

Optimizing Business Systems for Imaging Solutions Segment and Growth Strategies for the Future

FUJI PHOTO FILM CO., LTD.
January 31, 2006

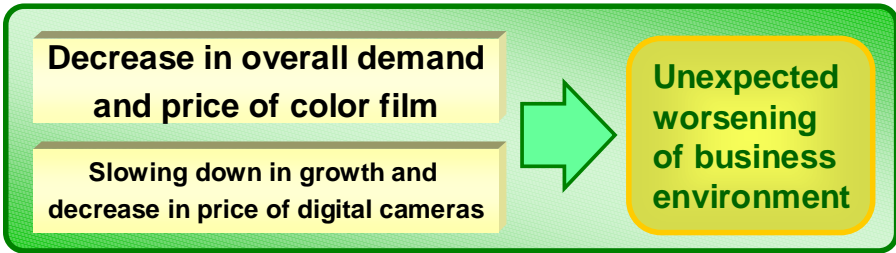
FORWARD-LOOKING STATEMENTS

This document contains projections of performance and other projections, which are made based on judgments regarding currently available information and which encompass potential risks and uncertainties. Accordingly, please be aware that diverse factors may cause actual results to differ materially from projected results.

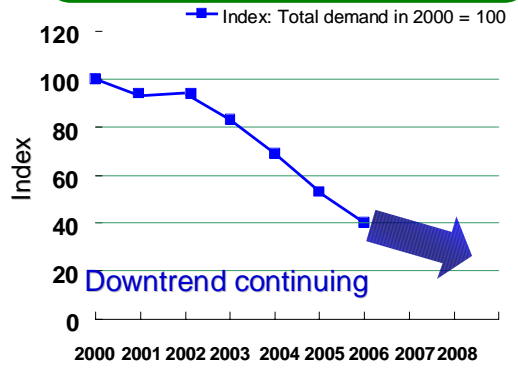
Vision 75: Review of the Two Years



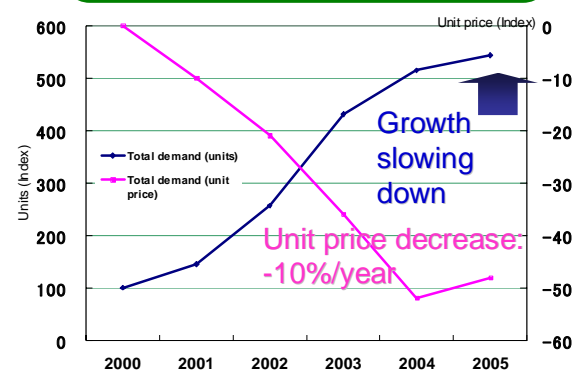
Changes in Imaging Business Environment



Trends in global demand for color film



Trends in demand for digital cameras



* Both graphs are based on the company's studies.

* Index: Total demand in 2000 = 100, total demand price = 0
 * Figures do not include digital single-lens reflex cameras.

Comparison of Operating Income by Business Segment

Operating income in FY 2006*

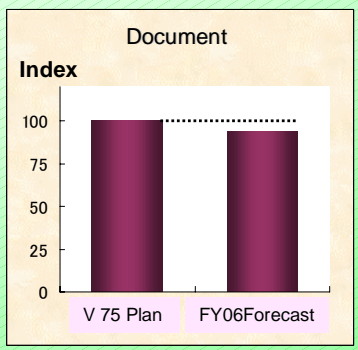
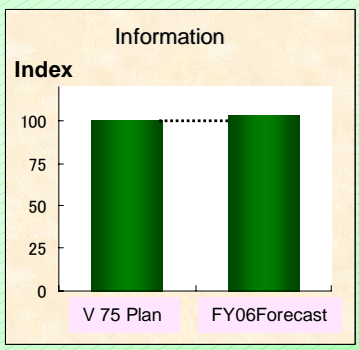
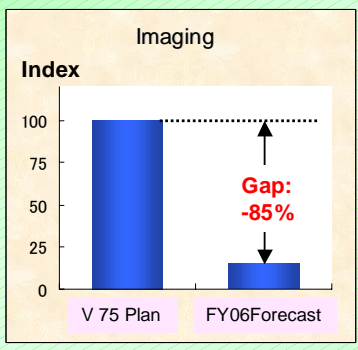
* Before allocation of corporate expenses

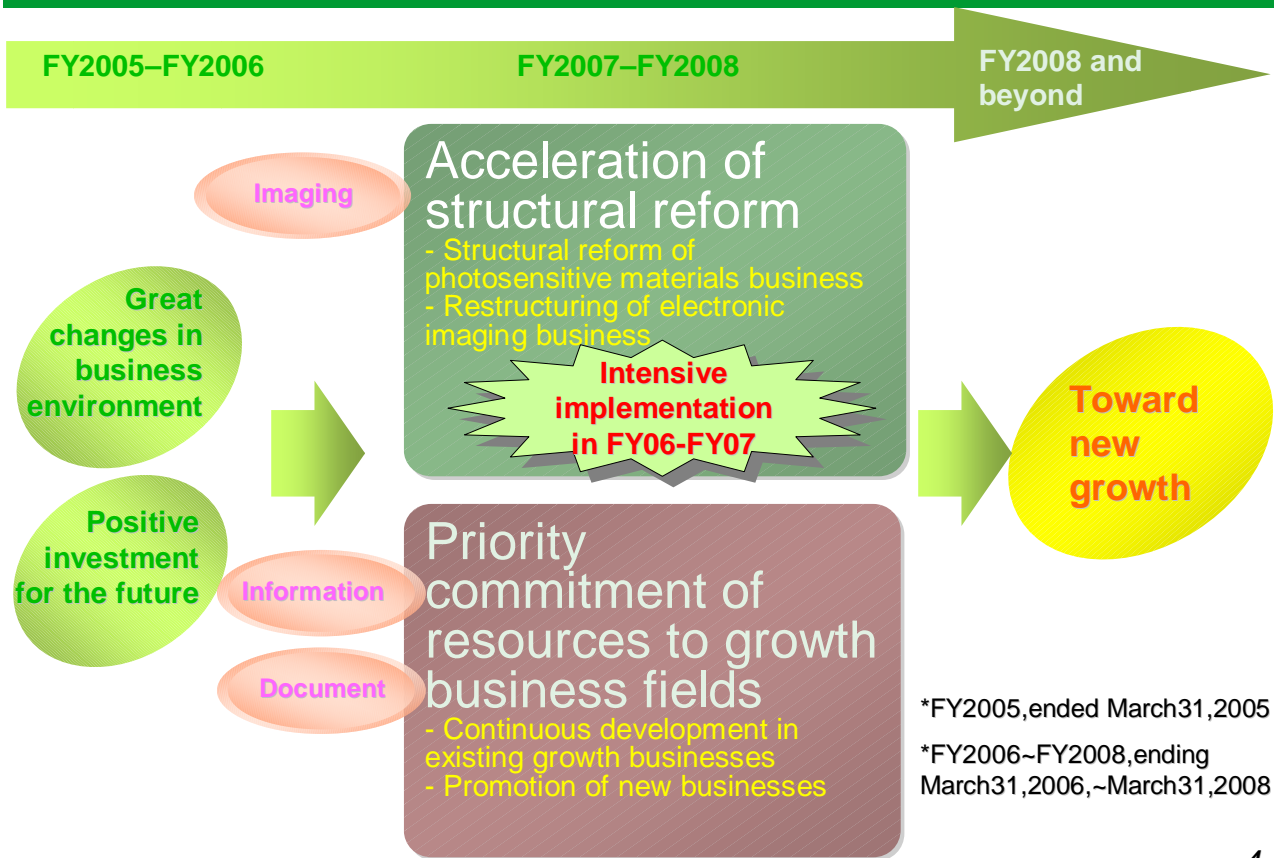
— Achievement levels taking Vision 75 FY 2006 Plan as 100 —

Note: FY 2006 forecast = 1st half results + 2nd half plan (increase in structural reform costs not included)

Big gap in imaging segment only

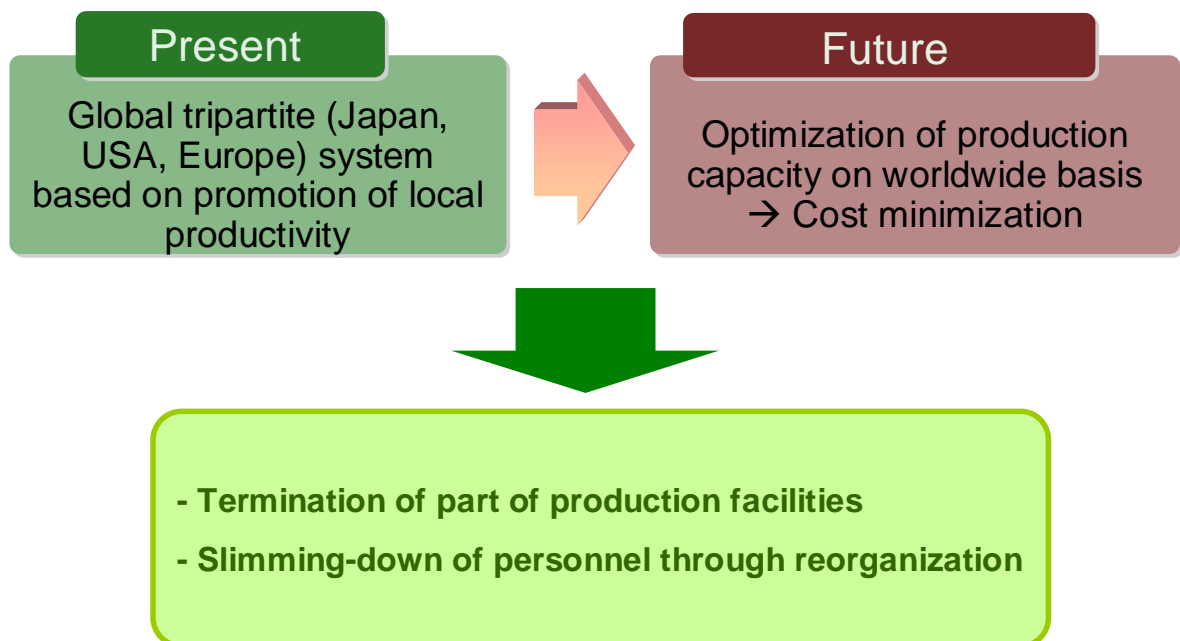
*FY2006, ending March 31, 2006





Structural Reform of Photosensitive Materials Business

1. Reorganizing of tripartite (Japan, USA, Europe) production system



2. Optimization of SG&A and R&D investment, etc.

- (1) Reduction of SG&A through slimming-down of personnel in marketing and distribution
- (2) Substantial reduction of R&D investment
- (3) Rationalization of photo-processing laboratories

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Restructuring of Electronic Imaging Business

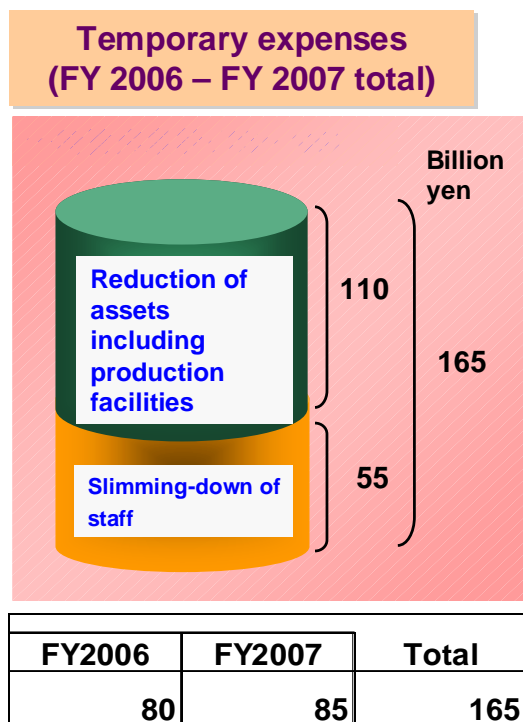
- Strengthen distinctive product lineup centered on high-sensitivity models
- Scale down domestic production system and establish mass production system in China
- Implement exhaustive cost reduction and reduction of total inventory through strengthening of SCM



Realize a stable profit structure based on launching of distinctive products and thorough promotion of efficiency in marketing and production

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Expected Cost Reduction Results of Structural Reforms



Expected results of structural reforms (FY 2008)

Expected cost reduction
Approx. 50 billion yen/year
(against FY 2006)

Slimming-down of staff
associated with photosensitive
materials business
Approximately 5,000
persons

*FY2006~FY2008:
 ending March31,2006,~March31,2008

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Financial Forecast for FY 2006 (consolidated) FUJIFILM

Forecast for the fiscal year ending March31, 2006

(billions of yen)

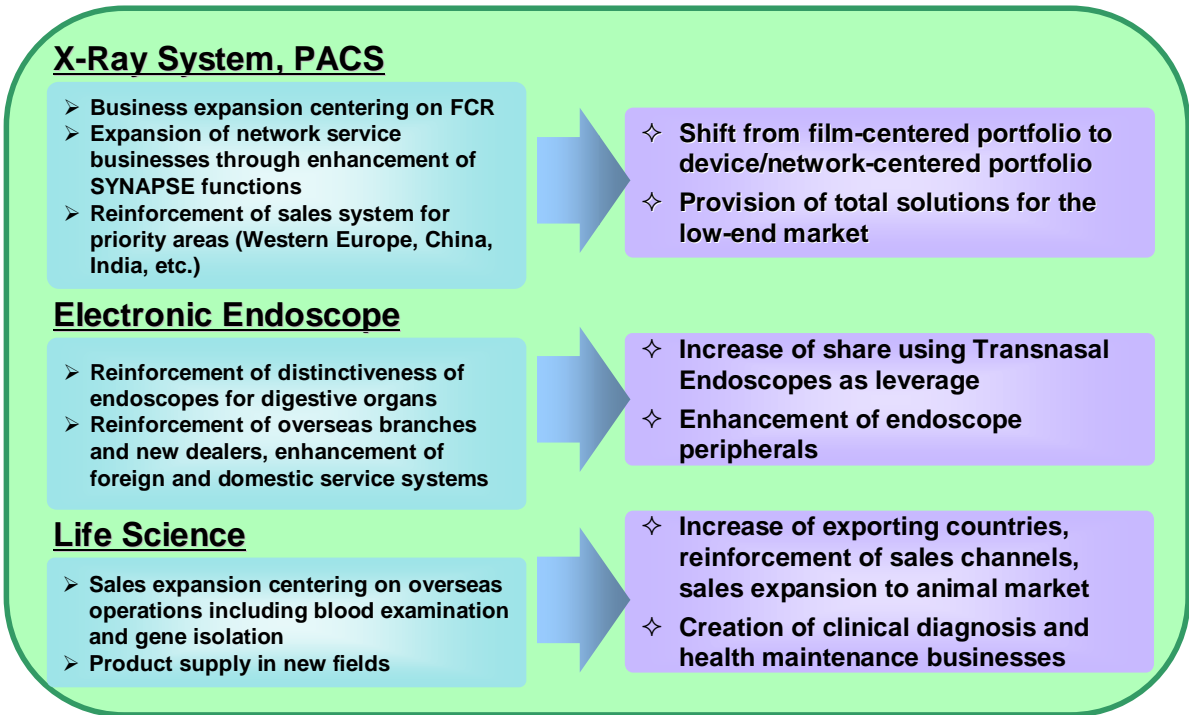
	FY 2006 Revised forecast (A)	FY 2006 Previous forecast (B)	Change (A)-(B)	FY 2005,ended March31,2005 Results
Revenue	100.0% 2,650.0	100.0% 2,700.0	(50.0)	100.0% 2,527.3
Operating income	2.8% 75.0	6.3% 170.0	(95.0)	6.5% 164.4
Income before tax	2.8% 73.0	6.1% 164.0	(91.0)	6.4% 162.3
Net income	0.8% 20.0	3.1% 85.0	(65.0)	3.3% 84.5
Exchange rates (yen):				
US\$	113	107	+6	108
Euro	136	135	+1	135

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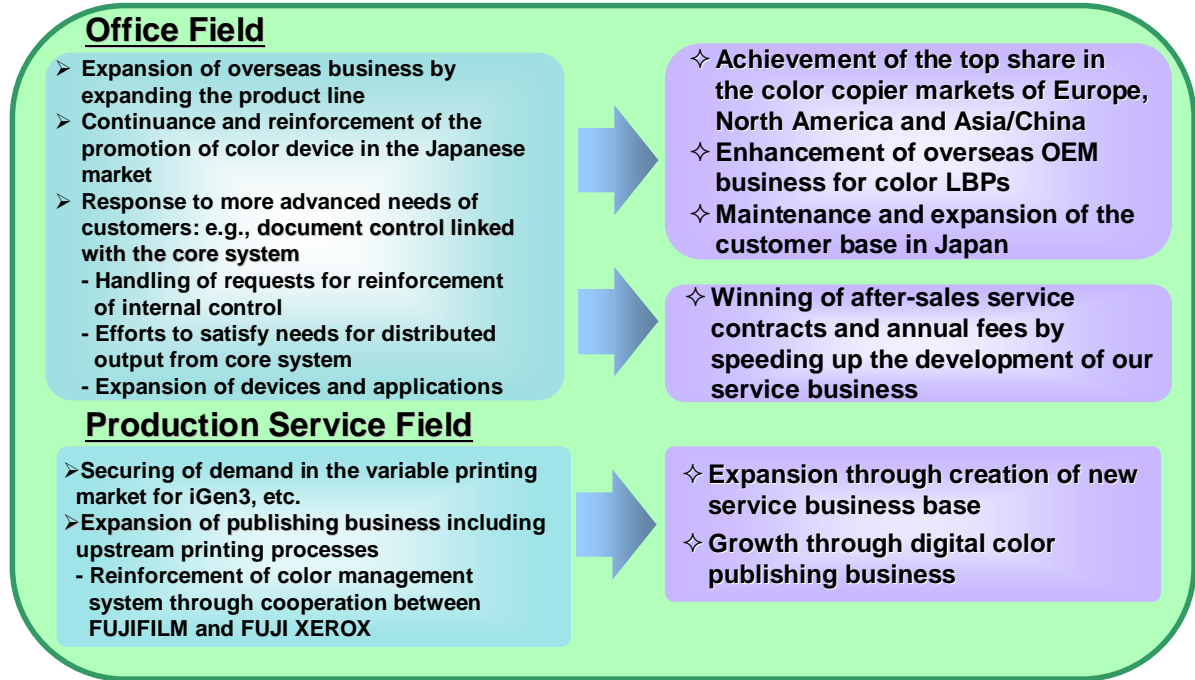
Concentration of Resources into Growth Business Fields

- ◆ Medical Imaging/Life Science
- ◆ Document
- ◆ Graphic Arts
- ◆ Highly Functional Materials
 - Flat-panel Display Materials
 - Electronic Materials
 - Ink for Inkjet Printers
- ◆ Optical Devices

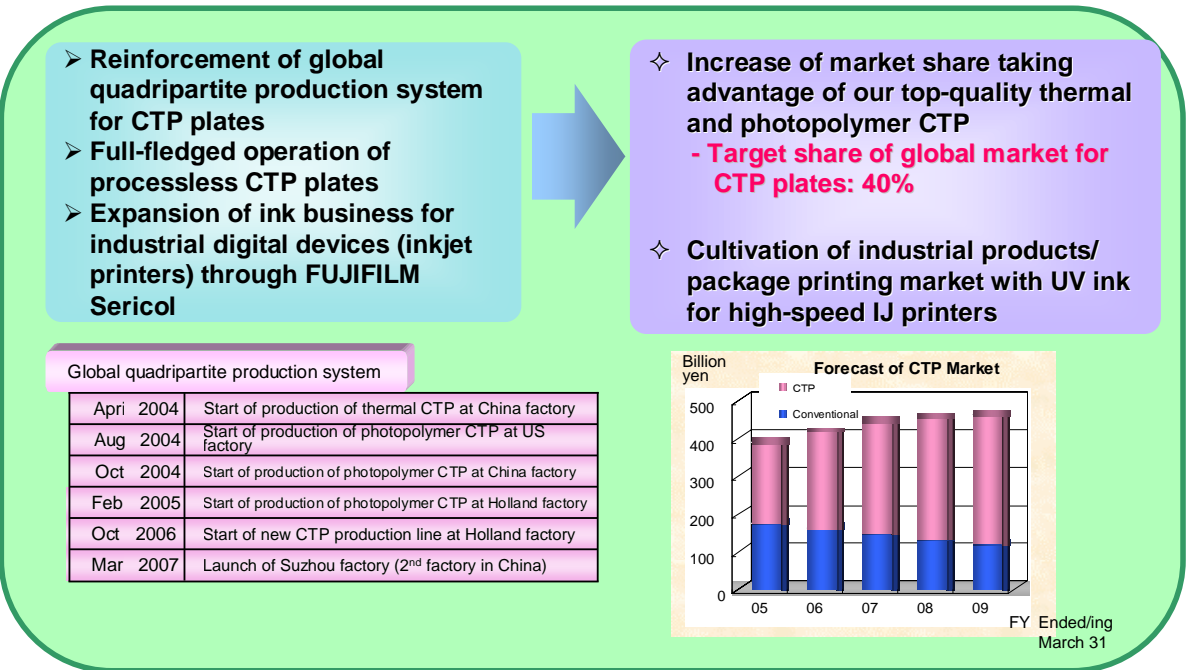
Medical Imaging/Life Science



Document

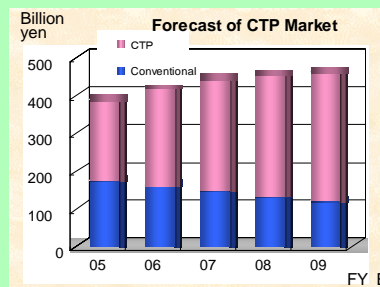


Graphic Arts



Global quadripartite production system

Apr	2004	Start of production of thermal CTP at China factory
Aug	2004	Start of production of photopolymer CTP at US factory
Oct	2004	Start of production of photopolymer CTP at China factory
Feb	2005	Start of production of photopolymer CTP at Holland factory
Oct	2006	Start of new CTP production line at Holland factory
Mar	2007	Launch of Suzhou factory (2 nd factory in China)



FY Ended/ing March 31

Flat-Panel Display Materials

For Monitors and Note PCs

- Proliferation of WV film as a de facto standard

For LCD TVs

- Increase of the amount of WV film used in LCD TVs
- Sales expansion of high-value added film for VA, IPS, and OCB
- Sales expansion in color filter fields such as transer

For PDPs

- Full-fledged launch with electro-magnetic radiation shielding film

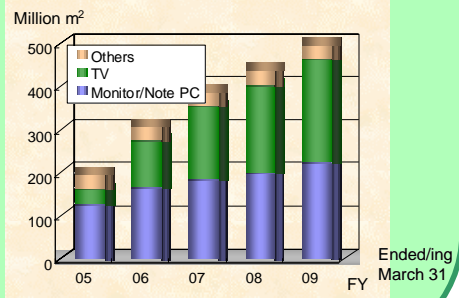
Enhancement of TAC film production capacity

Start of operation of FUJIFILM Kyushu

✧ Maintenance and expansion of the structure of high-growth and high-profit businesses as our core businesses

✧ Development of high-value added products following TAC film and WV film

Forecast of LCD panel market (by application)



Electronic Materials

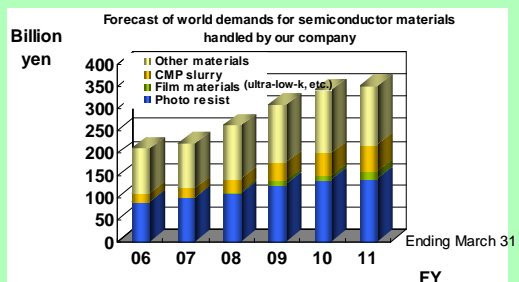
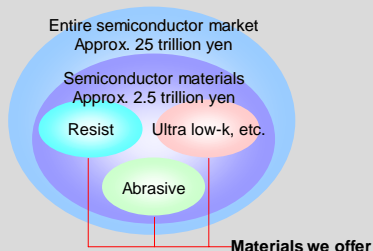
Photo resist for semiconductor manufacturing

- Establishment of core technology for next-generation photo resist in line with advances in miniaturization and multilayering of semiconductor devices
- Full-fledged start of business in new materials field including semiconductor post-processing
- Establishment of global tripartite production and sales system (In Feb. 2006, Suzhou factory is scheduled to start supplying products in China.)

✧ Winning of top share in the leading-edge positive resist field (ArF, liquid immersion, etc.)

✧ Establishment of position in new business fields, such as CMP slurry, low-k, and polyimide

Semiconductor material market size



Ink for Inkjet Printers

Ink dyes for Consumer Inkjet Printers

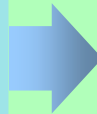
➤ Reinforcement of global development and production system for ink for consumer inkjet printers through acquisition of Avecia (UK), the world's No. 1 manufacturer in this field



✧ Commercialization of ink dyes with excellent features such as high image preservation capability
 ✧ Establishment of leading position in the field of ink dyes for inkjet printers

Ink for Industrial Inkjet Printers

➤ Expansion of ink business through Sericol, the world's top manufacturer of ink for industrial printers



✧ Cultivation of the industrial product/package printing market with UV ink for high-speed IJ printers

Optical Devices

Optical Lens

➤ Establishment of Optical Device Division as a consolidated administrative function



✧ Expansion of optical device operation by strengthening consolidated strategies and optical technologies

Lens for Camera Phones

➤ Reinforcement of distinctiveness from competitors in mega-pixel-class cameras
 - Aspheric lens
 - AF/Zoom



✧ High growth and increase of share in the mainstream mega-pixel model market

Lens for Security/In-Vehicle Devices

➤ Full-fledged entry into this growing market taking advantage of high specifications, high efficiency, and low price



✧ Establishment of position in the lens market for security/in-vehicle devices

Concentration of R&D Investment in Priority Fields

Fields for Resource Concentration

Business fields: FPD materials, medical imaging/life science, electronic materials, fine chemicals, etc.

Fiscal Year	Expense (billion yen)
05	~175
06	~195
07	~210
08	~215
09	~225

(fiscal year ended/ing March 31)

Company-wide center for advanced interdisciplinary research

Opening of the **“Advanced Core Technologies Laboratory”** (Anticipated date of completion: March 2006)

Creating of the new value through “Integrating Knowledge and Innovation”

- Inspiring creativity through the integration of different fields
- Fusion and integration of the group’s technologies

Total commitment to development of original technology

Advanced Core Technologies Laboratory (artist’s conception)

Purpose of the Transition

Optimization of the Group as a Whole

Strengthening of Group Strategic Management

Optimization of Resource Allocation
Acceleration of Business Operations

Increasing areas of synergy among group companies
Personnel Exchanges and Promotion of Integration of Shared Functions

Image of the Organization After Transition

Holding Company

Group Strategy, Corporate Functions, Shared Administration Functions

FUJIFILM

- R&D
- Sales and Marketing
- Services
- Production

FUJI XEROX

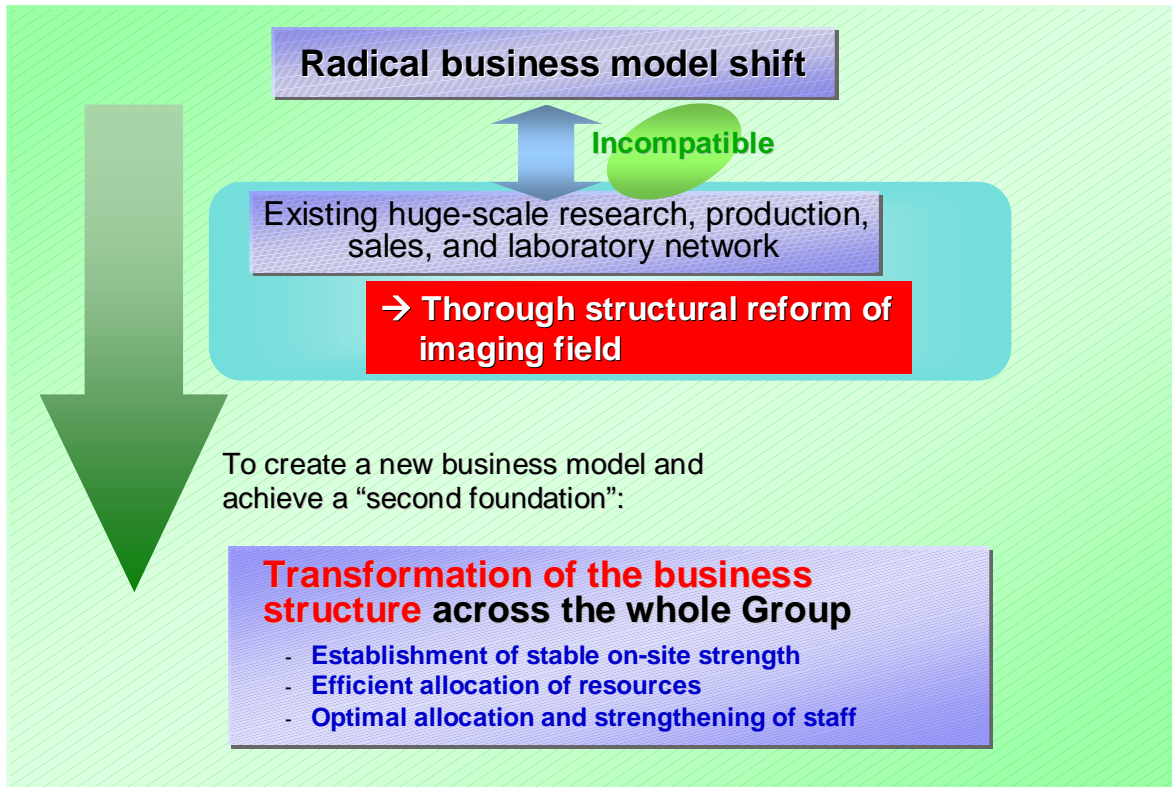
- R&D
- Sales and Marketing
- Services
- Production

Transition Schedule

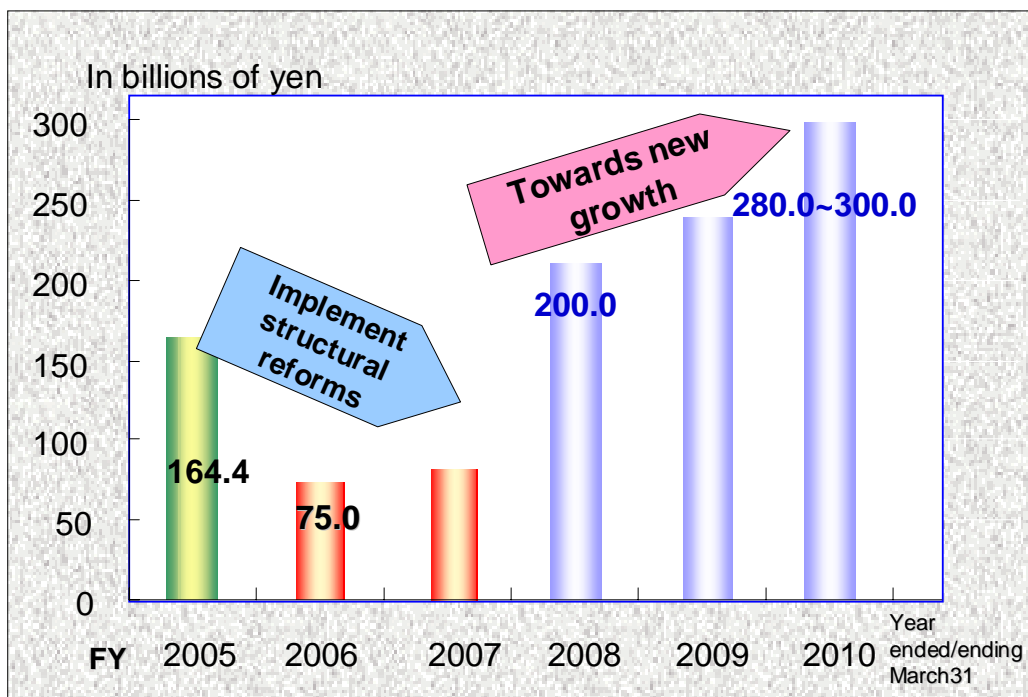
June 2006: Approval at regular shareholders’ meeting

October 2006: Holding company structure inaugurated

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Operating Income





I&I – Imaging & Information

FUJI PHOTO FILM CO., LTD.
IR OFFICE, CORPORATE COMMUNICATIONS DIV.
<http://home.fujifilm.com/>