

ON STRENGTHENING CORPORATE GOVERNANCE



Michiyoshi Mazuka
Chairman

In addition to enhancing management transparency, Fujitsu will seek to raise shareholder value by spurring even greater awareness of stock price and profits among directors.

Q: As Chairman of the Board and a member of the Executive Nomination and Compensation Committee, what are your thoughts on corporate governance?

A company such as ours with global business operations requires transparency. In particular, our proportion of foreign investors, who take governance issues extremely seriously, has reached 36% as of March 31, 2011. To further expand our business globally, and to win greater trust from shareholders and customers, it's important for us to make further improvements in corporate governance.

Q: What measures are you taking to enhance corporate governance?

In 2009 we established the Executive Nomination and Compensation Committee to enhance transparency and objectivity in the director selection process and to determine appropriate executive compensation systems and levels. This committee has held discussions on Board of Directors' structure, and the executive compensation system, and based on the findings it has submitted to the Board, we have strengthened our management oversight function and revised our policy regarding payment of executive compensation.

Q: What specific measures did you take to strengthen management oversight?

We are further bolstering management oversight through outside directors and auditors. In terms of the Board of Directors' structure, we added an additional outside director for a total of four outside directors out of a total of 11 Board members. We have also strengthened oversight by increasing the number of statutory auditors with the selection of one outside auditor to that position.

Q: In your Management Direction Briefing you indicated a target of 40% in overseas sales. Isn't a foreign director necessary?

The Executive Nomination Committee is constantly discussing appropriate candidates. Our Corporate Senior Vice President Rod Vawdrey, while not a director, heads the Global Business Group. Also, directors Yoko Ishikura and Ryosei Kokubun both have insight rooted in a global perspective and contact network, and they provide many types of advice in their roles as outside directors.

Q: What reforms have you made to executive compensation, and what are the aims of these changes?

We revised our executive compensation policy in order to retain exceptional personnel to manage a global ICT corporation such as the Fujitsu Group, to strengthen the connection between business performance and shareholder value, and to enhance transparency in the compensation system. From the previous system of base salary plus bonuses, we adopted a structure comprising base compensation paid in fixed monthly amounts in accordance with position and responsibilities, stock-based compensation as a long-term incentive that also emphasizes a connection to shareholder value, and bonuses linked to short-term business performance. Stock-based compensation is paid for purchases of the company's own shares, which must be made through the Director Stock Ownership Plan, and held for the duration of the director's term. Bonuses are indexed to consolidated operating income and consolidated net income. We believe that these changes will enhance awareness among directors of our stock price and profits, and help to further increase shareholder value.

Messages From Outside Directors

We spoke to two of Fujitsu's outside directors, both known for their tremendous knowledge and insight anchored by a global perspective, about initiatives for improving corporate value going forward.



Yoko Ishikura
Director
Professor, Keio University

Q: As an outside director, you're expected to provide insights on innovation in management strategies and competitiveness from a global perspective. What do you think about this role?

Innovation using ITC technologies to respond to globally diverse and rapidly changing needs is increasingly important as a foundation of business strategy. During the gathering of world leaders at the World Economic Forum in Davos, held annually in January, I felt that my role was to utilize my years

of experience and global network of contacts to promote the development of an innovative social IT system utilizing the cloud computing in which Fujitsu excels. In tandem with this is the need to nurture and appoint personnel with an international outlook to support this system that performs as a global response to frequent natural disasters and various types of risks.

Q: What measures do you plan to take as an outside director to enhance corporate value?

Rather than the unilateral pursuit of short-term profit, a leading global trend in recent years for enhancing corporate value has been the creation of shared value with long-term benefit, in essence utilizing corporate assets to help resolve global issues such as energy, environment, poverty, security and education in cooperation with national governments, NPOs and social entrepreneurs. The breadth of Fujitsu's business operations provides ample opportunities in this regard, and I hope to pursue such activities and to present specific examples to the world.



Ryosei Kokubun
Director
Professor, Keio University

Q: As an outside director, you're expected to provide deep insights on politics and economics from a global perspective. What are your thoughts on this role?

My expertise is in international relations with a focus on East Asia and China, so this is clearly the area of my expectations. Today, the existing world order represented by Europe, the U.S. and Japan is facing an enormous challenge, notably in the Asia region where these countries compete. Fujitsu's future

success lies in the globalized world, centered on Asia. Fujitsu's future is also the future of Japan so I am hopeful that through Fujitsu my expertise will contribute, if only in a small way, to Japan's development.

Q: What stance will you take as an outside director to enhance corporate value?

The greatest strength of an outside director is the lack of any direct interest. If the Board of Directors makes management decisions only looking down from above, that company will have no future. In this way a company is exactly the same as a society. The first issue in corporate value is whether or not a company is internally well grounded. Ultimately, it is the motivation of individual employees that will determine if a company succeeds or fails. It may sound like a cliché, but just as all politics are local, frontline worksites are where anything can happen. This is why in my role on the Board of Directors I look up from below as much as possible, and always try to raise simple and meaningful questions.