

*Annual Report 2000*



*Fujifilm will constantly strive to develop superior technologies  
and to continue creating an imaging and information culture.*

In line with this philosophy and its Imaging & Information (I&I)  
concept, Fujifilm is using leading-edge technologies to make imaging  
communication more enjoyable and beautiful in response to the  
growing imaging communication needs of the IT society.

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# FINANCIAL HIGHLIGHTS

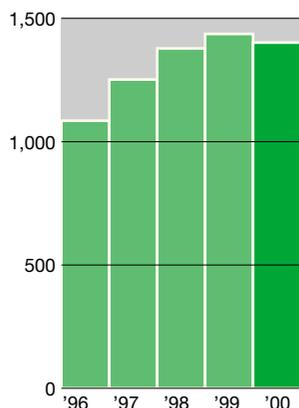
Fuji Photo Film Co., Ltd. and Subsidiaries

	Year ended March 31				Year ended March 31
	2000	1999	1998	1997	2000
	(Millions of yen, except per share figures)				(Thousands of U.S. dollars, except per share figures) (Note 1)
Net sales .....	<b>¥1,401,791</b>	¥1,437,810	¥1,378,061	¥1,252,117	<b>\$13,224,443</b>
Income before income taxes .....	<b>135,308</b>	137,211	162,453	160,320	<b>1,276,491</b>
Net income.....	<b>84,895</b>	71,540	88,825	85,349	<b>800,896</b>
Per share of common stock (¥):					
Net income (Note 2).....	<b>¥ 164.97</b>	¥ 139.02	¥ 172.61	¥ 165.85	<b>\$ 1.56</b>
Cash dividends .....	<b>22.50</b>	22.50	22.50	22.00	<b>0.21</b>
Research and development expenses.....	<b>¥ 81,725</b>	¥ 84,740	¥ 81,043	¥ 75,924	<b>\$ 770,991</b>
Acquisition of fixed assets.....	<b>91,313</b>	115,536	112,800	97,315	<b>861,443</b>
Depreciation .....	<b>82,770</b>	83,377	77,818	73,761	<b>780,849</b>
Total assets at year-end .....	<b>2,151,129</b>	2,119,454	2,131,623	1,985,496	<b>20,293,670</b>
Total shareholders' equity at year-end .....	<b>1,502,514</b>	1,452,519	1,430,494	1,344,931	<b>14,174,660</b>
Number of employees at year-end .....	<b>37,151</b>	37,551	36,580	33,154	

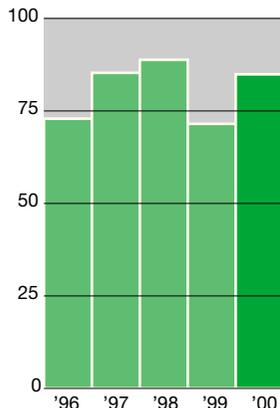
Notes: 1. U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=US\$1, the exchange rate prevailing on March 31, 2000.

2. The computation of net income per share is based on the average number of shares outstanding during each year.

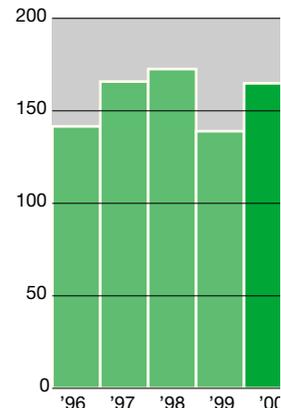
**Net Sales**  
(Billions of yen)



**Net Income**  
(Billions of yen)



**Net Income per Share of Common Stock**  
(Yen)



**BUSINESS RESULTS**

During the fiscal year ended March 31, 2000, the Japanese economy was not able to begin a full-fledged recovery due to the persistent weakness of personal consumption and capital investment in the private sector, although conditions during the first half of the year benefited from the firmness of public investment and housing investment. Overseas, the U.S. economy sustained its robustness, principally owing to domestic demand, and conditions in European economies were generally favorable. Moreover, signs of economic recovery were seen in Asia.

Against this backdrop, Fujifilm launched a variety of new products, systems, and services and endeavored to further develop its dynamic marketing operations and reinforce its service network both in Japan and overseas. As a result, the Company was able to steadily strengthen its performance, particularly in North America and Europe where sales grew considerably. However, as the yen appreciated greatly—by more than 10% relative to the U.S. dollar and European currencies, the yen-denominated value of overseas sales dropped 7.0% compared with the previous fiscal year, to ¥728.4 billion (\$6,872 million). Domestic sales increased 2.9%, to ¥673.3 billion (\$6,352 million). Thus, consolidated net sales for the fiscal year amounted to ¥1,401.7 billion (\$13,224 million), down 2.5%.

Fujifilm strove to enhance its profitability by undertaking efficiency-raising programs throughout its operations, including thoroughgoing measures to reduce business expenses and manufacturing costs. However, because of the impact of yen appreciation, operating income fell to ¥147.9 billion (\$1,396 million), a decrease of 10.5% from the previous fiscal year. On the other hand, the absence of such one-time negative factors as stock evaluation losses seen in the previous fiscal year limited the year-on-year decrease in income before income taxes, which declined 1.4%, to ¥135.3 billion (\$1,276 million). Because of the reduction of Japan's income tax rates and a recovery in equity in net earnings of affiliated companies, net income rose 18.7%, to ¥84.8 billion (\$801 million). Net income per share of common stock was ¥164.97 (\$1.56).

Cash dividends applicable to the year were sustained at ¥22.50 (\$0.21) per share of common stock.

**HEADING TOWARD THE 21ST CENTURY**

Consumer needs are undergoing great changes due to rapid progress in information technology (IT), which is increasing the diversity of users' lifestyles as well as operating environments, systems, and working tempos. In particular, there are rapidly growing imaging information applications as well as needs related to the processing and storage of information with PCs and other electronic equipment and to communication through the Internet and e-mail.

These circumstances are presenting Fujifilm with excellent business opportunities, and the Company is continuing to address endless challenges in the domain its philosophy refers to as I&I. Specifically, we are providing new products, systems, and services that match user needs by drawing on our accumulated base of unparalleled technologies and know-how related to picture making and picture applications, together with new technologies developed in response to the trend of digitization. We are also striving to increase our development and provision of unique materials and components to manufacturers of diverse IT systems and equipment. In this way, Fujifilm aims to be a company that will continue to be trusted by customers worldwide in the 21st century.

In January 2000, Fujifilm introduced its "Total Imaging Solution" concept. The concept calls for increasing the ease of enjoying top-quality pictures by offering new products, systems, and services associated with all picture-related processes—picture taking, picture making, and picture filing—and we have been launching such new offerings one after another.



*Seated from left: Minoru Obnishi, Chairman and Chief Executive Officer Masayuki Muneyuki, Vice Chairman  
Standing: Sbigetaka Komori, President*

By improving and integrating its own silver-halide technologies and digital imaging technologies, Fujifilm is confident that it will be able to increase the enjoyment, convenience, and beauty of communicating through imaging technology and thereby further expand the imaging and information market.

Moreover, Fujifilm has, over many years, developed a broad array of technologies, including technologies for precision thin-layer coatings, highly functional materials, and precision optics. The Company is using these technologies to develop diverse new products, systems, and services for the industrial field. Among these new offerings are numerous products that are the only products of their type in the world. These products are far more advanced than those of other companies, such as WV FILM and other materials with applications related to liquid crystal displays (LCDs) and a variety of high-density data storage media. These new products have won extremely high evaluations in their respective markets, and their sales are continuing to grow rapidly.

Fujifilm is proactively proceeding with the strengthening of its overseas manufacturing network. The Company's factory in Greenwood, South Carolina, in the United States, has undertaken a factorywide program that has involved augmenting its manufacturing capacities for color film and photographic color paper, building a new plant for medical X-ray films, and expanding the factory's distribution center. The Company's factory in Suzhou, in the People's Republic of China (PRC), is continuing to take measures to ensure its capabilities for reliably supplying products and services. During the fiscal year under review, it supplemented its existing facilities for manufacturing digital cameras, instant cameras, and Advanced Photo System (APS) cameras by completing a plant for manufacturing instant films.

## RESPONSE TO ENVIRONMENTAL ISSUES

Viewing the responsibility of environmental protection from a global perspective, Fujifilm is conscientiously implementing various environmental protection measures while placing special emphasis on three objectives—consistently giving due consideration to the natural environment, ensuring safety with regard to chemicals, and preventing the wasteful use of resources.

Fujifilm's fundamental approach in its environmental protection programs is to upgrade Responsible Care systems that allow the Company to autonomously manage its operations in a way that promotes environmental protection and safety. Having already obtained ISO 14001 certification for the environmental management systems of 22 Group facilities in Japan and overseas, we are now reducing the volume of waste products and improving our environmental performance by further increasing the rigor of our chemicals-related environment and safety management system as well as our system for the preparation and use of Material Safety Data Sheet (MSDS).

In accordance with its ideal of making environmental protection an integral basis of all its corporate activities, Fujifilm intends to make still greater efforts to protect the environment in the future.

## THE YEAR AHEAD

While it is very difficult to predict such conditions in Fujifilm's operating environment as prospective yen-related currency exchange rate trends and other important factors, we are intent on proactively and expeditiously concentrating all the Group's resources—including technological, marketing, financial, and other capabilities—so that we can respond to rapid social and economic changes stemming from IT; develop and introduce products, systems, and services ahead of other companies; and expand our business scale and scope worldwide. We are also undertaking numerous restructuring and cost-reduction reforms designed to further boost the Company's efficiency.

On June 29, 2000, Masayuki Muneyuki assumed the post of Vice Chairman, and Shigetaka Komori was appointed President.

In closing, we would like to express our sincere appreciation for all the day-to-day cooperation we have received from shareholders, customers, and business partners. We hope for your continued support and encouragement.

July 2000



Minoru Ohnishi  
Chairman and Chief Executive Officer



Masayuki Muneyuki  
Vice Chairman



Shigetaka Komori  
President



*Hoofddorp, the Netherlands Photographed by Toshibobu Takeuchi*

# Total Imaging Solution

Advances in IT are progressively expanding the world of imaging. For example, a growing number of people now enjoy processing digital images with PCs and sending them out in e-mail or via mobile phones. By integrating silver-halide technology with digital imaging technology, Fujifilm has been able to supply a variety of imaging products, systems, and services that can provide greater enjoyment, convenience, and beauty. We are expanding a new world of imaging communications through our “Picture the Future” concept.

## “Total Imaging Solution” Created through the Integration of Fujifilm’s Imaging and Information Technologies

As digital products and services have penetrated deeply into people’s lives, society has entered an era of interactive communications—an era in which people can immediately obtain diverse information and can also easily process and retransmit that information. And peoples’ lifestyles are greatly changing.

Having anticipated this trend from an early date, Fujifilm has been a pioneer in proposing the “Total Imaging Solution”, which creates a world of imaging communication comprehending new materials, products, and software as well as new systems and services using digital, network, and other technologies. It has thereby fostered the emergence of a whole new world of imaging communication. The Company is proactively pursuing the development of total imaging solutions that meet people’s needs and enable them to make

images more enjoyable, convenient, and beautiful.

Over many years, Fujifilm has accumulated expertise in materials, hardware, image processing, and other technologies for all principal imaging fields—picture taking (image capturing, inputting, and recording), picture making (printing, editing, manipulating, and transmissions), and picture filing (storing, retrieving, and utilizing). We are continuing to integrate and elicit the functional potentials of those technologies and have been quick to make use of digital imaging and network technologies so that we can provide high quality imaging solutions.

Fujifilm’s “Total Imaging Solution” involves the provision of services that overcome obstacles to the satisfaction of various customer needs everywhere. For instance, customers are seeking to enhance the beauty of photographs taken with silver-halide film through a digital process. Customers also want to be able to go to a photo shop to order prints of

digital photographs taken during a trip and then pick the prints up at another photo shop near their homes on their way home. We are expanding our capabilities for supplying services via the Internet, processing laboratories, photo shops, and other means so that customers can easily, conveniently, and enjoyably avail themselves of those services whether they remain at home or visit one of those facilities.

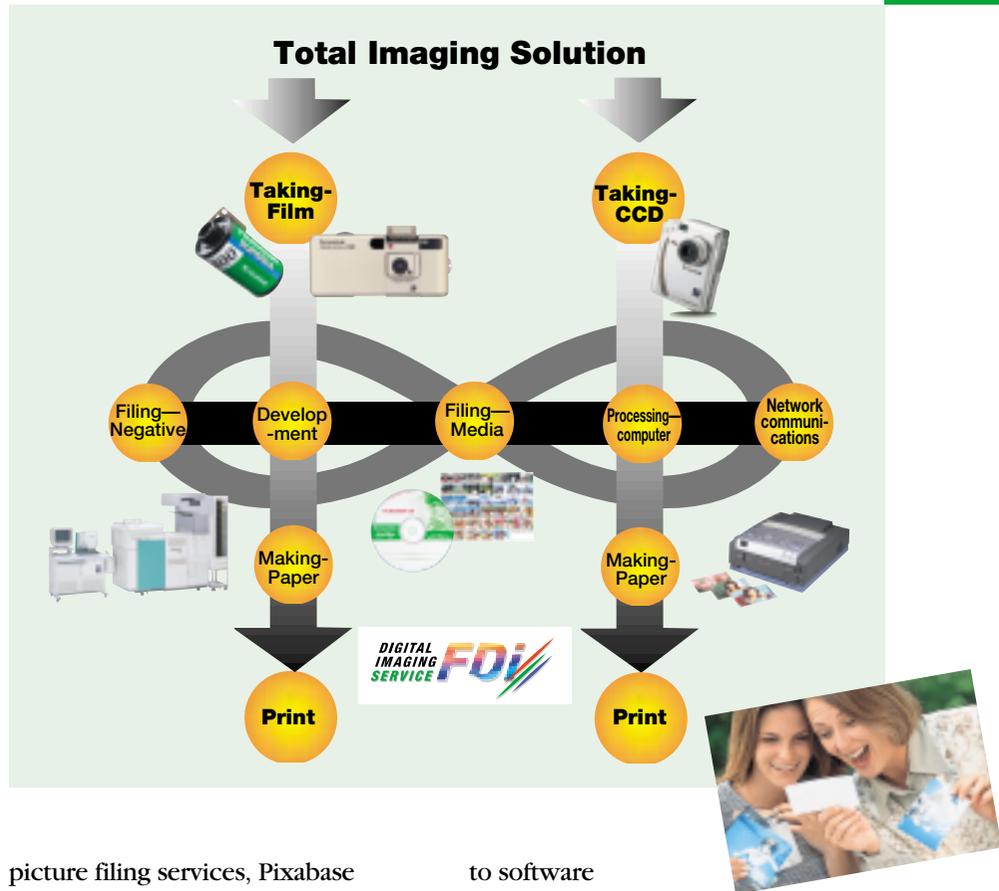
## Principal Products and Services Associated with “Total Imaging Solution”

Fujifilm provides products, systems, and services that support the “Total Imaging Solution” by using its unparalleled technologies—such as those for imaging system design and evaluation, precision thin-layer coatings, highly functional materials, and precision optics—in combination with such digital technologies as those associated with electronic devices, high-packaging-density mounting, and high-performance software.

Regarding picture taking, Fujifilm provides functional products that feature superior image quality and functionality. These include color films and QuickSnap one-time-use recyclable cameras that employ 4th Color Layer Technology and FINE  $\Sigma$  (FINE SIGMA) improved graininess technology, compact and easy-to-use APS cameras, and FinePix digital cameras that incorporate Super CCD. We are continually improving these technologies and products.

With respect to picture making, Fujifilm has created the Digital Minilab Frontier system line that employs digital-imaging processing technology and an advanced scanning exposure technology based on the world's first solid state blue and green lasers to generate ultrahigh-quality color prints. The Company has further improved services of the FRONTIER JOY on-site print order receiving system as well as services that enable customers to easily make their own prints of digital images from digital cameras and other sources using the Aladdin Digicam Picture Center placed at photo shops. Plans call for developing additional products and services designed with emphasis on customers' perspectives.

In the field of picture filing, Fujifilm is upgrading its offerings day by day with the launch of Internet-based



picture filing services, Pixabase shared image database software, FUJICOLOR CD service for supplying color prints in addition to digitized photograph files on recordable compact discs (CD-Rs), and other services.

Since 1997, Fujifilm has expanded and upgraded its FDI services by equipping a growing number of photo shops with the Digital Minilab Frontier and the Aladdin Digicam Picture Center just described as well as introducing such services as those for printing Internet contents. Using "Print@FUJICOLOR," which is operated worldwide with a unified name and logo, Fujifilm allows households to upload digital photographs from the Internet and have the photographs printed or made into postcards. In addition to directly providing services over the Internet, the Company is providing print-ordering software

to software vendors and other companies, thus reinforcing the message "FUJICOLOR is on the Internet too."

As society becomes increasingly IT-oriented during the 21st century, Fujifilm intends to develop the products and services needed for solutions that satisfy customers' needs in imaging fields. In this way, the Company is aiming to continue fulfilling its mission of enriching people's lives by increasing the enjoyment and convenience of imaging.

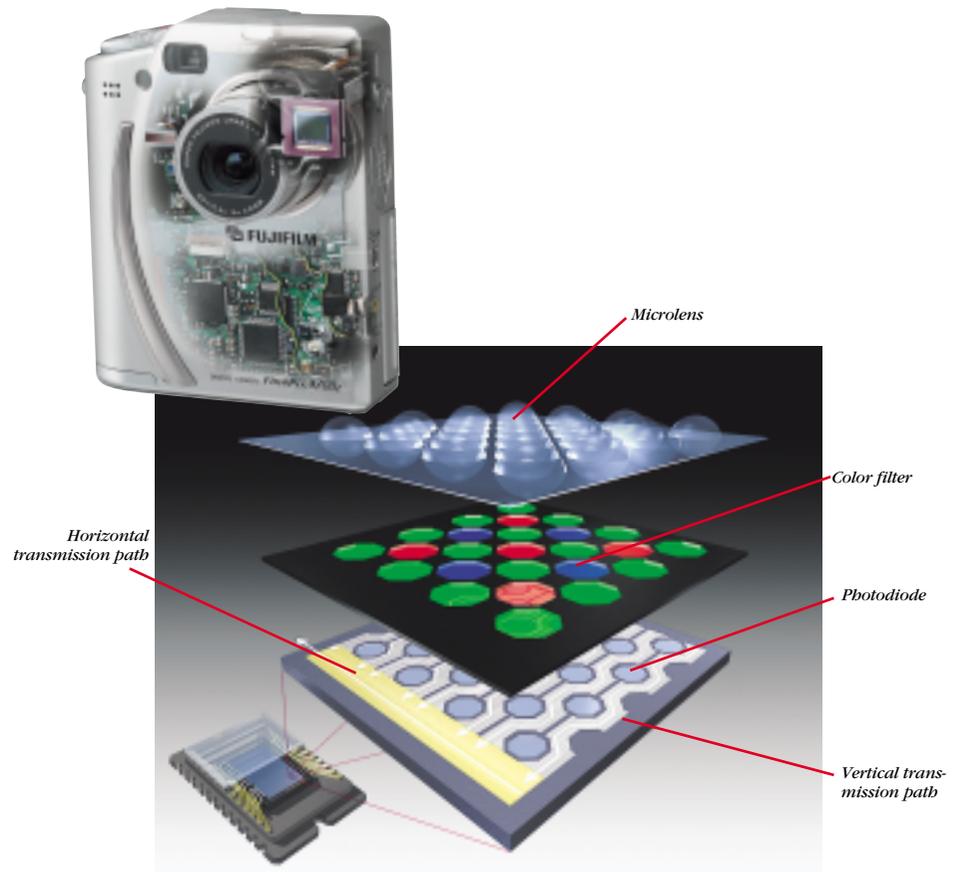
# New Technology

In many of its product fields, Fujifilm is striving to develop products that emulate as closely as possible the way in which humans perceive light. The Company's chief Research and Development (R&D) fields are the capturing of light as images and the recording and reproduction of those images. While R&D in those fields requires an extremely high level of technological capabilities, we are eager to continue overcoming the challenges of creating improved digital imaging fields.

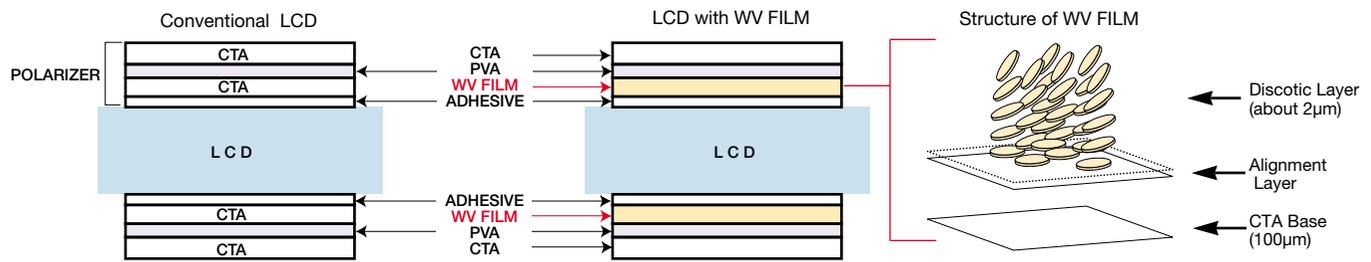
## Realizing Ultrahigh-Quality Digital Images with Super CCD

In the rapidly expanding digital camera market, Fujifilm has launched a diverse range of distinctive products including super-megapixel cameras with more than two million pixels, easy-to-operate megapixel cameras, cameras with integral printers, and relatively low-priced cameras. In response to demand for top-quality images, the Company has used its unparalleled technologies to develop the Super CCD. It has incorporated the Super CCD in such newly marketed products as the FinePix4700 ZOOM and the FinePix S1 Pro, an SLR-type digital camera that uses exchangeable lenses.

Using unparalleled technologies based on charge-coupled device (CCD) technology previously developed for the FinePix line of digital cameras, Fujifilm has created the Super CCD, which is the world's first CCD to feature octagonal-shaped photodiodes and pixels situated at 45-degree angles. The Super CCD's new shape and pattern allow it to surpass the performance limits of



Structure of the Super CCD



CTA: cellulose triacetate PVA: polyvinyl alcohol

conventional CCDs. Because the photodiodes located in each pixel are octagonal and have the same vertical and horizontal dimensions, they have a larger light-sensing surface area. They thus offer considerably higher light-collecting efficiency, more sensitivity, a wider dynamic range, and a higher signal/noise ratio than conventional CCDs, and these advantages make it possible to realize ultrahigh-quality digital images. Moreover, the Super CCD's pixel arrangement is better suited to the energy distribution of image data in nature as well as to the idiosyncrasies of human vision. Compared with conventional CCDs with the same number of pixels, the Super CCD has smaller pitches between pixels on both vertical and horizontal axes and therefore offers higher image resolution on each axis.

Applying its Super CCD technology, Fujifilm is working to achieve epochal improvements in digital camera performance. We are also exploring the potential for applying the technology in totally new fields.

### Ultrahigh Technology in WV FILM—Enhancing the Viewing Angle of LCDs

Liquid crystal displays (LCDs) initially became popular as displays for watches and pocket calculators, and

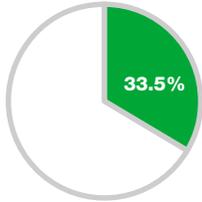
the use of LCDs in computer and television displays has grown considerably. In 1996, Fujifilm began marketing an innovative optical film that greatly improves the performance of thin-film transistor (TFT) LCDs. The principal weak point of TFT LCDs is their narrow viewing-angle latitudes, but this range can be greatly broadened through the use of Fujifilm's WV FILM. After the films are affixed to the polarizer of a TFT LCD, the viewing angle of the LCD is greatly improved when the LCD is viewed from below and above, the left and right, and the four intermediate viewing points between those perspectives. The films thus enable LCD makers to manufacture products with wider viewing-angle latitudes without making new capital investments for manufacturing equipment.

At first glance, WV FILM has the same appearance as ordinary plastic film but it is actually epochal film produced by creating two-micron-thick plastic layers containing thousands of precisely positioned discoid chemical compounds while changing the compounds' orientation on each successive layer. The orientation is controlled through the action of compounds within the application medium, which are created from a discotic liquid crystal base material.

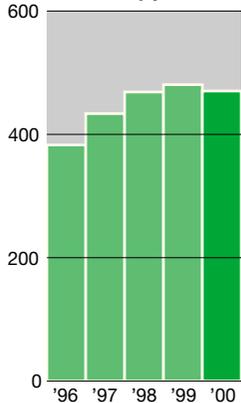
By persevering with a number of R&D programs, Fujifilm has succeeded in creating sophisticated technology for controlling environmental conditions immediately after a given layer is applied and thereby causing the randomly oriented compounds to assume the optimal angle of orientation. Previously, the superimposition of multiple layers of compounds with precisely modulated orientations required highly advanced manufacturing technologies, but Fujifilm has been able to perform this feat by employing its sophisticated compounding, flow-casting, and thin-membrane application technologies to create the ultrahigh-tech material WV FILM.

While other methods for broadening viewing-angle latitudes have been proposed, WV FILM offers superior performance, requires no capital investments, and can be used with LCDs of any size. In view of these advantages, WV FILM has attracted keen attention worldwide and is expected to be in rapidly increasing demand for use with LCDs for car navigation systems, video cameras, PCs, next-generation televisions, and other applications.

Share of Consolidated Net Sales (%)



Net Sales of Imaging Systems (Billions of yen)



# Imaging Systems

The imaging systems segment includes business related to photographic equipment and materials, motion picture films, digital cameras, and videotapes. Segment sales during the fiscal year under review amounted to ¥470.3 billion, down 2.1% from the previous year. Some of the Company's new products and principal existing products in this segment are described as follows.

## Photographic Films

Fujifilm launched several new color films that feature the Company's proprietary 4th Color Layer Technology—the only such technology in the world. These new products, which offer exceptionally vivid and faithful color reproduction, include the FUJICOLOR SUPERIA series of 35mm films and the FUJICOLOR NEXIA series of APS films.

This 4th Color Layer Technology was also applied to the professional film, FUJICOLOR PRO 400, in the domestic market. The supreme quality has been highly appreciated by users. We have also begun supplying, on a worldwide basis, FUJICHROME PROVIA 100F within the FUJICHROME PROVIA series of color reversal films, which have the finest grain.

The Company's QuickSnap one-time-use recyclable cameras were well accepted and are now in increasing demand, particularly overseas.

## Motion Picture Films

We expanded our SUPER F series of fine-grain color negative motion picture films with the launch of SUPER F-400. Fujifilm is responding to increasingly diverse and sophisticated motion picture film needs by further widening and strengthening its product lines, and this has enabled the Company to broaden its support of movie creators.

## Cameras

To meet a wider array of user needs, Fujifilm has expanded the NEXIA line of APS cameras. The line now includes seven products, ranging from the NEXIA 3100ix Z, which has a 3x zoom lens, to models with fixed lenses. Fujifilm uses the NEXIA brand name for APS cameras as well as for APS films, emphasizing the fact that the Company offers a comprehensive range of APS products.

In the field of instant photography, Fujifilm began marketing the Instax 500AF, which features a highly precise autofocus function. The Company has strengthened the Instax lineup through this move and the recent launch of the Instax mini 10, which has a compact body, and the Instax 100, which supplies attractive wide format photographs. These popular products have also helped promote popularity and acceptance of instant cameras' special capabilities—as communications tools for quickly providing fun photographs, as convenient memo tools for the casual creation of photographic records, and as business



FUJICOLOR SUPERIA 400

FUJICOLOR NEXIA H400



NEXIA 3100ix Z

tools for expeditiously supplying necessary photographs.

### Digital Cameras

The world's first CCD of its type, Fujifilm's Super CCD offers considerably higher resolution, a wider dynamic range, a higher signal/noise ratio, and higher sensitivity than conventional CCDs. The Company has recently begun marketing the FinePix4700 ZOOM digital camera, which incorporates a 2.4-million-pixel Super CCD that realizes high-resolution image files with 4.3 million pixels. We recently announced the FinePix S1 Pro, which is an SLR-type digital camera that uses exchangeable lenses. It has a 3.4-million-pixel Super CCD and can generate incredibly high-resolution image files with up to 6.1 million pixels. We also began

domestic marketing of the FinePix PR21, the world's first digital camera with an integral printer, which utilizes an integrated combination of technologies from digital and instant cameras. Thus, the Company is steadily strengthening its digital camera lineup and pioneering the development of the digital camera market.

### Videotapes

In broadcast-use videotapes, Fujifilm expanded its DVCPRO high-quality, compact digital videotape series with the addition of tapes able to cover longer time periods. The line has come into increasingly wide use in applications such as broadcasting, news reporting, and feature video production, and its market share has risen accordingly.



FinePix1400 ZOOM



FinePix S1 Pro

## Photofinishing Systems

Products in the photofinishing systems segment include photofinishing and digital-imaging materials, chemicals, equipment, and services. Segment sales during the fiscal year under review amounted to ¥345.5 billion, down 6.4% from the previous fiscal year. Recently launched products in the photofinishing systems segment are described as follows.

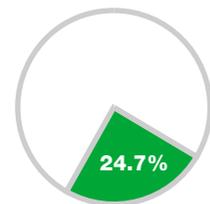
### Photofinishing Equipment and Services

To respond to the rise in imaging communication needs that has accompanied the growing use of digital imaging technologies, Fujifilm

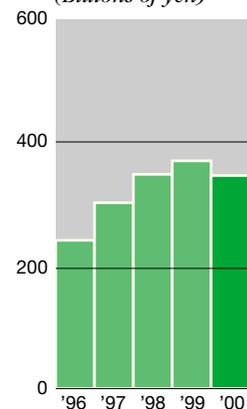
has worked to offer its "Total Imaging Solution", which enables customers to benefit from the new products, systems, and services that the Company has developed in the field of digital imaging based on its unique technologies.

We have begun the full-scale introduction of the Digital Minilab Frontier 350 and 370, which are able to create prints of unprecedented high quality from film as well as from such digital image data as that created with digital cameras and processed with PCs. The Digital Minilab Frontier 350 and 370 have been extremely highly evaluated by customers.

Share of Consolidated Net Sales (%)



Net Sales of Photofinishing Systems (Billions of yen)





Digital Minilab Frontier 370



Digital Photo Printer NX-500

Fujifilm has also begun marketing innovative products that allow consumers themselves to produce excellent quality prints of their digital images. These include the NX series of home use digital photo printers, which employ a high-image-quality Thermo-Autochrome (TA) printing system. Another example of such products is seen in the Aladdin Digicam Picture Center, which is installed at photo shops and other locations to allow individual customers to quickly create top-quality prints on a self-service basis.

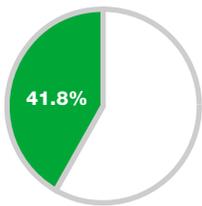
The recently announced FUJICOLOR CD service produces prints from films and, in addition, digitizes images and records them on CD-Rs. This service enables customers to enjoy photographs taken with compact cameras, conventional SLR cameras, or one-time-use cameras

in additional ways. Employing PCs, for example, customers can adjust digitized images, send them attached to e-mails, and organize and store them in digital albums.

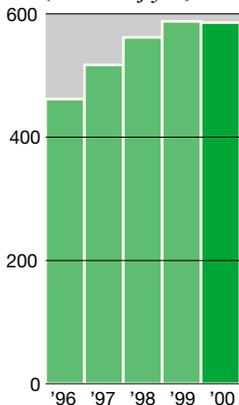
The Company has expanded the content of its FDi Service and upgraded the supporting infrastructure. This service allows customers to order photos and enjoy other services via the Internet and has increased at an accelerating rate.

Fujifilm has used digital technologies to further increase the appeal of silver-halide photography by making it more convenient and enjoyable and the Company intends to continue to broaden the world of imaging in this way. In addition, we are planning measures to boost our net sales by further expanding and strengthening our marketing and photofinishing shop networks.

Share of Consolidated Net Sales (%)



Net Sales of Information Systems (Billions of yen)



## Information Systems

Products in the information systems segment include materials and equipment for graphic arts, medical and office systems, as well as materials for LCD panels and data media. During the fiscal year under review, segment sales edged down 0.3%, to ¥585.9 billion. Recently launched products in the information systems segment are described as follows.

### Graphic Systems

Against the backdrop of the increasing use of digital technologies, Fujifilm launched its extremely popular Luxel IMAGESETTER F-9000, which employs an ultrafast multi-laser recording system and can thus considerably boost productivity. The Company is also proactively expanding its presence in the field

of computer-to-plate (CTP) systems that use computer data to create printing plates without an intermediate film-outputting stage. We have recently started marketing the Luxel PLATESETTER T-9000CTP, which offers both top quality and high productivity.

With regard to CTP plates, Fujifilm is meeting commercial and newspaper printing needs with two product lines highly evaluated by users, the LP-NS and LP-NN series of photopolymer plates and the LH-PI and LH-NI series of thermal plates.

### Medical Imaging

Amid intensifying competition, Fujifilm has worked to increase its sales of Fuji Computed Radiography (FCR) digital X-ray diagnosis systems by presenting a rich array of product lineups that outpace the competitors. The flagship FCR5000 and 5000R have been supplemented by the FCR5501D and 5502D, which incorporate dual-side-reading technology to realize top image quality. The Company recently launched the FM-DP L Dry Laser Imager, which does not require any water or processing solution. The product and the new Dry Imaging Film have both been highly rated by users.

### LCD Materials

The stable strength of demand for notebook PCs throughout the fiscal year and the rapid growth of the market for LCD monitors combined to greatly boost demand for the Company's FUJITAC polarized films and revolutionary WV FILM and TRANSER. To meet this demand growth, we have begun an ambitious capital investment program in this field.

### Data Media

Fujifilm's exclusive Advanced Super-Thin-Layer and High-Output Metal Media (ATOMM) technology has enabled the manufacture of diverse new products. The surging volume of computer-processed data is increasing the need for recording media that can store large amounts of data and also access that data quickly. In response, the Company has worked to expand sales of its DDS and DLTtape™\* lines. During the fiscal year under review, Fujifilm became the first company to launch a DDS4 product, and that product has been enthusiastically received in the market.

\*DLTtape™ is a registered trademark of Quantum Corporation of the United States.



Luxel IMAGESETTER F-9000



Fuji Computed Radiography FCR5501D



Data Cartridge DDS4

Everywhere in the world that it operates, Fujifilm has a fundamental policy of strongly emphasizing harmony with local communities and promoting localized business activities. The Company has R&D, manufacturing, marketing, and service facilities throughout the world, and it is endeavoring to implement marketing programs that are increasingly well tailored to the needs of customers in individual regions. As a result of these and other activities, Fujifilm is making a significant contribution to the socioeconomic development of each region in which it has a presence.

# Japan

Fujifilm maintains a high profile as a leading sponsor of major international sporting events. Having been an official sponsor of all FIFA World Cups since 1982, the Company has decided to become a sponsor of FIFA World Cup 2002. To be held in Japan and Korea, FIFA World Cup 2002 will be the first FIFA World Cup of the 21st century and the first FIFA World Cup in Asia.

Fujifilm has also chosen to sponsor Tokyo DisneySea and Universal Studios Japan, which will be among the large theme parks in Japan upon their completion. Through those theme parks, the Company intends to highlight the enjoyment, convenience, and beauty of visual images and thereby help culturally enrich society.

At the Odawara Factory, Fujifilm has undertaken capital investment programs that will greatly increase production capacity for WV FILM, creating manufacturing systems able to respond to the burgeoning demand associated with notebook PCs, LCD monitors, and large-screen LCD televisions. At the Ashigara Factory, the Company has begun constructing a new manufacturing line for TAC films that will boost production capacity 150%. Our farsighted capital-investment strategy will create the manufacturing capacity required to satisfy future growth in demand for many of our products.

Fujifilm is actively campaigning to protect the environment. One noteworthy example of the Company's advanced environment-friendly technologies is the QuickSnap Inverse Manufacturing Factory that began operating in November 1998. This factory has won kudos from observers in Japan and overseas in view of its integration of



manufacturing and reuse/recycling processes. A study has confirmed that the Fujifilm recycling program has greatly reduced carbon dioxide emissions associated with the manufacturing of QuickSnap one-time-use recyclable cameras. With regard to photographic processing solutions, we have posted a Material Safety Data Sheet (MSDS) at our Web site to provide information for promoting the safe and environment-friendly use of those solutions.



# The Americas

The Greenwood, South Carolina, U.S.A., factory began coating DLTape™IV computer data storage tape during the fiscal year under review. This move has upgraded Fujifilm's systems for promptly responding to growing demand for DLTape™ products. In February 2000, the Greenwood Factory began programs to augment manufacturing capacity for color film and color paper as well as to establish Fujifilm's first overseas plant for medical X-ray films. As another means of ensuring prompt product deliveries, we are expanding our distribution center.

Fujifilm has continued to actively participate in Photo Marketing Association (PMA) trade shows—the photography industry's largest trade shows in the United States. At PMA 2000, in Las Vegas, the Company organized its exhibit area under the theme "Get the Picture with Fujifilm" and announced diverse new products, systems, and services that offer "Total Imaging Solution".



# Europe

On the occasion of the European launch of the NEW SUPERIA series and NEW NEXIA series, which feature Fujifilm's exclusive 4th Color Layer Technology, the Company began a promotional campaign centered on the well-known comic character Mr. Bean. We are also sustaining our tradition of active marketing and



promotion programs involving sponsorship for numerous sporting events, such as the UEFA EURO 2000 European football championship, the World Figure Skating Championships, and the French Open tennis tournament.

In May 2000, Fujifilm was conspicuously present at the DRUPA 2000 exhibition—the largest printing industry exhibition in the world—which was held in Düsseldorf, Germany. The Company's booth had the theme "Fujifilm Leads the Way." Products offering total printing solutions were on display at the booth, including films, presensitized plates and other media, scanners, CTP equipment, and such electronic imaging units as proofers. These products stimulated a large number of business discussions.

Fujifilm has agreed with Nokia Corporation of Finland to cooperate in developing Bluetooth technology, which is a new wireless technology. Both Fujifilm and Nokia showed their first Bluetooth prototypes at CeBIT 2000, the world's largest office and information technology fair. The Company is continuing to cooperate closely with Nokia, aiming to integrate its digital-image processing technologies with Nokia's mobile communications technologies for applications associated with the digital-image services expected to be created in Europe.



*Instant film plant in Suzhou*



# Asia and Others

The factory in Suzhou, Jiangsu, the PRC, manufactures APS cameras, digital cameras, and other imaging equipment. In November 1999, that factory was expanded with the completion of a manufacturing plant for instant films. The new plant has significantly boosted Fujifilm's production capacity for instant films, and the Company is working to leverage that capacity to ensure steady supplies of products and improve the quality of related services.

To further raise its profile in the PRC, Fujifilm has taken various marketing measures, including installing a large neon sign in Beijing's Wang Fu Jing Street and sponsoring a Chinese football league.

In September 2000, when the Olympic games are held in Sydney, Australia, Fujifilm will support accredited photographers by providing a fast, high-quality processing service. The Company is also maintaining a prominent presence in Oceania as the official supplier to such other events as the annual Australian Open tennis tournament and the America's Cup yacht race in New Zealand.

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**Operating Environment**

During the fiscal year ended March 31, 2000, the Japanese economy showed some signs of recovery in response to the government's economic policies but the weakness of personal consumption and capital investment in the private sector prevented the start of a full-scale recovery. Overseas, the U.S. economy sustained strong growth driven primarily by domestic demand, and conditions in European economies were generally favorable. Moreover, signs of economic recovery were seen in Asia.

Amid this environment, Fujifilm launched a variety of new products, systems, and services and endeavored to further develop its dynamic marketing operations and reinforce its service network both in Japan and overseas.

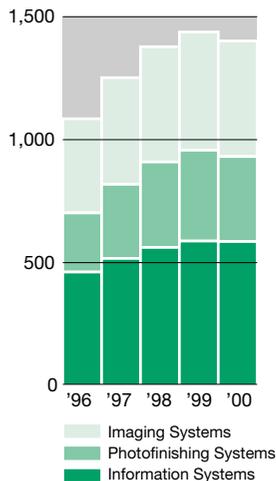
**Sales Performance**

The Company's consolidated net sales for the fiscal year amounted to ¥1,401.7 billion (\$13,224 million), down 2.5% from the previous fiscal year. Operating results in North America and Europe were extremely positive, and the value of local sales in those regions grew strongly. During the year, however, the yen appreciated approximately 13% against the dollar and more than 18% against the deutsche mark, causing the yen-denominated value of overseas sales to drop 7.0% compared with the previous fiscal year, to ¥728.4 billion (\$6,872 million). As a result, overseas sales accounted for 52.0% of the Company's net sales. Owing to such factors as the introduction of new products, domestic sales increased 2.9%, to ¥673.3 billion (\$6,352 million).

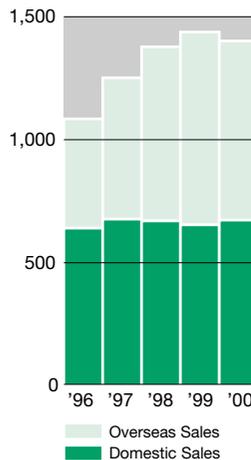
Imaging Systems segment sales were down 2.1%, to ¥470.3 billion (\$4,437 million), or 33.5% of net sales. Despite the strength of digital camera sales, segment sales were depressed by the considerable appreciation of the yen.

In the Photofinishing Systems segment, sales decreased 6.4%, to ¥345.5 billion (\$3,260 million), or 24.7% of net sales. Although sales of the Digital Minilab Frontier 350 and 370 and other related products were strong, segment sales were depressed by the appreciation of the yen.

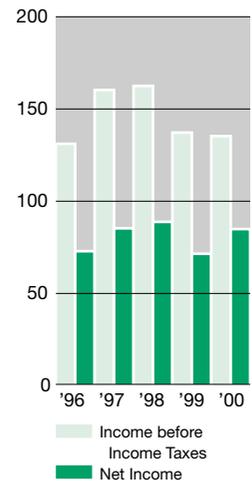
**Net Sales by Product Category**  
(Billions of yen)



**Domestic and Overseas Sales**  
(Billions of yen)



**Income before Income Taxes and Net Income**  
(Billions of yen)



Sales in the Information Systems segment edged down 0.3%, to ¥585.9 billion (\$5,528 million), or 41.8% of net sales. Despite the effects of the appreciation of the yen, segment sales were maintained at approximately the same level as in the previous year due to the strength of sales of LCD materials and data media.

## Costs, Expenses, and Earnings

As the cost of sales decreased 0.7%, to ¥774.7 billion (\$7,309 million), gross profit amounted to ¥627.0 billion (\$5,915 million), down 4.7%. Accordingly, the gross margin ratio fell 1.1 percentage points, to 44.7%.

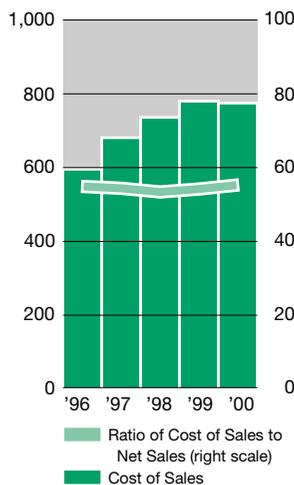
Selling, general and administrative (SG&A) expenses declined 2.5%, to ¥397.3 billion (\$3,749 million), and the ratio of SG&A expenses to net sales was 28.3%, approximately unchanged from the previous fiscal year. Research and development (R&D) expenses totaled ¥81.7 billion (\$771 million), down 3.6%. The ratio of R&D expenses to net sales edged down 0.1 percentage point, to 5.8%, and the maintenance of this high ratio reflected the Company's firm commitment to R&D.

As a result, operating income fell to ¥147.9 billion (\$1,396 million), a decrease of 10.5% from the previous fiscal year. This level corresponded to 10.6% of net sales, down 0.9 percentage point, and the drop primarily reflected the previously mentioned impact of yen appreciation on net sales.

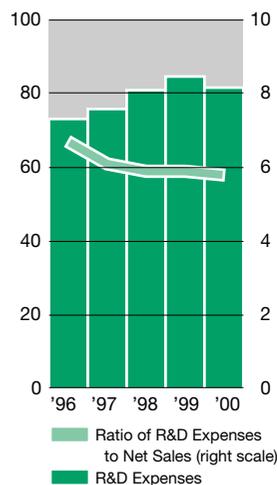
Net other expenses totaled ¥7.6 billion (\$72 million), or about half the level in the previous fiscal year. This drop reflected the absence of one-time negative factors that affected performance in the previous year, such as a net exchange loss due to the devaluation of the Brazilian real as well as evaluation losses on marketable securities.

Income before income taxes edged down 1.4%, to ¥135.3 billion (\$1,276 million). However, reflecting the reduction of Japan's income tax rates and a recovery in equity in net earnings of affiliated companies, net income rose 18.7%, to ¥84.8 billion (\$801 million).

**Cost of Sales and Ratio of Cost of Sales to Net Sales**  
(Billions of yen, %)



**R&D Expenses and Ratio of R&D Expenses to Net Sales**  
(Billions of yen, %)



**Return on Equity and Return on Net Sales (%)**



Net income per share of common stock was ¥164.97 (\$1.56), up ¥25.95 from the previous year. Year-end cash dividends were declared at ¥11.25 (\$0.11) per share of common stock, bringing the total dividend for the year to ¥22.50 (\$0.21) per share of common stock. The dividend payout ratio was 13.6%.

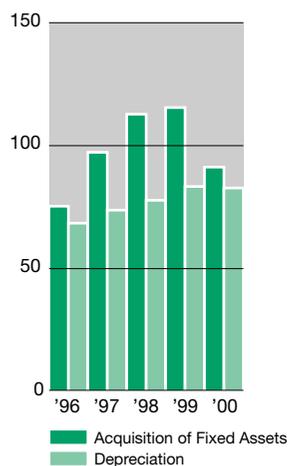
	Year ended March 31, 2000	Year ended March 31, 1999	Year ended March 31, 1998
(Millions of yen)			
<b>Imaging systems</b>			
Sales	¥470,324	¥480,594	¥468,746
Operating expenses	431,863	434,575	417,237
Operating income	38,461	46,019	51,509
Operating margin (%)	8.2%	9.6%	11.0%
<b>Photofinishing systems</b>			
Sales	¥345,542	¥369,291	¥347,384
Operating expenses	318,646	338,720	315,152
Operating income	26,896	30,571	32,232
Operating margin (%)	7.8%	8.3%	9.3%
<b>Information systems</b>			
Sales	¥585,925	¥587,925	¥561,931
Operating expenses	503,347	499,181	469,972
Operating income	82,578	88,744	91,959
Operating margin (%)	14.1%	15.1%	16.4%

## Liquidity and Financial Position

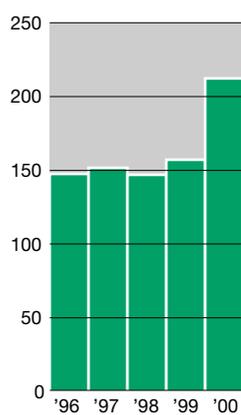
Fujifilm's cash and cash equivalents at fiscal year-end amounted to ¥656.7 billion (\$6,196 million), up ¥74.1 billion from the previous fiscal year. Working capital totaled ¥872.6 billion (\$8,233 million), up from ¥833.5 billion. The current ratio was 2.82, compared with 2.87 at the end of the previous year.

Net cash provided by operating activities was ¥212.3 billion (\$2,003 million), reflecting an increase in net income, from ¥71.5 billion to ¥84.8 billion, and cash inflows due to rises in

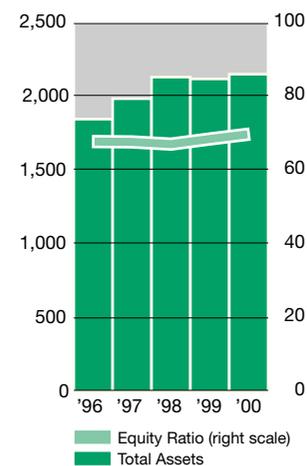
**Acquisition of Fixed Assets and Depreciation**  
(Billions of yen)



**Net Cash Provided by Operating Activities**  
(Billions of yen)



**Total Assets and Equity Ratio**  
(Billions of yen, %)



trade notes and accounts payable and in deferred income taxes. Net cash used in investing activities was ¥107.8 billion (\$1,018 million), reflecting a lower level of cash outflow due to payments for purchases of property, plant and equipment. Payments for purchases of marketable and investment securities were roughly offset by proceeds from sales and maturities of marketable and investment securities. Net cash used in financing activities was ¥24.8 billion (\$235 million).

At year-end, total shareholders' equity was ¥1,502.5 billion (\$14,175 million), up 3.4%. Total assets were ¥2,151.1 billion (\$20,294 million), up 1.5%. The equity ratio increased 1.3 percentage points, from 68.5% to 69.8%.

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**Market Risk Management**

The global nature of Fujifilm's business means that it is exposed to the impact of interest rate changes and foreign exchange fluctuations. The Company uses derivatives to hedge these risks but does not hold or issue derivatives for trading purposes.

Fujifilm undertakes interest rate swap, cross currency interest rate swap, and forward currency exchange contracts to hedge risk and reduce the cost of borrowings. In most cases, these instruments are incorporated into loan transactions, meaning that the execution and maturity dates are the same as for the loans themselves.

To hedge its foreign currency denominated assets and liabilities against the impact of foreign exchange fluctuations, Fujifilm undertakes forward currency exchange and currency swap contracts, the majority of which mature within six months. Deferred exchange losses or gains on the principal or contract amount of foreign exchange contracts undertaken to hedge sales transactions denominated in other currencies are monetarily not material.

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**Environmental Issues**

Expenditures required to cope effectively with future environmental issues are difficult to project accurately because such expenditures are likely to be affected by laws and technologies not yet in existence. At present, Fujifilm does not expect environmental issues to have any material effect on its financial condition, financial results, or cash flow, nor does it expect to incur any additional expenses related to such issues in the future.

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**Effects of the Year 2000 Issue**

Fujifilm responded through the activities of that task team to the Y2K issue, which did not eventuate in any material obstruction of the Company's business operations.

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**Forward-Looking Statements**

This document contains forward-looking statements. Where any such forward-looking statement includes a statement of the assumptions or bases underlying such a forward-looking statement, Fujifilm cautions that assumed facts or bases almost always vary from the actual results and that differences between assumed facts or bases and actual results can be material, depending on the circumstances. Where, in any forward-looking statement, Fujifilm or its management expresses an expectation or belief as to future results, there can be no guaranty or assurance that the statement of expectation or belief will result or be achieved or accomplished. The words "forecast," "project," "believe," "expect," "estimate," "anticipate," and similar expressions may identify forward-looking statements.

Taking into account the foregoing, the following are identified as important factors, risks, or uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, Fujifilm: competitive factors, including without limitation, pricing, implementation of Fujifilm's product strategies, and economic trends in important markets worldwide.

Fujifilm assumes no obligation to update its forward-looking statements or to advise of any changes in the assumptions and factors on which they are based.

# TEN-YEAR SUMMARY

Fuji Photo Film Co., Ltd. and Subsidiaries

	Year ended March 31				
	2000	1999	1998	1997	1996
	(Millions of yen, except per share figures)				
<b>Results for the year:</b>					
Net sales:					
Domestic.....	¥ 673,343	¥ 654,055	¥ 670,089	¥ 677,271	¥ 640,654
Overseas.....	728,448	783,755	707,972	574,846	444,303
Total.....	¥1,401,791	¥1,437,810	¥1,378,061	¥1,252,117	¥1,084,957
Cost of sales.....	774,757	779,985	735,953	681,030	595,553
Operating expenses:					
Selling, general and administrative.....	397,374	407,751	385,365	330,467	282,770
Research and development.....	81,725	84,740	81,043	75,924	73,194
Interest and dividend income.....	6,975	11,298	10,479	10,247	13,989
Interest expense.....	9,957	11,994	11,524	11,705	11,573
Income before income taxes.....	135,308	137,211	162,453	160,320	131,143
Income before equity in net earnings of affiliated companies.....	72,666	64,600	75,271	74,832	64,157
Equity in net earnings of affiliated companies.....	12,229	6,940	13,554	10,517	8,713
Net income.....	84,895	71,540	88,825	85,349	72,870
Acquisition of fixed assets.....	¥ 91,313	¥ 115,536	¥ 112,800	¥ 97,315	¥ 75,393
Depreciation.....	82,770	83,377	77,818	73,761	68,547
Net cash provided by operating activities.....	212,305	157,159	147,000	151,736	147,636
<b>Per share of common stock (¥):</b>					
Net income (Note 2).....	¥ 164.97	¥ 139.02	¥ 172.61	¥ 165.85	¥ 141.60
Cash dividends (Note 3).....	22.50	22.50	22.50	22.00	21.00
Cash dividends (Note 4).....	22.50	22.50	22.50	22.00	21.00
Shareholders' equity (Note 5).....	2,919.70	2,822.54	2,779.76	2,613.51	2,433.90
Stock price at year-end (Note 3).....	4,520	4,480	4,960	4,070	3,060
PER (Price-to-Earnings Ratio).....	27.40	32.23	28.74	24.54	21.61
PBR (Price-to-Book Value Ratio).....	1.55	1.59	1.78	1.56	1.26
<b>Year-end financial position:</b>					
Total assets.....	¥2,151,129	¥2,119,454	¥2,131,623	¥1,985,496	¥1,846,887
Long-term debt.....	20,897	47,363	53,113	47,036	63,919
Shareholders' equity.....	1,502,514	1,452,519	1,430,494	1,344,931	1,252,518
Average number of shares outstanding					
(in thousands) (Note 3).....	514,626	514,626	514,626	514,626	514,626
Number of employees.....	37,151	37,551	36,580	33,154	29,903

Period ended March 31 1995 (Note 1)	Year ended October 20				Year ended March 31
	1994	1993	1992	1991	2000
	(Millions of yen, except per share figures)				(Thousands of U.S. dollars) (Note 6)
¥ 280,494	¥ 663,936	¥ 667,515	¥ 693,340	¥ 683,828	\$ 6,352,292
187,163	402,812	419,259	448,963	433,601	6,872,151
¥ 467,657	¥1,066,748	¥1,086,774	¥1,142,303	¥1,117,429	\$13,224,443
258,449	577,612	589,492	610,106	592,753	7,309,028
126,224	280,385	280,182	290,693	278,870	3,748,811
33,659	73,903	76,751	75,027	68,202	770,991
9,242	21,002	24,475	33,319	43,187	65,802
6,149	10,681	18,162	22,144	23,024	93,934
49,941	134,826	135,505	166,975	190,570	1,276,491
23,262	60,302	59,837	73,943	90,967	685,528
4,015	3,469	1,079	1,752	3,811	115,368
27,277	63,771	60,916	75,695	94,778	800,896
¥ 27,405	¥ 46,498	¥ 72,926	¥ 130,985	¥ 166,510	\$ 861,443
35,974	79,380	90,398	85,685	76,559	780,849
61,982	151,107	137,615	150,870	142,668	2,002,877
¥ 53.00	¥ 123.92	¥ 118.41	¥ 147.46	¥ 184.95	\$ 1.56
9.00	19.00	18.00	17.50	14.09	0.21
9.00	19.00	18.00	17.50	15.50	0.21
2,293.88	2,245.51	2,145.00	2,074.49	1,942.28	27.54
2,060	2,300	2,530	2,570	3,090	42.64
38.87	18.56	21.37	17.43	16.71	
0.90	1.02	1.18	1.24	1.59	
¥1,737,887	¥1,714,559	¥1,644,220	¥1,698,079	¥1,632,458	\$20,293,670
65,270	61,497	39,554	54,656	44,831	197,142
1,180,475	1,155,577	1,103,851	1,067,067	995,512	14,174,660
514,626	514,626	514,445	513,328	512,458	
27,565	26,555	25,074	24,868	23,690	

- Notes: 1. Figures for 1995 represent operations for the five-month and 11-day transitional period ended March 31, 1995.
2. The computation of net income per share is based on the average number of shares outstanding during each period, appropriately adjusted for free share distributions.
3. Cash dividends per share, stock price at year-end and average number of shares outstanding for the fiscal year ended October 20, 1991 are adjusted for free share distributions.
4. Cash dividends per share represent the amount declared per share for the respective period.
5. The computation of shareholders' equity per share is based on the number of shares outstanding at the end of each period, appropriately adjusted for free share distributions.
6. U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=US\$1, the exchange rate prevailing on March 31, 2000.

# CONSOLIDATED BALANCE SHEETS

Fuji Photo Film Co., Ltd. and Subsidiaries

Assets	March 31		
	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
<b>Current assets:</b>			
Cash and cash equivalents (Note 4).....	¥ 656,781	¥ 582,607	\$ 6,196,047
Marketable securities (Notes 5 and 15) .....	147,233	140,622	1,388,991
Notes and accounts receivable:			
Trade .....	244,021	240,470	2,302,085
Affiliated companies.....	32,676	37,244	308,264
Allowance for doubtful receivables .....	(8,418)	(8,484)	(79,415)
Inventories (Note 6) .....	231,034	236,644	2,179,566
Deferred income taxes (Notes 5 and 10).....	35,456	35,490	334,491
Prepaid expenses and other.....	13,852	15,536	130,679
<b>Total current assets .....</b>	<b>1,352,635</b>	<b>1,280,129</b>	<b>12,760,708</b>
<b>Investments and long-term receivables:</b>			
Investments in and advances to affiliated companies (Note 7) .....	171,137	166,117	1,614,500
Investment securities (Notes 5 and 15) .....	62,821	62,868	592,651
Long-term receivables .....	16,439	17,880	155,085
	<b>250,397</b>	<b>246,865</b>	<b>2,362,236</b>
<b>Property, plant and equipment (Note 8):</b>			
Land.....	44,244	45,036	417,396
Buildings.....	323,414	328,646	3,051,075
Machinery and equipment .....	1,013,599	1,014,809	9,562,255
Construction in progress.....	24,008	16,951	226,491
	<b>1,405,265</b>	<b>1,405,442</b>	<b>13,257,217</b>
Less accumulated depreciation.....	(951,618)	(931,873)	(8,977,529)
	<b>453,647</b>	<b>473,569</b>	<b>4,279,688</b>
<b>Other assets:</b>			
Intangible assets, net (Notes 2 and 9).....	48,393	71,968	456,538
Deferred income taxes (Notes 5 and 10).....	21,638	24,846	204,132
Other .....	24,419	22,077	230,368
	<b>94,450</b>	<b>118,891</b>	<b>891,038</b>
<b>Total assets .....</b>	<b>¥2,151,129</b>	<b>¥2,119,454</b>	<b>\$20,293,670</b>

See notes to consolidated financial statements.

Liabilities and shareholders' equity	March 31		
	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Current liabilities:			
Short-term debt (Note 8) .....	¥ 155,016	¥ 154,143	\$ 1,462,415
Notes and accounts payable:			
Trade .....	153,155	134,267	1,444,858
Construction .....	27,902	26,917	263,226
Accrued income taxes (Note 10) .....	28,248	18,703	266,491
Accrued liabilities .....	92,199	88,022	869,802
Other current liabilities (Note 10) .....	23,444	24,565	221,170
Total current liabilities .....	479,964	446,617	4,527,962
Long-term debt (Notes 8 and 15) .....	20,897	47,363	197,142
Accrued pension and severance costs (Note 9) .....	71,488	98,351	674,415
Customers' guarantee deposits and other (Notes 7 and 10) .....	53,948	54,138	508,944
Minority interests in subsidiaries (Note 5) .....	22,318	20,466	210,547
Commitments and contingent liabilities (Notes 13 and 14)			
Shareholders' equity (Notes 5 and 11):			
Common stock, ¥50 par value:			
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares .....	40,363	40,363	380,783
Additional paid-in capital .....	68,135	68,135	642,783
Legal reserve .....	11,075	11,068	104,481
Retained earnings .....	1,426,782	1,353,472	13,460,208
Accumulated other comprehensive income (loss) (Note 12) .....	(43,841)	(20,519)	(413,595)
Total shareholders' equity .....	1,502,514	1,452,519	14,174,660
Total liabilities and shareholders' equity .....	¥2,151,129	¥2,119,454	\$20,293,670

# CONSOLIDATED STATEMENTS OF INCOME

Fuji Photo Film Co., Ltd. and Subsidiaries

	Year ended March 31			Year ended March 31
	2000	1999	1998	2000
	(Millions of yen)			(Thousands of U.S. dollars) (Note 3)
Net sales .....	<b>¥1,401,791</b>	¥1,437,810	¥1,378,061	<b>\$13,224,443</b>
Cost of sales .....	<b>774,757</b>	779,985	735,953	<b>7,309,028</b>
Gross profit .....	<b>627,034</b>	657,825	642,108	<b>5,915,415</b>
Operating expenses:				
Selling, general and administrative (Note 16) .....	<b>397,374</b>	407,751	385,365	<b>3,748,811</b>
Research and development .....	<b>81,725</b>	84,740	81,043	<b>770,991</b>
Operating income .....	<b>147,935</b>	165,334	175,700	<b>1,395,613</b>
Other income (expenses):				
Interest and dividend income .....	<b>6,975</b>	11,298	10,479	<b>65,802</b>
Interest expense .....	<b>(9,957)</b>	(11,994)	(11,524)	<b>(93,934)</b>
Exchange losses, net .....	<b>(1,987)</b>	(9,455)	(1,624)	<b>(18,745)</b>
Other, net .....	<b>(7,658)</b>	(17,972)	(10,578)	<b>(72,245)</b>
	<b>(12,627)</b>	(28,123)	(13,247)	<b>(119,122)</b>
Income before income taxes .....	<b>135,308</b>	137,211	162,453	<b>1,276,491</b>
Income taxes (Note 10):				
Current .....	<b>58,363</b>	61,335	93,420	<b>550,595</b>
Deferred .....	<b>4,279</b>	11,276	(6,238)	<b>40,368</b>
	<b>62,642</b>	72,611	87,182	<b>590,963</b>
Income before equity in net earnings of affiliated companies .....	<b>72,666</b>	64,600	75,271	<b>685,528</b>
Equity in net earnings of affiliated companies .....	<b>12,229</b>	6,940	13,554	<b>115,368</b>
Net income .....	<b>¥ 84,895</b>	¥ 71,540	¥ 88,825	<b>\$ 800,896</b>
		(Yen)		(U.S. dollars) (Note 3)
Amounts per share of common stock:				
Net income .....	<b>¥ 164.97</b>	¥ 139.02	¥ 172.61	<b>\$ 1.56</b>
Cash dividends declared .....	<b>22.50</b>	22.50	22.50	<b>0.21</b>

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Fuji Photo Film Co., Ltd. and Subsidiaries

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss) (Note 12)	Total shareholders' equity
(Millions of yen)						
<b>Balance at March 31, 1997</b> .....	¥ 40,363	¥ 68,135	¥ 10,874	¥ 1,216,457	¥ 9,102	¥ 1,344,931
Comprehensive income:						
Net income .....	—	—	—	88,825	—	88,825
Foreign currency translation adjustments.....	—	—	—	—	8,316	8,316
Total comprehensive income ....						97,141
Cash dividends applicable to earnings of the year .....	—	—	—	(11,578)	—	(11,578)
Transfer to legal reserve .....	—	—	34	(34)	—	—
<b>Balance at March 31, 1998</b> .....	40,363	68,135	10,908	1,293,670	17,418	1,430,494
Comprehensive income:						
Net income .....	—	—	—	71,540	—	71,540
Foreign currency translation adjustments.....	—	—	—	—	(25,486)	(25,486)
Minimum pension liability adjustments.....	—	—	—	—	(12,451)	(12,451)
Net comprehensive income .....						33,603
Cash dividends applicable to earnings of the year .....	—	—	—	(11,578)	—	(11,578)
Transfer to legal reserve .....	—	—	160	(160)	—	—
<b>Balance at March 31, 1999</b> .....	40,363	68,135	11,068	1,353,472	(20,519)	1,452,519
Comprehensive income:						
Net income .....	—	—	—	84,895	—	84,895
Foreign currency translation adjustments.....	—	—	—	—	(30,663)	(30,663)
Minimum pension liability adjustments.....	—	—	—	—	7,341	7,341
Net comprehensive income .....						61,573
Cash dividends applicable to earnings of the year .....	—	—	—	(11,578)	—	(11,578)
Transfer to legal reserve .....	—	—	7	(7)	—	—
<b>Balance at March 31, 2000</b> .....	<b>¥ 40,363</b>	<b>¥ 68,135</b>	<b>¥ 11,075</b>	<b>¥ 1,426,782</b>	<b>¥ (43,841)</b>	<b>¥ 1,502,514</b>

(Thousands of U.S. dollars) (Note 3)

<b>Balance at March 31, 1999</b> .....	\$ 380,783	\$ 642,783	\$ 104,415	\$ 12,768,604	\$ (193,576)	\$ 13,703,009
Comprehensive income:						
Net income .....	—	—	—	800,896	—	800,896
Foreign currency translation adjustments.....	—	—	—	—	(289,274)	(289,274)
Minimum pension liability adjustments.....	—	—	—	—	69,255	69,255
Net comprehensive income .....						580,877
Cash dividends applicable to earnings of the year .....	—	—	—	(109,226)	—	(109,226)
Transfer to legal reserve .....	—	—	66	(66)	—	—
<b>Balance at March 31, 2000</b> .....	<b>\$380,783</b>	<b>\$642,783</b>	<b>\$104,481</b>	<b>\$13,460,208</b>	<b>\$(413,595)</b>	<b>\$14,174,660</b>

See notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Fuji Photo Film Co., Ltd. and Subsidiaries

	Year ended March 31			Year ended March 31
	2000	1999	1998	2000
	(Millions of yen)			(Thousands of U.S. dollars) (Note 3)
<b>Operating activities</b>				
Net income .....	¥ 84,895	¥ 71,540	¥ 88,825	\$ 800,896
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization .....	102,990	106,217	92,590	971,604
Deferred income taxes .....	4,279	11,276	(6,238)	40,368
Equity in net earnings of affiliated companies, less dividends .....	(7,980)	(1,813)	(7,983)	(75,283)
Changes in operating assets and liabilities:				
Notes and accounts receivable .....	(11,383)	(7,872)	(20,619)	(107,387)
Inventories .....	(8,805)	2,542	(16,733)	(83,066)
Notes and accounts payable—trade .....	30,024	(6,058)	8,678	283,245
Accrued income taxes .....	10,127	(28,204)	(4,421)	95,538
Other .....	8,158	9,531	12,901	76,962
Net cash provided by operating activities .....	212,305	157,159	147,000	2,002,877
<b>Investing activities</b>				
Payments for purchases of property, plant and equipment .....	(90,145)	(119,244)	(96,611)	(850,424)
Proceeds from sales and maturities of marketable and investment securities .....	29,983	66,353	57,917	282,859
Payments for purchases of marketable and investment securities .....	(38,371)	(69,431)	(50,106)	(361,991)
Decrease (increase) in investments and advances .....	1,763	(428)	(14,515)	16,632
Payments for acquisitions of businesses, net of cash acquired .....	—	(1,386)	(7,644)	—
Other .....	(11,122)	(14,877)	1,456	(104,925)
Net cash used in investing activities .....	(107,892)	(139,013)	(109,503)	(1,017,849)
<b>Financing activities</b>				
Proceeds from long-term debt .....	5,279	2,826	11,968	49,801
Repayments of long-term debt .....	(12,533)	(7,807)	(20,157)	(118,236)
(Decrease) increase in short-term debt .....	(6,036)	(11,505)	32,076	(56,943)
Cash dividends paid .....	(11,578)	(11,578)	(11,578)	(109,226)
Net cash (used in) provided by financing activities .....	(24,868)	(28,064)	12,309	(234,604)
Effect of exchange rate changes on cash and cash equivalents .....	(5,371)	(4,588)	1,774	(50,669)
Net increase (decrease) in cash and cash equivalents .....	74,174	(14,506)	51,580	699,755
Cash and cash equivalents at beginning of year .....	582,607	597,113	545,533	5,496,292
Cash and cash equivalents at end of year .....	¥656,781	¥582,607	¥597,113	\$6,196,047
<b>Supplemental disclosures of cash flow information</b>				
Cash paid for:				
Interest .....	¥ 10,910	¥ 13,210	¥ 12,231	\$ 102,925
Income taxes .....	46,840	86,757	97,067	441,887

See notes to consolidated financial statements.

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## 1. Nature of operations

The Company is a multinational manufacturer of photographic products, with a growing involvement in imaging and information systems. The Company operates throughout the world generating 52% of its worldwide sales outside Japan, predominantly in North America and Europe. The Company's principal businesses are Imaging Systems, Photofinishing Systems and Information Systems.

Imaging Systems, generating 33% of the Company's consolidated net sales, consists primarily of photographic film for amateurs and professionals, optical products, motion picture films, electronic imaging systems and magnetic tapes. Photofinishing Systems, generating 25% of the Company's consolidated net sales, consists primarily of photographic paper, photofinishing equipment and chemicals, as well as photographic developing and printing services. Information Systems, generating 42% of the Company's consolidated net sales, consists primarily of materials and equipment for graphic arts and printing, office automation and medical imaging systems, as well as miscellaneous industrial materials and data media.

Although sales are generated worldwide, the Company's principal manufacturing operations are located in Japan, the United States of America, Brazil, Germany, the Netherlands, Singapore and China.

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## 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 prepare their financial statements in conformity with the conventions of their countries of domicile. Certain reclassifications and adjustments have been incorporated in the 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 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 those of its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

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

### ***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions which affect the amounts reported in the financial statements and accompanying notes. The actual results could differ from those estimates.

### ***Foreign currency translations***

In translating foreign currency financial statements, the exchange rates in effect at the respective balance sheet dates are used for assets and liabilities, and the average exchange rates prevailing during the year are used for income and expenses. The resulting translation adjustment is accumulated and included in accumulated other comprehensive income (loss), a separate component of shareholders' equity.

Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the respective balance sheet dates, and the resulting transaction gains or losses are included in determining net income.

### ***Cash equivalents***

The Company considers all highly liquid investments which are readily convertible into cash and have original maturities of three months or less to be cash equivalents.

### ***Certificates of deposit purchased under resale agreements***

The Company and its domestic subsidiaries enter into agreements with financial institutions to purchase and, within one month, to resell certain certificates of deposit at predetermined selling prices on specified dates. Such certificates are stated at cost which approximates market. The difference between the purchase cost and the predetermined selling price is accounted for as interest and is accrued on a straight-line basis.

### ***Marketable securities and investment securities***

Marketable equity securities included in marketable securities (current) and investment securities (noncurrent) are valued at the lower of aggregate cost or market. Other current and noncurrent marketable securities are stated at the lower of cost or market. Other investments are stated at cost or less (see Note 5).

Realized gains or losses on sales of securities are based on the average cost of the securities sold.

### ***Inventories***

Inventories are valued at the lower of cost or market, cost being determined generally by the moving-average method, except that the cost of the principal raw materials is determined by the last-in, first-out method.

### ***Property, plant and equipment and depreciation***

Property, plant and equipment is carried at cost, less accumulated depreciation computed primarily by the declining-balance method and, for certain foreign subsidiaries, by the straight-line method over the estimated useful lives of the respective assets according to general classification, type of construction and use.

### ***Intangible assets***

Intangible assets principally consist of goodwill, representing the excess of the purchase price over the fair value of the net assets acquired, and costs allocated to long-term product supply and photofinishing services agreements. Intangible assets are being amortized on a straight-line basis over the estimated period of benefit, the underlying contractual period, or a maximum of twenty years. The carrying value of intangible assets is periodically reassessed to determine whether or not any impairment exists.

Accumulated amortization of intangible assets amounted to ¥27,341 million (\$257,934 thousand) and ¥23,546 million at March 31, 2000 and 1999, respectively.

### ***Income taxes***

Income taxes have been accounted for using the asset and liability approach in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under that approach, deferred tax assets and liabilities are recognized for the expected future tax consequences of the temporary differences between the financial reporting and the tax bases of such assets and liabilities.

### ***Derivative financial instruments***

The Company and certain of its subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, but do not enter into such transactions for trading purposes. Gains or losses on hedging contracts are recognized concurrently with the recognition of the economic impact of the underlying exposure by either the accrual or the deferral method of accounting.

The accrual method is used for interest rate swaps and cross currency interest rate swaps. In order to qualify for the accrual method, the derivative must be designated and effective as a hedge. Interest differentials paid or received under interest rate swaps and cross currency interest rate swaps are reported as accrued interest receivable or payable. Interest expense is recognized over the lives of the contracts as adjustments to the effective yield of the underlying debt.

The deferral method is used for forward foreign exchange contracts. In order to qualify for the deferral method, the derivative must be designated and effective as a hedge. Gains or losses on forward foreign exchange contracts entered into for the purpose of hedging firm foreign currency commitments are deferred and included in the measurement of the hedged transactions. Gains or losses on forward foreign exchange contracts entered into for the purpose of hedging existing receivables or payables are recognized in income, and are offset against foreign exchange differences on the underlying receivables or payables. Discounts or premiums on such contracts are amortized over the lives of the contracts, and are included in determining net income.

### *Net income per share*

The amounts per share of net income are based on the weighted-average number of shares of common stock outstanding during the year.

### *New accounting standards*

Effective April 1, 1999, the Company adopted Statement of Position (“SOP”) 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use,” and SOP 98-5, “Reporting on the Costs of Start-Up Activities,” issued by the American Institute of Certified Public Accountants (the “AICPA”). There was no material impact on the consolidated financial statements as a result of the adoption of these SOPs.

In June 1998, the Financial Accounting Standards Board (the “FASB”) issued Statement of Financial Accounting Standards No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS 133”), which requires all derivatives to be recorded on the balance sheet at fair value and establishes new accounting rules for hedging instruments. In June 1999, the FASB deferred the effective date for the implementation of SFAS 133 for one year; this standard will be applicable in fiscal years beginning after June 15, 2000. The Company is presently assessing the impact which SFAS 133 will have on its consolidated financial statements.

### **3. U.S. dollar amounts**

Solely for the convenience of the reader and as a matter of arithmetical computation only, the 2000 amounts in the consolidated financial statements have been translated from Japanese yen into U.S. dollars at the rate of ¥106=U.S.\$1.00, the exchange rate prevailing on March 31, 2000. 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. Cash and cash equivalents**

Cash and cash equivalents at March 31, 2000 and 1999 consisted of the following:

	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars)
Cash.....	¥ 55,020	¥ 40,818	\$ 519,057
Time deposits.....	507,905	428,624	4,791,556
Short-term investments.....	315	18,012	2,972
	<u>563,240</u>	487,454	<u>5,313,585</u>
Certificates of deposit purchased under resale agreements.....	93,541	95,153	882,462
	<u>¥656,781</u>	¥582,607	<u>\$6,196,047</u>

### **5. Investments in debt and equity securities**

In May 1993, the FASB issued Statement of Financial Accounting Standards No. 115, “Accounting for Certain Investments in Debt and Equity Securities” (“SFAS 115”), which requires that investments in debt and equity securities be classified into three categories: trading, available-for-sale and held-to-maturity.

Under SFAS 115, the Company’s debt and equity securities would be classified as available-for-sale and would be required to be accounted for at fair value, with unrealized gains and losses excluded from earnings and included in accumulated other comprehensive income (loss), a separate component of shareholders’ equity, on a net-of-tax basis.

However, the Company has not adopted SFAS 115 to account for debt and equity securities. The effects of not adopting SFAS 115 on the consolidated balance sheets at March 31, 2000 and 1999 are summarized as follows:

	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars)
Increase in the carrying amounts of:			
Marketable securities .....	¥ 74,683	¥ 30,801	\$ 704,557
Investment securities .....	51,145	32,955	482,500
	<u>125,828</u>	63,756	<u>1,187,057</u>
Decrease in deferred tax assets:			
Deferred tax assets—current .....	(31,367)	(12,936)	(295,915)
Deferred tax assets—noncurrent .....	(21,481)	(13,841)	(202,651)
	<u>(52,848)</u>	(26,777)	<u>(498,566)</u>
Increase in minority interests in subsidiaries .....	(365)	(241)	(3,443)
	<u>72,615</u>	36,738	<u>685,048</u>
Shareholders' equity as reported .....	<u>1,502,514</u>	1,452,519	<u>14,174,660</u>
Pro forma shareholders' equity reflecting the effect of adoption of SFAS 115 .....	<u>¥1,575,129</u>	¥1,489,257	<u>\$14,859,708</u>

Had SFAS 115 been adopted, comprehensive income for the years ended March 31, 2000, 1999 and 1998 would have been ¥97,450 million (\$919,339 thousand), ¥37,821 million and ¥93,134 million, respectively.

Other disclosures required under SFAS 115 are set forth below. The carrying amount, gross unrealized gains, gross unrealized losses and estimated fair value of the available-for-sale securities by major security type at March 31, 2000 and 1999 are summarized as follows:

	2000			
	Carrying amount	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(Millions of yen)			
Marketable securities:				
Government securities .....	¥ 46	¥ 9	¥ —	¥ 55
Corporate securities .....	145,374	98	—	145,472
Equity securities .....	1,813	74,576	—	76,389
	<u>¥147,233</u>	<u>¥74,683</u>	¥ —	<u>¥221,916</u>
Investment securities:				
Corporate securities .....	¥ 9,377	¥ —	¥ —	¥ 9,377
Other debt securities .....	3,768	—	—	3,768
Equity securities .....	30,058	51,815	670	81,203
	<u>¥ 43,203</u>	<u>¥51,815</u>	<u>¥670</u>	<u>¥ 94,348</u>
	1999			
	Carrying amount	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(Millions of yen)			
Marketable securities:				
Government securities .....	¥ 45	¥ 10	¥ —	¥ 55
Corporate securities .....	138,803	358	—	139,161
Equity securities .....	1,774	30,433	—	32,207
	<u>¥140,622</u>	<u>¥30,801</u>	¥ —	<u>¥171,423</u>
Investment securities:				
Government securities .....	¥ 1	¥ —	¥ —	¥ 1
Corporate securities .....	9,380	—	—	9,380
Other debt securities .....	3,762	—	—	3,762
Equity securities .....	28,805	33,120	165	61,760
	<u>¥ 41,948</u>	<u>¥33,120</u>	<u>¥165</u>	<u>¥ 74,903</u>

2000				
	Carrying amount	Gross unrealized gains	Gross unrealized losses	Estimated fair value
(Thousands of U.S. dollars)				
Marketable securities:				
Government securities .....	\$ 434	\$ 85	\$ —	\$ 519
Corporate securities .....	1,371,453	925	—	1,372,378
Equity securities .....	17,104	703,547	—	720,651
	<u>\$1,388,991</u>	<u>\$704,557</u>	<u>\$ —</u>	<u>\$2,093,548</u>
Investment securities:				
Corporate securities .....	\$ 88,462	\$ —	\$ —	\$ 88,462
Other debt securities .....	35,547	—	—	35,547
Equity securities .....	283,566	488,821	6,321	766,066
	<u>\$ 407,575</u>	<u>\$488,821</u>	<u>\$6,321</u>	<u>\$ 890,075</u>

Proceeds from sales of available-for-sale securities and gross realized gains and losses on sales of available-for-sale securities for each of the three years in the period ended March 31, 2000 were insignificant.

Net unrealized holding gains on available-for-sale securities, net of the related taxes, increased by ¥35,877 million (\$338,462 thousand) and ¥4,218 million for the years ended March 31, 2000 and 1999, respectively, and decreased by ¥4,007 million for the year ended March 31, 1998.

The carrying amount and estimated fair value of debt and marketable equity securities at March 31, 2000, by contractual maturity, are shown below. The expected maturities may differ from the contractual maturities because the issuers of the securities may have the right to prepay the obligations without penalties.

	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
	(Millions of yen)		(Thousands of U.S. dollars)	
Due in one year or less .....	¥ 56,600	¥ 56,643	\$ 533,962	\$ 534,368
Due after one year through five years .....	77,355	77,419	729,764	730,368
Due after five years through ten years .....	24,610	24,610	232,170	232,170
	<u>158,565</u>	<u>158,672</u>	<u>1,495,896</u>	<u>1,496,906</u>
Equity securities .....	31,871	157,592	300,670	1,486,717
	<u>¥190,436</u>	<u>¥316,264</u>	<u>\$1,796,566</u>	<u>\$2,983,623</u>

## 6. Inventories

Inventories at March 31, 2000 and 1999 consisted of the following:

	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars)
Finished goods .....	¥125,680	¥131,900	\$1,185,661
Work in process .....	51,231	50,283	483,311
Raw materials and supplies .....	54,123	54,461	510,594
	<u>¥231,034</u>	<u>¥236,644</u>	<u>\$2,179,566</u>

## 7. Investments in affiliated companies

Investments in affiliated companies accounted for by the equity method amounted to ¥167,332 million (\$1,578,604 thousand) and ¥160,154 million at March 31, 2000 and 1999, respectively. The combined financial position and results of operations of the Company's affiliates accounted for by the equity method are summarized as follows:

	2000	1999		2000
	(Millions of yen)			(Thousands of U.S. dollars)
Current assets.....	¥467,121	¥449,116		\$4,406,802
Noncurrent assets.....	425,675	465,664		4,015,802
Total assets.....	<u>¥892,796</u>	¥914,780		<u>\$8,422,604</u>
Current liabilities.....	¥381,553	¥416,916		\$3,599,557
Long-term liabilities.....	171,379	171,938		1,616,783
Shareholders' equity.....	339,864	325,926		3,206,264
Total liabilities and shareholders' equity.....	<u>¥892,796</u>	¥914,780		<u>\$8,422,604</u>

	2000	1999	1998	2000
	(Millions of yen)			(Thousands of U.S. dollars)
Net sales.....	¥1,313,715	¥1,175,858	¥1,278,339	\$12,393,538
Net income.....	23,230	14,488	24,904	219,151

Transactions with affiliated companies for the years ended March 31, 2000, 1999 and 1998 are summarized as follows:

	2000	1999	1998	2000
	(Millions of yen)			(Thousands of U.S. dollars)
Sales.....	¥145,910	¥149,869	¥172,059	\$1,376,509
Purchases.....	34,509	31,635	30,438	325,557
Dividends received.....	4,249	5,127	5,571	40,085

Customers' guarantee deposits received from affiliated companies amounted to ¥17,135 million (\$161,651 thousand) and ¥17,607 million at March 31, 2000 and 1999, respectively.

## 8. Short-term debt and long-term debt

Short-term debt includes export bills payable, notes payable, commercial paper and the current portion of long-term debt. The weighted-average interest rates per annum on short-term debt outstanding at March 31, 2000 and 1999 were 3.77% and 3.76%, respectively. Short-term debt is principally unsecured.

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	2000	1999		2000
	(Millions of yen)			(Thousands of U.S. dollars)
Loans from banks due 2001 to 2010, with interest rates ranging from 1.50% to 8.75% per annum:				
Secured.....	¥ 3,439	¥ 1,014		\$ 32,443
Unsecured.....	13,266	20,669		125,151
Medium-term notes due 2001 to 2004, payable principally in Japanese yen, with interest rates ranging from 1.25% to 4.10% or at floating rates.....	22,259	28,547		209,991
Other.....	2,428	3,305		22,906
	<u>41,392</u>	53,535		<u>390,491</u>
Portion due within one year.....	(20,495)	(6,172)		(193,349)
	<u>¥20,897</u>	¥47,363		<u>\$197,142</u>

The aggregate annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
Year ending March 31:		
2001 .....	¥20,495	\$193,349
2002 .....	6,353	59,934
2003 .....	3,046	28,736
2004 .....	2,202	20,774
2005 .....	398	3,755
2006 and thereafter .....	8,898	83,943
	<u>¥41,392</u>	<u>\$390,491</u>

At March 31, 2000, certain loans were secured by machinery and equipment with a net book value of ¥3,727 million (\$35,160 thousand).

## 9. Pension and severance plans

Employees of the Company and its domestic subsidiaries who terminate their employment are entitled, under most circumstances, to lump-sum payments and/or pension payments as described below, determined by reference to their current basic rate of pay, length of service and the conditions under which termination occurs.

The Company and certain of its domestic subsidiaries have non-contributory defined benefit pension plans funded through a trust bank and insurance companies. The funding policy is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements. Effective April 1, 1998, the Company made certain amendments to the plans, which resulted in an increase in its benefit obligation of ¥8,522 million.

The Company and certain of its domestic subsidiaries also have a defined benefit pension plan covering substantially all of their employees. The pension plan consists of two portions: a governmental welfare contributory plan (which would otherwise be provided by the Japanese government) and an additional non-contributory defined benefit plan. The pension benefits are determined based on years of service and compensation as stipulated in the pension plan's regulations. This plan is funded in conformity with the requirements of the Welfare Pension Insurance Law of Japan. During the year ended March 31, 2000, the Company made certain amendments, which resulted in a decrease in its benefit obligation of ¥19,266 million (\$181,755 thousand).

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

The charges to income for severance indemnities and pension costs amounted to ¥21,784 million (\$205,509 thousand), ¥19,104 million and ¥18,582 million for the years ended March 31, 2000, 1999 and 1998, respectively.

Components of net periodic benefit cost for the years ended March 31, 2000, 1999 and 1998, and reconciliations of the beginning and ending balances of the benefit obligation and the fair value of the plan assets, the funded status and the amounts recognized in the consolidated balance sheets of the non-contributory and contributory defined benefit pension plans at March 31, 2000 and 1999 are outlined as follows:

	2000	1999	1998	2000
	(Millions of yen)			(Thousands of U.S. dollars)
<b>Components of net periodic benefit cost:</b>				
Service cost .....	¥12,340	¥10,042	¥ 9,417	\$116,415
Interest cost .....	12,912	13,056	12,638	121,811
Expected return on plan assets.....	(7,832)	(6,016)	(5,822)	(73,887)
Recognized net actuarial loss.....	2,403	139	471	22,670
Amortization of prior service cost .....	32	421	—	302
Amortization of net unrecognized transition obligation.....	490	487	489	4,623
Net periodic benefit cost .....	<u>¥20,345</u>	<u>¥18,129</u>	<u>¥17,193</u>	<u>\$191,934</u>
	2000	1999		2000
	(Millions of yen)			(Thousands of U.S. dollars)
<b>Changes in benefit obligation:</b>				
Benefit obligation at beginning of year.....	¥358,409	¥291,443		\$3,381,217
Service cost .....	12,340	10,042		116,415
Interest cost .....	12,912	13,056		121,811
Plan participants' contributions.....	1,744	1,318		16,453
Plan amendments.....	(19,266)	8,522		(181,755)
Actuarial loss .....	16,276	40,102		153,547
Acquisition .....	—	3,427		—
Benefits paid .....	(13,904)	(9,268)		(131,170)
Foreign currency translation.....	(787)	(233)		(7,424)
Benefit obligation at end of year.....	<u>367,724</u>	<u>358,409</u>		<u>3,469,094</u>
<b>Changes in plan assets:</b>				
Fair value of plan assets at beginning of year .....	200,312	169,536		1,889,736
Actual return on plan assets.....	23,119	921		218,104
Acquisition .....	—	3,337		—
Employer's contributions.....	23,829	32,110		224,802
Plan participants' contributions.....	1,744	1,318		16,453
Benefits paid .....	(9,753)	(6,660)		(92,010)
Foreign currency translation.....	(617)	(250)		(5,821)
Fair value of plan assets at end of year.....	<u>238,634</u>	<u>200,312</u>		<u>2,251,264</u>
Funded status .....	(129,090)	(158,097)		(1,217,830)
Unrecognized net actuarial loss .....	75,419	76,904		711,500
Unrecognized prior service cost.....	(11,205)	8,101		(105,708)
Unrecognized net transition obligation .....	3,212	3,701		30,302
Net amount recognized .....	<u>¥(61,664)</u>	<u>¥(69,391)</u>		<u>\$ (581,736)</u>
<b>Amounts recognized in the consolidated balance sheets consist of:</b>				
Accrued pension and severance costs .....	¥(71,488)	¥(98,351)		\$ (674,415)
<b>Additional minimum liability adjustments:</b>				
Intangible asset .....	1,013	11,802		9,556
Deferred tax assets—noncurrent.....	3,701	7,206		34,915
Accumulated other comprehensive loss, net of tax .....	5,110	9,952		48,208
Net amount recognized .....	<u>¥(61,664)</u>	<u>¥(69,391)</u>		<u>\$ (581,736)</u>

The weighted-average assumptions used in accounting for the plans at March 31, 2000 and 1999 are as follows:

	2000	1999
Discount rate .....	3.00%	3.50%
Long-term rate of salary increases .....	2.50%	3.00%
Expected long-term rate of return on plan assets .....	3.53%	3.60%

## 10. Income taxes

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in the aggregate, resulted in statutory tax rates of approximately 42%, 47% and 51% for the years ended March 31, 2000, 1999 and 1998, respectively. Based on the reductions in statutory income tax rates enacted in 1999 and 1998, the Company's net deferred tax assets at March 31, 1999 and 1998 were reduced by ¥4,941 million and ¥4,285 million, respectively.

A reconciliation of the differences between the statutory tax rates and the effective tax rates is as follows:

	2000	1999	1998
Statutory tax rates .....	42.0%	47.0%	51.0%
Increase (decrease) in income taxes resulting from:			
Current operating losses of subsidiaries .....	0.1	3.2	1.9
Income tax credits .....	(1.4)	(1.6)	(0.2)
Changes in tax rates .....	—	3.0	2.6
Deferred tax liabilities on undistributed earnings .....	3.4	0.6	0.3
Other .....	2.2	0.7	(1.9)
Effective tax rates .....	46.3%	52.9%	53.7%

The significant components of deferred tax assets and liabilities at March 31, 2000 and 1999 were as follows:

	2000 (Millions of yen)	1999	2000 (Thousands of U.S. dollars)
Deferred tax assets:			
Inventories—intercompany profits and write-downs .....	¥21,915	¥23,855	\$206,745
Depreciation .....	7,408	7,452	69,887
Accrued expenses .....	5,689	6,623	53,670
Accrued pension and severance costs .....	12,053	12,298	113,707
Minimum pension liability adjustments .....	3,701	7,206	34,915
Accrued enterprise tax .....	2,202	1,631	20,774
Tax loss carryforwards .....	3,705	4,139	34,953
Other .....	12,373	7,684	116,726
	69,046	70,888	651,377
Less valuation allowance .....	(4,109)	(4,457)	(38,764)
Total deferred tax assets .....	64,937	66,431	612,613
Deferred tax liabilities:			
Depreciation .....	9,142	8,611	86,245
Tax deferred gains .....	1,906	1,761	17,981
Taxes on undistributed earnings .....	5,120	1,708	48,302
Other .....	3,101	3,073	29,255
Total deferred tax liabilities .....	19,269	15,153	181,783
Net deferred tax assets .....	¥45,668	¥51,278	\$430,830

The valuation allowance relates primarily to the deferred tax assets of certain subsidiaries which have net operating loss carryforwards for tax purposes. The net decreases in the total valuation allowance were ¥348 million (\$3,283 thousand), ¥3,254 million and ¥2,522 million for the years ended March 31, 2000, 1999 and 1998, respectively.

Deferred tax assets and liabilities at March 31, 2000 and 1999 are included in the consolidated balance sheets as follows:

	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred income taxes (current assets).....	¥35,456	¥35,490	\$334,491
Deferred income taxes (other assets).....	21,638	24,846	204,132
Other current liabilities.....	(509)	(518)	(4,802)
Customers' guarantee deposits and other .....	(10,917)	(8,540)	(102,991)
Net deferred tax assets.....	¥45,668	¥51,278	\$430,830

At March 31, 2000, certain subsidiaries had net operating loss carryforwards for income tax purposes of ¥9,539 million (\$89,991 thousand) of which ¥5,754 million (\$54,283 thousand) will be carried forward indefinitely and ¥3,785 million (\$35,708 thousand) will expire through 2005. These net operating loss carryforwards are available to offset future taxable income.

## 11. Shareholders' equity

The Commercial Code of Japan provides that an amount equal to at least 10% of the amount to be disbursed as a distribution of earnings be appropriated to the legal reserve until such reserve equals 25% of the common stock account. The only changes in the legal reserve for each of the three years in the period ended March 31, 2000 consisted of such appropriations by the Company's domestic subsidiaries.

The appropriation of retained earnings for the year ended March 31, 2000, which has been reflected in the consolidated financial statements, will be proposed for approval in accordance with the Commercial Code at the general shareholders' meeting to be held on June 29, 2000, and will subsequently be recorded in the Company's statutory books of account.

## 12. Other comprehensive income (loss)

Accumulated other comprehensive income (loss) as reflected in the consolidated balance sheets at March 31, 2000 and 1999 is summarized as follows:

	2000	1999	2000
	(Millions of yen)		(Thousands of U.S. dollars)
Foreign currency translation adjustments.....	¥(38,731)	¥ (8,068)	\$(365,387)
Minimum pension liability adjustments .....	(5,110)	(12,451)	(48,208)
	¥(43,841)	¥(20,519)	\$(413,595)

The related tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2000, 1999 and 1998 are as follows:

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
(Millions of yen)			
<b>2000</b>			
Foreign currency translation adjustments .....	¥ (31,857)	¥ 1,194	¥ (30,663)
Minimum pension liability adjustments .....	10,846	(3,505)	7,341
	<u>¥ (21,011)</u>	<u>¥ (2,311)</u>	<u>¥ (23,322)</u>
<b>1999</b>			
Foreign currency translation adjustments .....	¥ (25,780)	¥ 294	¥ (25,486)
Minimum pension liability adjustments .....	(19,657)	7,206	(12,451)
	<u>¥ (45,437)</u>	<u>¥ 7,500</u>	<u>¥ (37,937)</u>
<b>1998</b>			
Foreign currency translation adjustments .....	¥ 8,057	¥ 259	¥ 8,316

(Thousands of U.S. dollars)

<b>2000</b>			
Foreign currency translation adjustments .....	\$(300,538)	\$ 11,264	\$(289,274)
Minimum pension liability adjustments .....	102,321	(33,066)	69,255
	<u>\$(198,217)</u>	<u>\$(21,802)</u>	<u>\$(220,019)</u>

### 13. Lease commitments

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

The future minimum lease payments required under operating leases which, at March 31, 2000, 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:		
2001 .....	¥ 8,453	\$ 79,745
2002 .....	6,934	65,415
2003 .....	5,312	50,113
2004 .....	3,458	32,623
2005 .....	2,285	21,557
2006 and thereafter .....	7,911	74,632
Total future minimum lease payments .....	<u>¥34,353</u>	<u>\$324,085</u>

Rental expenses under operating leases for the years ended March 31, 2000, 1999 and 1998 were ¥23,286 million (\$219,679 thousand), ¥28,120 million and ¥28,502 million, respectively.

### 14. Commitments and contingent liabilities

Commitments outstanding at March 31, 2000 principally for the construction and purchase of property, plant and equipment amounted to ¥5,931 million (\$55,953 thousand).

Contingent liabilities at March 31, 2000 principally for guarantees of indebtedness of others amounted to ¥33,354 million (\$314,660 thousand).

Due to the nature of its business, the Company is subject to various threatened or filed legal actions. Although the amount of the ultimate exposure, if any, cannot be determined at this time, the Company, based upon the advice of counsel, does not expect the final outcome of any threatened or filed suits to have a material adverse effect on its financial position.

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## 15. Financial instruments

### ***Derivative financial instruments***

The Company and its subsidiaries operate internationally, and are thus exposed to market risks arising from fluctuations in foreign currencies and interest rates. The Company and its subsidiaries utilize derivative financial instruments solely to reduce these risks and do not hold or issue these instruments for trading purposes. The counterparties to these derivative transactions are financial institutions with high credit ratings and, consequently, the Company does not anticipate credit-related losses from non-performance by the counterparties to transactions involving derivative financial instruments.

### ***Debt-related derivative instruments***

Certain of the Company's subsidiaries have entered into various interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts related to debt. These financial instruments have the effect of changing the interest rate and currency of the original borrowings with the objective of minimizing the subsidiaries' borrowing costs. Most derivatives are integrated as part of the structured debt transactions, and are entered into at the dates of the borrowings and have the same maturities as the underlying debt. The notional principal amounts of such debt-related derivative instruments were ¥44,371 million (\$418,594 thousand) and ¥51,953 million at March 31, 2000 and 1999, respectively.

### ***Nondebt-related derivative instruments***

The Company and certain of its subsidiaries have entered into forward foreign exchange or currency swap contracts to hedge existing assets and liabilities denominated in foreign currencies. Changes in the value of these contracts are expected to offset the foreign exchange gains and losses of the underlying assets or liabilities which they are hedging. The notional principal amounts outstanding for these nondebt-related currency instruments were ¥8,292 million (\$78,226 thousand) and ¥29,611 million at March 31, 2000 and 1999, respectively, and substantially all these derivative instruments have maturities of less than six months. The notional principal amounts of forward foreign exchange contracts entered into to hedge firm sale or purchase commitments denominated in foreign currencies and the related hedging gains or losses which have been deferred were insignificant at March 31, 2000 and 1999.

### ***Fair value of financial instruments***

The estimated 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 in the consolidated balance sheets approximate fair value because of the short maturity of these instruments.

*Marketable securities, Investment securities:* The fair value of current and noncurrent marketable securities is estimated based on quoted market prices. The fair value of nonmarketable debt securities with variable rates approximates their carrying amounts.

*Advances, Long-term receivables, Customers' guarantee deposits:* The carrying amounts approximate fair value because they are variable rate instruments.

*Long-term debt:* The fair value of long-term debt is estimated using discounted cash flow analyses based on the current incremental borrowing rates for similar types of borrowing arrangements.

*Interest rate swap agreements:* The fair value of interest rate swaps is based on the discounted cash flows of the differentials of interest to be paid or received.

*Forward foreign exchange contracts:* The fair value of forward foreign exchange contracts is estimated based on quoted market prices for contracts with similar terms.

Summarized below are the carrying amount and estimated fair value of the Company's financial instruments at March 31, 2000 and 1999; amounts in parentheses represent liabilities. The estimated fair value of other financial instruments not appearing in the table below approximates their carrying amounts.

	2000		1999		2000	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
	(Millions of yen)				(Thousands of U.S. dollars)	
Marketable securities and investment securities (Note 5) .....	<b>¥190,436</b>	<b>¥316,264</b>	¥182,570	¥246,326	<b>\$1,796,566</b>	<b>\$2,983,623</b>
Long-term debt .....	<b>¥(44,812)</b>	<b>¥(45,046)</b>	¥(53,322)	¥(54,046)	<b>\$ (422,755)</b>	<b>\$ (424,962)</b>
Debt-related derivative instruments:						
Forward foreign exchange and currency swaps .....	<b>3,420</b>	<b>3,452</b>	(213)	(247)	<b>32,264</b>	<b>32,566</b>
Interest rate swaps .....	<b>—</b>	<b>209</b>	—	303	<b>—</b>	<b>1,971</b>
Net long-term debt (Note 8)...	<b>¥(41,392)</b>	<b>¥(41,385)</b>	¥(53,535)	¥(53,990)	<b>\$ (390,491)</b>	<b>\$ (390,425)</b>

## 16. Advertising costs

Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses amounted to ¥41,079 million (\$387,538 thousand), ¥46,802 million and ¥44,170 million for the years ended March 31, 2000, 1999 and 1998, respectively.



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The Board of Directors  
Fuji Photo Film Co., Ltd.

We have audited the accompanying consolidated balance sheets of Fuji Photo Film Co., Ltd. and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000, all expressed in Japanese yen. These 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 did not audit the consolidated financial statements of Fuji Photo Film U.S.A., Inc. or the financial statements of Fuji Photo Film, Inc., wholly owned subsidiaries, which statements, in the aggregate, reflect total assets constituting 12% of the consolidated totals at March 31, 2000 and 1999, and net sales constituting 19% of the related consolidated totals for each of the years ended March 31, 2000 and 1999, and 17% of the related consolidated total for the year ended March 31, 1998. We also did not audit the consolidated financial statements of Fuji Xerox Co., Ltd., a 50% owned company, the investment in which is reflected in the accompanying consolidated financial statements by the equity method of accounting. The investment in Fuji Xerox Co., Ltd. represents 10% and 9% of the consolidated net assets at March 31, 2000 and 1999, respectively, and the equity in the net income of Fuji Xerox Co., Ltd. represents 12%, 7% and 13% of the consolidated net income for the years ended March 31, 2000, 1999 and 1998, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the data included for Fuji Photo Film U.S.A., Inc., Fuji Photo Film, Inc. and Fuji Xerox Co., Ltd., is based solely on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. 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 and the reports of the other auditors provide a reasonable basis for our opinion.

The Company has not adopted Statement No. 115 of the Financial Accounting Standards Board ("SFAS 115") in accounting for certain investments in debt and equity securities. The effects on the consolidated financial statements of not adopting SFAS 115 are summarized and certain other disclosures required under SFAS 115 are presented in Note 5 to the consolidated financial statements.

The Company has not presented segment information for each of the three years in the period ended March 31, 2000. In our opinion, presentation of segment information is required under accounting principles generally accepted in the United States of America for a complete presentation of the Company's consolidated financial statements.

In our opinion, based on our audits and the reports of the other auditors, except for the effects of the departure from SFAS 115 in accounting for certain investments in debt and equity securities and the omission of segment information as discussed in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fuji Photo Film Co., Ltd. and subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

We have also reviewed the translation of the 2000 consolidated financial statements into U.S. dollars on the basis described in Note 3. In our opinion, such U.S. dollar amounts have been translated on such basis.

May 10, 2000

**Principal Overseas Subsidiaries and  
Affiliated Companies**

**NORTH AMERICA**

**Canada**

**Fuji Photo Film Canada Inc.**

275 Britannia Road East, Mississauga,  
Ontario L4Z 2E7, Canada

**Fuji Graphic Systems Canada Inc.**

6425 Airport Road, Mississauga,  
Ontario L4V 1E4, Canada

**U.S.A.**

**Fuji Photo Film U.S.A., Inc.**

555 Taxter Road, Elmsford, NY 10523, U.S.A.

**Fuji Photo Film Hawaii, Inc.**

1650 Kalakaua Avenue, Honolulu, HI 96826, U.S.A.

**Fuji Medical Systems U.S.A., Inc.**

419 West Avenue, Stamford, CT 06902, U.S.A.

**Fuji Photo Film, Inc.**

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**FUJIFILM Microdisks U.S.A., Inc.**

35R Crosby Drive, Bedford, MA 01730, U.S.A.

**Fuji Hunt Photographic Chemicals, Inc.**

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**Belgium**

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**Fuji Hunt Photographic Chemicals, N.V.**

Europark-Noord 21-22, B-9100 Sint-Niklaas, Belgium

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**Fuji Magnetics GmbH**

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**Fuji Photo Film B.V.**

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**U.K.**

**Fuji Photo Film (U.K.) Ltd.**

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London NW3 6HY, U.K.

**FUJIFILM Electronic Imaging Ltd.**

FUJIFILM House, Boundary Way,  
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**Malaysia**

**Fuji Photo Film (Malaysia) Sdn. Bhd.**

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**Fuji Hunt Photographic Chemicals Pte Ltd**

15 Tuas Avenue, Singapore 639270

**Thailand**

**Fuji Photo Film (Thailand) Ltd.**

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Bangkok 10400, Thailand

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**Fuji Photo Film Co., Ltd., Seoul Office**

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**Fuji Photo Film Co., Ltd., Manila Office**

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**Fuji Photo Film Co., Ltd., Beijing Representative Office**

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Chaoyang District, Beijing, PRC 100004

**Fuji Photo Film Co., Ltd., Taipei Office**

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Min Chuan E. Road, Taipei 11412, Taiwan

**Fuji Photo Film Co., Ltd., Dubai Office**

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Dubai, U.A.E.

# PRINCIPAL CONSOLIDATED SUBSIDIARIES

(As of March 31, 2000)

## JAPAN

Fuji Photo Optical Co., Ltd.  
Mito Fuji Koki Co., Ltd.  
Sano Fuji Koki Co., Ltd.  
Okaya Fuji Koki Co., Ltd.  
FUJIFILM Microdevices Co., Ltd.  
FUJIX Co., Ltd.  
FUJIFILM AXIA Co., Ltd.  
FUJIFILM Battery Co., Ltd.  
F.F.P. Co., Ltd.  
Fuji Photo Equipment Co., Ltd.  
F.I.T. Co., Ltd.  
Fuji Color Trading Co., Ltd.  
Fujicolor Service Co., Ltd.  
Fuji Micrographics Co., Ltd.  
Fuji Technics Co., Ltd.  
Fuji Magne-Disk Co., Ltd.  
FUJIFILM OLIN Co., Ltd.  
F.F.M.A. Co., Ltd.  
Fuji X-ray Film Manufacturing Co., Ltd.  
FUJIFILM Software Co., Ltd.  
\*Fuji Medical Systems Co., Ltd.  
FUJIFILM Medical Nishi-Nippon Co., Ltd.  
Chiyoda Medical Co., Ltd.  
FUJIFILM Business Supply Co., Ltd.  
FUJIFILM Logistics Co., Ltd.  
FUJIFILM Human Resources Development Co., Ltd.  
FUJIFILM Computer System Co., Ltd.  
Fuji Service Co., Ltd.  
Pro-lab Create Tokyo Co., Ltd.  
Pro-lab Create Osaka Co., Ltd.  
Tokyo Chuoh Genzoshou Co., Ltd.  
Tochigi Fujicolor Co., Ltd.  
Ibaraki Fujicolor Co., Ltd.  
Sanin Fujicolor Co., Ltd.  
Hokuriku Fujicolor Co., Ltd.  
Kansai Fujicolor Co., Ltd.

## NORTH AMERICA

FUJIFILM America, Inc.  
Fuji Photo Film, Inc.  
Fuji Photo Film U.S.A., Inc.  
Fuji Photo Film Hawaii, Inc.  
Fuji Hunt Photographic Chemicals, Inc.  
Fujicolor Processing, Inc.  
FUJIFILM Microdisks U.S.A., Inc.  
Fuji Medical Systems U.S.A., Inc.  
Fujinon, Inc.  
Fuji Photo Film Finance U.S.A., Inc.  
Fuji Photo Film Canada Inc.  
Black Photo Corporation  
Fuji Graphic Systems Canada Inc.

## SOUTH AMERICA

Fuji Photo Film do Brasil Ltda.

## EUROPE

Fuji Photo Film B.V.  
Photofinishing Holding International B.V.  
Fuji Magnetics GmbH  
Fuji Photo Film (Europe) GmbH  
Fujicolor Photex GmbH & Co. KG  
Eurocolor Photofinishing GmbH & Co. KG  
Fujinon (Europe) GmbH  
Fuji Photo Film (U.K.) Ltd.  
FUJIFILM Electronic Imaging Ltd.  
FUJIFILM France SA  
Laboratoires FUJIFILM SA  
Fuji Graphic Systems France SA  
FUJIFILM España, S.A.  
Fuji Medical Systems Benelux N.V.  
Fuji Hunt Photographic Chemicals, N.V.  
Fujicolor Sverige AB  
Fuji Photo Film Holdings (France) SAS  
Fuji Photo Film Finance (Netherlands) B.V.  
Fuji Photo Film Holdings (U.K.) Ltd.

## ASIA

Fuji Photo Film Holdings (Singapore) Pte Ltd  
Fuji Photo Film (Singapore) Pte Ltd  
Fuji Hunt Photographic Chemicals Pte Ltd  
Fuji Photo Film (Malaysia) Sdn. Bhd.  
FUJIFILM Imaging Systems (Suzhou) Co., Ltd.  
FUJIFILM Imaging Devices (Suzhou) Co., Ltd.  
Hong Kong Fuji Photo Logistics Limited

\*Note: Fuji Medical Systems Co., Ltd., was renamed FUJIFILM Medical Co., Ltd., as of April 1, 2000.

**Fuji Photo Film Co., Ltd.**

26-30, Nishiazabu 2-chome,  
Minato-ku, Tokyo 106-8620, Japan  
Tel: (03) 3406-2111

URL: <http://www.fujifilm.co.jp/> (Japanese)  
<http://home.fujifilm.com/> (English)

**Date of Establishment:** January 20, 1934

**Capital:** ¥40,363,373,192 (As of March 31, 2000)

**Fiscal Year:** April 1–March 31

**Domestic Offices:**

Sapporo, Sendai, Nagoya, Osaka,  
Hiroshima, Fukuoka

**Main Domestic Factories:**

Ashigara, Odawara, Fujinomiya,  
Yoshida-Minami

**Stock Exchange Listings:**

Tokyo, Osaka, Nagoya,  
Fukuoka, Sapporo

**Transfer Agent:**

The Toyo Trust and Banking Co., Ltd.  
4-3, Marunouchi 1-chome,  
Chiyoda-ku, Tokyo 100-0005, Japan

**Independent Accountants:**

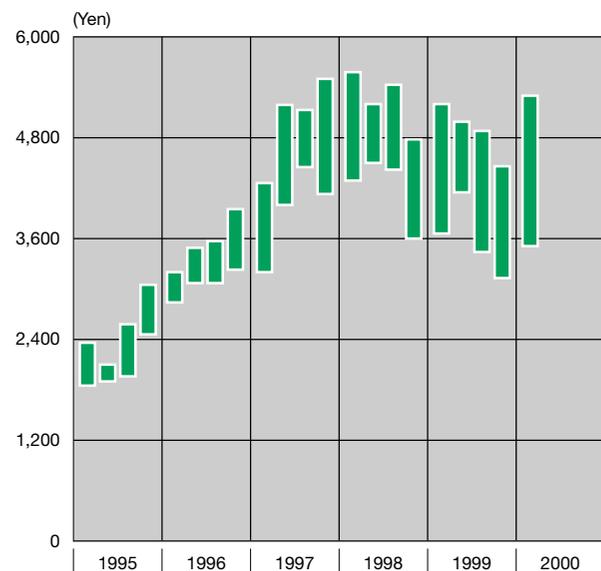
Ernst & Young  
Tokyo, Japan

**Distribution of Shareholders and Shares:**

(As of March 31, 2000)

	Number of shareholders	Thousands of shares
Financial institutions	292	247,299
Securities companies	41	1,376
Other corporations	720	30,444
Individuals and others	28,124	52,430
National and regional governmental organizations	0	0
Foreign corporations	773	183,077
<b>Total</b>	<b>29,950</b>	<b>514,626</b>

**Common Share Prices**  
(Tokyo Stock Exchange)



# PRINCIPAL PRODUCTS

## IMAGING SYSTEMS

### **Photographic films:**

Amateur-use films, One-time-use recyclable cameras (QuickSnap),  
Professional-use films, Instant films

### **Motion picture films**

### **Optical products:**

Compact cameras, Professional-use cameras, Instant cameras

### **Magnetic products:**

Videotapes, Audiotapes, Professional-use videotapes

### **Electronic imaging systems:**

Digital cameras, Photo-Video Imagers,  
Photo players, Image scanners

### **General-use batteries**

## PHOTOFINISHING SYSTEMS

### **Photofinishing-related products and services:**

Photographic papers, Equipment, Chemicals,  
Processing and printing services, Digital-Imaging services,  
Digital photo printers, Digital color printers

## INFORMATION SYSTEMS

### **Graphic systems:**

Films, Presensitized plates, Electronic imaging equipment, Chemicals

### **Medical imaging systems:**

Medical X-ray imaging products, Computed radiography systems (FCR),  
DRI-CHEM analytical systems, Endoscopes

### **Office automation systems:**

Microfilming systems, Electronic filing systems,  
Carbonless copying papers, Heat-sensitive papers

### **Data storage media:**

Floppy disks, Computer tapes, Data storage tapes,  
Recordable compact disks (CD-Rs)

### **LCD materials:**

Cellulose triacetate films (TAC film), Photosensitive color transfer films (TRANSER),  
Wide View films (WV FILM)

### **Miscellaneous industrial materials and equipment:**

Industrial X-ray imaging products, Bio-imaging analyzers, Industrial chemicals,  
Lenses and optical equipment



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