

Fujitsu's Server Strategy

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Summary

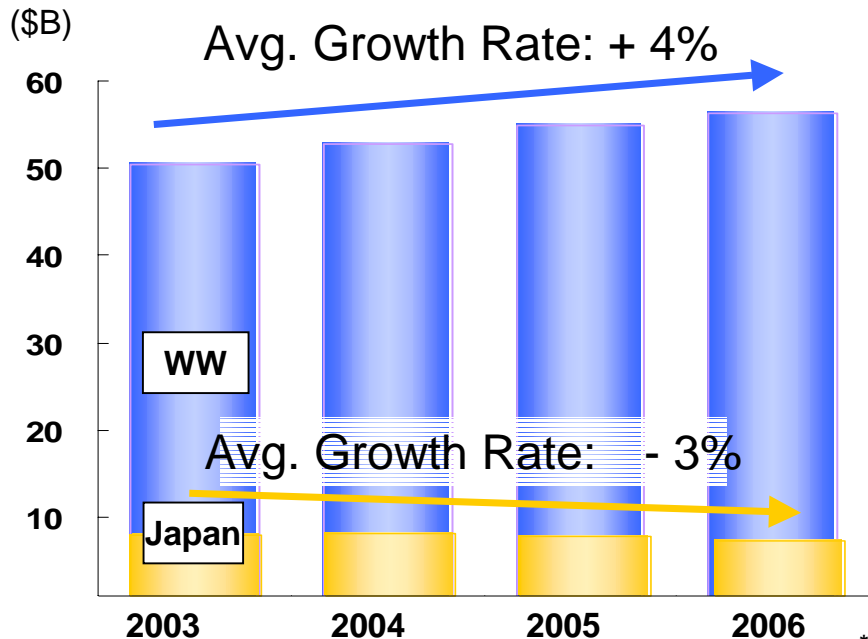


1. Market Trends and Current State of Server Business

Market Trends

- Avg. Market Growth Rate – Worldwide: + 4%, Japan: - 3%
- Avg. Worldwide Growth Rate for IA Servers – + 10% (IPF*: about + 100%)
- Worldwide Growth Rate for UNIX Servers – - 1%

Server Market Size (value)



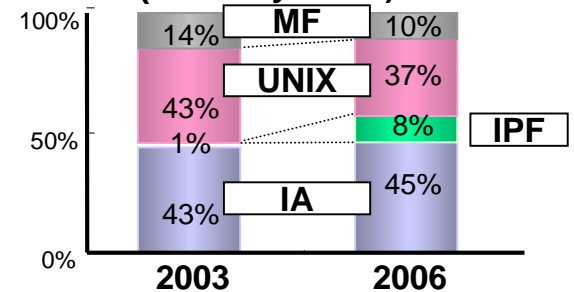
*Source: IDC Worldwide Server Quarterly Forecast, Q1 2004

Worldwide Server Market by OS (units)

	2003	2006
Total	5.28 M units	7.75 M units
UNIX	.66 M (13%)	.82 M (11%)
Linux	.83 M (16%)	1.84 M (24%)
Windows	3.35 M (63%)	4.78 M (62%)

Average Growth Rate for Linux: 31%

Worldwide Server Market by CPU Type (Share by value)



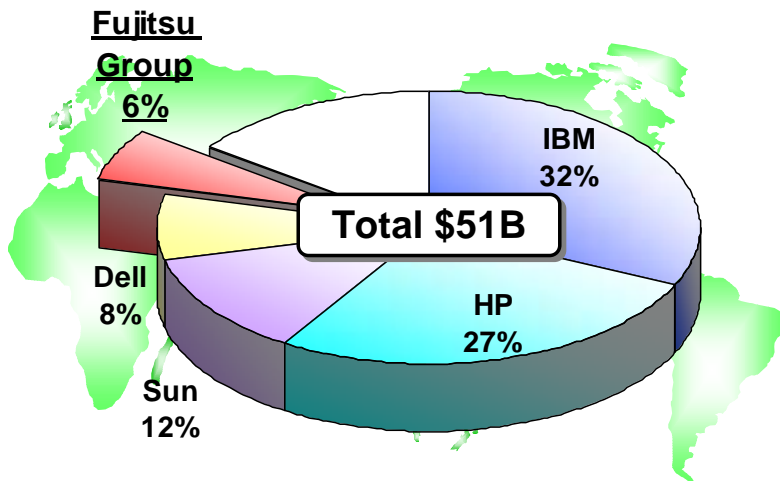
*IDC defines the following categories:

CISC: MF, RISC: UNIX, EPIC: IPF (Itanium Processor Family), x86: IA

Fujitsu's Share of the Server Market

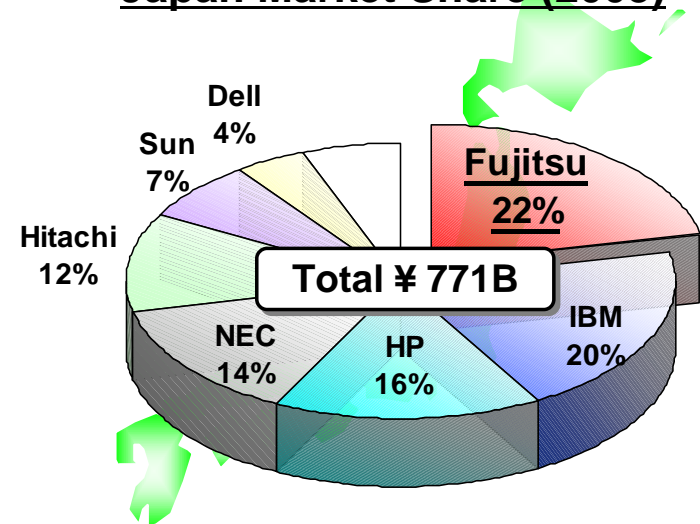
- Fujitsu Group's Share: 6% of Worldwide Market (2003) – No. 5
: 22% of Japan Market (2003) – No. 1

Worldwide Server Market Share (2003)



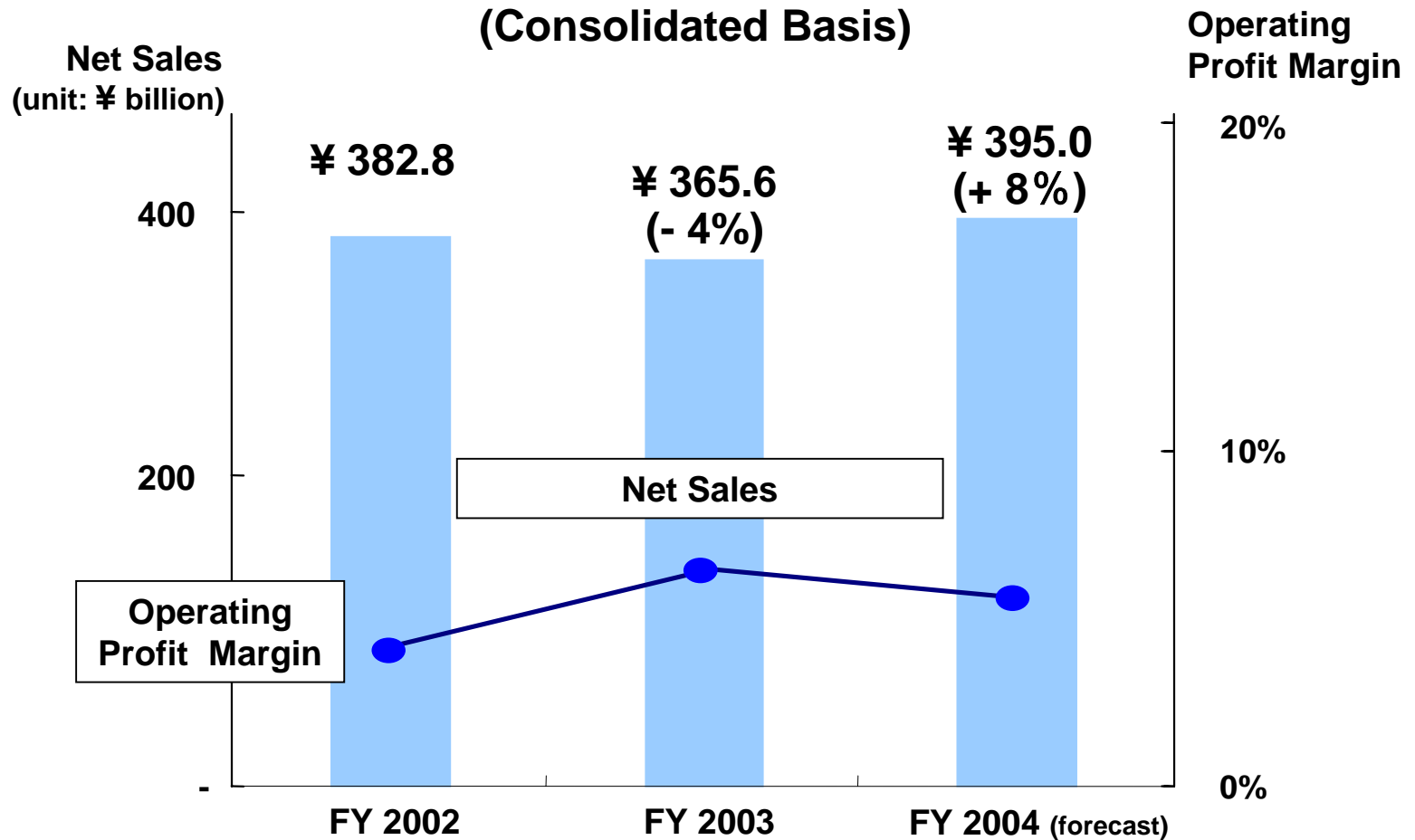
*Source: IDC Worldwide Server Quarterly Tracker, Q1 2004

Japan Market Share (2003)



*Source: IDC Japan's Server Quarterly Model Analysis, Q1 2004

Server-Related Products Business



*Server-Related Products Business: Includes servers plus storage systems and other products

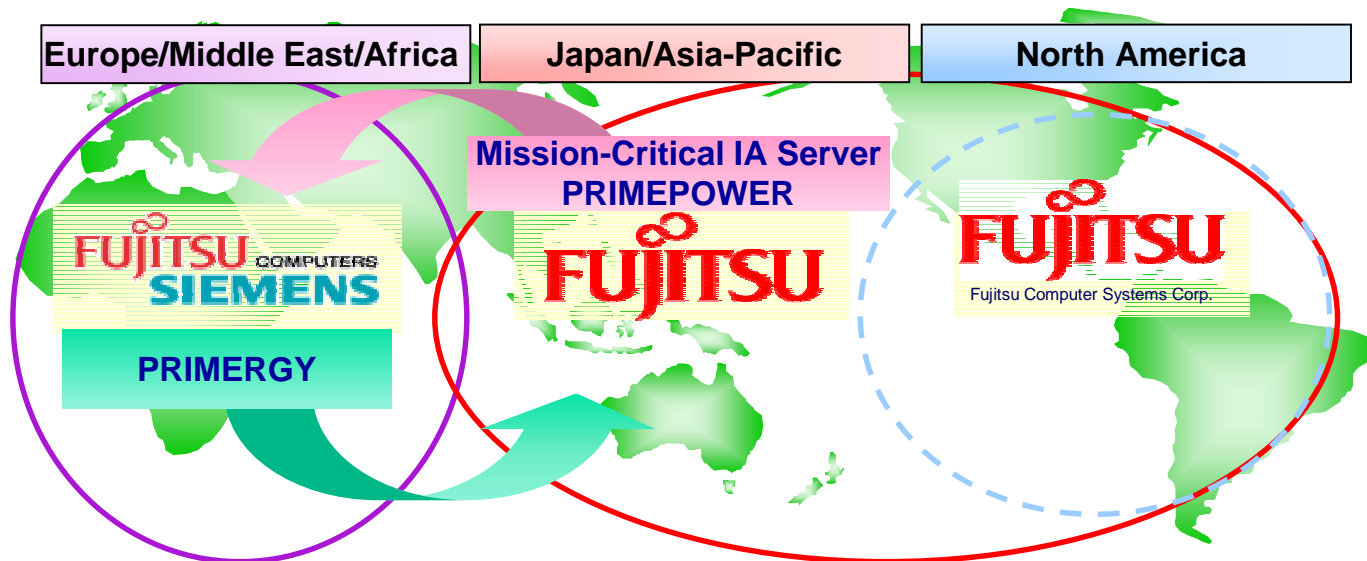
Worldwide Server Development & Sales

● Development Structure

■ Mainframes	GS	Fujitsu
■ UNIX Servers	PRIMEPOWER	Fujitsu
■ Mission-Critical IA Servers	<i>under development</i>	Fujitsu
■ IA Servers	PRIMERGY	Fujitsu Siemens Computers

● Sales Structure

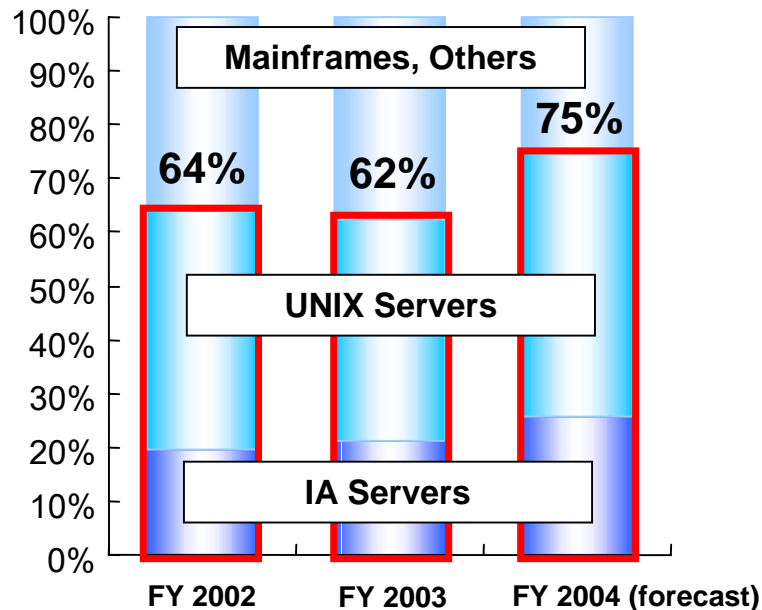
■ Japan/Asia-Pacific/Americas	Fujitsu
■ EMEA	Fujitsu Siemens Computers



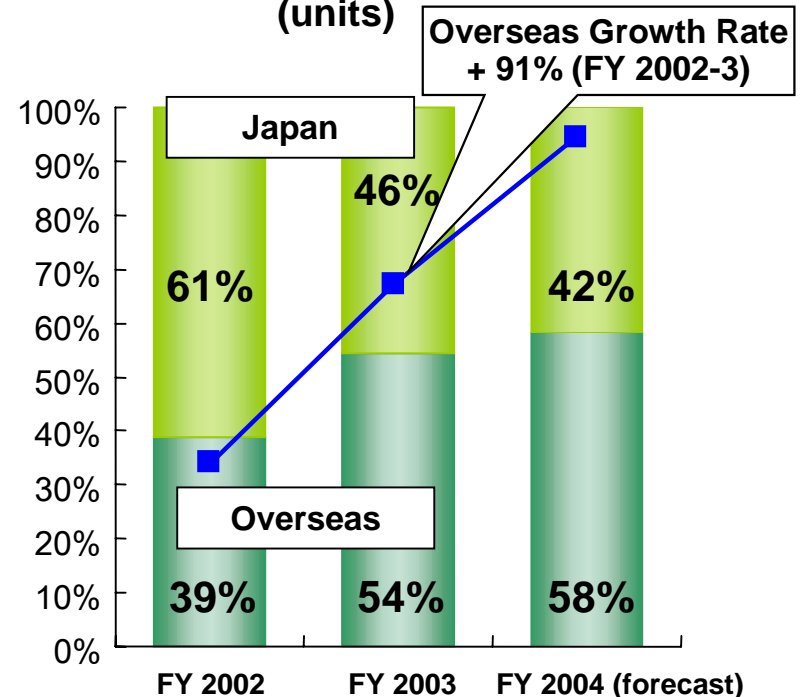
Server Trends: Open Systems & Globalization

- **FY 2003: Open Systems' Share of Total Server Sales – 62%**
Percentage of Overseas UNIX Server Sales – 54%

**Composition of Sales
(by server type)**



**UNIX Server Sales Ratio
(units)**

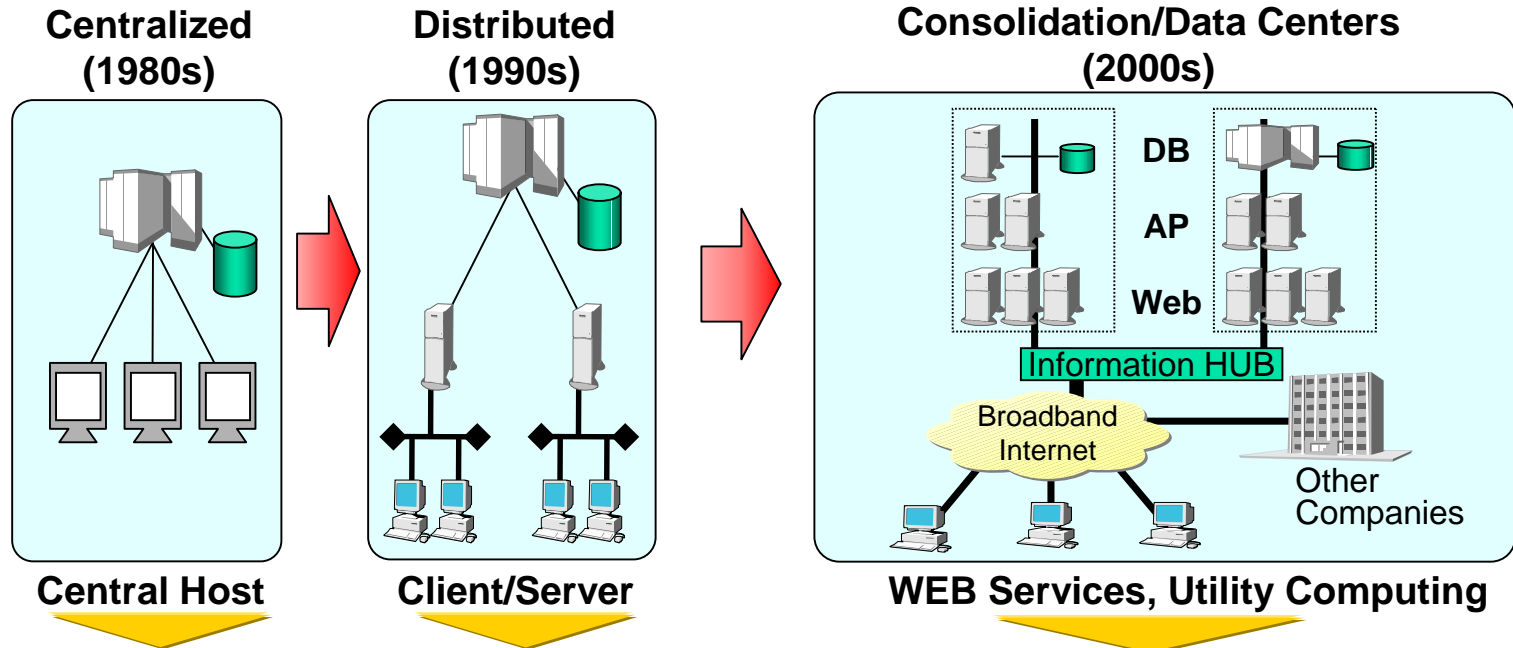




2. Our Server Business Strategy

Information Systems Going Forward

From Centralized to Distributed Computing to “Ubiquitous Networking Era” Data Centers



Features

- Centralization
- Performance
- Low-cost servers
- Operating cost
- Building systems optimized for business processes and data
- Efficient use and optimal allocation of resources
- Simple operation of heterogeneous environments

Technology Requirements

- Scale-out, scale-up
- Virtualization, autonomic, integration technologies

Server Business Direction

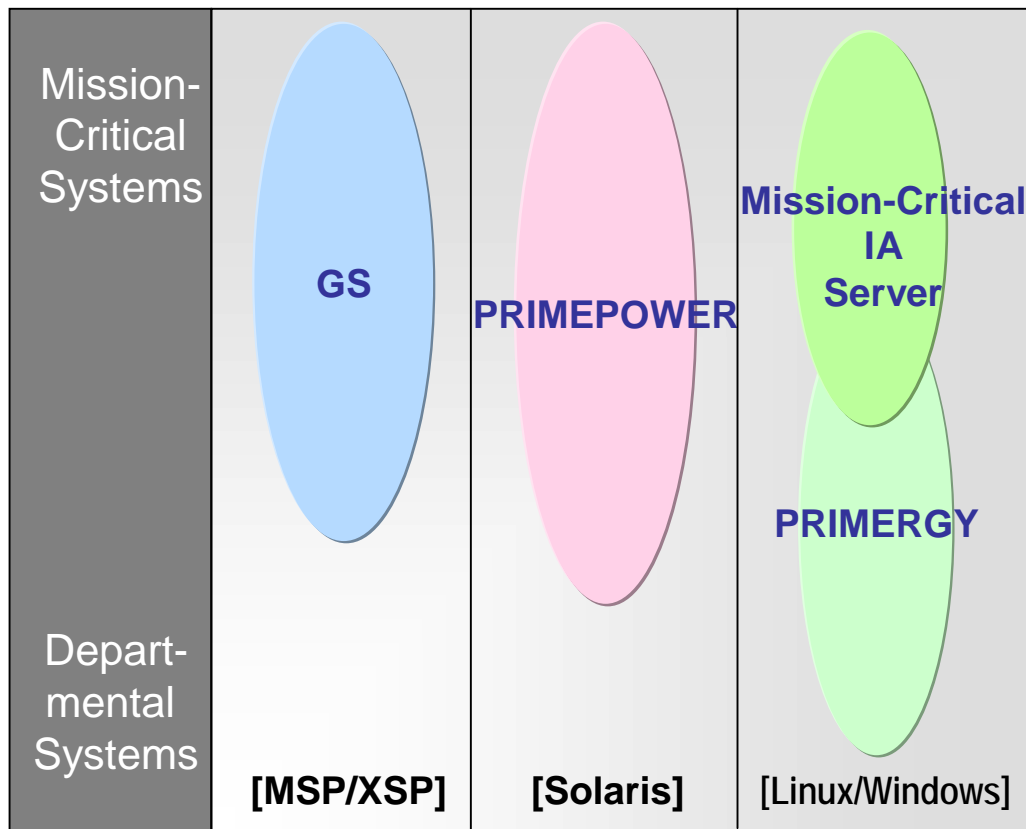
Mission

- Provide servers for socioeconomic infrastructure systems
- Rapidly respond to customers' diverse and changing needs
- Assure continuity of customers' assets

Our Strategy

- Continue leadership in mission-critical systems
 - ~ *Commitment to developing core technology ourselves*
 - High reliability, high quality, high performance, leading-edge technology
- Focus on and aggressively promote 'open' servers
 - Solaris, Linux, Windows
- Expand server business on a global basis
 - Tripartite business structure: Japan, US, Europe

Server Product Strategy



GS - Assure continuity of customers' assets
Launch new model in 2006

PRIMEPOWER

- Ensure reliability with Fujitsu-developed hardware
 - Leverage rich applications portfolio for Solaris
- Unify product offerings with Sun in 2006**

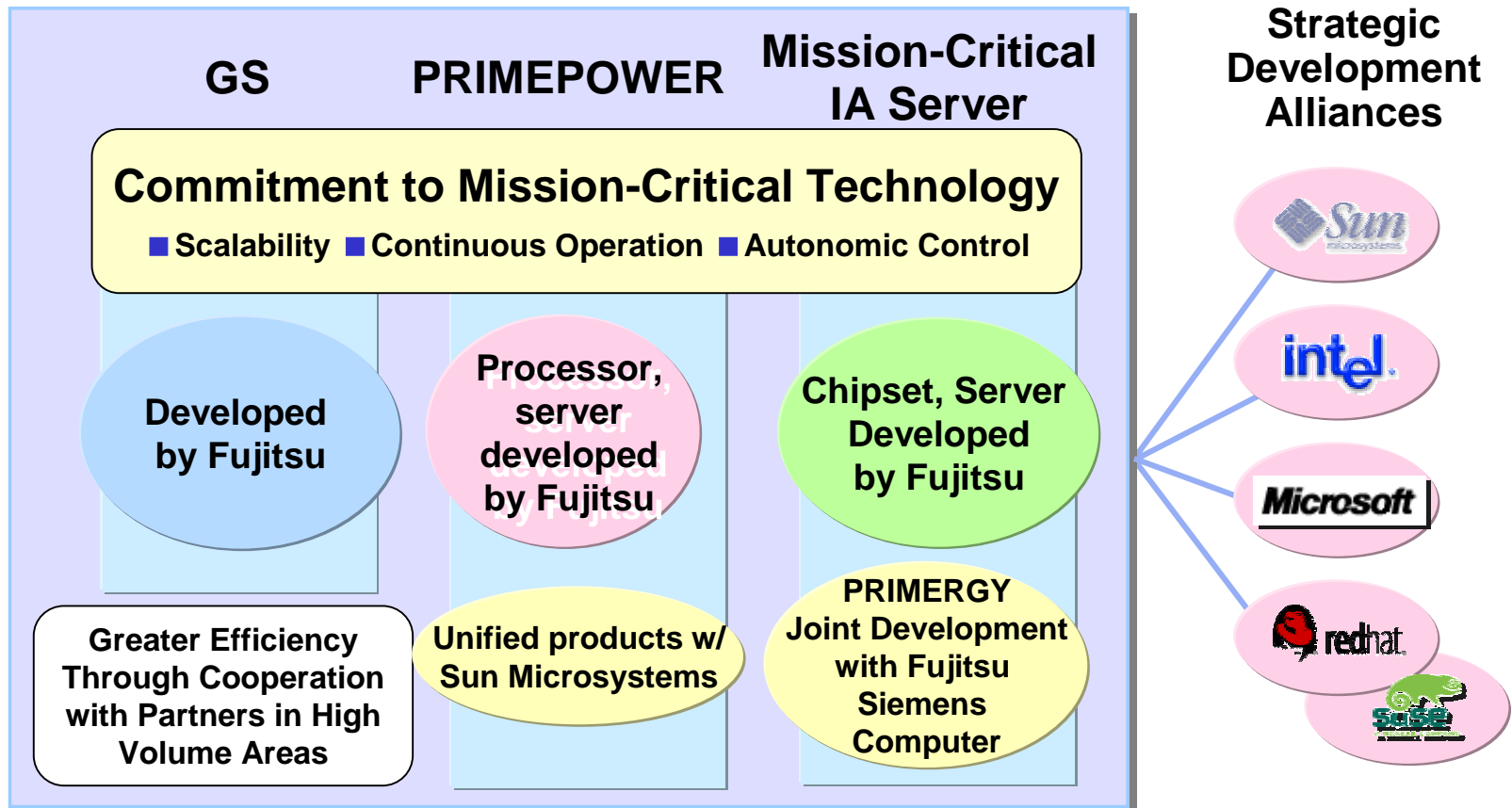
IA Servers :

- Fully leverage openness of Linux/Windows
 - Differentiate through high reliability and quality
- Introduce mission-critical IA server in 2005**

Server Development Strategy

Deliver Mission-Critical Performance and Openness

- Utilize common Fujitsu mission-critical technology in all server offerings
- Leverage joint development tie-ups with global players



Shared Development



Shared Development Ratio*	Structural Elements	Shared Development Ratio*
90%	Processor	---
75%	Chipset (ASIC)	20%
30%	Firmware	30%
80%	Components	60%

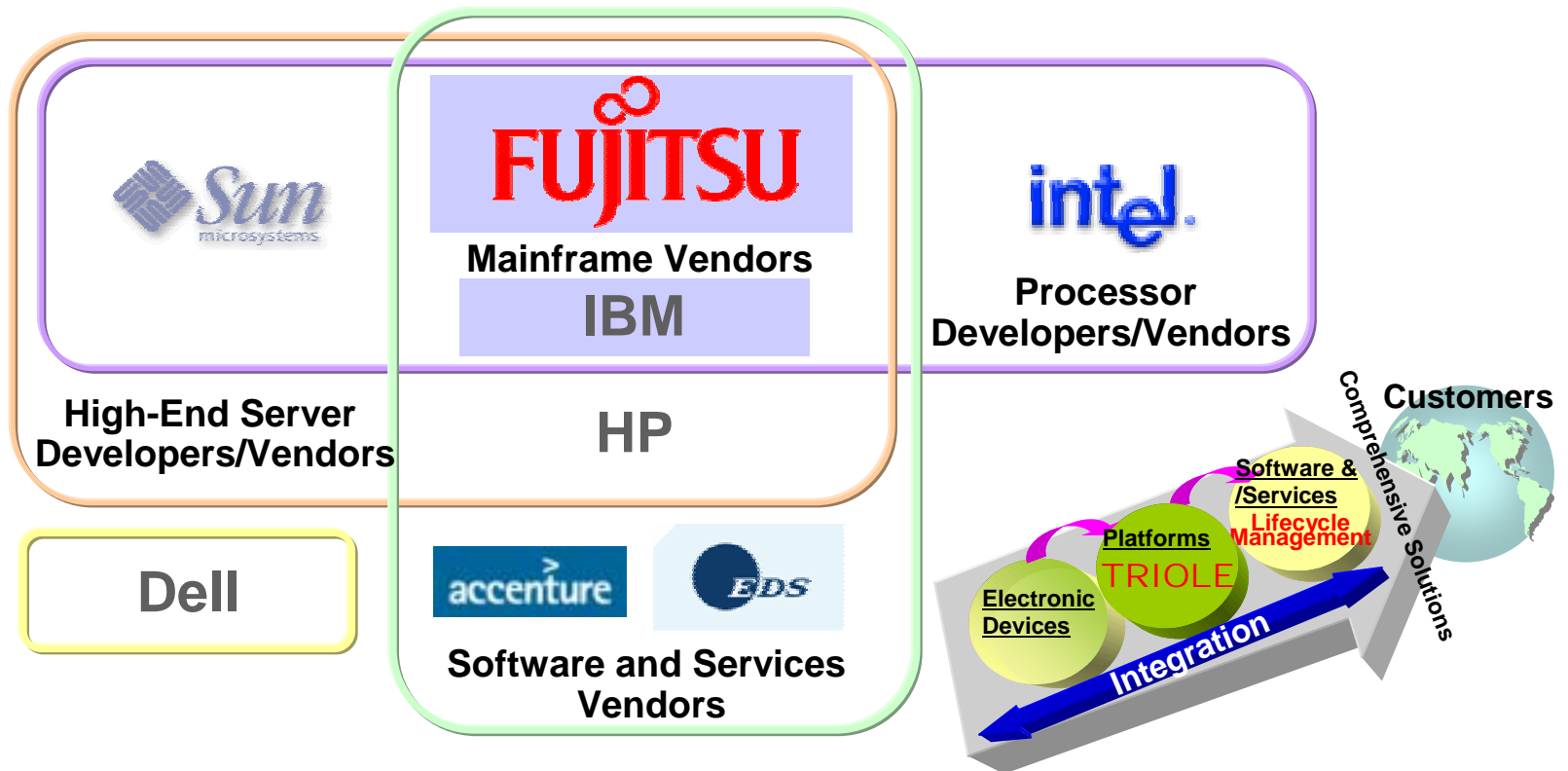
*Ratio of common items in new model development

- **40% Reduction in Overall Costs**



Our Server Business Positioning

Fujitsu is Japan's only vendor able to leverage its mainframe technology heritage to develop its own processors and servers



Servers to Meet Varied Market Requirements

GS

PRIMEPOWER

Mission-Critical
IA Server

PRIMERGY

Developed by Fujitsu / Strategic Alliances

Japan
Market

Mainframe
Market

Fujitsu Customers:
About 4,000
companies

Transmigration Market

Fujitsu Customers:
About 2,300
companies

Solaris Market
63% of UNIX Market
(¥ 700 B)

Fujitsu Customers:
About 1,000
companies

IPF Market
New Growth
Market
(¥ 500 B in 2006)

SME
Market

Fujitsu Customers:
About 40,000
companies

Markets in
which we can
leverage our
mission-critical
IA server

Overseas
Markets

3. Server Business Initiatives

3.1 Continuing Leadership in Mission-Critical Systems

Commitment to developing core technology ourselves

3.2 Striving for Further Growth

3.1 Continuing Leadership in Mission Critical Systems

**Commitment to Developing Core
Technology Ourselves**

Core Competence in Server Development

Fujitsu's Heritage

Fully Capitalizing on Our Core Strengths

Server Development Technology

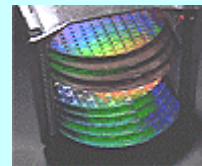
- Mainframe-class reliability technology
- Supercomputer-based high-speed technology



Combined Power

Leading-Edge Semiconductor Technology

- 90nm technology
- 10-layer copper wiring + Low-k^(*)
- High integration & low power consumption



(*) Low-Dielectric Interlayer Insulation, Reduces size circuitry requirements

**World-Class Servers
Using Mainframe Technology to Deliver High Reliability**

Processor-Embedded High-Reliability Technology

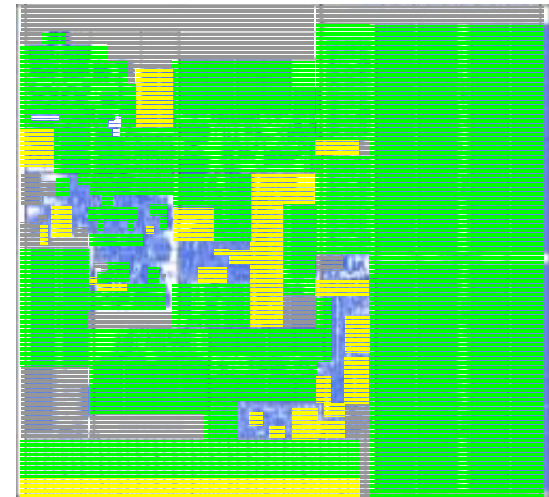
Processor Technology Guarantees Data Integrity

High-Reliability Design Architecture

		PRIMEPOWER Processor GS Processor
Cache Memory Data Protection	Tag	ECC (L1 Dual Parity)
	Data	ECC
Cache Memory Dynamic Degradation		○
Computer/Register Error Detection		Parity
Hardware Instruction Retry		○
History		○

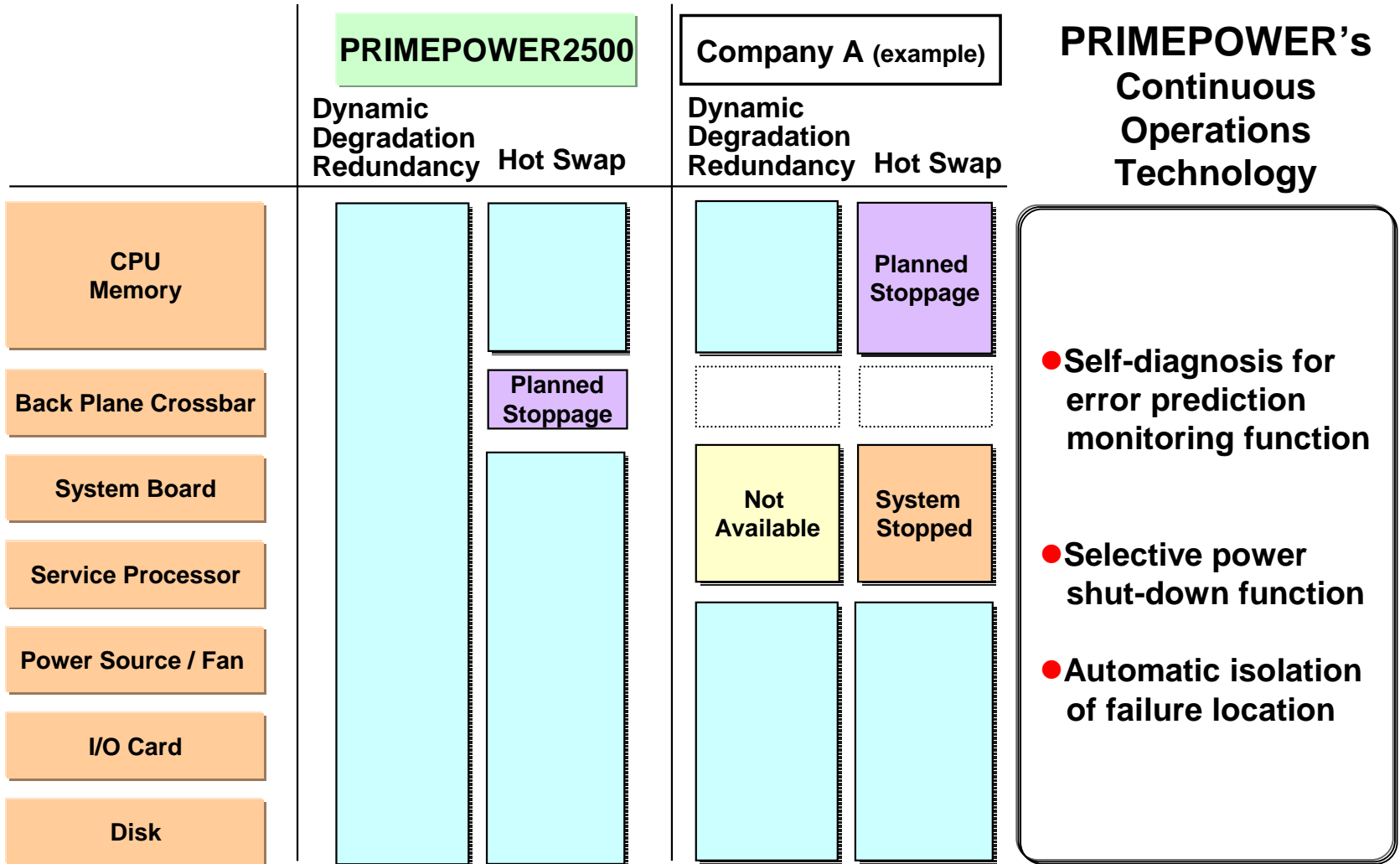
Technology
Exclusive to Fujitsu

SPARC64 V Error Detection Feature



- Hardware-based error detection and self-healing
- Hardware-based error detection
- No impact even if error occurs

Commitment to Continuous Operation



PRIMEPOWER: World-leading Performance

UNIX Servers with Best-in-Class Performance on a Variety of Industry Benchmarks

World-class performance at processor and overall system levels

SPECjbb

Java Applications

SAP

SAP ERP

TPC-H

Decision Support

SPEC OMP

Parallel Processing

SPARC 64V

High-Performance Technology

- Out-of Order
- 4-Instruction Parallel Decode
/6-Operation Parallel Execution
- 3MB On-Chip L2 Cache

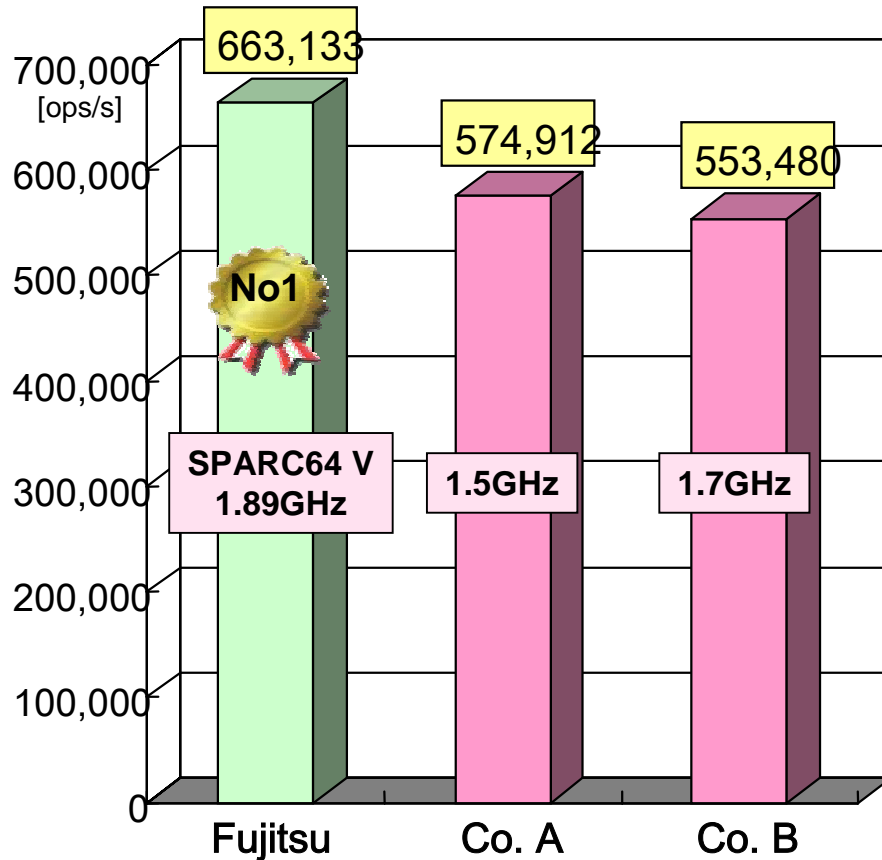
PRIMEPOWER

High-Performance Technology

- World-Leading Scalability
(Expandable to 128 CPUs x 128 Nodes: 16,384 CPUs)
- Fiber-optic Interconnect Technology
(4GB/s)
- System Bus Performance (133GB/s)

PRIMEPOWER: World-leading Performance

SPECjbb Applications

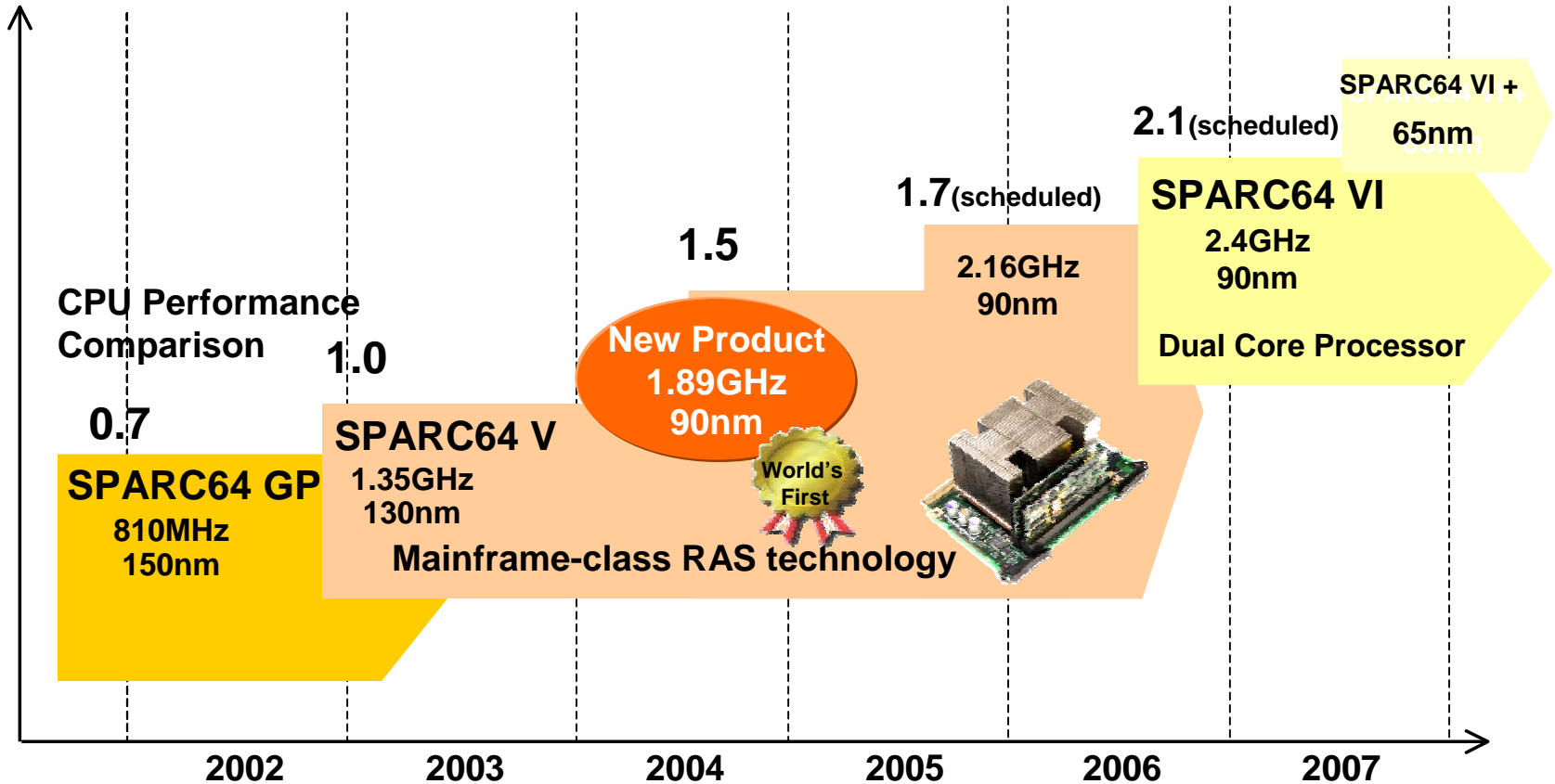


*Source: SPEC web site (<http://www.spec.org/>) 2004.6.22

* SPECjbb2000 : Benchmark measuring processing performance for servers running Java software. Simulates enterprise inventory management and order processing.

Our Processor Development Roadmap

PRIMEPOWER SPARC Processor Roadmap



* Roadmap is subject to change without notice.

Pursuing the World's Top Quality

Employing Japan's Unique Approach to High Quality

Design Quality

- Thorough logic verification through document-driven, team-based (including production) approach
- LSI design using simulation technology to ensure high margins
- Test programs by third parties

Component Quality

- Exhaustive component evaluation using group of specialists including scientists
- Evaluation of components/materials, design/functionality confirmation
- Structural analysis of components using scanning electron microscope

Quality Assurance Team

Design Team

Production Team

Product Quality

- Overall system testing, including middleware
- Independent quality assurance organization makes final decisions on product's ready-to-ship status
- Automated clip failure test (BBC)
Virtual IO failure test (CTF)

BBC-Black Box
Clip tester
CTF-Channel
Test Facility

Mass Production Quality

- Structural designers help ensure quick and stable mass production quality
- Prototype automation to prevent human-caused inconsistencies
- Vibration, heat tests to eliminate damage during shipment



Automated clip failure tester

Server quality status:

Top-level in industry: 70% (1QFY03) ⇒ 95% (4QFY03)

Proactive Environmental Protection Efforts

Fujitsu has ranked #1 for five successive years in the computer industry segment of the Dow Jones Sustainability Index



- **Products That Are Energy Efficient and Incorporate the “3R’s”:** Reduce, Reuse, Recycle

- All 2005 server models to meet energy-saving standards
- Reuse and recycling of plastic casing and packing materials

- **Efforts to Eliminate Harmful Materials**

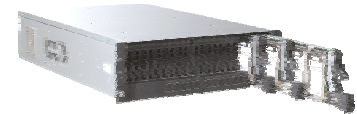
- Elimination of six substances* targeted for end of FY 2005

*mercury, lead, chromium VI, cadmium, PBB, PBDE

PBB: polybrominated biphenyl

PBDE: Polybrominated diphenyl ether

Super-Green Products
PRIMERGY Blade Server
Energy saving (1/3)
Space saving (1/7)

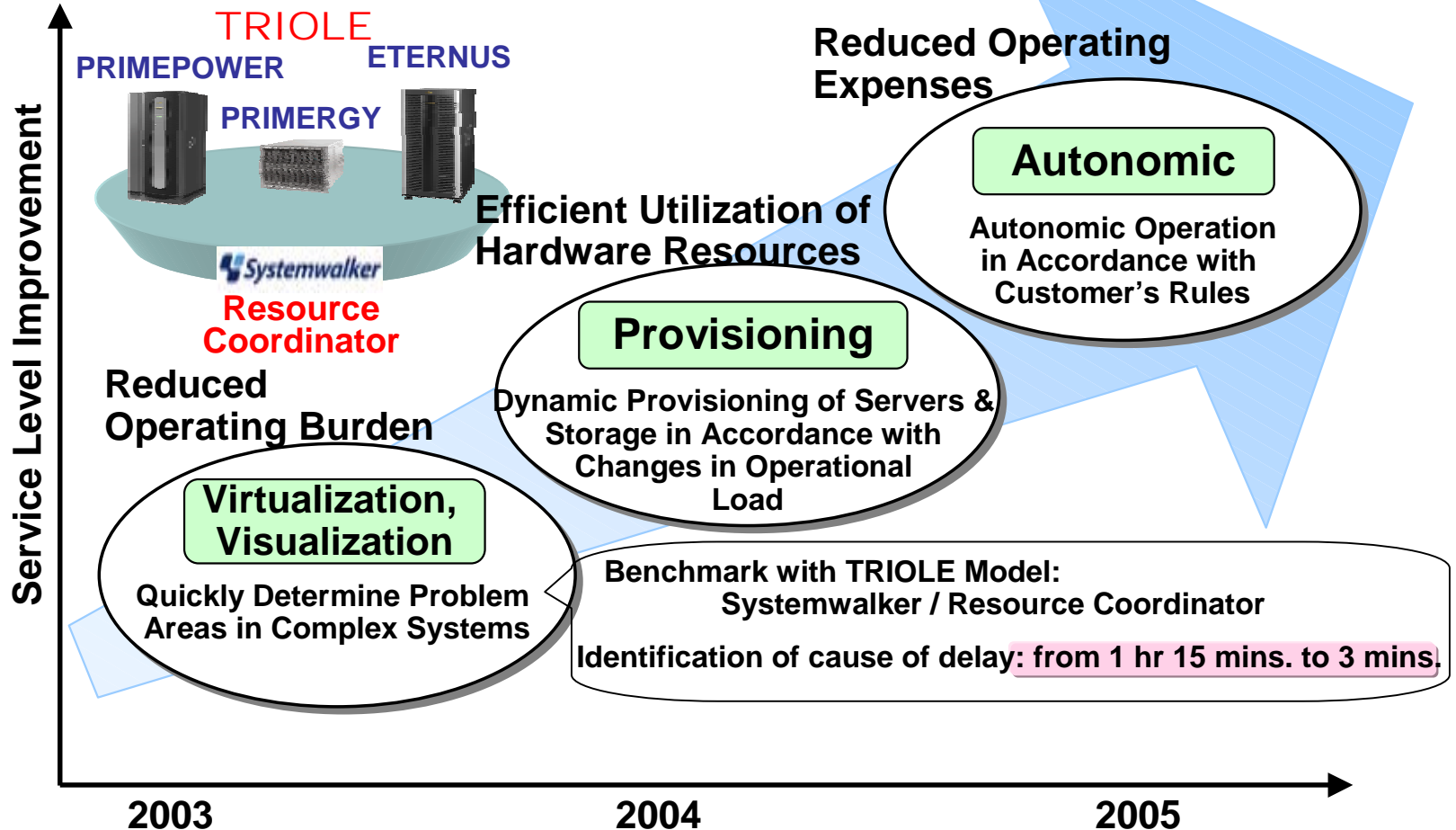




3.2 Striving for Further Growth

Advancing Autonomic, Virtualization & Integration Technologies – Toward Utility Computing

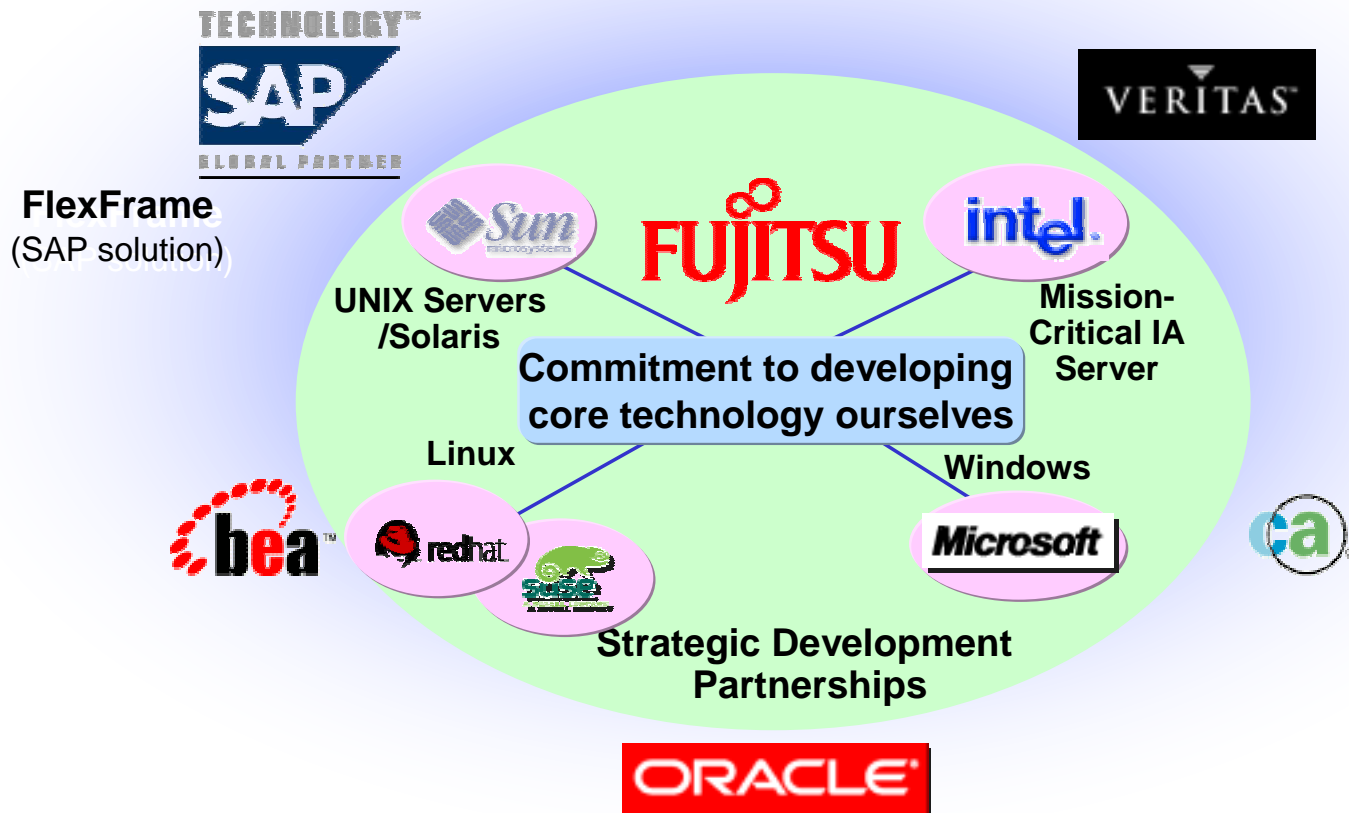
Providing Virtual/Autonomic Functionality in Addition to Superior Reliability, Quality and Performance



Strategic Collaboration with Global Partners

Global Business Expansion Through Strategic Alliances with Major Global Industry Players

Open systems development through alliances with strong players



Global Business Expansion Scenario

~ FY 2003

Strengthen Business Infrastructure and Organization in Three Main Markets

Win new global customers with PRIMEPOWER

PRIMEPOWER Customers:

**Japan/
Asia-Pacific: about 2,300**

Europe: about 800 (FSC)

N. America: about 200 (FCS)

FY 2004

Strengthen Sales Capability through Global Expansion of TRIOLE

**Europe:
Promote platform integration model in close cooperation with FSC & FS**

**North America:
Promote expanded sales to Fortune 500 companies, Particularly by FCS & FC**

**China/Asia-Pacific:
Solution business tie-ups centering on FCH & FAPL**

FY 2005 ~

Accelerate Business Development by Strategic Alliances with Global Partners

● **Expand share of UNIX market through unified product offering (APL) with Sun Microsystems**

● **Win business in new IPF market with mission-critical IA servers (Linux, Windows)**

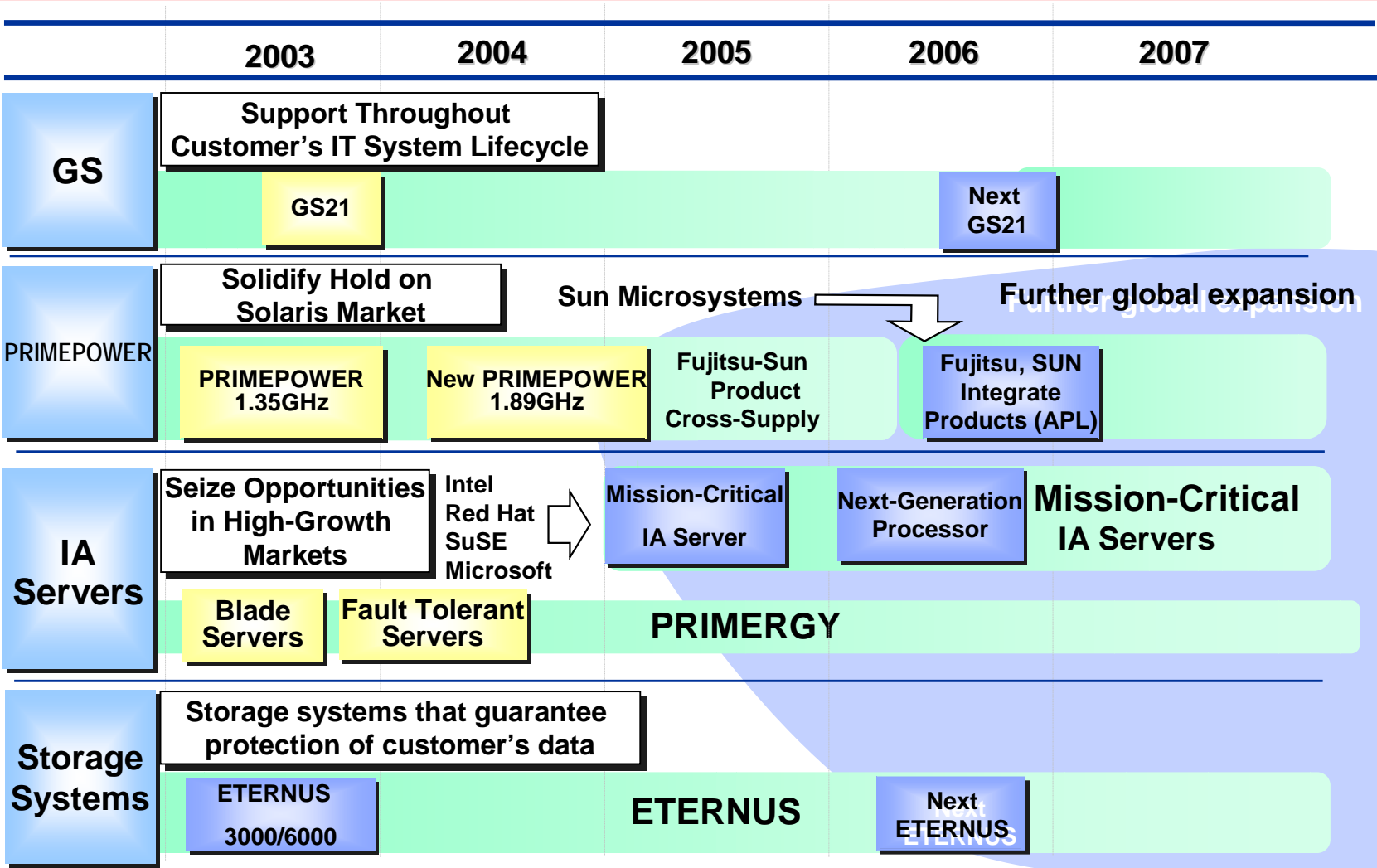
FSC: Fujitsu Siemens Computers

FCS: Fujitsu Computer Systems

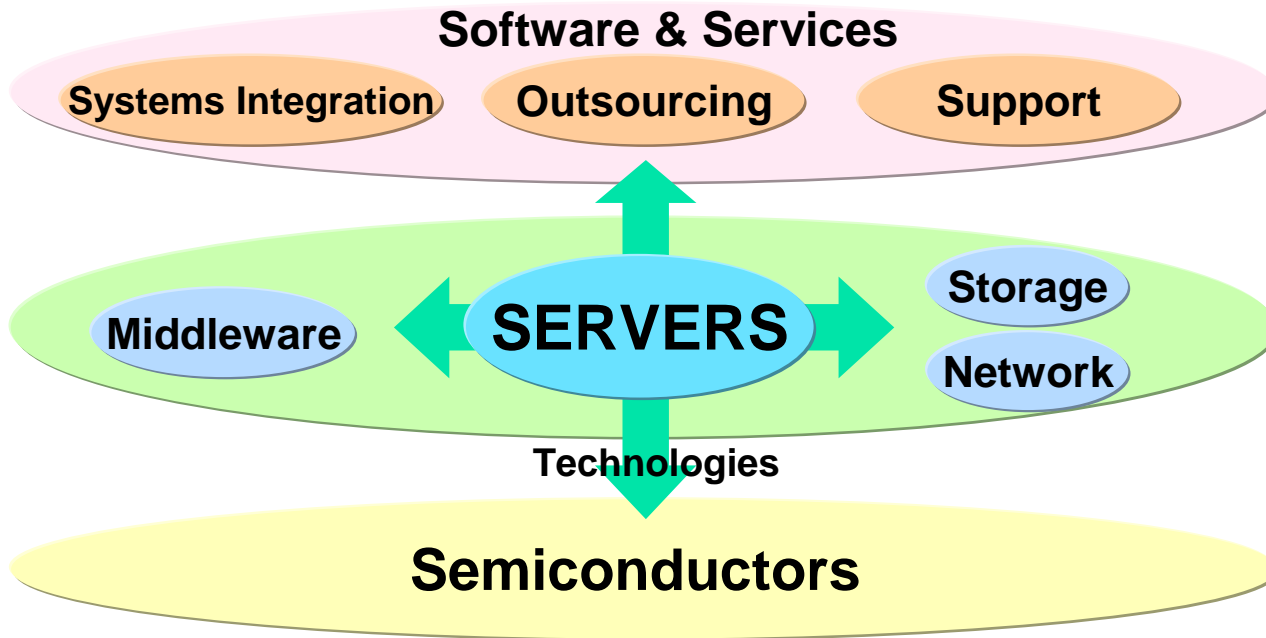
FS: Fujitsu Services FCH: Fujitsu China Holdings

FC: Fujitsu Consulting FAPL: Fujitsu Asia Pte. Ltd.

Strategic Roadmap

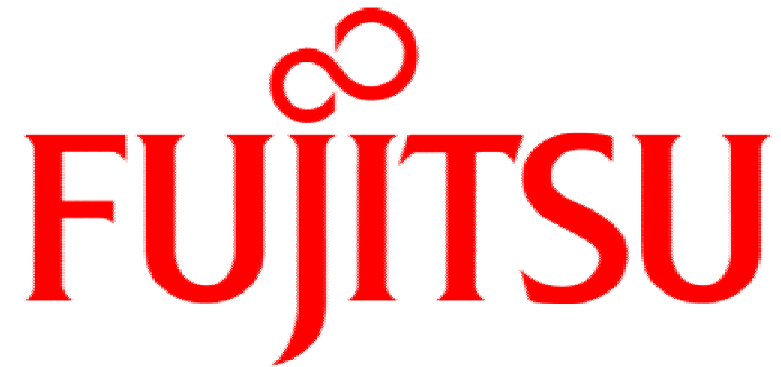


Summary: Role of Servers in Business Development



- **Customer-centric perspective**
- **Commitment to developing core technology ourselves**
- **Strive for further business growth**

Proactive response to open systems trends



FUJITSU

THE POSSIBILITIES ARE INFINITE

Cautionary Statement

This presentation 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.