

Canon Marketing Japan Inc.

First Quarter FY 2010 Results

April 23, 2010

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Managing Director

Canon

1-1. Summary of Results (January 1 ~ March 31)

billions of yen

Three months	1Q 2009	1Q 2010	Changes	
				%
Net Sales	169.8	170.1	0.3	+0%
(%)	(32.9%)	(32.7%)	(-0.2%)	
Gross Margin	55.8	55.6	-0.2	-0%
(%)		(1.2%)		
Operating Income	(0.4)	2.1	2.5	-
(%)		(1.4%)		
Ordinary Income	(0.1)	2.3	2.4	-
Income before income taxes	(2.5)	2.1	4.6	-
(%)		(0.4%)		
Net Income	(4.5)	0.7	5.2	-
EPS (Yen)	(33.1)	4.8		

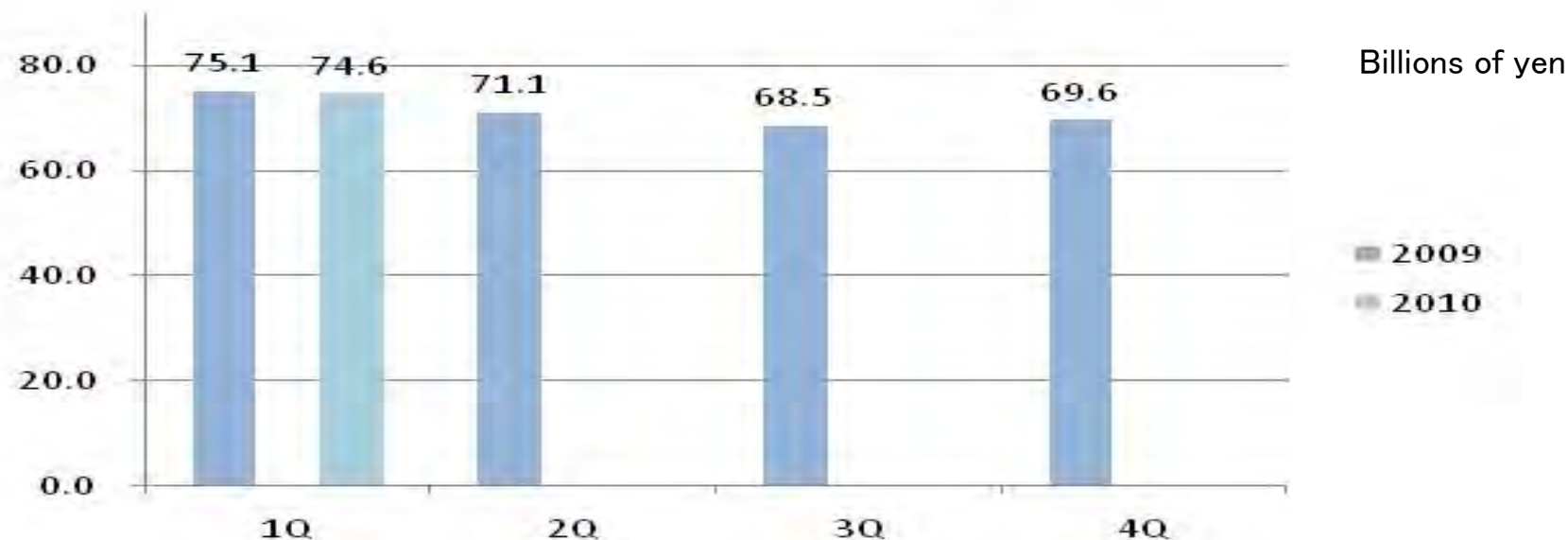
1-2. Consolidated Statements of Income

(January 1 ~ March 31)

billions of yen

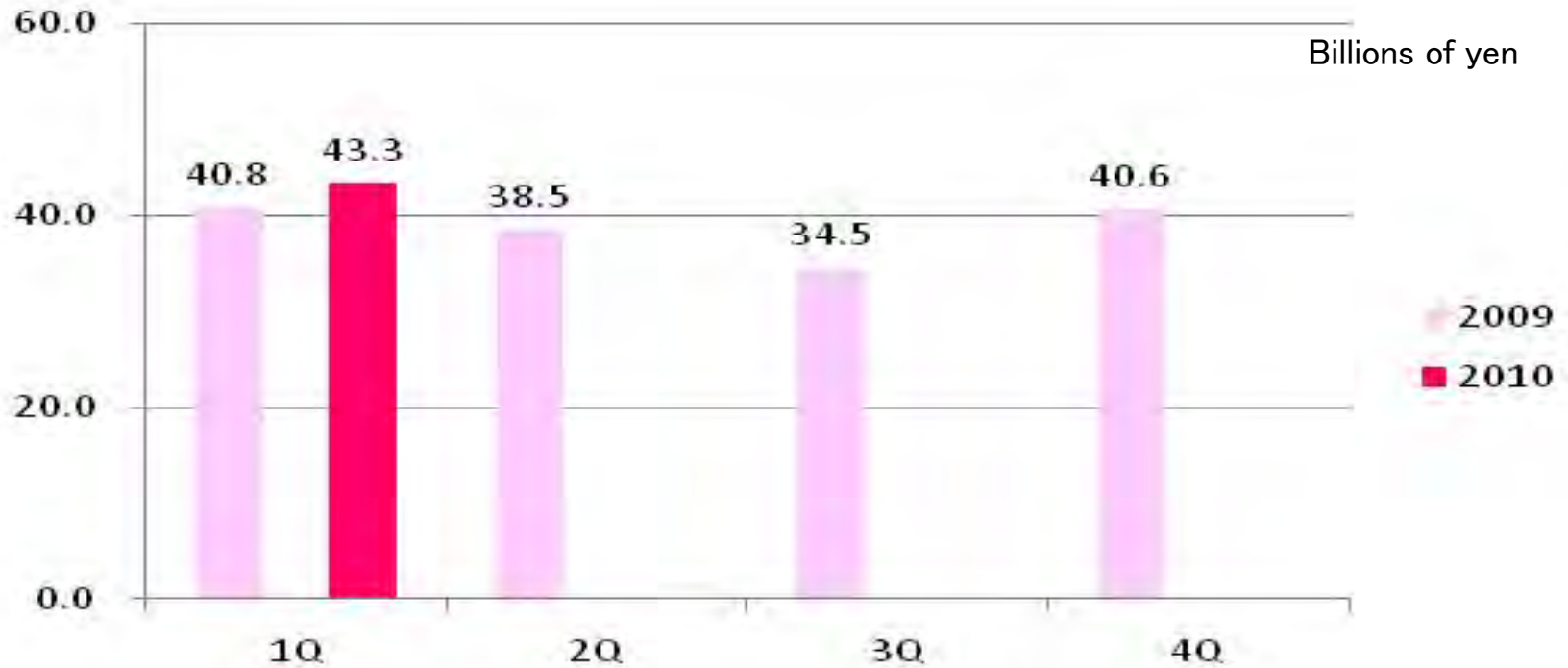
Three months	1Q 2009		1Q 2010		Changes	
	Net Sales	%	Net Sales	%		%
Document Business	(75.1)	(44%)	(74.6)	(44%)	(-0.5)	(-1%)
IT Solution	(40.8)	(24%)	(43.3)	(25%)	(+2.5)	(+6%)
Business Solutions	115.9	68%	117.8	69%	+2.0	+2%
Consumer equipment	45.6	27%	48.4	29%	+2.8	+6%
Industrial equipment	8.3	5%	3.9	2%	-4.4	-53%
Total	169.8	100%	170.1	100%	+0.3	+0%

2-1. Segment Information (Document Business)



Growth rate YoY		1Q	2Q	3Q	4Q	FY
Business equipment	2009	-23%	-21%	-23%	-16%	-21%
	2010	+2%				
Service & support	2009	-8%	-10%	-8%	-12%	-9%
	2010	-4%				
TOTAL	2009	-16%	-15%	-16%	-14%	-15%
	2010	-1%				

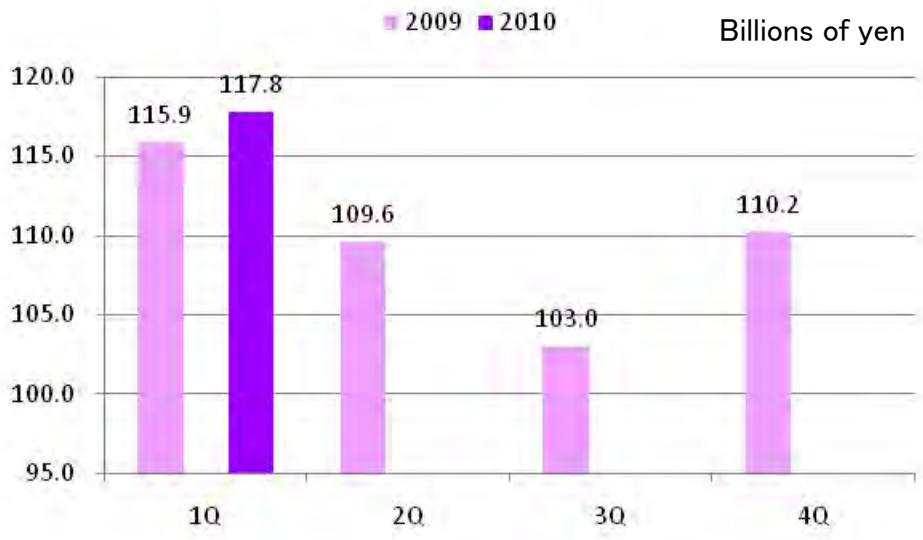
2-2. Segment Information (IT Solutions)



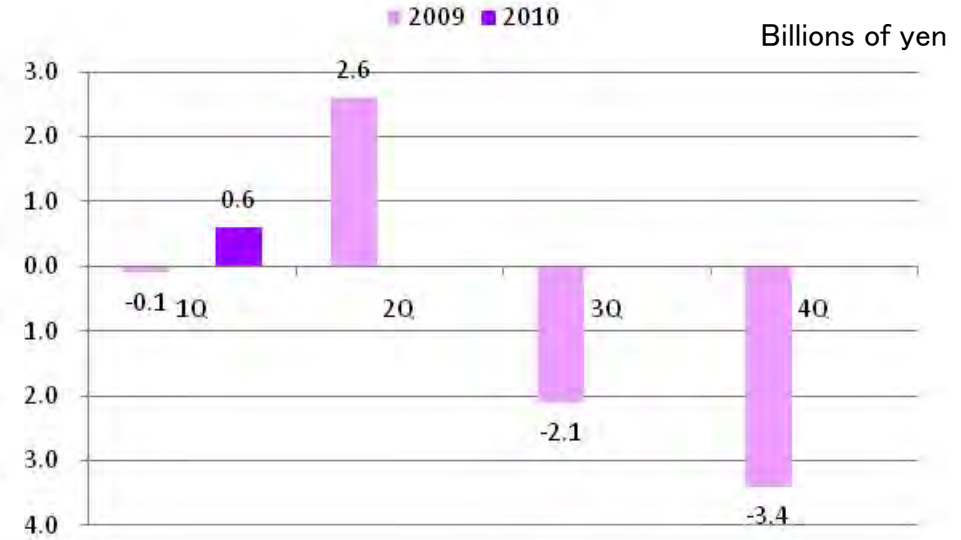
Growth rate YoY		1Q	2Q	3Q	4Q	FY
TOTAL	2009	-13%	-18%	-16%	-16%	-16%
	2010	+6%				

2-3. Segment Information (Business Solutions)

Net Sales



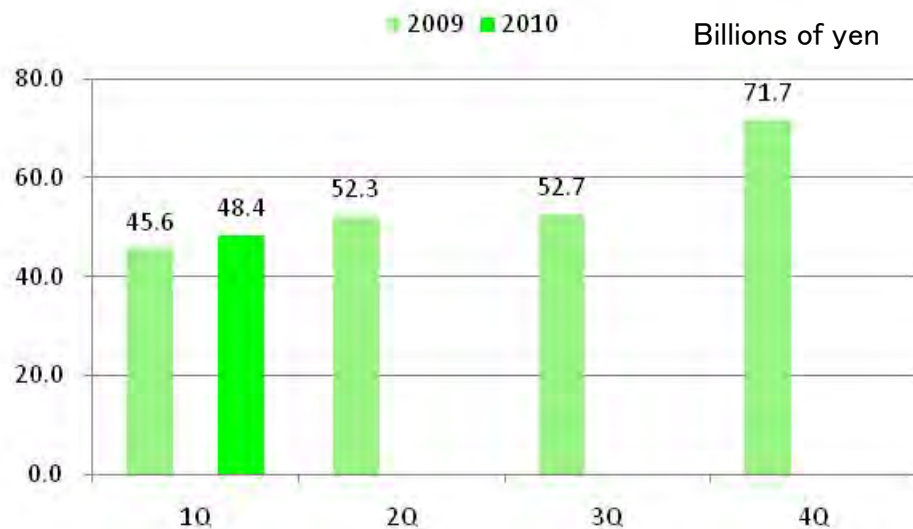
Operating Income



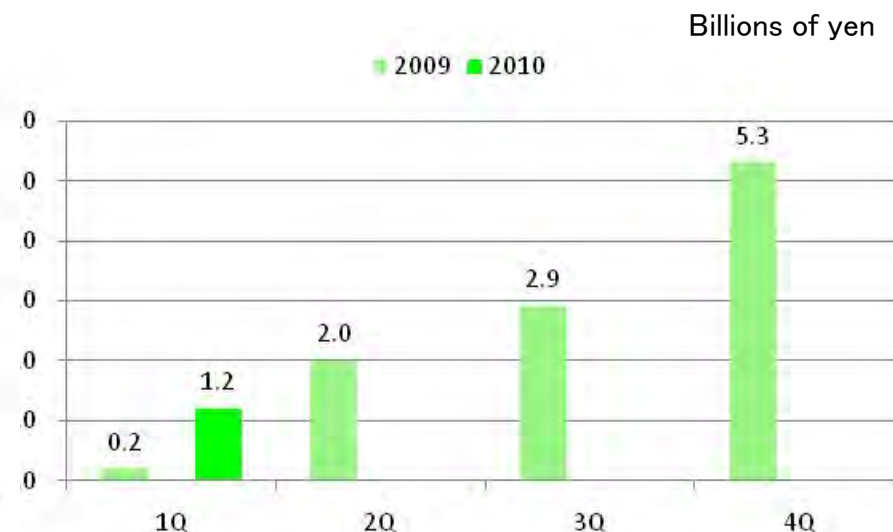
Growth rate YoY		1Q	2Q	3Q	4Q	FY
Business Solutions Total	2009	-15%	-16%	-16%	-14%	-15%
	2010	+2%				

2-4. Segment Information (Consumer equipment)

Net Sales



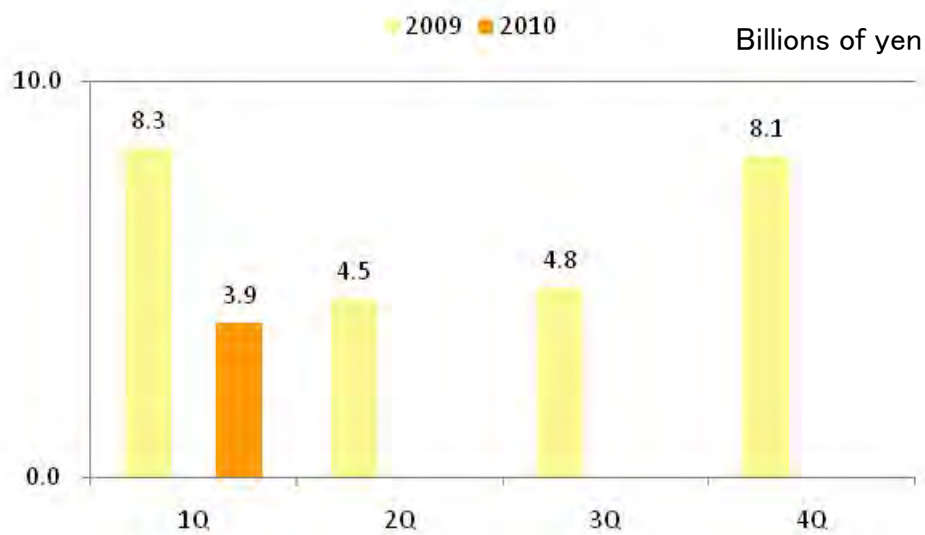
Operating Income



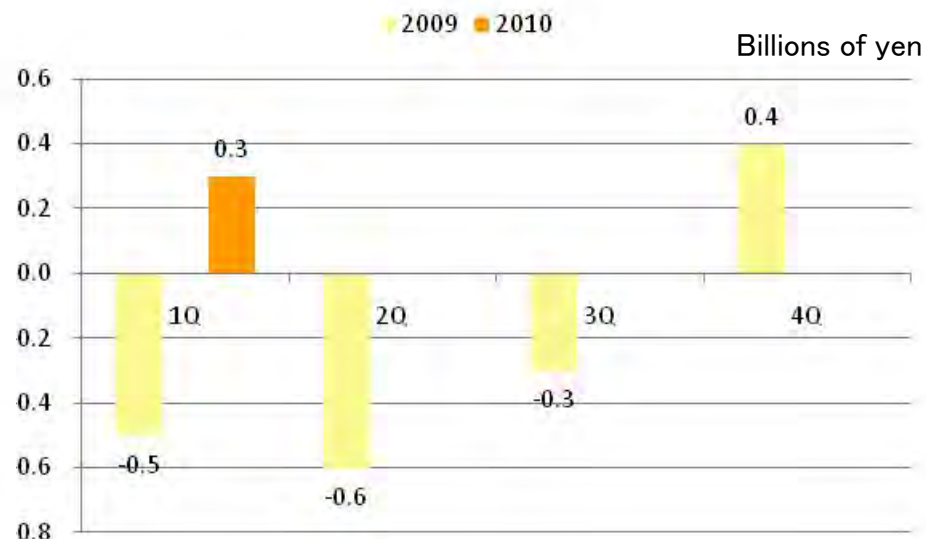
Growth rate YoY		1Q	2Q	3Q	4Q	FY
Consumer equipment Total	2009	-17%	-10%	-5%	-5%	-9%
	2010	+6%	-	-	-	-

2-5. Segment Information (Industrial equipment)

Net Sales



Operating Income



Growth rate y/y		1Q	2Q	3Q	4Q	FY
Industrial equipment Total	2009	-59%	-74%	-70%	-34%	-61%
	2010	-53%				

*For the business that we transferred in Canon in January, 2010

2009 1Q Net sales: 5 billions of yen

Operating income -0.5 billions of yen

FY 2010 Projections

Canon

1. FY2010 Current Projection

We have not changed projection that announced on January 26.

billions of yen

	FY2009	FY 2010	Changes	
				%
Net Sales	686.6	690.0	+3.4	+0%
(%)	(0.9%)	(1.2%)	(+0.3%)	
Operating Income	6.3	8.0	+1.7	+27%
(%)	(1.2%)	(1.3%)	(+0.1%)	
Ordinary Income	8.2	9.0	+0.8	+10%
Income before income taxes	-0.6	8.5	+9.1	-
(%)		(0.4%)		
Net Income	-4.3	3.0	+7.3	-

2. FY2010 Current Projection by segment

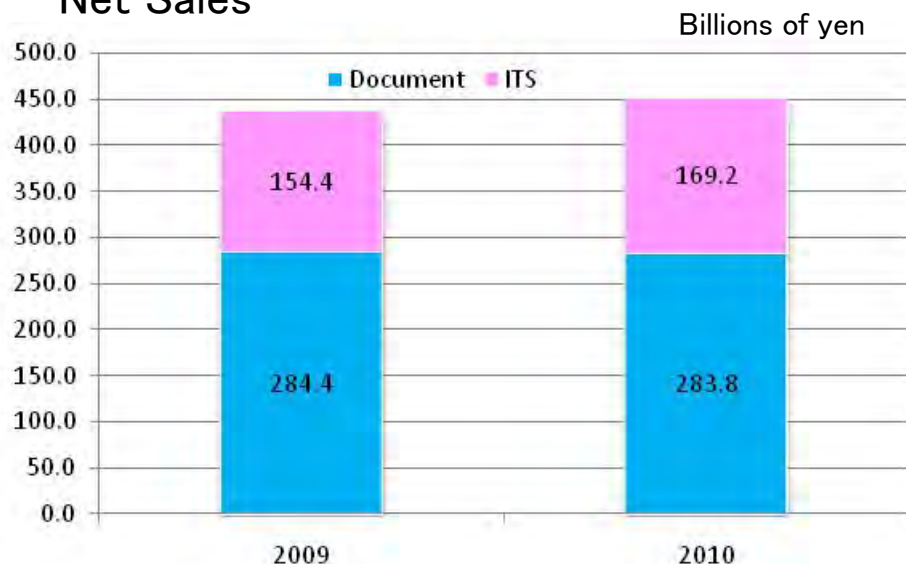
We have not changed projection that announced on January 26.

billions of yen

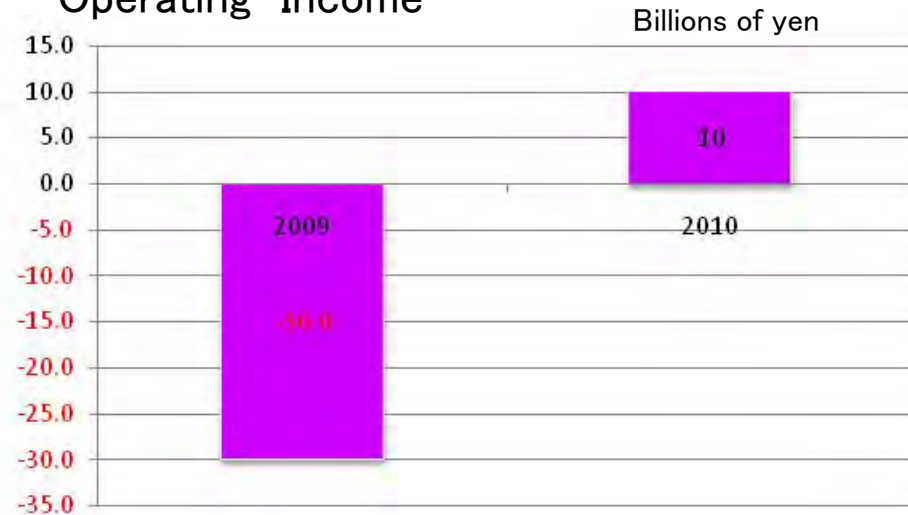
	FY2009	FY 2010	Changes
Document Business	(284.4)	(283.8)	(-0.6)
IT Solution	(154.4)	(169.2)	(+14.8)
Business Solutions	438.7	453.0	+14.3
Consumer equipment	222.2	223.0	+0.8
Industrial equipment	25.7	14.0	-11.7
Total	686.6	690.0	+3.4

3-1. Segment Information (Business Solutions)

Net Sales



Operating Income

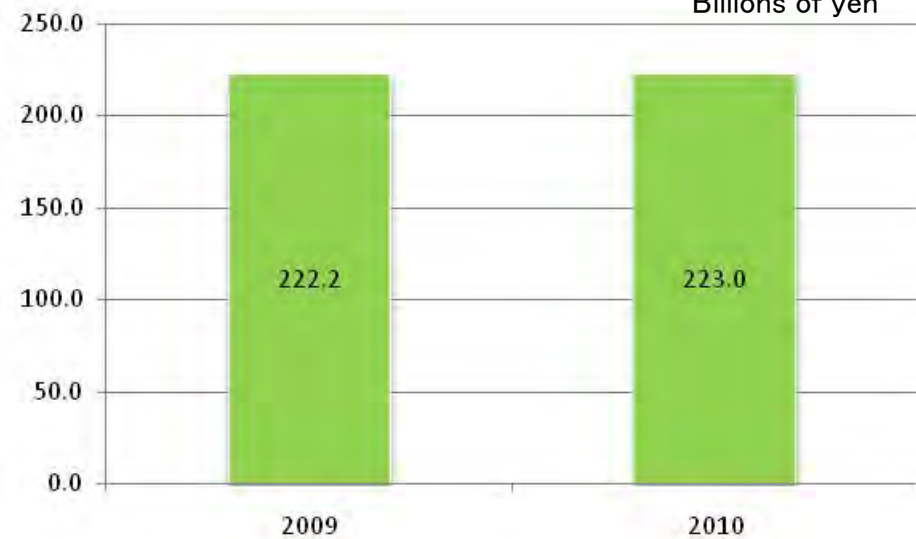


		2009	2010	Changes
Net Sales	Document	284.4	283.8	-0.6
	ITS	154.4	169.2	+14.8
	TOTAL	438.7	453.0	+14.3
Operating Income	TOTAL	-3.0	1.0	+4.0

3-2. Segment Information (Consumer equipment)

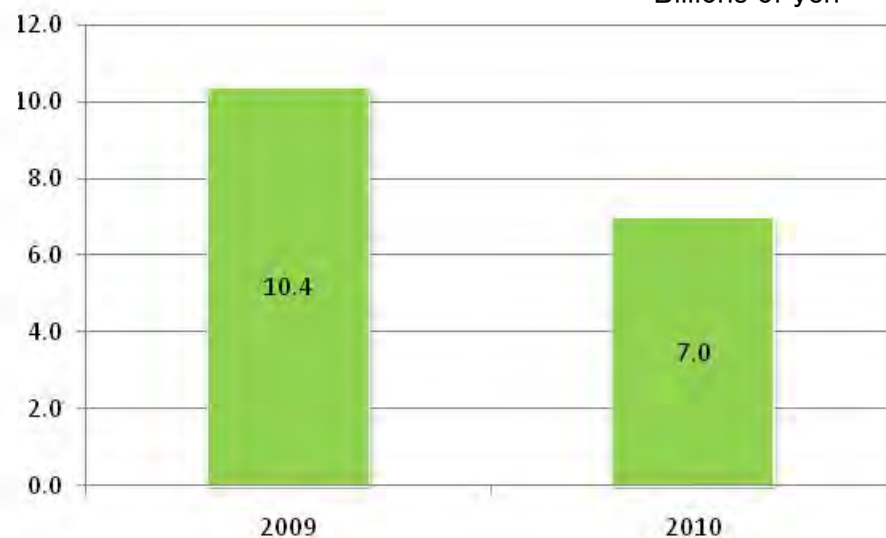
Net Sales

Billions of yen



Operating Income

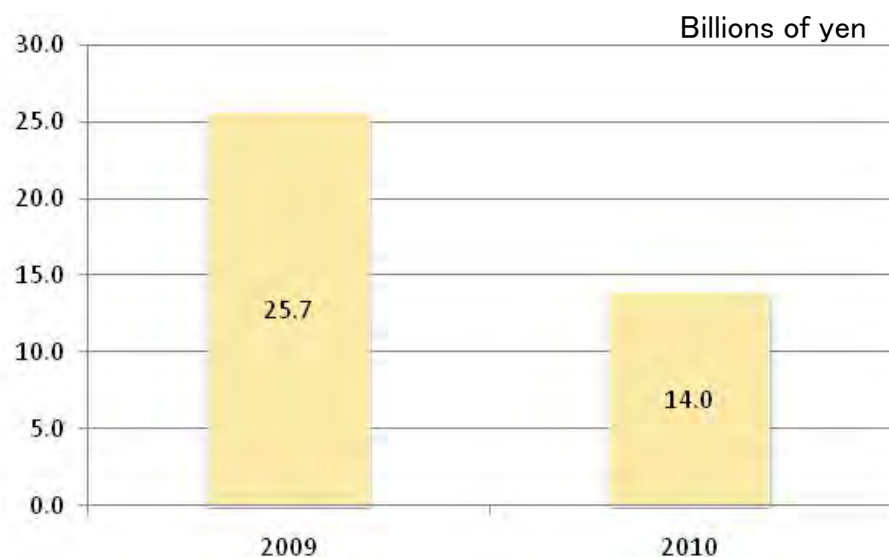
Billions of yen



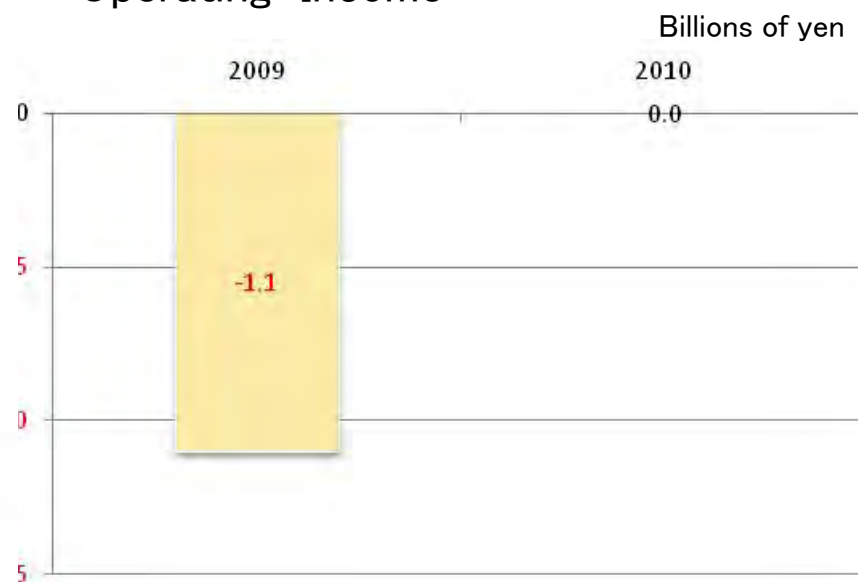
		2009	2010	Changes
Net Sales	TOTAL	222.2	223.0	+8
Operating income	TOTAL	10.4	7.0	-3.4

3-5. Segment Information (Industrial equipment)

Net Sales



Operating Income



		2009	2010	Changes
Net Sales	TOTAL	25.7	14.0	-11.7
Operating Income	TOTAL	-1.1	0	+11.0

Supplementary information

Canon

1. The main consolidated company results

billions of yen

	1Q 2009		1Q 2010		Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Document Business				0.1%		
Canon System & Support	26.71	-1.16	26.78	0.02	+0.07	+1.18
IT Solution		4.2%		3.3%		-0.9%
Canon Software (Consolidated)	5.27	0.22	6.44	0.21	+1.17	-0.01
		3.7%		0.4%		-3.3%
Canon IT Solutions (Consolidated)	20.42	0.76	22.23	0.01	+1.81	-0.75
		3.8%		1.1%		-2.7%
IT Solution TOTAL	25.69	0.98	28.67	0.31	+2.98	-0.67
Canon Business Support	5.99	-0.28	5.46	-0.28	-0.53	+0.00

2. Selling, general and administrative expenses

Billions of yen

	1Q 2009	1Q 2010	Changes
Advertising expenses	3.5	2.6	-0.9
Promotion expenses	4.9	5.9	+0.9
Waranty expenses	2.9	2.6	-0.3
Other direct expenses	3.8	3.7	-0.1
Personal expenses	30.9	29.1	-1.8
Depreciation and amortization	1.1	0.9	-0.1
Rent expenses	2.0	1.8	-0.2
IT expenses	1.4	2.4	+0.9
Other selling expenses	5.7	4.6	-1.2
TOTAL	56.2	53.5	-2.6

3. Non-operating income & expenses, Extra ordinary income and loss

Billions of yen

	1Q 2009	1Q 2010	Changes
Interest & Dividends income	0.2	0.1	-0.1
Other	0.2	0.2	+0.0
Total non-operating income	0.4	0.3	-0.1
Loss on disposal and devaluation of inventories	0.0	0.0	+0.0
Other	0.1	0.1	+0.0
Total non-operating expenses	0.1	0.1	+0.0
Gain on transfer of business	-	0.4	+0.4
Gain on sale of investments in securities	-	0.0	+0.0
Gain on sales of golf memberships	0.0	-	-
Other	0.0	-	-
Total extraordinary income	0.0	0.0	+0.0
Impairment loss	0.1	0.3	+0.2
Loss on revision of retirement benefit plan	-	0.2	+0.2
Loss on sales and retirement of noncurrent assets	0.0	0.1	+0.1
Loss on valuation of investment securities	0.8	0.0	-0.8
Measurement of inventories	1.3	-	-1.3
Other	0.0	0.0	+0.0
Total extraordinary losses	2.3	0.6	-1.8

4. Balance sheets

billions of yen

	Dec. 31, 2009	Mar. 31, 2010	changes		Dec. 31, 2009	Mar. 31, 2010	changes
Current assets	301.8	300.8	-1.0	Current liabilities	153.7	150.9	-2.8
Cash and cash deposit	95.8	102.9	+7.1	Notes and accounts payable	106.4	100.7	-5.7
Notes and accounts receivable	125.7	117.7	-8.0	Other	47.3	50.2	+2.9
Inventories	25.8	26.1	+0.3				
Other	54.5	54.1	-0.4				
Fixed assets	147.8	145.1	-2.7	Long-term liabilities	45.0	44.7	-0.3
Property and equipment	84.2	82.9	-1.3	Stockholders' equity	247.0	246.3	-0.7
Intangible assets	24.4	24.3	-0.1	treasury stock	-24.8	-24.8	+0.0
Other	39.2	37.9	-1.3	Valuation and translation adjustments	-0.2	0.0	+0.2
				Minority interests	4.0	4.0	+0.0
				Total net assets	250.9	250.3	-0.6
Total assets	449.6	445.9	-3.7	Total liabilities and net assets	449.6	445.9	-3.7

Stockholders' equity ratio 54.9% 55.2% +0.3%

Turnover date

days

	FY2006	FY2007	FY2008	FY2009	1Q FY2010
Investment	21	14	15	13	13
Depreciation and amortization	78	72	67	65	60

5. Cash flows & Capital Investment

Cash flow

billions of yen

	1Q FY2009	1Q FY2010
Operating C/F	5.8	8.5
Investing C/F	6.0	7.6
Free C/F	0.2	-0.8

Capital investment

billions of yen

	1Q FY2009	1Q FY2010
Capital investment	4.9	2.9
Depreciation and amortization	2.9	3.2

	FY2009	FY2010
Capital investment	17.0	15.7
Depreciation and amortization	12.4	16.0

Disclaimer:

Projections made in this report are based on information available at the time of publication.

Owing to various factors, actual results may differ from these projections.