

# Management Direction

**February 7, 2013**  
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# 1. Financial Projections for Fiscal 2012

# Fiscal 2012: Financial Projections

## ■ Deterioration of business outside Japan, PCs and devices businesses

		Projected FY2012	FY2011	YoY Change	vs. Apr '12 projections	vs. Oct '12 projections
(Billions of Yen)						
Consolidated	Net Sales	4,370.0	4,467.5	-97.5	-180.0	-50.0
	Operating Income	100.0	105.3	-5.3	-35.0	-
	Extraordinary Income (Loss)	(170.0)	(24.3)	-145.7	-170.0	-160.0
	Net Income (Loss)	(95.0)	42.7	-137.7	-155.0	-120.0
Operating Income (Loss)	Technology Solutions	180.0	171.2	+8.8	-	-
	Ubiquitous Solutions	20.0	19.9	+0.1	-5.0	-
	Device Solutions	(12.0)	(10.1)	-1.9	-27.0	-

# Explanation of Extraordinary Losses

Extraordinary Losses (full-year projections)		Quarterly breakdown		
		3Q (reported)	4Q (projected)	
Consolidated		170.0	87.0	83.0
Restructuring Charges		142.0	59.0	83.0
<ul style="list-style-type: none"> <li>• Semiconductor-related</li> <li>• Overseas business and others</li> </ul>		1,12.0 30.0	57.0 2.0	55.0 28.0
Impairment Losses		28.0	28.0	

## 2. On Offense with Structural Reforms

# Measures to Achieve Rapid Recovery

## ■ Specific action plans set for recovery

### Addressing Challenges

Restructuring of semiconductor business

Rebuilding of European business

### Further Steps in Structural Reforms

Workforce related measures

Efficient corporate Headquarters

Thoroughly reform cost structure

Keep pace with changes in market structure

### Growth Scenario

Vertically integrated business model  
Strengthen services businesses

Shift resources

# Addressing Challenges

- **Restructuring of Semiconductor Business and New Direction**
- **Rebuilding of European Business**



## ■ Market trends in the industry

- Vendors are shifting to specialty and fabless models and standard chips (Application Specific Standard Products) are gaining in popularity

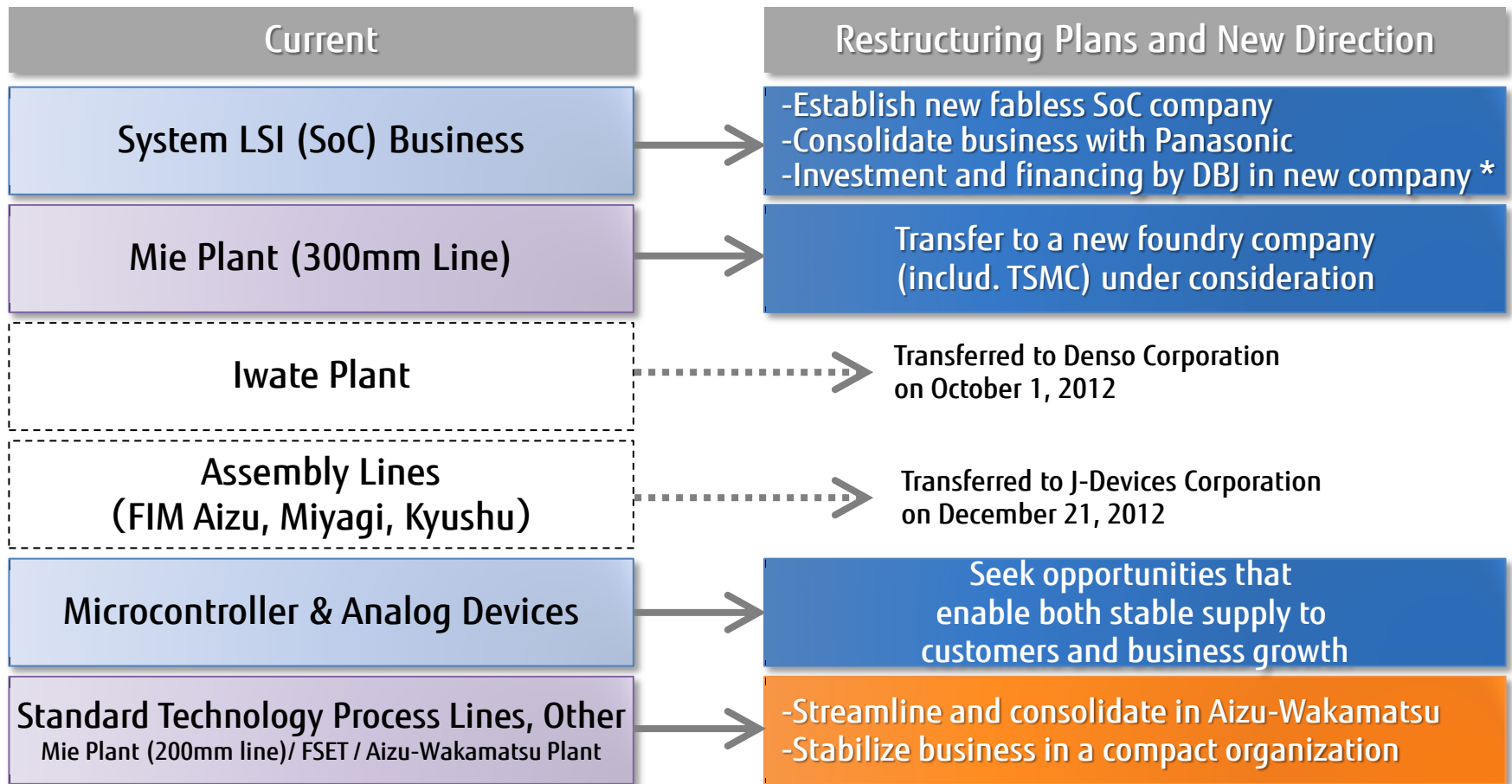
## ■ Aims of the restructuring

- Preserve Japan's technology base and know-how in semiconductors
- Maintain stable supply of products to customers
- Establish a right-sized, self-sustainable business, while maintaining as much employment and contribution to the community as possible

## ■ Proposed Scheme

- MOU to consolidate system LSI (SoC) businesses of Fujitsu and Panasonic into a new fabless SoC company  
(Focus on custom LSI devices and imaging SoCs as an independent specialty manufacturer)
- Transfer of Mie Plant's 300mm line to new foundry company including TSMC, Ltd under consideration

# Restructuring of Semiconductor Business and New Direction (2)



DBJ: Development Bank of Japan

TSMC: Taiwan Semiconductor Manufacturing Company Limited

FIM: Fujitsu Integrated Microtechnology; FSET: Fujitsu Semiconductor Technology

FIM and FSET are wholly owned subsidiaries of Fujitsu Semiconductors

\* In establishing the new integrated company, the DBJ has been asked to assist with investment and financing.

\*\*The scope of rationalization will be approximately 2,000 employees.

Other FSL subsidiaries in Japan will continue operation as Fujitsu Group companies.

- **Structural reforms at Fujitsu Technology Solutions (FTS)**
  - Cost reductions to address increased competition in hardware
  - Leveraging the product business as a platform for expanding the services and solutions businesses
  - Streamlining through business process visualization and improvement
  
- **Addressing the unfunded retirement benefit obligations in the UK**
  - Special contribution to pension fund
  - Prevent further accumulation of unfunded obligations

# Further Steps in Structural Reforms

- **Building a Strong Foundation for Growth**  
~Strengthen Services Businesses~
  - Workforce Related Measures
  - Efficient Corporate Headquarters
  - Thoroughly Reform Cost Structure
  - Keep Pace with Changes in Market Structure

# Building a Strong Foundation for Growth

Strengthen services businesses by improving operational efficiencies

Workforce related measures

Efficient corporate headquarters

Thoroughly reform cost structure

Keep pace with changes in market structure

Shift resources for efficiency and growth

Growth Scenario

Pursue vertically integrated business model

## ■ Workforce rationalization in and outside Japan

- Support a redeployment of human resources
  - \*Will consult with employee representatives
- Reductions in the use of external resources

Approximately  
5,000 employees

## ■ Restructuring of semiconductor business

- Transfer of employees (along with the establishment of the new companies or the transfer of businesses)

Approximately  
4,500 employees

※Other than above, 2,400 employees have already transferred to Denso Corporation and J-Devices Corporation

## ■ Emergency personnel measures

- Cut in officer/manager compensation
- Reform policies/operational measures
  - \*Will consult with employee representatives

- Reforms to downsize headquarters
  - Reform headquarters functions
  - Reallocate personnel from corporate support to customer-facing positions
  - Scrutinize strategic investment areas, accelerate transfer into business units
- Raise efficiencies through work process reforms
- Reducing external costs

# Thoroughly Reform Cost Structure

- Streamline group management
  - Strengthen integration of group IT spending
  - Extend shared services
  
- Reform supply chain management
  - Refine value chain in coordination with group companies
  
- Manufacturing innovation
  - Utilize Fujitsu's own Engineering Cloud and big data analytics to innovate manufacturing



- Shifting indirect personnel to the direct sales group or growth areas
  - Securing human resources for sales group in order to expand sales of new types of products (approx. 500 employees).
  - Shifting human resources/skills in establishing vertically integrated business model.

## ■ Efforts in ubiquitous business

### Rapid changes in the market environment

- Decline in demand for consumer PCs, with the emergence of smartphones and tablet PCs
- Emergence of new services for users of mobile devices
- Changes in the time span for introduction of new products, consumers' replacement cycles

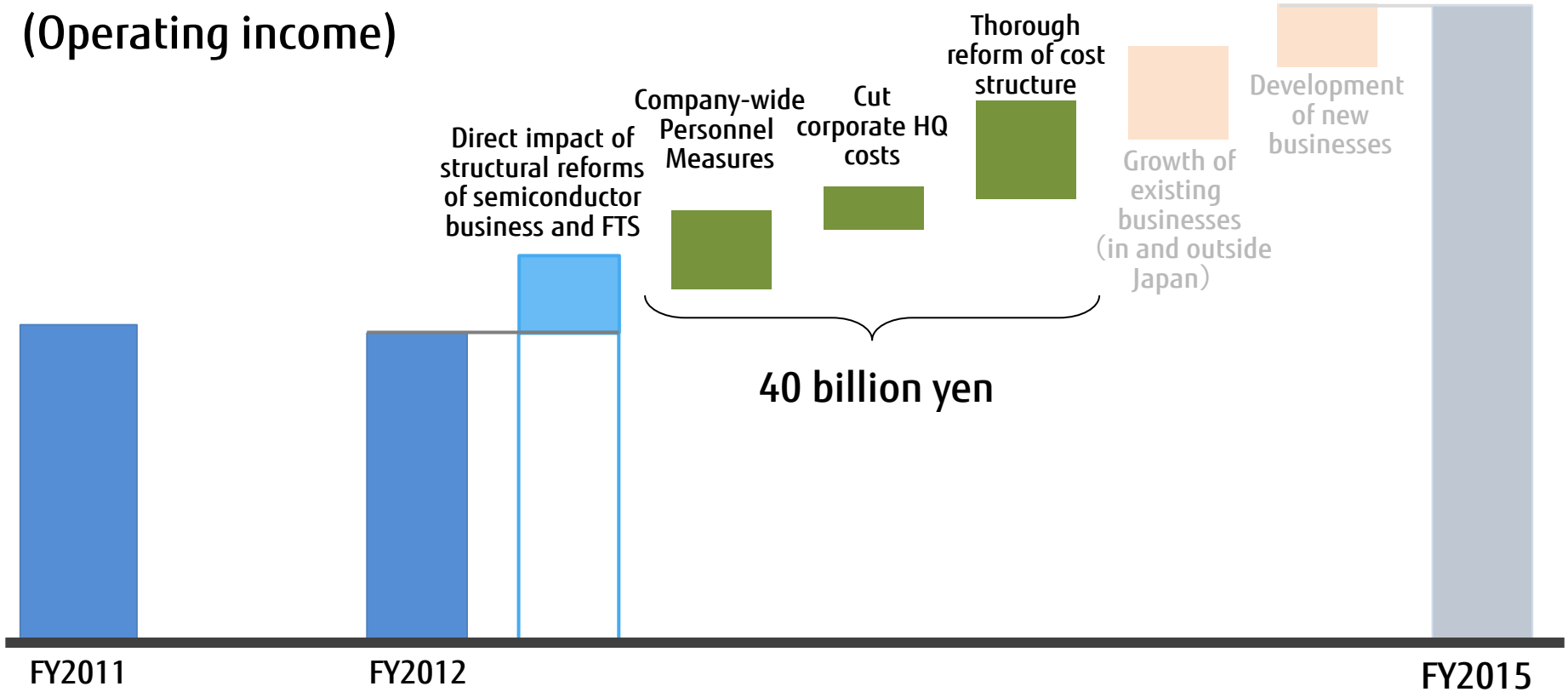
- 100 employees reallocated from PC development to services business and development of next-generation devices
- Reduce costs by manufacturing innovation
- Focus on strategically targeted markets

**Shift of approximately 1,000 employees**

# Roadmap for Profit Improvement

## Profit improvement from a more muscular business platform

(Operating income)



Addressing Challenges

On Offense with Structural Reforms

Growth Scenario

# 3. Growth Scenario

- Pursue Vertically Integrated Business Model
  - Measures to Improve Earnings in Existing Businesses
  - Launching New Services Businesses
    - ～From “B-to-B” to “B-to-B-to-Front”～

## ■ Market Trends

- Deployment of cloud in enterprise computing coming into full swing
- Growth in new ICT applications such as big data

## ■ Customers' expectations for ICT vendors

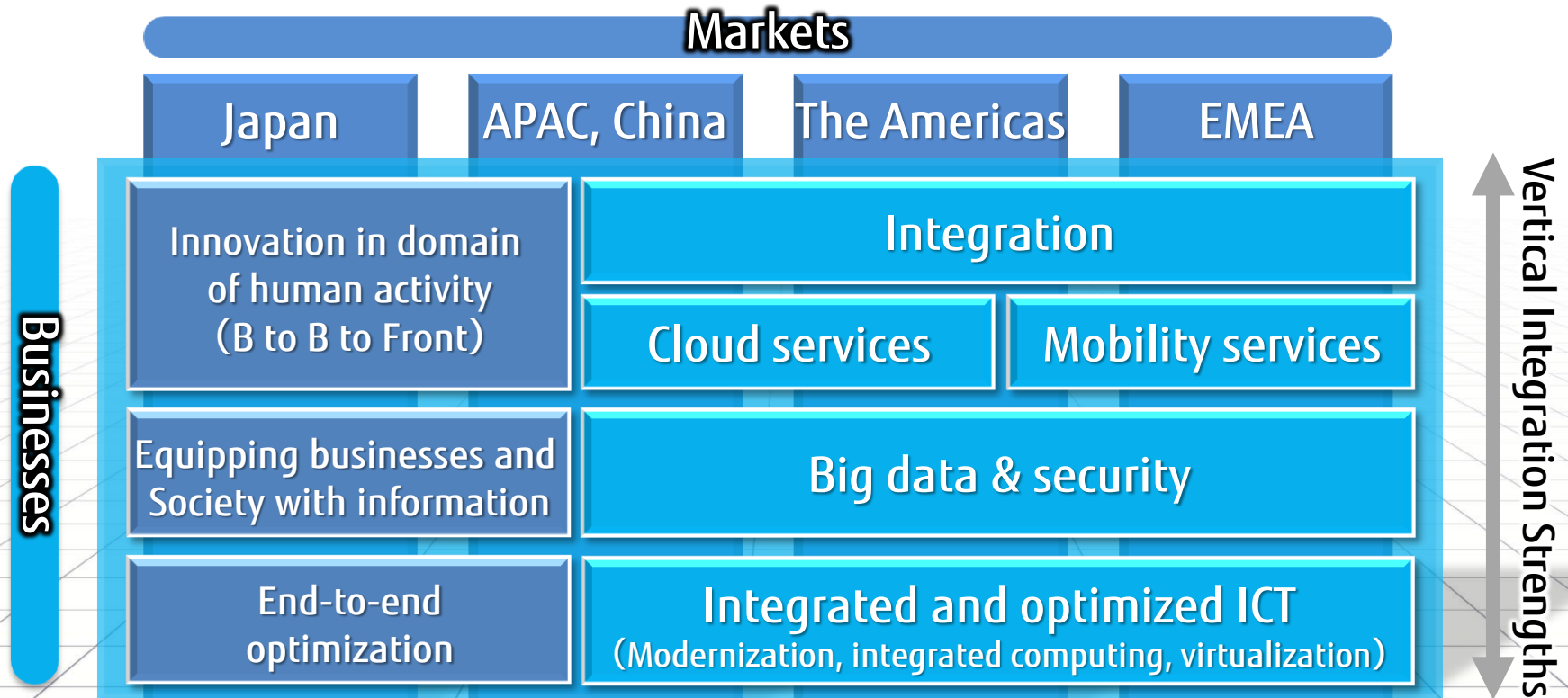
- Integration capabilities to support their business
- Ability to propose new ICT applications utilizing mobile devices, social networks, and big data
- A business partner who can deliver business value



ICT service vendor with vertical integration capabilities

# Pursue Vertically Integrated Business Model

- Strengthen product and service offerings with vertical integration, Deliver uniform services globally  
~ Meet customers' ICT services requirements ~



A Partner for the Global Expansion of Our Customers  
(providing uniformly high-quality services across all regions)

- Refine products and services leveraging rich integration and operational experiences and know-hows
  - Efforts to make existing IT assets leaner to cut maintenance costs
    - ⇒ Modernization services
    - ⇒ Vertically integrated products incorporating rich integration and operational know-hows
  - Provide ICT system that supports growth and innovation
    - ⇒ Expand new software such as big data analytics
    - ⇒ Ability to propose innovation in business (strengthening sales force & offerings)

## Optimizing Systems for Enterprises



APM Modernization Services  
(strengthening sales force & offerings)

## Vertically integrated products incorporating rich integration and operational know-hows



Dynamic Integrated Systems

## Expand solution-based products



~Efficient delivery of SI~

Big Data Analytics  
Business Rule Management

# Launching New Services Businesses

## ■ From "B-to-B" to "B-to-B-to-Front"

~New services model leveraging vertical integration~

### Business Platform

- Engineering cloud
- Healthcare cloud
- Big data/CMO-related IT

### Eco System

- Working with ICT partner
- Marketplace

### Collaborative Business with Customers

- Smart city
- Ubiquitous front

B-to-B-to-Front systems  
(front-end interface)

B-to-B systems

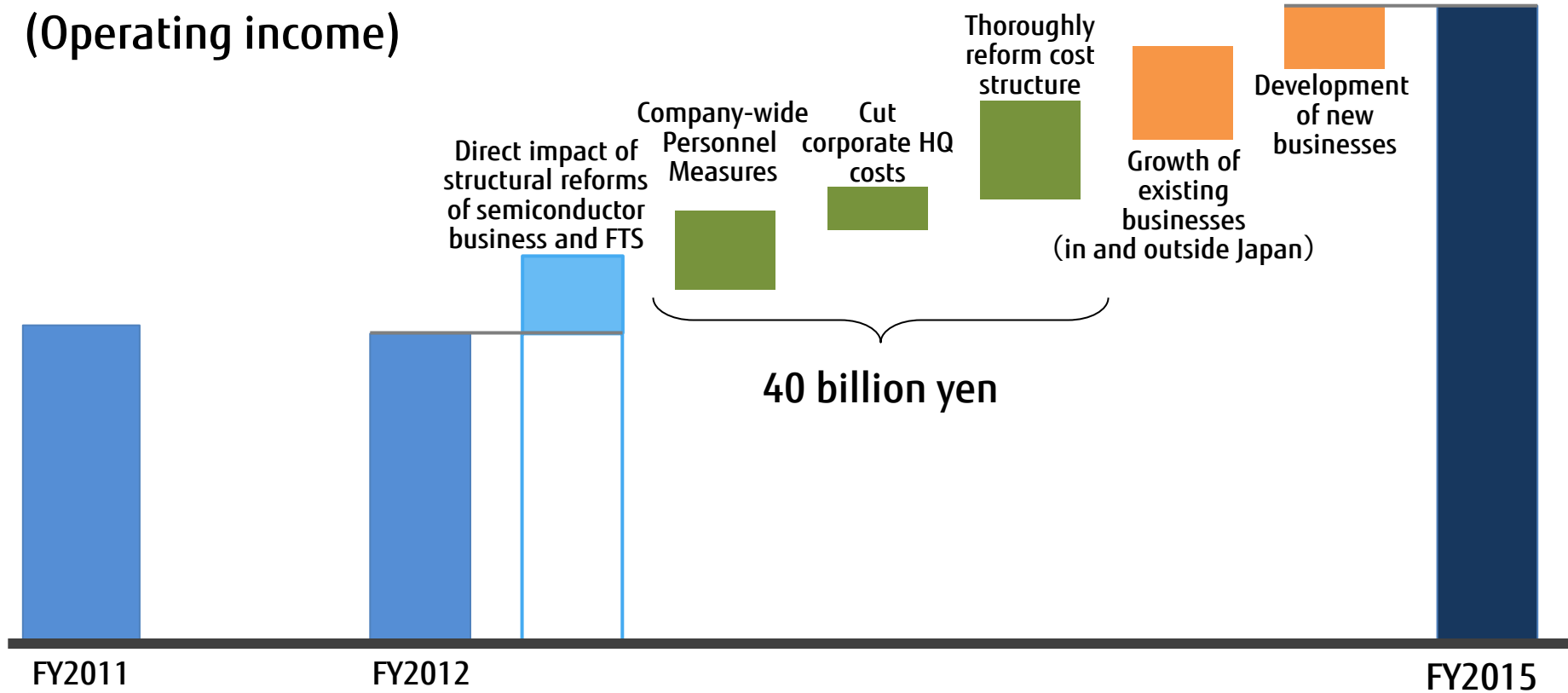


Vertical Integration

# Roadmap for Profit Improvement

## Profit growth from existing core businesses and new fields

(Operating income)



Addressing Challenges

On Offense with Structural Reforms

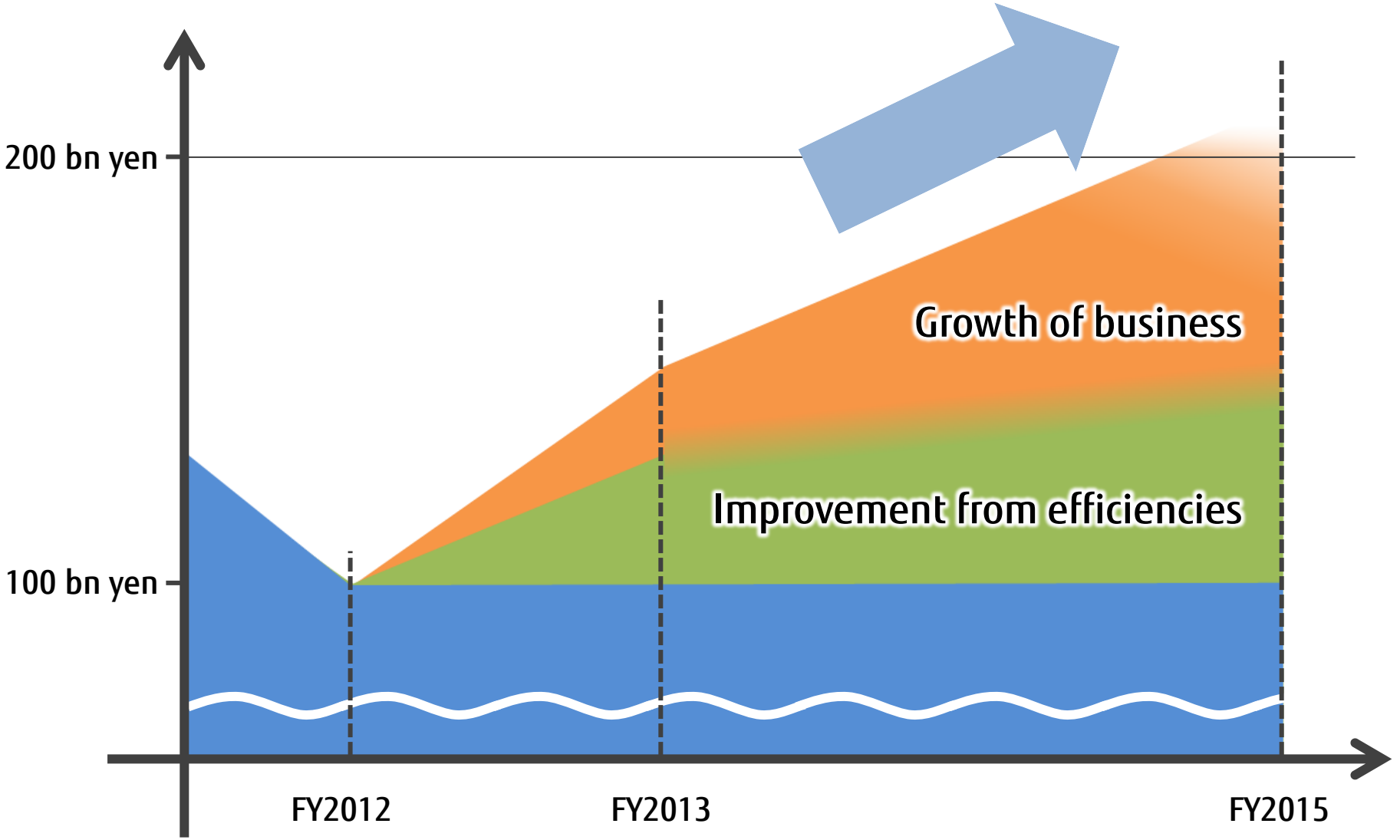
Growth Scenario



## 4. Medium Term Targets

- Direct Impact of Structural Reforms
- Medium Term Targets for Fiscal 2015

# Direct Impact of Structural Reforms



# Medium Term Targets for Fiscal 2015

Operating Income	over 200 billion yen
Net Income	over 100 billion yen
FCF	over 100 billion yen

- ❑ **Owner's Equity Ratio on a consolidated basis**

Quickly recover to a level above 20% (After reflecting on balance-sheet unrecognized pension obligations on balance-sheet) by solid income recovery.

- ❑ **Unconsolidated owners' equity**

Quickly restore to a financially sound level by streamlining corporate headquarters and bringing about an income recovery.




**Technology-based, globally integrated company originated in Japan**

**Vertically integrated business model, further strengthening services businesses**

**From "B-to-B" to "B-to-B -to-Front"**

**On Offense with Structural Reforms  
Enhancing Operational Efficiencies**



**FUJITSU**

shaping tomorrow with you

# Cautionary Statement

These presentation materials and other information on our meeting may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Words such as "anticipates," "believes," "expects," "estimates," "intends," "plans," "projects," and similar expressions which indicate future events and trends identify forward-looking statements.

Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors:

- general economic and market conditions in the major geographic markets for Fujitsu's services and products, which are the United States, EU, Japan and elsewhere in Asia, particularly as such conditions may effect customer spending;
- rapid technological change, fluctuations in customer demand and intensifying price competition in the IT, telecommunications, and microelectronics markets in which Fujitsu competes;
- 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;
- declines in the market prices of Japanese and foreign equity securities held by Fujitsu which could cause Fujitsu to recognize significant losses in the value of its holdings and require Fujitsu to make significant additional contributions to its pension funds in order to make up shortfalls in minimum reserve requirements resulting from such declines;
- poor operating results, inability to access financing on commercially reasonable terms, insolvency or bankruptcy of Fujitsu's customers, any of which factors could adversely affect or preclude these customers' ability to timely pay accounts receivables owed to Fujitsu; and
- fluctuations in rates of exchange for the yen and other currencies in which Fujitsu makes significant sales or in which Fujitsu's assets and liabilities are denominated, particularly between the yen and the British pound and U.S. dollar, respectively.