Medium-Term Management Plan
VISION75
- New Departure -

Fuji Photo Film Co., Ltd.
February 5, 2004

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.
Business Environment Overview

1. Rapid digitization of the market
   - Intensified competition

2. Converted Fuji Xerox Co., Ltd., into a consolidated subsidiary
   - Reduced operating margin
   - Expansion of business areas

Medium-Term Management Plan

Ahead of Fujifilm’s 75th anniversary, over the next three years, the Company will execute structural reforms and implement a new growth strategy under its new management system.

“New Departure”

Basic Strategies & Objectives for VISION75

Target for the year ending March 31, 2009
Revenue: ¥3,500 billion
Operating margin: 10%

Building new growth strategies

Further motivate employees and enhance skills

Implementing comprehensive structural reforms over all management levels

Enhancing consolidated management
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

<table>
<thead>
<tr>
<th>Outlook for the Year ending Mar. 31, 2004</th>
<th>Target for the Year ending Mar. 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2 - 6.3 million units</td>
<td>13 million units</td>
</tr>
</tbody>
</table>

- 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

- Expand supplies to other business areas (Security business, in-car components field, etc.)
Flat Panel Display (FPD) Materials Business

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

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)
New Growth Strategies

- Expand growing businesses by concentrating management resources
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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
- Increase in number of total shots from digital cameras and resulting digital prints
- Increase in the number of shots from digital cameras and resulting digital prints
- Expansion of potential print 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

Photographic color film

Specific measures
- Develop new, distinct products through full use of silver halide technology
- Ultrahigh sensitivity 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

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

(Unit: Billion shots)

2004 2007

Year ending Mar. 31
**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**

   - Digital imaging
     - Image information systems and solutions businesses
     - Fujifilm’s technological advantages = materials technologies to freely control the characteristics of light
   - Laser technology
   - CCD technology
   - Lens technology
   - Miniature fabrication processing technology
   - Precision assembly technology
   - Optical devices/systems
   - Optics-related systems

   - Highly functional materials
     - Information on environment and life sciences
   - Organic synthesis technology
   - Optical element technology
   - Xerography technology
   - Silver-halide technology
   - Image design evaluation technology
   - Organic and inorganic pigmentation technology
   - Thin multilayer coatings technology
   - Polymer technology
   - Nano technology
   - Optical designing techniques
   - Laser technology
   - Digital image processing
     - Software technology
     - Image Intelligence™
   - Organic and inorganic pigmentation technology
   - Silver-halide technology
   - Image design evaluation technology
   - Thin multilayer coatings technology
   - Optical designing techniques
   - Laser technology
   - Digital image processing
     - Software technology
     - Image Intelligence™
   - Organic and inorganic pigmentation technology

Also actively promote M&A and alliances with other companies.
2. Restructuring of research and development

- Establish new R&D overview function for the entire Group
- Set up three laboratories to support new business expansion
- Focus on review of intellectual property strategy
- Strengthen manufacturing technologies

3. Breakdown of investment in R & D

- Year ending Mar. 31, 2004: ¥175 billion
- Target for the year ending Mar. 31, 2007: ¥200 billion

<table>
<thead>
<tr>
<th>Product Area</th>
<th>2004 Outlook</th>
<th>2007 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>New products</td>
<td>28%</td>
<td>12%</td>
</tr>
<tr>
<td>Consumer imaging products</td>
<td>21%</td>
<td>16%</td>
</tr>
<tr>
<td>Total investment</td>
<td>65%</td>
<td>33%</td>
</tr>
</tbody>
</table>

- Increase in investment: 2.3 times
- Reduction in new products: 8%
- Reduction in consumer imaging products: 30%
**New Growth Strategies**

- Expand growing businesses by concentrating management resources
- Sustain consumer imaging products and ensure a culture of photography
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**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

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**Build and expand production base**

- **Beijing**: Fuji Photo Optical (Tianjin)
- **Shanghai**: Fuji Photo Film Group China Head Office, Fuji Xerox (Shanghai)
- **Shenzhen**: Fujifilm of Shenzhen
- **Tianjin**: Fuji Photo Optical (Tianjin)

**Digital imaging related equipment, materials, etc.**

- **Shanghai**
- **Suzhou**
- **Beijing**

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**FUJIFILM STARLIGHT**

- Fuji Photo Film (China) Investment
- Fuji Xerox Imaging Systems (Shanghai)
- FUJIFILM Imaging Systems (Shanghai)
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 production system
  - Conduct worldwide reorganization of coating and film machines
  - Reorganize equipment production system on consolidated basis
- Reform domestic sales system
  - 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
  - Review and optimize purchasing process
  - Increase efficiency of purchasing and procurement functions for all domestic Group companies
  - Build global purchasing and procurement system
Pursue Structural Reforms

Strengthen structure of Fuji Xerox

**Improve Document Solutions operating margin**

<table>
<thead>
<tr>
<th>Outlook for the year ending Mar. 31, 2004</th>
<th>The year ending Mar. 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>10%</td>
</tr>
</tbody>
</table>

- **Reduce total production costs:** Shift mass production base to China, reform procurement costs

- **Reduce maintenance and service costs:** Reorganize service systems, improve reliability

- **Cap total personnel expenses:** Reform pension and retirement allowances, reform personnel system, improve ratio of direct and indirect personnel expenses

- **Implement cost reductions from other structural reforms:** Restructure (downsize, flatten hierarchy), increase development efficiency

The year ending March 31, 2007 cost reduction target: approx. ¥45 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
Strengthen Management Base

- 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

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>2004 outlook</th>
<th>2007 plan</th>
<th>2009 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,580</td>
<td>3,100</td>
<td>3,500</td>
</tr>
<tr>
<td>Operating income</td>
<td>180</td>
<td>270</td>
<td>350</td>
</tr>
<tr>
<td>Operating margin</td>
<td>7.0%</td>
<td>8.7%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Net income</td>
<td>80</td>
<td>150</td>
<td>180</td>
</tr>
<tr>
<td>Net income margin</td>
<td>3.1%</td>
<td>4.8%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

### Reference

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>2004 - 2007 cumulative total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investment</td>
<td>550</td>
</tr>
</tbody>
</table>

### 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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