

Electronic Devices Business Strategy

April 4, 2007

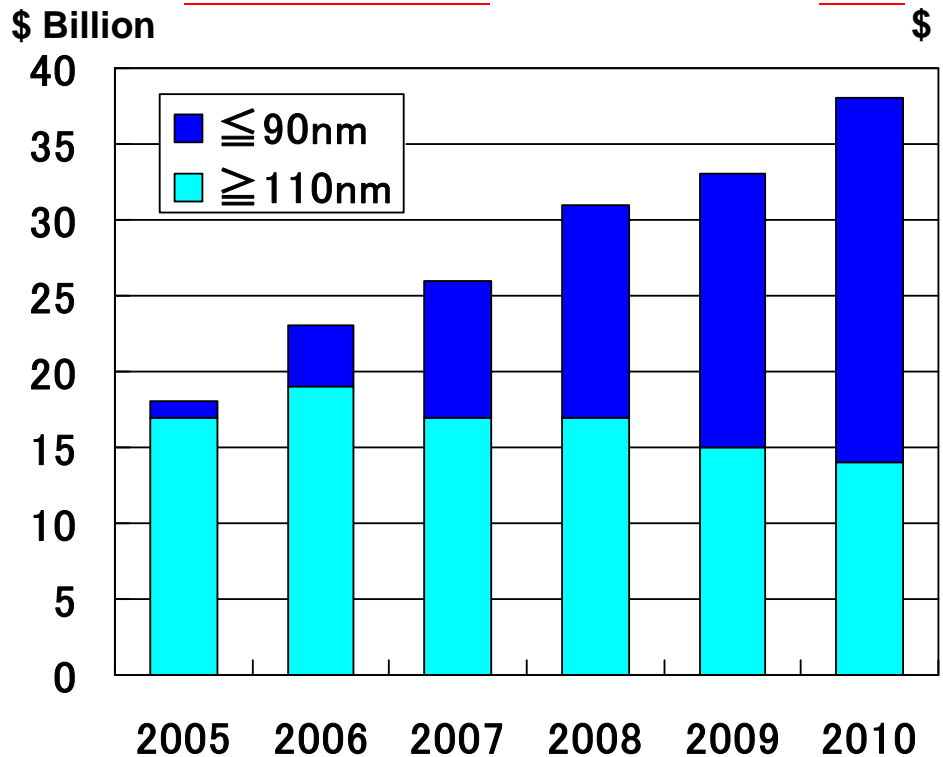
Shigeru Fujii
President, Electronic Devices Business Group
Corporate Senior Vice President
Fujitsu Limited

Market Overview

Rapid growth for advanced COT, standard products in Asia

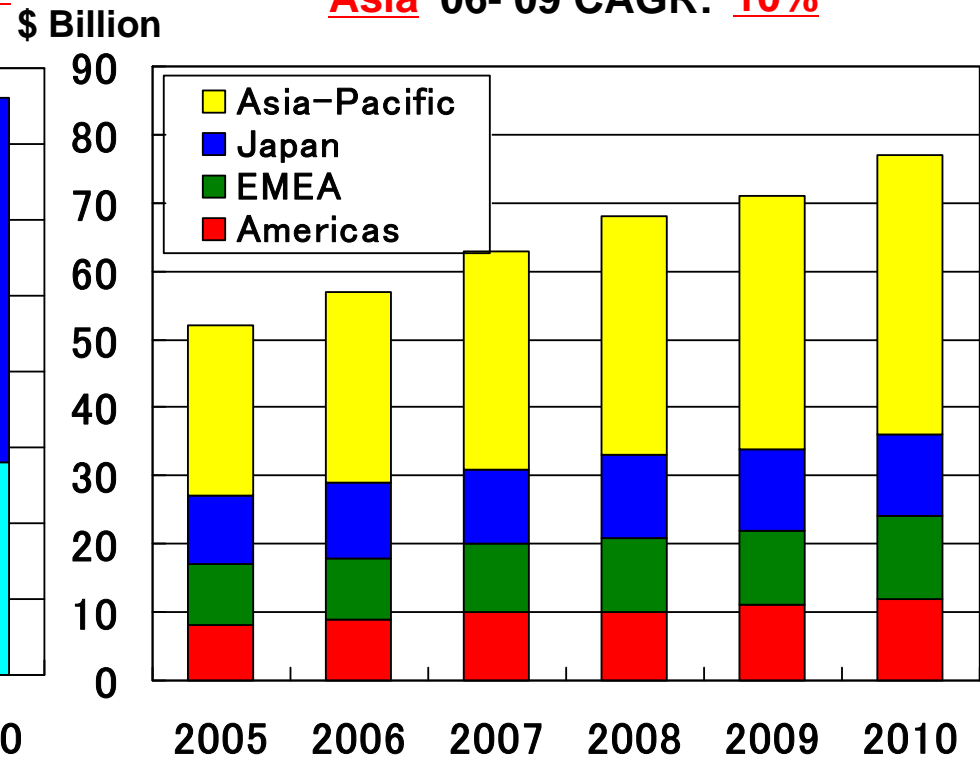
Market scale projections by COT technology*1

Advanced COT '06-'09 CAGR: 64%



MCU, analog market scale projections by region*2

Asia '06-'09 CAGR: 10%



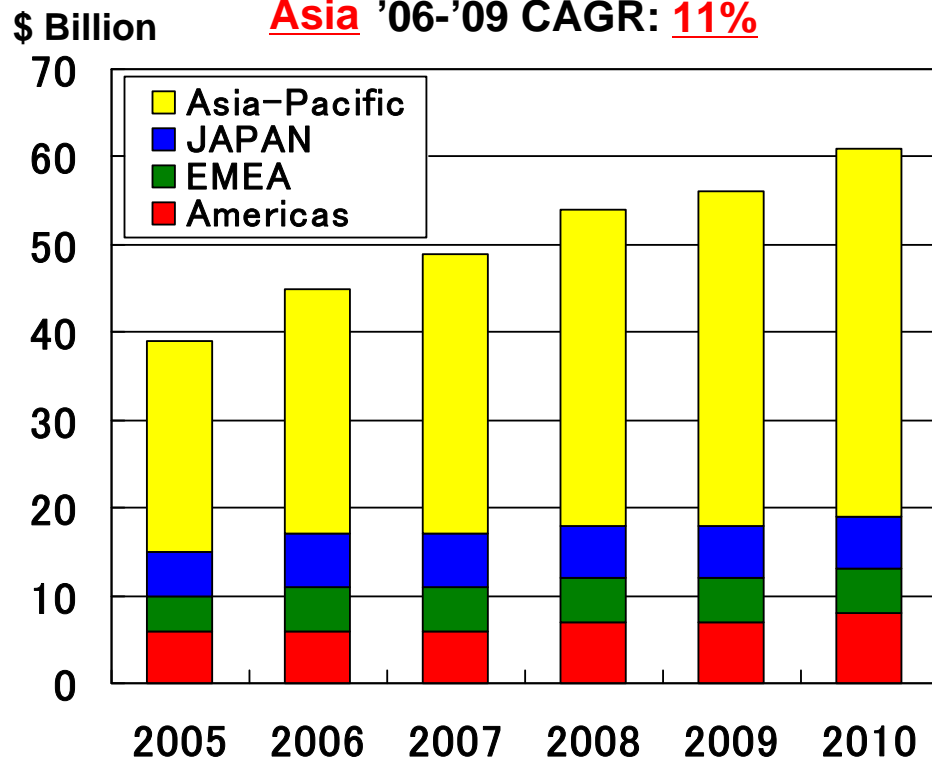
*1: Fujitsu estimates, *2: iSuppli

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

ASSP market scale projections by region*1

Asia '06-'09 CAGR: **11%**



- 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



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

*1: iSuppli

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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

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

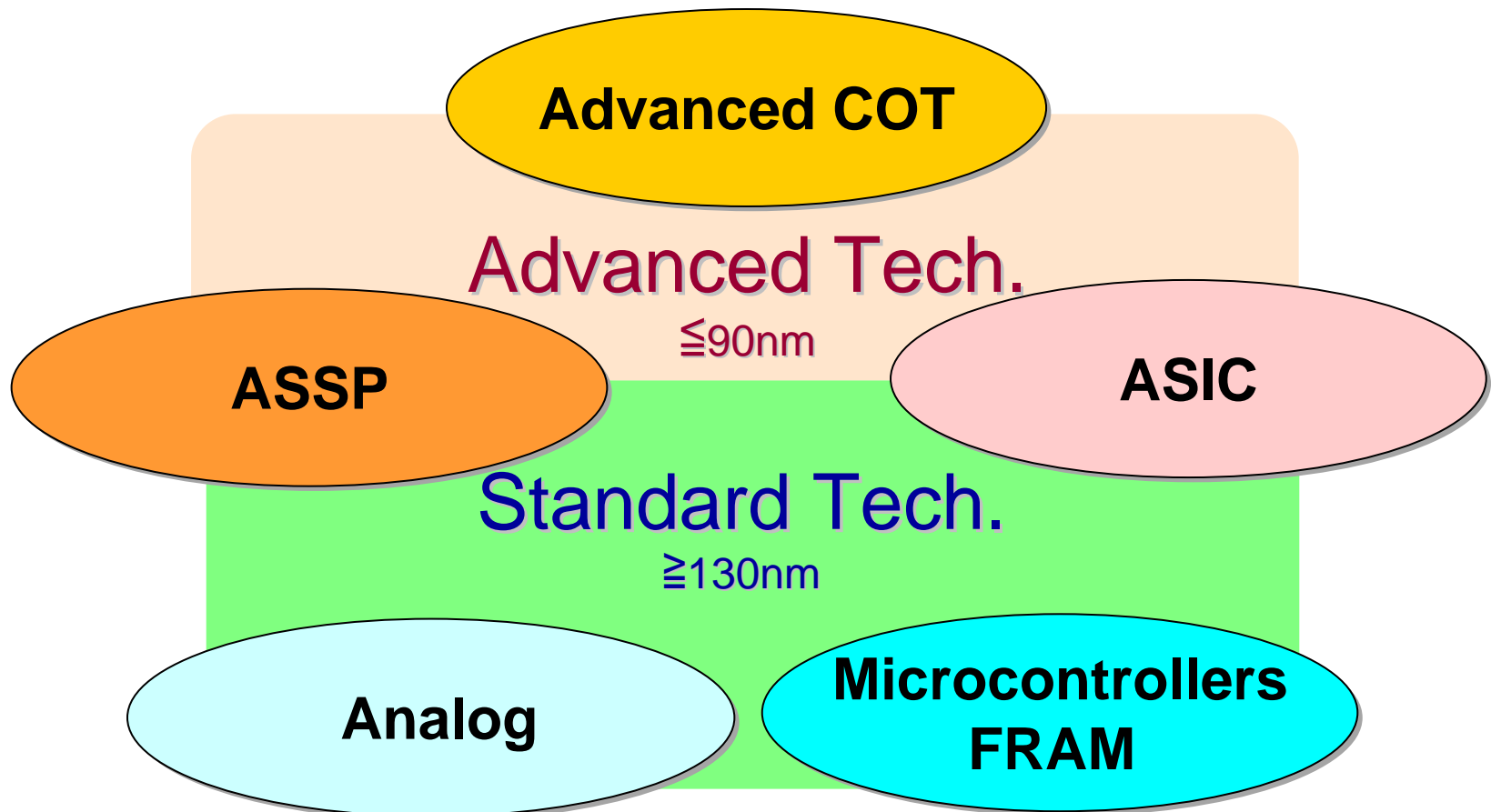


Act With Fairness in Our Business Dealings

Business Strategy

Focus on Logic Business, Dramatically Increase Profits

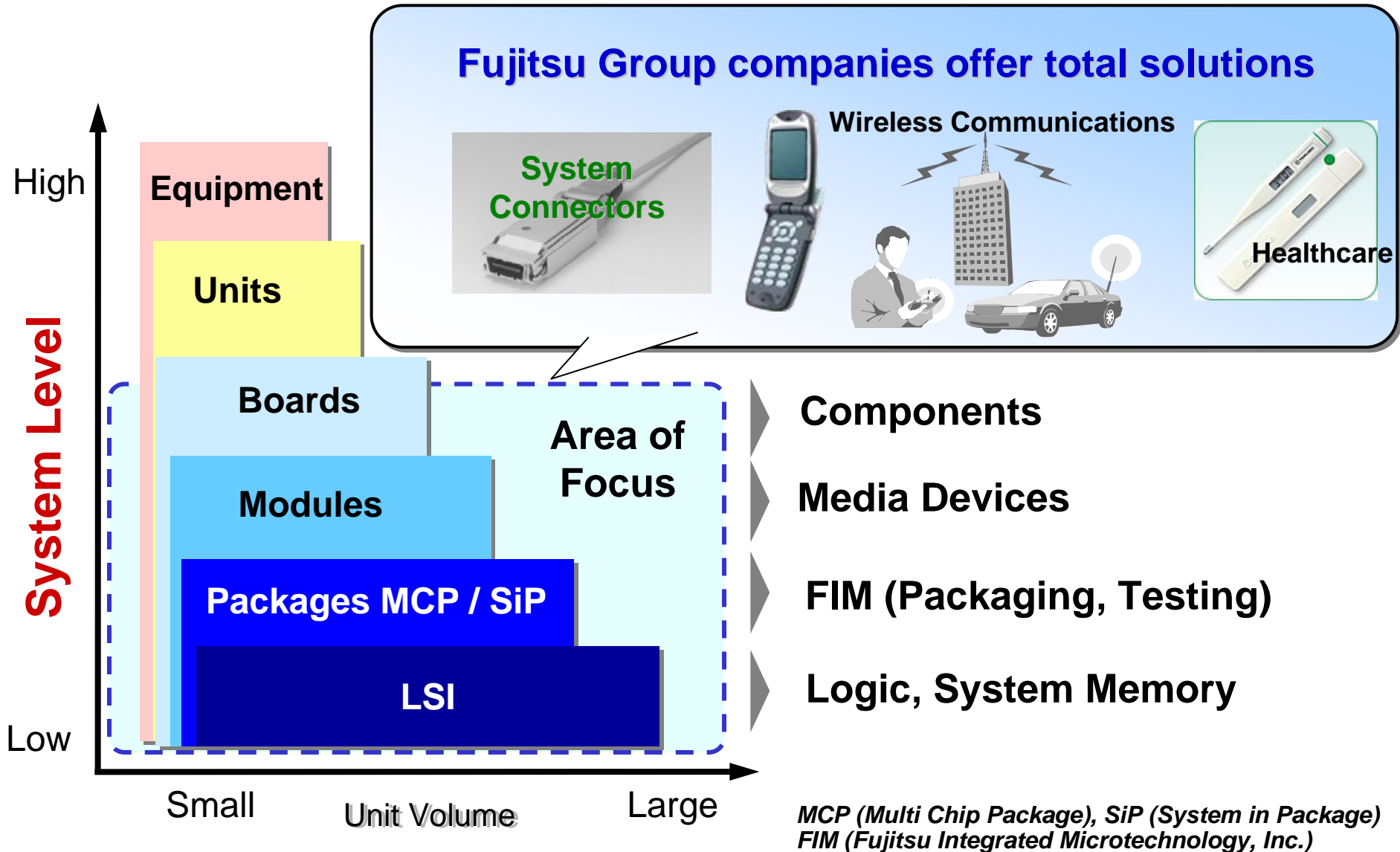
- ◆ 2004 - 2005: Focus resources on logic business
- ◆ 2006 - : Strengthen profitability of advanced and standard technology logic business



Business Strategy



Synergy in Electronic Devices Business

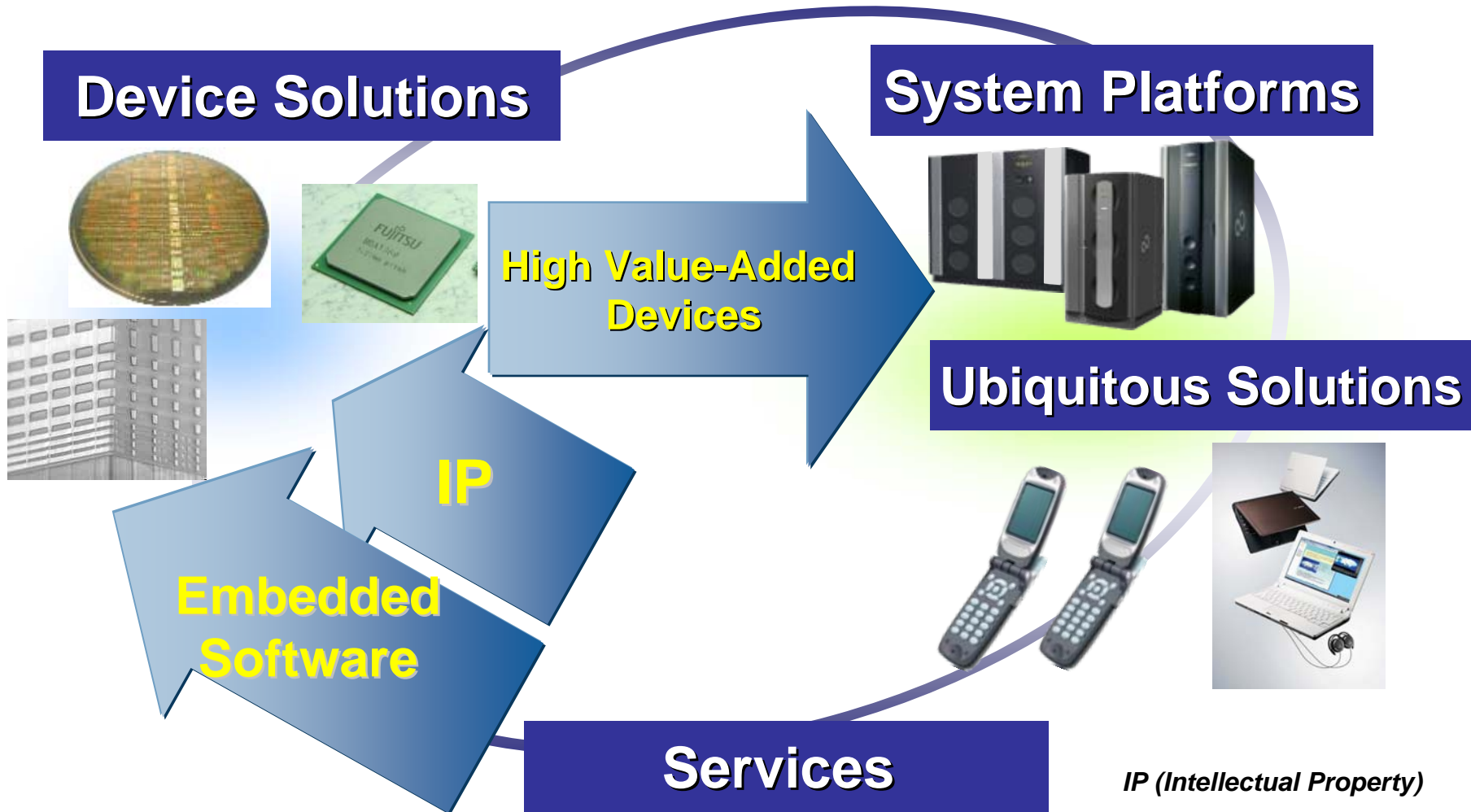


Business Strategy



Increase Product Competitiveness Through Internal Synergies

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



IP (Intellectual Property)

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

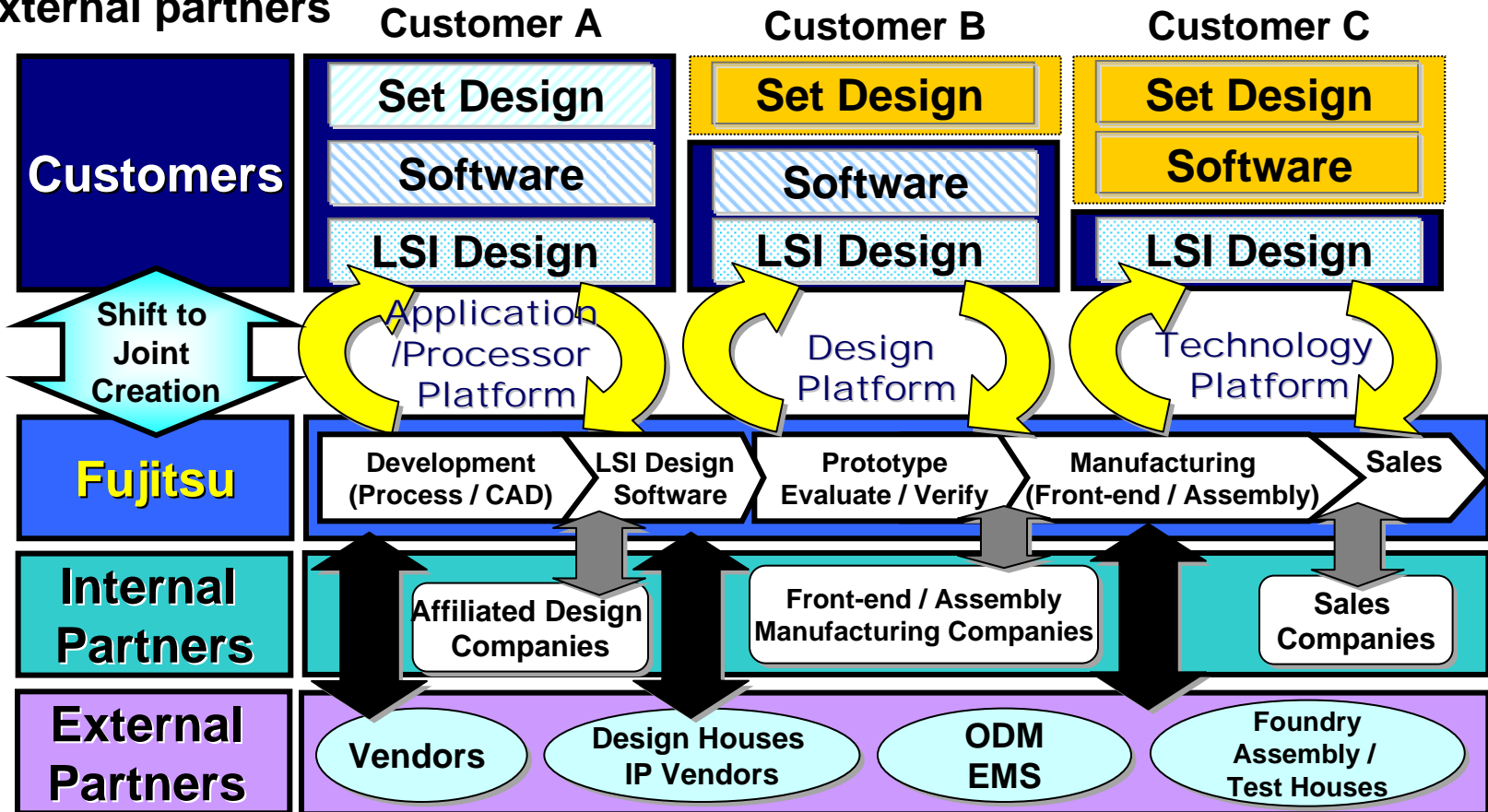
IDM (Integrated Device Manufacturer)

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



Device Solutions Projections for FY 2006

Billion Yen

	FY05 Results	FY06 Forecast at 3Q ¹	FY06 Forecast at 1H ²	Change in Forecast
Net Sales	707.5	760.0	810.0	-50.0
LSI Devices	460.1	460.0	510.0	-50.0
Electronic Components, Others	247.4	300.0	300.0	-
Operating Income	33.3	20.0	30.0	-10.0
Operating Income Margin	4.7%	2.6%	3.7%	-

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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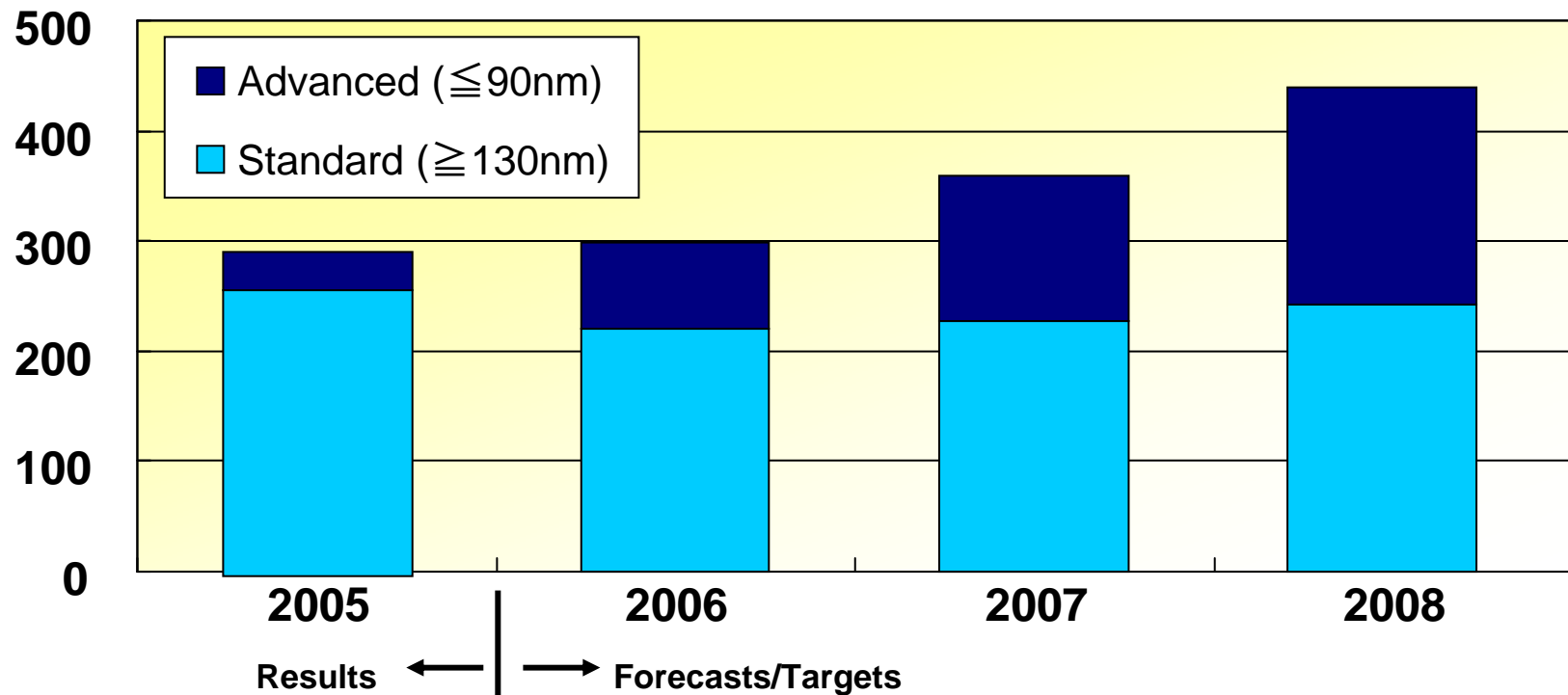
Expanding Our Logic Business



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

Sales of Logic Devices (consolidated*)

Billion Yen

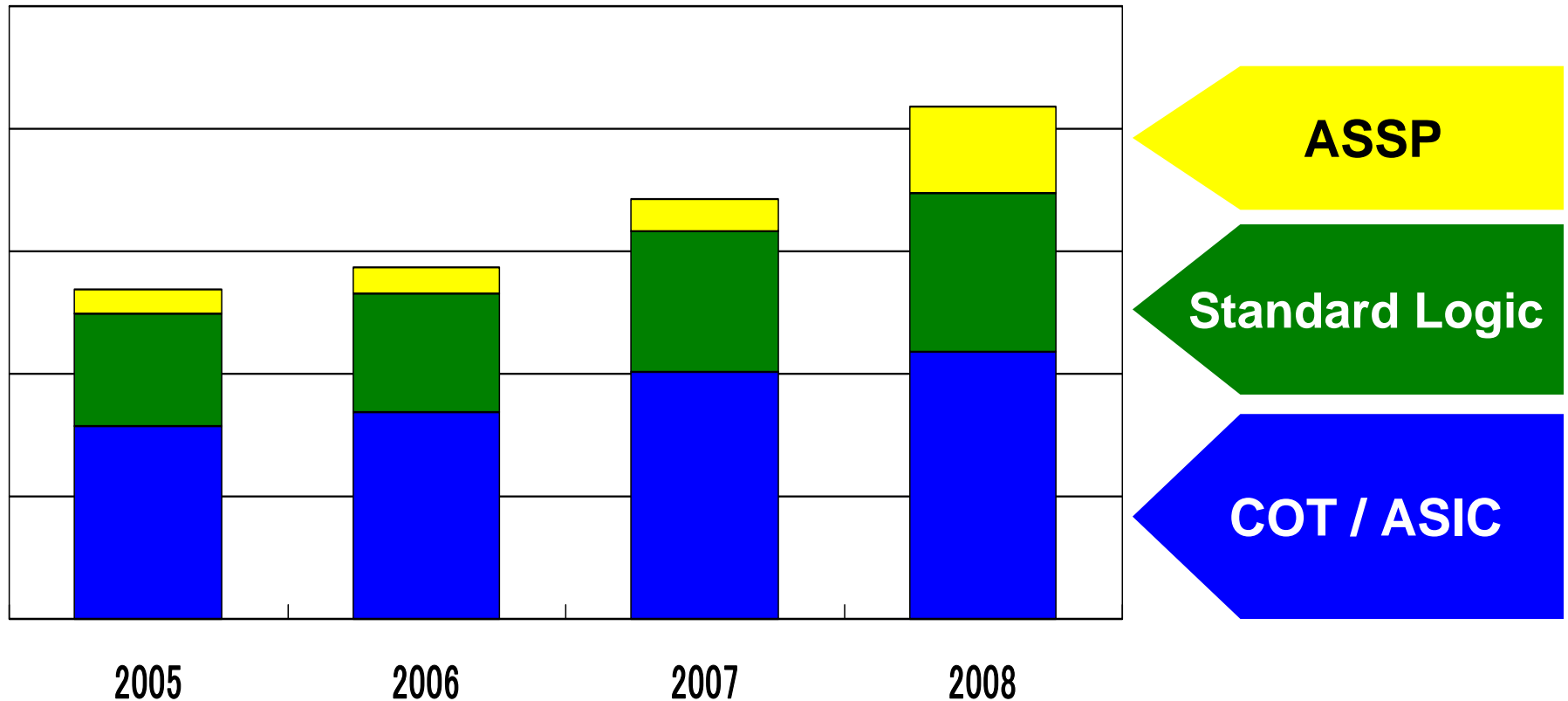


* Sales of Fujitsu-produced products only

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



- Developing Our ASSP Business
- Developing Our Standard Logic Business
- Developing Our COT / ASIC Business

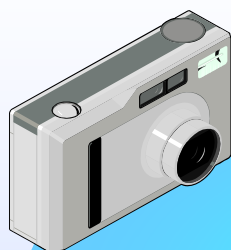
ASSPs that Enhance “Fujitsu for Image Processing” Brand Image

FUJITSU

Digital AV

No. 1 share worldwide

- 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

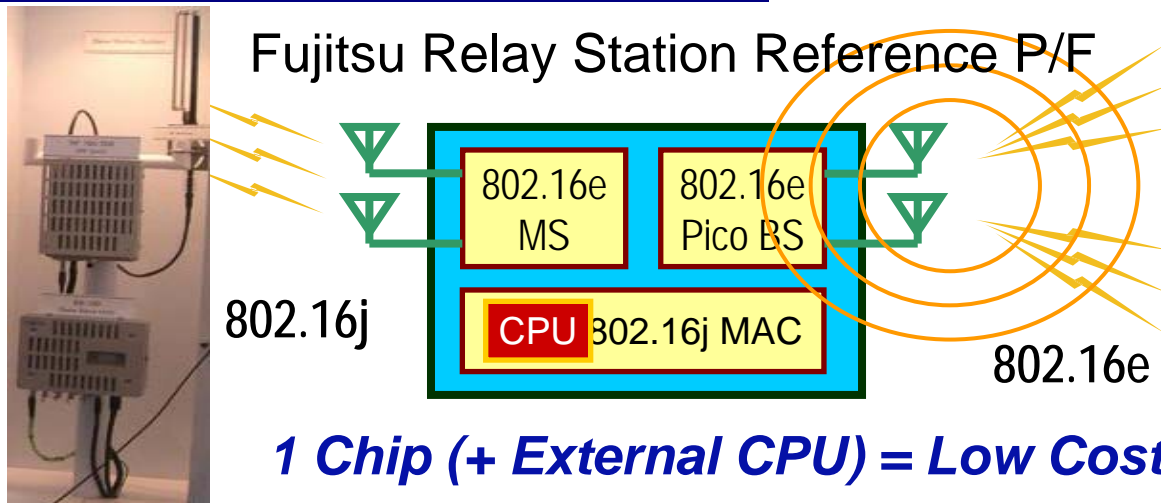
OFDM (Orthogonal Frequency Division Multiplexing)

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



High-performance PDAs



Low-cost VoIP



Mobile Station

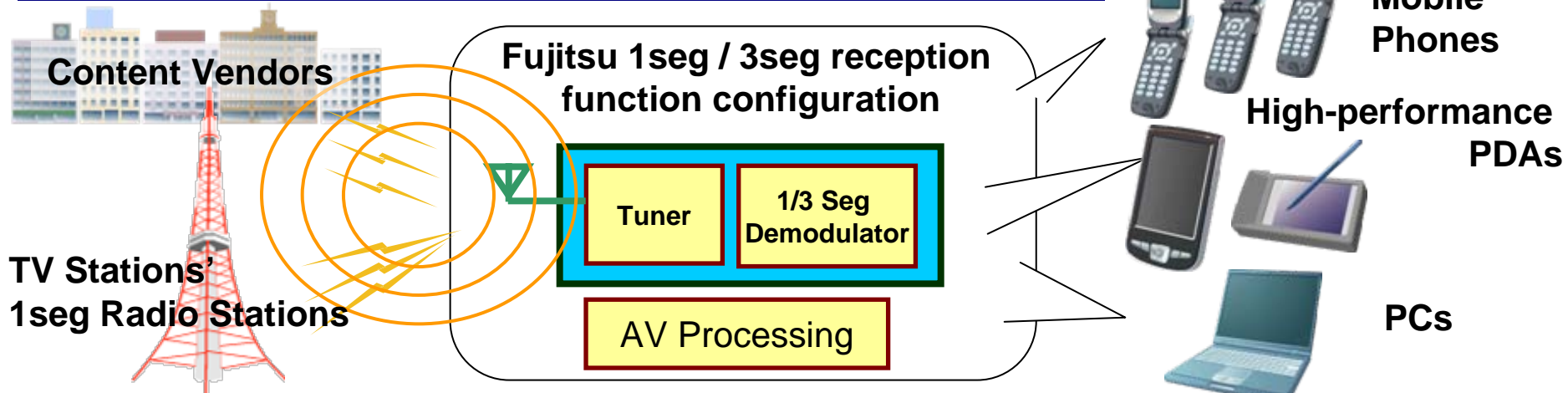
WiMAX (Worldwide Interoperability for Microwave Access), MIMO (Multiple-Input Multiple-Output), RF (Radio Frequency), PDA (Personal Digital Assistant), VoIP (Voice over Internet Protocol)

Early Participation in Standards Efforts Benefits Solutions Business

Case Study2) Developing Terrestrial Digital Radio (3seg)

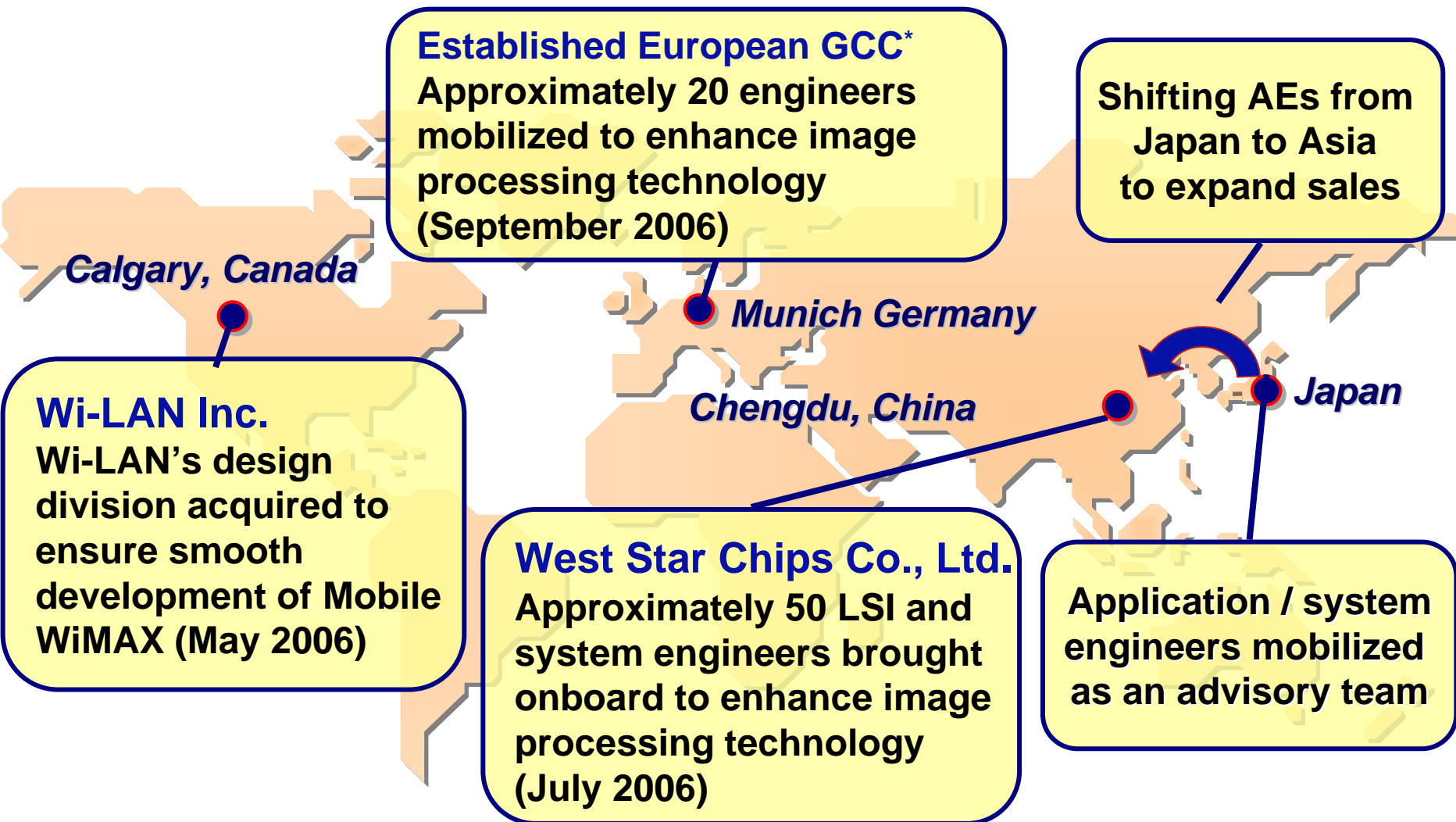
- Together with FM Tokyo, drove standards activities early on at Digital Radio New Business Forum and ARIB* to build new business model converging telecommunications and broadcasting
- Developing solutions based on extensive expertise in demodulation ICs / mobile technology
- Achieve early market entry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

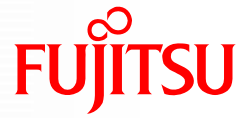


GCC (Graphics Competence Center), AE (Application Engineer)

- Developing Our ASSP Business
- **Developing Our Standard Logic Business**
- Developing Our COT / ASIC Business

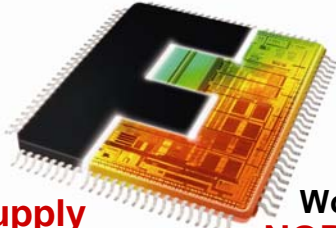
Introducing Standard Products for the Global Market

Microcontrollers



Worldwide Flash Microcontroller Development

Rewritable **100,000** times



Guaranteed **Stable supply**

World's leading **NOR-type** Flash MCU technology

Supply

Two manufacturing locations in Japan

Technology

Guaranteed 100,000x rewrite capability

Reliability

0ppm defect rate*1

Product / Business Development by Region

■ **250 million Flash microcontroller units shipped**

(Cumulative, as of January 2007)



Automobiles: Standard products for on-board LAN

→ **Europe, Japan, USA**

■ **4th Largest share WW (10%) for Flash microcontrollers in 2005*2**

→ Targeting No. 2 share by 2010



Consumer/Industrial products:

8/16/32-bit standard products

→ **Industrial: Europe Consumer: Japan, Asia**



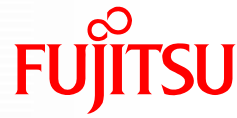
DAV: 32-bit custom products

→ **Japan, Asia**

*1) Actual results of on-board Flash Microcontrollers in July *2) Fujitsu estimate

Introducing Standard Products for the Global Market

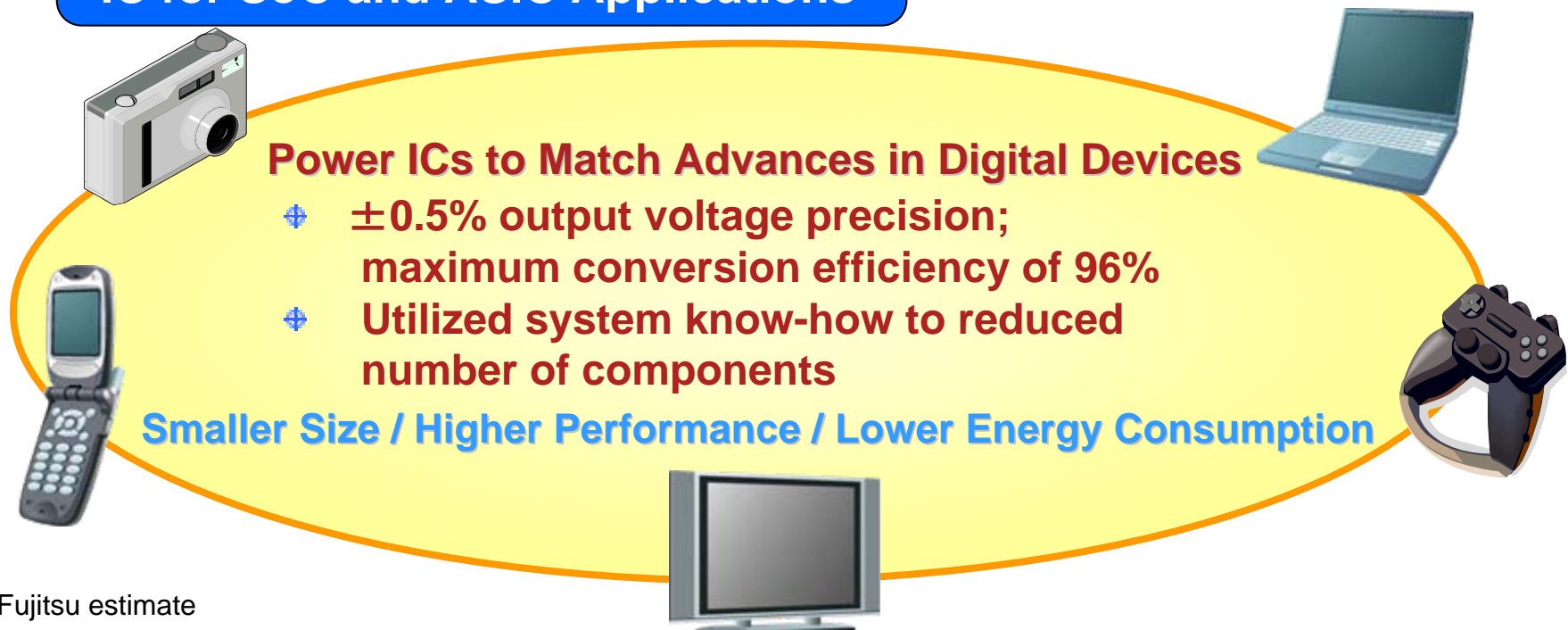
Analog Devices



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



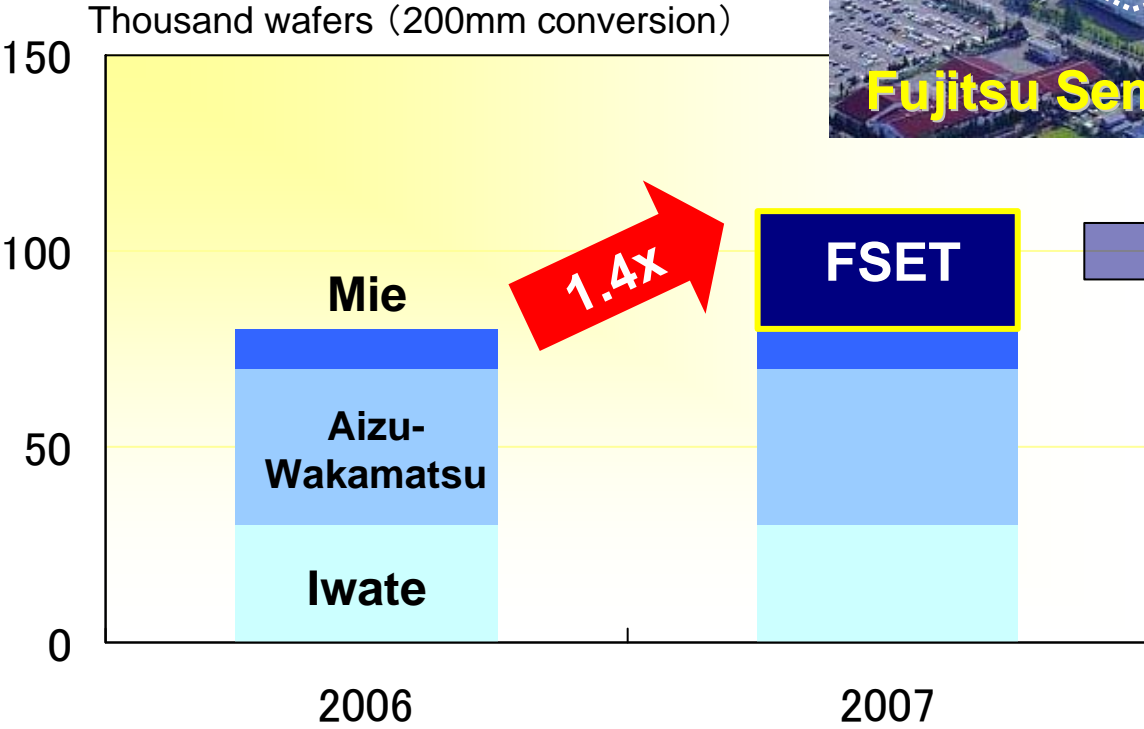
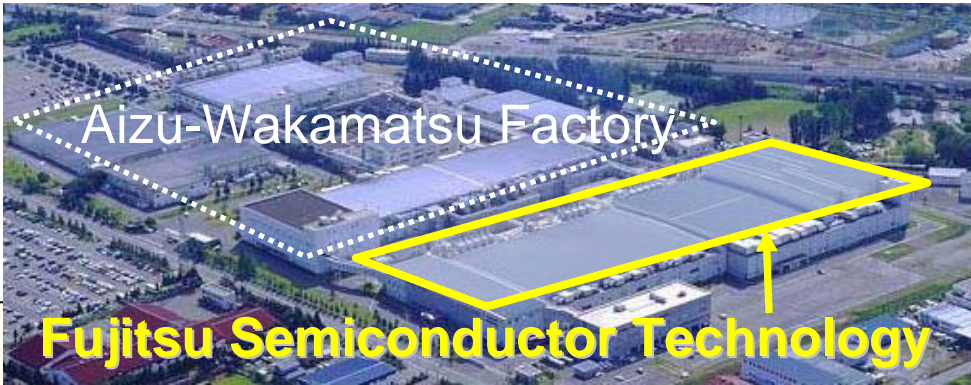
*1) Fujitsu estimate

Boosting Standard Tech. Logic Production

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



FSET
Manufacturing Capacity:
30,000 wafers/month

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

Enhancing Assembly Operations



Maintain Volume, Boost Efficiency and Cost-Competitiveness through Consolidation

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

Fujitsu Miyagi Electronics Ltd.

Oct. 1, 2003

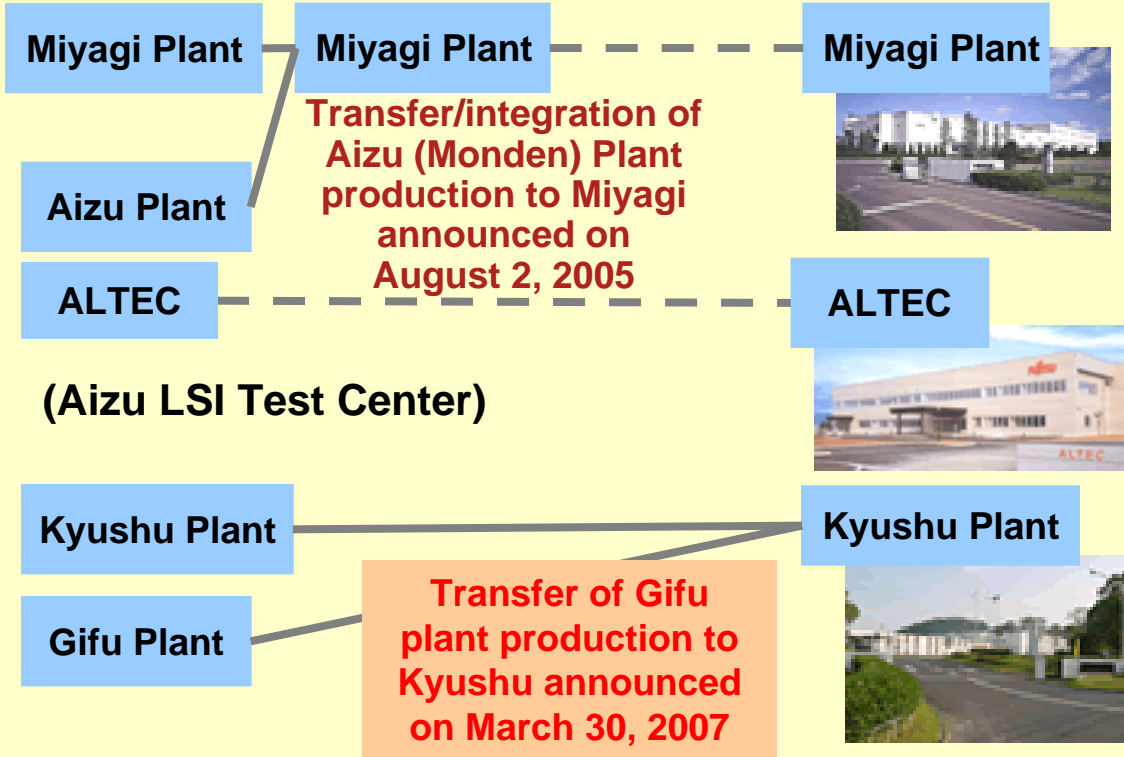
Fujitsu Tohoku Electronics Ltd.

Consolidation of Japanese Manufacturing Locations into a single entity

Kyushu Fujitsu Electronics Ltd.

Fujitsu VLSI Limited (Gifu Plant)

Fujitsu Integrated Microtechnology Ltd. (FIM)



Further Localization in China

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

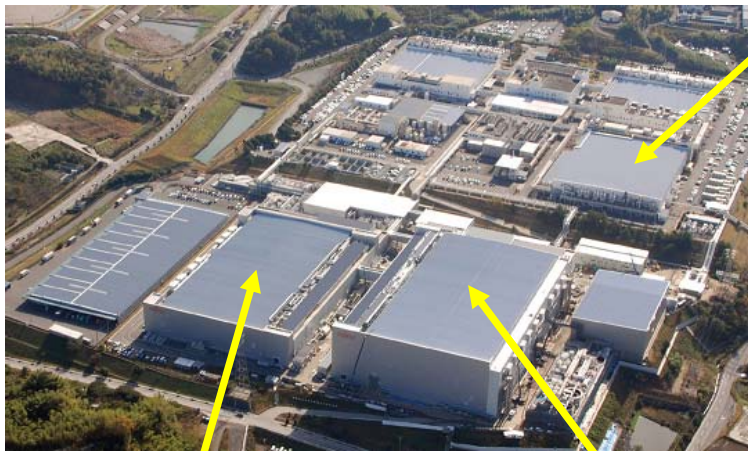
*Nantong Fujitsu was introduced as a successful Japanese-Chinese corporation at a national conference in China *

- 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



200mm Fab

View of 300 mm Fab No. 2



300mm Fab No. 1

300mm Fab No. 2

- **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)**

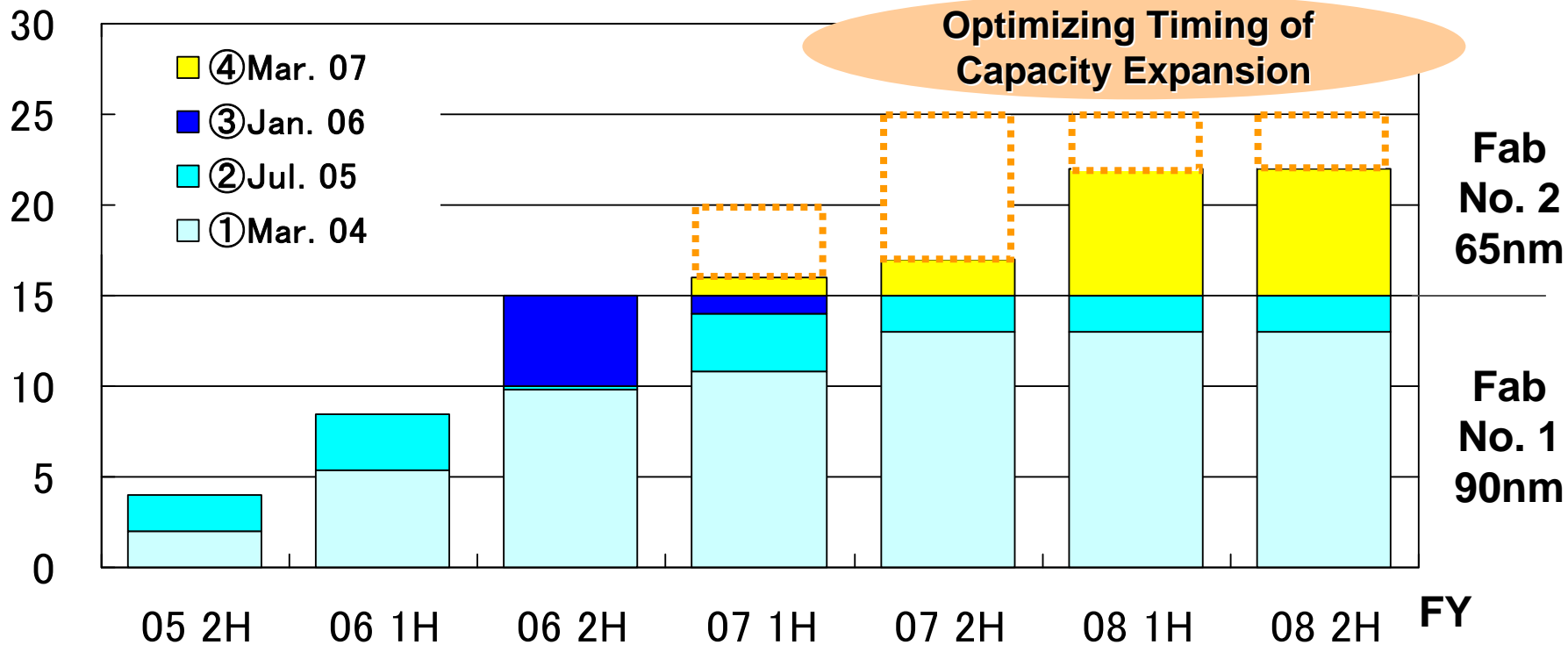
Revisions to Advanced Technology Production Capacity Expansion Plan



- 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

Production Capacity
(thousand wafers / month)
300mm conversion

300mm Production Capacity Plan



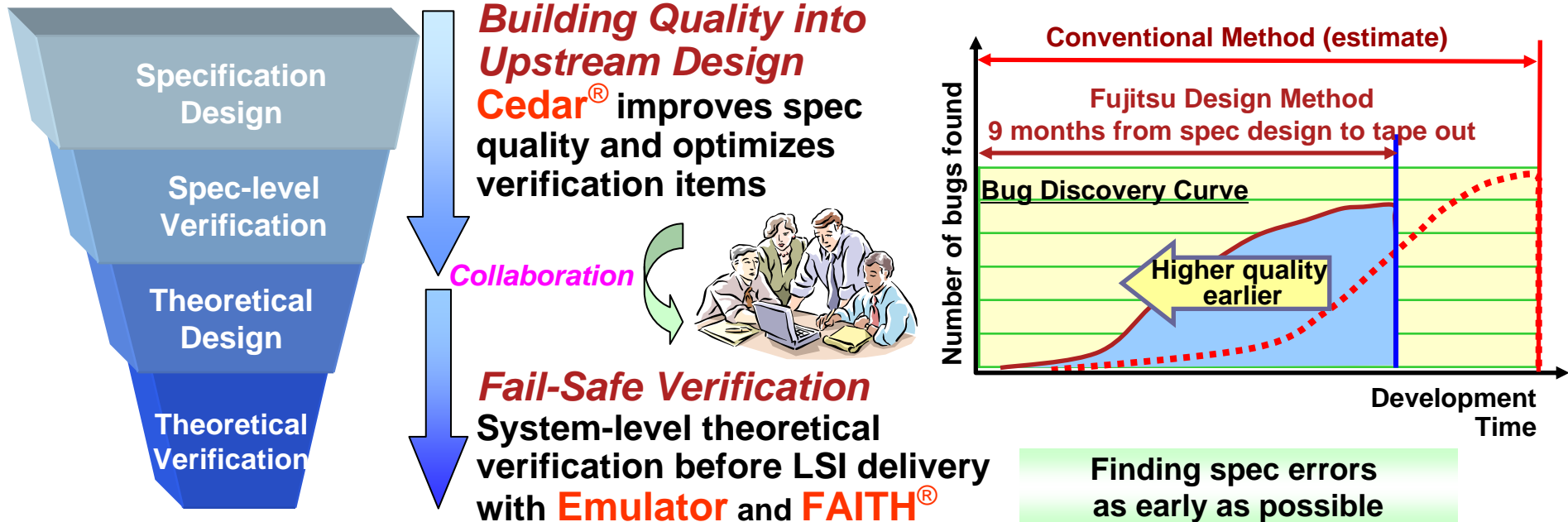
World-Class Advanced Logic Production Capacity

Leveraging “First-Shot Full Operation” to Open New Markets, Gain New Customers

- 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



“First-Shot Full Operation” for Customers’ Systems

Cedar (C-based Effective Design-flow Apply to Real Design),
FAITH (FPGA and ASIC Concurrent Implementation Methodology)

Aggressive Promotion of COT Business

- 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

Value-Added Services Example



Established JV with Advantest (Nov. 2006): “e-Shuttle”

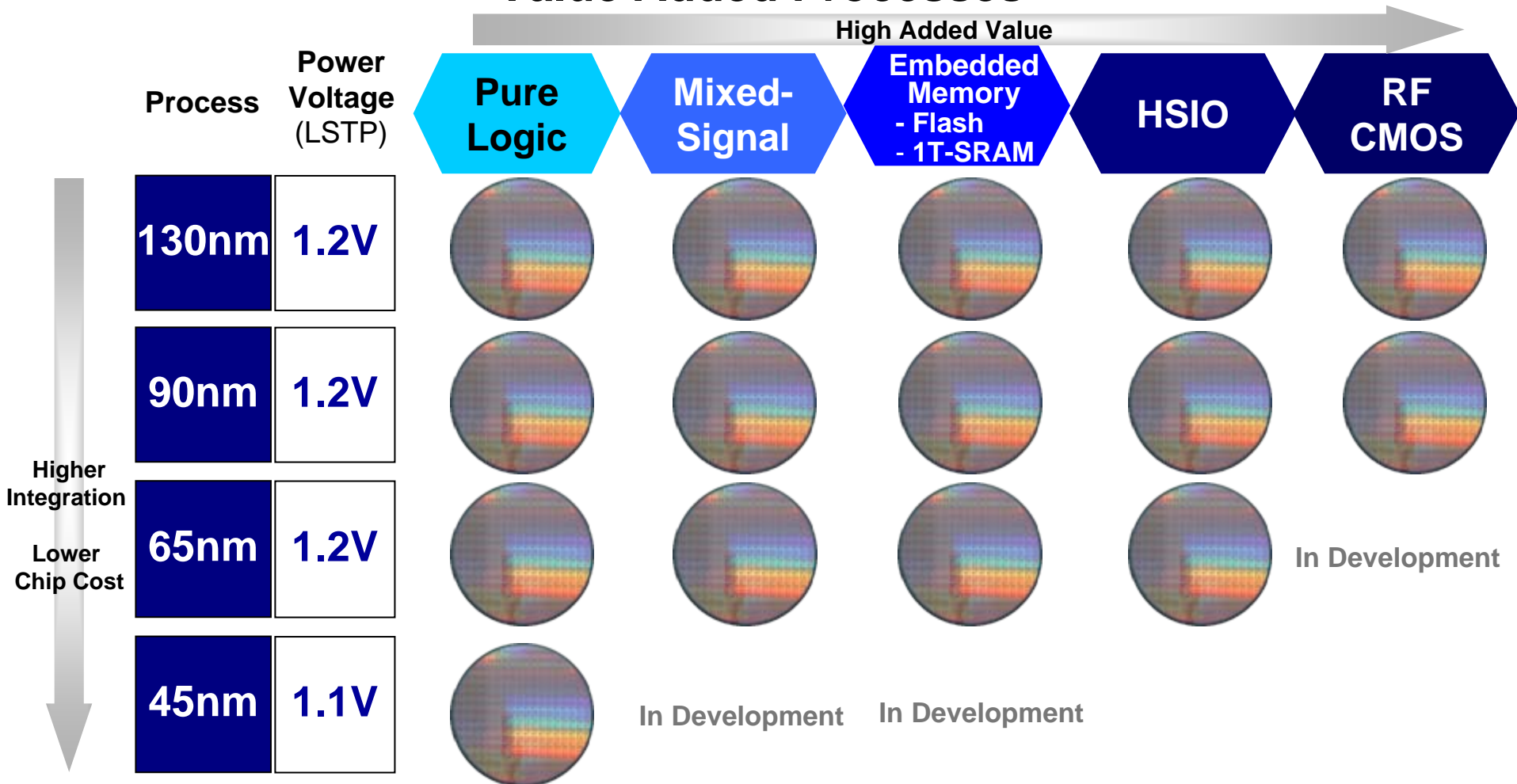
Provides prototyping service using EB direct lithography technology, which does not require expensive masks. → *World's first for 65nm*

By enabling fast and economical IP verification for advanced technology, service meets needs of customers who want to accelerate time to market.



Developing Value-Added Technologies

Leadership in Advanced Technology Development and Value Added Processes

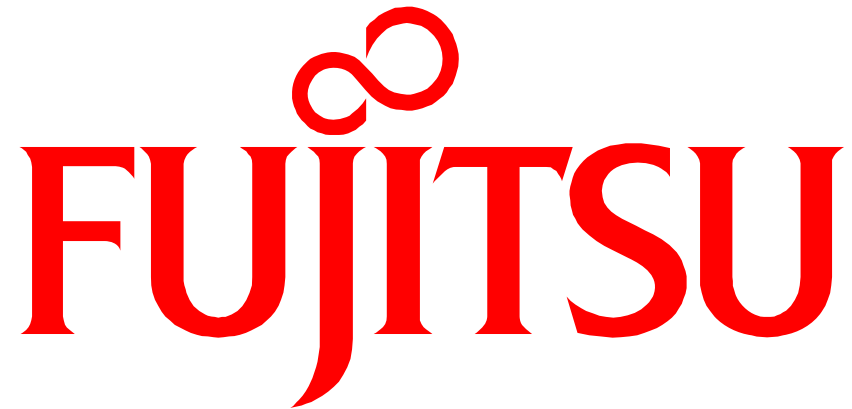


LSTP (Low Stand-by Power), HSIO (High Speed Input Output)

Deepen Implementation of New IDM Business Model

Create ASSPs that Become New Global Standards

**Expand Business Areas that Can
Quickly Become Cash Cows**



THE POSSIBILITIES ARE INFINITE

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:

- 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.