

REALIGNS AND CONSOLIDATES DEVELOPMENT AND MANUFACTURING FUNCTIONS TO FORM TWO NEW COMPANIES

ACCELERATES BUSINESS RESTRUCTURING TOWARDS A MORE ROBUST CORPORATE STRUCTURE AND A STRONGER COMPETITIVE EDGE

TOKYO, January 28, 2010 – Fuji Xerox Co., Ltd. has realigned and consolidated its development and manufacturing functions, currently dispersed among itself and its group companies, in order to transform itself into a more robust corporate organization with a stronger competitive edge. As of January 29, 2010, two new companies will be established: Fuji Xerox Advanced Technology Co., Ltd. will take on development functions, and Fuji Xerox Manufacturing Co., Ltd. will manage manufacturing functions. The companies will start operations on April 1.

Fuji Xerox is aiming for sustainable growth with the restructuring, which enables it to weather the aggravated conditions of today's business environment, and also offer better cost competitiveness. At the same time it aims to accelerate growth in new business areas, such as services and solutions.

Reform of Development

The development functions within the Fuji Xerox group will be realigned into two organizations: an organization based in Fuji Xerox and the new company consolidating all the development functions of its affiliated companies. The reorganization will improve productivity and technological capabilities, as well as on customer-centric approach, with resources directed towards these areas of growth and focus.

Fuji Xerox Advanced Technology will merge with Fuji Xerox Engineering Co., Ltd., which undertakes custom development projects for copiers and printers. It will also consolidate part of the development functions of Fuji Xerox, as well as the hardware/software development functions of Niigata Fuji Xerox Manufacturing Co., Ltd., Suzuka Fuji Xerox Co., Ltd., and Fuji Xerox Information Systems Co., Ltd. ^{Figure 1}

With the establishment of this new company, the development organization that will stay within Fuji Xerox will focus on development of products, platform/marketing technologies, and new technologies. Fuji Xerox Advanced Technology will undertake module development-- image capture, paper feed, fax functions and finishing devices--as well as custom development to swiftly meet customer needs. This realignment will be accompanied by an addition of development human resources in the growth/focus areas, such as production products development and custom development, thereby enhancing technological and development capabilities and enabling a faster response to market trends.

Reform of Manufacturing

The production lines/plants in multiples sites—both in Japan and overseas—as well as relevant back-office departments, will be consolidated to thoroughly streamline and maximize efficiency while also enhancing manufacturing engineering technologies including mold forming, as well as assembling technologies, thus enabling the industry-leading cost competitiveness.

Fuji Xerox Manufacturing will consolidate Fuji Xerox Takematsu Center, which manufactures ground toner and photoreceptors. It will also merge with Fuji Xerox Imaging Materials Co., Ltd., which manufactures Emulsion Aggregation (EA) toner, and consolidate the production functions of Suzuka Fuji Xerox Co., Ltd., manufacturing key components such as electronic parts and optical apparatus, as well as Niigata Fuji Xerox Manufacturing Co., Ltd., manufacturing printers^{Figure 1}.

In addition, Fuji Xerox will concentrate the production of ground toner and photoreceptors currently conducted at several sites both in Japan and overseas, at Fuji Xerox Manufacturing Takematsu Center. It will also shift all of the office printer production to China, to enhance cost competitiveness through optimized operational capacity and mass production. Other manufacturing requiring higher skills including production printers will be conducted at Fuji Xerox Manufacturing Niigata Center in order to enhance technological capabilities^{Figure 2}.

Manufacturing-related back-office functions of the various companies will be gathered at Fuji Xerox Manufacturing to streamline business processes. The company will also reinforce highly skilled staff, which will lead to strengthening technological capabilities for both manufacturing engineering and assembling.

Fuji Xerox has been driving a shift of its production to China, cost reductions, enhancement of technology development in Japan, as well as a reform of development processes. Through this realignment/consolidation of its development and manufacturing functions, Fuji Xerox aims to further develop its robust corporate structure and competitive edge, and accelerate business restructuring towards service/solution businesses, in order to achieve sustainable growth.

Figure 1

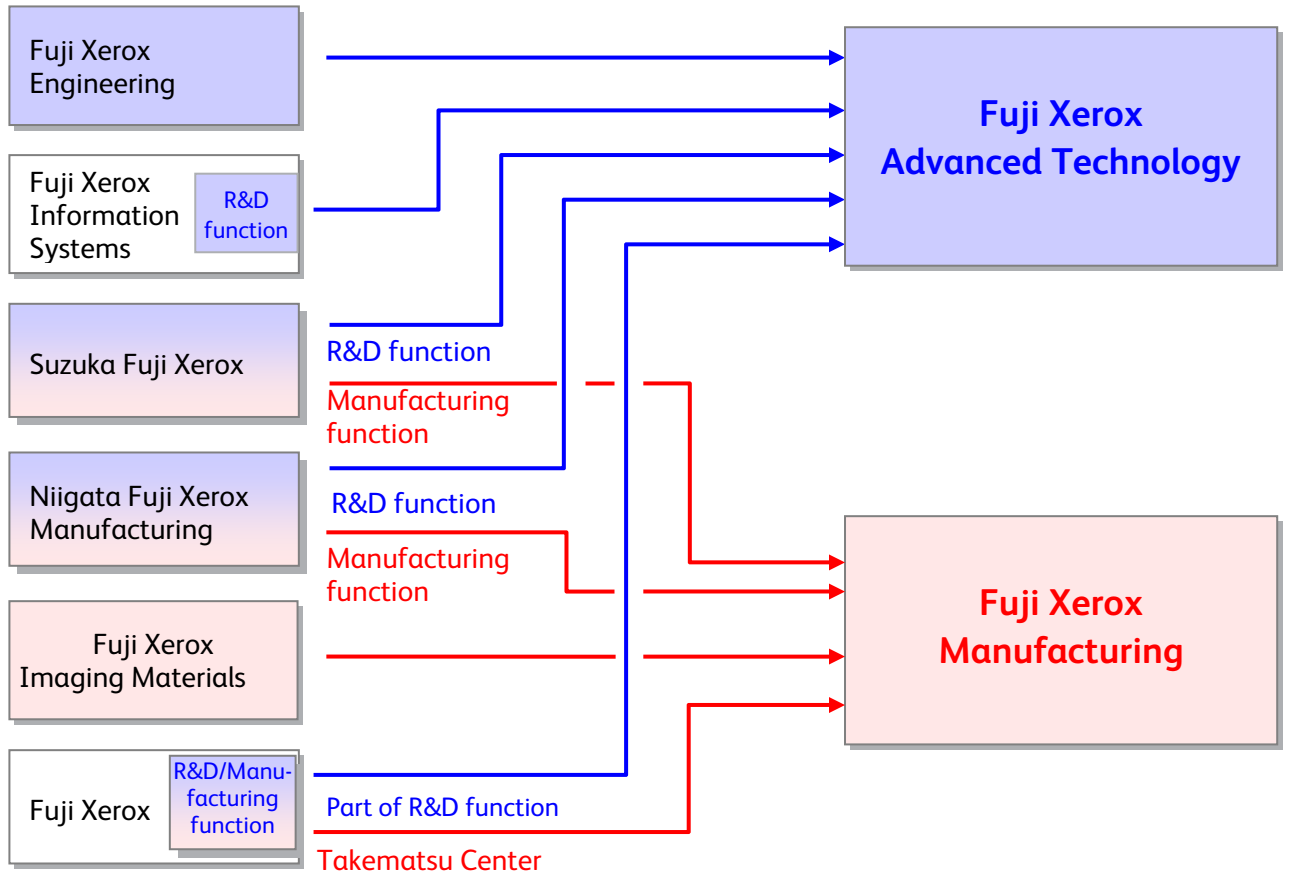
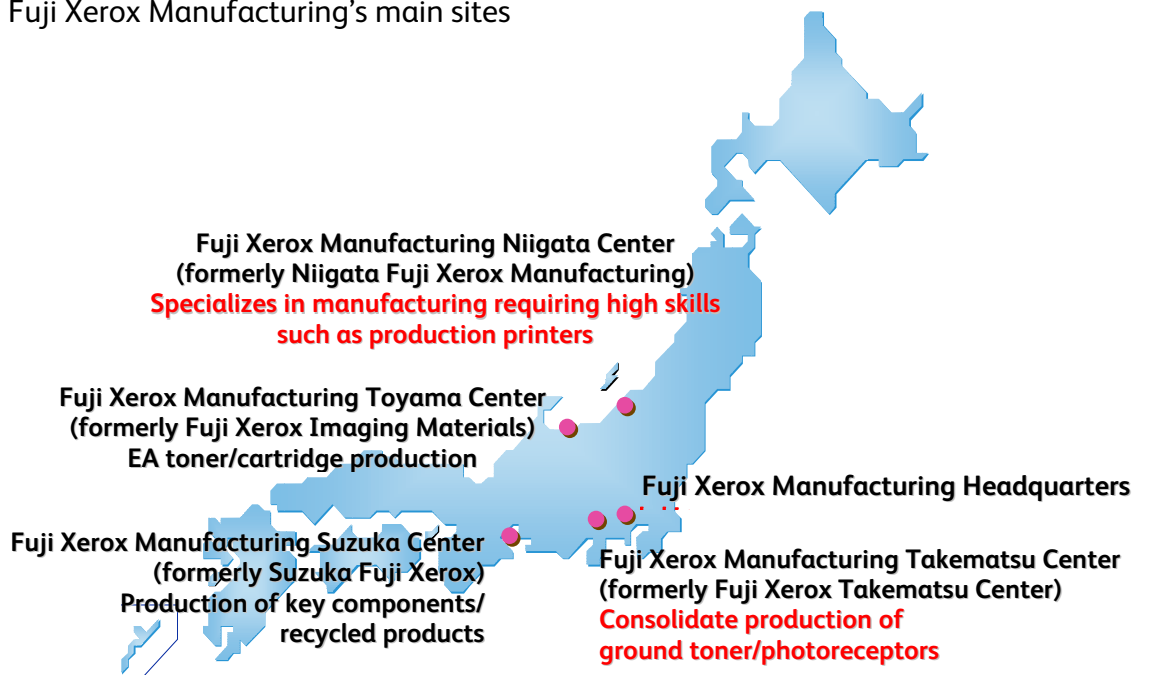


Figure 2 Fuji Xerox Manufacturing's main sites



Overview of the New Companies

<Fuji Xerox Advanced Technology Co., Ltd.>

Role	- Handles part of Fuji Xerox’s development, and establishes new development processes in the areas for which it is responsible, to realize high quality, low cost and shorter lead time. - Provides solutions that promptly address customers’ business challenges (customization).
Date of establishment	January 29, 2010
Start of operations	April 1, 2010
Realignment of functions	Will merge with Fuji Xerox Engineering and become the surviving company. It will also be the successor company to Fuji Xerox Information Systems, Niigata Fuji Xerox Manufacturing, and Suzuka Fuji Xerox through demerger and consolidation of their development functions (to take effect on April 1, 2010).
Location	Headquarters: Yokohama, Kanagawa (at the new Fuji Xerox R&D center) Others: Ebina, Kanagawa, etc.
Representative	Kengo Taneda (Fuji Xerox’s senior vice president)
Capital	100 million yen (100 % owned by Fuji Xerox)
Number of employees	Approx. 1,200
Business description	Development and design of office products, printers and related products/modules

<Fuji Xerox Manufacturing Co., Ltd.>

Role	Carries out thorough streamlining while realizing high productivity and high-added value by enhanced production technology, to obtain the highest level of cost competitiveness in the industry.
Date of establishment	January 29, 2010
Start of operations	April 1, 2010
Realignment of functions	Will merge with Fuji Xerox Imaging Materials, Suzuka Fuji Xerox, and Niigata Fuji Xerox Manufacturing and become the surviving company. It will also be the successor company to Fuji Xerox Takematsu Center through demerger and consolidation (to take effect on April 1, 2010).
Location	Headquarters: Ebina, Kanagawa (at Fuji Xerox Ebina Center) Others: Minami-Ashigara, Kanagawa, Suzuka, Mie, Kashiwazaki, Niigata, and Namerikawa, Toyama
Representative	Hitoshi Fujiwara (Fuji Xerox’s senior vice president)
Capital	100 million yen (100 % owned by Fuji Xerox)
Number of employees	Approx. 1,300
Business description	Prototype production and manufacturing of office products, printers, related products, as well as components and consumables for these products