Summary Translation of Question & Answer Session at Nomura Investment Forum 2008

Date: December 2, 2008
Location: The Ritz-Carlton, Tokyo
Presenter: Kuniaki Nozoe
President and Representative Director, Fujitsu Limited

Questioner A
Q1: As economic conditions deteriorate, what are you paying particular attention to?

A1: We need to invest in order to strengthen the company, and to do this, it is important to build up our internal reserves now so that we can quickly invest when the next recovery comes.

Questioner B
Q1: You mentioned the need to get your operations inside and outside Japan in order. What is your thinking in regard to Fujitsu’s listed affiliates?

A1: In the Technology Solutions segment, currently there are no businesses in particular that we plan to reorganize. But there are some affiliates in the Technology Solutions segment, like Nifty, that are seen as having little synergy with other companies in the segment, and we will look at the need to treat them as completely separate businesses outside this framework. Rather than focusing on what to do about a single affiliate, however, we will proceed with structural reforms by considering what we need to do in specific business areas.

Q2: Will you implement plans to improve profitability in the Device Solutions segment and review your business portfolio under your next medium-term business plan or under the current one?

A2: We have already started implementing reforms in order to meet our target of attaining an operating income margin of 5% in fiscal 2009, the last year of the current medium-term plan.

Questioner C
Q1: In terms of your business expansion strategy outside Japan, are you positioning the outsourcing business—including datacenters and call centers—as an area you plan to actively expand, or is it an auxiliary area?

A1: Our strategy is to make it a major profit center as we expand our business outside Japan. Based in the UK, Fujitsu Services is a pillar of Fujitsu’s business outside Japan. The predecessor of Fujitsu Services was ICL. In 1981 we initiated technological collaboration with ICL, in 1998 we made it a wholly owned subsidiary of Fujitsu, and in 2002 we changed the name to Fujitsu Services. When it first became a wholly owned subsidiary, the company still sold hardware products and there was a strong need for structural reforms. The company has become an outsourcing specialist as a result of having shifted to a new business model in 2002. Seventy percent of Fujitsu Services’s sales are in the UK, and 70% of the UK business is government-related. Over the years, the company has accumulated considerable know-how
in the outsourcing business, particularly in the areas of standardization and risk management. We plan to utilize this know-how on a global basis.

**Q2:** Will your alliance with SAP also be an important key in the outsourcing business?

**A2:** For some time, we have been getting outsourcing orders from customers who are SAP users. In Japan, we have a model for promoting sales of hardware whereby customers who are eager to newly deploy SAP software also deploy Fujitsu hardware at the same time. This type of model could also be applied outside Japan. For customers using SAP as well as for customers using Oracle or Fujitsu’s own GLOVIA ERP software, we are promoting a model in which Fujitsu’s datacenters would provide the hardware infrastructure running the software for customers.

**Questioner D**  
**Q1.** How are deteriorating business conditions impacting the market environment and business results for Technology Solutions?

**A1.** Solutions orders in Japan for November are above last year’s level, and so we don’t see any major impact at this time. For servers, the volume of sales is increasing, but unit prices are falling, so the value of sales is basically flat. Looking at the Technology Solutions segment as a whole, business is steady at present, but when we consider the potential for further economic decline next year, it’s difficult to predict how business will be.

**Q2.** Please explain your initiatives to select and consolidate your businesses and focus on core competencies.

**A2.** We are projecting very severe results in semiconductors and hard disk drives for fiscal 2008. Nothing is decided at this point, but we intend to address this matter quickly in order to decide on a course of action during the current fiscal year.

**Questioner E**  
**Q1.** Fujitsu Services appears to be a good model for business success outside Japan, but how will you apply it to your global business?

**A1.** To build a global business, we cannot satisfy customers’ needs solely with services, such as outsourcing. It is necessary to have excellent products. This is why we plan to make Fujitsu Siemens Computers a wholly owned subsidiary. We intend to develop businesses that can unleash synergies with the PC servers offered by Fujitsu Siemens Computers. By February, we will have a new global business expansion plan that outlines the roles of Fujitsu Services and Fujitsu Siemens Computers, and by April, we hope to have in place the organizational structure we need to develop our business outside Japan.