

JAPAN

Market Trends

Japan's IT market is projected to contract by 3–4% in 2009. The effects of the global economic recession have reached the Japanese market, with expected cutbacks in capital expenditures across a range of sectors, most notably the manufacturing, logistics, and financial industries. Financial instability, employment instability, and lackluster consumer spending are all projected to continue in 2009, suggesting that more time is needed before the corporate sector will regain the confidence to boost investment.

Under these conditions, the server market is expected to undergo a double-digit contraction relative to 2008. Although demand remains steady in public sector- and social infrastructure-related fields, the overall market will be affected by curtailed capital investment in the corporate sector.

The communications market is also likely to experience a drop-off despite solid growth in Next-Generation Networks (NGN)-related investments, due

mainly to declining investments in mobile phone base stations.

By contrast, continued expansion is expected in the services market, as companies seek to maintain and enhance competitiveness and increase management efficiency. As in fiscal 2008, demand will remain particularly high for system integration and outsourcing services. For customers, IT utilization has become indispensable to operations. As such, investment for enhancing operational efficiency and competitiveness is expected to continue. Outsourcing is also likely to gain momentum as a means to reduce costs. Alongside the utilization of data-centers, the expanded use of cloud computing and Software-as-a-Service (SaaS) platforms to deliver applications over networks is anticipated.

Initiatives Going Forward

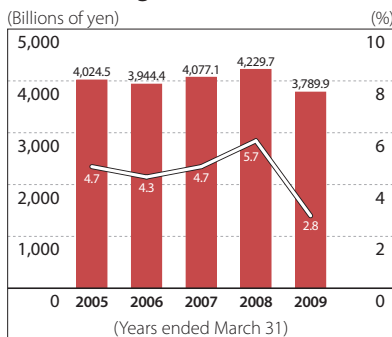
In Japan, we will take steps to augment our Technology Solutions business with a twin focus on services and products.

In servers, we aim to boost our share in open-standard servers by expanding sales of PRIMERGY x86 servers. To this end, we will centralize our development framework for these servers at Germany-based Fujitsu Technology Solutions, which became a subsidiary in fiscal 2009. We then intend to successively roll out products based on a unified global standard. Built on virtualization and green technologies that are quiet, compact and energy-efficient in design, our offerings will be specifically designed to solve outstanding customer issues such as environmental and cost performance.

In networks, our continued focus will be on expanding our range of products and services for NGN, while also advancing our provision of products, services, and solutions that target the emerging mobile broadband society centered on Long-Term Evolution (LTE)*.

In services, our goal is to enhance quality and efficiency on every front,

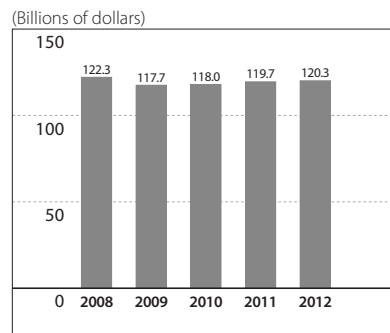
Net Sales* and Operating Income Margin



■ Net sales (left scale)
 ○ Operating income margin (right scale)

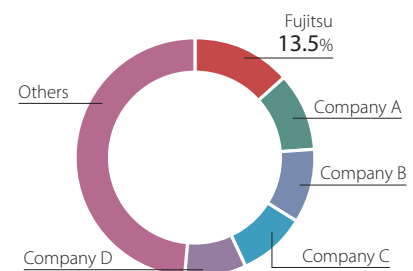
* Including intersegment sales

IT Market Forecasts (Japan)



(Source: IDC The Worldwide Black Book Q1 2009)

Share of 2008 IT Services Market Sales in Japan (revenue basis)



■ Company A 10.5% ■ Company D 8.1%
 ■ Company B 9.9% ■ Others 48.6%
 ■ Company C 9.4%

(Source: Gartner "IT Services Market Metrics Worldwide Market Share: Database" 14 May 2009)

from initial proposals to system integration and operations. During the negotiations stage, we will reinforce our business proposals through full-fledged deployment of Field Innovators, our new class of business consultants. Our aim here is to boost orders by offering solutions that help resolve customer issues. Where system integration is concerned, by utilizing our SE facilities to industrialize infrastructure services, we intend to raise the baseline quality of our infrastructure development and shorten lead times. We will also attain high quality and high productivity by reorganizing our SE subsidiaries as part of steps to utilize SE resources more efficiently. We plan to expand system operations work by offering a broader menu of outsourcing services. To enhance our capabilities with respect to business continuity needs and the push for greener operations, we will build one of the industry's most advanced data-centers in November 2009. The data-center will enable us to provide high value-added outsourcing services that help customers do more than simply reduce costs, by employing the latest technology including earthquake-resistant structures, energy-saving solar power, as well as staff tracking and location management based on RFID. By expanding the provision of cloud computing, SaaS, and other services utilizing networks, we strive to leverage our No. 1 share in IT services for the Japanese market to further extend our business.

* Next generation high-speed data communication standard for cellular telephones

Customer Solution Profile

Merging expertise in manufacturing through large-scale integration of multiple business systems

Detailed production management of individual product and production lines

—Asahi Breweries, Ltd.—



Asahi Breweries, Ltd. (Asahi Breweries) is one of Japan's largest alcoholic beverage producers. The leader in terms of volume of domestic beer beverage shipments, Asahi Breweries handles a range of other products, including wine and whisky.

Fujitsu developed production management and cost calculation systems that centralize data from the production divisions of 16 plants operated by Asahi Breweries and its group company, The Nikka Whisky Distilling Co., Ltd., in Japan. These systems also integrated both companies' production technologies and expertise in a wide variety of alcoholic beverages.

The production management system utilizes Fujitsu's proprietary system development platform combining business process applications for food manufacturers, appropriate for constructing Asahi Breweries' backbone system, with a system platform enabling their smooth operation. This system also enables production monitoring at both the product and production line levels, efficiently creating a large-scale, reliable system for optimal production management. The cost calculation system employs Fujitsu's "GLOVIA/Process C1" cost management package as a template to develop functions including liquor tax displays, as well as multifaceted cost breakdowns according to respective time schedules and products. The system can also permit simple and flexible simulations on when budgets will be reached and the impact of changes in material costs.

With its integrated production system built on Fujitsu technology, Asahi Breweries has established a total management platform covering supply/demand and production planning, production management, cost calculation, and quality control. This has yielded greater operational efficiency and optimal management operations.

Going forward, Fujitsu is committed to enhancing and ensuring the smooth operation of the IT systems that support the advanced manufacturing processes of Asahi Breweries.

THE AMERICAS

Market Trends

The North American IT market in 2009 is expected to contract 0.8% year on year, reflecting the impact of the financial crisis triggered by the collapse of the subprime mortgage market, and the rapid economic recession that followed.

In this climate, the IT services market is expected to remain comparatively firm, with projected year-on-year growth of 2.3%. Cause for unguarded optimism, however, remains unwarranted given the possibility that companies could reduce corporate IT investment going forward. In the current environment, there is also the risk that new projects could be cancelled or postponed, and stronger downward pressure on services prices could emerge.

The hardware market, meanwhile, is likely to face a generally adverse environment, as the impact of reductions in corporate IT investment becomes

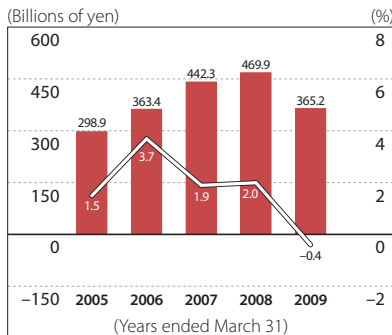
more apparent. The server market overall is expected to worsen compared with the previous year, with a forecast year-on-year drop of 17.6%. The high-end server market, in particular, is expected to contract a sharp 30.7% from a year earlier, as demand shifts more swiftly toward low-end servers due to improved processor performance. In the storage market, which previously enjoyed stable growth, forecasts now call for a year-on-year contraction of 3.7% in 2009. A similarly tough environment looms for the PC market, with spending projected to fall 11.6% from the previous year. In addition to lower shipment volumes caused by deteriorating market conditions, spending will likely decrease due to price drops resulting from the increased market share of netbooks, a class of low-priced PCs with minimal functionality used primarily for Internet and email access.

Initiatives Going Forward

To meet the needs of its customers, Fujitsu reorganized its operations in North America to build a framework for faster, seamless provision of high-value-added IT solutions.

In October 2008, we established Fujitsu North America Holdings to serve as a holding company for the three main solutions subsidiaries in North America—Fujitsu Consulting, Fujitsu Computer Systems and Fujitsu Transaction Solutions. Through Fujitsu Consulting, we offered services ranging from consulting to system integration (SI) and business process outsourcing (BPO). Fujitsu Computer Systems sold and maintained servers, storage devices, and other hardware. Fujitsu Transaction Solutions, meanwhile, offered Point of Sale (POS) systems and other products and services focused on the retailing sector. In April 2009, these three companies

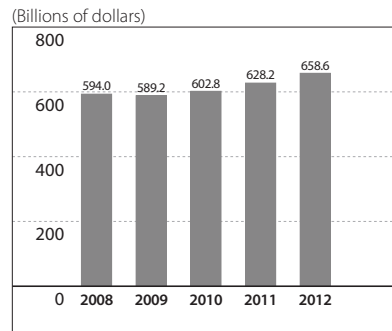
Net Sales* and Operating Income Margin



■ Net sales (left scale)
 ○ Operating income margin (right scale)

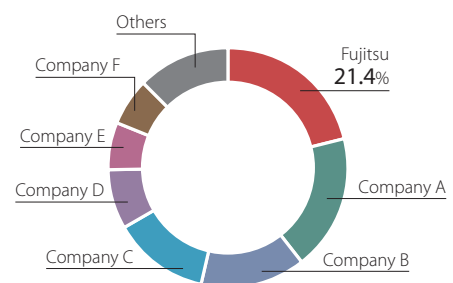
* Including intersegment sales

IT Market Forecasts (Americas)



(Source: IDC The Worldwide Black Book Q1 2009)
 (AMERICAS: North and South America)

Next-Generation Metro WDM Market Share in North America (revenue basis)



■ Company A 18.2% ■ Company E 6.6%
 ■ Company B 14.1% ■ Company F 6.3%
 ■ Company C 13.1% ■ Others 12.4%
 ■ Company D 8.0%

(Source: Ovum-RHK, March 2009)

Customer Solution Profile

were merged to establish Fujitsu America as a comprehensive IT solutions provider. Going forward, Fujitsu America will play a key role in North America, enabling Fujitsu to leverage an extensive portfolio of products and services in a drive to further expand the solutions business. Moreover, in our plan to mirror our success in Japan and Europe and develop our North American outsourcing business, we intend to enhance cost competitiveness by utilizing offshore resources for system development offered from India and other countries.

In North America's communications market, we operate in the optical transmission field through Fujitsu Network Communications. Here, Fujitsu boasts the top market share in products for both SONET*¹ (FLASHWAVE 4500 series) and Metro WDM*² (FLASHWAVE 7500). Cautious capital investment by telecommunications companies in response to the economic recession is expected to create a challenging business climate for fiscal 2009. Nevertheless, we will strive to expand business by boosting sales of Metro WDM-compatible FLASHWAVE 7500 and the latest FLASHWAVE 9500 that integrates SONET, WDM, and packet communication functions. Both products target markets with strong expansion potential.

*¹ SONET: Synchronous Optical Network. SONET is an optical fiber-based high-speed digital communication system.

*² WDM: Wavelength Division Multiplexing. WDM is a communications format that exploits multiple optical fibers by simultaneously utilizing numerous optical signals of differing wavelengths. Metro WDM is a type of WDM for large metropolitan areas.

Service upgrades and cost reductions achieved through Fujitsu's PalmSecure palm vein biometric authentication device integrated into the Patient Kiosk™

—Springfield Clinic—



Springfield Clinic is a healthcare facility staffed by 260 physicians from every field of medicine, with 24 locations in Springfield, Illinois, and an additional 14 in surrounding counties.

The clinic has deployed 40 Patient Kiosk™ systems, electronic patient registration processing devices jointly developed by Fujitsu and Allscripts, integrated with Fujitsu's PalmSecure palm vein biometric authentication devices.

PalmSecure verifies the identity of a person by matching their palm vein pattern against one that has been registered in the system. Before the installation of Patient Kiosk™ systems, patients at the clinic were required to manually fill out forms each time they registered for an appointment. With the deployment of Patient Kiosk™, patients can avoid the manual paperwork process and check in for an appointment, as well as make the appropriate payments, by simply putting their hand over the Fujitsu PalmSecure reader. Not only has Springfield Clinic enhanced patient services by providing them with a quick way to access information and receive alerts, the clinic has also minimized the costs and overhead associated with traditional patient check-in and reinforced information system security.

Patient Kiosk™ is scheduled to be deployed at other medical facilities in the US, including the 550-physician George Washington University Medical Faculty Associates (MFA) in Washington, DC.

Fujitsu will continue to utilize its IT technologies to further enhance the management and services of medical facilities.

EMEA Europe, Middle East, Africa

Market Trends

The IT market in EMEA is projected to contract by 3.0% in 2009, reflecting the impact of the global financial crisis triggered by the collapse of the sub-prime mortgage market, and the rapid economic downturn that followed. IT spending is expected to be uniformly lower across Europe. Conditions will be particularly severe in the UK, with fewer large-scale projects. This is mainly due to reductions in public-sector IT budgets, and price revisions requested by existing customers.

By offerings, the IT services market should be relatively firm, edging up 0.2% in comparison with the previous year. The situation is unpredictable however, with reductions in customer IT budgets and increasingly intense price competition. This is notably the case with respect to projects for UK central government institutions (the largest European outsourcing clients) and the private sector, where we are aiming to expand.

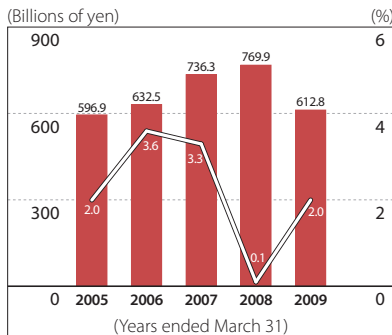
Meanwhile, the hardware market is likely to experience negative growth in virtually all countries. This trend is also expected in Eastern Europe, Russia, the Middle East, and other newly emerging economies that enjoyed high growth rates until recently, exacerbating the decline in the European market. The server market is predicted to worsen by a substantial 12.1% year on year. This downturn is expected to be most prominent in the high-end server market, due to reductions in customer IT budgets and a demand shift toward low-end servers. A similar story is unfolding in the storage market where, in stark contrast to the stable growth previously witnessed, demand is projected to decline by 9.2% in 2009. In the PC market, a year-on-year spending decline of 13.2% is forecast on an expected sharp deterioration in the corporate sector due to adverse economic conditions, as well as falling prices sparked by the growing market share of low-cost "netbook" computers.

Initiatives Going Forward

To strengthen its global business, Fujitsu made Fujitsu Siemens Computers a wholly owned subsidiary in April 2009 and changed the company name to Fujitsu Technology Solutions. While the business has revolved around servers and PCs, as a wholly owned company, Fujitsu Technology Solutions will now strengthen ties with Fujitsu Services, shifting from a product-oriented to a systems-oriented business. For the Fujitsu Group, this change will reinforce its delivery framework, and serve to expand its integrated services and products business.

In the IT services sector, Fujitsu will be proactive in the use of offshore and near-shore resources to boost price competitiveness and expand our business in the European market. Steps will also be taken to enhance our customer relationships by bolstering our sales and customer management divisions and strengthening customer ties. Specifically, in the expanding

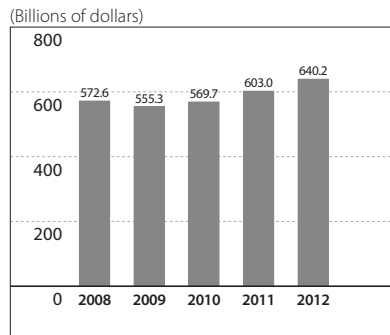
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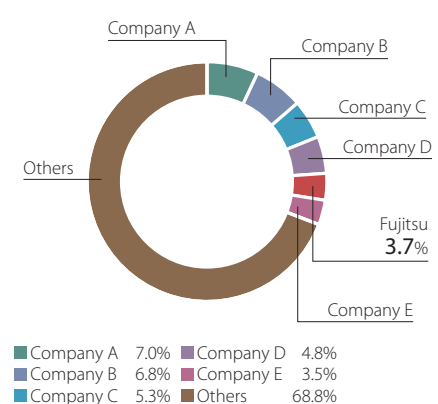
* Including intersegment sales

IT Market Forecasts (EMEA)



(Source: IDC The Worldwide Black Book Q1 2009)
 (EMEA: Europe, the Middle East, and Africa)

Share of 2008 IT Services Market in the UK (Revenue Basis)



(Source: Gartner "IT Services Market Metrics Worldwide Market Share: Database" 14 May 2009)

outsourcing business, our goal is to win more large-scale projects in the UK and continental Europe. To this end, we will continually improve our services from a customer-centric perspective, and set our services apart from those of competitors by raising quality and lowering costs through IT service standardization based on the TRIOLE concept. Where application services are concerned, we will utilize SAP software products to continue to support growth, while laying the foundation for the SaaS business, which is poised for future expansion.

In products, our goal is business expansion particularly in the growth market of blade and other x86 servers. We are looking to ramp up development speed and provide globally uniform products by consolidating our development operations in Germany. In PCs, the emergence of netbooks is intensifying price competition. We intend to bolster competitiveness by shifting our portfolio toward high-value-added products, while unifying our product lineup in Europe and the rest of the global market, and building an optimal global supply chain.

Customer Solution Profile

Modernization through IT

—Marks & Spencer—



Marks & Spencer is one of Europe's largest retailers, with over 21 million customers visiting its stores each week. In addition to clothing and home products, Marks & Spencer is known for its quality foods, sourced from over 2,000 suppliers around the world. The company employs over 75,000 people and has an expanding international business to supplement its strong position in the UK, where it is established as the number one supplier of clothing in the British retail market. Marks & Spencer has 668 stores across the UK and a further 296 internationally, including China, India, and the Middle East.

Marks & Spencer recently signed a seven year contract with Fujitsu, under which Fujitsu will continue to provide in-store IT support for all the company's stores in the UK, Ireland, and Channel Islands. Fujitsu will also continue to undertake all store IT roll out and implementation services.

Damone Quigley, head of infrastructure and application services at Marks & Spencer, comments: "Fujitsu has worked with us over 30 years, providing a consistently high quality of service. Over the course of the last few years, we have modernized 80% of our store portfolio and improving the technology has been a large part of this. It is vital that we have a responsive partner who can not only install and support the IT equipment in our stores from multiple vendors, but also identify potential cost savings."

In addition to Marks & Spencer, Fujitsu works with a number of Europe's largest retailers, helping these organizations to achieve greater efficiency and improved customer service.

APAC, CHINA

Market Trends

China's IT market is expected to maintain a positive growth rate of around 0.5% in 2009, despite lackluster economic conditions caused by the global financial crisis. Nevertheless, IT investment in China is expected to enjoy a high average annual growth rate of 9.3% between 2008 and 2012, driven by the 2010 World Expo in Shanghai and economic measures that include a planned stimulus package of roughly 4 trillion yuan over the next three years. There are growing concerns, however, that it could become difficult for foreign companies to develop business in China due to uncertainty over the real economy, and the possible adoption of a compulsory certification system for security-related IT products.

For fiscal 2009, the growth rate for the IT market in APAC (excluding China) is expected to fall to as low as 0.5%, due to the impact of continued global economic weakness on the many export-reliant countries in the

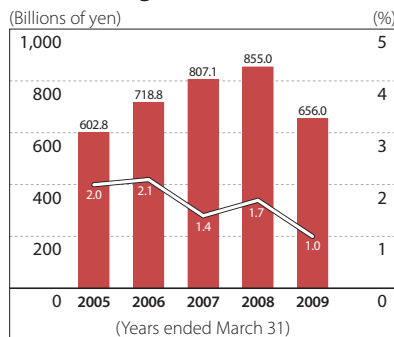
region. However, a high average annual growth rate of 5.4% is anticipated for the region from 2008 to 2012. In Taiwan, while government-related IT investment is expected to hold steady due to growth in internal demand, investment in the private sector is expected to continue to be severely curtailed, particularly in the finance and manufacturing industries. In South Korea, challenging conditions are expected to persist despite announced decisions to front-load IT spending, specifically for government institutions and public corporations. In the Oceania region, while investment in hardware has contracted due to economic weakness, firm growth is expected in business process outsourcing and application management, both of which offer high return on investment. In India, the offshore business is struggling on reduced orders from major clients—primarily European and U.S. financial institutions suffering from poor business

performance, and price declines. However, growth in off-shoring can be expected to keep the growth rate for India's IT market forecast at a relatively high 4.0% in 2009. The average annual growth rate for the Indian economy between 2008 and 2012 is also expected to be around 10.1%, indicating higher growth over the medium term.

Initiatives Going Forward

In China, we will strive to increase profits from Fujitsu's core business, technology solutions. In services, we intend to deploy our expertise in IT infrastructure services across mainland China, supporting customers in China with superior IT infrastructure to aid their business expansion. In servers, storage, and other products, we will achieve business expansion mainly through increased sales to existing customers, following completion of a customer support framework covering all of China. We also plan to extend our

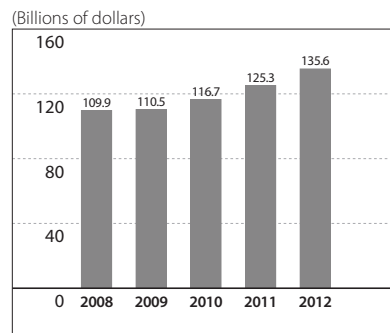
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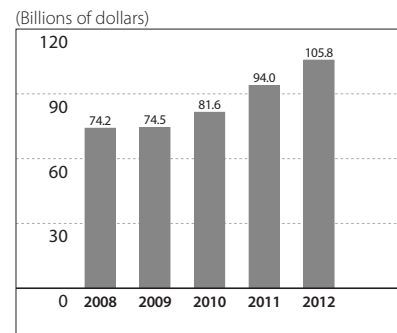
* Including intersegment sales

IT Market Forecasts (APAC)



(Source: IDC The Worldwide Black Book Q1 2009)
 (APAC: Excludes Japan, China, and Hong Kong)

IT Market Forecasts (China)



(Source: IDC The Worldwide Black Book Q1 2009)
 (China: Including Hong Kong)

partner business by boosting the number of local partners in China to achieve wider geographic coverage. As for off-shore business, we will increase personnel at the Offshore Development Center to support the delivery of competitively priced services to customers in Japan.

In Taiwan, in addition to strengthening our system products, such as servers, we will pursue opportunities in the managed services and maintenance fields. In South Korea, we will strengthen our relationships with customers by providing a one-stop service for IT infrastructure, covering all phases of the life-cycle from planning to introduction and operation. In tandem, we will make alliances with sales partners to expand our business. In the Oceania region, we will ensure the smooth integration of recently acquired companies into Fujitsu Australia to enhance our services business. We will expand our outsourcing business in particular, where there are strong needs and large-scale projects are the norm, to help customers concentrate on their core businesses. In India, along with earlier efforts to increase business from Europe and the US by upgrading offshore resources, we intend to make Fujitsu Technology Solutions the main promoter of IT infrastructure business in India. This step will improve business in terms of both scale and management quality as we aggressively develop the system products business, including expanding our sales of x86 servers.

Customer Solution Profile

Outsourcing Services to Provide IT Infrastructure and Support for 460 Domestic and Foreign Business Sites

—Qantas—



Established in Queensland, Australia in 1920, Qantas Airways Limited is one of the world's longest-running airlines. It is the largest domestic and international airline in Australia. Qantas is recognized as one of the world's leading long distance airlines, having pioneered services from Australia to North America and Europe, and has an outstanding reputation for safety, reliability, customer service, and technology innovation.

The Qantas Group employs approximately 35,000 people and offers services across a network covering 151 destinations in 38 countries including Australia, Asia and the Pacific, the Americas, Europe, and Africa.

Fujitsu signed an agreement with Qantas to supply comprehensive outsourcing services to cover the provision of PCs, servers, storage, and all end user IT infrastructure, as well as remote and onsite support services, for all 460 local and international business sites worldwide. Following competitive bidding against major global IT vendors, Fujitsu won the project based on its ability to deliver high-quality services at a competitive cost. The contract is for five years with a two year option.

Fujitsu's outsourcing services will provide Qantas support to resolve their IT challenges, most notably server and storage consolidation, email and application data backup and administration, improved help desk support for employees, and enhanced asset management. At the same time, these services will enable greater operational efficiency and substantial cost reductions.

Fujitsu supports Qantas employees in their efforts each day to operate more efficiently and at lower cost, and will work with Qantas management as a partner in helping to achieve the company's business goals.