



Canon Inc.

First Quarter 2007 Results

April 24, 2007

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Executive Vice President

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.

April 24, 2007 Canon Inc.

Agenda

 1Q 2007 Results P3-12

 2Q&FY 2007 Projections P13-21

 Supplementary Information P22-29

Summary of Results

1Q 2007 Actual

(Billions of yen)

	1Q07 Actual	1Q07 Projection	1Q06 Actual	% Change	
				Projection	Actual
Net sales	1,039.8	1,000.0	923.3	+4.0%	+12.6%
Gross profit	533.7	511.0	468.5	+4.4%	+13.9%
[% sales]	51.3%	51.1%	50.7%		
Op. profit	207.4	185.0	170.1	+12.1%	+21.9%
[% sales]	19.9%	18.5%	18.4%		
Net income	131.3	120.0	108.3	+9.4%	+21.2%
[% sales]	12.6%	12.0%	11.7%		
Foreign exchange rate					
Yen – 1USD	119.33	117.00	116.96		
Yen – 1EURO	156.45	152.00	140.71		

Transition in Sales and Op. Profit

1Q 2007 Actual v. 1Q 2007 Projection

(Billions of yen)

	1Q 2007	
	Sales	Op. Profit
Projection (Jan. 29, 2007)	1,000.0	185.0
Foreign exchange impact [net sales, cost of sales, expenses]	+16.8	+10.8
Sales volume impact		
Office Imaging Products	+1.2	
Computer Peripherals	+5.4	
Business Information Products	-2.9	
Cameras	+9.8	
Optical and Other Products	+4.7	
Total	+18.2	+11.7
Others	+4.8	-0.1
Total Change	+39.8	+22.4
Actual	1,039.8	207.4

Change in Exchange Rate

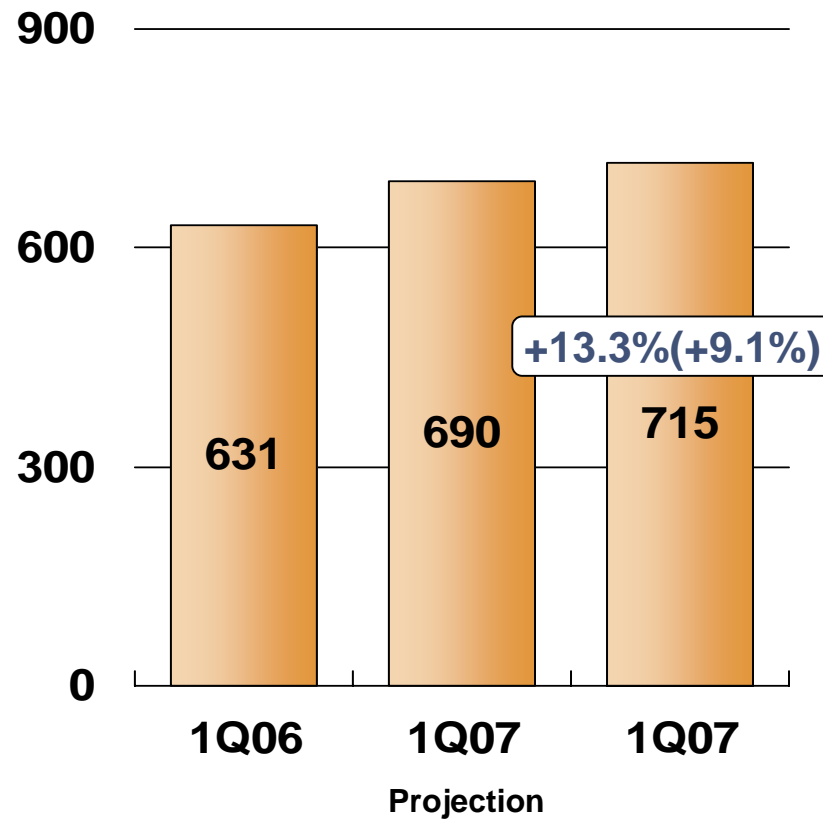
- 1USD: 117.00 to 119.33 yen
- 1EURO: 152.00 to 156.45 yen

Business Machines

1Q 2007 Actual

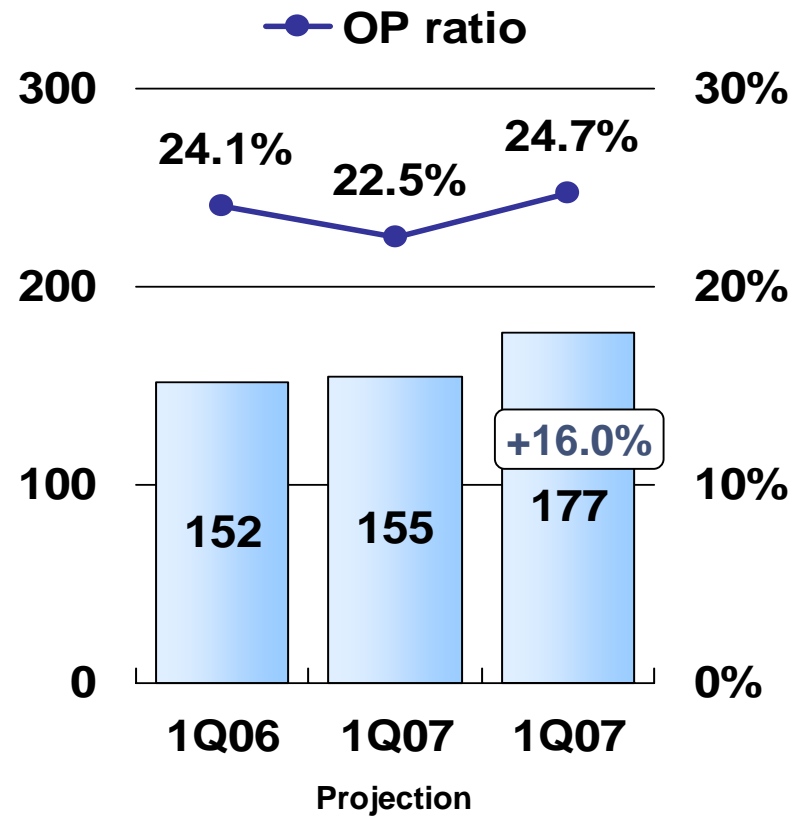
Sales

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



Operating Profit

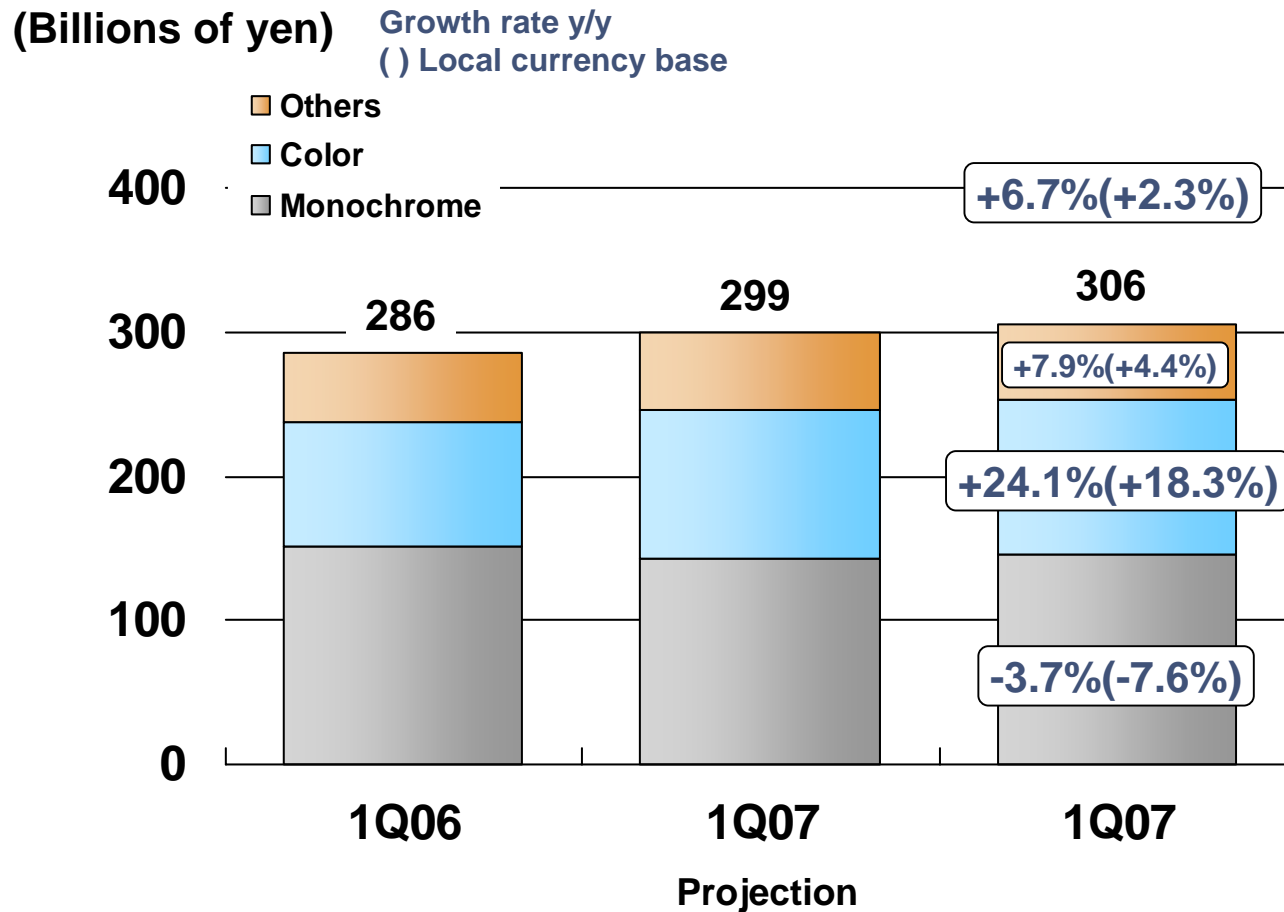
(Billions of yen)



Office Imaging Products

1Q 2007 Actual

Sales



Growth rate y/y (Unit base)	
Copying machines	
1Q	
Color	+13%
Monochrome (For office use)	-12% (+3%)
Total	-8%

Color ratio (Copying machines)

1Q	
Value base*	42%
Unit base	16%

*Includes consumables

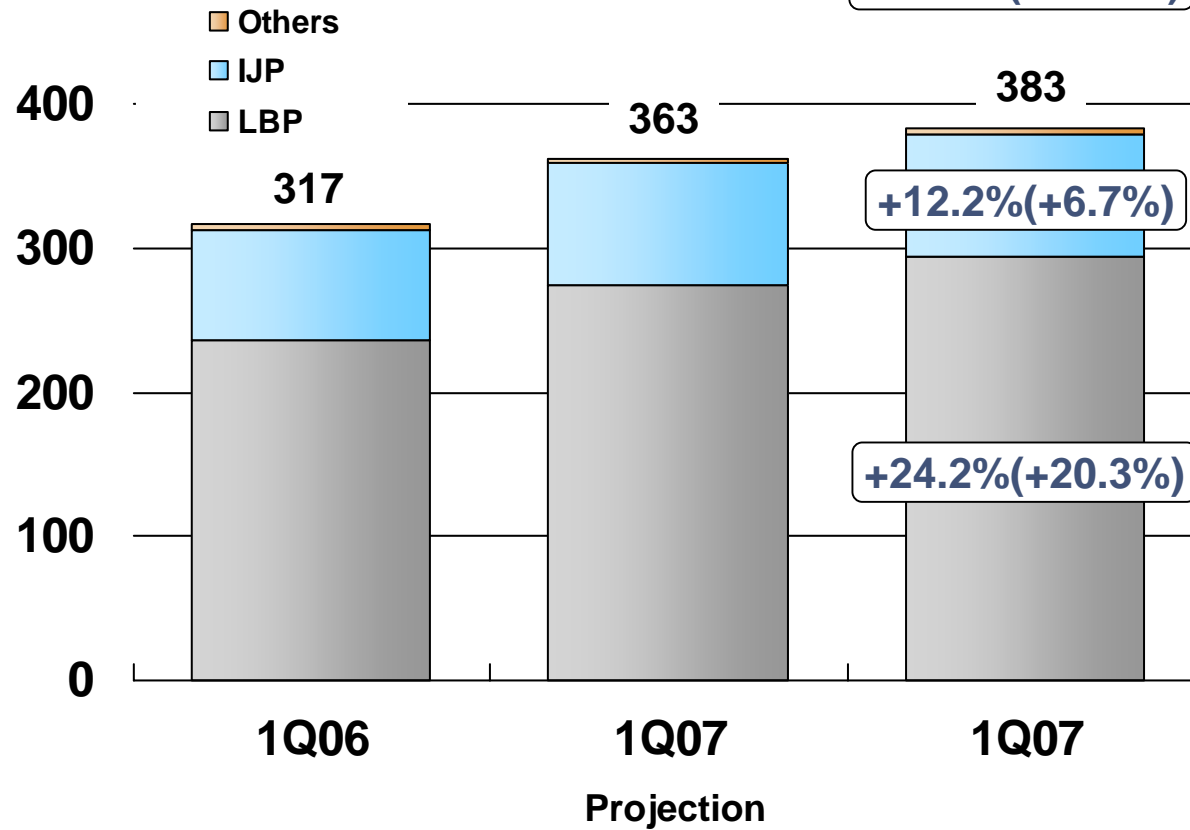
Computer Peripherals

1Q 2007 Actual

Sales

(Billions of yen)

Growth rate y/y
() Local currency base



Growth rate y/y (Unit base)

LBP	1Q
Color	+83%
Monochrome	+61%
Total	+64%

Color ratio (LBP)

	1Q
Value base*	35%
Unit base	15%

*Includes consumables

Growth rate y/y (Unit base)

IJP	1Q
SFP	-21%
MFP	+26%
Total	-4%

MFP ratio (IJP)

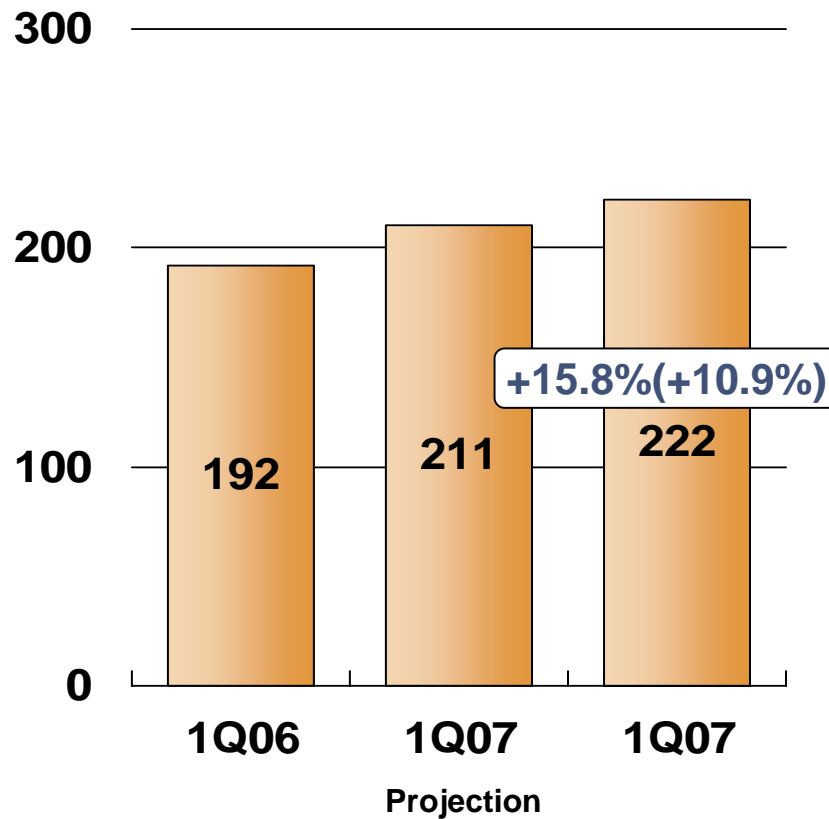
	1Q
Unit base	46%

Cameras

1Q 2007 Actual

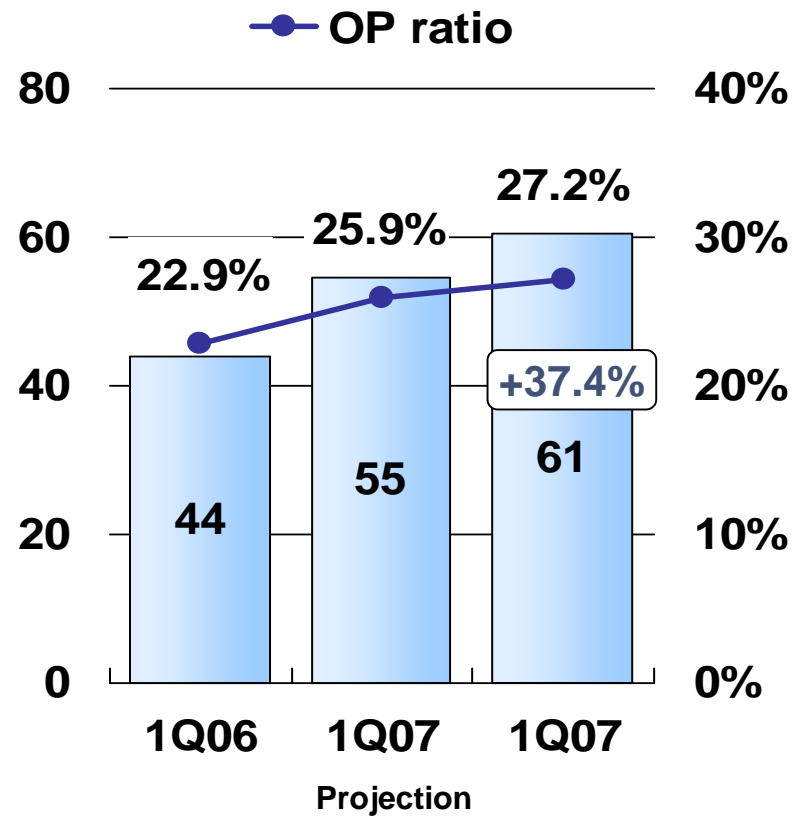
Sales

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



Operating Profit

(Billions of yen)

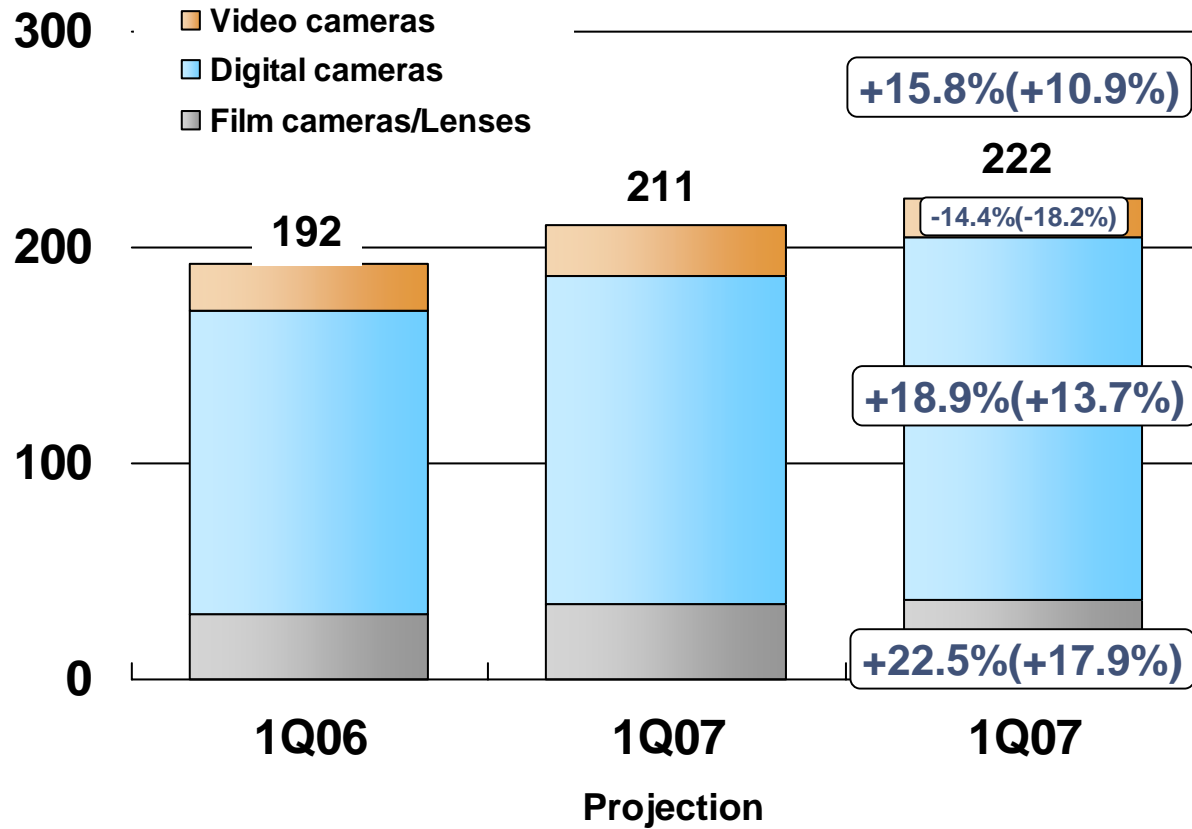


Cameras

1Q 2007 Actual

Sales

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



Growth rate y/y (Unit base)	
	1Q
Digital cameras	+19%

D SLR ratio*

	1Q
Value base	36%
Unit base	13%

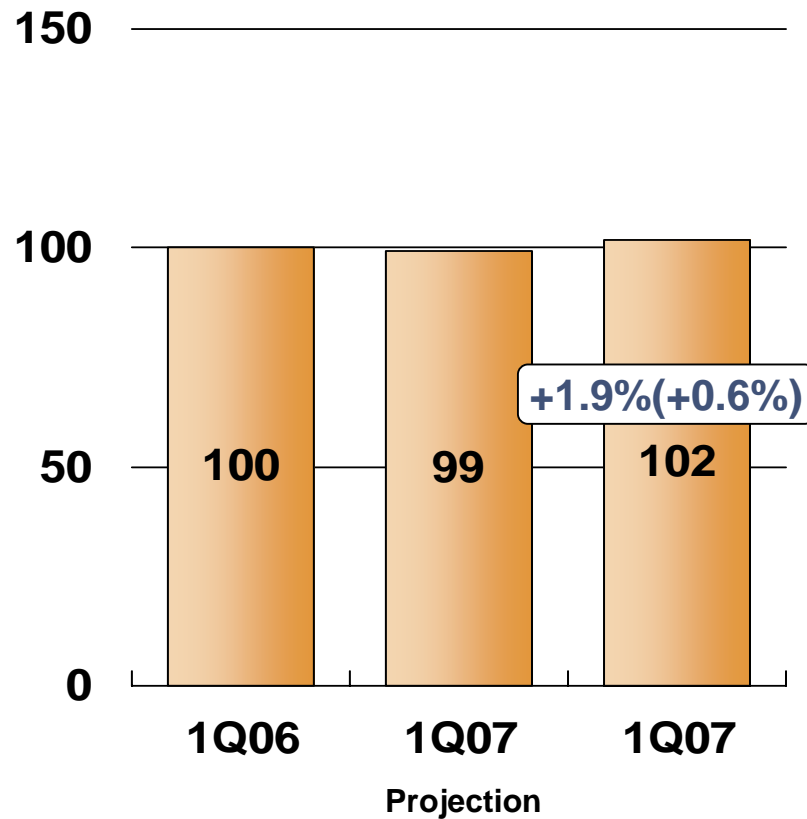
* Percentage of digital cameras sales attributable to SLRs

Optical and Other Products

1Q 2007 Actual

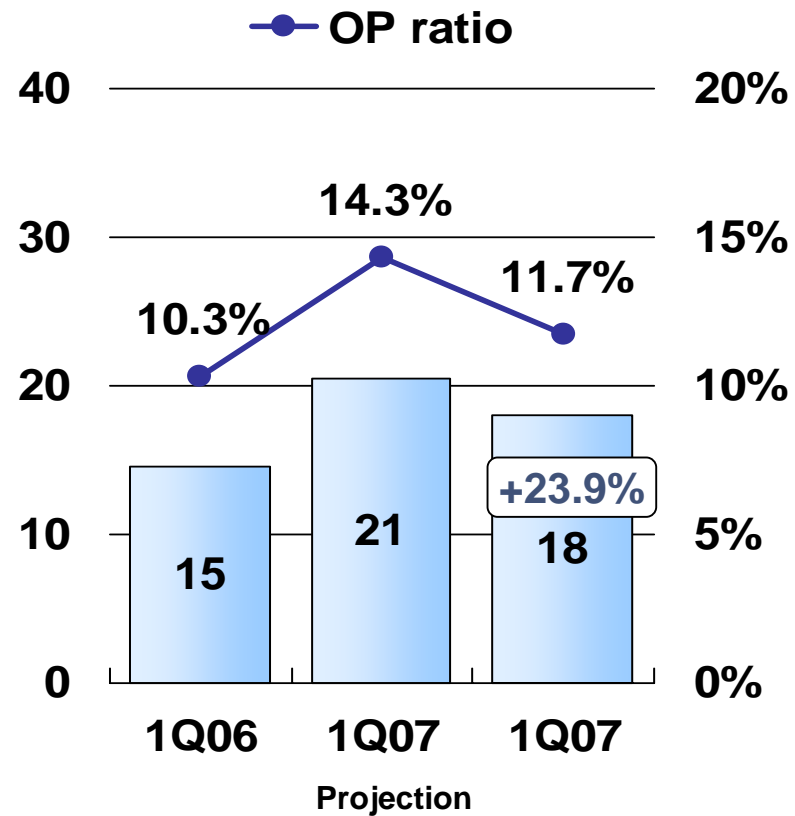
Sales

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



Operating Profit

(Billions of yen)



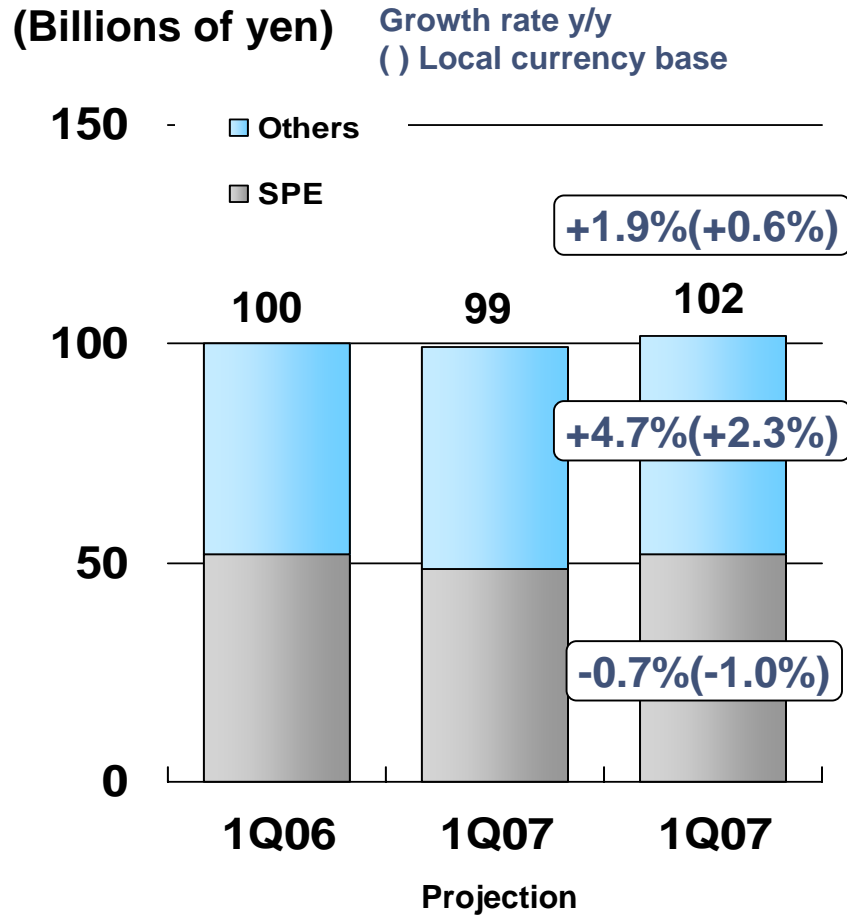
*Excluding inter-segment sales

*Calculation of operating profit margin includes inter-segment sales

Optical and Other Products

1Q 2007 Actual

Sales



IC Stepper Unit Breakdown By Light Source

	1Q07
ArF	0%
KrF	40%
i-line	60%

IC Stepper 300mm Ratio (Units)

	1Q07
300mm	77%

SPE (Unit sales)

	1Q06	1Q07 Projection	1Q07
IC	44	41	47
LCD	11	7	5
TTL	55	48	52

Operating Profit by Product

1Q 2007 Actual v. 1Q 2006 Actual

(Billions of yen)

	1Q07	1Q06	Amt. Chg.	Pct. Chg.
Business machines	176.5	152.2	+24.3	+16.0%
[% sales]	24.7%	24.1%		
Cameras	60.5	44.0	+16.5	+37.4%
[% sales]	27.2%	22.9%		
Optical & other products	18.0	14.5	+3.5	+23.9%
[% sales]	11.7%	10.3%		
Corporate and Eliminations	-47.6	-40.6	-7.0	
Total	207.4	170.1	+37.3	+21.9%
[% sales]	19.9%	18.4%		

Assumptions

2Q-4Q 2007

Average Exchange Rate	2Q-4Q07	FY07	FY06
■ USD	117.00 yen	117.55 yen	116.43 yen
■ EURO	155.00 yen	155.33 yen	146.51 yen

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

	Net sales	Operating profit
■ USD	11.3 billion yen	6.1 billion yen
■ EURO	5.7 billion yen	4.3 billion yen

Summary of Projected Results

2Q&FY 2007 Current Projection

(Billions of yen)

2007				2006		% Change	
Current projection	% sales	Previous projection	% sales	Actual	% sales	Previous projection	Actual

2Q	Net sales	1,120.2		1,100.0		1,029.0		+1.8%	+8.9%
	Gross profit	563.3	50.3%	556.0	50.5%	510.2	49.6%	+1.3%	+10.4%
	Op. profit	184.6	16.5%	183.0	16.6%	168.3	16.4%	+0.9%	+9.7%
	Net income	118.8	10.6%	118.3	10.8%	105.9	10.3%	+0.4%	+12.1%
	Yen-1USD	117.00		115.00		114.44			
	Yen-1EURO	155.00		150.00		143.81			

FY	Net sales	4,540.0		4,450.0		4,156.8		+2.0%	+9.2%
	Gross profit	2,285.0	50.3%	2,242.0	50.4%	2,060.5	49.6%	+1.9%	+10.9%
	Op. profit	790.0	17.4%	765.0	17.2%	707.0	17.0%	+3.3%	+11.7%
	Net income	505.0	11.1%	495.0	11.1%	455.3	11.0%	+2.0%	+10.9%
	Yen-1USD	117.55		115.00		116.43			
	Yen-1EURO	155.33		150.00		146.51			

Transition in Sales and Op. Profit

2Q&FY 2007 Current Projection v. 2Q&FY 2007 Previous Projection

(Billions of yen)

	2Q		FY	
	Sales	Op. Profit	Sales	Op. Profit
Previous projection (Jan, 29, 2007)	1,100.0	183.0	4,450.0	765.0
Foreign exchange impact [net sales, cost of sales, expenses]	+18.7	+10.6	+78.9	+46.3
Sales volume impact				
Office Imaging Products	+6.9		+6.0	
Computer Peripherals	-3.0		+3.3	
Business Information Products	-0.2		-3.0	
Cameras	+0.7		+3.9	
Optical and Other Products	+0.9		+5.9	
Total	+5.3	+3.0	+16.1	+5.7
Others	-3.8	-12.0	-5.0	-27.0
Total Change	+20.2	+1.6	+90.0	+25.0
Current projection (Apr. 24, 2007)	1,120.2	184.6	4,540.0	790.0

Change in Exchange Rate (2Q)

- 1USD: 115.00 to 117.00 Yen
- 1EURO: 150.00 to 155.00 Yen

Change in Exchange Rate (FY)

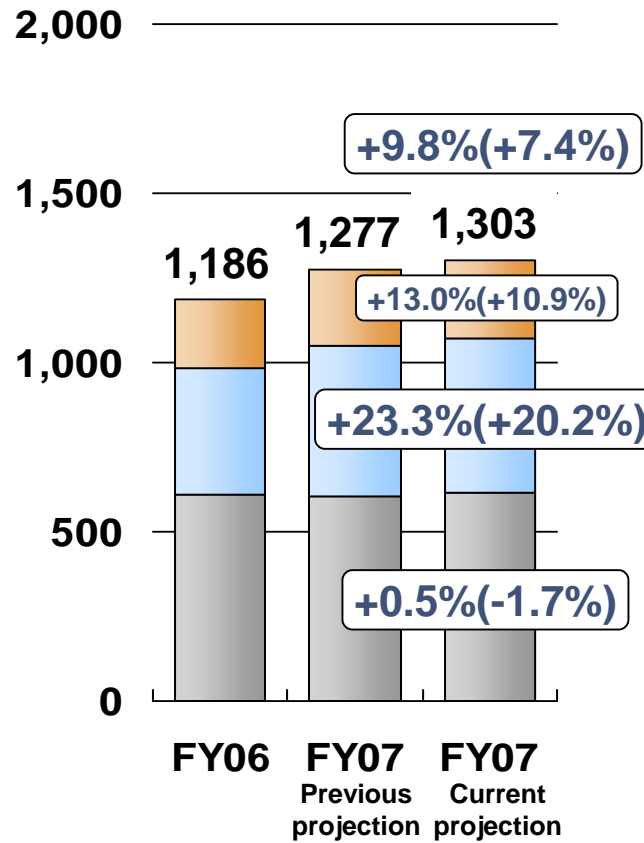
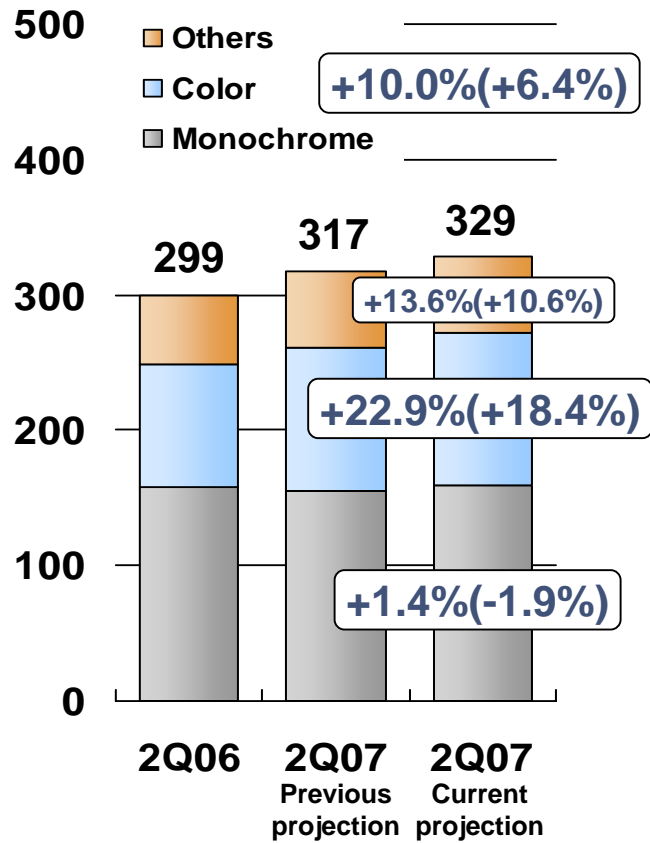
- 1USD: 115.00 to 117.55 Yen
- 1EURO: 150.00 to 155.33 Yen

Office Imaging Products

2Q&FY 2007 Current Projection

Sales

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



Growth rate y/y (Unit base)		
Copying machines		
	2Q	FY
Color	+36%	+24%
Mono-chrome (For office use)	-19% (+2%)	-10% (+5%)
Total	-12%	-5%

Color ratio (Copying machines)

	2Q	FY
Value base*	41%	43%
Unit base	19%	18%

*Includes consumables

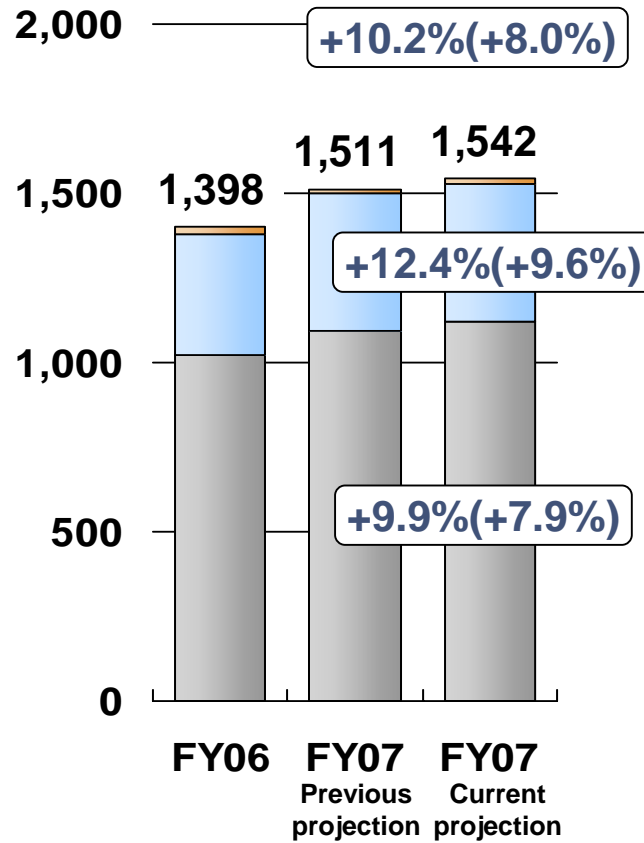
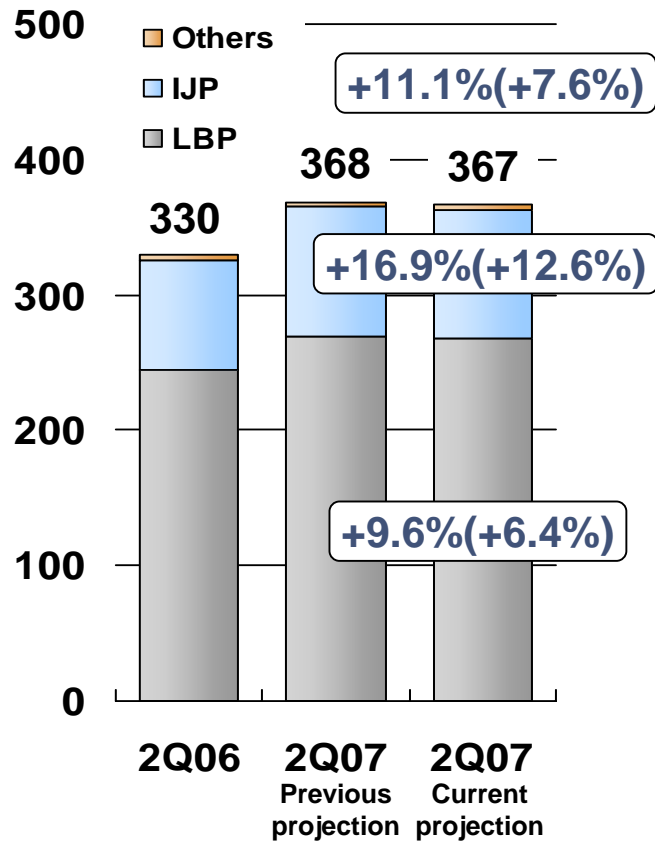
Computer Peripherals

2Q&FY 2007 Current Projection

Sales

(Billions of yen)

Growth rate y/y
() Local currency base



Growth rate y/y (Unit base)

LBP	2Q	FY
Color	+29%	+32%
Mono-chrome	+26%	+19%
Total	+27%	+21%

Color ratio (LBP)

	2Q	FY
Value base*	37%	37%
Unit base	15%	16%

*Includes consumables

Growth rate y/y (Unit base)

IJP	2Q	FY
SFP	+3%	-8%
MFP	+40%	+35%
Total	+17%	+9%

MFP ratio (IJP)

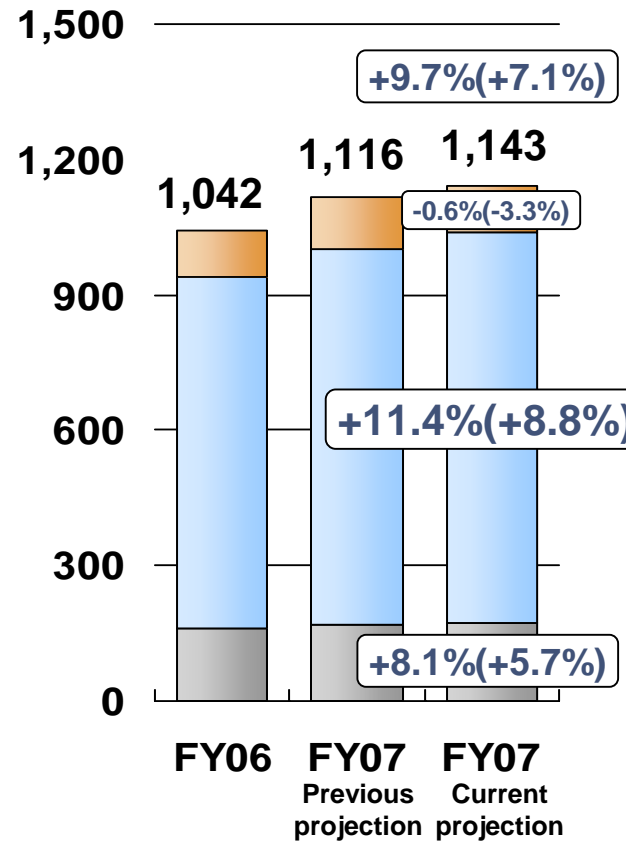
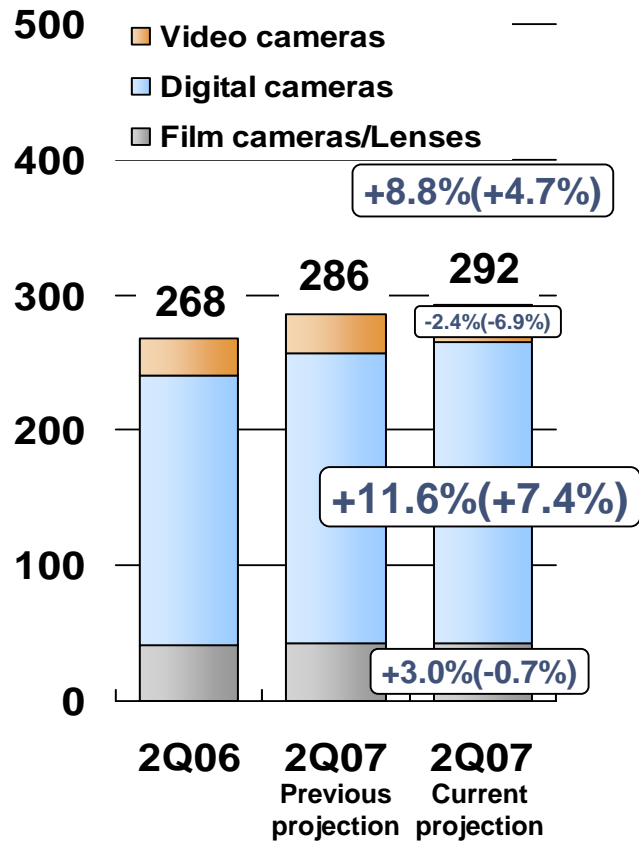
	2Q	FY
Unit base	47%	50%

Cameras

2Q&FY 2007 Current Projection

Sales

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



Growth rate y/y (Unit base)		
	2Q	FY
Digital cameras	+13%	+14%

D SLR ratio*

	2Q	FY
Value base	37%	35%
Unit base	13%	13%

* Percentage of digital cameras sales attributable to SLRs

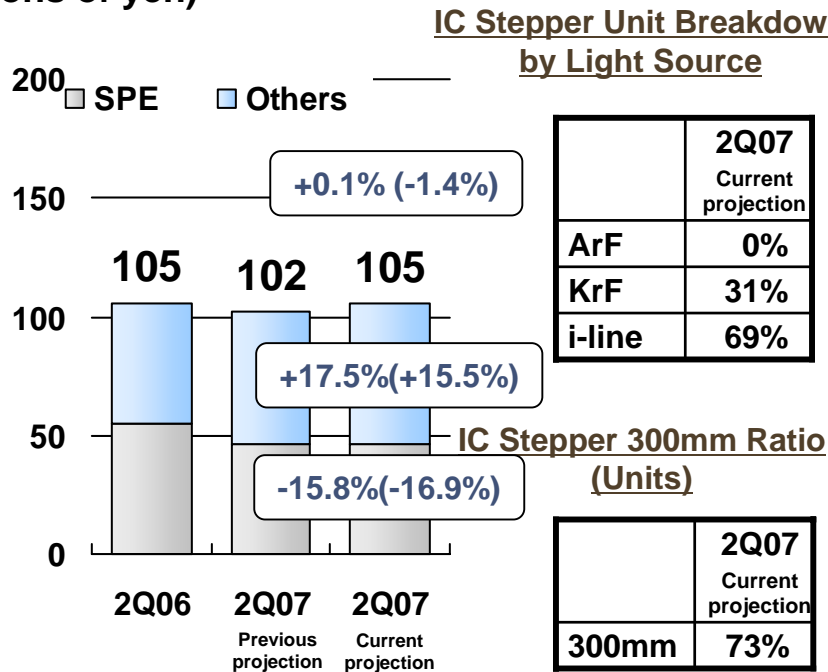
Optical and Other Products

2Q&FY 2007 Current Projection

Sales

Growth rate y/y
() Local currency base

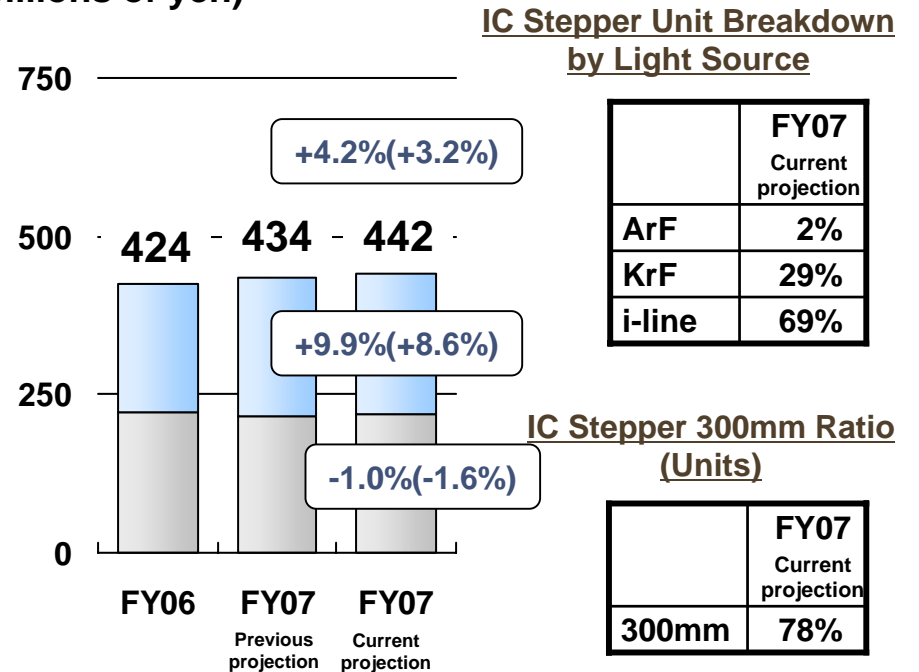
(Billions of yen)



SPE (Units sales)

	2Q06	2Q07 Previous projection	2Q07 Current projection
IC	41	45	45
LCD	20	7	7
TTL	61	52	52

(Billions of yen)



SPE (Units sales)

	FY06	FY07 Previous projection	FY07 Current projection
IC	192	180	186
LCD	62	36	34
TTL	254	216	220

Operating Profit by Product

2Q&FY 2007 Current Projection v. 2Q&FY 2006 Actual

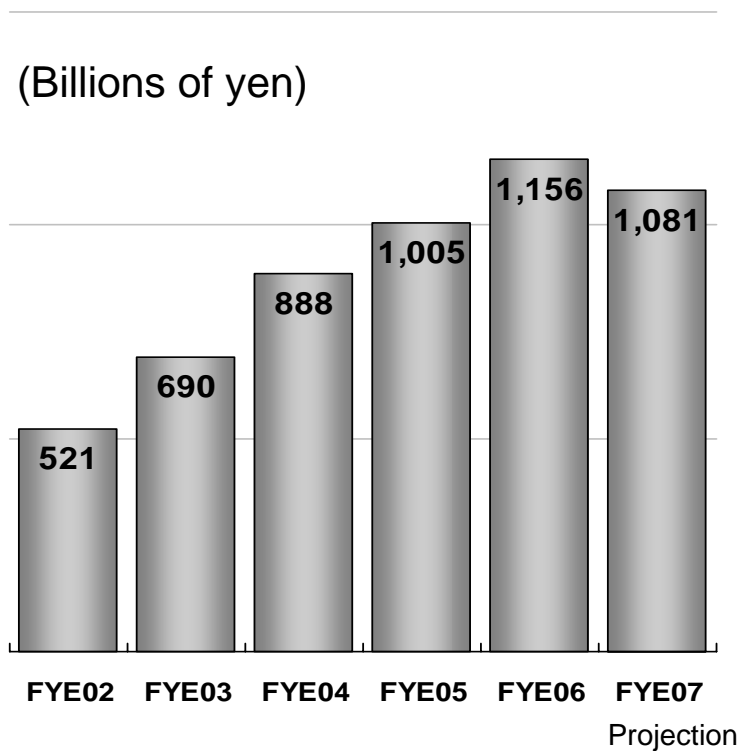
(Billions of yen)

	2007 Current Projection		2006 Actual	
	2Q	FY	2Q	FY
Business machines	162.1	677.8	142.4	599.2
% sales	22.4%	22.9%	21.7%	22.3%
Cameras	72.7	299.9	64.7	268.7
% sales	24.9%	26.2%	24.1%	25.8%
Optical and other products	8.2	48.3	8.7	41.5
% sales	5.3%	7.5%	5.7%	6.7%
Corporate and eliminations	-58.4	-236.0	-47.5	-202.4
Total	184.6	790.0	168.3	707.0
% sales	16.5%	17.4%	16.4%	17.0%

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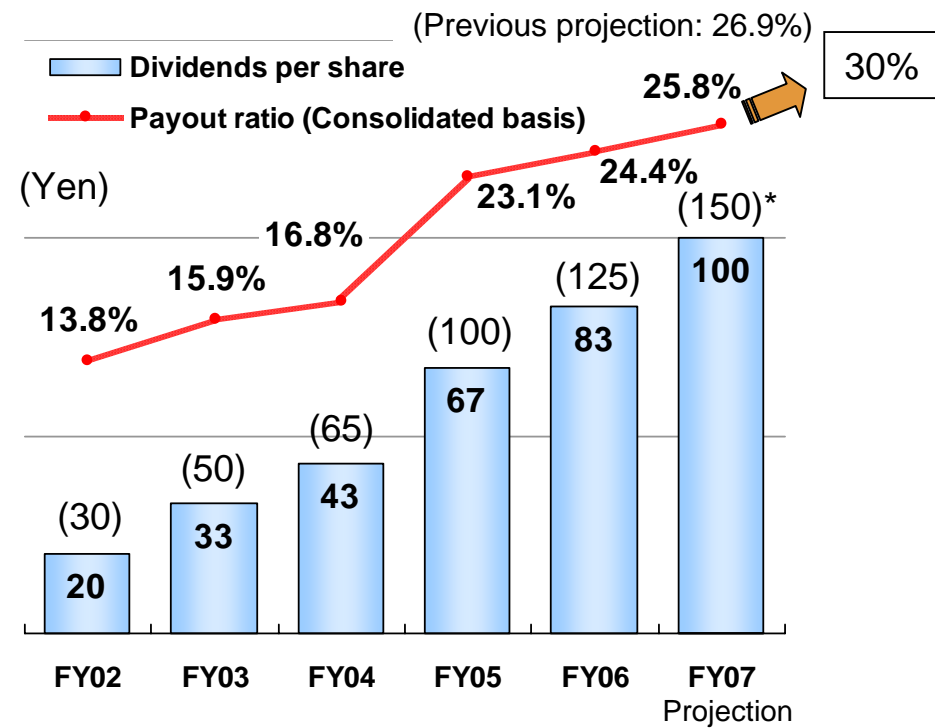
Cash on Hand and Return to Shareholders

Cash on Hand (Year-end)



Dividend

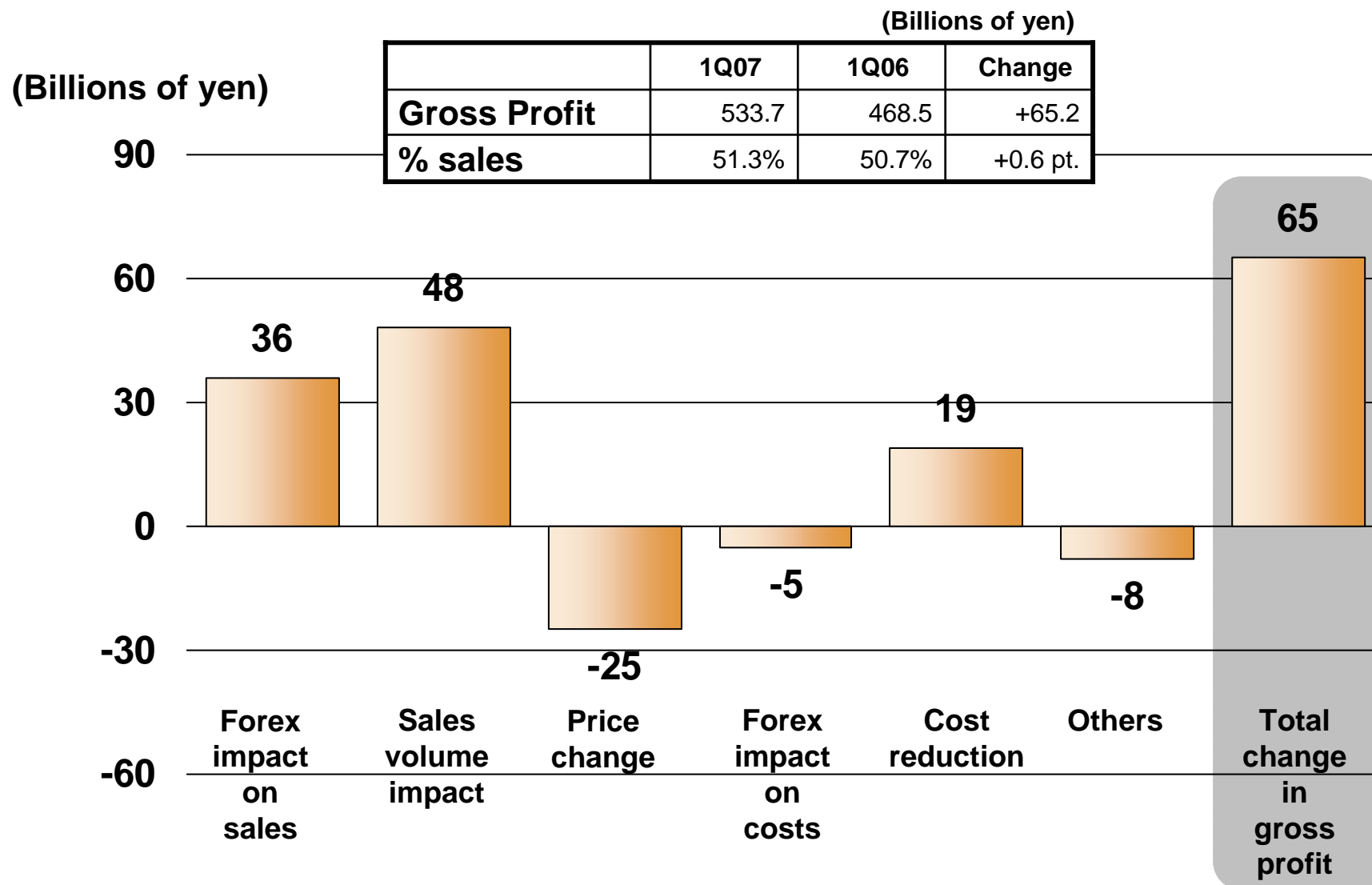
*Figures in parenthesis represent dividend per share expressed on a pre- 3-for-2 forward stock split basis (effective date July 1, 2006)



Supplementary Information

Gross Profit Variance Analysis

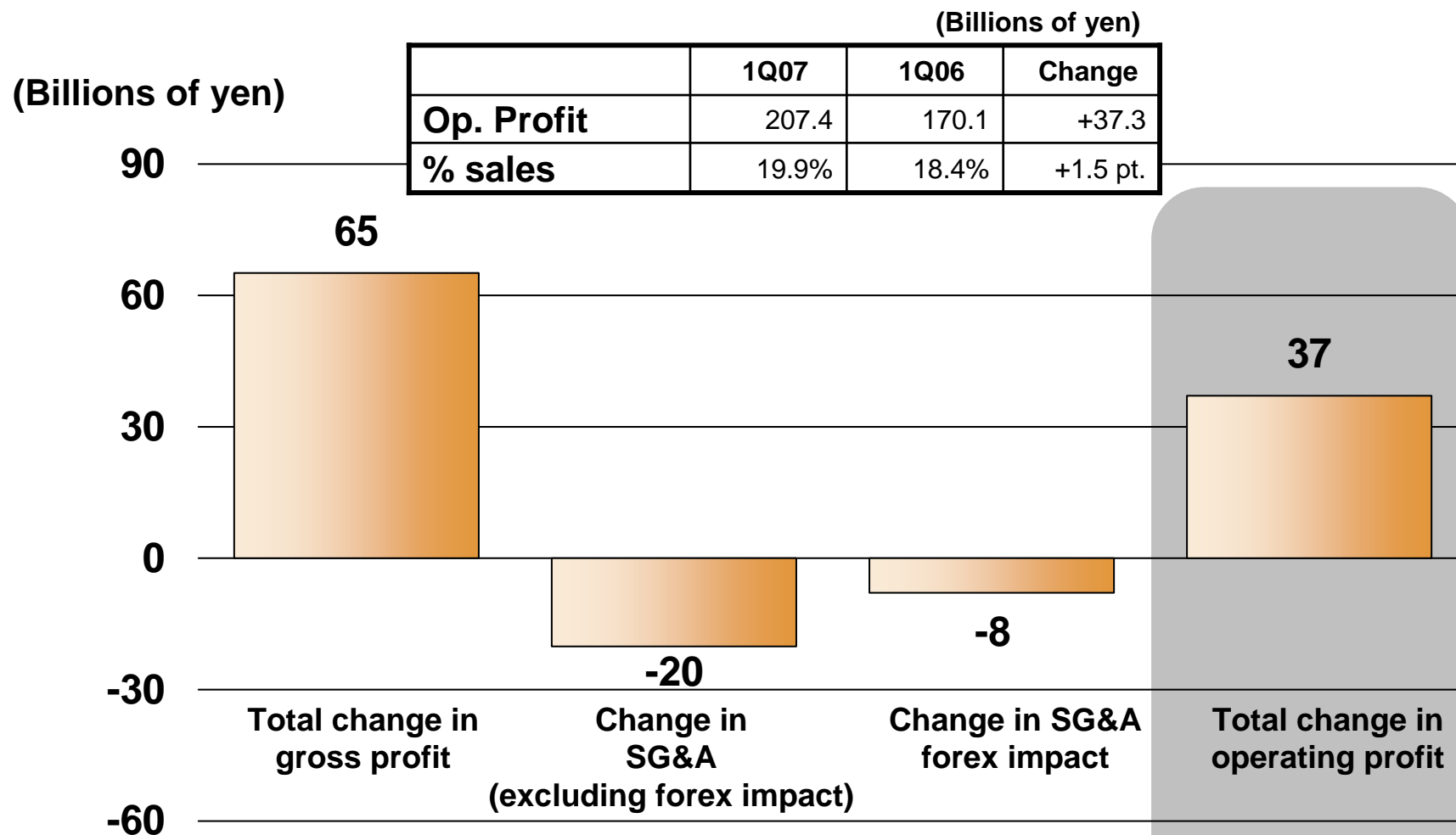
1Q 2007 Actual v. 1Q 2006 Actual



Supplementary Information

Operating Profit Variance Analysis

1Q 2007 Actual v. 1Q 2006 Actual



Supplementary Information

April 24, 2007 Canon Inc.

Transition in Sales and Op. Profit

1Q 2007 Actual v. 1Q 2006 Actual

(Billions of yen)

	Sales	Op. Profit
1Q 2006 Actual	923.3	170.1
Foreign exchange impact [net sales, cost of sales, expenses]	+36.1	+23.1
Sales volume impact		
Office Imaging Products	+8.7	
Computer Peripherals	+52.5	
Business Information Products	-1.9	
Cameras	+43.2	
Optical and Other Products	+3.1	
Total	+105.6	+48.2
Others	-25.2	-34.0
Total Change	+116.5	+37.3
1Q 2007 Actual	1,039.8	207.4

Change in Exchange Rate

- 1USD: 116.96 to 119.33 yen
- 1EURO: 140.71 to 156.45 yen

Transition in Sales and Op. Profit

2Q&FY 2007 Current Projection v. 2Q&FY 2006 Actual

(Billions of yen)

	2Q		FY	
	Sales	Op. Profit	Sales	Op. Profit
2006 Actual	1,029.0	168.3	4,156.8	707.0
Foreign exchange impact [net sales, cost of sales, expenses]	+33.9	+20.9	+88.4	+57.5
Sales volume impact				
Office Imaging Products	+27.1		+114.6	
Computer Peripherals	+42.7		+184.2	
Business Information Products	+0.5		+4.8	
Cameras	+34.3		+162.1	
Optical and Other Products	-3.5		+14.1	
Total	+101.1	+45.2	+479.8	+225.8
Others	-43.8	-49.8	-185.0	-200.3
Total Change	+91.2	+16.3	+383.2	+83.0
Current projection (Apr. 24, 2007)	1,120.2	184.6	4,540.0	790.0

Change in Exchange Rate (2Q)

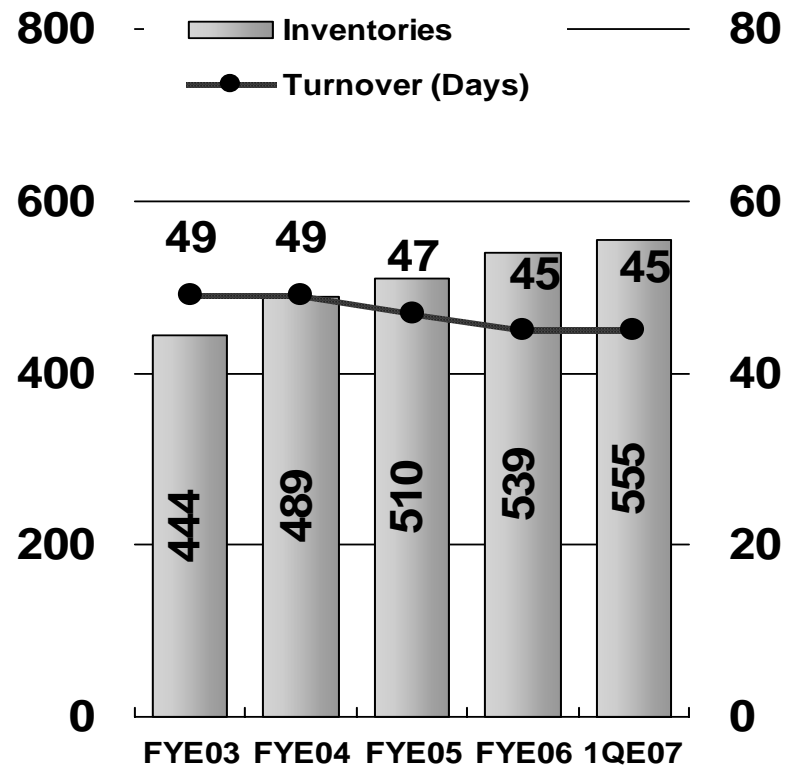
- 1USD: 114.44 to 117.00 Yen
- 1EURO: 143.81 to 155.00 Yen

Change in Exchange Rate (FY)

- 1USD: 116.43 to 117.55 Yen
- 1EURO: 146.51 to 155.33 Yen

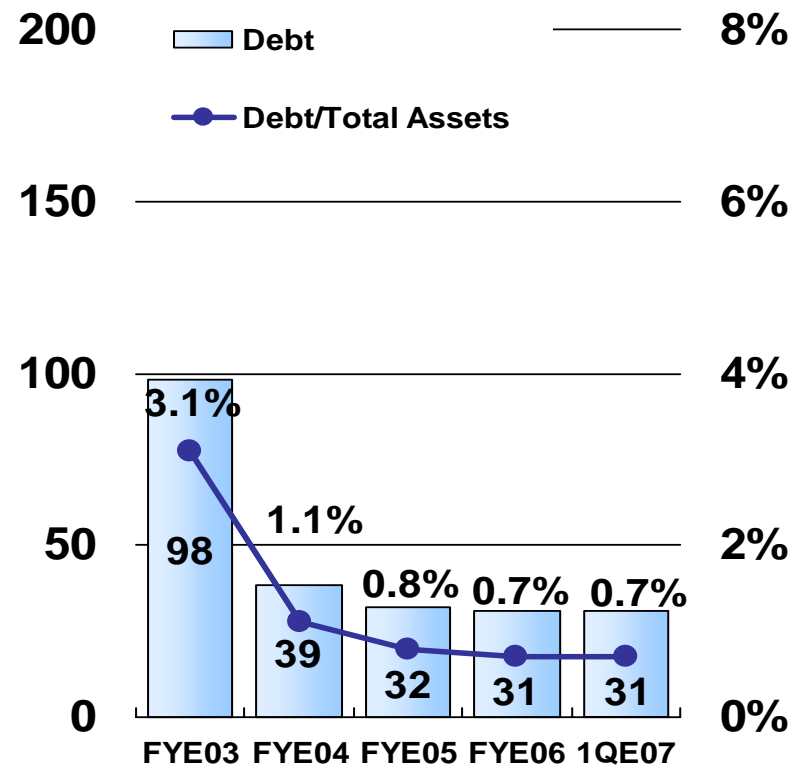
Inventories

(Billions of yen)



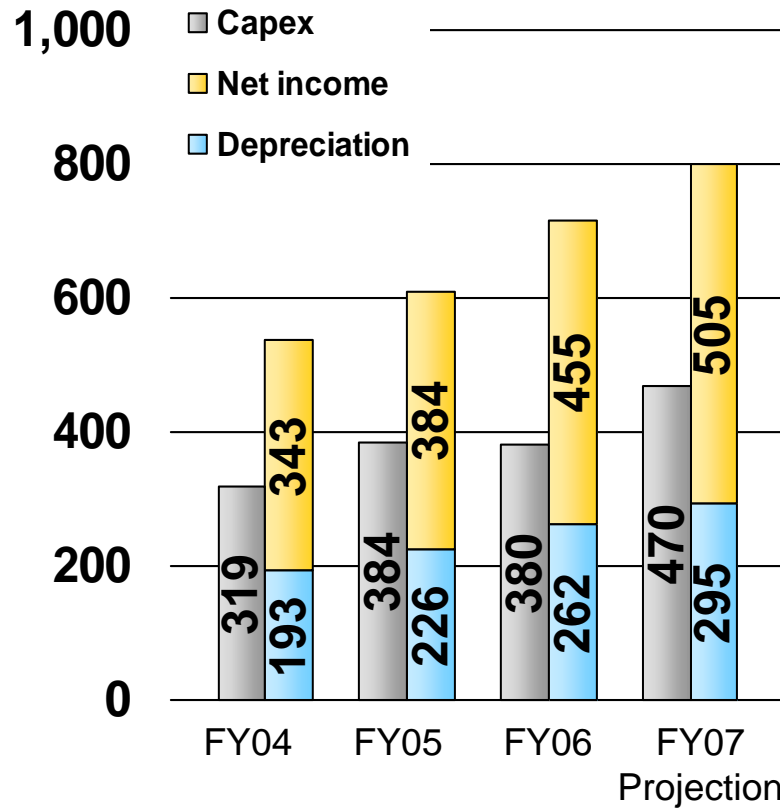
Interest Bearing Debt

(Days) (Billions of yen)



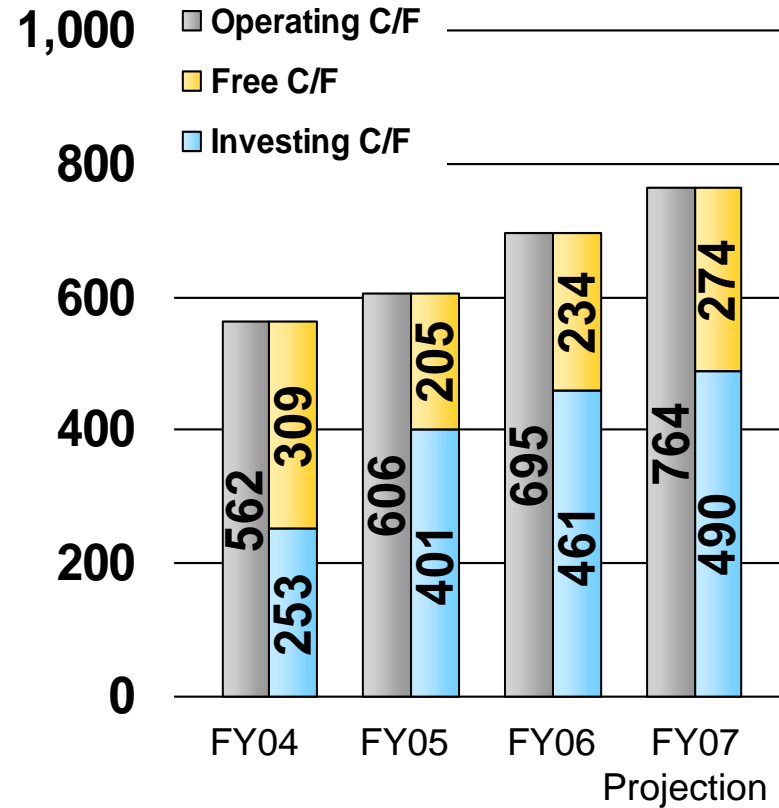
Capital Expenditure

(Billions of yen)



Free Cash Flow

(Billions of yen)



[Major Expenditures in 2007]

- New factory (Oita Canon Materials)
- Production engineering base (Yanagicho, Kawasaki City)
- Production equipment for inkjet key parts
- Automated machinery for cartridge production
- Production equipment for toner

Financial Ratios

