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# Management Measures for FY2010/3 and Thereafter

Comprehensive structural Reforms and Growth Plans

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**FUJIFILM Holdings Corporation**

Shigetaka Komori

President and Chief Executive Officer

April 30, 2009

**FORWARD-LOOKING STATEMENTS**

Forward-looking statements such as those relating to earnings forecasts and other projections contained in this material are management's current assumptions and beliefs based on currently available information. Such forward-looking statements are subject to a number of risks, uncertainties and other factors. Accordingly, actual results may differ materially from those projected due to various factors.

## Forecast for FY2010/3 (April '09 - March '10)

**FUJIFILM**

*Billions of yen*

	FY2009/3 (Actual)		FY2010/3 (Plan)		Change	
					Amount	%
Imaging		410.4		350.0	(60.4)	(14.7)
Information		946.1		950.0	+3.9	+0.4
Document		1,077.8		1,000.0	(77.8)	(7.2)
Revenue	100.0%	2,434.3	100.0%	2,300.0	(134.3)	(5.5)
Pro forma Operating Income	2.9%	70.8	2.4%	55.0	(15.8)	(22.3)
Structural Reform Expenses		33.5		145.0	+111.5	-
Operating Income	1.5%	37.3	(3.9)%	(90.0)	(127.3)	-
Income Before Income Taxes	0.4%	9.4	(4.0)%	(93.0)	(102.4)	-
Net Income	0.4%	10.5	(2.6)%	(60.0)	(70.5)	-
Earnings per Share		¥21.10		¥(122.80)		¥(143.90)
Cash dividends per Share		¥30(plan)		¥25		¥(5)
Exchange Rates						
US\$		¥101		¥95		¥(6)
€		¥145		¥125		¥(20)

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### <Speech Digest>

Performance outlook for FY 2010/3 is shown on the table.

The Company projects ¥2,300 billion in revenue, operating income before restructuring and other charges of ¥55 billion, operating loss of ¥90 billion after recording the ¥145.0 billion of structural reform expenses.

Please refer slide 29.

We maintain positive free cash flow even if cash out from the structural reform is recorded.

FY 2010/3 is an important year for Fujifilm, as it was a year in which the Company worked to transform itself through measures to strengthen the management constitution, including steps to rebuild the growth strategy as well as to implement structural reforms. Acutely aware of the critical importance of these transformational measures, the Group is determined to undertake concerted Groupwide efforts to ensure the measures are thoroughly implemented.

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Corporate Transformation Target

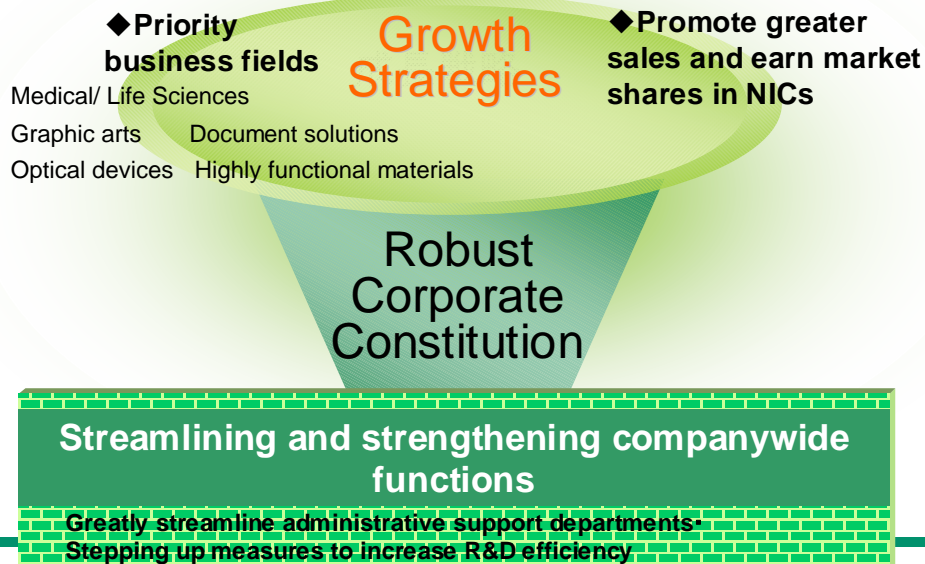
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## Transformation Target

FUJIFILM

Realizing a robust corporate constitution through streamlining and strengthening companywide functions

Accelerate growth strategies in priority business fields and aim to continue reliably generating profit and maintaining growth despite the severe environment



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### <Speech Digest>

Based on its VISION75 (2007) Medium-Term Management Plan, the Fujifilm Group has been implementing structural reforms centered on the Imaging Solutions segment while also choosing five priority fields, concentrating management resources on businesses in those fields, and thereby considerably expanding those businesses. As a result, the Company was able to attain a record high level of operating income in FY08/3. For your reference, the result of past structural reforms of photo business is shown on p.28.

- Since last fall, however, the worldwide financial crisis has been accompanied by a sharp change in the economic environment. All the Fujifilm Group's businesses have been seriously impacted by the slackness of demand and the appreciation of the yen, causing a sudden, sharp deterioration in the Group's performance.
- Currently, the harshness of the economic environment is projected to persist. However, we are striving to quickly build a robust corporate constitution that can reliably maintain growth even amid the kind of severe conditions we are now facing. Moreover, we are rebuilding our strategies for growth in five fields that can be expected to offer expanding markets going forward—namely, the medical/life science, graphic arts, document solutions, optical devices, and highly functional materials fields.
- As we are streamlining and strengthening Companywide functions, we are concurrently building a strong foundation for supporting our growth strategies.

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## **Streamlining and strengthening companywide functions**

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## Streamlining and strengthening companywide functions

**FUJIFILM**

Corporate transformation target and strategies for realizing a robust corporate constitution

\*FY 2010/3 plan level

Seek to build a management base able to raise the operating margin to 10% even if the company attains revenue of approx. ¥2,300 billion\*.

### **1. Intensive implementations of structural reforms**

- ① Greatly streamline administrative support departments
- ② Increasing R&D efficiency/tightening the focus of R&D programs on priority fields
- ③ Thoroughly streamlining photographic businesses
- ④ Fundamentally reforming digital camera business
- ⑤ Realizing a robust constitution of Document and Information businesses

### **2. Thorough cost/expense reduction measures throughout the organization and improvement of marginal profit rate**



**Resolutely complete structural reforms from FY2010/3 and establish a robust corporate constitution**

### <Speech Digest>

To establish a robust corporate constitution, we resolutely complete structural reforms from FY2010/3 and greatly reduce fixed costs and assets.

We seek to build a management base which is

able to raise the operating margin to 10% even if the revenue level is approx. 2,300 billion yen.

Structural reform measures and other associated measures are shown on the slide.

## ■ Summary of Structural Reforms

### ● Expenses & benefits of structural reforms *Billions of yen*

	FY'10/3	FY'11/3	FY'12/3	Total
Expense*	145	15		160
Benefit	17	83	90	FY'12/3 & thereafter More than 90/year

\*Breakdown of expenses

	FY10/3	FY11/3	Total
Personnel	90	10	100
Facilities	55	5	60

### ● Personnel

Streamlining operations correspond to number of employees by approx. 5,000 persons, primarily overseas

<Speech Digest>

Structural reform expense and benefit are shown on the slide.

Expenses of ¥145 billion for FY'10/3, ¥15 billion for FY'11/03, total, ¥160 billion are planned. The expense related with personnel is ¥100 billion and with facilities, ¥60 billion.

Regarding personnel, operations correspond to approx. 5000 persons, primarily overseas will be streamlined.

## 1. Intensive implementations of structural reforms

### ① Greatly streamline administrative support departments

Streamline worldwide administrative support department staff by approx.20% and reduce fixed costs by ¥10.0 billion\*

- **Overseas**: Promote the consolidation within regional headquarters of the administrative support departments of Group companies in each region including Europe, the United States, China, Asia, and Oceania
- **Japan**: Consolidate administrative support functions of Group companies, including affiliates in each region  
Expand operational scope of shared services company

### ② Increasing R&D efficiency/tightening the focus of R&D programs on priority fields

“Selection & Concentration” strategy for R&D themes and expenses to reduce R&D fixed costs by ¥13.0 billion\*

- Progressively increase R&D efficiency while strengthening product development strength in priority business fields

\*Projected annual benefit in FY2011/3 compared to FY2009/3

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### <Speech Digest>

- Streamline worldwide administrative support department staff by 20% and reduced fixed costs by ¥10 billion or more from the level of FY 2009/3
- Progressively increase R&D efficiency while strengthening product development strength in priority business fields to reduce R&D fixed costs by ¥13 billion or more



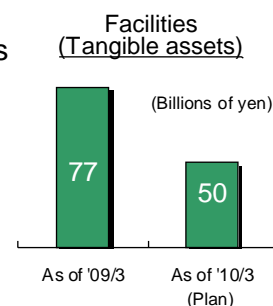
## ③ Thoroughly streamlining photographic businesses

\*Approx.  
¥120.0 billion

Considerable fixed cost reduction\* in short period of time due to structural reforms in FY2006/3-FY2007/3

In view of worldwide recession and accelerating market shrinkage, **undertake further streamlining measures to reduce fixed costs by ¥ 30.0 billion\*\***

- Marketing units : Integrate overseas Group companies
- Development/manufacturing units:  
Reorganize manufacturing facilities,  
suspend operation of surplus facilities, right-size  
personnel allocation, tighten product-variety focus
- Photo processing labs:  
Further consolidate photo processing labs



\*Projected annual benefit in FY2011/3 compared to FY2009/3

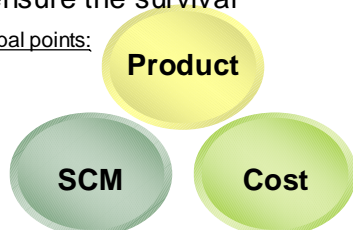
## &lt;Speech Digest&gt;

- During the period from FY2006/3 through FY2007/3, we implemented structural reforms in our photographic business that reduced fixed costs by ¥120.0 billion during a short period of time. If we had not implemented these structural reforms, our Imaging Solutions business would be generating annual losses surpassing ¥100.0 billion.
- In view of the accelerated shrinking of markets amid the worldwide recession, we will take additional measures to further streamline marketing, development, manufacturing, and other functions.
- These measures are designed to realize large reductions in the fixed costs of our photographic business along with the amount of assets invested in that business, thereby ensuring the creation of a business structure that can generate stable profits.

#### ④ Fundamentally reforming digital camera business

Complete implementation of business profitability reform program designed to ensure the survival

Principal points:



FY2010/3 Plan

Item	Plan	Point
Sales Volume	8.3 mil units	Maintain level roughly equal to that in FY 2009/3 through increase in sales of low-priced models
Cost Cuts	Δ20%	Large reductions in costs of ODM products and parts

- Launch of revolutionary products (products incorporating the Super CCD EXR, 3-D systems)
- Launch of low-priced models designed to ensure profitability as means of expanding business in NICs
- Expand business in modules for mobile phone cameras, security cameras, and motor vehicle cameras
- Thoroughly comprehensive reductions in manufacturing, procurement, and distribution costs
- Quickly supplying marketing data to manufacturing activities, shortening product lead times, and minimizing inventory levels

Aiming to greatly endure profitability on an operational basis in FY2010/3

#### <Speech Digest>

- Regarding our digital camera business, we have changed the operational systems of digital camera business since last fall, and we are accelerating the implementation of fundamental reforms aimed at renovating this business.
- During the FY2010/3, we are resolutely moving ahead with the strategic management of digital camera business while emphasizing measures to strengthen our product power, cost competitiveness, and supply chain management.
- First, we are launching revolutionary products with powerful appeal—such as products incorporating our Super CCD EXR or 3D sensors—and using these products to differentiate ourselves from competing companies.
- Second, we are launching affordable models with prices of \$100 or less designed to meet demand in the BRICs. We intend to use these products to expand our business in the NICs.
- Next, we are broadening the scope of our current lens-unit marketing business by expanding into the fields of camera modules for mobile phone cameras, security ID cameras, motor vehicle cameras, and other kinds of cameras.
- With respect to all kinds of products, we are implementing thoroughly comprehensive cost reductions concerning manufacturing, procurement, and distribution activities.
- In particular, we are targeting large reductions in costs of original design manufacturer (ODM) products and parts, and are thereby aiming to realize a year-on-year cost reduction of 20% or greater during FY2010/3.
- Moreover, by quickly linking marketing data with manufacturing operations, we are shrinking product development lead times, and our inventory levels have been greatly reduced.
- These business profitability reform programs are steadily generating results. By completing these programs, we intend to ensure our profitability on an operational basis during FY2010/3.

### ⑤ Continue to expand management innovation activities of Document Solutions

#### Current situation

- On-schedule progress in management innovation activities implemented since FY 2009/3

Accelerate currently implemented management innovations activities and expand the scope of those activities amid a harsh management environment

#### **【Completing management innovation activities】**

- ✓ Increase productivity by 10% by operational reforms involving horizontally integrated functions
- ✓ Reallocate freed-up resources to the positions centering sales divisions and thereby strengthen domestic marketing capabilities

#### **【Accelerating and expanding management innovation activities】**

- ✓ Reorganize R&D functions to increase productivity
- ✓ Promote optimization of manufacturing functions and additional reductions to cost of sales
- ✓ Expand scope of management innovation activities to overseas regions

Establish a foundation for growth while aiming to attain a 10% operating margin

#### <Speech Digest>

- In the Document Solutions segment, we have been undertaking major strategic measures for some time, beginning with measures initiated in FY2005/3 under our VO6 strategy and continuing with management innovation activities begun since FY2009/3. As a result, we realized approximately ¥30.0 billion in fixed cost reductions in the period through FY2009/3, and our current management innovation activities are advancing in line with our plans.
- In FY2010/3, under a severe management environment, we are accelerating our management innovation activities with the goal of the transformational creation of a new business constitution.
- Specifically, we are moving further ahead with process reforms focused on all functions from frontline functions through back-office functions, and aim to thereby sustain improvements in productivity. In addition, we are reallocating our human resources to augment and strengthen our domestic marketing capabilities.
- Regarding R&D, we are preparing to concentrate operations at a new facility scheduled to begin full-scale operations from FY2011/3 and are concurrently reorganizing our R&D processes to promote greater efficiency. In these ways, we are accelerating the improvement in our R&D productivity.
- With respect to the reduction of our cost of sales, in addition to our ongoing measures targeting this objective, we are promoting additional reductions to the cost of sales through the augmented use of automation and other advanced manufacturing technologies along with stepped-up measures to integrate technology development, design, and manufacturing processes. Concurrently, we are endeavoring to optimize our manufacturing functions.
- Moreover, while our management innovation activities have been undertaken mainly in Japan, we are broadening the scope of these activities overseas.
- In the Asia-Pacific including China regions, we are integrating administrative support operations through the use of shared services units, call centers, and similar consolidated facilities and units designed to boost productivity.

## 2. Thorough cost/expense reduction measures throughout the organization

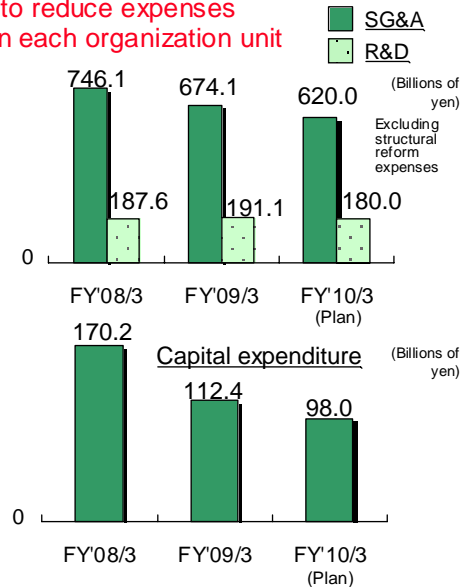
Proactively implement the “Slim & Strong Drive” to reduce expenses and increase productivity at each work site and in each organization unit

“Double profitability and productivity while halving work process and raw materials losses”

### Slim & Strong Drive Since 2H FY 2007/3~

- ✓ Decrease in ratio of SG&A
- ✓ Efficient use of R&D expenses
- ✓ Reduction in manufacturing costs

Transform the corporate culture and augment the dynamism of each work site by employee consciousness reforms



### <Speech Digest>

In addition, to resolutely moving ahead with structural reforms, we have continuously implemented the “Slim and Strong Drive” since the 2H of FY2007/3 and other measures to reduce expenses and increase productivity at each work site and in each organizational unit. We are proactively maintaining the momentum of these measures.

- To ensure that these measures produce results, we are endeavoring to reform the mind-sets of each employee so that they boldly and powerfully address the new challenges, and we are aiming to create workplaces and organizations that encourage employees to make the most of their potential.
- Despite the intimidating challenges of the worldwide recession, the Fujifilm Group is determined to remain undaunted. We are maintaining a proactively forward-looking stance as we work to overcome this crisis.

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## **Strategies for growth**

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■ **Priority business field**

**Medical systems/ Life Sciences**

**Graphic arts**

**Document solutions**

**Optical devices**

**Highly functional materials**

<Speech Digest>

Fujifilm has chosen to give special attention to the five priority fields shown, and we are concentrating resources in those fields.

- We are currently dealing with the impact of sluggish economic conditions and a drop in demand that reflects inventory adjustments, but we remain confident in the great market growth potential of those five business fields, and we are also confident that our distinctive technological power and product power will give us a strong position in those fields.
- We have invested management resources in these priority business fields for some time, and those investments are now generating results that are in line with the expectations of our growth strategy. Going forward, we expect the results and associated business growth to continue expanding.

## ● Medical Systems and Life Sciences

- In the fields of prevention, diagnosis and treatment, generate new value by leveraging basic technologies-such as related to image-diagnoses, analyses, FTD, synthesis, drug discovery, RI-and thereby build comprehensive healthcare business

### Medical

Medical IT

**Build proprietary clinical information systems (CIS)**

X-ray image-diagnoses

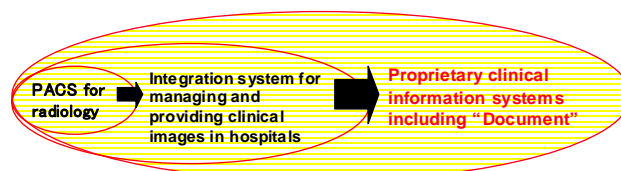
**Expand FCR marketing to earn global No.1 share and develop flat panel detector (FPD) products**

Endoscopes

**Reorganize manufacturing and marketing system, increase allocation of company resources**



TVCM on air in Japan, which features "medical loop"



Clinical information systems (CIS)

### <Speech Digest>

The first growth business is our business in the medical and life-science field. Our goal in this field is to leverage our basic technologies to create new value in the areas of prevention, diagnosis, and treatment. By progressively expanding our business in the medical/life-science field this way, we are aiming to increase our sales in this field to ¥1 trillion over 10 years.

Regarding the diagnosis sector of the field, we are powerfully expanding our operations involving medical IT technologies. Our SYNAPSE products are Picture Archiving and Communications Systems for radiology — also referred to as PACS—and they have the top share of the Japanese market for such PACS. They are increasingly popular as a means of consolidating and integrating the administration and provision of diverse diagnostic images related to all the diverse kinds of hospital departments, including those focused on circulatory systems, endoscopes, ultrasound imaging, and pathology.

Going forward, we plan to increase linkage with Fuji Xerox's medical-use document administration and management systems as we move ahead with the creation of unique Fujifilm clinical information system products, or CIS products. By comprehensively integrating the administration and provision of the full range of a patient's diagnostic and therapeutic information, our CIS products are providing strong support for doctors' diagnostic and therapeutic work.

In addition, we plan to make good use of the infrastructure created by the introduction of SYNAPSE systems at more than 1,000 medical therapy facilities in Japan. We intend to progressively add features enabling networking among different hospitals as well as between central hospitals and nearby clinics. By providing this kind of remote radiology image interpretation service and taking other initiatives, we will make a crucial contribution to improving regional health care and easing doctor shortages.

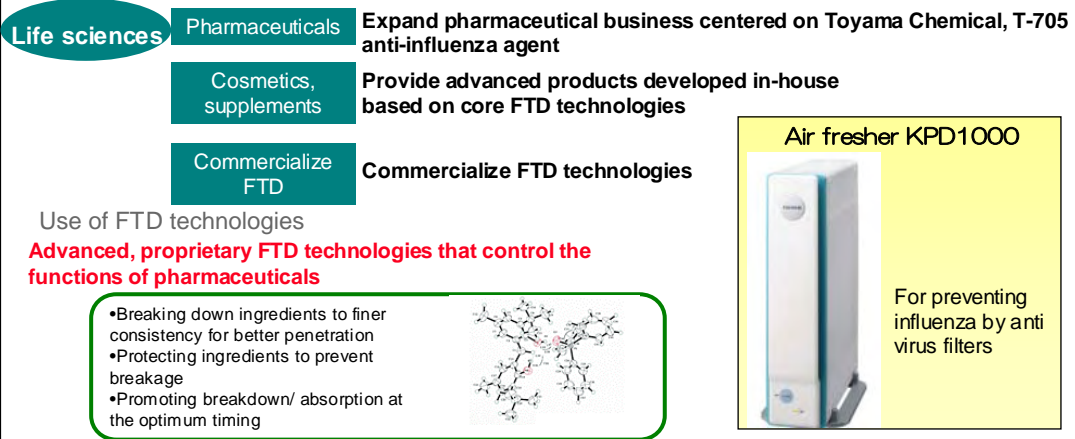
In the medical instrument business field, we intend to continue using our unique technologies to launch such high-value-added products as the AMULET digital mammography system, to be equipped with a revolutionary direct conversion flat panel detector (FPD) technology and also offers the world's small pixel size of 50µm.

Regarding endoscopes, in April 2009, we created integrated systems within Fujifilm Corporation for endoscope business-related processes from manufacturing through marketing. By emphasizing the investment of management resources in this field, we plan to greatly expand our associated operations, which are positioned as a bridge linking diagnostic and therapeutic business.

• Medical Systems and Life Sciences

■ Life Sciences

• Establish business structure in the fields of prevention and treatment



<Speech Digest>

- We anticipate great growth in markets related to the prevention and treatment of diseases.
- Amid the rising threat of chronic pandemic new flu, Toyama Chemical Co., Ltd., is developing a new influenza treatment drug, T-705, and there are great hopes for the commercialization of this drug candidate. In Japan, phase II trials were completed this spring, and T-705 was confirmed to have therapeutic efficacy and a mechanism of action that is different from that of existing therapeutic drugs. We are pleased to note that these are epochal results. The Fujifilm Group is concertedly working to expedite this drug candidate's development, and we are scheduled to begin Phase III trials this fall.
- In December 2008, we converted the antibody-based therapeutics start-up company, Perseus Proteomics, Inc., into a subsidiary. By integrating that company's products with Fujifilm's FTD—or formulation, targeting, and delivery—technologies, we are planning to make a full-scale entrance into such therapeutic domains as oncology and ant-inflammation drugs, thereby powerfully promoting the growth of related business.



### ● Graphic Arts

- Combine the resources of Fujifilm and Fuji Xerox to strengthen print-on-demand business and associated competitiveness
- In the inkjet field, move ahead with measures to initiate the development and marketing of full-scale inkjet digital printing equipment by interlinking Fujifilm inkjet heads and inks
- Expand marketing of CTP products in NICs to earn top share of global market

Aiming to be the No.1 digital printing solution company



Jet Press 720 (temporary name)

### <Speech Digest>

- Regarding the graphic arts field, in the greatly growing digital printing market, Fujifilm and Fuji Xerox are working to strengthen their core businesses by employing their inkjet and xerography technologies and concertedly marshalling their marketing channels, brands, and other resources.
- In the inkjet field, Fujifilm measures to interlink its inkjet heads and inks have enabled it to create and launch the Jetpress 720, a unique inkjet printing product. We are now hurrying to launch of this product.

● Document Solutions

- **Strengthen operations in growth sectors**
  - ✓ Production print business growth (strengthen product lineup)
  - ✓ Solution business establishment and growth
  - ✓ Global service business growth
- **Maintain/strengthen current business base**
  - ✓ Continue expanding color models sales and augment applications to increase color print volume

ApeosPort-III C3305/C2205



700 Digital Color Press



<Speech Digest>

We will focus on production print business, solution business and global service business, which are the growing field from now on.

## ● Optical Devices

- Further expand camera phone lens unit market share by launching highly differentiated, high-value-added products
- Expand the scope of operations to include such new fields as security camera lenses

Camera phone lens units  
60% market share in 3M or more  
Ability to offer high quality lenses of 8M or more

HDTV lenses

Objective lenses for optical disks

Expand the scope of operations

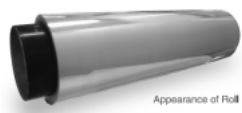
Zoom lens for security cameras

### <Speech Digest>

- Optical device business is a field in which Fujifilm can leverage its technological strengths, supply capabilities, and consistent quality.
- Regarding the field of lens units for high-specification mobile phone cameras, we have a market share of 60% or more for lens units of 3 megapixels or more. This is a dominant position that competing companies will find very difficult to undermine.
- Similarly, we have a more-than-50% share of the television camera lens market. Our position is particularly solid in the field of broadcaster-use lenses, which require sophisticated design technologies as well as well-practiced technologies for lens grinding and assembly, and our hi-vision lens business is set to expand amid the worldwide shift to terrestrial digital broadcasting.
- In addition to these fields, we are broadening the scope of business to include additional fields in which rising growth is anticipated in the future. These include security lenses for security monitoring cameras and other products, lenses for motor vehicle cameras, and lenses related to Blue-Ray Discs and other optical disks.


## ● Highly Functional Materials

- In flat panel display materials business, such high-value-added products as WV, VA retardation and CV films have established solid market positions.
- Using leading-edge core technologies to create new businesses in high-performance functional materials (including organic EL materials, solar cells, etc.) Emphasizing product development related to environment protection and energy.



Appearance of Roll

- Advanced level of moisture barrier performance at  $10^{-6}$  g/m<sup>2</sup>·day
- Expecting application as the key components for organic EL displays, electronic paper and thin film solar cells



Anticipating expansion of business in products for replacing indium tin oxide(ITO) conductive films in such products as touch-panel displays and electronic paper

Transparent super high barrier film

EXCLEAR transparent conductive film

(\*  $10^{-6}$ g/m<sup>2</sup>·day→Moisture permeability per square meter per day)

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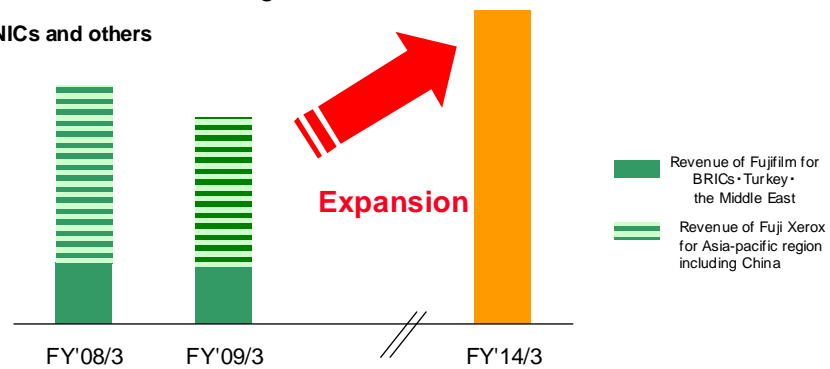
### <Speech Digest>

- The last of the five priority fields is highly functional materials.
- The first sub-field in this field is FPD materials.
- Market conditions for these materials temporarily cooled during the latter half of FY2009/3. However, since the global diffusion rate of FPD televisions is only 20%, it is clear that there is still a lot of room for growth in this business field.
- Recently, the market for small- and medium-sized LCD televisions has shown a noteworthy surge, reflecting the Chinese government's electronic product diffusion policies.
- In response to the various types of demand, we are further expanding our sales of such high-value-added products as WV film, VA retardations film, and CV film.
- Moreover, going forward, we are bringing together various of the Fujifilm Group's advanced core technologies with the goal of expanding business in high-value-added, highly functional materials, which appears to have the potential to become a new pillar of the Group's operations.
- Our recently announced transparent super-high barrier film allows the passage of only  $10^{-6}$  grams of vapor per day, an overwhelmingly strong moisture barrier performance by roll-to-roll film formation method when compared with the offerings of competing companies. This epochal product is attracting great attention in the markets.
- We are also expecting to increase the commercial applications of other kinds of Fujifilm's basic materials technologies, EXCLEAR, such as those related to organic EL displays, electronic paper, and thin-membrane solar cells.
- In these ways, we are assiduously leveraging Fujifilm's strengths to develop products in the environmental protection and energy fields.

## ● Promote Greater Sales in NICs

- Increasing human resources in the BRICs, Turkey, the Middle East, and other strategic regions to augment marketing activities, particularly those associated with such businesses as medical and graphic businesses, which are expected to grow
- Accelerate introduction of low-priced products for the markets of low-market-share regions and NICs

Revenues for NICs and others



<Speech Digest>

Over the next five years, we plan to roughly double Fujifilm's revenue in the BRICs.

### ■ Augmenting measures for the development of staffs to realize growth

#### Involving the entire company with the constructive upheaval of reforms

- Augmenting measures to foster the development of mainstay staff and global staff
- Using strategic personnel allocations within the Group to expand the scope of synergies within the Group
- Started reforming projects involving 240 leaders

### ■ Improve the asset efficiency and shift the management resources to the priority business

#### Implementing the new business management indices -pursuing higher levels of asset efficiency-

- Administrate each business based on operational ROA, economic added value, and operational cash flow
- Select businesses with greater added value, then accelerate the concentrated investment of resources in those businesses

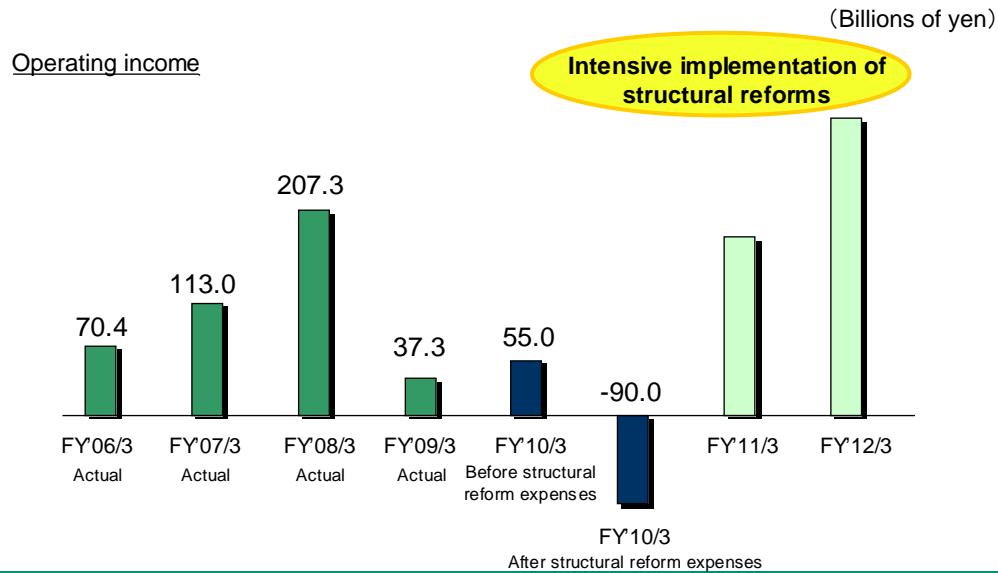
### <Speech Digest>

- I would like to say a few words regarding the measures we are taking to realize our strategic goals.
- Fostering the development of outstanding personnel is the most difficult task. Recognizing this, we are augmenting our human resource development systems by introducing systems that apply to both Japanese and overseas units and to people working in different kinds of organizations and units. Moreover, we have begun a reform project involving 240 leaders selected from the staffs of Fujifilm and Fuji Xerox. Combined with strategic personnel assignment measures, this initiative can be expected to promote considerable reforms.
- In the R&D field, we are using a data base of technologies and personnel to efficiently move forward with the shift of personnel to growth fields.
- To enhance our asset employment efficiency and progressively concentrate management resources in emphasized fields, we are introducing business and investment evaluation standards linked to asset employment efficiency.
- Specifically, aiming to improve ROE, we have started to administer each business based on operational ROA, economic added value, and business cash flow. In this way, we intend to promote further progress regarding our “selection & concentration” strategy of selecting high-value-added businesses.

## Future Target

FUJIFILM

Aiming to attain the target operating margin of 10% by reaching new record high levels of profit (operating income) in FY2012/3



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### <Speech Digest>

- In the past, Fujifilm has faced some very harsh challenges that shook its operations to the roots—such as the silver shock of 1980 and the digital shock of 2000 and after—but each time, the Company has successfully marshaled its resources and overcome those challenges.
- The current economic crisis is exerting an impact on our operations greater than any other crisis in our history since its foundation. To maintain Fujifilm's operational vitality and growth, we are implementing diverse structural reforms and new business initiatives, which I have summarized for you today, and we recognize that overcoming the crisis will require still greater efforts and determination.
- Our plans call for all Fujifilm Group employees to make concerted efforts to overcome the current crisis with the goal of attaining a new record high level of operating income in FY2012/03.

-End-

- Promote Reduction of Asset
- Small damage to shareholders equity after implementation of structural reform

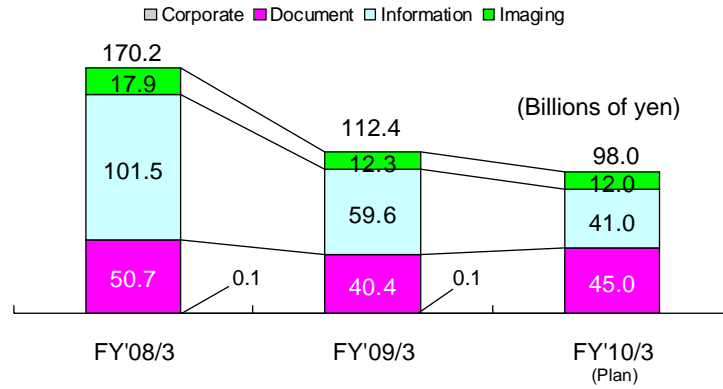
(Billions of yen)

	2,896.6	2,840.0	
Cash & cash equivalents	270.1	256.0	-5%
Inventories	368.3	337.0	-8%
Tangible assets	698.0	647.0	-7%
Others	1,560.2	1,600.0	
	As of '09/3	As of '10/3 (Plan)	
▶ Shareholders' equity	1,756.3	1,700.0	
▶ Equity ratio	60.6%	59.9%	
▶ D/E ratio	0.2 times	0.2 times	



■ Capital Expenditure\*

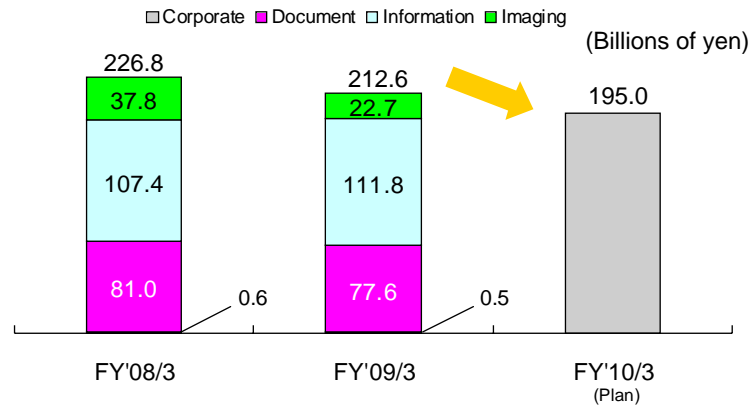
- CapEx will decrease, due to a temporary hiatus in investments related to FPD materials business, which we have proceeded by now.
- CapEx for imaging solutions will center on maintenance work



\*Figures do not include amounts for rental equipment handled by the Document Solutions. 24

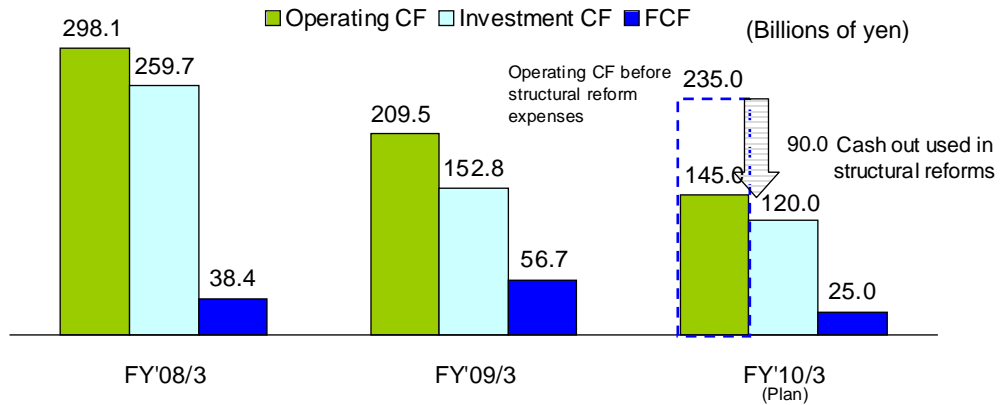
## ■ Depreciation & Amortization

- A drop in depreciation by temporary hiatus in capital investment and effect of accelerated depreciation



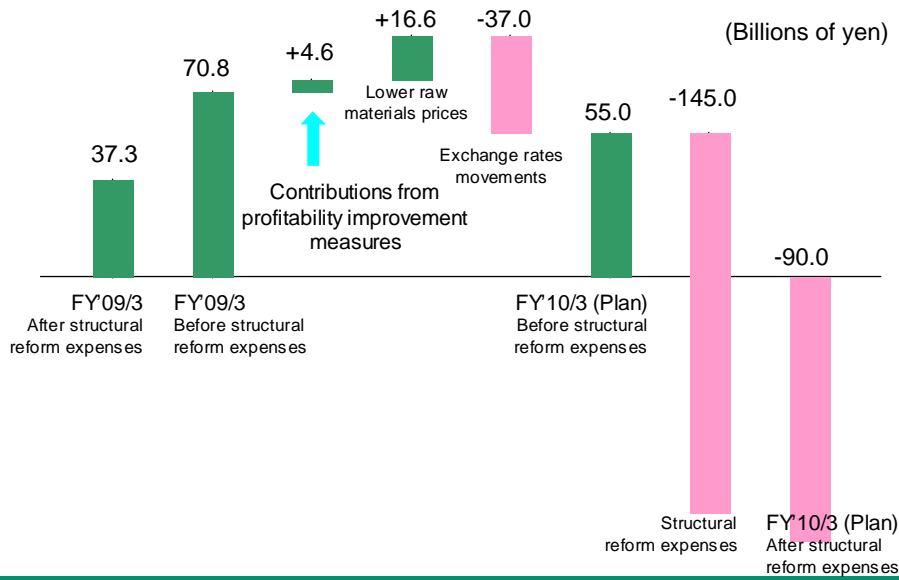
■ Cash Flow

- In FY'10/3, FCF is expected to be positive even after recording of structural reform expenses
- In FY'11/3 and subsequently, growing profitability and increasing selectivity regarding capital investments will support a large improvement in FCF.

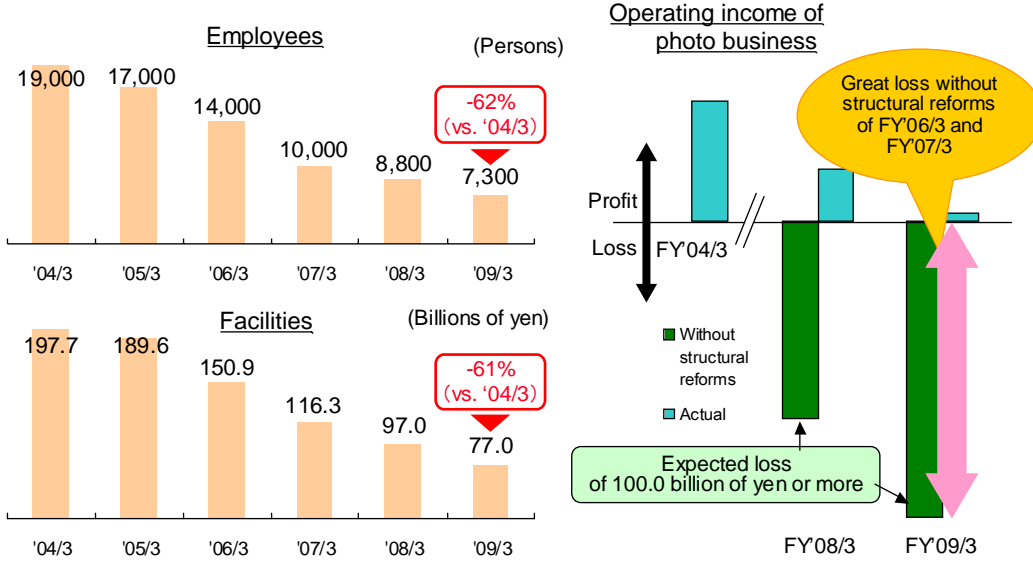


■ Analysis of Operating Income in FY2010/3

(Change from previous fiscal year)



■ Structural Reforms of Photo Business up to now





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**