



**FUJIFILM Holdings Corporation**

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*President and Chief Executive Officer*

**May 11, 2007**

**Notice of Amendment to Articles of Incorporation**

FUJIFILM Holdings Corporation (“FUJIFILM” or the “Company”) announced today that its Board of Directors has determined to submit a proposal to amend its Articles of Incorporation at the 111<sup>th</sup> Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2007.

**1. Purpose and Background of Proposed Amendment**

The proposal is to increase the total number of authorized share capital provided in the Articles of Incorporation from the current 800 million shares to 1,200 million shares. As of March 31, 2007, the number of common shares outstanding for FUJIFILM was 515 million shares (or approximately 554 million shares on a fully-diluted basis). FUJIFILM believes that the proposed increase is fair and reasonable, as it is consistent with the current and future strategic directions of the Company to increase the profitability and further enhance the corporate value, as well as the Company’s pro forma authorized capital in relation to the outstanding shares would not be excessive as compared to comparable companies.

FUJIFILM manages its business with the view towards consistently enhancing its shareholder value and, to that end, made an announcement on April 27, 2007 of a new shareholder return policy. The policy calls for the targeted total payout ratio of 25% of the consolidated net income, consisting of regular dividends and flexible share buybacks. However, we do recognize that there is a potential that the proposed increase in authorized capital might have an effect of diluting the earnings per share in the future and that some of the Company’s shareholders might be concerned with that potential. Accordingly, set forth below are the detailed explanation of the purpose and background of the proposed amendment.

The first purpose of the proposed amendment is to ensure flexibility in future financing and capital policy including mergers and acquisitions.

Along with the trend toward digitalization in recent years, the operating environment in the imaging and other businesses which had long supported FUJIFILM’s stable earnings structure has changed considerably. Based on the VISION75 Medium-term Management Plan, FUJIFILM carried out decisive and drastic structural reforms on a group-wide basis, while implementing aggressive capital expenditures, R&D investments and M&A strategy in the core businesses in line with the growth strategy of the VISION75. As a consequence, FUJIFILM completed structural reforms primarily in the imaging business during the last fiscal year, and is

aiming to attain sharp performance improvement with the projected consolidated operating income of 200 billion yen, the highest level in the Company's history, in the fiscal year ending March 31, 2008. In addition, as for the fiscal year ending March 31, 2010 which is the last year of the Medium-term Management Plan, FUJIFILM is working towards achieving the targeted consolidated operating income of 250 billion yen.

FUJIFILM has positioned this recovery process as its "Second Foundation" and will continue to implement dynamic strategic measures making the best use of the solid management/financial bases, the brand strengths and the competitive advantage in R&D/technological development capability.

Against this background, FUJIFILM has been actively pursuing M&A as one of the important strategic alternatives to implement its strategy. Based on the recognition that the pace of the related industry-wide consolidation will accelerate further in the future, the Company intends to continue pursuing M&A opportunities aggressively as part of its growth strategy in the years ahead. It is conceivable that some of the M&A transactions that may arise in the future might be of considerable scale and involve an issuance of common stock as consideration.

Although FUJIFILM does not currently have any specific plans with respect to M&A transactions, we believe it is important to be prepared to move quickly to capture attractive opportunities. Consequently, the Board has decided to propose for increasing authorized capital for the first time in twenty-five years (since 1982) in order to address the current constraints of the limited amount of authorized capital particularly in comparison with those of comparable companies (please refer to the exhibit). Therefore, the proposed increase is designed to improve the Company's relative competitiveness in terms of flexibility for pursuing those opportunities and, as such, would contribute to the enhancement of shareholder value.

The second and incidental purpose is to preserve and ensure effectiveness of the Company's Fair Rules for the Acquisition of Substantial Shareholdings ("Shareholders' Will Confirmation Type" Takeover Defense Measure) (the "Plan") adopted on March 30, 2007.

As previously announced, FUJIFILM adopted the Plan in order to increase the immunity against abusive buyers who are likely to impair shareholder value and to provide the Company's shareholders with necessary and sufficient information so that they could make a duly informed judgment, considering the facts that in recent years Japanese capital market has become increasingly vulnerable to abrupt large-scale stock acquisitions, which may result in harm to the corporate value of the target and the common interests of its shareholders. In addition, it is based on the Board of Directors' belief that the Company's share price does not currently reflect the true potential corporate value of FUJIFILM, which is still undergoing various measures of the "Second Foundation" based on VISION75 Medium-term Management Plan.

In order to prevent any arbitrary action by the Board in respect of any takeover proposal, FUJIFILM adopted this "Shareholders' Will Confirmation Type" Takeover Defense Measure, distinguished feature of which is the provision that the shareholders at the time of a takeover proposal decide whether or not to allow a takeover proposal to proceed through a

shareholders vote, a fair and highly transparent procedure to ascertain shareholders' will. Although FUJIFILM believes that the Plan is sufficiently effective with the current level of the authorized capital, the Board has determined it is necessary now to take appropriate measures for the purpose of preserving and ensuring the effectiveness of the Plan in case of an occurrence of events relevant to the aforementioned first purpose (as of today, no specific takeover proposal has been made to the Board, and no specific financing plan is being contemplated by the Board).

Because of this background and reasons clearly stated above, FUJIFILM has determined that the increase in authorized capital is necessary to support its growth strategies and is one of the important measures to enhance shareholder value and corporate value. FUJIFILM recognizes that it is vitally important to prevent abusive use and ensure transparency; therefore, the Company fully intends to continue to make utmost efforts to enhance the corporate value by providing logical and transparent explanation to its shareholders with respect to future management measures and capital policies which might involve issuance of new shares.

## **2. Specific Amendment**

Proposed amendment is as below

(Underlined part is amended)

<b>Current Articles of Incorporation</b>	<b>Proposed Amendment</b>
Article 6. The total number of shares issuable by the Company shall be <u>800,000,000</u>	Article 6. The total number of shares issuable by the Company shall be <u>1,200,000,000</u>

## **3. Schedule**

Date for General Meeting of Shareholders  
for Amendment to Articles of Incorporation

June 28, 2007

## (Reference Information)

[EXHIBIT] Equity issuance situation of major companies in relevant industries  
(Most recent public information basis)

Company Name		Total Number of Authorized Capital ①	Total Number of Shares Outstanding ②	Issue Ratio ②/①	Issue Margin ①/②
<b>Before Amendment</b>	<b>FUJIFILM Holdings</b>	<b>800,000,000</b>	<b>514,625,728</b>	<b>64.3%</b>	<b>1.55x</b>
	Ricoh	1,500,000,000	744,912,078	49.7%	2.01x
	Matsushita Electric	4,950,000,000	2,453,053,497	49.6%	2.02x
	Canon	3,000,000,000	1,333,445,830	44.4%	2.25x
	Konica Minolta	1,200,000,000	531,664,337	44.3%	2.26x
<b>* After Amendment</b>	<b>FUJIFILM Holdings</b>	<b>1,200,000,000</b>	<b>514,625,728</b>	<b>42.9%</b>	<b>2.33x</b>
	HOYA	1,250,519,400	435,017,020	34.8%	2.87x
	Seiko Epson	607,458,368	196,364,592	32.3%	3.09x
	Sony	3,600,000,000	1,002,897,264	27.9%	3.59x
	TDK	480,000,000	133,189,659	27.7%	3.60x
	Olympus	1,000,000,000	271,283,608	27.1%	3.69x

\*On a fully-diluted basis, the Issue Ratio and Issue Margin of the Company would be **46.2%** and **2.17x**, respectively.