

Raising Corporate Value

- Fujitsu's New Growth Strategy -

March 7, 2002

Fujitsu Limited

Naoyuki Akikusa, President & CEO

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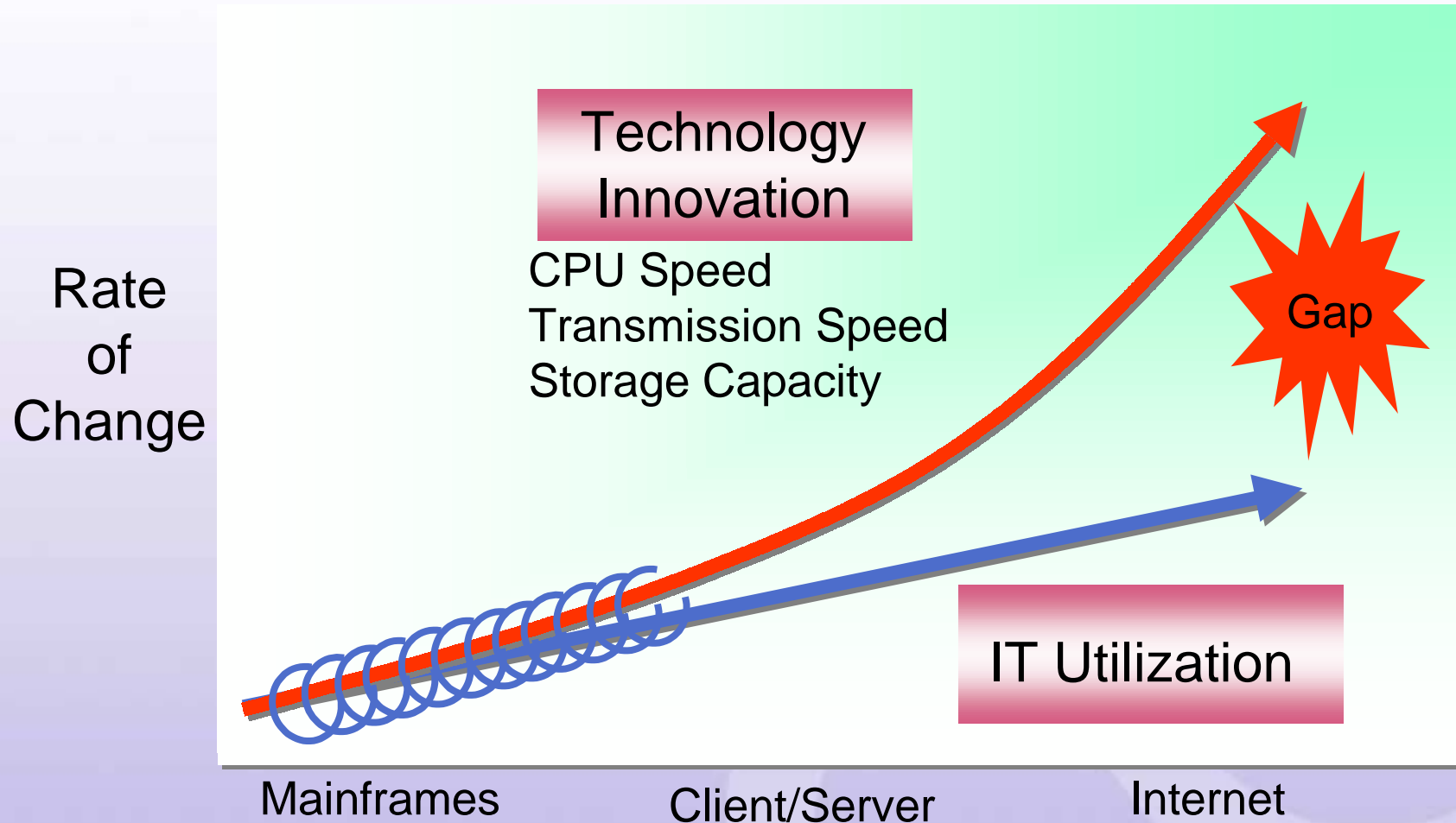
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1.Overall Corporate Direction

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Key Challenge Confronting the IT Industry

Widening Gap Between Technology Innovation and Utilization



New Ideas Needed to Drive Demand for IT

Status of Restructuring Initiatives

Electronic Devices Group

Consolidation of R&D Functions, Streamlining of Manufacturing Capacity

- Closing of Gresham Plant (Jan. 2002)
- Consolidation of Next-generation R&D at Akiruno (Started Dec. 2001)
- Consolidation of Domestic Wafer Fabrication Lines (12 lines →8 lines)
(2 lines eliminated Mar. 2002; 2 lines to close Sep. 2002)
- Consolidation of Assembly Companies (7→5)
 - Closing of SMIL (Ireland) (Mar. 2002)
 - Consolidation of Domestic Companies (By Sep. 2002)

Affiliates

- FHP: Alliances with Two Taiwanese Vendors (Feb. 2002)
 - Negotiating to Set Up Joint Venture (By Apr. 2002)
 - Sale of Miyazaki Bldg. 1 Assets (By Sep. 2002)
- FMD: Closing of Chikuma Electronics (Nov. 2001)
 - Divestiture of Aluminum Electrolysis Condenser Business (Jan. 2002)

Status of Restructuring Initiatives

Information Processing Group

Consolidation of R&D and Manufacturing Facilities

- Consolidating Production of UNIX Servers and Storage Systems at New Company: FJIT (Apr. 2002)
- IA Servers: Development Consolidated at FSC (By end of Apr. 2002)
Production Shifted to FIT (Nov. 2001)
- Closing of HAL, US-based Processor R&D Company (Mar. 2002)
- Closing of FIR (Ireland), Serial Printer Manufacturer (Mar. 2002)

Exit from Unprofitable Businesses

- Ended Development and Production of Hard Disk Drives for Desktop PCs (Sep. 2001)
- Sold Portion of FTC's (Thailand) HDD Factory to Western Digital Corp. (Dec. 2001)

Status of Restructuring Initiatives

Telecommunications Group

Consolidation of R&D and Manufacturing Facilities

- Realigned Main Plants in Japan to Focus on Specialized Production (Dec. 2001)
Oyama Plant: Advanced Photonics
Nasu Plant: IMT2000 (3G)
- Transfer of IP and Access Line-Related Products to Affiliate (Dec. 2001)
- Reduced FNC (North America) Headcount by 2,300, Restructured 11 Locations (Dec. 2001)
- Converted FAL (Australia) Plant into Joint Venture with Local EMS Firm (Sep. 2001)

Exit from Unprofitable Businesses

- Closure of FBCS, North American PBX Business (By Mar. 2002)

Status of Restructuring Initiatives

Software & Services Group

Restructuring of Global Organization

- Separated DMR Consulting from Amdahl (Apr. 2001)
- Restructuring and realignment of ICL/DMR (Apr. 2002)
Reducing headcount by 2,300 (FY 2001)
- Integrating FSBA (USA) and FSE (Europe) with DMR
- Consolidating Under the Fujitsu Brand (Apr. 2002)
ICL→**Fujitsu Services** Holdings PLC
DMR→**Fujitsu Consulting** Holdings Inc.

Shift in Business Structure

- Strengthening Infrastructure Services Business
Establish 10 Regional B-IDCs (in addition to Tatebayashi, Akashi and Tokyo centers) (as of Mar. 2002)
- Strengthening IT Consulting Business
Establishing Business Solution Center
- Developing Common Middleware Platform for e-Japan Business (Inter Community 21)

Status of Fujitsu Group's HR Realignment

Involving About 30,000 Employees
(including transfers and headcount reduction)

	Aug. 2001 Announcement	Completed (as of Mar. 2002)	Planned for FY 2002
Software & Services	1,200	4,700	-
Information Processing	7,500	9,800	600
Telecom- munications	7,300	8,400	600
Electronic Devices	5,100	6,600	1,800
Total	21,100	29,500	3,000

Status of Business Restructuring Initiatives

Business Restructuring Benefit

**At least 140 billion yen improvement
in operating income expected in
FY2002**

Reaffirmation of Fujitsu's Corporate Mission

Based on a foundation of superior technology, Fujitsu will continually provide total solutions in the form of high-quality products and services, primarily to corporations and public sector institutions.

Business Objectives

Provide Leading-edge, High-Performance,
High-Reliability Systems

Provide Information Systems to Handle Skyrocketing
Traffic Volumes

Create Breakthroughs in Applications

Create and Deliver Proposals that Make Full Use of the
Latest Technological Advances

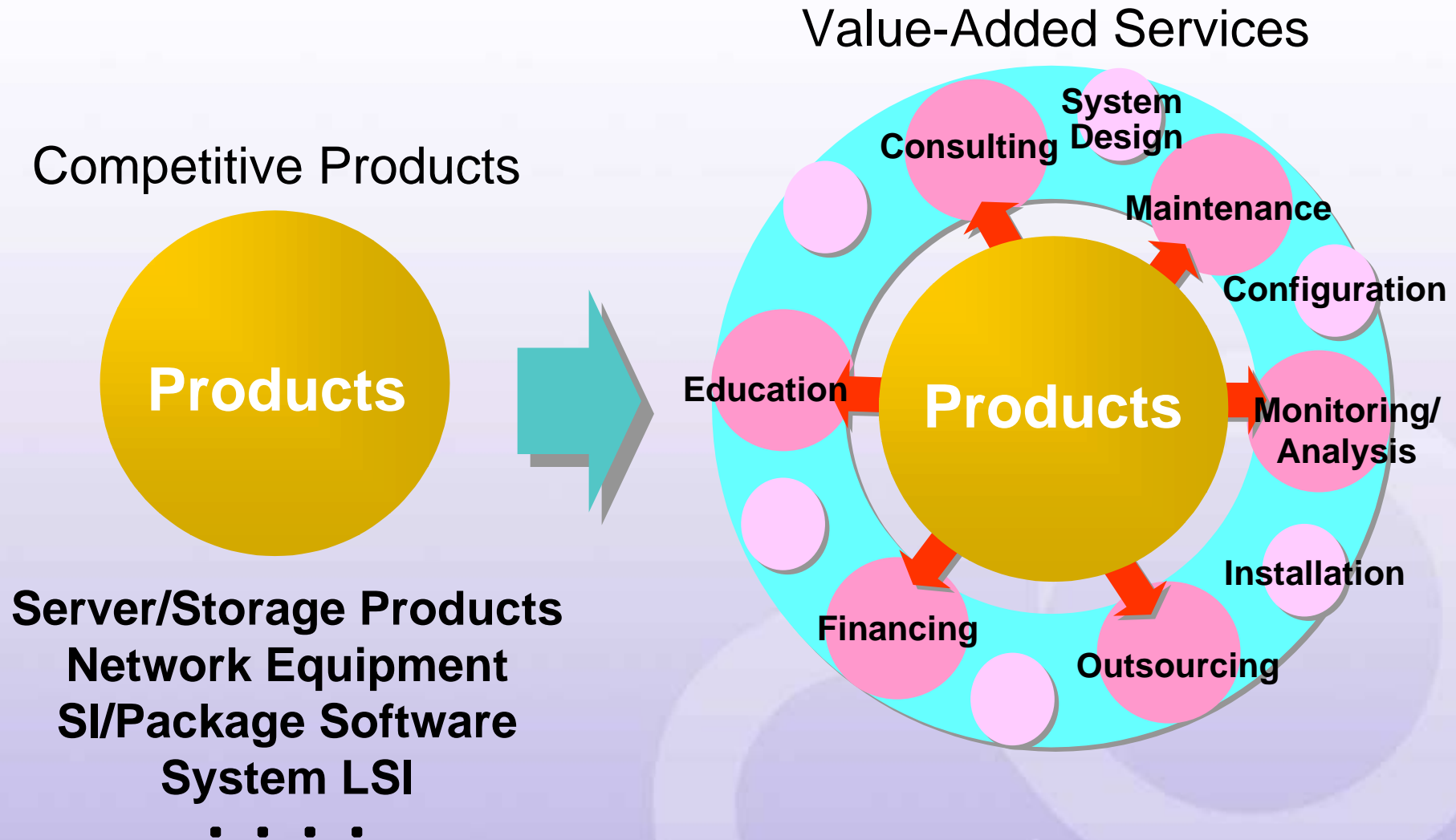
Pioneer New Markets as an IT Leader

Pioneering a New Markets Such as e-Japan

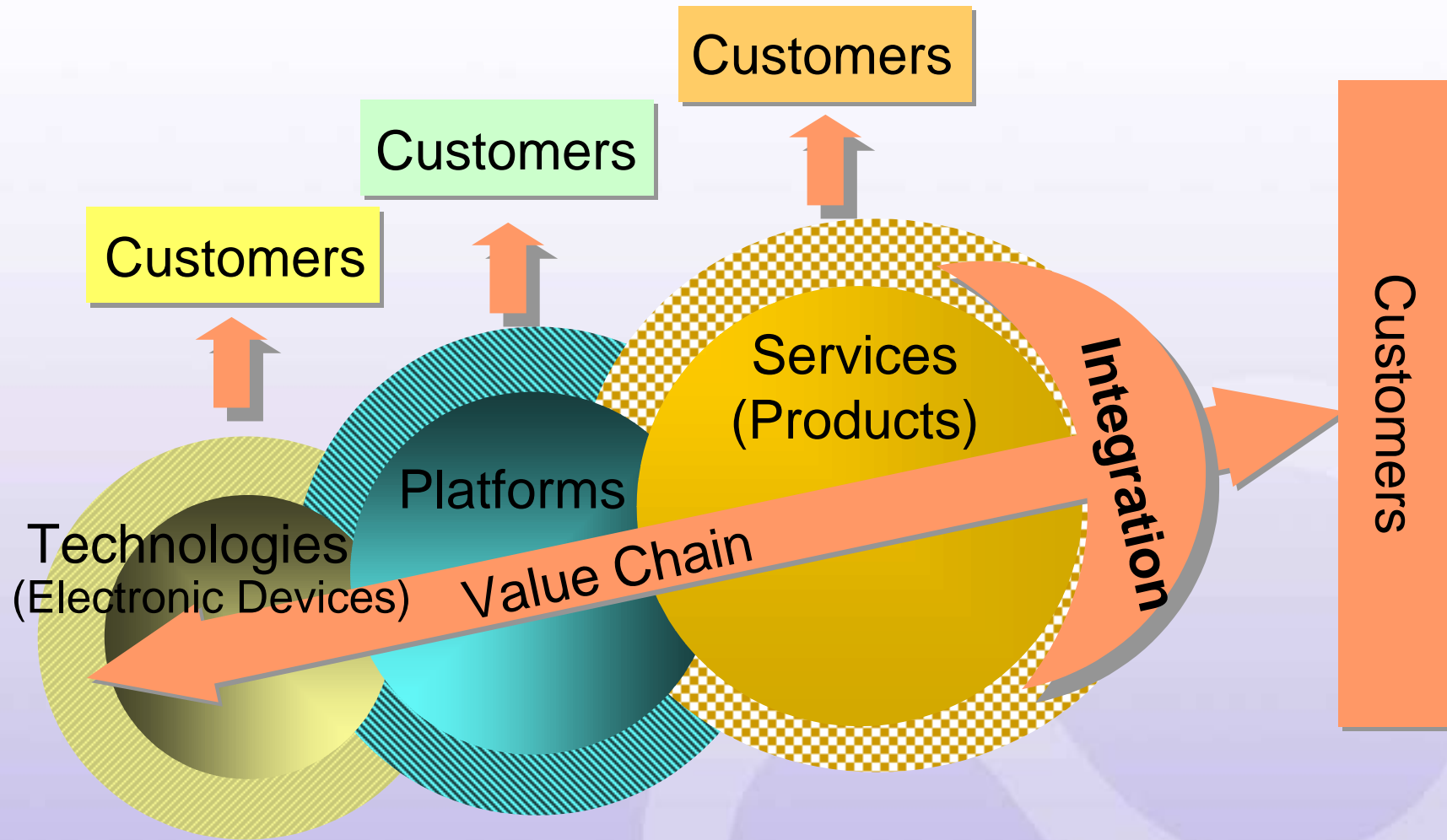
Group Management



Product & Service Strategy



Value Chain



Reform of Management Structure

Separate Management Oversight and Business Execution

- Strengthen Management Oversight Through Streamlined Board of Directors
- Speed Management Responsiveness Through a New System of Corporate Executive Officers
- Clarify Executive Responsibility via Business Performance Evaluations

Shift from Business Unit System to Business Groups

- Ensure Greater Flexibility in Resource Allocation
- Leverage Synergy Among Business Units
- Promote More Dynamic, Organic Management

Measures to Improve Profitability

Reduce Materials Costs

- Advance Centralized Purchasing
- Promote Use of Standardized Parts
- Harmonize CAD Between Information and Telecommunications Units

Reduce Inventory by 50% (by end of FY 2003)

- ¥1 Trillion → ¥500 Billion

Cut Fixed Expenses

- Reduce Headcount, Introduce Flexible Work Shift System

Reform of Sales Organization

Domestic Sales

Strengthen Product Marketing

- Establish IT Product Sales Division
- Establish PFU Product Sales Division

Strengthen Marketing of Systems Engineering Companies

Strengthen Handling of Large Accounts

- Establish Large-Accounts Strategic Sales Promotion Department
Integrate Across Business Areas, From Electronic Devices
through Services

Reform of Sales Organization

Overseas Sales

Introduce a Regional Sales Division System

- Sales Division for Americas & Europe
- Sales Division for Asia-Pacific

Set Up Global Sales Organization for Telecom Carriers

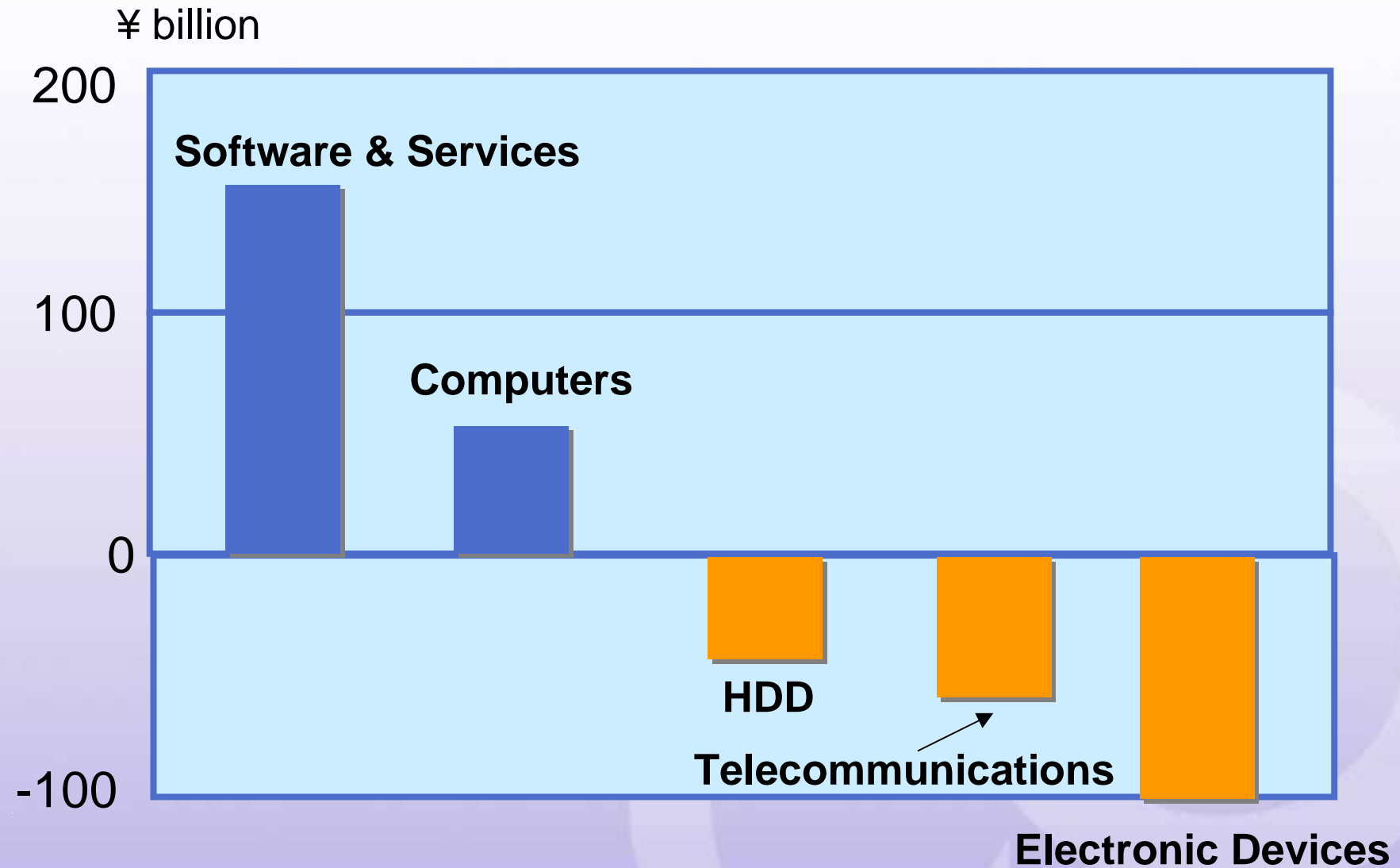
- Establish Network Sales Group

Reorganize ICL/DMR

- IT Infrastructure Services: ICL → Fujitsu Services
- Consulting & Application Services: DMR → Fujitsu Consulting

2. Addressing Under-Performing Businesses

Breakdown of Current Operating Income



Electronic Devices

Logic

Compound
Semiconductors
(FQD)

System Memory
(Including Flash)

PDP
(FHP)

Media Devices
(FMD)

LCD

Components
(FCL)

Electronic Devices Business Direction

Contribute to
Fujitsu Products
Enhance Solutions
Business

Logic

Strengthen
Alliance
with AMD

System Memory
(Including Flash)

Spin-off as
Independent
Engineering
Operation

LCD

Computer
Semiconductor

Enhance
Optical
Module
Business

PDP (FHP)

Enhance
Facilities at
Miyazaki #2

Media Device
(FMD)

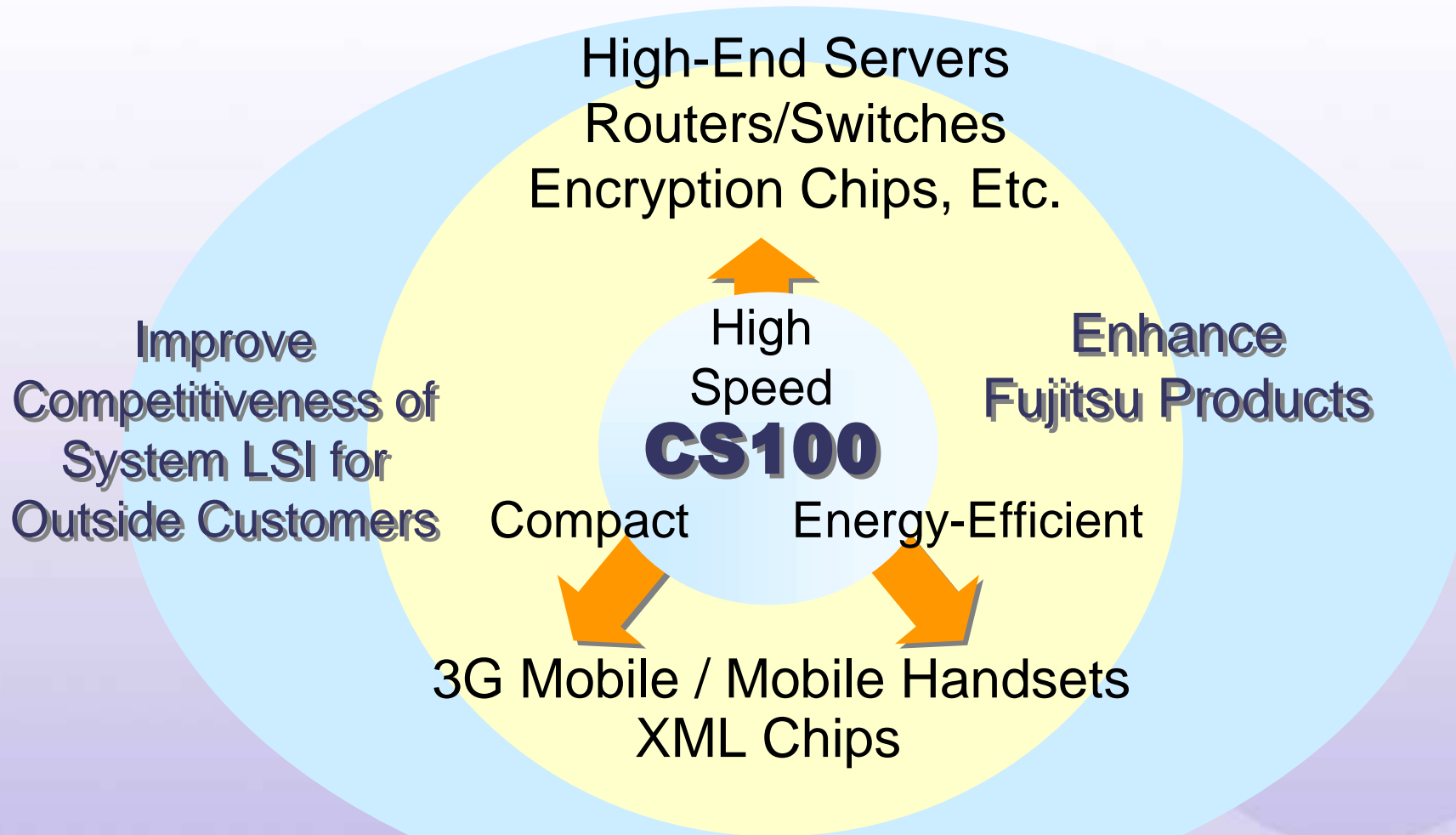
Acquire
Toshiba's
Business

Components
(FCL)

Independent Businesses

Electronic Devices Business Direction

Contribution of Leading-Edge Device Technology (CS100)



Telecommunications Business Direction

(Expand Scope of Operations)

**Establish Solutions
Business Model**

Expand Service Offerings
Strengthen Ties w/
Software & Services Group

**Establish Business Model for
Slow-Growth Environment**

**Strengthen Optical
Component Module
Business**

(Use Technical Merits to
Expand Sales Channels)

Consider Integrating
Operations within the Group

**Consolidate
Operations**

(Improve Investment Efficiency)

High-Performance IP Routers,
3G Base Stations
#1 in N. American Metro
Transmission Market

Hard Disk Drive Business Direction

Restructure

Exit Desktop Hard-Drive Market

Build on Strengths



Establish Dominance in Products for High-End Servers
Establish Superiority in R&D
(100 Gb/in², head technology, etc.)



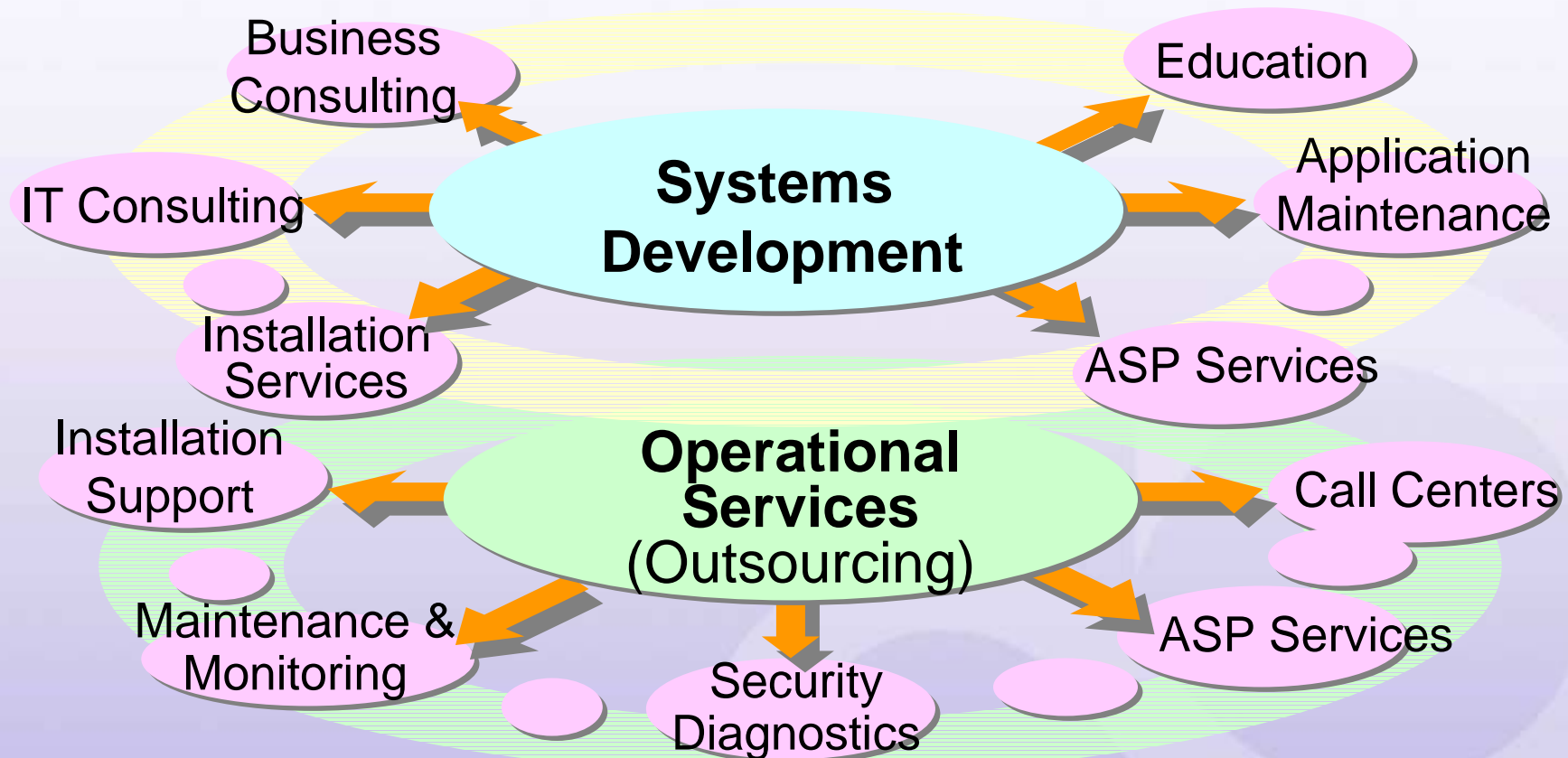
Pursue Business Development, Including Alliances

3. Growth Strategy for Services Business

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Growth Strategy for Services Business

Expand Range of Service Offerings



Re-usable Software Solutions

Enhance Competitiveness Through Lower Costs,
Shorter Delivery Times, Higher Quality

Packaged Solutions

ERP (Glovia) / CRM / SCM / PLM

Software Componentization
Embed Middleware with
Common Functions

Promote EJB
Componentization
INTERSTAGE

Software Componentization & Middleware Embedded w/ Common Functions

IT Systems for Customers

Solutions

Integration

Application Packages
(GLOVIA, etc.)

EJB Componentization

EJB Application
Components
(Business Logic)

Establish Component
Distribution Market

Search
Engine

Security

E-procure-
ment

...

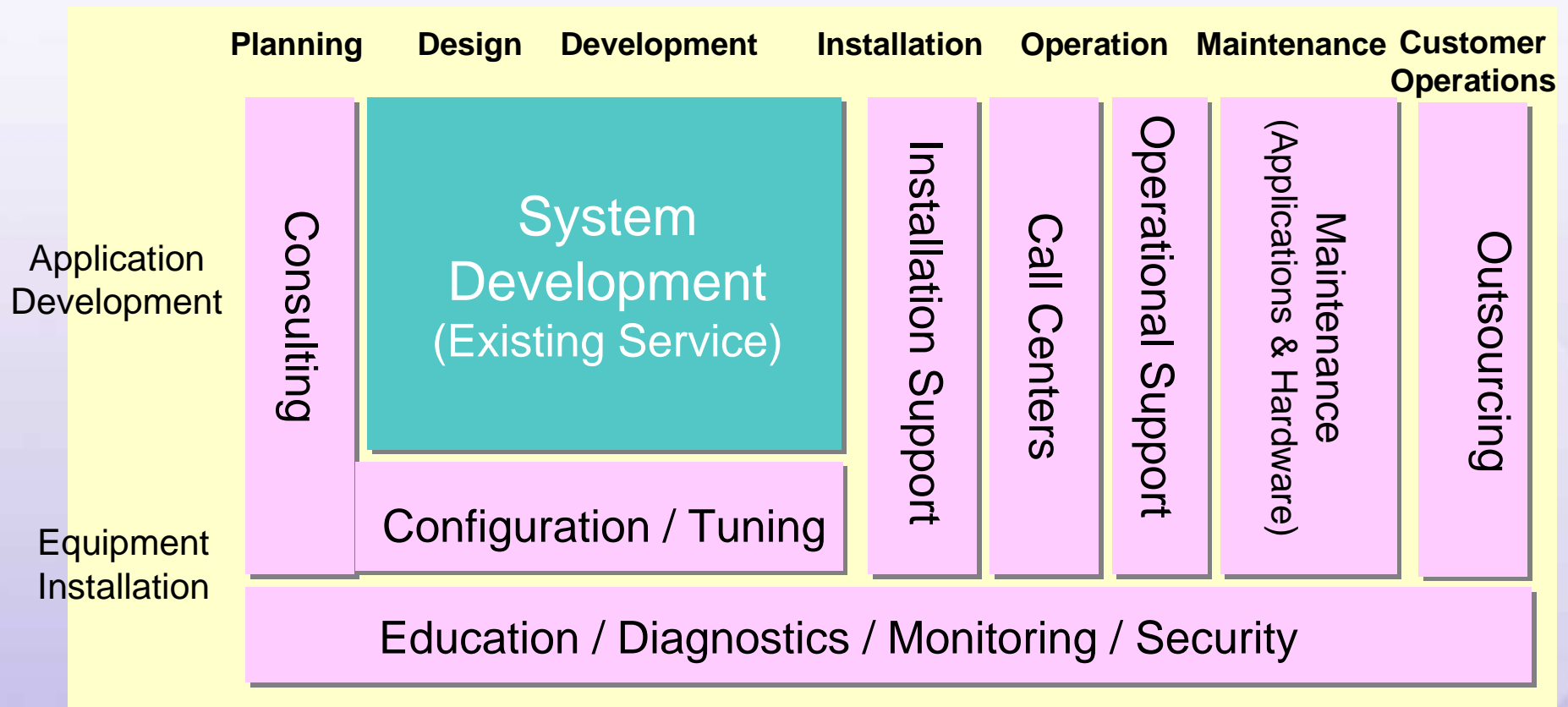
E-voting

Middleware (INTERSTAGE)

Embedded with Common Functions

Expansion of Services: PROPOSE

Commercialization of Service Products (Since 1992)
Service Packages, Menus, Series



Reasons for Promoting PROPOSE

Shift Away from Man-Hour/Month Model

Expand High Value-Added Business

Ensure More Consistent/Stable Revenues

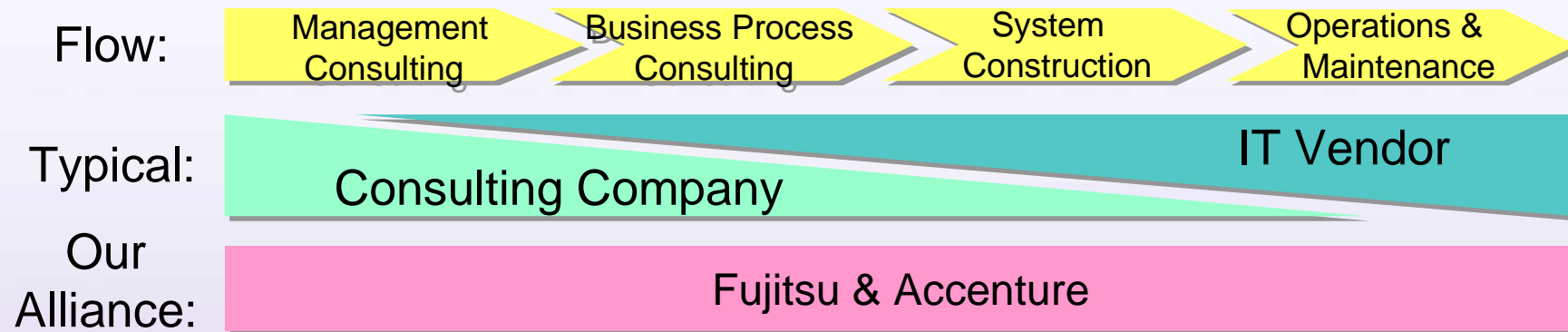
Improvement in Cash Flow

Business Targets for PROPOSE (FY2003)

Increase PROPOSE Share of Total Software & Services Revenue from 40% to 60%

Strategic Alliance with Accenture

Increase Customer Satisfaction and Open New Markets by Providing Comprehensive Services - from Management Consulting through Systems Operation and Maintenance



【Target】

Consulting Fields

Electronics & Precision Instruments
Automotive
e-Japan

Training Areas

Strategic Outsourcing Areas

【Organization】

Steering Committee

Board Members

Steering Subcommittee

General Managers

Admin Office

Co-op Teams

Implementation Coordinators

- Offering Development, Proposal Writing
- Consulting, Etc.

ICL/DMR Business Direction

Consolidate Operations to Increase Profitability

DMR: Focus on IT Consulting

(Specialized Fields)

CRM/Business Intelligence

Enterprise Application Integration

Develop Business Outside North America

ICL: Focus on IT Infrastructure-Related Services

Business in UK

Restructure Mainland Europe Business

Adopt Customer-Oriented Sales Organization

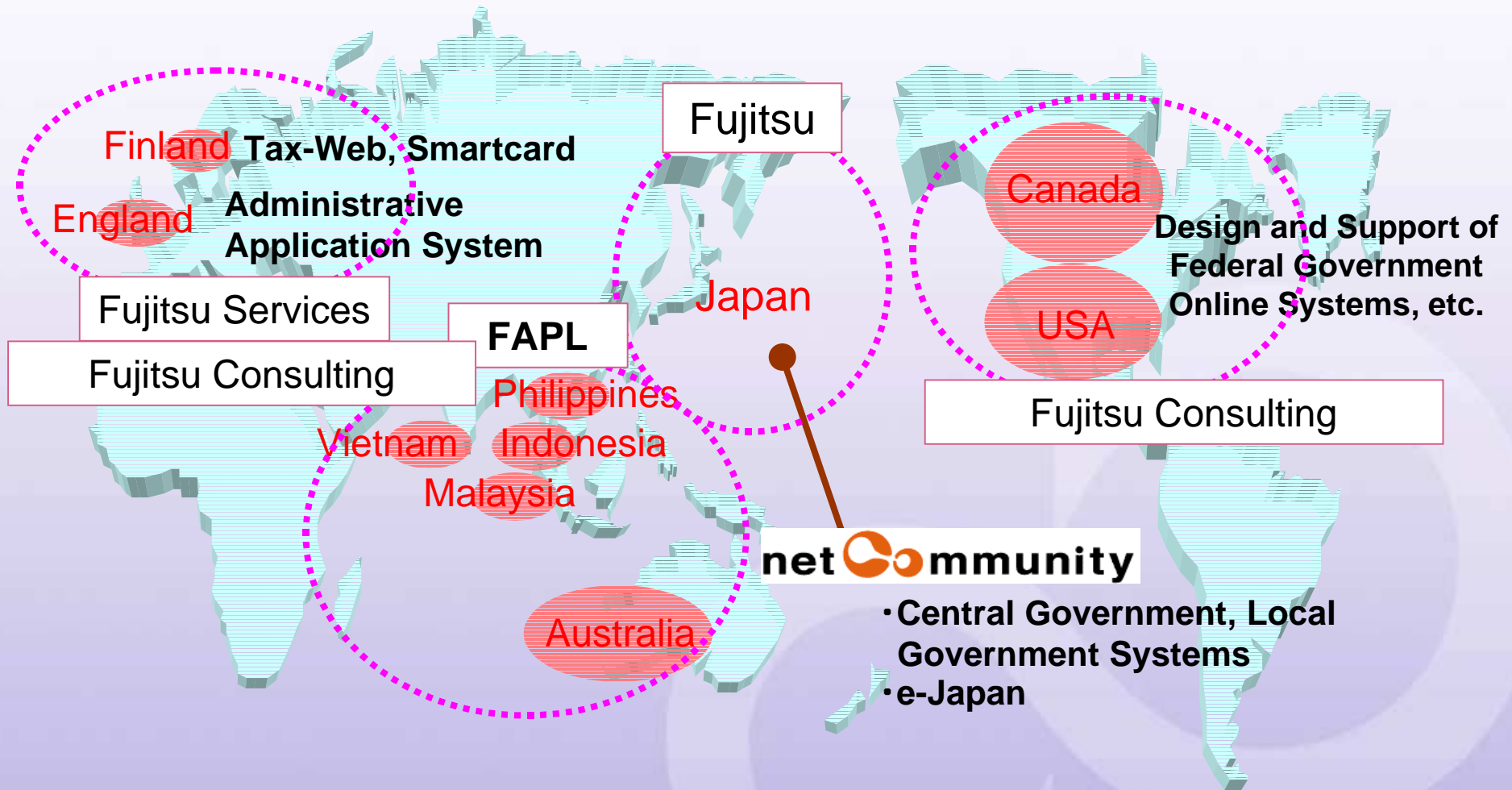
Promote Fujitsu Brand Principles

Develop Business Emphasizing Long-term

Customer Relationships

Promote Global e-Government Business

Expand Business Through Promotion of Best Practices from Various Countries



Recent Initiatives in Services

New Products, Alliances, Etc.

- Apr. '01 World's First to Introduce EJB Components Compliant with Portability Standards**
- May '01 Announced Medical Information System Alliance with GE Medical Systems**
- Jul. '01 Opened Fujitsu Tokyo System Center (third major system center)**
- Jul. '01 Introduced "Business Support Services" to Assist Customers w/Business Reform**
- Oct. '01 Tokyo Futures Exchange Orders Next-Generation System**
- Nov. '01 Won ¥46.5 Billion Terminal Order from Japan Racing Association**
- Nov. '01 Released "Collabo Agent" Retailer-Vendor SCM Support System**
- Nov. '01 Released "GLOVIA.com v6" ERP Solution for Manufacturing Sector**
- Dec. '01 @nifty Introduces World's First IPv6 Trial Service**
- Dec. '01 Fujitsu and Mitsubishi Chemical Form Alliance in New Genome Drug Technology**
- Dec. '01 Released "RosettaNet Solution Service" for Global B2B**
- Jan. '01 Nordstrom Inc. (US Department Store) Orders 10,000 POS Terminals**
- Jan. '01 TJX Co Inc. (US retail company) Orders 12,000 POS Terminals**
- Jan. '01 Introduced "Secure Package Distribution Service" for Secure Info Exchange**
- Feb. '02 Announced Global Push in IT Services; ICL and DMR Reorganized**
- Feb. '02 Fujitsu and Accenture Join Forces in Total Solutions Business**

4. New Developments in Platforms Business

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Current Information System Requirements

24-hours/365-days Uninterrupted Operation

Total System Reliability, Including Network

Ability to Handle Large-Scale Load Fluctuations

High Performance / High Scalability / Load Distribution
Among Servers

Fast Links Among Enterprises and Businesses

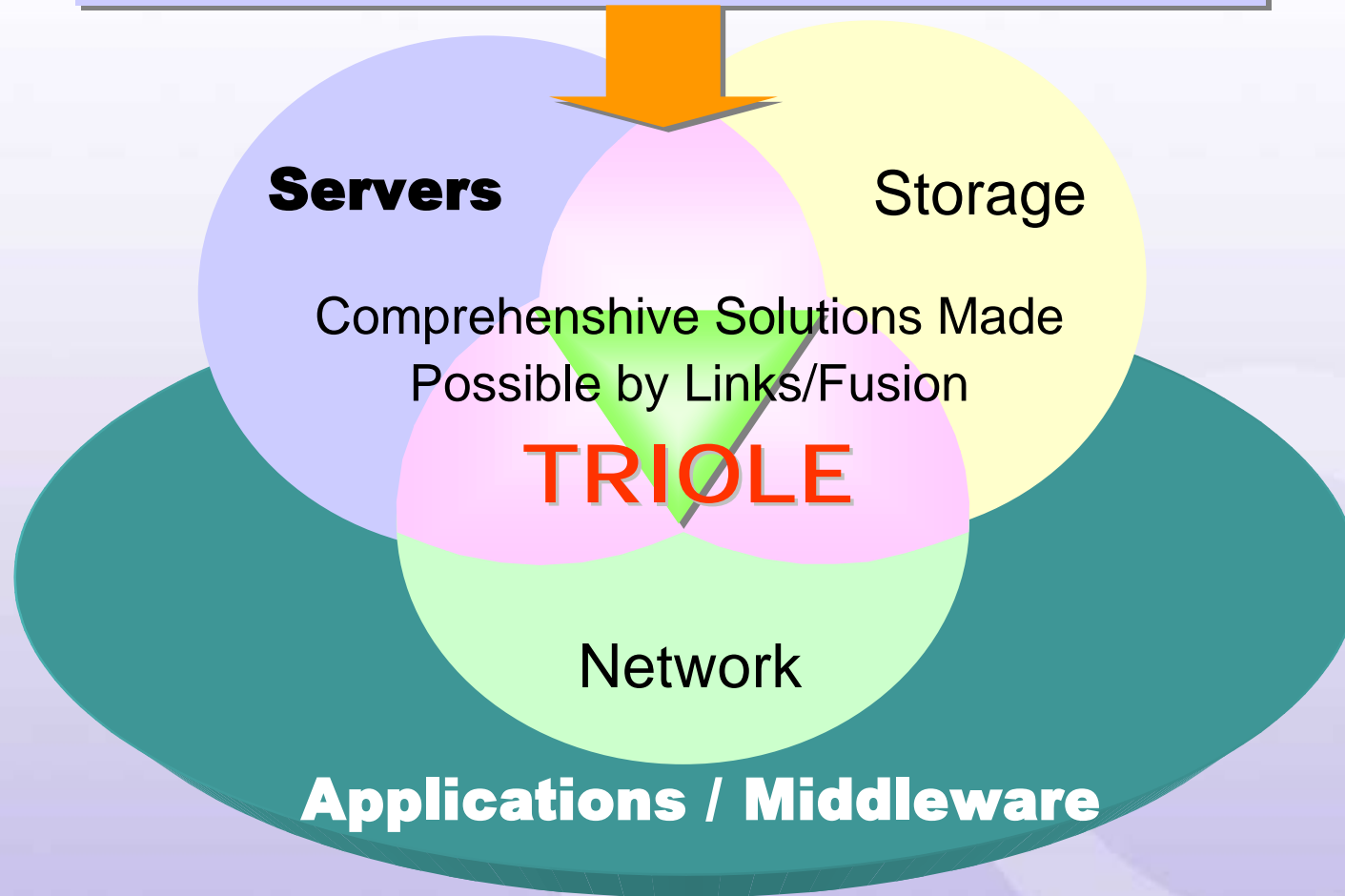
Business Process / Database Integration

Continual Growth in Applications

Speedy Development of New Businesses /
Smooth Links with Existing Operations

Necessity of Comprehensive Approach

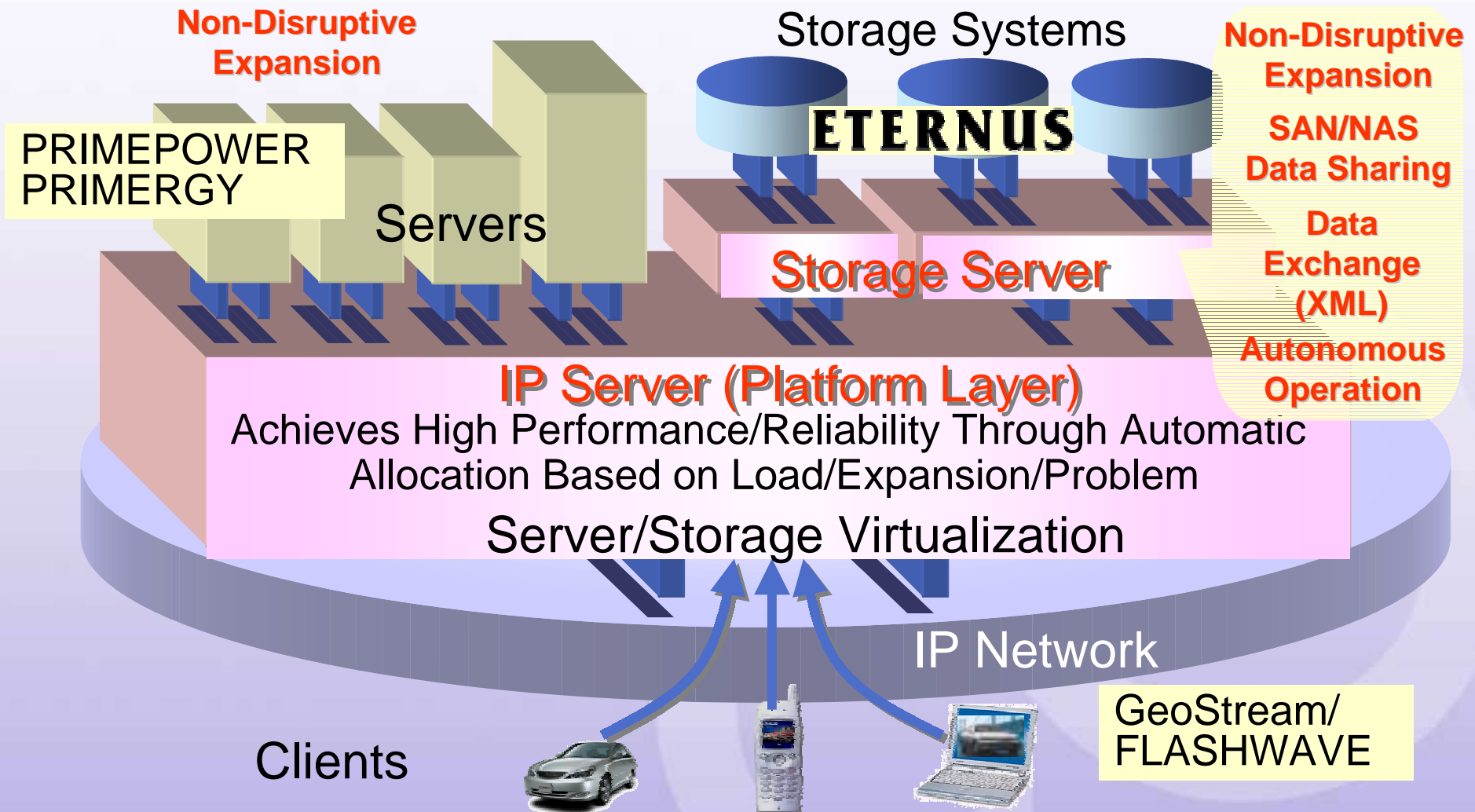
Limitations of Individual Systems



Solutions Via Tri-polar Server/Storage/Network Configuration

New Product Development Based on TRIOLE Concept

- Achieves Mainframe-Level Reliability in Open Systems Environment
- Supports Continuous Operation While Offering Superior Scalability



Competitive Advantage: PRIMEPOWER

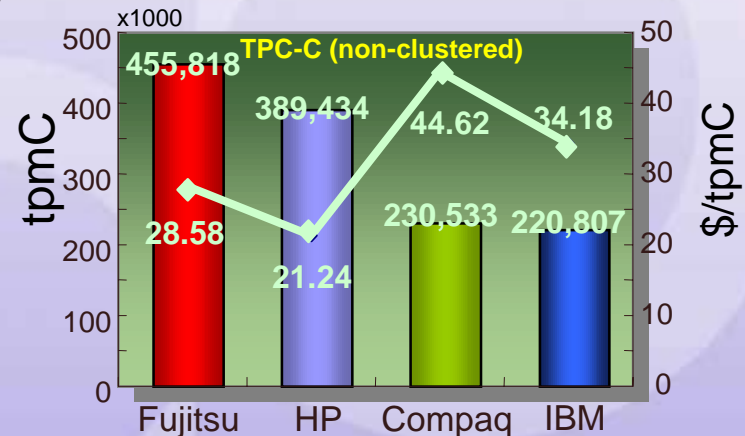
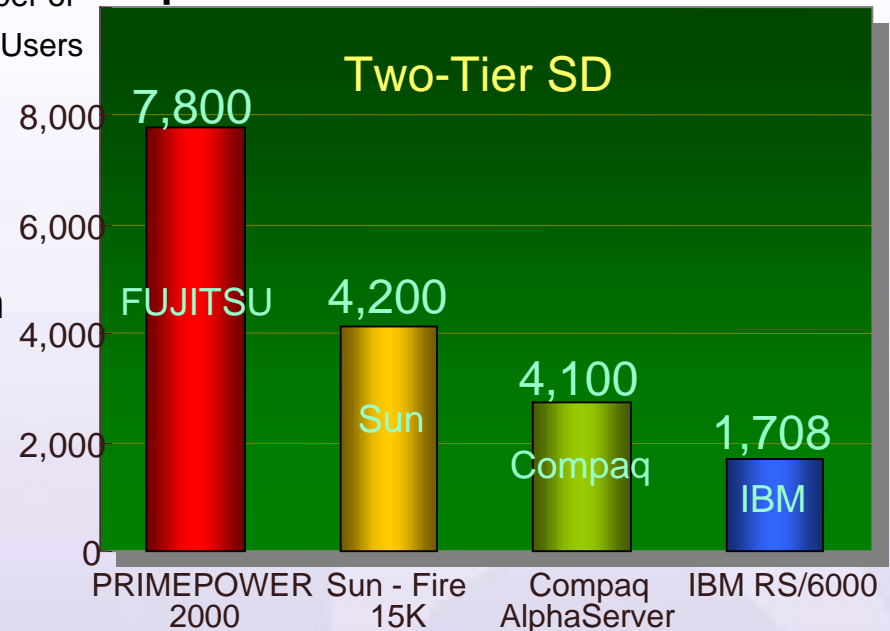
Top Performance

- TPC-C, SAP-SD Benchmarks
- Scalable to 128 CPUs
 - Pursue Leading CPU Performance in FY2002
- Maintain Competitive Superiority through Use of CS100 Leading-edge Semiconductor Technology

Reliability to Support Mission-Critical Systems

- Achieves Mainframe-Equivalent High Reliability
 - Faster Server Switchover Time
 - Disaster Recovery
 - Improved Ability to Handle System Expansion while Maintaining Continuous Operation
- Combination of Fujitsu Platforms (Servers, Storage Systems, Middleware) for Ideal Mission-Critical System Solution

Number of Simultaneous Users **Top Performance in SAP Benchmarks**



Competitive Advantage: ETERNUS Storage System

■ Reliability and Performance for Mission-Critical Systems

- Uses Interconnect Method for Flexible Scalability and High Performance
- Redundant Components for High Reliability
- Advanced Copy Function for Zero Application Downtime
- Remote Copy Function for Disaster Readiness

■ Advanced Storage Management

- Stronger Storage Platform with SP500, SP5000
 - SAN, NAS Integration
 - Content Sharing and Management
 - Autonomous Control for Storage and Files
- System-Wide Management, Incl. Servers & Network

■ Total Integration

- Integrated System Combining Servers (PRIMEPOWER), Software, and Services

GR740



~13.7TB

SP5000 Model 650



2-8 CPUs (675MHz)
4GB-32GB of Memory

Competitive Advantage: GeoStream IP Router

■ High Reliability and Availability: 99.9999% Uptime

- All Modules Fully Redundant

- Super-Fast Recovery

Power Failure Recovery Time: 0 μ sec

Processor Failure Recovery Time: 19.3 μ sec

Software Update During Operations: 524 μ sec

(Source: TOLLY GROUP Availability Benchmark, Dec. 2001)

■ Multi-Service Platform

- Efficiently Handles Multiple Services:

VPN (Layer 2 VPN, Layer 3 VPN)

IPv6

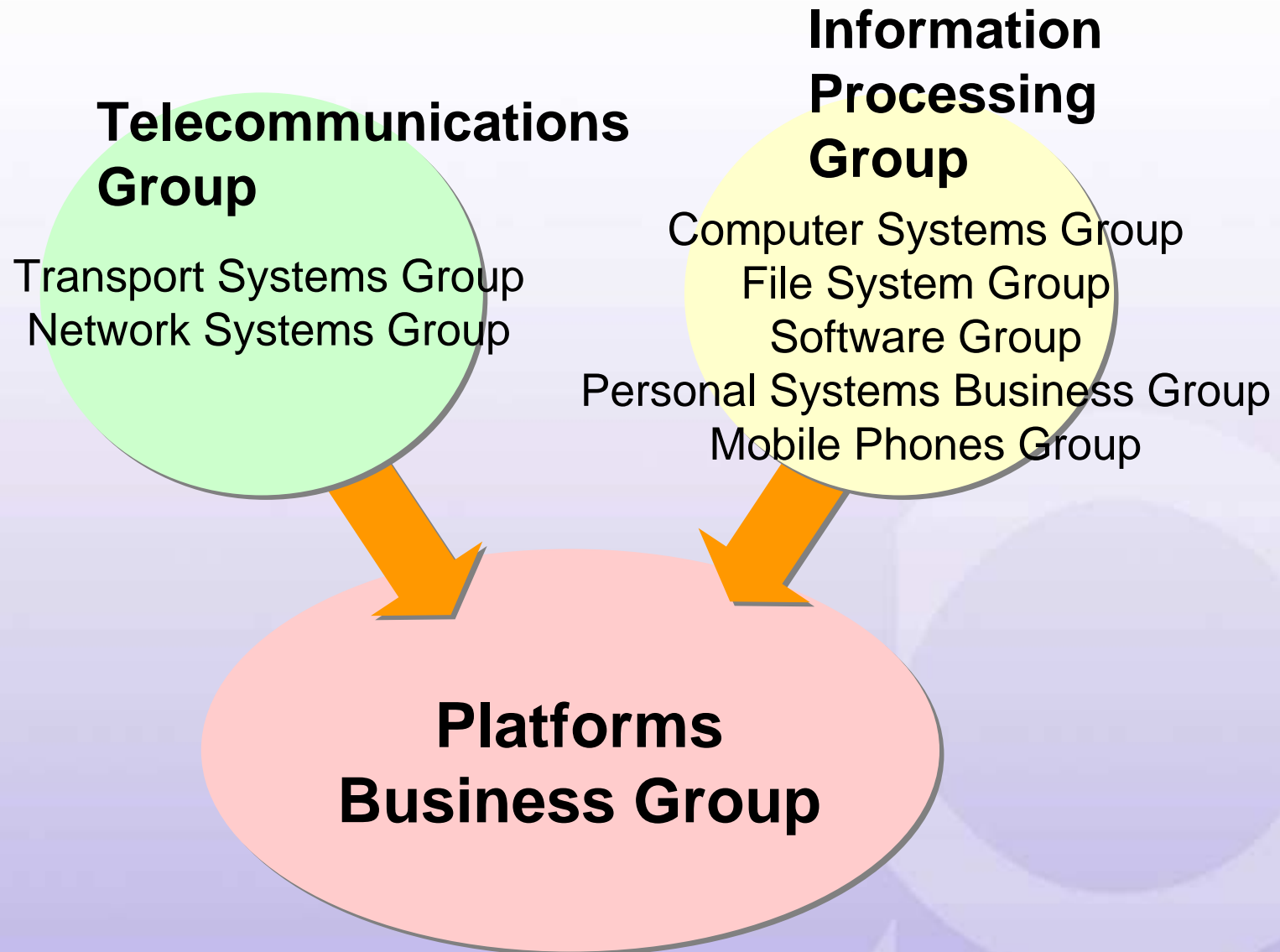
VOIP

BRAS (xDSL, FTTx, etc. – Wide Range of Broadband Access Support)

Mobile IP



Organizational Reform to Support Development of Next-Generation Systems



Recent Initiatives in Platforms Business

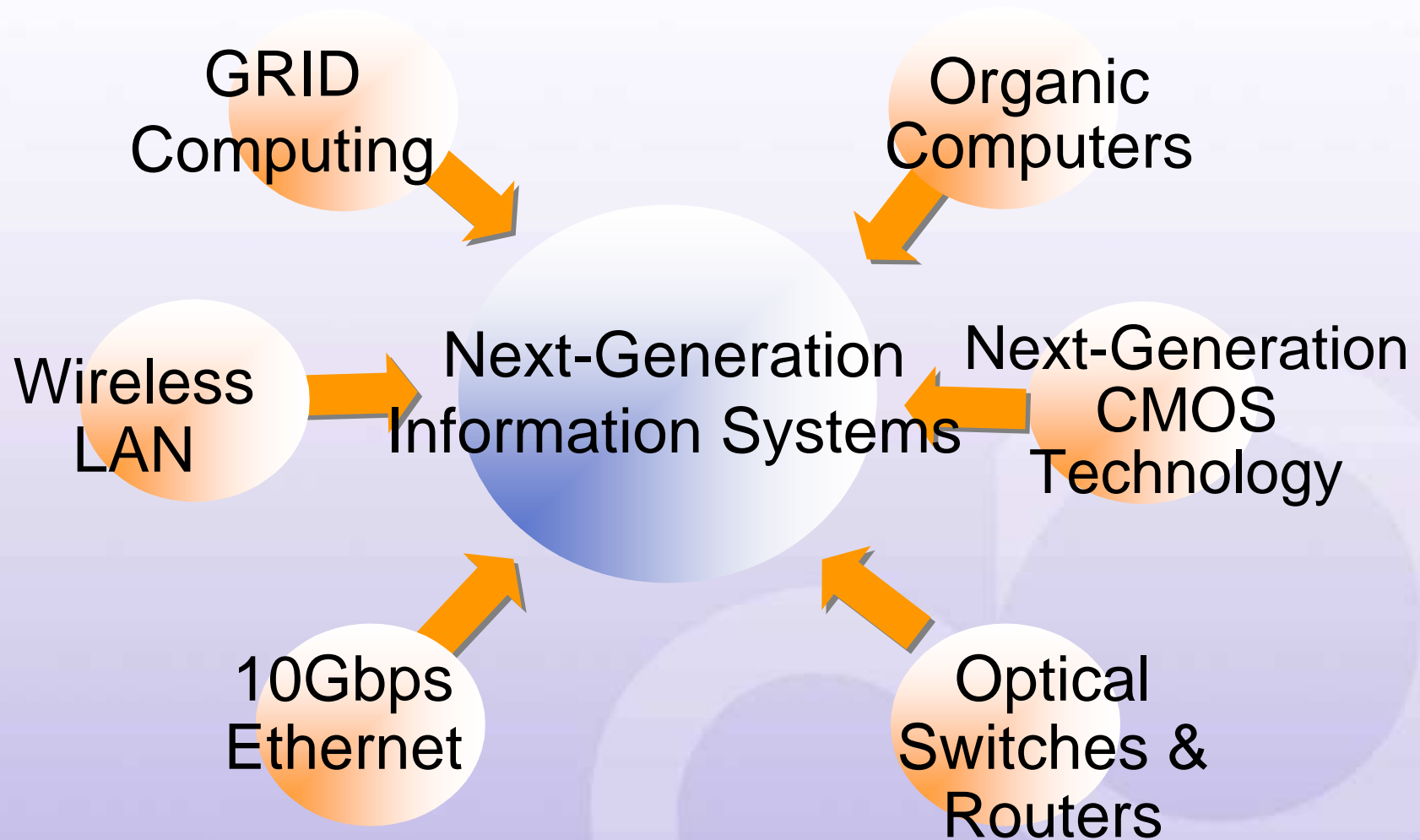
New Products & Alliances

- Aug. '01 Updated PRIMERGY IA Server Lineup
- Aug. '01 Developed World-leading 100 Gbit/in² Hard Disk Technology
- Aug. '01 Announced INTERSTAGE Solution Suite of Business Process Templates
- Oct. '01 Released MHR Series 2.5" HDD with Capacity Up to 40 GB
- Oct. '01 Launched Global Sales of GR700 Series Storage Systems
- Nov. '01 Fujitsu LIFEBOOK Receives "Best of Show" at COMDEX 2001
- Nov. '01 INTERSTAGE v4 Software Platform Released Worldwide
- Nov. '01 Released SystemWalker v10 Integrated Operations-Management Software
- Dec. '01 Formed Alliance with Oracle Japan to Promote Technologies for High-Reliability Systems
- Dec. '01 SymfoWARE Server v5 Database Software Released
- Jan. '02 Cooperated with 4 Enterprise Linux Vendors to Enhance Failure-Detection Functions
- Jan. '02 40 Gbps Optical Transmission Module Commercialized
- Jan. '02 Introduced B-STOREPOWER Broadband POS System
- Feb. '02 ETERNUS SP5000 Network Storage Server Released
- Feb. '02 TRIOLE Platform Concept Announced
- Feb. '02 Formed Basic Technology Development Alliance for 3G Wireless Handsets with SAGEM of France
- Feb. '02 Introduced GS21 600 Model Group, World's Fastest Mainframes

5. Foundation For Future Growth



Challenging New Technological Frontiers



Cultivating Human Resources

Human Resources Development Strategy for the Entire Fujitsu Group

Establish Fujitsu University
Development of Numazu Campus

Fostering Tomorrow's Leaders

(1) Cultivating Business Leaders

Global Knowledge Institute
Upper-level Executive Education Programs

(2) Developing a Corps of Professionals

Reform Training and Compensation Systems
(Starting with System Engineering Departments)

Technology Incubation

New Technology Creation Project 2001

To Cultivate the Seeds of New Businesses

Identify Promising New Ideas
Foster Spirit of Innovation

Evaluation Using Outside Perspectives

Venture Capitalists and Outside Consultants

This Year's Results

900 new business ideas submitted

6. Conclusion

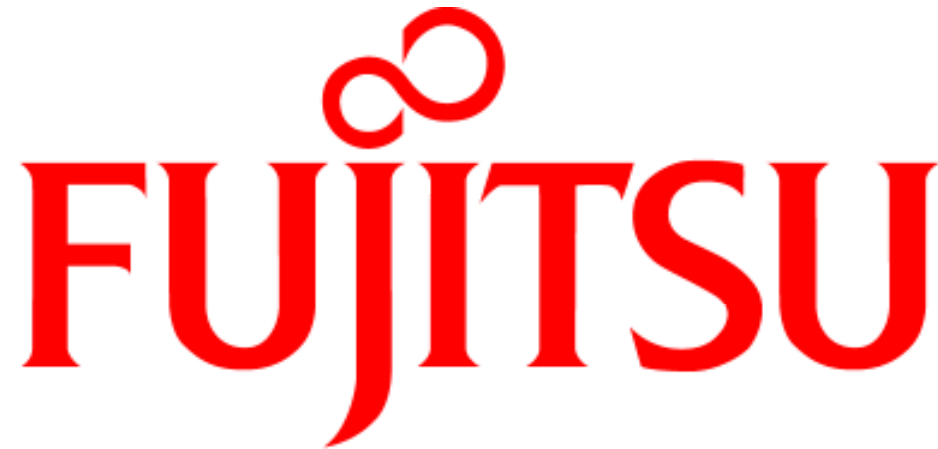


Foundation for Future Growth

Clear Strategy for Dealing with Under-Performing Businesses

Achieve Further Growth and Profits in Services Business

Pursue Next-Generation Platform Businesses



THE POSSIBILITIES ARE INFINITE

Cautionary Statement:

Due to uncertainties relating to changes in demand for products and components in key markets (Japan, U.S., Europe, etc.), currency exchange rate fluctuations, Japan and U.S. stock market conditions, and other factors, actual results may vary substantially from projections.