



Canon Inc.

First Quarter 2010 Results

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Agenda

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1Q 2010 in Summary

External Environment

- ✓ Gradual global economic recovery, driven by Asia

Results

- ✓ Achieved double-digit sales growth
 - ✓ as consumer business remained strong and office business continued to recover
- ✓ Raised gross profit ratio to nearly 50%
 - ✓ through improved capacity utilization and production efficiency
- ✓ Achieved 4.3 times the operating profit of 1Q09 and double-digit operating profit ratio
 - ✓ through improved gross profit ratio and continued expense control

Note: Effects of new consolidation (Reflected in BS only in 1Q. Plan to reflect in PL from 2Q)

Summary of Results

1Q 2010 Actual

(Billions of yen)

| | 1Q 2010 Actual | 1Q 2009 Actual | Pct. Change |
|--|-------------------|-------------------|-------------|
| Net sales | 755.5 | 687.0 | +10.0% |
| Gross profit | 368.6 | 298.8 | +23.3% |
| [% sales] | 48.8% | 43.5% | |
| Op. profit | 86.8 | 20.0 | +333.5% |
| [% sales] | 11.5% | 2.9% | |
| Net income attributable to Canon Inc. | 56.8 | 17.7 | +220.2% |
| [% sales] | 7.5% | 2.6% | |
| Foreign exchange rate | | | |
| Yen – 1USD | 90.63 | 93.86 | |
| Yen – 1EURO | 125.07 | 121.85 | |

Transition in Sales and Op. Profit

1Q 2010 Actual v. 1Q 2009 Actual

(Billions of yen)

| | Sales | Op. Profit |
|---|-------|------------|
| 1Q 2009 Actual | 687.0 | 20.0 |
| Foreign exchange impact [net sales, cost of sales, expenses] | -4.7 | -4.0 |
| Sales volume impact | | |
| Office | +37.1 | |
| Consumer | +49.5 | |
| Industry and Others | -6.5 | |
| | | |
| Total | +80.1 | +47.4 |
| Others | -6.9 | +23.4 |
| Total Change | +68.5 | +66.8 |
| 1Q 2010 Actual | 755.5 | 86.8 |

Change in Exchange Rate

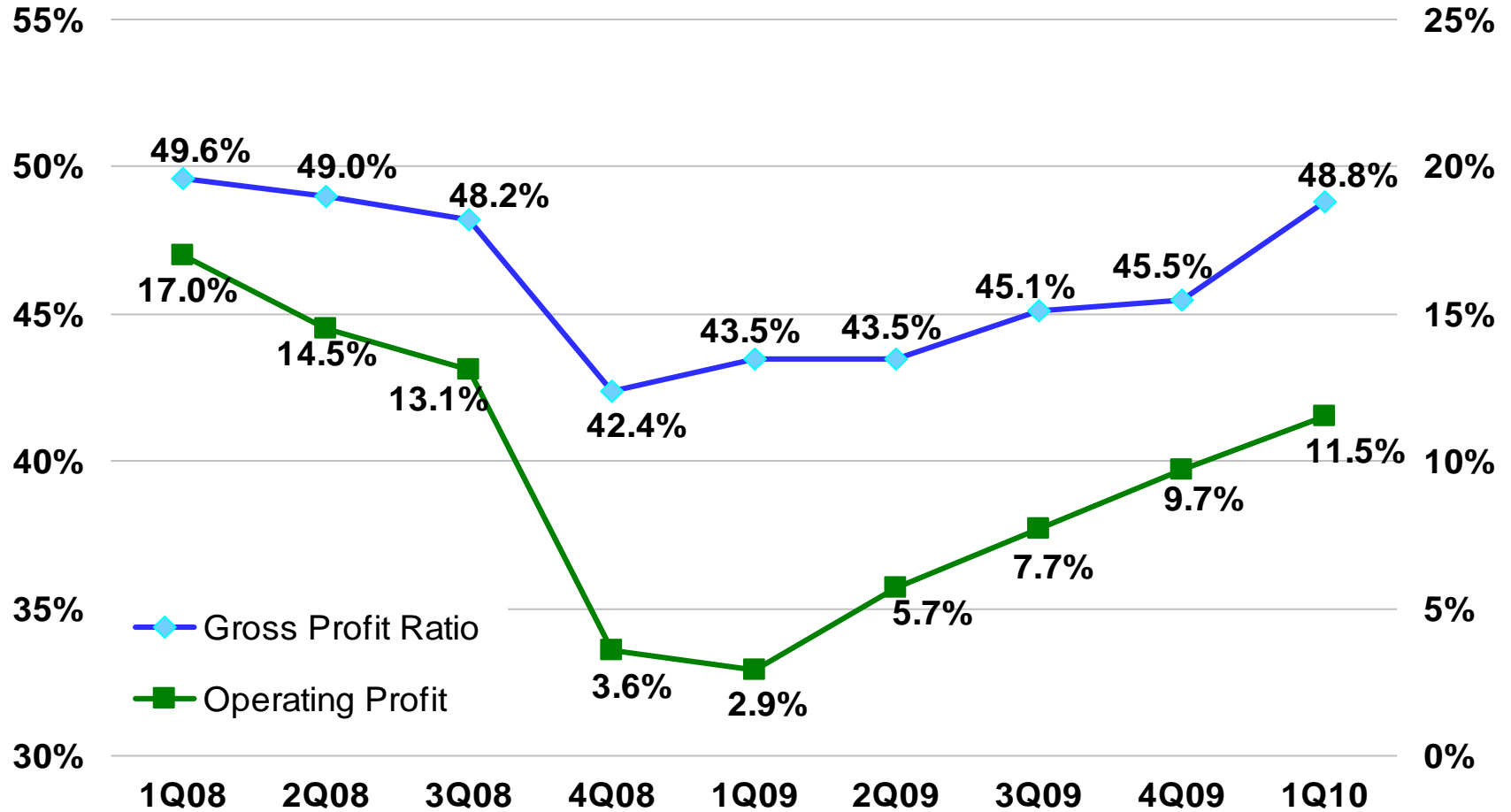
- 1USD: 93.86 to 90.63 yen
- 1EURO: 121.85 to 125.07 yen

Steady Recovery in Performance

Gross & Operating Profit Ratio

(Gross Profit Ratio)

(Operating Profit Ratio)

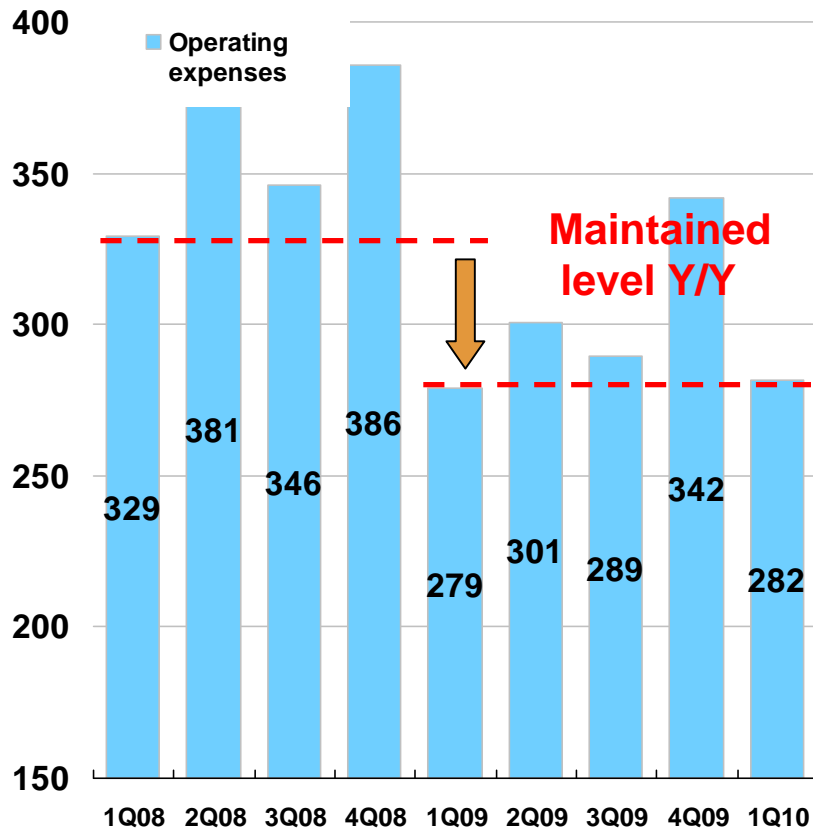


| | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| USD | 104.78 | 104.61 | 107.61 | 96.22 | 93.86 | 97.19 | 93.46 | 89.68 | 90.63 |
| EURO | 157.59 | 163.55 | 161.29 | 126.46 | 121.85 | 132.90 | 133.60 | 132.54 | 125.07 |

Expense & Inventory Situation

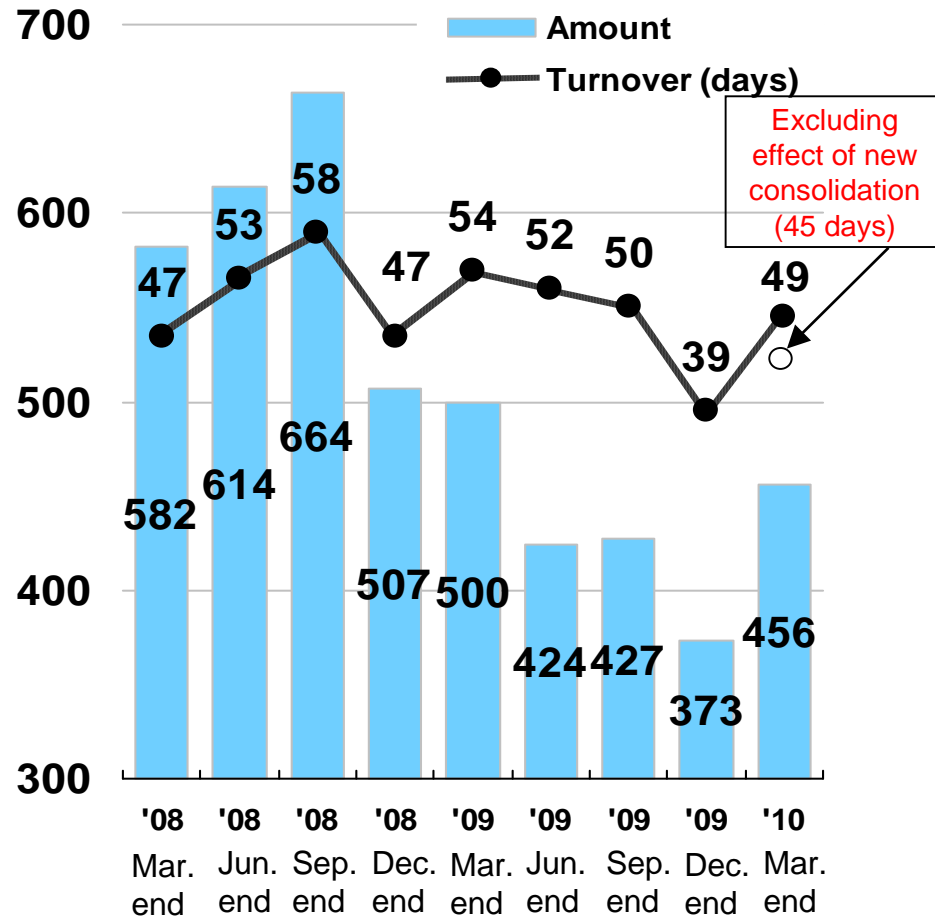
Expenses

(Billions of yen)



Inventory

(Billions of yen)



Assumptions

2010 Current Projection

| Average Exchange Rate | 2Q-4Q10 | FY10 | FY09 |
|-----------------------|------------|------------|------------|
| ■ Yen-1USD | 90.00 yen | 90.14 yen | 93.21 yen |
| ■ Yen-1EURO | 125.00 yen | 125.01 yen | 130.46 yen |

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

| | Net sales | Operating profit |
|--------|------------------|------------------|
| ■ USD | 13.7 billion yen | 6.8 billion yen |
| ■ EURO | 6.4 billion yen | 4.1 billion yen |

Key Points FY 2010

Assumption

- ✓ Continuing trend of gradual global economic recovery

Projections

- ✓ Achieve sales and profit growth of all core businesses in 2010, “the first year in a new era of growth”
 - ✓ Raise profitability further through “improved management quality”
 - ✓ Strengthen ability to respond to changes during a phase of expansion
- ✓ Incorporate effects of new consolidation

Summary of Projected Results

FY 2010 Current Projection

(Billions of yen) (For reference)

| | FY 2010 | FY 2010 | FY 2009 | Pct. Change | | FY 2010 Current projection (excluding effects of new consolidation) |
|---|-----------------------|------------------------|----------------|------------------------|--------|--|
| | Current projection | Previous projection | Actual | Previous Projection | Actual | |
| Net sales | 3,750.0 | 3,450.0 | 3,209.2 | +8.7% | +16.9% | 3,470.0 |
| Gross profit | 1,720.0 | 1,590.0 | 1,427.4 | +8.2% | +20.5% | 1,615.0 |
| [% sales] | 45.9% | 46.1% | 44.5% | | | 46.5% |
| Op. profit | 360.0 | 330.0 | 217.1 | +9.1% | +65.9% | 360.0 |
| [% sales] | 9.6% | 9.6% | 6.8% | | | 10.4% |
| Net income attributable to Canon Inc. | 240.0 | 200.0 | 131.6 | +20.0% | +82.3% | |
| [% sales] | 6.4% | 5.8% | 4.1% | | | |
| Foreign exchange rate | | | | | | |
| Yen – 1USD | 90.14 | 90.00 | 93.21 | | | |
| Yen – 1EURO | 125.01 | 130.00 | 130.46 | | | |

Transition in Sales and Op. Profit

FY 2010 Current Projection v. FY 2010 Previous Projection

(Billions of yen)

| | FY 2010 | |
|---|---------|------------|
| | Sales | Op. Profit |
| Previous Projection (Jan. 27, 2010) | 3,450.0 | 330.0 |
| Foreign exchange impact [net sales, cost of sales, expenses] | -23.8 | -21.2 |
| Sales volume impact | | |
| Office | +12.3 | |
| Consumer | +4.7 | |
| Industry and Others | +6.7 | |
| Total | +23.7 | +2.9 |
| Effects of new consolidation | +280.0 | 0.0 |
| Others | +20.1 | +48.3 |
| Total Change | +300.0 | +30.0 |
| Current Projection (Apr. 26, 2010) | 3,750.0 | 360.0 |

Change in Exchange Rate

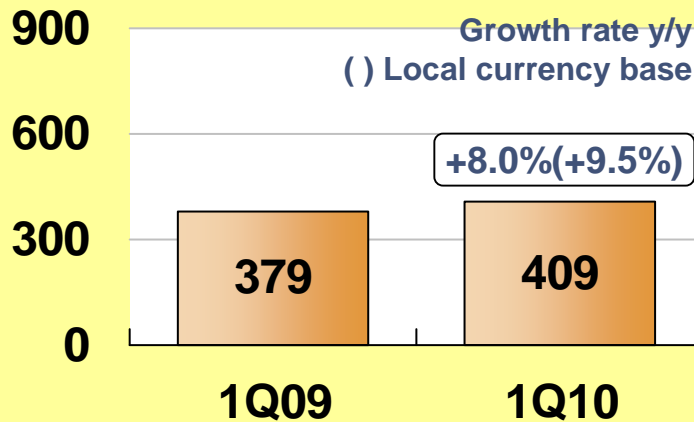
- 1USD: 90.00 to 90.14 yen
- 1EURO: 130.00 to 125.01 yen

Office

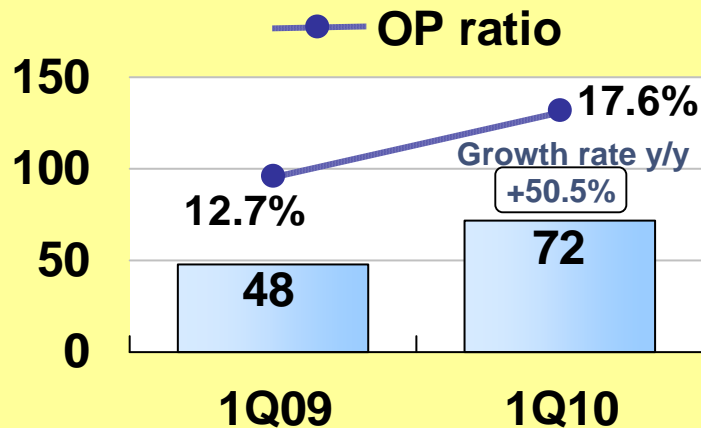
1Q 2010 Actual / FY 2010 Projection

(Billions of yen) **1Q**

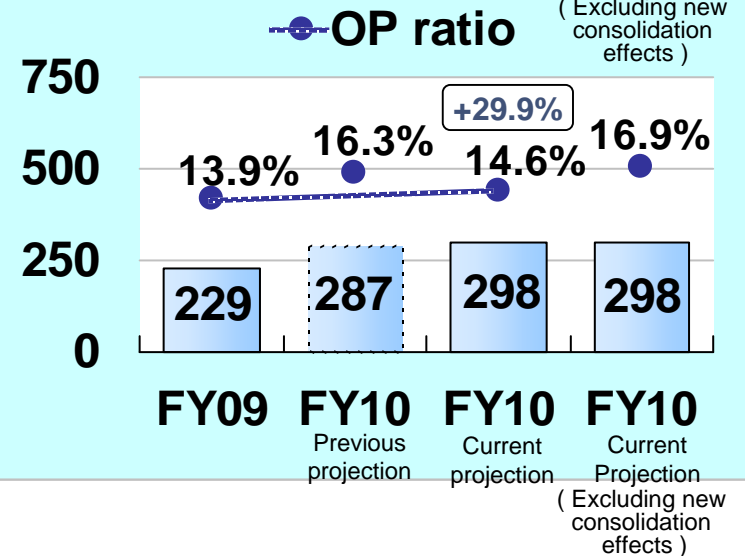
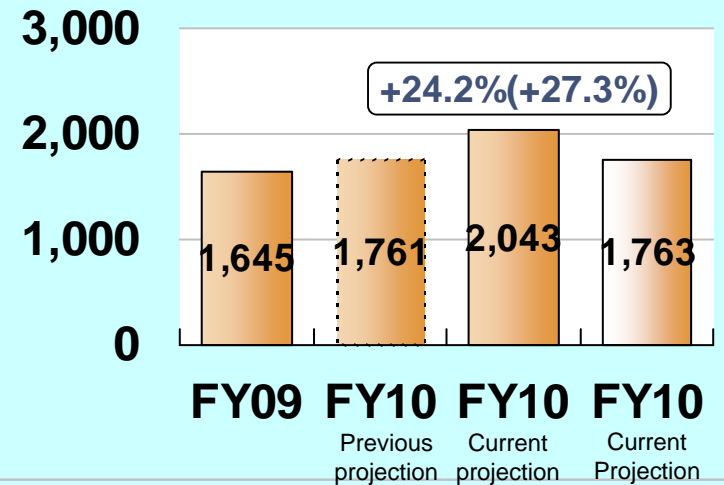
Sales



Op. Profit



(Billions of yen) **FY**



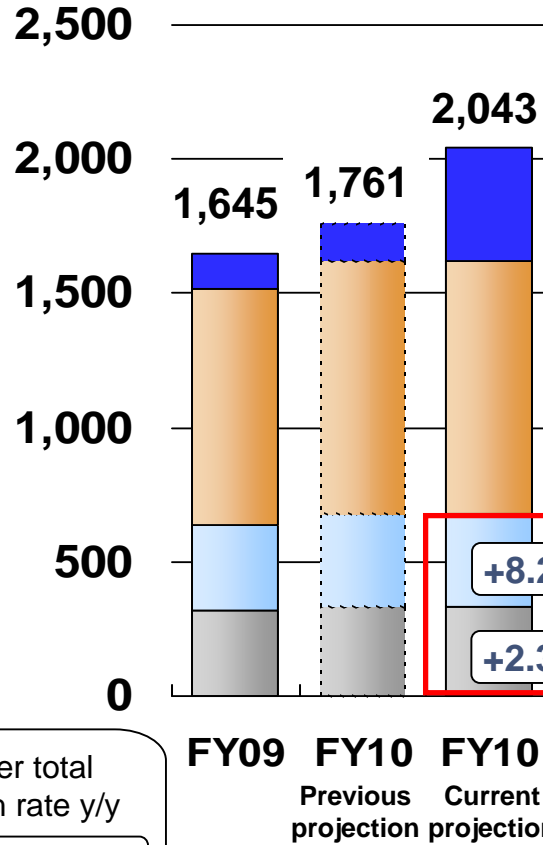
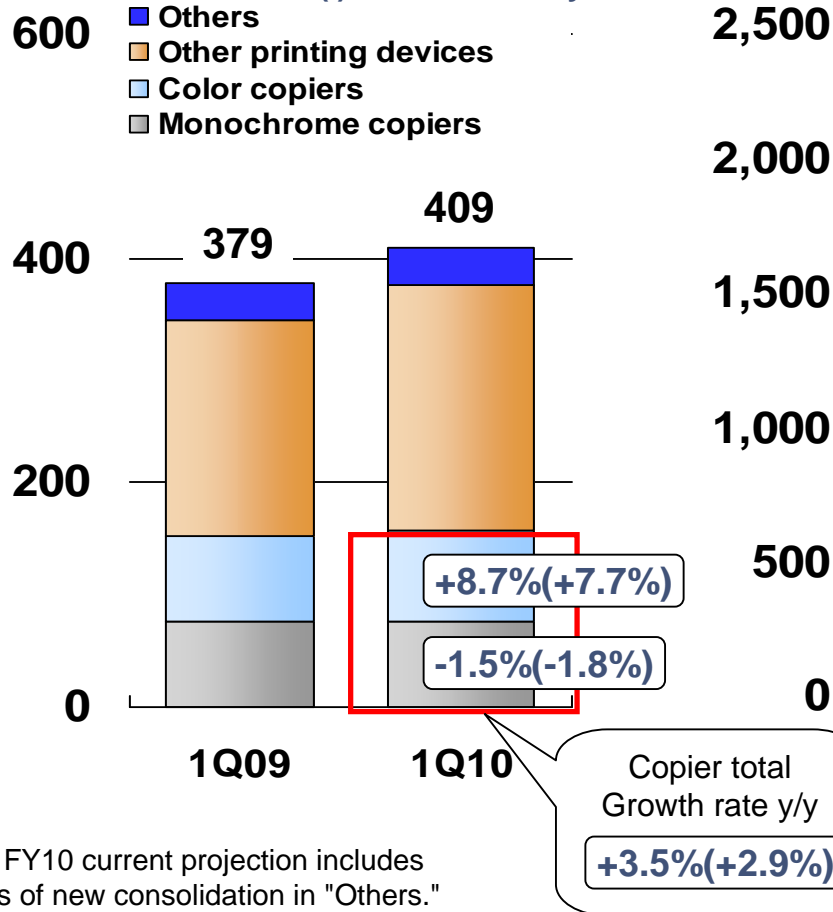
Office (Copiers)

1Q 2010 Actual / FY 2010 Projection

Sales

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

- Others
- Other printing devices
- Color copiers
- Monochrome copiers



| Growth rate y/y (Unit base) | | |
|--------------------------------|------|------|
| Copiers | 1Q | FY |
| Color | +36% | +16% |
| Mono-chrome | +10% | +7% |
| Total | +17% | +10% |

| Color ratio (Copiers) | | |
|-----------------------|-----|-----|
| | 1Q | FY |
| Value base* | 52% | 51% |
| Unit base | 30% | 29% |

*Includes consumables

Note: FY10 current projection includes effects of new consolidation in "Others."

Copier total
Growth rate y/y
+5.2%(+7.6%)

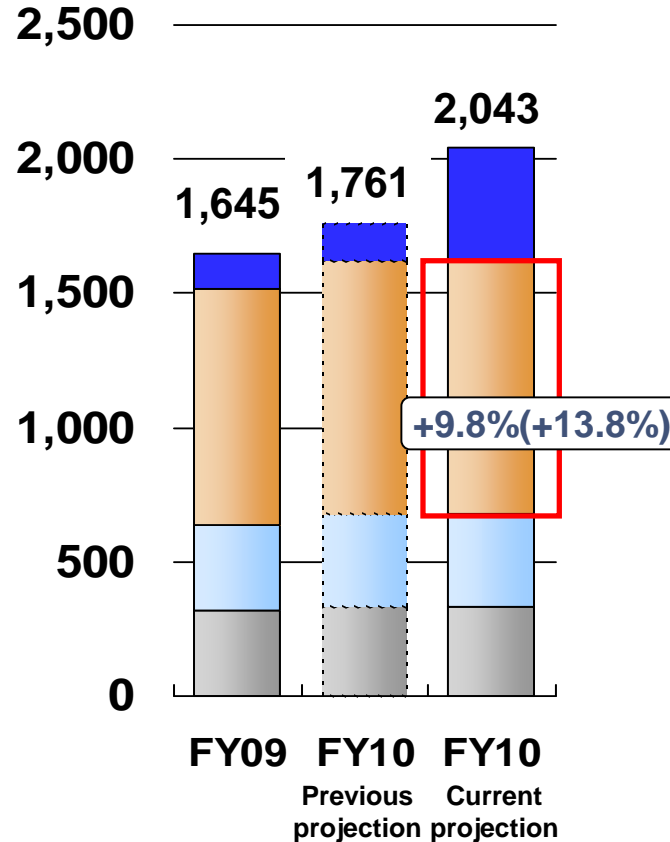
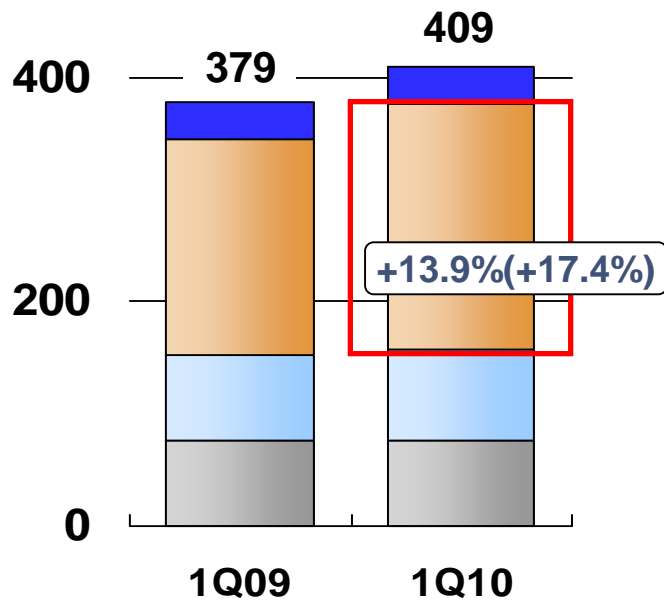
Office (Other Printing Devices)

1Q 2010 Actual / FY 2010 Projection

Sales

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

- 600 ■ Others
- Other printing devices
- Color copiers
- Monochrome copiers



| Growth rate y/y (Unit base) | | |
|--------------------------------|-------|------|
| LP | 1Q | FY |
| Color | +115% | +46% |
| Mono-chrome | +135% | +60% |
| Total | +131% | +58% |

Color ratio (LP)

| | 1Q | FY |
|-------------|-----|-----|
| Value base* | 41% | 44% |
| Unit base | 16% | 15% |

*Percentage of Other Printing Devices Sales attributable to Color LP

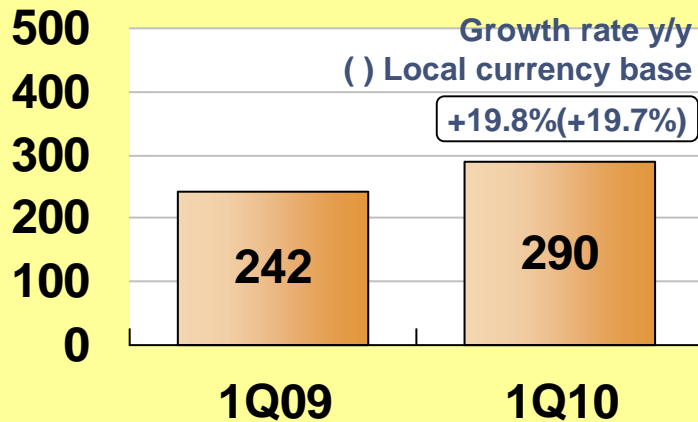
Note: FY10 current projection includes effects of new consolidation in "Others."

Consumer

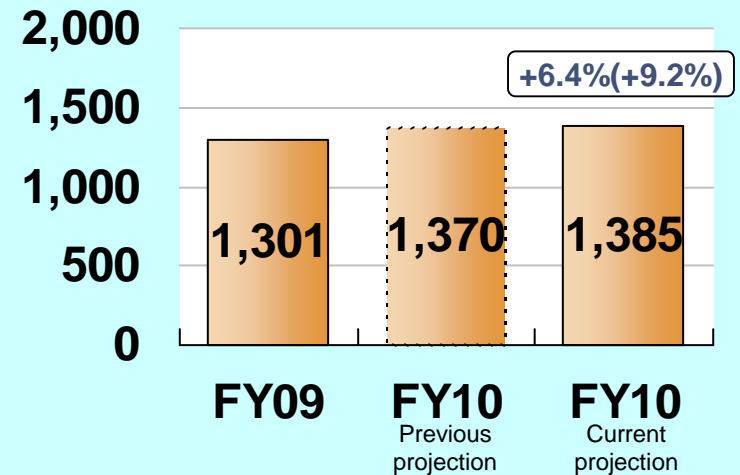
1Q 2010 Actual / FY 2010 Projection

(Billions of yen) **1Q**

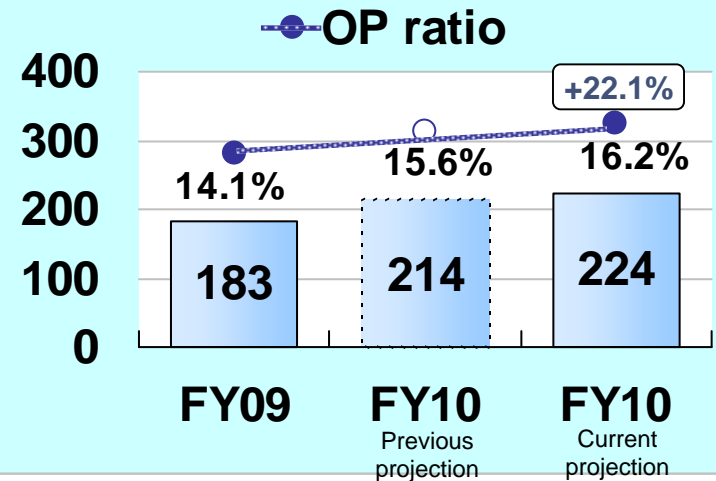
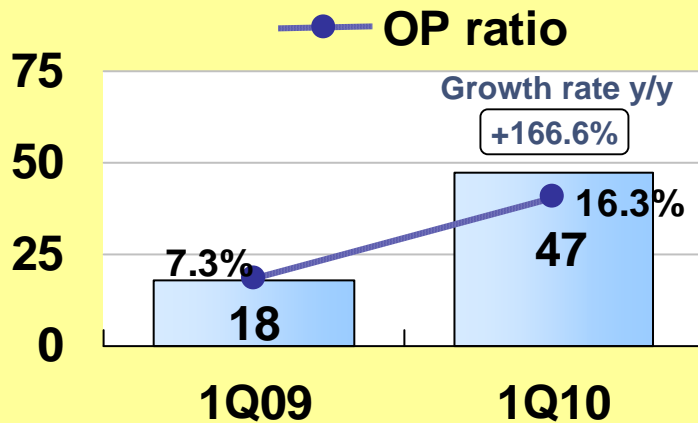
Sales



(Billions of yen) **FY**



Op. Profit

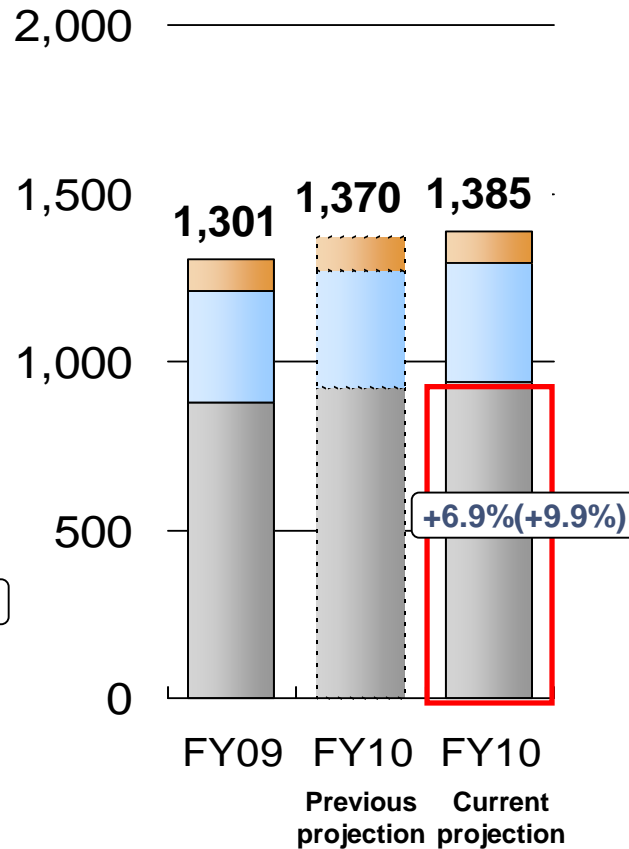
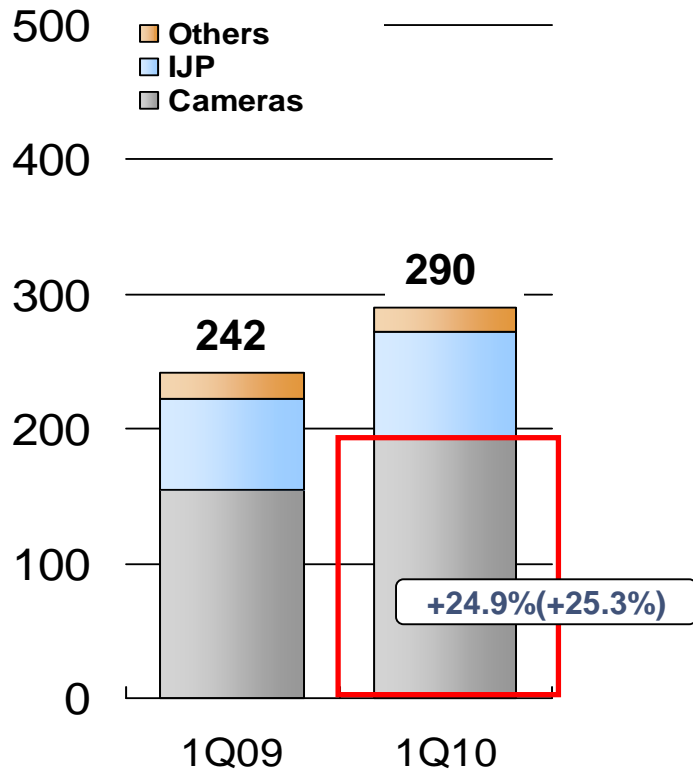


Consumer (Cameras)

1Q 2010 Actual / FY 2010 Projection

Sales

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



| Growth rate y/y (Unit base) | | |
|-----------------------------|------|-----|
| | 1Q | FY |
| Digital cameras | +11% | +7% |

D SLR ratio*

| | 1Q | FY |
|------------|-----|-----|
| Value base | 62% | 60% |
| Unit base | 19% | 19% |

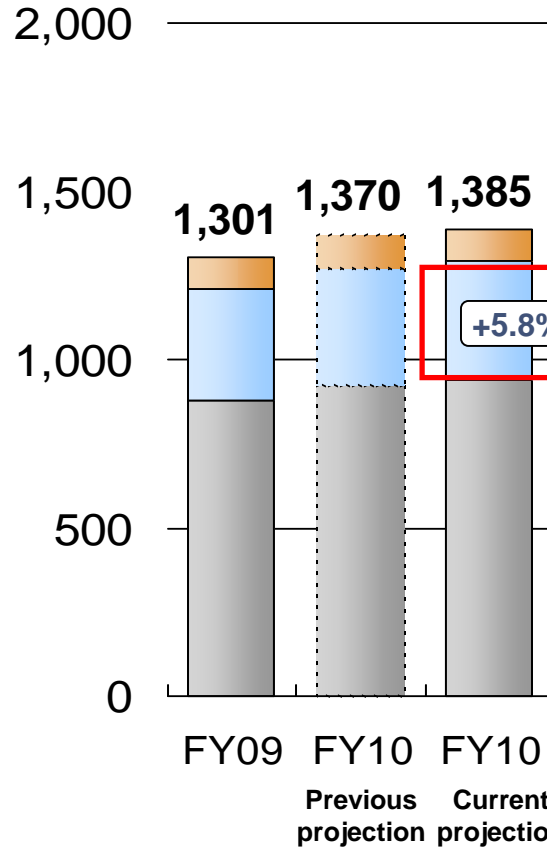
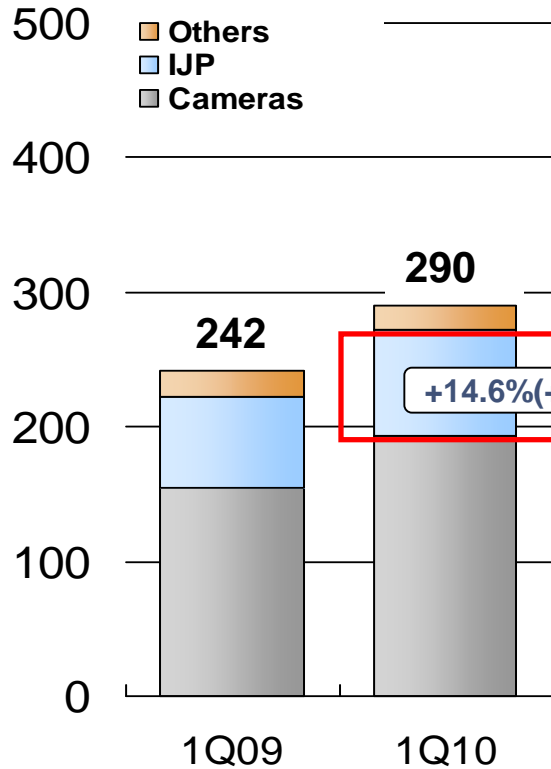
* Percentage of cameras sales attributable to SLRs, interchangeable lenses and related accessories

Consumer (IJP)

1Q 2010 Actual / FY 2010 Projection

Sales

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



| Growth rate y/y (Unit base) | | |
|-----------------------------|-----|-----|
| | 1Q | FY |
| IJP | +8% | +3% |

Industry and Others

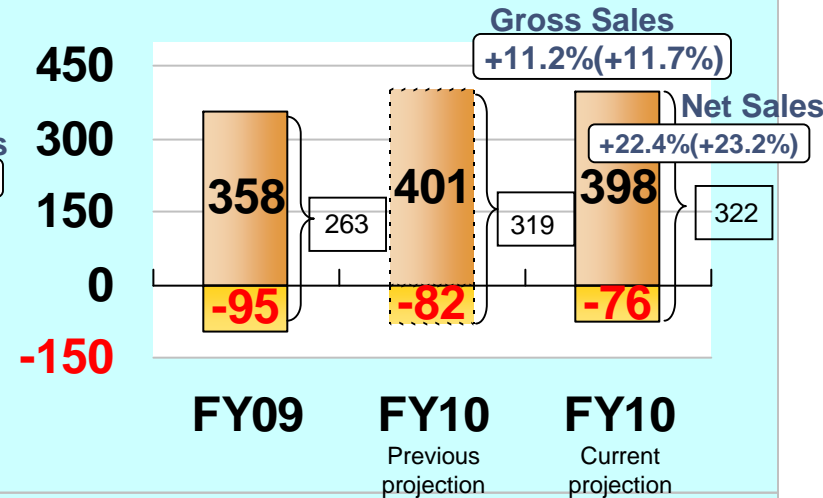
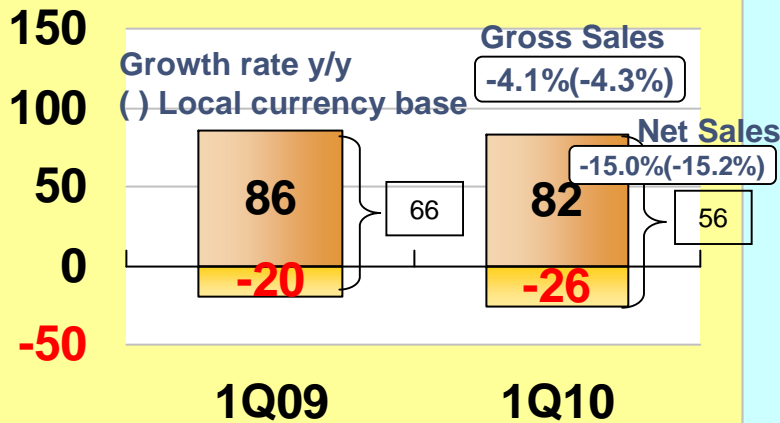
1Q 2010 Actual / FY 2010 Projection

- Gross Sales (Includes sales among Group businesses)
- Net Sales
- Sales Elimination (Sales among Group businesses)

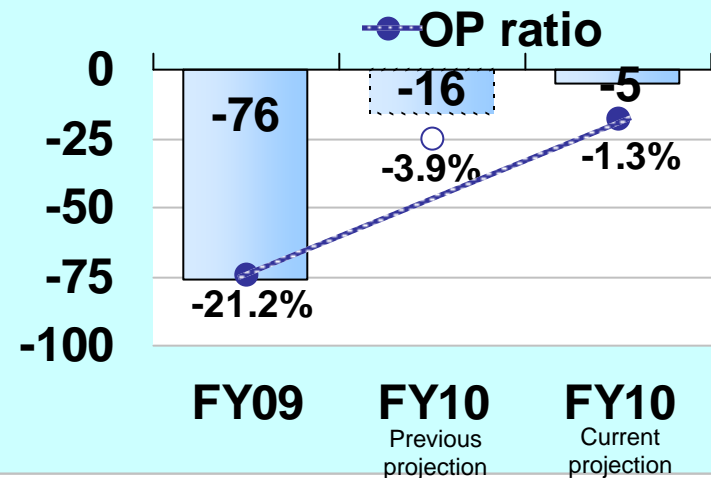
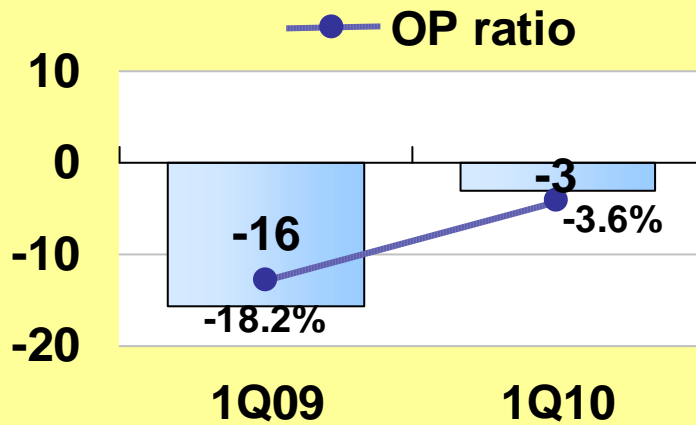
(Billions of yen) **1Q**

(Billions of yen) **FY**

Sales



Op. Profit

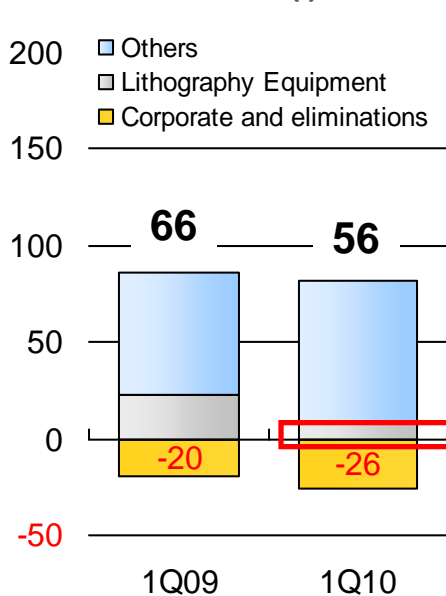


Industry and Others (Litho.Equip.)

1Q 2010 Actual / FY 2010 Projection

Sales

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

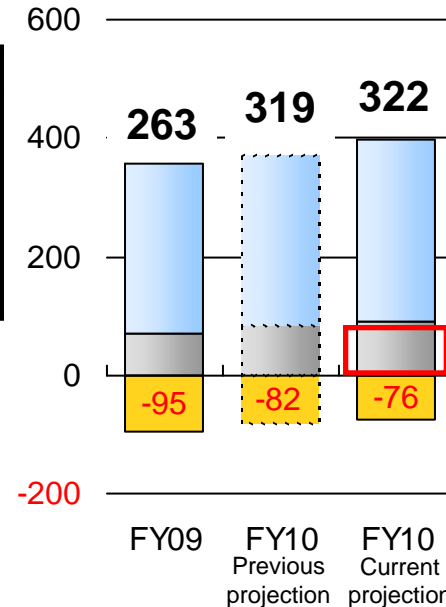


IC Stepper Unit Breakdown
by Light Source

| | 1Q10 |
|---------------|------|
| ArF Immersion | 0 |
| ArF dry | 0 |
| KrF | 0 |
| i-line | 4 |

IC Stepper Unit Breakdown
by Light Source

| | FY10 |
|---------------|------|
| ArF Immersion | 0 |
| ArF dry | 0 |
| KrF | 6 |
| i-line | 25 |



Litho.Equip.
Growth rate y/y
-66.6%(-66.6%)

Litho.Equip.
Growth rate y/y
+27.8%(+28.3%)

Lithography Equipment (Unit sales)

| | 1Q09 | 1Q10 |
|-----|------|------|
| IC | 4 | 4 |
| LCD | 14 | 5 |
| TTL | 18 | 9 |

Lithography Equipment (Unit sales)

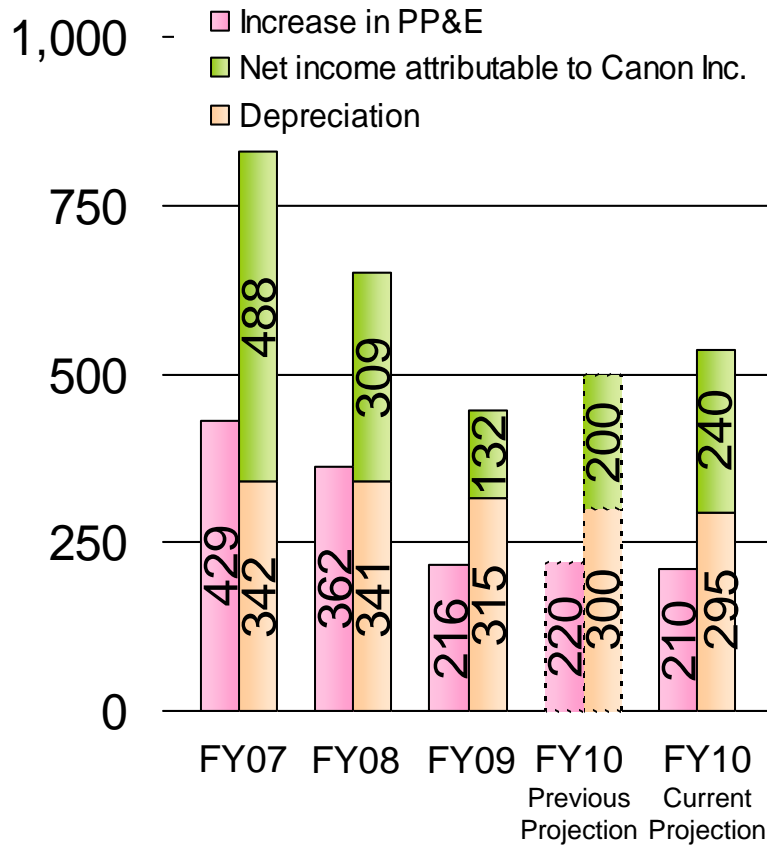
| | FY09 | FY10 Previous Projection | FY10 Current Projection |
|-----|------|--------------------------------|-------------------------------|
| IC | 13 | 12 | 31 |
| LCD | 38 | 53 | 59 |
| TTL | 51 | 65 | 90 |

Note: FY10 current projection includes effects of new consolidation in "Others."

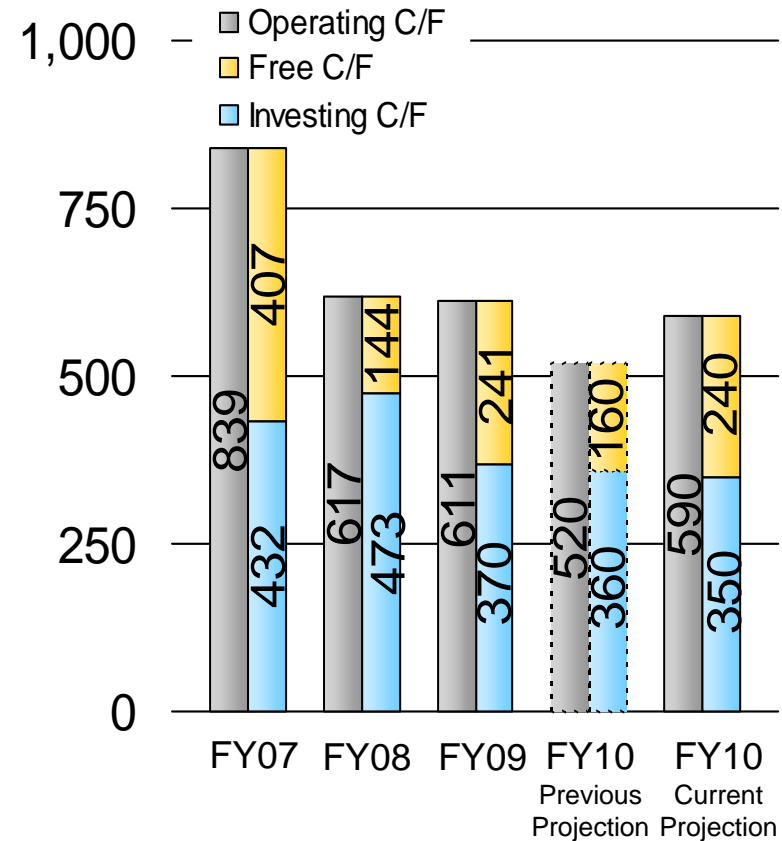
Capital Expenditure

Free Cash Flow

(Billions of yen)

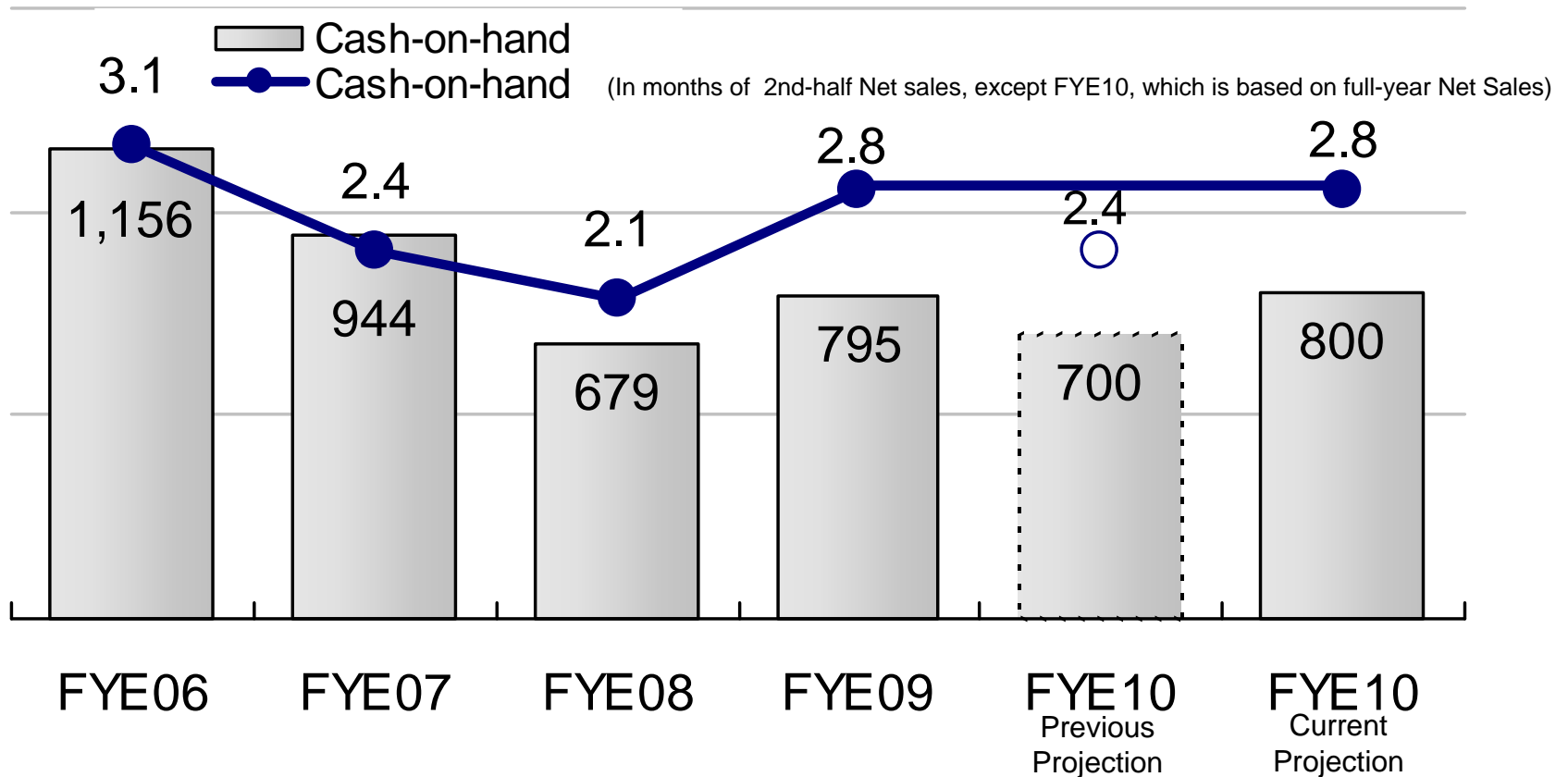


(Billions of yen)



Cash on Hand

(Billions of yen)



Note 1: In 2007, 450 billion yen was used to acquire own share.
 In 2008, 100 billion yen.

Note 2: Figures for FYE10 do not include the plans of newly consolidated companies

Supplementary Information

Transition in Sales and Operating Profit

FY 2010 Current Projection v. FY 2009 Actual

(Billions of yen)

| | Sales | Op. Profit |
|---|---------|------------|
| FY 2009 Actual | 3,209.2 | 217.1 |
| Foreign exchange impact [net sales, cost of sales, expenses] | -83.2 | -48.9 |
| Sales volume impact | | |
| Office | +185.8 | |
| Consumer | +156.5 | |
| Industry and Others | +71.7 | |
| | | |
| Total | +414.0 | +210.9 |
| Effects of new consolidation | +280.0 | 0.0 |
| Others | -70.0 | -19.1 |
| Total Change | +540.8 | +142.9 |
| FY 2010 Current projection | 3,750.0 | 360.0 |

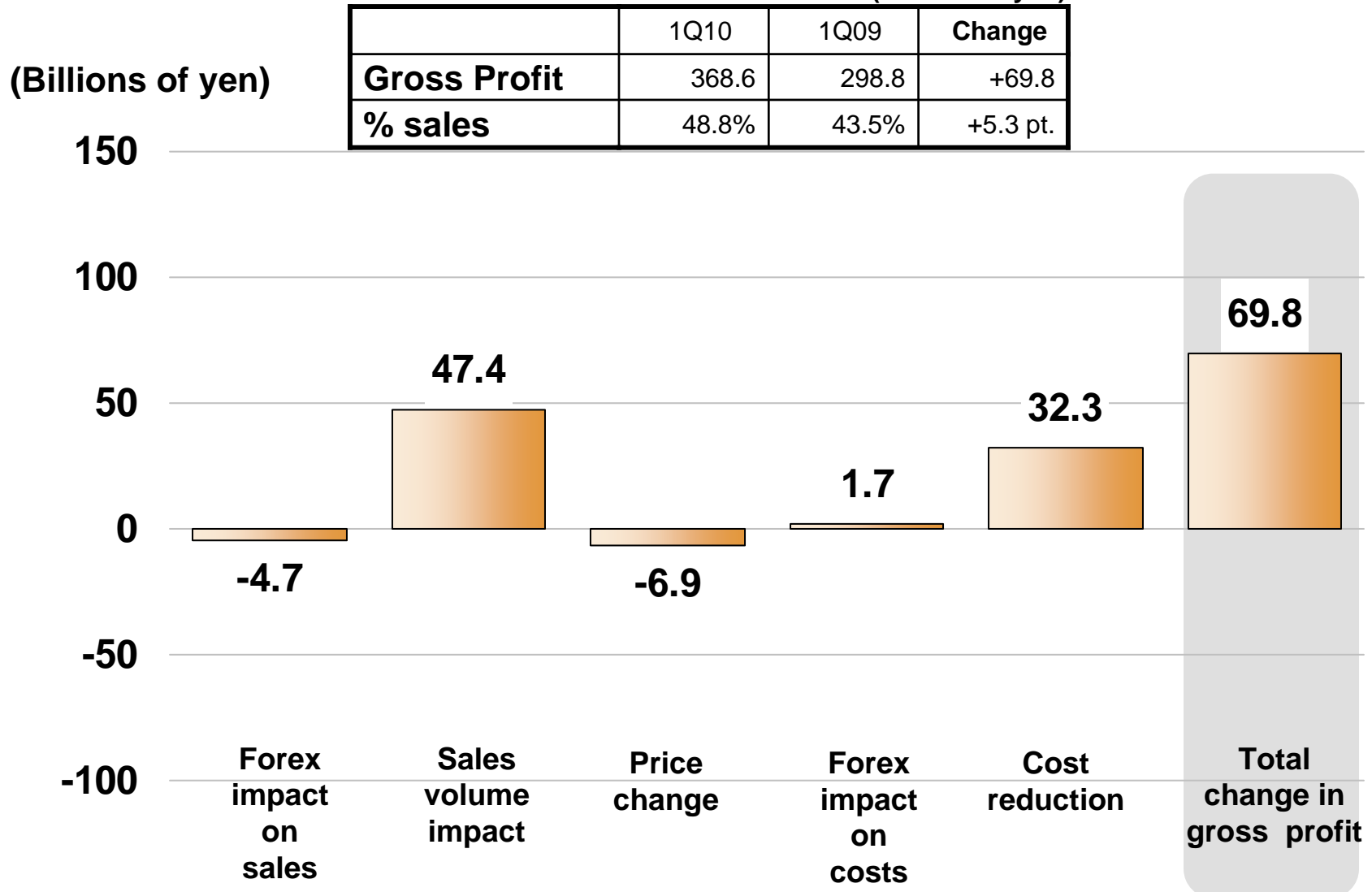
Change in Exchange Rate (FY)

- 1USD: 93.21 to 90.14 yen
- 1EURO: 130.46 to 125.01 yen

Gross Profit Variance Analysis

1Q 2010 Actual v. 1Q 2009 Actual

(Billions of yen)



Supplementary Information

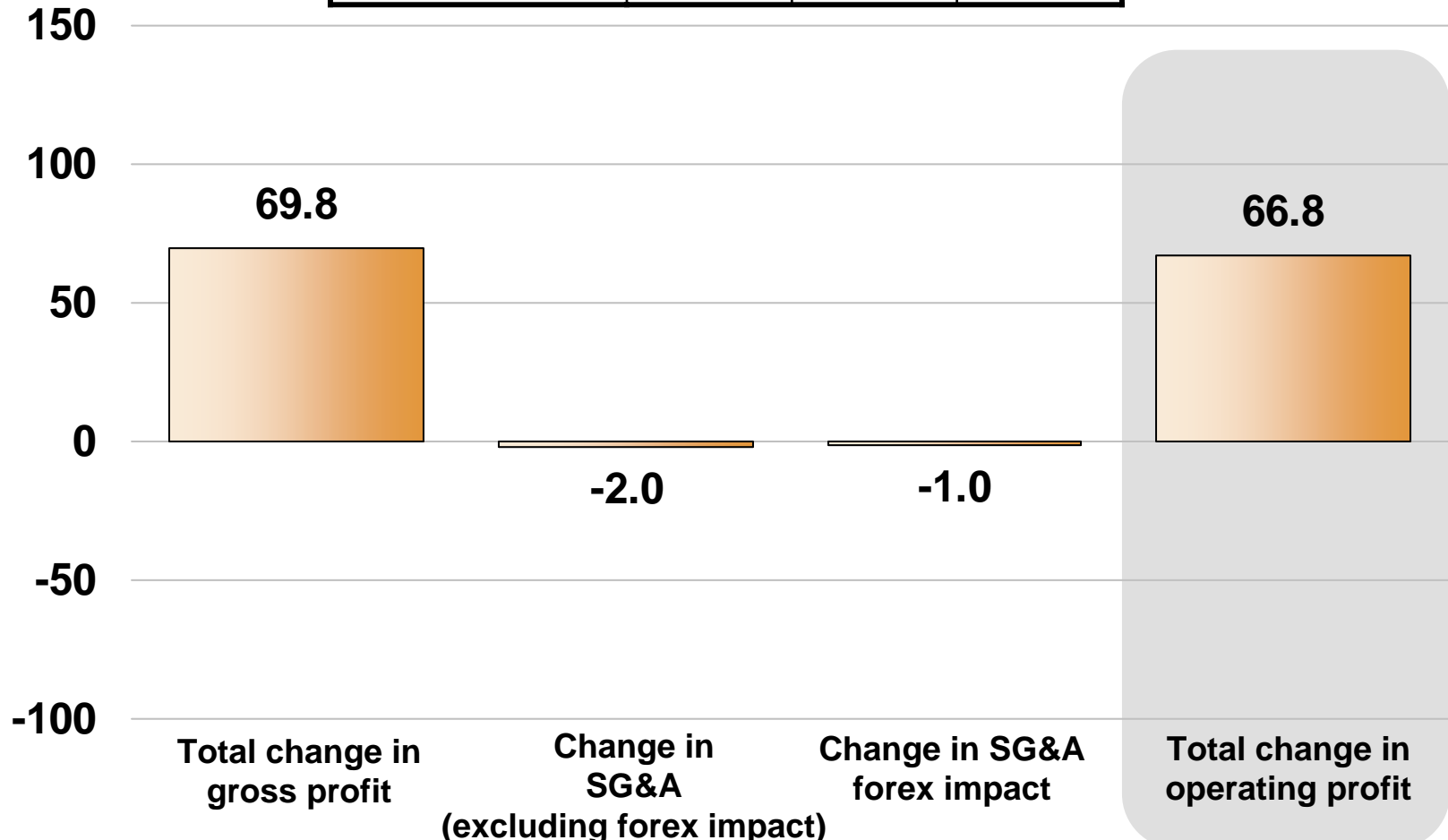
Operating Profit Variance Analysis

1Q 2010 Actual v. 1Q 2009 Actual

(Billions of yen)

| | 1Q10 | 1Q09 | Change |
|-------------------|-------|------|----------|
| Op. Profit | 86.8 | 20.0 | +66.8 |
| % sales | 11.5% | 2.9% | +8.6 pt. |

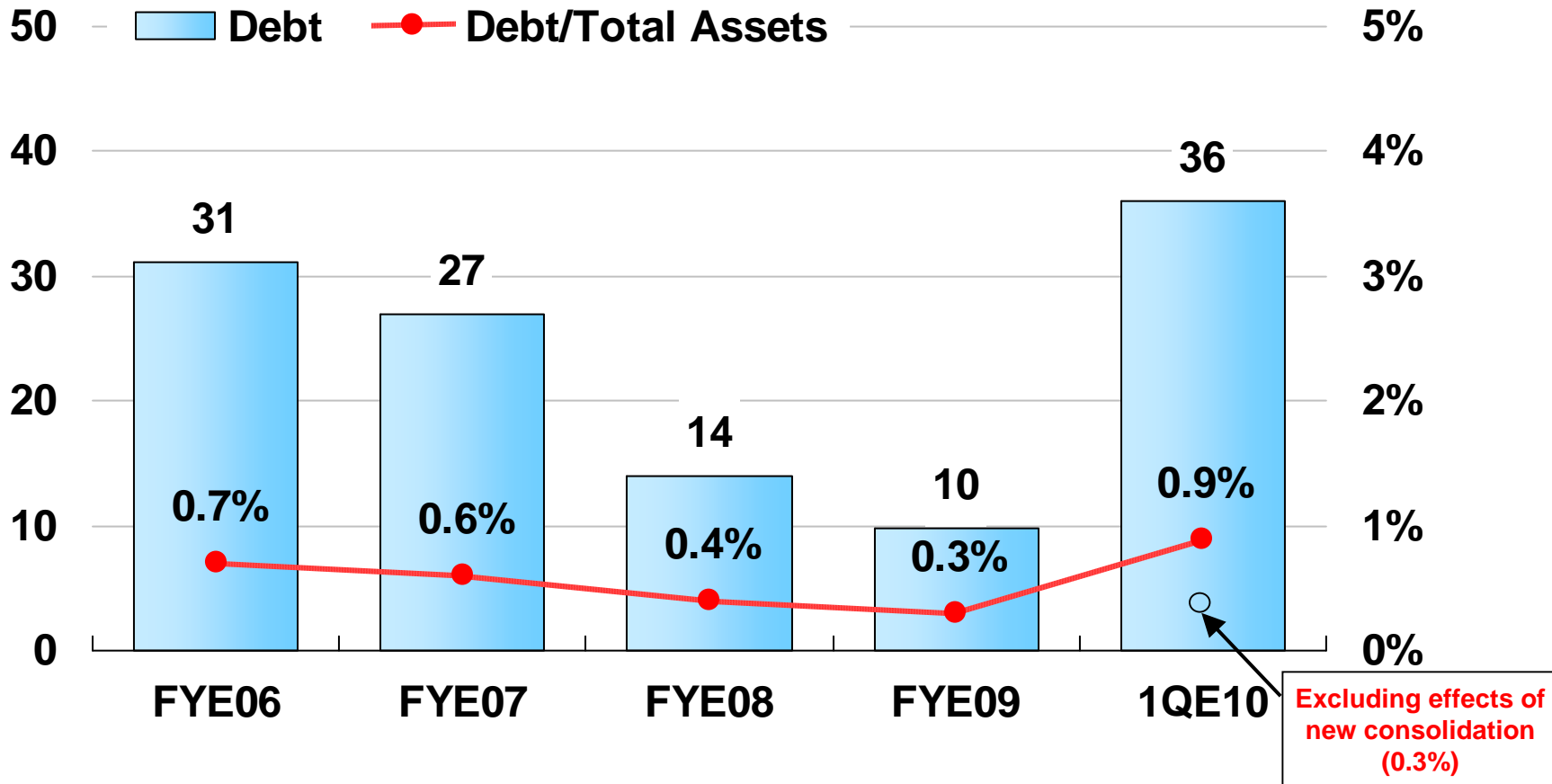
(Billions of yen)



Supplementary Information

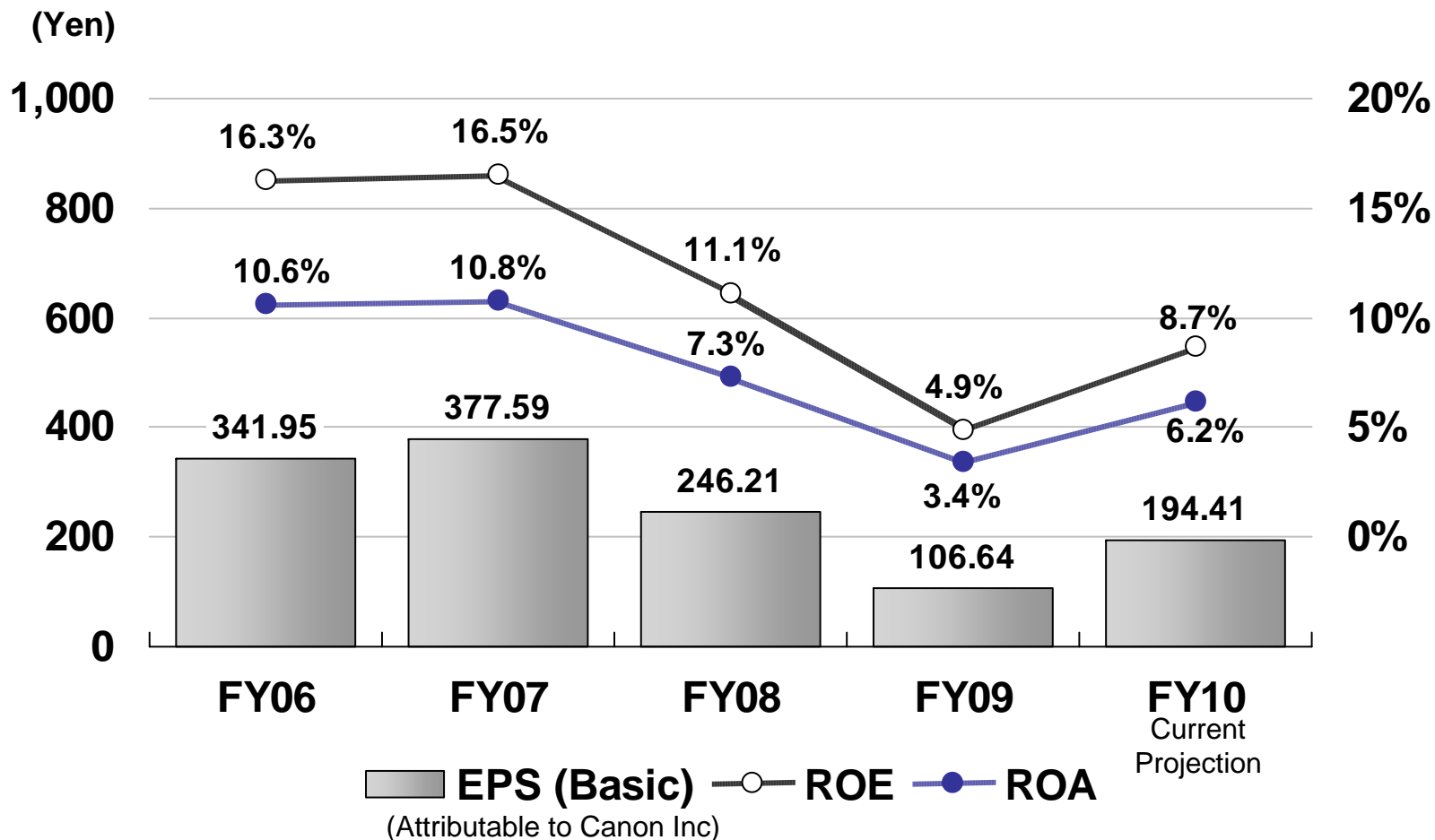
Interest Bearing Debt

(Billions of yen)



Supplementary Information

Financial Ratios



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

Note 2: ROE and ROA for FY10 do not include the plans of newly consolidated companies