



Canon Inc.

Third Quarter 2009 Results

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Masahiro Osawa

Managing Director, Group Executive
Finance and Accounting Headquarters

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Agenda

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3Q 2009 in Summary

External Environment

- ✓ Recovery in some areas of the global economy
- ✓ Significant appreciation of the yen
- ✓ Market demand for consumer goods recovering, but continues to languish at the bottom for office equipment

Results

- ✓ Much better business performance compared to second quarter
 - Made further progress in “Improved Management Quality”
 - Turned Camera segment to profit growth
 - Steady recovery in profit

Summary of Results

2009 3Q & YTD Actual

(Billions of yen) (For reference)

		2009		2008		Pct. Change	2009	
		Actual	% Sales	Actual	% Sales	Actual	(excluding forex impact) Actual % Sales	
3Q	Net sales	774.3		986.0		-21.5%	870.8	
	Gross profit	349.3	45.1%	475.2	48.2%	-26.5%	427.8	49.1%
	Op. profit	60.0	7.7%	129.3	13.1%	-53.6%	118.6	13.6%
	Net income attributable to Canon Inc.	36.7	4.7%	83.0	8.4%	-55.8%		
	Yen-1USD	93.46		107.61				
	Yen-1EURO	133.60		161.29				
YTD	Net sales	2,255.1		3,099.4		-27.2%	2,502.2	
	Gross profit	993.6	44.1%	1,516.6	48.9%	-34.5%	1,202.0	48.0%
	Op. profit	124.9	5.5%	460.2	14.8%	-72.9%	269.8	10.8%
	Net income attributable to Canon Inc.	70.1	3.1%	297.5	9.6%	-76.4%		
	Yen-1USD	94.89		105.64				
	Yen-1EURO	129.55		160.87				

Transition in Sales and Op. Profit

3Q 2009 Actual v. 3Q 2008 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2008 Actual	986.0	129.3
Foreign exchange impact [net sales, cost of sales, expenses]	-96.5	-58.6
Sales volume impact		
Office Imaging Products	-46.6	
Computer Peripherals	-47.8	
Business Information Products	-3.4	
Cameras	+19.7	
Optical and Other Products	-23.1	
Total	-101.2	-45.3
Others	-14.0	+34.6
Total Change	-211.7	-69.3
3Q 2009 Actual	774.3	60.0

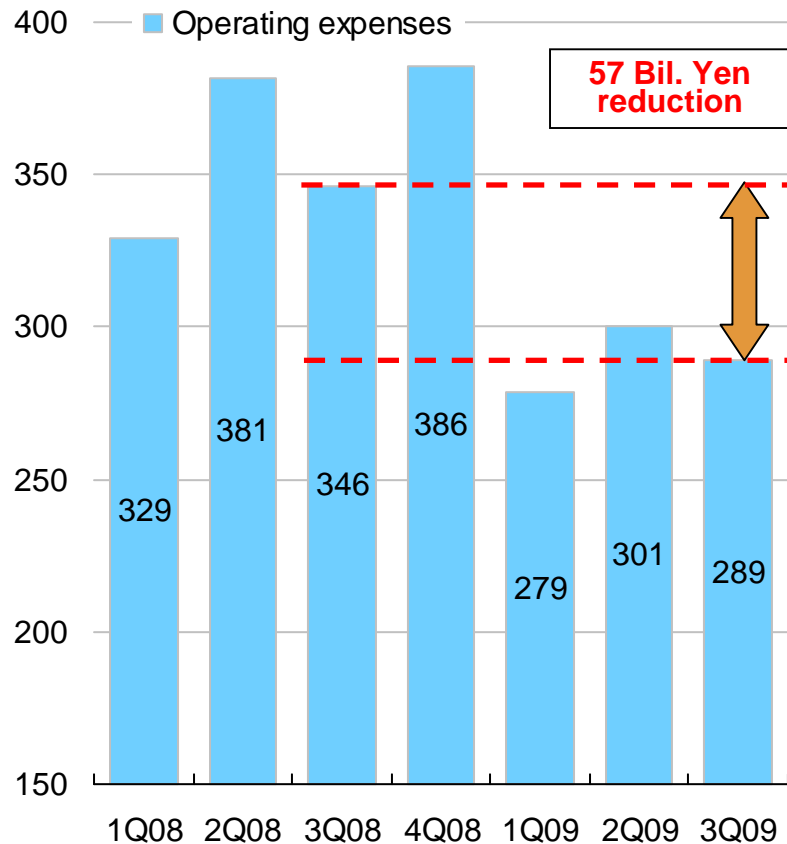
Change in Exchange Rate

- 1USD: 107.61 to 93.46 yen
- 1EURO: 161.29 to 133.60 yen

Expense & Inventory Situation

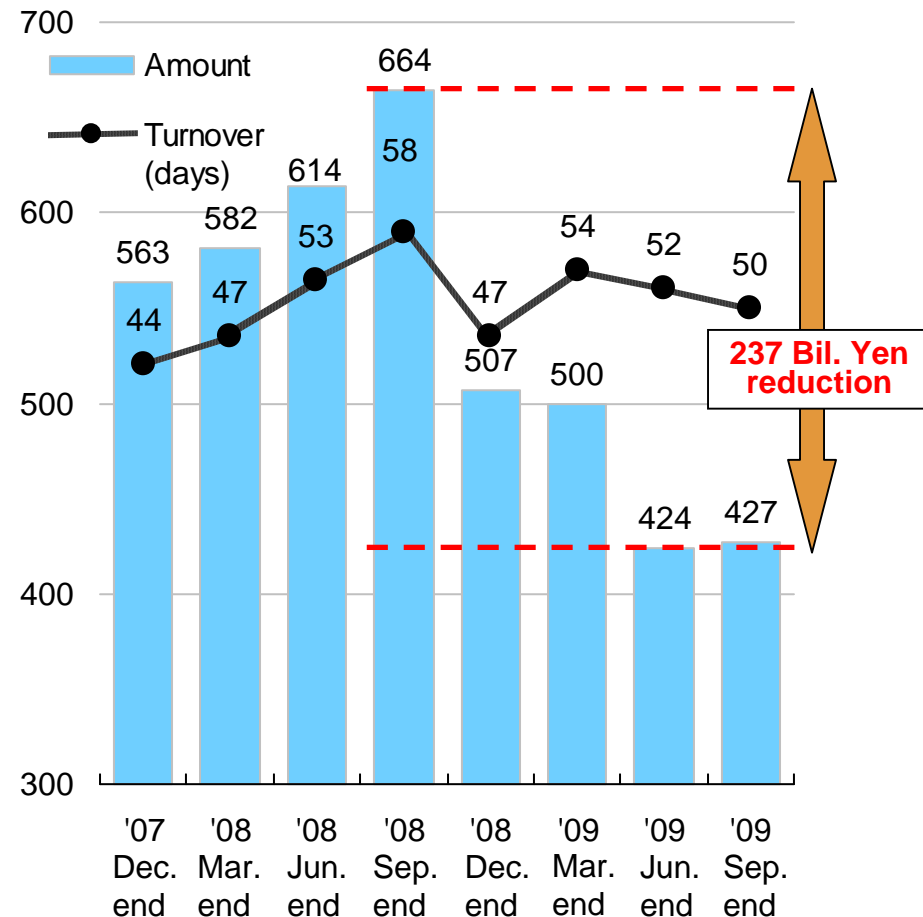
Expenses

(Billions of yen)



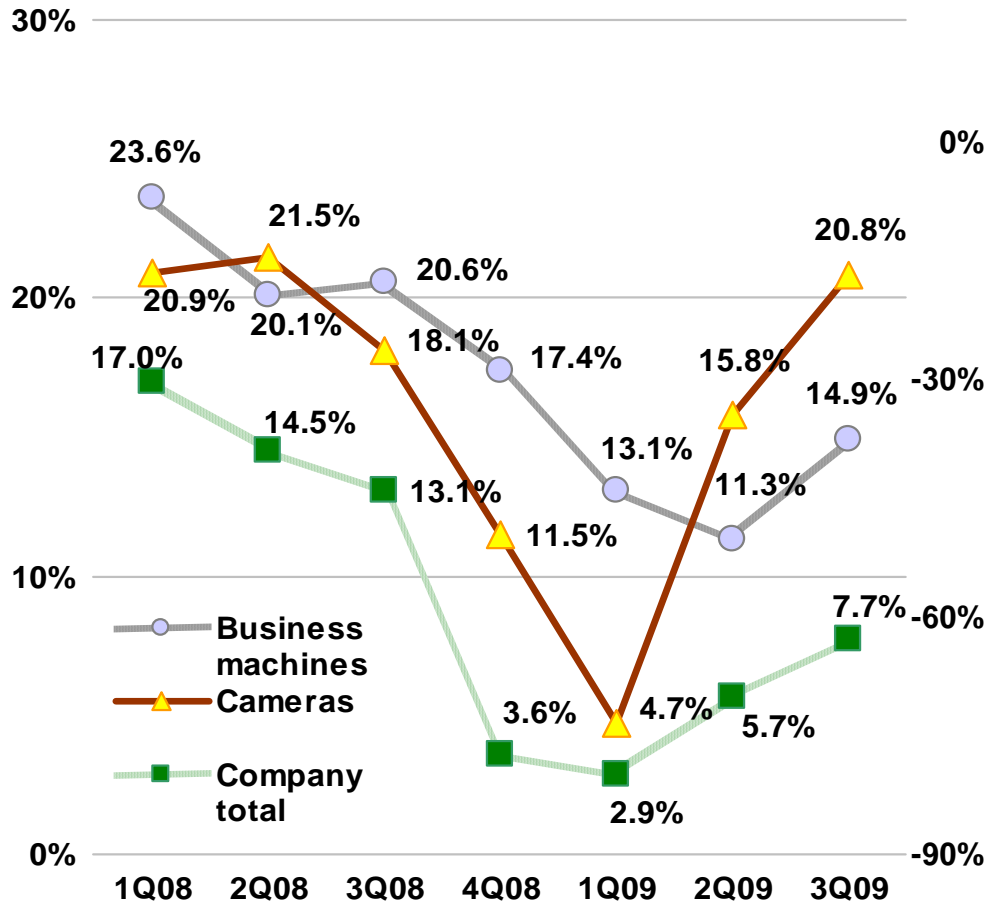
Inventory

(Billions of yen)

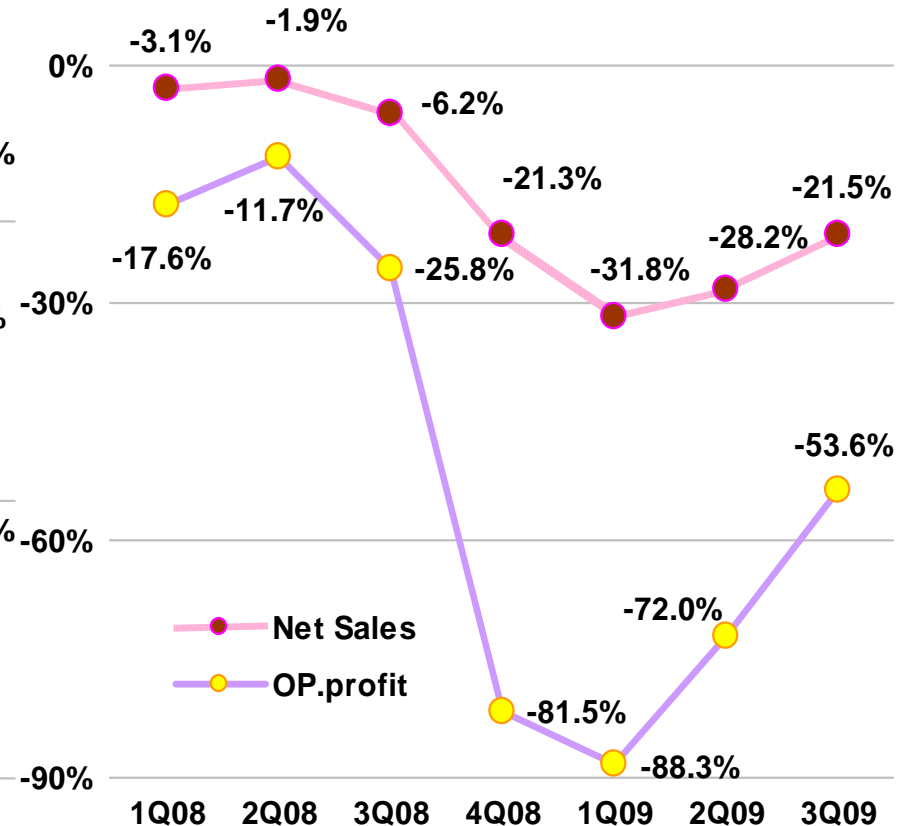


Steady Recovery in Performance

Operating Profit Ratio



Change in Net Sales/Op. Profit (Y/Y)



Assumptions

2009 Current Projection

Average Exchange Rate	4Q09	FY09	FY08
■ Yen-1USD	90.00 yen	93.34 yen	103.23 yen
■ Yen-1EURO	130.00 yen	129.69 yen	151.46 yen

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

	Net sales	Operating profit
■ USD	4.4 billion yen	2.5 billion yen
■ EURO	1.8 billion yen	1.3 billion yen

Key Points FY 2009

Assumptions

- ✓ Uncertainty during year-end selling season for consumer goods
- ✓ Continued weak market for office equipment
- ✓ Stronger yen compared to previous forecast

Projections

- ✓ Achieve previous projection for net sales and profits, offsetting yen's appreciation with improved business performance
- ✓ Achieve profit growth in the fourth quarter and align for significant growth

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	3,200.0	3,200.0	4,094.2	0.0%	-21.8%	3,464.8
Gross profit	1,390.0	1,410.0	1,938.0	-1.4%	-28.3%	1,613.0
[% sales]	43.4%	44.1%	47.3%			46.6%
Op. profit	190.0	190.0	496.1	0.0%	-61.7%	349.0
[% sales]	5.9%	5.9%	12.1%			10.1%
Net income attributable to Canon Inc.	110.0	110.0	309.1	0.0%	-64.4%	
[% sales]	3.4%	3.4%	7.6%			
Foreign exchange rate						
Yen – 1USD	93.34	95.33	103.23			
Yen – 1EURO	129.69	128.85	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 (July. 28, 2009)	3,200.0	190.0
Foreign exchange impact [net sales, cost of sales, expenses]	-20.1	-16.3
Sales volume impact		
Office Imaging Products	+15.4	
Computer Peripherals	-2.1	
Business Information Products	-0.6	
Cameras	+7.4	
Optical and Other Products	-10.0	
Total	+10.1	+0.1
Others	+10.0	+16.2
Total Change	0.0	0.0
Current Projection (Oct. 27, 2009)	3,200.0	190.0

Change in Exchange Rate

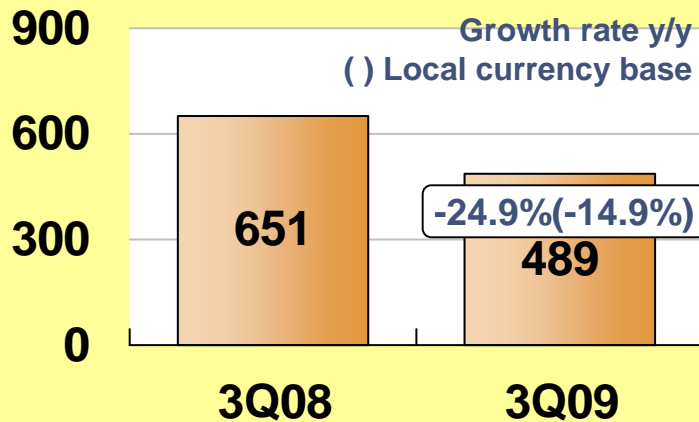
- 1USD: 95.33 to 93.34 yen
- 1EURO: 128.85 to 129.69 yen

Business Machines

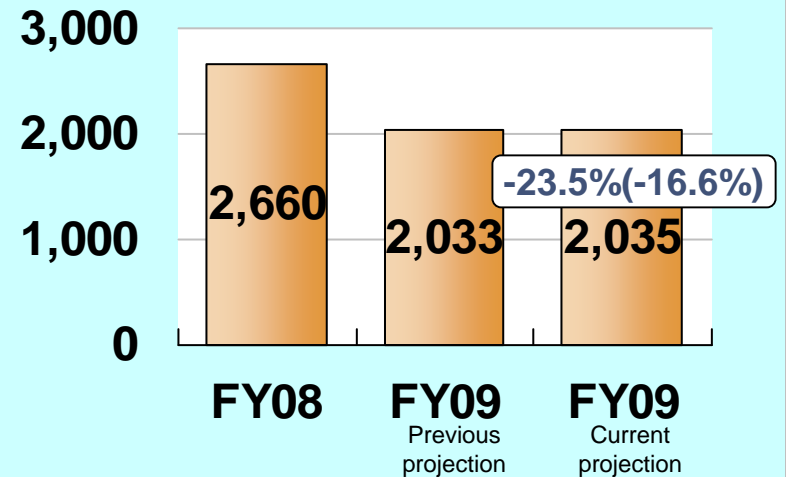
3Q 2009 Actual / FY 2009 Projection

(Billions of yen) **3Q**

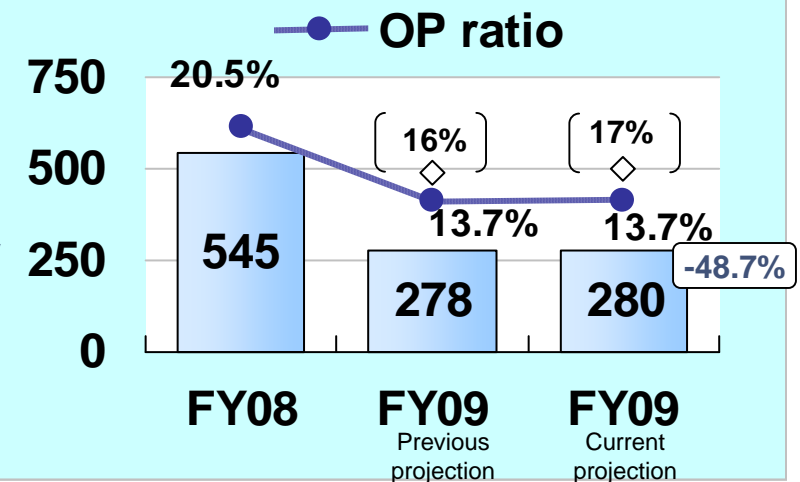
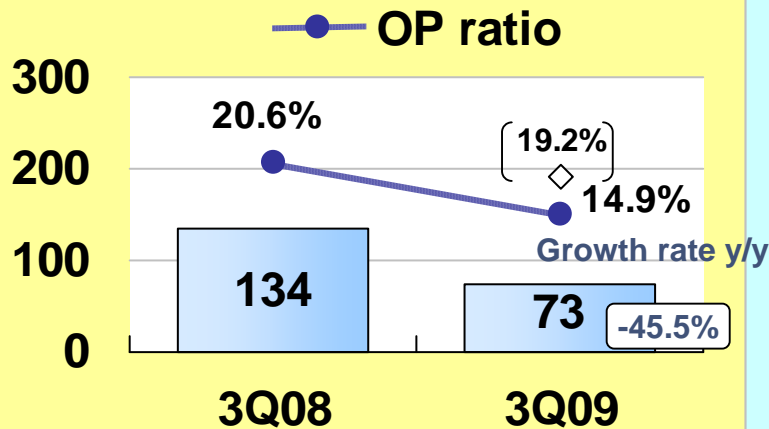
Sales



(Billions of yen) **FY**



Op. Profit



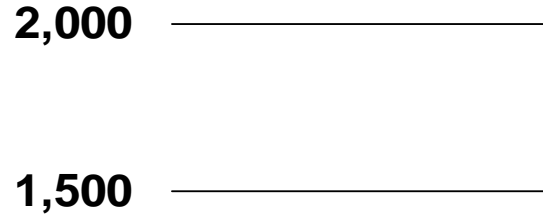
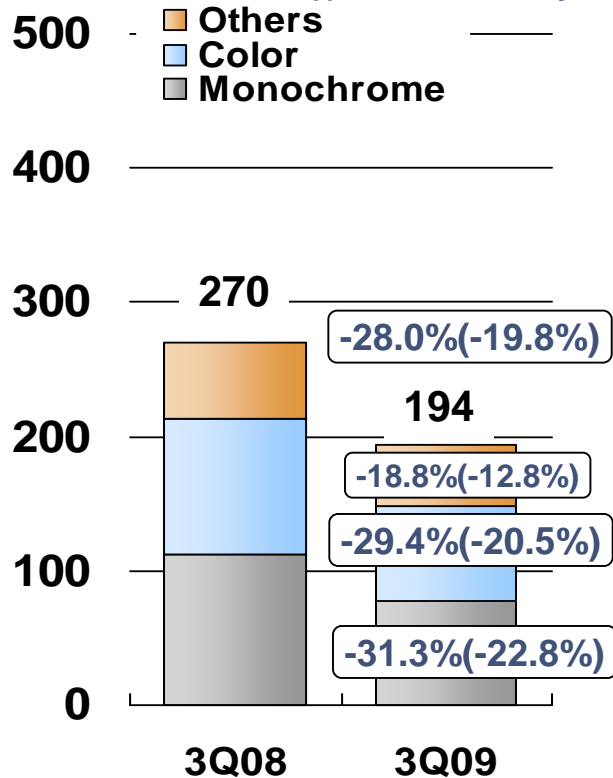
() = OP ratio in local currency basis

Office Imaging Products

3Q 2009 Actual / FY 2009 Projection

Sales

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



Growth rate y/y (Unit base)		
Copying machines	3Q	FY
Color	-15%	-15%
Mono-chrome	-26%	-29%
Total	-23%	-26%

Color ratio
(Copying machines)

	3Q	FY
Value base*	48%	49%
Unit base	27%	28%

Calculated on a post reclassification basis
*Includes consumables

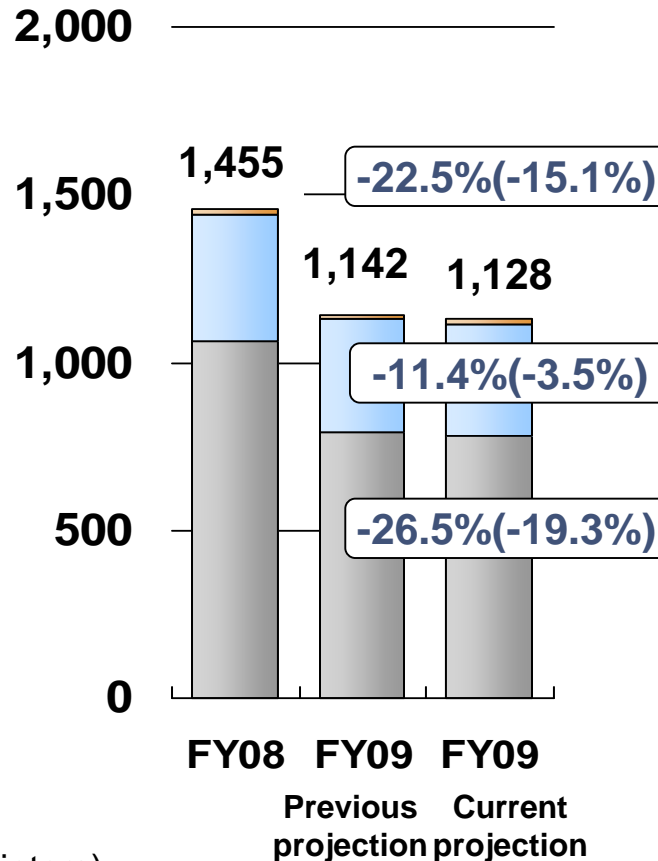
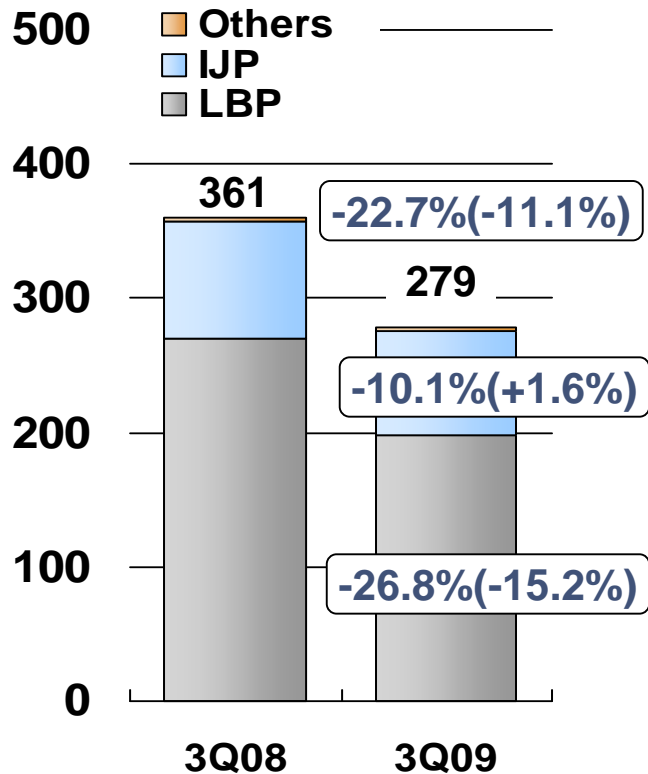
Previous Current
projection projection

Computer Peripherals

3Q 2009 Actual / FY 2009 Projection

Sales

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



Growth rate y/y (Unit base)		
LBP	3Q	FY
Color	-15%	-40%
Mono-chrome	-38%	-46%
Total	-35%	-45%

Color ratio (LBP)		
	3Q	FY
Value base*	47%	45%
Unit base	18%	16%

*Includes consumables

Growth rate y/y (Unit base)		
	3Q	FY
IJP	+7%	0%

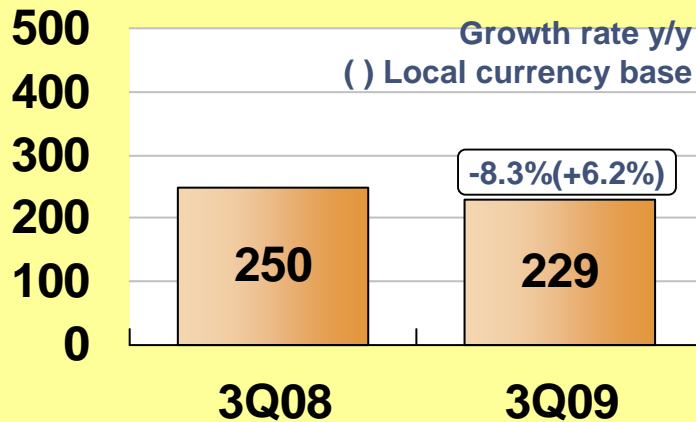
(LBP: Laser Beam Printers, IJP: Inkjet Printers)

Cameras

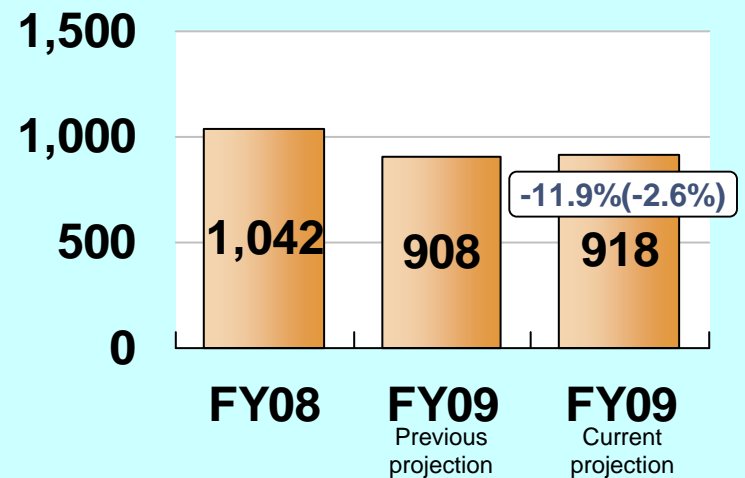
3Q 2009 Actual / FY 2009 Projection

(Billions of yen) **3Q**

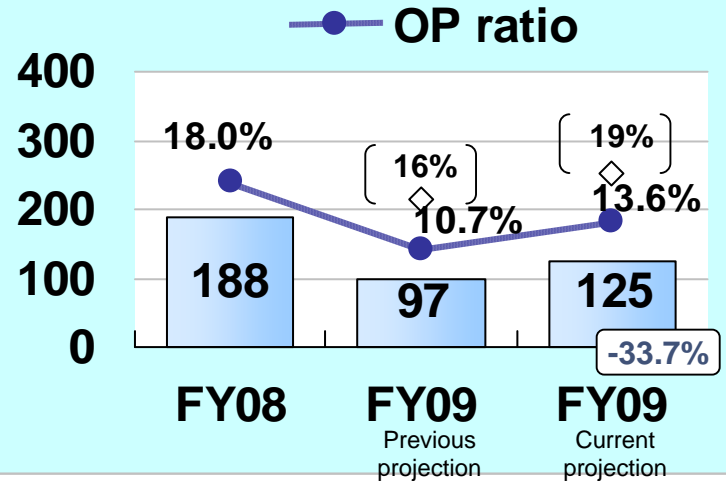
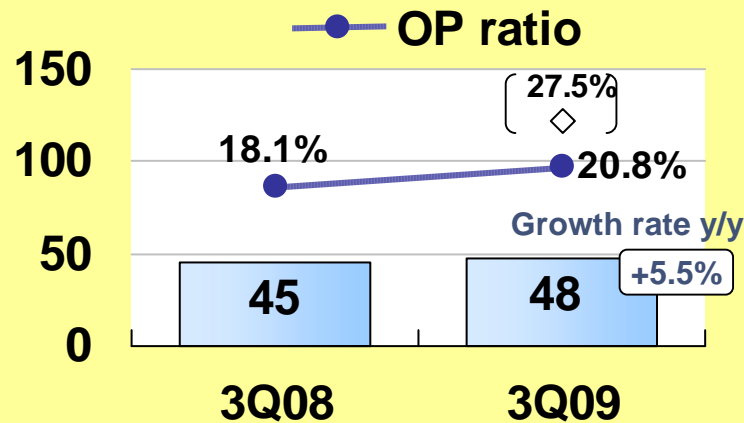
Sales



(Billions of yen) **FY**



Op. Profit



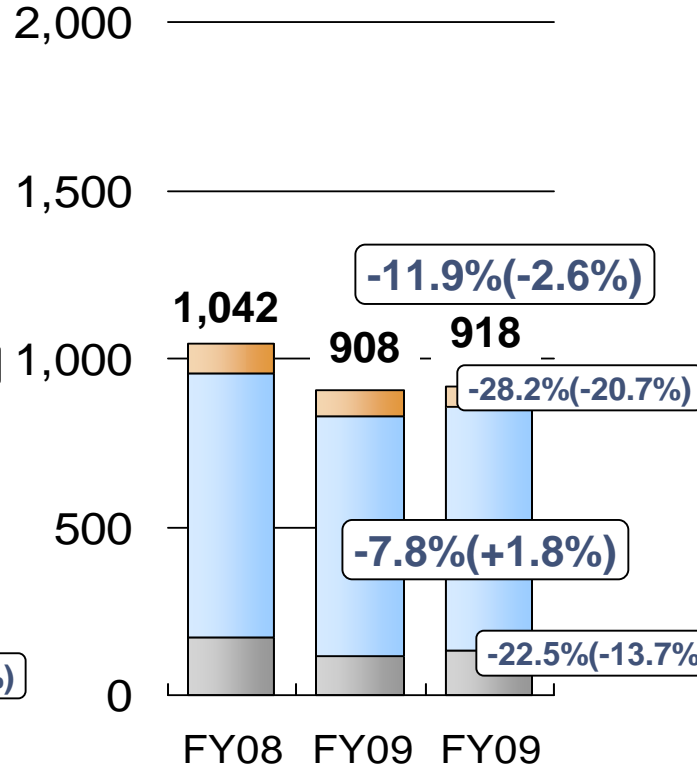
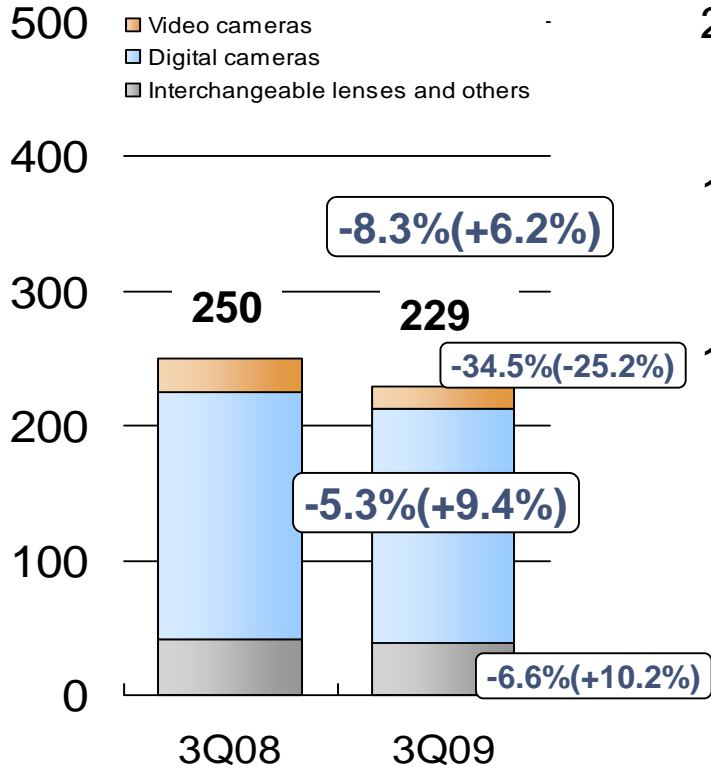
() = OP ratio in local currency basis

Cameras

3Q 2009 Actual / FY 2009 Projection

Sales

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



Growth rate y/y (Unit base)		
Digital cameras	3Q	FY
Compact	-6%	-8%
SLR	+7%	+10%
Total	-4%	-6%

D SLR ratio*

	3Q	FY
Value base	49%	48%
Unit base	18%	17%

* Percentage of digital cameras sales attributable to SLRs

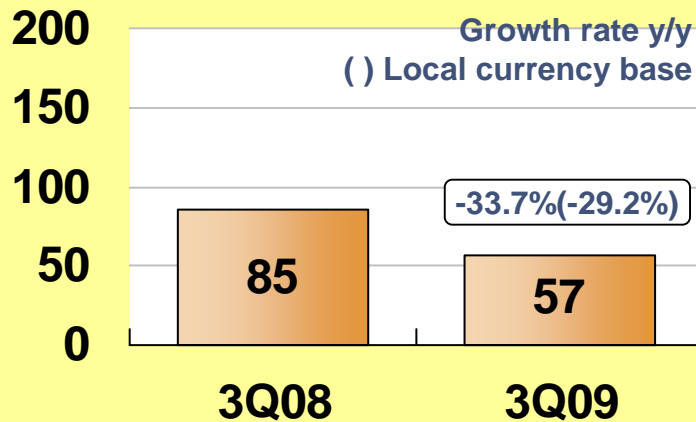
Previous Current
projection projection

Optical and Other Products

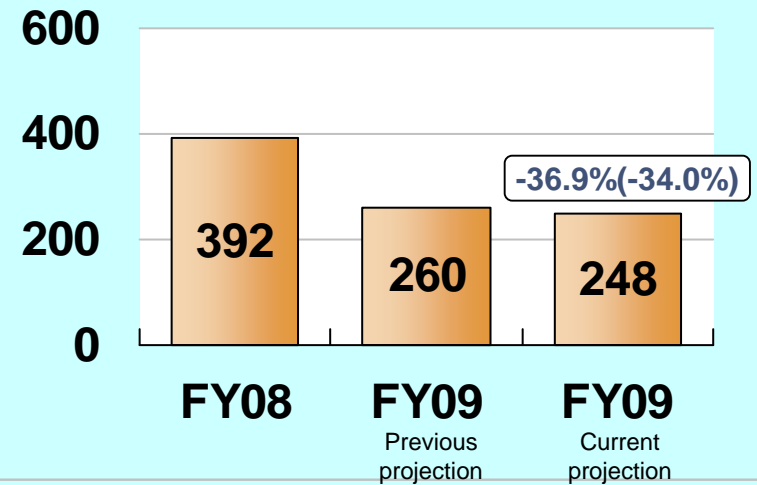
3Q 2009 Actual / FY 2009 Projection

(Billions of yen) **3Q**

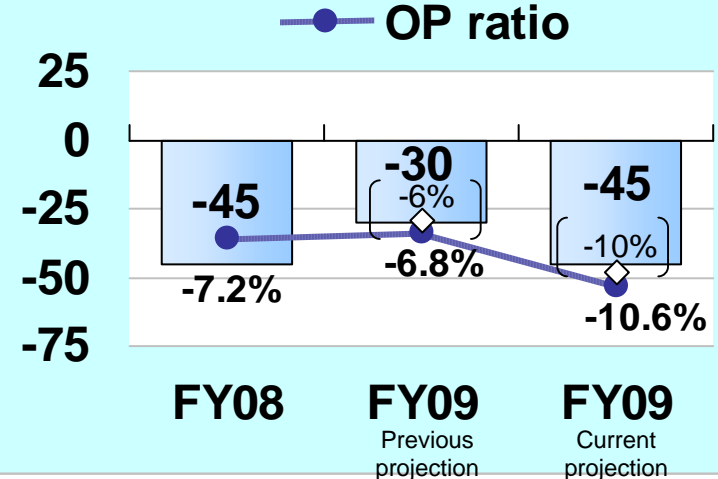
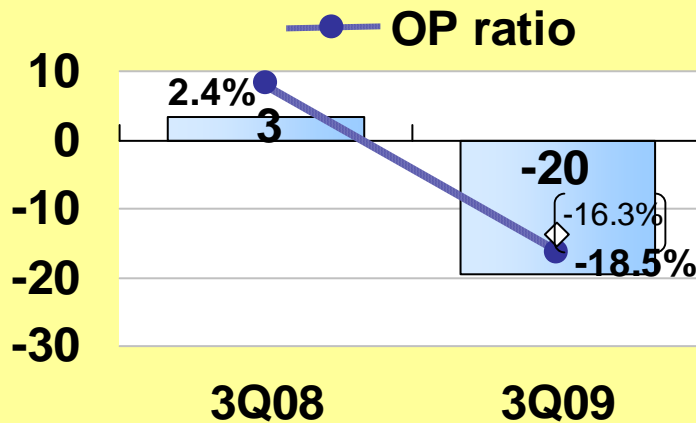
Sales



(Billions of yen) **FY**



Op. Profit



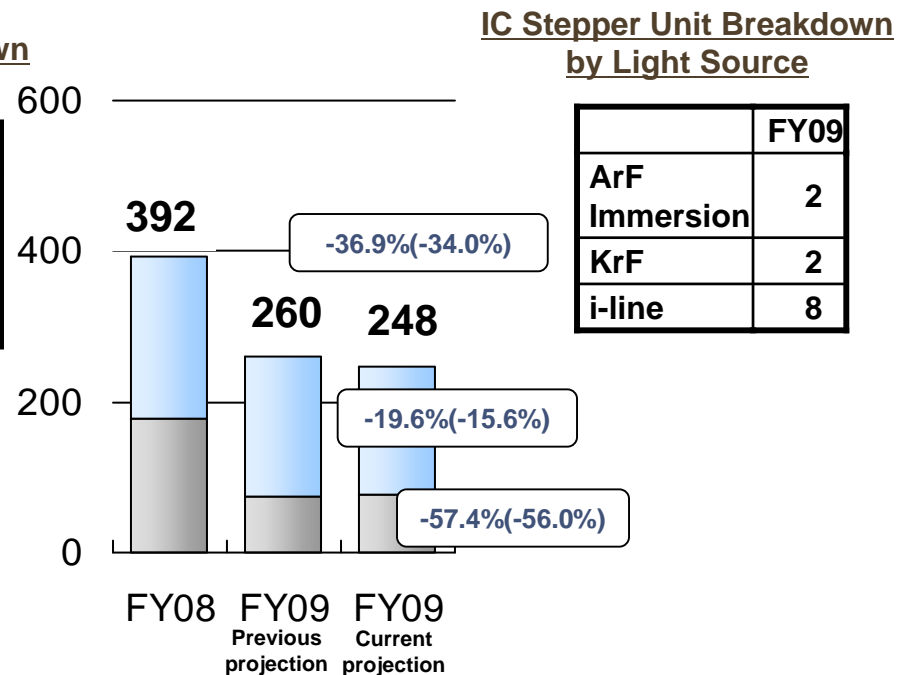
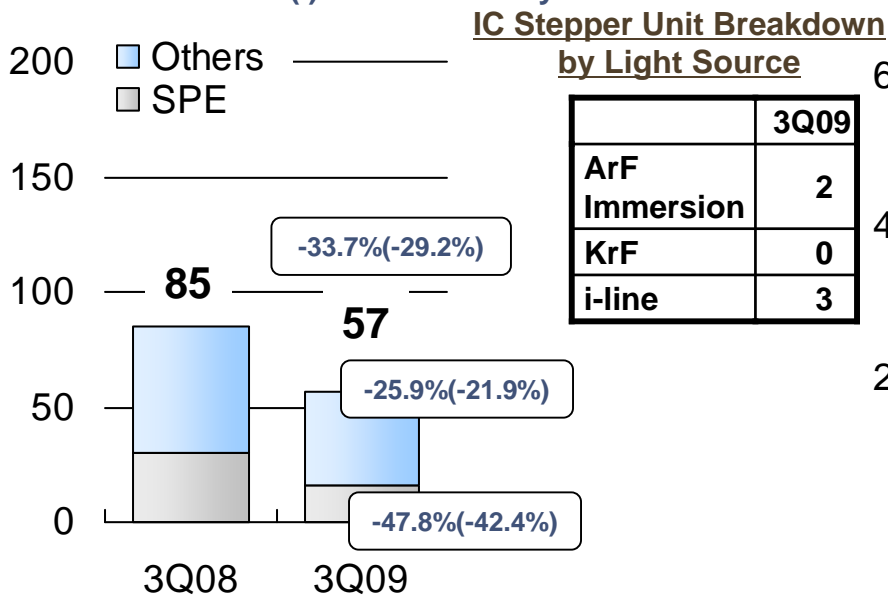
[] = OP ratio in local currency basis

Optical and Other Products

3Q 2009 Actual / FY 2009 Projection

Sales

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



SPE (Units)

	3Q08	3Q09
IC	19	5
LCD	15	6
TTL	34	11

SPE (Units)

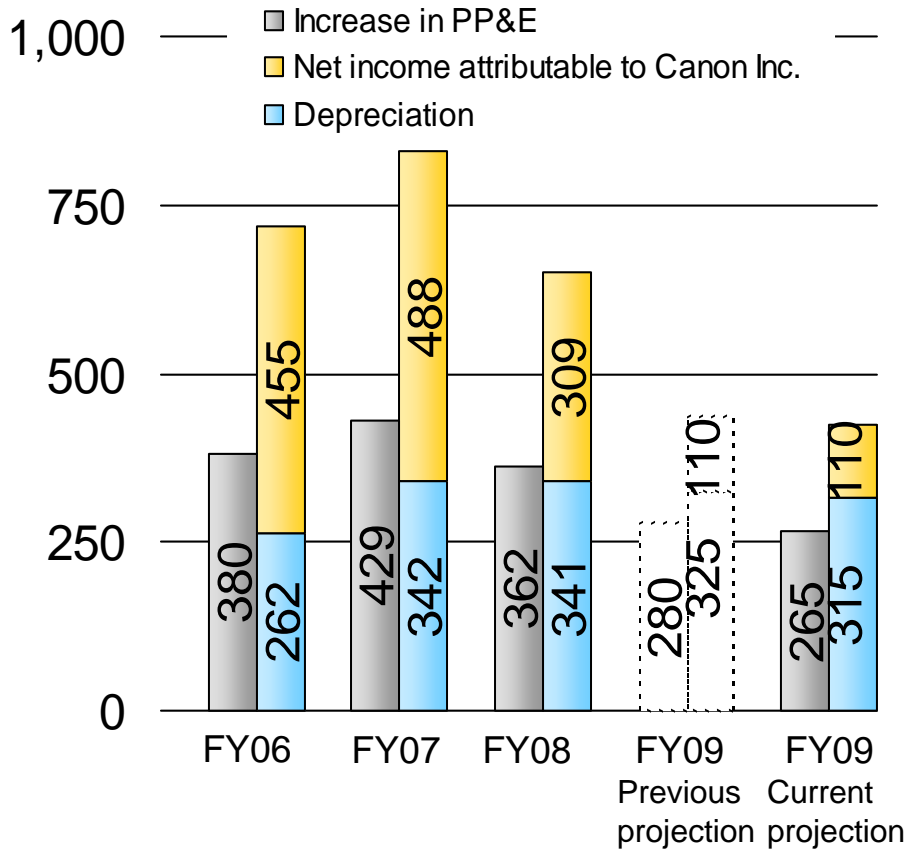
	FY08	FY09 Previous Projection	FY09 Current Projection
IC	99	10	12
LCD	64	37	39
TTL	163	47	51

(SPE: Semiconductor Production Equipment)

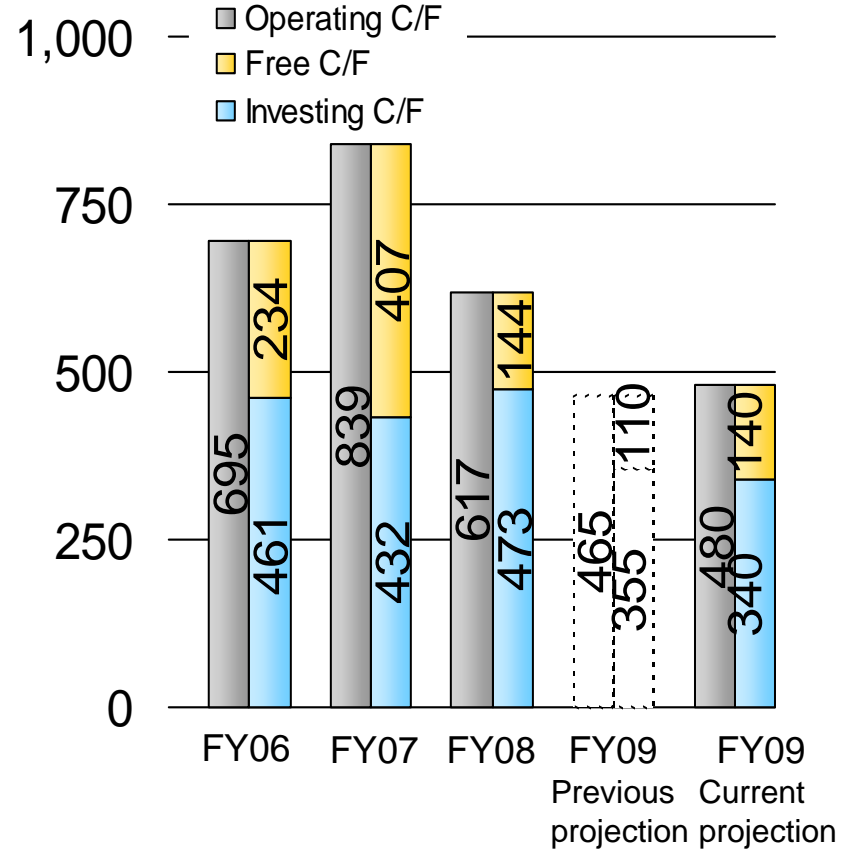
Capital Expenditure

Free Cash Flow

(Billions of yen)

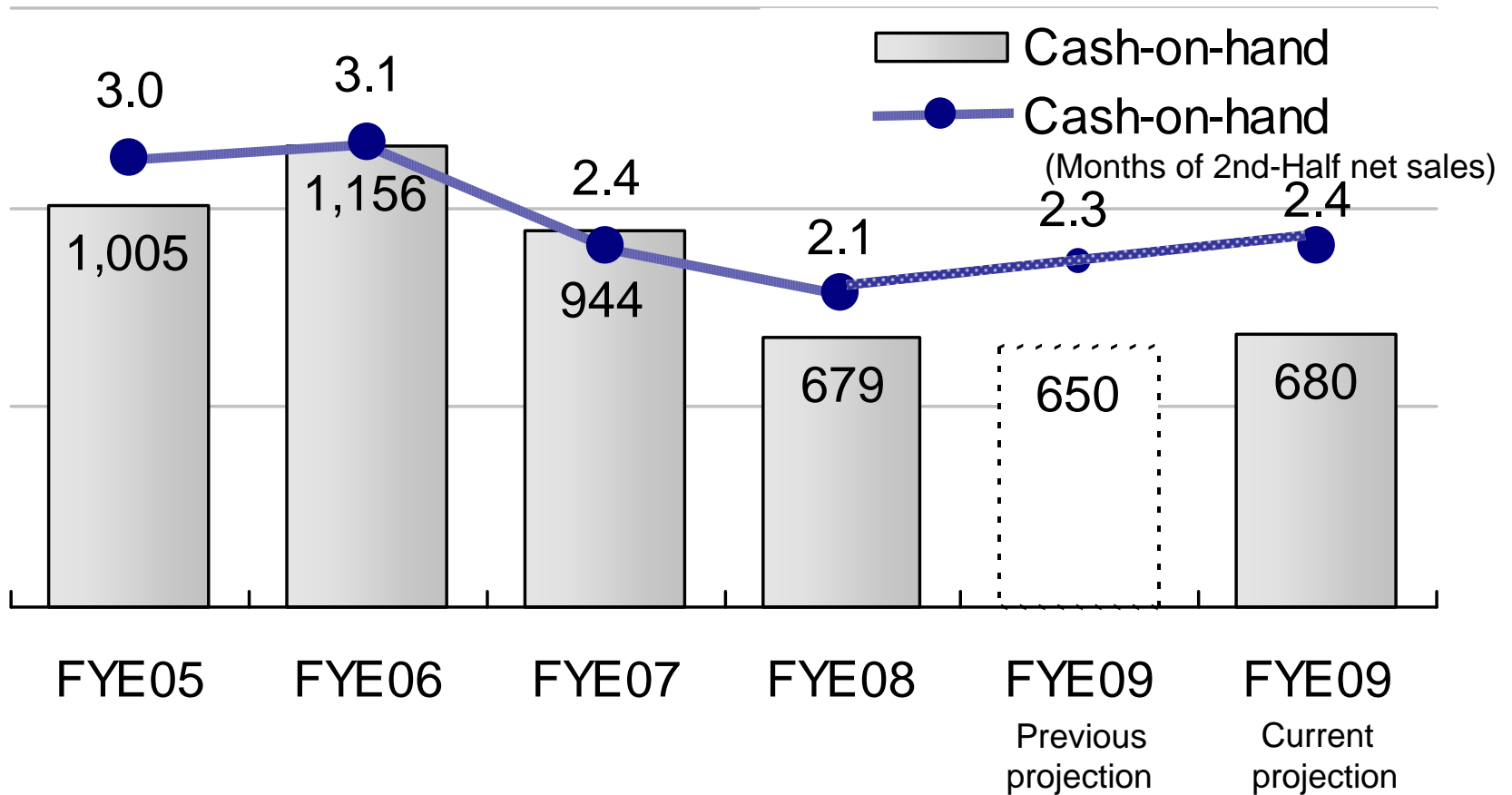


(Billions of yen)



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]	-264.8	-159.0
Sales volume impact		
Office Imaging Products	-201.6	
Computer Peripherals	-230.9	
Business Information Products	-6.7	
Cameras	+19.4	
Optical and Other Products	-129.6	
Total	-549.4	-264.3
Others	-80.0	+117.2
Total Change	-894.2	-306.1
FY 2009 Current projection	3,200.0	190.0

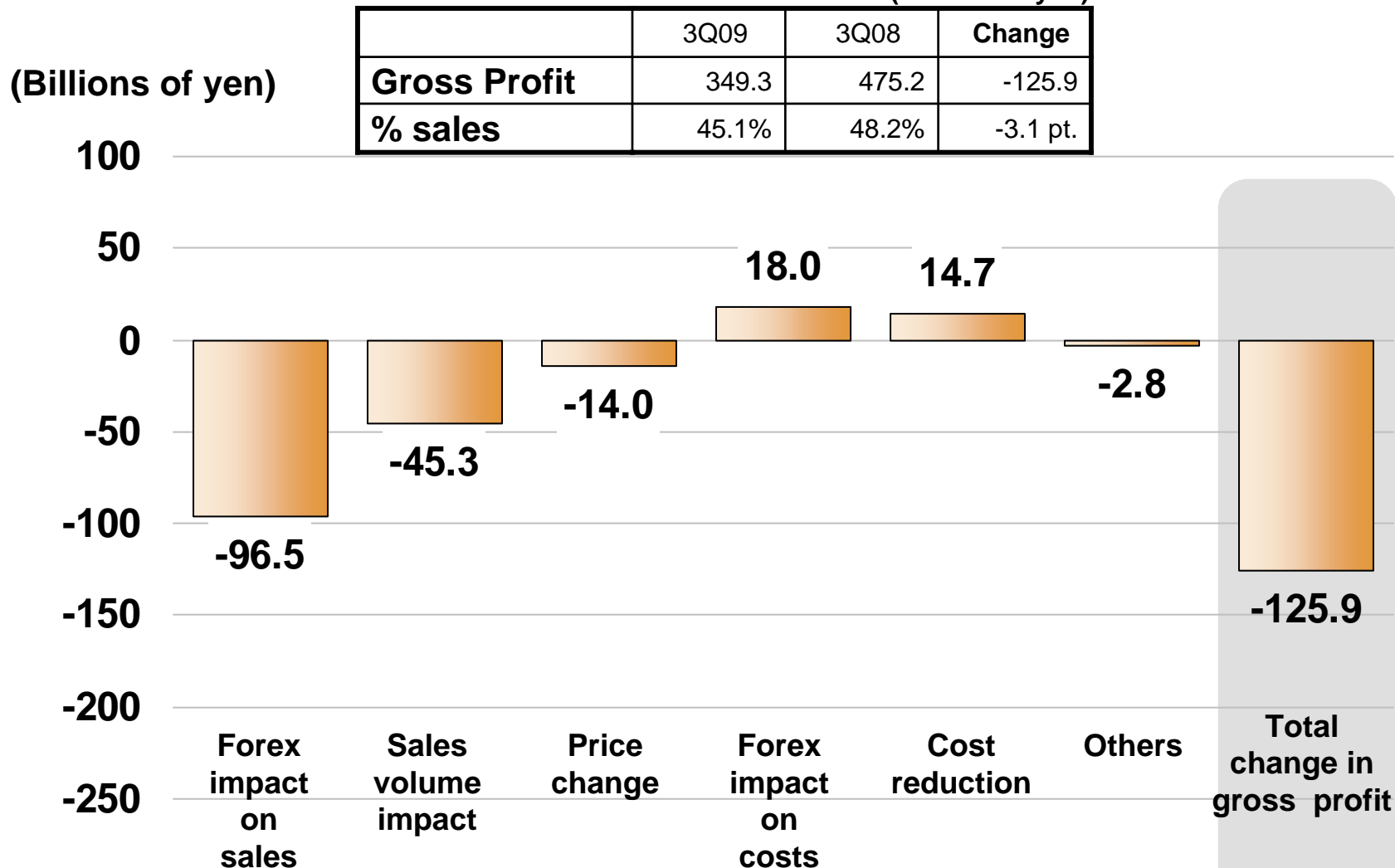
Change in Exchange Rate (FY)

- 1USD: 103.23 to 93.34 yen
- 1EURO: 151.46 to 129.69 yen

Gross Profit Variance Analysis

3Q 2009 Actual v. 3Q 2008 Actual

(Billions of yen)



Supplementary Information

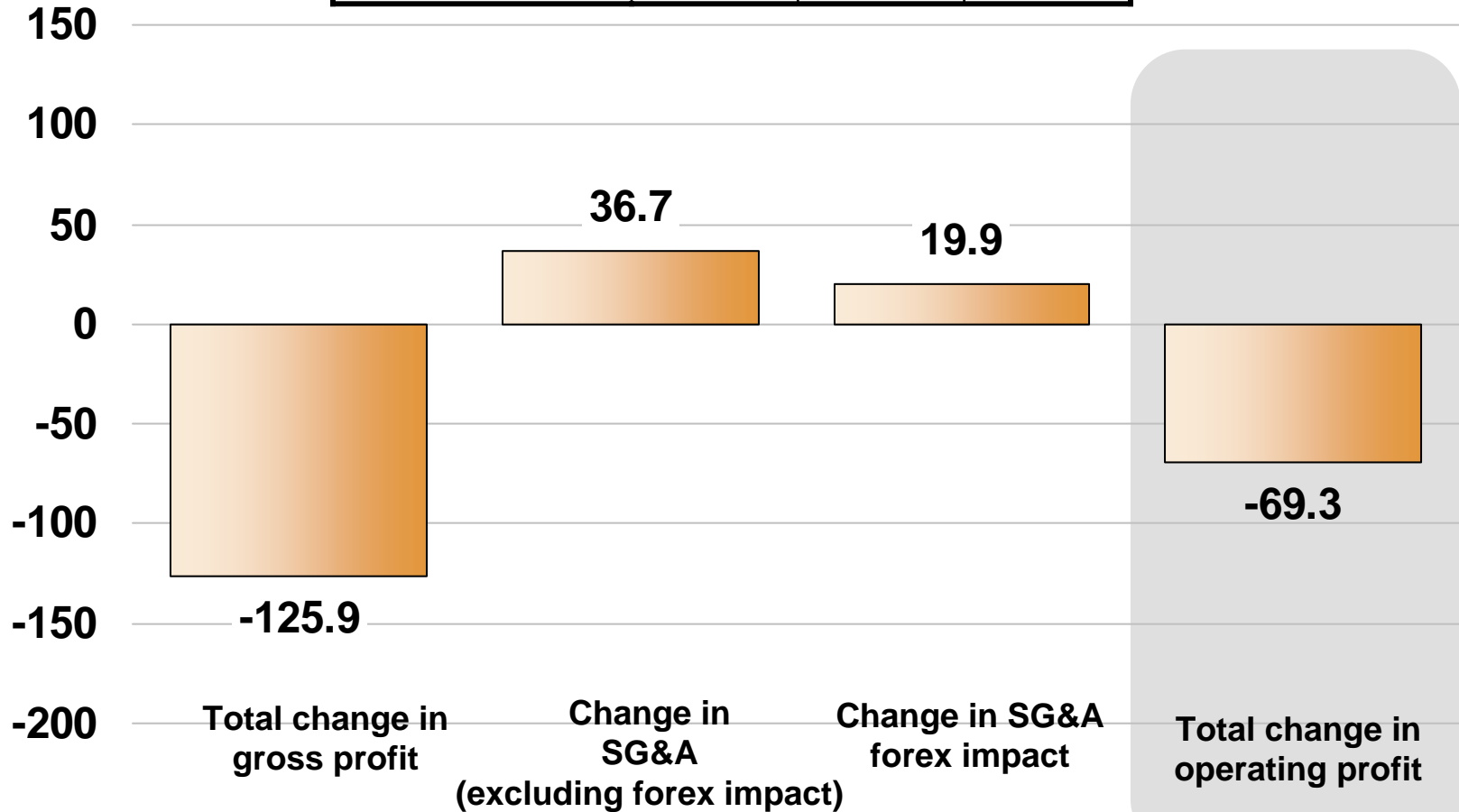
Operating Profit Variance Analysis

3Q 2009 Actual v. 3Q 2008 Actual

(Billions of yen)

	3Q09	3Q08	Change
Op. Profit	60.0	129.3	-69.3
% sales	7.7%	13.1%	-5.4 pt.

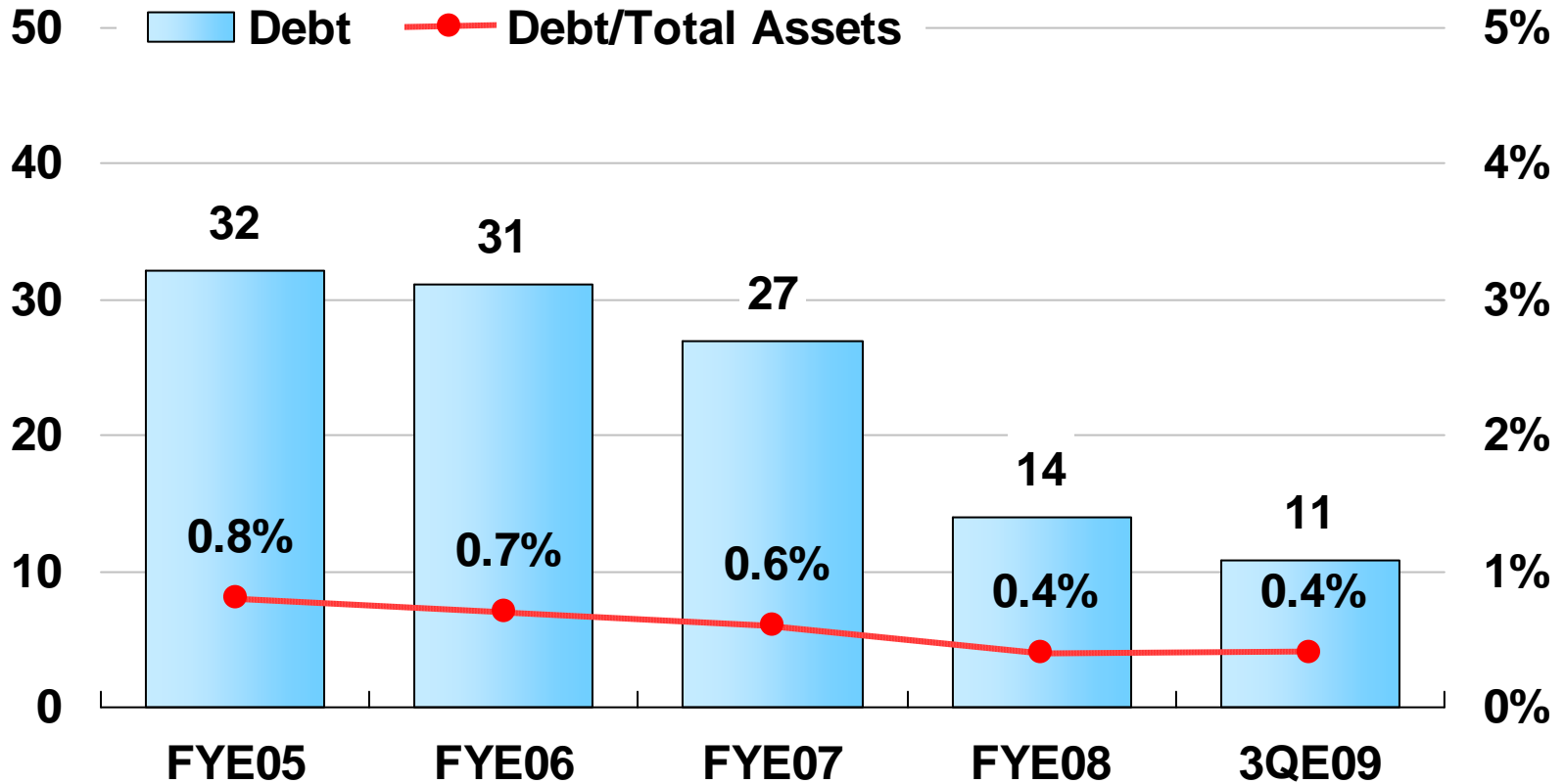
(Billions of yen)



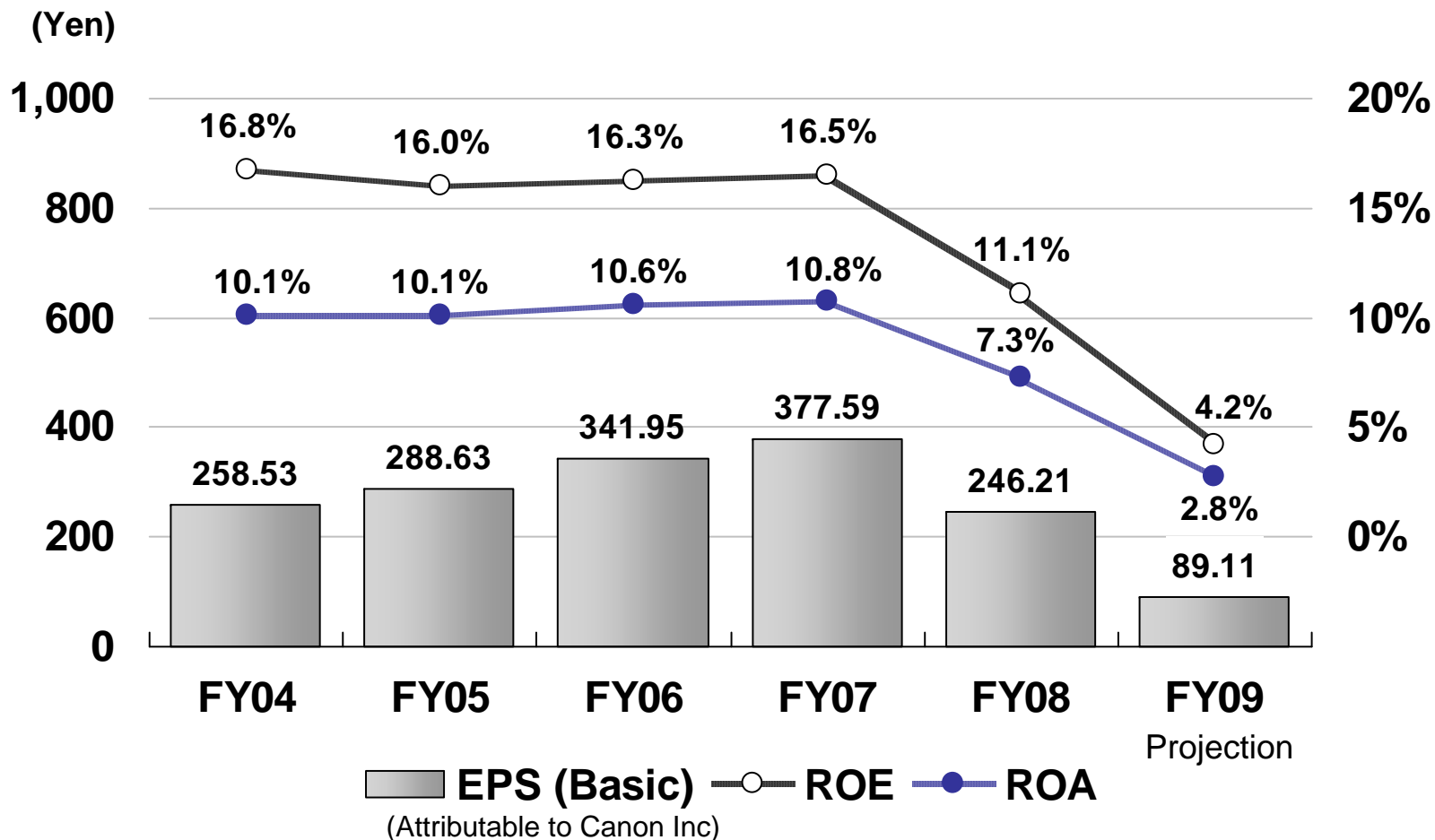
Supplementary Information

Interest Bearing Debt

(Billions of yen)



Financial Ratios



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