

## **7. Medium-Term Business Strategy and Priority Tasks**

Supported by overall growth in the world economy, the level of worldwide investment in IT continues to steadily expand, led by spending for IT services. While not at the same pace as seen in overseas markets, the market in Japan is also recovering. In order to ensure that we achieve results in keeping with the strong overall business climate and robust IT investment sentiment, we will continue to strive to accelerate the speed of our business and make further progress in globalization.

In product business areas, while unit sales volumes are increasing, we foresee continuing challenges in the business environment due to such factors as a demand shift toward lower-price products as performance levels improve in such products as servers and networking equipment, as well as downward pressure on pricing as competition intensifies in electronic devices and components such as HDDs.

In order to improve profitability in this type of environment, we will focus on achieving greater overall operational efficiency, promoting business in high-growth markets such as EMEA, Asia and the Americas, and further strengthening our high added-value services business.

### **1. Technology Solutions**

We aim to increase growth by expanding our global service offerings based on a foundation of advanced technologies and high-quality products.

Beginning with the appointment of heads of regional operations for EMEA, the Americas, APAC and China at the start of fiscal 2006, we have been giving priority to developing the most efficient global structure for our business and putting in place a consistent support infrastructure for products and services.

In keeping with that strategy, we have broadened our lineup of products and services through a series of focused acquisitions in the US and Europe in order to improve our ability to expand our business globally. At the same time, we established a new base in India with the intent to strengthen our offshore capabilities.

In fiscal 2006 we signed a global service partnership agreement with SAP AG and are offering solutions on a worldwide basis to customers introducing SAP applications. We have also begun worldwide shipments of new UNIX servers developed jointly with Sun Microsystems.

In services, our strategy is to increase profitability by broadening and strengthening our outsourcing services, particularly system operations support, as well as our security services, thereby providing customers comprehensive support services encompassing the entire IT system lifecycle. In our solutions/systems integration business, we are implementing measures that include ongoing upgrading of our risk management capability, the strengthening of training and development for personnel involved in upstream processes, broader deployment of the Toyota Production System, and expansion of offshore capabilities. In Japan, we are bolstering our consulting capabilities and, with the aim of improving our relationships with customers and upgrading our capacity to provide them with compelling proposals, we have consolidated our consulting business divisions in Fujitsu Research Institute.

In our product businesses, along with strengthening collaboration between sales and product development units, we intend to eliminate excessive product variations and bolster marketability. We

are also working to increase efficiencies in system products delivery through standardization and industrialization approaches, including automation.

## **2. Ubiquitous Product Solutions**

Our strategy in the Ubiquitous Product Solutions segment is to pursue global business expansion as independent businesses. In PCs, along with advancing global business development, we aim to differentiate our products in terms of such factors as quality, security, and multimedia functionality. We see mobile phones as an area in which cutting-edge technologies, including wireless technology, will increasingly be concentrated and which will become key devices in the future ubiquitous networking world. We will pursue an enhanced growth strategy that leverages the anticipated convergence of mobile phones and PCs. In HDDs, we will work to maintain our image as a high-quality brand while speeding to market new technologies such as perpendicular magnetic recording in order to increase cost competitiveness and improve profitability.

## **3. Device Solutions**

In Device Solutions, we will follow a strategy of business expansion through maintaining a balance of standard and advanced technology logic products. In order to achieve global expansion, we will be making special efforts to increase sales capabilities, particularly in the Asian market. For standard technology logic, we acquired production facilities from Spansion Japan in order to expand front-end fabrication capacity, and we are consolidating our back-end assembly operations in order to raise overall manufacturing efficiency. In advanced technology logic, to further strengthen our New-IDM model, we will step up efforts to reinforce our software development capability. In addition, we will look to enhance synergies with affiliate companies in order to provide not simply chips, but total solutions at the component level, including modules and boards. With respect to capital investment, we will periodically review investment decisions for advanced technology logic LSI production capacity, taking into account trends in demand.

## **4. Corporate Initiatives**

In addition to the measures described above, in order to accelerate overall global business growth, we will continue to make selective acquisitions and appoint management personnel from outside Japan, as well as further strengthen business alliances with leading overseas vendors.

Together with continuing to promote the manufacturing innovation initiatives that we have been pursuing, we will initiate a new corporate-wide program aimed at eliminating waste, reducing costs and promoting environmental responsibility in every facet of corporate activity.

We will also strive to create new sources of revenue by offering as services assistance in internal process areas in which the Fujitsu Group has distinctive competencies. We have already established a new company to utilize superior Fujitsu technologies and know-how in such areas as rapid prototype production of logic LSI devices and reliability evaluation and analysis for components and materials, and it has begun providing these technical services to customers.

In regard to environmental protection, we have completed the details of the “Fujitsu Group Environmental Protection Program (Stage V),” which establishes the challenges and targets for our environment protection activities in the period spanning fiscal years 2007 through 2009. The program calls for strengthening initiatives aimed at increasing the environmental value of products and services through measures including increasing the number of “Super Green” products that we offer. Giving

high priority to global warming countermeasures, the program expands upon the efforts made to date in addressing production infrastructure at factories by pursuing activities to establish similar evaluation standards for environmental protection at office locations, as well as by promoting the development and provision of products and solutions with reduced power consumption that contribute to lower CO<sub>2</sub> emissions on the part of customers.

Working with unceasing effort to meet the challenges discussed above, we will strive to become a global company that is trusted by our customers, contributes to the creation of a rich and vibrant network society, and which is relied upon by customers and society as a whole.