



## CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED SEPTEMBER 30, 2001

October 29, 2001

### CONSOLIDATED RESULTS FOR THE THIRD QUARTER

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

	Actual			
	Three months ended September 30, 2001 (Unaudited)	Three months ended September 30, 2000 (Unaudited)	Change(%)	Three months ended September 30, 2001 (Unaudited)
Net sales	¥ 680,281	¥ 632,302	+ 7.6	\$ 5,716,647
Operating profit	78,246	60,064	+ 30.3	657,529
Income before income taxes	70,091	62,134	+ 12.8	589,000
Net income	<u>37,470</u>	<u>35,838</u>	+ 4.6	<u>314,874</u>
Net income per share:				
- Basic	¥ 42.77	¥ 41.08	+ 4.1	\$ 0.36
- Diluted	<u>42.17</u>	<u>40.47</u>	+ 4.2	<u>0.35</u>

### CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

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

	Actual				Projected	
	Nine months ended September 30, 2001 (Unaudited)	Nine months ended September 30, 2000 (Unaudited)	Change(%)	Nine months ended September 30, 2001 (Unaudited)	Year ending December 31, 2001	Change(%)
Net sales	¥ 2,154,256	¥ 1,954,760	+ 10.2	\$ 18,102,992	¥ 2,890,000	+ 7.2
Operating profit	247,006	183,206	+ 34.8	2,075,681	295,000	+ 19.9
Income before income taxes	238,713	179,911	+ 32.7	2,005,992	280,000	+ 23.2
Income before cumulative effect of accounting change	133,841	104,320	+ 28.3	1,124,714	-	-
Net income	<u>137,533</u>	<u>104,320</u>	+ 31.8	<u>1,155,739</u>	<u>161,000</u>	+ 20.1
Net income per share:						
(Before cumulative effect of accounting change)						
- Basic	¥ 152.81	¥ 119.63	+ 27.7	\$ 1.28	-	-
- Diluted	<u>150.68</u>	<u>117.89</u>	+ 27.8	<u>1.27</u>	-	-
(After cumulative effect of accounting change)						
- Basic	¥ 157.03	¥ 119.63	+ 31.3	\$ 1.32	¥ 183.80	+ 19.6
- Diluted	<u>154.84</u>	<u>117.89</u>	+ 31.3	<u>1.30</u>	-	-

	Actual			
	As of September 30, 2001 (Unaudited)	As of December 31, 2000 (Audited)	Change(%)	As of September 30, 2001 (Unaudited)
Total assets	¥ 2,758,201	¥ 2,832,125	- 2.6	\$ 23,178,160
Stockholder's equity	<u>¥ 1,421,349</u>	<u>¥ 1,298,914</u>	+ 9.4	<u>\$ 11,944,109</u>

- Notes: 1. Canon's consolidated financial statements conform with accounting principles generally accepted in the United States of America.  
 2. In this report, U.S. dollar amounts are translated from yen at the rate of US\$ = JPY 119.00, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 28, 2001, solely for the convenience of the reader.  
 3. Canon adopted the new accounting standards for sales presentation, and applied them retroactively to the consolidated financial statements for the previous year.

Canon Inc.  
Headquarter office

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

# Operating Results

## **2001 Third Quarter in Review**

Looking back at the global economy in the third quarter of 2001, in the United States, consumer spending remained weak despite an increase in disposable personal income realized through reduced income taxes while, in the business sector, deteriorating profits resulted in greatly curtailed capital spending. Consequently, the U.S. economic climate indicated a significant decline. Likewise, the Japanese economy also remained stagnant, reflecting flat consumer spending and decreased capital spending in the business sector, the latter owing to declining profits stemming from sluggish export sales and production. As for the economies of Europe and Asia, the pace of economic growth was hampered by the weakened U.S. and Japanese economies. In addition, the terrorist attacks in the United States have increased uncertainty surrounding the future recovery of the global economy.

As for the markets in which the Canon Group operates, within the IT-related equipment segment, unfavorable consumer spending in Japan and the United States resulted in reduced demand for personal-use printers while corporate-use digital copying machines and printers generally posted favorable results. The digital camera market continued to show strong growth, fueled by the launch of several new products by digital camera makers targeting autumn sales campaigns. In the field of semiconductor-production equipment, inventory adjustments by memory device manufacturers stalled due to a sustained lack of demand for memory devices. Accordingly, memory device manufacturers continued to exercise restraint with regard to capital expenditures. The average value of the yen in the third quarter of 2001 was ¥121.69 to the U.S. dollar, and ¥108.27 to the euro; a depreciation of 12% and 10%, respectively, compared with the corresponding period for the previous year.

Amid these conditions, Canon achieved consolidated net sales of ¥680.3 billion (US\$ 5,717 million) in the third quarter, an increase of 7.6% compared with the same period for the previous year. The lower value of the yen and significant growth in sales for digital cameras and semiconductor production equipment contributed greatly to the favorable results along with steady growth recorded in copying machines. Despite severe price competition in the market, Canon's gross profit ratio during the third quarter of the year improved by 3.4% to 45.2%, reflecting the positive effects of cost reductions, realized through continued production reformation activities, combined with the lower value of the yen. Selling, general and administrative expenses rose 12.3% from the same period for the previous year as R&D expenditure increased 14.8% to ¥51.3 billion (US\$ 431 million). Consequently, operating profit in the third quarter totaled ¥78.2 billion (US\$ 658 million), a substantial increase of 30.3%. In the area of other income (deductions), the promotion of cash flow management has resulted in improved financial strength, making possible a ¥0.5 billion (US\$ 4 million) improvement in interest income and expense. Currency exchange loss, however, increased by ¥2.3 billion (US\$ 19 million) and equity affiliates earnings also worsened by ¥5.0 billion (US\$ 42 million) due to the deteriorating profit margins of affiliated companies that manufacture memory devices. As a result, other income (deductions) overall worsened by ¥10.2 billion (US\$ 86 million) compared with the same period for the previous year. Consequently, income before income taxes totaled ¥70.1 billion (US\$ 589 million), an increase of 12.8%. Net income grew by 4.6% to ¥37.5 billion (US\$ 315 million) although the effective tax rate rose 5.6% due to decreased equity in income of affiliates.

Basic net income per share for the period was ¥42.77 (US\$ 0.36), a ¥1.69 increase compared with the corresponding period for the previous year, owing to the growth in net income.

Note:

Canon adopted Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities" and Statement of Financial Accounting Standards No. 138 (SFAS 138), "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS 133", from the fiscal year beginning January 1, 2001. Both standards establish accounting and reporting standards for derivative instruments and for hedging activities, and require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. The cumulative effect adjustment upon the adoption of SFAS 133 and 138, net of the related income tax effect, is disclosed as the "Cumulative effect of accounting change" in the statement of income.

Canon also adopted Emerging Issues Task Force Issue 00-14 (EITF00-14), "Accounting for Certain Sales Incentives" and Issue 00-22 (EITF00-22), "Accounting for 'Points' and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future" from the fiscal year beginning January 1, 2001 and has applied these standards retroactively to the financial statements for the prior year. 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, be classified as a reduction of sales. 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 be recognized as a reduction of sales.

## Results by Product Segment

In the business machine segment, sales of copying machines grew 15.1% in the third quarter of the year, boosted by strong global demand for monochrome digital copying machines, especially the iR3300 series, launched in July of this year, and the iR5000/6000 series, along with newly introduced color copying machines. In the field of computer peripherals, while sales of laser beam printers and Bubble Jet printers showed a major decline on a local currency basis due to flagging demand in the PC market, the low value of the yen helped to offset the drop, resulting in a slight decrease of 1.7%. Sales of business systems, including facsimile machines, computers, micrographics and calculators increased 2.8%, despite the negative influence of severe price competition in the facsimile market. As a result, overall sales of business machines reached ¥513.4 billion (US\$ 4,315 million), achieving 5.2% sales growth compared with the same period for the previous year. Operating profit in the business machine segment for the quarter increased 15.5%, to ¥83.7 billion (US\$ 704 million), as cost-cutting measures and the positive effect of the weak yen minimized the negative impact of increased price competition.

While sales of 35mm and Advanced Photo System cameras slipped under the effects of the increasing popularity of digital models and price competition, sales of digital cameras nearly doubled during the third quarter of 2001 compared with the same period for the previous year. This can be attributed to the launch of five new Canon products in the first half—including the IXY DIGITAL 300 and 200 (PowerShot S300 and S110 in North America, DIGITAL IXUS 300 and v in Europe)—aimed at strengthening Canon's digital camera lineup to achieve greater market share. Sales of video camcorders in this quarter also continued to show substantial growth. Overall, camera sales achieved 9.5% growth, to ¥87.2 billion (US\$ 733 million). Operating profit for the camera segment, however, decreased 9.8%, to ¥10.7 billion (US\$ 90 million), mainly due to a drop in profits for 35mm and Advanced Photo System cameras, even despite the marked improvement in profitability for digital camera products.

Although orders from semiconductor manufacturers have declined, sales of optical and other products continued to grow substantially, increasing by 23.1% to ¥79.6 billion (US\$ 669 million), supported by active capital investment by semiconductor device manufacturers through the end of last year. Also, the improved profitability of semiconductor production equipment and other products made possible an operating profit of ¥13.1 billion (US\$ 110 million), an increase of 178.8% compared with the same period for the previous year.

## Cash Flow

Despite the large increase in net income, cash flow from operating activities between January 1 and September 30 2001 recorded an increase of ¥224.6 billion (US\$ 1,887 million), ¥13.7 billion (US\$ 115 million) less than the corresponding period for the previous year, mainly due to payment of trade payables. Capital expenditure totaled ¥148.5 billion (US\$ 1,248 million), mainly used for the construction of a new head office building and the expansion of manufacturing facilities to enable increased production of semiconductor production equipment. Net cash used in investing activities was ¥139.0 billion (US\$ 1,168 million). As a result, free cash flow, or cash flow from operating activities minus cash flow from investing activities, remained positive at ¥85.6 billion (US\$ 719 million).

Cash flow from financing activities recorded an outlay of ¥118.0 billion (US\$ 992 million), mainly as a result of active efforts to repay short-term loans toward the goal of improving Canon's financial strength. This, accompanied by redemption of the company's straight bonds in August, resulted in cash and cash equivalents of ¥453.4 billion (US\$ 3,810 million) at the end of the third quarter. Although this represents a ¥40.5 billion (US\$ 341 million) decrease from the end of the previous year, cash and cash equivalents maintained a high level.

## Outlook

Regarding the outlook for the global economy from the fourth quarter, the terrorist attacks and subsequent military retaliation will negatively impact personal spending in the United States and are expected to delay the economic recovery phase there longer than expected, to the latter half of 2002. In Japan, consumer spending is not expected to rise rapidly and the overall feeling of economic stagnation will probably continue. In Europe and Asia, a slowdown in economic growth is anticipated, mostly because of the sluggish economies of Japan and the United States.

In the businesses in which Canon is involved, stable demand is projected for monochrome digital copying machines and full-color copying machines, and the digital camera market is also expected to continue expanding. Within the semiconductor-production equipment market, restrained capital investment by chip manufacturers is expected to lead to a rapid drop in orders. Additionally, a major drop in demand for printers is also anticipated, reflecting the PC market slump and sluggish consumer spending.

While the military actions initiated by the United States appear to have depreciated the U.S. dollar against the yen and euro, national governments will cooperate on financial and monetary measures aimed at controlling currency exchange rate fluctuation within a limited range.

Given the current market climate and the effects of the terrorist attacks in the United States, Canon has revised its forecast and now anticipates consolidated net sales of ¥2,890 billion (US\$ 24,286 million), consolidated income before income taxes of ¥280.0 billion (US\$ 2,353 million), and consolidated net income of ¥161.0 billion (US\$ 1,353 million). The company also forecasts non-consolidated net sales of ¥1,700.0 billion, non-consolidated ordinary profit of ¥200.0 billion, and non-consolidated net income of ¥29.0 billion. These forecasts assume currency exchange rates for the fourth quarter of 2001 of ¥120.00 to the U.S. dollar, and ¥109.00 to the euro.

## Consolidated Outlook

	Millions of yen					
	Year ending Dec. 31, 2001		Change (B - A)	Year ended Dec. 31, 2000		Change (%) (B / C)
	Previous Outlook (A)	Modified Outlook (B)		Results (C)		
Net sales	¥ 3,010,000	¥ 2,890,000	(120,000)	¥ 2,696,420	+	7.2
Income before income taxes	323,000	280,000	(43,000)	227,196	+	23.2
Net income	188,000	161,000	(27,000)	134,088	+	20.1

Canon adopted the new accounting standards for sales presentation, and applied them retroactively to the consolidated financial statements for the previous year.

## Non-consolidated Outlook

	Millions of yen					
	Year ending Dec. 31, 2001		Change (B - A)	Year ended Dec. 31, 2000		Change (%) (B / C)
	Previous Outlook (A)	Modified Outlook (B)		Results (C)		
Net sales	¥ 1,810,000	¥ 1,700,000	(110,000)	¥ 1,684,209	+	0.9
Ordinary profit	215,000	200,000	(15,000)	155,947	+	28.2
Net income	38,000	29,000	(9,000)	88,414	-	67.2

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.)

1. CONSOLIDATED STATEMENTS OF INCOME**Results for the third quarter**

	Millions of yen			Change(%)	Thousands of
					U.S. dollars
	Three months ended September 30, 2001 (Unaudited)	Three months ended September 30, 2000 (Unaudited)			Three months ended September 30, 2001 (Unaudited)
Net sales	¥ 680,281	¥ 632,302	+ 7.6	\$	5,716,647
Cost of sales	372,763	368,160			3,132,462
Gross profit	307,518	264,142	+ 16.4		2,584,185
Selling, general and administrative expenses	229,272	204,078			1,926,656
Operating profit	78,246	60,064	+ 30.3		657,529
Other income (deductions):					
Interest and dividend income	1,984	2,542			16,672
Interest expense	(2,522)	(3,555)			(21,193)
Other, net	(7,617)	3,083			(64,008)
	(8,155)	2,070			(68,529)
Income before income taxes	70,091	62,134	+ 12.8		589,000
Income taxes	30,885	23,908			259,538
Income before minority interests	39,206	38,226			329,462
Minority interests	1,736	2,388			14,588
Net income	¥ 37,470	¥ 35,838	+ 4.6	\$	314,874

Note: Canon's comprehensive income consists of net income, change in foreign currency translation adjustments, change in net unrealized gains on securities, change in minimum pension liability adjustments and change in net losses on derivative financial instruments. Comprehensive income for three months ended September 30, 2001 and 2000 were JPY 32,328 million (US\$ 271,664 thousand) and JPY 38,336 million, respectively.

**Results for the nine months**

	Millions of yen			Change(%)	Thousands of
					U.S. dollars
	Nine months ended September 30, 2001 (Unaudited)	Nine months ended September 30, 2000 (Unaudited)			Nine months ended September 30, 2001 (Unaudited)
Net sales	¥ 2,154,256	¥ 1,954,760	+ 10.2	\$	18,102,992
Cost of sales	1,199,571	1,140,882			10,080,429
Gross profit	954,685	813,878	+ 17.3		8,022,563
Selling, general and administrative expenses	707,679	630,672			5,946,882
Operating profit	247,006	183,206	+ 34.8		2,075,681
Other income (deductions):					
Interest and dividend income	7,623	7,884			64,059
Interest expense	(8,249)	(10,959)			(69,319)
Other, net	(7,667)	(220)			(64,429)
	(8,293)	(3,295)			(69,689)
Income before income taxes	238,713	179,911	+ 32.7		2,005,992
Income taxes	101,850	70,208			855,883
Income before minority interests	136,863	109,703			1,150,109
Minority interests	3,022	5,383			25,395
Income before cumulative effect of accounting change	133,841	104,320	+ 28.3		1,124,714
Cumulative effect of accounting change	3,692	-			31,025
Net income	¥ 137,533	¥ 104,320	+ 31.8	\$	1,155,739

Note: Canon's comprehensive income consists of net income, change in foreign currency translation adjustments, change in net unrealized gains on securities, change in minimum pension liability adjustments and change in net losses on derivative financial instruments. Comprehensive income for nine months ended September 30, 2001 and 2000 were JPY 141,663 million (US\$ 1,190,445 thousand) and JPY 89,370 million, respectively.

2. DETAILS OF SALESResults for the third quarter

Sales by product	Millions of yen			Thousands of U.S. dollars
	Three months ended September 30, 2001 (Unaudited)	Three months ended September 30, (Unaudited)	Change(%)	Three months ended September 30, 2001 (Unaudited)
	Business machines:			
<i>Copying machines</i>	¥ 210,425	¥ 182,787	+ 15.1	\$ 1,768,277
<i>Computer peripherals</i>	232,049	236,096	- 1.7	1,949,992
<i>Business systems</i>	70,966	69,041	+ 2.8	596,353
	<u>513,440</u>	<u>487,924</u>	<u>+ 5.2</u>	<u>4,314,622</u>
Cameras	87,239	79,691	+ 9.5	733,101
Optical and other products	79,602	64,687	+ 23.1	668,924
Total	<u>¥ 680,281</u>	<u>¥ 632,302</u>	<u>+ 7.6</u>	<u>\$ 5,716,647</u>

Sales by region	Millions of yen			Thousands of U.S. dollars
	Three months ended September 30, 2001 (Unaudited)	Three months ended September 30, (Unaudited)	Change(%)	Three months ended September 30, 2001 (Unaudited)
	Japan	¥ 200,757	¥ 181,483	+ 10.6
Overseas:				
<i>Americas</i>	233,550	212,640	+ 9.8	1,962,605
<i>Europe</i>	175,082	168,727	+ 3.8	1,471,277
<i>Other areas</i>	70,892	69,452	+ 2.1	595,731
	<u>479,524</u>	<u>450,819</u>	<u>+ 6.4</u>	<u>4,029,613</u>
Total	<u>¥ 680,281</u>	<u>¥ 632,302</u>	<u>+ 7.6</u>	<u>\$ 5,716,647</u>

Results for the nine months

Sales by product	Millions of yen			Thousands of U.S. dollars
	Nine months ended September 30, 2001 (Unaudited)	Nine months ended September 30, (Unaudited)	Change(%)	Nine months ended September 30, 2001 (Unaudited)
	Business machines:			
<i>Copying machines</i>	¥ 645,689	¥ 566,882	+ 13.9	\$ 5,425,958
<i>Computer peripherals</i>	775,494	737,813	+ 5.1	6,516,756
<i>Business systems</i>	230,487	242,746	- 5.1	1,936,866
	<u>1,651,670</u>	<u>1,547,441</u>	<u>+ 6.7</u>	<u>13,879,580</u>
Cameras	262,202	222,213	+ 18.0	2,203,378
Optical and other products	240,384	185,106	+ 29.9	2,020,034
Total	<u>¥ 2,154,256</u>	<u>¥ 1,954,760</u>	<u>+ 10.2</u>	<u>\$ 18,102,992</u>

Sales by region	Millions of yen			Thousands of U.S. dollars
	Nine months ended September 30, 2001 (Unaudited)	Nine months ended September 30, (Unaudited)	Change(%)	Nine months ended September 30, 2001 (Unaudited)
	Japan	¥ 620,644	¥ 566,709	+ 9.5
Overseas:				
<i>Americas</i>	724,274	644,614	+ 12.4	6,086,336
<i>Europe</i>	584,293	547,290	+ 6.8	4,910,025
<i>Other areas</i>	225,045	196,147	+ 14.7	1,891,135
	<u>1,533,612</u>	<u>1,388,051</u>	<u>+ 10.5</u>	<u>12,887,496</u>
Total	<u>¥ 2,154,256</u>	<u>¥ 1,954,760</u>	<u>+ 10.2</u>	<u>\$ 18,102,992</u>

3. SEGMENT INFORMATION BY PRODUCT

<b>Results for the third quarter</b>	Millions of yen			Thousands of U.S. dollars	
	Three months ended September 30, 2001 (Unaudited)	Three months ended September 30, 2000 (Unaudited)	Change(%)	Three months ended September 30, 2001 (Unaudited)	
<b>Business machines</b>					
Net sales:					
Unaffiliated customers	¥ 513,440	¥ 487,924	+ 5.2	\$ 4,314,622	
Intersegment	-	-	-	-	
Total	513,440	487,924	+ 5.2	4,314,622	
Operating cost and expenses	429,719	415,464	+ 3.4	3,611,084	
Operating profit	83,721	72,460	+ 15.5	703,538	
<b>Cameras</b>					
Net sales:					
Unaffiliated customers	¥ 87,239	¥ 79,691	+ 9.5	\$ 733,101	
Intersegment	-	-	-	-	
Total	87,239	79,691	+ 9.5	733,101	
Operating cost and expenses	76,508	67,792	+ 12.9	642,925	
Operating profit	10,731	11,899	- 9.8	90,176	
<b>Optical and other products</b>					
Net sales:					
Unaffiliated customers	¥ 79,602	¥ 64,687	+ 23.1	\$ 668,924	
Intersegment	29,219	30,028	- 2.7	245,538	
Total	108,821	94,715	+ 14.9	914,462	
Operating cost and expenses	95,769	90,033	+ 6.4	804,781	
Operating profit	13,052	4,682	+ 178.8	109,681	
<b>Corporate and Eliminations</b>					
Net sales:					
Unaffiliated customers	-	-	-	-	
Intersegment	(29,219)	(30,028)	-	(245,538)	
Total	(29,219)	(30,028)	-	(245,538)	
Operating cost and expenses	39	(1,051)	-	328	
Operating profit	(29,258)	(28,977)	-	(245,866)	
<b>Consolidated</b>					
Net sales:					
Unaffiliated customers	¥ 680,281	¥ 632,302	+ 7.6	\$ 5,716,647	
Intersegment	-	-	-	-	
Total	680,281	632,302	+ 7.6	5,716,647	
Operating cost and expenses	602,035	572,238	+ 5.2	5,059,118	
Operating profit	78,246	60,064	+ 30.3	657,529	

Note: General corporate expenses of JPY 29,199 million (US\$245,370 thousand) and JPY 29,015 million in the three months ended September 30, 2001 and 2000, respectively, are included in "Corporate and Eliminations."

**Results for the nine months**

	Millions of yen			Change(%)	Thousands of U.S. dollars
	Nine months ended September 30, 2001 (Unaudited)	Nine months ended September 30, (Unaudited)	Nine months ended September 30, 2001 (Unaudited)		
<b>Business machines</b>					
Net sales:					
Unaffiliated customers	¥ 1,651,670	¥ 1,547,441	+ 6.7	\$ 13,879,580	
Intersegment	-	-	-	-	
Total	1,651,670	1,547,441	+ 6.7	13,879,580	
Operating cost and expenses	1,377,266	1,306,526	+ 5.4	11,573,664	
Operating profit	274,404	240,915	+ 13.9	2,305,916	
<b>Cameras</b>					
Net sales:					
Unaffiliated customers	¥ 262,202	¥ 222,213	+ 18.0	\$ 2,203,378	
Intersegment	-	-	-	-	
Total	262,202	222,213	+ 18.0	2,203,378	
Operating cost and expenses	235,856	198,844	+ 18.6	1,981,983	
Operating profit	26,346	23,369	+ 12.7	221,395	
<b>Optical and other products</b>					
Net sales:					
Unaffiliated customers	¥ 240,384	¥ 185,106	+ 29.9	\$ 2,020,034	
Intersegment	91,384	85,458	+ 6.9	767,932	
Total	331,768	270,564	+ 22.6	2,787,966	
Operating cost and expenses	301,907	266,618	+ 13.2	2,537,033	
Operating profit	29,861	3,946	+ 656.7	250,933	
<b>Corporate and Eliminations</b>					
Net sales:					
Unaffiliated customers	-	-	-	-	
Intersegment	(91,384)	(85,458)	-	(767,932)	
Total	(91,384)	(85,458)	-	(767,932)	
Operating cost and expenses	(7,779)	(434)	-	(65,369)	
Operating profit	(83,605)	(85,024)	-	(702,563)	
<b>Consolidated</b>					
Net sales:					
Unaffiliated customers	¥ 2,154,256	¥ 1,954,760	+ 10.2	\$ 18,102,992	
Intersegment	-	-	-	-	
Total	2,154,256	1,954,760	+ 10.2	18,102,992	
Operating cost and expenses	1,907,250	1,771,554	+ 7.7	16,027,311	
Operating profit	247,006	183,206	+ 34.8	2,075,681	

Note: General corporate expenses of JPY 83,593 million (US\$702,462 thousand) and JPY 84,790 million in the nine months ended September 30, 2001 and 2000, respectively, are included in "Corporate and Eliminations."

4. CONSOLIDATED BALANCE SHEETS

	Millions of yen			Thousands of U.S. dollars
	As of September 30, 2001	As of December 31, 2000	Change	As of September 30, 2001
	(Unaudited)	(Audited)		(Unaudited)
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	¥ 453,440	¥ 493,962	¥ (40,522)	\$ 3,810,420
Marketable securities	5,026	10,943	(5,917)	42,235
Trade receivables, less allowance	431,453	479,790	(48,337)	3,625,655
Inventories	503,393	490,693	12,700	4,230,193
Prepaid expenses and other current assets	225,166	196,011	29,155	1,892,152
Total current assets	1,618,478	1,671,399	(52,921)	13,600,655
Noncurrent receivables and restricted funds	21,307	27,626	(6,319)	179,050
Investments	66,153	119,195	(53,042)	555,908
Net property, plant and equipment	805,813	771,594	34,219	6,771,538
Other assets	246,450	242,311	4,139	2,071,009
Total assets	¥ 2,758,201	¥ 2,832,125	¥ (73,924)	\$ 23,178,160
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Short-term loans	¥ 181,647	¥ 248,688	¥ (67,041)	\$ 1,526,445
Trade payables	384,067	444,633	(60,566)	3,227,454
Income taxes	59,912	53,865	6,047	503,462
Accrued expenses	140,628	164,484	(23,856)	1,181,748
Other current liabilities	76,053	63,120	12,933	639,101
Total current liabilities	842,307	974,790	(132,483)	7,078,210
Long-term debt, excluding current installments	112,446	142,925	(30,479)	944,924
Accrued pension and severance cost	165,684	194,445	(28,761)	1,392,303
Other noncurrent liabilities	18,572	22,838	(4,266)	156,067
Total liabilities	1,139,009	1,334,998	(195,989)	9,571,504
Minority interests	197,843	198,213	(370)	1,662,547
Stockholders' equity:				
Common stock	165,254	164,796	458	1,388,689
Additional paid-in capital	392,397	391,939	458	3,297,454
Retained earnings	1,006,150	888,761	117,389	8,455,042
Accumulated other comprehensive income (loss)	(142,452)	(146,582)	4,130	(1,197,076)
Total stockholders' equity	1,421,349	1,298,914	122,435	11,944,109
Total liabilities and stockholders' equity	¥ 2,758,201	¥ 2,832,125	¥ (73,924)	\$ 23,178,160

	Millions of yen		Thousands of U.S. dollars
	As of September 30, 2001	As of December 31, 2000	As of September 30, 2001
	(Unaudited)	(Audited)	(Unaudited)
Allowance for doubtful receivables	¥ 17,290	¥ 17,862	\$ 145,294
Accumulated depreciation	1,021,086	989,852	8,580,555
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	(92,545)	(104,149)	(777,690)
Net unrealized gains on securities	1,995	14,167	16,765
Minimum pension liability adjustments	(51,895)	(56,600)	(436,092)
Net losses on derivative financial instruments	(7)	-	(59)

5. CONSOLIDATED STATEMENTS OF CASH FLOWSResults for the nine months

	Millions of yen		Thousands of U.S. dollars
	Nine months ended September 30, 2001 (Unaudited)	Nine months ended September 30, (Unaudited)	Nine months ended September 30, 2001 (Unaudited)
	¥	¥	\$
Net income	137,533	104,320	1,155,739
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	108,911	104,114	915,218
Loss on disposal of property, plant and equipment	9,537	8,755	80,143
Gain on securities contributed to retirement benefit trust	(15,536)	-	(130,555)
Deferred income taxes	1,382	(8,682)	11,613
Decrease in trade receivables	42,972	7,356	361,109
Increase in inventories	(4,075)	(36,772)	(34,244)
Increase (decrease) in trade payables	(75,553)	43,352	(634,899)
Increase (decrease) in income taxes	5,848	(2,652)	49,143
Increase (decrease) in accrued expenses	(6,507)	33,380	(54,681)
Other, net	20,070	(14,931)	168,658
Net cash provided by operating activities	224,582	238,240	1,887,244
Cash flows from investing activities:			
Capital expenditure	(148,483)	(116,476)	(1,247,756)
Proceeds from sale of property, plant and equipment	5,200	3,035	43,697
Payment for purchase of marketable securities	(9,532)	(500)	(80,101)
Proceeds from sale of marketable securities	9,244	1,890	77,681
Payment for purchase of investments	(2,108)	(10,303)	(17,714)
Other	6,679	10,730	56,126
Net cash used in investing activities	(139,000)	(111,624)	(1,168,067)
Cash flows from financing activities:			
Proceeds from long-term debt	6,206	17,871	52,151
Repayment of long-term debt	(33,139)	(23,916)	(278,479)
Decrease in short-term loans	(67,662)	(71,486)	(568,588)
Dividends paid	(20,144)	(14,820)	(169,277)
Other	(3,251)	(2,295)	(27,320)
Net cash used in financing activities	(117,990)	(94,646)	(991,513)
Effect of exchange rate changes on cash and cash equivalents	(8,114)	5,537	(68,185)
Net change in cash and cash equivalents	(40,522)	37,507	(340,521)
Cash and cash equivalents at beginning of period	493,962	480,453	4,150,941
Cash and cash equivalents at end of period	¥ 453,440	¥ 517,960	\$ 3,810,420

**6. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES****(1) NUMBER OF GROUP COMPANIES**

	September 30, 2001	September 30, 2000	Change
Consolidated	203	139	64
Affiliates	21	20	1
Total	224	159	65

**CHANGES IN GROUP OF ENTITIES**

## Consolidated subsidiaries

Addition: Nisca Co. and 71 other companies

Removal: Canon Manufacturing U.K. Ltd. and 7 other companies

## Affiliates (Carried at Equity Basis)

Addition: 4 companies

Removal: Nisca Co., Olivetti-Canon Industriale S.p.A. and 1 other company

**(2) SIGNIFICANT ACCOUNTING POLICIES**

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

We have engaged KPMG to complete a review of the consolidated financial statements as of and for nine months ended September 30, 2001, in accordance with Statement of Auditing Standards No.71, "Interim Financial Information", established by the American Institute of Certified Public Accountants.

## 1. Derivative Instruments and Hedging Activities

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities". In June 2000, the Financial Accounting Standards Board also issued Statement of Financial Accounting Standards No. 138 (SFAS 138), "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133". Both standards establish accounting and reporting standards for derivative instruments and for hedging activities, and require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS 133, as amended, and 138 are effective for fiscal years beginning after June 15, 2000.

Canon adopted SFAS 133 and 138 as of January 1, 2001. The cumulative effect adjustment upon the adoption of SFAS 133 and 138, net of the related income tax effect, resulted in an increase to net income of JPY 3,692 million (US\$31,025 thousand) and a decrease to other comprehensive income of JPY 2,401 million (US\$20,176 thousand).

## 2. Sales Incentives

In May 2000, the Emerging Issues Task Force reached a final consensus on Issue No.00-14 (EITF 00-14), "Accounting for Certain Sales Incentives". EITF 00-14 addresses accounting and reporting standards for sales incentives such as coupons or rebates that are provided by vendors or manufacturers and are exercisable by customers at the point of sale.

In January 2001, the Emerging Issues Task Force also reached a final consensus on a portion of Issue No.00-22 (EITF 00-22), "Accounting for 'Points' and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future". EITF 00-22 addresses accounting and reporting standards for sales incentives such as loyalty programs or rebates that are offered to customers by vendors only if the customer completes a specified cumulative level of revenue transactions with the vendor.

Canon adopted these standards from the fiscal year beginning January 1, 2001 and has applied retroactively to the consolidated financial statements for the prior year. The adoption results in a reduction in sales for three months ended September 30, 2001 and 2000 of JPY 16,850 million (US\$141,597 thousand) and JPY 18,887 million, respectively, and for nine months ended September 30, 2001 and 2000 of JPY 55,542 million (US\$466,739 thousand) and JPY 59,344 million, respectively, and a corresponding decrease in selling, general and administrative expenses, with no effect on net income.

**CONSOLIDATED FINANCIAL RESULTS  
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2001  
SUPPLEMENTARY REPORT**

**TABLE OF CONTENTS**

	PAGE
1. SALES BY REGION AND PRODUCT.....	S1
2. SALES COMPOSITION BY PRODUCT.....	S2
3. SALES GROWTH IN LOCAL CURRENCY.....	S2
4. SEGMENT INFORMATION BY PRODUCT.....	S3
5. PROFITABILITY .....	S4
6. IMPACT OF FOREIGN EXCHANGE RATES.....	S4
7. CASH FLOWS.....	S5
8. CAPITAL EXPENDITURE .....	S5
9. R&D EXPENDITURE .....	S5
10. INVENTORIES .....	S5
11. DEBT RATIO.....	S6
12. NUMBER OF EMPLOYEES.....	S6

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.)

# 1. SALES BY REGION AND PRODUCT

(Millions of yen)

	2001			2000			Change Year over year		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year	3rd quarter	2nd half	Year
<b>Japan</b>									
Business machines	136,167	296,778	601,600	130,630	283,347	578,874	+4.2%	+4.7%	+3.9%
Copying machines	61,315	125,049	251,800	56,523	115,236	221,805	+8.5%	+8.5%	+13.5%
Computer peripherals	31,088	83,234	161,300	32,633	84,475	159,945	-4.7%	-1.5%	+0.8%
Business systems	43,764	88,495	188,500	41,474	83,636	197,124	+5.5%	+5.8%	-4.4%
Cameras	22,533	49,625	90,000	22,590	47,746	86,594	-0.3%	+3.9%	+3.9%
Optical and other products	42,057	76,210	150,900	28,263	63,047	113,898	+48.8%	+20.9%	+32.5%
Total	200,757	422,613	842,500	181,483	394,140	779,366	+10.6%	+7.2%	+8.1%
<b>Overseas</b>									
Business machines	377,273	760,992	1,594,400	357,294	767,546	1,531,536	+5.6%	-0.9%	+4.1%
Copying machines	149,110	321,987	630,500	126,264	273,226	550,752	+18.1%	+17.8%	+14.5%
Computer peripherals	200,961	377,821	843,200	203,463	436,802	863,049	-1.2%	-13.5%	-2.3%
Business systems	27,202	61,184	120,700	27,567	57,518	117,735	-1.3%	+6.4%	+2.5%
Cameras	64,706	149,612	284,200	57,101	127,966	231,640	+13.3%	+16.9%	+22.7%
Optical and other products	37,545	82,808	168,900	36,424	84,310	153,878	+3.1%	-1.8%	+9.8%
Total	479,524	993,412	2,047,500	450,819	979,822	1,917,054	+6.4%	+1.4%	+6.8%
<b>Americas</b>									
Business machines	192,704	369,169	779,100	173,761	371,974	735,513	+10.9%	-0.8%	+5.9%
Copying machines	81,226	165,694	324,200	67,701	139,752	278,781	+20.0%	+18.6%	+16.3%
Computer peripherals	100,352	179,309	406,600	95,406	208,721	409,700	+5.2%	-14.1%	-0.8%
Business systems	11,126	24,166	48,300	10,654	23,501	47,032	+4.4%	+2.8%	+2.7%
Cameras	28,357	66,444	125,700	27,883	61,836	109,129	+1.7%	+7.5%	+15.2%
Optical and other products	12,489	24,063	45,600	10,996	23,980	45,122	+13.6%	+0.3%	+1.1%
Total	233,550	459,676	950,400	212,640	457,790	889,764	+9.8%	+0.4%	+6.8%
<b>Europe</b>									
Business machines	140,012	307,043	633,800	141,205	310,992	633,485	-0.8%	-1.3%	0.0%
Copying machines	55,248	130,413	255,100	47,018	110,994	227,297	+17.5%	+17.5%	+12.2%
Computer peripherals	71,541	145,604	318,600	80,576	172,182	348,083	-11.2%	-15.4%	-8.5%
Business systems	13,223	31,026	60,100	13,611	27,816	58,105	-2.9%	+11.5%	+3.4%
Cameras	27,379	65,919	125,400	22,185	51,186	94,443	+23.4%	+28.8%	+32.8%
Optical and other products	7,691	22,727	45,700	5,337	17,201	30,014	+44.1%	+32.1%	+52.3%
Total	175,082	395,689	804,900	168,727	379,379	757,942	+3.8%	+4.3%	+6.2%
<b>Other areas</b>									
Business machines	44,557	84,780	181,500	42,328	84,580	162,538	+5.3%	+0.2%	+11.7%
Copying machines	12,636	25,880	51,200	11,545	22,480	44,674	+9.4%	+15.1%	+14.6%
Computer peripherals	29,068	52,908	118,000	27,481	55,899	105,266	+5.8%	-5.4%	+12.1%
Business systems	2,853	5,992	12,300	3,302	6,201	12,598	-13.6%	-3.4%	-2.4%
Cameras	8,970	17,249	33,100	7,033	14,944	28,068	+27.5%	+15.4%	+17.9%
Optical and other products	17,365	36,018	77,600	20,091	43,129	78,742	-13.6%	-16.5%	-1.5%
Total	70,892	138,047	292,200	69,452	142,653	269,348	+2.1%	-3.2%	+8.5%
<b>Total</b>									
Business machines	513,440	1,057,770	2,196,000	487,924	1,050,893	2,110,410	+5.2%	+0.7%	+4.1%
Copying machines	210,425	447,036	882,300	182,787	388,462	772,557	+15.1%	+15.1%	+14.2%
Computer peripherals	232,049	461,055	1,004,500	236,096	521,277	1,022,994	-1.7%	-11.6%	-1.8%
Business systems	70,966	149,679	309,200	69,041	141,154	314,859	+2.8%	+6.0%	-1.8%
Cameras	87,239	199,237	374,200	79,691	175,712	318,234	+9.5%	+13.4%	+17.6%
Optical and other products	79,602	159,018	319,800	64,687	147,357	267,776	+23.1%	+7.9%	+19.4%
Total	680,281	1,416,025	2,890,000	632,302	1,373,962	2,696,420	+7.6%	+3.1%	+7.2%

(P) = Projection

## 2. SALES COMPOSITION BY PRODUCT

	2001			2000		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year
<b>Copying machines</b>						
Monochrome	81%	80%	80%	81%	81%	80%
Color	19%	20%	20%	19%	19%	20%
<b>Computer peripherals</b>						
Laser beam printers	73%	65%	70%	73%	68%	70%
Bubble Jet printers	23%	30%	26%	24%	28%	27%
Others	4%	5%	4%	3%	4%	3%
<b>Cameras</b>						
Film cameras / Lenses	45%	44%	46%	60%	57%	60%
Digital cameras	33%	35%	33%	18%	22%	19%
Video camcorders	22%	21%	21%	22%	21%	21%
<b>Optical and other products</b>						
Semiconductor production equipment	62%	59%	59%	55%	54%	54%
Others	38%	41%	41%	45%	46%	46%

## 3. SALES GROWTH IN LOCAL CURRENCY

	2001		
	Change year over year		
	3rd quarter	2nd half (P)	Year (P)
<b>Business machines</b>			
Japan	+4.2%	+4.7%	+3.9%
Overseas	-5.8%	-11.4%	-6.1%
Total	-3.1%	-7.0%	-3.4%
<b>Cameras</b>			
Japan	-0.3%	+3.9%	+3.9%
Overseas	+1.5%	+4.9%	+11.2%
Total	+1.0%	+4.6%	+9.2%
<b>Optical and other products</b>			
Japan	+48.8%	+20.9%	+32.5%
Overseas	-4.1%	-8.8%	+2.9%
Total	+19.0%	+3.9%	+15.5%
<b>Total</b>			
Japan	+10.6%	+7.2%	+8.1%
Overseas	-4.7%	-9.0%	-3.3%
Americas	-2.8%	-9.8%	-4.7%
Europe	-6.8%	-7.6%	-3.3%
Others	-5.5%	-10.1%	+1.0%
Total	-0.3%	-4.4%	0.0%

#### 4. SEGMENT INFORMATION BY PRODUCT

(Millions of yen)

	2001			2000			Change Year over year		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year	3rd quarter	2nd half	Year
<b>Business machines</b>									
Unaffiliated customers	513,440	1,057,770	2,196,000	487,924	1,050,893	2,110,410	+5.2%	+0.7%	+4.1%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	513,440	1,057,770	2,196,000	487,924	1,050,893	2,110,410	+5.2%	+0.7%	+4.1%
Operating profit	83,721	150,817	341,500	72,460	149,719	318,174	+15.5%	+0.7%	+7.3%
% of sales	16.3%	14.3%	15.6%	14.9%	14.2%	15.1%	-	-	-
<b>Cameras</b>									
Unaffiliated customers	87,239	199,237	374,200	79,691	175,712	318,234	+9.5%	+13.4%	+17.6%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	87,239	199,237	374,200	79,691	175,712	318,234	+9.5%	+13.4%	+17.6%
Operating profit	10,731	22,885	38,500	11,899	21,696	33,166	-9.8%	+5.5%	+16.1%
% of sales	12.3%	11.5%	10.3%	14.9%	12.3%	10.4%	-	-	-
<b>Optical and other products</b>									
Unaffiliated customers	79,602	159,018	319,800	64,687	147,357	267,776	+23.1%	+7.9%	+19.4%
Intersegment	29,219	59,035	121,200	30,028	71,517	126,947	-2.7%	-17.5%	-4.5%
Total sales	108,821	218,053	441,000	94,715	218,874	394,723	+14.9%	-0.4%	+11.7%
Operating profit	13,052	18,191	35,000	4,682	12,749	12,013	+178.8%	+42.7%	+191.4%
% of sales	12.0%	8.3%	7.9%	4.9%	5.8%	3.0%	-	-	-
<b>Corporate and Eliminations</b>									
Unaffiliated customers	-	-	-	-	-	-	-	-	-
Intersegment	-29,219	-59,035	-121,200	-30,028	-71,517	-126,947	-	-	-
Total sales	-29,219	-59,035	-121,200	-30,028	-71,517	-126,947	-	-	-
Operating profit	-29,258	-65,653	-120,000	-28,977	-61,307	-117,354	-	-	-
<b>Consolidated</b>									
Unaffiliated customers	680,281	1,416,025	2,890,000	632,302	1,373,962	2,696,420	+7.6%	+3.1%	+7.2%
Intersegment	-	-	-	-	-	-	-	-	-
Total sales	680,281	1,416,025	2,890,000	632,302	1,373,962	2,696,420	+7.6%	+3.1%	+7.2%
Operating profit	78,246	126,240	295,000	60,064	122,857	245,999	+30.3%	+2.8%	+19.9%
% of sales	11.5%	8.9%	10.2%	9.5%	8.9%	9.1%	-	-	-

## 5. PROFITABILITY

	2001			2000		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year
ROE	10.6%	8.6%	11.7%	11.4%	10.3%	10.7%
ROA	5.4%	4.4%	5.8%	5.4%	4.8%	4.9%

## 6. IMPACT OF FOREIGN EXCHANGE RATES

### (1) Exchange rates

(Yen)

	2001			2000		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year
Yen/US\$	121.7	120.9	120.7	107.6	108.8	107.9
Yen/Euro	108.3	108.6	108.4	97.4	96.5	99.3

### (2) Impact of foreign exchange rates on sales

(Billions of yen)

	2001		
	3rd quarter	2nd half (P)	Year (P)
US\$	+34.7	+60.3	+136.7
Euro	+15.1	+40.5	+56.8
Other currencies	+0.2	+1.2	+0.8
Total	+50.0	+102.0	+194.3

### (3) Impact of foreign exchange rates per yen (Billions of yen)

	2001
	4th quarter (P)
<b>On sales</b>	
US\$	2.5
Euro	1.9
<b>On income before income taxes</b>	
US\$	1.1
Euro	1.2

## 7. CASH FLOWS

(Millions of yen)

	2001			2000		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year
Net cash provided by operating activities						
Net income	37,470	60,937	161,000	35,838	65,606	134,088
Depreciation and amortization	38,577	79,666	150,000	38,096	80,459	146,477
Other, net	-29,645	4,917	12,700	-28,662	7,583	66,051
Total	46,402	145,520	323,700	45,272	153,648	346,616
Net cash used in investing activities	-32,376	-99,376	-206,000	-30,755	-131,935	-212,804
Free cash flow	14,026	46,144	117,700	14,517	21,713	133,812
Net cash provided by (used in) financing activities	-48,328	-58,238	-127,900	1,349	-4,602	-100,597
Effect of exchange rate changes on cash & cash equivalents	485	537	-8,062	4,887	-20,356	-19,706
Net change in cash and cash equivalents	-33,817	-11,557	-18,262	20,753	-3,245	13,509
Cash and cash equivalents at end of each period	453,440	475,700	475,700	517,960	493,962	493,962

## 8. CAPITAL EXPENDITURE

(Millions of yen)

	2001			2000		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year
Capital expenditure	43,167	114,684	220,000	34,903	89,413	170,986
Depreciation and amortization	38,577	79,666	150,000	38,096	80,459	146,477

## 9. R&D EXPENDITURE

(Millions of yen)

	2001			2000		
	3rd quarter	2nd half (P)	Year (P)	3rd quarter	2nd half	Year
R&D expenditure	51,269	107,806	215,000	44,667	98,703	194,552
% of sales	7.5%	7.6%	7.4%	7.1%	7.2%	7.2%

## 10. INVENTORIES

### (1) Inventories

(Millions of yen)

	2001	2000	Change
	Sept.30	Dec.31	
Business machines	322,237	325,043	-2,806
Cameras	64,805	54,917	+9,888
Optical and other products	116,351	110,733	+5,618
Total	503,393	490,693	+12,700

### (2) Inventories/Sales\*

(Days)

	2001	2000	Change
	Sept.30	Dec.31	
Business machines	54	56	-2
Cameras	62	57	+5
Optical and other products	128	137	-9
Total	64	65	-1

\*Index based on the previous six months sales.

## 11. DEBT RATIO

	2001 Sept.30	2000 Dec.31	Difference
Total debt / Total assets	10.7%	13.8%	-3.1%

## 12. NUMBER OF EMPLOYEES

	2001 Sept.30	2000 Dec.31	Change
Number of employees			
Japan	45,229	39,496	+5,733
Overseas	49,074	47,177	+1,897
Total	94,303	86,673	+7,630