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

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

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

Turning Dreams Into Reality
Fiscal 2006
Financial Results
## Fiscal 2006 Financial Results

Higher sales and profits, but low growth in operating income was an issue

<table>
<thead>
<tr>
<th></th>
<th>FY 2005 Results</th>
<th>FY 2006 Results</th>
<th>% Change vs. Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>4,791.4</td>
<td>5,100.1</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>181.4</td>
<td>182.0</td>
<td>+0.3%</td>
</tr>
<tr>
<td>Net Income</td>
<td>68.5</td>
<td>102.4</td>
<td>+49.4%</td>
</tr>
</tbody>
</table>
### Fiscal 2006 Operating Income by Segment

Higher services earnings was a major profit driver

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technology Solutions</strong></td>
<td>153.0</td>
<td>163.6</td>
<td>+10.5</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>128.4</td>
<td>156.1</td>
<td>+27.6</td>
</tr>
<tr>
<td><strong>Systems Platforms</strong></td>
<td>24.5</td>
<td>7.5</td>
<td>-17.0</td>
</tr>
<tr>
<td><strong>Ubiquitous Product Solutions</strong></td>
<td>34.8</td>
<td>41.6</td>
<td>+6.8</td>
</tr>
<tr>
<td><strong>Device Solutions</strong></td>
<td>29.5</td>
<td>19.0</td>
<td>-10.4</td>
</tr>
<tr>
<td><strong>Other Operations</strong></td>
<td>7.6</td>
<td>10.5</td>
<td>+2.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>181.4</td>
<td>182.0</td>
<td>+0.6</td>
</tr>
</tbody>
</table>

(Billion Yen)
Fiscal 2006 Summary by Segment

Technology Solutions
- In services business, SI profitability improved and outsourcing services grew solidly
- Server business was affected by delayed launch of APL and fierce competition in PC servers
- Telecommunications business was impacted by burden of upfront investments, particularly overseas

Device Solutions
- Our response to shifts in LSI demand trends of large customers was insufficient
- Need to create flexible business structure capable of responding to changes in market and customer trends

Ubiquitous Product Solutions
- Continued profitability for HDDs, mobile phones, and PCs
- Need to further strengthen profitability
Looking Back On Fiscal 2004 - 2006
FY 2004-2006 Earnings

Underlying trend of continuing growth in earnings, but sustaining profitable growth remains an issue

(Billion Yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income</th>
<th>Operating Income Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2003</td>
<td>150.3</td>
<td>3.2%</td>
</tr>
<tr>
<td>FY 2004</td>
<td>160.1</td>
<td>3.4%</td>
</tr>
<tr>
<td>FY 2005</td>
<td>181.4</td>
<td>3.8%</td>
</tr>
<tr>
<td>FY 2006</td>
<td>182.0</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Consolidated Net Income

FY 2004-2006 Earnings

Underlying trend of continuing growth in earnings, but sustaining profitable growth remains an issue
### FY 2004-2006 Earnings by Segment

**Strong growth in services; platforms and devices lagged behind**

<table>
<thead>
<tr>
<th>Consolidated Operating Income</th>
<th>FY 2004</th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>Change vs. FY04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Technology Solutions</strong></td>
<td>130.7</td>
<td>153.0</td>
<td>163.6</td>
<td>32.9</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>86.6</td>
<td>128.4</td>
<td>156.1</td>
<td>69.5</td>
</tr>
<tr>
<td><strong>Platforms</strong></td>
<td>44.0</td>
<td>24.5</td>
<td>7.5</td>
<td>-36.5</td>
</tr>
<tr>
<td><strong>Ubiquitous Product Solutions</strong></td>
<td>32.0</td>
<td>34.8</td>
<td>41.6</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Device Solutions</strong></td>
<td>29.0</td>
<td>29.5</td>
<td>19.0</td>
<td>-10.0</td>
</tr>
</tbody>
</table>
Three-Year Earnings Composition (FY 04-06)

Developed basic wherewithal to meet intensified competition with cost reductions and higher volumes

FY 2003 Operating Income

- Price Declines (Increased Competition)
- Loss-generating SI projects

FY 2006 Operating Income

- Cost Reductions
- Higher Volumes

Effects of restructuring Fewer loss-generating SI projects, etc.

 FY 2004

 Internal calculations

FY 2004 Operating Income: 150.3

FY 2005 Operating Income: 182.0 Up +31.7

FY 2006 Operating Income: 200.5
FY 2004-2006 Accomplishments

- **Structural Improvements through Business Reforms**
  - Transferred PDP/LCD, Flash memory, compound semiconductor and other businesses
  - Restored health of SI business (improved risk management)
  - Improved financial condition
  - Deployed Toyota Production System at manufacturing operations and began expanding to software development
  - Improved inventory turnover rate though operational efficiencies

- **Organizational Reforms**
  - Integrated sales and system engineering units (Solution Business Restructuring) and implemented pipeline management
  - Strengthened system support and operational services by making FSAS a wholly owned subsidiary
  - Made principal system engineering companies wholly owned subsidiaries
  - Introduced “Head of Regional Operations” organization for four major overseas geographic regions
# FY 2004-2006 Results

## Significantly improved financial condition

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>FY 2004</th>
<th>FY 2005</th>
<th>FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free Cash Flow</strong>&lt;br&gt;[From Business Operations]</td>
<td>262.1</td>
<td>170.8</td>
<td>257.6</td>
</tr>
<tr>
<td></td>
<td>[93.7]</td>
<td>[170.8]</td>
<td>[152.8]</td>
</tr>
<tr>
<td><strong>Inventories</strong>&lt;br&gt;[Monthly Inventory Turnover]</td>
<td>478.5</td>
<td>408.7</td>
<td>412.3</td>
</tr>
<tr>
<td></td>
<td>[0.71 times]</td>
<td>[0.88 times]</td>
<td>[0.93 times]</td>
</tr>
<tr>
<td><strong>Owners’ Equity Ratio</strong></td>
<td>23.5%</td>
<td>24.1%</td>
<td>24.6%</td>
</tr>
<tr>
<td><strong>Net Interest-Bearing Loans</strong>&lt;br&gt;[Net D/E Ratio]</td>
<td>628.0</td>
<td>507.2</td>
<td>300.8</td>
</tr>
<tr>
<td></td>
<td>[0.73]</td>
<td>[0.55]</td>
<td>[0.31]</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>3.8%</td>
<td>7.7%</td>
<td>10.9%</td>
</tr>
</tbody>
</table>
Overview of FY 2004-2006

- Significantly improved corporate condition
  - Customer-focused orientation, culture of continuous improvement has taken hold to a significant extent
  - Vital services business is on steady track for profitable growth

- Path to global growth is now visible
  - Overseas Group companies now have ability to generate profitable growth
  - Strengthened corporate governance of overseas Group companies
  - Significantly improved communication among Group companies

- Further effort is needed to address structural issues
  - Correcting imbalance between consolidated and unconsolidated results is a key issue
  - Group-wide structural reforms are still required
Setting a New Medium-Term Strategic Direction
# New Medium-Term Goals (FY 2007-2009)

<table>
<thead>
<tr>
<th></th>
<th>FY 2006 Results</th>
<th>Medium-Term Targets (FY 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income Margins</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated</td>
<td>3.6%</td>
<td>Over 5%</td>
</tr>
<tr>
<td>Technology Solutions</td>
<td>5.2%</td>
<td>Over 7%</td>
</tr>
<tr>
<td><strong>Overseas Sales Ratio</strong></td>
<td>36%</td>
<td>Over 40%</td>
</tr>
<tr>
<td><strong>Monthly Inventory Turnover</strong></td>
<td>0.93 times</td>
<td>2 times*</td>
</tr>
</tbody>
</table>

*Set as medium-term target level
Current Business Portfolio

Services is main profit driver for Technology Solutions
Link HDD, device business growth to profitability

Sales Growth vs. Prior Year (FY 2006)

- HDDs: 329.8 billion yen, 1.3% growth
- Devices: 762.6 billion yen, 2.5% growth
- Others: 490.3 billion yen, +10% growth

Technology Solutions: 2,453.2 billion yen, 6.4% growth

Operating Income Ratio (FY 2006)
- PCs / Mobile Phones: 768.6 billion yen, 4.8% ratio
- System Platforms: 703.7 billion yen, 1.1% ratio
- (Fujitsu Overall)
Basic Stance on New Medium Term (FY07-09)

Regained confidence of customers (past 3 years)

- Avoided disruptive wholesale restructuring to maintain business continuity
- Gave priority to improving weak points
- Put emphasis on restoring employees’ competitive spirit and actions

<table>
<thead>
<tr>
<th>FY03: 31 companies</th>
<th>FY06: 15 companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>(17%)</td>
<td>(10%)</td>
</tr>
</tbody>
</table>

Loss-generating subsidiaries* (% of all subsidiaries)

Increase growth and returns (next 3 years)

- Build on existing strengths
- Initiate value-enhancing Group-wide structural reforms
- Shift from IT solutions to business solutions

* Internal administrative designations based on consolidated business units
### New Management Principles

<table>
<thead>
<tr>
<th>Recurring themes over the past 3 years:</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Think and act from the customer’s viewpoint</td>
</tr>
<tr>
<td>● Continue to maintain timely delivery and quality</td>
</tr>
<tr>
<td>● Continue to increase speed</td>
</tr>
<tr>
<td>● Think and act on frontline realities</td>
</tr>
</tbody>
</table>

#### Competitive Product & Service Offerings

*Enhancing collaboration between sales and product development*

- Focus management efforts on creating competitive product & service offerings that can drive up market share and profits
- Align organization and processes to create product & service offerings from the customer’s perspective

#### Self-Sufficiency

*Cash-flow-conscious management*

- Business operations should subsist on the cash flow they generate

#### Human Knowledge as an Asset

*Management for realizing full potential of human resources*

- Allocation and cultivation of human resources that makes fullest use of people’s value (potential)
- Promote Group management and Group-wide HR management
Create a New Group Management Structure

Promoting Group management

■ Management that responds quickly to customer and market changes
  ● Pursue management that is closely attuned to customers and acts with speed and accountability
  ● Implement organizational structure optimized for customers and markets

■ Management that makes fullest use of the value (potential) of the Group’s human resources
  ● Enhance ability to make best use of the Group’s human resources, technology, products and services to meet customers’ needs
  ● Promote Group-wide HR management

■ Management that enables the Group to continue to evolve
  ● Dynamically shift resources in response to market changes
Field Innovation
Converting IT-Enabled Innovation into Business Value

Bring innovation to companies, peoples’ daily lives and society at large through the continual improvement of processes and IT, with a focus on people.

Integrate People, IT and Processes ‘Overall Optimization’

Make Best Use of IT
Change Processes
Change People’s Awareness and Actions

Make Visible

Set Target Field

Visualization Technologies
Field Innovators

People’s Knowledge

Various Spheres of Activity (Corporate, Daily Life, Society)
**Four Challenges for FY 2007-2009**

- **Strengthen Our Management**
  - Place importance on frontline operational realities
  - Take advantage of people’s frontline expertise and promote teamwork
  - Implement field innovation in our own operations

- **Enhance Our Frontline Operational Capabilities**
  - Reform product and service development processes (enhance collaboration with sales)
  - Pursue new types of product and service value
  - Develop easy-to-implement systems that do not require extensive system engineering resources to deploy or maintain

- **Empower Our People**
  - Cultivate lifelong learners (encourage self-improvement)
  - Foster field innovators
  - Nurture global human resources

- **Improve Our Product and Service Offerings**
  - Create a new Group management structure
  - Strengthen strategic thinking based on JQA*
  - Think and act more thoroughly from a Group-wide perspective

---

*JQA: Japan Quality Award*
Enhance Environmental Management

Steadily implement the 5th stage of the Fujitsu Group Environmental Protection Program (FY 2007-2009)

- Increase environmental value of products, services
  - Increase proportion of “super green” products to at least 20%
  - Expand environmental solutions offerings

- Global warming countermeasures
  - Reduce global CO₂ emissions-to-sales ratio to 28% below FY 1990 level

- Reinforce governance
  - Promote green procurement activities

- Strengthen risk management

- Promote environmental social contribution activities
What the Fujitsu Group Aims to Be

A partner that contributes to the growth of our customers’ businesses and grows together with them

To become a field innovation company
- Help customers innovate through continual improvement of processes and IT with a focus on people
- Continually enhance our own management of resources (people, products & services, technology)

To become a truly global player
- Provide one-stop response to customers’ global business innovation needs
- Implement management that can optimally leverage global resources

To become a company that actively contributes to society
- Generate profits that enable us to benefit stakeholders
- Actively participate in social contribution activities as a good corporate citizen
- Contribute to global environmental protection
Technology Solutions

Expand Services Business Globally with Our Technology as a Base
Technology Solutions Strategic Direction

Delivering customer services locally and infrastructure services globally

Cultural/Regional Dependence

Dependence on Language

People
Operations (Processes)
Applications
Mission-Critical Software
Servers/Storage/Networks

Large

Small

Field Innovation Model

Global Accounts

Shift from construction model to usage model

Integrated base for business activities

Industrialized service

Japan
The Americas
EMEA
China
APAC

Customers
Customers
Customers
Customers
Customers
# Shift from IT Solutions to Business Solutions

## Customers

| Field Innovators: People who can discuss operational issues from the customer’s perspective and make decisions together with them |
| Visualization technologies (people, process, IT, data, etc.) |
| System design and construction engineers |

| Application software development (TPS, offshore, etc.) and service products (packages, outsourcing, BPO, etc.) |
| Service delivery (LCM, pooling of infrastructure system engineers, remote monitoring/maintenance, etc.) |
| Global network of IDCs |

| Foundation for overall business activities (standardized infrastructure) |
| Strong product line-up to support service offerings |

## Frontline Innovation

- **Visualization technologies**
- **System design and construction engineers**

## Service Innovation

- **Application software development**
- **Service delivery**
- **Global network of IDCs**

## Infrastructure

- **Foundation for overall business activities**
- **Strong product line-up to support service offerings**
## Market Growth by Region and Business

### 2006-2009 IT Market Growth Rates (yearly average)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Americas</th>
<th>EMEA</th>
<th>China</th>
<th>APAC*</th>
<th>WW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services</strong></td>
<td>3.5%</td>
<td>5.6%</td>
<td>6.2%</td>
<td>18.0%</td>
<td>9.8%</td>
<td>6.1%</td>
</tr>
<tr>
<td><strong>Software</strong></td>
<td>4.2%</td>
<td>8.3%</td>
<td>7.6%</td>
<td>14.8%</td>
<td>9.5%</td>
<td>7.9%</td>
</tr>
<tr>
<td><strong>Servers</strong></td>
<td>-2.8%</td>
<td>2.7%</td>
<td>1.7%</td>
<td>8.7%</td>
<td>4.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td><strong>PCs</strong></td>
<td>-1.5%</td>
<td>5.1%</td>
<td>7.8%</td>
<td>11.7%</td>
<td>6.0%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

| **Total IT Market** | 1.9% | 6.2% | 7.0% | 13.1% | 8.4% | 6.5% |


* Excluding Japan and China
## Develop Business in Line with Market Characteristics

<table>
<thead>
<tr>
<th>Region</th>
<th>IT market scale ('09 forecasts)</th>
<th>Average annual growth rate ('06-'09)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>$109B</td>
<td>1.9%</td>
</tr>
<tr>
<td>Americas</td>
<td>$612B</td>
<td>6.2%</td>
</tr>
<tr>
<td>EMEA</td>
<td>$521B</td>
<td>7.0%</td>
</tr>
<tr>
<td>China</td>
<td>$57B</td>
<td>13.1%</td>
</tr>
<tr>
<td>APAC*</td>
<td>$109B</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

### Japan (low growth) → struggle for share
- Innovation (create new markets)
- Replacement (provide new value)
  - Energy savings, space savings, quiet operation, ease of maintenance...
- Deepen customer relationships (services)

### US/Europe (large-scale markets, servicization)
- Expand service delivery capability (offshore, etc.)
- Enhance services menu
- Early entrance into new fields (M&A)...

### BRICs (small-scale markets, rapid growth, low diffusion rate)
- Introduce low-cost products
- Sell easy-to-deploy products
- Win business with companies that have good growth prospects


* Excluding Japan and China
# Expanding Global Business Capabilities

**Grasp market characteristics and steadily expand opportunities for growth**

## EMEA

<table>
<thead>
<tr>
<th>FY06 Sales</th>
<th>795.8 bn yen (+15.4%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mid-term regional goal:</strong> 8% growth/year</td>
<td></td>
</tr>
</tbody>
</table>

**Head of EMEA Operations:**
Corporate Sr. VP Richard Christou (Also serves as FS Chairman)

**FS sales** (05) £2,294M → (07) £2,700M (About ¥600.0 bn)

## The Americas

<table>
<thead>
<tr>
<th>FY06 Sales</th>
<th>472.9 bn yen (+21.9%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mid-term regional goal:</strong> 14% growth/year</td>
<td></td>
</tr>
</tbody>
</table>

**Head of American Operations:**
Corporate Sr. VP Tetsuo Urano

**FC sales** (05) $384M → (07) $700M (About ¥80.0 bn)

## APAC & China

<table>
<thead>
<tr>
<th>FY06 Sales</th>
<th>556.4 bn yen (+8.3%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mid-term regional goal:</strong> 11% growth/year</td>
<td></td>
</tr>
</tbody>
</table>

**Head of China Regional Operations:**
Corporate First Sr. VP Takashi Igarashi

**Head of APAC Operations:**
Corporate Sr. VP Kyung-soo Ahn

## Fujitsu Services: Build on strength as top-tier services company for UK gov’t/public sector

- Work to expand business in continental Europe and with private-sector clients
  - Acquired TDS of Germany in Jan. ‘07
  - Initiated tender offer for GIF of France in May ‘07
- Expand TRIOLE deployment (including for services)

## Fujitsu Consulting: Expand services capabilities through M&A

- Acquired Rapidigm in Mar. ‘06
- Reorganize global retail business
- Develop vertically integrated solutions business

## Expand Fujitsu Australia’s SAP business

## Expand outsourcing services business

## Strengthen local management in China market

## Full-fledged start-up of business in India
Expand global alliances
  ● Enhance solutions partnerships (SAP, Microsoft)

Establish Group offshore services center in India
  ● Target of 8,500 employees in 2009

Increase competency centers globally
  ● Japan, UK, US, Korea, China, Singapore, Brazil

Develop global services
  ● FS to develop TRIOLE-based services
    (helpdesk, desktop services)
Expanding Global Alliances

**SAP**

- **2000**
  - Global Technology Partner
    - High-reliability systems
    - FlexFrame for SAP ERP
    - Competency center

- **2006**
  - Global Services Partner Affiliation
    - Provide SAP solutions

- **2007**
  - Global Hosting Partner
    - Provide outsourcing services

Only 3 companies worldwide have such a comprehensive partnership with SAP

**Microsoft**

- **2000**
  - Offer Corp. Systems in Japan
    - Legacy Migration

- **2002**
  - Global Partner Affiliation

- **2004**
  - Strategic Alliance for Mission-Critical Systems
  - Construction of Open-Standard Mission-Critical Systems

Have expanded Microsoft partnership into platforms, solutions and services fields

Expanding Global Alliances
Expanding Global Service Centers

Increasing our capability to provide global services

82 Data Centers in 13 Countries
Call Centers in 29 Languages
Expanding Global R&D Activities

US labs (Since 1993): LSI-CAD, next-generation Internet, interconnects
China labs (Since 1998): Telecom systems, Web info processing, system LSI
Europe lab (Since 2001): Next-generation telecom, biotech, grid computing
Technology Solutions Priorities in Fiscal 2006

- **Domestic Services Business - Improve Profitability**
  - Impact of improved risk management, integration of sales and system engineering units

<table>
<thead>
<tr>
<th>Services Operating Income Margin</th>
<th>FY 2004</th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>‘04 → ‘06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.9%</td>
<td>5.7%</td>
<td>6.4%</td>
<td>+2.4%</td>
</tr>
</tbody>
</table>

- **Overseas Business - Continue on Growth Path**
  - Including M&A in Europe and the Americas, services business developed favorably

<table>
<thead>
<tr>
<th>Technology Solutions Overseas Sales</th>
<th>FY 2004</th>
<th>FY 2005</th>
<th>FY 2006</th>
<th>Avg. Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥776.7 bn</td>
<td>¥891.6 bn</td>
<td>¥1,069.3 bn</td>
<td>+17%</td>
</tr>
</tbody>
</table>

- **Platforms - Strengthen Sales and Pursue QCD**
  - Expanded TPS implementation, but unable to overcome impact of heightened competition

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥44.0 bn</td>
<td>¥24.5 bn</td>
<td>¥7.5 bn</td>
<td>-36.5 bn</td>
</tr>
</tbody>
</table>
Priority Measures for FY 2007-2009

To be implemented globally by the entire Fujitsu Group

- Make System Platforms Business Healthy
- Implement Structural Reform of Telecommunications Business
- Achieve Leap Forward in Services Business
(1) Make System Platforms Business Healthy

Expand system platforms business as foundation of services business and means of differentiation

- Develop competitive products that appeal to customers and which the channel can support
  - Reform product development process by enhancing collaboration with sales
  - Improve efficiency of resource utilization and speed by streamlining product offerings

- Enhance system proposals
  - Increase system-level visibility and make proposals that achieve optimization from the customer’s perspective
  - Make comprehensive system proposals

- Enhance product delivery capability
  - Improve speed and quality by pooling infrastructure system engineering resources
  - Expand product businesses through closer links to services
### System Proposal Innovation (Infrastructure Optimization)

Make the current status of the customer’s overall system visible and clarify target levels

<table>
<thead>
<tr>
<th>0: Carried out onsite on an ad hoc basis</th>
<th>1: Case-by-case rules for each server</th>
<th>2: Back-up server deployed</th>
<th>3: Back-up time reduced</th>
<th>4: Back-up without disrupting business</th>
<th>5: Disaster countermeasures implemented</th>
</tr>
</thead>
</table>

#### About 9,000 Business deals

- 25 usage scenarios extracted
- Server consolidation
- File server consolidation
- Network optimization
- Back-up management
- Security management

#### 6 Optimization Levels

<table>
<thead>
<tr>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>2</td>
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<td>3</td>
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<td>4</td>
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<tr>
<td>5</td>
<td></td>
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</tr>
</tbody>
</table>

Target

Currently
Utilize Pool of Infrastructure SEs to Grow LCM Business

Linking industrialization of infrastructure construction with operational services

SE Work Processes

- Analyze Requirements
- Propose
- SDEM (Development Standards)
- Design
- Build / Test
- Operate / Maintain

Make visible approx. 400 work steps/processes

Fujitsu FSAS

- Technology Center
  - Upgrade Standard Tech.
  - Data Transmission
- Customized Volume
- Design Center
- Pool of Infrastructure System Engineers
- Build Large Capacity Quickly
- Operational Services
- Improvement Proposals

Subsequent Business Proposals
(2) Structural Reform of Telecom Business

Enhance sales & product development collaboration: improve technology and speed from customer’s perspective

Sales / SI solution capability

Telecom and Utility Solutions Business Group (Sales/SE)

- Unified sales and SE organization entirely focused on the customer

Telecom product planning/development capability

System Products Business Group (Telecom equipment)

- Aiming for superior product development, but severe sales and profit conditions continue

(New) Telecom Business Group

Unified organization for telecom sales and product development

(9,000 employees when consolidated) (May 2007)

- Strengthen response to global customer needs, product planning capability and product competitiveness from the customer’s perspective

- Super 3G: Take lead in developing next-generation base stations and terminals
- Photonics: Introduce new next-generation products suited to needs of leading carriers in Japan, US and Europe
- Resource Optimization: Shift to wholly owned subsidiaries (Fujitsu Access, Fujitsu Wireless Systems)
(3) Achieve Leap Forward in Services Business

Continue steady growth of outsourcing business with expanded services menu and improved quality

Outsourcing sales targets

Sales Growth: Continue double-digit growth
Operating Income: Over 10% Operating Income Margin

Outsourcing Business Areas
- Data Centers
- Networking
- Onsite (LCM)
- APM
- Support Desks
- BPO

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
<td>380.0</td>
<td>415.0</td>
<td>460.0</td>
<td>(510.0)</td>
<td>(600.0)</td>
<td>(680.0)</td>
</tr>
<tr>
<td>Operating Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Establish Tokyo System Center No. 2 (Dec. 2007)

Open facility as model next-generation IDC

1. Respond to customers’ changing needs
   - Increase power (2x greater than existing center)
   - Decrease operational personnel requirements (to 1/10)
   - Improve accessibility from city (1 min. from nearest station)
   - Direct Internet exchange point

2. New Technology Platforms
   - RFID (intrusion detection / automatic warnings) to prevent unauthorized entry
   - Heat build-up monitoring / power consumption monitoring
   - Global standard specs (highest tier standards/FISC compliant)
Continue Efforts to Improve Quality of Services

Continuously work to improve people and processes and provide cutting edge technologies as services

- **ISMS, ISO27001**
  Third-party compatibility evaluation system for overall information security management

- **ISO9001 certification obtained**
  International specification for quality assurance

- **ISO14001 certification obtained**
  International specification for environmental protection

- **Privacy mark obtained**
  Security assurance program for electronic systems that store personal information

- **ISO20000 certification obtained**
  International specification for IT services management

- **ITIL compatible**
  - Data management measures
  - Environmental measures
  - Internal control measures
  - Disaster recovery
  - Business continuity

---

**Processes**
- ITIL, SLA
- Standardized Operations
- Operational Policy Regulations

**Technologies**
- TRIOLE Infrastructure
- Fujitsu Labs’ Technologies
- Standard Monitoring Tools

**People**
- Operations Staff Certification
- Compliance
- Operations School

**Services Platform**
eSUPPORT, Fujitsu LCM Service Center, OSC
Enhancing Our BPO Services Menu

**Basic Services**
- Call Center
- Entry Service
- Printing Service
- Delivery Service
- Warehousing Service

**Operational Services (examples)**
- Quality MO Service
- Logic LSI High-speed Prototype MO Service
- Digital Engineering MO Service
- Employee Health Improvement MO Service
- HR/General Affairs MO Service

**MO: Management & Operation**

**Using customer support experience**
**Using Fujitsu’s own experience**

MO: Management & Operation
Strengthening Consulting Capabilities

Cultivating Field Innovators

Fujitsu Group: Our Own Field Innovation

Newly Organized Fujitsu Research Institute
Consolidation of consulting functions

Commitment of new staff who can address customer’s business issues and operational requirements

Visualization technologies, lessons from our own operations/ systems experience

Development & production
Procurement
Sales
Accounting

Business Veterans
Provide Business Activity Integration Platform

Integrated middleware solution that enables use of diverse application assets

- Data control & utilization through corporate activity documentation
- Realize improvement cycle through implementation of visibility technologies
- Synchronize internal control and IT systems based on business processes

Business Activities

Microsoft

Existing Applications

GLOVI A

ISV PKG

SAP

Show workflow with process documentation tool

Link systems using SOA

Document corporate activity using XML

Business Activity Integration Platform
Deployment of New Services Platform

Services infrastructure for the new networking era

The World of Services-on-the-Network

- **Customer’s Business**
  - SaaS, New Web Services, Terminal-Use Services, Etc.

- **Competitive services platform**
  - (advanced IDC, multi-carrier network)

- **One-stop services**
  - (networks, hardware, SI)

- **Utilize and combine Fujitsu’s and other companies’ services, including open source software**

- **SaaS Platform (2Q)**

- **New FENICS (May)**

- **New Metro IDC (December)**

- **One-Seg Broadcasting**
- **USB-VPN**
- **GLOVIA**
- **Other vendors’ Services**

(Services Platform)
## FY 2007 Targets: Technology Solutions

**Aiming for solid increase in profits while staying on track for growth**

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>FY 2005 Results</th>
<th>FY 2006 Results</th>
<th>FY 2007 (target)</th>
<th>Change vs. FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>2,983.9</td>
<td>3,157.0</td>
<td>3,300.0</td>
<td>142.9</td>
</tr>
<tr>
<td>Sales Growth Rate</td>
<td>1.7%</td>
<td>5.8%</td>
<td>4.5%</td>
<td>-1.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>153.0</td>
<td>163.6</td>
<td>185.0</td>
<td>+21.3</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>5.1%</td>
<td>5.2%</td>
<td>5.6%</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>93.1</td>
<td>91.3</td>
<td>110.0</td>
<td>+18.6</td>
</tr>
</tbody>
</table>
Device Solutions

Deepen Implementation of New IDM Business Model
Mid-Term Strategy for Electronic Devices

Fully implement New IDM model in logic LSI business and increase volumes

- Maintain balance between advanced and standard products
  - Pursue product development and manufacturing in sync 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
  - Exploit value of “First-shot Full Operation”
  - Strengthen software capabilities and pursue solution-type business

- Pursue further globalization
  - Develop ASSP and standard product businesses on a global basis to achieve higher volumes
  - Add engineers worldwide to strengthen ASSP capability
Expanding Advanced Logic LSI Business

Work to greatly increase sales, positioning 90nm and finer advanced technology as a growth engine

Trends in logic LSI sales (consolidated*)

*Excludes other companies’ products
- 90nm: Capacity expansion to 15k wafers/month completed on schedule in 2H FY06
- 65nm: Volume production started as planned in April 2007; capacity expansion timing being adjusted for lower customer demand

**World-Class Advanced Logic LSI Production Capacity**
Electronic Devices Priorities for Fiscal 2007

- Strengthen sales capability through frontline innovation
  - Enhance sales & product development collaboration through integration of sales operations and creation of new companies
  - Respond to structural shifts in demand by strengthening sales capability in Asia region

- Expand advanced technology (≤90nm) device business while maintaining profitability

- Improve profitability by expanding standard technology device business capacity
  - Fujitsu Semiconductor Technology (FSET) start-up in Apr. ‘07; Production capacity: 30,000 wafers/month

- Improve operational efficiency by consolidating back-end assembly operations
  - Consolidate Gifu facility with Kyushu facility (Mar. ’07)
## FY 2007 Targets: Device Solutions

Despite burden of upfront investments, underlying business expansion trend will continue

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>FY 2005 Results</th>
<th>FY 2006 Results</th>
<th>FY 2007 (target)</th>
<th>Change vs. FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>707.5</td>
<td>762.6</td>
<td>820.0</td>
<td>57.3</td>
</tr>
<tr>
<td>Sales Growth Rate</td>
<td>-11.0%</td>
<td>7.8%</td>
<td>7.5%</td>
<td>-0.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>29.5</td>
<td>19.0</td>
<td>30.0</td>
<td>+10.9</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>4.2%</td>
<td>2.5%</td>
<td>3.7%</td>
<td>+1.2</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>115.5</td>
<td>166.2</td>
<td>125.0</td>
<td>-41.2</td>
</tr>
</tbody>
</table>
Ubiquitous Product Solutions

Pursuing Global Operations as Independent Businesses
Mid-Term Strategy for Ubiquitous Products

Further strengthen QCD and product commercialization capability to prevail against competitors

Hard Disk Drives
- Expand existing business by maintaining high-quality brand image
- Secure competitiveness with new head/media technology
- Expand in growing non-PC markets

Personal Computers
- Secure profits with high-value-added products; secure volumes with low prices
- Expand business in overseas markets
- Develop products for convergence of PCs & mobile phones

Mobile Phones
- Pursue superiority in vitally important wireless technology
- Expand compelling, differentiated product offerings
- Improve cost-competitiveness through platform standardization
  DoCoMo, Renesas, Fujitsu, Mitsubishi Electric, Sharp, Sony Ericsson are jointly developing a 3G mobile phone platform
Hard Disk Drive Business

Continue to grow by maintaining high-quality brand image and strengthening products

- Increase market share through introduction of new products
  - Achieve industry’s most powerful product lineup with 2.5” ATA drives covering IT to consumer electronics applications (high reliability, best-in-class storage capacity, automotive applications)
  - Upgrade line of HDDs for enterprise market with 2.5” drives running at 15,000rpm

- Develop powerful technologies to support future growth
  - Developing magnetic head for large data storage capacity
  - Synthetic Ferrimagnetic Media (SFM) JIII Imperial Invention Prize (May ’07)

- Maintain strong reputation for stable TCO among world’s leading PC vendors
PC Business / Mobile Phone Business

- PCs: Pursue “ease-of-use” and “quality”
  - New Concept Products:
    - UMPC
      - World’s smallest convertible-type UMPC
      - Weighs only 580g
      - 5.6”-wide LCD screen
    - FMV-TEO Series
      - Living Room Entertainment PC

- Mobile Phones: Expand lineup and pursue potential as key device for business infrastructure
  - Launched F904i
    - One-Seg mobile phone with first 3.1” screen
  - Launched RakuRaku Phone Basic
    - Over 10 million RakuRaku phones sold
  - Supporting expanded use in business
    - Interstage Mobile Manager tool for development and operation of business systems utilizing mobile phones

![PC / Mobile Phone Shipments](chart)

(millions of units)

- PCs
- Mobile phones

- Years: 2002 to 2007
### FY 2007 Targets: Ubiquitous Products

Sales will expand, but further intensification of competition will squeeze margins

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>FY 2005 Results</th>
<th>FY 2006 Results</th>
<th>FY 2007 (target)</th>
<th>Change vs. FY 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,059.9</td>
<td>1,118.3</td>
<td>1,200.0</td>
<td>81.6</td>
</tr>
<tr>
<td>Sales Growth Rate</td>
<td>2.8%</td>
<td>5.5%</td>
<td>7.3%</td>
<td>+ 1.8</td>
</tr>
<tr>
<td>Operating Income</td>
<td>34.8</td>
<td>41.6</td>
<td>30.0</td>
<td>-11.6</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>3.3%</td>
<td>3.7%</td>
<td>2.5%</td>
<td>-1.2</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>19.4</td>
<td>24.8</td>
<td>30.0</td>
<td>+5.1</td>
</tr>
</tbody>
</table>
Fiscal 2007 Targets
Position of FY 2007 in Achieving Mid-Term Targets

Fiscal 2007 as the year that “Fujitsu changes”

Technology Solutions
- Make system platforms business healthy
- Implement structural reform of telecommunications business
- Achieve leap forward in services business

Electronic Device Solutions
- Strengthen sales capability through frontline innovation
- Expand advanced technology (≤90nm) device business to secure profitability
- Increase profitability by expanding standard technology device business capacity

Ubiquitous Product Solutions
- HDD Business: Continue to grow by maintaining high-quality brand image and strengthening products
- PC Business: Pursue “ease-of-use” and “quality”
- Mobile Phones Business: Expand lineup and pursue potential as key device for business infrastructure

Implement Reforms – 51 items targeted for improvement
CAPEX and R&D Investment in Step with Market Trends

Continue to expand investment in services area

Capital Expenditure (Depreciation) (Billion Yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditure</th>
<th>R&amp;D Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2005</td>
<td>249.9 (169.8)</td>
<td>115.5</td>
</tr>
<tr>
<td>FY 2006</td>
<td>305.2 (202.8)</td>
<td>254.0</td>
</tr>
<tr>
<td>FY 2007 Plan</td>
<td>290.0 (240.0)</td>
<td>260.0</td>
</tr>
</tbody>
</table>

Primary areas of investment

- **Device Solutions**
  - Advanced products: 300 mm wafer Mie facility
  - Standard products: New facilities and equipment upgrades

- **Ubiquitous Product Solutions**
  - Facilities to increase HDD production capacity

- **Technology Solutions**
  - FS outsourcing facilities
  - Expansion of Japan data center facilities
### Operating Income Targets by Segment

**Generate solid profits in each segment for new investment**

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>FY 2006 Results</th>
<th>FY 2007 Target</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Solutions</td>
<td>163.6</td>
<td>185.0</td>
<td>+21.3</td>
</tr>
<tr>
<td>Services</td>
<td>156.1</td>
<td>170.0</td>
<td>+13.8</td>
</tr>
<tr>
<td>Systems Platforms</td>
<td>7.5</td>
<td>15.0</td>
<td>+7.4</td>
</tr>
<tr>
<td>Ubiquitous Product Solutions</td>
<td>41.6</td>
<td>30.0</td>
<td>-11.6</td>
</tr>
<tr>
<td>Device Solutions</td>
<td>19.0</td>
<td>30.0</td>
<td>+10.9</td>
</tr>
<tr>
<td>Other Operations</td>
<td>10.5</td>
<td>10.0</td>
<td>-0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>182.0</strong></td>
<td><strong>190.0</strong></td>
<td><strong>+7.9</strong></td>
</tr>
</tbody>
</table>

Generate solid profits in each segment for new investment.
## Fiscal 2007 Group-Wide Targets

Achieve 190 billion yen in operating income and begin moving towards mid-term goals

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>Target Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>5,400.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>190.0</td>
</tr>
<tr>
<td>Net Income</td>
<td>75.0</td>
</tr>
</tbody>
</table>
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.
Fujitsu

The possibilities are infinite