Canon Marketing Japan Inc.
Third Quarter FY 2010 Results

October 26, 2010

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Managing Director

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1-1. Summary of Results (July 1 ~ September 30)

billions of yen

Three months	3Q 2009	3Q 2010	Changes	%
Net Sales	160.5	157.0	-3.5	-2%
(%)	(34.3%)	(34.1%)	(-0.3%)	
Gross Margin	55.1	53.5	-1.6	-3%
(%)	(0.3%)	(-0.5%)	(-)	
Operating Income	0.4	-0.8	-1.2	-
(%)	(0.6%)	(-0.3%)	(-)	
Ordinary Income	1.0	-0.5	-1.5	-
Income before income taxes	0.7	-1.0	-1.7	-
(%)	(-)	(-)	(-)	
Net Income	0.0	-1.0	-1.1	-

1-2. Consolidated Statements of Income (July 1 ~ September 30)

billions of yen

Three months	3Q 2009 Net Sales	3Q 2009 %	3Q 2010 Net Sales	3Q 2010 %	Changes Amount	Changes %
Document Business	(68.5)	(43%)	(70.3)	(45%)	(+1.8)	(+3%)
IT Solution	(34.5)	(21%)	(35.3)	(22%)	(+0.8)	(+2%)
Business Solutions	103.0	64%	105.6	67%	+2.6	+3%
Consumer equipment	52.7	33%	48.6	31%	-4.1	-8%
Industrial equipment	4.8	3%	2.8	2%	-2.0	-41%
Total	160.5	100%	157.0	100%	-3.5	-2%

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1-3. Summary of Results (January 1 ~ September 30)

billions of yen

Nine months	1Q-3Q 2009	1Q-3Q 2010	Changes	%
Net Sales	496.7	491.2	-5.5	-1%
(%)	(34.3%)	(33.7%)	(-0.7%)	
Gross Margin	170.6	165.5	-5.1	-3%
(%)	(0.8%)	(0.4%)	(-0.4%)	
Operating Income	4.1	2.1	-2.0	-48%
(%)	(1.1%)	(0.7%)	(-0.4%)	
Ordinary Income	5.6	3.6	-2.1	-36%
Income before income taxes	(2.3)	2.6	+4.9	-
(%)	(-)	(-)	(-)	
Net Income	(4.5)	0.3	+4.8	-

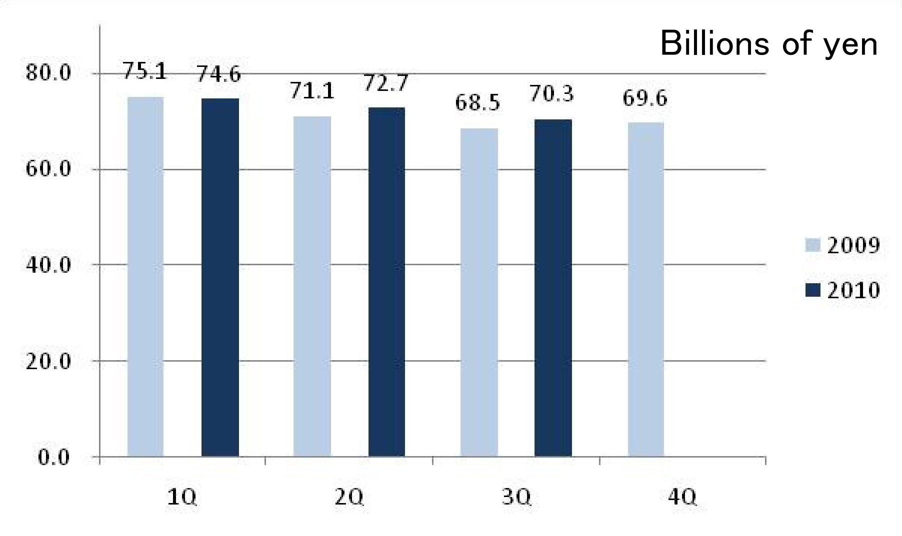
1-4. Consolidated Statements of Income (January 1 ~ September 30)

billions of yen

Nine months	1Q-3Q 2009		1Q-3Q 2010		Changes	
	Net Sales	%	Net Sales	%	Amount	%
Document Business	(214.8)	(43%)	(217.6)	(44%)	(+2.8)	(+1%)
IT Solution	(113.8)	(23%)	(115.1)	(24%)	(+1.3)	(+1%)
Business Solutions	328.6	66%	332.7	68%	+4.1	+1%
Consumer equipment	150.6	30%	148.9	30%	-1.7	-1%
Industrial equipment	17.6	4%	9.7	2%	-7.9	-45%
Total	496.7	100%	491.2	100%	-5.5	-1%

2-1. Segment Information : *Document Business*

Net Sales	1Q	2Q	3Q	4Q	FY
2009	75.1	71.1	68.5	69.6	284.4
2010	74.6	72.7	70.3		
Change	-0.5	+1.5	+1.8		



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

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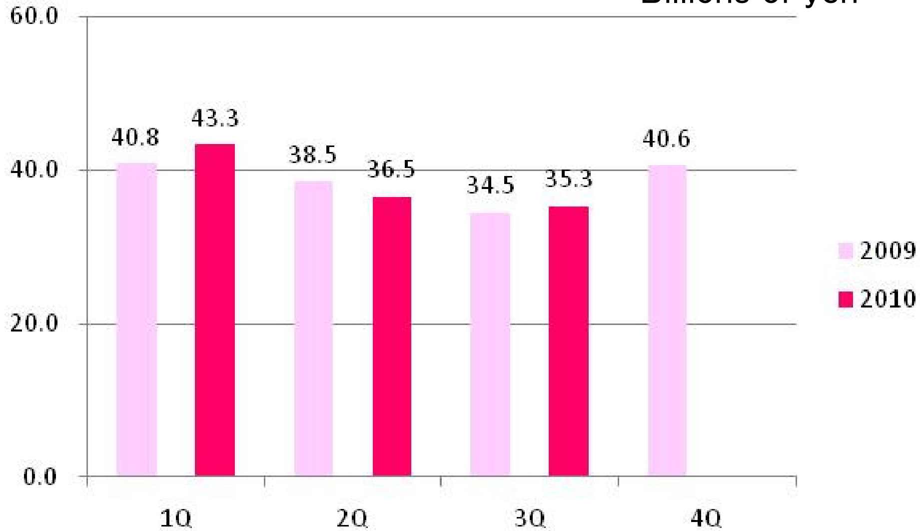
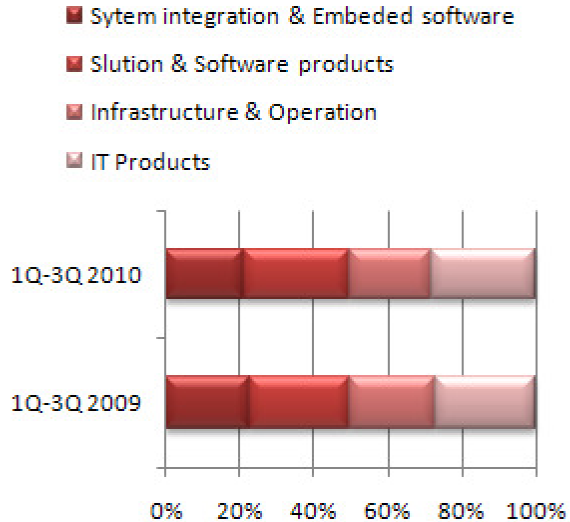
2-2. Segment Information : *IT Solutions*

Net Sales	1Q	2Q	3Q	4Q	FY
2009	40.8	38.5	34.5	40.6	154.4
2010	43.3	36.5	35.3		
Change	+2.5	-2.0	+0.8		

Growth rate YonY		1Q	2Q	3Q	4Q	FY
TOTAL	2009	-13%	-18%	-16%	-16%	-16%
	2010	+6%	-5%	+2%		

Billions of yen





2-3. Segment Information : Business Solutions

Billions of yen

Net Sales	1Q-3Q 2009	1Q-3Q 2010	Change
Document	214.8	217.6	+2.8
IT Solution	113.8	115.1	+1.3
Total	328.6	322.7	+4.1

Operating Income	1Q+2Q 2009	1Q+2Q 2010	Change
Total	0.4	-1.2	-1.6

Growth rate YonY		1Q	2Q	3Q	4Q	FY
Net Sales	2009	-15%	-16%	-16%	-14%	-15%
	2010	+2%	-0%	+3%		

Net Sales

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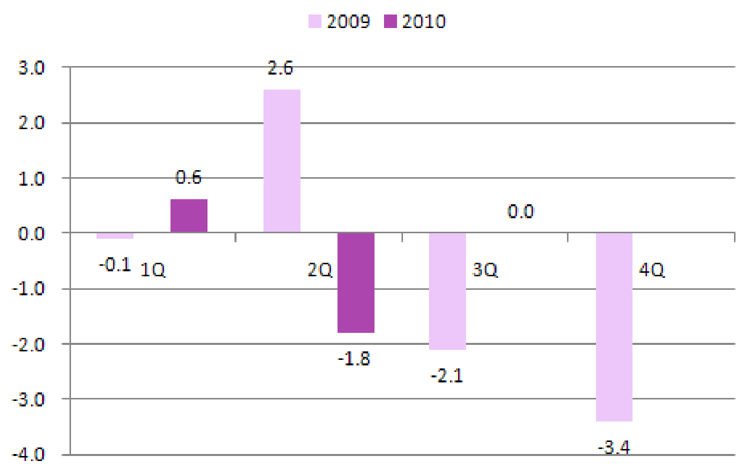

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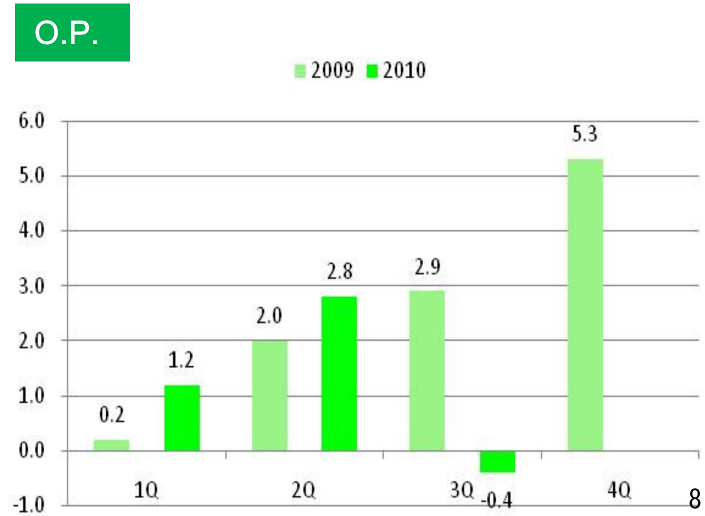
2-4. Segment Information: Consumer equipment

Billions of yen

Net Sales	1Q-3Q 2009	1Q-3Q 2010	Change
Total	150.6	148.9	-1.7

Operating Income	1Q-3Q 2009	1Q-3Q 2010	Change
Total	5.1	3.7	-1.5

Growth rate YonY		1Q	2Q	3Q	4Q	FY
Net Sales	2009	-17%	-10%	-5%	-5%	-9%
	2010	+6%	-1%	-8%		

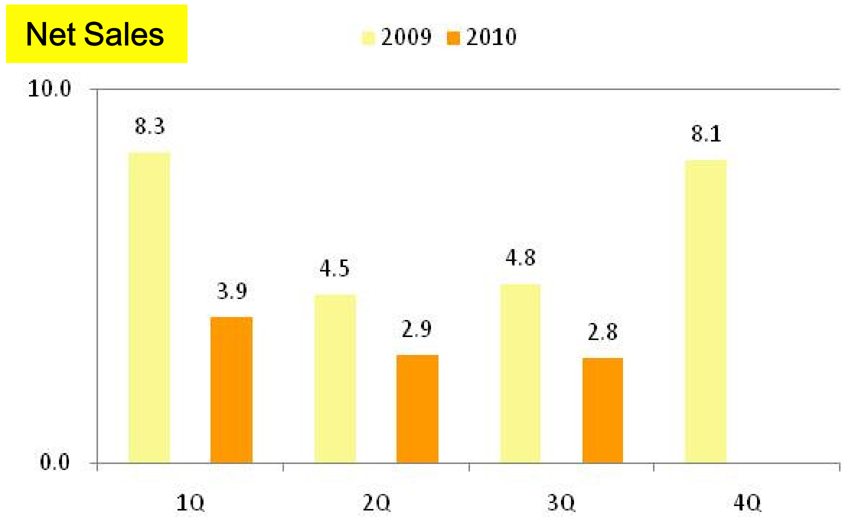


2-5. Segment Information : *Industrial equipment*

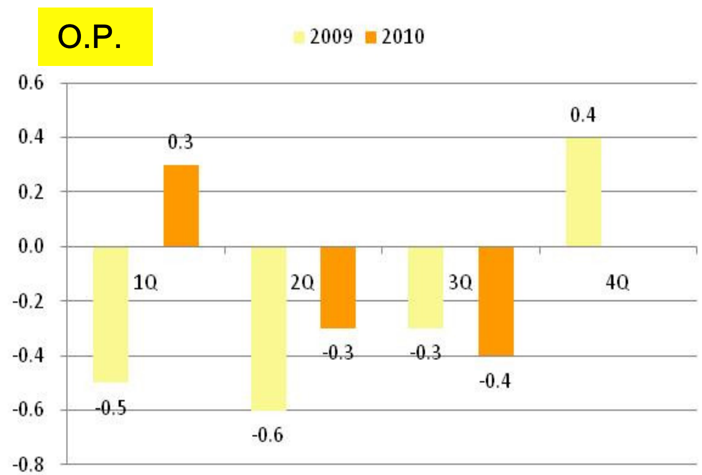
Billions of yen

Net Sales	1Q-3Q 2009	1Q-3Q 2010	Change
Total	17.6	9.7	-7.9

Operating Income	1Q-3Q 2009	1Q-3Q 2010	Change
Total	-1.5	-0.4	+1.1



Growth rate YonY		1Q	2Q	3Q	4Q	FY
Net Sales	2009	-59%	-74%	-70%	-34%	-61%
	2010	-53%	-34%	-41%		



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

2009 1Q –3Q Net sales: 9.7billions of yen

Operating income –0.7billions of yen

FY 2010 Projections

1. FY2010 Current Projection

We have changed projection that announced on July 26

billions of yen

	FY 2010 announced on July 26	FY 2010 announced on October 25	Changes	FY2009	Changes
Net Sales	690.0	677.0	−13.0	686.6	−9.6
(%)	(1.2%)	(1.0%)	(−0.2%)	(0.9%)	(+0.1%)
Operating Income	8.0	7.0	−1.0	6.3	+0.7
(%)	(1.3%)	(1.3%)	(−0.0%)	(1.2%)	(+0.1%)
Ordinary Income	9.0	8.5	−0.5	8.2	+0.3
			(+0.0%)		
Income before income taxes	8.5	7.5	−1.0	−0.6	+8.1
(%)		(0.4%)			(+0.4%)
Net Income	−3.0	3.0	+6.0	−4.3	+7.3

2. FY2010 Current Projection by segment

billions of yen

	FY 2010 announced on July 26	FY 2010 announced on October 25	Changes	FY2009	Changes
Document Business	(293.8)	(289.8)	(−4.0)	(284.4)	(+5.4)
IT Solution	(159.2)	(153.2)	(−6.0)	(154.4)	(−1.2)
Business Solutions	453.0	443.0	−10.0	438.7	+4.3
Consumer equipment	223.0	220.0	−3.0	222.2	−2.2
Industrial equipment	14.0	14.0	+0.	25.7	−11.7
Total	690.0	677.0	−13.0	686.6	−9.6

3-1. Segment Information : *Business Solutions*

Billions of yen

Net Sales	FY2009	FY2010	Change	FY2010 On July 26
Document	284.4	289.8	+5.4	293.8
IT Solution	154.4	153.2	-1.2	159.2
Total	438.7	443.0	+4.3	453.0

Operating Income	FY2009	FY2010	Change	FY2010 On July 26
Total	-3.0	-0.5	+2.5	0.0

Net Sales

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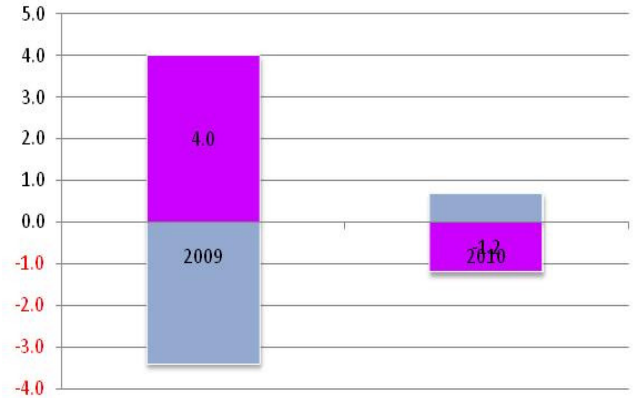
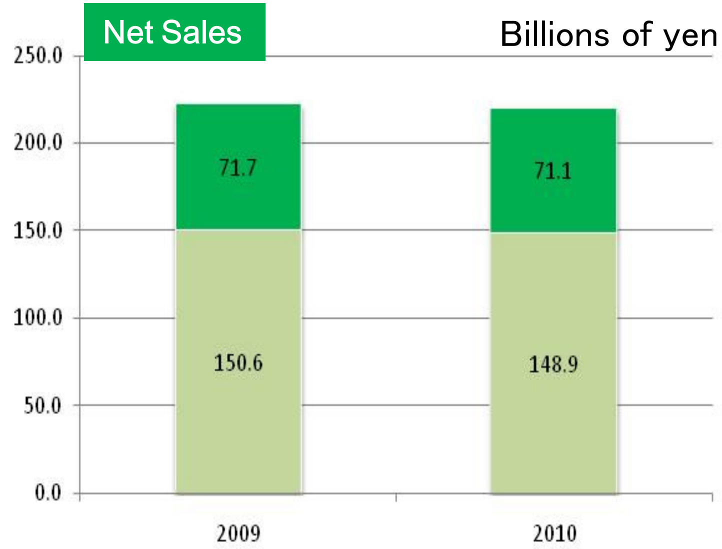
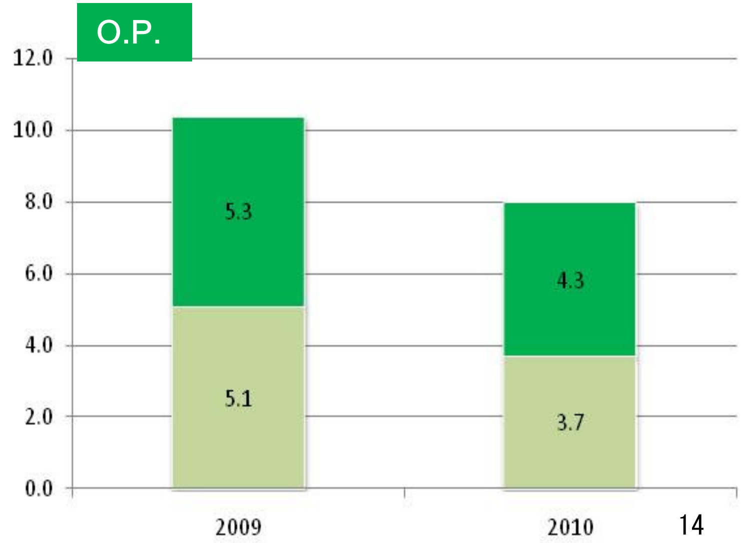


3-2. Segment Information: Consumer equipment

Net Sales	FY2009	FY2010	Change	FY2010 On July 26
Total	222.2	220.0	-2.2	223.0

Operating Income	FY2009	FY2010	Change	FY2010 On July 26
Total	10.4	8.0	-2.4	8.5



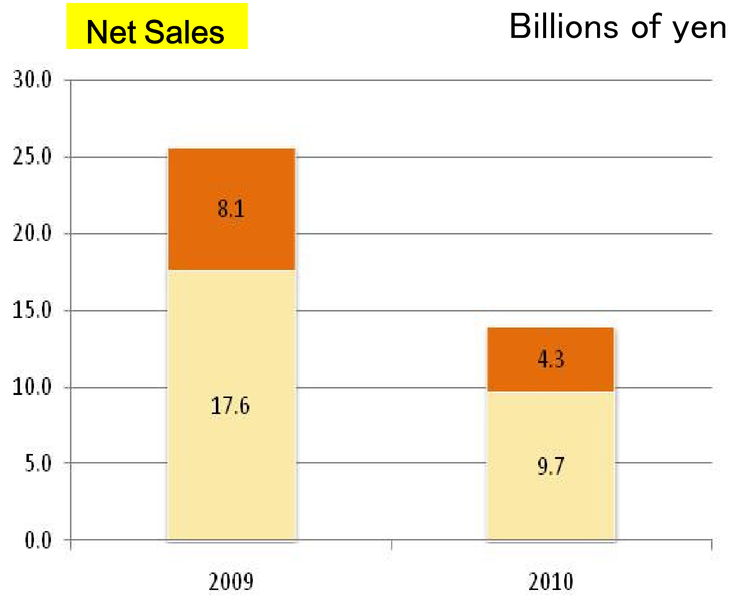


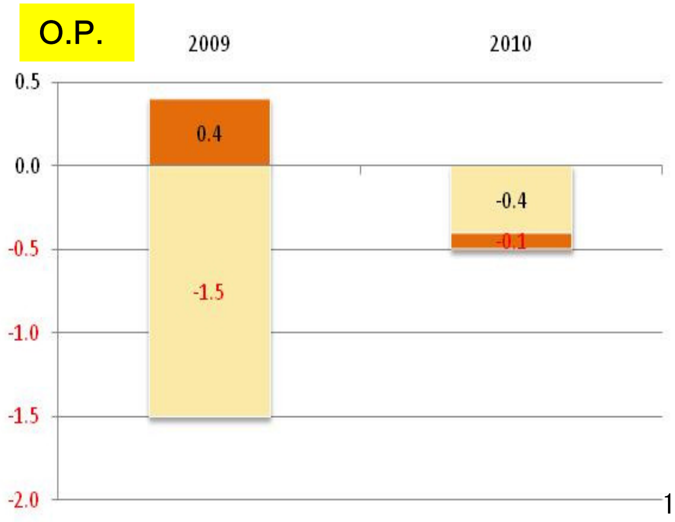
3-3. Segment Information : *Industrial equipment*

Net Sales	FY2009	FY2010	Change	FY2010 On July 26
Total	25.7	14.0	-11.7	14.0

Operating Income	FY2009	FY2010	Change	FY2010 On July 26
Total	-1.1	-0.5	+0.6	-0.5

Billions of yen





Supplementary information

1-1. The main consolidated company results

billions of yen

	3Q 2009		3Q 2010		Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Document Business Canon System & Support	23.85	-1.02	26.26	0.6% 0.17	+2.40	+1.18
IT Solution Canon Software (Consolidated)	4.77	-0.07	6.16	1.6% 0.10	+1.39	1.6% +0.17
Canon IT Solutions (Consolidated)	18.86	-0.22	17.43	0.1% 0.02	-1.44	0.1% +0.24
IT Solution TOTAL	23.63	-0.30	23.59	0.5% 0.11	-0.05	0.5% +0.41

1-2. The main consolidated company results

billions of yen

Nine Months	1Q-3Q 2009		1Q-3Q 2010		Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Document Business Canon System & Support	75.37	-2.13	78.22	0.2% 0.19	+2.85	+2.32
IT Solution Canon Software (Consolidated)	17.06	4.0% 0.68	18.92	3.1% 0.59	+1.86	-0.8% -0.09
Canon IT Solutions (Consolidated)	57.69	1.4% 0.82	58.41	-0.53	+0.72	-1.35
IT Solution TOTAL	74.75	2.0% 1.49	77.33	0.1% 0.06	+2.58	-1.9% -1.44

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2. Selling, general and administrative expenses

Billions of yen

	3Q 2009	1Q-3Q 2009	3Q 2010	1Q-3Q 2010	Changes 3Q	Changes 1Q-3Q
Advertising expenses	3.1	9.2	3.5	8.8	+0.4	-0.4
Promotion expenses	5.5	17.3	6.6	19.9	+1.1	+2.6
Waranty expenses	3.1	8.8	2.2	7.2	-0.9	-1.6
Other direct expenses	3.7	11.3	3.4	10.8	-0.3	-0.5
Personal expenses	30.2	90.8	29.2	88.6	-1.0	-2.2
Depreciation and amortization	1.1	3.2	0.9	2.8	-0.2	-0.5
Rent expenses	2.0	6.0	1.8	5.5	-0.1	-0.6
IT expenses	1.5	4.7	2.0	6.3	+0.5	+1.5
Other selling expenses	4.6	15.2	4.6	13.6	+0.0	-1.6
TOTAL	54.7	166.5	54.3	163.4	-0.4	-3.1

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

Billions of yen

	3Q 2009	1Q-3Q 2009	3Q 2010	1Q-3Q 2010	Changes 3Q	Changes 1Q-3Q
Interest & Dividends income	0.1	0.6	0.1	0.4	+0.0	-0.2
Other	0.5	1.3	0.2	1.4	-0.3	+0.1
Total non-operating income	0.6	1.9	0.3	1.8	-0.3	-0.1
Loss on disposal and devaluation of inventories	0.0	0.1	0.0	0.0	+0.0	-0.1
Other	0.1	0.3	0.0	0.3	-0.1	+0.0
Total non-operating expenses	0.1	0.4	0.1	0.3	+0.0	-0.1
Gain on sale of investments in securities	0.0	0.0	0.0	0.2	+0.0	+0.2
Gain on transfer of business	-	-	-	0.4	-	-
Gain on sales of golf memberships	0.0	5.6	0.0	0.0	+0.0	-5.6
Other	0.0	0.2	-	-	-	-
Total extraordinary income	0.0	5.8	0.0	0.6	+0.0	-5.2
Lease exit penalty loss (Canon MJ)	-	-	-	0.2	-	-
Impairment loss	0.0	10.7	0.0	0.5	+0.0	-10.2
Loss on valuation of investment securities	0.1	0.3	0.2	0.3	+0.1	+0.0
Loss on sales and retirement of noncurrent assets	0.0	1.0	0.3	0.4	+0.3	-0.6
Measurement of inventories	-	1.3	-	-	-	-
Other	0.1	0.4	0.0	0.2	-0.1	-0.2
Total extraordinary losses	0.3	13.7	0.5	1.6	+0.2	-12.1

4. Balance sheets

billions of yen

	Dec. 31, 2009	Sep. 31, 2010	changes
Current assets	301.8	292.6	-9.2
Cash and cash deposit	95.8	112.9	+17.1
Notes and accounts receivable	125.7	102.7	-23.0
Inventories	25.8	25.5	-0.3
Other	54.5	51.5	-3.0
Fixed assets	147.8	147.9	+0.2
Property and equipment	84.2	86.5	+2.3
Intangible assets	24.4	24.3	-0.1
Other	39.2	37.2	-2.0
Total assets	449.6	440.5	-9.1
Current liabulities	153.7	147.3	-6.4
Notes and accounts payable	106.4	93.3	-13.1
Other	47.3	54.0	+6.7
Long-term liabilities	45.0	44.8	-0.2
Stockholders' equity	247.0	248.4	+1.4
treasuary stock	-24.8	-17.2	+7.6
Valuation and translation	-0.2	-0.1	+0.1
Minority interests	4.0	0.2	-3.8
Total net assets	250.9	248.5	-2.4
Total liabilities and net assets	449.6	440.5	-9.1
Stockholders' equity ratio	55%	56%	+1%

Turnover Date	Inventories	Notes and accounts receivable
FY 2006	21	78
FY2007	14	72
FY2008	15	67
FY2009	13	65
3Q 2010	15	58

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5. Cash flows & Capital Investment

Cash flow

billions of yen

	1Q-3Q FY2009	1Q-3Q FY2010
Operating C/F	16.4	29.3
Investing C/F	-23.1	-9.9
Free C/F	-6.7	19.4

Capital investment

billions of yen

		1Q-3Q	4Q	FY
Capital Investment	2009	14.1	2.9	17.0
	2010	14.6	2.2	16.8
Depreciation and amortization	2009	8.8	3.6	12.4
	2010	10.0	3.7	13.7

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.