

CANON INC  
Form 6-K  
August 28, 2006

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

For the month of August, 2006

**CANON INC.**

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

(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes  No

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

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SIGNATURES

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

**CANON INC.**

(Registrant)

Date August 25, 2006

By /s/ Hiroshi Kawashimo

(Signature)\*

Hiroshi Kawashimo  
General Manager, Finance Division  
Canon Inc.

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

The following materials are included.

1. Interim Report For The 106th Business Term From January 1,2006 to June 30,2006 Canon Inc.
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To Our Shareholders

We are pleased to present our report for the first half of our 106th business term (from January 1, 2006 to June 30, 2006).

Reviewing conditions in both the domestic and overseas economies during the first half of the current business term, the U.S. economy continued to expand due to strong personal consumption and capital investment. European economies continued their mild recovery supported by increased exports driven by expanding external demand. And Asian economies maintained their strong growth rate particularly in China. The Japanese economy sustained its recovery trend with strong capital investment supported by improved business profits and employment situation. In the foreign exchange markets, the yen weakened against the U.S. dollar and the euro over the first half of 2006, compared to the first half of 2005.

Regarding markets in which the Canon Group operates, demand for digital cameras continued to expand in both the domestic and overseas markets, while demand for networked multifunctional devices and printers grew significantly for color-capable devices. In the market for semiconductor production equipment, demand entered a recovery trend. As for mirror projection mask aligners for LCDs, however, demand declined as LCD panel manufacturers entered a capital investment adjustment phase.

Under these business conditions, the Canon Group embarked on Phase III (2006 to 2010) of our Excellent Global Corporation Plan and implemented various measures in order to achieve further sound growth by using the business resources we had built up. In particular, toward establishing new production systems capable of maintaining our global competitiveness, we concentrated on promoting factory automation and in-house building of its necessary production facilities. Additionally, we significantly strengthened the development of key components aimed to further enhance the added value of our products, and we also reaffirmed that product quality could be fatal for a manufacturer and took steps to further raise our product quality.

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As to the earnings for the first half of the current business term, on a consolidated basis, we recorded net sales of 1,952.3 billion yen (up 11.2% from the first half of 2005), income before income taxes and minority interests of 341.0 billion yen (up 20.2%), and net income of 214.2 billion yen (up 22.2%). Also, on a non-consolidated basis, we recorded net sales of 1,266.0 billion yen (up 9.3%), ordinary profit of 246.1 billion yen (up 17.1%), and net income of 155.5 billion yen (up 12.8%). All of these figures were record highs.

We have decided to pay an interim dividend of 50.0 yen per share (up 17.50 yen from the interim dividend for the previous business term) from August 25.

In addition, to establish an environment that will make our shares more accessible to a broader range of potential shareholders, we implemented a stock split on a 3-for-2 basis for record date shareholders as of June 30, 2006.

Looking ahead to the second half of the current business term, we expect the global economy to continue growing steadily, but also believe that factors such as sudden rise in crude oil prices and intensifying market competition will keep our business environment to be uncertain. Under these conditions, the Canon Group will work together as a single unit to achieve better business performance.

We look forward to your continued support and encouragement in the future.

August 2006

FUJIO MITARAI  
*Chairman & CEO*  
TSUNEJI UCHIDA  
*President & COO*

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Change in Profits

**Net Sales (Consolidated)**  
100 MILLIONS OF YEN

**Net Sales (Non-Consolidated)**  
100 MILLIONS OF YEN

**Income before Income Taxes and  
Minority Interests (Consolidated)**  
100 MILLIONS OF YEN

**Ordinary Profit (Non-Consolidated)**  
100 MILLIONS OF YEN

**Net Income (Consolidated)**  
100 MILLIONS OF YEN

**Net Income (Non-Consolidated)**  
100 MILLIONS OF YEN

Business Conditions by Operations  
**on Sales by Operations**  
**Consolidated**

| Operations                        | Sales<br>(100 millions of<br>yen) | Change from the<br>First<br>Half of Fiscal<br>2005(%) |
|-----------------------------------|-----------------------------------|---|
| <b>Business Machines</b>          | <b>12,866</b>                     | <b>7.5</b>  |
| Office Imaging Products           | 5,854                             | 3.1   |
| Computer Peripherals              | 6,467                             | 11.9  |
| Business Information Products     | 545                               | 5.8   |
| <b>Cameras</b>                    | <b>4,603</b>                      | <b>21.4</b>   |
| <b>Optical and Other Products</b> | <b>2,054</b>                      | <b>14.3</b>   |
| <b>Total</b>                      | <b>19,523</b>                     | <b>11.2</b>   |

**Non-Consolidated**

| Operations                        | Sales<br>(100 millions of<br>yen) | Change from the<br>First<br>Half of Fiscal<br>2005 (%) |
|-----------------------------------|-----------------------------------|--|
| <b>Business Machines</b>          | <b>8,338</b>                      | <b>9.1</b>   |
| Office Imaging Products           | 2,553                             | (0.9)  |
| Computer Peripherals              | 5,785                             | 14.2   |
| <b>Cameras</b>                    | <b>3,305</b>                      | <b>18.2</b>  |
| <b>Optical and Other Products</b> | <b>1,017</b>                      | <b>(11.4)</b>  |
| <b>Total</b>                      | <b>12,660</b>                     | <b>9.3</b>   |

**Consolidated**

**Non-Consolidated**

Note:

Regarding the segment of Business Information Products within the Business Machines category in the consolidated information above, there were no sales on a non-consolidated basis.

**n Business Machines Operations**  
**Office Imaging Products**

Regarding digital networked multifunctional devices, office-use color machines in our imageRUNNER series kept solid sales revenue amid intensifying market competition among color devices, due to continuing favorable sales of our iR C6870/C5870 series of high-speed color devices equipped with our proprietary Multifunctional Embedded Application Platform ( MEAP ), which offers users an expanded range of functions, and our medium-speed iR C3170/C2570 series equipped with the New Color iR Controller featuring improved image processing capabilities. As for office-use black-and-white machines, amid an ongoing shift to color devices, we increased sales of the high-speed multifunctional iR6570/5570 series introduced last year. We also introduced in the U.S. market and worked to increase sales of such machines as the high-speed iR7095/7086/7105 series with improved productivity and reliability which match needs for high-volume printing. In addition, we continued to aggressively promote sales of the medium-speed machines such as the iR4570/3570/2870/2270 series.

In the solutions business, we worked to make proposals that improve customer operational efficiency by, for example, applying MEAP and enhancing our software lineup of imageWARE series, which helped to boost sales of the imageRUNNER series.

In the multifunctional devices for individuals and small-business owners of which market is expanding in Japan and overseas, though competition was intensifying due to price deduction, we worked to increase sales by introducing to the Japanese market such products as the Satera MF7240 black-and-white machine for A3-size printing and the Satera MF8180 multifunctional and compact color machine for A4-size printing.

As a result of these activities, sales for this segment grew by 3.1% on a consolidated basis, and fell by 0.9% on a non-consolidated basis, both in comparison to the first half of 2005.

**Change in Sales**  
100 MILLIONS OF YEN  
**Consolidated**  
**Non-Consolidated**

### **Computer Peripherals**

Concerning inkjet printers, demand continued to shift from single-function to multifunctional machines, but market growth slowed down. Under these circumstances, we worked to achieve product differentiation from competitors through our proprietary FINE high-precision print head technology, and ChromaLife100 technology which delivers both high image quality and preservation through the combination of our high coloration dye inks and genuine photo paper. Regarding multifunctional machines, sales maintained strong due to such factors as the favorable sales of our standard PIXUS MP500. Also we worked to expand the product lineup through steps such as the release of the PIXUS MP830 high-image-quality and all-in-one printer with duplex scanning function. In addition, in the single-function machines, we introduced new products such as the PIXUS iX5000, which covers various types of office work and is capable of printing A3 wide-size paper. As a result, we were able to increase both printer unit sales and market share of inkjet printers.

In the laser beam printers, we recorded solidly higher unit sales for both black-and-white and color OEM-brand products primarily in the low-end machines, which led to solid sales revenue. As for Canon-brand products, we strengthened our offerings in the solutions business through the introduction of the Satera LBP3950/3900, the high-speed black-and-white printer capable of printing A3-size paper equipped with the MEAP-Lite, which allows flexible system expansion in conformity with customer work flows. Also we expanded our product lineup by introducing Satera LBP3300 for business application capable of printing A4-size paper and equipped with duplex printing as standard function. Additionally, in the color machines of which market is expanding, affordable Satera LBP5000 capable of A4-size printing and equipped with high-speed and compact tandem engines continued to show strong sales.

As for image scanners, though we worked to increase sales of stylish CanoScan LiDE series employing contact image sensors, unit sales declined as the market shrunk due to the shift to multifunctional machines.

As a result of these activities, sales for this segment grew by 11.9% on a consolidated basis and by 14.2% on a non-consolidated basis, both in comparison to the first half of 2005.

**Change in Sales**  
100 MILLIONS OF YEN  
**Consolidated**  
**Non-Consolidated**

**Business Information Products**

The market for business-use document scanners handled by Canon Electronics Inc. has further expanded as demand for digitization of documents has accelerated due to the need to comply with various laws related to the management of information. Under these conditions, in the DR Scanner series, we achieved solid sales increase as a result of the launch of DR-1210C, a new product of the affordable segment of which market is expanding and worked to increase sales together with the DR-2580C/2050C introduced last year.

Regarding the calculators handled by Canon Electronic Business Machines (H.K.) Co., Ltd., we introduced the LS-Smart, a stylish calculator with a mirrored front panel, in the Japanese market and worked to increase its sales. Also printing calculators continued to enjoy a favorable reception in the U.S. market and gained a larger share. However, sales declined due to the overall market contracting. On the other hand, regarding the electronic dictionaries handled by that company for the Japanese market, sales increased through the introduction of the wordtank V90, a model featuring an enhanced pronunciation function for those studying Chinese, and the compact wordtank C35, a model for high school students.

As for servers and personal computers handled by Canon Marketing Japan Inc., single product sales fell as that company promoted to shift toward the solutions business.

As a result of these activities, sales for this segment grew by 5.8% on a consolidated basis in comparison to the first half of 2005. For this segment, there were no sales on a non-consolidated basis.

**Change in Sales**  
100 MILLIONS OF YEN  
**Consolidated**

## n Camera Operations

In digital cameras, the small, light-weight, portable and mobile EOS Kiss Digital N continued to enjoy a favorable response in the single lens reflex (SLR) market, which is experiencing extremely growing demand. We also released the EOS 30D, a high-end amateur model offering great mobility and image quality, and worked to increase sales together with the EOS 5D, a high-end amateur model that was introduced last year and is equipped with a full-size 35mm, approximately 12.8-megapixel CMOS sensor, and our flagship EOS-1D Mark II N. Sales increased significantly as a result. Our EF lens series of interchangeable lenses products also enjoyed higher sales as a consequence.

In the area of compact digital cameras, we introduced three new products, including the IXY DIGITAL 800 IS equipped with an image stabilizer function and the IXY DIGITAL 80 equipped with a 3.0 inch LCD monitor, in our compact and stylish IXY DIGITAL series. We also introduced six new products, including the PowerShot A700 and PowerShot A540, in our PowerShot series, which features steady handhold. We enjoyed strong sales growth as a result.

In the compact photo printer market, we strengthened our product lineup by introducing the SELPHY CP730 equipped with a 2.0 inch color LCD monitor in our dye sublimation SELPHY series.

In digital video cameras, we enhanced our MiniDV, HDV and DVD recording format lineups by introducing new products such as the FV M300 wide-screen-TV-compatible MiniDV model and DC40 DVD model equipped with a 4.3-megapixel CCD sensor, in addition to the popular HD high-resolution XL H1.

In LCD projectors, we worked to increase sales by releasing five products, including the Power Projector SX6, which is equipped with AISYS, our new optical engine, and offers high brightness, contrast and resolution.

As a result of these activities, sales for this segment grew by 21.4% on a consolidated basis and by 18.2% on a non-consolidated basis, both in comparison to the first half of 2005.

**Change in Sales**  
100 MILLIONS OF YEN  
**Consolidated**  
**Non-Consolidated**

### **n Optical and Other Products Operations**

In semiconductor production equipment, thanks to the spread of products using semiconductors such as cell phones, flat-screen TVs and MP3 players, market conditions have begun to improve. Under these circumstances, we introduced the FPA-6000ES5a, a new KrF (krypton fluoride) stepper, and worked to expand sales together with the FPA-5500iZa i-line stepper, which led to sales increase.

Regarding mirror projection mask aligners for LCDs, sales remained strong through the previous term thanks to the ongoing aggressive capital investment by LCD panel manufacturers with the expanding market for LCD TVs and other products that use LCD panels. However, the market of such aligners has entered an adjustment phase in the current business term. Under these conditions, we aggressively marketed the MPA-8800 eighth-generation mirror projection mask aligners for LCDs which we introduced last year, the MPA-8000 sixth-generation mirror projection mask aligners for LCDs, and also such products as the MPA-8500 seventh-generation mirror projection mask aligners for LCDs. Despite those efforts, however, unit sales and sales revenue both declined.

In the area of broadcast-use television lenses, we introduced our KH21e'5.7 high-power zoom lens for affordable HD cameras, and worked to expand sales together with such products as the HJ17e'7.6B portable High Definition Television (HDTV) camera lens and YJ20'8.5B SDTV camera lens. As a result, strong sales increases were recorded in the North American, European and Chinese markets.

In medical equipment, we recorded a strong increase in sales by introducing the new CXDI-50C and CXDI-40EC, both of which use our own Flat Panel X-Ray Image Sensor, in our CXDI series of X-ray digital cameras. In ophthalmic equipment, the CR-DGi digital non-mydratic retinal camera enjoyed strong sales thanks to spread of medical examinations for the prevention of lifestyle-related diseases.

Sales for this segment grew by 14.3% on a consolidated basis due to additional sales revenue of the newly consolidated company, but fell by 11.4% on a non-consolidated basis, both in comparison to the first half of 2005.

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**Change in Sales**

100 MILLIONS OF YEN

**Consolidated**

**Non-Consolidated**

Note:

The products mentioned above may have different names in other areas.

**Consolidated Financial Statements**

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

**Consolidated Balance Sheets**

| <b>ASSETS</b>  | <b>As of June 30,<br/>2006<br/>(Unaudited)</b> | Millions of yen<br>As of Dec. 31,<br>2005 |
|--|--|---|
| <b>Current assets:</b>                                 |  |   |
| Cash and cash equivalents                              | 1,055,163                                      | 1,004,953                                 |
| Marketable securities                                  | 10,373   | 172                                       |
| Trade receivables, net                                 | 637,624  | 689,427                                   |
| Inventories  | 533,468  | 510,195                                   |
| Prepaid expenses and other current assets              | 247,908  | 253,822                                   |
| <b>Total current assets</b>                            | <b>2,484,536</b>                               | <b>2,458,569</b>                          |
| Noncurrent receivables                                 | 14,708   | 14,122                                    |
| Investments  | 104,068  | 104,486                                   |
| Property, plant and equipment, net                     | 1,185,913                                      | 1,148,821                                 |
| Other assets   | 318,141  | 317,555                                   |
| <b>Total assets</b>                                    | <b>4,107,366</b>                               | <b>4,043,553</b>                          |
| <br><b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |  | Millions of yen                           |
|  | <b>As of June 30,<br/>2006<br/>(Unaudited)</b> | As of Dec. 31,<br>2005                    |
| <b>Current liabilities:</b>                            |  |   |
| Short-term loans and current portion of long-term debt | 14,564   | 5,059                                     |
| Trade payables   | 481,476  | 505,126                                   |
| Income taxes   | 101,485  | 110,844                                   |
| Accrued expenses                                       | 229,739  | 248,205                                   |
| Other current liabilities                              | 174,327  | 209,394                                   |
| <b>Total current liabilities</b>                       | <b>1,001,591</b>                               | <b>1,078,628</b>                          |
| Long-term debt, excluding current installments         | 16,199   | 27,082                                    |
| Accrued pension and severance cost                     | 66,724   | 80,430                                    |
| Other noncurrent liabilities                           | 47,042   | 52,395                                    |
| <b>Total liabilities</b>                               | <b>1,131,556</b>                               | <b>1,238,535</b>                          |
| <b>Minority interests</b>                              | <b>213,430</b>                                 | <b>200,336</b>                            |

**Commitment and contingent liabilities****Stockholders equity:**

|  |                  |                  |
|--|------------------|------------------|
| Common stock                                     | 174,543          | 174,438          |
| [Authorized shares] (share)                      | [3,000,000,000]  | [3,000,000,000]  |
| [Issued shares] (share)                          | [1,333,325,590]  | [1,333,114,169]  |
| Additional paid-in capital                       | 403,355          | 403,246          |
| Legal reserve                                    | 43,201           | 42,331           |
| Retained earnings                                | 2,171,681        | 2,018,289        |
| Accumulated other comprehensive income (loss)    | (24,911)         | (28,212)         |
| Treasury stock                                   | (5,489)          | (5,410)          |
| [Treasury shares] (share)                        | [1,733,020]      | [1,718,523]      |
| <b>Total stockholders equity</b>                 | <b>2,762,380</b> | <b>2,604,682</b> |
| <b>Total liabilities and stockholders equity</b> | <b>4,107,366</b> | <b>4,043,553</b> |

Notes:

1. Allowance for doubtful receivables 13,722 million yen
2. Accumulated depreciation of property, plant and equipment 1,319,695 million yen
3. Accumulated other comprehensive income (loss) include foreign currency translation adjustments, net unrealized gains on losses on securities, net gains and losses on derivative financial instruments and minimum pension liability adjustments.
4. Collateral assets 2,887 million yen
5. Guarantees of bank borrowings by employees and affiliated companies 36,749 million yen
6. Number of consolidated subsidiaries and affiliated companies accounted for under equity method is 216 and 13

respectively.

7. Canon has made a 3- for -2 stock split on July 1, 2006, for shareholders recorded in the shareholders register as of June 30, 2006. Number of authorized shares, issued shares and treasury shares are based on the number of issued shares following the implementation of the stock split.

**Consolidated Statements of Income**

|  | <b>Six months<br/>ended<br/>June 30, 2006<br/>(Unaudited)</b> | Millions of yen<br>Six months<br>ended<br>June 30, 2005<br>(Unaudited) |
|--|---|--|
| <b>Net sales</b>   | <b>1,952,255</b>  | <b>1,755,840</b>   |
| Cost of sales  | 973,542   | 905,800  |
| <b>Gross profit</b>                                      | <b>978,713</b>  | <b>850,040</b>   |
| Selling, general and administrative expenses             | 493,709   | 443,465  |
| Research and development expenses                        | 146,527   | 136,386  |
| <b>Operating profit</b>                                  | <b>338,477</b>  | <b>270,189</b>   |
| <b>Other income (deductions):</b>                        | <b>2,568</b>  | <b>13,544</b>  |
| Interest and dividend income                             | 11,143  | 5,970  |
| Interest expense   | (625)   | (771)  |
| Other, net   | (7,950)   | 8,345  |
| <b>Income before income taxes and minority interests</b> | <b>341,045</b>  | <b>283,733</b>   |
| Income taxes   | 118,814   | 101,268  |
| <b>Income before minority interests</b>                  | <b>222,231</b>  | <b>182,465</b>   |
| Minority interests                                       | 8,057   | 7,197  |
| <b>Net income</b>  | <b>214,174</b>  | <b>175,268</b>   |

## Notes:

- Net income per share
 

|         |            |
|---------|------------|
| Basic   | 160.85 yen |
| Diluted | 160.79 yen |
- Canon has made a 3- for -2 stock split on July 1, 2006, for shareholders recorded in the shareholders register as of June 30, 2006. The basic net income per share and diluted net income per share have been calculated based on the number of issued shares following the implementation of the stock split.

**Consolidated Statements of Stockholders Equity**

|   | Millions of yen |                                  |                  |                      |   |                   |                                 |
|---|-----------------|----------------------------------|------------------|----------------------|---|-------------------|---------------------------------|
|   | Common<br>stock | Additional<br>paid-in<br>capital | Legal<br>reserve | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income(loss) | Treasury<br>stock | Total<br>stockholders<br>equity |
| <b>Balances at<br/>December 31, 2005</b>          | <b>174,438</b>  | <b>403,246</b>                   | <b>42,331</b>    | <b>2,018,289</b>     | <b>(28,212)</b>                                       | <b>(5,410)</b>    | <b>2,604,682</b>                |
| Conversion of convertible<br>debt and other       | 105             | 109                              |                  |                      |   |                   | 214                             |
| Cash dividends                                    |                 |                                  |                  | (59,912)             |   |                   | (59,912)                        |
| Transfers to legal reserve                        |                 |                                  | 870              | (870)                |   |                   |                                 |
| Comprehensive income<br>(loss)                    |                 |                                  |                  |                      |   |                   |                                 |
| Net income  |                 |                                  |                  | 214,174              |   |                   | 214,174                         |
| Foreign currency<br>translation adjustments       |                 |                                  |                  |                      | 2,193   |                   | 2,193                           |
| Net unrealized gains and<br>losses on securities  |                 |                                  |                  |                      | 252   |                   | 252                             |
| Net gains and losses on<br>derivative instruments |                 |                                  |                  |                      | 619   |                   | 619                             |
| Minimum pension liability<br>adjustments          |                 |                                  |                  |                      | 237   |                   | 237                             |
| <b>Total comprehensive<br/>income (loss)</b>      |                 |                                  |                  |                      |   |                   | <b>217,475</b>                  |
| Repurchase of treasury<br>stock, net              |                 |                                  |                  |                      |   | (79)              | (79)                            |
| <b>Balances at June 30, 2006<br/>(Unaudited)</b>  | <b>174,543</b>  | <b>403,355</b>                   | <b>43,201</b>    | <b>2,171,681</b>     | <b>(24,911)</b>                                       | <b>(5,489)</b>    | <b>2,762,380</b>                |

**Non-Consolidated Financial Statements**  
**Non-Consolidated Balance Sheets**

| <b>ASSETS</b>                                 | <b>As of June<br/>30,<br/>2006</b> | Millions of yen<br><br>As of Dec. 31,<br>2005 |
|---|------------------------------------|---|
| <b>Current Assets</b>                         | <b>1,431,664</b>                   | <b>1,460,882</b>                              |
| Cash and deposits                             | 314,452                            | 261,680                                       |
| Notes receivable                              | 247,754                            | 277,707                                       |
| Accounts receivable                           | 513,394                            | 568,270                                       |
| Finished goods                                | 113,766                            | 108,311                                       |
| Work in process                               | 82,993                             | 77,630  |
| Raw materials and supplies                    | 4,777                              | 3,758   |
| Deferred tax assets                           | 22,434                             | 24,372  |
| Short-term loans receivable                   | 24,894                             | 25,584  |
| Other current assets                          | 107,266                            | 113,953                                       |
| Allowance for doubtful receivables            | (66)                               | (383)   |
| <br><b>Fixed Assets</b>                       | <br><b>1,241,837</b>               | <br><b>1,191,965</b>                          |
| <b>Property, Plant And Equipment</b>          | <b>744,329</b>                     | <b>713,960</b>                                |
| Buildings                                     | 367,479                            | 358,845                                       |
| Machinery                                     | 153,709                            | 145,319                                       |
| Vehicles                                      | 305                                | 323   |
| Tools and equipment                           | 55,201                             | 51,282  |
| Land  | 109,149                            | 110,448                                       |
| Construction in progress                      | 58,486                             | 47,743  |
| <b>Intangibles</b>                            | <b>29,042</b>                      | <b>27,123</b>                                 |
| Industrial property rights                    | 1,110                              | 705   |
| Facility utility rights                       | 1,009                              | 1,015   |
| Software                                      | 26,923                             | 25,403  |
| <b>Investments</b>                            | <b>468,466</b>                     | <b>450,882</b>                                |
| Marketable securities-noncurrent              | 35,594                             | 34,153  |
| Investment in affiliated companies            | 352,140                            | 335,424                                       |
| Long-term loans receivable                    | 3,064                              | 5,907   |
| Long-term pre-paid expenses                   | 13,089                             | 10,361  |
| Deferred tax assets-noncurrent                | 58,133                             | 60,699  |
| Guarantees                                    | 2,234                              | 2,371   |
| Other noncurrent assets                       | 4,309                              | 2,064   |
| Allowance for doubtful receivables-noncurrent | (97)                               | (97)  |
| <br><b>TOTAL ASSETS</b>                       | <br><b>2,673,501</b>               | <br><b>2,652,847</b>                          |



| <b>LIABILITIES AND NET ASSETS (STOCKHOLDERS EQUITY)</b>           | <b>As of June<br/>30,<br/>2006</b> | Millions of<br>yen<br>As of Dec.<br>31,<br>2005 |
|---|------------------------------------|---|
| <b>Current Liabilities</b>  | <b>636,774</b>                     | <b>699,131</b>                                  |
| Notes payable   | 2,307                              | 2,337   |
| Accounts payable  | 350,454                            | 361,038   |
| Short-term loans  | 37,084                             | 33,159  |
| Other payable   | 76,107                             | 112,812   |
| Accrued expenses  | 62,520                             | 80,591  |
| Accrued income taxes  | 79,150                             | 84,172  |
| Deposits  | 10,377                             | 8,871   |
| Accrued bonuses for employees                                     | 4,796                              | 4,759   |
| Accrued bonuses for directors                                     | 112                                |   |
| Other current liabilities   | 13,867                             | 11,392  |
| <b>Noncurrent Liabilities</b>                                     | <b>65,961</b>                      | <b>78,283</b>                                   |
| Convertible debentures  | 438                                | 649   |
| Accrued pension and severance cost                                | 64,415                             | 76,386  |
| Accrued directors' retirement benefit                             | 1,108                              | 1,248   |
| <br><b>TOTAL LIABILITIES</b>                                      | <br><b>702,735</b>                 | <br><b>777,414</b>                              |
| <br><b>Stockholders' Equity</b>                                   | <br><b>1,964,205</b>               | <br><b>1,868,656</b>                            |
| <b>Common Stock</b>   | <b>174,543</b>                     | <b>174,438</b>                                  |
| <b>Capital Surplus</b>  | <b>306,075</b>                     | <b>305,966</b>                                  |
| Additional paid-in capital  | 306,070                            | 305,965   |
| Other capital surplus   | 5                                  | 1   |
| <b>Retained Earnings</b>  | <b>1,489,076</b>                   | <b>1,393,662</b>                                |
| Legal reserve   | 22,114                             | 22,114  |
| Other retained earnings   | 1,466,962                          | 1,371,548                                       |
| Reserve for special depreciation                                  | 15,185                             | 13,337  |
| Reserve for deferral of capital gain on property                  | 732                                | 5   |
| Special reserves  | 1,249,928                          | 1,068,828                                       |
| Retained earnings brought forward                                 | 201,117                            | 289,378   |
| <b>Treasury Stock</b>   | <b>(5,489)</b>                     | <b>(5,410)</b>                                  |
| <b>Difference Of Appreciation And Conversion</b>                  | <b>6,561</b>                       | <b>6,777</b>                                    |
| <b>Net Unrealized Gains (Losses) On Securities</b>                | <b>7,116</b>                       | <b>6,777</b>                                    |
| <b>Net Deferred Profits (Losses) On Hedges</b>                    | <b>(555)</b>                       |   |
| <br><b>TOTAL NET ASSETS (STOCKHOLDERS EQUITY)</b>                 | <br><b>1,970,766</b>               | <br><b>1,875,433</b>                            |
| <br><b>TOTAL LIABILITIES AND NET ASSETS (STOCKHOLDERS EQUITY)</b> | <br><b>2,673,501</b>               | <br><b>2,652,847</b>                            |



**Non-Consolidated Statements of Income**

|  | <b>Six months<br/>ended<br/>June 30, 2006</b> | Millions of yen<br>Six months<br>ended<br>June 30, 2005 |
|--|---|---|
| <b>Net sales</b>                                     | <b>1,266,000</b>                              | <b>1,158,478</b>  |
| <b>Cost of sales</b>                                 | <b>785,624</b>                                | <b>741,242</b>  |
| <b>Gross profit</b>                                  | <b>480,376</b>                                | <b>417,236</b>  |
| <b>Selling, general and administrative expenses</b>  | <b>239,954</b>                                | <b>225,089</b>  |
| <b>Operating profit</b>                              | <b>240,422</b>                                | <b>192,147</b>  |
| <b>Other Income</b>                                  | <b>41,114</b>                                 | <b>37,951</b>   |
| Interest income                                      | 769   | 404   |
| Dividend income                                      | 2,572   | 7,223   |
| Rental income  | 17,405  | 12,626  |
| Patent royalties                                     | 14,864  | 10,920  |
| Miscellaneous income                                 | 5,504   | 6,778   |
| <b>Other Expense</b>                                 | <b>35,435</b>                                 | <b>19,973</b>   |
| Interest expense                                     | 34  | 33  |
| Depreciation of rental assets                        | 15,661  | 11,496  |
| Loss on disposal and write-off of inventories        | 4,334   | 2,775   |
| Foreign exchange loss                                | 11,402  | 1,390   |
| Miscellaneous loss                                   | 4,004   | 4,279   |
| <b>Ordinary profit</b>                               | <b>246,101</b>                                | <b>210,125</b>  |
| <b>Non-Ordinary Income</b>                           | <b>335</b>                                    | <b>1,835</b>  |
| Gain on sales of fixed assets                        | 335   | 28  |
| Gain on sales of marketable securities-noncurrent    |   | 1,797   |
| Gain on sales of investments in affiliated companies |   | 10  |
| <b>Non-Ordinary Loss</b>                             | <b>8,299</b>                                  | <b>2,150</b>  |
| Loss on sales and disposal of fixed assets           | 2,975   | 2,150   |
| Loss on impairment of fixed assets                   | 5,218   |   |
| Loss on sales of marketable securities-noncurrent    | 34  |   |
| Loss on sales of investments in affiliated companies | 72  |   |
| <b>Income before income taxes</b>                    | <b>238,137</b>                                | <b>209,810</b>  |
| Income taxes    Current                              | 77,942  | 64,322  |
| Deferred   | 4,647   | 7,550   |

**Net income**

**155,548**

**137,938**

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**Notes to Non-Consolidated Balance Sheets**

|   |                     |
|---|---------------------|
| 1. Current receivable from affiliated companies   | 850,229 million yen |
| Noncurrent receivable from affiliated companies   | 3,064 million yen   |
| Current payable to affiliated companies   | 314,988 million yen |
| 2. Accumulated depreciation of property, plant and equipment  | 719,744 million yen |
| 3. Contingent liabilities   |                     |
| Guarantees  | 27,860 million yen  |
| 4. Accounting Standards for Presentation of Net Assets in the Balance Sheet (The Accounting Standards Board of Japan (ASBJ) Statement No.5, December 9, 2005) and Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No.8, December 9, 2005) have been adopted from the first half of 2006. Total amount of conventional stockholders' equity as of June 30, 2006 was 1,971,321 million yen. |                     |

**Notes to Non-Consolidated Statements of Income**

|  |                   |                       |
|--|-------------------|-----------------------|
| 1. Transactions with affiliated companies: | Sales             | 1,233,402 million yen |
|  | Purchase          | 736,220 million yen   |
|  | Other transaction | 30,684 million yen    |
| 2. Net income per share                    |                   | 175.23 yen            |
|  |                   | 21                    |

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**Non-Consolidated Statements of changes in Stockholders Equity**

|  | Stockholders equity |                 |                            |                       |                                  |
|--|---------------------|-----------------|----------------------------|-----------------------|----------------------------------|
|  | Common stock        | Capital surplus | Additional paid-in capital | Other capital surplus | Retained earnings                |
|  |                     |                 |                            | Legal reserve         | Reserve for special depreciation |
| Balance of December 31, 2005                                 | 174,438             | 305,965         | 1                          | 22,114                | 13,337                           |
| Changes in the term  |                     |                 |                            |                       |                                  |
| Issuance of new shares                                       |                     |                 |                            |                       |                                  |
| Conversion of convertible debentures                         | 105                 | 105             |                            |                       |                                  |
| Transfer to reserve for special depreciation                 |                     |                 |                            |                       | 8,358                            |
| Reversal of reserve for special depreciation                 |                     |                 |                            |                       | (6,510)                          |
| Transfer to reserve for deferral of capital gain on property |                     |                 |                            |                       |                                  |
| Reversal of reserve for deferral of capital gain on property |                     |                 |                            |                       |                                  |
| Transfer to special reserves                                 |                     |                 |                            |                       |                                  |
| Bonus of directors and corporate auditors                    |                     |                 |                            |                       |                                  |
| Dividends from surplus                                       |                     |                 |                            |                       |                                  |
| Net income   |                     |                 |                            |                       |                                  |
| Purchase of treasury stock                                   |                     |                 |                            |                       |                                  |
| Disposal of treasury stock                                   |                     |                 |                            | 4                     |                                  |
| Net change of items other than stockholders equity           |                     |                 |                            |                       |                                  |
| Total changes in the term                                    | 105                 | 105             | 4                          |                       | 1,848                            |
| Balance of June 30, 2006                                     | 174,543             | 306,070         | 5                          | 22,114                | 15,185                           |

## Notes:

1. The number of total outstanding shares as of June 30, 2006 was 888,883,727 shares.
2. Type and number of treasury shares

| Type of share | Number of Treasury Shares as of December 31, 2005 | Number of Treasury Shares increased in the first half of 2006 | Number of Treasury Shares decreased in the first half of 2006 | Number of Treasury Shares as of June 30, 2006 |
|---------------|---|---|---|---|
| Common stock  | 1,145,682 shares                                  | 10,864 shares   | 1,199 shares  | 1,155,347 shares                              |

Increase and decrease of treasury shares in the first half of 2006 reflect the purchase and sales of less-than-one-unit shares.

Millions of yen

| Reserve for                          | Stockholders equity |                         |                                   | Total stockholders equity | Difference of appreciation and conversion   |   | Total net assets |
|--------------------------------------|---------------------|-------------------------|-----------------------------------|---------------------------|---|---|------------------|
|                                      | Retained earnings   | Other retained earnings | Retained earnings brought forward |                           | Net unrealized gains (losses) on securities | Net Deferred profits (losses) on hedges |                  |
| deferral of capital gain on property | Special reserves    |                         | Treasury stock                    |                           |   |   |                  |
| 5                                    | 1,068,828           | 289,378                 | (5,410)                           | 1,868,656                 | 6,777                                       |   | 1,875,433        |
|                                      |                     |                         |                                   | 210                       |   |   | 210              |
|                                      |                     | (8,358)                 |                                   |                           |   |   |                  |
|                                      |                     | 6,510                   |                                   |                           |   |   |                  |
| 744                                  |                     | (744)                   |                                   |                           |   |   |                  |
| (17)                                 |                     | 17                      |                                   |                           |   |   |                  |
|                                      | 181,100             | (181,100)               |                                   |                           |   |   |                  |
|                                      |                     | (222)                   |                                   | (222)                     |   |   | (222)            |
|                                      |                     | (59,912)                |                                   | (59,912)                  |   |   | (59,912)         |
|                                      |                     | 155,548                 |                                   | 155,548                   |   |   | 155,548          |
|                                      |                     |                         | (85)                              | (85)                      |   |   | (85)             |
|                                      |                     |                         | 6                                 | 10                        |   |   | 10               |
|                                      |                     |                         |                                   |                           | 339   | (555)                                   | (216)            |
| 727                                  | 181,100             | (88,261)                | (79)                              | 95,549                    | 339   | (555)                                   | 95,333           |
| 732                                  | 1,249,928           | 201,117                 | (5,489)                           | 1,964,205                 | 7,116                                       | (555)                                   | 1,970,766        |

## 3. Dividend

| Resolution  | Total amount of dividends<br>(Millions of yen) | Dividend per share<br>(Yen) | Record date       | Effective date  |
|---|--|-----------------------------|-------------------|-----------------|
| The ordinary general meeting of shareholders held on March 30, 2006 | 59,912   | 67.50                       | December 31, 2005 | March 31, 2006  |
| Board of Directors held on July 27, 2006                            | 44,386   | 50.00                       | June 30, 2006     | August 25, 2006 |



COMPANY PROFILE

*(The following statements are the status as of June 30, 2006, if not specified otherwise.)*

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**n Canon Group Global Network**  
**(1) Major Overseas Bases**

Name [Location]

**R&D**

Canon Development Americas, Inc. [U.S.A.]  
 Canon Technology Europe Ltd. [U.K.]  
 Canon Research Centre France S.A.S. [France]  
 Canon Information Systems Research Australia Pty. Ltd. [Australia]

**Manufacturing**

Canon Virginia, Inc. [U.S.A.]  
 Canon Giessen GmbH [Germany]  
 Canon Bretagne S.A.S. [France]  
 Canon Dalian Business Machines, Inc. [China]  
 Canon Zhuhai, Inc. [China]  
 Canon Zhongshan Business Machines Co., Ltd. [China]  
 Canon (Suzhou) Inc. [China]  
 Canon Inc., Taiwan [Taiwan]  
 Canon Hi-Tech (Thailand) Ltd. [Thailand]  
 Canon Vietnam Co., Ltd. [Vietnam]  
 Canon Opto (Malaysia) Sdn. Bhd. [Malaysia]

**Marketing**

Canon U.S.A., Inc. [U.S.A.]  
 Canon Canada, Inc. [Canada]  
 Canon Latin America, Inc. [U.S.A.]  
 Canon Europa N.V. [Netherlands]  
 Canon (UK) Ltd. [U.K.]  
 Canon France S.A.S. [France]  
 Canon Deutschland GmbH [Germany]  
 Canon North-East Oy [Finland]  
 Canon (China) Co., Ltd. [China]  
 Canon Hongkong Co., Ltd. [Hong Kong]  
 Canon Singapore Pte. Ltd. [Singapore]  
 Canon Australia Pty. Ltd. [Australia]  
 Canon do Brasil Indústria e Comércio Limitada [Brazil]  
 Canon Chile, S.A. [Chile]  
 Canon South Africa Pty. Ltd. [South Africa]

**R&D, Manufacturing and Marketing**

Canon Electronic Business Machines (H.K.) Co., Ltd. [Hong Kong]

**(2) Major Domestic Bases**

Name [Location]

**Canon Inc.,**

Headquarters [Tokyo]  
Ayase Office [Kanagawa Pref.]  
Hiratsuka Development Center [Kanagawa Pref.]  
Ami Plant [Ibaraki Pref.]  
Optics R&D Center [Tochigi Pref.]  
Toride Plant [Ibaraki Pref.]  
Kosugi Office [Kanagawa Pref.]  
Fuji-Susono Research Park [Shizuoka Pref.]  
Yako Office [Kanagawa Pref.]  
Tamagawa Plant [Kanagawa Pref.]  
Utsunomiya Plant [Tochigi Pref.]  
Utsunomiya Optical Products Plant [Tochigi Pref.]

**Manufacturing**

Oita Canon Inc. [Oita Pref.]  
Canon Chemicals Inc. [Ibaraki Pref.]  
Nagahama Canon Inc. [Shiga Pref.]  
Fukushima Canon Inc. [Fukushima Pref.]

**Marketing**

Canon Marketing Japan Inc. [Tokyo]  
Canon Software Inc. [Tokyo]

**R&D, Manufacturing and Marketing**

Canon Electronics Inc. [Saitama Pref.]  
Canon Finetech Inc. [Ibaraki Pref.]  
Canon Machinery Inc. [Shiga Pref.]  
Nisca Corporation [Yamanashi Pref.]  
Canon ANELVA Corporation [Tokyo]

Note:

Canon Marketing Japan Inc. changed its corporate name from Canon Sales Co., Inc. as of April 1, 2006.

**in Main Activities of the Canon Group**

Canon Group is engaged in the manufacture and sales of the following products.

**Operations**

**Business Machines**

Office Imaging Products

**Main Products**

Digital Multifunctional Devices,  
Copying Machines,  
Laser Facsimiles

Computer Peripherals

Laser Beam Printers,  
Inkjet Printers,  
Inkjet Multifunctional Devices,  
Inkjet Facsimiles,  
Image Scanners

Business Information  
Products

Computers,  
  
Document Scanners,  
Microfilm Equipment,  
Handy Terminals,  
Calculators,  
Electronic Dictionaries

**Cameras**

Digital Cameras,  
Film Cameras,  
Digital Video Cameras,  
Interchangeable Lenses,  
LCD Projectors

**Optical and Other Products**

Semiconductor Production Equipment,  
Mirror Projection Mask Aligners for LCDs,  
Broadcast-use Television Lenses,  
Medical Image Recording Equipment,  
Vacuum Equipment for Electronic  
Components

**n Employees of the Canon Group****Consolidated**

|                     |   |
|---------------------|---|
| Number of employees | 121,588<br>persons  |
|                     | (Increase of 6,005 persons from the end of the previous term) |
| Americas            | 10,108 persons  |
| Europe              | 11,647 persons  |
| Japan               | 50,534 persons  |
| Others              | 49,299 persons  |

## Note:

The number of employees represents the total number of employees excluding those who do not work full-time.

**Non-Consolidated**

|  |                   |
|--|-------------------|
| Number of employees                        | 20,389<br>persons |
| Increase from the end of the previous term | 682 persons       |
| Average age                                | 39.2 years        |
| Average years of service                   | 16.2 years        |

## Notes:

1. The number of employees represents the total number of employees excluding those who do not work full-time.
2. The number of employees does not include those who have been dispatched to affiliated companies, etc. (2,158 persons).

**n Shares and Convertible Debentures****(1) Shares**

**Number of Shares Issuable**      **2,000,000,000 shares**  
**Outstanding Shares, Capital Stock and Number of Shareholders**

|                                 | <b>As of the end of<br/>the Previous Term</b> | <b>Increase<br/>during<br/>this Half-Term</b> | <b>As of the end of<br/>this Half-Term</b> |
|---------------------------------|---|---|--|
| Outstanding Shares (share)      | 888,742,779                                   | 140,948                                       | 888,883,727                                |
| Capital Stock (yen)             | 174,437,728,297                               | 105,570,052                                   | 174,543,298,349                            |
| Number of Shareholders (person) | 77,008  | 31,676  | 108,684                                    |

## Notes:

1. The increase of the outstanding shares and capital stock during this half-term reflect the conversion of convertible debentures into shares.
2. Based on the resolution of the Board of Directors on May 11, 2006, Canon has made a 3- for -2 stock split on July 1, 2006. As a result, outstanding shares increased by 444,441,863 shares. Canon has also amended its Articles of Incorporation and, as a result, number of shares issuable increased by 1,000,000,000 shares from 2,000,000,000 to 3,000,000,000 shares.

**(2) Shareholding by Category**

|                                   | Number of<br>Shareholders | Number of<br>Shares |
|-----------------------------------|---------------------------|---------------------|
| Banking Companies                 | 363                       | 347,637,616         |
| Securities Underwriting Companies | 50                        | 27,825,255          |
| Other Domestic Companies          | 1,312                     | 29,736,313          |
| Foreign Companies, etc.           | 1,187                     | 421,291,166         |
| Individual and Others             | 105,771                   | 61,238,030          |
| Treasury Shares                   | 1                         | 1,155,347           |
| Total                             | 108,684                   | 888,883,727         |

Shareholding Ratio

**(3) Convertible Debentures**

The third series of Unsecured Convertible Debentures Due 2008

millions of yen  
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**n Directors and Corporate Auditors**

Directors

| <b>Position</b>          | <b>Name</b>       | <b>Business in Charge or Representatives of other Organization, etc.</b>  |
|--------------------------|-------------------|---|
| Chairman & CEO           | Fujio Mitarai     |   |
| President & COO          | Tsuneji Uchida    |   |
| Senior Managing Director | Toshizo Tanaka    | Group Executive of Finance & Accounting Headquarters  |
| Senior Managing Director | Nobuyoshi Tanaka  | Group Executive of Corporate Intellectual Property and Legal Headquarters   |
| Senior Managing Director | Junji Ichikawa    | Chief Executive of Optical Products Operations  |
| Senior Managing Director | Hajime Tsuruoka   | President of Canon Europa N.V.  |
| Managing Director        | Akiyoshi Moroe    | Group Executive of General Affairs Headquarters and Group Executive of External Relations Headquarters                  |
| Managing Director        | Kunio Watanabe    | Group Executive of Corporate Planning Development Headquarters  |
| Managing Director        | Hironori Yamamoto | Group Executive of Global Environment Promotion Headquarters and Group Executive of Production Engineering Headquarters |
| Managing Director        | Yoroku Adachi     | President & CEO of Canon U.S.A., Inc.   |
| Managing Director        | Yasuo Mitsuhashi  | Chief Executive of Peripheral Products Operations   |
| Director                 | Katsuichi Shimizu | Chief Executive of Inkjet Products Operations   |
| Director                 | Ryoichi Bamba     | Executive Vice President of Canon U.S.A., Inc.  |
| Director                 | Tomonori Iwashita | Chief Executive of Image Communication Products Operations  |
| Director                 | Toshio Homma      | Group Executive of L Printer Business Promotion Headquarters  |
| Director                 | Shigeru Imaiida   | Senior Managing Director of Canon ANELVA Corporation  |
| Director                 | Masahiro Osawa    | Group Executive of Global Procurement Headquarters  |
| Director                 | Keijiro Yamazaki  | Group Executive of Human Resources Management & Organization Headquarters   |
| Director                 | Shunichi Uzawa    | Group Executive of Core Technology Development Headquarters   |
| Director                 | Masaki Nakaoka    | Chief Executive of Office Imaging Products Operations   |

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|          |                     |   |
|----------|---------------------|---|
| Director | Toshiyuki Komatsu   | Group Executive of Leading-Edge Technology Development Headquarters   |
| Director | Shigeyuki Matsumoto | Group Executive of Device Technology Development Headquarters   |
| Director | Haruhisa Honda      | Chief Executive of Chemical Products Operations   |
| Director | *Tetsuro Tahara     | Group Executive of Global Manufacturing & Logistics Headquarters  |
| Director | *Seijiro Sekine     | Group Executive of Information & Communication Systems Headquarters and Deputy Group Executive of Global Manufacturing & Logistics Headquarters |
| Director | *Shunji Onda        | Deputy Group Executive of Finance & Accounting Headquarters   |

Corporate Auditors

| <b>Position</b>   | <b>Name</b>        | <b>Business in Charge or Representatives of other Organization, etc.</b> |
|-------------------|--------------------|--|
| Corporate Auditor | Teruomi Takahashi  |  |
| Corporate Auditor | Kunihiro Nagata    |  |
| Corporate Auditor | Tadashi Ohe        | Attorney   |
| Corporate Auditor | *Yoshinobu Shimizu | Certified Public Accountant  |
| Corporate Auditor | *Minoru Shishikura |  |

Notes:

1. Directors and Corporate Auditors with asterisk were newly elected at the Ordinary General Meeting of Shareholders for the 105th Business Term held on March 30, 2006 and assumed their respective offices.
  
2. Directors Mr. Yukio Yamashita and Mr. Yusuke Emura and Corporate Auditor Mr. Tetsuo Yoshizawa retired at the end of the Ordinary General Meeting of Shareholders for the 105th Business Term

held on  
March 30, 2006,  
as their terms of  
offices expired.

3. Corporate  
Auditors  
Mr. Tadashi  
Ohe,  
Mr. Yoshinobu  
Shimizu and  
Mr. Minoru  
Shishikura are  
Outside  
Corporate  
Auditors  
defined by  
Article 2, item  
16 of the  
Corporation  
Law.

**n Accounting Auditor**

**Ernst & Young ShinNihon**

Hibiya Kokusai Building

2-3, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo

INFORMATION ON SHARES

**Business term:**

From January 1 to December 31 of each year

**Ordinary general meeting of shareholders:**

March of each year

**Record date for above:**

December 31 of each year

**Record date for interim dividends:**

June 30 of each year

**Transfer agent:**

Mizuho Trust & Banking Co., Ltd.  
2-1, Yaesu 1-chome, Chuo-ku, Tokyo

**Business handling place of the agent:**

Stock Transfer Agency Department, Head Office  
Mizuho Trust & Banking Co., Ltd.

**Mailing address and telephone number of the agent:**

Business Office of Stock Transfer Agency Department  
Mizuho Trust & Banking Co., Ltd.  
17-7, Saga 1-chome, Koto-ku, Tokyo 135-8722  
Telephone: 0120-288-324 (toll free)  
03-5213-5213

**Intermediary office:**

Branches of Mizuho Trust & Banking Co., Ltd.  
Head Office and Branches of Mizuho Investors Securities Co., Ltd.

**Number of shares constituting one unit:**

100 shares

**Newspaper in which public notice is inserted:**

The Nihon Keizai Shimbun published in Tokyo

**Stock exchange listings:**

Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, New York and Frankfurt am Main

**Fee for issuing share certificate:**

The amount equivalent to stamp duty for issue of each new share certificate

**Canon Inc., Headquarters 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo 146-8501 Telephone:  
03-3758-2111 URL Canon Inc. [canon.jp](http://canon.jp) Canon Worldwide Network [www.canon.com](http://www.canon.com)**