

FUJIFILM Holdings Corporation

ANNUAL REPORT 2016

The Fujifilm Group's Value Creation Process

We aim to achieve sustainable growth and increase the corporate value of the Fujifilm Group while contributing to the sustainable development of society by conducting sincere and fair business activities guided by the following corporate philosophy and vision.

Sources of Corporate Value

Technological Strength

A wealth of leading-edge proprietary technologies developed in the course of the Company's photograph and wide-ranging business activities

Corporate Culture

An open, fair and clear corporate culture that allows the Company to discern objective facts in a sincere and straightforward manner and make rational decisions

Human Resources

Human resources with the ability to think and act on their own and to oversee the transformation and growth of the Group's business

Brand Strength

The FUJIFILM brand that has been nurtured through a continuous process of innovation since the Company's foundation

Global Network

A worldwide network that encompasses every facet of business including research and development, manufacturing and sales

Vision

Anchored by an open, fair and clear corporate culture and with leading-edge, proprietary technologies, Fujifilm is determined to remain a leading company by boldly taking up the challenge of developing new products and creating new value.

Corporate Philosophy

We will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

Corporate Governance

→ Please refer to page 38 for details.

Management Strategy

Medium-Term Management Plan VISION 2016

(April 1, 2014, through March 31, 2017)

→ Please refer to page 10 for details.

1. Fulfill its business portfolio to realize stable growth in medium-to-long term

- Accelerate growth centered on healthcare, highly functional materials and document as priority business fields
- Profitability improvement in all businesses

2. Enhancement of shareholder returns



**Achieve record-high profit,
improve ROE**

Medium-Term CSR Plan Sustainable Value Plan 2016

(April 1, 2014, through March 31, 2017)

→ Please refer to page 47 for details.

1. Solving social issues through business activities

2. Conscious on environmental and social impact within business processes

Value from Innovation

At Fujifilm, we are continuously innovating — creating new technologies, products and services that inspire and excite people everywhere. Our goal is to empower the potential and expand the horizons of tomorrow's businesses and lifestyles.

Business Activities

Imaging Solutions

Providing photo-related products and services ranging from photo-taking to printing



Information Solutions

Engaging in a wide range of activities focusing mainly on B2B businesses including healthcare and highly functional materials, both of which are priority business fields identified under VISION 2016



Document Solutions

Undertaking document-related business activities including the provision of digital multifunction devices for offices and related services



Proprietary products and services

Promoting the Company's sustainable growth and increasing corporate value

Contributing to the sustainable development of society

Local communities and society

Customers

Shareholders

Business partners

Employees

To Our Shareholders and Investors

Toward Further Increasing Corporate Value through Innovation

We firmly believe that solving social issues provides opportunities for business growth. By actively creating new value as a part of our efforts to address each challenge, we are committed to continuously contributing to the development of a sustainable society as a key management priority. In the fiscal year ended March 31, 2016 (FY2016/3), we established the Innovation & Strategy Planning Division (ISP) within the Corporate Planning Division to put in place the Group's R&D strategies. Through these and other initiatives, we are making steadfast efforts to build an organizational structure that is capable of creating new value. In addition to harnessing the strengths of this structure, we are determined to provide society with a steady stream of innovative products and services. To this end, we will make the most of our leading-edge, proprietary technologies as well as other attributes including our open, fair, and clear corporate culture. In this manner, we will maximize the benefits of such assets of the Group, which are the source of our corporate value.

In October 2015, the Company disclosed its Corporate Governance Guidelines. Under these guidelines, we have positioned corporate governance as an important management priority and our foundation to achieve sustainable growth and increase corporate value. To date, we have adopted an aggressive management approach undertaking swift and clear decision making as required under Japan's Corporate Governance Code. We have also taken steps to drastically restructure our business from a medium-to-long-term perspective. After completing these structural reforms, we are now entering a new phase in our ongoing development. In an effort to secure further growth, we are targeting a strategic leap forward. Looking ahead, we will continue to increase our corporate value through innovation while maintaining uninterrupted lines of communication with all stakeholders including shareholders and investors.

As we work toward achieving our goals, we kindly request your continued support.

July 2016

Shigetaka Komori
Chairman and Chief Executive Officer

Kenji Sukeno
President and Chief Operating Officer





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An explanation of progress under the Group's medium-term management plan VISION 2016, together with details of strategies designed to achieve the plan's objectives and initiatives aimed at securing sustainable growth by Chairman and Chief Executive Officer Shigetaka Komori. In addition, a greeting from the newly appointed President and Chief Operating Officer Kenji Sukeno.



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Special Feature

An introduction to the Fujifilm Group's key initiatives and in particular the measures implemented in the healthcare business field, one of the three priority business fields identified under VISION 2016 where medium-to-long-term growth is expected.



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General Disclaimer

The information contained in this annual report concerning business performance and results forecasts, excluding statements of objective fact, are based on management's views that have been made in accordance with information available at the time of issue. These forward-looking statements involve risks and uncertainties. Actual results may materially differ from those discussed in the forward-looking statements due to a variety of factors, including trends in economic conditions and markets in which the Company operates as well as fluctuations in foreign currency exchange rates. Unless otherwise specified in this annual report, the information herein is as of March 31, 2016.

The Fujifilm Group's Value Creation History

The history of the Fujifilm Group is a history of innovation.

The Fujifilm Group was established in 1934 to produce photographic film in Japan. Since its founding, Fujifilm has consistently anticipated the future during times of change, has amassed a wide range of technologies, and provided innovative products and services.

Since 2000, demand for photographic film, our mainstay, has declined sharply due to digitization. Putting the Company's future at risk, we undertook drastic business restructuring. The key, at that time, was the advanced and various technological

capabilities of our photographic business. Fujifilm established businesses with a competitive advantage based on a variety of technologies such as optics, chemicals, and electronics, which are needed to develop and produce photo-related products. The Fujifilm Group, which had overcome a turbulent "second foundation" and gotten back on a growth track, has even more developed products, services, and solutions unique to the Fujifilm Group with the aim of further growth.

1934 - 1950s

Engaging in the Domestic Production of Photographic Film / Establishing a Sales Network in Japan

- Forged a robust position as a manufacturer of comprehensive photosensitive materials
- Expanded into the lens and optical equipment fields
- Diversified business operations into the medical, graphic systems, magnetic materials, and related fields



Ashigara factory at time of establishment

1960 - 1970s

Expanding Business / Improvement of Technologies

- Commenced the development of a global network by establishing local overseas subsidiaries and offices
- Established Fuji Xerox Co., Ltd., as a joint venture between Rank Xerox Ltd., in the United Kingdom, and entered into the copy machine business field
- Pioneered the successful research, development, and commercialization of color negative films



High-performance color negative film
Fuji Color FII 400

1980 - 1990s

Digitization / Accelerating Globalization

- Accelerating the pace of globalization by increasing the number of overseas production bases in a bid to forge a widely recognized global presence
- Pioneered efforts to digitize the photography, medical, and graphic systems fields
- Introduced a host of world-first products, including the *FCR* line of digital X-ray imaging diagnostic systems and digital cameras



The world's first digital X-ray imaging diagnostic system *FCR*

Groundbreaking product portfolio created by Fujifilm Group

● Japan First ● World First

- 1934 ● Motion picture film
- Plate-making film
- 1936 ● Photographic film
- X-ray film
- 1948 ● Still cameras
- 1954 ● Industrial X-ray film
- 1958 ● *FUJITAC* (TAC film)
- 1959 ● Videotapes for broadcasting

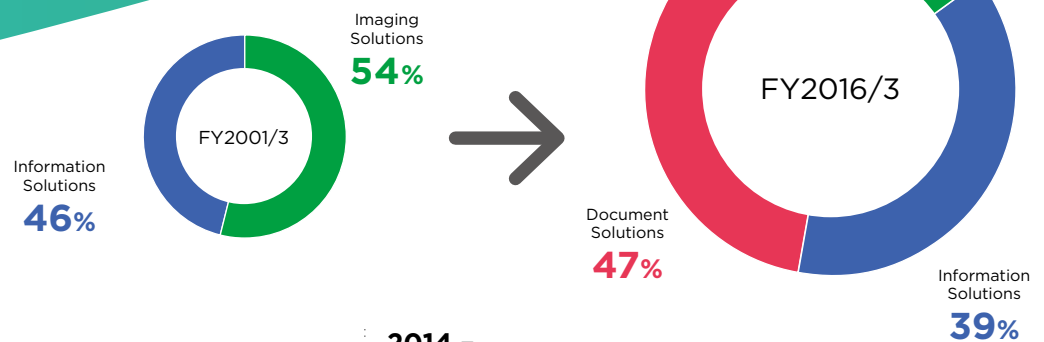
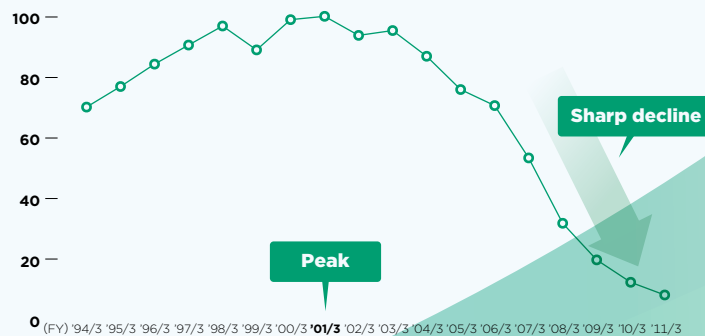
- 1962 ● Plain paper copier
- 1965 ● PS plates
- Magnetic recording tape for computers
- 1969 ● Filtration filter
- 1971 ● Home videotapes
- 1975 ● Full-color copy machine
- 1976 ● High-performance color negative film
Fuji Color FII 400

- 1983 ● Digital X-ray imaging diagnostic system
FCR
- 1986 ● *QuickSnap*, a one-time-use recyclable camera
- 1988 ● Digital still camera (development)
- 1993 ● High-speed production publisher
- 1996 ● Digital minilab
- *WV film*
- Computer-to-plate (CTP) plates
- 1999 ● Medical-use picture archiving and communications systems *SYNAPSE*

Trends in total world demand for color film

* Index is based on 100 for FY2001/3

Company estimates



2000 - 2013

Second Foundation

- Converted Fuji Xerox to a consolidated subsidiary
- Implemented business structural reform in response to rapid digitization
- Established FUJIFILM Advanced Research Laboratories
- Transitioned to a holding company structure as FUJIFILM Holdings Corporation
- Expanded into the healthcare field, including the pharmaceuticals business

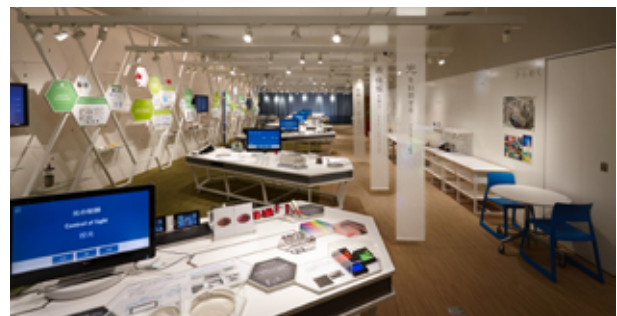


FUJIFILM Advanced Research Laboratories, based on the concept of "Intellectual Fusion, Innovation and Value Creation"

2014 -

Aiming for further growth

- Announced medium-term CSR plan Sustainable Value Plan 2016 and medium-term management plan VISION 2016 in 2014
- Formulated "Value from Innovation" as the Company's new corporate slogan to mark 80th anniversary
- Launched Open Innovation Hubs in Japan, the United States, and Europe



Open Innovation Hub, a place for new value co-creation with business partners

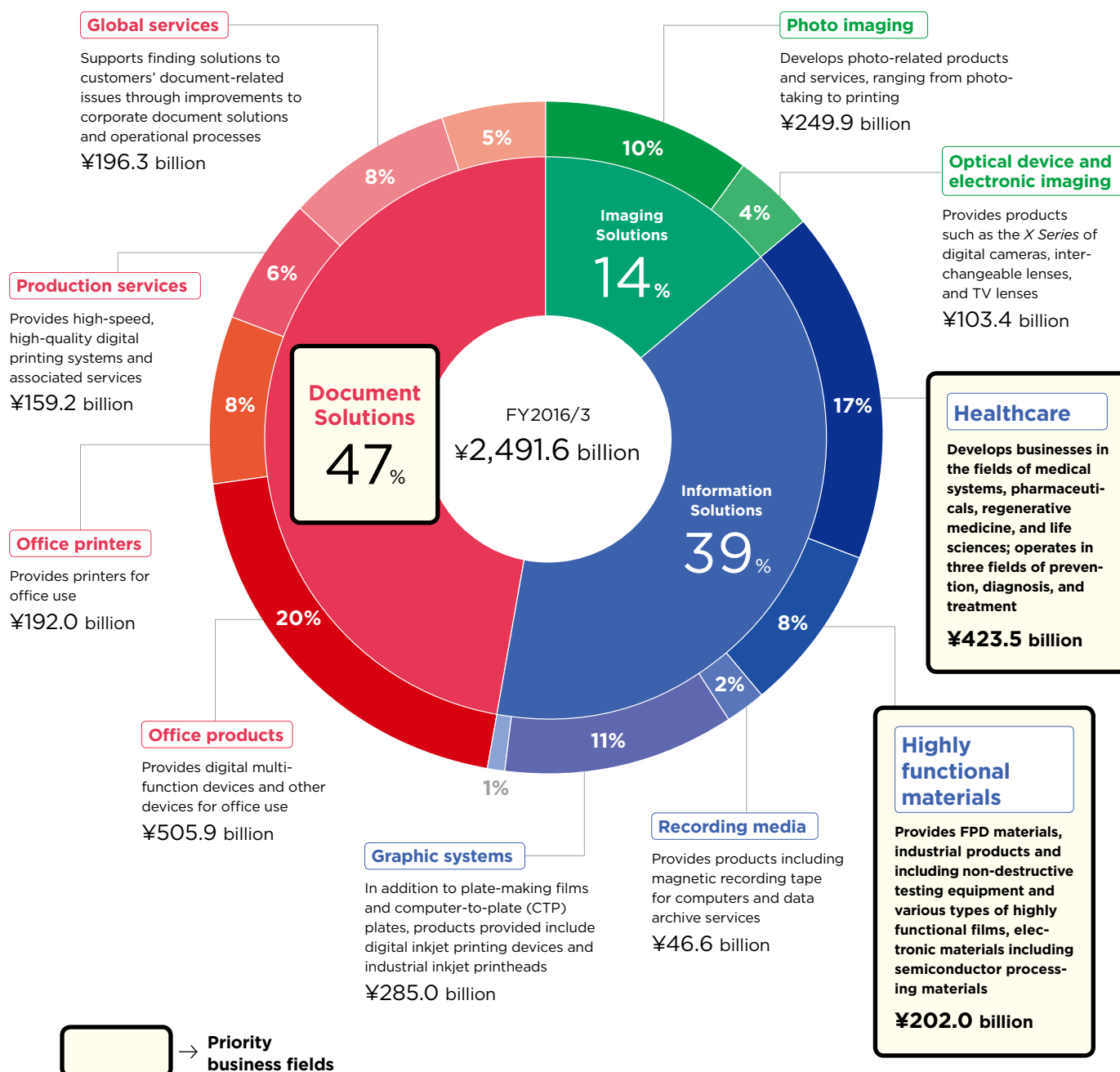
- 2003 ● Double-balloon endoscope
- 2004 ● Full digital endoscope
- 2006 ○ Functional cosmetics
- 2011 ● Magnetic recording tape for computers that utilizes barium ferrite (BaFe) particles
- 2011 ○ Next-generation inkjet digital printer *Jet Press 720*
- 2012 ○ Endoscope with a laser light source system *LASEREO*

- 2014 ○ Production printer *Color 1000i Press*
- 2014 ○ Data archive service *d:ternity*
- 2015 ● Broadcast zoom lens compatible with 4K cameras
- 2016 ○ Integrated archive system *SYNAPSE VNA*

Business Portfolio and Competitive Advantages

We created our current business portfolio by leveraging the advanced and unique technological capabilities developed through our photographic business and overcoming the risk of disappearing incurred in our core business due to digitization.

We are now pursuing a growth strategy centered on the three business fields of healthcare and highly functional materials, included in Information Solutions, and Document Solutions.



Imaging Solutions' Competitive Advantages

Photo imaging

- A wide range of technologies and knowhow related to photographs cultivated in photographic film development
- Strong market position as a leading company in the imaging field
- Collective strength capable of providing services from photo-taking to printing

instax instant camera

Annual worldwide sales volume

Exceeded 5 million units



Optical device and electronic imaging

- Superior descriptive capability and color reproducibility of a digital camera based on its unique imaging design technology cultivated in the development of high-performance lenses and photographic film
- Advanced optical technologies and high-precision processing and assembly technologies required in lens manufacturing that accommodate the high-definition digital age

Broadcast zoom lens compatible with 4K cameras

World First*

* A portable broadcast zoom lens with optical performance compatible with broadcast 4K cameras equipped with 2/3 inch sensor



Information Solutions' Competitive Advantages

Healthcare

- Proprietary image processing technologies capable of providing optimal images in diagnosis
- Advanced chemical compounds, design capabilities, and technologies that enable development of pharmaceuticals that respond to unmet medical needs
- Extensive technologies and patent portfolio related to regenerative medicine, such as iPS cell-related technologies
- Extensive chemical compound library of 200,000 types

Medical-Use Picture Archiving and Communications Systems

No. 1
domestic market share

No. 2
global market share



Approval and launch of regenerative medicine products

Japan First

Highly functional materials

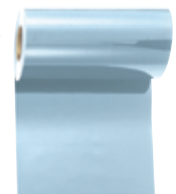
- Advanced technologies, such as functional materials for imparting high functionality to film
- Advanced film forming and coating technologies capable of meeting market requirements for thinness and largeness
- Market position backed by cost competitiveness and stable supply
- Rapid and accurate product formulation and development capabilities based on customer needs

FUJITAC protective film for polarizers

No. 1
global market share

Image sensor-use *COLOR MOSAIC*

No. 1
global market share



Document Solutions' Competitive Advantages

- Excellent customer base leveraging a powerful direct sales structure in Japan and the regions of Asia and Oceania
- Diverse product lineups that meet customers' wide-ranging needs
- Consistent service provided globally in cooperation with Xerox Corporation in the United States

A3 multifunction device

Sales volume market share in Asia-Pacific region

No. 1



Financial Highlights

	2006/3	2007/3	2008/3	2009/3
Revenue:				
Domestic	¥1,329,284	¥1,303,647	¥1,259,506	¥1,134,192
Overseas	1,338,211	1,478,879	1,587,322	1,300,152
Total	2,667,495	2,782,526	2,846,828	2,434,344
Cost of sales	1,593,804	1,638,337	1,692,758	1,511,242
Operating expenses:				
Selling, general and administrative	735,058	760,042	759,139	694,740
Research and development	182,154	177,004	187,589	191,076
Operating income before restructuring and other charges	156,479	207,143	—	—
Restructuring and other charges	86,043	94,081	—	—
Operating income (loss)* ¹	70,436	113,062	207,342	37,286
Interest and dividend income	8,133	11,376	13,462	10,012
Interest expense	(3,886)	(6,351)	(7,380)	(7,037)
Income (loss) before income taxes	79,615	103,264	199,342	9,442
Net income (loss) attributable to FUJIFILM Holdings* ²	37,016	34,446	104,431	10,524
Capital expenditures* ³	¥179,808	¥165,159	¥170,179	¥112,402
Depreciation* ³	156,928	146,325	159,572	149,912
Net cash provided by operating activities	272,558	297,276	298,110	209,506
Average number of shares outstanding (in thousands)	509,525	510,621	508,354	498,837
Total assets	¥3,027,491	¥3,319,102	¥3,266,384	¥2,896,637
Long-term debt	74,329	267,965	256,213	253,987
Total FUJIFILM Holdings shareholders' equity	1,963,497	1,976,508	1,922,353	1,756,313
Number of employees	75,845	76,358	78,321	76,252
Per share of common stock (Yen / U.S. dollars) :				
Net income (loss) attributable to FUJIFILM Holdings* ^{2, 4}	¥ 72.65	¥ 67.46	¥ 205.43	¥ 21.10
Cash dividends* ⁵	25.00	25.00	35.00	30.00
FUJIFILM Holdings shareholders' equity* ⁶	3,848.32	3,867.04	3,811.19	3,594.52
Stock price at year-end	3,930	4,820	3,530	2,125
PBR (price-to-book value ratio) (times)* ⁷	1.02	1.25	0.93	0.59
PER (price-to-earnings ratio) (times)* ⁷	54.09	71.45	17.18	100.71
ROE (return on equity) (%)	1.9	1.7	5.4	0.6
ROA (return on assets) (%)	1.2	1.1	3.2	0.3
Amount of CO ₂ emissions throughout the entire product lifecycle* ⁸ (unit: 1000 t-CO ₂)	5,049	5,356	5,549	4,987
Water usage per unit (input) (input amount/revenue) (unit: 1000t / ¥100 million)	2.44	2.07	1.98	2.26

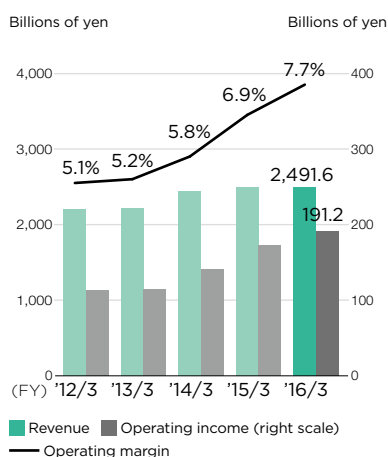
*¹ Operating income (loss) for the fiscal years ended March 31, 2006, 2007, 2010, and 2011, presented in the table above are operating income (loss) after the recognition of restructuring and other charges.

*² Effective from the fiscal year ended March 31, 2010, net income (loss) is stated as net income (loss) attributable to FUJIFILM Holdings.

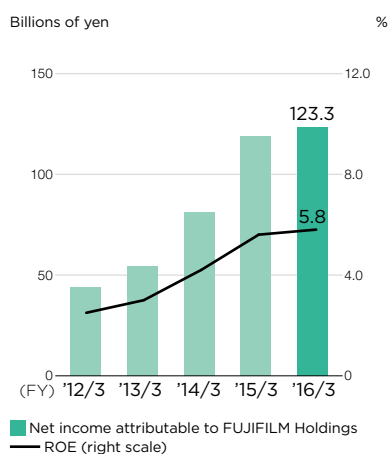
*³ Figures do not include amounts for rental equipment handled by the Document Solutions segment and others.

*⁴ The net income (loss) attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock (excluding treasury stock) outstanding for the year.

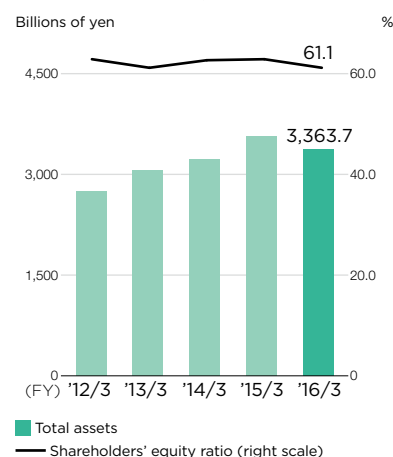
Revenue / Operating income / Operating margin



Net income attributable to FUJIFILM Holdings / ROE



Total assets / Shareholders' equity ratio



						Millions of yen	Thousands of U.S. dollars*9
2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2016/3
¥1,059,395	¥1,034,806	¥1,012,685	¥1,002,385	¥1,036,856	¥1,026,542	¥1,005,818	\$ 8,901,044
1,122,298	1,182,278	1,182,608	1,212,311	1,403,097	1,466,063	1,485,806	13,148,726
2,181,693	2,217,084	2,195,293	2,214,696	2,439,953	2,492,605	2,491,624	22,049,770
1,316,835	1,313,103	1,327,567	1,364,196	1,518,911	1,531,097	1,514,992	13,407,009
588,109	570,608	581,405	568,233	615,883	627,966	622,420	5,508,141
175,120	165,302	173,373	168,151	164,351	161,144	163,033	1,442,770
101,629	168,071	—	—	—	—	—	—
143,741	31,715	—	—	—	—	—	—
(42,112)	136,356	112,948	114,116	140,808	172,398	191,179	1,691,850
6,138	5,148	5,042	4,764	6,219	5,858	6,206	54,920
(4,577)	(4,071)	(3,420)	(4,363)	(4,181)	(4,567)	(4,374)	(38,708)
(41,999)	117,105	89,187	119,186	157,154	197,102	194,529	1,721,496
(38,441)	63,852	43,758	54,266	80,996	118,553	123,313	1,091,265
¥ 77,913	¥ 89,932	¥ 90,946	¥ 76,660	¥ 67,004	¥ 56,127	¥ 74,143	\$ 656,133
135,103	106,622	96,555	93,407	90,711	65,137	65,891	583,106
314,826	199,354	135,133	199,451	292,532	263,731	221,869	1,963,442
488,608	486,297	481,699	481,715	481,915	482,050	465,556	
¥2,827,428	¥2,708,841	¥2,739,665	¥3,059,596	¥3,226,969	¥3,556,569	¥3,363,674	\$29,767,027
140,269	119,314	20,334	317,592	314,968	313,045	310,388	2,746,797
1,746,107	1,722,526	1,721,769	1,868,870	2,020,639	2,232,714	2,054,453	18,181,000
74,216	78,862	81,691	80,322	78,595	79,235	78,150	
¥ (78.67)	¥ 131.30	¥ 90.84	¥ 112.65	¥ 168.07	¥ 245.94	¥ 264.87	\$ 2.34
25.00	30.00	35.00	40.00	50.00	60.00	65.00	0.58
3,573.66	3,576.03	3,574.32	3,878.46	4,192.43	4,630.00	4,560.41	40.36
3,220	2,576	1,941	1,836	2,771	4,277	4,451	39.39
0.90	0.72	0.54	0.47	0.66	0.92	0.98	
—	19.62	21.37	16.30	16.49	17.39	16.80	
(2.2)	3.7	2.5	3.0	4.2	5.6	5.8	
(1.3)	2.3	1.6	1.9	2.6	3.5	3.6	
4,434	4,806	5,133	4,843	4,680	4,737	4,496	
2.39	2.40	2.49	2.38	2.02	1.94	1.90	

5 Cash dividends per share represent the amount declared per share for each period.

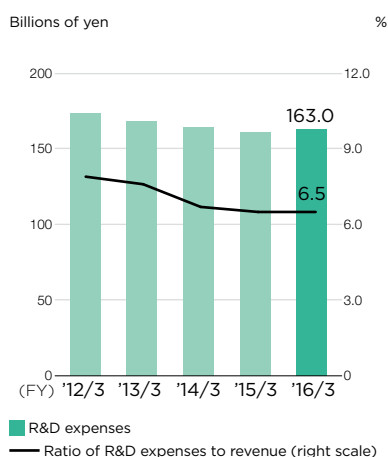
6 The FUJIFILM Holdings shareholders' equity per share is calculated based on the number of shares (excluding treasury stock) outstanding at the end of each period.

7 The price-to-book value ratio (PBR) and price-to-earnings ratio (PER) are calculated based on the stock price as of the end of each fiscal year.

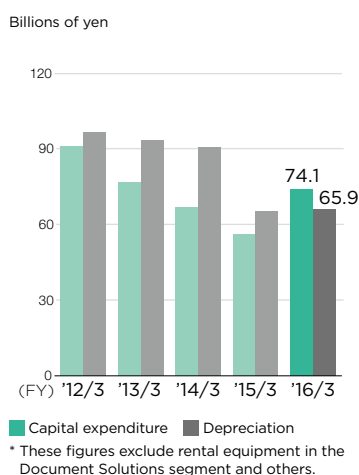
8 CO₂ emission amounts represent those from not only direct in-house activities but also from the entire product lifecycle (from raw material procurement to product manufacturing, shipping, use, and eventual disposal).

9 U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

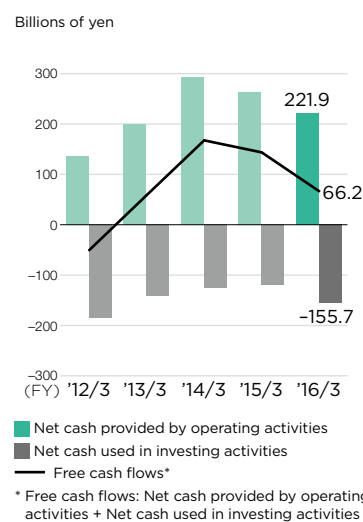
R&D expenses / Ratio of R&D expenses to revenue



Capital expenditures / Depreciation*



Cash flows



Message from the CEO

Putting in Place Strategies for Further Growth while Carrying Out the Medium-Term Management Plan VISION 2016

Shigetaka Komori

Chairman and Chief Executive Officer



After 2000, when demand for photographic films, a former core business, began to decline sharply and rapidly, the Fujifilm Group undertook steps to convert its business structure. As a result, the Group has built a firm and strong management base to generate stable profit and cash to enter a new growth phase. Based on this strong management base, the Group is working to achieve record-high profits and improve its ROE by “Fulfilling its business portfolio to realize stable growth in the medium-to-long term,” and “Enhancing shareholders returns.” Both are the basic strategies under its medium-term management plan VISION 2016, which covers the three-year period from the fiscal year ended March 31, 2015 (FY2015/3) to FY2017/3. In addition to growth in the healthcare, highly functional materials, and document as priority business fields, the Group is working in unison to secure further improvements in profitability in each business and promote other initiatives while accelerating the pace of activities aimed at achieving VISION 2016.

Progress under VISION 2016

In FY2016/3, the second and middle year of VISION 2016, the Fujifilm Group recorded revenue of ¥2,491.6 billion on a consolidated basis. This was essentially unchanged from the previous fiscal year. From a profit perspective, operating income came in at ¥191.2 billion, up 10.9% year on year. Net income attributable to FUJIFILM Holdings reached a record high at ¥123.3 billion, an increase of 4.0%. Based on these results, the Group is showing steady progress under VISION 2016.

Concept of VISION 2016



In the healthcare business field, both sales and profits increased compared with the previous fiscal year. Looking at the medical systems business, sales trends in such growth fields as medical IT, endoscopes, and ultrasound diagnosis were robust. In the pharmaceuticals business, trends in contract manufacturing of biopharmaceuticals were strong. At the same time, Fujifilm is promoting the development of new agent pipelines. In the fiscal year under review, for example, phase I clinical trials of anti-cancer agents *FF-21101* and *FF-10502* were started in the United States. In the field of regenerative medicine, Cellular Dynamics International, Inc. (CDI), a leading company in the development and manufacture of iPS cells, became a consolidated subsidiary of the Fujifilm Group in May 2015. With this and other initiatives, we have put in place a solid framework from which to expand our operating domain and accelerate the pace of regenerative medicine development.

In the highly functional materials business, despite the impact of production adjustments in components for liquid crystal display (LCD) TV use, results in the flat panel display (FPD) materials business were supported by revenue growth of such new products as *EXCLEAR* and backsheets for solar cell in the industrial products business as well as steady sales of photo resists and other products in the electronic materials business.

Earnings in the document business field declined year on year, owing mainly to the negative impact of movements in foreign currency exchange rates. On a positive note, sales in the Asia-Oceania region increased while trends in both the production services and global services businesses—areas of potential growth—were firm.

Throughout the fiscal year under review, energies were channeled toward harnessing the strengths of the Group's diverse business portfolio. By enhancing the earnings capacity of individual businesses, including photo imaging, graphic systems, and recording media, every effort was made to compensate for the increasingly harsh external environment. Through these means, the Fujifilm Group was able to successfully raise profitability.

Toward Achieving the Targets Set Out under VISION 2016

FY2017/3 is the final year of VISION 2016. Despite uncertainty surrounding the future due to such factors as the slowdown in the rates of economic growth in emerging countries and dramatic changes in the operating environment as a result of the United Kingdom's decision to exit the European Union, the Fujifilm Group remains committed to carrying out VISION 2016 to pass an important milestone for further growth. In the current fiscal year, we have set a target for revenue of ¥2,550 billion, up 2.3% year on year, on a consolidated basis. We are also anticipating another year of record-high earnings, with operating income coming in at ¥220 billion, up 15.1%, and net income attributable to FUJIFILM Holdings totaling ¥125 billion, an increase of 1.4%.

In the healthcare business field, we plan to secure a higher level of growth. We especially intend to further boost activities in each growth field in the medical systems business. Working to increase revenue and profitability in the pharmaceuticals business, we will expand sales of contract manufacturing of biopharmaceuticals. Among a host of measures, we will also reinforce our new drug discovery support activities by providing iPS cells through our regenerative medicine business.

In the highly functional materials business field, we will maintain the levels of sales for LCD TV use in the FPD materials business while actively pursuing opportunities in new fields. Through these means, we will endeavor to ensure our profitability. Furthermore, we will expand the scale of sales in the robust industrial products and electronic materials businesses in a bid to secure continued growth.

In the document business field, we will bolster activities in both of the global services and production services businesses while accelerating the pace at which we roll out our solutions business. We will look to realize further growth by strengthening sales in emerging countries including China.

Turning to other businesses, we will introduce new products that leverage the Group's original technologies and increase sales by engaging in marketing that is deeply rooted in each market. Drawing on each of the aforementioned endeavors, we will maintain and expand our business scale as well as our competitive market advantage.

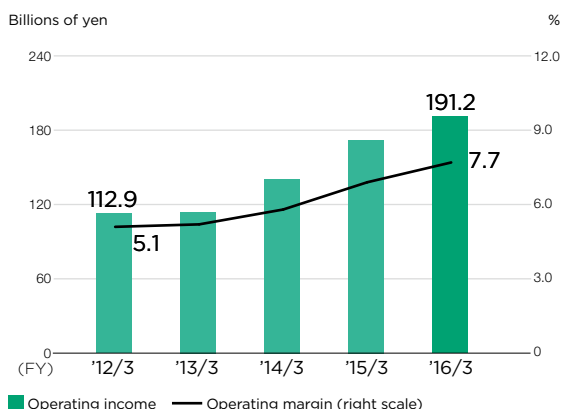
Accelerating Growth through the Efficient Allocation of Capital

We have identified ROE as an important benchmark in measuring capital efficiency under VISION 2016. In order to improve ROE, we recognize the need to increase profitability across the Company as a whole. Over the five-year period from FY2012/3 to FY2016/3, key profitability indicators saw substantial improvement. The operating income margin climbed from 5.1% to 7.7%, and ROE increased from 2.5% to 5.8%. In addition to achieving our profit targets through determined efforts to improve profitability in each business, we are taking positive steps toward our VISION 2016 ROE target of 7% by improving capital efficiency and pursuing M&A. In specific terms, we have set aside an amount of between ¥400 billion and ¥500 billion for M&A purposes. We will aggressively seek out investments that offer the potential of substantial profit returns in a bid to secure growth over the medium-to-long term while improving ROE.

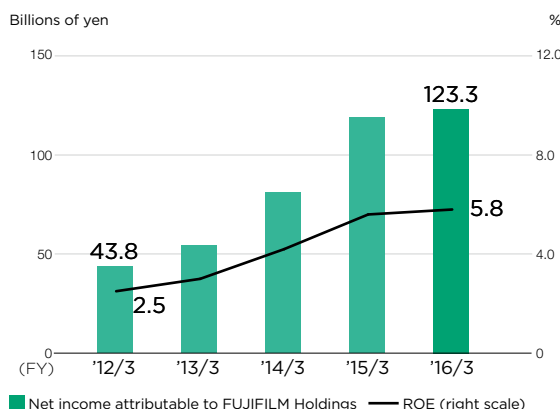
Shareholder Return Policy

Fujifilm has for some time prioritized efforts to restructure its operations and investments in constructing a new foundation for growth. Today, having achieved some success in establishing a firm and strong management base that is capable of generating a stable cash flow, we are looking to secure a balance between future growth investments and shareholder returns. From a cash dividend perspective, we have identified a payout ratio target of 25% or more in accordance with the level of profits. As a result, we have declared an annual dividend of ¥65 per share for FY2016/3, up ¥5 per share compared with the previous fiscal year. In FY2017/3, we plan to pay an annual dividend of ¥70 per share. This again represents a year-on-year increase of ¥5 per share and the seventh consecutive year of higher cash dividends. In addition, we bought back shares totaling ¥150 billion during FY2016/3. This was one year ahead of the schedule identified under VISION 2016. With the basic policy of undertaking a further share buyback of ¥100 billion during FY2017/3, it was resolved by the Board

Operating income / Operating margin



Net income attributable to FUJIFILM Holdings / ROE



of Directors to complete the buyback of shares up to a maximum of ¥50 billion by the end of 2016. Looking ahead, we will continue to promote the return of profits to shareholders while balancing the need for further growth through M&A and other means.

Activities Aimed at Promoting Sustainable Growth

The true worth of a company can be measured by its ability to continuously offer new value to the world. In delivering unique products and services that society deems valuable, companies are well positioned to generate the necessary earnings to reinvest for sustainable growth. The mission of each going concern is therefore to develop and maintain this virtuous cycle.

Meanwhile, innovation in every facet of a company's activities is vital to the creation of new value. With this in mind, we are committed to securing a unique competitive edge. Located in Japan, the United States, and Europe, Fujifilm's Open Innovation Hubs have attracted substantial numbers of visitors. Drawing on the concept of co-creation, the Fujifilm Group is making steady progress in concert with business partners to create new value. In April 2016, we established the Informatics Research Laboratory to conduct R&D on cutting-edge technologies in the field of information sciences, including big data analysis, as well as software fundamental technologies. In addition to reinforcing our information fundamental technologies that cover advanced ICT such as Internet of Things (IoT) and Artificial Intelligence (AI), we are looking to apply these technologies in the creation of new products and services while stepping up our manufacturing and marketing activities.

→ Please refer to page 37 for details about Open Innovation Hub.

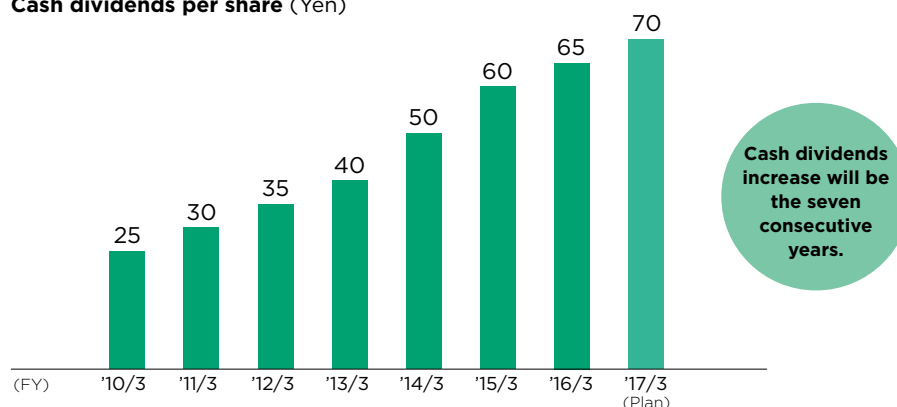
Looking beyond VISION 2016

Kenji Sukeno was appointed President and COO in June 2016. Under the stewardship of a new management team, we will first carry out VISION 2016 while at the same time formulating the next medium-term management plan, which is scheduled to commence in FY2018/3.

The overall direction of the next medium-term management plan will remain unchanged. Accordingly, we will maintain our focus on fulfilling our business portfolio to realize stable growth in the medium-to-long term. While ramping up efforts to promote growth strategies across such priority business fields as healthcare, we will look toward taking the next substantial leap forward.

Working in unison, the Fujifilm Group will make every effort to further increase its corporate value. As we stride toward achieving our established goals, we request the continued support and understanding of all stakeholders.

Cash dividends per share (Yen)





| Greetings from the COO

Making Great Strides Strategically toward New Growth

Kenji Sukeno

President and Chief Operating Officer

Having recently taken up the post of President and Chief Operating Officer, I would like to take this opportunity to make a few comments.

I joined the Company in 1977 and have worked mainly in the accounting and finance fields. During my career, I was posted overseas for a total of 12 years in the United Kingdom and the United States. In the United States, I was involved in the efforts of the Group to restructure its business in response to the shrinking demand for photographic films and to expand in areas that were earmarked for growth through M&A and post-merger integration (PMI). Since 2012, I have served as Corporate Vice President and General Manager of the Company's Corporate Planning Division. In this position, my role was largely to assist in promoting Groupwide corporate reform.

Under the strong leadership of Shigetaka Komori, Chairman and CEO, the Fujifilm Group has worked in unison to restructure its business in response to developments in digitization since 2000. As a result, we have today evolved into a Group that is active across multiple growth business fields, including the healthcare, highly functional materials, and document. Since 2012, we have placed particular emphasis on strengthening *genba* (onsite) capabilities, enhancing individual business profitability, and reinforcing our business foundation. Building on these endeavors, I believe the Group is moving beyond the reform stage and embarking on a new phase whereby our focus is on making great strides strategically to achieve new growth. In taking up the position of President and COO at this critical juncture, I plan to pursue the following three initiatives and to enhance the Group's corporate value.

The first initiative is **to strengthen and develop new businesses**. To date, the Group has proactively entered into M&A and undertaken investments geared toward the future. Areas of particular focus have included pharmaceuticals, regenerative medicine, and highly functional materials. My mission as COO is to ensure that each business is brought to full swing. Moving forward, I will actively pursue the necessary steps to secure the profits required to propel our future growth, including M&A and collaboration with other companies.

In pushing forward the second initiative, I will oversee efforts **to improve our management efficiency**. Reaching an ROE of 7% is one of the goals in VISION 2016. With this in mind, I will place considerable emphasis on improving management efficiency in order to increase the Group's return. By identifying the steps required to improve management efficiency, I will work diligently to put in place a flexible and slim organization with minimum waste.

Finally, I will channel energies of the Group toward **strengthening its global development activities** as a third initiative. While our overseas sales ratio currently stands at around 60%, there is ample room for further business expansion worldwide, including in emerging markets. Leveraging my experience outside Japan, I will accelerate the pace of our global business development.

To meet the expectations of all stakeholders, I will look to carry out drastic actions in new business fields that will help drive the Group's growth going forward. At the same time, I will pay careful attention to consistently maintaining efficient management.

Under the Chairman and CEO, I will make every effort to realize our corporate philosophy and VISION 2016.

As we work toward achieving our established goals, we kindly request your continued support and understanding.

Special Feature

Fujifilm Group Undergoing
Transformation from Photographic
Film to Healthcare

Initiatives in Healthcare Business Field, Fujifilm's Medium-to- Long-Term Growth Driver

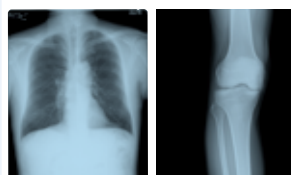
Under VISION 2016, its medium-term management plan, Fujifilm is focusing on three business fields: healthcare, highly functional materials, and document. Of these, the healthcare business field has been expanded to encompass wide-ranging businesses relating to people's health, from diagnosis to prevention and treatment. Leveraging the Group's extensive range of products and services as well as the technologies accumulated to date, Fujifilm will work to further improve people's quality of life as a "comprehensive healthcare company."

Diagnosis

► For more details, please see page 18.

Having started out with the X-ray film that was launched soon after its founding, Fujifilm supplies medical equipment that includes the Fuji Computed Radiography (*FCR*) digital X-ray imaging diagnostic system that was the first in the world to bring to fruition the digitization of X-ray images for medical use; endoscope systems; ultrasound diagnostic equipment; and in-vitro diagnostic systems as well as the *SYNAPSE* medical-use picture archiving and communications systems (PACS).

1936



X-ray film

1971



Endoscope system

1983



Digital X-ray imaging diagnostic system *FCR*

1984



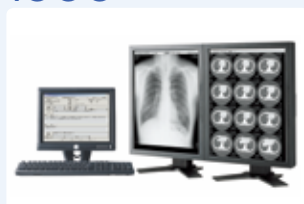
DRI-CHEM blood analysis system

1989



Dry imagers

1999



SYNAPSE medical-use picture archiving and communications systems (PACS)

2006



Ultrasound diagnostic equipment

2007



DR type X-ray imaging diagnostic system

Prevention

Drawing on its knowledge relating to collagen—the main raw material for photographic film—as well as antioxidation technologies that help prevent photos from fading and proprietary nanotechnologies that miniaturize the functional materials included in films while stabilizing dispersion, Fujifilm started to sell functional cosmetics and supplements and entered the prevention field in 2006. Fujifilm is expanding its lineup of highly unique products such as the *ASTALIFT* Series that leverage its technologies.

2006



Functional cosmetics

2006



Supplements

2014



Hair care products

Treatment

▶ For more details, please see page 20.

In 2008, Fujifilm acquired Toyama Chemical Co., Ltd., and made its full-scale entry into the treatment field. By acquiring a biopharmaceutical contract manufacturing company from U.S.-based Merck & Co., Inc., in 2011 and other moves, Fujifilm has been expanding its pharmaceuticals business. Also, in the field of regenerative medicine, Fujifilm made Japan Tissue Engineering Co., Ltd., and Cellular Dynamics International, Inc., consolidated subsidiaries in 2014 and 2015, respectively, and is making progress in expanding its business fields.

2008



Small molecule drugs
(Toyama Chemical Co., Ltd.)

2011



Contract manufacturing of biopharmaceuticals (FUJIFILM Diosynth Biotechnologies)

2014



Autologous cultured epidermis
(Japan Tissue Engineering Co., Ltd.)

2015



iPS cells (Cellular Dynamics International, Inc.)

Diagnosis Field Activities Record, examine, utilize

Medical Systems: Medical IT-Centered Growth Driver of Healthcare Business Field

Centered on medical IT, the medical systems business that is responsible for the diagnosis field develops and supplies a wide lineup of products and services—including X-ray imaging diagnostic systems, ultrasound diagnostic equipment and endoscope systems—to meet needs in a variety of medical fields. Associated with the increased performance of equipment, clinical information is now becoming big data. In addition to managing this data, Fujifilm is promoting the usage of data for analysis and for regional collaboration to create added value, including diagnostic support for doctors and medical efficiency.

In-Vitro Diagnosis (IVD)

Fujifilm supplies point-of-care testing (POCT)-type* in-vitro diagnosis systems that use specialized equipment to examine constituents and measure the amount of virus, with blood or other samples dropped into reagents.

* A checkup that is undertaken in a place that is near the patient, such as a consultation room or hospital ward bedside.

FUJI DRI-CHEM IMMUNO AGI

An immunity diagnostic system capable of detecting influenza virus to a high degree of sensitivity. Enabling the detection of negligible amounts of influenza virus by the application of silver halide amplification technology utilized in the photo developing process, the proprietary technology is highly regarded, and deliveries of the system to medical organizations are under way.



Medical IT

A picture archiving and communication system (PACS) supplied in the medical IT field, stores on a server images taken by medical image diagnostic equipment—such as CT, MRI, and CR—so that doctors can interpret and diagnose these images on a terminal in a hospital. Leveraging proprietary image processing technologies and knowledge relating to diagnostic imaging that has been accumulated over many years, Fujifilm's *SYNAPSE* Series provides a high-quality image suitable for diagnosis and also realizes high operational stability. The *SYNAPSE* has the top share of the market in Japan and ranks second in terms of global market share.

Endoscopes

Fujifilm supplies products that target not only the early detection and treatment of diseases such as cancer but also the reduction of the physical burden on the patient. Such products include the *LASEREO* endoscope system equipped with a laser light source, transnasal endoscopes that place less physical burden on the patient, and double-balloon endoscopes.

LASEREO

Drawing on laser control technologies accumulated over many years in the photography and medical fields, the *LASEREO* system controls two laser lights of different wavelengths. Combining proprietary image processing technologies enables the examination of imaging that highlights mucosal surface microvessels and thereby realizes enhanced clarity in the areas of pathological change, such as cancer.



SYNAPSE VNA (Vendor Neutral Archive)

In hospitals, each treatment department uses different systems to manage a variety of clinical information, such as CT and MRI diagnostic imaging and video of endoscopic tests. In recent years, however, doctors have been calling for systems capable of referring to various types of information and usage of it for comprehensive diagnoses. In response to these needs, Fujifilm provides the *SYNAPSE VNA* integrated archive system that is capable of the centralized management and storage of clinical information. In 2015, Fujifilm made TeraMedica, Inc., a consolidated subsidiary. Having become the leading company in the VNA market, TeraMedica has installed more than 300 of its VNA systems in hospitals around the world.

Utilizing Data to Support Diagnosis and Streamline Medical Care

Putting to practical use its proprietary *Image Intelligence™* image processing technologies gained from its photographic, medical, and printing businesses, Fujifilm supplies systems that lead to diagnostic support and increased efficiency in medical care.

SYNAPSE Case Match Content-Based Image Retrieval System

Utilizing artificial intelligence technologies, the *SYNAPSE Case Match* system retrieves past medical cases from a database, instantly searches for cases in which the features of pathological changes are similar, and displays them in similar order.

The system supports doctors' image diagnoses that call for accuracy and speed.



SYNAPSE 3D 3D Image Analysis System

This system analyzes 3D images to render high-precision 3D images from the 2D cross-sectional images provided by, for example, CT and MRI. Bringing to fruition the highly accurate automatic rendering of various organs and blood vessels, the system contributes to easing the burden of not only doctors' interpretations, which are increasing in step with growing amounts of image data, but also radiologists' creation of 3D images.



SYNAPSE VNA

Special Features of SYNAPSE VNA

- Enables users to refer to the hospital's in-house clinical information supplied from each department, and makes it possible to list, by patient, information from multiple departments
- Able to consolidate and store clinical information, contributes to easing the burden from the labor and cost aspects in moving needed data at times of system upgrades
- Enables clinical information from several facilities to be centrally managed under common rules, utilization even at times of regional medical collaboration is anticipated

X-Ray Imaging Diagnostics

Fujifilm launched *Fuji Computed Radiography (FCR)*, the world's first digital X-ray imaging diagnostic system. Centered on digital radiography (DR)-type systems that convert X-ray energy directly into an electrical signal and are thus capable of displaying captured images more quickly, Fujifilm is currently leveraging its long-established, advanced image processing technologies and supplying systems that display the advances made in lowering radiation dosages as well as in image quality and compactness.

FDR D-EVO II

Realizing low radiation dosages and high image quality, this is a cassette-sized piece of DR-type digital X-ray imaging diagnostic equipment. Capable of taking images with small amounts of radiation due to the installation of noise reduction circuitry, *Virtual Grid* image processing software decreases the scattered ray effect* generated inside the body when taking an image and dispenses with the previous need for a heavy metal filter to prevent scattering, thereby making it easier to take an image.

* X-rays that are irregularly reflected by a variety of substances inside an object when transmitted through that object.



Ultrasound Diagnosis

While leveraging the synergies between Fujifilm's image processing technologies and the technologies to produce small sized, robust devices of SonoSite, which became a consolidated subsidiary in 2012, as well as both companies' sales channels, Fujifilm is working to expand sales in the growth market of portable ultrasound equipment.

SonoSite iViz

SonoSite iViz is a compact, lightweight, tablet-type piece of ultrasound image diagnostic equipment. In addition to being easily carried on doctors' hospital rounds, its excellent portability means that *SonoSite iViz* can be utilized in other situations, such as home care as well as in emergency and critical care, and supports high-definition image quality.



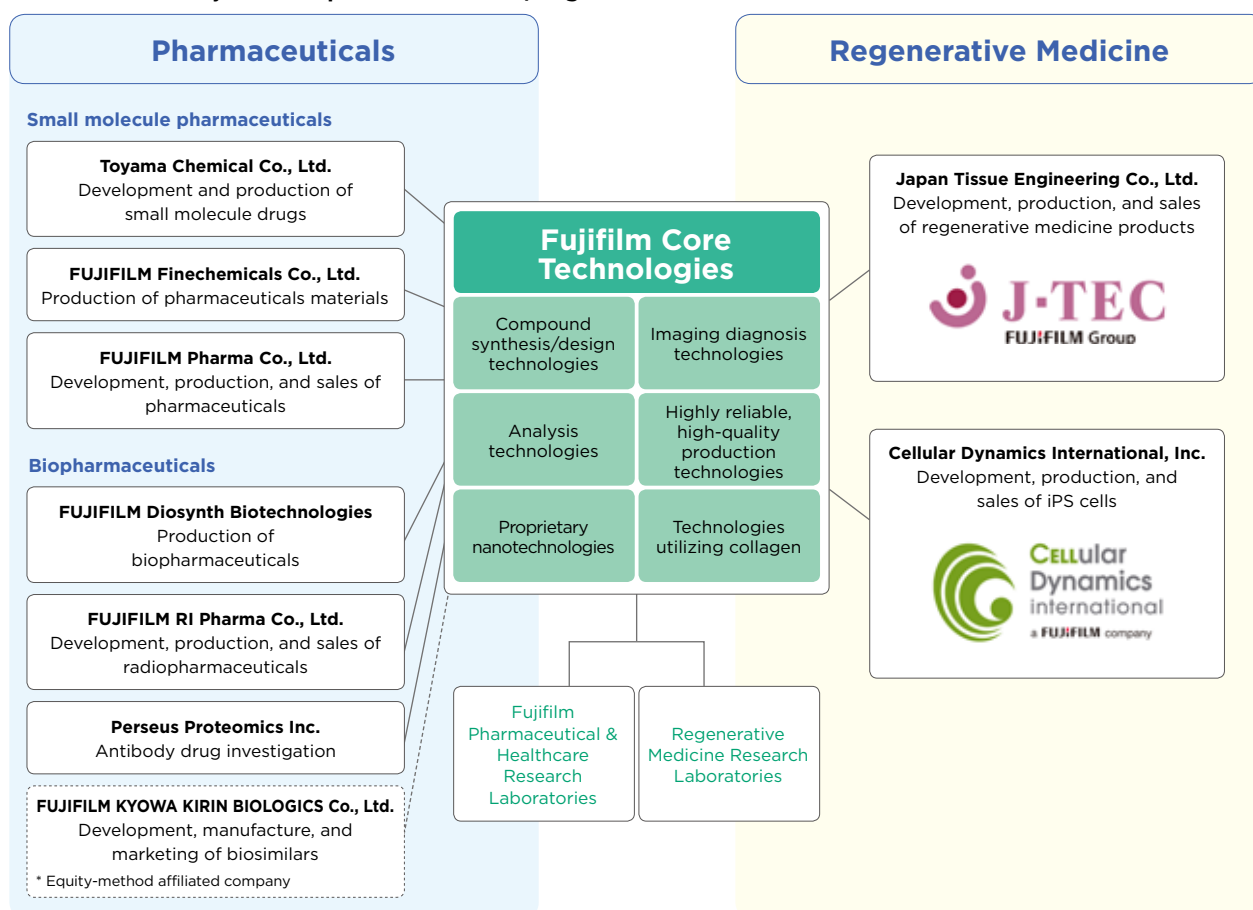
Treatment Field Activities

From Drug Discovery Support to Pharmaceutical Development and Regenerative Medicine

Pharmaceuticals / Regenerative Medicine: Responding to Unmet Medical Needs

In the healthcare business field, the pharmaceuticals and regenerative medicine businesses are responsible for the treatment field. In addition to small molecule drugs, such as the therapeutic drugs for infectious diseases supplied by Toyama Chemical Co., Ltd., which was acquired in 2008, the pharmaceuticals business handles biopharmaceuticals, the market for which is expected to grow in the years ahead due to their fewer side effects and greater efficacy. In regenerative medicine, Fujifilm consolidated Japan Tissue Engineering Co., Ltd. (J-TEC), which supplies the first two products approved as regenerative medicines in Japan, and Cellular Dynamics International, Inc. (CDI), which is a leading company in the development and production of iPS cells that are the key to regenerative medicine. Fujifilm is leveraging the synergies between the three companies while proactively developing the business.

Structure of the Fujifilm Group Pharmaceuticals/Regenerative Medicine Business



Fujifilm Technologies That Function in Pharmaceuticals and Regenerative Medicine Businesses

Fujifilm Technologies	Examples of Utilization
Compound synthesis and design technologies that gave rise to new materials in the development of photographic film	→ In making synthesis processes more efficient and prolonging compound stability in the development of pharmaceuticals
Analysis technologies that have been honed through the analytical evaluation of photographs	→ In elucidating mechanisms of action in the development of pharmaceuticals and improving and accelerating the accuracy and speed of development
Proprietary nanotechnologies that deliver stability to locations by refining or functionally combining constituents	→ In making medicines alcohol-free, microneedle formulations, making suspension agents transparent, and extending shelf life
Highly reliable, high-quality production technologies	→ In making the production processes of pharmaceuticals more efficient and more stable
Research into collagen, the main raw material for photographic film	→ In the development of recombinant peptides that form the scaffolds for cell growth and propagation in regenerative medicine

Pharmaceuticals:

Growth Strategies Deployed from a Medium-to-Long-Term Perspective

In Fujifilm's pharmaceuticals business, contract manufacturing of biopharmaceuticals is currently driving growth. Steadily making progress with the development of new drugs in response to unmet medical needs, such as anti-cancer agents and drugs for the treatment of Alzheimer's disease, new drugs in the pipeline are expected to start contributing to profits from FY2019/3.

STAGE 1

To FY2018/3

Contract manufacturing of biopharmaceuticals driving growth

The contract manufacturing of biopharmaceuticals market is expected to grow by an annual rate of 8%. FUJIFILM Diosynth Biotechnologies, which became a consolidated subsidiary in 2011, developed the high-productivity *Apollo*™ cell production technology and is responding to burgeoning demand by expanding its cost-competitive capabilities and increasing its production capacity. Having acquired the U.S. company Kalon Biotherapeutics LLC in 2014, which possesses strengths in the manufacture of vaccines, Fujifilm is responding to high-mix, low-volume production needs for pharmaceuticals.



STAGE 2

From FY2019/3

Contributing to profits by making new drugs available on the market

In fields with high unmet medical needs, Fujifilm is conducting R&D with the aim of making unique, top-selling drugs available on the market that have new mechanisms of action. The current status of the main pipeline is listed below.

Development Number	Action / Indication	Features / Status of Development
T-705	Anti-influenza drug	Approved in Japan as <i>Avigan</i> ® Tablet in March 2014 Undergoing phase III clinical trials in the United States
T-817MA	Alzheimer's disease drug	Undergoing phase II clinical trials in Japan and the United States In the United States, undergoing clinical development with Alzheimer's Disease Cooperative Study
FF-10501	Therapeutic drug for relapsed or refractory myelodysplastic syndromes (MDS)	Phase I clinical trials in Japan ended. Undergoing phase I clinical trials in the United States*
FF-10502	Therapeutic drug for advanced or recurrent gastric cancer / ovarian cancer	Undergoing phase I clinical trials in the United States*
FF-21101	Therapeutic drug for advanced or recurrent non-small cell lung cancer / pancreatic cancer	Undergoing phase I clinical trials in the United States*

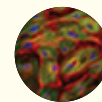
* Clinical development promotion under way with MD Anderson Cancer Center (United States)

Regenerative Medicine:

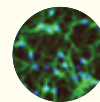
Initiatives in Drug Discovery Support That Utilize iPS Cells

In the development of new agents, before testing them on people (clinical trials), animals and others are used for the screening of compounds, verifying absorption and distribution in the body and excretion status as well as the presence or absence of toxins. For these processes, CDI supplies cells differentiated from iPS cells to many users, including pharmaceutical companies and research organizations. Conducting experiments that utilize human cells from the early stages of new drug development contributes to a higher rate of development success and saves cost in check. CDI is changing the way drugs are discovered and anticipating a significant surge in demand for iPS cells.

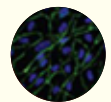
In the years to come, in addition to new drug discovery support, Fujifilm will leverage its technologies, harness the synergies within the Group by joining forces with both J-TEC and CDI, and drive the industry as a leading company in regenerative medicine.



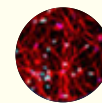
Cardiomyocytes



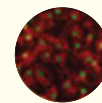
Neurons



Endothelial cells



DopaNeurons



Hepatocytes

CDI maintains a wide-ranging product lineup of differentiated cells, such as cardiomyocytes and neurons, derived from iPS cells.

REVIEW OF OPERATIONS

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Imaging Solutions

Business Fields

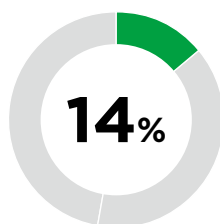


Photo Imaging

Develops photo-related products and services, ranging from photo-taking to printing

Optical Device and Electronic Imaging

Provides products such as the *X Series* of digital cameras, interchangeable lenses, and TV lenses

Performance Summary of FY2016/3

In the Imaging Solutions segment, consolidated revenue amounted to ¥353.3 billion, down 2.1% from the previous fiscal year. This was due to a decrease in sales in the optical device and electronic imaging business in line with a contraction of the compact digital camera lineup, despite an increase in sales in the photo imaging business. Consolidated operating income amounted to ¥32.2 billion, up 55.5% from the previous fiscal year, reflecting an increase in profit due to growth in revenues in the photo imaging business.

Reasons for Change in Revenue from FY2015/3 to FY2016/3

Increases ↗

- Sales of instant photo systems such as the *instax* series and *instax* films increased substantially, especially in the United States and Europe
- Sales in the photo imaging business as a whole increased due mainly to growth in high-value-added printing businesses including the *Year Album* service and the *Shuffle Print* service
- Sales of the *X Series* were strong due to sales expansion in the Asian region

Decreases ↘

- Sales volume decreased due to a contraction of the product lineup of compact digital cameras as a result of the shift to high-end models
- Sales of camera modules for use in smartphones significantly decreased

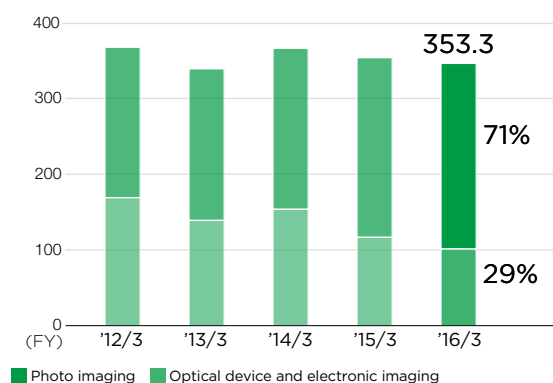
Reasons for Change in Operating Income from FY2015/3 to FY2016/3

Increases ↗

- Sales of instant photo systems were strong
- Profitability improved in the electronic imaging field, reflecting the further shift to such high-end digital camera models as the *X Series*

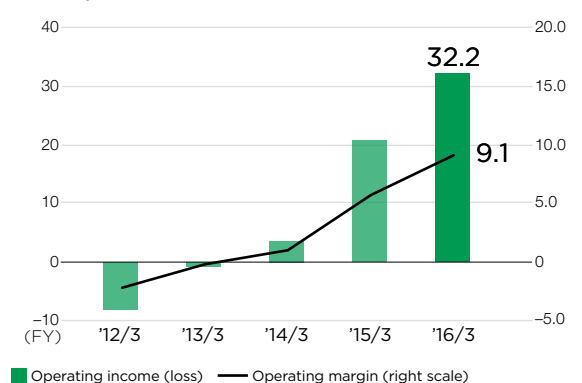
Revenue

Billions of yen



Operating income (loss) / Operating margin

Billions of yen



	Billions of yen				
FY	'12/3	'13/3	'14/3	'15/3	'16/3
Revenue	¥375.0	¥346.0	¥373.6	¥361.0	¥353.3
Operating income (loss)	(8.1)	(0.8)	3.6	20.7	32.2
Total assets	327.4	327.3	322.1	322.3	315.4
Depreciation	14.6	13.3	13.5	11.1	12.9
Capital expenditures	12.9	9.8	9.3	7.9	10.1

Photo Imaging

Revenue **¥249.9 billion**

Compared with previous fiscal year: **+3.9%** 



instax mini 70

Principal Products and Services

- Color paper and chemicals
Photographic paper for color prints
Photofinishing chemicals
- Photofinishing equipment
Minilabs
Thermal photo printers
- Labs and photo printing services
High-value-added printing business
such as *Photobook* /
photo printing services
- Instant photo systems

Performance Highlights and Major Initiatives

- Sales of instant photo systems such as the *instax* series and various designs of *instax* films increased substantially, especially in the United States and Europe
- Strengthened the instant camera product lineup by offering new products including the *instax mini HELLO KITTY 2016 limited edition <red>* and the *instax mini 70* that features versatile shooting modes, vivid color prints, and a modern and simple design
- Sales also increased as a result of expansion in the high-value-added printing business. This included the *Year Album* service, which can select good photographs and arrange them automatically, and the *Shuffle Print* service, which can summarize photo data and print it on a single sheet

Optical Device and Electronic Imaging

Revenue **¥103.4 billion**

Compared with previous fiscal year: **-14.2%** 



FUJIFILM X-Pro2

Principal Products and Services

- *X Series* digital cameras
- Interchangeable lenses for digital cameras
- TV lenses, cine lenses
- Security lenses
- Projector lenses



FUJINON UA107x8.4

Performance Highlights and Major Initiatives

Electronic Imaging Field

- Sales volume and sales decreased due to the contraction of product lineup of compact digital cameras as a result of the shift to high-end models
- Sales of the *X Series* were strong. In addition to the development of new products such as the mirrorless digital camera *FUJIFILM X-T10*, which realizes outstanding image quality and comfortable operability with a compact and lightweight body, and *FUJIFILM X-Pro2*, a flagship model

that realizes the best image quality and comfortable operability, robust sales reflected sales expansion in Asian region

Optical Device Field

- Sales of camera modules for use in smartphones significantly decreased
- The Company tries to expand global market share of broadcast zoom lenses, especially of those products for use with 4K cameras, which were launched ahead of its competitors

COLUMN

Business Activities Based on the Medium-Term CSR Plan: Sustainable Value Plan 2016 (SVP2016)

→ Please refer to page 47 (SVP2016).

Fostering Communications through Photographs

As a part of continued efforts since its foundation to spread and develop the culture of photography, the Fujifilm Group has been working to convey the true value and enjoyment of photography: shooting, preserving, displaying and gifting since 2013, based on the concept of enriching people's lives through photography. In February 2014, we opened WONDER PHOTO SHOP in Harajuku, Tokyo, as a new direct

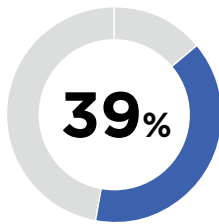
marketing initiative in the age of smartphones. In the ensuing period, we have rolled out additional shops in Asia and Europe. Through these activities, we are working to increase the use of *instax* products, expand the *Year Album* and other service of the high-value-added printing business, and pursue every possibility and new ways to enjoy photography.



WONDER PHOTO SHOP

Information Solutions

Business Fields



Healthcare

Develops businesses in the fields of medical systems, pharmaceuticals, regenerative medicine, and life sciences; operates in three fields of prevention, diagnosis, and treatment

Highly Functional Materials

Provides FPD materials, industrial products including non-destructive testing equipment and various types of highly functional films, electronic materials including semiconductor processing materials

Recording Media

Provides products including computer tape and data archive services

Graphic Systems

In addition to plate-making films and computer-to-plate (CTP) plates, products provided include digital printing devices and industrial inkjet printheads

Performance Summary of FY2016/3

In the Information Solutions segment, consolidated revenue amounted to ¥964.2 billion, up 1.1% from the previous fiscal year, as sales mainly in the medical systems business, industrial products business, and electronic materials business increased, while sales in the FPD materials business decreased. Consolidated operating income amounted to ¥94.1 billion, up 16.0% from the previous fiscal year, reflecting an increase in profit due to growth in revenues and improvement of profitability.

Reasons for Change in Revenue from FY2015/3 to FY2016/3

Increases ↗

- In the medical systems business, sales in growth fields including medical IT, endoscopes, and ultrasound diagnosis were strong
- In the industrial products business, sales in such new business areas as EXCLEAR and backsheets for solar cell were strong
- In the electronic materials business, sales of such advanced products as photo resists and treatment agents were strong
- In the graphic systems business, sales of digital printing devices and industrial inkjet printheads were strong, while sales of computer-to-plate (CTP) plates were weak due to the negative impact of an economic slowdown in China and other countries

Decreases ↘

- In the FPD materials business, sales decreased reflecting such impacts as production adjustments due to the slowdown of the LCD panel market and other factors
- In the recording media business, total demand for professional-use videotapes decreased

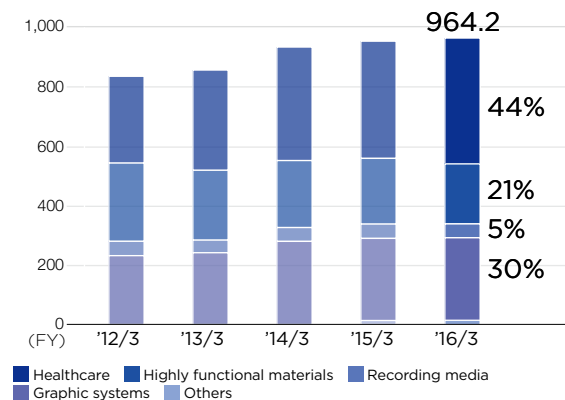
Reasons for Change in Operating Income from FY2015/3 to FY2016/3

Increase ↗

- Profitability improved in each business

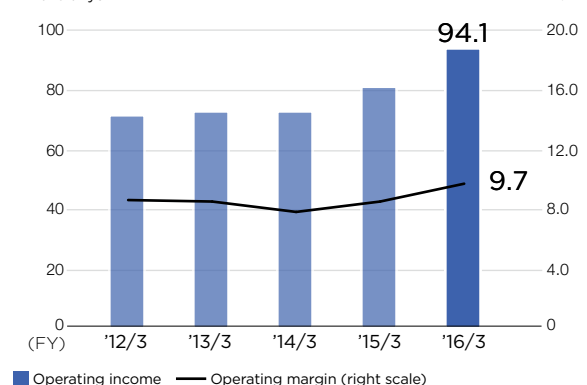
Revenue

Billions of yen



Operating income / Operating margin

Billions of yen



	Billions of yen				
FY	'12/3	'13/3	'14/3	'15/3	'16/3
Revenue	¥ 835.5	¥ 856.5	¥ 933.9	¥ 953.6	¥ 964.2
Operating income	71.6	72.9	72.9	81.2	94.1
Total assets	1,268.4	1,332.8	1,336.1	1,457.9	1,460.6
Depreciation	72.4	71.8	68.6	51.0	52.0
Capital expenditures	56.2	39.9	32.4	29.4	39.3

Healthcare

Revenue **¥423.5 billion**
 Compared with previous fiscal year: **+7.4%** 

Medical Systems

Principal Products and Services

- Digital X-ray imaging diagnostic systems: *FCR, DR*
- Medical-use picture archiving and communications systems *SYNAPSE*
- Endoscope systems
- Ultrasound diagnostic equipment
- X-ray films
- Dry imagers
- In-vitro diagnostic systems

Performance Highlights and Major Initiatives

- In the X-ray imaging diagnostic field, sales of the *CALNEO* series, a DR cassette digital X-ray imaging diagnostic system, and the *AMULET* series, a digital mammography system, were strong
- In the medical IT field, every effort is being made to expand business in the clinical field focusing mainly on picture archiving communications systems (PACS). In addition, Fujifilm made the acquisition of the medical IT software company TeraMedica, Inc., in the United States in May 2015.
- In the endoscope field, sales of *LASEREO* endoscope systems that use laser light and are equipped with high-quality image CMOS sensors, new endoscopic ultrasonography systems, and other products were strong
- In the ultrasound diagnosis field, sales of the high-end product *X-Porte* were strong, centering on North America

Medical-use picture archiving and communications systems *SYNAPSE*



Pharmaceuticals

Principal Products and Services

- Small molecule drugs
- Contract manufacturing of biopharmaceuticals
- Radiopharmaceuticals

Small molecule drug



Performance Highlights and Major Initiatives

- Sales increased due to strong sales of contract manufacturing of biopharmaceuticals and other factors
- In the field of research and development, Fujifilm is promoting the steady development of pipeline including anti-cancer agents and Alzheimer's disease drugs. In January 2016, phase I clinical trials of the anti-cancer agents *FF-21101* and *FF-10502* started in the United States

Regenerative Medicine

Principal Products and Services

- iPS cells for drug discovery support
- Recombinant peptide
- Autologous cultured epidermis / cartilage



Autologous cultured epidermis

Performance Highlights and Major Initiatives

- Cellular Dynamics International, Inc. (CDI), in the United States, a leading global company in the development and manufacture of iPS cells, became a consolidated subsidiary of the Fujifilm Group in May 2015. In addition, Fujifilm established Cellular Dynamics International Japan Co., Ltd., in October 2015 to develop iPS cell-related businesses in Japan
- Fujifilm and consolidated subsidiary Japan Tissue Engineering Co., Ltd., are harnessing synergies by incorporating CDI's technologies while accelerating the pace of product development and expanding its business domain

Life Sciences

Principal Products and Services

- Functional cosmetics
- Nutritional supplement products
- Hair care products



ASTALIFT series

Performance Highlights and Major Initiatives

- Sales increased significantly, reflecting strong sales of the jelly-like serum *ASTALIFT JELLY AQUARYSTA*, which was renewed in September 2015
- The skin-whitening serum *ASTALIFT WHITE ESSENCE INFILT* was renewed in March 2016

Highly Functional Materials

Revenue **¥202.0 billion**

Compared with previous fiscal year: **-8.6%** ▼

Flat Panel Display (FPD) Materials

Revenue **¥95.9 billion**

Compared with previous fiscal year: **-25.5%** ▼

FUJITAC protective film for polarizers



Principal Products and Services

- FUJITAC protective films for polarizers
- WV film for expanding viewing angles

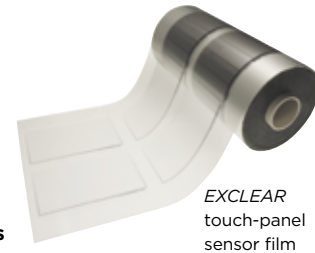
Performance Highlights and Major Initiatives

- Sales decreased, reflecting such impacts as production adjustments due to slowdown in the LCD panel market and other factors
- Going forward, Fujifilm is working to maintain sales of products for LCD TVs, and to expand sales of high-end products for use in small and medium-sized displays. Moreover, Fujifilm is promoting the expansion of such new business fields as the materials related to touch panels and backlights

Industrial Products, Electronic Materials

Revenue **¥106.1 billion**

Compared with previous fiscal year: **+15.0%** ↗



EXCLEAR touch-panel sensor film

Principal Products and Services

- Non-destructive testing equipment and materials
- Touch panel materials
- Solar cell materials
- Semiconductor processing materials

Performance Highlights and Major Initiatives

- #### Industrial Products
- Sales significantly increased, reflecting strong sales in new businesses such as the touch-panel sensor film EXCLEAR and backsheets for solar cell

Electronic Materials

- In the electronic materials business, sales increased, reflecting strong sales of such advanced products as photo resists and treatment agents
- Fujifilm plans to expand business utilizing the broad product lineup and other strengths of Ultra Pure Solutions, Inc., a U.S. manufacturer and marketer of high-purity solvents, which became a consolidated subsidiary in December 2015

COLUMN

Business Activities Based on the Medium-Term CSR Plan: Sustainable Value Plan 2016 (SVP2016)

→ Please refer to page 47 (SVP2016).

Helping to Solve the World's Public Health Problems

Fujifilm has applied its silver amplification technology, traditionally used in the development process for photographs to the development of a diagnostic system that can detect even a very small amount of influenza virus at an early stage. The technology can be applied to diseases other than influenza, and Fujifilm aims to apply it more widely to contribute to the early detection of

various infectious diseases existing around the world. In particular, we are working to create a simple, quick, small-sized, and portable diagnostic system for use even in places where proper medical facilities are lacking and an infection has been reported. In doing so, our goal is to help solve the world's public health problems.



FUJI DRI-CHEM IMMUNO AG1

Recording Media

Revenue **¥46.6 billion**

Compared with previous fiscal year: **-3.3%** ↓

Principal Products and Services

- Magnetic recording tape for computers
- Professional-use videotapes
- Data archive service

Performance Highlights and Major Initiatives

- Despite smooth sales of computer tape with unique technologies such as barium ferrite (BaFe) particles, overall sales decreased because of the impact of a decline in total demand for professional-use videotapes
- Fujifilm is working to further offer high-value-added products and services to meet long-term storage needs and expand sales through a variety of activities of the *FUJIFILM LTO Ultrium 7 Data Cartridge*, which adheres to the 7th generation LTO Ultrium standards, while also promoting its data archive service *d:ternity*



FUJIFILM LTO Ultrium 7 Data Cartridge
computer tape with BaFe
magnetic particles

Graphic Systems

Revenue **¥285.0 billion**

Compared with previous fiscal year: **+0.5%** ↗

Principal Products and Services

- Printing materials, CTP plates
- Digital printing equipment
- Ink for inkjet printers
- Industrial inkjet printheads
- Package-related systems

Performance Highlights and Major Initiatives

- Overall sales increased due to strong sales of digital printing devices and industrial inkjet printheads, which offset weak sales of CTP plates due to the negative impact of an economic slow-down in China and other countries as well as heightened price competition
- Going forward, Fujifilm plans to promote a shift in its business portfolio and to expand sales by differentiating its products from competitors in the mainstay CTP plates field through resource-saving solutions and further expanding sales of digital printing devices and industrial inkjet printheads



Jet Press 720S digital inkjet press

COLUMN

Business Activities Based on the Medium-Term CSR Plan: Sustainable Value Plan 2016 (SVP2016)

→ Please refer to page 47 (SVP2016).

Storing a Range of the World's Valued Data for the Future

Recent technological developments have caused an exponential increase in the quantity of data generated worldwide. Such developments have included increases in data volume following the emergence of high-definition 4K and 8K video and the widespread use of supercomputers. As the utilization of this accumulated data rapidly increases, so does the need for the reliable and cost-effective long-term storage of such data for future use. The use of magnetic tapes is gaining

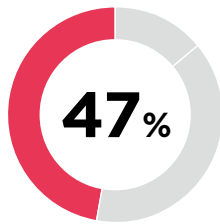
in popularity, especially at major data centers, thanks to their storage capacity, portability, and energy efficiency. Fujifilm was the first in the world to commercialize magnetic tapes using BaFe particles, a cutting-edge technology that can help further increase the capacity of magnetic tapes. The Company is providing reliable services and solutions to meet the need for the archive storage of data that is valuable for customers and society.



Data center of the data archive
service *d:ternity*

Document Solutions

Business Fields



Office Products

Provides digital multifunction devices and other devices for office use

Office Printers

Provides printers for office use

Production Services

Provides high-speed, high-quality digital printing systems and associated services

Global Services

Supports finding solutions to customers' document-related issues through improvements to corporate document solutions and operational processes

Performance Summary of FY2016/3

In the Document Solutions segment, consolidated revenue remained almost unchanged at ¥1,174.1 billion, down 0.3% from the previous fiscal year, due to a decrease in demand in the office printer market in Japan and other factors, despite the growth in revenues from operations in the Asia-Oceania region. Consolidated operating income amounted to ¥94.9 billion, down 6.4% from the previous fiscal year, reflecting the negative impact of the increased cost of imports due to the appreciation of the U.S. dollar against the Japanese yen, and the decrease in profit due to the depreciation of Asian currencies.

Reasons for Change in Revenue from FY2015/3 to FY2016/3

Increases ↗

- Regarding the office products business, sales of full-color models as well as monochrome models in the Asia-Oceania region were strong. Overall sales volume increased due primarily to the replacement of devices in major domestic convenience stores
- In the production services business, sales volume increased due to the strong sales of color on-demand publishing systems and monochrome production printers
- In the global services business, trends in managed print services were strong. Sales in Japan as well as the Asia-Oceania region increased

Decrease ↘

- Demand in the office printer market decreased in Japan

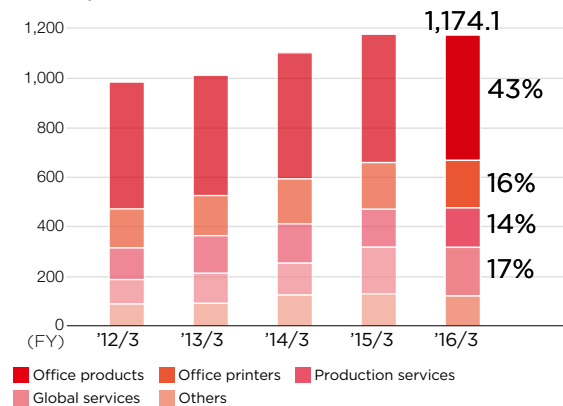
Reasons for Change in Operating Income from FY2015/3 to FY2016/3

Decrease ↘

- Consolidated operating income decreased, reflecting the negative impact of the increased cost of imports due to the appreciation of the U.S. dollar against the Japanese yen, and the decrease in profit due to the depreciation of Asian currencies

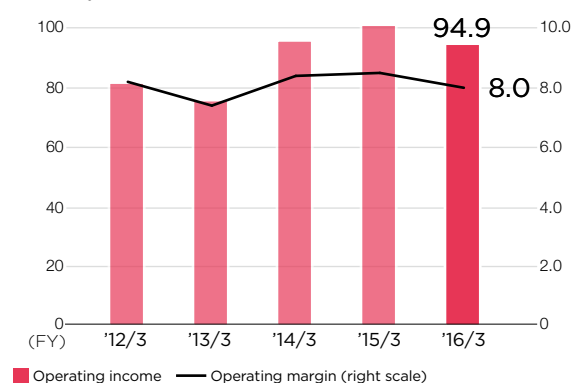
Revenue

Billions of yen



Operating income / Operating margin

Billions of yen



	Billions of yen				
FY	'12/3	'13/3	'14/3	'15/3	'16/3
Revenue	¥984.8	¥1,012.2	¥1,132.5	¥1,178.0	¥1,174.1
Operating income	81.8	75.9	96.0	101.3	94.9
Total assets	988.4	1,091.0	1,141.2	1,224.2	1,185.8
Depreciation	57.5	53.1	56.1	58.7	54.5
Capital expenditures	19.3	24.8	23.9	17.3	23.3

Office Products



ApeosPort-V C5575

Revenue **¥505.9 billion**
Compared with previous fiscal year: -2.8%

Principal Products and Services

- Office-use color / monochrome digital multifunction devices

Performance Highlights and Major Initiatives

- Sales of full-color models as well as monochrome models in the Asia-Oceania region were strong. Overall sales volume increased due primarily to the replacement of devices in major domestic convenience stores
- Sales volume of export shipments to Xerox Corporation in the United States decreased

Office Printers

Revenue **¥192.0 billion**
Compared with previous fiscal year: +0.4%

Principal Products and Services

- Color / monochrome office printers



DocuPrint CP400 d

Performance Highlights and Major Initiatives

- Sales of monochrome models in the Asia-Oceania region were strong

Production Services

Revenue **¥159.2 billion**
Compared with previous fiscal year: +1.5%

Principal Products and Services

- On-demand publishing systems
- Computer printing systems



Versant™ 2100 Press

Performance Highlights and Major Initiatives

- Sales of medium-to-high-speed and low-speed products of color on-demand publishing systems were strong. Sales of monochrome production printers were robust and sales volume increased

Global Services

Revenue **¥196.3 billion**

Compared with previous fiscal year: **+5.2%** 

Principal Products and Services

- Managed print services (MPS)
- Business process outsourcing

Performance Highlights and Major Initiatives

- The MPS business, where the management and operation of print devices are undertaken to optimize the office print environment, was strong. Sales in Japan and the Asia-Oceania region increased



COLUMN

Business Activities Based on the Medium-Term CSR Plan: Sustainable Value Plan 2016 (SVP2016)

→ Please refer to page 47 (SVP2016).

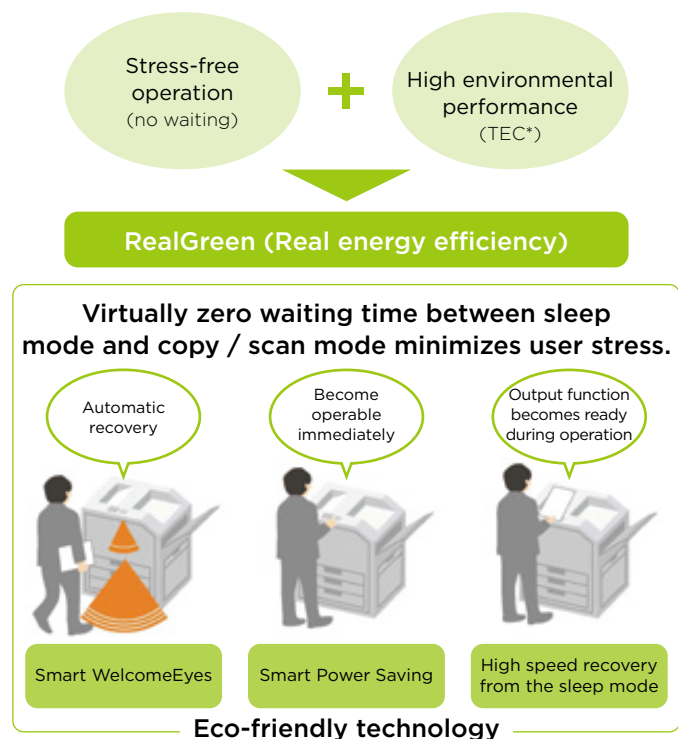
Promoting the RealGreen (Real energy efficiency) Concept

Fuji Xerox is working on cutting its environmental impact both in terms of hardware and software to minimize the impact of its products on global warming. Under the concept of RealGreen, the product development is undertaken with attention given to both reducing the impact on the global environment by promoting the conservation of energy and pursuing the values of comfort and convenience.

Eco-friendly technologies have been introduced across the entire product lineup. In this manner, Fuji Xerox is seeking to reduce power consumption when customers use the company's products.

Moreover, a total of four models, two from the *ApeosPort-V* Series and two from the *DocuCentre-V* Series received the Chairman's Prize from the Energy Conservation Center, Japan. This was an industry record 13th time the company has been recognized in this manner.

RealGreen Concept



* Typical Electricity Consumption (TEC): The amount of power consumed by office equipment, such as printers and copiers over a conceptual week (five days of operation and repeated sleep / power-off mode, plus two days of sleep / power-off mode).

FOUNDATION FOR GROWTH

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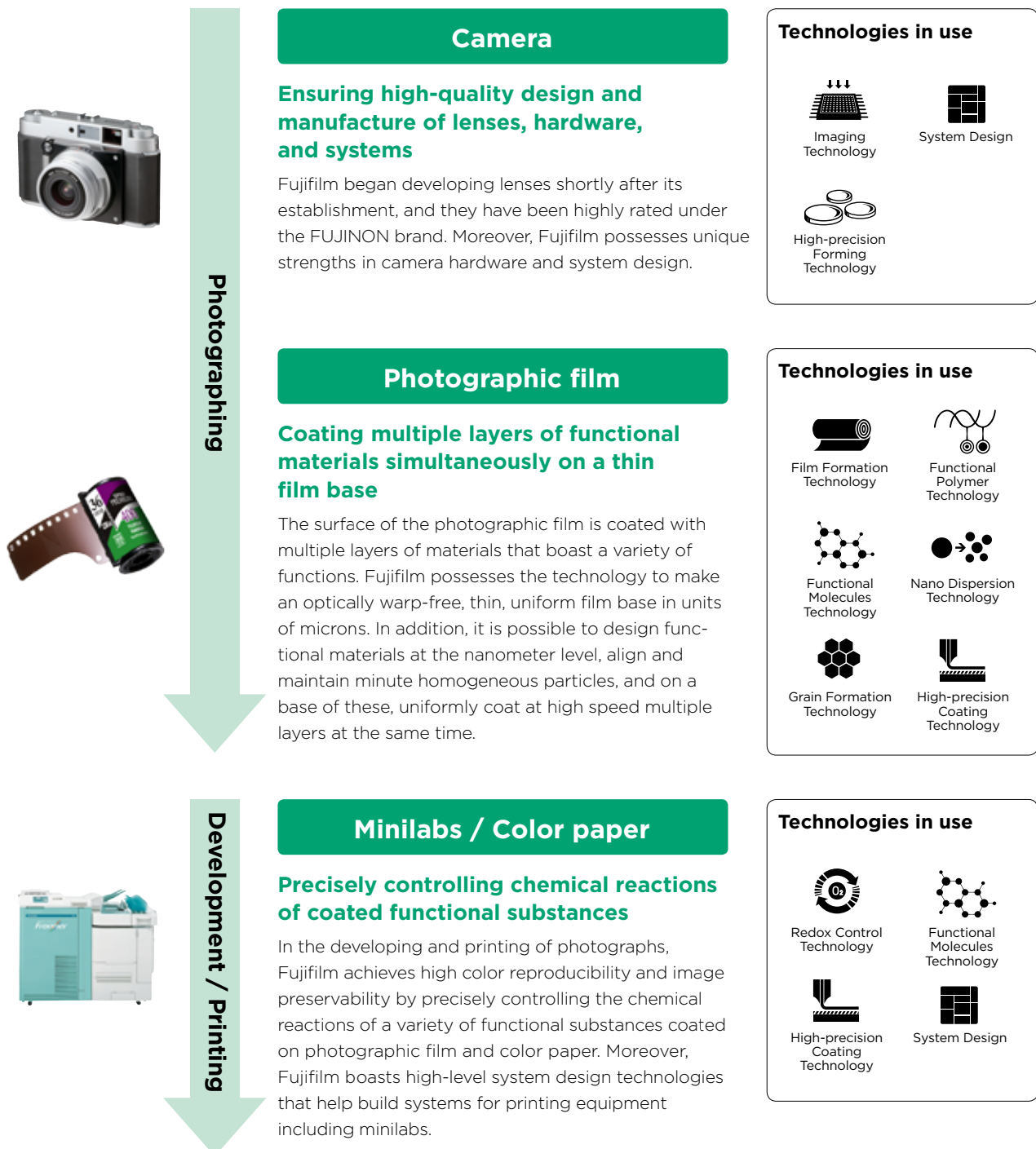
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The Fujifilm Group's Technological Capabilities

Analog silver halide photographs, a business that the Fujifilm Group has been involved in for many years, consist of various accumulated technologies.

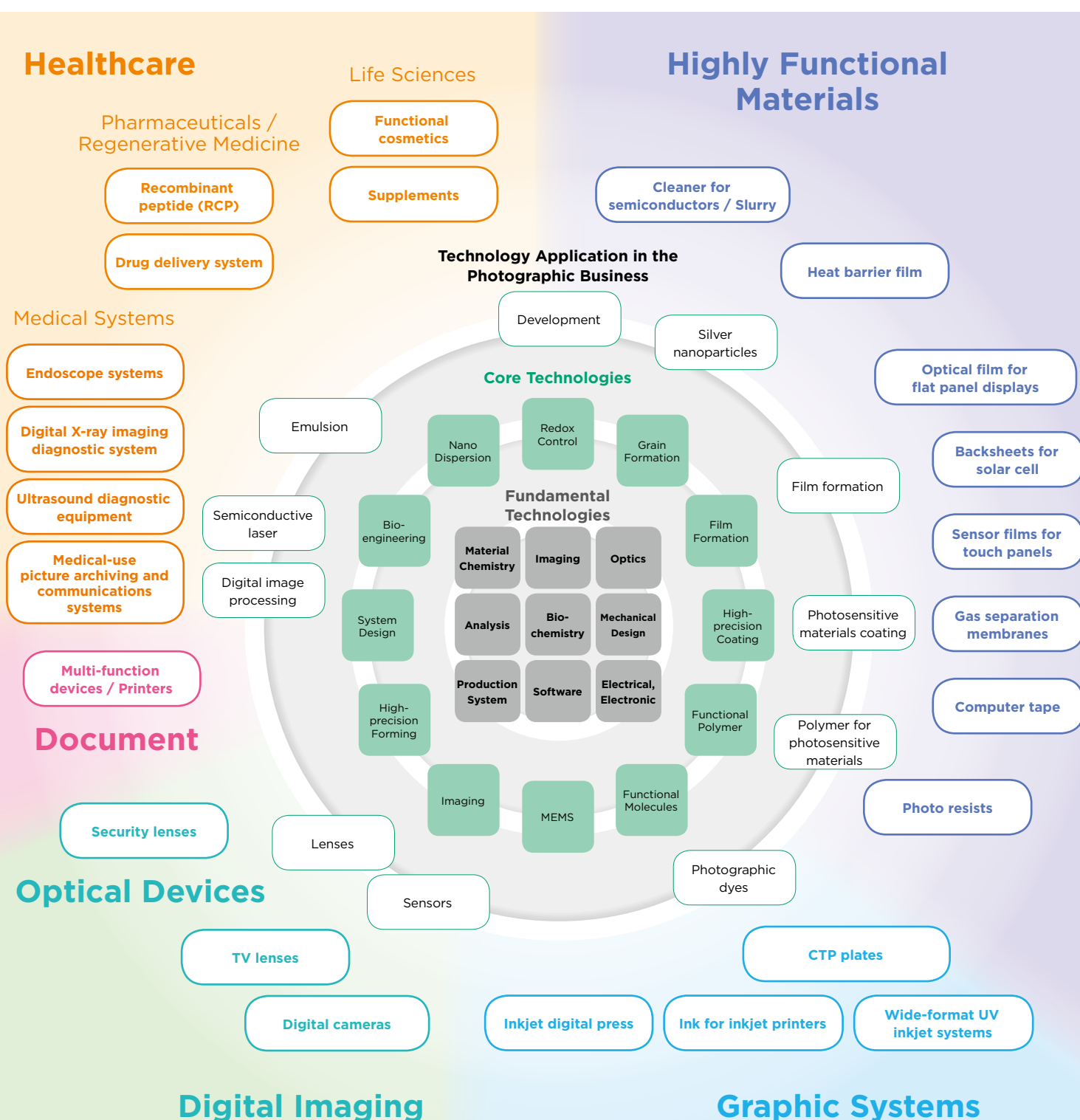
Currently, the ratio of photographic film as a percentage of Companywide sales is just under 1%. However, the technologies, which hold competitive advantages, developed from silver halide photographs are still utilized in many businesses in different forms.

1 Competitive Advantages Cultivated in Silver Halide Photographs



2 Development of Applications of Unique Technologies

Since its founding, the Fujifilm Group has been accumulating the fundamental technologies that have supported the Company's business. These technologies include organic and inorganic materials chemistry, optical technologies, and analytical technologies. Based on these fundamental technologies, we have honed our proprietary core technologies, which are central to continuously building up our competitive advantage. By combining these technologies, we have provided a wide range of products and services, and by applying these technologies, we will continue to create new businesses of the future.



3 Linking Technology with Growth

R&D Reforms in Business Restructuring

Aiming to create a new business to replace photographic film, for which the market was rapidly shrinking from its peak in 2000, the Fujifilm Group has promoted R&D reforms along with business restructuring.

First, in order to build a new growth strategy amid business restructuring, we selected key growth-driving themes after dividing and organizing new and existing technologies and markets into four quadrants and conducting inventory.

→ Figure 1

Regarding the R&D structure, the most of laboratories were linked to plants and based on the photographic business before that. However, the Company created a “vertical” structure by establishing Divisional Laboratories under the business divisions to carry out R&D directly linked to each business. At the same time, it also established a “horizontal” structure to provide, from a Companywide perspective, the necessary technologies to each business by creating Corporate Laboratories to research fundamental technologies, such as material chemistry, imaging, analysis, and production system.

Fujifilm has promoted speedy new product development and new business creation to drive growth through a structure whereby the R&D Management Headquarters centrally manages this vertical and horizontal matrix.

Further, in order to manage progress in R&D, we have established a standard that employs “gates” for each process stage. This divides the new business and new product development processes into six stages and reduces uncertainty while inspecting from the standpoint of quality, user needs, and other factors at each stage. Goal achievement and next-stage issues and action plans are checked at the “gate meeting” set up at the end of each stage, and a review is carried out to determine whether to proceed to the next stage.

Figure 1: Key theme selection at time of restructuring

Key themes have been selected after dividing and organizing new and existing technologies and markets into four quadrants after taking an inventory of technologies.

Technologies	New technologies	<ul style="list-style-type: none"> • High-quality digital cameras • Medical-use picture archiving and communications systems • Digital printing devices • Endoscope system with a laser light source 	<ul style="list-style-type: none"> • Pharmaceuticals • Functional cosmetics • Ultrasound diagnostic equipment • Material for regenerative medicine
	Existing technologies	<ul style="list-style-type: none"> • PS plates, CTP plates • Photographic film • Compact digital cameras • X-ray film 	<ul style="list-style-type: none"> • Optical film for flat panel displays • Sensor films for touch panels • Gas separation membranes • Backsheets for solar cell
		Existing market	New market

Three questions to ask when selecting key themes

Is it
a **growth market**?

Do we have
the **technology**?

Can we stay
competitive?

Maximizing a Variety of Unique Technologies

In 2014, we established the Open Innovation Hub, which introduces Fujifilm's technologies and the products in which they are used, in our Tokyo headquarters with the goal of carrying out the co-creation of value by combining diverse and advanced technological capabilities developed in the photographic business with the knowledge and needs of our business partners. To promote these kinds of initiatives on a global scale, we launched Open Innovation Hubs in the United States in 2015 and in Europe in 2016. Since their opening, more than 1,000 companies have visited the three locations, and currently cooperation is proceeding in various forms, such as sample work, with about 10% of those companies. Among these, there are also many projects that are moving toward commercialization. In order to promptly bring the technologies to fruition at a higher value, we believe that making improvements with an appropriate partner is an effective means.

→ Page 37 "Creation of innovation at the global level"

In addition, we have promoted greater R&D efficiency by injecting R&D resources in key growth areas.

→ Graph 1

In August 2015, Fujifilm established within the Corporate Planning Division the Innovation & Strategy Planning Division, which consists of management staff responsible for business strategy and technical staff with expertise on the Company's technology, thereby creating a structure for swift and effective new business creation. This organization carefully examines resource allocation, such as the amount of investment required for R&D, and decides whether to externally subcontract R&D depending on research themes.

Leveraging the technological capabilities developed in its photographic business, the Company has overcome the crisis of a loss in its core business through business restructuring. We will continue to create new business through value creation that is distinctive to Fujifilm and promote efficient R&D.

→ Figure 2

Graph 1: R&D expenses / Ratio of R&D expenses to revenue*

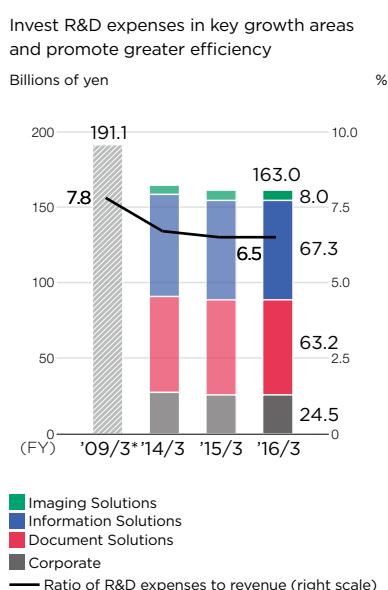
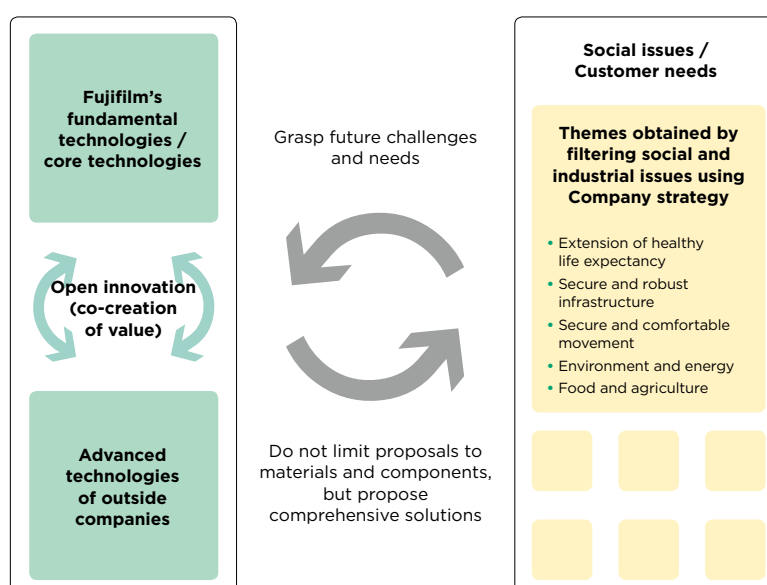


Figure 2: Policy on medium-to-long-term R&D themes



4 Creation of Innovation at the Global Level

The Fujifilm Group is working to speedily develop and provide products and services that satisfy global market needs.

Here we introduce facilities for the global creation of innovation that the Group is promoting.

Fujifilm

Opened within the Company's Tokyo headquarters in 2014, the Open Innovation Hub serves as a facility where Fujifilm creates solutions together with business partners, and visitors can have first-hand experience of the technologies accumulated by the Group as well as products currently under development.

We also established Hubs in Silicon Valley, in the United States, in June 2015 and in the Netherlands, in Europe, in January 2016. The concept of each facility is the same, but in Europe, where research in the environmental and energy fields has advanced, we have conducted exhibitions tailored to the strengths and characteristics of the region, such as by focusing on technology and

product exhibitions in line with the theme of renewable energy. We will continue to share the needs of our business partners in each region with the rest of the world, leading to speedy "co-creation of value."



The U.S. facility was established at FUJIFILM Dimatix, Inc., which provides industrial inkjet printer heads, in Silicon Valley, where many leading IT companies are based.



The European facility was established at Tilburg Research Laboratories, in the Netherlands. Gas separation membranes and other products researched and developed at the laboratory are showcased there.

Fuji Xerox

Fuji Xerox's development facility in Japan and those in Asia-Pacific, including China, cooperate closely and are building a global development structure to quickly bring about products and services that are more fully localized. As a result, we are shifting away from the traditional approach of localization based on products developed in Japan. At the same time, we established the Innovation Office in Singapore as a research center for the Asia-Pacific region, and it has been fully operational since October 2015. Here, in cooperation with customers and business partners in the Asia-Pacific region, we promote value creation to solve customer problems while inspecting a wide range of technologies from both inside and outside the Company. Furthermore, utilizing multi-media and remote

communication technologies, we virtually connect Japan's Fuji Xerox R&D Square with FX Palo Alto Laboratory, in the United States, and share research and case studies from the three facilities on the spot with the aim of creating a way for gaining hands-on experience. We have reinforced the image of our key concept of creating new value that is world-class through the meeting and clashing of different cultures.



Newly established facility in Singapore serves as the center of our Asia-Pacific region.



Corporate Governance

Message from Outside Directors

Drawing on my experience at a financial institution, I am committed to making contributions to the Board of Directors

Since assuming my position as an outside Director in 2006, I have witnessed firsthand the Company's drastic business transformation, what it calls "Second Foundation." Looking back over the past decade, the Fujifilm Group has not only overcome the dramatic drop in demand for photographic film, the very heart of its traditional operations, but also expanded into new business fields. In this regard, Fujifilm has successfully transformed into a company that exhibits a strong competitive advantage and growth potential. I strongly believe that this ability to meet changing environment conditions is anchored by its leading-edge core technologies and human resources based on the Company's open, fair, and clear corporate culture.

Fujifilm's Board of Directors deliberates on a wide range of matters, including opportunities for M&A. I make it a point to examine each issue at the macro level taking into consideration a variety of factors including trends in future economic conditions and movements in foreign currency exchange rates by drawing on my knowledge and experience at a financial institution. In April 2016, Fujifilm disclosed details of an evaluation of the effectiveness of the Board of Directors. In line with this disclosure, the Company is stepping up efforts to provide information and explanations to outside Directors. As expectations toward outside Directors continue to mount both from within and outside the Company, I am committed to helping the Fujifilm Group in its efforts to continuously enhance corporate value.



Teisuke Kitayama

Director & Chairman of the Board of Sumitomo Mitsui Banking Corporation
Outside Audit & Supervisory Board Member of Toyota Motor Corporation
Outside Audit & Supervisory Board Member of Tokyo Broadcasting System Holdings, Inc.



Hiroshi Inoue

Honorary Chairman & Director of Tokyo Broadcasting System Holdings, Inc.
Honorary Chairman & Director of Tokyo Broadcasting System Television, Inc.
Outside Director of Tokyo Electron Limited

I will try to examine and verify the Company's management by relying on ample information from a wide range of media sources.

From a third-party perspective, Fujifilm's foray into the fields of pharmaceuticals and cosmetics may at first glance seem inconsistent with its core operations. In reality, however, the bulk of these activities are based on the core technologies developed through the Company's traditional photographic film endeavors. Put another way, Fujifilm's photographic film business has both triggered diversification and its success across a wide range of fields. In my opinion, the ability of a company to secure success in disparate areas on the back of growth in a single business is quite rare. This is because companies tend to remain shackled to past successful experiences and find it difficult to move away from tried and tested initiatives and to undertake drastic measures. With this in mind, I am convinced that Fujifilm's success is based on its bold leadership and a robust organization that is capable of carrying out dramatic reforms.

Fujifilm continues to actively expand its businesses. As an outside Director with a media background and experience in an industry that remains sensitive to global patterns and trends, I see it as my role to comment on and query the Company's decisions if they relate to current trends and changes in the social environment.

Initiatives to Further Strengthen Corporate Governance

The Company has taken steps to respond to the Corporate Governance Code enacted in June 2015. In the fiscal year under review, the Company broadly defined its basic approach to corporate governance and formulated the FUJIFILM Holdings Corporation Corporate Governance Guidelines with the goal of maintaining accountability to stakeholders.

Newly implemented or documented items resulting from the formulation of the Guidelines are described below.

Evaluating the Effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors, the Directors make a self-evaluation and are interviewed about their opinions each year. After the Board of Directors deliberates on the analysis, evaluation, and measures for improvement, a summary of the outcome of the deliberation is disclosed. The evaluation is based on self-evaluation by questionnaire and interviews on the contents of the questionnaire.

In FY2016/3, for Board of Directors meetings held from January through December 2015 (a total of nine), all the 16 Directors and Audit & Supervisory Board members answered questionnaires with free comment sections and were individually interviewed about the “composition of the Board of Directors,” “the ways for enhancement of the deliberation,” “the conditions surrounding the deliberation,” and “the supervision by the Board of Directors.”

The results of the evaluation showed that the Board of Directors of Fujifilm has fulfilled its roles and duties as set forth in the Guidelines in both decision making and supervision of business execution. At the same time, there were calls for more information to be provided to outside Directors and outside Audit & Supervisory Board members together with more detailed explanations. Expectations were also high that outside Directors and outside Audit & Supervisory Board members would further demonstrate their expertise and insight based on the views of outside stakeholders. Moving forward, in addition to briefing outside Directors on the details of proposals before they are submitted by the Board of Directors, we will work to further support outside Directors, such as by establishing a forum where internal Directors, management, and outside Directors can routinely exchange views and information about wide-ranging Group business and current management challenges.

Selection Criteria for Director Candidates and Audit & Supervisory Board Member Candidates and Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

The candidates for the positions of Director, Audit & Supervisory Board member, and executive officer are

selected by the Board of Directors in accordance with the Company's criteria after considering the opinions and advice of outside Directors. The candidates for outside Directors and outside Audit & Supervisory Board members are selected giving overall consideration to their sufficient acumen and professional experience for supervising management and auditing the Directors' performance of duties from an independent perspective, as well as high-level expertise in such fields as corporate management, finance, accounting, and law.

The Company formulates its own criteria for independence of outside Directors and outside Audit & Supervisory Board members resolved at the Board of Directors, making reference to the criteria stipulated in the Companies Act and by the Tokyo Stock Exchange Act.

Please refer to the Corporate Governance Guidelines for details about “Selection Criteria for Director Candidates and Audit & Supervisory Board Member Candidates” and “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members.”

Policy on Training of Directors and Audit & Supervisory Board Members

The Company provides appropriate training and information as required for the Directors and Audit & Supervisory Board members to perform their roles and responsibilities as expected. Specifically, the office for the Board of Directors and the office for the Audit & Supervisory Board explain to newly appointed Directors and Audit & Supervisory Board members in a small, dialogue-style seminar about the summary of the General Meeting of Shareholders, the most recent composition of shareholders, the summary of activities for dialogue with shareholders, the rules applying to listed companies, the duties and responsibilities of Directors and Audit & Supervisory Board members, the internal control system, duties concerned with operating Board of Directors meetings and Audit & Supervisory Board meetings, and other legal and compliance knowledge required by newly appointed Directors and Audit & Supervisory Board members. When necessary, required information is provided in view of their individual professional history and field of expertise. Moreover, we provide opportunities, mainly to outside Directors, to visit the major offices, plants, and other business sites of the Company and Group companies.

Corporate Governance System

Status of Corporate Governance

The Company aims to achieve sustainable growth and increase the corporate value of the Group while contributing to the sustainable development of society by conducting sincere and fair business activities. The Company has positioned corporate governance as an important management priority to achieve this aim.

Based on the Corporate Governance Guidelines, the Company will ensure its accountability to stakeholders from a broad range of perspectives such as the rights and equality of shareholders, relationships with stakeholders including dialogue with shareholders, information disclosure, capital policy, and corporate governance structure.

Corporate governance structure (As of June 29, 2016)

Corporate organization	Company with an Audit & Supervisory Board
Number of Directors (number of outside Directors)	12 (2)
Number of outside Directors deemed to be independent*1	2
Directors' term of office	One year (the same term of office applies to outside Directors)
Incentive compensation to Directors	Introduction of a stock option system geared toward in-house Directors
Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members)	4 (2)
Number of independent officers	4
Adoption of an executive officer system	Yes
Independent auditors	KPMG AZSA LLC
Introduction of Countermeasures (Takeover Defense Measures) for Large-Scale Purchases of Company Shares	None*2

*1 Compliance with the Company's "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members"

*2 If the Company receives a proposal seeking to acquire a controlling interest, it will strive to help shareholders make a decision by proactively gathering information and disclosing it in a timely manner, while taking appropriate measures within the scope permitted by relevant laws and regulations, such as the Companies Act and the Financial Instruments and Exchange Act, to increase corporate value and secure the common interests of shareholders.

Details of the Company's Organizational Structure

Directors and the Board of Directors

The Company has positioned the Board of Directors as the organization for determining basic Group management policies and strategies and other important matters relating to business execution as well as supervising the implementation of business affairs. The Company's Articles of Incorporation stipulate that the Board can consist of up to 12 Directors. Currently, the Board has 12 Directors, including two outside Directors.

Number of Board of Directors meetings held (in FY2016/3)

9

Average attendance rate of Directors

96% (including outside Directors)*1

The Board's regular meetings are held in principle once a month, with extraordinary Board meetings held on an as-required basis. In addition, certain matters are determined on a flexible decision-making basis at the Board of Directors' meetings by Directors with special authority. To better clarify their missions and responsibilities, the Company's Directors are given a one-year term of office.

Executive Officer System

The Company has adopted an executive officer system to facilitate agile business execution. Executive officers carry out business affairs in accordance with the basic policies and strategies formulated by the Board of Directors. The Company currently has 12 executive officers, including 6 concurrently serving as Board members. The executive officers have a one-year term of office, the same as the Company's Directors.

Management Council

The Management Council makes decisions on the submission of matters to be exclusively deliberated by the Board of Directors. At the same time, the Council deliberates on the measures adopted by executive officers to implement particularly important initiatives in accordance with the basic policies, plans, and strategies formulated by the Board of Directors.

Audit & Supervisory Board and Audit & Supervisory Board Members

The Company has adopted an audit and supervisory board system with an audit and supervisory board, which consists of four members, including two outside Audit & Supervisory Board members. Full-time Audit & Supervisory Board member Kazuhito Yamamura has many years of experience working in the Accounting and Finance Division and possesses considerable knowledge about finance and accounting. Both of Outside Audit & Supervisory Board members, Hisayoshi Kobayakawa and Shiro Uchida are registered Certified Public Accountants and possess considerable knowledge about finance and accounting. As an independent organization with key roles and responsibilities in the Company's corporate governance system to ensure transparent and fair decision making in the business as a whole, Audit & Supervisory Board members audit the entire scope of Directors' performance of their duties following audit policies and an audit plan in conformity with the Audit & Supervisory Board members' audit standards determined by the Audit & Supervisory Board. At meetings of the Audit & Supervisory Board, which are held in principle once a month, information on audit results is shared among Board members. In addition, all Audit & Supervisory Board members attend meetings of the Board of Directors, while the full-time Audit & Supervisory Board members attend every Management Council meeting, regularly exchange opinions with the representative Directors, and audit the entire range of business execution. The Company has currently appointed three personnel to perform internal audits and to support Audit & Supervisory Board members with the aim of strengthening the audit functions of the Audit & Supervisory Board.

Average attendance rate of Audit & Supervisory Board members

100 % (including outside Directors)*²

*1 Average attendance rate of each Director

*2 Average attendance rate of each Audit & Supervisory Board member

Number of Audit & Supervisory Board meetings held (in FY2016/3)

11

Average attendance rate of Audit & Supervisory Board members

100 % (including outside Directors)*

* Average attendance rate of each Audit & Supervisory Board member

Internal Audits

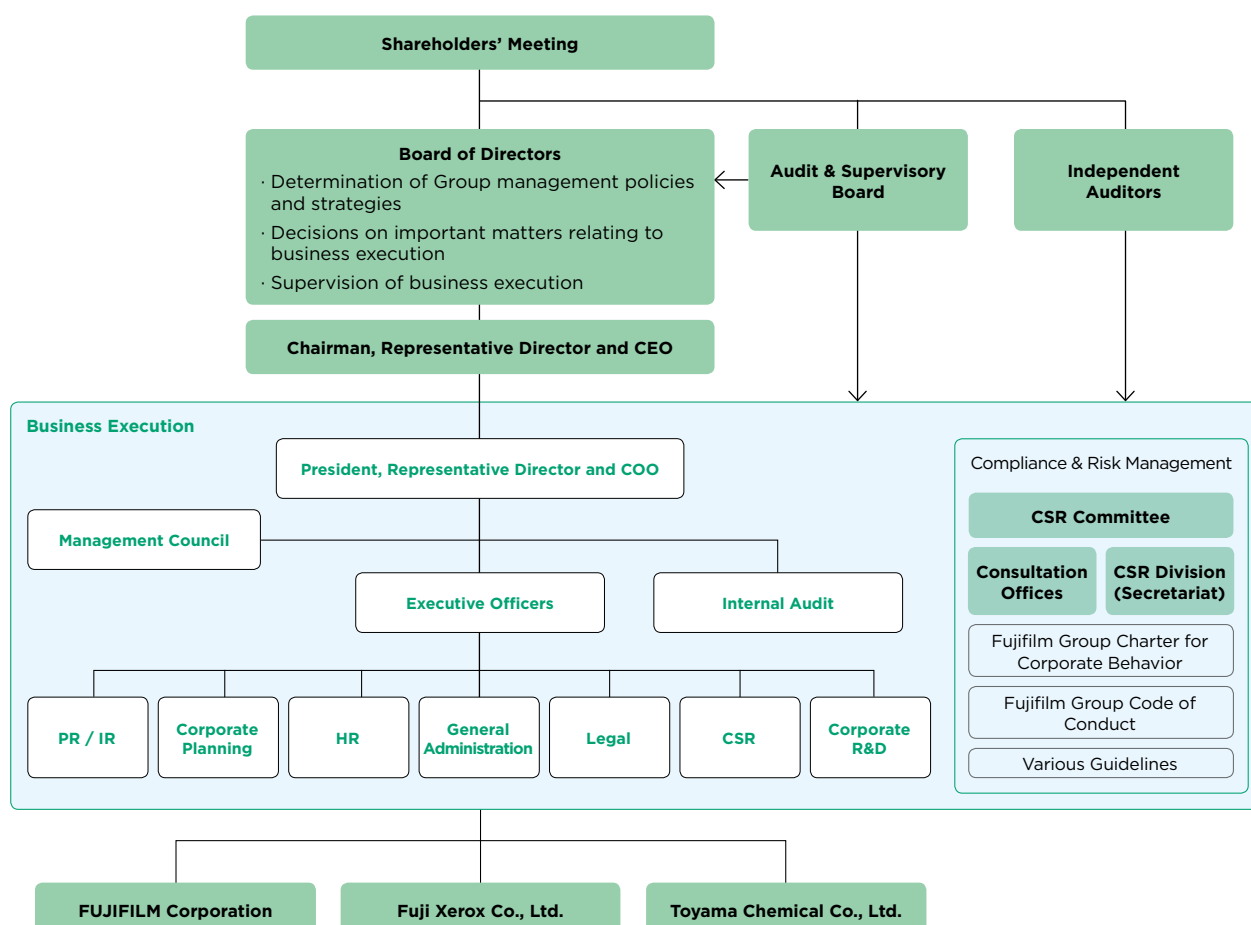
The Company has an Internal Audit Division, which currently comprises eight personnel, as an internal auditing unit that is independent from business operations. From the standpoint of a holding company, this division audits operational processes and other relevant matters at individual divisions of the Company and its Group companies in cooperation with the internal auditing units at the operating companies. In this way, the division evaluates and verifies that these processes are appropriate. In addition, the division is in charge of assessing internal control over financial reporting by the Company and its Group companies in response to the April 2008 application of the internal control reporting system in Japan. The Company compiles the outcome of the assessment in a “Management’s Report on Internal Control over Financial Reporting.” Moreover, designated staff are appointed to operating companies and audits are conducted across a wide range of areas, including the environment, quality control, security, labor, export control, and issues relating to the Pharmaceutical Affairs Law of Japan.

Accounting Audits

On June 29, 2016, the Company changed the independent auditors that it engages from Ernst & Young ShinNihon LLC to KPMG AZSA LLC.

The Company receives an audit opinion from independent auditors about its financial statements and an audit of its internal control over financial reporting from an independent standpoint.

Corporate governance structure of FUJIFILM Holdings Corporation and Internal Control System



Approach to Compliance, Risk Management, and Internal Control System

The Company ensures that the activities and behavior of its officers, and employees are in compliance with laws and regulations and social ethics. Specifically, the Company has formulated the “Fujifilm Group Charter for Corporate Behavior” and the “Fujifilm Group Code of Conduct,” and established the CSR Committee and dedicated compliance divisions to maintain and improve compliance.

In its approach to risk management, the Company builds appropriate risk management systems at all Group companies. Complementing these systems, in the case of important risk matters, the CSR Committee conducts reviews and promotes basic policy development and appropriate measures from a Groupwide perspective.

Moreover, the Company has established an internal control system based on the “Basic Policy on Establishing a Structure for an Internal Control System” decided by resolution of the Board of Directors. Each year, the Company checks the implementation status of the internal control system and reports the result to the Board of Directors.

Remuneration to Directors and Audit & Supervisory Board Members

The Company discloses the number of individuals to whom remuneration is paid and the total amount of remuneration by Directors as well as Audit & Supervisory Board members. Remuneration and other important matters relating to Directors as well as Audit & Supervisory Board members are determined by way of resolution at the Company’s annual general meeting of shareholders. In this manner, steps are taken to determine the total maximum amounts of compensation payable to Directors as well as Audit & Supervisory Board members. Remuneration (including bonuses) paid to each Director is determined by a resolution of the Board of Directors. Remuneration (including bonuses) paid to each Audit & Supervisory Board member is determined based on deliberations between Audit & Supervisory Board members. The basic remuneration of Directors as well as Audit & Supervisory Board members is paid as a fixed remuneration amount in accordance with individual duties and status, whether full or part time. Directors’ bonuses are determined in accordance with the Company’s business results and individual Director’s responsibilities and performance.

The Company has introduced a stock option system in connection with the payment of remuneration to Directors (excluding outside Directors). The stock option system was introduced as an incentive to further motivate Directors to enhance corporate value. In determining the number of stock options allocated, consideration is given to each Director’s position, responsibilities, authority, and other factors and determined by the Board of Directors in accordance with established rule.

Amount of remuneration paid to Directors and Audit & Supervisory Board members* (For FY 2016/3)

Subject of Remuneration	Number of People	Remuneration Amount
Directors	13	¥747 million
(Outside Directors)	(2)	(¥20 million)
Audit & Supervisory Board members	5	¥64 million
(Outside Audit & Supervisory Board members)	(3)	(¥19 million)
Total (Outside Directors, Audit & Supervisory Board members)	18	¥811 million
	(5)	(¥39 million)

* The following items are also included in the aforementioned amounts of remuneration.

1. Bonuses paid for FY2016/3
Directors: ¥90 million paid to 12 Directors
(¥3 million paid to two outside Directors)
Audit & Supervisory Board members: ¥6 million paid to four Audit & Supervisory Board members
(¥3 million paid to two outside Audit & Supervisory Board members)
2. Amount of remuneration paid by way of stock options
Directors: ¥374 million paid to 10 Directors
3. Number of Directors receiving compensation
Includes one Director who resigned during FY2016/3
4. Number of Audit & Supervisory Board member receiving compensation
Includes one outside Audit & Supervisory Board member who resigned during FY2016/3

Other

Overview of IR Activities

At Fujifilm, top management is actively involved in IR activities and works to strengthen the relationship of trust with shareholders and enhance IR activities. In addition, we are working to reduce the gap between intrinsic corporate value and market ratings by continuously expounding the Company's management policy and utilizing management to assist the capital markets in forming their opinions. Specifically, in addition to the quarterly results briefings attended by senior management and executive officers, we actively provide points of contact, by joining IR conferences for the benefit of institutional investors in Japan and overseas, holding business briefings, and individual meetings. We are thereby working to further enhance communications with our shareholders. For the sake of overseas investors, we post English-language information in a timely manner on our website and are enhancing our global IR activities, such as through closer communication by establishing our IR bases in North America and Europe.

For individual investors, we post content on the website that explains the Group's businesses in an easily understood manner and hold Company briefings in major cities in Japan.

Main IR activities (FY2016/3)

Activity	Number of times
For institutional investors / analysts	
Results briefings	4
Conferences hosted by securities companies	9
Business briefings	7
For individual investors	
Company briefings	24

Reasons for selecting outside Directors and outside Audit & Supervisory Board members

Outside Directors¹

Teisuke Kitayama

Reasons for Selection Mr. Kitayama has ample experience and a wide range of knowledge in the financial field from working in high-level management in financial institutions, as well as a deep understanding of the wide-ranging businesses and the medium-to-long-term management policy of the Fujifilm Group. By giving useful advice and expressing opinions at the Board of Directors meetings from an objective viewpoint based on such experience and knowledge on topics as M&A, capital policy, and corporate governance, he has enabled reasonable and adequate decision making by the Board of Directors. The Company thereby believes he is able to continue executing his duties as outside Director in an appropriate and sufficient manner.

Attendance			
Meetings of Board of Directors	8 / 9	Meetings of Audit & Supervisory Board	—

Hiroshi Inoue

Reasons for Selection Mr. Inoue has worked in high-level management at private broadcasting operating companies for many years. He also serves as an outside Director at a business operating company, and has ample experience and a wide range of knowledge. By giving useful advice and expressing opinions at the Board of Directors meetings from an objective viewpoint based on such experience and knowledge on topics as approaches to capital policy and corporate governance from the standpoint of a manager at a holding company, he has enabled reasonable and adequate decision making by the Board of Directors. The Company thereby believes he is able to continue executing his duties as outside Director in an appropriate and sufficient manner.

Attendance			
Meetings of Board of Directors	8 / 9	Meetings of Audit & Supervisory Board	—

Outside Audit & Supervisory Board Members¹

Hisayoshi Kobayakawa

Reasons for Selection Mr. Kobayakawa has ample experience and a wide range of knowledge as both a certified public accountant and as a full-time Audit & Supervisory Board member of a business operating company. The Company believes he appropriately executes his duties as an outside Audit & Supervisory Board member from an objective viewpoint based on such experience and knowledge.

Attendance			
Meetings of Board of Directors	7 / 7*2	Meetings of Audit & Supervisory Board	9 / 9*2

Shiro Uchida

Reasons for Selection Mr. Uchida has ample experience and a wide range of knowledge as both a certified public accountant and as a corporate manager. The Company believes he appropriately executes his duties as an outside Audit & Supervisory Board member from an objective viewpoint based on such experience and knowledge.

Attendance			
Meetings of Board of Directors	—*3	Meetings of Audit & Supervisory Board	—*3

¹ For a brief history of each outside Director and outside Audit & Supervisory Board member, please see page 46 (Management Structure).

² Newly appointed on June 26, 2015 (current position)

³ Newly appointed on June 29, 2016 (current position)

Management Structure

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

(As of June 29, 2016)

Board of Directors



Chairman,
Representative Director & CEO

Shigetaka Komori

1963 Joined the Company
1995 Director of the Company
1996 Managing Director of Fuji Photo Film (Europe) GmbH (currently FUJIFILM Europe GmbH)
2000 President, Representative Director of the Company
2003 President, Representative Director & CEO of the Company
2012 Chairman, Representative Director & CEO of the Company (to present)
Chairman, Representative Director & CEO of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Chairman, Representative Director & CEO of FUJIFILM Corporation
- Director of Fuji Xerox Co., Ltd.
- Chairman, Director of Toyama Chemical Co., Ltd.



President,
Representative Director & COO

Kenji Sukeno

1977 Joined the Company
2012 Corporate Vice President & General Manager of Corporate Planning Division of the Company
Director & Corporate Vice President of FUJIFILM Corporation
2013 Director of the Company
2015 Director & Senior Vice President of FUJIFILM Corporation
2016 President, Representative Director & COO of the Company (to present)
President, Representative Director & COO of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- President, Representative Director & COO of FUJIFILM Corporation
- Director of Fuji Xerox Co., Ltd.



Director & Chief Innovation Officer (CIO)

Kouichi Tamai

2003 Joined the Company
2006 Corporate Vice President of the Company
2008 Director of FUJIFILM Corporation (to present)
2010 Director of the Company
2013 Executive Vice President of FUJIFILM Corporation
2016 Director & Corporate Vice President, CIO, Deputy General Manager of Corporate Planning Division of the Company (to present)
Senior Executive Vice President, CIO of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director & Senior Executive Vice President, CIO Corporate Wide Business Development and Innovation of FUJIFILM Corporation
- Audit & Supervisory Board Member of Fuji Xerox Co., Ltd.



Director & Chief Technical Officer (CTO)

Yuzo Toda

1973 Joined the Company
2004 Corporate Vice President of the Company
2008 Director of FUJIFILM Corporation (to present)
2009 Director of the Company
2015 Executive Vice President of FUJIFILM Corporation
2016 Director & Corporate Vice President, CTO, General Manager of Corporate R&D Division of the Company (to present)
Senior Executive Vice President, CTO of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director & Senior Executive Vice President, CTO, Special assignment for R&D strategy, the medical and pharmaceutical business of FUJIFILM Corporation
- Director & Senior Executive Officer of Toyama Chemical Co., Ltd.
- Outside Director of Japan Tissue Engineering Co., Ltd.



Director

Toru Takahashi

1975 Joined the Company
2008 Corporate Vice President of the Company
Director of FUJIFILM Corporation (to present)
2010 Director of the Company
2011 Senior Vice President of FUJIFILM Corporation (to present)
2012 President of FUJIFILM Europe GmbH
2014 Director of the Company (to present)

Significant Concurrent Positions

- Director & Senior Vice President, General Manager of Optical Device & Electronic Imaging Products Division of FUJIFILM Corporation



Director

Takatoshi Ishikawa

1978 Joined the Company
2011 Corporate Vice President of FUJIFILM Corporation
2012 Director of the Company (to present)
Director of FUJIFILM Corporation (to present)
2014 Senior Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director & Senior Vice President, General Manager of Pharmaceutical Products Division of FUJIFILM Corporation
- Director of Toyama Chemical Co., Ltd.
- Outside Director of Japan Tissue Engineering Co., Ltd.



Director

Norio Shibata

1980 Joined the Company
2008 General Manager of Recording Media Products Division of FUJIFILM Corporation (to present)
2012 Corporate Vice President of FUJIFILM Corporation
2014 Director of FUJIFILM Corporation
2016 Director & Corporate Vice President, Deputy General Manager of Corporate Planning Division of the Company (to present)
Director & Senior Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director & Senior Vice President, General Manager of Recording Media Products Division, Deputy General Manager of Corporate Planning Headquarters of FUJIFILM Corporation



Director

Go Miyazaki

1981 Joined the Company
2012 President of FUJIFILM North America Corporation
2013 Corporate Vice President of FUJIFILM Corporation
2014 Chairman, CEO of FUJIFILM do Brasil Ltda.
2015 Director & Corporate Vice President of the Company
Director & Corporate Vice President of FUJIFILM Corporation (to present)
2016 Director of the Company (to present)

Significant Concurrent Positions

- Director & Corporate Vice President of FUJIFILM Corporation
- President of FUJIFILM Europe GmbH and FUJIFILM Europe B.V.



Director

Masaru Yoshizawa

1980 Joined the Company
2007 General Manager of IR Office, Corporate Planning Division of the Company
2012 Divisional Manager of Human Resources Group, Human Resources Division of the Company, General Manager of Human Resources Division of FUJIFILM Corporation
2013 Corporate Vice President of FUJIFILM Corporation
2014 Corporate Vice President, Deputy General Manager of Corporate Planning Division of the Company
2016 Corporate Vice President, General Manager of Corporate Planning Division of the Company (to present)
Director & Corporate Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director & Corporate Vice President, General Manager of Corporate Planning Headquarters, General Manager of G-up Management Office of FUJIFILM Corporation

Board of Directors



Director

Tadahito Yamamoto

1968 Joined Fuji Xerox Co., Ltd.
1994 Director of Fuji Xerox Co., Ltd.
2002 Executive Vice President, Representative Director of Fuji Xerox Co., Ltd.
2007 President & Representative Director of Fuji Xerox Co., Ltd.
Director of the Company (to present)
2015 Chairman of the Board & Representative Director of Fuji Xerox Co., Ltd. (to present)

Significant Concurrent Positions

- Chairman of the Board & Representative Director of Fuji Xerox Co., Ltd.



Director (Outside)

Teisuke Kitayama

2005 Representative Director & President of Sumitomo Mitsui Financial Group, Inc.
Representative Director & Chairman of the Board of Sumitomo Mitsui Banking Corporation (to present)
2006 Director of the Company (Outside Director) (to present)
2011 Director & Chairman of the Board of Sumitomo Mitsui Banking Corporation (to present)

Significant Concurrent Positions

- Director & Chairman of the Board of Sumitomo Mitsui Banking Corporation
- Outside Audit & Supervisory Board Member of Toyota Motor Corporation
- Outside Audit & Supervisory Board Member of Tokyo Broadcasting System Holdings, Inc.



Director (Outside)

Hiroshi Inoue

2002 President, Representative Director of Tokyo Broadcasting System, Incorporated (current Tokyo Broadcasting System Holdings, Inc.)
2009 Chairman, Representative Director of Tokyo Broadcasting System Holdings, Inc.
2014 Director of the Company (Outside Director) (to present)
2016 Honorary Chairman, Director of Tokyo Broadcasting System Holdings, Inc. (to present)

Significant Concurrent Positions

- Honorary Chairman, Director of Tokyo Broadcasting System Holdings, Inc.
- Honorary Chairman, Director of Tokyo Broadcasting System Television, Inc.
- Outside Director of Tokyo Electron Limited

Audit & Supervisory Board Members



Audit & Supervisory Board Member

Kazuhito Yamamura

1976 Joined the Company
2009 General Manager of Accounting and Finance Group of Corporate Planning Division of the Company
2010 Corporate Vice President, Deputy General Manager of Corporate Planning Division of the Company
Corporate Vice President of FUJIFILM Corporation
2012 Director of FUJIFILM Corporation
President of FUJIFILM Holdings America Corporation
Chairman of FUJIFILM North America Corporation
2013 Audit & Supervisory Board Member of the Company (to present)
Audit & Supervisory Board Member of FUJIFILM Corporation (to present)



Audit & Supervisory Board Member

Mamoru Matsushita

1980 Joined the Company
2008 Managing Director of FUJIFILM UK Ltd.
2012 General Manager of Secretary Office of the Company
General Manager of Secretary Office of FUJIFILM Corporation
President of FUJIFILM Italia S.p.A.
2013 Audit & Supervisory Board Member of the Company (to present)
Audit & Supervisory Board Member of FUJIFILM Corporation (to present)



Audit & Supervisory Board Member (Outside)

Hisayoshi Kobayakawa

1968 Registered as Certified Public Accountant (to present)
1996 Senior Partner of Price Waterhouse (currently PricewaterhouseCoopers Co., Ltd.)
Executive Representative Partner of Aoyama Audit Corporation
2000 Audit & Supervisory Board Member of General Sekiyu K.K. (currently TonenGeneral Sekiyu K.K.)
Full-time Audit & Supervisory Board Member of TonenGeneral Sekiyu K.K.
2007 Audit & Supervisory Board Member of TonenGeneral Sekiyu K.K.
Full-time Audit & Supervisory Board Member of TonenGeneral Sekiyu K.K.
2014 Substitute Audit & Supervisory Board Member of the Company
2015 Audit & Supervisory Board Member of the Company (to present)



Audit & Supervisory Board Member (Outside)

Shiro Uchida

1986 Registered as Certified Public Accountant (to present)
2010 CEO of PricewaterhouseCoopers Co., Ltd.
2012 Chairman of PricewaterhouseCoopers Co., Ltd.
2015 Chairman, Representative Director of SAP Japan Co., Ltd. (to present)
2016 Audit & Supervisory Board Member of the Company (to present)

Executive Officers

Chairman and CEO Shigetaka Komori

President and COO Kenji Sukeno

Corporate Vice President and CIO Kouichi Tamai

Corporate Vice President and CTO Yuzo Toda

Corporate Vice President Norio Shibata

Corporate Vice President Masaru Yoshizawa

Corporate Vice President Hiroshi Kurihara

Corporate Vice President Haruhiko Yoshida

Corporate Vice President Toru Yamada

Corporate Vice President Shigenobu Inenaga

Corporate Vice President Shigeru Sano

Corporate Vice President Masahiro Fukuoka

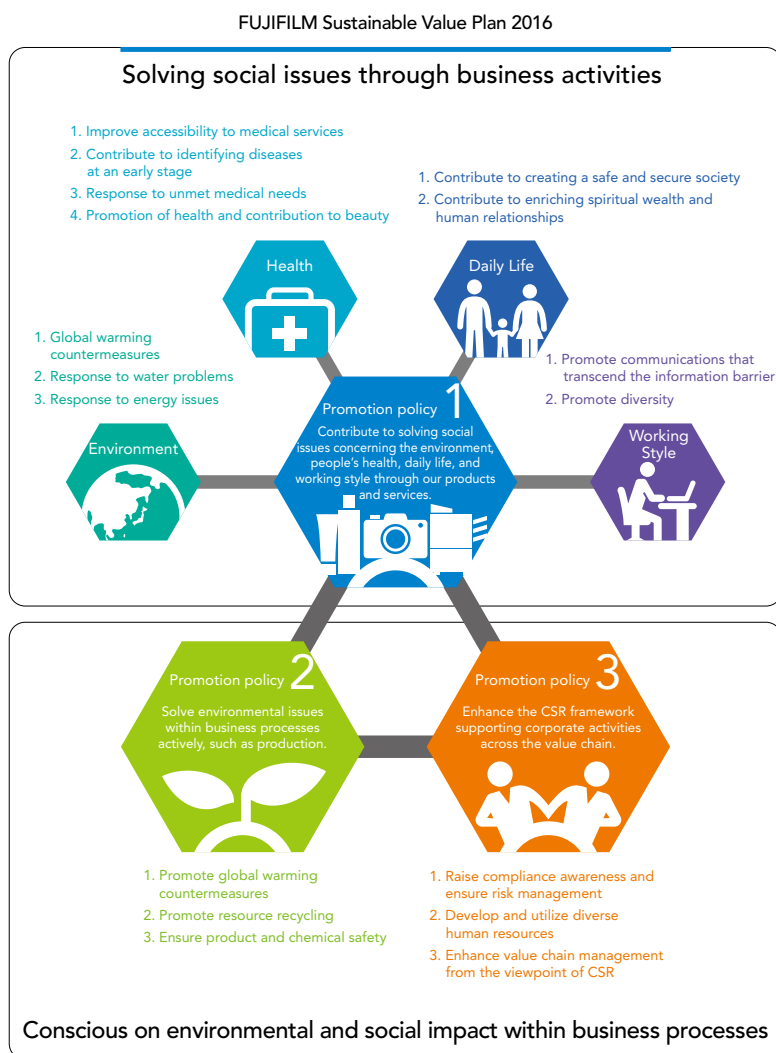
The Fujifilm Group's CSR

Basic Policy and Initiatives

The Fujifilm Group is working on a wide range of activities in accordance with its CSR approach of contributing to the sustainable development of society by putting into practice the Group's Corporate Philosophy through sincere and fair business activities.

To embody its approach to CSR, the Fujifilm Group formulated the Sustainable Value Plan 2016 (SVP2016) in FY2015/3, its medium-term CSR plan that covers the period from FY2015/3 to FY2017/3, based on the slogan "Value from Innovation." SVP2016 establishes four priority fields—the environment, health, daily life and working style—fields in which the Group can help solve social issues. Then, leveraging the Group's strengths, the plan works on solving 11 issues, including responses to energy issues and improving accessibility to medical services, through innovative products, technologies, and services.

Medium-Term CSR Plan: Sustainable Value Plan 2016



* Please see pages 23-31 (Review of Operations) for examples of contributions the Company has made to solving social issues through each of its businesses.

Inclusion in SRI Indices and

External Evaluations

The Company has been included in certain socially responsible investment (SRI) indices as the holding company of a corporate group that proactively promotes CSR initiatives aimed at sustainable development. The Company has also received evaluations based on external ranking surveys.

Inclusion in SRI Indices

- Dow Jones Sustainability World Index
- FTSE4Good Global Index
- Morningstar Socially Responsible Investment Index (as of June 2016)

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

MS-SRI | Morningstar Socially Responsible Investment Index

External Evaluations

Assessment Name	Assessment of the Fujifilm Group
The 10th CSR Corporate Ranking 2016 (Toyo Keizai, Inc.)	1st out of 1,325 companies
The 19th Nikkei Environmental Management Survey (Nikkei Inc.)	16th out of 413 manufacturers; 1st in the petrochemical field for the 9th consecutive year
The 8th JUSE Quality Management Level Research (Union of Japanese Scientists and Engineers)	4th out of 192 companies; 1st in the machinery and precision equipment field
Survey of companies and their efforts to maximize the strengths of human resources (Nikkei Inc.) in 2015	3rd out of 454 companies
CDP (Carbon Disclosure Project)	Disclosure score of 100, Performance band of B
RobecoSAM Sustainability Award 2016	Gold Class & Industry Leader

ROBECOSAM Sustainability Award Gold Class 2016

ROBECOSAM Sustainability Award Industry Leader 2016

Sustainable Value Plan 2016



Develop and Utilize Diverse Human Resources

The Fujifilm Group regards human resources who “can think and act on their own,” being responsible for the transformation and growth of the next generation of business, as one source of corporate value that supports sustainable corporate growth. The Group is working proactively to develop global and core human resources and build an environment where diverse human resources can maximize their abilities.

Development of Global Human Resources

For employees at overseas subsidiaries, Fujifilm conducts the Global Leadership Seminar to foster senior management candidates for global business, the Regional Leadership Seminar to train senior management candidates in charge of overseeing the Group’s regional business activities, as well as training that disseminates to all employees worldwide the FUJIFILM WAY, which promotes a shared Fujifilm mind-set and approach toward business.

Fuji Xerox undertakes various activities to secure the necessary foreign staff to bolster its global business development capabilities. At the same time, the company conducts global training for the next generation of leaders. Further, it has enhanced its training for senior management candidates of overseas subsidiaries by sending them to Japan for long-term business training and to study at graduate schools.



FUJIFILM WAY training is conducted at our U.S. regional headquarters.

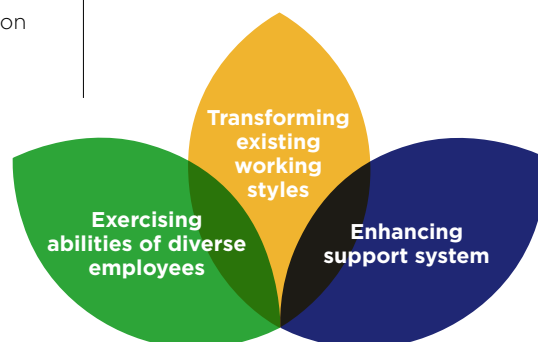
Achieving Diverse Working Styles

Fujifilm engages in Work Style Innovation activities that allow diverse employees to make full use of their individual attributes and capabilities. These activities also help create an environment in which employees can efficiently produce results. Fujifilm has identified three core pillars that entail transforming existing working styles, allowing diverse employees to exercise their abilities, and enhancing support systems. In FY2016/3, we introduced in earnest a “work-at-home system” for employees facing such needs as providing childcare or care for elderly parents so that these employees can make full use of their capabilities.

Seeking to be a company where employees can exercise their abilities irrespective of gender, nationality, or disability, Fuji Xerox is proactively working to utilize human resources with respect for diversity and to maintain flexible working arrangements. Specifically, in promoting the active participation of women, not only have we supported continuous employment, we have reinforced our activities by offering training programs by position and encouraging promotion. In FY2016/3, we introduced the Next Generation of Women Leaders Program with the aim of cultivating interest in and desire for higher roles for women in pre-management positions.



Next Generation of Women Leaders Program training



Work Style Innovation

FINANCIAL SECTION

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Financial Analysis and Review

Operating Results for the Fiscal Year Ended March 31, 2016

Economic Environment

In an analysis of the global economy during the fiscal year ended March 31, 2016 (April 1, 2015, through March 31, 2016—FY2016/3), the overall trend of gradual economic recovery persisted, while there were signs of weak economic conditions in emerging countries in Asia. In the United States, centering on showing an increasing trend in consumption, the moderate economic recovery trend persisted. In Europe, the United Kingdom continued with its economic recovery, and the trend of gradual economic recovery persisted in the Euro region. Regarding Asia, reflecting a moderate economic slowdown in China, countries generally showed weak economic conditions. In Japan, against a background of improvement in the employment and income environment, a gradual economic recovery trend continued.

The effective currency exchange rates for the U.S. dollar and the euro against the Japanese yen during the fiscal year under review were ¥120 and ¥133, respectively.

Overview of Operating Results

Consolidated Operating Results

Against the backdrop of this economic environment, the Fujifilm Group has been expanding sales, market share, and operating income using the growth drivers of the healthcare, highly functional materials, and document business fields with sales promotions and new product launches to achieve the goals of the medium-term management plan VISION 2016 (April 1, 2014, through March 31, 2017). The Group is also accelerating the improvement of profitability by improving productivity and efficiency in every corporate activity while maintaining its business scale and market advantages.

In FY2016/3, the Fujifilm Group recorded ¥2,491.6 billion in consolidated revenue (almost unchanged from the previous fiscal year). While sales in such businesses as the photo imaging business, medical systems business, industrial products business, and electronic materials business increased, those in the optical device and electronic imaging business and flat panel display (FPD) materials business decreased.

Consolidated operating income totaled ¥191.2 billion, up 10.9% from the previous fiscal year, reflecting such factors as improvement of profitability in most businesses.

Operating Results by Segment

Imaging Solutions

Revenue declined due to such factors as a contraction of the digital camera product lineup. On a positive note, operating income improved substantially following the growth in revenues in the photo imaging business.

Information Solutions

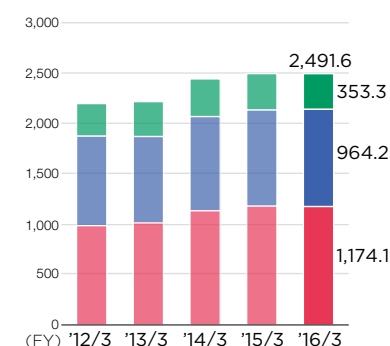
While sales in the FPD materials business decreased, sales in such businesses as medical systems, industrial products, and electronic materials increased. Taking these results into consideration and accounting for other factors including improvement in profitability, revenue and earnings increased.

Document Solutions

Despite the growth in revenues from operations in the Asia-Oceania region, overall sales remained almost unchanged from the previous fiscal year due to a decrease in demand in the office printer market in Japan and other factors. Operating income declined from the previous fiscal year, reflecting negative impact due to movements in foreign currency exchange rates.

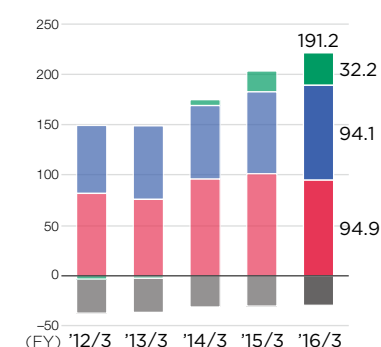
Revenue by operating segment*

Billions of yen



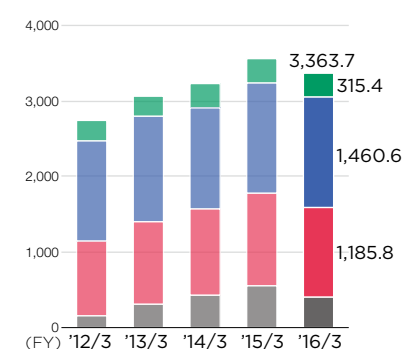
Operating income by operating segment*

Billions of yen



Total assets by operating segment*

Billions of yen



■ Imaging Solutions
■ Information Solutions
■ Document Solutions
■ Corporate expenses and eliminations

* Following organizational changes carried out in the first quarter of FY2014/3, the optical device business was moved from Information Solutions to Imaging Solutions. In accordance with this change, the numerical values for FY2012/3 and FY2013/3 have been restated.

Net Income

Consolidated income before income taxes amounted to ¥194.5 billion, down 1.3% from the previous fiscal year. This was because in the previous fiscal year, when making Japan Tissue Engineering Co., Ltd., (J-TEC) a consolidated subsidiary of the Fujifilm Group, a gain on revaluation of ¥21.2 billion was recorded as other income. On the other hand, consolidated net income attributable to FUJIFILM Holdings totaled ¥123.3 billion, up 4.0% from the previous fiscal year, reflecting such factors as the impact from the reduction of the corporate tax rate due to the tax system revision in Japan.

Basic Policy Regarding the Distribution of Profits

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on the consideration of such factors as the level of funds required for M&A transactions, capital investment, and new product development investments needed to support priority business expansion as well as other measures aimed at increasing the Company's corporate value in the future. Adequate buybacks will be considered and implemented depending on the situation of cash flows and stock prices. In the context of its basic policy regarding the distribution of profits, the Company focuses on the payment of cash dividends with an eye to achieving a dividend payout ratio of 25% or more.

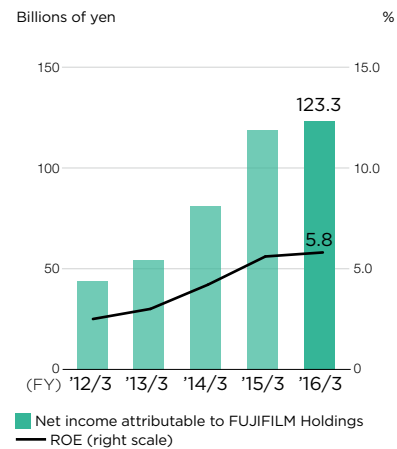
Annual cash dividends applicable to FY2016/3 were ¥65 per share. This amount included the interim cash dividend of ¥32.5 per share, which has already been disbursed.

Outlook for the Fiscal Year Ending March 31, 2017 (As of April 27, 2016)

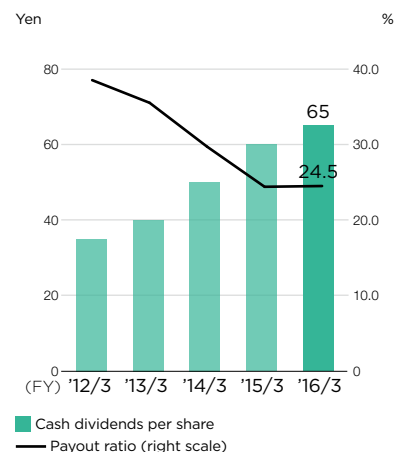
Regarding the Fujifilm Group's consolidated performance in FY2017/3, revenue is projected to reach ¥2,550.0 billion, up 2.3% from FY2016/3. From a profit perspective, operating income is forecast to total ¥220.0 billion, 15.1% higher than in FY2016/3. Income before income taxes is expected to climb 13.1% year on year, to ¥220.0 billion, while net income attributable to FUJIFILM Holdings is anticipated to reach ¥125.0 billion, an increase of 1.4% from FY2016/3.

These forecast results reflect a variety of factors, including anticipated business growth centering on the three core healthcare, highly functional materials, and document business fields as well as improved profitability in all businesses fields.

Net income attributable to FUJIFILM Holdings / ROE



Cash dividends per share / Payout ratio



	Imaging Solutions			Information Solutions			Document Solutions		
Millions of yen	FY2014/3	FY2015/3	FY2016/3	FY2014/3	FY2015/3	FY2016/3	FY2014/3	FY2015/3	FY2016/3
Revenue									
External customers	¥373,624	¥361,033	¥353,287	¥933,844	¥953,541	¥964,215	¥1,132,485	¥1,178,031	¥1,174,122
Intersegment	2,371	2,391	2,910	1,442	2,176	1,830	9,525	10,117	8,567
Total	375,995	363,424	356,197	935,286	955,717	966,045	1,142,010	1,188,148	1,182,689
Operating income	3,590	20,731	32,236	72,916	81,151	94,098	95,995	101,345	94,887
Operating margin (%)	1.0	5.7	9.1	7.8	8.5	9.7	8.4	8.5	8.0

- Sales of *instax* instant cameras and high-value-added printing businesses including the *Year Album* and *Shuffle Print* service expanded
- Sales of *X Series* were strong, reflecting such factors as new products launching sales expansion in Asian countries
- Sales of camera modules for use in smartphones significantly decreased

- In the medical systems business, sales increased in such growth fields as medical IT, endoscopes, and ultrasound diagnosis
- In the FPD materials business, sales decreased, reflecting such impact as production adjustment due to slowdown in the LCD panel market and other factors
- In the industrial products business, sales of such new business products as *EXCLEAR* and backsheets for solar cell were strong
- In the electronic materials business, sales of such advanced products as photo resists and treatment agents were robust

- In the office products business, overall sales volume increased. Although sales volume in export shipments to Xerox Corporation decreased, this overall increase was due primarily to the replacement of devices in major domestic convenience stores
- In the production services business, overall sales volume increased, reflecting strong sales of color on-demand publishing systems and monochrome production printers
- In the global services business, revenue increased in Japan and in the Asia-Oceania region owing to a rise in the managed print service business

Outlook for the fiscal year ending March 31, 2017 (As of April 27, 2016)

Billions of yen	FY2016/3 (Actual)	FY2017/3 (Forecast)	Change (%)
Revenue	¥2,491.6	¥2,550.0	2.3
Operating income	191.2	220.0	15.1
Income before income taxes	194.5	220.0	13.1
Net income attributable to FUJIFILM Holdings	123.3	125.0	1.4
Currency exchange rates (U.S. dollar / Yen)	¥120	¥110	¥(10)
Currency exchange rates (Euro / Yen)	¥133	¥125	¥ (8)

Financial Condition**Assets, Liabilities, and Net Assets**

As of the end of FY2016/3, total assets decreased ¥192.9 billion compared with the end of the previous fiscal year, to ¥3,363.7 billion, owing to a decrease mainly in cash and cash equivalents, and investment securities. Total liabilities decreased ¥9.4 billion compared with the end of the previous fiscal year, to ¥1,079.8 billion. FUJIFILM Holdings shareholders' equity decreased ¥178.2 billion compared with the end of the previous fiscal year, to ¥2,054.5 billion.

As a result, the current ratio decreased 18.6 percentage points, to 293.7%; the debt-equity ratio increased 3.8 percentage points, to 52.6%; and the equity ratio decreased 1.7 percentage points, to 61.1%, compared with the end of the previous fiscal year. The Company is confident that it is maintaining a stable level of asset liquidity and a sound capital structure.

Capital Expenditures and Depreciation

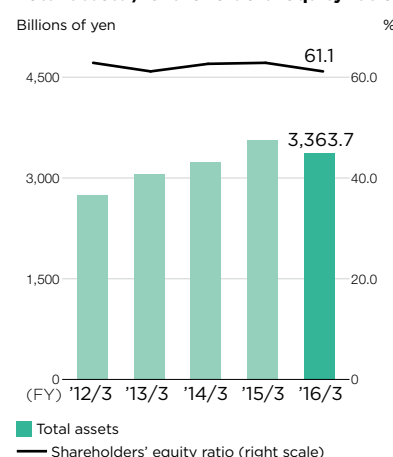
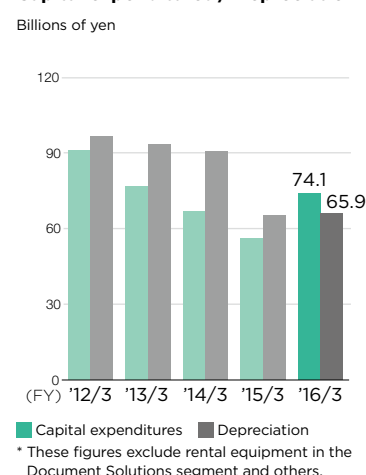
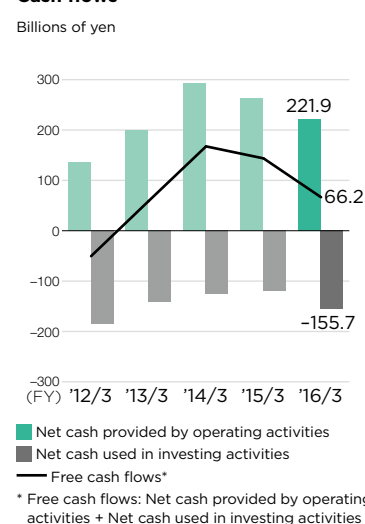
Capital expenditures amounted to ¥74.1 billion for FY2016/3. The Company's investment was largely directed toward boosting production capacity of high-growth products, streamlining and increasing the efficiency of production facilities, and implementing eco-friendly measures aimed at protecting the environment.

By operating segment, capital expenditures stood at ¥10.1 billion in the Imaging Solutions segment, ¥39.3 billion in the Information Solutions segment, and ¥23.3 billion in the Document Solutions segment. Total depreciation* of property, plant and equipment, excluding rental equipment in the Document Solutions segment and others, increased ¥0.8 billion year on year, to ¥65.9 billion.

Cash Flow Analysis

Net cash provided by operating activities totaled ¥221.9 billion, primarily due to the increase in net income and other factors. Net cash used in investing activities amounted to ¥155.7 billion due to purchases of property, plant and equipment, acquisitions of businesses, and other factors. Thus, free cash flows—or the sum of cash flows from operating and used in investing activities—resulted in cash inflows of ¥66.2 billion, down ¥77.0 billion from the previous fiscal year. Net cash used in financing activities amounted to ¥171.7 billion, due primarily to cash dividends paid to shareholders, purchases of stock for treasury, and other factors.

As a result, cash and cash equivalents as of the end of the fiscal year under review amounted to ¥600.9 billion, down ¥126.0 billion compared with the end of the previous fiscal year.

Total assets / Shareholders' equity ratio**Capital expenditures / Depreciation*****Cash flows**

Business-Related and Other Risks

The following types of risk have the potential for affecting the Fujifilm Group's financial condition and business performance. Text referring to the future is written from the perspective as of the end of FY2016/3.

Impact of Economic and Exchange Rate Trends on Performance

The Fujifilm Group provides products and services in diverse markets throughout the world, and the share of consolidated revenue accounted for by overseas operations was 60% in FY2016/3. There is a possibility that performance will be greatly affected by economic conditions throughout the world, and particularly by currency exchange rates. To reduce the impact of currency exchange rates on performance, Fujifilm undertakes hedging measures, primarily using forward exchange contracts for the U.S. dollar and the euro, but currency exchange fluctuations, depending on their degree, still could have an impact on performance.

Competition in Markets

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

Patents and Other Intellectual Property

The Fujifilm Group has diverse patents, know-how, and other intellectual property that enable competitive benefits, but such future events as the expiration of patents and emergence of replacement technologies may make it difficult to maintain a competitive edge. In the wide range of business fields with which Fujifilm is associated, there are numerous companies with sophisticated and complex technologies, and the landscape regarding these technologies is evolving rapidly. Developing Fujifilm's business operations sometimes may require the use of other companies' patents, know-how, and other intellectual property, and when negotiations for the use of such intellectual property are not successful, there is a potential risk for performance to be affected. In addition, Fujifilm is developing its business while constantly taking care not to infringe on the intellectual property of other companies, but it must be recognized that in reality it is difficult to completely eliminate the risk of getting involved in litigation. If Fujifilm gets involved in litigation, not only litigation costs but also possible compensatory payment costs could have an influence on Fujifilm's performance.

Public Regulations

In the regions where the Fujifilm Group is developing its business, diverse government regulations exist that apply to Fujifilm's operations, such as business and investment

permits as well as limits and regulations related to imports and exports. Moreover, Fujifilm is subject to commercial, fair trade, patent, consumer protection, tax, foreign exchange administration, environmental, pharmaceutical, and other laws and regulations. If Fujifilm were to infringe on any of these laws or regulations, it could be subject to fines. Moreover, it is possible that these laws and regulations might be tightened or greatly changed, and in such cases it is impossible to deny the possibility that Fujifilm's activities could be limited or that Fujifilm might have to bear greater costs to ensure full compliance with the current and altering regulations. Accordingly, these laws and regulations have the potential to affect Fujifilm's performance.

Manufacturing Operations

In connection with the Fujifilm Group's manufacturing activities, natural or human-made disasters, discontinuation by vendors of the manufacture of raw materials and components, and confusion caused by other factors may prevent the Group from delivering its products as well as cause major facility and equipment failure. It is also possible that a rapid rise in the price of raw materials and parts, etc., could affect Fujifilm's performance. The Fujifilm Group manufactures its products in conformance with rigorous quality control standards, but the possibility of defective products does exist. If Fujifilm were to have to respond to such an event by undertaking product recalls or other actions, Fujifilm's performance might be affected.

Information Systems

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

Large-Scale Disasters

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

Structural Reforms

The Fujifilm Group will continue implementing effective measures such as reductions in cost and expense as well as asset compression to improve its management efficiency in the future. However, the implementation of structural reforms and related measures may cause the Group to incur major contingent expenses associated with organizational and operational changes, and in such cases, Fujifilm's performance may be affected.

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars*
	March 31		
	2015	2016	2016
Assets:			
Current assets			
Cash and cash equivalents	¥ 726,888	¥ 600,897	\$ 5,317,673
Marketable securities	19,033	28,012	247,894
Notes and accounts receivable:			
Trade and finance	671,807	658,550	5,827,876
Affiliated companies	31,816	26,444	234,018
Allowance for doubtful receivables	(22,610)	(21,107)	(186,788)
Inventories	372,513	352,924	3,123,221
Deferred income taxes	83,665	77,883	689,230
Prepaid expenses and other	60,103	65,727	581,655
Total current assets	1,943,215	1,789,330	15,834,779
Investments and long-term receivables			
Investments in and advances to affiliated companies	29,426	29,635	262,257
Investment securities	186,722	144,472	1,278,513
Long-term finance and other receivables	169,139	173,269	1,533,354
Allowance for doubtful receivables	(4,370)	(3,567)	(31,566)
Total investments and long-term receivables	380,917	343,809	3,042,558
Property, plant and equipment			
Land	94,304	91,596	810,584
Buildings	723,809	717,290	6,347,699
Machinery and equipment	1,743,646	1,723,915	15,255,885
Construction in progress	23,396	36,526	323,239
	2,585,155	2,569,327	22,737,407
Less accumulated depreciation	(2,057,778)	(2,035,198)	(18,010,602)
Net property, plant and equipment	527,377	534,129	4,726,805
Other assets			
Goodwill, net	504,963	506,870	4,485,575
Other intangible assets, net	80,271	86,249	763,266
Deferred income taxes	9,272	7,091	62,752
Other	110,554	96,196	851,292
Total other assets	705,060	696,406	6,162,885
Total assets	¥ 3,556,569	¥ 3,363,674	\$ 29,767,027

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

	Millions of yen		Thousands of U.S. dollars*
	March 31		
	2015	2016	2016
Liabilities:			
Current liabilities			
Short-term debt	¥ 36,644	¥ 55,305	\$ 489,425
Notes and accounts payable:			
Trade	248,527	232,073	2,053,743
Construction	16,733	23,421	207,266
Affiliated companies	3,723	3,834	33,929
Accrued income taxes	20,443	18,469	163,442
Accrued liabilities	195,270	183,718	1,625,823
Other current liabilities	100,945	92,327	817,053
Total current liabilities	622,285	609,147	5,390,681
Long-term liabilities			
Long-term debt	313,045	310,388	2,746,797
Accrued pension and severance costs	30,711	64,756	573,062
Deferred income taxes	63,012	34,653	306,664
Customers' guarantee deposits and other	60,100	60,898	538,920
Total long-term liabilities	466,868	470,695	4,165,433
Total liabilities	1,089,153	1,079,842	9,556,124
Equity:			
FUJIFILM Holdings shareholders' equity	40,363	40,363	357,195
Common stock, without par value:			
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares			
Additional paid-in capital	75,588	75,780	670,619
Retained earnings	2,126,075	2,219,651	19,642,929
Accumulated other comprehensive income (loss)	91,589	(31,112)	(275,327)
Treasury stock, at cost (64,128,303 shares in 2016; 32,398,163 shares in 2015)	(100,901)	(250,229)	(2,214,416)
Total FUJIFILM Holdings shareholders' equity	2,232,714	2,054,453	18,181,000
Noncontrolling interests	234,702	229,379	2,029,903
Total equity	2,467,416	2,283,832	20,210,903
Total liabilities and equity	¥3,556,569	¥3,363,674	\$29,767,027

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Income

	Millions of yen			Thousands of U.S. dollars*
	Year ended March 31			
	2014	2015	2016	2016
Revenue				
Sales	¥2,094,291	¥2,143,283	¥2,146,604	\$18,996,496
Rentals	345,662	349,322	345,020	3,053,274
	2,439,953	2,492,605	2,491,624	22,049,770
Cost of sales				
Sales	1,379,343	1,386,823	1,370,954	12,132,336
Rentals	139,568	144,274	144,038	1,274,673
	1,518,911	1,531,097	1,514,992	13,407,009
Gross profit	921,042	961,508	976,632	8,642,761
Operating expenses				
Selling, general and administrative	615,883	627,966	622,420	5,508,141
Research and development	164,351	161,144	163,033	1,442,770
	780,234	789,110	785,453	6,950,911
Operating income	140,808	172,398	191,179	1,691,850
Other income (expenses)				
Interest and dividend income	6,219	5,858	6,206	54,920
Interest expense	(4,181)	(4,567)	(4,374)	(38,708)
Foreign exchange gains (losses), net	7,135	3,131	(8,784)	(77,734)
Gains (losses) on sales of investment securities, net	5,489	(703)	11,996	106,159
Other, net	1,684	20,985	(1,694)	(14,991)
	16,346	24,704	3,350	29,646
Income before income taxes	157,154	197,102	194,529	1,721,496
Income taxes				
Current	36,971	41,565	42,481	375,938
Deferred	17,726	16,918	9,995	88,451
	54,697	58,483	52,476	464,389
Equity in net earnings (losses) of affiliated companies	(333)	(1,473)	(337)	(2,983)
Net income	102,124	137,146	141,716	1,254,124
Less: Net income attributable to the noncontrolling interests	(21,128)	(18,593)	(18,403)	(162,859)
Net income attributable to FUJIFILM Holdings	¥ 80,996	¥ 118,553	¥ 123,313	\$ 1,091,265

	Yen			U.S. dollars*
	2014	2015	2016	2016
Amounts per share of common stock				
Net income attributable to FUJIFILM Holdings				
Basic	¥168.07	¥245.94	¥264.87	\$2.34
Diluted	167.63	245.18	264.00	2.34
Cash dividends declared	50.00	60.00	65.00	0.58

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Comprehensive Income

	Millions of yen			Thousands of U.S. dollars*
	Year ended March 31			
	2014	2015	2016	2016
Net income	¥102,124	¥137,146	¥ 141,716	\$ 1,254,124
Other comprehensive income (loss), net of tax				
Net unrealized gains (losses) on securities	9,348	34,295	(20,124)	(178,089)
Foreign currency translation adjustments	71,554	94,117	(77,611)	(686,823)
Pension liability adjustments	19,881	8,159	(39,873)	(352,858)
Net unrealized gains (losses) on derivatives	179	(950)	(1,471)	(13,018)
Other comprehensive income (loss)	100,962	135,621	(139,079)	(1,230,788)
Comprehensive income	203,086	272,767	2,637	23,336
Less: Comprehensive income attributable to noncontrolling interests	(27,860)	(32,630)	(2,025)	(17,920)
Comprehensive income attributable to FUJIFILM Holdings	¥175,226	¥240,137	¥ 612	\$ 5,416

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Changes in Equity

Millions of yen

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2013	¥40,363	¥75,226	¥1,979,552	¥(124,225)	¥(102,046)	¥1,868,870	¥155,916	¥2,024,786
Comprehensive income (loss):								
Net income	—	—	80,996	—	—	80,996	21,128	102,124
Change in net unrealized gains (losses) on securities	—	—	—	9,819	—	9,819	(471)	9,348
Foreign currency translation adjustments	—	—	—	67,691	—	67,691	3,863	71,554
Pension liability adjustments	—	—	—	16,577	—	16,577	3,304	19,881
Change in net unrealized gains (losses) on derivatives	—	—	—	143	—	143	36	179
Net comprehensive income						175,226	27,860	203,086
Purchases of stock for treasury	—	—	—	—	(23)	(23)	—	(23)
Sales of stock from treasury	—	(1)	—	—	382	381	—	381
Dividends paid to FUJIFILM Holdings shareholders	—	—	(24,097)	—	—	(24,097)	—	(24,097)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(6,264)	(6,264)
Issuance of stock acquisition rights	—	281	—	—	—	281	—	281
Equity transactions with noncontrolling interests and other	—	1	—	—	—	1	72	73
Balance as of March 31, 2014	¥40,363	¥75,507	¥2,036,451	¥ (29,995)	¥(101,687)	¥2,020,639	¥177,584	¥2,198,223
Comprehensive income (loss):								
Net income	—	—	118,553	—	—	118,553	18,593	137,146
Change in net unrealized gains (losses) on securities	—	—	—	33,954	—	33,954	341	34,295
Foreign currency translation adjustments	—	—	—	83,632	—	83,632	10,485	94,117
Pension liability adjustments	—	—	—	4,916	—	4,916	3,243	8,159
Change in net unrealized gains (losses) on derivatives	—	—	—	(918)	—	(918)	(32)	(950)
Net comprehensive income						240,137	32,630	272,767
Purchases of stock for treasury	—	—	—	—	(62)	(62)	—	(62)
Sales of stock from treasury	—	(44)	—	—	848	804	—	804
Dividends paid to FUJIFILM Holdings shareholders	—	—	(28,929)	—	—	(28,929)	—	(28,929)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(6,600)	(6,600)
Issuance of stock acquisition rights	—	125	—	—	—	125	—	125
Equity transactions with noncontrolling interests and other	—	—	—	—	—	—	31,088	31,088
Balance as of March 31, 2015	¥40,363	¥75,588	¥2,126,075	¥ 91,589	¥(100,901)	¥2,232,714	¥234,702	¥2,467,416
Comprehensive income (loss):								
Net income	—	—	123,313	—	—	123,313	18,403	141,716
Change in net unrealized gains (losses) on securities	—	—	—	(19,968)	—	(19,968)	(156)	(20,124)
Foreign currency translation adjustments	—	—	—	(68,480)	—	(68,480)	(9,131)	(77,611)
Pension liability adjustments	—	—	—	(32,781)	—	(32,781)	(7,092)	(39,873)
Change in net unrealized gains (losses) on derivatives	—	—	—	(1,472)	—	(1,472)	1	(1,471)
Net comprehensive income						612	2,025	2,637
Purchases of stock for treasury	—	—	—	—	(150,050)	(150,050)	—	(150,050)
Sales of stock from treasury	—	117	—	—	722	839	—	839
Dividends paid to FUJIFILM Holdings shareholders	—	—	(29,737)	—	—	(29,737)	—	(29,737)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(7,295)	(7,295)
Issuance of stock acquisition rights	—	73	—	—	—	73	—	73
Equity transactions with noncontrolling interests and other	—	2	—	—	—	2	(53)	(51)
Balance as of March 31, 2016	¥40,363	¥75,780	¥2,219,651	¥ (31,112)	¥(250,229)	¥2,054,453	¥229,379	¥2,283,832

Thousands of U.S. dollars*

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2015	\$357,195	\$668,920	\$18,814,823	\$ 810,522	\$ (892,929)	\$19,758,531	\$2,077,009	\$21,835,540
Comprehensive income (loss):								
Net income	—	—	1,091,265	—	—	1,091,265	162,859	1,254,124
Change in net unrealized gains (losses) on securities	—	—	—	(176,708)	—	(176,708)	(1,381)	(178,089)
Foreign currency translation adjustments	—	—	—	(606,018)	—	(606,018)	(80,805)	(686,823)
Pension liability adjustments	—	—	—	(290,097)	—	(290,097)	(62,761)	(352,858)
Change in net unrealized gains (losses) on derivatives	—	—	—	(13,026)	—	(13,026)	8	(13,018)
Net comprehensive income						5,416	17,920	23,336
Purchases of stock for treasury	—	—	—	—	(1,327,876)	(1,327,876)	—	(1,327,876)
Sales of stock from treasury	—	1,035	—	—	6,389	7,424	—	7,424
Dividends paid to FUJIFILM Holdings shareholders	—	—	(263,159)	—	—	(263,159)	—	(263,159)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(64,557)	(64,557)
Issuance of stock acquisition rights	—	646	—	—	—	646	—	646
Equity transactions with noncontrolling interests and other	—	18	—	—	—	18	(469)	(451)
Balance as of March 31, 2016	\$357,195	\$670,619	\$19,642,929	\$(275,327)	\$(2,214,416)	\$18,181,000	\$2,029,903	\$20,210,903

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

Consolidated Statements of Cash Flows

	Millions of yen			Thousands of U.S. dollars*
	Year ended March 31			
	2014	2015	2016	2016
Operating activities				
Net income	¥ 102,124	¥ 137,146	¥ 141,716	\$ 1,254,124
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	141,440	122,909	121,354	1,073,929
Gain on remeasurement of previously held equity interests	—	(21,224)	—	—
(Gains) losses on sales of investment securities, net	(5,489)	703	(11,996)	(106,159)
Deferred income taxes	17,726	16,918	9,995	88,451
Equity in net (earnings) losses of affiliated companies, net of dividends received	7,015	16,143	2,337	20,681
Changes in operating assets and liabilities:				
Notes and accounts receivable	(24,325)	(11,384)	(16,313)	(144,363)
Inventories	57,973	8,919	7,153	63,301
Notes and accounts payable-trade	7,244	(14,304)	(2,041)	(18,062)
Accrued income taxes and other liabilities	(2,933)	11,096	(14,389)	(127,336)
Other	(8,243)	(3,191)	(15,947)	(141,124)
Net cash provided by operating activities	292,532	263,731	221,869	1,963,442
Investing activities				
Purchases of property, plant and equipment	(70,285)	(56,943)	(63,810)	(564,690)
Purchases of software	(24,589)	(26,554)	(22,278)	(197,151)
Proceeds from sales and maturities of marketable and investment securities	18,635	37,164	45,254	400,478
Purchases of marketable and investment securities	(20,023)	(37,244)	(30,798)	(272,549)
(Increase) decrease in time deposits, net	(4,182)	1,273	(271)	(2,398)
Increase in investments in and advances to affiliated companies	(4,344)	(6,309)	(3,950)	(34,956)
Acquisitions of businesses and minority interests, net of cash acquired	—	(800)	(36,697)	(324,752)
Other	(20,690)	(31,095)	(43,160)	(381,947)
Net cash used in investing activities	(125,478)	(120,508)	(155,710)	(1,377,965)
Financing activities				
Proceeds from long-term debt	1,752	4,530	2,955	26,150
Repayments of long-term debt	(6,630)	(8,619)	(6,110)	(54,071)
Increase (decrease) in short-term debt, net	5,358	(8,332)	20,808	184,142
Cash dividends paid to shareholders	(19,275)	(26,510)	(31,974)	(282,956)
Subsidiaries' cash dividends paid to noncontrolling interests	(6,264)	(6,600)	(7,295)	(64,557)
Net purchases of stock for treasury	(22)	(62)	(150,049)	(1,327,867)
Other	(13)	—	—	—
Net cash (used in) provided by financing activities	(25,094)	(45,593)	(171,665)	(1,519,159)
Effect of exchange rate changes on cash and cash equivalents	17,217	24,687	(20,485)	(181,283)
Net increase (decrease) in cash and cash equivalents	159,177	122,317	(125,991)	(1,114,965)
Cash and cash equivalents at beginning of year	445,394	604,571	726,888	6,432,638
Cash and cash equivalents at end of year	¥ 604,571	¥ 726,888	¥ 600,897	\$ 5,317,673
Supplemental disclosures of cash flow information				
Cash paid for interest	¥ 5,830	¥ 6,132	¥ 5,922	\$ 52,407
Cash paid for income taxes	34,274	40,612	45,030	398,496

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

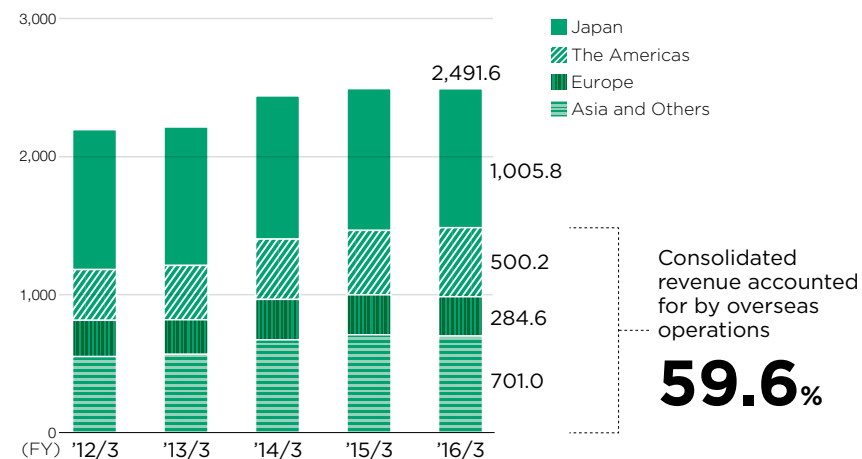
Global Network

Shortly after it was founded, Fujifilm took proactive steps to cultivate overseas markets, setting up the first overseas base in 1937. The Fujifilm Group has grown into a global entity that maintains 271 consolidated subsidiaries and has consolidated overseas revenue accounting for 59.6%, or ¥1,485.8 billion, of total revenue.

In recent years, the Fujifilm Group has positioned such emerging countries as Brazil, Russia, India, and China (BRICs) as well as Turkey, the Middle East, and Southeast Asia as priority markets. In addition to aggressively establishing local subsidiaries in each market, the Fujifilm Group is strengthening its sales structure.

Consolidated revenue by geographic region (destination base)

Billions of yen



Europe **45**

North America **28**

Asia & Oceania **102**
(Except Japan)

Middle East & Africa **3**

Latin America **6**

Worldwide Network of Consolidated Subsidiaries

271 subsidiaries*

* As of March 31, 2016; including 87 subsidiaries in Japan.

Corporate Information and Stock Information

Corporate Information (As of March 31, 2016)

Company name	FUJIFILM Holdings Corporation	Capital	¥40,363 million
Head office	7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan http://www.fujifilmholdings.com/en/	Number of employees (Consolidated)	78,150
		Number of employees	112
Date of establishment	January 20, 1934	Number of consolidated subsidiaries	271

Stock Information (As of March 31, 2016)

Stock exchange listing

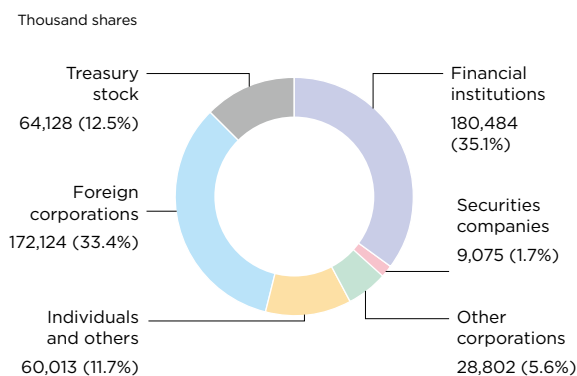
Tokyo

Share registrar

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8233, Japan

Distribution of shareholders and shares

Number of shareholders	122,607
Number of shares outstanding	514,625,728



Major shareholders

Name	Percentage of issued shares (%)
Japan Trustee Services Bank, (trust account)	6.6%
The Master Trust Bank of Japan, Ltd. (trust account)	5.7%
Nippon Life Insurance Company	3.4%
Sumitomo Mitsui Banking Corporation	2.0%
THE BANK OF NEW YORK MELLON SA/NV 10	1.7%
Japan Trustee Services, T9	1.4%
STATE STREET BANK WEST CLIENT - TREATY 505234	1.4%
Mitsui Sumitomo Insurance Company, Limited	1.4%
Daicel Corporation	1.2%
Japan Trustee Services, T7	1.2%

* The Company holds treasury stock accounting for 12.5% of the total issued shares outstanding.

Common share price (Tokyo Stock Exchange)

