

## 1<sup>st</sup> Quarter Fiscal 2006 Earnings

### Ended June 30, 2005

**FUJI PHOTO FILM CO., LTD.**  
 July 29, 2005

**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

*Billions of yen*

	1Q FY2006		1Q FY2005		Change	
					Amount	%
Domestic	50.5%	316.0	50.5%	309.1	+6.9	+2.2
Overseas	49.5%	309.2	49.5%	302.7	+6.5	+2.2
<b>Revenue</b>	<b>100.0%</b>	<b>625.2</b>	<b>100.0%</b>	<b>611.8</b>	<b>+13.4</b>	<b>+2.2</b>
<b>Operating Income</b>	<b>5.0%</b>	<b>31.2</b>	<b>6.5%</b>	<b>39.9</b>	<b>(8.7)</b>	<b>(21.9)</b>
<b>Income before Income Taxes</b>	<b>5.2%</b>	<b>32.5</b>	<b>6.8%</b>	<b>41.3</b>	<b>(8.8)</b>	<b>(21.3)</b>
<b>Net Income</b>	<b>2.6%</b>	<b>16.0</b>	<b>3.5%</b>	<b>21.5</b>	<b>(5.5)</b>	<b>(25.9)</b>
<b>Exchange Rates</b>						
US\$		¥108		¥110		(¥2)
Euro		¥136		¥132		¥+4

## Operating Segments

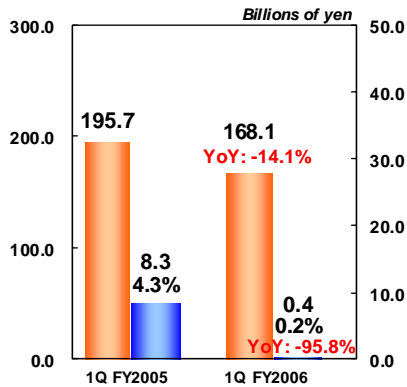


### ➤ Imaging Solutions

#### Revenue\* /Operating Income

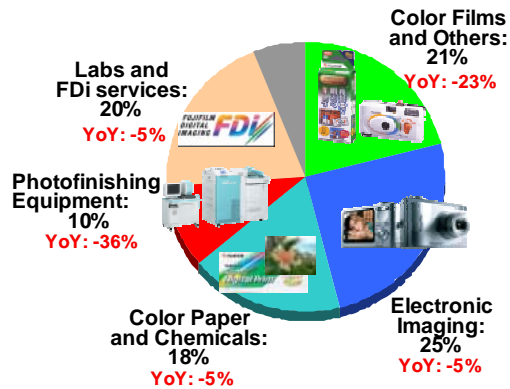
(Left scale) (Right scale)

Revenue Operating Income



\*After elimination of intersegment transaction

#### Breakdown of Revenue



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## Operating Segments



### Color Films and Others Ratio of Revenue: 21% YoY: -23%

- The impact of a fall in demand caused the Company's sales volume to decrease (decline of 23% YoY, worldwide)
- In North America, sales of QuickSnap one-time-use recyclable cameras were robust.

### Color Paper and Chemicals Ratio of Revenue: 18% YoY: -5%

- The increasingly widespread installation of digital minilabs helped boost the volume of digital camera prints in Japan and overseas.
- Despite a decrease in demand for color films, the Company slightly increased its worldwide color paper sales.

### Photofinishing Equipment Ratio of Revenue: 10% YoY: -36%

- Previous progress in the widespread installation of digital minilabs by major clients caused a temporary weakening of new demand for minilabs, depressing sales.
- The Company is sustaining efforts to promote sales of digital minilabs by developing new sources of demand, and it has moved ahead with measures to further increase the convenience of its "Print at Retail" services.

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## Operating Segments



### Electronic Imaging Ratio of Revenue: 25% YoY: -5%

- In 1Q of FY 2006, the Company's digital camera sales volume was approximately 1.45 million units, up approximately 21%.
- In Japan, sales of FinePix F10 and FinePix Z1 models were strong. Regarding overseas, conditions in North America continued to be harsh.
- Unifying inventory management (central stock management) in principal European countries, Fujifilm is moving ahead with measures to increase inventory management efficiency.



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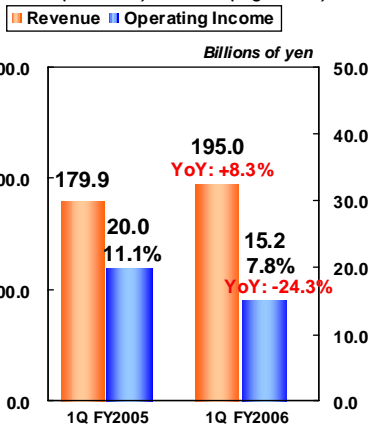
## Operating Segments



### Information Solutions

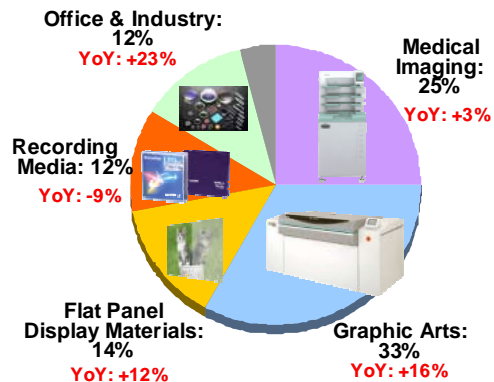
#### Revenue\* / Operating Income

(Left scale) (Right scale)



\*After elimination of intersegment transaction

#### Breakdown of Revenue



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## Operating Segments



### Medical Imaging *Ratio of Revenue:25% YoY: +3%*

- The strength of sales of medical equipment products centered on FCR was maintained.
- On April 1, 2005, Fujifilm strengthened its marketing capabilities in China with the establishment of FUJIFILM Medical Systems (Shanghai) Co., Ltd.
- In May, the Company launched its domestic C@Rna medical network service, which supports the creation of regional information networks encompassing multiple medical facilities.
- The high evaluation of FUJINON endoscopes' functions and performance supported steady product sales.
- Endoscope marketing capabilities were strengthened through the augmentation of marketing staff in Japan and the establishment of additional marketing bases in China.

### Graphic Arts *Ratio of Revenue:33% YoY: +16%*

- While demand for graphic arts films decreased, Fujifilm sustained strong sales of CTP plates.
- In response to a surge in raw material prices, the Company announced an increase in the domestic prices of graphic arts consumables.
- On April 1, 2005, Fujifilm established two graphic arts related companies in China—a marketing joint venture, FUJIFILM Starlight GRAPHIC SYSTEMS (SHANGHAI) CO., LTD., and a manufacturing subsidiary, FUJI PHOTO FILM PRINTING PLATE (SUZHOU) CO., LTD.
- FUJIFILM Sericol UK Limited, which started its operation in March, helped expand the scope of Fujifilm's graphic arts business operations.

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## Operating Segments



### Flat Panel Display Materials *Ratio of Revenue:14% YoY: +12%*

- Fujifilm continued to receive a high level of customer inquiries regarding FUJITAC and WV Film, and sales of those products grew smoothly.
- The acquired additional shares of Sanritz Corporation is aimed at accelerating the development of highly functional materials for use with LCDs.
- Fujifilm developed an electromagnetic shield film for plasma display panels and plans to begin the full-scale supply of this product in 2006.

### Recording Media *Ratio of Revenue:12% YoY: -9%*

- Intensifying price competition continued in the mid-range data storage media market.
- The volume of DVD media product sales surged considerably.
- Fujifilm made additional progress in expanding the volume of data cartridges used for the IBM TotalStorage® Enterprise Tape Drive 3592.

### Office & Industry *Ratio of Revenue:12% YoY: +23%*

- Continued growth in the supply of lenses for camera phones supported the expansion of optical lens product sales.
- Sales were increased by adding FUJIFILM Electronic Materials U.S.A., Inc. to the Group during the latter half of the previous fiscal year.
- In China, where the electronics industry is projected to greatly expand, the Company established FUJIFILM Electronic Materials (Suzhou) Co., Ltd., a subsidiary focused on the manufacture of electronic materials for semiconductors and LCDs in April.

\*TotalStorage is a registered trademark of IBM Corp. in the United States and other countries.

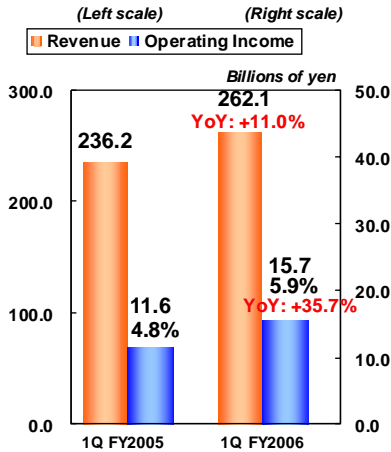
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## Operating Segments



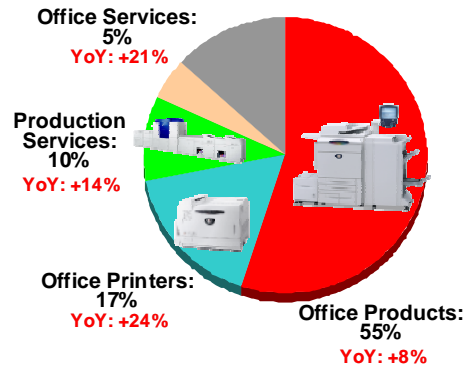
### Document Solutions

#### Revenue\* / Operating Income



\*After elimination of intersegment transaction

#### Breakdown of Revenue



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## Operating Segments



### Office Products Ratio of Revenue: 55% YoY: +8%

- Robust sales were recorded in the domestic sales volume of the DocuCentre C6550 I/C5540 I models—the top products in the DocuCentre Color multifunction device line.
- Robust sales volume was sustained of low- to medium-speed digital monochrome multifunction device models, with a particularly large rise recorded in exports to North America and Europe.
- Fuji Xerox strengthened its lineup of ApeosPort digital multifunction devices.

### Office Printers Ratio of Revenue: 17% YoY: +24%

- Noteworthy surge was realized in the volume of color printer exports to North America and Europe.
- Sales of monochrome printers and low-speed color printers continued to be strong in China and other Asian countries.



DocuCentre C6550 I



New product ApeosPort C4535 I

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## Operating Segments



### Production Services *Ratio of Revenue:10% YoY: +14%*

- Fuji Xerox expanded its supply of on-demand printing systems in China and other Asian countries.
- The launch of the Xerox iGen3 110 Digital Production Press has strengthened the Company's lineup of on-demand printing systems.



Xerox iGen3 110 Digital Production Press

### Office Services *Ratio of Revenue:5% YoY: +21%*

- Fuji Xerox's document outsourcing services are expanding.
- Sales of household registry document administration systems to local governments are strong.
- The establishment of CrossForce Co., Ltd. as a joint venture with CAC Corporation has strengthened the Company's infrastructure for expanding its office services business.

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## Implementation of VISION 75



### Structural Reforms in Imaging Solutions

- The Company continued with the implementation of structural reform measures related to manufacturing, marketing, distribution, and all other types of operations.
  - Fujifilm is seeking to reorganize its manufacturing systems on a global basis.
  - Overseas, Fujifilm moved forward with measures to reorganize and increase the efficiency of wholesale labs.
  - In Japan, FUJIFILM IMAGING Co., Ltd. integrated a mission-critical system.

### Structural Reforms in Document Solutions

- From May 2005, Fuji Xerox began operating a new mission-critical system at its head office and domestic marketing companies, and thereby it is creating a common administrative platform by integrating its marketing and performance administration and cutting down SG&A expenses through reduced inventory levels.
- The programs to shift personnel to Group companies is being rebuilt.
- Fuji Xerox is continuing personnel system reforms, introducing new retirement systems, and increasing personnel expense productivity through measures to improve the ratio of direct to indirect staffing.

### Other Measures

- In April 2005, five Fujifilm subsidiaries handling the manufacture of such products as FCR and Frontier digital minilabs were merged to create FUJIFILM TECHNO PRODUCTS CO., LTD. This move is designed to enable the progressive strengthening of the Group's manufacturing capabilities and cost competitiveness.
- As means of bolstering its technologies in the bio-life-science field, Fujifilm has become a member of the Cosmos Alliance and made investments in U.S. start-up firms that are also members of the alliance.

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## Outlook for FY 2006



### ➤ Outlook for FY2006 ending March 31, 2006

Billions of yen

	FY 2006 Outlook		FY 2005 Result		Change	
					Amount	%
Revenue	100.0%	2,700.0	100.0%	2,527.3	+172.7	+6.8
Operating Income	6.3%	170.0	6.5%	164.4	+5.6	+3.4
Income before Income Taxes	6.1%	164.0	6.4%	162.3	+1.7	+1.0
Net Income	3.1%	85.0	3.3%	84.5	+0.5	+0.6
Exchange Rates						
US\$		¥105		¥108		(¥3)
Euro		¥135		¥135		-

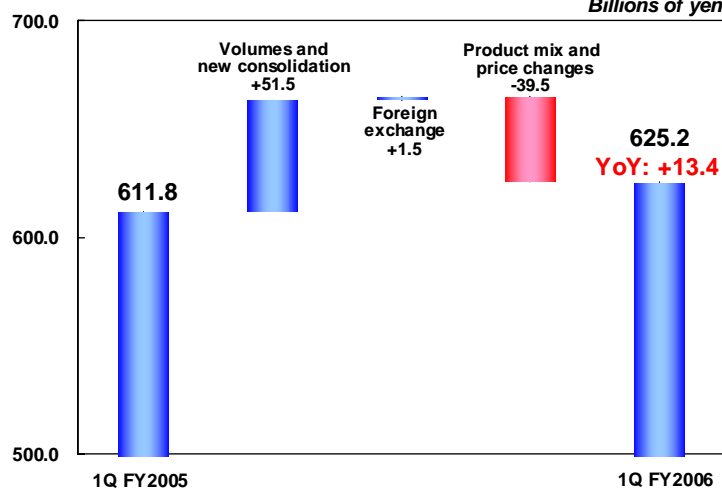
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## Reference Data



### ➤ Change in Revenue

Billions of yen

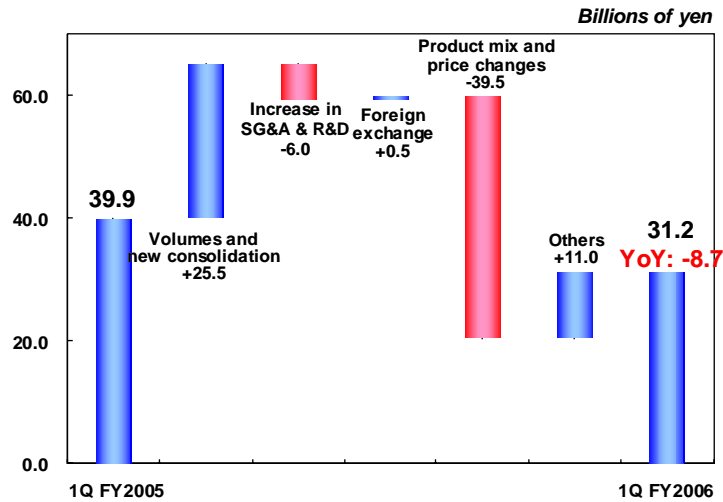


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## Reference Data



### ➤ Change in Operating Income



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## Reference Data



### ➤ Capital Expenditure, Depreciation, and R&D Expenses

Billions of yen

	FY2006		FY2005	
	1Q	(Estimated)	1Q	
Imaging Solutions	6.1	-	8.8	42.0
Information Solutions	24.8	-	12.0	83.2
Document Solutions	8.4	-	3.9	32.2
<b>Capital Expenditure (Note)</b>	<b>39.3</b>	<b>210.0</b>	<b>24.7</b>	<b>157.4</b>
Imaging Solutions	16.2	-	14.4	62.9
Information Solutions	17.5	-	13.1	59.6
Document Solutions	16.5	-	13.5	59.8
<b>Depreciation and Amortization</b>	<b>50.2</b>	<b>-</b>	<b>41.0</b>	<b>182.3</b>
<b>Depreciation (Note)</b>	<b>30.8</b>	<b>140.0</b>	<b>28.6</b>	<b>130.4</b>
<b>R&amp;D Expenses</b>	<b>43.4</b>	<b>190.0</b>	<b>41.1</b>	<b>168.0</b>
<b>Ratio of R&amp;D Expenses to Revenue</b>	<b>6.9%</b>	<b>7.0%</b>	<b>6.8%</b>	<b>6.6%</b>

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

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➤ **Exchange Rates**

*Unit: Yen*

	FY2006		FY2005				
	1Q	(Estimated)	1Q	2Q	3Q	4Q	
US\$	108	105	110	110	106	104	108
Euro	136	135	132	134	137	137	135

➤ **Number of Employees**

	June 30, 2005	March 31, 2005	June 30, 2004
Non-Consolidated	9,162	8,914	9,432
Consolidated	76,146	75,638	74,726



FUJI PHOTO FILM CO., LTD.  
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<http://home.fujifilm.com/>