

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, while continually enhancing its corporate value.

The Fujitsu Group is dedicated to contributing to the success of its customers and seeks to grow with its customers as their valued and trusted partner.

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

With the advance of globalization and the growth of emerging markets, the global economy is undergoing significant changes, transforming in a variety of ways both the corporate competitive landscape and social life. In the midst of these changes, information and communication technologies (ICT) support the activities of global corporations and are expected to perform a new role in supporting management decision-making by analyzing the continuously growing amount of data. In the daily lives of people, as well, the role of ICT in creating a prosperous and secure society is expanding. Whether by supporting progress in medicine, enabling breakthroughs in advanced research fields such as space exploration, or by helping to resolve the biggest challenges of the 21st century, such as environmental sustainability and energy issues, there are new expectations regarding the promise of ICT. Attempting to meet these expectations presents the ICT industry with a new set of challenges, but at the same time, in Fujitsu's view, it also presents a foundation for achieving future earnings and growth.

The Fujitsu Group is pursuing new growth opportunities through the global expansion of its business by supporting customers' businesses in every regions of the world, and by promoting ever more sophisticated uses of ICT in society. In addition, the Group seeks to continue to enhance its profitability by generating further efficiencies throughout its business portfolio.

In fiscal 2009, the Fujitsu Group announced a medium-term target of achieving a consolidated operating income margin of more than 5% in fiscal 2011. The actual figure for fiscal 2009 was 2.0%. The Group will continue to strive toward achieving this goal.

1. Technology Solutions

In the Technology Solutions segment, the Fujitsu Group is focusing on providing ICT services backed by highly reliable products and advanced technologies. While enhancing the organizational structure to support the global expansion of its customers, the Group will continue to deliver solutions to improve the business of customers in a variety of industries.

With respect to cloud computing, which enables the flexible use of ICT resources, the Group is enhancing its organizational structure both inside and outside Japan in order to deliver highly reliable services, while also pursuing the development of superior platforms. In addition, we will support the transformation of our customers' businesses by helping them grasp the status of their operations and make informed decisions through the analysis of accumulated data. At the same time, the Group is also pursuing the creation of convergent services that combine solutions in innovative ways for a wide range of industries. Moreover, the Group will continue to develop and deliver high-performance computers to support advanced product development, medicine, and cutting-edge scientific research. By enabling these types of advanced uses of ICT, we seek to contribute to the lives of people and society as a whole and make the creation of a prosperous society a reality.

The Group will also further enhance the efficiency of its businesses. We are promoting unified worldwide product development and procurement in order to reduce the cost of our products. In addition, while promoting the standardization and automation of our services in order to improve quality and reduce costs, we will continue to thoroughly manage risks in our systems integration business. Moreover, in recognition of the importance of overall quality assurance for ICT systems, including systems operations, the Group continues to take comprehensive measures 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, the Fujitsu Group continuously pursues cost reductions and the creation of added value in order to sustain profitability. In the PC business, the Group is unifying its product brands worldwide and expanding its portfolio of higher value-added products while raising cost competitiveness through improved global supply chain management. In the mobile phones business, we view the terminals as a nexus for wireless and other cutting-edge technologies and as key devices underpinning the advanced use of ICT in the future. The Group will pursue an enhanced growth strategy that leverages the anticipated convergence of mobile phones and PCs and also aim to expand this business to global markets on the basis of key technologies developed for the Japan market.

3. Device Solutions

In the Device Solutions business, in order to enhance profitability, the Fujitsu Group has shifted to a fab-lite (*2) business model, transformed its cost structure to primarily reduce its fixed costs, and revamped its product portfolio. While pursuing growth over the medium- and long-term by developing applications in new fields, such as electric vehicles, alternative energy, and smart grids, the Group will enhance its efforts to generate synergies between Device Solutions and other Fujitsu businesses.

(*2) Fab-lite:

A semiconductor business model that minimizes capital expenditures and improves management flexibility. Instead of a company retaining 100% of its own production capacity, a majority of production is outsourced to foundry producers. Also known as “asset-lite.”

4. Corporate Initiatives

In addition to the measures described above, while strengthening its global organizational structure and fostering the development of its human resources, the Fujitsu Group will continue to make use of alliances with other companies.

In addition, we will continuously transform our business in order to raise the specialized capabilities of Group companies and enhance the overall value of the Fujitsu Group.

Moreover, positioning the sustainability of the Earth’s environment as an important management priority, the Group will seek to reduce ICT’s burden on the environment, while using ICT to help reduce the burden placed on the environment by customers and society as a whole.

As it strives to meet the challenges discussed above through focused daily effort, the Fujitsu Group will further pursue the transformation of its operations in order to continue to earn the confidence of customers and society as a global enterprise contributing to the creation of a rewarding and secure networked society.

Policy on Dividends and Dividend Forecast

Article 40 of Fujitsu Limited's Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu's basic policy on the exercise of this authority, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, taking into consideration the level of profits, Fujitsu aims to increase the distribution of profits to its shareholders when the financial base is sufficiently strong enough, including through share buybacks.

At the beginning of fiscal 2009, the company projected 20 billion yen in net income. In light of the lingering impact of the previous year's financial crisis and the fact that Fujitsu was in the midst of selling its hard disk drive (HDD) business and transforming the structure of its LSI device business, the company planned to maintain the dividend level in place at the end of fiscal 2008: namely, 3 yen per share as an interim dividend and 6 yen per share as an annual dividend.

Although the fiscal 2009 performance of the ICT services business fell short of the targets set for it at the beginning of the fiscal year, the overall operating income exceeded the target set at the beginning of the fiscal year. The company completed the sale of the HDD business, and posted a total of 47.4 billion yen in restructuring charges in the year related to the implementation of structural reforms in the LSI device business, along with the restructuring of the European operations. Moreover, the company recorded special gains on the sale of investment securities, including 89.6 billion yen from the sale of shares in FANUC Ltd., resulting in fiscal 2009 net income of 93.0 billion yen and a significant improvement in retained earnings.

As a result, the company plans to pay a year-end dividend of 5 yen per share, 2 yen more per share than the interim dividend or the amount announced at the beginning of the fiscal year. Including the interim dividend of 3 yen per share, the annual dividend is 8 yen per share, the same level as the previous fiscal year.

The company plans to continue its policy of paying dividends twice a year, once at the end of the second quarter and once at the end of the fiscal year. The company plans to pay an annual dividend of 10 yen per share (5 yen as an interim dividend) for fiscal 2010, ending March 31, 2011. For fiscal 2010, Fujitsu is projecting net income of 95 billion yen based on profits from core business operations, which will allow the company to return to the dividend levels it had in place prior to fiscal 2000. This was also the plan in fiscal 2008, but the plan was postponed in light of the global financial crisis. Fujitsu appreciates the understanding and support it has long enjoyed from its shareholders, and the company will continue to pursue a management policy that seeks, as stated in the Fujitsu Way, to continuously increase its corporate value.

Dividends Per Share Data

(Yen)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10 (forecast)
Interim	5.0	2.5	-	-	3.0	3.0	3.0	3.0	5.0	3.0	5.0
Year-end	5.0	2.5	-	3.0	3.0	3.0	3.0	5.0	3.0	5.0	5.0
Total	10.0	5.0	-	3.0	6.0	6.0	6.0	8.0	8.0	8.0	10.0

Reference: Net Income (Consolidated) and Dividend Payout Ratio

(Billion Yen)

Net Income	8.5	-382.5	-122.0	49.7	31.9	68.5	102.4	48.1	-112.3	93.0	95.0
Dividend Payout Ratio	231%	-	-	12%	39%	18%	12%	34%	-	18%	22%

Reference: Shareholders' Equity (Consolidated) and Retained Earnings

(Billion Yen)

S/E	1,303.7	920.3	782.8	743.9	813.4	780.6	875.0	911.6	782.9	865.8	
Retained Earnings											
Consolidated	483.7	76.1	-60.7	-35.7	-7.8	-40.4	54.3	338.9	223.7	307.9	
Unconsolidated	510.9	230.8	50.7	67.8	15.9	21.3	-240.4	55.2	82.4	196.1	

Divisible Profit (Unconsolidated)	57.4	222.8	246.6	356.1
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S/E = Shareholders' Equity