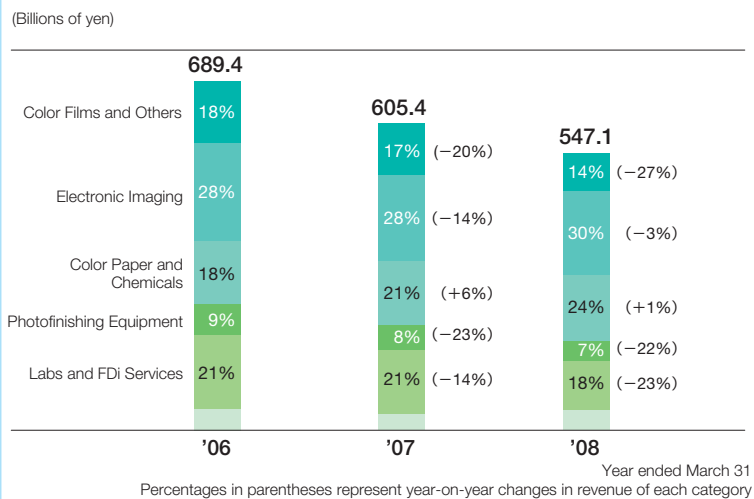


# Imaging Solutions

The Imaging Solutions segment includes color films, digital cameras, photofinishing equipment and color paper, chemicals, and services for photofinishing.



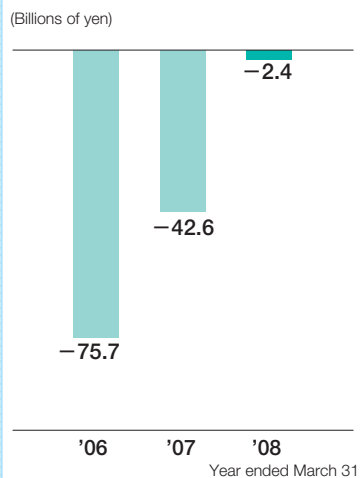
## Breakdown of Revenue (2006–2008)



### Reasons for YoY Changes

- + Higher color paper sales due to strong “Print at Retail” services and expanded market share
- Lower sales of color films in a shrinking market (Fujifilm’s market share increased)
- Lower sales of photofinishing equipment

## Operating Loss



### Reasons for YoY Changes

- + Benefits of reduced costs achieved through structural reforms
- Rise in the prices of silver and other principal raw materials
- Effects of the adoption of revised depreciation methods

## Results for Fiscal Year Ended March 31, 2008

Consolidated revenue in this segment declined 9.6% year on year to ¥547.1 billion. Increased sales of color paper attributable to our expanded market share were offset by the adverse effects of decreased demand for color films and digital minilabs. This segment posted an operating loss of ¥2.4 billion. The degree of deficits has been significantly reduced due to the positive effects of our cost-reduction efforts through structural reforms, which more than compensated for surging silver prices and the cost increase attributable to the adoption of revised depreciation methods.

## Segment Outlook

In the Imaging field, Fujifilm has managed to improve its cost competitiveness and is working to establish a framework capable of consistently generating earnings thanks to the structural reform that the Company had promoted from the fiscal year ended March 31, 2006. A competitive environment surrounding this segment is undergoing a drastic change, fueled by withdrawals of the Company's competitors from relevant markets. In this situation, Fujifilm will step up efforts to enhance its profitability through business promotion consistent with ongoing changes in market conditions.

### Color Paper, Chemicals and Photofinishing Equipment

Demand for printing photos from color films continued declining as demand weakened for color films. However, the growth in sales of digital cameras and camera phones is steadily driving up the volume of digital photo prints. Under these circumstances, Fujifilm has maintained robust sales in the color paper field, supported by an increased market share in principal countries, expanded "Print at Retail" services and sales promotion for "photo book" and other high-value-added printing services. In photofinishing equipment, however, sales have declined as large-scale retail outlets ended a cycle of new installations of digital minilabs.

### Business Outlook

User needs are diversifying in step with the expanding digital photo printing market. Through solution development incorporating such needs, Fujifilm is strengthening its "Print at Retail" service lineup. Meanwhile, the online photo service market boasts significant growth potential. By bolstering our business in this market, we will keep disseminating the joy of photo printing and enhancing our services.

### Electronic Imaging

The global digital camera market kept growing, recording total shipments of 106 million units, 30% higher year on year, according to statistics released by the Camera & Imaging Products Association (CIPA) for the fiscal year under review. However, price competition continued to intensify, particularly for entry-level models, as differentiation in basic specifications among camera manufacturers became difficult.

Despite decreased product prices and the U.S. economy's slowdown, Fujifilm expanded sales volume with its shipments exceeding 8 million units. This jump was achieved through our new product launches, including the FinePix F50fd, a compact digital camera with an advanced face detection technology, and the FinePix Z10fd, another popular digital camera wrapped in cool "aero" curves and rounded edges on a slim body. Moreover, Fujifilm successfully completed structural reforms to reinforce the foundation of its digital camera business.

### Business Outlook

Growth of the digital camera market is expected to slow down. Nevertheless, market competition is forecast to remain fierce. In such an environment, Fujifilm will strengthen its cost-reduction efforts while launching distinctive new products.

### Color Films and Others

As the market continued to shrink, sales dropped for color films and other related products. However, capitalizing on the opportunities provided by competitors' withdrawal from the market, Fujifilm succeeded in increasing its market share through effective sales promotion.

### Business Outlook

In response to shrinking sales volume and surging silver prices, we will strive to maintain profitability through such initiatives as further reducing fixed costs and implementing price revisions.



Photo Book



FinePix F50fd



FinePix Z10fd