



Canon Inc.

Third Quarter 2012 Results

October 25, 2012
Toshizo Tanaka
Executive Vice President & CFO

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.

Agenda

■ 3Q 2012 Results P3 – 5

■ FY 2012 Projections P6 – 9

■ Details by Business P10 – 15

■ Financial Situation P16 – 18

■ Supplementary Information P19 – 24

3Q 2012 in Summary

External Environment

- ✓ Global economic - Further slowdown
 - Europe - Weakness becoming worse
 - Emerging markets - Moderating growth
- ✓ Exchange rates - Yen's appreciation against the Euro

Results

- ✓ Sales and profit decline
 - Worsening external environment
 - Laser printer inventory adjustment
- ✓ Maintained/expanded market share through highly competitive products

Summary of Results

3Q 2012 Actual

(Billions of yen)

	3Q 2012 Actual	3Q 2011 Actual	Pct. Change
Net Sales	799.9	916.9	-12.8%
Gross Profit	386.8	452.5	-14.5%
(% Sales)	48.3%	49.4%	
Op. Profit	70.9	122.5	-42.2%
(% Sales)	8.9%	13.4%	
Net Income	50.1	77.9	-35.6%
Attributable to Canon Inc.			
(% Sales)	6.3%	8.5%	
Foreign Exchange Rate			
Yen – 1USD	78.58	77.75	
Yen – 1EURO	98.48	109.98	

Transition in Sales and Op. Profit

3Q 2012 Actual v. 3Q 2011 Actual

(Billions of yen)

	Sales	Op. Profit
3Q 2011 Actual	916.9	122.5
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-16.9	-10.4
Sales Volume Impact		
Office	-40.8	
Imaging System	-19.7	
Industry and Others	-27.8	
.....		
Total	-88.3	-54.4
Others	-11.8	+13.2
Total Change	-117.0	-51.6
3Q 2012 Actual	799.9	70.9

Change in Exchange Rate

- 1USD: 77.75 to 78.58 yen
- 1EURO: 109.98 to 98.48 yen

Assumptions

2012 Current Projection

Average Exchange Rate	4Q12	FY12	FY11
■ Yen-1USD	78.00 yen	79.08 yen	79.55 yen
■ Yen-1EURO	100.00 yen	101.30 yen	110.72 yen

Impact of Exchange Rate Movement (4Q Impact Given a One Yen Change)

	Net Sales	Operating Profit
■ USD	5.4 billion yen	2.5 billion yen
■ EURO	2.6 billion yen	1.6 billion yen

Key Points FY2012

External Environment

- ✓ Global economy - Instability and growing concern over further slowdown
- ✓ Exchange rates - Continued underlying trend of yen's appreciation

Outlook

- ✓ Made allowances for risks due to unstable external environment



Projecting sales and profit decline, but will

- *Strive to achieve 2% growth in sales on a local currency basis by expanding sales of highly competitive products
- *Work to limit the decline in profits through expense reduction, concentrate internal efforts, and measures to improve management efficiency

Summary of Projected Results

FY 2012 Current Projection

(Billions of yen)

	FY 2012 Current Projection	FY 2011 Actual	Pct. Change
Net Sales	3,532.0	3,557.4	-0.7%
Gross Profit	1,691.1	1,736.8	-2.6%
(% Sales)	47.9%	48.8%	
Op. Profit	356.0	378.1	-5.8%
(% Sales)	10.1%	10.6%	
Net Income	234.0	248.6	-5.9%
Attributable to Canon Inc.			
(% Sales)	6.6%	7.0%	
Foreign Exchange Rate			
Yen – 1USD	79.08	79.55	
Yen – 1EURO	101.30	110.72	

Transition in Sales and Op. Profit

FY 2012 Current Projection v. FY 2012 Previous Projection

(Billions of yen)

	Sales	Op. Profit
Previous Projection (Jul. 25, 2012)	3,690.0	390.0
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-15.7	-9.0
Sales Volume Impact		
Office	-56.6	
Imaging System	-92.5	
Industry and Others	-18.2	
Total	-167.3	-53.3
Others	+25.0	+28.3
Total Change	-158.0	-34.0
Current Projection (Oct. 25, 2012)	3,532.0	356.0

Change in Exchange Rate

- 1USD: 79.96 to 79.08 yen
- 1EURO: 101.59 to 101.30 yen

Office

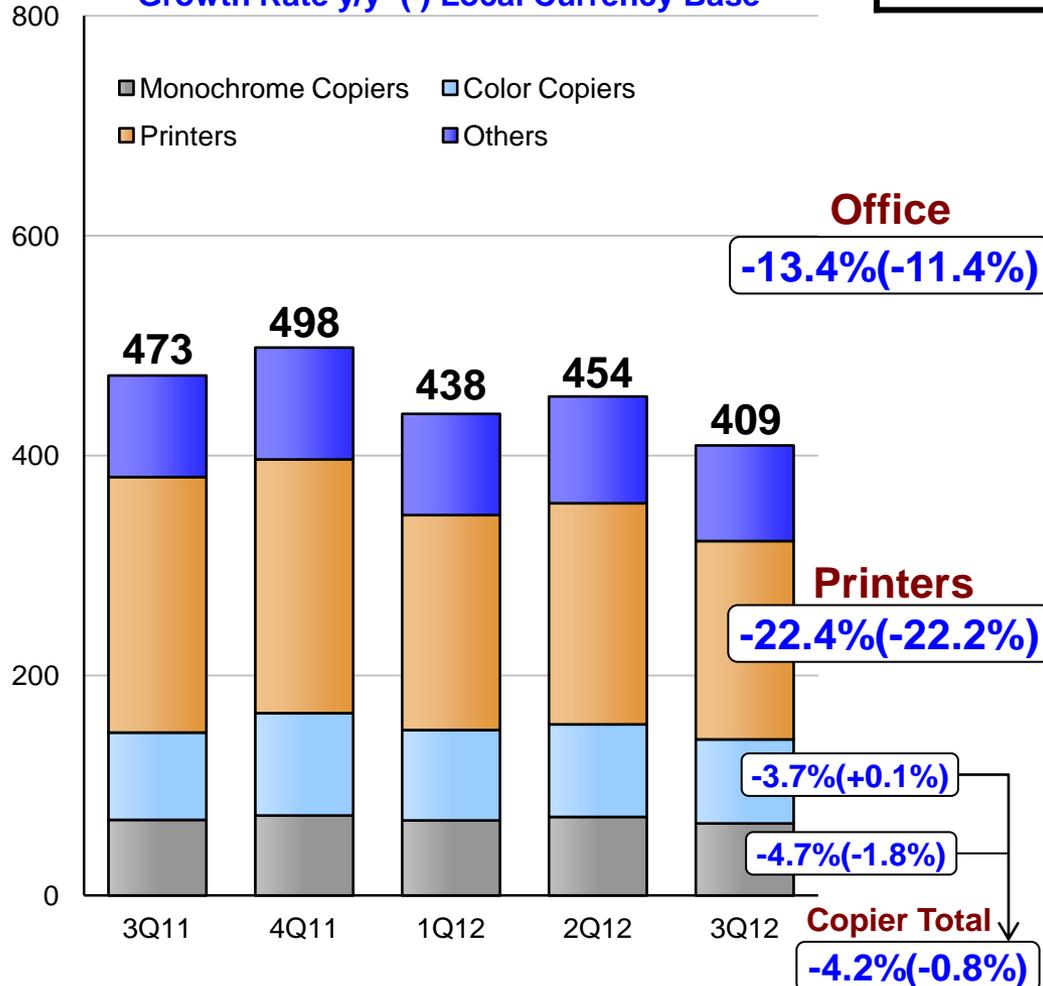
3Q 2012 Actual

3Q12 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	-4%	-17%
Monochrome	-3%	-27%
Total	-3%	-26%

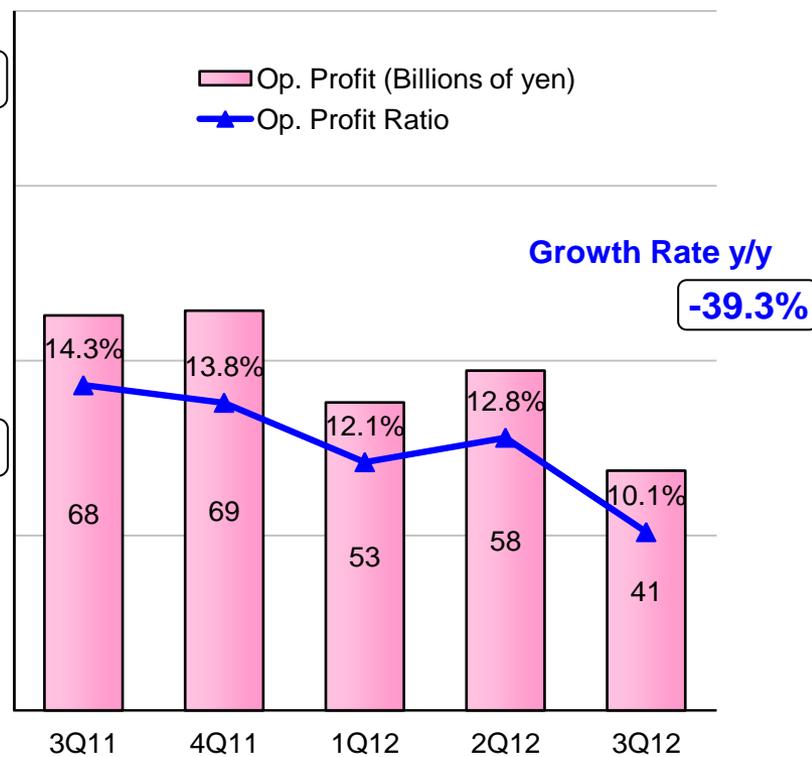
3Q12 Color Ratio		
	Copiers	Printers
Value Base*	54%	48%
Unit Base	32%	14%

*Includes Consumables

(Billions of yen) **Sales**
Growth Rate y/y () Local Currency Base



Op. Profit



Office

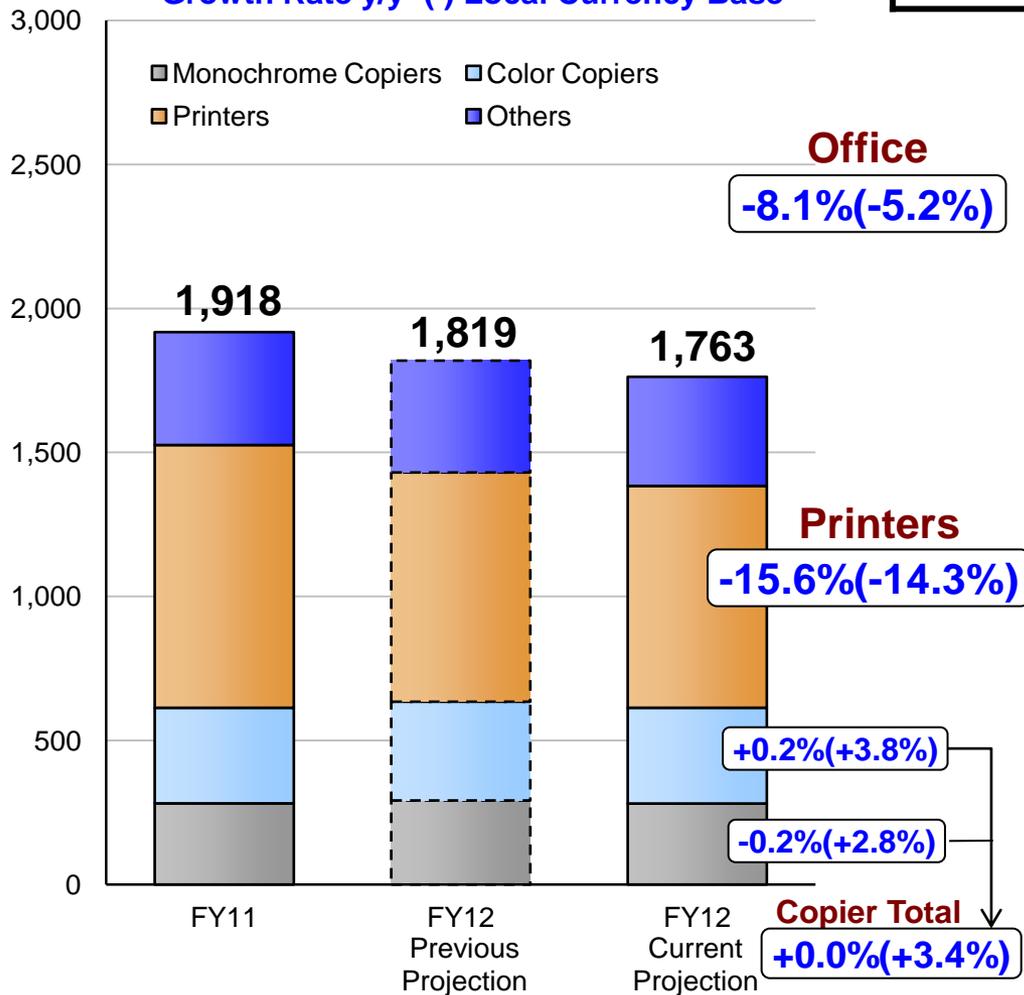
FY 2012 Projection

FY12 Growth Rate y/y (Unit Base)		
	Copiers	Printers
Color	+13%	-8%
Monochrome	+8%	-16%
Total	+10%	-15%

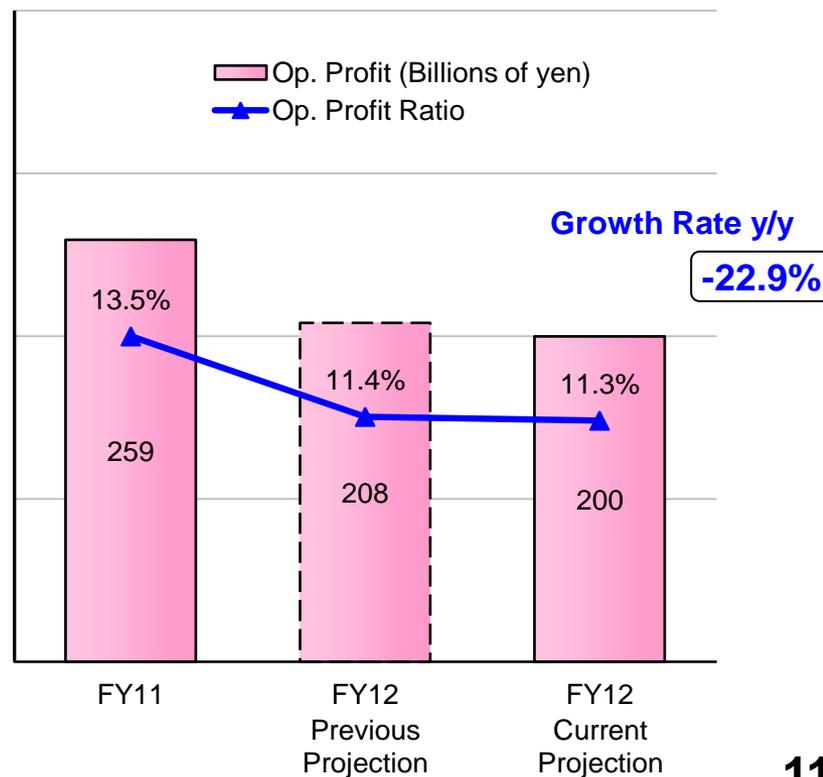
FY12 Color Ratio		
	Copiers	Printers
Value Base*	54%	46%
Unit Base	34%	13%

*Includes Consumables

(Billions of yen) Sales Growth Rate y/y () Local Currency Base



Op. Profit



Imaging System

3Q 2012 Actual

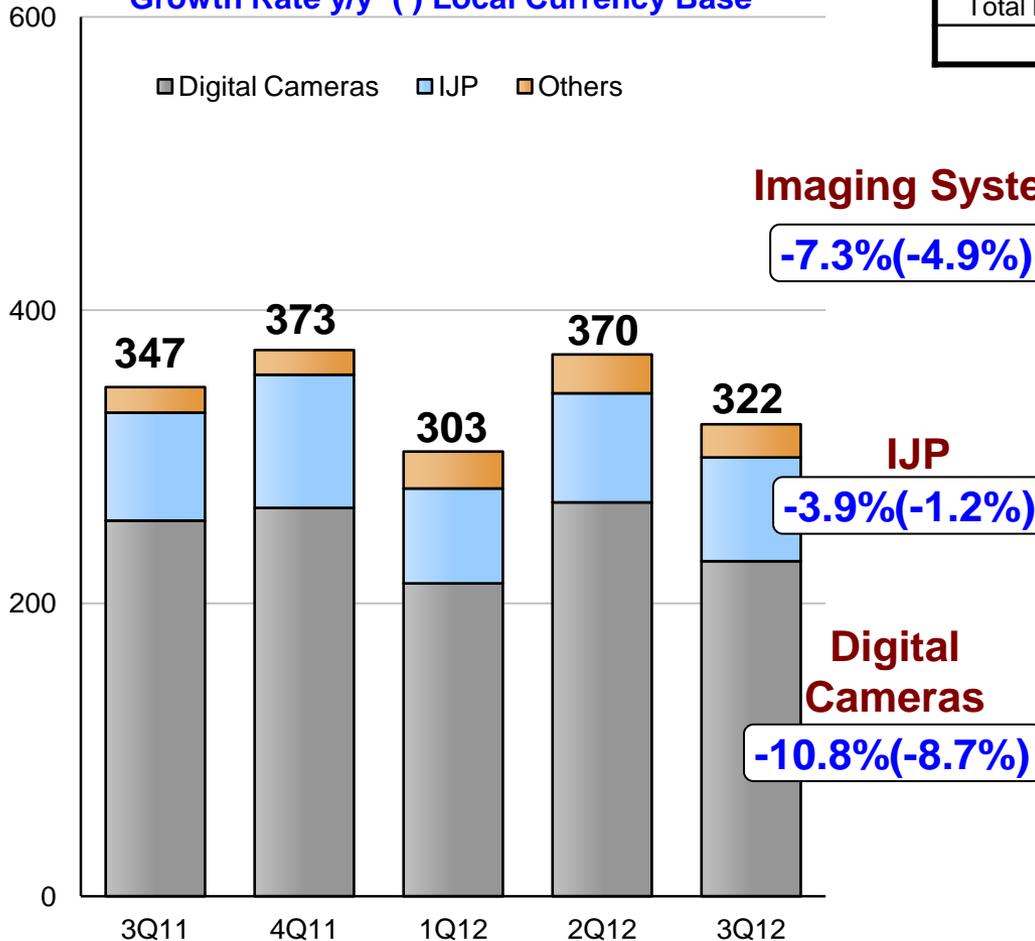
Growth Rate y/y (Unit Base)	
	3Q12
Interchangeable Lens Digital Cameras	-7%
Compact Digital Cameras	-21%
Total Digital Cameras	-17%
IJP	+4%

Interchangeable Lens Digital Camera Ratio *	
	3Q12
Value Base	79%
Unit Base	33%

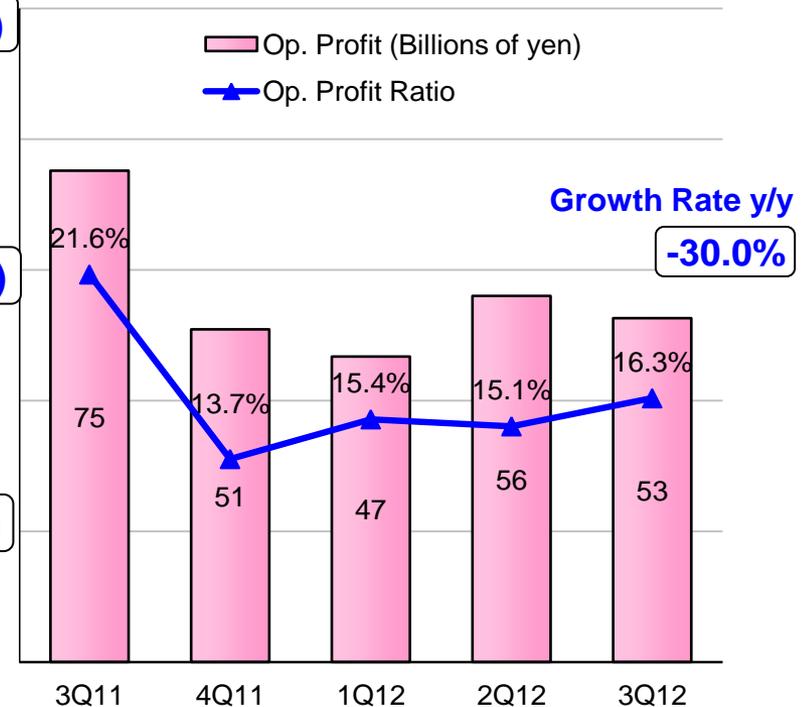
* Proportion of Total Digital Cameras

(Billions of yen) Sales

Growth Rate y/y () Local Currency Base



Op. Profit



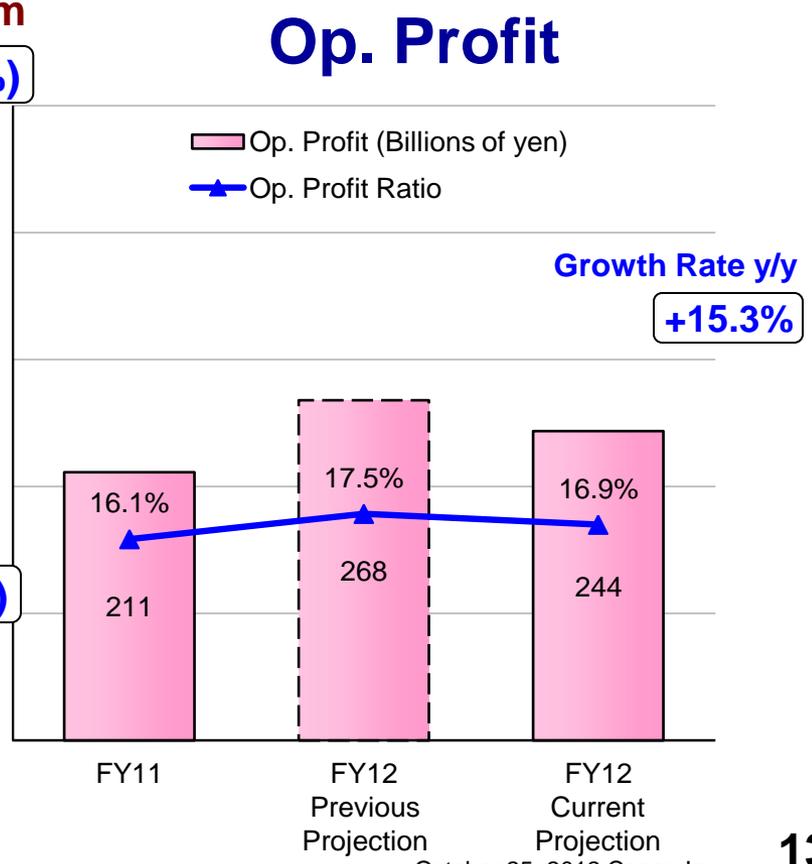
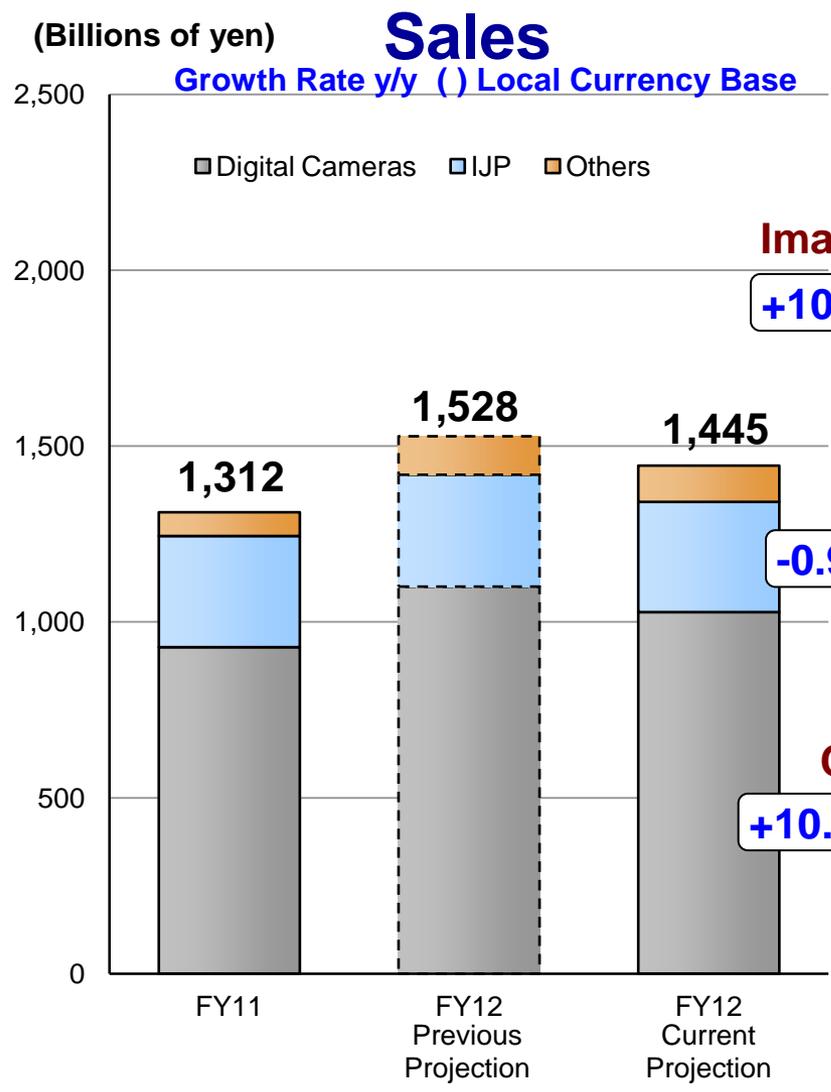
Imaging System

FY 2012 Projection

Growth Rate y/y (Unit Base)	
	FY12
Interchangeable Lens Digital Cameras	+22%
Compact Digital Cameras	+1%
Total Digital Cameras	+7%
IJP	+1%

Interchangeable Lens Digital Camera Ratio *	
	FY12
Value Base	76%
Unit Base	32%

* Proportion of Total Digital Cameras



Industry and Others

3Q 2012 Actual

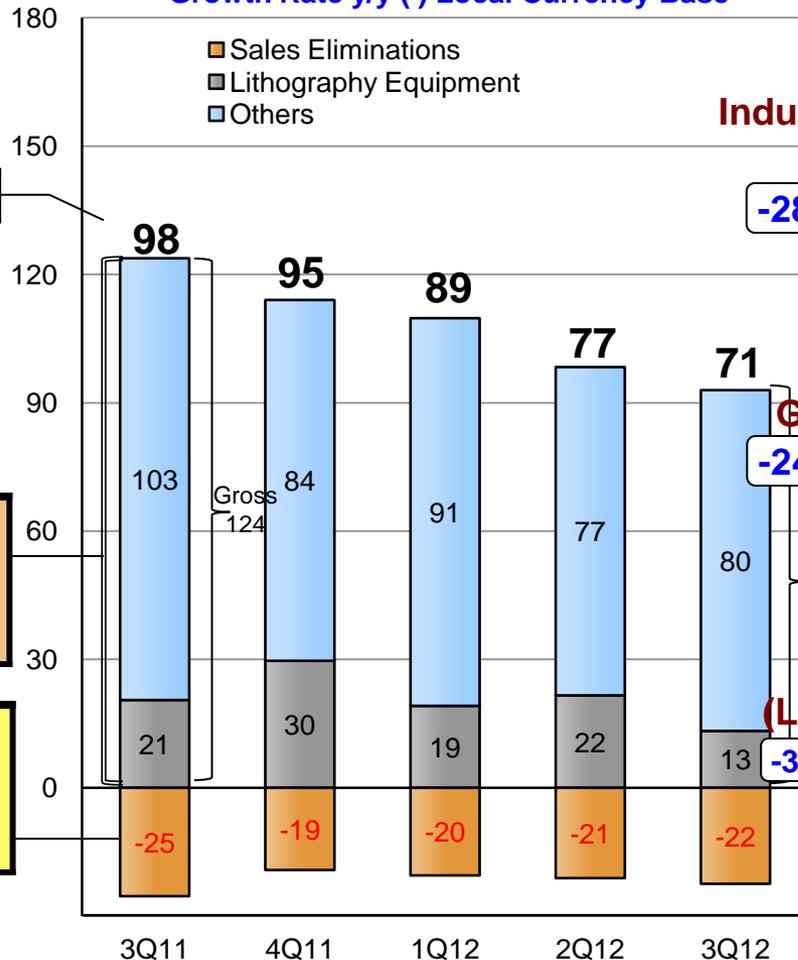
Lithography Equipment (Unit Sales)		
	3Q11	3Q12
IC	11	8
FPD	7	3

IC Stepper Unit Breakdown by Light Source		
	3Q11	3Q12
ArF	0	0
KrF	2	0
i-line	9	8

(Billions of yen)

Sales

Growth Rate y/y () Local Currency Base



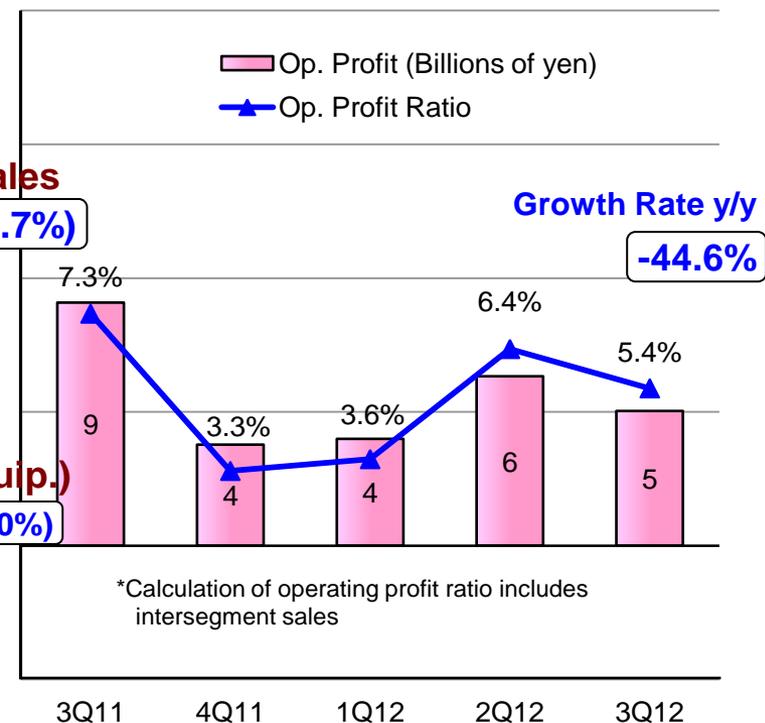
Industry and Others Net Sales

-28.4%(-28.1%)

Gross Sales
-24.9%(-24.7%)

(Litho. Equip.)
-35.2%(-35.0%)

Op. Profit



*Calculation of operating profit ratio includes intersegment sales

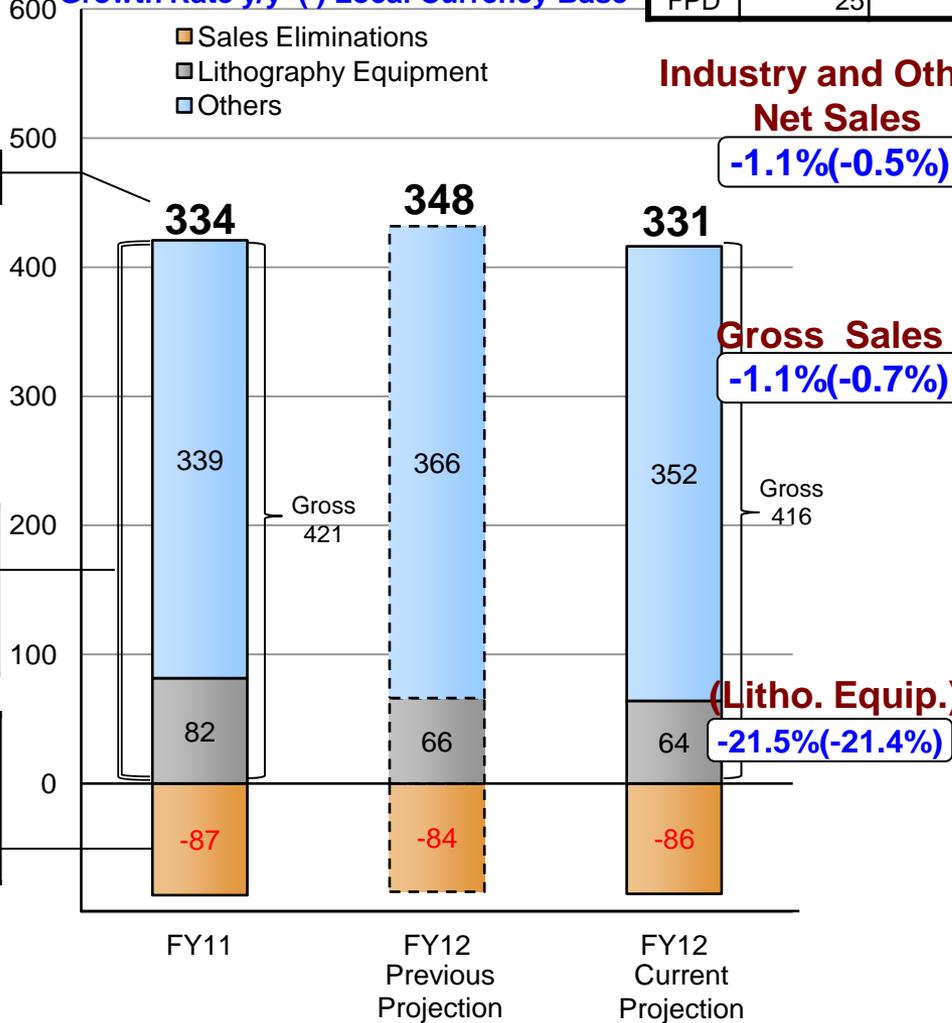
Industry and Others

FY 2012 Projection

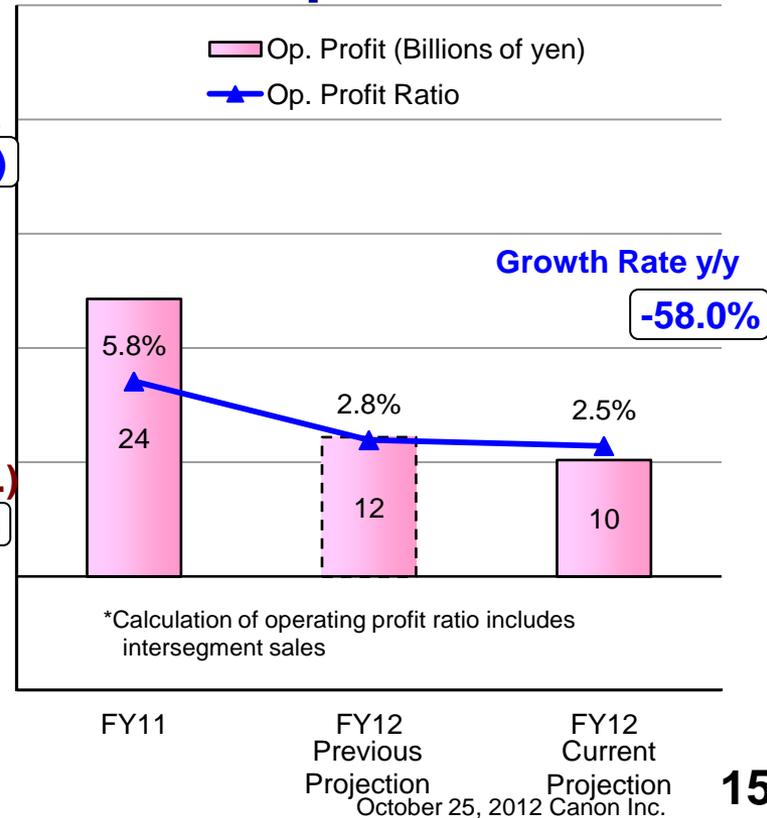
	FY11	FY12 Previous Projection	FY12 Current Projection
IC	52	53	49
FPD	25	16	16

	FY11	FY12 Previous Projection	FY12 Current Projection
ArF	0	0	0
KrF	7	6	3
i-line	45	47	46

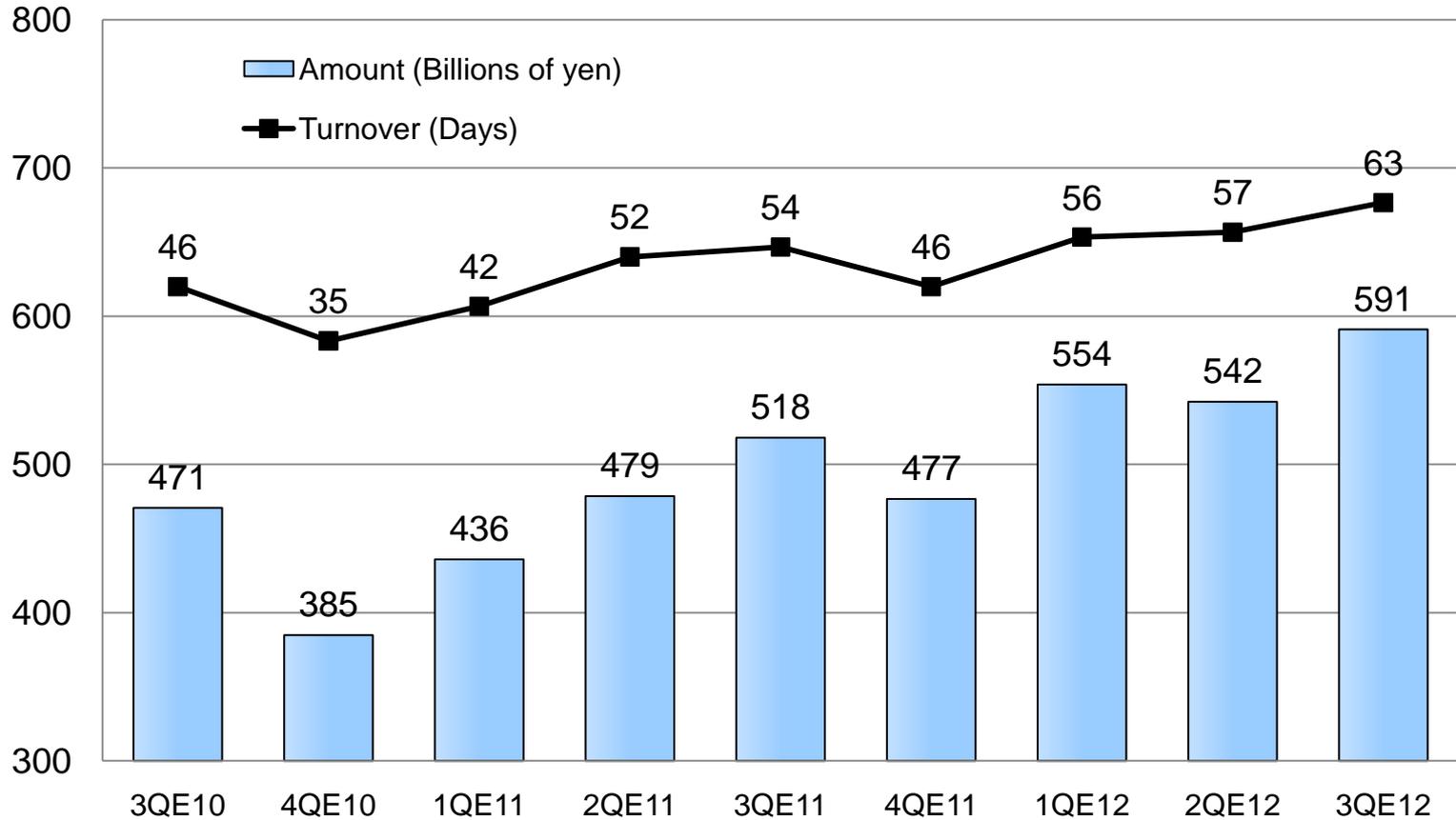
(Billions of yen) **Sales**
Growth Rate y/y () Local Currency Base



Op. Profit



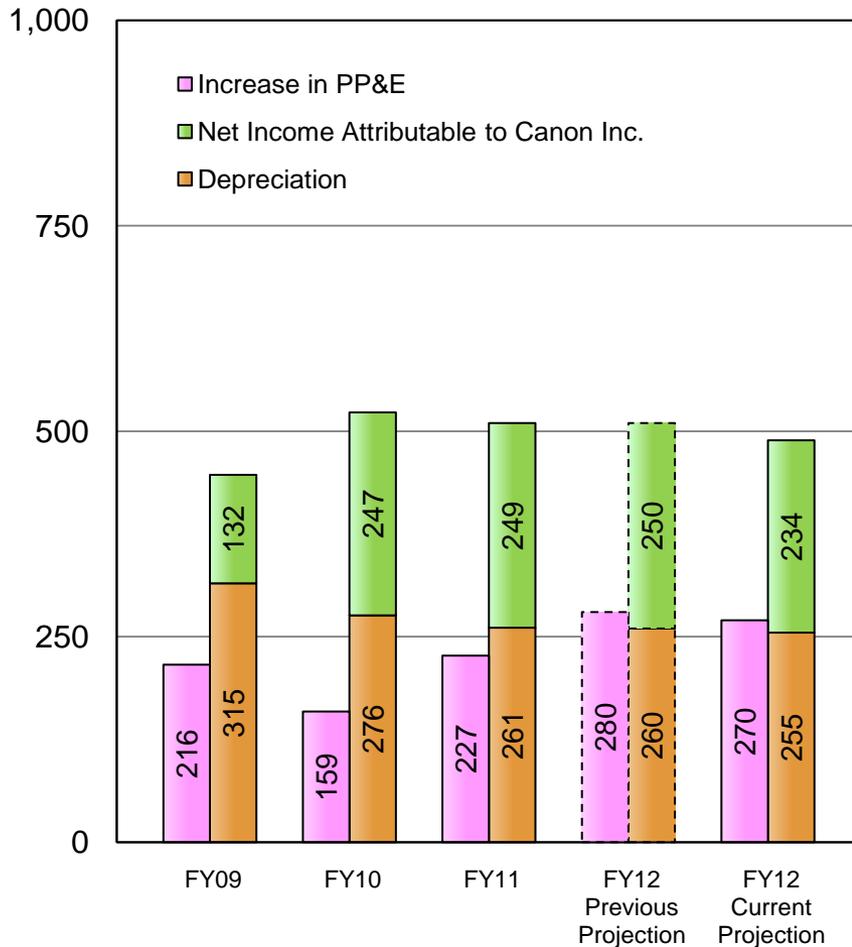
Inventories



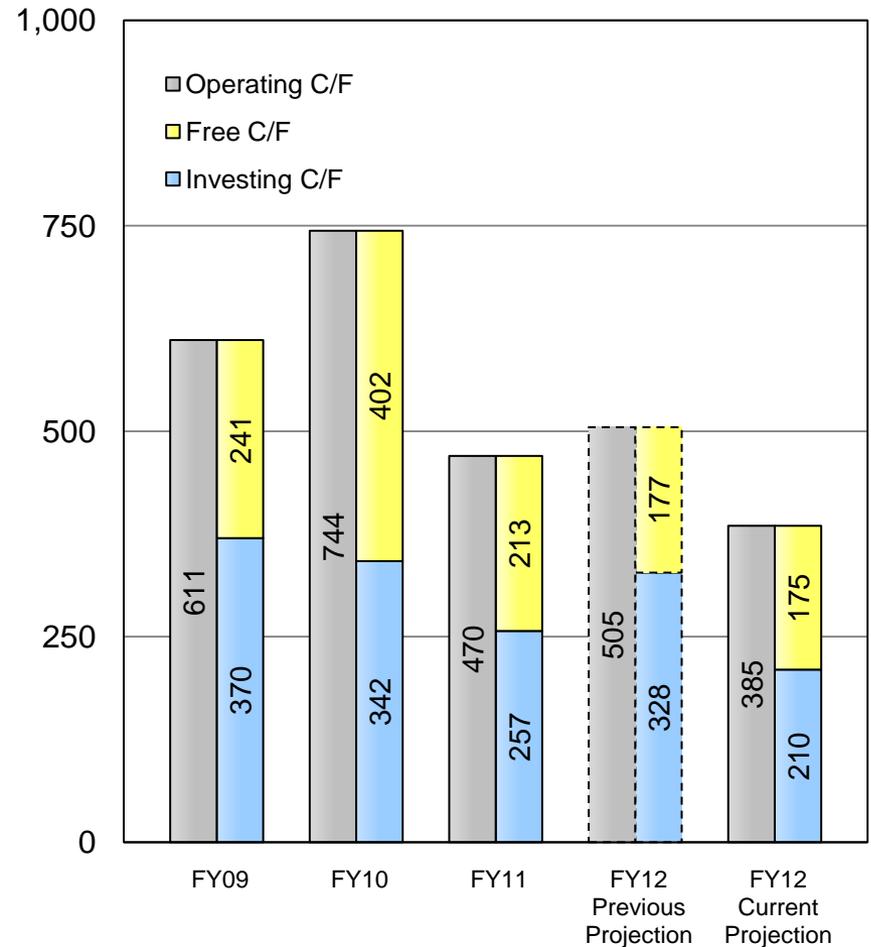
Capital Expenditure

Free Cash Flow

(Billions of yen)

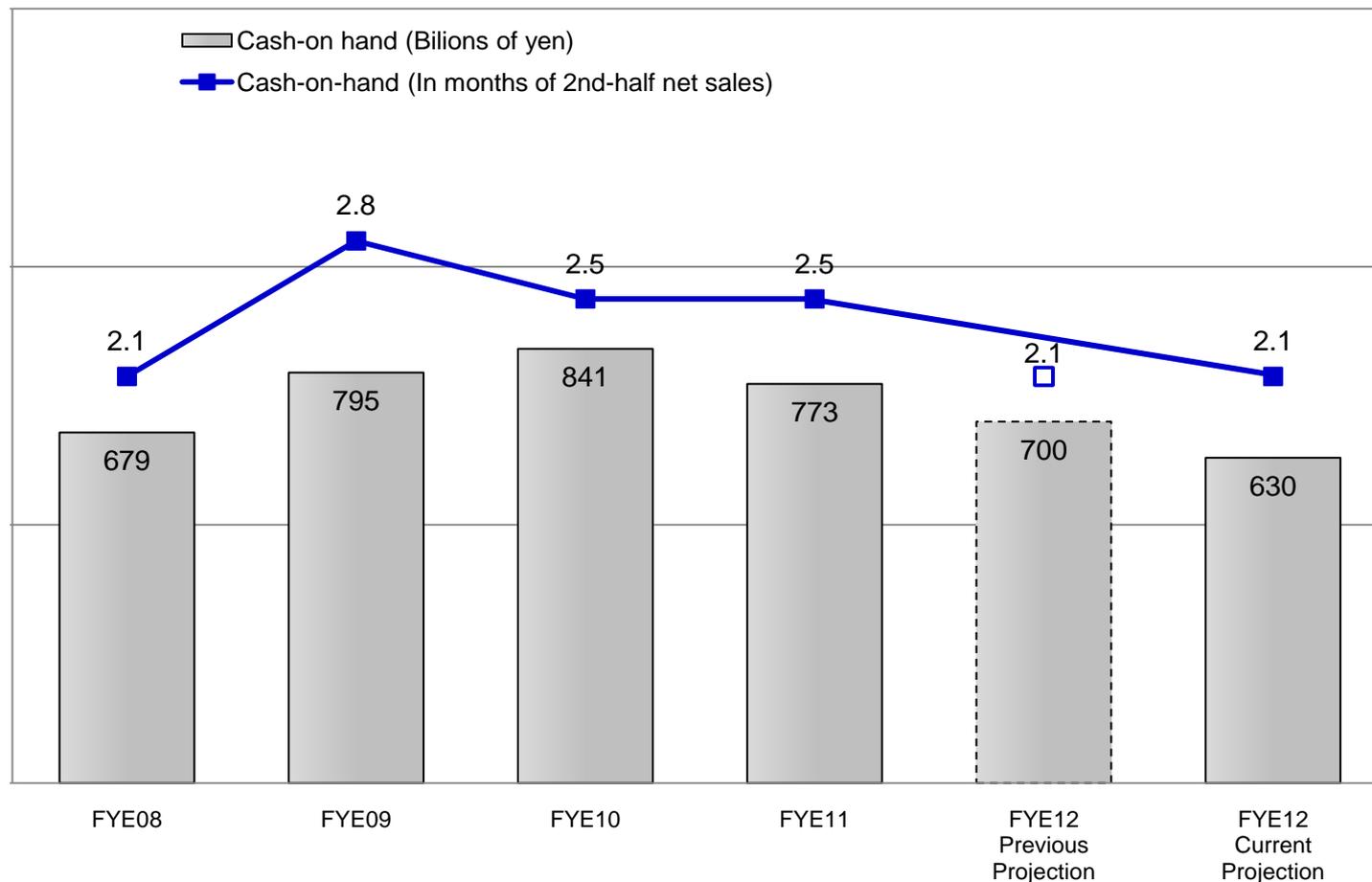


(Billions of yen)



Cash on Hand

Cash on Hand (Year-end)



Note 1: 450, 100, 50, and 100 billion yen was used to acquire own shares in 2007, 2008, 2010 and 2011, respectively.
In 2012, the year-to-date total is 150 billion yen.

Supplementary Information

Transition in Sales and Operating Profit

FY 2012 Current Projection v. FY 2011 Actual

(Billions of yen)

	Sales	Op. Profit
FY 2011 Actual	3,557.4	378.1
Foreign Exchange Impact (Net Sales, Cost of Sales, Expenses)	-91.2	-46.9
Sales Volume Impact		
Office	-51.3	
Imaging System	+181.0	
Industry and Others	+1.1	
Total	+130.8	+25.0
Others	-65.0	-0.2
Total Change	-25.4	-22.1
FY 2012 Current Projection	3,532.0	356.0

Change in Exchange Rate

- 1USD: 79.55 to 79.08 yen
- 1EURO: 110.72 to 101.30 yen

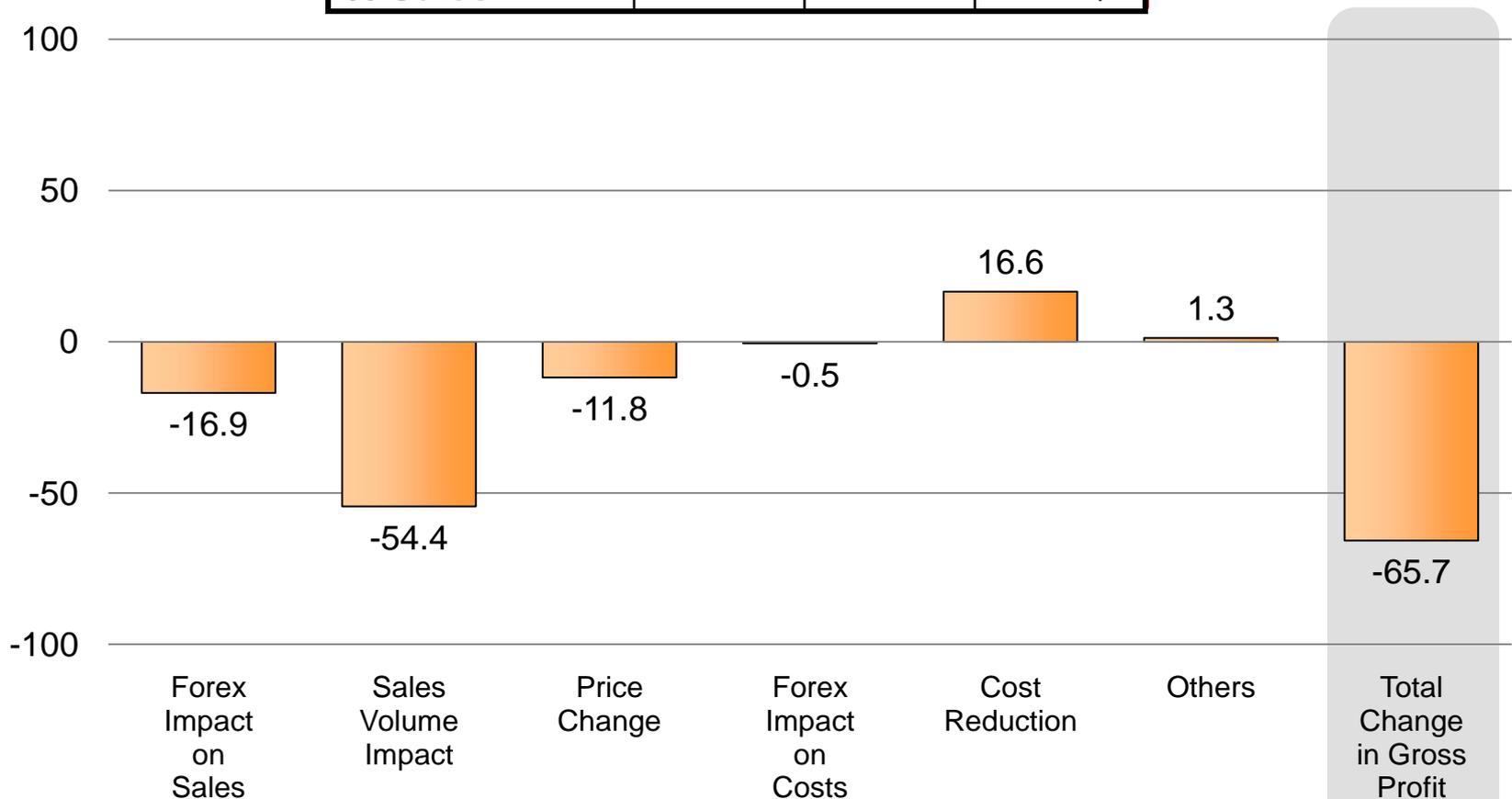
Gross Profit Variance Analysis

3Q 2012 Actual v. 3Q 2011 Actual

(Billions of yen)

	3Q12	3Q11	Change
Gross Profit	386.8	452.5	-65.7
% Sales	48.3%	49.4%	-1.1 pt.

(Billions of yen)



Supplementary Information

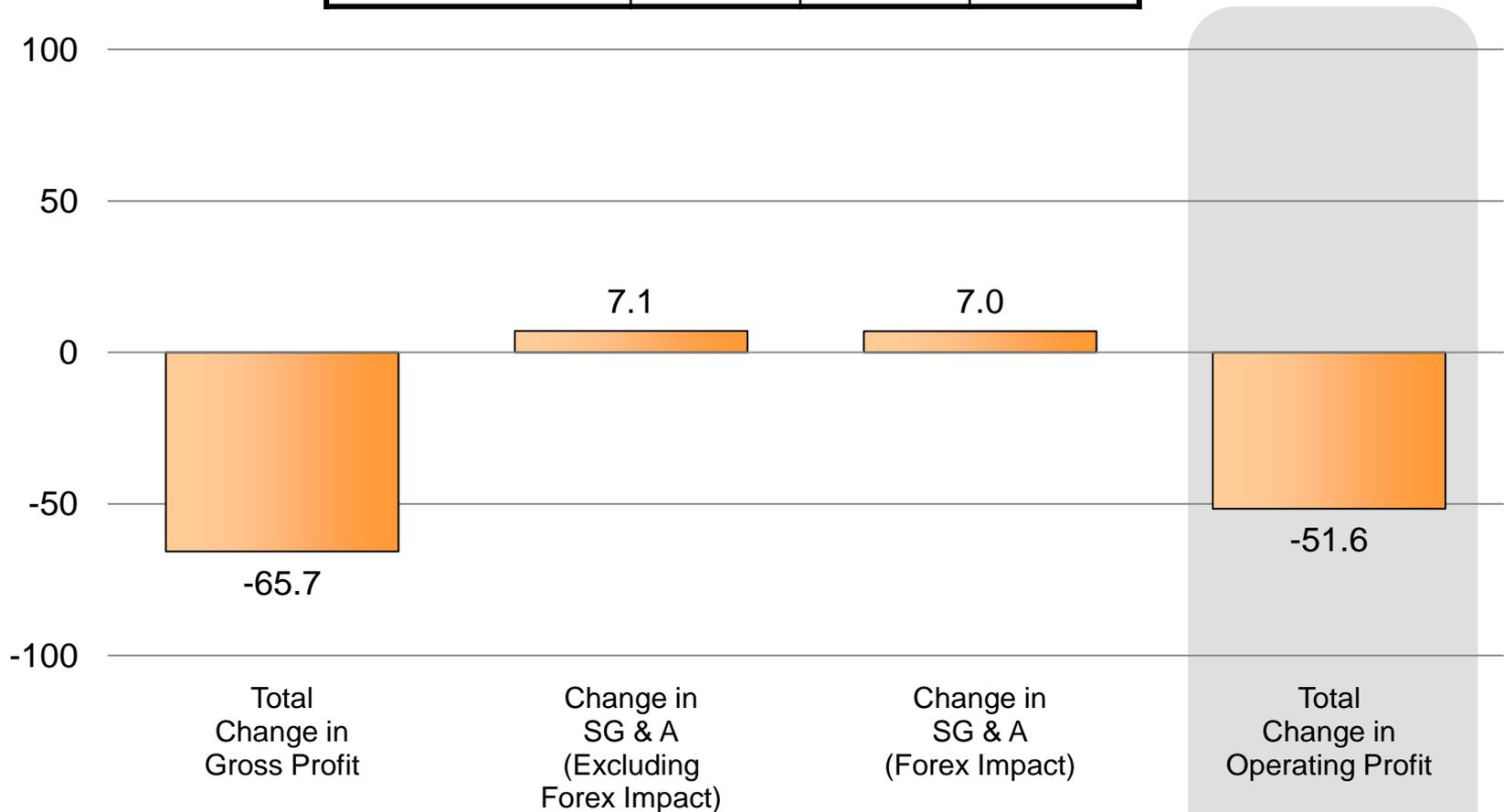
Operating Profit Variance Analysis

3Q 2012 Actual v. 3Q 2011 Actual

(Billions of yen)

(Billions of yen)

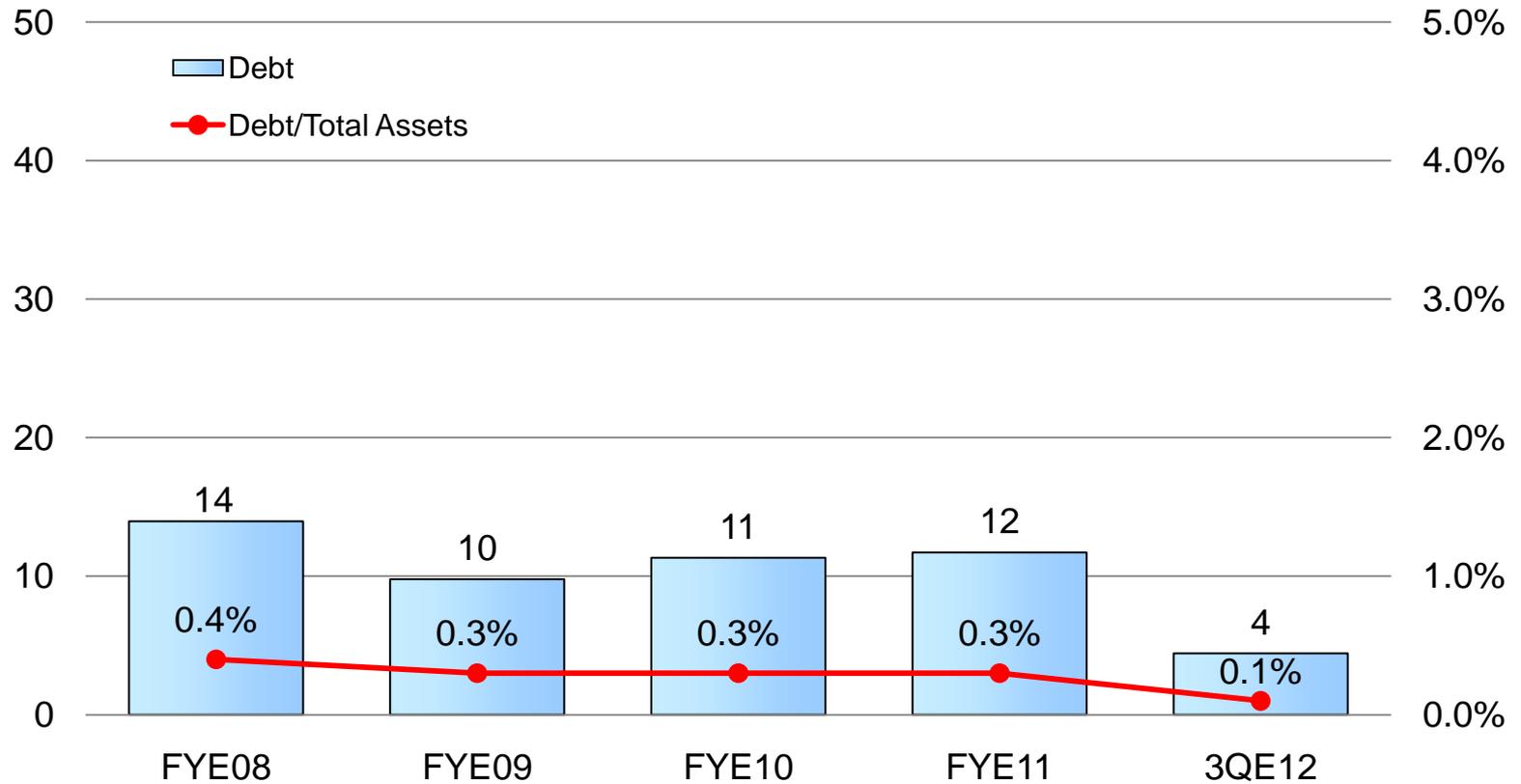
	3Q12	3Q11	Change
Op. Profit	70.9	122.5	-51.6
% Sales	8.9%	13.4%	-4.5 pt.



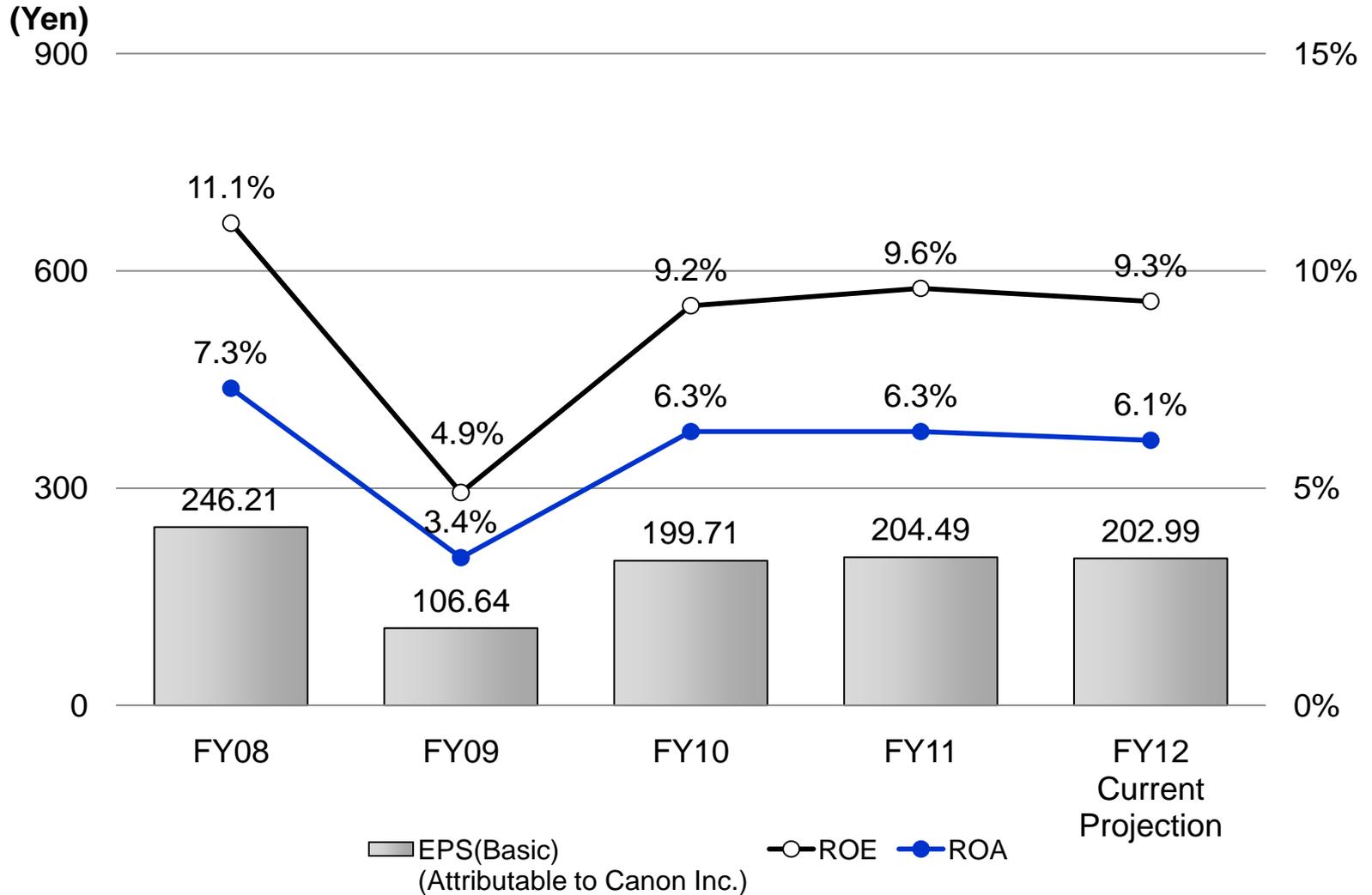
Supplementary Information

Interest Bearing Debt

(Billions of yen)



Financial Ratios



Supplementary Information