

Earnings of Fiscal 2007 1st Half Ended September 30, 2006 (From April 1, to September 30, 2006)

FUJIFILM Holdings Corporation
October 31, 2006

FORWARD-LOOKING STATEMENTS

This document contains projections of performance and other projections, which are made based on judgments regarding currently available information and which encompass potential risks and uncertainties. Accordingly, please be aware that diverse factors may cause actual results to differ materially from projected results.

Performance Summary

■ Operating Results for 1H FY2007 (6 months ended Sep. 30, 2006)

Billions of yen

	1H FY2007 (Apr. 1 to Sep. 30, 2006)		1H FY2006 (Apr. 1 to Sep. 30, 2005)		Change	
					Amount	%
Revenue	100.0%	1,352.0	100.0%	1,303.5	+48.5	+3.7
Pro-forma Operating Income	6.9%	92.7	5.2%	67.8	+24.9	+36.7
Structural Reform Expenses		42.0		7.8	+34.2	-
Operating Income	3.8%	50.7	4.6%	60.0	(9.3)	(15.4)
Income before Income Taxes	4.2%	56.6	4.9%	63.5	(6.9)	(10.9)
Net Income	1.8%	23.8	2.5%	33.1	(9.3)	(28.1)
Capital Expenditure*		67.1		90.3	(23.2)	(25.7)
Depreciation & Amortization		109.9		104.6	+5.3	+5.1
R&D Expenses	6.7%	90.6	7.1%	92.3	(1.7)	(1.9)
Exchange Rates						
US\$		¥115		¥109		+¥6
Euro		¥145		¥136		+¥9

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

■ Structural Reforms

Structural Reform Expenses for 1H FY2007
(April 1 to September 30, 2006)

Billions of yen

Measures by Type

	2Q	1H
Assets & Others	13.1	28.6
Staff	1.5	13.4
Total Expenditure	14.6	42.0

Measures by Operating Segment

	2Q	1H
Imaging	8.9	29.8
Information	5.7	12.2
Total Expenditure	14.6	42.0

● Assets and Others

- ◆ Accelerated depreciation of fixed assets and others

● Staff

- ◆ Termination benefits

Structural reforms are progressing smoothly and are projected to be completed on-schedule during the current fiscal year.

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Operating Segments

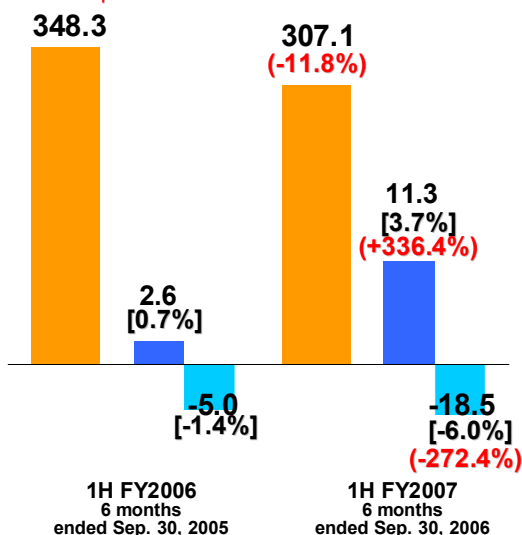
■ Imaging Solutions

Revenue* / Operating Income

- Revenue
- Pro-forma Operating Income (Excluding structural reform expenses)
- Operating Income (Including structural reform expenses)

[]: Operating Margin
(): YoY Comparison

Billions of yen



*Note: After elimination of intersegment transaction

Highlights of Performance

Revenue

Revenue: ¥307.1 billion (YoY:-11.8%)

- Growth in Fujifilm's market share for color film and color paper restrained the decrease in sales of the Imaging solutions segment.

Operating Income

Pro-forma Operating Income

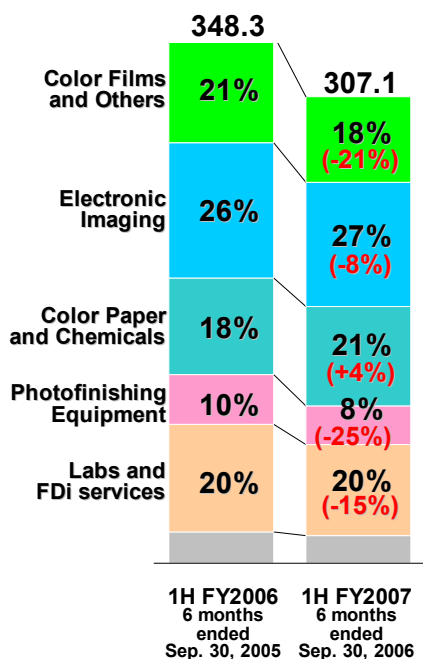
: ¥11.3 billion (YoY:+336.4%)

Operating Income: - ¥18.5 billion (YoY:-272.4%)

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Breakdown of Revenue

(): YoY Comparison Billions of yen



Color Films and Others

● Demand for color films is continuing to decrease, but the discontinuation of color film business by competing companies has enabled Fujifilm to gradually increase its market share.

Electronic Imaging

● Fujifilm's global sales volume of digital cameras during 1H amounted to approximately 3.2 million units.
 ● In Japan: Strong sales were achieved of FinePix F30 and FinePix Z3 models
Overseas: Competitions in North America became severe, particularly for entry-level models.

Color Paper and Chemicals

● While demand for prints from color films is declining, Fujifilm is increasing its market share for color paper due to the expansion of the digital photo printing.

Photofinishing Equipment

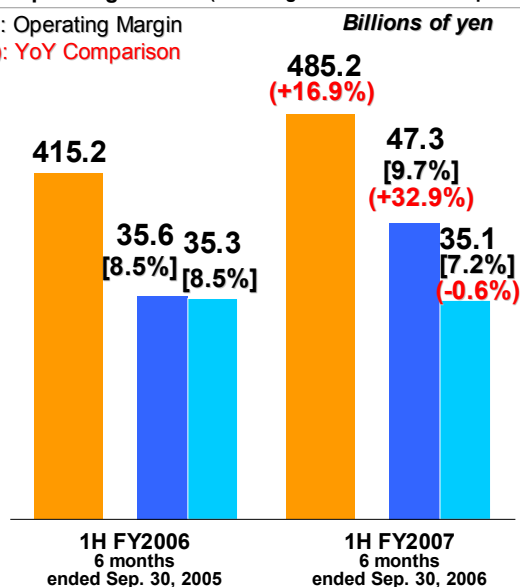
● Shipments of digital minilabs were slack, reflecting a cyclical weakening of demand for new installations.

Information Solutions

Revenue* / Operating Income

- Revenue
- Pro-forma Operating Income (Excluding structural reform expenses)
- Operating Income (Including structural reform expenses)

[]: Operating Margin
 (): YoY Comparison



*Note: After elimination of intersegment transaction

Highlights of Performance

Revenue

Revenue: ¥485.2 billion (YoY:+16.9%)

- Flat panel display (FPD) materials sales continued to grow considerably.
- Sales of endoscopes and SYNAPSE picture archiving and communications systems increased.
- The progressive shift to CTP and rise in Fujifilm's market share led to a large rise in sales of CTP plates.
- Sales increased due to the addition of new companies to the Group during the latter half of the previous fiscal year.

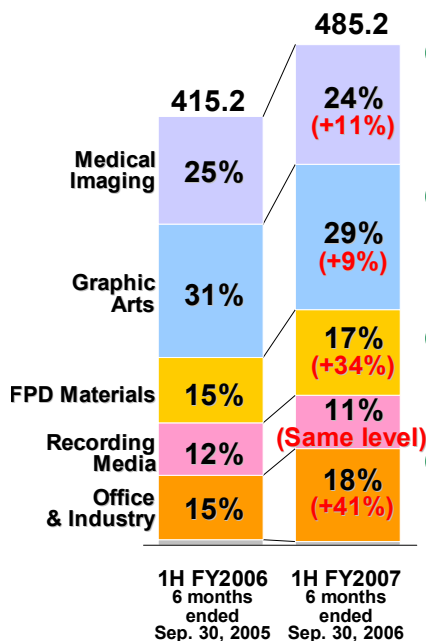
Operating Income

Pro-forma Operating Income : ¥47.3 billion (YoY:+32.9%)

Operating Income: ¥35.1 billion (YoY:-0.6%)

Breakdown of Revenue

(): YoY Comparison Billions of yen



Medical Imaging

- Fujifilm achieved higher sales of such products as FCR, dry imagers, and dry films, especially overseas.
- FCR PROTECT CS (Product name in the U.S.: FCRm) digital mammography system became the first product to receive PMA extended to a CR system for mammography from the U.S. FDA. Fujifilm has begun marketing this system in the U.S., and a robust level of purchase inquiries were received for that system.
- Endoscope business expanded steadily, particularly in North America and Japan.

Graphic Arts

- The increasing use of CTP products supported strong sales of Fujifilm's CTP system-related products.
- In response to the sharp rise in aluminum prices, Fujifilm is implementing price increases for graphic arts materials products worldwide.

FPD Materials

- Sales of FUJITAC were robust, reflecting the continued strength of demand in the LCD market.
- To respond to additional growth in demand, FUJIFILM Kyushu Co., Ltd., began operating its first FUJITAC production line on schedule, in October 2006.

Recording Media

- In the backup data storage media field, Fujifilm maintained strong sales of higher-capacity LTO Ultrium 3 products and data cartridge products used for the IBM TotalStorage® Enterprise Tape Drive 3592.

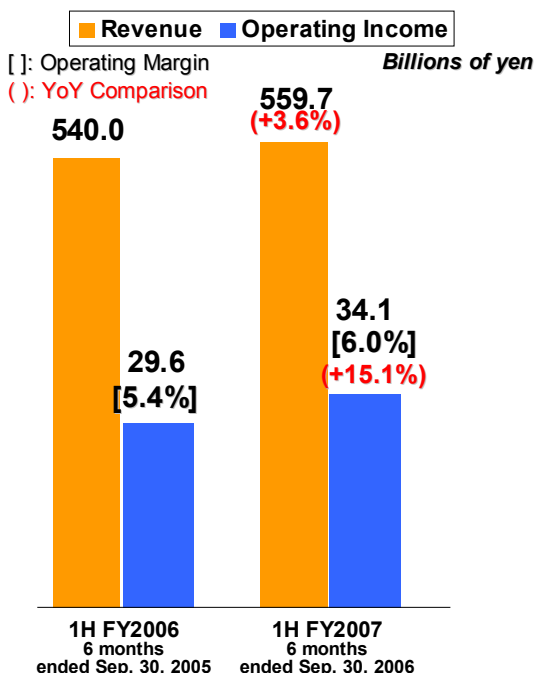
Office & Industry

- The supply volume of lens units for camera phones increased. Moreover, sales of television camera lenses surged considerably due to the 2006 FIFA World Cup™ Germany.
- FUJIFILM IMAGING COLORANTS LIMITED, whose business involves materials used in inks for ink-jet printers, has been accounted for as a consolidated subsidiary since the latter half of the previous fiscal year and contributed to the rise in sales.

*LTO and Ultrium are trademarks of Hewlett-Packard, IBM and Quantum in the U.S., other countries, or both.
*TotalStorage is a trademark of IBM in the U.S., other countries, or both.

Document Solutions

Revenue* / Operating Income



*Note: After elimination of intersegment transaction

Highlights of Performance

Revenue

Revenue: ¥559.7 billion (YoY:+3.6%)

- Color multifunction device sales grew considerably, particularly export sales to North American and European markets and sales of such devices in China and other Asian countries.
- Monochrome printer sales to North America and Europe surged.

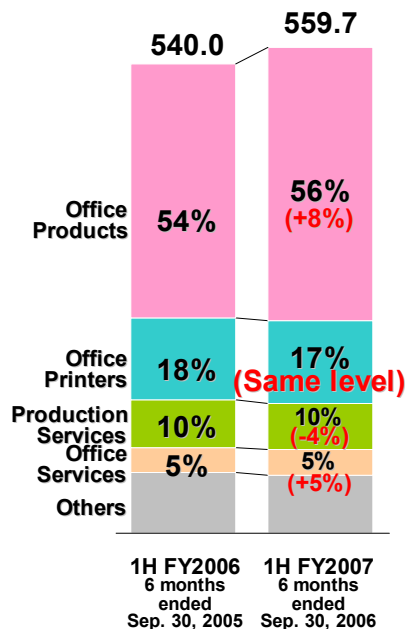
Operating Income

Operating Income: ¥34.1 billion (YoY:+15.1%)

- A rise in operating income was achieved due to higher sales volume and improved productivity, that offset a rise in SG&A costs related to measures to strengthen overseas marketing systems.

Breakdown of Revenue

(): YoY Comparison Billions of yen



Office Products

- In Japan, the lineup of the ApeosPort-II series of multifunction devices was strengthened.
- Also, the DocuCentre C2100 was launched to respond to needs for low-priced products with distinctive features.
- Regarding color products, robust export sales to North America and Europe and sales in China and other Asian countries continued.

Office Printers

- Domestic sales volume decreased due to inventory adjustments by OEM customers.
- The volume of export sales of medium-speed monochrome OEM models to North America and Europe surged. With respect to color models, a steady rise was achieved in the sales volume of new products featuring low prices but offering high-productivity performance.

Production Services

- Sales of large-scale printing systems were down, reflecting the installation of such systems for large-scale users in 1H of the previous fiscal year.
- Fuji Xerox strengthened its product line-up of monochrome on-demand printing systems, aiming at increasing domestic sales.

Office Services

- Growth in document outsourcing business was sustained.
- A decline was seen in sales of household registration systems, for which a special high level of demand was seen during 1H of the previous fiscal year
- In response to Japan's Company Law and the Japanese SOX act, Fuji Xerox created a specialized marketing team focused exclusively on internal control system-related business to expand its services business.

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Implementation of VISION 75(2006)

Expanding Growth Businesses and New Businesses

FPD Materials

FUJIFILM Kyushu's No. 1 plant began operating in October 2006. Approximately ¥70.0 billion is being invested in the construction of that company's No. 2 and No. 3 plants, and plans call for boosting annual production capacity for FUJITAC to 5.8 million m² by August 2008.

By establishing a color filter manufacturing joint venture in Shanghai, Fujifilm will dynamically expanding its color filter business in China's rapidly growing LCD market.

Inkjet

Fujifilm acquired U.S.-based Dimatix, Inc. a top manufacturer of heads for industrial-use inkjet printers.

Medical/ Life science

Fujifilm acquired all shares of Daiichi Radioisotope Laboratories, Ltd., which will expand Fujifilm's medical business to nuclear medicine including diagnostics and therapeutics.

Fujifilm initiated business in the healthcare field with the launch of the "F Square i" series functional skin care cosmetics and the "F Cube i" series of internal care products.

Strengthening R&D

In April 2006, Fujifilm opened the FUJIFILM Advanced Research Laboratories to serve as the core R&D facility for the Fujifilm Group.

Fuji Xerox has decided to establish a new R&D facility in Yokohama's Minato Mirai district, aiming to improve R&D efficiency by enabling the consolidation of R&D bases and to increase overall technological capabilities by facilitating product development projects involving collaboration between different R&D units.

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- Shift to a Holding Company Structure
-Objectives of the new organizational structure-

Increasing areas of synergy

FUJIFILM Corporation



Fuji Xerox Co., Ltd.

Creating a broad range of solutions involving materials and devices as well as systems and networks by integrating the two companies' strengths

Eliminating waste and realizing a more streamlined, powerful management structure

Streamlining SG&A, R&D, and manufacturing costs as well as tightening the strategic focus of such expenditures.

SG&A ratio to revenue for the fiscal year ending March 2010

Target: Lower half of the 20% to 30% range

(Note: SG&A ratio for fiscal year ended March 2006 is 27.6%)

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Outlook for FY 2007 ending March 31, 2007

Billions of yen

	FY2007 Outlook Apr.'06 to Mar.'07		FY2006 Results Apr.'05 to Mar.'06		Change	
					Amount	%
Revenue	100.0%	2,740.0	100.0%	2,667.4	+72.6	+2.7
Operating Income	2.9%	80.0	2.6%	70.4	+9.6	+13.6
Operating Margin						
Income before Income Taxes	2.9%	80.0	3.0%	79.6	+0.4	+0.5
Net Income	1.4%	38.0	1.4%	37.0	+1.0	+2.7
Exchange Rates						
US\$	2H Outlook (Oct. 1 to Mar. 31) US\$: ¥110	¥113		¥113	-	-
Euro	Euro: ¥135	¥140		¥138	+¥2	-
Structural Reform Expenses		79.0		86.0	(7.0)	-

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■ **Reclassification of structural reform expenses for 1H FY2006 (6 months ended September 30, 2005)**

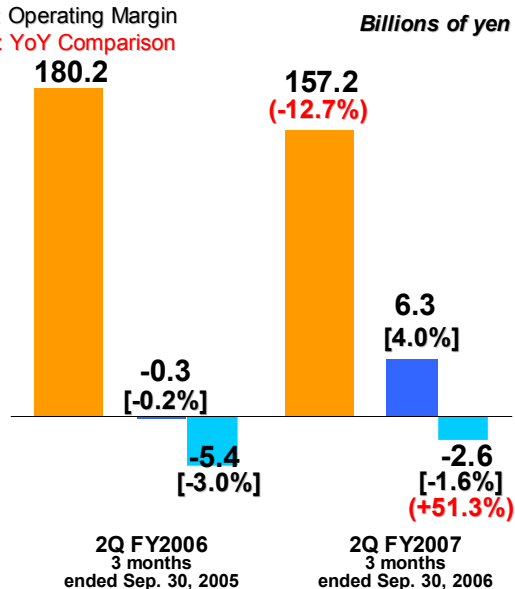
	Before Reclassification (Disclosed on Oct. 31, 2005)		Reclassified (Disclosed on Oct. 31, 2006)	
Sales		709.1		702.9
Rentals		75.8		75.8
Cost of Sales	60.2%	784.9	59.7%	778.7
Gross Profit	39.8%	518.6	40.3%	524.8
SG&A	28.1%	366.3	28.0%	364.7
R&D	7.1%	92.3	7.1%	92.3
Restructuring & Other Charges	-	-	0.6%	7.8
Operating Expenses	35.2%	458.6	35.7%	464.8
Operating Income	4.6%	60.0	4.6%	60.0

■ **Imaging Solutions (3 months ended Sept. 30, 2006)**

Revenue* /Operating Income

- Revenue
- Pro-forma Operating Income (Excluding structural reform expenses)
- Operating Income (Including structural reform expenses)

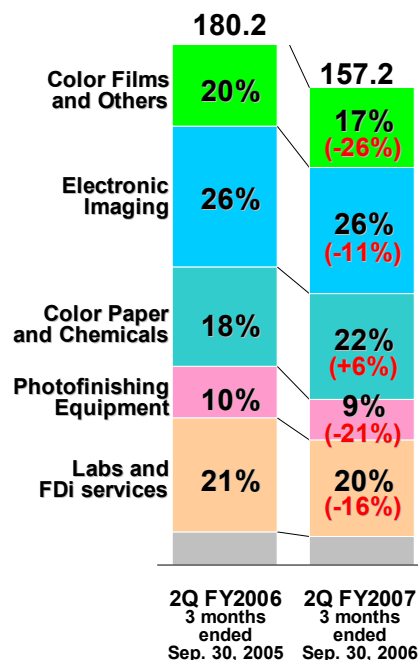
[]: Operating Margin
(): YoY Comparison



*Note: After elimination of intersegment transaction

Breakdown of Revenue

(): YoY Comparison Billions of yen

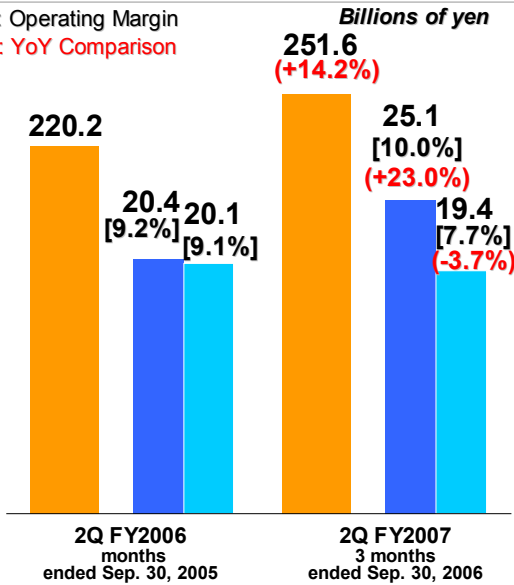


Information Solutions (3 months ended Sept. 30, 2006)

Revenue*/Operating Income

- Revenue
- Pro-forma Operating Income (Excluding structural reform expenses)
- Operating Income (Including structural reform expenses)

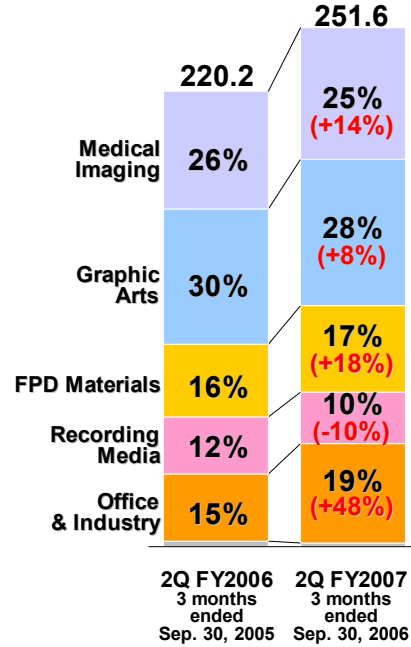
[]: Operating Margin
(): YoY Comparison



*Note: After elimination of intersegment transaction

Breakdown of Revenue

(): YoY Comparison Billions of yen

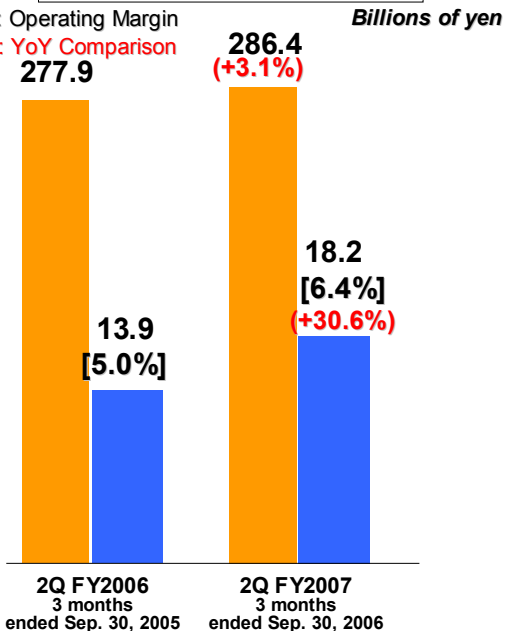


Document Solutions (3 months ended Sept. 30, 2006)

Revenue*/Operating Income

- Revenue
- Operating Income

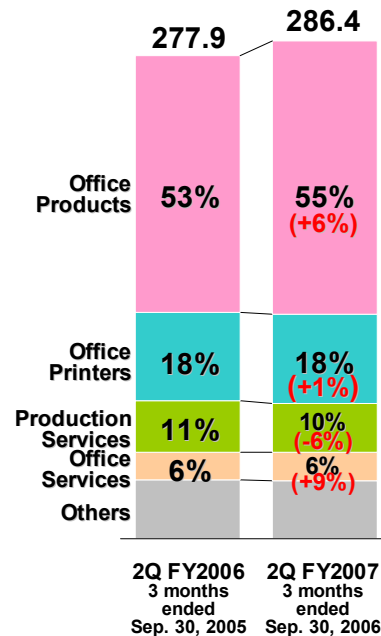
[]: Operating Margin
(): YoY Comparison



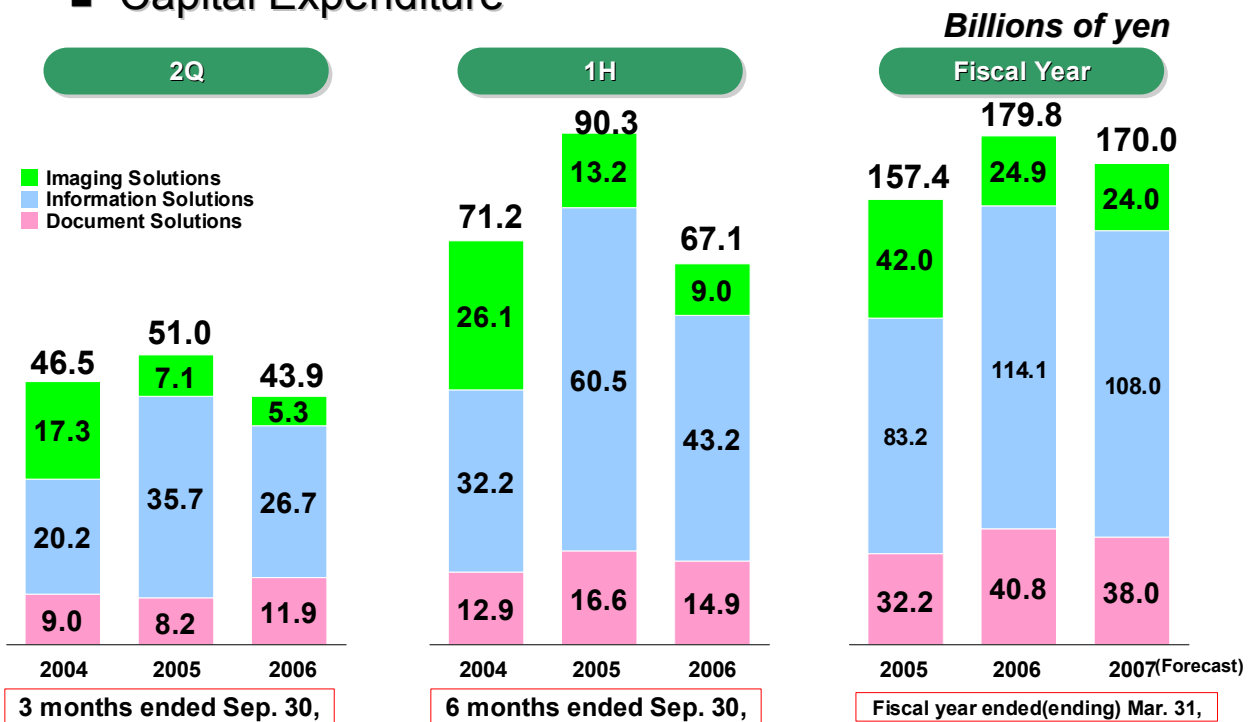
*Note: After elimination of intersegment transaction

Highlights of Performance

(): YoY Comparison Billions of yen

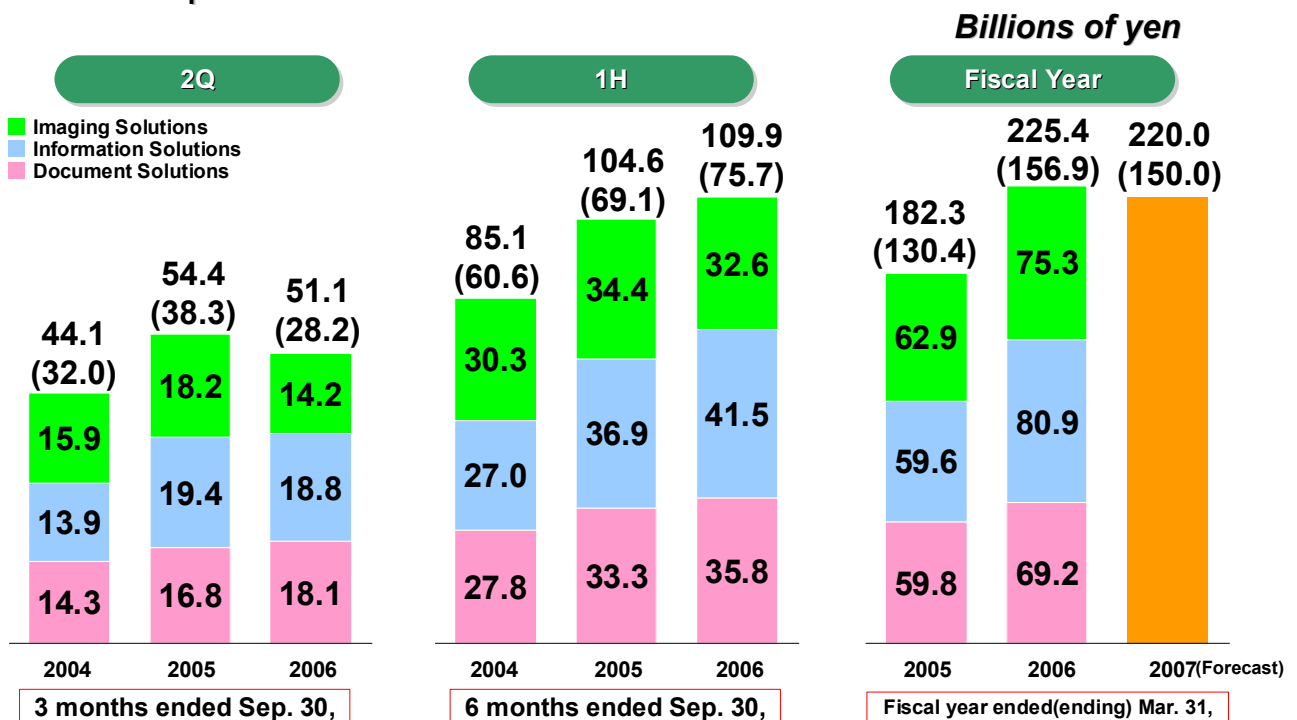


■ Capital Expenditure



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

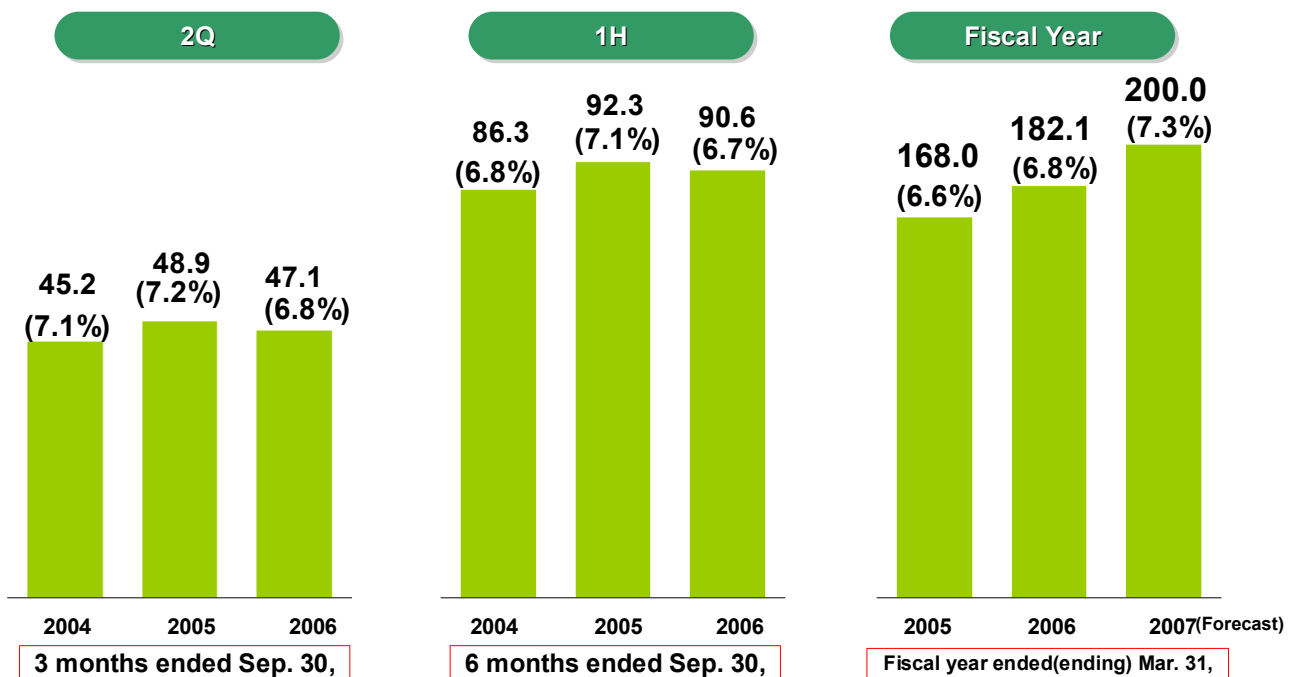
■ Depreciation & Amortization



Note: Figures in parentheses represent tangible fixed asset depreciation expense excluding that related to rental equipment handled by the Document Solutions segment.

■ R&D Expenses

Billions of yen



Note: Figures in parentheses represent ratio of R&D expense to revenue.

● Exchange Rates

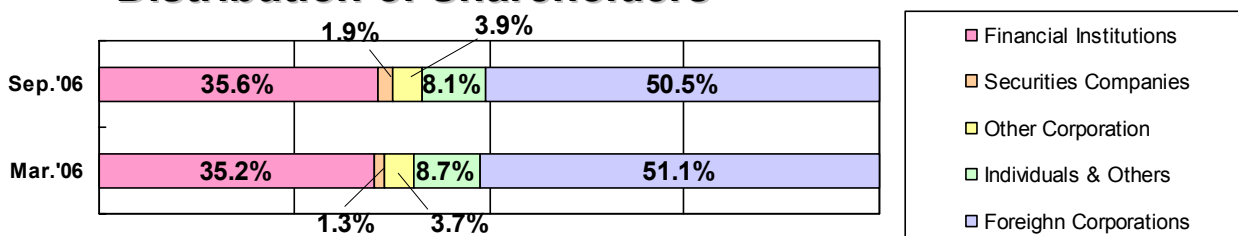
Unit: Yen

	Fiscal Year Ending Mar. 31, 2007					Fiscal Year Ended Mar. 31, 2006				
	1H		2H			1H		2H		
	1Q	2Q	Estimated	Estimated	Estimated	1Q	2Q	1Q	2Q	1Q
US\$	115	116	115	110	113	108	111	109	117	113
Euro	143	147	145	135	140	136	135	136	140	138

● Number of Employees

	2006			2005	
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
Non-Consolidated	8,424	8,703	9,163	9,106	9,144
Consolidated	78,411	77,479	75,845	75,606	76,430

● Distribution of Shareholders





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**