

Medium-Term Management Plan
VISION75
- New Departure -

Fuji Photo Film Co., Ltd.

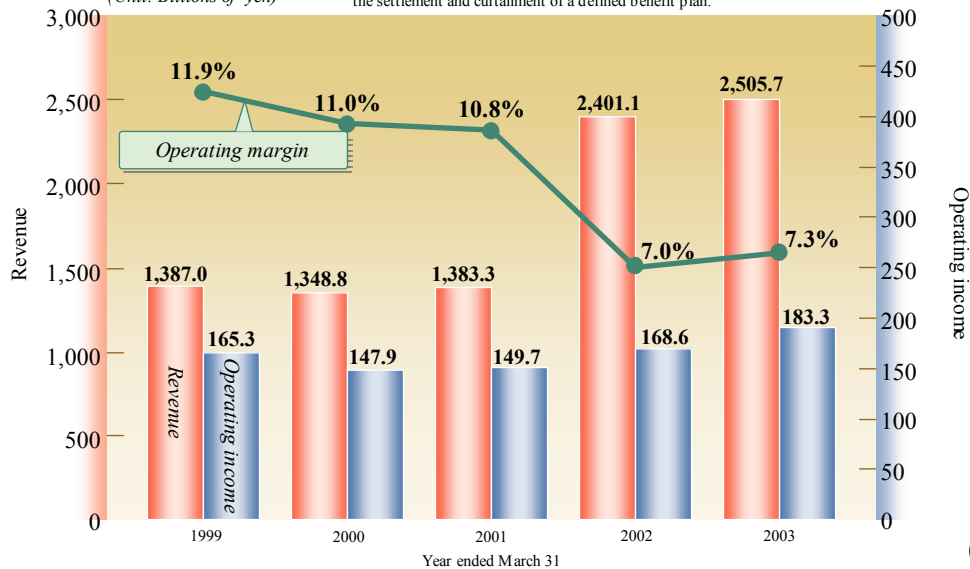
February 5, 2004

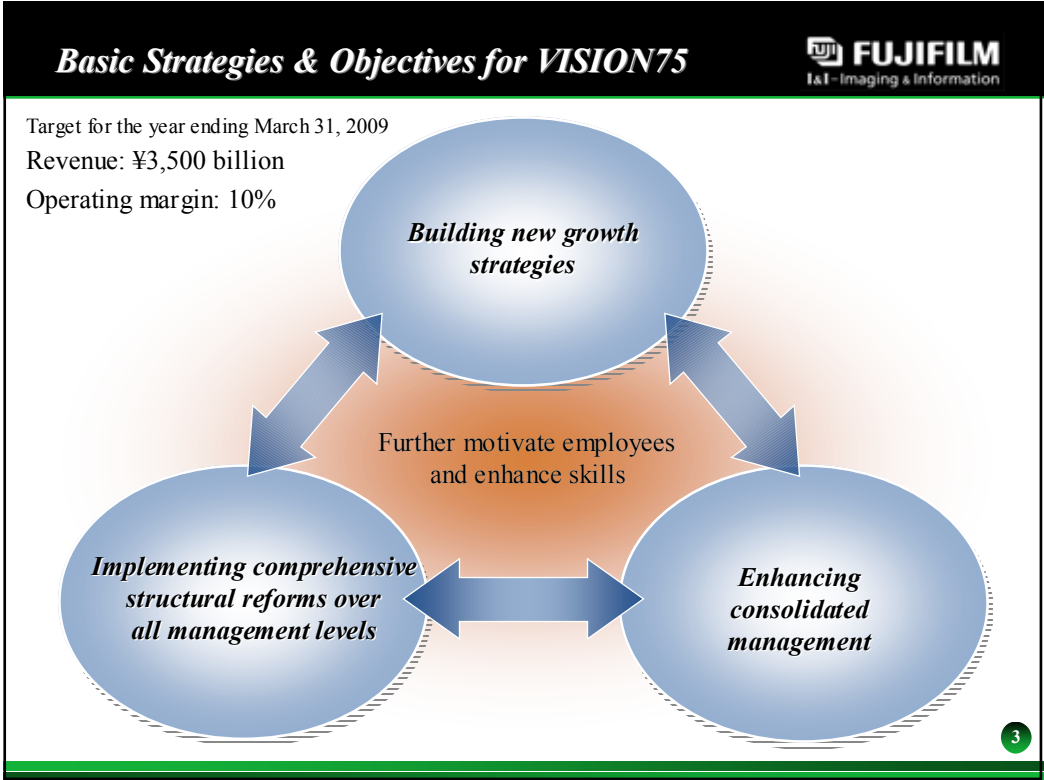
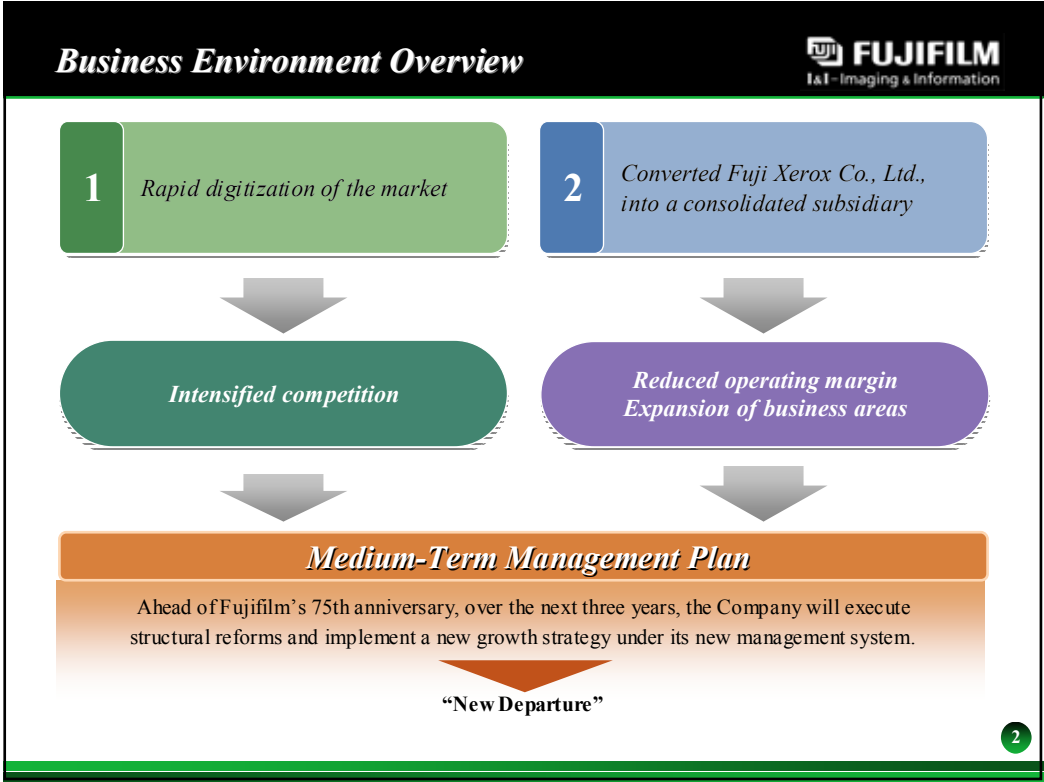
Change in Operating Results

■ **Change in operating results**

(Unit: Billions of yen)

Note: Operating income for the year ended March 31, 2003 excludes a loss of ¥23.1 billion on the settlement and curtailment of a defined benefit plan.





New Growth Strategies

- Expand growing businesses by concentrating management resources
- Sustain consumer imaging products and ensure a culture of photography
- Create new businesses to support the future
- Expand business development in China

Electronic Imaging Business

- Further strengthen Fujifilm Group's proprietary technologies and develop differentiated products
 - Key device technologies (Super CCD, Fujinon Lens)
 - Image processing technology (Image Intelligence™)
 - High-density mounting and assembly technology

Digital cameras

Consolidate our position among the top three worldwide

Sales objectives

Outlook for the Year ending Mar. 31, 2004

6.2 - 6.3 million units

Target for the Year ending Mar. 31, 2007

13 million units

- ✓ Respond to CCD production increase (Have purchased a general-purpose-wafer manufacturing plant from Tohoku Semiconductor Corporation)
- ✓ Broadly strengthen R & D systems (Add approximately 180 employees)
- ✓ Enhance production systems, including those in China (target for the year ending March 31, 2007: 5 million units/year)
- ✓ Reinforce marketing systems (Integrate FUJIFILM AXIA Co., Ltd., FUJIFILM Battery Co., Ltd., and Fujifilm's marketing division)

Optical electronic components business

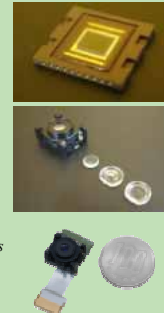
Expand into a business with annual revenues in excess of ¥50 billion by the year ending March 31, 2007

- ✓ Concentrate on advanced CCD, lens, and mounting technologies

Expand business for mobile phones with cameras by adding new buyers

- ✓ Camera modules
- ✓ Lens units

- ✓ Expand supplies to other business areas (Security business, in-car components field, etc.)



Flat Panel Display (FPD) Materials Business

- Growth and enlargement of liquid crystal monitors
- Spread and expansion of liquid crystal TVs

- Rapid expansion of demand
- Diversification of needs

Seek to establish a materials supply system to handle all types of FPDs, centered on liquid crystal modes

➤ Revenue

Outlook for the year
ending Mar. 31, 2004

¥70 billion

Target for the year
ending Mar. 31, 2007

¥136 billion

Target for the year
ending Mar. 31, 2009

¥200 billion

➤ Four main products:

FUJITAC

Wide View Film

Anti-reflection (CV) film

Transer

➤ Strengthen R&D systems

Established FPD Materials Division and Laboratory (December 2003)

➤ Increase capital investment

Cumulative April 2004 – March 2007 total: Approx. ¥110 billion)

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Document Solutions Business

Cultivate new growing businesses and focus resources on more profitable areas in existing businesses

Office Services business:	Promotion of a comprehensive documentation outsourcing service business for the office market
Production Services business:	Offering of high-value-added services in digital printing market through print on demand
Printer business:	Global growth centered on color laser printers
Copying Machine business:	Maintaining of earnings base by shifting to color/multifunction machines

Reorganize and strengthen sales and marketing organization

- Broaden sales channels in China
- Reorganize domestic sales companies
- Strengthen marketing capabilities of solution businesses

Strengthen organization and improve operating margin

Explained in detail on slide 18
(Pursue Structural Reforms)

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New Growth Strategies

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Sustain Consumer Imaging Products and Ensure a Culture of Photography

Photographic color film (including QuickSnap) and color paper

Rapid spread of digital cameras and mobile phones with camera functions

Decrease in total demand for photographic color film

Increase in number of total shots

Expansion of potential print demand



Photographic color film

Specific measures

- ✓ Develop new, distinct products through full use of silver halide technology
- ✓ Ultrasensitive film that approximates human vision
- ✓ Evolve QuickSnap
- ✓ Increase sales in emerging markets

Maintain revenue

Color paper and chemicals

Specific measures

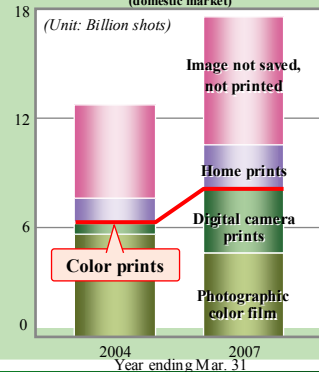
- ✓ Increase digital minilab sales
- ✓ Strengthen Internet print services
- ✓ Reinforce digital camera print campaigns

By increasing the number of digital camera prints, expand and turn around demand

Maintain profitability through structural review of production, sales, and R&D
Thorough cost reductions, including review of production systems
Review of domestic and overseas sales systems
Select R&D themes

Sustain consumer imaging materials and ensure a culture of photography

Change in total number of shots and resulting color prints (domestic market)

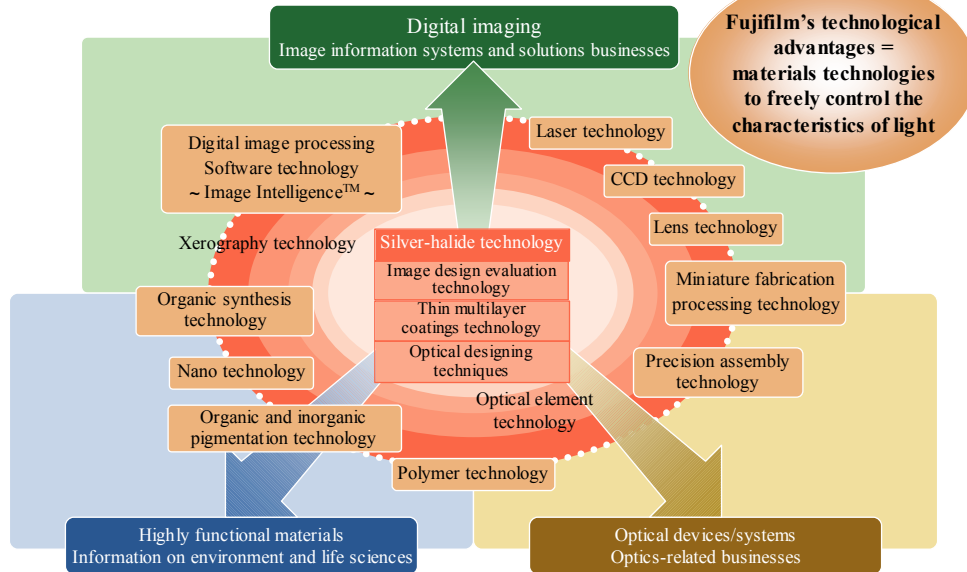


New Growth Strategies

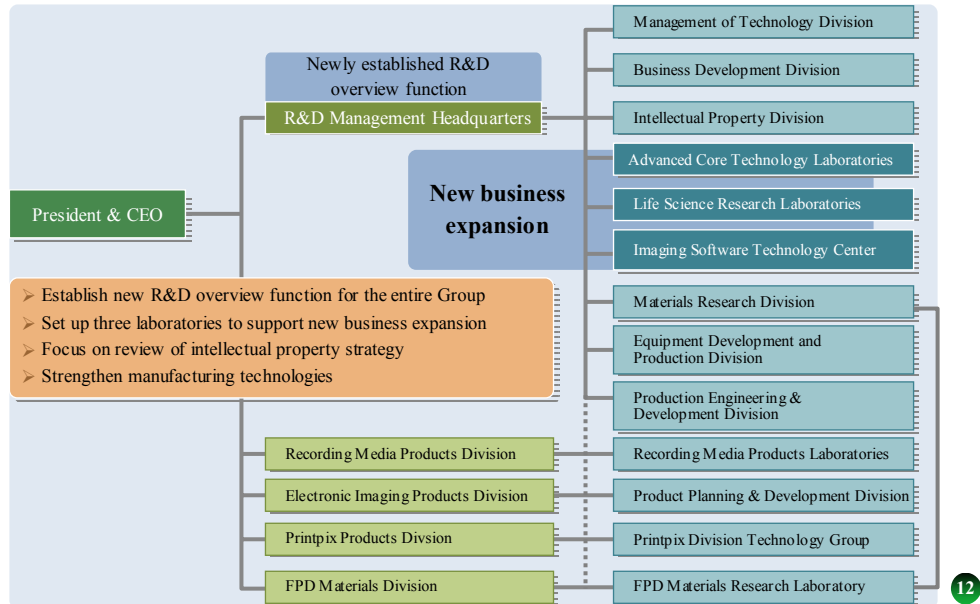
- Expand growing businesses by concentrating management resources
- Sustain consumer imaging products and ensure a culture of photography
- **Create new businesses to support the future**
- Expand business development in China

Create New Businesses to Support the Future

1. Orientation of new technologies and new businesses

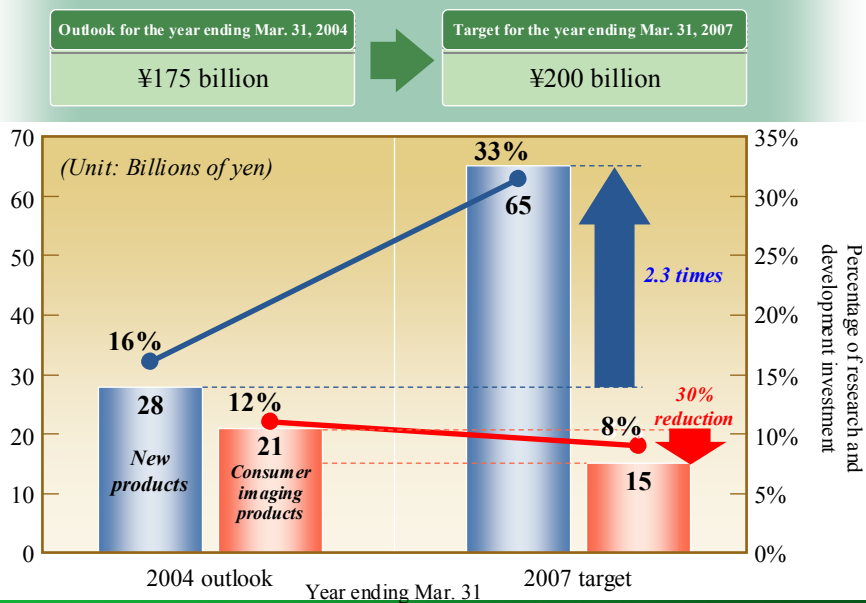


2. Restructuring of research and development



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3. Breakdown of investment in R & D



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New Growth Strategies

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- **Expand business development in China**

Expand Business Development in China

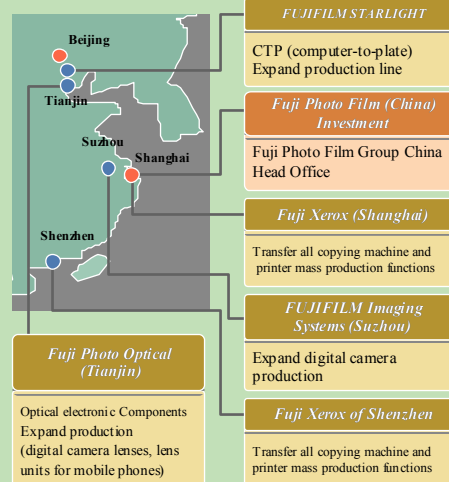
Aim to attain leading market share for the FUJIFILM brand by providing total solutions in the digital imaging sector

Business development focused on digital cameras, consumer imaging products, documents, graphic arts systems, medical imaging, and optical electronic components

- *Strengthen China head office functions and enhance sales systems*
- *Build and expand production bases*

Build and expand production base

Build future production system Digital imaging related equipment, materials, etc.



Comprehensive Structural Reforms Over All Management Levels

- Reorganize all production, sales and distribution, and purchasing systems, and improve efficiency
- Strengthen structure of Fuji Xerox

Pursue Structural Reforms

The year ending March 31, 2007, cost reduction target from structural reforms: approx. ¥200 billion (compared to the year ending March 31, 2004)

Reorganize all production, sales and distribution, and purchasing systems, and improve efficiency (excluding Fuji Xerox)

- **Reorganize production system** Cut costs by approx. ¥20 billion by the year ending March 31, 2007
 - Conduct worldwide reorganization of coating and film machines
 - Reorganize equipment production system on consolidated basis
- **Reform domestic sales system** Cut costs by approx. ¥20 billion by the year ending March 31, 2007
 - Fujifilm headquarters: Specialize in business planning and product planning functions
 - Sales companies/general labs: Reorganize with goal of improving efficiency of sales/distribution functions
- **Reform purchasing strategy** Cut costs by approx. ¥25 billion by the year ending March 31, 2007
 - Review and optimize purchasing process
 - Increase efficiency of purchasing and procurement functions for all domestic Group companies
 - Build global purchasing and procurement system

Strengthen structure of Fuji Xerox

Improve Document Solutions operating margin



- *Reduce total production costs:* Shift mass production base to China, reform procurement costs
 The year ending March 31, 2007 cost reduction target: approx. ¥45 billion
- *Reduce maintenance and service costs:* Reorganize service systems, improve reliability
 The year ending March 31, 2007 cost reduction target: approx. ¥10 billion
- *Cap total personnel expenses:* Reform pension and retirement allowances, reform personnel system, improve ratio of direct and indirect personnel expenses
 The year ending March 31, 2007 cost reduction target: approx. ¥12 billion
- *Implement cost reductions from other structural reforms:* Restructure (downsize, flatten hierarchy), increase development efficiency
 The year ending March 31, 2007 cost reduction target: approx. ¥30 billion

Seek to improve ratio of expenses to sales by 6.5 percentage points the year ending March 31, 2007 through controlling total personnel expenses and conducting other structural reforms

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Enhance Consolidated Management

- *Enhance consolidated management and control*
 - ✓ Introduce new management indicator (EVA®)
 - ✓ Create IT infrastructure to support consolidated management and control

- *Build a suitable internal control system centered on unified strengthening and promotion of compliance and risk management*

- *Further strengthen environmental management*

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Numerical Targets

Operating Results Objectives

(Unit: Billions of yen)

Year ending March 31	2004 outlook		2007 plan	2009 target
Revenue	2,580	➔	3,100	3,500
Operating income	180		270	350
Operating margin	7.0%		8.7%	10.0%
Net income	80		150	180
Net income margin	3.1%		4.8%	5.1%

Reference

(Unit: Billions of yen)

Year ending March 31	2005 - 2007 cumulative total
Capital investment	550

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FORWARD-LOOKING STATEMENTS

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

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

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