

Corporate Governance

Recognizing that a corporation's main mission is to increase corporate value, the Company has given top priority to measures aimed at increasing its own corporate value by strengthening and broadening its corporate governance systems. The Company has positioned the board of directors as the body for determining basic Group management policies and strategies, and important matters related to business execution as well as for supervising the execution of business affairs. Meanwhile, the Company established the post of executive officer in 1998 in a bid to achieve greater efficiency and speed in the execution of business affairs as well as to clarify accountability and authority. Under this basic framework and following the change to a holding company structure on October 1, 2006, the Company will further strengthen governance on a consolidated basis, including with respect to Fuji Xerox Co., Ltd., to increase the corporate value of the Fujifilm Group. The Company will also work to further improve the transparency and soundness of Group management.

● Corporate Organizations and Others

Directors and Board of Directors

The Company's Articles of Incorporation stipulate that the Company can appoint up to 12 directors. Currently, it has eight directors, including one outside director. Regular meetings of the board of directors are held, in principle, once a month, with extraordinary meetings held as the need arises. Certain matters are decided as required by directors with special authority. To make clearer their mission and responsibilities, directors have been assigned one-year terms in office.

Executive Officer System

The Company adopted an executive officer system in June 1998. Under this system, the board of directors is positioned as "the body for determining basic management policies and strategies, and important matters related to business execution as well as for supervising the execution of business affairs," while executive officers are responsible for the execution of business affairs in accordance with the basic policies and strategies adopted by the board of directors. The Company currently has nine executive officers, including five executive officers who also serve as directors, and terms of office are one year, as with directors.

Management Council

The management council decides whether matters that are to be exclusively decided by the board of directors should be submitted to the board of directors or not. It also considers the methods used by executive officers to implement particularly important items, in accordance with basic policy, plans and strategies determined by the board of directors. The management council is composed of full-time members who are executive officers ranked senior vice president and above. Meetings of the management council are flexibly convened, with the attendance of relevant executive officers requested depending on the matters concerned.

Corporate Auditors and Board of Corporate Auditors

The Company has adopted a corporate auditor system with a

board of corporate auditors, which currently consists of four members, two of whom are outside corporate auditors. As an independent body with key roles and responsibilities in the Company's corporate governance system, the auditors audit the entire range of the directors' performance of their duties following audit policies and an audit plan in conformity with corporate auditors' audit standards determined by the board of corporate auditors. At meetings of the board of corporate auditors, which are held in principle once a month, information is shared on the details of matters subject to auditing. In addition, all corporate auditors attend meetings of the board of directors, while the standing statutory auditors also attend every management council meeting, regularly exchange opinions with the representative directors, and audit the entire range of business execution. The Company has currently assigned two staff members, who also perform internal audits, to the corporate auditors, to strengthen the audit functions of the corporate auditors.

Internal Auditing

The Company has an Auditor's Office, which currently comprises nine personnel, as an internal auditing unit that is independent from divisions responsible for the execution of business affairs. This office examines each division's operational processes and other items and evaluates and verifies that they are appropriate. In addition, staff in a specialized unit audit operations in the environmental and export control fields. The Auditor's Office also carries out regular audits of major Group companies in cooperation with corporate auditors, and it verifies the status of the establishment and operation of internal control systems. To enhance internal auditing functions, the Company aims to increase the number of internal auditing staff and reinforce their roles.

Independent Auditor

The Company engages Ernst & Young ShinNihon as its independent auditor. Ernst & Young ShinNihon expresses an opinion on the Company's financial statements from an independent standpoint as an auditor.

Matters Concerning the Outside Director and Outside Corporate Auditors

● Major Activities

On October 1, 2006, Teisuke Kitayama assumed office as an outside director of the Company. He attended 4 of the 6 meetings of the board of directors held in the fiscal year under review from assumption of office. Mr. Kitayama requested explanations when necessary and offered advice where appropriate at the board of directors meetings he attended to ensure the adequacy and appropriateness of the decisions made by the board of directors.

Outside corporate auditor Kiichiro Furusawa attended 11 of the 13 board of directors meetings and 12 of the 13 board of corporate auditors meetings held during the fiscal year under review from April 1, 2006. Outside corporate auditor Daisuke Ogawa was appointed on June 29, 2006. He attended 5 of the 9 board of directors meetings and 6 of the 10 board of corporate auditors meetings held in the fiscal year under review from the date of his appointment. Both outside corporate auditors requested explanations when necessary and commented where appropriate at the board of directors meetings they attended to ensure the adequacy and appropriateness of the decisions made by the board of directors. They also asked questions and expressed their opinions as appropriate at the board of corporate auditors meetings they attended.

● Support System for the Outside Director and Outside Corporate Auditors

The Legal Department, the secretariat for the board of directors,

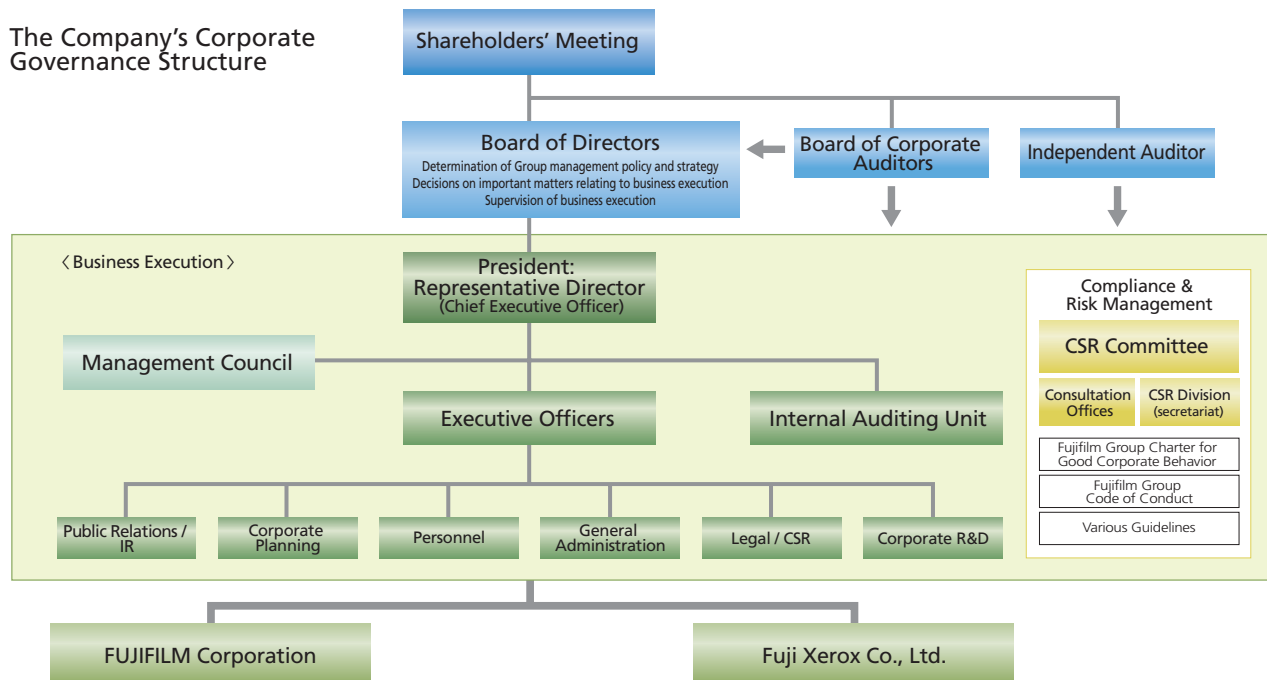
prepares materials and provides information to the outside director and outside corporate auditors for proposals submitted to regularly held meetings of the board of directors. It also provides supplementary explanations where requested.

The secretariat for the board of corporate auditors (the Internal Auditing Unit) provides support such as materials and information concerning details of audits that are used for sharing information between standing statutory auditors and outside corporate auditors at regularly held meetings of the board of corporate auditors.

Cooperation Between Internal Auditing, Corporate Auditors and Independent Auditor

The Company engages Ernst & Young ShinNihon to perform accounting audits. Because the Company recognizes that mutual cooperation between internal auditing, corporate auditors and the independent auditor in their respective audits leads to improved corporate governance, the Company works to foster such cooperation between the three groups. When audits are planned, performed and reviewed every year, the three groups hold discussions and exchange information and opinions. In addition, discussions are held as needed when interim and year-end audits are carried out. Audits of Group companies are carried out at the same time by corporate auditors, the Internal Auditing Unit and the independent auditor and information is exchanged. Effective and efficient audits are also promoted by maintaining cooperation such as in attending stocktaking.

The Company's Corporate Governance Structure



● Basic Stance and Status of Establishment Regarding Internal Control Systems

The Company is endeavoring to ensure compliance and to establish risk management systems in order to fulfill its corporate social responsibility, which is the basis of its corporate philosophy.

Compliance

The Company has formulated the Fujifilm Group Charter for Good Corporate Behavior as the fundamental principles regarding compliance in the conduct of the Fujifilm Group's business activities. Based on this charter, the Company has drafted a code of conduct for the Fujifilm Group and is endeavoring to ensure that their activities and behavior comply with laws and regulations as well as social ethics. And with the aim of ensuring the observance of laws and regulations, as well as to maintain and enhance ethical behavior in all corporate activities of the Fujifilm Group, the Company has established a CSR Committee chaired by the Company's president. The Company has also established a division that is responsible exclusively for promoting compliance. Primarily through this division, the Company is endeavoring to instill and promote a compliance mindset in the Fujifilm Group as a whole. The Company has also established offices both inside and outside the Fujifilm Group to provide advice and receive communications and reports of infringements related to the code of conduct and compliance as part of efforts to detect any illegal or improper behavior quickly and take appropriate action in response.

Moreover, the Company has formulated rules on reaching decisions through the use of circular letters, document management regulations, rules regarding timely disclosure, regulations regarding the management of personal information, and other necessary internal rules. Besides requiring business execution in accordance with these rules, the Company has formulated various manuals and guidelines to ensure thorough observance of laws and regulations relating to business activities and is endeavoring to ensure thorough awareness of compliance through regular educational activities.

Risk Management Systems

Regarding risk management, every company in the Fujifilm Group establishes an adequate risk management system. At the same time, the CSR Committee, headed by the president, formulates basic policies and examines and develops appropriate responses to important risks from the perspective of the whole Fujifilm Group. Moreover, the Company formulates rules and guidelines and prepares manuals

regarding various risks related to information management, safety and hygiene, the environment, and disaster prevention. As regards information relating to important risks, reports are made to the secretariat of the CSR Committee in accordance with prescribed procedures. Internal audits are the responsibility of the Auditor's Office, an internal auditing unit that is independent from divisions responsible for the execution of business affairs. Ongoing efforts will be made to strengthen internal auditing.

As a holding company, the Company oversees the execution of business activities by subsidiaries from the standpoint of a shareholder as well as efficiently and properly conducts operations common to the Fujifilm Group in a unified manner. At the same time, the Company provides direction, assistance, and supervision relating to the establishment of systems and implementation of business activities by each subsidiary and has established a system of reporting by each subsidiary. In such ways, the Company aims to ensure that appropriate business operations are conducted in the Group as a whole.

● Adoption of Fair Rules for the Acquisition of Substantial Shareholdings ("Shareholders' Will Confirmation Type" Takeover Defense Measure)

(1) Reason for Adopting Plan

The Company believes that the ultimate decision on whether or not to accept a takeover proposal for the Company should be made by the shareholders of the Company at the time the takeover proposal is made. In this case, we believe that it is necessary to adopt fair rules so that shareholders of the Company can make a duly informed judgment. Based on this thinking, the Company's board of directors on March 30, 2007 decided to adopt "Fair Rules for the Acquisition of Substantial Shareholdings ("Shareholders' Will Confirmation Type" Takeover Defense Measure, hereinafter "the Plan"), "which sets forth clear and specific procedures that a bidder can follow to commence a takeover proposal.

The Plan is designed to enable the shareholders at the time of the takeover proposal is made to make a duly informed judgment as to whether to accept the bidder's takeover proposal based on sufficient information and with reasonable time period for the Board to consider the takeover proposal and pursue alternatives, and also to arrive at such informed judgment based upon a fair and highly transparent procedure.

(2) Overview of the Plan

When a bidder who tries to acquire 15% or more of the

Company's voting shares complies with the conditions specified in the Plan (submits the necessary information and waits the review period), the Company will carry out procedures to ascertain shareholders' will to request they make the ultimate decision at that time whether to issue stock acquisition rights (the "Rights") by way of a gratis allotment as a defensive measure.

If the Company's board of directors determines the takeover proposal is in the Company's and its shareholders' best interests, there will be no need to ascertain shareholders' will. An issuance

of Rights by way of gratis allotment as a countermeasure will only be made if the result of ascertaining shareholders' will is that shareholders approve such an issuance or the bidder has not followed the procedures required by the Plan.

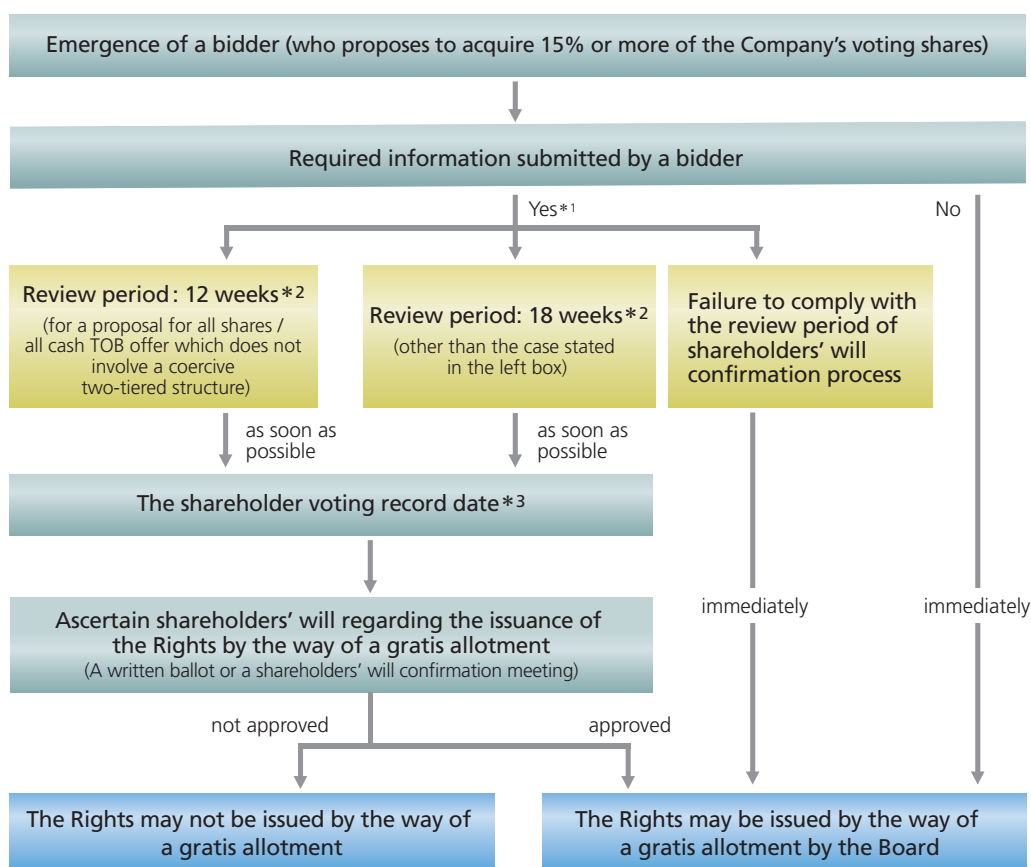
(3) Effective Period for the Plan

The Plan is effective for three years from March 30, 2007 and may be renewed by a resolution of the board of directors, taking into consideration the views of the outside directors and the outside corporate auditors of the Company.

(Reference)

Applicable Procedures from Emergence of a Bidder to Decision to Issue the Rights by the Way of a Gratis Allotment

(This chart is intended only to assist with understanding the Plan. Please refer to <http://www.fujifilmholdings.com/> for more details.)



* 1 : If the Board, based on the required information submitted by the bidder, determines that the bidder's proposal is in the best interests of Fujifilm and its shareholders, the shareholder vote will not be held, and no Rights will be issued by the way of a gratis allotment.

* 2 : The review period will be extended for eight weeks if the Board receives an opinion from an investment bank which states that the offer price is inadequate from a financial perspective. In addition, if the bidder has neither submitted the securities registration statement(s), the securities reports, the semi-annual securities reports and extraordinary reports (including any amendment of each of such statement(s) and reports), each prepared in Japanese, required to submit under the Securities and Exchange Law of Japan (including any law succeeding it) covering the past five years, nor published any documents corresponding thereto in Japanese (excluding any summary in Japanese of such documents which were available only in a foreign language; provided, however, that there is an exception for the foreign securities reports and the foreign semi-annual securities reports under the Securities and Exchange Law) covering the past five years, the review period will be extended for another four weeks.

* 3 : The shareholder voting record date will be publicly announced at least two weeks prior to the record date.