**Briefing on “FY2019/3 2Q Results”**

**Main questions and answers**

**Q:** How was the sales and operating income situation of each business in 1H compared to the plan?

**A:** Total sales were below the plan mainly because in the Document Solutions we intentionally decreased low-profitability deals. Imaging Solutions proceeded in line with the plan. In the Healthcare & Material Solutions, though the sales were below the plan in the graphic system business due to a decline in total demand for printing plates, and in the recording media business due to inventory adjustment, the total sales proceeded smoothly recovered by other businesses.

Total operating income achieved the plan. In the Document Solutions, operating income largely exceeded the plan as timing of implementation of some structural reform measures were moved from 1H to 2H. In the Imaging Solutions, operating income was below the plan in 1H as there was such impact as upfront investment of advertising cost, but we are expecting that it’s possible to recover in 2H.

**Q:** What was the reason for an expectation of large increase in operating income in the Imaging Solutions from 21.6 billion yen in 1H to 38.4 billion yen in 2H?

**A:** Regarding the sales of *instax*, we are expecting the sales increase by the effect of big promotion in collaboration with Taylor Swift, world-renowned singer, songwriter, musician and producer. This promotion will be fully launched in November in the U.S., the main market, and followed in other regions in and after 3Q. Regarding the electronic imaging business, though there was some impact from restraints of purchase waiting for new products’ announcement in photokina*, the sales of *FUJIFILM X-T3*, released in September sold very well. In addition, we are expecting operating income increase by such reasons as sales of medium-format mirrorless digital camera *FUJIFILM GFX 50R*, which is to be launched in November.

*The world’s leading trade fair for the photographic and imaging industries held in Cologne, Germany from September 26 to 29.

**Q:** How is the structural reform of Fuji Xerox progressing?

**A:** It has progressed very smoothly. In this fiscal year, its positive impact and expense are planned to be 27.0 billion yen and 25.0 billion yen, respectively. And actual positive impact of 1H resulted in 8.5 billion yen, in line with the plan. On the other hand, actual expense remained at 5.1 billion yen as timing of implementation of some structural reform measures were moved from 1H to 2H. On a full year basis, the amount of positive impact and expense from structural reform would amount to as much as planned.

**Q:** How is the current situation of the business integration of Fuji Xerox and Xerox Corporation? Is there any update?

**A:** The preliminary injunction on the business integration was dissolved by the appellate court, approving our assertion. We still believe that the business integration scheme announced in the end of January is the best option.