

## CANON REPORTS RESULTS FOR FISCAL 2000

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

### 1. CONSOLIDATED RESULTS

	Actual			Projected		
	2000	1999	Change(%)	2000	2001	Change(%)
Net sales	¥ 2,781,303	¥ 2,622,265	+ 6.1	\$ 24,185,243	¥ 3,120,000	+ 12.2
Operating profit	245,999	176,056	+ 39.7	2,139,122	320,000	+ 30.1
Income before income taxes	227,196	156,072	+ 45.6	1,975,617	320,000	+ 40.8
Net income	134,088	70,234	+ 90.9	1,165,983	180,000	+ 34.2
Net income per share:						
Basic	¥ 153.66	¥ 80.66	+ 90.5	\$ 1.34	¥ 205.57	+ 33.8
Diluted	151.51	79.50	+ 90.6	1.32	--	--
Total assets	¥ 2,832,125	¥ 2,587,532	+ 9.5	\$ 24,627,174	--	--
Stockholders' equity	¥ 1,298,914	¥ 1,202,003	+ 8.1	\$ 11,294,904	--	--

Notes: 1. Canon's consolidated financial statements conform with generally accepted accounting principles in the United States of America.

2. In this report, U.S. dollar amounts are translated from yen at the rate of JPY115 = U.S.\$ 1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 29, 2000, solely for the convenience of the reader.

### 2. NON-CONSOLIDATED RESULTS

( Parent company only )

	Actual			Projected		
	2000	1999	Change(%)	2000	2001	Change(%)
Net sales	¥ 1,684,209	¥ 1,482,393	+ 13.6		¥ 1,900,000	+ 12.8
Operating profit	178,762	102,674	+ 74.1		210,000	+ 17.5
Ordinary profit	155,947	113,506	+ 37.4		190,000	+ 21.8
Net income	88,414	59,141	+ 49.5		36,000	- 59.3
Net income per share:						
Basic	¥ 101.32	¥ 67.92	+ 49.2		¥ 41.11	- 59.4
Diluted	99.93	66.92	+ 49.3		--	--
Dividends per common share	21.00	17.00	--		--	--
Total assets	¥ 1,581,257	¥ 1,393,283	+ 13.5		--	--
Stockholders' equity	¥ 1,095,680	¥ 989,194	+ 10.8		--	--

Note: Amounts less than 1 million yen have been omitted.

# **Management Policy**

## **Basic Management Policy and Midterm to Long-Term Strategy**

The Canon Group implemented Phase I of the Excellent Global Corporation Plan during the five years from 1996 to 2000. Under this plan, to build a corporate structure for the new century, the themes of pursuing high-value-added operations and promoting further globalization were established, and reformation activities were actively carried out throughout the Group's corporate operations. As a result, not only were we able to strengthen our financial structure in these five years, but we also successfully infused our management policies, like management reform, consolidated management and cash flow management, throughout the Canon Group. With the completion of Phase I of the plan, beginning from 2001, we are implementing Phase II, which will lead us toward the goal of becoming an excellent global corporate group by 2005.

For many years, Canon has developed its operations through technological reformation and the precise grasp of market growth under the keywords of diversification and globalization. However, in the 21st century we will see great changes in the management environment. The changes taking place, as illustrated by rapid developments in the network field, represent both opportunities and risks. We believe it is vital to interpret opportunities and risks correctly and to respond with the appropriate measures in order to obtain our continuous growth in the years to come. Specific objectives include reinforcing our key components and basic technologies common throughout our operations, which will make it possible to create new businesses and to reach for the number one position in our principal business fields. Next, we must apply our existing businesses to new network environments under the "Canon Over IP (Internet Protocol)" concept, and then build new business domains from these environments.

In addition, we will reform our group structure, reorganizing and strengthening our headquarters in the Americas and Europe with research and development, and manufacturing functions, aiming to implement successfully our global diversification strategy through the establishment of a Three Regional Headquarters System. At the same time, we will further strengthen the robust financial structure and R&D capabilities we have fostered thus far.

By pursuing corporate management from the midterm and long-term points of view, we intend to ensure continued growth and profitability, and raise the efficiency of our group-wide operations. In manufacturing, we will strive to figure out additional new cost-saving methods after the successful introduction of cell production, and will review the balance of our global production apportionment. Our R&D functions are ready to collaborate with manufacturing functions and to apply IT solutions such as 3D computer-aided design (CAD) to reduce development lead times. In marketing, we will strive to reduce inventories and achieve other objectives through supply chain management (SCM). Through these activities, we will ensure the continuing prosperity of Canon while working to improve our financial indicators, including ROA (return on assets) and ROE (return on equity).

In the area of environmental protection, an important issue for company management, we will develop environmental assurance technologies related to production, resource reuse and environmental assessment, thereby maximizing natural resource productivity and working to unify environmental protection and corporate management. Specifically, we will actively promote recycling programs on a global scale, green procurement, zero waste, environment information disclosure and related activities.

We are already known as an advanced corporation in terms of environmental preservation efforts. We will set our sites on an even higher level of response in the future.

## **Dividend Policy**

Canon Inc. revised its dividend forecast for the year 2000 from ¥17.00 to ¥21.00. This revision was made to reflect our gratitude for the support of our shareholders around the world. In the future, while retaining sufficient internal funds to expand our businesses and make the investments necessary to improve our income, we intend to continue providing stable returns of profits to shareholders.

Canon Inc. listed its American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE) in September 2000. In line with this achievement, we will further strengthen our global management and work to become an excellent global corporate group.

## Operating Results

### **2000 in Review**

Looking at the global economy in 2000, the pace of economic growth in the United States showed signs of slowing in the later of the year, but the overall rate of expansion remained strong. Although issues such as the low value of the euro influenced the European economy, overall conditions were favorable. The Asian region was also favorable. In Japan, though solid growth occurred in capital investment in the private sector, consumer spending remained sluggish, and only a slight trend toward recovery was seen.

In the markets in which the Canon Group is involved, healthy demand sustained the market for business machines such as printers and digital copying machines, which are closely related to information technology (IT). Outstanding results were also seen in the digital camera and semiconductor production equipment markets. While experiencing solid growth in these markets, the average value of the yen for the year was ¥107.90 to the U.S. dollar and ¥99.32 to the euro, equal to increases of 5% and 21%, respectively, from a year earlier.

In the business machine segment, copying machines achieved nearly 6% sales growth on a local-currency basis due to strong worldwide demand for digital copying machines. The strong yen, however, led to a slight decline in these sales on a consolidated basis. In the field of computer peripherals, sales of laser beam printers soared. On the other hand, sales of business systems went down from the previous year owing mainly to the strong yen and intense price competition in the facsimile machines market. As a result, overall sales of business machines increased 1.2%, to ¥2,189.1 billion (U.S.\$19,036 million).

Although the strong yen also hurt our camera operations, our introduction of new digital cameras and rapid market expansion supported a significant increase in sales, and video camcorder sales were also favorable. In this environment, we achieved double-digit growth in overall camera sales, which advanced 16.8%, to ¥324.0 billion (U.S.\$2,817 million).

Our sales of optical and other products were bolstered the active semiconductor devices market, which encouraged semiconductor manufacturers to invest in new equipment. These operations generated a remarkable 48.1% increase in sales, to ¥268.0 billion (U.S.\$2,330 million).

In this situation, although the strong yen had a definite affect on our activities, we were able to achieve a 6.1% advance in consolidated net sales, to ¥2,781.3 billion (U.S.\$24,185 million).

Cost reduction initiatives such as production reformation activities raised our gross profit 0.4 percentage point, to 43.3%, from 42.9% in 1999. Additional supplementary expenses were incurred in line with Canon's Year 2000 commemorative activities, but active efforts to reduce other expenses helped hold selling, general and administrative costs to a slight increase. As a result, operating profit rose a substantial 39.7%, to ¥245.9 billion (U.S.\$2,138 million). In non-operating expenses, our promotion of cash flow management improved our financial position, allowing us to reduce net interest expense by ¥6.5 billion (U.S.\$57 million).

Because the yen was becoming weaker toward the end of the year, we experienced a loss on forward exchange contracts. While favorable results by affiliates companies sustained a significant improvement on the result of the equity method income. Under these conditions, non-operating income/expenses improved ¥1.2 billion (U.S.\$10 million), and income before income taxes increased a notable 45.6%, to ¥227.1 billion (U.S.\$1,975 million). A reduction in corporate income taxes in Japan led to a record-setting ¥134.0 billion (U.S.\$1,165 million) in consolidated net income for the year, equal to a 90.9% advance.

The notable increase in net income brought cash flows from operating activities up to ¥346.6 billion (U.S.\$3,014 million), an advance of ¥37.7 billion (U.S.\$328 million) from last year. Production reformation and the completion of projects to enhance facilities also allowed us to hold capital investment to less than the previous year, resulting in ¥212.8 billion (U.S.\$1,850 million) in cash flows from investing activities. As a result, free cash flow increased by ¥25.9 billion (U.S.\$225 million) from last year, totaling ¥133.8 billion (U.S.\$1,163 million). Cash flows from financing activities came to ¥100.5 billion (U.S.\$874 million), mostly because of active efforts to repay debt. In this situation, cash and cash equivalents at the end of the year were ¥493.9 billion (U.S.\$4,295 million), a rise of ¥13.5 billion (U.S.\$117 million) from a year earlier.

Canon Inc.'s non-consolidated net sales expanded 13.6 %, to ¥1,684.2 billion (U.S.\$14,645million). Non-consolidated ordinary profit and net income rose 37.4% and 49.5%, hitting record-highs of ¥155.9

billion (U.S.\$1,356 million) and ¥88.4 billion (U.S.\$769 million), respectively.

As stated in the Management Policy, the Board of Directors is planning to propose a ¥4.00 increase in the year-end dividend to ¥12.50 in response to continued shareholder support. Combined with the interim dividend of ¥8.50 the increase would bring the total annual dividend to ¥21.00.

### **Outlook for Fiscal 2001**

In the fiscal year ahead, concerns exist of a further slowdown in the U.S. economy, but the effects of IT-related network activity should stimulate the global economy which we may expect continuous growth. The expanding usage of the Internet and leaps in wireless communication technologies will propel the progress of the multimedia society, creating diverse new businesses and products, and widening opportunities for growth. On the other hand, the IT revolution and globalization will continue to eliminate market borders while bringing in further intensifying competition. Still, firm demand for semiconductor equipment can be expected even though semiconductor manufacturers are starting to take a more cautious approach to additional capital investment.

In this situation, the Canon Group will commence Phase II of the Excellent Global Corporation Plan (2001–2005). First of all, we are focusing management resources in the digital photo, digital office and semiconductor production equipment businesses, in which we intend to strategically reinforce our position. To this end, we will work to develop key components and devices, such as optical devices, photosensitive devices, semiconductor devices and software, which form the core competency of our digital imaging technologies, while shifting production inside of group. At the same time, we will continuously work to expand our solution and service businesses.

In 2001, the Canon Group forecasts consolidated net sales of ¥3,120.0 billion (U.S.\$27,130 million), income before income taxes of ¥320.0 billion (U.S.\$2,783 million) and net income of ¥180.0 billion (U.S.\$1,565 million). Canon Inc. also anticipates non-consolidated net sales of ¥1,900.0 billion (U.S.\$16,522 million), ordinary profit of ¥190.0 billion (U.S.\$1,652 million) and net income of ¥36.0 billion (U.S.\$313 million). These forecasts assume currency exchange rates of ¥110 and ¥105 to the U.S. dollar and euro, respectively.

The substantial decrease predicted in net income of non-consolidated results is arisen from one-time amortization of net transition obligation of approximately ¥120.0 billion (U.S.\$1,043 million) accompanied with the introduction of Japanese new pension accounting. One-time non-recurring loss on non-consolidated result never affects consolidated statements since Canon's consolidation is based on generally accepted accounting principles in the United States of America and SFAS 87 "Employer's accounting for pensions" is already applied.

Note:

In May 2000, Financial Accounting Standards Board (FASB) announced Emerging Issues Task Force (EITF) issue No.00-14 (EITF00-14) "Accounting for Certain Sales Incentives." EITF00-14 requires that certain sales incentives provided by vendors that entitle a customer to receive a reduction in the price of a product or service as a result of a single exchange transaction, which were previously accounted for as expenses, to be classified as a reduction of revenue. EITF00-14 will be applied fiscal 2001. In January 2001, The Task Force reached a final consensus on EITF00-22 " Accounting for 'Points' and Certain Other Time-Based or Volume-Based Sales Incentive Offer, and Offers for Free Products or Services to Be Delivered in the Future." EITF00-22 requires that certain sales incentives provided by vendors that entitle a customer to receive a reduction in the price of a product or service based on a specified cumulative level of transactions also to be recognized such sales incentives as a reduction of revenue. This standard should be adopted in 2001. The effects of these changes in accounting policy are not figured into the aforementioned consolidated net sales forecasts. FASB also currently discuss EITF00-25 "Vendor Income Statement Characterization of Consideration from a Vendor to a Retailer." EITF00-25 would include some expenses other than that directly addressed in EITF00-14 as reductions of revenue. The aforementioned net sales forecasts also do not take into consideration the effect of this standard. These standards are primarily related to issues in the disclosure of net sales and selling expenses in statements of income, and therefore do not influence figures following operating income.

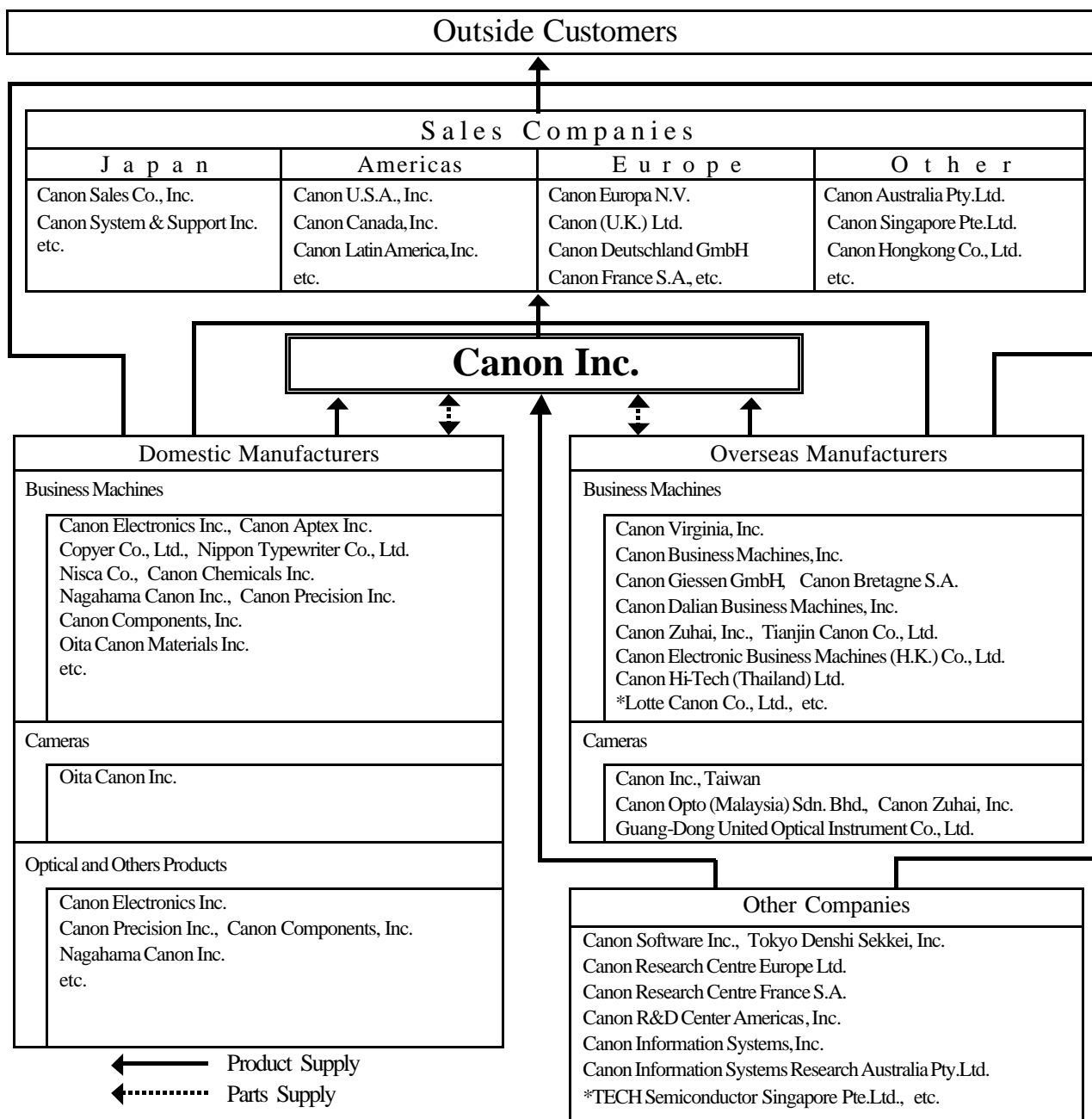
These reports contain forward-looking statements which reflect management's current views with respect to certain future events and financial performance. Actual results may differ materially from those projected or implied in any forward-looking statements. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. (Cautionary Statements for Purposes of the Safe Harbor Provisions of the United States Private Securities Litigation Reform Act of 1995.)

**GROUP POSITION**

**1. NUMBER OF GROUP COMPANIES**

	Dec. 31, 2000	Dec. 31, 1999	Change
Subsidiaries	153	135	18
Affiliated Companies	20	22	(2)
Total	173	157	16

**2. GROUP STRUCTURE AND MAJOR GROUP COMPANIES**



- Notes: 1. The companies with (\*) are affiliated companies (equity method).  
 2. Following subsidiaries are listed on domestic stock exchange.  
 Tokyo Stock Exchange (1st section): Canon Sales Co., Inc., Canon Electronics Inc., Canon System & Support Inc., Canon Aptex Inc.  
 Tokyo Stock Exchange (2nd section): Coper Co., Ltd., Nippon Typewriter Co., Ltd.  
 Over-the-counter stock transaction : Canon Software Inc., Canon Components, Inc., Nisca Co.

**1. CONSOLIDATED STATEMENTS OF INCOME**

Years ended December 31, 2000 and 1999

	Millions of yen		Change(%)	Thousands of
	2000	1999		U.S. dollars
				2000
Net sales	¥ 2,781,303	¥ 2,622,265	+ 6.1	\$ 24,185,243
Cost of sales	1,577,461	1,497,940		13,717,052
Gross profit	1,203,842	1,124,325	+ 7.1	10,468,191
Selling, general and administrative expenses	957,843	948,269		8,329,069
Operating profit	245,999	176,056	+ 39.7	2,139,122
Other income (deductions):				
Interest and dividend income	11,428	10,222		99,374
Interest expense	(15,018)	(20,356)		(130,591)
Other, net	(15,213)	(9,850)		(132,288)
	(18,803)	(19,984)		(163,505)
Income before income taxes	227,196	156,072	+ 45.6	1,975,617
Income taxes	87,197	83,939		758,234
Income before minority interests	139,999	72,133		1,217,383
Minority interests	5,911	1,899		51,400
Net income	¥ 134,088	¥ 70,234	+ 90.9	\$ 1,165,983
Net income per share:	Yen			U.S. dollars
Basic	¥ 153.66	¥ 80.66		\$ 1.34
Diluted	151.51	79.50		1.32

Note: Canon's comprehensive income consists of net income, change in foreign currency translation adjustments, change in net unrealized gains on securities and change in minimum pension liability adjustments. Comprehensive income for the years ended December 31, 2000 and 1999 were JPY 95,813 million (U.S.\$ 833,157 thousand) and JPY 59,412 million, respectively.

**2. DETAILS OF SALES**

Years ended December 31, 2000 and 1999

Sales by product	Millions of yen		Change(%)	Thousands of
	2000	1999		U.S. dollars
				2000
Business machines:				
Copying machines	¥ 823,247	¥ 842,082	- 2.2	\$ 7,158,670
Computer peripherals	1,045,833	965,499	+ 8.3	9,094,200
Business systems	320,071	356,350	- 10.2	2,783,226
	2,189,151	2,163,931	+ 1.2	19,036,096
Cameras	324,058	277,349	+ 16.8	2,817,896
Optical and other products	268,094	180,985	+ 48.1	2,331,251
Total	¥ 2,781,303	¥ 2,622,265	+ 6.1	\$ 24,185,243
Sales by region	Millions of yen		Change(%)	Thousands of
	2000	1999		U.S. dollars
				2000
Japan	¥ 807,771	¥ 755,704	+ 6.9	\$ 7,024,095
Overseas:				
Americas	934,165	913,377	+ 2.3	8,123,174
Europe	768,169	741,657	+ 3.6	6,679,730
Other areas	271,198	211,527	+ 28.2	2,358,244
	1,973,532	1,866,561	+ 5.7	17,161,148
Total	¥ 2,781,303	¥ 2,622,265	+ 6.1	\$ 24,185,243

## 3. SEGMENT INFORMATION BY PRODUCT

Years ended December 31, 2000 and 1999

	Millions of yen			Change(%)	Thousands of
	2000	1999			U.S. dollars
					2000
<b>Business Machines:</b>					
Net sales:					
Unaffiliated customers	¥ 2,189,151	¥ 2,163,931	+ 1.2		\$ 19,036,096
Intersegment	-	-	-		-
Total	2,189,151	2,163,931	+ 1.2		19,036,096
Operating cost and expenses	1,870,977	1,902,053	- 1.6		16,269,366
Operating profit	318,174	261,878	+ 21.5		2,766,730
Assets	1,324,369	1,256,667	+ 5.4		11,516,252
Depreciations and amortization	101,557	114,451	- 11.3		883,104
Capital expenditure	105,171	143,269	- 26.6		914,530
<b>Cameras:</b>					
Net sales:					
Unaffiliated customers	¥ 324,058	¥ 277,349	+ 16.8		\$ 2,817,896
Intersegment	-	-	-		-
Total	324,058	277,349	+ 16.8		2,817,896
Operating cost and expenses	290,892	258,382	+ 12.6		2,529,496
Operating profit	33,166	18,967	+ 74.9		288,400
Assets	207,069	155,204	+ 33.4		1,800,600
Depreciations and amortization	14,480	12,285	+ 17.9		125,913
Capital expenditure	15,559	12,880	+ 20.8		135,296
<b>Optical and Other Products:</b>					
Net sales:					
Unaffiliated customers	¥ 268,094	¥ 180,985	+ 48.1		\$ 2,331,251
Intersegment	126,947	79,413	+ 59.9		1,103,888
Total	395,041	260,398	+ 51.7		3,435,139
Operating cost and expenses	383,028	273,631	+ 40.0		3,330,678
Operating profit	12,013	(13,233)	-		104,461
Assets	332,229	252,071	+ 31.8		2,888,948
Depreciations and amortization	13,019	12,860	+ 1.2		113,209
Capital expenditure	20,509	17,856	+ 14.9		178,339
<b>Corporate and Eliminations:</b>					
Net sales:					
Unaffiliated customers	-	-	-		-
Intersegment	(126,947)	(79,413)	-		(1,103,888)
Total	(126,947)	(79,413)	-		(1,103,888)
Operating cost and expenses	(9,593)	12,143	-		(83,419)
Operating profit	(117,354)	(91,556)	-		(1,020,469)
Assets	968,458	923,590	+ 4.9		8,421,374
Depreciations and amortization	17,421	18,515	- 5.9		151,487
Capital expenditure	29,747	26,381	+ 12.8		258,670
<b>Consolidated:</b>					
Net sales:					
Unaffiliated customers	¥ 2,781,303	¥ 2,622,265	+ 6.1		\$ 24,185,243
Intersegment	-	-	-		-
Total	2,781,303	2,622,265	+ 6.1		24,185,243
Operating cost and expenses	2,535,304	2,446,209	+ 3.6		22,046,121
Operating profit	245,999	176,056	+ 39.7		2,139,122
Assets	2,832,125	2,587,532	+ 9.5		24,627,174
Depreciations and amortization	146,477	158,111	- 7.4		1,273,713
Capital expenditure	170,986	200,386	- 14.7		1,486,835

- Notes: 1. General corporate expenses of JPY 117,440 million (U.S.\$1,021,217 thousand) and JPY 91,540 million in the years ended December 31, 2000 and 1999, respectively, are included in "Corporate and Eliminations."
2. Corporate assets of JPY 968,590 million (U.S.\$ 8,422,522 thousand) and JPY 923,863 million as of December 31, 2000 and 1999, respectively, which mainly consist of cash and cash equivalents, marketable securities and corporate properties, are included in "Corporate and Eliminations."

**4. SEGMENT INFORMATION BY GEOGRAPHIC AREA**

Years ended December 31, 2000 and 1999

	Millions of yen			Thousands of
	2000	1999	Change(%)	U.S. dollars
<b>Japan:</b>				<b>2000</b>
Net sales:				
Unaffiliated customers	¥ 860,702	¥ 791,399	+ 8.8	\$ 7,484,365
Intersegment	1,345,983	1,205,021	+ 11.7	11,704,200
Total	2,206,685	1,996,420	+ 10.5	19,188,565
Operating cost and expenses	1,886,606	1,791,871	+ 5.3	16,405,269
Operating profit	320,079	204,549	+ 56.5	2,783,296
Assets	1,482,335	1,328,376	+ 11.6	12,889,870
<b>Americas:</b>				
Net sales:				
Unaffiliated customers	¥ 933,778	¥ 912,676	+ 2.3	\$ 8,119,809
Intersegment	11,748	14,468	- 18.8	102,156
Total	945,526	927,144	+ 2.0	8,221,965
Operating cost and expenses	915,723	898,900	+ 1.9	7,962,809
Operating profit	29,803	28,244	+ 5.5	259,156
Assets	353,919	298,624	+ 18.5	3,077,557
<b>Europe:</b>				
Net sales:				
Unaffiliated customers	¥ 764,206	¥ 736,570	+ 3.8	\$ 6,645,270
Intersegment	3,782	3,645	+ 3.8	32,887
Total	767,988	740,215	+ 3.8	6,678,157
Operating cost and expenses	752,271	727,215	+ 3.4	6,541,487
Operating profit	15,717	13,000	+ 20.9	136,670
Assets	407,258	338,630	+ 20.3	3,541,374
<b>Others:</b>				
Net sales:				
Unaffiliated customers	¥ 222,617	¥ 181,620	+ 22.6	\$ 1,935,799
Intersegment	246,024	179,527	+ 37.0	2,139,339
Total	468,641	361,147	+ 29.8	4,075,138
Operating cost and expenses	457,779	350,482	+ 30.6	3,980,687
Operating profit	10,862	10,665	+ 1.8	94,451
Assets	158,729	138,251	+ 14.8	1,380,252
<b>Corporate and Eliminations:</b>				
Net sales:				
Unaffiliated customers	-	-	-	-
Intersegment	(1,607,537)	(1,402,661)	-	(13,978,582)
Total	(1,607,537)	(1,402,661)	-	(13,978,582)
Operating cost and expenses	(1,477,075)	(1,322,259)	-	(12,844,131)
Operating profit	(130,462)	(80,402)	-	(1,134,451)
Assets	429,884	483,651	- 11.1	3,738,121
<b>Consolidated:</b>				
Net sales:				
Unaffiliated customers	¥ 2,781,303	¥ 2,622,265	+ 6.1	\$ 24,185,243
Intersegment	-	-	-	-
Total	2,781,303	2,622,265	+ 6.1	24,185,243
Operating cost and expenses	2,535,304	2,446,209	+ 3.6	22,046,121
Operating profit	245,999	176,056	+ 39.7	2,139,122
Assets	2,832,125	2,587,532	+ 9.5	24,627,174

- Notes: 1. General corporate expenses of JPY 117,440 million (U.S.\$1,021,217 thousand) and JPY 91,540 million in the years ended December 31, 2000 and 1999, respectively, are included in "Corporate and Eliminations."
2. Corporate assets of JPY 968,590 million (U.S.\$ 8,422,522 thousand) and JPY 923,863 million as of December 31, 2000 and 1999, respectively, which mainly consist of cash and cash equivalents, marketable securities and corporate properties, are included in "Corporate and Eliminations."

**5. CONSOLIDATED BALANCE SHEETS**

As of December 31, 2000 and 1999

	Millions of yen			Thousands of U.S. dollars
	<b>Dec. 31, 2000</b>	Dec. 31, 1999	Change	<b>Dec. 31, 2000</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	¥ 493,962	¥ 480,453	¥ 13,509	\$ 4,295,322
Marketable securities	10,943	9,003	1,940	95,157
Trade receivables, less allowance	479,790	376,472	103,318	4,172,087
Inventories	490,693	436,250	54,443	4,266,896
Prepaid expenses and other current assets	196,011	184,411	11,600	1,704,442
Total current assets	1,671,399	1,486,589	184,810	14,533,904
Noncurrent receivables and restricted funds	27,626	29,771	(2,145)	240,226
Investments	119,195	166,464	(47,269)	1,036,478
Net property, plant and equipment	771,594	746,824	24,770	6,709,513
Other assets	242,311	157,884	84,427	2,107,053
Total assets	¥ 2,832,125	¥ 2,587,532	¥ 244,593	\$ 24,627,174
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Short-term loans	¥ 248,688	¥ 298,399	¥ (49,711)	\$ 2,162,504
Trade payables	444,633	364,664	79,969	3,866,374
Income taxes	53,865	45,915	7,950	468,391
Accrued expenses	164,484	117,390	47,094	1,430,296
Other current liabilities	63,120	50,491	12,629	548,870
Total current liabilities	974,790	876,859	97,931	8,476,435
Long-term debt, excluding current installments	142,925	165,277	(22,352)	1,242,826
Accrued pension and severance cost	194,445	132,826	61,619	1,690,826
Other noncurrent liabilities	22,838	11,325	11,513	198,591
Total liabilities	1,334,998	1,186,287	148,711	11,608,678
Minority interests	198,213	199,242	(1,029)	1,723,592
Stockholders' equity:				
Common stock	164,796	163,969	827	1,433,009
Additional paid-in capital	391,939	376,848	15,091	3,408,165
Retained earnings	888,761	769,493	119,268	7,728,357
Accumulated other comprehensive income (loss)	(146,582)	(108,307)	(38,275)	(1,274,627)
Total stockholders' equity	1,298,914	1,202,003	96,911	11,294,904
Total liabilities and stockholders' equity	¥ 2,832,125	¥ 2,587,532	¥ 244,593	\$ 24,627,174

	Millions of yen		Thousands of U.S. dollars
	<b>Dec. 31, 2000</b>	Dec. 31, 1999	<b>Dec. 31, 2000</b>
Allowance for doubtful receivables	¥ 17,862	¥ 15,089	\$ 155,322
Accumulated depreciation	989,852	913,572	8,607,409
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	(104,149)	(127,148)	(905,643)
Net unrealized gains on securities	14,167	48,699	123,191
Minimum pension liability adjustments	(56,600)	(29,858)	(492,175)

**6. CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

Years ended December 31, 2000 and 1999

	Millions of yen		Thousands of U.S. dollars
	<b>2000</b>	1999	<b>2000</b>
Balance at beginning of year	¥ <b>769,493</b>	¥ 714,059	\$ <b>6,691,243</b>
Net income	<b>134,088</b>	70,234	<b>1,165,983</b>
Cash dividends	<b>(14,820)</b>	(14,797)	<b>(128,869)</b>
Transfers to minority interests arising from issuance of subsidiaries' common stock, conversion of convertible debt and exercise of warrants of subsidiaries, and other transfers	-	(3)	-
Balance at end of year	¥ <b>888,761</b>	¥ 769,493	\$ <b>7,728,357</b>

7. CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2000 and 1999

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Net income	¥ 134,088	¥ 70,234	\$ 1,165,983
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	146,477	158,111	1,273,713
Loss on disposal of property and equipment	14,080	8,814	122,435
Deferred income taxes	(10,280)	(5,972)	(89,391)
Increase in trade receivables	(52,751)	(1,231)	(458,704)
Decrease (increase) in inventories	(27,884)	107,913	(242,470)
Increase (decrease) in trade payables	100,588	(22,950)	874,678
Increase (decrease) in income taxes	6,917	(13,966)	60,148
Increase in accrued expenses	21,343	3,206	185,591
Other, net	14,038	4,758	122,070
Net cash provided by operating activities	346,616	308,917	3,014,053
Cash flows from investing activities:			
Capital expenditure	(170,986)	(200,386)	(1,486,835)
Proceeds from sale of property, plant and equipment	5,752	6,104	50,017
Payment for purchase of marketable securities	(3,082)	(12,349)	(26,800)
Proceeds from sale of marketable securities	2,428	6,637	21,113
Payment for purchase of investments	(14,702)	(9,770)	(127,843)
Other	(32,214)	8,782	(280,121)
Net cash used in investing activities	(212,804)	(200,982)	(1,850,469)
Cash flows from financing activities:			
Proceeds from long-term debt	17,358	23,811	150,939
Repayment of long-term debt	(32,529)	(75,005)	(282,861)
Decrease in short-term loans	(67,923)	(51,871)	(590,635)
Dividends paid	(14,820)	(14,797)	(128,870)
Other	(2,683)	(4,961)	(23,330)
Net cash used in financing activities	(100,597)	(122,823)	(874,757)
Effect of exchange rate changes on cash and cash equivalents	(19,706)	(3,841)	(171,357)
Net change in cash and cash equivalents	13,509	(18,729)	117,470
Cash and cash equivalents at beginning of year	480,453	499,182	4,177,852
Cash and cash equivalents at end of year	¥ 493,962	¥ 480,453	\$ 4,295,322

**8. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES****(1) CHANGES IN GROUP OF ENTITIES**

## Subsidiaries

Addition :	Nisca Co. and 24 other companies
Removal :	Canon Manufacturing U.K. Ltd. and 6 other companies

## Affiliated Companies (Equity-method)

Addition :	3 companies
Removal :	Nisca Co. and 4 other companies

Note: On November 7, 2000, Canon Inc. ("Canon") accomplished share exchange with Canon Chemicals Inc. ("Canon Chemicals") in order to have whole ownership of Canon Chemicals. Upon this exchange, Canon issued 3,176,373 shares of par value common stock (par value: JPY 50) and exchanged 0.250 shares of Canon for each share (par value: JPY 50) of Canon Chemicals. As a result, Canon's common stock increased JPY 159 million (U.S.\$1,383 thousand) and consolidated additional paid-in capital increased JPY 14,430 million (U.S.\$125,478 thousand).

**(2) SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated financial statements reflect the adjustments which management believes are necessary to conform them with generally accepted accounting principles in the United States of America.

## 1. Marketable Securities and Marketable Investments

Canon's consolidated financial statements are based on SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities." Under SFAS 115, certain investments in debt and equity securities should be classified as trading, available-for-sale or held-to-maturity. Canon's marketable securities and marketable investments consist of available-for-sale securities. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized.

## 2. Inventories

Inventories are stated at the lower of cost or market. Cost is determined principally by the average method for domestic inventories and the first-in, first-out method for overseas inventories.

## 3. Depreciation

Depreciation is calculated principally by the declining-balance method over the estimated useful lives of assets.

## 4. Employee Retirement and Severance Benefits

Canon has been adopting SFAS 87, "Employer's Accounting for Pensions."

9. MARKETABLE SECURITIES AND DERIVATIVE CONTRACTS

## (1) MARKET VALUE ON MARKETABLE SECURITIES

As of December 31, 2000 and 1999

	Millions of yen					
	2000			1999		
	Acquisition Cost	Estimated Fair Value	Gross Unrealized Gains/Losses	Acquisition Cost	Estimated Fair Value	Gross Unrealized Gains/Losses
Marketable securities:						
Governmental bond securities	¥ 49	¥ 49	¥ 0	¥ 45	¥ 45	¥ 0
Corporate debt securities	2,734	3,007	273	2,543	2,916	373
Bank debt securities	91	91	0	157	157	0
Fund trust	2,977	3,517	540	1,962	3,432	1,470
Equity securities	3,260	4,279	1,019	2,039	2,453	414
	<u>¥ 9,111</u>	<u>¥ 10,943</u>	<u>¥ 1,832</u>	<u>¥ 6,746</u>	<u>¥ 9,003</u>	<u>¥ 2,257</u>
Investment securities:						
Governmental bond securities	¥ 174	¥ 174	¥ 0	¥ 156	¥ 156	¥ 0
Corporate debt securities	5,133	5,259	126	5,099	5,183	84
Bank debt securities	149	150	1	164	68	(96)
Fund trust	40	39	(1)	-	-	-
Equity securities	26,696	58,119	31,423	22,733	114,267	91,534
	<u>¥ 32,192</u>	<u>¥ 63,741</u>	<u>¥ 31,549</u>	<u>¥ 28,152</u>	<u>¥ 119,674</u>	<u>¥ 91,522</u>

	Thousands of U.S. dollars		
	2000		
	Acquisition Cost	Estimated Fair Value	Gross Unrealized Gains/Losses
Marketable securities:			
Governmental bond securities	\$ 426	\$ 426	\$ 0
Corporate debt securities	23,774	26,148	2,374
Bank debt securities	791	791	0
Fund trust	25,887	30,583	4,696
Equity securities	28,348	37,209	8,861
	<u>\$ 79,226</u>	<u>\$ 95,157</u>	<u>\$ 15,931</u>
Investment securities:			
Governmental bond securities	\$ 1,513	\$ 1,513	\$ 0
Corporate debt securities	44,635	45,730	1,095
Bank debt securities	1,296	1,304	8
Fund trust	348	339	(9)
Equity securities	232,139	505,383	273,244
	<u>\$ 279,931</u>	<u>\$ 554,269</u>	<u>\$ 274,338</u>

## (2) DERIVATIVE CONTRACTS

As of December 31, 2000 and 1999

	Millions of yen					
	2000			1999		
	<u>Contract Amount</u>	<u>Estimated Fair Value</u>	<u>Evaluation Gains/Losses</u>	<u>Contract Amount</u>	<u>Estimated Fair Value</u>	<u>Evaluation Gains/Losses</u>
Trade receivables and anticipated sales transactions:						
To sell foreign currencies	¥ 361,279	¥ 341,141	¥ (20,138)	¥ 170,931	¥ 172,337	¥ 1,406
To buy foreign currencies	9,600	9,811	211	12,110	12,132	22
Long-term debt (including due within a year):						
Interest rate swaps:						
Receive-fixed	¥ 40,000	¥ 1,393	¥ 1,393	¥ 41,024	¥ 2,317	¥ 2,317
Pay-fixed	73,585	(593)	(593)	66,905	(43)	(43)

	Thousands of U.S. dollars		
	2000		
	<u>Contract Amount</u>	<u>Estimated Fair Value</u>	<u>Evaluation Gains/Losses</u>
Trade receivables and anticipated sales transactions:			
To sell foreign currencies	\$ 3,141,557	\$ 2,966,444	\$ (175,113)
To buy foreign currencies	83,478	85,313	1,835
Long-term debt (including due within a year):			
Interest rate swaps:			
Receive-fixed	\$ 347,826	\$ 12,113	\$ 12,113
Pay-fixed	639,870	(5,157)	(5,157)

Note: Canon does not hold derivative financial instruments for trading purposes. Derivative financial instruments held by Canon are comprised principally of foreign exchange contracts to manage currency risk and interest rate swaps to manage interest rate risk. Gains and losses on foreign exchange instruments that qualify for hedge accounting treatment are recognized in other income (deductions) at end of year and at settlement, as are the offsetting foreign exchange losses and gains on the hedged items. Gains and losses on hedging derivative financial instruments that are designated and effective as hedges of firm commitments are deferred and recognized in income when the sales of the hedged items occurs. The differential to be paid or received on interest swap agreement is recognized over the life of the agreement as an adjustment to interest expense.

**1. NON-CONSOLIDATED STATEMENTS OF INCOME****( Parent company only )**

Years ended December 31, 2000 and 1999

	Millions of yen		Change(%)
	2000	1999	
Net sales	¥ 1,684,209	¥ 1,482,393	+ 13.6
Cost of sales	<u>1,152,990</u>	<u>1,071,462</u>	
Gross profit	531,219	410,930	+ 29.3
Selling, general and administrative expenses	<u>352,456</u>	<u>308,255</u>	
Operating profit	178,762	102,674	+ 74.1
Other income (deductions):			
Interest and dividend income	9,407	14,957	
Interest expense	(9,101)	(11,921)	
Other, net	<u>(23,121)</u>	<u>7,796</u>	
Ordinary profit	155,947	113,506	+ 37.4
Non-ordinary loss, net	<u>14,660</u>	<u>7,965</u>	
Income before income taxes	141,286	105,541	
Income taxes	<u>52,872</u>	<u>46,400</u>	
Net income	¥ <u>88,414</u>	¥ <u>59,141</u>	+ 49.5
Net income per share:	Yen		
Basic	¥ 101.32	¥ 67.92	
Diluted	<u>99.93</u>	<u>66.92</u>	

Note: Amounts less than 1 million yen have been omitted.

**2. DETAILS OF SALES****( Parent company only )**

Years ended December 31, 2000 and 1999

**Sales by product**

	Millions of yen		Change(%)
	2000	1999	
Business machines:			
<i>Copying machines</i>	¥ 401,037	¥ 384,785	+ 4.2
<i>Computer peripherals</i>	841,044	746,529	+ 12.7
<i>Business systems</i>	72,282	81,832	- 11.7
	<b>1,314,363</b>	1,213,147	+ 8.3
Cameras	233,379	190,988	+ 22.2
Optical and other products	136,467	78,257	+ 74.4
Total	<b>¥ 1,684,209</b>	¥ 1,482,393	+ 13.6

**Sales by region**

	Millions of yen		Change(%)
	2000	1999	
Japan	¥ 317,424	¥ 275,516	+ 15.2
Overseas:			
<i>Americas</i>	613,856	575,123	+ 6.7
<i>Europe</i>	548,333	484,469	+ 13.2
<i>Other areas</i>	204,595	147,282	+ 38.9
	<b>1,366,785</b>	1,206,876	+ 13.2
Total	<b>¥ 1,684,209</b>	¥ 1,482,393	+ 13.6

Note: Amounts less than 1 million yen have been omitted.

**3. NON-CONSOLIDATED BALANCE SHEETS****( Parent company only )**

As of December 31, 2000 and 1999

	Millions of yen		
	<b>Dec. 31, 2000</b>	Dec. 31, 1999	Change
<b>ASSETS</b>			
Current assets:			
Cash	¥ 109,974	¥ 121,793	¥ (11,819)
Trade receivables	390,601	241,321	149,280
Marketable securities	4,283	2,550	1,733
Inventories	179,541	181,292	(1,751)
Prepaid expenses and other current assets	123,091	95,965	27,126
Allowance for doubtful accounts	<u>(11,755)</u>	<u>(8,137)</u>	<u>(3,618)</u>
Total current assets	<u>795,737</u>	<u>634,786</u>	<u>160,951</u>
Fixed assets:			
Net property, plant and equipment	394,955	383,102	11,853
Intangibles	48,165	671	47,494
Investments and other fixed assets	342,526	374,880	(32,354)
Allowance for doubtful accounts	<u>(128)</u>	<u>(158)</u>	<u>30</u>
Total fixed assets	<u>785,519</u>	<u>758,496</u>	<u>27,023</u>
Total assets	<u>¥ 1,581,257</u>	<u>¥ 1,393,283</u>	<u>¥ 187,974</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Trade payables	¥ 337,488	¥ 275,992	¥ 61,496
Short-term loans	29,046	9,871	19,175
Income taxes	36,749	23,688	13,061
Other current liabilities	<u>39,489</u>	<u>29,954</u>	<u>9,535</u>
Total current liabilities	<u>442,773</u>	<u>339,507</u>	<u>103,266</u>
Long-term debt, excluding current installments	<u>42,803</u>	<u>64,581</u>	<u>(21,778)</u>
Total liabilities	<u>485,576</u>	<u>404,088</u>	<u>81,488</u>
Stockholders' equity:			
Common stock	164,796	163,969	827
Additional paid-in capital	295,880	285,080	10,800
Legal reserve	20,086	18,592	1,494
Retained earnings	<u>614,918</u>	<u>521,552</u>	<u>93,366</u>
Total stockholders' equity	<u>1,095,680</u>	<u>989,194</u>	<u>106,486</u>
Total liabilities and stockholders' equity	<u>¥ 1,581,257</u>	<u>¥ 1,393,283</u>	<u>¥ 187,974</u>
Millions of yen			
	<b>Dec. 31, 2000</b>	Dec. 31, 1999	
Accumulated depreciation	¥ 566,238	¥ 549,788	

Note: Amounts less than 1 million yen have been omitted.

## Directors and Corporate Auditors

(1) Candidates for new Directors to be appointed

Director	Yoroku Adachi	(President, Canon Canada, Inc.(present))
Director	Yasuo Mitsuhashi	(Chief Executive, Chemical Products Operations(present))

(2) Directors to be retired

Senior Managing Director	Takashi Kitamura	(Adviser to be appointed)
Director	Haruo Murase	(President, Canon Sales Co., Inc.(present))
Director	Kohtaro Miyagi	(Corporate Auditor to be appointed)

(3) Candidates for new Corporate Auditors to be appointed

Corporate Auditor	Kohtaro Miyagi	(Director(present))
Corporate Auditor	Masaharu Aono	(Senior Managing Director, Canon Chemicals Inc.(present))

(4) Corporate Auditors to be retired

Corporate Auditor	Shuichi Ishizuki	(Adviser to be appointed)
Corporate Auditor	Takenori Matsuoka	

(5) Candidates for Directors to be promoted

Senior Managing Director	Toshizo Tanaka	(Managing Director; Group Executive, Finance & Accounting Headquarters(present))
Managing Director	Nobuyoshi Tanaka	(Director; Group Executive, Corporate Intellectual Property and Legal Headquarters(present))
Managing Director	Tsuneji Uchida	(Director; Chief Executive, Image Communication Products Operations(present))
Managing Director	Junji Ichikawa	(Director; Chief Executive, Peripheral Products Operations(present))
Managing Director	Hajime Tsuruoka	(Director; President, Canon Europa N.V.(present))

**CONSOLIDATED FINANCIAL RESULTS  
FISCAL 2000  
SUPPLEMENTARY REPORT**

TABLE OF CONTENTS

	PAGE
1. SALES BY REGION AND PRODUCT.....	1
2. SEGMENT INFORMATION BY PRODUCT.....	3
3. PROFITABILITY .....	5
4. IMPACT OF FOREIGN EXCHANGE RATES ON SALES .....	5
5. CASH FLOWS.....	5
6. CAPITAL EXPENDITURE .....	5
7. R&D EXPENDITURE .....	6
8. INVENTORIES .....	6
9. DEBT RATIO.....	6
10. OVERSEAS PRODUCTION RATIO .....	6
11. NUMBER OF EMPLOYEES.....	6

This report contains forward-looking statements which reflect management's current views with respect to certain future events and financial performance. Actual results may differ materially from those projected or implied in any forward-looking statements. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. (Cautionary Statements for Purposes of the Safe Harbor Provisions of the United States Private Securities Litigation Reform Act of 1995.)

\* Projections do not take into consideration the effect of FASB EITF 00-14, 00-22 or 00-25.

1. SALES BY REGION AND PRODUCT

(Millions of yen)

	1999			2000			2001 Projected		
	1st. Half	2nd. Half	Year	1st. Half	2nd. Half	Year	1st. Half	2nd. Half	Year
<b>Japan</b>									
Business machines	305,706	295,878	601,584	309,505	297,765	607,270	314,800	318,900	633,700
Copying machines	122,885	121,995	244,880	118,519	127,114	245,633	126,100	121,900	248,000
Computer peripherals	69,323	78,332	147,655	76,603	85,519	162,122	79,800	92,300	172,100
Business systems	113,498	95,551	209,049	114,383	85,132	199,515	108,900	104,700	213,600
Cameras	32,711	35,772	68,483	38,848	47,746	86,594	45,700	57,400	103,100
Optical and other products	38,844	46,793	85,637	50,858	63,049	113,907	81,600	92,500	174,100
Total	377,261	378,443	755,704	399,211	408,560	807,771	442,100	468,800	910,900
<b>Overseas</b>									
Business machines	775,009	787,338	1,562,347	787,917	793,964	1,581,881	836,000	877,300	1,713,300
Copying machines	296,490	300,712	597,202	290,108	287,506	577,614	299,700	309,300	609,000
Computer peripherals	402,157	415,687	817,844	436,402	447,309	883,711	473,300	501,200	974,500
Business systems	76,362	70,939	147,301	61,407	59,149	120,556	63,000	66,800	129,800
Cameras	96,445	112,421	208,866	105,987	131,477	237,464	123,400	143,700	267,100
Optical and other products	46,100	49,248	95,348	69,800	84,387	154,187	98,500	130,200	228,700
Total	917,554	949,007	1,866,561	963,704	1,009,828	1,973,532	1,057,900	1,151,200	2,209,100
<b>Americas</b>									
Business machines	383,555	400,765	784,320	383,997	392,515	776,512	417,800	434,900	852,700
Copying machines	142,030	150,344	292,374	150,130	151,423	301,553	156,000	160,000	316,000
Computer peripherals	208,854	220,458	429,312	209,529	216,688	426,217	239,200	250,500	489,700
Business systems	32,671	29,963	62,634	24,338	24,404	48,742	22,600	24,400	47,000
Cameras	41,911	53,210	95,121	48,796	63,799	112,595	52,200	64,600	116,800
Optical and other products	18,435	15,501	33,936	21,128	23,930	45,058	22,600	30,300	52,900
Total	443,901	469,476	913,377	453,921	480,244	934,165	492,600	529,800	1,022,400
<b>Europe</b>									
Business machines	317,486	310,928	628,414	325,525	316,248	641,773	334,400	354,900	689,300
Copying machines	132,244	127,991	260,235	117,697	113,383	231,080	122,100	126,500	248,600
Computer peripherals	149,638	149,107	298,745	177,194	174,368	351,562	177,800	192,300	370,100
Business systems	35,604	33,830	69,434	30,634	28,497	59,131	34,500	36,100	70,600
Cameras	43,317	47,219	90,536	43,797	52,266	96,063	57,200	63,100	120,300
Optical and other products	10,529	12,178	22,707	13,043	17,290	30,333	26,200	28,000	54,200
Total	371,332	370,325	741,657	382,365	385,804	768,169	417,800	446,000	863,800
<b>Other areas</b>									
Business machines	73,968	75,645	149,613	78,395	85,201	163,596	83,800	87,500	171,300
Copying machines	22,216	22,377	44,593	22,281	22,700	44,981	21,600	22,800	44,400
Computer peripherals	43,665	46,122	89,787	49,679	56,253	105,932	56,300	58,400	114,700
Business systems	8,087	7,146	15,233	6,435	6,248	12,683	5,900	6,300	12,200
Cameras	11,217	11,992	23,209	13,394	15,412	28,806	14,000	16,000	30,000
Optical and other products	17,136	21,569	38,705	35,629	43,167	78,796	49,700	71,900	121,600
Total	102,321	109,206	211,527	127,418	143,780	271,198	147,500	175,400	322,900
<b>Total</b>									
Business machines	1,080,715	1,083,216	2,163,931	1,097,422	1,091,729	2,189,151	1,150,800	1,196,200	2,347,000
Copying machines	419,375	422,707	842,082	408,627	414,620	823,247	425,800	431,200	857,000
Computer peripherals	471,480	494,019	965,499	513,005	532,828	1,045,833	553,100	593,500	1,146,600
Business systems	189,860	166,490	356,350	175,790	144,281	320,071	171,900	171,500	343,400
Cameras	129,156	148,193	277,349	144,835	179,223	324,058	169,100	201,100	370,200
Optical and other products	84,944	96,041	180,985	120,658	147,436	268,094	180,100	222,700	402,800
Total	1,294,815	1,327,450	2,622,265	1,362,915	1,418,388	2,781,303	1,500,000	1,620,000	3,120,000

SALES BY REGION AND PRODUCT (CHANGE YEAR ON YEAR)

	2000			2001 Projected		
	1st. Half	2nd. Half	Year	1st. Half	2nd. Half	Year
<b>Japan</b>						
Business machines	+1.2%	+0.6%	+0.9%	+1.7%	+7.1%	+4.4%
Copying machines	-3.6%	+4.2%	+0.3%	+6.4%	-4.1%	+1.0%
Computer peripherals	+10.5%	+9.2%	+9.8%	+4.2%	+7.9%	+6.2%
Business systems	+0.8%	-10.9%	-4.6%	-4.8%	+23.0%	+7.1%
Cameras	+18.8%	+33.5%	+26.4%	+17.6%	+20.2%	+19.1%
Optical and other products	+30.9%	+34.7%	+33.0%	+60.4%	+46.7%	+52.8%
Total	+5.8%	+8.0%	+6.9%	+10.7%	+14.7%	+12.8%
<b>Overseas</b>						
Business machines	+1.7%	+0.8%	+1.3%	+6.1%	+10.5%	+8.3%
Copying machines	-2.2%	-4.4%	-3.3%	+3.3%	+7.6%	+5.4%
Computer peripherals	+8.5%	+7.6%	+8.1%	+8.5%	+12.0%	+10.3%
Business systems	-19.6%	-16.6%	-18.2%	+2.6%	+12.9%	+7.7%
Cameras	+9.9%	+17.0%	+13.7%	+16.4%	+9.3%	+12.5%
Optical and other products	+51.4%	+71.4%	+61.7%	+41.1%	+54.3%	+48.3%
Total	+5.0%	+6.4%	+5.7%	+9.8%	+14.0%	+11.9%
<b>Americas</b>						
Business machines	+0.1%	-2.1%	-1.0%	+8.8%	+10.8%	+9.8%
Copying machines	+5.7%	+0.7%	+3.1%	+3.9%	+5.7%	+4.8%
Computer peripherals	+0.3%	-1.7%	-0.7%	+14.2%	+15.6%	+14.9%
Business systems	-25.5%	-18.6%	-22.2%	-7.1%	0.0%	-3.6%
Cameras	+16.4%	+19.9%	+18.4%	+7.0%	+1.3%	+3.7%
Optical and other products	+14.6%	+54.4%	+32.8%	+7.0%	+26.6%	+17.4%
Total	+2.3%	+2.3%	+2.3%	+8.5%	+10.3%	+9.4%
<b>Europe</b>						
Business machines	+2.5%	+1.7%	+2.1%	+2.7%	+12.2%	+7.4%
Copying machines	-11.0%	-11.4%	-11.2%	+3.7%	+11.6%	+7.6%
Computer peripherals	+18.4%	+16.9%	+17.7%	+0.3%	+10.3%	+5.3%
Business systems	-14.0%	-15.8%	-14.8%	+12.6%	+26.7%	+19.4%
Cameras	+1.1%	+10.7%	+6.1%	+30.6%	+20.7%	+25.2%
Optical and other products	+23.9%	+42.0%	+33.6%	+100.9%	+61.9%	+78.7%
Total	+3.0%	+4.2%	+3.6%	+9.3%	+15.6%	+12.4%
<b>Other areas</b>						
Business machines	+6.0%	+12.6%	+9.3%	+6.9%	+2.7%	+4.7%
Copying machines	+0.3%	+1.4%	+0.9%	-3.1%	+0.4%	-1.3%
Computer peripherals	+13.8%	+22.0%	+18.0%	+13.3%	+3.8%	+8.3%
Business systems	-20.4%	-12.6%	-16.7%	-8.3%	+0.8%	-3.8%
Cameras	+19.4%	+28.5%	+24.1%	+4.5%	+3.8%	+4.1%
Optical and other products	+107.9%	+100.1%	+103.6%	+39.5%	+66.6%	+54.3%
Total	+24.5%	+31.7%	+28.2%	+15.8%	+22.0%	+19.1%
<b>Total</b>						
Business machines	+1.5%	+0.8%	+1.2%	+4.9%	+9.6%	+7.2%
Copying machines	-2.6%	-1.9%	-2.2%	+4.2%	+4.0%	+4.1%
Computer peripherals	+8.8%	+7.9%	+8.3%	+7.8%	+11.4%	+9.6%
Business systems	-7.4%	-13.3%	-10.2%	-2.2%	+18.9%	+7.3%
Cameras	+12.1%	+20.9%	+16.8%	+16.8%	+12.2%	+14.2%
Optical and other products	+42.0%	+53.5%	+48.1%	+49.3%	+51.0%	+50.2%
Total	+5.3%	+6.9%	+6.1%	+10.1%	+14.2%	+12.2%

2. SEGMENT INFORMATION BY PRODUCT

(Millions of yen)

	1999			2000			2001 Projected		
	1st. Half	2nd. Half	Year	1st. Half	2nd. Half	Year	1st. Half	2nd. Half	Year
<b>Business machines</b>									
Unaffiliated customers	1,080,715	1,083,216	2,163,931	1,097,422	1,091,729	2,189,151	1,150,800	1,196,200	2,347,000
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	1,080,715	1,083,216	2,163,931	1,097,422	1,091,729	2,189,151	1,150,800	1,196,200	2,347,000
Operating profit	133,540	128,338	261,878	168,455	149,719	318,174	179,000	182,000	361,000
% of sales	12.4%	11.8%	12.1%	15.4%	13.7%	14.5%	15.6%	15.2%	15.4%
<b>Cameras</b>									
Unaffiliated customers	129,156	148,193	277,349	144,835	179,223	324,058	169,100	201,100	370,200
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	129,156	148,193	277,349	144,835	179,223	324,058	169,100	201,100	370,200
Operating profit	7,975	10,992	18,967	11,470	21,696	33,166	15,000	30,000	45,000
% of sales	6.2%	7.4%	6.8%	7.9%	12.1%	10.2%	8.9%	14.9%	12.2%
<b>Optical and other products</b>									
Unaffiliated customers	84,944	96,041	180,985	120,658	147,436	268,094	180,100	222,700	402,800
Intersegment	36,821	42,592	79,413	55,430	71,517	126,947	58,400	76,500	134,900
Total sales	121,765	138,633	260,398	176,088	218,953	395,041	238,500	299,200	537,700
Operating profit	-8,256	-4,977	-13,233	-736	12,749	12,013	9,000	31,000	40,000
% of sales	-6.8%	-3.6%	-5.1%	-0.4%	5.8%	3.0%	3.8%	10.4%	7.4%
<b>Corporate and Eliminations</b>									
Unaffiliated customers	-	-	-	-	-	-	-	-	-
Intersegment	-36,821	-42,592	-79,413	-55,430	-71,517	-126,947	-58,400	-76,500	-134,900
Total sales	-36,821	-42,592	-79,413	-55,430	-71,517	-126,947	-58,400	-76,500	-134,900
Operating profit	-49,526	-42,030	-91,556	-56,047	-61,307	-117,354	-58,000	-68,000	-126,000
<b>Consolidated</b>									
Unaffiliated customers	1,294,815	1,327,450	2,622,265	1,362,915	1,418,388	2,781,303	1,500,000	1,620,000	3,120,000
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	1,294,815	1,327,450	2,622,265	1,362,915	1,418,388	2,781,303	1,500,000	1,620,000	3,120,000
Operating profit	83,733	92,323	176,056	123,142	122,857	245,999	145,000	175,000	320,000
% of sales	6.5%	7.0%	6.7%	9.0%	8.7%	8.8%	9.7%	10.8%	10.3%

SEGMENT INFORMATION BY PRODUCT (CHANGE YEAR ON YEAR)

	2000			2001 Projected		
	1st. Half	2nd. Half	Year	1st. Half	2nd. Half	Year
<b>Business machines</b>						
Unaffiliated customers	+1.5%	+0.8%	+1.2%	+4.9%	+9.6%	+7.2%
Intersegment	-	-	-	-	-	-
Total sales	+1.5%	+0.8%	+1.2%	+4.9%	+9.6%	+7.2%
Operating profit	+26.1%	+16.7%	+21.5%	+6.3%	+21.6%	+13.5%
% of sales	-	-	-	-	-	-
<b>Cameras</b>						
Unaffiliated customers	+12.1%	+20.9%	+16.8%	+16.8%	+12.2%	+14.2%
Intersegment	-	-	-	-	-	-
Total sales	+12.1%	+20.9%	+16.8%	+16.8%	+12.2%	+14.2%
Operating profit	+43.8%	+97.4%	+74.9%	+30.8%	+38.3%	+35.7%
% of sales	-	-	-	-	-	-
<b>Optical and other products</b>						
Unaffiliated customers	+42.0%	+53.5%	+48.1%	+49.3%	+51.0%	+50.2%
Intersegment	+50.5%	+67.9%	+59.9%	+5.4%	+7.0%	+6.3%
Total sales	+44.6%	+57.9%	+51.7%	+35.4%	+36.7%	+36.1%
Operating profit	-	-	-	-	+143.2%	+233.0%
% of sales	-	-	-	-	-	-
<b>Corporate and Eliminations</b>						
Unaffiliated customers	-	-	-	-	-	-
Intersegment	-	-	-	-	-	-
Total sales	-	-	-	-	-	-
Operating profit	-	-	-	-	-	-
<b>Consolidated</b>						
Unaffiliated customers	+5.3%	+6.9%	+6.1%	+10.1%	+14.2%	+12.2%
Intersegment	-	-	-	-	-	-
Total sales	+5.3%	+6.9%	+6.1%	+10.1%	+14.2%	+12.2%
Operating profit	+47.1%	+33.1%	+39.7%	+17.8%	+42.4%	+30.1%
% of sales	-	-	-	-	-	-

### 3. PROFITABILITY

	1999	2000	Difference	2001 Projected	Difference
ROE	6.0%	10.7%	+4.7%	13.1%	+2.4%
ROA	2.6%	4.9%	+2.3%	6.2%	+1.3%

### 4. IMPACT OF FOREIGN EXCHANGE RATES ON SALES

	1999	2000	Change	2001 Projected *	Change
<b>Impact of foreign exchange rates</b> (Billions of yen)					
US\$	-183.5	-73.2	-	27.4	-
EUR	-111.0	-110.0	-	32.2	-
Other currencies	-5.7	-7.3	-	-6.4	-
Total	-300.2	-190.5	-	53.2	-
<b>Exchange rates (Yen)</b>					
Yen/US\$	113.5	107.9	-5.6	110.0	+2.1
Yen/EUR	120.4	99.3	-21.1	105.0	+5.7

\* Impact of foreign exchange rates per yen (2001Projection)

US\$ : on sales 13bil. yen / on income before income taxes 4.4bil. yen

EUR : on sales 5.7bil. yen / on income before income taxes 3.6bil. yen (Assuming all European currencies link to Euro)

### 5. CASH FLOWS

(Millions of yen)

	1999	2000	Change	2001 Projected	Change
Net cash provided by operating activities					
Net income	70,234	134,088	+63,854	180,000	+45,912
Depreciation and amortization	158,111	146,477	-11,634	170,000	+23,523
Other, net	80,572	66,051	-14,521	-23,800	-89,851
Total	308,917	346,616	+37,699	326,200	-20,416
Net cash used in investing activities	-200,982	-212,804	-11,822	-205,000	+7,804
Free cash flow	107,935	133,812	+25,877	121,200	-12,612
Net cash provided by (used in) financing activities	-122,823	-100,597	+22,226	-121,200	-20,603
Effect of exchange rate changes on cash & cash equivalents	-3,841	-19,706	-15,865	0	+19,706
Net change in cash and cash equivalents	-18,729	13,509	+32,238	0	-13,509
Cash and cash equivalents at end of each year	480,453	493,962	+13,509	493,962	0

### 6. CAPITAL EXPENDITURE

(Millions of yen)

	1999	2000	Change	2001 Projected	Change
<b>Capital expenditure</b>					
Business machines	143,269	105,171	-38,098	-	-
Cameras	12,880	15,559	+2,679	-	-
Optical and other products	17,856	20,509	+2,653	-	-
Corporate and Eliminations	26,381	29,747	+3,366	-	-
Total	200,386	170,986	-29,400	220,000	+49,014
<b>Depreciation and amortization</b>					
Business machines	114,451	101,557	-12,894	-	-
Cameras	12,285	14,480	+2,195	-	-
Optical and other products	12,860	13,019	+159	-	-
Corporate and Eliminations	18,515	17,421	-1,094	-	-
Total	158,111	146,477	-11,634	170,000	+23,523

## 7. R&D EXPENDITURE

(Millions of yen)

	1999	2000	Change	2001 Projected	Change
R&D expenditure	177,922	194,552	+16,630	210,000	+15,448
% of sales	6.8%	7.0%	-	6.7%	-

## 8. INVENTORIES

(Millions of yen)

	1999 Dec.31	2000 Dec.31	Change
<b>Inventories</b>			
Business machines	299,521	325,043	+25,522
Cameras	44,639	54,917	+10,278
Optical and other products	92,090	110,733	+18,643
Total	436,250	490,693	+54,443

(Days)

	1999 Dec.31	2000 Dec.31	Change
<b>Inventories/Sales*</b>			
Business machines	51	54	+3
Cameras	55	56	+1
Optical and other products	175	137	-38
Total	60	63	+3

\*Index based on 2nd. half sales.

## 9. DEBT RATIO

	1999 Dec.31	2000 Dec.31	Difference
Total debt / Total assets	17.9%	13.8%	-4.1%

## 10. OVERSEAS PRODUCTION RATIO

	1999	2000	Difference
Overseas production ratio	30%	30%	0%

## 11. NUMBER OF EMPLOYEES

	1999 Dec.31	2000 Dec.31	Change
Number of employees			
Japan	38,222	41,077	+2,855
Overseas	42,787	45,596	+2,809
Total	81,009	86,673	+5,664