Summary Translation of Question & Answer Session at
Press Conference on Nomination of New President and Representative Director

Date: January 19, 2015
Location: Fujitsu Headquarters, Tokyo
Presenters: Masami Yamamoto, President and Representative Director
Tatsuya Tanaka, Corporate Executive Officer and SVP, Head of Asia Region

Questioner A
Q1: With the new organization starting in April, what will be the division of responsibilities between the chairman and president?

A1 (Yamamoto): As Mr. Tanaka will assume the role of president starting next fiscal year, from April he will have acting responsibility for management execution. I will play more of a public role, both externally and within the Fujitsu group. So it will be more of an internal-external split, with Mr. Tanaka driving internal decisions, and I will support him by handling public responsibilities.

Q2: Mr. Tanaka, what do you consider to be the biggest management priorities facing Fujitsu? In addition, what kind of company do you want Fujitsu to become?

A2 (Tanaka): Last year Mr. Yamamoto implemented our current global matrix organization, and I think the biggest priority is to further deepen the implementation of this structure. I personally have seen the front-line realities working outside of Japan, and I would like to leverage that experience to accelerate initiatives to make our global matrix structure even more effective.

Questioner B
Q1: In the past we have been told that Fujitsu needs to rejuvenate itself in order to promote a greater sense of urgency. With Mr. Tanaka, Fujitsu’s top leader will become three years younger, but could you describe the reasons why Mr. Tanaka was selected, including to what degree Mr. Yamamoto’s preferences were reflected in the decision by the Executive Nomination Committee?

A1 (Yamamoto): There were three reasons why Mr. Tanaka was selected. First, in the fast-changing ICT business, Fujitsu needs management that can lead a significant transformation of Fujitsu itself. On top of that, we determined that Mr. Tanaka has superior drive and ability to take action in leading such a transformation, so that is the first reason. The second reason is that Mr. Tanaka has an extremely strong grasp of global trends, which is a very important issue for Fujitsu. The third reason is because Mr. Tanaka has both the courage and the decisiveness required as president. Those are the reasons why we asked him to become president. When I was nominated as president, we also cited the need to “rejuvenate,” but it is not as if we choose a president based upon age. It is Fujitsu’s policy to choose the right person for the job based on the requirements of the times, and we do not intend to change this approach.
Q2: I would like to ask Mr. Tanaka when and how he was informed of this offer, and what his reaction was at the time.

A2 (Tanaka): I would like to refrain from answering about the timing, but since I was handling global business from Singapore, I had no inkling of this, and it came as quite a surprise.

Q3: What kind of company would you like Fujitsu to become? Having seen the realities of the front lines, please tell us if there are any areas where you feel Fujitsu is inadequate or needs to fix.

A3 (Tanaka): Fujitsu is a big organization. Rather than my own abilities, I think it is only by maximizing overall teamwork that we will be able to bring out Fujitsu’s full capabilities, so that is what I would like us to focus on. I would like Fujitsu to be a company where, from a customer-centric perspective on the realities of the front lines, issues can be honestly and opening debated. The ICT industry is characterized by intense competition and rapid change, and there may be times when there is a risk of taking a go-it-alone approach to product development, but I would like us to always focus on the real essentials from a customer-centric perspective. That is the way to increase our competitiveness.

Questioner C
Q1: In what types of circumstances did you feel that Mr. Tanaka had “courage and decisiveness”?

A1 (Yamamoto): For sales in Japan, Mr. Tanaka used to be in charge of sales to manufacturers. Our sales organization in Japan has a strong sense of pride and includes some of our strongest performers who bring in significant business, and within that organization Mr. Tanaka’s performance record was outstanding in terms of his ability to interact with customers, make the right decisions, and implement advances in ICT. That is point number one. Secondly, when we needed to grow our business in China, he raised his hand and dove headfirst into the market in China, producing strong results. Those are two examples of Mr. Tanaka’s intestinal fortitude and decisiveness. Of course, there are others, as well.

Q2: Mr. Tanaka, what is the reason you decided to join Fujitsu?

A2 (Tanaka): I joined Fujitsu in 1980, but I had been thinking that I wanted to work in the computer industry since about the time I was a junior in college. In 1980, Fujitsu overtook IBM Japan’s computing business, and it was a period in which Fujitsu was growing very rapidly. I decided I would like the challenge of working in that kind of company.

Q3: What hobbies do you have, and how do you relieve stress?
A3 (Tanaka): In the past I used to run because I used to be a member of the track and field team, and I still am diligent about jogging. When I was in my forties I even ran a full marathon, so I think running is the sport that best suits me. I also really enjoy music, and I play a few instruments.

Questioner D

Q1: It has been five years since you were appointed president. What thoughts do you have looking back on this experience?

A1 (Yamamoto): I became president in 2010, in the aftermath of the Lehman Shock financial crisis, when the economy was bottoming out. When I was appointed president, I had assumed that Fujitsu was in solid shape, but we incurred significant damage in the wake of the financial crisis, and I felt that, unless we change, it would be very difficult for Fujitsu to achieve further growth and expansion. For these past five years, I have been working to create a foundation for Fujitsu’s significant growth in the future. Our structural reforms are a work in progress, but I think we have created a baseline for further advancements in areas of innovation. The extent to which we can nurture the development of these growth drivers will be critical to Fujitsu’s future.

Q2: Why did you decide that now was the time to bring in your successor? Is it because you felt that five years is the right time for a transition, or is it because you felt you had accomplished most of what you needed to do in terms of structural reforms?

A2 (Yamamoto): Many factors contributed to making this decision. The first one is that, although there is no rule that the tenure of Fujitsu’s president should only be five years, I felt that it was a good time to bring my period as president to a close. The second is that, when managing a global company like Fujitsu, it is not easy for one person as president to handle both the public role and the internal responsibilities. I felt that, ideally, in dividing the roles of chairman and president, there needs to be a clear division of responsibilities between public and internal roles. Currently, we do not have a chairman, so I think we need to delineate the roles of chairman and president, and I would like to play a strong role in external activities. Third, I always understood that selecting a successor was an important duty of mine. Mr. Tanaka has developed into the type of executive whom I am comfortable having as my successor. For Fujitsu’s further advancement, we decided to clearly divide the responsibilities, and I will focus on my role as chairman.

Q3: When was this decision made?

A3 (Yamamoto): Ever since I was promoted to president, I have always had this transition in mind. I have always been asking myself when the timing would be right. I cannot tell you a specific time.

Q4: When was the Executive Nomination Committee meeting held?
**A4 (Yamamoto):** The Executive Nomination Committee meetings are set for each year, and the current succession decision was made at one of these periodic meetings.

**Q5:** Will this change the positioning of the medium-term management plan announced last year?

**A5 (Yamamoto):** The medium-term management plan announced in May of last year will remain as our commitment. For corporations, continuity is extremely important, and when a company has made a promise, it cannot renege just because the president has changed. But the manner in which the plan will be executed will be up to the new president. Moreover, the new president should want to outperform those financial targets. Using the figures we have promised as a base, I think people will be looking at to what extent the new president can outperform those targets.

**Q6:** Operating profit of 250 billion yen seems to be a high goal, but what are your thoughts on that, Mr. Tanaka?

**A6 (Tanaka):** Last year, Fujitsu started a new structure that divided the world in five different regions, and being in charge of the Asian region, I felt very positive and felt that there were many initiatives that could be undertaken. With this as a base, up until now I had only been thinking of the Asia region, but now I would like to take on the challenge of broadening my horizon to the entire company and seeing how we can outperform our targets.

**Questioner E**

**Q1:** With the new global matrix system, you have stated that you would like to accomplish with the entire company what you accomplished in Asia, but please give specific examples of positive results that have been achieved within the new system.

**A1 (Tanaka):** Asia is faced with many problems regarding social infrastructure. As areas of application for ICT expand, I feel that, beyond the social infrastructure of building bridges and roads, there will be many areas in which ICT can make a contribution. I have been in charge of operations in ten countries, and after listening to people in various countries, I felt the big expectations they had for Fujitsu’s technology. There have recently been accidents involving social infrastructure even here in Japan, and I feel that ICT can contribute to that, as well, and this area will continue to grow. In terms of specific areas, we are further developing the area of healthcare, and in Southeast Asia, we are managing important water infrastructure projects with ICT. In the area of agriculture, we are deploying the Akisai cloud service in Asia. Furthermore, we are examining approaches to utilizing big data for managing highways in Indonesia and traffic-related management by cooperating with Singapore’s Agency for Science, Technology and Research (A*STAR).

**Q2:** With other companies in the same industry, the chairman and president’s roles seem to be divided into CEO and COO, but in the case of Fujitsu, are those
classifications not planned? And how will internal and external responsibilities be divided?

A2 (Yamamoto): As for Fujitsu, we do not classify the chairman and president as CEO and COO. Fundamentally, responsibilities regarding external activities will be taken on by the chairman, and business responsibilities within the company as a whole will be taken on by the president. This system will move forward based on the close relationship between myself and the new president.

Questioner F
Q1: Please let us know your current view of the domestic and international market regarding PCs and mobile phones. Also, President Yamamoto has consolidated factories and made structural reforms, but our understanding is that Fujitsu would continue in those businesses. Mr. Tanaka, do you currently have the same thoughts? Or are there possibilities of further structural reforms?

A1 (Tanaka): With regard to my policies, I was just nominated, so everything is still a clean slate. I cannot give a responsible answer at this point. Once I officially become president, I would like to present my policies, including my views on the market.

Questioner G
Q1: Mr. Yamamoto, you are still young, and Fujitsu is in the middle of its medium-term management plan, but do you have any regrets or things you wished you had accomplished? And on a point scale, how would you grade yourself as president?

A1 (Yamamoto): There are a few things I wish I could have accomplished, but that is regarding the company as a whole more than me personally. I believe Mr. Tanaka will succeed in accomplishing unfinished business. As for me, I have always strived for a perfect score, but I think scores should be decided by the people around me.

Q2: Fujitsu has had some outstanding executives in the past. Mr. Tanaka, are there any executives that you aspire to emulate, or any particular management style you would like to follow? How do you plan on making this job your own?

A2 (Tanaka): I joined Fujitsu exactly during the transition from President Daisuke Kobayashi to President Takuma Yamamoto. President Takuma Yamamoto really left an impression on me. When I was young and was able to get an order for a supercomputer from a customer in the steel industry, I was invited to have a drink with him. President Takuma Yamamoto was very well-informed about technology, and also very customer-oriented, and he was a great example for me. My own strengths are in my sales experience and my global experience, so I would like to proceed by focusing on the front-line realities from a customer-centric perspective.

Questioner H
Q1: This question is for Mr. Tanaka. Please let us know once again what you think Fujitsu’s strengths are. Fujitsu has had a slogan of becoming a truly global company
for several years now, and you have been moving forward with the global matrix structure and other initiatives, but I feel that there are many things that need to be changed, such as the mindset of your employees. In your own words, what is it that you would like to do?

**A1 (Tanaka):** Regarding Fujitsu’s strengths, first and foremost, I feel that it is a company blessed with exceptionally talented personnel. And based on my personal experience, I think the company offers employees a free-spirited atmosphere in which to work in. Fujitsu is a very large organization, but if an environment is created where these talented personnel can freely express themselves and take on new challenges, the energy created by this energy will be massive. I would like to lead in a way that enables this type of energy.

In terms of Fujitsu being a global company, the one thing I learned as head of the company’s operations in Asia was that you cannot describe the market in one word like “global.” The various countries in Asia have different politics and cultures, and there is a wide range of GDPs, so it is necessary to look at each individual country and respond accordingly. And by the exceptional members of our team increasing Fujitsu’s presence in their respective countries, I think this will lead to Fujitsu being referred to as a global company. Of course, products made by certain divisions have to be borderless and provided to customers in a globally unified way, but from a sales standpoint, increasing our presence in each country enables us to call Fujitsu a global company.

**Q2:** I think Fujitsu’s strength lies in being able to take the dominance of your sales organization in Japan and use it to take advantage of business opportunities in Asia, but what are your thoughts about this?

**A2 (Tanaka):** We do have thoughts along those lines. I am actually trying to push ahead in creating a group in Japan that can mobile in Asia the expertise, technological capabilities, and experience we have in Japan, and to coordinate with other divisions. On the other hand, each country’s culture and ICT environment is different, so we cannot force Japan’s practices on them. In that respect, having our employees in each country who know their market very well and can figure out, from the perspective of the customer and the needs of the front lines, how best to apply Fujitsu’s products is extremely important.

**Questioner I**

**Q1:** Who do you think are Fujitsu’s biggest competitors?

**A1 (Tanaka):** In recent years, I do not think there are specific competitors, but I think there is a possibility that, in the field of ICT, competitors could emerge from any industry. It will not necessarily come from hardware vendors or software vendors. It may suddenly emerge from the services area. What is important is to keep your eye on the horizon, constantly analyze the situation, and be prepared.

**Q2:** As a global ICT vendor, what is most important when facing competition?
A2: (Tanaka): For me personally, what I would like to do is to take on the challenge of enhancing specialization. In an environment where hardware, software, and service vendors produce a variety of products and provide a wide range of services, I would like Fujitsu to enhance that little extra specialization so that customers will feel inclined to say, “Only Fujitsu can do this,” or “Fujitsu is an irreplaceable partner.” Fujitsu has superior technology, and has a variety of experiences with our customers, and I feel that it is important to take advantage of these strengths to differentiate ourselves.

Questioner J
Q1: Looking at these personnel moves and Mr. Tanaka’s experience, it seems there is a focus on global business, but I think your operating profit outside of Japan is still very low. What do you think are the reasons for this, and how do you plan on resolving this problem?

A1 (Tanaka): I would like to pursue an even greater degree of globalization of Fujitsu’s products. The proportion of our sales in Japan is still high, and I think that through examining the organization of global services with the respective divisions, this will eventually lead to an improvement in profitability. And by enhancing specialization, there will be an increase in added value, and this will contribute to higher profits.

Q2: You stated earlier that you feel positive about the global organization, but do you have any specific examples of how providing high-value added services will lead to an increase in profit? How do you plan on increasing profit in the future?

A2 (Tanaka): In terms of Asia, the adoption of services for social infrastructure is just emerging, so I do not feel that these will lead to an increase in profit right away. But, expectations are very high, and there are companies and partners in each country that are stating that they would like to utilize technologies already deployed in Japan and move forward by coming up with ideas together. I think that repeated discussions with these parties will lead to medium- to long-term profits.

Questioner K
Q1: If there were any particularly difficult experiences from your time in Asia that you remember, please let us know.

A1 (Tanaka): The countries in Asia all have unique cultures, so of course that affects management in various ways when dealing with local staff. How best to manage a diverse environment where local, Japanese, and Western employees work together, is, I feel, the most difficult issue. If all involved get on the same page, with the same goal, and put their strengths together, I think synergy gets created. Including the issue of providing incentives, I do not feel that there is any specific “right way” or method, but to constantly think about how to manage in a way that everyone can maximize their potential, all the while tackling challenges myself, was what was most difficult for me.
**Q2:** You will now be in a position to oversee operations in Japan and throughout the world, and not just those in Asia. How will you apply the experience and know-how you gained in Asia to your new position?

**A2 (Tanaka):** Currently, members of our team are deployed to various countries around the world and are gaining specific experience in their respective countries. I would like to look for and find opportunities for them to apply this experience and know-how.

**Questioner L**

**Q1:** Please let us know if you have any personal mottos or anything else that you like to usually keep in mind. And please let us know of any favorite books you may have or any people that you admire, and also explain why you do.

**A1 (Tanaka):** My principle is to never give up, and it may be a little conventional, but I really have a liking for the words “Perseverance makes you stronger.” This may have to do with the fact that I like to run, but my principle has always been to never give up until you reach the goal.

My favorite book is a business book titled *Why Great Leaders Do Not Take Yes for an Answer* published by the Wharton School of the University of Pennsylvania. This book is about how to manage conflict and consensus, and it uses actual projects as examples on how managers should act in certain situations. When I became in charge of Fujitsu’s operations in China, and Asia, as well, I always made it a point to re-read the book whenever I was faced with new projects and challenges.

**Questioner M**

**Q1:** It is said that running marathons is one of your hobbies. How often do you go running? Also, when was it that you belonged to a track team?

**A1 (Tanaka):** I ran track when I was in middle school, but I did not join the team in high school. Since I enjoy running so much, I still run sometimes when I gain some weight. I ran a full marathon in my forties. When I was in sales, I had a lot of social commitments with customers. I had been neglecting my health, and I thought “This is no good,” so I decided to attempt to run a full marathon. I ran the Naha Marathon in Okinawa and the Honolulu Marathon. Even this past weekend, I spent Saturday and Sunday at the gym and worked up a sweat. When I was in my forties, I completed the Kawasaki City Half-Marathon in a time of one hour and thirty minutes, but it took me over four hours to run a full marathon. I cannot run like that anymore.

**Q2:** You said that you also like music. What type of music do you usually listen to? What are the instruments you play?

**A2: (Tanaka)** I like classical music and jazz, but I used to go listen to all types of music. I used to play the saxophone a long time ago, and now I play the ukulele. I do not have time to play anymore, but when I can, I play at home to relax a little bit.