Economic Outlook and ICT Investment Trends

Risk, Uncertainty, and the Future Role of ICT

Stagnant Economy in Japan, the U.S. and Europe
- Financial & sovereign crisis
- High unemployment rate
- Strong yen

Growth in Emerging Markets
- High GDP growth rate
- Resource & environmental issues

Impact of Natural Disasters
- Impacts on global supply chain

Themes of Corporate ICT Investment
- Traditional area: Focus on cost reductions
- New area: Support for new business development
- Demand for uniform, global ICT support

New ICT Investments for an Ideal Society
- New ICT system for a sustainable society
- Resilient social infrastructure

- Shift Investment Focus from Back- to Front-end/Social Systems
- Increase in Investments for Flexible Adjustments to Risks/Uncertainties
Core Group Strategy

Achieving “Global Integration”

Transformation (Pursuing 3 Growth Priorities)

On Offense with Structural Reforms
(Strengthening Existing Businesses)

Accelerating Globalization

Creating New Services Businesses

Fostering global talent, establishing a foundation for business

“Global Services Company”

Uniform Delivery of Value to Customers

Solutions Integration

Product & Services Integration

Business Platforms Integration

Global Partners

Envisioned Performance Targets

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<th>Near-Term Targets</th>
<th>L-T Vision</th>
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<tr>
<td>Operating Income Margin</td>
<td>&gt;5%</td>
<td>&gt;10%</td>
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<tr>
<td>Ratio of Sales Outside Japan</td>
<td>&gt;40%</td>
<td>&gt;50%</td>
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<tr>
<td>Free Cash Flow</td>
<td>&gt; ¥150 bill./year</td>
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Core Group Strategy: Medium-Term Objectives

Technology-Based Globally Integrated Services Company

3 Growth Priorities

On Offense with Structural Reforms (Strengthening Existing Businesses)
- Cloud-focused expansion
- Solutions platform
- Contributing to Japan’s rebuilding

Accelerating Globalization
- Expanding volume
- Strengthening assurance

Creating New Services Businesses
- Developing advanced services
- Strengthening vertical integration

Dominant Position in Japan
- Focus group-wide capabilities into services
- Transformation in solutions-delivery capabilities

Accelerating Global Integration
- Global unification via cross-cutting capabilities

Bringing about a “Human-Centric Intelligent Society”
- Establishing business models and contributing to growth
To Secure a Commanding Presence in Japan

Reforms with Focus on the Cloud Business

- The cloud as a core business
  - Utilize Fujitsu’s IP in cloud
- Strengthen product lineup and sales for SME
  - “SME cloud”, “GLOVIA smart”, “AZBOX”
  - Consolidate SME business functions in FJM
- Realign SE resources in Japan
  - Concentrate expertise, optimize resources, enhance cost competitiveness

Contribute to Earthquake Disaster Recovery

- Advance new social infrastructure proposals that utilize ICT
- Shift gears from investments in recovery to proposing a ‘city model’ that realizes sustainable growth

*IP= Intellectual Property  *FJM = Fujitsu Marketing Limited
Making the Cloud a Core Business

**Medium-Term Stance on Cloud Business**

- Help to support transformation through the development of cloud business
  - Conversion to services, speed innovation, globalization
- Establish new services model integrating all group-wide businesses, with growth in new business areas
- Pursue group-wide growth by using cloud as a trigger to prevail over competitors and create new businesses

**Sales Target for Cloud Business in Japan**

(Billions of Yen)

<table>
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<th>Year</th>
<th>Target</th>
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<td>10</td>
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<td>11</td>
<td>11</td>
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<td>13</td>
<td>300.0</td>
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- New business areas
- Conversion of existing ICT domains to cloud

**Scope of Profit Generation via the Cloud**

- Large: Secure volume, Cost advantages
- Small: Joint market creation, Acquire practical knowledge
- Profit potential
- Scope of previous business

**Global Services Line-up**

- Ubiquitous Networking
- BCP/Security
- Applications
- Fujitsu Global Cloud Platform
- FGCP/S5
- FGCP/A5
- Hardware/Software

**Expanding business through the cloud**
Shift from Cost Reduction Priorities to Quick Business Launches and Innovation
Canon/Fujitsu Offer a Global Document Management Services for Canon’s MFP Users

In the office

- MFP management tool
- Application PF for printers
- E-services PF
- Authentication PF
- Workplace LCM PF

In the field

- Mobile access management

*MFP = Multifunction printers, *PF = Platform, *LCM = Life cycle management
Accelerating Global Integration

Customers are expanding their business globally

- Unique businesses in each region
- Integration of services business
- Integration of hardware business
- Integration of shared business platform

Act Local
Think Global

- Responding to needs of local customers
- Integrated service delivery capabilities (Offshore development, service desks)
- Enhancing and standardizing seamless services
- Integration of organizations involved in x86 servers/storages
- Support
- Integration of assurance capabilities, security capabilities
- Integration of shared support functions (HR, etc.)
Accelerating Pace of Becoming a Truly Global Company

Moving Toward Growth in Sales and Profit

Developed Countries: Offering Unified Services with Focus on Global Customers
- Shifting to private-sector customers (UK: 40% in FY10 -> 50% in FY11est.)
- Thorough assurance for large-scale project management
- SAP, DaaS, cloud service
- Combining storage, network devices and virtualization technology with x86 servers to expand as integrated ‘all-in’ products (*DI Blocks*)

Emerging Markets: Opening up Markets with Product Business Key
- Develop marketing from global x86 server HQ in Germany (BRIICS + Eastern Europe, Turkey, Middle East and Africa)

Building a Global Service Delivery Platform
- Global datacenter, service desk, standardized service delivery

*DI Blocks = Dynamic Infrastructure Blocks*
Globalization

Global Datacenter Network

100 Datacenters Globally

Fujitsu’s 1st Datacenter in China to Open This Year

*DC = Datacenter

- Germany; 4th DC (Mar 2010)
- Sydney; 4th DC (planned in 2011)
- South China DC in Guangdong Province (planned in 2011)

U.S. DC (upgraded)

South China DC in Guangdong Province (planned in 2011)
Globalization

Building a Service Delivery Platform

Global Service Desks Accommodating 31 languages
Global Service Managers Stationed at Each Location

24/7/365
Uniform Service Delivery Standards with High-Quality Service

Poland Service Desk
12 languages

Portugal Service Desk
15 languages
Support for 100+ countries

Malaysia Service Desk
Support for 9 languages incl. Japanese

Costa Rica Service Desk
Appealing cost benefit
English, French and Spanish
Offshore Operations Center in India

User

Service Owner

Datacenter (Global)

RIM Service Center (Russia)

RIM Service Center (India)

RIM Service Center (Japan)

RIM Service Center (Philippines)

- System monitoring
- Performance management
- Security monitoring
- Change, resource management

*RIM = Remote Infrastructure Management
Megatrend 1: Sustainable City Model

- In 2050, 70% of the World’s Population Will Live in Cities
  - Efficient use of limited resources
  - Offering people comfortable and enriching lifestyles

Growing Population
- World’s population: 7 billion (2011) → 9.3 billion (2050)

Environment
- World’s CO2 emissions: 29.5 billion tons (2008)

Urbanization
- Countries with 50%+ urbanization: 18 (2009) → 30 (2050)

Aging Society
- # of people supporting 1 senior citizen*: 4 → 3 (2011) (2050)
  *In advanced countries

The Ideal City Model has Sustainable Capacity and Competitiveness

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Megatrend 2: The Age of Big Data

New Insights from Various Data Offered as Highly Useful Services to Megacity Residents

Growth in Digital, Unstructured Data

- From 2000, explosive data growth
- 60K times the data of the U.S. Library of Congress every year
- Approx. 80% of corporate data is unstructured

Utilization of Unstructured Data

- Analysis of voice, handwritten files, visuals
- Correlation analysis to understand trends and predictions

*Unstructured data: Unlike database data, unstructured data has no pre-defined structure. Examples include videos, images, and voice data.

- Hilbert and Lopez, “The World’s Technological Capacity to Store, Communicate and Compute Information,” Science (Vol.332), 1 April 2011
- Gartner (Oct, 2009) ‘Magic Quadrant for ECM’
Fujitsu’s Vision “New Services”

Utilizing Big Data for an Improved QOL
“Human Centric Intelligent Society”

Agriculture
Health and care giving
Working style
Community
Energy
Traffic
Manufacturing

Big data to support decision making
Exploring science frontier with computing
Offering new technology and services for ‘smart city’
Developing new services with mobile cloud computing

*QOL = Quality of Life
ICT for Energy Management that Will Support Future Communities

New Services

EMS Solution, Energy Management System

Smart Network Solution

Energy Management

Office buildings

Factories

Hospitals

Homes

Public facilities

Traffic

Power stations

Natural energy sources

Energy networks
Healthcare Initiatives (HumanBridge)

Seamless Integration among Clinics and Hospitals

- Epidemiological Research
- Medical Data Links
- Data Collection & Analysis
- Lifestyle Support

HumanBridge

New Services

- Regional data sharing network
- Advanced medical facilities
- Diagnostic data
- Highly secure e-mail
- Diagnostics/testing

Resident/Patients

- Hospitals
- Personal physicians
- Regional core hospitals
- Daily
- Caregiver facilities
- Healthcare centers
- Welfare facilities
- Within prefecture

Specialist physicians

Specialist medical facilities outside of prefecture

Advanced medical facilities
ICT Agriculture Initiatives

Using ICT to Share Experience and Skill to Grow Profit

- Greenhouses
  - Production history (GAP support)
  - Onsite management
  - Agriculture knowledge
  - Business planning
  - Soil analysis/fertilizer planning
  - Livestock breeding support

- Livestock
  - Livestock management
  - CRM

- Rice/vegetables
  - Production history
  - Onsite management
  - Agriculture knowledge
  - Business planning
  - Soil analysis/fertilizer planning
  - Livestock breeding support

- Orchards
  - Production history
  - Onsite management
  - Agriculture knowledge
  - Business planning
  - Soil analysis/fertilizer planning
  - Livestock breeding support

Data collection (sensors)

Analysis (cloud)

Usage (mobile devices/PCs)

Start joint testing experiment with AEON Agri Create Co. Ltd (Nov. 2011)

Business Development Support Based on Ubiquitous Front End Devices and the Cloud
An Ideal Service Platform to Utilize Big Data

From Data to Services by Extracting Useful Information

Convergence Service Platform

People, things, environment → Big Data → Analysis/insights → Services

- Sensing
- Data collection/detection
- Management/integration
- Analysis
- Data usage, automatic control

New Services
The Convergence Service Platform is used to Manage and Utilize a Range of Integrated Data Gained from Location Information

- Navigation
  - Provide feedback and add-value to ongoing events in real time

- Convergence Service
  - Prediction
    - Develop insights
  - Customer analysis
  - Device/facility control

- Analysis, predictions, optimization
- Real time data (events, SNS)
- External data (facilities, meteorological)
- Large volume of probe data
- Location data (coordinates)

Data positioned by coordinates
Advanced Technology (the K computer)

Leading the TOP500 List for 2 Consecutive Terms
World’s Fastest at 10.51 Petaflops; Computing Efficiency Ratio of 93.2%

Five Strategic Fields
- Origins of the universe
- New materials, energy generation
- Disaster forecasting
- Life science, medicine, drug discovery
- Next-generation manufacturing

*Note: The ‘K computer’ is the nickname RIKEN has been using for this next-generation supercomputer since July 2010

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HPC Business Development

Global Market Launch of World-Class Supercomputer

Boosting Share in a Market Worth 1 Trillion Yen by 2015

*HPC = High Performance Computing
Path to Growth: Management Commitment

**Taking up the Challenge of Achieving an Operating Income Margin of >5% in the Near Term**

- Consolidated Operating Margin: > 5%
- % of Sales Outside Japan: > 40%
- FCF: > ¥150 billion/year

**Near-Term Performance Targets**

- The minimum required to move beyond past performance, secure growth trajectory

- Consolidated Operating Margin: > 5%
- % of Sales Outside Japan: > 40%
- FCF: > ¥150 billion/year

In light of evolving operating environment, sales targets will be reviewed accordingly

**Aim to achieve in near-term, accelerating investments for growth while fostering talent and technology**

**Composition of Sales**

2010 2011

- Business outside Japan
  - Double-digit growth
  - >40% of total sales
  - Existing business areas

- Business in Japan
  - Positive growth
  - Cloud in Japan
  - (Billions of Yen) 4,528.4 4,540.0
Path to Growth: Focus on Growth Scenario

Leveraging Fujitsu’s Strengths in Japan and Sharing a Core Management Stance

- **Existing ICT Market**
  - Accelerating Globalization (Business Volume)

- **Market for New ICT Uses**
  - “Vision to which the Fujitsu Group Aspires”
    - Growing with customers and bringing about a prosperous future that fulfills the dreams of people

- **Market in Japan**
  - Strengthen Existing Businesses
    - “Leveraging Fujitsu’s strengths in Japan”

- Creating New Services Businesses
  - (Proposing Cutting-Edge Models)

- **Fostering global talent, establishing a foundation for business.**
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- 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;
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