

## Medium-Term Management Plan VISION 75 (2007)

**FUJIFILM Holdings Corporation**

April 27, 2007

### **FORWARD-LOOKING STATEMENTS**

This document contains projections of performance and other projections, which are made based on judgments regarding currently available information and which encompass potential risks and uncertainties. Accordingly, please be aware that diverse factors may cause actual results to differ materially from projected results.

## **VISION75(2006) Review**

### ■ **VISION75(2006) Overview**

#### ▶ **Smooth Progress Exceeding Initial Plans**

##### Priority Business Subjects for VISION75(2006)

- Expedited implementation of fundamental structural reforms centered on imaging business and sharp performance improvement from FY2008.
- Promoting strategic growth in priority business fields, including highly functional materials (flat panel display (FPD) materials, electronic materials, inkjet printer ink, etc.), medical systems/life sciences, graphic arts, documents, and optical devices.
- Prioritizing themes of R&D investment, centering on FUJIFILM Advanced Research Laboratories, to accelerate the emergence of the key businesses and mainstay products of the future.
- Using a holding-company structure to further strengthen consolidated management system and thereby maximize the overall value of the Fujifilm Group.

**Realize a V-shaped Recovery in FY2008**

(ending March 31, 2008)

■ Structural Reforms

Photosensitive Materials Business

- Reorganize tripartite (Japan, U.S.A., Europe) production system
  - ✓ Termination of part of production facilities
  - ✓ Slimming-down of personnel through reorganization
- Optimize SG&A and R&D investment
  - ✓ Reduction of SG&A through slimming-down of personnel in marketing and distribution
  - ✓ Substantial reduction of R&D investment
  - ✓ Rationalization of photo-processing laboratories

Electronic Imaging Business

- Strengthen distinctive product lineup centered on high-sensitivity models
- Scaledown of domestic production system and establish mass production system in China
- Implement exhaustive cost reduction and reduction of total inventory through strengthening of SCM

Results of Structural Reforms

Structural Reform Expense\* (Billions of yen)

FY2006 (ended Mar.'06)	FY2007 (ended Mar.'07)	Total
86.0	116.5	202.5

\*Note: The amount includes cost related to implementation of "Slim & Strong Drive."

Personnel streamlining:  
More than 5,000 persons by the end of March 2007

Cost Benefit (Billions of yen)

FY2007 (ended Mar.'07)	40.0
↓	
FY2008 (ending Mar.'08)	55.0

■ Promote Growth Strategies

Capital Investment

- FPD materials
  - ✓ New FUJITAC plants of FUJIFILM Kyushu have started operation, and we have decided to construct a new plant to develop and produce ultrawide, FUJITAC at Kanagawa Factory.

M & A

- Medical systems
  - ✓ Acquired 100% of the shares of Daiichi Radioisotope Laboratories, Ltd., a leading manufacturer in the diagnostic radiopharmaceuticals field.
  - ✓ Acquired Problem Solving Concepts, Inc., a provider of medical imaging Information systems for cardiology
- Inkjet
  - ✓ Acquired Dimatix, a leading manufacturer of heads for industrial ink-jet printers. etc.

New Businesses

- Entered a healthcare field of life science business

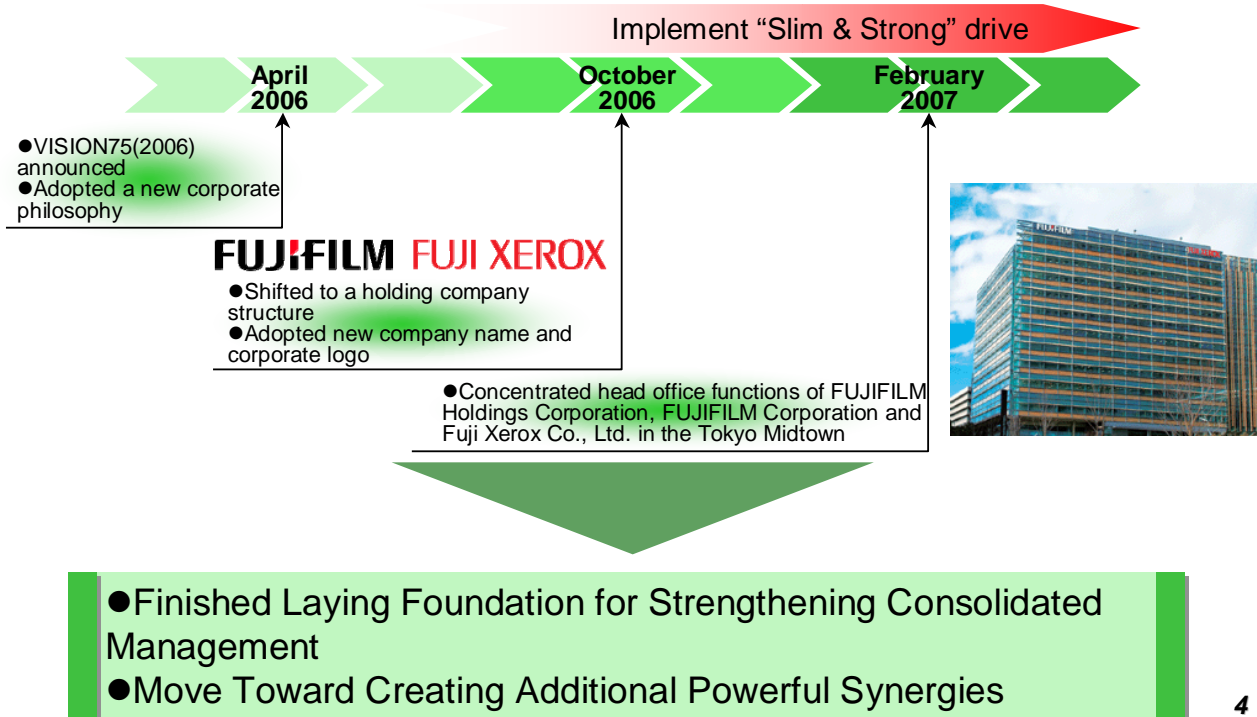


R&D

- FUJIFILM Advanced Research Laboratories started operation. etc.



■ **Strengthen Consolidated Management**



■ **Priority Business Subjects**

Priority Business Subjects for VISION75(2007)

- Move still further ahead with growth strategies
- Create a Stronger Corporate Structure

FY2010(ending March 31, 2010)  
**"Second Foundation"**  
 Reaching a milestone

■ Move Still Further Ahead With Growth Strategies

- Active capital investments in such rapidly growing business fields as FPD materials
- Proactive M&A initiatives centered on such new business fields as life sciences
- High levels of R&D investment to create highly distinctive new technologies and products

Strategic Growth Fields

- Medical systems/Life sciences
- Graphic arts
- Document
- Optical devices
- Highly Functional Materials
  - ✓ FPD materials
  - ✓ Electronic materials
  - ✓ Inkjet materials

Basic Strategies

- Attain superior competitiveness by catching user needs and shifting to high-value-added products
- Seize additional business opportunities by broadening the scope of business domains
- Strengthen and expand businesses by creating Group synergies

■ Expand a Medical Systems Business/  
Transform Business Portfolio

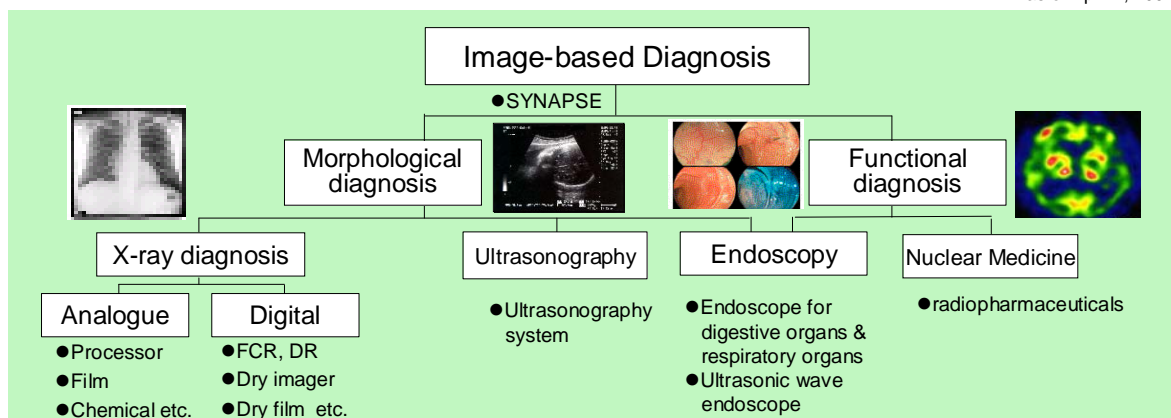
Expand Operations as an Integrated Provider of Image-based Diagnostic Solutions

- Increase sales of diagnostic modality solutions
- Expand network business by strengthening the functions of SYNAPSE
- Acquired a business of integrated management systems for reception, examination, data referencing, and reporting processes in endoscope and ultrasound examination departments

Business Operations in New Business Areas

- Expand operations by FUJIFILM RI Pharma Co., Ltd.\*, in the nuclear medicine field
- Launched a fully digital Ultrasonography system "FAZONE M"
- Alliance with Given Imaging regarding capsule endoscope products

\*Company name changed from Daiichi Radioisotope Laboratories, Ltd. as of April 1, 2007



■ Expand a Graphic Arts Business

**Graphic Arts Business**

- Strengthen worldwide marketing capabilities and cost-competitiveness by building a quadripolar global business promotion system
- Promote expansion of manufacturing capacity to respond to rising demand for CTP plates
- Expand FUJIFILM Sericol's ink business by entering the industrial-use inkjet printer field



**Synergies of Fujifilm and Fuji Xerox in the POD Field**

<p><b>FUJIFILM</b></p> <ul style="list-style-type: none"> <li>✓ image- and color-related know-how accumulated in graphic arts operations</li> <li>✓ marketing capabilities for graphic arts systems</li> </ul> <p><i>i-ColorQC</i> <i>C-fit</i></p> <p>Color Management Services</p>	+	<p><b>Fuji Xerox</b></p> <ul style="list-style-type: none"> <li>✓ know-how accumulated in on-demand printing operations</li> </ul> <p>Full color on-demand printing system 「Xerox iGen3」</p>
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■ Improve the Profitability of Document Solutions Operations

**Accelerate Growth in Solution Business**

- Strengthen solution businesses in response to more advanced needs of customers
  - ✓ Handle requests for reinforcement of internal control
  - ✓ Efforts to satisfy needs for dispersed output from core system
  - ✓ Expansion of devices and applications
- Strengthen collaboration by Fujifilm and Fuji Xerox in commercial printing operations

**Accelerate Growth of Business in China and Other Asian Countries**

- Further strengthen the No.1 position in terms of market share for color multifunction devices in China and other Asian countries

**Accelerate Growth in Solution Business**

Commercial Printing Field    Office Field

Business in China and Other Asian Countries

Promote Cost Structure Reforms

**Further Improve Profitability**

■ Expand an Optical Device Business

Market Trend

- Expanding demand for camera phones and continued increase in camera phones with megapixel image resolution and other advanced functions
- Rising security-related demand steadily augmenting the market for lenses used in security cameras and personal ID recognition equipment
- Shift to high-definition (HD) television broadcasting supporting a steady rise in the share of HD television cameras

Strategic Measures

- Respond to rising demand for camera phone lenses and other lenses by expanding manufacturing capacity primarily at plants in China (Shenzhen and Tianjin)
- Earn strong market positions through the launch of highly differentiated, high-value-added products
- Make greater use of synergies between Fujifilm and FUJINON to promote the strengthening of product development capabilities and additional cost reductions



Shenzhen factory



Tianjin factory



Camera phone lens units

■ Sustained Expansion of FPD Materials Business

Promote Stable Growth in Businesses of FUJITAC and WV Film

- Increase use of WV Film with medium-sized (26-/32-inch) TN-mode televisions
- Increase FUJITAC manufacturing capacity through continued capital investments by FUJIFILM Kyushu
- Contribute to reducing panel production costs through ultra-wide FUJITAC manufacture (No. 4 plant of Kanagawa Factory Ashigara site)

Expand Business of Components for Polarizing Plates for LCD televisions

- Expand provision of highly functional components and materials for VA/IPS modes



Artist's concept of  
Kanagawa Factory Ashigara Site  
Plant 4  
(Scheduled to start operation in April 2008)



FUJIFILM Kyushu Co., Ltd.

Become a Core Business and  
Major Pillar of the Fujifilm Group

■ Support the development of photographic culture

- The photographic market's development promoted by digital and networking technologies as well as mobile phones
- Pursuing the concepts of "high quality," "increasing convenience," and "proposing new kinds of photographic value and enjoyment"

- Promoting reforms and greater efficiency throughout digital camera business operations

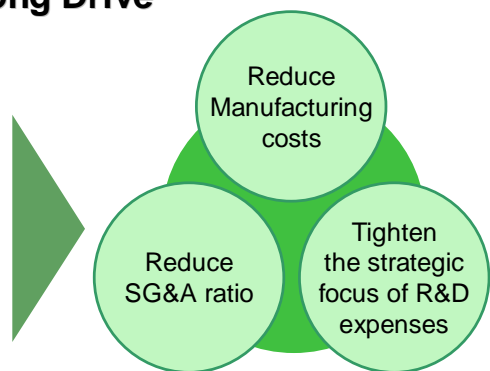


FUJIFILM SQUARE  
a photographic culture information dissemination base

■ Realize a Stronger Corporate Structure  
Implementing "Slim & Strong Drive"

A "corporate culture reform" centered on measures to promote stronger individuals and organizations

Realize a "Slim & Strong" Corporate Structure



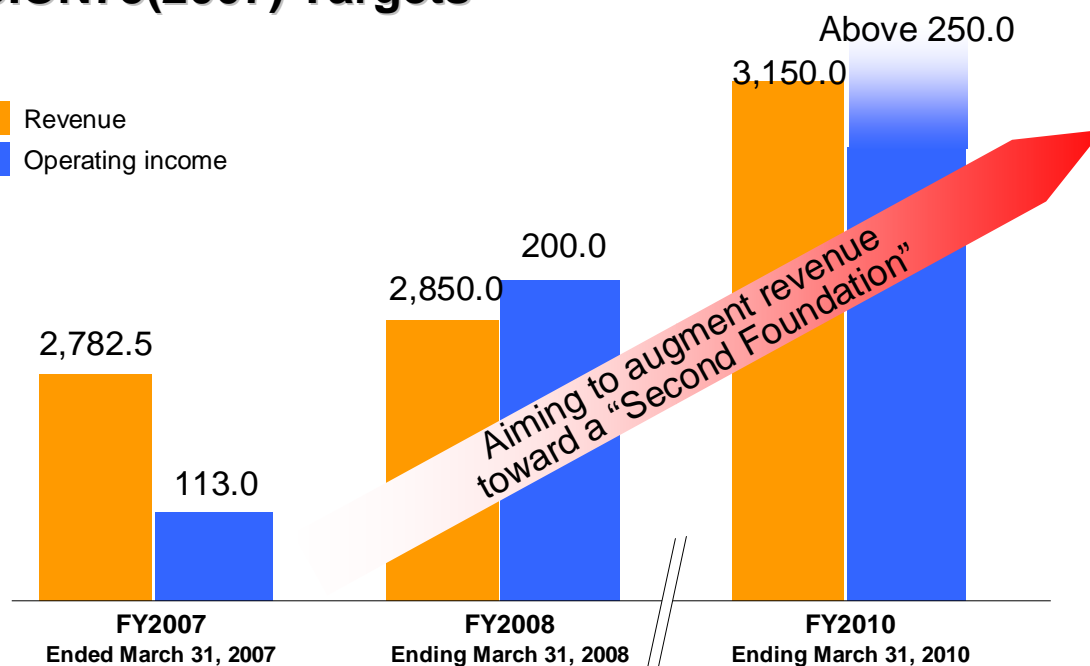
Examples of "Slim & Strong Drive"

- Establish shared service companies
- Promote progressive distribution cost reductions
- Reform Procurement (including direct materials and indirect materials such as equipment for facilities)

## VISION75(2007) Targets

(Billions of yen)

■ Revenue  
■ Operating income



Exchange rates(US\$)    ¥117

¥115

¥110

Exchange rates(Euro)    ¥149

¥145

¥140

14

## Capital Expenditure/Depreciation & Amortization/ R&D Expenses

(Billions of yen)

	FY2008 (Ending March 31, 2008)	FY2008-FY2010 Total (Period from Apr. 1 2007 to March 31, 2010)
Capital Expenditure*	200.0	550.0
Depreciation & Amortization (Depreciation* Only)	220.0 (150.0)	700.0 (500.0)
R&D Expenses	200.0	600.0-700.0

\*Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment

■ Outlook for FY2008

(Billions of yen)

	FY2008 (Apr. 1, '07 to Mar. 31, '08) Outlook		FY2007 (Apr. 1, '06 to Mar. 31, '07) Results		Change	
					Amount	%
Revenue	100.0%	2,850.0	100.0%	2,782.5	+67.5	+2.4
Operating Income	7.0%	200.0	4.1%	113.0	+87.0	+76.9
Income Before Income Taxes	7.0%	200.0	3.7%	103.2	+96.8	+93.7
Net Income	4.2%	120.0	1.2%	34.4	+85.6	+248.4
Exchange Rates						
US\$		¥115		¥117	(¥2)	-
Euro		¥145		¥149	(¥4)	-

Cost increase due to changes to the depreciation system, cost related to "Slim & Strong Drive" implementation, etc.

30.0

◀ Negative impact on FY2008 operating income

Target a return to shareholders ratio of **25%**  
in step with rising profitability after FY2007



We will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

IR Office, Corporate Planning Div.  
FUJIFILM Holdings Corporation