• Thank you all for taking time out of your busy schedules to attend today.

• First, let me say I had hoped to make this presentation soon after my appointment as president. While getting a grasp on the management issues facing Fujitsu, however, and dealing with matters that demanded immediate attention, a variety of related matters came up, and it was not until today that I could organize and present this material as a whole.

• Thank you very much for waiting, and I hope all of you will have a clear understanding of our direction after this session.

• I will now explain our management direction.
First, let me talk about market trends.

Advances in digital technologies are transforming every industry. These advances are causing rapid changes in our everyday lives and in various business environments.

Governments and businesses are constantly being pushed to respond to these changes. At the same time, these advances offer the opportunity to improve service quality and develop more competitive business models.

In this situation, with our customers themselves being changed in these ways, old ways of doing things are being upended, and revolutionary products and services are being created, from which there will be no turning back. As you know, companies are pursuing this kind of innovation, competition in every field is intensifying.

At the same time, a critical issue for companies is securing the kind of talent and technologies that will help them prevail in this competition.

In the ICT sector, in particular, the complexity and speed of change make it difficult for companies to continue to secure these resources on their own, and we recognize that expectations are increasing for higher value-added ICT services.
• These changes and the needs of the market present Fujitsu with important business opportunities.

• To take advantage of these opportunities, we thought about how these types of innovative products and services would be created.

• This slide shows a simple illustration of this. For example, for a company to bring a plan for a business to fruition, it can do it alone or create an ecosystem with multiple companies, and fields of innovation will be formed in each area.

• These fields are not necessarily business models, but if we think of them in terms of business models, the more innovative they are, the more value they deliver, the more that they can contribute to society and succeed as businesses.

• These are fields, or business models, where the role ICT is playing is increasing in scope and importance.

• In order for us to seize these opportunities, it is important that we participate in a field from an early stage in planning with a solid base in Internet of Things (IoT) technologies and a high degree of specialized expertise.

• By doing so, even after the business or project is launched, as we provide safe and secure operational services and unprecedented reliability, we can make a profound contribution to our customers’ businesses as an indispensable partner.
• In these fields, as a partner to our customers, Fujitsu aims to support their decision-making.

• This slide shows the basic service model we envision.

• By getting deeply involved with our customers at an early stage, we will understand their management issues and what they value, as well as their strategy and policies.

• Then we start by examining many different types of data, such as areas for strategic investments, or on enhancements to cost-competitiveness.

• Enormous volumes of data are collected through devices. In accordance with the evolution of the Internet of Things, these devices will include not only PCs and mobile phones but will also expand to include sensors, cameras, and a wide variety of other hardware that is connected to the network.

• Then, by connecting all of this data with an algorithm through ICT, we can digitally support our customers’ decision making as well as automate that decision-making.

• As we repeat this cycle, I want Fujitsu to grow by strengthening our customers’ businesses as an indispensable partner.
• To create this service model, Fujitsu will make concerted investments in the research and development of core integration technologies that will shape the IoT era.

• This slide shows representative technologies where Fujitsu is accelerating its development work.

• One issue for Fujitsu is that the technology development groups of these business units have been working largely independent of each other. We are planning to unify these business units to improve our development capabilities based on a strongly aligned strategy.

• We are therefore aiming to increase synergies with both Fujitsu Laboratories and Fujitsu Research Institute, as well as strengthen external collaborations and accelerate high-quality development work and time-to-market.
We have identified three pillars of strategy that we regard as necessary for achieving sustainable business growth.

The first is changing the structure of our business with a focus on “connected services.”

The second is seizing the potential of digital innovation made possible by ICT.

The third is to implement those services and innovative approaches at a global level.

Once we have transformed our business model through the synergies between these three initiatives, we believe that we will be able to resolve one of Fujitsu’s fundamental issues and achieve market penetration with services that integrate everything and improve the earnings capacity of our business.

Today, I will go through each of these three initiatives and explain what we are doing now so that you can understand our management direction.
First, I would like to give you an overall picture of our business model going forward.

Our operations currently have a vertically integrated structure divided into Technology Solutions, Ubiquitous Solutions, and Device Solutions.

In the evolving IoT marketplace, we will increase our competitiveness by focusing our management resources on Technology Solutions segment, where our company has an edge, and expanding it on a global basis as connected services.

Here, connected services refer to an approach that utilizes our wealth of knowledge in solutions, systems integration, and infrastructure services, together with a wide variety of software that includes cloud and middleware. Then, by shifting our core hardware, including servers, storage and networking, to software, we aim to provide our customers with a more integrated, top-line one-stop service.

Through this approach, in a digital society where everything is connected, we will generate new value for our customers. All of the hardware that can be connected through the network is positioned here as "Devices."

We expect more horizontal industry specialization in the IoT market and in a digital society.

Fujitsu will continue to develop core IoT and connecting technologies, and lines of business that demand more agility will become group companies, where they will have the independence to develop more competitive products and build their businesses.
The significance of establishing strong, independent businesses is as follows: in a very broad-based digital marketplace, as the boundaries of the required technologies continue to expand, the connected services Fujitsu is aiming to deliver, is that it will facilitate the spread of technology and raise the competitiveness of our businesses.

By making them independent businesses, we can clarify responsibilities, make them more self-reliant, and strengthen management for sustainable growth in profits.

This is why we have decided to take the direction of making our PC business and our mobile phone business wholly-owned subsidiaries.

By forming independent companies in areas that have become commoditized, we aim to accelerate the management decision-making process, while also enabling these subsidiaries to achieve clear profitability and growth as independent businesses.

At the same time, we want to bring together the IoT-related technologies and human resources dispersed across the Fujitsu Group to form an integrated organization within Fujitsu Limited.

We will strengthen investments in the areas of the IoT business that are poised for future growth, drive a company-wide effort to take advantage of opportunities in related business areas.
Next, I would like to speak about strengthening our EMEIA business.

We will mainly focus on two points: the shift to a focus on services and the operations of our product businesses.

Firstly, with regard to shifting to a focus on services, for Fujitsu, EMEIA is the next biggest market after Japan, and by moving ahead with transforming our business model there toward services, we hope to be able to raise the level of profit growth for the whole company.

As of now, EMEIA is divided geographically into four sub-regions, but by integrating those along the three axes of sales, services, and platforms, we will eliminate regional silos, improve the efficiency of common functions, such as administrative functions, and strengthen flexibility in our support capabilities and ability to devise compelling customer proposals for the shift to services.

We have already begun this integration process, and expect to complete it this fiscal year.

In addition, we are strengthening our sales teams dedicated to digitalization, in particular aiming to offer Fortune 500 customers high value-added services.

Secondly, we will work to strengthen our cost structure for our product businesses to deliver greater value to customers and improve our profit margins.

For R&D on products, we will optimize global development efficiencies. As part of the process of consolidating our R&D facilities, primarily in Japan, we will close our R&D center in Paderborn, Germany, subject to local law requirements.

In addition, we are considering ways to improve efficiencies at our manufacturing and logistics site in Augsburg, Germany.
• As a key factor for services, it will be important to evolve our systems engineering services, which are at the core of Technology Solutions.

• By standardizing the systems engineering experience and expertise we have accumulated, and developing it on our digital business platform, MetaArc, we plan to differentiate our services.

• First, in order to provide high value-added solutions, in cooperation with the relevant business units, we will continually integrate the latest core technologies, including IoT, big data, mobile, AI and security. We will continue to improve MetaArc with the latest technologies at the same time as they are provided to customers.

• Moreover, we will build co-creation relationships with our customers and partners, and jointly plan and execute business models in the midst of the ongoing digital transformation.

• In systems integration projects, Fujitsu has long been known as a company that perseveres to the end. From here on, I would like Fujitsu to earn a reputation as a company that carries through from the beginning of the beginning to the end of the end, a truly indispensable partner.

• To this end, as I said at the outset, it is important for us to have the strength to seize these new fields that will emerge in the digital marketplace. I think that this is the real essence of Knowledge Integration.
Next, I would like to discuss what we are doing to strengthen our sales capabilities to seize opportunities in these fields.

We are strengthening our industry-specific sales organization globally, so that we can get more deeply involved at the conception phase with our customer’s businesses and projects.

Our industry-specific sales organization works differently than our account sales.

Our people in our industry-specific sales teams have a wealth of knowledge and experience in their industry, line of business, service sector, or core technology, and can support the customer from the planning stage.

As an example, Fujitsu already has industry-specific sales teams in manufacturing, healthcare, and agriculture.

In the future, we will move into projects in self-driving vehicles, FinTech, and digital marketing, and we will deploy industry-specific sales teams in these areas.

Also in the future, with advances in IoT, we expect there will be more areas of opportunity, and we are actively building specialist systems engineers and teams for industry-specific sales in order to provide end-to-end support from proposals through services.

Account sales will continue to provide robust customer-centric support, but we are integrating them with industry-specific sales teams to build a cooperative relationship for new areas.

This type of one-stop support is one of Fujitsu’s innate advantages, and I am confident that we can further differentiate ourselves by adding our specialist capabilities to it.
Our activities in these specialty areas are already being expanded globally. Just looking at field trials, which can lead to business wins, we have already seen over 300 projects.

Here are a few examples.

A project to reduce congestion on Indonesian highways and direct motorists during accidents and disasters.

A project to look after patients and monitor courses of treatment at medical institutions in Ireland and Finland.

A project that attaches sensors to manholes as an accurate, inexpensive way to detect potential sites of wastewater-system overflows.

These and other projects are producing results.

We take the knowledge and technology we gain in the course of these many trial projects and deliver them globally in the form of proprietary high value-added services.
• We have strengthened our sales organization for Asia, which is viewed as a huge market for this type of digital innovation. Allow me to explain what we have done.

• On October 1, we formed a new "One Asia sales organization," which integrates Japan and the Asia region.

• The "One Asia" sales organization began October 1.

• Senior Vice President Junichi Saito, head of the Asia region, now reports to SEVP Hiroyuki Ono, who is in charge of Japan sales, to integrate sales strategies.

• At the same time, we are strengthening coordination in our Technology Solutions business, primarily with systems engineering services.

• Our goal is for the entire company to work as one to capture growing business in Asia. Together with sharing the know-how we have developed in Japan throughout Asia, we aim to accelerate the decision-making process for investments and business wins.

• In addition, from the perspective of promoting diversity, we hope to speed up the process of fostering the development of our employees and integrating our global personnel between Japan and Asia.
• One of the key objectives for our Global Matrix Organization that we started last year is the enhancement of Global Delivery.

• After a year of hard work to further the evolution of this organization, this fiscal year we decided to expand Global Delivery Center (GDC) capabilities.

• Specifically, we plan to increase GDC staff from the current level of 5,000 to 18,000 by the end of fiscal 2017.

• Under integrated management, we are pooling service-delivery resources in multiple countries around the world, enabling each region flexibility in accessing these resources while generating significant cost efficiencies.

• Furthermore, this shifts us toward an organization with more specialized capabilities, in which systems engineers in each region will have stronger contact with customers.
• Taking our internal deployment as a reference, we are globally enhancing our competitiveness when proposing cloud services.

• Fujitsu has already started an internal project to transition the 640 internal systems that are scattered in Japan and around the world to the K5 cloud service platform.

• In the course of this internal project, we will gain know-how in:
  • Transitioning multiple system types to the cloud;
  • Providing support on OpenStack; and,
  • Operations for a large-scale, global cloud.

• We will make available globally the know-how and skills we develop through this kind of hands-on project, and will be able to leverage this when submitting proposals and providing services to customers, maintaining high levels of quality and reliability in our support.

• In addition, this project gives us the opportunity to trial new technologies and to reduce TCO throughout the Fujitsu Group.
• Improving our cost competitiveness is an extremely important issue in ensuring that we can prevail in global competition.

• This slide shows the major projects we have already started toward that goal, including the measures I have already mentioned.

• These three projects alone will enable us to reduce costs by a total of 100 billion yen, and we are working to actively incorporate technological advances to increase automation.

• In addition, we will continue to optimize costs in order to improve our competitive position.
• In executing the business-model transformation that I have been explaining, we have set these consolidated financial targets as the outcome we seek to achieve.

• These targets are how we will measure whether we have transformed Fujitsu as an organization and achieved the ability to compete as an ICT services company on a global level.

• Our priority will be on accelerating the transformation that will bring us closer to these targets. Rather than focusing on achieving specific financial targets, I first want us to focus on transforming Fujitsu.

• Using the management methods that I will be discussing next, we will evaluate the status of this transformation, and take appropriate actions in a timely manner.
• Finally, I would like to discuss the management of the process for reaching these targets.

• Our fast-changing business environment forces us to adapt, and management according to medium-term management plans devised every three years, which we have used in the past, is effectively impossible now.

• I intend to make qualitative changes toward big-picture intended outcomes, setting numerical targets that will be a measure of whether we achieved the outcomes we aimed for, and making detailed reevaluations of our course every year to ensure we are moving toward those outcomes.

• Under this approach, I first will inform shareholders and other stakeholders of our major strategic directions, as I have done today, and will make public announcements every fiscal year as to whether those strategic directions have borne fruit in implementation.

• I expect that management will continue to feel the impact of external environment. But that is the very reason I believe it so important for our long-term strategy that we transform. We should implement it with the greatest sense of urgency. We will also share information with our stakeholders on our progress and on the measures we are implementing.
• I ask for your continued understanding and support.

• This concludes my presentation. Thank you.
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- Rapid technological change, fluctuations in customer demand and intensifying price competition in IT, telecommunications, and electronic device markets in which Fujitsu competes;
- Fujitsu’s ability to dispose of non-core businesses and related assets through strategic alliances and sales on commercially reasonable terms, and the impact of losses which may result from such transactions;
- Uncertainties as to Fujitsu’s access to, or protection for, certain intellectual property rights;
- Uncertainty as to the performance of Fujitsu’s strategic business partners;
- Declines in the market prices of Japanese and foreign equity securities held by Fujitsu which could cause Fujitsu to recognize significant losses in the value of its holdings and require Fujitsu to make significant additional contributions to its pension funds in order to make up shortfalls in minimum reserve requirements resulting from such declines;
- Poor operating results, inability to obtain financing on commercially reasonable terms, insolvency or bankruptcy of Fujitsu’s customers, or any such factor that could adversely impact or preclude these customers’ ability to timely pay accounts receivables owed to Fujitsu; and
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