Exhibit A

Reports on the 107th Business Period

FUJITSU LIMITED

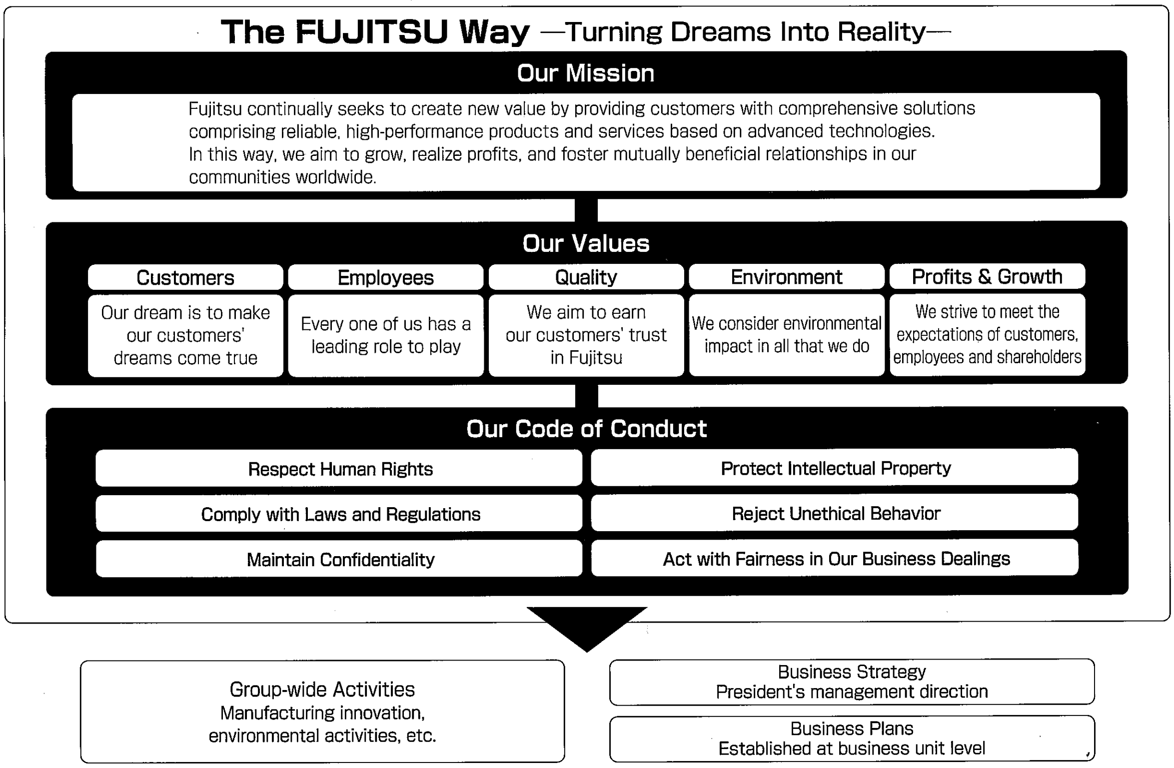
Note:

This English version of *Reports on the 107th Business Period* is based on the original Japanese version. The style of the English version differs slightly from the Japanese version.

The FUJITSU Way

Introduced in 2002, *The FUJITSU Way* is the core set of principles guiding the corporate and individual actions of the Fujitsu Group and our continuing development as good global corporate citizens. A common understanding of Fujitsu's mission, values and code of conduct serves as the standard governing individual employees' business activities.

As the core set of principles guiding our socially responsible corporate behavior, *The FUJITSU Way* is the inspiration for all business policies, plans and Group-wide activities.



To Our Shareholders

We are pleased to report to you the financial results of our 107th business period (covering fiscal year 2006, from April 1, 2006 to March 31, 2007).

On a consolidated basis, we posted operating income of ¥182.0 billion, ordinary income of ¥147.2 billion and net income of ¥102.4 billion for the period under review. On an unconsolidated basis, we recorded an ordinary income of ¥62.6 billion and a net loss of 249.2 billion.

Our basic dividend policy is to provide shareholders with a stable return while securing sufficient retained earnings to strengthen our financial base and support new business development opportunities that will result in improved long-term performance.

We posted a large unconsolidated net loss for the term and consequently recorded a deficit in retained earnings. However, in light of the fact that future financial risks are reduced by posting the loss, that the loss is not associated with an actual outflow of cash, and that earnings are on a recovery path, in order to continue the policy of paying stable dividends on an ongoing basis, we plan to pay a year-end dividend of 3 yen per share from other capital surplus.

Since we recorded a large unconsolidated net loss, we will not pay bonuses to Members of the Board and Auditors for the term.

Along with the advance of ubiquitous networks, IT has come to permeate all aspects of society, providing unprecedented levels of convenience and utility while transforming everyday life. Companies are looking to deepen the link between IT and business processes, moving beyond a focus on utilizing IT simply to improve efficiency to an approach that seeks to unify IT with the advancement of corporate business activity.

Amid these trends, IT systems supporting business and society are becoming increasingly sophisticated, and there are greater demands for high system reliability than ever before. The Fujitsu Group continually seeks to create new value by providing customers with comprehensive solutions comprising reliable, high-performance products and services based on advanced technologies. In this way, we aim to grow, realize profits, and foster mutually beneficial relationships in our communities worldwide. Striving to genuinely understand the business environments and challenges facing our customers, we are dedicated to enabling them to utilize IT in ways that will contribute to their growth and development. In addition, we are working to bring innovation to businesses and individuals' daily lives by helping to advance the utilization of IT at the frontline areas where the actual movement of people and goods takes place. We are also stepping up efforts to improve the operational quality of IT systems that support society at large.

In these ways, we seek to grow and prosper together with our customers as a trusted partner.

We would like to ask you, our valued shareholders, for your continued support and guidance in our business going forward.

June 2007

Naoyuki Akikusa, Chairman
Hiroaki Kurokawa, President

Report on Business Operations

1. Business Overview (April 1, 2006 to March 31, 2007)

(1)Trends and Results for the Consolidated Group

a) Overview

Along with the advance of ubiquitous networks, information technology (IT) has come to permeate all aspects of society, providing unprecedented levels of convenience and utility while transforming everyday life. As the scope of IT utilization continues to expand, the role IT systems play in both business and public sector infrastructure is becoming increasingly crucial—a new lifeline for companies and society as a whole.

In the term under review, the global economy remained firm overall led by strong growth in Asia, although it slowed somewhat in the second half. The Japanese economy was held back somewhat by weaker personal spending, but the corporate sector, while not robust, nevertheless performed well and grew steadily.

In these economic circumstances, IT investment overseas remained active, especially in the United States and EMEA (Europe, the Middle East and Africa). In Japan, IT investment was not as strong as it was overseas but was recovering. In particular, demand for strategic investment in growth areas and investment designed to enhance internal control and security increased. While our performance in the services sector was strong both in Japan and abroad, the products segment faced more difficult conditions, including lower prices for servers and storage equipment as customers shifted to lower-price products with improved performance, and lower prices for electronic devices as a result of intensifying competition in the field of digital appliances.

The Fujitsu Group has been addressing four key challenges since fiscal 2004: strengthening our existing businesses, creating and cultivating new businesses, reforming our organization and approach, and reforming our management systems.

During the term, we continued to take steps to improve quality, reduce costs, and accelerate business speed, thereby strengthening our existing businesses. We improved the efficiency of software development and promoted production innovation with an eye toward our entire supply chain. We made corporate acquisitions in the United States and Europe, expanding our services business. We also engaged in strategic alliances with global partners. In addition, to bolster our overseas business, we adopted a new organizational structure in which we divided our overseas operations into four key regions and appointed a corporate senior vice president or officer of higher rank as head of operations for each region.

With respect to sales, acquisitions in our services businesses in the United Kingdom and North America made a contribution to overseas sales, and sales of servers and hard disk drives (HDDs) also rose, although certain semiconductor markets deteriorated in the second part of the term. In Japan, although there was a reversal of the strong demand in mobile phone base stations seen in the last fiscal year, sales of services and electronic components rose. As a result, total consolidated net sales amounted to ¥5,100.1 billion (rising 6.4% year on year).

Consolidated operating income was ¥182.0 billion (a rise of ¥600 million from the previous fiscal year) as a result of factors such as intensifying global price competition in HDDs, servers, optical transmission systems and personal computers, the expansion of the services business in the United Kingdom and North America, and an increase in expenses due to upfront strategic investments.

Consolidated ordinary income was ¥147.2 billion (an increase of ¥21.2 billion), reflecting an improvement in other income (expenses) as a result of a reduction in the amortization of unrecognized obligations for retirement benefits associated with the revision of the pension program in fiscal 2005, an increase in equity in earnings of affiliated companies, and other factors.

Although we posted a devaluation loss on plant and equipment in the optical transmission systems business, this was more than offset by gains on sales of marketable securities and other factors, and as a consequence, consolidated net income amounted to ¥102.4 billion (a rise of ¥33.8 billion).

In fiscal 2004, as part of a three-year, medium-term vision, we set forth four key challenges, and since then we have been making concerted efforts to meet these challenges.

As a result of these efforts, we significantly reduced the number of loss-making software development projects. We also maintained competitiveness in our existing businesses through cost cutting resulting from stepped-up manufacturing innovation initiatives, helping to offset the influence of falling product prices.

We also took steps to expand new business. Sales in overseas markets increased 30% from fiscal 2003, and we shifted to profitability in all key overseas geographic segments (EMEA, APAC & China and the Americas). We also made major strides in reforming our organization and approach and management systems, including integrating our sales and system engineering groups in Japan in fiscal 2004 to improve our ability to meet the needs of our customers.

Four key challenges

(1) Strengthen our existing businesses

(2) Create and cultivate new Businesses

(3) Reform our organization and approach

(4) Reform our manage-ment systems

b) Comparison of FY 2006 Results and Initial Plan

Billions of Yen

	Projections at Start of Fiscal Year	*FY 2006 Results*	*Divergence*
Net sales	¥5,200.0	¥5,100.1	- ¥ 99.8 (-1.9%)
Operating income	190.0	182.0	- 7.9 (-4.2%)
Ordinary income	150.0	147.2	-2.7(-1.8%)
Net income	80.0	102.4	+ 22.4 (+28.0%)

Based on a policy of pursuing continuous growth in sales and profits, we developed an initial plan at the outset of the term with the particular aims of bolstering our overseas businesses and comprehensively improving efficiency throughout the Group.

To achieve these targets, and as part of our efforts to "strengthen our existing businesses"—one of our four key challenges set forth in fiscal 2004—we strove to improve systems integration project risk management, while bolstering quality improvement and reducing costs via stepped-up manufacturing innovation initiatives. In addition, to meet the challenge to "create and cultivate new businesses," we developed and aggressively implemented strategies for each region—EMEA (Europe, the Middle East and Africa), APAC (Asia Pacific) & China, and the Americas—to expand our overseas business.

Despite these initiatives, we were unable to achieve our consolidated sales target. A significant increase in sales of services overseas could not counter the sluggish growth in sales of personal computers in the face of intensifying price competition, along with a rapid deterioration in market conditions for LSI devices used in digital appliances in the second half of the term.

Consolidated operating income also fell short of the initial target. Improved cost efficiencies stemming from stepped-up manufacturing innovation initiatives and the improvement of profitability in services were not able to offset the negative impact of changes in the network business environment in North America in the latter half and the rapid deterioration in market conditions for LSI devices.

Consolidated ordinary income was also below the initial plan, despite an improvement in equity in earnings of affiliated companies.

Consolidated net income exceeded the initial target as a result of the posting of a gain on sales of marketable securities, although a devaluation loss was recorded on plant and equipment in optical transmission systems and other businesses.

As in the previous fiscal year, we also took steps to improve our financial condition. As a consequence, although total liabilities rose ¥65.9 billion from the preceding term end, to ¥2,783.0 billion, the ending balance of interest-bearing loans fell ¥182.7 billion, to ¥745.8 billion, following the redemption of debentures and other activities. Total net assets rose ¥70.6 billion to ¥1,160.7 billion. We reduced the D/E ratio* to 0.77, achieving the medium-term target of 1.00 or lower.

c) Overview by Business Segment

Technology Solutions

The Technology Solutions segment comprises System Platforms, which covers high-performance, high-reliability IT infrastructure products based on state-of-the art technologies, and Services, which covers products and services for corporate and public sector customers, including various services that leverage our competitive system platforms.

Sales for the term reached ¥3,157.0 billion (up 5.8% year on year). Although domestic sales were almost on a par with the year-ago level (down 0.2%), overseas sales surged from the previous term (rising 19.9%).

Operating income increased to ¥163.6 billion (a rise of ¥10.5 billion from the previous term). The effect of cost reductions and improved profitability in services more than offset the impact of intensifying price competition in the System Platforms sub-segment and upfront strategic investments.

System Platforms

In the System Platforms sub-segment, we strove to improve earnings through global deployment of a high value-added business model based on our TRIOLE approach to IT infrastructure optimization, and in our network business we worked to develop next-generation network business.

Specifically, we added new functions to our PRIMEQUEST mission-critical IA servers and PRIMERGY PC servers and continuously introduced these enhanced products to domestic and overseas markets. We also took steps to expand the sales of profitable middleware products through offerings that combine middleware and hardware. In the network business, we continued to engage in the next-generation network business in collaboration with leading-edge carriers in Japan, the United States and Europe.

Sales in the System Platforms sub-segment were ¥703.7 billion (down 1.9% year on year). Domestic sales fell as a result of a decline in sales of mobile phone base stations, for which demand was strong in the previous fiscal year, and sluggish sales of server-related products. Overseas sales increased thanks to higher sales of UNIX servers, despite a decline in sales of optical transmission systems in North America.

Operating income fell to ¥7.5 billion (a decrease of ¥17.0 billion from the previous year). Although we promoted cost reduction and efficiency through manufacturing innovation initiatives, a decline in sales of mobile phone base stations and fierce price competition in server-related products in Japan had a negative impact. In addition, development expenditures for optical transmission system products and projects for next-generation networks in the United States and United Kingdom increased.

In the System Platforms sub-segment, we will strive to enhance product performance and reliability, as well as environmental friendliness, and pursue production and development innovation to respond to intensifying competition.

Services

In our services business in Japan, we worked to bolster project risk management and improve efficiency in system development to enhance profitability. At the same time, we sought to strengthen our operational services and package services businesses, which are expected to produce stable sales. Overseas, we aggressively implemented regional strategies to expand businesses. In Europe, led by UK-based subsidiary Fujitsu Services, we worked to expand not only our successful existing IT outsourcing business for government organizations but also bolster our capabilities for expanding private-sector business and provision of systems in continental Europe. In North America, reinforced our services business capability through M&A and alliances.

As a consequence, sales in the sub-segment amounted to ¥2,453.2 billion (up 8.3% year on year). In Japan, systems integration sales grew, particularly in the finance, automobile and other manufacturing sectors. Sales of outsourcing services also increased. In overseas markets, sales rose significantly on the strong performance of outsourcing and other services, mainly in the United Kingdom and North America.

Operating income rose to ¥156.1 billion (an increase of ¥27.6 billion from the previous year). Improved profitability on more robust sales both in Japan and abroad and successful efforts to improve efficiency in system development offset a rise in expenditure for business expansion, including expenses for enhancing business proposal activity.

Going forward, we will strive to further reduce costs and improve efficiency through the use of development staff in India, China and elsewhere, as well as through process standardization activity.

Ubiquitous Product Solutions

The Ubiquitous Product Solutions segment comprises products such as PCs and mobile phones primarily for individual customers, and HDDs.

In this segment, we continued to strive for thorough cost reduction and quality improvement through intensified manufacturing innovation efforts. In PCs, we endeavored to develop new customer segments and increase sales by launching high value-added products equipped with enhanced security functions and AV functions, such as digital terrestrial broadcast reception. For mobile phones, we stepped up efforts to incorporate new technologies for future growth. As part of these initiatives, we launched the world’s thinnest waterproof mobile phone in February 2007. In HDDs, we maintained and enhanced our reputation as a high-quality brand while providing new competitive products. In December 2006, we announced a 2.5-inch HDD with perpendicular magnetic recording technology boasting the world’s largest capacity, which we developed to respond to demand for recording digital terrestrial broadcasts.

As a result of these activities, sales in the Ubiquitous Product Solutions segment amounted to ¥1,118.3 billion (up 5.5% year on year). PCs sold well overseas, but consumer demand for PCs was sluggish in Japan due to consumer reluctance to buy ahead of the launch of Windows Vista. Sales of mobile phones grew steadily, and sales of HDDs for both notebook PCs and servers were strong.

Operating income amounted to ¥41.6 billion (a rise of ¥6.8 billion from the previous term). While profit from PCs and HDDs declined due to price deterioration in Japan and abroad, cost cutting through stepped-up manufacturing innovation initiatives and a decline in repair costs stemming from better product quality made a positive contribution.

To respond to continued difficult market circumstances, we will endeavor to cut costs further and provide high-value added products.

Device Solutions

The Device Solutions segment comprises logic LSI devices and related electronic components and other products that are used in customers' digital consumer electronics products, automobiles and mobile phones, as well as in our own servers and other products.

Based on our policy of focusing our resources on logic LSI devices, we worked to boost earnings capability while maintaining a balance between our advanced technology logic LSI business using 90/65 nanometer technology and our standard technology logic LSI business.

To expand the production of advanced technology logic LSI devices, we enhanced the production capacity of the 300mm LSI production facility (300mm Fab No. 1) at our Mie Plant and built Fab No. 2. In addition, we bolstered our COT business, where we manufacture LSI devices that users have designed and developed, as well as our design services. In the standard technology logic LSI business, we concluded an agreement with Spansion Japan in September 2006 to purchase some of its semiconductor production facilities in order to assure a stable supply of Flash memory-embedded microcontrollers, demand for which has been strong for use in on-board equipment and digital AV devices.

Sales in this segment increased to ¥762.6 billion (up 7.8% year on year). The full-scale operation of 300mm Fab No. 1 and the sustained strength of electronic components business offset fluctuating demand for advanced technology logic LSI devices in the latter half of the term.

Operating income was ¥19.0 billion, a decline of ¥10.4 billion from the previous term. The positive impact of higher sales of advanced technology logic devises and electronic components was offset by negative factors including the rapid deterioration of markets for standard technology logic LSI devices, especially in the field of digital appliances, in the second half and an increase in depreciation expenses for the logic LSI production facilities at the Mie Plant.

Going forward, we will strive to improve earnings by further strengthening the development of high-performance products using cutting-edge technologies and aggressively developing overseas business.

Other Operations

The Other Operations segment includes results from Fujitsu TEN Limited, whose business involves car audio equipment, car navigation systems, and other control equipment used in automotive applications, as well as from various subsidiaries that provide services and products within the Fujitsu Group. Sales in this segment were ¥490.3 billion (a 9.6% year-over-year increase), while operating income was ¥10.5 billion (a ¥2.8 billion year-on-year increase.)

(2) Capital Expenditures

During the period under review, we spent ¥305.2 billion (a year-on-year increase of 22.1%) on capital expenditures focused on growth areas and to support future business development.

In the System Platforms sub-segment of Technology Solutions, we invested in facilities for the development and evaluation of next-generation UNIX servers and optical transmission systems. In the Services sub-segment, we made capital investments in facilities for enhancing business proposal activity for outsourcing services in the United Kingdom and for expanding data center facilities in Japan. Consequently, total capital expenditures in Technology Solutions amounted to ¥91.3 billion.

In Ubiquitous Product Solutions, ¥24.8 billion was invested in equipment and facilities for HDDs using perpendicular magnetic recording technology, personal computers, mobile phones, and other products.

In Device Solutions, in advanced technology logic LSI area we invested in the capacity expansion of 300mm Fab No. 1 at our Mie Plant, as well as construction of 300mm Fab No. 2; and in standard technology logic LSI we invested in production and development equipment and facilities for existing plants. Total capital expenditure for Device Solutions was ¥166.2 billion.

Capital expenditures other than the above segments was 22.8 billion yen.

(3) Capital Procurement

In the period under review, because we were able to improve free cash flow from business operations, we refrained from raising capital through the issuance of any new shares or bonds.

NIFTY Corporation, a consolidated subsidiary engaging in Internet services, underwent an IPO and was listed on the second section of the Tokyo Stock Exchange in December 2006, raising funds by issuing new shares.

(4) Research and Development

Based on the policy of creating new value for customers and contributing to the development of a world of ubiquitous network access, we pursued research and development in cutting-edge technologies for next-generation services, as well as servers, networks, and the devices that support them.

Total research and development expenditure for the term was ¥254.0 billion.

Of this expenditure, ¥213.8 billion was spent on the three business segments as described below, ¥8.3 billion yen was allocated to Other Operations, and ¥31.9 billion was outlaid as basic research and other costs that were not allocated to business segments.

Technology Solutions

- We developed technology for extracting and analyzing the reputations of companies and products from content written in Chinese or English on message boards or blogs (simple websites featuring diaries or similar writings). Since a subsidiary company provides the same service for information written in Japanese, the new technology has enabled us to provide customers globally with marketing analysis of information on companies and products written in Japanese, Chinese and English.

- To improve the performance of server systems, We developed a 10 gigabit Ethernet* switch chip and switching device that supports a high-speed interface capable of transmitting a 10 gigabit signal via one signal cable – a world's first. This now opens the way for a new generation of servers that are more compact, lower in price and more energy efficient, and which will simplify operational management of equipment connections in data centers by enable networks to use 10 gigabit Ethernet as a unified data link protocol instead of using multiple protocols. This technology is being utilized in the built-in switches of our BX620 blade server.

*Ethernet: A data link protocol most commonly used in local area networks to connect IT equipment.

- Using the most recent video encoding system, H.264/AVC, we developed an original algorithm for high-quality encoding of people's visual features, along with technology for encoding high-quality images that uses just one-fifth the amount of computing power, and technology that speeds up data transfer by 30% by reducing waste. We have commercialized these technologies in products such as the world's first low-power high-definition video coding LSI and our IP-9500 transmission system, which enables real-time transmission of high-definition video over the Internet. The transmission equipment is used by broadcasting stations for international broadcasting.

Research and development expenditure related to the Technology Solutions segment was ¥130.7 billion.

Ubiquitous Product Solutions

- We developed a function named Clear Voice for mobile phones that automatically adjusts volume according to the surrounding noise level so that the speaker's voice can be heard clearly. We also developed a unique speech synthesis technology that reads any text fluently, using a database storing human speech characteristics. We have applied these technologies in our *Raku Raku Phone* series. We have also developed technology for downloading various *kana* and *kanji* fonts and creating new fonts. This technology enables users to display a large variety of fonts and use attractive and easy-to-read characters. The technology is applied in our F903i and other mobile phone models.

- We developed a new bio-based plastic made from the seeds of the castor bean in cooperation with Arkema of France. By relaxing the stereo-regularity of the molecular structure, we were able to make the material flexible so that it can endure bending 10,000 times. As plant-based extract accounts for 60-80% of the material, it greatly reduces the use of petroleum-based plastic that has been a contributor to the problem of CO_2 emissions. We are using the new bio-based plastic for some of the components in three of our FMV-BIBLO PC models launched in January 2007, as well as other products. Going forward, we intend to expand the application of bio-based materials in our notebook PCs, mobile phones and other products as part of our commitment to reducing environmental burden.

Research and development expenditure related to the Ubiquitous Product Solutions segment was ¥36.7 billion.

Device Solutions

- We developed a WiMAX* base station and amplifier for transmission to terminals to enable a next-generation wireless broadband system whereby users can easily use large-volume data in outdoor and mobile environments. For the base station, we jointly developed with KDDI a transmission amplifier using a gallium nitride HEMT**. By developing the crystal structure of the HEMT and introducing digital distortion compensation technology, we achieved power efficiency twice that of before, which enables creation of a more compact and energy-efficient base station. For the WiMAX terminal, we realized a small, low-distortion, low-power amplifier, which can extend the terminal's talk time by 50% and can increases transmission speed by 50%.

*WiMAX (Worldwide Interoperability for Microwave Access): A wireless communication specification complying with IEEE802.16 and IEEE802.16e standards. WiMAX can provide high-speed (about 75 Mbps) mobile services in a mobile environment of 120km/h.

**HEMT (High Electron Mobility Transistor): An ultrahigh-speed high electron mobility transistor pioneered by Fujitsu in 1980.

- We have developed a technology to accelerate the switching speed of ReRAM (resistive random access memory), a next-generation embedded non-volatile memory*** device, and confirmed a threefold increase in the speed of erase and write operations compared with previous technology. Practical application of the technology is expected to lead to a high-speed, low power-consumption, low-cost embedded memory device as an alternative to Flash memory, the operating limits of which are becoming evident.

***Embedded non-volatile memory: A memory that is embedded in a semiconductor chip together with a logic LSI device that can retain information even after it is turned off.

Research and development expenditure related to the Device Solutions segment was ¥46.3 billion.

(5) Acquisition or Disposition of Other Companies' Shares and Other Equity or New Share Warrants, Etc.

We sold a portion of our shareholding in Spansion Inc. in November 2006. As a result, the Company's shareholding fell below 20%. We also sold part of our shareholding in Fanuc Ltd. in March 2007 to help strengthen our financial position.

Fujitsu Services, a subsidiary based in the United Kingdom, acquired the German IT services firm TDS in January 2007 to enable further growth in the European market.

(6) Key Challenges Ahead

Supported by overall growth in the world economy, the level of global investment in IT, especially in IT services, continues to expand steadily. The Japanese market is also recovering, although it is not as strong as certain overseas markets. To take advantage of the robust economic circumstances and strong corporate willingness to invest in IT, we plan to accelerate the speed of our business and focus on globalization.

In the product business, the business environment is expected to become more difficult. Although sales volumes are rising, demand for servers and network equipment is shifting towards lower-priced products, the performance of which is improving, and prices of HDDs, other components and electronic devices are falling in the face of intensifying competition.

To improve earnings power in these circumstances, we will bolster the efficiency of our overall business and will expand operations and bolster high-value added services in EMEA, Asia and the Americas, increasing our growth potential.

●Technology Solutions

The Fujitsu Group aims to achieve further growth by expanding our global services based on cutting-edge technologies and high-quality products.

Through the heads of each region (EMEA, the Americas, APAC and China), appointed at the start of fiscal 2006, we will focus on establishing an optimum global structure and will strive to build an integrated customer support system for services and products we provide across the world including Japan.

To increase the Group's capability to develop global operations, we expanded in fiscal 2006 the lineup of products and services in the United States and Europe through corporate acquisitions. We also established a base in India for increasing the Group's offshoring ability.

In addition, we concluded a global service partner agreement with SAP AG of Germany and are going to provide solutions related to SAP implementation globally. On another front, we have begun worldwide shipments of new UNIX servers that we have developed jointly with SUN Microsystems.

In services, we will bolster and expand our outsourcing and security services, starting from operations, and will support the customer throughout the lifecycle, thereby enhancing our earnings capabilities. In our solution/system integration business, we are implementing measures including the continuous enhancement of our risk management capability, promotion of human resources development in the upstream processes, broader application of the Toyota Production System, and improvement of our offshoring capability. In domestic operations, we have consolidated our consulting business in Fujitsu Research Institute and will thereby enhance our consulting ability to strengthen our relations with customers and improve our capability to make proposals.

For system products, we will promote the integration of production and sales. At the same time, we will narrow products and bolster marketability. We will also improve efficiency in the delivery of system products through standardization and automation.

●Ubiquitous Product Solutions

Our strategy for Ubiquitous Product Solutions is to pursue globalization of the segment as an independent business. In providing personal computers, we will pursue differentiation in terms of quality, security and AV functions and will in doing so will improve profit ratio and develop global operations. We see mobile phones as the key device in the upcoming ubiquitous society, since cutting-edge technologies including radio techniques are being concentrated in the device. We will enhance our growth strategy, anticipating fusion with the personal computer. As for HDDs, we will maintain our high-quality brands while incorporating new technologies, including perpendicular magnetic recording. We believe this will increase our cost competitiveness and bolster our earnings power.

●Device Solutions

In Device Solutions, Fujitsu will follow its basic policy of expanding operations while balancing advanced and standard products. To ensure that we can develop our global business operations, we will enhance our sales strength, especially in Asia. For standard products, we acquired the domestic plants of Spansion Japan to improve our front-end capacity, and will consolidate production bases for the back-end process, improving production efficiency. For advanced products, we will step up efforts to reinforce our software development capability to strengthen our New-IDM model. To enable a total solution covering not only chips but also other components including modules and boards, we will bolster synergy with affiliates. We will review our decisions on investment in advanced logic LSI production facilities from time to time based on our assessment of demand trends.

●Company-Wide Initiatives

In addition to the above initiatives by segment, we will expand the Group's operations through means such as mergers and acquisitions, will appoint persons from outside Japan to management positions, and will strengthen operating alliances with major overseas vendors to speed up our global business development.

We will continue to promote manufacturing innovation initiatives and will commit to avoiding waste in all activities throughout the Company. At the same time, we will launch Company-wide initiatives to encourage cost reduction and environmental practices.

We will make our strengths in internal processes accessible to outside customers, creating profitable opportunities. We have already established a new company that employs superior Fujitsu technologies and know-how in the speedy production of logic LSI prototypes and the assessment and analysis of the reliability of parts and materials. The new company has begun providing services to customers.

In environmental practices, the Group has determined the details of the Fujitsu Group Environmental Protection Program (Stage V), which prescribes the challenges and targets of our environmental practices for the period from fiscal 2007 to fiscal 2009. We will strive to improve the environmental value of products and services, for example, through the expansion of Super Green products in accordance with the program. We attach importance to global warming issues and will promote environmental practices in offices by setting out assessment standards for the practices in addition to measures that we have taken in relation to the infrastructure of our plants. We will also contribute to the reduction of customers' CO_2 emissions by developing and providing low-power consumption products and environmental solutions.

We remain committed to equipping ourselves with the ability to successfully meet the above challenges. At the same time, we will remain a reliable partner for our customers, and will continue to earn the trust of customers and society as a global enterprise that can contribute to the creation of an enriched and vibrant network society.

(7) Consolidated Asset and Profit (Loss) Situation for the Most Recent Three Fiscal Years

Billions of yen, except where stated

Fiscal Year (Business Period)	FY 2003 *(104th)*	FY 2004 *(105th)*	FY *2005 (106th)*	FY 2006 *(Current period)*
Net sales	¥4,766.8	¥4,762.7	¥4,791.4	¥5,100.1
Overseas Total (included in Net Sales)	1,388.6	1,422.0	1,591.5	1,825.2
Operating income	150.3	160.1	181.4	182.0
Ordinary income	49.7	89.0	126.0	147.2
Net income (loss)	49.7	31.9	68.5	102.4
Net income (loss) per share [yen]	24.55	15.42	32.83	49.54
Total assets	3,865.5	3,640.1	3,807.1	3,943.7
Net assets	827.1	856.9	917.0	1,160.7
Shareholders' equity per share [yen]	413.22	414.18	443.20	469.02

Notes:

1. Net income (loss) per share is calculated based on the weighted average number of shares of common stock outstanding during each period.
2. Owners' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
3. "Net income (loss) per share" and "Owners' equity per share" are calculated in accordance with the "Accounting Standard for Net Income per Share" (Corporate Accounting Standard No. 2) and the "Corporate Accounting Standard Applicable Guideline for Net Income per Share" (Corporate Accounting Standard Applicable Guideline No. 4).
4. In calculating "Net assets", Fujitsu has adopted the "Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Corporate Accounting Standard No. 5; December 9, 2005) and the "Accounting Standard Applicable Guideline for Presentation of Net Income on the Balance Sheet" (Corporate Accounting Standard Applicable Guideline No. 8; December 9, 2005), effective from fiscal 2006 ending March 31, 2007.

Billions of yen

		FY 2003 *(104th)*	FY 2004 *(105th)*	FY 2005 *(106th)*	FY 2006 *(Current period)*
Technology Solutions	**Net sales**				
	Unaffiliated customers	¥2,847.7	¥2,860.3	¥2,903.6	¥3,064.7
	Intersegment	80.5	74.0	80.2	92.3
	Total	¥2,928.3	¥2,934.4	¥2,983.9	¥3,157.0
	Operating income	¥124.6	¥130.7	¥153.0	¥163.6
	[As % of sales]	[4.3%]	[4.5%]	[5.1%]	[5.2%]
Ubiquitous Product Solutions	**Net sales**				
	Unaffiliated customers	¥834.2	¥899.0	¥926.4	¥993.2
	Intersegment	114.2	132.4	133.5	125.0
	Total	¥948.4	¥1,031.4	¥1,059.9	¥1,118.3
	Operating income	¥33.2	¥32.0	¥34.8	¥41.6
	[As % of sales]	[3.5%]	[3.1%]	[3.3%]	[3.7%]
Device Solutions	**Net sales**				
	Unaffiliated customers	¥734.3	¥733.8	¥655.1	¥707.1
	Intersegment	70.3	60.9	52.3	55.5
	Total	¥804.6	¥794.7	¥707.5	¥762.6
	Operating income (loss)	¥22.7	¥29.0	¥29.5	¥19.0
	[As % of sales]	[2.8%]	[3.7%]	[4.2%]	[2.5%]
Other Operations	**Net sales**				
	Unaffiliated customers	350.5	¥269.5	¥306.2	¥335.0
	Intersegment	115.5	107.6	141.1	155.2
	Total	¥466.1	¥377.2	¥447.3	¥490.3
	Operating income	¥12.2	¥8.9	¥7.6	¥10.5
	[As % of sales]	[2.6%]	[2.4%]	[1.7%]	[2.2%]
Elimination & Corporate	**Net sales (loss)**	¥(380.7)	¥(375.0)	¥(407.3)	¥(428.2)
	Operating income (loss)	¥(42.5)	¥(40.5)	¥(43.5)	¥(52.7)
Total	**Net sales**				
	Unaffiliated customers	¥4,766.8	¥4,762.7	¥4,791.4	¥5,100.1
	Intersegment	–	–	–	–
	Total	¥4,766.8	¥4,762.7	¥4,791.4	¥5,100.1
	Operating income	¥150.3	¥160.1	¥181.4	¥182.0
	[As % of sales]	[3.2%]	[3.4%]	[3.8%]	[3.6%]

Notes:

1. The Other Operations segment for fiscal years 2003 includes the Financing segment.
2. For purposes of comparison, figures for fiscal years 2003 and 2004 have been restated to reflect composition for respective business segments in 1st half fiscal year 2005.
3. For purposes of comparison, figures for previous fiscal years have been restated with new method of allocating operating expenses, which has been introduced this fiscal year.

(8) Asset and Profit (Loss) Situation of the Company for the Most Recent Three Fiscal Years

Billions of yen, except where stated

Fiscal Year (Business period)	FY 2003 *(104th)*	FY 2004 *(105th)*	FY *2005 (106th)*	FY 2006 *(Current period)*
Net sales	¥2,788.5	¥2,846.2	¥2,850.2	¥2,869.2
Operating income	32.9	30.6	18.8	8.8
Ordinary income	38.3	31.6	55.5	62.6
Net income (loss)	17.0	(39.8)	17.4	(249.2)
Net income (loss) per share [yen]	8.49	(19.59)	8.37	(120.58)
Total assets	3,022.9	2,944.2	2,837.0	2,512.8
Net assets	934.6	854.3	939.5	620.8
Shareholders' equity per share [yen]	467.18	413.15	454.35	300.37

Notes:

1. Net income (loss) per share is calculated based on the weighted average number of shares of common stock outstanding during each period.
2. Owners' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
3. "Net income (loss) per share" and "Owners' equity per share" are calculated in accordance with the "Accounting Standard for Net Income per Share" (Corporate Accounting Standard No. 2) and the "Corporate Accounting Standard Applicable Guideline for Net Income per Share" (Corporate Accounting Standard Applicable Guideline No. 4).
4. In calculating "Net assets", Fujitsu has adopted the "Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Corporate Accounting Standard No. 5; December 9, 2005) and the "Accounting Standard Applicable Guideline for Presentation of Net Income on the Balance Sheet" (Corporate Accounting Standard Applicable Guideline No. 8; December 9, 2005), effective from fiscal 2006 ending March 31, 2007.
5. Operating income for fiscal 2006 declined primarily because of the adverse effect of lower income in mobile phone base stations and the deterioration of market conditions in the LSI business, along with the increase in upfront strategic investments and development expenses. The Company recorded an unconsolidated net loss of ¥249.2 billion for fiscal 2006. Although we registered a gain on the sale of marketable securities related to the sale of shares in Fanuc Ltd., the sale of shares in NIFTY Corporation in conjunction with its IPO, and the sale of shares in Spansion Inc., which were undertaken to help improve our financial position, we recorded a loss on devaluation of subsidiaries' and affiliates' stock in conjunction with a change in basic stance regarding our shareholding in Fujitsu Services, as well as a devaluation loss on US- and UK-based manufacturing and sales subsidiaries.

(9) The Fujitsu Group

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates are as shown in the following chart.

Customers

Fujitsu Limited

Technology Solutions

Category	Company Name	Parcentage of Voting Rights	
Development, manufacturing and sales	Fujitsu Frontech Limited	53.78	(0.44)
	Fujitsu Access Limited	50.55	(0.40)
	Fujitsu Network Communications, Inc.	100	
Development, manufacturing	Fujitsu IT Products Ltd.	100	(45.00)

Category	Company Name	Parcentage of Voting Rights	
Development, sales and provision of services	Fujitsu Business Systems Ltd.	52.64	(0.06)
	NIFTY Corporation	66.59	
	Fujitsu Broad Solution & Consulting Inc.	56.48	
	Fujitsu Support and Service Inc.	100	
	PFU Limited	78.59	
	Fujitsu FIP Corporation	100	
	Fujitsu Consulting Holdings, Inc.	100	
	Fujitsu Services Holdings PLC	100	(5.52)
	Fujitsu Australia Limited	100	
	Fujitsu Asia Pte. Ltd.	100	

Ubiquitous Product Solutions

Category	Company Name	Parcentage of Voting Rights
Development, manufacturing	Shimane Fujitsu Limited	100
	Fujitsu Isotec Limited	100
	Fujitsu (Thailand) Co., Ltd.	100
	Fujitsu Computer Products Corporation of the Philippines	100

Category	Company Name	Parcentage of Voting Rights
Sales	Fujitsu Computer Systems Corporation	100
	Fujitsu Taiwan Limited	100
Development, manufacturing and sales	Fujitsu Siemens Computers (Holding)B.V.*	50.00

Category	Company Name	Parcentage of Voting Rights	
Sales	Fujitsu Personal System Limited	100	
	Fujitsu Computer Products of America, Inc.	100	(100)
	Fujitsu Europe Limited	100	

Device Solutions

Category	Company Name	Parcentage of Voting Rights	
Development, manufacturing and sales	Shinko Electric Industries Co., Ltd.	50.06	(0.03)
	Fujitsu Component Ltd.	50.33	

Category	Company Name	Parcentage of Voting Rights
Sales	Fujitsu Devices Inc.	66.76
	Fujitsu Microelectronics Asia Pte. Ltd.	100

Other Operations

Category	Company Name	Parcentage of Voting Rights
Development, manufacturing and sales	Fujitsu TEN Limited	55.00
Research and development	Fujitsu Laboratories Ltd.	100

Category	Company Name	Parcentage of Voting Rights	
Equity method affiliates	Fujitsu General Limited *	46.70	
	FDK Corporation *	39.80	(0.01)
	Fujitsu Leasing Co., Ltd. *	30.00	(5.00)

Notes:

1. The company with (*) is an equity method affiliate.
2. Figures in parenthesis in the percentage of voting rights show indirect shareholdings and are included in the percentage.

(10)Major Business of the Fujitsu Group (As of March 31, 2007)

Fujitsu and its subsidiaries are involved in the business of providing comprehensive IT solutions comprising high quality electronic devices and products, and various related services, all based on powerful technologies that are leading-edge and outstanding in terms of both performance and quality. The main products and services in each of our business segments are listed in the table below.

Segment	*Main products and services*
Technology Solutions	Servers (mainframes, UNIX servers, mission-critical IA servers, PC servers) Storage systems Software(OS, middleware) Network control systems Optical transmission systems Mobile phone base stations Consulting Systems integration services(system construction) Outsourcing services(comprehensive management of information systems) Network services(provision of network environment for information systems as well as various network services) System support services(information system and network maintenance and monitoring services) Information systems infrastructure construction and network construction Custom terminal installation (ATMs, POS systems, etc.)
Ubiquitous Product Solutions	Personal computers Mobile phones Hard disk drives Magneto-optical drives Optical modules
Device Solutions	LSI Devices (logic LSI) Electronic Components (semiconductor packages, SAW devices, etc.) Relays, Connectors, etc.
Other Operations	Audio and navigation equipment Electronic equipment for automobile control Printed circuit boards

(11) Fujitsu Group Principal Offices and Plants (As of March 31, 2007)

a) Fujitsu Limited

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki, Kanagawa
Principal office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Domestic business offices	Hokkaido (Sapporo), Tohoku (Sendai), Shutoken (Minato-ku, Tokyo), Tokai (Nagoya), Hokuriku (Kanazawa), Kansai (Osaka), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyushu (Fukuoka)
Software/Services	Fujitsu Solution Square (Ota-ku, Tokyo), Sapporo System Laboratories (Sapporo), Aomori System Laboratories (Aomori), Makuhari System Laboratories (Chiba), Kansai System Laboratories (Osaka), Oita System Laboratories (Oita), Kumamoto System Laboratories (Mashiki-machi, Kamimashiki-gun), Kyushu R&D Center (Fukuoka), Tatebayashi System Center (Tatebayashi), Akashi System Center (Akashi)
R & D	Kawasaki Plant (Kawasaki), Numazu Plant (Numazu), Akashi Plant (Akashi),Fujitsu Akiruno Technology Center (Akiruno-shi, Tokyo)
Manufacture	Iwate Plant (Kanegasaki-cho, Isawa-gun), Aizuwakamatsu Plant (Aizuwakamatsu), Oyama Plant (Oyama), Nasu Plant (Otawara), Nagano Plant (Nagano), Mie Plant (Kuwana)

b) Subsidiaries

Japan	Fujitsu Laboratories Ltd. (Kawasaki), Shinko Electric Industries, Co., Ltd. (Nagano), Fujitsu Business Systems Ltd. (Bunkyo-ku, Tokyo), Fujitsu Frontech Ltd. (Inagi), Fujitsu Access Ltd. (Kawasaki), Fujitsu Component Ltd. (Shinagawa-ku, Tokyo), NIFTY Corporation (Shinagawa-ku, Tokyo), Fujitsu Devices Inc. (Shinagawa-ku, Tokyo), Fujitsu Broad Solution & Consulting Inc. (Shinagawa-ku, Tokyo), Fujitsu Support and Service Inc. (Minato-ku, Tokyo), Fujitsu TEN Ltd. (Kobe), PFU Ltd. (Kahoku, Ishikawa), Fujitsu FIP Corporation (Koto-ku, Tokyo), Fujitsu Isotec Ltd. (Date, Fukushima), Fujitsu Personal System Ltd. (Minato-ku, Tokyo), Shimane Fujitsu Limited (Hikawa-cho, Hikawa-Gun), Fujitsu IT Products Ltd. (Kahoku, Ishikawa)
Overseas	Fujitsu Network Communications, Inc. (U.S.), Fujitsu Computer Products of America, Inc. (U.S.), Fujitsu Computer Systems Corporation (U.S.), Fujitsu Consulting Holdings, Inc. (U.S.), Fujitsu Services Holdings PLC (U.K. and other countries), Fujitsu Europe Ltd.(U.K.), Fujitsu Computer Products Corporation of the Philippines (Philippines), Fujitsu Australia Limited (Australia), Fujitsu (Thailand) Co., Ltd. (Thailand), Fujitsu Asia Pte. Ltd.(Singapore), Fujitsu Microelectronics Asia Pte. Ltd. (Singapore), Fujitsu Taiwan Ltd. (Taiwan)

(12) Employees (As of March 31, 2007)

a) Employees of Fujitsu Group

Segment	*Number of employees*	*Change from end of fiscal 2005*
Technology Solutions	100,813	+2,212
Ubiquitous Product Solutions	17,281	+437
Device Solutions	22,604	+363
Other Operations	17,401	-690
Corporate	2,878	+164
Total	160,977	+2,486

b) Employees of Fujitsu Limited

Number of employees	*Change from end of fiscal 2005*	*Average age*	*Average years of employment*
36,561	-259	40.3	17.9

(13) Principal Lenders (As of March 31, 2007)

Lender	*Loan amount (¥ millions)*
Japan Bank for International Cooperation	21,200
Meiji Yasuda Life Insurance Company	15,200
Mizuho Corporate Bank, Ltd.	6,570
Mitsubishi UFJ Trust and Banking Corporation	6,156
Asahi Mutual Life Insurance Company	6,100

2. Company Overview

(1) Stock (As of March 31, 2007)

a) Number of Authorized Shares: 5,000,000,000

b) Number of Outstanding Shares and Stated Capital

Shares: 2,070,018,213

Stated Capital: ¥324,625,075,685

c) Shares Issued during the Business Period: There was no issuance of shares during the business period.

d) Number of Shareholders: 217,586 (10,764 decrease from the end of FY2005)

e) Principal Shareholders

Name	*Shareholder's investment in Fujitsu Limited*		*Fujitsu Limited's investment in the shareholders*	
	Number of shares held (thousands)	*Percentage of shares held (%)*	*Number of shares held (thousands)*	*Percentage of shares held (%)*
The Master Trust Bank of Japan, Ltd. (for trust)	151,252	7.31		
Japan Trustee Services Bank, Ltd. (for trust)	95,069	4.59		
Fuji Electric Holdings Co., Ltd.	94,663	4.57	74,333	9.96
Fuji Electric Systems Co., Ltd.	64,908	3.14		
State Street Bank and Trust Company 505103	43,270	2.09		
Asahi Mutual Life Insurance Company	40,299	1.95		
Fuji Electric FA Components & Systems Co., Ltd.	36,886	1.78		
Mizuho Corporate Bank, Ltd.	32,654	1.58		
Japan Trustee Services Bank, Ltd. (for trust4)	28,963	1.40		
Fujitsu Employee Shareholding Association	21,387	1.03		

Notes:

1. The investment ratio is calculated taking treasury stock (2,914,813 shares) into account.
2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust) and Japan Trustee Services Bank, Ltd. (for trust4) pertain to the trust business by the institution.
3. Of the shares held by Fuji Electric Holdings Co., Ltd., Fuji Electric Systems Co., Ltd., and Fuji Electric FA Components & Systems Co., Ltd., 1,412 thousand shares, 56,787 thousand shares and 29,556 thousand shares, respectively, are trust assets that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of the respective companies. The Company's shares held by the overall Fuji Electric Group, including the shares above explained, in the form of retirement benefit trust assets are 123,042 thousand shares in total (which accounts for 5.94% of the number of outstanding shares).
4. Of the Company's shared held by the Mizuho Corporate Bank, Ltd., 212 thousand shares are trust properties that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of Mizuho Corporate Bank, Ltd.

(2) The status of Stock Acquisition Right

a) Stock Acquisition Right granted to the Members of the Board and Auditors of the Company for the purpose of the compensation for their execution of duties.

(As of March 31, 2007)

Title	Stock option resolved at the 100th Annual Shareholders' Meeting as of June 29, 2000		Stock option resolved at the 101st Annual Shareholders' Meeting as of June 26, 2001	
Number of shares granted:	(Number of shares)	(Number of holders)	(Number of shares)	(Number of holders)
Member of the Board (excluding Outside Board Members)	(6)	¥210 thousand	(7)	¥245 thousand
Outside Board Members	(1)	¥20 thousand	(1)	¥20 thousand
Auditors	(1)	¥20 thousand	(1)	¥20 thousand
Type and number of shares to be issued upon the exercise of Stock Acquisition Right	Common Stock 375,000 shares		Common Stock 535,000 shares	
Amount of assets paid upon exercise of Stock Acquisition Right	¥3,563 per share		¥1,450 per share	
Exercise period for the Stock Acquisition Right	From August 1, 2000 to June 29, 2010		From August 1, 2001 to June 26, 2011	
Matters concerning the offer price and the increase in paid-in capital in the event of issuance of shares upon the exercise of the Stock Acquisition Right	Offer price ¥3,563 Increase in paid-in capital ¥1,782		Offer price ¥1,450 Increase in paid-in capital ¥725	
Conditions for exercising the Stock Acquisition Right	(1) If a holder of Stock Acquisition Right loses his/her position of a Members of the Board/Auditor or a employee, he/she can exercise the Stock Acquisition Right, and also in case he/she decease, his/her successions can exercise the Right. In both cases the right shall be exercised under the next condition. (2) Other conditions on the exercise of the Stock Acquisition Right are shall be executed on the agreement with the applied holders under the resolutions of Ordinary Annual Shareholders' Meeting of June 29, 2000 and the following meeting of the Board of Directors		(1) If a holder of Stock Acquisition Right loses his/her position of a Members of the Board/Auditor or a employee, he/she can exercise the Stock Acquisition Right, and also in case he/she decease, his/her successions can exercise the Right. In both cases the right shall be exercised under the next condition. (2) Other conditions on the exercise of the Stock Acquisition Right are shall be executed on the agreement with the applied holders under the resolutions of Ordinary Annual Shareholders' Meeting of June 26, 2001 and the following meeting of the Board of Directors	
Restrictions of the transfer and acquisition of Stock Acquisition Right	Any disposition of Stock Acquisition Right is not allowed. The Right could not be transferred to the third party and put in pledge.		Any disposition of Stock Acquisition Right is not allowed. The Right could not be transferred to the third party and put in pledge.	

The above stock option is granted based on the provision of Clause 19-1, Article 280 of the former Commercial Code.

b) Stock Acquisition Right granted in the 107th fiscal year

Not applicable

c) Other Stock Acquisition Right

Stock Acquisition Right granted in 2002 as convertible warrant bonds (Due date: 2009 / ¥billing)

The date of the resolution	May 7, 2002
(Details of the convertible warrant bonds)	
The balance of the bonds	¥250,000 million
Issue date	May 27, 2002
(Details of Stock Acquisition Right)	
Number of the Right attached the bonds	50,000
Type and number of shares to be issued upon the exercise of Stock Acquisition Right	Common Stock 208,159,866 shares
Amount of assets paid upon exercise of Stock Acquisition Right	¥1,201 per share
Exercise period for the Stock Acquisition Right	From June 10, 2002 to May 13, 2009
Matters concerning the offer price and the increase in paid-in capital in the event of issuance of shares upon the exercise of the Stock Acquisition Right	Offer price ¥1,201 Increase in paid-in capital ¥601
Conditions for exercising the Stock Acquisition Right	(1)Exercise of Stock Acquisition Right is not allowed after the deprivation of term profit of the Company. (2)Stock Acquisition Right should not be exercised partially.
Conditions for transfer the Stock Acquisition Right	No restriction

Note: Available in the B/K business day before the date of redemption

(3) Management

a) Members of the Board and Auditors (As of March 31, 2007)

Position	Name	Areas of responsibility, primary positions, and representation of other companies and organizations
Chairman of the Board, Representative Director	Naoyuki Akikusa	Chairman, Japan Electronics and Information Technology Industries Association (JEITA)
President, Representative Director	Hiroaki Kurokawa	
Corporate Senior Executive Vice President, Representative Director	Masamichi Ogura	Chief Financial Officer; Principal responsibility for administrative divisions
	Toshihiko Ono	Principal responsibility for manufacturing innovation and electronic devices business
	Chiaki Ito	Principal responsibility for global business
	Michiyoshi Mazuka	Principal responsibility for Japan business
Vice Chairman of the Board	Akira Takashima	
Outside Board Member	Kunihiko Sawa	Advisor, Fuji Electric Holdings Co., Ltd.
	Hiroshi Oura	Member of the Board and Senior Executive Advisor, Advantest Corporation
	Ikujiro Nonaka	Professor Emeritus, Hitotsubashi University
Standing Auditor	Takashi Takaya	
	Hirohisa Yabuuchi	
Outside Auditor	Yoshiharu Inaba	President and CEO, Fanuc Ltd.
	Tamiki Ishihara	Chairman, Seiwa Sogo Tatemono Co., Ltd.
	Megumi Yamamuro	Professor , University of Tokyo Graduate Schools for Law and Politics

Notes:

1. Mr. Kunihiko Sawa and Mr. Ikujiro Nonaka are outside board members under Item 15, Article 2 of the Company Law.
2. Mr. Yoshiharu Inaba, Tamiki Ishihara, Megumi Yamamuro are outside auditors under Item 16, Article 2 of the Company Law.
3. Mr. Standing Auditor Takashi Takaya has many years of experience in the Company and extensive knowledge in finance and accounting.
   Mr. Tamiki Ishihara has many years of experience in financial institutions and extensive knowledge in finance and accounting.
4. Mr. Standing Auditor Hiromasa Inagaki resigned as of June 23, 2006.
5. Mr. Hirohisa Yabuuchi was elected as a standing auditor at the 106th ordinary general meeting of shareholders held on June 23, 2006 and took up that position.

b) Compensation, Paid to Members of the Board and Auditors

Section	*No. of qualified persons*	*Amount Paid (¥Million)*
Members of the Board	10	345
Outside Board Member (included in Members of the Board)	2	15
Auditors	5	66
Outside Auditors (included in Auditors)	3	22

Notes:

1. The limit on remuneration to Members of the Board was resolved to be 600 million yen per year at the 106th ordinary general meeting of shareholders held on June 23, 2006.
2. The limit on remuneration to auditors was resolved to be 100 million yen per year at the 106th ordinary

general meeting of shareholders held on June 23, 2006.

3. Bonuses will not be paid to Members of the Board and Auditors in fiscal 2006.
4. The Company will place "Granting of Retirement Allowances to Retiring Members of the Board and Auditor and Final Payments of Retirement Allowances in line with the Abolition of Retirement Allowance System for Members of the Board and Auditors" on the agenda of the 107th ordinary general meeting of shareholders to be held on June 22, 2007. The total amount of the retirement allowance to ten Members of the Board and five corporate auditors as of the end of fiscal 2006 will be 1,131 million yen (including 21 million yen to two Outside Board Member) and 70 million yen (including 15 million yen to three outside auditors), respectively. These payments are not included in the total amount of remuneration indicated above.

c) Outside Board Members and Auditors

(1) Concurrent Positions of Outside Board Members and Auditors

Section	*Name*	*Companies at which concurrent positions are held and the positions held*
Outside Board Member	Kunihiko Sawa	Advisor, Fuji Electric Holdings Co., LTD. Outside Board Member, The Japan Atomic Power Company Outside Board Member, FUJITEC Co., LTD. Outside Board Member, Tsukishima Kikai Co., LTD.
	Ikujiro Nonaka	Professor Emeritus, Hitotsubashi University Outside Board Member, Eisai Co., Ltd.
Outside Auditor	Yoshiharu Inaba	President and CEO, Fanuc LTD.
	Tamiki Ishihara	Chairman, Seiwa Sogo Tatemono Co., Ltd. Outside Auditor, ZEON Corporation
	Megumi Yamamuro	Professor , University of Tokyo Graduate Schools for Law and Politics Outside Auditor, Advantest Corporation

Notes:

1. Mr. Hiroshi Oura is a former Corporate Senior Vice Presidents of the Company and is not considered an Outsider Board Member under the Company Law. However, we have appointed Mr. Oura (current Members of the Board and Advisor of Advantest Corporation) as an Outside Board Member to strengthen the management supervisory function. The Company has business dealings with Advantest Corporation. Mr. Oura concurrently holds a position as an Outside Board Member of Yamato Holdings Co., Ltd.
2. Mr. Kunihiko Sawa concurrently holds a position as an advisor of Fuji Electric Holdings Co., Ltd. The Company has business dealings with that company. The Fuji Electric Group including their retirement benefit trusts as a whole, with Fuji Electric Holdings Co., Ltd. as a holding company, holds an 11.42% equity stake in the Company.
3. Mr. Yoshiharu Inaba concurrently holds a position as the representative director of Fanuc Ltd. The Company has business dealings with that company. The company holds a 5.00% equity stake in Fanuc Ltd.
4. Mr. Tamiki Ishihara is concurrently chairman and representative director of Seiwa Sogo Tatemono Co., Ltd. The Company has business dealings with that company.

(2) Activities of Outside Officers

Section	*Name*	*Activities*
Outside Board Member	Kunihiko Sawa	Attended 94% of the Board of Members meetings held during the year under review and made comments based on his deep insight into the businesses of the Company.
	Ikujiro Nonaka	Attended 69% of the Board of Members meetings held during the year under review and made comments from his extensive experience in business administration.
Outside Auditor	Yoshiharu Inaba	Attended 81% of the Board of Members meetings and 100% of the Board of Auditors meetings held during the year. He made comments at the Board of Directors meetings and the Board of Auditors meetings based on of his deep insight into the businesses of the Company.
	Tamiki Ishihara	Attended 88% of the Board of Members meetings and 100% of the Board of Auditors meetings held during the year under review. He did not make a comment at the Board of Directors meetings held during the year, but he made comments at the Board of Auditors from his specialized viewpoint at finance and accounting.
	Megumi Yamamuro	Attended 94% of the Board of Members meetings and 100% of the Board of Auditors meetings held during the year under review. He made comments at the Board of Members meetings and the Board of Auditors meetings from his specialized viewpoint as an attorney.

Notes:

1. The Company held 16 meetings of the Board of Members and 6 meetings of the Board of Auditors during the year under review.
2. Although Mr. Hiroshi Oura is not an Outside Board Member under the Company Law, we have appointed him as an Outside Board Member to strengthen the management supervisory function. Mr. Oura attended 100% of the Board of Members meetings held during the year under review and made comments based on his deep insight into the businesses of the Company.

(3) Overview of Liability Limitation Agreement

The Company has entered into an agreement limiting liability for damages under Clause 1, Article 423 of the Company Law with respect to Outside Board Members and Outside Auditors. The maximum liability for damages in accordance with the relevant agreement is the minimum liability stipulated by the Company Law. The said maximum liability shall apply only when a relevant Outside Board Member or Outside Auditor executes a duty that created a liability in good faith and without gross negligence.

(4) Independent Auditors

a) Name of the Independent Auditor: Ernst & Young ShinNihon

b) Remuneration to be Paid to the Independent Auditors

(1) Amount of remuneration, etc. as an independent auditor for the fiscal year under review	¥250Million
(2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the independent auditor	¥640Million

Notes:

1. The Company does not clearly differentiate the amounts of compensation for an audit under the Company Law from an audit under the Securities and Exchange Law, the Amount stated (1) thus includes the compensation for the audit under the Securities and Exchange Law.
2. Some subsidiaries of the Company receive an audit from an audit corporation other than the independent auditor of the Company.

c) Contents of Non-Audit Services

There is no applicable item.

d) Policy on Decision of Dismissal and Refusal of Reappointment of the Independent Auditor

When it is considered that the independent auditor falls under any of the items stipulated in Items of Clause 1, Article 340 of the Company Law, the Company will dismiss the independent auditor subject to the unanimous consent of auditors. When the Board of Directors deems it necessary to take into consideration the independence, the examination system or other aspects of the execution of an audit of the independent auditor, the Board of Directors will propose to dismiss or refuse the reappointment of the independent auditor to a general meeting of shareholders, subject to the consent and request of the Board of Auditors.

(5) System for Ensuring Appropriate Operations

The Board of Directors resolved the basic policy to improve the systems for securing compliance of performance (internal control systems) which are prescribed in Clauses 4 through 6, Article 362 of the Company Law and in Clause 1 and 3, Article 100 of the Enforcement Regulations of the Company Law, under Clause 5, Article 362 of the Company Law, at the meeting of the Board held on May 25, 2006.

1. **Objective**

   The FUJITSU Way, the core set of principles guiding the Fujitsu Group, sets forth our goal of helping to http://www.fujitsu.com/global/about/ir/annualrep/http://www.fujitsu.com/global/about/environment/report/solve customers' problems and contributing to society through the provision of high-quality products and services based on leading-edge technology, as well as our determination to fulfill our corporate responsibilities to stakeholders, including: customers, employees*, shareholders and investors, suppliers, business partners, local communities and broader global society.

   We believe that the concurrent pursuit of efficient management and the proper control of business risks are essential to achieving sustainable improvement in the corporate value of the Fujitsu Group. Recognizing that stronger corporate governance is vital to realizing this goal, we are constantly working to implement and advance the policies outlined below.

2. **Framework to Ensure the Propriety of Fujitsu Limited and Fujitsu Group Business Activities**

   (1) System to Ensure Efficient Execution of Duties by the Board of Directors

   1. Management oversight functions and operational execution functions are separated at Fujitsu. The Board of Directors supervises the Management Council** and other executive organs charged with operational execution functions. Among these executive organs, the Management Council makes decisions on fundamental matters of business direction and strategy, and also makes decisions about important matters relating to operational execution. Issues discussed by the Management Councils and a summary of their discussions are reported to the Board of Directors, which makes decisions on matters of particular importance.
   2. In order to strengthen the management oversight function, we actively use Outside Board Members and Auditors.
   3. The Board of Directors clarifies matters relating to the duties of the Board of directors with assigned business duties, corporate executive officers, and other executive-level managers (all referred to hereafter as "senior managers"), as well as the authority of other executive bodies, and sees to it that duties are executed in accordance with the responsibilities of each position.
   4. Senior managers shall make decisions regarding execution of their duties based on appropriate decision-making procedures in accordance with "Board of Directors Regulations," "Management Council Regulations," "*Ringi* Regulations," and other relevant regulations.

5. Senior managers are expected to thoroughly familiarize employees with management direction and other strategy directives and, in order to achieve business goals, to set and achieve concrete objectives.
6. In order to pursue greater operational efficiency, senior managers are expected to continuously promote the development and full implementation of internal control systems as well as the improvement of business processes.
7. The Board of Directors monitors and directs progress in the achievement of business objectives by arranging for monthly reports on financial results and business operations from senior managers and other executive organizations with business execution duties.

(2) System to Ensure that Execution of Duties by Directors and Employees Complies with Laws, Regulations and Articles of Incorporation

1. Senior managers are expected not only to uphold *The FUJITSU Way*, which includes the basic principles of compliance with laws, regulations and the Articles of Incorporation, but to also actively promote compliance by the Fujitsu Group as a whole in accordance with their ethical obligations as senior managers.
2. Senior managers shall, by carrying out ongoing educational programs and other measures, strive to ensure that employees rigorously adhere to the basic principles of *The FUJITSU Way*, and thereby promote compliance by the Fujitsu Group as a whole.
3. Senior managers shall clarify legal regulations and other rules regarding the business activities of the Fujitsu Group, as well as institute and enforce the necessary rules, training, and monitoring systems to promote compliance by the Fujitsu Group as whole.
4. In the event that senior managers or employees become aware of the possibility of a serious operations-related compliance violation, they are to immediately inform the Board of Directors and/or the Board of Auditors through regular operational reporting lines.
5. In order to enable the early discovery of potential compliance problems and their proper handling through information channels separate from regular operational reporting lines, senior managers shall establish and maintain an internal notification system that includes a structure and procedures for protecting those who raise compliance issues.
6. The Board of Directors shall receive on a periodic basis reports on the state of operations from those charged with executing them as well as confirmation that there are no compliance violations in connection with execution of business duties.

(3) Regulations and Other Structures for Managing the Risk of Losses

1. Senior managers strive to realize the continuity of Group's businesses, the growth of corporate value and the sustainable development of corporate activities. In order to deal with risks that might constitute obstacles to achieving these goals, they shall establish jurisdictions for various types of risks and put in place administrative systems to deal with them in an appropriate manner.
2. Senior managers shall regularly assess and verify risks that might result in losses to the Group and report significant issues to the Board of Directors.
3. In regard to the kind of risks identified in the preceding item, as well as other risks that might be envisioned to arise in the course of carrying out business activities, senior managers shall establish preventative and other measures to control risks and carry out activities to minimize possible losses. In addition, in order to minimize losses resulting from the elicitation of incidences of risk, along with establishing a Risk Management Committee and implementing other necessary measures, incidences of risk shall be analyzed on a periodic basis and reported to the Board of Directors, and other activities shall be carried out to prevent similar risks from arising.
4. In order to collect the kind of risk information that cannot be captured through the measures referred to above, senior managers shall put in place and maintain an internal notification

system that includes protections for those who come forward with information.

(4) Systems for Retaining and Managing Information Relating to Execution of Directors' Duties

1. Based on company policies, senior managers shall delegate persons with the responsibility for retaining and managing the following documents (including in digital form) relating to the execution of directors' duties:
   - Minutes of Annual Shareholders' meetings and related materials
   - Minutes of Board of Directors' meetings and related materials
   - Minutes of other meetings involving important decision-making bodies along with related materials
   - Documents and related materials authorized by senior managers
   - Other important documents relating to management execution of senior managers
2. In order for directors or statutory auditors to verify the status of issues relating to operational execution of duties, they shall have access as needed to the documents listed in the previous item, and the persons responsible for retaining and managing these documents shall put systems in place to ensure that directors and statutory auditors can have access to them when they are requested.

(5) Systems for Ensuring the Propriety of Fujitsu Group Business Activities

1. In order to continuously improve the corporate value of the Fujitsu Group, the Company shall, in accordance with *The FUJITSU Way*, provide guidance and support to ensure that proper systems are in place throughout the Fujitsu Group to efficiently and properly adhere to points (1) through (4) above.
2. Specifically, in regard to the issues mentioned in the previous item, we shall prepare a set of Fujitsu Group Management Regulations that specify each company's role, responsibilities, lines of authority, decision-making procedures, and other matters.
3. Senior managers from Fujitsu Limited and Fujitsu Group companies shall meet regularly for updates on the Group's management direction and to address issues relating to achieving business performance targets. In addition, the statutory auditors of Fujitsu Group companies shall meet to address issues facing the Fujitsu Group from an audit perspective.
4. Senior managers from Fujitsu Limited and each Group company shall formulate policies to resolve any obstacles relating to meeting business performance targets identified in the previous item, and implement appropriate policies after a thorough discussion of the issues. If necessary, Fujitsu Limited shall receive reports or applications for approval as shall be specified separately in the Fujitsu Group Management Regulations.
5. The Company's internal audit division shall coordinate with each Group company's internal audit division to perform internal audits of the entire Fujitsu Group. Findings will be regularly reported to the boards of directors and/or statutory auditors of Fujitsu Limited and the subject Group Company.

(6) Systems for Ensuring the Propriety of Audits by Statutory Auditors

[Provisions to Ensure Independence]

1. The Company shall staff the Statutory Auditors' Office with employees to help the statutory auditors perform their duties. Employees selected for this purpose shall have the capabilities and knowledge needed to meet the requirements of the statutory auditors.
2. To ensure the independence of the employees assigned to the Statutory Auditors' Office, senior managers shall consult in advance with the statutory auditors regarding personnel issues for these employees, including promotions, transfers, and compensation.
3. As a general principle, senior managers shall not have employees assigned to the Statutory

Auditors' Office assume concurrent responsibilities with other units. If, however, the statutory auditors request the assistance of employees with specialized expertise, necessitating concurrent responsibilities for those employees, the provisions in the preceding item ensuring independence shall apply to those employees.

[Provisions for Reporting]

1. Senior managers from Fujitsu Limited and each Group company will provide opportunities for statutory auditors to attend important meetings.
2. Senior managers and employees from Fujitsu Limited and each Group company shall immediately notify the statutory auditors of any incidences of risk that impact management or financial performance, or if they become aware of evidence of major compliance violations relating to the conduct of business activities.
3. Senior managers and employees from Fujitsu Limited and each Group company shall make periodic reports to the statutory auditors on issue relating to the execution of business operations.

[Provisions to Ensure Effectiveness]

1. Senior managers from Fujitsu Limited and each Group company shall regularly exchange information with the statutory auditors.
2. The internal audit division shall regularly report their findings to the statutory auditors.
3. The statutory auditors shall, on an as-needed basis, receive presentations or reports from the accounting auditors on their accounting audit findings and shall, on a regular basis, exchange information.

* In The FUJITSU Way, the people who work for the Fujitsu Group are called "employees." The same term is used in this basic policy.

** There were Management Strategy Council and Management Council when the resolution was adopted. The councils have been consolidated as the Management Council.

<Implementation>

The Company determines organs in charge of implementation and builds an internal control system responsibly. In the course of implementation, the Company reviews its internal regulations and operations and thereby strives to improve the soundness of the system for implementation.

Comprising our mission, values and code of conduct, *The FUJITSU Way* is the core set of principles guiding the corporate and individual actions of the Fujitsu Group.

We pursue the sound and efficient execution of our business activities by striving to accelerate the penetration and implementation of *The FUJITSU Way* throughout the Group and to promote structures and procedures to ensure propriety in our business dealings.

To accelerate the penetration and implementation of *The FUJITSU Way*, in July 2004 we established The FUJITSU Way Promotion Council, as a body reporting directly to the Management Council, and a Compliance Committee. In addition, we realigned the Risk Management Committee and Environmental Committee, which had both previously operated independently, under The FUJITSU Way Promotion Council.

To promote risk management, The FUJITSU Way Promotion Council continuously monitors the implementation of risk prevention measures by working to raise awareness of risks and extracting information on specific risks, including potential ones. Moreover, in anticipation of the enactment of Financial Instruments and Exchange Law (Japan's version of Sarbanes-Oxley legislation), in the second half of fiscal 2005 we launched a project to construct an internal control system that will ensure the validity and credibility of our financial reports. Along with establishing a promotion organization dedicated to this endeavor, we have been working to build up our promotion organization, accumulate know-how and cultivate personnel throughout the Group. The goals of the project also include achieving greater efficiency through the pursuit of business process reforms across the Group.

The functions of the committees aligned under The FUJITSU Way Promotion Council are as follows:

・Compliance Committee

This committee is responsible for promoting structures and systems to ensure strict compliance with external as well as internal rules, regulations and norms of behavior. To support these efforts, since September 2004 we have put in place a "help line" system to serve as a confidential liaison for receiving reports from employees and providing guidance to them on matters of conduct.

・Risk Management Committee

This committee takes measures to obtain information regarding specific incidences of risk and minimize the impact of risk incidences on customers and the Fujitsu Group. Serious issues are reported to the Management Council or Board of Directors for discussion and response. Through these measures, risk issues and countermeasures are disseminated throughout the Fujitsu Group, strengthening our overall risk management posture.

・Environmental Committee

This committee is responsible for promoting and strengthening the environmental protection activities of the Fujitsu Group, which are based on The Fujitsu Group Environmental Policy and The Fujitsu Group Environmental Protection Program.

In pursuing the project to construct an internal control system that will ensure the validity and reliability of our financial reports, we are taking into consideration the opinions of our financial auditors.

(6) Policy on Decision Regarding Distribution of Dividends etc.

Regarding our basic policy on the exercise of the authority of the Board of Directors with respect to distribution of dividends, etc. in accordance with Article 41 of the Articles of Incorporation, Fujitsu believes that a portion profits should be paid to shareholders to offer a stable return, and that a portion of profits should be retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance.

On an unconsolidated basis, we posted a net loss for fiscal 2006, resulting in a reduction in shareholders' equity. However, in light of the fact that future financial risks are reduced by posting the loss, that the loss is not associated with an actual outflow of cash, and that earnings are on a recovery path, in order to continue the policy of paying stable dividends on an ongoing basis, per the decision of the Board of Directors, we plan to pay a year-end dividend of 3 yen per share, resulting in full-year dividends of 6 yen per share, (of which 3 yen per share was paid as an interim dividend). In addition, as decided by the Board of Directors, we anticipate increasing "retained earnings" by 240,464,053,950 yen and offsetting this amount by decreasing "other capital surplus" by the same amount.

To secure the resources we need to institute a flexible capital policy, we will make a proposal to shareholders at the 107th annual shareholders' meeting for the transfer of capital reserve to other capital surplus.

Please note that, with respect to the disposition of profits, we intend to continue to pay dividends twice a year, at the end of the first half and the end of the fiscal year.

(7) Basic Policy on the Control of the Company

At the present time, no specific provisions relating to takeover defenses have been introduced.

Because raising corporate value is, in the end, the best defense against potential takeovers, we are focusing our efforts on raising corporate value.

Going forward, placing first priority on corporate value and shareholder profits, we will remain vigilant to social trends and changes in the environment, and we will continually advance our consideration of protective measures.

Consolidated Balance Sheet

(As of March 31, 2007)

	Millions of yen
Assets	
Current assets:	
Cash and cash equivalents and short-term investments	¥ 449,425
Receivables, trade	1,054,048
Inventories	412,387
Other current assets	216,163
Total current assets	2,132,023
Investments and long-term loans	734,272
Property, plant and equipment less accumulated depreciation	842,489
Intangible assets	234,940
Total Assets	¥3,943,724
Liabilities and net assets	
Current liabilities:	
Short-term borrowings and current portion of long-term debt	¥ 226,250
Payables, trade	824,825
Other current liabilities	756,490
Total current liabilities:	1,807,565
Long-term liabilities:	
Long-term debt	519,567
Other long-term liabilities	455,873
Total long-term liabilities	975,440
Total liabilities	2,783,005
Net assets	
Shareholders' equity:	
Common stock	324,625
Capital surplus	498,029
Retained earnings (Deficit)	54,319
Treasury stock	(1,969)
Total shareholders' equity	875,004
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities*	125,383
Foreign currency translation adjustments	(30,865)
Total valuation and translation adjustments	94,518
Minority interests	191,197
Total net assets	1,160,719
Total liabilities and net assets	3,943,724

Notes:

* Valuation difference on available-for-sale securities at March 31,2007 includes deferred gain and loss From hedging.

Consolidated Statement of Income

(Year ended March 31, 2007)

	Millions of yen
Net sales	¥5,100,163
Operating costs and expenses:	
Cost of sales	3,781,647
Selling, general and administrative expenses	1,136,428
	4,918,075
Operating income	182,088
Other income (expenses):	
Net interest *	(4,244)
Equity in earnings of affiliated companies, net	6,996
Amortization of unrecognized obligation for retirement benefits	(3,146)
Gain on sales of marketable securities**	75,062
Gain (Loss) on change in interest***	2,136
Devaluation loss****	(9,991)
Other, net	(34,406)
	32,407
Income before income taxes and minority interests	214,495
Income taxes	96,243
Minority interests	15,837
Net income	¥102,415

Notes:

* Net interest consists of interest income, dividend income and interest charges.

** Gain (net of loss) on sales of marketable securities refers principally to gain on sales of shares in Fanuc Ltd. in connection with the issuer's own stock repurchase. It also includes loss of ¥2,275 million on sales of shares in equity method affiliates such as Spansion Inc.

*** Gain on change in interest refers to gain relating to allocation of new shares of subsidiary company (NIFTY Corporation) to third parties.

***** Devaluation loss refers principally to devaluation loss on plant and equipment assets in the company's optical transmission systems business, primarily as a result of delays in business performance recovery due to rapid changes in the business environment in North America and Japan.

Consolidated Statements of Shareholder's Equity

(Millions of Yen)

	Shareholders' Equity				
	Common Stock	Capital Surplus	Retained Earnings (Deficit)	Treasury Stock	Total Shareholders' equity (A)
Balance at March 31, 2006	324,625	498,019	(40,485)	(1,465)	780,694
Increase (decrease) during the term:					
Cash dividends from retained earnings			(12,405)		(12,405)
Bonus to directors			(665)		(665)
Net income			102,415		102,415
Acquisition and sales of treasury stocks		10		(504)	(494)
Decrease as a result of deconsolidation of equity method affiliates			(3,715)		(3,715)
Others			9,174		9,174
Net increase (decrease) during the term, except for items under shareholders' equity					-
Total	-	10	94,804	(504)	94,310
Balance at March 31, 2007	324,625	498,029	54,319	(1,969)	875,004

(Millions of Yen)

	Valuation and Translation Adjustments (B)			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	**Minority Interests** (C)	**Total Net Assets** (A+B+C)
Balance at March 31, 2006	182,218	(45,867)	173,030	1,090,075
Increase (decrease) during the term:				
Cash dividends from retained earnings				(12,405)
Bonus to directors				(665)
Net income				102,415
Acquisition and sales of treasury stocks				(494)
Decrease as a result of deconsolidation of equity method affiliates				(3,715)
Others				9,174
Net increase (decrease) during the term, except for items under shareholders' equity	(56,835)	15,002	18,167	(23,666)
Total	(56,835)	15,002	18,167	70,644
Balance at March 31, 2007	125,383	(30,865)	191,197	1,160,719

Notes to Consolidated Financial Statements

【Notes to Significant Items Concerning Preparation of Consolidated Financial Statements】

1. The Company prepares for financial statements in accordance with the Corporate Calculation Regulations (Ministry of Justice Ordinance No. 13, February 7, 2006) in the consolidated fiscal year under review.

2. The scope of consolidation

(1) Number of consolidated subsidiaries 393

Major consolidated subsidiaries are Fujitsu Services Holdings PLC and others.

Changes made to the scope of consolidation in the consolidated fiscal year under review are the addition of 28 companies and the deduction of 27 companies.

Addition of consolidated subsidiaries due to acquisition or establishment, etc. 27

Change to consolidated subsidiaries from equity method affiliates 1

Elimination of consolidated subsidiaries due to liquidation or disposal, etc. 18

Elimination of consolidated subsidiaries due to merger..9

(2) Information of major unconsolidated subsidiaries

Companies that have changed to unconsolidated subsidiaries do not have significance sufficient to hinder reasonable judgment on the financial conditions and business performance of the Group in terms of their total assets, sales, net income and retained earnings.

Major unconsolidated subsidiaries are Shinko Electronics (Malaysia) Sdn. Bhd. and others.

3. The application of the equity method

(1) Number of affiliates to which the equity method is applied……………………………………………..27

Major equity method affiliates are FDK Corporation, Fujitsu General Ltd., Eudyna Devices Inc., Fujitsu Siemens Computers (Holding) B.V. and others

Changes made to equity method affiliates in the consolidated fiscal year under review are the addition of four companies and the deduction of five companies.

(2) Information of unconsolidated subsidiaries and affiliates to which the equity method is not applied

Unconsolidated subsidiaries and affiliates to which the equity method is not applied are accounted for using the cost method, since the impact of these companies on net income and retained earnings, etc. is minor.

Major companies in this category are Shinko Electronics (Malaysia) Sdn. Bhd. and others.

(3) Although we hold more than 20% of the outstanding shares of Japan Electronic Computer Co., Ltd. (JECC), we have not made the company an affiliate, since the company is a special corporation operated with the joint investment of six companies, including Japanese computer manufacturers, to develop the information processing industry in Japan.

4. The fiscal year, etc. of consolidated subsidiaries and equity method affiliates

Except for the companies listed below that close the books in December and January, the accounts are settled once a year in March.

(Consolidated subsidiaries)	Fujitsu (China) Holdings and 20 others
(Equity method affiliates)	Two affiliates

Of the companies above, Fujitsu (China) Holdings and ten other consolidated subsidiaries close their books through procedures similar to the regular book-closing conducted on the consolidated closing date. Other companies make an adjustment for significant transactions during the period from their respective closing dates and the consolidated closing date of Fujitsu.

5. Accounting standards

(1) Valuation standards and methods of assets

(i) Marketable securities

Held-to-maturity bonds: .... Amortized cost method (interest method)

Available-for-sale securities

- With market value .... Market value method based on the market price on the closing date
  Treatment of the difference between the acquisition cost and the market value…Booked directly to net assets
  Calculation of costs of securities sold…Moving average cost method
- Without market value .... Moving average cost method

(ii) Derivatives .... Market value method

(iii) Inventories

Products... Primarily moving average cost method

Work-in-process .... Cost method primarily determined by the specific identification method or the periodic average method

Materials....................................... Cost method primarily determined by the moving average method or the latest purchase cost method

(2) Depreciation and amortization of fixed assets

(i) Tangible fixed assets .... Calculated by the declining balance method based on useful life estimated from the classification, structure and function of the assets

(ii) Intangible fixed assets

- Software

For commercial sale .... Method based on projected sales volume over the estimated life of the product (three years)

For internal use.............................. Straight-line method based on the estimated useful life of the software (five years)

(3) Accounting polices for provisions

(i) Allowance for doubtful accounts

To prepare for bad debt losses, an amount deemed sufficient to cover estimated future losses is provided, taking collectibility into account.

(ii) Provision for product warranties

To prepare for the disbursement of expenses for the free repair and exchange of products during the warranty period based on contracts, the estimated repair and exchange expenses based on the historical data are recorded when the product is sold.

(iii) Allowance for bonuses to directors and statutory auditors

To prepare for the disbursement of bonuses to directors and statutory auditors, an estimated amount is provided.

(iv) Allowance for retirement benefits

To prepare for the disbursement of employees' retirement benefits, an amount deemed necessary at the end of the consolidated fiscal year under review based on the estimated retirement benefit obligation and pension assets is recorded.

- Method of allocating prior service cost
  .... Straight-line method (10 years)
- Method of allocating actuarial losses
  .... An amount prorated by the straight-line method is accounted for over the average remaining service period of employees from the fiscal year following the fiscal year when the actuarial loss has arisen.

Of unrecognized actuarial losses and gains arising from changes to accounting standards, those for the Company were amortized in a lump sum in fiscal 2000, and those for consolidated subsidiaries in Japan are amortized over ten years on a pro rata basis.

(v) Allowance for retirement benefits for directors and statutory auditors

Of the amount of payment arising from the abolishment of the retirement benefits plan for directors and statutory auditors that is expected to be resolved at the 107th ordinary general meeting of shareholders to be held on June 22, 2007, the amount payable at the end of the fiscal year under review is recorded.

(vi) Provision for loss on repurchase of computers

To prepare for the compensation for losses when computers sold with a repurchase agreement are repurchased, an amount for the losses expected to be incurred at the time of the repurchase is provided based on the historical data.

(vii) Allowance of recycling expenses

To prepare for recycling expenses when home computers sold were collected, the expected recycling expenses are provided.

(4) Other significant items concerning consolidated financial statements

(i) Lease transactions

Assets acquired by lessees in finance lease transactions are recorded in the corresponding assets accounts.

(ii) Hedge accounting

Deferred hedge accounting is adopted.

(iii) Recognition of income related to the software development agreement

Income is recognized using the percentage-of-completion method.

(iv) Consumption taxes

The tax excluded method is adopted.

(v) Application of the consolidated tax return system

The consolidated tax return system is adopted.

6. The valuation of assets and liabilities of consolidated subsidiaries

The market value method is adopted for the valuations of all consolidated subsidiary assets and liabilities.

7. The amortization of goodwill and negative goodwill

Goodwill is amortized using the straight-line method over periods not exceeding 20 years, corresponding to the actual state of investment.

8. Changes to the significant items concerning consolidated financial statements

(1) Accounting standard for directors' bonuses

Beginning with the consolidated fiscal year under review, we are applying the Accounting Standard for Directors' Bonuses (ASBJ Statement No. 4, November 29, 2005). The impact of the application of this standard on operating income, ordinary income and income before income taxes is minor.

(2) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Beginning with the consolidated fiscal year under review, we are applying the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005). The total amount of shareholders' equity would be 969,396 million yen if the above accounting standard and guidance had not been applied.

【Notes to Consolidated Balance Sheets】

1. Assets pledged as collateral and liabilities for collateral

(1) Main assets pledged as collateral (Million yen)

Balance of pledged assets.. 2,783

(Main pledged assets)	Land	1,909
	Buildings and structures	856

(2) Main liabilities for collateral

Balance of secured debt 543

(Main secured debt)	Short-term borrowings	400
	Long-term debt	62

2. Accumulated depreciation of tangible fixed assets 2,056,971

3. Contingent liabilities for guarantee contract

Balance of contingent liabilities for guarantee contract 29,116

(Main guaranteed debt)	Bank loans of FDK Corporation	13,300
	Housing loans of employees	6,707
	Bank loss of Eudyna Devices Inc.	6,000

【Notes to Consolidated Statements of Operations】

1. Gain on sales of marketable securities
   Gain on sales on marketable securities refers principally to the gain on sales of shares in Fanuc Ltd. in connection with the issuer's own stock repurchase.
2. Gain on change in interest
   Gain on change in interest refers to gain relating to the allocation of new shares of a subsidiary company (NIFTY Corporation) to third parties.
3. Devaluation loss
   Devaluation loss refers principally to the devaluation loss on plant and equipment assets in the Company's optical transmission systems business, primarily as a result of delays in business performance recovery due to rapid changes in the business environment in North America and Japan.
4. Loss on sales of marketable securities
   Loss on sales of marketable securities refers mainly to the loss on sales of shares in equity method affiliates such as Spansion Inc.

【Notes to Consolidated Statement of Changes in Net Assets】

1. Number of shares issued at the end of the consolidated fiscal year under review

   Common stock 2,070,018,213 shares

2. Dividends from surplus conducted during the consolidated fiscal year under review

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 23, 2006	Common stock	6,203	3	March 31, 2006	June 23, 2006
Meeting of the Board of Directors on October 26, 2006	Common stock	6,202	3	September 30, 2006	December 4, 2006

3. Dividends from surplus to be conduced after the end of the fiscal year under review

Resolution	Type of stock	Source of dividends	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 24, 2007	Common stock	Capital surplus	6,201	3	March 31, 2007	June 25, 2007

【Notes to Per Share Data】

Net assets per share .... 469.02 yen
Net income per share.. 49.54 yen

【Notes to Significant Subsequent Events】

Fujitsu has announced a tender offer described below on 2 May 2007 to acquire the shares and warrants of GFI Informatique SA, according to corporate resolutions. In addition, the below information has been partly changed to reflect items that became clear after the above announcement to 16 May 2007.

1. Objectives
To strengthen the Fujitsu Group's IT Services business in Europe, Fujitsu Services, its wholly owned subsidiary based in the UK will initiate a tender offer to acquire the shares and warrants of GFI Informatique SA

2. Target Corporation of this Tender Offer
GFI Infomatique SA (Headquarters Based in Paris, Listed in Euronext)
About 8,500 employees as of December 2006
Expands IT services mainly in France and elsewhere in Europe
Net sales of €633.10 million (for the year ending December 2006), Operating income of €40.30 million (for the year ending December 2006)

3. Conditions for Opening of Tender Offer
(1) The withdrawal of the proposed capital restructuring involving Itefin Participations (a French company majority owned by private equity group Apax Partners) or the defeat of this proposal at GFI Informatique's forthcoming EGM (expected to be held on June 29, 2007)
(2) Authorization by French regulatory authorities

4. Tender Offer Period
Expected to open after early July and close within two months after this date

5. Conditions for Closing of Tender Offer
Tenders within the tender offer period are more than 66.67% of the total of issued shares and issued warrants
For reference) Issued shares about 46,339,000 as of 31 January 2007
Issued warrants about 7,854,000 as of 31 January 2007

6. Purchase Price
Purchase of GFI Informatique ordinary shares at a price of €8.50 per share
Purchase of GFI Informatique warrants at a price of €3.15 per warrant

7. Required Funds for the Tender Offer
A total amount of up to about €419 million (about 67.4 billion yen) is anticipated, method of fund-raising is not

yet determined
The above value is calculated based on the assumption that no issued warrant has been exercised during the tender offer period

【Other Notes】

1. Securities

(1) Debt securities held to maturity with market value

(Million yen)

	Book value in consolidated balance sheet	Market value	Variance
Corporate bonds, public bonds	599	607	8
Total	599	607	8

(2) Other securities with market value

(Million yen)

	Acquisition cost	Book value in consolidated balance sheet	Variance
Other securities			
Stocks	82,126	290,070	207,944
Bonds and others	8,322	8,603	281
Total	90,448	298,673	208,225

2. Retirement benefits

(1) Japan

Retirement benefit obligation

(Million yen)

	Fiscal 2006 (March 31, 2007)
(1) Projected benefit obligation	(1,104,391)
(2) Plan assets	1,126,277
〔of which plan assets in retirement benefit trusts〕	〔156,973〕
(3) Projected benefit obligation in excess of plan assets (1) + (2)	21,886
(4) Unrecognized net obligation at transition	48,798
(5) Unrecognized actuarial loss	100,729
(6) Unrecognized prior services cost (reduced obligation)	(157,891)
(7) Prepaid pension cost	(89,697)
(8) Accrued severance benefit (3) + (4) + (5) + (6) + (7)	(76,175)

(Note) Discount rate................................ 2.5%

(2) Overseas

Retirement benefit obligation (Million yen)

	Fiscal 2006 (March 31, 2007)
(1) Projected benefit obligation	(679,617)
(2) Plan assets	546,498
(3) Projected benefit obligation in excess of plan assets (1) + (2)	(133,119)
(4) Unrecognized actuarial loss	11,965
(5) Unrecognized prior services cost	186
(6) Accrued severance benefit (3) + (4) + (5)	(120,968)

(Notes) 1. Discount rate..Mainly 5.5%

2. Fujitsu Services Holdings PLC, a subsidiary in the U.K, has adopted the defined benefit plan and follows the International Financial Reporting Standards. The subsidiary applies the "corridor" approach to the amortization of actuarial gain and loss.

3. Tax effect accounting

Major components of deferred tax assets and deferred tax liabilities

(Million yen)

Deferred tax assets	
Tax loss carryforwards	204,791
Accrued retirement benefits	155,048
Accrued bonus	41,986
Provision for loss on repurchase of computers	12,785
Intercompany profit	3,920
Other	76,306
Deferred tax assets subtotal	494,836
Total valuation allowance	(253,113)
Total deferred tax assets	241,723
Deferred tax liabilities	
Gains from establishment of stock holding trust for retirement benefit plan	(110,617)
Unrealized gains on available-for-securities	(84,615)
Tax allowable reserves	(6,844)
Other	(676)
Total deferred tax liabilities	(202,752)
Net deferred tax assets	38,971

4. Operating lease (lessee)

Future minimum lease payments	(Million yen)
Within one year	10,407
Over one year	33,672
Total	44,079

Balance Sheet (Unconsolidated)
(As of March 31, 2007)

	Millions of yen
Assets	
Current assets:	
Cash and cash equivalents and short-term investments	¥ 281,021
Receivables, trade	506,218
Inventories	188,750
Other current assets	203,530
Total current assets	1,179,521
Investments and long-term loans	858,284
Property, plant and equipment less accumulated depreciation	390,056
Intangible assets	84,939
Total Assets	¥1,333,280
Liabilities and net assets	
Current liabilities:	
Short-term borrowings and current portion of long-term debt	¥ 184,228
Payables, trade	731,795
Other current liabilities	315,644
Total current liabilities	1,231,667
Long-term liabilities:	
Long-term debt	512,838
Other long-term liabilities	147,404
Total long-term liabilities	660,242
Total liabilities	¥1,891,909
Net assets	
Shareholders' equity:	
Common stock	324,625
Capital surplus	418,175
Retained earnings (Deficit)	(240,464)
Treasury stock	(1,969)
Total shareholders' equity	500,367
Valuation and translation adjustments:	
Valuation difference on available-for-sale securities*	120,524
Total valuation and translation adjustments	120,524
Total net assets	¥620,891
Total liabilities and net assets	¥2,512,801

Notes:

* Valuation difference on available-for-sale securities at March 31, 2007 includes deferred gain and loss from hedging.

Statement of Operations (Unconsolidated)

(Year ended March 31, 2007)

	Millions of yen
Net sales	¥2,869,204
Operating costs and expenses:	
Cost of sales	2,220,540
Selling, general and administrative expenses	639,815
	2,860,355
Operating income	8,848
Other income (expenses):	
Net interest *	65,034
Amortization of unrecognized obligation for retirement benefits	4,490
Gain on sales of marketable securities**	75,070
Loss on devaluation of subsidiaries' and affiliates' stock ***	(344,516)
Devaluation loss****	(6,626)
Other, net	(15,739)
	(222,287)
Income before income taxes	(213,439)
Income taxes	
Current	(14,653)
Deferred	50,500
	35,847
Net income (loss)	¥(249,286)

Note:

* Net interest consists of interest income, dividend income and interest charges.

** Gain on sales of marketable securities refers principally to gain on sales of shares in Fanuc Ltd. in connection with the issuer's own stock repurchase.

*** Loss on devaluation of subsidiaries' and affiliates' stock refers primarily to stock in overseas subsidiaries and affiliates. This includes a provision for loss on guarantees for insolvent subsidiaries in the amount of 27,267 million yen.

**** Devaluation loss refers principally to devaluation loss on plant and equipment assets in the company's optical transmission systems business, primarily as a result of delays in business performance recovery due to rapid changes in the business environment in North America and Japan.

Unconsolidated Statements of Shareholder's Equity

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	Total share-holders' equity (A)
Balance at March 31, 2006	324,625	418,166	21,377	(1,465)	762,703
Increase (decrease) during the term:					
Cash dividends from retained earnings			(12,405)		(12,405)
Bonus to directors			(150)		(150)
Net income			(249,286)		(249,286)
Acquisition and sales of treasury stocks		10		(504)	(494)
Net increase (decrease) during the term, except for items under shareholders' equity					-
Total	-	10	(261,841)	(504)	(262,336)
Balance at March 31, 2007	324,625	418,175	(240,464)	(1,969)	500,367

(Millions of Yen)

	Valuation and Translation Adjustments		
	Valuation difference on available-for-sale securities	Total translation adjustments (B)	Total Net Assets (A+B)
Balance at March 31, 2006	176,881	176,881	939,585
Increase (decrease) during the term:			
Cash dividends from retained earnings		-	(12,405)
Bonus to directors		-	(150)
Net income		-	(249,286)
Acquisition and sales of treasury stocks		-	(494)
Net increase (decrease) during the term, except for items under shareholders' equity	(56,357)	(56,357)	(56,357)
Total	(56,357)	(56,357)	(318,693)
Balance at March 31, 2007	120,524	120,524	620,891

Note:
Financial information in this report is based on the original Japanese version (*Dai 107-ki Hōkokusho*) prepared in accordance with generally accepted Japanese accounting principles. Some of the information in the Japanese version has been summarized here for clearer understanding and not all the information has necessarily been translated. This report may not conform to U.S. or other non-Japanese accounting principles and has not been audited. If you wish to confirm the integrity of the information, please refer to the Japanese version as the definitive document.

Notes to Unconsolidated Financial Statements

【Notes to Matters Concerning Significant Accounting Policies】

1. The Company prepares for financial statements in accordance with the Corporate Calculation Regulations (Ministry of Justice Ordinance No. 13, February 7, 2006) in the fiscal year under review.

2. Matters concerning accounting standards

(1) Valuation standards and methods of assets

Shares in subsidiaries and affiliates.................................... Moving average cost method

Other securities

- With market value .... Market value method based on the market price on the closing date
  Treatment of the difference between the acquisition cost and the market value…Booked directly to net assets
  Calculation of costs of securities sold…Moving average cost method
- Without market value .... Moving average cost method

(2) Derivatives, etc.

Derivatives .... Market value method

(3) Inventories

Products.. Moving average cost method

Work-in-process .... Cost method determined by the specific identification method or the periodic average method

Materials... Cost method determined by the moving average method or the latest purchase cost method

3. Depreciation and amortization of fixed assets

(1) Tangible fixed assets

The declining balance method is adopted (however, the straight-line method is used for buildings (excluding improvement) that were acquired after April 1, 1998).

(2) Intangible fixed assets

- Software
  For commercial sale ....Method based on projected sales volume over the estimated life of the product (three years)
  For internal use..............................Straight-line method based on the estimated useful life of the software (five years)
- Others..Straight-line method

4. Accounting polices for provisions

(1) Allowance for doubtful accounts

To prepare for loss on doubtful accounts such as trade receivables and loans, an estimated irrecoverable amount is provided on the basis of the actual loan loss ratio for unspecified receivables and on the basis of individual collectibility for specified receivables such as loans with default possibility.

(2) Provision for product warranties

To prepare for the disbursement of expenses for the free repair and exchange of products during the warranty period based on contracts, the estimated repair and exchange expenses based on the historical data are recorded when the product is sold.

(3) Provision for loss on debt guarantees

To prepare for loss on debt guarantees, an estimated coverage amount is provided, taking financial condition and others of guaranteed parties into consideration individually.

(4) Allowance for bonuses to directors and statutory auditors

To prepare for the disbursement of bonuses to directors and statutory auditors, an estimated amount is provided.

(5) Allowance for retirement benefits or prepaid pension cost

To prepare for the disbursement of retirement benefits of employees, an amount deemed necessary at the end of the fiscal year under review is provided based on the estimated retirement benefit obligation and pension assets.

- Method of allocating prior service cost.................. Straight-line method (10 years)
- Method of allocating actuarial losses..................... An amount prorated by the straight-line method is accounted for over the average remaining service period of employees from a fiscal year following the fiscal year when the actuarial loss has arisen.

(6) Allowance for retirement benefits for directors and statutory auditors

Of the amount of payment due to the abolishment of retirement benefits plan for directors and statutory auditors that is expected to be resolved at the 107th ordinary general meeting of shareholders, the amount payable at the end of the fiscal year under review is recorded.

(7) Provision for loss on repurchase of computers

To prepare for the compensation for losses when computers sold with a repurchase agreement are repurchased, an amount for the losses expected to be incurred at the time of the repurchase is provided based on the historical data.

(8) Allowance of recycling expenses

To prepare for recycling expenses when home computers sold were collected, the expected recycling expenses are provided.

5. Other significant items concerning the preparation of unconsolidated financial statements

(1) Lease transactions

Finance lease transactions other than those in which the ownership of the leased property are deemed to transfer to the lessee are accounted for by a method similar to that used for ordinary rental transactions.

(2) Hedge accounting

Deferred hedge accounting is adopted.

(3) Recognition of income related to the software development agreement

Income is recognized using the percentage-of-completion method.

(4) Consumption taxes

The tax excluded method is adopted.

(5) Application of the consolidated tax return system

The consolidated tax return system is adopted.

6. Changes to significant accounting policies

(1) Application of accounting standard to directors' bonus

Beginning with the fiscal year under review, we are applying the Accounting Standard for Directors' Bonuses (ASBJ Statement No. 4, November 29, 2005). There is no impact of applying this standard.

(2) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Beginning with the fiscal year under review, we are applying the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5, December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005).

The total amount of shareholders' equity would be 620,749 million yen if the above accounting standard and accounting standard implementation guidance had not been applied.

【Notes to Unconsolidated Balance Sheets】

1. Accumulated depreciation of tangible fixed assets

	(Million yen)
Buildings	261,911
Structures	20,930
Machinery and equipment	434,805
Vehicles and delivery equipment	181
Tools and fixtures	324,368
Total	1,042,197

2. Contingent liabilities for guarantee contract

Balance of contingent liabilities for guarantee contract		41,884
(Main guaranteed debt)	Bank loans of FDK Corporation	13,300
	Bank loans of Fujitsu America, Inc.	12,421
	Bank loans of Eudyna Devices Inc.	6,000
	Housing loans of employees	5,815

3. Monetary claims and obligations to affiliates (excluding those separately disclosed)

Short-term monetary claims	383,616
Long-term monetary claims	1,996
Short-term monetary obligations	385,599

【Notes to Unconsolidated Statements of Operations】

1. Transactions with subsidiaries and affiliates

	(Million yen)
Business transactions	
Sales	1,097,247
Purchases (cost of sales)	1,735,756
Transactions other than business transactions	
Interest income	253
Dividend income	70,092
Interest expenses	5
Purchase of assets	4,247
Transfer of assets	230,500

2. Gain on sales of marketable securities

   Gain on sales on marketable securities refers principally to the gain on sales of shares in Fanuc Ltd. in connection with the issuer's own stock repurchase.

3. Valuation losses on subsidiaries' and affiliates' stocks

   Valuation losses are related to Fujitsu Services Holdings PLC, a subsidiary in the United Kingdom, and manufacturing and sales subsidiaries in the United States and the United Kingdom that engage in the telecommunications system business.

   Although the valuation basis for shares in Fujitsu Services Holdings PLC had been the estimated recoverable amount based on the premise of selling the shares through such means as listing, we changed our policy in the second half of fiscal 2006 to holding the shares on a continuous basis, giving the subsidiary the status of a core company in Europe, the Middle East and Africa (EMEA) regions. Since the estimated recoverable amount resulting from a restoration of net assets over approximately five years was considered to be lower than the book value of the investment along with this policy change, we recorded the valuation loss.

4. Provision for loss on debt guarantees

   The provision is related to a sales subsidiary in the United States that has negative net worth.

5. Devaluation loss

   Devaluation loss refers principally to the devaluation loss on plant and equipment assets in the

Company's optical transmission systems business, primarily as a result of delays in business performance recovery due to rapid changes in the business environment in North America and Japan.

【Notes to Changes in Unconsolidated Statement of Changes in Net Assets】

Number of treasury stock at the end of the fiscal year under review
Common stock 2,913,803 shares

【Notes to Unconsolidated Tax Effect Accounting】

Major components of deferred tax assets and deferred tax liabilities

(Million yen)

Deferred tax assets	
Valuation loss on subsidiaries' and affiliates' stock	217,349
Tax loss carryforwards	120,387
Accrued retirement benefits	94,410
Accrued salaries-bonus	16,778
Provision for loss on debt guarantees	14,266
Provision for loss on repurchase of computers	12,785
Provision for warranties	4,645
Other	30,654
Deferred tax assets subtotal	511,279
Total valuation allowance	(390,100)
Total deferred tax assets	121,179
Deferred tax liabilities	
Gains from establishment of stock holding trust for retirement benefit plan	(110,617)
Unrealized gains on securities	(82,200)
Tax allowable reserves	(2,352)
Other	(100)
Total deferred tax liabilities	(195,270)
Net deferred tax assets	(74,091)

【Notes to Fixed Assets Used by Lease】

1. Finance lease transactions other than those in which the ownership is to transfer

Certain semiconductor manufacturing equipment, in addition to fixed assets posed in the balance sheet, are used based on a finance lease agreement other than that in which ownership of the leased property is deemed to transfer to the lessee.

(1) Acquisition cost, accumulated depreciation, and book value at the fiscal year-end of leased assets

(Million yen)

	Acquisition cost	Accumulated depreciation	Book value at the fiscal year-end
Machinery and equipment	94,287	24,704	69,582
Tools and fixtures	14,679	4,246	10,432
Others	14	7	7
Total	108,981	28,958	80,022

(2) Minimum lease payments required (Million yen)

Within one year	23,478
Over one year	57,002

Total 80,480

(3) Lease payments, equivalent amounts of depreciation, and equivalent amounts of interest

Lease payments	18,932
Equivalent amounts of depreciation	18,456
Equivalent amounts of interest	785

(4) Method of calculating equivalent amounts of depreciation

The straight-line method in which it is assumed that the useful life is the lease period and that there is no residual value is adopted.

(5) Method of calculating equivalent amounts of interest

Equivalent amounts of interest are derived from the difference between the equivalent amounts of acquisition cost and total lease payments, and are allocated to each accounting period in accordance with the interest method.

2. Operating lease transactions

Future minimum lease payments	(Million yen)
Within one year	4,914
Over one year	18,456
Total	23,370

【Notes to Transactions with Related Parties】

(Million yen)

<table>
<tr><th>Attribute</th><th>Name</th><th>Percentage of voting rights</th><th>Relationship with the related party</th><th colspan="2">Transactions</th><th>Transaction amount</th><th>Account title</th><th>Ending balance</th></tr>
<tr><td rowspan="2">Subsidiary</td><td rowspan="2">Fujitsu Support and Service Inc.</td><td rowspan="2">Ownership Direct 100%</td><td rowspan="2">Consignment of support services, etc., Sale of Fujitsu's products, and interlocking of directors</td><td>Consignment of support services, etc.</td><td>Purchases</td><td>117,981</td><td>Accounts payable</td><td>33,087</td></tr>
<tr><td>Sale of Fujitsu's products</td><td>Sales</td><td>78,157</td><td>Accounts receivable</td><td>25,239</td></tr>
<tr><td>Subsidiary</td><td>Fujitsu Devices Inc.</td><td>Ownership Direct 66.76%</td><td>Sale of Fujitsu's products and interlocking of directors</td><td>Sale of Fujitsu's products</td><td>Sales</td><td>159,611</td><td>Accounts receivable</td><td>66,924</td></tr>
<tr><td>Subsidiary</td><td>Fujitsu Personal System Ltd.</td><td>Ownership Direct 100%</td><td>Sale of Fujitsu's products and interlocking of directors</td><td>Sale of Fujitsu's products</td><td>Sales</td><td>165,786</td><td>Accounts receivable</td><td>42,837</td></tr>
<tr><td rowspan="4">Subsidiary</td><td rowspan="4">Fujitsu Capital Ltd</td><td rowspan="4">Ownership Direct 100%</td><td rowspan="4">Finance subsidiary and interlocking of directors</td><td rowspan="2">Sale of receivables, trade</td><td>Amount</td><td>188,182</td><td rowspan="2">Receivables</td><td rowspan="2">3,941</td></tr>
<tr><td>Loss related</td><td>227</td></tr>
<tr><td rowspan="2">Short-term loan</td><td>Amount</td><td>40,000</td><td>Loan</td><td>-</td></tr>
<tr><td>Interest charges</td><td>5</td><td>Payables</td><td>-</td></tr>
<tr><td rowspan="2">Affiliate</td><td rowspan="2">Fujitsu Leasing Co.,Ltd</td><td rowspan="2">Ownership Direct 25% Indirect 5%</td><td rowspan="2">Leasing transaction and interlocking of directors</td><td>Sale of fixed assets</td><td>Amount</td><td>42,100</td><td>Receivables</td><td>621</td></tr>
<tr><td>Leasing transaction</td><td>Payment</td><td>6,685</td><td>Payable</td><td>13</td></tr>
</table>

(Notes)
1. Transactions listed above generally have terms of business based on the fair value.
2. Consumption taxes are not included in the transaction amount. Consumption taxes are included in the ending balance.
3. Transactions with Fujitsu Leasing Co., Ltd. are mainly buying our fixed assets to lessor for starting leasing transaction.

【Notes to Significant Subsequent Events】

Not applicable

【Notes to Per Share Data】

Net assets per share	300.37 yen
Net loss per share	120.58 yen

【Other Notes】

1. Securities

Securities in subsidiaries and affiliates with market value

(Million yen)

	Book value on balance sheet	Market value	Variance
Securities in associated companies			
Securities in subsidiaries	43,705	290,000	246,295
Securities in affiliates	16,701	20,437	3,736
Total	60,407	310,438	250,031

2. Retirement benefits

Matters concerning retirement benefit obligation

(Million yen)

	Fiscal 2006 (March 31, 2007)
(1) Projected benefit obligation	(636,972)
(2) Plan assets	700,850
〔of which plan assets in retirement benefit trusts〕	〔156,973〕
(3) Projected benefit obligation in excess of plan assets (1) + (2)	63,877
(4) Unrecognized actuarial loss	106,514
(5) Unrecognized prior services cost (reduced obligation)	(90,483)
(6) Prepaid pension cost	(79,908)
(7) Accrued severance benefit (3) + (4) + (5) + (6)	-

(Note) Discount rate 2.5%

Environmental Accounting

Cost/Benefit Trends

(Billions of Yen)

	FY 2004			FY 2005			FY 2006		
	Fujitsu Limited	Affiliated companies	Total	Fujitsu Limited	Affiliated companies	Total	Fujitsu Limited	Affiliated companies	Total
Costs	7.9	10.0	17.9	9.0	8.9	17.9	7.4	9.3	16.7
Benefits	9.7	12.9	22.6	10.9	13.6	24.5	9.9	17.7	27.5

Itemization of Fiscal Year 2006 Results *1

(Billions of Yen)

Costs	Item	Fujitsu Limited	Affiliated companies	Total
Business area costs				
Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	3.1	2.1	5.2
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	1.0	1.0	2.0
Resource circulation costs	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	1.2	2.2	3.4
Upstream/downstream costs	Costs of lowering the environmental burden imposed upstream and downstream by manufacturing and service activities (costs incurred for recycling /reuse of waste products and packaging, Green Procurement, etc.)	0.1	1.0	1.1
Administration costs	Environmental protection costs related to administrative activity, including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring environmental burden, greenification programs, environmental reporting and environmental publicity	1.7	1.2	2.9
R&D costs	Environmental protection costs for R&D activities (Super Green Products, Green Products/ environmental technology design and development costs)	0.2	1.8	2.0
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in/support for organizations concerned with environmental preservation	0.0	0.0	0.0
Environmental remediation costs	Cost of environmental restoration operations (remediating soil and groundwater contamination, environmental compensation, etc.)	0.0	0.0	0.0
Total		7.4	9.3	16.7

(Billions of Yen)

Benefits	Item	Fujitsu Limited	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Contribution of environmental protection activities to value added*2 in manufacturing.	3.3	2.9	6.2
	Savings from avoidance of operating losses*3 stemming from failure to observe environmental laws and regulations	0.2	1.8	2.0
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption*4	1.8	0.7	2.5
Resource circulation benefits	Cost savings from waste reduction and more effective resource utilization*4	3.0	10.6	13.6
Upstream/downstream benefits	Sales value of recycled and reused products*4	0.0	0.7	0.7
Administration benefits	Value of efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.2	0.4	0.6
R&D benefits	Contribution to sales made by Super Green Products, Green Products, other eco-friendly products	1.4	0.6	1.9
Environmental remediation benefits	Savings of compensation payments to residents through policies preventing groundwater and soil contamination*5	0.0	0.0	0.0
Total		9.9	17.7	27.5

Comment

In fiscal 2006, as a result of efforts to promote the use of reusable products, resource circulation costs and benefits increased. With the rise in the market price of metals, there was an increase in gains on sales of unnecessary resources with material value, and the Fujitsu Group as a whole recorded total benefits of 27.5 billion yen. In fiscal 2007, because of enhanced countermeasures against global warming and soil remediation measures, we anticipate consolidated costs of 19.8 billion yen and consolidated benefits of 31.1 billion yen.

*1 Classification system is in accordance with "Environmental Accounting Guidelines 2005" issued by Japan's Ministry of the Environment.
*2 Contribution of environmental protection activities in relation to value added: value added x (maintenance and management costs for environmental facilities/total generated costs)
*3 Avoidance of operating losses: (value added/days of operation) x days lost
*4 Actual benefit
*5 Estimate of risk avoidance assuming such events arise

Additional information regarding Fujitsu's environmental activities is available in the Company's environmental report or on the Internet (http://www.fujitsu.com/global/about/environment/).

Corporate Data

Corporate Name:	FUJITSU LIMITED
Registered at:	4-1-1 Kamikodanaka, Nakahara-ku, Kawasaki-shi, Kanagawa 211-8588, Japan
Cooperate Headquarters:	Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7123, Japan
Established and Registered on:	June 20, 1935
Stock Exchange Listings:	Tokyo, Osaka, Nagoya, London, Frankfurt, and Swiss
Home Page Address:	www.fujitsu.com

Information

Fujitsu's web site offers not only this report but also the latest annual report and financial results.

English http://www.fujitsu.com/global/about/ir/

Japanese http://pr.fujitsu.com/jp/ir/