Summary Translation of Question & Answer Session at
FY 2009 Third Quarter Financial Results Briefing for Analysts

Date: January 29, 2010
Location: Fujitsu Headquarters, Tokyo
Presenter: Kazuhiko Kato, Corporate First Senior Vice President & CFO

Questioner A

Q1: *For third-quarter operating income, could you tell us by how much your results exceeded your projections for each business segment?*
A1: Results exceeded projections in each business segment, with overall results for operating income exceeding projections by about 20 billion yen. To reduce the risk of missing our operating income targets due to uncertainties over the business climate in the fourth quarter, we advanced company-wide efforts to promote a more even flow of sales in order to avoid concentrating sales in the fourth quarter, and we were able to book a significant amount of sales in the third quarter that otherwise would have been delayed until the fourth quarter. We also took another hard look at operating expenses. In our mobile phone business, we succeeded in reducing costs much more than we had even anticipated. In the electronic components business of our Device Solutions segment, cost reductions were in line with expectations. Where results most exceeded projections was in the “Other” segment, which includes earnings from our car audio and navigation systems business.

Q2: *Even though third-quarter operating income exceeded projections, you have not changed your full-year projection of 90 billion yen in operating income. Why is that? Are you just being conservative?*
A2: Given the extent to which third-quarter results exceeded projections, you may think that, even if fourth-quarter projection for the Services sub-segment are revised down slightly, we should be able to exceed 90 billion yen in operating income for the full year. However, as the budget related to supercomputers has declined, our loss from supercomputers will also deteriorate, and the extent of that deterioration is reflected in our fourth-quarter projections. In light of this, we left our full-year operating income projection unchanged.

Q3: *Please give us a breakdown of your operating income in the Device Solutions segment.*
A3: Within the Device Solutions segment, LSI devices accounted for a little more than 1 billion yen in operating income, and the rest is from electronic components.

Q4: *What is your outlook for the Device Solutions segment in the fourth quarter?*
A4: Currently, orders are coming in as we anticipated, and we expect to meet our projections for the fourth quarter. If we are able to generate some more orders outside of Japan, we will have an even higher likelihood of meeting our projections. For the third quarter, as we had expected that the 2009 Christmas shopping season would be weak, we anticipated the worst and focused on reducing expenses. Because the Christmas shopping season turned out not to be as bad as we expected, our hard work bolstered our performance.

Questioner B

Q1: *Please tell us about IT sales trends in Japan by industry sector.*

A1: I will break out our third-quarter results and full-year projections for each industry sector. Compared to the previous year, third-quarter sales to the manufacturing and retail/distribution sectors were down by 16% versus our previous projection of a 12% decline, and we expect full-year sales to be down by 13% versus our previous projection of a 10% decline. For social infrastructure business, third-quarter sales were down 2% versus our previous forecast of a 3% decline, and we expect full-year sales to be down 3%, unchanged from our previous forecast. Sales to the financial services sector were down 8% versus our previous projection of a decline of 10%, and we expect full-year sales to decline 11% versus our previous forecast of a 3% decline. Public sector sales increased by 27% versus our previous projection of a 12% increase, and we expect full-year sales to be up by 1%, unchanged from our previous forecast. For regional business, sales increased by 3% versus our previous projection of a 2% increase, and full-year sales are expected to decline by 2% versus our previous estimate of a 1% decline. Overall, sales declined by 4% in the third quarter versus our previous projection of a 5% decline, and we expect full-year sales to be down by 7% versus our previous projection of a 4% decline. I would add that we were hoping to get a fourth-quarter spurt in the manufacturing and retail/distribution sectors, but since the manufacturing sector is depressed and the retail/distribution sector is faced with weak consumer spending, we lowered our projections for the fourth quarter, and because it is difficult to make it up, we also lowered our projections for the full year. For social infrastructure business, since the trend in sales in the third quarter was according to plan, we expect to meet our targets for the fourth quarter. For the financial services sector, sales in the third quarter met our targets, but are expected to come up a bit short in the fourth quarter, even after factoring in sales related to internal compliance issues, so we have lowered our full-year projections. For the public sector, third-quarter sales exceeded projections, primarily as a result of strong orders from government ministries. For regional business, sales to local governments and educational institutions have been strong enough to cover weaker private sector sales.

Q2: *Do you expect sales to the financial services sector to deteriorate sharply in the fourth quarter?*
A2: No, we do not expect a significant deterioration in the fourth quarter, but sales in the second half of the fiscal year will not likely be high enough to make up for the deterioration in the first half.

Q3: *How is your network business?*
A3: In Japan, NGN-related business peaked in the first quarter of fiscal 2009 and we expect it to bottom out in fiscal 2010. In terms of mobile infrastructure, LTE will begin to contribute to sales in the second half of fiscal 2010, but we do not expect significant deployments until fiscal 2011 and beyond. Through the third quarter, shipments of optical transmission equipment in North America were strong. For fiscal 2010, we expect the environment in Japan to remain difficult, with North American sales continuing to be robust.

Questioner C
Q1: *What is the reason that you expect mobile phone earnings to deteriorate in the fourth quarter?*
A1: The business posted a loss in the third quarter of fiscal 2008, but was profitable in the fourth quarter. For fiscal 2009, the business was profitable in the third quarter because we launched two new models, but we are not making as many new launches in the fourth quarter,

so we expect sales to decline, and since we still have development costs, we expect earnings from the business to deteriorate.

Q2: *I think many analysts expected a decline in "Eliminations and Corporate," but there is actually an increase. Is that because of an increase in expenses related to supercomputers? Or did you increase "Eliminations and Corporate" in order that your full-year projections would remain unchanged?*

A2: The reason why "Eliminations and Corporate" increased is because of a reserve for losses from the supercomputer development project. We expect this to be the last reserve for losses from the supercomputer development project, so that we will have no additional losses from this in fiscal 2010.

Q3: *What is your outlook for your business outside of Japan in fiscal 2010? In particular, do you expect your business in Europe to be difficult?*

A3: With respect to our business in the UK, we have taken measures to prepare ourselves for fiscal 2010, including reducing our headcount by about 1,200 employees. For large-scale projects from the British government, which account for 60% of the sales of Fujitsu Services, we expect a respectable level of orders and a significant contribution to income, but we do not expect to see strong growth in sales. On the other hand, we are starting to see some potentially large datacenter services deals in Australia and elsewhere, so we plan to get new business as we invest for growth in regions where there is strong growth in demand for datacenter services.

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