Electronic Devices Business Strategy

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Contents

1. Electronic Devices Market Overview
2. Electronic Devices Business Strategy
3. Business Expansion in 2007 and Beyond
Market Overview

- Steady growth of semiconductor market
- Adjustment continues in first half of 2007, recovery expected in second half

**Semiconductor market scale projections by region**

- Asia-Pacific
- Japan
- EMEA
- Americas

*2005-2009 CAGR 7.6%*

**Market scale projections by product**

- COT
- ASIC
- MCU+Analog
- ASSP

*C1: iSuppli *2: iSuppli; COT is Fujitsu estimate*

*COT (Customer-Owned Tooling), ASIC (Application Specific Integrated Circuit), MCU (Micro Controller Unit), ASSP (Application Specific Standard Product)*
Rapid growth for advanced COT, standard products in Asia

Market scale projections by COT technology*1

Advanced COT '06-'09 CAGR: 64%

MCU, analog market scale projections by region*2

Asia '06-'09 CAGR: 10%

*1: Fujitsu estimates, *2: iSuppli
Japanese Customers’ Changing Business Structure

Particularly in the digital AV market, demand is rapidly shifting from ASICs for set manufacturers in Japan to ASSPs for EMS/ODMs in Asia.

- ASIC use limited to high value-added models; shift to ASSPs for other models
- For high-volume models, contract design to EMS/ODM, rather than designing in-house (in Japan) → Business base shift to Asia

**ASSP market scale projections by region**

*Asia ’06-’09 CAGR: 11%*

EMS (Electronics Manufacturing Service), ODM (Original Design Manufacturer)

*1: iSuppli*
1. Electronic Devices Market Overview
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■ Our Mission

Fujitsu continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide.

■ Our Values

- Our Dream Is to Make Our Customers’ Dreams Come True
- Every One of Us Has a Leading Role to Play
- Profits & Growth
- Customers
- Environment
- Employees
- Quality
- We Strive to Meet the Expectations of Customers, Employees and Shareholders
- We Consider Environmental Impact in All That We Do
- We Aim to Earn Our Customers’ Trust in Fujitsu

■ Our Code of Conduct

- Respect Human Rights
- Protect Intellectual Property
- Comply With Laws and Regulations
- Reject Unethical Behavior
- Maintain Confidentiality
- Act With Fairness in Our Business Dealings
Focus on Logic Business, Dramatically Increase Profits

- **2004 - 2005:** Focus resources on logic business
- **2006 -:** Strengthen profitability of advanced and standard technology logic business

**Advanced Tech.**
- **≤90nm**
  - ASSP
  - ASIC

**Advanced COT**
- **≥90nm**

**Standard Tech.**
- **≥130nm**
  - Analog
  - Microcontrollers
  - FRAM
Fujitsu Group companies offer total solutions

System Connectors

Wireless Communications

Healthcare

Components

Media Devices

FIM (Packaging, Testing)

Logic, System Memory

MCP (Multi Chip Package), SiP (System in Package)

FIM (Fujitsu Integrated Microtechnology, Inc.)
Business Strategy
Increase Product Competitiveness Through Internal Synergies

Providing high value-added devices that help make
Fujitsu products more competitive

Device Solutions
System Platforms
Ubiquitous Solutions

High Value-Added Devices

IP
Embedded Software
Services

IP (Intellectual Property)
Basic Strategy

Leverage New IDM model to further accelerate emphasis on logic business and expand volume business

- Maintain balance between advanced and standard products
  - Pursue product development and manufacturing in synch with fab lifecycle
  - Continuously increase and reinvest profits

- Differentiated technology and value creation
  - Leverage low-leak, low-power strengths to pursue higher volumes worldwide
  - Maintain “Fujitsu for Image Processing” brand image

- Pursue further globalization
  - Develop ASSP and standard product businesses on a global basis to achieve higher volumes

IDM (Integrated Device Manufacturer)
Target Business Model
New IDM

Continue to adhere to New IDM model, deepen and expand business in response to market changes

- Build strategic partnerships with customers from earliest stages
- Offer consistent services through close collaboration with internal and external partners

Customer A
- Set Design
- Software
- LSI Design

Customer B
- Set Design
- Software
- LSI Design

Customer C
- LSI Design

Fujitsu
- Shift to Joint Creation
- Application / Processor Platform
- Design Platform
- Technology Platform
- Development (Process / CAD)
- LSI Design Software
- Prototype Evaluate / Verify
- Manufacturing (Front-end / Assembly)
- Sales

Internal Partners
- Affiliated Design Companies
- Front-end / Assembly Manufacturing Companies
- Sales Companies

External Partners
- Vendors
- Design Houses IP Vendors
- ODM EMS
- Foundry Assembly / Test Houses
## Device Solutions Projections for FY 2006

Billion Yen

<table>
<thead>
<tr>
<th></th>
<th>FY05 Results</th>
<th>FY06 Forecast at 3Q¹</th>
<th>FY06 Forecast at 1H²</th>
<th>Change in Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>707.5</td>
<td>760.0</td>
<td>810.0</td>
<td>-50.0</td>
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<tr>
<td>LSI Devices</td>
<td>460.1</td>
<td>460.0</td>
<td>510.0</td>
<td>-50.0</td>
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<tr>
<td>Electronic Components, Others</td>
<td>247.4</td>
<td>300.0</td>
<td>300.0</td>
<td>-</td>
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<tr>
<td>Operating Income</td>
<td>33.3</td>
<td>20.0</td>
<td>30.0</td>
<td>-10.0</td>
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<tr>
<td>Operating Income Margin</td>
<td>4.7%</td>
<td>2.6%</td>
<td>3.7%</td>
<td>-</td>
</tr>
</tbody>
</table>

Reason for Revisions: *Lower sales of logic LSI devices*

- **Standard Logic LSI** Lower sales due to production adjustments by several customers, primarily in digital AV and mobile phone areas
- **Advanced Logic LSI** Lower demand from some digital AV customers

¹) Forecast at 3Q as of January 31, 2007  ²) Forecast at 1H as of October 26, 2006
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Expanding Our Logic Business

Positioning 90nm and finer advanced technology as growth engine to greatly expand sales

Sales of Logic Devices (consolidated*)

Billion Yen

- Advanced (≤90nm)
- Standard (≥130nm)

Results
Forecasts/Targets

* Sales of Fujitsu-produced products only
Optimizing Our Product Mix

- Maintain position in COT/ASIC as baseload of business
- Expand scale of ASSP and standard logic (microcontrollers, analog devices) business, and optimize product mix

Sales of Logic Devices by Product

<table>
<thead>
<tr>
<th>Year</th>
<th>COT / ASIC</th>
<th>ASSP</th>
<th>Standard Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
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<td></td>
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<tr>
<td>2007</td>
<td></td>
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<td></td>
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<tr>
<td>2008</td>
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</table>
Developing Our ASSP Business

Developing Our Standard Logic Business

Developing Our COT / ASIC Business
ASSPs that Enhance “Fujitsu for Image Processing” Brand Image

Digital AV
- ASSPs used in single lens reflex cameras
- ASSPs used in camcorders (H.264 codec)

Fujitsu for Image Processing

Mobile
- No. 1 share in Japan
- (OFDM) ASSPs for digital terrestrial broadcasting and 1seg / 3seg

Automotive
- Over 12 million ASSPs for on-board terminals and car navigation systems shipped worldwide

OFDM (Orthogonal Frequency Division Multiplexing)
Early Participation in Standards Efforts Benefits Solutions Business

Case Study 1) Wireless: Development of Global WiMAX Business

- Early promoter of WiMAX Forum and IEEE 802.16 Consortium
- Developing solutions based on RF technology (including MIMO)
- Building consistent support capability via partnerships to reduce development time and costs and improve time-to-market for WiMAX products of terminal vendors and carriers

Fujitsu Relay Station Concept

Fujitsu Relay Station Reference P/F

802.16e MS
802.16e Pico BS
CPU 302.16j MAC

1 Chip (+ External CPU) = Low Cost

High-performance PDAs
Low-cost VoIP
Mobile Station

WiMAX (Worldwide Interoperability for Microwave Access), MIMO (Multiple-Input Multiple-Output), RF (Radio Frequency), PDA (Personal Digital Assistant), VoIP (Voice over Internet Protocol)
Early Participation in Standards Efforts Benefits Solutions Business

Case Study 2) Developing Terrestrial Digital Radio (3seg)

- Together with FM Tokyo, drove standards activities early on at Digital Radio New Business Forum and ARIB* to build new business model converging telecommunications and broadcasting
- Developing solutions based on extensive expertise in demodulation ICs / mobile technology
- Achieve early market entry through alliances with digital terrestrial broadcasting module makers, mobile phone handset makers and carriers

Fujitsu 1seg / 3seg Digital Terrestrial Broadcasting Solution

*Association of Radio Industries and Businesses
Adding Engineers to Strengthen ASSP Capability

Established European GCC*
Approximately 20 engineers mobilized to enhance image processing technology (September 2006)

Shifting AEs from Japan to Asia to expand sales

Wi-LAN Inc.
Wi-LAN’s design division acquired to ensure smooth development of Mobile WiMAX (May 2006)

Munich Germany

Chengdu, China

West Star Chips Co., Ltd.
Approximately 50 LSI and system engineers brought onboard to enhance image processing technology (July 2006)

Application / system engineers mobilized as an advisory team

GCC (Graphics Competence Center), AE (Application Engineer)
Developing Our ASSP Business

Developing Our Standard Logic Business

Developing Our COT / ASIC Business
Introducing Standard Products for the Global Market

Worldwide Flash Microcontroller Development

- Rewritable 100,000 times
- Guaranteed Stable supply
- World's leading NOR-type Flash MCU technology
- Supply
- Technology
- Reliability
- Two manufacturing locations in Japan
- Guaranteed 100,000x rewrite capability
- 0ppm defect rate

- 250 million Flash microcontroller units shipped (Cumulative, as of January 2007)
- 4th Largest share WW (10%) for Flash microcontrollers in 2005
  → Targeting No. 2 share by 2010

Product / Business Development by Region

Automobiles: Standard products for on-board LAN → Europe, Japan, USA

Consumer/Industrial products: 8/16/32-bit standard products
  → Industrial: Europe  Consumer: Japan, Asia

DAV: 32-bit custom products → Japan, Asia

*1) Actual results of on-board Flash Microcontrollers in July  *2) Fujitsu estimate
Expansion of Business Geared Towards Asia

- Pursuing higher volumes and expansion of Asia business by leveraging our accumulated system know-how and experience in Japan
- DC/DC converters: No. 1 share in Japan and No. 7 WW in 2006*1

High-Efficiency DC/DC Converter IC for SoC and ASIC Applications

Power ICs to Match Advances in Digital Devices

- ±0.5% output voltage precision;
- maximum conversion efficiency of 96%
- Utilized system know-how to reduced number of components

Smaller Size / Higher Performance / Lower Energy Consumption

*1) Fujitsu estimate
Pursuing volume to ensure sustained earnings from standard technology factories

Strengthening standard tech production capability

April 2, 2007
Newly established Fujitsu Semiconductor Technology, Inc. (FSET) begins operations

Thousand wafers (200mm conversion)

Fujitsu Semiconductor Technology

Aizu-Wakamatsu Factory

Purchase of Spansion facility adjacent to the Aizu-Wakamatsu facility announced in Sep. 2006

FSET Manufacturing Capacity: 30,000 wafers/month

Mie

Aizu-Wakamatsu

Iwate

1.4x

2006

2007
Maintain Volume, Boost Efficiency and Cost-Competitiveness through Consolidation

- March 30, 2007: Announced Gifu Plant production to be consolidated at Kyushu Plant

Fujitsu Integrated Microtechnology Ltd. (FIM)

- Transfer/integration of Aizu (Monden) Plant production to Miyagi announced on August 2, 2005
- Transfer of Gifu plant production to Kyushu announced on March 30, 2007

Further Localization in China

Low pin count devices to be shifted to Nantong Fujitsu (local production for local market)

*Nantong Fujitsu was introduced as a successful Japanese-Chinese corporation at a national conference in China*
- Developing Our ASSP Business
- Developing Our Standard Logic Business
- Developing Our COT / ASIC Business
Volume Production Starting at Mie Plant 300mm Fab No. 2

Scheduled to go on-line in April 2007; volume shipments begin in July 2007

View of the Mie Facility

- Technology: 65nm/90nm CMOS Logic (as of 2007)
- Production Capacity: 25K wafers / month (maximum output)
- Building Construction: Hybrid seismic isolation structure (2-story clean room)
Revisions to Advanced Technology Production Capacity Expansion Plan

- 90nm: Capacity expansion to 15K wafers/month completed on schedule in 2H FY06
- 65nm: Volume production starting as planned in April 2007; capacity expansion timing being adjusted for lower customer demand
  → ongoing review of capacity expansion based on demand

300mm Production Capacity Plan

World-Class Advanced Logic Production Capacity
Achieved “First-Shot Full Operation” of 280 consecutive advanced ASIC designs

Example: camcorder LSI (over 10m gates)

“First-shot full operation” enabled development in 11 months

Building Quality into Upstream Design
Cedar® improves spec quality and optimizes verification items

Collaboration

Fail-Safe Verification
System-level theoretical verification before LSI delivery with Emulator and FAITH®

“First-Shot Full Operation” for Customers’ Systems

Cedar (C-based Effective Design-flow Apply to Real Design),
FAITH (FPGA and ASIC Concurrent Implementation Methodology)
Not simply contract manufacturing; Fujitsu COT strength
in value-added services (design, assembly, verification, etc.)

Over 30 partner companies globally
Main Customers: IDM, Fab Lite – Japan
Fabless – N. America, Asia

Established JV with Advantest (Nov. 2006): “e-Shuttle”
Provides prototyping service using EB direct lithography technology,
which does not require expensive masks. World’s first for 65nm
By enabling fast and economical IP verification for advanced technology,
service meets needs of customers who want to accelerate time to market.

EB (Electron Beam)
Developing Value-Added Technologies

Leadership in Advanced Technology Development and Value Added Processes

<table>
<thead>
<tr>
<th>Process</th>
<th>Power Voltage (LSTP)</th>
</tr>
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<tbody>
<tr>
<td>130nm</td>
<td>1.2V</td>
</tr>
<tr>
<td>90nm</td>
<td>1.2V</td>
</tr>
<tr>
<td>65nm</td>
<td>1.2V</td>
</tr>
<tr>
<td>45nm</td>
<td>1.1V</td>
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</table>

LSTP (Low Stand-by Power), HSIO (High Speed Input Output)

Higher Integration
Lower Chip Cost

In Development
In Development

High Added Value

Pure Logic
Mixed-Signal
Embedded Memory
- Flash
- 1T-SRAM
HSIO
RF CMOS
Direction Going Forward

Deepen Implementation of New IDM Business Model

Create ASSPs that Become New Global Standards

Expand Business Areas that Can Quickly Become Cash Cows
Cautionary Statement

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:

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• 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.