



Canon Inc.

FY 2010 Results

January 27, 2011
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(4Q/FY 2010 Results and FY 2011 Projections)

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FY 2010 in Summary

External Environment

- ✓ Overcame global economic crisis, heading toward economic recovery
- ✓ Canon related markets remained strong, exchange rate environment became more challenging

Targets at the Beginning of the Year

- ✓ “First year in a new era of growth,” 7.5% net sales growth, more than 50% increase in profits

Results

- ✓ Increased volumes and expanded market share, through lineup enhancement and expanded sales
- ✓ Absorbed yen's appreciation to post 15.5% net sales growth, 1.8-times increase in operating profit and 1.9-times increase in net income, realizing cost savings through improved productivity

Summary of Results

4Q/FY 2010 Actual

(Billions of yen) (For Reference)

		2010		2009		Pct. Change	2010 (excluding effects of new consolidation)	
		Actual	% Sales	Actual	% Sales	Actual	Actual	% Sales
4Q	Net sales	1,067.9		954.1		+11.9%	966.3	(+1.3%)
	Gross profit	492.2	46.1%	433.8	45.5%	+13.5%	429.0	44.4%
	Op. profit	82.8	7.8%	92.1	9.7%	-10.1%	90.9	9.4%
	Net income attributable to Canon Inc.	54.0	5.1%	61.6	6.5%	-12.4%		
	Yen-1USD	82.68		89.68				
	Yen-1EURO	111.99		132.54				
FY	Net sales	3,706.9		3,209.2		+15.5%	3,458.7	(+7.8%)
	Gross profit	1,783.1	48.1%	1,427.4	44.5%	+24.9%	1,626.5	47.0%
	Op. profit	387.6	10.5%	217.1	6.8%	+78.6%	403.8	11.7%
	Net income attributable to Canon Inc.	246.6	6.7%	131.6	4.1%	+87.3%		
	Yen-1USD	87.40		93.21				
	Yen-1EURO	114.97		130.46				

Transition in Sales and Op. Profit

FY 2010 Actual v. Projection

(Billions of yen)

	Sales	Op. Profit
FY 2010 Projection (Oct. 27, 2010)	3,710.0	390.0
Foreign exchange impact [net sales, cost of sales, expenses]	+3.8	+3.0
Sales volume impact		
Office	+3.6	
Consumer	-0.1	
Industry and Others	-10.2	
Total	-6.7	-3.4
Effects of new consolidation	+2.2	-3.4
Others	-2.4	+1.4
Total Change	-3.1	-2.4
FY 2010 Actual	3,706.9	387.6

Change in Exchange Rate

- 1USD: 86.69 to 87.40 yen
- 1EURO: 116.32 to 114.97 yen

Assumptions

FY 2011 Projection

Average Exchange Rate	FY11	FY10
■ Yen-1USD	85.00 yen	87.40 yen
■ Yen-1EURO	110.00 yen	114.97 yen

Impact of Exchange Rate Movement (FY11 impact given a one yen change)

	Net sales	Operating profit
■ USD	19.4 billion yen	10.1 billion yen
■ EURO	10.4 billion yen	5.8 billion yen

Key Points

FY 2011 Projection

External Environment

- ✓ Gradual global economy recovery
- ✓ Yen remains around current level, gradually weakening towards year-end

Performance Outlook

2011 – a year for building a foundation to post results in 2012 that exceed our record of 2007

- ✓ Expand market share and installed base, through reinforced sales capabilities to achieve,
 - ✓ Net sales growth of 10%, which exceeds the market, profit growth of 20%, through further improvement in profitability

Summary of Projected Results

FY 2011 Projection

(Billions of yen)

	FY 2011 Projection	FY 2010 Actual	Pct. change
Net sales	4,100.0	3,706.9	+10.6%
Gross profit	1,970.0	1,783.1	+10.5%
[% sales]	48.0%	48.1%	
Op. profit	470.0	387.6	+21.3%
[% sales]	11.5%	10.5%	
Net income	310.0	246.6	+25.7%
attributable to Canon Inc.			
[% sales]	7.6%	6.7%	
Foreign exchange rate			
Yen – 1USD	85.00	87.40	
Yen – 1EURO	110.00	114.97	

Transition in Sales and Op. Profit

FY 2011 Projection v. FY 2010 Actual

(Billions of yen)

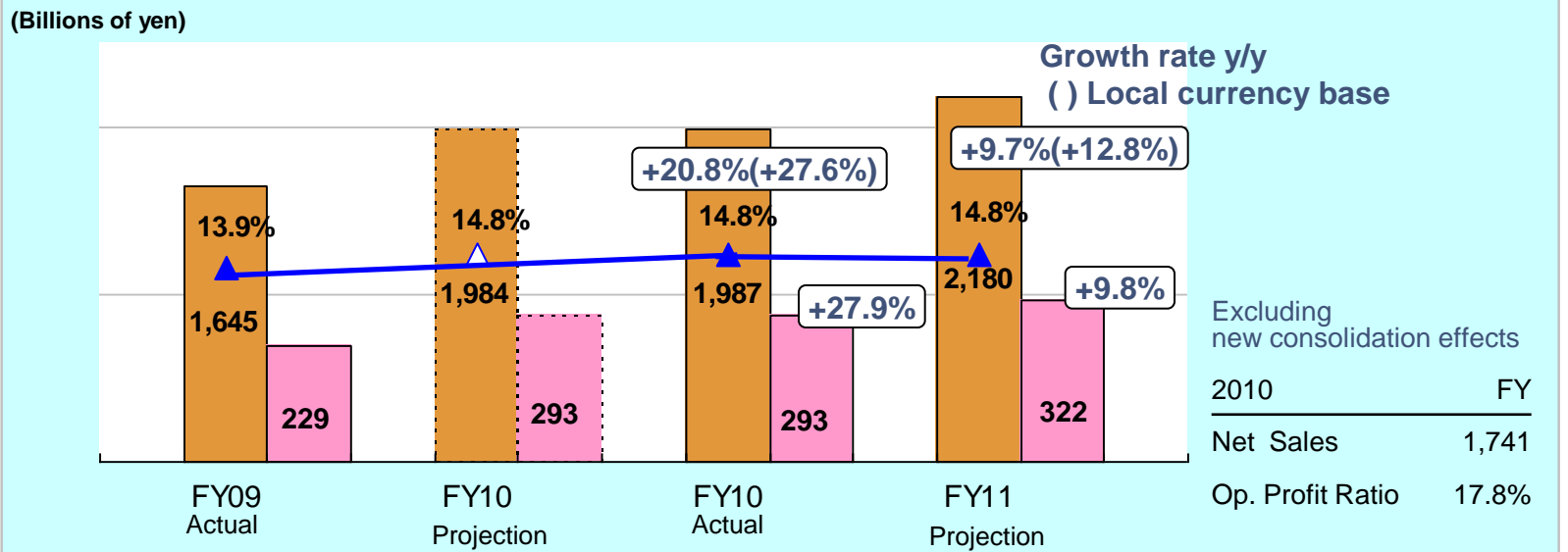
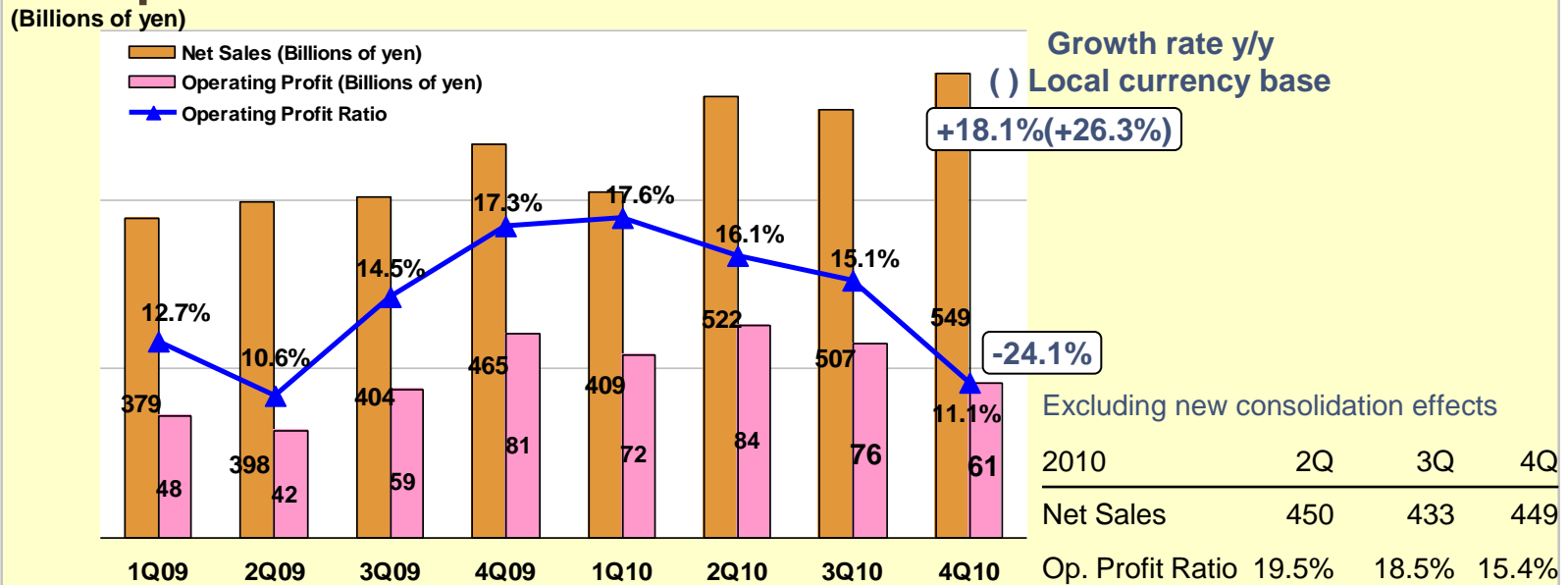
	Sales	Op. Profit
FY 2010 Actual	3,706.9	387.6
Foreign exchange impact [net sales, cost of sales, expenses]	-102.5	-52.9
Sales volume impact		
Office	+281.5	
Consumer	+265.5	
Industry and Others	+48.6	
Total	+595.6	+263.8
Others	-100.0	-128.5
Total Change	+393.1	+82.4
FY 2011 Projection	4,100.0	470.0

Change in Exchange Rate

- 1USD: 87.40 to 85.00 yen
- 1EURO: 114.97 to 110.00 yen

Office

Sales/Op. Profit



QTR

FY

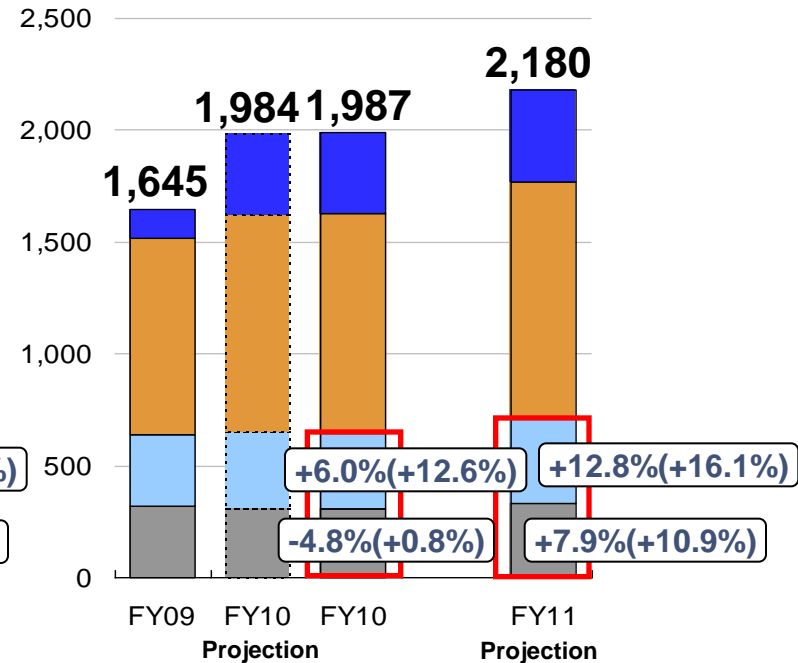
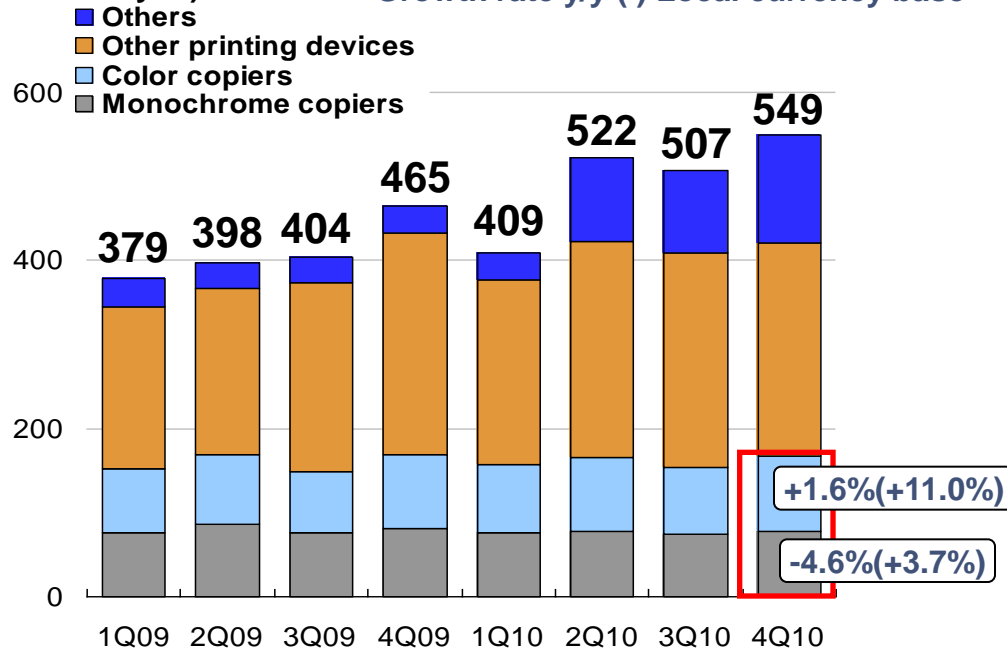
Office (Copiers)

2010 Actual / FY 2011 Projection

Sales

(Billions of yen)

Growth rate y/y () Local currency base



Growth rate y/y (Unit base)			
Copiers	4Q10	FY10	FY11 Projection
Color	+24%	+33%	+32%
Mono-Chrome	+0%	+13%	+8%
Total	+7%	+19%	+15%

Color ratio (Copiers)

	4Q10	FY10	FY11 Projection
Value base*	54%	53%	54%
Unit base	34%	31%	35%

*Includes consumables

Growth rate y/y (Value base)

Copier total	4Q10	FY10	FY11 Projection
Yen base	-1.4%	+0.6%	+10.4%
Local currency base	+7.5%	+6.7%	+13.6%

Note: Effects of new consolidation are included in "Others." from 2Q10.

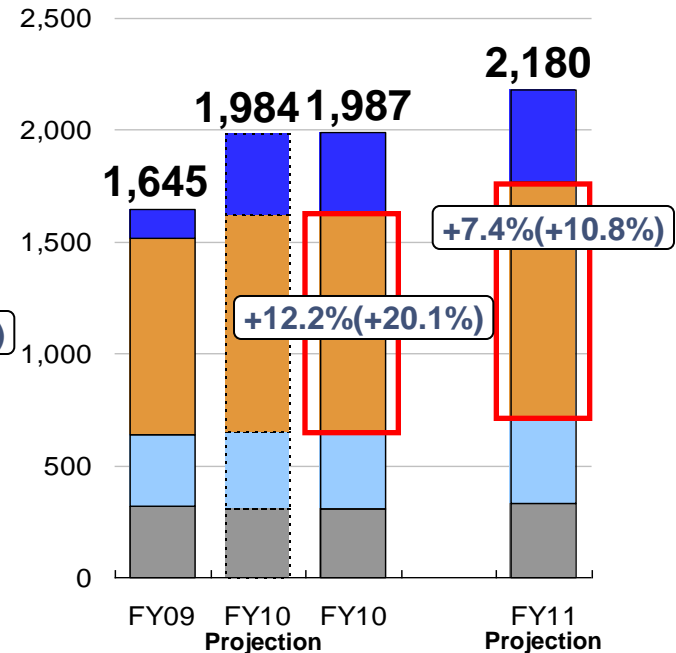
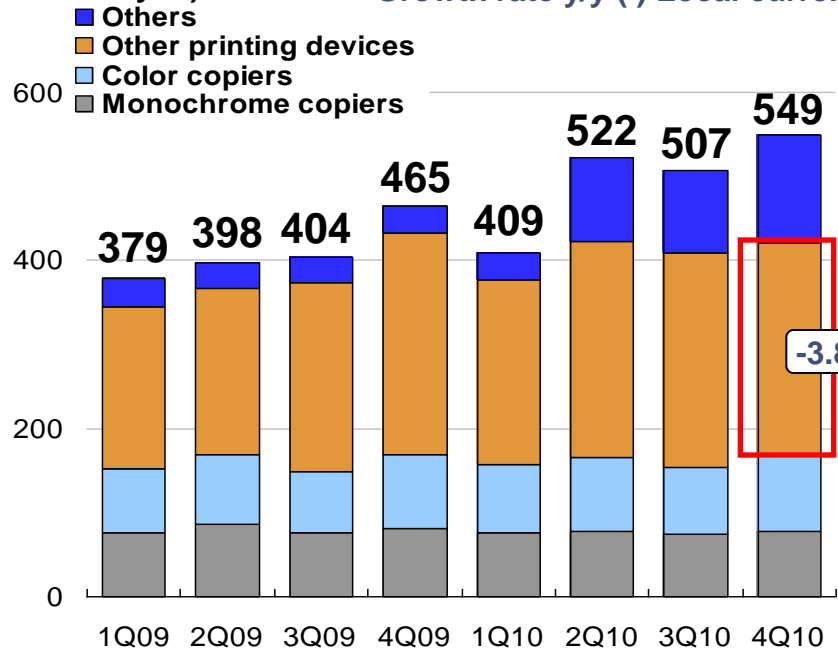
Office (Other Printing Devices)

2010 Actual / FY 2011 Projection

Sales

(Billions of yen)

Growth rate y/y () Local currency base



Growth rate y/y (Unit base)			
LP	4Q10	FY10	FY11 Projection
Color	+18%	+46%	+25%
Mono-Chrome	+32%	+65%	+16%
Total	+30%	+62%	+17%

Color ratio (LP)

	4Q10	FY10	FY11 Projection
Value base*	43%	42%	44%
Unit base	12%	14%	14%

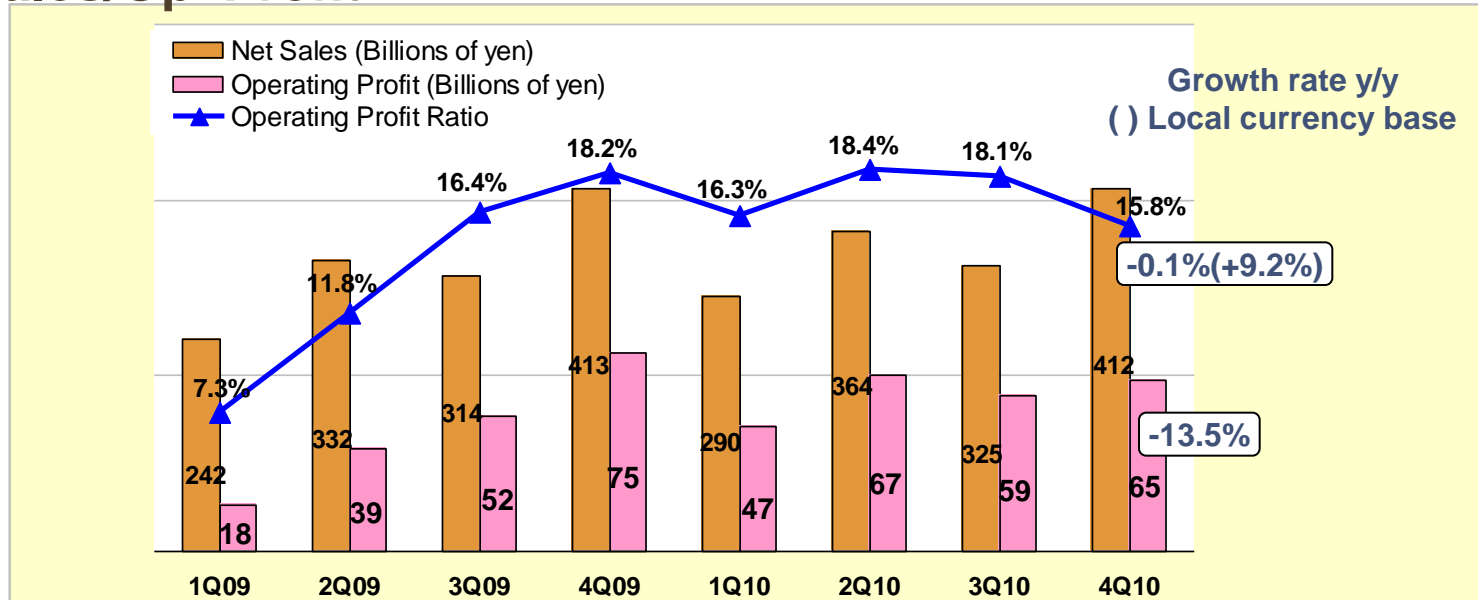
*Includes consumables

Note: Effects of new consolidation are included in "Others." from 2Q10.

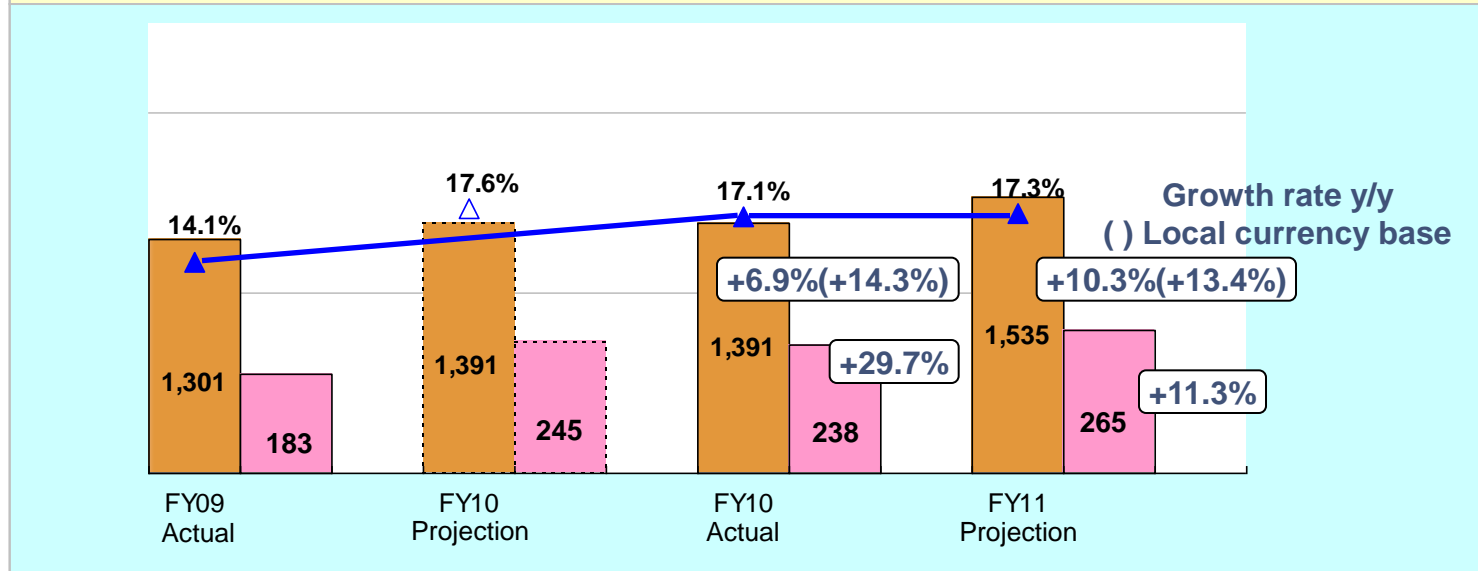
Consumer

Sales/Op. Profit

QTR



FY



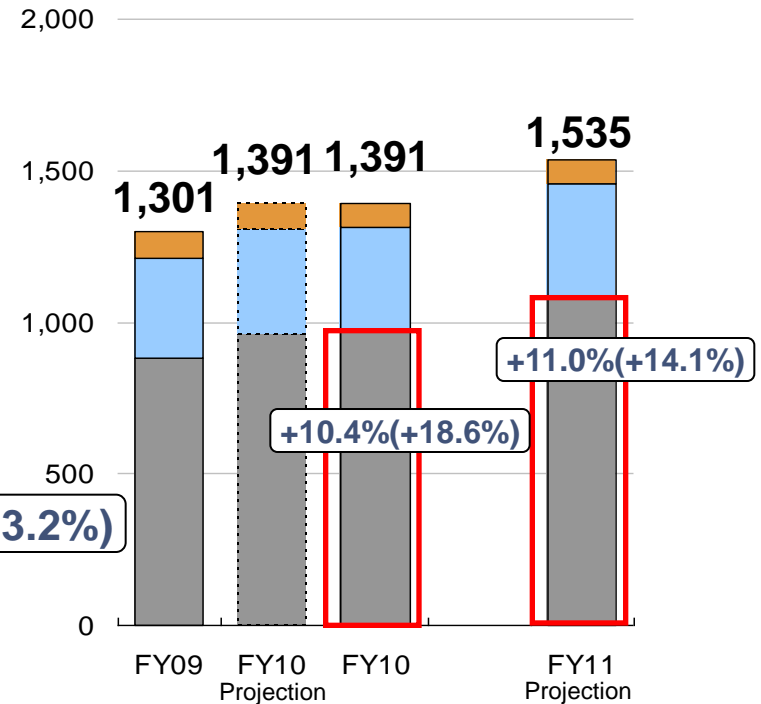
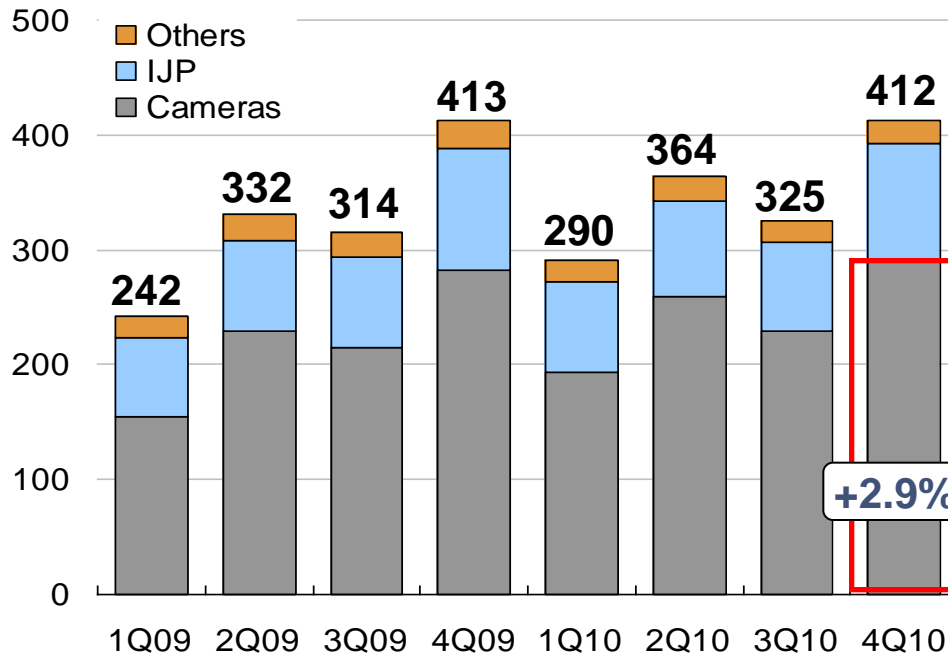
Consumer (Cameras)

FY 2010 Actual / FY 2011 Projection

Sales

(Billions of yen)

Growth rate y/y () Local currency base



Growth rate y/y (Unit base)			
	4Q10	FY10	FY11 Projection
Digital cameras	+16%	+12%	+11%

D SLR ratio*

	4Q10	FY10	FY11 Projection
Value base	66%	65%	69%
Unit base	22%	22%	23%

* Percentage of cameras sales attributable to SLRs, interchangeable lenses and related accessories

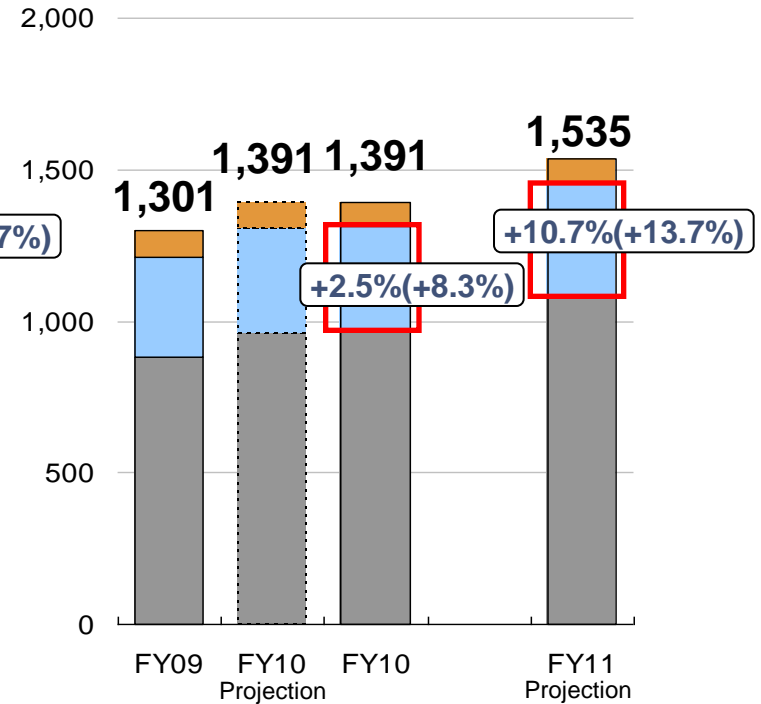
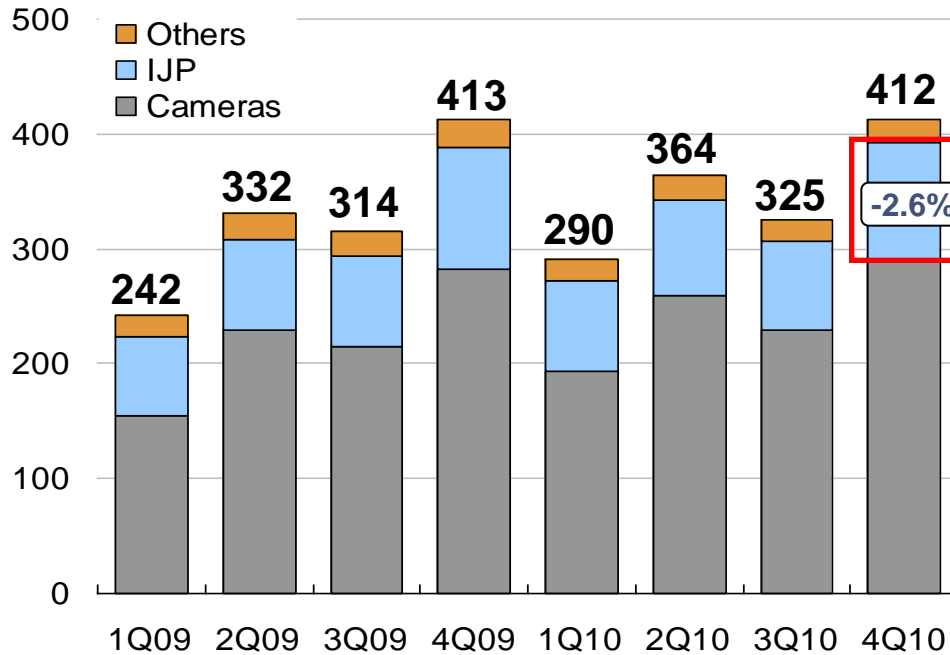
Consumer (IJP)

FY 2010 Actual / FY 2011 Projection

Sales

(Billions of yen)

Growth rate y/y () Local currency base

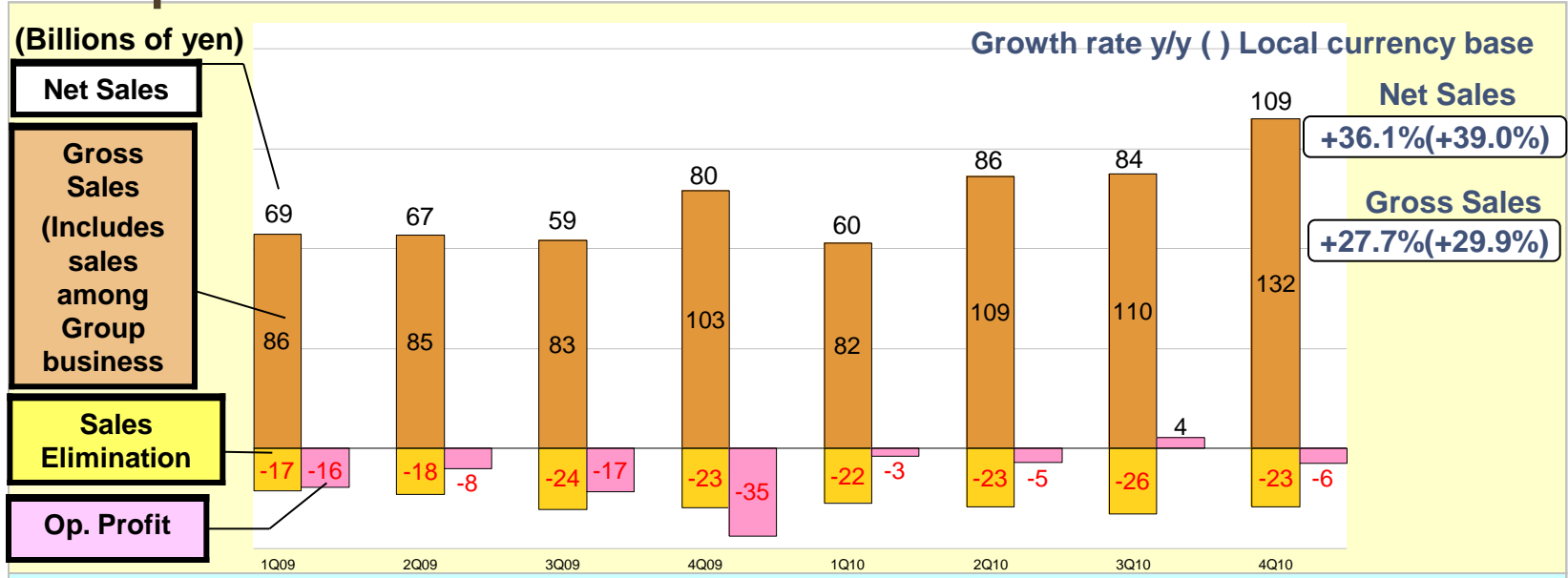


Growth rate y/y (Unit base)			
	4Q10	FY10	FY11 Projection
IJP	+2%	+3%	+8%

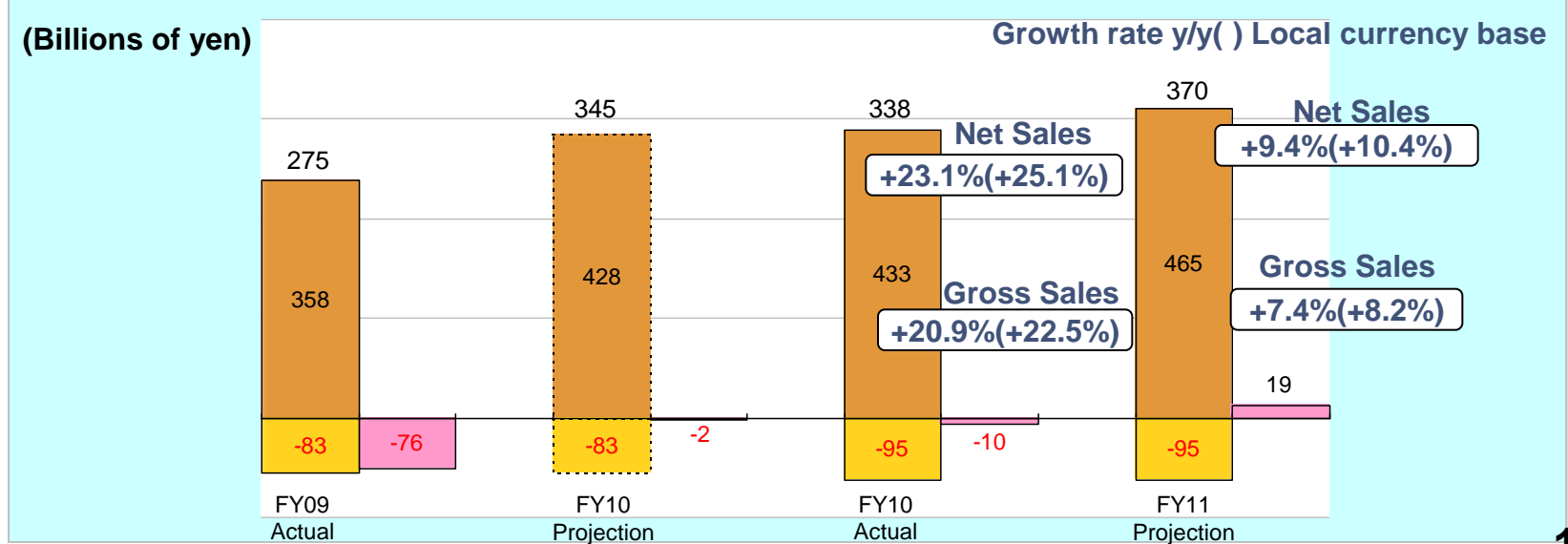
Industry and Others

Sales/Op. Profit

QTR



FY

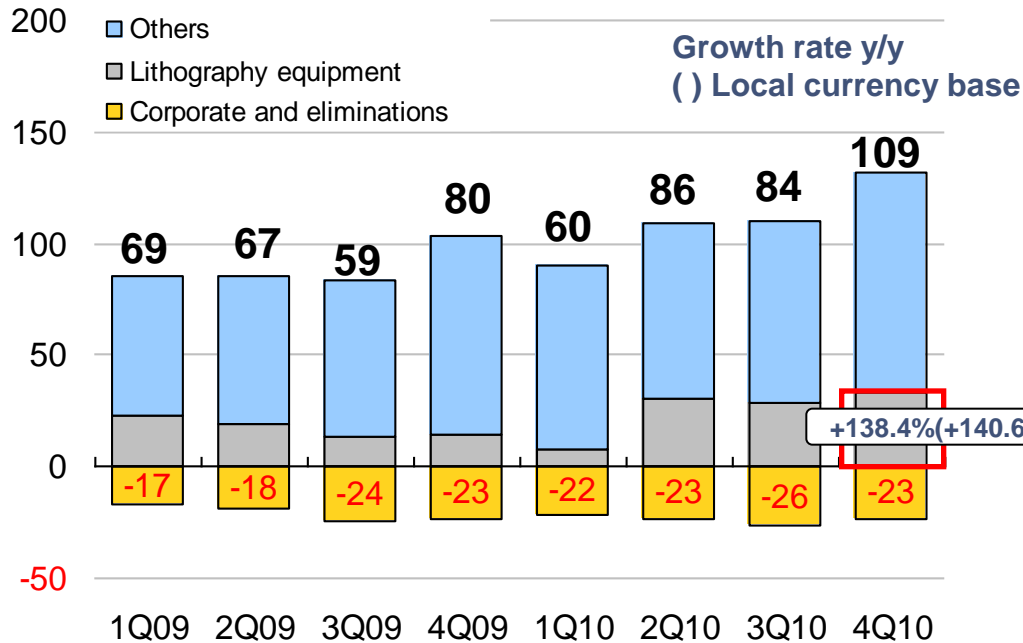


Industry and Others (Litho.Equip.)

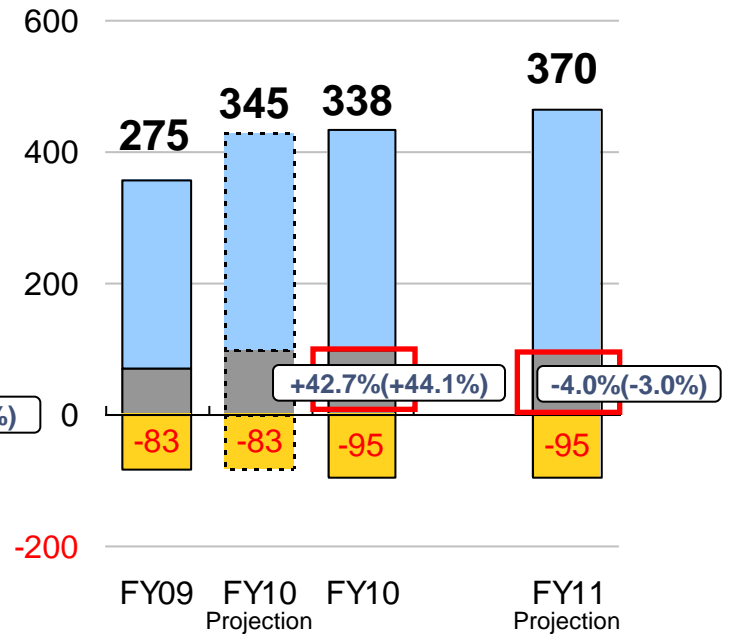
FY2010 Actual / FY 2011 Projection

(Billions of yen)

Sales



(Billions of yen)



Lithography Equipment (Unit sales)

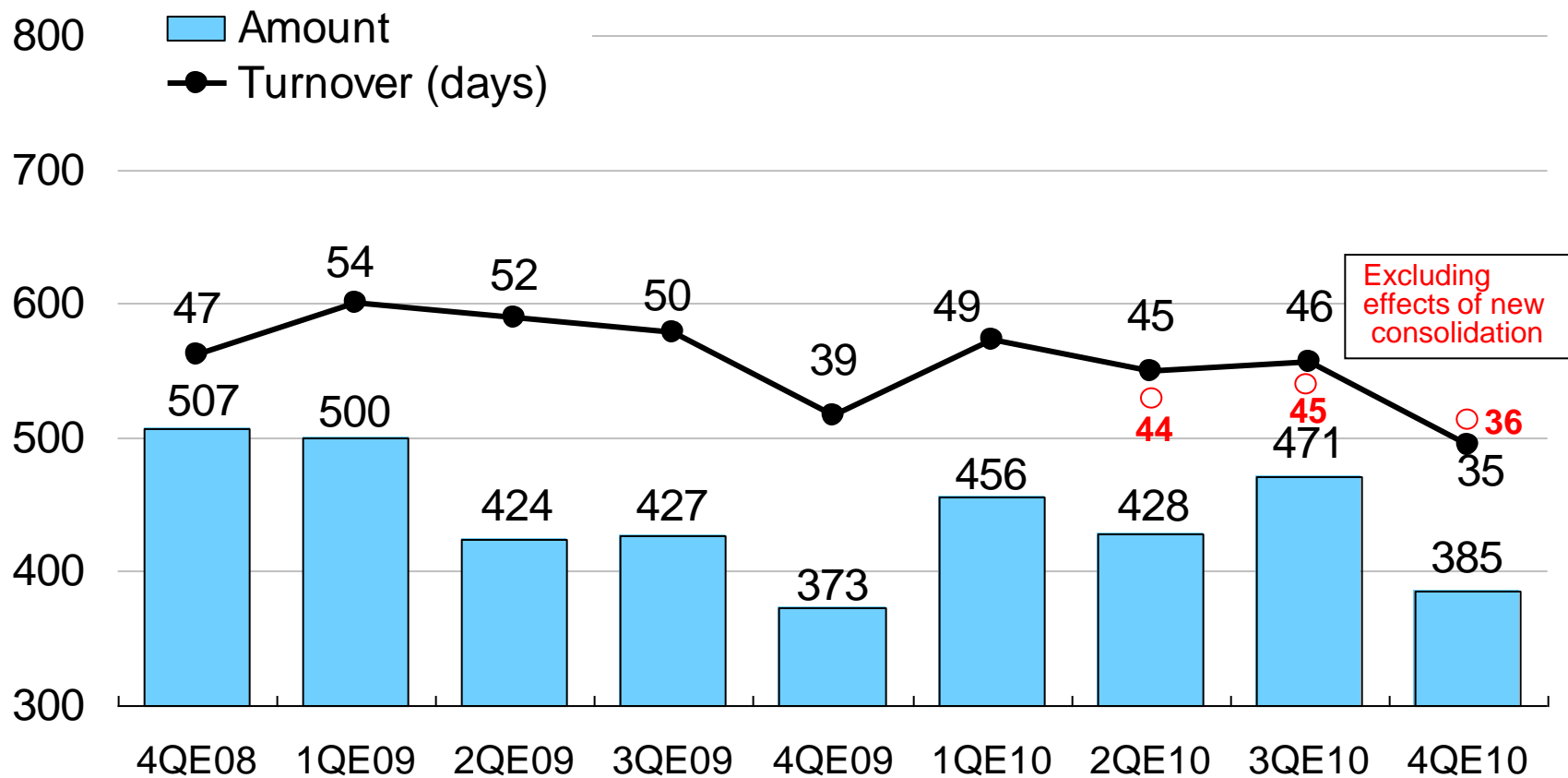
	4Q09	FY09	4Q10	FY10	FY11 Projection
IC	2	13	10	29	47
LCD	8	38	18	56	38
TTL	10	51	28	85	85

IC Stepper Unit Breakdown by Light Source

	4Q09	FY09	4Q10	FY10	FY11 Projection
ArF dry	0	0	0	0	0
ArF Immersion	0	2	0	0	0
KrF	2	3	3	6	6
i-line	0	8	7	23	41

Inventories

(Billions of yen)

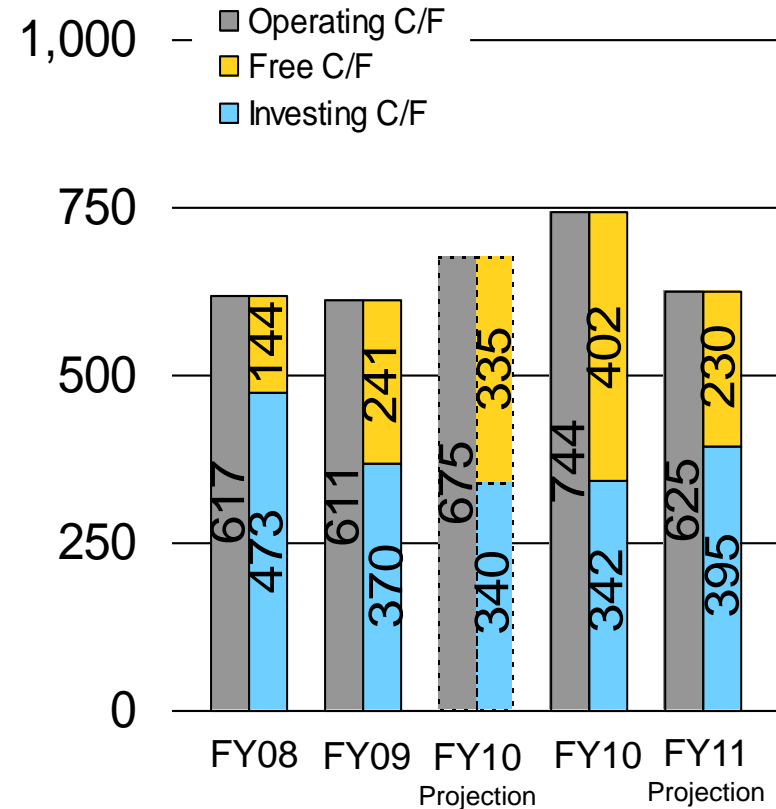
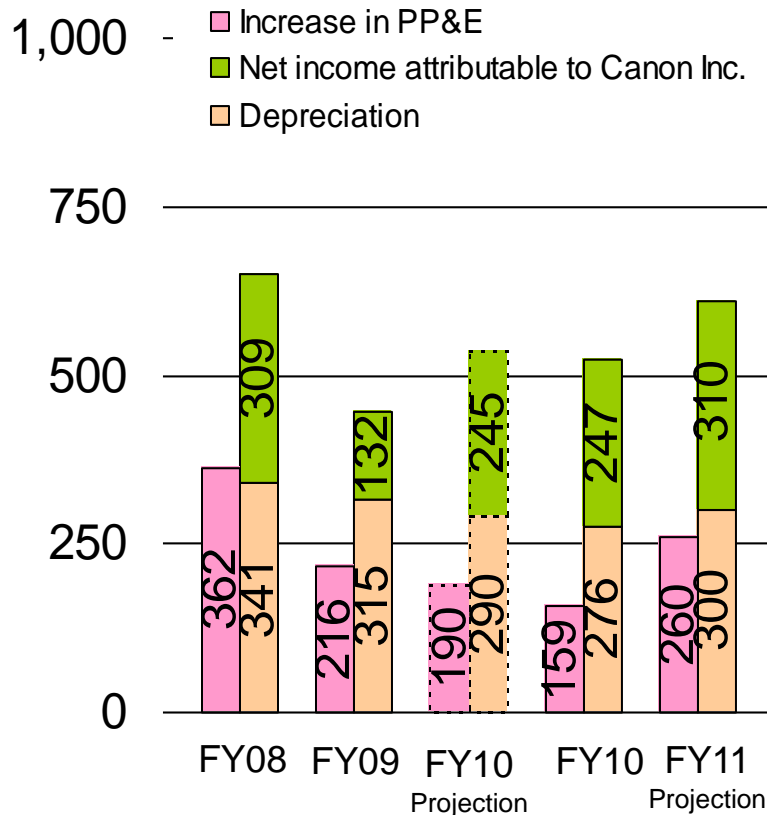


Capital Expenditure

Free Cash Flow

(Billions of yen)

(Billions of yen)

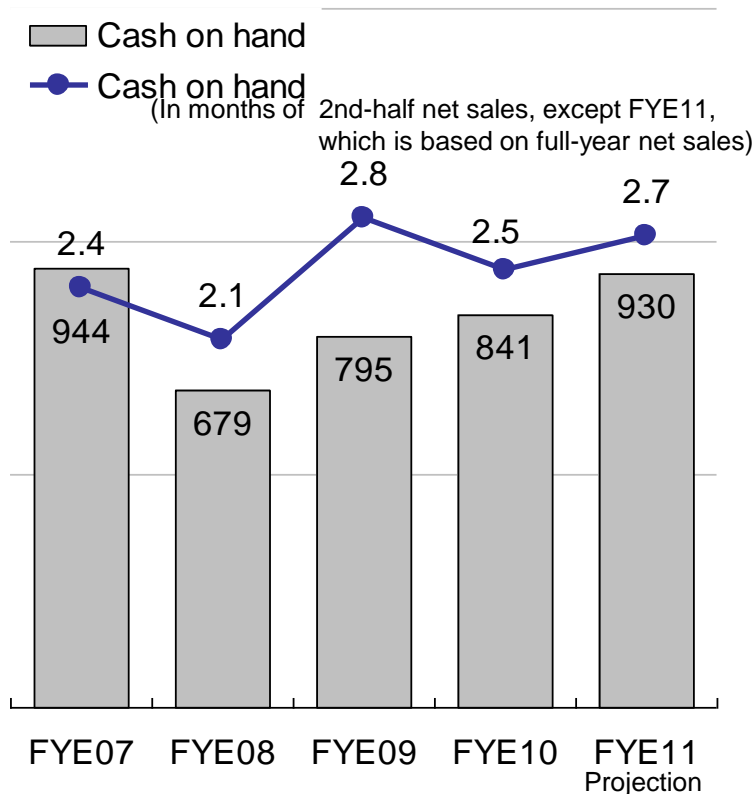


Note: Includes effects of newly consolidated companies from 2010

Cash on Hand and Return to Shareholders

Cash on Hand (Year-end)

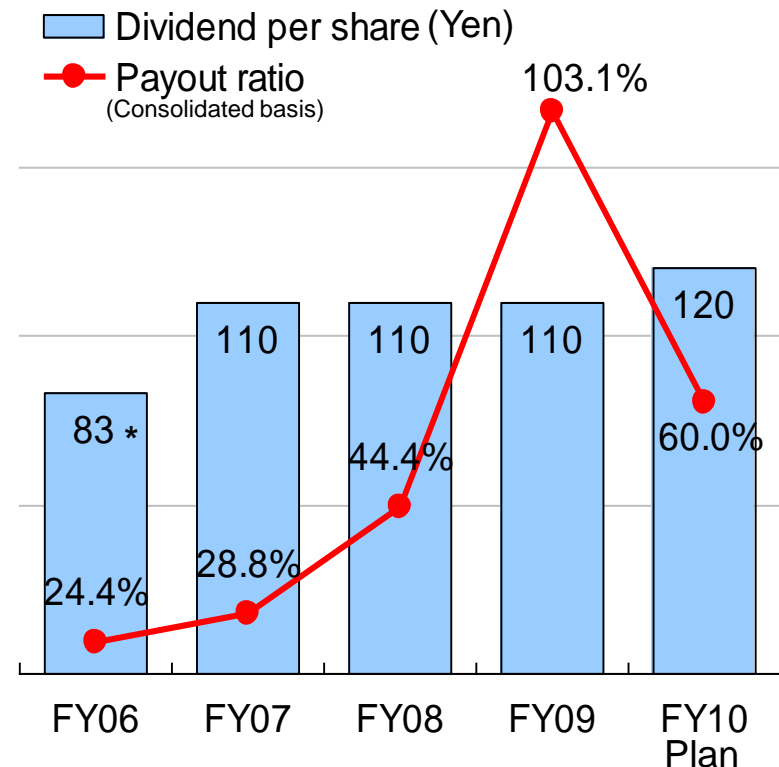
(Billions of yen)



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

Note: Includes the effect of new consolidation and 50 billion yen used to acquire own shares in FY10

Dividend



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

Supplementary Information

Transition in Sales and Operating Profit

4Q/FY 2010 Actual v. 4Q/FY 2009 Actual

(Billions of yen)

	4Q		FY	
	Sales	Op. Profit	Sales	Op. Profit
2009 Actual	954.1	92.1	3,209.2	217.1
Foreign exchange impact [net sales, cost of sales, expenses]	-71.8	-46.4	-193.9	-127.4
Sales volume impact				
Office	+26.9		+202.8	
Consumer	+64.8		+226.7	
Industry and Others	+31.9		+76.3	
Total	+123.6	+48.8	+505.8	+274.2
Effects of new consolidation	+101.6	-8.1	+248.2	-16.2
Others	-39.6	-3.6	-62.4	+39.9
Total Change	+113.8	-9.3	+497.7	+170.5
2010 Actual	1,067.9	82.8	3,706.9	387.6

Change in Exchange Rate (4Q)

- 1USD: 89.68 to 82.68 Yen
- 1EURO: 132.54 to 111.99 Yen

Change in Exchange Rate (FY)

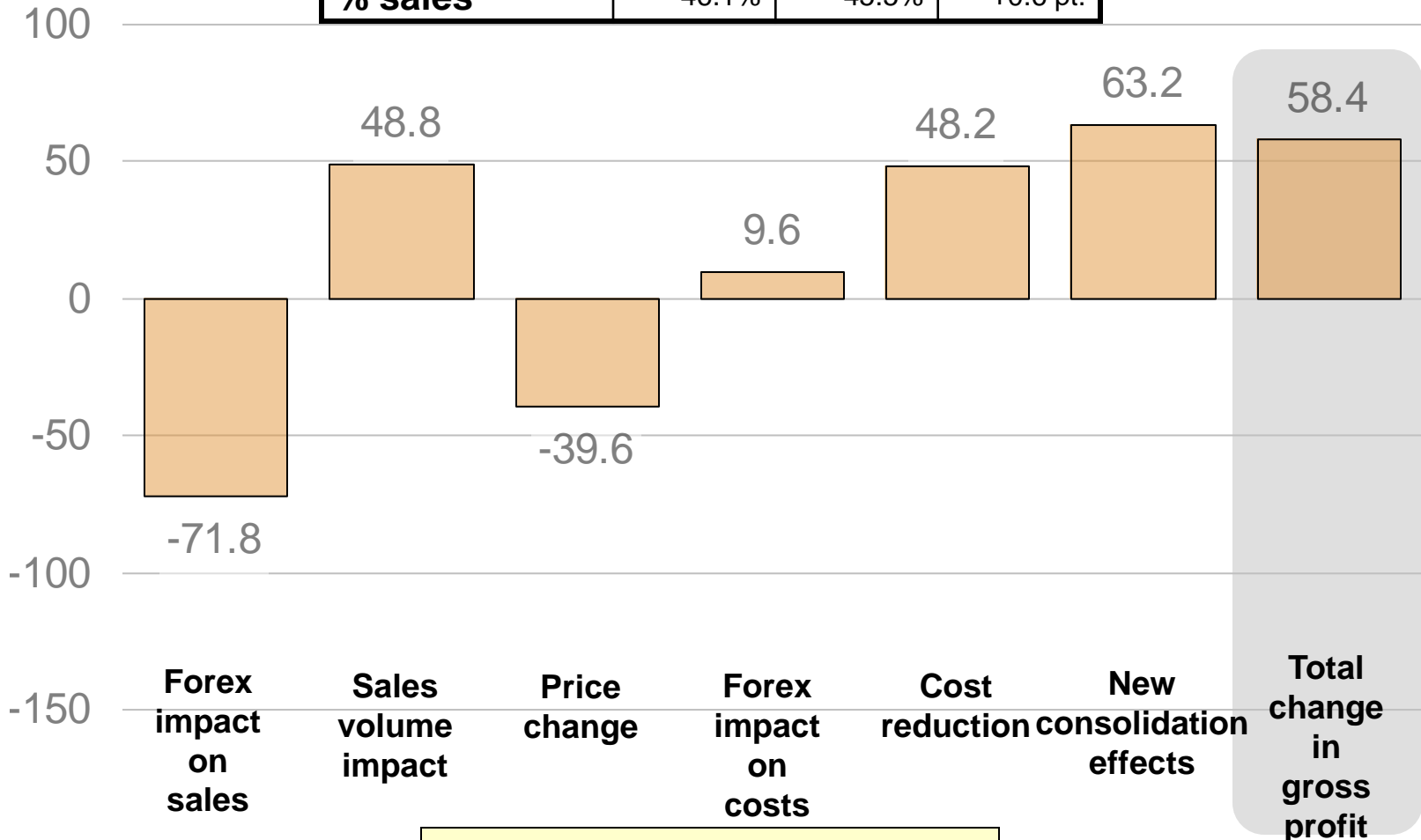
- 1USD: 93.21 to 87.40 Yen
- 1EURO: 130.46 to 114.97 Yen

Gross Profit Variance Analysis

4Q 2010 Actual v. 4Q 2009 Actual

	4Q10	4Q09	Change
Gross Profit	492.2	433.8	+58.4
% sales	46.1%	45.5%	+0.6 pt.

(Billions of yen)



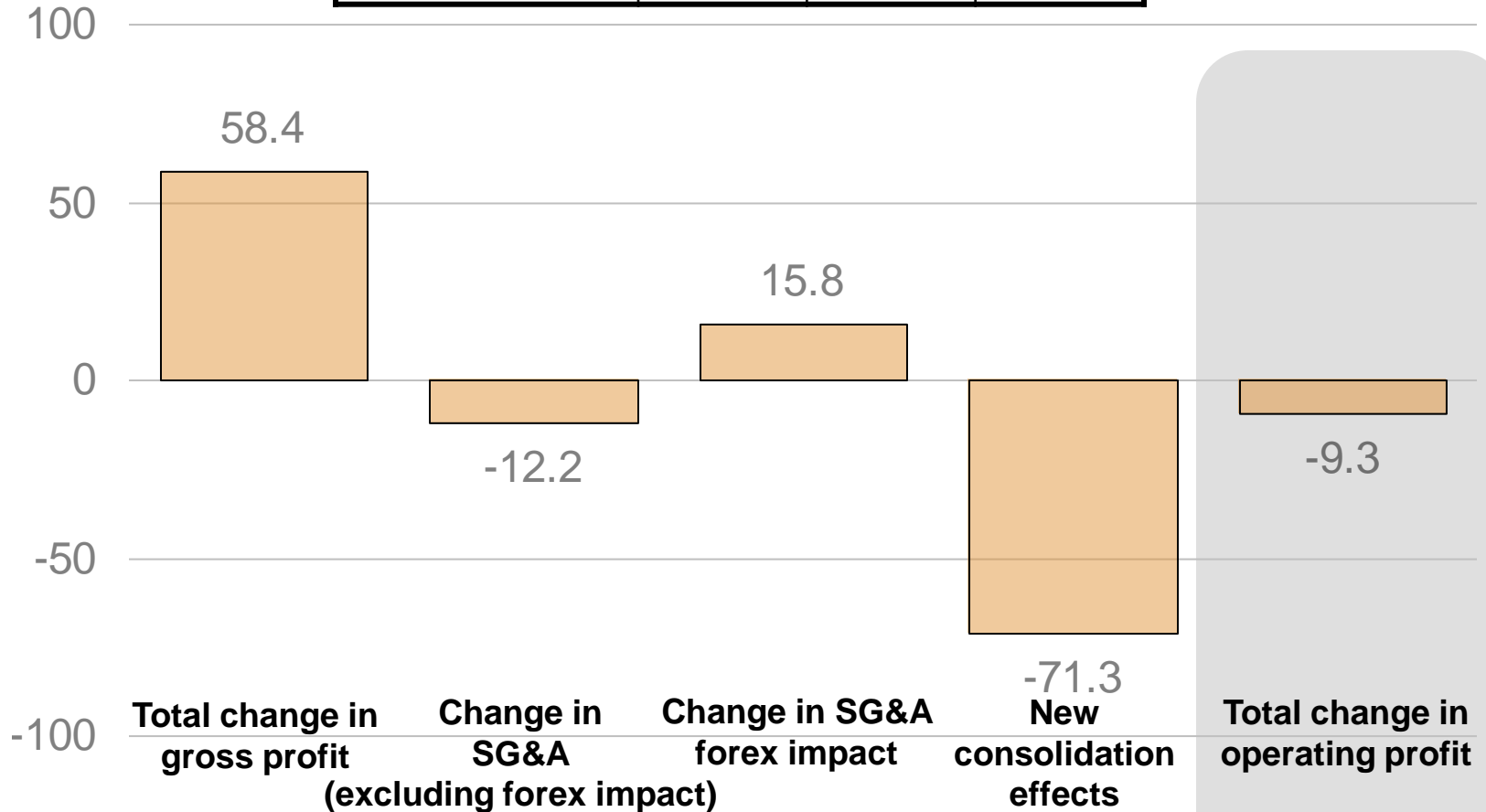
Supplementary Information

Operating Profit Variance Analysis

4Q 2010 Actual v. 4Q 2009 Actual

	4Q10	4Q09	Change
Op. Profit	82.8	92.1	-9.3
% sales	7.8%	9.7%	-1.9 pt.

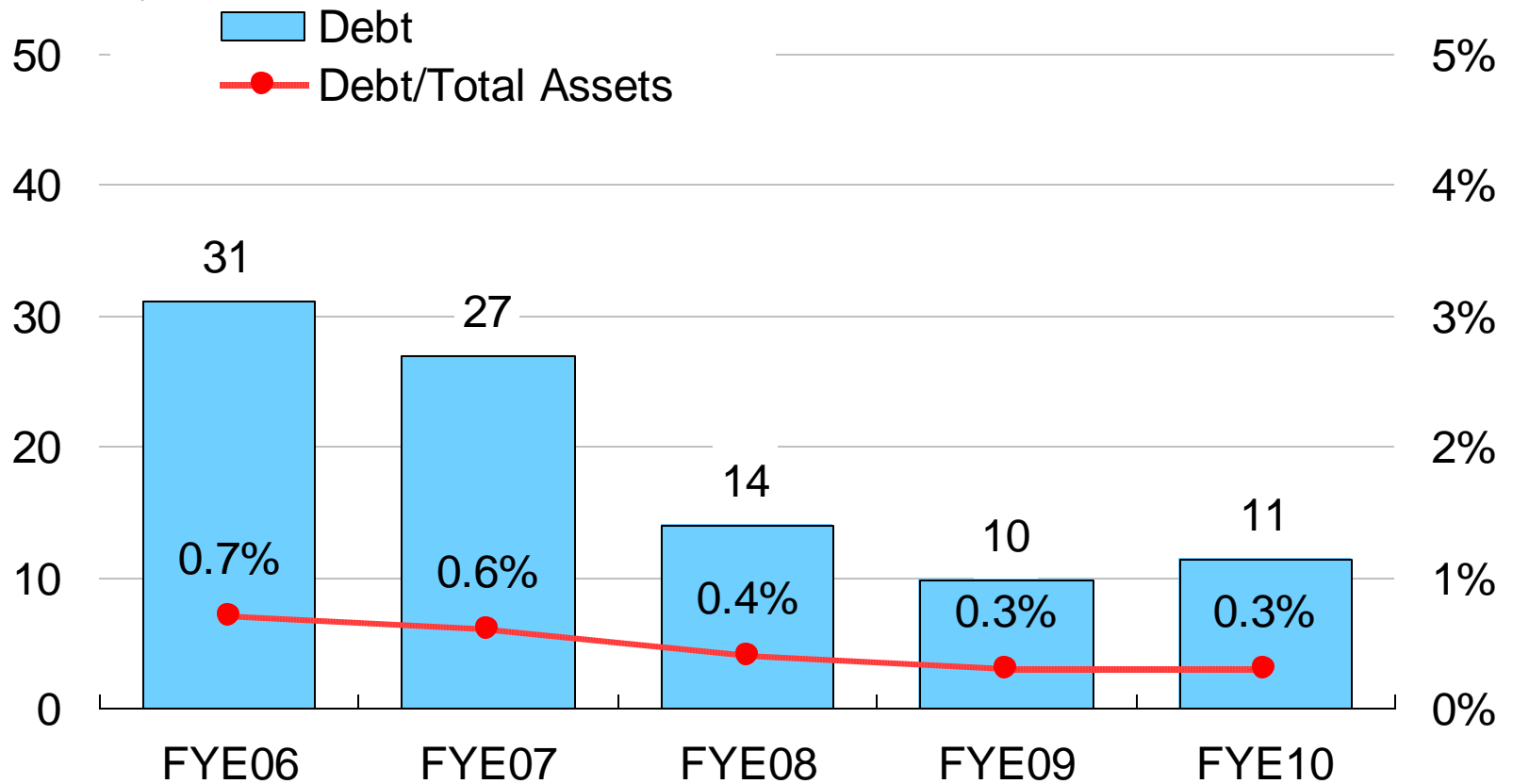
(Billions of yen)



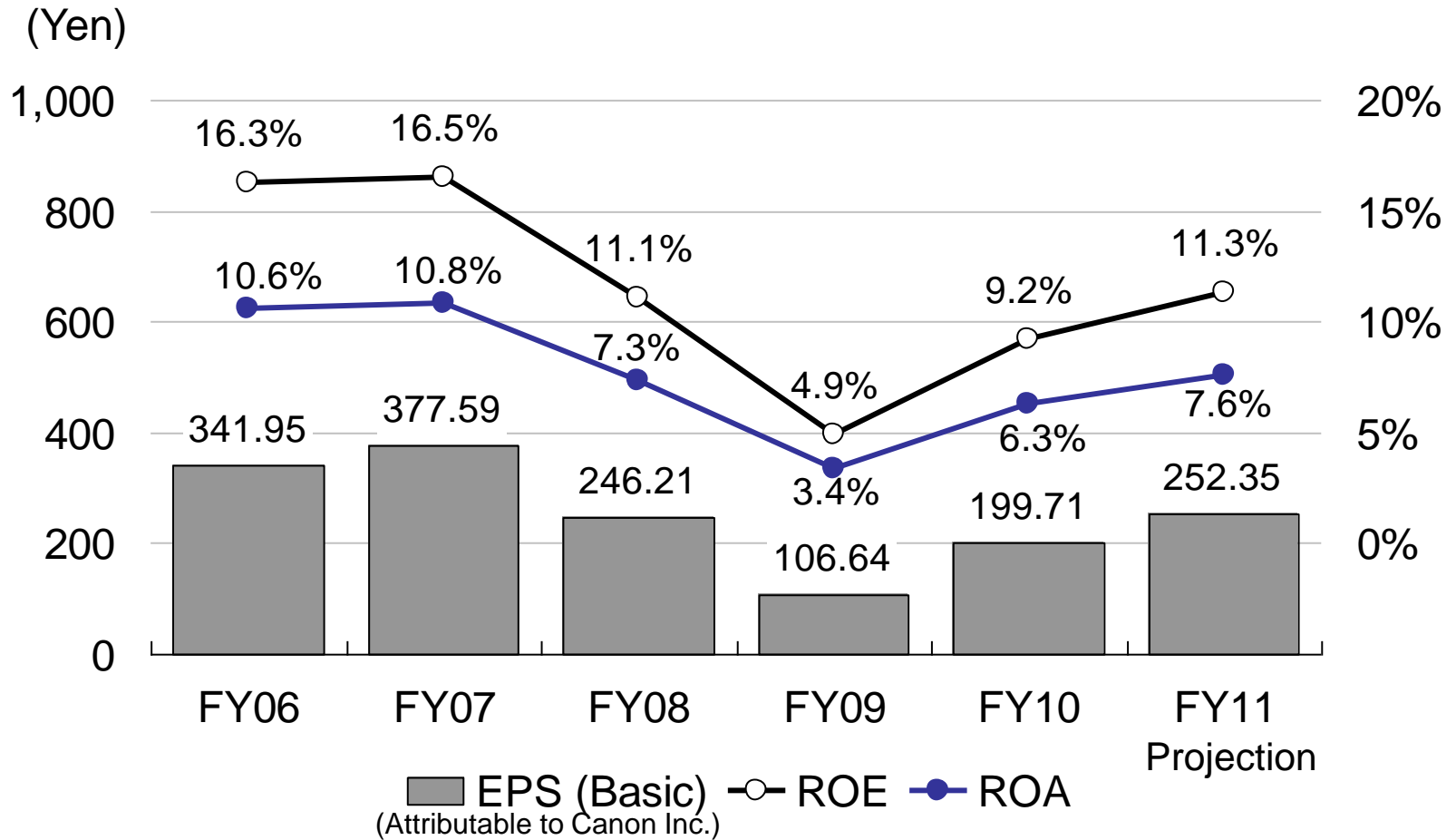
Supplementary Information

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)