

TRANSLATION



Interim Report
On
First-Half FY 2016 Financial Results
(Six months ended September 30, 2016)

FUJITSU LIMITED

Note:

This English translation of the interim report contains minor stylistic differences from the original Japanese version.

(TRANSLATION FOR REFERENCE ONLY)

To Our Shareholders

This interim report for our 117th business period (fiscal 2016, from April 1, 2016 to March 31, 2017) covers financial results for the first half of fiscal 2016, April 1, 2016 to September 30, 2016.

Currently, the Company aims to pursue future growth by transforming the main focus of its business to services. To consolidate this overhaul, in October 2015 we announced a new Management Direction which consists of three strategies.

They are: first, shifting our business model to a focus on “connected services”; second, seizing the potential of digital innovation made possible by ICT; and, third, implementing these services and innovative approaches at a global level. By realizing the transformation of our business model through the synergies between these three initiatives, we believe that we will be able to resolve one of Fujitsu’s fundamental issues and achieve market penetration with services that integrate everything and improve the earnings capacity of our business.

At present, we are carrying out a wide range of measures in line with these three strategies. In October 2016, we released details of progress made over the past year as well as of future initiatives and forecasts. For details, please see *Management Direction* on Page 6.

Against this backdrop, the Fujitsu Group on a consolidated basis booked improved operating profit and profit for the period for the first half of fiscal 2016, as shown in the *Summary of FY 2016 First-Half Consolidated Results* on Page 3. Results were generally in line with the forecasts at the beginning of the fiscal year. Accordingly, Fujitsu will pay an interim dividend of 4 yen per share as initially planned.

Looking ahead, we will continue to transform our business structure and our growth strategy in order to ensure further growth. To reshape our business structure, we will continue with our business model transformation. To transform our growth strategy, we will continue to broaden our digital solutions business as well as promote the development of our leading-edge technologies and service platforms which will allow us to turn “connected services” into reality.

We request the continued guidance and support of our shareholders.

November 2016

Tatsuya Tanaka, President and Representative Director

FY 2016 Full-Year Consolidated Forecast (Billion Yen)

	Business Segment	FY 2015	FY 2016 Forecast
Revenue	Technology Solutions	3,283.3	3,140.0
	Ubiquitous Solutions	1,040.9	985.0
	Device Solutions	603.9	550.0
	Other/Elimination and Corporate	(188.8)	(175.0)
	Total	4,739.2	4,500.0
Operating Profit	Technology Solutions	186.2	245.0
	Ubiquitous Solutions	(7.6)	21.0
	Device Solutions	30.3	(1.0)
	Other/Elimination and Corporate	(88.3)	(145.0)
	Total	120.6	120.0
	[Business model transformation expenses]	[(41.5)]	[(45.0)]
	[Ratio of Operating Profit to Revenue]	[2.5%]	[2.7%]
	Profit for the Period	86.7	85.0

(*) In this report, profit for the period attributable to owners of the parent is presented as "Profit for the Period."

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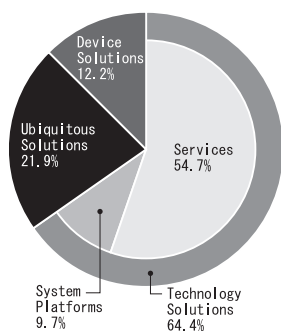
Summary of FY 2016 First-Half Consolidated Results

*For details, please refer to “FY 2016 First-Half Financial Results” available on the Fujitsu website at: <http://www.fujitsu.com/global/about/ir/data/results/>

Highlight (Billion Yen)

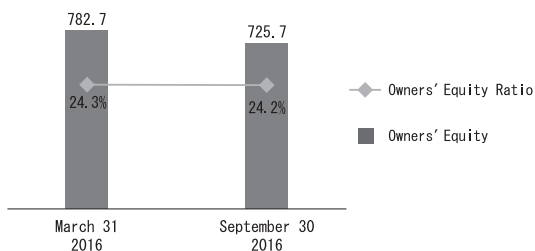
	1H FY 2015	1H FY 2016
Revenue	2,241.2	2,085.0
Operating Profit	(12.4)	25.8
Profit for the Period	(15.9)	11.8

Breakdown of Revenue by Business Segment (%)



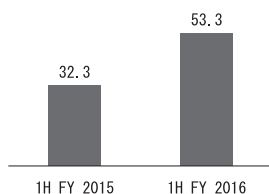
(*) Revenue includes intersegment revenue.

Owners' Equity Ratio (Billion Yen)

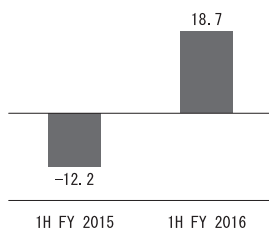


(*) Owners' Equity Ratio: Owners' Equity/Total Assets

(*) Owners' Equity consists of share capital, capital surplus, treasury stock, retained earnings and other components of equity.

Operating Profit by Business Segment (Billion Yen)**Technology Solutions**

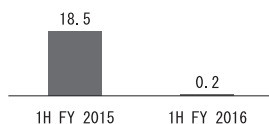
The Technology Solutions segment saw an increase in operating profit. In the Services sub-segment, operating profit declined outside Japan due in part to the impact of foreign exchange movements, in addition to lower revenue. On the other hand, operating profit rose in Japan because of the impact of higher revenue, and because, in the same period in the previous year, one-time expenses were recorded. In the System Platforms sub-segment, profitability improvements further progressed, especially in x86 servers. Operating profit in network products improved on the impact of higher revenue in Japan and the impact of measures implemented to reduce overhead expenses, as well as the impact of business model transformation expenses recorded in the same period in the previous year.

Ubiquitous Solutions

The Ubiquitous Solutions segment saw an improvement in operating profit compared to the same period in fiscal 2015. For PCs, operating profit improved due to cost efficiencies and higher revenue in Japan, in addition to ongoing component cost reductions at locations in Japan because of the continued strength of the yen against the US dollar. For mobile phones, although revenue declined, operating profit improved as a result of cost reductions and efficiencies. Operating profit increased for Mobilewear because of higher revenue.

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Device Solutions



The Device Solutions segment saw a decline in operating profit. In addition to the impact of lower revenue from LSI devices, particularly for those used in smartphones, operating profit declined due to the cost burden and lower capacity utilization accompanying inspections of manufacturing facilities, which are mandated by law. In addition, operating profit for both LSI devices and electronic components was adversely affected by lower revenue as a result of the continuing strength of the yen against the US dollar.

Other/Elimination and Corporate

This segment recorded an operating loss of 46.4 billion yen. Strategic investments are being made in such fields as next-generation clouds.

Stock (As of September 30, 2016)

Number of Authorized Shares:	5,000,000,000
Number of Outstanding Shares:	2,070,018,213
Stated Capital:	¥324,625,075,685
Number of Shareholders:	157,268 (4,011 decrease from the end of FY 2015)

Principal Shareholders

Name	Shareholder's investment in Fujitsu Limited	
	Number of shares held (thousands)	Percentage of shares held (%)
Fuji Electric Co., Ltd.	228,391	11.04
Japan Trustee Services Bank, Ltd. (for trust)	93,628	4.53
The Master Trust Bank of Japan, Ltd. (for trust)	77,763	3.76
Fujitsu Employee Shareholding Association	58,221	2.81
Mizuho Bank, Ltd.	36,963	1.79
Asahi Mutual Life Insurance Company	35,180	1.70
The Bank of New York Mellon SA/NV 10	32,993	1.59
State Street Bank and Trust Company 505225	32,111	1.55
CBNY-GOVERNMENT OF NORWAY	29,594	1.43
State Street Bank West Client Treaty 505234	26,862	1.30

Note:

The shares held by Fuji Electric Co., Ltd. and Mizuho Bank, Ltd. include 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.

Management Direction

We here explain developments over the past year and future initiatives in our Management Direction announced in October 2015.

The Company has made progress with its business model transformation and is further focusing its resources on the Technology Solutions segment.

We will work toward enhancing customer value by implementing 1) the transformation of business lines, 2) the digital transformation and 3) the strengthening of the front line.

1. Transformation of Business Lines

In service integration, we consolidated SE resources, which included the integration of three major domestic SE subsidiaries into the Company in November. We will accelerate new digital business and its global expansion by bringing together our systems-engineering resources that will take on the role of leading our customers' transformations.

Aiming to strengthen digital services, in April this year, we established an integrated organization for digital services. It brings together the internal resources we have in IoT, AI and cloud that were spread across the company. In addition, we have integrated our network business into this new organization, which is indispensable to digital services.

In service platform businesses, we will further strengthen investment and development in three fields—process development, AI platform technology and open-source technology—with the aim of the optimization of base technologies.

2. Digital Transformation

In order to bring about “connected services” centered on big data, the Company will focus its investments in the four key areas of digital reform, namely the IoT, AI, Cloud technologies and security.

In the IoT field, we are developing partnerships in over 300 ongoing proof-of-concept trials and with major companies in all sectors, to build up a wider range of data and expertise.

AI technologies are capable of analyzing accumulated data and help link together industrial and business knowledge pools. We announced the launch of Fujitsu’s “*Human Centric AI Zinrai*” as the comprehensive framework of Fujitsu’s AI technologies. We are creating innovative services based on the technologies and expertise that we accumulated over the years, while incorporating the latest achievements of open innovation at the same time.

We will connect IoT and AI together and run them on our multi-cloud platform “*FUJITSU Digital Business Platform MetaArc*.” We will support the operation of digital services with a robust cloud platform that leverages open-source technologies.

A highly sophisticated comprehensive security service covers all these developments. It protects customers businesses and society as a whole from the risk of cyber-attacks.

3. Strengthening Frontline

Based on the One Asia initiative integrating sales organizations in Japan and Asian region, we plan to further leverage Japanese human resources and solutions in the expansion of our Asian businesses.

In EMEIA, we have reorganized our business structure that was previously managed by country or geographical area into the matrix organization interlocked by business lines.

We have also positioned the management of EMEIA and the Americas under a single leadership so as to benefit from our experience in EMEIA across the Americas, and are strengthening our digital business while increasing synergy.

With regard to Oceania, as digitalization is progressing under the leadership of the government, we will continue to seize various business opportunities, while continuing to transform our business foundation.

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【Glossary】

IoT (Internet of Things):

A system in which not only PCs and servers, but a wide variety of things are connected to the internet and exchange information.

AI (Artificial Intelligence):

Going forward, artificial intelligence is expected to be used in a wide range of fields.

Big Data:

Refers to large volumes of heterogeneous data, the use of which is attracting attention as a way of generating new sources of value.

EMEIA:

Refers to Europe, the Middle East, India and Africa.