

CANON INC
Form 6-K
November 16, 2009

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

For the month of**November** , **2009**

CANON INC.

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

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F 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....**November 12, 2009**....

By...../s/..... Masashiro Kobayashi
(Signature)*

Masashiro Kobayashi
General Manager
Global Finance Management Center
Canon Inc.

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

The following materials are included.

1. Quarterly Report filed with the Japanese government pursuant to the Financial Instruments and Exchange Law of Japan For the third quarter ended September 30, 2009
-

[English summary with full translation of consolidated financial information]

**Quarterly Report filed with the Japanese government
pursuant to
the Financial Instruments and Exchange Law of Japan
For the third quarter ended
September 30, 2009
CANON INC.
Tokyo, Japan**

CONTENTS

	<u>Page</u>
I Corporate Information	
(1) Consolidated Financial Summary	2
(2) Description of Business	3
(3) Group Entities	3
(4) Number of Employees	3
II The Business	
(1) Production and Sales	4
(2) Risk Factors	5
(3) Crucial Business Contracts Engaged in the Third Quarter of Fiscal 2009	5
(4) Operating Results	5
III Property, Plant and Equipment	
(1) Major Property, Plant and Equipment	8
(2) Prospect of Capital Investment in the Third Quarter of Fiscal 2009	8
IV Company Information	
(1) Shares	8
(2) Stock Price Transition	12
(3) Directors and Executive Officers	12
V Financial Statements	
(1) Consolidated Financial Statements	13
(2) Other Information	38

Disclaimer Regarding Forward-Looking Statements

This quarterly report includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) concerning Canon Inc. (the Company) and its subsidiaries (collectively Canon). To the extent that statements in this quarterly report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Canon in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Canon's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Canon undertakes no obligation to publicly update any forward-looking statements after the date of this quarterly report. Investors are advised to consult any further disclosures by Canon in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 and its other filings.

The risks, uncertainties and other factors referred to above include, but are not limited to, foreign exchange rate fluctuations; the uncertainty of Canon's ability to implement its plans to localize production and other measures to reduce the impact of foreign exchange rate fluctuations; uncertainty of economic conditions in Canon's major markets; uncertainty about continued demand for Canon's high-value-added products; uncertainty about the recovery of computer and related markets; uncertainty about the recovery in demand for Canon's semiconductor production equipment; Canon's ability to continue to develop and market products that incorporate new technology on a timely basis, are competitively priced and achieve market acceptance; the possibility of losses resulting from foreign currency transactions designed to reduce financial risks from changes in foreign exchange rates; and inventory risk due to shifts in market demand.

I. Corporate Information**(1) Consolidated Financial Summary**

	Millions of yen (except per share amounts)		
	Nine months ended September 30, 2009	Three months ended September 30, 2009	Year ended December 31, 2008
Net sales	2,255,143	774,324	4,094,161
Income before income taxes	121,434	63,548	481,147
Net income attributable to Canon Inc.	70,083	36,734	309,148
Canon Inc. stockholders' equity	-	2,615,267	2,659,792
Total equity	-	2,804,905	2,850,982
Total assets	-	3,702,124	3,969,934
Canon Inc. stockholders' equity per share (yen)	-	2,118.52	2,154.57
Net income attributable to Canon Inc. stockholders per share:			
Basic (yen)	56.77	29.76	246.21
Diluted (yen)	56.77	29.76	246.20
Canon Inc. stockholders' equity to total assets (%)	-	70.6	67.0
Cash flows from operating activities	374,527	-	616,684
Cash flows from investing activities	(286,234)	-	(472,480)
Cash flows from financing activities	(141,381)	-	(277,565)
Cash and cash equivalents at end of period	-	633,656	679,196
Number of employees	-	167,644	166,980

Notes:

1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. Consumption tax is excluded from the stated amount of net sales.
3. Canon adopted FASB ASC810, Consolidations (the provisions of which were previously included in SFAS No.160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No.51) in the first quarter beginning January 1, 2009. Prior year amounts have been reclassified or adjusted to conform to ASC810.

(2) Description of Business

Canon prepares quarterly consolidated financial statements in accordance with U.S. generally accepted accounting principles, thereby its group entities, which is composed of subsidiaries and affiliates, disclose the information in accordance with the accounting principles. The conformity is also applied to sections II. The Business and III. Property, Plant and Equipment. The segment information is exceptionally prepared based on The rules associated with the terminology, presentation and preparation method of quarterly consolidated financial statements (Shihanki renketsu zaimushohyo kisoku) of Japan.

Canon (consisting of and is operated mainly by the Company, 240 consolidated subsidiaries and 15 affiliates accounted for using the equity method) is engaged in the development, manufacture, sale and service primarily in the fields of business machines, cameras, optical and other products. No material change in Canon's business has occurred during the three months ended September 30, 2009.

No additions or removals of principal group entities have occurred during the three months ended September 30, 2009.

(3) Group Entities

No additions or removals of crucial group entities have occurred during the three months ended September 30, 2009.

(4) Number of Employees

Canon's number of employees is summarized as follows:

	As of September 30, 2009
Consolidated	167,644
Parent-alone	25,893

Note:

The number of employees represents the total number of employees including seasonal workers as well as others who do not work full time.

II. The Business**(1) Production and Sales**Production

Canon's production by product group are summarized as follows:

	Millions of yen Three months ended September 30, 2009
Business Machines	409,573
Cameras	282,184
Optical and other products	34,218
Total	725,975

Notes:

1. Amount of production is calculated by sales price.
2. Consumption tax is excluded from the stated amount of production.

Sales

Canon's sales by product group are summarized as follows:

	Millions of yen Three months ended September 30, 2009
Business Machines	488,761
Cameras	229,032
Optical and other products	56,531
Total	774,324

Notes:

1. Consumption tax is excluded from the stated amount of net sales.
2. Canon's sales to its significant customer are summarized as follows:

	Millions of yen Three months ended September 30, 2009	
	Sales	Proportion (%)
Hewlett-Packard Company	169,711	21.9

(2) Risk Factors

No additional risks related to Canon's business have arisen during the three months ended September 30, 2009. Furthermore, no material changes are recognized pursuant to the risk factors of Canon's business indicated in the annual report (Yukashoken-hokokusho) of the previous fiscal year.

(3) Crucial Business Contracts Engaged in the Third Quarter of 2009

No material contracts were entered into during the three months ended September 30, 2009.

(4) Operating Results

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

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

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

Basic net income attributable to Canon Inc. stockholders per share for the quarter was ¥29.76, a year-on-year decline of ¥36.15, while the indicator for the nine months ended September 30, 2009 decreased by ¥179.25 to ¥56.77.

Canon's third-quarter results by product segment are summarized as follows:

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

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

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

Third-quarter results in the domestic and overseas regions are summarized as follows:

Japan

Sales in Japan for the quarter decreased by 18.8% from the year-ago period to ¥183.6 billion as sales of color network MFDs and steppers remained sluggish along with other factors, while for the first nine months of the year, sales declined by 17.6% to ¥599.8 billion. Operating profit generated in the region fell 54.6% year on year to ¥82.7 billion for the quarter, and totaled ¥188.6 billion for the combined nine-month period, dropping 65.5%.

As sales of products such as laser beam printers and network MFDs declined overall, coupled with the significant impact of the foreign currency exchange and other factors, sales in the regions outside Japan decreased in the third quarter and also for the first nine months of the year, compared with the corresponding periods of the previous year.

Americas

Third-quarter sales declined by 25.4% from the year-ago period to ¥211.6 billion, largely due to reduced sales of monochrome network MFDs and laser beam printers, along with the appreciation of the yen. Sales for the three-quarter period totaled ¥602.8 billion, falling 30.3% year on year. Operating profit in the region achieved a turnaround to ¥4.6 billion compared with an operating loss of ¥1.9 billion in the corresponding period of the previous year, whereas the indicator decreased by 39.2% to ¥6.4 billion for the nine months ended September 30, 2009.

Europe

Sales for the quarter decreased by 25.1% from the same period of the previous year to ¥236.8 billion, primarily due to flagging sales of laser beam printers and color network MFDs, combined with the appreciation of the yen. Sales for the nine-month period declined by 33.7% to ¥684.4 billion. Operating profit in the region, however, climbed 565.3% year on year to ¥7.3 billion for the quarter, and increased by 13.6% to ¥20.8 billion for the first nine months of the year.

Asia and others

Sales decreased by 11.2% to ¥142.3 billion for the third quarter mainly reflecting reduced sales of laser beam printers and steppers, while sales for the first nine months declined by 22.5% to ¥368.1 billion. However, operating profit in the region rose by 2.4% to ¥13.8 billion for the quarter, while operating profit for the nine months ended September 30, 2009 dropped 31.9% to ¥27.3 billion.

Cash Flows

In the third quarter of 2009, despite the decrease in consolidated net income, Canon generated cash flow from operating activities of ¥185.8 billion, an increase of ¥86.0 billion compared with the previous year, mainly due to the progress made in reducing inventories. As capital investment was focused on items relevant to introducing new products and achieving cost reductions, cash flow from investing activities totaled ¥67.9 billion, a year-on-year decrease of ¥28.2 billion. Accordingly, free cash flow totaled ¥117.9 billion, an increase of ¥114.2 billion from the year-ago period.

Cash flow from financing activities recorded an outlay of ¥70.0 billion, mainly arising from the dividend payout of ¥67.9 billion. Consequently, cash and cash equivalents increased by ¥30.1 billion to ¥633.7 billion from the end of the previous year.

Management Issues to be Addressed

No material changes or issues with respect to business operations and finance have occurred during the three months ended September 30, 2009.

Research and Development Expenditures

Canon's research and development expenditures for the three months ended September 30, 2009 totaled ¥73.7 billion.

III . Property, Plant and Equipment

(1) Major Property, Plant and Equipment

There were no significant changes to the status of existing major property, plant and equipment during the third quarter of 2009.

(2) Prospect of Capital Investment in the Third Quarter of Fiscal 2009

The new construction of property, plant and equipment, which had been in progress as of June 30, 2009 and was completed during the third quarter of 2009, is as follows:

Name and location	Principal activities and products manufactured	Date of completion
Canon Virginia, Inc. Virginia, U.S.	New production base (business machines operations)	August 2009

There were no significant changes in the plans relevant to the retirement of property, plant and equipment during the third quarter of 2009. Moreover, there were no significant additional plans for new construction or retirement of property, plant and equipment during the third quarter of 2009.

IV . Company Information

(1) Shares

Total number of authorized shares is 3,000,000,000 shares. The common stock of Canon is listed on the Tokyo, Osaka, Nagoya, Fukuoka, Sapporo and New York Stock Exchanges. Total issued shares are as follows:

	As of September 30, 2009
Total number of issued shares	1,333,763,464

Stock Acquisition Rights

The descriptions of the stock option plans as of September 30, 2009 are below.

The Stock Option Plan Approved on March 28, 2008

1. Number of share options

The number of share options that the Board of Directors are authorized to issue is 5,740.

2. Number of shares acquired upon exercise of a share option

The number of shares acquired upon exercise of one share option (the Allotted Number of Shares) is 100 common shares, and the total number of shares to be delivered due to the exercise of share options is 574,000 common shares.

3. Cash payment for share options (yen)

The cash payment required for the share options will be ¥5,502 per share.

- (i) If the Company effects a share split or a share consolidation after the date of the allotment of the share options, the Exercise Price will be adjusted by the following calculation formula, with any fractional amount of less than one yen to be rounded up to one yen:

Exercise Price after Adjustment

$$= \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of Share Splitting or Share Consolidation}}$$

- (ii) If, after the date of allotment of share options, the Company issues common shares at a price lower than the then market price thereof or disposes common shares owned by it, the Exercise Price will be adjusted by the following calculation formula, with any fractional amount of less than one yen to be rounded up to one yen; however, the Exercise Price will not be adjusted in the case of the exercise of share options:

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times$$

$$\frac{\text{Number of Issued and Outstanding Shares} + \text{Number of Newly Issued Shares} \times \text{Payment amount per Share}}{\text{Market Price}}$$

Number of Issued and Outstanding Shares + Number of Newly Issued Shares

The Number of Issued and Outstanding Shares is the number of shares already issued by the Company after subtraction of the number of shares owned by the Company. In the case of the Company's disposal of shares owned by it, the Number of Newly Issued Shares will be replaced with the Number of Own Shares to Be Disposed.

- (iii) In the case of a merger, a company split or capital reduction after the date of allotment of share options, or in any other analogous case requiring the adjustment of the Exercise Price, the Exercise Price shall be appropriately adjusted within a reasonable range.

4. Period during which share options are exercisable

From May 1, 2010 to April 30, 2014.

5. Exercise price and amount of increased stated capital (yen)

The exercise price and amount of increased stated capital per share is ¥5,502 and ¥2,751, respectively.

6. Other Conditions for Exercise of Share Options

- (i) One share option may not be exercised partially.

- (ii) Each holder of share options must continue to be a director, executive officer or employee of the Company until the end of the Company's general meeting of shareholders regarding the final business term within 2 years from the end of the Ordinary General Meeting of Shareholders for the 107th Business Term of the Company.

- (iii) Holders of share options will be entitled to exercise their share options for 2 years, and during the exercisable period, even after they lose their positions as directors, executive officers or employees. However, if a holder of share options loses such position due to resignation at his/her initiative, or due to dismissal or discharge by the Company, his/her share options will immediately lose effect.

- (iv) No succession by inheritance is authorized for the share options.

- (v) Any other conditions for the exercise of share options may be established by the Board of Directors.

The Stock Option Plan Approved on March 27, 2009

1. Number of share options

The number of share options that the Board of Directors are authorized to issue is 9,540.

2. Number of shares acquired upon exercise of a share option

The number of shares acquired upon exercise of one share option (the Allotted Number of Shares) is 100 common shares, and the total number of shares to be delivered due to the exercise of share options is 954,000 common shares.

3. Cash payment for share options (yen)

The cash payment required for the share options will be ¥3,287 per share.

- (i) If the Company effects a share split or a share consolidation after the date of the allotment of the share options, the Exercise Price will be adjusted by the following calculation formula, with any fractional amount of less than one yen to be rounded up to one yen:

Exercise Price after Adjustment

1

=Exercise Price before adjustment ×

Ratio of Share Splitting or Share Consolidation

- (ii) If, after the date of allotment of share options, the Company issues common shares at a price lower than the then market price thereof or disposes common shares owned by it, the Exercise Price will be adjusted by the following calculation formula, with any fractional amount of less than one yen to be rounded up to one yen; however, the Exercise Price will not be adjusted in the case of the exercise of share options:

Exercise Price after Adjustment = Exercise Price before Adjustment ×

Number of Issued and Outstanding Shares + $\frac{\text{Number of Newly Issued Shares} \times \text{Payment amount per Share}}{\text{Market Price}}$

Number of Issued and Outstanding Shares + Number of Newly Issued Shares

The Number of Issued and Outstanding Shares is the number of shares already issued by the Company after subtraction of the number of shares owned by the Company. In the case of the Company's disposal of shares owned by it, the Number of Newly Issued Shares will be replaced with the Number of Own Shares to Be Disposed.

- (iii) In the case of a merger, a company split or capital reduction after the date of allotment of share options, or in any other analogous case requiring the adjustment of the Exercise Price, the Exercise Price shall be appropriately adjusted within a reasonable range.

4. Period during which share options are exercisable

From May 1, 2011 to April 30, 2015.

5. Exercise price and amount of increased stated capital (yen)

The exercise price and amount of increased stated capital per share is ¥3,287 and ¥1,644, respectively.

6. Other Conditions for Exercise of Share Options

- (i) One share option may not be exercised partially.
- (ii) Each holder of share options must continue to be a director, executive officer or employee of the Company until the end of the Company's general meeting of shareholders regarding the final business term within 2 years from the end of the Ordinary General Meeting of Shareholders for the 108th Business Term of the Company.
- (iii) Holders of share options will be entitled to exercise their share options for 2 years, and during the exercisable period, even after they lose their positions as directors, executive officers or employees. However, if a holder of share options loses such position due to resignation at his/her initiative, or due to dismissal or discharge by the Company, his/her share options will immediately lose effect.
- (iv) No succession by inheritance is authorized for the share options.

(v) Any other conditions for the exercise of share options may be established by the Board of Directors.

7. Restriction on Acquisition of Share Options by Transfer

An acquisition of share options by way of transfer requires the approval of the Board of Directors.

Rights Plan

Not applicable

Change in Issued Shares, Capital Stock and Additional Paid in Capital

	Change during this term	As of September 30, 2009
Issued Shares (share)	-	1,333,763,464
Capital Stock (millions of yen)	-	174,762
Additional Paid-in Capital (millions of yen)	-	306,288

Major Shareholders

As of September 30, 2009, the Company has identified that Japan Trustee Services Bank, Ltd. (Trust Account 4G), who was a major shareholder of the Company as of June 30, 2009, has reduced their shareholdings and is no longer a major shareholder, whereas The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account has increased their shareholdings and has become a major shareholder.

	As of September 30, 2009	
	Number of shares owned (Number of shares)	Number of shares owned / Number of shares issued
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	22,357,441	1.68%

Voting Rights

	As of September 30, 2009	
Classification	Number of shares (shares)	Number of voting rights (units)
Shares without voting rights	-	-
Shares with restricted voting rights (Treasury stock, etc.)	-	-
Shares with restricted voting rights (Others)	-	-
Shares with full voting rights (Treasury stock, etc.)	(treasury stock) 99,285,000	
	(cross shareholding) 3,700	-
Shares with full voting rights (Others)	1,232,687,300	12,326,873
Fractional unit shares	1,787,464	-
Total number of issued shares	1,333,763,464	-
Total voting rights held by all shareholders	-	12,326,873

Note:

In Fractional unit shares under Number of shares, 99 shares of treasury stock and 50 shares of cross shareholding are included.

(2) Stock Price Transition

The following table sets forth the monthly reported high and low market prices of the Company's common stock on the First Section of Tokyo Stock Exchange for the nine months of fiscal 2009:

	(Yen)								
	January	February	March	April	May	June	July	August	September
High	3,370	2,690	3,150	3,270	3,460	3,440	3,540	3,730	3,750
Low	2,435	2,230	2,115	2,780	2,985	3,080	2,900	3,250	3,440

(3) Directors and Executive Officers

There were no changes in members of directors between the filing date of the Securities Report (Yukashoken Houkokusho) for the fiscal year ended December 31, 2008 and the filing date of this Quarterly Securities Report (Shihanki Houkokusho).

Changes in functions of directors are below:

Yasuo Mitsuhashi	(Senior Managing Director: Chief Executive of Peripheral Products HQ, Chief Executive of Chemical Products HQ)
Toshiaki Ikoma	(Executive Vice President: Group Executive of Corporate R&D HQ, Chief Executive of Optical Products HQ)
Junji Ichikawa	(Senior Managing Director: Chairman, President of Canon ANELVA Corporation)
Akiyoshi Moroe	(Senior Managing Director: Group Executive of External Relations HQ, Group Executive of Human Resource Management & Organization HQ)

Seijiro Sekine, a Director and Group Executive of Information & Communications Systems Headquarters, continues to serve as a Director but has retired from the Group Executive of Information & Communications Systems Headquarters on October 28, 2009, as he took post as Director and Executive Vice President of Japan Post Holdings Co., Ltd.

The change in members of executive officers between the filing date of the Securities Report (Yukashoken Houkokusho) for the fiscal year ended December 31, 2008 and the filing date of this Quarterly Securities Report (Shihanki Houkokusho) is below.

Newly-appointed:

Yukiaki Hashimoto	(Executive Officer: Group Executive of Medical Equipment Group)
-------------------	---

Changes in functions of executive officers are below:

Hiroyuki Suematsu	(Executive Officer: Deputy Chief Executive of Chemical Products HQ)
Kazuhiro Akiyama	(Executive Officer: Group Executive of General Affairs HQ)

V. Financial Statements (Unaudited)

(1) Consolidated Financial Statements

Index of Consolidated Financial Statements of Canon Inc. and Subsidiaries:

	Page
Consolidated Balance Sheets	
as of September 30, 2009 and December 31, 2008	14
Consolidated Statements of Income	
for the nine months ended September 30, 2009 and	
for the three months ended September 30, 2009	16
Consolidated Statement of Cash Flows	
for the nine months ended September 30, 2009	17
Notes to Consolidated Financial Statements	18
13	

CANON INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	Millions of yen	
	September 30, 2009	December 31, 2008 (As adjusted) (Note 1)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents (Note 13)	633,656	679,196
Short-term investments (Note 2)	26,875	7,651
Trade receivables, net (Note 3)	491,848	595,422
Inventories (Note 4)	426,934	506,919
Prepaid expenses and other current assets (Note 9)	265,484	275,660
 Total current assets	 1,844,797	 2,064,848
 Noncurrent receivables (Note 10)	 14,968	 14,752
Investments (Note 2)	90,669	88,825
Property, plant and equipment, net (Note 5)	1,306,214	1,357,186
Intangible assets, net	122,034	