

To our shareholders,

June 6, 2006
Hiroaki Kurokawa, President
Fujitsu Limited
1-1, Kamikodanaka 4-chome
Nakahara-ku, Kawasaki-shi
Kanagawa
Japan

NOTICE OF CONVOCATION OF THE 106th ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 106th 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 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 Thursday, June 22, 2006 (Japanese standard time).

[Voting via the Internet]

Please access the Internet site for voting (<http://www.evot.jp>), using both the voting right exercise code and the temporary password printed on the enclosed Voting Card. Please follow the instructions on the screen to indicate your approval or disapproval for each of the proposals not later than 6 p.m. on Thursday, June 22, 2006 (Japanese standard time).

Prior to exercising your voting rights, please be sure to read the Guide to the Exercise of Voting Rights on page 3.

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

1. **Date & Time** June 23, 2006; 10 a.m.

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

3. Business to Be Conducted

Reports:

Presentation of the Business Report, Consolidated Balance Sheet, Consolidated Statement of Income, Non-consolidated Balance Sheet, and Non-consolidated Statement of Income for the 106th Business Period (April 1, 2005 – March 31, 2006); Report of Independent Auditor and Board of Auditors on Consolidated Financial Statements.

Agenda:

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|----------------|-------------------------------------------------------------------------------------------------------|
| Proposal No. 1 | Approval of the Proposed Appropriation of Retained Earnings for the 106 th Business Period |
| Proposal No. 2 | Partial Revision to the Articles of Incorporation |
| Proposal No. 3 | Election of Ten Members of the Board |
| Proposal No. 4 | Election of One Auditor |
| Proposal No. 5 | Revision to the Remuneration of Directors and Auditors |
| Proposal No. 6 | Granting of Retirement Allowances to Retiring Auditor |

(Note: The Reports on the 106th Business Period are attached as Exhibit A.)

Notes:

- (1) Those attending the meeting are requested to present the enclosed Document for Exercise of Voting Rights to the receptionist.
- (2) This English version Notice of Convocation and Reference Material are based on the separate Japanese version. The style of the English version differs slightly from the Japanese version.

[GUIDE TO THE EXERCISE OF VOTING RIGHTS]

(1) Voting by proxy

If voting by proxy, you may appoint another shareholder with voting rights to attend the meeting as your proxy. In this case, please note that it is necessary to submit a document certifying the rights of the proxy.

(2) Diverse exercise of voting rights

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.

(3) Method of announcing revision to the Reference Materials for the Shareholders' Meeting or accounting documents

If there is any revision to the Notice of Convocation or its attached materials, it will be notified on the home page of the Investor Relations site of the Company's website at <http://pr.fujitsu.com/jp/ir/>.

(4) Treatment of votes without indication of approval or disapproval

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

(5) Issuance of voting cards to those shareholders who have consented to receive the electronic receipt of the notice

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

(6) Treatment of votes cast both by mail and via the Internet

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.

(7) Treatment of votes cast more than once via the Internet

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.

REFERENCE MATERIALS FOR THE SHAREHOLDERS' MEETING

Proposals and Reference Materials

Proposal No. 1 Approval of the Proposed Appropriation of Retained Earnings for the 106th Business Period

Fujitsu has a policy regarding distributions of profit that it provide shareholders with a stable return and to secure sufficient internal reserves to strengthen its financial position for future business growth and improved profitability in the mid to long term. The Company is now finally at the point of entering an era of new growth, following a steady recovery from the slowdown in the wake of the bursting of the IT bubble. With a view to leading the accelerating changes in the global market, the Company is making the necessary upfront investment. We propose to pay ¥3 per share as year-end dividend for appropriation of retained earnings as stated in the page A-XX of the "Reports on the 106th Business Period".

This results in an annual dividend of ¥6 per share including the interim dividend of ¥3 per share, which was distributed on December 5, 2005.

Furthermore, we propose paying directors' bonuses totaling 150,000,000 yen, inclusive of auditors' bonuses of 22,000,000 yen, to seven directors and two auditors at the end of the business period.

Proposal No. 2 Partial Revision to the Articles of Incorporation

- A) The 102nd Annual Shareholders' Meeting reduced the number of directors of the Company and introduced the executive officer system separating management oversight functions and operational execution functions, intended to fasten decision-making and strengthen the Board's oversight function. This brought inconsistencies between the provisions of the Articles of Incorporation and reality. To ensure prompt and efficient management of the Board of Directors in the future, we propose further reducing the number of directors. (Article 21 in the proposed revised Articles of Incorporation)
- B) For clarifying the managerial responsibilities of directors to boost the Company's management makeup and corporate governance, we propose shortening the term of office of directors from two years to one year. (Article 23 in the proposed revised Articles of Incorporation)
- C) Given the introduction of the Corporation Law (Law No. 86 of 2005), the following amendments are proposed.
 - (1) To increase the efficiency of odd-lot share management, we propose to add a new provision defining the rights that shareholders who own odd-lot shares are entitled to exercise. (Article 11 in the proposed revised Articles of Incorporation)
 - (2) We propose providing for the method of exercising rights to written exercise. (Article 13 in the proposed revised Articles of Incorporation)
 - (3) For ensuring enhanced information disclosure for convocation of shareholders' meetings, we propose authorizing the disclosure of reference materials for shareholders' meetings in the method using the Internet. (Article 18 in the proposed revised Articles of Incorporation)
 - (4) For identifying the number of proxy voters for exercising voting rights in shareholders' meetings, we propose revising the current provision. (Article 20 in the proposed revised Articles of Incorporation)
 - (5) For steering the Board of Directors more swiftly and efficiency, we propose authorizing written resolutions in the Board of Directors as prescribed in Article 370 of the Corporation Law. (Article 27 in the proposed revised Articles of Incorporation)
 - (6) To bring highly qualified persons as outside auditors, we propose authorizing limited liability contracts to be signed with outside auditors. (Article 39 in the proposed revised Articles of Incorporation) We have already signed the limited liability contracts with outside directors, after approved the revision to the articles of Incorporation on the 104th Annual Shareholders' Meeting.
 - (7) For ensuring quick payment of dividends and flexible distribution of profit, we propose empowering the Board of Directors' resolutions to fix the dividends. (Article 41 in the proposed revised Articles of Incorporation)
 - (8) In response to the enforcement of the Corporation Law, we propose adding new provisions as in Articles 4 (Organization) and 8 (Share Certificates), etc. of the proposed revised Articles of Incorporation.
 - (9) In addition, we propose revising certain terms and moving and rearranging some provisions in the wake of the introduction of the Corporation Law. The proposed revised provision for the scope of liability limitations in the limited liability contracts with outside directors does not entail any alteration to the effect and content of the contracts.

The proposed revision is summarized below. Revised portions are underlined.

<i>Prior to Revision</i>	<i>Revised</i>
Article 1. (Corporate Name) The Company shall be called FUJITSU KABUSHIKI KAISHA, which shall be written in English as FUJITSU LIMITED.	Article 1. (Corporate Name) (Unchanged)
Article 2. (Objective) The objective of the Company shall be to carry on the following businesses: (1)~(12) (Omitted)	Article 2. (Objective) (Unchanged)
Article 3. (Omitted)	Article 3. (Unchanged)
<u>New</u>	<u>Article 4. (Corporate Organization)</u> <u>The Company shall have a shareholders' meeting, directors and the following bodies:</u> <u>(1) Board of Directors</u> <u>(2) Auditors</u> <u>(3) Board of Auditors</u> <u>(4) Accounting Auditors</u>
<u>Article 4. (Method of Public Notice)</u> <u>Public notices of the Company shall be given via the Internet on the Company's Websites.</u> <u>However, in the event that notification via the Internet is deemed impossible for a long period due to unavoidable circumstances, the notices shall be made in the Nihon Keizai Shinbun.</u>	<u>Article 5. (Method of Public Notice)</u> <u>The Company shall publish its public notices by electronic means. However, if it is impossible to publish public notices electronically because of an accident or other unavoidable circumstances, notices shall be made in the Nihon Keizai Shinbun.</u>
<u>CHAPTER 2. SHARES</u>	<u>CHAPTER 2. SHARES</u>
<u>Article 5. (Total Number of Shares Authorized to Be Issued)</u> The total number of shares authorized to be issued by the Company shall be five billion (5,000,000,000).	<u>Article 6. (Total Number of Authorized Shares)</u> The total number of authorized shares of the Company shall be five billion (5,000,000,000).
<u>Article 6. (Stock Repurchase)</u> <u>The Company, in accordance with Article 211-3, Section 1-2 of the Commercial Code, has the right to undertake a stock repurchase upon the decision of the Board of Directors.</u>	<u>Deleted</u>
<u>Article 7. (Number of shares per one round lot and non-issuance of certificates for odd-lot shares)</u> One round lot of the Company's shares shall consist of 1,000 shares. The Company will not issue share certificates for shares constituting less than one round lot ("odd-lot shares"). However, this provision will not supercede provisions as determined in the regulations for handling of shares.	<u>Article 7. (Share Trading Unit)</u> The Company's share trading unit shall be one thousand (1,000) shares. (Revised and moved to Article 8, Section 2)
<u>New</u>	<u>Article 8. (Share Certificates)</u> <u>The Company shall issue share certificates in connection with its shares.</u> <u>Notwithstanding the provision of the preceding paragraph, the Company may opt not to issue share certificates for odd-lot shares.</u>

<p><u>Article 8. (Share Purchase Demands Pertaining to Odd-Lot Shares)</u> <u>All Shareholders (including beneficial owners, and so forth.) who own odd-lot shares of the Company's stock shall, in accordance with the regulations for handling of shares, have the right to demand that the company sell them a sufficient number of shares to make a round lot. Notwithstanding the above, if the company does not hold a sufficient number of shares to comply with the demand, or if compliance with the demand would entail a breach of any other regulations for handling of shares, the right of such demands will not apply.</u></p>	(Revised and moved to Article 10)
<p><u>Article 9. (Type of Share Certificates)</u> The type of share certificates to be issued by the Company shall be in the denominations set forth in the Share Handling Regulations established by the Board of Directors.</p>	<p><u>Article 9. (Share Handling Rules)</u> <u>Handling and fees concerning the Company's shares and share purchase warrants shall be subject to the Share Handling Regulations set out by the Board of Directors as well as in laws, ordinances and these Articles of Incorporation.</u></p>
(Moved from Article 8.)	<p><u>Article 10. (Request for Sale of Odd-Lot Shares)</u> <u>Shareholders owning odd-lot shares of the Company (including beneficial owners; hereinafter the same shall apply) 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.</u></p> <p>(Deleted)</p>
<p><u>Article 10. (Handling of shares and reservation rights for new shares)</u></p>	Deleted
<p><u>Name transfers of the Company's shares, entry (including registration, same below) in the list of shareholders, registration of rights, trust representations, reissuing of share certificates, repurchase and sales of odd-lot shares, and other procedures for the handling of shares, shall be as per the regulations for handling of shares.</u></p>	
New	<p><u>Article 11. (Rights Relating to Odd-Lot Shares)</u> <u>No shareholder of the Company may exercise any right other than those listed below in connection with his or her own odd-lot shares:</u></p> <p><u>(1) The rights set out in each item in Article 189, Section 2 of the Corporation Law.</u></p> <p><u>(2) The right to receive an allocation of offered shares or share purchase warrants according to the number of shares held</u></p> <p><u>(3) The right to request the sale of odd-lot shares, as provided in the preceding article</u></p>

<p><u>Article 11. (Transfer agent)</u> <u>The Company shall hire a Transfer Agent for shares.</u> <u>The Transfer Agent and its share handling place shall be elected by the resolution of the Board of Directors and the Company shall arrange publication thereof.</u> <u>The Company's Register of Shareholders, Beneficial Owners' List and register of lost share certificate shall be settled at the share handling place of the Transfer Agent.</u> <u>Registration of transfer, registration in the Beneficial Owners' List, purchase and sales of the odd-lot shares and other business related to shares shall be handled by the Transfer Agent and the Company shall not handle such business.</u></p>	<p><u>Article 12. (Administrator of Shareholders' Register)</u> <u>The Company shall have an Administrator of Shareholders' Register.</u> <u>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.</u> <u>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.</u></p>
<p><u>New</u></p>	<p><u>Article 13. (Method of Shareholders' Exercise of Rights)</u> <u>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.</u> <u>Proposal submitted by a shareholder shall be subject to the Share Handling Regulations.</u></p>
<p><u>Article 12. (Registration of Name, Address and Seal Impression of Shareholders)</u> <u>All shareholders and pledges or their statutory agents shall notify their names, addresses and seal impressions according to the Share Handling Regulations. The same shall apply in case of any change in these matters.</u></p>	<p>Deleted</p>
<p><u>Article 13. (Shareholders Residing in Foreign Countries)</u> <u>Shareholders and pledges or their statutory agents residing in foreign countries shall designate provisional addresses in Japan or proxies in Japan and notify these matters according to the Share Handling Regulations. The same shall apply in case of any change in these matters.</u></p>	<p>Deleted</p>
<p><u>Article 14. (Record Date)</u> <u>The Company shall recognize shareholders last recorded on the Register of Shareholders and/or on the Beneficial Owners' List as of the account closing date of each business year as the shareholders eligible to exercise the rights of shareholders at the Ordinary General Meeting of Shareholders with respect to such account closing date.</u> <u>In addition to the foregoing paragraph, the Company may, in case of necessity, upon a resolution of the Board of Directors, recognize shareholders or pledges last recorded on the Register of Shareholders and/or on the Beneficial Owners' List as of a certain fixed day and time as the shareholders or pledges eligible to exercise their rights by giving a public notice in advance.</u></p>	<p>(Revised and moved to Article 14)</p>

CHAPTER 3. GENERAL MEETING OF SHAREHOLDER	CHAPTER 3. GENERAL MEETING OF SHAREHOLDER
(Moved from Article 14)	<p><u>Article 14. (Record Date for Ordinary General Meeting of Shareholders)</u></p> <p><u>The record date for voting rights at the Ordinary General Meeting of Shareholders of the Company shall be March 31 every year.</u></p>
<p>Article 15. (Time of Meeting)</p> <p>The Ordinary General Meeting of Shareholders of the Company shall be convened <u>in June each year</u> and an Extraordinary General Meeting of Shareholders may be convened at any time deemed necessary.</p>	<p>Article 15. (Time of Meeting)</p> <p>The Ordinary General Meeting of Shareholders of the Company shall be convened <u>within a fixed period after the end of each business year</u> and an Extraordinary General Meeting of Shareholders may be convened at any time deemed necessary.</p>
<p><u>Article 16. (Location)</u></p> <p><u>The Company's shareholders' meetings shall be held at the Company's head office, or in Minato-ku, Tokyo, or adjacent areas.</u></p>	Deleted.
<p><u>Article 17. (Convocation)</u></p> <p>Except as otherwise provided for by laws or ordinances, the General Meeting of Shareholders shall be convened by the President upon the resolution of the Board of Directors. In case the President is prevented from so acting, one of the other <u>Representative Directors</u> shall so act.</p>	<p><u>Article 16. (Convocation)</u></p> <p>Except as otherwise provided for by laws or ordinances, the General Meeting of Shareholders shall be convened by the President upon the resolution of the Board of Directors. In case the President is prevented from so acting, one of the other <u>Directors</u> shall so act.</p>
<p><u>Article 18. (Chairman)</u></p> <p>The President shall act as chairman at the General Meeting of Shareholders. In case the President is prevented from so acting, one of the other Directors, chosen according to an order previously determined by the Board of Directors, shall so act.</p>	<p><u>Article 17. (Chairman)</u></p> <p>(Unchanged)</p>
New	<p><u>Article 18. (Provision of Reference Materials for Shareholders' Meetings, etc. Deemed as Disclosure via the Internet)</u></p> <p><u>Upon convening a general meeting of shareholders, the Company may be deemed to have provided shareholders with necessary information that should be described or indicated in reference documents for the general meeting of shareholders, business reports, non-consolidated financial statements and consolidated financial statements, on the condition that such information is disclosed through the Internet in accordance with ordinances of The Ministry of Justice.</u></p>
<p>Article 19. (Resolution)</p> <p>Except as otherwise provided for by laws, ordinances or these Articles of Incorporation, resolutions at the General Meeting of Shareholders shall be adopted by a majority of the voting rights of the <u>shareholders present</u>. The above provision notwithstanding, resolutions at the General Meeting of Shareholders <u>that fall under the purview of Article 343 of the Commercial Code, as well as any other such resolutions that would be subject to the same resolution procedures in accordance with the Commercial Code or other laws</u>, shall require that shareholders representing at least one-third of the voting rights of <u>all shareholders</u> be in attendance, and shall be adopted by a two-thirds majority of the voting rights of <u>the shareholders</u> in attendance.</p>	<p>Article 19. (Resolution)</p> <p>Except as otherwise provided for in laws, ordinances or these Articles of Incorporation, resolutions at the General Meeting of Shareholders shall be adopted by a majority of the voting rights of the <u>shareholder present who may exercise their voting rights</u>.</p> <p>The above provision notwithstanding, resolutions at the General Meeting of Shareholders <u>as stipulated in Article 309, Section 2 of the Corporation Law</u> shall require that shareholders representing at least one-third of the voting rights of <u>the shareholders who may exercise their voting rights</u> be in attendance, and shall be adopted by a two-thirds majority of the voting rights of <u>such</u> shareholders in attendance, <u>unless otherwise provided</u>.</p>

<p><u>Article 20. (Proxies)</u> <u>Shareholders or their statutory agents who intend to exercise their voting rights at shareholders' meetings must designate a shareholder who is able to exercise voting rights of the Company's shares as their proxy.</u> In case of the foregoing paragraph, the shareholders or their designated proxy shall file a document that <u>certifies</u> their proxy authority with the Company at each shareholder's meeting.</p>	<p><u>Article 20. (Exercise of Voting Rights by Proxy)</u> <u>Any shareholder may exercise his or her voting rights by appointing, as a proxy, one another shareholder having voting rights.</u> In case of the foregoing paragraph, the shareholders or their designated proxy shall file a document that <u>confirms</u> their proxy authority with the Company at each shareholders' meeting.</p>
<p><u>Article 21. (Minutes)</u> <u>Highlights of the proceedings and the results of business conducted at shareholders' meetings will be entered into the minutes of the meeting, which must be affixed with the personal seal or signed by (including by electronic signature) the meeting's chairperson or Board Member in attendance, and retained by the Company.</u></p>	Deleted
CHAPTER 4. MEMBERS OF THE BOARD AND THE BOARD OF DIRECTORS	CHAPTER 4. MEMBERS OF THE BOARD AND THE BOARD OF DIRECTORS
<p><u>Article 22. (Number)</u> The number of Members of the Board shall be <u>thirty-two (32)</u> or less.</p>	<p><u>Article 21. (Number)</u> The number of Members of the Board shall be <u>fifteen (15)</u> or less.</p>
<p><u>Article 23. (Elections)</u> Members of the Board shall be elected at shareholders' meetings. The attendance of shareholders holding one-third of the total number of <u>shareholder voting rights</u> shall constitute a quorum for the election of Members of the Board. A resolution for election of Members of the Board shall not be made by cumulative voting.</p>	<p><u>Article 22. (Elections)</u> Members of the Board shall be elected at shareholders' meetings. The attendance of shareholders holding one-third of the total number of voting rights of <u>the shareholders who may exercise their voting rights</u> shall constitute a quorum for the election of Members of the Board and a <u>resolution for the election shall require a majority of their voting rights.</u> A solution for election of Members of the Board shall not be made by cumulative voting.</p>
<p><u>Article 24. (Term of Office)</u> The term of office of a Member of the Board shall expire at the close of the Ordinary General Meeting of Shareholders with respect to the last <u>account closing date</u> within <u>two</u> years after <u>his assumption of office.</u> The term of office of a Member of the Board elected to fill a vacancy or due to an increase in number shall be the same as the remaining term of office of the other Member of the Board.</p>	<p><u>Article 23. (Term of Office)</u> The term of office of a Member of the Board shall expire at the close of the Ordinary General Meeting of Shareholders with respect to the last <u>business year</u> within <u>one</u> year after <u>his or her election.</u> Deleted</p>
<p><u>Article 25. (Remuneration and Retirement Allowance)</u> The remuneration and retirement allowance of Members of the Board shall be <u>decided upon</u> a resolution at the General Meeting of Shareholders.</p>	<p><u>Article 24. (Remuneration, etc.)</u> The remuneration <u>and other allowances</u> of Members of the Board shall be <u>determined by</u> a resolution at the General Meeting of Shareholders.</p>
<p><u>Article 26. (Representative Director and Directors with Specific Powers)</u> The Board of Directors, by its resolution and from among Members of the Board, shall appoint one President and, if necessary <u>for the Company's business,</u> may appoint one Chairman, one Vice Chairman, several Senior Executive Vice Presidents, Executive Vice Presidents and Senior Vice Presidents. <u>Several of these Members of the Board, including the President, shall be Representative Directors.</u></p>	<p><u>Article 25. (Representative Director and Directors with Specific Powers)</u> The Board of Directors, by its resolution and from among Members of the Board, shall appoint one President and, if necessary, may appoint <u>Chairman, Vice Chairman, Senior Executive Vice Presidents and Senior Vice Presidents.</u> <u>The Company, by a resolution of directors, may appoint the President as a Representative Director and, if necessary, may appoint other directors as Representative Directors.</u></p>

<p><u>Article 27.</u> (Notice to Convene Meeting of Board of Directors) The notice to convene a meeting of the Board of Directors shall be forwarded to each Member of the Board and Auditor at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</p>	<p><u>Article 26</u> (Notice to Convene Meeting of Board of Directors) (Unchanged)</p>
<p><u>New</u></p>	<p><u>Article 27. (Resolutions of the Board of Directors without meeting)</u> <u>A resolution for approval of an agenda item proposed by a director shall be deemed to have been made by the Board of Directors provided that all directors who may participate in the voting on the agenda item have expressed their approval in writing or by means of an electronic record and that no auditor objects to it.</u></p>
<p>Article 28. (Board of Directors) Except as otherwise provided for by laws, ordinances or these Articles of Incorporation, matters related to the Board of Directors shall be governed by the Board of Directors Regulations established by the Board of Directors.</p>	<p>Article 28. (Board of Directors <u>Regulations</u>) (Unchanged)</p>
<p>Article 29. (Limitation of Liabilities of Directors) The Company, by a resolution of the Board of Directors, <u>in accordance with Article 266, Section 12 of the Commercial Code may exempt Directors from their liabilities arising in connection with the actions provided for in Article 266, Section 1-5 of the Commercial Code to the extent permitted by law.</u></p>	<p>Article 29. (Limitation of Liabilities of Directors) The Company, by a resolution of the Board of Directors, <u>may exempt Directors (including former Directors) from the liability stipulated in Article 423, Section 1 of the Corporation Law to the extent of the amount calculated by subtracting the statutory minimum liability limit from the limit of liability provided that the statutory requirements are met.</u></p>
<p>Article 30. (Limited liability contract for outside directors) <u>The Company, in accordance with Article 266, Section 19 of the Commercial Code, reserves the right to form a contract limiting monetary liabilities with outside directors in connection with the actions provided for in Article 266, Section 1-5 of the Commercial Code. The maximum amount of liability is as defined by Article 266, Section 19 of the Commercial Code.</u></p>	<p>Article 30. (Limited Liability Contract for Outside Directors) <u>The Company reserves the right to form with outside directors a contract limiting monetary liabilities stipulated in Article 423, Section 1 of the Corporation Law provided that the statutory requirements are fulfilled. However, the limit of liability pursuant to the contract shall be the statutory minimum liability limit.</u></p>
<p>CHAPTER 5. AUDITORS AND THE MEETING OF AUDITORS</p>	<p>CHAPTER 5. AUDITORS AND THE MEETING OF AUDITORS</p>
<p>Article 31. (Omitted)</p>	<p>Article 31. (Unchanged)</p>
<p>Article 32. (Elections) Auditors shall be elected at shareholders' meetings. The attendance of shareholders holding one-third of the total number of <u>shareholder voting rights</u> shall constitute a quorum for the election of Auditors.</p>	<p>Article 32. (Elections) Auditors shall be elected at shareholders' meetings. The attendance of shareholders holding one third of the total number of <u>voting rights of shareholders eligible to exercise their voting rights</u> shall constitute a quorum for the election of Auditors <u>and a resolution for the election shall be adopted by a majority of their voting rights.</u></p>
<p>Article 33. (Term of Office) The term of office of an Auditor shall expire at the close of the Ordinary General Meeting of Shareholders with respect to <u>the last account closing date</u> within four years <u>after his assumption of office.</u> The term of office of an Auditor elected to fill a vacancy of another Auditor who has retired before his term of office expires shall be the same as the remaining term of office of the retired Auditor.</p>	<p>Article 33. (Term of Office) The term of office of an Auditor shall expire at the close of the Ordinary General Meeting of Shareholders with respect to <u>the final business year that ends</u> within four years <u>of his or her appointment.</u> The term of office of an Auditor elected to fill a vacancy of another Auditor who has retired before his term of office expires shall be the same as the remaining term of office of the retired Auditor.</p>

Article 34. (Full-time Auditor) <u>Auditors shall elect a Full-time Auditor(s) from among themselves.</u>	Article 34. (Full-time Auditor) <u>The Board of Auditors shall appoint, from among the Auditors, a Full-Time Auditor.</u>
Article 35. (Remuneration and Retirement Allowance) The remuneration and <u>retirement allowance</u> of Auditors shall be <u>decided upon</u> a resolution at the General Meeting of Shareholders.	Article 35. (Remuneration, etc.) The remuneration and <u>other allowances</u> of Auditors shall be <u>determined by</u> a resolution of the General Meeting of Shareholders.
Article 36. (Notice to Convene Meeting of Auditors) The notice to convene a meeting of Auditors shall be forwarded to each Auditor at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.	Article 36. (Notice to Convene Meeting of Auditors) (Unchanged)
Article 37. (Meeting of Auditors) Except as otherwise provided for by laws, ordinances or these Articles of Incorporation, matters related to the Meeting of Auditors shall be governed by the Meeting of Auditors Regulations established by the Meeting of Auditors.	Article 37. (Meeting of Auditors <u>Regulations</u>) (Unchanged)
Article 38. (Limitation of Liabilities of Auditors) The Company <u>may, by a resolution of the Board of Directors, in accordance with Article 280, Section 1 of the Commercial Code may exempt Auditors from their liabilities to the extent permitted by law.</u>	Article 38. (Limitation of Liabilities of Auditors) The Company, <u>by a resolution of the Board of Directors, may exempt Auditors (including former Auditors) from the liability stipulated in Article 423, Section 1 of the Corporation Law to the extent of the amount calculated by subtracting the statutory minimum liability limit from the limit of liability provided that the statutory requirements are met.</u>
New	Article 39. (Limited Liability Contract for Outside Auditors) <u>The Company reserves the right to form with outside auditors a contract limiting monetary liabilities stipulated in Article 423, Section 1 of the Corporation Law provided that the statutory requirements are fulfilled. However, the limit of liability pursuant to the contract shall be the statutory minimum liability limit.</u>
CHAPTER 6. ACCOUNTING	CHAPTER 6. ACCOUNTING
Article 39. (Business Year and Account Closing Date) The business year of the Company shall be from April 1 of each year through March 31 of the following year <u>and the last day of the business year shall be the account closing date.</u>	Article 40. (Business Year) The business year of the Company shall be from April 1 of each year through March 31 of the following year.
New	Article 41. (Decision-Making Body on Dividends) <u>Except as otherwise provided in laws and ordinances, the matters set out in each item of Article 459, Section 1 of the Corporation Law shall by determined by a resolution of the Board of Directors without requiring any resolution of the shareholders' meeting.</u>
Article 40. (Payment of Dividends) <u>Dividends from profits, if declared, shall be paid to shareholders or registered pledges last recorded on the Register of Shareholders and/or on the Beneficial Owners' List as of the account closing date of each business year.</u>	Article 42. (Record Date for Dividends) <u>The record dates for dividends from retained earnings shall be March 31 and September 30 each year.</u> <u>Apart from the dates set out in the preceding paragraph, other record dates may be determined for the payment of dividends from retained earnings.</u>

<p><u>Article 41. (Payment of Interim Dividends)</u> <u>The Company may, upon resolution of the Board of Directors, make cash distributions as provided for in Article 293-5 of the Commercial Code (hereinafter called “interim dividends”) to shareholders or registered pledges last recorded on the Register of Shareholders and/or on the Beneficial Owners’ List as of September 30 of each year.</u></p>	<p>(Revised and moved to Article 42)</p>
<p><u>Article 42. (Period for Exemption from Obligation)</u> <u>If dividends from profits or interim dividends have not been received within three (3) years following the date of commencement of the payment, the Company shall be exempted from the obligation to pay such dividends. Interest shall not be paid on dividends from profits and interim dividends.</u></p>	<p><u>Article 43. (Term of Exclusion for Dividends)</u> <u>If dividends from profits are not received for three full years or more after the day of commencement of payment, the Company shall be exempted from such payment.</u> <u>Unpaid dividends from profits shall bear no interest.</u></p>

Proposal No. 3 Election of Ten members of the Board

In light of the proposal to shorten the term of office of directors to one year as part of Proposal No. 2 on the Partial Revision to the Articles of Incorporation, all ten directors will resign at the close of this Annual Shareholders' Meeting. It is proposed that ten Members of the Board be elected.

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

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company, and important positions at other corporations</i>	<i>Number of shares of the Company held by the candidate</i>
1	Naoyuki Akikusa (December 12, 1938)	Apr. 1961 Jointed the Company Jun. 1988 Member of the Board Jun. 1991 Senior Vice president Jun. 1992 Executive Vice President Jun. 1998 President and CEO Jun. 2003 Chairman and CEO (to present)	15,416
2	Hiroaki Kurokawa (April 9, 1943)	Apr. 1967 Jointed the Company Jun. 1999 Member of the Board Apr. 2001 Senior Vice President Jun. 2002 Corporate Senior Vice President Apr. 2003 Corporate Senior Executive Vice President Jun. 2003 President (to present)	11,000
3	Kunihiko Sawa (June 3, 1936)	Apr. 1959 Jointed Fuji Electric, Ltd. Jun. 1995 Executive Vice President and Director, Fuji Electric, Ltd. Jun. 1998 Member of the Board, Fujitsu Limited (to present) Jun. 1998 President and Representative Director, Fuji Electric, Ltd. (currently: Fuji Electric Holdings Co., Ltd.) (to present)	3,167
4	Hiroshi Oura (February 14, 1934)	Apr. 1956 Jointed 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 (to present)	36,602

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company, and important positions at other corporations</i>	<i>Number of shares of the Company held by the candidate</i>
5	Ikujiro Nonaka (May 10, 1935)	Apr. 1978 Professor, Faculty of Business Administration, Nanzan University Jan. 1979 Professor, National Defence Accademy in 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 (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	Akira Takashima (March 18, 1939)	Apr. 1963 Joined The Ministry of International Trade and Industry (Present, The Ministry of Economy, Trade and Industry) May. 1996 Adviser, The Sumitomo Marine and Fire Insurance Co., Ltd. (Present, Mitsui Sumitomo Insurance Company, Limited) Aug. 1996 Adviser, The Japan Research Institute, Limited Jun. 1997 Senior Vice President, Fujitsu Limited Apr. 2000 Executive Vice President Jun. 2002 Corporate Executive Vice President Jun. 2003 Member of the Board and Corporate Executive Vice President Jun. 2004 Member of the Board and Vice Chairman (to present)	11,000
7	Masamichi Ogura (Jun 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 and Corporate Executive Vice President (to present)	10,460
8	Toshihiko Ono (April 19, 1947)	Feb. 1973 Joined the Company Apr. 2000 Group Executive Vice President, Electronic Devices Group Jun. 2001 Member of the Board Jun. 2002 Corporate Vice President Apr. 2003 Corporate Senior Vice President Jun. 2004 Member of the Board and Corporate Executive Vice President (to present) Other Present Title: Chairman, Semiconductor Technology Academic Research Center	3,000

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company, and important positions at other corporations</i>	<i>Number of shares of the Company held by the candidate</i>
9	Chiaki Ito (October 10, 1947)	Apr. 1970 Joined the Company Apr. 2001 Group President, Personal Systems Business Group Jun. 2002 Corporate Vice President Apr. 2003 Corporate Senior Vice President Jun. 2004 Member of the Board and Corporate Executive Vice President (to present)	7,000
10	Michiyoshi Mazuka (October 17, 1943)	Apr. 1968 Joined Fujitsu FACOM Co., Ltd Apr. 1971 Joined the Company Apr. 2001 Group President, Eastern-Japan Sales Group Jun. 2001 Member of the Board Jun. 2002 Corporate Vice President Apr. 2003 Corporate Senior Vice President Jun. 2005 Member of the Board and Corporate Executive Vice President (to present)	5,000

(Note: Candidate Messrs. Kunihiro Sawa and Ikujiro Nonaka meet the requirements for an Outside Board Member as stipulated in Article 2, Section 15 of the Corporation Law.)

Proposal No. 4 Election of One Auditor

The terms of office for auditor, Hiromasa Inagaki expires at the close of this shareholders' meeting. We seek to elect one auditor.

The candidate for auditor is as follows.

We have already received the approval of this proposal from the Board of Auditors.

<i>Name and date of birth</i>	<i>Personal history, positions at the Company, and important positions at other corporations</i>	<i>Number of shares of the Company held by the candidate</i>
Hiroyuki Yabuuchi (February 16, 1944)	Apr. 1967 Joined Fujitsu FACOM Limited Jun. 1971 Joined the Company Jun. 1999 Member of the Board Jun. 2002 Corporate Senior Vice President Jun. 2003 Corporate Senior Vice President	8,000

Proposal No. 5 Revision to the Remuneration of Directors and Auditors

The amount of remuneration of directors has been capped at a maximum total of 60 million yen per month for 32 directors since the approval of the 91st Annual Shareholders' Meeting, while that of auditors has been capped at a maximum total of 5 million yen per month for five auditors since the approval of the 89th meeting. In light of the reduction of the limit of the number of directors in case of the approval on the Proposal No.2, the addition the bonuses of directors and auditors to the limitation of remuneration of their own according to the introduction of the Corporation Law, the change in economic conditions and other circumstances and to increase the flexibility of the remuneration policy, we propose replacing the monthly ceiling with an annual ceiling and newly capping the annual remuneration for directors at a maximum of 600 million yen and that for auditors at a maximum of 100 million yen.

The Company presently has ten directors and five auditors. The number of directors and auditors will not change if Proposals No.3 and No.4 are approved.

Further more, we continue reconsidering the remuneration system of directors and auditors including the abolition of Granting of Retirement Allowances, and examining the remuneration system enhanced to our business results.

Proposal No. 6 Granting of Retirement Allowances to Retiring Auditor

It is proposed that retirement allowances be presented to Auditor Hiromasa Inagaki who is retiring at the close of this shareholder's meeting. These allowances shall be given in accordance with company standards in gratitude for work they have performed during their terms of office.

It is also proposed that specific amounts, timing and method of payment of the special retirement allowances be determined at a meeting of Auditors for the retiring Auditor.

The profile of the retiring Auditor is as follows:

<i>Name</i>	<i>Profile</i>
Hiromasa Inagaki	Jun. 2004 Auditor (to present)