

O V E R V I E W

FMI combines innovative, systems-level expertise with world-class manufacturing capabilities to meet the needs of its customers.

A global leader in the semiconductor and components marketplaces, Fujitsu Microelectronics Inc. (FMI) is committed to providing innovative technology solutions that help its customers succeed.

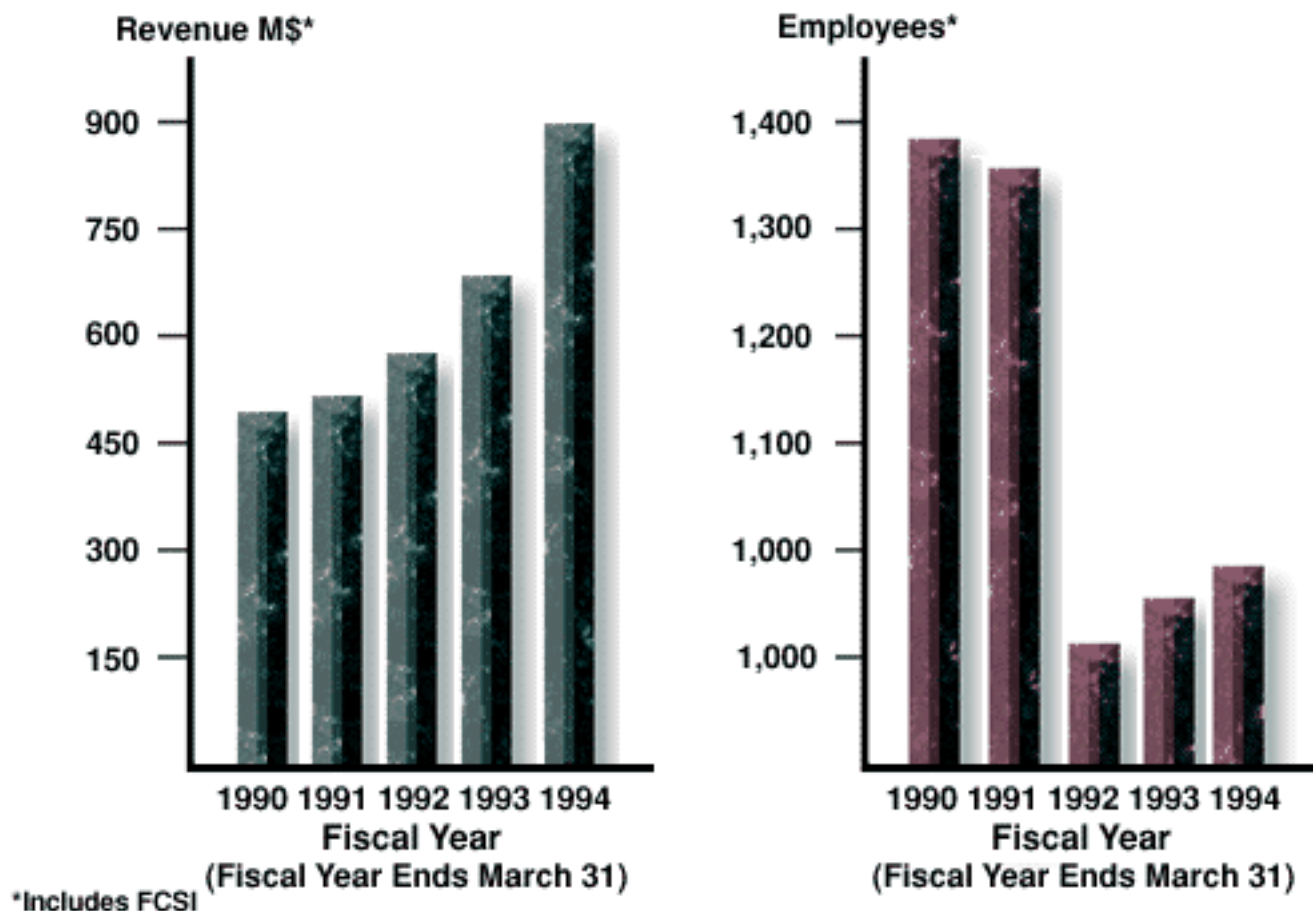
Headquartered in San Jose, California, FMI develops, manufactures and markets a broad selection of semiconductors and other advanced electronic components. Its semiconductor product line includes ASSPs (Application Specific Standard Products), ASICs (Application Specific Integrated Circuits), memory products, communications and networking integrated circuits (ICs), interconnect technologies and flat-panel displays. These products are marketed primarily to leading companies in the computer and telecommunications industries. The company's graphics products and PC Cards are marketed to end users through retail distribution channels.

FMI also markets a diverse range of electronic components, including electromechanical relays, connectors, keyboards and thermal printers. The major customers for these products are Original Equipment Manufacturers (OEMs) in industries ranging from computers and automobiles to telecommunications and instrumentation.

FMI's wholly owned subsidiary, Fujitsu Compound Semiconductor, Inc. (FCSI), develops and manufactures and markets gallium arsenide-based microwave and fiber-optic products. FCSI markets these products worldwide to targeted customers in the industrial-communications and consumer-electronics marketplaces.

FMI's products and services are known for their quality and reliability, setting and meeting standards above those of the industry. The products are marketed through diverse channels in the Americas, Europe, Asia and the Pacific.

FMI employs about 1,100 people and generated revenue of more than \$900 million in fiscal year 1994, which ended March 31, 1995.



History and Capabilities

FMI was founded in 1979 as a subsidiary of Fujitsu America, Inc. In 1980, FMI became a subsidiary of Fujitsu Limited of Tokyo, Japan's largest computer manufacturer and one of the world's leading suppliers of telecommunications systems, semiconductors and electronic components.

As a subsidiary of Fujitsu Limited, FMI has access to the global technical, manufacturing and financial resources of its \$36.6 billion parent company. The company focuses a great deal of these resources on constantly improving and expanding the product line. In fiscal 1994, Fujitsu spent more than \$3.6 billion on R&D, 10 percent of its revenue and more than most Fortune 500 companies made in sales that year. The breadth and depth of Fujitsu's global technological resources are major factors differentiating FMI from many other U.S. semiconductor and components companies.

In addition to its global resources, FMI offers customers the benefits of its extensive local capabilities. In a demonstration of its commitment to this country, FMI has established design, manufacturing and marketing operations here. Fujitsu's research, development and manufacturing capabilities are among the most comprehensive in the industry, allowing FMI to better understand and address the needs of the U.S. marketplace. This extensive local design and manufacturing operation differentiates FMI from many other Japanese semiconductor companies in the United States.

Today, FMI is focusing a large percentage of its resources and efforts toward developing a leadership position in this marketplace, to responding quickly to its customers' needs, and to manufacturing the products required by its customers in a timely manner. To accomplish these goals, FMI follows a customer-driven approach, applies extensive systems-level expertise and works jointly with some of the world's leading computer and communications companies.



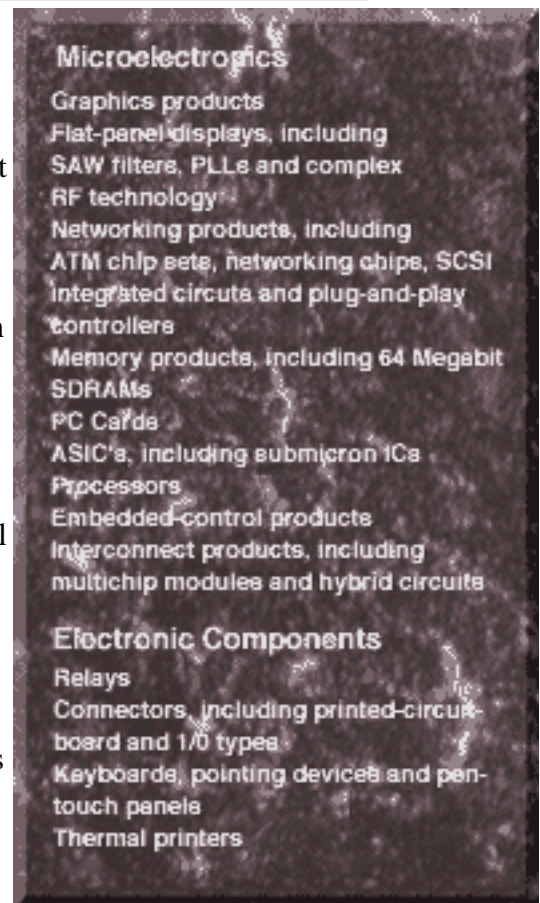
Customer-Driven Approach

In this marketplace, customers continually require quality, cost-effective solutions. They demand smaller products that combine increased performance with low power consumption. To meet these needs, FMI approaches situations from the customer viewpoint, determining what the market needs, and developing and integrating products to meet those requirements. This customer-driven approach requires considerably more commitment and expertise than the traditional technology-driven approach to business.

Systems-Level Expertise

To further help its customers, FMI applies its systems-level expertise to develop solutions for customer problems. Rather than focusing on chip-level technology, the company looks at the total system, determining what the chip needs to do to support that system and then developing the product accordingly.

FMI employs this systems-level approach throughout all its engineering operations, even in the development of memory products. This approach is one of FMI's key strengths and is possible only because of the company's strong design expertise.





Strategic Alliances

Another strength of the company is the high caliber of its strategic alliances. FMI actively seeks out partnerships with leading companies in complementary industries. These companies recognize that they can benefit from Fujitsu's technology and services and they can leverage Fujitsu's strengths through a product, technology or distribution channel. FMI works with the "who's who" of the industry, companies such as Sun Microsystems, Synopsys®, Inc. and UB Networks. FMI works to develop lasting relationships with these customers, partners and vendors. The partnerships take many forms, including product development, manufacturing, technology-licensing agreements or equity investments.

With its increased focus on the customer, extensive systems-level expertise and strong strategic alliances, FMI is well positioned to help its customers succeed in the coming years.

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