

Fiscal 2011/3 Second Quarter Performance Explanation Meeting
Principal Questions and Answers

Q1: By what degree did your first-half performance exceed the targets of Fujifilm's internal plans? In addition, could you explain your forecast for the second half?

A1: Within the Company, we were planning for operating income before restructuring and other charges for the first half of the fiscal year to amount to approximately ¥60 billion, but the actual figure was ¥94.5 billion, in excess of plan. Regarding the second half of the fiscal year, we want to rigorously take account of the impact on our performance from such changes in the operating environment as the appreciation of the yen and the surge in raw materials prices, so we are not changing our forecast for our performance in the fiscal year as a whole. On the other hand, for the fiscal year as a whole, we believe it is definitely feasible for us to generate operating income before restructuring and other charges in excess of our initial forecast of ¥145.0 billion.

Q2: Could you explain the outlook for your flat panel display materials business during the second half?

A2: LCD panel production volume adjustments are continuing to be made, and we are expecting the impact of those adjustments to influence our third-quarter performance. However, we are anticipating a recovery in December and subsequently. Because the fourth quarter includes the start of the peak demand period, we are expecting our sales to recover smoothly during the fourth quarter.

Q3: Could you explain trends regarding unit prices of digital cameras and the profitability of your digital camera business?

A3: The unit prices of our digital cameras are down roughly 15% to 20%, the same margin of decrease seen in the overall market. Regarding profitability, we are making progress with our cost-reduction measures. Because of the unexpectedly sharp appreciation of the yen during the second quarter, however, although we were able to generate profit on a business operating profit base, operating income after the allocation of head office expenses and other expenses fell somewhat into the red. For the fiscal year as a whole, we intend to bring the digital camera business's operating income back into the black.

Q4: You have recently announced your intention to undertake a share buyback. Could you explain the background to your decision?

A4: While some factors remain difficult to predict, we have judged that it is possible for us to attain our current performance forecast figures for the current fiscal year as a whole. In view of that, our projected cash flows, and other factors, we decided that the time was right to undertake a buyback of our shares.

Q5: What Fujifilm businesses and products are registering sales growth in emerging countries?

A5: Page 16 in the reference materials shows figures for sales in the China/Asia region. We are inputting greater amounts of products, expenses, and staff in connection with our plans to expand our sales in emerging countries, and we have achieved considerable sales growth in such fields as digital cameras, medical business, graphic arts business, and document solutions. Going forward, we intend to sustain our efforts to realize sales growth at rates that exceed the rate of GDP growth in each country.

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