

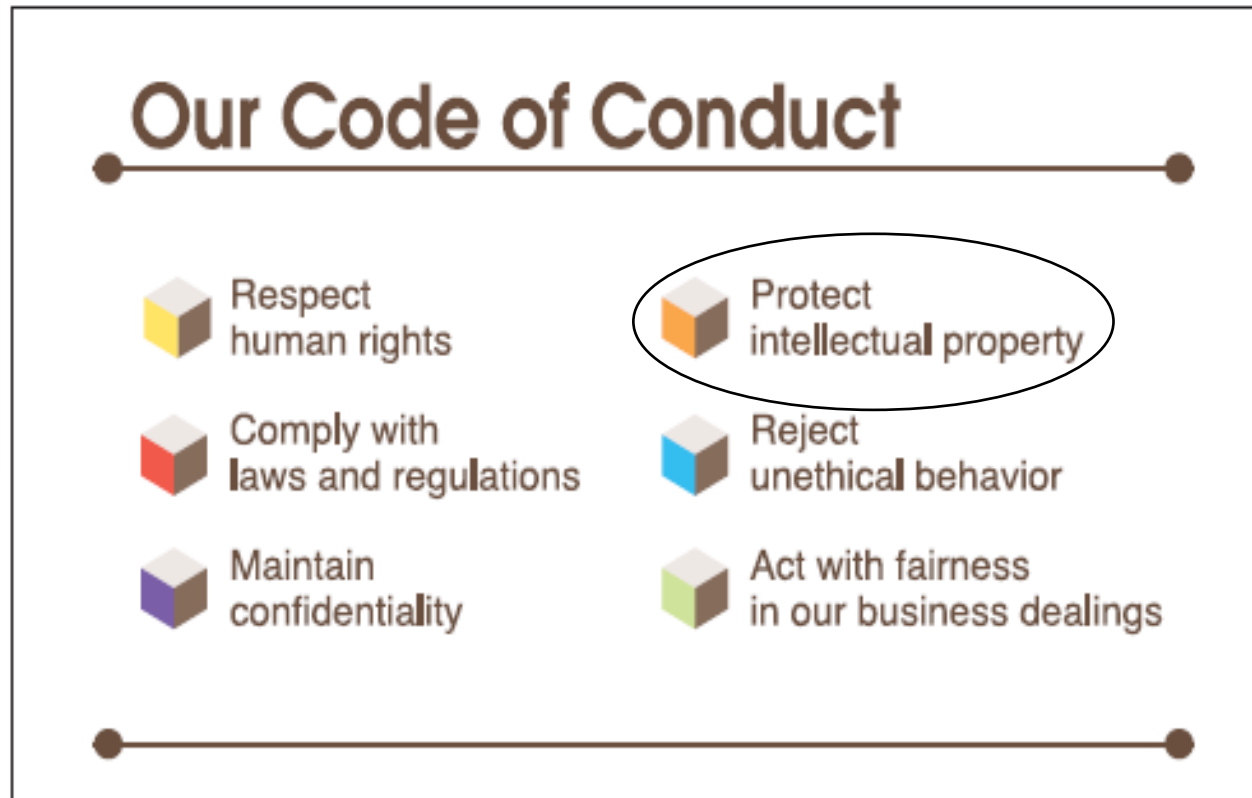


Fujitsu's Intellectual Property Strategy

April 12, 2006

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President, Law & Intellectual Property Unit
Fujitsu Limited

The FUJITSU Way





Intellectual Property Strategy

Intellectual Property Strategy – Objectives

■ **Maintain Superior Competitive Position**

Actively secure intellectual property to more effectively differentiate our products and services.

■ **Ensure Business Flexibility**

Work to develop a strong intellectual property portfolio to ensure and enhance business flexibility and obtain more favorable terms in collaboration agreements with other companies.

■ **Secure Business Profitability**

Use specialist divisions to aggressively market our technologies, including efforts to generate revenue from licensing fees.

Linking Business, R&D and IP Strategies



Link to Business and R&D Strategies: Example 1

■ Palm Vein Authentication Device



- Have submitted over 120 related patent applications in Japan and other countries
- Actively working to secure rights for use of technology in such applications as bank ATMs, room access control, e-government services, digital medical records and travel systems
- “Black box” solution to protect items that can not be disclosed for security reasons



Established as Priority Area for
Securing Patents

Link to Business and R&D Strategies: Example 2

■ Servers

- Fujitsu PRIMEPOWER Unix server achieves world record performance in SPECjbb®2005 Java Server benchmark (February 2, 2006)
- Over 600 patent applications per year in Japan and other countries related primarily to processors and bus architecture

■ Optical Transmission Technology

- Implementing patent application activities at R&D stage with commercialized products in mind
- Achievement of cutting-edge WDM technology (all-optical switching) for flagship FLASHWAVE 7500 product line
- Pursuing early market introduction of next-generation ultra-high speed optical transmission technology (40G)
- Over 250 patent applications per year in Japan and other countries related to these technologies

Established as Priority Areas for
Securing Patents

Link to Business and R&D Strategies: Example 3

■ Next-Generation Networks (WiMAX, 3.5G, etc.)

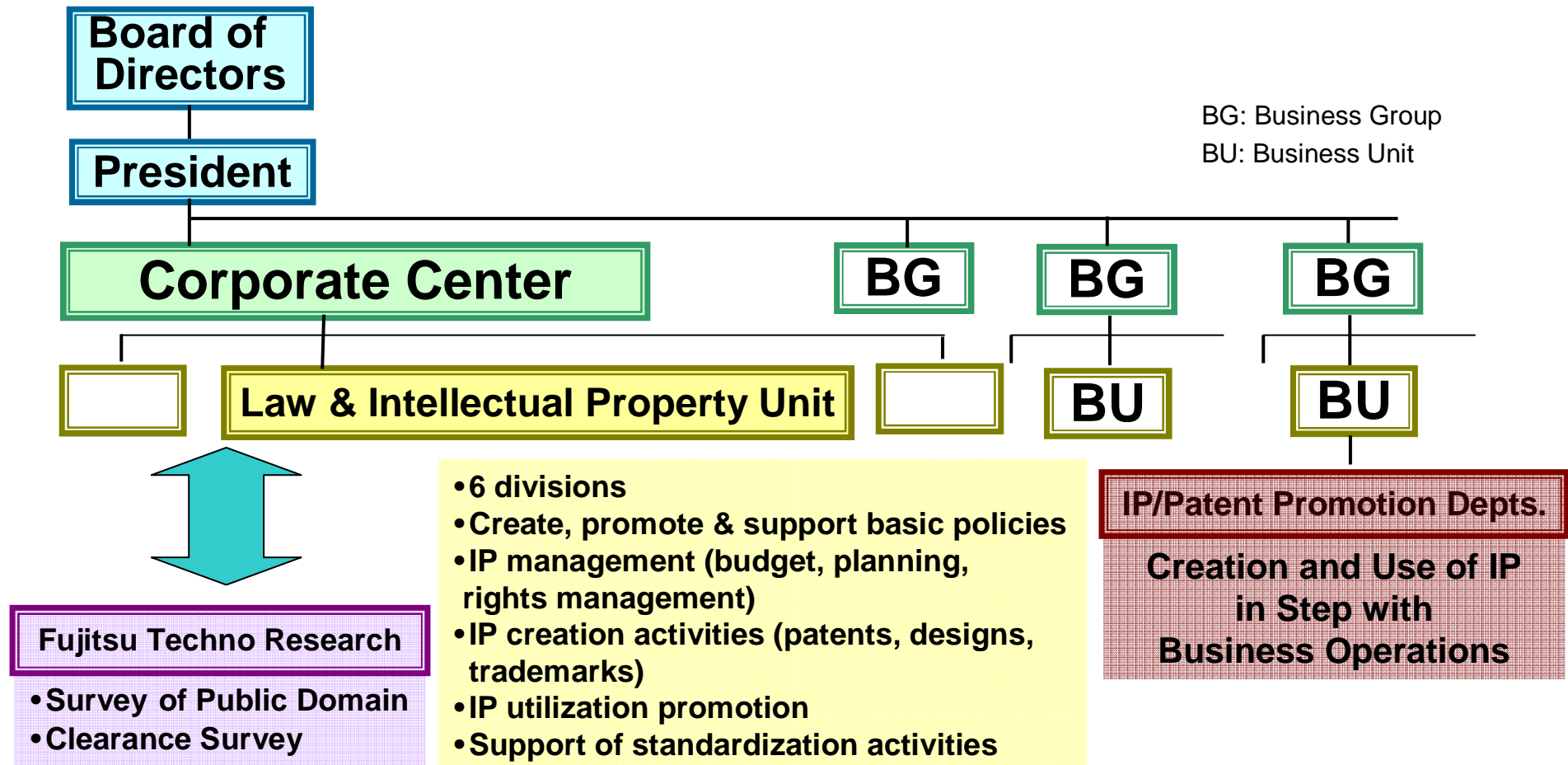
- Consolidating and pursuing standardization of Fujitsu technologies in areas such as communications and semiconductors that leverage our strengths
- Over 100 patent applications per year in Japan and other countries

■ Semiconductor Miniaturization Technology (45nm and beyond)

- Regular implementation of joint activities by R&D, business and IP divisions to secure rights based on future direction
- Priority efforts to establish rights in distorted Si (silicon) applications, wiring and process technologies, and low power consumption technologies
- Filed about 60 related patent applications in FY 2005; targeting higher number of applications in FY 2006

Established as Priority Areas for
Securing Patents

Position of Law & Intellectual Property Unit



* Survey of Public Domain: Survey of other companies' technologies prior to patent application
 Clearance Survey: Survey of other companies' patents prior to commercialization in order to avoid infringement.

Mission of Law & Intellectual Property Unit

- **Maintain Front-Line Philosophy & Orientation**
- **Serve as General Counsel Office for Legal & IP Affairs**
- **Provide Legal & IP Services to Fujitsu Group**

Basic Stance on Patents

■ Obtain Influential Patents

- Obtain patents that impact competitors
- Increase patents held overseas

■ Utilize Patents

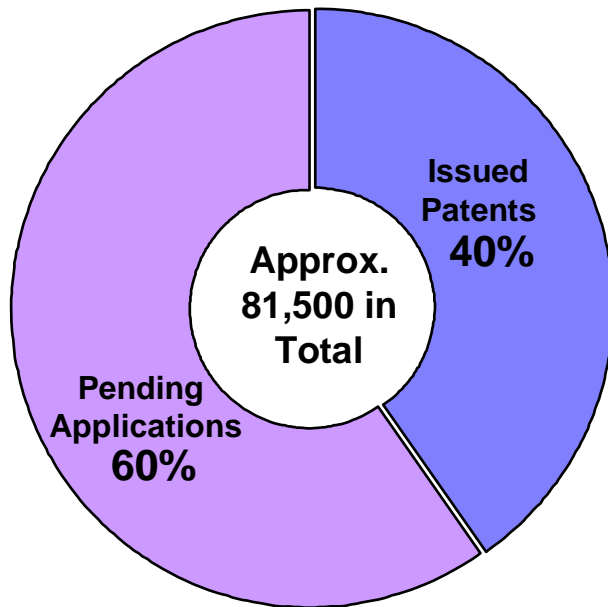
- Actively utilize patents in our business
- Increase income from licensing royalties

■ Avoid Infringing on Competitors' Patents

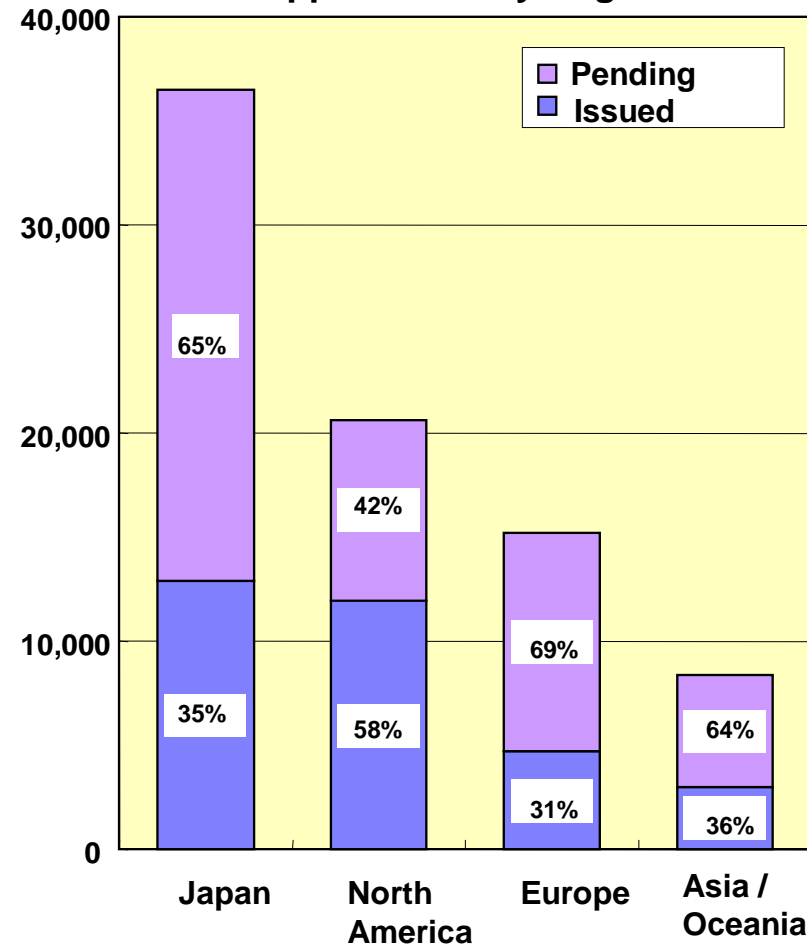
- Implement thorough early-stage surveys to avoid patent infringement

Global Patent Portfolio

Fujitsu Issued Patents & Pending Applications Worldwide



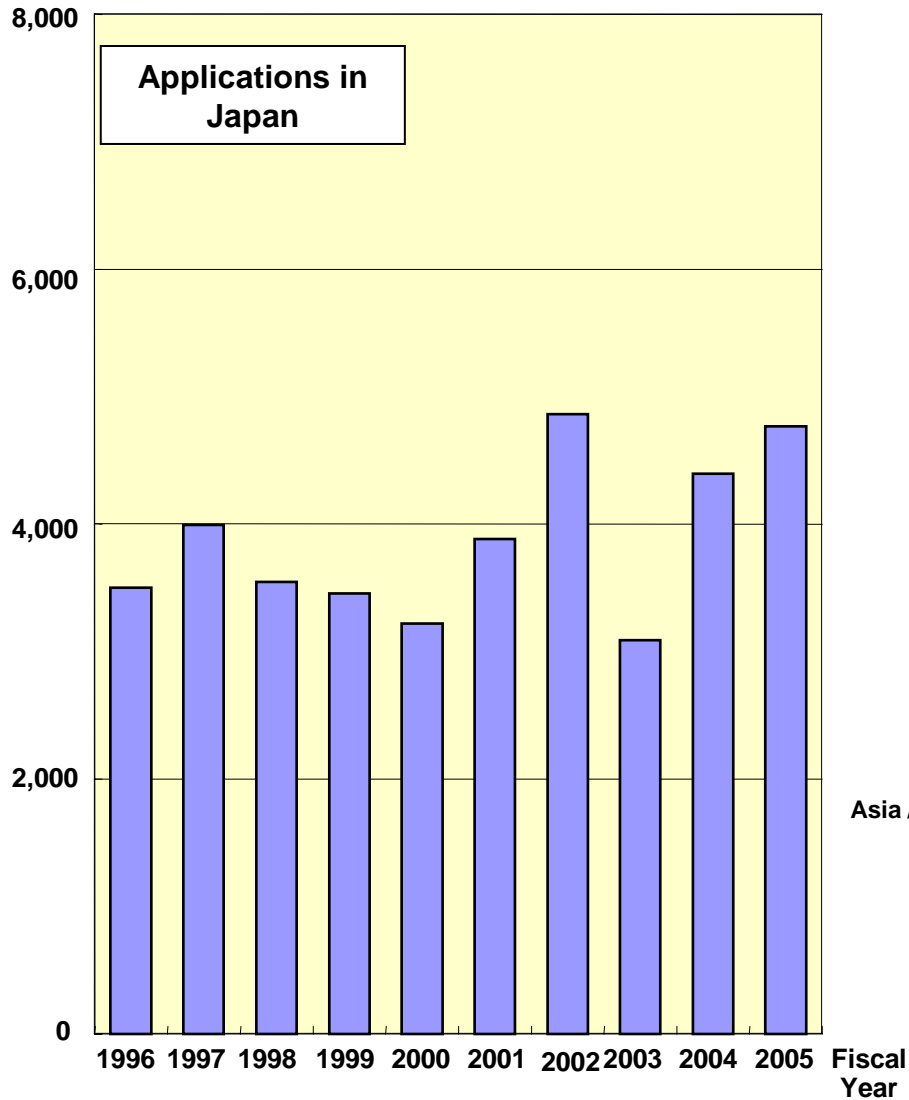
Issued Patents & Pending Applications by Region



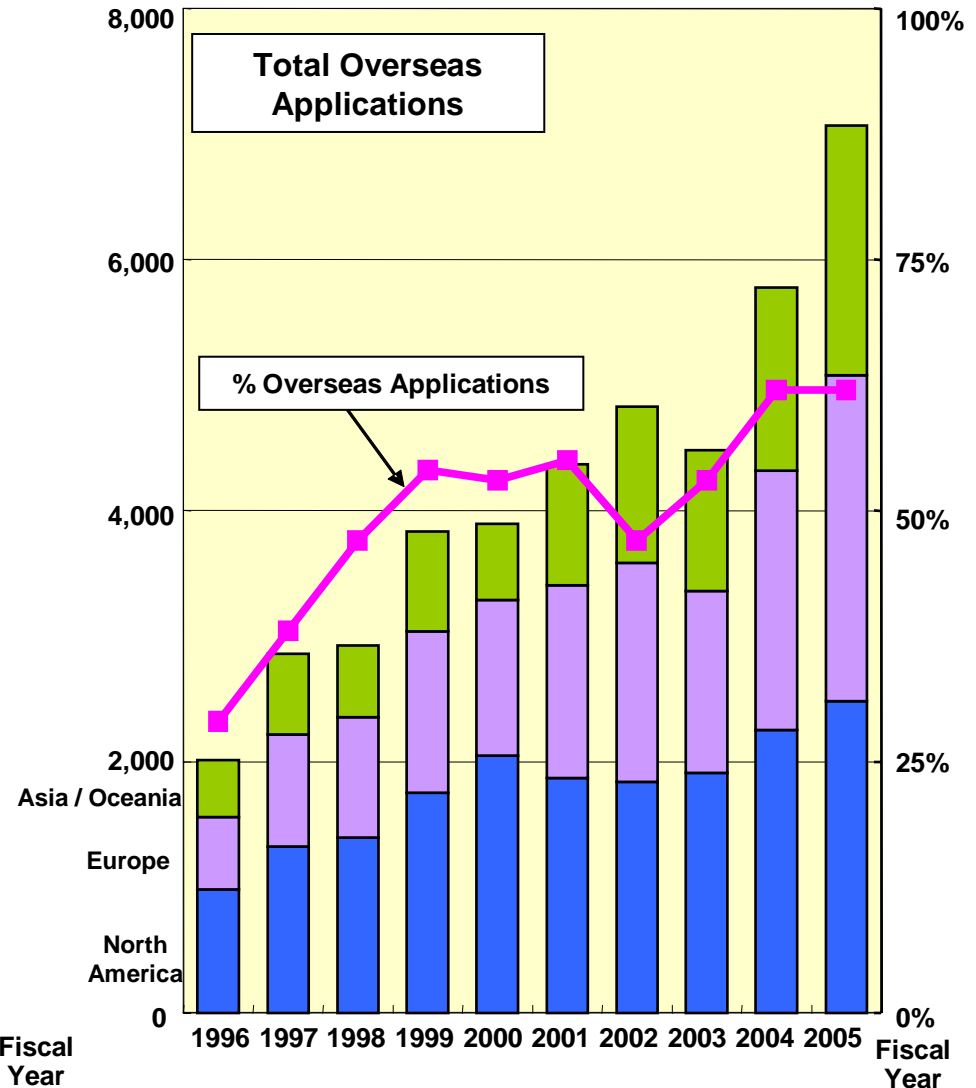
As of September 30, 2005
Source: Fujitsu internal figures

Continuously Strengthening Overseas Applications

– to Support Overseas Business –



* Includes patent applications in Japan based on International Patent Cooperation Treaty



Source: Fujitsu internal figures

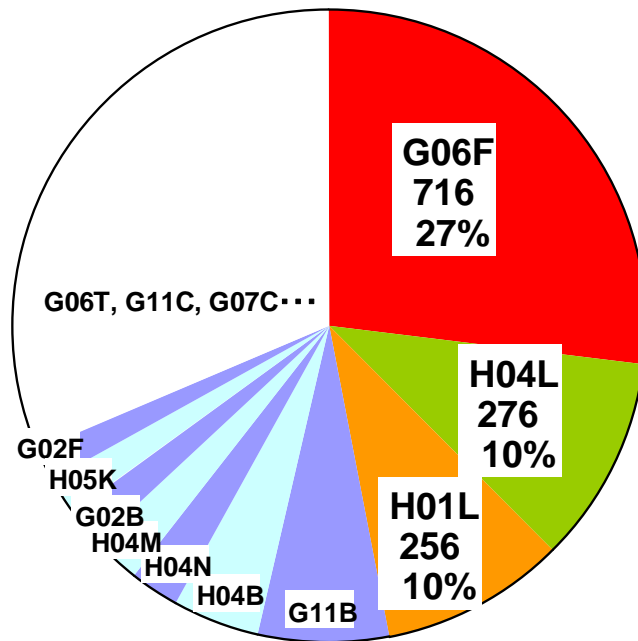
Policies for Building Patent Portfolio

- **Focus on priority and strategic themes**
- **Carry out post-application review and revision for business deployment**
- **Obtain a wide range of rights to assure business stability**

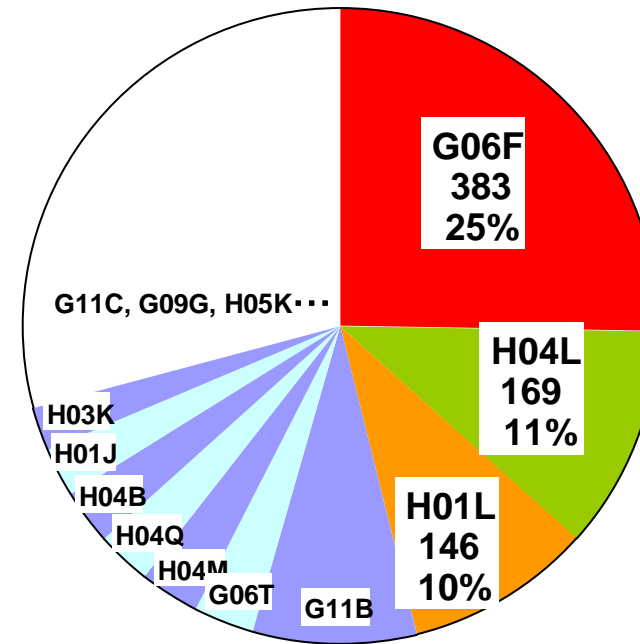
Patent Applications Aligned with Business

■ Breakdown of International Patent Classification (Jan. – Dec. 2005)

2,655 Published Applications



1,511 Issued Patents



G06F: Electric Digital Data Processing

H04L: Transmission of Digital Information

H01L: Semiconductor Devices; Electric Solid State Devices Not Otherwise Provided For

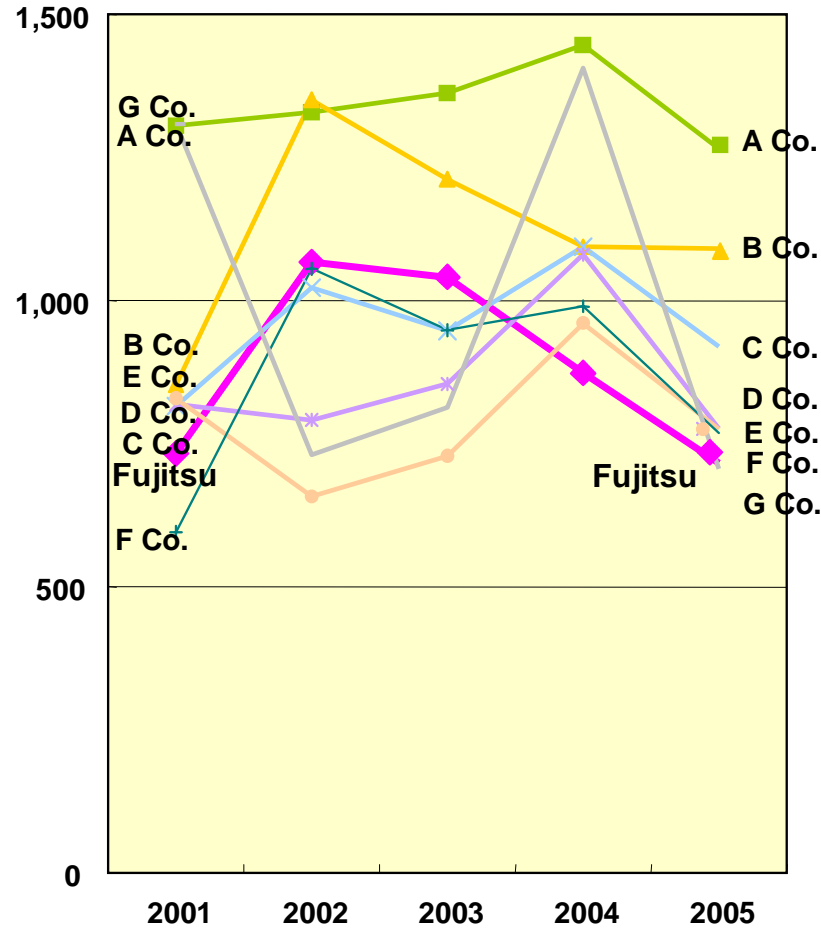
* Excludes patent applications in Japan based on International Patent Cooperation Treaty

Source: Internal Survey Based on Data from the Japan Patent Office

Efficiently Obtain Patents in Priority Fields

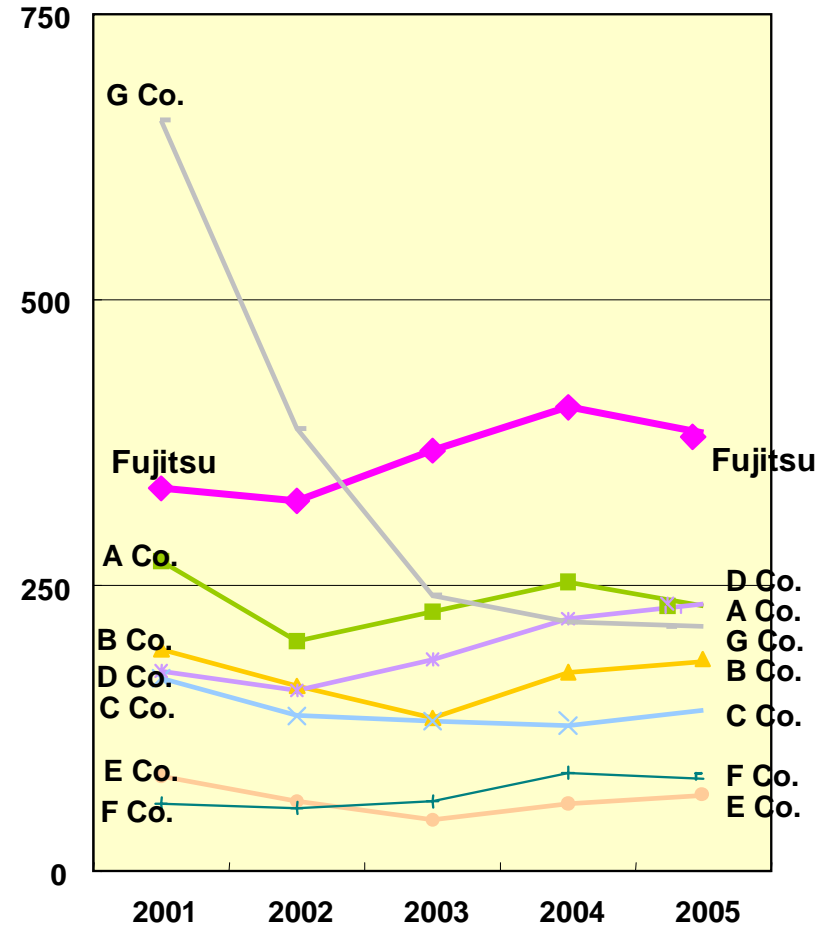
Trend of G06F Published Applications (JP)

Full Year Jan. – Dec Based on Publication Date



Trend of G06F Issued Patents (JP)

Full Year Jan. – Dec Based on Issue Date



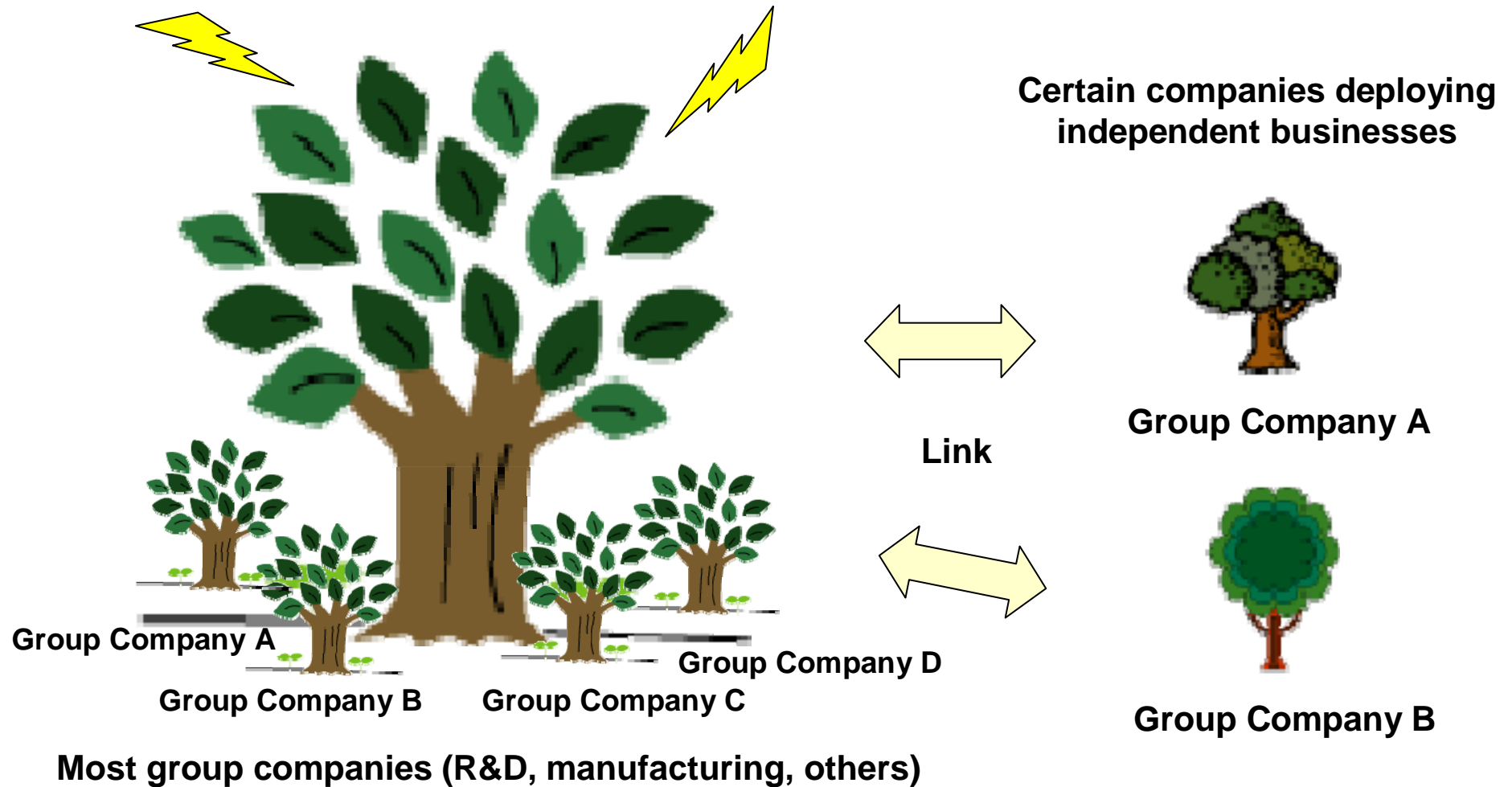
* Comparison against top 7 companies for published applications (excluding Fujitsu)

G06F: Electric Digital Data Processing

Source: Internal Survey Based on Data from the Japan Patent Office

Fujitsu Group Patent Strategy

Initiatives for More Effective Patent Portfolio Creation



Education Programs for All Employees

Implementing educational programs to raise IP awareness, including information management, at each stage of employee career track



Internet & Intellectual Property (e-learning)

Understanding & Writing About Discoveries (e-learning)

Information Security (e-learning)

Required Program for All Employees

Incentive Policy for Inventors

■ Patent Compensation System

- Two reward payments (at time of application and upon registration)
- Compensation amount based on evaluation level
- Impact on competitors is important factor in evaluation
- No ceiling to compensation payment

■ “Awards” System

- Awards given to inventors of breakthrough inventions
- Awards given to teams whose patent activities prove valuable to the company as a whole



Utilizing Intellectual Property

Leveraging Intellectual Property

- **Strategic Alliances**
- **Standardization Promotion Activities**
- **Participation in Business Strategy Planning**
- **Licensing**
- **Technology Sales**
- **Intellectual Property Disputes**

Strategic Alliances (HDD Business Examples)

■ Features

- Multiple cross-licensing deals concluded with domestic and foreign manufacturers
- Strong Fujitsu IP portfolio enables cross-licensing deals
(Over 1,500 deals, including patent applications and registered patents)
- Placing priority on securing rights in magnetic transfer technology and write heads (high-density perpendicular recording technology)

■ Magnetic Heads

- Cross-licensing and joint development with TDK (Announced Jul. 2004)

■ Entering Market for 1.8” Drives for Consumers

- Joint development with Cornice Inc. (Announced Jan. 2006)

Standardization Promotion Activities

An Essential Strategy in Pioneering New Markets

- Established working group in IP Dept to promote standardization activities company-wide
- Representative examples of standardization activities:

Name of Standardization Group	Area	Fujitsu's Activities
ISO*1, ITU*2	Standardization of multimedia coding specifications	Obtain essential patents for H.264-based MPEG-2 (DVD, digital TV broadcasting), MPEG-4 Video, MPEG-4 Audio specifications
3GPP (2) *3	Standardization of mobile transmission specifications	Focus on advice for recognition of essential patents used in standardized specifications
RS i (Robot Service Initiative)	Standardization of service robot interface specifications	Founding member and active participant dedicated to setting specifications for communication and control of robots

*1: International Organization for Standardization

*2: International Telecommunication Union

*3: 3rd Generation Partnership Project 2

Participation in Business Strategy Planning

■ Business Restructuring

- IP Unit participates from initial stage of project
- IP is important factor in analysis and value measurement

■ Internal “Start-up” Companies and Spin-offs

- Provide support for new business creation from IP perspective, in cooperation with Corporate Planning & Business Development Office

Licensing

■ Patent and Know-how Licensing (In/Out)

- Over 500 agreements concluded with domestic and foreign companies
- Cross-licensing agreements concluded with domestic and foreign companies
(Lucent Technologies, IBM, Microsoft, Intel, Texas Instruments, Motorola, Samsung, and others)

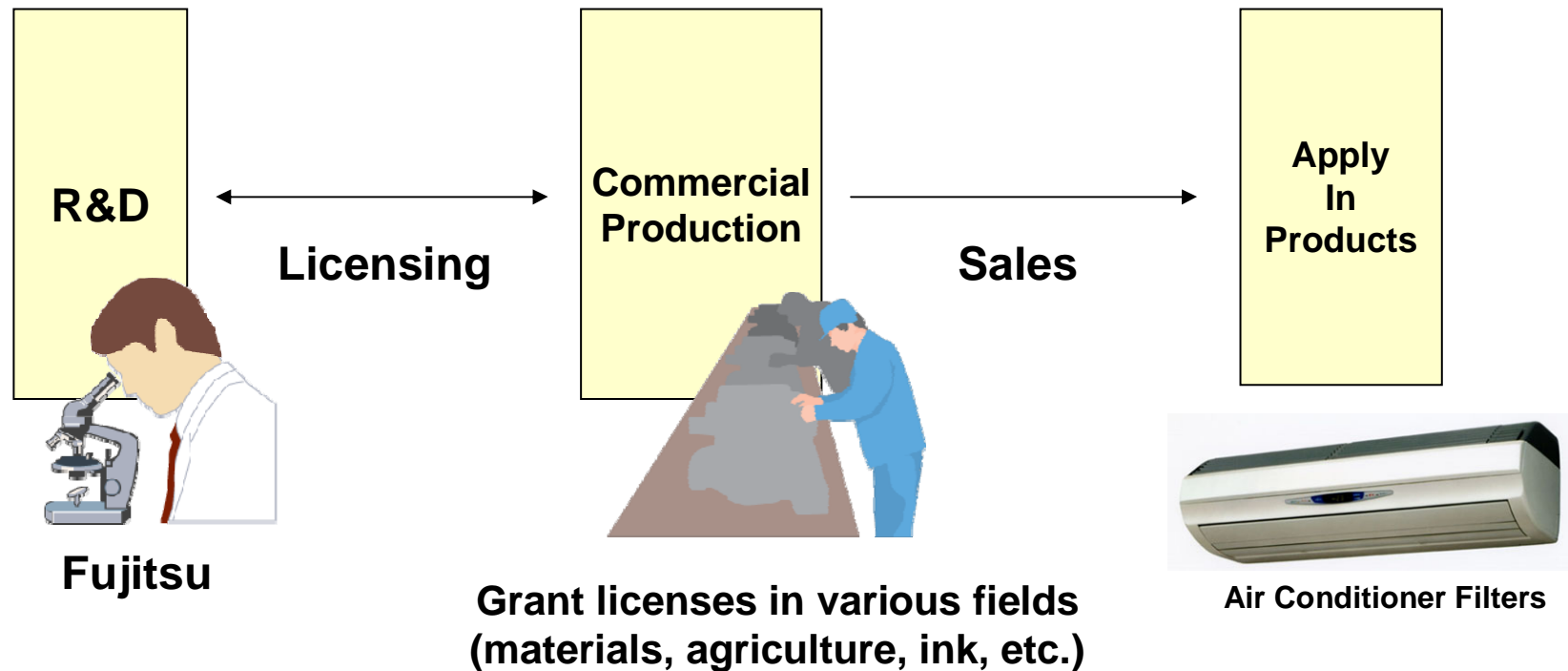
■ Licensing Revenue

- Licensing revenues have exceeded payments since late '90s, and net profits from licensing are expanding

Technology Sales

Applying Fujitsu Technology in Different Fields

■ Example of Materials: Titanium Apatite



Intellectual Property Disputes

Asserting Rightful Claims Is a Part of Fujitsu's Identity

- **1980s: IBM dispute**
- **1990s: TI patent dispute**
- **Current Decade: Samsung SDI patent infringement suit**

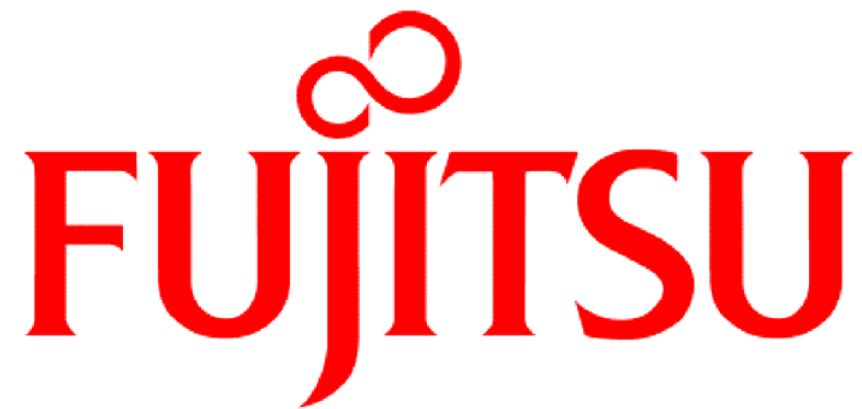
* See supplementary materials for details

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.



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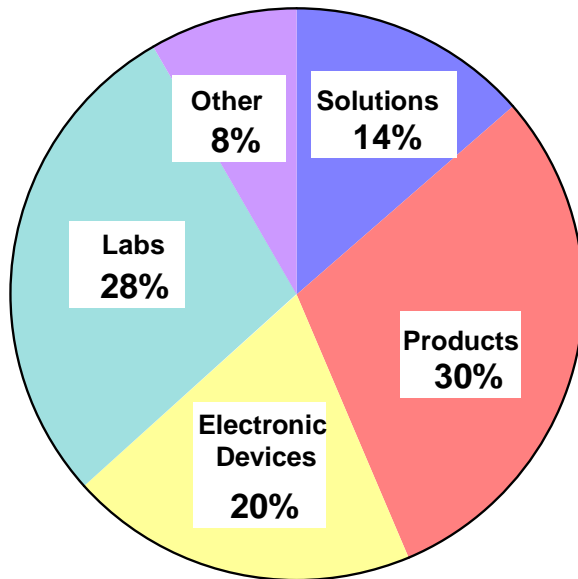
THE POSSIBILITIES ARE INFINITE



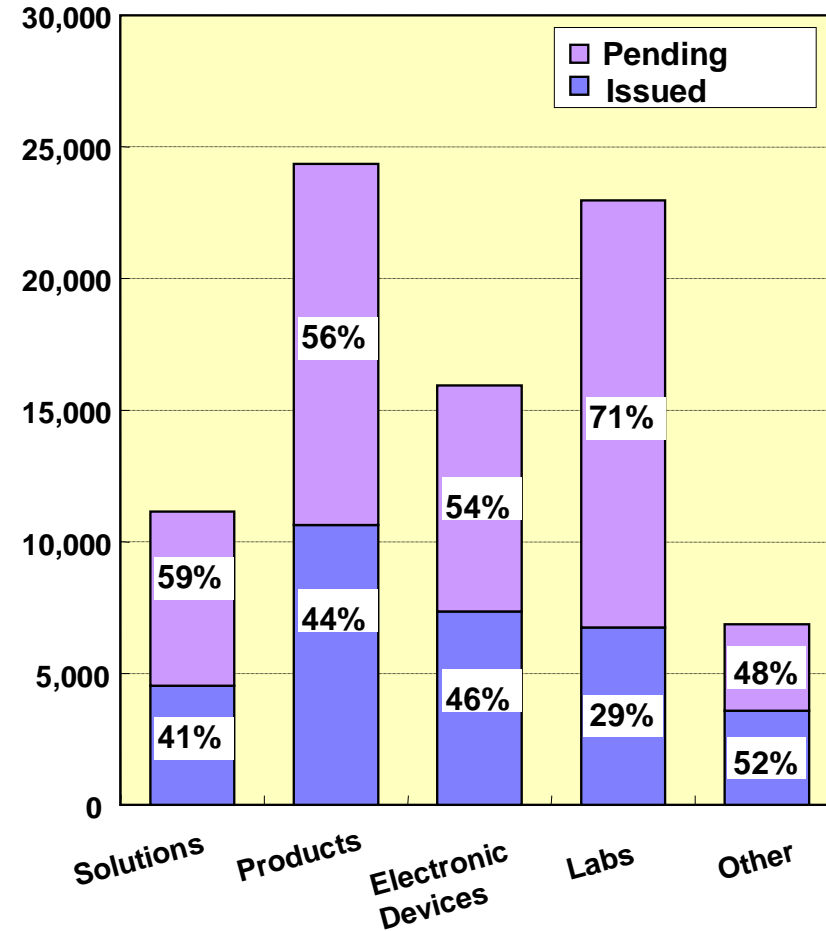
Supplementary Materials

Fujitsu Patents by Business Group

Composition of Fujitsu Pending Applications & Issued Patents by Business Group



Ratio of Pending Applications / Issued Patents within Business Groups

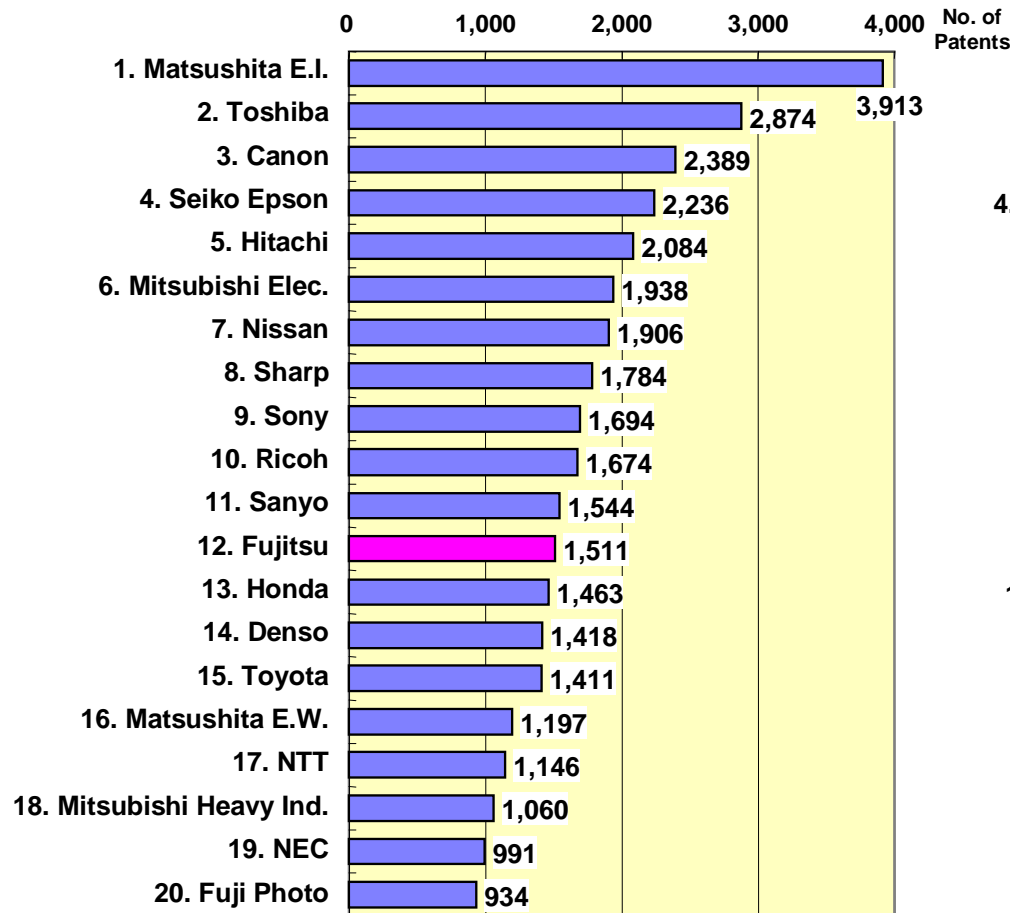


As of September 30, 2005
Source: Fujitsu internal figures

Position in Japan and the US

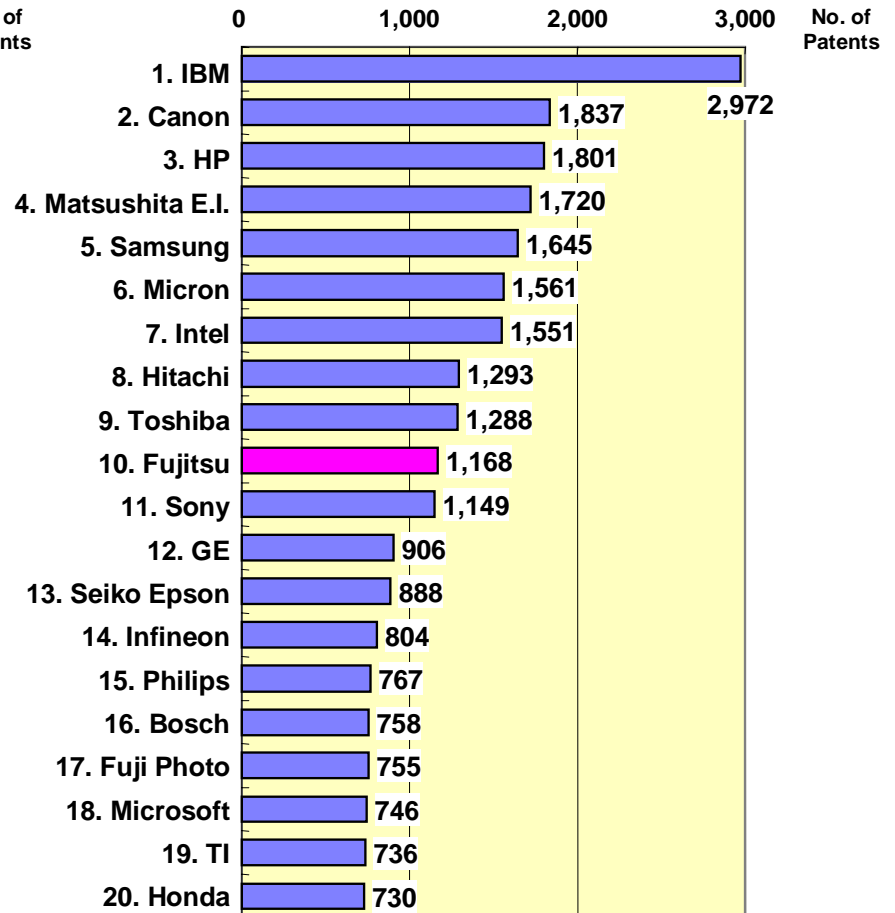
■ Top 20 Issuing Companies for 2005

Japan Patents



Based On Issue date
Source: Internal Research on Patent Data

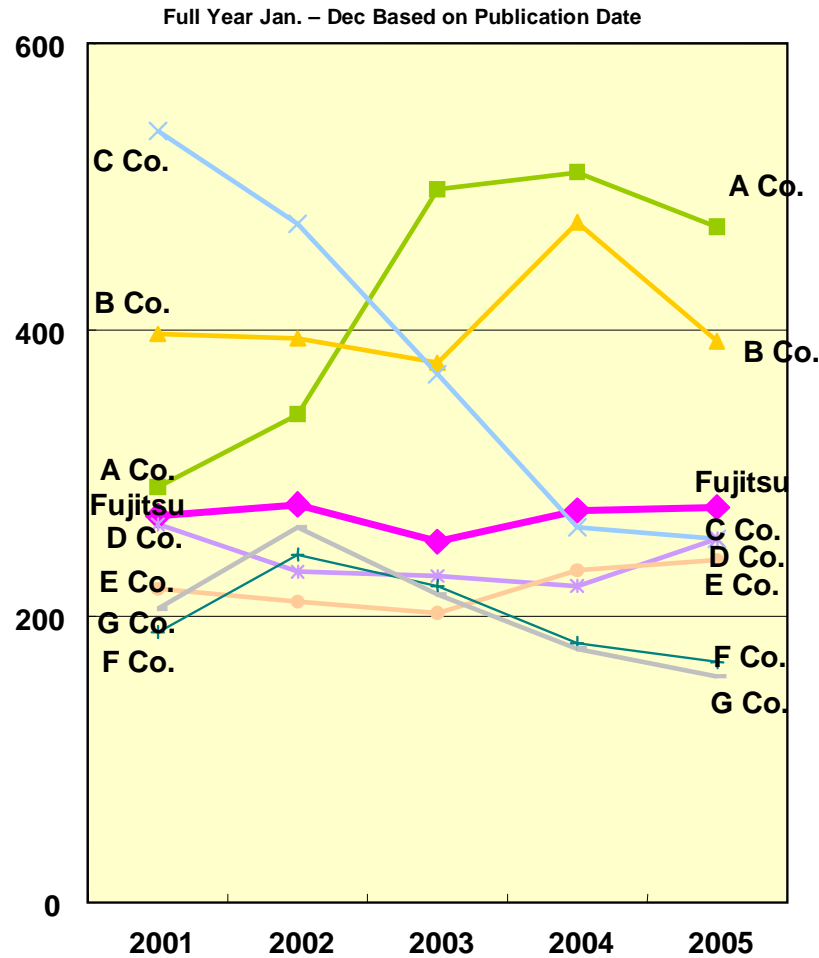
US Patents



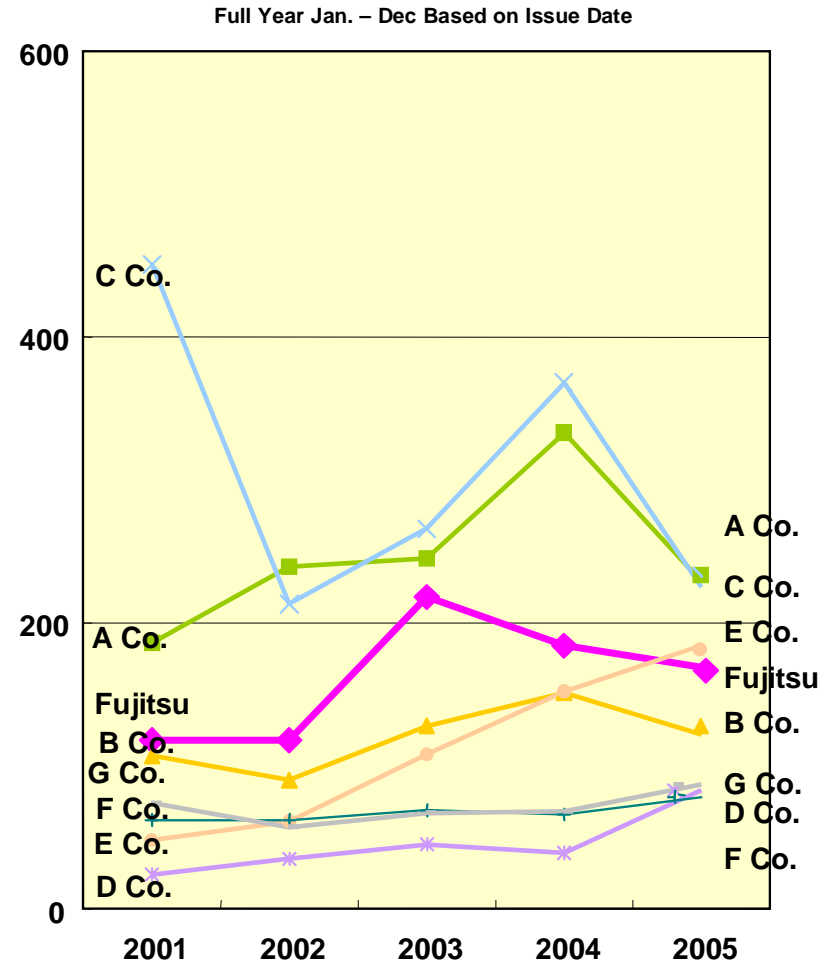
Based On Issue date
Source: IFI CLAIMS Patent Services

Japan Patent Volume Trends 1) - H04L

Trend of Published Applications



Trend of Issued Patents



* Comparison against top 7 companies for published applications (excluding Fujitsu)

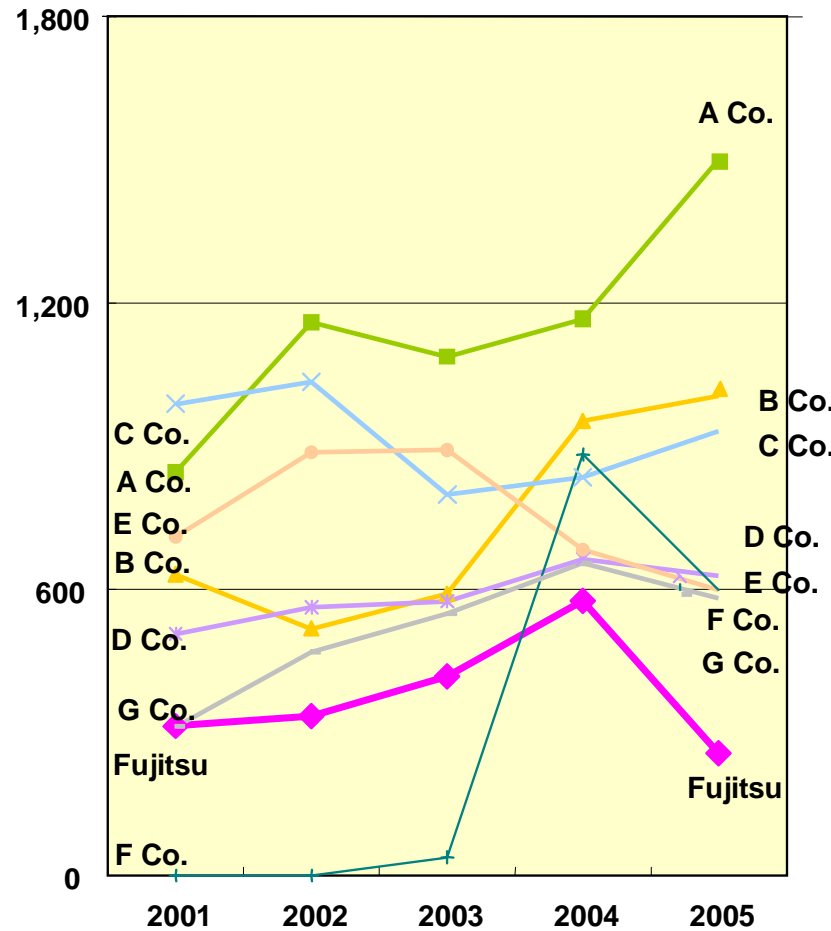
H04L: Transmission of Digital Information

Source: Internal Survey Based on Data from the Japan Patent Office

Japan Patent Volume Trends 2) - H01L

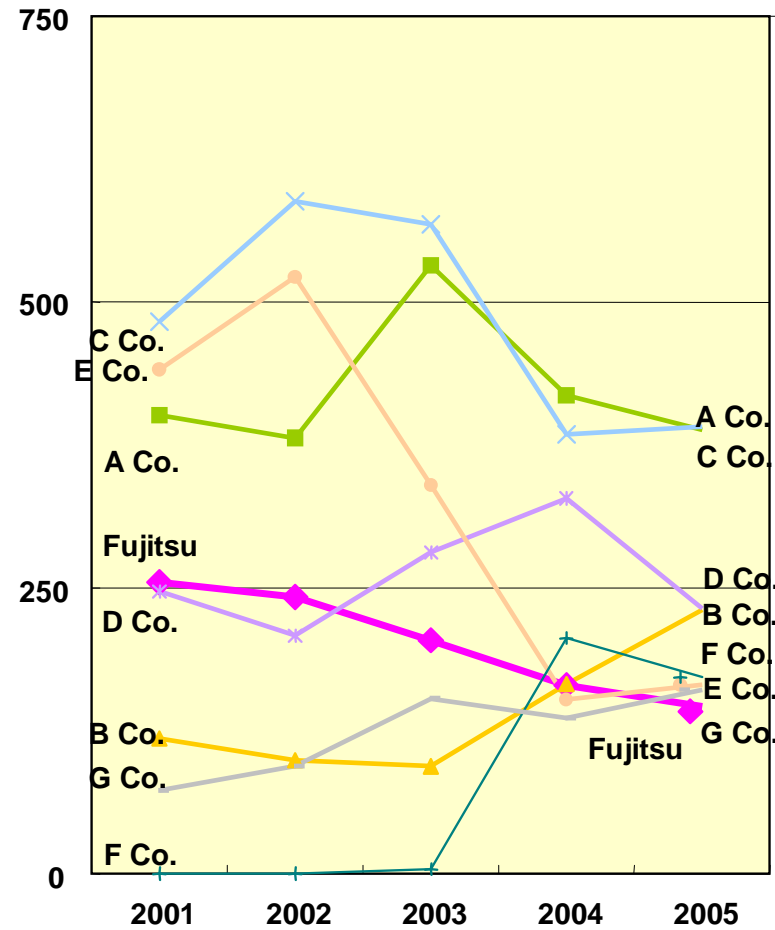
Trend of Published Applications

Full Year Jan. – Dec Based on Publication Date



Trend of Issued Patents

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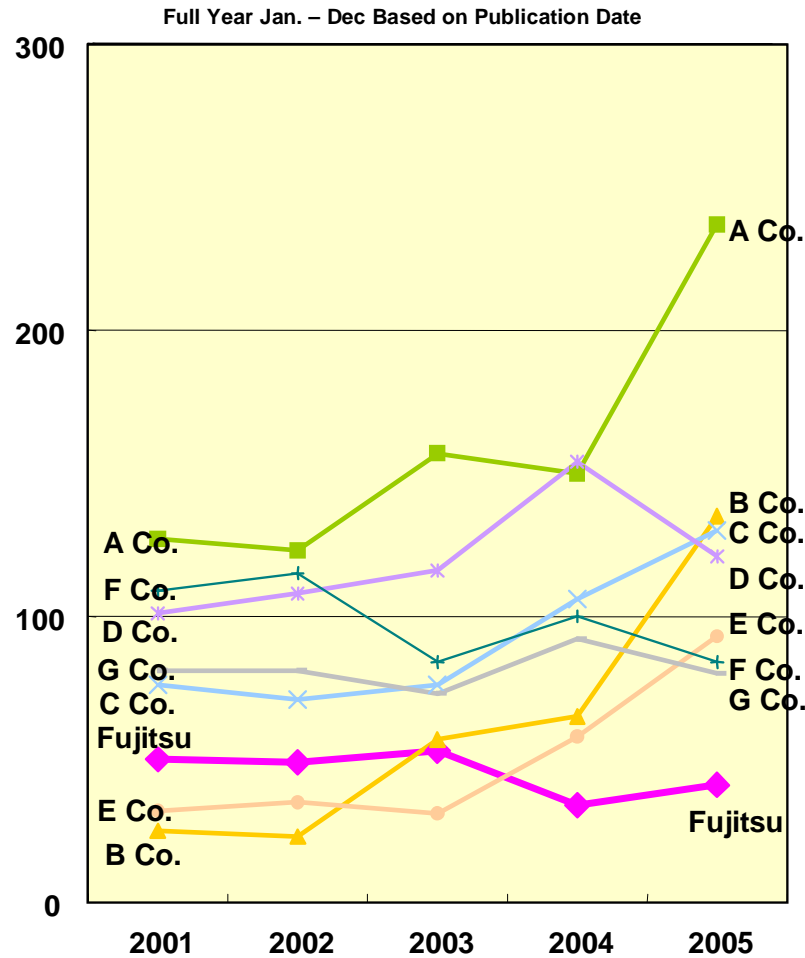
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H01L: Semiconductor Devices; Electric Solid State Devices Not Otherwise Provided For

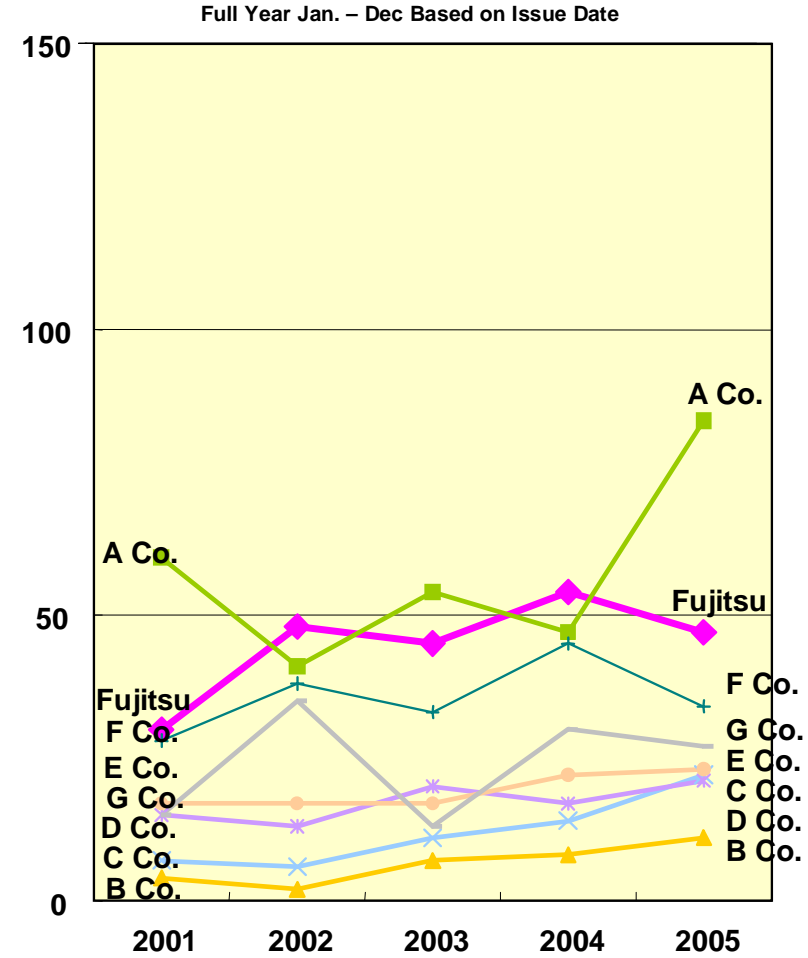
Source: Internal Survey Based on Data from the Japan Patent Office

Japan Patent Volume Trends 3) - G06T

Trend of Published Applications



Trend of Issued Patents



* Comparison against top 7 companies for published applications (excluding Fujitsu)

G06T: Image Data Processing or Generation, in General

Source: Internal Survey Based on Data from the Japan Patent Office

IBM Software Dispute (1980s)

- **Legal protection of computer software (OS) was subject of dispute**

(utilization of copyright laws and use of interface data)

- **Utilized ADR (Alternative Dispute Resolution)**

(arbitrator used to determine case in lieu of litigation in court)

- **However, computer industry subsequently underwent dramatic changes**

(architecture, hardware, software)

TI Patent Dispute (1990s)

- Japanese Patent 320,275 was subject of dispute

TI Position: Basic patent for ICs

Fujitsu Position: No infringement by Fujitsu, validity of the patent is doubtful 特公 昭 61 ... 55256

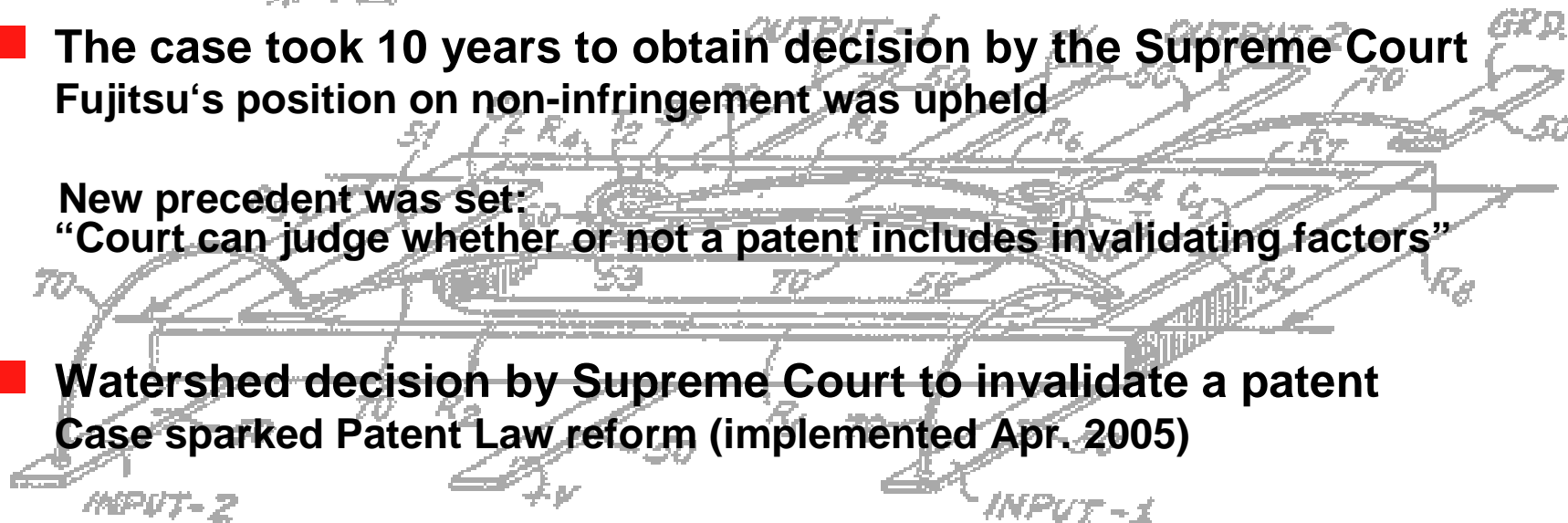
- Although other companies settled, Fujitsu asserted its rightful claim (experience in the IBM dispute)

- The case took 10 years to obtain decision by the Supreme Court
Fujitsu's position on non-infringement was upheld

New precedent was set:

“Court can judge whether or not a patent includes invalidating factors”

- Watershed decision by Supreme Court to invalidate a patent
Case sparked Patent Law reform (implemented Apr. 2005)



Samsung SDI Patent Infringement (2000)

- Dispute arose over value of Fujitsu basic PDP patents
- Legal action taken after 2 years of negotiation failed to resolve dispute
- Fujitsu took the following actions in the face of infringement of its basic patents by Samsung PDPs
 - ✓ Filed a civil law suite (temporary injunction from Tokyo District Court)
 - ✓ Petitioned for suspension of imports under Customs Tariff Law (Customs & Tariff Bureau)
 - ✓ Filed a civil law suite in US (US Federal Court, Central District of California)
- Customs & Tariff Bureau accepted petition to halt imports due to patent infringement
- Value of Fujitsu patents was upheld and parties subsequently reached a settlement

Japanese Patent No. 2,845,183