



Canon Inc.

First Quarter 2009 Results

April 30, 2009

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April 30, 2009 Canon Inc.

Agenda

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1Q 2009 in Summary

External Environment

- ✓ Ongoing global recession
 - ✓ Office products market continued shrink
 - ✓ Consumer products market bottoming out
- ✓ Substantial appreciation of the yen, against the U.S. dollar and euro

Results

- ✓ Secured profit amid significant drop in sales
- ✓ Implemented “Improved Management Quality” measures
 - ✓ Further expense cutting
 - ✓ Timely launch of new products
 - ✓ Focus on inventory reduction

Summary of Results

1Q 2009 Actual

(Billions of yen) (For Reference)

	1Q 2009 Actual	1Q 2008 Actual	Pct. change	1Q 2009 (excluding forex impact)
Net sales	687.0	1,007.5	-31.8%	765.4
Gross profit [% sales]	298.8 43.5%	499.9 49.6%	-40.2%	365.8 47.8%
Op. profit [% sales]	20.0 2.9%	170.8 17.0%	-88.3%	63.7 8.3%
Net income attributable to Canon Inc. [% sales]	17.7 2.6%	106.6 10.6%	-83.4%	
Foreign exchange rate				
Yen – 1USD	93.86	104.78		
Yen – 1EURO	121.85	157.59		

Transition in Sales and Op. Profit

1Q 2009 Actual v. 1Q 2008 Actual

(Billions of yen)

	Sales	Op. Profit
1Q 2008 Actual	1,007.5	170.8
Foreign exchange impact [net sales, cost of sales, expenses]	-78.4	-43.7
Sales volume impact		
Office Imaging Products	-57.7	
Computer Peripherals	-122.6	
Business Information Products	-3.7	
Cameras	-13.8	
Optical and Other Products	-23.0	
Total	-220.8	-92.8
Others	-21.3	-14.3
Total Change	-320.5	-150.8
1Q 2009 Actual	687.0	20.0

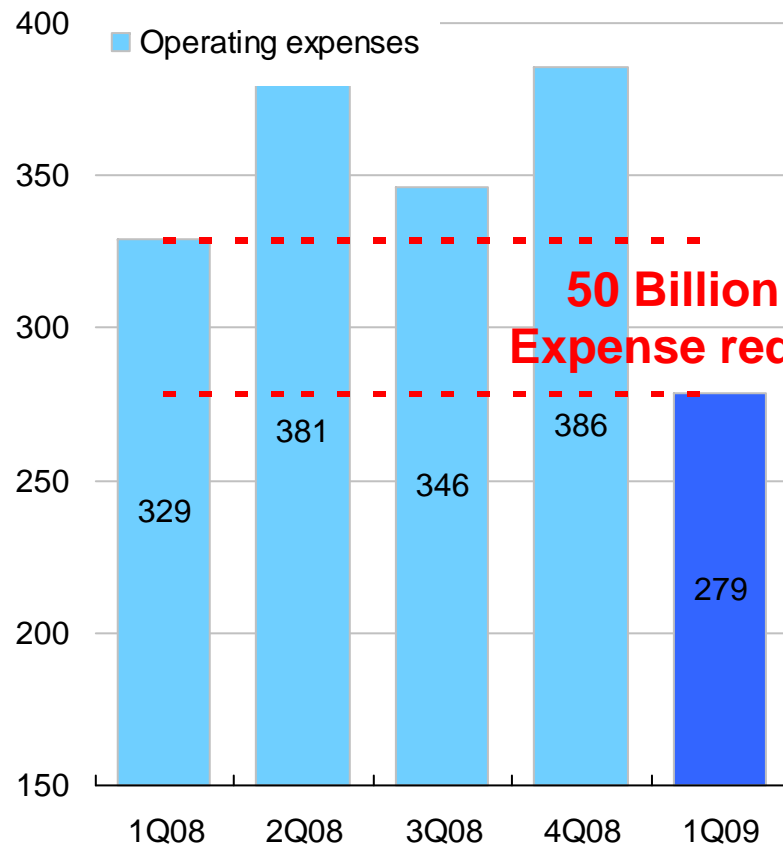
Change in Exchange Rate

- 1USD: 104.78 to 93.86 yen
- 1EURO: 157.59 to 121.85 yen

Improved Mgmt. Quality

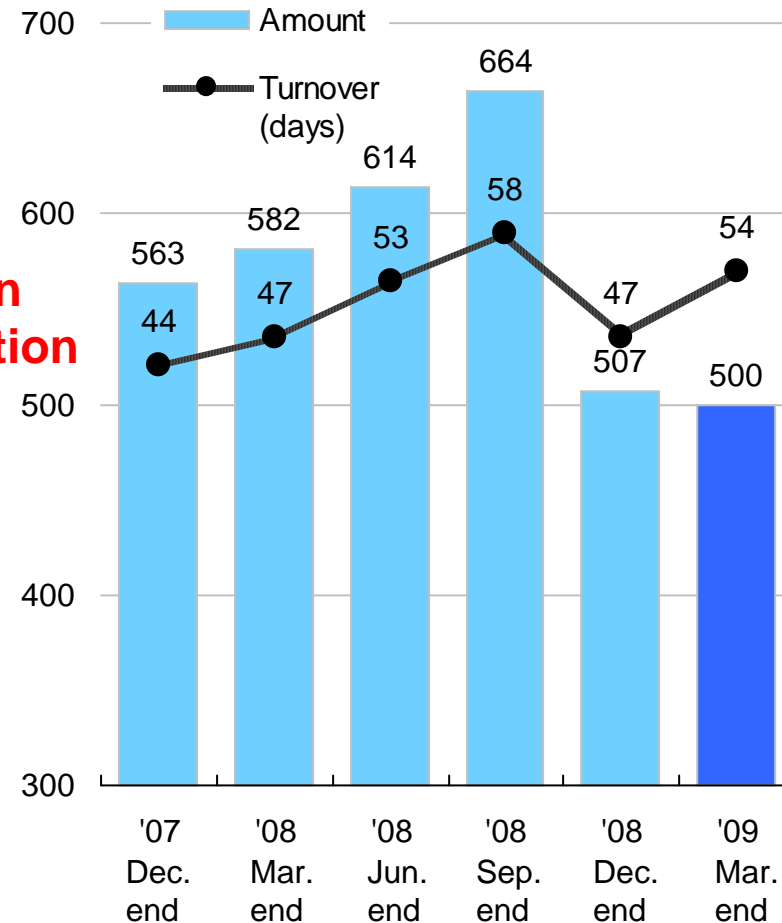
Expenses

(Billions of yen)



Inventory

(Billions of yen)



Assumptions

2009 Current Projection

Average Exchange Rate	2Q-4Q09	FY09	FY08
■ Yen-1USD	95.00 yen	94.78 yen	103.23 yen
■ Yen-1EURO	125.00 yen	124.31 yen	151.46 yen

Impact of Exchange Rate Movement (2-4Q impact given a one yen change)

	Net sales	Operating profit
■ USD	11.6 billion yen	6.8 billion yen
■ EURO	4.8 billion yen	3.4 billion yen



Key Points FY 2009

Assumptions

- ✓ Market remains challenging, particularly for office products
 - ✓ Full economic recovery not until next year
- ✓ Yen appreciation remains

Projections

- ✓ Secure over 100 billion yen in net income amid drop in sales
- ✓ Enhanced “Improved Management Quality”
- ✓ Pursue thorough expense reduction through further “selection and focus”
 - ✓ Improve profit through timely launch of new products
 - ✓ Improve cash flow through further reduction in inventory level

Summary of Projected Results

FY 2009 Current Projection

(Billions of yen) (For reference)

	FY 2009	FY 2009	FY 2008	Pct. change		FY 2009 Current projection (excluding forex impact)
	Current projection	Previous projection	Actual	Previous projection	Actual	
Net sales	3,330.0	3,500.0	4,094.2	-4.9%	-18.7%	3,629.2
Gross profit	1,450.0	1,490.0	1,938.0	-2.7%	-25.2%	1,722.7
[% sales]	43.5%	42.6%	47.3%			47.5%
Op. profit	180.0	160.0	496.1	+12.5%	-63.7%	376.8
[% sales]	5.4%	4.6%	12.1%			10.4%
Net income attributable to Canon Inc.	110.0	98.0	309.1	+12.2%	-64.4%	
[% sales]	3.3%	2.8%	7.6%			
Foreign exchange rate						
Yen – 1USD	94.78	90.00	103.23			
Yen – 1EURO	124.31	120.00	151.46			

Transition in Sales and Op. Profit

FY 2009 Current Projection v. FY 2009 Previous Projection

(Billions of yen)

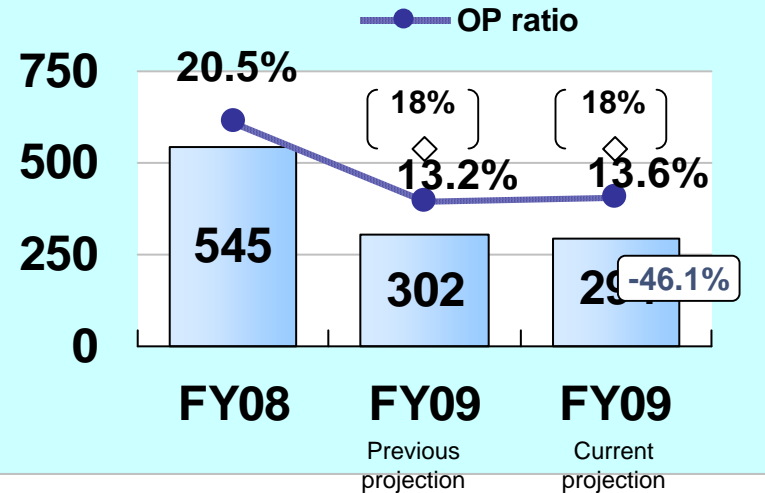
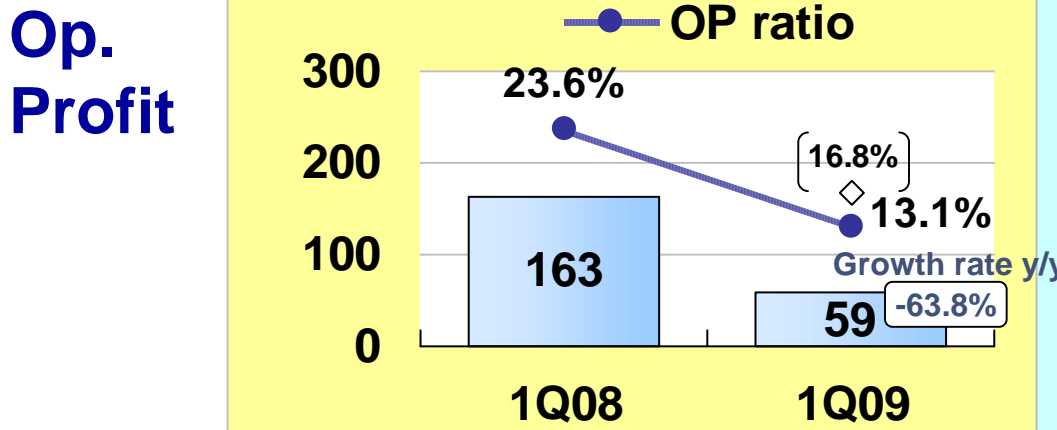
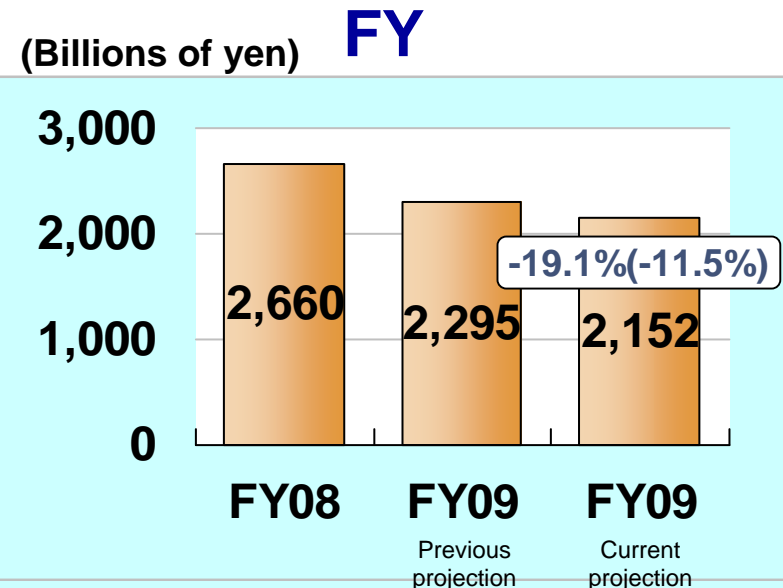
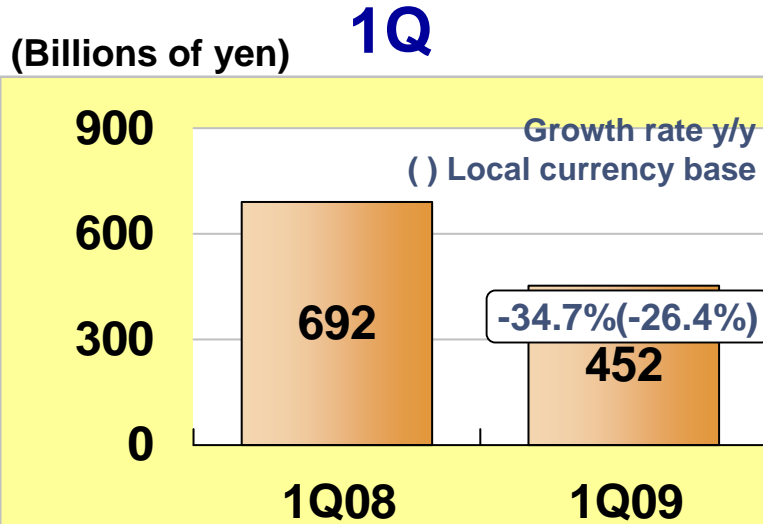
	FY 2009	
	Sales	Op. Profit
Previous Projection (Jan. 28, 2009)	3,500.0	160.0
Foreign exchange impact [net sales, cost of sales, expenses]	+95.3	+54.4
Sales volume impact		
Office Imaging Products	-96.9	
Computer Peripherals	-102.7	
Business Information Products	-6.3	
Cameras	+5.4	
Optical and Other Products	-74.8	
Total	-275.3	-90.2
Others	+10.0	+55.8
Total Change	-170.0	+20.0
Current Projection (Apr. 30, 2009)	3,330.0	180.0

Change in Exchange Rate

- 1USD: 90.00 to 94.78 yen
- 1EURO: 120.00 to 124.31 yen

Business Machines

1Q 2009 Actual / FY 2009 Projection



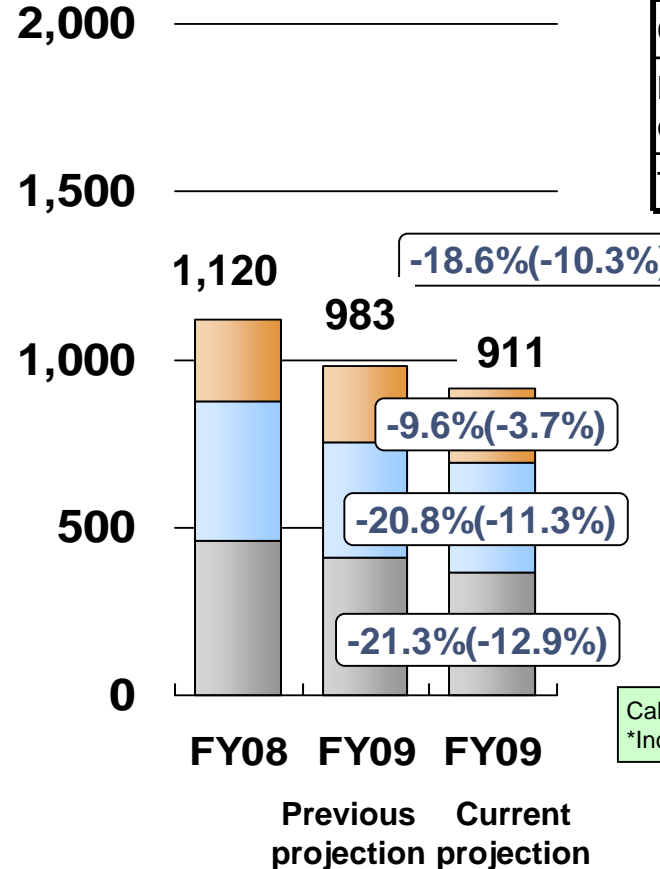
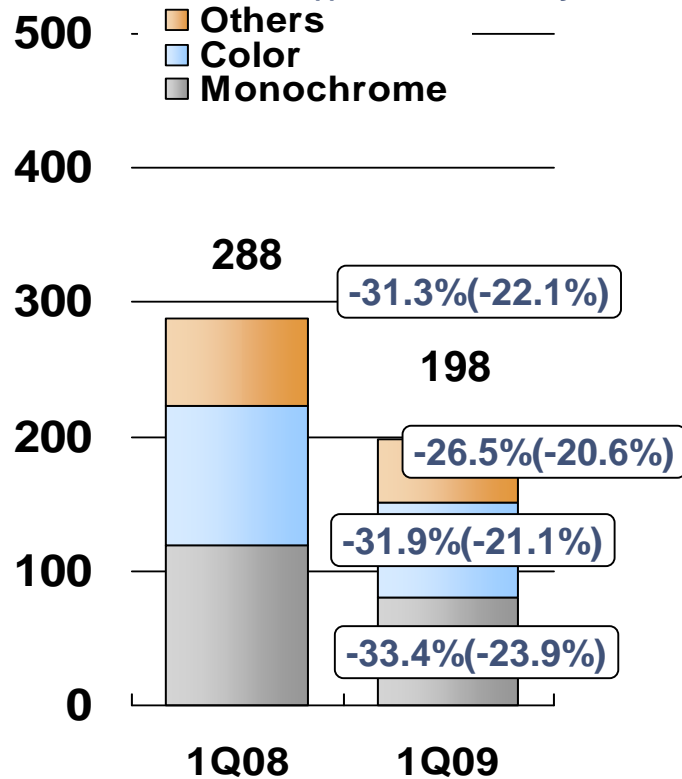
[] = OP ratio in local currency basis

Office Imaging Products

1Q 2009 Actual / FY 2009 Projection

Sales

(Billions of yen) Growth rate y/y
() Local currency base



Growth rate y/y (Unit base)		
Copying machines	1Q	FY
Color	-30%	-9%
Mono-chrome	-31%	-17%
Total	-31%	-15%

Color ratio (Copying machines)

	1Q	FY
Value base*	47%	48%
Unit base	25%	27%

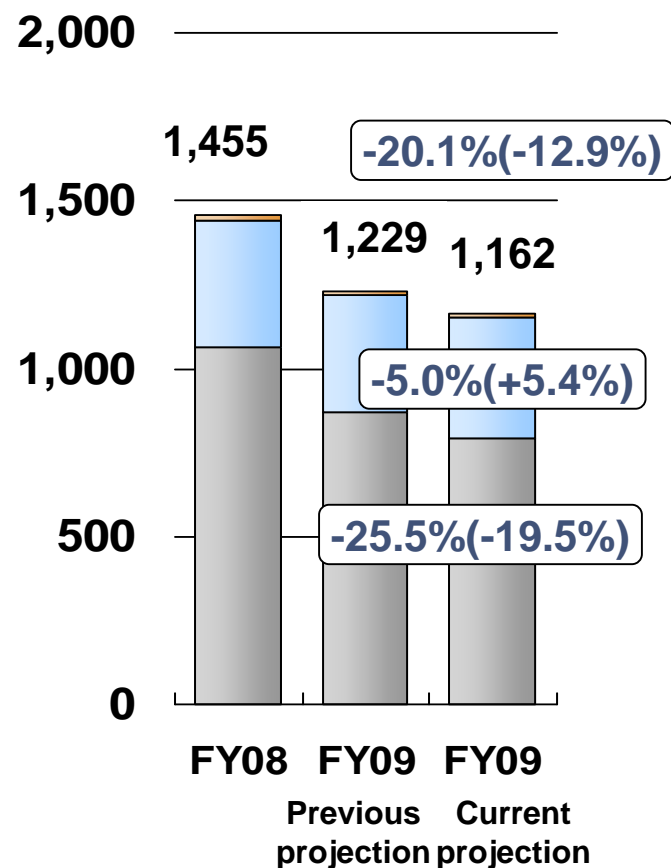
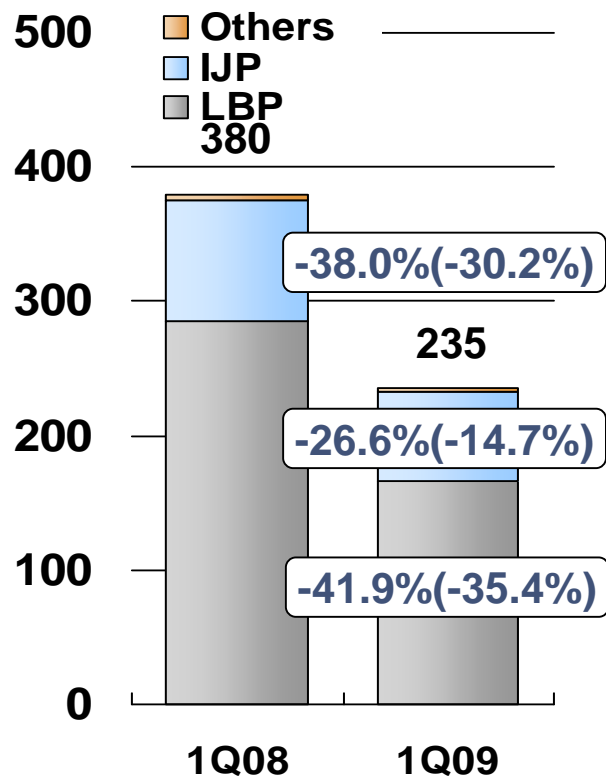
Calculated on a post reclassification basis
*Includes consumables

Computer Peripherals

1Q 2009 Actual / FY 2009 Projection

Sales

(Billions of yen) Growth rate y/y
() Local currency base



Growth rate y/y (Unit base)		
LBP	1Q	FY
Color	-72%	-38%
Mono-chrome	-75%	-47%
Total	-75%	-45%

Color ratio (LBP)

	1Q	FY
Value base*	44%	45%
Unit base	18%	17%

*Includes consumables

Growth rate y/y (Unit base)		
	1Q	FY
IJP	-7%	-2%

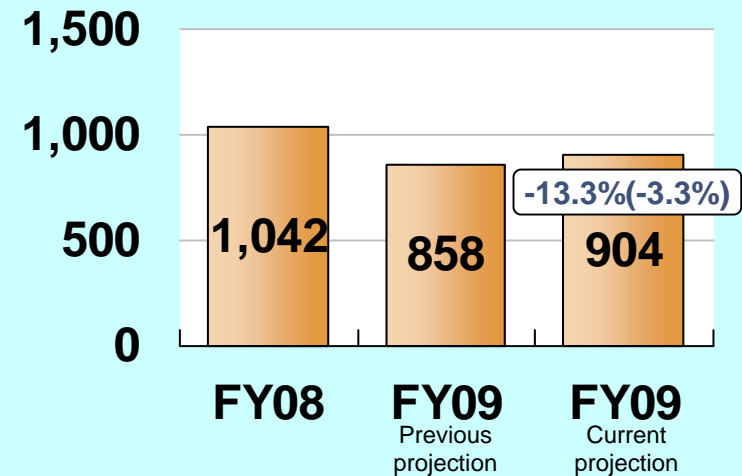
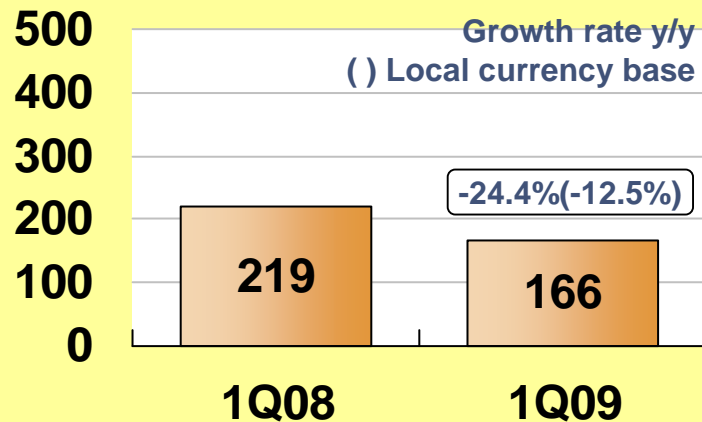
Cameras

1Q 2009 Actual / FY 2009 Projection

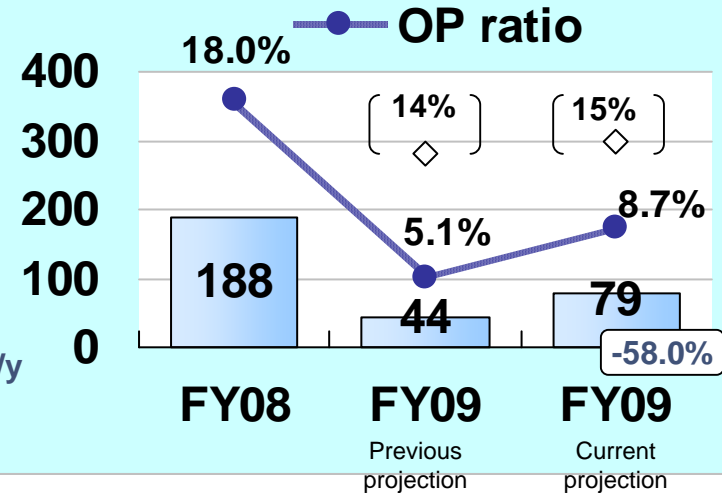
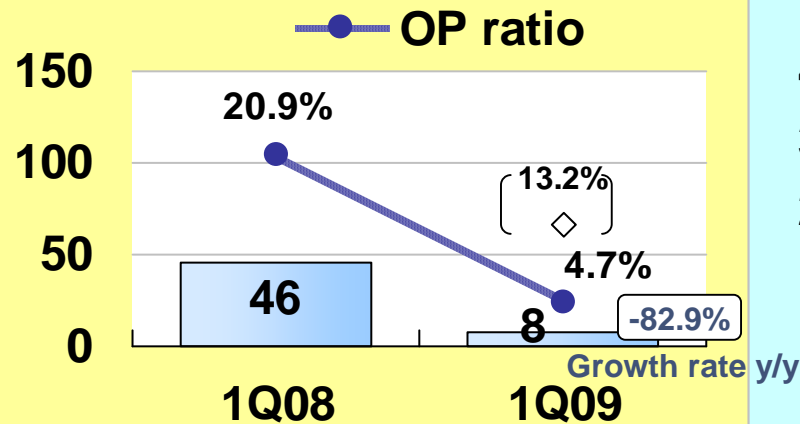
(Billions of yen) **1Q**

(Billions of yen) **FY**

Sales



Op. Profit



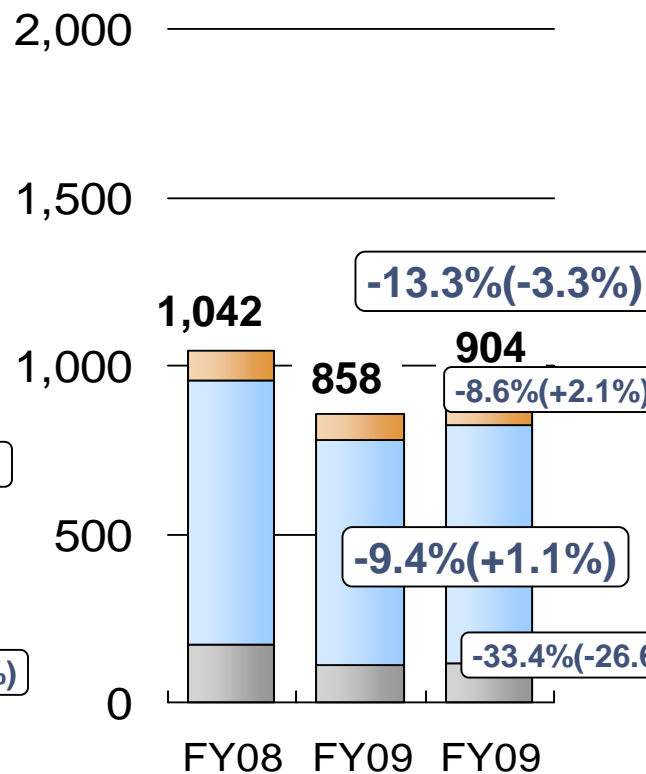
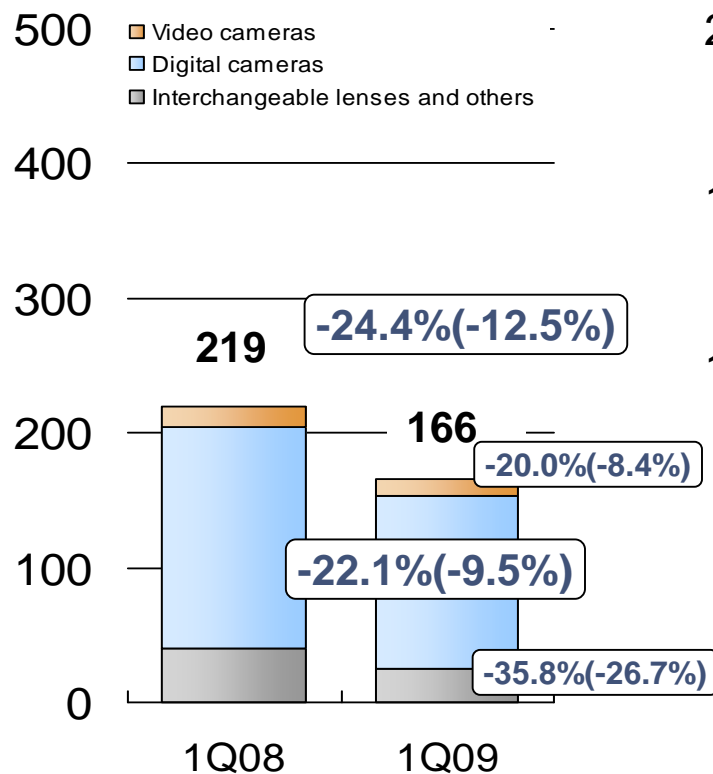
[] = OP ratio in local currency basis

Cameras

1Q 2009 Actual / FY 2009 Projection

Sales

(Billions of yen) Growth rate y/y
() Local currency base



Growth rate y/y (Unit base)		
Digital cameras	1Q	FY
Compact	-10%	-8%
SLR	+10%	+2%
Total	-7%	-7%

D SLR ratio*

	1Q	FY
Value base	43%	48%
Unit base	15%	16%

* Percentage of digital cameras sales attributable to SLRs

Previous Current
projection projection

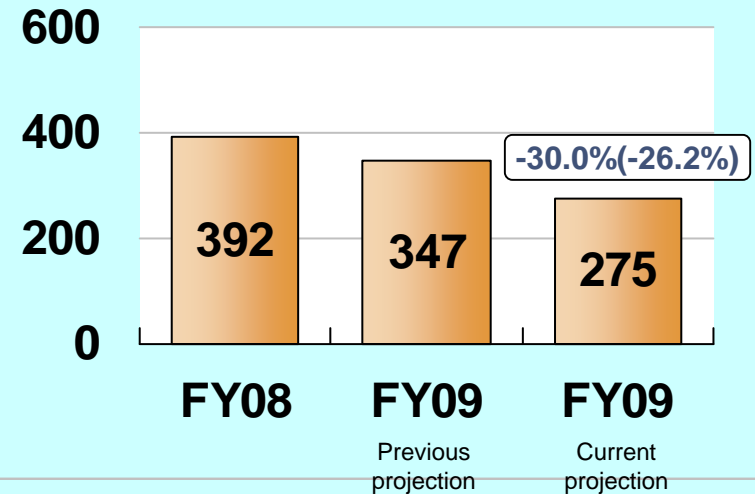
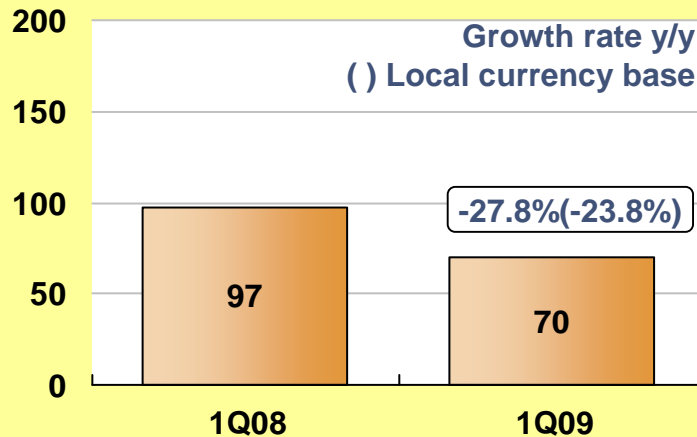
Optical and Other Products

1Q 2009 Actual / FY 2009 Projection

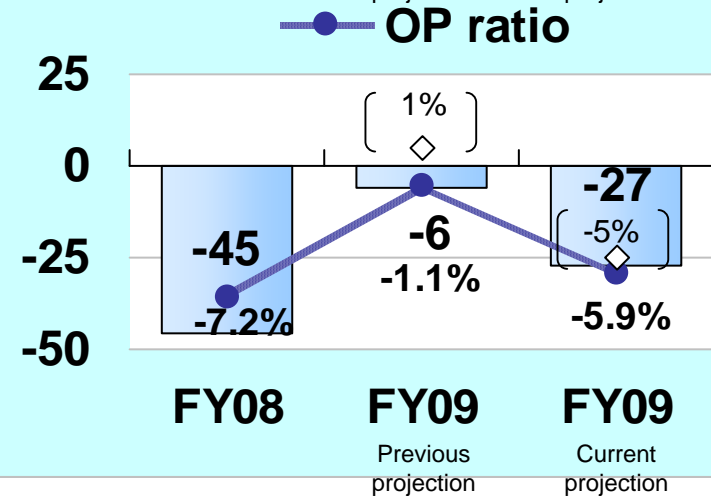
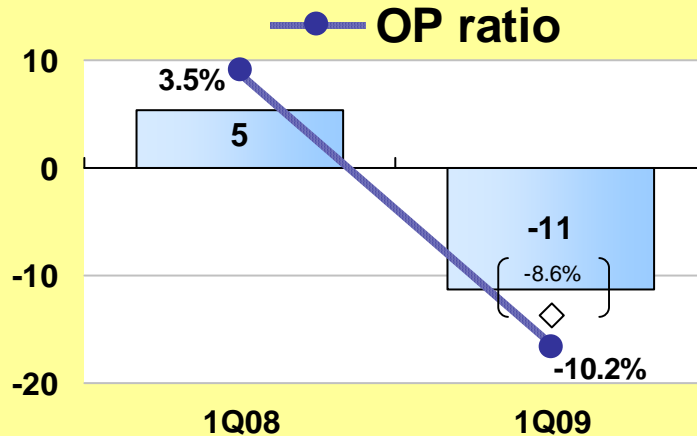
(Billions of yen) **1Q**

(Billions of yen) **FY**

Sales



Op. Profit



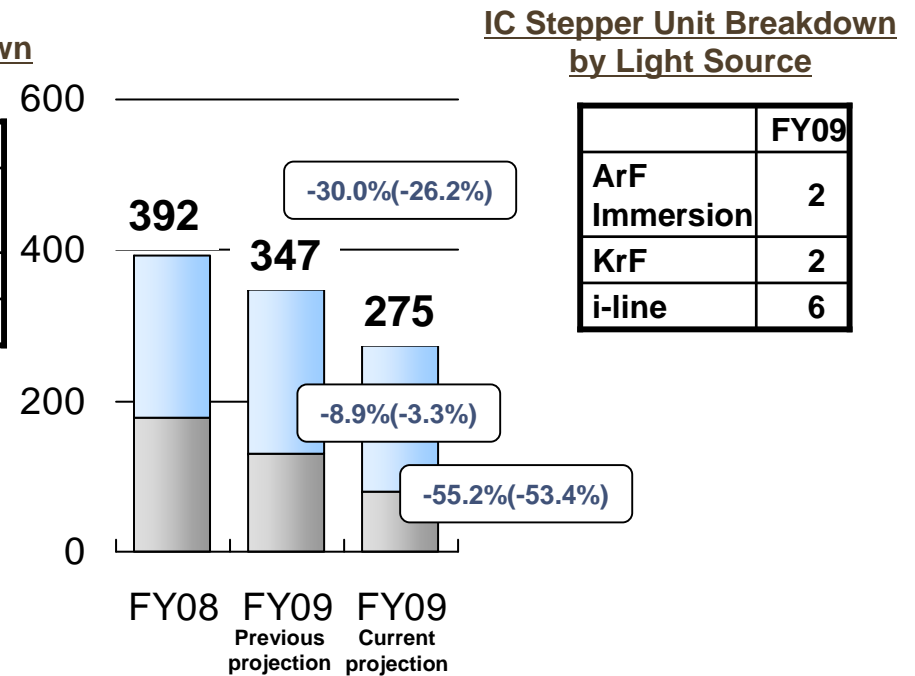
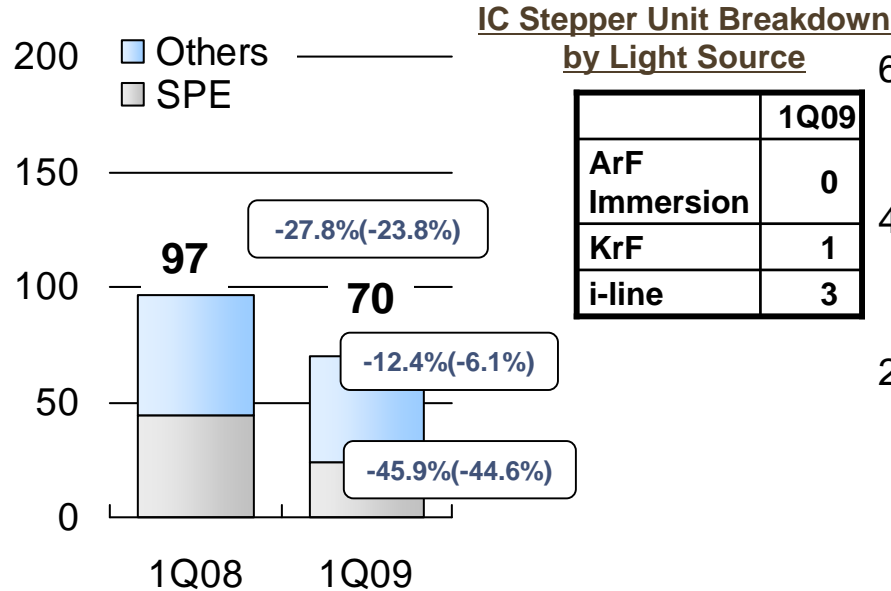
[] = OP ratio in local currency basis

Optical and Other Products

1Q 2009 Actual / FY 2009 Projection

Sales

(Billions of yen) Growth rate y/y
() Local currency base



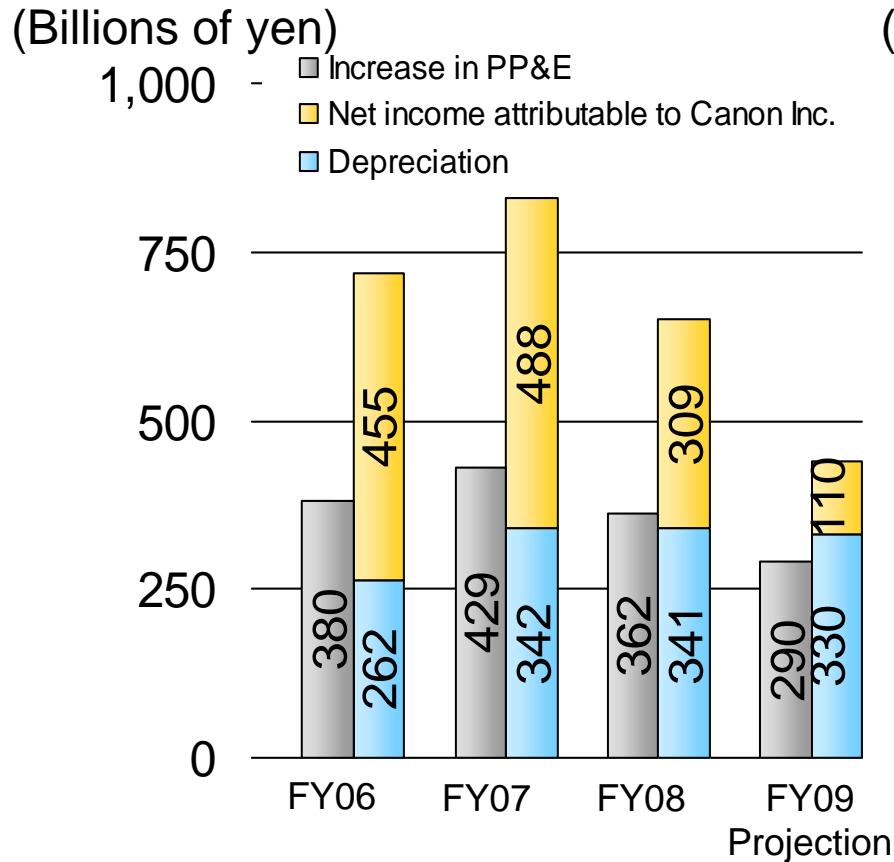
SPE (Unit sales)

	1Q08	1Q09
IC	43	4
LCD	6	14
TTL	49	18

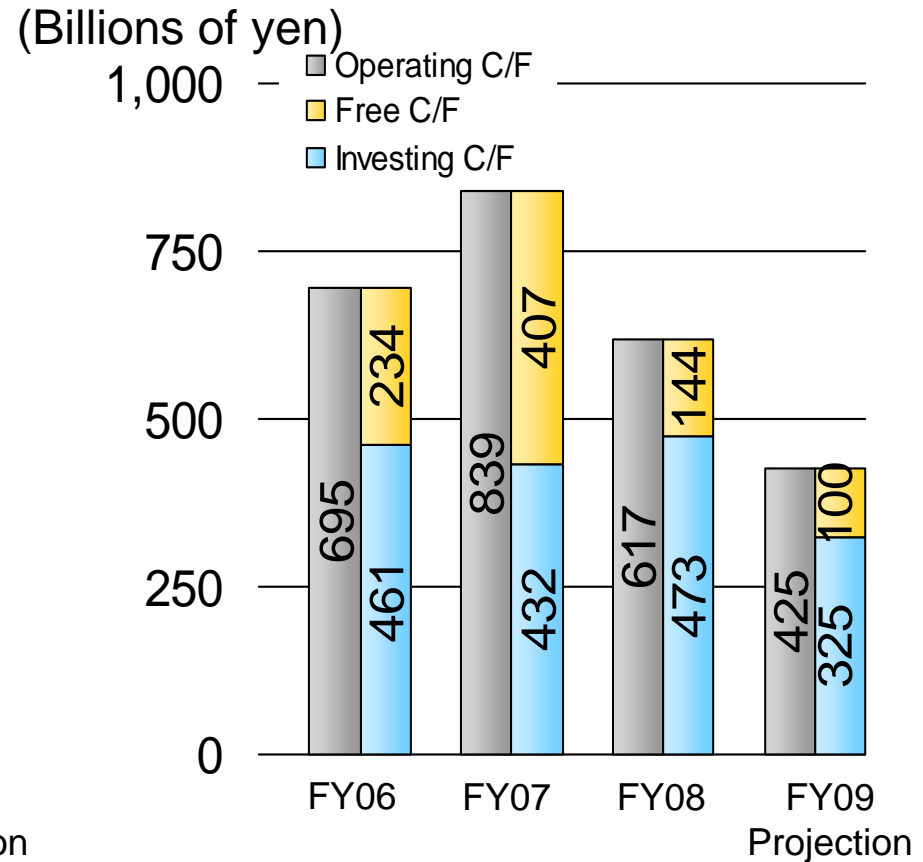
SPE (Unit sales)

	FY08	FY09 Previous Projection	FY09 Current Projection
IC	99	16	10
LCD	64	41	38
TTL	163	57	48

Capital Expenditure

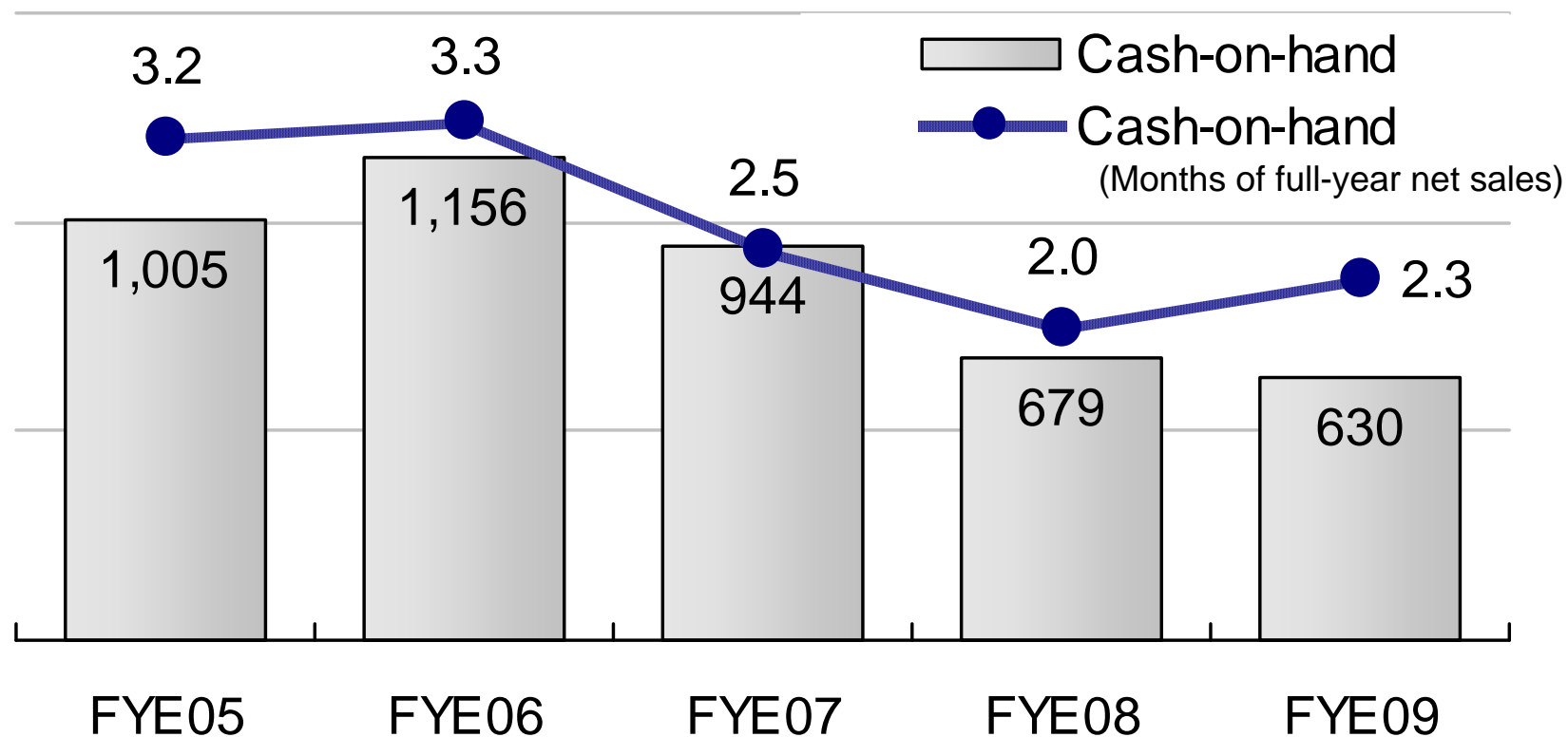


Free Cash Flow



Cash on Hand

(Billions of yen)



Note: In 2007, 450 billion yen was used to acquire own share.
In 2008, 100 billion yen.

Supplementary Information

Transition in Sales and Operating Profit

FY 2009 Current Projection v. FY 2008 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2008 Actual	4,094.2	496.1
Foreign exchange impact [net sales, cost of sales, expenses]	-299.2	-196.8
Sales volume impact		
Office Imaging Products	-107.8	
Computer Peripherals	-182.5	
Business Information Products	-1.6	
Cameras	+11.9	
Optical and Other Products	-105.0	
Total	-385.0	-189.0
Others	-80.0	+69.7
Total Change	-764.2	-316.1
FY 2009 Current projection	3,330.0	180.0

Change in Exchange Rate (FY)

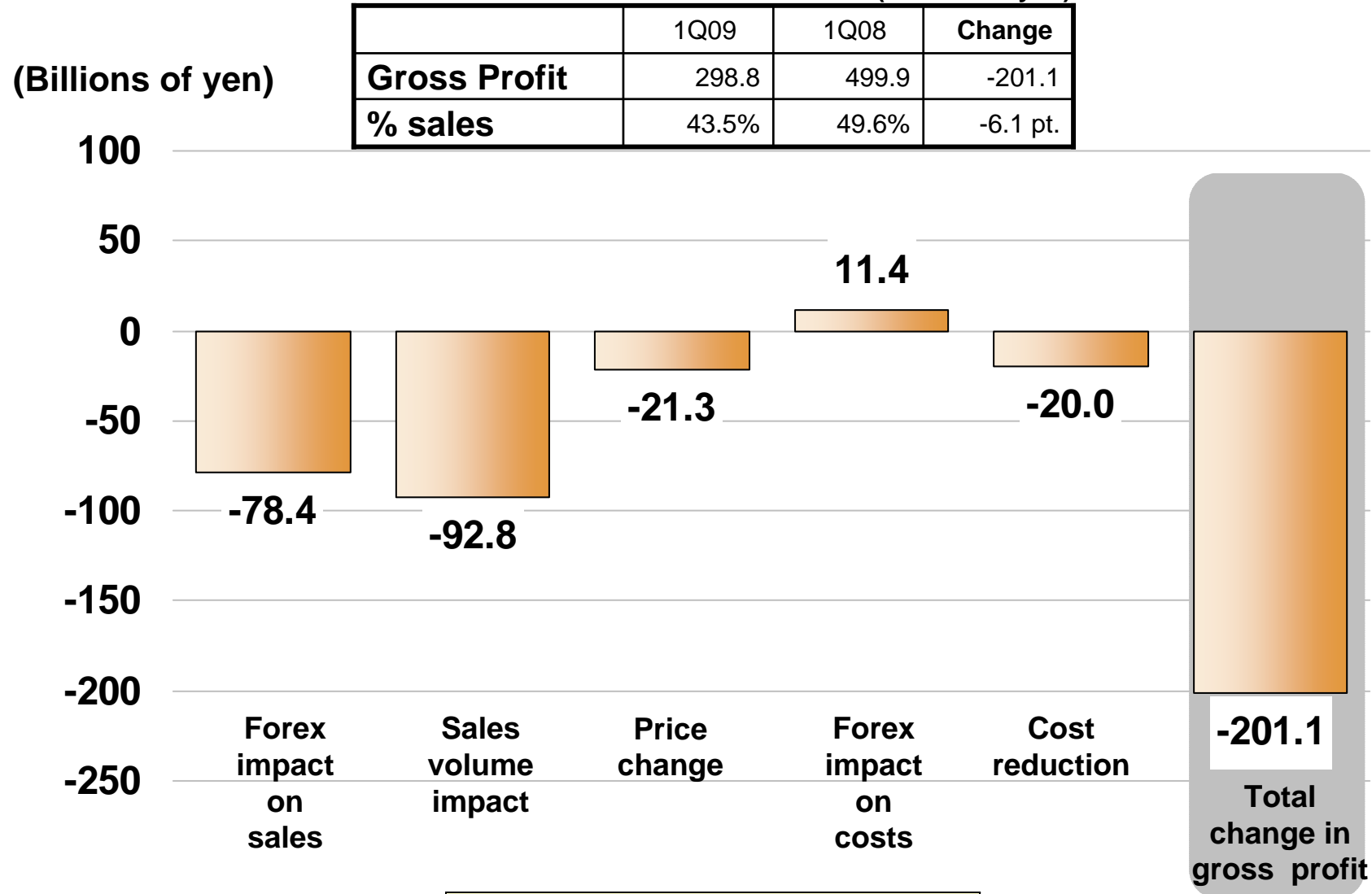
- 1USD: 103.23 to 94.78 yen
- 1EURO: 151.46 to 124.31 yen

Supplementary Information

Gross Profit Variance Analysis

1Q 2009 Actual v. 1Q 2008 Actual

(Billions of yen)



Supplementary Information

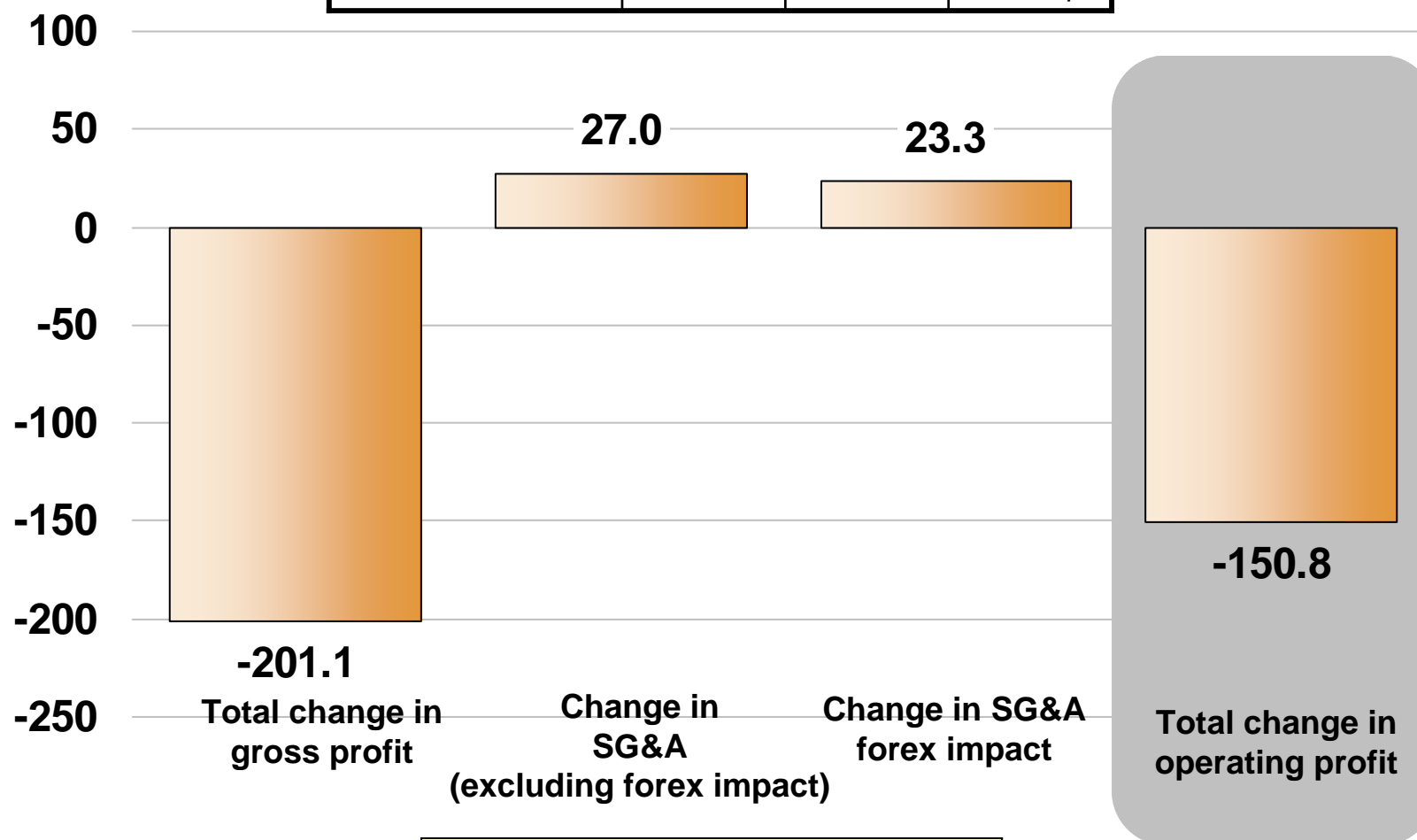
Operating Profit Variance Analysis

1Q 2009 Actual v. 1Q 2008 Actual

(Billions of yen)

	1Q09	1Q08	Change
Op. Profit	20.0	170.8	-150.8
% sales	2.9%	17.0%	-14.1 pt.

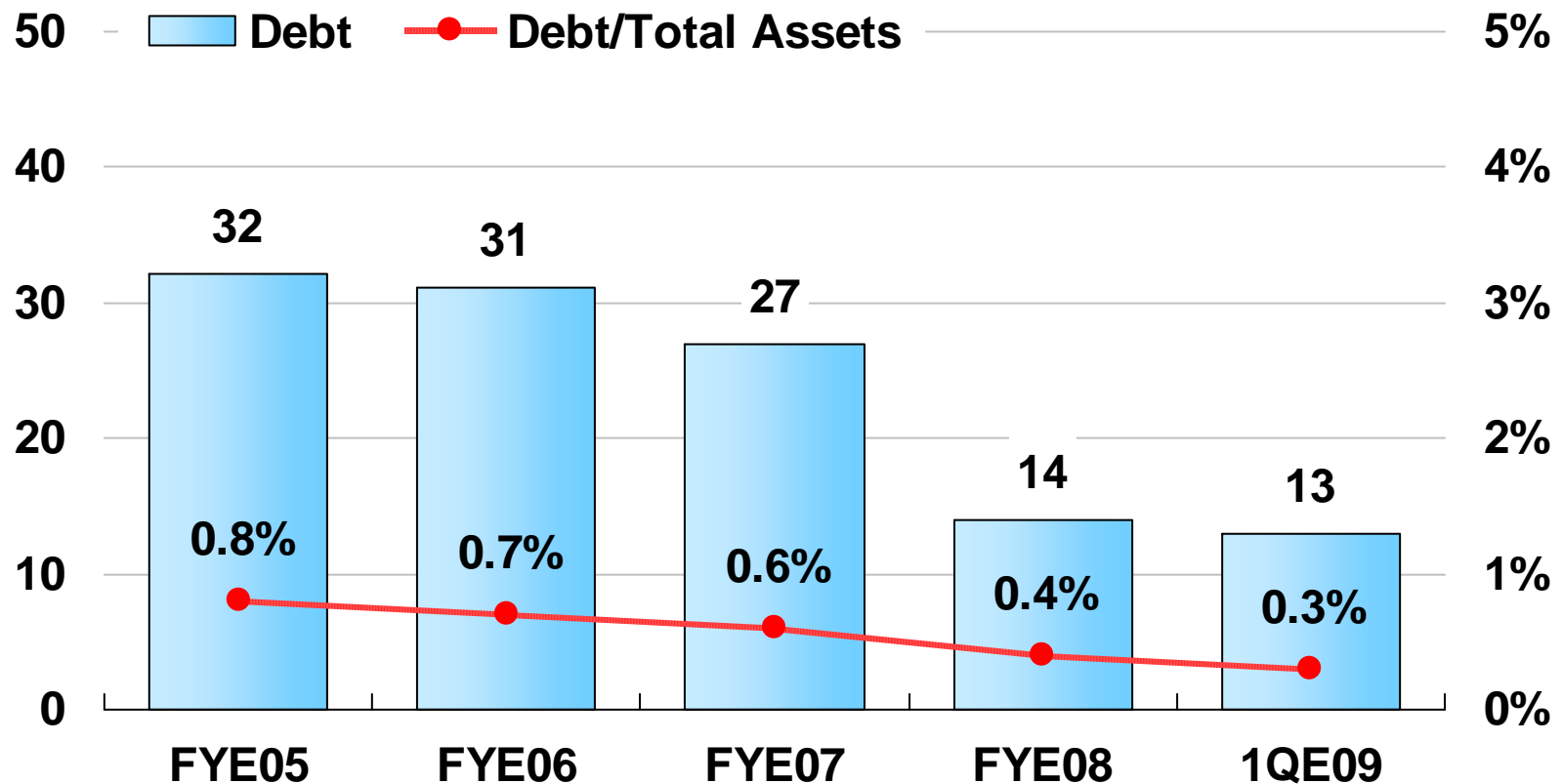
(Billions of yen)



Supplementary Information

Interest Bearing Debt

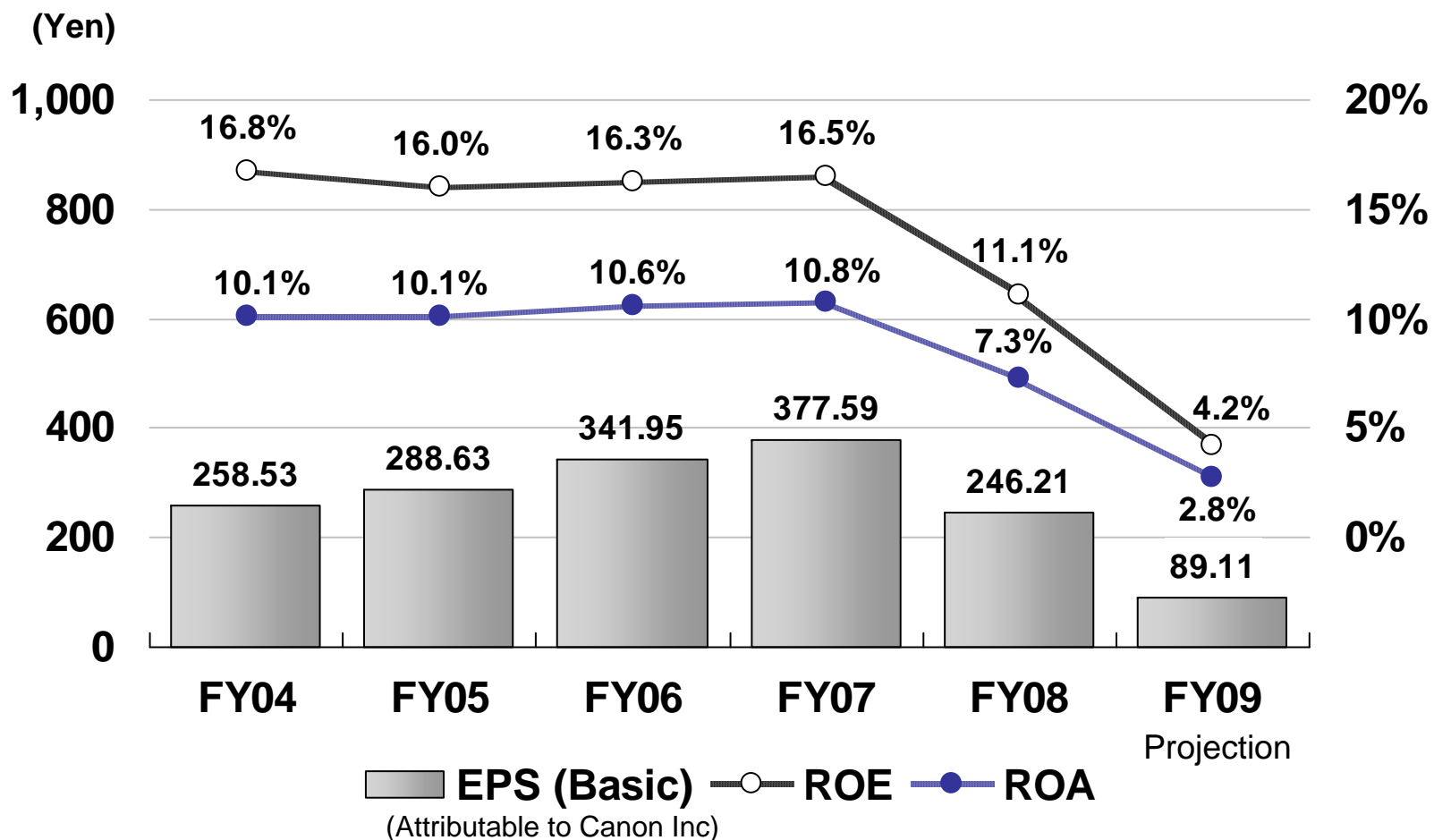
(Billions of yen)



Supplementary Information

April 30, 2009 Canon Inc.

Financial Ratios



* EPS (Basic) has been adjusted to reflect a 3-for-2 forward stock split (effective date July 1, 2006)