

Achieving Our “Second Foundation” and Increasing



The Thinking Behind Our Second Foundation

Here in the Fujifilm Group, we are all working together to build a new strengthened business structure aimed toward our “Second Foundation” amid the major changes transcending predictions such as the digitalization of photographs. We are supported by many stakeholders including customers, photo lovers, shareholders, investors, employees, local communities and business partners. We must appropriately respond to changes in the business environment and society, while meeting the expectations and demands of these stakeholders, in addition to contributing to society. The significance of our devotion to achieving our Second Foundation can be seen here.

Structural Reform and Strengthening of Consolidated Management

In 2004, we formulated the VISION75 medium-term business plan aimed at the fiscal year 2009, which marks 75 years since the company was founded. We have been conducting this plan through structural reforms while focusing our management resources on existing business growth and on new fields of business. Structural reforms do not simply involve cutting back on staff. We seriously worked to find out how important management resources can be effectively and efficiently redistributed. However, it was by no means an easy decision to reduce what used to be core businesses and streamline organizations. Nevertheless, we believe that having the courage to carry out our Second Foundation is the real message we want to convey to the people working with us. Without such reforms, we are unable to display the social value of the company. Looking back over the fiscal year 2006, the VISION75 (2006) plan progressed smoothly, and we were able to achieve results surpassing original targets. This was made possible with the cooperation of many people such as employees, business partners and customers. We believe that we have been able to convert our business structure into one that will provide stable profits in the future with the cooperation of these people.

Corporate Value. That is the Real Challenge of CSR.

On October 1, 2006, the Fujifilm Group switched to a holding company structure, and this is aimed at strengthening fair and effective consolidated management in order to reinforce the new business structure to ensure the success of the Second Foundation under FUJIFILM Holdings Corporation, which oversees various group companies centered on FUJIFILM Corporation and Fuji Xerox Co., Ltd. Furthermore, in February 2007, the head office functions of FUJIFILM Holdings Corporation, FUJIFILM Corporation and Fuji Xerox Co., Ltd. were moved and concentrated at Tokyo Midtown located in Roppongi, Tokyo. This will enable us to create synergies through mutual collaboration, to strengthen investment in key business fields to achieve "further promotion of growth strategies" and "creating a robust corporate constitution" that are the key issues in the VISION75 (2007) medium-term business plan that was reformulated this fiscal year, and to quickly and boldly promote the "Slim & Strong Drive" for rationalizing the way we work.

I believe that the company can be made stronger and the corporate culture transformed if each person is a strong individual and the teams, groups, divisions, and business organizations made up of the individuals are "strong organizations." In order to ensure the Second Foundation succeeds and advances further, I would like to give attention to management that seeks to find harmony between the individual and the organization.

What is Corporate Value?

The objective of management is to increase corporate value. It is my belief that this does not simply mean increasing earnings, but also making contributions to the advancement of society and culture; by contributing to key social issues such as environmental issues including global warming, and having collective strength able to meet the needs and expectations of society. It is necessary to have collective strength that goes beyond simple capabilities and assets. I believe that, collective strength, as a company is created by technology, quality and excellent service exceeding the expectations of society.

Gaining the unwavering trust of society is what truly increases corporate value. Based on this approach, the Fujifilm Group established a new Corporate Philosophy and Vision in April 2006, and completely revised the Fujifilm Group Charter for Corporate Behavior and Code of Conduct in April 2007. The implementation of the Second Foundation signifies our approach to what a company recognized by society is, the direction it should head, and the action it should take.

What is CSR for the Fujifilm Group?

In this way, the Fujifilm Group has faced business conditions head-on while questioning our reason for being and incorporating CSR into our medium to long term business plans. We always give consideration to the economy, society and the environment. The Fujifilm Group's approach to CSR is to faithfully and fairly perform the roles given to each individual and organization, take a stance of contributing to society and reflect on our actions to ensure we do not become self-righteous. Our CSR is implemented in management and the conducting of business, with CSR present in the activities of each and every employee.

Recently, we changed the name of the Japanese report on our CSR activities from "Social and Environmental Report" to "Sustainability Report." The essence of the thinking behind our Second Foundation is the sustainability of the company and the sustainability of society. I hope that all of our stakeholders accept that the change in the name of the report represents our thinking. We would like to continue frank dialogue with our stakeholders to continually improve upon our CSR activities for the development of a sustainable society.



Shigetaka Komori

President and Chief Executive Officer,
FUJIFILM Holdings Corporation
and
Chairman, Group CSR Committee

Editorial Policy

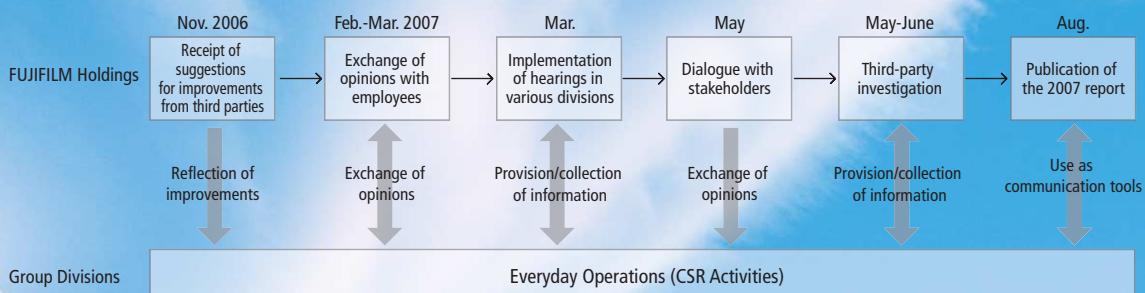
FUJIFILM Holdings Corporation Sustainability Report 2007 is the first edition of the report to be issued under FUJIFILM Holdings. FUJIFILM Holdings provides support to the CSR (Corporate Social Responsibility) activities of the Fujifilm Group. We have put together this Sustainability Report to convey the CSR activities of the Fujifilm Group to its stakeholders.

In the Feature (P.9-26), we introduce the efforts being made for "Enhancing Quality of Life," which is part of our corporate philosophy. In "Toward Sustainable Development" (P.27-28), we introduce the "Fujifilm Group's Approach to CSR" and provide a report on our CSR efforts, organized into three sections — "CSR Management," "Social Activities Report" and an "Environmental Activities Report" — that respond to comments from our stakeholders, centered on the progress we have made this year.

[CSR Activities and their Relationship with the Preparation of this Report]

In the Fujifilm Group, we utilize the AA1000 framework to collaborate in CSR activities and the preparation of this report, as shown in the diagram below. For example, suggestions for improvements made by third-party organizations are used to promote CSR activities within the group. The report has been prepared based on communication through much dialogue with stakeholders such as employees and information on CSR activities obtained through hearings in the group's various divisions.

The content of the report, including information on CSR activities has been checked by third-party organizations before being provided to stakeholders.



[Utilization of the AA1000 Series]

Since 2003, the Fujifilm Group has conducted CSR activities and disclosed information while referring to the approach of the AA1000 Series. The AA1000 Series is made up of standards and guidelines aimed at providing the basis for improvement of sustainable performance by the organization.

The Fujifilm Group would like to improve sustainable performance and enhance CSR efforts through a commitment to being comprehensive in implementing the entire AA1000 Series and consideration of the three principles of importance, completeness and responsiveness. We have made these efforts, and have been subject to evaluations from third parties from the perspective of AA1000 assurance standards (P.87-88).



[Period Covered by the Report]

The fiscal year 2006 is covered in the performance data (April 2006~March 2007).

Wherever possible, we have conveyed the most recent trends including activities in the fiscal year 2007.

[Organizations Covered by the Report]

The Fujifilm Group (FUJIFILM Holdings, Fujifilm, Fuji Xerox and their affiliates) and major consolidated companies shown on page 6.

- The Social Report "Relationship with Employees" basically covers data on Fujifilm.
- Sustainability accounting covers Fujifilm, Fuji Xerox and the domestic affiliates of Fujifilm shown on page 82.

[Referenced Guidelines]

- Ministry of the Environment: *Environmental Reporting Guidelines* (2003 version)
- GRI: *Sustainable Reporting Guidelines 2006*
- Ministry of the Environment: *Environmental Accounting Guidelines* (2005 version)

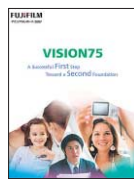
Holding Company

FUJIFILM Holdings Corporation

[Head Office] Tokyo Midtown



Sustainability Report



Annual Report

Disclosure of information on CSR activities

Website: "CSR Activities" <http://www.fujifilmholdings.com/en/sustainability/>

Brochure: "Sustainability Report" (Japanese/English/Chinese)

(Main readers targeted: Institutional investors, specialists such as evaluation organizations and all stakeholders)

IR disclosure (financial information)

Website: "Shareholder and Investor Information" <http://www.fujifilmholdings.com/en/investors/>

Brochure: "Annual Report" (Japanese/English)

<Subject Notation in Reporting> Fujifilm and its affiliates

Operating company

FUJIFILM Corporation

[Head Office] Tokyo Midtown

[Bases of operation] (Manufacturing, R&D)

Odawara, Ashigara, Fujinomiya, Yoshida-Minami,
Asaka, Miyanodai, Kaisei

Disclosure of information on CSR activities

Website: "Environmental and Social Activities"

<http://www.fujifilm.com/about/sustainability/>

Fujifilm Affiliates (Consolidated Companies)

[Japan]

FUJINON Corporation
FUJIFILM TECHNO PRODUCTS CO., LTD.
FUJIFILM Electronic Materials Co., Ltd.
Fuji Technics Co., Ltd.
FUJIFILM PHOTONIX CO., LTD.
FUJIFILM MEDIA MANUFACTURING CO., LTD.
FUJIFILM PHOTO MANUFACTURING CO., LTD.
FUJIFILM Opto Materials Co., Ltd.
FUJIFILM TPX Co., Ltd.
FUJIFILM Kyushu Co., Ltd.
FUJIFILM FINECHEMICALS CO., LTD.
FUJIFILM RI Pharma Co., Ltd.
FUJIFILM MEDICAL CO., LTD.
FUJIFILM BUSINESS SUPPLY CO., LTD.
FUJIFILM Graphic Systems Co., Ltd.
FUJIFILM Healthcare Laboratory Co., Ltd.
FUJIFILM IMAGING Co., Ltd.
FUJIFILM LOGISTICS CO., LTD.
FUJIFILM Techno Service Co., Ltd.
FUJIFILM Software Co., Ltd.
FUJIFILM PRESENTEC CO., LTD.
FUJIFILM Insurance Service Co., Ltd.*
FUJIFILM Human Resources Development Co., Ltd.
FUJIFILM Computer System Co., Ltd.
FUJIFILM Imaging Colorants Co., Ltd.

[Overseas]

FUJIFILM Holdings America Corporation
FUJIFILM U.S.A., Inc.
FUJIFILM Sericol U.S.A. Incorporated
FUJIFILM Imaging Colorants, Inc.
FUJIFILM Finance U.S.A., Inc.
FUJIFILM Manufacturing U.S.A., Inc.

FUJIFILM Recording Media Manufacturing U.S.A., Inc.
FUJIFILM Electronic Materials U.S.A., Inc.
FUJIFILM Dimatix, Inc.
FUJIFILM Medical Systems U.S.A., Inc.
FUJIFILM Hawaii, Inc.
FUJIFILM Graphic Systems U.S.A., Inc.
FUJIFILM Hunt Chemicals U.S.A., Inc.
FUJIFILM Canada Inc.
FUJIFILM do Brasil Ltda.
FUJIFILM Europe B.V.
FUJIFILM Hunt Chemicals Europe N.V.
FUJIFILM Europe N.V.
FUJIFILM Europe GmbH
FUJIFILM Finance Europe B.V.
FUJIFILM Recording Media GmbH
FUJIFILM Sericol Overseas Holdings Limited
Sericol Ink Limited
FUJIFILM Holdings UK Ltd.
FUJIFILM Manufacturing Europe B.V.
FUJIFILM UK Ltd.
FUJIFILM (Malaysia) Sdn. Bhd.
FUJIFILM (Thailand) Ltd.
FUJIFILM Holdings Australia Pty Ltd.
FUJIFILM Holdings NZ Ltd.
FUJIFILM Australia Pty Ltd.
FUJIFILM Electronic Materials (Europe) N.V.
FUJIFILM Imaging Colorants Limited
FUJIFILM Imaging Colorants Pension Trustees Limited
FUJIFILM (China) Investment Co., Ltd.
FUJIFILM Hong Kong Limited
FUJIFILM Regional Services (Singapore) Pte. Ltd.

<Subject Notation in Reporting> Fuji Xerox and its affiliates

Operating company

Fuji Xerox Co., Ltd.

[Head Office] Tokyo Midtown

[Bases of operation] (Manufacturing, R&D)

Ebina, Iwatsuki, Takematsu, Kawasaki, Suzuka, Toyama, Nakai,
Shanghai, Shenzhen, Palo Alto (California, USA)

[Distribution centers] Major cities in Japan

Disclosure of information on CSR activities

Website: Sustainability Report

<http://www.fujixerox.co.jp/eng/sr/>

Brochure: "Sustainability Report"

(Japanese/English/Chinese)

(Main readers targeted: customers and business partners)



Sustainability Report

Fuji Xerox Affiliates (Consolidated Companies)

[Japan]

FXPS Sales Co., Ltd.
Fuji Xerox System Service Co., Ltd.
Fuji Xerox Learning Institute Inc.
Xworks Co., Ltd.
Fuji Xerox Hokkaido Co., Ltd./Fuji Xerox Iwate Co., Ltd./Fuji Xerox Miyagi Co., Ltd./Fuji Xerox Kanagawa Co., Ltd./Fuji Xerox Ibaraki Co., Ltd./Fuji Xerox Tochigi Co., Ltd./Fuji Xerox Gunma Co., Ltd./Fuji Xerox Saitama Co., Ltd./Fuji Xerox Chiba Co., Ltd./Fuji Xerox Tokyo Co., Ltd./Fuji Xerox Tama Co., Ltd./Fuji Xerox Kanagawa Co., Ltd./Fuji Xerox Yamana-shi Co., Ltd./Fuji Xerox Niigata Co., Ltd./Fuji Xerox Hokuriku Co., Ltd./Fuji Xerox Nagano Co., Ltd./Fuji Xerox Gifu Co., Ltd./Fuji Xerox Shizuoka Co., Ltd./Fuji Xerox Aichi Co., Ltd./Fuji Xerox Aichi-Higashi Co., Ltd./Fuji Xerox Mie Co., Ltd./Fuji Xerox Kyoto Co., Ltd./Fuji Xerox Osaka Co., Ltd./Fuji Xerox Hyogo Co., Ltd./Fuji Xerox Nara Co., Ltd./Fuji Xerox Okayama Co., Ltd./Fuji Xerox Hiroshima Co., Ltd./Fuji Xerox Yamaguchi Co., Ltd./Fuji Xerox Shikoku Co., Ltd./Fuji Xerox Fukuoka Co., Ltd./Fuji Xerox Kita-Kyushu Co., Ltd./Fuji Xerox Nagasaki Co., Ltd./Fuji Xerox Kumamoto Co., Ltd. Fuji Xerox Kagoshima Co., Ltd./Fuji Xerox Information Systems Co., Ltd./Fuji Xerox Engineering Co., Ltd. Suzuka Fuji Xerox Co., Ltd./Niigata Fuji Xerox Manufacturing Co., Ltd./Fuji Xerox Imaging Materials Co., Ltd./Fuji Xerox General Business Co., Ltd./Fuji Xerox Career Net Co., Ltd./CrossForce Co., Ltd./Fuji Xerox Interfield Co., Ltd.

[Asia/Oceania]

Fuji Xerox China Investments (Bermuda) Limited
Fuji Xerox (China) Limited
Fuji Xerox of Shenzhen Ltd.
Fuji Xerox Eco-Manufacturing (Suzhou) Co., Ltd.
Fuji Xerox Asia Pacific Pte. Ltd.
Fuji Xerox Leasing (China) Ltd.
Fuji Xerox Singapore Pte. Ltd.
Thai Fuji Xerox Co., Ltd.
Fuji Xerox Philippines, Incorporated
Fuji Xerox (Myanmar) Ltd.
Fuji Xerox Leasing (Thailand) Limited
Fuji Xerox Asia Malaysia Sdn Bhd
Fuji Xerox Finance Ltd.
Fuji Xerox Finance Ltd.
Fuji Xerox Australia Pty. Ltd.
Fuji Xerox (Sales) Pty. Ltd.
Fuji Xerox New Zealand Ltd.
Fuji Xerox Taiwan Corporation
Fuji Xerox Korea, Ltd.
Fuji Xerox Chung Cheong Co., Ltd.
Fuji Xerox Korea Information System Co., Ltd.
Seoul Fuji Xerox Service Co., Ltd.
Fuji Xerox Honam Co., Ltd.
Fuji Xerox Far East Ltd.
Fuji Xerox (Hong Kong) Limited
Fuji Xerox Eco-Manufacturing Co., Ltd.

[United States]

FX Global Inc.
FX Global Supply Solutions Inc.
FX Palo Alto Laboratory Inc.

*On July 1, 2007, FUJIFILM Insurance Service Co., Ltd. and Fuji Xerox General Business Co., Ltd. were integrated to form a new company FUJIFILM Business Expert Corporation.

[Supplemental information regarding matters reported]

- Different subjects have been used for "the Fujifilm Group," "Fujifilm and its affiliates," and "Fuji Xerox and its affiliates." The extent of these is shown in the diagram above.
- The operating company Fuji Xerox issues a separate Sustainability Report (Booklet/ web version/ PDF version). See these for details on the activities of Fuji Xerox.
- The expression "employee" in the report refers to all employees including managers, general employees, temporary staff and part-time staff. "Company employee" refers to regular employees.
- In the "Communication with Our Employees" section in the Social Report, the terms "regular employees" and "non-regular employees" (temporary employees, part-timers, dispatched employees, etc.) have been used separately, as required, in order to ensure the accuracy of the report.

The Fujifilm Group aims to become a global enterprise, trusted by society and customers, by making broad contributions to the advancement of culture, science, technology and industry in society. In addition, contributing to the improvement of people's health and conserving global resources, while making further contributions to society through active business operations in the Imaging Solutions Segment, Information Solutions Segment and Document Solutions Segment.

[Consolidated Financial Performance in the Fiscal Year 2006]

From the fiscal year 2005 to the fiscal year 2006, we conducted bold structural reforms pivoting around the Imaging Solutions Segment. Specifically, in the field of photosensitive materials such as color film, we have reorganized our production organization, streamlined personnel, thoroughly reduced expenses, reduced R&D investment and promoted the consolidation of laboratories; effectively changing the structure of our operations to be able to ensure stable earnings in the future and taking steps to optimize the business to suit the current imaging market.

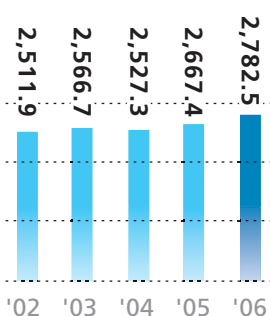
We have actively conducted M&As, capital investment and R&D investment in Medical Systems / Life Sciences, Graphic Arts, Documents, Optical Devices and Highly Functional Materials such as flat panel display materials and inkjet materials, which we have designated as priority business fields. We are conducting R&D mainly in Fujifilm Advanced Research Laboratories, established in April 2006, to quickly create new businesses and new products that will play significant roles in the future.

Although revenue from the Imaging Solutions Segment decreased,

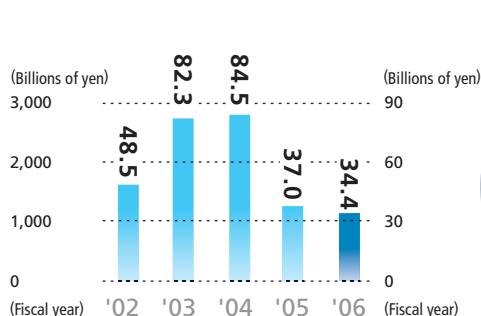
significant increases in revenue from the growing Information Solutions Segment and increases in the Document Solutions Segment, due to solid sales of multifunction devices overseas, resulted in consolidated net sales for the Fujifilm Group in the fiscal year 2006 (April 1, 2006 – March 31, 2007) rising 4.3% over the previous fiscal year to ¥2,782.5 billion.

In addition to increased costs stemming from rises in prices of raw materials such as silver and aluminum, ¥94.1 billion in expenses were recorded due to structural reforms implemented in the Imaging Solutions Segment and the Slim & Strong Drive that was initiated throughout the entire group in the latter half of the fiscal year 2006. However, this was absorbed by increased sales volume and reduced fixed expenses, resulting in operating income increasing significantly by 60.5% over the previous fiscal year to ¥113 billion. Despite unrealized losses on investment securities, pretax income rose 29.7% to ¥103.2 billion. Net income declined by 6.9% to ¥34.4 billion due to increases in income taxes.

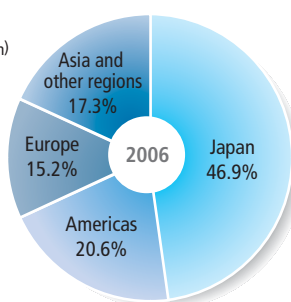
[Revenue]



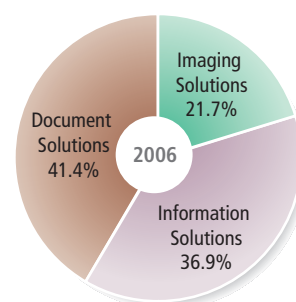
[Net Income]



[Proportion of Revenue by Region (Destination Base)]



[Proportion of Revenue from Operating segments]



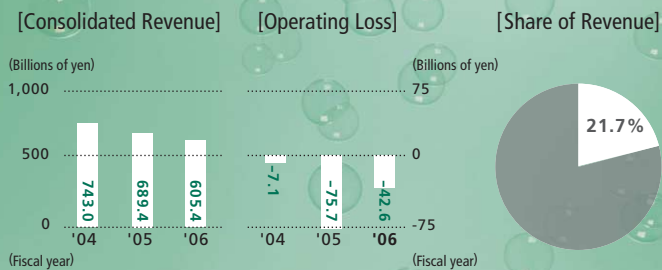
Company Profile

Company Name	■ FUJIFILM Holdings Corporation
Representative	■ Shigetaka Komori
Headquarters	■ 9-7-3 Akasaka, Minato-ku, Tokyo 107-0052
Date Established	■ January 20, 1934
Capital	■ ¥40,363 million (As of March 31, 2007)
Consolidated Employees	■ 76,358 (As of March 31, 2007)
Consolidated Subsidiaries	■ 227 (As of March 31, 2007)

Fuji Photo Film Co., Ltd. changed its name to FUJIFILM Holdings Corporation on October 1, 2006, and the operations of Fuji Photo Film Co., Ltd. have been succeeded by FUJIFILM Corporation.

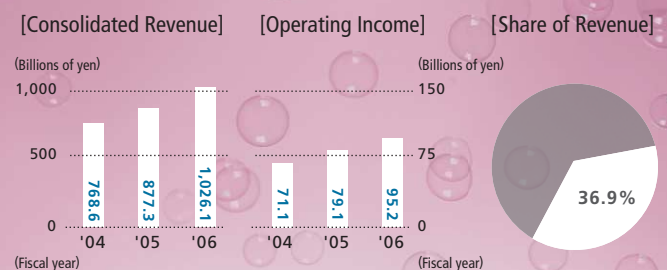
Imaging solutions

The Imaging Solutions Segment handles color film, digital cameras, photo finishing equipment, and color paper, chemicals, services for photofinishing.



Information solutions

The Information Solutions Segment handles medical systems and life sciences, equipment and materials for graphic arts, flat panel display (FPD) materials, recording media, optical devices, electronic materials and inkjet materials.



Document solutions

The Document Solutions Segment handles office copy machines/multifunction devices, printers, production systems and services, paper, consumables, and office services.

