FUJIFILM

Annual Report 2011

Fujifilm Group Corporate Philosophy

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.

A History of Corporate Innovation

Against the Backdrop of Rapid Digital Technology Development

The 21st century has in its early stages witnessed rapid development in the ongoing evolution of digital technologies. As a result, global demand for color films, flagship products that have for many years underpinned Fujifilm's earnings, entered a rapid downward spiral after having peaked in 2000. At this juncture, the Fujifilm Group decided to take decisive action undertaking structural reform of its Imaging Solutions segment while at the same time channeling management resources to priority business fields. Through these means, the Group substantially transformed its business structure and secured a sharp improvement in performance.

In the fiscal year ended March 31, 2009, the global economy suffered from an unprecedented recession triggered by a financial crisis. From the fiscal year ended March 31, 2010, the Group worked swiftly to implement further Group- and division-wide structural reforms, successfully establishing a corporate constitution that is capable of generating stable profits.

As the Fujifilm Group positions itself firmly in a renewed growth trajectory, we trust you will look to us with keen anticipation.

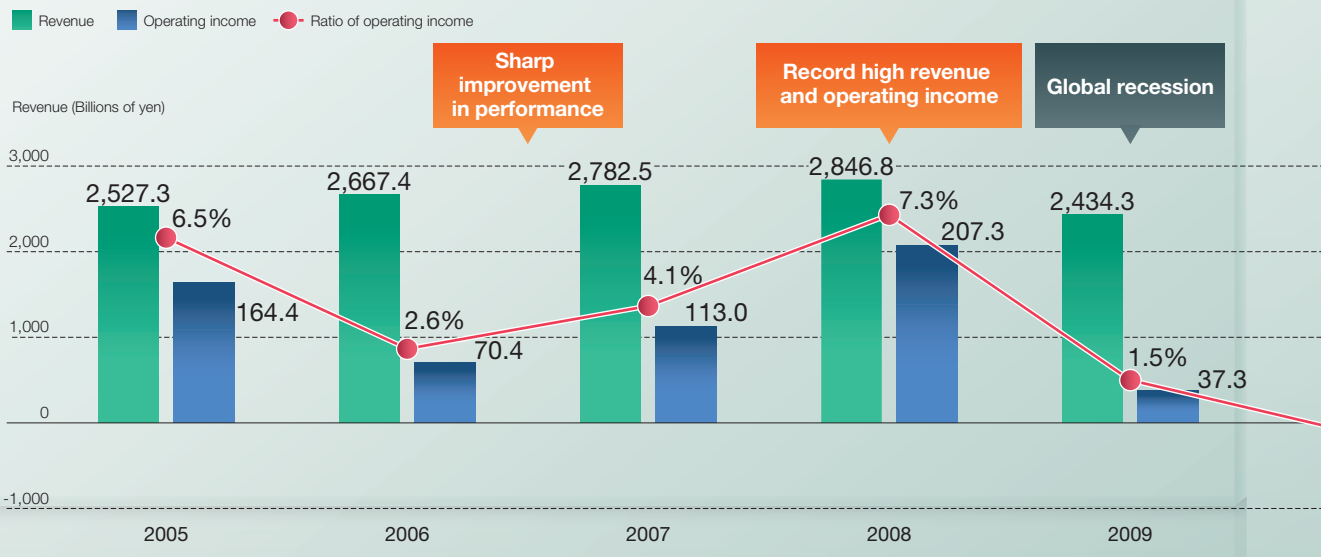
The Fiscal Year Ended March 31, 2005 to the Fiscal Year Ended March 31, 2009

A Sharp Improvement in Performance and a Global Recession

Guided by Its Medium-Term Management Plan, Achieving Record High Revenue and Operating Income in the Fiscal Year Ended March 31, 2008

In line with the rapid trend toward digitization, sales of photographic film contracted from 2001 at a greater than anticipated pace. In order to address these difficult circumstances, Fujifilm drew up VISION75, its medium-term management plan in 2004. Under this plan, we have undertaken decisive structural reforms focusing mainly on the Imaging Solutions segment, promoted growth strategies through concentrated capital investment in priority fields and M&A, shifted to a holding company structure and bolstered consolidated management by optimizing Group synergies.

As a result of these initiatives, the Fujifilm Group successfully secured a sharp improvement in performance culminating in record high revenue and operating income in the fiscal year ended March 31, 2008. Immediately thereafter, however, conditions deteriorated rapidly due mainly to the serious downturn in global economic conditions from autumn 2008. This resulted in an inevitable sharp drop in performance.



The Fiscal Year Ended March 31, 2010 to the Fiscal Year Ended March 31, 2011

Structural Reform

Structural Reforms Completed in the Fiscal Year Ended March 31, 2011
Promoted Growth Strategies Underpinned by a Robust Corporate Constitution

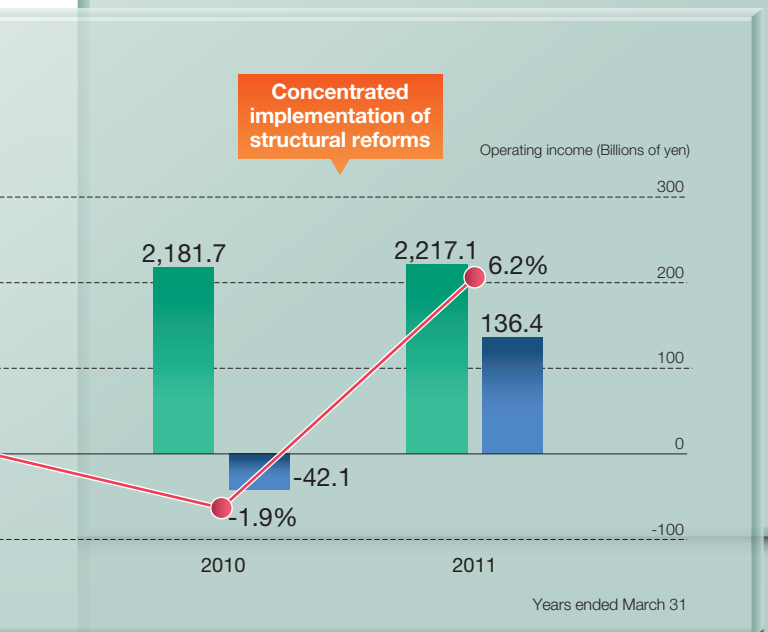
From the fiscal year ended March 31, 2011, the Fujifilm Group unhesitatingly implemented comprehensive structural reforms while conducting stringent cost and expense reductions throughout the Group. Through these measures, we substantially reduced fixed costs and increased asset turnover. At the same time, we improved its profit ratio and built a robust corporate constitution.

Looking ahead, the Fujifilm Group will maintain its insistence on expanding sales. In order to achieve further growth, we will continue to selectively channel management resources into our six priority businesses that offer high growth potential and significant strengths in technological capabilities and merchandise power as well as emerging markets.

Please refer to the CEO Interview for details regarding Fujifilm's structural reform and growth strategies.

Please refer to the Review of Operations section for details regarding each business.

Please refer to the Fujifilm Group's Technological Assets section for details regarding our technologies.



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Corporate Information and Group Structure

Corporate Information

Company Name: FUJIFILM Holdings Corporation

Representative: Shigetaka Komori

Head Office Address: 7-3, Akasaka 9-chome, Minato-ku, Tokyo

Date of Establishment: January 20, 1934

Capital: ¥40,363 million

Number of Employees: 143

Number of Employees (Consolidated): 78,862

Number of Consolidated Subsidiaries: 239

Note: As of March 31, 2011

Major Group Companies

The Fujifilm Group is comprised mainly of the holding company FUJIFILM Holdings Corporation, which oversees three core operating companies FUJIFILM Corporation, Fuji Xerox Co., Ltd. and Toyama Chemical Co., Ltd.

FUJIFILM Holdings Corporation

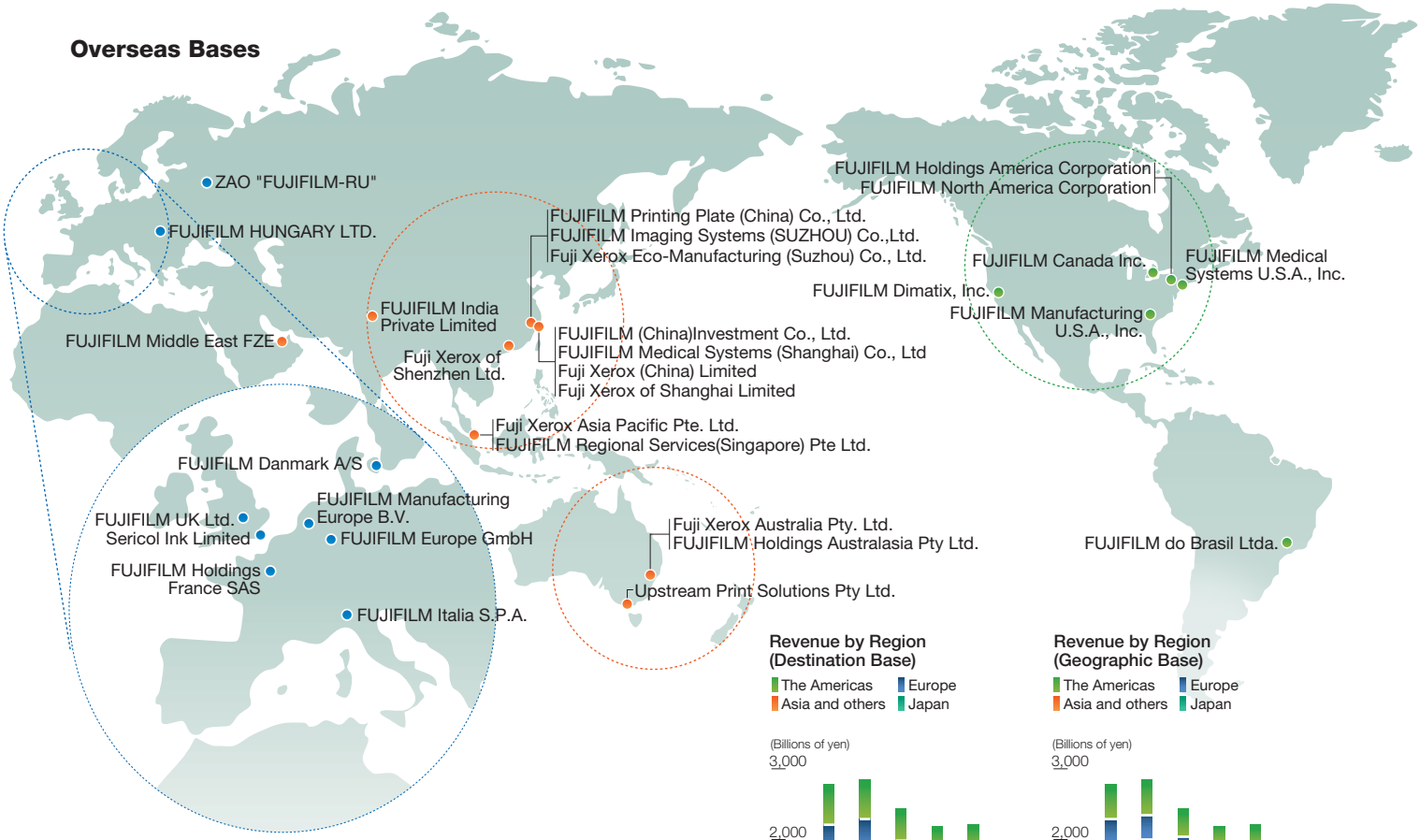
Operating companies

- FUJIFILM Corporation
- Fuji Xerox Co., Ltd.
- Toyama Chemical Co., Ltd.

Shared service company

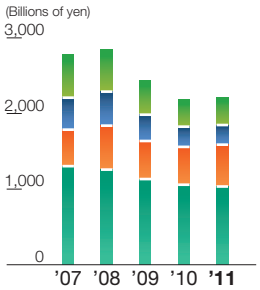
- FUJIFILM Business Expert Corporation

Overseas Bases

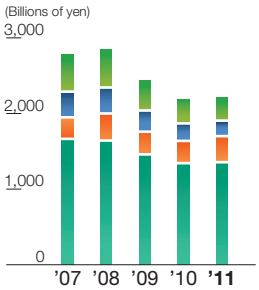


The Fujifilm Group established its first overseas subsidiary in Brazil in 1958. In the ensuing period, the Group has continued to actively develop and expand its operations overseas. As of March 31, 2011, the Fujifilm Group maintained 152 subsidiaries overseas supplying products and services to more than 200 countries and regions worldwide.

Revenue by Region (Destination Base)



Revenue by Region (Geographic Base)

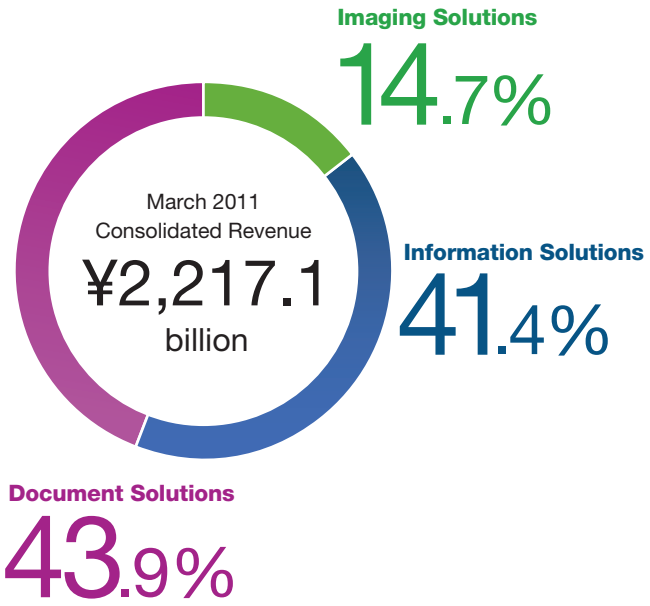


Operating Segment

Transcending our conventional business fields of "Imaging and Information" and using leading-edge, proprietary technologies, we have transformed ourselves into a corporate group that provides top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection across society.

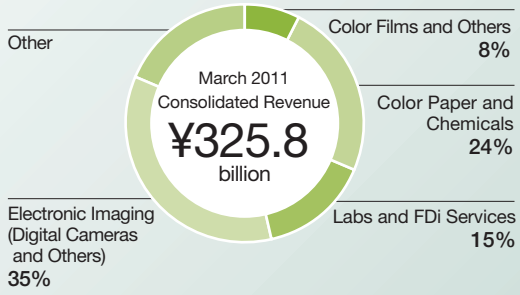
Guided by its corporate philosophy, FUJIFILM Holdings Corporation is committed to contributing to the enhancement of the quality of life of people worldwide.

In the pursuit of this commitment, the Company is accelerating business in the three operating segments of Imaging Solutions, Information Solutions and Document Solutions.



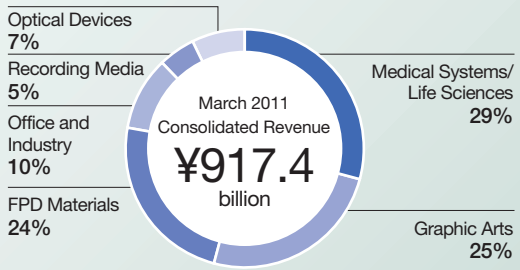
Imaging Solutions

The Imaging Solutions segment provides color films, color paper and chemicals for photo-printing, lab printing services and digital cameras.



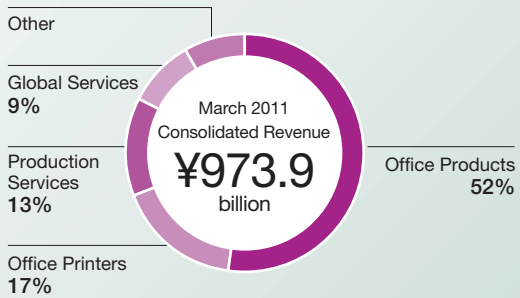
Information Solutions

The Information Solutions segment provides equipment and materials for medical systems and life sciences, pharmaceuticals, materials for graphic arts, along with flat panel display (FPD) materials, office and industrial equipment and materials (semiconductor processing materials, inkjet materials), recording media and optical devices.

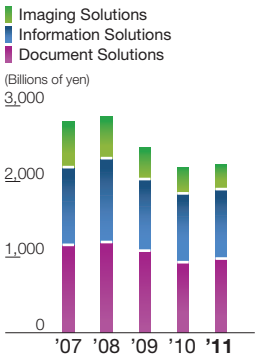


Document Solutions

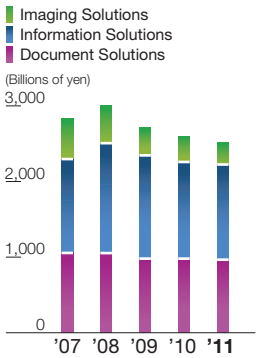
The Document Solutions segment provides office copy machines and multifunction devices, printers, production services and related products, office services, paper, consumables and other related services.



Revenue by Operating Segment



Total Assets by Operating Segment



(Years ended March 31)

Principal Products by Operating Segment

Imaging Solutions

Electronic Imaging

Delivering High-Sensitivity, High-Quality Image Digital Cameras

Centering on its *FinePix* series, Fujifilm is delivering a wide range of products that harness its unique technologies including lens and image processing.

- *FinePix* digital cameras
- Digital camera accessories

FinePix F550EXR

FinePix HS20EXR

Color Films and Others

Supplying Photographic Films: an Inaugural Product Since the Company's Founding

Since successfully accomplishing domestic production of photographic films in 1934, Fujifilm has continued to garner both domestic and worldwide support.

- Color negative films
- *QuickSnap* single-use cameras
- Color reversal films
- Instant films

Color negative films

Information Solutions

Medical Systems/Life Sciences

Total Prevention, Diagnosis, and Treatment Support

Beginning with the sale of X-ray films in 1936, Fujifilm has continued to provide the necessary instruments and IT systems that support the medical frontline across such diverse fields as X-ray diagnostic imaging, endoscopy and ultrasound diagnosis. In this manner, every effort is being made to ensure the ongoing development of diagnosis area. Moreover, Fujifilm is expanding its business scope by entering the fields of prevention that encompasses functional cosmetics and supplements as well as treatment, which is grounded in chemicals.

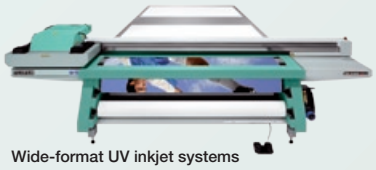
- Digital X-ray diagnostic imaging system: *FCR, DR BENEO*
- Digital mammography systems
- *SYNAPSE* medical-use picture archiving and communications systems (PACS)
- Dry imaging films/Dry imagers
- X-ray films
- Digital endoscopes
- Low-molecular pharmaceuticals
- Radiopharmaceuticals
- Functional cosmetics
- Nutritional supplement products

FCR PROFECT CS

SYNAPSE

Transnasal endoscopes

ASTALIFT functional cosmetics series



Wide-format UV inkjet systems

Graphic Arts

Delivering Printing Materials to Worldwide Printing and Newspaper Companies

Fujifilm supplies plate-making films, proofing materials, pre-sensitized (PS) and computer-to-plate (CTP) plates as well as printing chemicals. Steps are also taken to develop and promote a broad spectrum of products in the high-growth on-demand printing and inkjet business fields.

- Materials and equipment for graphic arts
  CTP plates
  CTP plate setters
- Industrial inkjet printers/Inks

Document Solutions

Office Products

Supplying Digital Multifunction and Other Devices to Offices

Fuji Xerox manufactures and markets office-use color and monochrome digital multifunction devices. Fuji Xerox strives to develop multifaceted document management and mission critical operations.

- Color / monochrome digital multifunction devices
- *Fuji Xerox DocuWorks* document handling software

Fuji Xerox ApeosPort-IV C7780

Fuji Xerox DocuWorks 7.2

Office Printers

Pursuing Compact Printers that Deliver High Performance and Quality Images

Focusing mainly on its color lineup, Fuji Xerox is expanding sales of monochrome and color office printers in the Asia-Oceania region as well as the European and U.S. markets through OEM supply.

- Color / monochrome office printers

Fuji Xerox DocuPrint C3350

Color Paper and Chemicals

Providing Photographic Paper for Color Prints and Photofinishing Chemicals

In addition to existing paper for prints, Fujifilm is providing paper for such high-value-added printing needs as *Photobook*, a market that is exhibiting growth.

- Photographic paper for color prints
- Photofinishing chemicals

Photobook

Photofinishing Equipment

Delivering Devices and Equipment for Use in Photo Studios and Labs

Fujifilm provides printing equipment that delivers high-quality images and production efficiency leveraging proprietary image processing technologies.

- Film processors/ Printing equipment
- Digital minilabs
- Inkjet-system dry minilabs

Frontier DL600

Labs and FDi Services

Providing Convenient and Easy-to-Use DPE Services

In addition to DPE services that accommodate orders placed through the Internet or at convenience stores, Fujifilm is addressing the wide-ranging *Photobook*, CD, DVD and related media needs.

- Film processing services/Photo printing services

Recording Media

Providing Large Capacity Recording Media Vital to Financial and Related Institutions

Fujifilm provides large capacity, high-integrity cartridges to accommodate the data backup needs of financial institution and research facility data centers, as well as DVDs and other recording media.

- *LTO Ultrium* data cartridges
- Data Cartridges for *IBM 3592*
- DVDs

LTO Ultrium 5 data cartridges

Optical Devices

Delivering Lenses for Various Uses

To meet the needs for high-quality images, Fujifilm uses its advanced technology and stable quality to deliver a wide range of lenses including lenses for mobile phones with camera function. In the market for television camera lenses, which require high-quality, Fujifilm maintains an approximate 50% global share.

- Camera phone lens units
- TV lenses/Cine lenses
- Security lenses

TV camera lens, *DIGI POWER 101*

Office and Industrial Materials

Providing Various Products in Growth Fields

Fujifilm provides various industrial-use materials and equipment including semiconductor processing materials and *Prescale Films*. Taking full advantage of its technological capabilities nurtured over many years, Fujifilm is actively developing new materials.

- Electronic materials
- Ink for consumer-use inkjet printers
- Industrial inkjet printer heads

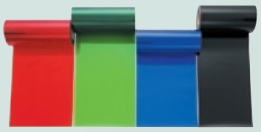
Flat Panel Display

Providing Films Essential to Liquid Crystal Displays

Fujifilm manufactures and markets the films used in polarizers for such electronic devices as LCD televisions, notebook personal computers and monitors. Among its diverse lineup of products, *FUJITAC* maintains an approximate 70% plus share of the global market while *WV film* maintains an absolute market monopoly.

- *FUJITAC* protective films for polarizers
- *WV Films* for expanding viewing angles
- *Transer Films* for manufacturing color filters

FUJITAC



Transer Films

Production Services

Providing Systems for the Digital Printing Market and Continuous Feed Printers for Mission-Critical Operations

Fuji Xerox is leading the digital-print market through its high-speed, high-quality image digital printing system products.

- On-demand publishing systems
- Computer printing systems

Fuji Xerox 700 Digital Color Press

Global Services

Improving Company Document and Business Processes through Solutions that Resolve Management Challenges

Fuji Xerox is supporting customers mainly through its document-related outsourcing services. Through these means, Fuji Xerox is assisting companies seeking to develop their business overseas to increase productivity, reduce output costs, curtail environmental burden and enhance security.

Consolidated Financial Highlights

	Years ended March 31					
	Millions of yen					Thousands of U.S. dollars (Note 1)
	2011	2010	2009	2008	2007	2011
Results of Operations						
Revenue	¥2,217,084	¥2,181,693	¥2,434,344	¥2,846,828	¥2,782,526	$26,711,855
Selling, general and administrative expenses	570,608	588,109	694,740	759,139	760,042	6,874,795
Research and development expenses	165,302	175,120	191,076	187,589	177,004	1,991,590
Operating income before restructuring and other charges (Note 2)	168,071	101,629	70,769	207,342	207,143	2,024,952
Operating income (loss) after restructuring and other charges (Note 2)	136,356	(42,112)	37,286	207,342	113,062	1,642,843
Income (loss) before income taxes	117,105	(41,999)	9,442	199,342	103,264	1,410,904
Net income (loss) attributable to FUJIFILM Holdings (Note 3)	63,852	(38,441)	10,524	104,431	34,446	769,301
Cash Flows						
Net cash provided by operating activities	199,354	314,826	209,506	298,110	297,276	2,401,855
Net cash used in investing activities	(130,760)	(131,204)	(152,781)	(259,715)	(298,001)	(1,575,422)
Free cash flow (Note 4)	68,594	183,622	56,725	38,395	(725)	826,434
Net cash provided by (used in) financial activities	(146,382)	(42,609)	(102,139)	(72,308)	158,287	(1,763,639)
Financial Position						
Total Assets	2,708,841	2,827,428	2,896,637	3,266,384	3,319,102	32,636,639
Inventories	342,165	303,120	368,250	416,827	393,594	4,122,470
Interest-bearing debt (Note 5)	189,657	295,648	321,546	370,010	374,008	2,285,024
Total FUJIFILM Holdings shareholders' equity	1,722,526	1,746,107	1,756,313	1,922,353	1,976,508	20,753,325
Capital expenditures (Note 6)	89,932	77,913	112,402	170,179	165,159	1,083,518
Depreciation and amortization (Note 6)	157,094	195,083	212,565	226,753	215,429	1,892,699
(Depreciation)	106,622	135,103	149,912	159,572	146,325	1,284,602

Per Share of Common Stock	Yen					U.S. dollars (Note 1)
Net income (loss) attributable to FUJIFILM Holdings:						
Basic (Notes 3 and 7)	¥131.30	¥(78.67)	¥21.10	¥205.43	¥67.46	$1.58
Diluted (Notes 3 and 8)	120.73	(78.67)	21.09	193.56	65.04	1.45
Cash dividends	30.00	25.00	30.00	35.00	25.00	0.36

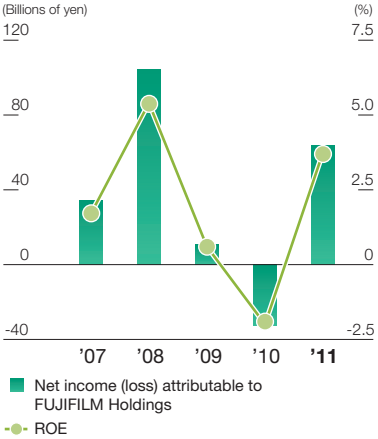
	%				
Financial Indicators					
Ratio of operating income before restructuring and other charges to revenue (Note 2)	7.6	4.7	2.9	7.3	7.4
Ratio of operating income after restructuring and other charges to revenue	6.2	(1.9)	1.5	7.3	4.1
ROE	3.7	(2.2)	0.6	5.4	1.7
ROA	2.3	(1.3)	0.3	3.2	1.1
Equity ratio	63.6	61.8	60.6	58.9	59.5
Payout ratio (Consolidated base)	22.8	–	142.2	17.0	37.1

Notes
1. U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥83=U.S.$1, the exchange rate prevailing on March 31, 2011.
2. Effective from the fiscal year ended March 31, 2010, restructuring and other charges are separately presented in the Company's consolidated statement of income. (See page 53.) Operating income before restructuring and other charges for the fiscal year ended March 31, 2009 presented in the table above includes ¥33,483 million, the amount calculated as the restructuring and other charges incurred during that fiscal year. Similarly, operating income (loss) on the same consolidated statement of income is disclosed as operating income (loss) after restructuring and other charges above, which represent an operating income (loss) after the recognition of restructuring and other charges.
3. Effective from the fiscal year ended March 31, 2010, net income (loss) is stated as net income (loss) attributable to FUJIFILM Holdings.
4. Free cash flow = Net cash provided by operating activities + Net cash used in investing activities
5. Interest-bearing debt=Short-term debt + Long-term debt
6. Figures do not include amounts for rental equipment handled by the Document Solution segment.
7. The computation of net income (loss) attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock (excluding treasury stock) outstanding the year.
8. Diluted net income (loss) attributable to FUJIFILM Holdings per share reflects the potential dilution attributable to additional shares issued in connection with the exercise of stock acquisition rights allotted as stock options and has been computed on the basis that at conversion rights of the Euroyen convertible bonds were exercised and outstanding.

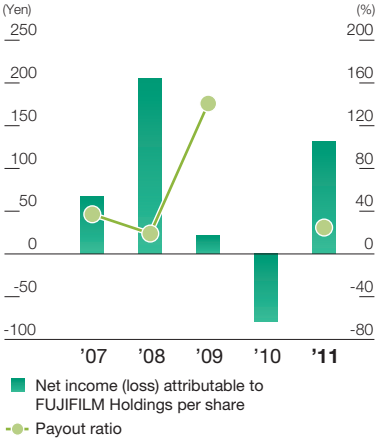
	Years ended March 31					
	Millions of yen					Thousands of U.S. dollars (Note 1)
	2011	2010	2009	2008	2007	**2011**
Operating Segment Revenue						
Imaging Solutions	**¥ 325,804**	¥ 345,489	¥ 410,399	¥ 547,066	¥ 605,383	**$ 3,925,349**
Information Solutions	**917,391**	900,844	946,156	1,108,134	1,026,085	**11,052,904**
Document Solutions	**973,889**	935,360	1,077,789	1,191,628	1,151,058	**11,733,602**
Consolidated total	**¥2,217,084**	¥2,181,693	¥2,434,344	¥2,846,828	¥2,782,526	**$26,711,855**
Revenue by Region (Destination Base)						
Japan	**¥1,034,806**	¥1,059,395	¥1,134,192	¥1,259,506	¥1,303,647	**$12,467,542**
The Americas	**368,213**	354,142	447,677	557,203	572,797	**4,436,301**
Europe	**260,543**	268,531	350,548	449,241	422,965	**3,139,072**
Asia and Others	**553,522**	499,625	501,927	580,878	483,117	**6,668,940**
Consolidated total	**¥2,217,084**	¥2,181,693	¥2,434,344	¥2,846,828	¥2,782,526	**$26,711,855**

Revenue/Ratio of Operating Income before Restructuring and Other Charges to Revenue

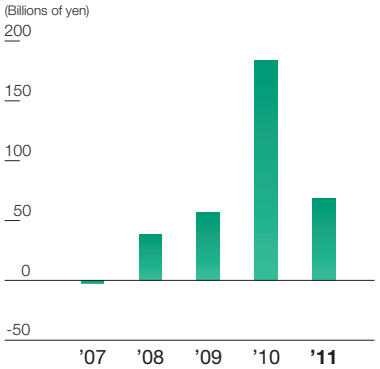
Net Income (Loss) Attributable to FUJIFILM Holdings/ROE



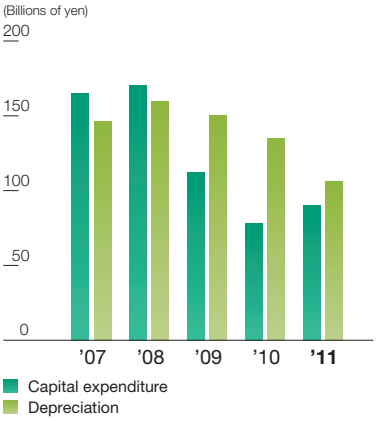
Net Income (Loss) Attributable to FUJIFILM Holdings per Share/ Payout Ratio



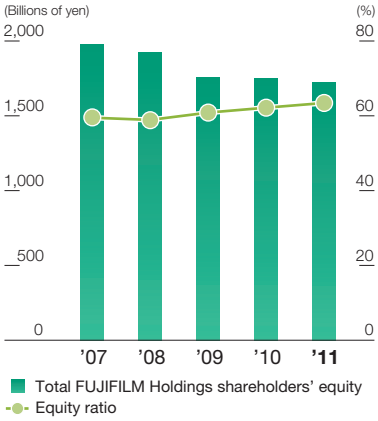
Free Cash Flow



Capital Expenditure/Depreciation



Total FUJIFILM Holdings Shareholders' Equity/Equity Ratio



Bringing Structural Reforms to a Successful Conclusion
Focusing on Boosting Sales to Ensure Steady and Continuous Growth

Building a Corporate Constitution that is Capable of Generating a Steady Profit Stream through a Two-Year Process of Structural Reforms

Emerging countries including those throughout the Asia region continue to exhibit economic growth. Business conditions in the United States are showing signs of a modest recovery due largely to improved consumption and employment. Europe is witnessing an overall positive turnaround despite continued weakness in certain regions. Turning to the domestic economy, Japan remains shrouded in a cloud of uncertainty. Despite this uncertainty, which is mainly attributable to the yen's appreciation, the sharp surge in raw material prices and the Great East Japan Earthquake that occurred in March 2011, there are expectations of a recovery from the summer through to autumn.

Under these circumstances, the Fujifilm Group ("the Group") has undertaken over a two-year period to build a robust corporate constitution that is able to steadily generate profit while sustaining growth even when facing harsh business environments. In specific terms, we have adhered strictly to a process of structural reforms and resolutely executed measures to reduce costs and expenses throughout the entire Group and in all businesses, without excluding any business fields from the scope of these measures.

As a result of these endeavors, FUJIFILM Holdings Corporation ("Fujifilm" or "the Company") recorded consolidated revenue of ¥2,217.1 billion for the fiscal year ended March 31, 2011. This represented a 1.6% increase compared with the previous fiscal year and a 4.8% year-on-year improvement after excluding the impact of foreign exchange fluctuations. While appreciation in the value of the yen had the effect of reducing revenue by ¥68.9 billion, the ¥35.4 billion increase in consolidated revenue reflected the release of new products and successful efforts to promote sales in response to growth in emerging countries' markets. Operating income before restructuring and other charges was negatively impacted by such factors as the strong yen, a surge in raw material prices and a decline in sales attributable to the Great East Japan Earthquake. This was more than offset by the upswing in sales, the implementation of structural reforms as well as cost reduction measures. Accordingly, operating income before restructuring and other charges jumped 65.4% compared with the previous fiscal year to ¥168.1 billion. Using the same exchange rates and raw materials prices when the Group last reported record high earnings in the fiscal year ended March 31, 2008, results in the fiscal year ended March 31, 2011 were at the same level. On this basis, the Fujifilm Group has in substantive terms achieved a historic high in operating income. Progressive improvement in the Group's corporate constitution supported an increase in the ratio of operating income before restructuring and other charges to consolidated revenue to 7.6%. Restructuring and other charges in the fiscal year under review amounted to ¥31.7 billion. As a result, operating income before restructuring and other charges totaled ¥136.4 billion.

Focusing on Expanding Sales by Bolstering Activities in Priority Business Fields and Increasing Market Share in Emerging Countries

Over the past two years, we have undertaken wide-ranging structural reforms aimed at building a corporate constitution that is able to steadily generate profits. In addition to achieving objectives established at the beginning of the period, the fruits of our efforts can be seen in the substantial improvement in operating results. Looking ahead, we will focus on expanding sales. To this end, we will resolutely pursue growth strategies on the world stage including newly emerging markets from fiscal 2012.

A major pillar of our growth strategies entails bolstering activities in priority business fields. We will selectively allocate management resources across six priority business fields that allow us to differentiate our products using proprietary technologies. Each field is further characterized by its significant scale and growth potential, and represents a market in which we maintain competitive advantage. In specific terms, we have identified medical systems/life sciences, graphic arts, document solutions, optical devices, highly functional materials and digital imaging as our drivers of future growth. We are

committed to strengthening our lineup of high-quality products that boast superior cost performance and accommodate market needs, and to secure a leading position in each of the developed and emerging countries in which we operate.

Complementing this commitment, we will work diligently to expand sales in emerging countries, distinguished by their outstanding growth, as well as markets in which our share is low. In order to establish a firm presence and acceptance of the FUJIFILM brand, while at the same time expanding market share, we will adopt a focused approach to the allocation of management resources including personnel, deliver products with a quality and features that best fit the requirements of each region at an affordable price and reinforce our sales network.

In addition, we recognize that new businesses are essential to growth. The scale of the photographic film market has rapidly contracted by more than 90% over the ten years since hitting its peak in 2000. We have continued to drastically transform our business structure by creating new businesses. Harnessing the strengths of our technological prowess, we plan to release a constant stream of high value-added products in fields that can be expected to experience significant growth including organic light emitting displays and solar cells.

In the Aftermath of Disaster, it is Imperative that We Return to Our Roots to Fulfill Our Role in Service to Society

We have received numerous inquiries from shareholders and investors about the impact on the Company of the Great East Japan Earthquake that occurred in March.

There were no injuries to Group employees as a result of the earthquake. We did, however, incur equipment damage at certain manufacturing facilities while confronting difficulties in the procurement of components. Every effort was made to ensure a prompt resumption of full-scale operations. Together with the shift to backup facilities, the impact on manufacturing activities was held to a minimum. Utilizing internal electric generators installed at each of our plants, we are overcoming subsequent shortages in the supply of electric power. We have also been quick to implement countermeasures with respect to the procurement of components and raw materials.

On a personal note, I am convinced that recent events provide the opportunity to again clarify the Fujifilm Group's role in society. Of equal importance is the need for us to fulfill our role in the global community, namely to consistently deliver value through our products and services irrespective of our surrounding environment. To the very best of our abilities, we will work toward growth hand-in-hand with all stakeholders. Our goal is to provide the underlying strength and platform required for renewed economic growth in Japan.

President and
Chief Executive Officer

Measures Implemented by the Group following the Great East Japan Earthquake

The impact of the March 11 Great East Japan Earthquake and the Group's response is as follows.

Impact of the Earthquake

The impact of the earthquake on production was held to a minimum.

In the immediate aftermath of the earthquake, the Company established a disaster countermeasures team to coordinate its response and communications with individual business bases and Group companies. First and foremost, steps were taken to confirm employee safety and to assess the level of damage. The Group then initiated wide-ranging measures aimed at preventing interruptions to the supply of raw materials and components and stoppages as a result of rolling blackouts, while at the same time providing emergency relief and support to devastated areas. Fortunately, there were no reports of personal injury to any of the Group's employees. Notwithstanding damage to buildings, facilities and equipment at certain of the Group's operating bases, disruptions to production were held to an absolute minimum thanks to the hard work and efforts of local employees and Group company support. In the fiscal year ended March 31, 2011, losses totaling ¥4.9 billion were charged to other expenses as a result of the earthquake.

While the Group's Kanagawa and Fujinomiya factories fell with those Tokyo Electric Power Company operating areas affected by rolling blackouts, there were no disruptions to production.

Each factory is equipped with natural gas cogeneration power systems sufficient to meet each facility's power needs. Reflecting shortfalls in raw materials and components at certain operating bases, production was temporarily suspended. Quick in its response, production recommenced on April 1. Moving forward, the Group will reassess those risks associated with component procurement and implement countermeasures as required.

Restoration and Reconstruction Support for Devastated Areas

Harnessing its business knowledge and know-how, the Group is undertaking wide-ranging support activities.

The Fujifilm Group extended a relief package of ¥300 million in support of the many victims of the Great East Japan Earthquake. In addition, the Group donated relief supplies to a total of ¥530 million including 10 diagnostic ultrasound systems, masks for dust and virus protection, pharmaceuticals and related items. Moreover, the Company is undertaking a variety of support activities related to its business operations.

FAZONE M/Brain portable diagnostic ultrasound systems

The Photo Rescue Project

FUJIFILM Corporation launched the "Photo Rescue Project," which aims to provide assistance for efforts to clean photo prints and albums damaged by seawater and mud in the recent Great East Japan Earthquake and subsequent tsunami. Tapping into the photographic knowledge the Company has accumulated over the years, FUJIFILM is posting information on its Japanese website on how to treat photo prints that have suffered water damage. At the same time, the Company is providing information using television, radio and print media in affected areas. Complementing these endeavors, support activities include the provision of tools and consumables required for photo cleaning to volunteer groups. Partnering with local residents, regulatory authorities and volunteer groups, staff have been dispatched to assist those who are engaged directly in photo salvage and cleaning activities. FUJIFILM is supporting efforts to save as many photographs and associated memories as possible.

Cleaning photos damaged by water

Medical Institution Support Activities

Drawing on its experiences during several previous disasters including the Niigata Prefecture Chuetsu Offshore Earthquake, FUJIFILM Medical Co., Ltd. (FMS), a company that engages in the sale and support service of medical equipment was quick to visit devastated areas and to provide support to medical institutions. FMS in fact entered afflicted regions immediately after the earthquake and launched support activities. In addition to delivering relief packages to stricken areas, sales and marketing staff took steps to evaluate the actual status of damage to customers and residents. While arranging for the delivery of items in short supply, staff also undertook maintenance of medical devices. FMS employees travelled to approximately 380 locations throughout Iwate, Miyagi and Fukushima prefectures. By the end of March, the number of visits had exceeded 600.

Support Activities Undertaken by Fuji Xerox

Fuji Xerox continues to tap into its business resources to support restoration efforts in disaster-stricken communities in partnership with the non-profit organization Japan Platform. Fuji Xerox's support for NGOs, which strive to provide useful information to people in afflicted areas, entails the free rental of multifunction devices. Also, Fuji Xerox prints materials both at high speed and quality by production printers free of charge while Japan Platform handles printing requests. In addition to invaluable community information, Fuji Xerox attends to the printing of operation manuals for evacuation centers and flyers with temporary housing information.

Finally Turning the Tables to Commence a Period of Renewed Growth

Shigetaka Komori
President and Chief Executive Officer

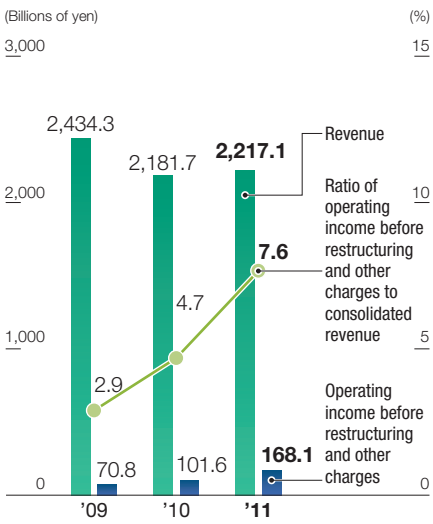
Q. How would you evaluate the Fujifilm Group's performance for the fiscal year under review and its structural reforms?

A. I am convinced that we have reestablished a solid business foundation that is capable of generating high profit even under a harsh business environment.

Over the two-year period since the Lehman shock, the Fujifilm Group has implemented structural reforms covering all Group companies and businesses without exception. Our efforts have been channeled toward reestablishing a robust corporate constitution that is capable of generating profitability even under a harsh business environment. While undertaking investment activities as required, including growth-oriented R&D and new product-related capital expenditure, we adhered strictly to a program of cost reduction, cutting back expenses in general, thereby raising overall profitability. In the fiscal year ended March 31, 2010, the ratio of operating income before restructuring charges and other charges to consolidated revenue improved 1.8 percentage points compared with the previous fiscal year to 4.7%. Turning to the fiscal year under review, this ratio again increased 2.9 percentage points year on year to 7.6%.

Having completed a two-year period of structural reform, I am convinced that our constitution is now more than capable of constantly generating high profit. From the fiscal year ending March 31, 2012, we will again work tirelessly to promote revenue growth. Through proactive investment and the release of new products we will pursue in earnest our growth strategies on the world stage.

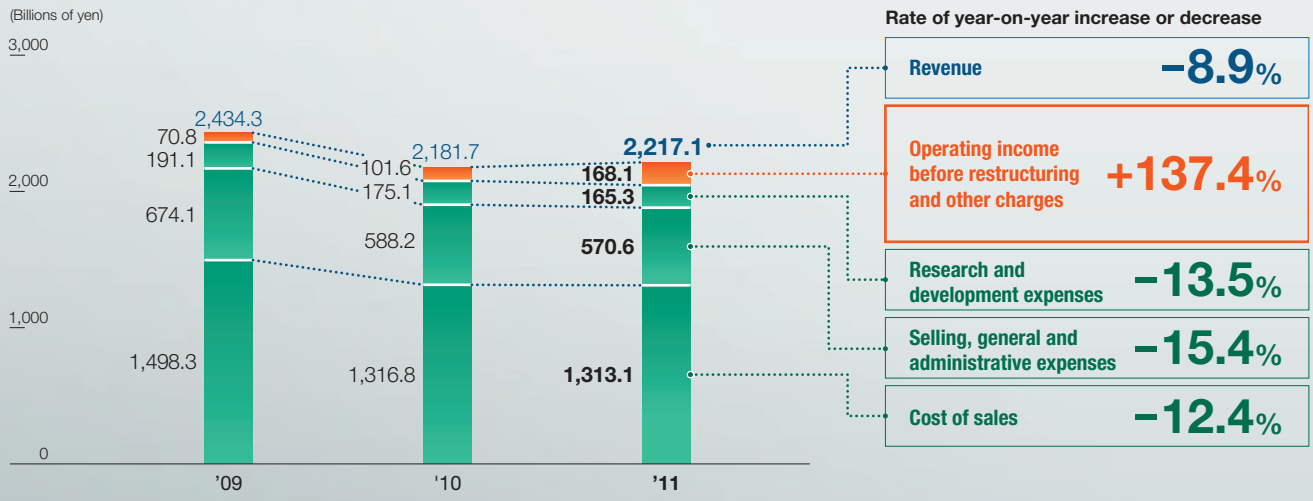
Trends in Revenue, Operating Income before Restructuring and Other Charges as well as the Ratio of Operating Income before Restructuring and Other Charges to Consolidated Revenue



Note: Years ended March 31

Successfully Established a Business Constitution to Constantly Generate Profit through a Process of Structural Reform

Trends in Profit Structure



Note: Years ended March 31

Q. Would you give readers specifics about measures implemented to further improve profitability?

A. We have successfully improved profitability by adhering strictly to a process of fixed cost reduction and overhauling the structures and systems of each business.

In order to ensure the surefooted generation of profits, we conducted a thoroughgoing across-the-board examination of expenses including the cost of sales, selling, general and administrative expenses as well as R&D expenses. As a result, we cut back costs by a significant margin compared with the fiscal year ended March 31, 2009. Over the two-year period ended in fiscal year ended March 31, 2011, fixed costs fell by approximately ¥180.0 billion.

On an individual business basis, we streamlined assets and consolidated photo processing labs to ensure optimal scale, structure and systems in such photo imaging businesses as photographic film and color paper as a part of measures aimed at improving profitability in the Imaging Solutions segment. Against the backdrop of an increasingly competitive operating environment, we secured substantial improvements in digital camera profitability by reducing procurement costs and bolstering supply chain management. We were also successful in rationalizing the Information Solutions segment through wide-ranging measures including business asset compression. In the Document Solutions segment, steps were taken to improve corporate constitution. This entailed implementing management innovation activities and reorganizing the development and production functions. Accounting for the aforementioned initiatives, the ratio of operating income before restructuring and other charges to consolidated revenue was 9.0% within striking distance of the target of 10%. Conversely, we will continue to undertake all necessary investment encompassing R&D as well as new product capital expenditure to ensure future growth.

Q. Improving asset efficiency was also a major theme for the Group. Would you give readers specifics about measures implemented?

A. We successfully improved asset efficiency by establishing ROA targets for each business while taking steps to compress business assets.

Every effort has been made to ensure the thoroughgoing management of assets by allowing individual segments to set their own operational ROA targets. We also eliminated inefficient assets and compressed fixed assets and inventories. Over the two-year period from March 31, 2009 to March 31, 2011, we have successfully reduced property, plant and equipment by approximately ¥130.0 billion. Residual assets in photo imaging-related businesses essentially comprise land and buildings with the book value of production facilities effectively zero.

Turning to technology and production, we have continued to engage in essential investments as well as M&A from a medium- to long-term perspective. In this regard, we have endeavored to build a growth-oriented constitution.

Status of Fixed Asset Compression (Years ended March 31) (Billions of yen)

	'09	'11	Increase (Decrease)
Cash and cash equivalents	270.1	313.1	43.0
Notes and accounts receivable	472.5	502.2	29.7
Inventories	368.3	342.2	(26.1)
Marketable securities and other current assets	191.8	153.3	(38.5)
Total current assets	**1,302.7**	**1,310.8**	**8.1**
Property, plant and equipment	698.0	564.1	(133.9)
Goodwill	329.0	344.4	15.4
Investment securities and other assets	566.9	489.5	(77.4)
Total noncurrent assets	**1,593.9**	**1,398.0**	**(195.9)**
Total assets	**2,896.6**	**2,708.8**	**(187.8)**

Q. Would you discuss the Fujifilm Group's growth strategies?

A. We will continue to concentrate management resources in our six priority business fields and emerging markets. While endeavoring to promote market expansion, we will work diligently to achieve a leading share.

We will selectively allocate management resources across six priority business fields that allow us to differentiate our products using proprietary technologies. Each field is further characterized by its significant scale and growth potential, and represents a market in which we enjoy a large market share.

In specific terms, we have identified medical systems/life sciences, graphic arts, document solutions, optical devices, highly functional materials and digital imaging as our drivers of future growth. We are committed to strengthening our lineup of high-quality products that boast superior cost performance and accommodate market needs, and will work to expand sales as well as market share.

Toward Renewed Growth

Focus 1 Priority Business Fields

Business Fields	Main Activities
Imaging Solutions	
Digital Imaging	**Bolster Brand Power and Expand Business** •Leveraging the Company's technological competitiveness, boost sales of highly functional products distinguished by their high lens and image quality performance to further enhance brand image. •In emerging countries, in addition to entry-level models that continue to perform soundly, promote high-grade model sales growth by strengthening the sales network and introducing highly competitive new products. Build a conceptual brand image as a full-fledged manufacturer of image-related products.
Information Solutions	
Medical Systems/ Life Sciences	**Medical Systems** **Build a Growth Pillar Based on the Company's Total Solution Capabilities** •Harnessing inherent strengths in proposing total solutions which include X-ray diagnostic imaging system, endoscope, ultrasonography, and medical IT solutions that link diagnosis and treatment departments, expand share across all hospital departments. •Promote sales growth through products distinguished by their image processing technologies developed over a lengthy period including highly functional digital X-ray diagnostic imaging system Digital Radiography (DR) and ultrasonography diagnostic equipment.
	Life Sciences **Substantially Expand Sales of New Products in New Markets** •In addition to new products including the *ASTALIFT* skin care brightening line, substantially boost sales by expanding sales channels in China and Asia in the life science business. •Substantially expand sales through efforts that encompass existing agents, new drug candidates and generic drugs in the pharmaceutical products business.
Highly Functional Materials	**Flat Panel Display Materials** **Increase Production Capacity in line with Demand Growth** •Ongoing growth in the liquid crystal panel market due mainly to increased demand for LCD TVs in emerging countries. •Promote further sales growth by ramping up ultra-wide film production capacity in response to increased demand for larger LCD TVs.
	Industrial Materials **Expanding into Growth Fields on the back of New Materials** •Expand sales and work toward securing a top market share in the robust semiconductor processing materials field. •Expand into such new fields as electronic materials, the environment and energy, where growth is forecast, by bringing to market innovative products including transparent conductive film as well as high durability PET films that are used in touch panel, solar cell and other applications.
Graphic Arts	**Expand Sales in Environmental and Digital Fields** •Work toward securing an even greater market share by expanding sales of environment-compatible CTP systems. •Upgrade and expand the Company's lineup of high-quality wide-format UV inkjet systems that harness its strengths including the ability to develop in-house head and ink technologies and expand sales in the digital printing field which is a growth area.
Optical Devices	**Expand Sales in Growth Fields Utilizing the Group's Technological Capabilities** •Work to increase sales while leveraging technological capabilities to shift to a business model that focuses more on higher value-added, high pixel count camera modules for mobile phones from camera phone lens units. •Introduce high-quality products to the market and increase sales in such growth fields as security camera and automotive-use lenses.
Document Solutions	
Document Solutions	**Bolster the Resources of Growth Fields and Regions** •Strengthen resources in each of the production and global services businesses and drive the market forward. •Adding to an existing customer base that comprises large-scale and major companies, an inherent Fuji Xerox strength, boost ties with small and medium-sized businesses using compact, low-priced strategic products. •In China, while strengthening business ties with small and medium-sized companies, reinforce the sales and marketing network.

Digital camera *FinePix X100*

Digital X-ray diagnostic imaging system *DR CALNEO C*

ASTALIFT functional cosmetics series

FUJITAC protective films for polarizers

Transparent conductive film *EXCLEAR*

Environment-compatible CTP systems *XP-F*

D60x16.7SR FUJINON security camera lenses

Fuji Xerox DocuCentre-IV C2260

Q. What progress has the Group made in implementing its growth strategies in emerging markets?

A. We continue to launch products that exclusively meet regional needs while bolstering our sales network.

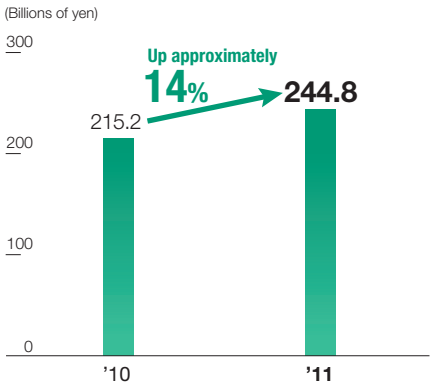
Targeting emerging countries, which are now driving the global economy's growth, all business divisions and local subsidiaries are joining forces to expand both sales and market share. To this end, we are concentrating the allocation of personnel and other management resources accordingly.

Specific to emerging countries, the Fujifilm Group is delivering high-quality products that boast superior cost performance and accommodate regional needs. In digital cameras for example, the features and performance of products are aligned to meet the requirements of each region. In this regard, we released models, specific to emerging countries, priced under one hundred U.S. dollars. As a result, sales in the digital imaging business increased substantially. This in turn helped raise the visibility of the FUJIFILM brand in emerging countries.

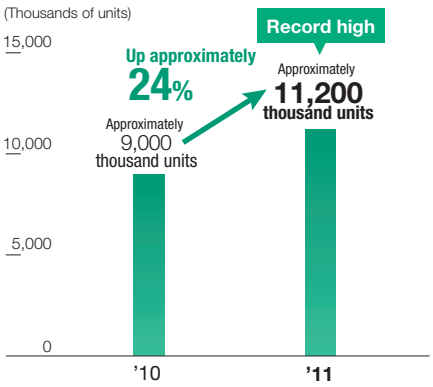
Moreover, we are strengthening our sales network in emerging countries. Taking positive steps toward a more robust direct-sales structure, we acquired an independent distributor of our medical and imaging products in Russia in January 2009 and a sales agency for endoscopy products in Turkey in February 2011. In the medical system business through this emerging country direct-sales structure, we are ensuring uniform and timely business development.
By engaging in marketing activities as well as repair and maintenance services that are both deeply rooted in the local community and aligned closely to diverse needs, we are effectively expanding our business in emerging countries.

Moving forward, we will continue to channel management resources into new markets including emerging countries.

Revenue Trends in China



Digital Camera Sales Volume Trends



Note: Years ended March 31

Q. What progress has the Group achieved in new business activities?

A. We are expanding sales through products that harness our unique technologies as well as M&A activities.

The Fujifilm Group boasts a wide range of globally acclaimed technologies that it has nurtured through long-standing R&D activities in the photographic film field. These technologies encompass an extensive chemical compound library, thin-film formation technology used in the control of film quality and thickness, and high-precision multilayer coating, fine chemicals, optics. Fuji Xerox maintains strengths in xerography technologies. Harnessing these leading-edge proprietary technologies, the Group is uncovering and expanding a broad spectrum of new businesses.

The *ASTALIFT* series of functional cosmetics

Focus 2 Work toward Strengthening the Group's Structure in China

CASE A

Digital Cameras

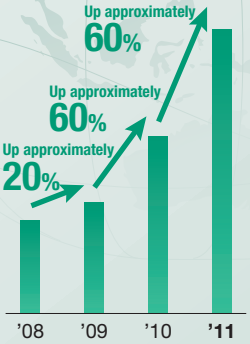
Further Strengthen and Increase Market Penetration of the FUJIFILM Brand

Sales of medium- and high-grade products are robust in China. Moving forward, Fujifilm will boost its brand presence by expanding sales of high-grade models that offer outstanding lens performance. In addition, the Company will expand its distribution network in provincial cities where a sharp growth in demand is forecast. Every effort will be made to promote greater market penetration of the FUJIFILM brand.

FUJIFILM Imaging Systems (Suzhou) Co., Ltd.

FinePix F305EXR

Growth in digital camera unit sales in China



CASE B

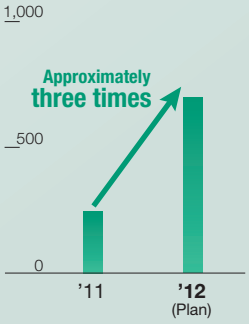
Medical Systems

Using Compact *FCR* Devices as a Foothold, Provide Total Solutions

In the medical systems business, Fujifilm will expand sales of *FCR PRIMA*, its low-priced, compact *Fuji Computed Radiography (FCR)* system, which continues to sell well. Using this as a foothold, the Company will promote sales of such products and services as DRs, endoscopes and network systems. Considerable weight will be placed on boosting performance through total solution proposals. To achieve these objectives, Fujifilm will increase its workforce while at the same time bolstering its distribution network by strengthening collaborative ties with local Chinese Group companies including Tianjian Medi Tech Co., Ltd., which was included in the Group's scope of consolidation as a subsidiary company in 2008.

FCR PRIMA

FCR sales volume in China



CASE C

Document Solutions

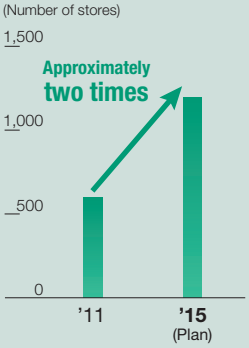
Strengthening Business Opportunities Targeting Small and Medium-Sized Offices

Sales of low-priced, compact MFPs and printers released specifically for the small office market are robust. To date, Fuji Xerox has built considerable strengths in the large-scale, major corporate-sector market. Through the release of low-priced models, Fuji Xerox is securing a strong foothold in the small and medium-sized business market. In addition to the significant benefits to accrue from its direct-sales structure in office and related products, Fuji Xerox is expanding its distribution network in the office printer field. Plans are in place to double the number of distribution outlets by the fiscal year ending March 31, 2015.

Fuji Xerox DocuPrint CP105 b

Fuji Xerox DocuCentre-IV C2260

Office printer sales outlets in China



Note: Years ending March 31

We entered the cosmetics business in 2006. Sales of our functional cosmetics series *ASTALIFT*, which takes full advantage of our collagen, nanotechnology and other technologies, have continued to enjoy steady growth. In 2010 *ASTALIFT* sales were launched in China as well. Looking ahead, we will expand sales in this new region.

In the pharmaceutical product business, sales of Toyama Chemical Co., Ltd., a company included in the Fujifilm Group's scope of consolidation as a subsidiary in 2008, were boosted by robust results in such pharmaceuticals as *Zosyn*, which exhibits superior clinical efficacy for illnesses including pneumonia and septicemia. In addition, Toyama Chemical submitted an application for permission to manufacture and market *T-705*, a medicine for the treatment of influenza infections with a novel mechanism for preventing viral propagation, to Japan's Ministry of Health, Labour and Welfare in March 2011. In providing an additional option for the treatment of influenza, the company expects to contribute further to society.

In the fiscal year ending March 31, 2012, steps will be taken to introduce high value-added products in fields that can be expected to enjoy growth. Moving forward, we will introduce a durable, high durability PET film for use as a solar cell back sheet. Featuring a reduced shrinkage ratio when exposed to high temperatures, this product is forecast to capitalize on projected demand growth. In addition, Fujifilm commenced sample shipments of a new transparent conductive film for use in solar cells and touch-panels. Free from indium tin oxide (ITO), a rare metal, this alternative product addresses concerns regarding the sharp rise in price and natural resource depletion associated with existing ITO films. On this basis, full-scale commercial sale is considered imminent.

Q. Finally, would you give readers your view on returning profits to shareholders?

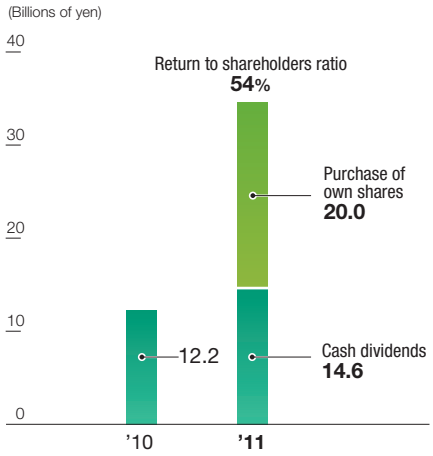
A. The return to shareholders ratio reached 54%.

FUJIFILM Holdings has set a 25% target for its return to shareholders ratio calculated by dividing the total of cash dividends and share buybacks by net income attributable to the Company.

For the fiscal year ended March 31, 2011, the Company declared an annual cash dividend of ¥30.00 per share. At the same time, the Company undertook purchases of its own shares from November through to December 2010. Over this period, the Company purchased 6.95 million shares for a total acquisition cost of ¥20.0 billion. Representing a return to shareholders ratio of 54%, this result substantially exceeds the established target.

Taking into consideration the Company's cash position and investment plans, every effort will be made to consistently return profits to shareholders.

Trends in Cash Dividends and Share Buybacks



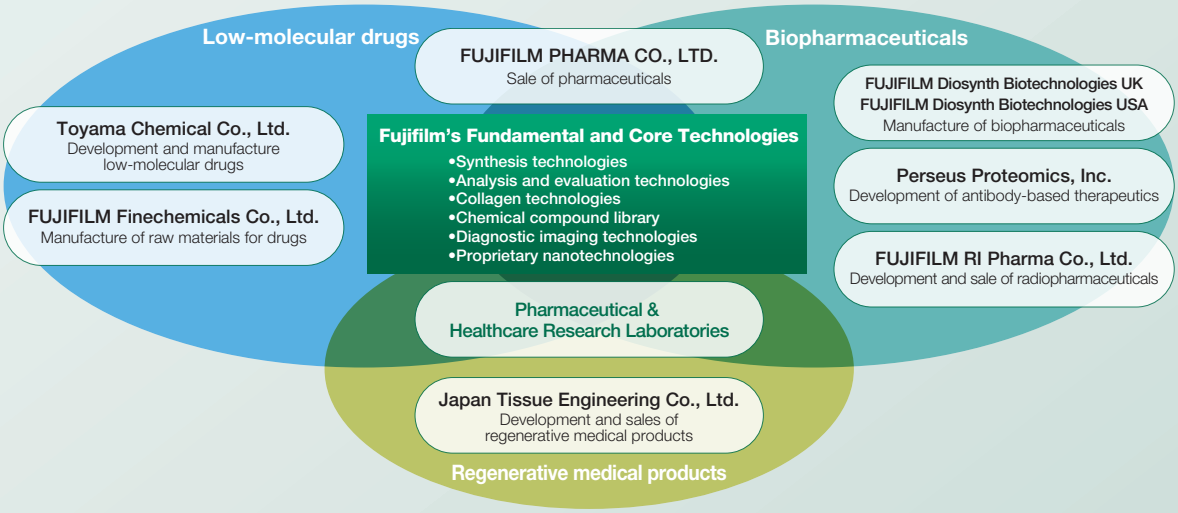
Note: Years ended March 31

Focus 3 Pursuing M&As and Group Synergies

With Technological Capabilities at the Heart of Development Activities, Fujifilm will Deliver Unique and Innovative Pharmaceuticals

In its efforts to uncover new sources of ongoing growth, the Fujifilm Group has positioned the medical systems and life science businesses as fields of outstanding opportunity and potential. As a result, the Group is conducting research and development and is involved in M&As. In the pharmaceuticals field, Fujifilm is actively investing in companies that possess leading technologies and capabilities in each of their respective fields. Toyama Chemical Co., Ltd., which became a Fujifilm subsidiary in 2008, is a prime example. In combining the technologies of these companies with Fujifilm's expertise nurtured over many years, the Group is endeavoring to deliver a continuous stream of unique and innovative pharmaceuticals.

Fujifilm Group Pharmaceutical Product Business Related Companies



Low-molecular Drug Field

Toyama Chemical, a pharmaceutical company that has continued to produce outstanding results in its R&D pursuits, became a Fujifilm subsidiary in 2008. FUJIFILM Pharma, a company that engages in the sale of generic and other drugs, commenced distribution activities in Japan in 2010. Complementing efforts to develop new drug candidates[1] including *T-705* and *T-817MA* both in and outside Japan, the Group's companies are looking to expand business into the low molecular drug field.

Biopharmaceuticals Field

FUJIFILM RI Pharma, a pioneer in the radiopharmaceuticals field acquired in 2006, and Perseus Proteomics, a company that possesses proprietary antibody development technologies converted into a subsidiary in 2009, play a central role in the Group's biopharmaceutical development efforts. In 2011, Fujifilm took steps to further bolster its business platform through the acquisition of two leading providers of contract manufacturing and development services for the biopharmaceutical industry. FUJIFILM RI Pharma and Perseus Proteomics have combined to secure successful results in their joint research activities. In June 2010, the two companies presented their development of a new radiolabeled antibody[2] for treating lung cancer to the meeting of the Society of Nuclear Medicine in the United States. Perseus Proteomics found the protein that is specifically expressed in cancer cells and then produced antibodies against the protein. In a joint research endeavor with FUJIFILM RI Pharma, the two companies succeeded in coupling the antibodies with radioisotopes and enhancing pharmaceutical efficacy. The aforementioned presentation was based on research outcomes that confirmed that these armed antibodies significantly inhibited tumor growth in mouse lung cancer models.

Regenerative Medicine Field

The Fujifilm Group accepted a third-party allocation of new shares from Japan Tissue Engineering Co., Ltd. in 2010. Japan Tissue Engineering possesses superior proprietary technology for cell culturing such as autologous cultured epidermis and is Japan's only bio-venture that deals with tissue-engineered regenerative medical materials. Regenerative medicine is attracting attention as a promising field of medical therapy that involves the regeneration of malfunctioned tissues and organs lost as a result of illness or external injury. Tapping into Fujifilm's knowledge in collagen and nanotechnologies, the two companies are working together to pursue R&D in the regenerative medical materials field.

Notes:
1 Please refer to "Toyama Chemical's Pipeline" on page 26.
2 Radiolabeled antibody: Antibody coupled with radioisotope (RI) to enhance pharmaceutical efficacy.

Imaging Solutions

Results for Fiscal Year Ended March 31, 2011

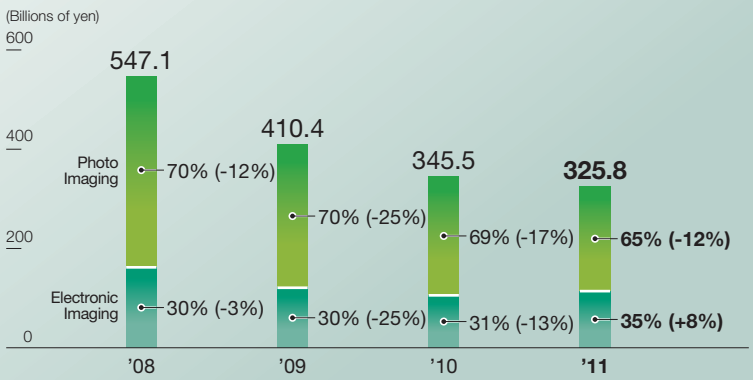
Consolidated revenue declined 5.7% year on year (up 0.6% excluding the impact of foreign exchange fluctuations from the previous fiscal year) to ¥325.8 billion. Despite robust sales of digital camera products, this downturn was attributable to the impact of the strong yen which had the effect of reducing segment revenue by ¥21.9 billion. From an earnings perspective, Fujifilm was negatively impacted to a total of ¥14.2 billion by the yen's appreciation and the sharp rise in raw material prices. Thanks largely to the successful implementation of cost reduction measures and the positive effects to accrue from structural reforms, however, the Company recorded significant improvements with operating income before restructuring and other charges breaking even for the fiscal year under review.

Despite incurring an operating loss after restructuring and other charges of ¥12.7 billion in this segment, this result was a major improvement compared with the previous fiscal year.

Breakdown of Revenue

Reasons for Changes from '10 to '11

- Substantial increase in the volume of digital camera product sales
- Impact of appreciation in the value of the yen: -¥21.9



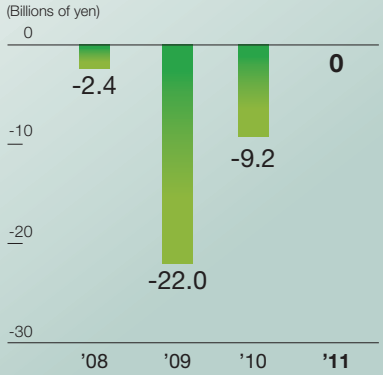
Percentages in parentheses represent the year-on-year changes in revenue of each category

Years ended March 31

Operating (Loss) Income before Restructuring and Other Charges

Reasons for Changes from '10 to '11

- Successful implementation of cost reduction measures and the positive effects from structural reforms
- Impact of yen appreciation and the rise in raw material prices



Note: Due to the reclassification of corporate expenses, operating income for the fiscal year ended March 31, 2010 has been restated.

Photo Imaging (Color Films, Color Paper, Chemicals, Photofinishing Equipment, etc.)

Year in Review

In the photo imaging business, sales of color paper declined. Despite an increase in sales volume owing largely to successful efforts to secure a higher market share and sales growth in such high-value-added printing services as *Photobook*, the color paper sales decline was mainly attributable to appreciation in the value of the yen. From a profit perspective, structural reform and cost reduction measures including efforts to compress business assets including production facilities and consolidated photo processing labs offset the drop in sales and sharp rise in raw material prices. As a result, segment operating income improved substantially.

Photobook

Future Initiatives

The *Photobook* market is forecast to expand both in developed and emerging countries. The Company will bolster its high-value-added printing services including *Photobook* and place considerable emphasis on expanding color paper sales. Steps will be taken to implement ongoing measures aimed at increased market share as a part of extensive efforts to boost sales.

Electronic Imaging

Year in Review

Fujifilm recorded an historic high in unit sales volume to approximately 11.2 million units, up 24% compared with the previous fiscal year, together with an increase in sales. This was due largely to the significant upswing in the volume of digital camera sales mainly in emerging country markets, principally the BRICS, as well as robust sales of high-end models. In the fiscal year under review, Fujifilm released distinctive products that leverage the Company's unique technologies including the *FinePix F550EXR*, which incorporates an *EXR CMOS* sensor that selects the optimal setting from among 49 image quality patterns, and the *FinePix X100* high-grade compact digital camera, which earned high praise for its image quality and expressive power that outstrips those of digital SLR cameras even prior to its launch. Sales of these and other products remain strong.

FinePix F550EXR

FinePix X100

Future Initiatives

Looking ahead, the Company will work diligently to boost sales of such mid- and high-end models as the *FinePix F550EXR* and the *FinePix X100*. At the same time, Fujifilm will launch new products that showcase the Company's *FUJINON lens*, sensor, imaging processing and other technological capabilities. While upgrading and expanding its lineup of mid-range and high-end models, Fujifilm will round out its product menu by adding a selection of low price entry-level models under $100. In the fiscal year ending March 31, 2012, the Company is targeting sales of 14.0 million units, up 25% year on year. To this end, Fujifilm will pursue a variety of initiatives including strengthening its sales and marketing structure in emerging countries.

Information Solutions

Results for Fiscal Year Ended March 31, 2011

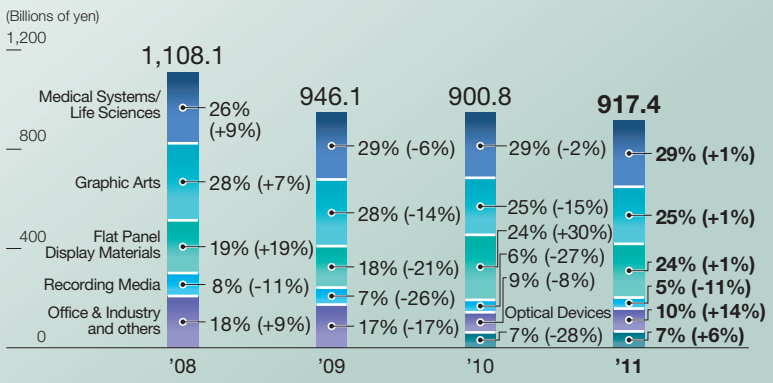
Consolidated revenue increased 1.8% year on year (up 5.7% excluding the impact of foreign exchange fluctuations from the previous fiscal year) to ¥917.4 billion. Although appreciation in the value of the yen had a negative impact of ¥35.0 billion, this improvement was largely attributable to higher sales in mainstay businesses including the flat panel display (FPD) materials business.

Operating income before restructuring and other charges in this segment was also impacted by the yen's appreciation and the sharp rise in raw material prices. Due mainly to the increase in sales, successful efforts to implement cost reduction measures, the benefits to accrue from structural reform initiatives and other factors, however, operating income before restructuring and other charges reached ¥108.0 billion, up 44.1% compared with the previous fiscal year. The ratio of operating income before restructuring and other charges to consolidated revenue was 11.7%. Operating income after restructuring and other charges was ¥103.5 billion, a significant year-on-year improvement.

Breakdown of Revenue

Reasons for Changes from '10 to '11

- Increase in electronic materials, flat panel display materials and other business sales
- Impact of appreciation in the value of the yen: -¥35.0 billion

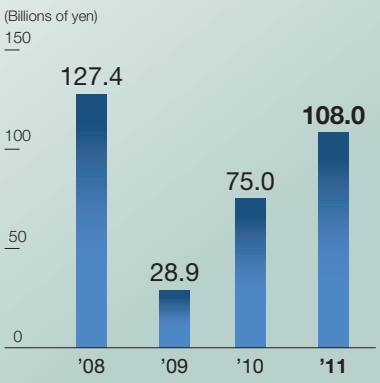


Percentages in parentheses represent the year-on-year changes in revenue of each category

Operating Income before Restructuring and Other Charges

Reasons for Changes from '10 to '11

- Increase in sales
- Successful cost reduction and the positive effects from structural reforms
- Impact of yen appreciation and the rise in raw material prices



Note: Due to the reclassification of corporate expenses, operating income for the fiscal year ended March 31, 2010 has been restated.

Years ended March 31

Medical Systems/Life Sciences

Year in Review

In the medical systems business, the impact of the yen's appreciation and other factors caused a decline in sales revenue. Fujifilm recorded strong sales of *FCR PRIMA*, a compact and relatively low-priced *Fuji Computed Radiography (FCR)* product in its digital X-ray diagnostic imaging systems business. In addition, the Company successfully boosted sales by launching new products that take full advantage of its unique technologies. This included the release in April 2010 of cassette-sized *FUJIFILM DR CALNEO C* products that can be loaded into an existing X-ray exposure system, a new addition to the *FUJIFILM DR CALNEO* series of digital X-ray diagnostic imaging systems. The *FUJIFILM DR CALNEO C* successfully reduces the level of X-rays while providing high-quality images.

SYNAPSE

In the network system field, Fujifilm maintained its leading market share in the medical-use picture archiving and communication systems (PACS) field. As of the end of the fiscal year under review, the Company's *SYNAPSE* system had been adopted by more than 1,500 medical facilities in Japan.

Sales grew in the life science business due to a variety of factors. This included the launch of *ASTALIFT JELLY AQUARYSTA*, a new addition to the *ASTALIFT* lineup of functional cosmetic products and the active implementation of nutritional supplement sales promotion measures.

In the pharmaceutical product business, Toyama Chemical Co., Ltd. recorded strong sales of *Zosyn*, an injectable antibiotic combination product consisting of the semisynthetic antibiotic and ß-lactamase inhibitor. Turning to the *T-705* drug candidate under development for application as an anti-influenza viral drug with a confirmed unique action mechanism compared with existing therapeutic drugs, Toyama Chemical submitted an application for manufacturing and marketing approval in Japan in March 2011. In October 2010, FUJIFILM Corporation accepted a third-party allocation of new shares Japan Tissue Engineering Co., Ltd., a provider of tissue-engineered regenerative medical materials in Japan. Later in March 2011, Fujifilm took steps to enter the biopharmaceutical field in earnest by acquiring MSD Biologics (UK) Limited of the U.K. and Diosynth RTP LLC of the United States, wholly-owned subsidiaries of U.S.-based Merck & Co., Inc. and leading suppliers of contract manufacturing and development services for the biopharmaceutical industry.

Future Initiatives

In the digital X-ray diagnostic imaging system field, every emphasis will be placed on further expanding *FCR PRIMA* sales and maintaining the Company's premier position in the global market. Following the release of the wireless type cassette-sized DR *FUJIFILM DR CALNEO C 1417* Wireless in April 2011, Fujifilm will focus on upgrading and expanding its lineup. Through these means, the Company will work tirelessly to boost sales. In addition, Fujifilm will bolster sales of *AMULET*, the Company's digital mammography system that is attracting high praise for its superior image quality to customers who are increasingly seeking greater ease of use and diagnostic performance. In the network system field, Fujifilm will leverage the merchandise power mainly of the *SYNAPSE* medical-use picture archiving and communications system as a matter of course. The Company will also harness its reputation for reliability in operating stability and brand power as well as its knowledge and expertise in diagnostic imaging nurtured over many years to boost sales. Furthermore, energies will be channeled toward expanding the scope of the Company's business to

AMULET

proprietary clinical information systems which encompass integrated medical-use documents from diagnostic imaging to medical records.

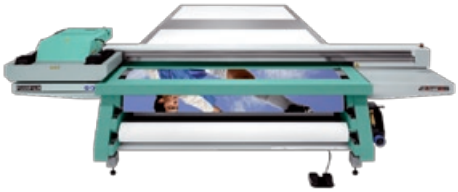
In March 2011, Fujifilm released skin care brightening products in its *ASTALIFT* series of cosmetics to expand sales in the life science business. Results continue to benefit from sales growth in China which began in September 2010.

Fujifilm will endeavor to quickly launch new drugs and further boost sales through the marketing of generic drugs in the pharmaceutical product business. Moreover, the Company will continue to promote R&D in such promising new drug candidates as T-817MA, a treatment for Alzheimer's disease as well as in wide ranging fields including regenerative medical materials and biopharmaceuticals.

Graphic Arts

Year in Review

In the graphic arts business, the negative impacts of the strong yen and a drop in sales prices were more than offset by an increase in the volume of product sales resulting from a recovery in demand mainly in Japan and North America. In the fiscal year ended March 31, 2011, sales accordingly rose. In the digital printing business, a growth field, sales were robust buoyed by efforts to upgrade and expand the Company's lineup of wide-format UV inkjet systems



Wide-format UV inkjet systems

Future Initiatives

Complementing ongoing efforts to boost sales in the digital printing business, a growth field, Fujifilm will actively market its *Jet Press 720*, a next-generation inkjet digital printing system, details of which were disclosed at a product announcement meeting held in Japan in April 2010. Amid growing concern for the environment and calls to reduce environmental load, the Company will also reinforce sales of products that are distinguished by their environmentally conscious design including the *ECONEX CTP SYSTEM* that reduces waste liquid such as processing liquid. In this manner, Fujifilm will increase sales and market share.

Flat Panel Display Materials

Year in Review

Buoyed by the positive flow-on effects of Japan's Eco-Point system and policies for promoting the ownership of household electric products implemented by the Chinese government, Fujifilm reported record high sales in the flat panel display materials business. Results directly reflected rising demand for LCD televisions and higher *FUJITAC* sales.

FUJITAC

Future Initiatives

Markets for flat panel display materials continue to expand most notably in emerging countries particularly China. Demand for larger size television is also on the rise. To address these trends, Fujifilm is increasing its ultra-wide *FUJITAC* production capacity. The Company commenced operations at a new production line in October 2010, which is helping to boost sales. Plans are in place to commence operations at an additional three production lines by December 2012. This will double Fujifilm's ultra-wide FUJITAC production capacity compared with March 31, 2011.

Office and Industry

Year in Review

Sales in the optical device field increased on the back of robust sales in North America and Europe of such products as television camera, security camera, and projector lenses. In order to further fortify this business, Fujinon Corporation, an optical device manufacturing and sales subsidiary, was integrated within FUJIFILM Corporation in July 2010.

Sales increased in the electronic materials business. This largely reflected strong sales of such materials as *Color Mosaic* for image sensors, chemical mechanical planarization (CMP) slurries, and other products.

Television camera lens units

Future Initiatives

In the optical device business and particularly lenses for mobile phones, Fujifilm will boost sales of higher value-added camera modules for use in mobile phones including set devices that cover lens units through image sensors to substrates. In addition, the Company will pursue sales growth in television camera, security, and projector lenses in tune with the trend toward high-definition products. In the electronic materials business, Fujifilm will promote the introduction of new products including next-generation semiconductor processing materials. Turning to activities that relate to the electronics, environment, energy and other fields, Fujifilm will look to expand its business through a variety of products including transparent conductive films for use in organic EL displays and touch panels as well as high durability PET films targeting solar cell back sheets.

Toyama Chemical's Pipeline

Japan

(As of April, 2011)

Stage	Development No.	Therapeutic Category
NDA filing	T-705	Antiviral agent (Anti-influenza virus agent) Potent in mouse infection models of H5N1 avian influenza
Preparing to file	T-614	Antirheumatic agent A disease-modifying anti-rheumatic drug (DMARD)
Phase II	T-5224	Antirheumatic agent (AP-1 inhibitor) Potential of becoming a curative treatment for rheumatoid arthritis
Phase I	T-3811	New-type injectable quinolone synthetic antibacterial agent

Overseas

(As of April, 2011)

Stage	Development No.	Therapeutic Category
Preparing to file	T-3811	New-type oral/injectable quinolone synthetic antibacterial agent
Phase II	T-817MA	Treatment for Alzheimer's disease Preventing neurodegeneration induced by Amyloid-b protein
Phase II	T-705	[Please refer to the Chemical Pipeline table for Japan] U.S.: Commence Phase II (February 2010)
Phase I	T-2307	Injectable antifungal agent
Phase I	T-5224	[Please refer to the Chemical Pipeline table for Japan]

Products developed by the Fujifilm Group with respect to overseas data.

Document Solutions

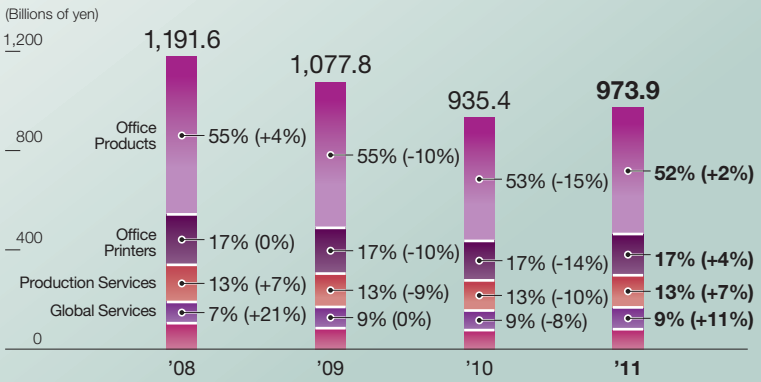
Results for Fiscal Year Ended March 31, 2011

Consolidated revenue increased 4.1% year on year to ¥973.9 billion. This was largely attributable to sales growth in the Asia-Oceania region and higher export volumes to Xerox Corporation in the United States as well as emerging countries.
Operating income before restructuring and other charges climbed to ¥88.7 billion, up 37.7% compared with the previous fiscal year. This was mainly the result of higher sales, successful efforts to implement cost reduction measures and the effects of structural reforms. The ratio of operating income before restructuring and other charges to consolidated revenue was 9.0%. Operating income after restructuring and other charges surged 89.5% year on year to ¥74.2 billion.

Breakdown of Revenue

Reasons for Changes from '10 to '11

- Sales continued to grow in the Asia-Oceania region; export shipments to Xerox Corporation and to emerging countries increased
- Impact of appreciation in the value of the yen: -¥12.0 billion



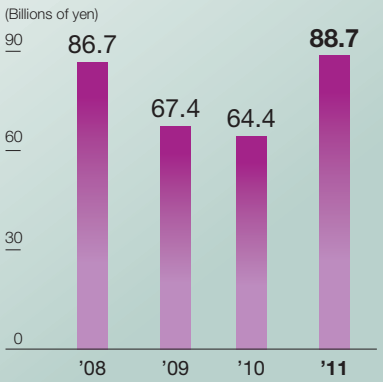
Percentages in parentheses represent the year-on-year changes in revenue of each category

Years ended March 31

Operating Income before Restructuring and Other Charges

Reasons for Changes from '10 to '11

- Increase in sales
- Successful cost reduction and the positive effects from structural reforms



Note: Due to the reclassification of corporate expenses, operating income for the fiscal year ended March 31, 2010 has been restated.

Office Products

Year in Review

In the office products business, sales of the full-color digital multifunction device *Fuji Xerox ApeosPort-IV / DocuCentre IV Series* of products were strong. Each model employs an EA-Eco toner, which ensures the industry's top level energy conservation performance. At the same time, the trend toward a higher number of copies made continues unabated. Fuji Xerox accordingly is maintaining its leading share in terms of the high volume of copies made using its devices.

In the Asia-Oceania region, a significant increase in the sales volume of full-color products was recorded. Looking at exports to Xerox Corporation, shipment volumes of both full-color and monochrome models increased.

Fuji Xerox ApeosPort-IV C7780

Future Initiatives

Moving forward, Fuji Xerox will upgrade and expand its wide-ranging solutions in an attempt to address the multitude of challenges that continue to confront management. In addition to strengthening proposals aimed at enhancing office security, an issue of considerable concern to the corporate sector, Fuji Xerox will work to improve workflow and operational efficiency particularly in the areas of document management and output. Moreover, Fuji Xerox will take the lead by offering a highly competitive product lineup in such new target market zones as small offices. Every effort will be made to further boost sales by offering products with outstanding energy conservation performance.

Building on its successes in the domestic market, Fuji Xerox will continue to expand in regions and countries such as the Asia-Oceania region where high rate of growth are forecast. While expanding sales of both monochrome and color capable models, Fuji Xerox will increase the volume of copies.

Office Printers

Year in Review

In Japan, sales volumes of color capable models increased year on year. Aiming to enter the small and medium-sized business markets in Asia and Oceania in earnest, steps were taken to develop additional models for the *Fuji Xerox DocuPrint series* lineup of low-priced, environment friendly compact LED printers. Commencing from November 2010, these new models were progressively released to the market. Buoyed by robust sales of these new products, results in both color and monochrome models also witnessed a substantial year-on-year increase. Turning to exports to Xerox Corporation, the volume of shipments grew significantly. This was primarily attributable to higher sales of the aforementioned new products.

Fuji Xerox DocuPrint CM205 b

Future Initiatives

While redoubling Fuji Xerox's efforts to expand sales of its new *DocuPrint series* lineup as a part of efforts to secure a full-fledged entry into the small and medium-sized business market, Fuji Xerox will expand sales and exports to the Asia-Oceania region, which are expected to enjoy high rates of growth, and Xerox Corporation by introducing products distinguished by their high cost performance and competitiveness.

Fuji Xerox DocuPrint CP105 b

Production Services

Year in Review

In the production services business, Fuji Xerox's sales of light production color models increased contributing to higher domestic sales volume. In January 2011, Fuji Xerox launched sales of the *Fuji Xerox DocuColor 1450 GA*, a high image quality, full-color copier designed to meet the needs of professionals in the graphic arts market.

In the Asia-Oceania region, sales of the color on-demand publishing system *Fuji Xerox Color 1000 Press/Color 800 Press* released in June 2010 were robust leading to higher sales volume.

Export activity to U.S.-based Xerox Corporation grew substantially on the back of strong sales of the *Fuji Xerox Color 1000 Press/Color 800 Press*.

Fuji Xerox DocuColor 1450 GA

Future Initiatives

Harnessing the inherent strength of its highly competitive lineup of products that extends from the light production through to the high-end domains, Fuji Xerox is poised to drive the expanding digital print market forward. Complementing this inherent strength, Fuji Xerox will upgrade and expand its consulting services including sales and marketing methods.

Fuji Xerox Color 1000 Press / Color 800 Press

Global Services

Year in Review

Sales in the Global Services business grew in Japan as well as the Asia-Oceania region. In August 2010, Fuji Xerox acquired Upstream Print Solutions Pty Ltd, an Australian-based managed print service (MPS) provider. In addition to securing a leading position as a provider of services to major companies, this initiative allows Fuji Xerox to strengthen and expand its supply of services to small and medium-sized companies.

Future Initiatives

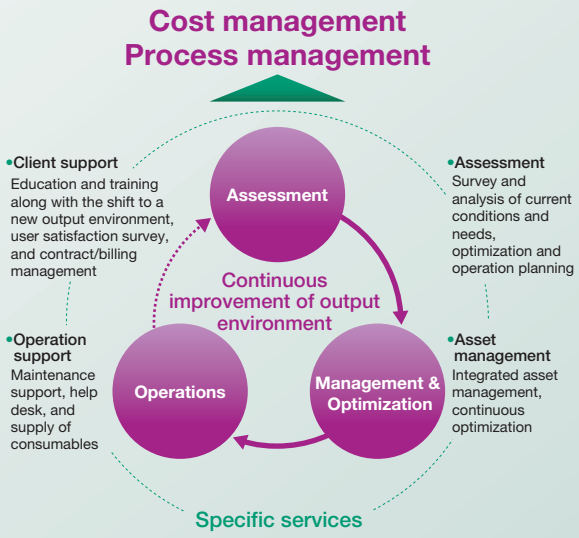
In the expanding domain of global business services beginning with MPS, Fuji Xerox will work toward strengthening its ability to provide a broad range of outsourcing businesses in Japan as well as the Asia-Oceania region.

In collaboration with U.S.-based Xerox Corporation, Fuji Xerox will expand the scope of services targeting not only global corporations, but also major companies, government agencies and educational institutions in various countries.

Managed Print Services Boost Management Capabilities and Efficiency

Among its offerings of Fuji Xerox Global Services, the comprehensive outsourcing service for office output environments has in particular attracted interest in recent years. Through the optimal deployment of output equipment including multifunction devices, printers and facsimiles, Fuji Xerox conducts integrated management of all print-related operations and workflows, which in turn leads to overall business efficiency and reduced costs. "Managed Print Services (MPS)," which encompasses the full gambit of output equipment operations from procurement to disposal, helps address the wide-ranging office needs of customers from cost reduction to preventive maintenance, enhanced security, asset management and energy conservation.

Basic Concept of the Managed Print Services



An Example of Managed Print Services in Action

Misawa Homes Co., Ltd.

Striving to Increase Management Work Efficiency

Guided by its new medium-term management plan, Misawa Homes is working diligently to become the "No. 1 Brand in Housing." Positioning efforts to strengthen its sales and marketing as well as group governance structures as key management priorities, Misawa Homes is placing considerable emphasis on standardizing customer service levels across each of its nationwide sales and marketing companies, which are deeply rooted in each local community. At the same time, an issue of equal concern has been the need to reduce both direct and indirect costs and to increase management work efficiency.

Fully grasping the status and needs of the client, Fuji Xerox won a long-term comprehensive agreement of MPS to manage and operate the output environments including multifunction devices, facsimiles and printers of Misawa Homes' head office as well as the approximately 460 nationwide bases of its sales and marketing companies.

Realizing Uniform, Standard Services and a Secure Operating Environment

From a perspective of service standardization, Fuji Xerox's Managed Print Services provide a uniform output environment across Misawa Homes' nationwide network of sales and marketing bases and has helped significantly improve quality, eliminating discrepancies in tones of the company's corporate colors in documents and materials distributed to customers, as well as better quality and output integrity of CAD data, which was previously inconsistent between bases.

From a security perspective, the introduction of an IC card authentication system for the use of devices has helped decrease the risk of inadvertent leakage and loss of unattended output customer information and facsimiles received. Moreover, steps are being taken to upgrade and expand peripheral services including the monitoring of use on an individual cardholder basis, the automatic delivery of consumables, the constant monitoring of equipment malfunction and breakdown as well as the timely dispatch of maintenance personnel.

Achieving Cost Reductions through Consulting Capabilities

During the initial stages of negotiations, it was identified that Misawa Homes and its sales and marketing companies used a total of 1,500 multifunction devices and printers manufactured by several different companies including Fuji Xerox. Through a detailed analysis of conditions at that time as well as operations and needs, we were able to put forward an optimal proposal while reducing the total requirement of devices and printers to approximately 890 of Fuji Xerox's equipment.

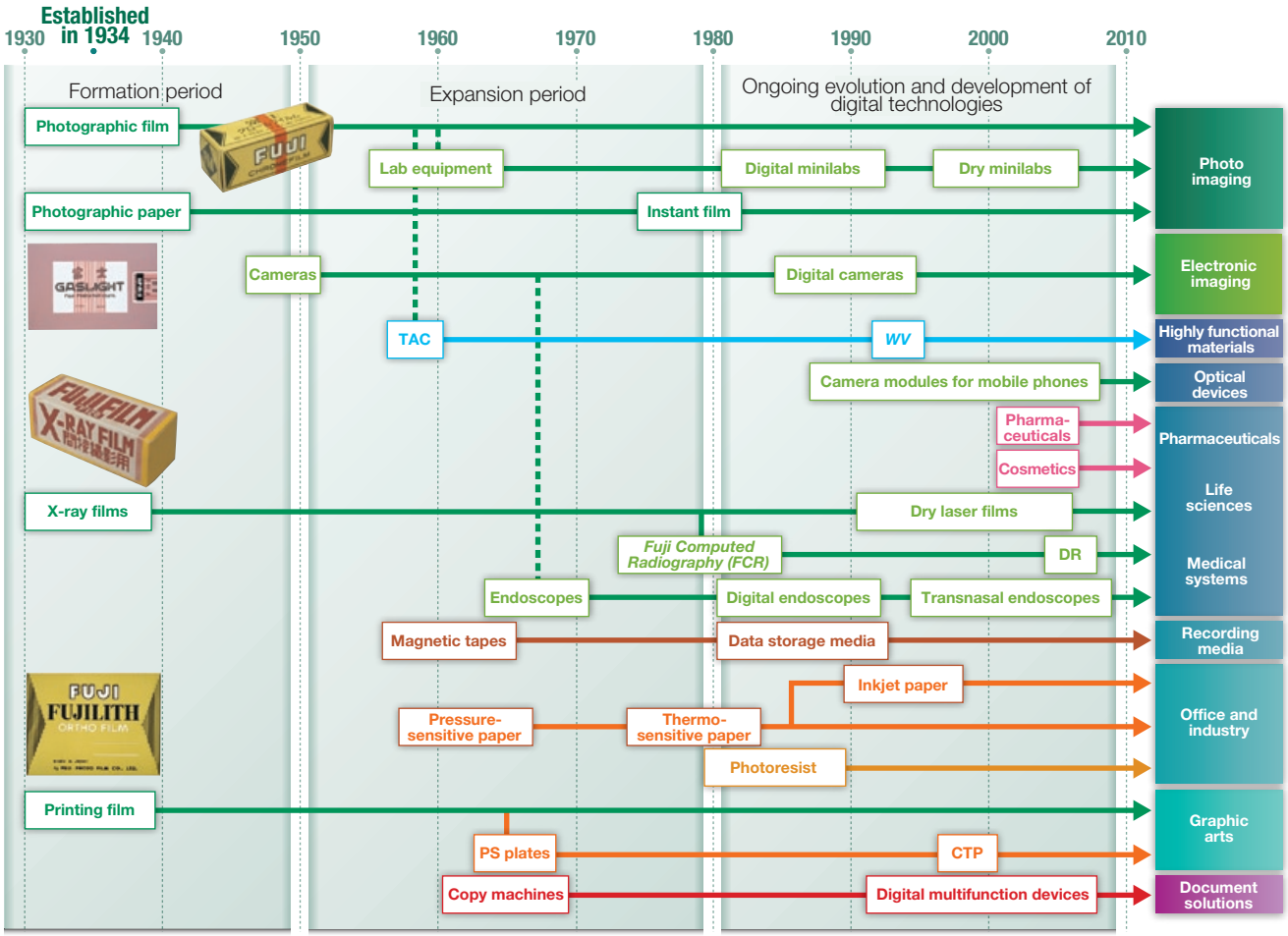
In addition, through the introduction of the latest highly energy-saving digital equipment with proprietary IH fusing and LED light source technologies, Fuji Xerox helped Misawa Homes cut back its electric power consumption and reduce its annual greenhouse gas emissions by approximately 40% year on year.

Through its Global Services, Fuji Xerox helps customers resolve their management issues while establishing environments in which they can focus on their core businesses, ultimately contributing to maximizing customers' business performance.

Fujifilm Group's Fundamental Technologies

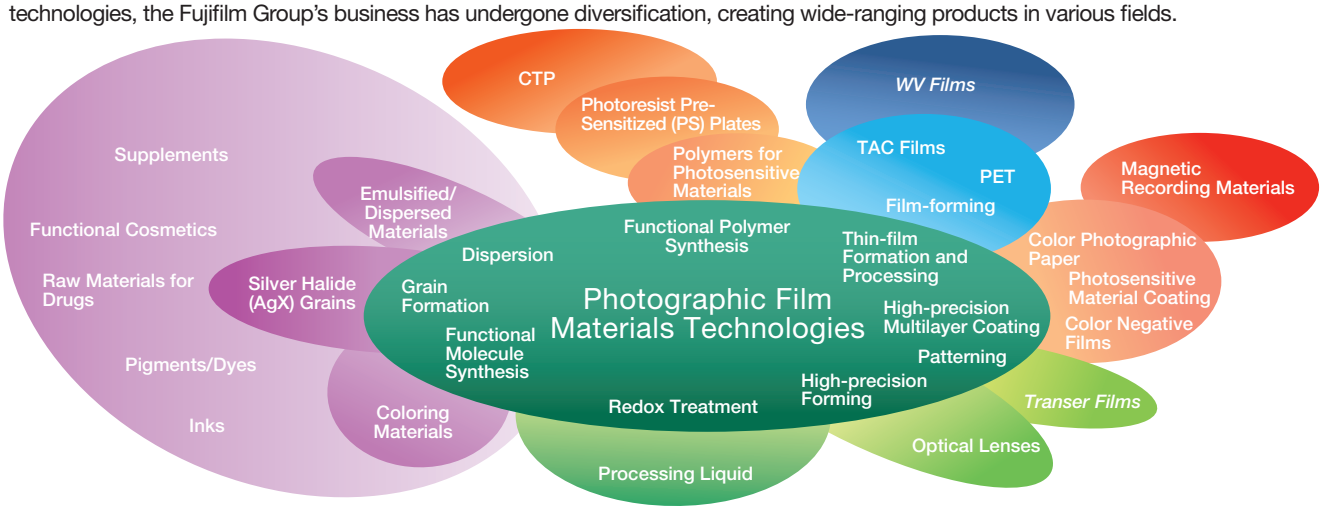
The Fujifilm Group has an extensive portfolio of fundamental and core technologies. Characterized by their versatility, the fundamental technologies have been accumulated through the Group's business in the photosensitive materials and xerography fields. On the other hand, the Company's core technologies enable differentiation of product and cost performance. All of these technologies have been fused into the Company's unparalleled product development capabilities, and these product development capabilities are serving as the driving force that creates new businesses and realizes renewed growth.

77 Years of Product Development



Business Diversification Based on Photographic Film Materials Technologies

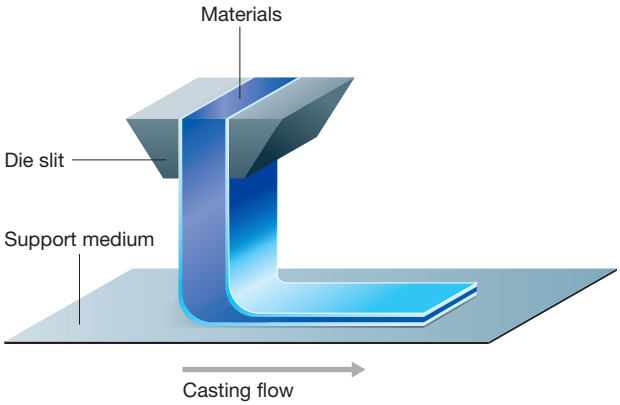
Technologies for thin-film formation and processing and high-precision multilayer coating constitute the Fujifilm Group's technological foundation, which Fujifilm has long nurtured through its photographic film business. Based on these photographic film materials technologies, the Fujifilm Group's business has undergone diversification, creating wide-ranging products in various fields.



1. Technologies for Thin-film Formation and Processing and High-precision Multilayer Coating

Thin-film formation and processing technology is used to make an optically warp-free thin film by expanding and uniformly flattening molten materials. High-precision multilayer coating, thin-film formation and processing technologies require an extremely high level of technological sophistication. Accordingly barriers to entry are high and there are only a handful of manufacturers who utilize these technologies to manufacture photographic films and optical films for use in flat panel displays. Under high-precision multilayer coating technologies, multifunction liquids are used to laminate to surface of films. Rather than simply employ a coating process, Fujifilm uses its technology to finish a film through the high-speed uniform application of multilayer liquid-based coatings. The Company has successfully achieved a micrometer-thin (one micrometer equals one-thousandth of a millimeter) coating without mixing layers with each other.

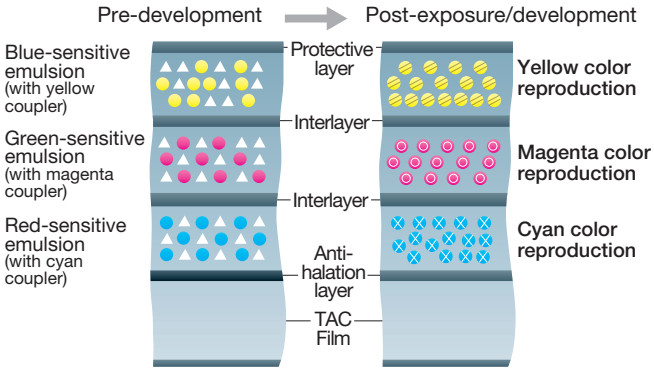
High-precision Multilayer Coating Technology



Color Photographic Films

Color photographic films are manufactured using transparent cellulose triacetate (TAC) films as a base material. Consisting of nearly 20 emulsion layers, the thickness is approximately 20 micrometers, roughly equivalent to one-fifth of a human hair. The emulsion layer of color photographic films contains more than 100 types of organic chemical compounds, some for reproducing the three primary colors of yellow, magenta and cyan and others for suppressing discoloration.

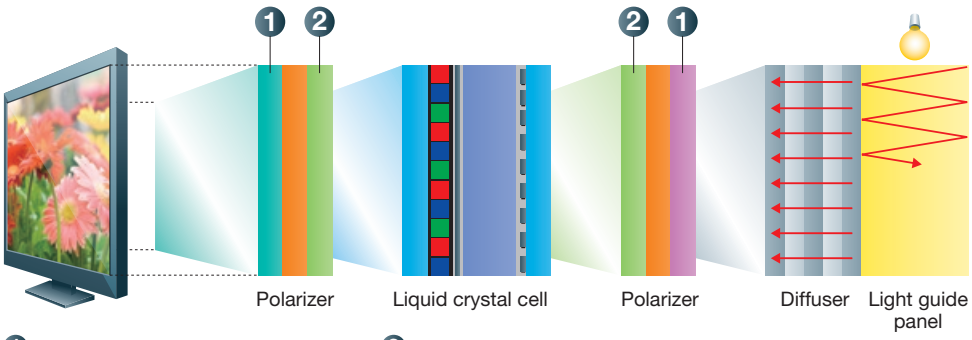
Color Photographic Film Composition



TAC Films

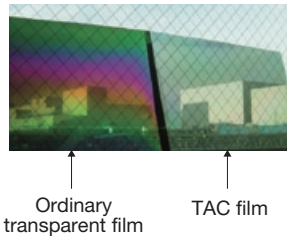
TAC films are special films that are also used as a base material for color photographic films with a thickness of from several tens to one hundred and several tens of micrometers. In recent years, demand has expanded to the LCD protective film for polarizers field. In order for an LCD to show clear images, film components must be free of optical warping. While warping creates a striped pattern on the screen surface. Fujifilm's TAC film, *FUJITAC* protective film for polarizers, allows light to pass straight through preventing any incidence of striped patterns.

Cross Section View of an LCD



1 *FUJITAC* protective film for polarizer 2 *WV Film* expanding view angles

TAC Film that Allows Light to Pass Straight Through



2. Fine Chemical Technologies

Fine chemical technologies design and synthesize organic and polymer materials that boast a variety of functions. Technology application is extensive covering such wide-ranging fields as flat panel display (FPD) materials, functional cosmetics, pharmaceuticals, plate-making and printing plate materials and semiconductor processing materials. With an extensive library exceeding 200,000 chemical compounds, Fujifilm is well positioned to deliver unique products in terms of their functionality and quality.

Light-absorptive and Light-responsive Organic Material Technologies

This is a technology for organic materials that changes and combines characteristics under exposure to light. These technologies have a wide range of applications and are used for photographic films, plate-making and printing plate materials as well as semiconductor processing material photoresists.

Photoresists

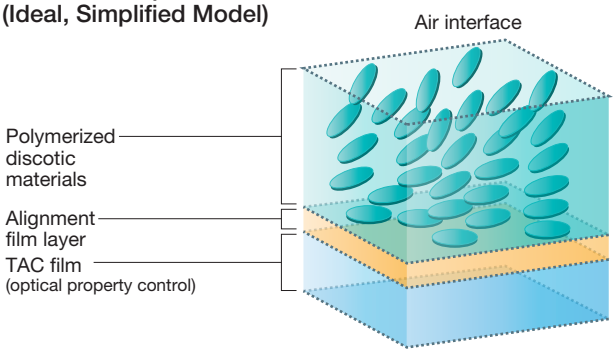
Optical Anisotropic Film Technology

This technology is for controlling optical refraction. The technology is used in the manufacture of various optical films for FPDs using liquid-crystal technology and technologies for designing optical properties of film.

WV Films

Wide-View (WV) Films are products that expand viewing angles for FPDs. Light that leaks from a polarizer results in changes in the quality of displayed images depending on the viewing position. Such light leakage is compensated by a film in which polymerized discotic materials are aligned consecutively in the direction of the thickness, with gradually slanted angles. This compensation structure achieves expanded viewing angles.

WV Film Composition (Ideal, Simplified Model)



3. Xerography Technologies

Utilizing xerography (electrophotography) technology, ink called toner is first attached onto the photoreceptor belt / drum using a static electric charge and then transferred onto paper. Fusers later heat and melt pigments onto the paper. The photoreceptor is made so that static electric charges are not taken on when exposed to light. An image is created by applying light to parts on which toners are applied. Based on its advanced xerography technologies that enable high-speed image processing and high-quality images, Fuji Xerox is pursuing further enhancements in environmental technologies including energy-saving.

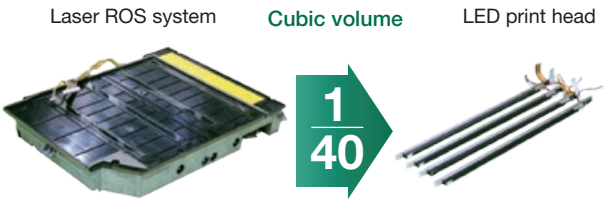
EA-Eco Toner

The *EA-Eco Toner* can be fused onto paper at a temperature 20 to 50 degrees Celsius lower than conventional toners. This means that the temperature needed for fuser operations is lower. As 50% to 80% of total power consumption of a multifunction device is attributable to the fuser, the use of the *EA-Eco Toner* can reduce the device's power consumption by approximately 40%.

LED Print Head

Lasers are generally used as a light source when creating an image on photoreceptor belts. Fuji Xerox, however, succeeded in the development of a light-emitting diode (LED) print head, which realizes high image quality. By developing an LED print head, Fuji Xerox reduced the print head to approximately one-fortieth of its original size, contributing to the manufacture of exceedingly compact devices.

Comparison of Laser Raster Output Scanner (ROS) System and LED Print Head



TOPICS

Fujifilm Receives the Grand Award at the nano tech 2011 International Nanotechnology Exhibition & Conference

Highly Commended for the Development of Outstanding Material Solutions that Contribute to Ambience, Emotion and Wellness

Fujifilm received the Grand Award at the nano tech 2011 International Nanotechnology Exhibition & Conference*, held at Tokyo Big Sight in February 2011.

Based on the concept "FUJIFILM nanotech Garden — the Future in the Palm of the Hand, Fujifilm exhibited its nano conductive, nano molecular design, nano processing, nanoporous, NANOFOCUS™ and nano actuator technologies. This particular award recognized Fujifilm's development of outstanding material solutions that contribute to ambience, emotion and wellness using proprietary nanotechnologies that draw on its wealth of inherent capabilities based on many years of experience in photosensitive materials.

The nano tech awards ceremony

Note: The world's largest nanotechnology fair and an essential event for state-of-the-art manufacturing. The 10th exhibition attracted a total of 638 domestic and overseas companies and organizations.

New Product Candidates that Utilize Nanotechnologies

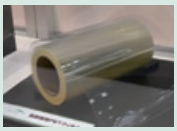
Fujifilm Develops Transparent Conductive Materials that Offer Flexibility while Reducing Patterning Work Hours

Fujifilm developed new transparent conductive materials for such transparent electrodes as touch panels and solar cells and has commenced sample shipments. The indium tin oxide (ITO) transparent conductive film currently in use poses several issues. In addition to its minimal flexibility, ITO films have a low resistance value. Utilizing proprietary nano conductive technologies, Fujifilm successfully developed a transparent conductive film that offers flexibility as well as a broad low resistance value. Furthermore, this innovative film does not use ITO, a rare metal. Complementing these positive attributes, this new development enhances production efficiency by reducing patterning work hours.


Stereoscopic touch sensor employing liquid-type transparent conductive materials

Fujifilm Successfully Develops a High Durability PET Film that Addresses the Growing Demand for Such Products as Solar Cells

Fujifilm has developed a high durability polyethylene terephthalate (PET) film that offers improved water resistance and heat contraction resistance than existing products. Plans are in place for this new development to be released during fiscal year ended March 31, 2012. This product has addressed the deterioration in moisture-induced degradation reaction caused by high humidity. Compared with existing PET films, this product also control thermal shrinkage ratios. Realizing high durability, this new PET film is expected to be used in solar cell back sheets as well as for long-term application as a construction material for windows and outdoor items.


High durability PET film

Fuji Xerox Digital Multifunction Device IH Fusing Technology Acknowledged at the FY2010 Nikkei Global Environmental Technology Awards

Fuji Xerox received the Award for Excellence at the FY2010 Nikkei Global Environment Technology Awards. The award recognizes Fuji Xerox's successful shortening of the fuser start up time of digital multifunction devices to three seconds by changing the fuser's heat source from a halogen lamp to induction heating (IH).

The Nikkei Global Environmental Technology Awards are to honor outstanding achievements that contribute to global environmental conservation in the areas of investigation, research, technology development, and practical activities such as those used in countermeasures against global warming, ozone layer disruption, acid rain, ecological disturbance, desertification, marine pollution, and waste treatment.

Previously, the fuser had to remain preheated for a copier or digital multifunction device to operate immediately from the standby mode. Utilizing this IH fusing technology, preheating is no longer required. Recognizing that the fuser has historically accounted for the major portion of electricity consumption, this new development achieves zero power consumption when not printing.

Corporate Governance

The Company recognizes that a corporation's main mission is to keep improving its corporate value. To promote the accomplishment of this mission, the Company implements measures to strengthen and expand its corporate governance systems and thereby aims to win the trust of all stakeholders. Such measures are what underpin our Groupwide efforts to achieve corporate governance consistent with a holding company and maximize corporate value. The Fujifilm Group aims to constantly improve the transparency and soundness of its Group management.

Corporate Organization and Others

Directors and Board of Directors

The Company has positioned the board of directors as the organization for determining basic Group management policies and strategies and other important matters relating to business execution, as well as for supervising the implementation of business affairs. The Company's Articles of Incorporation stipulate that the board can consist of up to 12 directors. Currently, the board has 12 directors, including one outside director. The board's regular meetings are held, in principle, once a month, with extraordinary board meetings held on an as-required basis. In addition, certain matters are deliberated and resolved flexibly at board of directors meetings convened by directors with special authority. To better clarify their missions and responsibilities, the Company's directors have a one-year term of office.

Meanwhile, the Company has adopted a remuneration system under the stock option plan to make its directors, excluding outside directors, share a mutual interest—the effect of stock price fluctuations—with its shareholders. In this way, the directors are in actual fact encouraged to have stronger drive and morale toward achieving higher corporate value.

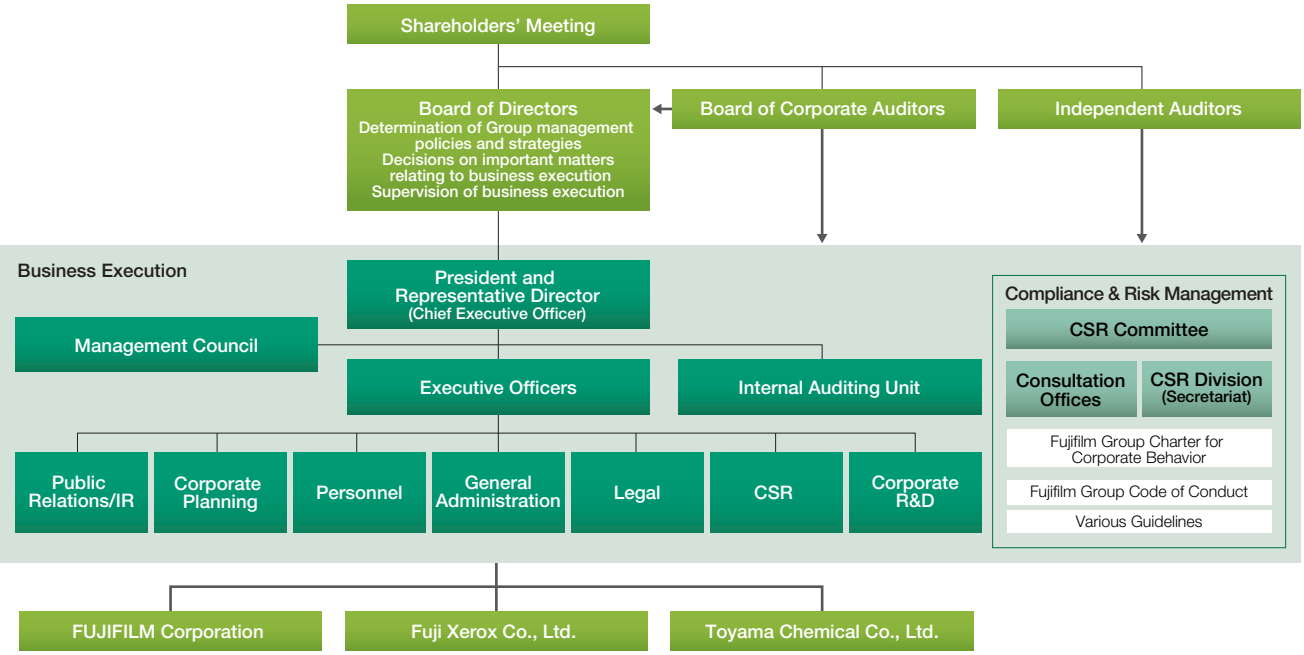
Executive Officer System

The Company has adopted an executive officer system to facilitate speedier business execution. Executive officers carry out business affairs in accordance with the basic policies and strategies formulated by the board of directors. The Company currently has 12 executive officers, including six concurrently serving as directors. The executive officers have a one-year term of office, the same as the Company's directors.

Management Council

The management council makes decisions on the submission of matters to be exclusively deliberated by the board of directors. At the same time, the council considers the methods used by executive officers to implement particularly important initiatives in accordance with the basic policies, plans and strategies formulated by the board of directors. The management council consists of full-time members—president and executive officers responsible for corporate planning and corporate R&D—and meetings of the management council are flexibly convened, with the attendance of relevant executive officers requested, depending on the matters concerned.

FUJIFILM Holdings' Corporate Governance Structure



Corporate Auditors and Board of Corporate Auditors

The Company has adopted a corporate auditor system with a board of corporate auditors, which currently consists of five members, including three outside corporate auditors. As an independent organization with key roles and responsibilities in the Company's corporate governance system, the auditors audit the entire range of the directors' performance of their duties following audit policies and an audit plan in conformity with corporate auditors' audit standards determined by the board of corporate auditors. At meetings of the board of corporate auditors, which are held, in principle, once a month, information is shared on the details of matters subject to auditing. In addition, all corporate auditors attend meetings of the board of directors, while the full-time corporate auditors also attend every management council meeting, regularly exchange opinions with the representative directors and audit the entire range of business execution. The Company has currently appointed two personnel to perform internal audits and to support the corporate auditors, with the aim of strengthening the audit functions of the corporate auditors.

Internal Audits

The Company has an Internal Audit Division, which currently comprises 13 personnel, as an internal auditing unit that is independent from divisions responsible for the execution of business affairs. From the standpoint of a holding company, this division audits operational processes and other relevant matters at individual divisions of the Company and its Group companies through cooperation with the internal auditing units at the operating companies. In this way, the division evaluates and verifies that these processes are appropriate.

In addition, the division is in charge of assessing internal control over financial reporting by the Company and its Group companies, in response to the April 2008 application of the internal control reporting system in Japan. The Company compiles the outcome of the assessment in a "Management's Report on Internal Control over Financial Reporting." In addition, personnel in specialized units at the operating companies audit operations regulated by the Pharmaceutical Affairs Law of Japan, as well as those in the quality control, environmental and export control fields.

Accounting Audits

The Company engages Ernst & Young ShinNihon LLC as its independent auditors. Ernst & Young ShinNihon expresses an opinion on the Company's financial statements from an independent standpoint as an auditor. In addition to accounting audits, Ernst & Young ShinNihon commenced auditing internal control of the Company's financial reporting from the fiscal year ended March 31, 2009.

Matters Concerning the Outside Director and Outside Corporate Auditors

Outside Director

Outside director Teisuke Kitayama imparts his ample experience and wide range of knowledge as a director of the financial institution Sumitomo Mitsui Banking Corporation. He currently holds the post of representative director at both Sumitomo Mitsui Financial Group and Sumitomo Mitsui Banking Corporation. Also, the Company has notified the Japanese bourses on which its stock is listed of the designation of Mr. Teisuke Kitayama as its independent director, pursuant to the Securities Listing Regulations of Japanese stock exchanges.

Outside director Teisuke Kitayama attended seven of the 10 board of directors meetings during the fiscal year ended March 31, 2011. Mr. Kitayama requested explanations when necessary and offered advice where appropriate at the meetings he attended to ensure the adequacy and appropriateness of the decisions made by the board.

Outside Corporate Auditors

Outside corporate auditor Kiichiro Furusawa attended eight of the 10 board of directors meetings and nine of the 11 board of corporate auditors meetings during the fiscal year ended March 31, 2011. Outside corporate auditor Daisuke Ogawa attended seven board of directors meetings and nine board of corporate auditors meetings during the same period. Outside corporate auditor, Takeo Kosugi has attended all eight of the board of directors meetings and all nine of the board of corporate auditors meetings for the fiscal year under review since his appointment to the Company. Mr. Takeo Kosugi is a partner of Matsuo & Kosugi and accordingly has ample experience in and a wide range of knowledge on corporate legal affairs as a legal expert. His appointment as an outside corporate auditor was in line with the Company's belief that he is able to appropriately audit the execution of duties by the Company's directors from an objective viewpoint based on his experience and knowledge. Each of the outside corporate auditors requested explanations when necessary and made comments where appropriate at the board of directors meetings they attended to ensure the adequacy and appropriateness of the decisions made by the

Remuneration to Directors and Corporate Auditors during the Fiscal Year Ended March 31, 2011

Subject of Remuneration	Number of People	Remuneration Amount
Directors (Outside director)	13 (1)	¥683 million (¥9 million)
Corporate auditors (Outside corporate auditors)	5 (3)	¥69 million (¥26 million)
Total (Outside directors and corporate auditors)	**18 (4)**	**¥753 million (¥36 million)**

The amounts shown in the table to the left include the following:

(1) Bonuses paid to the directors during the fiscal year ended March 31, 2011
- Total of ¥70 million paid to 12 directors, including ¥1 million paid to the outside director
- Total of ¥7 million paid to five corporate auditors, including ¥4 million paid to the three outside corporate auditors

(2) Provision to the reserve for directors' retirement gratuities during the fiscal year ended March 31, 2011
- Total of ¥355 million for 12 directors

board of directors. They also asked questions and expressed their opinions, as appropriate, at the board of corporate auditors meetings they attended.

Also, the Company has notified the Japanese bourses on which its stock is listed of the designation of Messrs. Kiichiro Furusawa, Daisuke Ogawa and Takeo Kosugi as its independent corporate auditors, pursuant to the Securities Listing Regulations of Japanese stock exchanges.

Support System for Outside Director and Outside Corporate Auditors

The Legal Division, the secretariat for the board of directors, prepares materials and provides the outside director and outside corporate auditors with information relating to proposals submitted to regular board of directors meetings. The department also provides them with supplementary explanations where requested. The internal auditing unit, the secretariat for the board of corporate auditors, provides support to outside corporate auditors in such areas as the preparation of materials and provision of relevant information for regular meetings of the board of corporate auditors. The materials prepared are used to promote information sharing between full-time and outside corporate auditors.

Cooperation between Internal Auditing Unit, Corporate Auditors and Independent Auditors

With the aim of improving its corporate governance, the Company promotes coordination between internal audits and corporate auditors' audits as well as independent auditors' audits—which include audits of internal control over financial reporting. When audits are planned, performed and reviewed every fiscal year, these three groups exchange information and opinions and hold deliberations as needed. In addition, the internal auditing unit and the independent auditors report results of audits to corporate auditors on a regular basis and results of annual audit reviews to the board of corporate auditors.

Relationship of Internal Auditing Unit, Corporate Auditors and Independent Auditors with Internal Control Unit

The internal auditing unit and corporate auditors receive information regarding their audit targets from the internal control unit and conduct their audits based on the information received. Meanwhile, the internal control unit is subject to audits by the internal auditing unit and corporate auditors. Also, results of assessment of internal control over the Company's financial reporting compiled by the internal auditing unit are used in audits of internal control over the Company's financial reporting conducted by the independent auditors.

Cooperation with Outside Director and Outside Corporate Auditors in Internal Audits, Corporate Auditors' Audits and Accounting Audits

The internal auditing unit and the independent auditors report results of their audits to the board of corporate auditors. The board of corporate auditors formulates audit plans that incorporate sufficient collaboration with the independent auditors prior to implementing actual audits. The outside director receives reports on audit results at board of directors meetings from the board of corporate auditors.

Relationship of Outside Director and Outside Corporate Auditors with Internal Auditing Unit

Based on reports received from the internal control unit, the Corporate Planning Division compiles the status of the implementation of the Basic Policies for Internal Control, which have been approved by the board of directors, and reports annual status reviews to the board of directors. With regard to activities aimed at promoting compliance and risk management, the CSR Division in charge reports details of these activities to the directors and the corporate auditors on a regular basis.

Accountability

The Fujifilm Group maintains an aggressive stance in disclosing such corporate information as management strategies and financial results, with due consideration given to disclosure timeliness, fairness, accuracy and continuity. This stance is based on a principle interwoven in the Fujifilm Group Charter for Corporate Behavior. In legal terms, the Company discloses information in strict compliance with the Financial Instruments and Exchange Act of Japan and other relevant laws and regulations as well as timely information disclosure rules of the Japanese bourses on which the Company's stock is listed. We disclose information that is not required by such laws, regulations and rules but may have material influence on investors' decision-making in a proactive manner and facilitate deeper understanding of the Company. Such information disclosure is carried out through press conferences and briefings and various IR tools, which include the Company's website.

IR Activities

Fujifilm's top management actively participates in IR activities. This is because they are fully aware that these activities are important in accelerating interactive communication between the Company and investors and, ultimately, strengthening the circle of trust and improving the quality of these activities. Also, we strive to minimize the discrepancy between the Company's true corporate value and its market evaluation by constantly disclosing management policies and other important information and incorporating feedback from capital markets into our management. More specifically, the Company holds conferences on business results quarterly with the attendance of its president or executive vice president. Complementing these briefings, the Company also holds conferences and small meetings frequently for both domestic and overseas investors. For individual investors, we provide information through our website, while also holding company information sessions in major cities nationwide.

Internal Control

The Fujifilm Group Corporate Philosophy states: "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." Given these basic goals, the Company endeavors to create a corporate culture in which all employees take a proactive approach toward compliance and risk management in line with fulfilling its corporate social responsibilities.

Compliance

As a set of fundamental policies, the Company has formulated the Fujifilm Group Charter for Corporate Behavior. The Company has also established the Fujifilm Group Code of Conduct to better guide each employee to act and behave in compliance with laws, regulations and social ethics. Furthermore, the Company has established a CSR Committee, chaired by the CEO, to manage and govern internal control measures in a comprehensive and integrated fashion.

Moreover, the Company has established a division within each of its principal operating companies—FUJIFILM Corporation and Fuji Xerox Co., Ltd.—that is exclusively responsible for promoting compliance and instilling a compliance-based mind-set throughout the Group. The Company also maintains offices to provide consultations and support communications regarding infringement issues related to the Code of Conduct and compliance. This effort is meant to facilitate the early detection of illegal or improper behavior and ensure prompt and appropriate response measures. All of the communications and information are kept confidential and reported to the CSR Committee.

The Company has also formulated guidelines and policies to ensure thorough observance of laws and regulations in its business activities. These guidelines and policies include rules for the use of circular letters, document management, timely disclosure, personal information management and other internal guidelines.

The Fujifilm Group's Compliance Statement clearly states that the Company gives priority to compliance over business profits, and the Company strives to ensure that all Group employees comply with the Code of Conduct. The Company also works to raise compliance awareness through regular educational and training activities.

Risk Management Systems

Each operating company establishes and maintains its own appropriate risk management systems. Following prescribed procedures, the operating companies report their risk management activities—including preventive measures and countermeasures against materialized risks—to the CSR Committee secretariat. With regard to significant risks in Group operations, the CSR Committee takes a Groupwide perspective in examining potential countermeasures and effecting their implementation.

Internal audits are the responsibility of the internal auditing unit, which is independent from divisions responsible for business execution. Ongoing efforts will be made to strengthen internal auditing. As a holding company, FUJIFILM Holdings supervises business execution by subsidiaries from the standpoint of its shareholders, while also conducting operations common to the Group in a unified, efficient and appropriate manner. Meanwhile, the Company provides guidance, support and supervision in the establishment of systems by its subsidiaries. Thus, the Company aims to ensure the appropriate conduct of business operations across the Group.

In particular, the Code of Conduct clearly defines Fujifilm's stance toward antisocial forces and illegal organizations that threaten the social order and public security. The Company strictly adheres to the principle that it shall not only avoid activities which may benefit such parties but also eliminate any relationship with such parties.

Roles and Composition of FUJIFILM Holdings Corporation CSR Committee

Board of Directors, Corporate Auditors, and Executive Officers

FUJIFILM Holdings Corporation (As of June 29, 2011)

Board of Directors

Shigetaka Komori

President and Chief Executive Officer, Representative Director

Joined Fuji Photo Film Co., Ltd. in 1963 and was appointed a director in 1995. Took up the position of Director and Managing Director of Fuji Photo Film (Europe) GmbH in 1996 and was later elevated to President & Representative Director of Fuji Photo Film Co., Ltd. in 2000. Has been serving as President, Representative Director & Chief Executive Officer of Fuji Photo Film Co., Ltd. and President, Representative Director & Chief Executive Officer of FUJIFILM Holdings Corporation since 2003 and 2006, respectively.

Shigehiro Nakajima

Representative Director

Joined Fuji Photo Film Co., Ltd. in 1973 and was appointed Corporate Vice President & President of Fuji Photo Film B.V. in 2005. Took up the position of Director, Senior Vice President & General Manager of the Emerging Countries Business Development Office of FUJIFILM Corporation and a director of FUJIFILM Holdings Corporation in 2010. Has been serving as Representative Director & Executive Vice President of FUJIFILM Holdings Corporation since 2011.

Toshio Takahashi

Director

Joined Fuji Photo Film Co., Ltd. in 1965, and was appointed Corporate Vice President & General Manager of the Graphic Arts Systems Division in 2000. Took up the position of Director, Senior Vice President & General Manager of the Corporate Planning Division in 2003, and was later elevated to Representative Director, Executive Vice President & Chief Financial Officer of Fuji Photo Film Co., Ltd. and Representative Director, Executive Vice President & Chief Financial Officer of FUJIFILM Holdings Corporation in 2006. Has been serving as a director of FUJIFILM Holdings Corporation since 2011.

Takeshi Higuchi

Director

Joined FUJI PHOTO OPTICAL CO., LTD. in 1967 and was appointed President & Representative Director of FUJINON Corporation in 2000. Took up the position of Corporate Vice President & General Manager of the Optical Device Business Division of Fuji Photo Film Co., Ltd. in 2005, and later became Director, Senior Vice President & General Manager of the Electronic Imaging Products Division of FUJIFILM Corporation in 2008. Has been serving as a director of FUJIFILM Holdings Corporation since 2010.

Yuzo Toda

Director

Joined Fuji Photo Film Co., Ltd. in 1973 and was appointed Corporate Vice President & General Manager of the Life Science Research Laboratories in 2004. Took up the position of Director, Corporate Vice President & General Manager of the Life Science Products Division in 2006. Has been serving as a director of FUJIFILM Holdings Corporation since 2009.

Nobuaki Inoue

Director

Joined Fuji Photo Film Co., Ltd. in 1974 and was appointed Corporate Vice President & General Manager of the Graphic Systems Business Division in 2006. Took up the position of Director, Corporate Vice President & General Manager of the Graphic Systems Business Division and General Manager of the Advanced Marking Business Division of FUJIFILM Corporation in 2008. Has been serving as a director of FUJIFILM Holdings Corporation since 2009.

Toru Takahashi

Director

Joined Fuji Photo Film Co., Ltd. in 1975 and was appointed Corporate Vice President & General Manager of the Recording Media Products Division of FUJIFILM Corporation in 2007. Took up the position of Director, Corporate Vice President & General Manager of the Corporate Planning Headquarters in 2008. Has been serving as a director of FUJIFILM Holdings Corporation since 2010.

Kouichi Tamai

Director

Joined Fuji Photo Film Co., Ltd. in 2003 and was appointed Fellow in 2005. Took up the position of Corporate Vice President & Deputy General Manager of the Corporate Planning Headquarters in 2006, and later became Director, Corporate Vice President & Deputy General Manager of the Production Engineering & Development Center of FUJIFILM Corporation in 2008. Has been serving as a director of FUJIFILM Holdings Corporation since 2010.

Toshiaki Suzuki
Director

Joined Fuji Photo Film Co., Ltd. in 1974 and was appointed Corporate Vice President & General Manager of the Medical Systems Research & Development Center in 2006. Took up the position of Director, Corporate Vice President & General Manager of the Intellectual Property Division of FUJIFILM Corporation in 2011. Has been serving as a director of FUJIFILM Holdings Corporation since 2011.

Keiji Mihayashi
Director

Joined Fuji Photo Film Co., Ltd. in 1978 and was appointed Corporate Vice President & General Manager of the Flat Panel Display Materials Research Laboratories of FUJIFILM Corporation in 2009. Took up the position of Director, Corporate Vice President & General Manager of the Flat Panel Display Materials Division in 2011. Has been serving as a director of FUJIFILM Holdings Corporation since 2011.

Tadahito Yamamoto
Director

Joined Fuji Xerox Co., Ltd. in 1968. Assumed the position of director in 1994. Later appointed Senior Vice President & Director in 1996, heading up development. Named as Executive Vice President & Representative Director in 2002, and was elevated to President & Representative Director in 2007. Has been serving as a director of FUJIFILM Holdings Corporation since 2007.

Teisuke Kitayama
Outside Director

Joined the Mitsui Bank, Ltd. in 1969, and was appointed President & Representative Director of Sumitomo Mitsui Financial Group, Inc. and Chairman of the Board & Representative Director of Sumitomo Mitsui Banking Corporation in 2005. Currently serving as Chairman of the Board of Sumitomo Mitsui Banking Corporation. Has been serving as an outside director of FUJIFILM Holdings Corporation since 2006.

Corporate Auditors

Hiroshi Saigusa
Corporate Auditor

Toshimitsu Kawamura
Corporate Auditor

Kiichiro Furusawa
Outside Corporate Auditor

Daisuke Ogawa
Outside Corporate Auditor

Takeo Kosugi
Outside Corporate Auditor

Executive Officers

President and Chief Executive Officer Shigetaka Komori

Executive Vice President Shigehiro Nakajima

Corporate Vice Presidents Haruhiko Yoshida, Nobuaki Inoue, Nobuyuki Watabe, Toru Takahashi, Kouichi Tamai, Toshiaki Suzuki, Makio Watanabe, Kazuhiko Furuya, Kouichi Suematsu, Kazuhito Yamamura

Note: Fuji Photo Film Co., Ltd. was renamed FUJIFILM Holdings Corporation in October 2006. The operating company FUJIFILM Corporation took over the businesses of Fuji Photo Film Co., Ltd.

CSR Management

The Fujifilm Group examines CSR-related issues from both the stakeholder and the corporate perspectives. Through such an approach, the Company identifies its key issues and establishes specific initiatives, thereby promoting strategic CSR activities.

Since its adoption of a holding-company system in October 2006, the Company has worked diligently to maintain an effective structure to facilitate CSR activities. From the fiscal year ended March 31, 2011 onward, the Company has continued to promote CSR activities that support it in the accomplishment of business goals and targets based on its medium-term CSR plan.

Sharing a Common Philosophy and Values across the Group

The Fujifilm Group describes its corporate philosophy and vision in the Group's Charter for Corporate Behavior and Code of Conduct. We believe the Group's CSR can be fulfilled only with the participation of all its organizations and employees.

Based on this belief, we clarify our ideas about CSR and our policies on each activity relating to the environment, social contribution, biodiversity conservation, procurement, quality, and occupational health and safety so that all employees share the philosophy and values of CSR across the Group for stronger CSR governance.

The Fujifilm Group's Approach to CSR

The Fujifilm Group's Approach to CSR is to contribute to the sustainable development of society by putting into practice the Fujifilm Group's Corporate Philosophy, and realizing its vision through sincere and fair business activities.

We will:

1. fulfill our economic and legal responsibilities, and respond to society's demands by contributing as a corporate citizen to the development of culture and technology in society and environmental preservation.
2. constantly reassess whether our CSR activities are responding adequately to the demands and expectations of society and whether those activities are conducted properly through dialogue with our stakeholders including customers, shareholders, investors, employees, local communities, and business partners.
3. enhance corporate transparency by actively disclosing information to fulfill accountability for our business activities.

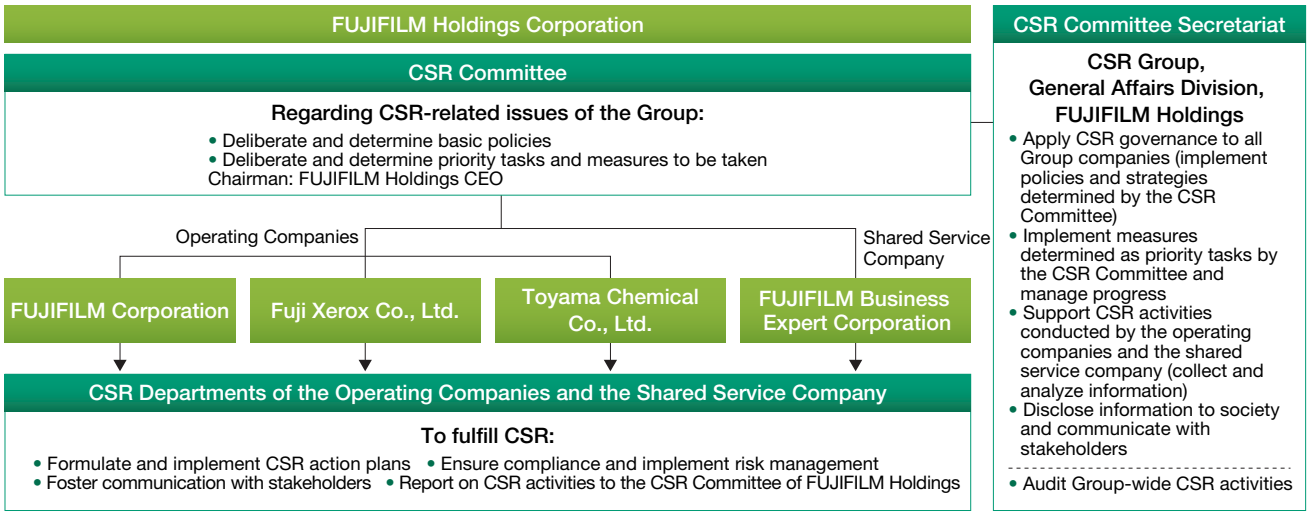
Philosophy and Policies Unifying the Fujifilm Group

CSR Promotion System

The CSR Committee of FUJIFILM Holdings oversees the Fujifilm Group's system for implementing CSR.

The CSR Committee is a decision-making body chaired by the president of FUJIFILM Holdings to promote CSR activities across the entire Fujifilm Group. The CSR department of FUJIFILM Holdings, which serves as the CSR Committee secretariat, supports the CSR activities of FUJIFILM Corporation, Fuji Xerox Co., Ltd., Toyama Chemical Co., Ltd. (and their affiliates), and FUJIFILM Business Expert Corporation by fulfilling five major functions. Each of the companies strives to improve its CSR activities, formulating and implementing a CSR activity plan in accordance with its operations, ensuring thorough compliance, conducting risk management, promoting communication with stakeholders, and cooperating with the FUJIFILM Holdings CSR Committee on CSR measures.

CSR Management Structure



Promoting Dialogue with Stakeholders

The Fujifilm Group has continued to hold annual stakeholder dialogue meetings to discuss its CSR activities since 2004. The stakeholder dialogue initiative serves as a forum for stakeholders including employees as well as influential individuals from outside the Group to identify, discuss and put forward solutions to a wide range of issues that include environmental protection and issues that stem from the Group's business activities.

In the fiscal year ended March 31, 2011, a meeting was held to discuss anti-global warming measures. In addition to several recommendations put forward by external experts including cooperation with local communities and other companies as well as the development of forward-looking measures and businesses, this meeting helped Fujifilm Group employees come up with potential solutions while reaffirming the importance of issues that remain at hand.

Stakeholder dialogue deliberations

Introducing Stakeholder Dialogue 2010

http://www.fujifilmholdings.com/en/sustainability/communication/dialog/dialog2010/index.html

The Status of Inclusion in SRI Indexes

As a corporate group that proactively promotes CSR actions toward sustainable development, FUJIFILM Holdings is included in the Socially Responsible Investment (SRI) indexes.

Dow Jones Sustainability Indexes Member 2010/11

Inclusion in the Dow Jones Sustainability Indexes 2010/11

FTSE4Good

Inclusion in the FTSE4Good Global Index

Third-party Evaluation of the Company's CSR Activities (The Fiscal Year Ended March 31, 2011)

FUJIFILM Holdings has been recognized for its CSR activities by a variety of third-party organizations.

- **6th Company Quality Management Survey** (sponsored by the Union of Japanese Scientists and Engineers) ..... **1st out of 249 companies**
- **5th Toyo Keizai CSR Ranking** (Toyo Keizai, Inc.) ..... **4th out of 1,132 companies**
- **14th Nikkei Environmental Management Survey** (sponsored by Nikkei Inc.) ..... **10th out of 475 manufacturers**
- **SAM Sustainability Yearbook 2010** (Sustainable Asset Management AG) ..... **SAM Silver Class**
- **Award for Excellence at the 14th Environmental Communications Awards sponsored by Japan's Ministry of Environment and the Global Environmental Forum**
- **Grand Prize in the sustainability report awards section of the 14th Green Reporting Award and Sustainability Reporting Award, which is jointly sponsored by Toyo Keizei, Inc. and the Green Reporting Forum**

Environmental Aspects

Green Policy

The entire Fujifilm Group strives for the highest environmental quality based on the environmental policy, the Fujifilm Group Green Policy.

FUJIFILM group Green Policy

Fujifilm Group Green Policy (As of January 2011)

Basic Policy

"Sustainable development" is the most important issue for our planet, the human race, and all business entities in the 21st century.

The Fujifilm Group companies around the world aim to stay at the forefront of efforts to attain this goal in terms of environmental, economic, and social aspects. We will strive for customer satisfaction as well as our contribution to "sustainable development" by achieving high "environmental quality" in products, services, and corporate activities.

Action Guidelines

1. We will promote environmental burden reduction and product safety assurance with the following four items in mind:
   (1) Our efforts are pursued throughout all corporate activities.
   (2) Our efforts are pursued throughout the entire product life cycle.
   (3) We give overall consideration to economic and social implications.
   (4) Biodiversity conservation
2. We will improve our management of chemical substances and the chemical content of products to reduce environmental risks.
3. We will comply with legal regulations as well as Fujifilm Group regulations, standards, and requirements that are individually agreed on.
4. We will strengthen partnerships with our business partners, collaborate in government and industrial activities, and actively participate in community activities.
5. We will actively give full disclosure of the information regarding our involvement in and accomplishment of various environmental activities to all associated individuals, including local communities, governments, and Fujifilm Group company employees, to facilitate open communication.
6. We will heighten the environmental awareness of every Fujifilm Group employee through employee education, so that we can fortify our infrastructure to face the challenges posed by environmental issues in the future.

Guidelines for Biodiversity

Since its establishment, the Fujifilm Group has been recognizing that all its business activities benefit from the natural environment and has influence on such an environment. Based on the idea that environmental consideration and conservation are an integral part of corporate activities, the Group conducts a range of environmental activities to conserve biodiversity.

Excerpts from the Fujifilm Group Guidelines for Biodiversity (As of January 2011)

Basic Concepts

In order to create a sustainable society, we have a responsibility to sincerely address serious problems currently facing us to eliminate negative legacies being passed on to future generations.

Among these serious problems, including climate change issues such as global warming, is biodiversity loss that is occurring at critical speed due to destruction of ecosystems and extinction of various living species.

Biodiversity provides us with food, medicine, and energy while reducing the risk of disasters. It is the very foundation of our culture and art, supporting our life and daily activities.

As the Fujifilm Group's business activities are closely related to biodiversity, it is our responsibility to avoid or minimize negative impacts on it, by addressing its preservation and sustainable usage. In doing so, it is essential to take into consideration that we exist in a state of global interdependence and keep an international perspective when taking necessary actions.

Action Guidelines

1. To avoid destruction of biodiversity
2. To preserve biodiversity
3. To make best use of biodiversity
4. To act with a global perspective
5. To meet social requirements
6. To share information

Note: Full details of the Group's Action Guidelines are posted on its homepage (URL: http://www.fujifilmholdings.com/en/sustainability/index.html).

Social Aspects

Establishing Uniform Standards for Suppliers (CSR Procurement)

The Fujifilm Group established the Fujifilm Group Procurement Policy in an effort to extend CSR activities across the entire supply chain in October 2009. The goal is to further enhance CSR in partnership with all suppliers. The Policy is composed of two parts: I. Basic Procurement Concepts and II. Procurement Guidelines. The Basic Procurement Concepts show the Group's commitment to dealing with suppliers in compliance with laws and in consideration of human rights, the environment and other CSR issues.

For suppliers who do not meet the Procurement Guidelines, we will ask them to make necessary corrections and give support as required to ensure their compliance with the guidelines.

Implementing a Self-Check Survey for Supplies

From the fiscal year ended March 31, 2010 through to the fiscal year ended March 31, 2011, Fujifilm asked 64 suppliers of materials to self-check their CSR activities on a trial basis through electronic means. Participation and responses to this self-check survey served a number of purposes. In addition to helping suppliers better understand Fujifilm's basic stance toward procurement, the results were tabulated, evaluated and summarized into a report that was fedback to respondents. Looking ahead, we will review survey processes based on the results of the trial survey and expand the target of the CSR self-check survey. For its part, Fuji Xerox has continued to send a self-check list to its major material suppliers asking them to self-check and improve their CSR activities since the fiscal year ended March 31, 2008.

CSR self-check survey

Electronic survey screen

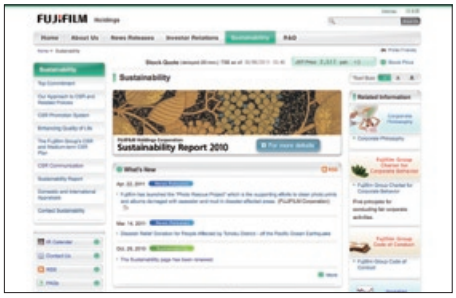
CSR-related Information Disclosure

The Company's website (URL: http://www.fujifilmholdings.com/en/sustainability/) offers information concerning the Group's CSR activities while making available the library of FUJIFILM Holdings Corporation sustainability reports.

Comprising the three main parts listed below, FUJIFILM Holdings Corporation Sustainability Report 2011, to be published in October 2011, provides in-depth explanations of the Fujifilm Group's latest CSR activities. Specifically, this latest report introduces CSR approaches taken through the Company's business operations and activities relating to climate change issues.

- Feature: Cooperation among Operating Companies to Enhance Quality of Life
- CSR Highlights 2010
- Data and Information

Fuji Xerox's website (URL: http://www.fujixerox.com/eng/company/) also offers information concerning the company's CSR activities while making available the library of Fuji Xerox sustainability reports.



Sustainability website

http://www.fujifilmholdings.com/en/sustainability/index.html

Financial Review

Results of Operations

During the fiscal year ended March 31, 2011, consolidated revenue amounted to ¥2,217.1 billion (up 1.6%, or up 4.8% excluding the impact of foreign exchange fluctuations from the previous fiscal year). The ¥35.4 billion rise in consolidated revenue reflected such factors as the launch of new products and the Group's moves to step up sales promotion measures in response to growth in emerging countries' markets. Those factors more than offset the negative impact of yen appreciation, which had the effect of reducing consolidated revenue by ¥68.9 billion.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the fiscal year under review were ¥86=$1 and ¥113=1 euro.

Domestic and Overseas Revenue

Domestic revenue amounted to ¥1,034.8 billion, down 2.3% year on year, and overseas revenue totaled ¥1,182.3 billion, up 5.3%.

	Year ended March 31				
	Millions of yen				
	2011	2010	2009	2008	2007
Domestic revenue	¥ 1,034,806 46.7%	¥1,059,395 48.6%	¥1,134,192 46.6%	¥1,259,506 44.2%	¥1,303,647 46.9%
Overseas revenue	¥ 1,182,278 53.3%	1,122,298 51.4%	1,300,152 53.4%	1,587,322 55.8%	1,478,879 53.1%
The Americas	¥ 368,213 16.6%	354,142 16.2%	447,677 18.4%	557,203 19.6%	572,797 20.6%
Europe	¥ 260,543 11.7%	268,531 12.3%	350,548 14.4%	449,241 15.8%	422,965 15.2%
Asia and Others	¥ 553,522 25.0%	499,625 22.9%	501,927 20.6%	580,878 20.4%	483,117 17.3%
Consolidated total	¥ 2,217,084 100.0%	¥2,181,693 100.0%	¥2,434,344 100.0%	¥2,846,828 100.0%	¥2,782,526 100.0%

Operating Expenses, Operating Income

The Fujifilm Group completed structural reform measures carried forward from the previous fiscal year as well as thoroughgoing cost and expense reduction endeavors aimed at building a corporate constitution that is capable of generating a steady stream of profits.

In the fiscal year under review, selling, general and administrative (SG&A) expenses decreased 3.0% year on year to ¥570.6 billion, with the SG&A expense ratio improving 1.2 percentage points compared with the previous fiscal year to 25.7%. R&D expenses also decreased 5.6% to ¥165.3 billion.Operating income before restructuring and other charges was negatively impacted by yen appreciation by ¥15.6 billion, surging raw materials prices by ¥14.6 billion, and sales decrease caused by the Great East Japan Earthquake by ¥5.4 billion. Despite these negative impacts, the rise in consolidated revenue, the implementation of structural reforms and cost reduction measures, and other factors offset and boosted operating income before restructuring and other charges considerably to ¥168.1 billion (up 65.4% from the previous fiscal year).

Structural reform measures were completed on schedule and restructuring and other charges during the fiscal year ended March 31, 2011 totaled ¥31.7 billion. As a result, operating income after restructuring and other charges amounted to ¥136.4 billion. Progressive improvement in the Group's corporate constitution owing to structural reform measures supported an increase in the ratio of gross profit to consolidated revenue, to 40.8%, and a rise in the ratio of operating income before restructuring and other charges to consolidated revenue, to 7.6%.

Income before Income Taxes, Net Income Attributable to FUJIFILM Holdings

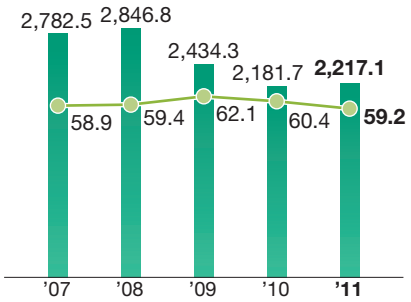
Income before income taxes amounted to ¥117.1 billion, and the net income attributable to FUJIFILM Holdings totaled ¥63.9 billion.

Results by Segment

	Year ended March 31		
	Millions of yen		
	2011	2010	2009
Imaging Solutions			
Revenue:			
External customers	¥325,804	345,489	410,399
Intersegment	799	465	785
Total	326,603	345,954	411,184
Operating income (loss)	(12,693)	(63,306)	(29,310)
Operating margin	(3.9)%	(18.3)%	(7.1)%
Information Solutions			
Revenue:			
External customers	¥917,391	900,844	946,156
Intersegment	1,950	1,605	1,683
Total	919,341	902,449	947,839
Operating income	103,512	10,623	20,351
Operating margin	11.3%	1.2%	2.1%
Document Solutions			
Revenue:			
External customers	¥973,889	935,360	1,077,789
Intersegment	8,115	7,187	8,982
Total	982,004	942,547	1,086,771
Operating income	74,213	39,166	49,677
Operating margin	7.6%	4.2%	4.6%

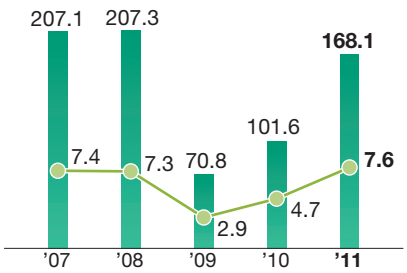
Note: The impact of restructuring and other charges on segment operating income (loss) of Imaging Solutions, Information Solutions and Document Solutions were ¥12,700 million, ¥4,481 million and ¥14,534 million, respectively, in the fiscal year ended March 31, 2011. Similarly, the impact of restructuring and other charges on segment operating income (loss) of Imaging Solutions, Information Solutions and Document Solutions were ¥54,124 million, ¥64,337 million and ¥25,280 million, respectively, in the fiscal year ended March 31, 2010 and ¥7,223 million, ¥8,511 million and ¥17,749 million, respectively, in the fiscal year ended March 31, 2009. In addition, the allocation method for corporate expenses was amended from the fiscal year ended March 31, 2010.

Revenue, Ratio of Cost of Sales to Revenue
(Billions of yen / %)



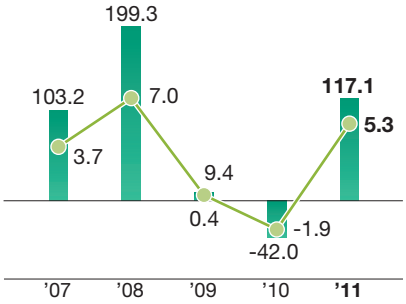
Revenue
Ratio of cost of sales to revenue

Operating Income before Restructuring and Other Charges, Ratio to Revenue
(Billions of yen / %)



Operating income before restructuring and other charges
Ratio of operating income before restructuring and other charges to revenue

Income (Loss) before Income Taxes, Ratio to Revenue
(Billions of yen / %)



Income (loss) before income taxes
Ratio of income before income taxes to revenue

Years ended March 31

◆ Imaging Solutions

In the Imaging Solutions segment, although sales of digital cameras were robust, the negative impact of such factors as yen appreciation reduced segment revenues by ¥21.9 billion. As a result, consolidated revenue amounted to ¥325.8 billion, down 5.7%, or up 0.6% excluding the impact of foreign exchange fluctuations from the previous fiscal year.

Regarding the photo imaging business, the sales volume and market share of color paper increased owing to increased sales of high-value-added printing services including *Photobook*. Due to the impact of yen appreciation and other factors, however, sales of color paper declined. In the electronic imaging business field, Fujifilm's unit sales volume reached a record-high level and the Company's net sales also rose, reflecting a digital camera sales volume increase mainly in the markets of emerging countries, principally the BRICs, as well as an intensification of sales promotion measures for high-end models.

Owing to the benefits of structural reforms and other factors, the segment operating income before restructuring and other charges considerably improved and amounted to ¥0.0 billion, and operating loss after restructuring and other charges amounted to ¥12.7 billion.

◆ Information Solutions

In the Information Solutions segment, consolidated revenue amounted to ¥917.4 billion, up 1.8% or up 5.7% excluding the impact of foreign exchange fluctuations from the previous fiscal year. Although yen appreciation and other factors had a negative impact by ¥35.0 billion on the segment revenues, consolidated revenue surged because of sales increases in flat panel display (FPD) materials business and other principal businesses.

In the medical systems business, the impact of yen appreciation and other factors caused a decline in sales revenue. In the life sciences business, sales increased steadily owing to such factors as the proactive implementation of sales promotion measures for new products in the *ASTALIFT* functional cosmetics products line, as well as nutritional supplement products. In addition, the marketing of *ASTALIFT* products in China was initiated in September 2010. In the pharmaceutical product business, Toyama Chemical Co., Ltd. recorded strong sales of *Zosyn*. Having completed Phase III clinical trials in Japan for *T-705*, an anti-influenza viral drug, Toyama Chemical submitted an application for its approval in March 2011. In the graphic arts business, a recovery in demand centered on Japan and North America supported growth in sales volume and an increase in sales of this business despite the impact of yen appreciation and decline in products' market prices. Regarding the flat panel display materials business, net sales increased to a record-high level, because of sales increases of *FUJITAC* and other retardation film reflecting rising demand for LCD televisions associated with such factors as Japan's Eco-Point system and China's government policies for promoting the ownership of household electric products. In the optical device business, sales increased owing to robust sales in North America and Europe for such products as TV camera lenses, security camera lenses, and projector lenses.

Despite the impact of yen appreciation and other negative factors, operating income before restructuring and other charges in the Information Solutions segment climbed 44.1% year on year to ¥108.0 billion, owing to such positive factors as the growth in sales, successful efforts to promote cost reduction measures and the benefits to accrue from structural reforms. The ratio of operating income before restructuring and other charges to consolidated revenue was 11.7%. Moreover, operating income after restructuring and other charges improved substantially to ¥103.5 billion.

◆ Document Solutions

In the Document Solutions segment, consolidated revenue grew to ¥973.9 billion, up 4.1% from the previous fiscal year. This reflected such factors as increases in sales in the Asia-Oceania region and in shipment volume of exports to Xerox Corporation, including emerging countries.

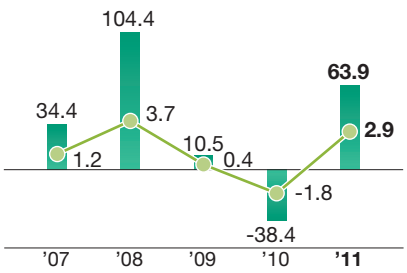
With respect to the office products business, sales of full-color digital multifunction devices launched in 2009, which provide the industry's top level of energy-conservation performance, were strong in Japan. As a result, Fuji Xerox's overall sales of full-color models increased. In the Asia-Oceania region, a considerable rise was recorded in the sales volume of full-color products. Looking at exports to Xerox Corporation, shipment volume of both full-color and monochrome models increased.

With respect to the office printer business, an increase of sales volume of full-color models was seen in Japan. In the Asia-Oceania region, Fuji Xerox has been progressively launching compact LED printers that are reasonably priced and environment-friendly with the objective of establishing a full-scale presence in the small-and-medium-sized business (SMB) market. Sales of this new lineup have been strong, and large increases have been recorded in the sales volume of both color and monochrome models. Reflecting efforts to promote the sales of this new lineup, a substantial increase was also seen in the volume of export shipments to Xerox Corporation.

In the production services business, Fuji Xerox's domestic sales volume grew owing to a rise in sales of light production color models. In January 2011, Fuji Xerox began marketing a high image quality, full-color copy machine designed to meet the needs of professionals in the graphic arts market. Regarding results in the Asia-Oceania region, strong sales of the color on-demand publishing system, which was launched in the Asia-Oceania region in June 2010, supported growth in sales volume. Moreover, a considerable increase was recorded in the volume of export activity to Xerox Corporation owing to the strong trend in sales.

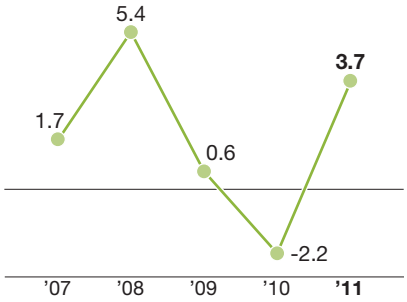
In the Global Services business, sales grew in Japan as well as the Asia-Oceania region. Moreover, Fuji Xerox Australia Pty. Ltd. acquired Upstream Print Solutions Pty Ltd, an Australia-based managed print service (MPS) provider in August 2010.

Net Income (Loss) Attributable to FUJIFILM Holdings, Ratio to Revenue
(Billions of yen / %)

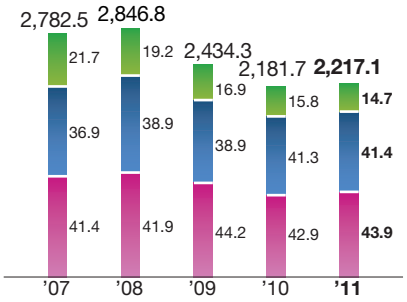


Net income (loss) attributable to FUJIFILM Holdings
Ratio of net income attributable to FUJIFILM holdings to revenue
(Net income for 2009 and prior years)
Years ended March 31

Return on Equity (ROE)
(%)



Revenue, Percentage of Revenue by Operating Segment
(Billions of yen / %)



Imaging Solutions
Information Solutions
Document Solutions

Reflecting such factors as the upswing in sales, successful efforts to promote cost reduction measures and the benefits of structural reforms, operating income before restructuring and other charges in the Document Solutions segment increased 37.7% compared with the previous fiscal year to ¥88.7 billion in the fiscal year under review. The ratio of operating income before restructuring and other charges to consolidated revenue came to 9.0%. In addition, operating income after restructuring and other charges grew significantly, surging 89.5% year on year to ¥74.2 billion.

R&D Expenses

R&D expenses fell 5.6% year on year to ¥165.3 billion. The ratio of R&D expenses to revenue decreased 0.5 of a percentage point to 7.5%. By business segment, R&D expenses in Imaging Solutions totaled ¥7.6 billion, down 7.2%; ¥69.7 billion in Information Solutions, down 8.5%; and ¥65.4 billion in Document Solutions, down 2.2%.

Financial Position Analysis

Assets, Liabilities, and Equity

Total assets decreased by 4.2% compared with the end of the previous fiscal year, to ¥2,708.8 billion impacted by the decrease of cash and cash equivalents as a result of the redemption at maturity of bonds, yen appreciation and other factors. Total liabilities decreased by 9.8% compared with the end of the previous fiscal year, to ¥857.9 billion, owing to a decrease in short-term and long-term debt, and other factors. FUJIFILM Holdings shareholders' equity decreased by 1.4% compared with the end of the previous fiscal year, to ¥1,722.5 billion. As a result, the current ratio increased by 10.1 percentage points, to 223.5%, the debt-equity ratio decreased by 4.7 percentage points, to 49.8%, and the equity ratio increased by 1.8 percentage points, to 63.6%, compared with the end of the previous fiscal year. The Company is confident that it is maintaining a stable level of asset liquidity and a sound capital structure.

Capital Expenditures, Depreciation

Capital expenditures increased 15.4% year on year to ¥89.9 billion. The Company's investment was largely directed toward boosting FPD materials production capacity. By business segment, capital expenditures amounted to ¥8.1 billion in Imaging Solutions, down 10.7% year on year; ¥61.8 billion in Information Solutions, up 116.9 %; and ¥19.5 billion in Document Solutions, down 51.5%.

Total depreciation of property, plant and equipment (excluding rental equipment) decreased ¥28.5 billion year on year to ¥106.6 billion.

Cash Flow Analysis

During the fiscal year ended March 31, 2011, net cash provided by operating activities totaled ¥199.4 billion due to an increase in net income. Net cash used in investing activities amounted to ¥130.8 billion as a result of purchases of property, plant and equipment, business acquisitions and other factors. Thus, free cash flows, or the sum of cash flows from operating and investing activities, were ¥68.6 billion, down ¥115.0 billion from the previous fiscal year. Net cash used in financing activities amounted to ¥146.4 billion, due to repayments of corporate bonds and other factors. As a result, cash and cash equivalents at the end of the fiscal year under review amounted to ¥313.1 billion, down ¥93.1 billion compared with the end of the previous fiscal year.

Basic Policy Regarding Distribution of Profits

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on the consideration of such factors as the level of funds required for M&A transactions, capital investment and new product development activities needed to support future business expansion as well as other measures aimed at increasing the Group's corporate value in the future. As a means of supplementing dividends, FUJIFILM Holdings will also flexibly move to employ surplus cash flows to acquire treasury stock in a manner that contributes to greater capital efficiency.

The Group is currently undertaking the concentrated execution of M&A transactions, capital investments, and new product development investments in priority business fields. In view of this situation, FUJIFILM Holdings has targeted a return to shareholders ratio of 25%, which represents the ratio of total cash dividends and acquisition of treasury stock to net income attributable to the Company.

In the fiscal year under review, the Company used ¥20.0 billion to acquire 6.95 million of its own shares during the period from November 18, 2010, through December 14, 2010. The annual cash dividend applicable to the fiscal year under review was ¥30.00 per share.

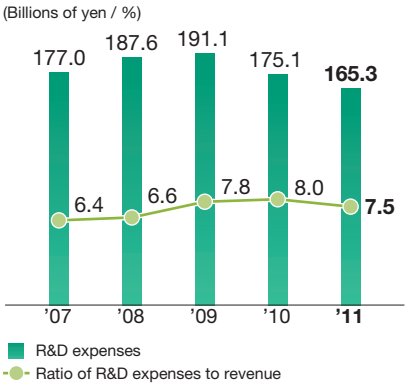
Business-Related and Other Risks

The following types of risk have the potential for affecting the Fujifilm Group's financial condition and business performance. Text referring to the future is written from the perspective of the end of the fiscal year under review.

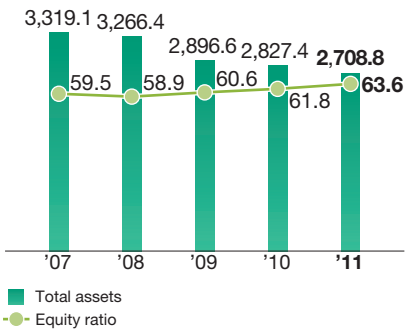
Impact of Economic and Exchange Rate Trends on Performance

The Fujifilm Group provides products and services in diverse markets throughout the world, and the share of consolidated sales accounted for by overseas sales was 53.3% in the fiscal year under review. There is a possibility that performance will be greatly affected by economic conditions throughout the world and particularly by currency exchange rates.

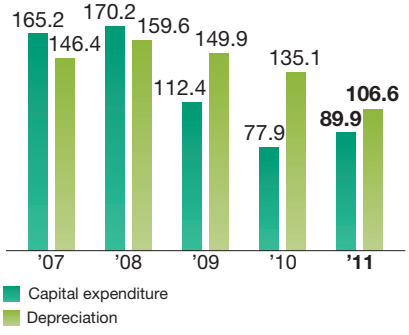
R&D Expenses, Ratio of R&D Expenses to Revenue
(Billions of yen / %)



Total Assets, Equity Ratio
(Billions of yen / %)



Capital Expenditures, Depreciation
(Billions of yen)



(Excluding intangible assets and rental equipment in the Documents Solutions segment)

Years ended March 31

To reduce the impact of currency exchange rates on performance, Fujifilm undertakes hedging measures, primarily using forward exchange contracts for the U.S. dollar and the euro, but currency exchange fluctuations, depending on their degree, still could have an impact on performance.

Competition in Markets

In the business fields where the Fujifilm Group operates, the intensification of competition with other companies may lead to declines in the selling prices of products, shorter product lifecycles and the emergence of alternative products. These phenomena may negatively impact the Company's sales and, consequently, profit, forcing the Company to increase R&D expenses and revaluate goodwill and other intangible assets it holds. In the future, Fujifilm will continually work to develop products incorporating new technologies and to support the sales of such products with marketing activities, and the success or failure of these activities is expected to have an influence on performance.

Patents and Other Intellectual Property

The Fujifilm Group has diverse patents, know-how, and other intellectual property that enable competitive benefits, but such future events as the expiration of patents and emergence of replacement technologies may make it difficult to maintain competitive superiority.

In the wide range of business fields with which Fujifilm is associated, there are numerous companies with sophisticated and complex technologies, and the landscape regarding these technologies is changing rapidly. Developing Fujifilm's business operations sometimes may require the use of other companies' patents, know-how, and other intellectual property, and when negotiations for the use of such intellectual property are not successful, there is a potential for performance to be affected. In addition, Fujifilm is developing its business while constantly taking care not to infringe on the intellectual property of other companies, but it must be recognized that in reality it is difficult to completely eliminate the risk of becoming involved in litigation. If Fujifilm becomes involved in litigation, not only litigation costs would arise, but also the potential for compensatory payment costs that could have an influence on performance.

Public Regulations

In the regions where the Fujifilm Group is developing its business, diverse government regulations exist that apply to Fujifilm's operations, such as business and investment permits as well as limits and regulations related to imports and exports. Moreover, Fujifilm is subject to commercial, fair trade, patent, consumer protection, tax, foreign exchange administration, environmental, pharmaceutical, and other laws and regulations.

If Fujifilm were not to strictly comply with one of these laws or regulations, it could be subject to fines. Moreover, it is possible that these laws and regulations might be tightened or greatly changed, and in such cases it is impossible to deny the possibility that Fujifilm's activities could be limited or that Fujifilm might have to bear greater costs to attain compliance or respond to the changes, including abolishment. Accordingly, these laws and regulations have the potential to affect Fujifilm's performance.

Manufacturing Operations

In connection with the Fujifilm Group's manufacturing activities, natural or human-made disasters, discontinuation by vendors of the manufacture of raw materials and components, and confusion caused by other factors may prevent the Group from delivering its products as well as cause major facility and equipment failure. It is also possible that a rapid rise in the price of raw materials could affect Fujifilm's performance.

Fujifilm manufactures its products in conformance with rigorous quality control standards, but the possibility of defective products does exist. If Fujifilm were to have to respond to such an event by undertaking product recalls or other actions, Fujifilm's performance may be affected.

Information Systems

The Fujifilm Group operates a variety of information systems in the ongoing execution of its operations and business. In this context, steps are taken to put in place an appropriate information system management framework as well as all relevant security countermeasures. Despite these initiatives, a wide range of factors including interruptions in electric power, disasters and unauthorized access may impair the Group's information systems or lead to the leakage, modification or falsification of personal data. In each of these events, Fujifilm's performance may be affected.

Large-Scale Disasters

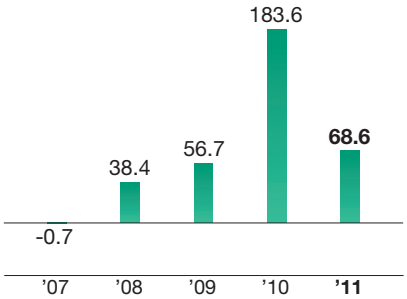
The Fujifilm Group engages in production, sales and related business activities worldwide. In the event of a large-scale natural disaster including earthquake, typhoon or flood as well as a fire, terrorist attack, war or new influenza virus epidemic, Fujifilm's business activities may be affected as well as its operating performance.

Structural Reforms

The Fujifilm Group has reaccelerated its structural reforms from the fiscal year ended March 31, 2010 for more intensive implementation. Through these structural reforms, the Fujifilm Group has implemented comprehensive cost and expense reductions, while pursuing further reductions in fixed costs and assets for optimized Group-wide operations. The Group will continue implementing effective measures to constantly improve its management efficiency in the future. However, the implementation of structural reforms and related measures may cause the Group to incur contingent expenses associated with organizational changes and business and operational reforms, and in such cases, Fujifilm's performance may be affected.

Free Cash Flows

(Billions of yen)



(Free cash flows : Net cash provided by operating activities + Net cash used in investing activities)

Years ended March 31

Ten-Year Summary

FUJIFILM Holdings Corporation and Subsidiaries

	Year ended March 31			
	Millions of yen			
	2011	2010	2009	2008
Revenue:				
Domestic	¥1,034,806	¥1,059,395	¥1,134,192	¥1,259,506
Overseas	1,182,278	1,122,298	1,300,152	1,587,322
Total	2,217,084	2,181,693	2,434,344	2,846,828
Cost of sales	1,313,103	1,316,835	1,511,242	1,692,758
Operating expenses:				
Selling, general and administrative	570,608	588,109	694,740	759,139
Research and development	165,302	175,120	191,076	187,589
Subsidy related to transfer of substitutional portion of employee pension fund liabilities	—	—	—	—
Operating income before restructuring and other charges	168,071	101,629	37,286	207,342
Restructuring and other charges	31,715	143,741	—	—
Operating income (loss) (Note 1)	136,356	(42,112)	37,286	207,342
Interest and dividend income	5,148	6,138	10,012	13,462
Interest expense	(4,071)	(4,577)	(7,037)	(7,380)
Income (loss) before income taxes	117,105	(41,999)	9,442	199,342
Net income (loss) attributable to FUJIFILM Holdings (Note 2)	63,852	(38,441)	10,524	104,431
Capital expenditures (Note 3)	¥ 89,932	¥ 77,913	¥ 112,402	¥ 170,179
Depreciation (Note 3)	106,622	135,103	149,912	159,572
Net cash provided by operating activities	199,354	314,826	209,506	298,110
Average number of shares outstanding (in thousands)	486,297	488,608	498,837	508,354
Total assets	¥2,708,841	¥2,827,428	¥2,896,637	¥3,266,384
Long-term debt	119,314	140,269	253,987	256,213
Total FUJIFILM Holdings shareholders' equity	1,722,526	1,746,107	1,756,313	1,922,353
Number of employees	78,862	74,216	76,252	78,321
Per share of common stock (Yen / U.S. dollars)				
Net income (loss) attributable to FUJIFILM Holdings (Note 4)	¥ 131.30	¥ (78.67)	¥ 21.10	¥ 205.43
Cash dividends (Note 5)	30.00	25.00	30.00	35.00
FUJIFILM Holdings shareholders' equity (Note 6)	3,576.03	3,573.66	3,594.52	3,811.19
Stock price at year-end	2,576	3,220	2,125	3,530
PBR (Price-to-Book Value Ratio) (Times) (Note 7)	0.72	0.90	0.59	0.93
PER (Price-to-Earnings Ratio) (Times) (Note 7)	19.62	—	100.71	17.18
ROE (Return on Equity) (%)	3.7	(2.2)	0.6	5.4
ROA (Return on Assets) (%)	2.3	(1.3)	0.3	3.2

Notes:
1. Operating income (loss) presented in the table above is operating income (loss) after the recognition of restructuring and other charges.
2. Effective from the fiscal year ended March 31, 2010, net income (loss) is stated as net income (loss) attributable to FUJIFILM Holdings.
3. Figures do not include amounts for rental equipment handled by the Document Solutions segment.
4. The computation of net income (loss) attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock (excluding treasury stock) outstanding for the year.
5. Cash dividends per share represent the amount declared per share for each period.
6. The computation of FUJIFILM Holdings shareholders' equity per share is calculated based on the number of shares (excluding treasury stock) outstanding at the end of each period.
7. The Price-to-Book Value Ratio (PBR) and Price-to-Earnings Ratio (PER) are calculated based on the stock price as of the end of each fiscal year.
8. U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥83=US$1, the exchange rate prevailing on March 31, 2011.

Year ended March 31						
Millions of yen						Thousands of U.S. dollars (Note 8)
2007	2006	2005	2004	2003	2002	2011
¥1,303,647	¥1,329,284	¥1,311,893	¥1,336,015	¥1,330,119	¥1,355,192	$12,467,542
1,478,879	1,338,211	1,215,481	1,230,710	1,181,802	1,052,325	14,244,313
2,782,526	2,667,495	2,527,374	2,566,725	2,511,921	2,407,517	26,711,855
1,638,337	1,593,804	1,510,681	1,503,843	1,474,551	1,403,571	15,820,518
760,042	735,058	767,363	704,659	765,987	684,370	6,874,795
177,004	182,154	168,017	173,323	159,119	146,881	1,991,590
—	—	(83,129)	—	(52,136)	—	—
207,143	156,479	164,442	184,900	164,400	172,695	2,024,952
94,081	86,043	—	—	—	—	382,109
113,062	70,436	164,442	184,900	164,400	172,695	1,642,843
11,376	8,133	6,080	4,246	3,909	5,577	62,024
(6,351)	(3,886)	(4,668)	(5,459)	(6,674)	(9,289)	(49,048)
103,264	79,615	162,346	164,948	120,513	159,549	1,410,904
34,446	37,016	84,500	82,317	48,579	81,331	769,301
¥ 165,159	¥ 179,808	¥ 157,420	¥ 160,740	¥ 127,319	¥ 155,525	$ 1,083,518
146,325	156,928	130,360	124,634	126,695	121,777	1,284,602
297,276	272,558	219,361	327,358	303,500	248,185	2,401,855
510,621	509,525	512,801	513,252	514,011	514,583	
¥3,319,102	¥3,027,491	¥2,983,457	¥3,023,509	¥2,958,317	¥2,946,362	$32,636,639
267,965	74,329	96,040	116,823	124,404	137,446	1,437,518
1,976,508	1,963,497	1,849,102	1,749,882	1,680,611	1,698,063	20,753,325
76,358	75,845	75,638	73,164	72,633	72,569	
¥ 67.46	¥ 72.65	¥ 164.78	¥ 160.38	¥ 94.51	¥ 158.05	$ 1.58
25.00	25.00	25.00	25.00	25.00	25.00	0.36
3,867.04	3,848.32	3,630.67	3,409.80	3,274.17	3,300.45	43.08
4,820	3,930	3,920	3,310	3,640	4,170	31.04
1.25	1.02	1.08	0.97	1.11	1.26	
71.45	54.09	23.79	20.64	38.51	26.38	
1.7	1.9	4.7	4.8	2.9	4.9	
1.1	1.2	2.8	2.8	1.6	2.8	

Consolidated Balance Sheets

FUJIFILM Holdings Corporation and Subsidiaries

	March 31		
	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Assets			
Current assets:			
Cash and cash equivalents (Note 18)	¥ 313,070	¥ 406,177	$ 3,771,928
Marketable securities (Notes 4 and 18)	23,188	61,362	279,373
Notes and accounts receivable			
Trade and finance (Notes 5 and 19)	490,554	479,972	5,910,289
Affiliated companies (Note 7)	29,268	32,668	352,626
Allowance for doubtful receivables (Notes 5 and 19)	(17,645)	(17,615)	(212,590)
Inventories (Note 6)	342,165	303,120	4,122,470
Deferred income taxes (Note 11)	89,496	91,823	1,078,265
Prepaid expenses and other (Notes 17 and 18)	40,747	53,042	490,928
Total current assets	1,310,843	1,410,549	15,793,289
Investments and long-term receivables:			
Investments in and advances to affiliated companies (Note 7)	42,684	42,748	514,265
Investment securities (Notes 4 and 18)	139,352	146,734	1,678,940
Long-term finance and other receivables (Notes 5 and 19)	117,305	109,588	1,413,313
Allowance for doubtful receivables (Notes 5 and 19)	(3,259)	(5,113)	(39,265)
Total investments and long-term receivables	296,082	293,957	3,567,253
Property, plant and equipment (Notes 18 and 21):			
Land	97,237	98,788	1,171,530
Buildings	668,897	686,171	8,059,000
Machinery and equipment	1,548,837	1,571,790	18,660,687
Construction in progress	34,742	15,020	418,578
	2,349,713	2,371,769	28,309,795
Less accumulated depreciation	(1,785,648)	(1,770,108)	(21,513,831)
Net property, plant and equipment	564,065	601,661	6,795,964
Other assets:			
Goodwill, net (Notes 8 and 20)	344,444	325,859	4,149,928
Other intangible assets, net (Notes 8, 18, 20 and 21)	44,223	45,195	532,807
Deferred income taxes (Note 11)	81,505	88,411	981,988
Other (Notes 10 and 18)	67,679	61,796	815,410
Total other assets	537,851	521,261	6,480,133
Total assets	¥2,708,841	¥2,827,428	$32,636,639

U.S. dollar amounts presented are translated from yen, for convenience only, at the rate od ¥83=U.S.$1.00, the exchange rate prevailing on March 31, 2011.

	March 31		
	Millions of yen		Thousands of U.S. dollars (Note 3)
	2011	2010	2011
Liabilities and equity			
Current liabilities:			
Short-term debt (Note 9)	¥ 70,343	¥ 155,379	$ 847,506
Notes and accounts payable:			
Trade	228,224	228,882	2,749,687
Construction	29,435	29,039	354,638
Affiliated companies (Note 7)	3,714	3,631	44,747
Accrued income taxes (Note 11)	13,805	9,438	166,325
Accrued liabilities (Notes 10 and 21)	179,315	174,981	2,160,422
Other current liabilities (Notes 11, 17 and 18)	61,622	59,631	742,434
Total current liabilities	586,458	660,981	7,065,759
Long-term debt (Notes 9 and 17)	119,314	140,269	1,437,518
Accrued pension and severance costs (Note 10)	78,806	78,253	949,470
Deferred income taxes (Note 11)	31,442	26,911	378,819
Customers' guarantee deposits and other (Notes 7, 17 and 18)	41,950	45,185	505,422
Total liabilities	857,970	951,599	10,336,988
Commitments and contingent liabilities (Note 14)			
Equity:			
FUJIFILM Holdings Shareholders' equity (Note 12):			
Common stock, without par value:			
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares	40,363	40,363	486,301
Additional paid-in capital	73,956	70,283	891,036
Retained earnings	1,917,659	1,868,362	23,104,325
Accumulated other comprehensive income (loss) (Notes 10, 13 and 17)	(206,858)	(150,288)	(2,492,265)
Treasury stock, at cost (32,939,343 shares in 2011; 26,021,558 shares in 2010)	(102,594)	(82,613)	(1,236,072)
Total FUJIFILM Holdings shareholders' equity	1,722,526	1,746,107	20,753,325
Noncontrolling interests	128,345	129,722	1,546,326
Total equity	1,850,871	1,875,829	22,299,651
Total liabilities and equity	¥2,708,841	¥2,827,428	$32,636,639

See notes to consolidated financial statements.

Consolidated Statements of Income

FUJIFILM Holdings Corporation and Subsidiaries

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars (Note 3)
	2011	2010	2009	2011
Revenue:				
Sales	¥1,879,759	¥1,842,321	¥2,059,385	$22,647,698
Rentals	337,325	339,372	374,959	4,064,157
	2,217,084	2,181,693	2,434,344	26,711,855
Cost of sales:				
Sales	1,162,923	1,169,857	1,356,273	14,011,120
Rentals	150,180	146,978	154,969	1,809,398
	1,313,103	1,316,835	1,511,242	15,820,518
Gross profit	903,981	864,858	923,102	10,891,337
Operating expenses:				
Selling, general and administrative (Note 16)	570,608	588,109	694,740	6,874,795
Research and development	165,302	175,120	191,076	1,991,590
	735,910	763,229	885,816	8,866,385
Operating income before restructuring and other charges (Note 21)	168,071	101,629	37,286	2,024,952
Restructuring and other charges (Note 21)	31,715	143,741	–	382,109
Operating income (loss)	136,356	(42,112)	37,286	1,642,843
Other income (expenses):				
Interest and dividend income	5,148	6,138	10,012	62,024
Interest expense	(4,071)	(4,577)	(7,037)	(49,048)
Foreign exchange losses, net (Note 17)	(10,654)	(3,463)	(22,516)	(128,361)
Impairment of investment securities (Note 4)	(5,619)	(1,111)	(6,878)	(67,699)
Other, net (Note 17)	(4,055)	3,126	(1,425)	(48,855)
	(19,251)	113	(27,844)	(231,939)
Income (loss) before income taxes	117,105	(41,999)	9,442	1,410,904
Income taxes expense (benefit) (Note 11)**:**				
Current	23,760	16,754	27,393	286,265
Deferred	24,263	(21,800)	(29,977)	292,325
	48,023	(5,046)	(2,584)	578,590
Equity in net earnings of affiliated companies	3,741	542	2,989	45,072
Net income (loss)	72,823	(36,411)	15,015	877,386
Less: Net income attributable to noncontrolling interests	(8,971)	(2,030)	(4,491)	(108,085)
Net income (loss) attributable to FUJIFILM Holdings	¥ 63,852	¥ (38,441)	¥ 10,524	$ 769,301

		Yen		U.S. dollars (Note 3)
Amounts per share of common stock:				
Net income (loss) attributable to FUJIFILM Holdings (Note 15):				
Basic	¥131.30	¥(78.67)	¥21.10	$1.58
Diluted	120.73	(78.67)	21.09	1.45
Cash dividends declared	30.00	25.00	30.00	0.36

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

FUJIFILM Holdings Corporation and Subsidiaries

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2008	¥40,363	¥69,329	¥1,923,432	¥(63,171)	¥(47,600)	¥1,922,353	¥128,992	¥2,051,345
Comprehensive income (loss):								
Net income	–	–	10,524	–	–	10,524	4,491	15,015
Net unrealized gains (losses) on securities (Note 13)	–	–	–	(25,453)	–	(25,453)	(607)	(26,060)
Foreign currency translation adjustments (Note 13)	–	–	–	(64,913)	–	(64,913)	(5,323)	(70,236)
Pension liability adjustments (Note 13)	–	–	–	(36,791)	–	(36,791)	(5,812)	(42,603)
Net unrealized gains (losses) on derivatives (Notes 13 and 17)	–	–	–	123	–	123	49	172
Net comprehensive loss						(116,510)	(7,202)	(123,712)
Purchases of stock for treasury	–	–	–	–	(35,051)	(35,051)	–	(35,051)
Sales of stock from treasury	–	–	(2)	–	48	46	–	46
Dividends paid to FUJIFILM Holdings shareholders	–	–	(14,935)	–	–	(14,935)	–	(14,935)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(6,098)	(6,098)
Issuance of stock acquisition rights	–	410	–	–	–	410	–	410
Equity transactions and other	–	–	–	–	–	–	216	216
Balance as of March 31, 2009	40,363	69,739	1,919,019	(190,205)	(82,603)	1,756,313	115,908	1,872,221
Comprehensive income (loss):								
Net income (loss)	–	–	(38,441)	–	–	(38,441)	2,030	(36,411)
Net unrealized gains (losses) on securities (Note 13)	–	–	–	17,631	–	17,631	164	17,795
Foreign currency translation adjustments (Note 13)	–	–	–	(8,339)	–	(8,339)	1,734	(6,605)
Pension liability adjustments (Note 13)	–	–	–	30,509	–	30,509	5,031	35,540
Net unrealized gains (losses) on derivatives (Notes 13 and 17)	–	–	–	116	–	116	39	155
Net comprehensive income						1,476	8,998	10,474
Purchases of stock for treasury	–	–	–	–	(25)	(25)	–	(25)
Sales of stock from treasury	–	7	–	–	15	22	–	22
Dividends paid to FUJIFILM Holdings shareholders	–	–	(12,216)	–	–	(12,216)	–	(12,216)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(1,279)	(1,279)
Issuance of stock acquisition rights	–	537	–	–	–	537	–	537
Equity transactions and other	–	–	–	–	–	–	6,095	6,095
Balance as of March 31, 2010	40,363	70,283	1,868,362	(150,288)	(82,613)	1,746,107	129,722	1,875,829
Comprehensive income (loss):								
Net income	–	–	63,852	–	–	63,852	8,971	72,823
Net unrealized gains (losses) on securities (Note 13)	–	–	–	(8,087)	–	(8,087)	(135)	(8,222)
Foreign currency translation adjustments (Note 13)	–	–	–	(38,092)	–	(38,092)	(2,122)	(40,214)
Pension liability adjustments (Note 13)	–	–	–	(10,349)	–	(10,349)	(1,651)	(12,000)
Net unrealized gains (losses) on derivatives (Notes 13 and 17)	–	–	–	(42)	–	(42)	(14)	(56)
Net comprehensive income						7,282	5,049	12,331
Purchases of stock for treasury	–	–	–	–	(20,026)	(20,026)	–	(20,026)
Sales of stock from treasury	–	70	–	–	45	115	–	115
Dividends paid to FUJIFILM Holdings shareholders	–	–	(14,555)	–	–	(14,555)	–	(14,555)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(3,181)	(3,181)
Issuance of stock acquisition rights	–	577	–	–	–	577	–	577
Equity transactions and other	–	3,026	–	–	–	3,026	(3,245)	(219)
Balance as of March 31, 2011	¥40,363	¥73,956	¥1,917,659	¥(206,858)	¥(102,594)	¥1,722,526	¥128,345	¥1,850,871

See notes to consolidated financial statements.

	Thousands of U.S. dollars (Note 3)							
	Common stock	Additional paid-in capital	Retained Earnings	Accumulated other comprehensive income (loss)	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2010	$486,301	$846,783	$22,510,386	$(1,810,699)	$(995,337)	$21,037,434	$1,562,915	$22,600,349
Comprehensive income (loss):								
Net income	–	–	769,301	–	–	769,301	108,085	877,386
Net unrealized gains (losses) on securities (Note 13)	–	–	–	(97,434)	–	(97,434)	(1,627)	(99,061)
Foreign currency translation adjustments (Note 13)	–	–	–	(458,940)	–	(458,940)	(25,566)	(484,506)
Pension liability adjustments (Note 13)	–	–	–	(124,686)	–	(124,686)	(19,892)	(144,578)
Net unrealized gains (losses) on derivatives (Notes 13 and 17)	–	–	–	(506)	–	(506)	(169)	(675)
Net comprehensive income						87,735	60,831	148,566
Purchases of stock for treasury	–	–	–	–	(241,277)	(241,277)	–	(241,277)
Sales of stock from treasury	–	843	–	–	542	1,385	–	1,385
Dividends paid to FUJIFILM Holdings shareholders	–	–	(175,362)	–	–	(175,362)	–	(175,362)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(38,325)	(38,325)
Issuance of stock acquisition rights	–	6,952	–	–	–	6,952	–	6,952
Equity transactions and other	–	36,458	–	–	–	36,458	(39,095)	(2,637)
Balance as of March 31, 2011	$486,301	$891,036	$23,104,325	$(2,492,265)	$(1,236,072)	$20,753,325	$1,546,326	$22,299,651

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FUJIFILM Holdings Corporation and Subsidiaries

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars (Note 3)
	2011	2010	2009	2011
Operating activities				
Net income (loss)	¥ 72,823	¥ (36,411)	¥ 15,015	$ 877,386
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	157,094	195,083	212,565	1,892,699
Impairment losses for long-lived assets (Notes 18 and 21)	7,673	66,249	6,916	92,446
Impairment of investment securities	5,619	1,111	6,878	67,699
Deferred income taxes	24,263	(21,800)	(29,977)	292,325
Equity in net earnings of affiliated companies, less dividends received	(1,831)	833	(694)	(22,060)
Changes in operating assets and liabilities:				
Notes and accounts receivable	(14,145)	(22,299)	91,928	(170,422)
Inventories	(38,207)	68,771	32,335	(460,326)
Other current assets	(1,493)	18,338	(7,573)	(17,988)
Notes and accounts payable – trade	1,216	31,836	(77,089)	14,650
Accrued income taxes and other liabilities	(15,405)	(17,995)	(59,136)	(185,602)
Other	1,747	31,110	18,338	21,048
Net cash provided by operating activities	199,354	314,826	209,506	2,401,855
Investing activities				
Purchases of property, plant and equipment	(96,149)	(76,848)	(155,866)	(1,158,422)
Purchases of software	(18,055)	(16,185)	(21,615)	(217,530)
Proceeds from sales and maturities of marketable and investment securities and other investments	71,782	41,639	52,752	864,843
Purchases of marketable and investment securities and other investments	(42,472)	(58,250)	(17,639)	(511,711)
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	(4,553)	8,067	9,889	(54,855)
Acquisitions of businesses, net of cash acquired (Note 20)	(32,497)	(358)	(6,635)	(391,530)
Other	(8,816)	(29,269)	(13,667)	(106,217)
Net cash used in investing activities	(130,760)	(131,204)	(152,781)	(1,575,422)
Financing activities				
Proceeds from long-term debt	55	769	7,237	663
Repayments of long-term debt	(118,832)	(3,375)	(39,773)	(1,431,712)
Increase (decrease) in short-term debt, net	9,027	(26,485)	(10,845)	108,759
Cash dividends paid	(13,438)	(12,216)	(17,655)	(161,904)
Subsidiaries' cash dividends paid to noncontrolling interests	(3,181)	(1,279)	(6,098)	(38,325)
Net purchases of stock for treasury	(20,013)	(23)	(35,005)	(241,120)
Net cash used in financing activities	(146,382)	(42,609)	(102,139)	(1,763,639)
Effect of exchange rate changes on cash and cash equivalents	(15,319)	(4,930)	(15,418)	(184,565)
Net (decrease) increase in cash and cash equivalents	(93,107)	136,083	(60,832)	(1,121,771)
Cash and cash equivalents at beginning of year	406,177	270,094	330,926	4,893,699
Cash and cash equivalents at end of year	¥ 313,070	¥406,177	¥270,094	$ 3,771,928

Supplemental disclosures of cash flow information

Cash paid for interest	¥ 3,478	¥ 4,822	¥ 8,011	$ 41,904
Cash paid (recovered) for income taxes	20,834	(2,329)	70,264	251,012

See notes to consolidated financial statements.

1. Nature of Operations

FUJIFILM Holdings Corporation (the "Company") is engaged in imaging, information and document solutions. "Imaging Solutions" develops, manufactures, markets and services color films, digital cameras, photofinishing equipment, color paper, chemicals and related products. "Information Solutions" develops, manufactures, markets and services equipment and materials for medical systems and life sciences, pharmaceuticals, equipment and materials for graphic arts, flat panel display materials, recording media, optical devices, electronic materials, inkjet materials and related products. "Document Solutions" develops, manufactures, markets and services office copy machines/multifunction devices, printers, production systems and services, office services, paper, consumables and other related products. The Company and its subsidiaries operate throughout the world, generating approximately 53% of its worldwide revenue outside Japan, predominantly in North America, Europe and Asia. The Company's principal manufacturing operations are located in Japan, the United States of America, Brazil, the Netherlands, Singapore and China.

2. Summary of Significant Accounting Policies

The Company and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The Company's foreign subsidiaries maintain their records and prepare their financial statements in conformity with the conventions of their countries of domicile. Certain reclassifications and adjustments have been incorporated in the accompanying consolidated financial statements to conform them to accounting principles generally accepted in the United States of America. These adjustments have not been recorded in the Company's or subsidiaries' statutory books of account.

Significant accounting policies, after reflecting the adjustments referred to above, are summarized as follows:

Principles of Consolidation and Accounting for Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and entities that the Company directly or indirectly controls. All significant intercompany transactions and accounts have been eliminated.

The Company's investments in affiliated companies (20% to 50% owned companies), in which the ability to exercise significant influence exists, are accounted for by the equity method. Consolidated net income (loss) includes the Company's equity in the current net earnings or losses of such companies after the elimination of unrealized intercompany profits.

The Company recognized a gain of ¥1,271 million for the year ended March 31, 2010 due to the changes in the Company's ownership interests in certain subsidiary that resulted in a loss of control. Such gain was included in "Other, net" in the accompanying consolidated statements of income. The gain resulting from the remeasurement of retained equity investment in the former subsidiary to its fair value was insignificant.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the valuation of trade receivables, inventories, marketable and investment securities and deferred income tax assets; the valuation (including impairment) and determination of useful lives and depreciation or amortization method for property, plant and equipment and intangible assets; and assumptions related to the estimation of actuarially determined employee benefit obligations. Actual results could differ from those estimates.

Foreign Currency Translations

The Company's foreign subsidiaries generally use the local currency as their functional currency. Accordingly, assets and liabilities are translated into the reporting currency using exchange rates in effect at the balance sheet date and income and expenses are translated using average exchange rates prevailing during the year. Adjustments resulting from this translation process are accumulated in other comprehensive income (loss), a separate component of equity.

Assets and liabilities denominated in currencies other than the functional currency are remeasured into the functional currency using exchange rates in effect at the respective balance sheet dates with the resulting gains or losses included in earnings.

Cash Equivalents

The Company considers all highly liquid investments which are readily convertible into cash and that have original maturities of three months or less to be cash equivalents. Certain debt securities with original maturities of three months or less classified as available-for-sale securities are included in cash and cash equivalents in the consolidated balance sheets. Aggregate fair values of these securities were ¥86,750 million ($1,045,181 thousand) and ¥148,423 million as of March 31, 2011 and 2010, respectively.

Marketable Securities and Investment Securities

The Company has designated its marketable securities and investment securities as available-for-sale, which are carried at their fair value with changes in unrealized gains or losses reported in other comprehensive income (loss), net of applicable taxes.

The Company records an impairment charge in earnings when a decline in the value of a marketable equity security is deemed to be other-than-temporary. The Company separates an impairment charge for debt securities into the amount related to credit loss, which is recognized in earnings and the amount related to all other factors, which is recognized in other comprehensive income (loss). In determining whether such a decline of equity securities is other-than-temporary, the Company evaluates various factors including the length of time, the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the investee as well as the Company's intent and ability to retain the investment for a period of time sufficient to allow any expected recovery in fair value. In determining whether such a decline of debt securities is other-than-temporary, the Company also evaluates various factors including the Company's intent to sell the securities, the available evidence to assess whether it is more likely than not that the Company will be required to sell the security as well as the available evidence to assess whether the entire amortized cost basis of the security will be recovered. The cost of securities sold is based on the moving-average-cost method. Dividends on available-for-sale securities are included in "Interest and dividend income" in the accompanying consolidated statements of income.

Allowance for Doubtful Receivables

Allowances for doubtful trade, finance and other receivables are determined based on a combination of historical experience, aging analysis and any specific factors affecting customer accounts. Uncollectible trade accounts receivable are charged-off when legal actions have been taken to collect the receivable, and it becomes clear that an amount smaller than the original receivable will be recovered.

Inventories

Inventories are valued at the lower of cost or market with cost being determined principally by the moving-average method. The Company reviews inventories for obsolete, slow-moving or excess amounts and if required, provides an allowance to recognize their estimated net realizable values.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are carried at cost. Depreciation is computed primarily using the declining-balance method and, for certain foreign subsidiaries, using the straight-line method.

Estimated useful lives for buildings are primarily 15 to 50 years and for machinery and equipment are 2 to 15 years.

Machinery and equipment includes machines rented to customers under operating leases with a cost and accumulated depreciation of ¥89,597 million ($1,079,482 thousand) and ¥61,162 million ($736,892 thousand) as of March 31, 2011 and ¥92,628 million and ¥56,438 million as of March 31, 2010, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Other intangible assets principally consist of costs allocated to technology-based intangibles and customer-related intangibles.

Under Accounting Standards Codification™ Topic No.350 ("ASC350"), goodwill and other indefinite lived intangible assets are tested annually, as of January 1, for impairment. Impairment tests for goodwill are performed based on the fair value of estimated future cash flows of each reporting unit. The discount rate used is based on the reporting unit's weighted average cost of capital. In addition to the annual impairment test, an interim test for goodwill impairment would be performed if events occur or circumstances indicate that the carrying value may not be recoverable. Intangible assets other than those with an indefinite life are amortized on a straight-line basis over their estimated useful lives.

Capitalized Software Costs

The Company capitalized certain costs incurred in connection with developing and obtaining internal use software in accordance with ASC350-40. These costs consist primarily of payments made to third parties and salaries of employees working on such software development. In connection with developing internal use software, costs incurred at the application development stage or later are capitalized. In addition, the Company develops or obtains certain software to be sold, leased, or otherwise marketed where related costs incurred after establishment of technological feasibility are capitalized in accordance with ASC985. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the software of 3 to 5 years. Total capitalized software costs and accumulated amortization amounted to ¥167,671 million ($2,020,133 thousand) and ¥115,356 million ($1,389,831 thousand), respectively, as of March 31, 2011 and ¥168,935 million and ¥116,041 million, respectively, as of March 31, 2010. Capitalized software costs to be sold and accumulated amortization, included in the above, amounted to ¥34,421 million ($414,711 thousand) and ¥24,499 million ($295,169 thousand), respectively, as of March 31, 2011 and ¥31,486 million and ¥23,802 million, respectively, as of March 31, 2010. Capitalized software costs are included in other assets.

Impairment of Long-lived Assets

The Company reviews long-lived assets, excluding goodwill and other indefinite lived intangible asset, for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the assets would be compared to the assets' carrying amount to determine if a write-down is required. If this evaluation indicates that the assets will not be recoverable, the carrying value of the assets would be reduced to their estimated fair value. In determining the fair value, the Company uses quoted market prices in active markets or other valuation methods. If quoted market prices are unavailable, the Company primarily uses the discounted cash flow method based on the estimated discounted future cash flows expected to result from the use of the assets and their eventual disposition, the relief from royalty method or the excess earnings method.

Long-lived assets to be disposed of by sale are recorded at the lower of carrying amount or fair value less cost to sell.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the products or services have been provided to customers, the sales price is fixed or determinable, and collectability is reasonably assured. The above conditions are generally met when the title and risk of loss transfer from the Company to customers.

Revenue from consumer products and industrial products such as medical and graphic products is recognized when goods are delivered or shipped to customers, depending on the timing of title and risk transfer. Revenue from certain equipment which requires customer acceptance such as certain type of medical, graphic, office and other equipment is recognized when equipment is installed and customer acceptance is obtained. Service revenue is derived mainly from maintenance on equipment sold to customers and is recognized as services are performed. Revenue from sales-type leases is derived mainly from office copy machines and office printers and is recognized at the inception of leases. Interest income on sales-type leases is recognized using the effective interest method with the allocation based on the net investment in outstanding leases and is included in revenue. Revenue from operating leases is recognized as earned over the respective lease terms.

For arrangements with multiple elements including products, equipment or services, the Company allocates revenue to each element based on its relative fair value if such element meets the criteria for treatment as a separate unit of accounting as prescribed in ASC605-25. Otherwise, revenue is deferred until the undelivered elements are fulfilled.

Costs incurred by the Company in connection with sales incentives related to purchase or promotion of the Company's products are classified as reduction of revenue in accordance with ASC605-50. Such costs include the estimated cost of promotional discount, dealer volume rebates and cash discounts. These costs are mainly based on claims from customers/dealers or amount calculated in accordance with agreements.

Product Warranties
The Company provides product warranties for certain of its products. These warranties generally extend for periods of one year from the date of sale. A liability for expected warranty costs and additional service actions is accrued at the time that the related revenue is recognized. In estimating the warranty liability, historical experience is considered.

Shipping and Handling Costs
Shipping and handling costs of ¥51,479 million ($620,229 thousand), ¥47,488 million and ¥57,208 million for the years ended March 31, 2011, 2010 and 2009, respectively, are included in selling, general and administrative expenses in the consolidated statements of income.

Advertising Costs
Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising costs amounted to ¥24,300 million ($292,771 thousand), ¥19,560 million and ¥24,096 million for the years ended March 31, 2011, 2010 and 2009, respectively.

Income Taxes
Income taxes have been provided using the liability method in accordance with ASC740.

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount that is considered more likely than not to be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities in accordance with ASC740.

Consumption Taxes
Revenues, costs and expenses in the consolidated statements of income do not include consumption taxes.

Derivative Financial Instruments
The Company recognizes all derivative financial instruments, such as forward foreign exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in earnings along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in other comprehensive income (loss), net of deferred taxes. Changes in fair values of derivatives, which are not designated or qualified as hedges, are reported in earnings, immediately.

Net income (Loss) attributable to FUJIFILM Holdings per Share
The amounts of basic net income (loss) attributable to FUJIFILM Holdings per share are based on the weighted average number of shares of common stock outstanding during the year.

Diluted net income (loss) attributable to FUJIFILM Holdings per share has been computed on the basis that all conversion rights of the Euroyen convertible bonds and stock options which have a dilutive effect were exercised and outstanding.

Stock-Based Compensation
The Company measured stock-based compensation cost based on fair value of the options on the grant date and recognizes stock-based compensation cost in accordance with ASC718.

Subsequent Event
The Company evaluated all subsequent events through June 29, 2011, the date on which the financial statements are available to be issued in accordance with ASC855.

Reclassifications
Certain reclassifications to the prior years' consolidated financial statements and related footnote amounts have been made to conform with current year presentation.

New Accounting Standards

In July 2010, FASB issued ASU No. 2010-20, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses" ("ASU2010-20"). ASU2010-20 provides amendments to ASC310 and enhances disclosures about the credit quality of financing receivables and the allowance for doubtful receivables. ASU2010-20 was effective for interim and annual reporting periods ending on or after December 15, 2010 and was adopted by the Company in the third quarter of the fiscal year beginning April 1, 2010. The Company also disclosed activity that occurs during a reporting period starting in the fourth quarter of the fiscal year beginning April 1, 2010. The adoption of ASU2010-20 did not have a material impact on the results of operations and financial condition of the Company.

In October 2009, FASB issued ASU No.2009-13, "Multiple-Deliverable Revenue Arrangements" ("ASU2009-13"). ASU2009-13 provides amendments to ASC605-25 and eliminates the existing requirement that a vendor should use vendor-specific objective evidence or third-party evidence of selling price to separate deliverables in a multiple-deliverable arrangement. ASU2009-13 modifies the method of allocating revenue to delivered elements and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. The selling price used for each deliverable will be based on the estimated selling price alternatively if neither vendor-specific objective evidence nor third-party evidence is available. Additionally, ASU2009-13 expands the disclosure requirements related to a vendor's multiple-deliverable revenue arrangements. ASU2009-13 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and is required to be adopted by the Company in the year beginning April 1, 2011. The Company is evaluating the impact that the adoption of ASU2009-13 will have on its results of operations and the financial condition.

In October 2009, FASB issued ASU No.2009-14, "Certain Revenue Arrangements That Include Software Elements" ("ASU2009-14"). ASU2009-14 provides amendments to ASC985-605 and changes the accounting model for revenue arrangements that include both tangible products and software elements. Tangible products containing software components and nonsoftware components that function together to deliver the tangible product's essential functionality are no longer within the scope of the software revenue guidance in ASC985-605. ASU2009-14 is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and is required to be adopted by the Company in the year beginning April 1, 2011. The Company is evaluating the impact that the adoption of ASU2009-14 will have on its results of operations and the financial condition.

3. U.S. Dollar Amounts

Solely for the convenience of the reader and as a matter of arithmetical computation only, the 2011 amounts in the consolidated financial statements have been translated from Japanese yen into U.S. dollars at the rate of ¥83 = U.S.$1.00, the exchange rate prevailing on March 31, 2011. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at this or any other rate.

4. Investments in Debt and Equity Securities

The cost, gross unrealized gains, gross unrealized losses and estimated fair value of the available-for-sale securities by major security type as of March 31, 2011 and 2010 are summarized as follows. Certain debt securities with original maturities of three months or less classified as available-for-sale securities are included in cash and cash equivalents in the consolidated balance sheets and gross unrealized gains and gross unrealized losses for those securities were insignificant as of March 31, 2011 and 2010.

	Millions of yen			
	2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:				
Government debt securities	¥ 6,154	¥ 1	¥ —	¥ 6,155
Corporate debt securities	17,016	17	—	17,033
	¥ 23,170	¥ 18	¥ —	¥ 23,188
Investment securities:				
Government debt securities	¥ 6,823	¥ 185	¥ —	¥ 7,008
Corporate debt securities	17,818	342	57	18,103
Stocks	66,026	18,775	9,103	75,698
Investment trusts	26,467	—	1,038	25,429
	¥117,134	¥ 19,302	¥ 10,198	¥126,238

	Millions of yen			
	2010			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:				
Government debt securities	¥ 45,125	¥ 20	¥ 3	¥ 45,142
Corporate debt securities	16,199	24	3	16,220
	¥ 61,324	¥ 44	¥ 6	¥ 61,362
Investment securities:				
Government debt securities	¥ 11,410	¥ 213	¥ —	¥ 11,623
Corporate debt securities	10,813	244	51	11,006
Stocks	66,822	28,399	2,726	92,495
Investment trusts	21,489	—	3,558	17,931
	¥110,534	¥ 28,856	¥ 6,335	¥133,055

	Thousands of U.S. dollars			
	2011			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:				
Government debt securities	$ 74,144	$ 12	$ —	$ 74,156
Corporate debt securities	205,012	205	—	205,217
	$ 279,156	$ 217	$ —	$ 279,373
Investment securities:				
Government debt securities	$ 82,205	$ 2,229	$ —	$ 84,434
Corporate debt securities	214,675	4,120	687	218,108
Stocks	795,494	226,205	109,674	912,025
Investment trusts	318,879	—	12,506	306,373
	$ 1,411,253	$ 232,554	$ 122,867	$ 1,520,940

Proceeds from sales of available-for-sale securities, gross realized gains and gross realized losses on sales of available-for-sale securities for the year ended March 31, 2011 were immaterial. Proceeds from sales of available-for-sale securities, gross realized gains and gross realized losses on sales of available-for-sale securities for the year ended March 31, 2010 were ¥1,661 million, ¥1,146 million and ¥75 million, respectively. Proceeds from sales of available-for-sale securities, gross realized gains and gross realized losses on sales of available-for-sale securities for the year ended March 31, 2009 were ¥16,671 million, ¥869 million and ¥1,539 million, respectively.

The cost and estimated fair value of debt securities as of March 31, 2011, by contractual maturity, are shown below. The actual maturities may differ from the contractual maturities because the issuers of the debt securities may have the right to prepay the obligations without penalties.

	Millions of yen		Thousands of U.S. dollars	
	Cost	Estimated fair value	Cost	Estimated fair value
Due in one year or less	¥23,170	¥23,188	$ 279,156	$ 279,373
Due after one year through five years	22,339	22,705	269,145	273,554
Due after five years through ten years	1,603	1,710	19,313	20,602
Due after ten years	699	696	8,422	8,386
	¥47,811	¥48,299	$ 576,036	$ 581,915

As of March 31, 2011 and 2010, estimated fair value and gross unrealized losses of the available-for-sale securities with unrealized losses, aggregated by the period of time for which individual investment securities have been in a continuous unrealized loss position are summarized as follows:

	Millions of yen					
	2011					
	Less than 12 months		12 months or greater		Total	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Corporate debt securities	¥ 4,967	¥ 31	¥ 474	¥ 26	¥ 5,441	¥ 57
Stocks	27,537	6,346	5,247	2,757	32,784	9,103
Investment trusts	13,679	227	2,840	811	16,519	1,038
Total	¥46,183	¥ 6,604	¥ 8,561	¥ 3,594	¥ 54,744	¥10,198

	Millions of yen					
	2010					
	Less than 12 months		12 months or greater		Total	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Government debt securities	¥10,127	¥ 3	¥ —	¥ —	¥10,127	¥ 3
Corporate debt securities	—	—	4,745	54	4,745	54
Stocks	4,329	853	3,757	1,873	8,086	2,726
Investment trusts	1,987	13	15,944	3,545	17,931	3,558
Total	¥16,443	¥ 869	¥24,446	¥ 5,472	¥40,889	¥ 6,341

	Thousands of U.S. dollars					
	2011					
	Less than 12 months		12 months or greater		Total	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Corporate debt securities	$ 59,843	$ 374	$ 5,711	$ 313	$ 65,554	$ 687
Stocks	331,771	76,457	63,217	33,217	394,988	109,674
Investment trusts	164,807	2,735	34,217	9,771	199,024	12,506
Total	$556,421	$79,566	$103,145	$43,301	$659,566	$122,867

As of March 31, 2011, the available-for-sale securities with unrealized losses were principally domestic marketable equity securities such as listed stocks. The number of available-for-sale securities with unrealized losses was approximately 90. The aggregate fair value of the marketable securities declined below cost due to what the Company believes is a temporary decline in the stock market caused by the impact of the Great East Japan Earthquake in March 2011, and by the European sovereign debt crisis. The Company evaluated the financial conditions and near-term prospects of the issuers, considered the severity and duration of the decline, and concluded that it is premature to determine that the unrealized losses are other-than-temporary. Moreover the Company has no plan to sell those available-for-sale securities with unrealized losses in the near future. Based on the evaluation and the Company's intent and ability to hold those securities for a reasonable period of time sufficient for a forecasted recovery of the fair value, the Company did not consider that the decline in fair value of those available-for-sale securities with unrealized losses to be other-than-temporary.

The aggregate cost of non-marketable equity securities accounted for under the cost method totaled ¥13,114 million ($158,000 thousand) and ¥13,679 million as of March 31, 2011 and 2010, respectively. Investments with an aggregate cost of ¥5,926 million ($71,398 thousand) and ¥6,884 million as of March 31, 2011 and 2010, respectively, were not evaluated for impairment because (a) the Company did not estimate the fair value of those investments as it was not practicable to estimate the fair value of the investment and (b) the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on the fair value of those investments.

5. Finance Receivables

Finance receivables consist of sales-type leases on the Company's printing and copying machines. The current portion of finance receivables and amounts due after one year are included in notes and accounts receivable – trade and finance and long-term finance and other receivables, respectively. These receivables generally mature over one to seven years. The components of finance receivables as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Gross receivables	**¥150,405**	¥ 131,491	**$ 1,812,108**
Unearned income	**(21,874)**	(19,217)	**(263,542)**
Allowance for doubtful receivables	**(3,149)**	(3,819)	**(37,940)**
Finance receivables, net	**¥125,382**	¥ 108,455	**$1,510,626**

The future minimum lease payments to be received under sales-type leases as of March 31, 2011 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2012	¥ 54,166	$ 652,602
2013	40,480	487,711
2014	29,874	359,928
2015	18,510	223,012
2016	6,930	83,494
2017 and thereafter	445	5,361
Total future minimum lease payments	¥150,405	$ 1,812,108

6. Inventories

Inventories as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Finished goods	¥196,083	¥178,147	$ 2,362,446
Work in process	57,472	55,579	692,434
Raw materials and supplies	88,610	69,394	1,067,590
	¥342,165	¥303,120	$ 4,122,470

7. Investments in Affiliated Companies

Investments in affiliated companies accounted for by the equity method amounted to ¥37,697 million ($454,181 thousand) and ¥35,325 million as of March 31, 2011 and 2010, respectively. These affiliates primarily operate in the Imaging Solutions, Information Solutions and Document Solutions businesses. These investments include investments for which a quoted market price is available, with a book value of ¥4,168 million ($50,217 thousand) and a quoted market value of ¥5,329 million ($64,205 thousand) as of March 31, 2011. There were no investments with available quoted market prices as of March 31, 2010.

The combined financial position and results of operations of the Company's affiliates accounted for by the equity method are summarized as follows:

	March 31		
	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current assets	¥ 150,359	¥ 144,305	$ 1,811,554
Noncurrent assets	62,269	62,615	750,229
Total assets	¥ 212,628	¥ 206,920	$ 2,561,783
Current liabilities	¥ 94,073	¥ 92,278	$ 1,133,410
Long-term liabilities	32,971	35,122	397,241
Equity	85,584	79,520	1,031,132
Total liabilities and equity	¥ 212,628	¥ 206,920	$ 2,561,783

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Revenue	¥ 263,557	¥ 244,499	¥ 291,401	$ 3,175,386
Net income	8,945	5,339	7,780	107,771

Transactions with affiliated companies for the years ended March 31, 2011, 2010 and 2009 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Revenue	¥ 91,083	¥ 83,084	¥ 100,267	$ 1,097,386
Purchases	19,132	12,554	15,361	230,506
Dividends received	1,910	1,375	2,295	23,012

Customers' guarantee deposits received from affiliated companies amounted to ¥291 million ($3,506 thousand) and ¥399 million as of March 31, 2011 and 2010, respectively.

8. Goodwill and Other Intangible Assets

The changes in goodwill by operating segment for the years ended March 31, 2011 and 2010 are as follows; there is currently no goodwill in the Imaging Solutions segment.

	Millions of yen		
	Information Solutions	Document Solutions	Total
As of March 31, 2009	¥132,986	¥195,972	¥328,958
Acquired	146	—	146
Translation and other	(3,245)	—	(3,245)
As of March 31, 2010	129,887	195,972	325,859
Acquired	20,940	3,619	24,559
Translation and other	(6,096)	122	(5,974)
As of March 31, 2011	**¥144,731**	**¥199,713**	**¥344,444**

	Thousands of U.S. dollars		
	Information Solutions	Document Solutions	Total
As of March 31, 2010	$ 1,564,904	$ 2,361,108	$ 3,926,012
Acquired	252,289	43,603	295,892
Translation and other	(73,446)	1,470	(71,976)
As of March 31, 2011	**$ 1,743,747**	**$ 2,406,181**	**$ 4,149,928**

Intangible assets subject to amortization as of March 31, 2011 and 2010 are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		2011	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Technology-based	¥ 51,067	¥ 24,088	¥ 51,202	¥ 21,408	$ 615,265	$ 290,216
Customer-related	19,472	11,035	18,373	11,447	234,602	132,952
Other	7,509	3,476	8,481	4,820	90,470	41,880
	¥ 78,048	¥ 38,599	¥ 78,056	¥ 37,675	$ 940,337	$ 465,048

In the Information Solution segment, for the years ended March 31, 2010 and 2009, impairment charges of ¥20,834 million were recognized for technology-based intangibles and customer-related intangibles and ¥863 million were recognized for technology-based intangibles. For the year ended March 31, 2010, impairment charges were included in "Restructuring and other charges" in the accompanying consolidated statements of income. See Note 21, "Restructuring and Other Charges."

The weighted-average amortization periods for technology-based intangibles and customer-related intangibles are 15 years and 8 years, respectively. The aggregate amortization expenses for intangible assets for the years ended March 31, 2011, 2010 and 2009 were ¥5,330 million ($64,217 thousand), ¥8,593 million and ¥13,167 million, respectively.

Indefinite lived intangible assets other than goodwill were insignificant as of March 31, 2011 and 2010, respectively.

The estimated aggregate amortization expense for intangible assets subject to amortization for the next five years is as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2012	¥ 6,250	$ 75,301
2013	5,529	66,614
2014	4,921	59,289
2015	4,036	48,627
2016	3,081	37,120

9. Short-term and Long-term Debt

Short-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Borrowings from banks	¥ 50,754	¥ 32,806	$ 611,494
Commercial paper	—	7,000	—
Current portion of long-term debt	19,589	115,573	236,012
	¥ 70,343	¥ 155,379	$ 847,506

The weighted-average interest rates per annum on bank borrowings and commercial paper outstanding as of March 31, 2011 and 2010 were 2.56% and 1.55%, respectively. Short-term debt is principally unsecured.

Long-term debt as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Loans, principally from banks and insurance companies, due through 2015 with interest rates ranging from 0.8110% to 6.0750% as of March 31, 2011 and 2010:			
Secured	¥ —	¥ 3,233	$ —
Unsecured	21,064	21,241	253,783
Unsecured Euroyen convertible bonds:			
Libor minus 0.3000% Series A Convertible Bond, due 2011	—	51,160	—
0.5000% Series B Convertible Bond, due 2011	—	52,080	—
Libor minus 0.3000% Series A Convertible Bond, due 2013	51,321	51,057	618,325
0.7500% Series B Convertible Bond, due 2013	52,000	51,600	626,506
Unsecured bonds in Japanese yen:			
1.9900% yen bonds, due 2010	—	10,000	—
1.5175% yen bonds, due 2011	3,000	3,000	36,145
1.4600% yen bonds, due 2013	5,000	5,000	60,241
Yen bonds due through 2011 with interest rate at 1.1600% as of March 31, 2011 and due through 2011 with interest rates ranging from 0.9800% to 1.4300% as of March 31, 2010	50	160	602
Other	6,468	7,311	77,928
	138,903	255,842	1,673,530
Portion due within one year	(19,589)	(115,573)	(236,012)
	¥ 119,314	¥ 140,269	$ 1,437,518

The weighted-average interest rates of long-term loans in the above table were approximately 1.98% and 2.02% as of March 31, 2011 and 2010, respectively.

The aggregate annual maturities of long-term debt subsequent to March 31, 2011 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2012	¥ 19,589	$ 236,012
2013	106,715	1,285,723
2014	5,594	67,398
2015	1,263	15,217
2016	1,237	14,904
2017 and thereafter	2,005	24,156
	¥ 136,403	$ 1,643,410

A loan from the Japan Science and Technology Agency of ¥2,500 million ($30,120 thousand) as of March 31, 2011 and 2010 was non-interest bearing. The loan amount was excluded from the above schedule since the loan may be forgiven if the Company meets certain conditions.

Certain bank loans are made under general agreements which provide that security and guarantees for present and future indebtedness need to be provided upon request of the bank, and that the bank shall have the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank. Certain long-term debt agreements with lenders other than banks also stipulate that the Company must provide additional security upon request of the lender.

On April 5, 2006, the Company issued unsecured Euroyen convertible bonds totaling ¥200,000 million in a private placement. The bonds consist of ¥50,000 million of series A Euroyen convertible bonds due March 31, 2011 with variable interest rates ("2011 Series A convertible bond"), ¥50,000 million of series B Euroyen convertible bonds due March 31, 2011 with fixed interest rates ("2011 Series B convertible bond"), ¥50,000 million of series A Euroyen convertible bonds due March 31, 2013 with variable interest rates ("2013 Series A convertible bond") and ¥50,000 million of series B Euroyen convertible bonds due March 31, 2013 with fixed interest rates ("2013 Series B convertible bond").

The period, during which the conversion rights were exercisable, was from April 5, 2006 to March 28, 2011 for 2011 Series A convertible bond and 2011 Series B convertible bond. The period, during which the conversion rights are exercisable, is from April 5, 2006 to March 28, 2013 for 2013 Series A convertible bond and 2013 Series B convertible bond. Exercise period for the conversion rights for 2011 Series A convertible bond and 2011 Series B convertible bond expired, and the Company redeemed them at maturity.

The conversion price upon exercise of conversion rights per share ("Conversion Price") for 2013 Series A convertible bond and 2013 Series B convertible bond as of March 31, 2011 is ¥3,763.2 ($45.34), which is subject to reset as follows:

The conversion price of 2013 Series A convertible bond and 2013 Series B convertible bond shall be subject to reset on each of September 30, 2009, September 30, 2010, September 30, 2011 and September 30, 2012 (each a "Reset Date") to 90% of the average of the last reported selling prices of common shares of the Company on the Tokyo Stock Exchange ("Closing Price") for the ten consecutive trading days up to and including the relevant Reset Date. In case the calculated reset price would be below ¥3,763.2 ("Minimum Conversion Price"), the reset conversion price shall be the Minimum Conversion Price. Also the conversion price shall be adjusted properly, in case of a stock split or a reverse stock split of common shares of the Company, issuance of common shares of the Company at a price that is less than the market price, issuance of stock acquisition rights (including convertible bond) and occurrence of certain events. Accordingly, as the Board of Directors adopted a resolution to issue stock-based compensation on December 24, 2010, "Minimum Conversion Price" of 2013 Series A convertible bond and 2013 Series B convertible bond was adjusted to ¥3,763.2 ($45.34) on January 31, 2011.

The Company may redeem bonds earlier than the stated maturity dates if the Closing Price for each of 5 consecutive trading days exceeds 115% of the applicable conversion price in effect on each such trading day. In order to redeem the bonds, the Company has to give not less than 30 nor more than 60 days' prior notice to the bondholders within not more than 10 business days from the last of those 5 consecutive trading days.

10. Pension and Severance Plans

Most employees of domestic subsidiaries of the Company who terminate their employment are entitled, under most circumstances, to lump-sum payments and/or pension payments calculated by reference to points earned by those employees.

Most of the domestic subsidiaries have funded non-contributory defined benefit pension plans whose assets are maintained at trust banks and insurance companies and also have defined contribution pension plans. The funding policy for defined benefit pension plans is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements.

During the year ended March 31, 2010, settlements and curtailments occurred related to the defined benefit pension plans of certain subsidiaries of the Company. In connection with these settlements and curtailments, the Company recognized losses of ¥918 million, which were included in net periodic benefit cost. Also, the projected benefit obligation and the fair value of the plan assets decreased by ¥3,818 million and ¥2,086 million, respectively.

In addition, during the year ended March 31, 2010, FUJIFILM Corporation amended its pension plans and introduced a plan, under which employees receive retirement benefits calculated by reference to points earned by those employees. As a result, the projected benefit obligation was decreased by ¥10,416 million. Also, plan amendments were made by certain other domestic subsidiaries, which resulted in decreases in projected benefit obligations of ¥2,273 million in the aggregate.

During the year ended March 31, 2009, settlements and curtailments occurred related to the defined benefit pension plans of certain subsidiaries of the Company. In connection with these settlements and curtailments, the Company recognized losses of ¥1,275 million, which were included in net periodic benefit cost. Also, the projected benefit obligation and the fair value of the plan assets decreased by ¥2,368 million.

For the year ended March 31, 2011, and 2010, special termination benefits are included in " Restructuring and Other Charges" in the accompanying consolidated statements of income. See Note 21, "Restructuring and Other Charges." The cost of providing special termination benefits recognized during the year ended March 31, 2009 was ¥20,572 million, which related to early retirement plans and reorganizations at certain subsidiaries of the Company and was included in "Cost of sales" and "Selling, general and administrative" in the accompanying consolidated statements of income.

Certain foreign subsidiaries have various retirement plans, primarily defined contribution pension plans, covering substantially all their employees. The funding policy for such plans is to contribute annually an amount equal to a certain percentage of the participants' annual salary.

The aggregate cost charged to income for the Company's domestic and foreign defined contribution pension plans discussed above amounted to ¥6,828 million ($82,265 thousand), ¥6,431 million, and ¥7,235 million for the years ended March 31, 2011, 2010 and 2009, respectively.

Components of Net Periodic Benefit Cost

Components of net periodic benefit cost for the defined benefit pension plans for the years ended March 31, 2011, 2010 and 2009 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Components of net periodic benefit cost:				
Service cost	**¥ 20,459**	¥ 21,770	¥ 22,178	**$ 246,494**
Interest cost	**14,114**	14,053	14,326	**170,048**
Expected return on plan assets	**(16,809)**	(14,187)	(16,554)	**(202,518)**
Recognized net actuarial loss	**5,555**	7,481	4,418	**66,927**
Amortization of prior service credit	**(2,622)**	(2,378)	(1,868)	**(31,590)**
Amortization of net transition obligation	**—**	4	475	**—**
Settlement and curtailment loss	**—**	918	1,275	**—**
Net periodic benefit cost	**¥ 20,697**	¥ 27,661	¥ 24,250	**$ 249,361**

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current year actuarial (gain) loss	¥23,144	¥ (43,782)	$278,844
Amortization of actuarial loss	(5,555)	(7,481)	(66,927)
Prior service credit due to amendments	55	(12,689)	663
Amortization of prior service credit	2,622	2,378	31,590
Amortization of net transition obligation	—	(4)	—
Settlement and curtailment loss	—	(918)	—
	¥20,266	¥ (62,496)	$244,170

As of March 31, 2011, the estimated net actuarial loss and prior service credit for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are as follows:

	Millions of yen	Thousands of U.S. dollars
Net actuarial loss	¥6,606	$79,590
Prior service credit	(2,690)	(32,410)

Obligations and Fund Status

Reconciliation of the beginning and ending balances of the benefit obligation and the fair value of the plan assets and the funded status of the defined benefit pension plans for the years ended March 31, 2011 and 2010 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Changes in benefit obligation:			
Benefit obligation at beginning of year	¥583,434	¥601,729	$7,029,325
Service cost	20,459	21,770	246,494
Interest cost	14,114	14,053	170,048
Plan participants' contributions	323	411	3,891
Plan amendments	55	(12,689)	663
Actuarial loss	16,095	127	193,916
Acquisitions of businesses	14,217	—	171,289
Benefits paid	(23,965)	(34,130)	(288,735)
Transfer to defined contribution pension plan	—	(5,576)	—
Settlements and curtailments	—	(3,818)	—
Foreign currency translation	(3,466)	1,557	(41,759)
Benefit obligation at end of year	621,266	583,434	7,485,132
Changes in plan assets:			
Fair value of plan assets at beginning of year	505,465	442,129	6,089,940
Actual return on plan assets	9,760	58,096	117,590
Acquisitions of businesses	16,430	—	197,952
Employers' contributions	39,366	40,060	474,289
Plan participants' contributions	323	411	3,891
Benefits paid	(21,832)	(29,412)	(263,036)
Transfer to defined contribution pension plan	—	(5,160)	—
Settlements and curtailments	—	(2,086)	—
Foreign currency translation	(2,723)	1,427	(32,807)
Fair value of plan assets at end of year	546,789	505,465	6,587,819
Funded status	¥ (74,477)	¥ (77,969)	$ (897,313)

Amounts recognized in the consolidated balance sheets of the defined benefit pension plans as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Prepaid pension cost	¥ 6,101	¥ 1,538	$ 73,506
Accrued liabilities	(1,772)	(1,254)	(21,349)
Accrued pension and severance costs	(78,806)	(78,253)	(949,470)
Net amount recognized	¥ (74,477)	¥ (77,969)	$ (897,313)

Amounts recognized in accumulated other comprehensive income (loss) of the defined benefit pension plans as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Net actuarial loss	¥176,422	¥158,794	$2,125,566
Prior service credit	(24,292)	(27,150)	(292,674)
	¥152,130	¥131,644	$1,832,892

The accumulated benefit obligation for the defined benefit pension plans amounted to ¥609,066 million ($7,338,145 thousand) and ¥569,902 million as of March 31, 2011 and 2010, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for the pension plans where the projected benefit obligation exceeded the plan assets, and the aggregate accumulated benefit obligation and aggregate fair value of plan assets where accumulated benefit obligation exceeded plan assets as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Plans with projected benefit obligation in excess of plan assets:			
Projected benefit obligation	¥ 579,199	¥ 565,010	$ 6,978,301
Fair value of plan assets	498,625	485,881	6,007,530
Plans with accumulated benefit obligation in excess of plan assets:			
Accumulated benefit obligation	567,580	548,694	6,838,313
Fair value of plan assets	494,487	482,073	5,957,675

Assumptions

The weighted-average assumptions used to determine the benefit obligation as of March 31, 2011 and 2010 are as follows: Rate of compensation increases was not presented because most of the defined benefit pension plans' benefit formulas are not based on compensation levels and therefore the rate of compensation increase does not impact the calculation of the benefit obligation.

	2011	2010
Discount rate	2.36%	2.39%

The weighted-average assumptions used to determine the net periodic benefit cost for the years ended March 31, 2011, 2010 and 2009 are as follows: Rate of compensation increases for the years ended March 31, 2011 and 2010 were not presented because most of the defined benefit pension plans' benefit formulas are not based on compensation levels and therefore the rate of compensation increase does not impact the calculation of the net periodic benefit cost.

	2011	2010	2009
Discount rate	2.39%	2.28%	2.36%
Rate of compensation increase	—	—	2.45%
Expected long-term rate of return on plan assets	3.26%	3.22%	3.32%

The expected long-term rate of return on plan assets is based on the long-term expected return of the plans' asset considering their allocations and an evaluation of the historical behavior of the Company's portfolio.

Plan Assets

The Company's investment objectives are to earn sufficient long term returns with an acceptable level of risk, while maintaining adequate funding levels for pension payments and/or lump sum payments.

The Company has designed a basic asset allocation model which ensures acceptable mid and long term returns, appropriate diversification of risks and matches the asset characteristics with those of the Company's pension liabilities. The Company reviews asset allocations periodically for effectiveness and when conditions have changed, reconsiders the basic asset allocation, if necessary. The Company makes individual investment decisions after ensuring that risks fall within a predefined acceptable range considering short term market conditions.

Targeted allocation ratios for equity securities, debt securities, general accounts of life insurance companies and alternative investments are 23% (12% domestic and 11% foreign), 38% (31% domestic and 7% foreign), 21% and 18%, respectively. Alternative investments primarily consist of hedge funds and real estate.

Equity securities consist principally of stocks that are listed on securities exchanges and have been selected based on thorough analysis of investees' businesses, their potential for future growth and other appropriate factors while ensuring that industries in which the investees' operate are appropriately diversified. Debt securities consist principally of government and other public debt, and corporate debt which has been selected based on thorough analysis of issuers and the terms and conditions of those securities including investment grades, interest rates, maturity dates, financial condition of issuers and other factors so that maturity dates and issuers are appropriately diversified. Pooled funds have been selected for investment using the same strategies as those for equity and debt securities described above. The Company has selected general accounts of life insurance companies, for which life insurance companies have guaranteed anticipated interest rates and return of capital, based on thorough analysis of issuers' investment grades and other factors so that the investments are appropriately diversified. Regarding foreign investments, the Company has selected the countries and currencies in which the Company invests in based on thorough analysis of the political and economic stability in those countries, the market characteristics, such as settlement systems and taxation systems, and other factors so that the investments are appropriately diversified. Alternative investments consists principally of hedge funds and real estate, which were intended to hedge the risk of traditional assets and establish ongoing returns that are less sensitive to market trends. The Company has selected alternative investments based on thorough analysis of the nature of risks and returns which are completely different from those of traditional assets so that the investment techniques and asset management companies are appropriately diversified.

The fair value hierarchy that prioritizes the use of inputs used in valuation techniques is described in Note 18, "Fair Value Measurement." The fair value hierarchy of plan assets as of March 31, 2011 and 2010 is as follows:

	Millions of yen			
	2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, and Short-term receivables (a)	¥ 5,284	¥ 6,407	¥ —	¥ 11,691
Equity securities				
Japanese companies securities	29,099	—	—	29,099
Foreign companies securities	13,163	—	—	13,163
Pooled funds (b)	—	109,681	—	109,681
Debt securities				
Government debt securities (c)	25,331	811	—	26,142
Corporate debt securities (d)	2,024	7,702	—	9,726
Pooled funds (e)	—	149,523	—	149,523
General accounts of life insurance companies	—	122,532	—	122,532
Alternative investments				
Equity securities funds (f)	—	8,394	—	8,394
Debt securities funds (g)	—	6,608	—	6,608
Other funds (h)	—	16,197	32,177	48,374
Real estate (i)	—	—	11,761	11,761
Other	10	85	—	95
	¥ 74,911	¥ 427,940	¥ 43,938	¥ 546,789

	Millions of yen			
	2010			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, and Short-term receivables (a)	¥ 6,220	¥ 8,073	¥ —	¥ 14,293
Equity securities				
Japanese companies securities	27,401	—	—	27,401
Foreign companies securities	9,836	—	—	9,836
Pooled funds (b)	—	105,723	—	105,723
Debt securities				
Government debt securities (c)	20,666	533	—	21,199
Corporate debt securities (d)	—	5,791	—	5,791
Pooled funds (e)	—	124,630	—	124,630
General accounts of life insurance companies	—	112,115	—	112,115
Alternative investments				
Equity securities funds (f)	—	11,483	—	11,483
Debt securities funds (g)	—	6,291	—	6,291
Other funds (h)	—	25,107	28,135	53,242
Real estate (i)	—	—	12,433	12,433
Other	370	658	—	1,028
	¥ 64,493	¥400,404	¥ 40,568	¥505,465

	Thousands of U.S. dollars			
	2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents, and Short-term receivables (a)	$ 63,663	$ 77,192	$ —	$ 140,855
Equity securities				
Japanese companies securities	350,590	—	—	350,590
Foreign companies securities	158,590	—	—	158,590
Pooled funds (b)	—	1,321,458	—	1,321,458
Debt securities				
Government debt securities (c)	305,193	9,771	—	314,964
Corporate debt securities (d)	24,386	92,795	—	117,181
Pooled funds (e)	—	1,801,482	—	1,801,482
General accounts of life insurance companies	—	1,476,289	—	1,476,289
Alternative investments				
Equity securities funds (f)	—	101,133	—	101,133
Debt securities funds (g)	—	79,614	—	79,614
Other funds (h)	—	195,145	387,674	582,819
Real estate (i)	—	—	141,699	141,699
Other	120	1,025	—	1,145
	$902,542	$5,155,904	$529,373	$6,587,819

(a) Short-term receivables include cash at bank, negotiable certificates of deposit and call loans held in the form of pooled funds, which are classified as Level 2.
(b) Pooled funds of equity securities consist of 32% and 35% Japanese companies and 68% and 65% foreign companies as of March 31, 2011 and 2010, respectively.
(c) This category consists of 62% and 77% Japanese government debt securities and 38% and 23% foreign government debt securities as of March 31, 2011 and 2010, respectively.
(d) This category consists of 28% and 63% Japanese corporate debt securities and 72% and 37% foreign corporate debt securities as of March 31, 2011 and 2010, respectively.
(e) Pooled funds of debt securities consist of 66% and 63% Japanese government debt securities, government agency and municipal securities, 22% and 26% foreign government debt securities, 11% and 11% Japanese corporate debt securities and 1% and 0% foreign corporate debt securities as of March 31, 2011 and 2010, respectively.
(f) Equity securities funds invest principally in Japanese companies securities and foreign companies securities.
(g) Debt securities funds invest principally in Japanese government and foreign government debt securities and foreign currencies.
(h) Other funds include global tactical asset allocation (GTAA) which invests in stocks and bonds around the world and managed futures which principally invests in listed futures, both of which are classified as level 2 and hedge fund of funds classified as level 3 whose investments are diversified with a combination of various products and investment techniques.
(i) Real estate includes principally Japanese real estate funds whose investment policy is to generate stable rental income and capital gains from sales on real estate.

Plan assets classified as Level 1 include principally cash and cash equivalents, government debt securities and listed stocks, which were valued using unadjusted quoted prices in active markets for identical assets. Plan assets classified as Level 2 include principally government agency securities, municipal debt securities, corporate debt securities, pooled funds of equity and debt securities, general accounts of life insurance companies and certain alternative investments. Government agency securities, municipal debt securities and corporate debt securities were valued using directly or indirectly observable inputs in non-active markets. Pooled funds and certain alternative investments were valued using inputs that were corroborated by observable market data obtained from financial institutions or third parties. General accounts of life insurance companies were valued at conversion value. Plan assets classified as Level 3 include alternative investments, primarily consisting of hedge funds and real estate, which were valued using unobservable inputs that were significant to the measurement of their value.

Reconciliation of the beginning and ending balances for assets classified as Level 3 for the years ended March 31, 2011 and 2010 is as follows:

	Millions of yen					
	2011					
	Balance at beginning of year	Actual gain (loss) relating to assets held at the reporting date	Actual gain (loss) relating to assets sold during the period	Purchase, sales	Currency translation	Balance at end of year
Alternative investments						
Other funds	¥28,135	¥2,109	¥(60)	¥2,013	¥(20)	¥32,177
Real estate	12,433	(830)	1	193	(36)	11,761
	¥40,568	¥1,279	¥(59)	¥2,206	¥(56)	¥43,938

	Millions of yen					
	2010					
	Balance at beginning of year	Actual gain relating to assets held at the reporting date	Actual loss relating to assets sold during the period	Purchase, sales	Currency translation	Balance at end of year
Alternative investments						
Other funds	¥25,196	¥3,296	¥(275)	¥(72)	¥ (10)	¥28,135
Real estate	12,181	49	—	50	153	12,433
	¥37,377	¥3,345	¥(275)	¥(22)	¥143	¥40,568

	Thousands of U.S. dollars					
	2011					
	Balance at beginning of year	Actual gain (loss) relating to assets held at the reporting date	Actual gain (loss) relating to assets sold during the period	Purchase, sales	Currency translation	Balance at end of year
Alternative investments						
Other funds	$338,976	$25,409	$(723)	$24,253	$(241)	$387,674
Real estate	149,795	(9,999)	12	2,325	(434)	141,699
	$488,771	$15,410	$(711)	$26,578	$(675)	$529,373

Contribution

The Company expects to contribute approximately ¥40,009 million ($482,036 thousand) to the defined benefit pension plans for the year ending March 31, 2012.

Estimated Future Benefit Payments

The expected benefit payments, which reflect estimated future service, are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2012	¥ 23,833	$ 287,145
2013	24,444	294,506
2014	24,638	296,843
2015	26,135	314,880
2016	27,952	336,771
2017 through 2021	153,259	1,846,494

11. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2011, 2010 and 2009. The revised Japanese corporate tax law and its enforcement order were enacted in March 2009, and made effective from April 1, 2009. Part of this new legislation changed the Japan tax treatment of dividends received from overseas subsidiaries by providing that a portion of such dividends would be excluded from taxable income. Accordingly, the Company accounted for the effect of this change and decreased its deferred tax liabilities by ¥4,951 million as of March 31, 2009.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2011, 2010 and 2009 differ from the statutory tax rate due to the following reasons:

	2011	2010	2009
Statutory tax rates	40.6%	40.6%	40.6%
Increase (decrease) in income taxes resulting from:			
Expenses not deductible for tax purposes	3.1	(10.5)	29.1
Lower effective tax rates of other countries	(4.2)	(0.5)	(33.1)
Deferred tax liabilities on undistributed earnings	3.4	(0.1)	(37.7)
R&D credits	(1.4)	0.2	(28.8)
Net changes in valuation allowances	(1.8)	(14.3)	(0.2)
Other	1.3	(3.4)	2.7
Effective tax rates	41.0%	12.0%	(27.4)%

Income (loss) before income taxes for the years ended March 31, 2011, 2010 and 2009 was taxed in the following jurisdictions:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Income (loss) before income taxes:				
Domestic	¥ 79,804	¥(27,458)	¥ 5,321	$ 961,494
Foreign	37,301	(14,541)	4,121	449,410
	¥117,105	¥(41,999)	¥ 9,442	$1,410,904

The provision (benefit) for income taxes for the years ended March 31, 2011, 2010 and 2009 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Current:				
Domestic	¥10,132	¥ 9,227	¥ 18,269	$ 122,072
Foreign	13,628	7,527	9,124	164,193
Total current	23,760	16,754	27,393	286,265
Deferred:				
Domestic	26,537	(24,904)	(26,361)	319,723
Foreign	(2,274)	3,104	(3,616)	(27,398)
Total deferred	24,263	(21,800)	(29,977)	292,325
	¥48,023	¥ (5,046)	¥ (2,584)	$ 578,590

The significant components of deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred tax assets:			
Inventories	¥ 36,942	¥35,281	$ 445,084
Depreciation	39,493	42,757	475,819
Accrued expenses	42,089	45,038	507,096
Accrued pension and severance costs	548	1,316	6,602
Pension liability adjustments	60,085	50,527	723,916
Accrued enterprise tax	707	1,287	8,518
Tax loss carryforwards	60,931	83,355	734,108
Valuation of investment securities	13,127	10,993	158,157
Allowance for doubtful receivables	4,133	5,469	49,795
Other	33,968	30,583	409,254
	292,023	306,606	3,518,349
Less valuation allowance	(49,310)	(54,809)	(594,096)
Total deferred tax assets	242,713	251,797	2,924,253
Deferred tax liabilities:			
Depreciation	2,932	2,691	35,325
Lease accounting	7,723	7,590	93,048
Taxes on undistributed earnings	14,635	10,846	176,325
Valuation of available-for-sale securities	3,645	10,179	43,916
Goodwill	14,457	14,406	174,181
Accrued pension and severance costs	38,142	30,389	459,542
Other intangible assets	11,926	13,451	143,687
Other	9,709	10,231	116,976
Total deferred tax liabilities	103,169	99,783	1,243,000
Net deferred tax assets	¥139,544	¥152,014	$ 1,681,253

The valuation allowance relates primarily to the deferred tax assets of certain subsidiaries which have net operating loss carryforwards for tax purposes. The valuation allowances decreased by ¥5,499 million ($66,253 thousand) for the year ended March 31, 2011, increased by ¥5,612 million for the year ended March 31, 2010 and decreased by ¥4,003 million for the year ended March 31, 2009.

Deferred tax assets and liabilities as of March 31, 2011 and 2010 are included in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Deferred income taxes (current assets)	¥ 89,496	¥ 91,823	$ 1,078,265
Deferred income taxes (other assets)	81,505	88,411	981,988
Other current liabilities	(15)	(1,309)	(181)
Deferred income taxes (noncurrent liabilities)	(31,442)	(26,911)	(378,819)
Net deferred tax assets	¥139,544	¥152,014	$ 1,681,253

As of March 31, 2011, certain subsidiaries had net operating loss carryforwards for income tax purposes of ¥148,717 million ($1,791,771 thousand), of which ¥18,774 million ($226,193 thousand) will be carried forward indefinitely, ¥115,625 million ($1,393,072 thousand) will expire through 2018 and the remainder will expire through 2031. These net operating loss carryforwards are available to offset future taxable income of the subsidiaries.

The Company has not recognized deferred tax liabilities for a portion of undistributed earnings of foreign subsidiaries because such earnings have been permanently reinvested. Deferred tax liabilities will be recognized when the Company expects that it will realize those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. The amount of unrecognized deferred tax liabilities for a portion of undistributed earnings of foreign subsidiaries as of March 31, 2011 were insignificant.

Deferred tax liabilities have also not been recognized on undistributed earnings of its domestic subsidiaries as such earnings, if distributed in the form of dividends, are not taxable under present tax laws.

The Company recognizes tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. Unrecognized tax benefits and changes of unrecognized tax benefits through the years ended March 31, 2011 and 2010 were insignificant. Both interest and penalties accrued as of March 31, 2011 and 2010 in the consolidated balance sheets and included in income taxes for the year ended March 31, 2011 and 2010 in the consolidated statements of income were insignificant.

In Japan, tax examinations of the Company and major domestic subsidiaries by the tax authorities for the year ended March 31, 2009 and before have been completed. While there is no indications that the Company would be subject to tax examination related to transfer pricing as of March 31, 2011, the tax authority still has a right to conduct a tax examination for fiscal years ended on and after March 31, 2005. In foreign tax jurisdictions, tax examinations of major foreign subsidiaries for the year ended March 31, 2005 and before have been completed.

12. Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of a distribution of earnings be appropriated to the additional paid-in capital or legal reserve. The Law also provides to the extent that the sum of the additional paid-in capital account and the legal reserve account exceed 25% of the common stock account, then the amount of the excess (if any) is available for appropriations by resolution of the shareholders.

Retained earnings available for dividends under the Law are based on the amount presented in the Company's non-consolidated financial statements, which are prepared in accordance with accounting principles and practices generally accepted in Japan. Under the Law, the amount of retained earnings available for dividends as of March 31, 2011 amounted to ¥1,406,537 million ($16,946,229 thousand).

The appropriation of retained earnings for the year ended March 31, 2011 has been reflected in the consolidated financial statements, including for the amount approved at the General Shareholders' Meeting held on June 29, 2011.

Takeover Defense Measure

The Company determined at its Board of Directors meeting held on March 26, 2010 to revise and renew, as of March 30, 2010, a plan for countermeasures to large-scale acquisitions of shares in the Company (takeover defense measure) (the Company has further amended the plan based on a resolution of Board of Directors meeting held on May 11, 2010. The amended plan shall be referred to as the "Plan"). The Plan is effective until the conclusion of the Ordinary General Meeting of Shareholders for the final fiscal year ending within three years of the conclusion of the 114th Shareholders Meeting held on June 29, 2010.

The Plan sets out procedures necessary to deter large-scale acquisitions that are detrimental to the corporate value of the Company / the common interests of its shareholders, including requirements for an acquirer (the "Acquirer") to provide information in advance in the case that the Acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities. The Acquirer must not affect any large-scale acquisition of share certificates and other equity securities in the Company until and unless the Board of Directors or a meeting, at which the Company will confirm the shareholders' intent (the "Confirmation Meeting"), determines not to trigger the Plan in accordance with the procedures stipulated in the Plan.

In the event that the Acquirer does not follow the procedures set out in the Plan or a large-scale acquisition of shares certificates and other equity securities in the Company could harm the corporate value of the Company or the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will allot stock acquisition rights by means of a gratis allotment to all shareholders, except the Company, at that time. The stock acquisition rights will have an exercise condition that does not allow the Acquirer to exercise the rights as a general rule and an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from holders of the stock acquisition rights other than the Acquirer.

In order to eliminate arbitrary decisions by directors, the Company will establish an independent committee solely composed of outside directors, outside corporate auditors or experts who are independent of the management of the Company (the "Independent Committee") to make objective decisions with respect to matters such as the implementations or non-implementation of the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan. In addition, if the Independent Committee recommends implementation of the gratis allotment of stock acquisition rights subject to confirmation of the intent of the shareholders in advance, or an acquisition threatens to cause obvious harm to the corporate value of the Company or the common interests of its shareholders and the Board of Directors determines it appropriate to confirm the shareholders' intent for the acquisition taking into consideration the time required to convene the Confirmation Meeting or other matters pursuant to the duty of care of a good manager, the Board of Directors may hold the Confirmation Meeting and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

If the Company allots stock acquisition rights and the Company's shareholders do not exercise their stock acquisition rights or pay the amount equivalent to the exercise price, shares they hold in the Company will be diluted by the exercise of stock acquisition rights by other shareholders. However, in the event that the Company acquires stock acquisition rights of all shareholders other than Non-Qualified Parties and, in exchange, delivers shares in the Company in accordance with procedures in the Plan, there will be no subsequent dilution of shares they hold in the Company. Further, there were no stock acquisition rights which the Company has issued as of March 31, 2011.

13. Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as reflected in the consolidated balance sheets as of March 31, 2011 and 2010 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Unrealized gains (losses) on securities	¥ 2,263	¥ 10,350	$ 27,265
Foreign currency translation adjustments	(128,943)	(90,851)	(1,553,530)
Pension liability adjustments	(80,269)	(69,920)	(967,096)
Unrealized gains (losses) on derivatives	91	133	1,096
	¥(206,858)	¥(150,288)	$(2,492,265)

The related tax effects allocated to each component of other comprehensive income (loss), including amounts attributable to noncontrolling interests, for the years ended March 31, 2011, 2010 and 2009 are as follows:

	Millions of yen		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2011			
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	¥ (18,574)	¥ 7,486	¥ (11,088)
Less: reclassification adjustment for losses realized in net income	4,825	(1,959)	2,866
Net change in unrealized gains (losses)	(13,749)	5,527	(8,222)
Foreign currency translation adjustments	(40,388)	174	(40,214)
Pension liability adjustments:			
Change in pension liability adjustments	(23,743)	10,001	(13,742)
Less: reclassification adjustment for gains and losses realized in net income	2,933	(1,191)	1,742
Net change in pension liability adjustments	(20,810)	8,810	(12,000)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(2,349)	954	(1,395)
Less: reclassification adjustment for losses realized in net income	2,255	(916)	1,339
Net change in unrealized gains (losses)	(94)	38	(56)
	¥ (75,041)	¥ 14,549	¥ (60,492)

	Millions of yen		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2010			
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	¥ 29,953	¥ (12,094)	¥ 17,859
Less: reclassification adjustment for gains realized in net income	(107)	43	(64)
Net change in unrealized gains (losses)	29,846	(12,051)	17,795
Foreign currency translation adjustments	(6,475)	(130)	(6,605)
Pension liability adjustments:			
Change in pension liability adjustments	55,506	(23,545)	31,961
Less: reclassification adjustment for gains and losses realized in net income	6,025	(2,446)	3,579
Net change in pension liability adjustments	61,531	(25,991)	35,540
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(1,274)	516	(758)
Less: reclassification adjustment for losses realized in net income	1,534	(621)	913
Net change in unrealized gains (losses)	260	(105)	155
	¥ 85,162	¥ (38,277)	¥ 46,885

	Millions of yen		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2009			
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	¥ (48,607)	¥ 19,488	¥ (29,119)
Less: reclassification adjustment for losses realized in net income	5,150	(2,091)	3,059
Net change in unrealized gains (losses)	(43,457)	17,397	(26,060)
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	(72,341)	2,116	(70,225)
Less: reclassification adjustment for gains realized in net income	(11)	—	(11)
Net change in foreign currency translation adjustments	(72,352)	2,116	(70,236)
Pension liability adjustments:			
Change in pension liability adjustments	(73,639)	28,482	(45,157)
Less: reclassification adjustment for gains and losses realized in net income	4,300	(1,746)	2,554
Net change in pension liability adjustments	(69,339)	26,736	(42,603)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(2,119)	858	(1,261)
Less: reclassification adjustment for losses realized in net income	2,367	(934)	1,433
Net change in unrealized gains (losses)	248	(76)	172
	¥(184,900)	¥ 46,173	¥(138,727)

	Thousands of U.S. dollars		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2011			
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	$ (223,783)	$ 90,193	$ (133,590)
Less: reclassification adjustment for losses realized in net income	58,132	(23,603)	34,529
Net change in unrealized gains (losses)	(165,651)	66,590	(99,061)
Foreign currency translation adjustments	(486,602)	2,096	(484,506)
Pension liability adjustments:			
Change in pension liability adjustments	(286,060)	120,494	(165,566)
Less: reclassification adjustment for gains and losses realized in net income	35,337	(14,349)	20,988
Net change in pension liability adjustments	(250,723)	106,145	(144,578)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(28,301)	11,493	(16,808)
Less: reclassification adjustment for losses realized in net income	27,169	(11,036)	16,133
Net change in unrealized gains (losses)	(1,132)	457	(675)
	$ (904,108)	$ 175,288	$ (728,820)

14. Commitments and Contingent Liabilities

Guarantees

The Company guarantees certain indebtedness of others and other obligations. As of March 31, 2011, the maximum potential amount of future payments (undiscounted) the Company could be required to make under the guarantees was ¥17,958 million ($216,361 thousand), of which ¥14,926 million ($179,831 thousand) were guarantees of employee mortgage loans to financial institutions. In the event of an employee's insolvency, the Company and certain of its subsidiaries will need to pay the default mortgage on behalf of the employee. The guarantees are partly secured by the employees' property in the amount of ¥14,895 million ($179,458 thousand). The terms of the mortgage loan guarantees are from 1 to 25 years. The Company has not made any significant payments under such guarantees in the past and as of March 31, 2011, the carrying amount of the liability for the Company's obligations under the guarantees was insignificant.

Lease Commitments

The Company and its subsidiaries lease office and retail space, warehouses, offices and laboratory equipment as well as certain residential facilities for employees.

The future minimum lease payments required under operating leases which, as of March 31, 2011, had initial or remaining noncancelable lease terms in excess of one year are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2012	¥ 11,813	$ 142,326
2013	6,977	84,061
2014	5,591	67,361
2015	3,431	41,337
2016	2,424	29,205
2017 and thereafter	2,084	25,108
Total future minimum lease payments	¥ 32,320	$ 389,398

Rental expenses under operating leases for the years ended March 31, 2011, 2010 and 2009 were ¥54,953 million ($662,084 thousand), ¥58,647 million and ¥63,748 million, respectively.

Purchase Commitments, Other Commitments and Contingencies

Commitments outstanding as of March 31, 2011, principally for the construction and purchase of property, plant and equipment, amounted to ¥21,804 million ($262,699 thousand). As of March 31, 2011, the Company was contingently liable for discounted notes receivable on a full recourse basis with banks of ¥4,301 million ($51,819 thousand).

Due to the nature of its business, the Company is subject to various threatened or filed legal actions and regulatory investigations. The Company has provided the necessary accruals, if any, for environmental remediation, litigation and regulatory investigations, for which occurrence of the future events is probable and the amount of loss can be reasonably estimated. Although the amount of the ultimate exposure, if any, cannot be determined at this time, the Company does not expect the final outcome of those matters to have a material adverse effect on the financial position and operating results of the Company.

Product Warranties

The Company provides a warranty for certain of its products. These warranties generally extend for a period of one year from the date of sale. The following table sets forth the changes in the Company's warranty liability balance:

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Balance, as of April 1	**¥ 6,271**	¥ 6,802	¥ 8,410	**$ 75,554**
Warranties issued during the current period	**9,698**	10,282	10,590	**116,843**
Settlements made during the current period	**(8,968)**	(10,568)	(11,820)	**(108,048)**
Change in liability for pre-existing warranties during the current period, including expirations	**(476)**	(245)	(378)	**(5,735)**
Balance, as of March 31	**¥ 6,525**	¥ 6,271	¥ 6,802	**$ 78,614**

15. Net Income (Loss) Attributable to FUJIFILM Holdings per Share

A calculation of the basic and diluted net income (loss) attributable to FUJIFILM Holdings per share for the years ended March 31, 2011, 2010 and 2009 is as follows:

Outstanding conversion rights of the Euroyen convertible bonds and stock options were not included in the calculation of diluted net loss attributable to FUJIFILM Holdings per share for the year ended March 31, 2010 because they had an anti-dilutive effect due to net loss attributable to FUJIFILM Holdings for the period.

	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	**2011**
Net income (loss) attributable to FUJIFILM Holdings	**¥ 63,852**	¥(38,441)	¥ 10,524	**$ 769,301**
Dilutive effect of:				
2011 Series A Convertible Bond	**213**	—	—	**2,566**
2011 Series B Convertible Bond	**457**	—	—	**5,506**
2013 Series A Convertible Bond	**197**	—	—	**2,373**
2013 Series B Convertible Bond	**460**	—	—	**5,543**
Diluted net income (loss) attributable to FUJIFILM Holdings	**¥ 65,179**	¥(38,441)	¥ 10,524	**$ 785,289**

	Shares		
	2011	2010	2009
Weighted-average common shares outstanding-Basic	**486,296,917**	488,607,598	498,836,888
Dilutive effect of:			
2011 Series A Convertible Bond	**13,286,564**	—	—
2011 Series B Convertible Bond	**13,286,564**	—	—
2013 Series A Convertible Bond	**13,286,564**	—	—
2013 Series B Convertible Bond	**13,286,564**	—	—
Stock options	**411,324**	—	165,316
Weighted-average common shares outstanding-Diluted	**539,854,497**	488,607,598	499,002,204

	Yen			U.S. dollars
	2011	2010	2009	**2011**
Net income (loss) attributable to FUJIFILM Holdings per share:				
Basic	**¥131.30**	¥(78.67)	¥ 21.10	**$1.58**
Diluted	**¥120.73**	¥(78.67)	¥ 21.09	**$1.45**

Conversion rights of the Euroyen convertible bonds for 53,118,028 and 45,506,558 shares of common stock were outstanding as of March 31, 2010 and 2009, respectively, and certain stock options to purchase 731,000, 996,700 and 353,200 shares of common stock were outstanding, as of March 31, 2011, 2010 and 2009, respectively, all of which were not included in the computation of diluted earnings per share since the effect would be anti-dilutive.

16. Stock-Based Compensation Plan

The Company has stock-based compensation plans for Directors, executive officers, and important employees of the Company as well as Directors, executive officers, Fellows, and important employees of FUJIFILM Corporation.

On June 28, 2007, the Ordinary General Meeting of Shareholders approved the issuance of stock acquisition rights. Upon approval, on September 3, 2007, 780 stock acquisition rights were granted to 5 Directors of the Company and of FUJIFILM Corporation ("No. 1-1 Stock Acquisition Rights"), 1,376 stock acquisition rights were granted to a total of 30 Directors and executive officers of the Company and the Directors, executive officers and Fellows of FUJIFILM Corporation ("No. 1-2 Stock Acquisition Rights"), and 1,706 stock acquisition rights were granted to a total of 60 Directors, executive officers and important employees of the Company and the Directors, executive officers, Fellows and important employees of FUJIFILM Corporation ("No. 1-3 Stock Acquisition Rights"). On October 1, 2008, 1,826 stock acquisition rights were granted to a total of 66 Directors, executive officers and important employees of the Company and the Directors, executive officers, Fellows and important employees of FUJIFILM Corporation ("No. 2-2 Stock Acquisition Rights"). Every stock acquisition right represents an option to purchase 100 shares of common stock of the Company.

No. 1-1 Stock Acquisition Rights and No. 1-2 Stock Acquisition Rights were fully vested, and have an 11-year contractual term commencing on the day following the grant date. The exercise price was set at ¥1 per share pursuant to the approval of the Ordinary General Meeting of Shareholders.

No. 1-3 Stock Acquisition Rights were fully vested, and are exercisable during the period from July 28, 2009 to July 27, 2017. The exercise price was set at ¥4,976 per share which was calculated as the higher of the average value of the closing price of shares of common stock of the Company in regular trading at the Tokyo Stock Exchange for each day of the month preceding the month that includes the grant date or of the closing price on the grant date.

No. 2-2 Stock Acquisition Rights were fully vested, and are exercisable during the period from August 29, 2010 to August 28, 2018. The exercise price was set at ¥2,981 per share which was calculated as the higher of the average value of the closing price for each day of the month preceding the month that includes the grant date or of the closing price on the grant date.

On June 26, 2009, the Ordinary General Meeting of Shareholders approved the issuance of stock acquisition rights. Upon approval, on July 31, 2009, the Board of Directors adopted resolutions to issue an aggregate of 2,553 stock acquisition rights to a total of 33 Directors and executive officers of the Company and the Directors, executive officers and Fellows of FUJIFILM Corporation ("No. 3-1 Stock Acquisition Rights"), and an aggregate of 1,816 stock acquisition rights to a total of 65 Directors, executive officers and important employees of the Company and the Directors, executive officers, Fellows and important employees of FUJIFILM Corporation ("No. 3-2 Stock Acquisition Rights"). Every stock acquisition right represents an option to purchase 100 shares of common stock of the Company.

No. 3-1 Stock Acquisition Rights were granted on September 1, 2009, and were fully vested. No. 3-1 Stock Acquisition Rights have a 30-year contractual term commencing on the day following the grant date and are exercisable during a period of 7 years commencing on the day following the retirement date for each position. The exercise price was set at ¥1 per share pursuant to the approval of the Ordinary General Meeting of Shareholders. The stock-based compensation cost for No. 3-1 Stock Acquisition Rights was amortized over 1 year from the grant date.

No. 3-2 Stock Acquisition Rights were granted on September 1, 2009, and are exercisable during the period from August 1, 2011 to July 31, 2019. The exercise price was set at ¥2,828 per share which was calculated by a formula approved by the Ordinary General Meeting of Shareholders. The exercise price was calculated as the higher of the average value of the closing price for each day of the month preceding the month that includes the grant date or of the closing price on the grant date. The stock-based compensation cost for No. 3-2 Stock Acquisition Rights was amortized over 1 year from the grant date.

On December 24, 2010, the Board of Directors adopted resolutions to issue an aggregate of 2,778 stock acquisition rights to a total of 36 Directors and executive officers of the Company and executive officers and Fellows of FUJIFILM Corporation ("No. 4-1 Stock Acquisition Rights"), and an aggregate of 1,962 stock acquisition rights to a total of 69 Directors, executive officers and important employees of the Company and executive officers, Fellows and important employees of FUJIFILM Corporation ("No. 4-2 Stock Acquisition Rights"). Every stock acquisition right represents an option to purchase 100 shares of common stock of the Company.

No. 4-1 Stock Acquisition Rights were granted on January 31, 2011, and are vested over 1 year. No. 4-1 Stock Acquisition Rights have a 30-year contractual term commencing on the day following the grant date and are exercisable during a period of 7 years commencing on the day following the retirement date for each position. The exercise price was set at ¥1 per share pursuant to the approval of the Ordinary General Meeting of Shareholders. The stock-based compensation cost for No. 4-1 Stock Acquisition Rights is being amortized over 1 year from the grant date.

No. 4-2 Stock Acquisition Rights were granted on January 31, 2011, and are exercisable during the period from December 25, 2012 to December 24, 2020. The exercise price was set at ¥2,965 per share which was calculated by a formula approved by the Ordinary General Meeting of Shareholders. The exercise price was calculated as the higher of the average value of closing price for each day of the month preceding the month that includes the grant date or of the closing price on the grant date. The stock-based compensation cost for No. 4-2 Stock Acquisition Rights is being amortized over 1 year from the grant date.

The Company recognized stock-based compensation cost of ¥606 million ($7,301 thousand), ¥557 million and ¥436 million as selling, general and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2011, 2010 and 2009, respectively, and the cost was measured as the fair value of the options estimated using the Black-Scholes option pricing model. The deferred income tax benefit related to the cost was ¥203 million ($2,446 thousand), ¥168 million and ¥114 million for the years ended March 31, 2011, 2010 and 2009, respectively. As of March 31, 2011, total unrecognized stock-based compensation cost was ¥743 million ($8,952 thousand) and is expected to be recognized over 9 months commencing April 1, 2011. There were 60 stock acquisition rights exercised during the year ended March 31, 2011. The weighted-average grant date fair values of stock acquisition rights granted during the years ended March 31, 2011, 2010 and 2009 were ¥2,090 ($25.18), ¥1,969 and ¥1,529, respectively. The total fair values of shares vested during the years ended March 31, 2011, 2010 and 2009 were ¥900 million ($10,843 thousand), ¥771 million and ¥169 million, respectively.

A summary of stock acquisition rights activity during the years ended March 31, 2011, 2010 and 2009 is as follows:

2011	Number of shares	Yen Weighted average exercise price	Years Weighted average remaining contractual term	Millions of yen Aggregate intrinsic value
Outstanding as of March 31, 2010	996,700	¥1,914	—	—
Granted during the year	474,000	1,228	—	—
Exercised	(6,000)	1	—	¥ (30)
Outstanding as of March 31, 2011	1,464,700	1,700	15.3	2,528
Exercisable as of March 31, 2011	1,017,450	1,370	17.1	2,322

2010	Number of shares	Yen Weighted average exercise price	Years Weighted average remaining contractual term	Millions of yen Aggregate intrinsic value
Outstanding as of March 31, 2009	563,800	¥2,472	—	—
Granted during the year	436,900	1,176	—	—
Exercised	(4,000)	1	—	¥ (20)
Outstanding as of March 31, 2010	996,700	1,914	13.4	1,734
Exercisable as of March 31, 2010	568,675	1,493	15.1	1,555

2009	Number of shares	Yen Weighted average exercise price	Years Weighted average remaining contractual term	Millions of yen Aggregate intrinsic value
Outstanding as of March 31, 2008	386,200	¥2,199	—	—
Granted during the year	329,200	1,654	—	—
Exercised	(5,000)	1	—	¥ (25)
Forfeited or expired	(146,600)	1	—	—
Outstanding as of March 31, 2009	563,800	2,472	8.5	1,038
Exercisable as of March 31, 2009	210,600	1	9.4	1,038

2011	U.S. dollar Weighted average exercise price	Years Weighted average remaining contractual term	Thousands of U.S. dollars Aggregate intrinsic value
Outstanding as of March 31, 2010	$23.06	—	—
Granted during the year	14.80	—	—
Exercised	0.01	—	$ (361)
Outstanding as of March 31, 2011	20.48	15.3	30,458
Exercisable as of March 31, 2011	16.51	17.1	27,976

The fair value of the stock acquisition rights as of the grant date was estimated using the Black-Scholes option pricing model with the following assumptions:

2011	No. 4-1 Stock Acquisition Rights	No. 4-2 Stock Acquisition Rights
Expected volatility	23.274%	34.205%
Expected remaining life	1 year	6 years
Expected dividend (Yen)	¥ 27.5	¥ 27.5
Expected dividend (U.S. dollars)	$ 0.33	$ 0.33
Risk-free interest rate	0.145%	0.584%

2010	No. 3-1 Stock Acquisition Rights	No. 3-2 Stock Acquisition Rights
Expected volatility	58.623%	34.575%
Expected remaining life	1 year	6 years
Expected dividend (Yen)	¥ 30	¥ 30
Risk-free interest rate	0.170%	0.738%

2009	No. 2-2 Stock Acquisition Rights
Expected volatility	28.979%
Expected remaining life	6 years
Expected dividend (Yen)	¥ 35
Risk-free interest rate	1.129%

2008	No. 1-1 Stock Acquisition Rights	No. 1-2 Stock Acquisition Rights	No. 1-3 Stock Acquisition Rights
Expected volatility	25.980%	25.980%	29.273%
Expected remaining life	1 year	1 year	6 years
Expected dividend (Yen)	¥ 25	¥ 25	¥ 25
Risk-free interest rate	0.735%	0.735%	1.285%

The expected volatility is determined based on the historical volatility of the Company's common stock over the most recent period corresponding with the estimated expected remaining life of the Company's stock acquisition rights. The expected remaining life of No. 1-1 Stock Acquisition Rights, No. 1-2 Stock Acquisition Rights, No. 3-1 Stock Acquisition Rights and No. 4-1 Stock Acquisition Rights was determined based on the minimum term of Directors and executive officers of the Company and FUJIFILM Corporation. The expected remaining life of No. 1-3 Stock Acquisition Rights, No. 2-2 Stock Acquisition Rights, No. 3-2 Stock Acquisition Rights and No. 4-2 Stock Acquisition Rights was determined as 6 years based on the midpoint of the contractual term since no stock acquisition rights were exercised after the implementation of the plan.

17. Financial Instruments

The Company operates internationally, and is exposed to market risks arising from fluctuations in foreign currencies, interest rates and certain commodity prices. The Company and certain of its subsidiaries utilize derivative financial instruments solely to reduce these risks. The Company has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Company's policies prohibit holding or issuing derivative financial instruments for trading purposes. The following is a summary of the Company's risk management strategies and the effect of these strategies on the Company's consolidated financial statements.

Cash Flow Hedging Strategy

Certain subsidiaries of the Company have entered into forward currency exchange contracts to manage exposures related to the risks of forecasted import purchases and export sales from/to third parties and group companies and related receivables and payables denominated in foreign currencies (maximum length of time is through December 2011). If the yen weakens significantly against foreign currencies (primarily the U.S. dollar), the increase in the cashflows caused by increases of value in future foreign currency is offset by gains or losses in the value of the forward exchange contracts designated as hedges. Conversely, if the yen strengthens, the decrease in the cashflows caused by decreases of value in future foreign currency is offset by gains or losses in the value of the forward contracts designated as hedges.

Changes in the fair value of those derivative instruments designated and qualifying as cash flow hedges are reported in other comprehensive income (loss), net of applicable taxes. These amounts are reclassified into earnings in the same period and same line item as the hedged items that affect earnings. The amount of gains or losses on derivatives or portions thereof that were either ineffective as hedges or excluded from the assessment of hedge effectiveness were not significant to the results of operations and the financial condition of the Company.

As of March 31, 2011, the Company expects to reclassify ¥111 million ($1,337 thousand) (before tax effect) of net gains on derivatives from accumulated other comprehensive income (loss) to earnings during the next twelve months due to actual export sales and import purchases.

Derivatives Not Designated as Hedges

Certain subsidiaries of the Company have entered into forward currency exchange contracts or currency swap contracts to manage exposures related to the risks of foreign currency exchange fluctuations resulting from forecasted transactions and related receivables or payables denominated in foreign currencies. Also, certain subsidiaries of the Company have entered into interest rate swap contracts to manage exposures related to the risks of fluctuations in interest rate of variable interest rate liabilities and cross currency interest rate swap contracts to manage exposures related to the risks of fluctuations in interest and foreign currency exchange rates pertaining to loans denominated in foreign currencies. Although these derivatives are effective as hedges from an economic perspective, certain subsidiaries of the Company did not designate these contracts as hedges as required in order to apply hedge accounting. As a result, the Company recorded the changes in the fair value of these derivatives in earnings immediately.

Volume of Derivative Activities

Notional amounts of forward currency exchange, currency swaps, cross currency interest rate swaps and interest rate swaps as of March 31, 2011 and 2010 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Forward currency exchange (Short)	**¥ 51,464**	¥ 51,696	**$ 620,048**
Forward currency exchange (Long)	**40,898**	32,350	**492,747**
Currency swaps	**14,975**	10,614	**180,422**
Cross currency interest rate swaps	**11,405**	8,905	**137,410**
Interest rate swaps	**12,669**	23,683	**152,639**

Impacts on the Consolidated Financial Statements

The fair values of derivatives in the consolidated balance sheets as of March 31, 2011 and 2010 are summarized as follows:

	Derivative assets			
		Millions of yen		Thousands of U.S. dollars
		2011	2010	2011
	Balance sheet location	Fair value		
Derivatives designated as hedging instruments				
Forward currency exchange contracts	Prepaid expenses and other	¥ 378	¥ 730	$ 4,554
Total derivatives designated as hedging instruments		378	730	4,554
Derivatives not designated as hedging instruments				
Forward currency exchange contracts	Prepaid expenses and other	101	309	1,217
Currency swaps	Prepaid expenses and other	59	—	711
Other	Prepaid expenses and other	—	185	—
Total derivatives not designated as hedging instruments		160	494	1,928
Total		¥ 538	¥ 1,224	$ 6,482

	Derivative liabilities			
		Millions of yen		Thousands of U.S. dollars
		2011	2010	2011
	Balance sheet location	Fair value		
Derivatives designated as hedging instruments				
Forward currency exchange contracts	Other current liabilities	¥ 645	¥ 602	$ 7,771
Total derivatives designated as hedging instruments		645	602	7,771
Derivatives not designated as hedging instruments				
Forward currency exchange contracts	Other current liabilities	568	978	6,843
Forward currency exchange contracts	Customers' guarantee deposits and other	—	103	—
Currency swaps	Other current liabilities	673	1,606	8,109
Currency swaps	Customers' guarantee deposits and other	552	601	6,651
Cross currency interest rate swaps	Other current liabilities	579	—	6,976
Cross currency interest rate swaps	Customers' guarantee deposits and other	39	1,006	470
Interest rate swaps	Other current liabilities	42	119	506
Interest rate swaps	Customers' guarantee deposits and other	296	329	3,566
Total derivatives not designated as hedging instruments		2,749	4,742	33,121
Total		¥ 3,394	¥ 5,344	$ 40,892

Gains and losses related to derivatives recorded in the consolidated statements of income for the years ended March 31, 2011, 2010 and 2009 are summarized as follows:

	Millions of yen		
	2011		
	Gains (losses) recognized in OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
Cash Flow Hedges	Amount	Statements of income location	Amount
Forward currency exchange contracts	¥ (2,349)	Foreign exchange losses, net	¥ (2,255)
Total	¥ (2,349)		¥ (2,255)

	Millions of yen		
	2010		
	Gains (losses) recognized in OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
Cash Flow Hedges	Amount	Statements of income location	Amount
Forward currency exchange contracts	¥ (1,274)	Revenue	¥ (36)
		Cost of sales	(73)
		Foreign exchange losses, net	(1,425)
Total	¥ (1,274)		¥ (1,534)

	Millions of yen		
	2009		
	Gains (losses) recognized in OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
Cash Flow Hedges	Amount	Statements of income location	Amount
Forward currency exchange contracts	¥ (2,118)	Revenue	¥ (329)
		Cost of sales	(234)
		Foreign exchange losses, net	(1,744)
Total	¥ (2,118)		¥ (2,307)

	Thousands of U.S. dollar		
	2011		
	Gains (losses) recognized in OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
Cash Flow Hedges	Amount	Statements of income location	Amount
Forward currency exchange contracts	$ (28,301)	Foreign exchange losses, net	$ (27,169)
Total	$ (28,301)		$ (27,169)

		Millions of yen			Thousands of U.S. dollars
		2011	2010	2009	2011
Derivatives Not Designated as Hedges	Statements of income location	Amount			
Forward currency exchange contracts	Foreign exchange losses, net	¥ 815	¥ (803)	¥ 353	$ 9,819
Currency swaps	Foreign exchange losses, net	(292)	(2,061)	2,387	(3,518)
Cross currency interest rate swaps	Foreign exchange losses, net	389	(1,078)	4,239	4,687
Interest rate swaps	Other, net	(109)	223	(477)	(1,313)
Other	Other, net	—	402	(676)	—
Total		¥ 803	¥ (3,317)	¥ 5,826	$ 9,675

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, trade and finance accounts receivable, and derivatives.

The Company maintains cash and cash equivalents and short-term investments with various financial institutions. The Company's policy is designed to limit exposure to any one institution. The Company performs periodic evaluations of relative credit standing of those financial institutions that are considered in the Company's investment strategy.

The Company is exposed to credit risk related to trade receivables, due to the amounts of receivable from certain major customers. The Company manages this risk by maintenance of customer's guarantee deposits and the performance of ongoing credit evaluations. An allowance for doubtful accounts is maintained at a level which management believes is sufficient to cover potential losses.

The Company is exposed to credit risk in the event of nonperformance by counterparties to derivative instruments. The Company limits this exposure by acquiring such derivative instruments from counterparties with high credit ratings.

Fair Value of Financial Instruments

The fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. Although management uses its best judgment in estimating the fair value of such instruments, the methodologies and assumptions for the estimate of fair value are inherently subjective. Consequently, the estimates are not necessarily indicative of the amounts which could be realized or would be paid in a current market exchange. The following methodologies and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents, Notes and accounts receivable, Short-term debt, Notes and accounts payable: The carrying amounts approximate the fair values because of the short maturity of these instruments.

Marketable securities and Investment securities: The fair values of government debt securities, stocks and public investment trusts with active markets are estimated based on quoted market prices. Debt securities and private investment trusts with inactive markets are measured by using observable inputs, either directly or indirectly.

Customers' guarantee deposits: The carrying amounts approximate the fair values because they are variable rate instruments.

Long-term debt: The fair value of long-term debt is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements. The fair values and the corresponding carrying amounts of long-term debt, including the current portion, were ¥35,652 million ($429,542 thousand) and ¥35,582 million ($428,699 thousand), respectively as of March 31, 2011 and ¥50,184 million and ¥49,945 million, respectively as of March 31, 2010. The fair values and the corresponding carrying amounts as of March 31, 2011 and 2010 did not include the fair values of the unsecured Euroyen convertible bonds issued on April 5, 2006 with a carrying value of ¥103,321 million ($1,244,831 thousand) and ¥205,897 million, respectively, because there was no quoted market price and it was not practicable to estimate the fair value.

Derivative financial instruments: The fair values of forward currency exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps are estimated based on the market prices obtained from financial institutions or third parties, which are measured by observable inputs. The fair values and the carrying amounts of these derivative assets were ¥538 million ($6,482 thousand) and ¥1,224 million, and those of derivative liabilities were ¥3,394 million ($40,892 thousand) and ¥5,344 million, as of March 31, 2011 and 2010, respectively.

18. Fair Value Measurement

ASC820, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, establishes a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels, depending on the observability of those inputs;

Level 1 : Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 : Observable inputs other than those classified as Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 : Unobservable inputs to the valuation techniques which are significant to the measurement of fair value of assets or liabilities.

Assets and liabilities that the Company measures at fair value on a recurring basis include cash equivalents, marketable and investment securities, and derivative assets and liabilities. The fair value hierarchy as of March 31, 2011 and 2010 is as follows:

	Millions of yen			
	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Negotiable certificates of deposit	¥ —	¥86,750	¥ —	¥86,750
Marketable securities				
Government debt securities	4,513	1,642	—	6,155
Corporate debt securities	—	17,033	—	17,033
Investment securities				
Government debt securities	6,786	222	—	7,008
Corporate debt securities	—	18,103	—	18,103
Stocks	75,698	—	—	75,698
Investment trusts	16,602	8,827	—	25,429
Short-term derivative assets				
Forward currency exchange contracts	—	479	—	479
Currency swaps	—	59	—	59
Liabilities:				
Short-term derivative liabilities				
Forward currency exchange contracts	—	1,213	—	1,213
Currency swaps	—	673	—	673
Cross currency interest rate swaps	—	579	—	579
Interest rate swaps	—	42	—	42
Long-term derivative liabilities				
Currency swaps	—	552	—	552
Cross currency interest rate swaps	—	39	—	39
Interest rate swaps	—	296	—	296

	Millions of yen			
	2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Negotiable certificates of deposit	¥ —	¥ 145,000	¥ —	¥ 145,000
Government debt securities	2,575	848	—	3,423
Marketable securities				
Government debt securities	41,426	3,716	—	45,142
Corporate debt securities	—	16,220	—	16,220
Investment securities				
Government debt securities	11,406	217	—	11,623
Corporate debt securities	—	11,006	—	11,006
Stocks	92,495	—	—	92,495
Investment trusts	17,931	—	—	17,931
Short-term derivative assets				
Forward currency exchange contracts	—	1,039	—	1,039
Other	—	185	—	185
Liabilities:				
Short-term derivative liabilities				
Forward currency exchange contracts	—	1,580	—	1,580
Currency swaps	—	1,606	—	1,606
Interest rate swaps	—	119	—	119
Long-term derivative liabilities				
Forward currency exchange contracts	—	103	—	103
Currency swaps	—	601	—	601
Cross currency interest rate swaps	—	1,006	—	1,006
Interest rate swaps	—	329	—	329

	Thousands of U.S. dollar			
	2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents				
Negotiable certificates of deposit	$ —	$ 1,045,181	$ —	$ 1,045,181
Marketable securities				
Government debt securities	54,373	19,783	—	74,156
Corporate debt securities	—	205,217	—	205,217
Investment securities				
Government debt securities	81,759	2,675	—	84,434
Corporate debt securities	—	218,108	—	218,108
Stocks	912,025	—	—	912,025
Investment trusts	200,024	106,349	—	306,373
Short-term derivative assets				
Forward currency exchange contracts	—	5,771	—	5,771
Currency swaps	—	711	—	711
Liabilities:				
Short-term derivative liabilities				
Forward currency exchange contracts	—	14,614	—	14,614
Currency swaps	—	8,109	—	8,109
Cross currency interest rate swaps	—	6,976	—	6,976
Interest rate swaps	—	506	—	506
Long-term derivative liabilities				
Currency swaps	—	6,651	—	6,651
Cross currency interest rate swaps	—	470	—	470
Interest rate swaps	—	3,566	—	3,566

Assets classified as Level 1 consist principally of Japanese government debt securities, listed stocks and public investment trusts, which were valued using unadjusted quoted prices in active markets for identical assets. Assets other than derivative assets classified as Level 2 consist principally of negotiable certificates of deposit, corporate debt securities and private investment trusts. Negotiable certificates of deposit, corporate debt securities and private investment trusts were valued based on market approach using directly or indirectly observable inputs in non-active markets. Derivative assets and liabilities were classified as Level 2 because they were valued based on market approach using inputs that were corroborated by observable market data obtained from financial institutions or third parties.

There were no assets and liabilities classified as Level 3 for the years ended March 31, 2011 and March 31, 2010.

For the year ended March 31, 2011, assets measured at fair value on a nonrecurring basis were property, plant and equipment, and software for which impairment charges were recognized.

As the result of measurement of the fair values using the estimated discounted future cash flow method for property, plant and equipment and software, the Company concluded that the carrying value of these assets would not be recoverable and, thus, recorded impairment charges of ¥7,162 million ($86,289 thousand) and ¥511 million ($6,157 thousand) for the property, plant and equipment, and software, respectively for the year ended March 31, 2011. Impaired property, plant and equipment were written down to their fair value of ¥3,293 million ($39,675 thousand). Software was fully written down. These assets were classified as Level 3 because of the use of unobservable inputs.

For the year ended March 31, 2010, assets measured at fair value on a nonrecurring basis were property, plant and equipment, intangible assets and software for which the impairment charges were recognized.

As the result of measurement of the fair values using the estimated discounted future cash flow method for property, plant and equipment and software, and the relief from royalty method or the excess earnings method for intangible assets, the Company concluded that the carrying value of these assets would not be recoverable and, thus, recorded impairment charges of ¥42,038 million, ¥20,834 million and ¥3,377 million for property, plant and equipment, intangible assets and software, respectively for the year ended March 31, 2010. Impaired property, plant and equipment and intangible assets were written down to their fair value of ¥553 million and ¥10,217 million, respectively. Software was fully written down. These assets were classified as Level 3 because of the use of unobservable inputs.

19. Financing receivables and allowance for doubtful financing receivables

Allowance for Doubtful Financing Receivables

The Company determines whether financing receivables are impaired, based on the financial health of its customers and delays in payment. Financing receivables are evaluated individually or collectively. For collectively evaluated financing receivables, the allowance is based on historical losses, whereas for individually evaluated financing receivables, the allowance is directly estimated according to the financial health of the debtor.

The credit quality of financing receivables is reviewed every quarter based on the financial health of customers and delays in payment. Where the Company estimates that the credit quality of a particular receivable has decreased significantly, an allowance is individually recorded.

Uncollectible financing receivables are charged-off when legal actions have been taken to collect the receivable, and it becomes clear that an amount smaller than the recorded receivable will be recovered.

The following table provides both the balance as of March 31, 2011, and the activity during the fourth quarter of the year ended March 31, 2011, in the allowance for doubtful finacing receivables, excluding trade accounts receivable that have a contractual maturity of one year or less.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Allowance for doubful financing receivables: As of December 31, 2010	¥ (3,405)	$ (41,024)
Charge-offs	309	3,722
(Provision) Benefit	39	470
Other	(92)	(1,108)
As of March 31, 2011	¥ (3,149)	$ (37,940)
Ending balance: individually evaluated for impairment	(1,954)	(23,542)
Ending balance: collectively evaluated for impairment	(1,195)	(14,398)

The following table provides information about financing receivables, excluding trade accounts receivable that have a contractual maturity of one year or less.

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Financing receivables: As of March 31, 2011	¥ 128,531	$1,548,566
Ending balance: individually evaluated for impairment	2,002	24,120
Ending balance: collectively evaluated for impairment	126,529	1,524,446

Between January 1, 2011 and March 31, 2011, no significant purchases or sales in financing receivables occurred.

Past Due Financing Receivables

The following are past due financing receivables, excluding trade accounts receivable that have a contractual maturity of one year or less, as of March 31, 2011.

	(Millions of yen)		
	30-89 Days Past Due	Greater Than 90 Days	Total Past Due
Financing Receivables	¥ 473	¥ 788	¥ 1,261

	Thousands of U.S. dollars		
	30-89 Days Past Due	Greater Than 90 Days	Total Past Due
Financing Receivables	$ 5,699	$ 9,494	$ 15,193

20. Acquisitions

In order to expand its distribution channels in Japan, the United States of America, Europe and Asia and increase technological developments of certain products, the Company acquired certain businesses for the years ended March 31, 2011, 2010 and 2009. Considerations for all significant acquisitions were paid in cash and aggregate purchase prices for acquisitions amounted to ¥32,497 million ($391,530 thousand), ¥358 million and ¥6,635 million, net of cash acquired, for the years ended March 31, 2011, 2010 and 2009, respectively. There were no significant contingent payments, options or commitments related to those acquisitions. Each acquisition that qualified as a business combination has been accounted for under the acquisition method of accounting in accordance with ASC805 and the excess of the purchase price over the estimated fair value of net assets acquired has been recorded as goodwill, which is primarily non tax-deductible.

Acquisitions completed during the year ended March 31, 2011 included 100% of the equity interests of MSD Biologics (UK) Limited and Diosynth RTP LLC, providers of contract manufacturing and development services for the biopharmaceutical industry in the United Kingdom and the United States of America. The Company provisionally recognized ¥24,270 million ($292,410 thousand) of goodwill, ¥423 million ($5,096 thousand) of technology-based intangibles and ¥4,324 million ($52,096 thousand) of customer-related intangibles on its acquisitions during the year ended March 31, 2011, including those mentioned above. The Company is in the process of allocating the purchase price to the assets acquired and liabilities assumed on MSD Biologics (UK) Limited and Diosynth RTP LLC. This process will be finalized in the year ended March 31, 2012.

There was no significant acquisition during the year ended March 31, 2010.

Acquisitions completed during the year ended March 31, 2009 included (i) additional purchase of 39.3% of the common stock of Tianjian Medi Tech Co., Ltd based in China, which is developing, marketing and providing services for medical IT products, (ii) 100% of the common stock of Empiric Systems, LLC based in the United States of America, which is developing, marketing and providing maintenance services for radiology information systems and (iii) additional purchase of 54.7% of the common stock of Perseus Proteomics, Inc., which is developing and marketing antibody-based therapeutics, in-vitro diagnostics, research reagents and nuclear hormone receptor antibody, through the partial acquisition of Perseus's issued shares and response to the third-party allocation of new shares. The Company recognized ¥3,465 million of goodwill, ¥290 million of technology-based intangibles and ¥312 million of customer-related intangibles on its acquisitions for the year ended March 31, 2009, including those mentioned above.

The results of operations for the acquired entities have been included in the Company's consolidated statements of income since the date of the acquisitions. Pro forma information related to acquisitions has not been presented because their impact on the Company's results of operations was not significant on either an individual or an aggregate basis.

21. Restructuring and Other Charges

The performance of the Company was adversely affected by the worldwide economic recessions following the financial crisis which started in the third quarter of 2008 and resulted in decreased demand for its products and in the appreciation of the yen. To ensure profitability and continued growth in difficult economic conditions, the Company has been implementing a comprehensive restructuring program to thoroughly and drastically reduce costs in all group companies and business domains, without exceptions. Accordingly, for the years ended March 31, 2011 and 2010, "Operating income before restructuring and other charges" was separately presented in the consolidated statements of income.

For the years ended March 31, 2011 and 2010, restructuring costs of ¥31,715 million ($382,109 thousand) and ¥143,741 million were incurred, respectively, and were reported in the line titled "Restructuring and other charges" in the consolidated statements of income. Liability balances relating to the restructuring activities amounted to ¥15,374 million ($185,229 thousand) and ¥19,044 million as of March 31, 2011 and 2010, respectively.

The restructuring activities had been conducted as planned and completed through March 31, 2011.

Description of costs that have been incurred in each operating segment for the years ended March 31, 2011 and 2010 and liability balances of each operating segment as of March 31, 2011 and 2010 are summarized as follows.

Imaging Solutions Segment

Because of market shrinkage which was accelerated by the worldwide economic recessions, the Company implemented the consolidation and shut down of photo-finishing laboratories and terminated redundant manufacturing lines to further streamline marketing, development and manufacturing functions. The Company has also implemented workforce reduction programs, disposals of inventories by means of consolidations and discontinuations of product lines, and other restructuring activities in domestic and foreign subsidiaries to reduce fixed costs. As a result of the above activities, the earnings forecast for future periods was revised and impairment charges of ¥30,298 million were recognized in the year ended March 31, 2010, on property, plant and equipment such as manufacturing facilities, amortizable intangible assets and other assets in domestic and foreign subsidiaries.

In the year ended March 31, 2011, fixed costs reductions activities were conducted together with the consolidation of R&D facilities, which resulted in the further revision of the earning forecast and the impairment charges on fixed assets amounting to ¥5,585 million ($67,289 thousand).

Description of costs that have been incurred for the years ended March 31, 2011 and 2010 and liability balances as of March 31, 2011 and 2010 are summarized as follows:

	Millions of yen			
	Employee costs	Fixed assets costs	Other costs	Total
Costs incurred	¥ 10,614	¥ 35,808	¥ 7,701	¥ 54,123
Non-cash charges	100	(35,808)	(5,021)	(40,729)
Cash payments	(7,363)	—	(1,501)	(8,864)
Adjustment	(214)	—	(3)	(217)
Liability balances as of March 31, 2010	3,137	—	1,176	4,313
Costs incurred	**3,551**	**6,407**	**2,742**	**12,700**
Non-cash charges	**—**	**(6,407)**	**(232)**	**(6,639)**
Cash payments	**(3,535)**	**—**	**(2,274)**	**(5,809)**
Adjustment	**(162)**	**—**	**(95)**	**(257)**
Liability balances as of March 31, 2011	**¥ 2,991**	**¥ —**	**¥ 1,317**	**¥ 4,308**

	Thousands of U.S. dollars			
	Employee costs	Fixed assets costs	Other costs	Total
Liability balances as of March 31, 2010	$ 37,795	$ —	$ 14,169	$ 51,964
Costs incurred	42,783	77,193	33,037	153,013
Non-cash charges	—	(77,193)	(2,795)	(79,988)
Cash payments	(42,590)	—	(27,398)	(69,988)
Adjustment	(1,952)	—	(1,145)	(3,097)
Liability balances as of March 31, 2011	$ 36,036	$ —	$ 15,868	$ 51,904

Information Solutions Segment

The Company has implemented workforce reduction programs mainly in staff departments and research departments, integration of sales offices, downsizing of certain manufacturing facilities, disposal of inventories by means of consolidations and discontinuations of product lines, and other restructuring activities in domestic and foreign subsidiaries to reduce fixed costs. As a result of above activities, the earnings forecast for future periods was revised and impairment charges of ¥35,951 million were recognized on property, plant and equipment such as manufacturing facilities, amortizable intangible assets and other assets in domestic and foreign subsidiaries for the year ended March 31, 2010.

For the year ended March 31, 2011, no significant restructuring charges were incurred.

Description of costs that have been incurred for the years ended March 31, 2011 and 2010 and liability balances as of March 31, 2011 and 2010 are summarized as follows:

	Millions of yen			
	Employee costs	Fixed assets costs	Other costs	Total
Costs incurred	¥ 15,054	¥ 38,940	¥ 10,344	¥ 64,338
Non-cash charges	(573)	(38,940)	(5,191)	(44,704)
Cash payments	(11,787)	—	(1,963)	(13,750)
Adjustment	(61)	—	(10)	(71)
Liability balances as of March 31, 2010	2,633	—	3,180	5,813
Costs incurred	1,183	2,157	1,141	4,481
Non-cash charges	—	(2,157)	(235)	(2,392)
Cash payments	(2,386)	—	(1,706)	(4,092)
Adjustment	(145)	—	(106)	(251)
Liability balances as of March 31, 2011	¥ 1,285	¥ —	¥ 2,274	¥ 3,559

	Thousands of U.S. dollars			
	Employee costs	Fixed assets costs	Other costs	Total
Liability balances as of March 31, 2010	$ 31,723	$ —	$ 38,313	$ 70,036
Costs incurred	14,253	25,988	13,747	53,988
Non-cash charges	—	(25,988)	(2,831)	(28,819)
Cash payments	(28,747)	—	(20,554)	(49,301)
Adjustment	(1,747)	—	(1,277)	(3,024)
Liability balances as of March 31, 2011	$ 15,482	$ —	$ 27,398	$ 42,880

Document Solutions Segment

Through the two years ended March 31, 2011, the Company has implemented special retirement programs, on which the Company pays special allowances to employees who choose to change their career and move outside the Company. As a result, the Company recognized costs relating to special termination benefits. In addition, the Company recorded costs relating to fixed assets primarily consisting of accelerated depreciation on existing facilities caused by the consolidation of research and development facilities to streamline its research and development functions.

Description of costs that have been incurred for the years ended March 31, 2011 and 2010 and liability balances as of March 31, 2011 and 2010 are summarized as follows:

	Millions of yen			
	Employee costs	Fixed assets costs	Other costs	Total
Costs incurred	¥ 12,495	¥ 4,539	¥ 8,246	¥ 25,280
Non-cash charges	(445)	(4,539)	(43)	(5,027)
Cash payments	(10,088)	—	(1,247)	(11,335)
Adjustment	—	—	—	—
Liability balances as of March 31, 2010	1,962	—	6,956	8,918
Costs incurred	8,288	2,059	4,187	14,534
Non-cash charges	—	(2,059)	(276)	(2,335)
Cash payments	(7,398)	—	(5,134)	(12,532)
Adjustment	(1)	—	(1,077)	(1,078)
Liability balances as of March 31, 2011	¥ 2,851	¥ —	¥ 4,656	¥ 7,507

	Thousands of U.S. dollars			
	Employee costs	Fixed assets costs	Other costs	Total
Liability balances as of March 31, 2010	$ 23,639	$ —	$ 83,807	$ 107,446
Costs incurred	99,855	24,807	50,446	175,108
Non-cash charges	—	(24,807)	(3,326)	(28,133)
Cash payments	(89,133)	—	(61,855)	(150,988)
Adjustment	(12)	—	(12,976)	(12,988)
Liability balances as of March 31, 2011	$ 34,349	$ —	$ 56,096	$ 90,445

22. Segment Information

Operating Segments

The Company has three operating segments. The Company's operating segments were determined based upon common technology, manufacturing processes as well as distribution processes and type of customers, and they reflect how management reviews the businesses and operating results and makes decisions about strategic investments and the allocation of resources. "Imaging Solutions" develops, manufactures, markets and services color films, digital cameras, photofinishing equipment, color paper, chemicals and related products, primarily for individual consumers. "Information Solutions" develops, manufactures, markets and services equipment and materials for medical systems and life sciences, pharmaceuticals, equipment and materials for graphic arts, flat panel display materials, recording media, optical devices, electronic materials, inkjet materials and related products, primarily for commercial enterprises. "Document Solutions" develops, manufactures, markets and services office copy machines/multifunction devices, printers, production systems and services, office services, paper, consumables and other related products, primarily for commercial enterprises.

Revenue

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Revenue:				
Imaging Solutions:				
External customers	¥ 325,804	¥ 345,489	¥ 410,399	$ 3,925,349
Intersegment	799	465	785	9,627
Total	326,603	345,954	411,184	3,934,976
Information Solutions:				
External customers	917,391	900,844	946,156	11,052,904
Intersegment	1,950	1,605	1,683	23,494
Total	919,341	902,449	947,839	11,076,398
Document Solutions:				
External customers	973,889	935,360	1,077,789	11,733,602
Intersegment	8,115	7,187	8,982	97,771
Total	982,004	942,547	1,086,771	11,831,373
Eliminations	(10,864)	(9,257)	(11,450)	(130,892)
Consolidated total	¥ 2,217,084	¥ 2,181,693	¥ 2,434,344	$ 26,711,855

Segment profit or loss

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Operating income (loss):				
Imaging Solutions	¥ (12,693)	¥ (63,306)	¥ (29,310)	$ (152,928)
Information Solutions	103,512	10,623	20,351	1,247,132
Document Solutions	74,213	39,166	49,677	894,133
Total	165,032	(13,517)	40,718	1,988,337
Corporate expenses and eliminations	(28,676)	(28,595)	(3,432)	(345,494)
Consolidated operating income (loss)	136,356	(42,112)	37,286	1,642,843
Other income (expenses), net	(19,251)	113	(27,844)	(231,939)
Consolidated income (loss) before income taxes	¥ 117,105	¥ (41,999)	¥ 9,442	$ 1,410,904

Assets

	March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Total assets:				
Imaging Solutions	¥ 291,035	¥ 332,342	¥ 375,076	$ 3,506,446
Information Solutions	1,259,912	1,279,734	1,366,901	15,179,663
Document Solutions	967,040	980,998	981,056	11,651,084
Total	2,517,987	2,593,074	2,723,033	30,337,193
Eliminations	(5,346)	(4,574)	(6,200)	(64,410)
Corporate assets	196,200	238,928	179,804	2,363,856
Consolidated total	¥ 2,708,841	¥ 2,827,428	¥ 2,896,637	$ 32,636,639

Other significant items

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Depreciation and amortization:				
Imaging Solutions	¥ 10,104	¥ 21,871	¥ 22,652	$ 121,735
Information Solutions	77,367	99,135	111,832	932,132
Document Solutions	65,790	73,603	77,586	792,651
Total	153,261	194,609	212,070	1,846,518
Corporate	3,833	474	495	46,181
Consolidated total	¥ 157,094	¥ 195,083	¥ 212,565	$ 1,892,699
Capital expenditures for segment assets:				
Imaging Solutions	¥ 8,108	¥ 9,080	¥ 12,253	$ 97,687
Information Solutions	61,821	28,505	59,612	744,831
Document Solutions	19,540	40,309	40,430	235,422
Total	89,469	77,894	112,295	1,077,940
Corporate	463	19	107	5,578
Consolidated total	¥ 89,932	¥ 77,913	¥ 112,402	$ 1,083,518

Transfers between operating segments are generally based on negotiated pricing. Corporate expenses are those expenses related to the Corporate Division of the Company. Corporate assets consist primarily of cash and cash equivalents as well as marketable and investment securities maintained for general corporate purposes. Corporate, in the "Other significant items" in the above table, represents depreciation and amortization or capital expenditures related to facilities and equipment which the Company holds for Company-wide use. The capital expenditures in the above table represent the purchase of fixed assets of each segment.

During the 1st quarter of the current fiscal year, the Company changed its method of allocating certain expenses incurred in the Corporate Division principally basic research, which had previously been allocated to each operating segment but is now charged directly to corporate expense. The Company restated prior year's disclosures, to conform to current year presentation and there was no impact on operating income (loss). Figures for the year ended March 31, 2009 are not restated since it was impracticable.

Geographic Information

Revenue to external customers, which are attributed to geographic areas based on the location of the customers for the years ended March 31, 2011, 2010 and 2009, are as follows:

	Year ended March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Revenue:				
Japan	¥ 1,034,806	¥ 1,059,395	¥ 1,134,192	$ 12,467,542
The Americas	368,213	354,142	447,677	4,436,301
Europe	260,543	268,531	350,548	3,139,072
Asia and others	553,522	499,625	501,927	6,668,940
Consolidated total	¥ 2,217,084	¥ 2,181,693	¥ 2,434,344	$ 26,711,855

Revenue of the Americas is primarily related to operations in the United States of America.

Long-lived assets as of March 31, 2011, 2010 and 2009 are as follows:

	March 31			
	Millions of yen			Thousands of U.S. dollars
	2011	2010	2009	2011
Long-lived assets:				
Japan	¥ 451,158	¥ 490,729	¥ 556,476	$ 5,435,639
The Americas	27,313	25,825	37,733	329,072
Europe	40,331	37,444	54,569	485,916
Asia and others	45,263	47,663	49,228	545,337
Consolidated total	¥ 564,065	¥ 601,661	¥ 698,006	$ 6,795,964

Long-lived assets of the Americas are primarily related to operations in the United States of America.

Major Customers and Other

No single customer of the Company accounted for more than 10% of consolidated revenue for each of the three years in the period ended March 31, 2011.

The Document Solutions subsidiary sold certain copy machines and other equipment to a noncontrolling interest and also purchased certain equipment from the noncontrolling interest, which amounted to ¥180,006 million ($2,168,747 thousand) and ¥12,072 million ($145,446 thousand), ¥151,852 million and ¥12,662 million, and ¥212,265 million and ¥12,321 million for the years ended March 31, 2011, 2010 and 2009, respectively.

In conjunction with a license agreement and other arrangements between the Document Solutions subsidiary and a noncontrolling interest, certain expenses of ¥11,792 million ($142,072 thousand), ¥11,792 million and ¥13,040 million, which primarily relate to royalty and research expenses, were incurred and certain expenses of ¥2,023 million ($24,373 thousand), ¥2,597 million and ¥2,865 million, which primarily relate to research expenses, were reimbursed for the years ended March 31, 2011, 2010 and 2009, respectively. Notes and accounts receivable from the noncontrolling interest as of March 31, 2011 and 2010 were ¥28,601 million ($344,590 thousand) and ¥38,739 million, respectively. Notes and accounts payable to the noncontrolling interest as of March 31, 2011 and 2010 were ¥4,196 million ($50,554 thousand) and ¥4,574 million, respectively.

Report of Independent Auditors

ERNST & YOUNG

ERNST & YOUNG SHINNIHON LLC
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Fax: +81 3 3503 1277

The Board of Directors and Shareholders
FUJIFILM Holdings Corporation

We have audited the accompanying consolidated balance sheets of FUJIFILM Holdings Corporation and subsidiaries (the "Company") as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2011, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FUJIFILM Holdings Corporation and subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States.

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

We also have audited, in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2011 of FUJIFILM Holdings Corporation and subsidiaries, and our report dated June 29, 2011 expressed an unqualified opinion thereon.

June 29, 2011

Ernst & Young ShinNihon LLC

Management's Report on Internal Control Over Financial Reporting

FUJIFILM Holdings Corporation and Subsidiaries

Basic Framework of Internal Control Over Financial Reporting

FUJIFILM Holdings Corporation's Representative Director and President, Shigetaka Komori, fully understands that he is responsible for the design and operation of internal control over financial reporting for the consolidated financial statements of FUJIFILM Holdings Corporation and subsidiaries (the "Company"). The Company has designed and operates internal control over financial reporting in accordance with the basic framework prescribed in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" released by the Business Accounting Council. Internal control over financial reporting is a process that provides reasonable assurance of achieving its objectives as defined in the Council Opinions through the design and implementation of all basic components of internal control and confirming all components are operating effectively as a whole.

However, as internal control has certain inherent limitations, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Scope of Assessment, Assessment Date, and Assessment Procedures

The Company evaluated its internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2011, the assessment date and the fiscal year end of the Company, in accordance with generally accepted assessment standards for internal control in Japan.

Based on the results of the assessment of internal controls that could materially affect the consolidated financial reporting process (company-level controls), the Company selected business processes to be evaluated. After the analysis of these selected business processes, the Company identified key controls that could have a material impact on the reliability of financial reporting, and evaluated the effectiveness of internal control by assessing the design and operation of the key controls.

The scope of assessment of internal control over financial reporting was determined by selecting the Company itself, its consolidated subsidiaries and companies accounted for by the equity-method in consideration of their quantitative and qualitative impacts on financial reporting. The scope of assessment of internal control over business processes was reasonably determined based on the assessment of company-level controls of the Company and its consolidated subsidiaries. Certain consolidated subsidiaries and companies accounted for by the equity-method were excluded from the scope of assessment of the company-level controls since their quantitative and qualitative impacts were judged to be insignificant.

With regard to the scope of assessment of internal control over business processes, 46 locations or business units were determined to be "significant business locations," which consist of the locations or business units in descending order based on sales (after elimination of intercompany sales transactions) for the fiscal year ended March 31, 2010, whose combined sales account for approximately two-thirds of total sales on a consolidated basis for the fiscal year ended March 31, 2010, and certain other locations or business units considering their qualitative significance and regional characteristics. For the selected significant business locations, business processes related to sales, accounts receivable, and inventory were included in the scope of assessment as the aforementioned accounts are closely associated with the Company's business objectives. In addition, for the significant business locations and other group locations or business units, business processes that could result in a misstatement in significant components of the financial statements, business processes relating to significant accounts involving estimates and management's judgment, and business processes relating to businesses or operations dealing with high-risk transactions were added to the scope of assessment as business processes with a significant effect on financial reporting. The Company also ensured that the scope of assessment was adequate based on financial results and business operations for the fiscal year ended March 31, 2011.

Result of Assessment

As the result of the above assessment, the Company has concluded that its internal control over financial reporting for the accompanying consolidated financial statements is effective as of March 31, 2011, the fiscal year end.

Report of Independent Auditors

Ernst & Young ShinNihon LLC
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Fax: +81 3 3503 1277

The Board of Directors and Shareholders
FUJIFILM Holdings Corporation

We have audited the accompanying Management's Report on Internal Control Over Financial Reporting as of March 31, 2011 of FUJIFILM Holdings Corporation and subsidiaries (the "Company") ("Management's Report"). The Company's management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, Management's Report referred to above, which represents that internal control over financial reporting for the consolidated financial statements as of March 31, 2011 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

We also have audited, in accordance with auditing standards generally accepted in the United States and auditing standards generally accepted in Japan, the accompanying consolidated balance sheets of FUJIFILM Holdings Corporation and subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2011, all expressed in Japanese yen, and our report dated June 29, 2011 expressed an unqualified opinion thereon.

June 29, 2011

Ernst & Young ShinNihon LLC

Corporate Information

FUJIFILM Holdings Corporation
7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan Tel: 81-3-6271-1111 URL: http://www.fujifilmholdings.com/

Date of Establishment: January 20, 1934

Capital: ¥40,363 million (as of March 31, 2011)

Fiscal Year-end: March 31

Number of employees: 78,862 (as of March 31, 2011)

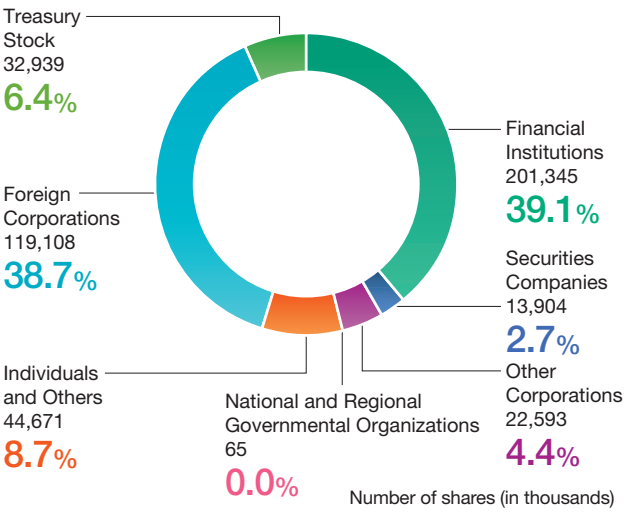
Independent Auditors: Ernst & Young ShinNihon LLC

Stock Exchange Listings: Tokyo, Osaka, Nagoya

Share Registrar:
The Chuo Mitsui Trust and Banking Company, Limited
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Distribution of Shareholders and Shares (As of March 31, 2011)

Number of Shareholders	57,713
Number of Shares Outstanding	514,625,728

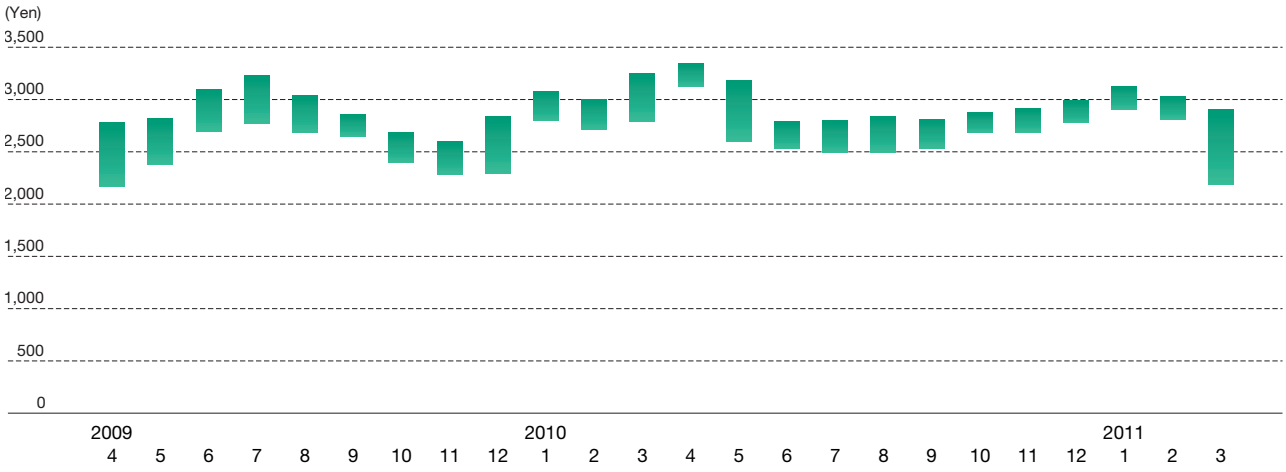


Major Shareholders (As of March 31, 2011)

Name	Percentage of issued shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	7.0
The Master Trust Bank of Japan, Ltd. (trust account)	5.7
Nippon Life Insurance Company	3.9
State Street Bank and Trust Company	3.2
Japan Trustee Services Bank, Ltd. (trust account 9)	2.5
The Chuo Mitsui Trust and Banking Company, Limited	2.2
Sumitomo Mitsui Banking Corporation	2.0
Moxley and Company	2.0
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	1.8
Mitsui Sumitomo Insurance Company, Limited	1.7

Note: In addition to the major shareholders described above, FUJIFILM Holdings Corporation holds treasury stock accounting for 6.4% of the total issued shares outstanding.

Common Share Price (Tokyo Stock Exchange)



Public notices of the Company shall be made available electronically (in Japanese) via its corporate website (http://www.fujifilmholdings.com/). However, in the event that electronic public notices cannot be made due to accident or other unavoidable circumstances, public notices shall be made in the *Nlikkei*.

About the cover photo

"Kirameku Skavla" **photographed by Satoshi Kusachi**
Winner of the Grand Prize in the 50th Fujifilm Photo Contest

FUJIFILM Holdings Corporation

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