



Canon Inc.

FY 2009 Results

January 27, 2010
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Agenda

■ 4Q/FY 2009 Results

P3 – 17

■ FY 2010 Projections

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■ Supplementary Information

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FY 2009 in Summary

Reinforced financial strength, despite lower net sales and profits, through “improved management quality”

- ✓ Achieved record-low inventory turnover in days (39 days)
- ✓ Achieved record-high stockholders' equity ratio (70%)

Achieved a steady recovery in performance through “Improved management quality” and the launch of competitive products

- ✓ A recovery led by Cameras, followed by Business Machines
- ✓ Posted a significant increase in fourth-quarter profit, exceeded net sales and profit projections

Summary of Results

4Q/FY 2009 Actual

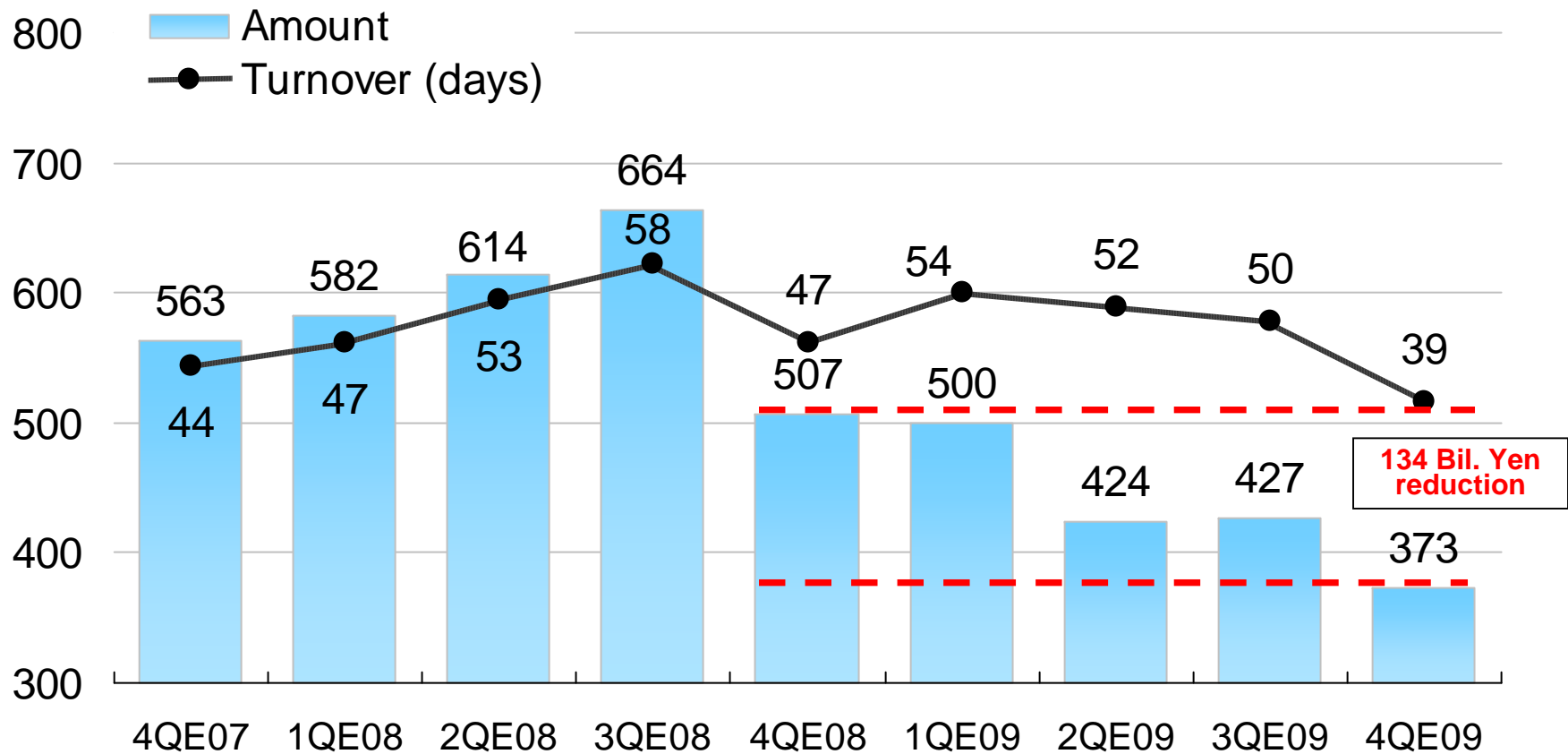
(Billions of yen) (For Reference)

		2009				2008		Pct. Change		2009 Actual (Excluding Forex Impact)	
		Actual	% Sales	Previous Projection	% Sales	Actual	% Sales	Previous Projection	Actual	Amt.	% Sales
4Q	Net sales	954.1		944.9		994.7		+1.0%	-4.1%	956.5	
	Gross profit	433.8	45.5%	396.4	42.0%	421.4	42.4%	+9.4%	+2.9%	427.6	44.7%
	Op. profit	92.1	9.7%	65.1	6.9%	35.8	3.6%	+41.6%	+157.2%	85.5	8.9%
	Net income attributable to Canon Inc.	61.6	6.5%	39.9	4.2%	11.6	1.2%	+54.2%	+429.7%		
	Yen-1USD	89.68		90.00		96.22					
	Yen-1EURO	132.54		130.00		126.46					
FY	Net sales	3,209.2		3,200.0		4094.2		+0.3%	-21.6%	3,458.7	
	Gross profit	1,427.4	44.5%	1,390.0	43.4%	1938.0	47.3%	+2.7%	-26.3%	1,629.6	47.1%
	Op. profit	217.1	6.8%	190.0	5.9%	496.1	12.1%	+14.2%	-56.2%	355.4	10.3%
	Net income attributable to Canon Inc.	131.6	4.1%	110.0	3.4%	309.1	7.6%	+19.7%	-57.4%		
	Yen-1USD	93.21		93.34		103.23					
	Yen-1EURO	130.46		129.69		151.46					

2009 Achievements

Inventories

(Billions of yen)

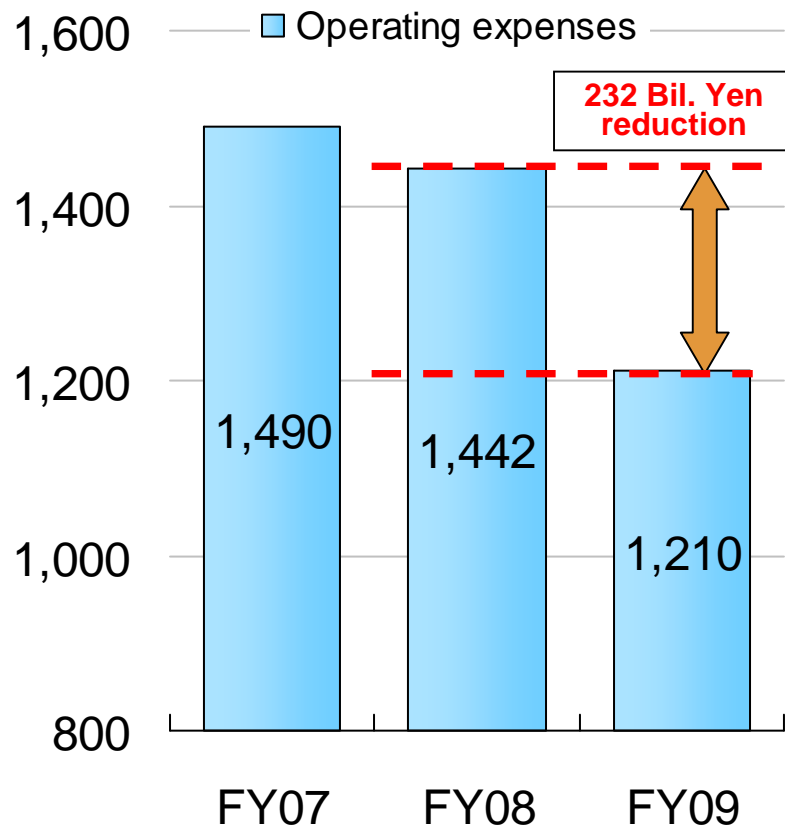


2009 Achievements

Expenses & Capital Expenditures

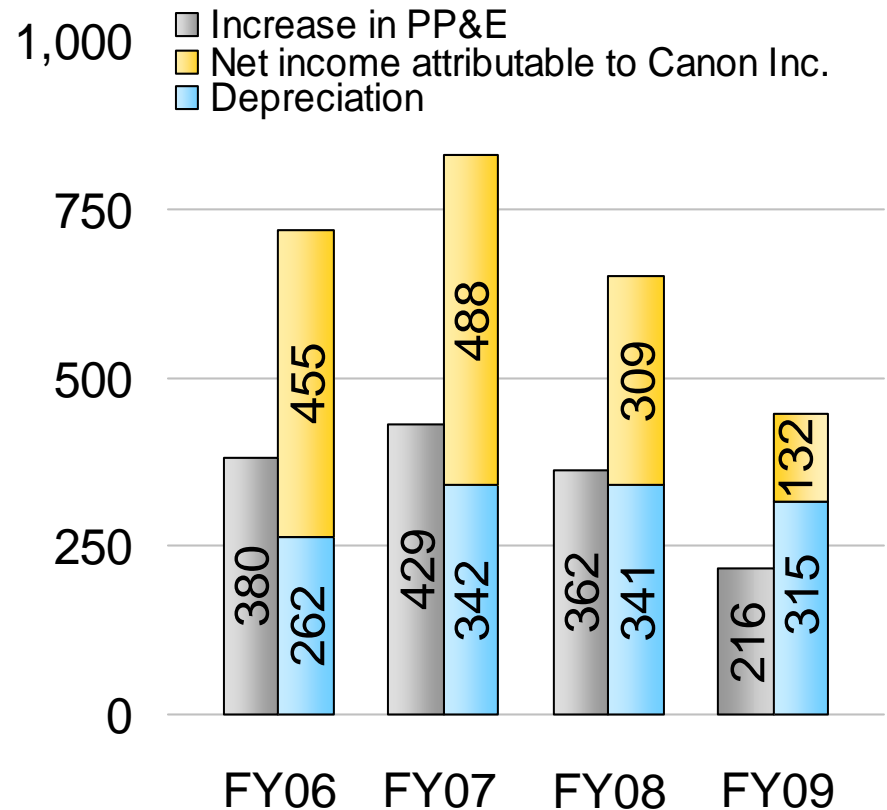
Expenses

(Billions of yen)



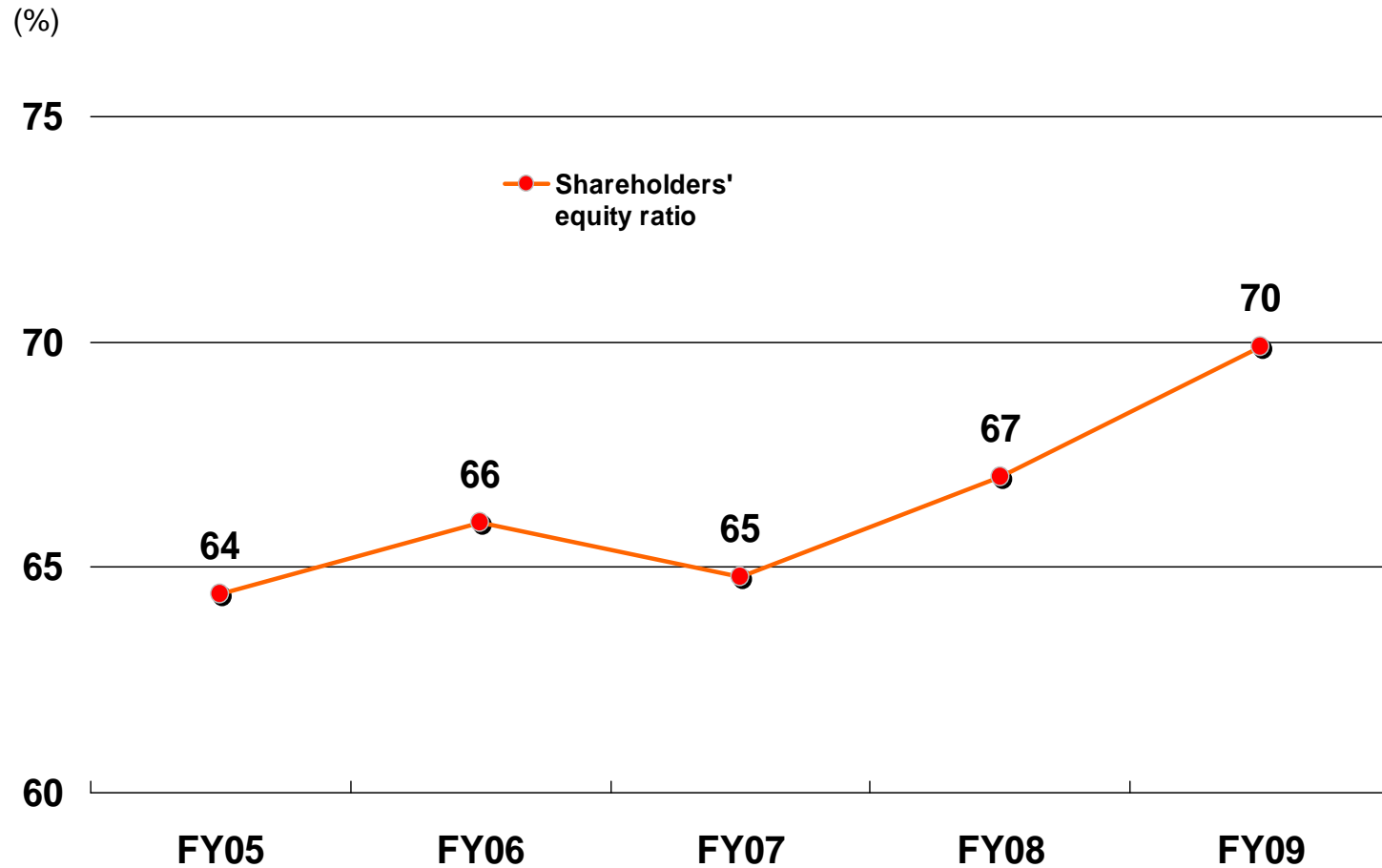
Capital Expenditures

(Billions of yen)



2009 Achievements

Shareholders' equity ratio



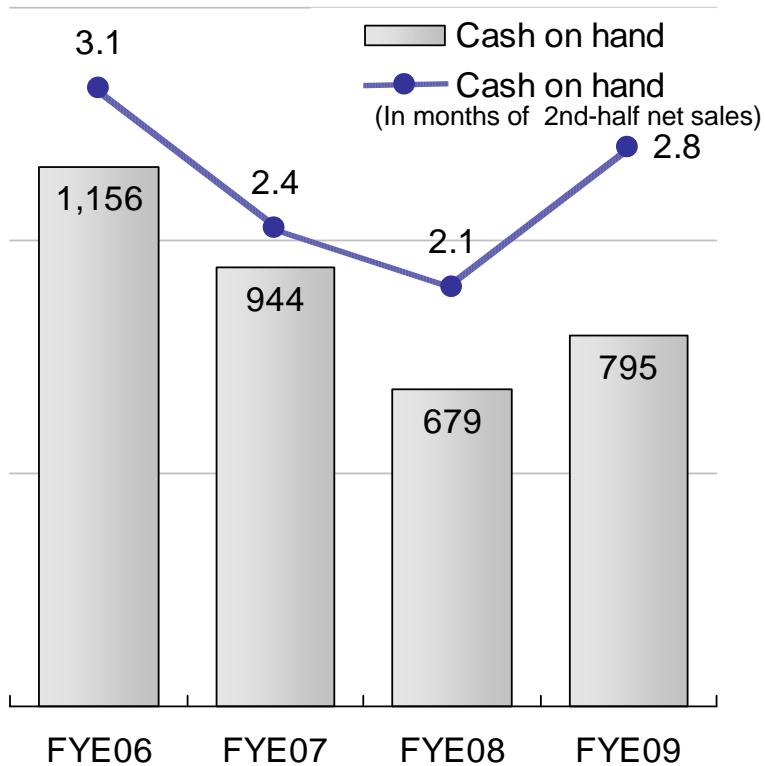
Note: In 2007, 450 billion yen was used to acquire own share.
In 2008, 100 billion yen.

2009 Achievements

Cash on Hand and Return to Shareholders

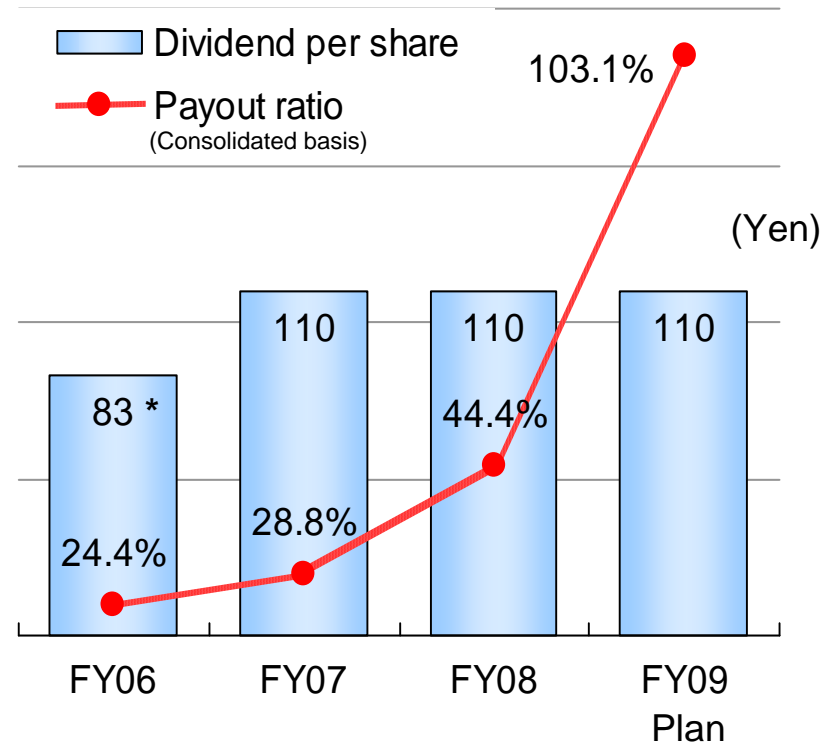
Cash on Hand (Year-end)

(Billions of yen)



Dividend

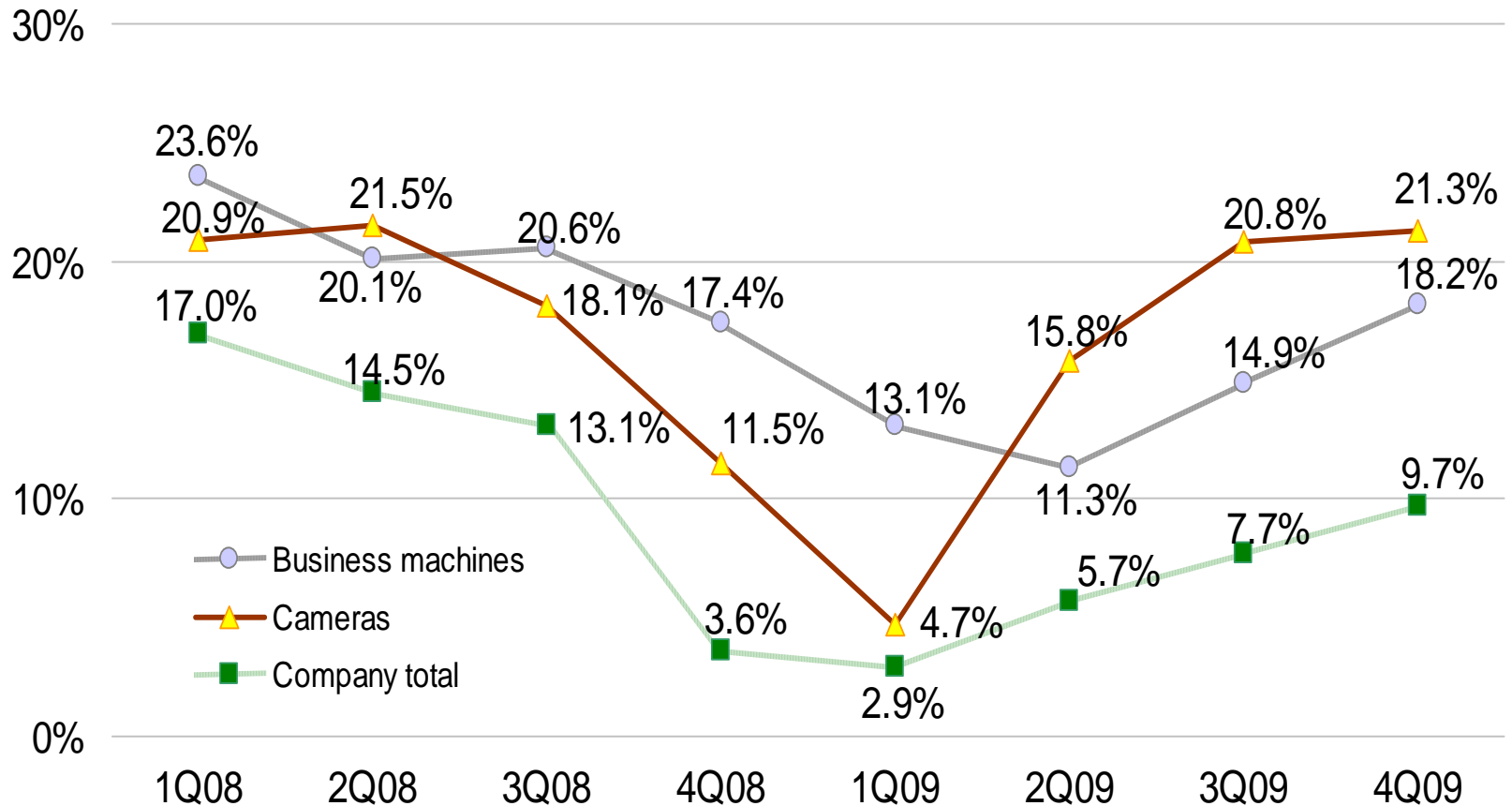
*Dividend per share has been adjusted to reflect a 3-for-2 forward stock split (effective date July 1, 2006)



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

2009 Achievements

Steady Recovery in Performance Operating Profit Ratio



Transition in Sales and Op. Profit

4Q 2009 Actual v. Projection

(Billions of yen)

	Sales	Op. Profit
4Q 2009 Projection (Oct. 27, 2009)	944.9	65.1
Foreign exchange impact [net sales, cost of sales, expenses]	+2.5	+4.9
Sales volume impact		
Office Imaging Products	-6.0	
Computer Peripherals	-18.3	
Business Information Products	+1.0	
Cameras	+16.4	
Optical and Other Products	+9.4	
Total	+2.5	+24.6
Others	+4.2	-2.5
Total Change	+9.2	+27.0
4Q 2009 Actual	954.1	92.1

Change in Exchange Rate

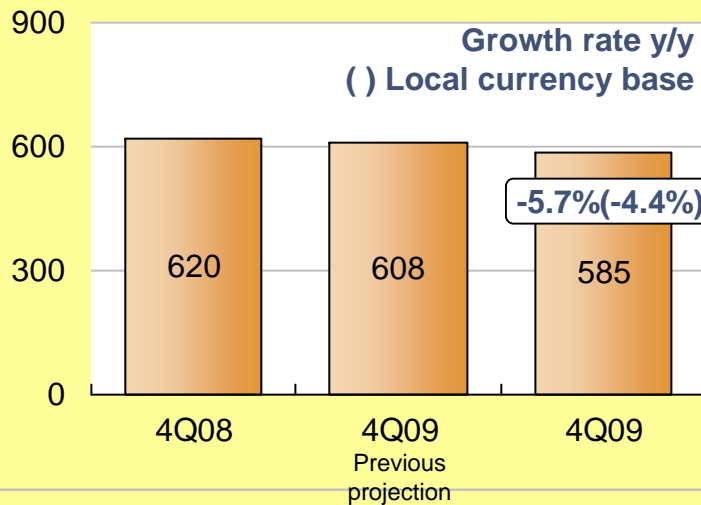
- 1USD: 90.00 to 89.68 yen
- 1EURO: 130.00 to 132.54 yen

Business Machines

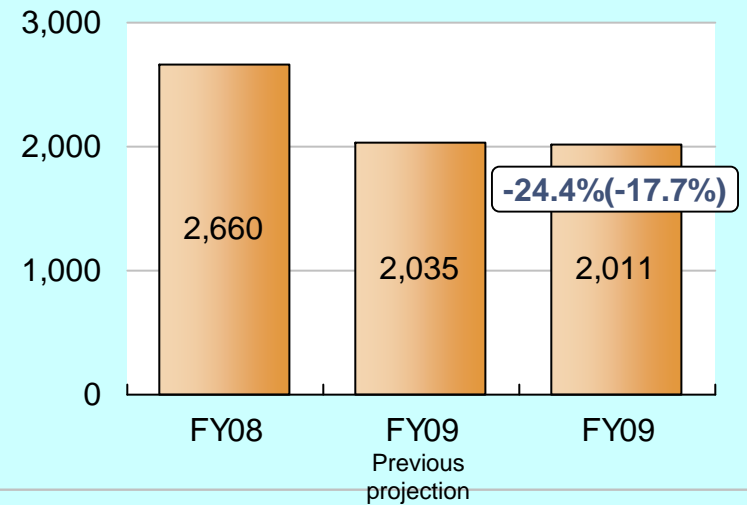
4Q/FY 2009 Actual

(Billions of yen) **4Q**

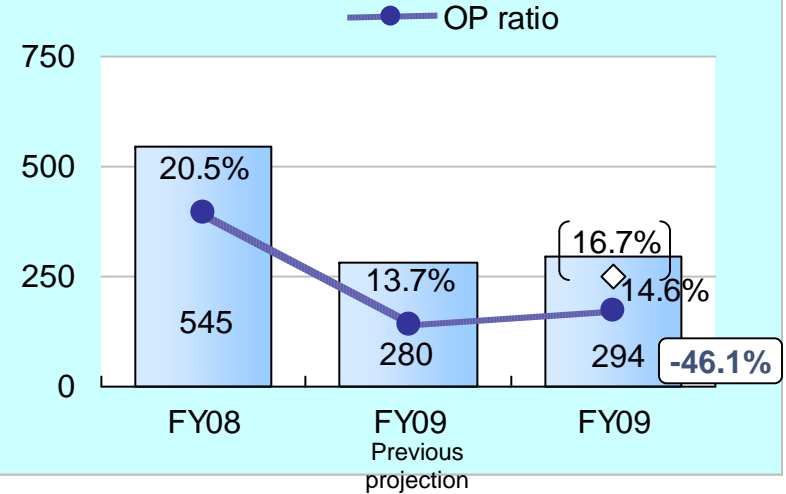
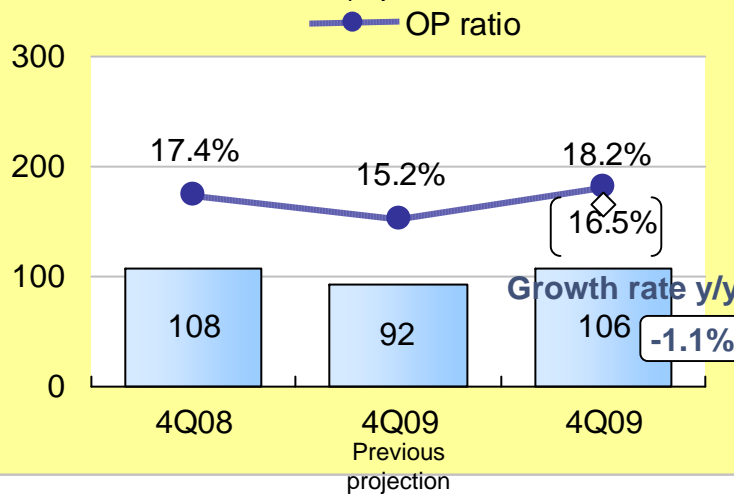
Sales



(Billions of yen) **FY**



Op. Profit



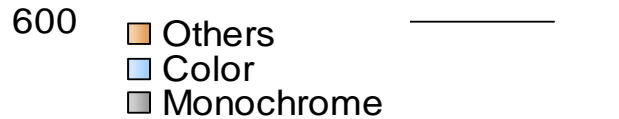
() = OP ratio in local currency basis

Office Imaging Products

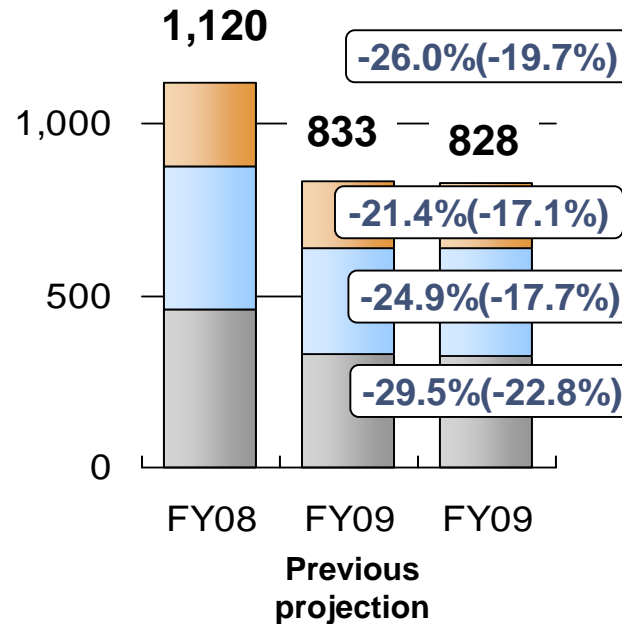
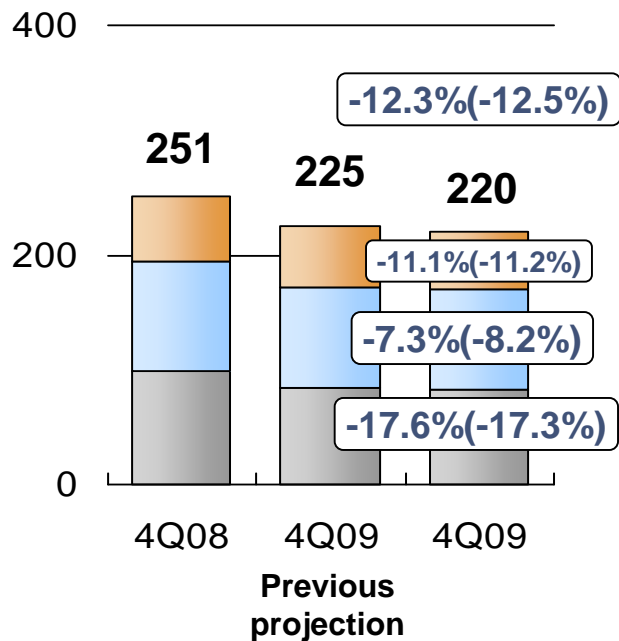
4Q/FY 2009 Actual

Sales

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



Growth rate y/y (Unit base)		
Copying machines	4Q	FY
Color	+5%	-17%
Mono-chrome	-12%	-26%
Total	-8%	-24%



Color ratio
(Copying machines)

	4Q	FY
Value base*	52%	49%
Unit base	30%	27%

*Includes consumables

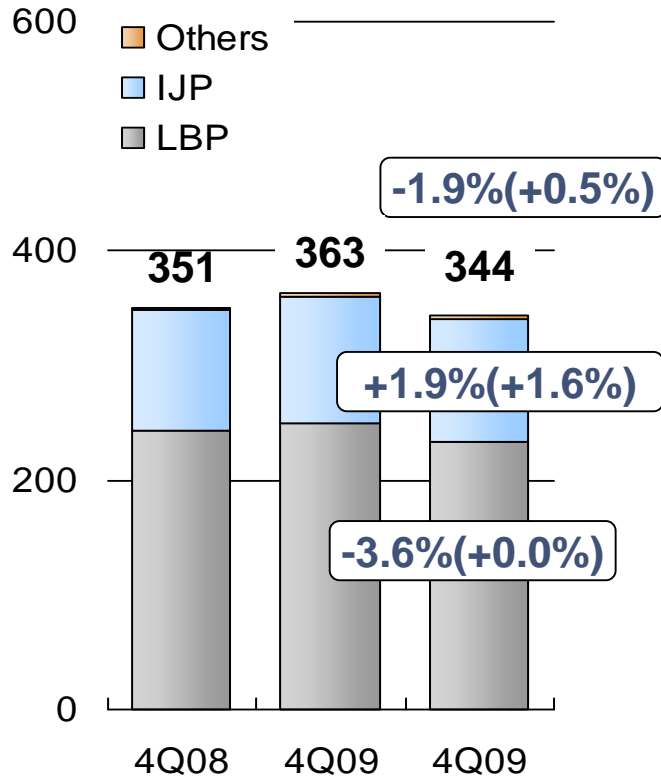
Computer Peripherals

4Q/FY 2009 Actual

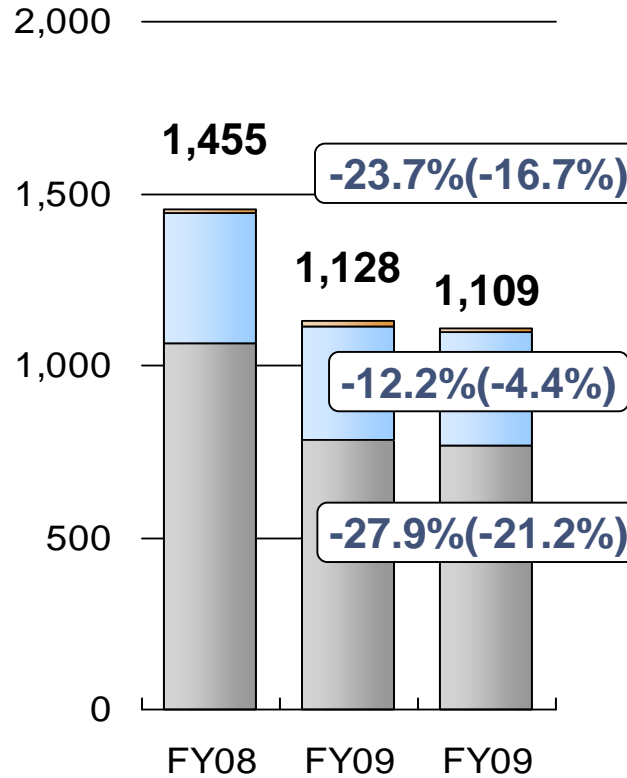
Sales

(Billions of yen)

Growth rate y/y
() Local currency base



Previous projection



Previous projection

Growth rate y/y (Unit base)		
LBP	4Q	FY
Color	-6%	-42%
Mono-chrome	-9%	-47%
Total	-8%	-47%

Color ratio (LBP)

	4Q	FY
Value base*	43%	45%
Unit base	14%	16%

*Includes consumables

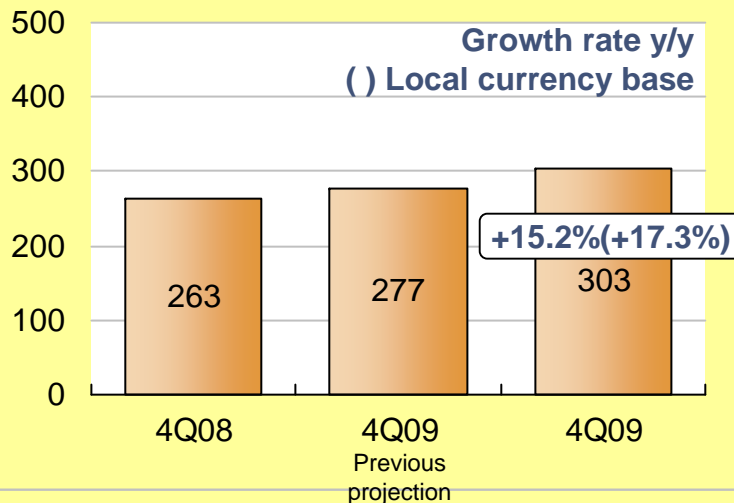
Growth rate y/y (Unit base)		
	4Q	FY
IJP	+3%	+1%

Cameras

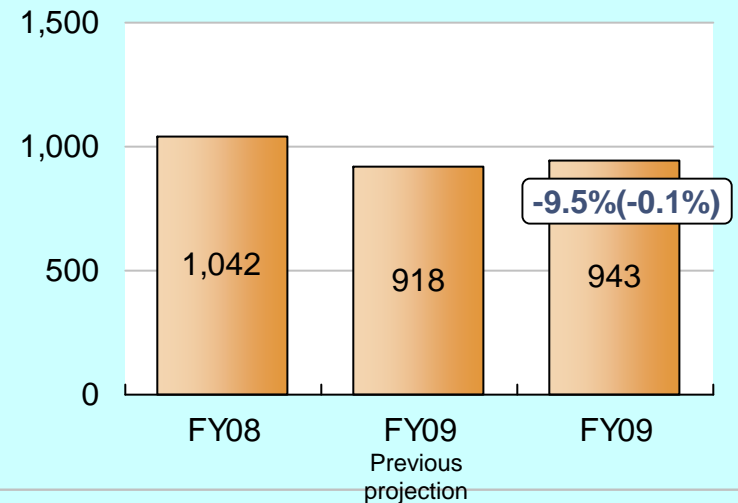
4Q/FY 2009 Actual

(Billions of yen) **4Q**

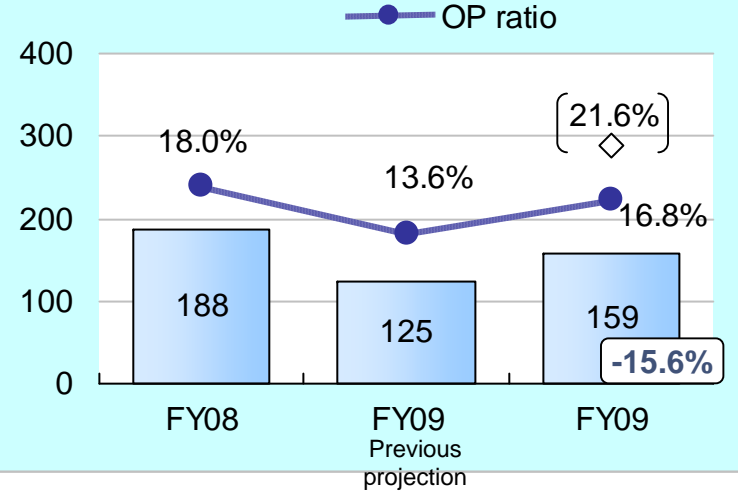
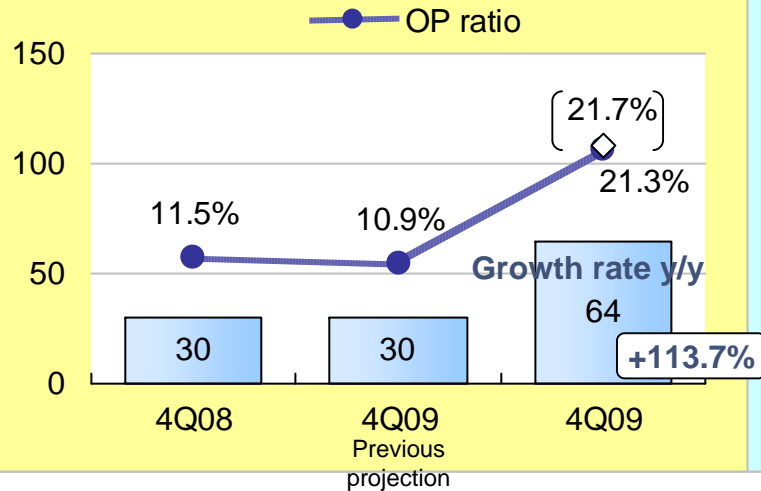
Sales



(Billions of yen) **FY**



Op. Profit



() = OP ratio in local currency basis

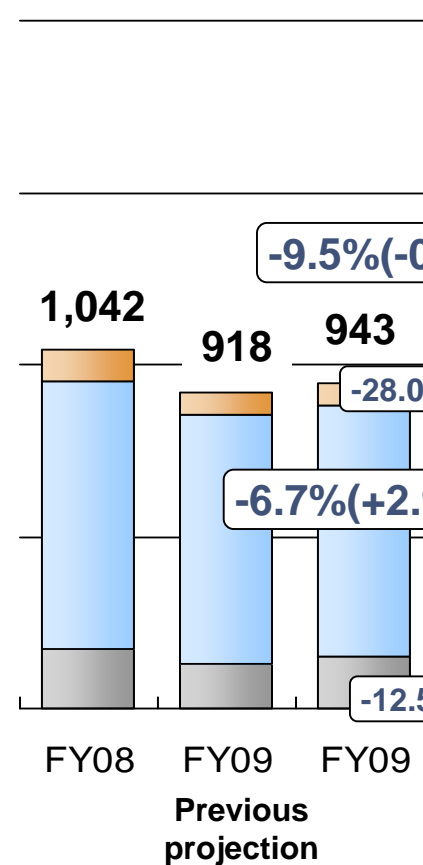
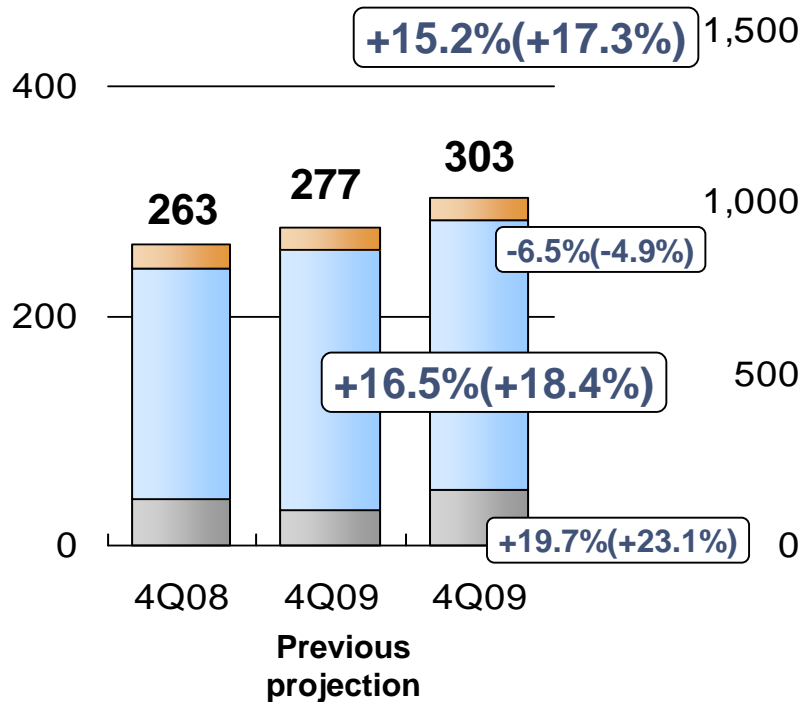
Cameras

4Q/FY 2009 Actual

Sales

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

600 2,000
 Video cameras
 Digital cameras
 Interchangeable lenses and others



Growth rate y/y (Unit base)		
	4Q	FY
Digital cameras	0%	-6%

D SLR ratio*

	4Q	FY
Value base	51%	49%
Unit base	20%	18%

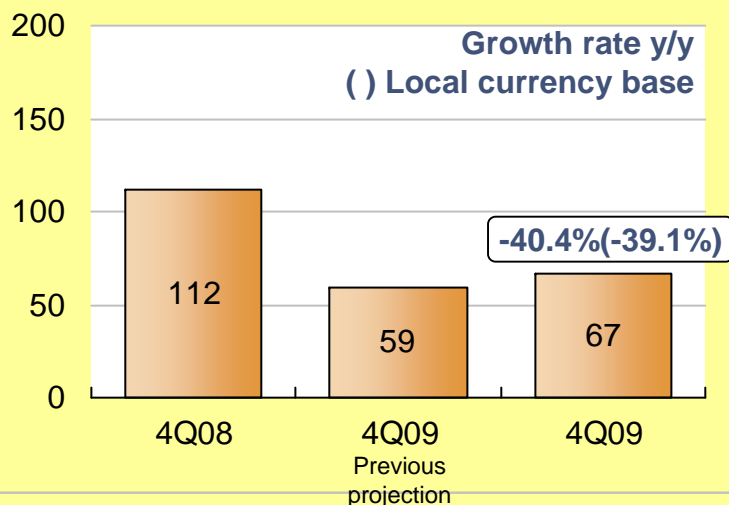
* Percentage of digital cameras sales attributable to SLRs

Optical and Other Products

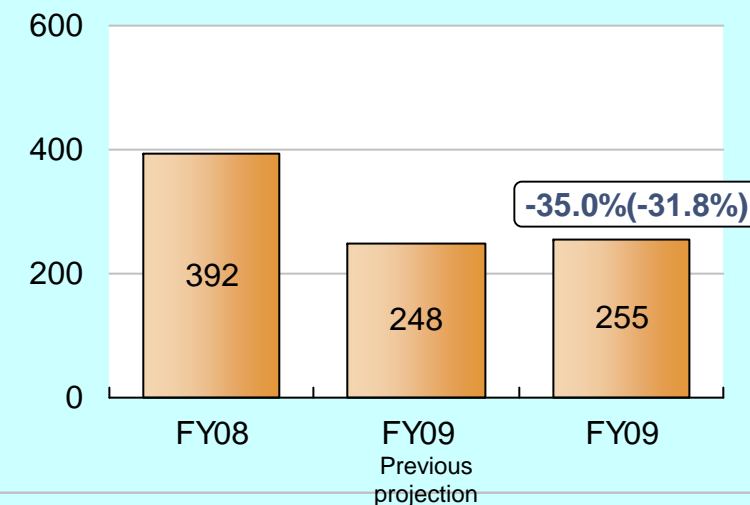
4Q/FY 2009 Actual

(Billions of yen) **4Q**

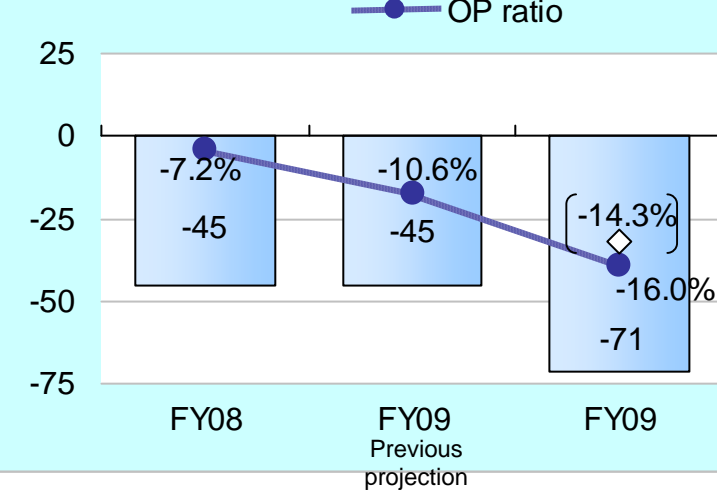
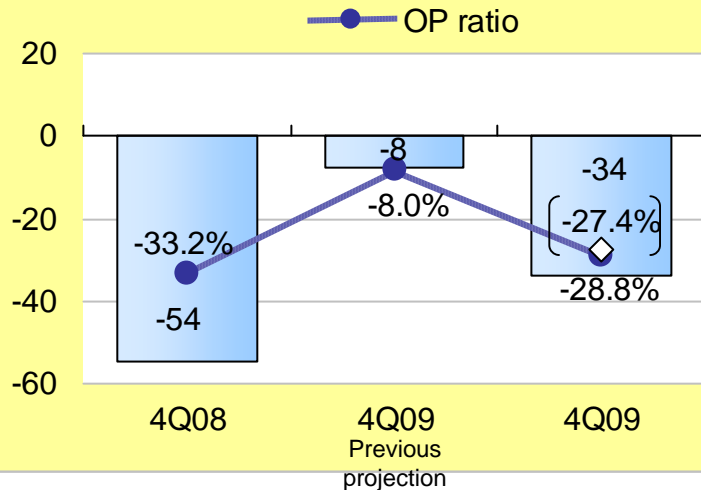
Sales



(Billions of yen) **FY**



Op. Profit



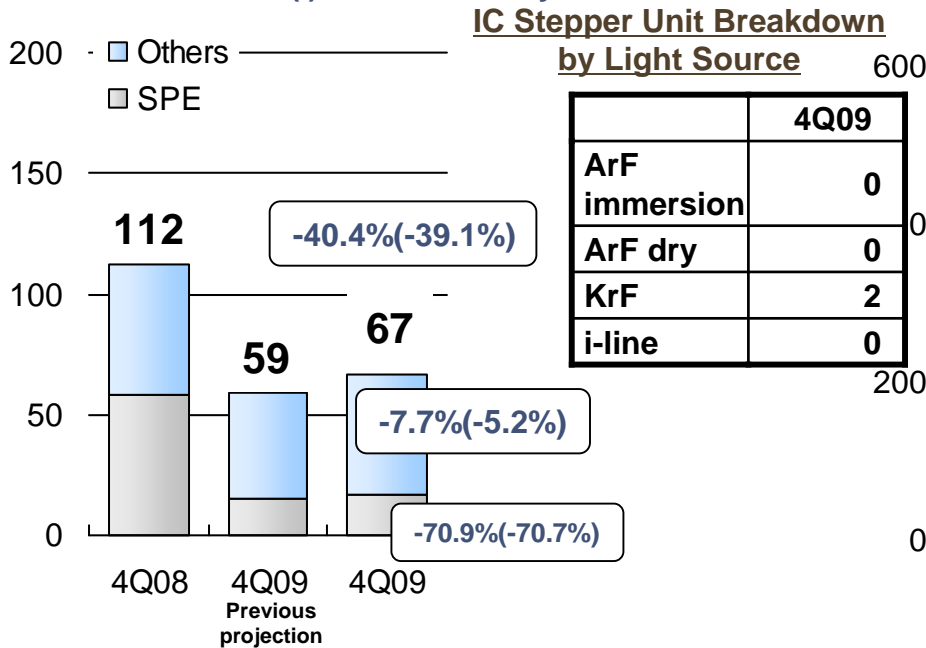
() = OP ratio in local currency basis

Optical and Other Products

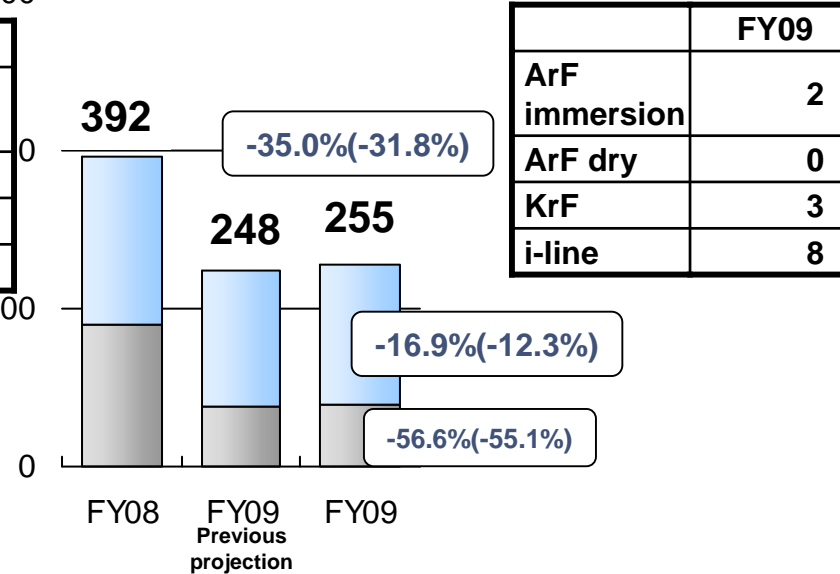
4Q/FY 2009 Actual

Sales

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



IC Stepper Unit Breakdown by Light Source



SPE (Units)

	4Q08	4Q09 Previous projection	4Q09
IC	11	1	2
LCD	26	9	8
TTL	37	10	10

SPE (Units)

	FY08	FY09 Previous projection	FY09
IC	99	12	13
LCD	64	39	38
TTL	163	51	51

Change in Disclosure Segments

FY 2010

Previous			Current	
Business Machines	Office Imaging Products	<ul style="list-style-type: none"> • B/W copying machines • Color copying machines • Others (SOHO, Solutions etc) 	Office	<ul style="list-style-type: none"> • B/W copying machines • Color copying machines • Other printing devices (Laser beam printers, Large-format printers, SOHO) • Others (Solutions etc)
	Computer Peripherals	<ul style="list-style-type: none"> • Laser beam printers • Inkjet printers • Others (Scanners etc) 		
	Business Information Products	<ul style="list-style-type: none"> • Computers, Calculators etc 		
Cameras		<ul style="list-style-type: none"> • Interchangeable lenses and others • Digital cameras • Video cameras 	Consumer	<ul style="list-style-type: none"> • Cameras (Digital cameras, Interchangeable lenses and others) • Inkjet printers • Others (Video cameras, Broadcasting equipment etc)
Optical and Other Products		<ul style="list-style-type: none"> • SPE • Others (Large-format printers, Broadcasting equipment etc) 	Industry and Others	<ul style="list-style-type: none"> • SPE • Others (Business Information products)

Assumptions

FY 2010

Average Exchange Rate	FY10	FY09
■ Yen-1USD	90.00 yen	93.21 yen
■ Yen-1EURO	130.00 yen	130.46 yen

Impact of Exchange Rate Movement (FY10 impact given a one yen change)

	Net sales	Operating profit
■ USD	15.5 billion yen	8.2 billion yen
■ EURO	6.4 billion yen	4.6 billion yen

Key Points

FY 2010

Economic environment

- ✓ Global economy – “L Shaped” recovery

Projected performance

- ✓ Raise net sales and achieve more than 50% increase in profits
 - ✓ Realize new growth in 2010, “the first year in a new era of growth”
- ✓ Maintain strong momentum of consumer products and expand sales of office products
- ✓ Maximize the benefits of “improved management quality” and boost expanding profits

Summary of Projected Results

FY 2010 Projection

(Billions of yen)

	FY 2010 Projection	FY 2009 Actual	Pct. change
Net sales	3,450.0	3,209.2	+7.5%
Gross profit	1,590.0	1,427.4	+11.4%
[% sales]	46.1%	44.5%	
Op. profit	330.0	217.1	+52.0%
[% sales]	9.6%	6.8%	
Net income	200.0	131.6	+51.9%
attributable to Canon Inc.			
[% sales]	5.8%	4.1%	
Foreign exchange rate			
Yen – 1USD	90.00	93.21	
Yen – 1EURO	130.00	130.46	

Transition in Sales and Op. Profit

FY 2010 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]	-55.2	-25.2
Sales volume impact		
Office	+172.5	
Consumer	+148.5	
Industry and Others	+65.0	
Total	+386.0	+186.2
Others	-90.0	-48.1
Total Change	+240.8	+112.9
FY 2010 Projection	3,450.0	330.0

Change in Exchange Rate

- 1USD: 93.21 to 90.00 yen
- 1EURO: 130.46 to 130.00 yen

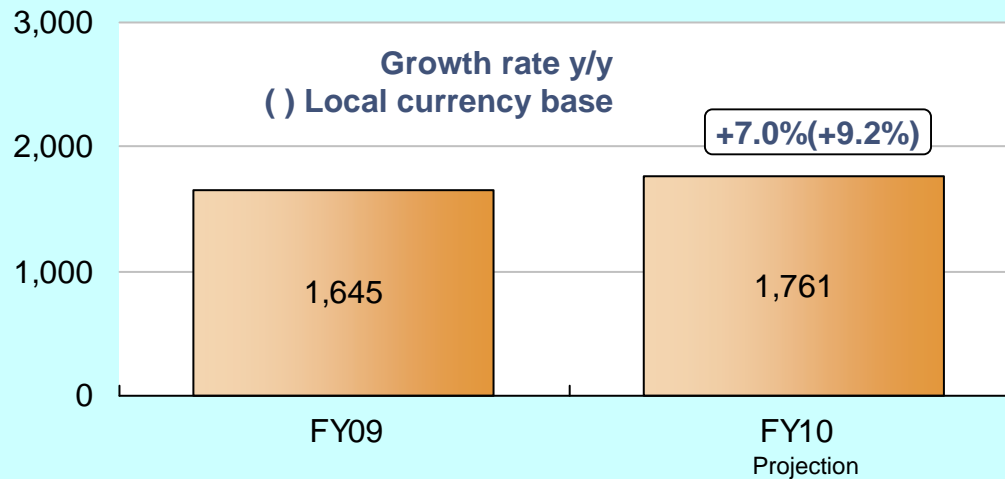
FY 2010 Office

A “Turnaround” led by imageRUNNER ADVANCE

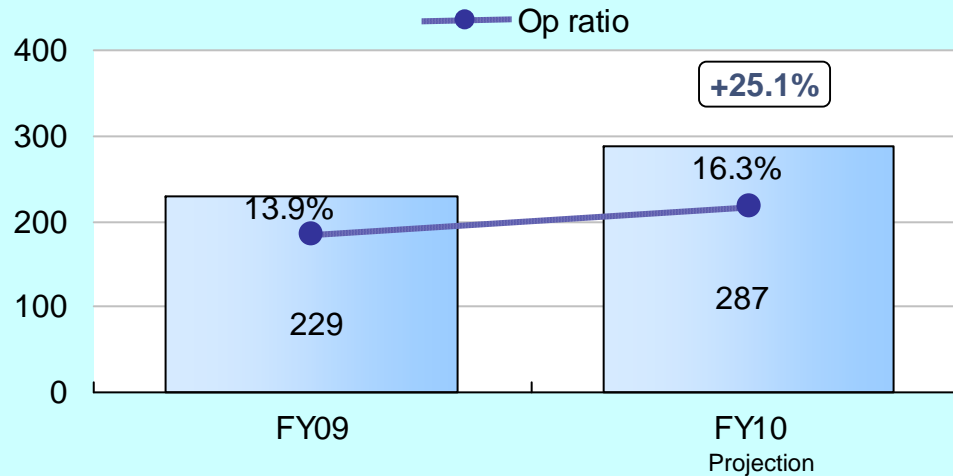
(Billions of yen)

FY

Sales



Op. Profit

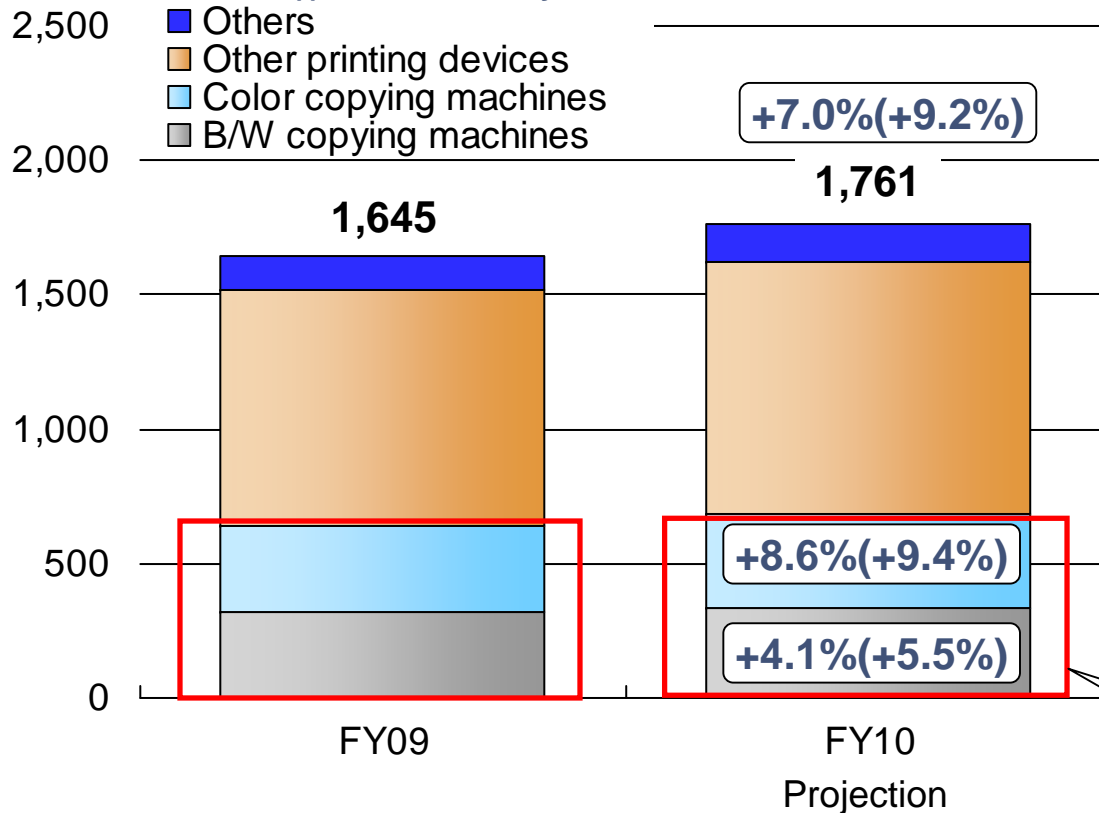


Office (Copying machines)

Sales

(Billions of yen)

Growth rate y/y
() Local currency base



Growth rate y/y
(Unit base)

Copying machines	FY
Color	+13%
Mono-chrome	+2%
Total	+5%

Color ratio
(Copying machines)

	FY
Value base*	51%
Unit base	29%

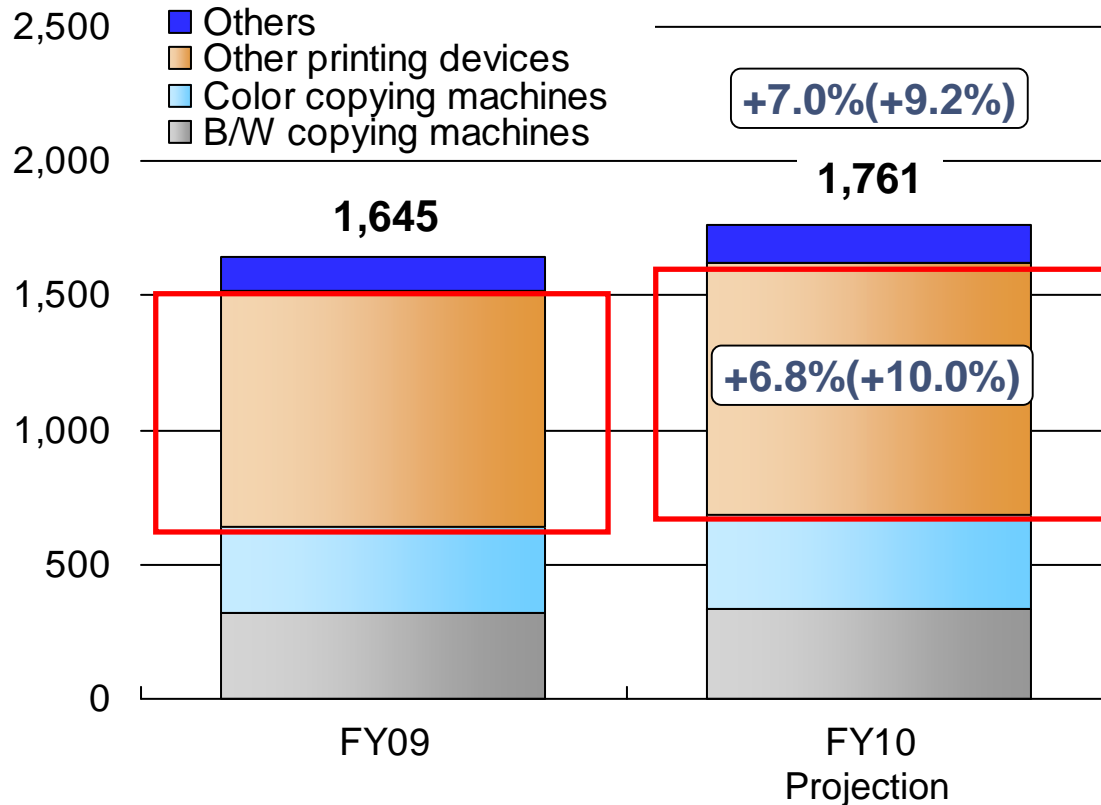
*Includes consumables

Growth rate y/y
(Copying machines)
+6.3% (+7.4%)

Office (Other printing devices)

Sales

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



Growth rate y/y (Unit base)	
LP	FY
Color	+43%
Mono-chrome	+41%
Total	+41%

Color ratio (Unit base)	16%
----------------------------	-----

Color ratio (LP) *

	FY
Value base	39%

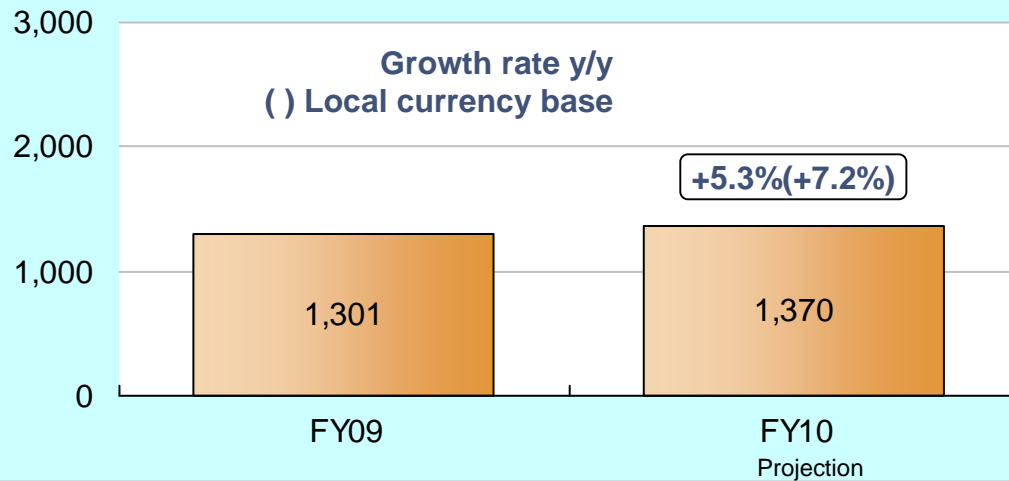
*Percentage of other printing devices sales

FY 2010 Consumer

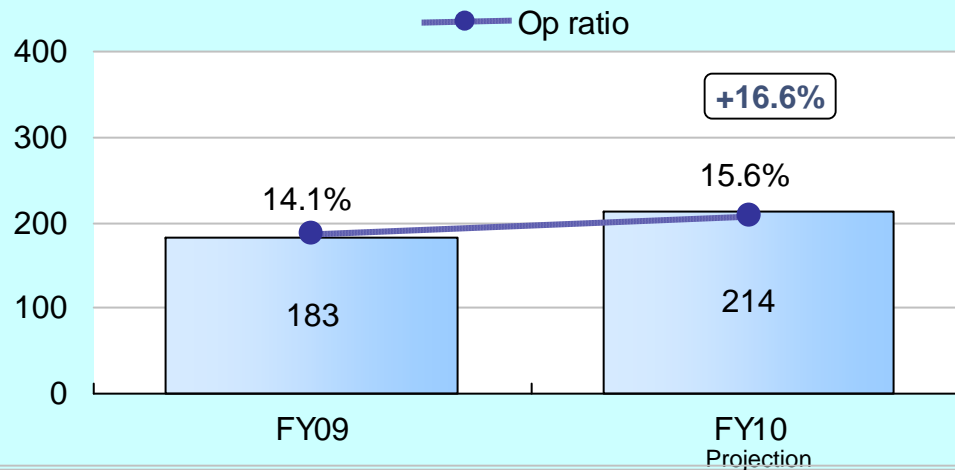
A further reinforcement of product competitiveness

(Billions of yen) **FY**

Sales



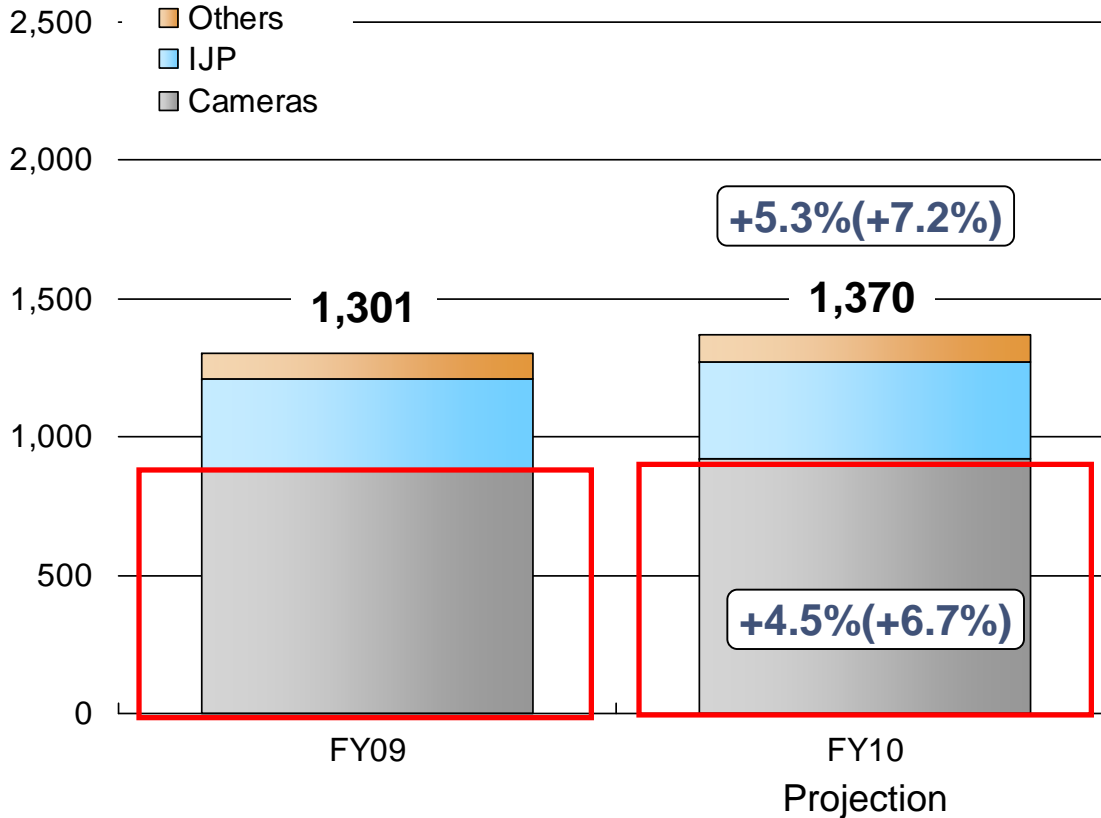
Op. Profit



Consumer (Cameras)

Sales

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



Growth rate y/y
(Unit base)

FY	
Digital cameras	+6%

D SLR ratio*

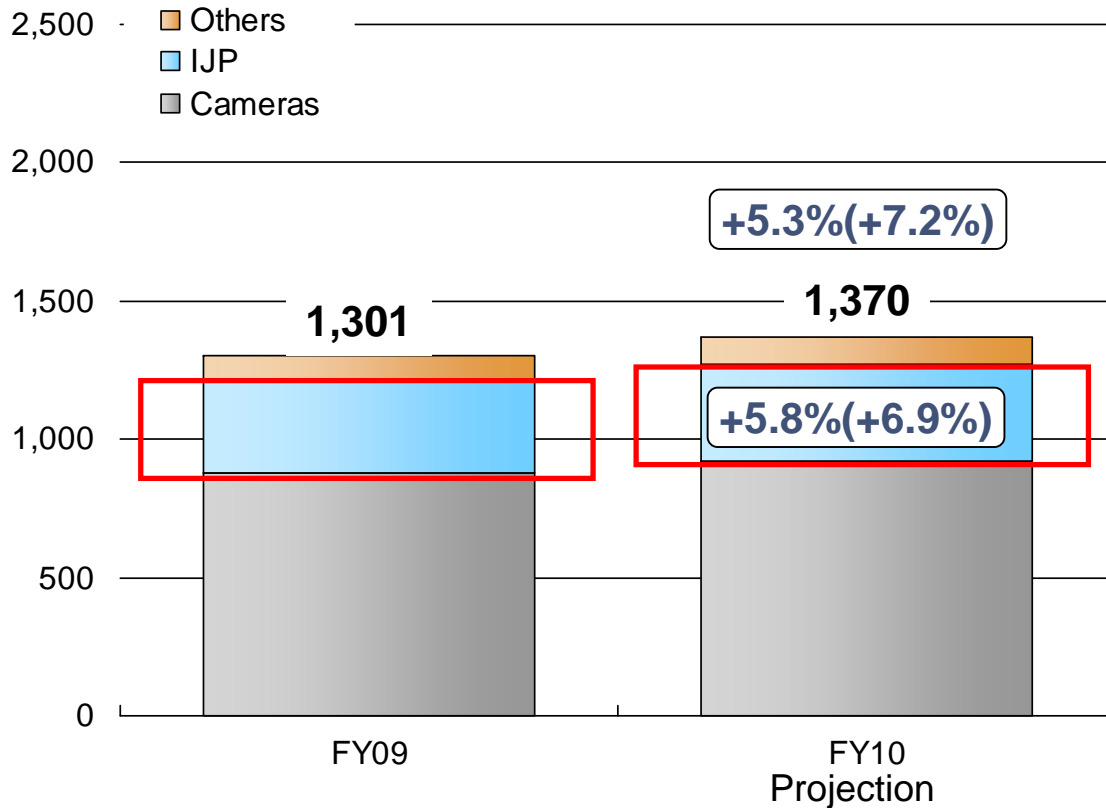
	FY
Value base *	58%
Unit base	18%

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

Consumer (IJP)

Sales

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



Growth rate y/y
(Unit base)

FY	
IJP	+3%

FY 2010 Industry and Others

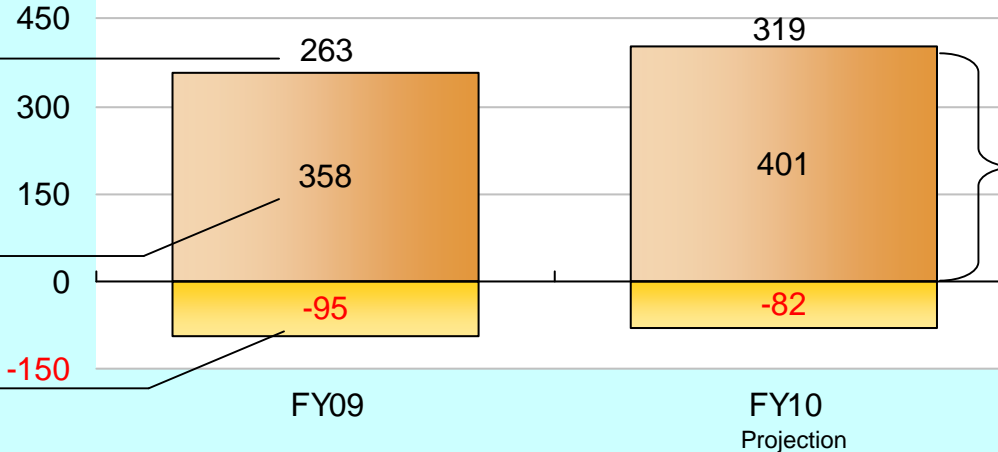
FY

(Billions of yen)

Growth rate y/y
() Local currency base

Sales

Net Sales



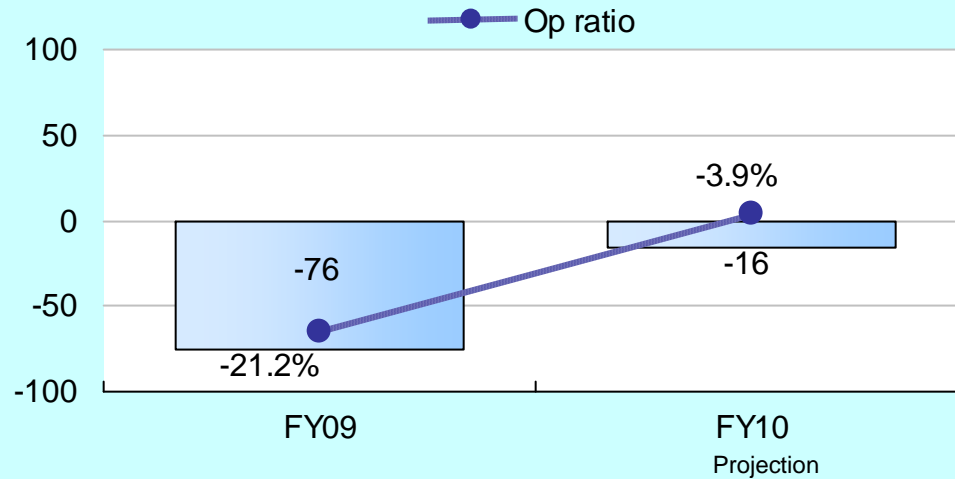
Net Sales
+21.5%(+22.1%)

Gross Sales
+12.1%(+12.5%)

Gross Sales
(Includes sales among Group businesses)

Sales Elimination
(Sales among Group businesses)

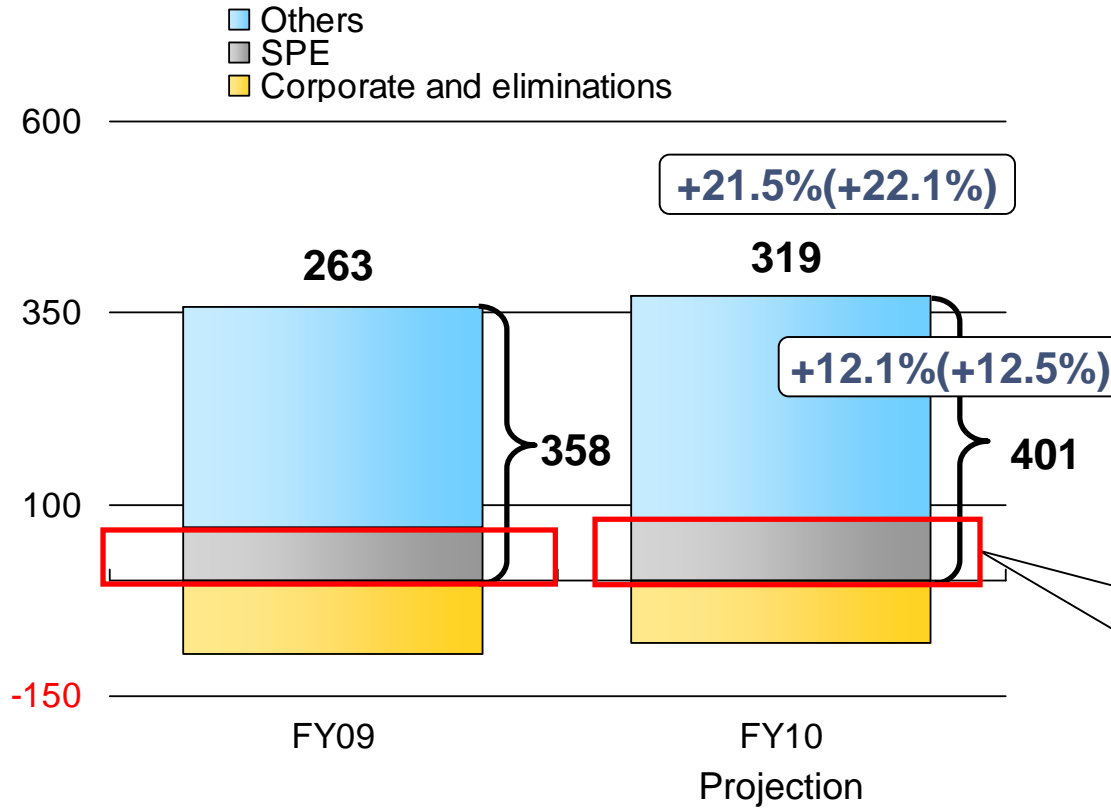
Op. Profit



Industry and Others (SPE)

Sales

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



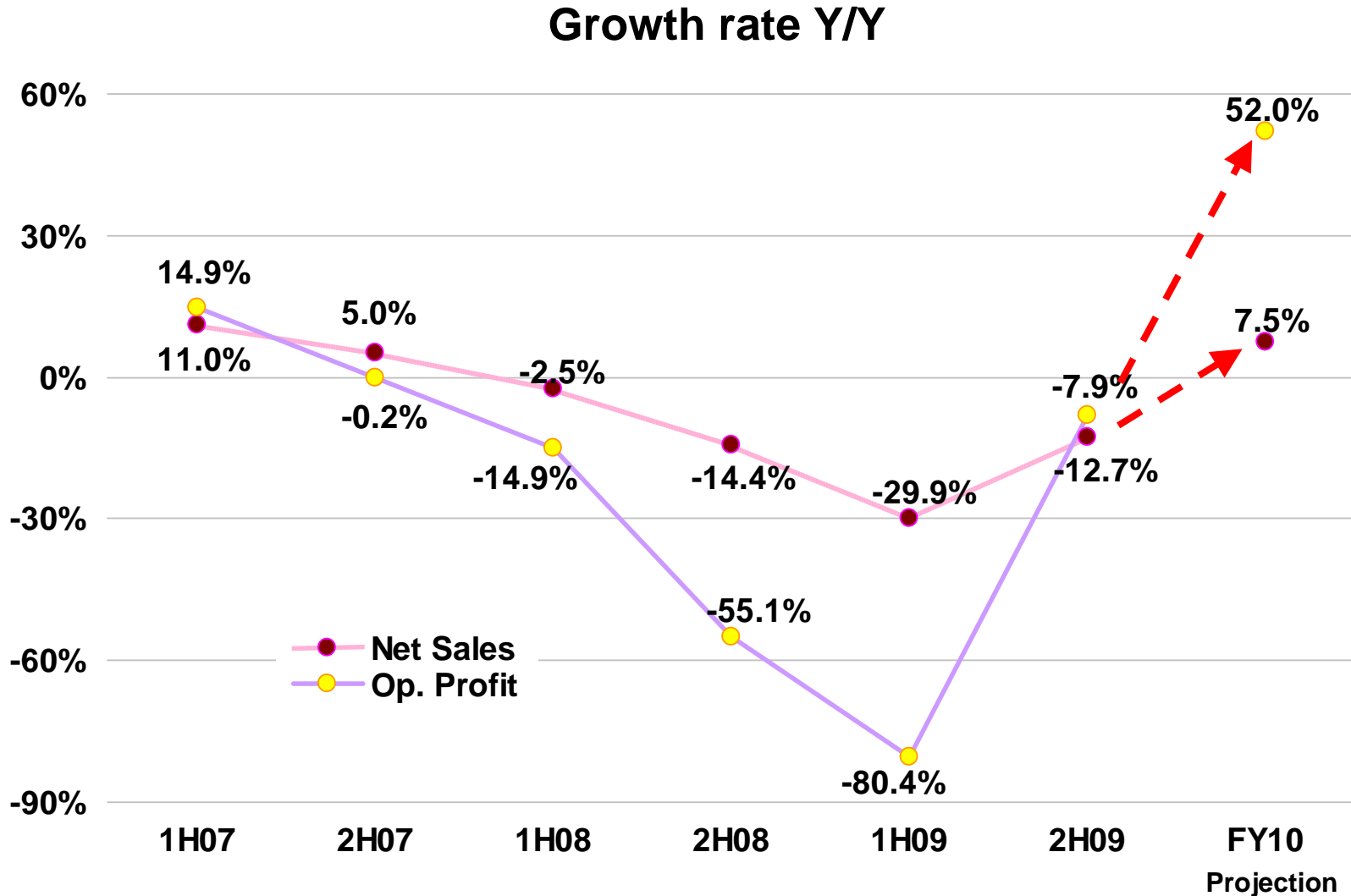
IC Stepper Unit Breakdown by Light Source

	FY10 Projection
ArF immersion	0
ArF dry	0
KrF	1
i-line	11

SPE (Units)

	FY09	FY10 Projection
IC	13	12
LCD	38	53
TTL	51	65

“Turnaround” to Strong Growth Track



Supplementary Information

Transition in Sales and Operating Profit

4Q/FY 2009 Actual v. 4Q/FY 2008 Actual

(Billions of yen)

	4Q		FY	
	Sales	Op. Profit	Sales	Op. Profit
2008 Actual	994.7	35.8	4,094.2	496.1
Foreign exchange impact [net sales, cost of sales, expenses]	-2.4	+6.6	-249.5	-138.3
Sales volume impact				
Office	-48.9		-480.6	
Consumer	+59.6		+29.1	
Industry and Others	-29.2		-108.1	
Total	-18.5	-20.6	-559.6	-257.4
Others	-19.7	+70.3	-75.9	+116.7
Total Change	-40.6	+56.3	-885.0	-279.0
2009 Actual	954.1	92.1	3,209.2	217.1

Change in Exchange Rate (4Q)

- 1USD: 96.22 to 89.68 Yen
- 1EURO: 126.46 to 132.54 Yen

Change in Exchange Rate (FY)

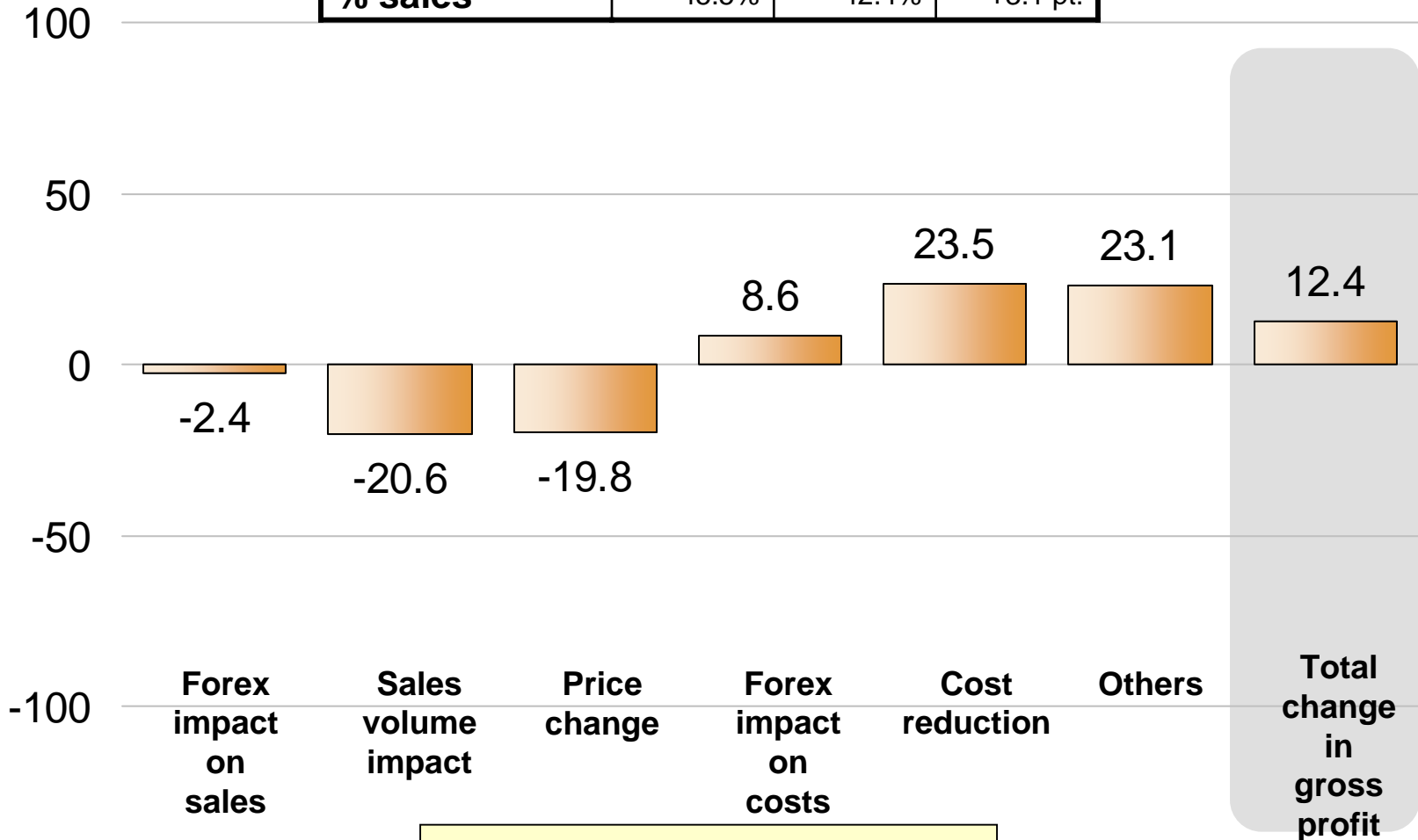
- 1USD: 103.23 to 93.21 Yen
- 1EURO: 151.46 to 130.46 Yen

Gross Profit Variance Analysis

4Q 2009 Actual v. 4Q 2008 Actual

	4Q09	4Q08	Change
Gross Profit	433.8	421.4	+12.4
% sales	45.5%	42.4%	+3.1 pt.

(Billions of yen)



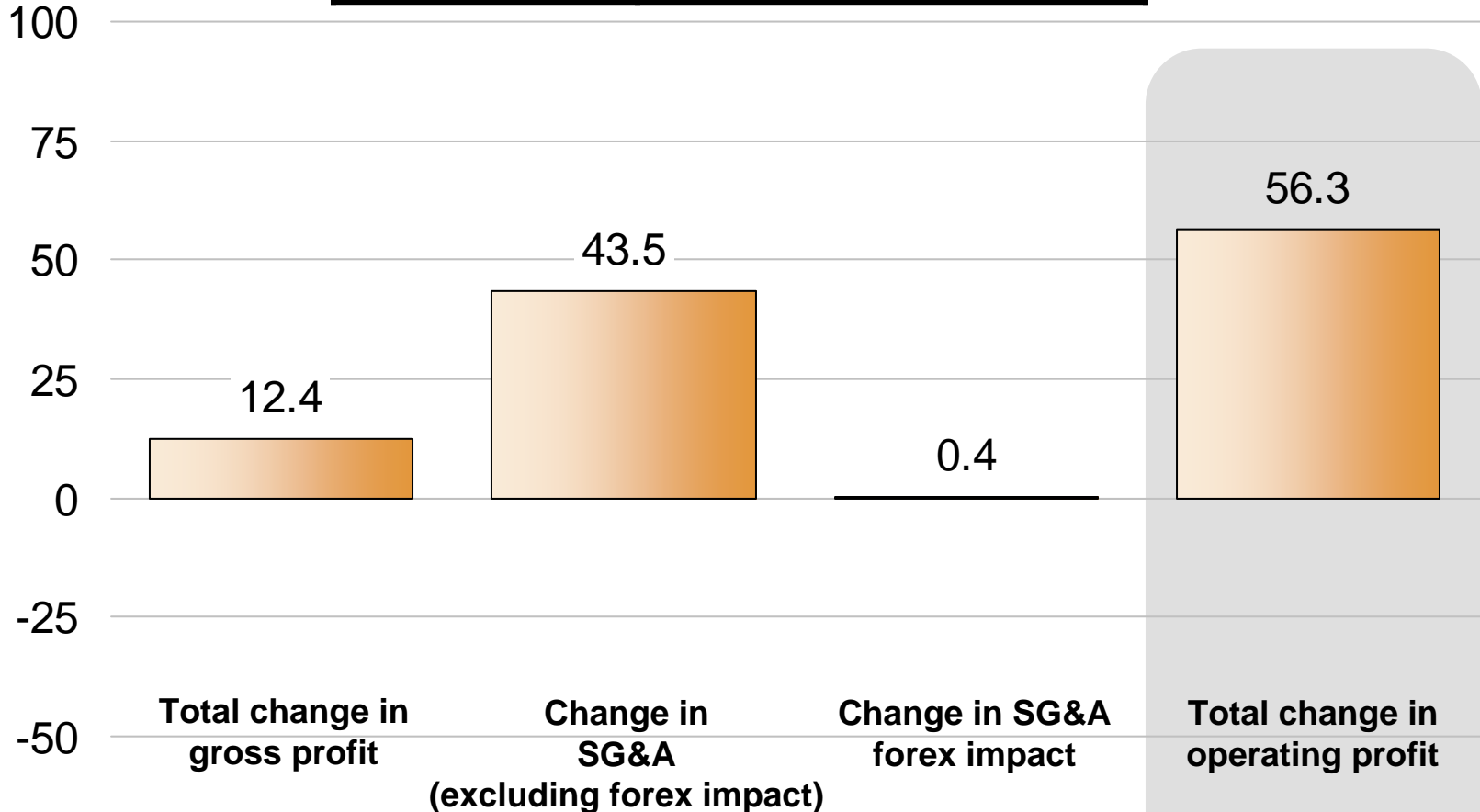
Supplementary Information

Operating Profit Variance Analysis

4Q 2009 Actual v. 4Q 2008 Actual

	4Q09	4Q08	Change
Op. Profit	92.1	35.8	+56.3
% sales	9.7%	3.6%	+6.1 pt.

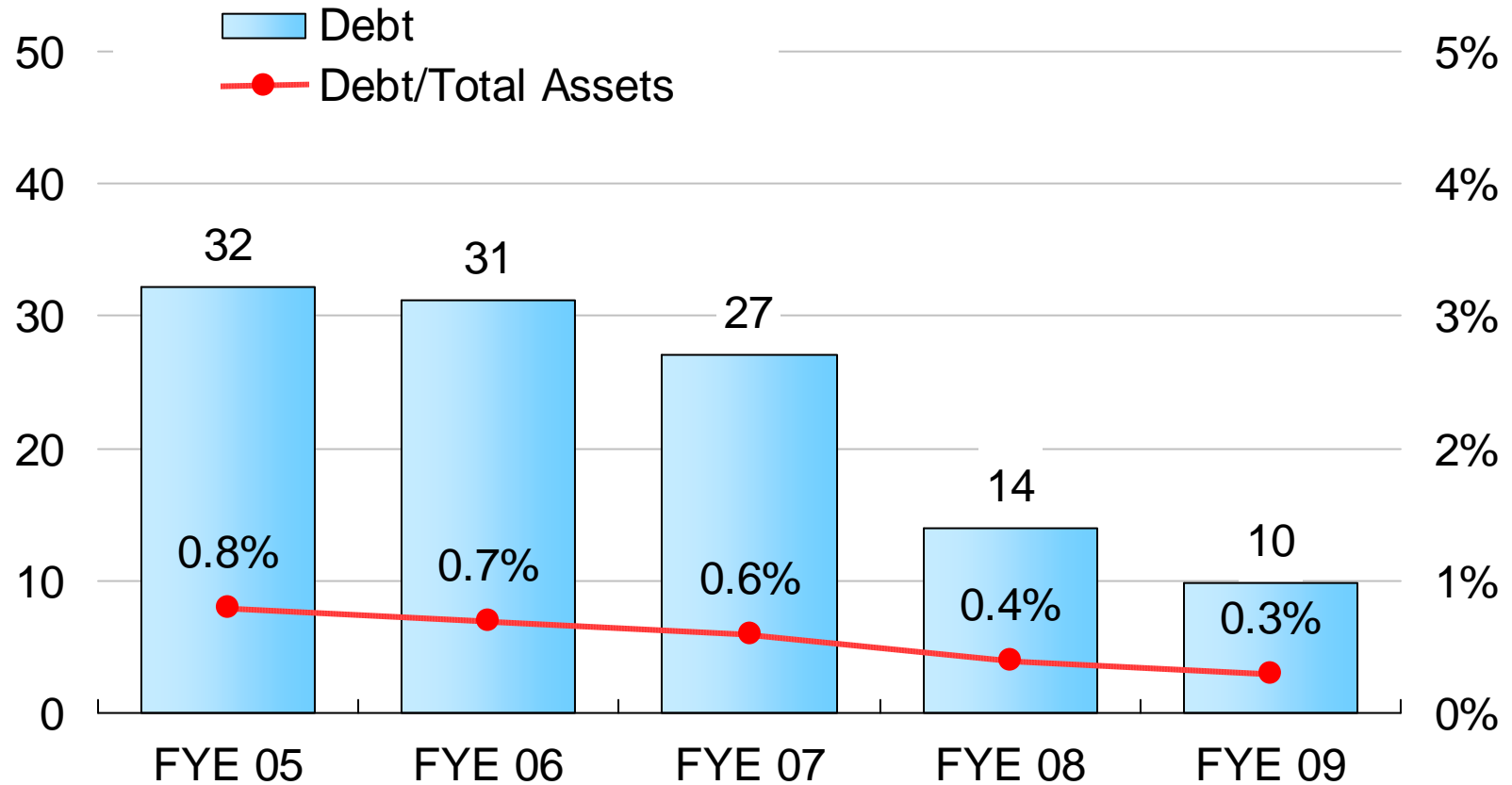
(Billions of yen)



Supplementary Information

Interest Bearing Debt

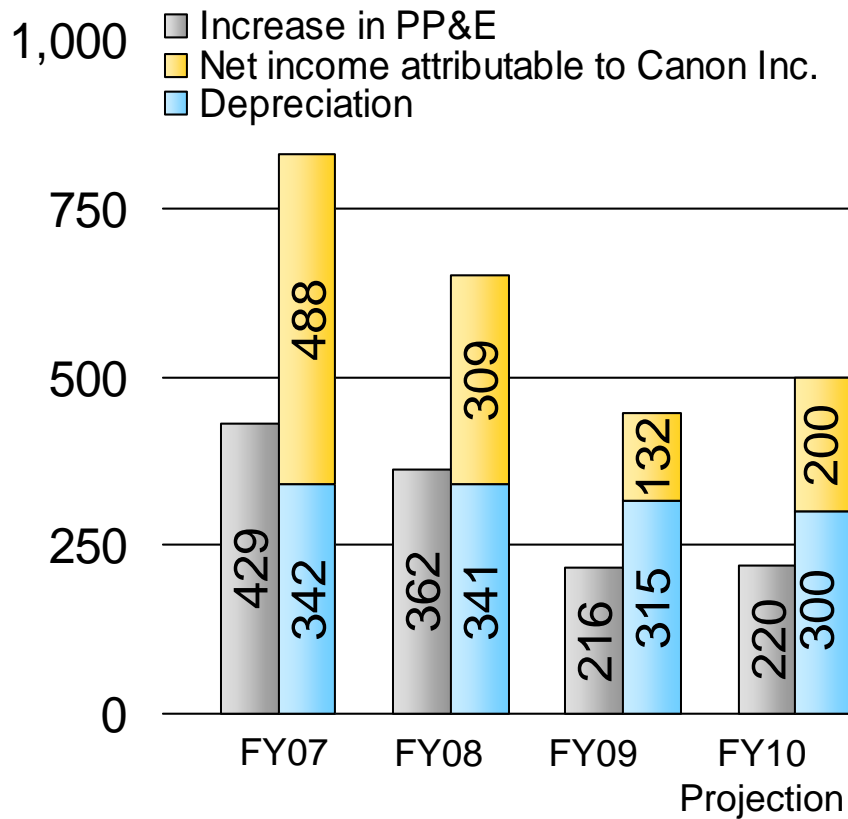
(Billions of yen)



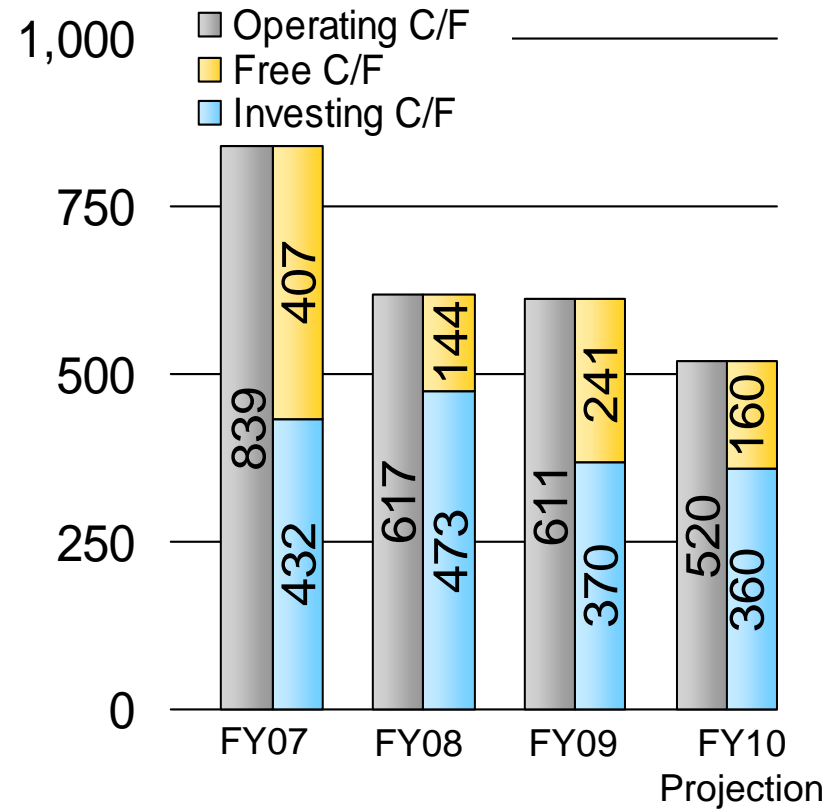
Capital Expenditure

Free Cash Flow

(Billions of yen)



(Billions of yen)

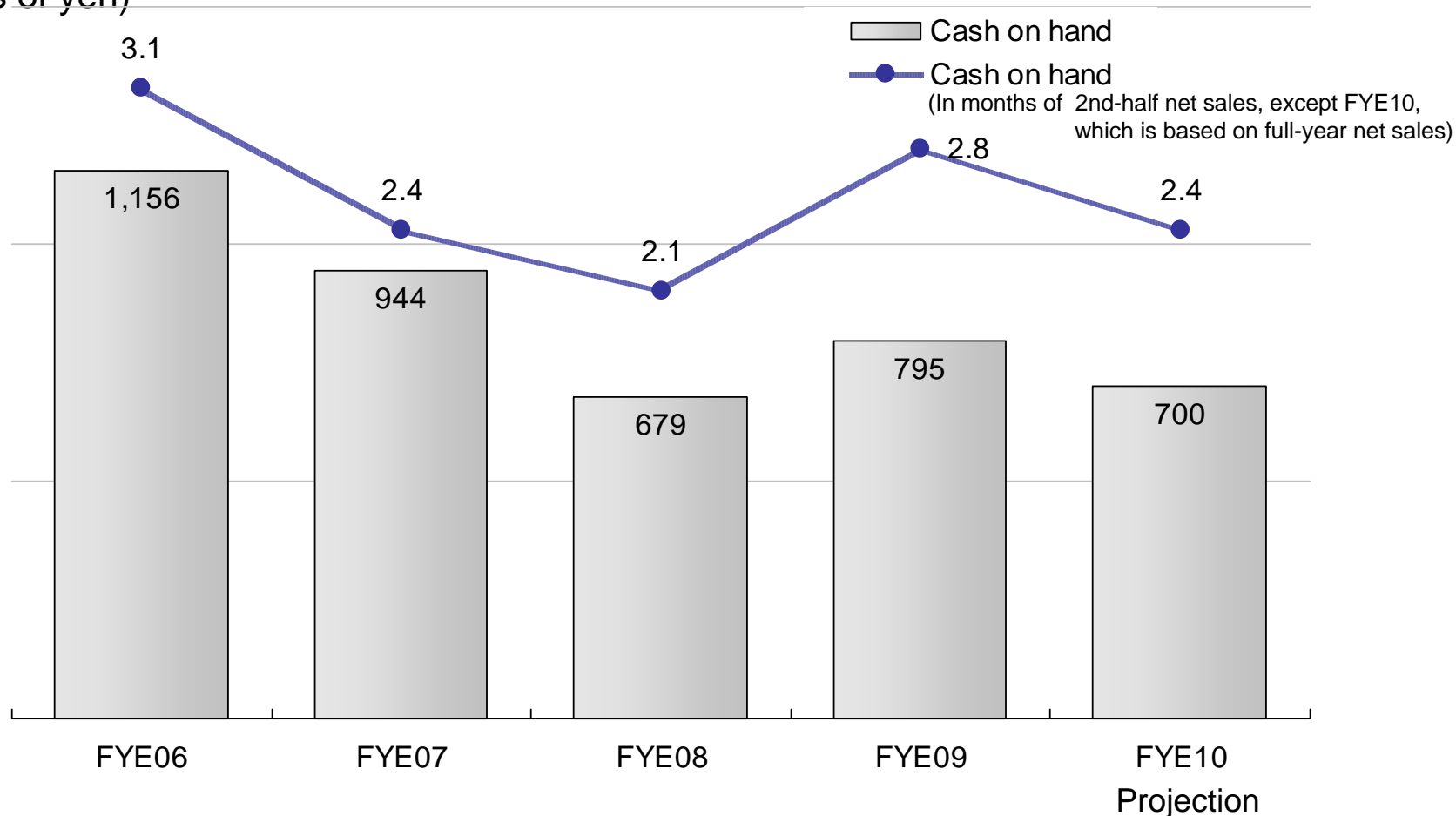


Supplementary Information

Cash on Hand

Cash on Hand (Year-end)

(Billions of yen)

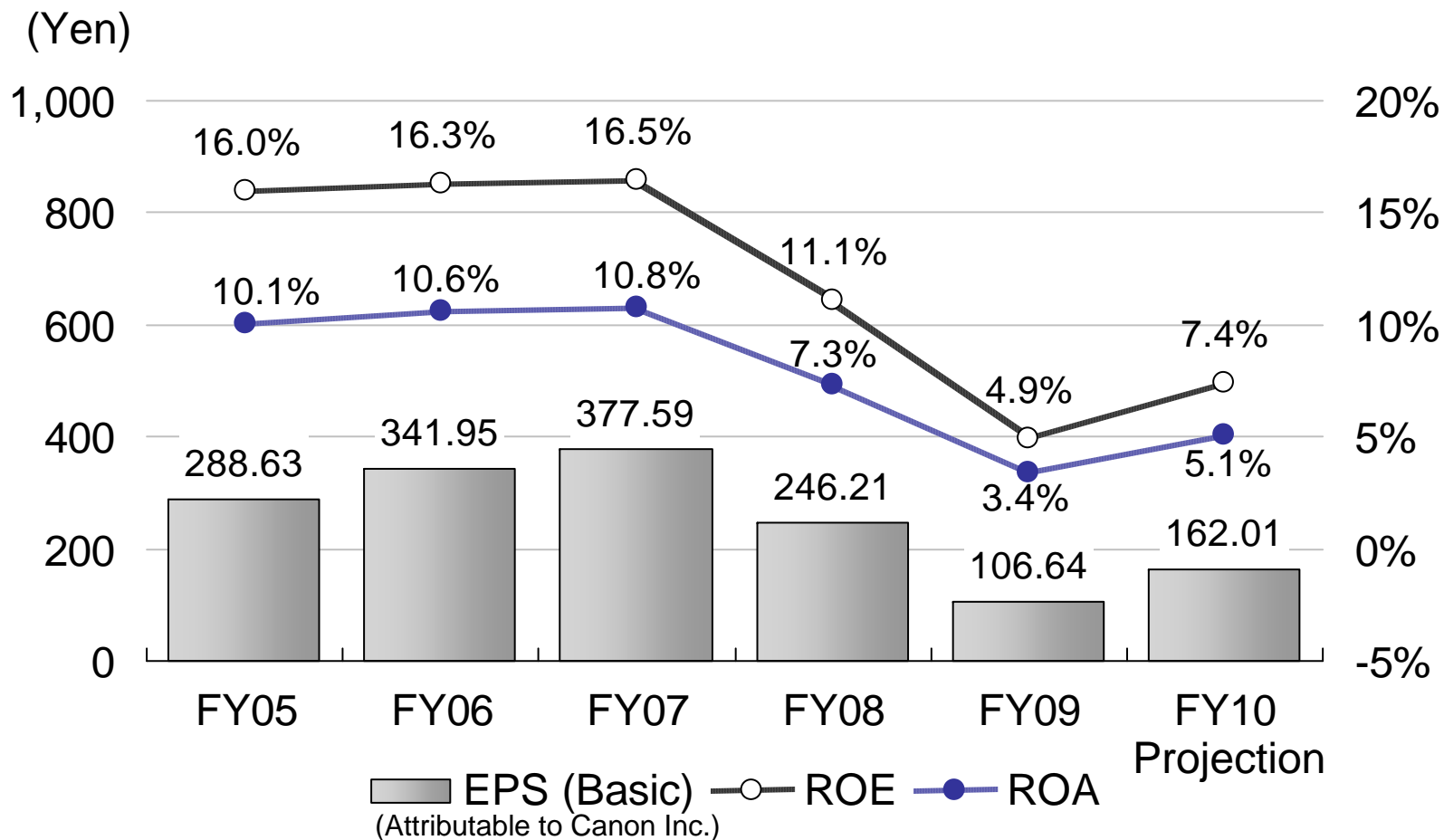


Note: In 2007, 450 billion yen was used to acquire own share.

In 2008, 100 billion yen.

Supplementary Information

Financial Ratios



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

Summary of Projected Results

New segment base

FY 2009 Actual / FY 2010 Projection

	FY 2009		FY 2010		Growth Rate	
	Net Sales	Op. Profit	Net Sales	Op. Profit	Net Sales	Op. Profit
Office	1,645.1	229.4	1,760.9	287.0	+7.0%	+25.1%
Consumer	1,301.2	183.5	1,369.5	213.9	+5.3%	+16.6%
Industry and Others	358.0	-76.0	401.3	-15.7	+12.1%	-
Corporate and Eliminations	-95.0	-119.9	-81.7	-155.2	-	-
Total	3,209.2	217.1	3,450.0	330.0	+7.5%	+52.0%

FY 2008 Actual / FY 2009 Actual

	FY 2008		FY 2009		Growth Rate	
	Net Sales	Op. Profit	Net Sales	Op. Profit	Net Sales	Op. Profit
Office	2,246.6	457.3	1,645.1	229.4	-26.8%	-49.8%
Consumer	1,456.1	223.1	1,301.2	183.5	-10.6%	-17.8%
Industry and Others	522.4	-47.9	358.0	-76.0	-31.5%	-
Corporate and Eliminations	-130.9	-136.5	-95.0	-119.9	-	-
Total	4,094.2	496.1	3,209.2	217.1	-21.6%	-56.2%