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AGREEMENT OF MERGER
of
FUJITSU PERSONAL SYSTEMS INC.
and
FUJITSU PC CORPORATION

FILED
In the office of the Secretary of State
of the State of California

JAN 01 2000

Bill Jones
BILL JONES, Secretary of State

This Agreement of Merger (this "*Agreement*") is entered into as of October 29, 1999 by and among Fujitsu Personal Systems Inc., a California corporation ("*Subsidiary*"), and Fujitsu PC Corporation, a California corporation ("*Survivor*").

RECITALS

A. Fujitsu Limited ("*Parent*") owns all of the issued and outstanding shares of each of Subsidiary and Survivor.

B. The Boards of Directors of Subsidiary and Survivor, respectively, have determined it to be advisable and in the respective interests of Subsidiary, Survivor and Parent, the sole shareholder of each corporation, that Subsidiary be merged with and into Survivor in accordance with this Agreement.

C. This Agreement and the merger of Subsidiary with and into Survivor have been approved by the required vote of the Board of Directors and the sole shareholder of each of Subsidiary and Survivor.

D. The parties intend to adopt this Agreement as a tax-free plan of reorganization and to consummate the merger in accordance with the provisions of Section 368 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, Subsidiary and Survivor hereby agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

As used in this Agreement, the following terms will have the meanings set forth below:

1.1 The "*Merger*" means the statutory merger of Subsidiary with and into Survivor to be effected pursuant to the terms and conditions of this Agreement.

1.2 The "*Effective Time*" means the time and date on which the Merger first becomes legally effective under the laws of the State of California as a result of the filing of this Agreement (and related officers' certificates) with the California Secretary of State, which date is targeted to be January 1, 2000.

1.3 "*Survivor Common Stock*" means the Common Stock, no par value per share, of Survivor.

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**ARTICLE 2
THE MERGER**

2.1 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, Subsidiary will be merged with and into Survivor pursuant to this Agreement and in accordance with applicable provisions of the laws of the State of California.

2.2 Treatment of Survivor Common Stock. At the Effective Time, each share of Survivor Common Stock that is issued and outstanding immediately prior to the Effective Time will remain unchanged and unaffected by virtue of the Merger.

2.3 Effects of the Merger. At and upon the Effective Time:

(a) the separate existence of Subsidiary will cease and Subsidiary will be merged with and into Survivor, and Survivor will be the surviving corporation of the Merger (the "*Surviving Corporation*") pursuant to the terms of this Agreement;

(b) each share of Common Stock of Subsidiary that is outstanding immediately prior to the Effective Time (all of such capital stock is owned by Parent) will be converted into and exchanged for one (1) share of Common Stock of Survivor;

(c) the authorized and outstanding shares of Survivor shall be unaffected by the Merger;

(d) the Articles of Incorporation of Survivor shall remain unchanged and the Bylaws of Survivor shall be amended in the form attached hereto;

(e) the members of the Board of Directors of the Surviving Corporation immediately after the Effective Time will be as follows:

Chiaki Ito
Toshio Morohoshi
Tadayasu Sugita
Takashi Takaya

; and

(f) the officers of the Surviving Corporation immediately after the Effective Time will be as follows:

Chairman and CEO: Chiaki Ito
Chief Operating Officer: Toshio Morohoshi
Chief Financial Officer: Chiaki Ito
Secretary: Kenichi Onuma

(g) the Merger will, from and after the Effective Time, have all of the effects provided by applicable law.

**ARTICLE 3
TERMINATION AND AMENDMENT**

3.1 Agreement Subject to Termination by Mutual Consent. Notwithstanding the approval of this Agreement by the Boards of Directors of Subsidiary and Survivor and by Parent, as the sole shareholder of each such corporation, this Agreement may be terminated at any time prior to the Effective Time by the mutual written agreement of Subsidiary and Survivor.

3.2 Effect of Termination. In the event of the termination of this Agreement as provided above, this Agreement will forthwith become void and there will be no liability on the part of Subsidiary, Survivor or Parent or their respective officers and directors.

3.3 Amendment. This Agreement may be amended by the parties hereto at any time before or after approval by Parent, but, after such approval, no amendment will be made which by applicable law requires the further approval of the shareholders of Subsidiary or Survivor without obtaining such further shareholder approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of Subsidiary and Survivor.

**ARTICLE 4
MISCELLANEOUS**

4.1 Assignment: Binding Upon Successors and Assigns. No party hereto may assign or delegate any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

4.2 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California (irrespective of its choice of law principles).

4.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument.

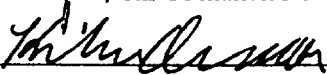
IN WITNESS WHEREOF, the parties hereto have caused this Agreement of Merger to be duly executed as of the date and year first above written.

"SUBSIDIARY"

FUJITSU PERSONAL SYSTEMS, INC.

By: 
Chiaki Ito, Chief Executive Officer

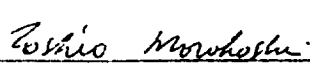
By: 
John Roth, Chief Financial Officer

By: 
Kenichi Onuma, Secretary

"SURVIVOR"

FUJITSU PC CORPORATION

By: 
Chiaki Ito, Chief Executive Officer

By: 
Toshio Morohoshi, Chief Operating Officer

By: 
Kenichi Onuma, Secretary