

CANON INC  
Form 6-K  
January 31, 2012

**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 **January**, **2012**,

**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            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     

[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)

Date . **January 30, 2012** .

By /s/ Masashiro Kobayashi  
(Signature)\*

Masashiro Kobayashi  
Deputy Senior General Manager  
Global Finance Accounting Center  
Canon Inc.

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

The following materials are included.

1. CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER AND THE FISCAL YEAR ENDED  
DECEMBER 31, 2011

## RESULTS FOR THE FOURTH QUARTER

### AND THE FISCAL YEAR ENDED DECEMBER 31, 2011

January 30, 2012

**CONSOLIDATED RESULTS**

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

|  | Actual                          |                                 |           | Projected                       |                                  |           |
|--|---------------------------------|---------------------------------|-----------|---------------------------------|----------------------------------|-----------|
|  | Year ended<br>December 31, 2011 | Year ended<br>December 31, 2010 | Change(%) | Year ended<br>December 31, 2011 | Year ending<br>December 31, 2012 | Change(%) |
| Net sales  | ¥ 3,557,433                     | ¥ 3,706,901                     | - 4.0     | \$ 45,608,115                   | ¥ 3,750,000                      | + 5.4     |
| Operating profit   | 378,071                         | 387,552                         | - 2.4     | 4,847,064                       | 390,000                          | + 3.2     |
| Income before income taxes   | 374,524                         | 392,863                         | - 4.7     | 4,801,590                       | 390,000                          | + 4.1     |
| Net income attributable to Canon Inc.                                | ¥ 248,630                       | ¥ 246,603                       | + 0.8     | \$ 3,187,564                    | ¥ 250,000                        | + 0.6     |
| <b>Net income attributable to Canon Inc. stockholders per share:</b> |                                 |                                 |           |                                 |                                  |           |
| - Basic  | ¥ 204.49                        | ¥ 199.71                        | + 2.4     | \$ 2.62                         | ¥ 208.07                         | + 1.8     |
| - Diluted  | 204.48                          | 199.70                          | + 2.4     | 2.62                            | -                                | -         |

|                                | Actual                        |                               |           |
|--------------------------------|-------------------------------|-------------------------------|-----------|
|                                | As of<br>December 31,<br>2011 | As of<br>December 31,<br>2010 | Change(%) |
| Total assets                   | ¥ 3,930,727                   | ¥ 3,983,820                   | - 1.3     |
| Canon Inc. stockholders equity | ¥ 2,551,132                   | ¥ 2,645,782                   | - 3.6     |

- 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 JPY 78= U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2011, solely for the convenience of the reader.

**NON-CONSOLIDATED RESULTS**

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

|                  | Actual                          |                                 |           |
|------------------|---------------------------------|---------------------------------|-----------|
|                  | Year ended<br>December 31, 2011 | Year ended<br>December 31, 2010 | Change(%) |
| Net sales        | ¥ 2,160,732                     | ¥ 2,317,043                     | - 6.7     |
| Operating profit | 246,914                         | 240,365                         | + 2.7     |
| Ordinary profit  | 282,052                         | 274,742                         | + 2.7     |

Edgar Filing: CANON INC - Form 6-K

|                              |                  |           |        |                     |
|------------------------------|------------------|-----------|--------|---------------------|
| <b>Net income</b>            | <b>¥ 173,201</b> | ¥ 152,498 | + 13.6 | <b>\$ 2,220,526</b> |
| <b>Net income per share:</b> |                  |           |        |                     |
| - Basic                      | ¥ 142.45         | ¥ 123.50  | + 15.3 | \$ 1.83             |
| - Diluted                    | 142.45           | 123.49    | + 15.4 | 1.83                |
| <b>Dividend per share</b>    | <b>120.00</b>    | 120.00    | -      | <b>1.54</b>         |

|                     | As of<br>December 31,<br>2011 | Actual<br>As of<br>December 31, 2010 | Change(%) | As of<br>December 31,<br>2011 |
|---------------------|-------------------------------|--------------------------------------|-----------|-------------------------------|
| <b>Total assets</b> | <b>¥ 2,511,608</b>            | ¥ 2,603,429                          | - 3.5     | <b>\$ 32,200,103</b>          |
| <b>Net assets</b>   | <b>¥ 1,729,096</b>            | ¥ 1,811,901                          | - 4.6     | <b>\$ 22,167,897</b>          |

Note: U.S. dollar amounts are translated from yen at the rate of JPY 78= U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2011, solely for the convenience of the reader.

Canon Inc.  
Headquarter office

30-2, Shimomaruko 3-chome, Ohta-ku,  
Tokyo 146-8501, Japan  
Phone: +81-3-3758-2111

# I. Operating Results and Financial Conditions

## 2011 in Review

Looking back at the global economy in 2011, amid increasing uncertainty in the second half of the year as the pace of recovery decelerated due to economic downswings in the United States and Europe, the economy as a whole continued to grow moderately, driven by emerging economies. In the United States, a lack of improvement in employment conditions and housing problems led to a lower rate of growth, while in Europe, the sovereign debt crisis had an impact on the real economy, which led to a noticeable slowdown in recovery. Emerging markets, such as China and India, maintained a high rate of growth amid concerns over the effects of tight monetary policies. In Japan, severe circumstances persisted following the Great East Japan Earthquake in March and, just as production activities began showing signs of recovery, Thailand was hit with massive flooding in October, resulting in a slowdown of the economy.

As for the markets in which Canon operates amid these conditions, within the office equipment market, demand for color network digital multifunction devices (MFDs) showed growth in all regions around the globe. As for laser printers, while robust demand in emerging markets fueled growth, European markets cooled off in the second half of the year. Within the consumer products market, demand for digital single-lens reflex (SLR) cameras continued to display healthy growth across global markets while demand for compact digital cameras grew in emerging nations but remained sluggish in developed countries. Overall demand for inkjet printers remained relatively unchanged owing to the steady growth of emerging economies. In the industry and others market, despite somewhat restrained investment in semiconductor lithography equipment used to manufacture DRAM memory devices, the market recorded robust growth overall. As for liquid crystal display (LCD) lithography equipment, despite solid demand for equipment to manufacture mid- and small-size LCD panels used in smartphones, demand for equipment used to manufacture large-size LCD panels remained sluggish.

The average value of the yen during the year was ¥79.55 against the U.S. dollar, a year-on-year appreciation of approximately ¥8, and ¥110.72 against the euro, a year-on-year appreciation of approximately ¥4.

Owing to the historically high valuation of the yen combined with the effects of the earthquake and floods, all of Canon's businesses faced extremely demanding conditions throughout the year. Amid this harsh environment, Group-wide efforts to swiftly restore production in the aftermath of the disasters, coupled with efforts to maximize production and boost sales, led to net sales for the year totaling ¥3,557.4 billion (U.S.\$45,608 million), a year-on-year decline of just 4.0%. Despite the significant negative impact of the strong yen and the effects of the earthquake and floods, the gross profit ratio rose 0.7 points year on year to 48.8%, thanks to the further acceleration of production innovation activities. Gross profit, however, decreased by 2.6% to ¥1,736.8 billion (U.S.\$22,266 million) for the year. Operating expenses totaled ¥1,358.7 billion (U.S.\$17,419 million), a decrease of 2.6%, owing to thorough spending cuts across the Canon Group implemented after the earthquake to control expenses more efficiently. Cost-reduction and expense-cutting activities contributed to further reinforcing the company's financial structure, which helped make up for the significant drop in revenue in the first half of the year mainly triggered by the earthquake, while also absorbing the financial impact of the strong yen and the floods in the second half of the year. As a result, operating profit dipped 2.4% to ¥378.1 billion (U.S.\$4,847 million) for the year and other income (deductions) declined ¥8.9 billion (U.S.\$114 million), mainly due to foreign currency exchange losses, leading to income before income taxes of ¥374.5 billion (U.S.\$4,802 million), a decrease of 4.7% year on year. Net income attributable to Canon Inc., however, grew by 0.8% to ¥248.6 billion (U.S.\$3,188 million) for the year owing to the lower effective income tax rate compared with the previous year.

Basic net income attributable to Canon Inc. stockholders per share for the year was ¥204.49 (U.S.\$2.62), an increase of ¥4.78 (U.S.\$0.06) from the year-ago period.

---

**Results by Segment**

Looking at Canon's quarterly performance by business sector, within the Office Business Unit, amid the continued hearty demand for color network digital MFDs, such as the imageRUNNER ADVANCE C5000/C2000-series models, efforts to restore production following the earthquake led to increased sales volumes of color and monochrome network digital MFDs compared with the previous year. Sales of imagePRESS C7010VPS-series color MFDs for production printing, the first machines to be jointly developed by Canon and Océ, gained momentum and contributed to increased unit sales of production printing devices. As for laser printers, while booming demand in emerging economies fueled steady unit sales growth of primarily monochrome models in the first half of the year, demand slowed in the second half, mainly in European markets. Additionally, the appreciation of the yen also significantly impacted sales for the segment, which totaled ¥1,917.9 billion (U.S.\$24,589 million), a decline of 3.5% year on year, while operating profit decreased by 11.6% to ¥259.3 billion (U.S.\$3,324 million) for the year.

Within the Consumer Business Unit, although Canon was affected by supply shortages caused by the quake and flooding, efforts to ramp up production and boost sales in response to robust demand resulted in significant increases in year-on-year sales volumes for such digital SLR cameras as the competitively priced EOS Digital Rebel T3i/T2i/T3, along with the EOS 5D Mark II and the new EOS 60D advanced-amateur models. As for compact digital cameras, while such models as the PowerShot ELPH 100 HS/300 HS, PowerShot SX230 HS and PowerShot ELPH 310 HS recorded healthy sales, unit sales for the year declined due to sluggish markets in developed countries and the impact on production following the earthquake and floods. With respect to inkjet printers, although the floods in Thailand had a negative impact on production, unit sales increased year on year, largely owing to growth in emerging markets. As a result, sales for the segment, which were also negatively affected by the strong yen, dropped 5.7% year on year to ¥1,312.0 billion (U.S.\$16,821 million) while operating profit decreased by 11.2% to ¥211.3 billion (U.S.\$2,709 million).

In the Industry and Others Business Unit, i-line steppers recorded healthy sales thanks to active investment in semiconductor lithography equipment for the manufacture of digital semiconductor devices, which are used in smartphones and environmentally friendly products. Unit sales of LCD lithography equipment, on the other hand, dropped substantially in the face of shrinking demand for equipment used in the production of large-size panels, an area in which Canon is particularly strong. Additionally, sales of equipment used to manufacture organic LED panels, which apply vacuum technologies, increased owing to active investment by organic LED panel manufacturers. Consequently, sales for the segment totaled ¥420.9 billion (U.S.\$5,396 million), down 2.8%, and operating profit totaled ¥24.3 billion (U.S.\$312 million), achieving a turnaround from the year-ago period largely owing to the improvement of the gross profit ratio.

**Cash Flow**

During 2011, efforts to optimize inventory levels in order to avoid losing potential sales opportunities while simultaneously increasing flexibility in response to unexpected risks and events resulted in cash flow from operating activities of ¥469.6 billion (U.S.\$6,020 million), a decrease of ¥274.9 billion (U.S.\$3,524 million) from the previous year. Cash flow from investing activities decreased ¥85.6 billion (U.S.\$1,097 million) year on year, mainly as a result of corporate acquisition conducted in the previous year, totaling ¥256.6 billion (U.S.\$3,289 million). Accordingly, free cash flow totaled ¥213.0 billion (U.S.\$2,731 million), a decrease of ¥189.3 billion (U.S.\$2,426 million) from the previous year.

Cash flow from financing activities recorded an outlay of ¥257.5 billion (U.S.\$3,301 million), mainly arising from the dividend payout and the repurchase of treasury stock. Consequently, cash and cash equivalents decreased by ¥67.4 billion (U.S.\$863 million) to ¥773.2 billion (U.S.\$9,913 million) from the end of the previous year, including negative foreign currency translation adjustments.

**Non-consolidated Results**

Non-consolidated net sales totaled ¥2,160.7 billion (U.S.\$27,702 million), a year-on-year decline of 6.7%, while ordinary profit rose 2.7% to ¥282.1 billion (U.S.\$3,616 million) and net income increased by 13.6% to ¥173.2 billion (U.S.\$2,221 million), results made possible through the aggressive promotion of cost-reduction and expense-cutting activities.

---

## Outlook

As for the outlook in 2012, the future remains increasingly uncertain amid growing concern over a global economic slowdown due to a lack of progress in resolving the euro debt crisis. In the United States, barring any radical improvement in unemployment conditions and housing problems, the economy is expected to realize only moderate growth. In Europe, the top priority is to contain the debt crisis with the economy expected to be stagnant for the time being. Emerging economies, such as China and India, are expected to maintain high rates of growth although exports and investment will likely decline somewhat. In Japan, forecasts call for rising reconstruction demand in the wake of the Great East Japan Earthquake with the economy expected to gradually move toward recovery amid ongoing challenges.

In the businesses in which Canon is involved, within the office equipment market, despite concerns over negative effects arising from stagnant economies mainly in Europe, demand for such products as network digital MFDs and laser printers is projected to realize solid growth. With respect to the consumer products market, while solid demand for digital SLR cameras is expected in all regions around the globe, demand for compact digital cameras is projected to remain relatively unchanged in developed countries. As for inkjet printer markets, amid concerns over the business sentiment in Europe and other developed countries, demand overall is expected to stay around the same level as the year just ended. In the industry and others market, while solid demand is expected to continue for i-line steppers, a segment in which Canon excels, demand for lithography equipment used to produce large-size LCD panels will likely remain sluggish amid restrained investment among large-size LCD panel manufacturers.

With regard to currency exchange rates for the year, on which Canon's performance outlook is based, despite the uncertainty over such factors as the euro debt crisis, along with future interest rate policies and the economic environment for major countries, Canon anticipates exchange rates of ¥75 to the U.S. dollar and ¥100 to the euro, representing appreciations of approximately ¥5 against the U.S. dollar, and approximately ¥11 against the euro compared with the previous year. Upon taking into consideration these foreign exchange rate assumptions and current economic forecasts, Canon projects full-year consolidated net sales in 2012 of ¥3,750.0 billion (U.S.\$48,077 million), a year-on-year increase of 5.4%; operating profit of ¥390.0 billion (U.S.\$5,000 million), a year-on-year increase of 3.2%; income before income taxes of ¥390.0 billion (U.S.\$5,000 million), a year-on-year increase of 4.1%; and net income attributable to Canon Inc. of ¥250.0 billion (U.S.\$3,205 million), a year-on-year increase of 0.6%.

## Basic Policy Regarding Profit Distribution and Dividends for the Current Fiscal Year

Canon is being more proactive in returning profits to shareholders, mainly in the form of a dividend, taking into consideration mid-term profit forecasts, planned future investments, cash flow and other factors.

In 2011, despite the harsh business environment characterized by the historically strong yen combined with the impact of the quake and floods, Canon was able to achieve net income growth. Additionally, thanks to comprehensive cash flow management, the company realized adequate cash on hand. In light of this situation, Canon plans to distribute a full-year dividend totaling ¥120.00 (U.S.\$1.54) per share (interim dividend of ¥60.00 [U.S.\$0.77] per share [already distributed], and year-end dividend of ¥60.00 [U.S.\$0.77] per share), the same amount on an annual basis as was distributed the previous year.

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, plan, project or 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.

## II. Management Policy

### (1) Basic Policy

Under the corporate philosophy of *kyosei* living and working together for the common good Canon's basic management policy is to contribute to the prosperity and well-being of the world while endeavoring to become a truly excellent global corporation targeting continued growth and development.

### (2) Management Goals

Based on this basic management policy, Canon launched the Excellent Global Corporation Plan in 1996. Through Phases I, II and III, Canon worked to build a solid management base.

In 2011, Canon embarked on a new five-year plan, Phase IV of the Excellent Global Corporation Plan, under the slogan "Aiming for the Summit! Speed & Sound Growth."

The global economy's engine of growth has largely shifted from developed countries to emerging countries, which is expected to lead to volatility in the business environment. Canon will take advantage of these dramatic changes and will again tackle the challenge of achieving sound growth through timely transformations tailored to the changes of the times.

In particular, the Company is focusing on the following six important management objectives.

- 1) Achieving the overwhelming No. 1 position in all core businesses and expanding related and peripheral businesses
  - 2) Developing new business through globalized diversification and establishing the Three Regional Headquarters management system
  - 3) Establishing a world-leading globally optimized production system
  - 4) Comprehensively reinforcing global sales capabilities
  - 5) Building the foundations of an environmentally advanced corporation
  - 6) Imparting a corporate culture, and cultivating human resources befitting a truly excellent global company
- By realizing these strategies, we aim to achieve net sales of more than ¥5 trillion, an operating profit ratio of more than 20%, a net income ratio of more than 10%, and a shareholders' equity ratio of more than 75% by 2015, the final year of Phase IV. In this way, we will again aim to realize our goal of joining the ranks of the world's top 100 companies in terms of all major management indicators.

2011 was a year in which Canon was severely tested by successive challenges, such as the Great East Japan Earthquake; a slowdown in the economic recovery, particularly in the U.S. and Europe; the historically high valuation of the yen; and massive flooding in Thailand. Although conditions are expected to continue to make it difficult to be optimistic about the future business environment, the Canon Group remains singularly focused on vigorously working towards achieving its Phase IV goals.

### (3) Business Challenges and Countermeasures

In 2012, the second year of Phase IV (2011–2015) of our Excellent Global Corporation Plan, Canon aims to again return to a path of growth, overcoming such challenges as the earthquake and flooding. The Company's basic policy for this year is to pursue fundamental reforms, embracing the challenging environment as an opportunity to leap forward. Under this theme, we will construct a solid foundation for growth as a means to accomplish our Phase IV goals.



## Edgar Filing: CANON INC - Form 6-K

In order to achieve our targets, Canon has set and will actively pursue the following eight priority goals.

1. Thoroughly Boost the Competitiveness of Current Core Products

Refining and further accelerating development and design capabilities with the aid of information technologies in order to make possible the planning and timely launch of exceptional products and services that are unmatched by the competition. Focusing on the creation of products and services that integrate cloud computing to quickly seize business opportunities in this new era.

2. Successfully Launch and Expand New Businesses

Carving out new business segments through the launch of strategic products such as DreamLabo and the Cinema EOS System. As for the practical application of promising new technologies, Canon aims to realize their early commercialization and will actively make use of M&A opportunities as needed.

3. Thoroughly Strengthen Sales Capacity in Accordance with Market Characteristics

Expanding market share in developed countries and expanding profits by strengthening direct sales of group companies, solutions, and service businesses. In emerging countries, Canon aims to achieve sales growth that exceeds the pace of market growth by realizing sales methods and systems tailored to the actual market conditions in each country.

4. Relentlessly Pursue Cost Reductions while Accelerating the Optimization of Global Production

Continuing to pursue the strategies we have implemented to date, such as automated production and in-house production, and exploring cost-reduction methods based on new ideas and innovative technologies. In addition, Canon will work to minimize transportation costs while, at the same time, strive to position manufacturing bases and allocate production in ways that minimize costs and risks from a comprehensive perspective, taking into account all possible factors such as exchange rates, tax policies, labor costs, procurement and logistics.

5. Establish an R&D Structure and Cultivate Technologies that will Open Future Possibilities

Establishing R&D centers in the U.S. and Europe with the aim of creating continuous innovation in concert with efforts in Japan. In addition, cultivating basic technologies in the medical and industrial equipment fields, areas positioned as next-generation business domains.

6. Achieve Total Optimization of Company-Wide Business Processes

Thoroughly utilizing Canon's company-wide integrated IT systems, pursuing total optimization of all business processes, including development, production, sales and service.

7. Further Instill a Commitment to Quality First

Targeting the elimination of quality problems by advancing the methods used to manage material defects and working to thoroughly embed quality from the upstream stages of product planning and design.

8. Strengthen Foundation as an Excellent Company

Strengthening global management functions and cultivating human resources to lead these reforms. Promoting thorough compliance and executing the Canon Environmental Vision based on the newly drafted Canon Group CSR Activity Policy.

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

**III. Financial Statements****I. CONSOLIDATED BALANCE SHEETS**

|  | As of<br>December 31,<br>2011 | Millions of yen<br>As of<br>December 31,<br>2010 | Change           | Thousands of<br>U.S. dollars<br>As of<br>December 31,<br>2011 |
|--|-------------------------------|--|------------------|---|
| <b>ASSETS</b>  |                               |  |                  |   |
| Current assets:  |                               |  |                  |   |
| Cash and cash equivalents                              | ¥ 773,227                     | ¥ 840,579  | ¥ (67,352)       | \$ 9,913,167  |
| Short-term investments                                 | 125,517                       | 96,815   | 28,702           | 1,609,192   |
| Trade receivables, net                                 | 533,208                       | 557,504  | (24,296)         | 6,836,000   |
| Inventories  | 476,704                       | 384,777  | 91,927           | 6,111,590   |
| Prepaid expenses and other current assets              | 244,649                       | 250,754  | (6,105)          | 3,136,525   |
| <b>Total current assets</b>                            | <b>2,153,305</b>              | <b>2,130,429</b>                                 | <b>22,876</b>    | <b>27,606,474</b>   |
| Noncurrent receivables                                 | 16,772                        | 16,771   | 1                | 215,026   |
| Investments  | 51,790                        | 81,529   | (29,739)         | 663,974   |
| Property, plant and equipment, net                     | 1,190,836                     | 1,201,968  | (11,132)         | 15,267,128  |
| Intangible assets, net                                 | 138,030                       | 153,021  | (14,991)         | 1,769,615   |
| Other assets   | 379,994                       | 400,102  | (20,108)         | 4,871,719   |
| <b>Total assets</b>                                    | <b>¥ 3,930,727</b>            | <b>¥ 3,983,820</b>                               | <b>¥(53,093)</b> | <b>\$ 50,393,936</b>  |
| <b>LIABILITIES AND EQUITY</b>                          |                               |  |                  |   |
| Current liabilities:                                   |                               |  |                  |   |
| Short-term loans and current portion of long-term debt | ¥ 8,343                       | ¥ 7,200  | ¥ 1,143          | \$ 106,962  |
| Trade payables   | 380,532                       | 383,251  | (2,719)          | 4,878,615   |
| Accrued income taxes                                   | 45,900                        | 72,482   | (26,582)         | 588,462   |
| Accrued expenses                                       | 299,422                       | 299,710  | (288)            | 3,838,744   |
| Other current liabilities                              | 159,651                       | 134,298  | 25,353           | 2,046,807   |
| <b>Total current liabilities</b>                       | <b>893,848</b>                | <b>896,941</b>                                   | <b>(3,093)</b>   | <b>11,459,590</b>   |
| Long-term debt, excluding current installments         | 3,368                         | 4,131  | (763)            | 43,179  |
| Accrued pension and severance cost                     | 249,604                       | 197,609  | 51,995           | 3,200,051   |
| Other noncurrent liabilities                           | 70,240                        | 75,502   | (5,262)          | 900,513   |
| <b>Total liabilities</b>                               | <b>1,217,060</b>              | <b>1,174,183</b>                                 | <b>42,877</b>    | <b>15,603,333</b>   |
| Equity:  |                               |  |                  |   |
| Canon Inc. stockholders' equity:                       |                               |  |                  |   |
| Common stock   | 174,762                       | 174,762  | -                | 2,240,538   |
| Additional paid-in capital                             | 401,572                       | 400,425  | 1,147            | 5,148,359   |
| Legal reserve  | 59,004                        | 57,930   | 1,074            | 756,462   |
| Retained earnings                                      | 3,059,298                     | 2,965,237  | 94,061           | 39,221,769  |
| Accumulated other comprehensive income (loss)          | (481,773)                     | (390,459)  | (91,314)         | (6,176,577)   |
| Treasury stock, at cost                                | (661,731)                     | (562,113)  | (99,618)         | (8,483,730)   |

Edgar Filing: CANON INC - Form 6-K

|                                       |                    |             |            |                      |
|---------------------------------------|--------------------|-------------|------------|----------------------|
| Total Canon Inc. stockholders' equity | <b>2,551,132</b>   | 2,645,782   | (94,650)   | <b>32,706,821</b>    |
| Noncontrolling interests              | <b>162,535</b>     | 163,855     | (1,320)    | <b>2,083,782</b>     |
| Total equity                          | <b>2,713,667</b>   | 2,809,637   | (95,970)   | <b>34,790,603</b>    |
| Total liabilities and equity          | <b>¥ 3,930,727</b> | ¥ 3,983,820 | ¥ (53,093) | <b>\$ 50,393,936</b> |

Millions of yen

Thousands of  
U.S. dollars

**As of  
December  
31,  
2011**

As of  
December 31,  
2010

**As of  
December 31,  
2011**

Notes:

|   |                  |           |                    |
|---|------------------|-----------|--------------------|
| 1. Allowance for doubtful receivables             | <b>¥ 11,563</b>  | ¥ 14,920  | <b>\$ 148,244</b>  |
| 2. Accumulated depreciation                       | <b>2,038,682</b> | 1,909,703 | <b>26,136,949</b>  |
| 3. Accumulated other comprehensive income (loss): |                  |           |                    |
| Foreign currency translation adjustments          | <b>(378,863)</b> | (325,612) | <b>(4,857,218)</b> |
| Net unrealized gains and losses on securities     | <b>1,003</b>     | 3,020     | <b>12,859</b>      |
| Net gains and losses on derivative instruments    | <b>455</b>       | 917       | <b>5,833</b>       |
| Pension liability adjustments                     | <b>(104,368)</b> | (68,784)  | <b>(1,338,051)</b> |

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

2. CONSOLIDATED STATEMENTS OF INCOME

|   | Millions of yen                      |                                      |           | Thousands of U.S. dollars            |  |
|---|--------------------------------------|--------------------------------------|-----------|--------------------------------------|--|
|   | Three months ended December 31, 2011 | Three months ended December 31, 2010 | Change(%) | Three months ended December 31, 2011 |  |
| <b><u>Results for the fourth quarter</u></b>              |                                      |                                      |           |                                      |  |
| Net sales   | ¥ 964,757                            | ¥ 1,067,866                          | - 9.7     | \$ 12,368,679                        |  |
| Cost of sales   | 505,236                              | 575,620                              |           | 6,477,384                            |  |
| Gross profit  | 459,521                              | 492,246                              | - 6.6     | 5,891,295                            |  |
| Operating expenses:                                       |                                      |                                      |           |                                      |  |
| Selling, general and administrative expenses              | 281,269                              | 323,481                              |           | 3,606,013                            |  |
| Research and development expenses                         | 83,642                               | 85,918                               |           | 1,072,333                            |  |
|   | 364,911                              | 409,399                              |           | 4,678,346                            |  |
| Operating profit  | 94,610                               | 82,847                               | + 14.2    | 1,212,949                            |  |
| Other income (deductions):                                |                                      |                                      |           |                                      |  |
| Interest and dividend income                              | 2,616                                | 1,735                                |           | 33,538                               |  |
| Interest expense  | (161)                                | (771)                                |           | (2,064)                              |  |
| Other, net  | (4,465)                              | (1,277)                              |           | (57,244)                             |  |
|   | (2,010)                              | (313)                                |           | (25,770)                             |  |
| Income before income taxes                                | 92,600                               | 82,534                               | + 12.2    | 1,187,179                            |  |
| Income taxes  | 28,423                               | 26,281                               |           | 364,397                              |  |
| Consolidated net income                                   | 64,177                               | 56,253                               |           | 822,782                              |  |
| Less: Net income attributable to noncontrolling interests | 2,734                                | 2,294                                |           | 35,051                               |  |
| Net income attributable to Canon Inc.                     | ¥ 61,443                             | ¥ 53,959                             | + 13.9    | \$ 787,731                           |  |

Note: Consolidated comprehensive income for the three months ended December 31, 2011 and 2010 was JPY 28,920 million (U.S.\$ 370,769 thousand) and JPY 12,227 million, respectively.

|   | Millions of yen              |                              |           | Thousands of U.S. dollars    |  |
|---|------------------------------|------------------------------|-----------|------------------------------|--|
|   | Year ended December 31, 2011 | Year ended December 31, 2010 | Change(%) | Year ended December 31, 2011 |  |
| <b><u>Results for the fiscal year</u></b> |                              |                              |           |                              |  |
| Net sales                                 | ¥ 3,557,433                  | ¥ 3,706,901                  | - 4.0     | \$ 45,608,115                |  |
| Cost of sales                             | 1,820,670                    | 1,923,813                    |           | 23,341,923                   |  |
| Gross profit                              | 1,736,763                    | 1,783,088                    | - 2.6     | 22,266,192                   |  |

Edgar Filing: CANON INC - Form 6-K

|   |                  |           |       |                     |
|---|------------------|-----------|-------|---------------------|
| Operating expenses:                                       |                  |           |       |                     |
| Selling, general and administrative expenses              | <b>1,050,892</b> | 1,079,719 |       | <b>13,472,974</b>   |
| Research and development expenses                         | <b>307,800</b>   | 315,817   |       | <b>3,946,154</b>    |
|   | <b>1,358,692</b> | 1,395,536 |       | <b>17,419,128</b>   |
| Operating profit  | <b>378,071</b>   | 387,552   | - 2.4 | <b>4,847,064</b>    |
| Other income (deductions):                                |                  |           |       |                     |
| Interest and dividend income                              | <b>8,432</b>     | 6,022     |       | <b>108,103</b>      |
| Interest expense  | <b>(988)</b>     | (1,931)   |       | <b>(12,667)</b>     |
| Other, net  | <b>(10,991)</b>  | 1,220     |       | <b>(140,910)</b>    |
|   | <b>(3,547)</b>   | 5,311     |       | <b>(45,474)</b>     |
| Income before income taxes                                | <b>374,524</b>   | 392,863   | - 4.7 | <b>4,801,590</b>    |
| Income taxes  | <b>120,415</b>   | 140,160   |       | <b>1,543,782</b>    |
| Consolidated net income                                   | <b>254,109</b>   | 252,703   |       | <b>3,257,808</b>    |
| Less: Net income attributable to noncontrolling interests | <b>5,479</b>     | 6,100     |       | <b>70,244</b>       |
| Net income attributable to Canon Inc.                     | <b>¥ 248,630</b> | ¥ 246,603 | + 0.8 | <b>\$ 3,187,564</b> |

Note: Consolidated comprehensive income for the year ended December 31, 2011 and 2010 was JPY 159,081 million (U.S.\$ 2,039,500 thousand) and JPY 117,079 million, respectively.

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

3. DETAILS OF SALES

| <u>Results for the fourth quarter</u><br>Sales by business unit | Millions of yen    |                    |           | Thousands of U.S. dollars |               |
|---|--------------------|--------------------|-----------|---------------------------|---------------|
|   | Three months ended | Three months ended | Change(%) | Three months ended        |               |
|   | December 31, 2011  | December 31, 2010  |           | December 31, 2011         |               |
| Office  | ¥ 498,341          | ¥ 549,277          | -         | 9.3                       | \$ 6,388,987  |
| Consumer  | 372,765            | 412,240            | -         | 9.6                       | 4,779,038     |
| Industry and Others   | 114,030            | 131,926            | -         | 13.6                      | 1,461,923     |
| Eliminations  | (20,379)           | (25,577)           | -         | -                         | (261,269)     |
| Total   | ¥ 964,757          | ¥ 1,067,866        | -         | 9.7                       | \$ 12,368,679 |

| Sales by region  | Millions of yen    |                    |           | Thousands of U.S. dollars |               |
|------------------|--------------------|--------------------|-----------|---------------------------|---------------|
|                  | Three months ended | Three months ended | Change(%) | Three months ended        |               |
|                  | December 31, 2011  | December 31, 2010  |           | December 31, 2011         |               |
| Japan            | ¥ 201,320          | ¥ 198,169          | +         | 1.6                       | \$ 2,581,026  |
| Overseas:        |                    |                    |           |                           |               |
| Americas         | 274,304            | 302,110            | -         | 9.2                       | 3,516,718     |
| Europe           | 290,648            | 342,815            | -         | 15.2                      | 3,726,256     |
| Asia and Oceania | 198,485            | 224,772            | -         | 11.7                      | 2,544,679     |
|                  | 763,437            | 869,697            | -         | 12.2                      | 9,787,653     |
| Total            | ¥ 964,757          | ¥ 1,067,866        | -         | 9.7                       | \$ 12,368,679 |

| <u>Results for the fiscal year</u><br>Sales by business unit | Millions of yen   |                   |           | Thousands of U.S. dollars |               |
|--|-------------------|-------------------|-----------|---------------------------|---------------|
|  | Year ended        | Year ended        | Change(%) | Year ended                |               |
|  | December 31, 2011 | December 31, 2010 |           | December 31, 2011         |               |
| Office   | ¥ 1,917,943       | ¥ 1,987,269       | -         | 3.5                       | \$ 24,589,013 |
| Consumer   | 1,312,044         | 1,391,327         | -         | 5.7                       | 16,821,077    |
| Industry and Others  | 420,863           | 432,958           | -         | 2.8                       | 5,395,679     |
| Eliminations   | (93,417)          | (104,653)         | -         | -                         | (1,197,654)   |
| Total  | ¥ 3,557,433       | ¥ 3,706,901       | -         | 4.0                       | \$ 45,608,115 |

| Sales by region | Millions of yen   |                   |           | Thousands of U.S. dollars |  |
|-----------------|-------------------|-------------------|-----------|---------------------------|--|
|                 | Year ended        | Year ended        | Change(%) | Year ended                |  |
|                 | December 31, 2011 | December 31, 2010 |           | December 31, 2011         |  |

Edgar Filing: CANON INC - Form 6-K

|                  |             |             |   |     |               |
|------------------|-------------|-------------|---|-----|---------------|
| Japan            | ¥ 694,450   | ¥ 695,749   | - | 0.2 | \$ 8,903,205  |
| Overseas:        |             |             |   |     |               |
| Americas         | 961,955     | 1,023,299   | - | 6.0 | 12,332,756    |
| Europe           | 1,113,065   | 1,172,474   | - | 5.1 | 14,270,064    |
| Asia and Oceania | 787,963     | 815,379     | - | 3.4 | 10,102,090    |
|                  | 2,862,983   | 3,011,152   | - | 4.9 | 36,704,910    |
| Total            | ¥ 3,557,433 | ¥ 3,706,901 | - | 4.0 | \$ 45,608,115 |

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

Office Office network digital multifunction devices (MFDs) / Color network digital MFDs / Personal-use network digital MFDs / Office copying machines / Full-color copying machines / Personal-use copying machines / Laser printers / Large format inkjet printers / Digital production printers

Consumer Digital SLR cameras / Compact digital cameras / Interchangeable lenses / Digital video camcorders / Inkjet multifunction printers / Single function inkjet printers / Image scanners / Broadcast equipment / Calculators

Industry and Others Semiconductor lithography equipment / LCD lithography equipment / Medical image recording equipment / Ophthalmic products / Magnetic heads / Micromotors / Computers / Handy terminals / Document scanners

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

Americas

: United States of America, Canada, Latin American countries / Europe: United Kingdom, Germany, France, Netherlands /

Asia and Oceania

: China, Asian countries, Australia



## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

4. CONSOLIDATED STATEMENTS OF EQUITY

Millions of yen

|  | Common<br>Stock | Additional<br>paid-in capital | Legal<br>reserve | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income<br>(loss) | Treasury stock | Total Canon<br>Inc.<br>stockholders<br>equity | Noncontrolling<br>interests | Total equity     |
|--|-----------------|-------------------------------|------------------|----------------------|---|----------------|---|-----------------------------|------------------|
| Balance at<br>December 31, 2009  | ¥ 174,762       | ¥ 404,293                     | ¥ 54,687         | ¥ 2,871,437          | ¥ (260,818)   | ¥ (556,252)    | ¥ 2,688,109                                   | ¥ 191,291                   | ¥ 2,879,400      |
| Acquisition of<br>subsidiaries   |                 |                               |                  |                      |   |                |   | 19,168                      | 19,168           |
| Equity transactions<br>with noncontrolling<br>interests and other              |                 | (3,787)                       |                  | (13,453)             | (680)   | 55,250         | 37,330  | (43,214)                    | (5,884)          |
| Dividends paid to<br>Canon Inc.<br>stockholders                                |                 |                               |                  | (136,103)            |   |                | (136,103)                                     |                             | (136,103)        |
| Dividends paid to<br>noncontrolling<br>interests                               |                 |                               |                  |                      |   |                |   | (2,827)                     | (2,827)          |
| Transfers to legal<br>reserve  |                 |                               | 3,243            | (3,243)              |   |                | -   |                             | -                |
| Comprehensive<br>income:   |                 |                               |                  |                      |   |                |   |                             |                  |
| Net income   |                 |                               |                  | 246,603              |   |                | 246,603                                       | 6,100                       | 252,703          |
| Other<br>comprehensive<br>income (loss), net<br>of tax                         |                 |                               |                  |                      |   |                |   |                             |                  |
| Foreign currency<br>translation<br>adjustments                                 |                 |                               |                  |                      | (122,667)   |                | (122,667)                                     | (4,251)                     | (126,918)        |
| Net unrealized<br>gains and losses on<br>securities                            |                 |                               |                  |                      | (222)   |                | (222)   | 76                          | (146)            |
| Net gains and losses<br>on derivative<br>instruments                           |                 |                               |                  |                      | 833   |                | 833   | (66)                        | 767              |
| Pension liability<br>adjustments   |                 |                               |                  |                      | (6,905)   |                | (6,905)                                       | (2,422)                     | (9,327)          |
| Total<br>comprehensive<br>income (loss)  |                 |                               |                  |                      |   |                | 117,642                                       | (563)                       | 117,079          |
| Repurchase of<br>treasury stock, net   |                 | (81)                          |                  | (4)                  |   | (61,111)       | (61,196)                                      |                             | (61,196)         |
| Balance at<br>December 31, 2010  | ¥ 174,762       | ¥ 400,425                     | ¥ 57,930         | ¥ 2,965,237          | ¥ (390,459)   | ¥ (562,113)    | ¥ 2,645,782                                   | ¥ 163,855                   | ¥ 2,809,637      |
| <b>Equity<br/>transactions with<br/>noncontrolling<br/>interests and other</b> |                 | <b>1,193</b>                  |                  | <b>(609)</b>         |   |                | <b>584</b>                                    | <b>(247)</b>                | <b>337</b>       |
| <b>Dividends paid to<br/>Canon Inc.<br/>stockholders</b>                       |                 |                               |                  | <b>(152,784)</b>     |   |                | <b>(152,784)</b>                              |                             | <b>(152,784)</b> |
| <b>Dividends paid to<br/>noncontrolling<br/>interests</b>                      |                 |                               |                  |                      |   |                |   | <b>(2,838)</b>              | <b>(2,838)</b>   |

Edgar Filing: CANON INC - Form 6-K

|  |           |           |          |             |             |             |             |           |             |
|--|-----------|-----------|----------|-------------|-------------|-------------|-------------|-----------|-------------|
| Transfers to legal reserve                     |           |           | 1,074    | (1,074)     |             |             | -           |           | -           |
| Comprehensive income:                          |           |           |          |             |             |             |             |           |             |
| Net income                                     |           |           |          | 248,630     |             |             | 248,630     | 5,479     | 254,109     |
| Other comprehensive income (loss), net of tax  |           |           |          |             |             |             |             |           |             |
| Foreign currency translation adjustments       |           |           |          | (53,251)    |             |             | (53,251)    | (835)     | (54,086)    |
| Net unrealized gains and losses on securities  |           |           |          | (2,017)     |             |             | (2,017)     | (99)      | (2,116)     |
| Net gains and losses on derivative instruments |           |           |          | (462)       |             |             | (462)       | 13        | (449)       |
| Pension liability adjustments                  |           |           |          | (35,584)    |             |             | (35,584)    | (2,793)   | (38,377)    |
| Total comprehensive income                     |           |           |          |             |             |             | 157,316     | 1,765     | 159,081     |
| Repurchase of treasury stock, net              |           | (46)      |          | (102)       |             | (99,618)    | (99,766)    |           | (99,766)    |
| Balance at December 31, 2011                   | ¥ 174,762 | ¥ 401,572 | ¥ 59,004 | ¥ 3,059,298 | ¥ (481,773) | ¥ (661,731) | ¥ 2,551,132 | ¥ 162,535 | ¥ 2,713,667 |

Thousands of U.S. dollars

|   |              |              |            |               |                |                |               |              |               |
|---|--------------|--------------|------------|---------------|----------------|----------------|---------------|--------------|---------------|
| Balance at December 31, 2010                                | \$ 2,240,538 | \$ 5,133,654 | \$ 742,693 | \$ 38,015,859 | \$ (5,005,885) | \$ (7,206,577) | \$ 33,920,282 | \$ 2,100,705 | \$ 36,020,987 |
| Equity transactions with noncontrolling interests and other |              | 15,295       |            | (7,808)       |                |                | 7,487         | (3,166)      | 4,321         |
| Dividends paid to Canon Inc. stockholders                   |              |              |            | (1,958,769)   |                |                | (1,958,769)   |              | (1,958,769)   |
| Dividends paid to noncontrolling interests                  |              |              |            |               |                |                |               | (36,385)     | (36,385)      |
| Transfers to legal reserve                                  |              |              | 13,769     | (13,769)      |                |                | -             |              | -             |
| Comprehensive income:                                       |              |              |            |               |                |                |               |              |               |
| Net income  |              |              |            | 3,187,564     |                |                | 3,187,564     | 70,244       | 3,257,808     |
| Other comprehensive income (loss), net of tax               |              |              |            |               |                |                |               |              |               |
| Foreign currency translation adjustments                    |              |              |            | (682,705)     |                |                | (682,705)     | (10,705)     | (693,410)     |
| Net unrealized gains and losses on securities               |              |              |            | (25,859)      |                |                | (25,859)      | (1,269)      | (27,128)      |
| Net gains and losses on derivative instruments              |              |              |            | (5,923)       |                |                | (5,923)       | 166          | (5,757)       |
| Pension liability adjustments                               |              |              |            | (456,205)     |                |                | (456,205)     | (35,808)     | (492,013)     |
| Total comprehensive income                                  |              |              |            |               |                |                | 2,016,872     | 22,628       | 2,039,500     |

Edgar Filing: CANON INC - Form 6-K

|                                      |              |              |            |               |                |                |               |              |               |
|--------------------------------------|--------------|--------------|------------|---------------|----------------|----------------|---------------|--------------|---------------|
| Repurchase of<br>treasury stock, net |              | (590)        |            | (1,308)       |                | (1,277,153)    | (1,279,051)   |              | (1,279,051)   |
| Balance at<br>December 31, 2011      | \$ 2,240,538 | \$ 5,148,359 | \$ 756,462 | \$ 39,221,769 | \$ (6,176,577) | \$ (8,483,730) | \$ 32,706,821 | \$ 2,083,782 | \$ 34,790,603 |

- 10 -

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | Millions of yen                    |                                    | Thousands of<br>U.S. dollars    |
|--|------------------------------------|------------------------------------|---------------------------------|
|  | Year ended<br>December<br>31, 2011 | Year ended<br>December 31,<br>2010 | Year ended<br>December 31, 2011 |
| Cash flows from operating activities:  |                                    |                                    |                                 |
| Consolidated net income  | ¥ 254,109                          | ¥ 252,703                          | \$ 3,257,808                    |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities: |                                    |                                    |                                 |
| Depreciation and amortization  | 261,343                            | 276,193                            | 3,350,551                       |
| Loss on disposal of fixed assets   | 8,937                              | 21,120                             | 114,577                         |
| Deferred income taxes  | 29,129                             | 29,381                             | 373,449                         |
| Decrease (increase) in trade receivables   | 9,991                              | (6,671)                            | 128,090                         |
| Increase in inventories  | (109,983)                          | (17,532)                           | (1,410,038)                     |
| Increase in trade payables   | 35,766                             | 115,726                            | 458,538                         |
| Increase (decrease) in accrued income taxes  | (25,653)                           | 25,228                             | (328,885)                       |
| Increase in accrued expenses   | 8,938                              | 77                                 | 114,590                         |
| Increase (decrease) in accrued (prepaid) pension and severance cost                            | (2,315)                            | 4,147                              | (29,679)                        |
| Other, net   | (700)                              | 44,041                             | (8,975)                         |
| Net cash provided by operating activities  | 469,562                            | 744,413                            | 6,020,026                       |
| Cash flows from investing activities:  |                                    |                                    |                                 |
| Purchases of fixed assets  | (238,129)                          | (199,152)                          | (3,052,936)                     |
| Proceeds from sale of fixed assets   | 3,273                              | 3,303                              | 41,962                          |
| Purchases of available-for-sale securities   | (2,160)                            | (10,891)                           | (27,692)                        |
| Proceeds from sale and maturity of available-for-sale securities                               | 1,934                              | 3,910                              | 24,795                          |
| Increase in time deposits, net   | (34,111)                           | (80,904)                           | (437,321)                       |
| Acquisitions of subsidiaries, net of cash acquired   | 29                                 | (55,686)                           | 372                             |
| Purchases of other investments   | (373)                              | (1,955)                            | (4,782)                         |
| Other, net   | 12,994                             | (758)                              | 166,589                         |
| Net cash used in investing activities  | (256,543)                          | (342,133)                          | (3,289,013)                     |
| Cash flows from financing activities:  |                                    |                                    |                                 |
| Proceeds from issuance of long-term debt   | 725                                | 5,902                              | 9,295                           |
| Repayments of long-term debt   | (4,670)                            | (5,739)                            | (59,872)                        |
| Increase (decrease) in short-term loans, net   | 2,466                              | (74,933)                           | 31,615                          |
| Dividends paid   | (152,784)                          | (136,103)                          | (1,958,769)                     |
| Repurchases of treasury stock, net   | (99,766)                           | (61,196)                           | (1,279,051)                     |
| Other, net   | (3,484)                            | (7,828)                            | (44,667)                        |
| Net cash used in financing activities  | (257,513)                          | (279,897)                          | (3,301,449)                     |
| Effect of exchange rate changes on cash and cash equivalents                                   | (22,858)                           | (76,838)                           | (293,051)                       |
| Net change in cash and cash equivalents  | (67,352)                           | 45,545                             | (863,487)                       |
| Cash and cash equivalents at beginning of year   | 840,579                            | 795,034                            | 10,776,654                      |
| Cash and cash equivalents at end of year   | ¥ 773,227                          | ¥ 840,579                          | \$ 9,913,167                    |



## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

6. NOTE FOR GOING CONCERN ASSUMPTION

Not applicable.

7. SEGMENT INFORMATION

## (1) SEGMENT INFORMATION BY BUSINESS UNIT

| <u>Results for the fourth quarter</u> | Millions of yen                            |  |        | Change(%) | Thousands of                               |
|---------------------------------------|--|--|--------|-----------|--|
|                                       | Three months<br>ended<br>December 31, 2011 | Three months<br>ended<br>December 31, 2010 |        |           | U.S. dollars                               |
|                                       |  |  |        |           | Three months<br>ended<br>December 31, 2011 |
| <b>Office</b>                         |  |  |        |           |  |
| Net sales:                            |  |  |        |           |  |
| External customers                    | ¥ 497,458                                  | ¥ 547,319                                  | - 9.1  |           | \$ 6,377,666                               |
| Intersegment                          | 883  | 1,958                                      | - 54.9 |           | 11,321                                     |
| Total                                 | 498,341                                    | 549,277                                    | - 9.3  |           | 6,388,987                                  |
| Operating cost and expenses           | 429,747                                    | 488,126                                    | - 12.0 |           | 5,509,577                                  |
| Operating profit                      | ¥ 68,594                                   | ¥ 61,151                                   | + 12.2 |           | \$ 879,410                                 |
| <b>Consumer</b>                       |  |  |        |           |  |
| Net sales:                            |  |  |        |           |  |
| External customers                    | ¥ 372,495                                  | ¥ 411,881                                  | - 9.6  |           | \$ 4,775,577                               |
| Intersegment                          | 270  | 359  | - 24.8 |           | 3,461                                      |
| Total                                 | 372,765                                    | 412,240                                    | - 9.6  |           | 4,779,038                                  |
| Operating cost and expenses           | 321,867                                    | 347,218                                    | - 7.3  |           | 4,126,500                                  |
| Operating profit                      | ¥ 50,898                                   | ¥ 65,022                                   | - 21.7 |           | \$ 652,538                                 |
| <b>Industry and Others</b>            |  |  |        |           |  |
| Net sales:                            |  |  |        |           |  |
| External customers                    | ¥ 94,804                                   | ¥ 108,666                                  | - 12.8 |           | \$ 1,215,436                               |
| Intersegment                          | 19,226                                     | 23,260                                     | - 17.3 |           | 246,487                                    |
| Total                                 | 114,030                                    | 131,926                                    | - 13.6 |           | 1,461,923                                  |
| Operating cost and expenses           | 110,253                                    | 137,770                                    | - 20.0 |           | 1,413,500                                  |
| Operating profit (loss)               | ¥ 3,777                                    | ¥ (5,844)                                  | -      |           | \$ 48,423                                  |
| <b>Corporate and Eliminations</b>     |  |  |        |           |  |

Edgar Filing: CANON INC - Form 6-K

|                             |   |          |   |           |           |
|-----------------------------|---|----------|---|-----------|-----------|
| Net sales:                  |   |          |   |           |           |
| External customers          | ¥ | -        | ¥ | -         | \$        |
| Intersegment                |   | (20,379) |   | (25,577)  |           |
|                             |   |          |   |           |           |
| Total                       |   | (20,379) |   | (25,577)  |           |
| Operating cost and expenses |   | 8,280    |   | 11,905    |           |
| Operating profit            | ¥ | (28,659) | ¥ | (37,482)  | \$        |
|                             |   |          |   |           |           |
| <b>Consolidated</b>         |   |          |   |           |           |
| Net sales:                  |   |          |   |           |           |
| External customers          | ¥ | 964,757  | ¥ | 1,067,866 | -         |
| Intersegment                |   | -        |   | -         | -         |
|                             |   |          |   |           |           |
| Total                       |   | 964,757  |   | 1,067,866 | -         |
| Operating cost and expenses |   | 870,147  |   | 985,019   | -         |
| Operating profit            | ¥ | 94,610   | ¥ | 82,847    | + 14.2    |
|                             |   |          |   |           | \$        |
|                             |   |          |   |           | 1,212,949 |

- 12 -

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

| <b>Results for the fiscal year</b> | Millions of yen                 |                                 |           | Thousands of                                    |
|------------------------------------|---------------------------------|---------------------------------|-----------|---|
|                                    | Year ended<br>December 31, 2011 | Year ended<br>December 31, 2010 | Change(%) | U.S. dollars<br>Year ended<br>December 31, 2011 |
| <b>Office</b>                      |                                 |                                 |           |   |
| Net sales:                         |                                 |                                 |           |   |
| External customers                 | ¥ 1,912,112                     | ¥ 1,978,945                     | - 3.4     | \$ 24,514,256                                   |
| Intersegment                       | 5,831                           | 8,324                           | - 29.9    | 74,757  |
| Total                              | 1,917,943                       | 1,987,269                       | - 3.5     | 24,589,013                                      |
| Operating cost and expenses        | 1,658,678                       | 1,693,947                       | - 2.1     | 21,265,103                                      |
| Operating profit                   | 259,265                         | 293,322                         | - 11.6    | 3,323,910                                       |
| Total assets                       | 821,782                         | 855,893                         | - 4.0     | 10,535,667                                      |
| Depreciation and amortization      | 93,196                          | 103,548                         | - 10.0    | 1,194,821                                       |
| Capital expenditures               | ¥ 53,888                        | ¥ 53,115                        | + 1.5     | \$ 690,872                                      |
| <b>Consumer</b>                    |                                 |                                 |           |   |
| Net sales:                         |                                 |                                 |           |   |
| External customers                 | ¥ 1,311,023                     | ¥ 1,389,622                     | - 5.7     | \$ 16,807,987                                   |
| Intersegment                       | 1,021                           | 1,705                           | - 40.1    | 13,090  |
| Total                              | 1,312,044                       | 1,391,327                       | - 5.7     | 16,821,077                                      |
| Operating cost and expenses        | 1,100,750                       | 1,153,262                       | - 4.6     | 14,112,180                                      |
| Operating profit                   | 211,294                         | 238,065                         | - 11.2    | 2,708,897                                       |
| Total assets                       | 452,809                         | 414,022                         | + 9.4     | 5,805,244                                       |
| Depreciation and amortization      | 45,609                          | 41,665                          | + 9.5     | 584,731   |
| Capital expenditures               | ¥ 48,192                        | ¥ 36,266                        | + 32.9    | \$ 617,846                                      |
| <b>Industry and Others</b>         |                                 |                                 |           |   |
| Net sales:                         |                                 |                                 |           |   |
| External customers                 | ¥ 334,298                       | ¥ 338,334                       | - 1.2     | \$ 4,285,872                                    |
| Intersegment                       | 86,565                          | 94,624                          | - 8.5     | 1,109,807                                       |
| Total                              | 420,863                         | 432,958                         | - 2.8     | 5,395,679                                       |
| Operating cost and expenses        | 396,563                         | 442,789                         | - 10.4    | 5,084,141                                       |
| Operating profit (loss)            | 24,300                          | (9,831)                         | -         | 311,538   |
| Total assets                       | 362,638                         | 307,029                         | + 18.1    | 4,649,205                                       |
| Depreciation and amortization      | 29,685                          | 37,387                          | - 20.6    | 380,577   |
| Capital expenditures               | ¥ 37,648                        | ¥ 27,105                        | + 38.9    | \$ 482,667                                      |



Edgar Filing: CANON INC - Form 6-K

**Corporate and Eliminations**

Net sales:

|                               |           |           |        |              |
|-------------------------------|-----------|-----------|--------|--------------|
| External customers            | ¥ -       | ¥ -       | -      | \$ -         |
| Intersegment                  | (93,417)  | (104,653) | -      | (1,197,654)  |
| Total                         | (93,417)  | (104,653) | -      | (1,197,654)  |
| Operating cost and expenses   | 23,371    | 29,351    | -      | 299,627      |
| Operating profit              | (116,788) | (134,004) | -      | (1,497,281)  |
| Total assets                  | 2,293,498 | 2,406,876 | - 4.7  | 29,403,820   |
| Depreciation and amortization | 92,853    | 93,593    | - 0.8  | 1,190,422    |
| Capital expenditures          | ¥ 122,753 | ¥ 77,061  | + 59.3 | \$ 1,573,756 |

**Consolidated**

Net sales:

|                               |             |             |        |               |
|-------------------------------|-------------|-------------|--------|---------------|
| External customers            | ¥ 3,557,433 | ¥ 3,706,901 | - 4.0  | \$ 45,608,115 |
| Intersegment                  | -           | -           | -      | -             |
| Total                         | 3,557,433   | 3,706,901   | - 4.0  | 45,608,115    |
| Operating cost and expenses   | 3,179,362   | 3,319,349   | - 4.2  | 40,761,051    |
| Operating profit              | 378,071     | 387,552     | - 2.4  | 4,847,064     |
| Total assets                  | 3,930,727   | 3,983,820   | - 1.3  | 50,393,936    |
| Depreciation and amortization | 261,343     | 276,193     | - 5.4  | 3,350,551     |
| Capital expenditures          | ¥ 262,481   | ¥ 193,547   | + 35.6 | \$ 3,365,141  |

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

## (2) SEGMENT INFORMATION BY GEOGRAPHIC AREA

| Results for the fourth quarter | Millions of yen                         |   | Change(%) | Thousands of  |
|--------------------------------|---|---|-----------|---|
|                                | Three months ended<br>December 31, 2011 | Three months ended<br>December 31, 2010 |           | U.S. dollars<br>Three months ended<br>December 31, 2011 |
| <b>Japan</b>                   |   |   |           |   |
| Net sales:                     |   |   |           |   |
| External customers             | ¥ 235,536                               | ¥ 249,834                               | - 5.7     | \$ 3,019,692  |
| Intersegment                   | 453,351                                 | 517,387                                 | - 12.4    | 5,812,193   |
| Total                          | 688,887                                 | 767,221                                 | - 10.2    | 8,831,885   |
| Operating cost and expenses    | 573,720                                 | 654,934                                 | - 12.4    | 7,355,385   |
| Operating profit               | ¥ 115,167                               | ¥ 112,287                               | + 2.6     | \$ 1,476,500  |
| <b>Americas</b>                |   |   |           |   |
| Net sales:                     |   |   |           |   |
| External customers             | ¥ 270,657                               | ¥ 296,872                               | - 8.8     | \$ 3,469,962  |
| Intersegment                   | 3,865                                   | 2,841                                   | + 36.0    | 49,551  |
| Total                          | 274,522                                 | 299,713                                 | - 8.4     | 3,519,513   |
| Operating cost and expenses    | 270,760                                 | 294,476                                 | - 8.1     | 3,471,282   |
| Operating profit               | ¥3,762                                  | ¥ 5,237                                 | - 28.2    | \$ 48,231   |
| <b>Europe</b>                  |   |   |           |   |
| Net sales:                     |   |   |           |   |
| External customers             | ¥ 290,453                               | ¥ 339,566                               | - 14.5    | \$ 3,723,756  |
| Intersegment                   | 1,198                                   | 839                                     | + 42.8    | 15,359  |
| Total                          | 291,651                                 | 340,405                                 | - 14.3    | 3,739,115   |
| Operating cost and expenses    | 280,512                                 | 332,306                                 | - 15.6    | 3,596,307   |
| Operating profit               | ¥ 11,139                                | ¥ 8,099                                 | + 37.5    | \$ 142,808  |
| <b>Asia and Oceania</b>        |   |   |           |   |
| Net sales:                     |   |   |           |   |
| External customers             | ¥ 168,111                               | ¥ 181,594                               | - 7.4     | \$ 2,155,269  |
| Intersegment                   | 183,399                                 | 194,786                                 | - 5.8     | 2,351,269   |
| Total                          | 351,510                                 | 376,380                                 | - 6.6     | 4,506,538   |
| Operating cost and expenses    | 351,680                                 | 368,997                                 | - 4.7     | 4,508,717   |

Edgar Filing: CANON INC - Form 6-K

|                                   |            |             |        |               |
|-----------------------------------|------------|-------------|--------|---------------|
| Operating profit (loss)           | ¥ (170)    | ¥ 7,383     | -      | \$ (2,179)    |
| <b>Corporate and Eliminations</b> |            |             |        |               |
| Net sales:                        |            |             |        |               |
| External customers                | ¥ -        | ¥ -         | -      | \$ -          |
| Intersegment                      | (641,813)  | (715,853)   | -      | (8,228,372)   |
| Total                             | (641,813)  | (715,853)   | -      | (8,228,372)   |
| Operating cost and expenses       | (606,525)  | (665,694)   | -      | (7,775,961)   |
| Operating profit                  | ¥ (35,288) | ¥ (50,159)  | -      | \$ (452,411)  |
| <b>Consolidated</b>               |            |             |        |               |
| Net sales:                        |            |             |        |               |
| External customers                | ¥ 964,757  | ¥ 1,067,866 | - 9.7  | \$ 12,368,679 |
| Intersegment                      | -          | -           | -      | -             |
| Total                             | 964,757    | 1,067,866   | - 9.7  | 12,368,679    |
| Operating cost and expenses       | 870,147    | 985,019     | - 11.7 | 11,155,730    |
| Operating profit                  | ¥ 94,610   | ¥ 82,847    | + 14.2 | \$ 1,212,949  |

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

| <u>Results for the fiscal year</u> | Millions of yen                 |                                 |         | Change(%) | Thousands of<br>U.S. dollars    |
|------------------------------------|---------------------------------|---------------------------------|---------|-----------|---------------------------------|
|                                    | Year ended<br>December 31, 2011 | Year ended<br>December 31, 2010 |         |           | Year ended<br>December 31, 2011 |
| <b>Japan</b>                       |                                 |                                 |         |           |                                 |
| Net sales:                         |                                 |                                 |         |           |                                 |
| External customers                 | ¥ 807,883                       | ¥ 854,208                       | - 5.4   |           | \$ 10,357,474                   |
| Intersegment                       | 1,873,157                       | 1,974,591                       | - 5.1   |           | 24,014,834                      |
| Total                              | 2,681,040                       | 2,828,799                       | - 5.2   |           | 34,372,308                      |
| Operating cost and expenses        | 2,273,336                       | 2,398,439                       | - 5.2   |           | 29,145,334                      |
| Operating profit                   | 407,704                         | 430,360                         | - 5.3   |           | 5,226,974                       |
| Total assets                       | ¥ 1,236,468                     | ¥ 1,321,572                     | - 6.4   |           | \$ 15,852,154                   |
| <b>Americas</b>                    |                                 |                                 |         |           |                                 |
| Net sales:                         |                                 |                                 |         |           |                                 |
| External customers                 | ¥ 952,833                       | ¥ 1,008,200                     | - 5.5   |           | \$ 12,215,808                   |
| Intersegment                       | 16,217                          | 7,975                           | + 103.3 |           | 207,910                         |
| Total                              | 969,050                         | 1,016,175                       | - 4.6   |           | 12,423,718                      |
| Operating cost and expenses        | 948,593                         | 993,310                         | - 4.5   |           | 12,161,449                      |
| Operating profit                   | 20,457                          | 22,865                          | - 10.5  |           | 262,269                         |
| Total assets                       | ¥ 250,131                       | ¥ 251,587                       | - 0.6   |           | \$ 3,206,808                    |
| <b>Europe</b>                      |                                 |                                 |         |           |                                 |
| Net sales:                         |                                 |                                 |         |           |                                 |
| External customers                 | ¥ 1,109,256                     | ¥ 1,163,452                     | - 4.7   |           | \$ 14,221,231                   |
| Intersegment                       | 4,681                           | 3,489                           | + 34.2  |           | 60,013                          |
| Total                              | 1,113,937                       | 1,166,941                       | - 4.5   |           | 14,281,244                      |
| Operating cost and expenses        | 1,069,489                       | 1,126,521                       | - 5.1   |           | 13,711,398                      |
| Operating profit                   | 44,448                          | 40,420                          | + 10.0  |           | 569,846                         |
| Total assets                       | ¥ 427,030                       | ¥ 472,785                       | - 9.7   |           | \$ 5,474,744                    |
| <b>Asia and Oceania</b>            |                                 |                                 |         |           |                                 |
| Net sales:                         |                                 |                                 |         |           |                                 |
| External customers                 | ¥ 687,461                       | ¥ 681,041                       | + 0.9   |           | \$ 8,813,602                    |
| Intersegment                       | 744,179                         | 723,423                         | + 2.9   |           | 9,540,757                       |

Edgar Filing: CANON INC - Form 6-K

|                                   |                    |             |   |     |                      |
|-----------------------------------|--------------------|-------------|---|-----|----------------------|
| Total                             | <b>1,431,640</b>   | 1,404,464   | + | 1.9 | <b>18,354,359</b>    |
| Operating cost and expenses       | <b>1,388,580</b>   | 1,357,663   | + | 2.3 | <b>17,802,308</b>    |
| Operating profit                  | <b>43,060</b>      | 46,801      | - | 8.0 | <b>552,051</b>       |
| Total assets                      | <b>¥ 442,263</b>   | ¥ 421,250   | + | 5.0 | <b>\$ 5,670,038</b>  |
| <b>Corporate and Eliminations</b> |                    |             |   |     |                      |
| Net sales:                        |                    |             |   |     |                      |
| External customers                | <b>¥ -</b>         | ¥ -         | - |     | <b>\$ -</b>          |
| Intersegment                      | <b>(2,638,234)</b> | (2,709,478) | - |     | <b>(33,823,514)</b>  |
| Total                             | <b>(2,638,234)</b> | (2,709,478) | - |     | <b>(33,823,514)</b>  |
| Operating cost and expenses       | <b>(2,500,636)</b> | (2,556,584) | - |     | <b>(32,059,438)</b>  |
| Operating profit                  | <b>(137,598)</b>   | (152,894)   | - |     | <b>(1,764,076)</b>   |
| Total assets                      | <b>¥ 1,574,835</b> | ¥ 1,516,626 | + | 3.8 | <b>\$ 20,190,192</b> |
| <b>Consolidated</b>               |                    |             |   |     |                      |
| Net sales:                        |                    |             |   |     |                      |
| External customers                | <b>¥ 3,557,433</b> | ¥ 3,706,901 | - | 4.0 | <b>\$ 45,608,115</b> |
| Intersegment                      | <b>-</b>           | -           | - |     | <b>-</b>             |
| Total                             | <b>3,557,433</b>   | 3,706,901   | - | 4.0 | <b>45,608,115</b>    |
| Operating cost and expenses       | <b>3,179,362</b>   | 3,319,349   | - | 4.2 | <b>40,761,051</b>    |
| Operating profit                  | <b>378,071</b>     | 387,552     | - | 2.4 | <b>4,847,064</b>     |
| Total assets                      | <b>¥ 3,930,727</b> | ¥ 3,983,820 | - | 1.3 | <b>\$ 50,393,936</b> |

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

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

## 1. Number of Group Companies

|              | December 31, 2011 | December 31, 2010 | Change |
|--------------|-------------------|-------------------|--------|
| Subsidiaries | 277               | 294               | (17)   |
| Affiliates   | 11                | 14                | (3)    |
| Total        | 288               | 308               | (20)   |

## 2. Change in Group Entities

|                                     |              |
|-------------------------------------|--------------|
| Subsidiaries                        |              |
| Addition:                           | 9 companies  |
| Removal:                            | 26 companies |
| Affiliates(Carried at Equity Basis) |              |
| Removal:                            | 3 companies  |

## 3. Subsidiaries Listed on Domestic Stock Exchange

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

JASDAQ: Showa Information Systems Co., Ltd.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

9. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## (1) NET INCOME ATTRIBUTABLE TO CANON INC. STOCKHOLDERS PER SHARE

| Results for the fiscal year                                      | Millions of yen                    |                                    | Thousands of<br>U.S. dollars       |
|--|------------------------------------|------------------------------------|------------------------------------|
|  | Year ended<br>December 31,<br>2011 | Year ended<br>December 31,<br>2010 | Year ended<br>December 31,<br>2011 |
| Net income attributable to Canon Inc.                            |                                    |                                    |                                    |
| -Basic   | ¥ 248,630                          | ¥ 246,603                          | \$ 3,187,564                       |
| -Diluted   | 248,630                            | 246,603                            | 3,187,564                          |
|  | Number of shares                   |                                    |                                    |
| Average common shares outstanding                                |                                    |                                    |                                    |
| -Basic   | 1,215,832,419                      | 1,234,817,511                      |                                    |
| -Diluted   | 1,215,892,971                      | 1,234,868,114                      |                                    |
|  | Yen                                |                                    | U.S. dollars                       |
| Net income attributable to<br>Canon Inc. stockholders per share: |                                    |                                    |                                    |
| -Basic   | ¥ 204.49                           | ¥ 199.71                           | \$ 2.62                            |
| -Diluted   | 204.48                             | 199.70                             | 2.62                               |

## (2) FINANCE RECEIVABLES AND OPERATING LEASES, ACQUISITIONS, MARKETABLE SECURITIES, DEFERRED TAX ACCOUNTING, EMPLOYEE RETIREMENT AND SEVERANCE BENEFITS, STOCK OPTIONS, DERIVATIVE CONTRACTS AND OTHERS

The disclosure is omitted as it is not considered significant in this report.

## (3) SUBSEQUENT EVENT

There is no significant subsequent event.

CANON INC.

NON-CONSOLIDATED

10. NON-CONSOLIDATED BALANCE SHEETS

( Parent company only )

Millions of yen

|   | As of<br>December 31,<br>2011 | As of<br>December 31,<br>2010 |
|---|-------------------------------|-------------------------------|
| ASSETS  |                               |                               |
| Current assets:                               |                               |                               |
| Cash  | ¥ 124,069                     | ¥ 56,923                      |
| Trade receivables                             | 548,293                       | 636,098                       |
| Marketable securities                         | 113,680                       | 135,290                       |
| Inventories                                   | 153,810                       | 117,306                       |
| Prepaid expenses and other current assets     | 217,675                       | 229,757                       |
| Allowance for doubtful receivables            | -                             | -                             |
| Total current assets                          | 1,157,527                     | 1,175,374                     |
| Fixed assets:                                 |                               |                               |
| Net property, plant and equipment             | 750,924                       | 784,520                       |
| Intangibles                                   | 35,447                        | 36,191                        |
| Investments and other fixed assets            | 567,764                       | 607,398                       |
| Allowance for doubtful receivables-noncurrent | (54)                          | (54)                          |
| Total fixed assets                            | 1,354,081                     | 1,428,055                     |
| Total assets                                  | ¥ 2,511,608                   | ¥ 2,603,429                   |
| LIABILITIES AND NET ASSETS                    |                               |                               |
| Current liabilities:                          |                               |                               |
| Trade payables                                | ¥ 290,029                     | ¥ 334,299                     |
| Short-term loans                              | 282,358                       | 260,662                       |
| Accrued income taxes                          | 23,614                        | 41,027                        |
| Accrued warranty expenses                     | 2,988                         | 3,404                         |
| Accrued bonuses for employees                 | 4,352                         | 4,594                         |
| Accrued bonuses for directors                 | 229                           | 218                           |
| Other current liabilities                     | 134,610                       | 101,502                       |
| Total current liabilities                     | 738,180                       | 745,706                       |
| Noncurrent liabilities:                       |                               |                               |
| Accrued pension and severance cost            | 33,014                        | 36,701                        |
| Accrued directors' retirement benefits        | 1,789                         | 1,572                         |
| Reserve for environmental provision           | 7,986                         | 6,141                         |
| Accrued long service rewards for employees    | 1,533                         | 1,399                         |
| Other noncurrent liabilities                  | 10                            | 9                             |
| Total noncurrent liabilities                  | 44,332                        | 45,822                        |



Edgar Filing: CANON INC - Form 6-K

|                                       |                    |             |
|---------------------------------------|--------------------|-------------|
| Total liabilities                     | <b>782,512</b>     | 791,528     |
| Net assets:                           |                    |             |
| Stockholders' equity                  | <b>1,728,672</b>   | 1,807,975   |
| Valuation and translation adjustments | <b>(1,719)</b>     | 2,485       |
| Subscription right to shares          | <b>2,143</b>       | 1,441       |
| Total net assets                      | <b>1,729,096</b>   | 1,811,901   |
| Total liabilities and net assets      | <b>¥ 2,511,608</b> | ¥ 2,603,429 |

CANON INC.

NON-CONSOLIDATED

11. NON-CONSOLIDATED STATEMENTS OF INCOME

( Parent company only )

Millions of yen

|  | <b>Year ended<br/>December 31,<br/>2011</b> | Year ended<br>December 31,<br>2010 |
|--|---|------------------------------------|
| Net sales                                    | <b>¥ 2,160,732</b>                          | ¥ 2,317,043                        |
| Cost of sales                                | <b>1,463,994</b>                            | 1,602,918                          |
| Gross profit                                 | <b>696,738</b>                              | 714,125                            |
| Selling, general and administrative expenses | <b>449,824</b>                              | 473,760                            |
| Operating profit                             | <b>246,914</b>                              | 240,365                            |
| Other income (deductions):                   |   |                                    |
| Interest and dividend income                 | <b>17,266</b>                               | 21,227                             |
| Interest expense                             | <b>(2,238)</b>                              | (2,811)                            |
| Other, net                                   | <b>20,110</b>                               | 15,961                             |
|  | <b>35,138</b>                               | 34,377                             |
| Ordinary profit                              | <b>282,052</b>                              | 274,742                            |
| Non-ordinary gain (loss), net                | <b>(39,903)</b>                             | (41,539)                           |
| Income before income taxes                   | <b>242,149</b>                              | 233,203                            |
| Income taxes                                 | <b>68,948</b>                               | 80,705                             |
| Net income                                   | <b>¥ 173,201</b>                            | ¥ 152,498                          |

CANON INC.

NON-CONSOLIDATED

**12. NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY****( Parent company only )**

|  | Millions of yen                             |                                    |
|--|---|------------------------------------|
|  | <b>Year ended<br/>December 31,<br/>2011</b> | Year ended<br>December 31,<br>2010 |
| Stockholders' equity                         |   |                                    |
| Common stock                                 |   |                                    |
| Balance at the end of previous period        | ¥ 174,762                                   | ¥ 174,762                          |
| Changes of items during the period           |   |                                    |
| Total changes of items during the period     | -   | -                                  |
| Balance at the end of current period         | <b>174,762</b>                              | 174,762                            |
| Capital surplus                              |   |                                    |
| Additional paid-in capital                   |   |                                    |
| Balance at the end of previous period        | <b>306,288</b>                              | 306,288                            |
| Changes of items during the period           |   |                                    |
| Total changes of items during the period     | -   | -                                  |
| Balance at the end of current period         | <b>306,288</b>                              | 306,288                            |
| Other capital surplus                        |   |                                    |
| Balance at the end of previous period        | -   | -                                  |
| Changes of items during the period           |   |                                    |
| Total changes of items during the period     | -   | -                                  |
| Balance at the end of current period         | -   | -                                  |
| Retained earnings                            |   |                                    |
| Legal reserve                                |   |                                    |
| Balance at the end of previous period        | <b>22,114</b>                               | 22,114                             |
| Changes of items during the period           |   |                                    |
| Total changes of items during the period     | -   | -                                  |
| Balance at the end of current period         | <b>22,114</b>                               | 22,114                             |
| Other retained earnings                      |   |                                    |
| Reserve for special depreciation             |   |                                    |
| Balance at the end of previous period        | <b>796</b>                                  | 1,566                              |
| Changes of items during the period           |   |                                    |
| Transfer to reserve for special depreciation | -   | 83                                 |
| Reversal of reserve for special depreciation | <b>(425)</b>                                | (853)                              |
| Total changes of items during the period     | <b>(425)</b>                                | (770)                              |

Edgar Filing: CANON INC - Form 6-K

|  |                  |           |
|--|------------------|-----------|
| Balance at the end of current period                         | <b>371</b>       | 796       |
| Reserve for deferral of capital gain on property             |                  |           |
| Balance at the end of previous period                        | <b>2,913</b>     | 2,701     |
| Changes of items during the period                           |                  |           |
| Transfer to reserve for deferral of capital gain on property | <b>165</b>       | 304       |
| Reversal of reserve for deferral of capital gain on property | <b>(95)</b>      | (92)      |
| Total changes of items during the period                     | <b>70</b>        | 212       |
| Balance at the end of current period                         | <b>2,983</b>     | 2,913     |
| Special reserves   |                  |           |
| Balance at the end of previous period                        | <b>1,249,928</b> | 1,249,928 |
| Changes of items during the period                           |                  |           |
| Total changes of items during the period                     | -                | -         |
| Balance at the end of current period                         | <b>1,249,928</b> | 1,249,928 |
| Retained earnings  |                  |           |
| Balance at the end of previous period                        | <b>613,287</b>   | 609,793   |
| Changes of items during the period                           |                  |           |
| Transfer to reserve for special depreciation                 | -                | (83)      |
| Reversal of reserve for special depreciation                 | <b>425</b>       | 853       |
| Transfer to reserve for deferral of capital gain on property | <b>(165)</b>     | (304)     |
| Reversal of reserve for deferral of capital gain on property | <b>95</b>        | 92        |
| Dividends paid   | <b>(152,784)</b> | (136,103) |
| Net income   | <b>173,201</b>   | 152,498   |
| Disposal of treasury stock                                   | <b>(102)</b>     | (6)       |
| Changes by share exchanges                                   | -                | (13,453)  |
| Total changes of items during the period                     | <b>20,670</b>    | 3,494     |
| Balance at the end of current period                         | <b>633,957</b>   | 613,287   |

## CANON INC.

NON-CONSOLIDATED

Millions of yen

|  | <b>Year ended<br/>December 31,<br/>2011</b> | Year ended<br>December 31,<br>2010 |
|--|---|------------------------------------|
| Treasury stock                                       |   |                                    |
| Balance at the end of previous period                | (562,113)                                   | (556,252)                          |
| Changes of items during the period                   |   |                                    |
| Purchase of treasury stock                           | (100,038)                                   | (61,436)                           |
| Disposal of treasury stock                           | 420   | 18                                 |
| Changes by share exchanges                           | -   | 55,557                             |
| Total changes of items during the period             | (99,618)                                    | (5,861)                            |
| Balance at the end of current period                 | (661,731)                                   | (562,113)                          |
| Total stockholders' equity                           |   |                                    |
| Balance at the end of previous period                | 1,807,975                                   | 1,810,900                          |
| Changes of items during the period                   |   |                                    |
| Dividends paid                                       | (152,784)                                   | (136,103)                          |
| Net income   | 173,201                                     | 152,498                            |
| Purchase of treasury stock                           | (100,038)                                   | (61,436)                           |
| Disposal of treasury stock                           | 318   | 12                                 |
| Changes by share exchanges                           | -   | 42,104                             |
| Total changes of items during the period             | (79,303)                                    | (2,925)                            |
| Balance at the end of current period                 | 1,728,672                                   | 1,807,975                          |
| Valuation and translation adjustments                |   |                                    |
| Net unrealized gains(losses) on securities           |   |                                    |
| Balance at the end of previous period                | 1,358                                       | 1,384                              |
| Changes of items during the period                   |   |                                    |
| Net changes of items other than stockholders' equity | (3,465)                                     | (26)                               |
| Total changes of items during the period             | (3,465)                                     | (26)                               |
| Balance at the end of current period                 | (2,107)                                     | 1,358                              |
| Net deferred profits(losses) on hedges               |   |                                    |
| Balance at the end of previous period                | 1,127                                       | (376)                              |
| Changes of items during the period                   |   |                                    |
| Net changes of items other than stockholders' equity | (739)                                       | 1,503                              |
| Total changes of items during the period             | (739)                                       | 1,503                              |
| Balance at the end of current period                 | 388   | 1,127                              |
| Subscription rights to shares                        |   |                                    |
| Balance at the end of previous period                | 1,441                                       | 810                                |

Edgar Filing: CANON INC - Form 6-K

|  |                    |             |
|--|--------------------|-------------|
| Changes of items during the period                   |                    |             |
| Net changes of items other than stockholders' equity | <b>702</b>         | 631         |
| Total changes of items during the period             | <b>702</b>         | 631         |
| Balance at the end of current period                 | <b>2,143</b>       | 1,441       |
| Total net assets                                     |                    |             |
| Balance at the end of previous period                | <b>1,811,901</b>   | 1,812,718   |
| Changes of items during the period                   |                    |             |
| Dividends paid                                       | <b>(152,784)</b>   | (136,103)   |
| Net income   | <b>173,201</b>     | 152,498     |
| Purchase of treasury stock                           | <b>(100,038)</b>   | (61,436)    |
| Disposal of treasury stock                           | <b>318</b>         | 12          |
| Changes by share exchanges                           | <b>-</b>           | 42,104      |
| Net changes of items other than stockholders' equity | <b>(3,502)</b>     | 2,108       |
| Total changes of items during the period             | <b>(82,805)</b>    | (817)       |
| Balance at the end of current period                 | <b>¥ 1,729,096</b> | ¥ 1,811,901 |

CANON INC.

NON-CONSOLIDATED

13. NOTE FOR GOING CONCERN ASSUMPTION

**(Parent company only)**

Not applicable.

- 22 -

Directors

(Current Titles are Shown in the Parentheses)

## (1) Changes of Representative Directors

|                          |               |   |
|--------------------------|---------------|---|
| Representative Director, | Fujio Mitarai | (Representative Director, Chairman & CEO) |
|--------------------------|---------------|---|

|                            |  |  |
|----------------------------|--|--|
| Chairman & President & CEO |  |  |
|----------------------------|--|--|

|                |                |  |
|----------------|----------------|--|
| Senior Adviser | Tsuneji Uchida | (Representative Director, President & COO) |
|----------------|----------------|--|

## (2) Candidates for Directors to be promoted

|                          |                |  |
|--------------------------|----------------|--|
| Executive Vice President | Kunio Watanabe | (Senior Managing Director, Group Executive of Corporate Planning Development Headquarters) |
|--------------------------|----------------|--|

|                          |              |   |
|--------------------------|--------------|---|
| Senior Managing Director | Toshio Homma | (Managing Director, Chief Executive of L Printer Products Operations) |
|--------------------------|--------------|---|

|                          |                |  |
|--------------------------|----------------|--|
| Senior Managing Director | Masaki Nakaoka | (Managing Director, Chief Executive of Office Imaging Products Operations) |
|--------------------------|----------------|--|

|                          |                |   |
|--------------------------|----------------|---|
| Senior Managing Director | Haruhisa Honda | (Managing Director, Group Executive of Production Engineering Headquarters) |
|--------------------------|----------------|---|

## (3) Candidates for new Directors to be appointed

|                   |   |
|-------------------|---|
| Hiroyuki Suematsu | (Executive Officer, Deputy Chief Executive of Peripheral Products Operations) |
|-------------------|---|

|                 |   |
|-----------------|---|
| Shigeyuki Uzawa | (Executive Officer, Chief Executive of Optical Products Operations) |
|-----------------|---|

|                  |  |
|------------------|--|
| Kenichi Nagasawa | (Executive Officer, Group Executive of Corporate Intellectual Property & Legal Headquarters) |
|------------------|--|

|              |   |
|--------------|---|
| Naoji Otsuka | (Executive Officer, Deputy Chief Executive of Inkjet Products Operations) |
|--------------|---|

## (4) Candidate for new Corporate Auditor to be appointed

|               |   |
|---------------|---|
| Kengo Uramoto | (Group Executive of Human Resources Management & Organization Headquarters) |
|---------------|---|

## (5) Directors to be retired

|                         |                   |                     |
|-------------------------|-------------------|---------------------|
| Advisor to be appointed | Tomonori Iwashita | (Managing Director) |
|-------------------------|-------------------|---------------------|

|                         |                |                     |
|-------------------------|----------------|---------------------|
| Advisor to be appointed | Masahiro Osawa | (Managing Director) |
|-------------------------|----------------|---------------------|

|                         |                   |                     |
|-------------------------|-------------------|---------------------|
| Advisor to be appointed | Katsuichi Shimizu | (Managing Director) |
|-------------------------|-------------------|---------------------|

|                         |               |                     |
|-------------------------|---------------|---------------------|
| Advisor to be appointed | Ryoichi Bamba | (Managing Director) |
|-------------------------|---------------|---------------------|

## (6) Corporate Auditor to be retired

|                         |                  |                     |
|-------------------------|------------------|---------------------|
| Advisor to be appointed | Keijiro Yamazaki | (Corporate Auditor) |
|-------------------------|------------------|---------------------|



Executive Officers

## (1) Candidates for Executive Officers to be promoted

|                          |                 |   |
|--------------------------|-----------------|---|
| Senior Executive Officer | Sachio Kageyama | (Executive Officer, Group Executive of Global Manufacturing Headquarters)         |
| Senior Executive Officer | Masanori Yamada | (Executive Officer, Deputy Chief Executive of Office Imaging Products Operations) |
| Senior Executive Officer | Akio Noguchi    | (Executive Officer, Deputy Chief Executive of Peripheral Products Operations)     |

## (2) Candidates for new Executive Officers

|                  |   |
|------------------|---|
| Rokus van Iperen | (Chairman & CEO of Océ N.V.)  |
| Yuichi Ishizuka  | (Executive Vice President of Canon U.S.A., Inc.)                            |
| Aitake Wakiya    | (Deputy Group Executive of Finance & Accounting Headquarters)               |
| Kazuhiko Noguchi | (Group Executive of External Relations Headquarters)                        |
| Kazuto Ono       | (Senior General Manager of Finance & Accounting Headquarters)               |
| Eiji Osanai      | (Senior General Manager of Production Engineering Research Laboratory)      |
| Hiroaki Takeishi | (Senior General Manager of Semiconductor Production Equipment PLM Center 1) |

**CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER  
AND THE FISCAL YEAR ENDED DECEMBER 31, 2011  
SUPPLEMENTARY REPORT**

TABLE OF CONTENTS

|   | PAGE |
|---|------|
| 1. SALES BY GEOGRAPHIC AREA AND BUSINESS UNIT (2011)            | S 1  |
| 2. SALES BY GEOGRAPHIC AREA AND BUSINESS UNIT (2012/Projection) | S 2  |
| 3. SEGMENT INFORMATION BY BUSINESS UNIT (2011)                  | S 3  |
| 4. OTHER INCOME / DEDUCTIONS (2011)                             | S 3  |
| 5. SEGMENT INFORMATION BY BUSINESS UNIT (2012/Projection)       | S 4  |
| 6. OTHER INCOME / DEDUCTIONS (2012/Projection)                  | S 4  |
| 7. BREAKDOWN OF PRODUCT SALES WITHIN BUSINESS UNIT              | S 5  |
| 8. SALES GROWTH IN LOCAL CURRENCY                               | S 5  |
| 9. PROFITABILITY  | S 6  |
| 10. IMPACT OF FOREIGN EXCHANGE RATES                            | S 6  |
| 11. STATEMENTS OF CASH FLOWS                                    | S 6  |
| 12. R&D EXPENDITURE   | S 7  |
| 13. INCREASE IN PP&E & DEPRECIATION AND AMORTIZATION            | S 7  |
| 14. INVENTORIES   | S 7  |
| 15. DEBT RATIO  | S 7  |
| 16. OVERSEAS PRODUCTION RATIO                                   | S 7  |
| 17. NUMBER OF EMPLOYEES   | S 7  |

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," "plan," "project" 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.

**1. SALES BY GEOGRAPHIC AREA AND BUSINESS UNIT (2011)**

(Millions of yen)

|                         | 2011        |           | 2010        |           | Change year over year |        |
|-------------------------|-------------|-----------|-------------|-----------|-----------------------|--------|
|                         | 4th quarter | Year      | 4th quarter | Year      | 4th quarter           | Year   |
| <b>Japan</b>            |             |           |             |           |                       |        |
| Office                  | 97,192      | 362,528   | 96,233      | 376,928   | +1.0%                 | -3.8%  |
| Consumer                | 61,590      | 187,397   | 70,798      | 216,509   | -13.0%                | -13.4% |
| Industry and Others     | 42,538      | 144,525   | 31,138      | 102,312   | +36.6%                | +41.3% |
| Total                   | 201,320     | 694,450   | 198,169     | 695,749   | +1.6%                 | -0.2%  |
| <b>Overseas</b>         |             |           |             |           |                       |        |
| Office                  | 400,266     | 1,549,584 | 451,086     | 1,602,017 | -11.3%                | -3.3%  |
| Consumer                | 310,905     | 1,123,626 | 341,083     | 1,173,113 | -8.8%                 | -4.2%  |
| Industry and Others     | 52,266      | 189,773   | 77,528      | 236,022   | -32.6%                | -19.6% |
| Total                   | 763,437     | 2,862,983 | 869,697     | 3,011,152 | -12.2%                | -4.9%  |
| <b>Americas</b>         |             |           |             |           |                       |        |
| Office                  | 153,937     | 588,190   | 169,823     | 601,090   | -9.4%                 | -2.1%  |
| Consumer                | 109,762     | 335,158   | 118,812     | 379,522   | -7.6%                 | -11.7% |
| Industry and Others     | 10,605      | 38,607    | 13,475      | 42,687    | -21.3%                | -9.6%  |
| Total                   | 274,304     | 961,955   | 302,110     | 1,023,299 | -9.2%                 | -6.0%  |
| <b>Europe</b>           |             |           |             |           |                       |        |
| Office                  | 179,701     | 696,239   | 208,654     | 733,216   | -13.9%                | -5.0%  |
| Consumer                | 105,012     | 391,747   | 123,921     | 407,994   | -15.3%                | -4.0%  |
| Industry and Others     | 5,935       | 25,079    | 10,240      | 31,264    | -42.0%                | -19.8% |
| Total                   | 290,648     | 1,113,065 | 342,815     | 1,172,474 | -15.2%                | -5.1%  |
| <b>Asia and Oceania</b> |             |           |             |           |                       |        |
| Office                  | 66,628      | 265,155   | 72,609      | 267,711   | -8.2%                 | -1.0%  |
| Consumer                | 96,131      | 396,721   | 98,350      | 385,597   | -2.3%                 | +2.9%  |
| Industry and Others     | 35,726      | 126,087   | 53,813      | 162,071   | -33.6%                | -22.2% |
| Total                   | 198,485     | 787,963   | 224,772     | 815,379   | -11.7%                | -3.4%  |
| <b>Intersegment</b>     |             |           |             |           |                       |        |
| Office                  | 883         | 5,831     | 1,958       | 8,324     | -54.9%                | -29.9% |
| Consumer                | 270         | 1,021     | 359         | 1,705     | -24.8%                | -40.1% |
| Industry and Others     | 19,226      | 86,565    | 23,260      | 94,624    | -17.3%                | -8.5%  |
| Eliminations            | (20,379)    | (93,417)  | (25,577)    | (104,653) | -                     | -      |
| Total                   | 0           | 0         | 0           | 0         | -                     | -      |
| <b>Total</b>            |             |           |             |           |                       |        |
| Office                  | 498,341     | 1,917,943 | 549,277     | 1,987,269 | -9.3%                 | -3.5%  |
| Consumer                | 372,765     | 1,312,044 | 412,240     | 1,391,327 | -9.6%                 | -5.7%  |
| Industry and Others     | 114,030     | 420,863   | 131,926     | 432,958   | -13.6%                | -2.8%  |
| Eliminations            | (20,379)    | (93,417)  | (25,577)    | (104,653) | -                     | -      |
| Total                   | 964,757     | 3,557,433 | 1,067,866   | 3,706,901 | -9.7%                 | -4.0%  |

**2. SALES BY GEOGRAPHIC AREA AND BUSINESS UNIT (2012/Projection)****(1) Sales by business unit**

|                     | 2012 (P)  | 2011      | (Millions of yen)<br>Change year over<br>year |
|---------------------|-----------|-----------|---|
|                     | Year      | Year      | Year  |
| Office              | 1,923,000 | 1,917,943 | +0.3%   |
| Consumer            | 1,454,800 | 1,312,044 | +10.9%  |
| Industry and Others | 456,800   | 420,863   | +8.5%   |
| Eliminations        | (84,600)  | (93,417)  | -   |
| Total               | 3,750,000 | 3,557,433 | +5.4%   |

(P)=Projection

**(2) Sales by region**

|                  | 2012 (P)  | 2011      | (Millions of yen)<br>Change year over<br>year |
|------------------|-----------|-----------|---|
|                  | Year      | Year      | Year  |
| Japan            | 801,100   | 694,450   | +15.4%  |
| Overseas         | 2,948,900 | 2,862,983 | +3.0%   |
| Americas         | 963,000   | 961,955   | +0.1%   |
| Europe           | 1,098,200 | 1,113,065 | -1.3%   |
| Asia and Oceania | 887,700   | 787,963   | +12.7%  |
| Total            | 3,750,000 | 3,557,433 | +5.4%   |

(P)=Projection

**3. SEGMENT INFORMATION BY BUSINESS UNIT (2011)**

(Millions of yen)

|                                   | 2011        |           | 2010        |           | Change year over year |        |
|-----------------------------------|-------------|-----------|-------------|-----------|-----------------------|--------|
|                                   | 4th quarter | Year      | 4th quarter | Year      | 4th quarter           | Year   |
| <b>Office</b>                     |             |           |             |           |                       |        |
| External customers                | 497,458     | 1,912,112 | 547,319     | 1,978,945 | -9.1%                 | -3.4%  |
| Intersegment                      | 883         | 5,831     | 1,958       | 8,324     | -54.9%                | -29.9% |
| Total sales                       | 498,341     | 1,917,943 | 549,277     | 1,987,269 | -9.3%                 | -3.5%  |
| Operating profit                  | 68,594      | 259,265   | 61,151      | 293,322   | +12.2%                | -11.6% |
| % of sales                        | 13.8%       | 13.5%     | 11.1%       | 14.8%     | -                     | -      |
| <b>Consumer</b>                   |             |           |             |           |                       |        |
| External customers                | 372,495     | 1,311,023 | 411,881     | 1,389,622 | -9.6%                 | -5.7%  |
| Intersegment                      | 270         | 1,021     | 359         | 1,705     | -24.8%                | -40.1% |
| Total sales                       | 372,765     | 1,312,044 | 412,240     | 1,391,327 | -9.6%                 | -5.7%  |
| Operating profit                  | 50,898      | 211,294   | 65,022      | 238,065   | -21.7%                | -11.2% |
| % of sales                        | 13.7%       | 16.1%     | 15.8%       | 17.1%     | -                     | -      |
| <b>Industry and Others</b>        |             |           |             |           |                       |        |
| External customers                | 94,804      | 334,298   | 108,666     | 338,334   | -12.8%                | -1.2%  |
| Intersegment                      | 19,226      | 86,565    | 23,260      | 94,624    | -17.3%                | -8.5%  |
| Total sales                       | 114,030     | 420,863   | 131,926     | 432,958   | -13.6%                | -2.8%  |
| Operating profit                  | 3,777       | 24,300    | (5,844)     | (9,831)   | -                     | -      |
| % of sales                        | 3.3%        | 5.8%      | -4.4%       | -2.3%     | -                     | -      |
| <b>Corporate and Eliminations</b> |             |           |             |           |                       |        |
| External customers                | -           | -         | -           | -         | -                     | -      |
| Intersegment                      | (20,379)    | (93,417)  | (25,577)    | (104,653) | -                     | -      |
| Total sales                       | (20,379)    | (93,417)  | (25,577)    | (104,653) | -                     | -      |
| Operating profit                  | (28,659)    | (116,788) | (37,482)    | (134,004) | -                     | -      |
| <b>Consolidated</b>               |             |           |             |           |                       |        |
| External customers                | 964,757     | 3,557,433 | 1,067,866   | 3,706,901 | -9.7%                 | -4.0%  |
| Intersegment                      | -           | -         | -           | -         | -                     | -      |
| Total sales                       | 964,757     | 3,557,433 | 1,067,866   | 3,706,901 | -9.7%                 | -4.0%  |
| Operating profit                  | 94,610      | 378,071   | 82,847      | 387,552   | +14.2%                | -2.4%  |
| % of sales                        | 9.8%        | 10.6%     | 7.8%        | 10.5%     | -                     | -      |

**4. OTHER INCOME/DEDUCTIONS (2011)**

(Millions of yen)

|  | 2011        |         | 2010        |          | Change year over year |          |
|--|-------------|---------|-------------|----------|-----------------------|----------|
|  | 4th quarter | Year    | 4th quarter | Year     | 4th quarter           | Year     |
| Interest and dividend, net                     | 2,455       | 7,444   | 964         | 4,091    | +1,491                | +3,353   |
| Forex gain / loss                              | 2,372       | (3,287) | (446)       | 3,089    | +2,818                | (6,376)  |
| Equity earnings / loss of affiliated companies | (1,714)     | (7,368) | (551)       | 10,471   | (1,163)               | (17,839) |
| Other, net                                     | (5,123)     | (336)   | (280)       | (12,340) | (4,843)               | +12,004  |
| Total  | (2,010)     | (3,547) | (313)       | 5,311    | (1,697)               | (8,858)  |

**5. SEGMENT INFORMATION BY BUSINESS UNIT (2012/Projection)**

|                                   | 2012 (P)  | 2011      | (Millions of yen)<br>Change year over<br>year |
|-----------------------------------|-----------|-----------|---|
|                                   | Year      | Year      | Year  |
| <b>Office</b>                     |           |           |   |
| External customers                | 1,920,900 | 1,912,112 | +0.5%   |
| Intersegment                      | 2,100     | 5,831     | -64.0%  |
| Total sales                       | 1,923,000 | 1,917,943 | +0.3%   |
| Operating profit                  | 226,500   | 259,265   | -12.6%  |
| % of sales                        | 11.8%     | 13.5%     | -   |
| <b>Consumer</b>                   |           |           |   |
| External customers                | 1,453,800 | 1,311,023 | +10.9%  |
| Intersegment                      | 1,000     | 1,021     | -2.1%   |
| Total sales                       | 1,454,800 | 1,312,044 | +10.9%  |
| Operating profit                  | 260,900   | 211,294   | +23.5%  |
| % of sales                        | 17.9%     | 16.1%     | -   |
| <b>Industry and Others</b>        |           |           |   |
| External customers                | 375,300   | 334,298   | +12.3%  |
| Intersegment                      | 81,500    | 86,565    | -5.9%   |
| Total sales                       | 456,800   | 420,863   | +8.5%   |
| Operating profit                  | 22,500    | 24,300    | -7.4%   |
| % of sales                        | 4.9%      | 5.8%      | -   |
| <b>Corporate and Eliminations</b> |           |           |   |
| External customers                | -         | -         | -   |
| Intersegment                      | (84,600)  | (93,417)  | -   |
| Total sales                       | (84,600)  | (93,417)  | -   |
| Operating profit                  | (119,900) | (116,788) | -   |
| <b>Consolidated</b>               |           |           |   |
| External customers                | 3,750,000 | 3,557,433 | +5.4%   |
| Intersegment                      | -         | -         | -   |
| Total sales                       | 3,750,000 | 3,557,433 | +5.4%   |
| Operating profit                  | 390,000   | 378,071   | +3.2%   |
| % of sales                        | 10.4%     | 10.6%     | -   |

(P)=Projection

**6. OTHER INCOME / DEDUCTIONS (2012/Projection)**

|  | 2012 (P) | 2011    | (Millions of yen)<br>Change year over year |
|--|----------|---------|--|
|  | Year     | Year    | Year                                       |
| Interest and dividend, net                     | 4,900    | 7,444   | (2,544)                                    |
| Forex gain / loss                              | (2,600)  | (3,287) | +687                                       |
| Equity earnings / loss of affiliated companies | 1,100    | (7,368) | +8,468                                     |
| Other, net                                     | (3,400)  | (336)   | (3,064)                                    |
| Total  | 0        | (3,547) | +3,547                                     |

(P)=Projection

**7. BREAKDOWN OF PRODUCT SALES WITHIN BUSINESS UNIT**

|                            | 2012 (P) | 2011        |      | 2010        |      |
|----------------------------|----------|-------------|------|-------------|------|
|                            | Year     | 4th quarter | Year | 4th quarter | Year |
| <b>Office</b>              |          |             |      |             |      |
| Monochrome copiers         | 15%      | 15%         | 15%  | 14%         | 15%  |
| Color copiers              | 18%      | 19%         | 17%  | 16%         | 17%  |
| Other printing devices     | 46%      | 46%         | 48%  | 46%         | 50%  |
| Others                     | 21%      | 20%         | 20%  | 24%         | 18%  |
| <b>Consumer</b>            |          |             |      |             |      |
| Cameras                    | 75%      | 71%         | 71%  | 70%         | 70%  |
| Inkjet printers            | 21%      | 24%         | 24%  | 25%         | 24%  |
| Others                     | 4%       | 5%          | 5%   | 5%          | 6%   |
| <b>Industry and Others</b> |          |             |      |             |      |
| Lithography equipment      | 20%      | 26%         | 19%  | 25%         | 23%  |
| Others                     | 80%      | 74%         | 81%  | 75%         | 77%  |

(P)=Projection

**8. SALES GROWTH IN LOCAL CURRENCY**

|                            | 2012 (P) | 2011        |        |
|----------------------------|----------|-------------|--------|
|                            | Year     | 4th quarter | Year   |
| <b>Office</b>              |          |             |        |
| Japan                      | -        | +1.0%       | -3.8%  |
| Overseas                   | -        | -5.0%       | +3.6%  |
| Total                      | +6.5%    | -4.1%       | +2.1%  |
| <b>Consumer</b>            |          |             |        |
| Japan                      | -        | -13.0%      | -13.4% |
| Overseas                   | -        | -3.2%       | +2.0%  |
| Total                      | +17.5%   | -4.9%       | -0.5%  |
| <b>Industry and Others</b> |          |             |        |
| Japan                      | -        | +36.6%      | +41.3% |
| Overseas                   | -        | -31.0%      | -17.4% |
| Total                      | +9.9%    | -12.6%      | -1.6%  |
| <b>Total</b>               |          |             |        |
| Japan                      | +15.4%   | +1.6%       | -0.2%  |
| Overseas                   | +10.4%   | -6.6%       | +1.3%  |
| Americas                   | +6.5%    | -3.0%       | +2.5%  |
| Europe                     | +8.2%    | -8.8%       | 0.0%   |
| Asia and Oceania           | +18.2%   | -8.1%       | +1.9%  |
| Total                      | +11.4%   | -5.1%       | +1.0%  |

(P)=Projection

**9. PROFITABILITY**

|     | 2012 (P) | 2011 | 2010 |
|-----|----------|------|------|
|     | Year     | Year | Year |
| ROE | 9.6%     | 9.6% | 9.2% |
| ROA | 6.3%     | 6.3% | 6.3% |

(P)=Projection

\*1 Based on Net Income attributable to Canon Inc. and Total Canon Inc. Stockholders Equity

\*2 Based on Net Income attributable to Canon Inc.

**10. IMPACT OF FOREIGN EXCHANGE RATES****(1) Exchange rates**

|          | 2012 (P) |             | 2011   |             | 2010   |
|----------|----------|-------------|--------|-------------|--------|
|          | Year     | 4th quarter | Year   | 4th quarter | Year   |
| Yen/US\$ | 75.00    | 77.40       | 79.55  | 82.68       | 87.40  |
| Yen/Euro | 100.00   | 104.22      | 110.72 | 111.99      | 114.97 |

(P)=Projection

**(2) Impact of foreign exchange rates on sales (Year over year)**

|                  | 2012 (P) |             | 2011    |
|------------------|----------|-------------|---------|
|                  | Year     | 4th quarter | Year    |
| US\$             | (60.8)   | (19.9)      | (111.6) |
| Euro             | (118.8)  | (21.1)      | (40.6)  |
| Other currencies | (20.2)   | (2.2)       | (9.7)   |
| Total            | (199.8)  | (43.2)      | (161.9) |

(P)=Projection

**(3) Impact of foreign exchange rates per yen**

|                     | (Billions of yen) |      |
|---------------------|-------------------|------|
|                     | 2012 (P)          | 2011 |
|                     | Year              | Year |
| On sales            |                   |      |
| US\$                | 19.3              |      |
| Euro                | 10.1              |      |
| On operating profit |                   |      |
| US\$                | 9.2               |      |
| Euro                | 5.4               |      |

(P)=Projection

**11. STATEMENTS OF CASH FLOWS**

|  | 2012 (P)  |             | 2011      |             | 2010      |
|--|-----------|-------------|-----------|-------------|-----------|
|  | Year      | 4th quarter | Year      | 4th quarter | Year      |
| Net cash provided by operating activities                    | 540,000   | 126,979     | 469,562   | 224,986     | 744,413   |
| Net cash used in investing activities                        | (380,000) | (54,543)    | (256,543) | (98,931)    | (342,133) |
| Free cash flow   | 160,000   | 72,436      | 213,019   | 126,055     | 402,280   |
| Net cash used in financing activities                        | (150,000) | (5,944)     | (257,513) | (11,939)    | (279,897) |
| Effect of exchange rate changes on cash and cash equivalents | (13,200)  | (4,896)     | (22,858)  | (32,936)    | (76,838)  |
| Net change in cash and cash equivalents                      | (3,200)   | 61,596      | (67,352)  | 81,180      | 45,545    |
| Cash and cash equivalents at end of period                   | 770,000   | 773,227     | 773,227   | 840,579     | 840,579   |

(P)=Projection



**12. R&D EXPENDITURE**

|                            | (Millions of yen) |         |         |
|----------------------------|-------------------|---------|---------|
|                            | 2012 (P)          | 2011    | 2010    |
|                            | Year              | Year    | Year    |
| Office                     | -                 | 103,378 | 96,156  |
| Consumer                   | -                 | 82,731  | 82,843  |
| Industry and Others        | -                 | 27,061  | 21,062  |
| Corporate and Eliminations | -                 | 94,630  | 115,756 |
| Total                      | 320,000           | 307,800 | 315,817 |
| % of sales                 | 8.5%              | 8.7%    | 8.5%    |

(P)=Projection

**13. INCREASE IN PP&E & DEPRECIATION AND AMORTIZATION**

|                                      | (Millions of yen) |         |         |
|--------------------------------------|-------------------|---------|---------|
|                                      | 2012 (P)          | 2011    | 2010    |
|                                      | Year              | Year    | Year    |
| <b>Increase in PP&amp;E</b>          |                   |         |         |
| Office                               | -                 | 48,729  | 48,969  |
| Consumer                             | -                 | 46,091  | 35,017  |
| Industry and Others                  | -                 | 36,582  | 26,109  |
| Corporate and Eliminations           | -                 | 95,467  | 48,881  |
| Total                                | 300,000           | 226,869 | 158,976 |
| <b>Depreciation and amortization</b> |                   |         |         |
| Office                               | -                 | 93,196  | 103,548 |
| Consumer                             | -                 | 45,609  | 41,665  |
| Industry and Others                  | -                 | 29,685  | 37,387  |
| Corporate and Eliminations           | -                 | 92,853  | 93,593  |
| Total                                | 270,000           | 261,343 | 276,193 |

(P)=Projection

**14. INVENTORIES****(1) Inventories**

|                     | (Millions of yen) |         |            |
|---------------------|-------------------|---------|------------|
|                     | 2011              | 2010    | Difference |
|                     | Dec.31            | Dec.31  |            |
| Office              | 207,690           | 186,817 | +20,873    |
| Consumer            | 148,954           | 107,261 | +41,693    |
| Industry and Others | 120,060           | 90,699  | +29,361    |
| Total               | 476,704           | 384,777 | +91,927    |

**(2) Inventories/Sales\***

|                     | (Days) |        |            |
|---------------------|--------|--------|------------|
|                     | 2011   | 2010   | Difference |
|                     | Dec.31 | Dec.31 |            |
| Office              | 39     | 32     | +7         |
| Consumer            | 38     | 27     | +11        |
| Industry and Others | 115    | 88     | +27        |
| Total               | 46     | 35     | +11        |

\*Index based on the previous six months sales.

**15. DEBT RATIO**

|                           | Difference |        |      |
|---------------------------|------------|--------|------|
|                           | 2011       | 2010   |      |
|                           | Dec.31     | Dec.31 |      |
| Total debt / Total assets | 0.3%       | 0.3%   | 0.0% |

**16. OVERSEAS PRODUCTION RATIO**

|  | 2011 | 2010 |
|--|------|------|
|  | Year | Year |

Edgar Filing: CANON INC - Form 6-K

Overseas production ratio 52% 49%

**17. NUMBER OF EMPLOYEES**

|          | 2011<br>Dec.31 | 2010<br>Dec.31 | Difference |
|----------|----------------|----------------|------------|
| Japan    | 70,346         | 71,954         | (1,608)    |
| Overseas | 127,961        | 125,432        | +2,529     |
| Total    | 198,307        | 197,386        | +921       |

- S7 -