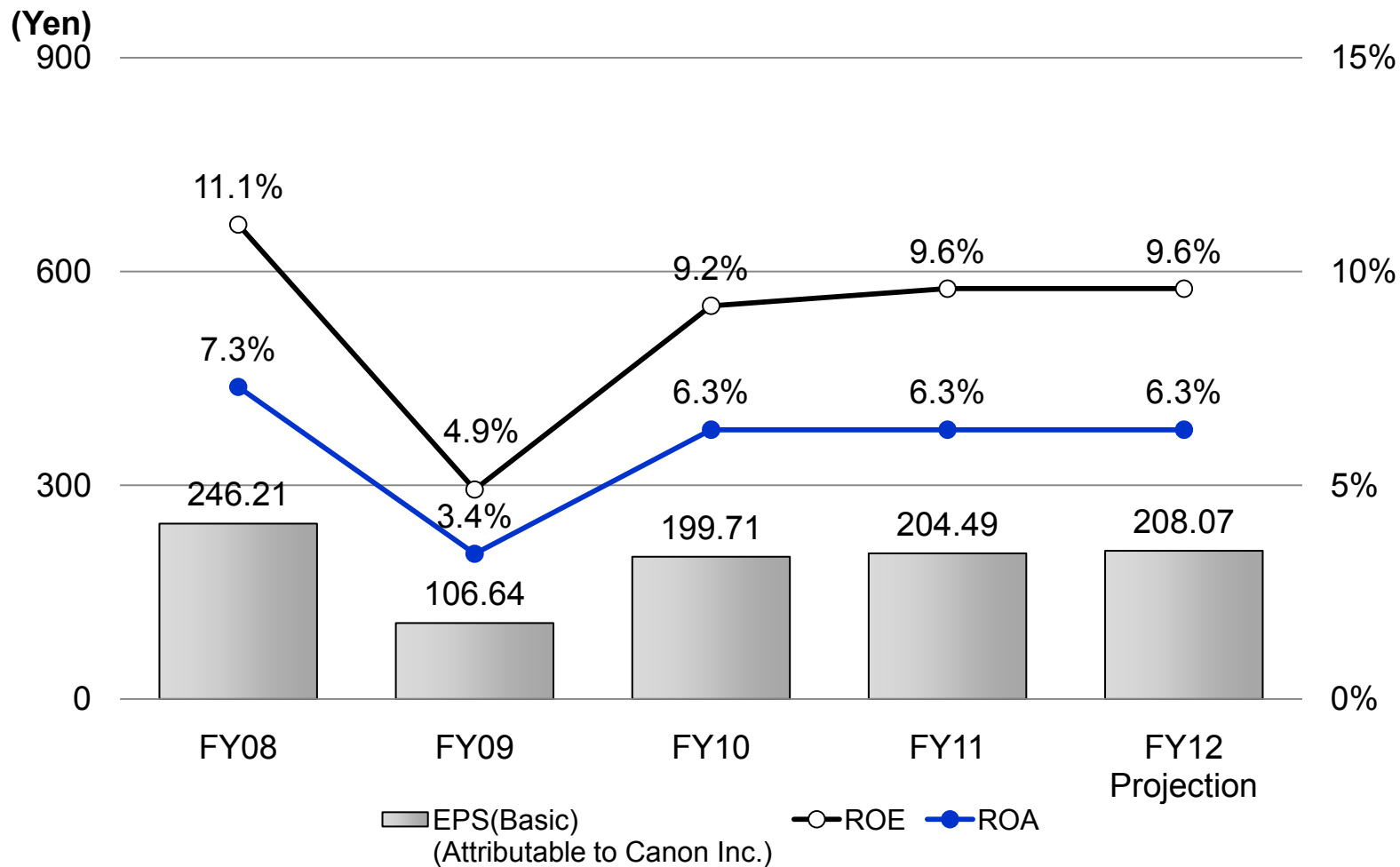
Supplementary Information

Interest Bearing Debt

(Billions of yen)



Financial Ratios



Supplementary Information