

Earnings Release for the 1st Quarter ended June 30, 2008

Main Responses to Queries

Q1: How does your progress regarding revenue and operating income compare with your internal plans?

Looking at each business segment, can you explain whether these segments were fluctuating below or above the target levels?

A1: In revenue performance, our Imaging Solutions and Information Solutions segments were slightly below our internal plan, while Document Solutions was in line with the plan. Regarding operating income, the Imaging Solutions and Information Solutions segments were slightly above our internal plan, while Document Solutions was slightly below the level of the internal plan. Overall operating income was roughly in line with the plan.

Q2: You have explained that the “Slim & Strong Drive,” or the S&S Drive, cost reform program had the effect of increasing operating income by ¥13 billion in the first quarter. Can we expect that the benefits of the program for the full fiscal year will be four times the figure for the first quarter?

A2: The ¥13 billion of benefits in the first quarter include ¥8 billion in cost of sales and ¥5 billion in SG&A expenses. We are projecting that the benefits of the program for the full fiscal year will amount to approximately ¥50 billion. We intend to relentlessly proceed with our S&S Drive measures.

Q3: Could you explain the incidence of S&S Drive expenses for each business segment? Also, have you made any changes to the planned level of S&S expenses for the current fiscal year?

A3: In the first quarter, S&S Drive expenses amounted to ¥1.8 billion, and the entire figure involves the Document Solutions segment. There were no S&S Drive expenses for the Imaging Solutions or Information Solutions segments. The planned level of S&S expenses for the current fiscal year has not been changed.

Q4: Recently, it seems that there has been some deceleration in growth of LCD-related materials. Do you expect the rate of growth in your sales of FUJITAC to change in the second quarter or subsequently?

A4: Polarizer makers have been decreasing FUJITAC wastage volume, and this has had the effect of keeping growth in FUJITAC consumption slower than the rate of growth in LCD panels. However, the overall TAC film business is still robust. Compared with the first quarter of the previous fiscal year, this year’s first quarter sales volume of FUJITAC was up 12%, while sales volume of highly functional films, including WV film, were up 19%.

Q5: The operating income level in the Document Solutions segment was robust in the first quarter. Can we expect to see further reforms in this segment going forward?

A5: We plan to further step up our S&S Drive activities with the goal of boosting the operating income ratio to 10% by the fiscal year ending March 31, 2010. To realize this target, we cannot slacken our reform efforts.