

Activities in Our Major Business Areas

Telecommunications

● Focusing on optical transmission, mobile and IP communications

Our optical transmission business has expanded greatly in response to the dramatic increase in Internet traffic in the U.S. Some industry watchers forecast that the volume of telecommunications traffic in the U.S. in



2002 will grow to more than 26 times that in 1998. The Fujitsu Group has closely supported this dramatic growth since its early stages, and we hold top share in the U.S. regional telephone company market. Moreover, we have been expanding our business with MCI WorldCom and other companies in the long-distance telephone market.

We are also well placed to develop photonic systems business, based on our strengths in next-generation optical communications technology. Looking ahead, we expect growth in the optical transmission field to shift from SONET to WDM technology and demand to rise for next-generation OADM and OXC equipment.\* We are actively pursuing development of competitive systems in these fields.

Turning to mobile communications, in fiscal 1999 we established ourselves as a comprehensive vendor of broadband mobile communications systems (W-CDMA). Fujitsu was selected by NTT DoCoMo as a



total systems supplier—covering not only the mobile switch and base station fields but also including terminals and transmission equipment—for the world's first commercial W-CDMA-based IMT-2000 service, which will begin from the spring of 2001 and has been recognized as a standard in Japan and Europe. Moreover, in May 2000 Fujitsu and Alcatel agreed to establish a joint venture to engage in W-CDMA business in Europe. The new joint venture is intended to speed up the development process by bringing

together Fujitsu's development capabilities for W-CDMA systems and Alcatel's for GSM systems. We expect these activities and our accumulated operational know-how to contribute to the overall expansion of our mobile business on a global basis.

Finally, in the area of switching systems, we are concentrating our development resources on IP switches for supporting interconnection of high-speed Internet links. In fiscal 1999, we successfully developed high-speed backbone switches for corporate use. Building on this accomplishment, we are proceeding with development of such switches for the carrier market.

\*SONET: Synchronous Optical Network  
WDM: Wavelength Division Multiplexing  
OADM: Optical Add-Drop Multiplexing  
OXC: Optical Cross Connect