

Briefing Summary of the Analyst/Investor Meeting
for the 2nd Quarter (July to September 2015) Financial Results
for the Fiscal Year Ending March 31, 2016
Tokyo, October 29, 2015

Note: This memo is posted for reference purposes for the convenience of those who were unable to attend the meeting and is not a verbatim record of all statements made at the meeting. Please be aware that it has been compiled in a concise form at the judgment of the Company's IR Group. Please also refer to the cautionary notes on the final page.

Overview of Financial Results by Mr. Ryo Hirooka, CFO

Summary of Performance

- I will begin by explaining the Quarterly Consolidated Statement of Comprehensive Income, which appears on page 7 of the *Quarterly Report*. Sales amounted to ¥130.1 billion, which represented an increase of ¥8.9 billion, or 7.4%, over the same period of the previous year. Profit before tax for the quarter under review was ¥33.8 billion, which represented a decrease of slightly less than ¥0.4 billion, or 1.2%, from the same period of the previous year. Profit for the quarter from all operations was ¥27.1 billion, which represented a decrease of slightly less than ¥0.2 billion from the same quarter of the previous year.
- The impact of translation from foreign currencies into yen on the performance of consolidated subsidiaries overseas, together with the exchange rates for principal currencies, is shown in notes (1) and (2) at the bottom of page 7. During the second quarter, the yen depreciated substantially against the U.S. dollar, the value of the euro remained virtually flat, and the Thai baht increased in value slightly. The figure for sales includes ¥5.3 billion due to translation into yen. If this currency translation effect is excluded, the real increase in sales was ¥3.5 billion, or 2.9%. Similarly, the figure for profit before tax includes about a ¥2.0 billion boost due to translation into yen, and, if this is excluded, the profit before tax in real terms declined slightly less than ¥2.5 billion, or 7.2%.
- Turning to the effects of special factors on profit before tax for the quarter, there are three major points. First, we reported foreign exchange gain (which arise due to the revaluation of foreign currency denominated assets) of ¥6.8 billion in the second quarter of the previous fiscal year. The expense item is shown as a negative figure and means a gain. On the other hand, this item showed a ¥1.1 billion foreign exchange loss this year. The principal factor accounting for this is foreign exchange losses related to the emerging countries. The difference from the previous year as a result of foreign exchange losses was ¥7.9 billion. (This had an impact, year on year, of -¥7.9 billion on profit before tax.)

- Other income for the quarter was ¥4.3 billion, compared with ¥0.6 billion in the previous year, representing a difference of ¥3.7 billion. We sold non-current assets during the second quarter under review. This is the reason for reporting gains on asset sales. (This had an impact, year on year, of +¥3.7 billion on profit before tax.)
- Regarding employee benefit expenses, these expenses were about ¥0.6 billion higher in the same period of the previous year, and this accounts for the difference. (This had an impact, year on year, of +¥0.6 billion on profit before tax.)
- In addition to the previously mentioned results, which were the principal factors influencing performance, if special factors are taken into account, these had the impact of reducing profit before tax by ¥3.5 billion. As I indicated a moment ago, profit on a real basis after the exclusion of foreign exchange translation effects, decreased ¥2.5 billion year on year, but if ¥3.5 billion in special factors are taken into account, profit before tax from business operations increased a strong ¥0.9 billion, or 3%, over the same period of the previous year.
- A closer examination of results by segment is shown on page 9, where the results for the quarter under review are shown in the second table from the top, and the changes from the same quarter of the previous year are shown in the third table.
- Revenues in the Information Technology segment amounted to ¥47.6 billion, an increase of ¥2.6 billion, or 5.7%. Segment profit before tax was ¥19.8 billion, an increase of ¥5.0 billion, or 33.7%. The note to the fourth table indicates the effect of exchange rate fluctuations. In the case of the Information Technology segment, the impact on the increase in revenues was slightly less than ¥3.8 billion. After the exclusion of this impact, on a real basis, the impact on the increase in revenues was -¥1.2 billion, or -2.8%. On the other hand, foreign exchange fluctuations increased profit before tax by ¥1.2 billion. Special factors, including foreign exchange gains/losses and sales of non-current assets in this segment, had a positive impact of ¥2.5 billion. If the effects of these factors are excluded, profit before tax in real terms rose ¥1.2 billion, or 8.4%.
- Revenues in the Life Care segment were ¥81.5 billion, representing an increase of ¥6.0 billion, or 8.1%, and profit before tax was ¥14.7 billion, an increase of ¥1.5 billion, or 11.8%. The impact of foreign exchange fluctuations was to boost revenues by ¥1.5 billion. On a real basis after excluding foreign currency fluctuations, revenues rose ¥4.5 billion, or 6%.
- Foreign exchange fluctuations boosted profit before tax by ¥0.8 billion, and, on a real basis, profit before tax was up ¥0.7 billion. Special factors, in addition to foreign exchange gains/losses, included restructuring expenses; however, these resulted in an increase of ¥1.0 billion over the same period of the previous year. If these special factors are taken into account, the increase in profit before tax of ¥0.7 billion that I mentioned a few moments ago, profit before tax decreased about ¥0.2 billion.

- Taking an even closer look by sub-segment (page 10), revenues of electronics related products, which comprise semiconductors, LCD related products, and glass substrates for HDDs, amounted to ¥34.5 billion, representing an increase of ¥1.1 billion, or 3.3%, from the previous year. The effects of foreign exchange fluctuations are shown in a note to the table on page 10. In electronics-related products, these fluctuations had an impact of about ¥3.0 billion; therefore, on a real basis, revenues were down ¥1.8 billion, or 5.6%. Further detail on this point will be covered in another presentation, but, in brief, HDD-related substrates are sold on a U.S. dollar basis. This is why revenues from this source declined on a yen basis and were down about 10%.
- Revenues from semiconductors and LCD-related products were virtually flat year on year, or up slightly.
- Revenues of imaging-related products were ¥13.0 billion, an increase of ¥1.4 billion year on year. Since foreign currency fluctuations raise this figure by ¥0.8 billion, the real increase was ¥0.6 billion, almost the same as in the same period of the previous year.
- Revenues from healthcare-related products were ¥61.5 billion, an increase of ¥4.5 billion. Foreign currency fluctuations had an impact of about ¥0.6 billion; in real terms, revenues rose ¥3.9 billion, or 7%.
- Turning next to eyeglass lenses and contact lenses, eyeglass lens revenues expanded in the mid-single digit range outside Japan in Europe, North America, and Asia. In other regions, revenues from contact lenses in the second quarter of the previous year were still influenced by the lingering effects of the consumption tax rate hike in Japan, but this year expanded a significant 13% year on year.
- In medical-related products, revenues were ¥20.0 billion, an increase of ¥1.5 billion, compared with the same quarter of the previous year. Foreign currency translation adjustments contributed ¥0.9 billion to this rise, indicating that, in real terms, revenues rose ¥0.6 billion, or 3.2%. Revenues from medical endoscopes were about level, or slightly down, year on year. By geographical region, revenues from this source in Europe and Asia expanded in the mid-single digit range, but conditions were severe in North America. On the other hand, revenues from intraocular lenses (IOLs) expanded 30%. Factors accounting for this increase were the resumption of sales after the relaunch subsequent to the voluntary recall and the smooth performance of new products launched in Japan in April 2015.
- Let us now review the Quarterly Consolidated Statement of Cash Flows, which may be found on page 6 of the *Quarterly Report*. In my previous report in May 2015, I explained the Company's buyback of ¥45.0 billion in treasury shares. Since a portion of these shares, amounting to ¥5.7 billion, was acquired in July, the cash outflow for this purchase is shown in

the cash flow statement for the quarter under review. We also acquired a total of ¥40.0 billion in May and June, followed by the purchase of ¥5.7 billion in July. As an aside, all these treasury shares were cancelled.

- Regarding dividends, the interim dividend payment is shown on page 1 of the *Quarterly Report*. The dividend remained the same, at ¥30 per share.
- Also regarding returns to shareholders, as indicated in our news release covering the results for the quarter under review, the Board of Directors made the decision today to purchase additional treasury shares. This share buyback program has an upper limit of a total of ¥60.0 billion, or 14 million shares. We are considering these purchases during the period of approximately three months, from October 30, 2015 through January 27, 2016.

Overview of Operations by Mr. Eiichiro Ikeda, COO

Information Technology Segment

- Revenues of the Information Technology segment as a whole rose 5.7% over the same period of the previous year. Segment profit was up 33.7%, and the profit ratio increased by 8.6%. As a result, increases in both revenues and profit were reported. After the exclusion of foreign currency translation effects, on a real basis, revenues were down 2.8%, but profit increased 25.6%, thus reporting lower revenues but higher profits.
- The reason for the decline in revenues was a drop in the unit volume in the MD business, but, because MDs are priced in U.S. dollars, as a result of the cheaper yen, the foreign currency gain more than offset the effects of the decline in unit volume. As a result, overall revenues from MDs increased.
- On the other hand, since we accelerated our cost reduction measures to cope with any changes in the business environment and prevent a decline in profits when demand falls, the segment as a whole was strengthened by these measures.

Glass Substrates for Hard Disk Drives (HDDs)

- Since revenues from MDs are seasonal, demand usually strengthens from the first quarter going into the second and third quarters. However, the seasonality effect this year was weak, and demand in the second quarter was virtually flat and only slightly higher than in the first quarter. In comparison with the second quarter of the previous year, sales in unit volume terms posted a double-digit decline. This was because of strong demand in the second quarter last year due to the combination of the usual seasonal rise in demand and a rise in demand due to the replacement of Windows XP computers in the previous fiscal year.

- The other two reasons for the decline included the ongoing decrease in demand for notebook PCs, which are the principal application for our HDDs, and the gradual rise in notebook PC models equipped with SSDs rather than HDDs.
- On the other hand, in the field of 2.5-inch hard disks (HDDs), demand for external HDDs, is rising. In this case, since the DD ratio (the number of disks used per one HDD) is rising, in our substrate business because it is necessary to increase the number of disks that can be included in one hard disk assembly to increase their capacity, this factor is working in favor of substrate manufacturers.
- A portion of servers makes use of 2.5-inch disks, and demand in this area is expanding steadily. Also, in the second quarter, demand for these disks for use in game consoles is rising as we approach the year-end. These various positive factors are being overwhelmed substantially by the decline in demand for these disks used in notebook PCs, and, overall, growth is negative. These trends are expected to continue into the latter half of the fiscal year, and we believe double-digit declines from the same period of the previous year will continue.
- However, even in this business environment, we are managing our operations to prevent a decline in profitability through the skillful use of our multiple manufacturing plants to achieve optimal utilization. As we secure profitability, we think it is important that we are looking ahead and developing technologies for near-line servers and heat-assisted magnetic recording (HAMR).
- Going forward, in the field of servers, our customers in the cloud service business, which is a growth area, want to increase the capacity per one HDD. If we consider the overall costs, electric power used, and heat management, greater capacity per unit is preferable. Therefore, although HDD manufacturers have been working to increase HDD capacity through greater surface density on their disks, they are beginning to move toward increasing the number of disks per unit because the increase in vertical magnetic recording density has reached a saturation point.
- From the perspective of compatibility, the size of one HDD can't be changed. If we consider increasing the number of disks in a HDD with a given size, we move in the direction of making each disk thinner. Currently, aluminum is used to make 3.5-inch disks, but as thinner disks are required, glass is superior from the perspective of rigidity. To help customers in the industry reach their goal of increasing capacity, we are urging them to move toward increasing the number of disks by making use of thinner disks.
- On the other hand, as I mentioned, the upper limit on memory density has been reached, but all media manufacturers are making efforts to further increase memory density, and the representative solution is the HAMR technology. If the industry moves toward HAMR, since the basis of this technology is higher temperatures, glass will be the superior media rather than

aluminum in today's environment.

- If we assume that the capacity of one driver unit is going to be larger and the industry is going to move toward more disks per unit, glass is the superior medium in terms of rigidity. Also, if the industry is going to move toward greater memory density and the HAMR technology is adopted, glass is superior in terms of heat resistance. In this environment, since the chances of glass being adopted for the media are high, we are concentrating on moving our development activities in this direction.

Photomasks and Mask Blanks for Semiconductors

- The semiconductor market is slowing, but, during the current period, manufacturers are actively engaging in developing cutting-edge products and, as a result, the demand for blanks has not been influenced. Revenues in this business expanded in the one-digit range. Here too, if we eliminate the effects of foreign currency translation, revenues are about the same as in the previous year or increasing slightly. In terms of profitability, cutting-edge products are selling well, and the average unit price is rising. Moreover, since we are moving forward in our cost reduction efforts, profitability is improving. However, since we believe that conditions in the semiconductor industry may become somewhat severer in the second half of the fiscal year, it will be necessary for us to keep in mind in managing our operations that there is a possibility that these trends may have an influence on the demand for blanks.
- In the blanks field, the next-generation technology is extreme ultraviolet (EUV), and we believe that it is necessary for us to proceed with development activities to bring the level of this technology to the stage where it is required in the industry. There are still a number of issues to be solved, the EUV technology is still under development, and further time will be necessary before the start-up of mass production. However, since a number of major manufacturing customers are engaging actively in development with an eye to mass production of advanced nodes, we believe it is important to continue to work toward supplying the necessary blanks.

Photomasks for Large LCDs

- Revenues in the LCD business declined in comparison with the same period of the previous year. However, since revenues in the second quarter of last year were perhaps too high, revenues for the second quarter this year are about level with revenues in the previous quarter. Our plants in this business have been working at full capacity from the beginning of last year to the present, and we have a backlog of orders. Also, in this business environment, we are able to sell many high-precision, high-priced masks, and, as a result, profitability is improving.
- The driver of the favorable performance of orders is the high-precision, high-resolution product sub-segment. In the TV market, manufacturers are engaging in the development of 4K, 8K, and

extra-large TVs. Also, in the market for LCDs for PCs, there are instances of manufacturers developing 4K and 5K models, and a similar trend can be seen among smartphone manufacturers. As long as there is demand for development purposes, we can say that the demand for masks will be favorable. In this environment, as there are declines in the prices of LCD panels, there is room for concern, but our view is that strong demand conditions for masks will continue in the latter half of this fiscal year.

- In the field of semiconductor blanks and LCD masks, conditions in related industries are not good; therefore, there are some who are concerned about effects on HOYA, but our blanks and mask products do not go directly into finished products, and we are not influenced to the same degree as overall trends in demand. Instead, for example, when manufacturers are mass-producing the same pattern, there may be no demand, but when new patterns and new products are developed and demand for use in development work emerges, we also experience demand when manufacturers make version revisions. Therefore, where there is development demand in the semiconductor field for 10nm, 7nm, and EUV products, etc. as well as demand for 4K, 8K, and similar high-definition products, there is demand as manufacturers move in that direction. However, for example, if, as a result of declines in the prices of panels, performance of LCD panel manufacturers deteriorates, and they stop development work, this has a major impact on the demand for masks.

Imaging-Related Products

- Even after taking account of foreign currency translation effects, this segment reported increases in both revenues and profit. This segment was formerly dependent on compact disks, but has escaped from this dependency. Among materials items, this segment's products include interchangeable lenses for single lens reflex cameras and surveillance cameras. In the lens business, products include lenses for "action cameras" for recording sports and other outdoor activities, surveillance camera lenses, automobile-mounted cameras, and lens units for smartphones. The segment has gradually shifted its business portfolio to these products, and its results are coming up to speed.
- The market for surveillance cameras using inexpensive plastic lenses is growing. Demand for the glass used in these cameras, which is one of HOYA's areas of strength, is not growing very much, but cases for high zoom ratio lenses are seen more frequently, and our glass lenses materials are used in manufacturing these. These products are not major, but they are expanding firmly.
- The stage is now set for smartphones installed with our lens units, which I mentioned previously, they will go on the market next month, and we have already begun to make shipments. This is one of the factors accounting for the increases in revenues and profit. At

present, the number of smartphone models that will contain these lens units is limited, but, depending on the market response, we are now working with a number of smartphone manufacturers to encourage them to install HOYA lens units on more of their smartphone models.

Overview of Operations by Hiroshi Suzuki, CEO

I would like to discuss our share buyback program first. Since we have promised to return surplus cash to shareholders, this fiscal year, we will return free cash flow through stock buybacks and dividends. We plan to continue this policy for the foreseeable future. If the cash currently on our balance sheets increases, we will return it to shareholders in some form. Whether this will be through higher dividends or buybacks will depend HOYA's stock price and other factors, but the basic policy will be to return excess cash to shareholders.

Contact Lenses

- Conditions in the contact lens business are relatively good. Compared with the same period of the previous year, revenues in the second quarter of this fiscal year expanded in the low double-digit range, but this does not reflect the actual underlying conditions. Around the second quarter of the previous year, revenues were still influenced by the effects of the increase in Japan's consumption tax rate, when there was a reaction due to earlier purchases at the end of the fiscal year. I believe the underlying growth rate is in the high single-digit range. Almost all our existing stores are reporting growth of several percent, and, thanks to the positive impact of sales in new stores, the overall growth rate is in the high single-digit range. Profits are solid, and I believe there is no reason for pessimism.

Intraocular Lenses

- We conducted a voluntary recall of intraocular lenses about two years ago, and this business is in the process of recovering. New intraocular lens products are faring well and pulling this business along. The scale of this business is relatively small, but since it is growing steadily, for the time being, I believe performance will be favorable.

Endoscopes

- In the United States, because of product approval issues, we are limiting the lineup of these products, and there are some products we cannot sell. To solve the approval issues, I believe it will take between 6 and 10 months. Endoscope revenues are expanding in Europe and Asia, but

the weakness in sales in the United States is offsetting the growth in all other areas. Revenues on a local currency basis are flat, but, on a yen basis, they are growing in the mid-single digit range.

Eyeglass Lenses

- While performance is steady, we are experiencing severe conditions in the emerging countries, especially resource-producing countries. The main reason is the effects of foreign currency fluctuations. Since we manufacture our lenses on a U.S. dollar basis and then sell them in those countries, when currencies weaken, we have difficulty compensating for this in revenues and profits. This business is growing steadily in the United States, Europe, and elsewhere, and, even if we eliminate the effects of foreign currency fluctuations, revenues are expanding in the mid-single digit range.
- Revenues in Europe account for a relatively large share of the total, or slightly less than half, but, since production is on a dollar basis, compared with the same period of the previous year, the weakening of the euro has had a negative effect on profitability. As a result, we are not currently hitting our targets for profitability.
- I think we say that the integration of Seiko Optical Products (SOP) into our operations has generally been completed. However, the focus of SOP's business has thus far been on Japan, and they had not made any significant progress in developing overseas sales. Our aim in selling the SOP brand overseas was to realize the synergies we had initially planned on, but the work needed for reaching this goal is still ahead of us. Since the integration of SOP into HOYA is now finished, I think we are now in a position where we can create the earnings structure we want, but sales objectives are still ahead of us.

Overall Summary

- Volume production of semiconductors close to 28nm, in the 25nm to 28nm range, is beginning, but in volume production, it appears that there is a trend to increase the number of lithographic steps. The impact of this is that revenues from blanks for cutting-edge departments are increasing. In addition to the activities of development departments, even after volume production begins, we can see that manufacturers are increasing the pattern steps in the lithographic process through double patterning, triple patterning, and other means, just to make a single completed pattern.
- In the LCD business, we feel that conditions are becoming somewhat countercyclical. Overall, there is a glut of LCDs on the market. When mass-produced products fail to sell, manufacturers

have a tendency to launch many product types. When the variety of types expands like that, we feel that masks also become countercyclical, too. In the medium-to-long term, we think that when conditions in the LCD market deteriorate, conditions for masks will also weaken, but, at present, the industry is producing at full capacity.

- The SLR camera industry is still applying the brakes, and we see conditions are being quite serious.
- Overall, I believe that conditions are not so severe. However, we are expecting some degree of deterioration in the HDD-related revenues in the latter half of the fiscal year. It might not seem this way if we look at results due to the effect of foreign exchange fluctuations, but conditions are deteriorating. From the latter half of this fiscal year through the first half of next fiscal year, since HDD-related revenues will decline, how we can cover for in other businesses will be important. That will be our job to accomplish over the coming three to six months.

Questions and Answers Following the Briefing

Q1: Performance results from various companies have been announced, and some hold the view that conditions among equipment manufacturers have improved somewhat. Regarding this point, please share with us your views of the silicon cycle and semiconductor cycle.

A1: (Suzuki CEO) I feel it is not necessary to be so pessimistic. At least looking at wafers and related items, I do not think conditions are worse than last year. Among equipment manufacturers the peaks and valleys of the cycle are quite wide; therefore recovery may take time, but, in considering semiconductors as a whole, I do not think there will be a sudden deterioration in the industry. As we indicated before, the fact that the number of processes is increasing means that manufacturing equipment will have to be moved into the plants. Therefore, I do not think the valley of the cycles will be so deep.

Q2: Currently there is much discussion about 10.5G, and there are reports that South Korea will enter the 10.5G field. What is the likelihood that HOYA will enter this area?

A2: (Suzuki CEO) If we are starting from a zero-base position as regards to entering the 10G and 10.5G businesses, since we are uncertain whether the businesses will be viable or not and are taking a skeptical stance about when the 10.5 and 10G business will really take place.

Q3: What is the status of your short list of M&A candidates? Do you have any M&A deals on the horizon?

A3: (Suzuki CEO) We have been looking at a number of possible deals, but, as a result, we did not close on any of them. At present, we have taken a zero-base position and have gone back to the long list and are looking for possible deals.

Q4: In the Information Technology segment, your revenues in real terms decreased ¥1.2 billion year on year, but operating profit was up ¥2.2 billion. So, that means you showed a decline in revenues of about ¥3.0 billion, but an increase in operating income. Were these results due to cost reductions and the performance of the blanks business? Also, these figures are considerably higher than you indicated in your previous guidance. Could you please explain the reasons for this?

A4: (Hirooka CFO) In response to your question referring to comparisons with the same period of the previous year: In both the blanks and LCD businesses, the trend is toward higher precision, and, basically, we are seeing unit prices rise but are not increasing costs. In addition, regarding HDDs, we are cutting fixed costs by controlling line operation, and we are seeing increases in productivity in variable costs, such as consumables.

Regarding the differences in outlook for the first half, basically sales are above expectations in contact lenses and all other businesses. There is not just one factor, but in the case of eyeglass lenses, one reason we can give is the decline in value of the Thai bhat. For HDDs, the main reason is that we were taking a conservative view. Also, the gains from the sale of non-current assets were not included in our earnings guidance.

Q5: I have a question about the balance between treasury stock buybacks and M&A. I think the status of M&A changes by the hour, and you may want to revive some deals that you turned down. Aren't you anticipating any major M&A deals this fiscal year?

A5: (Suzuki CEO) It depends on the type of M&A, but I think we should maintain the level of cash that we have on the balance sheets as funds for M&A deals. If we implement some M&A deals and there is still cash left over, we will return it to shareholders. If we conclude M&A deals that cost more than the cash on the balance sheets, we believe that increasing our leverage would be alright. If the level of cash exceeds that on the balance sheets at present, we are thinking of returning it, whether there are any M&A deals pending or not. When we conclude an M&A deal above a relatively large amount, it puts us in a better position to be able to say that we can easily pay for it without resorting to outside finance. For this reason, we want to be able to keep the current amount of cash on hand. Our thinking is that, when there is more available cash than this, we would like to

return it to pay it to shareholders.

Q6: As long as your free cash flow continues to some extent, do you anticipate that the level of stock buybacks this year will continue in the future?

A6: (Suzuki CEO) Assuming there are no major changes, we believe there is no point in further building up our cash; therefore we are returning it to shareholders.

Q7: Could you please give us a breakdown of annual capital investment in the Information Technology and Life Care segments? If you have an idea about these investments in the medium term, could you share it with us?

A7: (Hirooka CFO) We do not release information on capital investment by segment therefore, I can say as a whole we are planning on about ¥30.0 billion in capital investment on a decision making basis, as in the past. The actual figure is likely to be at the same level as the decision making basis figure or slightly less. In the Information Technology segment, rather than increasing the capacity, we are moving toward specialization in higher precision, while replacing older machinery with new machinery.

Q8: I believe that the number of days of inventory you are holding has taken a turn for the better. Are you planning to make further improvements in this area?

A8: (Hirooka CFO) We have not seen a sudden decline in inventories in any area. One point is that when we began operations at our eyeglasses plant in the Philippines, because we closed some locations and combined some others, when the shift was made, we stepped up production of some items in the first quarter. Another factor here is seasonality; inventories of HDDs in the Information Technology segment were just about level. The reason for higher inventories in the second quarter, compared with the first quarter is that there was a trend toward increasing production in the first quarter, but a reverse trend set in during the second quarter. Making reductions in inventories is something we are talking about internally, these results may represent the positive effects of this discussion.

Q9: I believe that this fiscal year, you will make ¥45.0 billion in share buybacks in the first half and ¥60.0 billion in the second half for a total of ¥105.0 billion for the full year. If you add dividends of ¥30.0 billion to the buyback figure, that is a little larger than your annual free cash flow. Are you saying that we should compare this total figure, not with free cash flow, but with the absolute cash

balance?

A9: (Suzuki CEO) Regarding share buybacks, these stock purchases may have an effect on our stock price, depending on prevailing conditions. Consequently, in some cases, even though we may want to purchase shares we may not be able to do so. We conduct share buybacks considering the appropriate amounts, the timing, and the price of our stock.

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