



Assembly of optical devices

Pursuing strong earnings through rigorous selection and concentration

In our electronic devices business, our basic objective is to secure a foundation for strong earnings through rigorous selection and concentration on high-growth markets, pursuing a strategy of becoming leaders in those markets. Positioning ourselves to capitalize on the anticipated growth markets of the broadband Internet era and grow our business in devices for such areas as mobile terminals, digital appliances and networks, we are concentrating on system LSI chips and flash memory, as well as high value-added products like compound semiconductors, FCRAM, FRAM and SAW devices.

In regard to capital expenditures, preserving a healthy cash flow is our main concern. We give priority to investing in key products, and we are increasing the efficiency of our capital expenditures by strict targeting of our investments, making better use of our cooperative ventures and foundry partners, and exploiting the full potential of our existing facilities. Our cooperative ventures include a flash memory joint venture with Advanced Micro Devices (AMD), cooperation with Sony to develop and produce chips integrating logic with embedded DRAM, and a project to develop next-generation FCRAM technology in cooperation with Toshiba and Winbond Electronics in Taiwan. These are just some of the ways in which we are trying to speed up our development processes and enhance the competitiveness of our products.

Regarding product-specific strategies, for system LSI, we are working to enhance earnings by concentrating our resources in fields with high growth potential, such as digital AV, mobile communications, and WAN/high-end LAN. In flash memory, we are developing a wide range of new markets beyond cellular telephones, including communication networks and digital AV appliances. The Fujitsu Group holds the leading market position in Japan for flash memory and is also among the global leaders in this category, an achievement which stems from our technological edge in areas such as compact packaging and

superior production capabilities. In compound semiconductors, we are focusing our efforts on the market for high-speed, high-capacity optical transmission systems—an area poised for expansion with the spread of broadband Internet. In FCRAMs, we are taking full advantage of this technology's high speed and low power consumption to develop and offer new products for the cellular phone and network markets ahead of our competition. In the area of FRAM, we are expanding our sales to the IC-card and smart-card markets—areas which are expected to grow with the development of e-commerce and mobile networks—and are promoting our products as de facto standards in these markets. In SAW devices, by maintaining the top share in the mobile communications market, we are aiming to secure a foundation for strong earnings going forward.

With regard to development and production facilities, we opened the Fujitsu Akiruno Technology Center in July 2000 to serve as our base for developing electronic devices. This facility combines our process development and research divisions, and will soon have prototype production lines, as well, enabling us to accelerate the development of process technologies. Also in July 2000, Fujitsu AMD Semiconductor Limited began construction of a third flash memory plant in Aizu-Wakamatsu with production to begin in August 2001. In plasma display panels (PDPs), Fujitsu-Hitachi Plasma Display Limited completed construction of the world's largest mass production plant for PDPs and began product shipments in April 2001. The new plant is producing 32-inch and 37-inch PDPs for household use, in addition to 42-inch models.

*FCRAM: Fast Cycle Random Access Memory
FRAM: Ferroelectric Random Access Memory
FRAM is a registered trademark of U.S.-based Ramtron International Corporation.
SAW: Surface Acoustic Wave