

Corporate Governance

The Company recognizes that a corporation's main mission is to keep improving the Company's corporate value. To promote the accomplishment of this mission, the Company implements measures to strengthen and expand its corporate governance systems and thereby aims to win the trust of all stakeholders. Such measures are what underpins our Groupwide efforts to achieve corporate governance consistent with a holding company and maximize corporate value. The Fujifilm Group aims to constantly improve the transparency and soundness of its Group management.

Corporate Organization and Others

Directors and Board of Directors

The Company has positioned the board of directors as the body for determining basic Group management policies and strategies and other important matters relating to business execution, as well as for supervising the implementation of business affairs. The Company's Articles of Incorporation stipulate that the board can consist of up to 12 directors. Currently, the board has seven directors, including one outside director. The board's regular meetings are held, in principle, once a month, with extraordinary meetings held on an as-required basis. In addition, certain matters are deliberated and resolved at board meetings convened by directors with special authority. To better clarify their missions and responsibilities, the Company's directors have a one-year term of office.

The Company's 111th ordinary general meeting of shareholders held in June 2007 resolved a proposition, "Granting of Remuneration to Directors under the Stock Option Plan," and accordingly, the Company introduced the plan. Through this change in its remuneration system, the Company has made its directors, excluding those externally appointed, share a mutual interest—the effect of stock price fluctuations—with its shareholders. In this way, the directors are in actual fact encouraged to have stronger drive and morale toward achieving higher corporate value.

Executive Officer System

The Company has adopted an executive officer system to facilitate speedier business implementation. Executive officers carry out business affairs in accordance with the basic policies and strategies formulated by the board of directors. The Company currently has 12 executive officers, including four concurrently serving as directors. The executive officers have a one-year term of office, the same as the Company's directors.

Management Council

The management council makes decisions on the submission of matters to be exclusively deliberated by the board of directors. At the same time, the council considers the methods used by executive officers to implement particularly important initiatives in accordance with the basic policies, plans and strategies formulated by the board of directors. The council consists of full-time members—president and executive officers in charge of corporate planning and corporate R&D—and 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, including two 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 appointed two staff members, who also perform internal audits, to corporate auditor positions, with the aim of strengthening the audit functions of the corporate auditors.

Internal Auditing

The Company has an Auditor's Office, which currently comprises 10 personnel, as an internal auditing unit that is independent from divisions responsible for the execution of business affairs. The Auditor's Office audits operational processes and other relevant matters at individual divisions of the Company and its Group companies through cooperation with the Internal Auditing Units at the operating companies. In this way, this office evaluates and verifies that these processes are appropriate. In addition, personnel in specialized units at the operating companies audit operations affected by the Pharmaceutical Affairs Law of Japan, as well as those in the quality control, environmental and export control fields. Furthermore, the Company is working to establish a formidable evaluation and reporting system for the first year of Internal Control over Financial Reporting implemented in Japan in April 2008.

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

Outside director Teisuke Kitayama attended seven of the 12 board of directors meetings during the fiscal year ended

March 31, 2008. Mr. Kitayama requested explanations when necessary and offered advice where appropriate at the meetings he attended to ensure the adequacy and appropriateness of the decisions made by the board.

Outside corporate auditor Kiichiro Furusawa attended nine of the 12 board of directors meetings and 11 of the 13 board of corporate auditors meetings during the fiscal year under review. Outside corporate auditor Daisuke Ogawa attended nine board of directors meetings and 12 board of corporate auditors meetings during the same period. Both outside corporate auditors requested explanations when necessary and made comments 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.

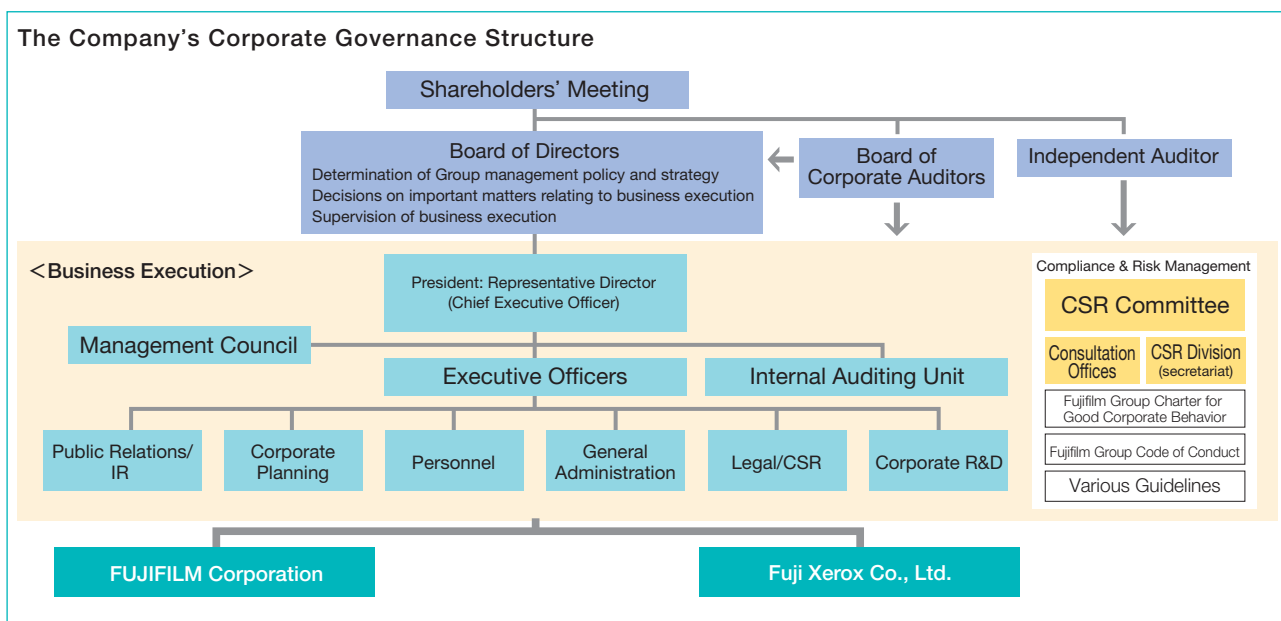
Support System for the Outside Director and Outside Corporate Auditors

The Legal Department, the secretariat for the board of directors, prepares materials and provides the outside directors and outside corporate auditors with information relating to proposals submitted to regular board of directors meetings.

The department also provides them with supplementary explanations where requested. The Internal Auditing Unit, the secretariat for the board of corporate auditors, provides support to outside corporate auditors in such areas as the preparation of materials and provision of relevant information for regular meetings of the board of corporate auditors. The materials prepared are used to promote information sharing between standing statutory and outside corporate auditors.

Cooperation between Internal Auditing, Corporate Auditors and Independent Auditor

With the aim of improving corporate governance, the Fujifilm Group promotes mutual cooperation among internal auditing, corporate auditors and the independent auditor. When audits are planned, performed and reviewed every year, these 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. In auditing Group companies, the Internal Auditing Unit and the independent auditor report the results to corporate auditors, while the three groups simultaneously conduct their individual audit operations and share information. This approach enables effective and efficient audits.



Remuneration to Directors and Corporate Auditors during the Fiscal Year Ended March 31, 2008

Subject of Remuneration	Number of People	Amount Paid
Directors (outside director[s])	9 (1)	¥887 million (¥9 million), including ¥353 million indicated under Note (3)
Corporate auditors (outside corporate auditors)	4 (2)	¥56 million (¥19 million)
Total	13	¥943 million

Note: The amounts shown in the table above include the following:

- (1) Bonuses paid to the directors during the fiscal year under review
 - Total of ¥68 million paid to eight directors, including ¥1 million paid to the outside director
 - Total of ¥5 million paid to four corporate auditors, including ¥3 million paid to the two outside corporate auditors
- (2) Provision to the reserve for directors' retirement allowance during the fiscal year under review
 - Total of ¥35 million for eight directors
 - Total of ¥8 million for the two corporate auditors

- (3) Remunerations in conjunction with the stock option plan

- Total of ¥654 million paid to seven directors

The amount of director remunerations presented in the table on the left is congruent with the total remuneration expenses recorded in conjunction with the stock options held by the Company's directors, which have been issued in compensation for their services. Since the Company commenced the allotment of stock acquisition rights as stock options from the fiscal year under review, the amount includes ¥353 million of the remuneration expenses posted in conjunction with the FUJIFILM Holdings Corporation No. 1-1 Stock Acquisition Rights. These stock acquisition rights have been issued to provide an incentive for promoting the improvement of Fujifilm's corporate value based on the fact that the Company achieved the consolidated operating income target set in the fiscal year ended March 31, 2007 and has established a foundation for future profitability.