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## Measures for Promoting a New Surge of Growth

- Fujifilm's measures to overcome harsh operating environment -

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**FUJIFILM Holdings Corporation**

October 30, 2008

### 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.

## *Current Management Issues*

### ■ Extreme Changes in Operating Environment

- Worldwide economic deterioration
- Rapid yen appreciation
- Rise in raw materials prices

Impact on  
overall businesses



Overcome deteriorating market environments  
through business reforms and strengthening  
of competitiveness in each business field

## ■ Imaging Solutions

### ● Photography business

#### Recent issues

- ✓ Profitability worsened due to rise in raw materials prices
- ✓ Harsh price competition in color paper market
- ✓ Decrease in photo print volume

#### Fujifilm's business developments

- ✓ Reduce fixed costs by consolidation and closure of photofinishing laboratories in Europe and North America and other measures
- ✓ Personnel reduction at a domestic distribution subsidiary\*
- ✓ Photo print expansion strategies
  - Expand high value added prints such as photo books
  - Increase print volume through various forms including silver halide, inkjet, dye sublimation and network printing



Transform photo business into source of stable cash flow

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\*Personnel reduction at a 3 segments' shared domestic distribution subsidiary. Related expenses are recorded in Information solutions segment. (Refer to P12)

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## ■ Imaging Solutions

### ● Digital camera business

#### Recent issues

- ✓ Insufficient measures to spotlight Fujifilm products' special features
- ✓ Inventory growth due to insufficient supply chain management (SCM)  
→ profitability deteriorated due to ASP drop

#### Fujifilm's business developments

- ✓ Revise marketing strategies in regions projected to suffer from growing risks  
Implement "selection & concentration"
- ✓ Rapid and bold SCM reforms (inventory management, more-precise supply-demand planning, etc.)
- ✓ Promote high-value-added strategy
  - Promote high image quality through incorporation of Super CCD EXR
  - Pursue the enjoyment of photos through incorporation of 3D systems



Greatly reduce losses in FY2010/3

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## ■ Document Solutions

### Recent issues

- ✓ Increasingly evident impact of deteriorating economic conditions on enterprises, leading to cost cutting and investment reductions  
(Continued downtrend in overall domestic demand/unit prices, slow-down in export sales to Europe and North America)

### Fujifilm's business developments

- ✓ Strengthen domestic marketing capabilities
  - Reform domestic operational processes (increase efficiency and productivity)
- ✓ Strengthen growth businesses
  - Global Services, Production services, business in Asia including China and exports to newly industrializing countries
- ✓ Additional measures to cut costs and increase efficiency in spending



Aim to further improve profitability

## ■ Information Solutions

### ● Flat panel display materials business

#### Recent issues

- ✓ Concerns about impact by panel makers' manufacturing adjustments on our performance

#### Fujifilm's business developments

- ✓ Increase supply of WV film for 20"-class TN-mode LCD TVs, for which demand is projected to increase
- ✓ Expand market share of 40 μm thick TAC film for laptop PCs, for which we have not established full-scale supply capabilities
- ✓ Increase our share of VA retardation film at major customers



Proactively promote business growth  
as one of Fujifilm's core businesses

### ■ Information Solutions

#### ● Endoscope business

##### Recent issues

- ✓ Amid intensifying competition, facing difficulties and slowing growth due to insufficient resources

##### Fujifilm's business developments

- ✓ Reform the previous business structure centered on FUJINON CORPORATION and shift to a structure facilitating the proactive investment of FUJIFILM Corporation's resources
- ✓ Promptly strengthen development, marketing, and after-sales service systems in line with characteristics of each regional market
- ✓ Proactively promote sales of such new products as the top-of-the-line Advancia series (scheduled to be launched in Nov. 2008) and Justia series (launched in June 2008)



Promptly restore growth paths using a new organizational system centered on FUJIFILM Corporation

### ■ Information Solutions

#### ● Established "Healthcare Business Headquarters" division

- ✓ Consolidate strategies planning, pharmaceutical affairs and legal functions of Medical Systems business division (equipment, materials, PACS, endoscopes, etc.) and Life Science business division (pharmaceuticals, healthcare products, etc.)

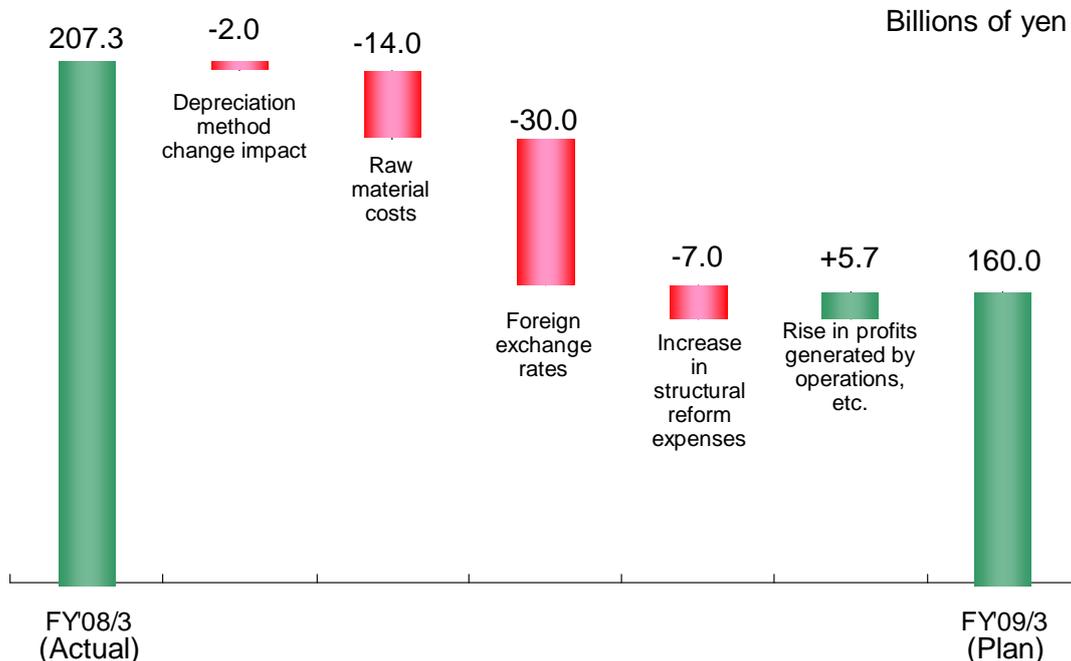


Strengthen and integrate the management of a comprehensive range of healthcare business related to "prevention," "diagnosis," and "treatment"

		1H FY'09/3 Apr.-Sep.,'08 (Actual)		FY'09/3 Apr.,'08-Mar.,'09 (Plan)		Billions of yen FY'08/3 Apr.,'07-Mar.,'08 (Actual)	
Imaging	Revenue		231.1		460.0		547.1
	Operating Income	(3.3)%	(7.5)	(3.5)%	(16.0)	1.9%	10.6
Information	Revenue		541.5		1,180.0		1,108.1
	Operating Income	9.2%	49.8	9.3%	110.0	12.2%	135.4
Document	Revenue		565.8		1,210.0		1,191.6
	Operating Income	7.9%	45.1	9.1%	110.0	8.2%	98.7
Structural reform expenses			(4.1)		(40.0)		(33.0)
Intersegment transaction elimination			(2.1)		(4.0)		(4.4)
Total	Revenue		1,338.4		2,850.0		2,846.8
	Operating Income	6.1%	81.2	5.6%	160.0	7.3%	207.3
Income Before Income Taxes		6.1%	81.7	5.7%	163.0	7.0%	199.3
Net Income		3.4%	45.3	2.8%	80.0	3.7%	104.4
Earnings per Share			¥89.97		158.61		¥205.43
Exchange Rates							
	US\$		¥106		¥101		¥115
	€		¥163		¥147		¥162

\*Exchange rates estimates for 2H of FY2009/3 US\$=¥95 €=130 8

■ Operating Income Analysis (FY2008/3 → FY2009/3)



## ■ Shareholder Returns

- Announced Share buyback (October 30)
  - ✓ Number of shares bought (upper limit) :¥35.0 billion
  - ✓ Total value of shares bought (upper limit) :17.5 million shares  
(3.4% of shares outstanding)
  - ✓ Dates when the buyback is conducted :Nov. 5, '08 – Jan. 16, '09
- Dividends
  - ✓ Cash dividends (Forecast) :¥35 per share



Based on above measures,  
expected return to shareholders ratio for FY2009/3 will be 65%.

(FY2008/3 result: 50%)

## ■ Promote management amid adverse conditions

- Realize comprehensive cost reductions through the Slim and Strong Drive
- Promote growth strategies with continued capital investments and R&D investments
- Comprehensively review and rebuild operations of each business



Ceaselessly increase business competitiveness and corporate strength, and aim for a new surge of growth despite the harsh operating environment

## ■ Expense & Benefit of Structural Reforms

Billions of yen

	Expense (FY'09/3) (Plan)	Benefit (FY'09/3 → FY'10/3) (Plan)
Imaging	20.0	Approximately 20.0
Information	5.0 <sup>*1,2</sup>	
Document	15.0 <sup>*3</sup>	
Total	40.0	

\*1: Consolidation of warehouses, etc.

\*2: Includes ¥2.3 billion expense accompanying personnel reduction at a 3 segments' shared domestic distribution subsidiary.

\*3: Includes ¥7.0 billion expense accompanying the transfer of customer engineers to marketing companies.

# FUJIFILM

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