



Canon Inc.

Second Quarter 2012 Results

July 25, 2012

Toshizo Tanaka

Executive Vice President & CFO

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Agenda

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2Q 2012 in Summary

External Environment

- ✓ Global economic slowdown
 - Economic stagnation in Europe
 - Gradual recovery in the U.S.
 - Weakening growth in emerging markets
- ✓ Yen's appreciation

Results

- ✓ Gained share through expanded sales of competitive products
- ✓ Maintained profitability through prompt response to changing external environment
- ➔ Achieved first increase in sales in three quarters and fourth consecutive increase in profits

Summary of Results

2Q 2012 Actual

(Billions of yen)

	2Q 2012 Actual	2Q 2011 Actual	Pct. Change
Net Sales	899.2	836.6	+7.5%
Gross Profit	439.9	418.5	+5.1%
(% Sales)	48.9%	50.0%	
Op. Profit	92.6	78.4	+18.1%
(% Sales)	10.3%	9.4%	
Net Income	51.7	53.9	-4.0%
Attributable to Canon Inc.			
(% Sales)	5.8%	6.4%	
Foreign Exchange Rate			
Yen – 1USD	80.09	81.58	
Yen – 1EURO	102.34	117.28	

Transition in Sales and Op. Profit

2Q 2012 Actual v. 2Q 2011 Actual

(Billions of yen)

	Sales	Op. Profit
2Q 2011 Actual	836.6	78.4
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-44.1	-21.2
Sales Volume Impact		
Office	+26.3	
Imaging System	+83.0	
Industry and Others	+8.5	
Total	+117.8	+48.7
Others	-11.1	-13.3
Total Change	+62.6	+14.2
2Q 2012 Actual	899.2	92.6

Change in Exchange Rate

- 1USD: 81.58 to 80.09 yen
- 1EURO: 117.28 to 102.34 yen

Assumptions

2012 Current Projection

Average Exchange Rate	2H12	FY12	FY11
■ Yen-1USD	80.00 yen	79.96 yen	79.55 yen
■ Yen-1EURO	100.00 yen	101.59 yen	110.72 yen

Impact of Exchange Rate Movement (2H Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	10.4 billion yen	5.3 billion yen
■ EURO	5.3 billion yen	2.9 billion yen

Key Points FY2012

External Environment

- ✓ Gradual global economy growth
- ✓ Continued yen's appreciation

Outlook

- ✓ Expand share through active launch of new more innovative and competitive products
- ✓ Enhance profitability through manufacturing advancement



Firmly achieve sales and profit growth

Summary of Projected Results

FY 2012 Current Projection

(Billions of yen)

	FY 2012 Current Projection	FY 2011 Actual	Pct. Change
Net Sales	3,690.0	3,557.4	+3.7%
Gross Profit	1,741.0	1,736.8	+0.2%
(% Sales)	47.2%	48.8%	
Op. Profit	390.0	378.1	+3.2%
(% Sales)	10.6%	10.6%	
Net Income	250.0	248.6	+0.6%
Attributable to Canon Inc.			
(% Sales)	6.8%	7.0%	
Foreign Exchange Rate			
Yen – 1USD	79.96	79.55	
Yen – 1EURO	101.59	110.72	

Transition in Sales and Op. Profit

FY 2012 Current Projection v. FY 2012 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Apr. 25, 2012)	3,900.0	450.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-38.6	-21.1
Sales Volume Impact		
Office	-103.4	
Imaging System	-52.8	
Industry and Others	-35.2	
Total	-191.4	-91.2
Others	+20.0	+52.3
Total Change	-210.0	-60.0
Current Projection (Jul. 25, 2012)	3,690.0	390.0

Change in Exchange Rate

- 1USD: 79.94 to 79.96 yen
- 1EURO: 104.91 to 101.59 yen

Office

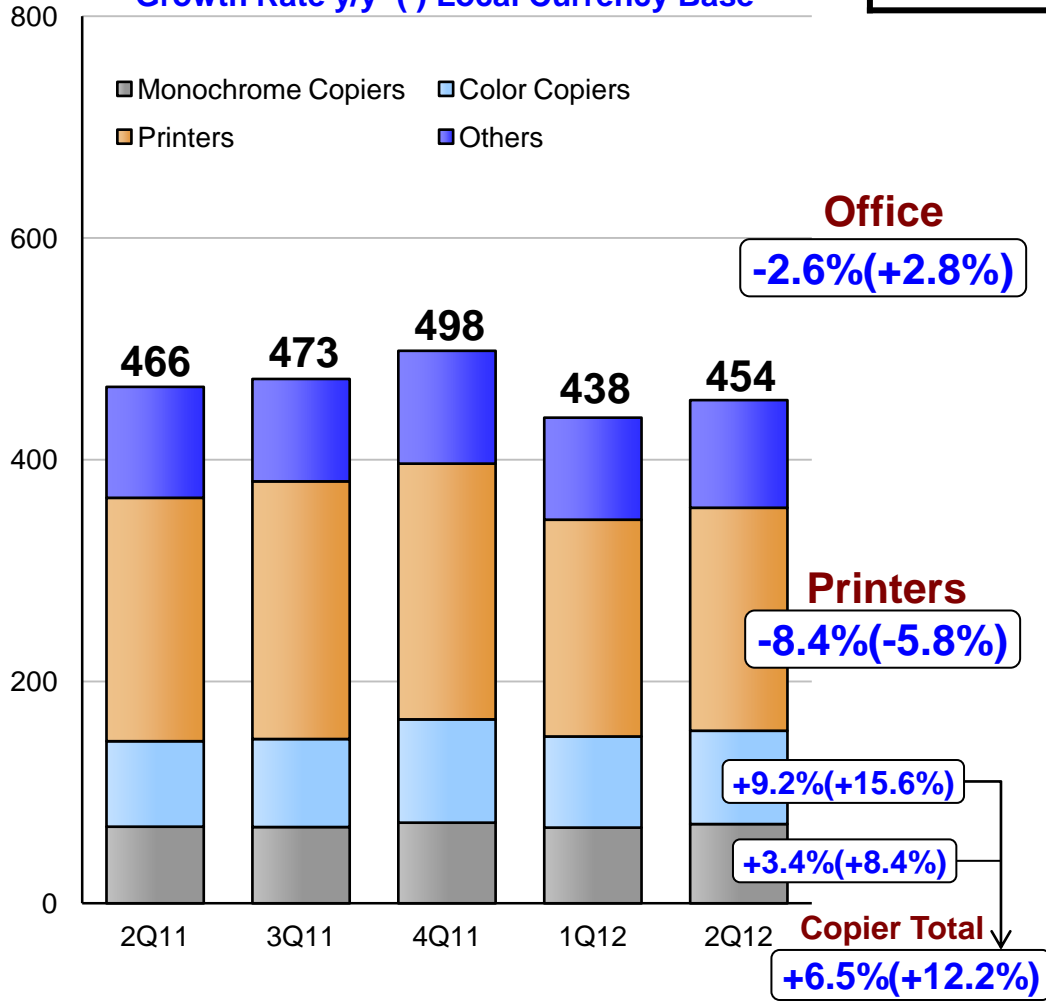
2Q 2012 Actual

2Q12 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+43%	+41%
Monochrome	+36%	-1%
Total	+38%	+3%

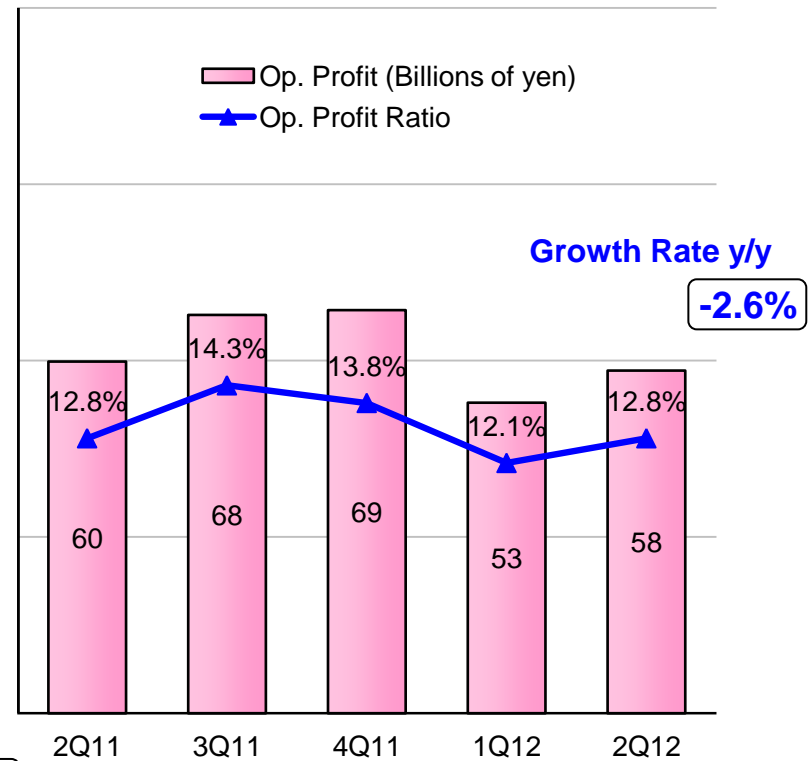
2Q12 Color Ratio		
	Copiers	Printers
Value Base*	54%	45%
Unit Base	33%	13%

*Includes Consumables

(Billions of yen) **Sales**
Growth Rate y/y () Local Currency Base



Op. Profit



Office

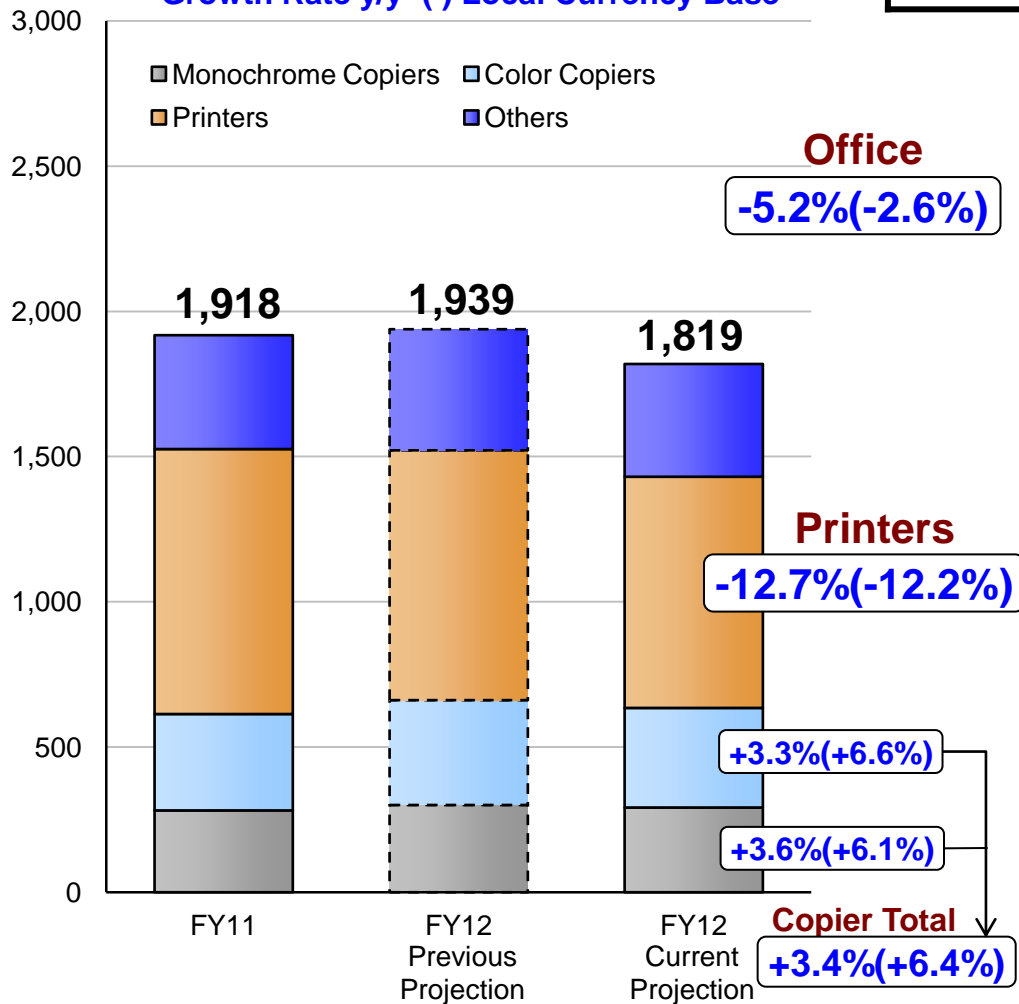
FY 2012 Projection

FY12 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+15%	-2%
Monochrome	+13%	-12%
Total	+14%	-11%

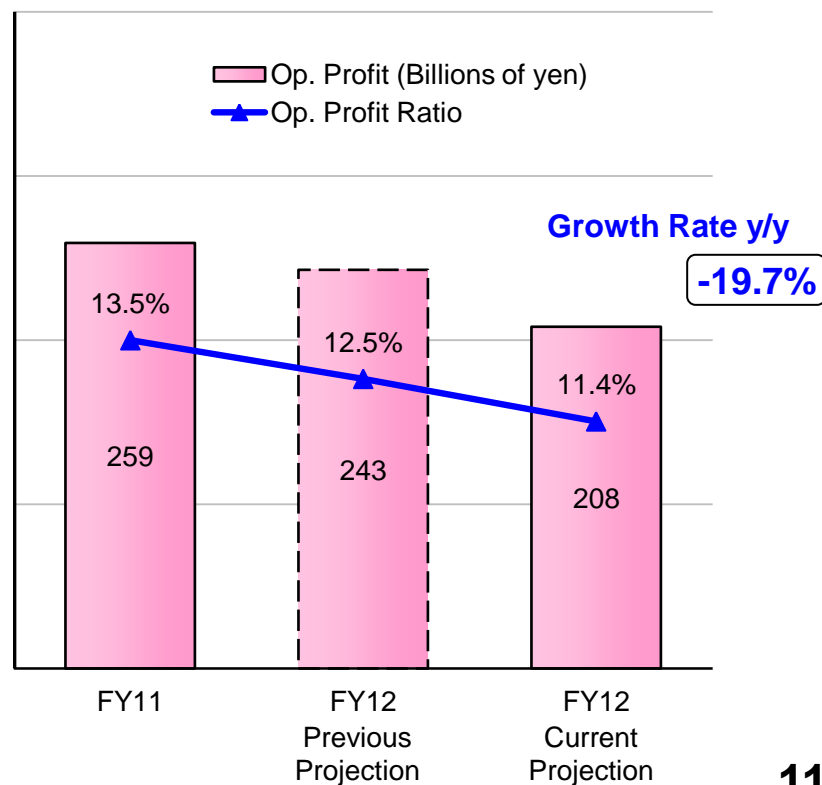
FY12 Color Ratio		
	Copiers	Printers
Value Base*	54%	45%
Unit Base	34%	13%

*Includes Consumables

(Billions of yen) Sales Growth Rate y/y () Local Currency Base



Op. Profit



Imaging System

2Q 2012 Actual

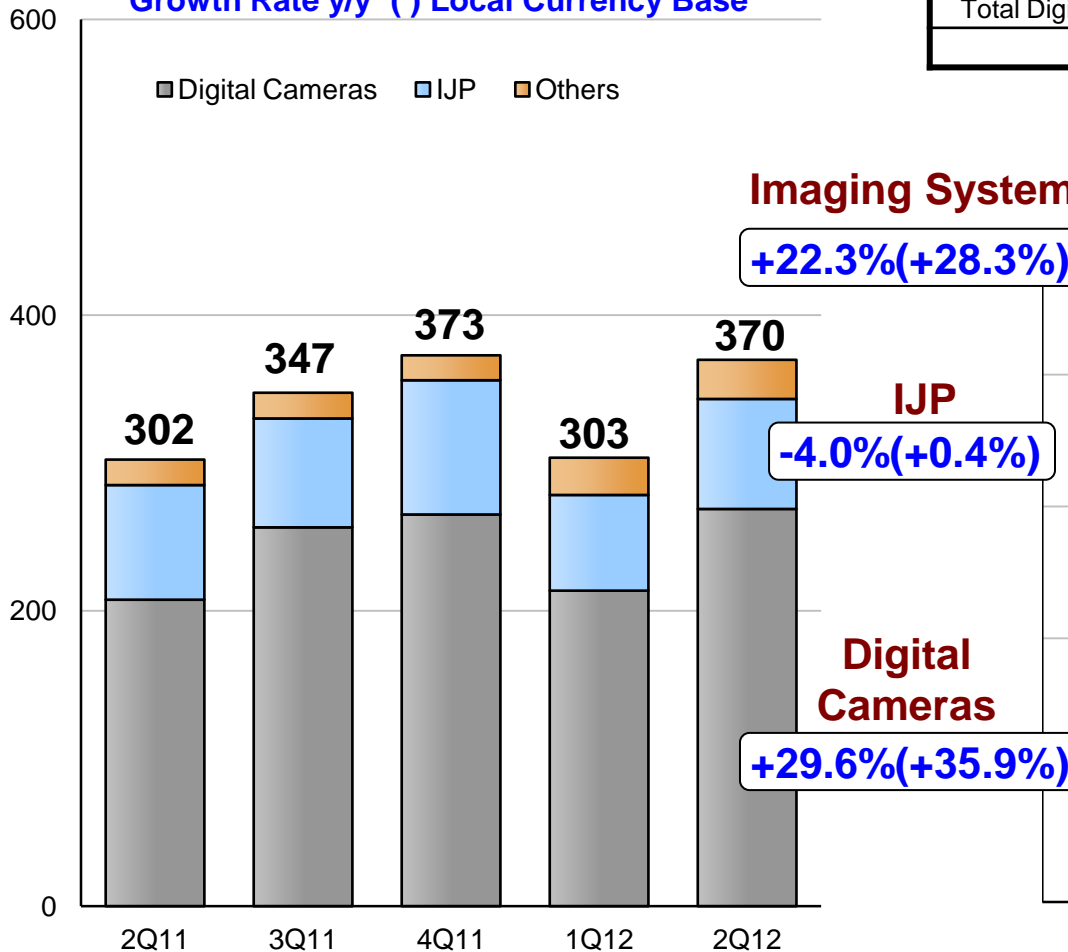
Growth Rate y/y (Unit Base)	
	2Q12
Interchangeable Lens Digital Cameras	+47%
Compact Digital Cameras	+31%
Total Digital Cameras	+35%
IJP	+2%

Interchangeable Lens Digital Camera Ratio *	
	2Q12
Value Base	75%
Unit Base	31%

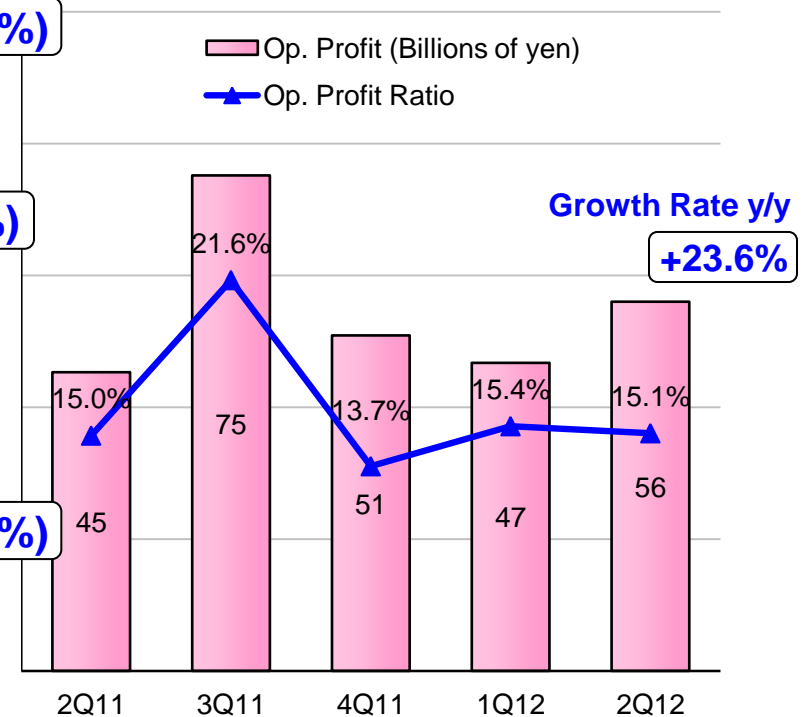
* Proportion of Total Digital Cameras

(Billions of yen) Sales

Growth Rate y/y () Local Currency Base



Op. Profit



* The "Consumer Business Unit" has been renamed the "Imaging System Business Unit."

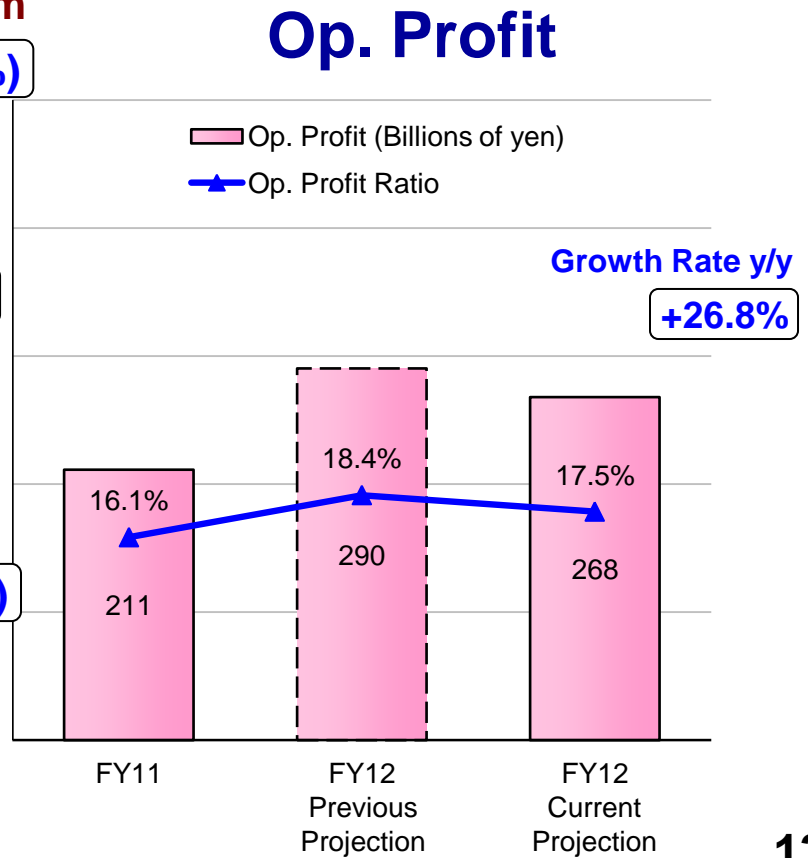
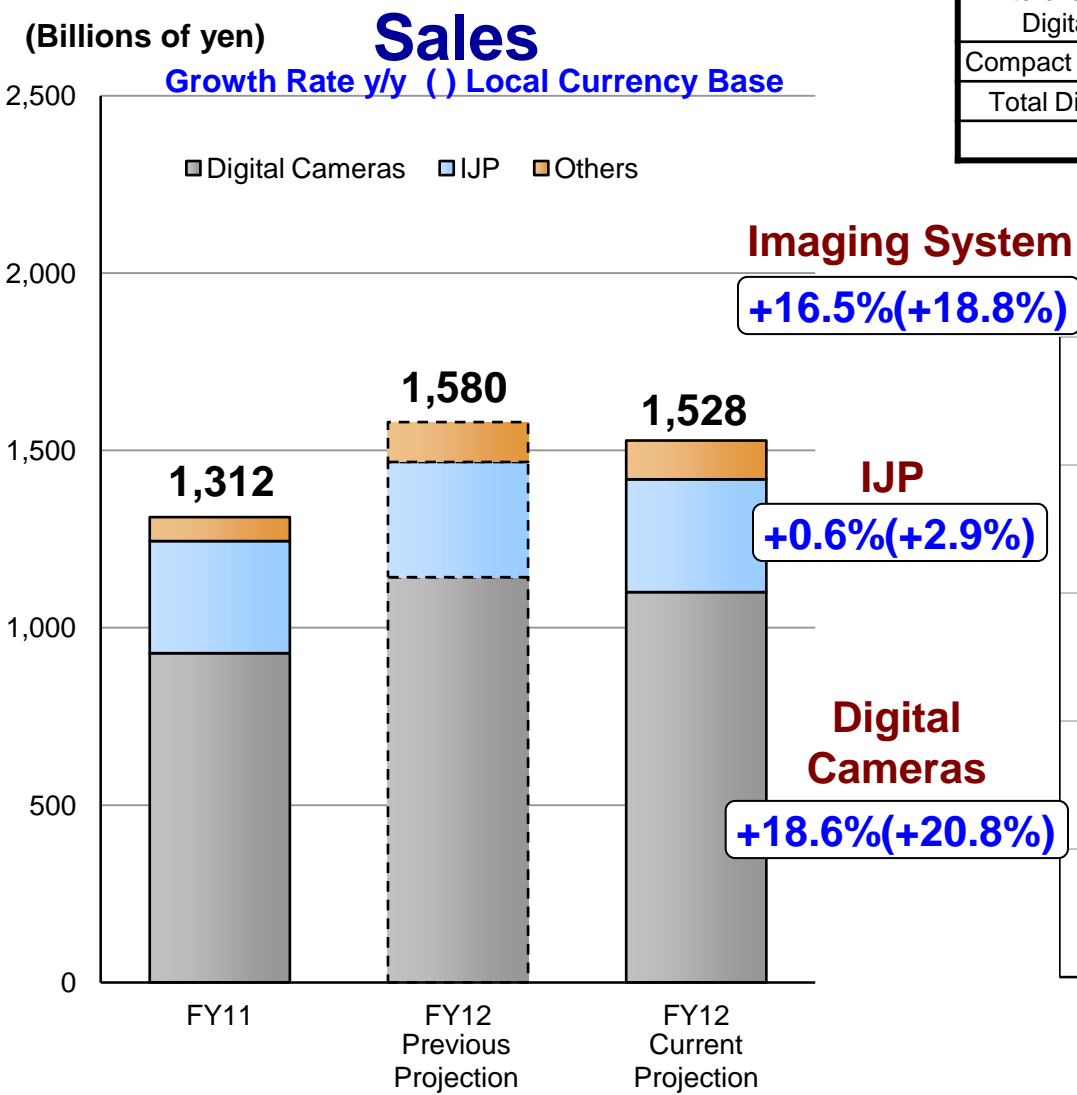
Imaging System

FY 2012 Projection

Growth Rate y/y (Unit Base)	
	FY12
Interchangeable Lens Digital Cameras	+27%
Compact Digital Cameras	+12%
Total Digital Cameras	+16%
IJP	+1%

Interchangeable Lens Digital Camera Ratio *	
	FY12
Value Base	76%
Unit Base	30%

* Proportion of Total Digital Cameras



* The "Consumer Business Unit" has been renamed the "Imaging System Business Unit."

New Products

Mirrorless Cameras

EOS M

- ▶ High image quality befitting the EOS brand
- ▶ Compact and lightweight
- ▶ Compatibility with extensive lineup of EF lenses



New series of EOS cameras to attract new users

Industry and Others

2Q 2012 Actual

Lithography Equipment (Unit Sales)		
	2Q11	2Q12
IC	8	19
FPD	2	7

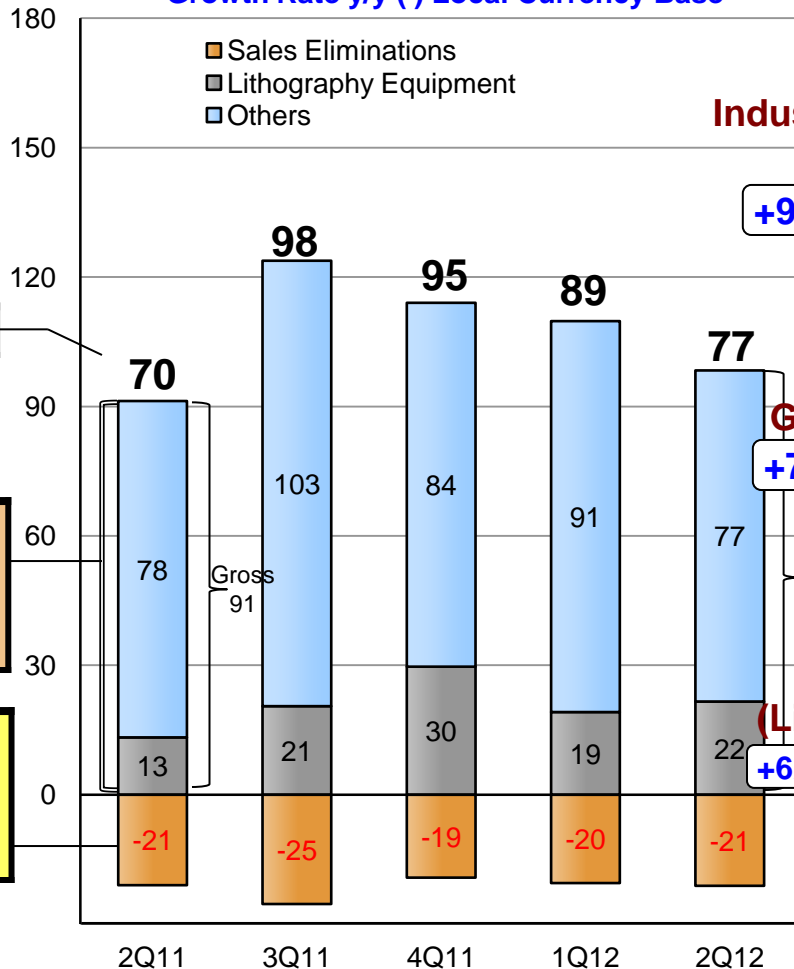
FPD : Flat Panel Display

IC Stepper Unit Breakdown by Light Source		
	2Q11	2Q12
ArF	0	0
KrF	2	1
i-line	6	18

(Billions of yen)

Sales

Growth Rate y/y () Local Currency Base



Industry and Others Net Sales

+9.9%(+11.3%)

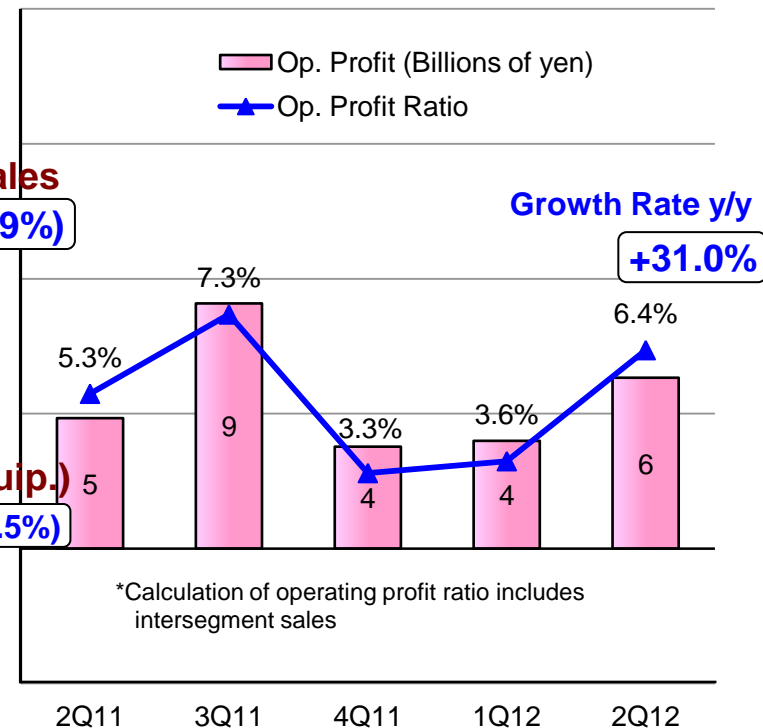
Gross Sales

+7.8%(+8.9%)

(Litho. Equip.)

+62.6%(+63.5%)

Op. Profit



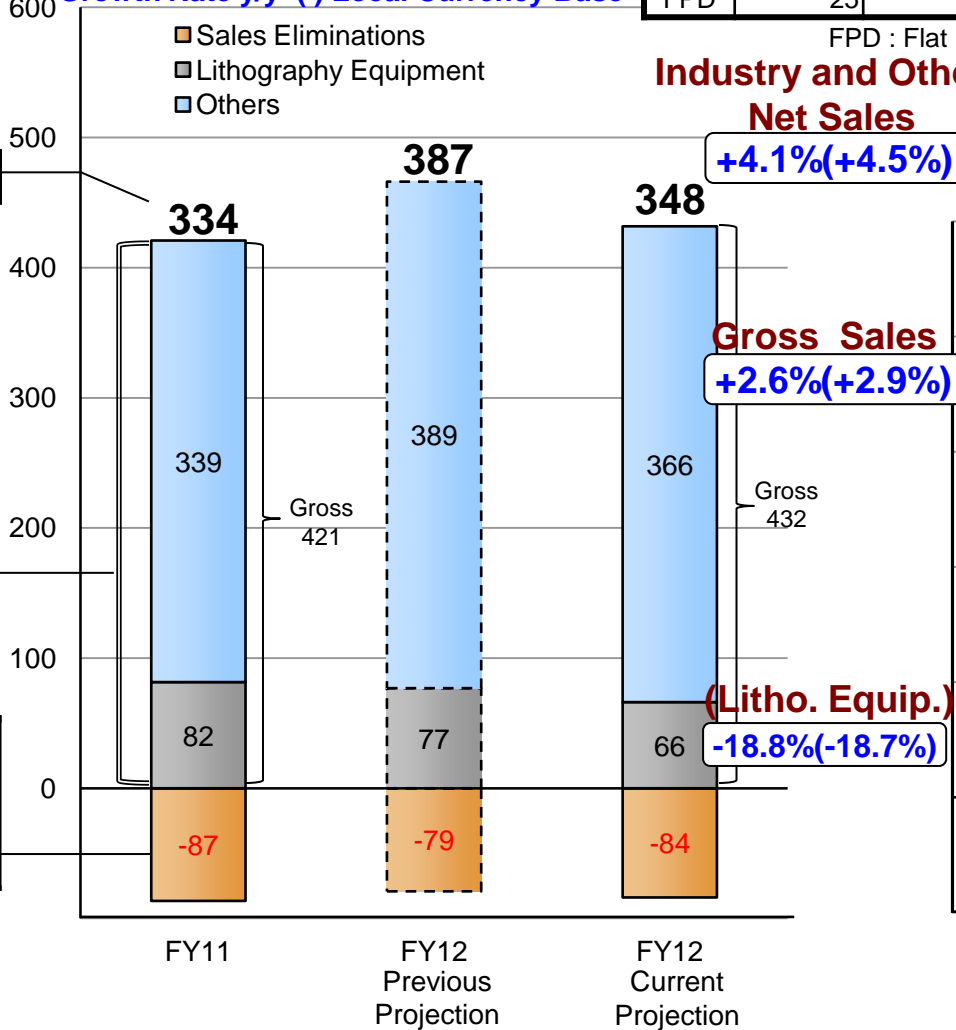
Industry and Others

FY 2012 Projection

Lithography Equipment (Unit Sales)			
	FY11	FY12 Previous Projection	FY12 Current Projection
IC	52	70	53
FPD	25	16	16

IC Stepper Unit Breakdown by Light Source			
	FY11	FY12 Previous Projection	FY12 Current Projection
ArF	0	0	0
KrF	7	10	6
i-line	45	60	47

(Billions of yen) **Sales**
Growth Rate y/y () Local Currency Base



Industry and Others

Net Sales

+4.1%(+4.5%)

Gross Sales

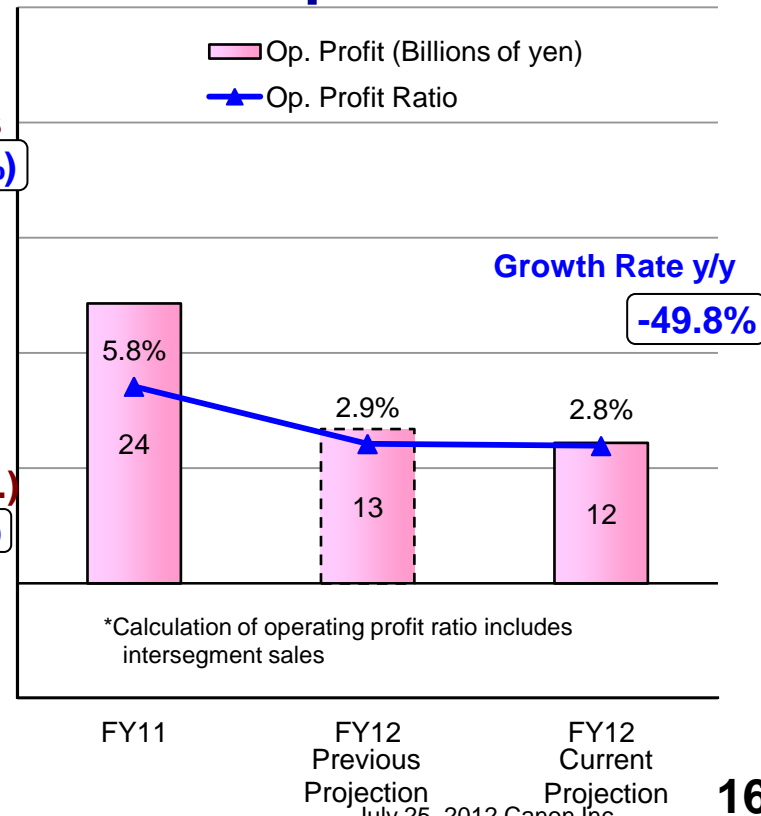
+2.6%(+2.9%)

(Litho. Equip.)

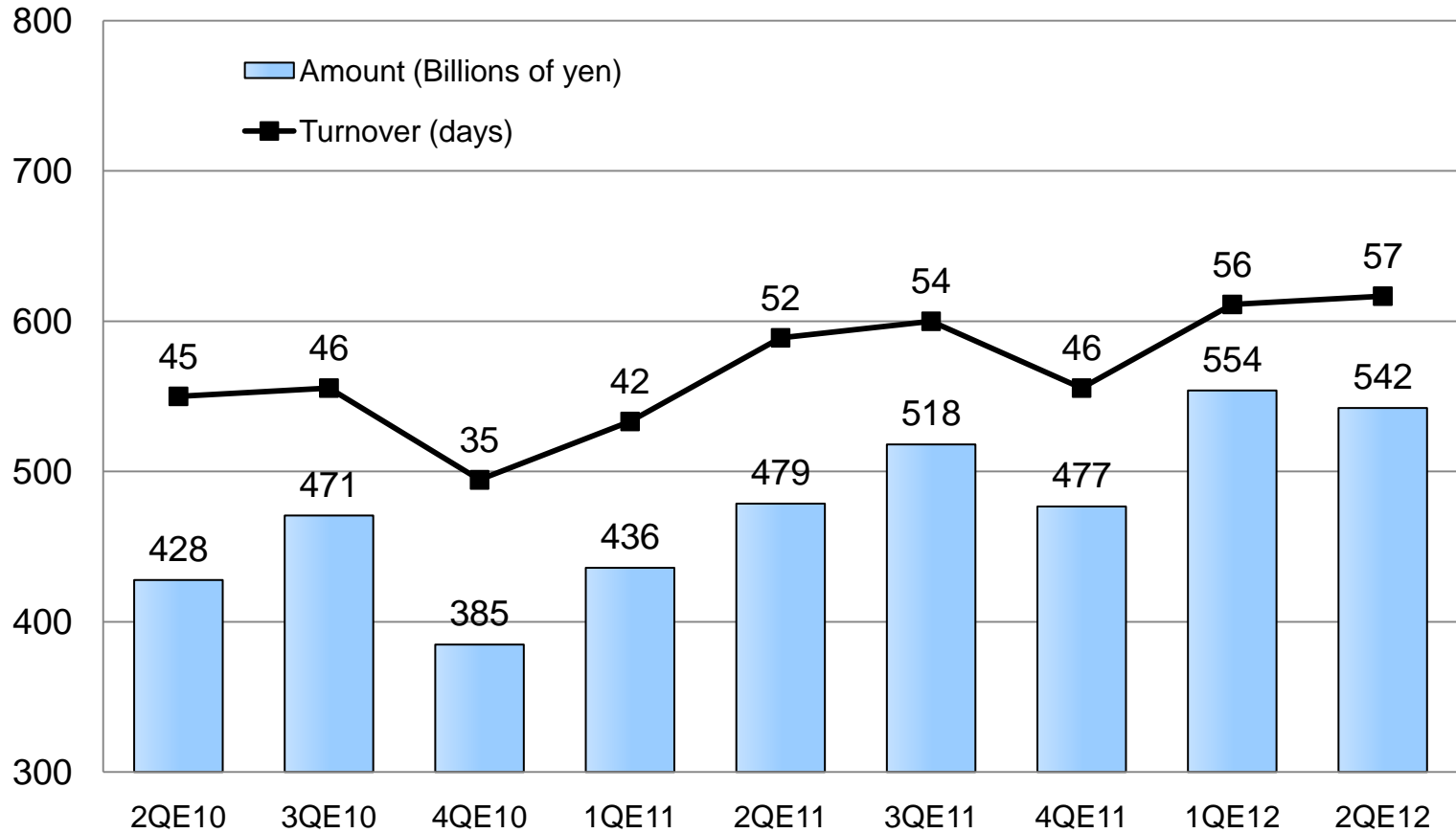
-18.8%(-18.7%)

Op. Profit

Op. Profit (Billions of yen)
Op. Profit Ratio



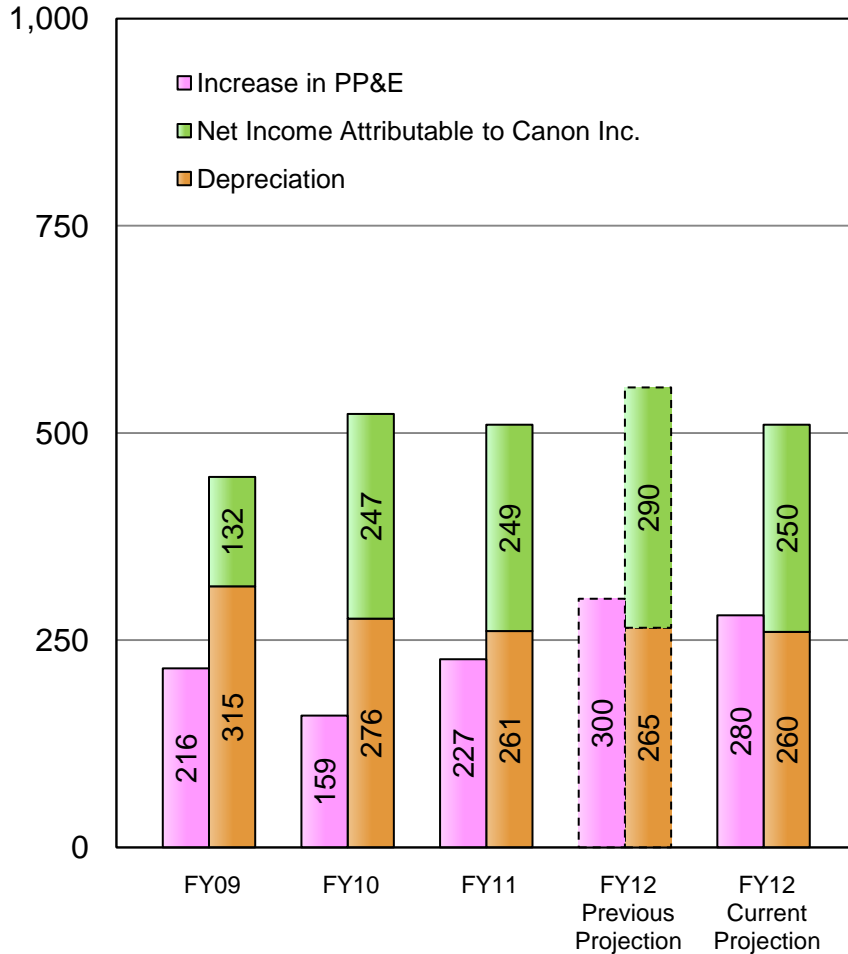
Inventories



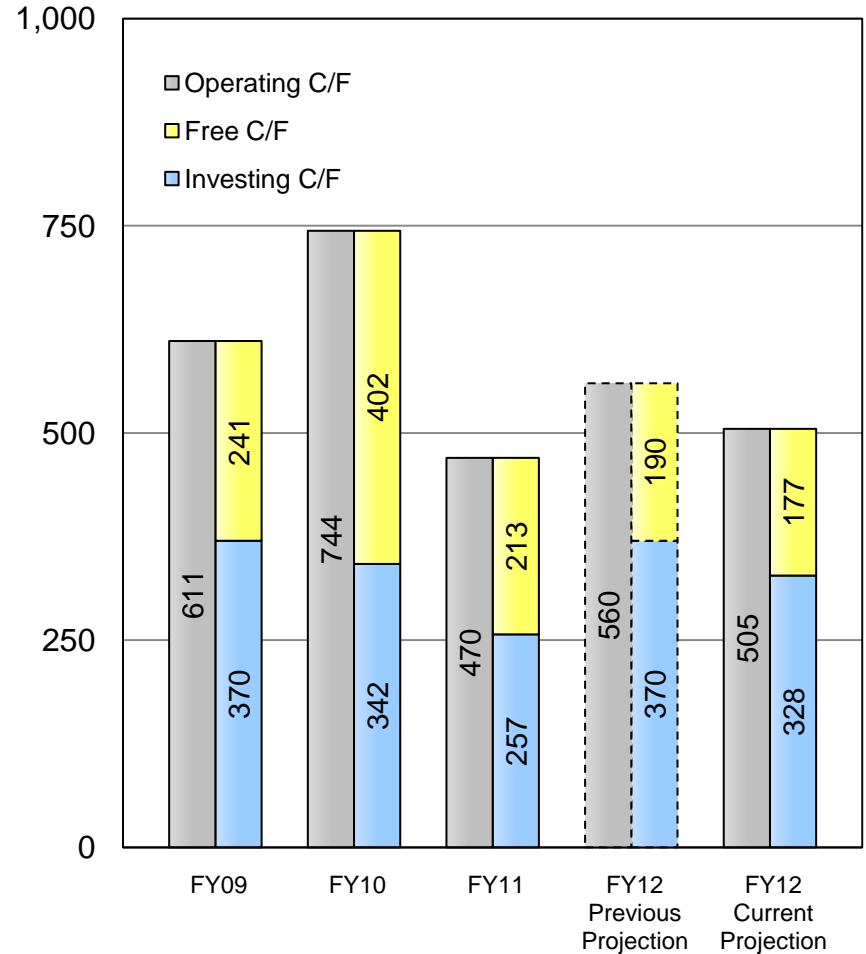
Capital Expenditure

Free Cash Flow

(Billions of yen)

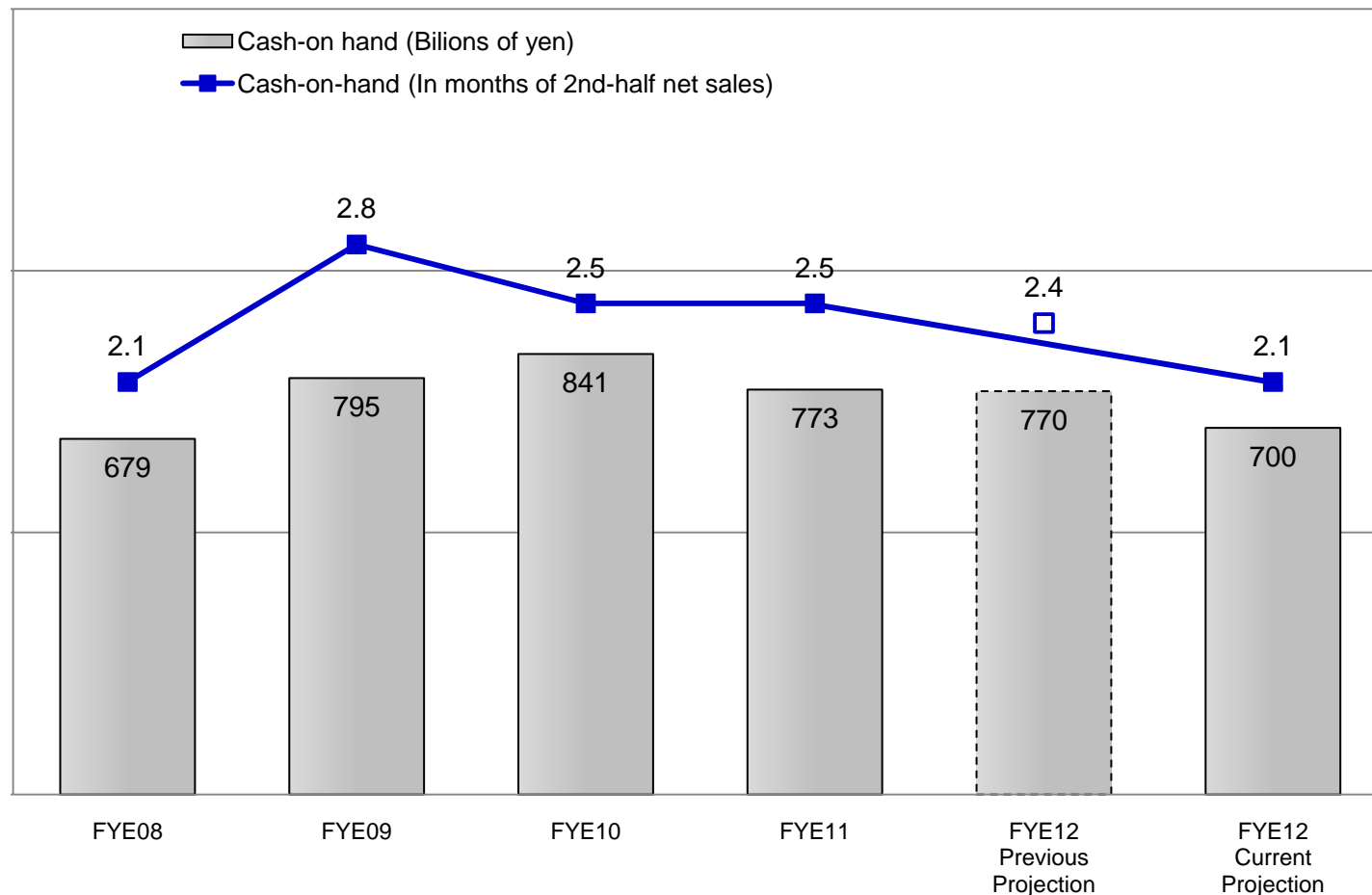


(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)



Note 1: 450, 100, 50, and 100 billion yen was used to acquire own shares in 2007, 2008, 2010 and 2011, respectively. In 2012, the year-to-date total is 100 billion yen.

Supplementary Information

Transition in Sales and Operating Profit

FY 2012 Current 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)	-75.5	-37.9
Sales Volume Impact		
Office	+5.2	
Imaging System	+273.5	
Industry and Others	+19.4	
.....		
Total	+298.1	+78.3
Others	-90.0	-28.5
Total Change	+132.6	+11.9
FY 2012 Current Projection	3,690.0	390.0

Change in Exchange Rate

- 1USD: 79.55 to 79.96 yen
- 1EURO: 110.72 to 101.59 yen

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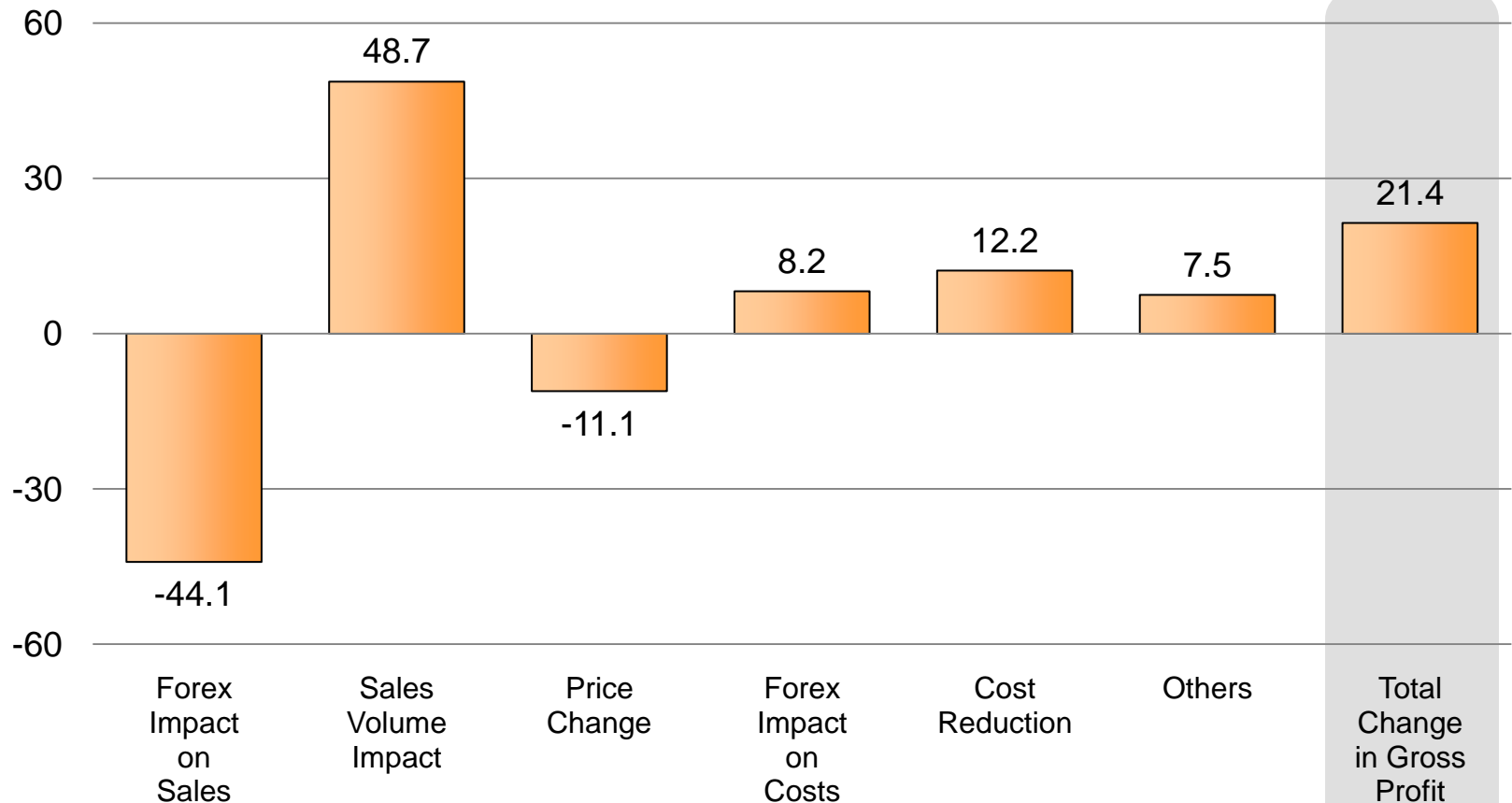
Gross Profit Variance Analysis

2Q 2012 Actual v. 2Q 2011 Actual

(Billions of yen)

	2Q12	2Q11	Change
Gross Profit	439.9	418.5	+21.4
% Sales	48.9%	50.0%	-1.1 pt.

(Billions of yen)



Supplementary Information

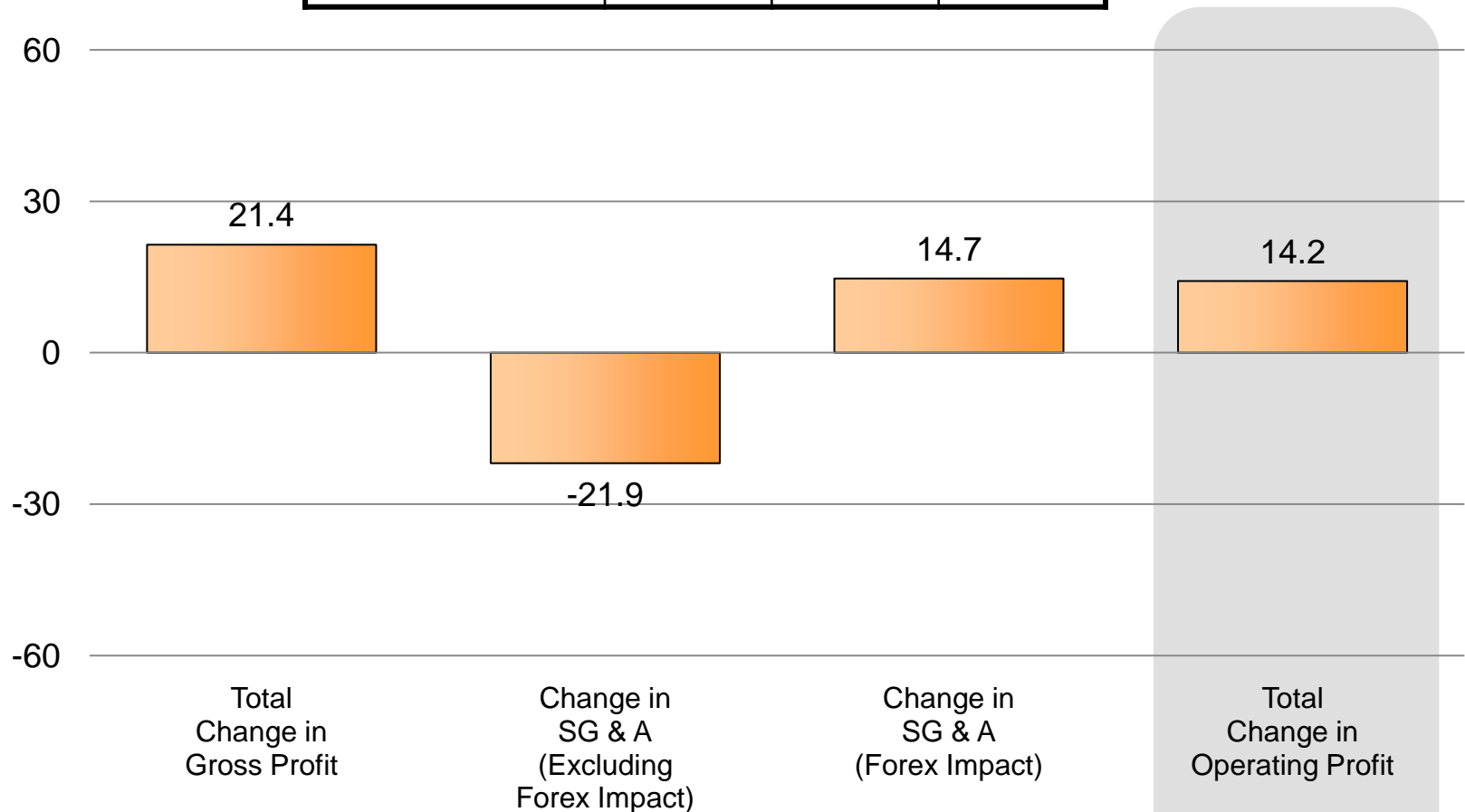
Operating Profit Variance Analysis

2Q 2012 Actual v. 2Q 2011 Actual

(Billions of yen)

(Billions of yen)

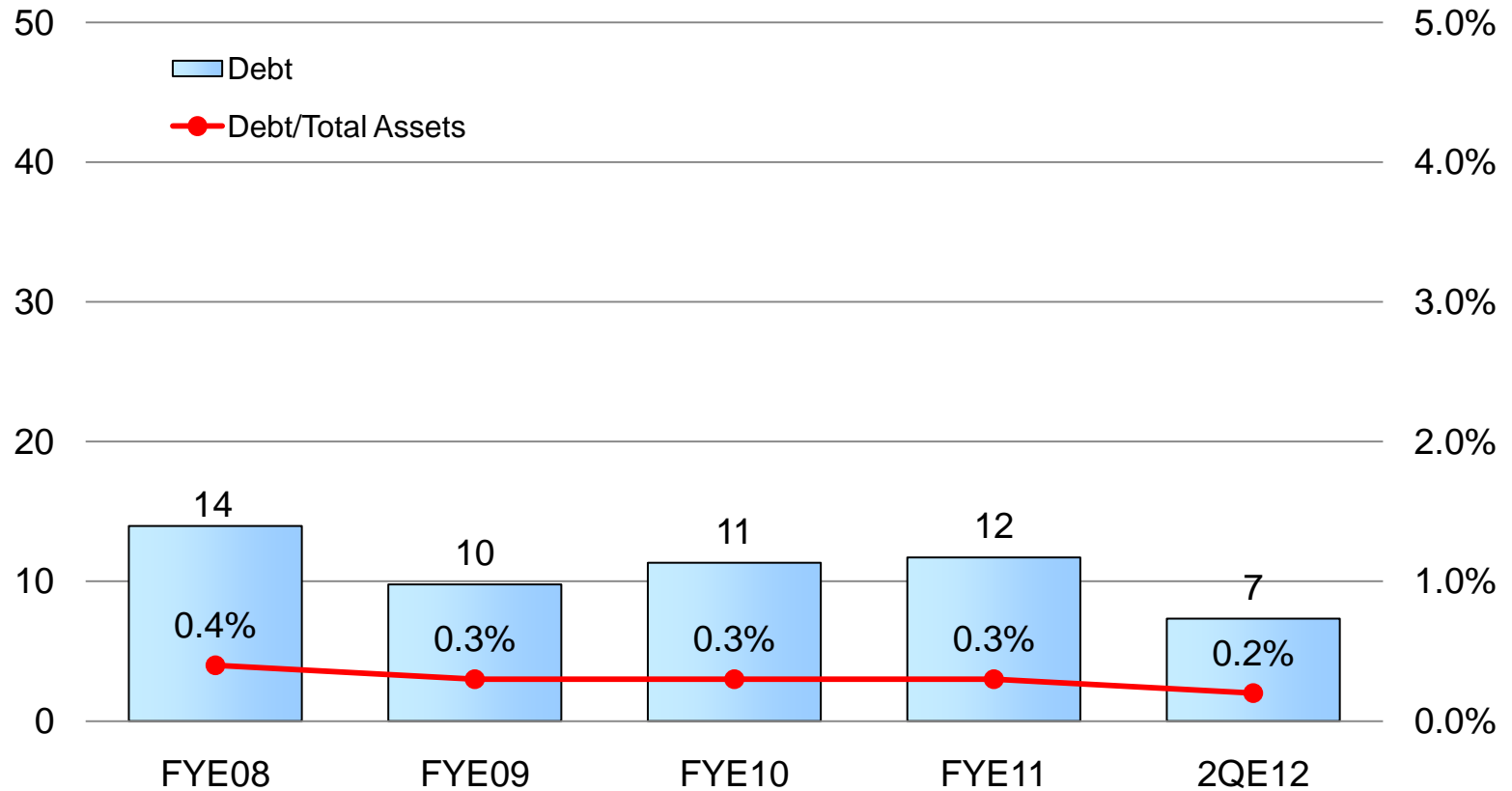
	2Q12	2Q11	Change
Op. Profit	92.6	78.4	+14.2
% Sales	10.3%	9.4%	+0.9 pt.



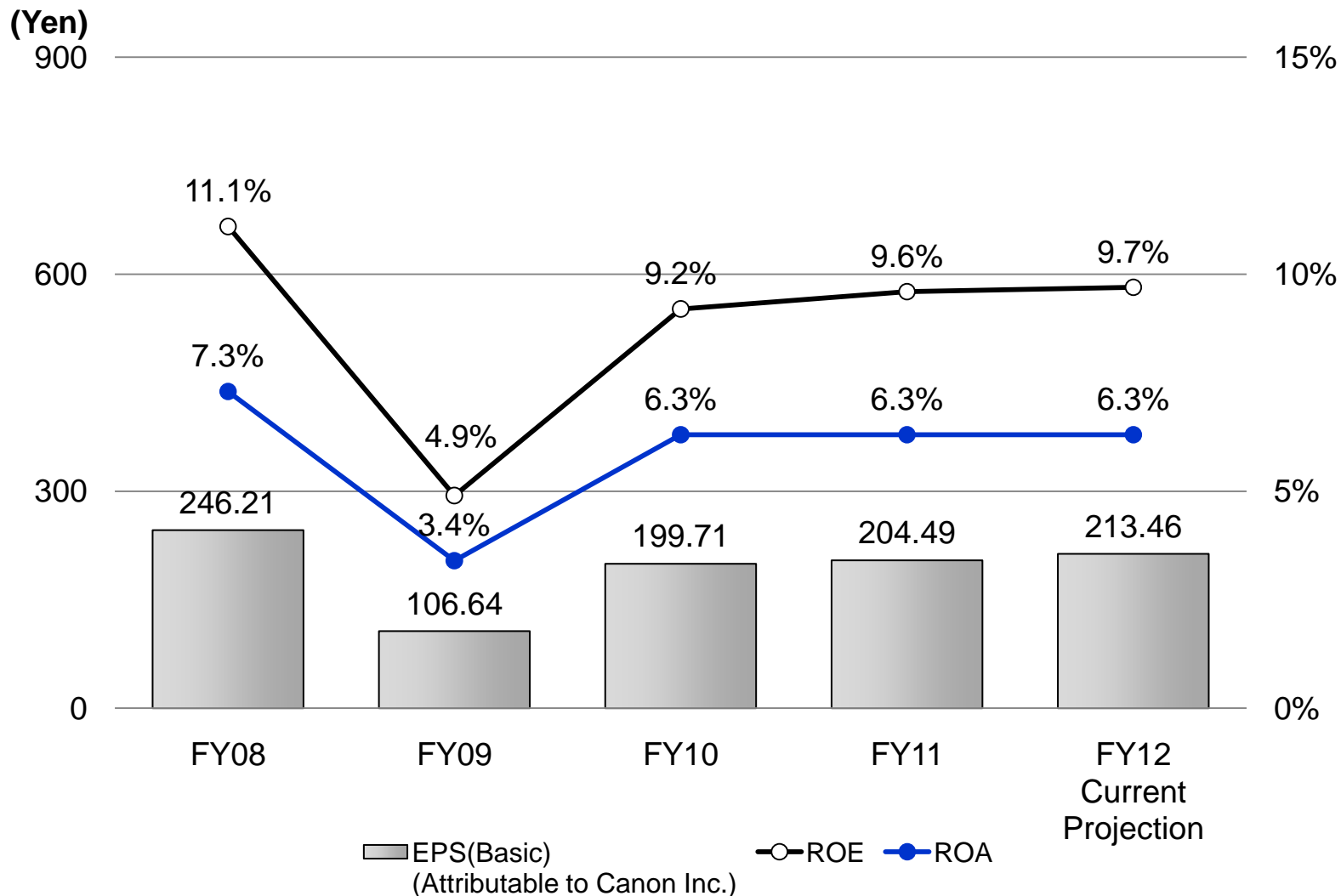
Supplementary Information

Interest Bearing Debt

(Billions of yen)



Financial Ratios



Supplementary Information