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**FUJITSU SERVICES HOLDINGS PLC
FUJITSU SERVICES LIMITED
FUJITSU SERVICES (INVESTMENTS) LIMITED
(the “Companies”)**

**Minutes of a Meeting of the Fujitsu Services Management Committee
of the Boards of Directors of the Companies**

Held at 1.30 pm on Thursday 17 November 2005
at

Irrelevant

Present: Mr. R. Christou (Chairman)
Mr. T. Adachi
Mr. D. Courtley
Mr. H. Madarame
Mr. H. Hirata
Mr. B. Harris
Mr. A. Nagai
Mr. T. Moriya
Mr. Y. Nagano
Mr. T Yurino

In attendance: Mr. H. Kinoshita
Mr. H. Kubo
Mr. K. Kubo
GRO (Acting Secretary)
Mr. T. Nagayama
Mr. S. Takeichi
Mr. S. Yamasaki

05/29 Introduction and Minutes of Meeting held on 18 August 2005

The minutes of the 18 August 2005 meeting were approved and the Chairman invited to sign them on behalf of the meeting.

05/30 Chief Executive Officer's Report

FSMC/05/29

The Chief Executive Officer, Mr Courtley, presented his report. He added that the cash position had been improved by an advance payment by the NHS of £58M. The full year forecast was unchanged but there was a possible exposure to revenues in the current and future years due to benchmarking on the HM Customs and Excise account – a provision would be necessary unless this was resolved by negotiation by the year end. The overall SLA achievement figures were slightly down; this was largely due to the position on the Lloyds TSB account which had experienced service delivery issues owing to the discovery of a greater number of

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desktops within the service than had been initially identified.

05/31 Mid-Term Plan**FSMC/05/31**

The Chairman asked that this item was taken before the report of Mr Harris in order that the meeting could consider it before an adjournment for a presentation to Mr. N. Akikusa, chairman and chief executive of Fujitsu Limited.

Introduction. The Chairman introduced the Mid-Term Plan ("MTP") by explaining that FS was stabilising as a business. Its exceptional growth in revenue and profit in 04/05 and 05/06 had been fed by major transaction wins and the acquisition of FC, FTSI and Spain, and would level off. The MTP did not feature any comparably size increases. The benchmarking issues on HMCE were also faced to a certain extent on the Post Office account, with potential reductions in profit and revenue. EMEA was planned to reach break-even but any significant return from the business would require acquisitions.

Overview. Mr Courtley presented the MTP. This showed a 5% p.a. growth in income across the plan period, ahead of analysts' projections for the industry as a whole. The cash positions would improve as the large projects moved into delivery phase.

Competitive analysis. Analysis of competitors' positions showed a fragmented picture with some tier one competitors doing well and others in reverse. BT's 19% improvement in particular was in part attributable to the reclassification of certain of their revenues. This analysis did show that FS needed to grow its commercial business.

Growth in specific business units. The investment in Retail was beginning to pay off with pipeline and some well-defined propositions; there was a need to replicate this approach in other industry verticals. The EMEA business unit was a particular challenge; set to break even next year it would require to make acquisitions in order to achieve substantial growth. There was optimism in the UK Central Government business that its growth would not be constrained by the near saturation point level of traditional IT infrastructure services contracts it enjoys, and that further growth could be achieved in business process outsourcing contracts.

Specific measures for growth. FS would continue to explore offshoring capabilities in response to customer appetite, as currently with the Automobile Association. FS's collaboration with Fujitsu generally was seen as a differentiated approach by the market and FS wished to continue this collaboration and expand it especially in relation to applications development.

Acquisitions. Achieving tier one status in major markets would require inorganic growth. It was recognised that the track record for acquisitions in the IT industry was varied. However care taken on the analysis of key factors would enable a positive review of opportunities for acquisition in the market to be taken and it was intended to bring forward proposals for acquisition to future meetings.

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Questions. At Mr Madarame's request, Mr Courtley clarified that FS did both require to continue its growth in UK Central Government and to expand its private sector business. The previous view that UK Central Government would not show further growth had been altered following a change in management and an increased confidence that growth could be achieved through BPO contracts. Pursuing these different market areas would be a hard journey but it was important to maintain a portfolio approach and not de-emphasise any area of the market. Mr Hirata noted that VME did not feature in the Plan. Mr Courtley confirmed that this was a declining business – it contributed £50M p.a. of profitable revenue currently but this was being replaced and FS was not dependent on VME revenues.

Financials – main features. The Chief Financial Officer, Mr Harris, presented the financial figures supporting the MTP. These were prepared under IFRS – the 2004/05 figures having been restated under IFRS after being prepared under UK GAAP. The main change is that under IFRS, revenue is recognised when the associated cost is incurred, not later on customer acceptance. This has the result of pulling forward £300m of revenues into earlier years than shown in UK GAAP.

Revenues would increase by 5% p.a. across the plan period; gross margin would also increase progressively to reach 20.8% by 08/09. Opex will increase to reflect the expenditure necessary to support investment in the Retail and Financial Services strategies, and enhanced marketing and business engagement in Europe. Overall profit before tax will increase strongly across the MTP period to reach £183M in 08/09. The balance sheet will strengthen in the period covered by the MTP. The increasing positive cash position means that interest payment costs will turn into interest earnings (£8M in each of 07/08 and 08/09) but under IFRS, notional interest on finance lease payments will reduce this figure. Headcount will also increase in the MTP period to 24,715 in 08/09 in line with the increased revenues.

Specific business units. The annual growth projections in EMEA (8%) and South Africa (15%) are ahead of other units reflecting the contributions to pipeline brought by new management in EMEA and the involvement of third party shareholder Yard Capital in South Africa. The UK Public Sector business also shows the benefit of the NHS project moving into delivery stage in the period.

UK Commercial will reduce its gross margin in 06/07; the current year is inflated by a payment of £10M due from the Post Office which is not reflected in future years. This should however be offset by increased growth in the higher margin business in Central Government.

By 07/08 all Business Units are projected to be in profit after when profit increases are spread evenly across the UK and European businesses. Plotting pre-tax profit figures from the period 02/03 to 08/09 showed an average of 30% increase per annum.

Balance sheet. The Balance Sheet for the MTP period recover, by

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means of increased profit, from the low of 04/05 caused by the pension fund contributions. This is associated with increased cash flow and positive cash balances, reaching £258M by 08/09. The pension deficit will reduce steadily from the increased contributions.

Questions. Mr Adachi noted the sluggish performance projected for the Japanese Enterprise Business (JEB) Business Unit. Mr Courtley agreed that the unit was not performing well and was losing ground – the plans to expand it were not working. Large ambitions for the Unit were not realistic and it was important that the Plan did not overstate the position. Mr Hirata added that there were different types of business within the Unit and that different approaches were required in each case.

Mr Hirata further noted the projected profit from EMEA, known to be a difficult business area; what plan did FS have to achieve these results? Mr Courtley commented that it was difficult but that the new management had changed the focus from treating EMEA as a problem and minimising losses to actively pursuing more ambitious deals. There were no guarantees but greater ambition was being shown at EMEA headquarters and in the countries. Winning some significant deals would make a big difference to the Unit's performance.

The meeting adjourned at 14:30 for a presentation to Mr. Akikusa. The meeting reconvened at 15:50.

05/32 Chief Financial Officer's Report

FSMC/05/30

Mr Harris presented his report.

Year to date. In relation to the year to date, he noted strong revenue performances especially in Central Government and Spain. The operating profit and PBT figures included a £6.8M gain on the disposal of the shareholding in the Scandinavian company Infocare. The orders received figure of £565M for Q2 included £209M from the NHS. The NHS has also made an early payment of £58M (excl VAT) included in the figures. On the other hand, on Aspire the customer is still not calling down programmes which is inhibiting revenue flows on that account.

Forecast for Q4. So far as the forecast for Q4 was concerned, overall it is thought that Central Government will meet or exceed its numbers but that UK Public Sector and UK Commercial may fall short. The overall figure looks attainable. In Spain £3M of opex. costs had been reclassified as cost of sales, with corresponding decreases in gross margin and net opex. The risk associated with benchmarking on the HMCE account should be noted. Meeting the budget will require contracts with Walsall, Northern Ireland Civil Service and Post Office Generation 2 to be signed by year-end.

Questions. Mr Moriya asked why the benchmarking risk in HMCE had occurred and whether such provisions were common in contracts of this nature. Mr Courtley explained that, so far as HMCE was concerned FS was aware of the provision (which was a right of the customer under the contract to invite a third party to benchmark

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FS's charges), but surprised by the findings of the third party benchmarker – the customer was also thought to have been surprised. FS was already in negotiation with the customer because of the integration of HMCE and the Inland Revenue (subject of the Aspire contract) into HMRC; the finding was helpful for the customer in that context. FS was considering action in relation to the third party benchmarker as well as reaching an accommodation with the customer, but the outcome was difficult to predict. In the wider context, it was necessary to accept benchmarking provisions in order to win business; FS has had two bad experiences and needed to understand the implications of these clauses in the contracts where they feature. Mr Courtley confirmed that FS and entered into other contracts which featured benchmarking projects. However the most material such contract was HMCE and it was considered appropriate to highlight the risk in the forecast. Mr Moriya asked further if the risk to revenue attributable to benchmarking happens on other contracts and to competitors. Mr Courtley confirmed that it did – the problem was often that benchmarkers took an over-simplified approach, applying metrics from simple environments to very complicated ones even though in practice the costs of performance in the latter case were not comparable. He was aware of other companies who had disputed the same benchmarkers' reports. It was hoped that it would be possible to update the committee on HMCE and other potential exposures arising from benchmarking at the next meeting.

05/32 Major Bids Report

FSMC/05/32

Mr Courtley presented the Major Bids Report and explained the competitive position on certain of the bids referred to in it.

Update to report. As an update to the Report, he was able to confirm that FS had been appointed as preferred supplier on the NICS bid, in preference to Accenture for whom, as a BPO transaction, this was their natural territory.

Specific bids. On existing bids, Mr Courtley noted that BAe's existing relationship with CSC was very strong and that FS might discontinue its bid. The M&S bid although referring to a five year contract in practice entailed their choosing technology that would last for ten years, so was a very strategic contract. Among the bids, Barclays had approached FS following the successful LTSB bid. The IKEA bid involved FTXS and self-checkout technology – they had trialled other companies' solutions without success.

On the lost bids it was understood that the incumbent had retained NOMS and United Utilities on price, and that DCA might have been lost because of residual impact from the Libra project.

05/33 Major Accounts Report

FSMC/05/33

Mr Courtley presented the Major Accounts Report.

Particular accounts. In relation to the NHS, the PACS programme was going well in delivery. On the main LSP programme, there was

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a perception that FS had done well in the renegotiation from IDX/BT to Cerner. FS had facilitated a very good meeting with Cerner and the customer in the USA. The relationship with the Home Office was improved because of improvements in service delivery. On MoD DII, FS was performing well but prime contractor EDS was felt to be experiencing difficulties – this might have an adverse effect on FS. In addition to the accounts noted in the report, Lloyds TSB was in reasonable shape with some incremental orders; LTSB had acknowledged that early service issues resulted from more equipment having transferred than was expected and delivery was now stable.

Questions. Mr Hirata noted that the Home Office account was difficult because of the effects of benchmarking there; Mr Courtley agreed but said there was a very good account manager in place who was on track with a profit improvement plan.

05/34 Long term model for major accounts

FSMC/05/34

Mr Nagai presented the paper on the long term model for major accounts. He additionally noted two issues on FS's major accounts. The first was the Post Office – the Japanese Post Office had visited the UK body and been very impressed by the software FS had deployed there – there may be some benefits for Fujitsu as a result. The other was the recent technology alliance between EDS and Fujitsu concerning Primequest and other technologies – this might create opportunities in the MoD DII account.

05/35 FS Sales Qualification Process

FSMC/05/35

Mr Courtley presented the paper outlining the FS Sales Qualification Process, called the Customer Solution Life Cycle (CSLC). This was a mandatory tool used in FS to qualify sales opportunities and as a result of its use FS was much less likely to bid for a project simply because the customer invited us to do so. The tool sets quantitative bid qualification criteria in the light of factors such as the competition, and includes reviews by Mr Courtley, Mr Harris and the Director of Legal and Commercial, Mr Peter Rowley, at prescribed points. They may if not satisfied with the state of the bid require more work to be done on qualifying the bid or that FS withdraws. The tool has improved FS's win rate which in some areas was below 1 in 15 – UK Central Government is now at about 1 in 2 for competitive business; UK Commercial at 1 in 5. FS was willing to provide a copy of the CSLC tool to Fujitsu if this would be of interest.

Questions. Mr Madarame asked if FS planned to present the tool to Fujitsu, and Mr Hirata added that Fujitsu was trying to take advantage of know-how from all of its Group in order to improve; he asked how this related to the business approval review and contract approval review process used by FS. Mr Courtley explained that the CSLC tool added a numerical tool and an extra dimension of thought to the review process over the BAR / CAR process and Mr

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Harris added that it required the sales force to understand the competition better and that required them to get closer to their customer.

Mr Nagano asked whether the tool was only useful for deals with a minimum value. Mr Courtley explained that the tool could apply irrespective of deal size, but that in some cases compiling it might be uneconomic – these deals would rarely be appropriate for FS to take anyway. The Chairman added that the success of these processes depended on having a culture where management believed in the process. Mr Courtley notes that similar tools were used globally by competitors such as IBM and EDS, giving their sales executives a common language. FS would not force CSLC on Fujitsu but there were advantages to adopting common qualification factors on international bids.

Mr Madarama asked why FS was still losing bids despite the tool. Mr Courtley replied that if the tool suggested the opportunity was good but the bid was still lost, it had not all worked – so continuous feedback was essential in order to refine the tool. It had to be acknowledged that in bids one never had perfect information. The Chairman added that the tool was not akin to a computer program that produced a given response to the inputs, but it did aid proper thinking focused on the right issues.

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| 05/36 | Recapitalisation of South African companies | FSMC/05/36 |
| | <p>The Chief Financial Officer explained the requirement to inject further capital into South Africa based on the tabled paper.</p> <p>The meeting approved the injection into FS Infrastructure Holdings (Pty) Limited of ZAR 72 million (approximately £6.35 million) using ordinary shares.</p> | |
| 05/37 | Pension Deficit Update | FSMC/05/37 |
| | <p>The Chief Financial Officer provided an update on the current position with the deficit based on the tabled paper. No action was required in relation to the paper. This demonstrated that FS's plans for addressing the deficit were working out.</p> | |
| 05/38 | Major disputes | FSMC/05/38 |
| | <p>The Chairman presented the report on major disputes. Mr Yurino asked if FS maintained a single global provision for costs and damages exposures on disputes. Mr Harris explained that instead FS maintained such provisions on a project by project basis.</p> | |
| 05/39 | HR Manpower report | FSMC/05/39 |
| | <p>This report was noted by the meeting.</p> | |

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05/40 Formation of Fujitsu Services OAO FSMC/05/40

The paper explaining this proposed company formation was noted by the meeting.

05/41 Proposed Redeemable Preference Dividend FSMC/05/41

The paper proposing this dividend was noted by the meeting.
It was RESOLVED THAT, subject to distributable reserves being available, a dividend of £2,150,751.10 in respect of the period ending 2 January 2006 on the Company's 167,311,200 Redeemable Preference shares be declared on 3 January 2006 to the holders of the said shares registered at the close of business on 19 December 2005. Such dividend will be paid on 3 January 2006.

05/42 Signed and sealed documents FSMC/05/42

The list was noted and the documents signed or executed as deeds ratified, approved and confirmed.

05/43 Any other business

There was no other business.

05/44 Date and location of next meeting

The next Meeting of the Committee would be held on 15 February 2006 in Tokyo.

The Chairman thanked everyone for their attendance. There being no further business, the Meeting ended.

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Chairman