

**Fiscal 2011/3 Third Quarter Results Briefing (Performance Explanation Meeting)**

**Principal Questions and Answers**

Q1: Regarding digital cameras, you are facing extremely harsh market conditions. Could you tell us your current situation regarding inventory levels and the share of your total camera sales contributed by high-end models? In addition, do you believe it is possible to attain your target of selling more than 12 million digital cameras in the fiscal year as a whole? In this connection, could you explain about your plans to develop mirrorless camera models going forward?

A1: Although competition in digital camera markets has become extremely intense, our inventory level at this point roughly corresponds to 1.8 months of sales, and we plan to reduce this level to 1.5 months of sales by the end of the fourth quarter. Over the past few years, we have reformed our business methods in the digital camera field and created a business structure capable of generating profit. This year, despite the greater-than-anticipated impact of exchange rate trends, we are intending to attain our targets of selling more than 12 million digital cameras and ultimately generating operating profit from our digital camera business. The share of our unit sales volume contributed by premium cameras—those outside the roughly \$100-per-unit class of inexpensive cameras—is approximately 70%. Regarding mirrorless cameras, we are currently considering various aspects of such cameras, including the kinds of functions our cameras of this type should offer in order to live up to the traditional high standards of Fujifilm products.

Q2: Regarding your flat panel display materials business, it appears that your operations are proceeding in line with your plans. However, do you believe it will be possible for you to attain your target of ¥210 billion in sales for the fiscal year as a whole?

A2: The current outlook is that our sales for the fiscal year as a whole will end up exceeding our original target level by a margin of between ¥5 billion to ¥10 billion.

Q3: Could you explain the progress you have made in developing T-705, a drug candidate being developed for the application of treating new strains of influenza?

A3: In Japan, we have completed the enrollment of patients required for Phase III trials and are currently analyzing the data required for the submission of an application for the drug candidate's approval. We are aiming to submit an application by sometime in late March 2011.

Q4: You have revised the prospective level of your structural reform expenses for the current fiscal year from ¥25 billion to ¥30 billion, but in which business field have your structural reform expenses surpassed the initial forecast? In addition, is there a possibility that your projection of structural reform expenses will further increase going forward?

A4: We have increased the budget for structural reform expenses by ¥2 billion in imaging solutions business, ¥1 billion in information solutions business, and ¥2 billion in document solutions business. Rather than making additional provisions for impairment losses in a specific business field, we have undertaken a broad-ranging reevaluation of our operations and made additional provisions for structural reform expenses in cases when our evaluation has indicated opportunities for realizing additional structural reforms.

Q5: Following the upward revision to your performance forecast, how does management view the possibility that the Company will attain new record high levels of profitability in the upcoming fiscal year and subsequent years?

A5: Although it remains difficult to predict upcoming trends in market conditions and in exchange rate levels, we are intent on surpassing our previous record high level of profitability—the ¥207.3 billion in operating income attained in fiscal 2008/3—as quickly as possible.

Q6: Could you explain your free cash flow outlook and your policy regarding share buybacks and other shareholders' return enhancement measures?

A6: In the upcoming fiscal year, we anticipate that our free cash flow will amount to roughly ¥100 billion. Regarding stock buybacks, we plan to flexibly implement dividends and stock buybacks based on due consideration of the level of our cash on hand and our objective of providing a shareholder return ratio of 25% or higher.

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