

Canon Marketing Japan Inc. First Quarter FY 2011 Results

April 22, 2011

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Director

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Canon

Canon Marketing Japan Inc.

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

billions of yen

| Three months | 1Q 2010 | 1Q 2011 | Changes | |
|-------------------------|---------|---------|---------|-------|
| | | | % | |
| Net Sales | 170.1 | 151.5 | -18.6 | -11% |
| | (32.7%) | (34.1%) | (+1.4%) | |
| Gross Margin | 55.6 | 51.7 | -4.0 | -7% |
| | (1.2%) | (0.8%) | (-0.4%) | |
| Operating Income | 2.1 | 1.2 | -0.9 | -42% |
| | (1.4%) | (0.9%) | (-0.4%) | |
| Ordinary Income | 2.3 | 1.4 | -0.9 | -39% |
| | (0.4%) | (-0.4%) | (-0.8%) | |
| Net Income | 0.7 | -0.6 | -1.2 | -187% |
| EPS (Yen) | 4.8 | -4.2 | | |

1-2. Consolidated Statements of Income

(January 1 ~ December 31)

billions of yen

Changes

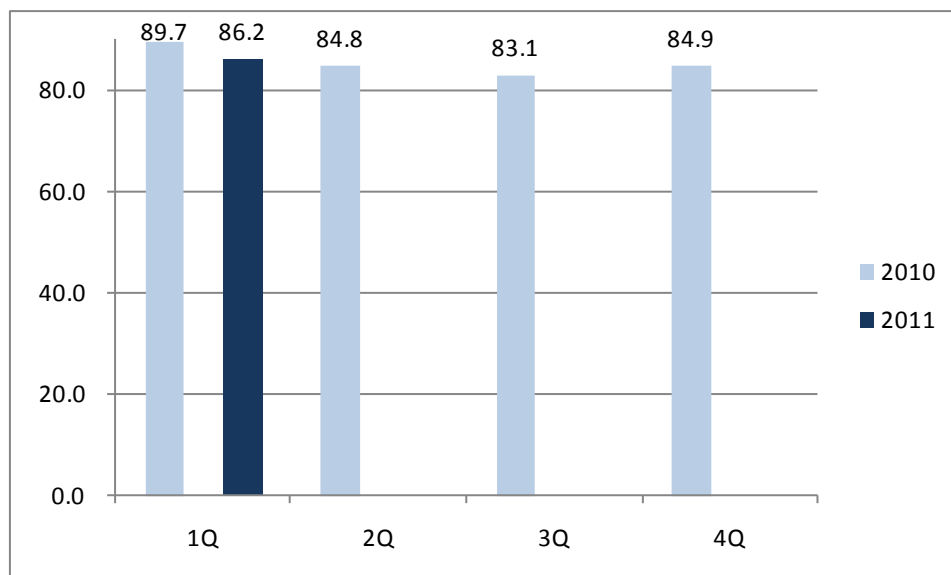
| Three months | 1Q 2010 | | 1Q 2011 | | Changes | |
|----------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| | Net Sales | Operating Income | Net Sales | Operating Income | Net Sales | Operating Income |
| Business Solutions | 89.7 | 1.4 | 86.2 | 2.3 | -3.5 | 0.9 |
| IT Solutions | 38.5 | -0.7 | 31.5 | -0.8 | -7 | -0.1 |
| Consumer imaging | 46.6 | 1.3 | 37.8 | -0.2 | -8.8 | -1.5 |
| Industrial equipment | 3.8 | 0.4 | 3.4 | -0.1 | -0.4 | -0.5 |
| Other | -8.4 | -0.2 | -7.3 | 0.0 | 1.1 | 0.2 |
| Total | 170.1 | 2.1 | 151.5 | 1.2 | -18.6 | -0.9 |

2-1. Segment Information : *Business Solutions*

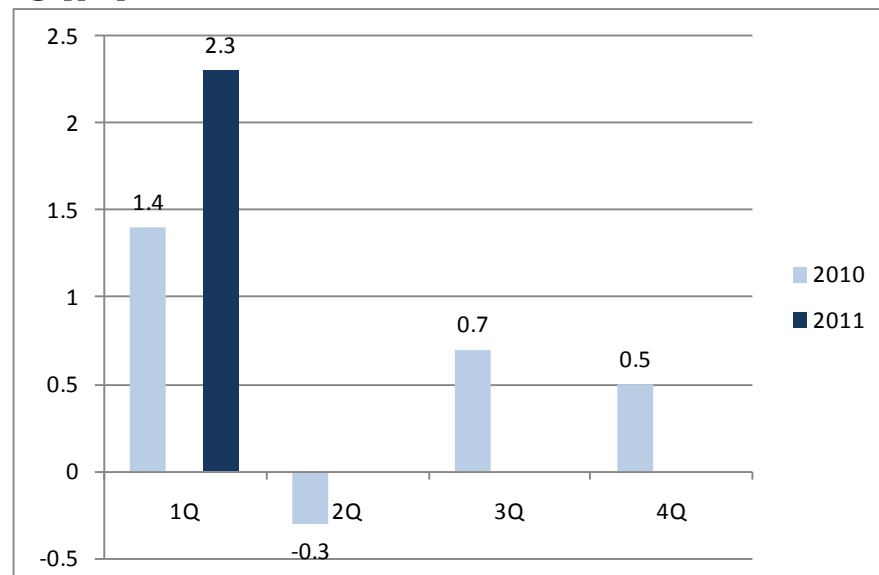
Billions of yen

| | 1Q 2010 | 1Q 2011 | Change |
|-----------|---------|---------|--------|
| Net Sales | 89.7 | 86.2 | -3.5 |
| O.P. | 1.4 | 2.3 | 0.9 |

Net Sales



O.P.

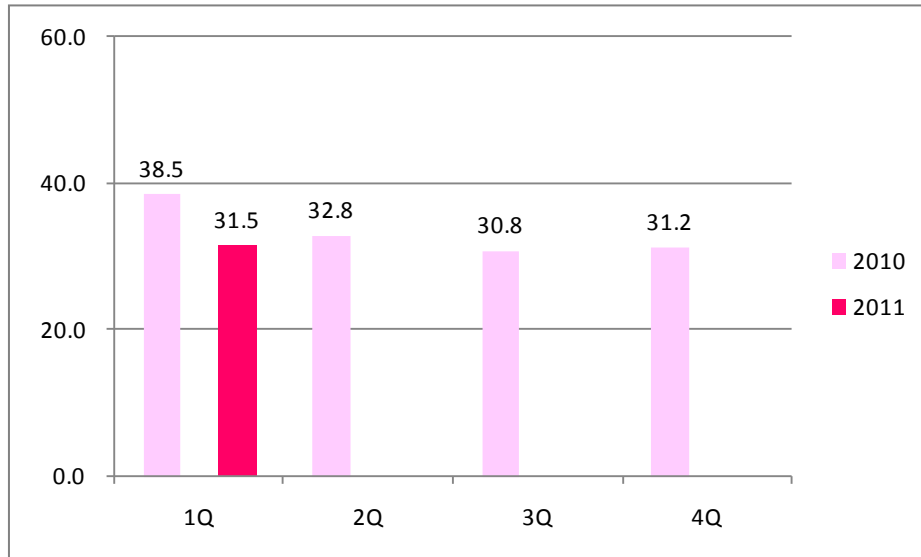


2-2. Segment Information : *IT Solutions*

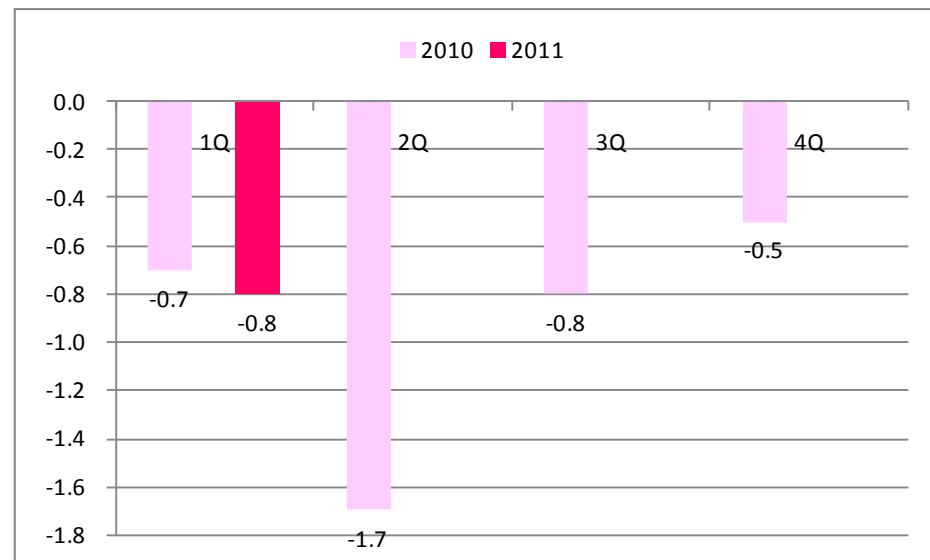
Billions of yen

| | 1Q 2010 | 1Q 2011 | Change |
|-----------|---------|---------|--------|
| Net Sales | 38.5 | 31.5 | -7.0 |
| O.P. | -0.7 | -0.8 | -0.1 |

Net Sales



O.P.

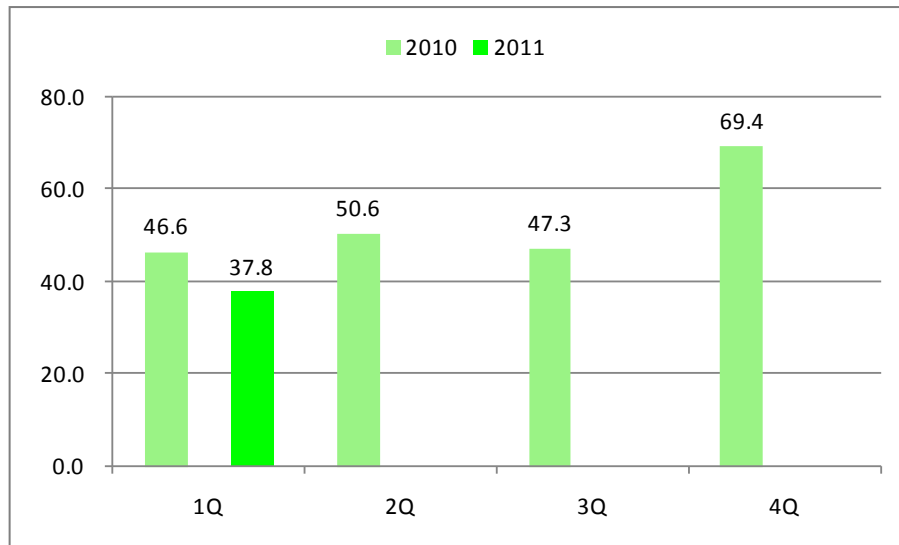


2-4. Segment Information: *Consumer Imaging*

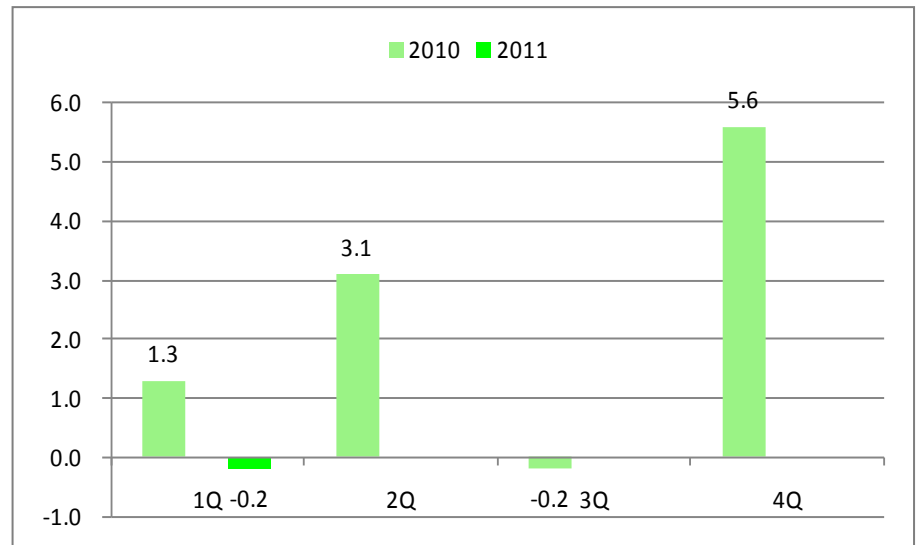
Billions of yen

| | 1Q 2010 | 1Q 2011 | Change |
|-----------|---------|---------|--------|
| Net Sales | 46.6 | 37.8 | -8.8 |
| O.P. | 1.3 | -0.2 | -1.5 |

Net Sales



O.P.

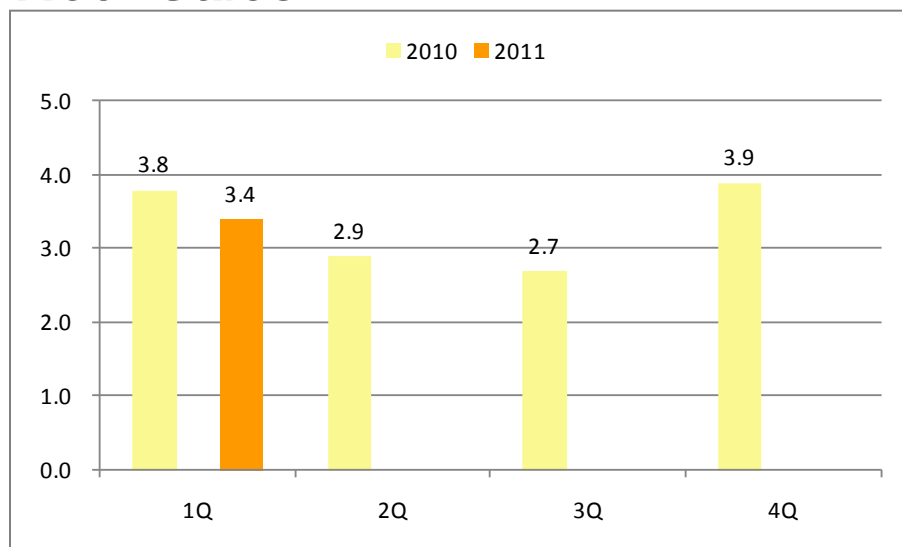


2-5. Segment Information : *Industrial equipment*

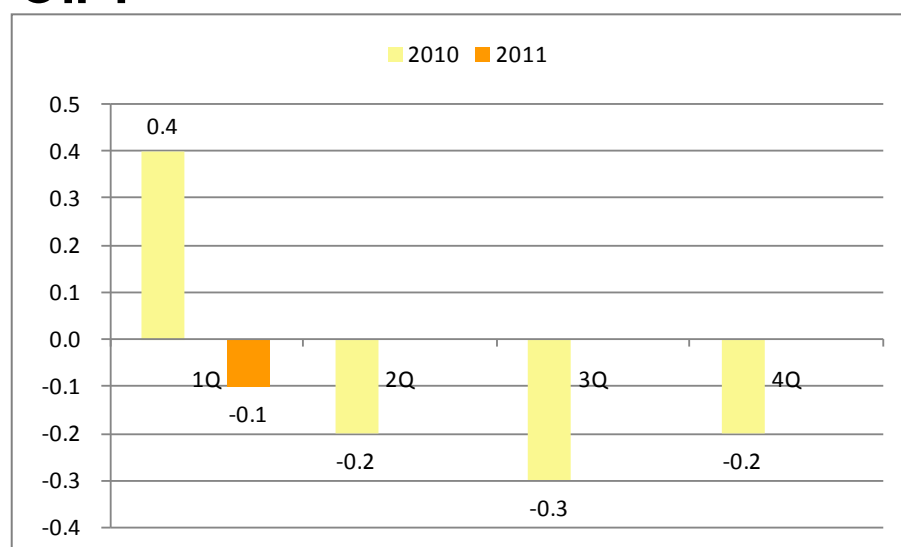
Billions of yen

| | 1Q 2010 | 1Q 2011 | Change |
|-----------|---------|---------|--------|
| Net Sales | 3.8 | 3.4 | -0.4 |
| O.P. | 0.4 | -0.1 | -0.5 |

Net Sales



O.P.



FY 2011 Projections

Canon

Canon Marketing Japan Inc.

1. FY2011 Current Projection

billions of yen

| | FY2011 Projection (previous) | FY 2011 Projection | Changes | FY2010 | Y on Y | |
|------------------|------------------------------------|-----------------------|---------|--------|---------|------|
| | | | | | Amount | Rate |
| Net Sales | 685.0 | 633.0 | -52.0 | 674.2 | -41.2 | -6% |
| | (1.3%) | (0.0%) | (-1.3%) | (1.1%) | (-1.1%) | |
| Operating Income | 9.0 | 0.0 | -9.0 | 7.7 | -7.7 | - % |
| | (1.5%) | (0.2%) | (-1.3%) | (1.4%) | (-1.2%) | |
| Ordinary Income | 10.0 | 1.3 | -8.7 | 9.5 | -8.2 | -86% |
| | (0.6%) | (-0.3%) | (-0.9%) | (0.6%) | (-0.9%) | |
| Net Income | 4.0 | -1.9 | -5.9 | 3.7 | -5.6 | - % |

2. FY2011 Current Projection by segment

billions of yen

| | FY2011 Projection (previous) | FY 2011 Projection | Changes | FY2010 | Y on Y | |
|----------------------|------------------------------------|-----------------------|--------------|--------------|--------------|------------|
| | | | | | Amount | Rate |
| Business Solutions | 347.5 | 323.0 | -24.5 | 342.5 | -19.5 | -6% |
| IT Solutions | 132.1 | 130.5 | -1.6 | 133.3 | -2.8 | -2% |
| Consumer imaging | 214.1 | 189.8 | -24.3 | 213.8 | -24.0 | -11% |
| Industrial equipment | 17.8 | 16.8 | -1.0 | 13.4 | 3.4 | 26% |
| Other | -26.5 | -27.1 | -0.6 | -28.7 | 1.6 | -6% |
| Total | 685.0 | 633.0 | -52.0 | 674.2 | -41.2 | -6% |

■ We are going to announce the expectation of the operating income after having been able to grasp influence by the Great East Japan Earthquake definitely.

Supplementary information

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Canon Marketing Japan Inc.

1-1. The main consolidated company results

| | 1Q 2010 | | 1Q 2011 | | billions of yen Changes | |
|-----------------------------------|---------------------------|------------|-------------|-------------|----------------------------|-------------|
| | Net Sales | O.P | Net Sales | O.P | Net Sales | O.P |
| | Business Solutions | | (0.1%) | | | |
| Canon System & Support | 26.8 | 0.0 | 26.0 | -0.0 | -0.8 | -0.0 |
| IT Solutions | | (3.3%) | | (1.8%) | | (-1.5%) |
| Canon Software (Consolidated) | 6.4 | 0.2 | 5.5 | 0.1 | -1.0 | -0.1 |
| Canon IT Solutions (Consolidated) | 22.2 | 0.1 | 19.0 | -0.1 | -3.2 | -0.2 |
| | | (1.1%) | | | | |
| IT Solutions TOTAL | 28.7 | 0.3 | 24.5 | -0.0 | -4.2 | -0.3 |

2. Selling, general and administrative expenses

Billions of yen

| | 1 Q 2010 | 1 Q 2011 | Changes |
|-------------------------------|-------------|-------------|-------------|
| Advertising expenses | 2.6 | 2.5 | -0.1 |
| Promotion expenses | 5.9 | 4.0 | -1.8 |
| Waranty expenses | 2.6 | 2.4 | -0.2 |
| Other direct expenses | 3.7 | 3.6 | -0.1 |
| Personal expenses | 29.1 | 29.2 | +0.2 |
| Depreciation and amortization | 0.9 | 0.7 | -0.3 |
| Rent expenses | 1.8 | 1.8 | +0.0 |
| IT expenses | 2.4 | 1.9 | -0.5 |
| Other selling expenses | 4.6 | 4.4 | -0.2 |
| TOTAL | 53.5 | 50.5 | -3.1 |

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

Billions of yen

| | 1Q 2010 | 1Q 2011 | Changes |
|--|------------|------------|-------------|
| Interest & Dividends income | 0.1 | 0.1 | +0.0 |
| Other | 0.2 | 0.2 | -0.0 |
| Total non-operating income | 0.3 | 0.3 | -0.0 |
| 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 sales of investment securities | 0.0 | 0.0 | -0.0 |
| Gain on sales of noncurrent assets | 0.0 | 0.0 | +0.0 |
| Other | 0.0 | - | - |
| Total extraordinary income | 0.4 | 0.0 | -0.4 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | 1.1 | +1.1 |
| Loss on disaster | - | 0.9 | +0.9 |
| Loss on valuation of investment securities | 0.0 | 0.3 | +0.3 |
| Loss on sale of investment securities | - | 0.2 | +0.2 |
| Loss on sales and retirement of noncurrent assets | 0.1 | 0.1 | +0.0 |
| Impairment loss | 0.3 | 0.0 | -0.3 |
| Other | 0.2 | 0.0 | -0.1 |
| Total extraordinary losses | 0.6 | 2.6 | +2.1 |

4. Balance sheets

| | billions of yer | | |
|---------------------------------------|------------------|------------------|---------|
| | Dec. 31, 2010 | Mar. 31, 2011 | changes |
| Current assets | 301.7 | 286.3 | -15.4 |
| Cash and cash deposit | 110.6 | 106.0 | -4.6 |
| Notes and accounts receivable-trade | 118.9 | 103.6 | -15.3 |
| Inventories | 20.5 | 26.6 | +6.1 |
| Other | 51.7 | 50.1 | -1.6 |
| Fixed assets | 146.9 | 142.6 | -4.3 |
| Property and equipment | 86.1 | 85.5 | -0.6 |
| Intangible assets | 23.7 | 22.8 | -1.0 |
| Other | 37.0 | 34.3 | -2.7 |
| Total assets | 448.6 | 428.9 | -19.7 |
| | Dec. 31, 2010 | Mar. 31, 2011 | changes |
| Current liabilities | 157.2 | 139.5 | -17.7 |
| Notes and accounts payable | 102.9 | 92.0 | -10.8 |
| Other | 54.4 | 47.5 | -6.9 |
| Long-term liabilities | 44.5 | 44.3 | -0.2 |
| Stockholders' equity | 246.8 | 244.9 | -1.9 |
| treasury stock | -22.2 | -22.2 | +0.0 |
| Valuation and translation adjustments | -0.2 | 0.0 | +0.2 |
| Minority interests | 0.2 | 0.2 | +0.0 |
| Total net assets | 246.8 | 245.1 | -1.8 |
| Total liabilities and net | 448.6 | 428.9 | -19.7 |
| Stockholders' equity ratio | 55.0% | 57.0% | +2.0% |

| <i>Turnover Date</i> | Inventories | Notes and accounts receivable |
|----------------------|-------------|-------------------------------|
| FY2007 | 14 | 72 |
| FY2008 | 15 | 67 |
| FY2009 | 13 | 65 |
| FY2010 | 11 | 64 |
| 1Q2011 | 15 | 57 |

5. Cash flows & Capital Investment

Capital Investment and Depreciation and amortization

billions of yen

| | 1Q 2010 | 1Q 2011 | Changes |
|-------------------------------|---------|---------|---------|
| Investment | 2.9 | 2.6 | -0.3 |
| Depreciation and amortization | 3.2 | 3.7 | +0.5 |

Cash flow

billions of yen

| | 1Q 2010 | 1Q 2011 |
|--|---------|---------|
| Net cash provided by (used in) operating activities | 8.5 | -1.7 |
| Net cash provided by (used in) investment activities | -0.8 | -0.4 |

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.