

January 30, 2009
FUJIFILM Holdings Corporation

Earnings Release for the 3rd Quarter ended December 31, 2008

Main Responses to Queries

Q1: Could you explain why Information Solutions profitability was down compared with the third quarter of the previous year?

A1: In the third quarter of this year, the Information Solutions segment's operating income was down approximately ¥51.0 billion compared with the same quarter of the previous year. We estimate that the impact of yen appreciation accounted for approximately ¥4.0 billion of the decrease. The main factors causing the decrease included drops in demand for offerings in each business segment—particularly in the FPD materials business—that accompanied the deterioration of economic conditions.

Q2: Could you explain Toyama Chemical's profitability situation as well as such associated factors as Toyama Chemical's progress in R&D related to T-705 and other drug candidates?

A2: There are more than 10 research staff who are moving back and forth between Fujifilm and Toyama Chemical, and the research collaboration between the two companies is moving ahead smoothly. The development of T-705 in Japan is in Phase II, and this development project is advancing on schedule.

Q3: Fiscal year 2009 ending March 31, 2009 structural reform expenses were approximately ¥25.0 billion, down from a projection of approximately ¥40.0 billion made when you announced your earnings release for the first half of the current fiscal year. Could you explain this change?

A3: Of the ¥25.0 billion in fiscal year 2009 ending March 31, 2009 structural reform expenses, approximately ¥4.0 billion was related to Imaging Solutions, while Information Solutions accounted for ¥6.0 billion and Document Solutions accounted for ¥15.0 billion. Most of the ¥15.0 billion decrease from our original projection of ¥40.0 billion was associated with Imaging Solutions.

Q4: Why were Imaging Solutions structural reform expenses below the projected level? Are you planning to shift the expenses from the current fiscal year to the upcoming fiscal year?

A4: We are comprehensively reevaluating our structural reform measures, and we are still considering the timing of structural reform measure implementation.

Q5: Regarding structural reforms FY2010, could you give more specific information? Are you planning to make an additional public announcement?

A5: Yes. We believe that we cannot overcome the challenges of the harsh operating environment by simply moving forward with reforms as they are currently structured. We expect that we will be able to provide concrete information on structural reform expenses when we announce our earnings release in April 2009.

Q6: When you stated that your upcoming reforms will be implemented throughout the Fujifilm Group without exempting any special kinds of business, does this mean that you would also consider the possibility of withdrawing from the digital camera business?

A6: At this time, we are strengthening our digital camera operations based on a new organization structure, and we are taking measures to increase the profitability of those operations. Because of this, we are not considering such a withdrawal from digital camera operations at this stage.

Q7: Regarding FPD materials business, you have explained that your production capacity utilization rate is currently less than 50%. In view of this, would your structural reform plans emphasize measures to scale down manufacturing facilities in line with demand or to take other measures to adjust human resources involved with FPD materials?

A7: Regarding FPD materials business, if panel manufacturers can complete their inventory adjustments by April, we expect our capacity utilization rate to increase after that. In view of this, we do not think there is a need to scale down our manufacturing facilities.

On the other hand, with respect to our structural reforms, we believe it is very important to reduce our fixed costs as much as possible. We are moving ahead with a comprehensive reevaluation of our operations; so, we are considering facilities consolidation measures, personnel adjustment measures, and other reforms in other business segments as well as FPD materials business.