

**FY 2012/3 First Quarter Performance Explanation Briefing****Main Questions and Answers**

Q1: Recent newspaper reports have stated that your restructuring expenses will also surpass ¥10 billion in the current fiscal year. Please explain if the reports are true or not.

A1: Our structural reforms were completed in the previous fiscal year, so there will not be structural reform expenses in the current fiscal year. Going forward, we anticipate that we will record expenses of roughly several billion yen each year for the regular implementation of measures to respond to market trends and increase productivity. These expenditures are within the scope of ordinary expenses. In the current fiscal year, in particular, we will be spending approximately ¥4 billion in the optical device field to create business systems optimally suited to respond to the market trend of a demand shift from ordinary mobile phones to smartphones. However, the nature of this expenditure is different from that of the structural reform expenses we recorded through the previous fiscal year.

Q2: It appears that your first quarter operating income is slightly weaker than the forecast figure. What was the biggest factor causing this situation?

A2: It can be said that the impact of surging silver prices was greater than we anticipated.

Q3: Please explain the main factors underlying your forecast of ¥160 billion in operating income for the current fiscal year, which is ¥8.1 billion lower than the level (¥168.1 billion in operating income before restructuring and other charges) in the previous fiscal year.

A3: We are anticipating that the impact of three factors will have the effect of reducing our operating income by ¥53 billion. These include negative impacts of ¥4 billion from currency exchange rates, ¥24 billion from surging silver and aluminum prices, and ¥25 billion from the reduction of domestic demand and other situations resulting from the earthquake disaster. By increasing product selling prices in line with the rise in raw materials prices, we plan to reduce the impact from surging raw material prices from ¥24 billion to ¥13 billion. By progressively implementing measures to reduce the impact from the earthquake disaster, we plan to reduce that impact from ¥25 billion to ¥6 billion. The negative factors are expected to be partially offset by two positive factors—¥6.5 billion in benefits from structural reform benefits and ¥8.4 billion of benefits from a rise in sales, cost reductions, and other situations. The sum of these various factors is a decline of ¥8.1 billion.

Q4: Please explain current trends regarding document outputting volume in Japan.

A4: In the three months through June, document outputting volume was below the level in the same period of the previous fiscal year, although that reflected the impact of the earthquake disaster. However, the volume in June had recovered to a level comparable with that of last June. In July and subsequently, we believe there are grounds for anticipating that document outputting volume in Japan will be at or above the levels in the same periods of the previous fiscal year.

Q5: Even with a ¥5 increase in dividends per share, your shareholders' return ratio will not reach 25%. Is there a possibility that you will be undertaking share repurchases?

A5: Under current circumstances, we are not planning to undertake share repurchases, but we may reconsider our plans depending on the nature of future changes in our situation.

End