



Sources of Fujifilm's Competitiveness in Overcoming Extreme Adversity

For the fiscal year ending March 31, 2010, the Fujifilm Group estimates that consolidated revenue will total ¥2,300.0 billion and that operating loss will amount to ¥90.0 billion after accounting for the structural reform expenses of ¥145.0 billion. Facing severe operating conditions, the Group is determined to overcome the current unprecedented crisis through the accomplishment of structural reforms, which focus on reinforcing its corporate constitution, and through the reestablishment of its growth strategies. The sources of competitiveness that underpin our endeavors to this end include our long-nurtured proprietary technologies, various other technologies in such fields as fine chemicals and electronics, and our global network and financial soundness.

The development of the Company's proprietary technologies started during the period soon after its inception, when the Company tackled the challenge of realizing the domestic production of photographic films. Instead of merely purchasing materials from overseas, processing them and commercializing finished products in Japan, the Company aimed to become an integrated photographic film manufacturer capable of undertaking the entire process, from the manufacture of film bases and photosensitizing agents through to coating and other processing. A decade of struggles led to a positive result, enabling the Company to establish unique technologies to manufacture photosensitive materials. Then during the period of the so-called "silver shock," the price of silver—a principal raw material of our products—surged tenfold in one year from mid-1979. In response, the Company strengthened its R&D capabilities, focusing particularly on reducing the use of silver and worked to establish its own new technologies.

Overcoming such technical challenges eventually allowed Fujifilm to expand its medical equipment businesses, which are now a core field of its medical systems business. Fujifilm's penetration into the medical equipment field started with the successful development of the Fuji Computed Radiography (FCR) digital X-ray imaging and diagnostic systems—the world's first of its kind—in 1981. Indeed, Fujifilm pioneered the development of digital technologies for medical systems to meet the wave of digitization. Later, Fujifilm faced the crisis of a plunging photographic film demand attributable to the spread of digital cameras from 2000. In such a situation, the Company advanced R&D activities in five priority business fields through the application of product design technologies that integrated its fundamental and core technologies, thereby boosting the growth of its businesses in these fields. By mastering technologies as described above and drastically transforming its business structure, Fujifilm has continued to build a new path to growth.

The Fujifilm Group boasts fundamental technologies that it has fostered through operations in such fields as photosensitive materials and xerography, and these technologies are supported by the Company's core technologies. We have nurtured both core and fundamental technologies to establish applied technologies in diverse fields, including fine chemicals, electronics, mechatronics, optics and software. All of these technologies have enabled us to expand our growth businesses and create new businesses.

Fujifilm Group's Fundamental Technologies and Priority Business Fields

