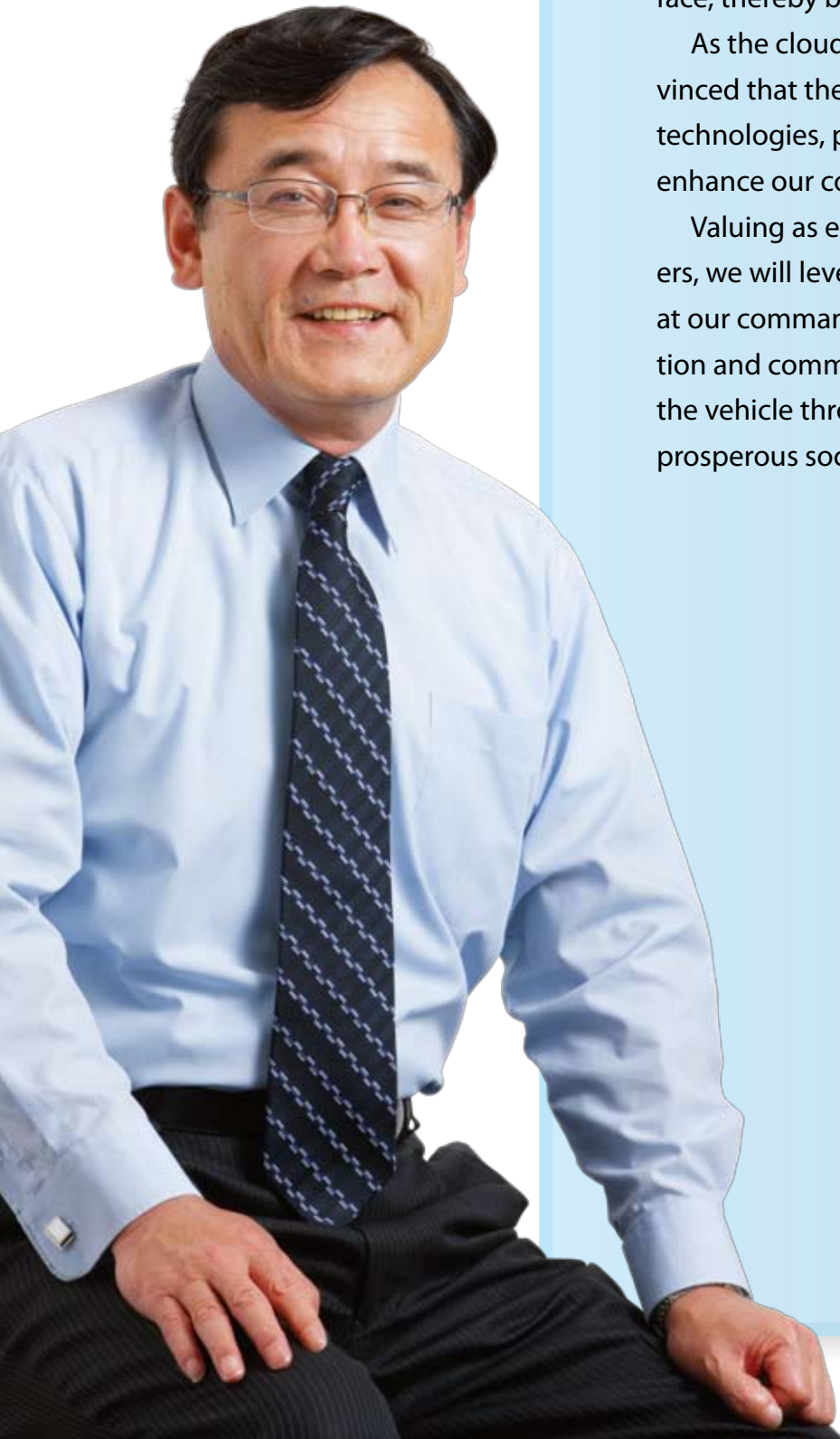


## A Conversation With the President



Fujitsu's fundamental stance, and one of its strengths, is our commitment to working from the customers' viewpoint to resolve the issues they face, thereby building solid relationships of trust.

As the cloud computing era unfolds, I am convinced that the combination of Fujitsu's superior technologies, products, and services will further enhance our competitive strength.

Valuing as ever our partnerships with customers, we will leverage the comprehensive capacities at our command to expand the world of information and communication technology (ICT). ICT is the vehicle through which we will help create a prosperous society and enhance corporate value.

*Masami Yamamoto*

Masami Yamamoto  
President

### Aspirations as Fujitsu's New President

Over my career, I have consistently been involved with businesses on the cutting edge of innovation. I plan to make the most of my experiences to craft business models that are based on advanced technology—business models for a new era.

To page **016**  
**Q.1**

To page **017**  
**Q.2**

### Overview of Fiscal 2009

Amid delayed recovery in the ICT market, we successfully met our original operating income targets through sweeping efforts across Fujitsu to scale back costs. Benefits also emerged from ongoing structural reforms, leaving us in a more secure financial position.

To page **017**  
**Q.3**

### Medium-Term Objectives and Management Policies

Our goals for fiscal 2011, ending March 31, 2012, are net sales of ¥5,000 billion and ¥250 billion in operating income. To meet these medium-term targets, we are pursuing a business strategy driven by a focus on our customers' customers, globalization, and environmental sustainability.

To page **018**  
**Q.4**

To page **019**  
**Q.5**

### Corporate Governance

As a means of strengthening corporate governance, Fujitsu employees put into practice our corporate philosophy, the Fujitsu Way. With this in mind, I want to sincerely apologize on behalf of Fujitsu for an incident of improper information disclosure in fiscal 2009. We deeply regret the concern this incident posed for our shareholders, investors, and other stakeholders.

To page **020**  
**Q.6**

### Return of Profits and Dividend Policy

Along with the payment of stable dividends to our shareholders, our focus is on ensuring that Fujitsu has sufficient internal reserves. Once this is assured, our goal is to increase the return of profits to shareholders.

To page **021**  
**Q.7**

### Message to Shareholders and Investors

Fujitsu will remain Japan's leading ICT company. With respect to globalization, we are keenly aware that in expanding outside of Japan, Fujitsu will be competing on equal footing against the top industry players in the world.

To page **021**  
**Q.8**

A Conversation With the President

Aspirations as Fujitsu's New President

**Q.1**

**President Yamamoto, you have been with Fujitsu for 34 years. As president, how will you bring your experience to bear on Fujitsu's management?**

**A.1**

**Over my career, I have consistently been involved with businesses on the cutting edge of innovation. I plan to make the most of my experiences to craft business models that are based on advanced technology—business models for a new era.**

I first joined Fujitsu in 1976. Over that 34-year span, I have personally witnessed a host of changes in technology.

When I first joined, Fujitsu was still largely a product-driven company. In fact, my involvement for many years after coming aboard was mainly with product design and development. In 1979, I joined the team that developed the OASYS word processor for the Japanese market, and was closely involved in the development of its successor, the OASYS 100J. Although it was released back in 1980, I still vividly recall how gratifying it was to see customers at their offices using a data terminal that I helped create.

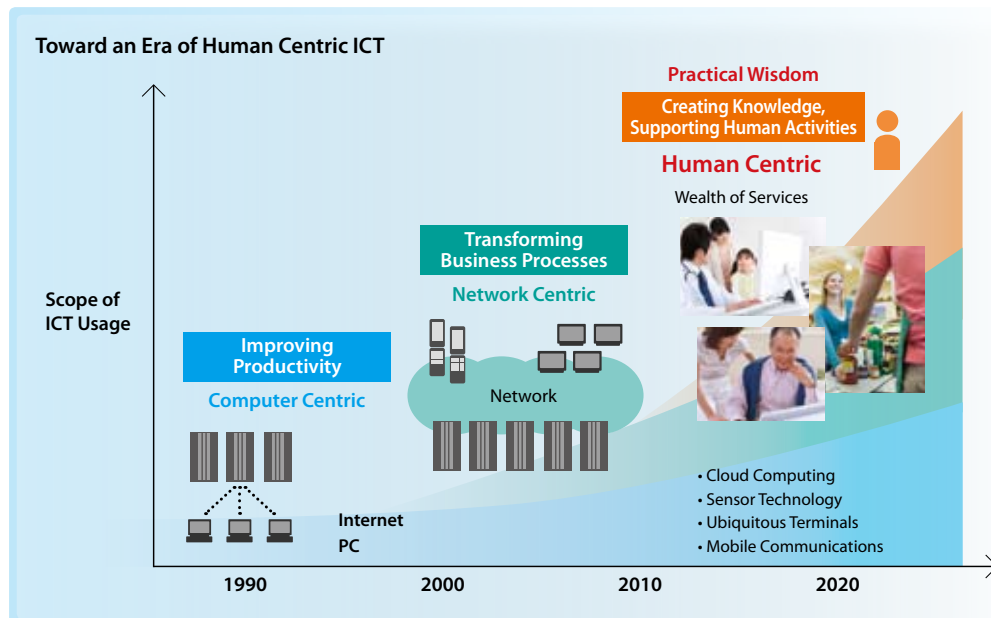
The advent of computers brought significant strides to business productivity. Initially, though, computers were prohibitively expensive, so it was common practice for office employees to take turns using one. Back then, people had to enter all data into computers—you could even say that people had to serve the needs of the computer. It was, I think, a very "computer centric" era in many ways. As use of PCs spread, both open source computing and ICT\*1 rapidly found their way into homes and offices. The emergence shortly thereafter of the Internet triggered an evolution in network technology and sparked the coming of a "network centric" era which emphasized the role of communications technology. Today, cloud computing\*2 is poised to take its place as the latest social infrastructure.

During these eras of change, I have time and again been involved on the cutting edge of innovation where revolutionary technologies have transformed society. Consequently, my career has given me many experiences and insights that I can now call upon.

As cloud computing progresses, we are witnessing the start of a "human centric" era. Access to ICT will now be available to everyone, without the need for complex knowledge or skills. As this era unfolds, Fujitsu stands ready to provide customers with comprehensive services backed by superior technology, products, and solutions. As Fujitsu's president, I will take advantage of the experiences and insights I've gained over the years to build new business models underpinned by cutting-edge technologies for this new era of business.

**\*1 ICT:**  
Information and Communication Technology, a term derived from IT (Information Technology) and communication, which includes the sharing of knowledge and information via communication networks.

**\*2 Cloud Computing:**  
A system configuration whereby tasks performed by the user are processed by Internet-based servers rather than a user's own PC or a server on a company's in-house network.



## Q.2

Please discuss Fujitsu's new executive management structure.

## A.2

**We opted for a system in which five corporate senior executive vice presidents and two corporate executive vice presidents assist me in the management of Fujitsu. The five corporate senior executive vice presidents are each responsible for a specific business area. This fact notwithstanding, I have also told them to establish alliances beyond their own assigned domains to create new vertically integrated\*<sup>1</sup> businesses.**

**\*<sup>1</sup> Vertically integrated business model:**  
A business model in which Fujitsu serves as a one-stop provider of hardware, software, and services solutions.

We began operating under this new management structure in April 2010. In concrete terms, the five corporate senior executive vice presidents and two corporate executive vice presidents assist me as president under this system. My role in management execution is to provide leadership. Each corporate senior executive vice president is personally responsible for one of five areas—global business, ICT services business, industry solutions, products, and corporate affairs. However, I have instructed them to constantly consider management of the whole company in all of their actions.

For new vertically integrated business models like cloud computing, alliances between business areas are more vital than ever before. The ICT industry is expected to see drastic changes, as well as more intense global competition. Accordingly, the corporate senior executive vice presidents have been instructed to develop close partnerships that transcend their respective domains. The aim here is to parlay alliances between Fujitsu operations into the generation of new businesses. While I am ultimately responsible for any final decisions, I think we now have a system for business execution that facilitates rapid decision-making.

**\*<sup>2</sup> CFO:**  
Chief Financial Officer

The two corporate executive vice presidents serve as the CFO\*<sup>2</sup> and CSO\*<sup>3</sup>, respectively. The functions that the CFO and CSO perform are essential to Fujitsu's management, since both roles effectively support myself and the five corporate senior executive vice presidents.

**\*<sup>3</sup> CSO:**  
Chief Strategy Officer

### Overview of Fiscal 2009

## Q.3

What is your assessment of business performance for fiscal 2009, ended March 31, 2010?

## A.3

**Despite a sales decline in our solutions business, we managed to clear our initial operating income targets by making sweeping reductions in costs and expenses across Fujitsu. Our ongoing structural reforms also yielded benefits, resulting in a more robust financial position.**

Fiscal 2009 started off in an economic climate deeply shaded by the lingering shock of Lehman Brothers's collapse. Taking stock of the situation, we declared an operating income target of ¥90 billion and sought to address a variety of issues. Looking back over the year, the ICT market has definitely struggled to regain its footing. However, we strove to cut costs and expenses across Fujitsu. In the end, we managed to clear our initial objective, as operating income rose ¥25.6 billion year-on-year, to ¥94.3 billion.

We also remain intensely committed to structural reforms. For me, structural reforms can be understood as a means of changing one's present business model into something new. In fiscal 2009, we completed the transfer of the hard-disk drive (HDD) business, which had been a lingering issue. The LSI business has also shifted to a fab-



A Conversation With the President

**\* Fab-lite:**

A semiconductor business model in which a company minimizes its own production scale, with the bulk of production outsourced to external foundries. This configuration allows for a greater degree of management freedom.

See pp. 22–23 for a detailed account of fiscal 2009 performance.

→ To page **022-023**

lite\* business model, as Fujitsu’s profit structure continues to evolve. The networks business, meanwhile, turned a profit a full year ahead of schedule. The fact that loss-making businesses, which were once a serious problem, now have the prospects of being profitable operations is another major benefit of our structural reforms.

These initiatives have also led to a greater sense of stability concerning our financial position. In fiscal 2009, we shrunk our interest-bearing debt primarily by using cash on hand, mainly from the sale of shares of FANUC Ltd., to cover the redemption of ¥300 billion in corporate bonds. The result was a net D/E ratio of 0.20 times, the lowest level Fujitsu has ever recorded.

| Financial Highlights<br>(Years ended March 31) | (Billions of yen) |         |                |
|--|-------------------|---------|----------------|
|  | 2008              | 2009    | 2010           |
| Net sales                                      | 5,330.8           | 4,692.9 | <b>4,679.5</b> |
| Operating income                               | 204.9             | 68.7    | <b>94.3</b>    |
| Net income (loss)                              | 48.1              | (112.3) | <b>93.0</b>    |
| Interest-bearing loans                         | 887.3             | 883.4   | <b>577.4</b>   |
| Net D/E ratio (times)                          | 0.36              | 0.47    | <b>0.20</b>    |

Medium-Term Objectives and Management Policies

**Q.4**

**What are Fujitsu’s medium-term business objectives and its projections for fiscal 2010?**

**A.4**

**Our medium-term targets for fiscal 2011, ending March 31, 2012, are net sales of ¥5,000 billion and operating income of ¥250 billion. We plan to achieve the latter by raising the consolidated operating income margin to 5%. Another aim is to boost the ratio of sales outside Japan to more than 40%. For fiscal 2010, we are projecting operating income of ¥185 billion.**

\* See pp. 48–55 for changes in the ICT market, including ICT market projection graphs by geographical region.

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As I explained in the Management Direction Briefing that I presented in July 2010, we remain staunchly committed to the medium-term targets of ¥5,000 billion in net sales and ¥250 billion in operating income (operating income margin of 5%) for fiscal 2011 that Fujitsu announced in July 2009. Our capacity to achieve these objectives hinges on accurately grasping changes taking place in the ICT market\*, then moving with urgency to develop new business models. For example, cloud computing, a platform based on new technology, is emerging as the foundation that will underpin ICT. Given this trend, I believe that we must lay the groundwork for offering cutting-edge services in this field. Beyond this, in a world dominated by cloud computing, we must be able to deliver new value to customers through new businesses which can be profitable for us. Considering the surrounding business environment, this objective will not be easily reached. The target operating income margin of 5% that we have set is vital for putting Fujitsu on an equal standing with other global ICT companies. As such, this is one challenge that we intend to face with vigor.

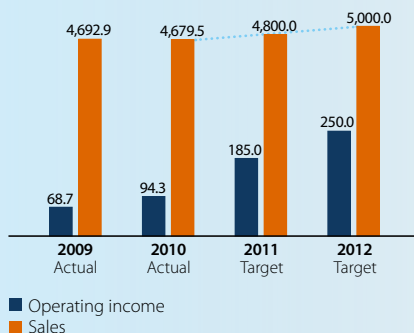
The ratio of sales outside Japan is currently around 37%, and we aim to raise this to over 40%. But this task is also

crucial to our management stability. Dramatic sales growth from operations within Japan alone is unlikely. At the same time, our customers are developing their businesses globally. It’s only natural that we capitalize on this trend to promote our own businesses worldwide.

For the current fiscal year, we stated a goal of ¥200 billion in operating income back when medium-term targets were announced in July 2009. However, I want to ramp up the pace of investment in cloud computing and new businesses in fiscal 2010 to ensure that we achieve the ¥250 billion in operating income planned for fiscal 2011. Consequently, we are now conservatively projecting operating income of ¥185 billion, since we will prioritize about ¥100 billion in cloud-related investments in fiscal 2010.

Medium-Term Targets

**Sales/Operating Income\***  
(Billions of yen)



**Performance Indicators\***

|                         | Targets for year ending March 31, 2012 |
|-------------------------|--|
| Operating income margin | <b>Over 5.0%</b>                       |
| Outside Japan sales     | <b>Over 40%</b>                        |
| Free cash flow          | <b>Over 150 billion yen</b>            |

\* Years ended March 31

Forward-looking statements regarding the medium-term management plan and projections for fiscal 2010 are future projections calculated based on a variety of judgments, estimates and assumptions. These statements reflect predictions based on management’s judgment and objectives, as well as certain conditions and assumptions, at the end of fiscal 2009 (March 31, 2010). As such, future results may differ materially from these projections.

## Q.5

What management policies will Fujitsu follow to meet its medium-term targets?

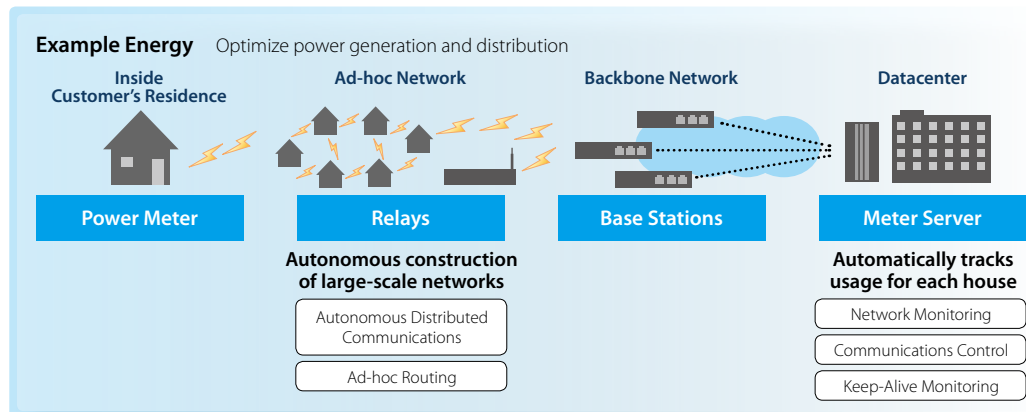
## A.5

Fujitsu is determined to contribute to society by realizing our long-term vision of a “Human Centric Intelligent Society.” We will promote a three-part business strategy based on thinking about our customers’ customers, globalization, and environmental sustainability.

Fujitsu has declared a long-term vision to make the concept of a “Human Centric Intelligent Society” a reality over the next 10 years. This will involve collecting expansive data on the behavioral patterns of people and organizations that mobile phones and other ubiquitous products generate, then taking advantage of cloud infrastructure, super-computers\*1, and other ICT infrastructure to analyze the data. Furthermore, providing useful data on various domains of our lives and the society we live in will enable us to deliver both new business models and value. These outputs, in turn, have the potential to revolutionize social systems and behavioral patterns in every domain, ranging from healthcare, transportation, and education to agriculture. This is the “Human Centric Intelligent Society” that Fujitsu is aiming for. With its arrival, we will see new business opportunities in fields where ICT was previously under-used. In parallel, realizing a “Human Centric Intelligent Society” will allow Fujitsu to contribute to the sustainable development of our world.

## \*1 Supercomputer:

A class of computers with calculation speeds far exceeding that of conventional office computers. Large-scale hardware and software enable the massive processing capacity found in supercomputers.



To bring this social vision to fruition, we plan to promote a business strategy driven by three perspectives—thinking about our customers’ customers, globalization, and environmental sustainability.

### Thinking from the perspective of our customers’ customers: Improving our customers’ businesses

Our thorough commitment to strengthening relations with customers is ingrained in our employees and reflects the success and benefits of our human resource training to date. Going forward, we intend to actively foster that same spirit in human resources to develop our business globally. Human society, our world, and the planet itself, are all ultimately connected through our customers.

In fiscal 2009 we drafted a new brand promise, “shaping tomorrow with you,<sup>\*2</sup>” to communicate our unique approach of thinking from the perspective of our customers’ customers. This brand promise is our

#### New Visual Identity for Fujitsu Brand Promise, “shaping tomorrow with you”

The Fujitsu brand promise articulates the importance that the Group places on working with customers to contribute to their success, building long-term partnerships, and harnessing the power of information and communication technology to enable people to expand their possibilities. The Fujitsu Group is now using the new brand promise design worldwide to visually convey to customers its commitment to emphasizing their perspective in all corporate activities.

#### New Visual Identity Embodying Importance of Dialogue with Customers

##### Features of the Visual Identity

- The design embodies the significance of developing a dialogue with customers, an important approach in making Fujitsu’s brand promise a reality.
- By associating the company’s new graphic design—which symbolizes this dialogue—with the “F” in Fujitsu’s logo, a symbol of the Fujitsu Group, the company is emphasizing its distinctive corporate character.

shaping  
tomorrow  
with you



**WEB** <http://www.fujitsu.com/global/news/pr/archives/month/2010/20100618-01.html>

\*2 For more on the brand promise, see page 8.

## A Conversation With the President

pledge to customers that we will work with them to bring about a prosperous future. Guided by this commitment are 170,000 employees worldwide who are eager to deliver shared value to our customers.

### Managing from a global perspective: “Think Global, Act Local”

We plan to extend the rock-solid ICT services base that Fujitsu has cultivated in Japan and expand it worldwide. In February 2010, Fujitsu announced the start of highly reliable cloud computing services for corporate customers in Japan. During fiscal 2010, we will deploy this same platform in the US, UK, Germany, Singapore, and Australia. Fujitsu possesses two key strengths with respect to global business development. One is that we can develop globally in tandem with our customers who are doing the same. Our strong relations with customers are what make this possible. The second is our locally based subsidiaries, many of which joined the Fujitsu Group through mergers and acquisitions, like Fujitsu Services in the UK and Fujitsu Technology Solutions in Germany. These have given Fujitsu an intimate knowledge of local markets.

### Emphasizing sustainability: Operating from an environmental perspective

For any company operating today in the 21st century, addressing environmental concerns is a critical responsibility. At the same time, we believe that tackling these problems can itself be a new source of added value. Accordingly, Fujitsu will move to make all of its products and services environmentally friendly. The ability to carry out complex simulations, moreover, plays a critical role in resolving environmental issues. From this standpoint, the supercomputers developed by Fujitsu, for example, can be thought of as flagship products for finding solutions to environmental problems.

## Corporate Governance

### Q.6

**Please explain Fujitsu’s approach to corporate governance.**

### A.6

**The Fujitsu Way\* contains a set of core principles and code of conduct that guide the actions of our employees. We strive to enhance corporate governance by putting the Fujitsu Way into practice. On behalf of Fujitsu, I want to sincerely apologize for an incident of improper information disclosure in fiscal 2009. We deeply regret the concern that this incident caused our shareholders, investors and other stakeholders.**

\* See pp. 62–63 for more on the Fujitsu Way.

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At Fujitsu, we believe that more robust corporate governance is indispensable for the continuous enhancement of corporate value. For this reason, along with the constant pursuit of more sound and efficient management, we are bolstering our corporate governance structure to ensure we put the Fujitsu Way into practice.

Fully revised in April 2008, the Fujitsu Way embodies both the philosophy and guiding policy of the Fujitsu Group. The Fujitsu Way will facilitate management innovation and promote a unified direction for the Group as we expand our global business activities. At the same time, it articulates the Group’s overarching values, and defines concrete principles and a code of conduct that Group employees follow in their daily business activities.

To accelerate the penetration and implementation of the Fujitsu Way and ensure the appropriateness of business operations, four groups were established directly under the Management Council and tasked with pursuing more robust and efficient business execution: the Fujitsu Way Promotion Council, the Risk Management Committee, the Compliance Committee, and the Environmental Committee.

Under this structure, we have taken action to bolster corporate governance. Nevertheless, in relation to the resignation of former president Kuniaki Nozoe, there was an incident of improper disclosure of certain corporate information. We recognize that this situation raised serious concerns for our shareholders, investors, and other stakeholders, for which I would like to offer my deepest apologies. We are redoubling our dedication to proper information disclosure in order to swiftly regain your trust. In line with this, in October 2009, we established an Executive Nomination Committee and a Compensation Committee. The committees’ purpose is to bring greater transparency and objectivity to the selection process for directors, the decision-making process regarding executive remuneration, and to ensure appropriate remuneration systems and standards. In step with this system, we will tackle business with the same passion we always have. We are determined to deliver solid results that will reaffirm stakeholder confidence in Fujitsu.

See pp. 70–72 for the interview with auditors.

→ To page **070–072**

For details on corporate governance, see pp. 73–82.

→ To page **073–082**

## Return of Profits and Dividend Policy

**Q.7**

**Can you describe Fujitsu's basic policy on returning profits to shareholders and its approach to dividends?**

**A.7**

**As well as payment of stable dividends to our shareholders, we also focus on ensuring that Fujitsu has sufficient internal reserves. Once this is assured, our goal is to increase the return of profits to shareholders.**

Fujitsu's policy is to return profits generated from business activities to shareholders in the form of stable dividends. Additionally, we believe it is fundamental to have sufficient internal reserves. Our rationale is that such reserves strengthen our financial position and our capacity to aggressively develop businesses with an eye to improving medium- to long-term performance. Once it's clear that we can maintain ample reserves at given profit levels, we aim to increase the return of profits to shareholders, including through the repurchase of our shares.

In fiscal 2009, operating income exceeded initial estimates despite the ICT services business having failed to meet targets for the year. Furthermore, we booked ¥47.4 billion in business restructuring expenses, which included the completion of the sale of the HDD business, structural reforms in the LSI business, and the realignment of Fujitsu operations in Europe. These charges were negated, however, mainly by gains on the sale of shares of FANUC Ltd. In the end, we posted ¥93.0 billion in net income for fiscal 2009, which brought a tremendous improvement in retained earnings. In light of this performance, we paid a dividend of ¥8 per share for the year.

In fiscal 2010, since we are projecting ¥95.0 billion in net income from profits in our core businesses, we intend to pay an annual dividend of ¥10 per share. This planned dividend is our way of thanking shareholders for their understanding and steadfast support. Similarly, it underscores our dedication to management that seeks continuous improvement in corporate value, which is also part of the Fujitsu Way.

## Message to Shareholders and Investors

**Q.8**

**In closing, do you have a message for Fujitsu shareholders and investors?**

**A.8**

**Fujitsu will remain Japan's leading ICT company. With respect to globalization, we are keenly aware that in expanding outside of Japan, Fujitsu will be competing on equal footing against the top industry players in the world.**

Fujitsu is proud to be Japan's leading ICT company. As I mentioned earlier, the utilization of ICT is widely expected to become more sophisticated in tandem with the advance of cloud computing. I am confident that this trend will translate into greater business opportunities for Fujitsu. And although market expansion is likely to trigger fierce competition with other companies, we have no intention of relinquishing Fujitsu's position as a leader in the field. In the coming years, we will push even more forcefully ahead with globalization firmly in mind. We are keenly aware of what this means—that Fujitsu must be ready to compete on an equal footing with the top industry players in the world.

I am convinced that our real strength lies in our expansive knowledge of the issues that customers face, and our ability to take the customer's viewpoint in resolving their issues. Furthermore, our capacity to offer solutions to customer issues stems directly from our expertise and technology across a wide range of domains that we call on to provide customer solutions. These domains encompass semiconductors and other devices, servers, middleware, and applications. Our dominance will become more evident in the cloud computing era, which will facilitate our promotion of vertically integrated services.

ICT will assume a more pivotal role than ever in enabling people to enjoy prosperous lives of security, safety, and convenience. Fujitsu will strive to expand the world of ICT, which goes hand in hand with the development of a prosperous society. Through our businesses, customers will recognize the fundamental part that Fujitsu plays, and we will contribute to both society and people's daily lives. This is the essence of Fujitsu. You can expect great things from us in the future.