FUJIFILM

Earnings of 1H FY2010/3
(April 1 - September 30, 2009)

FUJIFILM Holdings Corporation
October 30, 2009

FORWARD-LOOKING STATEMENTS
Forward-looking statements such as those relating to earnings forecasts and other projections contained in this material are management's current assumptions and beliefs based on currently available information. Such forward-looking statements are subject to a number of risks, uncertainties and other factors. Accordingly, actual results may differ materially from those projected due to various factors.

The business environment continued to be harsh, reflecting the impact of the worldwide recession that worsened in last autumn. As a result of the positive effects of the economic stimulus policies in China and other factors, the economies of newly industrializing economies (NIEs) are beginning to recover.

In the United States and Europe, economic conditions appear to be bottoming out, but the outlook remains uncertain because of deterioration in employment conditions, declines in corporate investment, and other factors.

To generate a profit amid this harsh operating environment and continue to achieve corporate growth, beginning with the current fiscal year, the Fujifilm Group is resolutely implementing concentrated structural reforms as well as measures to reduce costs and expenses and is promoting the rebuilding of its corporate growth strategies in priority business.

Today, I would like to explain about the earnings summary for the first half,
and progress toward the implementation of structural reforms and growth strategy.

Performance Summary for 1H FY2010/3

FUJIFILM

Revenue and profit down amid an operating environment
that continued to be harsh, reflecting the worldwide economic recession
The implementation of structural reform measures
proceeded ahead of the planned schedule

(Billions of yen)	1H FY2009/3 (Apr. - Sep. 2008)		1H FY2010/3 (Apr. - Sep. 2009)		Change	
					Amount	%
Revenue	100.0%	1,338.4	100.0%	1,043.5	(294.9)	(22.0)
Operating Income Before Restructuring and Other Charges	6.4%	85.3	2.5%	26.6	(58.7)	(68.8)
Restructuring and Other Charges	0.3%	4.1	3.3%	35.2	31.1	-
Operating Income After Restructuring and Other Charges	6.1%	81.2	(0.8%)	(8.6)	(89.8)	-
Income Before Income Taxes	6.1%	81.7	(0.8%)	(8.0)	(89.7)	-
Net Income Attributable to FUJIFILM Holdings	3.4%	45.3	(0.5%)	(5.4)	(50.7)	-
Net Income Attributable to FUJIFILM Holdings per Share		¥89.97		¥(11.07)	¥(101.04)	
Exchange Rates US$		¥106		¥96	¥(10)	
€		¥163		¥133	¥(30)	

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Consolidated revenue declined to ¥1,043.5 billion, or 22.0% below the level in the previous fiscal year.

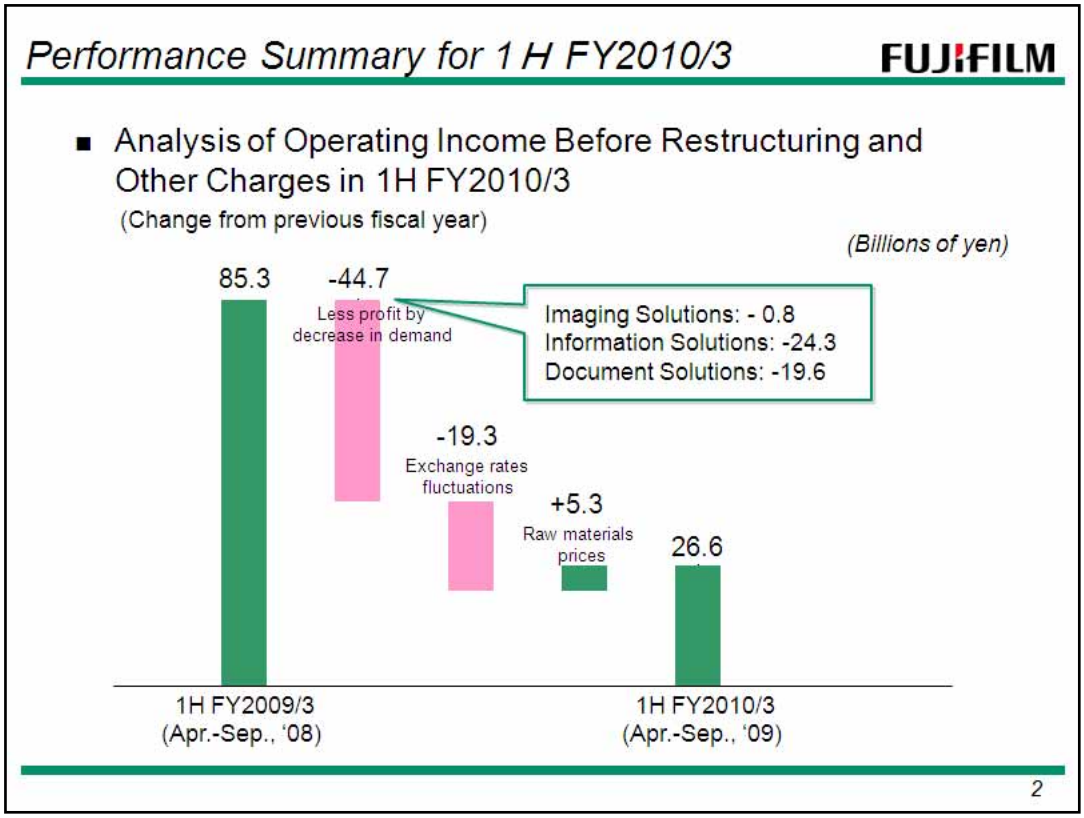
The main factor leading to the overall decline in revenue was the drop in revenue due to the adverse impact of yen appreciation and the decline in demand owing to the global recession. The amount of ¥ 77.1 billion out of sales reduction of ¥ 294.9 billion was negatively affected by yen appreciation.

During the six months through the end of the second quarter, operating income before restructuring and other charges amounted to ¥26.6 billion (down 68.8% from the same period of the previous fiscal year), reflecting the impact of the revenue decrease and the negative impact of ¥19.3 billion caused by yen appreciation.

The implementation of these structural reform measures proceeded ahead of the planned schedule, and restructuring and other charges during the six months through the end of the second quarter amounted to ¥35.2 billion. As a result, operating income after restructuring and other charges amounted to a loss of ¥8.6 billion.

Income before income taxes amounted to a loss of ¥8.0 billion, and the net loss attributable to FUJIFILM Holdings totaled ¥5.4 billion.

Operating income before restructuring and other changes was approximately ¥20.0 billion above our internal plans.



The factors causing changes in operating income compared with the first half of the previous fiscal year are shown in the graph.

Negative factors included a decrease in demand, which depressed operating income ¥44.7 billion, and yen appreciation, which depressed operating income ¥19.3billion.

On the other hand, changes in prices of principal raw materials had the effect of boosting operating income by ¥5.3billion.

Performance Summary for 2Q

FUJIFILM

Major improvement in operating income before restructuring and other charges because of the effectiveness of structural reforms

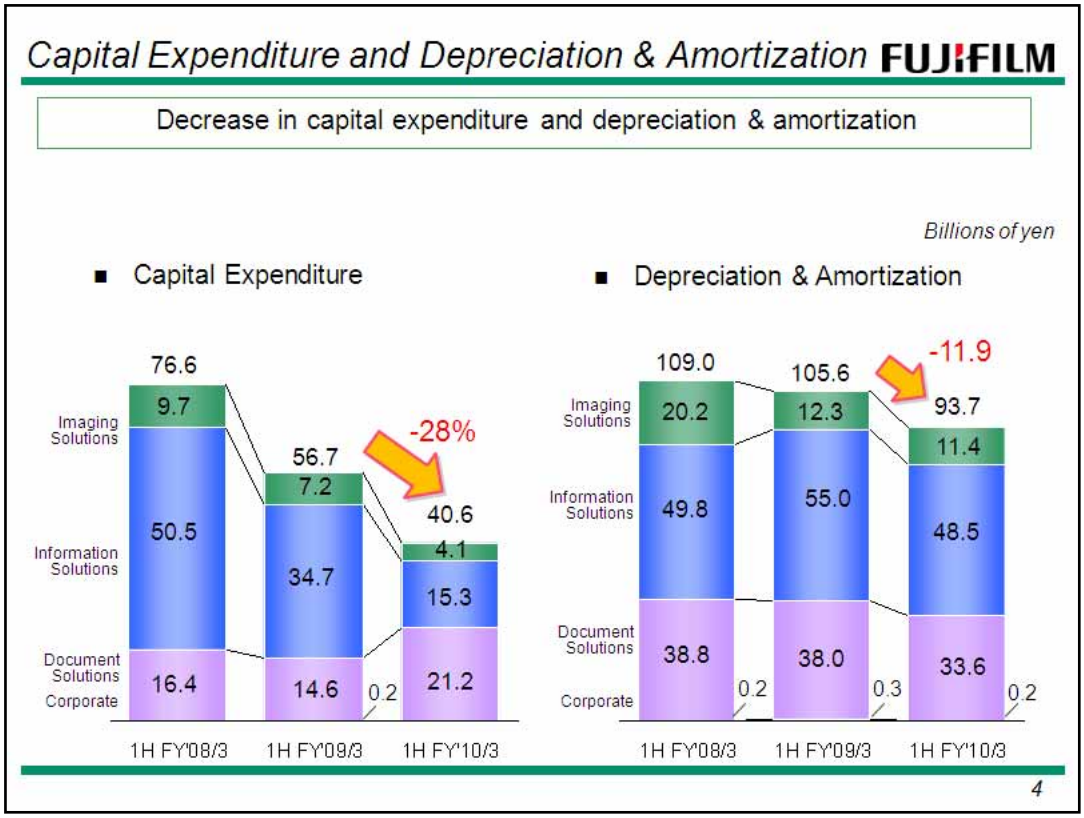
(Billions of yen)	1Q FY2009/3 (Apr. - Jun. 2008)		2Q FY2009/3 (Jul. - Sep. 2008)		%	1Q FY2010/3 (Apr. - Jun. 2009)		2Q FY2010/3 (Jul - Sep. 2009)		%
Revenue	100.0%	653.7	100.0%	684.7	4.8	100.0%	502.4	100.0%	541.1	7.7
Operating Income Before Restructuring and Other Charges	7.3%	47.6	5.5%	37.7	−21.0	1.5%	7.6	3.5%	19.0	151.9
Restructuring and Other Charges	0.3%	1.7	0.3%	2.4	−	2.0%	10.3	4.6%	24.9	−
Operating Income After Restructuring and Other Charges	7.0%	45.9	5.2%	35.3	−23.1	−0.5%	−2.7	−1.1%	−5.9	−
Income Before Income Taxes	8.4%	55.0	3.9%	26.7	−51.4	0.2%	1.2	−1.7%	−9.2	−
Net Income Attributable to FUJIFILM Holdings	4.9%	31.9	2.0%	13.4	−57.9	−0.1%	−0.7	−0.9%	−4.7	−
Net Income Attributable to FUJIFILM Holdings per Share		¥63.31		¥26.66	¥(36.65)		¥(1.42)		¥(9.65)	¥(8.23)
Exchange Rates US$		¥104		¥108	¥4		¥97		¥94	¥(3)
Exchange Rates €		¥163		¥162	¥(1)		¥133		¥133	−

Next, let us compare operating income on a quarter-by-quarter basis.

Previously, since sales expenses tended to be concentrated in the second quarter, income in the second quarter tended to be lower compared with the first quarter.

However, for the current fiscal year, operating income before restructuring and other charges is showing a major increase of 151.9%(2.5x).

This indicates that our structural reforms and implementation of thoroughgoing reductions in costs and expenses are producing results.



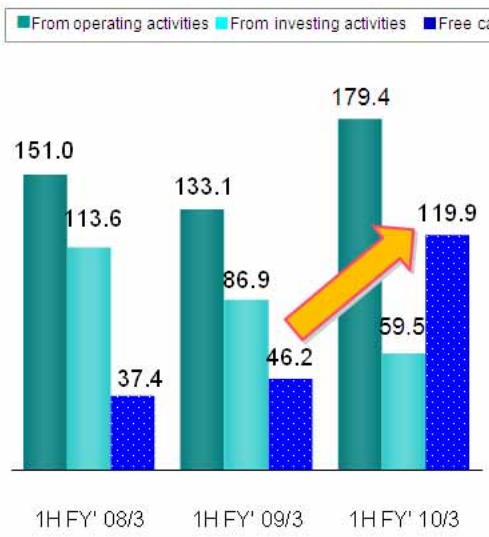
Since the previous fiscal year, we thoroughly have reevaluated our capital investments and restricted the implementation of capital investments to those associated with the most crucial projects. Reflecting this, our capital investments during the first half amounted to ¥40.6 billion, down 28%, from the level in the same period of the previous fiscal year.

Owing to our previous application of impairment treatment for certain facilities, use of the 250% declining-balance method of depreciation, and other measures to accelerate depreciation and amortization, our depreciation and amortization expense for the first half totaled ¥93.7billion, down ¥11.9billion, from the level in the same period of the previous fiscal year.

Cash Flow

FUJIFILM

Considerable improvement in free cash flow amid the harsh operating environment due to reductions in capital investments and inventories



Cash Flow	FY'09/3 (Apr.-Sep.'08)	FY'10/3 (Apr.-Sep.'09)
Net income(loss)	51.2	(4.7)
Depreciation & amortization	105.6	93.7
Change in notes and accounts receivable	32.3	30.0
Change in inventories	(10.3)	35.1
Change in notes and accounts payable-trade	(22.4)	(7.4)
Change in accrued income taxes and other liablities	(38.7)	7.9
Others	15.4	24.8
C/F from operating activities	133.1	179.4
Capital expenditure	(82.9)	(42.6)
Sales and purchases of marketable and investment securities	7.5	(3.6)
Others	(11.5)	(13.3)
C/F from investing activities	(86.9)	(59.5)
Free cash flow	**46.2**	**119.9**

An improvement of 73.7 billion

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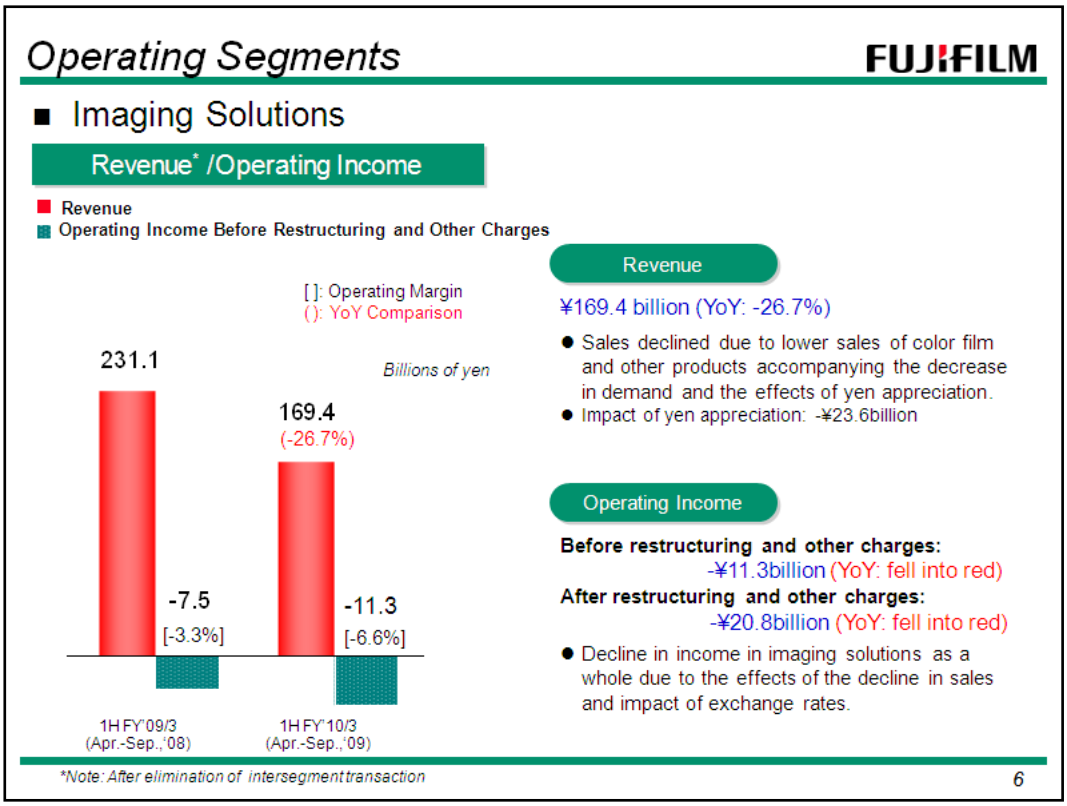
We are aggressively working to reduce assets. Measures include concentrating capital investments in high priority areas, introducing business evaluation criteria emphasizing asset efficiency, and reducing inventories.

The results of these measures have emerged clearly, and, despite declines in revenues and income, and after absorbing structural reform costs, free cash flow has increased 2.6 times, or ¥73.7 billion, compared with the same period of the previous fiscal year, to ¥119.9 billion.

We are using this cash flow to strengthen our financial position through repayment of borrowings and other measures.

We will be moving still further ahead with the enhancement of our cash efficiency, implementing full-scale structural reforms in the third quarter and subsequently.



I will explain the situation regarding the Imaging Solution segment.

In the Imaging Solutions segment, consolidated revenue was negatively affected by such factors as declining sales due to lower sales of color film and other products accompanying the effects of yen appreciation. As a result, consolidated revenue in the segment amounted to ¥169.4 billion, down 26.7% from the same period of the previous fiscal year.

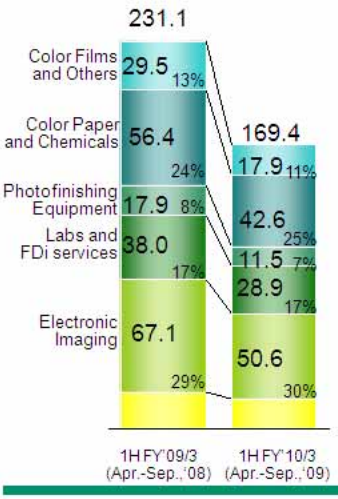
Operating income before restructuring and other charges for the segment amounted to a loss of ¥11.3 billion. The segment's operating income after restructuring and other charges amounted to a loss of ¥20.8 billion.

Since it may be difficult to understand the recent recovery trends by looking only at comparisons with the same period of the previous fiscal year, we have included a graph in slide number 19 showing quarter-to-quarter data. Compared with the first quarter, operating income has shown improvement

Operating Segments *Imaging Solutions* FUJIFILM

Sub-segment Revenue

Billions of yen
%: Proportion of sub-segment revenue



Color Films and Others ¥17.9billion (YoY: -39%)

- Continued revenue decrease due to market shrinkage

Color Paper and Chemicals ¥42.6billion (YoY: -24%)

- Expanding marketing promotion measures related to high-value-added print offerings, such as photo books and on-line photo services
- Implemented measures to increase market share in major countries

Electronic Imaging ¥50.6billion (YoY: -25%)

- Although revenues declined because of yen appreciation and declines in unit prices, this business returned to profitability on an operational basis owing to reductions in manufacturing costs, cuts in fixed costs, decrease in inventories, and other factors.
- On a world wide basis, sales volume of digital cameras during 1H FY'10/3 amounted to approximately 4.0 million units.
- Aimed for differentiation through high-value-added products, as typified by FinePix F70EXR and FinePix REAL 3D System, while also developing the lineup of entry-level models with strengthened cost-competitiveness, such as the A170 and A220. Expanded sales especially in the BRICs, etc.

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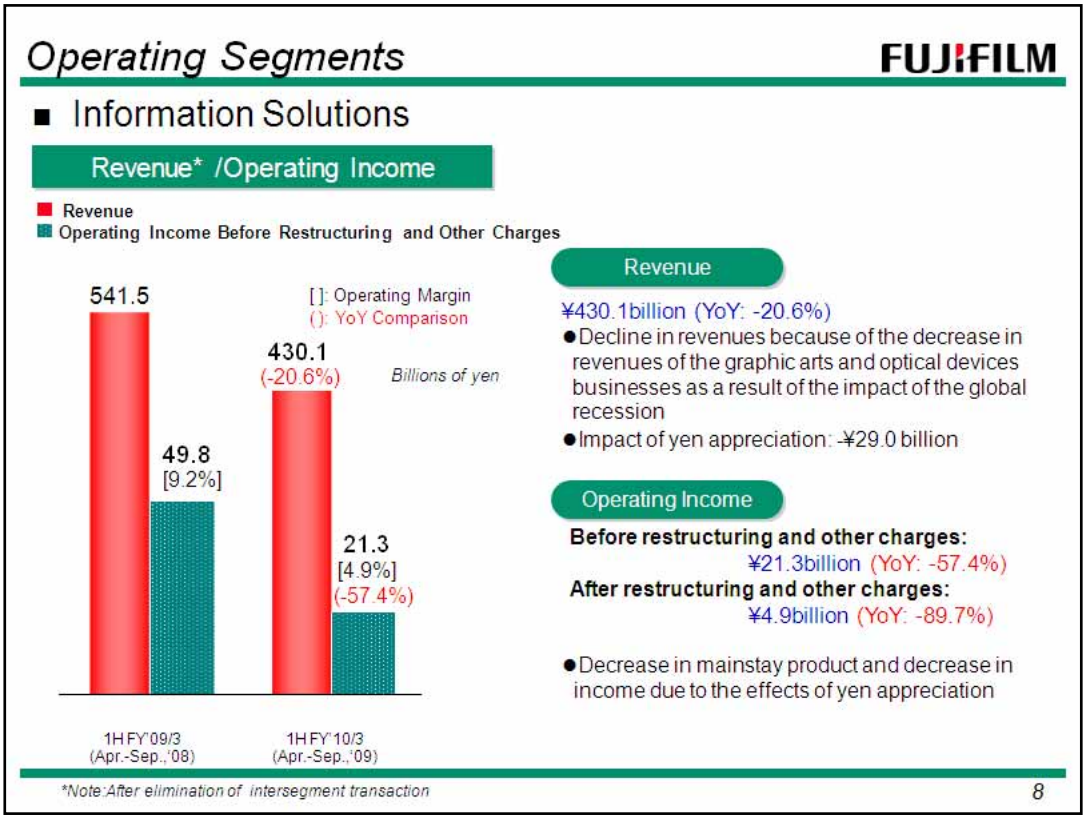
The state of each operation in the Imaging Solutions segment is as shown.

Regarding the color paper business, Fujifilm's sales fell below the level in the same period of the previous fiscal year, reflecting a decrease in demand, yen appreciation, and other factors. Going forward, the Company has been strengthening its marketing-promotion measures for photo books and other high-value-added print services and implementing other strategies to increase market share in principal countries.

Regarding the electronic imaging business, though revenues declined because of yen appreciation and declines in unit prices, this business returned to profitability on an operational basis owing to reductions in manufacturing costs, cuts in fixed costs, decrease in inventories, and other factors.

In August 2009, the Company launched the FinePix F70EXR, which is the world's smallest body 10x optical zoom, and the FinePix REAL 3D System, a 3D digital real image system, which enables the easy viewing 3D images without special eyeglasses. The system has been highly acclaimed in the market. In addition, sales of entry-level models in NIEs markets, principally the BRICs, are expanding.



Moving on to the Information Solutions segment.

Within the information solutions segment, the flat panel display materials business is recovering rapidly, but recovery in demand in the graphic arts business and the optical devices business is lagging. In the information solutions segment as a whole, revenue was down 20.6% compared with the previous fiscal year, to ¥430.1 billion.

Operating income before restructuring and other charges for the segment to amounted to ¥21.3 billion, down 57.4% from the same period of the previous fiscal year.

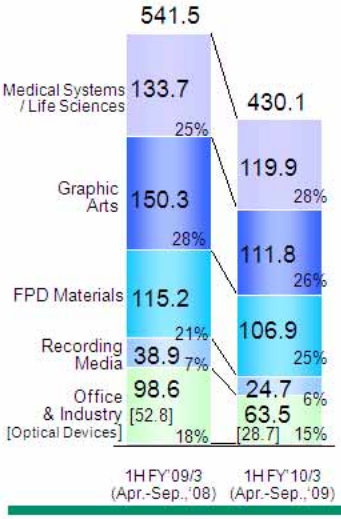
The segment's operating income after restructuring and other charges amounted to ¥4.9 billion, down 89.7% from the same period of the previous fiscal year.

Slide number 20 shows that profitability in the second quarter is continuing to show major improvement during the first quarter.

Operating Segments *Information Solutions* FUJIFILM

Sub-segment Revenue

Billions of yen
%: Proportion of sub-segment revenue



Medical Systems / Life Sciences ¥119.9billion (YoY: -10%)

- Sales declined due to the economic downturn, lower demand for film as a result of the impact of last year's revision to the national healthcare reimbursement system in Japan, and other factors.
- Strengthening marketing programs centered on compact FCRs in newly industrialized countries markets.
- Continued robust sales of SYNAPSE and other medical-use picture archiving and communication systems.

Graphic Arts ¥111.8billion (YoY: -26%)

- Sales declined as the effects of the economic downturn continued. Demand for printing plate materials showed a recovery trend in China and Southeast Asia.
- In digital printing field, robust sales of wide-format inkjet systems.

FPD Materials ¥106.9billion (YoY: -7%)

- Manufacturers of polarizing plates and panels completed inventory adjustments, and, in part because of the demand stimulus policies of the Chinese government, sales of FUJITAC and WV Film recovered.
- Initiated full-scale operations at the No. 9 WV Film manufacturing plant in July 2009.

Office & Industry ¥63.5billion (YoY: -36%)

- Although the effects of the global economic downturn are expected to persist in the optical device field, orders for camera phone lens units are on a recovery trend.

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The state of each operation in the Information Solutions segment is as shown.

Sales of the medical systems business decreased due to such factors as the impact of the worldwide recession, and decline in demand for film.

Amid the steadily growing use of IT products related to medical institutions, sales of network system related products have been increasing steadily. The Company's SYNAPSE medical-use picture archiving and communications systems have now been adopted by about 1,200 facilities in Japan, and Fujifilm is maintaining the leading market share in this field. In addition, sales of the SYNAPSE VINCENT 3D image analysis system are expanding.

Going forward, we plan to increase linkage with Fuji Xerox's medical-use document administration and management systems as we move ahead with the creation of unique Fujifilm clinical information system products, or CIS products. By comprehensively integrating the administration and provision of the full range of a patient's diagnostic and therapeutic information, our CIS products are providing strong support for doctors' diagnostic and therapeutic work.

In the life science business, in addition to the increase in sales of Toyama Chemical, sales of healthcare products including skincare and supplement products, surged markedly due to the expansion of marketing channels and the positive impact of advertisements.

In the graphic arts business, sales declined reflecting such factors as the reduction in the number of publishing and newspaper pages, but demand in China, Southeast Asia, and certain other areas is recovering. Going forward, Fujifilm is strengthening its measures aimed at expanding sales in the growth field of digital printing business, where the Company has recorded robust sales of wide-format inkjet systems. The Jet Press 720 (provisional name), ground-breaking, next-generation inkjet digital color printing system achieving high-speed, high-quality, and large sheet size, was shown for the first time in Japan at the Japan Graphic Arts Show 2009 held in October 2009. The system was highly acclaimed and is scheduled to be launched in spring 2010.

In FPD materials business, manufacturers of polarizing plates and panels completed inventory adjustments, and, in part because of the demand stimulus policies of the Chinese government, sales of FUJITAC and WV Film recovered. To meet needs associated with rising demand for LCD televisions and PC monitors centered on the NIEs, in July 2009, the Company initiated full-scale operations at the No. 9 WV Film manufacturing plant.

In Office and industry business, orders for camera phone lens units are on a recovery trend.

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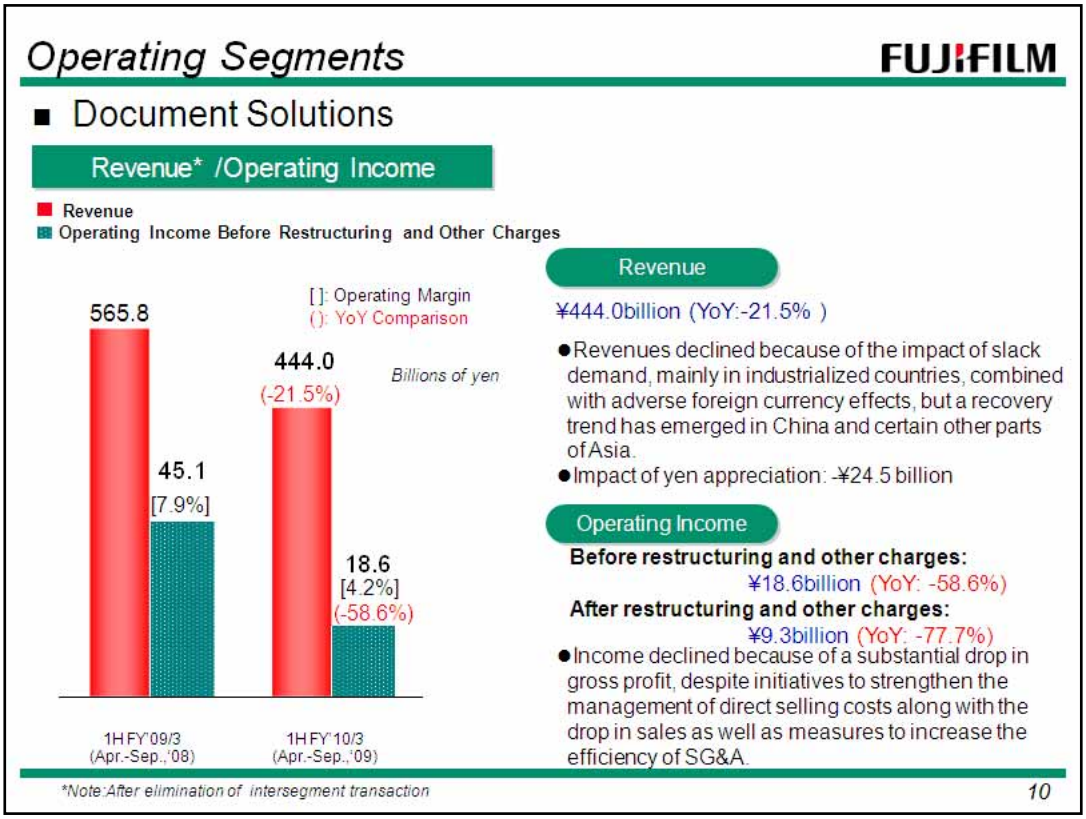

Moving on the Document Solutions segment, consolidated revenue in the document solutions segment were down 21.5% compared with the same period of the previous fiscal year, to ¥444.0. This decline was due to the impact of reductions in capital investment and expenses in the corporate sector and the impact of yen appreciation.

Operating income before restructuring and other charges for the segment totaled ¥18.6 billion, down 58.6% from the same period of the previous fiscal year.

The segment's operating income after restructuring and other charges amounted to ¥9.3 billion, down 77.7% from the same period of the previous fiscal year.

Looking at the review with that in the first quarter, slide 21 shows how the Document Solutions segment recovered its profit largely.

Operating Segments Document Solutions

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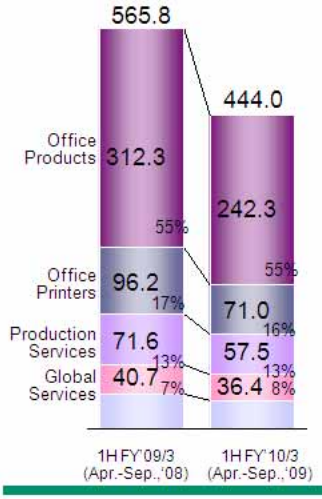
Sub-segment Revenue

Billions of yen
%: Proportion of sub-segment revenue



Office Products ¥242.3billion (YoY: -22%)

- Sales volume in Japan decreased due to the impact of restrained corporate investments along with the deterioration of economic conditions. However, the copy volume is increasing gradually.
- Although exports to U.S.-based Xerox Corporation decreased, within the Asia-Oceania region, sales volume in the Chinese market is rising.

Office Printers ¥71.0 billion (YoY: -26%)

- Sales volume declined along with the decrease in total demand accompanying the drop in the domestic market and exports to U.S.-based Xerox Corporation.
- In the Asia-Oceania region, sales volume increased substantially in China and Australia.

Production Services ¥57.5 billion (YoY: -20%)

- Revenues of the "700 Digital Color Press" light production color system were favorable.
- Sales volume in the Asia-Oceania region is increasing, led by revenues from light production color systems.

Global Services ¥36.4billion (YoY: -11%)

- The impact of deteriorating economic conditions decreased sales. However, sales increases were achieved regarding managed print service.

The state of each operation in the Document Solutions segment is as shown.

With respect to the office products business, the Company's sales volume in Japan decreased due to the impact of restrained corporate investments along with the deterioration of economic conditions. However, the copy volume is increasing gradually. In addition, signs of recovery are emerging, including an upward turn in the volume of sales in the Chinese market.

Although the operating environment is projected to remain harsh, the Company will focus on leveraging and expanding sales of its full-color digital multifunction ApeosPort-IV/DocuCentre-IV Series, which was launched in August 2009 and features industry-leading energy-conservation together with superior functions and ease of operation that make it possible for customers to lower their total cost of ownership in their business operations.

In the office printers business, decreased demand led to declines in the volume of sales in Japan and the volume of exports to Xerox Corporation. However, sales volume in the Asia-Oceania region was up greatly.

Regarding the production services business, sales of the 700 Digital Color Press light production color system continued to be robust. In the Asia-Oceanian region in particular, this system acted as a driver of sales volume.

Progress toward implementation of structural reforms and growth strategy

Progress of the structural reforms

FUJIFILM

Structural reforms are proceeding smoothly ahead of the planned schedule in the first half of the fiscal year.

(Billions of yen) 【Breakdown of expenses】

	1H	Personnel	Facilities
Imaging	9.5	6.5	3.0
Information	16.4	10.4	6.0
Document	9.3	8.5	0.8
Total Expense	35.2	25.4	9.8

- Reduction in personnel in companies in Japan and overseas, closure and consolidation of development laboratories, partial suspension of color paper production at the Netherland plant.
- Reduction in personnel in companies in Japan and overseas, reduction of asset
- Management innovation activities

Scheduled to record structural reform expenses of ¥110 billion in the second half of the fiscal year

Imaging/ Information

✓Centralization of administrative functions of local subsidiaries in regional headquarters in Europe, the United States, China, the rest of Asia, and other areas

✓Substantial reductions in fixed costs, mainly in the photo business, and other measures (in all divisions of all Group companies in Japan and overseas)

Document

✓Accelerate and expand management innovation activities

- Realign and integrate R&D functions
- Promote optimization of manufacturing functions and additional reductions to cost of sales
- Expand scope of management innovation activities to overseas regions

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First, I would like to explain our progress toward the implementation of our structural reforms. Structural reforms during the first half of the fiscal year proceeded steadily and at a faster pace than we had originally planned.

These structural reforms are focused on implementing strong measures in five main areas:

(1)Substantially streamlining administrative support departments

(2)Increasing the efficiency of R&D and focusing on priority R&D fields

(3)Thoroughly streamlining photographic businesses

(4)Fundamentally reforming digital camera business

(5)Realizing a robust constitution of document and information businesses

During the second half of this fiscal year, in imaging and information solutions, we are planning to take measures to substantially streamline administrative functions in Japan and overseas. This will include realigning subsidiaries by region in Europe, North America, China, and the rest of Asia.

Also, we will make further significant reductions in fixed costs in all departments, including R&D, production, and sales, in all Fujifilm Group companies in Japan and overseas and in all businesses.

In document solutions, measures will include accelerating and expanding the scope of management reform activities such as realignment and integration of R&D function.

We have set a specific schedule for implementing these measures and will take quick and decisive action in the second half of the fiscal year.

Improve profitability in digital camera business FUJIFILM

As a result of thoroughgoing cost cuts and strengthening of product lineups, the outlook is for a major improvement in profitability in FY10/3.

Cost competitiveness ▶ Realize large reduction in costs by more than 20%

- Reposition our own plant in China as the core plant and thereby increase the internal production ratio
- Direct procurement of parts from local vendors in China
- Strengthen relationships with original design manufacturer (ODM) partners
- Substantially reduce inventories by shortening lead times for production and procurement (maintain 1.5 months of inventories or less)

Strong product lineup ▶ Outlook is for sales volume of 9 million units or more, which will be above the originally planned level.

- Expand diversity of product lineup through strategy of increasing value added and differentiating products, and the launching of low-priced models
  - ➢ Innovative technologies (3D system、Super CCD EXR)
  - ➢ For low-priced, NIEs model: Customized model strategy by sales region

「A170」the model designed for NICs FinePixF70EXR

10M、3X Zoom

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In the digital camera business, we have been making fundamental reforms in our operating systems since last year. Under the direction of General Manager Higuchi we are working with unflagging resolve to revitalize this business.

First, to strengthen cost-competitiveness, we have positioned our plant in Suzhou, China, as the "mother," or core, plant. The Suzhou plant is producing high-end products internally, making use of lower-cost parts and metal molds procured directly from local vendors in China. At the same time, we have strengthened our partnerships with ODM plants and are implementing production of profitable, low-cost models. As a result of these measures, we have been able to lower costs by more than 20%. In addition, by taking thorough steps, which include shortening procurement lead times and managing a shorter time cycle between demand and production, we have been able to further lower costs through major reductions in inventories.

To strengthen our product lineup, in August 2009 we launched the world's first 3-D system camera. This attracted substantial attention in the market. We are offering a wide product lineup of these cameras, from flagship products that emphasize image quality and incorporate the Super CCD EXR and other features to low-priced units targeted at the NIEs that sell for $100 or less. Looking to the end of the calendar year, which is the time of strongest demand, we are working to further increase competitiveness. For the models targeted at the NIEs in particular, we have paid close attention to offering functions and designs that will be attractive to consumers in each sales region and are offering these at low prices and with customized features. Sales of these units are extremely strong. As a result of these initiatives, for the year as a whole, we are looking to sell more than 9 million units, which will exceed our initial plan by 1 million units.

Regarding profitability, we have already generated an operating profit for the first half of the current fiscal year, and, for the year as a whole, profitability is in sight.

Promote greater sales in NIEs

FUJIFILM

Strengthen sales capabilities in NIEs

Establish direct sales structure centering on medical and graphic arts business in BRICs

Speed up launching of products for regions where Company market share is low and NIEs

Digital Cameras

- In the BRICs, upgrade systems for direct sales from sales companies.
- Orders for low-priced models for the NIEs are holding strong.

▶ DSC sales unit in BRICs ✓1.5X

Medical Systems

- Launching of FCR "Prima" model produced in China
- Promoting switch over from competitor's in the dry film field.

▶ Dry film sales volume ✓China +27%* ✓India +44%*

Graphic Arts

- Launch CTP for NIEs through production in China

▶ CTP sales volume ✓China +21%*

Document Solution

- Sales volume, principally of monochrome Multi-Function Peripherals, recovering along with the economic recovery in China and the rest of the Asian region

▶ Sales unit in China ✓MFP +8%* ✓Printer +73%*

*Compared with the first half of the previous fiscal year 15

Next, I would like to provide you with an explanation of our initiatives to expand sales in emerging markets, principally in the BRICs.

We have been strengthening sales capabilities in BRICs. We have established local corporations in all four BRICs countries by establishing a local corporation in India (in March 2008) and turning a Russian independent distributor into one of own subsidiaries(in December 2008.) Currently, we are buildings a direct sales structure centering on medical and graphic arts business in the BRICs. Furthermore we have strengthened sales activities by allocating human resources into these areas aggressively.

We are accelerating the introduction of low-priced products with good quality in the medical, graphics, and other businesses where growth is expected, with the aim of expanding our market share.

As I just mentioned, our digital cameras for the NIEs have been well received by the market and are showing extremely strong sales. In the BRICs, sales volume is 1.5 times the level of the first half of the previous year. When the current models begin to contribute to performance in full in the latter half of this fiscal year, we are expecting even more expansion. In the medical field, we began to introduce at first in India our low-priced, compact FCR "FCR Prima," which is manufactured in China to achieve further reductions in cost, with the aim of encouraging customers to purchase these units to replace their current analog X-ray systems. In addition, in the dry film area, we are aggressively working to persuade customers to switch to our products and are steadily improving our performance in this area. In China, we acquired Tianjin MediTech Co., Ltd., which is a leading company in the field of hospital information systems, and are working to strengthen our medical IT sales capabilities. In addition, beginning in April 2009, we integrated our endoscope business in China with FUJI MEDICAL SYSTEMS CHINA and are promoting coordinated management in the modality business. In graphic arts and document businesses also, the rapid recovery in the Chinese market has brought growth in sales volumes, with CTP sales volume increasing 21% and unit sales of printers showing a gain of 73%.

Expand life science business

FUJIFILM

Expanding pharmaceuticals business through Toyama Chemical Co., Ltd.

Notice of Start of Phase III Clinical Trials of T-705 as a treatment for influenza infections in Japan (Oct. 29 2009~)

※Implementation of clinical trials is also scheduled in South Korea and Taiwan.

- ✓ **Effectiveness already confirmed among seasonal influenza patients in Phase II clinical trials**
  - ⇨ First confirmation on human beings of the effectiveness of the RNA polymerase inhibitor mechanism, which differs from the mechanism of current drugs
- ✓ **Effectiveness against the new strain of influenza (swine flu) confirmed in trials on animals in Japan**
- ✓ **Preparations under way for clinical trials on H5N1 avian influenza patients in Vietnam**
- ✓ **As the spread of influenza infection becomes a social issue, the Company is promoting preparation for quick start-up of production on its own responsibilities**

Sales of Toyama Chemical expanded 1.5-fold in the first half of the fiscal year**

✓ Zosyn (launched in FY09/3) and Geninax (launched in FY08/3) achieved steady sales growth.

Zosyn: pharmaceuticals applicable to the treatment of blood poisoning, pyelonephritis, complex cystitis, and pneumonia

Geninax: pharmaceuticals applicable to the treatment of respiratory and otological infections

Ozex 10% fine granules for children obtained approval for manufacturing in October 2009

New options for treatment of pneumonia and otitis media in children-areas where progress is stalled

Toyama Works, R&D and production center for Toyama Chemical

*Compared with the first half of the previous fiscal year 16

I would like to turn next to a review of developments at Toyama Chemical.

Looking first at the state of development of influenza treatment agent T-705: Phase III clinical trials began in Japan on October 29, 2009. Looking ahead, we are also scheduled to conduct clinical trials in South Korea and Taiwan.

Unlike currently available influenza treatments Tamiflu and Relenza, which are in wide use and rely on a neuraminidase inhibitor mechanism, T-705 relies on a new RNA polymerase inhibitor mechanism. There is concern about the discovery of resistance to the existing neuraminidase inhibitor. We believe that the development of T-705, which relies on a different mechanism for its effectiveness, will be extremely useful in providing a new option for the medical treatment of influenza.

In Phase II clinical trials that began in January 2008, the medical efficacy of the new RNA polymerase inhibitor has been confirmed in human beings.

In addition, the efficacy of this agent in treating swine flu (type A, H1N1 influenza), cases of which have reached epidemic proportions around the world, has been verified in animal trials in Japan. In Phase III clinical trials, plans call for verification of the efficacy of this agent in human beings.

Also, preparations are under way to conduct clinical trials in Vietnam to verify the effectiveness of T-705 against the H5N1 strain of influenza, or avian flu, which is also a threat to human beings.

For the further development of T-705, we are moving forward with discussions with regulatory authorities and specialists in Japan and overseas with the aim of being able to respond to various situations. Also, as the spread of influenza infection becomes a social issue, the Company is promoting preparation for quick start-up of production on its own responsibilities. Accordingly, we are moving ahead to establish procurement routes for materials and making investments in related equipment.

Turning to Toyama Chemical's recent performance: Sales of Zosyn and Geninax during the first half of the current fiscal year were favorable and expanded to 1.5 times the level of the same period of the previous fiscal year. When sales of T-705 begin in Japan next year and beyond, this will contribute to further expansion in sales and a major improvement in profitability.

Outlook for the 3rd quarter and after

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Moving toward an increasing trend in sales as a result of gradual recovery

Flat panel display materials

Outlook is for stable progress along with recovery in the LCD market

- ✓ Demand for LCD TVs recovers, principally in the Chinese market.
- ✓ Expansion in market shares of VA retardation film and new TAC products

Optical devices

Gradual order recovery

- ✓ Orders for camera phone lens units are on a recovery trend.

Medical systems

Investment drive among medical institutions is still weak, but an increase in sales is expected from the positive effects of launching new products.

- ✓ Launching and expansion of sales of DR and other new products
- ✓ Obtaining steady flow of sales inquiries for medical network
- ✓ Expansion of sales of new endoscopes

Document solutions

Volume of copies in Japan is gradually improving, and exports of equipment to Europe and the United States have bottomed out and are moving toward recovery

- ✓ Early recovery in China and the rest of Asia
- ✓ Strengthen competitiveness with the ApeosPort-IV series
- ✓ Generate positive effects from management innovation activities

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Before concluding, I would like review with you the outlook for the third quarter and beyond.

We believe that the gradual recovery trend in the economy as a whole will continue and that corporate capital investment and other economic indicators will continue to show recovery.

By major business, in the flat panel display materials business, we foresee that steady recovery in demand for these materials will continue along with the rapid trend in the Chinese market toward LCD TVs. In the latter half of the fiscal year, we are looking for expansion in sales of VA retardation film, the newly introduced 40μTAC, and other products. For the year as a whole, our outlook is for revenues from this business to exceed the original plans.

In the medical business, although the drive to invest among medical institutions is still weak, we are planning for steady increases in sales during the second half of the fiscal year. Factors accounting for this will be the launching of new DR products, including digital X-ray imaging and diagnostic systems equipped with indirect conversion flat panel detector as well as the launching and expansion in sales of low-priced, compact FCR systems. In addition, we are obtaining a steady flow of sales inquiries for medical networks in line with medical IT investment stimulus policies being implemented by the U.S. government.

In the optical devices business, although the interest in investing in broadcast camera lenses among TV stations and other customers remains low, as the mobile phone market moves toward recovery, there are signs of recovery in orders for camera phone lens units.

In addition, in the document solutions segment, sales, principally of low-priced office equipment in the Asia-Oceania area, are recovering. Also, other signs of recovery are emerging, such as a bottoming out in Japan of sales of consumables. In the latter half of the year, we are anticipating a movement toward full-scale recovery in all product categories and geographical areas, including Europe and North America. In addition to expansion in revenues from growth in sales of highly competitive products, such as the ApeosPort-IV Series, we are expecting positive contributions to profitability from the management innovation activities that we have been implementing since the latter half of the previous year.

Forecast for FY2010/3 (April '09 - March '10)

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Billions of yen	FY2009/3 (Actual)		FY2010/3 (Plan)		Change %
Imaging		410.4		350.0	(14.7)
Information		946.1		950.0	+0.4
Document		1,077.8		1,000.0	(7.2)
Revenue	100.0%	2,434.3	100.0%	2,300.0	(5.5)
Operating Income Before Restructuring and Other Charges	2.9%	70.8	2.4%	55.0	(22.3)
Restructuring and Other Charges		33.5		145.0	-
Operating Income After Restructuring and Other Charges	1.5%	37.3	(3.9)%	(90.0)	-
Income Before Income Taxes	0.4%	9.4	(4.0)%	(93.0)	-
Net Income Attributable to FUJIFILM Holdings	0.4%	10.5	(2.6)%	(60.0)	-
Net Income Attributable to FUJIFILM Holdings per Share		¥21.10		¥(122.80)	¥(143.90)
Exchange Rates US$		¥101		¥93*	¥(8)
€		¥145		¥132*	¥(13)

*3QFY'10/3~ US$:¥90 €:¥130

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Finally, I will explain about the projected consolidated performance.

As noted before, we see the gradual recovery trend in all business segment centering in NIEs, however, we have not revised our forecast for FY2010/3 because the uncertainty of the future economic trend still remains.

All Fujifilm Group units are working concertedly to move further ahead with structural reform measures to realize lower fixed costs, more-efficient R&D expenditure, and a shift of spending to strategically emphasized fields. At the same time, we are striving to attain our performance targets through such measures as those to promote greater sales of highly competitive products.

Thank you very much for your attention.

Appendix

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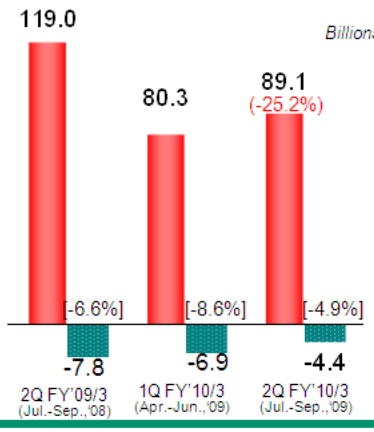
■ Imaging Solutions

Revenue* /Operating Income

■ Revenue
■ Operating Income Before Restructuring and Other Charges

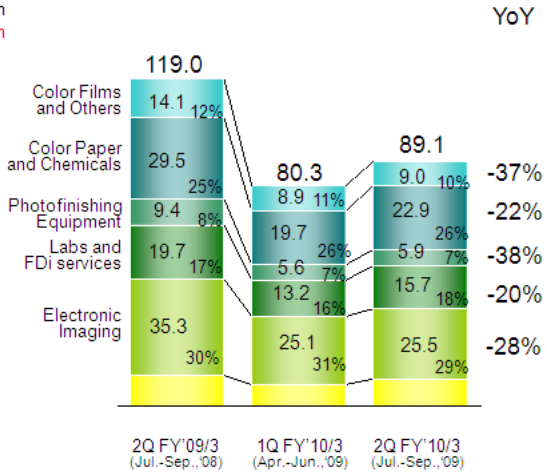
[ ]: Operating Margin
( ): YoY Comparison

Billions of yen



Sub-segment Revenue

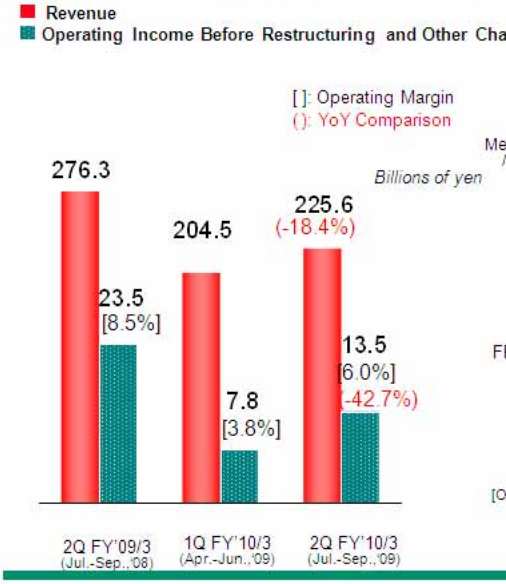
Billions of yen
%: Proportion of sub-segment revenue



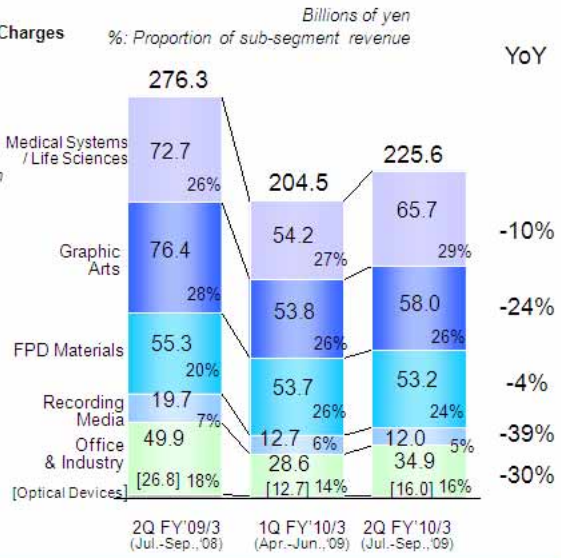
*Note: After elimination of intersegment transaction

■ Information Solutions

Revenue* /Operating Income



Sub-segment Revenue



*Note:After elimination of intersegment transaction

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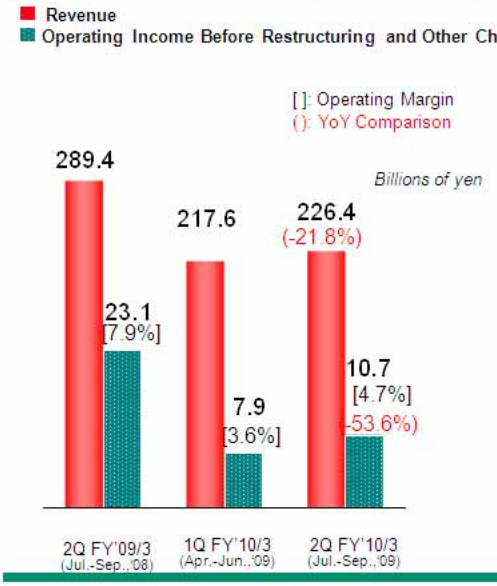
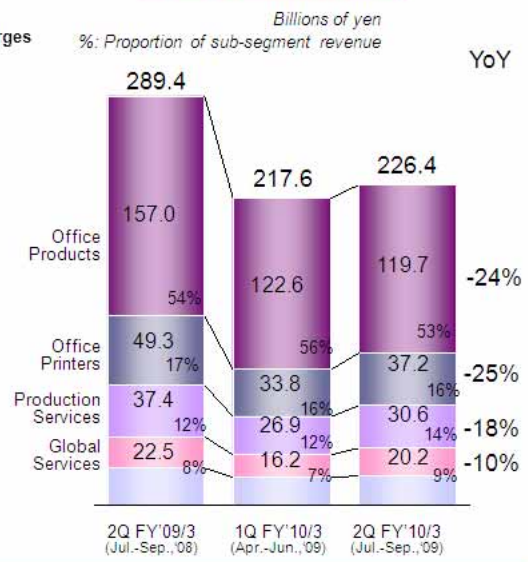
■ Document Solutions

Revenue* /Operating Income



Sub-segment Revenue



*Note:After elimination of intersegment transaction

Appendix

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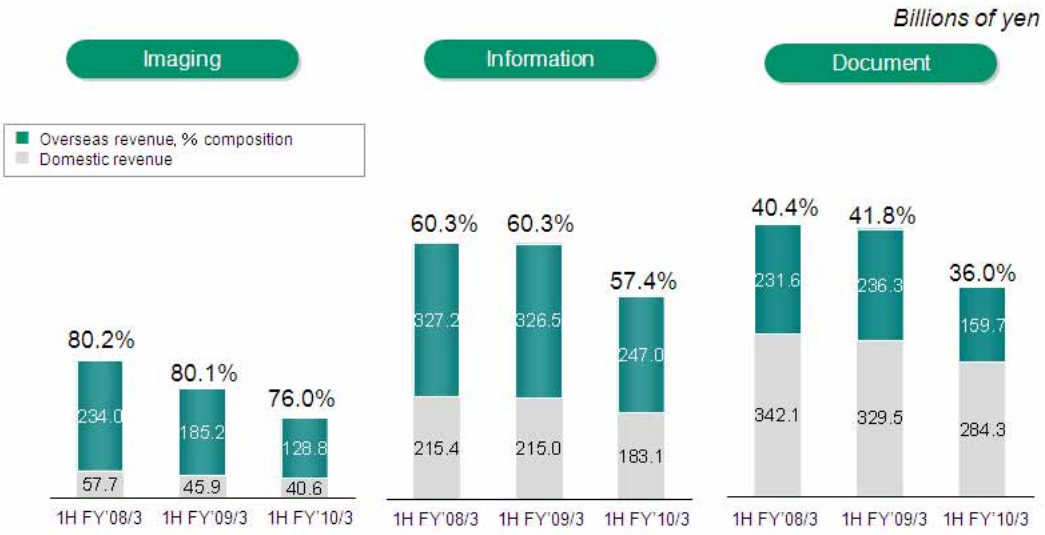
■ Revenue from Overseas(1H Apr.-Sep.)



Appendix

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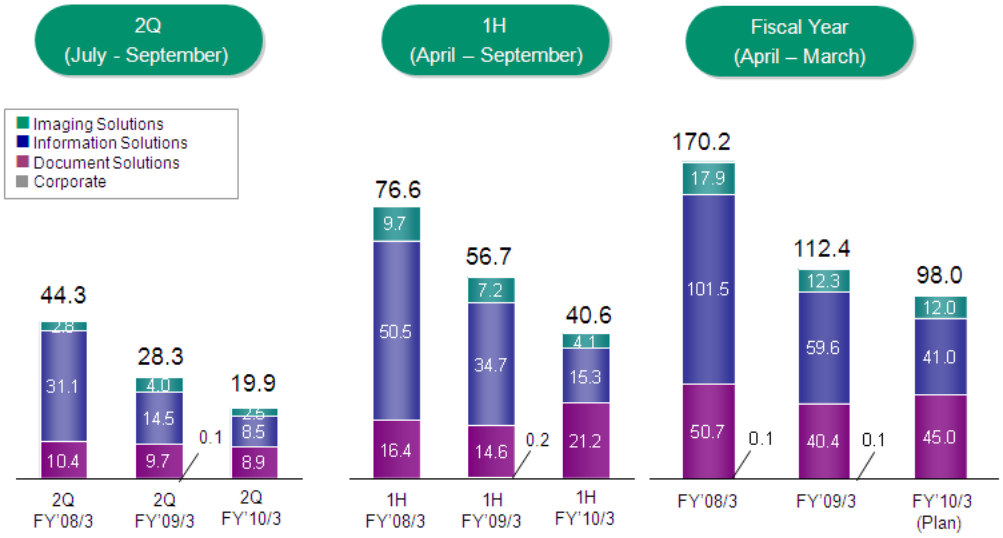
■ Capital Expenditure*



*Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment.

Appendix

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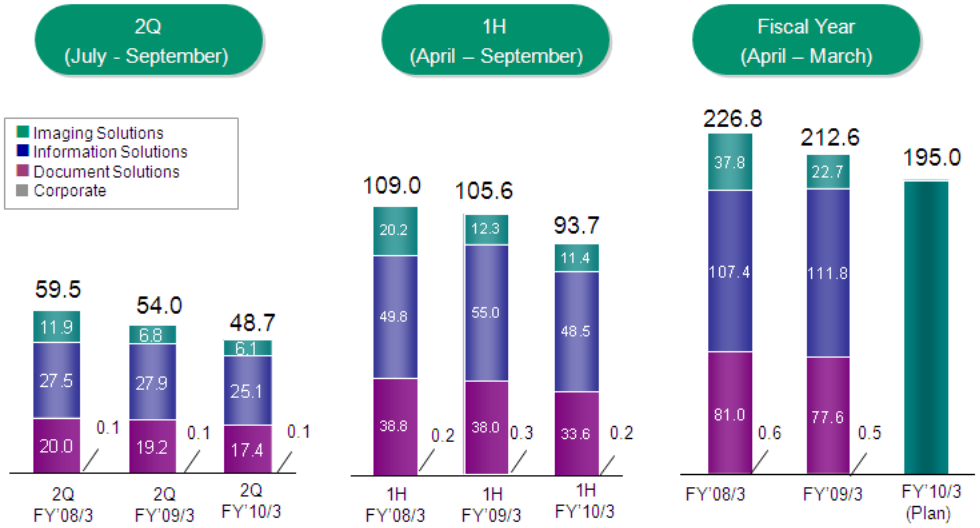
■ Depreciation & Amortization

Billions of yen



Depreciation*		
40.1	38.0	32.7

72.8	73.8	63.1

159.6	149.9	134.7

**Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment.*

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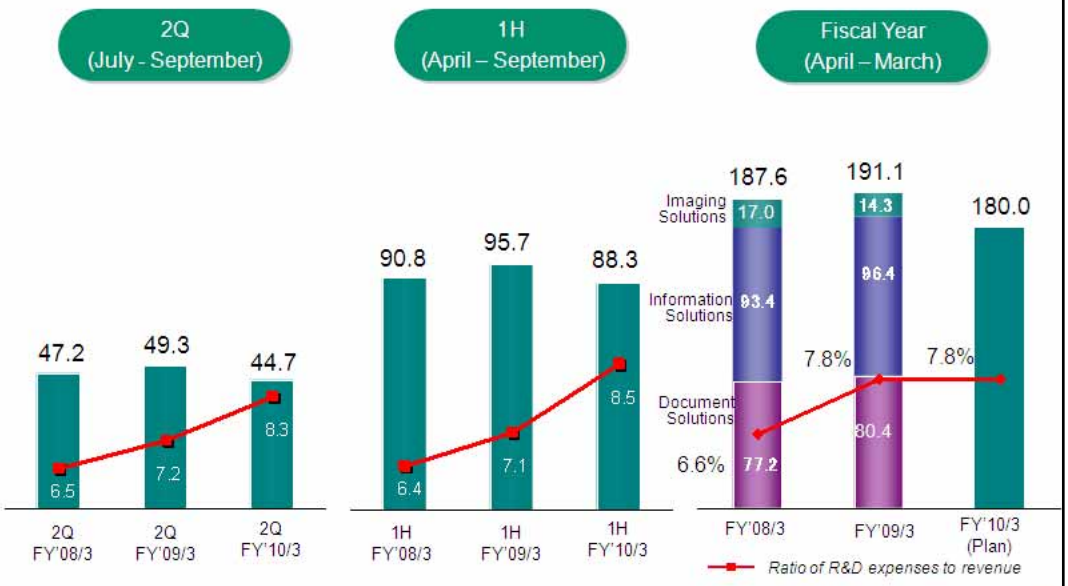
■ R&D Expenses

Billions of yen



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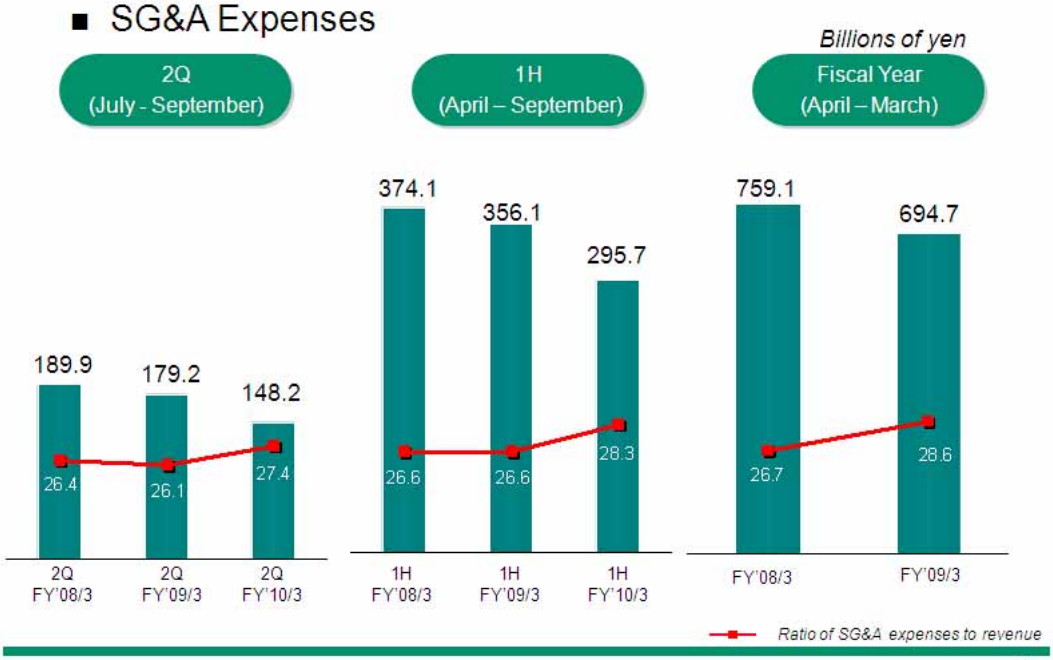
■ SG&A Expenses



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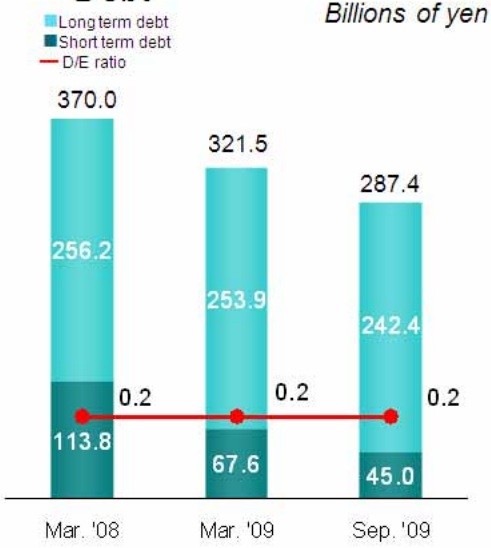
- Cash and Cash Equivalents

- Interest Bearing Debt



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- Inventories
- Notes and Accounts Receivable
- Notes and Accounts Payable

Turnover period, months
Billions of yen

■ Current State of New Drug Development

Development code	Therapeutic category	Region	Development stage					
			Non-clinical	P I	P II	P III	Filed	Formulation
T-3262 fine granules	Quinolone synthetic antibacterial	Japan						Oral*
T-614	Rheumatoid arthritis	Japan						Oral
T-3762	Quinolone synthetic antibacterial	Japan						Injection**
T-3811	New-type quinolone synthetic antibacterial	Japan						Injection***
		U.S.A.						Oral/Injection
		Europe						
T-705	Antiviral	Japan						Oral
		U.S.A.						
T-817MA	Alzheimer's disease	U.S.A.						Oral
T-5224	Rheumatoid arthritis	Japan						Oral
		Overseas						
T-2307	Antifungal	U.S.A.						Injection
T-1106	Antiviral	Japan						Oral

* Tablets are sold under the name "Ozex"

** Additional dosage of "PASIL" intravenous drip, which is currently sold on the market

*** Oral drugs are sold under the name "Geninax"

>Changes since the previous announcement (Jul 30, 2009):

T3762 fine granules: Approval obtained for manufacturing in October 2009(Reimbursement price undecided)

T705: Phase III trials began in October 2009.

T2307: Phase I trials began in October 2009

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Exchange Rates

Yen

	FY2009/3				FY2010/3		
	1Q	2Q	1H	Year	1Q	2Q	1H
US$	104	108	106	101	97	94	96
Euro	163	162	163	145	133	133	133

Sensitivity of Currency (full year, ¥1 change)

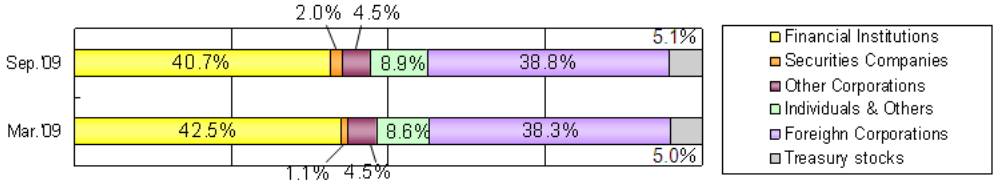
Billion s of Yen

	Operating income
US$	0.9
Euro	0.7

Number of Employees

	Sep. 2008	Dec. 2008	Mar. 2009	Jun. 2009	Sep. 2009
Consolidated Total	78,228	78,203	76,252	75,929	75,938

Distribution of Shareholders



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We will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

IR Office, Corporate Planning Div.
FUJIFILM Holdings Corporation