

Earnings Release for the 2nd Quarter ended September 30, 2008

Main Responses to Queries

Q1: Please explain the concrete measures you will be taking to promote additional cost reductions and to improve profitability in Document Solutions business.

A1: While the conditions in our operating environment are harsh, we are implementing the following measures to further improve our profitability.

- (1) Strengthening domestic marketing capabilities: In line with our shift from equipment marketing to the provision of solutions, we will be responding to recent growth in needs associated with document management and information networks.
- (2) Further augmenting our powerful collaboration with Xerox Corporation.
- (3) Further accelerating the growth of business in the Asia-Pacific region including China.
- (4) Strengthening our product development capabilities and cost-competitiveness capabilities: We will be working to reduce SG&A expenses and the cost of sales ratio.
- (5) Strengthening our organizational competitiveness capabilities by optimizing human resource allocation.

Q2: In the field of digital cameras, what are the tasks you are addressing and the measures you are implementing to differentiate your products from those of competing companies?

A2: We have confirmed the need to address the following tasks.

- (1) Strengthening cost-competitiveness: We have a need to thoroughly analyze our cost structure and take steps to increase our cost-competitiveness.
- (2) Strengthening supply chain management: We must create supply chain management structures that respond to the increased speed of product lifecycles.
- (3) Spotlighting our high quality and unique product features: We are proud of the high quality of our products, which feature outstanding image quality, camera shake-correction functions, and Face Detection technology. We pioneered the development of Face Detection technology ahead of other companies, and equipped our cameras with capabilities for capturing images with a broader dynamic range. We plan to take additional measures to spotlight and leverage these features.
- (4) Strengthening our brand strength as a camera manufacturer: We are proud of the power of the FUJIFILM corporate brand, but we must augment our promotional and advertising activities related to digital cameras and thereby further strengthen our brand.

To solve problems related to these issues, I have appointed a new head of the Electronic Imaging Division to lead efforts related to digital cameras. Moreover, to provide additional support for manufacturing technologies, we are making Companywide efforts to rebuild our businesses through various initiatives, including those made by the Fujifilm Way Management Innovation Office.

Q3: On page nine of the presentation materials entitled “*Measures for Promoting a New Surge of Growth*,” there is an analysis of year-on-year changes in operating income. What has changed from the analysis at the time of August 28 announcement of the downward revision of performance projections?

A3: If we assume exchange rates of ¥95 against the U.S. dollar and ¥130 against the euro during the second half, then we project that our operating income will deteriorate by approximately ¥15 billion compared with the projection announced on August 28. On the other hand, the unusual surge in raw materials prices has settled down considerably since August, and it currently appears that lower raw materials prices will offset a portion of the negative impact of yen appreciation. We will do our utmost to reduce costs and take other measures to make up for the several billion yen gap in operating income which has not been offset by lower raw materials prices.

Q4: How much structural reform expenses do you project for the next fiscal year? Will these expenses be higher than in the current fiscal year?

A4: We have set the target of achieving ¥250 billion of operating income during FY2010/3, during which we will celebrate the 75th anniversary of Fujifilm’s founding. Having said that, I believe we need to implement various kinds of structural reforms to overcome the recent harshness of conditions in our operating environment, and these reforms will entail expenses. At this time, we have not made a specific projection of the amount of these expenses during the next fiscal year.