Fujitsu Laboratories' R&D Strategy

April 13, 2007
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President
Fujitsu Laboratories, Ltd.

Rise of Global Competition in R&D

FUJITSU

- **Common global market**
  - **Open innovation, international standards, standardization activities of major companies**
- **Competition expanding from products to R&D**
  - **Increasing recognition that R&D is the source of competitiveness**
  - **National strategic policies: Japan, US, UK, Germany, France, Finland, Australia, China, Taiwan, India, etc.**
  - **R&D expenditure is increasing**
    - **Japan: Highest level ever, 3.5% of GDP ('05)**
    - **OECD*: 10% growth ('00-'04), 2.3% of GDP ('04)**
    - **China*: Doubled as % of GDP, 0.6% → 1.3% ('95-'04)**
  - **Explosive growth in technology licensing market, reaching $100 billion globally* ('04)**

Innovation as key to development of society, economy, corporations

*** OECD Science, Technology and Industry: Outlook 2006**

To Prevail in Global Competition

FUJITSU

Demand-Pull Innovation

- Create efficiencies, lower costs
- Pursue business incubation

Strengthen Global Network

- Enhance activities of overseas labs

Enhance Collaboration with Partners

- Speed development through division of tasks

Link with IP/Standardization Activities

- Conduct IP search, standardization activities prior to starting R&D

Demand-Pull Innovation

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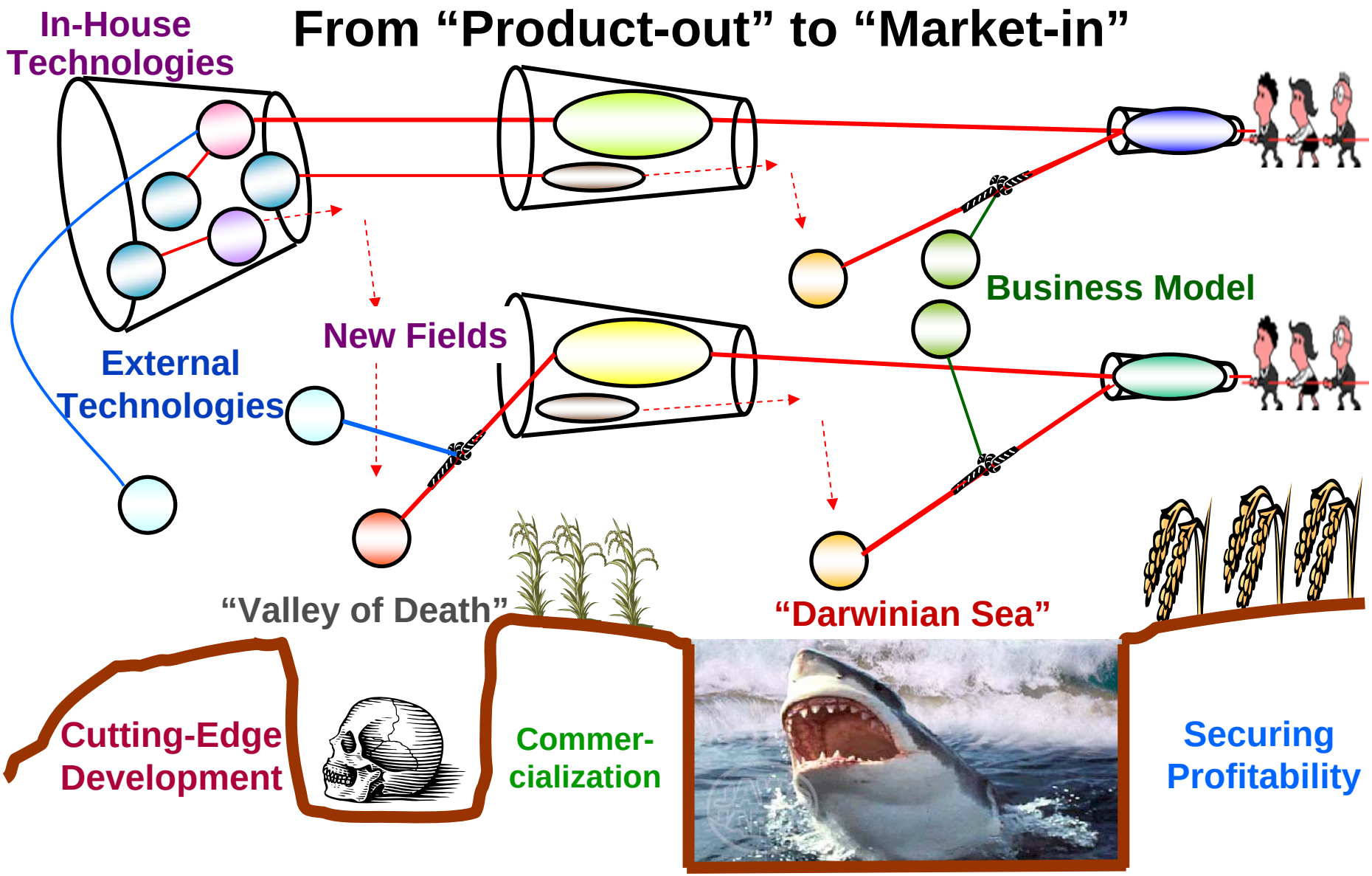
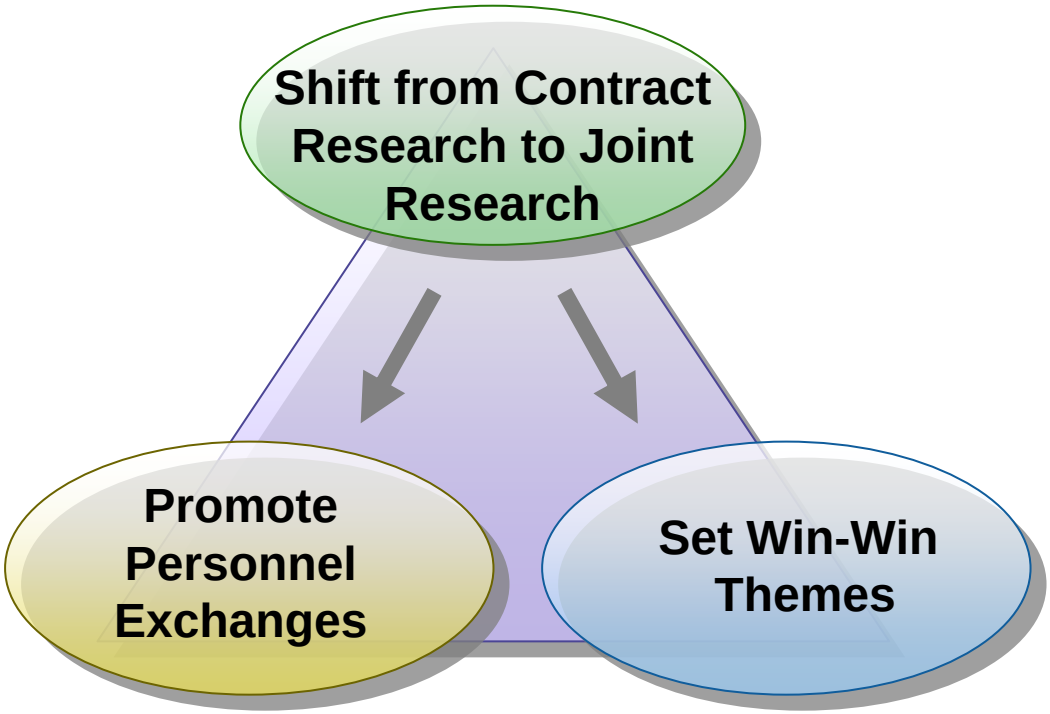


Strengthen Global Network

- US Labs (1993 ~) LSI-CAD, next-generation Internet, interconnect
- China Labs (1998 ~) Telecom systems, web info processing, system LSI
- Europe Lab (2001 ~) Next-generation telecom, biotechnology, grid computing

Enhance Collaboration with Partners



Established QD Laser Inc. (April 2006)

Universities

Japan
- University of Tokyo
- Tokyo Institute of Technology

US
- University of Maryland
- MIT
- University of California
- Carnegie Mellon University

Europe
- Munich University of Technology
- University of Cambridge

China
- Peking University
- Shanghai Jiao Tong University

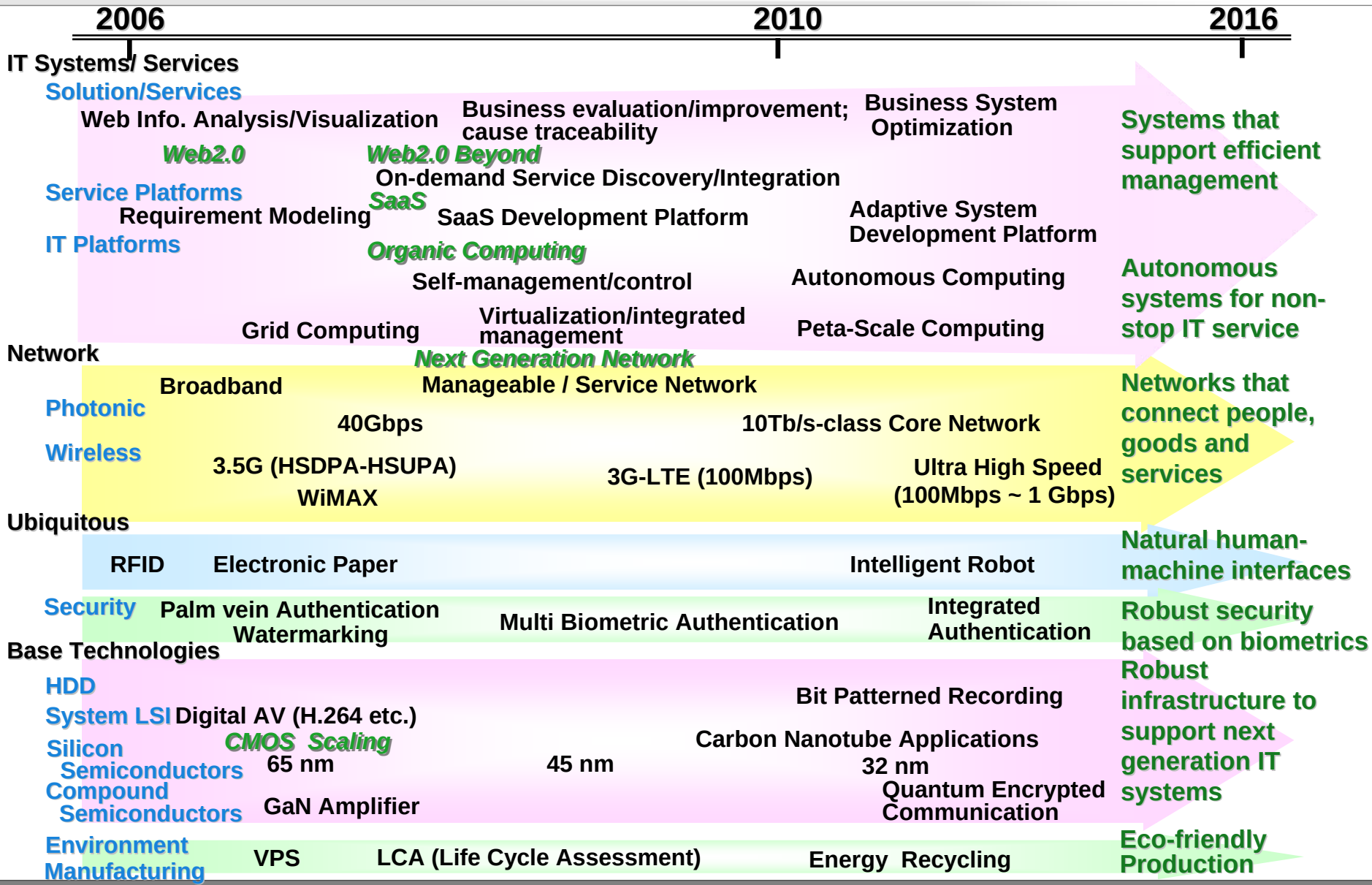
etc.

Research Institutes

- PARC
- France Telecom
- Fraunhofer Institutes

etc.

R&D Roadmap



Main Results in FY 2006

FUJITSU

Announcement, Exhibit | Exhibit | Previously Announced

2006 — 2010 — 2016

IT Systems/ Services

Solution/Services

Web Marketing Technology

Business Processes Visualization

siness evaluation/improvement; Business System Optimization

se traceability

Systems that support efficient management

Beyond

hand Service Discovery/Integration

Requirement Modeling

SaaS Development Platform

Adaptive System Development Platform

IT Platforms

Organic Computing

High-speed Interconnect Switch

gement/control

Autonomous Computing

Autonomous systems for non-stop IT service

Grid Computing

Virtualization/integrated management

Peta-Scale Computing

Network

Next Generation Network

Broadband

Manageable / Service Network

Networks that connect people, goods and services

Photonic

40Gbps

10Tb/s-class Core Network

Wireless

3.5G (HSDPA-HSUPA)

3G-LTE (100Mbps)

Ultra High Speed (100Mbps ~ 1 Gbps)

WiMax System

Ubiquitous

Electronic Paper

RFID

Intelligent Robot

Natural human-machine interfaces

FPcode

Security

Digital Watermarking

Biometric Authentication

Integrated Authentication

Robust security based on biometrics

Base Technologies

HDD

Bit Patterned Recording

Robust infrastructure to support next

System LSI

H.264 Imaging System

CMOS Scaling

Carbon Nanotube Applications

Nanotechnology

Silicon Semiconductor

Compound Semiconductor

World's Highest Performance GaN HEMT Operating at mm Wave Frequencies

Quantum Encrypted Communication

systems

Environment

VPS

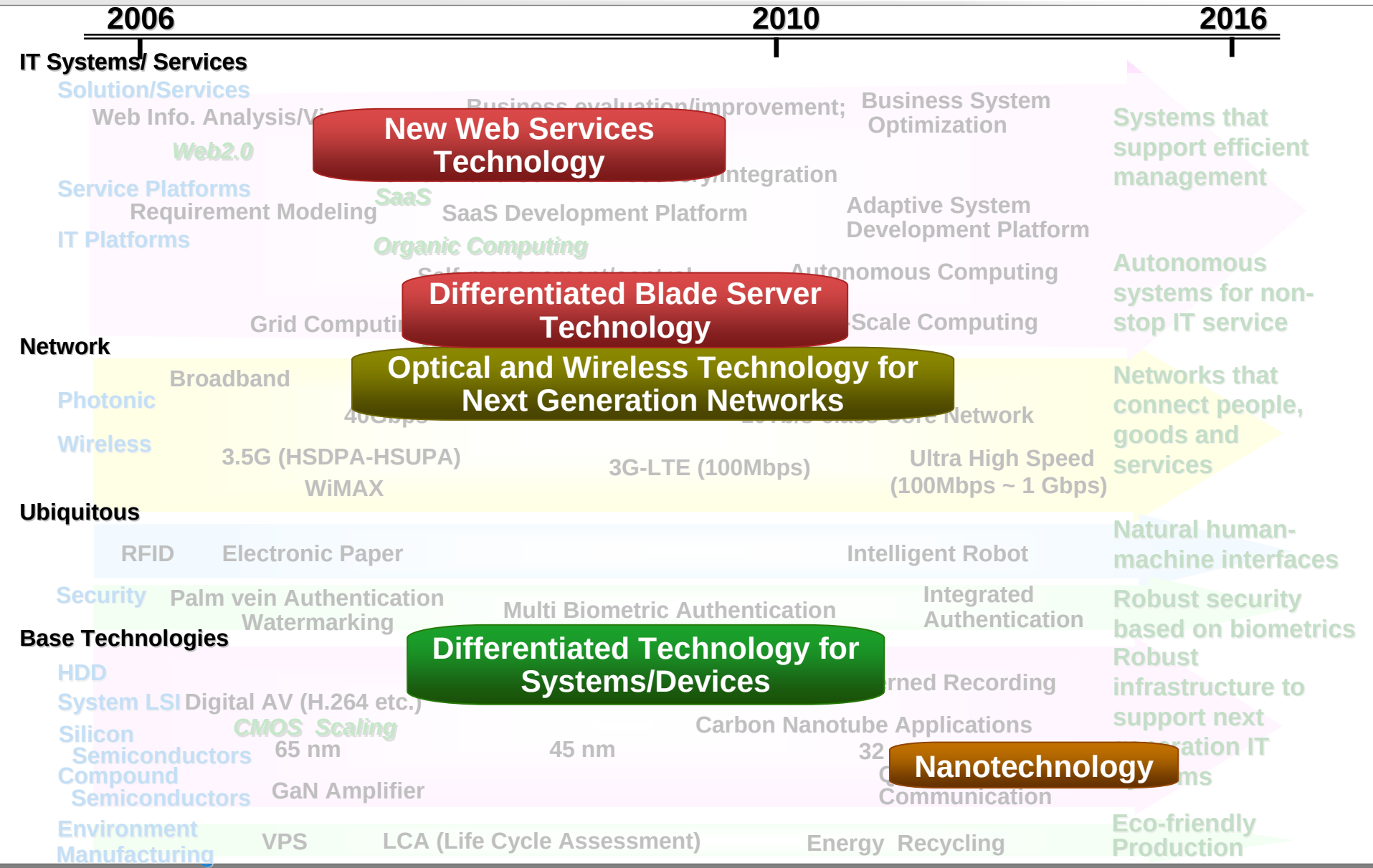
LCA (Life Cycle Assessment)

Energy Recycling

Eco-friendly Production

Manufacturing

Key Themes for FY 2007



Our Global R&D Laboratory Model for the 21st Century

FUJITSU

Science

Einstein...

Atomic Energy, Moon Landing

(20th Century)

Integration

(Semiconductors, Information Revolution)

Engineering

Edison, Bell...
Light Bulb, Telephone

Business Model

i-mode, Google,
iTunes Music Store

CSR (Corporate Social Responsibility)

Environment, Compliance,
Quality of life

21st Century Fujitsu Laboratories

Market Creation

Global Networks

IP, Standardization

Partnerships

Creating a Ubiquitous Networking World

• i-mode is a registered trademark of NTT DoCoMo, Inc.
• Google is a registered trademark of Google Inc.
• iTunes is a registered trademark of Apple Computer, Inc. in the United States and other countries.

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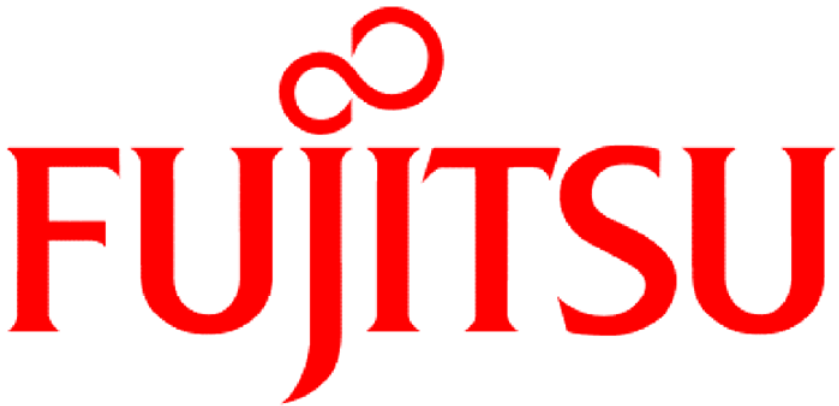
These presentation materials and other information on our meeting may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Words such as "anticipates," "believes," "expects," "estimates," "intends," "plans," "projects," and similar expressions which indicate future events and trends identify forward-looking statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors:

- general economic and market conditions in the major geographic markets for Fujitsu's services and products, which are the United States, EU, Japan and elsewhere in Asia, particularly as such conditions may effect customer spending;
- rapid technological change, fluctuations in customer demand and intensifying price competition in the IT, telecommunications, and microelectronics markets in which Fujitsu competes;
- Fujitsu's ability to dispose of non-core businesses and related assets through strategic alliances and sales on commercially reasonable terms, and the effect of realization of losses which may result from such transactions;
- uncertainty as to Fujitsu's access to, or protection for, certain intellectual property rights;
- uncertainty as to the performance of Fujitsu's strategic business partners;
- declines in the market prices of Japanese and foreign equity securities held by Fujitsu which could cause Fujitsu to recognize significant losses in the value of its holdings and require Fujitsu to make significant additional contributions to its pension funds in order to make up shortfalls in minimum reserve requirements resulting from such declines;
- poor operating results, inability to access financing on commercially reasonable terms, insolvency or bankruptcy of Fujitsu's customers, any of which factors could adversely affect or preclude these customers' ability to timely pay accounts receivables owed to Fujitsu; and
- fluctuations in rates of exchange for the yen and other currencies in which Fujitsu makes significant sales or in which Fujitsu's assets and liabilities are denominated, particularly between the yen and the British pound and U.S. dollar, respectively.



THE POSSIBILITIES ARE INFINITE

Appendix

Overview of Fujitsu Laboratories

- **Capital: 5 billion yen**
- **Budget: 40 billion yen**

(Fujitsu's FY 2006 consolidated R&D expenditure: 255 billion yen)

- **Employees: 1,500 in Japan,**
  180 at Overseas Labs
  (US, Europe, China)
- **Organization (Japan):**
  7 Research Labs
  7 Centers
  1 Project Group

R&D Portfolio

- **Business Unit-commissioned projects: 55%**
  HQ-commissioned projects: 45%

- **Development Research: 15%**
  Advanced Research: 40%
  Common Base Technologies: 30%
  Exploratory Research: 15%