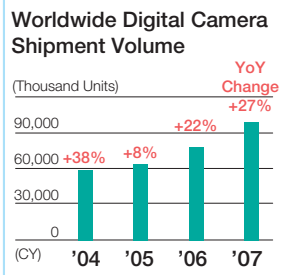


Imaging/Document Solutions

Question 5

Operating conditions remain severe in the Imaging Solutions segment. Can you elaborate on the outlook for this segment?



Source: Camera & Imaging Products Association

Answer

Having completed drastic structural reforms and fixed-cost reductions, Fujifilm has revitalized the segment to help preserve “photo culture” and secure its operating margin and profit.

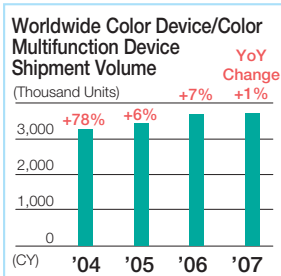
Responding to the shrinking market, Fujifilm has nearly halved its assets and humans resources in its photosensitive materials business. To protect the culture of photography, Fujifilm has continued its business and undertaken business downsizing. In its digital camera business, the Company worked to strengthen its cost competitiveness by consolidating operation bases, shifting its manufacturing base from Japan to China, and outsourcing front-end production of CCDs. These initiatives are expected to enable the Company to overcome the shrinkage of the photographic film market and harsh competition in the digital camera markets and to maintain its operating margin and profit.

The segment is forecast to face severe market conditions. However, to better contribute to photo-culture development, we aim to improve profitability through such initiatives as reducing the variety of product types and increasing selling prices.

Fujifilm sold more than 8 million digital cameras during the fiscal year under review. In the fiscal year ending March 31, 2009, the Company is bolstering marketing in rapidly growing emerging countries, aiming to break the 9-million ceiling. We are committed to winning against the competition by launching products based on our proprietary advanced technologies.

Question 6

How are efforts progressing for improving profitability and securing the growth potential of the Document Solutions segment?



Source: Japan Business Machine and Information System Industries Association

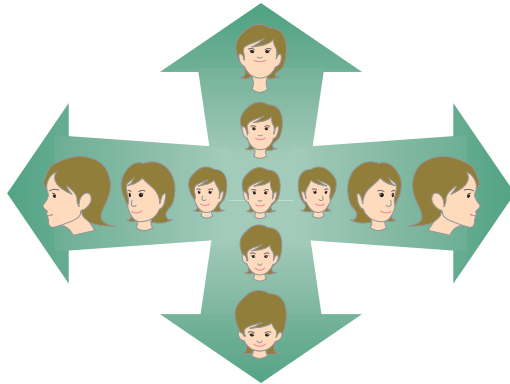
Answer

Promotion of the “Slim & Strong Drive” and our operations in the Asia-Pacific region including China, are boosting our profitability. Although this profitability has not yet attained a satisfactory level, we are determined to achieve an operating margin of 10%.

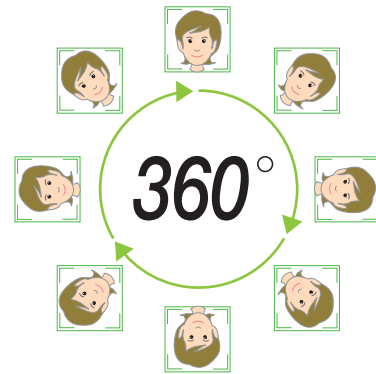
Fuji Xerox Co., Ltd. is leading the industry in terms of the number of both photo copies made using its products and color multifunction devices installed in offices in Japan. Despite declining domestic demand for monochrome multifunction devices, the digital printing market is showing increased demand for color on-demand printing systems. In such an environment, Fuji Xerox is actively marketing its ApeosPort series multifunction devices and other products, responding to such needs as networking capabilities, while offering services that contribute to more security-enhanced document management and more efficiency in operations. Fuji Xerox’s consulting and document outsourcing businesses are growing both in Japan and overseas. Overseas customers are increasingly shifting from low-end, monochrome and single-function devices to high-end, color and multifunction devices. Tapping such trends, Fuji Xerox is strengthening the marketing for its color-capable models in the Asia-Pacific region including China. Moreover, export of multifunction devices to U.S.-based Xerox Corporation rose substantially, reflecting such factors as rising demand in resource-rich countries and newly industrializing countries (NICs) as well as benefits stemming from Xerox Corporation’s acquisition of a marketing channels.

The positive effects of our “Slim & Strong Drive” cost-cutting efforts, including the transfer of production to China and the sharing and standardization of parts and materials, are expanding. Although achieving a 7.2% operating margin in the fiscal year ended March 31, 2008, the Document Solutions segment still has more to improve. We will undertake necessary reforms for further cost reductions and we are determined to realize our operating income margin target of 10% in the fiscal year ending March 31, 2010.

FinePix Digital
Cameras: Integrated
Innovations for
Unsurpassed Quality



Wide horizontal range allowing detection of faces in profile



Face detection at any angle, even when faces are upside down

Wide Dynamic Range*

FinePix Wide Dynamic Range is 400% greater than conventional digital cameras, enabling the exploration of extreme scenes and capturing all the nuances of brightness and tonality. Fujifilm's proprietary technologies, such as the FUJINON LENS, the 8th-generation SUPER CCD, and the Real Photo III Processor, are incorporated to realize the wide Dynamic Range.

* Dynamic Range: Digital cameras' expression domain between the brightest and darkest areas

Advanced Face Detection

Extended 360—face detection in 0.036 second has been achieved, enabling detection of faces at any angle.

ISO12800

Boasting ultrahigh sensitivity of ISO12800, FinePix can capture beautiful photos in dark places.

DUAL Image Stabilization

FinePix's ultrahigh sensitivity and the Image Stabilizer together help create clear and sharp images.

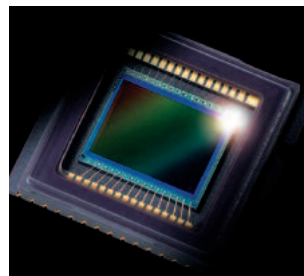
Film Simulation Mode

FinePix digital cameras can replicate the vibrancy of photos captured using film cameras.



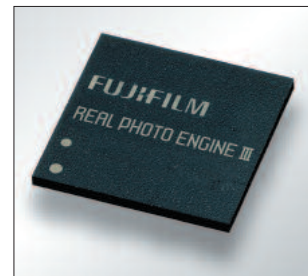
FUJINON LENS

This lens realizes clear images by leveraging high optical performance. While continuing to increase the compactness of the FinePix camera's body, Fujifilm is providing lenses able to meet needs in a broad range of situations requiring wide-angle and high-powered zoom photography.



8th-Generation SUPER CCD

This newly developed CCD boasts a high resolution of 12-megapixels and a high sensitivity of ISO3200.



Real Photo III Processor

Incorporating a newly developed image processing technology, the Real Photo III Processor accurately and thoroughly separates and eliminates noise from the image signal for clear and sharp images.