

Medical Systems/Life Sciences

Question 3

Tell us about the current activities and the future direction of the medical systems/life sciences businesses.

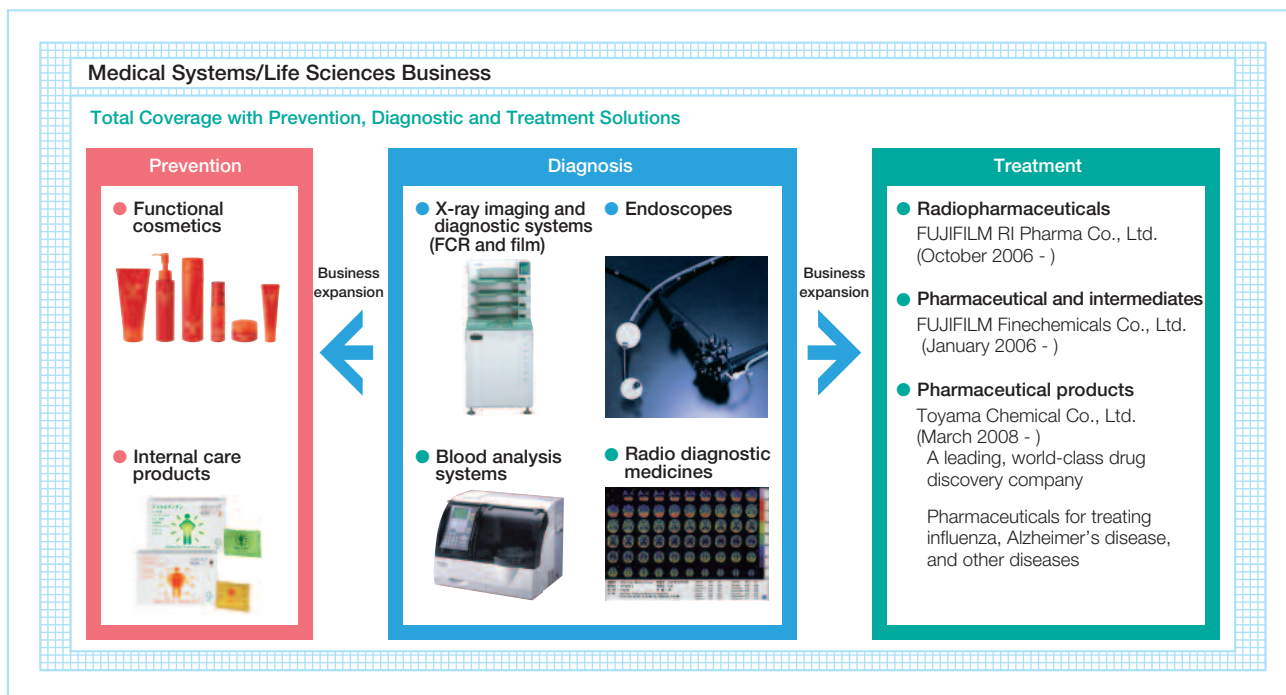
Answer

In addition to strengthening the diagnostic field, we are developing our own medical technologies and expanding our business areas by pursuing innovative value. Through these efforts, we have expanded our current business areas to include the prevention and treatment fields, and thereby develop a comprehensive healthcare business.

In the diagnostic imaging field, Fujifilm sells such mainstay products as FCR (Fuji Computed Radiography) digital X-ray imaging and diagnostic systems and SYNAPSE, a medical-use picture archiving and communications system (PACS) globally. Nonetheless, we anticipate changes in the business environment, including progress in filmless diagnostic imaging and the emergence of fully digitized radiography (DR). We are now working to accelerate the commercialization of FCR products, raise product quality and functionality, reduce product size, and expand our support base, targeting practitioners and small-to-medium-sized hospitals. The industry's digital and IT advancement provides an opportunity to grow our FCR and SYNAPSE businesses. We are changing our product portfolio and selling our leading FCR and our rapidly growing SYNAPSE to emerging countries as well as Europe and North America.

Competition remains fierce in the field of endoscopes. We are aiming to expand our market share by focusing our management resources and introducing differentiated products into this field.

In 2006, making full use of the Group's sophisticated antioxidation technologies, collagen research, and nanotechnologies, we entered into the "prevention" field by releasing functional cosmetic and internal care products. Also, with the inclusion of Toyama Chemical Co., Ltd. (Toyama Chemical) as a Group subsidiary in March 2008, we were able to make a full-scale entry into the pharmaceutical business. This move was integral to laying the foundation for the future development of our comprehensive healthcare business.



Question 4

What did you aim to accomplish with the acquisition of Toyama Chemical Co., Ltd.?

Answer

I believe that integration of our management resources, organic synthesis technologies, and Toyama Chemical's drug discovery capabilities would bring about a great synergy. The divergent backgrounds of the companies are what make us an ideal fit. We are able to approach pharmaceutical development from a new perspective and create a completely new model for drug discovery.

The pharmaceutical market is worth an estimated ¥80 trillion annually, and is expected to grow yet further on the back of emerging markets. Characterized as a highly profitable and technology-driven industry in its business success, the aims of pharmaceutical makers everywhere are consistent with our own corporate philosophy. Fine chemicals technologies, such as organic synthesis developed through photographic film technologies, can be applied widely in pharmaceutical products, therefore providing us with the confidence of becoming a true competitor in this field.

We are focusing on Toyama Chemical's superior drug development capabilities and world-leading rate of launching new drugs. Toyama Chemical faced certain issues with its financial strength supporting large R&D projects and overseas sales networking, and these forced Toyama Chemical to license out some of its promising drug candidates to other pharmaceutical companies at the early stage of the development. Going forward, we will work to increase the corporate value of both companies, leveraging our own R&D strengths, financial foundation, and overseas network to cultivate promising new drugs. I am confident in the synergy between Toyama Chemical's drug discovery capabilities and Fujifilm's fine chemicals and fine chemical processing technologies and nanotechnologies. Maximizing such synergy among companies in differing industries, we are well on our way to realizing a brand-new pharmaceutical generation model and to contributing to society through our new drug discovery.

We will also be taking steps to minimize risk through technological synergies that aim to accelerate drug discovery processes while increasing the success rate of drug discovery programs using our production quality process management know-how and fundamental R&D technologies. As we build a drug development structure that can maximize Toyama Chemical's capabilities, we will further reduce risk through an expanded pipeline and strengthened drug discovery capabilities.

Corporate Tripartite
Strategic Capital and
Business Alliance

With a strategic capital and business alliance formed between Taisho Pharmaceutical Co., Ltd., Toyama Chemical Co., Ltd., and FUJIFILM Holdings Corporation to bolster each of the company's pharmaceutical businesses, Taisho Pharmaceutical and FUJIFILM Holdings received a third-party allotment of shares in line with Toyama Chemical's implementation of a capital increase. FUJIFILM Holdings acquired Toyama Chemical's shares through a tender offer, which commenced February 19, 2008 and concluded on March 18, 2008.

As a result, Toyama Chemical was newly included as a consolidated subsidiary of the Group. Ultimately, Fujifilm is scheduled to hold 66% and Taisho Pharmaceutical is scheduled to hold the remaining 34% of the total number of shares of Toyama Chemical.

Toyama Chemical's
Drug Discovery
Capabilities

Toyama Chemical's company emblem is a *korben*, which is German for a "conical graduated cylinder" and represents the company's dedication to R&D. As such, Toyama Chemical is developing drugs centered on anti-infection drugs, central nervous and cardiovascular system treatments, and anti-inflammatory medicines. Competitive drug developments include the T-705 anti-influenza agent, the T-5224 (AP-1 inhibitor) rheumatoid arthritis treatment, and the T-817MA Alzheimer's-type therapeutic agent.

T-705, a drug that utilizes a completely new type of action mechanism, was confirmed to be exceptionally efficacious with respect to H5N1 avian influenza in studies with laboratory mice at Utah State University in the United States and has been undergoing phase II clinical trials in Japan since January 2008.