

## Earnings of Fiscal 2006

Ended March 31, 2006

FUJI PHOTO FILM CO., LTD.  
 April 27, 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

*Billions of yen*

	FY 2006 (Apr. 1 '05, to Mar. 31, '06)		FY 2005 (Apr. 1, '04, to Mar. 31, '05)		Change	
					Amount	%
Domestic	49.8%	1,329.2	51.9%	1,311.8	+17.4	+1.3
Overseas	50.2%	1,338.2	48.1%	1,215.5	+122.7	+10.1
<b>Revenue</b>	<b>100.0%</b>	<b>2,667.4</b>	<b>100.0%</b>	<b>2,527.3</b>	<b>+140.1</b>	<b>+5.5</b>
<b>Operating Income</b>	<b>2.6%</b>	<b>70.4</b>	<b>6.5%</b>	<b>164.4</b>	<b>(94.0)</b>	<b>(57.2)</b>
<b>Income before Income Taxes</b>	<b>3.0%</b>	<b>79.6</b>	<b>6.4%</b>	<b>162.3</b>	<b>(82.7)</b>	<b>(51.0)</b>
<b>Net Income</b>	<b>1.4%</b>	<b>37.0</b>	<b>3.3%</b>	<b>84.5</b>	<b>(47.5)</b>	<b>(56.2)</b>
<b>Exchange Rates</b>						
US\$		¥113		¥108		+¥5
Euro		¥138		¥135		+¥3

1. Income for FY 2006 includes temporary expense recorded in connection with structural reform measures.

2. Income for FY 2005 includes temporary gain on transfer of the substitutional portion of Fuji Xerox's employee pension fund liabilities.

## Performance Summary



- Expenses related to the Structural Reforms in the imaging solutions

Structural Reform Implementation Measures

Restructuring Charges for FY2006

Assets including production facilities

- photosensitive materials business
- electronic imaging business

Staff

- Production system for photosensitive materials
- Wholesale laboratories in overseas

Measures by Type *Billions of yen*

Assets including production facilities	65.1
Staff	20.9
<b>Total Expenditure</b>	<b>86.0</b>

Measures by Operating Segment

Imaging	77.4
Information	8.6
<b>Total Expenditure</b>	<b>86.0</b>

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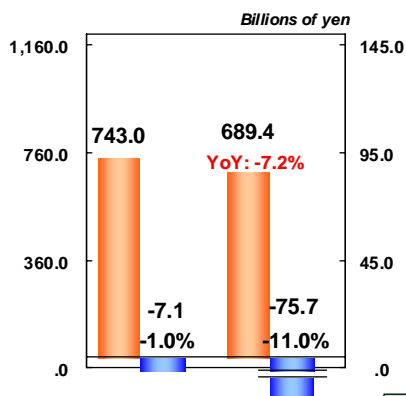
## Operating Segments



- Imaging Solutions

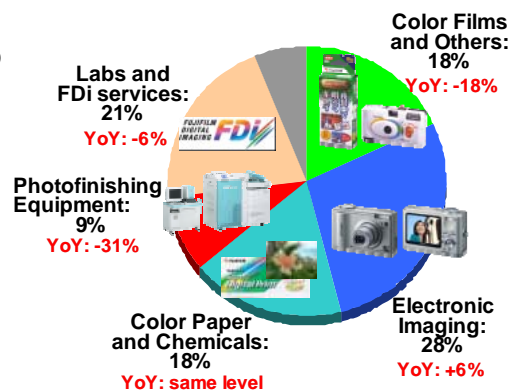
Revenue\* / Operating Income

(Left scale) (Right scale)  
 Revenue Operating Income



\*After elimination of intersegment transaction

Breakdown of Revenue



FY 2006 operating income for Imaging Solutions includes ¥77.4 billion of restructuring expenses

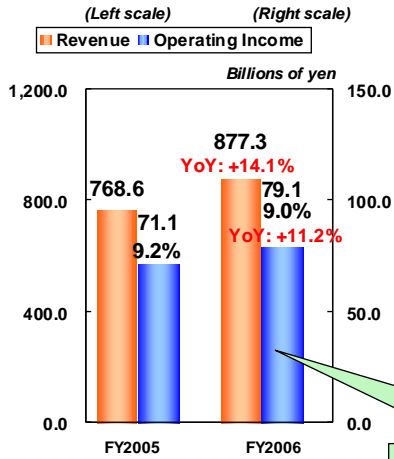
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## Operating Segments



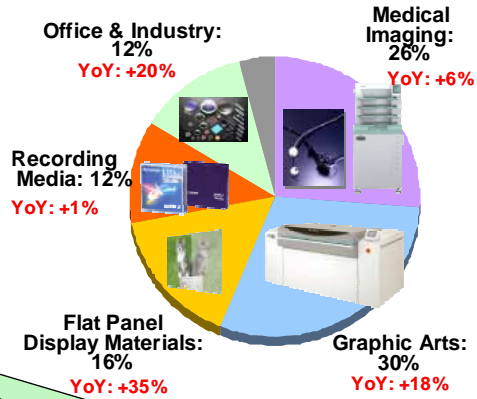
### Information Solutions

#### Revenue\* / Operating Income



\*After elimination of intersegment transaction

#### Breakdown of Revenue



FY 2006 operating income for Information Solutions includes ¥8.6 billion of structuring reforms

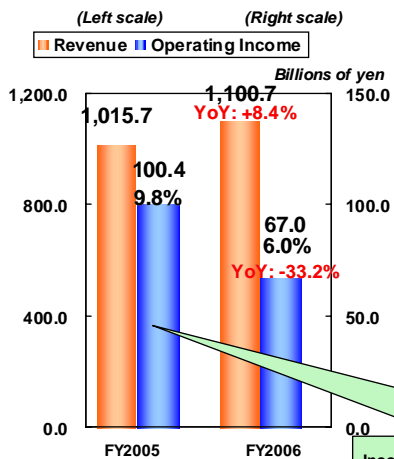
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## Operating Segments



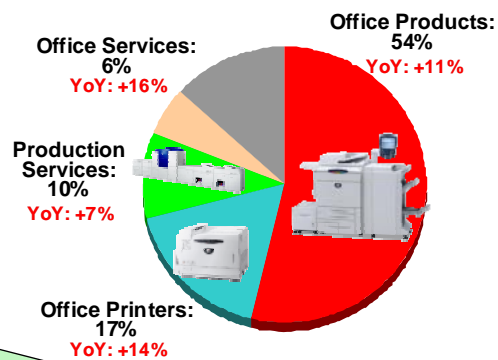
### Document Solutions

#### Revenue\* / Operating Income



\*After elimination of intersegment transaction

#### Breakdown of Revenue



Income for FY 2005 includes temporary gain on transfer of the substitutional portion of Fuji Xerox's employee pension fund liabilities.

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## Medium-Term Management Plan VISION 75 (2006)

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### **VISION75 (2006)**

➤ **Priority Business Subjects for VISION75(2006)**

- Expedited Implementation of Fundamental Structural Reforms Centered on Imaging Business and Sharp Performance Improvement from FY2008.
- Promoting strategic growth in priority business fields, including highly functional materials (flat panel display (FPD) materials, electronic materials, ink-jet printer ink, etc.) , medical imaging/life sciences, graphic arts, documents, and optical devices.
- Tightening the focus of R&D investment, centering on three advanced research laboratories, to accelerate the emergence of the key businesses and mainstay products of the future.
- Shift to a holding-company structure to further strengthen consolidated management system and thereby maximize the overall value of the Fujifilm Group.

## VISION75 (2006)



### > Operating Results Objectives for VISION75 (2006)

Billions of yen

	FY2006 Apr.'05- Mar.'06 Results	FY2007 Apr.'06- Mar.'07 Forecast	FY2008 Apr.'07- Mar.'08 Plan	FY2010 Apr.'09- Mar.'10 Plan
Revenue	2,667.4	2,740.0	2,850.0	3,150.0
Operating Income (Operating Margin)	70.4 (2.6%)	80.0 (2.9%)	200.0 (7.0%)	250.0 (7.9%)
Capital Expenditure*	179.8	170.0	190.0	
Depreciation	225.4	220.0	210.0	
Exchange Rates				
US\$	¥113	¥110	¥110	
Euro	¥138	¥135	¥135	
Expenditure of Structural Reform	86.0	79.0		

Aggregate Structural Reform Expenses Amounting to ¥ 165.0 billion.

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

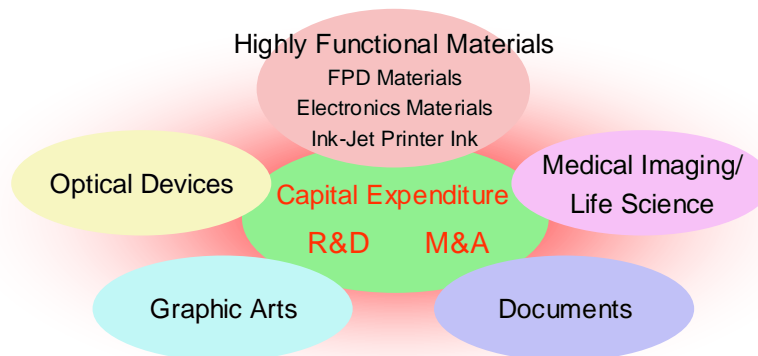
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## VISION75 (2006)



### > Concentrated Investment of Resources in Strategic Growth Fields

- **Timely capital investments** in such rapidly growing business fields as FPD materials
- **Proactive M&A initiatives** centered on such new business fields as life sciences .
- **High levels of R&D investment** to create highly distinctive new technologies and products



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## VISION75 (2006)



### ➤ Expanding Operations in Growth Fields

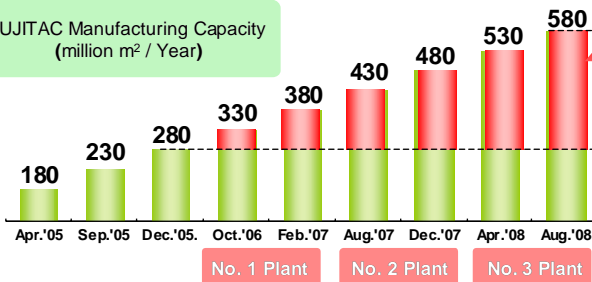
#### Flat Panel Display Materials

Plans accelerated for the construction by FUJIFILM Kyushu Co., Ltd., of additional FUJITAC manufacturing plants.



FUJITAC manufacturing subsidiary, FUJIFILM Kyushu Co., Ltd.

FUJITAC Manufacturing Capacity  
(million m<sup>2</sup> / Year)



The start of operations the No. 1 - No. 3 plants will boost annual FUJITAC production capacity from 280 million m<sup>2</sup> to 580 million m<sup>2</sup> by slightly over 2 years from now.

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## VISION75 (2006)



### ➤ Strengthening R&D

#### FUJIFILM Advanced Research Laboratories

- ◆ Carrying out of leading-edge research based on horizontally integrated Companywide research programs
- ◆ Promoting the development of core technologies that will be the foundation for new businesses and products



FUJIFILM Advanced Research Laboratories (opening on April)

#### Fujifilm's Three Advanced Research Laboratories

- **Advanced Core Technology Laboratories**  
Building future core technologies centered on photonics, nanotechnology, and functional materials
- **Organic Synthesis Chemistry Research Laboratories**  
Carrying out R&D related to highly functional organic materials in such fields as the organic electronics and the medical imaging/ life-science fields
- **Life Science Research Laboratories**  
Development of core technologies and products related to medical therapy and health in such fields as protein/DNA analysis and diagnostic systems, drug discovery and drug discovery support, regeneration therapy, and healthcare

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**Shift to a New Group Management Structure  
“FUJIFILM Holdings Corporation” to Launch  
as of October 1, 2006**

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## ***Key Features of New Systems***

- 1 Shift to New Systems Centered  
on Holding Company**
- 2 Changing the company name with the shift  
to become a holding company organization**

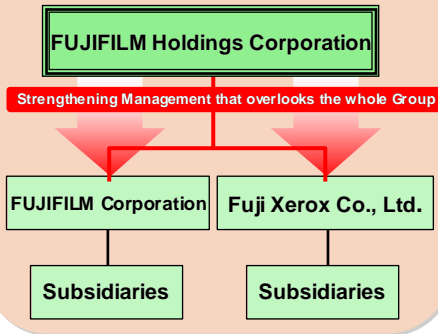
## Key Features of New Systems



1

### Shift to New Systems Centered on Holding Company

#### Organization Structure after October 1



Strengthening Management that overlooks the whole Group

New system giving the holding company responsibility for strategic management of the entire Group

- Effective manage resource allocation
- Increased areas of synergy among Fujifilm Group companies
- Cultivation and effective utilization of personnel
- Improved efficiency of common operations'
- Strengthening Group management governance systems

\*Establish the management units that support board of directors' meeting, including Group Business Planning, Accounting, Personnel, General Affairs, and IT.

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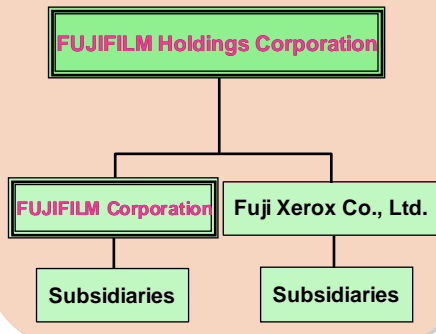
## Key Features of New Systems



2

### Changing the company name with the shift to become a holding company organization

#### ◆Post-Transition Organization Structure



Changing the company name to reflect the intended expansion into business domains beyond photography, while inheriting the assets of "Fujifilm", which is an established corporate brand providing reliability and high quality with a global reputation.

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## Reference Data

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## Reference Data

### ➤ Imaging Solutions TOPICS

#### **Color Films and Others**

- Sales of recyclable camera sales in North America were robust, particularly in the first half of the FY2006.
- Amid a downtrend in overall global demand, Fujifilm's worldwide sales volume was down approximately 20% over from the previous fiscal year.
- Aiming to adapt to changes in market scale and build a business structure able to generate a profit, Fujifilm is implementing fundamental structural reform measures.

#### **Electronic Imaging**

- During FY2006, Fujifilm's global sales volume of digital cameras amounted to approximately 6.2 million units.
- Fujifilm digital cameras' high sensitivity—a distinctive strength—is increasing winning market's popularity.

Japan: Strong sales were sustained following the launch of the FinePix F10 and FinePix Z1 models in spring 2005.

Overseas: Smooth growth was seen in sales of high-sensitivity models in Europe and Asia from the latter half of the fiscal year.

Conditions in North American markets remained harsh due to fierce price competition.

- The strengthening of competitiveness was promoted by progress made in the shift of manufacturing operations to China, the improvement of supply-chain management (SCM) systems, and the reappraisal of marketing systems.

### Color Paper and Chemicals

- The shrinking of the film market led to a drop in the volume of prints made from film.
- Digital print volume continued to rise at a rapid rate in Japan, North America, and Europe due to such factors as the rising market diffusion of digital cameras, the installation of an increasing number of digital minilabs, and the effect of Fujifilm's promotional campaigns.
- Fujifilm's global color paper sales volume increased 2% from the previous fiscal year.
- Aiming to further increase digital camera print sales, the Company is promoting infrastructure installation and the conducting of promotional campaigns worldwide.

### Photofinishing Equipment

- The completion of a round of digital minilab installations by major customers in the years through FY2005 depressed minilab sales during FY2006.
- An alliance arranged with Noritsu Koki Co., Ltd., covering the fields of digital minilab product development and afterservice, is expected to strengthen both companies' digital camera printing services business.

### Information Solutions TOPICS

#### Medical Imaging

- Strong sales were recorded of such equipment as FCR and dry imagers and such consumable materials as dry film, particularly overseas.
- Fujifilm launched a new compact FCR product expected to augment installations at small-scale medical facilities, which have great demand for such products.
- Sales of the SYNAPSE medical-use picture archiving and communications system increased steadily.
- Sales of Fujinon endoscopes continued to smoothly.
- The addition of new models to the popular Transnasal Endoscope product line in September 2005 contributed to a further surge in sales.

#### Graphic Arts

- Amid the increasing use of CTP systems throughout the world, Fujifilm's moves to expand its manufacturing capacity supported a continued rise in its sales of CTP products.
- To respond to additional growth in demand for CTP plates in the future, Fujifilm is further strengthening its quadripolar global manufacturing network.
- Surging prices of aluminum and other raw materials had an adverse influence on profitability.
- Response to surge in raw material prices
  - Japan: Increase to selling prices of printing plates and materials implemented from September 2005
  - Overseas: Increase to selling prices of printing plates and materials progressively implemented from March 2006
- The March 2005 conversion of FUJIFILM Sericol UK Limited and other companies into consolidated subsidiaries expanded the scope of Fujifilm's business to encompass industrial product /package printing markets.

## Reference Data



### Flat Panel Display Materials

- Sales of FUJITAC and WV Film products increased greatly as the Company augmented its manufacturing capacity for those products amid continued abundant demand.
- Just as in FY2006, Fujifilm plans to inaugurate new FUJITAC and WV Film manufacturing facilities during FY2007 and subsequently, thereby promoting the additional expansion of related business volume.

### Recording Media

- In the mid-range product sector of data storage tape business, sales of the Company's mainstay LTO Ultrium 3\* products continued to be robust.
- In the high-end enterprise data storage product market, sales of data cartridge products used for the IBM TotalStorage® Enterprise Tape Drive 3592 increased smoothly.
- In DVD markets, persistently intense price competition continued to create a harshly competitive business environment.

\*LTO and Ultrium are registered trademarks of Hewlett Packard, Inc. and IBM, in the United States and other countries  
\*TotalStorage is a registered trademark of IBM Corporation in the United States and other countries

### Office & Industry

- Fujifilm expanded its sales in lens business due to a rise in sales of lens units for camera phones, which are in great demand.
- Sales were increased by adding FUJIFILM Electronic Materials U.S.A., Inc. to the Group during the latter half of the previous fiscal year.

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## Reference Data



### > Document Solutions TOPICS

#### Office Products

- Sales of digital color multifunction devices were strong, particularly export sales to North American and European markets and sales in China and other Asian countries.
- In the Japanese digital color multifunction device market, growth in sales was sustained and Fuji Xerox maintained its top share of the market in color printers volume terms\*. \*Fujifilm estimate

#### Office Printers

- Growth in OEM sales of reasonably priced color laser printers boosted laser printer exports to North America and Europe.
- In China and other Asian countries, sales of low-speed color printers greatly increased.

#### Production Services

- Sales of computer printing systems and on-demand printing systems were strong in China and other Asian countries.
- The launch of the Xerox iGen3 110 Digital Production Press strengthened the Company's on-demand printing systems product lineup.

#### Office Services

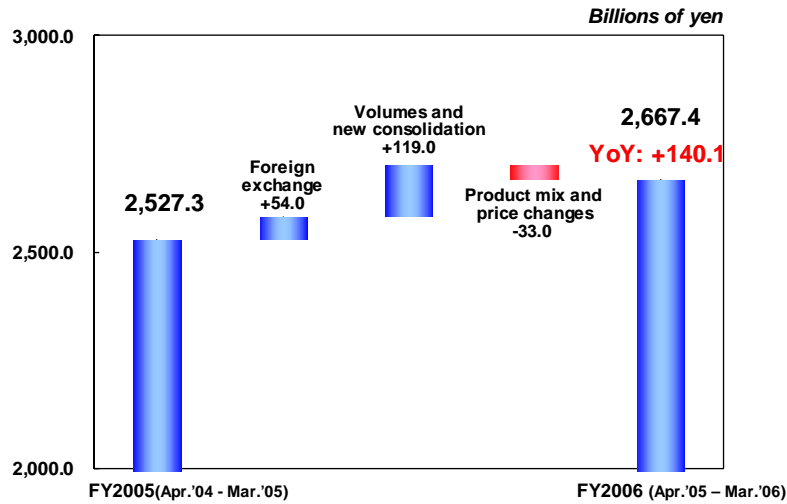
- Domestic document outsourcing business grew.
- Sales of household registry document administration systems to local governments continued to be strong.
- The launch of Internet-based information-sharing software and document administration systems strengthened the basis for expanding service business.

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## Reference Data



### ➤ Change in Revenue

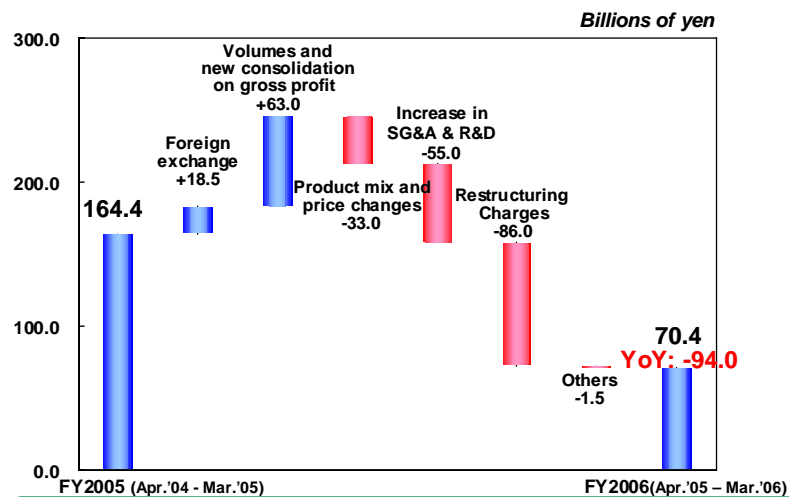


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## Reference Data



### ➤ Change in Operating Income



1. Income for FY 2006 include temporary expenses recorded in connection with structural reform measures.
2. Income for FY 2005 include temporary gain on transfer of the substitutional portion of Fuji Xerox's employee pension fund liabilities.

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## Reference Data



### VISION75 — Building New Growth Strategies —

#### ➤ Major Activities in FY2006

Month/Year	Business Field	Activities
Mar. '05	FPD materials	After announcing its initiation of business in PDP materials, the Company is beginning full-scale operation in PDP materials during FY2007.
Jun. '05	FPD materials	Fujifilm expanded its shareholding in Sanritz Corporation as a means of further accelerating its development of high-performance functional materials for use with LCDs.
Sep. '05	Life Science	Fujifilm cooperated with CMIC Co., Ltd., in establishing a joint venture—FUJIFILM CMIC HEALTHCARE Co., Ltd.
Oct. '05	Document	Fuji Xerox revamped its domestic marketing organization and took steps to promote the strengthening of service business.
Nov. '05	Electronic Materials	Fujifilm began full-scale business in semiconductor-use chemical mechanical planarization (CMP) slurries by acquiring the 50% shareholding of Arch Chemicals Inc. in Planar Solutions, LLC.
Jan. '06	Fine Chemicals	Fujifilm transformed an affiliated chemical product development and manufacturing company, Sankio Chemical Co., Ltd., into a wholly owned subsidiary, which was renamed FUJIFILM FINE CHEMICALS CO., LTD.
Jan. '06	Life Science	Aiming to promote full-scale growth of antibody-based therapeutics business, the Company made an equity investment in a drug-discovery start-up company, Perseus Proteomics Inc.
Feb. '06	Ink for Inkjet Printers	Fujifilm acquired one of the world's leading manufacturers of colorants for ink-jet printers—Avecia Inkjet Limited—and transformed it into a wholly owned subsidiary

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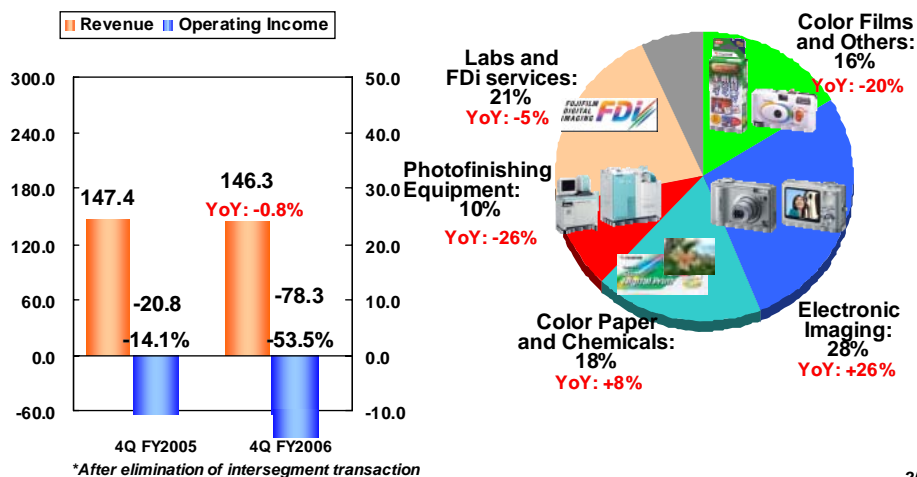
## Reference Data



### ➤ Imaging Solutions (3 months ended Mar. 31, 2006)

#### Revenue\* / Operating Income

#### Breakdown of Revenue



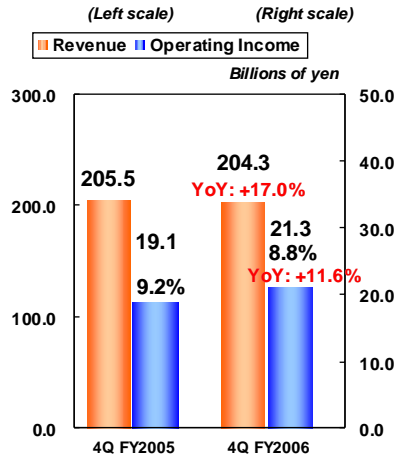
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## Reference Data



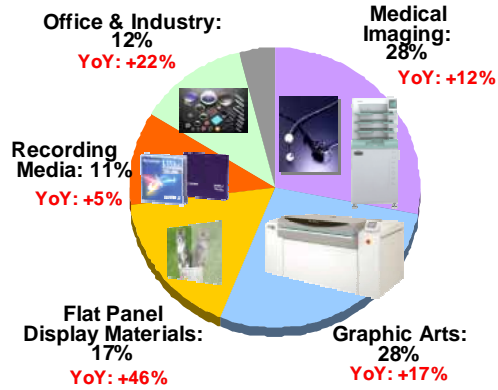
### Information Solutions (3 months ended Mar. 31, 2006)

#### Revenue\* / Operating Income



\*After elimination of intersegment transaction

#### Breakdown of Revenue



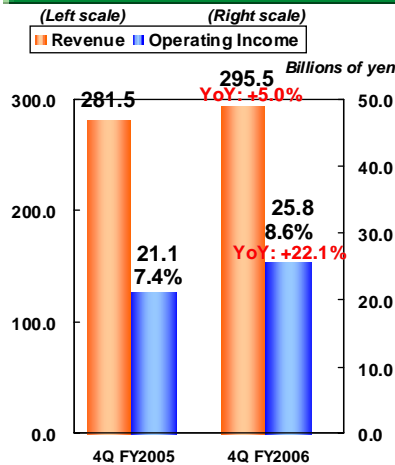
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## Reference Data



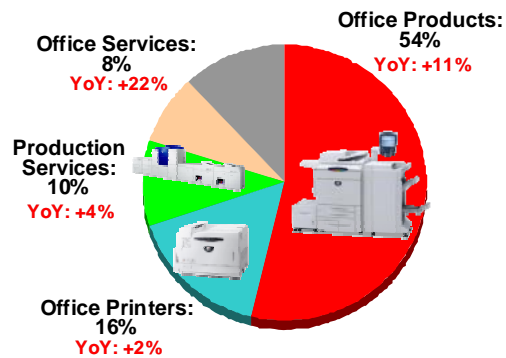
### Document Solutions (3 months ended Mar. 31, 2006)

#### Revenue\* / Operating Income



\*After elimination of intersegment transaction

#### Breakdown of Revenue



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## Reference Data



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

Billions of yen

	FY2007 Apr.'06- Mar.'07	FY 2006 Apr.'05-Mar.'06		FY 2005 Apr.'04-Mar.'05	
	Forecast	4Q		4Q	
Imaging Solutions	-	6.6	24.9	11.4	42.0
Information Solutions	-	32.9	114.1	33.1	83.2
Document Solutions	-	16.3	40.8	11.5	32.2
<b>Capital Expenditure (Note)</b>	<b>170.0</b>	<b>55.8</b>	<b>179.8</b>	<b>56.0</b>	<b>157.4</b>
Imaging Solutions	-	24.8	75.3	16.3	62.9
Information Solutions	-	25.8	80.9	16.9	59.6
Document Solutions	-	18.1	69.2	17.4	59.8
<b>Depreciation and Amortization</b>	<b>220.0</b>	<b>68.7</b>	<b>225.4</b>	<b>50.6</b>	<b>182.3</b>
<b>Depreciation (Note)</b>	<b>150.0</b>	<b>51.9</b>	<b>156.9</b>	<b>36.4</b>	<b>130.4</b>
<b>R&amp;D Expenses</b>	<b>200.0</b>	<b>44.9</b>	<b>182.1</b>	<b>41.6</b>	<b>168.0</b>
<b>Ratio of R&amp;D Expenses to Revenue</b>	<b>7.3%</b>	<b>6.6%</b>	<b>6.8%</b>	<b>6.6%</b>	<b>6.6%</b>

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

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## Reference Data



### Exchange Rates

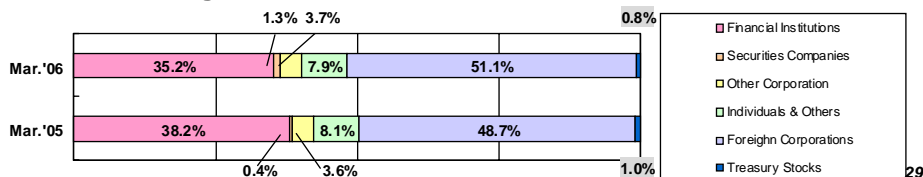
Unit: Yen

	FY2007 Apr.'06- Mar.'07	FY2006 Apr.'05-Mar.'06				FY2005 Apr.'04-Mar.'05					
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
US\$	110	108	111	117	117	113	110	110	106	104	108
Euro	135	136	135	139	140	138	132	134	137	137	135

### Number of Employees

	As of Mar. 31, 2006	As of Sep. 30, 2005	As of Mar. 31, 2005
Non-Consolidated	9,163	9,144	8,914
Consolidated	75,845	76,430	75,638

### Foreign Shareholder Ratio



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FUJI PHOTO FILM CO., LTD.  
IR OFFICE, CORPORATE COMMUNICATIONS DIV.  
<http://www.fujifilm.com/>