

CANON INC
Form 6-K
October 28, 2009

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of **October**....., **2009**

CANON INC.

(Translation of registrant's name into English)
30-2, Shimomaruko 3-Chome, Ohta-ku, Tokyo 146-8501, Japan

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F **X** Form 40-F

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No **X**

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule
12g3-2(b):82-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANON INC.

(Registrant)

By...../s/.....

Masashiro Kobayashi

.....
(Signature)*

Date....**October 27, 2009**....

Masashiro Kobayashi

General Manager

Global Finance

Management Center

Canon Inc.

*Print the name and title of the signing officer under his signature.

The following materials are included.

1. CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED SEPTEMBER 30, 2009

**CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND
THE NINE MONTHS ENDED SEPTEMBER 30, 2009**

October 27, 2009

CONSOLIDATED RESULTS FOR THE THIRD QUARTER

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			
	Three months ended September 30, 2009	Three months ended September 30, 2008	Change(%)	Three months ended September 30, 2009
Net sales	¥ 774,324	¥ 985,989	- 21.5	\$ 8,603,600
Operating profit	59,989	129,266	- 53.6	666,544
Income before income taxes	63,548	124,989	- 49.2	706,089
Net income attributable to Canon Inc.	¥ 36,734	¥ 83,041	- 55.8	\$ 408,156

**Net income attributable to Canon Inc.
stockholders per share:**

- Basic	¥ 29.76	¥ 65.91	- 54.8	\$ 0.33
- Diluted	29.76	65.91	- 54.8	0.33

CONSOLIDATED RESULTS FOR THE NINE MONTHS

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual			Projected		
	Nine months ended September 30, 2009	Nine months ended September 30, 2008	Change(%)	Nine months ended September 30, 2009	Year ending December 31, 2009	Change(%)
Net sales	¥ 2,255,143	¥ 3,099,421	- 27.2	\$ 25,057,144	¥ 3,200,000	- 21.8
Operating profit	124,927	460,249	- 72.9	1,388,078	190,000	- 61.7
Income before income taxes	121,434	464,234	- 73.8	1,349,267	180,000	- 62.6
Net income attributable to Canon Inc.	¥ 70,083	¥ 297,526	- 76.4	\$ 778,700	¥ 110,000	- 64.4

**Net income attributable to Canon Inc.
stockholders per share:**

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- Basic	¥	56.77	¥	236.02	- 75.9	\$	0.63	¥	89.11	- 63.8
- Diluted		56.77		236.00	- 75.9		0.63		-	-

		As of September 30, 2009	Actual As of December 31, 2008	Change(%)	As of September 30, 2009
Total assets	¥	3,702,124	¥ 3,969,934	- 6.7	\$ 41,134,711

Canon Inc. stockholders equity	¥	2,615,267	¥ 2,659,792	- 1.7	\$ 29,058,522
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- Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. U.S. dollar amounts are translated from yen at the rate of JPY90=U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 30, 2009, solely for the convenience of the reader.

Canon Inc.
Headquarter office

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Tokyo 146-8501, Japan
Phone: +81-3-3758-2111

I. Operating Results and Financial Conditions**2009 Third Quarter in Review**

Looking back at the global economy in the third quarter of 2009, the economic stimulus measures implemented by different countries have started to yield results with indications that we are emerging from the worst of the recession. In developed economies such as the United States, Europe and Japan, while stimulus efforts have led to signs of a turnaround, such as rising consumer spending and a recovery in exports, they have not proven enough to remove the sense of uncertainty about the future amid such factors as the continued severity of employment conditions. As for Asia, the economies of China and India maintained solid growth owing to expanded consumer spending against the backdrop of the economy-boosting measures.

As for the markets in which Canon operates amid these conditions, within the office imaging products market, demand for network digital multifunction devices (MFDs) decreased in each region, leading to sluggish sales for monochrome and color models. In the computer peripherals market, while demand remained weak for laser beam printers, resulting in a drop below the year-ago level, the rate of decline has been gradually narrowing. With regard to inkjet printers, although demand continued to be slack for both single-function and multifunction models, which led to a reduction in market size compared with the same period for the previous year, conditions have begun to gradually improve. As for the cameras segment, while demand for digital single-lens reflex (SLR) cameras displayed solid growth, demand for compact digital cameras remained sluggish amid continued price declines. In the optical equipment segment, demand for steppers, utilized in the production of semiconductors, further decreased while demand for aligners, used to produce liquid crystal display (LCD) panels, showed signs of a recovery. The average value of the yen during the third-quarter was ¥93.46 to the U.S. dollar, a year-on-year appreciation of about ¥14, and ¥133.60 to the euro, a year-on-year appreciation of approximately ¥28.

Although the markets for such products as cameras and inkjet printers, targeting individual consumers, are clearly bottoming out, net sales for the third quarter totaled ¥774.3 billion (U.S.\$8,604 million), a year-on-year decline of 21.5%, largely due to the effects of reduced sales volumes of office equipment and other products, a trend that continued from the previous quarter, along with the substantial rise in the value of the yen. Net sales for the nine months ended September 30, 2009 decreased by 27.2% to ¥2,255.1 billion (U.S.\$25,057 million). Despite the launch of new products and ongoing cost-cutting efforts aimed at an improved gross profit ratio, the significant impact of such factors as the appreciation of the yen and reductions in sales volumes led to a 3.1 point decline in the ratio to 45.1% for the quarter and 44.1% for the nine-month period. Consequently, gross profit decreased by 26.5% to ¥349.3 billion (U.S.\$3,881 million) for the quarter, and by 34.5% to ¥993.6 billion (U.S.\$11,040 million) for the three-quarter period. While operating expenses decreased by 16.4% owing to a Group-wide effort to thoroughly curb expenses, operating profit dropped 53.6% to ¥60.0 billion (U.S.\$667 million) for the third quarter and 72.9% to ¥124.9 billion (U.S.\$1,388 million) for the combined nine-month period. The rate of decline for the third-quarter operating profit has been significantly reduced compared with the first quarter and second quarter of the year. Other income (deductions) recorded a positive turnaround of ¥7.8 billion (U.S.\$87 million), mainly reflecting an improvement in currency exchange losses. As a result, income before income taxes totaled ¥63.5 billion (U.S.\$706 million) for the quarter, a decline of 49.2%, and ¥121.4 billion (U.S.\$1,349 million) for the nine months ended September 30, 2009, a decline of 73.8%. Net income attributable to Canon Inc. also recorded a decrease of 55.8% to ¥36.7 billion (U.S.\$408 million) for the quarter, and fell 76.4% to ¥70.1 billion (U.S.\$779 million) for the first nine months of the year.

Basic net income attributable to Canon Inc. stockholders per share for the quarter was ¥29.76 (U.S.\$0.33), a year-on-year decline of ¥36.15 (U.S.\$0.40), while the indicator for the nine months ended September 30, 2009 decreased by ¥179.25 (U.S.\$1.99) to ¥56.77 (U.S.\$0.63).

Results by Product Segment

Looking at Canon's third-quarter performance by business sector, within the business machines segment, demand for office equipment remained low overall amid the deterioration of economic conditions. With respect to office imaging products, while digital commercial printers achieved healthy sales in emerging markets, flagging sales for network digital MFDs in all regions along with the strong yen resulted in a year-on-year decline in sales of 28.0% for the quarter and 30.0% for the nine-month period. In the field of computer peripherals, although the optimization of laser-beam-printer trade inventories is in sight, decreased third-quarter sales compared with the corresponding period for the previous year along with the impact of appreciation of the yen, resulted in a 26.8% decline from the year-ago period, and a 35.1% decrease for the nine months combined. As for inkjet printers, amid the stagnant global market, sales volume displayed solid growth in the Americas and in Asia, which contributed to a year-on-year increase in sales volume for the segment. However, due to the impact of the yen's appreciation and other factors, year-on-year sales for the quarter declined 10.1%, and 17.7% for the first three quarters of the year. Consequently, sales for the computer peripherals segment overall dropped by 22.7% year on year, and by 30.7% for the nine-month period. As for business information products, reduced sales of personal computers in the Japanese domestic market and other factors led to a sales decline of 23.1% for the quarter, and of 21.0% for the first nine months of the year. Collectively, sales of business machines overall totaled ¥488.8 billion (U.S.\$5,431 million), down 24.9% for the quarter, and down 30.1% to ¥1,426.4 billion (U.S.\$15,848 million) for the nine months ended September 30, 2009. Operating profit totaled ¥73.0 billion (U.S.\$811 million) in the third quarter, falling 45.5% mainly due to the significant decrease in gross profit stemming from the reduction in sales for the quarter, and ¥187.2 billion (U.S.\$2,079 million) for the nine-month period, a decline of 57.2%.

Within the cameras segment, the high-resolution, competitively priced EOS Digital Rebel T1i (EOS 500D) and advanced-amateur model EOS 5D Mark II digital SLR cameras continued to enjoy robust sales during the quarter, contributing to growth in sales volume. As for compact digital cameras, although two new ELPH (IXUS)-series models and four new PowerShot-series models were well received by the market, sales volume overall contracted amid stagnant market conditions. Consequently, along with the impact of the appreciation of the yen, sales for the cameras segment overall declined by 8.3% to ¥229.0 billion (U.S.\$2,545 million) for the quarter, and by 17.8% to ¥640.6 billion (U.S.\$7,118 million) for the nine-month period. Additionally, despite the decrease in sales, third-quarter operating profit for the sector increased by 5.5% to ¥47.6 billion (U.S.\$529 million), owing to the increased sales ratio of high-value-added products and the positive effects of cuts in operating expenses. Operating profit for the nine months combined declined by 40.3% to ¥94.2 billion (U.S.\$1,047 million).

In the optical and other products segment, sales of steppers remained sluggish due to the worsening of market conditions for memory chips, and sales of aligners dropped, recording a decline in unit sales reflecting the impact of restrained capital investment by LCD panel manufacturers. As a result, sales for the segment totaled ¥56.5 billion (U.S.\$628 million) in the third quarter, a decrease of 33.7%, and ¥188.1 billion (U.S.\$2,091 million) for the nine-month period, a decrease of 32.9%. Operating profit dropped to negative ¥19.6 billion (U.S.\$218 million) for the quarter and ¥37.4 billion (U.S.\$416 million) for the nine months due to the significant drop in sales and other factors.

Cash Flow

In the first nine months of 2009, Canon generated cash flow from operating activities of ¥374.5 billion (U.S.\$4,161 million), a decrease of ¥60.9 billion (U.S.\$677 million) compared with the previous year, mainly due to the decline in consolidated net income, although progress has been made in reducing inventories. As capital investment was focused on items relevant to introducing new products and achieving cost reductions, cash flow from investing activities totaled ¥286.2 billion (U.S.\$3,180 million), a year-on-year decrease of ¥99.4 billion (U.S.\$1,104 million). Accordingly, free cash flow totaled ¥88.3 billion (U.S.\$981 million), an increase of ¥38.5 billion (U.S.\$428 million) from the year-ago period.

Cash flow from financing activities recorded an outlay of ¥141.4 billion (U.S.\$1,571 million), mainly arising from the dividend payout of ¥135.8 billion (U.S.\$1,509 million). Consequently, cash and cash equivalents decreased by ¥45.5 billion (U.S.\$506 million) to ¥633.7 billion (U.S.\$7,041 million) from the end of the previous year.

Outlook

As for the outlook for the global economy in the fourth quarter, positive signs have begun to appear amid the current global recession as a result of various economic stimulus packages and financial policies launched at the national level with some leading indicators pointing to a bottoming out. Taking into account such future concerns as climbing unemployment rates in developed countries, considerable time will further likely be needed before the global economy realizes a full-fledged turnaround, and conditions are expected to slowly head toward a path of recovery from the end of the year through next year.

In the businesses in which Canon is involved, with regard to network digital MFDs and laser beam printers, although the drop in demand for office equipment has been leveling off, conditions will likely remain challenging. Demand for compact digital cameras is expected to remain stagnant for the time being due to the drop in consumer sentiment resulting from the weak economy, whereas demand for digital SLR cameras is expected to remain strong. As for inkjet printers, conditions are expected to gradually improve. With respect to steppers, projections call for a modest recovery in demand in fiscal 2010 and onwards as device makers reassess their capital expenditure plans, and demand for aligners is also expected to increase next year and beyond as LCD panel manufacturers gear up for increased production.

With regard to currency exchange rates for the fourth quarter, on which Canon's performance outlook for the full year is based, despite the continued uncertainty over future interest rate policies, economic prospects and other factors for major countries, Canon anticipates exchange rates for the period of ¥90 to the U.S. dollar and ¥130 to the euro, representing an appreciation of approximately ¥6 against the U.S. dollar, and a depreciation of about ¥4 against the euro compared with the previous year. Upon taking into consideration business results along with current market conditions based on these foreign exchange rate assumptions, Canon's projections for the full year remain unchanged from the previous announcement: net sales of ¥3,200.0 billion (U.S.\$35,556 million), operating profit of ¥190.0 billion (U.S.\$2,111 million), income before income taxes of ¥180.0 billion (U.S.\$2,000 million) and net income attributable to Canon Inc. of ¥110.0 billion (U.S.\$1,222 million).

Consolidated Outlook

Fiscal year	Millions of yen				
	Year ending		Change	Year ended	Change (%)
	December 31, 2009			December 31,	
	Previous Outlook (A)	Revised Outlook (B)		2008 Results (C)	
			(B - A)		(B - C) / C
Net sales	¥ 3,200,000	¥ 3,200,000	-	¥ 4,094,161	- 21.8%
Operating profit	190,000	190,000	-	496,074	- 61.7%
Income before income taxes	180,000	180,000	-	481,147	- 62.6%
Net income attributable to Canon Inc.	¥ 110,000	¥ 110,000	-	¥ 309,148	- 64.4%

This document 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, 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 document. 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.

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

II. Financial Statements**1. CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2009	Millions of yen As of December 31, 2008	Change	Thousands of U.S. dollars As of September 30, 2009
ASSETS				
Current assets:				
Cash and cash equivalents	¥ 633,656	¥ 679,196	¥ (45,540)	\$ 7,040,622
Short-term investments	26,875	7,651	19,224	298,611
Trade receivables, net	491,848	595,422	(103,574)	5,464,978
Inventories	426,934	506,919	(79,985)	4,743,711
Prepaid expenses and other current assets	265,484	275,660	(10,176)	2,949,822
Total current assets	1,844,797	2,064,848	(220,051)	20,497,744
Noncurrent receivables	14,968	14,752	216	166,311
Investments	90,669	88,825	1,844	1,007,433
Property, plant and equipment, net	1,306,214	1,357,186	(50,972)	14,513,489
Intangible assets, net	122,034	119,140	2,894	1,355,933
Other assets	323,442	325,183	(1,741)	3,593,801
Total assets	¥ 3,702,124	¥ 3,969,934	¥ (267,810)	\$ 41,134,711
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term loans and current portion of long-term debt	¥ 4,997	¥ 5,540	¥ (543)	\$ 55,522
Trade payables	316,068	406,746	(90,678)	3,511,867
Accrued income taxes	32,834	69,961	(37,127)	364,822
Accrued expenses	260,542	277,117	(16,575)	2,894,911
Other current liabilities	109,831	184,636	(74,805)	1,220,345
Total current liabilities	724,272	944,000	(219,728)	8,047,467
Long-term debt, excluding current installments	5,837	8,423	(2,586)	64,856
Accrued pension and severance cost	113,068	110,784	2,284	1,256,311
Other noncurrent liabilities	54,042	55,745	(1,703)	600,466
Total liabilities	897,219	1,118,952	(221,733)	9,969,100
Equity:				
Canon Inc. stockholders' equity:				

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Common stock	174,762	174,762	-	1,941,800
Additional paid-in capital	404,113	403,790	323	4,490,144
Legal reserve	54,483	53,706	777	605,367
Retained earnings	2,810,078	2,876,576	(66,498)	31,223,089
Accumulated other comprehensive income (loss)	(271,927)	(292,820)	20,893	(3,021,411)
Treasury stock, at cost	(556,242)	(556,222)	(20)	(6,180,467)
Total Canon Inc. stockholders' equity	2,615,267	2,659,792	(44,525)	29,058,522
Noncontrolling interests	189,638	191,190	(1,552)	2,107,089
Total equity	2,804,905	2,850,982	(46,077)	31,165,611
Total liabilities and equity	¥ 3,702,124	¥ 3,969,934	¥ (267,810)	\$ 41,134,711

	Millions of yen		Thousands of U.S. dollars
	As of September 30, 2009	As of December 31, 2008	As of September 30, 2009
Notes:			
1. Allowance for doubtful receivables	¥ 10,382	¥ 9,318	\$ 115,356
2. Accumulated depreciation	1,788,665	1,635,601	19,874,056
3. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	(217,698)	(235,968)	(2,418,867)
Net unrealized gains and losses on securities	4,169	1,135	46,322
Net gains and losses on derivative instruments	2,403	1,493	26,700
Pension liability adjustments	(60,801)	(59,480)	(675,566)
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CANON INC. AND SUBSIDIARIES

CONSOLIDATED

2. CONSOLIDATED STATEMENTS OF INCOME

<u>Results for the third quarter</u>	Millions of yen				Thousands of U.S. dollars
	Three months ended September 30, 2009	Three months ended September 30, 2008	Change(%)		Three months ended September 30, 2009
Net sales	¥ 774,324	¥ 985,989	-	21.5	¥ 8,603,600
Cost of sales	425,001	510,833			4,722,233
Gross profit	349,323	475,156	-	26.5	3,881,367
Operating expenses:					
Selling, general and administrative expenses	215,607	259,219			2,395,634
Research and development expenses	73,727	86,671			819,189
	289,334	345,890			3,214,823
Operating profit	59,989	129,266	-	53.6	666,544
Other income (deductions):					
Interest and dividend income	970	4,627			10,778
Interest expense	(20)	(10)			(222)
Other, net	2,609	(8,894)			28,989
	3,559	(4,277)			39,545
Income before income taxes	63,548	124,989	-	49.2	706,089
Income taxes	24,604	39,634			273,378
Consolidated net income	38,944	85,355			432,711
Less: Net income attributable to noncontrolling interests	2,210	2,314			24,555
Net income attributable to Canon Inc.	¥ 36,734	¥ 83,041	-	55.8	¥ 408,156

Note: Consolidated comprehensive income for the three months ended September 30, 2009 and 2008 was JPY 2,845 million (increase) (U.S.\$31,611 thousand (increase)) and JPY 18,500 million (increase), respectively.

<u>Results for the nine months</u>	Millions of yen				Thousands of U.S. dollars
	Nine months ended September 30, 2009	Nine months ended September 30, 2008	Change(%)		Nine months ended September 30, 2009
Net sales	¥ 2,255,143	¥ 3,099,421	-	27.2	¥ 25,057,144

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Cost of sales	1,261,541	1,582,810			14,017,122
Gross profit	993,602	1,516,611	-	34.5	11,040,022
Operating expenses:					
Selling, general and administrative expenses	641,342	794,228			7,126,022
Research and development expenses	227,333	262,134			2,525,922
	868,675	1,056,362			9,651,944
Operating profit	124,927	460,249	-	72.9	1,388,078
Other income (deductions):					
Interest and dividend income	3,761	15,593			41,789
Interest expense	(241)	(673)			(2,678)
Other, net	(7,013)	(10,935)			(77,922)
	(3,493)	3,985			(38,811)
Income before income taxes	121,434	464,234	-	73.8	1,349,267
Income taxes	48,709	156,972			541,211
Consolidated net income	72,725	307,262			808,056
Less: Net income attributable to noncontrolling interests	2,642	9,736			29,356
Net income attributable to Canon Inc.	¥ 70,083	¥ 297,526	-	76.4	¥ 778,700

Note: Consolidated comprehensive income for the nine months ended September 30, 2009 and 2008 was JPY 94,118 million (increase) (U.S.\$1,045,756 thousand (increase)) and JPY 185,966 million (increase), respectively.

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

3. DETAILS OF SALESResults for the third quarter

	Millions of yen			Thousands of U.S. dollars
Sales by product	Three months ended September 30, 2009	Three months ended September 30, 2008	Change(%)	Three months ended September 30, 2009
Business machines:				
<i>Office imaging products</i>	¥ 194,331	¥ 269,816	- 28.0	\$ 2,159,233
<i>Computer peripherals</i>	278,629	360,649	- 22.7	3,095,878
<i>Business information products</i>	15,801	20,537	- 23.1	175,567
	488,761	651,002	- 24.9	5,430,678
Cameras	229,032	249,774	- 8.3	2,544,800
Optical and other products	56,531	85,213	- 33.7	628,122
Total	¥ 774,324	¥ 985,989	- 21.5	\$ 8,603,600

	Millions of yen			Thousands of U.S. dollars
Sales by region	Three months ended September 30, 2009	Three months ended September 30, 2008	Change(%)	Three months ended September 30, 2009
Japan	¥ 161,863	¥ 196,971	- 17.8	\$ 1,798,478
Overseas:				
<i>Americas</i>	217,512	286,120	- 24.0	2,416,800
<i>Europe</i>	237,452	316,655	- 25.0	2,638,356
<i>Other areas</i>	157,497	186,243	- 15.4	1,749,966
	612,461	789,018	- 22.4	6,805,122
Total	¥ 774,324	¥ 985,989	- 21.5	\$ 8,603,600

Results for the nine months

	Millions of yen			Thousands of U.S. dollars
Sales by product	Nine months ended	Nine months ended	Change(%)	Nine months ended

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	September 30, 2009	September 30, 2008		September 30, 2009
Business machines:				
<i>Office imaging products</i>	¥ 608,197	¥ 868,915	- 30.0	\$ 6,757,744
<i>Computer peripherals</i>	765,014	1,103,810	- 30.7	8,500,156
<i>Business information products</i>	53,145	67,271	- 21.0	590,500
	1,426,356	2,039,996	- 30.1	15,848,400
Cameras	640,637	779,185	- 17.8	7,118,189
Optical and other products	188,150	280,240	- 32.9	2,090,555
Total	¥2,255,143	¥ 3,099,421	- 27.2	\$ 25,057,144

	Millions of yen			Thousands of U.S. dollars
Sales by region	Nine months ended September 30, 2009	Nine months ended September 30, 2008	Change(%)	Nine months ended September 30, 2009
Japan	¥ 504,745	¥ 643,570	- 21.6	\$ 5,608,278
Overseas:				
<i>Americas</i>	619,372	871,569	- 28.9	6,881,911
<i>Europe</i>	686,627	1,033,279	- 33.5	7,629,189
<i>Other areas</i>	444,399	551,003	- 19.3	4,937,766
	1,750,398	2,455,851	- 28.7	19,448,866
Total	¥2,255,143	¥ 3,099,421	- 27.2	\$ 25,057,144

Notes: 1. The primary products included in each of the product segments are as follows:

Business machines:

Office imaging products : Office network digital multifunction devices (MFDs) / Color network digital MFDs /

Office copying machines / Personal-use copying machines / Full-color copying machines

Computer peripherals : Laser beam printers / Inkjet multifunction peripherals / Single function inkjet printers / Image scanners

Business information products : Computer information systems / Document scanners / Personal information products

Cameras : Digital SLR cameras / Compact digital cameras / Interchangeable lenses / Digital video camcorders

Optical and other products : Semiconductor production equipment / Mirror projection mask aligners for LCD panels /

Broadcasting equipment / Medical equipment / Large format printers / Components

2. The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin America / Europe: England, Germany, France, Netherlands /

Other Areas: Asian regions, China, Oceania

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CANON INC. AND SUBSIDIARIES

CONSOLIDATED

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen		Thousands of U.S. dollars
	Nine months ended September 30, 2009	Nine months ended September 30, 2008	Nine months ended September 30, 2009
Cash flows from operating activities:			
Consolidated net income	¥ 72,725	¥ 307,262	\$ 808,056
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	234,528	252,911	2,605,867
Loss on disposal of property, plant and equipment	2,854	4,699	31,711
Deferred income taxes	10,244	(1,908)	113,822
Decrease in trade receivables	105,239	133,864	1,169,322
Decrease (increase) in inventories	87,088	(122,385)	967,644
(Decrease) increase in trade payables	(89,518)	27,491	(994,644)
Decrease in accrued income taxes	(38,160)	(89,298)	(424,000)
Decrease in accrued expenses	(20,647)	(23,499)	(229,411)
Increase (decrease) in accrued (prepaid) pension and severance cost	2,120	(7,059)	23,556
Other, net	8,054	(46,643)	89,488
Net cash provided by operating activities	374,527	435,435	4,161,411
Cash flows from investing activities:			
Purchases of fixed assets	(261,890)	(342,830)	(2,909,889)
Proceeds from sale of fixed assets	8,529	4,556	94,767
Purchases of available-for-sale securities	(324)	(7,206)	(3,600)
Proceeds from sale and maturity of available-for-sale securities	437	4,062	4,856
Proceeds from maturity of held-to-maturity securities		10,000	
(Increase) decrease in time deposits	(17,813)	4,929	(197,922)
Acquisitions of subsidiaries, net of cash acquired	(2,979)	(4,397)	(33,100)
Purchases of other investments	(13,959)	(45,276)	(155,100)
Other, net	1,765	(9,461)	19,610
Net cash used in investing activities	(286,234)	(385,623)	(3,180,378)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,736	6,510	30,400
Repayments of long-term debt	(4,686)	(14,875)	(52,067)
Decrease in short-term loans	(174)	(2,630)	(1,933)
Dividends paid	(135,793)	(145,024)	(1,508,811)
Repurchases of treasury stock, net	(31)	(19,902)	(344)
Other, net	(3,433)	(16,052)	(38,145)

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Net cash used in financing activities	(141,381)	(191,973)	(1,570,900)
Effect of exchange rate changes on cash and cash equivalents	7,548	(64,983)	83,867
Net change in cash and cash equivalents	(45,540)	(207,144)	(506,000)
Cash and cash equivalents at beginning of period	679,196	944,463	7,546,622
Cash and cash equivalents at end of period	¥ 633,656	¥ 737,319	\$ 7,040,622

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CANON INC. AND SUBSIDIARIES

CONSOLIDATED

5. NOTE FOR GOING CONCERN ASSUMPTION

Not applicable.

6. SEGMENT INFORMATION

(1) SEGMENT INFORMATION BY PRODUCT

<u>Results for the third quarter</u>	Millions of yen			Thousands of U.S. dollars	
	Three months ended September 30, 2009	Three months ended September 30, 2008	Change(%)	Three months ended September 30, 2009	
Business Machines					
Net sales:					
Unaffiliated customers	¥ 488,761	¥ 651,002	- 24.9	\$ 5,430,678	
Intersegment	-	-	-	-	
Total	488,761	651,002	- 24.9	5,430,678	
Operating cost and expenses	415,764	516,982	- 19.6	4,619,600	
Operating profit	¥ 72,997	¥ 134,020	- 45.5	\$ 811,078	
Cameras					
Net sales:					
Unaffiliated customers	¥ 229,032	¥ 249,774	- 8.3	\$ 2,544,800	
Intersegment	-	-	-	-	
Total	229,032	249,774	- 8.3	2,544,800	
Operating cost and expenses	181,446	204,686	- 11.4	2,016,067	
Operating profit	¥ 47,586	¥ 45,088	+ 5.5	\$ 528,733	
Optical and Other Products					
Net sales:					
Unaffiliated customers	¥ 56,531	¥ 85,213	- 33.7	\$ 628,122	
Intersegment	49,670	61,447	- 19.2	551,889	
Total	106,201	146,660	- 27.6	1,180,011	
Operating cost and expenses	125,833	143,206	- 12.1	1,398,144	
Operating profit (loss)	¥ (19,632)	¥ 3,454	-	\$ (218,133)	

Corporate and Eliminations

Net sales:

Unaffiliated customers	¥ -	¥ -	-	\$ -
Intersegment	(49,670)	(61,447)	-	(551,889)
Total	(49,670)	(61,447)	-	(551,889)
Operating cost and expenses	(8,708)	(8,151)	-	(96,755)
Operating profit (loss)	¥ (40,962)	¥ (53,296)	-	\$ (455,134)

Consolidated

Net sales:

Unaffiliated customers	¥ 774,324	¥ 985,989	-	21.5	\$ 8,603,600
Intersegment	-	-	-	-	-
Total	774,324	985,989	-	21.5	8,603,600
Operating cost and expenses	714,335	856,723	-	16.6	7,937,056
Operating profit	¥ 59,989	¥ 129,266	-	53.6	\$ 666,544

Note: General corporate expenses of JPY40,962 million (U.S.\$455,134 thousand) and JPY52,608 million in the three months ended September 30, 2009 and 2008, respectively, are included in Corporate and Eliminations.

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CANON INC. AND SUBSIDIARIES

CONSOLIDATED

Results for the nine months

Millions of yen

Thousands of
U.S. dollars

	Nine months ended September 30, 2009	Nine months ended September 30, 2008	Change(%)	Nine months ended September 30, 2009
Business Machines				
Net sales:				
Unaffiliated customers	¥ 1,426,356	¥ 2,039,996	- 30.1	\$ 15,848,400
Intersegment	-	-	-	-
Total	1,426,356	2,039,996	- 30.1	15,848,400
Operating cost and expenses	1,239,203	1,602,938	- 22.7	13,768,922
Operating profit	¥ 187,153	¥ 437,058	- 57.2	\$ 2,079,478
Cameras				
Net sales:				
Unaffiliated customers	¥ 640,637	¥ 779,185	- 17.8	\$ 7,118,189
Intersegment	-	-	-	-
Total	640,637	779,185	- 17.8	7,118,189
Operating cost and expenses	546,441	621,512	- 12.1	6,071,567
Operating profit	¥ 94,196	¥ 157,673	- 40.3	\$ 1,046,622
Optical and Other Products				
Net sales:				
Unaffiliated customers	¥ 188,150	¥ 280,240	- 32.9	\$ 2,090,555
Intersegment	139,354	183,364	- 24.0	1,548,378
Total	327,504	463,604	- 29.4	3,638,933
Operating cost and expenses	364,902	454,633	- 19.7	4,054,466
Operating profit (loss)	¥ (37,398)	¥ 8,971	-	\$ (415,533)

Corporate and Eliminations

Net sales:

Unaffiliated customers	¥ -	¥ -	-	\$ -
Intersegment	(139,354)	(183,364)	-	(1,548,378)
Total	(139,354)	(183,364)	-	(1,548,378)
Operating cost and expenses	(20,330)	(39,911)	-	(225,889)
Operating profit (loss)	¥ (119,024)	¥ (143,453)	-	\$ (1,322,489)

Consolidated

Net sales:

Unaffiliated customers	¥ 2,255,143	¥ 3,099,421	-	27.2	\$ 25,057,144
Intersegment	-	-	-	-	-
Total	2,255,143	3,099,421	-	27.2	25,057,144
Operating cost and expenses	2,130,216	2,639,172	-	19.3	23,669,066
Operating profit	¥ 124,927	¥ 460,249	-	72.9	\$ 1,388,078

Note: General corporate expenses of JPY119,024 million (U.S.\$1,322,489 thousand) and JPY142,445 million in the nine months ended September 30, 2009 and 2008, respectively, are included in Corporate and Eliminations.

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CANON INC. AND SUBSIDIARIES

CONSOLIDATED

(2) SEGMENT INFORMATION BY GEOGRAPHIC AREA

<u>Results for the third quarter</u>	Millions of yen			Thousands of U.S. dollars	
	Three months ended September 30, 2009	Three months ended September 30, 2008	Change(%)	Three months ended September 30, 2009	
Japan					
Net sales:					
Unaffiliated customers	¥ 183,622	¥ 226,121	- 18.8	\$ 2,040,244	
Intersegment	455,645	632,107	- 27.9	5,062,723	
Total	639,267	858,228	- 25.5	7,102,967	
Operating cost and expenses	556,601	676,201	- 17.7	6,184,456	
Operating profit	¥ 82,666	¥ 182,027	- 54.6	\$ 918,511	
Americas					
Net sales:					
Unaffiliated customers	¥ 211,600	¥ 283,487	- 25.4	\$ 2,351,111	
Intersegment	(94)	1,165	-	(1,044)	
Total	211,506	284,652	- 25.7	2,350,067	
Operating cost and expenses	206,860	286,573	- 27.8	2,298,445	
Operating profit (loss)	¥ 4,646	¥ (1,921)	-	\$ 51,622	
Europe					
Net sales:					
Unaffiliated customers	¥ 236,775	¥ 316,101	- 25.1	\$ 2,630,833	
Intersegment	1,295	1,125	+ 15.1	14,389	
Total	238,070	317,226	- 25.0	2,645,222	
Operating cost and expenses	230,792	316,132	- 27.0	2,564,355	
Operating profit	¥ 7,278	¥ 1,094	+ 565.3	\$ 80,867	

Others

Net sales:

Unaffiliated customers	¥ 142,327	¥ 160,280	-	11.2	\$ 1,581,412
Intersegment	160,266	146,600	+	9.3	1,780,732
Total	302,593	306,880	-	1.4	3,362,144
Operating cost and expenses	288,765	293,380	-	1.6	3,208,500
Operating profit	¥ 13,828	¥ 13,500	+	2.4	\$ 153,644

Corporate and Eliminations

Net sales:

Unaffiliated customers	¥ -	¥ -	-	-	\$ -
Intersegment	(617,112)	(780,997)	-	-	(6,856,800)
Total	(617,112)	(780,997)	-	-	(6,856,800)
Operating cost and expenses	(568,683)	(715,563)	-	-	(6,318,700)
Operating profit (loss)	¥ (48,429)	¥ (65,434)	-	-	\$ (538,100)

Consolidated

Net sales:

Unaffiliated customers	¥ 774,324	¥ 985,989	-	21.5	\$ 8,603,600
Intersegment	-	-	-	-	-
Total	774,324	985,989	-	21.5	8,603,600
Operating cost and expenses	714,335	856,723	-	16.6	7,937,056
Operating profit	¥ 59,989	¥ 129,266	-	53.6	\$ 666,544

Note: General corporate expenses of JPY40,962 million (U.S.\$455,134 thousand) and JPY52,608 million in the three months ended September 30, 2009 and 2008, respectively, are included in Corporate and Eliminations.

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

(2) SEGMENT INFORMATION BY GEOGRAPHIC AREA

<u>Results for the nine months</u>	Millions of yen			Thousands of U.S. dollars
	Nine months ended September 30, 2009	Nine months ended September 30, 2008	Change(%)	Nine months ended September 30, 2009
Japan				
Net sales:				
Unaffiliated customers	¥ 599,823	¥ 727,995	- 17.6	\$ 6,664,700
Intersegment	1,175,120	1,825,711	- 35.6	13,056,889
Total	1,774,943	2,553,706	- 30.5	19,721,589
Operating cost and expenses	1,586,340	2,006,853	- 21.0	17,626,000
Operating profit	¥ 188,603	¥ 546,853	- 65.5	\$ 2,095,589
Americas				
Net sales:				
Unaffiliated customers	¥ 602,836	¥ 864,796	- 30.3	\$ 6,698,178
Intersegment	871	2,863	- 69.6	9,678
Total	603,707	867,659	- 30.4	6,707,856
Operating cost and expenses	597,292	857,108	- 30.3	6,636,578
Operating profit	¥ 6,415	¥ 10,551	- 39.2	\$ 71,278
Europe				
Net sales:				
Unaffiliated customers	¥ 684,387	¥ 1,031,817	- 33.7	\$ 7,604,300
Intersegment	2,232	3,503	- 36.3	24,800
Total	686,619	1,035,320	- 33.7	7,629,100
Operating cost and expenses	665,856	1,017,045	- 34.5	7,398,400
Operating profit	¥ 20,763	¥ 18,275	+ 13.6	\$ 230,700
Others				

Net sales:

Unaffiliated customers	¥ 368,097	¥ 474,813	- 22.5	\$ 4,089,966
Intersegment	368,561	533,113	- 30.9	4,095,122
Total	736,658	1,007,926	- 26.9	8,185,088
Operating cost and expenses	709,348	967,827	- 26.7	7,881,644
Operating profit	¥ 27,310	¥ 40,099	- 31.9	\$ 303,444

Corporate and Eliminations

Net sales:

Unaffiliated customers	¥ -	¥ -	-	\$ -
Intersegment	(1,546,784)	(2,365,190)	-	(17,186,489)
Total	(1,546,784)	(2,365,190)	-	(17,186,489)
Operating cost and expenses	(1,428,620)	(2,209,661)	-	(15,873,556)
Operating profit (loss)	¥ (118,164)	¥ (155,529)	-	\$ (1,312,933)

Consolidated

Net sales:

Unaffiliated customers	¥ 2,255,143	¥ 3,099,421	- 27.2	\$ 25,057,144
Intersegment	-	-	-	-
Total	2,255,143	3,099,421	- 27.2	25,057,144
Operating cost and expenses	2,130,216	2,639,172	- 19.3	23,669,066
Operating profit	¥ 124,927	¥ 460,249	- 72.9	\$ 1,388,078

Note: General corporate expenses of JPY119,024 million (U.S.\$1,322,489 thousand) and JPY142,445 million in the nine months ended September 30, 2009 and 2008, respectively, are included in Corporate and Eliminations.

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

7. SIGNIFICANT CHANGES IN CANON INC. STOCKHOLDERS' EQUITY

None.

8. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES(1) GROUP POSITION

1. Number of Group Companies

	September 30, 2009	December 31, 2008	Change
Subsidiaries	240	245	(5)
Affiliates	15	18	(3)
Total	255	263	(8)

2. Change in Group Entities

Subsidiaries

Addition: 10 companies

Removal: 15 companies

Affiliates (Carried at Equity
Basis)

Addition: 1 company

Removal: 4 companies

3. Subsidiaries Listed on Domestic Stock Exchange

Tokyo Stock Exchange (1st section): Canon Marketing Japan Inc., Canon Electronics Inc., Canon Finetech Inc.

Tokyo Stock Exchange (2nd section): Canon Software Inc.

Osaka Securities Exchange (2nd section): Canon Machinery Inc.

JASDAQ: Tokki Corporation, Asia Pacific System Research Co., Ltd.

Osaka Securities Exchange (Hercules): e-System Corporation

(2) SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements reflect the adjustments which management believes are necessary to conform them with U.S. generally accepted accounting principles, except for the segment information, as required by FASB Accounting Standards Codification (ASC) 280, Segment Reporting (the provisions of which were previously included in SFAS131, Disclosures about Segments of an Enterprise and Related Information).

New Accounting Standard

Canon adopted FASB ASC810, Consolidations (the provisions of which were previously included in SFAS160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No.51) in the first quarter beginning January 1, 2009. Upon the adoption of ASC810, noncontrolling interests, which were previously referred to as minority interests and classified between total liabilities and stockholders' equity on the consolidated balance sheets, are now included as a separate component of total equity. In addition, consolidated net income on the consolidated

statements of income now includes the net income (loss) attributable to noncontrolling interests. These financial statement presentation requirements have been adopted retrospectively and prior year amounts in the consolidated financial statements including the consolidated statements of cash flows have been reclassified or adjusted to conform to ASC810.

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Canon Inc.
October 27, 2009

CONSOLIDATED FINANCIAL RESULTS FOR
THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2009
SUPPLEMENTARY REPORT
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This document 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, 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 document. 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.

Canon Inc.

1. SALES BY REGION AND PRODUCT

(Millions of yen)

	2009			2008			Change year over year		
	3rd quarter	YTD	Year (P)	3rd quarter	YTD	Year	3rd quarter	YTD	Year
Japan									
Business machines	119,055	370,790	-	138,398	447,882	607,015	-14.0%	-17.2%	-
Office imaging products	70,708	218,652	-	87,598	281,928	370,901	-19.3%	-22.4%	-
Computer peripherals	38,755	118,493	-	38,929	125,514	184,945	-0.4%	-5.6%	-
Business information products	9,592	33,645	-	11,871	40,440	51,169	-19.2%	-16.8%	-
Cameras	28,030	79,176	-	33,055	100,687	136,791	-15.2%	-21.4%	-
Optical and other products	14,778	54,779	-	25,518	95,001	124,474	-42.1%	-42.3%	-
Total	161,863	504,745	706,900	196,971	643,570	868,280	-17.8%	-21.6%	-18.6%
Overseas									
Business machines	369,706	1,055,566	-	512,604	1,592,114	2,053,004	-27.9%	-33.7%	-
Office imaging products	123,623	389,545	-	182,218	586,987	748,622	-32.2%	-33.6%	-
Computer peripherals	239,874	646,521	-	321,720	978,296	1,269,823	-25.4%	-33.9%	-
Business information products	6,209	19,500	-	8,666	26,831	34,559	-28.4%	-27.3%	-
Cameras	201,002	561,461	-	216,719	678,498	905,156	-7.3%	-17.2%	-

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Optical and other products	41,753	133,371	-	59,695	185,239	267,721	-30.1%	-28.0%	-
Total	612,461	1,750,398	2,493,100	789,018	2,455,851	3,225,881	-22.4%	-28.7%	-22.7%
Americas									
Business machines	141,990	397,236	-	196,036	587,150	759,864	-27.6%	-32.3%	-
Office imaging products	43,010	136,496	-	72,804	224,702	287,319	-40.9%	-39.3%	-
Computer peripherals	95,972	251,901	-	119,360	350,506	457,816	-19.6%	-28.1%	-
Business information products	3,008	8,839	-	3,872	11,942	14,729	-22.3%	-26.0%	-
Cameras	63,352	184,626	-	74,971	242,485	339,141	-15.5%	-23.9%	-
Optical and other products	12,170	37,510	-	15,113	41,934	55,566	-19.5%	-10.5%	-
Total	217,512	619,372	890,100	286,120	871,569	1,154,571	-24.0%	-28.9%	-22.9%
Europe									
Business machines	163,368	472,371	-	231,460	746,845	964,782	-29.4%	-36.8	