

Management Direction Briefing

Turning Dreams Into Reality

June 9, 2006

Hiroaki Kurokawa

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

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



Every One of Us Has a Leading Role to Play

■ Our Code of Conduct



Respect Human Rights



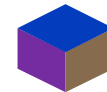
Protect Intellectual Property



Comply With Laws and Regulations



Reject Unethical Behavior



Maintain Confidentiality



Act With Fairness in Our Business Dealings

Overview of Fiscal 2005

Financial Results for Fiscal 2005

Met Targeted Profit Growth, But Sales Growth Was Flat

(Billion Yen)

	FY04 Results	FY05 Results	% Change
Net Sales	4,762.7	4,791.4	+0.6%
Operating Income	160.1	181.4	+13.3%
Ordinary Income*	89.0	126.0	+41.6%
Net Income	31.9	68.5	+114.8%

* Ordinary income refers to *keijorieki* in Japanese generally accepted accounting practices.

Operating Income by Business Segment

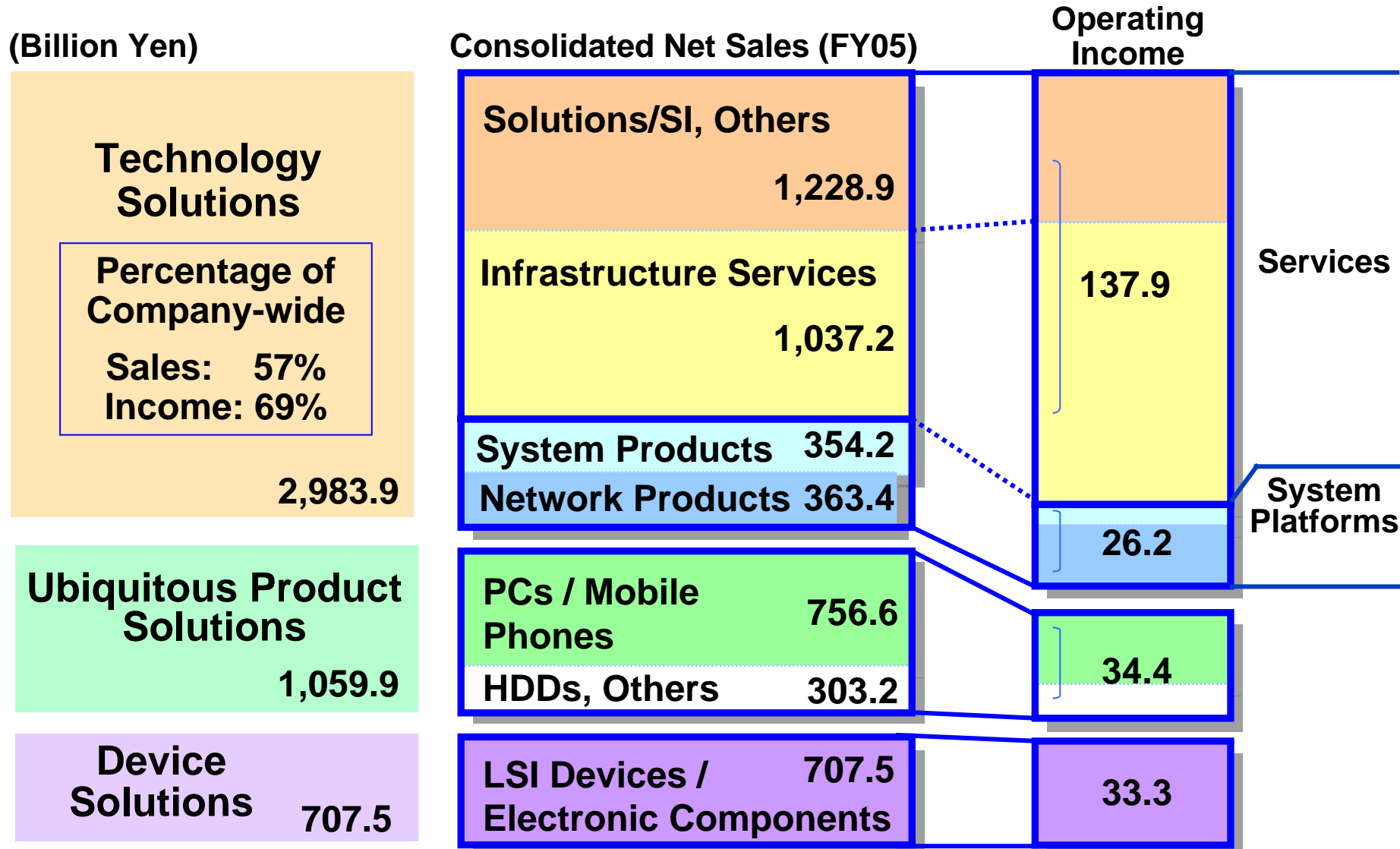
Recovery in Services Had Major Impact

(Billion Yen)

	FY03	FY04	FY05	
	Results	Results	Results	Change vs. FY04
Technology Solutions	139.0	142.0	164.2	+22.2
Services	126.2	96.8	137.9	+41.1
System Platforms	12.7	45.1	26.2	-18.9
Ubiquitous Product Solutions	31.9	31.3	34.4	+3.1
Device Solutions	27.5	32.5	33.3	+0.8
Other Operations	12.4	9.0	7.7	-1.3
Total	150.3	160.1	181.4	+21.3

Our Business Structure

Business Development Centering on Technology Solutions



Reduced Burden from Non-Operating Items

Reduced Pension Costs, Improved Net Interest

(Billion Yen)

	FY03	FY04	FY05	
	Results	Results	Results	Change vs. FY04
Operating Income	150.3	160.1	181.4	+21.3
Other Income (Expenses)	(100.6)	(71.1)	(55.4)	+15.7
Amortization of Unrecognized Obligation for Retirement Benefits	(56.9)	(39.3)	(28.2)	+11.1
Net Interest / Other, Net	(43.7)	(31.8)	(27.2)	+4.6
Ordinary Income*	49.8	89.0	126.0	+37.0
Net Income	49.7	31.9	68.5	+36.6

* Ordinary income refers to *keijorieki* in Japanese generally accepted accounting practices.

Improved Financial Condition

Targeted Healthier Finances, Continuing Reduction in Inventories

(Billion Yen)

	FY02	FY04	FY05
Interest-Bearing Loans	1,763.7	1,082.7	928.6
D/E Ratio	2.51	1.26	1.01
Shareholders' Equity Ratio	16.6%	23.5%	24.1%
ROE	-16%	3.8%	7.7%
Inventories	595.9	478.5	408.7
Monthly Inventory Turnover	0.59 Times	0.71 Times	0.88 Times
Cash Flows from Operating Activities	117.7	277.2	405.5
Free Cash Flow	53.3	262.1	170.8

Overview of Fiscal 2005

Making Progress in Creating a Foundation for Growth

■ Technology Solutions

- Still much room for earnings growth in Japan business
- Intensified sales efforts & QCD improvements required for products
- Overseas businesses are getting onto a growth track

■ Device Solutions

- Developing structure better able to adapt to market volatility
- Challenges are to further increase speed and recoup investment quickly

■ Ubiquitous Product Solutions

- Getting on track to operate as independent businesses
- Need to further strengthen profitability

Strategic Direction in Fiscal 2006

2004 Medium-Term Vision – Four Key Challenges

FY 2006 Is Final Year to Meet These Challenges

(1) Strengthen Our Existing Businesses

- Consider profits as a fixed cost of doing business
- Continue to reduce cost ratio
- Continue to accelerate management speed

(2) Create and Cultivate New Businesses

- Rejuvenate our overseas businesses
- Create new business in ubiquitous networking field

(3) Reform Our Organization and Approach

- Optimize organization from customer's perspective

(4) Reform Management Systems

- Enhance Visibility
- Simplify

Achieve a Virtuous Cycle of Management

Starting Point Is Reducing Costs (QCD)

Leverage IT to Serve as an Indispensable Partner to Our Customers

Return Benefits to Customers

Reinvest

Profits

Increase Sales

Strengthen Products

Profits

Reduce Costs

Development, Design

Production

Procurement

Initiatives to Date

2001

2002

2003

2004

2005

2006

Share Sense of Urgency

Focus on Realities of Front Lines

Promote Information Disclosure

Jan. 2004
Set Mid-term Objectives

Jun. 2004
Revised *FUJITSU Way*

Reform Structure

Integrate Sales & SE Teams
Reorganize/ Merge Affiliates
Consolidate Electronic Devices Business
Focusing on LSI Devices

Expand Business

Increase Efforts in Overseas & SME Markets
Create New Businesses
Deepen Involvement in Customers' Businesses

Reform Mentality & Actions

Focus on Basics (Customer-Centric Perspective/Speed/Timely Delivery/Quality/Cost)

Reinvigorate Product Units - Improve Technology

Rejuvenate Production - TPS Approach to Manufacturing Innovation & Personnel Development

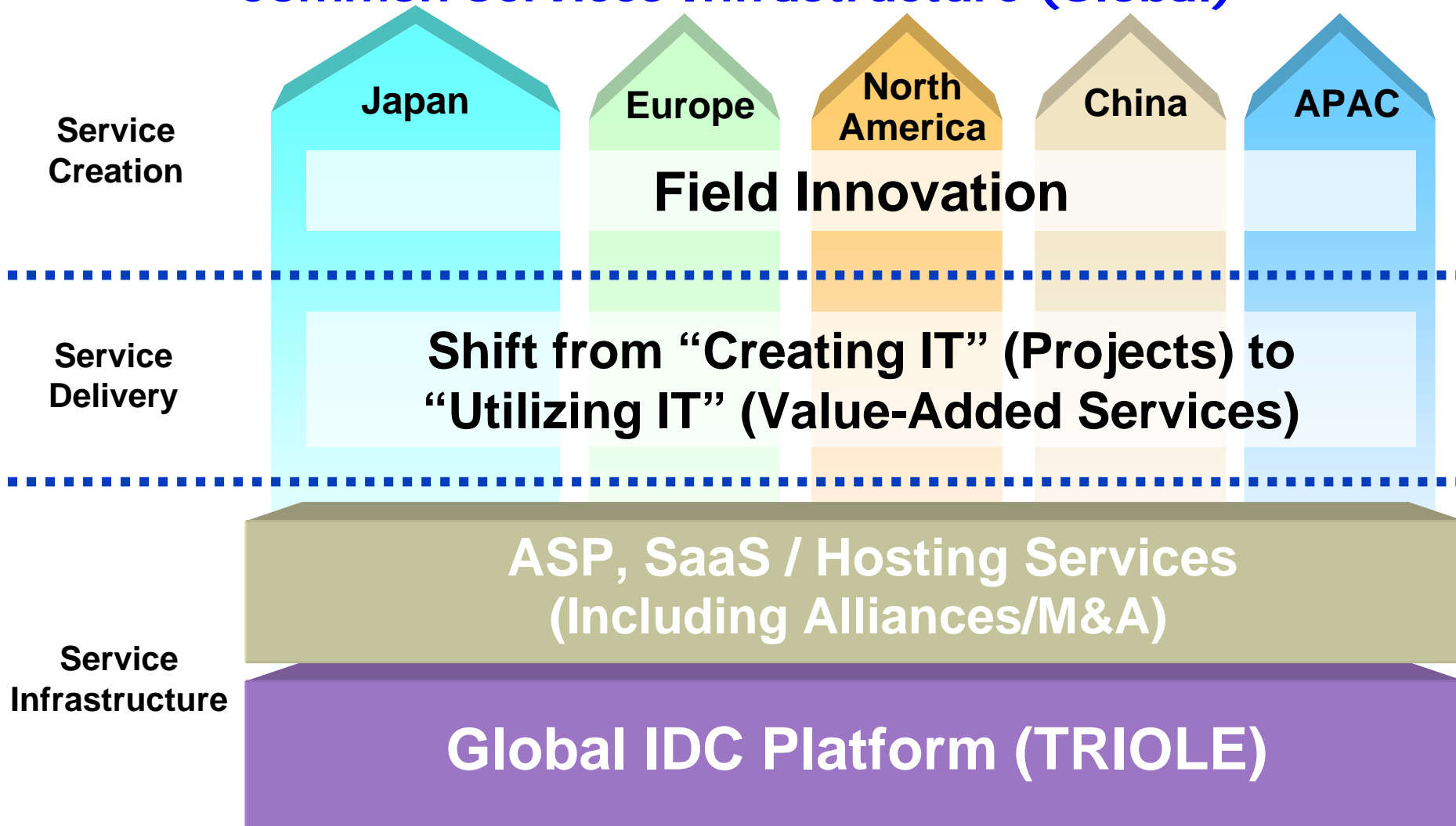
Team-building Measures - Overhaul Management by Objective System

Technology Solutions

**Leverage Technology as a
Foundation for Global Expansion of
Our Services Business**

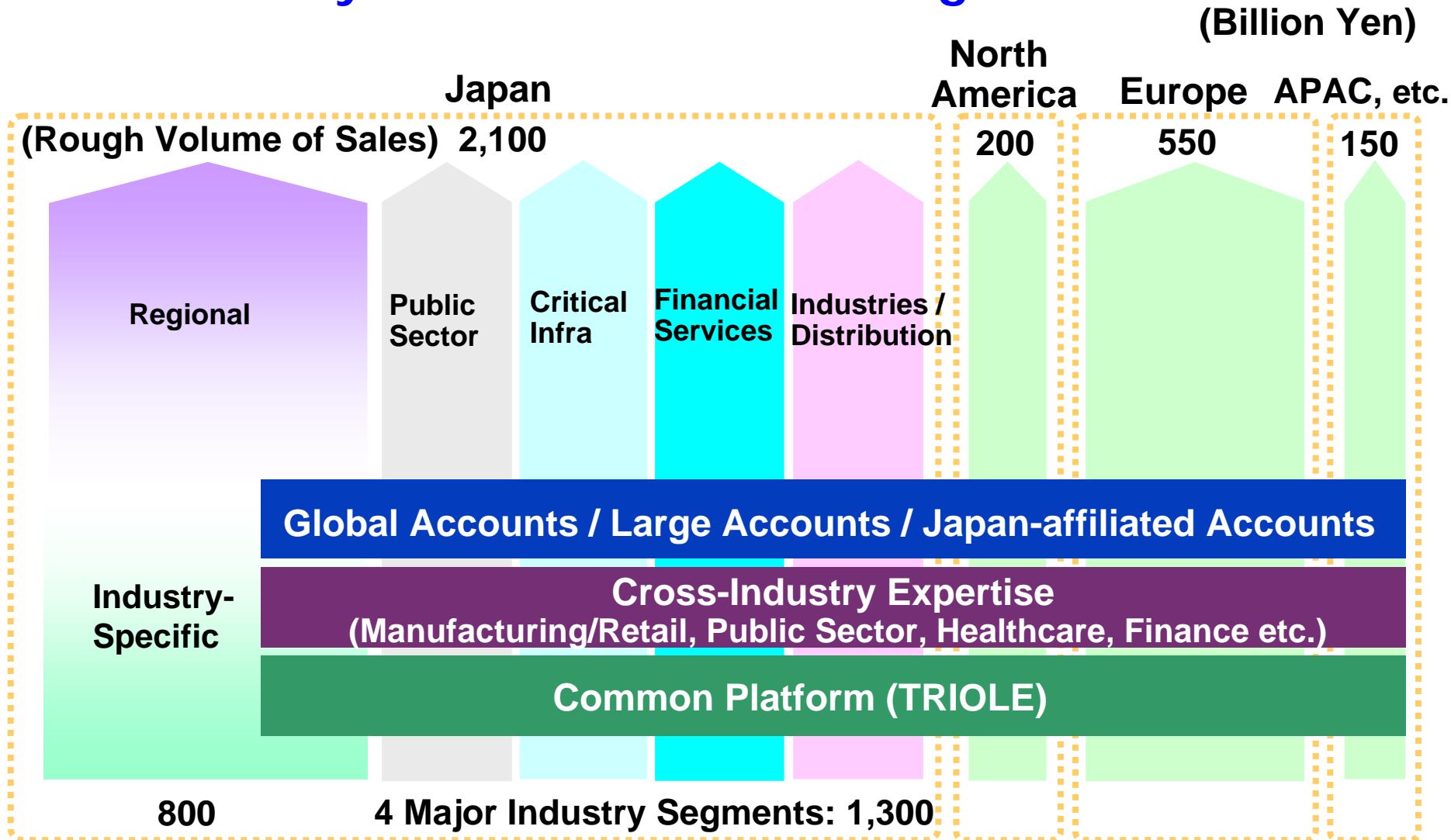
Technology Solutions Strategic Direction

Locally Attuned Service Delivery (Local)
Common Services Infrastructure (Global)



Technology Solutions Business Structure

By Market & Customer Segments

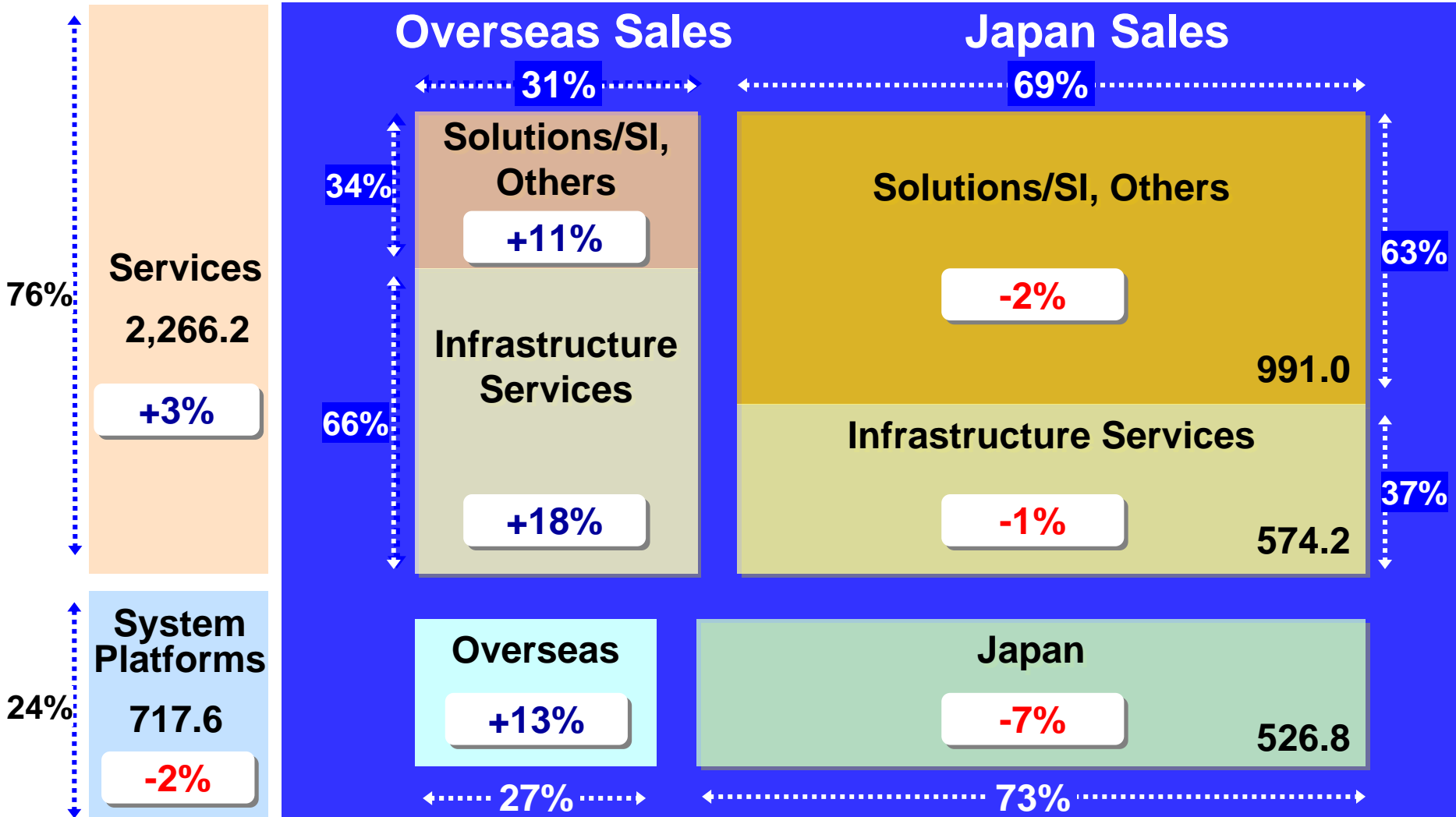


Technology Solutions Business Structure

Breakdown of Business Structure

Technology Solutions: 2,983.9 Bil. Yen (FY05)

% Change in Sales vs. Prior Year



Priorities for Fiscal 2006

■ Improve Profitability of Services Business in Japan

- Shift resources from SI to Services
- Further strengthen real-time management of SI projects
- Develop business in SME market

■ Expand Overseas Business
















- Pursue strategic business development region by region
- Strengthen global account capabilities

■ Strengthen System Platform Sales and Pursue Further Improvements in QCD

- Expand channel business, expand overseas business
- Pursue group-wide SCM, design innovation

Our View of Japan's IT Market

Signs of Recovery Overall

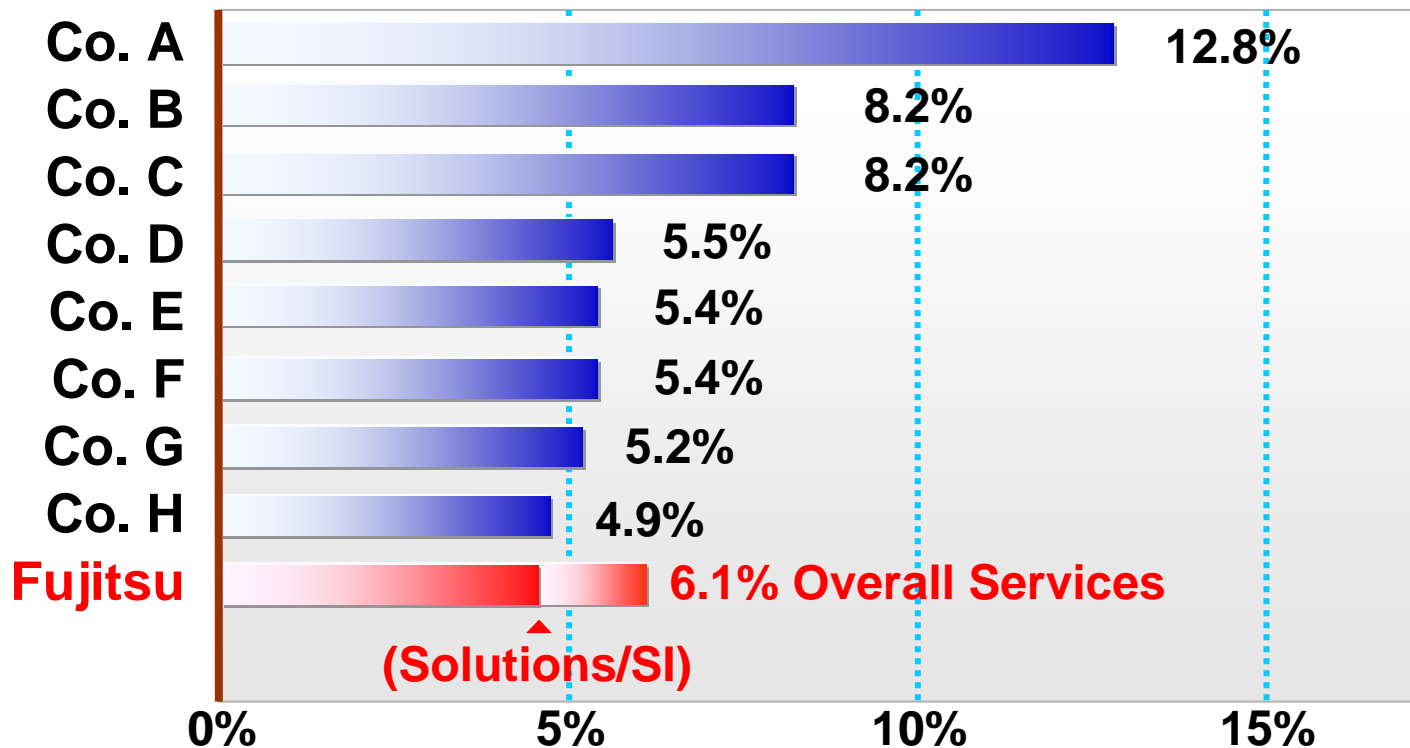
	FY04	FY05	FY06
Manufacturing / Retail			
Critical Infrastructure (Carriers, Energy)			
Financial Services			
Public Sector			
Regional Markets			

Still Much Room for Earnings Growth

Fujitsu Share of IT Services Sales in Japanese Market

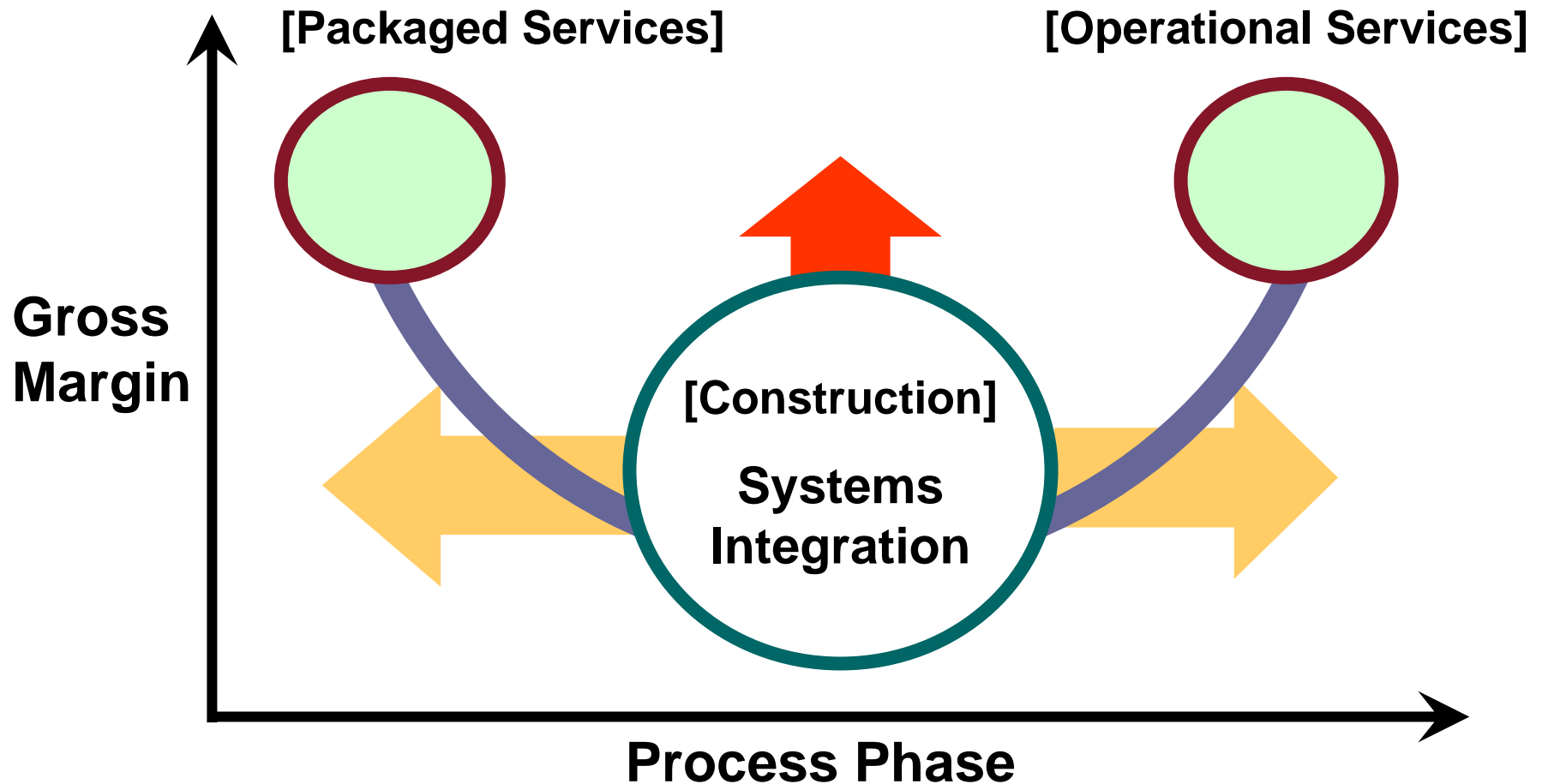
	FY03 Rank	FY04 Rank	FY05 Rank
Overall IT Services	1	1	1
Solutions/SI	1	1	1
Outsourcing	2	1	1

Operating Income Margins of Leading Solutions Vendors in Japan



Improve Profitability in Our Services Business

Shift to Packaged & Operational Services to
Generate Stable Income



Strengthen SI Project Management Capability

Further Reduce Loss-Generating SI Projects (SI Assurance)

(Approximately 1.5% of All Projects)

	FY04	FY05	FY06 (Target)
Losses	40 Bil. Yen	10 Bil. Yen	5 Bil. Yen

Further Refine SI Project Management

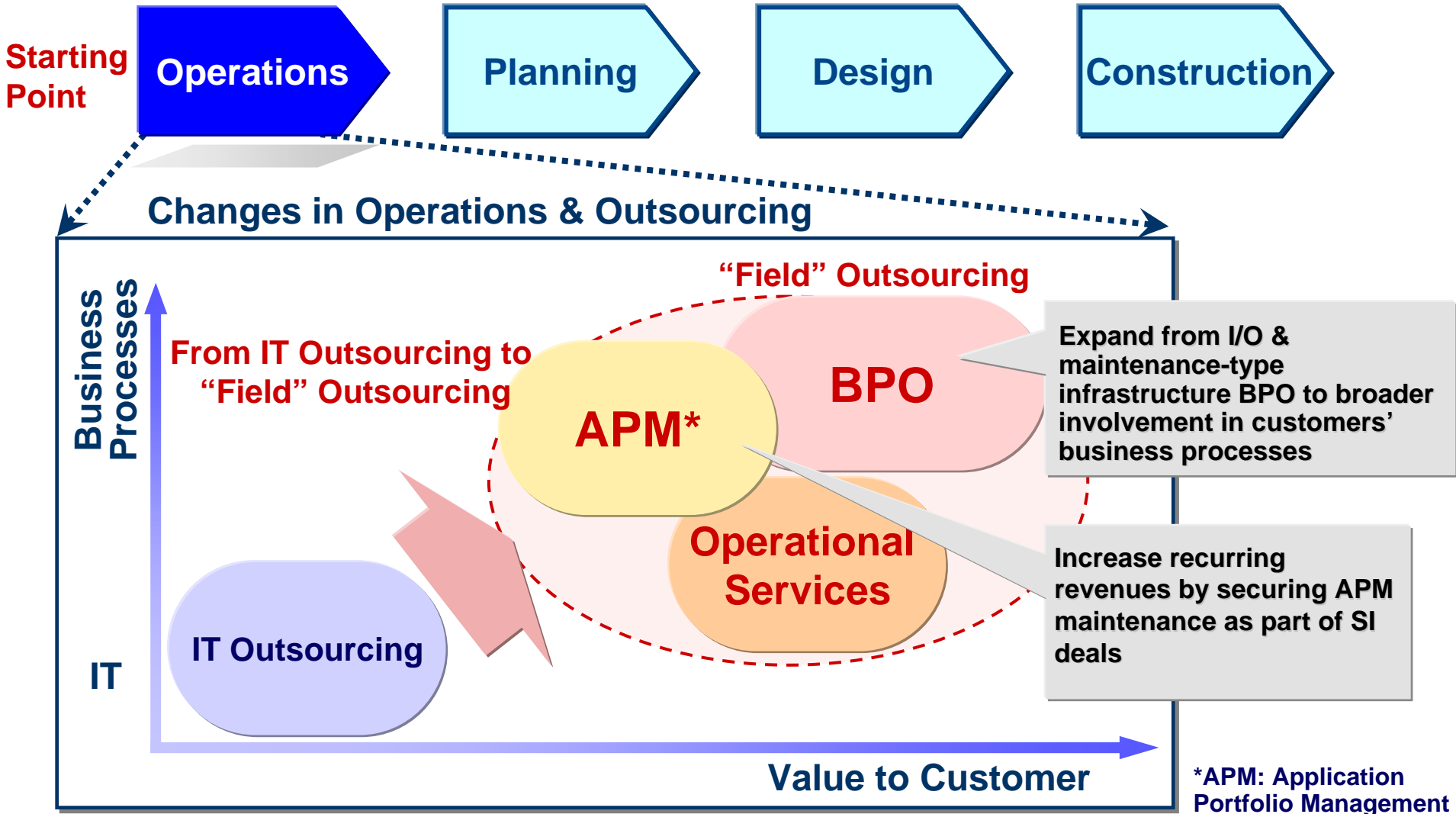
- Improve communication through Project WEB and face-to-face interaction
- Observe principles and rules of project management

Include Higher Level of Detail Regarding Percentage of Completion Standards in SI Project Contracts

- Increase visibility of project progress for customers
- Standardize collection of receivables

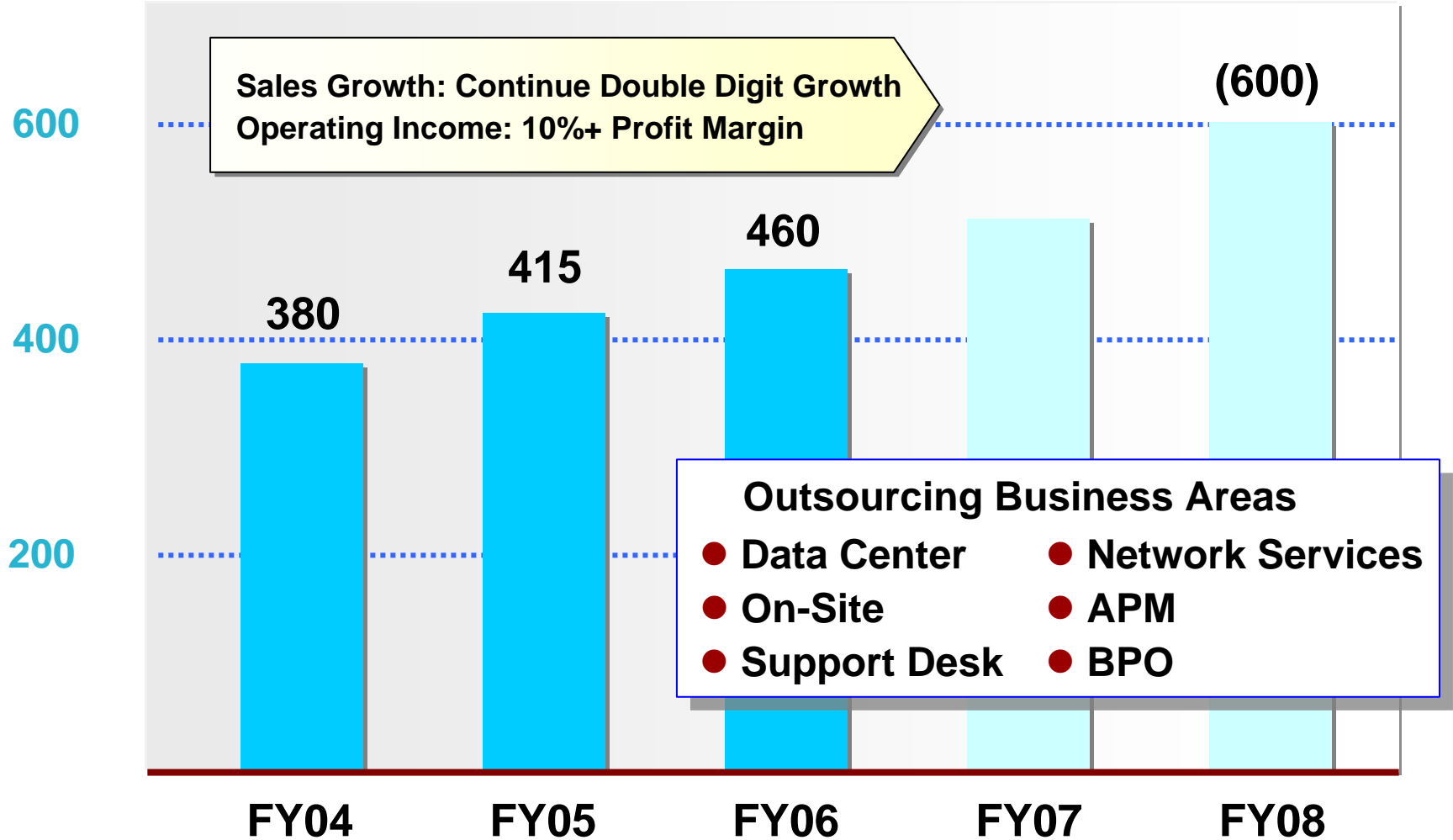
Pursue Business Expansion with Operations as the Starting Point

Deepen Involvement in Customers' Businesses



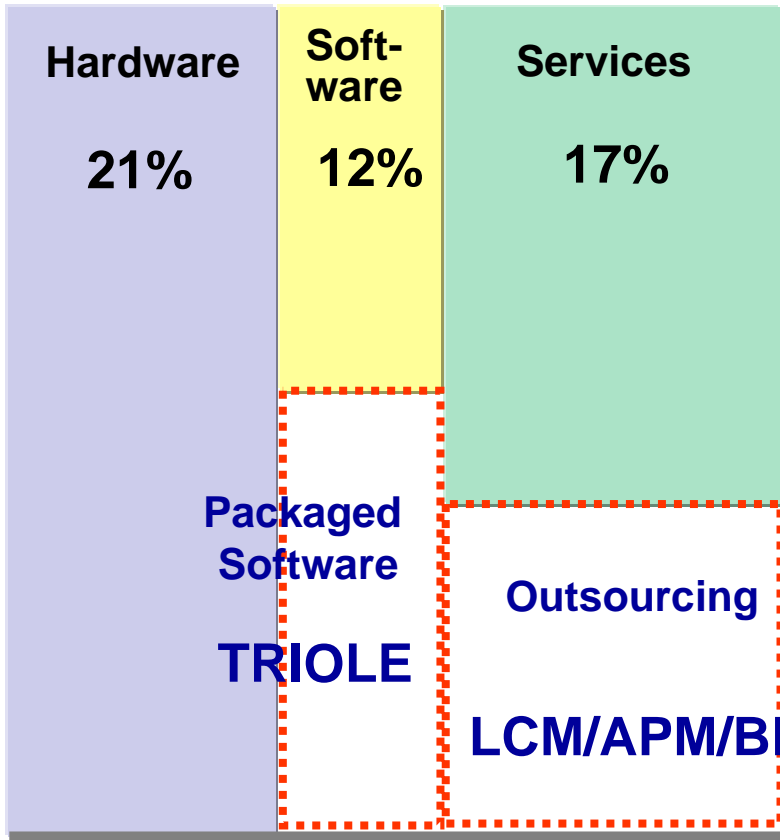
Expand Our Outsourcing Business

Sales Targets (Billion Yen)



Room for Growth in SME Market

Fujitsu Share in Regions
(Internal Estimates)



Customers

Sales Partners

SE

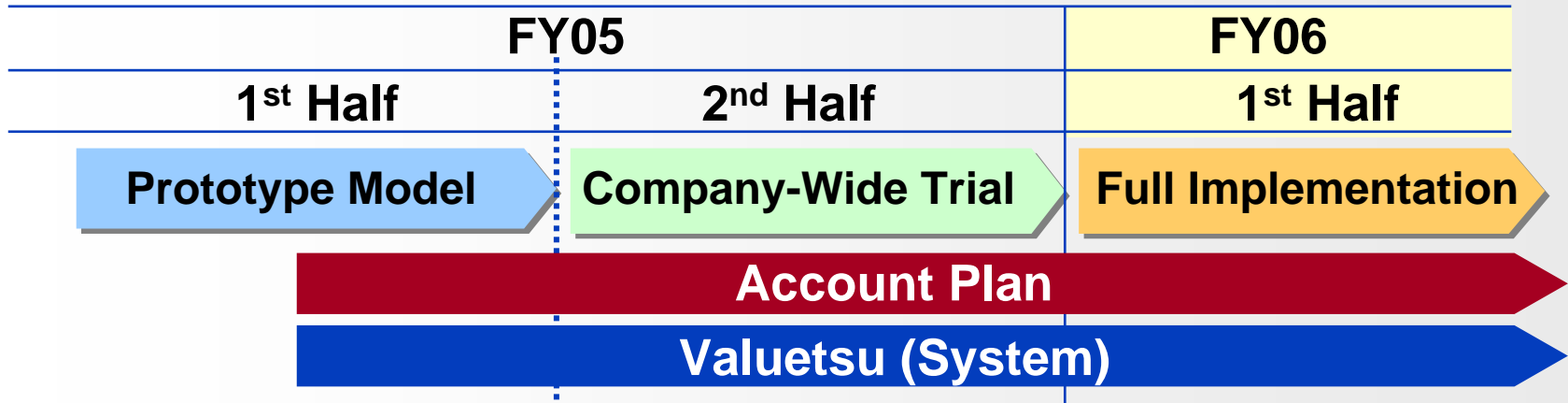
SME Solution Business Unit
Common Platform
Product Planning & Development
Sales Promotion
(Oversee Group Companies)

New SME Market Brand: *GLOVIA smart*
Confirm Integrated Package Development & SOA Platform
Develop LCM Service Model

Deepen Involvement in Customers' Businesses and Increase Speed

Reform Sales Activities

Deploy and Enhance Company-wide Pipeline/ Account Plan



Reform Business Activities with Emphasis on Operations

Former Concept (Production-Centered)



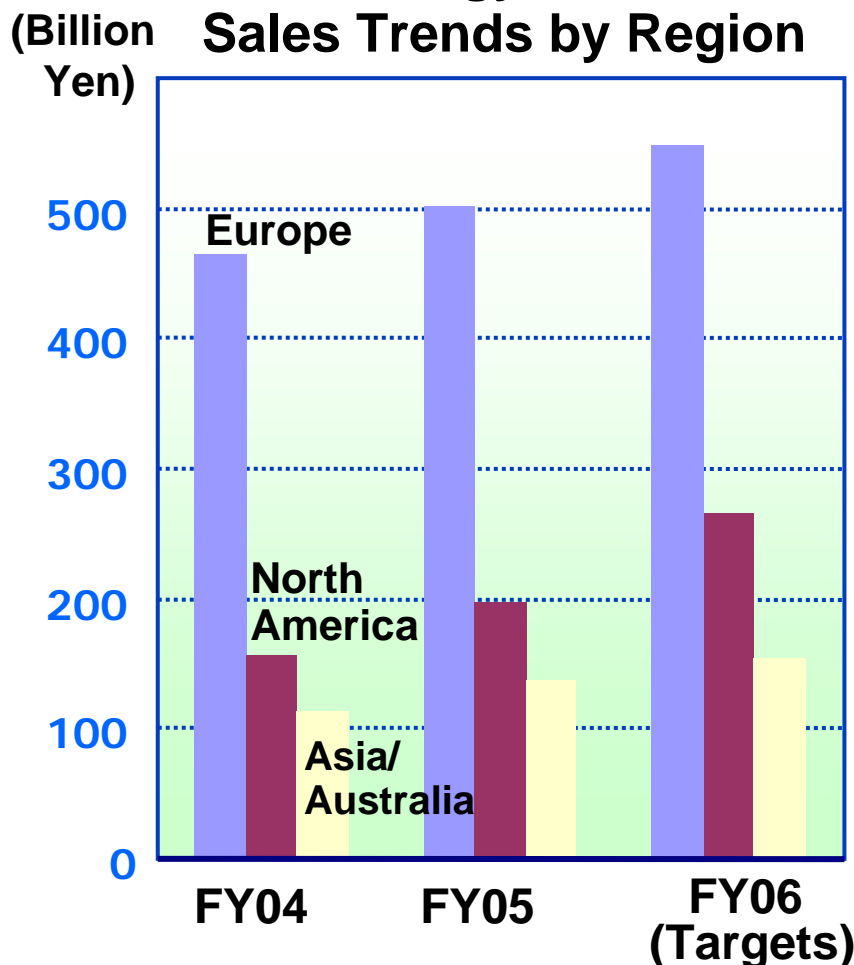
Emphasize Operations, Leverage Existing Assets



Accelerate Growth Overseas

Strategic Expansion Region by Region

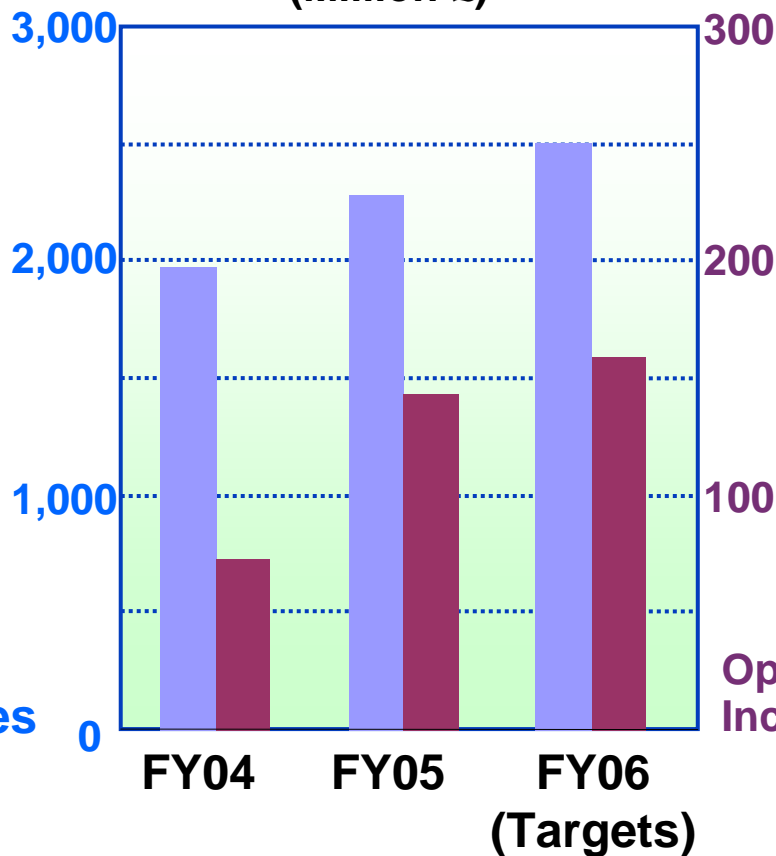
Technology Solutions
Sales Trends by Region



- **North America:** Shift business development model from individual product sales to collaborative sales & integrated solutions
- **Europe:** Accelerate growth of services business (FS) & platforms business (FSC)
- **APAC:** Develop solutions business tailored to local needs in each national market
- **China:** Strengthen support for Japanese corporations; make full-fledged effort to launch platforms business

European Services Base

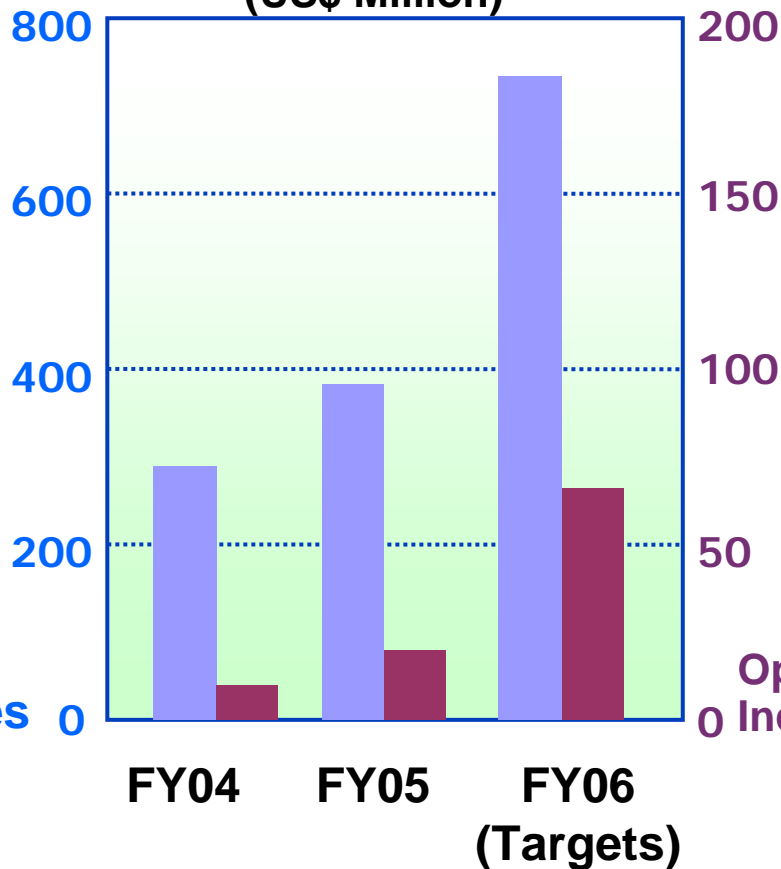
Trend in Financial Results
(Million £)



- Maintain and augment strong position in UK public sector projects
- Strengthen position in UK & continental European private sector business
- Develop capabilities required of Tier 1 vendors in Europe
- Applications, Consulting, BPO

North American Services Base

Trend in Financial Results
(US\$ Million)



■ Acquisition-led growth strategy & transformation of business structure

7 acquisitions since Nov. 2004

Cendera (Call centers, BPO)

BORN (ERP, MS technology)

Rapidigm (ERP, BI, offshore capabilities)

GIM, M3K (Risk management consulting)

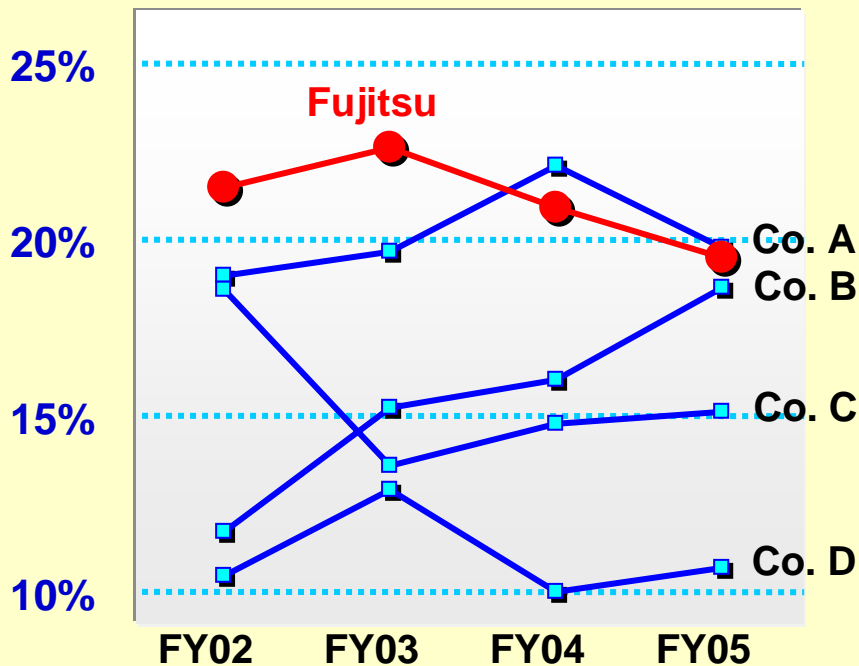
■ Shift to “Practice” model for SAP / Oracle / PeopleSoft / Business Intelligence and other service platforms

■ Leverage offshore sites in India and Costa Rica for BPO business

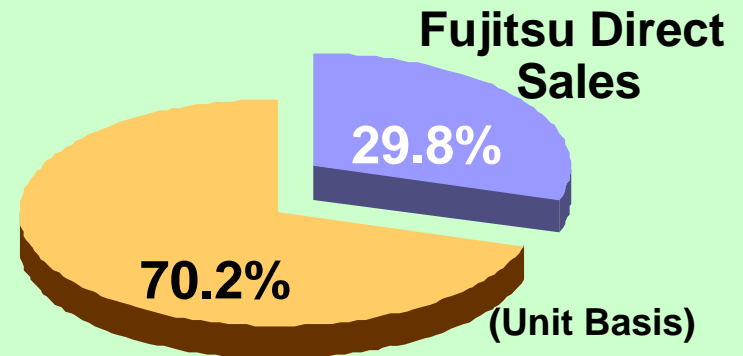
Intensified Sales Efforts Are Needed

- Volumes Are Increasing but Revenues Are Down
- Major Sales Efforts Yielded Signs of Recovery in FY05 2nd Half

Japanese Server Market Share by Value



PC Server Sales Channels

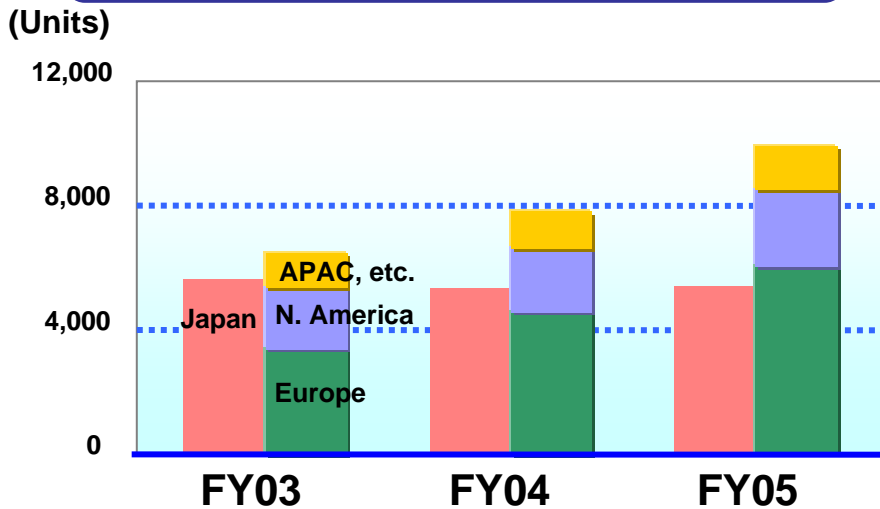


Sales By Partners

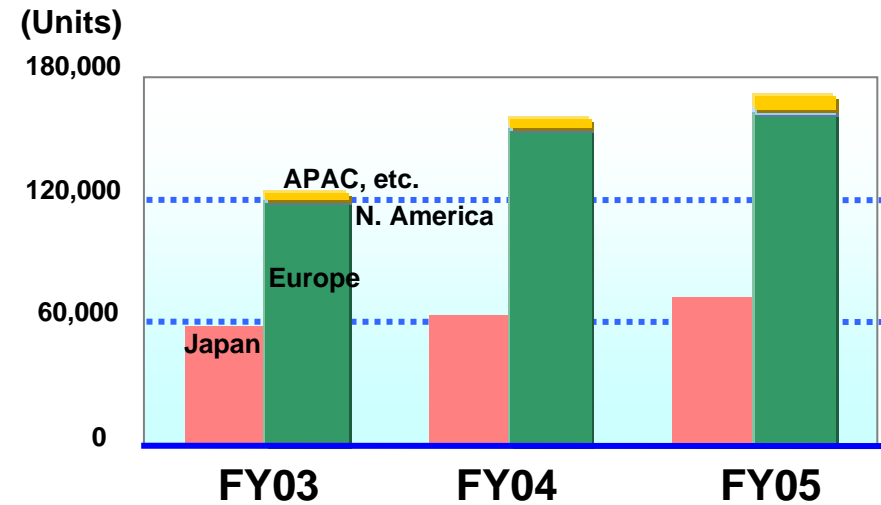
- Strengthen ties with partners
- Establish dedicated platform teams
- Strengthen Web & telephone sales

Strengthen Overseas Business, Focusing on Europe & North America

**UNIX Server (PRIMEPOWER)
Unit Shipments**



**PC Server (PRIMERGY)
Unit Shipments**

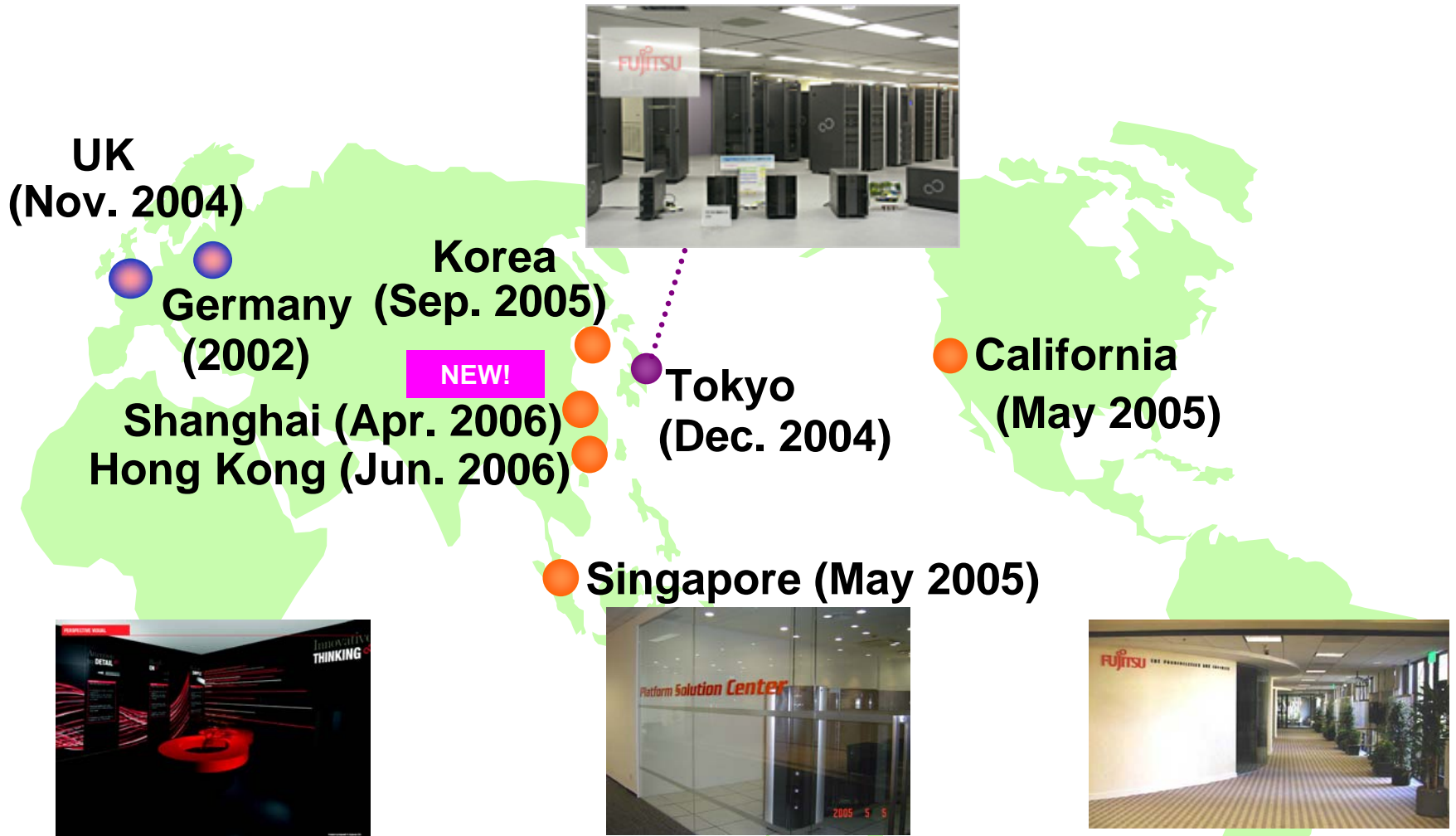


- **Accelerate Global Expansion of Server Business**
Incorporating PRIMEQUEST mission-critical IA servers in EDS solutions
- **Strengthen Global Support Organization**
Acquired SBS' Product-Related Service Unit

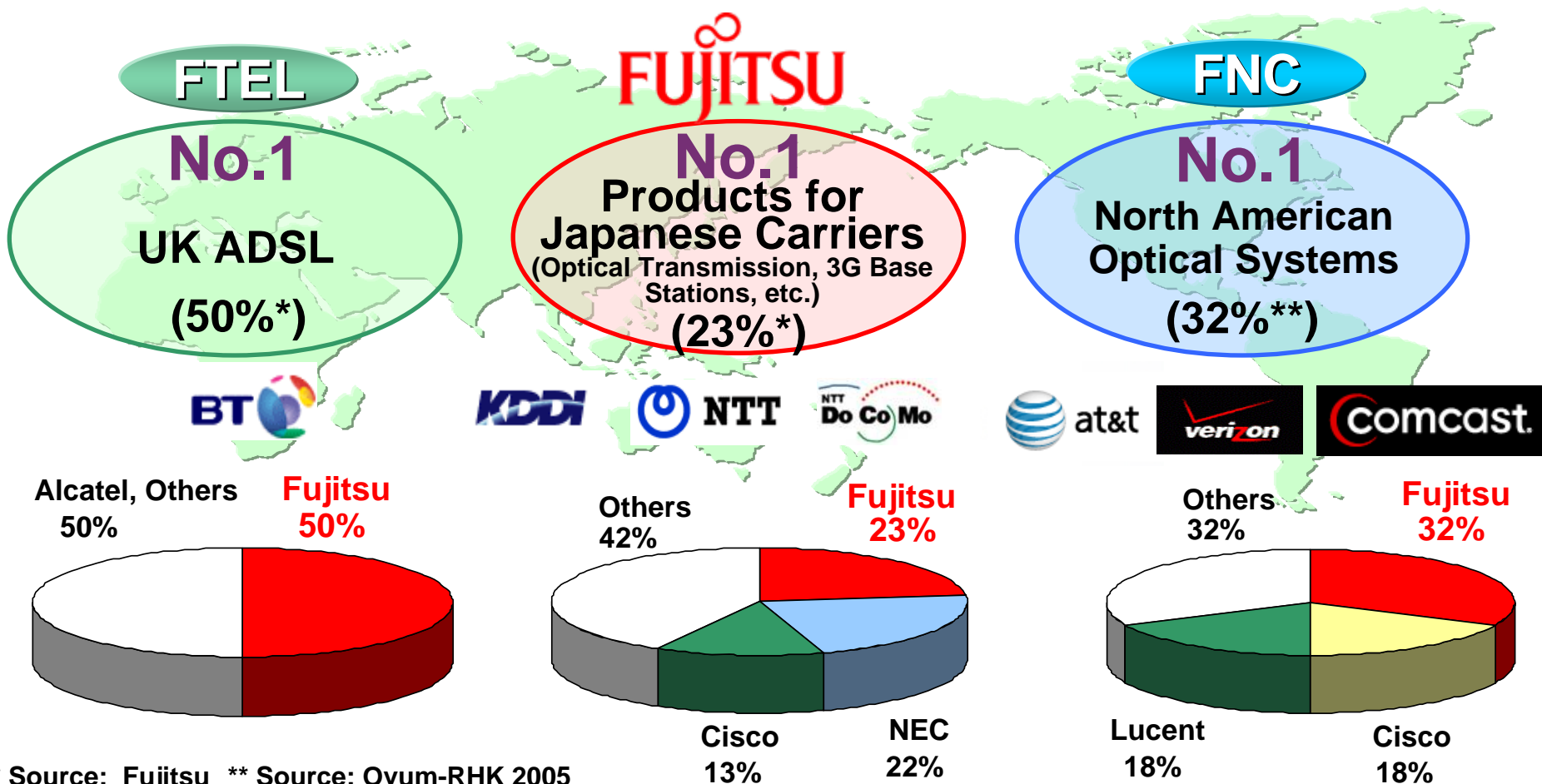
SBS :Siemens Business Services

Expanding Activities Close to Customer Locations

PSC: Platform Solution Center



Focus on World's Major Advanced Carrier Markets
Pursue Leading-edge Technology Fields



* Source: Fujitsu ** Source: Ovum-RHK 2005

Enhance Next-Generation High-End Routers for NGN Construction

- **Enhance Functionality of 'Cisco IOS XR' Next-Generation Router OS (joint development)**

 - Provide functionality required by Japanese telecom carriers

- **Enhance Product Line-up**

- **Improve Quality**

 - Quality management by Joint Quality Team

 - Implement shipment test based on anticipated usage in Japan

- **Enhance Integration Capability**

 - Offer industry-leading service based on top-level SE (CCIE) training

 - * CCIE: Cisco Certified Internetwork Expert; 62 people certified as of Jun. 5, 2006 (Fujitsu Group)

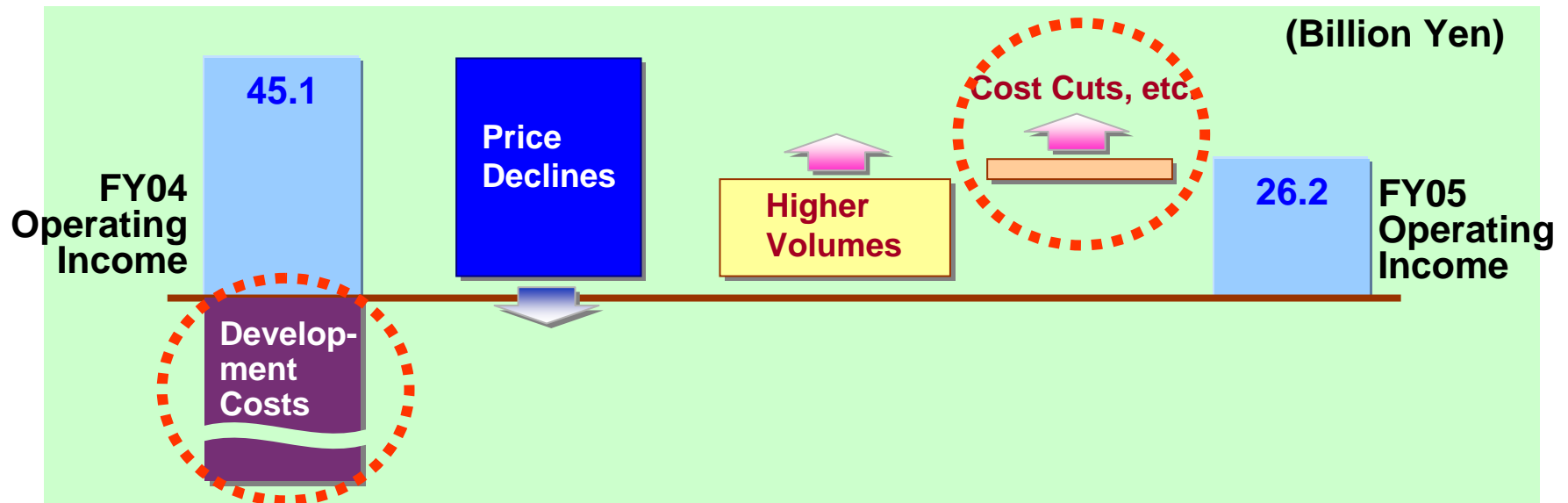


Fujitsu and Cisco XR12400



Fujitsu and Cisco CRS-1 MultiShelf

Breakdown of Income Decline in System Platforms Business



Reduce Costs Across Entire Supply Chain

Estimated annual effect of production equalization (server-related business)

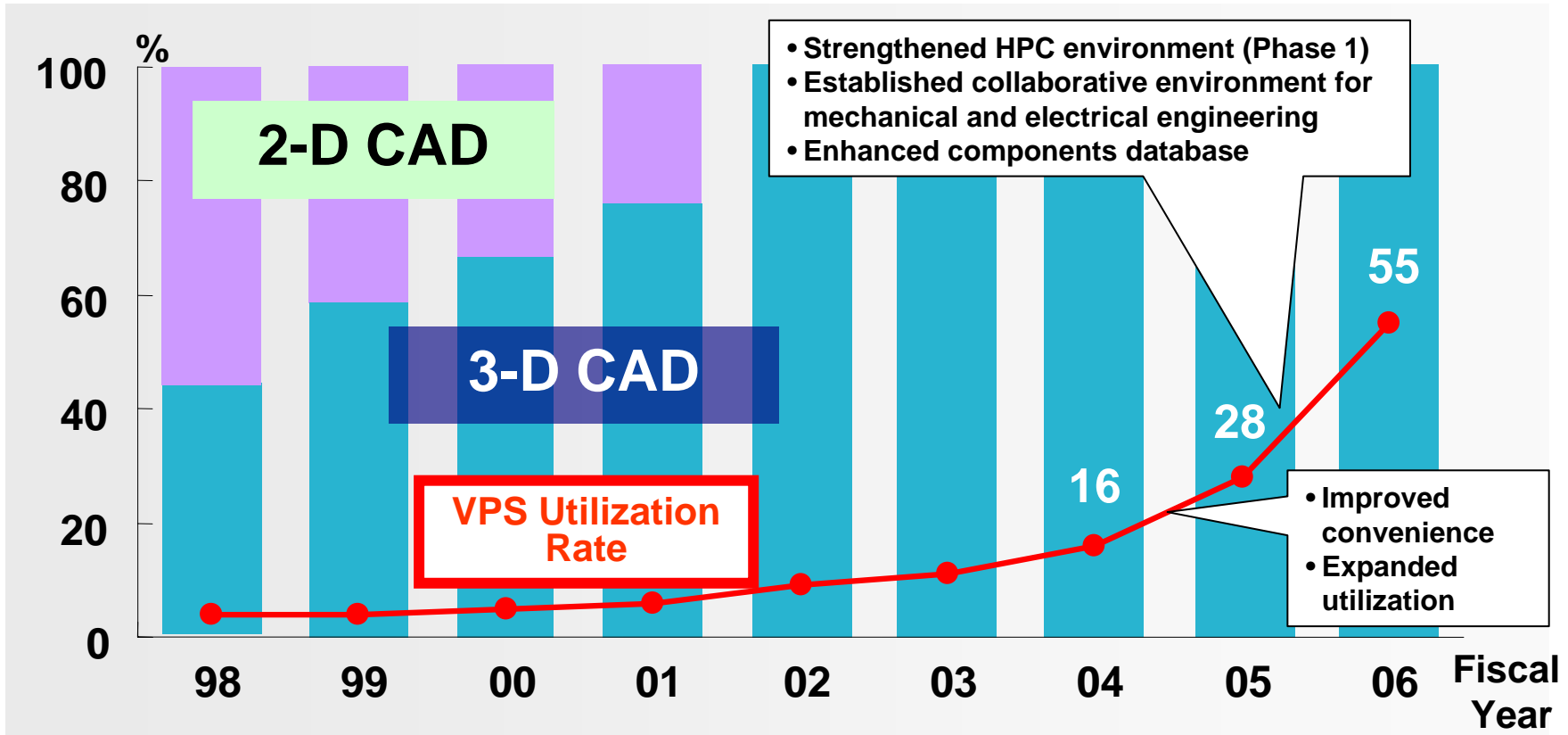
Profit Improvement: approx. 3.5 bil. yen; Inventory Reduction: approx. 5.0 bil. yen; other improvements

Reform Development (Promote Use of Technical Computing)

Save time and improve quality through process and IT innovation

Promote Digitalization of All Processes

Utilization Rates of 3-D CAD/VPS (Structural Design)



Strengthen VPS Development

Train All Designers

Certify Skills

VPS : Virtual Product Simulator

Strengthen IT Environment to Support Development Innovation

Utilize Grid Technology

HPC/UNIX Servers



82 CPUs

PC Clusters



380 CPUs

PC-Grid



From 500 CPUs

CPU Grid comprising about 1,000 CPUs
(TRIOLE Implementation)

HPC Portal Site
(Kawasaki)

Targets (by 2008 vs. at present)

CPU Performance: 8 times higher

Calculation Speed: 10 – 20 times faster

ASP Operation

Provide Latest Systems,
Improve Operational Efficiency

Nagano

Numazu

Akashi

Oyama

Nasu

Kawasaki Labs

Atsugi Labs

YRP

Factories / Labs / Design Centers

Technology Solutions Business Trends by Region

Business Is Getting on Track for Global Expansion

(Billion Yen)

		FY04	FY05	FY06 (Target)	
Technology Solutions	Japan	Net Sales (Change vs. Previous Year)	2,216.0	2,178.3 (-2%)	2,248.0 (3%)
	Europe	Net Sales (Change vs. Previous Year)	465.7	502.2 (8%)	548.0 (9%)
	North America	Net Sales (Change vs. Previous Year)	155.8	197.8 (27%)	266.0 (35%)
	Asia, etc.	Net Sales (Change vs. Previous Year)	113.2	137.5 (21%)	155.0 (12%)

Note: Consolidated net sales by geographic segment (includes intersegment sales)

Technology Solutions: Competitor Comparison

Comparison of Combined Services/Software/Platform Businesses (FY05)

(US\$ Million)

	IBM	HP	EDS	Fujitsu US\$1 = ¥113
Net Sales	90,070	33,314	19,757	26,406
Revenue Growth Rate (%)	3.2%	11.6%	-0.5%	1.7%
Operating Income Margin (%) (Pretax Income Margin)	11.4%	5.7%	2.7%	5.5%

Note: Based on data from companies' published financial results

Financial Targets for Technology Solutions

Secure Strong Foundation for Global Growth

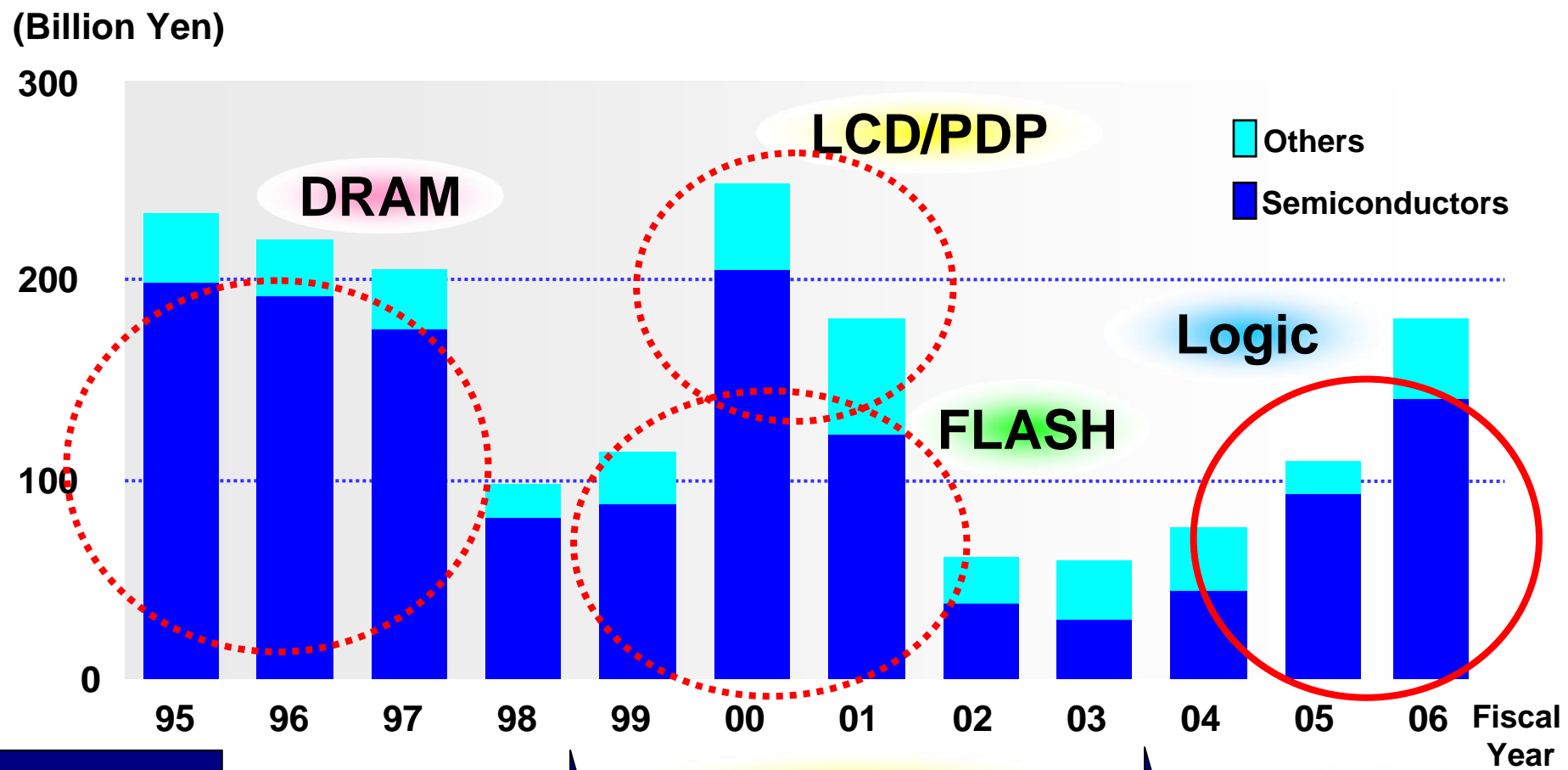
	FY04 Results	FY05 Results	FY06 Targets
Net Sales	2,934.4B. Yen	2,983.9B. Yen	3,180.0B. Yen
Revenue Growth Rate (%)	0.2%	1.7%	7%
Overseas Revenue Growth Rate (%)	3%	15%	16%
Operating Income	142.0B. Yen	164.2B. Yen	185.0B. Yen
Operating Income Margin (%)	4.8%	5.5%	5.8%
Capital Expenditure	65.8B. Yen	93.1B. Yen	120.0B. Yen

Device Solutions

**Our Core Technology Focus:
Concentrate on Logic LSI Devices and
Strive for Growth in ASSPs**

Investment Strategy Focused on Logic Business

Trends in Device Solutions CAPEX (Consolidated)

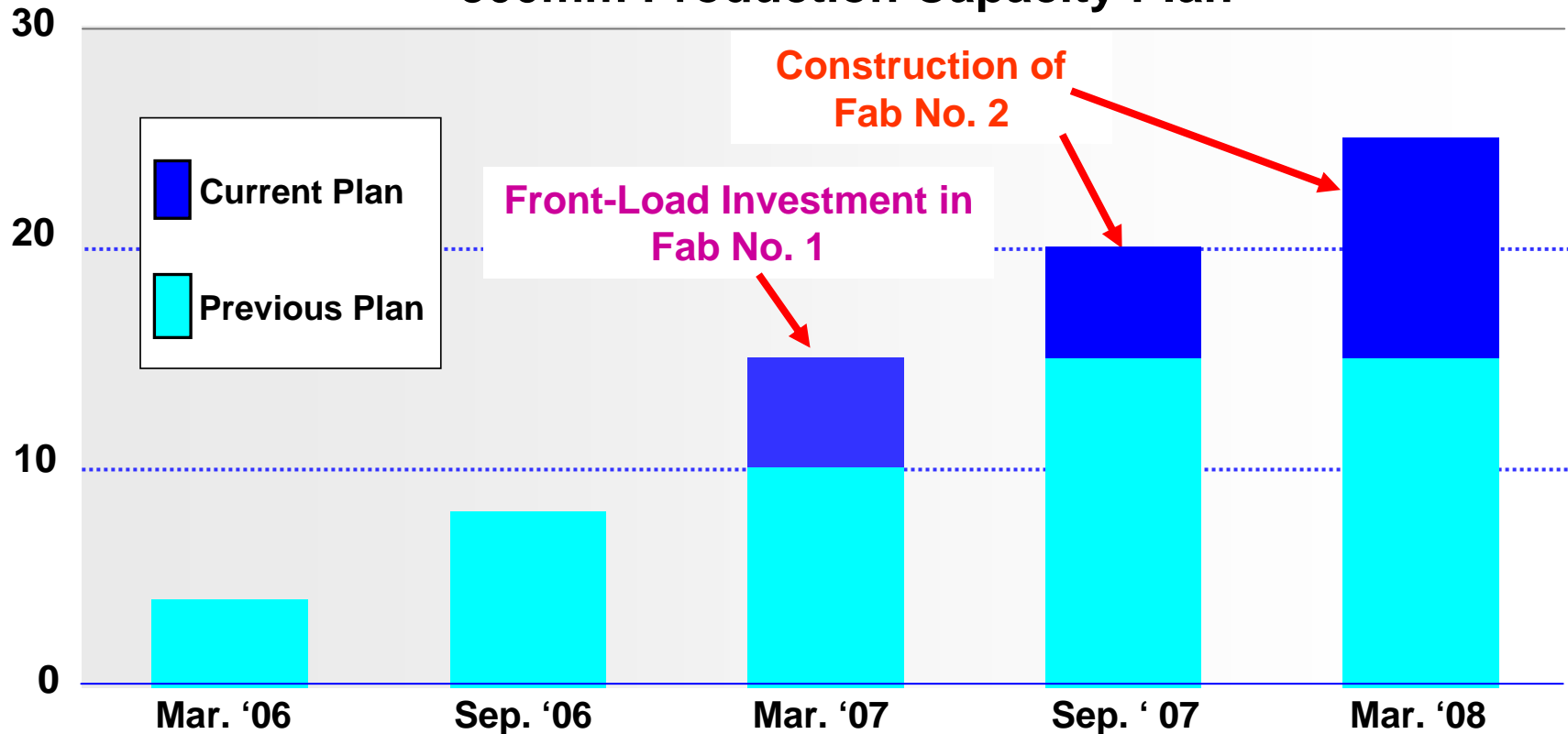


Increase Capacity at 300mm Fab (65nm/90nm)

Achieve World-Class Production Capacity in Advanced Logic Devices

Production Capacity
(1,000 Wafers/ Month)

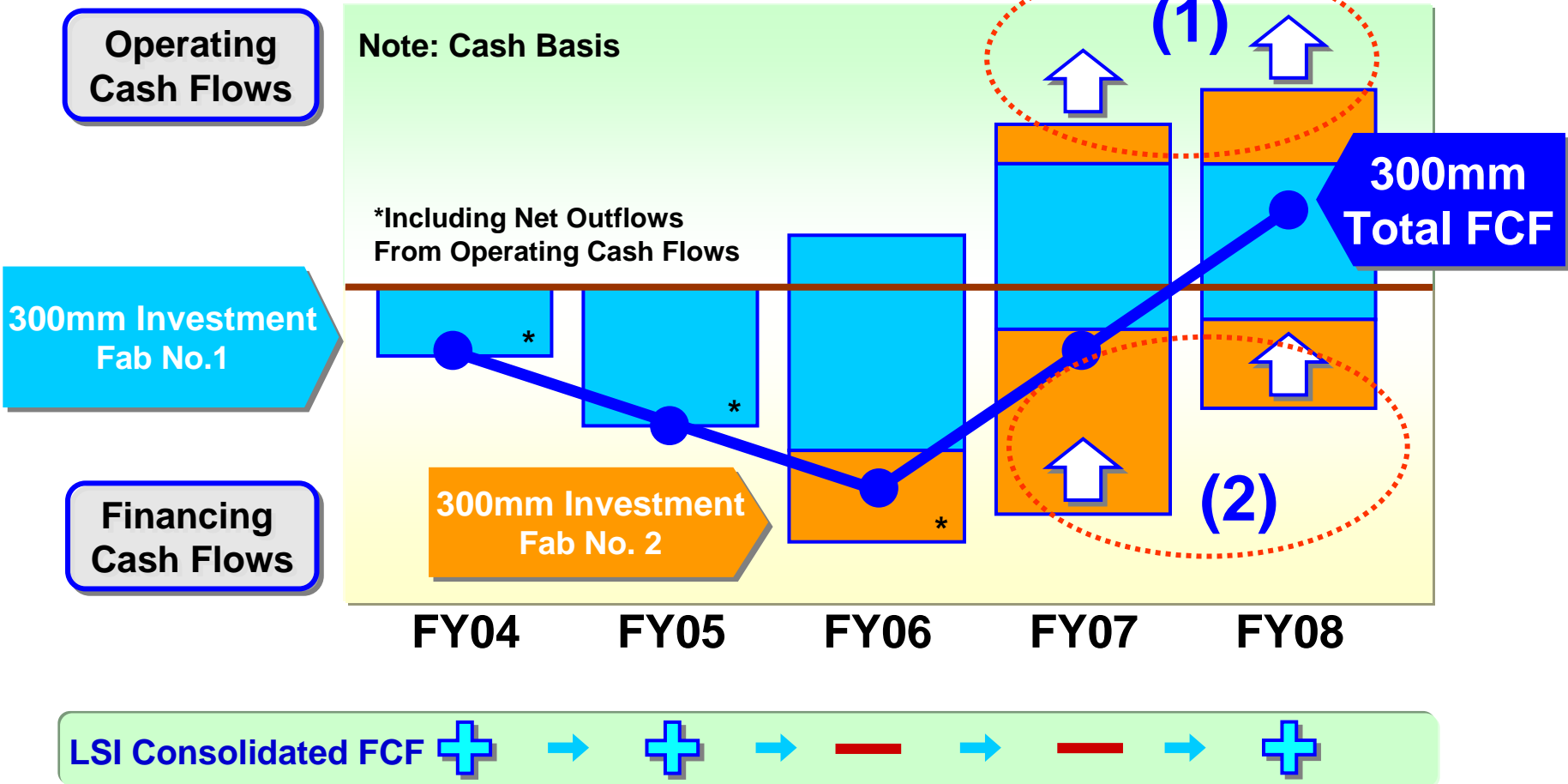
300mm Production Capacity Plan



Investment Amounts: Fab No. 1: 160B. Yen; Fab No. 2: 120 B. Yen

Our Stance on New Investment (in 300mm)

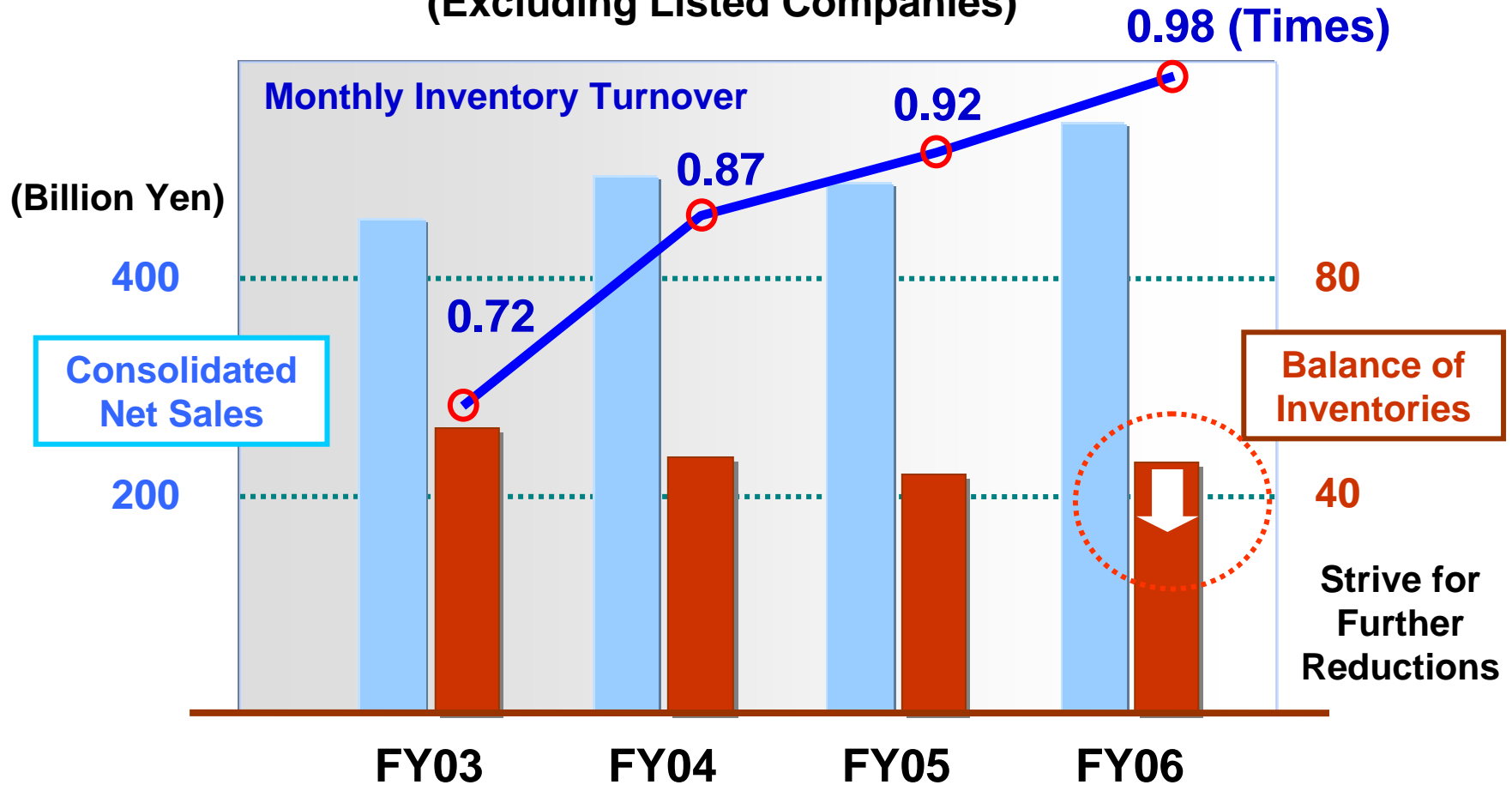
- 1) Improvement in Profit Margin Is Precondition for Active Investment
- 2) Case-by-Case Investment Decisions Are Based on Market Conditions



Further Strengthen Structural Ability to Adapt to Market Volatility

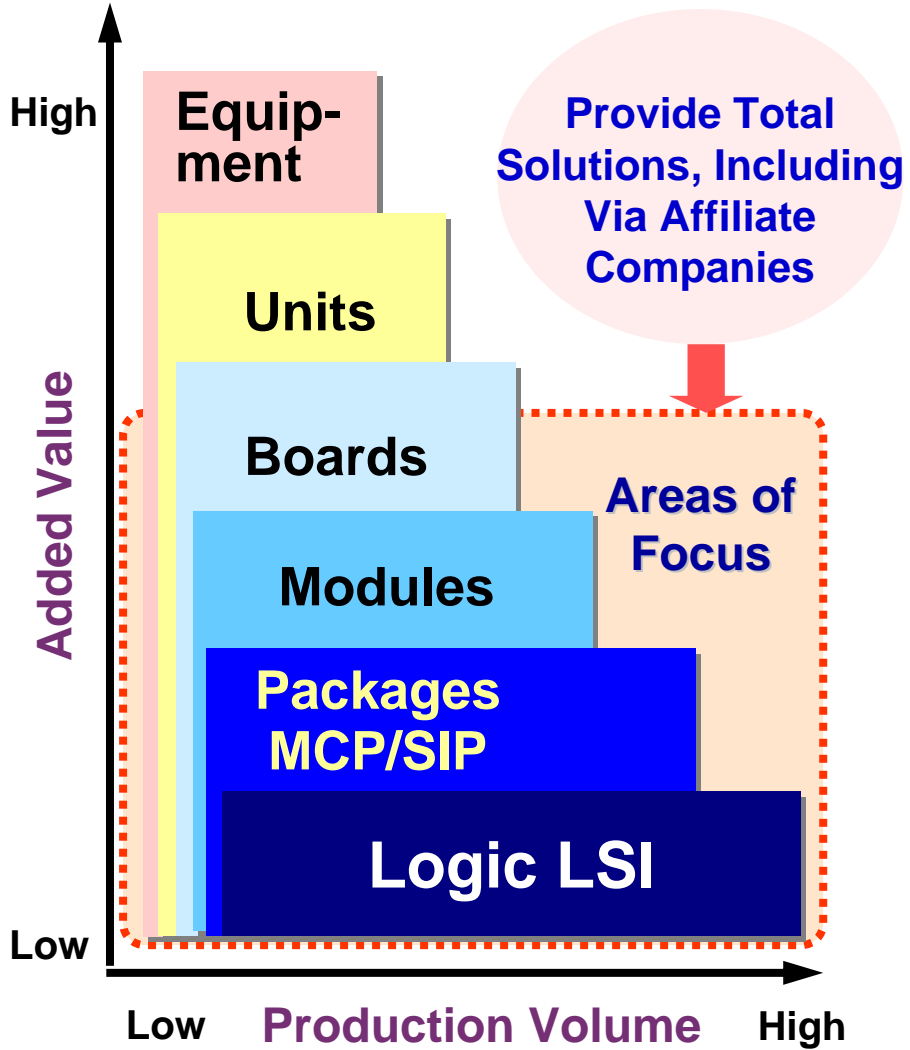
Enhance Profitability Through TPS (Pull Production System)

Device Solutions Inventory Trends (Excluding Listed Companies)



Areas of Focus in Electronic Devices Business

Expand Scope of Business



Enter Global ASSP Market

Areas of Focus
Imaging / Wireless / Security

Major Achievements

- 3-D Graphics LSI for use in automotive terminals & navigation systems
No.1 Share Worldwide
- MPEG Encoder LSI for use in TV PCs
No.1 Share Worldwide
- ASSPs for use in set top boxes
Shipped Over 20 Million Units Worldwide
- ASSPs for digital cameras & mobile phones
Shipped Over 20 Million Units Worldwide

Financial Targets for Device Solutions

Quickly Recoup Cash Flow

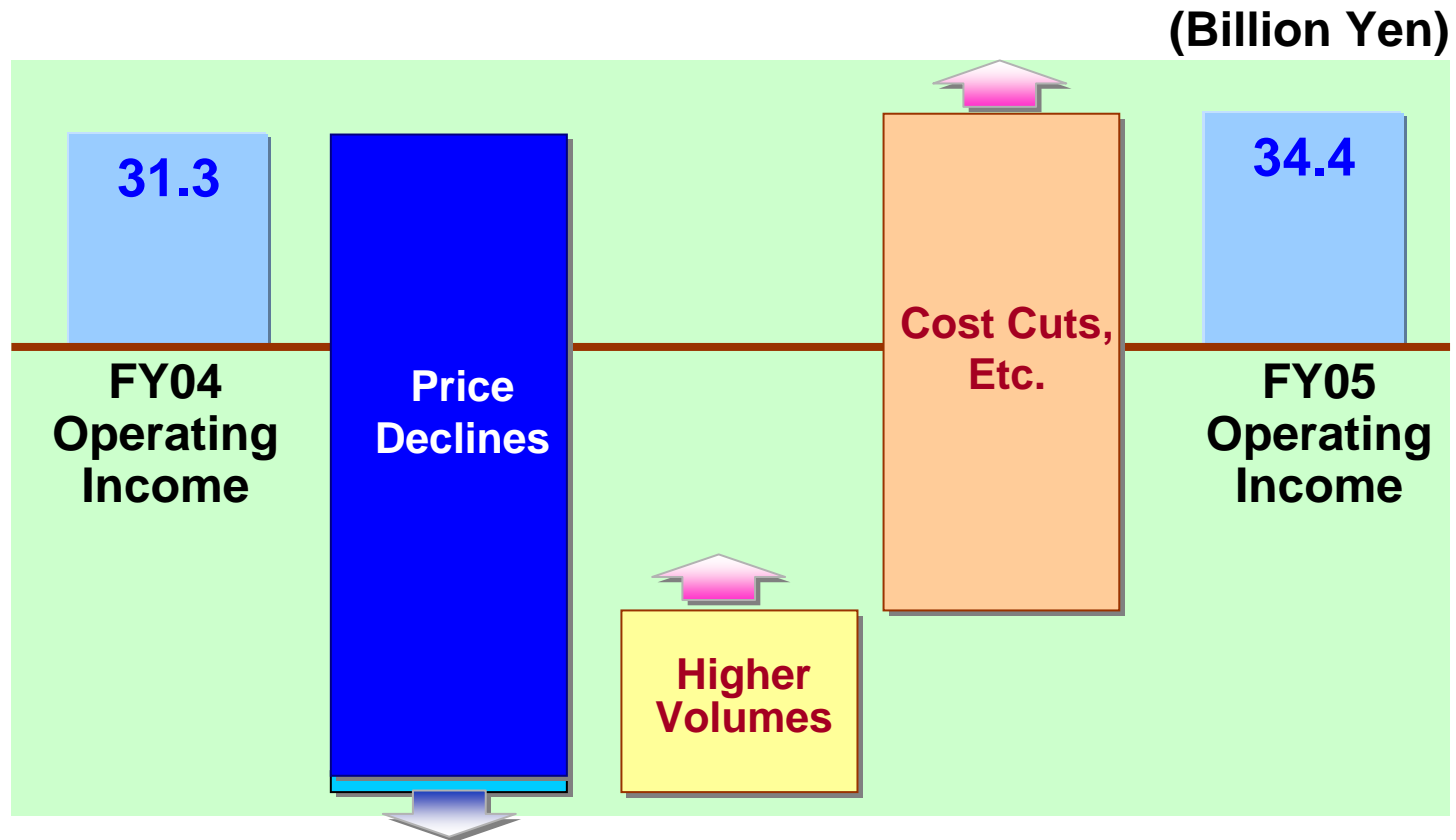
	FY04 Results	FY05 Results	FY06 Targets
Net Sales	794.7B. Yen	707.5B. Yen	810.0B. Yen
Revenue Growth Rate (%)	-1%	-11%	14%
Overseas Revenue Growth Rate (%)	-10%	-4%	13%
Operating Income	32.5B. Yen	33.3B. Yen	35.0B. Yen
Operating Income Margin (%)	4.1%	4.7%	4.3%
Capital Expenditure	76.1B. Yen	115.5B. Yen	180.0B. Yen

Ubiquitous Product Solutions

**Expand Operations Globally
as Independent Businesses**

Structure that Can Adapt to Changes in Business Environment

Profit Structure of Ubiquitous Products Business

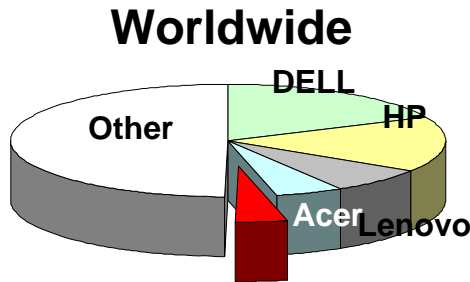


Achieve Growth within Bounds of Cash Flow

PC Business

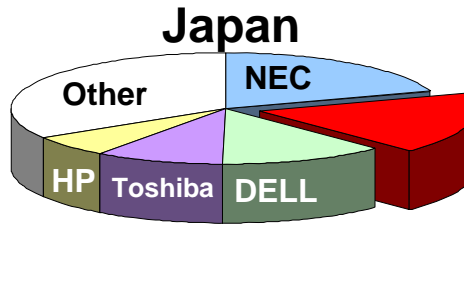
Pursue Differentiated Products & High-Level SCM

Client PC Share in FY05
(By Units Shipped)



Fujitsu/FSC: No. 5 (4%)

Total Market: 207.17 Million Units



Fujitsu: No. 2 (18%)

Total Market: 14.29 Million Units

	FY05	FY06
Unit Shipments (Millions)	8.25	9.00
Overseas Ratio (Unit Basis)	68%	70%

Source: IDC, Worldwide Quarterly PC Tracker, Q1 2006
IDC Japan, Japan PC Quarterly Model Analysis, Q1 2006

- Recognized globally for innovative products
 - Won 2006 PC World Innovations Awards
- Robust security functions & enhanced AV functionality differentiate products
- “Made in Japan” superior quality (notebook PCs)



P1500D



LifeBook P1500D

Received 2006 PC World Innovations Awards

Mobile Phones Business

Leverage Advanced Technology & Unique Products to Create Future Converged PC-Handsets



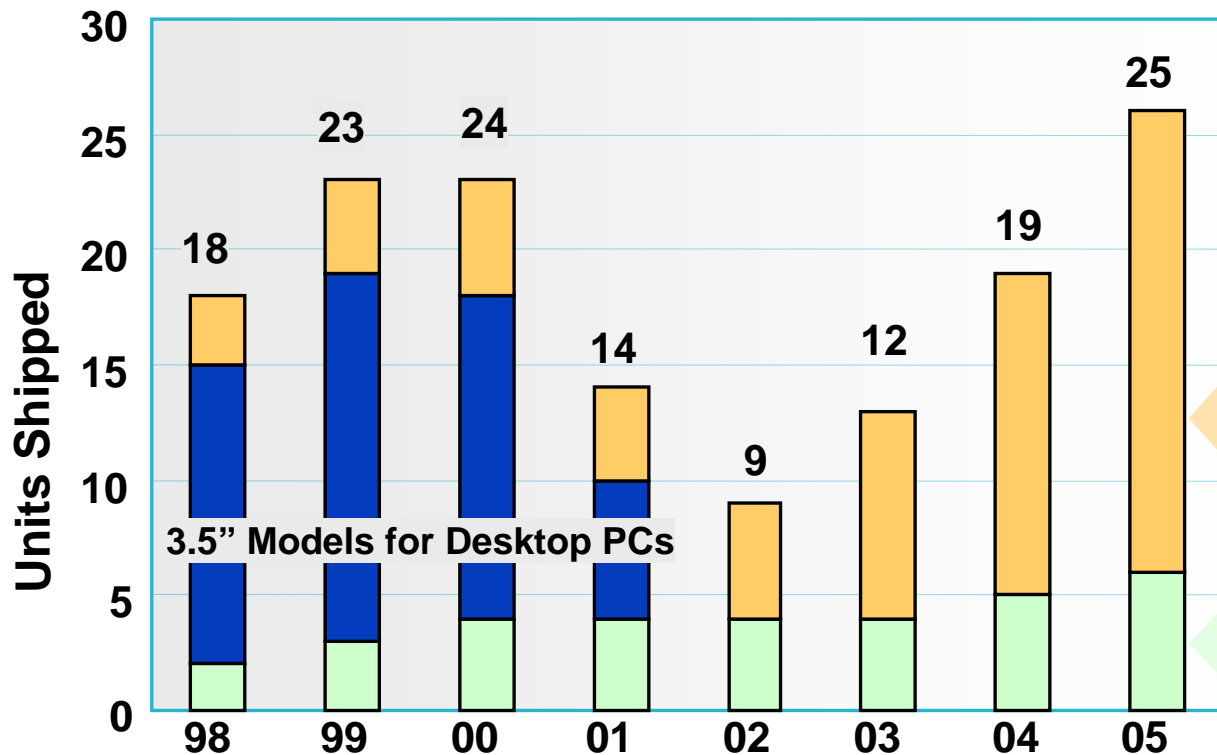
	FY05	FY06
Units Shipments (Millions)	3.62	3.50

- Develop original wireless core & platform technologies
- Lower costs through enhanced collaboration with Symbian Group
- Leverage unique products to maintain & stabilize business
 - RakuRaku Phone
 - Improve development efficiency through platform standardization
- Roll out next-generation convergent products
 - Utilize IP technology and WIMAX to create new usage possibilities

Hard Disk Drive Business

Secure Position as High Quality Brand, Be First to Market

(Million Units)



	FY05	FY06
Units Shipments (Millions)	25	34
Overseas Ratio (Units)	86%	86%

2.5" Models for Mobile PCs

1. HGST(32%)
2. Fujitsu (23%)
3. Toshiba (23%)

2.5" & 3.5" Models for Enterprise

1. Seagate (52%)
2. Fujitsu (21%)
3. Maxtor (14%)

Enhance product line & increase production capacity

Enter market for 1.8" HDDs

Develop advanced technology to ensure future growth

Source: IDC, 5/2006,
Worldwide Hard Disk Drive 2006-2010
Forecast and Analysis:
Record-Breaking Years Lie Ahead (201478)

Financial Targets for Ubiquitous Product Solutions

Strengthen Ability to Regularly Absorb Market Volatility Risk

	FY04 Results	FY05 Results	FY06 Targets
Net Sales	1,031.4B. Yen	1,059.9B. Yen	1,160.0B. Yen
Revenue Growth Rate (%)	9%	3%	9%
Overseas Revenue Growth Rate (%)	24%	20%	20%
Operating Income	31.3B. Yen	34.4B. Yen	30.0B. Yen
Operating Income Margin (%)	3.0%	3.3%	2.6%
Capital Expenditure	17.2B. Yen	19.4B. Yen	30.0B. Yen

Toward Robust Growth in Fiscal 2006 & Beyond

Help Customers Integrate Management & IT

Implement at Fujitsu to Change Our Business

■ Make Fujitsu Itself a Reference Model

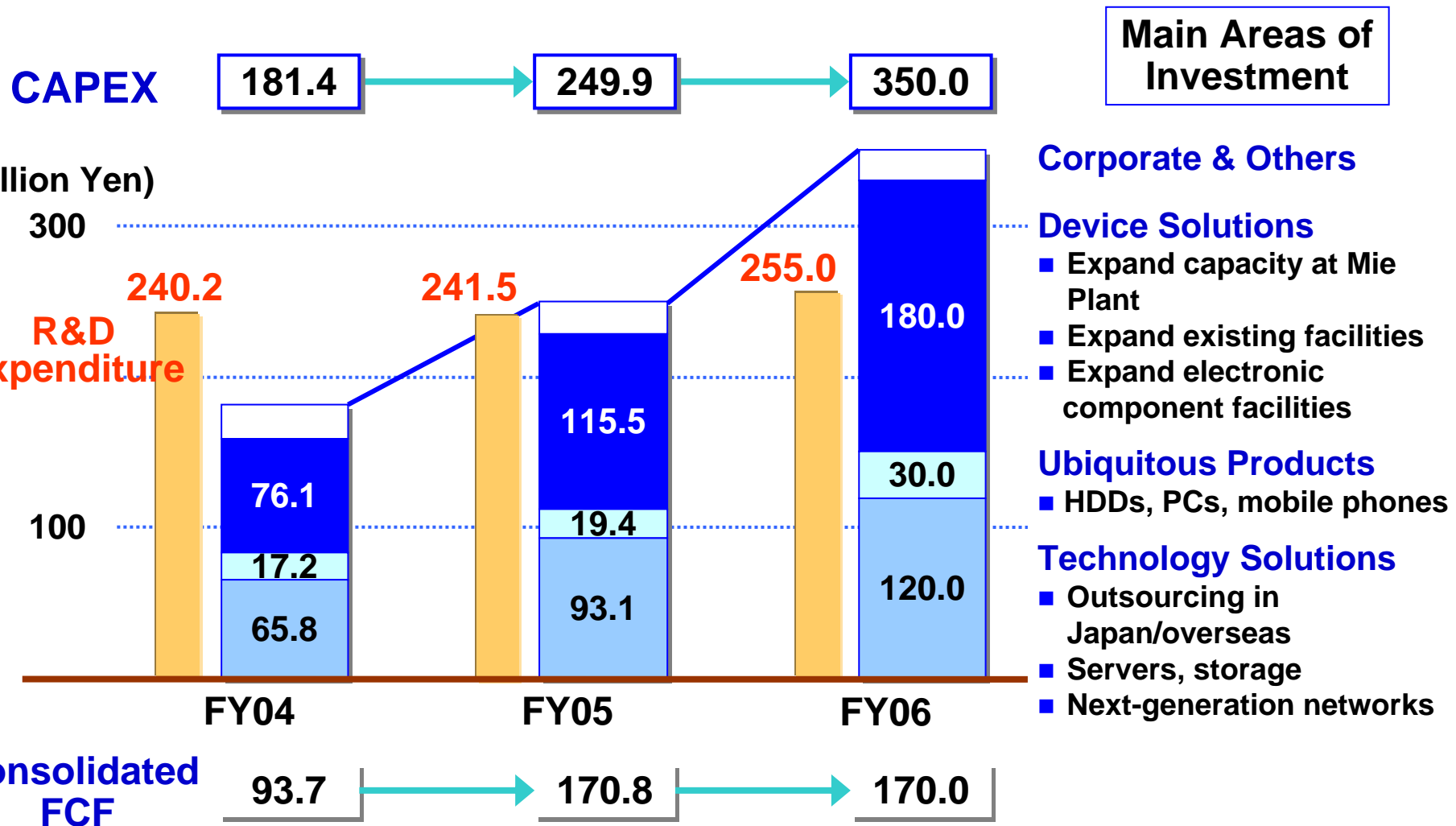
- Reform our business processes (Project EAGLE)
- Innovate our internal IT systems

■ Change Our Business Approach

- Work to quickly deliver value of IT
 - Shift from product sales model to delivery of added value model
- Support continuous improvement of business processes & IT
 - LCM (Life Cycle Management)
 - BPO (Business Process Outsourcing)

Investing for Growth

Expand CAPEX and R&D Expenditure



Note: For main business, excluding sales of shareholdings, etc.

People Are Fujitsu's Greatest Asset

Cultivate, Utilize, and Strengthen Our Human Resources



Financial Targets for Fiscal 2006



Business Goals for Fiscal 2006

Ensure Growth on Global Basis, Respond to Market Changes

■ Further Enhance Operational Efficiency

- **Cost Competitiveness:** Aim for inventory turnover rate of 2x/month in the medium-term
- **Strong Financial Condition (Resiliency):** FCF of at least 170 bil. yen

■ Enhance Global Business Position

- **Technology Solutions:** Secure strong foundation for global growth
- **Device Solutions:** Quickly recoup cash flow
- **Ubiquitous Product Solutions:** Strengthen ability to regularly absorb market volatility risk

Financial Targets for Fiscal 2006

Further Enhance Operational Efficiency

(Billion Yen)

	FY05	FY06	
	Results	Targets	Change
Inventories	408.7	In 300s	
Operating Cash Flow	405.5	530.0	+124.5
Free Cash Flow	170.8	170.0	
Other Income (Expenses)	(55.4)	(40.0)	+15.4

Operating Income Targets by Segment

Enhance Global Business Position

(Billion Yen)

	FY05	FY06	
	Results	Targets	Change
Technology Solutions	164.2	185.0	+20.7
Services	137.9	160.0	+22.0
System Platforms	26.2	25.0	-1.2
Ubiquitous Product Solutions	34.4	30.0	-4.4
Device Solutions	33.3	35.0	+1.7
Other Operations	7.7	10.0	+2.2
Total	181.4	190.0	+8.5

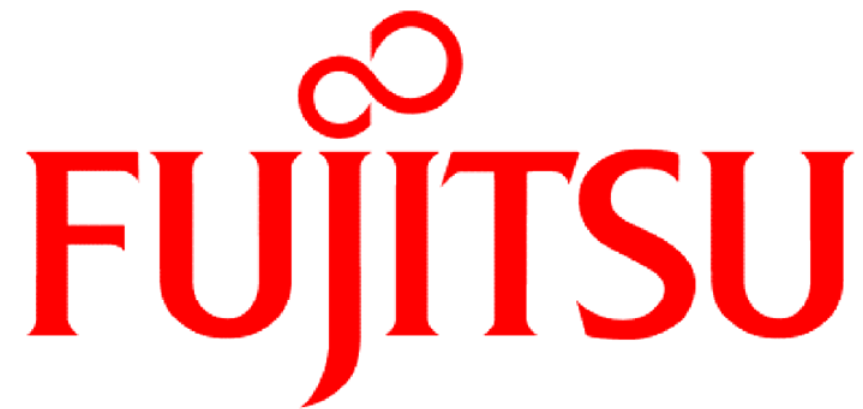
Company-Wide Targets for Fiscal 2006

Foundation Is Higher Revenue & Profits

(Billion Yen)

	Financial Targets
Net Sales	5,200
Operating Income	190
Ordinary Income*	150
Net Income	80

* Ordinary income refers to *keijorieki* in Japanese generally accepted accounting practices.



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.