

**Briefing on FY2014/3 2nd Quarter Results**  
**Main Questions and Answers**

Q1: How are the Company's digital cameras selling in the market?

A1: We have sold approximately 2.6 million units in the first half of this fiscal year and estimate the second half sales to be a similar number of units, which should amount to 5 million units on an annual basis. Although we have been focusing on selling such products of high value as X-series, the market of compact digital cameras keeps shrinking drastically. We will reduce our compact cameras to only a few models, such as those with bridge or waterproof features.

Q2: Are there any successful examples of the Company's cost reduction activities?

A2: Among all the cost reduction activities of our G-up projects, our Medical division is the most advanced in realizing higher margins. Our pharmaceutical business focuses their R&D cost on biotechnology-based medicines and the "Unmet Medical Needs" including some cancers and such. Also, we have been improving our indirect department productivity.

Q3: Can we expect that the additional 10 yen per share in commemorative dividend of the Company's 80th anniversary of its establishment will remain in the next fiscal year's dividend?

A3: The commemorative dividend of 10 yen per share should be a one-time return. However, we are ready to consider a dividend increase if we can keep improving our profit. Also, we will study the prospect of a buyback of our shares considering cash on hand as well as investment in growing business areas.

Q4: What is the aim of comprehensive business alliance between Mitsubishi Heavy Industries, Ltd. (MHI) and Fuji Xerox Co., Ltd. announced on October 3, 2013?

A4: We aim to expand our domestic service business with this tie-up, succeeding to the document-related business in the MHI group.

Q5: Which business does the Company expect is likely to grow in the next fiscal year except for the possible effects of foreign exchange?

A5: Especially Medical and Pharmaceutical businesses should make more profits. Graphic business is expected to improve its profitability with less and less R&D cost towards digitization. We also aim to achieve 10% operating profit in our Document business within the next few years, keeping the current favorable trend. And our Imaging solution should enjoy strong sales of color paper and instant cameras.

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