MESSAGE TO SHAREHOLDERS AND OTHER INVESTORS

We are accelerating business model transformation in Japan and overseas based on "business structure transformation" and "growth strategy transformation." By doing so, we will realize sustainable growth through our digital businesses, which focus on customer value.

On January 1, 2019, Fujitsu substantially changed its management structure. With this new structure, Fujitsu is accelerating various reforms under the growth strategies that it formulated based on its Management Direction.

We are now taking steps to strengthen our digital businesses in such ways as increasing the number of specialized sales staff and establishing a structure for developing and providing services and solutions on a global scale. In addition, we have transitioned resources from back-office positions to front-office roles. Through these measures, and together with the substantial changes in our management structure, we are adopting a more proposal-focused organizational structure that can operate at higher speeds. Under such a structure, we will become a service-oriented company that can leverage its strengths across the globe.

Tatsuya Tanaka
Representative Director and President

Looking Back on Our Efforts over the Past Three Years

Under the current Management Direction, which was initially announced in October 2015, Fujitsu has pushed forward with dramatic changes to its business structure with the aim of transforming its business model. These changes have focused primarily on two kinds of transformations. The first is "business structure transformation," which entails transitioning from a vertically integrated structure that spans the three business fields of Technology Solutions, Ubiquitous Solutions, and Device Solutions, to a structure that is centered mainly on Technology Solutions. The second is "growth strategy transformation," which aims to expand Connected Services based on our digital technologies.

Looking back on our efforts to achieve these changes over the past three years, we have made steady progress in terms of business structure transformation. This has included transitioning main businesses within the Ubiquitous Solutions and Device Solutions segments into competitive independent businesses. In particular, in fiscal 2018 we have spun off the PC business and decided to transfer the shares of the Mie Plant and a sales company within the LSI business, thereby finally establishing a structure in which we can focus Groupwide efforts on the Technology Solutions segment. In this way, I believe we are taking a significant step forward with our business structure transformation.

In regard to growth strategy transformation, the high level of expectations customers have of our digital businesses further reinforces my belief that the new direction for which we are aiming is the correct one. However, when it comes to genuinely transitioning our digital businesses into a growth driver, the reality of the matter is that we have not been making progress in transforming our business model at the pace we expected and have therefore yet to see sufficient results.

Taking these circumstances into consideration, we have analyzed the factors that stand in our way of realizing growth strategy transformation and have thoroughly debated specific initiatives geared toward eliminating these factors. As a result, based on a review of the progress we have made under the Management Direction, we hammered out new initiatives for growth in October 2018. At the same time, we have revised our projected timeline for achieving an operating profit margin of 10%, which we adopted as a key performance indicator (KPI). For the time being, we have additionally decided to exclude the percentage of sales outside Japan as a KPI.

Later in this message, I will delve into the specific details of initiatives we will pursue to accelerate our growth strategy transformation. However, above all else, I want to reiterate that our efforts aimed at business model transformation have been carried out under the unchanging goal of realizing our future vision for the Company. In order to maintain a high level of growth and competitiveness in the digital era and win against fierce global competition, it is absolutely essential that we complete our business model transformation. Going forward, we will continue to pursue bold innovation to achieve success in providing Connected Services as a service-oriented company.

Progress of Business Model Transformation Measures in 2018

	Basic Strategy	Progress
Technology Solutions	Focus investment on Connected Services and realize global growth	• February: Converted FUJITSU BROAD SOLUTION & CONSULTING Inc. into a wholly owned subsidiary • October: Entered into a strategic partnership with Ericsson to deliver end-to-end 5G network solutions • November: Initiated operations at Fujitsu Intelligence Technology, a new company that drives Fujitsu's AI business around the world
Ubiquitous Solutions and Device Solutions	Consider various measures to enhance competitiveness of each business	Ubiquitous • March: Transferred shares in Fujitsu Connected Technologies Limited as well as shares in a new company that will take over the mobile device business of Fujitsu Peripherals Limited to Polaris Capital Group Co., Ltd. • May: Established a joint venture, which will focus on the PC business, together with Lenovo Group Limited and Development Bank of Japan, Inc. Device • June: Decided to transfer all shares of Mie Fujitsu Semiconductor Limited to United Microelectronics Corporation • July: Changed the capital structure of Fujitsu Component, determining the stake held by Fujitsu to be 25% and the stake held by the Longreach Group to be 75% • September: Fujitsu Semiconductor Limited concluded an agreement with Kaga Electronics Co., Ltd. in which Kaga Electronics acquires 70% of shares in Fujitsu Electronics Inc.

Business Results and Returns to Shareholders

In fiscal 2017, the year ended March 31, 2018, revenue decreased 0.8% year on year, to ¥4,098.3 billion; operating profit increased 55.4%, to ¥182.4 billion; and profit attributable to owners of the parent rose 91.4%, to ¥169.3 billion.

The decrease in revenue was brought about by the sale of the consumer business of NIFTY Corporation on April 1 (the "NIFTY reorganization"). Revenue actually increased on the basis of our core businesses, which excludes the impact of this sale. On that same basis, operating profit actually declined due to several negative factors, including not only the stagnation of the network products business in Japan but also the emergence of unprofitable projects in the services field and increased prior investment costs. On the other hand, operating profit increased on an overall business level due to a decline in costs related to business model transformation, which were recorded last year, as well as the spin-off of the mobile phone business, which was carried out on March 30, 2018, and the previously mentioned NIFTY reorganization. Furthermore, profit attributable to owners of the parent rose significantly due to several factors. These included the change in our cross-shareholding relationship with Fuji Electric Co., Ltd. and the recording of profit following the revised classification of shares held in a Chinese affiliate.

In fiscal 2018, the year ending March 31, 2019, we anticipate a year-on-year decrease of 4.8% in revenue, to ¥3,900.0 billion; a decline of 23.3% in operating profit, to ¥140.0 billion; and a 35.0% decrease in profit attributable to owners of the parent, to ¥110.0 billion. The decline in revenue will come from the previously mentioned sale of the mobile phone business as well as the reorganization of the PC business. The declines in operating profit and profit attributable to owners of the parent will result from the absence of special factors that positively impacted profits recorded in fiscal 2017, which resulted from the sale of businesses and other factors. On the basis of our core businesses, which excludes such impacts, we expect revenue to remain relatively unchanged and operating profit to increase by ¥30.0 billion.

In light of enhanced owners' equity and increased free cash flow, we plan to raise dividends in fiscal 2018. Specifically, we will increase the annual dividend from ¥110 in fiscal 2017 to ¥150 in fiscal 2018.*[1] Additionally, on May 31, 2018 we bought back stock of approximately ¥10.0 billion in value. Going forward, we will continue efforts to strengthen our financial foundation with a view to reach an owners' equity ratio of 40% or higher, which is one of our KPIs for business model transformation. At the same time, we will maintain our policy of issuing a stable dividend at a high level. We will also provide competitive, high-value-added services that aim for top levels of quality and continue to strive for sustainable growth. Through these means, we will strongly push forward with our efforts in business model transformation so that we can earn the trust of our shareholders and other investors.

*1 On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. The dividend performance for fiscal 2017 and the dividend forecast for fiscal 2018 are listed in amounts that reflect this share consolidation.

Fiscal 2017 Results and Fiscal 2018 Full-Year Consolidated Forecast (As of October 31, 2018)

(Billions of yen)

	Fiscal 2017 Results	Fiscal 2018 Forecast	YoY Change	YoY Change (%)
Revenue	4,098.3	3,900.0	−198.3	−4.8
Operating profit	182.4	140.0	−42.4	−23.3
Profit attributable to owners of the parent	169.3	110.0	−59.3	−35.0

Consolidated KPIs for Our Business Model Transformation

	Original Targets	Fiscal 2017 Results	New Targets
Operating profit margin	Over 10% (Consolidated basis)	4.5% (Consolidated basis)	Over 10% for Technology Solutions in fiscal 2022
Free cash flow	Over ¥150 billion	¥177.8 billion	No change
Owners' equity ratio	Over 40%	34.8%	No change
Percentage of sales outside Japan	Over 50% (Consolidated basis)	36.8%	Temporarily excluded from KPIs

The Three Market Changes to Watch

Demand is currently steady in the domestic services market. While we have thus far considered 2020 to be the year in which IT investment peaks, we now believe that demand will continue beyond 2020, especially in the fields of manufacturing and logistics and retail. This is an extremely favorable market development for the Company's existing SI business. On the other hand, this is not necessarily good news for us in terms of the business model transformation that we have been promoting. If we allocate too many resources to the currently prosperous SI business and fall behind with efforts to cultivate our digital businesses, which will carry the Company's future, such efforts may impair our ability to capitalize on significant market changes.

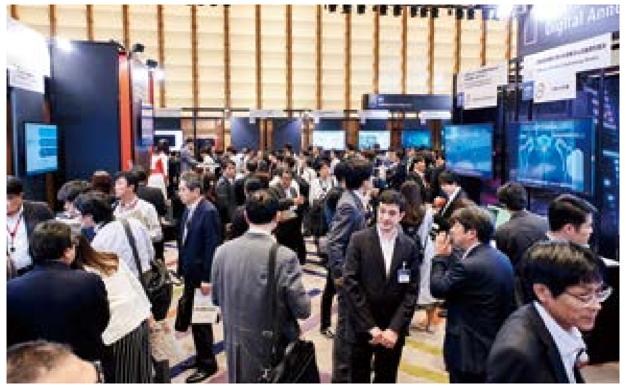
As has already been indicated, the ICT environment is undergoing significant changes. The first example of which is the changing nature of IT investment. In the past, the departments in charge of IT investments at our corporate customers were those involving systems departments, which oversee the establishment and management of Systems of Record (SoR)—meaning the mission critical systems that store and maintain various information. However, in recent years operating divisions such as sales, manufacturing, and marketing, which are referred to as the line of business,*[2] as well as senior management ranks have been showing a significantly higher level of interest toward new businesses that utilize digital technologies, and it is these divisions that have been starting to take the initiative in terms of IT investment.

The second major change is the expansion of cross-industry fields. We are entering an age in which common sense within an industry is being disrupted due to the market entry of companies from outside that industry that have new business models. We are also entering a time when numerous companies with shared visions are collaborating to establish new business models through co-creation, which transcends organizational and industry boundaries. Successful start-up companies like Uber and Airbnb are widely known examples of this phenomenon. However, major financial institutions have also been leveraging digital technologies to create innovative new financial products and services. This is one of many examples of how co-creation is rapidly expanding in industries that have traditionally emphasized fixed regulations and business practices.

The third change is the practical application of 5G cellular mobile communications systems, a decisive change that will occur in the near future. A 5G network will offer high speed, high density, and massive volume, along with low latency and high reliability. The practical application of 5G represents the genuine integration of communication and information. This change will lead to the utilization of a wide range of data at far higher levels than ever before. In addition, the practical application of 5G is expected to further accelerate the pace of the first two changes that I mentioned, thereby having the potential to bring about a completely new world.

I am extremely proud of the fact that the Company has established and operated various systems in line with the needs of customers, primarily information systems divisions. Customers have also given us considerable praise, stating that Fujitsu offers them total peace of mind. Nevertheless, to capitalize on the significant changes that are currently occurring and turn them into business opportunities, we need to adopt a new approach that goes beyond the existing relationships we have with our customers.

*2 The line of business refers to operating divisions and other frontline divisions of a company, which differ from a company's indirect functions.



A scene at the Fujitsu Forum, held every year to introduce the Company's technologies and services. Reflecting the higher level of interest in digital businesses, over 70% of the approximately 30,000 people who visited the 2018 Fujitsu Forum in Tokyo worked in an operating division of a company.

A service that offers new customer experiences through cross-industrial co-creation between Fujitsu and Isetan Mitsukoshi Holdings Ltd. This service allows customers to easily rent and pay for apparel products with their smartphone via an app that can read a tag with a QR code.

Initiatives Aimed at Accelerating Growth Strategy Transformation

The growth initiatives that we announced in October 2018 aim to change our approach to customers by establishing new relationships with them as their partner. Until now, our approach has focused on "waiting," meaning that we provided services only after the needs of customers were made clear and the desired specifications were determined. However, going forward, we will transition to an approach that focuses on making proposals that will proactively contribute to the management and businesses of our customers. Under this approach, we will examine issues together with our customers from the upstream stage by providing advice, such as explaining the possibility for further innovation or recommending technologies that can be used, and considering management and business strategies. Our specific strategies to accomplish this transition involve "transformation of sales in Japan" and "strengthening business."

Strategy 1: Transformation of Sales in Japan

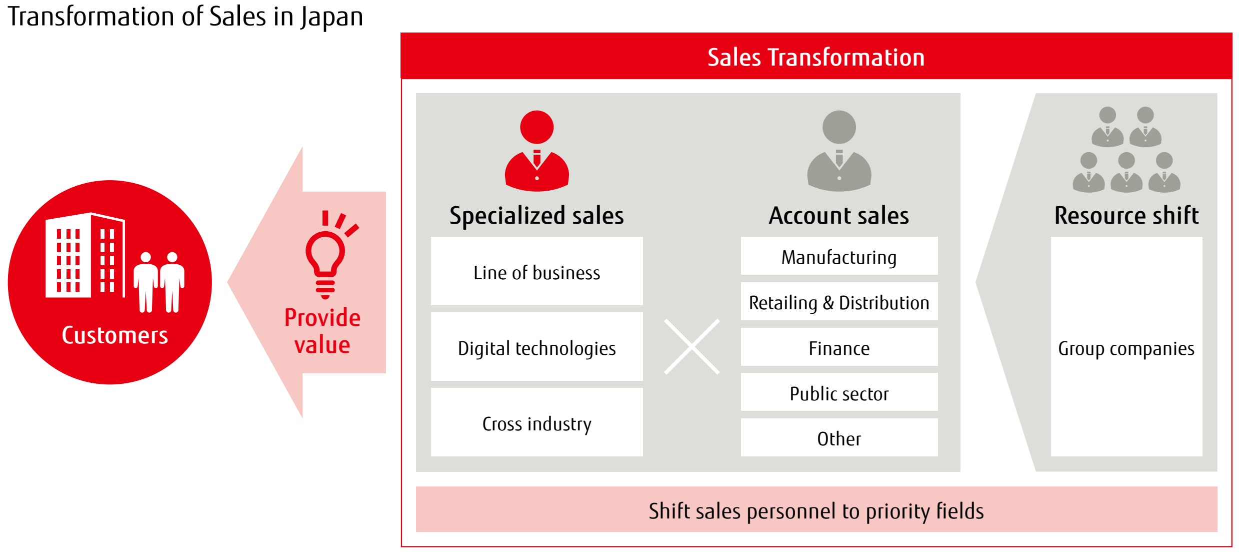
Reforming our sales structure is the first step for further strengthening our domestic businesses. As I stated earlier, frontline divisions in various industries are turning their attention to the new possibilities of ICT and exploring ways to adopt ICT in their own businesses. To hold dialogue with these divisions as their partner, we must raise the level of expertise and readiness of our sales staff to levels higher than ever before. The Fujitsu Group's current sales staff in Japan consists of over 10,000 employees. However, these talented personnel are dispersed across the entire Group. Rethinking this setup, we will shift these employees to our digital businesses, the Company's priority field. We will also expand our sales operations to include not only our conventional, industry-specific account sales but also specialized sales, which will respond to various needs in the line of business, digital technologies, and cross-industry fields.

We have met the needs of our customers using advanced ICT. The deep understanding we have of each customer industry represents one of our intangible assets, giving us a competitive edge over other ICT service companies and global platform providers. I firmly believe that this competitive edge will provide us with a strength that will set us apart from our competitors as we focus more on the upstream business processes of our customers, primarily in the fields of manufacturing and distribution. In addition, centralizing our specialized sales staff into one division will give rise to "chemical reactions" between the skills and expertise of each employee, which we hope will give birth to new ideas and customer proposals.

We have already introduced specialized sales staff in certain divisions, and we will accelerate this introduction on a Companywide basis with the aim of increasing the number of these staff members to around 1,200 by fiscal 2020. Furthermore, to enhance synergies between all of our sales divisions and business divisions, we will improve readiness not just in the provision of proposals from the upstream stages but also in the delivery of services and solutions. By doing so, we will contribute to the businesses of customers as their partner.

We will also take steps to strengthen our consulting functions, which will play a pivotal role in transitioning to this upstream approach. In addition to utilizing our existing human resources and expanding collaboration with FUJITSU RESEARCH INSTITUTE (FRI), we will increase the number of our consulting staff members to around 500 through such means as transferring personnel in indirect divisions with accounting expertise to positions that involve SAP consulting.

Transformation of Sales in Japan



Strategy 2: Strengthening Business

We are implementing various efforts under our "strengthening business" strategy in accordance with the four policies of "global product development based on unified strategy," "stop 'not invented here' syndrome," "rapid delivery of services that meet market needs," and "acquire and foster globally competitive talent." All of these policies were adopted previously under our business model transformation, and we consider them to be prerequisites to achieving growth as a global service-oriented company.

In terms of specific measures based on these policies, we are working to strengthen our service integration business and increase our global product competitiveness. At the same time, we are making efforts to bolster our network business and overseas business, which include the reorganization and consolidation of our EMEIA business.

For efforts to strengthen our service integration business, not only are we stepping up our consulting functions, as previously mentioned, we are also working to enhance the sophistication of our delivery division, which consists of SEs and Global Delivery Centers (GDCs). These efforts will help us establish systems that will keep our awareness consistently on making proactive proposals to customers throughout the entire business process, from cultivation of new business through the enhancement of upstream consulting and the delivery of actual solutions and services. Also, we have already introduced training programs in our SE division in order to implement agile development methods used in the enterprise field in both Japan and overseas. In addition, we are continuing to focus our efforts on enhancing the sophistication of our GDCs, which have a base of roughly 14,000 employees across eight countries. In regard to specific efforts for our GDCs, we are strengthening personnel with response capabilities in our focus areas, including SAP-related services. We are also moving forward with the establishment of a global hub that will centralize our knowledge in various industries and know-how on digital technologies, both major components of the Company's competitive edge.

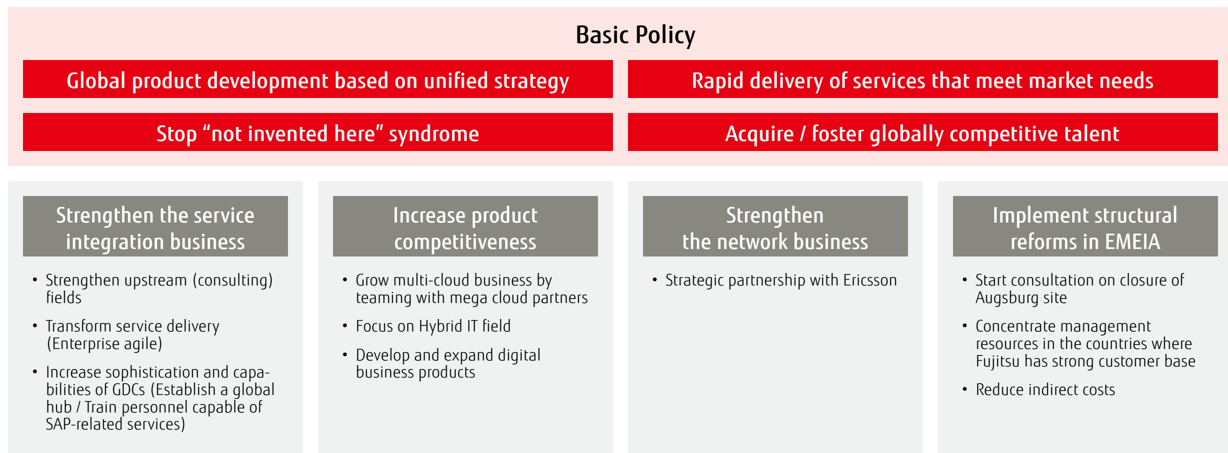
Looking to increase our global product competitiveness, we have decided to make a major transition with our cloud strategy. Eschewing the insistence on using solely Fujitsu products, we are forming alliances with mega cloud partners such as Microsoft Corporation and VMware, Inc. while taking steps to cultivate around 10,000 certified engineers on a global basis. Through these means, we are focusing management resources on fields in which we boast strengths, including the development and expansion of tool packages in the field of Hybrid IT.*3 In addition, in the development of products, we are rethinking our conventional approach that puts too much emphasis on domestic development and are taking steps to develop products for the core fields of IoT and security in optimal locations around the world. One such example is the establishment of an AI headquarters for the global promotion of Digital Annealer*4 in Vancouver, Canada, an area of advanced R&D in the AI field.

For the network business, where various issues became evident in fiscal 2017, we have concluded a long-term strategic partnership with the Swedish-based Ericsson with a view to the 5G era. Our first step in this partnership is pursuing the joint development of 5G base station products that target mobile carriers in the Japanese market. At the same time, we are examining various plans for the future, including the provision of IoT solutions and the rollout of base station products in the global market.

We are implementing drastic structural reforms in the EMEIA business, where enhancing profitability has become a pressing issue. In addition to commencing deliberations about closing the Augsburg, Germany site, we have been working to streamline various locations by concentrating management resources in areas where we have a solid customer base. We have also been taking steps to revise and enhance the efficiency of indirect divisions.

*3 Hybrid IT is a system that connects the differing IT environments of on-premises hardware and hybrid and private clouds.
*4 Digital Annealer is a proprietary Fujitsu technology inspired by quantum computing and that solves problems of combinatorial optimization, which is difficult to calculate with mainframe computers, using conventional digital circuits.

Strengthening Fujitsu's Business



Shifting Resources toward Growth

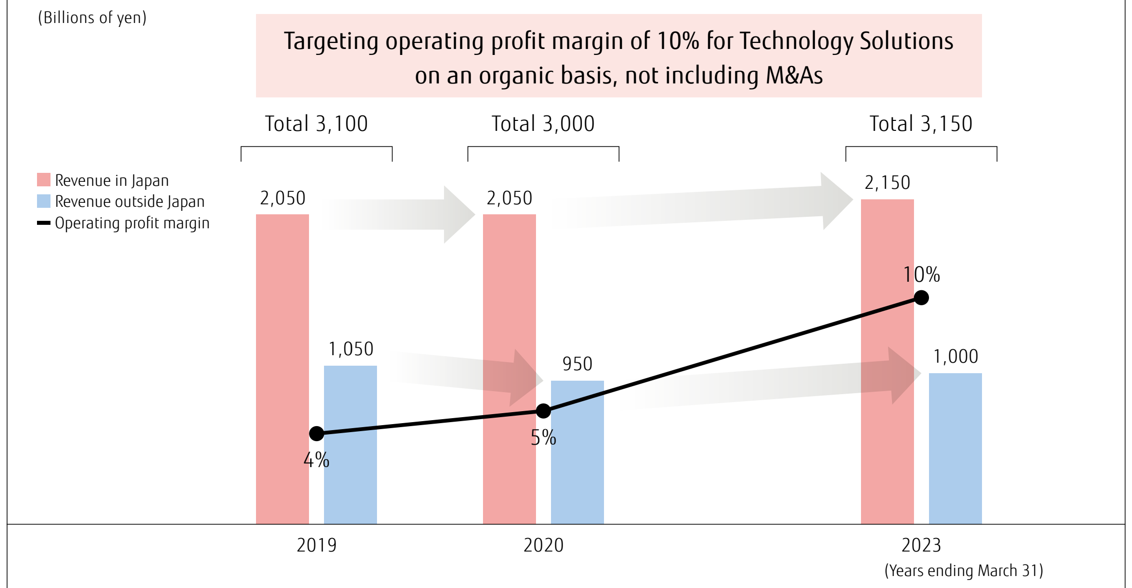
In addition to reinforcing our sales and delivery divisions, we are shifting approximately 5,000 personnel from our indirect and support divisions, which currently have approximately 16,000 employees when including our headquarters and Group companies. From the perspective of placing the optimal personnel in the optimal location as a service-oriented company, we are shifting human resources in our indirect divisions that have an abundance of knowledge applicable to consultation and specialized sales, as I mentioned previously. In conjunction with this reshuffling, we are enhancing training courses that strengthen employee skills and encourage a change in mindset, and providing opportunities for employees to attend lectures. Additionally, we are enhancing the efficiency of Group management by consolidating the indirect and support functions of Group companies into our headquarters. Furthermore, we intend to revise the formation of our manufacturing structure in line with our business policies.

Performance Targets

As I touched on above, by promoting the two major strategies of transformation of sales in Japan and strengthening business and working to enhance our management resources and efficiency in an appropriate manner, we aim to reach an operating profit margin of 10%, which we believe is a necessary benchmark for achieving growth in the global market. Many of our efforts geared toward achieving this aim depend on the cultivation of human resources. While this is something we naturally must pursue as a service-oriented company, a certain amount of time is needed between implementing initiatives and reaping the rewards.

From the numerous discussions we have held in the execution of strategy, we forecast that 2020 would be the year in which we start seeing results. Following the progress we have made in business structure transformation and the concentration of resources in the Technology Solutions business, we revised the timeline for reaching our target of a 10% operating profit margin to fiscal 2022 and made this target applicable only to the Technology Solutions business while incorporating costs from the Other/Elimination and Corporate segment. Furthermore, in terms of our overseas business, we have temporarily excluded our target for percentage of sales outside Japan as a KPI, for the time being, in order to prioritize the shift to a more robust profit structure, including in the EMEIA region where we are implementing structural reforms, over the pursuit of increased sales volumes.

Financial Targets



Note: Revenue is for the Technology Solutions business. Operating profit margin represents the addition of costs from the Other/Elimination and Corporate segment to the operating profit of the Technology Solutions business.

Substantially Changing Our Management Structure

To accelerate our growth strategy transformation, we substantially changed our management structure on January 1, 2019, thereby bringing forward the period when we install new management, which is usually done every year in April. The main idea behind such changes is to clarify both internally and externally the responsibilities and jurisdiction of each member. Going forward, we must continue to implement various reforms. Now is a time in which we are making preparations for future growth through the reforms that will follow our large-scale shifting of personnel, and the makeup of our management is not something that is excluded from this process.

With the resignation of two directors, the Board of Directors now consists of two members, myself, the president, and Hidehiro Tsukano, the vice president. By limiting the executive directors to two, we aim to bring forward ideas to the Board of Directors' meetings with regard to how we should change our business based on the perspective of customers from the executive side at a quicker pace and hold debate accordingly. The Company's Board of Directors' meetings are a place where lively debate occurs, and we compiled our review of the Management Direction based on the frank opinions we have received from external directors after long hours of discussion. By changing the balance between executive and non-executive directors, we hope to make discussions at Board meetings livelier than ever before.

In addition, we have halved the number of executive officers, and the Board of Directors will closely monitor the status of business execution by these officers. While monitoring this status, we will implement more flexible management going forward. Also, by integrating our business divisions into the Technology Solutions business, we will simplify the chain of command and work to generate synergies that overcome the frameworks of our conventional divisions. Furthermore, by having the officers of Fujitsu itself serve concurrently as the presidents of certain major subsidiaries, we will accelerate reforms to our Group formation from the perspective of overall optimization while also further enhancing the Group's governance.

Realizing Transformation through the Strengths of Our Corporate Vision

In Japan, Fujitsu's businesses have been steadily receiving orders overall, especially in the industry and distribution and retailing fields. Meanwhile, in contrast to our existing business fields, our digital businesses have really only just begun. We are at a stage where the digitization market in Japan has yet to take off, and this is precisely the time in which we must step up and accelerate our growth strategy transformation. Our recent review of the Management Direction represents a step for us to introduce a greater sense of urgency in our management decision making and day-to-day business operations.

In conjunction with this review, we must also transform the organizational structure of the Group into one that is much more robust. Generally speaking, organizations tend to drift away from the aims they had at the time of their establishment and lose sight of overall optimization as time passes. Much in the same way that the human body needs metabolism and daily exercise, corporate organizations need to be constantly moving to realize enhancements on their own initiative.

To push forward with these reforms and reap their benefits, leveraging the strengths of our Corporate Vision, which relates to the source of value creation, is essential. First and foremost, Fujitsu must become the leading company that offers ICT to bring about happiness in people's lives. Secondly, we must establish customer needs as the starting point for our businesses and consider everything from the perspective of customer value. Thirdly, as long as we are a company that deals with ICT, which has brought about dramatic changes around the world, we must continue to transform on a daily basis without ever fearing change.

Moreover, to bring people happiness, meet customer needs, and continuously transform ourselves in today's world—where the relationship between all things is complexly intertwined and massive amounts of data are being transmitted back and forth on a daily basis—the fourth thing we must do is realize co-creation with partners that share our Corporate Vision. Lastly, to achieve these aims, we must draw on the power of our human resources, who provide the foundation that allows us to put our Corporate Vision into action.

These five crucial aspects will act as the compass for our business model transformation. Guided by this compass, I will lead the way for all employees as we complete our business model transformation. I would like to ask our shareholders and other investors for their continued support as we pursue these endeavors going forward.

Tatsuya Tanaka
Representative Director and President