

Outline of President Yamamoto's Remarks at the Briefing on the Fiscal 2013 Financial Results

I am Masami Yamamoto. Thank you for taking time out of your busy schedules to be here today. I deeply appreciate your understanding of Fujitsu's activities and your ongoing support. Our new CFO, Hidehiro Tsukano, will give an explanation of our financial results, but first I would like to provide a brief overview of fiscal 2013 and comment on our priorities for fiscal 2014.

Overview of Fiscal 2013

- Fiscal 2013 was above all a year of structural reforms.
We implemented special temporary initiatives, including workforce-related measures, and from the start of the fiscal year worked to keep upfront investment spending in check. As the economy expanded starting in the second half of the fiscal year, our business fundamentals also improved, and we were able to meet our medium-term milestone targets.
In the fourth quarter, we made significant investments.
- Using Japanese accounting standards, in fiscal 2013 net sales grew 9%. Operating income increased by over 60% from the previous year. Net income was 48.6 billion yen, an improvement over the previous year by 128.5 billion yen.
- In our operating segments, Technology Solutions posted strong gains in orders and sales each quarter, with sales increasing 10% year on year. Operating income was also up by nearly 20%.
- As a result of having met our financial targets, we resumed dividend payments to our shareholders, and also rewarded employees with an increase in their base salaries.

Results and Issues with Fiscal 2013 Structural Reforms

- In our Device Solutions business, we divided functions into "design and development" and "volume production fab" in implementing structural reforms.
 - For "design and development," we signed a memorandum of understanding on April 23 with Panasonic and Development Bank of Japan to establish an integrated new SoC company.
 - In August of last year, we sold our microcontroller and analog device business to US-based Spansion Inc.
In February of this year, our gallium nitride (GaN) device development and design business was merged with that of Transphorm, Inc. of the US.
 - Profitability at our "volume production fab" increased enormously. That business will continue to operate within the Fujitsu Group, but over the medium- to long-term it will need to be restructured with the help of a partner. We will make an announcement about this as soon as a decision is made.
- Our mobile phone business struggled in the first half.
 - We are on track with plans announced in January to consolidate our handset production sites and shift our development resources.

We believe we've achieved a shift to a structure that can be profitable at a monthly production volume of 300,000 units.

- Outside of Japan, we've taken workforce-related measures and mostly completed structural reforms.
- In addition, our shift of human resources toward front-line units included approximately 500 people assigned to sales to strengthen that organization. That contributed to an increase in orders and sales in the second half of the fiscal year.
- As a result of reflecting unrecognized liabilities on our balance sheet, our owners' equity ratio fell below 20% (19%).

That concludes my overview of fiscal 2013.

Fiscal 2014 Positioning and Financial Projections

- Fiscal 2014 is a year for "Shifting toward Medium- and Long-Term Growth."
The economy will be adversely impacted by the increase in Japan's consumption tax, but we expect conditions to improve in the second half of the fiscal year. For the full year, we expect economic growth to be on a par with fiscal 2013.
The following earnings projections are based on IFRS.
We are projecting an overall increase in net sales of slightly less than 1%, although we expect a sharp decline in sales of PCs and mobile phones in Ubiquitous Solutions. On the other hand, we are projecting an increase in operating income of over 25%. We also expect net income to increase by over 10%.
- In our operating segments, we expect net sales in Technology Solutions to increase by slightly more than 1.5%. As our growth plateaus, we believe that investing for the purpose of shifting toward high growth is a priority issue in fiscal 2014.

Priorities for Fiscal 2014

- Next year will be the 80th anniversary of our founding. To enable us to make the next leap forward...
- In addition to helping us handle the immediate growth in demand for system integration or datacenter services, we believe aggressive investment is an essential condition to make a shift toward medium- and long-term growth.
- In fiscal 2014, to set the growth trajectory of the new Fujitsu, we will invest more heavily, mainly in two areas: enhancing global capabilities and innovation.
- For our global capabilities, we established a new global matrix organization.
 - To meet the needs of customers around the world for one-stop services, we will make upfront investments to enhance our global delivery capabilities.
 - In Europe, we will make investments to further accelerate the strengthening of our services-focused business portfolio.
 - In North America, for the first time we will have Tier III datacenters on both coasts of the US that will work as strong service platforms.

- Moreover, starting in the first quarter, we will adopt IFRS, which is the global market benchmark for financial reporting. This will enable unified business management across the entire Fujitsu Group.
- In innovation, we will invest in growth platforms for the IoT era.
 - From new user interfaces to next-generation network products, such as 5G mobile communications and software-defined networking, to services and analytics, we will further enhance our vertically integrated business model, a unique characteristic of Fujitsu.
 - We will continue to invest in business and social innovation with the aim of broadening the scope of ICT usage.
 - For example, in the future of medical care, starting in fiscal 2014, we will invest 30 billion yen over five years.
 - Through strengthened alliances, M&A, and open innovation, we will enhance our offerings and create an organization that can respond to the new needs of customers.

Medium-Term Targets

- We consider our performance targets for fiscal 2014 to be milestones on the way to achieving our medium-term targets.
- We want to be able to generate net income in excess of 100 billion yen a year and increase our owners' equity ratio.
- We post net income of 100 billion yen every year, but specifically, in fiscal 2016, we hope to return the owners' equity ratio to the level it was at before we recorded unrecognized debt on the balance sheet.

Today I will not touch upon our medium-term targets, but would like to discuss these with you before our general shareholders' meeting

That concludes my comments.