

# Management Direction Briefing Fiscal 2010

**July 9, 2010**

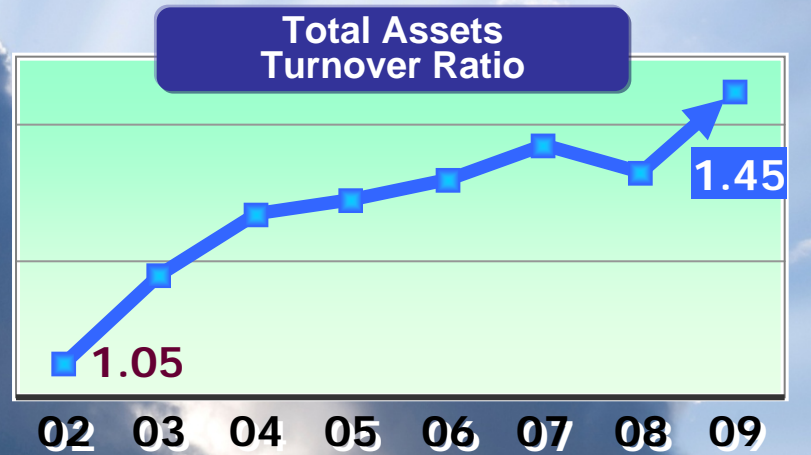
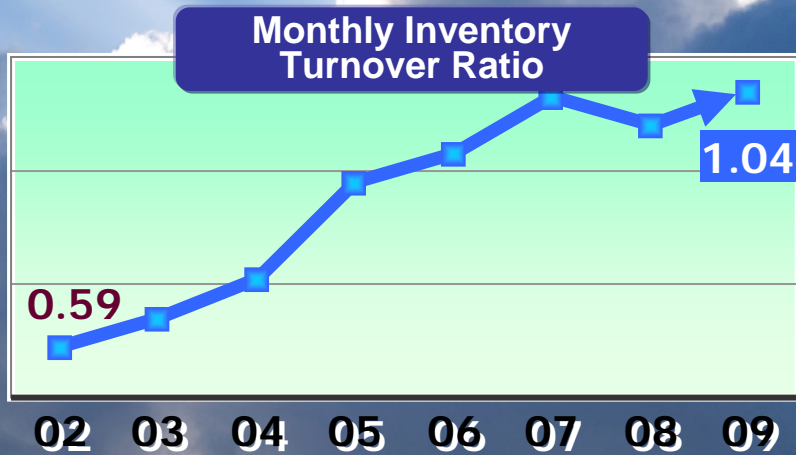
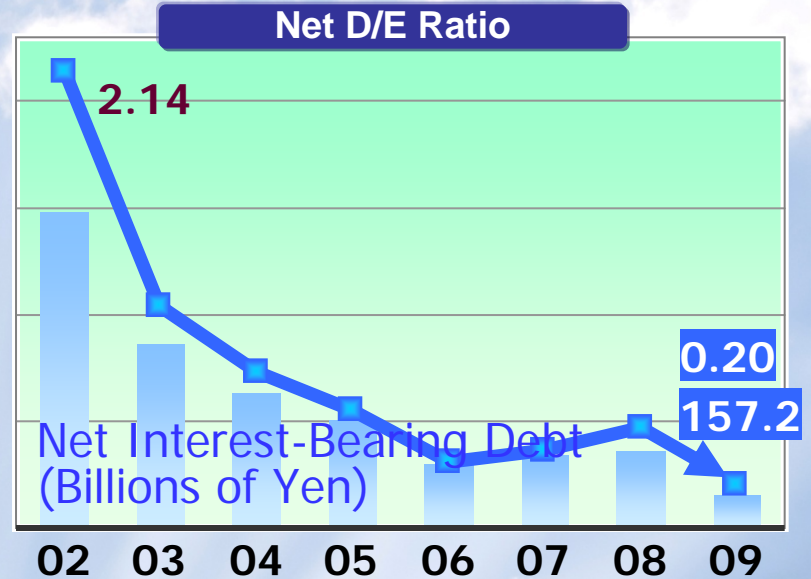
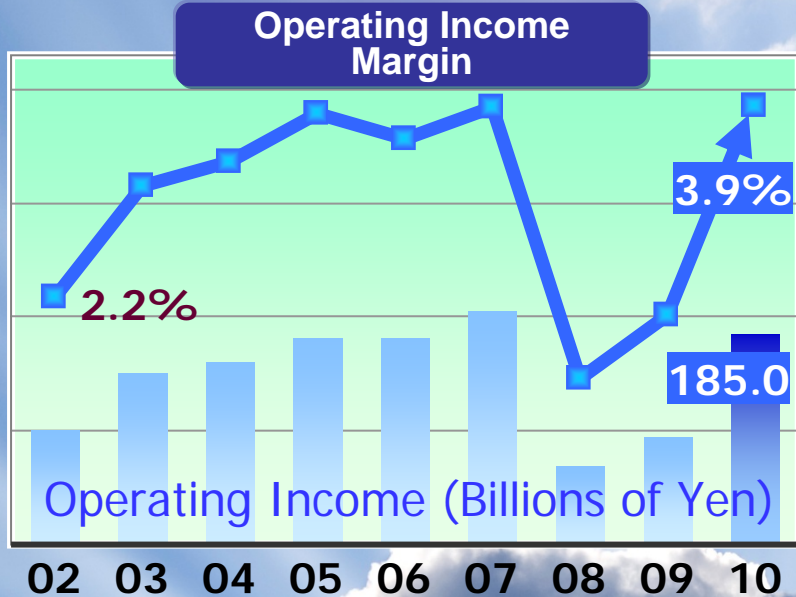
**Masami Yamamoto**  
**President**  
**Fujitsu Limited**

- Many concerns for the global economy, including uncertain economic outlook in North America and European sovereign debt.
- But a mild recovery has begun in ICT industry, driven by growth in emerging markets; Japan ICT market expected to recover in the second half of FY2010.
- Customers are shifting from defense to offense, and they expect ICT to play a bigger role in shaping society.

The Fujitsu Group is shifting from defense to offense and will implement a growth strategy in partnership with customers.

# Ready to Play Offense

## Structural Reforms Have Strengthened Fundamentals



\* All figures consolidated.

## On Offense with Structural Reforms

- Strengthening profitability of core businesses  
(establishing a foundation for higher sales and earnings)
- Accelerating the expansion of cloud-related business

- Accelerating Globalization
- Creating New Services Businesses  
“Human Centric Intelligent Society”

## On Offense for Growth

2010

2011

2012

# FY2010 Targets

On Offense with Structural Reforms



# On Offense with Structural Reforms

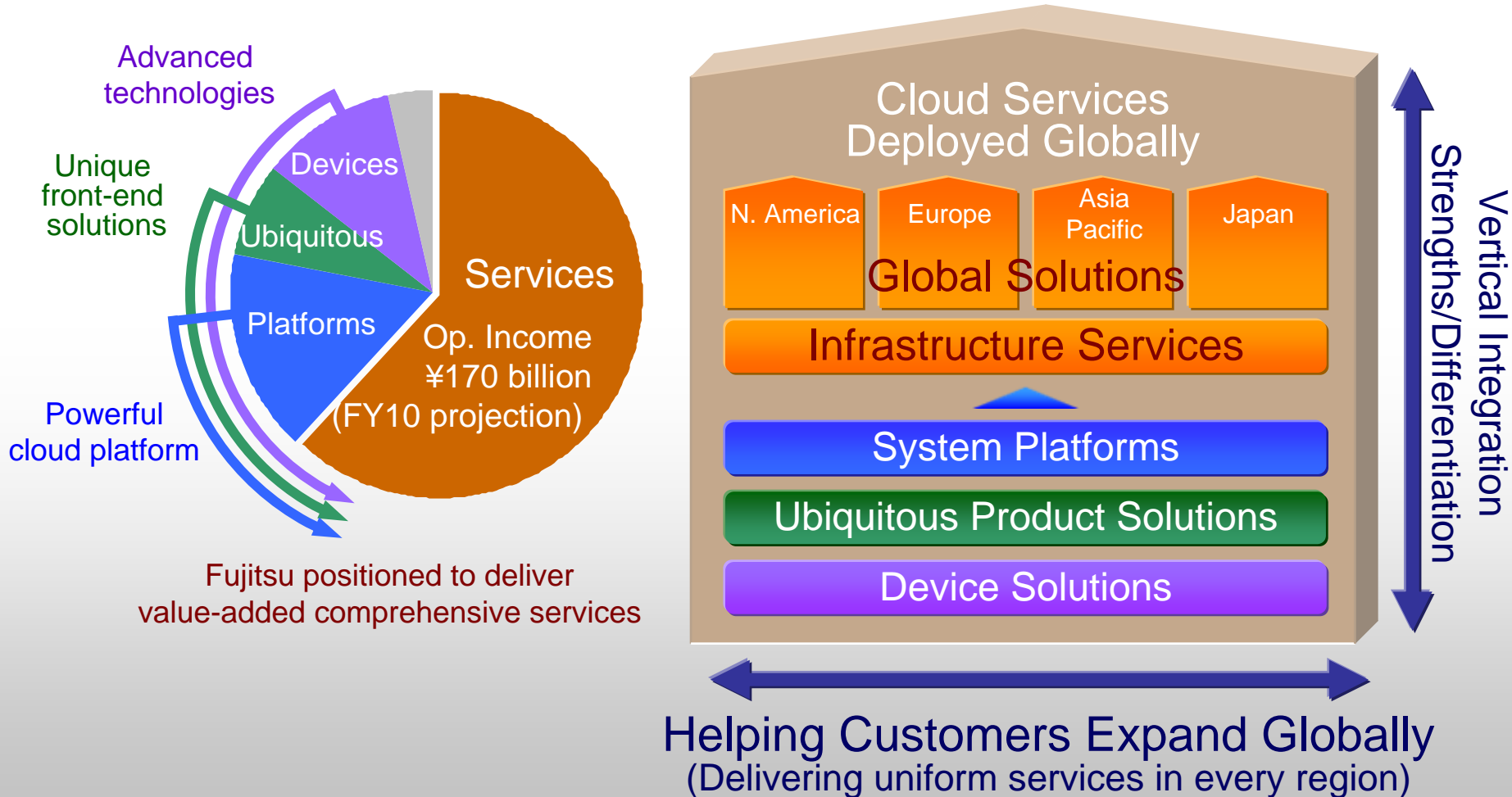
FY2010 Targets: Establishing a Foundation for Higher Sales, Earnings

	FY09 Actual	FY10 Projected	Change
<b>Consolidated Sales</b>	4,679.5	4,800.0	+120.4
(Sales in Japan)	(2,931.2)	(3,000.0)	(+68.7)
(Sales Outside Japan)	(1,748.3)	(1,800.0)	(+51.6)
<b>Operating Income</b>	94.3	185.0	+90.6
<b>Net Income</b>	93.0	95.0	+1.9

(Billions of Yen)

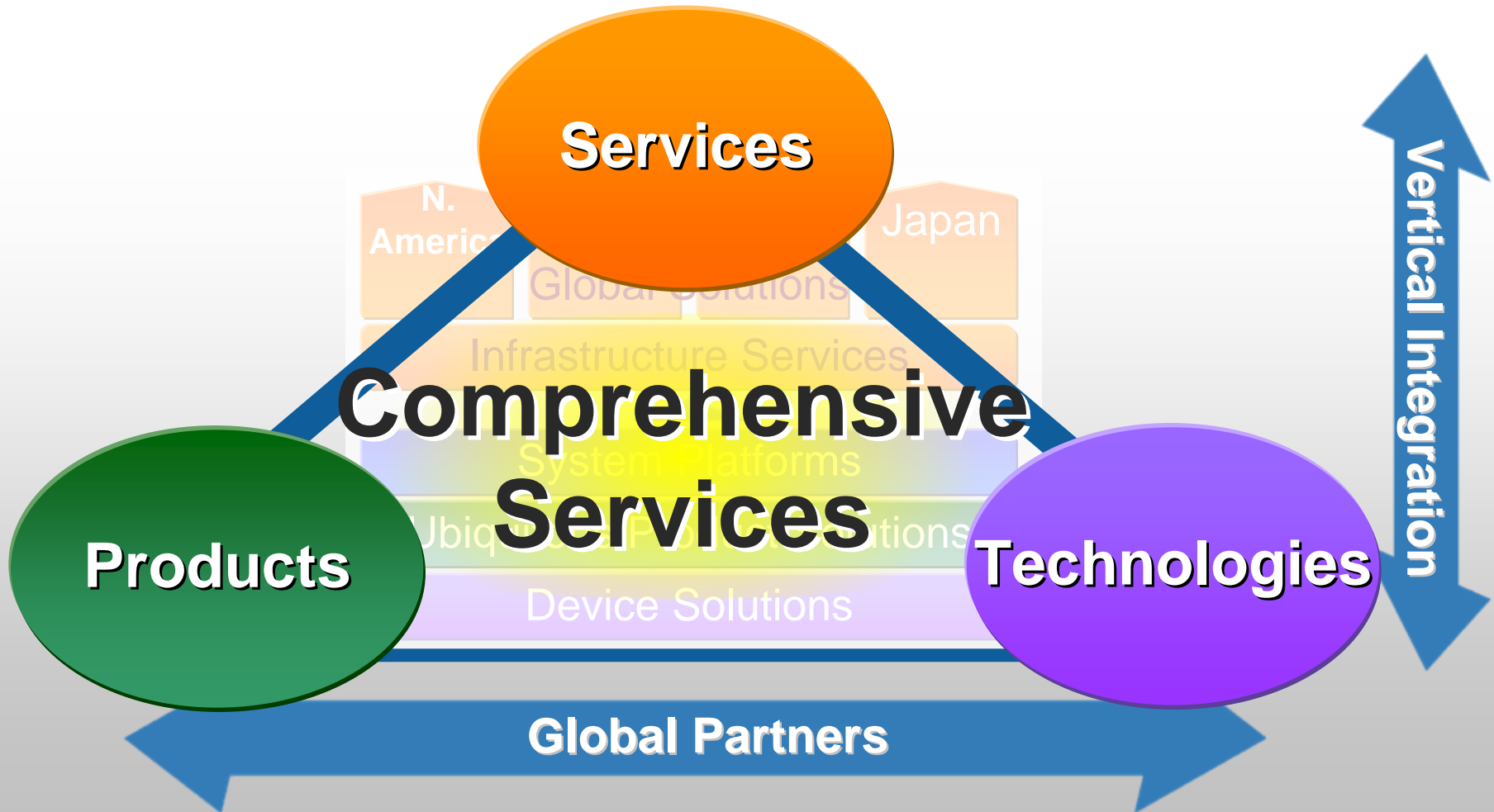
# New Services Business Model for Cloud Era

Comprehensive Services Supported by Strong Products, Technologies  
Vertical integration that only Fujitsu can provide



# New Services Business Model for Cloud Era

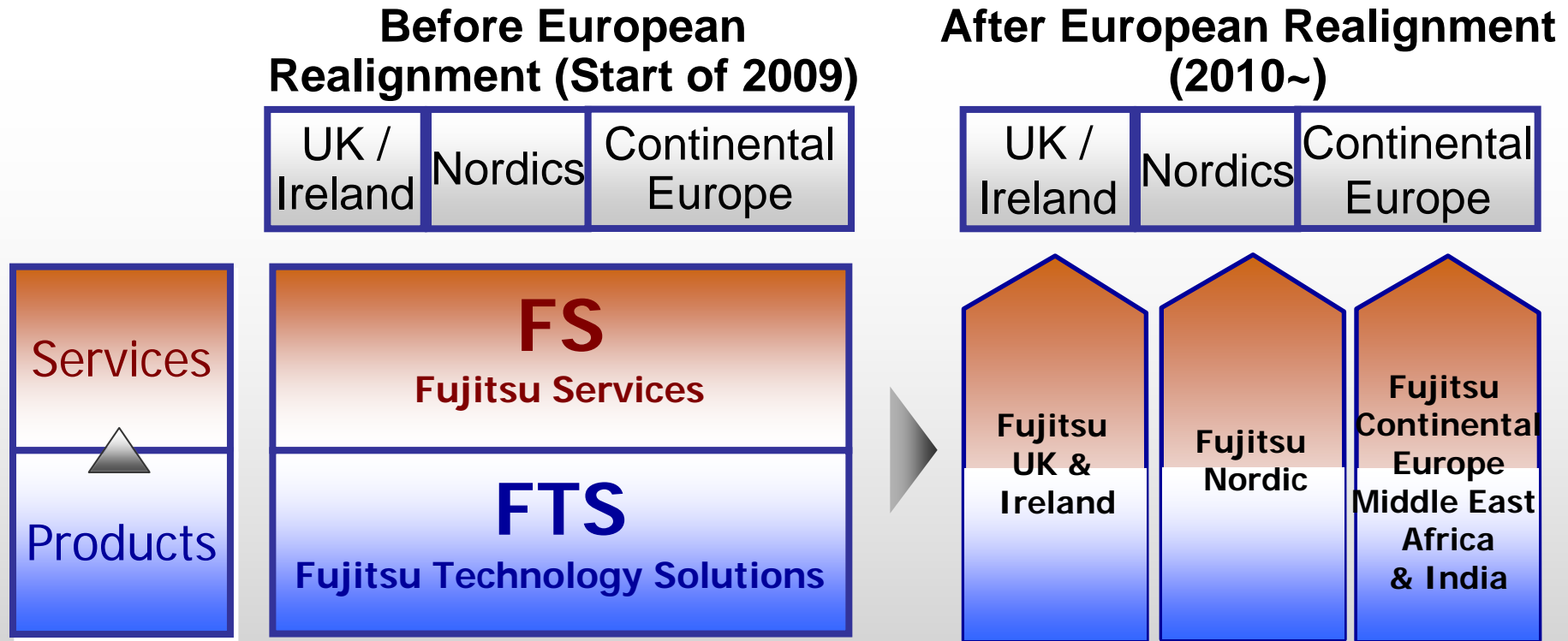
Comprehensive Services Supported by Strong Products, Technologies  
Focusing the entire company on services to promote a new business model





# New Services Model Deployed Globally

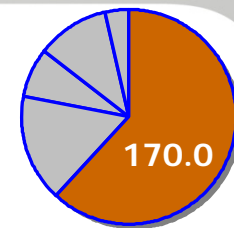
## Integrated Services Models in Japan, Europe



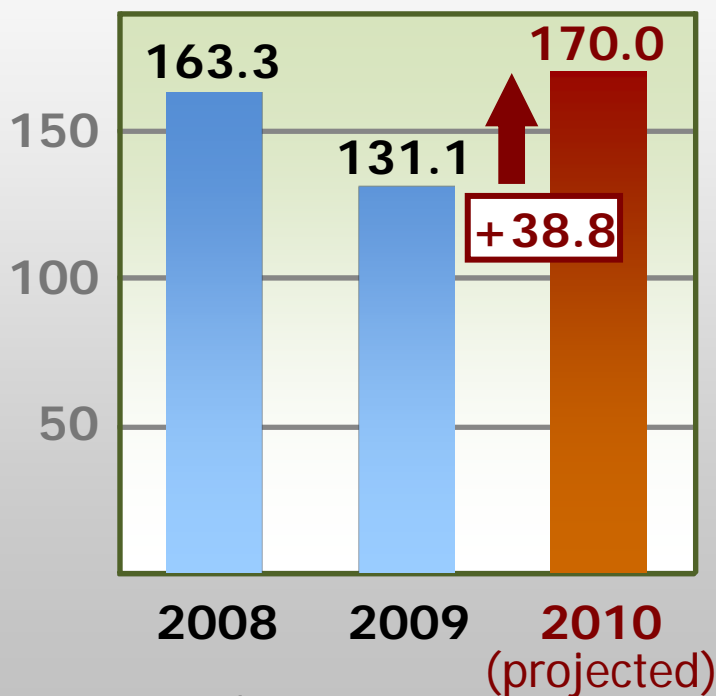
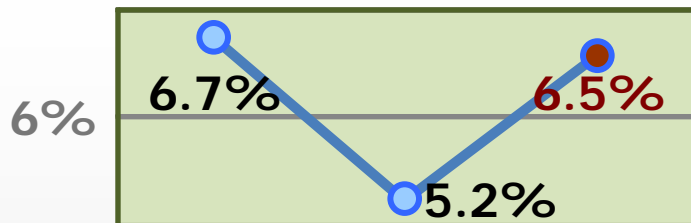
Two major European subsidiaries are realigned into new sales structure offering products and solutions under services umbrella.

Japan and Europe serve as bases for global expansion.

## Delivering New Services in the Cloud



Profit Margin/Operating Income



(Billions of Yen)

### Solutions/System Integration

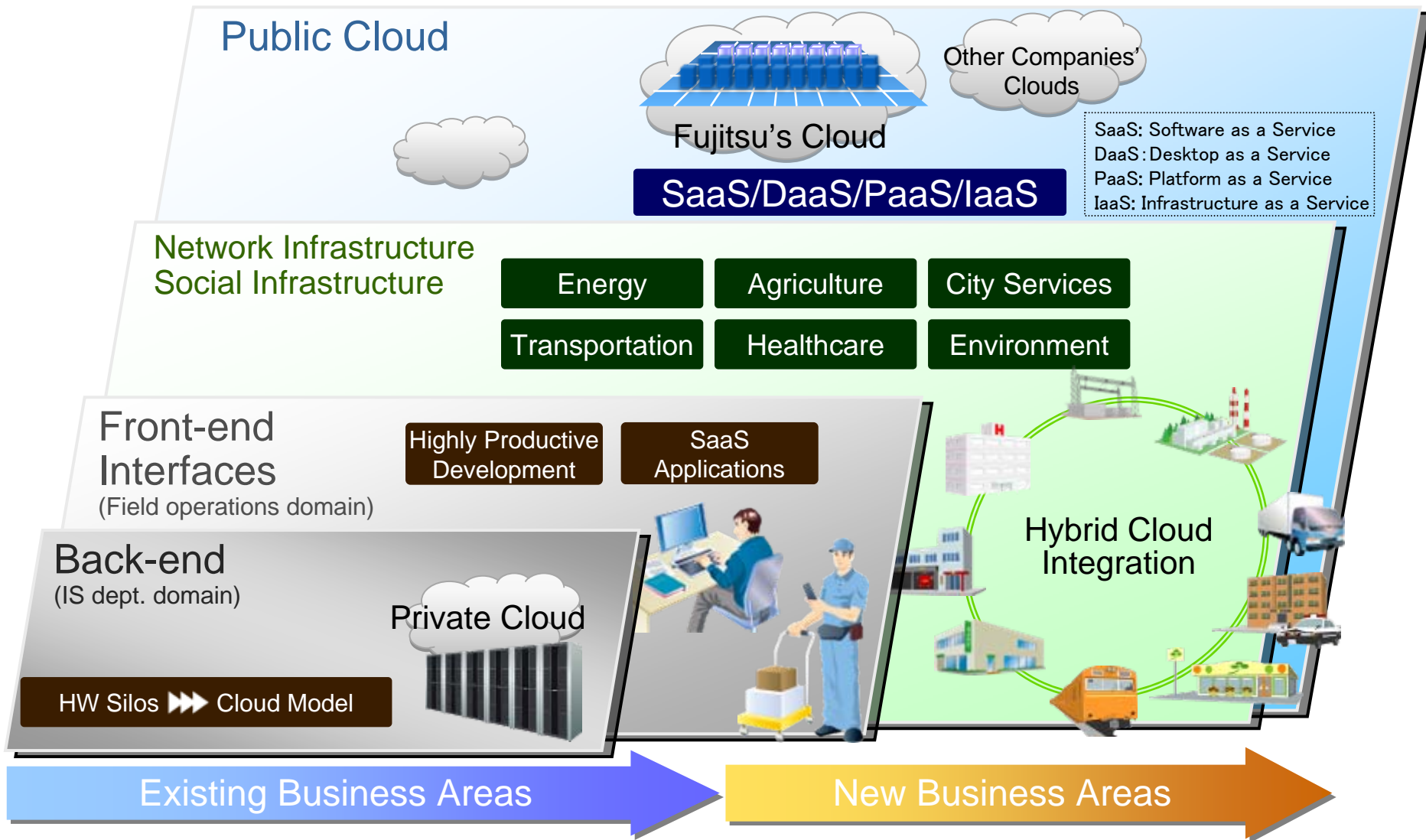
- Seize opportunities as companies resume ICT investment
- Expand business outside Japan
  - Support global expansion of multinationals
- Bring private cloud proposals to client
  - Cloud proposals that meet customers' expectations
  - Train 1,000 cloud specialists

### Infrastructure Services

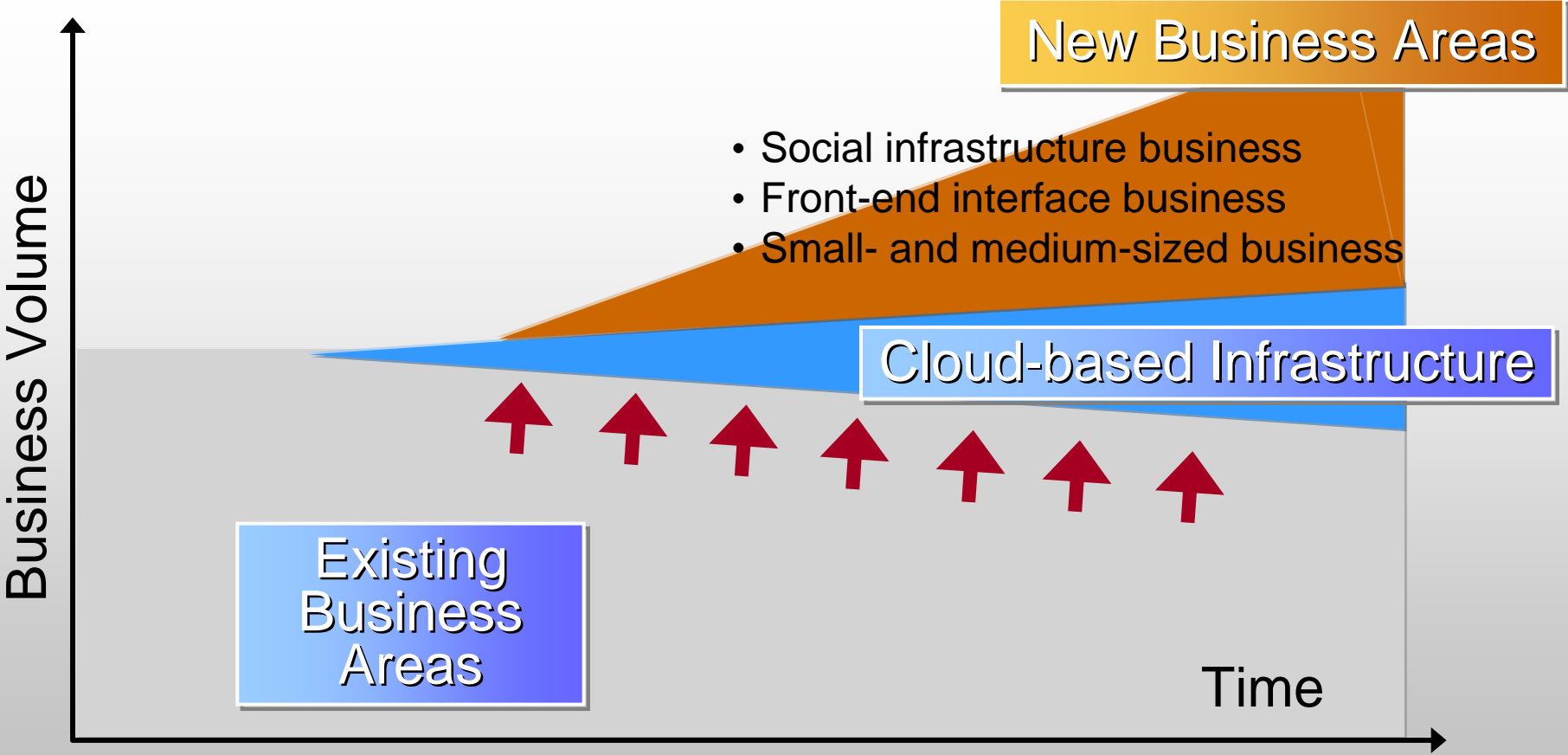
- Establish collaborative business model
  - Expand new services using advanced technologies
- Expand global cloud business
- Make datacenters energy efficient

# Accelerating Cloud Business

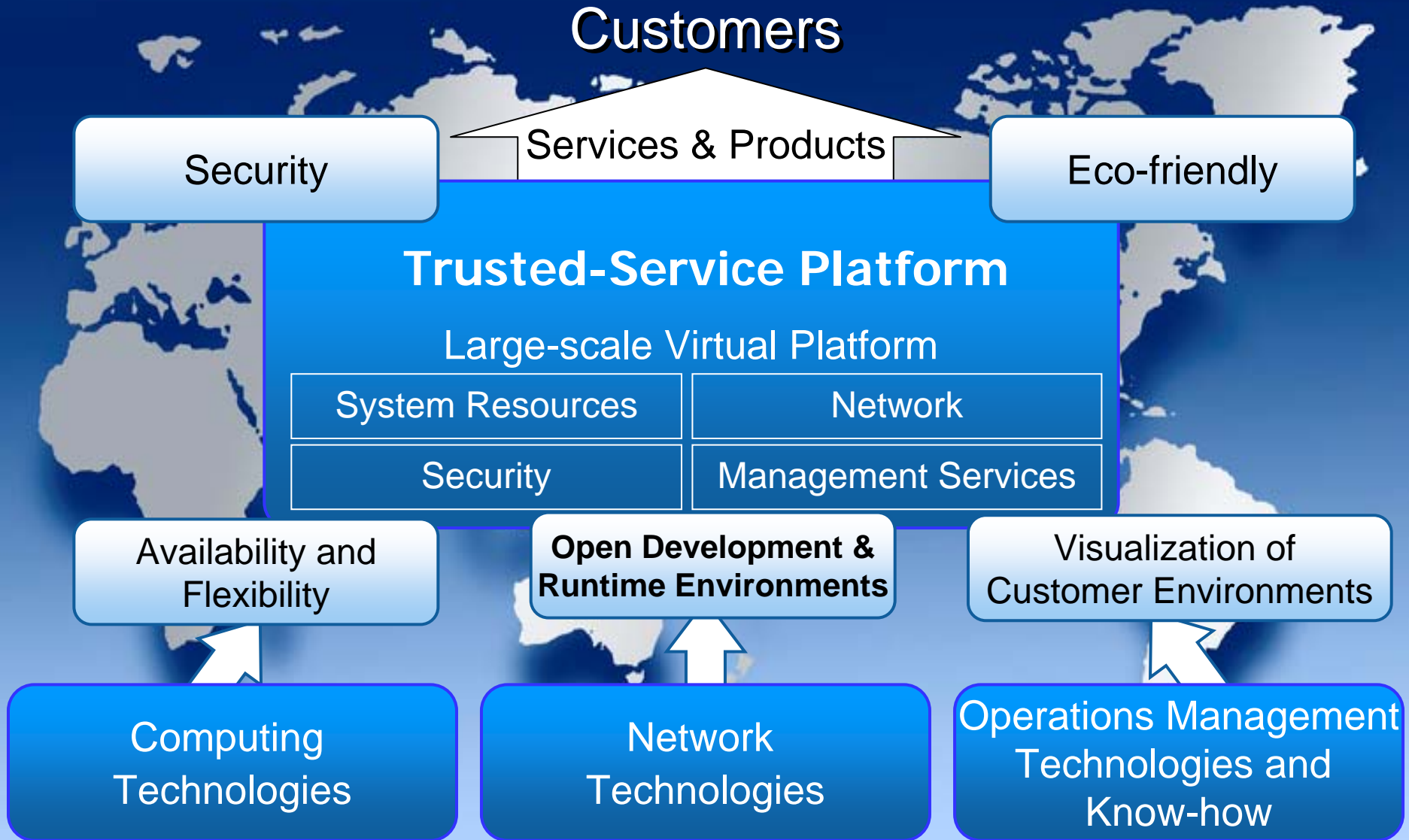
## Value-creating ICT Platforms to Foster New Businesses



## ICT Market Trends



# Our Strength in Cloud Business



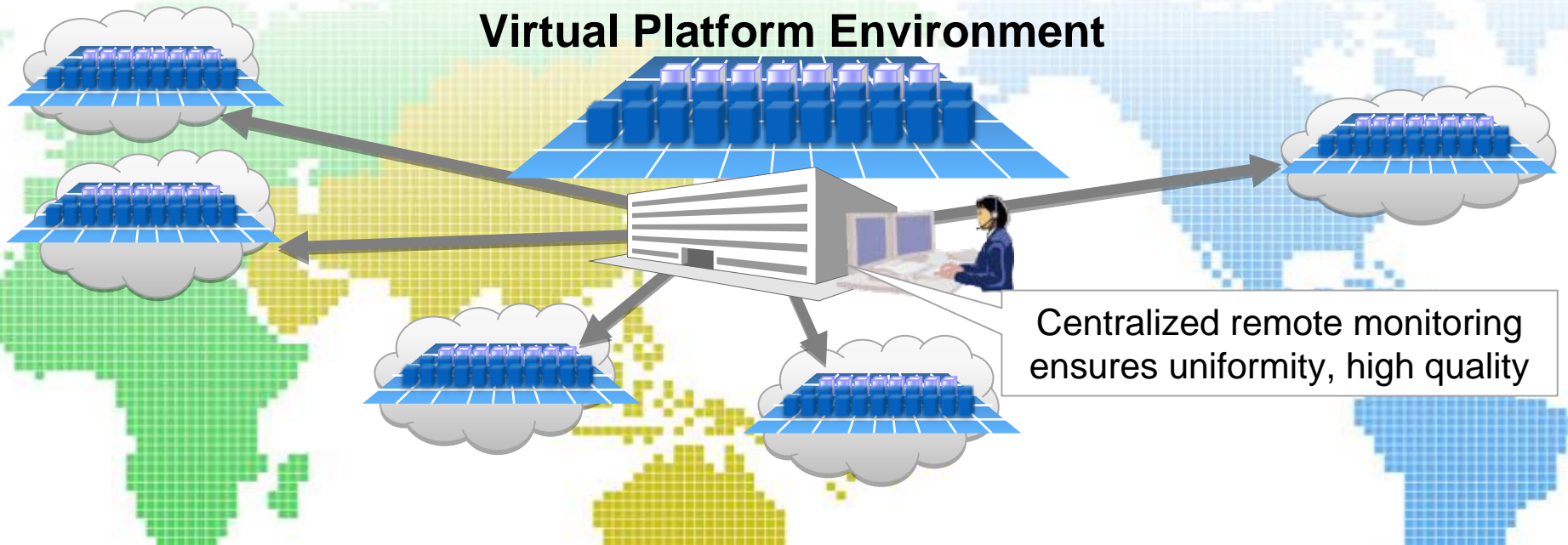
# Global Expansion of Cloud Platforms

## Offering Cloud Platform Worldwide with Same Japan Quality

- Expand cloud platform to 5 locations outside Japan in FY2010  
UK, Australia, Singapore, Germany, US
- Simultaneous announcement in 7 regions (April 2010)

Clients use central portal to easily source high-quality ICT resources from anywhere

### Virtual Platform Environment



Centralized remote monitoring ensures uniformity, high quality



# A Customer-Centric Approach

## A Valued and Trusted Partner to Our Customers

### Field Innovators

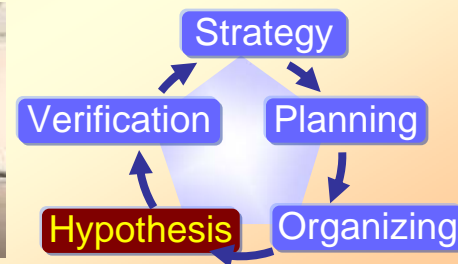
Bringing new proposals to Japanese clients



Field Innovation

- 300 specialists
- Progress to date: 149 companies/356 projects

### Strengthening Customer Relationships (ACTION 5)



### Creating an Organization Targeting SME Customers

Strengthening products and services organization together with sales partners



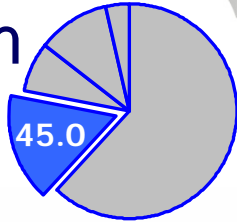
### Strengthening Global Customer Support



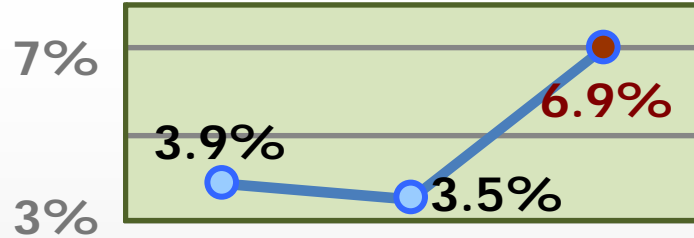
- “One Fujitsu”
- Global expansion of Fujitsu’s cloud platform

# FY2010 Targets – System Platforms

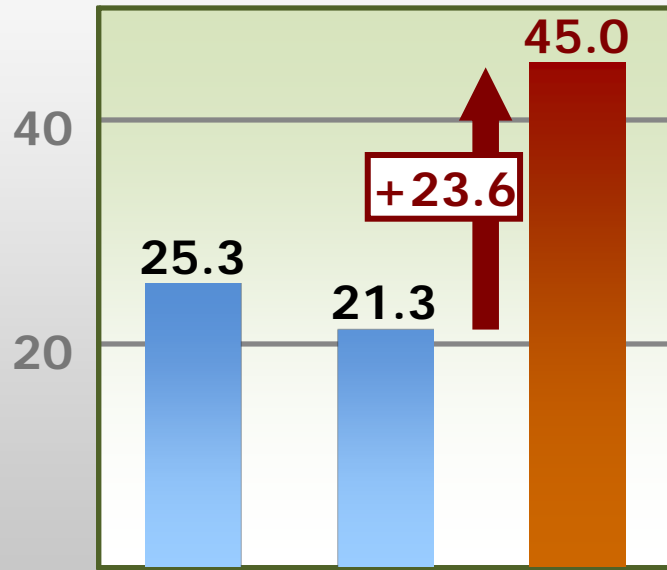
## Global Products for Building a Robust Cloud Platform



Profit Margin/Operating Income



- Global x86 server target of 500K unit sales
  - Integration with FTS for “One PRIMERGY”
  - Significant improvement in profitability



- UNIX servers: Higher sales, profits
  - Partnership with Oracle/Sun Microsystems
- Storage systems: Global sales expansion
  - Strategic alliances and differentiated products
- Software: Expansion of cloud software
  - Marketing products for the global market
- Networking: Streamlining structure
  - Launch of new services businesses

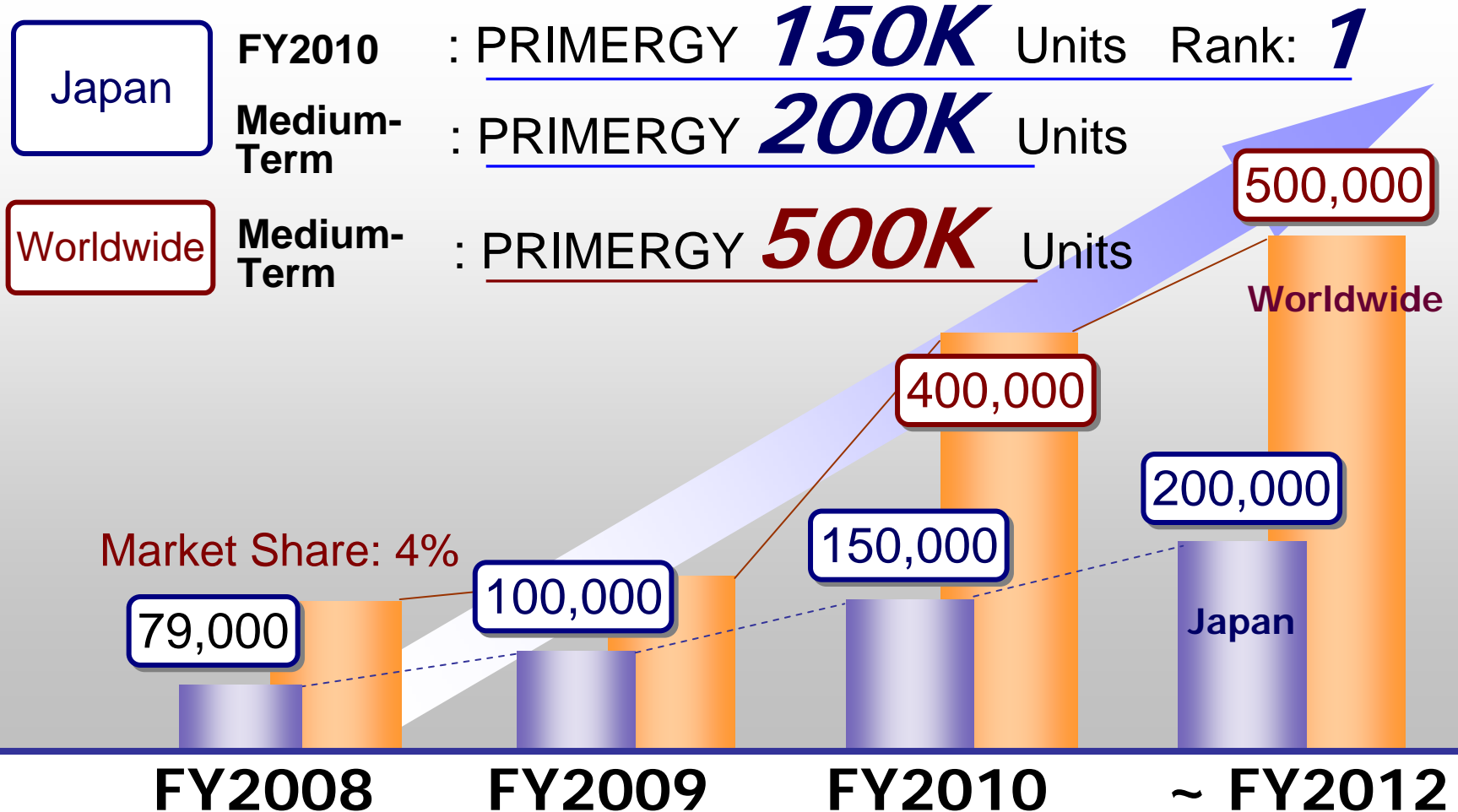
2008      2009      2010  
(projected)

(Billions of Yen)

# x86 Servers – 500K Target












## Key Product for Fujitsu Group Value Chain

■ Targets for the x86 server market:



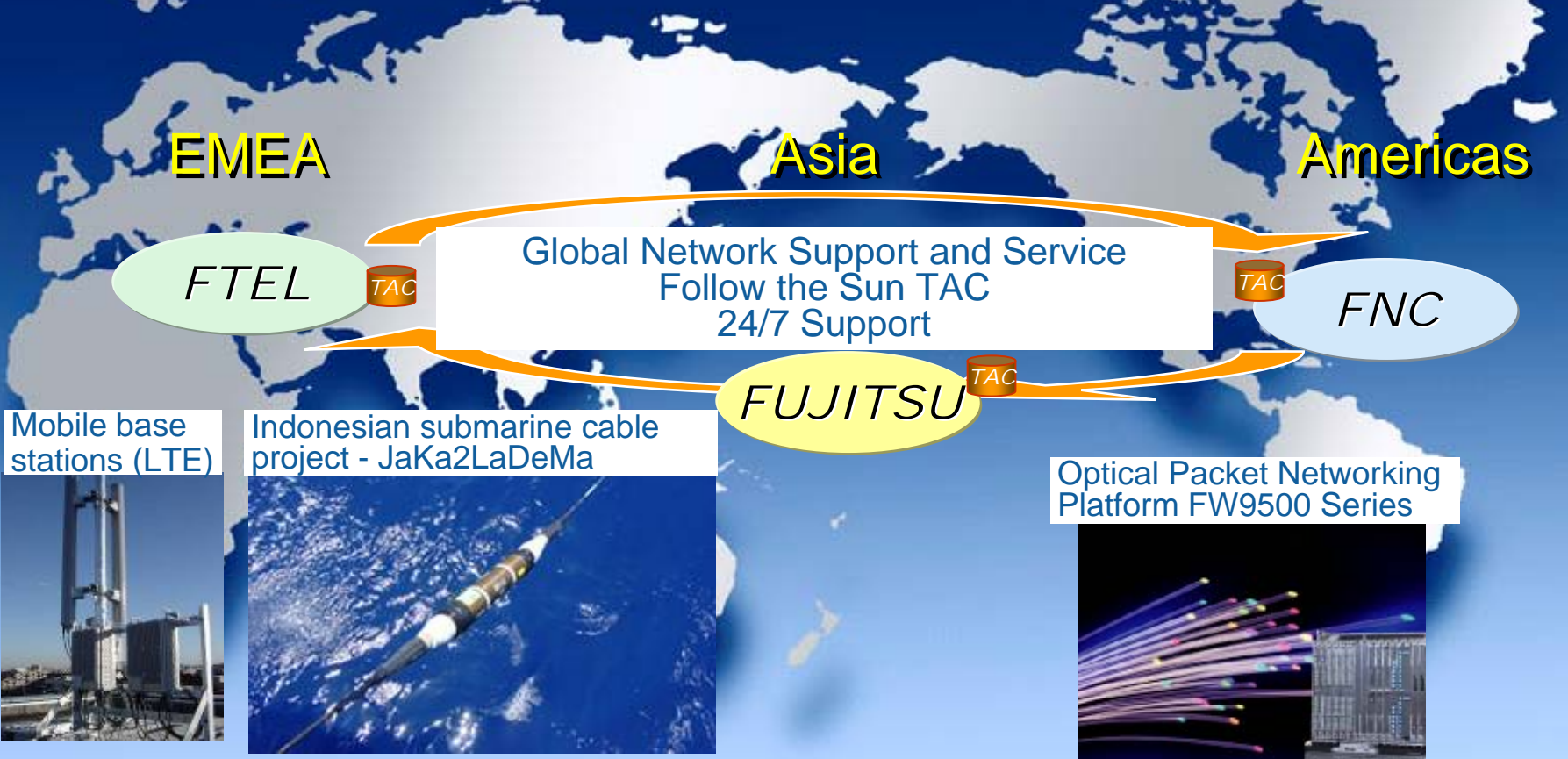
# System Platforms – New Products

## Global Products for Building Robust Cloud Platforms

<p>Middleware</p>	<p>ServerView ETERNUS SF   </p>			
<p>System Size</p>	<p>Mainframes</p>	<p>Office Servers</p>	<p>UNIX Servers</p>	<p>Windows/Linux Servers</p>
<p>Large-scale Mission-critical Systems</p>	<p>GS21/ PRIMEFORCE</p> 		<p>SPARC Enterprise</p> 	<p>PRIMEQUEST</p> 
<p>Mid-scale Mission-critical Systems</p>	<p>(MSP/XSP)</p>	<p>PRIMERGY 6000</p> 	<p>(Solaris)</p> 	<p>PRIMERGY</p> 
<p>Departmental Servers</p>		<p>(ASP)</p>		<p>(Windows/Linux)</p> 
<p>Storage</p>		<p>Networking</p>		
<p>ETERNUS</p>  <p>SAN Storage</p>  <p>NAS Storage</p>		<p>IPCOM</p>  <p>FLASHWAVE</p> 		

## Global Expansion of Products and Services

- No. 1 in N. American optical transmission market, among top 3 in Japan
- Pursuing strategic alliances with global telecoms in datacenter business

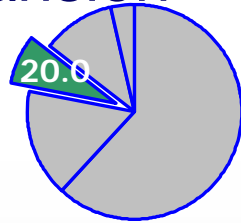


FNC=Fujitsu Network Communications Inc.  
 FTEL=Fujitsu Telecommunications Europe Limited

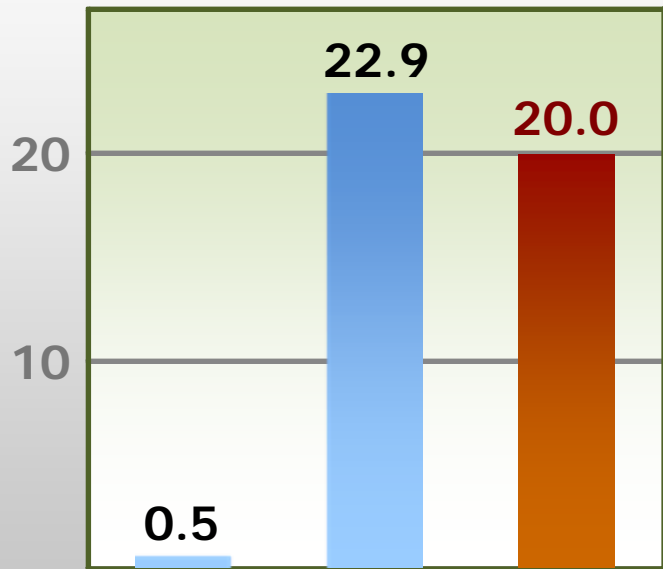
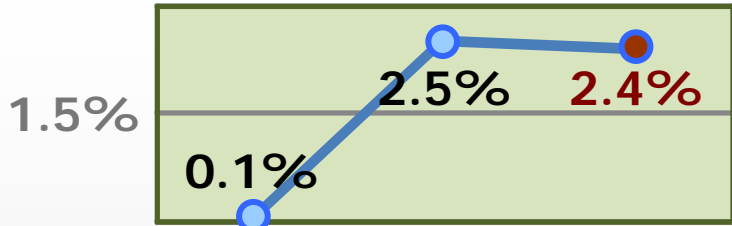
TAC=Technical Assistance Center



## Leveraging Strong Foundation in Japan for Global Expansion



Profit Margin/Operating Income



### PC Business

- Volume business in global markets
  - PC platform integration with FTS
  - Tapping emerging markets for growth (low-priced models)
- PC/mobile phone crossover products

Shipment Volume FY09: 5.63 mil. ▶ FY10: 5.8 mil.

### Mobile Phone Business

- DOCOMO's No. 1 sales partner
  - Differentiation through focus on technological strengths
- Merger with Toshiba

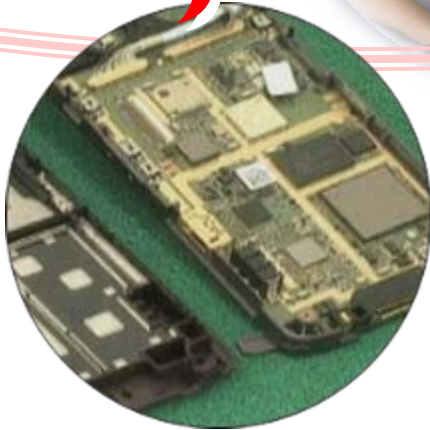
Shipment Volume \* FY09: 5.18 mil. ▶ FY10: 5.20 mil.

\* Shipment volume does not include impact of merger with Toshiba's mobile phone business.

(Billions of Yen)



# Mobile Phone Merger: Growth Strategy



Enhanced  
Development  
Platform



Multi-carrier Sales



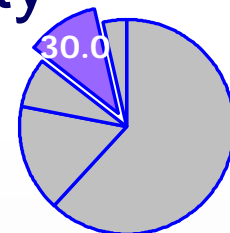
Improved Production  
Efficiency

Develop next-generation smartphones to deliver human-centric, added-value services through ubiquitous front-end interfaces.

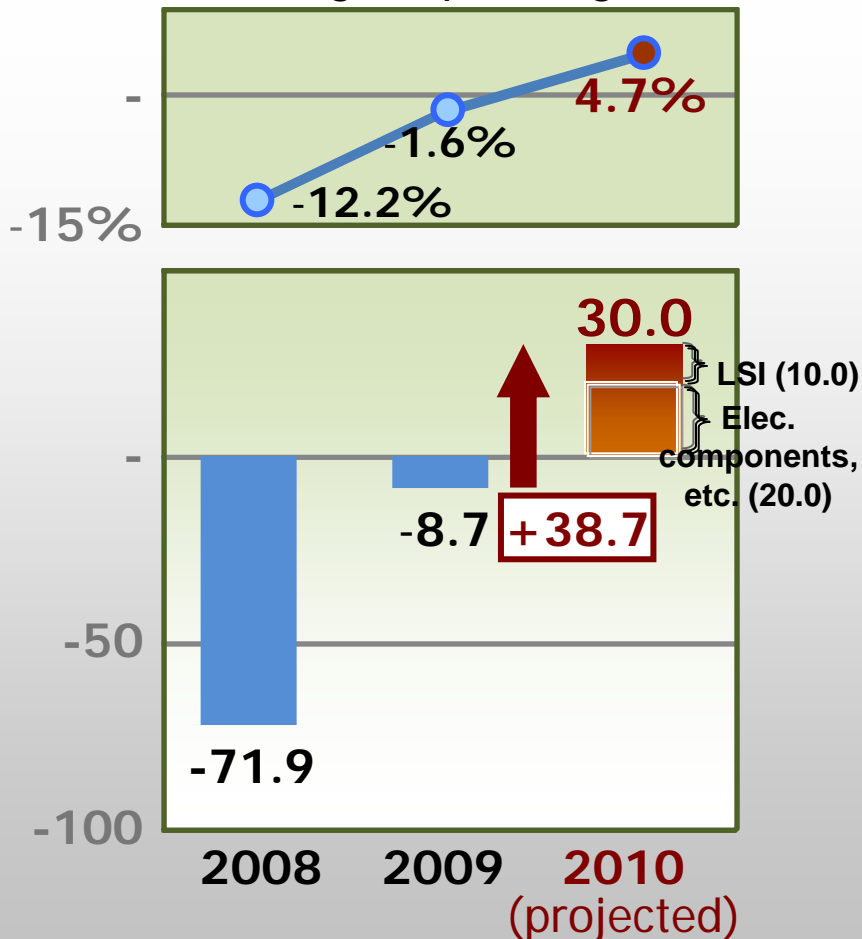
## Ubiquitous Front-end Interfaces Driving Fujitsu's Tech Innovation



## Structural Reforms to Strengthen Profitability



Profit Margin/Operating Income



### ■ Fujitsu Semiconductor's "Fab-lite" model

- Advanced processing technologies (using outside partners)
- Differentiation, reduced costs of Fujitsu's fabs
- Product development (enhancing IP/software)

### ■ Concentration on core businesses

- 4 areas of focus (mobile/ecology, automotive, imaging, high performance)
- Strengthen business outside Japan (China, India, other emerging markets)
- Leverage development teams outside Japan

### ■ Additional structural reforms

- Benefits of acquiring NiMH battery business (FDK)
- Exit from loss-making business (communications devices)

(Billions of Yen)

# On Offense with Structural Reforms: Higher Sales, Profits

## Pursuing Aggressive Strategies for Every Segment

FY2010 Projections	Net Sales	Operating Income		Operating Profit Margin
	Change	FY2010 (Projected)	Change	
Technology Solutions	+4.1%	215	+62.5	6.6%
Services	+3.6%	170	+38.8	6.5%
System Platforms	+6.4%	45	+23.6	6.9%
Ubiquitous Product Solutions	* -0.8%	20	-2.9	2.4%
Device Solutions	+17.0%	30	+38.7	4.7%
Total	+2.6%	185	+90.6	3.9%

(Billion Yen) \* Excludes the impact of the divestiture of HDD business.

# **Towards Medium-Term Growth**

## **On Offense: A Growth Scenario (FY2010 – FY2011)**



## On Offense with Structural Reforms

- 2009:
  - Sold HDD business
  - Made Fujitsu Technology Solutions a 100% subsidiary
  - Made Fujitsu Business Systems a 100% subsidiary
  - Made FDK a consolidated subsidiary
  - Acquired Australian solutions company
- 2010:
  - Acquired nickel hydride battery operations (except for automotive applications) from Sanyo Electric
  - Sold communications device business to Taiyo Yuden
  - Made PFU a 100% subsidiary through share exchange
  - Made environmental measurement business into subsidiary
  - Merge mobile phone business with Toshiba's (MOU)

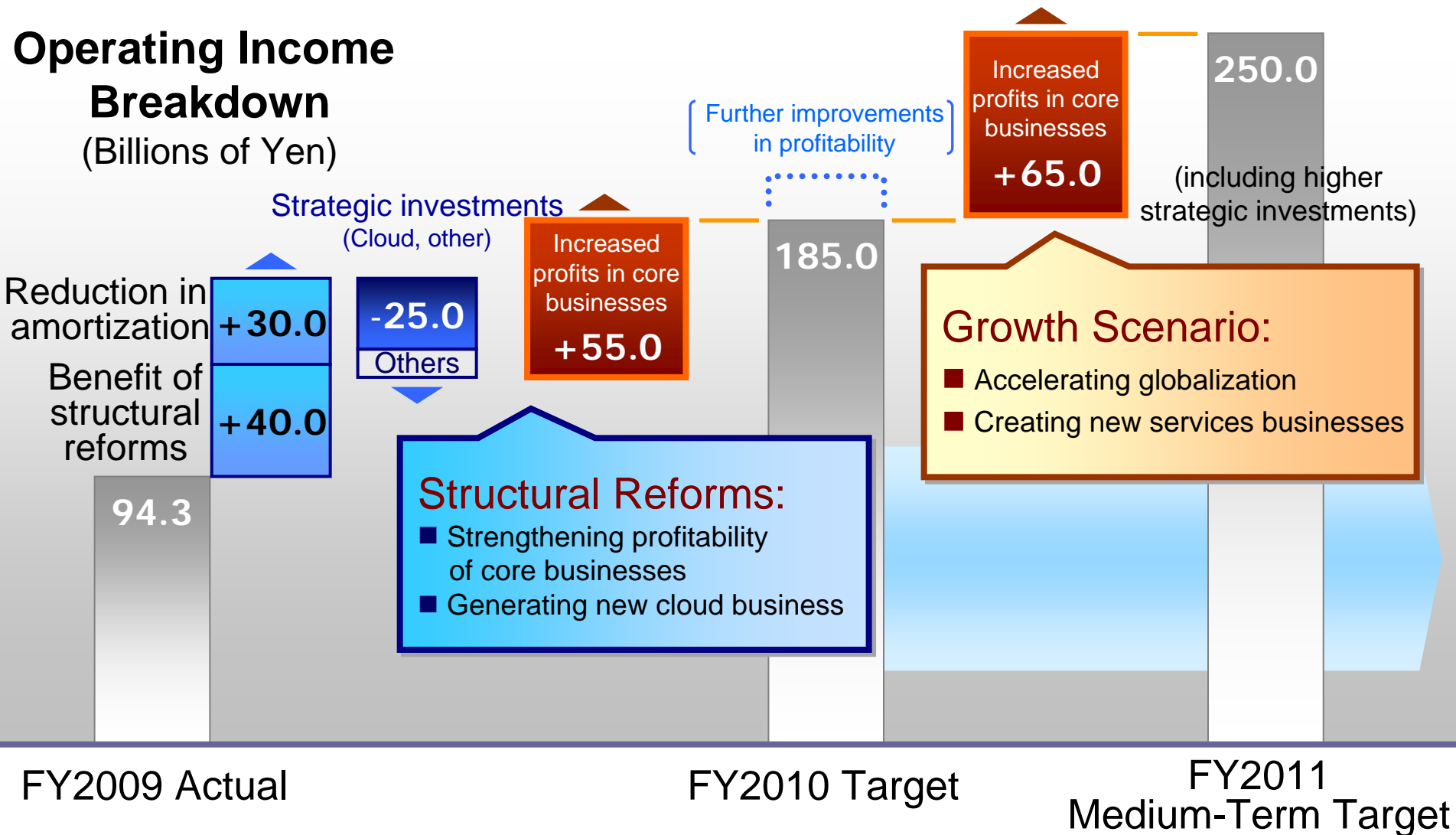
Continued structural reforms focused on generating further business improvements, higher profitability



# On Offense: A Growth Scenario

Strengthening Profitability of Core Business Is Starting Line for New Growth

## Operating Income Breakdown (Billions of Yen)





## Accelerating Globalization

“Becoming a truly global ICT company”

- Delivering uniform, optimal services to customers in every region of the world
- Coming together as “One Fujitsu” to create global products and implement Group-wide strategies

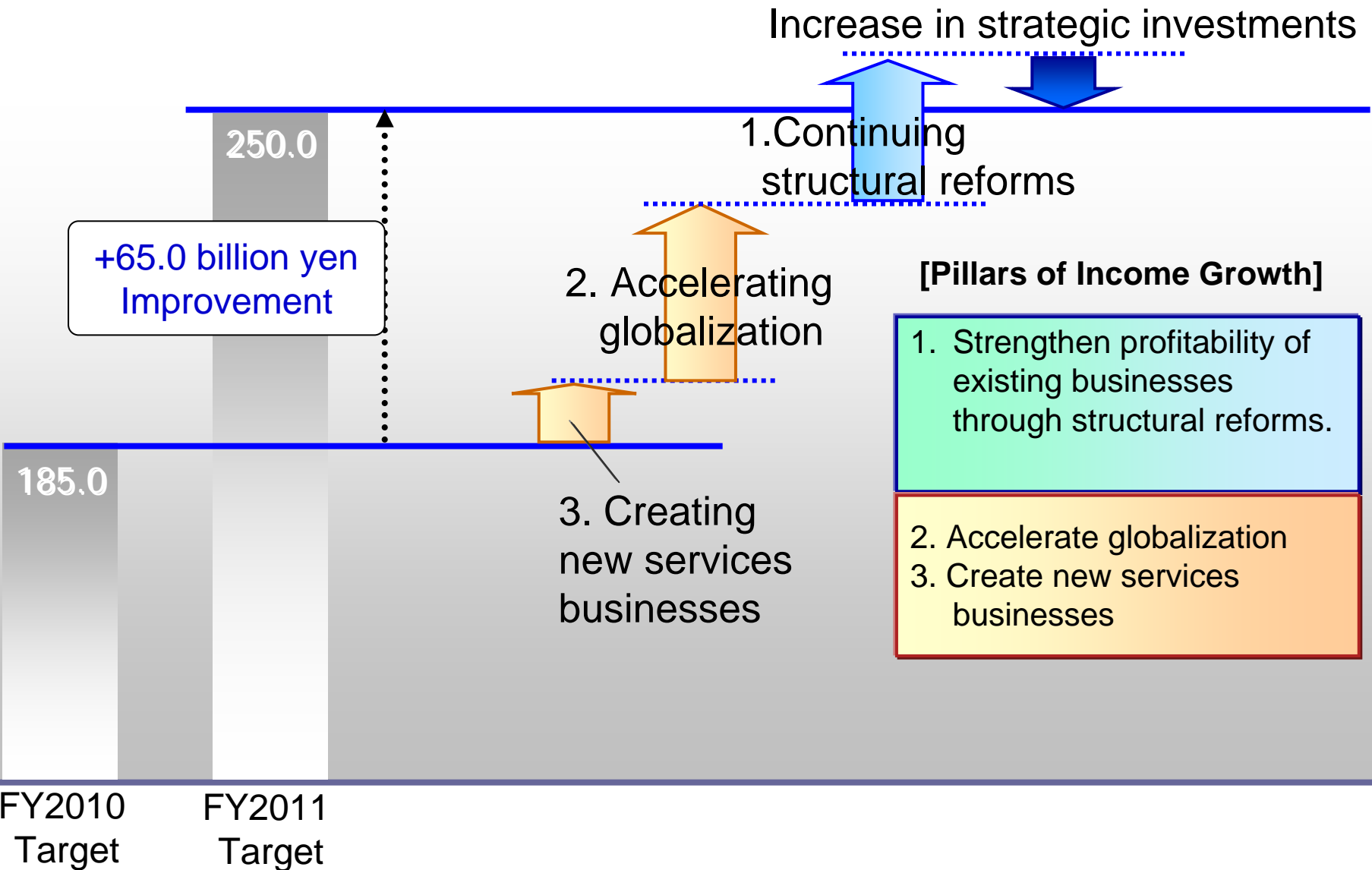


## Creating New Services Businesses

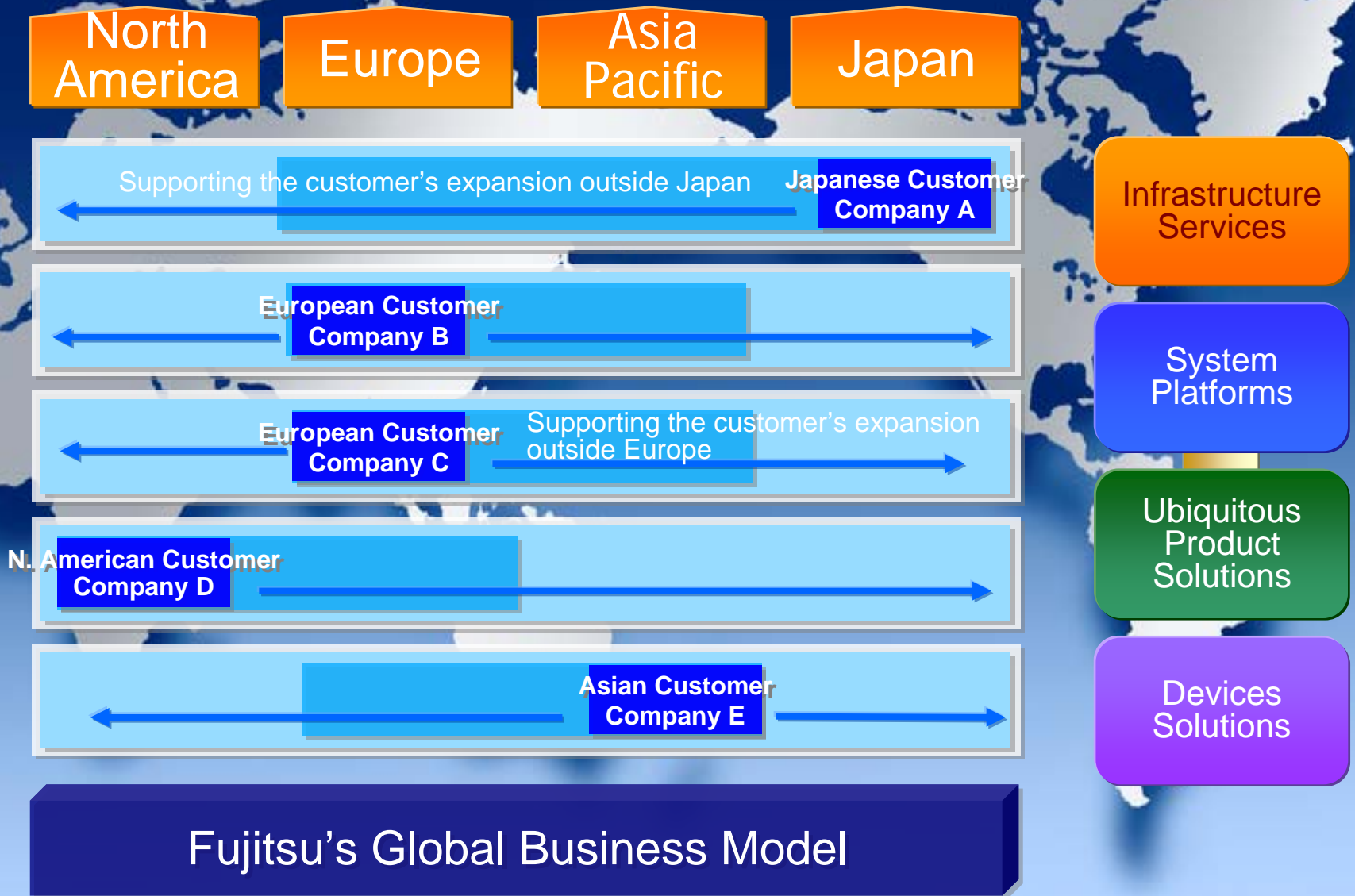
“Human Centric Intelligent Society”

- Leveraging the cloud to create new service models and deliver new value
- Leveraging the new potential of ICT to bring greater prosperity and security to society

# Achieving FY2011 Targets

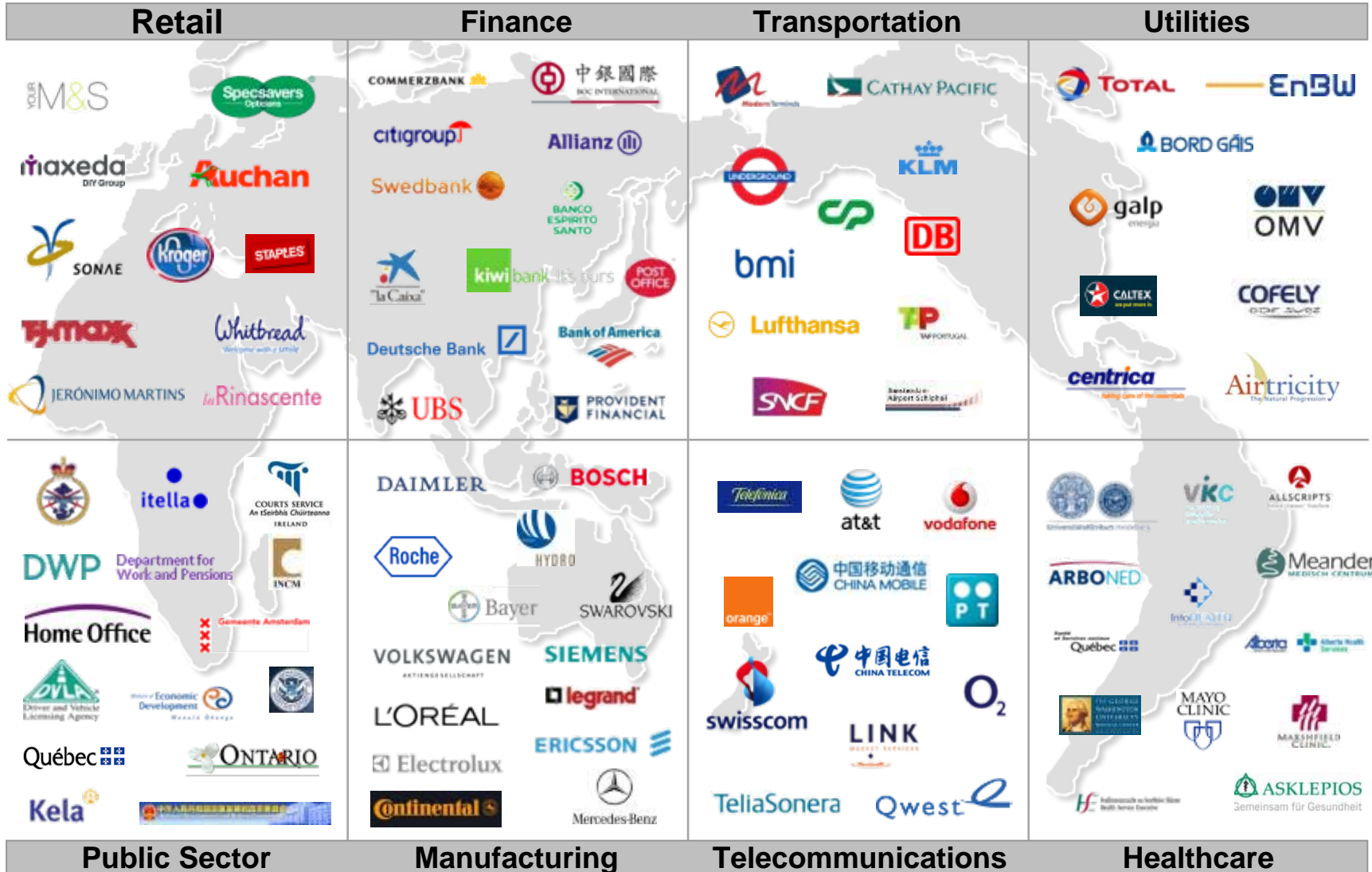


# Accelerating Globalization (1)



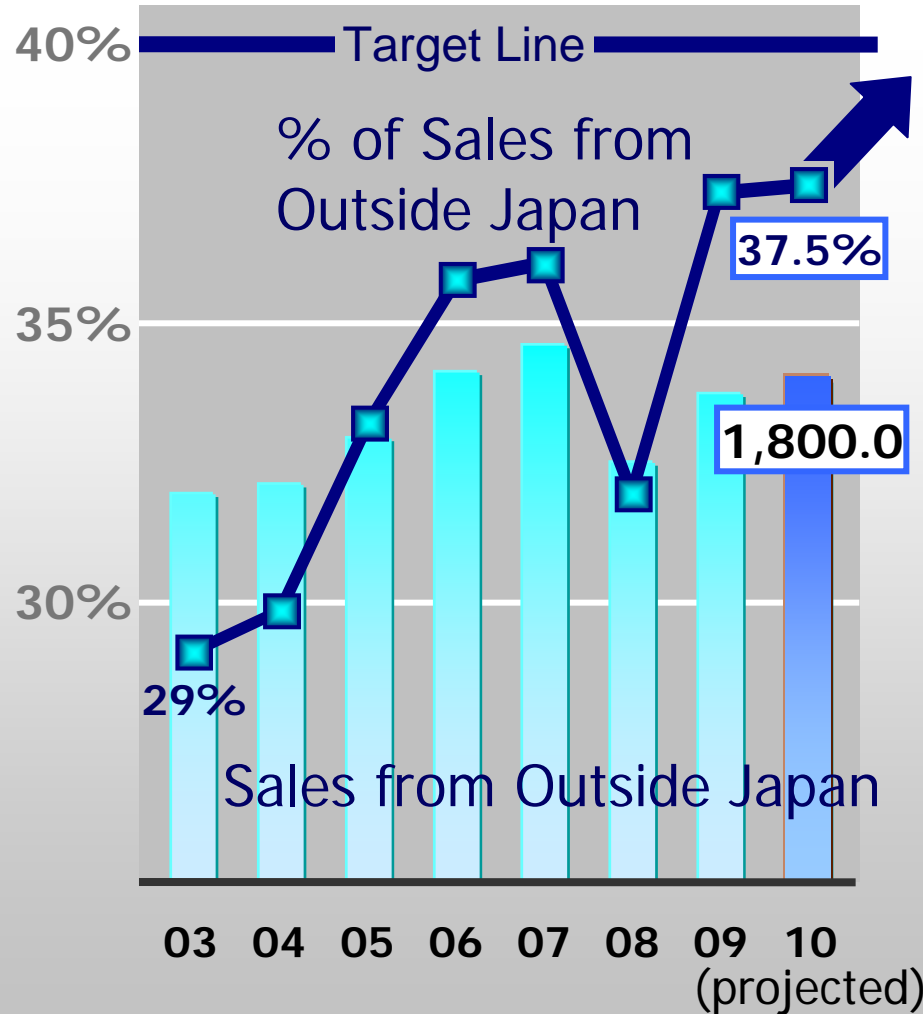
# Accelerating Globalization (2)

## Relationships with Global Customers



# Accelerating Globalization (3)

“One Fujitsu”: Generate 40%+ of Sales Outside Japan



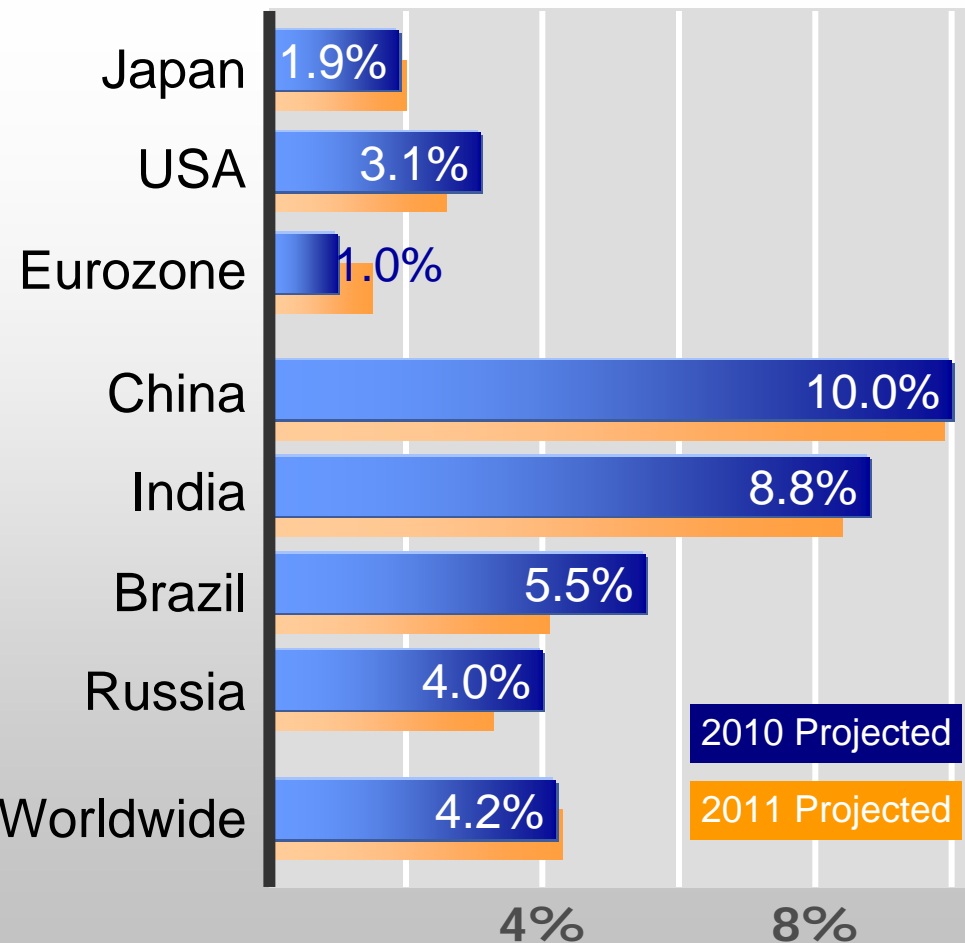
- **Global products, expanded customer base**
  - Cloud business (SOP, etc.)
  - Managed services
  - IA servers, storage systems
- **New business in growing markets**
  - Asia/China (Japanese corporations)
  - Generate new business in China
- **Spreading the success worldwide**
  - Manufacturing, retailing, telecom industries, etc.
- **Support for major global companies**
  - From 15 major global companies (including 5 from Japan) to 40 companies
- **Aim to sell 300K x86 servers outside Japan**

(Billions of Yen)



## Expanding Business in Growing Markets

**Economic Growth Rate Projections**  
(Source: IMF, April 2010)



Support expansion of Japanese companies in Asia/China

- Providing same services outside Japan as in Japan to Japanese customers









- Shared solutions made in Japan

Launch new business initiatives in China

- Wide range of growing industries (retailing/logistics, food products, etc.)

- Collaboration with government, alliances with local partners in other industries

## Strengthening Global Partnerships

<b>SaaS</b>	 SaaS business intelligence solution (Apr 2010)  Global cloud computing partnership (May 2010)
<b>PaaS</b>	 Strategic middleware collaboration (Aug 2009)  Global strategic partnership (Feb 2010)  Server automation software (Oct 2009)  Server virtualization technologies (Apr 2009)
<b>IaaS</b>	 Joint promotion of next-gen ICT infra (Mar 2010) Enhancing SPARC Enterprise servers (Jan 2010)  Expanded global partnership (Nov 2009)
<b>NaaS</b>	 Unified communications (Apr 2009)



## Use Cloud Platforms to Deliver New Value

- Food
- Healthcare
- Energy
- Transportation
- Logistics
- Environment



### Real World

Data from a variety of devices (sensors, mobile phones, equipment)

Delivering Practical Wisdom

Delivering Services Appropriate to the Situation

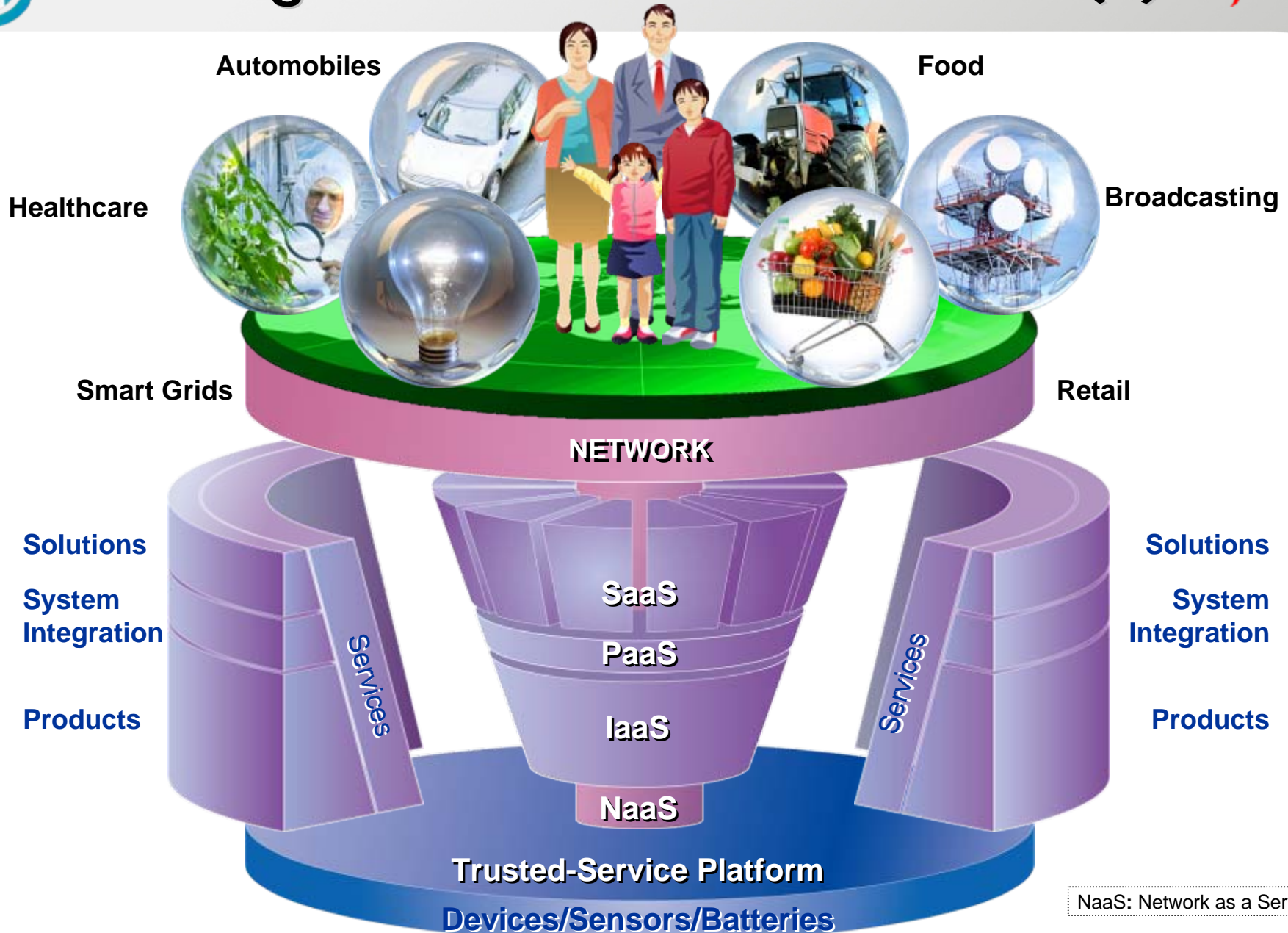
### Network

### Virtual World

- ...
- IaaS
- PaaS
- SaaS
- Data Analysis
- Situational Awareness
- ...



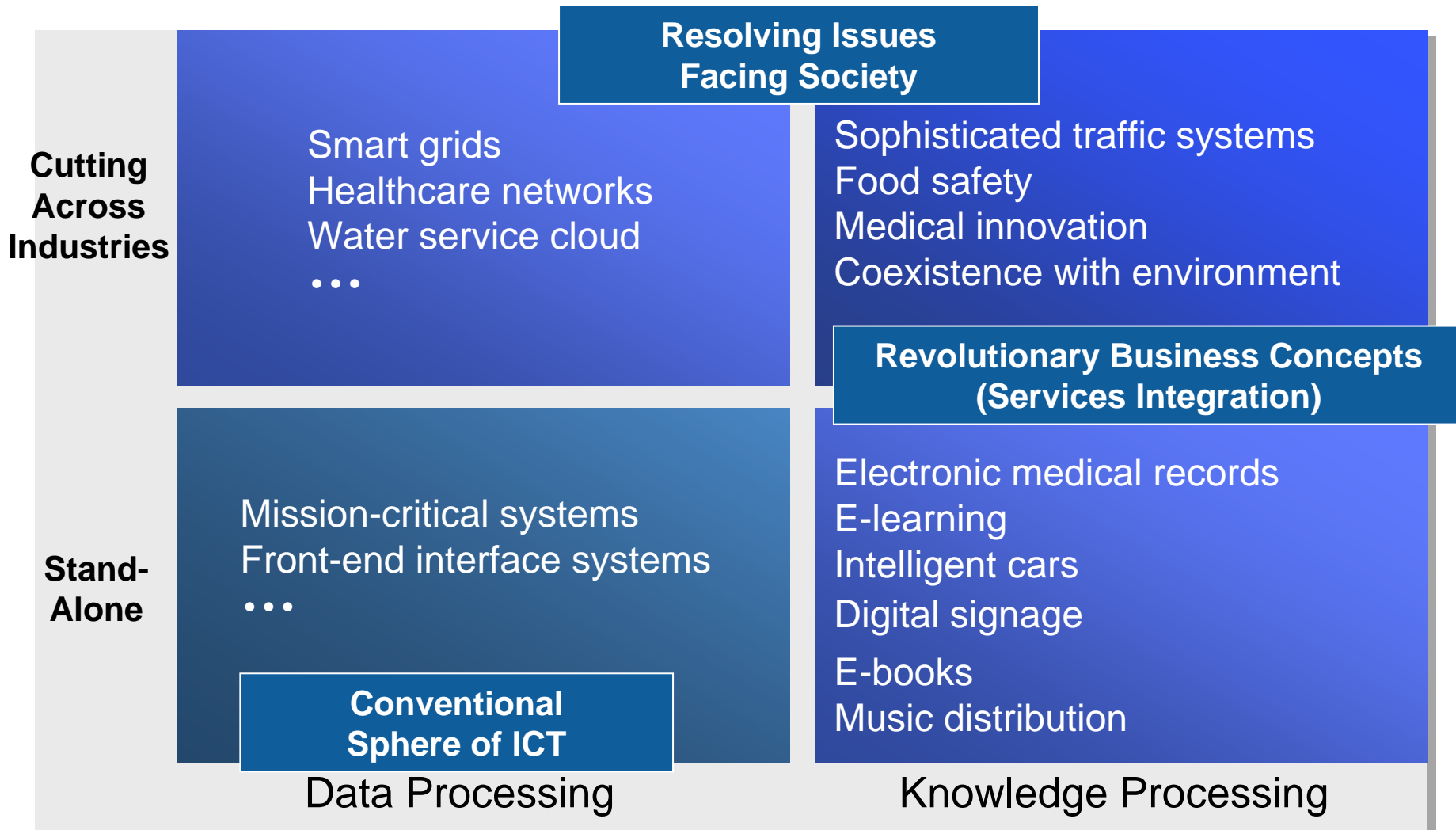
# Creating New Services Businesses (2)



NaaS: Network as a Service



## Resolve Issues Facing Society and Integrate Services







# Creating New Services Businesses (4)



## Creating New Value by Integrating Services Through Corporate Alliances



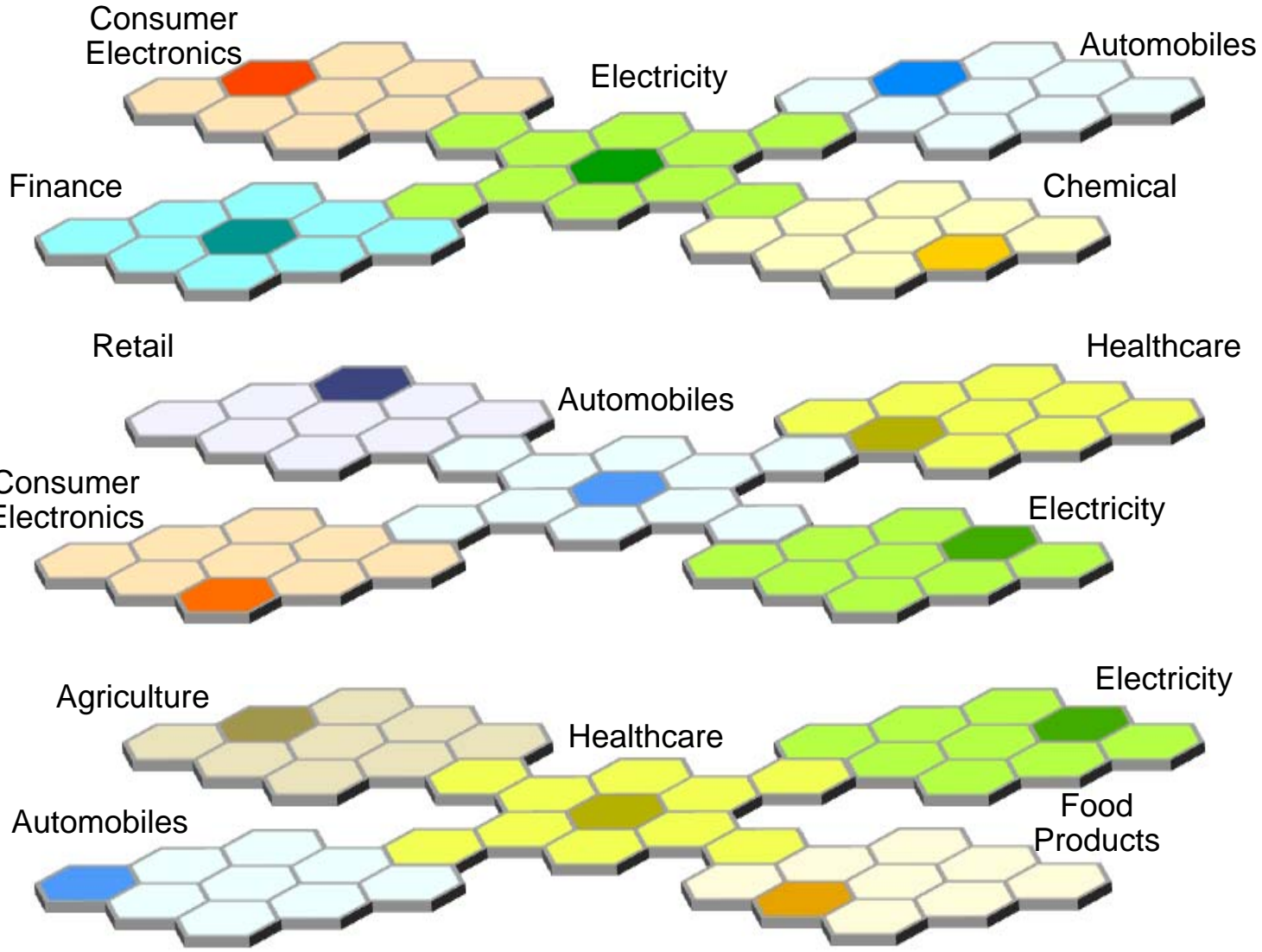
Smart Grid



Automobiles



Healthcare/  
Food Products





# Creating New Services Businesses (5)



## Integrating New Services Around the Automobile



Retail, Food Services, Finance

**Human Centric Services**



**Mobile positioning**



**Vital information**

Healthcare, Medicine, Insurance

**Safety, Security**



**Health, Lifestyle data**

**Transport data Maintenance**



Home Electronics

**Entertainment**

Electric Power, Communications

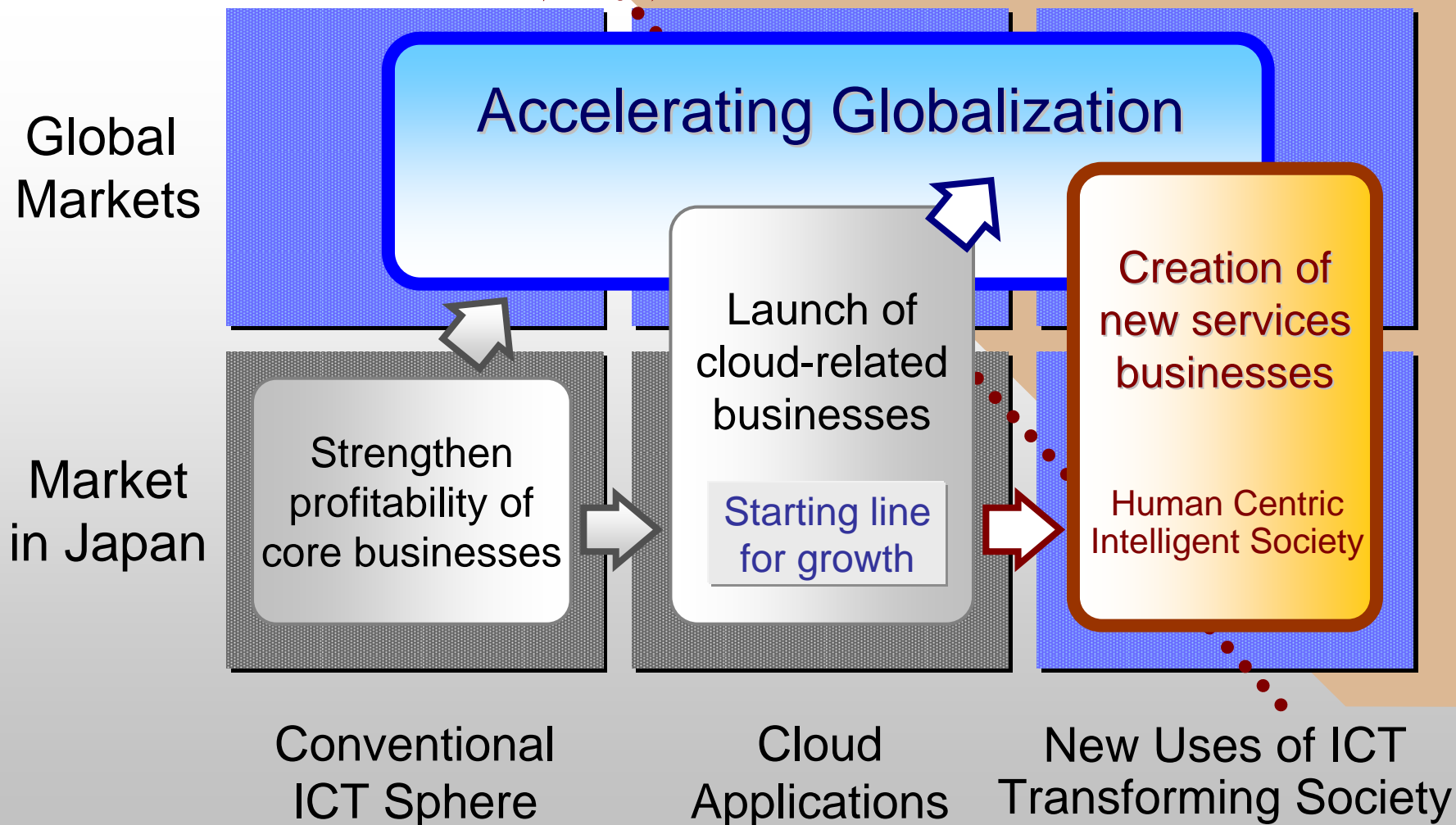
**Low-Carbon Society**



# Growth Scenario: Milestones

New Areas of Growth Will Drive Group-wide Profitability

FY2010 From FY2011, real contribution to profitability



# Strategic Investments for Growth

## Accelerating Investments to Launch Cloud-related Businesses

(Billions of Yen)		FY09 Actual	FY10 Target	Change
Capital Expenditures		126.4	170.0	+43.5
	(includes) Technology Solutions	74.7	100.0	+25.2
R&D Expenses		224.9	235.0	+10.1
CAPEX + R&D Expenses		351.3	405.0	+53.7

Cloud-related Investments	65.0	100.0	+35.0
---------------------------	------	-------	-------

- Invest ¥100 billion in cloud-related initiatives in FY2010
- Continue investments in next-generation supercomputers as cloud platforms
- Train 5,000 cloud specialists by the end of FY2011

\* The figures above relating to internal composition of capital expenditures and R&D expenses are rough estimates.

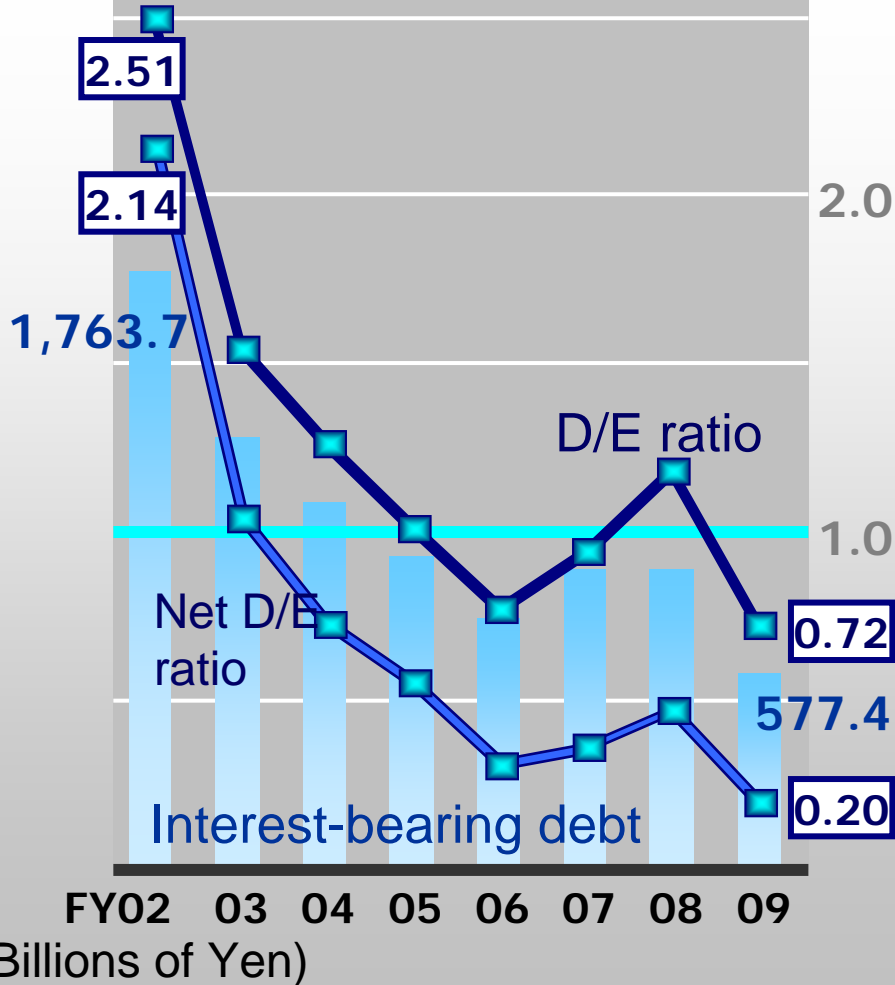


# Strong Fundamentals Underpin Growth

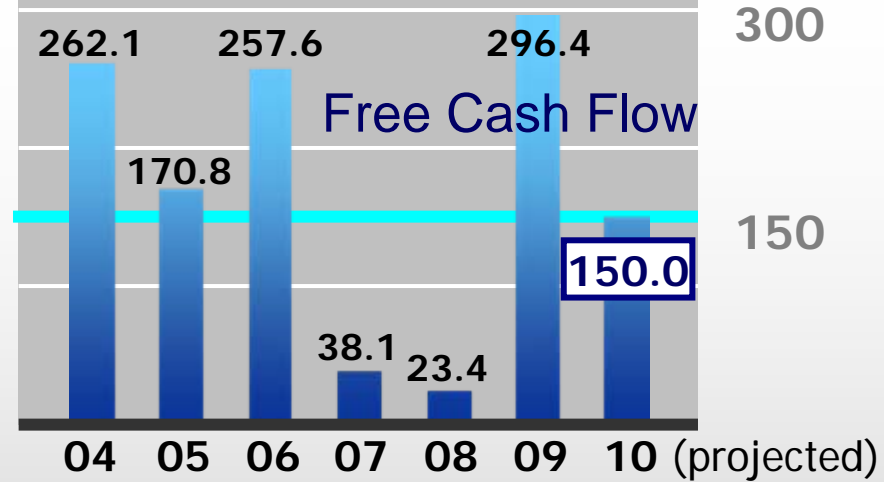


## Leveraging Results from Structural Reforms to Date

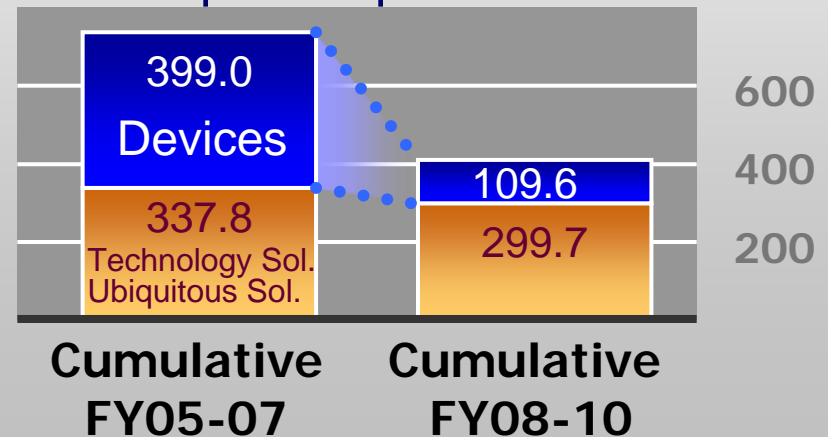
Target D/E Ratio: 1.0 or less



Target FCF: ¥150 bill. or more



Capital Expenditures





# Committed to Medium-Term Plan

## Baseline Objectives for Global ICT Company

	FY09 Actual	FY10 Projected	FY11 Planned
Consolidated Sales	4,679.5	4,800.0	5,000.0
Operating Income	94.3	185.0	250.0
Net Income	93.0	95.0	130.0
Operating Income Margin	2.0%	3.9%	more than 5.0%
% of Sales Outside Japan	37.4%	37.5%	more than 40%
Inventory Turnover	1.04 times	(improvement from FY09)	* 2.0 times or more
D/E Ratio	0.72 times	(improvement from FY09)	1.0 times or less
Free Cash Flow	296.4	150.0	150.0 or more

(Billions of Yen)

\* Goal for medium- and long-term



**Improve Customer's Business**  
Customer's Customers

**Think Global, Act Local**  
Globalization

**Reduce Customer's Environmental Footprint**  
Environmental Sustainability

## shaping tomorrow with you

To create a more prosperous future for society and our customers

- We value long-term relationships with our customers and work with them to contribute to their success.
- We leverage our extensive experience to generate new ideas and work with our customers to bring about a prosperous society through the power of ICT.

# New Executive Management Structure

## Flexible Response to Change and Faster Decision-making



President  
**Masami Yamamoto**



Corporate Senior Executive VP  
**Richard Christou**  
Responsible for Business Outside Japan



Corporate Senior Executive VP  
**Kazuo Ishida**  
Responsible for Services Business



Corporate Senior Executive VP  
**Masami Fujita**  
Responsible for Corporate Affairs



Corporate Senior Executive VP  
**Hideyuki Saso**  
Responsible for Products Business



Corporate Senior Executive VP  
**Kenji Ikegai**  
Responsible for Solutions Business



Chief Financial Officer  
**Kazuhiko Kato**



Chief Strategy Officer  
**Masahiro Koezuka**



# Aspirations of the Fujitsu Group

## ■ A Valued and Trusted Partner to Customers

Fostering new growth together with our customers.


## ■ A Truly Global ICT Company

Supporting customer businesses on a global scale.

## ■ An Energetic, Dynamic Company

Continuing to transform Fujitsu into a fast-moving company that welcomes challenges.





**FUJITSU**

shaping tomorrow with you

# *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.