(TRANSLATION FOR REFERENCE ONLY)

To our shareholders,

Security Code (in Japan) 6702
May 30, 2008

Hiroaki Kurokawa, President
Fujitsu Limited
1-1, Kamikodanaka 4-chome
Nakahara-ku, Kawasaki-shi
Kanagawa
Japan

NOTICE OF CONVOCATION OF THE 108th ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 108th Annual Shareholders' Meeting, to be held as set forth below. If you are unable to attend the meeting, we ask that you kindly review the reference materials for the Annual Shareholders' Meeting that follow this notice and exercise your voting rights using one of the following methods.

[Voting by mail]

Please complete the enclosed Voting Card, indicating your approval or disapproval for each of the proposals, and return the Voting Card to the Company not later than 6 p.m. on Friday, June 20, 2008 (Japan standard time).

[Voting via the Internet]

Please access the Company's designated online voting site (http://www.evote.jp/) via a PC or mobile phone using the login ID and temporary password printed on the enclosed Voting Card. Please indicate your approval or disapproval for each of the proposals not later than 6 p.m. on Friday, June 20, 2008 (Japan standard time), following the on-screen instructions.

If you attend the meeting in person, please submit the enclosed Voting Card to the receptionist.

1. Date & Time June 23, 2008; 10 a.m.

2. Venue Shin Yokohama Prince Hotel, Sinfonia Hall (5th Floor)
3-4 Shin Yokohama
Kohoku-ku, Yokohama-shi
Kanagawa, Japan

3. Business to Be Conducted

Reports:

Presentation of the Business Report, Consolidated and Unconsolidated Financial Statements for the 108th Business Period (April 1, 2007 – March 31, 2008); Report of Independent Auditor and Board of Auditors on Consolidated Financial Statements

Agenda:

Proposal No. 1 Partial Revision to the Articles of Incorporation

Proposal No. 2 Election of Ten Members of the Board

Proposal No. 3 Election of Four Auditors

Proposal No. 4 Payment of Bonuses to Members of the Board and Auditors

(Note: the Business Report, Consolidated and Unconsolidated Financial Statements for the 108th Business Period (April 1, 2007 – March 31, 2008) are attached as Exhibit A.)

4. Exercise of Voting Rights

(1) Any voting right exercised without indicating approval or disapproval for a particular proposal will be counted as a vote for approval of the proposal.

(2) If any voting right is exercised both by mail and via the Internet, the exercise via the Internet will be upheld as a valid exercise of the voting right.

(3) If any voting right is exercised more than once via the Internet, the latest exercise will be upheld as a valid exercise of the voting right.

(4) Any institutional or other shareholder who holds the Company's shares on behalf of other parties may cast split votes. In this case, a written notice of the diverse exercise of voting rights and reasons must be produced to the Company not later than three days before the Shareholders' Meeting.

(5) No voting card has been sent to those shareholders who have consented to receive the notice of convocation using the electronic method. Any such shareholder wishing to have his or her voting card issued is asked to contact the following address:

Contact: Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan

Notes:

(1) Those attending the meeting are requested to present the enclosed Document for Exercise of Voting Rights to the receptionist.

(2) If there are any revisions to Reference Materials for the Annual Shareholders' Meeting, the Business Report, Consolidated Financial Statements or Unconsolidated Financial Statements, they will be posted online on the Company's website (http://pr.fujitsu.com/jp/ir/).

(3) This English version Notice of Convocation and reference materials is based on the original Japanese version. The style of the English version differs slightly from the Japanese version.

REFERENCE MATERIALS FOR THE ANNUAL SHAREHOLDERS' MEETING

Proposals and Reference Materials

Proposal No. 1 Partial Revision to the Articles of Incorporation

In accordance with the "Law Amending the Partial Revision of the Commercial Code Concerning Book-Entry Transfer of Corporate Securities for Rationalization of Settlements Related to the Trading of Equities" (Law No. 88 of 2004, hereafter the "Settlement Rationalization Law") promulgated on June 9, 2004, all shares of publicly listed corporations are scheduled to be converted to book-entry form (becoming "Stock Dematerialization" scheduled for implementation in January 2009). To comply with this conversion, we propose to eliminate the provision regarding "registered seal" notifications in Article 13 of the Articles of Incorporation and make other necessary revisions to the Articles of Incorporation.

In accordance with Clause 1 of supplemental Article 6 of the Settlement Rationalization Law, a resolution of Shareholders' Meeting is deemed to have approved the lapse of the provision regarding "share certificates" in paragraph 1 of Article 8 of the Article of Incorporation as of the enforcement day of the Settlement Rationalization Law. Therefore, the Board of Directors will not propose to revise the provision regarding "share certificates" at this year's Annual Shareholders' Meeting.

The content of the revision is as stated below. Revised portions are underlined.

Prior to Revision	*Revised*
Articles 1-7 (Omitted)	Articles 1-7 (Unchanged)
Article 8 (Share Certificates) The Company shall issue share certificates in connection with its shares. <u>Notwithstanding the provision of the preceding paragraph, the Company may opt not to issue share certificates for odd-lot shares</u>.	Article 8 (Share Certificates) The Company shall issue share certificates in connection with its shares. <u>(paragraph 2 deleted)</u>
Article 9 (Omitted)	Article 9 (Unchanged)
Article 10 (Request for Sale of Odd-Lot Shares) Shareholders owning odd-lot shares of the Company <u>(including beneficial owners; hereinafter the same shall apply)</u> may make a request for the sale of the number of shares that when combined with their own odd-lot shares would constitute a trading unit in accordance with the share handling rules.	Article 10 (Request for Sale of Odd-Lot Shares) Shareholders owning odd-lot shares of the Company may make a request for the sale of the number of shares that when combined with their own odd-lot shares would constitute a trading unit in accordance with the share handling rules.
Article 11 (Omitted)	Article 11 (Unchanged)

Prior to Revision	*Revised*
Article 12 (Administrator of Shareholders' Register) The Company shall have an Administrator of Shareholders' Register. The Administrator of Shareholders' Register and its place of business shall be designated by a resolution of the Board of Directors and published in a public notice. Preparation and storage of the Company's Register of Shareholders (including the Beneficial Owners' List; hereinafter the same shall apply), the register of share purchase warrants and the register of lost share certificates as well as other business related thereto shall be handled by the Administrator of Shareholders' Register and the Company shall not handle such business.	Article 12 (Administrator of Shareholders' Register) The Company shall have an Administrator of Shareholders' Register. The Administrator of Shareholders' Register and its place of business shall be designated by a resolution of the Board of Directors and published in a public notice. Preparation and storage of the Company's Register of Shareholders and the register of share purchase warrants as well as other business related thereto shall be handled by the Administrator of Shareholders' Register and the Company shall not handle such business.
Article 13 (Method of Shareholders' Exercise of Rights) Shareholders shall exercise their rights in writing with a registered seal affixed in accordance with the Share Handling Regulations. However, this shall not apply to the exercise of voting rights at shareholders' meetings. Proposal submitted by a shareholder shall be subject to the Share Handling Regulations.	Article 13 (Method of Shareholders' Exercise of Rights) Shareholders shall exercise their rights in writing and in accordance with other Share Handling Regulations. However, this shall not apply to the exercise of voting rights at shareholders' meetings. (paragraph 2 deleted)
Articles 14-43 (Omitted)	Articles 14-43 (Unchanged)
(New)	(Supplemental Provisions) Preparation and storage of the Company's Register of lost share certificates as well as other business related thereto shall be handled by the Administrator of Shareholders' Register and the Company shall not handle such business. This paragraph and the preceding paragraph shall be deleted on the date one year from the day after the enforcement date of the Law Amending the Partial Revision of the Commercial Code Concerning Book-Entry Transfer of Corporate Securities for Rationalization of Settlements Related to the Trading of Equities (Law No. 88 of 2004, hereafter the "Settlement Rationalization Law"). The deletions of paragraph 2 of Article 8 and paragraph 2 of Article 13 as well as the revisions to Article 10, paragraph 3 of Article 12 and paragraph 1 of Article 13 shall become effective on the enforcement date of the Settlement Rationalization Law. This paragraph and the preceding paragraph shall be deleted upon enforcement of the Settlement Rationalization Law.

Proposal No. 2 Election of Ten Members of the Board

The terms of office for all nine Members of the Board expire at the close of this Shareholders' Meeting. We therefore propose the election of ten Members of the Board.

The candidates for the position of Member of the Board are as follows:

Candi-date No.	*Name and date of birth*	*Personal history, positions at the Company, and important positions at other corporations*	*Number of shares of the Company held by the candidate*
1	Naoyuki Akikusa (December 12, 1938)	Apr. 1961 Joined the Company Jun. 1988 Member of the Board Jun. 1991 Senior Vice President Jun. 1992 Executive Vice President Jun. 1998 President Jun. 2003 Chairman (to present)	15,416
2	Chiaki Ito (October 10, 1947)	Apr. 1970 Joined the Company Jun. 2002 Corporate Vice President Apr. 2003 Corporate Senior Vice President Jun. 2004 Member of the Board Corporate Executive Vice President Jun. 2006 Corporate Senior Executive Vice President and Representative Director Principal responsibility for next-generation technology strategy and R&D (to present)	12,000
3	Michiyoshi Mazuka (October 17, 1943)	Apr. 1968 Joined Fujitsu FACOM Co., Ltd. Apr. 1971 Joined the Company Jun. 2001 Member of the Board Jun. 2002 Corporate Vice President Apr. 2003 Corporate Senior Vice President Jun. 2005 Member of the Board Corporate Executive Vice President Jun. 2006 Corporate Senior Executive Vice President and Representative Director Principal responsibility for services business and Japan business (to present)	10,000
4	Hiroshi Oura (February 14, 1934)	Apr. 1956 Joined the Company Jun. 1985 Member of the Board Jun. 1988 Corporate Senior Vice President Jun. 1989 Representative Director, President, Advantest Corporation Jun. 2001 Representative Director, Chairman of the Board, Advantest Corporation Jun. 2003 Member of the Board (to present) Jun. 2005 Director and Senior Executive Advisor, Advantest Corporation Jun. 2007 Senior Executive Advisor, Advantest Corporation (to present)	36,602

Candi-date No.	*Name and date of birth*	*Personal history, positions at the Company, and important positions at other corporations*	*Number of shares of the Company held by the candidate*
5	Ikujiro Nonaka (May 10, 1935)	Apr. 1977 Professor, Faculty of Business Administration, Nanzan University Jan. 1979 Professor, National Defense Academy of Japan Apr. 1982 Professor, Faculty of Commerce and Management, Hitotsubashi University Feb. 1995 Professor, Japan Advanced Institute of Science and Technology May. 1997 Faculty Fellow, University of California, Berkeley (to present) Apr. 2000 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Jun. 2004 Member of the Board (to present) Apr. 2006 Professor Emeritus, Hitotsubashi University (to present)	0
6	Haruo Ito (November 9, 1943)	Apr. 1968 Joined Fuji Electric Co., Ltd. (currently: Fuji Electric Holdings Co., Ltd.) Jun. 1998 Director, Fuji Electric Co., Ltd. (currently: Fuji Electric Holdings Co., Ltd.) Oct. 2003 President and Representative Director, Fuji Electric Systems Co., Ltd. Jun. 2006 President and Representative Director, Fuji Electric Holdings Co., Ltd. (to present) Jun. 2007 Member of the Board (to present)	0
7	Haruki Okada (June 5, 1949)	Apr. 1973 Joined the Company Apr. 2000 Group President, Procurement Group Jun. 2002 Corporate Vice President Jun. 2004 Corporate Senior Vice President Jun. 2006 Corporate First Senior Vice President Jun. 2007 Member of the Board Corporate First Senior Vice President Head of Group Management (to present) Other Present Title: President, Fujitsu Microelectronics Limited	13,000
8	Kuniaki Nozoe (July 13, 1947)	Apr. 1971 Joined the Company Apr. 2001 Group President, External Affairs Group Jun. 2002 Corporate Vice President Oct. 2005 Corporate Senior Vice President Jun. 2007 Corporate First Senior Vice President Apr. 2008 Corporate Senior Executive Vice President (to present)	8,000
9	Koichi Hironishi (July 7, 1945)	Apr. 1968 Joined the Company Apr. 2001 Group President, Consumer Transactions Systems Group Jun. 2003 President, Fujitsu Advanced Solutions Limited May. 2005 Corporate Senior Vice President President, Financial Solutions Business Group (to present)	14,000

Candi-date No.	*Name and date of birth*	*Personal history, positions at the Company, and important positions at other corporations*	*Number of shares of the Company held by the candidate*
10	Tatsuo Tomita (July 5, 1949)	Dec. 1973 Joined the Company Apr. 2002 Group Senior Vice President, Computer Systems Group Jun. 2005 President, Mobile Phones Business Unit Oct. 2005 Corporate Vice President Jun. 2007 Corporate Senior Vice President President, System Products Business Group (to present)	5,000

Notes:

Ikujiro Nonaka and Haruo Ito are both Outside Board Member candidates. Specific details of Outside Board Member candidates are as follows.

(1) Grounds for the appointment of Outside Board Member candidates

- We propose that Ikujiro Nonaka be appointed as an Outside Board Member on the grounds that he has a high level of expertise in business administration.
- We propose that Haruo Ito be appointed as an Outside Board Member on the grounds that he has extensive knowledge of the Company's business operations.

(2) Cases whereby an Outside Board Member candidate has been appointed as a Member of the Board, Executive Officer or Auditor of another company limited by shares during the last five years and the relevant company limited by shares has been found to have violated the law or Articles of Incorporation or performed other illegal operations during the candidate's term in office

- In December 2005, during Haruo Ito's term in office as President and Representative Director of Fuji Electric Systems Co., Ltd., an employee of the company was summarily accused of obstructing competitive bidding in bid tendering for electrical installation work for New Tokyo International Airport Corporation.

(3) Grounds upon which the Company has determined that Outside Board Member candidates who have not been involved in the management of any company in any capacity other than as an Outside Board Member or Outside Auditor will be able to adequately perform the duties of an Outside Board Member despite having had no such prior involvement

- The Company has determined that Ikujiro Nonaka will be able to adequately perform his duties as an Outside Board Member on the grounds that he has a high level of expertise in business administration.

(4) Outside Board Member candidates' length of service since being appointed an Outside Board Member

- At the close of this Shareholders' Meeting, Ikujiro Nonaka will have been in office as an Outside Board Member for four years.
- At the close of this Shareholders' Meeting, Haruo Ito will have been in office as an Outside Board Member for a year.

(5) Liability limitation agreements with Outside Board Member candidates

- Agreements limiting liability for damages under Clause 1, Article 423 of the Company Law has been concluded between the Company and Ikujiro Nonaka and Haruo Ito. The Company plans to extend the agreements if they are elected. The maximum liability for damages in accordance with the relevant agreements is the minimum liability stipulated by the Company Law.

Proposal No. 3 Election of Four Auditors

The terms of office for four Auditors, Hirohisa Yabuuchi, Akira Kato, Yoshiharu Inaba and Megumi Yamamuro expire at the close of this Shareholders' Meeting. We therefore propose the election of four Auditors.
We have already received the approval of this proposal from the Board of Auditors.
The candidates for Auditor are as follows:

Candi-date No.	*Name and date of birth*	*Personal history, positions at the Company, and important positions at other corporations*	*Number of shares of the Company held by the candidate*
1	Akira Kato (October 30, 1943)	Apr. 1968 Joined the Company Jun. 1996 General Manager, Audit Division Mar. 2001 Member of the Board, Japan Cablenet Limited Jun. 2002 Standing Auditor, Fujitsu Network Solutions Limited Jun. 2004 Standing Corporate Auditor, Fujitsu Support and Service Inc.(currently: Fujitsu FSAS Inc.) Jun. 2005 President, Fujitsu Advance Accounting Service Limited Jun. 2007 Standing Auditor (to present)	30,800
2	Yoshiharu Inaba (July 23, 1948)	Sep. 1983 Joined Fanuc Ltd Jun. 1989 Director, Fanuc Ltd Jun. 1992 Senior Vice Managing Director, Fanuc Ltd Jun. 1995 Senior Managing Director, Fanuc Ltd Jun. 2001 Vice President, Fanuc Ltd Jun. 2003 President and CEO, Fanuc Ltd (to present) Jun. 2004 Auditor (to present)	0
3	Megumi Yamamuro (March 8, 1948)	Apr. 1974 Assistant Judge, Tokyo District Court Apr. 1984 Judge, Tokyo District Court Apr. 1988 Professor, The Legal Training and Research Institute of Japan Apr. 1997 Judge, Tokyo High Court July 2004 Admitted as lawyer July 2004 Participate in CAST Law P.C.(currently: CAST Itoga Law P.C.) (to present) Oct. 2004 Professor, University of Tokyo Graduate Schools for Law and Politics (to Present) Jun. 2005 Auditor (to present)	0
4	Masamichi Ogura (June 30, 1946)	Apr. 1969 Joined the Company Jun. 2000 Member of the Board Jun. 2002 Corporate Senior Vice President Apr. 2003 Corporate Executive Vice President Jun. 2003 Member of the Board Corporate Executive Vice President Jun. 2006 Corporate Senior Executive Vice President, Chief Financial Officer and Representative Director Principal responsibility for administrative divisions (to present)	15,460

Notes:

*1: Yoshiharu Inaba and Megumi Yamamuro are both Outside Auditor candidates. Specific details of Outside Auditor candidates are as follows.

(1) Grounds for the appointment of Outside Auditor candidates

- We propose that Yoshiharu Inaba be appointed as an Outside Auditor on the grounds that he has extensive knowledge of the Company's business operations.
- We propose that Megumi Yamamuro be appointed as an Outside Auditor on the grounds that he has extensive experience in the legal field and has an extensive knowledge of legal matters, including the Company Law.

(2) Grounds upon which the Company has determined that Outside Auditor candidates who have not been involved in the management of any company in any capacity other than as an Outside Board Member or Outside Auditor will be able to adequately perform the duties of an Outside Auditor despite having had no such prior involvement

- The Company has determined that Megumi Yamamuro will be able to adequately perform his duties as an Outside Auditor on the grounds that he has extensive experience in the legal field and has an extensive knowledge of legal matters, including the Company Law.

(3) Outside Auditor candidates' length of service since being appointed an Outside Auditor

- At the close of this Shareholders' Meeting, Yoshiharu Inaba will have been in office as an Outside Auditor for four years.
- At the close of this Shareholders' Meeting, Megumi Yamamuro will have been in office as an Outside Auditor for three years.

(4) Liability limitation agreement with Outside Auditor candidates

- Agreements limiting liability for damages under Clause 1, Article 423 of the Company Law has been concluded between the Company and Yoshiharu Inaba and Megumi Yamamuro. The Company plans to extend the agreements if they are elected. The maximum liability for damages in accordance with the relevant agreements is the minimum liability stipulated by the Company Law.

*2: Election of Megumi Yamamuro is subject to approval of University of Tokyo's committee for dual employment policy.

Proposal No. 4 Payment of Bonuses to Members of the Board and Auditors

At a meeting on April 26, 2007, the Board of Directors decided to introduce a new, more flexible and transparent compensation system which is linked more closely to ongoing business performance. As part of the change, the company terminated the retirement allowance system for Members of the Board and Auditors. Instead, the company will submit bonus plans to the Annual Shareholders' Meeting for approval.

Regarding the bonus plan for fiscal 2007 ended March 31, 2008, in consideration of the financial results for the fiscal year, the company plans to pay a total of 189 million yen to six Members of the Board (Outside Board Members excluded) and a total of 34 million yen to two Auditors (Outside Auditors excluded).

Regarding specific amounts to be paid, the amounts for individual Members of the Board will be determined by the Board of Directors and the amounts for individual Auditors will be determined by mutual consultation among Auditors.

(million yen)

	FY2005 (106th term)	FY2006 (107th term)	FY2007 (current term)
Bonuses for members of the board	128	0	189
Bonuses for auditors	22	0	34
Initial projection for consolidated operating income	175,000	190,000	190,000
Actual consolidated operating income	181,488	182,088	204,989

Notes:

*1: Bonuses were not paid for fiscal 2006, in consideration of the unconsolidated net loss of 249,286 million yen.

*2: Bonuses were paid for fiscal 2005, prior to changes in the compensation system for Members of the Board and Auditors.

Exhibit A

Reports on the 108th Business Period

FUJITSU LIMITED

Note:

This English version of *Reports on the 108th Business Period* is based on the original Japanese version. The style of the English version differs slightly from the Japanese version.

FUJITSU Way

On April 1, 2008, Fujitsu published a fully revised Fujitsu Way. The Fujitsu Way embodies the philosophy of the Fujitsu Group, articulates the Group's overarching values, and defines concrete principles and a code of conduct that Group employees follow in their daily business activities.

The Fujitsu Way will facilitate management innovation and promote a unified direction for the Group as we expand our global business activities, bringing innovative technology and solutions to every corner of the globe.

Guided by the Fujitsu Way, our employees will strive to maximize the value of the Fujitsu Group and enhance our contributions to society.

Corporate Vision

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

Corporate Values

What we strive for:

Society and Environment	In all our actions, we protect the environment and contribute to society.
Profit and Growth	We strive to meet the expectations of customers, employees and shareholders.
Shareholders and Investors	We seek to continuously increase our corporate value.
Global Perspective	We think and act from a global perspective.

What we value:

Employees	We respect diversity and support Individual growth.
Customers	We seek to be their valued and trusted partner.
Business Partners	We build mutually beneficial relationships.
Technology	We seek to create new value through Innovation.
Quality	We enhance the reputation of our customers and the reliability of social infrastructure.

Principles

Global Citizenship	We act as good global citizens, attuned to the needs of society and the environment.
Customer-Centric Perspective	We think from the customer's perspective and act with sincerity.
Firsthand Understanding	We act based on a firsthand understanding of the actual situation.
Spirit of Challenge	We strive to achieve our highest goals.
Speed and Agility	We act flexibly and promptly to achieve our objectives.
Teamwork	We share common objectives across organizations, work as a team and act as responsible members of the team.

Code of Conduct

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

Business Policy

- We use Field Innovation to find new approaches and the inspiration to improve ourselves, while delivering added value to our customers.
- We provide global environmental solutions in all our business areas.
- Fujitsu Group companies work together to accelerate our global business expansion.

To Our Shareholders

We are pleased to report to you the financial results of our 108th business period (covering fiscal year 2007, from April 1, 2007 to March 31, 2008).

During the business period under review, while there was a slowdown in the US economy and increased uncertainty regarding the future of the European economy, the global economy remained firm overall, led by strong growth in Asia. In Japan, the economy also exhibited signs of slowing down due to the rapid rise in raw material prices, sluggish personal consumption growth, and volatility in currency exchange rates during the last half of the business year. However, despite this the economy in general has remained solid, driven by strong exports to emerging economies.

Under such economic conditions, on a consolidated basis, we posted operating income of ¥204.9 billion, ordinary income of ¥162.8 billion and net income of ¥48.1 billion for the period under review. On an unconsolidated basis, we recorded an operating income of ¥59.0 billion, an ordinary income of ¥127.2 billion and a net income of ¥61.4 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.

In the fiscal year ended March 31, 2008, we recorded extraordinary losses resulting from changes to our accounting standards and a significant decline in the value of our securities holdings. On an operational basis, however, as a result of our improved business performance, progress has been made in developing a structure that can generate a stable level of profits. We therefore decided to raise the year-end dividend by 2 yen to 5 yen per share.

By increasing the year-end dividend for fiscal 2007, the company has returned dividends to the level prior to fiscal 2001. The company appreciates the long support shareholders have given to management and will strive to achieve further growth and profits in the years ahead.

Through our constant pursuit of innovation, we aim to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world. In this way, we seek to grow, realize profits, and continuously increase our corporate value.

In all our business activities, we aim to contribute to the success of our customers and grow with them as their valued and trusted partner.

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

May 2008

Naoyuki Akikusa, Chairman
Hiroaki Kurokawa, President

Report on Business Operations

1. Business Overview (April 1, 2007 to March 31, 2008)

(1)Trends and Results for the Consolidated Group

a) Overview

During the business period under review, despite increased uncertainty caused by slow down in the US and instability in its financial market, the global economy remained firm overall, led by strong growth in Asia. The Japanese economy also exhibited signs of slowing down due to the rapid rise in raw material prices, sluggish personal consumption growth, and volatility in currency exchange rates during the last half of the business year. However, despite this the economy in general has remained solid, driven by strong exports to emerging economies.

Under such economic conditions, although a cautious stance was increasingly seen in the second half of the business year, IT investments remained generally stable.

The IT services market, both in and outside Japan, exhibited growth, but with respect to products, the environment took on a more severe tone with a shift toward lower prices as the functionality of servers and storage devices increased, and with reductions in prices for LSI due to intensified competition in the digital home appliance arena.

We have started a new medium-term plan covering the period from June 2007 to fiscal 2009. The medium-term plan calls for the increased efficiency of business operations as a whole, as well as for the enhancement of growth potential through the expansion of overseas businesses and the strengthening of products with high added-value and services with the ultimate objective of achieving a consolidated operating income margin of more than 5% for fiscal 2009 ending March 31, 2010.

During fiscal 2007, efforts were made toward product sales expansion, including the introduction of a new series of UNIX servers that was jointly developed with Sun Microsystems of the US, in addition to making corporate acquisitions in North America, Europe, and Oceania to expand our service businesses outside Japan. In addition, together with reinforcing project risk management in systems integration, progress was made in the standardization and consolidation of system development capabilities to achieve enhanced quality and reduced cost. Further, LSI operations were restructured into a subsidiary in order to speed up the decision-making process of its management.

With respect to net sales outside Japan for the business term, aggressive acquisitions in the service business made positive contributions, as did net revenue increases in servers. In Japan, although sales of mobile phone base stations and standard technology logic products were sluggish, services, PCs, mobile phones and advanced technology logic products achieved revenue gains. As a result, consolidated net sales rose to ¥5,330.8 billion (an increase of 4.5% from the previous year).

Consolidated operating income, in spite of dramatic price declines in areas such as HDDs and expense increases in some projects due to expansion of service operations in the UK and North America, achieved ¥204.9 billion (an increase of ¥22.9 billion from the previous period) due mainly to increased revenue effects and higher business efficiency. Ordinary income rose ¥162.8 billion (an increase of ¥15.5 billion from the preceding period).

Extraordinary losses were recorded for the current period, consisting of losses associated with the restructuring of the LSI business and valuation losses on equity holdings associated with the decline in share prices. As a result, the consolidated net profit for the period was ¥48.1 billion, and compared with the previous term during which capital gains on sales of shares were recorded, the consolidated net income declined by ¥54.3 billion.

b) Comparison of FY 2007 Results and Initial Projections

Billions of Yen

	Projections at Start of Fiscal Year	*FY 2007 Results*	*Divergence*	
				Impact of change in accounting policies
Net sales	¥5,400.0	¥5,330.8	- ¥ 69.1	-¥5.7
Operating income	190.0	204.9	+ 14.9	-0.5
Ordinary income	150.0	162.8	+ 12.8	+7.2
Net income	75.0	48.1	- 26.8	-13.1

Note: Initial Projections did not include the impact of change in accounting policies, because the impact had not been calculated at the time of the projection announcement.

Against a backdrop of a steady economic environment in and outside Japan and the strength in IT investment demand, the Group had set net sales of ¥5.4 trillion, operating income of ¥190.0 billion, ordinary income of ¥150.0 billion and net income for the term of ¥75.0 billion as the consolidated performance objectives for fiscal 2007.

To achieve these objectives, the Group took measures to produce stronger products and enhance profitability of product operations through the further integration of product development and sales. To expand the ranges of our services, we continued initiatives for “Field Innovation,” in order to gain a deeper understanding of the customer’s business and propose solutions from a business perspective. In addition to these, we have improved cost reduction and efficiency over all businesses.

With respect to consolidated net sales, while significant increases in revenue were achieved in system integration, PCs, and mobile phones, due to sluggish the sales of mobile phone base station and standard technology logic products, we were not able to achieve the objectives set at the beginning of the year.

With respect to consolidated operating income, despite a provision for the loss of an unprofitable Services business project outside Japan and profit declines in electronic components due to the stronger yen, the original objectives set at the beginning of the year were exceeded with income increases in server-related products and revenue increases in PCs and mobile phones.

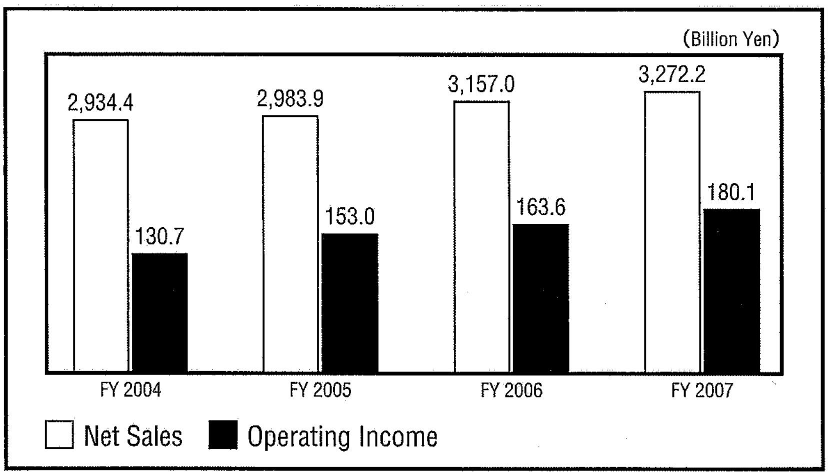
Despite recording currency translation losses due to the strong yen as non-operating losses, consolidated ordinary income exceeded the objectives set at the beginning of the year as a result of significant increases in operating income.

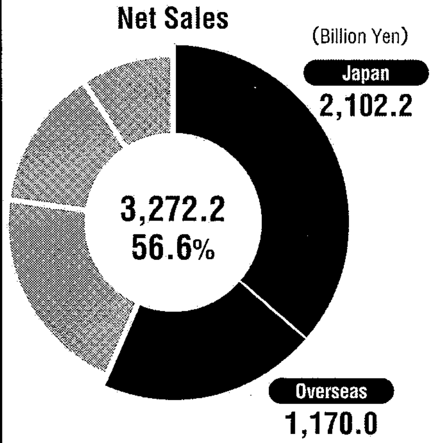
For the period, valuation losses relating to significant declines in listed shares, including the shares of Spansion of the US, and extraordinary losses recorded for the write down of inventories at the beginning of the year due to the early application of “Accounting Standards Relating to Valuation of Inventories” were taken. In addition, losses arising from impaired property, plant and equipment and relocation and disposal expenses associated with the relocation of the development and mass-production prototyping from the Akiruno Technology Center to the Mie Plant as a part of the structural reform of the LSI business were recorded as extraordinary losses for the period.

The company booked income from the return of deferred tax assets resulting from an increase in the number of consolidated tax subsidiaries and higher profits from business operations.

As a result of these actions, the consolidated net income for the period fell below the objectives set at the beginning of the year.

c) Overview by Business Segment
Technology Solutions





※Net sales include intersegment sales

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 system integration, outsourcing and various other services that leverage our competitive system platforms.

Net sales for the current period in the Technology Solution segment were ¥3,272.2 billion (an increase of 3.6% from the previous period). While sales in Japan were basically flat (rising 0.7%), sales outside Japan increased (rising 9.4%).

In operating income, while we provided for losses for an unprofitable project outside Japan, and we were burdened by expenses associated with investments for next-generation networks and higher costs related to the expansion of the services business, income was ¥180.1 billion (an increase of ¥16.5 billion from the previous period) due to increased revenues from outsourcing and other services and improved efficiency in the server business.

System Platforms

In the System Platforms sub-segment, we continued to make progress linking product development, manufacturing and sales units to strengthen product lineups, while also promoting global expansion in product sales.

In server-related products, sales of the UNIX server SPARC Enterprise, jointly developed with Sun Microsystems of the United States, began in April 2007 to expand the product lineup. In network business, structural reforms of Group companies were carried out, such as the conversion of Fujitsu Access Ltd. into a wholly owned subsidiary company. By integrating the resources of sales, development, and manufacturing organizations, we established a business organization capable of responding faster and more accurately to the diversifying needs of customers.

As a result of these measures, the net sales of the System Platforms sub-segment rose to ¥712.8 billion (an increase of 1.3% from the previous period). In Japan, mobile phone base stations were sluggish and sales declined overall, but outside Japan, due to an increase in sales of server-related products centering on SPARC Enterprise and strong demand for optical transmission products, a substantial increase in net sales was achieved.

Despite declines in revenue of mobile phone base stations in Japan and the continued burden of development expenses for next-generation network projects, operating income achieved significant improvement over the previous year and rose to ¥39.7 billion (an increase of ¥32.2 billion from the previous period) due primarily to increases in revenue of server-related products outside Japan, and increased efficiency due to the implementation of the Toyota Production System.

In the System Platform segment, in addition to improvements in performance and reliability and making products more environmentally friendly, further measures will be taken to develop globally competitive products to respond to intensifying competition. Further, efforts will be made toward the strengthening of sales organizations and further promotion of cost reductions in order to improve profits.

Services

In Services, in order to strengthen and expand our global business capabilities, we made corporate acquisitions in North America, Europe, and Oceania, and the continued expansion of off-shore centers for software-development and services in India and China.

In Japan, from December 2007 we began providing services at the "Fujitsu Tokyo No. 2 System Center" to respond to customer needs for urban data centers providing outsourcing services.

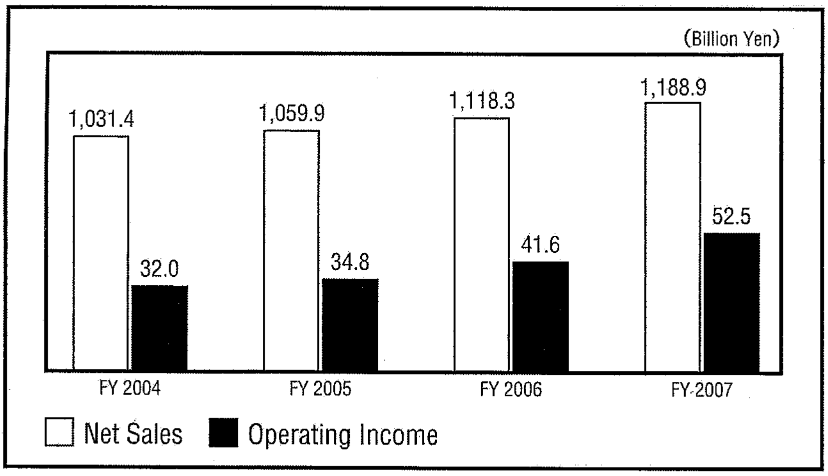
With the standardization and consolidation of system development, measures were taken to enhance quality, shorten delivery times, and reduce the cost of systems provided. In addition, in system integration, continuing measures are being taken in project risk management with the objective of enhancing profitability.

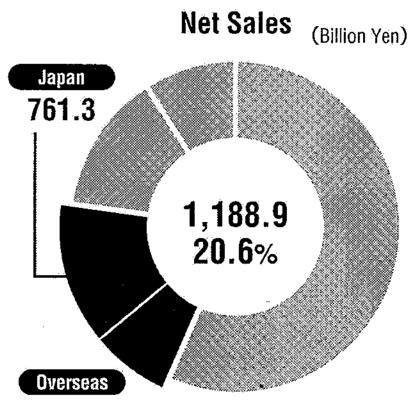
As a result of these measures, sales in the service segment rose to ¥2,559.3 billion (an increase of 4.3% from the previous period). In Japan, system integration and outsourcing services grew primarily in the financial and healthcare sectors. Outside Japan, expansion of outsourcing business in the European market, primarily in Scandinavia, contributed to increased revenues.

Operating income, in spite of improvements in profitability due to increased revenues in and outside Japan and the strengthening of efficiency measures in systems development, fell to ¥140.4 billion (a decrease of ¥15.6 billion from the previous period) with the increase in expenses associated with expansions via acquisitions and a provision to cover a loss from an unprofitable project in the UK.

In Services, in addition to further expansion of overseas business, including business acquisitions, quality improvement and increased efficiency in development in system proposals will be made.

Ubiquitous Product Solutions





※Net sales include intersegment sales

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

Over the period under review, we continued to vigorously reduce costs and enhance products under severe competitive conditions. In PCs, a low-priced model was achieved through a thorough review of the development process, and products with high added-value and improved functionality with home digital electronics were introduced to expand global sales.

In the area of mobile phones, we developed new competitive products, including models with terrestrial digital broadcasting receivers, thin, waterproof models, and special models for children, while continuing to feature universal design and other user-friendly functions in all our phones.

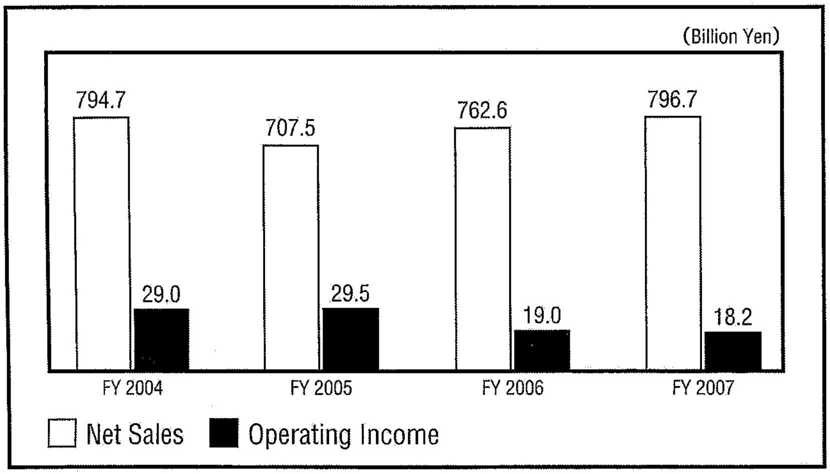
In HDDs, measures were taken to enhance competitiveness through maintaining our high-quality brand and introducing products with high added-value such as a 2.5-inch HDD with among the highest capacity and transfer speeds and lowest power consumption in the industry.

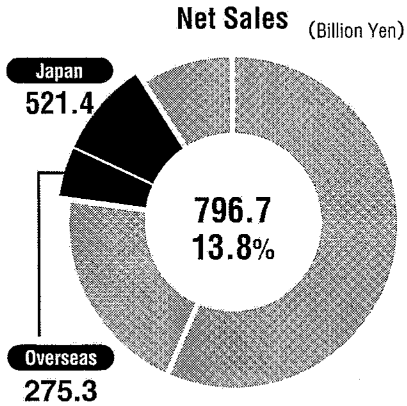
As a result of these measures, net sales in the Ubiquitous Product Solution segment rose to ¥1,188.9 billion (an increase of 6.3% from the previous period). PCs enjoyed increased revenues both in and outside Japan, and mobile phone sales grew as the market expanded in Japan. HDDs were flat over the previous period due to falling prices.

Despite the impact of price declines of HDDs during the first half of the fiscal year, with the increased revenues in PCs and mobile phones, and the success of continued cost-cutting efforts, the overall operating income reached ¥52.5 billion (an increase of ¥10.9 billion from the previous period).

We will make efforts to enhance profitability in Ubiquitous Product Solutions by promoting further cost reductions and providing competitive products that satisfy the needs of customers amid the severe competitive environment.

Device Solutions





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

During the period, we positioned our advanced technology logic business (leading-edge logic LSI devices: ASICs, COT, ASSPs), utilizing 90nm and beyond process technology, as the engine of our growth. We are working to expand our earnings by enhancing our sales capabilities and striking a balance between our advanced and standard technology logic businesses (standard logic LSI devices: microcontrollers, analog devices, ASICs).

As a result of these measures, net sales reached ¥796.7 billion (an increase of 4.5% from the previous period).

Standard technology logic products were sluggish, but advanced technology logic products exhibited an increase primarily from higher demand for digital home appliances.

While increased revenue of advanced technology logic products made a contribution to operating income, a delay in the rebound of demand for standard technology logic products and intensifying competition in electronic components, coupled with an increase in the depreciation burden, resulted in almost flat operating income of ¥18.2 billion (a ¥700 million decline from the previous period).

In order to strengthen our business structure, we made Fujitsu Electronics Inc. a wholly owned subsidiary through a share exchange, and consolidated our sales division into the company in October 2007.

Further, in order to create an organization capable of making speedy and timely management decisions as well as to enhance management independence, the LSI business of the company was reorganized into a newly established subsidiary, Fujitsu Microelectronics Ltd., effective March 21, 2008.

The Group is promoting speedy yet flexible business management through these business reorganizations. Moreover, in addition to the ASIC /COT (custom LSI) business, which has been the core of the devices business, we are also strengthening the general-purpose device business, including ASSPs (general-purpose product for a specific application), microcontrollers and analog devices, for which demand is growing, especially in Asian markets. The goal of the restructuring is to increase the proportion of sales derived from high-added-value general purpose products and to build a stronger, more efficient business structure.

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 ¥526.8 billion (a 7.4% year-over-year increase), while operating income was ¥14.2 billion (a ¥3.7 billion year-on-year increase.)

(2) Capital Expenditures

During the period under review, we spent ¥249.0 billion (a year-on-year decrease of 18.4%) 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 testing of UNIX servers, mission-critical IA 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 UK and for expanding data center facilities in Japan. Consequently, total capital expenditures in Technology Solutions amounted to ¥81.6 billion.

In Ubiquitous Product Solutions, ¥27.6 billion was invested in equipment and facilities for HDDs using perpendicular magnetic recording technology, as well as for the capacity expansion of mobile phones.

In Device Solutions, in advanced technology logic LSI area we invested in the capacity expansion of 300mm Fab No. 2 at our Mie Plant, as well as in standard technology logic LSI we invested in production and development equipment and facilities for existing plants. Total capital expenditure for Device Solutions was ¥117.3 billion.

Capital expenditures other than the above segments were ¥22.5 billion yen.

(3) Capital Procurement

The Company, in order to disperse and even out the potential redemption burden for fiscal 2009 relating to the existing bond with stock acquisition right, pursuant to the resolution of the meeting of the Board of Directors held August 6, 2007, issued bonds with an aggregate issue amount of ¥200 billion* (Euro Yen Denominated Convertible Bond with Stock Acquisition Right with issue amount of ¥100 billion due 2010 and a Euro Yen Denominated Convertible Bond with Stock Acquisition Right with issue amount of ¥100 billion maturing in 2011) via third party allotment on August 31, 2007.

*The conversion of the new bond with stock acquisition right will not be exercisable until May 27, 2009, when the existing bond with stock acquisition right matures. Further, until that date, early redemption is possible depending on the situation of future conversion or redemption of the existing bonds with stock acquisition right, and the remaining balance can be adjusted flexibly.

In addition, in order to raise required funds for the bond redemptions during the period, pursuant to a resolution of the meeting of the Board of Directors held August 30, 2007, financing was raised via the issuance of ¥100 billion worth of bonds (Series 24 unsecured bonds (¥60 billion) and series 25 unsecured bonds (¥40 billion)) effective September 25, 2007.

(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, the devices that support them and green IT technology.

Total research and development expenditure for the term was ¥258.7 billion.

This expenditure was committed to the three business segments as described below. In addition, ¥35.1billion was outlaid as basic research on frontier technology (nanotechnology, robots and others) and other costs that were not allocated to business segments.

Technology Solutions

In this segment, we invested in server, storage system, software, optical transmission system, mobile system and other research for IT platform products and technologies, along with the system development and management technologies utilizing these products.

- We have developed a Federated Configuration Management Database (FCMDB) to automatically correlate and integrate the various forms of IT system operation management information that exist for various objectives, including server management and network management.
  FCMDB will make it possible to observe and manage a wide array of configuration information on a single screen, from multiple types of information on hardware to details of service to clients. This will help reduce operational management costs and provide a stable platform for the management of IT systems.
  In addition, together with five major overseas vendors and other in the industry, we are currently working towards international standardization of the basic specifications of the FCMDB.

- We pioneered core technology for automatic verification of Java-based practical-use web applications. This technology eliminates the need to manually prepare detailed test procedures and data by automatically extracting and coding the verification procedures and test data, and then performing exhaustive and automatic testing to verify that a web application can operate according to specification.
  This technology helps programmers develop high-quality software more quickly by making it possible to perform comprehensive tests encompassing a range of use scenarios.

- We have developed the world's smallest outdoor base station device using mobile WiMAX (*1) technology, a wireless communication format used to provide broadband speeds in mobile environments. By combining high-output transmission amp using gallium nitride HEMT (*2) with Fujitsu's proprietary digital pre-distortion technology (*3), which is widely used in third-generation mobile phone systems, we were able to achieve unparalleled efficiency at the world's smallest size. This device will help dramatically reduce base station construction costs and operating expenses.
  We have also developed an RF (Radio Frequency) module as technology for mobile WiMAX terminals. This module integrates of all the radio frequency circuits such as filters, needed by a mobile terminal, and comes in the world's smallest size (15 mm square). This module makes it possible to reduce the size of a mobile terminal in addition to providing the essential high-speed transmission and stable connection.

  *1: Mobile WiMAX: IEEE802.16e-2005-compliant mobile wireless standard. WiMAX technology enables data transmission speeds of up to 75 Mb/sec even when traveling at speeds of 120 km/hour.
  *2: HEMT (High Electron Mobility Transistor): An ultra-fast field-effect transistor pioneered by Fujitsu in 1980.
  *3: Digital pre-distortion technology: Technology that adds an input signal with the opposite characteristics to the distortion generated in an amplifier, thereby correcting the distortion in advance.

Research and development expenditure related to the Technology Solutions segment was ¥134.7 billion.

Ubiquitous Product Solutions

We are actively developing PCs, mobile phones, HDDs and other products and technologies critical to the ubiquitous technology era.

- With the advent of high-speed Internet and ever more powerful PCs, there is a growing demand for high-density HDDs capable of storing vast amounts of data such as video and audio. A major hurdle in increasing the density of HDDs is reducing noise in perpendicular recording media. Fujitsu succeeded in overcoming this problem of reducing media noise by developing media with new magnetic recording material and a novel magnetic exchange coupling-controlled structure. We applied this technology to a 2.5-inch disk drive and succeeded in developing a high-capacity disk drive in the top class in the industry (320GB).

Research and development expenditure related to the Ubiquitous Product Solutions segment was ¥36.9 billion.

Device Solutions

We are developing logic LSI products, electronic components (semiconductor packages, SAW devices, etc.) and various other products and technologies.

- Using 90nm generation-standard CMOS technology, we succeeded in developing the world's first high-output millimeter wave amplifier capable of operating at 77 GHz. Prior to now, expensive compound semiconductor technologies had to be used to achieve high frequency characteristics for millimeter wave circuits. Now, thanks to the development of technology enabling the modeling of CMOS transistors and passive elements on millimeter wave range and design technology to reduce high frequency transmission loss, it is possible to use standard CMOS technology to achieve these characteristics.
  These new technologies will make it possible to improve the performance and functionality of 77 GHz in-vehicle radars, in addition to reducing the size and cost of IC chips.

- We have developed a new controller LSI compliant with IDB-1394 (*4), the international standard for in-vehicle multimedia networks. The video chip is equipped with our proprietary SmartCODEC technology, a video codec for in-vehicle video transmission which makes it possible to transmit high-resolution video without perceptible lag. Because IDB-1394 can be configured as a multiplexing network, it is possible to simultaneously transmit multiple high-quality video, audio and equipment control signals on a single cable, making high-quality entertainment for rear seat passengers available at low cost.

  *4: IDB-1394: An automotive network protocol for high-speed multimedia applications such as video and audio. It is expected to be widely used in the future.

Research and development expenditure related to the Device Solutions segment was ¥42.3 billion.

Other Operations

The research and development expenditure related to Other Operations was ¥9.5 billion.

(5) Transfer of Business and Spin-Off

・With the objective of enhancing quality and shortening deliveries of mobile phones and further enhancing cost competitiveness, the company spun off its mobile phone manufacturing and service divisions (simple split into a newly established entity) and consolidate the operations in Fujitsu Mobile-phone Products Limited, a new subsidiary established January 4, 2008.

・In order to create an organization that makes speedy and timely management decisions requisite in LSI business, and to enhance management independence, the company spun off its LSI business (simple split into a newly established entity) effective March 21, 2008, and formed Fujitsu Microelectronics Ltd.

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

- The company divested its shareholdings in Japan Cablenet Holdings Ltd. and Japan Cablenet Ltd. to KDDI Corporation, effective June 27, 2007.

- The Company converted three consolidated subsidiaries, Fujitsu Access Ltd. Fujitsu Devices Inc., (currently Fujitsu Electronics Inc.), and Fujitsu Wireless Systems Ltd., into wholly owned subsidiaries through exchange of shares dated August 1, 2007. In conjunction with these changes, Fujitsu Access Ltd. (Tokyo Stock Exchange 1st Section) and Fujitsu Device Inc. (Tokyo Stock Exchange 2nd Section) were delisted as of July 26, 2007.

(7) Key Challenges Ahead

The global IT industry continues to expand, though growth has slowed amid economic uncertainty. In the United States and Europe, IT investment is steadily increasing, led by the growth in services. Economic expansion is driving IT investment growth in Asia, with the exception of Japan. In Japan, the principal market of the Fujitsu Group, IT investment continues to grow, but without the vigor seen in overseas markets. In product business areas, while hardware unit shipments are growing worldwide, we foresee continuing challenges in the business environment. Key issues are a demand shift toward lower-priced products as performance levels improve in such products as servers and networking equipment, as well as downward pressure on pricing as competition intensifies in electronic devices and components such as HDDs.

In order to improve our profitability under these circumstances, we will focus on achieving greater overall operational efficiency. We aim to achieve revenue growth by expanding our business outside Japan and further strengthening our high value-added product and services offerings.

●Technology Solutions

The Fujitsu Group aims to grow by expanding global services offerings based on a foundation of advanced technologies and high-quality products. In our Services business, we are bolstering our capabilities outside Japan. In the US, in order to strengthen our risk-management and other consulting services and expand into new areas, such as Software as a Service (SaaS), we will continue to pursue corporate acquisitions. In the EMEA (Europe, the Middle East and Africa) region, in addition to the Group's outsourcing business with public-sector customers in the UK, we aim to expand our business with private corporations and enhance our capabilities over the entire European continent through acquisitions and other strategies that bolster our presence in the regional services business. In the APAC (Asia-Pacific) region, in addition to working to expand business with local corporations, the Group will move ahead with building offshore locations in India and China. In our System Platforms business, besides endeavoring to expand sales of products on a global basis, we will work to create more competitive products by strengthening the links between development and sales units.

Our customers expect us to optimize their entire businesses by utilizing IT, not simply to optimize their IT systems. The Fujitsu Group is expanding the scope of its business by promoting the concept of "Field Innovation," which aims to make business processes visible and continually improve them. While working to develop new technologies useful to Field Innovation, we are developing a cadre of "Field Innovators" who combine a deep knowledge of our customers' operations with an ability to suggest improvements from a business perspective. Through Field Innovation, we will find new approaches and the inspiration to improve ourselves, while delivering added value to our customers.

We will also further strengthen our efforts to boost operational efficiency. Reforms based on the Toyota Production System are taking root, particularly in our manufacturing divisions. We will continue this initiative as we move ahead in applying it to software development. The Group is also promoting initiatives to standardize and "industrialize" IT services. We have concentrated system engineers in charge of infrastructure systems development at the newly established Infrastructure Technology Center in a bid to gather all our know-how in this area into one site and standardize our operational processes. The result will be faster delivery, more reliable systems, and lower costs. Moreover, in regard to proposals for systems business, we are working to improve efficiency and quality of our system development by collecting and standardizing identifiable patterns derived from analysis of past business proposals. In addition, we are strengthening initiatives to enhance the operational quality of our systems and manage project-related risks.

●Ubiquitous Product Solutions

The Group strategy in the Ubiquitous Product Solutions segment is for each of the product groups to pursue global operations as independent businesses. In PCs, we aim to increase profitability by differentiating our products in terms of quality, security, and multimedia functionality while, at the same time, globally expanding our sales. We see mobile phones as a nexus for wireless and other cutting-edge technologies, and we have positioned mobile phones as key devices for the future ubiquitous networking world. In this regard, the Group will pursue an enhanced growth strategy that leverages the anticipated convergence of mobile phones and PCs. In HDDs, we are maintaining our reputation for high quality, while raising cost-competitiveness to strengthen profitability

●Device Solutions

In Device Solutions, the LSI divisions were reorganized into a new subsidiary, Fujitsu Microelectronics Limited, established on March 21, 2008 with the aim of promoting a new corporate structure that could facilitate the kind of rapid decision-making needed in the LSI business. In addition to ASIC and COT products, which have been a mainstay of the LSI business, the subsidiary will seek to expand the lineup of ASSPs and general-purpose products like microcontrollers and analog devices and refocus development resources on strategic areas, while enhancing its sales structure to focus on high-growth regions like Asia. These measures will enable the company to increase the proportion of high value-added products among its offerings and ensure a stable capacity utilization, which in turn will improve the profit structure. In addition, the new subsidiary will seek to enhance synergies with other Group companies in order to provide not simply chips, but total solutions at the component level, including modules and boards. With respect to capital investment, we will periodically review investment decisions for additional advanced logic LSI production capacity, taking into account trends in demand.

●Company-Wide Initiatives

In addition to the measures described above, in order to accelerate overall global business growth, the Fujitsu Group will continue to make selective acquisitions, leverage the skills and expertise of management from outside of Japan, and further strengthen business alliances with leading vendors outside Japan.

While continuing to promote Group-wide manufacturing innovation initiatives, we will carry on with global efforts to eliminate waste, reduce costs, and promote environmental responsibility in every facet of corporate activity. In addition, we will carry out structural reforms as needed in order to promote efficient business management.

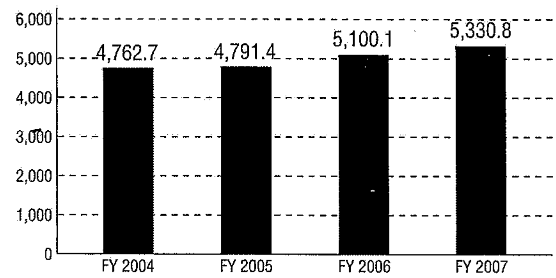
In regard to environmental protection, we have established the Fujitsu Group Environmental Protection Program (Stage V), which sets forth the challenges and targets for our environment protection activities in the period spanning fiscal years 2007 through 2009. The program calls for increasing the environmental value of our products and services, including efforts to increase the number of “Super Green” products that we offer. Giving high priority to global warming countermeasures, the program expands upon the efforts made to date in addressing production infrastructure at factories by establishing similar evaluation standards for environmental protection at office locations. We are also promoting the development of products and environmental solutions that consume less power in order to help customers lower their carbon dioxide emissions.

As we strive to meet the challenges discussed above, we will aim to be a trusted partner to our customers and, as a global company contributing to the creation of a rewarding and secure networking society, continue to earn the confidence of customers and society as a whole.

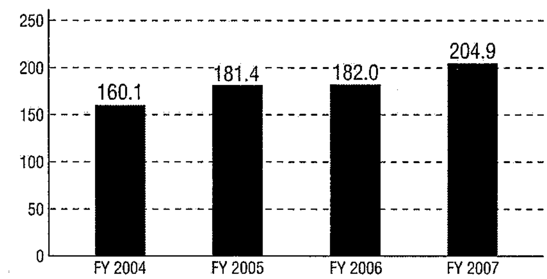
(8) Consolidated Asset and Profit (Loss) Situation for the Most Recent Three Fiscal Years

(Billion Yen)

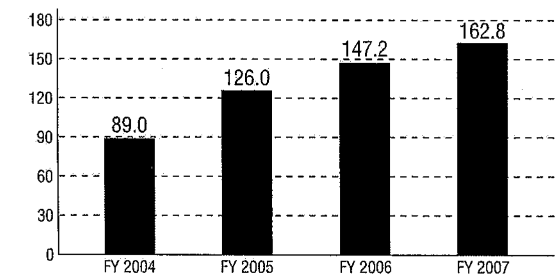
Net Sales



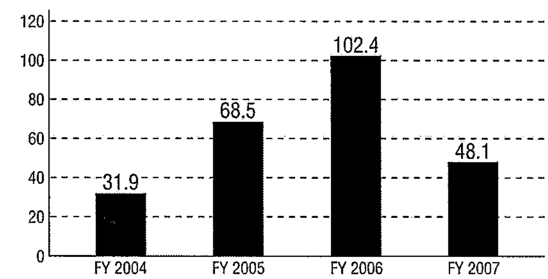
Operating Income



Ordinary Income



Net Income



Billions of yen, except where stated

Fiscal Year (Business Period)	FY 2004 *(105th)*	FY 2005 *(106th)*	FY 2006 *(107th)*	FY 2007 *(Current period)*
Net sales	¥4,762.7	¥4,791.4	¥5,100.1	¥5,330.8
Overseas Total (included in Net Sales)	1,422.0	1,591.5	1,825.2	1,923.6
Operating income	160.1	181.4	182.0	204.9
Ordinary income	89.0	126.0	147.2	162.8
Net income	31.9	68.5	102.4	48.1
Net income per share [yen]	15.42	32.83	49.54	23.34
Total assets	3,640.1	3,807.1	3,943.7	3,821.9
Net assets	856.9	917.0	1,160.7	1,130.1
Shareholders' equity per share [yen]	414.18	443.20	469.02	458.31

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

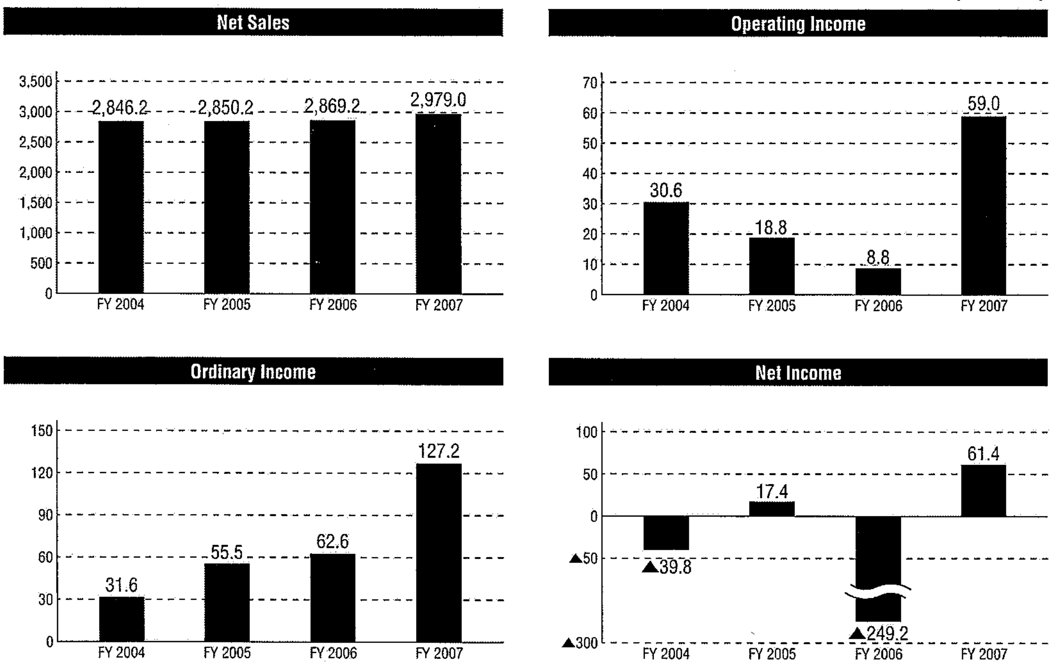
		FY 2004 *(105th)*	FY 2005 *(106th)*	FY 2006 *(107th)*	FY 2007 *(Current period)*
Technology Solutions	**Net sales**				
	Unaffiliated customers	¥2,860.3	¥2,903.6	¥3,064.7	¥3,158.9
	Intersegment	74.0	80.2	92.3	113.2
	Total	¥2,934.4	¥2,983.9	¥3,157.0	¥3,272.2
	Operating income	¥130.7	¥153.0	¥163.6	¥180.1
	[As % of sales]	[4.5%]	[5.1%]	[5.2%]	[5.5%]
Ubiquitous Product Solutions	**Net sales**				
	Unaffiliated customers	¥899.0	¥926.4	¥993.2	¥1,056.5
	Intersegment	132.4	133.5	125.0	132.4
	Total	¥1,031.4	¥1,059.9	¥1,118.3	¥1,188.9
	Operating income	¥32.0	¥34.8	¥41.6	¥52.5
	[As % of sales]	[3.1%]	[3.3%]	[3.7%]	[4.4%]
Device Solutions	**Net sales**				
	Unaffiliated customers	¥733.8	¥655.1	¥707.1	¥736.5
	Intersegment	60.9	52.3	55.5	60.2
	Total	¥794.7	¥707.5	¥762.6	¥796.7
	Operating income	¥29.0	¥29.5	¥19.0	¥18.2
	[As % of sales]	[3.7%]	[4.2%]	[2.5%]	[2.3%]
Other Operations	**Net sales**				
	Unaffiliated customers	¥269.5	¥306.2	¥335.0	¥378.8
	Intersegment	107.6	141.1	155.2	147.9
	Total	¥377.2	¥447.3	¥490.3	¥526.8
	Operating income	¥8.9	¥7.6	¥10.5	¥14.2
	[As % of sales]	[2.4%]	[1.7%]	[2.2%]	[2.7%]
Elimination & Corporate	**Net sales (loss)**	¥(375.0)	¥(407.3)	¥(428.2)	¥(453.9)
	Operating income (loss)	¥(40.5)	¥(43.5)	¥(52.7)	¥(60.3)
Total	**Net sales**				
	Unaffiliated customers	¥4,762.7	¥4,791.4	¥5,100.1	¥5,330.8
	Intersegment	–	–	–	–
	Total	¥4,762.7	¥4,791.4	¥5,100.1	¥5,330.8
	Operating income	¥160.1	¥181.4	¥182.0	¥204.9
	[As % of sales]	[3.4%]	[3.8%]	[3.6%]	[3.8%]

Notes:

1. For purposes of comparison, figures for fiscal year 2004 have been restated to reflect composition for respective business segments in 1st half fiscal year 2005.
2. For purposes of comparison, figures for fiscal years 2004 and 2005 have been restated with new method of allocating operating expenses, which has been introduced fiscal year 2006.

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

(Billion Yen)



Billions of yen, except where stated

Fiscal Year (Business period)	FY 2004 *(105th)*	FY 2005 *(106th)*	FY 2006 *(107th)*	FY 2007 *(Current period)*
Net sales	¥2,846.2	¥2,850.2	¥2,869.2	¥2,979.0
Operating income	30.6	18.8	8.8	59.0
Ordinary income	31.6	55.5	62.6	127.2
Net income (loss)	(39.8)	17.4	(249.2)	61.4
Net income (loss) per share [yen]	(19.59)	8.37	(120.58)	29.80
Total assets	2,944.2	2,837.0	2,512.8	2,536.5
Net assets	854.3	939.5	620.8	636.8
Shareholders' equity per share [yen]	413.15	454.35	300.37	307.82

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. Due to increased revenues, cost reductions and cost efficiencies, operating income for the current period recorded an increase. With respect to net income for the period, extraordinary losses were posted due to the write down of inventories at the beginning of the year due to the early application of "Accounting Standards Relating to Valuation of Inventories" and a valuation loss on shareholdings associated with falling share prices. However, in addition to posting dividend income as non-operating income, capital gains on disposition of shares were recorded as extraordinary income, resulting in an overall increase in net income.

(10) 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	100
	Fujitsu Network Communications, Inc.	100
Development, manufacturing	Fujitsu IT Products Limited	100 (45.00)

Category	Company Name	Parcentage of Voting Rights
Development, sales and provision of services	Fujitsu Business Systems Ltd.	52.68 (0.06)
	NIFTY Corporation	66.60
	Fujitsu Broad Solution & Consulting Inc.	56.47
	Fujitsu Fsas Inc.	100
	PFU Limited	78.59
	Fujitsu FIP Corporation	100
	Fujitsu Services Holdings PLC	100 (5.52)
	Fujitsu Consulting Holdings, Inc.	100
	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 Mobile-phone Products Ltd.	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 Ltd.	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	Fujitsu Microelectronics Limited	100
	Shinko Electric Industries Co., Ltd.	50.06 (0.03)
	Fujitsu Component Limited	50.32

Category	Company Name	Parcentage of Voting Rights
Sales	Fujitsu Electronics Inc.	100 (100)
	Fujitsu Microelectronics Asia Pte. Ltd.	100 (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 *	46.37
	FDK Corporation *	39.81 (0.01)
	Fujitsu Leasing Co., Ltd. *	27.50 (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.

(11)Major Business of the Fujitsu Group (As of March 31, 2008)

Fujitsu and its subsidiaries are involved in the business of providing comprehensive IT solutions comprising high quality products and electronic devices, 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	System Platforms	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
	Services	Systems integration services(system construction) Consulting Custom terminal installation (ATMs, POS systems, etc.) 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
Ubiquitous Product Solutions		Personal computers Mobile phones Optical modules Hard disk drives
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

(12) Fujitsu Group Principal Offices and Plants (As of March 31, 2008)

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 Regional Sales Unit (Sapporo-shi), Tohoku Regional Sales Unit (Sendai-shi), Metropolitan Area Sales Unit (Shinjuku-ku, Tokyo), Kanto-Koshinetsu Regional Sales Unit (Minato-ku, Tokyo), Hokuriku Regional Sales Unit (Kanazawa-shi, Ishikawa), Tokai Regional Sales Unit (Nagoya-shi), Kansai Regional Sales Unit (Osaka-shi), Chugoku Regional Sales Unit (Hiroshima-shi), Shikoku Regional Sales Unit (Takamatsu-shi, Kagawa), Kyushu Regional Sales Unit (Fukuoka-shi)
Software/Services	Sapporo Systems Laboratory (Sapporo-shi), Aomori Systems Laboratory (Aomori-shi, Aomori), Ichigaya Office(Chiyoda-ku, Tokyo), Kojimachi Office(Chiyoda-ku,Tokyo), Shibakoen Office(Minato-ku,Tokyo), Enterprise Innovation Support Center(Minato-ku,Tokyo), World Trade Center Building(Minato-ku,Tokyo), Fujitsu Solution Square(Ohta-ku,Tokyo), Makuhari Systems Laboratory (Chiba-shi), Kansai Systems Laboratory (Osaka-shi), Kouchi Fujitsu Technoport(Nangoku-shi, Kouchi), Kyushu R&D Center (Fukuoka-shi), Oita Systems Laboratory (Oita-shi, Oita), Kumamoto Systems Laboratory (Mashiki-cho, Kamimashiki-gun, Kumamoto)
R & D /Plants	Kawasaki Research & Manufacturing Facilities (Kawasaki-shi), Kumagaya Plant(Kumagaya-shi, Saitama), Oyama Plant (Oyama-shi, Tochigi), Nasu Plant (Otawara-shi, Tochigi), Nagano Plant (Nagano-shi, Nagano), Numazu Plant (Numazu-shi, Shizuoka), Akashi Research & Manufacturing Facilities (Akashi-shi, Hyogo)

b) Subsidiaries

Japan	Fujitsu Laboratories Ltd. (Kawasaki-shi), Shinko Electric Industries Co., Ltd. (Nagano-shi, Nagano), Fujitsu Business Systems Ltd. (Bunkyo-ku, Tokyo), Fujitsu Frontech Ltd. (Inagi-shi, Tokyo), Fujitsu Component Ltd. (Shinagawa-ku, Tokyo), NIFTY Corporation (Shinagawa-ku, Tokyo), Fujitsu Broad Solution & Consulting Inc. (Minato-ku, Tokyo), Fujitsu Microelectronics Ltd.(Shinjuku-ku, Tokyo), Fujitsu FSAS Inc. (Minato-ku, Tokyo), Fujitsu Access Ltd. (Kawasaki-shi), Fujitsu TEN Ltd. (Kobe-shi), PFU Ltd. (Kahoku-shi, Ishikawa), Fujitsu Electronics Inc.(Shinjuku-ku, Tokyo), Fujitsu FIP Corporation (Koto-ku, Tokyo), Fujitsu Isotec Ltd. (Date-shi, Fukushima), Fujitsu Personal System Ltd. (Minato-ku, Tokyo), Shimane Fujitsu Ltd. (Hikawa-cho, Hikawa-Gun, Shimane), Fujitsu IT Products Ltd. (Kahoku-shi, Ishikawa), Fujitsu Mobile-phone Products Ltd. (Otawara-shi, Tochigi)
Overseas	Fujitsu Services Holdings PLC (U.K.), Fujitsu Europe Ltd.(U.K.), 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 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)

(13) Employees (As of March 31, 2008)

a) Employees of Fujitsu Group

Segment	*Number of employees*	*Change from end of fiscal 2006*
Technology Solutions	103,741	+2,928
Ubiquitous Product Solutions	19,098	+1,817
Device Solutions	23,698	+1,094
Other Operations	18,124	+723
Corporate	2,713	-165
Total	167,374	+6,397

b) Employees of Fujitsu Limited

Number of employees	*Change from end of fiscal 2006*	*Average age*	*Average years of employment*
27,310	-9,251	40.7	17.9

(14) Principal Lenders (As of March 31, 2008)

Lender	*Loan amount (¥ millions)*
Meiji Yasuda Life Insurance Company	13,200
Sumitomo Mitsui Banking Corporation	10,172
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,969
Mizuho Corporate Bank, Ltd.	6,744
Mitsubishi UFJ Trust and Banking Corporation	5,295

2 . Company Overview

(1) Stock (As of March 31, 2008)

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: 209,393 (8,193 decrease from the end of FY2006)

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 (%)*
State Street Bank and Trust Company	135,379	6.54		
The Master Trust Bank of Japan, Ltd. (for trust)	102,825	4.97		
Fuji Electric Holdings Co., Ltd.	94,663	4.58	74,333	10.40
Japan Trustee Services Bank, Ltd. (for trust)	87,260	4.22		
Fuji Electric Systems Co., Ltd.	60,978	2.95		
Asahi Mutual Life Insurance Company	40,743	1.97		
State Street Bank and Trust Company 505103	37,894	1.83		
Fuji Electric FA Components & Systems Co., Ltd.	36,886	1.78		
Mizuho Corporate Bank, Ltd.	32,654	1.58		
Fujitsu Employee Shareholding Association	23,772	1.15		

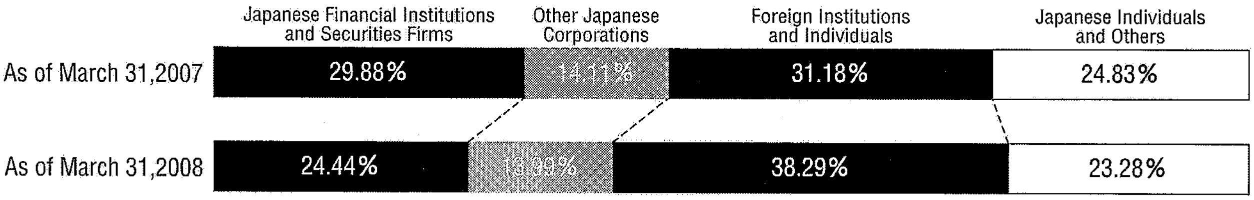
Notes:

1. The investment ratio is calculated after exclusion of treasury stock holdings.
2. On February 7, 2008, Alliance Bernstein L.P. and two of its affiliates submitted a report ("*Tairyō Hoyū Hōkokusho*") on changes to its holdings of Fujitsu Limited shares to the Kanto Local Finance Bureau, but because Fujitsu has not been able to confirm the actual number of shares held as of March 31, 2008, we have not included them in the above list of major shareholders. According to the report, Alliance Bernstein L.P. owns 247,182 thousand shares, AXA Rosenberg Investment Management Ltd. owns 19,102 thousand shares, and Alliance Bernstein Japan Ltd. owns 6,751 thousand shares, for a total of 273,035 thousand shares. (which accounts for 13.19% of the number of outstanding shares).

   In addition, on April 22, 2008, Alliance Bernstein L.P. and two of its affiliates submitted a report ("*Tairyō Hoyū Hōkokusho*") on changes to its holdings of Fujitsu Limited shares to the Kanto Local Finance Bureau, but because Fujitsu has not been able to confirm the actual number of shares held as of March 31, 2008, we have not included them in the above list of major shareholders. According to the report, Alliance Bernstein L.P. owns 267,022 thousand shares, AXA Rosenberg Investment Management Ltd. owns 20,640 thousand shares, and Alliance Bernstein Japan Ltd. owns 6,236 thousand shares, for a total of 293,898 thousand shares. (which accounts for 14.20% of the number of outstanding shares).

3. The shares held by The Master Trust Bank of Japan, Ltd. (for trust) and Japan Trustee Services Bank, Ltd. (for trust) pertain to the trust business by the institution.
4. 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, 52,857 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. (Ownership ratio which is calculated after exclusion of treasury stock holdings, is 5.95%).
5. 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.

f) Equity Shareholdings by Type of Shareholder



※The 123,042,000 shares of Fujitsu Limited stock held in trust with a trust bank as the employee pension trust of group companies in the Fuji Electric Group are listed as being held by "Other Japanese Corporations".

g) Others matters regarding stock

Fujitsu executed share exchange with Fujitsu Access Ltd., Fujitsu Devices Inc.(currently Fujitsu Electronics Inc.), and Fujitsu Wireless Systems Ltd. effective as of August 1, 2007. Along with this share exchange, we acquired 32,037,000 shares of our own stock during this period, adding to the existing 2,282,427 shares of treasury stock for a total outlay of 34,319,427 shares.

【Acquisition, disposition and holdings of treasury stock】

Shares acquired	32,569,352 ordinary shares	Total amount: ¥27,232,169 thousand
Acquisition of own shares in the repurchase of odd-lot shares	532,352 ordinary shares	¥432,174 thousand
Acquisition of own shares for share exchanges	32,037,000 ordinary shares	¥26,799,995 thousand
Shares disposed	34,393,406 ordinary shares	Total amount: ¥28,329,427 thousand
Selling in response to requests from the shareholders of odd-lot shares	73,979 ordinary shares	¥57,083 thousand
Paying out of own shares in share exchanges	34,319,427 ordinary shares	¥28,272,343 thousand
Shares held as of March 31, 2008	1,089,749 ordinary shares	

(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, 2008)

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 holders)	(Number of shares)	(Number of holders)	(Number of shares)
Member of the Board (excluding Outside Board Members)	(5)	170 thousand	(6)	205 thousand
Outside Board Members	(0)	0 thousand	(0)	0 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 295,000 shares		Common Stock 435,000 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

(a)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 (as of March 31, 2008)	¥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 (b)Stock Acquisition Right granted in 2007 as Euro-yen convertible Bonds due 2010 and 2011

	Euro-yen convertible Bonds due 2010	Euro-yen convertible Bonds due 2011
The date of the resolution	August 6, 2007	August 6, 2007
(Details of the Euro-yen convertible Bonds)		
The balance of the bonds (as of March 31, 2008)	¥100,000 million	¥100,000 million
Issue date	August 31, 2007	August 31, 2007
(Details of Stock Acquisition Right)		
Number of the Right attached the bonds	1,000	1,000
Type and number of shares to be issued upon the exercise of Stock Acquisition Right	Common Stock 111,111,111 shares	Common Stock 111,111,111 shares
Amount of assets paid upon exercise of Stock Acquisition Right	¥900 per share	¥900 per share
Exercise period for the Stock Acquisition Right	Stock Acquisition shall be exercised during business hours of agent (in region where exercise request is made) from May 28, 2009 to May 24, 2010.	Stock Acquisition shall be exercised during business hours of agent (in region where exercise request is made) from May 28, 2009 to May 24, 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 ¥900 Increase in paid-in capital ¥450	Offer price ¥900 Increase in paid-in capital ¥450
Conditions for exercising the Stock Acquisition Right	Stock Acquisition Right should not be exercised partially.	Stock Acquisition Right should not be exercised partially.
Conditions for transfer the Stock Acquisition Right	No restriction	No restriction

Note:

The stock acquisition right shall not be exercisable (i) after the closing of the business day (local time of the transaction) for the agent receiving the stock acquisition right execution 3 business days prior to the early redemption date in Tokyo in the event that the Company elects to make an early redemption of the bond with stock acquisition right (excluding bonds for which it elected not to accept early redemptions); (ii) after the notice of demand for early redemption is deposited at the office of the payment agent for the bond in accordance with the provisions of the bond with stock acquisition right in the event that the bond with stock acquisition right is redeemed early by election of the holder of the bond with stock acquisition right; (iii) after the Company cancels the bond with stock acquisition right in the event that the Company purchases the bond; or (iv) after the date the benefit of term is lost in the event that the Company loses the benefit of term with respect to the Bonds with Stock Acquisition Right. However, in any case, the stock acquisition right cannot be exercised on May 24, 2010 or thereafter with respect to the Euro Yen Denominated Convertible Bonds with the Stock Acquisition Right due 2010; or on May 24, 2011 or thereafter with respect to the Euro Yen Denominated Convertible Bonds with Stock Acquisition Right due 2011. Further, when the Company makes a rational judgment that suspending the exercise of the stock acquisition right is necessary for the sake of executing organizational reform, the stock acquisition right shall not be exercisable for a period of time as determined by the Company (said term may not exceed 30 days and shall terminate within 14 days of the date on which said organizational reform takes effect).

(3) Management

a) Members of the Board and Auditors (As of March 31, 2008)

Position	*Name*	*Areas of responsibility,primary positions,and representation of other companies and organizations*
Chairman, Representative Director	Naoyuki Akikusa	
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 product and electronic devices businesses
	Chiaki Ito	Principal responsibility for next-generation technology strategy and R&D
	Michiyoshi Mazuka	Principal responsibility for services business and Japan business
Outside Board Member	Hiroshi Oura	Senior Executive Advisor, Advantest Corporation
	Ikujiro Nonaka	Professor Emeritus, Hitotsubashi University
	Haruo Ito	President and Representative Director, Fuji Electric Holdings Co., Ltd.
Corporate First Senior Vice President, Director	Haruki Okada	Head of Group Management
Standing Auditor	Hirohisa Yabuuchi	
	Akira Kato	
Outside Auditor	Yoshiharu Inaba	President and CEO, Fanuc Ltd.
	Tamiki Ishihara	Corporate Adviser, Seiwa Sogo Tatemono Co., Ltd.
	Megumi Yamamuro	Professor, University of Tokyo Graduate Schools for Law and Politics

Notes:

1. Mr. Ikujiro Nonaka and Mr. Haruo Ito are outside board members under Item 15, Article 2 of the Company Law.
2. Mr. Yoshiharu Inaba, Mr. Tamiki Ishihara, and Mr. Megumi Yamamuro are outside auditors under Item 16, Article 2 of the Company Law.
3. Mr. Akira Kato 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. Kunihiko Sawa, Mr. Akira Takashima and Mr. Takashi Takaya resigned as of June 22, 2007.
5. Mr. Haruo Ito and Mr. Haruki Okada were elected as Members of the Board and Mr. Akira Kato was elected as a standing auditor at the 107th ordinary general meeting of shareholders held on June 22, 2007 and took up that position.

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

Section	*No. of qualified persons*	*Amount Paid (¥Million)*	*Bonuses (included in Amount Paid) (¥Million)*
Members of the Board	10	630	189
Outside Board Member (included in Members of the Board)	2	16	0
Auditors	5	118	34
Outside Auditors (included in Auditors)	3	28	0

Notes:

The limit on remuneration to Members of the Board was resolved to be 600 million yen per year and 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. On the other hand, the company will deliberate on the payment of directors' bonuses for the period under review at the 108th General Meeting of the Shareholders to be held June 23, 2008. With respect to the aggregate amount thereof, directors' performance will be taken into consideration and an aggregate amounts of ¥189 million for six full-time directors (not including external directors) and ¥34 million for two full-time auditors (not including external auditors) will be proposed, and are included in the aggregate amount of compensation 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	Ikujiro Nonaka	Professor Emeritus, Hitotsubashi University Outside Board Member, Eisai Co., Ltd. Outside Board Member, Mitsui & Co., Ltd.
	Haruo Ito	President and Representative Director, Fuji Electric Holdings Co., Ltd.
Outside Auditor	Yoshiharu Inaba	President and CEO, Fanuc Ltd.
	Tamiki Ishihara	Corporate Adviser, Seiwa Sogo Tatemono Co., Ltd. Outside Auditor, ZEON Corporation Outside Auditor, Furukawa Co., Ltd.
	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 Senior Executive 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. Haruo Ito concurrently holds a position as a President and Representative Director of Fuji Electric Holdings Co., Ltd. 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 and the Company holds an 10.40% equity stake in Fuji Electric Holdings Co., Ltd. (Ownership ratio is calculated after exclusion of treasury stock holdings.)
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 5.76% equity stake in Fanuc Ltd. (Ownership ratio is calculated after exclusion of treasury stock holdings.)
4. Mr. Tamiki Ishihara is concurrently Corporate Adviser 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	Ikujiro Nonaka	Attended 90% of the Board of Members meetings held during the year under review and made comments from his extensive experience in business administration.
	Haruo Ito	Attended 93% 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.
Outside Auditor	Yoshiharu Inaba	Attended 74% of the Board of Members meetings and 88% 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 based on of his deep insight into the businesses of the Company.
	Tamiki Ishihara	Attended 100% 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 from his specialized viewpoint at finance and accounting.
	Megumi Yamamuro	Attended 100% 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 convened meetings of the Board of Members 19 times (of which 7 were extraordinary meetings) and 8 meetings of the Board of Auditors (of which 3 were extraordinary meetings of the Board of Auditors) during the period under review.

2. Mr. Haruo Ito attended the Board of Members meetings 14 times in 15 times held after taken up that position in June 2007.

3. 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.

(d) Other matters regarding management

Toshihiko Ono, corporate senior executive vice president and representative director, resigned at April 8, 2008, citing personal reasons.

(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	¥453Million
(2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the independent auditor	¥987Million

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 on 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. (resolved on May 25, 2006, and revised on April 28, 2008). *

1. Objective

FUJITSU Way, which embodies the philosophy, values, principles and code of conduct for the Fujitsu Group, describes the vision of the Fujitsu Group as follows: "Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world."

We believe that by conducting our activities in accordance with FUJITSU Way, we maximize the value of the Fujitsu Group and enhance our contribution to the communities in which we operate and to society as a whole.

In addition, in order to continuously enhance the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risk arising from our business activities. Recognizing that it is essential to strengthen our corporate governance in order to accomplish this, we will continuously strive to implement the policies described below.

2. Systems to ensure the appropriateness of Fujitsu and Fujitsu Group business

(1) System to ensure efficient business execution by directors

a. At Fujitsu, there is a separation of the oversight and operational execution functions of management. The Board of Directors oversees the execution functions of the Management Council and other management bodies, and makes decisions on important matters. Among executive organs, the Management Council discusses and decides upon basic management policies and strategies and also decides upon important matters regarding management execution. Matters taken up by the Management Council, including discussion items, are reported to the Board of Directors, and any important issues are decided upon by the Board of Directors.
b. To strengthen the management oversight function, we proactively employ outside directors and auditors.
c. The Board of Directors clarifies the scope of authority for board directors, corporate vice presidents

and managing directors (hereafter collectively referred to as "senior management") as well as other business execution organs, and ensures that business is conducted in accordance with the division of business duties.

d. In performing their duties, senior management follows appropriate decision-making procedures, such as the Board of Directors Rules, Management Council Regulations, and Regulations on Corporate Decision-Making.
e. In addition to making employees thoroughly aware of management policies, senior management sets and achieves concrete goals in order to accomplish overall management goals.
f. To pursue operational efficiency, senior management promotes continuous improvement of internal control systems and reform of business processes.
g. By having senior management and other business execution organs provide monthly financial reports and business operation reports, the Board of Directors observes and oversees the status of achievement of management goals.

(2) System to ensure that business execution of directors and employees complies with laws and articles of incorporation

a. Senior management adheres to FUJITSU Way as a basic vision for compliance issues, including compliance to laws and the articles of incorporation, and proactively promotes the Group's overall compliance on an ethical basis.
b. By continuously administering training, senior management instills adherence to FUJITSU Way in employees and promotes the overall Group's compliance.
c. Senior management clarifies the legal and other regulations that relate to the Fujitsu Group's business activities and implement internal rules, training and oversight systems necessary to adhere to them, thereby promoting the compliance of the Group as a whole.
d. If senior management or employees become aware of the possibility of a major compliance violation in connection with the execution of business activities, they immediately inform the Board of Directors and the Board of Auditors via normal reporting channels.
e. In order to use independent information sources outside of normal reporting channels to discover and deal appropriately with compliance problems on a prompt basis, senior management establishes and operates an internal reporting system that protects whistle-blowers.
f. The Board of Directors receives periodic reports on the status of business execution from executive officers and verifies that there are no compliance violations in relation to the work execution.

(3) Regulations and other systems relating to loss mitigation

a. Senior management strives to maintain the Fujitsu Group's business continuity, increase its corporate value and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, they assign certain departments to be responsible for each type of risk and put in place appropriate risk management systems.
b. Senior management is constantly assessing and verifying risks that might cause losses to the Fujitsu Group, and they report significant cases to the Board of Directors.
c. In regard to risks discovered through assessment described in b), as well as potential risks arising from the execution of business, senior management carries out risk mitigation initiatives and strives to minimize losses from risks. In order to minimize loses from risks that arise, senior management creates a risk management committee and carries out necessary countermeasures. In addition, it periodically analyzes risks that arise and reports them to the Board of Directors. In these ways, the committee engages in activities intended to prevent the recurrence of risks.
d. In order to collect risk information that cannot be gathered by the methods mentioned above, an internal reporting system has been set up and is operated to ensure the protection of whistle-blowers.

(4) Information storage and management system regarding business execution by directors

a. In accordance with company rules, senior management shall establish an appropriate system, including appointing documentation managers, to store and manage documents relating to the execution of their business duties (including electronic documents, as with the items listed below) and other important information.

- Minutes of shareholders' meetings and related documents
- Minutes of Board of Directors meetings and related documents
- Minutes and related documents for other important decision-making meetings
- Approval documents from senior management
- Other important documents relating to the execution of business duties by senior management

b. In order for directors and auditors to verify the status of execution of business duties, there is a system enabling them to view the documents described in the above item at any time. The system also provides that, in response to requests they make to those in charge of managing documents, board members and statutory auditors can see the documents whenever they wish.

(5) System to ensure the appropriateness of Fujitsu Group business

a. Using FUJITSU Way as a foundation, in order to continuously increase the value of the Fujitsu Group, Fujitsu will provide direction and support to senior management of each Group company for setting up an efficient, law-abiding and appropriate business execution systems as detailed in sections (1) through (4) above.

b. To implement the above item a), functions, responsibilities, scopes of authority and proper decision-making methods have been defined in the Fujitsu Group Management Regulations.

c. Senior management of Fujitsu and all Group companies periodically confirms issues related to Group management strategies and achievement of management goals through management update conferences and other means. In addition, Fujitsu Group statutory auditors deal with Fujitsu Group issues from the auditing viewpoint through Group auditor update conferences.

d. In regard to measures needed to resolve challenges related to achieving management goals that are identified as a result of the activities described in item c), senior management of Fujitsu and Group companies implements such measures following full discussion and, when necessary, completion of reporting to Fujitsu and approval processes specified separately in Fujitsu Group Management Regulations.

e. Fujitsu's internal audit organization is linked to the internal audit organization of each Group company. It carries out audits of the entire Fujitsu Group and reports periodically to the Boards of Directors and statutory auditors of Fujitsu.

(6) System to ensure the appropriateness of audits by statutory auditors

Ensuring independence of auditors

a. Fujitsu has set up a Statutory Auditors' Office with employees assigned to assist the statutory auditors in carrying out their duties. Appropriate employees with the ability and expertise required by the statutory auditors are assigned to the office.

b. In order to ensure the independence of the staff in the Statutory Auditors' Office, matters relating to their appointment, transfer and compensation are decided on the basis on prior consultation with the auditors.

c. In principle, senior management does not assign office staff to other divisions or duties. In instances, however, where a need arises to give dual assignments to staff with specialized knowledge in response to requests from statutory auditors, care is given to ensuring their independence in accordance with item b).

Reporting system

a. Senior management of Fujitsu and Group companies provides the statutory auditors with the opportunity to attend important meetings.

b. In cases where risks arise that could affect management or financial results, or where there is an awareness of major compliance violations in connection with the execution of business activities, senior management as well as employees of Fujitsu and Group companies immediately report on them to the statutory auditors.

c. Senior management as well as employees of Fujitsu and Group companies periodically report to the statutory auditors on the status of business execution.

Ensuring effectiveness of statutory auditors

a. Senior management of Fujitsu and Group companies periodically exchange information with the statutory auditors.

b. The internal audit organization periodically reports to the statutory auditors on audit results. The auditors have the independent accounting auditor explain and report on accounting audits as required and periodically exchange information with the independent accounting auditors.

* Embodying the mission, values, and code of conduct of the Fujitsu Group, the FUJITSU Way has provided the guiding principles for the conduct of the Group and its employees. In order, however, to provide a more enduring and universal as well as simple message that could be put into practice and instilled throughout the Fujitsu Group, on April 1, 2008, Fujitsu published a fully revised version of the FUJITSU Way consisting of a Corporate Vision, Corporate Values, Principles, and Code of Conduct.

＜Implementation＞

Fujitsu has established a department with executive responsibility for internal controls. The company is, moreover, pursuing initiatives to implement an even more robust operational execution structure by reviewing and revising its regulations and business operations.

In addition, Fujitsu has established the FUJITSU Way, which consisting of a Corporate Vision, Corporate Values, Principles, and Code of Conduct, which guide the Group and its employees in their daily activities.

To accelerate the penetration and implementation of the FUJITSU Way and ensure the appropriateness of business operations, four groups were established directly under the Management Council and tasked with pursuing more robust and efficient business execution: the Fujitsu Way Promotion Council, the Risk Management Committee, the Compliance Committee and the Environmental Committee. The functions of each are described below:

Fujitsu Way Promotion Council

The Fujitsu Way Promotion Council promotes the inculcation and implementation of the FUJITSU Way. In addition, it has also been promoting Project EAGLE, which was launched as a company-wide activity for building an internal compliance system for effective and reliable financial reporting in compliance with Japan’s Financial Instruments and Exchange Law. Along with establishing a promotion organization dedicated to this endeavor, the Council has been working to extend it across the Group, including subsidiaries in and outside Japan, as well as accumulate know-how and cultivate personnel. The goals of the project also include achieving greater efficiency through the pursuit of business process reforms across the Group as well carrying out in-house assessment and improving deficiencies.

Risk Management Committee

This committee promotes risk management for the Fujitsu Group. By instilling awareness of risk and bringing to light risk information, including latent information, the committee continuously confirms the execution status of risk mitigation measures. It also implements policies for verifying information regarding specific instances of risk and mitigating their effects on customers and the Group as a whole. Moreover, as a preventative measure to deal with major unforeseen events, such as natural disasters, the committee promotes business continuity management (BCM), providing customers with a stable supply of the high performance, high-quality products and services that they need. It reports to the Management Council and the Board of Directors on significant matters and holds discussions with them on countermeasures, seeking thereby to disseminate information throughout the Group and strengthen the overall Group’s risk management posture.

Compliance Committee

This committee promotes adherence to social norms and corporate rules as well as the creation of corporate systems and initiatives for fostering a corporate culture of respect for norms. In conjunction with efforts to maximize compliance, in September 2004, a help-line system was set up as a confidential liaison point to receive reports from employees and provide guidance to them on matters of conduct.

Environmental Committee

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

We are taking into consideration the opinions of our accounting auditors as we implement the project to construct an internal control system that will ensure the validity and reliability of our financial reports.

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

Article 41 of Fujitsu Limited's Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu's basic policy on the exercise of this authority, we believe that a portion of retained earnings should be paid to shareholders to provide a stable return, and that a portion 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. In addition, taking into consideration the level of profits, Fujitsu aims to increase the distribution of profits to our shareholders when the financial base is sufficiently strong enough, including through share buybacks.

In the current fiscal year ended March 31, 2008, the company recorded extraordinary losses resulting from changes to its accounting standards and a significant decline in the value of its securities holdings. On an operational basis, however, as a result of the company's improved business performance, progress has been made in developing a structure that can generate a stable level of profits. The company therefore decided to raise the year-end dividend by 2 yen to 5 yen per share, thereby increasing the annual dividend to 8 yen per share, with 3 yen paid following the interim financial results.

The company plans to continue its policy of paying dividends twice a year, based on financial results at the half-year and year-end.

(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, 2008)

		Millions of yen
Assets		
Current assets:		
Cash and cash equivalents and short-term investments	Y	**549,408**
Receivables, trade		**1,017,916**
Inventories		**383,106**
Other current assets		**219,507**
Total current assets		**2,169,937**
Non-current assets:		
Property, plant and equipment less accumulated depreciation		**839,764**
Intangible assets		**219,555**
Other non-current assets		**592,707**
Total non-current assets		**1,652,026**
Total assets		**3,821,963**
Liabilities and net assets		
Liabilities		
Current liabilities:		
Payables, trade		**772,164**
Short-term borrowings and current portion of long-term debt		**160,227**
Other current liabilities		**678,949**
Total current liabilities		**1,611,340**
Long-term liabilities:		
Long-term debt		**727,109**
Other long-term liabilities		**353,338**
Total long-term liabilities		**1,080,447**
Total liabilities		**2,691,787**
Net assets		
Shareholders' equity:		
Common stock		**324,625**
Capital surplus		**249,038**
Retained earnings		**338,903**
Treasury stock		**(869)**
Total shareholders' equity		**911,697**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		**92,452**
Foreign currency translation adjustments		**(55,945)**
Total valuation and translation adjustments		**36,507**
Minority interests		**181,972**
Total net assets		**1,130,176**
Total liabilities and net assets		**3,821,963**

Consolidated Statements of Operation

(Year ended March 31, 2008)

		Millions of yen
Net sales	Y	**5,330,865**
Cost of sales		**3,959,561**
Gross profit		**1,371,304**
Selling, general and administrative expenses		**1,166,315**
Operating income		**204,989**
Other income:		
Interest income		**10,090**
Dividend income		**7,669**
Equity in earnings of affiliates, net		**9,192**
Gain on sales of investment securities		**17,308**
Gain on change in interest		**2,074**
Others		**17,359**
Total other income		**63,692**
Other expenses:		
Interest expense		**21,277**
Loss on foreign exchange, net		**14,557**
Loss on disposal of property, plant and equipment and intangible assets		**11,766**
Loss on revaluation of investment securities		**25,132**
Revaluation loss on inventories		**25,045**
Restructuring charges		**22,126**
Impairment loss		**459**
Others		**38,875**
Total other expenses		**159,237**
Income before income taxes and minority interests		**109,444**
Income taxes		**47,270**
Minority interests		**14,067**
Net income	Y	**48,107**

Consolidated Statements of Changes in Net Assets

(Million yen)

		Shareholders' Equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock	**Total shareholders' equity**
Balance at March 31, 2007	**Y**	324,625	498,029	54,319	(1,969)	**875,004**
Increase (decrease) during the term:						
Transfer of capital surplus to retained earnings*			(240,464)	240,464		**-**
Cash dividends			(6,201)	(6,207)		**(12,408)**
Net income				48,107		**48,107**
Acquisition of treasury stock**					(27,231)	**(27,231)**
Sales of treasury stock***			(2,326)		28,331	**26,005**
Increase in consolidated subsidiaries				896		**896**
Others****				1,324		**1,324**
Net increase (decrease) during the term, except for items under shareholders' equity						
Total		-	(248,991)	284,584	1,100	**36,693**
Balance at March 31, 2008	**Y**	324,625	249,038	338,903	(869)	**911,697**

		Valuation and Translation Adjustments			
		Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interests	**Total net assets**
Balance at March 31, 2007	**Y**	125,383	(30,865)	191,197	**1,160,719**
Increase (decrease) during the term:					
Transfer of capital surplus to retained earnings*					**-**
Cash dividends					**(12,408)**
Net income					**48,107**
Acquisition of treasury stock**					**(27,231)**
Sales of treasury stock***					**26,005**
Increase in consolidated subsidiaries					**896**
Others****					**1,324**
Net increase (decrease) during the term, except for items under shareholders' equity		(32,931)	(25,080)	(9,225)	**(67,236)**
Total		(32,931)	(25,080)	(9,225)	**(30,543)**
Balance at March 31, 2008	**Y**	92,452	(55,945)	181,972	**1,130,176**

Notes:

* Transfer of capital surplus to retained earnings is an appropriation from the Company's other capital surplus for the elimination of the Company's accumulated deficit recorded in its unconsolidated retained earnings, as resolved by the Board of Directors on May 24, 2007.

** Acquisition of treasury stock represents mainly stock purchases made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by distributing shares of Fujitsu Limited in exchange for shares in the subsidiaries.

*** Sales of treasury stock represents mainly stock sales made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by exchanging shares with the subsidiaries' shareholders. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.

**** Others refers mainly to the amortization of actuarial losses of subsidiaries outside Japan based on retirement benefit accounting in those countries, and retroactive revisions made to financial statements from changes in accounting policies.

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 and Revised Ministry of Justice Ordinance No. 39, July 4, 2007) in the consolidated fiscal year under review.

2. The scope of consolidation

(1) Number of consolidated subsidiaries 430

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 50 companies and the deduction of 13 companies.

Addition of consolidated subsidiaries due to acquisition or establishment, etc. 47

Change to consolidated subsidiaries from nonconsolidated subsidiaries 3

Elimination of consolidated subsidiaries due to liquidation or disposal, etc. 9

Elimination of consolidated subsidiaries due to merger 4

(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 FKM Co., Ltd. and others.

3. The application of the equity method

(1) Number of affiliates to which the equity method is applied…………………………………………..23

Major equity method affiliates are FDK Corporation, Fujitsu General Ltd., Fujitsu Leasing Co., Ltd., 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 3 companies and the deduction of 7 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 insignificant.

Major companies in this category are FKM Co., Ltd. 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 6 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)	2 affiliates

Of the companies above, Fujitsu (China) Holdings and 10 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 .... Primarily 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

Costs of inventories with lower profitability are written down.

(2) Depreciation and amortization of fixed assets

(i)...Depreciation of tangible fixed assets except for leased assets is calculated by the straight line method. The useful lives, reflected by the likely period over which the value of the asset can be realized under actual business conditions, are estimated as stated below:

Buildings and structures .... 7-50 years

Machinery .... 3-7 years

Equipment .... 2-10 years

(ii) Intangible fixed assets except for leased assets

- Software

For sale .... Method based on projected sales volume over the estimated life of the product (3 years)

For internal use .... Straight-line method based on the estimated useful life of the software (within 5 years)

(iii) Leased assets

Depreciation and amortization of finance leases which do not transfer ownership of the leased property to the lessee are calculated by the straight line method over the lease period deemed as useful lives.

(3) Accounting polices for provisions

(i) Allowance for doubtful accounts, included in “other current and non-current assets”

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, included in “other current liabilities”

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) Provision for bonuses to directors and statutory auditors, included in “other current liabilities”

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

(iv) Provision for retirement benefits, included in "other long-term liabilities"
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 10 years on a pro rata basis.

(v) Provision for loss on repurchase of computers, included in "other long-term liabilities"
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.

(vi) Provision for recycling expenses, included in "other long-term liabilities"
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) Hedge accounting
Deferred hedge accounting is adopted.

(ii) Revenue recognition of sales of customized software
Revenues are recognized by reference to the percentage-of-completion method.

(iii) Consumption taxes
The tax excluded method is adopted.

(iv) 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 in the significant items concerning consolidated financial statements

(1) Change of Accounting Standard for Measurement of Inventories
Because it is allowable to apply the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued July 5, 2006) in financial statements relating to consolidated accounting fiscal years beginning prior to April 1, 2008, the Fujitsu Group has implemented early adoption of this accounting standard starting this fiscal year.

Previously, parts held for maintenance and related services were recorded on our books at acquisition cost and were expensed when used, with losses on any unused parts recognized upon disposal. In order to more strictly tie these expenses to income, however, starting this fiscal year we have changed our method of recognizing expenses for these parts to regular write-downs over the period for which maintenance and services are provided. As a result of the implementation of this change, we recorded a one-time loss of 16,235 million yen on write-downs of inventories held at the start of the period.

In addition to previous initiatives implemented to minimize the risk associated with obsolescence through effective inventory utilization, we are now, through the establishment of systems to evaluate the risk of lower profitability, comparing the net selling value with the acquisition cost and, for inventories that fall outside the normal operating cycle, recognizing valuation mark-downs that take into account the risk of future disposal. As a result of implementing these monitoring procedures and valuation standards, we recorded a one-time loss of 8,810 million yen on mark-downs of inventories held at the start of the period.

As a result of these changes, compared to the previous method of accounting, operating income was reduced by 2,706 million yen and income before taxes and minority interests was reduced by 27,751 million yen.

(2) Change in the Method of Depreciation for Property, Plant and Equipment and Revisions to Useful Life and Residual Value

In prior periods, the company and its consolidated subsidiaries in Japan depreciated property, plant and equipment with the declining balance method, while consolidated overseas subsidiaries most often adopted the straight-line depreciation method. Starting this fiscal year, we have uniformly adopted straight-line depreciation over the useful life of the assets, which will be determined in accordance with what is judged to be the likely period over which the value of the asset can be realized under actual business conditions, and with the residual value of the asset deemed to be the actual residual value. As a result of these changes, the calculated useful life of major assets is now shorter than it previously had been. These changes and revisions have been implemented in view of major restructuring of the Fujitsu Group's core businesses, such as the global expansion of the outsourcing business and the focus in the Device Solutions segment on logic LSI business, along with the initiation of operations at new facilities. As a result of these structural changes, the actual performance of each business is more accurately reflected by more closely linking depreciation to a stable stream of earnings.

With respect to our core business of Technology Solutions, in the IT outsourcing business, providing operational services to customers over a long period of time is becoming increasingly important. In addition, in order to further globally expand the scale of the outsourcing business, in the second half of fiscal year 2006, we clarified the position of our UK subsidiary, Fujitsu Services Holdings PLC, as a core group company in Europe. The pattern of earnings generated in the outsourcing business is, as a general principle, a fixed amount per period.

In the Device Solutions segment, we are making a staged exit from the memory business, which is prone to both severe downward pricing pressure and wide fluctuations in demand, and in November 2006 sold our shares in Spansion Inc., a joint venture Flash memory business. In accordance with these moves, we have positioned the logic LSI business, which is based on long-term and close relationships with customers, as the primary business. At the Mie Plant, during the second half of fiscal 2006 we completed an expansion of production capacity at Fab No. 1 and have commenced full production. Fab No. 2 has become operational this fiscal year. In the area of advanced technology logic LSI devices, with increasing miniaturization, large upfront investments are required, and it may take over a year to gear up to mass production and delivery. Afterwards, however, in accordance with the production capacity of the facility, stable earnings can be expected for a certain period of time.

As a result of these changes and revisions, compared to the previous method of accounting, operating income increased by 11,408 million yen and income before taxes and minority interests increased by 11,765 million yen. These amounts include an increase in depreciation expense of 7,222 million yen as a result of restarting depreciation of facilities over a five-year period with a residual value of zero for those facilities that had already been depreciated to 5% of the acquisition cost as of the end of the last fiscal year.

(3) Accounting Standard for Lease Transactions

Because it is allowable to apply the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 issued June 17, 1993, [Business Accounting Council, the First Committee] and revised March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Implementation Guidance No. 16 issued January 18, 1994, [Japanese Institute of Certified Public Accountants, Accounting System Committee], and revised March 30, 2007) from consolidated accounting fiscal years beginning Apri1 1, 2007 or later, starting this fiscal year we have implemented early adoption of the Accounting Standard for Lease Transactions and the Implementation Guidance on the Accounting Standard for Lease Transactions.

As a result of this change, there is no impact to income.

(4) Change in the Basis of Revenue Recognition

Fujitsu and its consolidated subsidiaries previously recorded sales of personal computers, peripheral equipment and electronic devices at the time of shipment, but starting this fiscal year we are recording sales upon customer receipt. This change was implemented because of the increasingly significant financial amounts involved in the sales of these types of products, which have become crucial products in the era of ubiquitous networking and whose sales volume has increased dramatically with the global expansion of the market. This change also reflects the clear responsibility we have for timely delivery to our customers as we respond to changes in the marketplace, including the increasingly stringent requirements of customers for shorter lead times. For other system products, revenue is recognized at the time of acceptance by the customer, and revenue from software development contracts is recognized on a percentage-of-completion basis.

As a result of these changes, compared to the previous method of accounting, consolidated net sales decreased by 5,753 million yen and operating income and income before taxes and minority interests decreased by 1,767 million yen.

(5) Change in Classification of Amortization of Unrecognized Obligation for Retirement Benefits

Fujitsu Limited and consolidated subsidiaries in Japan previously treated the amortization of unrecognized obligation for retirement benefits as a non-operating expense or non-operating income, but starting this fiscal year we are including it in cost of sales or selling, general and administrative expenses. In the past, Fujitsu Limited and consolidated subsidiaries in Japan using defined benefit retirement plans had very large unfunded retirement benefit obligations. From fiscal 2003 on, however, as a result of the implementation of such measures as the transfer of the substitutional portion of employees’ pension plan to the government, the reform of the pension system, and the reallocation of pension assets, together with improved investment returns on pension assets, the unfunded obligation has significantly decreased. Due to a decrease in the price volatility of investment assets, it is no longer necessary to treat this item as a non-operating expense or income. In addition, there has also been a decrease in the materiality of the amounts involved, and we have accordingly changed our accounting policies.

As a result of this change, compared to the previous method of accounting, operating income decreased by 7,467 million yen but there is no impact on income before taxes and minority interests.

【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		2,843
(Main pledged assets)	Land	1,817
	Buildings and structures	834

(2) Main liabilities for collateral

Balance of secured debt		495
(Main secured debt)	Short-term borrowings	262
	Accounting payables, trade	55

2. Accumulated depreciation of tangible fixed assets 1,948,691

3. Contingent liabilities for guarantee contract

Balance of contingent liabilities for guarantee contract		24,271
(Main guaranteed debt)	Bank loans of FDK Corporation	13,300
	Housing loans of employees	5,582
	Bank loans of Eudyna Devices Inc	5,000

【Notes to Consolidated Statements of Operations】

1. Gain on sales of marketable securities
   It refers principally to gain on sale of shares in affiliate Japan Cablenet Holdings Limited.
2. Gain on change in interest
   It refers principally to listing of and capital increase in a Chinese affiliate (Nantong Fujitsu Microelectronics Co., Ltd.)
3. Loss on revaluation of investment securities
   It refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.
4. Revaluation loss on inventories
   It refers to write-downs on book value of inventories at the beginning of period in conjunction with early adoption of new accounting standard for the valuation of inventories this fiscal year.
5. Restructuring charges
   They refer to the reorganization of the LSI business, and specifically impairment losses along with relocation and disposal costs related to the relocation of the Akiruno Technology Center's development and mass-production prototyping functions to the Mie Plant. The impairment loss totals 18,297 million yen, comprised of a loss of 8,936 million yen relating to the disposal of machinery and other equipment in fiscal 2008, and a loss of 9,361 million yen for idle property, plants and other assets for which there is currently no plan for use.
6. Impairment loss
   It primarily refers to the electronic components business.

【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
Meeting of the Board of Directors on May 24, 2007	Common stock	6,201	3	March 31, 2007	June 25, 2007
Meeting of the Board of Directors on December 20, 2007	Common stock	6,207	3	September 30, 2007	December 25, 2007

3. Dividends from surplus to be conduced after the end of the consolidated 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 23, 2008	Common stock	Retained earnings	10,344	5	March 31, 2008	June 2, 2008

【Notes to Per Share Data】

Net assets per share .... 458.31 yen

Earnings per share .... 23.34 yen

【Notes to Significant Subsequent Events】

Not applicable.

【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	294	295	1
Total	294	295	1

(2) Other securities with market value

(Million yen)

	Acquisition cost	Book value in consolidated balance sheet	Variance
Stocks	59,302	210,623	151,321
Bonds and others	12,593	12,144	(449)
Total	71,895	222,767	150,872

2. Derivatives Financial Instruments

(1)Status of Derivatives Transactions

1) Purpose of Derivative Trading
The Fujitsu Group enters into derivative transactions related to foreign currency exchange rates and interest rates in order to reduce risk exposure arising from fluctuations in these rates, to reduce the costs of the funds financed, and to improve return on invested funds.
2) Basic Policies for Derivative Trading
The Fujitsu Group basically enters into derivative transactions only to cover actual requirements for the effective management of receivables/liabilities, and not for speculative or dealing purposes. The Group, in principle, has no intention of using derivative financial instruments that would increase market risks. Furthermore, the counterparties to the derivative transactions are thoroughly assessed in terms of their credit risks. Therefore, the Group believes that its derivative financial instruments entail minimal market or credit risk.
3) Control of Derivative Trading
The Fujitsu Group enters into derivative transactions based on regulations established by the Company. These regulations are as follows: Based on policies approved by both corporate executive officers responsible for administration and finance, the finance division undertakes particular transactions and records them in the management ledger book and also confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in transaction balances to the corporate executive officers responsible for administration and finance also to the accounting division.

(2)Derivatives contracts outstanding

(Million yen)

	Fiscal 2007 as of March 31, 2008			
	Contract Amount	Contract Amounts Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. dollars	58,183	31,511	7,800	(2,516)
Other currencies	6,648	4,227	1,507	739
To sell foreign currencies				
U.S. dollars	10,178	6,820	1,858	(249)
Other currencies	1,782	-	1,759	(8)
Foreign Exchange Options Contracts				
To buy options				
U.S. dollar puts	3,020	-		
[Premium]	[22]	[-]	13	(9)
To sell options				
U.S. dollar calls	3,020	-		
[Premium]	[22]	[-]	(55)	(33)
Foreign Exchange Swap Contracts				
Receive sterling pound/pay Euro	4,715	-	(191)	(191)
Receive sterling pound/pay U.S. dollar or other currencies	4,931	-	(57)	(57)
Receive Euro/pay sterling pound	21,029	-	736	736
Receive U.S. dollar or other currencies /pay sterling pound	10,716	-	174	174
Total				(1,414)

Notes
1) Fair value is principally based on obtaining quotes from financial institutions signing the contract.
2) Collateral conditions are attached to some foreign exchange forward contracts and there is a possibility of change in contract amount and duration due to the fluctuation of the currency exchange rate.
3) Option premiums are disclosed in brackets ([ ]), and corresponding fair vale and gains and losses are disclosed in the same line.
4) Derivative transactions which qualify for hedge accounting are excluded from the above table.

3. Retirement benefits

(1) Japan

Retirement benefit obligation

(Million yen)

	Fiscal 2007 (March 31, 2008)
(1) Projected benefit obligation	(1,145,897)
(2) Plan assets	954,508
〔of which plan assets in retirement benefit trusts〕	〔69,189〕
(3) Projected benefit obligation in excess of plan assets (1) + (2)	(191,389)
(4) Unrecognized net obligation at transition	32,574
(5) Unrecognized actuarial loss	306,276
(6) Unrecognized prior services cost (reduced obligation) (note)	(139,139)
(7) Prepaid pension cost	(83,011)
(8) Accrued retirement benefit (3) + (4) + (5) + (6) + (7)	(74,689)

(Note) As a result of pension system revisions, Fujitsu Corporate Pension Fund which the Company and certain consolidated subsidiaries participate in reported unrecognized prior service cost (reduced obligation) at September 1, 2005.

Net periodic pension cost (Million yen)

	Fiscal 2007 (For the year ended March 31, 2008)
(1) Service cost	36,646
(2) Interest cost	27,535
(3) Expected return on plan assets	(30,929)
(4) Amortization of net obligation at transition	16,217
(5) Amortization of actuarial loss	9,863
(6) Amortization of prior service cost	(18,613)
(7) Net periodic benefit cost (1) + (2) + (3) + (4) + (5) + (6)	40,719

Basis used for calculating projected benefit obligation

Discount rate 2.5%

(1) Overseas

Retirement benefit obligation (Million yen)

	Fiscal 2007 (March 31, 2008)
(1) Projected benefit obligation	(541,905)
(2) Plan assets	470,577
(3) Projected benefit obligation in excess of plan assets (1) + (2)	(71,328)
(4) Unrecognized actuarial loss	(9,561)
(5) Unrecognized prior services cost	-
(6) Accrued retirement benefit (3) + (4) + (5)	(80,889)

Net periodic pension cost (Million yen)

	Fiscal 2007 (For the year ended March 31, 2008)
(1) Service cost	12,425
(2) Interest cost	36,240
(3) Expected return on plan assets	(38,533)
(4) Amortization of actuarial loss	917
(5) Amortization of prior service cost	(1,041)
(6) Net periodic benefit cost (1) + (2) + (3) + (4) + (5)	10,008
(7) Termination of retirement benefits plan **	(1,629)
(8) Total (6) + (7)	8,379

* Fujitsu Services Holdings PLC, which provides a defined benefit pension plan, adopts the International Financial Reporting Standards (IFRS), and applies the corridor approach to amortization of actuarial gain and loss.

** The termination of retirement benefit plan refers to termination gain resulting from a transfer of retirement benefit plan provided by consolidated subsidiaries outside Japan to third-party organizations.

Basis used for calculating projected benefit obligation

Discount rate ....Mainly 6.9%

4. Tax effect accounting

Major components of deferred tax assets and deferred tax liabilities

(Million yen)

	Fiscal 2007 (March 31, 2008)
Deferred tax assets	
Tax loss carryforwards	163,047
Accrued retirement benefits	141,007
Accrued bonus	47,437
Excess of depreciation and amortization and impairment loss	32,370
Inventories	17,254
Provision for loss on repurchase of computers	9,768
Revaluation loss on investment securities	9,558
Provision for product warranties	7,971
Intercompany profit	1,132
Other	58,782
Deferred tax assets subtotal	488,326
Total valuation allowance	(263,429)
Total deferred tax assets	224,897
Deferred tax liabilities	
Gains from establishment of stock holding trust for retirement benefit plan	(110,617)
Unrealized gains on available-for-securities	(62,472)
Tax allowable reserves	(4,632)
Other	(2,396)
Total deferred tax liabilities	(180,117)
Net deferred tax assets	44,780

5. Finance Leases (lessee): Except those in which the leased property will transfer to the lessee

a) Type of lease asset:

Primarily related to logic LSI production equipment (machinery) and outsourcing-related equipment (tools and fixtures).

b) Method of depreciation:

Straight-line method in which the useful life is assumed to be the lease period.

6. Operating Leases (lessee)

Future minimum lease payments required under non-cancellable operating leases.

Future minimum lease payments	(Million yen)
Within one year	17,583
Over one year	79,311
Total	96,894

Additional Information:

With regard to property lease transactions in the UK, the company had been disclosing the future lease payments for certain periods under the consideration of UK business practices. In line with recent changes in disclosure practices in the UK, we have disclosed the future lease payments for all future periods from fiscal 2007. Due to this change, the future minimum lease payments (required under non-cancellable operating leases) increased by 55,367 million yen in comparison with the conventional disclosure method used in prior years. Total future minimum lease payments for fiscal 2006 would have been 104,015 million yen if this current treatment had applied to fiscal 2006.

Business Combinations

Reorganization of Fujitsu Limited's LSI Business Through a Corporate Split

1. Name and Lines of Business of the Company or Business Subject to the Business Combination, the Legal Framework, Name of the Company after the Business Combination, and Overview of the Transaction, Including the Purpose of the Transaction

   1) Name of the Company or Business Subject to the Business Combination and its Lines of Business
   Fujitsu Limited, Fujitsu Microelectronics Limited (company newly established through split); Design, development, manufacturing, and sales of LSI devices

   2) Legal Framework and Name of the Company after the Business Combination
   Fujitsu Limited was the splitting company and Fujitsu Microelectronics Limited was the newly incorporated company established through the company split. This company split, pursuant to Article 805 of the Corporate Law, was executed without the requirement of the approval of a General Meeting of the Shareholders as stipulated under Article 804 (1) of the Corporate Law. (Simple Incorporation-Type Separations)

   3) Overview of the Transaction, Including the Purpose of the Transaction
   In order for its LSI business to flourish amid intensified global competition, Fujitsu Limited split off its LSI business as a separate entity, independent from Fujitsu Limited's overall decision-making processes, to create an organization able to undertake rapid and timely management decision-making. As part of the company split, a number of LSI subsidiaries and affiliates, including subsidiary Fujitsu Electronics Inc., will become subsidiaries of Fujitsu Microelectronics Limited.

2. Summary of the Accounting Treatment of the Transactions
In accordance with the Accounting Standards for Business Combinations and Applicable Guidelines for Business Combination Accounting Standards and Business Separation Accounting Standards, the

accounting treatment for common control transaction has been applied, whereby transactions relating to business transfers and capital increases for a subsidiary are, as internal transactions, subject to elimination.

Shift of Consolidated Subsidiaries to Wholly Owned Subsidiaries through an Exchange of Shares

1. Names and Lines of Business of the Companies Combined, Legal Framework

1) Names and Lines of Business of Companies Combined

(i) Names of companies combined:

Fujitsu Limited and its subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited

(ii) Lines of business

Fujitsu Access Limited:	Development, manufacture and sales of information and communication equipment and related systems
Fujitsu Devices Inc.:	Development, design and sales of semiconductors and related software
Fujitsu Wireless Systems Limited:	Manufacture of information and communication equipment

2) Legal Framework of the Combination, Name of Companies After Combination

Exchange of shares

At the time of exchange, the names of the companies did not change. On October 1, 2007, Fujitsu Devices Inc. changed its names to Fujitsu Electronics Inc.

3) Overview of the Transaction, Including the Purpose of the Transaction

In order to enable Fujitsu to better respond to the services needs of our customers and strengthen our customer-focused operating structure, on August 1, 2007, the shareholders of Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited transferred their common shares to Fujitsu Limited. In exchange, Fujitsu Limited distributed shares in Fujitsu Limited to these shareholders. Accordingly, the three companies became wholly owned subsidiaries of Fujitsu Limited. On July 26, 2007, Fujitsu Access Limited (listed on the 1st section of the Tokyo Stock Exchange) and Fujitsu Devices Inc. (listed on the 2nd section of the Tokyo Stock Exchange) were delisted.

2. Summary of the Accounting Treatment of the Transactions

As the exchange of shares falls under the category of transactions with minority interests, the interest in the additional shares of the subsidiaries acquired through the transactions will be deducted from minority interests, and the difference between that amount and the additional investment amount will be treated as goodwill.

3. Information Concerning the Acquisition of Additional Shares in the Subsidiaries

1) The Acquisition Cost and its Breakdown

Acquisition cost: 25, 965 million yen

Fujitsu Limited shares valued at 25,945 million yen, with 20 million yen spent in acquiring the shares; all were treasury shares.

2) The Exchange Ratio for Each Type of Share, the Approach to Calculating the Share Exchange Ratio, the Number of Shares Distributed, and their Valuation

(i) Types of shares and the exchange ratios

For each common share of the companies, the number of Fujitsu Limited shares allocated and distributed was as follows:

Fujitsu Access Limited	0.86 share
Fujitsu Devices Inc.	2.70 shares
Fujitsu Wireless Systems Limited	13.36 shares

(ii) Approach to calculating the share exchange ratio

The exchange ratios were decided among the concerned companies after carefully considering the professional analyses and recommendations proposed on the method of share exchange ratios by a third-party organization.

(iii) Number and valuation of the shares distributed

34,319,427 shares 25,945 million yen

3) Amount of Goodwill Generated, Reason of the generation and Method and Period of Amortization

Amount of goodwill:	4,393 million yen
Reason:	The market price at the time of the combination of the concerned companies exceeded the historical cost
Method and period of amortization:	Straight-line amortization within 5 years

Unconsolidated Balance Sheet

(As of March 31, 2008)

		Millions of yen
Assets		
Current assets:		
Cash and cash equivalents and short-term investments	Y	**357,696**
Receivables, trade		**437,884**
Inventories		**122,180**
Other current assets		**309,687**
Total current assets		**1,227,449**
Non-current assets:		
Property, plant and equipment less accumulated depreciation		**223,966**
Intangible assets		**75,819**
Investments and long-term loans		**1,009,325**
Total non-current assets		**1,309,111**
Total assets		**2,536,561**
Liabilities and net assets		
Liabilities		
Current liabilities:		
Payables, trade		**668,662**
Short-term borrowings and current portion of long-term debt		**106,800**
Other current liabilities		**285,927**
Total current liabilities		**1,061,390**
Long-term liabilities:		
Long-term debt		**717,768**
Other long-term liabilities		**120,550**
Total long-term liabilities		**838,318**
Total liabilities		**1,899,708**
Net assets		
Shareholders' equity:		
Common stock		**324,625**
Capital surplus:		
Other capital surplus		**169,181**
Total capital surplus		**169,181**
Retained earnings:		
Legal retained earnings		**620**
Other retained earnings:		
Reserves for special depreciation		**2,343**
Retained earnings brought forward		**52,244**
Total other retained earnings		**54,587**
Total retained earnings		**55,207**
Treasury stock		**(869)**
Total shareholders' equity		**548,144**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		**88,708**
Total valuation and translation adjustments		**88,708**
Total net assets		**636,852**
Total liabilities and net assets		**2,536,561**

Unconsolidated Statements of Operations

(Year ended March 31, 2008)

		Millions of yen
Net sales	Y	**2,979,069**
Cost of sales		**2,298,655**
Gross profit		**680,413**
Selling, general and administrative expenses		**621,389**
Operating income		**59,023**
Other income:		
Interest income		**3,153**
Dividend income		**101,750**
Gain on sales of investment securities		**11,457**
Gain on reversal of provision for loss on guarantees		**8,901**
Others		**15,248**
Total other income		**140,510**
Other expenses:		
Interest expense		**2,761**
Interest on bonds		**9,725**
Loss on disposal of property, plant and equipment and intangible assets		**8,347**
Loss on foreign exchange, net		**5,291**
Loss on devaluation of subsidiaries' and affiliates' stock		**27,407**
Loss on revaluation of investment securities		**24,910**
Revaluation loss on inventories		**24,236**
Restructuring charges		**22,126**
Provision for loss on guarantees		**273**
Others		**25,810**
Total other expenses		**150,891**
Income before income taxes		**48,643**
Income taxes:		
Current		**(10,672)**
Deferred		**(2,100)**
Net income	Y	**61,415**

Unconsolidated Statement of Changes in Net Assets

(Million yen)

		Shareholders' Equity									
			Capital surplus			Retained earnings (Deficit)					
						Legal retained earnings	Other retained earnings				
		Common stock	Legal capital surplus	Other capital surplus	Total capital surplus		Reserves for special depreciation	Retained earnings brought forward	Total retained earnings (Deficit)	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	Y	324,625	118,297	299,878	418,175	-	3,503	(243,967)	(240,464)	(1,969)	**500,367**
Increase (decrease) during the term:											
Transfer of legal capital surplus to other capital surplus*			(118,297)	118,297	-				-		-
Transfer of other capital surplus to retained earnings brought forward**				(240,464)	(240,464)			240,464	240,464		-
Cash dividends				(6,201)	(6,201)	620		(6,828)	(6,207)		**(12,408)**
Increase in reserves for special depreciation					-		740	(740)	-		-
Decrease in reserves for special depreciation					-		(1,900)	1,900	-		-
Net income					-			61,415	61,415		**61,415**
Acquisition of treasury stock***					-				-	(27,231)	**(27,231)**
Sales of treasury stock****				(2,329)	(2,329)				-	28,331	**26,002**
Net increase (decrease) during the term, except for items under shareholders' equity											
Total		-	(118,297)	(130,697)	(248,994)	620	(1,160)	296,211	295,672	1,099	**47,777**
Balance at March 31, 2008	Y	324,625	-	169,181	169,181	620	2,343	52,244	55,207	(869)	**548,144**

		Valuation and Translation Adjustments		
		Valuation difference on available-for-sale securities	**Total valuation and translation adjustments**	**Total Net Assets**
Balance at March 31, 2007	Y	120,524	**120,524**	**620,891**
Increase (decrease) during the term:				
Transfer of legal capital surplus to other capital surplus*			-	-
Transfer of other capital surplus to retained earnings brought forward**			-	-
Cash dividends			-	**(12,408)**
Increase in reserves for special depreciation			-	-
Decrease in reserves for special depreciation			-	-
Net income			-	**61,415**
Acquisition of treasury stock***			-	**(27,231)**
Sales of treasury stock****			-	**26,002**
Net increase (decrease) during the term, except for items under shareholders' equity		(31,815)	**(31,815)**	**(31,815)**
Total		(31,815)	**(31,815)**	**15,961**
Balance at March 31, 2008	Y	88,708	**88,708**	**636,852**

Note:

* The transfer of legal capital surplus to other capital surplus is based on a resolution at the Annual Shareholders' Meeting on June 22, 2007 to decrease legal capital surplus and increase other capital surplus.

** Transfer of other capital surplus to retained earnings brought forward is an appropriation from the Company's other capital surplus for the elimination of the Company's accumulated deficit recorded in its unconsolidated retained earnings as resolved by the Board of Directors on May 24, 2007.

*** Acquisition of treasury stock represents mainly stock purchases made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by distributing shares of Fujitsu Limited in exchange for shares in the subsidiaries. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.

**** Sales of treasury stock represents mainly stock sales made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by exchanging shares with the subsidiaries' shareholders.

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 and Revised Ministry of Justice Ordinance No. 39, July 4, 2007) in the consolidated 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 ....Primarily 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

Costs of inventories with lower profitability are written down.

3. Depreciation and amortization of fixed assets

(1) Tangible fixed assets except for leased assets

Depreciation of tangible fixed assets except for leased assets are calculated by the straight line method. The useful live, reflected by the likely period over which the value of asset can be realized under actual business conditions, are estimated as below:

Buildings and structures................ 7-50 years
Machinery .... 3-7 years
Equipment .... 2-10 years

(2) Intangible fixed assets except for leased assets

- Software

For sale...Method based on projected sales volume over the estimated life of the product (3 years)

For internal use...............................Straight-line method based on the estimated useful life of the software (5 years)

- Others..Straight-line method

(3) Leased assets

Depreciation and amortization of finance leases which do not transfer ownership of the leased property to the lessee are calculated by the straight line method over the lease period deemed as useful lives.

4. Accounting polices for provisions
   (1) Allowance for doubtful accounts, included in "other current and non-current assets"
   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, included in "other current liabilities"
   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 guarantees, included in "other current liabilities"
   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) Provision for bonuses to directors and statutory auditors, included in "other current liabilities"
   To prepare for the disbursement of bonuses to directors and statutory auditors, an estimated amount is provided.
   (5) Provision for retirement benefits or prepaid pension cost, included in "other non-current assets"
   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) Provision for loss on repurchase of computers, included in "other long-term liabilities"
   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.
   (7) Provision for recycling expenses, included in "other long-term liabilities"
   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) Hedge accounting
   Deferred hedge accounting is adopted.
   (2) Revenue recognition of sales of customized software
   Revenues are recognized by reference to the percentage-of-completion method.
   (3) Consumption taxes
   The tax excluded method is adopted.
   (4) Application of the consolidated tax return system
   The consolidated tax return system is adopted.

6. Changes in significant accounting policies
   (1) Change of Accounting Standard for Measurement of Inventories
   Because it is allowable to apply the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued July 5, 2006) in financial statements relating to consolidated accounting fiscal years beginning prior to April 1, 2008, the Fujitsu Group has implemented early adoption of this accounting standard starting this fiscal year.

   Previously, parts held for maintenance and related services were recorded on our books at acquisition cost and were expensed when used, with losses on any unused parts recognized upon disposal. In order to more strictly tie these expenses to income, however, starting this fiscal year we have changed our method of recognizing expenses for these parts to regular write-downs over the period for which maintenance and services are provided. As a result of the implementation of this change, we recorded a one-time loss of 16,235 million yen on write-downs of inventories held at the start of the period.

In addition to previous initiatives implemented to minimize the risk associated with obsolescence through effective inventory utilization, we are now, through the establishment of systems to evaluate the risk of lower profitability, comparing the net selling value with the acquisition cost and, for inventories that fall outside the normal operating cycle, recognizing valuation mark-downs that take into account the risk of future disposal. As a result of implementing these monitoring procedures and valuation standards, we recorded a one-time loss of 8,001 million yen on mark-downs of inventories held at the start of the period.

As a result of these changes, compared to the previous method of accounting, operating income was reduced by 1,479 million yen and income before income taxes was reduced by 25,715 million yen.

(2) Change in the Method of Depreciation for Property, Plant and Equipment and Revisions to Useful Life and Residual Value

In prior periods, the company and its subsidiaries in Japan depreciated property, plant and equipment with the declining balance method, while consolidated overseas subsidiaries most often adopted the straight-line depreciation method. Starting this fiscal year, we have uniformly adopted straight-line depreciation over the useful life of the assets, which will be determined in accordance with what is judged to be the likely period over which the value of the asset can be realized under actual business conditions, and with the residual value of the asset deemed to be the actual residual value. As a result of these changes, the calculated useful life of major assets is now shorter than it previously had been. These changes and revisions have been implemented in view of major restructuring of the Fujitsu Group's core businesses, such as the global expansion of the outsourcing business and the focus in the Device Solutions segment on logic LSI business, along with the initiation of operations at new facilities. As a result of these structural changes, the actual performance of each business is more accurately reflected by more closely linking depreciation to a stable stream of earnings.

With respect to our core business of Technology Solutions, in the IT outsourcing business, providing operational services to customers over a long period of time is becoming increasingly important. In addition, in order to further globally expand the scale of the outsourcing business, in the second half of fiscal year 2006, we clarified the position of our UK subsidiary, Fujitsu Services Holdings PLC, as a core group company in Europe. The pattern of earnings generated in the outsourcing business is, as a general principle, a fixed amount per period.

In the Device Solutions segment, we are making a staged exit from the memory business, which is prone to both severe downward pricing pressure and wide fluctuations in demand, and in November 2006 sold our shares in Spansion Inc., a joint venture Flash memory business. In accordance with these moves, we have positioned the logic LSI business, which is based on long-term and close relationships with customers, as the primary business. At the Mie Plant, during the second half of fiscal 2006 we completed an expansion of production capacity at Fab No. 1 and have commenced full production. Fab No. 2 has become operational this fiscal year. In the area of advanced technology logic LSI devices, with increasing miniaturization, large upfront investments are required, and it may take over a year to gear up to mass production and delivery. Afterwards, however, in accordance with the production capacity of the facility, stable earnings can be expected for a certain period of time.

As a result of these changes and revisions, compared to the previous method of accounting, operating income increased by 893 million yen and income before income taxes increased by 1,176 million yen. These amounts include an increase in depreciation expense of 4,686 million yen as a result of restarting depreciation of facilities over a five-year period with a residual value of zero for those facilities that had already been depreciated to 5% of the acquisition cost as of the end of the last fiscal year.

(3) Accounting Standard for Lease Transactions

Because it is allowable to apply the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 issued June 17, 1993, [Business Accounting Council, the First Committee] and revised March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Implementation Guidance No. 16 issued January 18, 1994, [Japanese Institute of Certified Public Accountants, Accounting System Committee], and revised March 30, 2007) from consolidated accounting fiscal years beginning Apri1 1, 2007 or later, starting this fiscal year we have implemented early adoption of the Accounting Standard for Lease Transactions and the Implementation Guidance on the Accounting Standard for Lease Transactions.

As a result of this change, compared to previous method of accounting, operating income increased by 668 million yen and income before income taxes decreased by 765 million yen

(4) Change in the Basis of Revenue Recognition

Fujitsu and its consolidated subsidiaries previously recorded sales of personal computers, peripheral equipment and electronic devices at the time of shipment, but starting this fiscal year we are recording sales upon customer receipt. This change was implemented because of the increasingly significant financial amounts involved in the sales of these types of products, which have become crucial products in the era of ubiquitous networking and whose sales volume has increased dramatically with the global expansion of the market. This change also reflects the clear responsibility we have for timely delivery to our customers as we respond to changes in the marketplace, including the increasingly stringent requirements of customers for shorter lead times. For other system products, revenue is recognized at the time of acceptance by the customer, and revenue from software development contracts is recognized on a percentage-of-completion basis.

As a result of these changes, compared to the previous method of accounting, consolidated net sales decreased by 3,360 million yen and operating income and income before income taxes decreased by 1,334 million yen.

(5) Change in Classification of Amortization of Unrecognized Obligation for Retirement Benefits

Fujitsu Limited and consolidated subsidiaries in Japan previously treated the amortization of unrecognized obligation for retirement benefits as a non-operating expense or non-operating income, but starting this fiscal year we are including it in cost of sales or selling, general and administrative expenses. In the past, Fujitsu Limited and consolidated subsidiaries in Japan using defined benefit retirement plans had very large unfunded retirement benefit obligations. From fiscal 2003 on, however, as a result of the implementation of such measures as the transfer of the substitutional portion of employees' pension plan to the government, the reform of the pension system, and the reallocation of pension assets, together with improved investment returns on pension assets, the unfunded obligation has significantly decreased. Due to a decrease in the price volatility of investment assets, it is no longer necessary to treat this item as a non-operating expense or income. In addition, there has also been a decrease in the materiality of the amounts involved, and we have accordingly changed our accounting policies.

As a result of this change, compared to the previous method of accounting, operating income increased by 629 million yen but there is no impact on income before income taxes.

【Notes to Unconsolidated Balance Sheets】

1. Accumulated depreciation of tangible fixed assets

	(Million yen)
Buildings	193,304
Structures	15,088
Machinery	49,856
Vehicles and delivery equipment	161
Tools and fixtures	243,093
Total	501,505

2. Contingent liabilities for guarantee contract

Balance of contingent liabilities for guarantee contract		60,049
(Main guaranteed debt)	Bank loans of Fujitsu America Inc.	19,889
	Bank loans of FDK Corporation.	13,300
	Medium-term note of Fujitsu EMEA PLC	9,653
	Borrowings of domestic subsidiaries from a finance subsidiary	6,418
	Bank loans of Eudyna Devices Inc.	5,000
	Housing loans of employees	4,816

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

Short-term monetary claims	396,721
Long-term monetary claims	3,284
Short-term monetary obligations	391,391
Long-term monetary obligations	6,010

4. Book value of assets and liabilities transferred to Fujitsu Microelectronics Limited established through a corporate split

Current assets	173,725
Non-current assets	283,574
Total assets	457,300
Current liabilities	127,743
Non-current liabilities	27,662
Total liabilities	155,405

【Notes to Unconsolidated Statements of Operations】

1. Transactions with subsidiaries and affiliates

	(Million yen)
Business transactions	
Sales	1,092,431
Purchases (cost of sales)	1,768,511
Transactions other than business transactions	
Interest income	323
Dividend income	97,326
Interest expenses	9
Purchase of assets	3,477
Transfer of assets	1,291

2. Gain on sales of investment securities

   It refers principally to gain on sale of shares in affiliate Japan Cablenet Holdings Limited.

3. Gain on reversal of provision for loss on guarantees

   It refers to subsidiary whose liabilities exceed assets.

4. Loss on devaluation of subsidiaries' and affiliates' stock

   It refers to significant decline in the market prices of listed subsidiaries and affiliates.

5. Loss on revaluation of investment securities

   It refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.

6. Revaluation loss on inventories

   It refers to write-downs on book value of inventories at the beginning of period in conjunction with early adoption of new accounting standard for the valuation of inventories this fiscal year.

7. Restructuring charges

   They refer to the reorganization of the LSI business, and specifically impairment losses along with relocation and disposal costs related to the relocation of the Akiruno Technology Center's development and mass-production prototyping functions to the Mie Plant. The impairment loss totals 18,297 million yen, comprised of a loss of 8,936 million yen relating to the disposal of machinery and other equipment in fiscal 2008, and a loss of 9,361 million yen for property, plants and other assets for which there is currently no plan for use.

8. Provision for loss on guarantees

   It refers to subsidiary whose liabilities exceed assets.

【Notes to Unconsolidated Statement of Changes in Net Assets】

Number of treasury stock at the end of the fiscal year under review

Common stock 1,089,749 shares

【Notes to Unconsolidated Tax Effect Accounting】

Major components of deferred tax assets and deferred tax liabilities

(Million yen)

	Fiscal 2007 (March 31, 2008)
Deferred tax assets	
Valuation loss on subsidiaries' and affiliates' stock	236,977
Accrued retirement benefits	91,545
Tax loss carryforwards	88,828
Stock related to company establishment through a corporate split	21,359
Accrued bonus	20,193
Excess of depreciation and amortization and impairment loss	17,709
Inventories	10,605
Provision for loss on repurchase of computers	9,768
Provision for loss on guarantees	8,499
Provision for warranties	4,882
Other	27,505
Deferred tax assets subtotal	537,876
Total valuation allowance	(415,400)
Total deferred tax assets	122,476
Deferred tax liabilities	
Gains from establishment of stock holding trust for retirement benefit plan	(110,617)
Unrealized gains on securities	(60,600)
Tax allowable reserves	(1,549)
Total deferred tax liabilities	(172,767)
Net deferred tax assets and liabilities	(50,291)

【Notes to Fixed Assets Used by Lease】

1. Finance Leases (lessee): Except those in which the leased property will transfer to the lessee
   a) Type of lease asset:
      Primarily related to outsourcing-related equipment (tools and fixtures).
   b) Method of depreciation:
      Straight-line method in which the useful life is assumed to be the lease period.

2. Operating Leases (lessee)
   Future minimum lease payments required under non-cancellable operating leases.

	(Million yen)
Within one year	5,408
Over one year	14,330
Total	19,738

【Notes to Transactions with Related Parties】

(Million yen)

Attribute	Name	Percentage of voting rights	Relationship with the related party	Transactions		Transaction amount	Account title	Ending balance
Subsidiary	Fujitsu Microelectronics Limited.	Ownership Direct 100%	Development, manufacturing and sales of LSI, and interlocking of directors	Procurement as an agent, etc	Purchases as an agent	-	Accounts receivable, nontrade	86,426
Subsidiary	Fujitsu FSAS Inc.	Ownership Direct 100%	Consignment of support services, etc., Sale of Fujitsu's products, and interlocking of directors	Consignment of support services, etc.	Purchases	119,420	Accounts payable, trade	27,311
				Sale of Fujitsu's products	Sales	76,432	Accounts receivable, trade	25,704
Subsidiary	Fujitsu Personal System Ltd.	Ownership Direct 100%	Sale of Fujitsu's products and interlocking of directors	Sale of Fujitsu's products	Sales	165,759	Accounts receivable, trade	38,134
Affiliate	Fujitsu Leasing Co.,Ltd	Ownership Direct 22.5% Indirect 5.0%	Leasing transaction and interlocking of directors	Sale of fixed assets	Amount	1,012	Accounts Receivables, nontrade	244
				Leasing transaction	Payment	12,918	Lease obligation (short-term)	2,354
							Lease obligation (long-term)	6,010

(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. .

【Notes to Per Share Data】

Net assets per share	307.82 yen
Earnings per share	29.80 yen

【Notes to Significant Subsequent Events】

Not applicable

【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	28,046	117,418	89,371
Securities in affiliates	13,990	20,230	6,239
Total	42,037	137,649	95,611

2. Retirement benefits

Matters concerning retirement benefit obligation

(Million yen)

	Fiscal 2007 (March 31, 2008)
(1) Projected benefit obligation	(646,947)
(2) Plan assets	567,054
〔of which plan assets in retirement benefit trusts〕	〔69,189〕
(3) Projected benefit obligation in excess of plan assets (1) + (2)	(79,892)
(4) Unrecognized actuarial loss	230,244
(5) Unrecognized prior services cost (reduced obligation) (note)	(79,733)
(6) Prepaid pension cost	(70,618)
(7) Accrued retirement benefit (3) + (4) + (5) + (6)	-

(Note) As a result of pension system revisions, Fujitsu Corporate Pension Fund which the Company participate in reported unrecognized prior service cost (reduced obligation) at September 1, 2005.

Net periodic pension cost (Million yen)

	Fiscal 2007 (March 31, 2008)
(1) Service cost	15,523
(2) Interest cost	15,489
(3) Expected return on plan assets	(17,370)
(4) Amortization of actuarial loss	10,121
(5) Amortization of prior services cost	(10,750)
(6) Net periodic pension cost (1) + (2) + (3) + (4)+(5)	13,012

Basis used for calculating projected benefit obligation

Discount rate...2.5%

3. Business Combinations

Reorganization of Fujitsu Limited's LSI Business Through a Corporate Split

Please refer to Notes in Consolidated Financial Statements.

Shift of Consolidated Subsidiaries to Wholly Owned Subsidiaries through an Exchange of Shares

Please refer to Notes in Consolidated Financial Statements.

Environmental Accounting

Cost/Benefit Trends

(Billion Yen)

	FY 2005			FY 2006			FY 2007		
	Fujitsu Limited	Affiliated companies	Total	Fujitsu Limited	Affiliated companies	Total	Fujitsu Limited	Affiliated companies	Total
Costs	9.0	8.9	17.9	7.4	9.3	16.7	8.4	11.0	19.4
Benefits	10.9	13.6	24.5	9.9	17.7	27.5	10.9	20.8	31.7

Itemization of Fiscal Year 2007 Results *

(Billion 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	2.72	2.46	5.18
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	1.23	1.33	2.56
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	1.20	2.60	3.80
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.)	0.08	1.16	1.24
Administrative 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	1.69	1.31	3.00
R&D costs	Environmental protection costs for R&D activities (Super Green Products, Green Products/ environmental technology design and development costs)	0.12	2.17	2.29
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in/support for organizations concerned with environmental preservation	0.02	0.00	0.02
Environmental remediation costs	Cost of environmental restoration operations (remediation of soil and groundwater contamination, environmental compensation, etc.)	1.34	0.00	1.34
Total		8.40	11.03	19.43

Notes:

* Classification system is in accordance with "Environmental Accounting Guidelines 2005" issued by Japan's Ministry of the Environment.

(Billion Yen)

Benefits	Item	Fujitsu Limited	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Contribution of environmental protection activities to value added* in manufacturing. Savings from avoidance of operating losses** stemming from failure to observe environmental laws and regulations.	3.63	4.62	8.25
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption***	1.75	0.80	2.55
Resource circulation benefits	Cost savings from waste reduction and more effective resource utilization***	3.11	13.75	16.86
Upstream/downstream benefits	Revenue from the sale of recycled and reused parts and products***	0.00	0.64	0.64
Administrative benefits	Value of efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.41	0.41	0.82
R&D benefits	Contribution to sales made by Super Green Products, Green Products, other eco-friendly products	1.21	0.57	1.78
Environmental remediation benefits	Savings of compensation payments to residents through policies preventing groundwater and soil contamination****	0.80	0.00	0.80
Total		10.91	20.79	31.70

Comments

In fiscal 2007, Group companies inside and outside Japan actively promoted reuse and reduce activities. Costs rose to 19.4 billion yen for the year, due largely to increases in costs for energy-saving measures and soil remediation. Benefits rose to 31.7 billion yen, due largely to improvement in resource circulation benefits supported by the promotion of resource use reduction at affiliates outside Japan.

Notes:

* Contribution of environmental protection activities in relation to value added:
value added x (maintenance and management costs for environmental facilities/total generated costs)

** Avoidance of operating losses: (value added/days of operation) x days lost

*** Actual benefit

**** 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/