

(7) Basic Management Policy

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world. To achieve this vision, the Fujitsu Group strives for sustainable profitability and growth, continually enhancing our corporate value.

The Fujitsu Group is dedicated to contributing to the success of our customers through both our global operations and the deeply rooted local operations in each community in which we do business. We seek to grow with our customers as their trusted and valued partner.

Medium-Term Business Strategy, Target Management Index, and Priority Tasks

At present, due to the financial market instability that originated in the US, the prospects for the global economy have become very uncertain. In the IT market, the slowdown in new investment and spending is expected to have a negative impact on sales of IT hardware, in particular. Nevertheless, we remain confident that there has been no fundamental change in the importance placed on maintaining and enhancing IT as critical infrastructure supporting society and business. Moreover, in an uncertain economic environment, we believe IT has a crucial role to play in driving operational efficiencies and management innovation.

In order to maintain and improve our profitability under these circumstances, we believe it is essential to continue to focus on achieving greater overall operational efficiencies at the same time as we pursue new opportunities for growth. While strengthening our global business structure, the Fujitsu Group is pursuing innovation in its own operations and delivering new value to customers through the promotion of the “Field Innovation” approach to customer engagement. In addition, protection of the earth’s environment is now a universal imperative, and the Fujitsu Group is dedicated in every segment of its business to providing solutions that protect the environment.

In fiscal 2007, the Fujitsu Group announced a medium-term target of achieving a consolidated operating income margin of more than 5% for fiscal 2009, ending March 31, 2010. In light of current economic conditions, the attainment of this target in fiscal 2009 is now unlikely, but we will continue to strive toward this goal to achieve it at the earliest possible time.

1. Technology Solutions

The Fujitsu Group aims to expand its business globally based on a foundation of high-quality products and services.

As part of this strategy, on April 1, 2009, we transformed Fujitsu Siemens Computers, a joint venture with Siemens AG focused on servers and other IT products in the European market, into a wholly owned subsidiary, now renamed Fujitsu Technology Solutions. In conjunction with this move, we are putting in place a new organizational structure for integrating our global operations with the aim of further promoting the “Think Global, Act Local” business approach.

In the paradigm for employing IT, we see a shift from ownership to subscription usage, and we will continue to develop new businesses for future growth.

We will also further strengthen our efforts to boost operational efficiency. While the Fujitsu Group accelerates manufacturing reforms based on the Toyota Production System, we will move ahead in applying it to software development. The Group is also promoting initiatives to standardize and “industrialize” IT services to improve cost efficiency and product quality, and continuing work to thoroughly strengthen IT project risk management. Aware of the importance of overall quality assurance for IT systems including systems operation, we continue to make all-out company-wide efforts to ensure the stable operation of the systems that support the crucial infrastructures of businesses and society at large.

2. Ubiquitous Product Solutions

In the Ubiquitous Product Solutions segment, we will pursue sales growth on a global basis. In the PC business, we will unify our product brands worldwide and expand our portfolio of higher value-added products while raising cost competitiveness through more effective global supply chain management. We see mobile phones as a nexus for wireless and other cutting-edge technologies, and we have positioned mobile phones as key devices for the future ubiquitous networking world.

In this regard, the Group will pursue an enhanced growth strategy that leverages the anticipated convergence of mobile phones and PCs. We will then aim to expand this business to markets outside Japan to leverage the technology developed for the Japanese market. The HDD sector has been particularly hard hit by the current economic downturn. Based on our determination that it is no longer feasible to continue our HDD operations on our own, we have finalized agreements to transfer our disk drive operations to Toshiba Corporation and our HDD media business to Showa Denko K.K. The companies plan to complete both of these transactions by July 1, 2009. We discontinued both the development and manufacturing of HDD heads at the end of March 2009.

3. Device Solutions

In our Device Solutions segment, due to the rapid deterioration of market conditions beginning in September 2008, customer confidence rapidly declined, resulting in a dramatic contraction of the LSI device market. We have taken measures to shift to a cost structure that will enable profitable operations in a smaller overall market. The measures include the optimization of production capacity to a scale corresponding to the demand now foreseen for standard technology logic LSI devices, which have undergone a particularly dramatic contraction of sales. Employees affected by the measures will relocate to other businesses within the Fujitsu Group. Furthermore, the cost for development and volume production of advanced technology LSI devices has become enormous, and the added value is shifting from the process technology to the LSI design and planning areas. In light of these trends, for advanced technology products using 40nm technology and beyond, we have decided to concentrate management resources in the design and development of ASSP*1 and ASIC*2 products, which is a source of added value for digital electronics. At the same time, we change our business model to shift to outsourced production at external foundries. In standard technology logic LSI devices, in order to ensure the utilization of existing capacity, we will place the primary emphasis on general-purpose products for world markets, with the focus on Asia, where the greatest growth is foreseen.

1. ASSP:

Application specific standard product. LSI products for specific applications.

2. ASIC:

Application Specific IC. Customized ICs with specific functions.

4. Corporate Initiatives

In addition to the measures described above, in order to accelerate global business growth, the Fujitsu Group will continue to make selective acquisitions and alliances with other companies as well as deploy human resources globally and strengthen our organization.

In order to promote our “Field Innovation” approach, which aims to make business processes visible and continually improve them, we are developing a cadre of “Field Innovators” who combine a deep knowledge of our customers’ operations with an ability to suggest improvements from a business perspective.

Together with continuing our campaign to transform our manufacturing operations, we will be making major efforts in overall cost management, initiating company-wide programs to thoroughly eliminate waste in every area of corporate activity.

In regard to environmental protection, in July 2008 we established the Fujitsu Group medium-term environmental vision, “Green Policy 2020,” which sets forth the role and direction of the Fujitsu Group in contributing to solutions for the world’s environmental problems. This vision, with its key concepts of “Creation,” “Collaboration” and “Change,” aims to bring about a prosperous, low-carbon society through environmental innovations at Fujitsu and in society as a whole. The Fujitsu Group is aiming to contribute to a reduction of approximately 30 million tons of carbon dioxide emissions a year in Japan alone by 2020.

As we strive to meet the challenges discussed above, we will aim to be a trusted partner to our customers and, as a global company contributing to the creation of a rewarding and secure networking society, continue to earn the confidence of customers and society as a whole.