

Management Direction Briefing

Turning Dreams Into Reality

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President, Fujitsu Limited

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



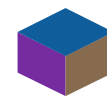
Protect Intellectual Property



Comply With Laws and Regulations



Reject Unethical Behavior



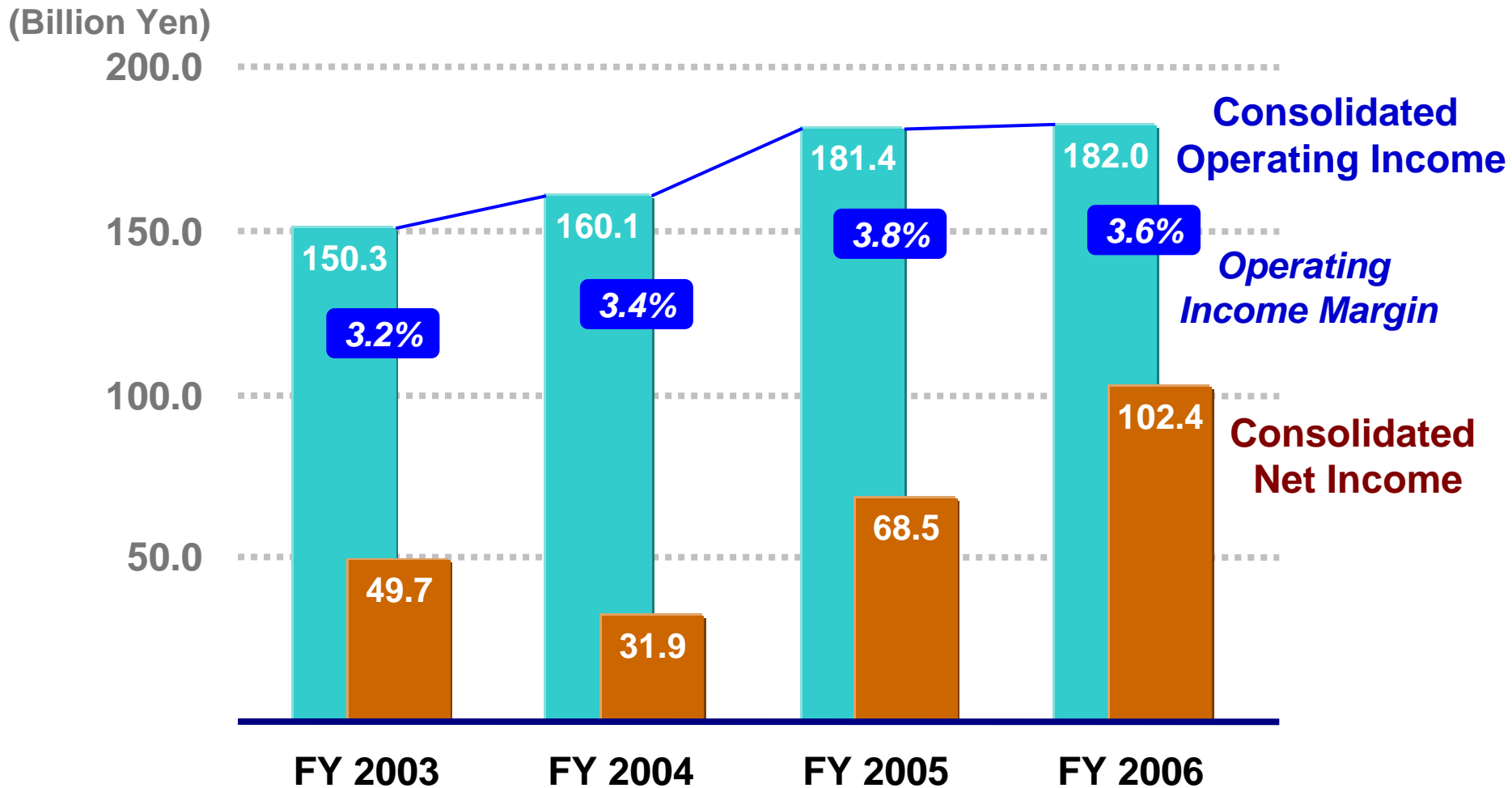
Maintain Confidentiality



Act With Fairness in Our Business Dealings

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**

Consolidated Operating Income

(Billion Yen)	FY 2004	FY 2005	FY 2006	Change vs. FY04
Technology Solutions	130.7	153.0	163.6	32.9
Services	86.6	128.4	156.1	69.5
Platforms	44.0	24.5	7.5	-36.5
Ubiquitous Product Solutions	32.0	34.8	41.6	9.6
Device Solutions	29.0	29.5	19.0	-10.0

FY 2004-2006 Results

Significantly improved financial condition

(Billion Yen)

	FY 2004	FY 2005	FY 2006
Non-Operating Expenses [Amortization of Unrecognized Obligation for Retirement Benefits]	[-39.2]	[-28.2]	[-3.1]
Free Cash Flow [From Business Operations]	262.1 [93.7]	170.8 [170.8]	257.6 [152.8]
Inventories [Monthly Inventory Turnover]	478.5 [0.71 times]	408.7 [0.88 times]	412.3 [0.93 times]
Owners' Equity Ratio	23.5%	24.1%	24.6%
Net Interest-Bearing Loans [Net D/E Ratio]	628.0 [0.73]	507.2 [0.55]	300.8 [0.31]
ROE	3.8%	7.7%	10.9%

New Medium-Term Strategic Direction



New Medium-Term Goals (FY 2007-2009)

**FY 2006
Results**

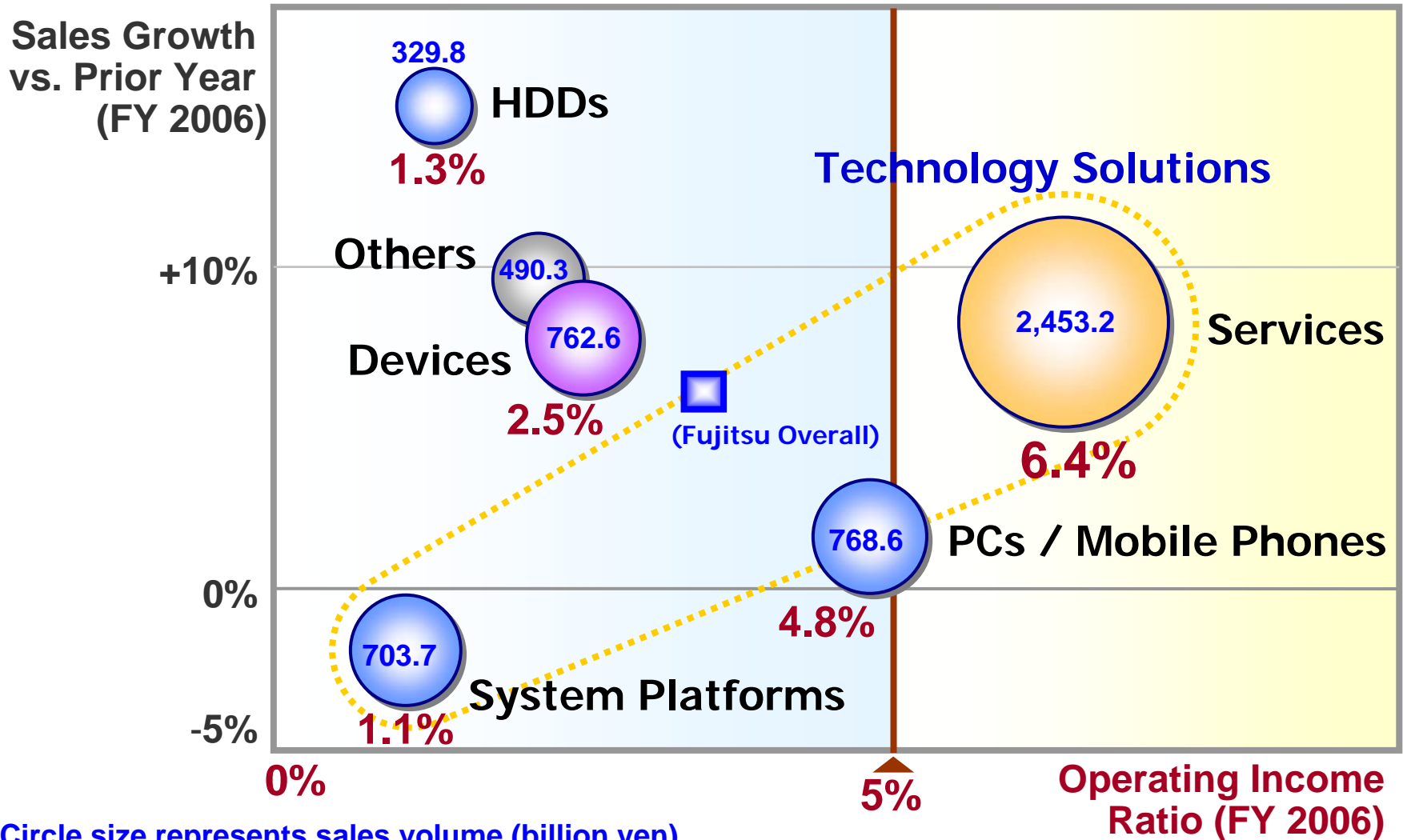
**Medium-Term
Targets (FY 2009)**

Operating Income Margins	Consolidated	3.6%	Over 5%
	Technology Solutions	5.2%	Over 7%
Overseas Sales Ratio		36%	Over 40%
Monthly Inventory Turnover		0.93 times	2 times*

***Set as medium-term target level**

Current Business Portfolio

Services is main profit driver for Technology Solutions



Basic Stance on New Medium Term (FY07-09)

Increase Growth and Returns

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

New Management Principles

- **Competitive Product & Service Offerings**
Enhancing collaboration between sales and product development
- **Self-Sufficiency**
Cash-flow-conscious management
- **Human Knowledge as an Asset**
Management for realizing full potential of human resources

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



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

Technology Solutions



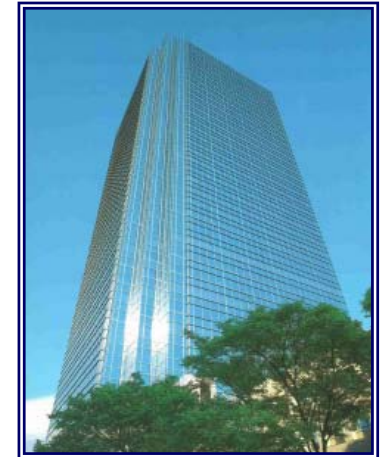
**Expand Services Business Globally
with Our Technology as a Base**

Technology Solutions—Services (in Japan)

Aggressive approach to expanding Services

■ Leverage Current Strengths

- Reinforce consulting capability
 - Consolidate resources at Fujitsu Research Institute (about 300 staff)
 - Begin training managers as “Field Innovators” (1st class: about 200 members)
- Maintain steady growth of outsourcing business
 - Expand IDC business
No. 2 Tokyo System Center est. Dec. '07
 - Full-scale start of BPO business
(Kamata BPO Center est. Mar. '07)
- Deploy new services platforms
 - Begin FENICS II and SaaS infrastructure services



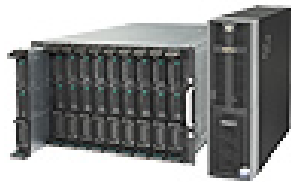
No. 2 Tokyo System Center

Technology Solutions—System Platforms

Raise competitiveness via product, structural reforms

■ System Products

- Enhance product delivery capability
 - “Industrialize” infrastructure development process (consolidate infrastructure SEs at subsidiary Fujitsu FSAS)
 - Spin off development, mainframe maintenance, other functions
 - Maintain 4 platforms, consolidate lineups, seek efficiencies
- Develop competitive products that appeal to customers and the channels
 - Codevelopment with partners lowers R&D expenses and helps differentiate products (UNIX/Mission Critical IA server, PC (blade) server, virtualization technology, etc.)



PC Server
PRIMERGY



UNIX Server
SPARC Enterprise



Mission Critical IA Server
PRIMEQUEST

Technology Solutions—System Platforms

Raise competitiveness via product, structural reforms

■ Network Products

- Reform structure by integrating manufacturing & sales
 - Telecom BG: manufacturing, sales, SE divisions integrated
 - Resources optimized with conversion of Fujitsu Access, Fujitsu Wireless into wholly owned subsidiaries
- Expand aggressively based on high-quality products
 - Continue to lead industry in Super3G development
 - Launch new WiMAX base stations, routers, opt. trans. equip.



CRS-1 Series Routers
Codeveloped with Cisco



Super3G Base Station
(prototype)

Technology Solutions—Global

Expand global business capabilities

- Expand global alliances
 - Broaden tie-ups (FSC, Sun, SAP, Microsoft)
- Build up China, India offshore business for Group
 - Target of 10,000 employees in 2009
- Strengthen business foundation via M&As
 - FS^{*1}: Expanding European business
 - Purchased Swedish IT firm (Mandator)
 - Won outsourcing contract for Allianz (effect of TDS buyout)
 - FC^{*2}: M&As focus on ERP, SaaS solutions
 - US: OKERE; Canada: Promaintech

*1: Fujitsu Services (UK) *2: Fujitsu Consulting (US)

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 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
- 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

IDM (Integrated Device Manufacturer)

Electronic Devices Priorities for Fiscal 2007

- **Enhance sales & product development collaboration via sales integration, creation of new companies**
 - Parent & subsidiary sales organizations integrated
 - Fujitsu Electronics est. Sep. '07
 - Respond to structural shifts in demand by strengthening sales capability in Asia region
- **Expand advanced technology ($\leq 90\text{nm}$) device business while maintaining profitability**
 - From 2Q07, 90nm operations profitable on OP basis
- **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)

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

FY2007 Ubiquitous Products Priorities

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

■ HDD: Increase market share through introduction of new products

- First to market with 2.5", 120GB perpendicular magnetic HDD
- Shipments of 160GB model start Feb. '08



■ PCs: Pursue “ease-of-use” and “quality”

- World’s smallest convertible-type UMPC
- Weighs only 580g
- 5.6”-wide LCD screen



■ Mobile Phones: Expand lineup and pursue potential as key device for business infrastructure

- Launched F905i with *RakuRaku* features (clear voice, etc.)
- Launched *RakuRaku Phone Basic*
- Over 10 mil. *RakuRaku* phones sold

Fiscal 2007 Targets

Effect of Business Environment on Targets

Technology Solutions

- Server growth overseas critical as Japan market shrinks
- Super3G drives base station growth; Carriers drive opt. equip.
- Services demand firm; expand with focus on outsourcing
- Expand overseas services on basis of decade+ past results

Device Solutions

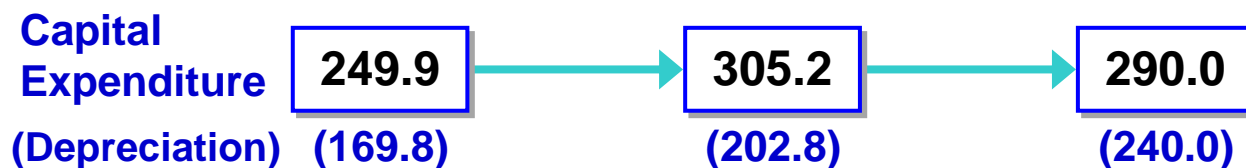
- Consumer electronics demand may weaken due to US economy

Ubiquitous Product Solutions

- HDD: PC demand strong, but tech competition thinning field
- PC: Demand strong for notebooks, low-priced offerings
- Mobile Phones: Lack of incentives may lengthen purchase cycle

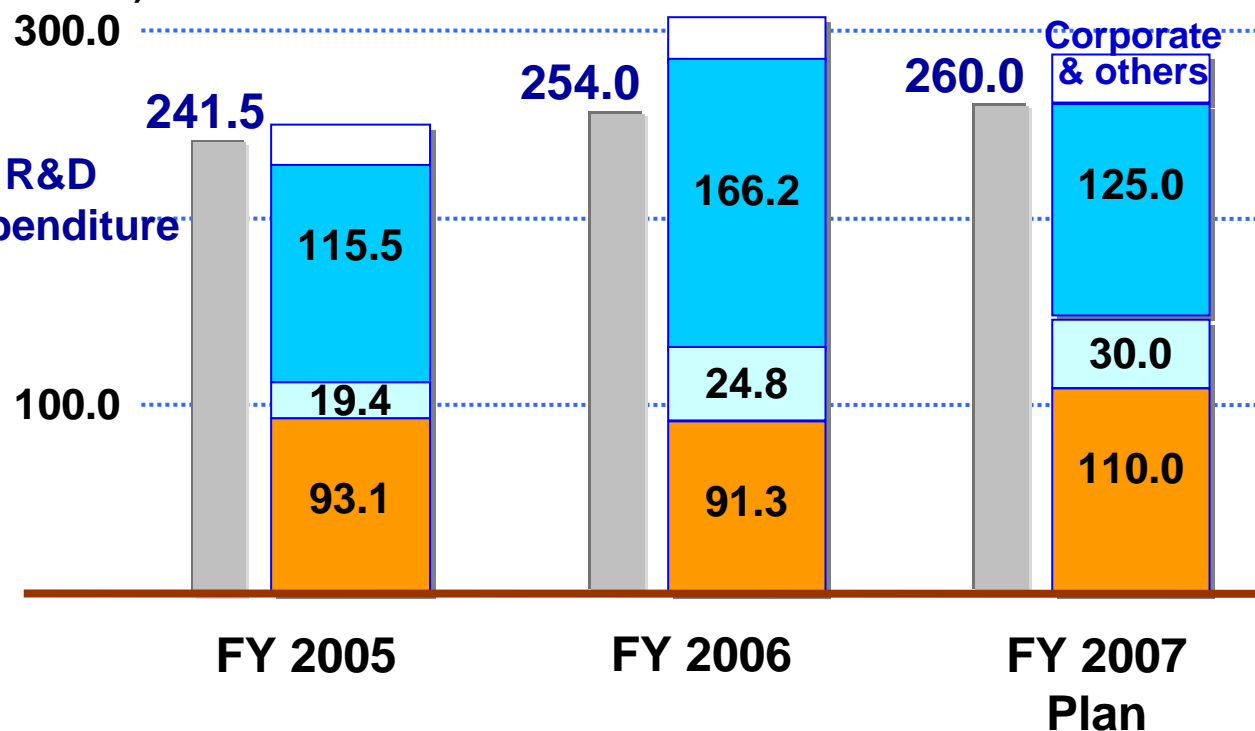
CAPEX and R&D Investment in Step with Market Trends

Continue to expand investment in services area



Primary areas of investment

(Billion Yen)



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

1st Half FY07: Operating income 24B. above forecast

Full Year: Maintain forecast due to changing environment

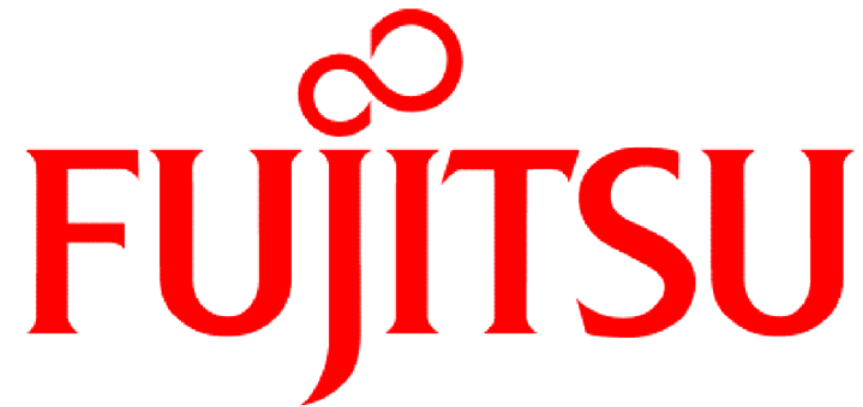
(Billion Yen)	FY 2006	1H FY 2007	FY 2007	
	Results	Results	Target	Change
Technology Solutions	163.6	38.7	175.0	+11.3
Services	156.1	48.1	165.0	+8.9
Systems Platforms	7.5	-9.3	10.0	+2.4
Ubiquitous Product Solutions	41.6	21.8	40.0	-1.6
Device Solutions	19.0	6.1	35.0	+15.9
Other Operations	10.5	5.8	10.0	-0.5
Total	182.0	43.9	195.0	+12.9

Fiscal 2007 Group-Wide Targets

Achieve 195 billion yen in operating income and begin moving towards mid-term goals

(Billion Yen)

	Target Results
Net Sales	5,400.0
Operating Income	195.0
Net Income	65.0



FUJITSU

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.