

**Summary Translation of Question & Answer Session at  
Nomura Investment Forum 2011 Investor Relations Presentation**

Date: December 1, 2011

Location: Mandarin Oriental Tokyo, 3F Conference Room I

Presenter: Masami Yamamoto, President & Representative Director

**Questioner A**

*Q1: The economic environment in Europe is getting worse, and Europe represents a high proportion of your business outside of Japan. Please tell us about Fujitsu's current business conditions in Europe as well as your views about the future and any countermeasures you are taking.*

**A1:** Sales outside of Japan account for about 35-36% of our total sales, and about 70% of that is from Europe. Therefore, there is a possibility that the impact of the current economic crisis could become significant, so we are monitoring the situation very closely.

Despite the fact that the market is weakening, however, sales in our European business are strong. Previously, a high proportion of our business in the U.K. was from the government, but because we shifted towards private-sector business, our sales are growing again. Our private sector business in Germany is also strong, and the trend is solid, particularly in our hardware businesses. But it is expected that market conditions will change, so we are closely monitoring economic conditions in Europe.

**Questioner B**

*Q1: Looking at a 5-year summary of your financial results, I see that, despite having cumulative free cash flow of 700 billion yen, shareholders' equity has declined by 210 billion yen. In listening to your presentation, it sounds to me like you are very optimistic about the future and full of hope, but Fujitsu has many problems. For example, amortization of goodwill and other intangible assets is high, and you have unrecognized pension obligations not stated on the balance sheet. Yet your sense of urgency seems a little weak. Has anything changed with respect to Fujitsu's strategy?*

**A1:** We continue to make progress in our structural transformation. In terms of our balance sheet, we are using cash to pay down interest-bearing debt, so our financial condition has significantly improved. And even with respect to our investments there has been a significant change as unlike in the past, when our investments were focused on tangible fixed assets for our semiconductor business, most of our investment now is in the cloud, a growth area. Current investments in the cloud will contribute to sales in 1-2 years. I am neither optimistic nor pessimistic about our situation. We are soberly thinking about what we need to do to compete globally.

**Questioner C**

*Q1: Regarding your efforts to expand your market share in the medium-sized business market in Japan, what will be different than what you have done up to now? Also, your*

*past efforts to expand your business outside of Japan have not been very successful, so what kind of strengths can you leverage in trying to expand your business outside of Japan now? Please tell us how your initiatives now differ from your initiatives in the past.*

**A1:** In the medium-sized business market in Japan, the number of customers is very large, and because of our cost structure, we had not been very successful in expanding our business. But by providing cloud services, especially by providing our packaged software products through a SaaS model, we are now able to provide support to the medium-sized business market at a reasonable cost. As a result, we can now approach customers to whom, in the past, we could not even present proposals. We will use the cloud as a strategic tool to expand our share of the medium-sized business market.

Outside of Japan, up until now we expanded business by taking a localized approach, respecting the corporate culture of the companies we had acquired in each region. Now we are moving one step beyond that to promote global integration. While leveraging the respective strengths of all of our companies, we will now approach customers with the uniform services of the Fujitsu Group. With Japanese companies accelerating their push outside of Japan, we are committed to providing them the same services that we provide them in Japan. Similarly, with British companies expanding their businesses globally, we will provide them with the same services we provide them in the UK. That is how we will expand our business globally.

#### **Questioner D**

*Q1: Business related to “big data” is considered a growth area. In what areas is Fujitsu differentiating itself, and what are your plans?*

**A1:** What sets Fujitsu apart from other companies is that we have developed the Convergence Service Platform that can process huge volumes of data to extract very useful information. We can deliver new services to customers based on that platform. We are pursuing a very well-grounded business plan in that we first built the platform in advance and are now using it to deliver services.

*Q2: In collecting data, don't you face any privacy or other legal problems?*

**A2:** It differs depending on what service we are providing, but it is certainly one hurdle. For the SPATIOWL service we provide, we have contracts with taxi companies in Tokyo, and we are collecting location data, but since our contract permits us to use that data, there is no problem. We are taking a very careful approach to the way we handle data.

#### **Questioner E**

*Q1: You talked of Fujitsu becoming dominant in the domestic market. I think there are many ICT vendors in Japan. Are you considering having Fujitsu take the lead in restructuring the vendor landscape here?*

**A1:** If we can become the leading domestic ICT company, I think that might lead to a natural acceleration in the restructuring of the vendor landscape in Japan. We are focusing on making ourselves stronger in this market.

**Questioner F**

***Q1:** Your mobile phone business used to have high profit margins, but with the growth of smartphones, your market share has declined, and your profit margins are declining because of higher development costs. Please tell us what measures you are taking to improve your profit margins.*

**A1:** We are currently faced with increasing development costs as we work to develop both feature phones and smartphones. However, moving forward, we will be focusing on smartphones as they are becoming predominant, which will lead to lower development costs. We are now making investments to give us a new edge in smartphones, and that is how we plan to increase our market share. We want to build a very strong business model around smartphones.