Exhibit A

Reports on the 114th Business Period

FUJITSU LIMITED

Note：

This English version of *Reports on the 114th Business Period* is translation for reference only. The style of this English version differs slightly from the original Japanese version.

FUJITSU Way

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

The Fujitsu Way provides a common direction for all employees of the Fujitsu Group. By adhering to its principles and values, employees enhance corporate value and their contributions to global and local societies.

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.

To Our Shareholders

We are pleased to present this report of our 114th business period (covering fiscal year 2013, from April 1, 2013 to March 31, 2014).

Positioning fiscal 2013 as a year for making a fresh start through an earnings recovery with the aim of achieving renewed growth, the Fujitsu Group worked to solidify the foundations for a recovery in its earnings.

As measures for achieving that objective, while thoroughly strengthening its management fundamentals, Fujitsu focused on creating new services businesses and positioning itself for growth in global markets.

As examples of these initiatives, along with strengthening its management fundamentals by setting problematic businesses on a path to improved performance and shifting internal resources into growth areas, Fujitsu systematized its cloud and big data offerings, as well as other suites of products and services, to provide customers with total solutions.

Also, to further enhance its structure for pursuing global business, Fujitsu built a matrix organization that includes its business segments as well as regional segments, with the world divided into five regions. Moreover, we decided to adopt International Financial Reporting Standards and use these standards as a management platform appropriate to a global company.

Progress was achieved in strengthening the company's management fundamentals, and financial results for fiscal 2013 exceeded the projections announced at the start of the fiscal year. Please refer to the rest of the report for detailed information on results.

In addition, as a result of measures implemented in fiscal 2013, Fujitsu's financial condition on a non-consolidated basis has recovered to a level allowing a resumption of dividends. In consideration of the sustainability of future dividend payments, the year-end dividend for fiscal 2013 is 4 yen per share.

Fujitsu will continue to seek to grow along with its stakeholders. We would like to ask for the continued guidance and support of our shareholders.

May 2014

Michiyoshi Mazuka, Chairman and Director
Masami Yamamoto, President and Representative Director

Business Report

1. Business Overview (April 1, 2013 to March 31, 2014)

(1) Major Businesses of the Fujitsu Group (As of March 31, 2014)

Fujitsu Limited and its subsidiaries are engaged in providing total solutions in the ICT field, delivering services as well as developing, manufacturing, selling, and maintaining the cutting-edge, high performance, high-quality products and electronic devices that support these services. The main products and services of each segment are described below.

Segment	*Main products and services*		
Technology Solutions	Services	Solutions / Systems Integration	・Systems integration services (system construction, business application) ・Consulting ・Front-end technology (ATMs, POS systems, etc.)
		Infrastructure Services	・Outsourcing services (data center, ICT operational management, application usage and management, business process outsourcing, etc.) ・Cloud services (IaaS, PaaS, SaaS, etc.) ・Network services (business networks, internet/mobile content distribution) ・System support services (information system and network maintenance and monitoring services) ・Security solutions (information systems infrastructure construction and network construction)
	System Platforms	System Products	・Servers (mainframes, UNIX servers, mission-critical IA servers, PC servers) ・Storage systems ・Software (OS, middleware)
		Network Products	・Network control systems ・Optical transmission systems ・Mobile phone base stations
Ubiquitous Solutions	PCs / Mobile Phones		・Personal computers ・Mobile phones
	Mobilewear		・Car audio and navigation systems ・Mobile communications equipment ・Automotive electronics
Device Solutions	LSI		・LSI Devices
	Electronic Components		・Semiconductor packages ・Batteries ・Electromechanical parts (relays, connectors, etc.) ・Optical transceiver modules ・Printed circuit boards

(2) The Fujitsu Group

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates (as of March 31, 2014) 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 (Inagi-shi, Tokyo)	53.94 (0.45)
	Fujitsu Telecom Networks Limited (Kawasaki-shi)	100
	Fujitsu Network Communications, Inc. (U.S.)	100
Development, manufacturing	Fujitsu IT Products Limited (Kahoku-shi, Ishikawa)	100

Category	Company Name	Parcentage of Voting Rights
Development, sales and provision of services	Fujitsu Broad Solution & Consulting Inc. (Minato-ku, Tokyo)	56.45
	Fujitsu Marketing Limited (Bunkyo-ku, Tokyo)	100
	Fujitsu Systems East Limited (Bunkyo-ku, Tokyo)	100
	Fujitsu Systems West Limited (Osaka-shi)	100
	Fujitsu FIP Corporation (Koto-ku, Tokyo)	100
	NIFTY Corporation (Shinjuku-ku, Tokyo)	66.60
	Fujitsu Fsas Inc. (Kawasaki-shi)	100
	PFU Limited (Kahoku-shi, Ishikawa)	100
	Fujitsu Services Holdings PLC (U.K.)	100
	Fujitsu America, Inc. (U.S.)	100 (100)
	Fujitsu Australia Limited (Australia)	100

Category	Company Name	Parcentage of Voting Rights
Development, manufacturing, sales and provision of services	Fujitsu Technology Solutions (Holding) B.V. (Netherlands)	100

Ubiquitous Solutions

Category	Company Name	Parcentage of Voting Rights
Development, manufacturing	Shimane Fujitsu Limited (Izumo-shi, Shimane)	100
	Fujitsu Isotec Limited (Date-shi, Fukushima)	100
	Fujitsu Mobile-phone Products Limited (Otawara-shi, Tochigi)	100
Development, manufacturing and sales	Fujitsu Mobile Communications Limited (Kawasaki-shi)	100
	Fujitsu Peripherals Limited (Kato-shi, Hyogo)	100
	Fujitsu TEN Limited (Kobe-shi)	55.00

Category	Company Name	Parcentage of Voting Rights
Sales	Fujitsu Personal System Limited (Minato-ku, Tokyo)	100

Device Solutions

Category	Company Name	Parcentage of Voting Rights
Development, manufacturing and sales	Fujitsu Semiconductor Limited (Yokohama-shi)	100
	Shinko Electric Industries Co., Ltd. (Nagano-shi, Nagano)	50.06 (0.03)
	FDK Corporation (Minato-ku, Tokyo)	72.58 (0.01)
	Fujitsu Component Limited (Shinagawa-ku, Tokyo)	56.96

Category	Company Name	Parcentage of Voting Rights
Sales	Fujitsu Electronics Inc. (Yokohama-shi)	100 (100)

Category	Company Name	Parcentage of Voting Rights
Research and development	Fujitsu Laboratories Ltd. (Kawasaki-shi)	100

Category	Company Name	Parcentage of Voting Rights
Equity method affiliates	Fujitsu General Limited * (Kawasaki-shi)	44.26
	Fujitsu Leasing Co., Ltd. * (Chiyoda-ku, Tokyo)	20.00

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.
3. Fujitsu Mobile-phones Products Limited was integrated into Fujitsu Peripherals Limited and dissolved on April 1, 2014.

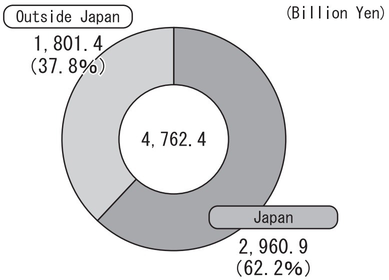
(3) Trends and Results for the Consolidated Group

a) Overview

(Billion Yen)

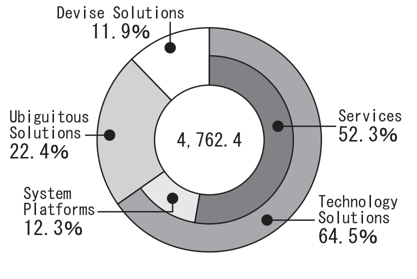
Net Sales	4,762.4	8.7% Changes vs. FY 2012 result
Ordinary Income	140.6	42.2 Billion Yen Changes vs. FY 2012 result
Operating Income	142.5	54.2 Billion Yen Changes vs. FY 2012 result
Net Income	48.6	128.5 Billion Yen Changes vs. FY 2012 result

Net Sales(Japan/Outside Japan)



※Net sales to unaffiliated customers

Break down of Net Sales by Business Segment



※Net Sales include intersegment sales.

During fiscal 2013, the global economy continued to experience a moderate recovery. In Europe, there was a resumption of economic growth, and signs of an economic recovery, particularly in Germany and the UK. In the US, uncertainties over the federal government's fiscal policies eased, and the economy continues to recover, especially consumer spending and corporate capital investment. In Japan, due to a stock market rally and yen depreciation spurred on by the government's economic policy and monetary easing by the Bank of Japan, the economy is undergoing a moderate recovery. Consumer spending rose, in part spurred by a demand for purchases prior to an increase in the consumption tax rate. There has been a moderate recovery in exports resulting from the improved environment of the weaker yen and the economic recovery in overseas markets. Investment in information and communication technology (ICT) is gradually increasing on signs of a rebound in corporate capital investment resulting from a recovery in corporate earnings.

In this business environment, Fujitsu recorded net sales of 4,762.4 billion yen in fiscal 2013, an increase of 8.7% over fiscal 2012. Sales in Japan increased by 2.7%. Sales of mobile phones decreased on lower unit sales, primarily in the first half of the fiscal year, but sales of systems integration services increased on a rebound in ICT spending on the part of corporations and other organizations. In addition, sales of mobile phone base stations and other network products rose, and there were also higher sales of PCs because a rise in demand for upgrades by enterprises. Sales outside of Japan rose by 20.2%. North American sales of car audio, navigation equipment and optical transmission system increased. Excluding the impact of foreign exchange fluctuations, sales outside of Japan increased by 1%.

Operating income was 142.5 billion yen, an increase of 54.2 billion yen over fiscal 2012. In addition to the impact of higher sales and lower expenses from greater cost efficiencies, results benefited by the impact of structural reforms and personnel measures initiated in fiscal 2012.

Ordinary income was 140.6 billion yen, an increase of 42.2 billion yen from fiscal 2012, despite a reduction in the gain on foreign exchange, because of higher operating income.

Fujitsu recorded extraordinary losses of 59.3 billion yen from a loss on the liquidation of a subsidiary in the US and restructuring charges for its LSI device business, mobile phone business, and businesses outside of Japan, and the company also posted extraordinary gains of 11.5 billion yen on the sale of assets.

As a result, Fujitsu reported net income for fiscal 2013 of 48.6 billion yen, an improvement of 128.5 billion yen from fiscal 2012.

b) Comparison of FY 2013 Results and Initial Projections

(Billion Yen)

	Projections at Start of Fiscal Year	*FY 2012 Results*	*Divergence*
Net sales	¥4,550.0	¥4,762.4	¥212.4
Operating income	140.0	142.5	2.5
Ordinary income	135.0	140.6	5.6
Net income	45.0	48.6	3.6

For fiscal 2013, Fujitsu initially projected net sales of 4,550.0 billion yen. Although it anticipated a significant decline in mobile phone sales, in addition to the beneficial effect of the trend toward a weaker yen, it expected higher sales of services, servers, and network products in and outside of Japan, and it also anticipated a recovery in demand for LSI devices and electronic components. It projected operating income of 140.0 billion yen because of the beneficial effects of the personnel measures implemented and the structural reforms to its LSI device business and businesses outside of Japan.

Fujitsu projected net income of 45.0 billion yen for fiscal 2013, as it anticipated posting an extraordinary loss on restructuring charges stemming from an extension of the restructuring of its LSI device business that began in fiscal 2012.

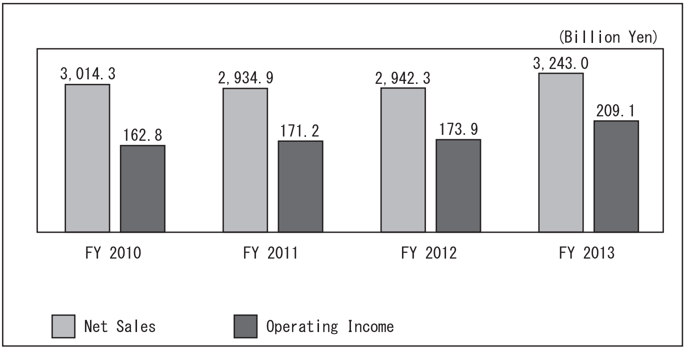
Actual results for net sales in fiscal 2013 exceeded projections by 212.4 billion yen. Although sales of mobile phones, servers, and electronic components fell short of projections, sales of services in Japan, as well as sales of network products and PCs, and sales in the Mobilewear sub-segment all exceeded projections, and sales also benefited from the weaker yen.

Actual results for operating income exceeded projection by 2.5 billion yen. Despite a large operating loss in mobile phones because of the impact of lower sales, results benefited from higher sales of services, network products, PCs, and Mobilewear an improvement in the profitability of LSI device exports because of the weaker yen, and the effects of company-wide cost efficiencies.

Because of higher operating income, actual results for ordinary income and net income exceeded projections by 5.6 billion yen and 3.6 billion yen, respectively.

c) Overview by Business Segment

Technology Solutions



※ Net Sales include intersegment sales.

Note:

The revised version of IAS 19 has been retrospectively applied to the financial figures presented for fiscal 2012 to provide a basis for comparison.

Net sales in the Technology Solutions segment for fiscal 2013 were 3,243 billion yen, a up of 10.2% from the previous fiscal year. Net sales in Japan amounted to 2,054.2 billion yen, up 6.1% year on year. Net sales outside Japan were 1,188.7 billion yen, up 18.2% year on year.

Operating income for the Technology Solutions segment was 209.1 billion yen, an increase of 35.1 billion yen compared to fiscal 2012.

Services

In the Services sub-segment, in fiscal 2013 progress was made in structural reforms to Fujitsu's subsidiaries outside Japan, there was an expansion in sales of solutions in Japan on a rebound in ICT spending by corporations and other organizations in Japan, and, in addition to enhancing its datacenter facilities, Fujitsu systematized its cloud and big data offerings, as well as other suites of products and services, and began offering suites of total solutions.

Net sales in the Services sub-segment were 2,627.2 billion yen in fiscal 2013, an increase of 10.1% over fiscal 2012. In Japan, sales of systems integration services increased, primarily in the public sector and financial services sector, as customers expanded their investment spending. Sales of infrastructure services also increased on a continuation of strong results in outsourcing services. Outside of Japan, sales rose because of the impact of the weaker yen, particularly sales of infrastructure services, but sales were essentially unchanged from the previous fiscal year on a constant currency basis.

Operating income was 151.1 billion yen, an increase of 26.5 billion yen from fiscal 2012. Although there were some unprofitable projects outside of Japan, operating income rose because of the impact of higher sales in Japan, the effects of personnel measures, the impact of structural reforms implemented in European subsidiaries and lower amortization expenses for goodwill.

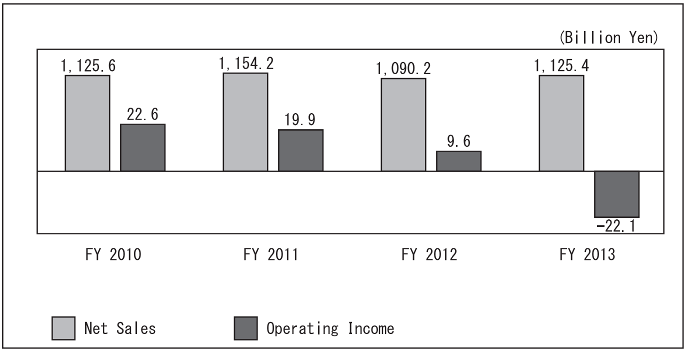
System Platforms

In the System Platforms sub-segment, Fujitsu strengthened its sales organizations for servers in and outside of Japan in the area of system products, and also promoted cost reductions, primarily in its x86 server business. In addition, in the area of network products, Fujitsu responded to the needs of telecommunications carriers to expend the coverage areas and to increase transmission speeds in their LTE services.

Net sales in the System Platforms sub-segment were 615.7 billion yen for fiscal 2013, an increase of 10.9% over fiscal 2012. In Japan, sales of mobile phone base stations and other network products increased on higher capital investments by telecommunications carriers, and server-related sales rose on the contributions of some large-scale systems deals with public sector customers. Outside Japan, sales rose by 19.9%, but sales were essentially unchanged from the previous fiscal year on a constant currency basis. Sales of optical transmission systems in North America increased on a rebound in investment spending by telecommunications carriers, but sales of new UNIX server models were weak.

Operating income was 57.9 billion yen, an increase of 8.6 billion yen over the previous fiscal year, primarily because of the impact of higher sales of network products in and outside of Japan.

Ubiquitous Solutions



※ Net Sales include intersegment sales.

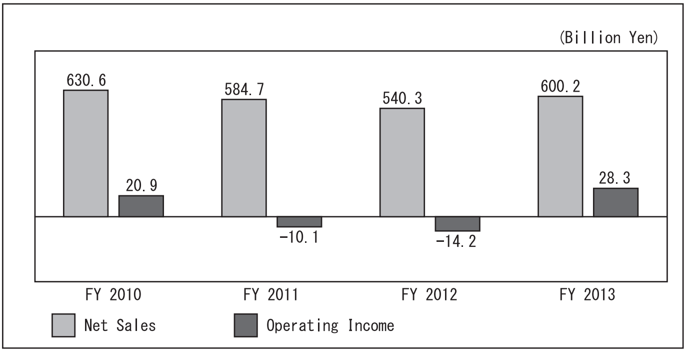
During fiscal 2013, to address such trends as a shrinking consumer market for conventional PCs and a change in the mobile phone sales strategies of telecommunication carriers, Fujitsu strengthened its product offerings, enhancing its line of tablet-type devices and launching new smartphones equipped with high-capacity batteries.

Net sales in the Ubiquitous Solutions segment for fiscal 2013 were 1,125.4 billion yen, an increase of 3.2% over fiscal 2012. Sales of PCs increased on higher enterprise demand in Japan for upgrades in conjunction with the ending of support for Windows XP. Sales of mobile phones declined on lower unit sales, primarily in the first half of the fiscal year. Sales of car audio and navigation equipment in the Mobilewear sub-segment increased because of a recovery in the number of new vehicles sold.

The segment recorded an operation loss of 22.1 billion yen, representing an erosion of 31.7 billion yen from fiscal 2012, despite the impact of higher sales of PCs and higher sales in the Mobilewear sub-segment, because of a significant decline in sales of mobile phones.

In its mobile phone business, with the aim of increasing productivity and creating a highly flexible production facility agile enough to withstand volume fluctuations, Fujitsu implemented structural reforms. It integrated two manufacturing subsidiaries, consolidating production at one location, and is streamlining operations through a shared development model, enabling resources to be reallocated to new business areas.

Device Solutions



※ Net Sales include intersegment sales.

During fiscal 2013, Fujitsu Semiconductor Limited, which runs Fujitsu's LSI device business, worked to strengthen its management fundamentals and made continued progress on structural reforms initiated in fiscal 2012 to the Fujitsu Group's semiconductor business. It sold its microcontroller and analog device business to Spansion Group. For its system LSI device business, it made progress in negotiations with Panasonic Corporation to integrate their businesses in a new company, and a memorandum of understanding was signed in which Development Bank of Japan, Inc. has agreed to contribute equity capital to the integrated new company.

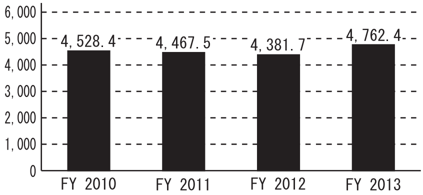
Net sales in the Device Solutions segment for fiscal 2013 were 600.2 billion yen, up 11.1% from fiscal 2012. In Japan, although sales of LSI devices used in smartphones increased, overall sales of LSI devices were lower, primarily because of lower sales of devices used in digital audio-visual equipment and IT equipment. In electronic components, while sales of semiconductor packages and batteries declined, sales of optical transceiver modules for telecommunications equipment increased, resulting in overall sales of electronic components being essentially unchanged from fiscal 2012. Sales outside Japan increased on higher sales of both LSI devices and electronic components, primarily because of the impact of the weaker yen. On a constant-currency basis, sales increased by 5%.

The segment recorded operating income of 28.3 billion yen, an improvement of 42.6 billion yen from fiscal 2012. In addition to the impact of lower overhead costs because of the structural reforms that were initiated in fiscal 2012, results benefited from the impact of an improvement in the profitability of exports as a result of the weaker yen.

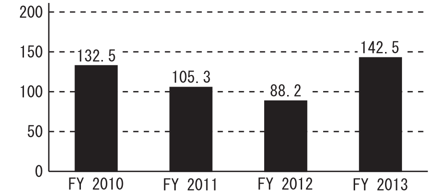
(4) Consolidated Asset and Profit (Loss) Situation for the Most Recent Three Fiscal Years

(Billion Yen)

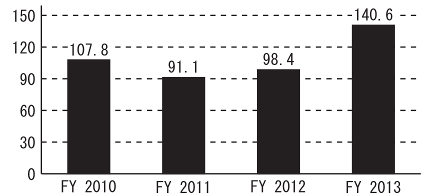
Net Sales



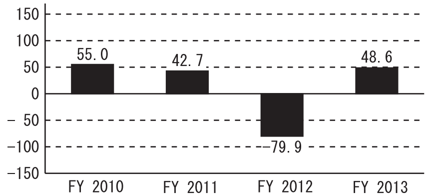
Operating Income



Ordinary Income



Net Income



Billion yen, except where stated

Fiscal Year (Business Period)	FY 2010 *(111th)*	FY 2011 *(112th)*	FY 2012 *(113th)*	FY 2013 *(Current period)*
Net sales	¥4,528.4	¥4,467.5	¥4,381.7	¥4,762.4
Japan Total (included in Net Sales)	2,941.0	2,961.4	2,883.5	2,960.9
Overseas Total (included in Net Sales)	1,587.3	1,506.0	1,498.2	1,801.4
Operating income	132.5	105.3	88.2	142.5
Ordinary income	107.8	91.1	98.4	140.6
Net income (loss)	55.0	42.7	-79.9	48.6
Net income (loss) per share [yen]	26.62	20.64	-38.62	23.49
Total assets	3,024.0	2,945.5	2,920.3	3,079.5
Net assets	953.7	966.5	752.4	702.4
Shareholders' equity per share [yen]	396.81	406.42	301.57	277.03
Free Cash Flow	113.4	49.1	-90.4	46.6

Note:

1. Free cash flow: Total of cash flows from operating and investing activities
2. The revised version of IAS 19 has been retrospectively applied to the financial figures presented for fiscal 2012 to provide a basis for comparison.

Billion yen

		FY 2010 *(111th)*	FY 2011 *(112th)*	FY 2012 *(113th)*	FY 2013 *(Current period)*
Technology Solutions	Net sales				
	Unaffiliated customers	¥2,927.6	¥2,864.6	¥2,890.3	¥3,192.9
	Intersegment	86.7	70.2	52.0	50.0
	Total	¥3,014.3	¥2,934.9	¥2,942.3	¥3,243.0
	Operating income	¥162.8	¥171.2	¥173.9	¥209.1
	[As % of sales]	[5.4%]	[5.8%]	[5.9%]	[6.4%]
Ubiquitous Solutions	Net sales				
	Unaffiliated customers	¥1,013.0	¥1,039.8	¥972.9	¥987.9
	Intersegment	112.5	114.4	117.2	137.4
	Total	¥1,125.6	¥1,154.2	¥1,090.2	¥1,125.4
	Operating income	¥22.6	¥19.9	¥9.6	¥(22.1)
	[As % of sales]	[2.0%]	[1.7%]	[0.9%]	[-2.0%]
Device Solutions	Net sales				
	Unaffiliated customers	¥545.7	¥515.8	¥483.8	¥547.7
	Intersegment	84.8	68.8	56.4	52.5
	Total	¥630.6	¥584.7	¥540.3	¥600.2
	Operating income (loss)	¥20.9	¥(10.1)	¥(14.2)	¥28.3
	[As % of sales]	3.3%	[-1.7%]	[-2.6%]	[4.7%]
Other/ Elimination and Corporate	Net sales (loss)				
	Unaffiliated customers	¥41.9	¥47.2	¥34.4	¥33.8
	Intersegment	(284.1)	(253.5)	(225.7)	(240.1)
	Total	¥(242.2)	¥(206.3)	¥(191.2)	¥(206.3)
	Operating income (loss)	¥(73.9)	¥(75.7)	¥(81.0)	¥(72.8)
	[As % of sales]	-	-	-	-
Total	Net sales				
	Unaffiliated customers	¥4,528.4	¥4,467.5	¥4,381.7	¥4,762.4
	Intersegment	-	-	-	-
	Total	¥4,528.4	¥4,467.5	¥4,381.7	¥4,762.4
	Operating income	¥132.5	¥105.3	¥88.2	¥142.5
	[As % of sales]	[2.9%]	[2.4%]	[2.0%]	[3.0%]

Note:

The revised version of IAS 19 has been retrospectively applied to the financial figures presented for fiscal 2012 to provide a basis for comparison.

Other/Elimination and Corporate

The "Other/Elimination and Corporate" category includes strategic expenses, such as expenditures on basic research that are not attributable to any reporting segment, as well as shared group management expenses along with Japan's Next-Generation Supercomputer Project, facility service and the development of information services for Fujitsu Group companies, and retirement and healthcare benefits for Fujitsu Group employees.

This segment recorded an operating loss of 72.8 billion yen, an improvement of 8.2 billion yen from fiscal 2012. This was on account of company-wide progress in generating cost efficiencies.

(5) Capital Expenditures

Capital expenditures in fiscal 2013 totaled 122.2 billion yen, an increase of 0.4% compared to fiscal 2012.

In the Technology Solutions segment, capital expenditures were 69.5 billion yen. Fujitsu expanded its datacenters in and outside of Japan and also made development investments for network products.

In the Ubiquitous Solutions segment, capital expenditures were 14.9 billion yen, primarily in production equipment for car audio and navigation equipment and, outside of Japan, in the construction of a new production facility.

In the Device Solutions segment, capital expenditures were 33.9 billion yen, primarily to increase the production capacity of semiconductor packages in the Electronic Components sub-segment.

Outside of the above segments, there were 3.7 billion yen in other capital expenditures.

(6) Capital Procurement

Pursuant to a resolution of the Board of Directors meeting held on September 26, 2013, financing was raised via the issuance of 80 billion yen worth of bonds (Series 32 unsecured bonds (30 billion yen), series 33 unsecured bonds (35 billion yen) and series 34 unsecured bonds (15 billion yen)) effective on October 16, 2013.

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

Article 40 of Fujitsu Limited’s Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu Limited’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, we aims to increase the distribution of profits to our shareholders when the financial base is sufficiently strong enough, including through share buybacks.

In its fiscal 2012 full-year non-consolidated results, Fujitsu posted large losses, including a loss on valuation of shares in affiliates and business restructuring charges, resulting in negative retained earnings. Accordingly, the company did not pay a year-end dividend for fiscal 2012 or an interim dividend in fiscal 2013.

Because of the implementation of a variety of measures, for the current period Fujitsu’s financial condition on a non-consolidated basis has recovered to a level at which dividend payments can be resumed. In consideration of the future sustainability of dividend payments, however, Fujitsu has decided to pay a year-end dividend of 4 yen per share.

Since no interim dividend was paid in fiscal 2013, annual dividend payments in fiscal 2013 consist only of the year-end dividend of 4 yen per share.

(8) Key Challenges Ahead

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. To achieve this vision, the Fujitsu Group strives for sustainable profit and growth, while continually enhancing its corporate value.

Against a backdrop of increasingly sophisticated data devices and networks, the use of ICT is growing in all areas of society and the economy. As a result, there has been an ongoing transformation in market structures, with the creation of new businesses that transcend traditional boundaries of industries. As consumer behavior changes and global competition accelerates, companies are increasingly employing new technologies to transform their businesses or gain competitive advantage. Expectations are high for the new role ICT can play in contributing to the creation of a prosperous society and the resolution of various social issues, such as disaster prevention, energy, the environment and medicine.

In this environment, the Fujitsu Group aims to become a globally integrated company with technology as its foundation. Moving forward on its own transformation, and supporting the business of its customers, the Fujitsu Group seeks to use ICT to contribute to the creation of a prosperous society. To do so, the company has envisioned three concepts for growth, as follows: strengthening its existing businesses, accelerating the globalization of its operations, and creating new services businesses.

To strengthen its existing businesses, Fujitsu is working to address underperforming businesses and implement comprehensive company-wide cost efficiencies, while enhancing its ability to keep pace with changes in the market environment and shifting resources into growth areas. To enable enterprise customers to quickly launch services, Fujitsu is bringing together everything from terminals and systems equipment to networks, focusing on integrated services that can be used as a single system.

With respect to accelerating the globalization of its operations, Fujitsu has adopted a matrix organization that, in addition to the business segments, divides the world into five geographic regions, and seeks to make further progress in promoting coordination across the globe, including Japan. In addition, while establishing an enhanced Global Delivery organization to meet customer needs, Fujitsu has also put in place a Global Headquarters to promote smoother business execution.

In creating new services businesses, in addition to providing services that enable companies to make effective use of their existing ICT assets, Fujitsu is promoting business innovations that leverage new technologies. At the same time, Fujitsu seeks to generate social innovation to help bring about the realization of its vision of a Human Centric Intelligent Society, a more prosperous society that will be comfortable for people. Toward that end, Fujitsu will continue its research and development focus on next-generation technologies.

As it strives to meet the challenges discussed above through focused daily effort, the Fujitsu Group will further pursue the transformation of its operations in order to continue to earn the confidence of customers and society as a global enterprise contributing to the creation of a pleasant and secure networked society.

(9) Research and Development

The Fujitsu Group conducts research and development on advanced technologies with the goal of bringing about a Human Centric Intelligent Society. Research and development spending in fiscal 2013 totaled 221.3 billion yen. Important results during the year are described below.

1. Development of user-interface technologies that enable natural linkages between services and human operation in the real world.

   - As examples of novel technologies that, through easy and intuitive operation, promote greater work and operational efficiencies on the front lines of business, Fujitsu has developed a glove-like wearable device that, triggered by the action of touching something, presents information, such as information on work procedures, and also developed an advanced interface that, using commodity cameras, enables highly-accurate, high-speed detection of fingers, thereby allowing touch-based operability in 3D space.

   Also, Fujitsu has developed technologies that interact with all the senses, including a haptic tablet that uses ultrasonic vibrations to vary the friction between a touchscreen panel and the user's fingers, inducing a sensation of bumpiness or smoothness, and a speech synthesis service that conveys easy-to-understand information using variations in voice and tone for more expressive speech.

2. Development of technologies that use massive volumes of heterogeneous data to uncover new knowledge.

   - Linked Open Data (LOD) is data published around the world with reciprocal links. Working with Ireland's INSIGHT Centre for Data Analytics, Fujitsu has taken the lead in developing a platform for collecting and storing LOD, and conducting fast batched searches over multiple sources of data to make it useful. For example, this could combine basic information about companies published as LOD (such as type of business and number of employees), financial information disclosed by each company (such as sales and income) and share prices, to instantly perform a multifaceted analysis of company results. This LOD utilization platform is made available at no charge as a search service implemented in the cloud. It ties in with Fujitsu's data-utilization business as well, and is being used to build a variety of new data-amalgamation services.

3. Development of security technologies allowing for data to be used safely.

   - Personal privacy, including personal information, needs to be protected when using many kinds of data. Fujitsu has developed a technology that can generate different biometric authentication data based on a person's palm-vein pattern, a unique one for each service the person uses. This ensures that even if one service suffers a data breach, a user can re-register and continue using the service. Fujitsu has also developed a technology that allows statistical processes and searches to be performed at high-speed on data while it remains in its encrypted state. This will make it possible for very private data, including DNA, biological information, medical records, and academic records, to be used more securely.

4. Development of technologies for optimizing ICT infrastructure through dynamic reconfigurations.

   - With an increasing number of sensors and other devices being connected to networks in the future, and with an explosion in the volume of data being transmitted over those networks, the rapid growth in network traffic volumes and high server processing loads are challenges. Fujitsu has developed a distributed-services platform technology for taking some processes or data in the cloud and automatically redistributing them to intermediate servers on a wide-area network, in response to a service's requirements. Optimizing these distributed processes can slash communications volumes by 99%, dramatically improving the service's responsiveness.

   Fujitsu has also developed the world's first technology that combines pooled CPUs, memory, and disks with high-speed interconnects to be able to provide users with the physical servers they need in as little as 10 minutes. The number of servers can be varied in response to application loads, for more efficient use of ICT resources.

5. Development of platform technologies that support prototyping and development work.

   To improve performance in next-generation servers and supercomputers, Fujitsu has developed clock-signal sending technologies that reduce the power consumption of transceiver circuits by 20% and allow high-speed communications circuits between CPUs to run on less power. Work is underway to apply this to products that use interfaces between boards that constitute servers.

   Fujitsu has also developed a technology for simulating large-scale magnetization reversals, a previously intractable problem, broadening the scope of use for supercomputers. This made it possible to analyze the magnetic domain structure of magnetic bodies in much greater detail than was possible with previous methods.

(10) Fujitsu Group Principal Offices and Plants (As of March 31, 2014)

a) Fujitsu Limited

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa
Global Headquarters	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Business offices (Sales)	Hokkaido Sales Division (Sapporo-shi), Tohoku Sales Division (Sendai-shi), Fukushima Sales Division (Fukushima-shi, Fukushima), Kanagawa Sales Division (Yokohama-shi), Kanto Sales Division (Saitama-shi), Chiba Sales Division (Chiba-shi), Niigata Sales Division (Niigata-shi), Nagano Sales Division (Nagano-shi, Nagano), Hokuriku Sales Division (Kanazawa-shi, Ishikawa), Tokai Sales Division (Nagoya-shi), Shizuoka Sales Division (Shizuoka-shi), Western Japan Business Unit (Osaka-shi), Kobe Sales Division (Kobe-shi), Kyoto Sales Division (Kyoto-shi), Sanin Sales Division (Matsue-shi, Shimane), Chugoku Sales Division (Hiroshima-shi), Shikoku Sales Division (Takamatsu-shi, Kagawa), Kyushu Sales Division (Fukuoka-shi)
Business offices (Software/Services)	Sapporo Systems Laboratory (Sapporo-shi), Aomori Systems Laboratory (Aomori-shi, Aomori), Ichigaya Office (Chiyoda-ku, Tokyo), Takeshiba Office (Minato-ku, Tokyo), Toranomon Office (Minato-ku, Tokyo), World Trade Center Building (Minato-ku, Tokyo), Fujitsu Solution Square (Ohta-ku, Tokyo), Musashi Kosugi Tower Place (Kawasaki-shi), Musashi Kosugi Office (Kawasaki-shi), 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), Oyama Plant (Oyama-shi, Tochigi), Nasu Plant (Otawara-shi, Tochigi), Numazu Plant (Numazu-shi, Shizuoka), Akashi Research & Manufacturing Facilities (Akashi-shi, Hyogo)

b) Subsidiaries

As described in (2) The Fujitsu Group on page A-4.

(11) Employees (As of March 31, 2014)

a) Employees of Fujitsu Group

Segment	*Number of employees*	*Change from end of fiscal 2012*
Technology Solutions	118,358	-3,102
Ubiquitous Solutions	15,588	139
Device Solutions	21,174	-3,242
Corporate and others	7,273	-135
Total	162,393	-6,340

b) Employees of Fujitsu Limited

Segment	*Number of employees*	*Change from end of fiscal 2012*
Technology Solutions	19,825	357
Ubiquitous Solutions	2,425	-32
Corporate and others	3,366	-135
Total	25,616	190

Average age	42.9	*Average years of employment*	19.6

(12) Principal Lenders (As of March 31, 2014)

Lender	*Loan amount (million yen)*
Mitsubishi UFJ Trust and Banking Corporation	36,688
Development Bank of Japan Inc.	30,081
Mizuho Trust & Banking Co., Ltd.	30,000
Mizuho Bank, Ltd.	19,004
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,744

2.Company Overview

(1) Stock (As of March 31, 2014)

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: 164,259 (19,706 decrease from the end of FY2012)

e) Principal Shareholders

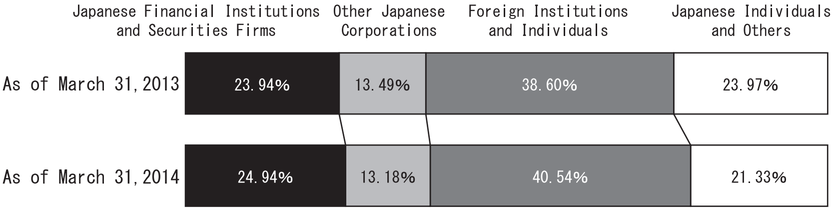
Name	*Shareholder's investment in Fujitsu Limited*		*Fujitsu Limited's investment in the shareholders*	
	Number of shares held (thousands)	*Percentage of shares held (%)*	*Number of shares held (thousands)*	*Percentage of shares held (%)*
Fuji Electric Co., Ltd.	228,391	11.04	74,333	10.40
State Street Bank and Trust Company	107,216	5.18	-	-
The Master Trust Bank of Japan, Ltd. (for trust)	106,230	5.13	-	-
Japan Trustee Services Bank, Ltd. (for trust)	74,897	3.62	-	-
Fujitsu Employee Shareholding Association	56,664	2.74	-	-
Mizuho Bank, Ltd.	36,963	1.79	-	-
Asahi Mutual Life Insurance Company	35,180	1.70	-	-
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	28,970	1.40	-	-
State Street Bank and Trust Company 505225	25,134	1.21	-	-
State Street Bank West Client Treaty	22,850	1.10	-	-

Notes:

1. The Percentage of shares held is calculated after exclusion of treasury stock holdings.
2. 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.
3. Of the shares held by Fuji Electric Co., Ltd., 118,892 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 Fuji Electric Co., Ltd.

   The shares of Fujitsu Limited held by Fuji Electric Co., Ltd. and its consolidated subsidiaries are total 231,875 thousand shares (representing an ownership stake of 11.21%), including 118,892 thousand shares held as retirement benefit trust assets.
4. Mizuho Corporate Bank, Ltd. merged with Mizuho Bank, Ltd. on July 1, 2013, at which time it changed its official name to Mizuho Bank, Ltd.. Of the shares held by it, 4,250 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 Bank, Ltd.

f) Equity Shareholdings by Type of Shareholder



Note:

The 118,892 thousand shares of Fujitsu Limited stock held by Fuji Electric Co., Ltd. and its consolidated subsidiaries as retirement benefit trust assets are categorized under the shareholdings of "Other Japanese Corporations".

(2) The status of Stock Acquisition Right

1. As of March 31, 2014, no Stock Acquisition Right has been granted as part of the compensation paid to Directors and Audit & Supervisory Board Members.
2. No Stock Acquisition Right was granted in fiscal 2013 as part of the compensation paid to employees.

(3) Management

a) Directors

Position	*Name*	*Areas of responsibility*	*External Director*	*Independent Director*2*
Chairman and Director	Michiyoshi Mazuka	Chairman of the Board of Directors' meeting, Member of the Executive Nomination Committee and Compensation Committee	—	—
President and Representative Director	Masami Yamamoto		—	—
Corporate Senior Executive Vice President and Representative Director	Masami Fujita	President, Corporate Functions	—	—
	Hideyuki Saso	CTO (Chief Technology Officer) CMO (Chief Marketing Officer)	—	—
Corporate Executive Vice President and Director	Kazuhiko Kato	CFO (Chief Financial Officer)	—	—
	Hirokazu Uejima	President, Integration Services Business	—	—
	Chikafumi Urakawa	President, Japan Sales	—	—
Director	Haruo Ito		○	○
	Takashi Okimoto		○	○
	Shotaro Yachi	Chairman of the Executive Nomination Committee and Compensation Committee (until December 31, 2013)	○	○
	Tatsuzumi Furukawa	Chairman of the Executive Nomination Committee and Compensation Committee (since January 1, 2014)	—	—
	Miyako Suda		○	○

Audit & Supervisory Board Members

Position	*Name*	*Areas of responsibility*	*External member*	*Independent member*2*
Audit & Supervisory Board Member	Masamichi Ogura		—	—
	Akihiko Murakami		—	—
Audit & Supervisory Board Member (External)	Megumi Yamamuro	Member of the Executive Nomination Committee and Compensation Committee	○	○
	Hiroshi Mitani		○	○
	Koji Hatsukawa		○	○

Notes:

1. As of March 31, 2014. Information concerning Director Shotaro Yachi is as of December 31, 2013.
2. The company's determination of independence is based on the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange.
3. Director Chikafumi Urakawa concurrently serves as an external director for TSUZUKI DENKI CO.,LTD..
4. Audit & Supervisory Board Member Masamichi Ogura has lengthy experience with the company, including former service as the company's Chief Financial Officer, and he has extensive knowledge of finance and

accounting. He concurrently serves as an Audit & Supervisory Board Member (External) for Advantest Corporation and Fujitsu General Limited. Audit & Supervisory Board Member Hiroshi Mitani served as a Public Prosecutor and as a Commissioner of the Fair Trade Commission, and because of his deep experience in economic affairs, he has extensive knowledge of finance and accounting. Audit & Supervisory Board Member Koji Hatsukawa has a wealth of experience in auditing global companies as a Certified Public Accountant, and he has extensive knowledge about finance and accounting.

5. Director Shotaro Yachi resigned as Director as of December 31, 2013.
6. Hideyuki Saso resigned as Corporate Senior Executive Vice President and Representative Director as of March 31, 2014. Kazuhiko Kato and Hirokazu Uejima resigned as Corporate Executive Vice President as of March 31, 2014. Their current positions are Directors.

b) Compensation of Directors and Audit & Supervisory Board Members

Section	*No. of qualified persons*	*Types of Compensation (Million yen)*				*Amount Paid (Million yen)*
		Base compensation	*Stock-based compensation*	*Bonuses*	*Miscellaneous*	
a.Directors	16	326	38	89	—	453
b.External Directors (included in a.)	5	45	—	—	—	45
c.Audit & Supervisory Board Members	6	107	—	—	—	107
d.Audit & Supervisory Board Members (External) (included in c.)	4	41	—	—	—	41

Notes:

1. Includes Directors and Audit & Supervisory Board Member who resigned in fiscal 2013.
2. The limit on compensation to Directors was resolved to be 600 million yen per year, at the 106th Annual Shareholders' Meeting held on June 23, 2006, and the limit on compensation to Audit & Supervisory Board Member was resolved to be 150 million yen per year at the 111th Annual Shareholders' Meeting held on June 23, 2011. The Company is paying the compensation shown in the above table, which is within these limits.

c) Policy on the Determination of Executive Compensation

To make its executive compensation systems even more transparent, Fujitsu established a Compensation Committee based on a corporate resolution of the Board of Directors in October 2009.

The Compensation Committee is designed to establish effective incentives to secure highly-talented human resources and improve business performance. Taking into consideration compensation levels at other companies in the same industry, it submits proposed appropriate based salary levels and methods for calculating performance-bonus to the Board of Directors. Executive compensation is determined in accordance with revisions to the Executive Compensation Policy recommended by the Compensation Committee and adopted at a Board of Directors meeting held in April 2011.

Executive Compensation Policy

To secure exceptional human resources required to manage the Fujitsu Group as a global ICT company, and to further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, Fujitsu establishes its Executive Compensation Policy as follows.

Executive compensation is comprised of the following: “Base Compensation,” specifically a fixed monthly salary in accordance with position and responsibilities; “Stock-based Compensation,” which is a long-term incentive that emphasizes a connection to shareholder value; and “Bonuses” that are compensation linked to short-term business performance.

Base Compensation

・Base compensation is paid to all directors and Audit & Supervisory Board Members, in accordance with position and responsibilities, as compensation for work responsibilities with regard to management oversight and the carrying out of executive responsibilities.

Stock-based Compensation

・Stock-based compensation, intended for directors responsible for carrying out executive duties, is a long-term performance incentive, with the amount to be paid determined based on a qualitative evaluation of medium- to long-term initiatives.

・Stock-based compensation is to be paid for the purchase of the company’s own shares. These purchases are to be made through the Director Stock Ownership Plan. Shares purchased for this purpose are to be held by each director for the term of his or her service.

Bonuses

・Bonuses are short-term performance incentives to be paid to directors who carry out executive responsibilities. The amount of a bonus is to reflect business performance in the respective fiscal year.

・As a specific method to calculate a bonus, Fujitsu will adopt a “Profit Sharing model” which uses consolidated operating income and consolidated net income as an index. However, bonuses will not be paid in the event of negative net income recorded under non-consolidated accounting.

In accordance with a resolution of the Annual Shareholders’ Meeting, the total amount of Base Compensation, Stock-based Compensation and Bonuses shall not exceed 600 million yen per year for directors and 150 million yen per year for Audit & Supervisory Board Members.

(Reference)

<table>
<tr><th rowspan="2">Category</th><th colspan="2">Base Compensation</th><th rowspan="2">Stock-based Compensation</th><th rowspan="2">Bonuses</th></tr>
<tr><th>Management Supervision Portion</th><th>Management Execution Portion</th></tr>
<tr><td>Director</td><td>○</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Executive Director</td><td>○</td><td>○</td><td>○</td><td>○</td></tr>
<tr><td>Audit & Supervisory Board Member</td><td colspan="2">○</td><td>—</td><td>—</td></tr>
</table>

d) External Directors and Audit & Supervisory Board Members (External)

1) Concurrent Positions of External Directors and Audit & Supervisory Board Members (External)

Section	*Name*	*Companies at which concurrent positions are held and the positions held*
External Director	Haruo Ito	Senior Advisor, Fuji Electric Co., Ltd. External Director, Toko Electric Corporation External Director, ZEON Corporation
	Takashi Okimoto	President and Representative Director, Chuo Real Estate Co., Ltd. Audit & Supervisory Board Member (External), Kobe Steel, Ltd. Audit & Supervisory Board Member (External), Shindengen Electric Manufacturing Co., Ltd.
	Shotaro Yachi	Special Advisor to the Cabinet External Director, SEIREN Co., Ltd.
	Miyako Suda	Special Adviser, the Canon Institute for Global Studies
Audit & Supervisory Board Member (External)	Megumi Yamamuro	Special Counsel, URYU & ITOGA Audit & Supervisory Board Member (External), Advantest Corporation Audit & Supervisory Board Member (External), NIFTY Corporation Audit & Supervisory Board Member (External), Yachiyo Industry Co., Ltd.
	Hiroshi Mitani	Special Counsel, TMI Associates Audit & Supervisory Board Member (External), Nabtesco Corporation
	Koji Hatsukawa	Audit & Supervisory Board Member, the Norinchukin Bank Audit & Supervisory Board Member (External), Accordia Golf co., Ltd.

Notes:

1. As of March 31, 2014. Information concerning Director Shotaro Yachi is as of December 31, 2013.
2. Director Haruo Ito is a Senior Advisor to Fuji Electric Co., Ltd., which is a major shareholder of Fujitsu. The Fuji Electric Group, including its retirement benefit trusts, as a whole holds an 11.21% equity stake in Fujitsu, and Fujitsu holds a 10.40% equity stake in Fuji Electric (equity stake percentages are calculated excluding treasury stock). Fujitsu and Fuji Electric do have business dealings, which in fiscal 2013 amounted to approximately 5.0 billion yen. In light of the scale of Fujitsu's sales, however, this is not considered material.
3. Director Takashi Okimoto is a Representative Director of Chuo Real Estate Co., Ltd. Fujitsu and Chuo Real Estate do have business dealings, which in fiscal 2013 amounted to approximately 40 million yen. In light of the scale of Fujitsu's sales, however, this is not considered material.
4. Audit & Supervisory Board Member Megumi Yamamuro is also an Audit & Supervisory Board Member (External) of Advantest Corporation. Fujitsu holds shares of Advantest in the trust for its retirement benefit plan. Fujitsu has voting rights for these shares amounting to 11.57% of the voting rights for Advantest shares. Fujitsu and Advantest do have business dealings, which in fiscal 2013 amounted to approximately 1.1 billion yen. In light of the scale of Fujitsu's sales, however, this is not considered material.
5. Director Shotaro Yachi resigned as Director as of December 31, 2013.
6. Toko Electric Corporation, Zeon Corporation, Kobe Steel, Ltd., Shindengen Electric Manufacturing Co., Ltd., Seiren Co., Ltd., Yachiyo Industry Co., Ltd., Nabtesco Corporation, the Norinchukin Bank and Accordia Golf co., Ltd. are all companies with which Fujitsu has business dealings.

2) Activities of External Directors and Audit & Supervisory Board Members (External)

Section	*Name*	*Activities*
External Director	Haruo Ito	Attended 93% of the Board of Directors' meetings held during the period under review and made comments based on his deep insight into the businesses of the Company.
	Takashi Okimoto	Attended 93% of the Board of Directors' meetings held during the year under review and made comments based on his deep insights into finance.
	Shotaro Yachi	Until resignation, attended 100% of the Board of Directors' meetings, and mainly contributed comments on a global perspective based upon his extensive knowledge of international affairs.
	Miyako Suda	Attended 100% of the Board of Directors' meetings, and mainly contributed comments on a global perspective based upon her extensive knowledge of international macroeconomics and monetary policy.
Audit & Supervisory Board Member (External)	Megumi Yamamuro	Attended 93% of Board of Directors' meetings and 100% of the Audit & Supervisory Board meetings held during the period under review. He made comments at the Board of Directors' meetings and the Audit & Supervisory Board meetings from his specialized viewpoint as an attorney.
	Hiroshi Mitani	Attended 100% of both the Board of Directors' meetings and the Audit & Supervisory Board meetings held during the period under review. He made comments at the Board of Directors' meetings and the Audit & Supervisory Board meetings from the deep insight of the circumstances faced by corporate executives, encompassing economic and societal issues as well as legal matters.
	Koji Hatsukawa	Attended 100% of both the Board of Directors' meetings and the Audit & Supervisory Board meetings. He made comments at the Board of Directors' meetings and the Audit & Supervisory Board meetings from the standpoint of an expert in matters relating to finance and accounting based on his wealth of experience in auditing global companies.

Notes:

1. The Company convened the Board of Directors' meetings 15 times (of which 3 were special meetings) and the Audit & Supervisory Board meetings 7 times during the period under review.
2. Director Shotaro Yachi resigned as Director as of December 31, 2013.

3) Total Compensation Received by External Directors or Audit & Supervisory Board Members (External) from Subsidiaries as Directors or Audit & Supervisory Board Members of the Subsidiaries

Section	*No. of qualified persons*	*Amount Paid (Million yen)*
Audit & Supervisory Board Member (External)	1	7

4) Overview of Liability Limitation Agreement

The Company has entered into agreements limiting liability for damages under Clause 1, Article 423 of the Companies Act with respect to External Directors and Audit & Supervisory Board Members (External). The maximum liability for damages in accordance with the relevant agreement is the minimum liability stipulated by the Companies Act. The said limitation of liability is applicable only to the instances in which the actions of External Directors or Audit & Supervisory Board Members (External), in their official capacities, that gave rise to such liabilities were in good faith and without gross negligence.

e) Other matters regarding management

Fujitsu has established the Executive Nomination Committee and a Compensation Committee as advisory bodies on its Board of Directors to ensure the transparency and objectivity of its process for nominating Directors and Audit & Supervisory Board Members and its process for determining executive compensation as well as to ensure the fairness of the method and level of executive compensation.

The Executive Nomination Committee deliberates about candidates for Director and Audit & Supervisory Board Member positions based on Fujitsu's Approach to Corporate Governance (*) and made its recommendations to the Board of Directors. In addition, The Compensation Committee is designed to establish effective incentives to secure highly-talented human resources and improve business performance. Taking into consideration compensation levels at other companies in the same industry, it submits proposed appropriate based salary levels and methods for calculating performance-bonus to the Board of Directors.

The members for both committees are as follows:
Chairman : Tatsuzumi Furukawa
Other Members: Michiyoshi Mazuka, Megumi Yamamuro

(*)Please refer to Page 4.

(4) Accounting Auditors

a) Name of the Accounting Auditor: Ernst & Young ShinNihon LLC

b) Remuneration to be Paid to the Accounting Auditors

(Million yen)

(1) Amount of remuneration, etc. as an accounting auditor for the fiscal year under Review	559
(2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	1,363

Notes:

1. The Company does not clearly differentiate the amounts of compensation for an audit under the Companies Act from an audit under the Financial Instruments and Exchange Act, the Amount stated (1) thus includes the compensation for the audit under the Financial Instruments and Exchange Act.
2. Some subsidiaries of the Company receive an audit from an audit corporation other than the accounting 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 Accounting Auditor

When it is considered that the accounting auditor falls under any of the items stipulated in Clause 1, Article 340 of the Companies Act, the Company will dismiss the accounting auditor subject to the unanimous consent of Audit & Supervisory Board Members. 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 accounting auditor, the Board of Directors will propose to dismiss or refuse the reappointment of the accounting auditor to a general meeting of shareholders, subject to the consent or request of the Audit & Supervisory Board.

(5) System for Ensuring Properness of Operations

The Board of Directors resolved pursuant to Clause 5 of Article 362 of the Companies Act on the Basic Stance on Internal Control Framework which are prescribed in Item 6 of Clauses 4, Article 362 of the Companies Act and in each Item of Clause 1 and 3, Article 100 of the Enforcement Regulations of the Companies Act.

Basic Stance on Internal Control Framework

1. Objective

To continuously increase the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risks arising from business activities. Recognizing this, the Directors who are entrusted with the management of the Company by the shareholders, present to the shareholders, who have entrusted authority in them, the basic stance regarding a) how to practice and promote the FUJITSU Way, the principles that underlie the Fujitsu Group's conduct, and b) what systems and rules are used to pursue management efficiency and control the risks arising from the Company's business activities in the application of their management approach, as described below.

2. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently

(1) Management Execution Decision-Making and Management Execution Structure

a. The Company has Corporate Executive Officers and Executive Vice Presidents (hereafter, the Representative Directors, Corporate Executive Officers, and Executive Vice Presidents are referred to collectively as "Senior Management") who share management execution authority with the President and Representative Director, and the Corporate Executive Officers and Executive Vice Presidents carry out decision-making and management execution in accordance with their responsibilities.

b. The Company has a Chief Financial Officer who is responsible for managing finance and accounting for the Fujitsu Group.

c. The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the President and Representative Director in decision-making.

d. The President and Representative Director puts in place systems and procedures (Management Council rules, systems for approvals and reaching decisions) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.

e. The President and Representative Director reports financial and business results at each regularly-scheduled meeting of the Board of Directors, makes periodic reports to the Board of Directors on the operational status of "Basic Stance on Internal Control Framework," and receives confirmation that operations are being undertaken correctly.

(2) System to Promote More Efficient Operations

a. The Company has an organization that uses reforms to the Fujitsu Group's business processes to promote higher productivity, lower costs, and expenditure controls, and it pursues more efficient management.

3. Rules and Other Systems Relating to Managing the Risk of Losses

(1) System for Managing the Risk of Losses in General

a. The Company aims to maintain the business continuity of the Fujitsu Group, increase its corporate value, and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, the Company has a Risk Management & Compliance Committee, which overseas risk management for the entire Fujitsu Group. The Company also assigns certain departments to be responsible for specific kinds of risks, and has appropriate systems in place for risk management.

b. The Risk Management & Compliance Committee constantly assesses and verifies risks that might cause losses to the Fujitsu Group. When risks are identified in business operations, it works to control the risk, such as by formulating preventative measures, and attempts to minimize the loss that might result.

c. To minimize losses from any risks that arise, the Risk Management & Compliance Committee, through the systems described in paragraph “a” above, periodically analyzes any risks that have arisen, reports on them to the Board of Directors and any other relevant person or organization, and takes action to prevent a recurrence of such risks.

(2) Systems for Managing the Specific Risks of Losses

In addition to the Risk Management & Compliance Committee, the Company has risk management systems that include the following to deal with specific risks of losses it identifies in its business operations.

a. Risk Management System for Defects in Products and Services
- The Company has a quality-assurance system designed to analyze defects in Fujitsu Group products and services and prevent them from recurring. In particular, it has an organization that continuously works to improve quality, contracts, and rules to ensure that social infrastructure systems run reliably.

b. Management System for Contracted Development Projects
- To prevent the emergence of unprofitable projects among its contracted development projects, such as systems integration projects, the Company has a specialized organization that monitors risks relating to project negotiations and project execution.
- This specialized organization creates a monitoring process for contract amounts, contract terms, quality, expenses, deadlines and other relevant items, and monitors projects under consistent conditions.
- Based on the results of this monitoring, the specialized organization issues corrective recommendations to relevant projects.

c. Security System
- The Company has an organization to deal with cyber-terrorism, unauthorized use, and data breaches in the services it provides.

(3) Responses to Management Risks

a. System to Manage Financial Risks
- Financial risks are under the purview of the Chief Financial Officer.

b. Systems to Manage Other Forms of Management Risk
- Other forms of Management risks, including market trends and price competition, are handled by each department according to a division of responsibilities established by the President and Representative Director.

4. Systems to Ensure that Business Execution of Directors and Employees Complies with Laws, Regulations and Articles of Incorporation

(1) Compliance System

a. Senior Management adheres to the Code of Conduct in the FUJITSU Way as a basic philosophy for compliance issues, including compliance with laws, regulations and the articles of incorporation, and proactively promotes the Group's overall compliance based upon its ethics as Senior Management.

b. The Risk Management & Compliance Committee has purview over compliance matters for the Fujitsu Group, which it executes as follows.
- It ensures scrupulous adherence to the Code of Conduct in the FUJITSU Way among all Fujitsu Group employees through ongoing educational efforts.
- It clarifies the laws and regulations that relate to the Fujitsu Group’s business activities and establishes internal rules, education, and oversight systems to ensure compliance with them to promote compliance throughout the Group.
- When Senior Management or employee recognizes a serious compliance violation or when a situation may appear to present one relating to the performance of the responsibilities of Senior Management or an employee, the Risk Management & Compliance Committee makes such person immediately report such fact to the Committee via the normal chain of command.
- To ensure that compliance problems can be discovered quickly and handled appropriately through an alternative communications channel apart from the normal chain of command, it establishes and operates an internal reporting system that safeguards the reporter.

- The Risk Management & Compliance Committee immediately reports serious compliance violations or situations that may appear to present one to the Board of Directors and any other relevant person or organization.

(2) System to Ensure Proper Financial Reporting

a. The Company has, apart from the organization that prepares financial reports, an organization under the Chief Financial Officer responsible for establishing, operating, and evaluating internal control over Fujitsu Group financial reporting, to ensure the effectiveness and reliability of financial reports.
b. These organizations create unified accounting policies shared throughout the Fujitsu Group and rules for establishing, operating, and evaluating internal control over financial reporting.
c. The organization responsible for establishing, operating, and evaluating internal control over financial reporting periodically reports to the Board of Directors and any other relevant person or organization the results of evaluations of the effectiveness the internal control.

(3) System for Information Disclosure

The Company has a system to ensure timely and fair disclosure of company information.

(4) Internal Auditing System

a. The Company has an organization that conducts internal audits of business execution (the "Internal Auditing Organization"), and ensures its independence.
b. The Internal Auditing Organization establishes internal auditing rules and conducts audits based on those rules.
c. The Internal Auditing Organization liaises with internal auditing organizations in other Group companies to internally audit the Fujitsu Group as a whole.
d. The results of internal audits are periodically reported to the Board of Directors, Audit & Supervisory Board and other relevant person or organization of the Company and of other relevant Group companies.

5. System for Storing and Managing Information in Accordance with the Execution of Directors' Responsibilities

a. Senior Management assigns people with the responsibility for storing and managing documents, and, in accordance with internal rules, appropriately stores and manages the following documents (including electronic records) related to the execution of Senior Management' responsibilities, along with other important information.
   - Minutes of Annual Shareholders' Meetings and related materials.
   - Minutes of Board of Directors' meetings and related materials
   - Other minutes and related materials involved in important decision-making meetings.
   - Approval documents and related materials involving Senior Management decisions.
   - Other important documents that relate to the performance of Senior Management's responsibilities.
b. To verify the status of management execution, the Directors and Audit & Supervisory Board Members have access at any time to the documents in paragraph "a" above, and people with the responsibility for storing and managing documents establish systems to enable Directors Audit & Supervisory Board Members to access the documents at any time in response to requests for the documents by Directors or Audit & Supervisory Board Members.

6. System to Ensure the Properness of Fujitsu Group Operations

a. In addition to creating and instituting the above systems and rules for the Fujitsu Group, the Company provides direction, support, and oversight of the creation of efficient, legal, and proper business execution systems of other Group companies.
b. The Company institutes the Fujitsu Group Management Policy to define the roles, responsibilities, scope of authority, decision-making methods, application of shared rules and other items relating to Group management for each company in the Group.

c. The President and Representative Director determines the departments with oversight responsibility for each Group company, and the Corporate Executive Officers assigned with executive responsibility over those departments, through each Group company's Representative Director, implement paragraph "a" above and make each Group company adhere to the Fujitsu Group Management Policy.

d. The Senior Management of the Company and other Group companies share information on Fujitsu Group management strategies and on issues relating to the achievement of Group goals through periodical meetings or other sufficient measures, and cooperate on Group business management.

7. System to Ensure the Properness of Audits by the Audit & Supervisory Board Members

(1) Ensuring the Independence of Audit & Supervisory Board Members

a. The Company has an Auditing Support Division with employees assigned to assist Audit & Supervisory Board Members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board Members are assigned to the Division.

b. In order to ensure the independence of the employees in the Auditing Support Division, Senior Management determines personnel matters relating to their appointment, transfer and compensation in prior consultation with the Audit & Supervisory Board Members.

c. In principle, Senior Management does not assign employees in the Auditing Support Division to other divisions or duties. In instances, however, where a need arises to give dual assignments to employees with specialized knowledge in response to requests from Audit & Supervisory Board Members, care is given to ensuring their independence in accordance with paragraph "b" above.

(2) Reporting System

a. Senior Management of Fujitsu and Group companies provides the Audit & Supervisory Board Members with the opportunity to attend important meetings.

b. In cases where risks arise that could affect management or financial results, or when there is an awareness of major compliance violations, or the possibility of major compliance violations, in connection with the execution of business activities, Senior Management of Fujitsu and Group companies immediately report them to the Audit & Supervisory Board Members.

c. Senior Management of Fujitsu and Group companies periodically report to the Audit & Supervisory Board Members on the status of business execution.

(3) Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members

a. Senior Management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board Members.

b. The Internal Auditing Organization periodically reports audit results to the Audit & Supervisory Board Members.

Consolidated Balance Sheet

(As of March 31, 2014)

		Million Yen
Assets		
Current assets:		
Cash and deposits	Y	234,590
Notes and accounts receivable, trade		991,071
Marketable securities		71,060
Finished goods		131,330
Work in process		106,368
Raw materials		92,504
Deferred tax assets		81,360
Others		168,998
Allowance for doubtful accounts		(10,824)
Total current assets		1,866,457
Non-current assets:		
Property, plant and equipment, net of accumulated depreciation:		
Buildings		274,072
Machinery		83,834
Equipment		129,666
Land		107,672
Construction in progress		24,382
Total property, plant and equipment		619,626
Intangible assets:		
Software		135,702
Goodwill		27,503
Others		23,046
Total intangible assets		186,251
Investments and other non-current assets:		
Investment securities		187,389
Net defined benefit asset		2,715
Deferred tax assets		104,688
Others		114,400
Allowance for doubtful accounts		(1,992)
Total other non-current assets		407,200
Total non-current assets		1,213,077
Total assets	Y	3,079,534

		Million Yen
Liabilities and net assets		
Liabilities		
Current liabilities:		
Notes and accounts payable, trade	Y	641,211
Short-term borrowings		69,079
Current portion of bonds payable		60,000
Lease obligations		13,549
Accrued expenses		339,836
Accrued income taxes		20,263
Provision for product warranties		20,920
Provision for construction contract losses		16,497
Provision for bonuses to board members		89
Provision for restructuring charges		34,483
Provision for environmental measures		2,894
Others		243,536
Total current liabilities		1,462,357
Long-term liabilities:		
Bonds payable		230,300
Long-term borrowings		160,261
Lease obligations		27,579
Deferred tax liabilities		11,428
Deferred tax liabilities for land revaluation		503
Provision for loss on repurchase of computers		11,201
Provision for product warranties		2,157
Provision for recycling expenses		1,889
Provision for restructuring charges		15,481
Provision for environmental measures		5,145
Net defined benefit liability		386,294
Others		62,490
Total long-term liabilities		914,728
Total liabilities		2,377,085
Net assets		
Shareholders' equity:		
Common stock		324,625
Capital surplus		236,429
Retained earnings		313,598
Treasury stock		(422)
Total shareholders' equity		874,230
Accumulated other comprehensive income:		
Unrealized gain and loss on securities, net of taxes		35,792
Deferred gains or losses on hedges		22
Revaluation surplus on land		2,434
Foreign currency translation adjustments		(17,700)
Remeasurements of defined benefit plans, net of tax		(321,567)
Total accumulated other comprehensive income		(301,019)
Subscription rights to shares		82
Minority interests		129,156
Total net assets		702,449
Total liabilities and net assets	Y	3,079,534

Consolidated Income Statements

(Year ended March 31, 2014)

		Million Yen
Net sales	Y	4,762,445
Cost of sales		3,493,246
Gross profit		1,269,199
Selling, general and administrative expenses		1,126,632
Operating income		142,567
Other income:		
Interest income		1,998
Dividend income		3,266
Equity in earnings of affiliates, net		6,546
Gain on foreign exchange, net		4,101
Gain on sales of investment securities		6,847
Gain on sales of property, plant and equipment and intangible assets		4,726
Others		7,038
Total other income		34,522
Other expenses:		
Interest expense		6,553
Loss on disposal of property, plant and equipment and intangible assets		3,581
Environmental expenses		2,683
Restructuring charges		31,176
Loss on reversal of foreign currency translation adjustments		21,651
Impairment loss		6,482
Others		12,029
Total other expenses		84,155
Income before income taxes and minority interests		92,934
Income taxes:		
Current		35,040
Deferred		2,021
Total income taxes		37,061
Income before minority interests		55,873
Minority interests		7,263
Net income	Y	48,610

Consolidated Statements of Changes in Net Assets

（Year ended March 31, 2014）

(Million Yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	324,625	236,429	271,855	(340)	832,569
Cumulative effects of changes in accounting policies			(7,006)		(7,006)
Beginning balance - currently stated	324,625	236,429	264,849	(340)	825,563
Increase (Decrease) during the period					
Net income			48,610		48,610
Purchase of treasury stock				(84)	(84)
Disposal of treasury stock				2	2
Change in scope of consolidation			(10)		(10)
Reversal of revaluation reserve for land			149		149
Net increase (decrease) during the period, except for items under shareholders' equity					
Total			48,749	(82)	48,667
Ending balance	324,625	236,429	313,598	(422)	874,230

	Accumulated other comprehensive income					
	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedges, net of taxes	Revaluation surplus on land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans, net of taxes	Total accumulated other comprehensive income
Beginning balance	25,070	(38)	2,583	(78,768)		(51,153)
Cumulative effects of changes in accounting policies				(641)	(149,724)	(150,365)
Beginning balance - currently stated	25,070	(38)	2,583	(79,409)	(149,724)	(201,518)
Increase (Decrease) during the period						
Net income						
Purchase of treasury stock						
Disposal of treasury stock						
Change in scope of consolidation						
Reversal of revaluation reserve for land						
Net increase (decrease) during the period, except for items under shareholders' equity	10,722	60	(149)	61,709	(171,843)	(99,501)
Total	10,722	60	(149)	61,709	(171,843)	(99,501)
Ending balance	35,792	22	2,434	(17,700)	(321,567)	(301,019)

	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Beginning balance	80	128,313	909,809
Cumulative effects of changes in accounting policies			(157,371)
Beginning balance - currently stated	80	128,313	752,438
Increase (Decrease) during the period			
Net income			48,610
Purchase of treasury stock			(84)
Disposal of treasury stock			2
Change in scope of consolidation			(10)
Reversal of revaluation reserve for land			149
Net increase (decrease) during the period, except for items under shareholders' equity	2	843	(98,656)
Total	2	843	(49,989)
Ending balance	82	129,156	702,449

Simplified Consolidated Statements of Cash Flows

（Year ended March 31, 2014）

		Million Yen
1. Cash flows from operating activities:		
Income before income taxes and minority interests	Y	92,934
Depreciation and amortization, impairment loss and goodwill amortization		195,388
Other, net		(112,790)
Net cash provided by operating activities		175,532
2. Cash flows from investing activities		(128,873)
1 + 2 [Free cash flow]		46,659
3. Cash flows from financing activities		(44,794)
4. Effect of exchange rate changes on cash and cash equivalents		15,267
5. Net increase (decrease) in cash and cash equivalents		17,132
6. Cash and cash equivalents at beginning of period		284,548
7. Cash and cash equivalents of newly consolidated subsidiaries		14
8. Cash and cash equivalents resulting from exclusion of subsidiaries		(532)
9. Cash and cash equivalents at end of period	Y	301,162

Notes to Consolidated Financial Statements

【Notes to Significant Items Concerning Preparation of Consolidated Financial Statements and Scope of Consolidation and Equity Method】

1. The Company prepares financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 16, May 20, 2013) in the consolidated fiscal year under review.

2. The scope of consolidation

(1) Number and names of major consolidated subsidiaries

This consolidated financial report consolidates the results of 512 major subsidiaries. As for changes in the scope of consolidation for this consolidated fiscal year, 14 companies were added and 16 companies were removed. Major additions and subtractions are described below. Since the names of major subsidiary companies are noted in "The Fujitsu Group" under "Report on Business Operations" in this report, they are omitted here.

New consolidated subsidiaries as a result of acquisitions or the formation of new companies during the fiscal year: 13 companies

Changed from unconsolidated subsidiaries to consolidated subsidiaries: 1 company

Subtracted due to liquidation or sale: 12 companies
Fujitsu Management Services of America, Inc. and other companies

Subtracted due to merger: 4 companies

(2) Information of major unconsolidated subsidiaries

Unconsolidated subsidiaries do not have significance 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, etc. They are listed below:
FUJITSU TEN TECHNOSEPTA CO., LTD. (and other companies)

3. The application of the equity method

(1) Number and names of major unconsolidated subsidiaries and affiliates to which the equity method is applied

Investments in unconsolidated subsidiaries and affiliated companies are accounted for using the equity method. The number of companies to which the equity method is applied is 24.

Affiliated companies: 24 companies
Major equity-method affiliate companies:
Fujitsu General Ltd., Fujitsu Leasing Co., Ltd., and other companies

Regarding changes in equity-method companies for this consolidated accounting year, 1 company was added and 3 companies were removed.

(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 on consolidated net income and retained earnings, etc. is insignificant. They are listed below:
FUJITSU TEN TECHNOSEPTA CO., LTD. (and other companies)

(3) Although we hold more than 20% of the outstanding shares of JECC Corporation, we do not treat the company as an affiliate, since the company is a special corporation operated under the joint investment of 6 companies, including Japanese computer manufacturers, to develop the information processing industry in Japan.

(4) Investment differentials on equity method affiliate companies are treated in the same way of the ones on consolidated subsidiaries.

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 43 others

(Equity method affiliates) 8 affiliates

Of the companies above, Fujitsu (China) Holdings and 28 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 mainly on the market price on the closing date

  Treatment of the difference between the acquisition cost and the market value

  …Booked directly to net assets

  Calculation of costs of securities sold

  …Moving average cost method

- Without market value……Moving average cost method

(ii) Derivatives……………………Market value method

(iii) Inventories

Inventories held for sale in normal operating cycle

Finished goods……………Primarily moving average cost method

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

Raw 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) Tangible fixed assets except for leased assets

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……………………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 that 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

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

(ii) Provision for product warranties

To prepare for disbursement of expenses for 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 construction contract losses

The estimated amount of future losses relating to customized software and construction contracts whose profitability potentially has deteriorated is provided at the end of this fiscal year.

(iv) Provision for bonuses to board members

To prepare for bonuses to board members based on an estimated amount.

(v) Provision for loss on repurchase of computers

To prepare for 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

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

(vii) Provision for restructuring charges

To prepare restructuring charges on personnel rationalization and disposal of business, the expected losses are provided.

(viii) Provision for environmental measures

To prepare for environmental measures such as disposal of PCB (polychlorobiphenyl) embedded products and purification of soil, the expected losses are provided.

(4) Other significant items concerning consolidated financial statements

(i) Defined benefit liability

Recognition of defined benefit liability

To prepare for disbursement of employees' retirement benefits under the defined benefit plan, a defined benefit liability, which is the amount of defined benefit obligations less plan assets based on the expected benefit at the end of this fiscal year, is recognized.

Method of attributing benefit to periods of service

To attribute the expected benefit to periods of service, Fujitsu and its subsidiaries in Japan attribute benefit to periods of service on a straight-line basis while subsidiaries outside Japan do so under the plan's benefit formula in accordance with "Employee Benefits" (IAS19, 16 June 2011).

Method of attributing actuarial gains and losses and past service cost

- Method of attributing past service cost

…………Straight-line method (10 years)

- Method of attributing actuarial gains and losses

…………An amount on a straight-line basis (over the expected average remaining service period of employees) is recognized from the year after the actuarial gains and losses have arisen.

(ii) Revenue recognition for customized software and others

For contracts in progress as of the end of this fiscal year for which the outcome can be estimated reliably, the percentage-of-completion method has been applied, and for all others the completed-contract method has been applied. When applying the percentage-of-completion method, the degree of completion at the end of this fiscal year is determined by the estimation based on actual costs and total contract costs.

(iii) Hedge accounting

Deferred hedge accounting is applied.

(iv) The amortization of goodwill

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

(v) Consumption taxes

The tax excluded method is applied.

(vi) Application of the consolidated tax return system

The consolidated tax return system is applied.

【Changes in Accounting Policies】

1. Application of Accounting Standard for Retirement Benefits

Starting from the end of its 2013 consolidated fiscal year, Fujitsu and its consolidated subsidiaries in Japan have adopted “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 26, issued May 17, 2012, hereafter “Accounting Standard for Retirement Benefits”) and “Implementation Guidance on Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 25, issued May 17, 2012, hereafter “Guidance on Accounting Standard for Retirement Benefits”). Fujitsu has, however, chosen to forgo the early adoption of provisions on retirement benefit obligations and service costs (paragraphs 16 through 21 in Accounting Standard for Retirement Benefits, and paragraphs 4 through 16, and paragraphs 22 through 32 in Guidance on Accounting Standard for Retirement Benefits).

Switching to a method by which the amount of plan assets are subtracted from retirement benefit obligations and the balance is recorded in net defined benefit liability (asset), unrecognized actuarial gains and losses and past service costs are reflected on the consolidated balance sheets under net assets, adjusted for tax effects, and recorded in net defined benefit liability (asset) as of the end of fiscal 2013.

With the adoption of the Accounting Standard for Retirement Benefits, in accordance with the provision for transitional treatment as stated in paragraph 37 of the Accounting Standard for Retirement Benefits, Fujitsu is not applying retrospective adjustments, and the amount of the impact stemming from this change is added to or subtracted from remeasurements of defined benefit plans, net of taxes, under accumulated other comprehensive income as of the end of fiscal 2013.

As a result, investments and other non-current assets as of the end of fiscal 2013 have declined by 37,793 million yen, non-current liabilities have increased by 114,246 million yen, and net assets fell by 152,039 million yen (of which accumulated other comprehensive income declined by 146,756 million yen, and minority interests in consolidated subsidiaries declined by 5,283 million yen). There is no impact on the 2013 consolidated fiscal year figures for operating income, income before income taxes and minority interests and net income.

2. Adoption of IAS 19 “Employee Benefits”
From the first quarter of this fiscal year, the Fujitsu Group’s consolidated subsidiaries outside Japan have adopted IAS 19 “Employee Benefits” (issued June 16, 2011).
The main changes resulting from the adoption of the accounting standard are as follows. 1) Regarding remeasurements of the net defined benefit liability (asset), including actuarial gains and losses, the option to defer partial recognition is abolished, and instead immediate recognition through net assets, as remeasurements of defined benefit plans (net of tax effects) under accumulated other comprehensive income, is required. The funded status is recognized as a liability or an asset. 2) Consolidated subsidiaries outside Japan had applied the corridor approach for recognizing a portion of actuarial gains and losses as an expense. Under the corridor approach, when the net cumulative unrecognized actuarial gains and losses at the end of the previous fiscal year exceed the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of plan assets, the excess amount is recognized as an expense over the expected average remaining service lives of employees. Starting this fiscal year, consolidated subsidiaries outside Japan recognize actuarial gains and losses in accumulated other comprehensive income and do not recycle to the income statement in accordance with the adoption of IAS 19. However, in the process of the Group's consolidation, actuarial gains and losses are recycled to the income statement in line with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010). Actuarial gains and losses are periodically recognized as an expense over the expected average remaining service lives of employees. 3) Recognition of the net interest on the net defined benefit liability (asset) replaces recognition of the interest cost and the expected return on plan assets previously required.

As a result of retrospective application of this changes in accounting policy, the balance as of the beginning of this fiscal year for investments and other non-current assets decreased by 128,728 million yen, long-term liabilities increased by 28,643 million yen, net assets decreased by 157,371 million yen (of which retained earnings decreased by 7,006 million yen and accumulated other comprehensive income decreased by 150,365 million yen). Compared to the amounts prior to the retrospective application, the fiscal 2012 amounts for operating income, income before income taxes and minority interests, and net income have all been reduced by 7,006 million yen.

【Changes in the Method of Presentation for Financial Statements】

(Presentation of Consolidated Balance Sheet)

1. As a result of the adoption, starting from this fiscal year, of IAS 19 “Employee Benefits” (issued June 16, 2011), the method of presentation has changed. In addition, with the adoption of IAS 19 by the Fujitsu Group’s consolidated subsidiaries outside Japan, presentation of prepaid pension costs and accrued retirement benefits for Fujitsu Limited and its subsidiaries in Japan has been changed.

   As a result of the reclassification, in the consolidated balance sheet for fiscal 2012, 180,121 million yen in prepaid pension costs under investments and other non-current assets and 178,482 million yen in accrued retirement benefits under long-term liabilities have been reclassified as 51,393 million yen in net defined benefit asset under investments and other non-current assets and 207,125 million yen in net defined benefit liability under long-term liabilities, -7,006 million yen in retained earnings under shareholders’ equity, -641 million yen in foreign currency translation adjustments and -149,724 million yen in remeasurements of defined benefit plans, net of taxes, under accumulated other comprehensive income.

2. Because the provision for environmental measures, which in fiscal 2012 was included in “Others” under current liabilities and “Others” under non-current liabilities, has grown in the scale of its financial significance, starting in fiscal 2013 it is being broken out as its own account on the balance sheet. The amounts included in “Others” were 219 million yen and 5,453 million yen, respectively.

(Presentation of Consolidated Income Statements)

Environmental expenses, which in fiscal 2012 were 13 million yen and were included in "Others" under "Other expenses," exceeded 10% of total other expenses. From fiscal 2013 they are therefore being broken out on their own line on the income statement.

【Notes to the Consolidated Balance Sheet】

1. Assets pledged as collateral and liabilities for collateral

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

Balance of pledged assets		5,414
(Main pledged assets)	Land	4,507
	Buildings	755

(2) Main liabilities for collateral

Balance of secured debt		1,523
(Main secured debt)	Current liabilities-Others	1,436
	Accounts payable, trade	87

2. Accumulated depreciation of tangible fixed assets……… 1,665,256

3. Contingent liabilities for guarantee contract

Balance of contingent liabilities for guarantee contract		1,205
(Main guaranteed debt)	Housing loans of employees	1,205

The balance of the contingent liabilities for guarantee contract and the main guaranteed debt include similar transactions as guarantee contract, such as letter of awareness.

【Notes to the Consolidated Income Statements】

1. Gain on sales of investments securities

Primarily consists of sale of certain shareholdings held as investments, including shares in Kyowa Exeo Corporation and the Yokohama Rubber Co., Ltd., as well as sale of shares in affiliate Fujitsu General Limited, in accordance with Fujitsu General's solicitation to repurchase its own shares.

2. Gain on sales of property, plant and equipment and intangible assets

Primarily consists of sale of underutilized real estate adjacent to the Akashi Plant and sale of underutilized real estate of the Minami-Tama Plant.

3. Restructuring charges

Losses of 21,069 million yen recorded in relation to the structural reforms of the LSI device business (of which 7,056 million yen are losses on the sale and integration of businesses, and 14,013 million yen are from the restructuring of 200mm line and other standard logic device production facilities of the Mie Plant and facilities in the Aizu-Wakamatsu region. The loss on the sale and integration of businesses primarily consists of expenses to cover the settlement of retirement benefit obligations and losses on the disposal of assets for the system LSI business, for which Fujitsu signed a memorandum of understanding with Panasonic Corporation and Development Bank of Japan (DBJ), in which it has agreed to integrate its system LSI (SoC) business with that of Panasonic in a new fabless company to be established, to which DBJ will provide equity capital and debt financing. The loss associated with the restructuring of the standard logic device production facilities primarily consists of expenses for consolidating the 200mm production lines and losses on the disposal of assets. In addition, 4,912 million yen in charges were recorded for losses on the disposal of assets and the costs of reallocating employees in relation to the integration of production sites in the mobile phone business. Regarding businesses outside of Japan,

4,215 million yen in charges were recorded for losses on workforce rationalization primarily in the Nordic region.
The restructuring charges include impairment losses of 3,139 million yen recorded for the LSI device business and the mobile phone business.

4. Loss on reversal of foreign currency translation adjustments
Loss on the reversal of foreign currency translation adjustments stemming from the liquidation of a US subsidiary Fujitsu Management Services of America, Inc.

5. Impairment Loss
Primarily consists of operational assets of manufacturing subsidiaries, including those in the printed circuit board business. Impairment losses of 3,139 million yen incurred in the LSI device business and the mobile phone business are recorded as restructuring charges.

【Notes to the Consolidated Statements 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
Not applicable due to no payment of dividend at the end of the previous fiscal year and at the end of the interim period for this fiscal year.

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

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 22, 2014	Common stock	8,276	4	March 31, 2014	June 2, 2014

【Notes to Financial Instruments】

1. Status of Financial Instruments

(1) Policies for Financial Instruments
The Fujitsu Group carries out its financial activities in accordance with the "Fujitsu Group Treasury Policy," and primarily obtains funds through bank borrowing and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risk. The Fujitsu Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes.

(2) Description and Risks of Financial Instruments
Trade receivables are exposed to customer credit risk. Additionally, some trade receivables are denominated in foreign currencies in conjunction with the export of products and exposed to exchange rate fluctuation risk. Investment securities are comprised primarily of certificates of deposit and available for sale securities issued by customers. The certificates of deposit are held for fund management and the shares are held for maintaining and strengthening business relationship with the customers. Shares are exposed to market price fluctuation risk and financial risk of the company invested. The group also loans to business partners, etc.
Trade liabilities such as notes payable, trade accounts payable and accrued expenses are generally payable within one year. Some trade liabilities are denominated in foreign currencies in conjunction

with the import of components and exposed to exchange rate fluctuation risk. Borrowings, corporate bonds, and lease obligation related to finance lease transactions are mainly for the purpose of obtaining working capital and preparing for capital expenditures. Because some of the foregoing have floating interest rate, they are exposed to interest rate fluctuation risk.

Derivatives transactions consist primarily of the use of exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to trade receivables and trade liabilities, currency swap contracts for the purpose of hedging exchange rate fluctuation risk related to foreign currency denominated cash flow, and interest swap contracts for the purpose of hedging interest rate fluctuation risk related to borrowings and corporate bonds.

(3) Risk Management of Financial Instruments

(i) Management of Credit Risk

The Fujitsu Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. A unit independent from the sales units assesses the credit standing of customers and manages collection dates and the balance outstanding for each customer to ensure smooth and dependable collection of trade receivables. Regarding the loan receivable, the group periodically assesses debtor’s financial condition, and reviews the terms of the loan if needed. The counterparties to derivative transactions are selected upon assessment of their credit risk. The amounts of the largest credit risks as of the reporting date are indicated in the balance sheet values of the financial assets that are exposed to credit risk.

(ii) Management of Market Risk

The Fujitsu Group utilizes exchange forward contracts in respect to trade receivables and trade liabilities denominated in foreign currencies to mitigate exchange rate fluctuation risk monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flow denominated in foreign currency, and interest swap contracts in respect to borrowings and corporate bonds to mitigate interest rate fluctuation risk. The Fujitsu Group regularly monitors the market price and the financial condition of the issuer in respect to its securities and continuously reconsiders investment in each company, taking into account its relationship with the company.

The Fujitsu Group enters into derivative transactions based on regulations established by the Group. Based on policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions, records them and 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 CFO and the chief of the accounting department.

(iii) Management of Liquidity Risk in Financing Activities

The Fujitsu Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

(4) Supplementary Explanation of Fair Value of Financial Instruments

The fair value of Financial Instruments is based on the market price, but in case a market price is not available, the fair value is reasonably estimated. As variable factors are incorporated in the estimation of values, values may vary depending on the assumptions used.

2. Fair Value of Financial Instruments

Amounts recorded on the consolidated balance sheet as of March 31, 2014, fair values, and the variances between the two are as shown below. Financial instruments for which it is extremely difficult to determine the fair value are not included in the table below. (Please refer to Note 2.)

(Million Yen)

	Book value in consolidated balance sheet	Fair value	Variance
(1) Cash and deposits	234,590	234,590	—
(2) Notes and accounts receivable, trade	991,071		
Allowance for doubtful accounts (*1)	(10,824)		
	980,247	980,247	—
(3) Marketable securities	71,060	71,060	—
(4) Investment securities	136,129	165,421	29,292
Total assets	1,422,026	1,451,318	29,292
(1) Notes and accounts payable, trade	641,211	641,211	—
(2) Short-term borrowings	69,079	69,079	—
(3) Current portion of bonds payable	60,000	60,000	—
(4) Lease obligations (current)	13,549	13,549	—
(5) Accrued expenses	339,836	339,836	—
(6) Bonds payable	230,300	234,255	3,955
(7) Long-term borrowings	160,261	161,376	1,115
(8) Lease obligations (long-term)	27,579	27,687	108
Total liabilities	1,541,815	1,546,993	5,178
Derivatives transactions (*2)	(265)	(265)	—

(*1) It comprises the allowance for doubtful accounts in respect to notes and accounts receivable, short-term loan receivable and others.

(*2) The net amount of the assets and liabilities is shown. If the net amount is a liability, it is written in parenthesis.

Note 1) Calculation method relating to fair value of financial instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable, trade

Since the fair value of these items approximates the book value due to the short maturity of these instruments, the book value is considered equivalent to the fair value.

(3) Marketable securities and (4) Investment securities

The fair value of securities is based on the market price on the stock exchanges, and fair value of bonds is based on quotes obtained from the financial institutions or on the market price on the stock exchanges. Since the fair value of available-for-sale securities that has the short maturity approximates the book value, the book value is considered equivalent to the fair value.

Liabilities

(1) Notes and accounts payable, trade (2) Short-term borrowings (3) Current portion of bonds payable (4) Lease obligations (current) and (5) Accrued expenses

Since the fair value of these items approximates the book value due to the short maturity of these instruments, the book value is considered equivalent to the fair value.

(6) Bonds payable

The fair value of bonds that have a market price is based on the market price. The fair value of bonds for which there is no market price is calculated by discounting the sum of the principal and interest payments to present value at a rate taking into account the remaining term and the credit risk of the bond.

(7) Long-term borrowings and (8) Lease obligations (long-term)

The fair value of long-term borrowings and lease obligations (long-term) is the present value discounted by the rate that would be expected to be used in the case of newly taking on the same loan or lease obligation.

Derivative transactions

The method for estimating the fair value is principally based on obtaining quotes from the financial institutions signing the contracts.

Note 2) Financial Instruments for which it is extremely difficult to determine the fair value

(Million Yen)

Classification	Book value in consolidated balance sheet
Unlisted shares	51,260

Because there is no market price for unlisted shares and it is not possible to predict their future cash flow and, moreover, it is considered extremely difficult to determine their fair value, unlisted shares are not included in “(4) Investment securities.”

【Notes to Per Share Data】

Net assets per share	277.03 yen
Earnings per share	23.49 yen

【Notes to Events after the Reporting Period】

No significant events.

【Other Notes】

1. Retirement benefits

(1) Japan

1) Reconciliation of defined benefit obligation and plan assets with net defined benefit liability and asset reflected on the balance sheet

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Defined benefit obligation for funded plan	1,309,870
Plan assets	(1,175,777)
	134,093
Defined benefit obligation for unfunded plan	117,482
Net amount of defined benefit liability and asset on the balance sheet	251,575

Defined benefit liability	253,107
Defined benefit asset	(1,532)
Net amount of defined benefit liability and asset on the balance sheet	251,575

(Note1) Plan assets include 48,440 million yen in a retirement benefit trust established for the corporate pension plan.

2) Reconciliation of defined benefit obligation at beginning and end of period

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Defined benefit obligation at beginning of period	1,432,021
Service cost	52,388
Interest cost	23,359
Actuarial gains and losses incurred this period	4,276
Payments from plan assets	(52,372)
Payments from company	(11,679)
Past service cost incurred this period	(1,930)
Adjustments for plan termination and business restructurings, etc.	(18,711)
Defined benefit obligation at end of period	1,427,352

3) Reconciliation of beginning balance and ending balance of plan assets

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Plan assets at beginning of period	1,068,535
Expected return on plan assets	30,691
Actuarial gains and losses incurred this period	65,719
Employer contributions	61,934
Employee contributions	7,585
Payments from plan assets	(52,372)
Adjustments for plan termination and business restructurings	(6,315)
Plan assets at end of period	1,175,777

4) Components of net periodic benefit cost

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Service cost	44,803
Interest cost	23,359
Expected return on plan assets	(30,691)
Amortization of actuarial gains and losses	44,374
Amortization of past service cost	(18,213)
Contribution to defined contribution plan	764
Net periodic benefit cost	64,396
Loss on termination of retirement benefit plan	3,972
Total	68,368

Besides the above net periodic benefit cost, extra retirement benefits of 5,737 million yen were paid

5) Composition of items included in remeasurements of defined benefit plans, net of taxes

The composition of items included in remesurements of defined benefit plans (prior to income tax effects) is as follows

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Unrecognized past service cost	(28,600)
Unrecognized actuarial gains and losses	241,211
Total	212,611

(Note 2) Payments from plan assets and company in relation to plan termination or business restructurings are included in “Adjustments for plan termination and business restructurings.”

(Note 3) For the Fujitsu Corporate Fund, in which Fujitsu and some of its consolidated subsidiaries in Japan participate, because of partial revisions to the pension scheme in fiscal 2006, past service costs (a reduction in the amount of obligations) have been recognized.

6) Fundamental components used in making actuarial calculations

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Discount rate	1.7%

(2) Outside Japan

In accordance with the adoption of IFRS by Fujitsu's consolidated subsidiaries outside Japan, starting in fiscal 2013 accounts are presented in accordance with IAS 19 "Employee Benefits" (issued on June 16, 2011)

1) Reconciliation of defined benefit obligation and plan assets with net defined benefit liability and asset reflected on the balance sheet

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Defined benefit obligation for funded plan	712,414
Plan assets	(689,351)
	23,063
Defined benefit obligation for unfunded plan	108,697
Asset ceiling adjustments	244
Net amount of defined benefit liability and asset on the balance sheet	132,004

Defined benefit liability	133,187
Defined benefit asset	(1,183)
Net amount of defined benefit liability and asset on the balance sheet	132,004

(Note 1) Asset ceiling adjustments are adjustments to limit a net defined benefit asset to the asset ceiling in accordance with IAS 19.

2) Reconciliation of defined benefit obligation at beginning and end of period

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Defined benefit obligation at beginning of period	719,178
Service cost	5,375
Net interest cost (in projected benefit obligation)	32,396
Actuarial gains and losses incurred this period	(21,305)
Payments from plan assets	(22,909)
Payments from company	(2,507)
Past service cost incurred this period	(75)
Amount of impact stemming from exchange rate fluctuations	137,417
Adjustments for plan termination and business restructurings	(26,459)
Defined benefit obligation at end of period	821,111

3) Reconciliation of beginning balance and ending balance of plan assets

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Plan assets at beginning of period	618,440
Expected return on plan assets	28,642
Actuarial gains and losses incurred this period	(41,326)
Employer contributions	6,653
Employee contributions	414
Payments from plan assets	(22,909)
Amount of impact stemming from exchange rate fluctuations	120,252
Adjustments for plan termination and business restructurings	(20,815)
Plan assets at end of period	689,351

4) Components of net periodic benefit cost

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Service cost	4,961
Net interest cost	3,754
Current period amortization of actuarial gains and losses	22,318
Current period amortization of past service cost	(75)
Contribution to defined contribution plan	17,693
Net periodic benefit cost or retirement benefit expenses	48,651
Loss on termination of retirement benefit plan	(5,753)
Total	42,898

(Note 2) Payments from plan assets and company in relation to plan termination or business restructurings are included in "Adjustments for plan termination and business restructurings."

(Note 3) In accordance with "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Financial Statements" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), actuarial gains and losses are periodically recognized as an expense over the expected average remaining service lives of employees. These expenses for fiscal 2013 include one-time amortization expenses of 4,550 million yen stemming from a partial sale in the retirement benefit plans at a European subsidiary.

5) Composition of items included in remeasurements of defined benefit plans, net of taxes

The composition of items included in remesurements of defined benefit plans (prior to income tax effects) is as follows

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Unrecognized actuarial gains and losses	175,164
Asset ceiling adjustments	(558)
Total	174,606

6) Fundamental components used in making actuarial calculations

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Discount rate	4.4%

2. Tax effect accounting

(1) Significant components of deferred tax assets and liabilities.

(Million Yen)

	Fiscal 2013 (March 31, 2014)
Deferred tax assets	
Net defined benefit liability	236,351
Tax loss carryforwards	185,716
Excess of depreciation and amortization and impairment loss	55,092
Accrued bonus	40,887
Inventories	27,579
Intercompany profit	5,636
Revaluation loss on investment securities	5,535
Provision for product warranties	5,318
Provision for loss on repurchase of computers	4,188
Other	70,172
Gross deferred tax assets	636,474
Valuation allowance	(337,320)
Total deferred tax assets	299,154
Deferred tax liabilities	
Gains from establishment of stock holding trust for retirement benefit plan	(96,887)
Unrealized gains on securities	(19,810)
Tax allowable reserves	(165)
Other	(8,322)
Total deferred tax liabilities	(125,184)
Net deferred tax assets	173,970

Note 1: Excess of depreciation and amortization and impairment loss includes revaluation losses on idle lands.

2: Net deferred tax assets are included in the consolidated balance sheet as follows.

	(Million Yen)
Current assets-Deferred tax assets	81,360
Non-current assets-Deferred tax assets	104,688
Current liabilities-Others	(147)
Long-term liabilities-Deferred tax liabilities and Deferred tax liabilities for land revaluation	(11,931)

(2) Revisions in the Amounts of Deferred Tax Assets and Liabilities as a Result of a Change in the Corporate Tax Rate

On March 31, 2014, the Act to Partially Revise the Income Tax Act (Act No. 10 of 2014) was promulgated, according to which the Special Reconstruction Corporation Tax will no longer be imposed with the fiscal year beginning April 1, 2014. In addition, the Local Corporate Tax Act (Act

No. 11 of 2014), was also promulgated on March 31, 2014, according to which, with the fiscal year beginning April 1, 2015, in lieu of a reduction in the tax rate for residents, a Local Corporate Tax that is considered as a national tax will be imposed. For fiscal 2013, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities (limited to those reversing after April 1, 2014) has been reduced from the previous fiscal year's rate of 37.9% to 35.6%.

As a result, the amount of deferred tax assets (after subtracting deferred tax liabilities) decreased by 4,357 million yen, and the amount of corporate tax adjustment recorded in fiscal 2013 increased. In addition, the amount of deferred tax assets (after subtracting deferred tax liabilities) increased by 1,697 million yen, resulting in an increase of 1,667 million yen to remeasurements of defined benefit plans, net of taxes, and an increase of 30 million yen to unrealized gain and loss on securities, net of taxes, under net assets.

3. Lease Transactions

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

1) Type of lease asset:

Primarily related to outsourcing-related equipment.

2) Method of depreciation:

As stated in "Leased Assets", paragraph 5 (2) (iii) of the "Notes to Significant Items Concerning Preparation of Consolidated Financial Statements and Scope of Consolidation and Equity Method."

(2) Operating Leases (lessee)

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

	(Million Yen)
Within 1 year	24,324
Over 1 year	70,139
Total	94,463

Unconsolidated Balance Sheet

(As of March 31, 2014)

		Million Yen
Assets		
Current assets:		
Cash and deposits	Y	64,150
Notes receivable, trade		780
Accounts receivable, trade		470,703
Marketable securities		70,000
Finished goods		55,452
Work in process		8,914
Raw materials		18,561
Advanced payments		1,131
Deferred tax assets		28,590
Accounts receivable, other		205,935
Others		23,109
Allowance for doubtful accounts		(13,498)
Total current assets		933,831
Non-current assets:		
Property, plant and equipment, net of accumulated depreciation:		
Buildings		97,358
Structure		4,091
Machinery		1,646
Vehicle and delivery equipment		5
Equipment		41,172
Land		67,652
Construction in progress		4,280
Total property, plant and equipment		216,207
Intangible assets:		
Software		70,697
Others		6,355
Total intangible assets		77,053
Investments and other non-current assets:		
Investment securities		113,285
Subsidiaries' and affiliates' stocks		541,648
Long-term loans to affiliated companies		1,371
Receivables from companies under bankruptcy or reorganization process		353
Prepaid pension cost		43,759
Others		23,435
Allowance for doubtful accounts		(1,083)
Total other non-current assets		722,770
Total non-current assets		1,016,031
Total assets	Y	1,949,862

		Million Yen
Liabilities and net assets		
Liabilities		
Current liabilities:		
Accounts payable, trade	Y	550,980
Short-term borrowings		21,619
Current portion of long-term borrowings payable		33,010
Current portion of bonds payable		60,000
Lease obligations		1,404
Accrued liability		27,724
Accrued expenses		104,845
Accrued income taxes		949
Advance received		43,837
Deposits payable		18,708
Provision for product warranties		10,790
Provision for construction contract losses		7,111
Provision for loss on guarantees		2,622
Provision for bonuses to board members		89
Provision for restructuring charges		1,835
Provision for environmental measures		2,894
Others		550
Total current liabilities		888,974
Long-term liabilities:		
Bonds payable		230,000
Long-term borrowings		156,794
Lease obligations		3,247
Deferred tax liabilities		43,405
Provision for loss on repurchase of computers		11,201
Provision for recycling expenses		1,889
Provision for environmental measures		5,145
Asset retirement obligations		4,655
Others		346
Total long-term liabilities		456,685
Total liabilities		1,345,660
Net assets		
Shareholders' equity:		
Common stock		324,625
Capital surplus:		
Other capital surplus		166,295
Total capital surplus		166,295
Retained earnings:		
Legal retained earnings		10,135
Other retained earnings:		
Reserves for special depreciation		3
Retained earnings brought forward		70,123
Total retained earnings		80,262
Treasury stock		(422)
Total shareholders' equity		570,761
Valuation and translation adjustments:		
Unrealized gain and loss on securities, net of taxes		33,441
Total valuation and translation adjustments		33,441
Total net assets		604,202
Total liabilities and net assets	Y	1,949,862

Unconsolidated Income Statements

(Year ended March 31, 2014)

		Million Yen
Net sales	Y	2,145,051
Cost of sales		1,651,381
Gross profit		493,669
Selling, general and administrative expenses		494,843
Operating loss		(1,173)
Other income:		
Interest income		349
Dividend income		174,822
Gain on liquidation of subsidiaries		18,750
Gain on sales of investment securities		7,918
Gain on sales of property, plant and equipment and intangible assets		4,515
Others		9,100
Total other income		215,457
Other expenses:		
Interest expense		1,501
Interest on bonds		2,391
Provision of allowance for doubtful accounts		5,953
Provision for loss on guarantees		4,979
Environmental expenses		2,683
Loss on foreign exchange, net		1,132
Loss on disposal of property, plant and equipment		1,082
Restructuring charges		4,721
Others		11,220
Total other expenses		35,666
Income before income taxes		178,617
Income taxes:		
Current		(13,052)
Deferred		7,024
Total income taxes		(6,028)
Net income	Y	184,646

Unconsolidated Statements of Changes in Net Assets

(Year ended March 31, 2014)

(Million Yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
					Other retained earnings		
	Common stock	Other capital surplus	Total capital surplus	Legal retained earnings	Reserves for special depreciation	Retained earnings brought forward	Total retained earnings
Beginning balance	324,625	167,119	167,119	10,135	812	(115,330)	(104,383)
Increase(Decrease) during the period							
Net income						184,646	184,646
Purchase of treasury stock							
Disposal of treasury stock		0	0				
Decrease by corporate division		(824)	(824)				
Reversal of reserve for special depreciation					(808)	808	
Net increase (decrease) during the period, except for items under shareholders' equity							
Total		(823)	(823)		(808)	185,454	184,646
Ending balance	324,625	166,295	166,295	10,135	3	70,123	80,262

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total share-holders' equity	Unrealized gain and loss on securities, net of taxes	Total valuation and translation adjustments	
Beginning balance	(340)	387,020	23,349	23,349	410,369
Increase(Decrease) during the period					
Net income		184,646			184,646
Purchase of treasury stock	(83)	(83)			(83)
Disposal of treasury stock	2	2			2
Decrease by corporate division		(824)			(824)
Reversal of reserve for special depreciation					
Net increase (decrease) during the period, except for items under shareholders' equity			10,092	10,092	10,092
Total	(81)	183,741	10,092	10,092	193,833
Ending balance	(422)	570,761	33,441	33,441	604,202

Notes to Unconsolidated Financial Statements

【Notes to Significant Accounting Policies】

1. The Company prepares financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 16, May 20, 2013) in the fiscal year under review.

2. Valuation standards and methods of assets

(1) Marketable securities

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

Available-for-sale securities

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

(2) Derivatives

Derivatives …………………………………Market value method

(3) Inventories

Inventories held for sale in normal operating cycle

Finished goods………………………………Moving average cost method

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

Raw 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 is calculated by the straight-line method. The useful lives, reflected by the likely period over which the value of asset can be realized under actual business conditions, are estimated as stated below:

Buildings and structure………7-50years
Machinery……………………3-7years
Equipment……………………2-10years

(2) Intangible fixed assets except for leased assets

- Software
  For sale……………………………………Method based on projected sales volume over the estimated life of the product (3years)
  For internal use……………………………Straight-line method based on the estimated useful life of the software (within 5years)
- Others………………………………………Straight-line method

(3) Leased assets

Depreciation and amortization of finance leases that 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

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

(2) Provision for product warranties

To prepare for disbursement of expenses for 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 construction contract losses

The estimated amount of future losses relating to customized software and construction contracts whose profitability potentially have deteriorated is provided at the end of this fiscal year.

(4) Provision for loss on guarantees

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

(5) Provision for bonuses to board members

To prepare for bonuses to board members based on an estimated amount.

(6) Defined benefit liability

To prepare for disbursement of employees’ retirement benefits under the defined benefit plan, an amount based on the defined benefit obligation and plan assets at the end of the fiscal year is recognized.

Method of attributing benefit to periods of service

Benefit is attributed to periods of service on a straight-line basis.

Method of attributing actuarial gains and losses and past service cost

- Method of attributing past service cost…………Straight-line method (10 years)
- Method of attributing actuarial gains and losses…An amount on a straight-line basis (over the expected average remaining service period of employees) is recognized from the year after the actuarial loss has arisen.

(7) Provision for loss on repurchase of computers

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

(8) Provision for recycling expenses

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

(9) Provision for restructuring charges

To prepare for restructuring charges on personnel rationalization and disposal of business, the expected losses are provided.

(10) Provision for environmental measures

To prepare for environmental measures such as disposal of PCB (polychlorobiphenyl) embedded products and purification of soil, the expected losses are provided.

5. Revenues and expenses recognition

Revenue recognition for customized software and others

For contracts in progress as of the end of this fiscal year for which the outcome can be estimated reliably, the percentage-of-completion method has been applied, and for all others the completed-contract method has been applied. When applying the percentage-of-completion method, the degree of completion at the end of this fiscal year is determined by the estimation based on actual costs and total contract costs.

6. Other significant items concerning the preparation of unconsolidated financial statements
   (1) Hedge accounting
   Deferred hedge accounting is applied.

   (2) Defined benefit liability
   Accounting of unrecognized actuarial gains and losses and past service costs under the defined benefit plan for the consolidated financial statements are different from that for the unconsolidated financial statements.

   (3) Consumption taxes
   The tax excluded method is applied.

   (4) Application of the consolidated tax return system
   The consolidated tax return system is applied.

【Notes to Changes in the Basis for Presentation for Financial Statements】

(Presentation of Unconsolidated Balance Sheets)

1. Because the provision for environmental measures, which in fiscal 2012 was included in “Others” under current liabilities and “Others” under non-current liabilities, has grown in the scale of its financial significance, starting in fiscal 2013 it is being broken out as its own account on the balance sheet. The amounts included in “Others” were 219 million yen and 5,453 million yen, respectively.

2. Because the amount of “Short-term loan receivables” under current assets and “Rights to use facilities” under intangible assets, which in fiscal 2012 were broken out as their own account on the balance sheet (4,976 million yen and 3,523 million yen respectively), are not significant any more, starting in fiscal 2013 they are included in “Others” under current assets and “Others” under intangible assets respectively.

(Presentation of Unconsolidated Income Statements)

In conjunction with the increase in financial significance of figures of environmental expenses, which in fiscal 2012 were 13 million yen and were included in “Others” under “Other expenses,” starting in fiscal 2013, they are being broken out on their own line on the income statement.

【Notes to the Unconsolidated Balance Sheet】

1. Accumulated depreciation of tangible fixed assets

	(Million Yen)
Buildings	207,669
Structure	16,680
Machinery	21,069
Vehicles and delivery equipment	152
Equipment	173,004
Total	418,576

2. Contingent liabilities for guarantee contract

Balance of contingent liabilities for guarantee contract		21,872
(Main guaranteed debt)	Bank loans of Fujitsu Finance America, Inc.	13,636
	Borrowings of domestic subsidiaries from a finance subsidiary	4,864

The balance of the contingent liabilities for guarantee contract and the main guaranteed debt include similar transactions as guarantee contract, such as letter of awareness.

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

Short-term monetary claims	324,316
Long-term monetary claims	995
Short-term monetary obligations	351,633
Long-term monetary obligations	2,605

【Notes to the Unconsolidated Income Statements】

1. Transactions with subsidiaries and affiliates

	(Million Yen)
Business transactions	
Sales	584,934
Purchases	1,538,392
Transactions other than business transactions	
Interest income	88
Dividend income	171,908
Interest expense	196
Purchase of assets	36
Transfer of assets	1,560

2. Gain on liquidation of subsidiaries

Gain resulting from liquidation of a subsidiary in US, Fujitsu Management Services of America, Inc.

3. Gain on sale of investment securities

Gain resulting primarily from sale of shares in affiliate Fujitsu General Limited, in accordance with Fujitsu General's solicitation to repurchase its own shares, as well as sale of certain shareholdings held as investments, including shares in Kyowa Exeo Corporation and the Yokohama Rubber Co., Ltd.

4. Gain on sale of property, plant and equipment and intangible assets

Gain resulting primarily from sale of underutilized real estate adjacent to the Akashi Plant and sale of underutilized real estate of the Minami-Tama Plant.

5. Restructuring charges

Loss resulting primarily from the disposal of assets and the costs of reallocating employees in relation to the integration of production sites in the mobile phone business. Restructuring charges include 555 million yen of impairment losses related to the mobile phone business.

【Notes to the Unconsolidated Statements of Changes in Net Assets】

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

Common stock	894,411 shares

【Notes to the Unconsolidated Tax Effect Accounting】

1. Major components of deferred tax assets and deferred tax liabilities

(Million Yen)

	Fiscal 2013 (March 31,2014)
Deferred tax assets	
Valuation loss on subsidiaries' and affiliates' stock	230,619
Defined benefit liability	88,494
Excess of depreciation and amortization and impairment loss	17,106
Inventories	16,427
Tax loss carryforwards	12,359
Accrued bonus	12,239
Allowance for doubtful accounts	5,438
Provision for loss on repurchase of computers	4,188
Provision for product warranties	3,933
Temporary differences related to stock of a company established by corporate division	1,927
Other	14,127
Gross deferred tax assets	406,864
Valuation allowance	(305,972)
Total deferred tax assets	100,892
Deferred tax liabilities	
Gains from establishment of stock holding trust for retirement benefit plan	(96,887)
Unrealized gains on securities	(18,300)
Other	(519)
Total deferred tax liabilities	(115,707)
Net deferred tax assets	(14,815)

Note: Excess of depreciation and amortization and impairment loss includes revaluation losses on underutilized lands.

2. Revisions in the Amounts of Deferred Tax Assets and Liabilities as a Result of a Change in the Corporate Tax Rate

On March 31, 2014, the Act to Partially Revise the Income Tax Act (Act No. 10 of 2014) was promulgated, according to which the Special Reconstruction Corporation Tax will no longer be imposed with the fiscal year beginning April 1, 2014. In addition, the Local Corporate Tax Act (Act No. 11 of 2014), was also promulgated on March 31, 2014, according to which, with the fiscal year beginning April 1, 2015, in lieu of a reduction in the tax rate for residents, a Local Corporate Tax that is considered as a national tax will be imposed. For fiscal 2013, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities (limited to those reversing after April 1, 2014) has been reduced from the previous fiscal year's rate of 37.9% to 35.6%.
Impact on the revision is immaterial.

【Notes to Transactions with Related Parties】

Subsidiaries and Affiliates

(Million Yen)

Type	Name	Percentage of voting right	Relationship	Transactions		Transaction amount	Account	Ending balance
Subsidiary	Fujitsu Personal System Ltd.	Ownership Direct 100%	Sale of Fujitsu's products and interlocking of directors	Sale of Fujitsu's products	Sales	152,177	Accounts receivable, trade	46,816
Subsidiary	Fujitsu Systems East Ltd.	Ownership Direct 100%	Consignment of development of software, and interlocking of directors	Consignment of development of software	Purchases	104,702	Accounts payable, trade	43,689
Subsidiary	Fujitsu Semiconductor Ltd.	Ownership Direct 100%	Development and manufacturing of LSI, and interlocking of directors	Procurement as an agent, etc.		175,883	Accounts receivable, other	35,766
Subsidiary	Fujitsu Systems West Ltd.	Ownership Direct 100%	Consignment of development of software, and interlocking of directors	Consignment of development of software	Purchases	74,387	Accounts payable, trade	31,752
Subsidiary	Fujitsu FSAS Inc.	Ownership Direct 100%	Consignment of support services, etc., sale and maintenance of Fujitsu's products, and interlocking of directors	Consignment of support services, etc.	Purchases	152,643	Accounts payable, trade	27,231
				Sale and maintenance of Fujitsu's products	Sales	70,455	Accounts receivable, trade	24,062
				Receipt of dividend	Dividend income	19,183	-	-
Subsidiary	Fujitsu Technology Solutions (Holding) B.V.	Ownership Direct 100%	Development and manufacturing of Fujitsu's products in Europe, offering information system services to overseas customers, and interlocking of directors	Sale of Fujitsu's products	Sales	47,825	Accounts receivable, trade	26,567
Subsidiary	Fujitsu Marketing Ltd.	Ownership Direct 100%	Sale and maintenance of Fujitsu's products, and interlocking of directors	Sale of Fujitsu's products	Sales	81,044	Accounts receivable, trade	25,929
				Receipt of dividend	Dividend income	26,733	-	-
Subsidiary	Fujitsu Mission Critical Systems Ltd. (Note(3))	Ownership Direct 100%	Consignment of development of software, and interlocking of directors	Consignment of development of software	Purchases	56,204	Accounts payable, trade	20,577

Type	Name	Percentage of voting right	Relationship	Transactions		Transac-tion amount	Account	Ending balance
Subsidiary	Fujitsu Capital Ltd.	Ownership Direct 100%	Group finance in Japan, interlocking of directors	Loans	Repay-ment (Notes(4))	44,805	Short-term borrowings	20,000
					Interest expense	112	Long-term borrowings	795
Subsidiary	PFU Ltd.	Ownership Direct 100%	Offering information system services to customers, sale and maintenance of Fujitsu's products, and interlocking of directors	Receipt of dividend	Dividend income	40,831	-	-
				Underwriting of capital increase	-	20,000	-	-
Subsidiary	Fujitsu FIP Corp.	Ownership Direct 100%	Offering outsourcing services to customer, sale of Fujitsu's products, and interlocking of directors	Receipt of dividend	Dividend income	33,645	-	-
				Underwriting of capital increase	-	32,000	-	-
Subsidiary	Fujitsu Management Services of America, Inc.	Ownership Direct 100%	Management services and Group finance in North America, and interlocking of directors	Distribution of residual property	Gain on liquidation	18,750	-	-
					Liquida-tion dividend	32,907	-	-
Subsidiary	Fujitsu Services Holdings PLC	Ownership Direct 100%	Offering information system services to overseas customers, and interlocking of directors	Underwriting of capital increase	-	113,536	-	-
Subsidiary	Fujitsu North America Holdings, Inc. (Note(5))	Ownership Direct 100%	Offering information system services to overseas customers, and interlocking of directors	Underwriting of capital increase	-	33,944	-	-

Notes

(1) Transactions listed above generally have terms of business based on arms-length, except for receipt of dividends, underwriting of capital increase and distribution of residual assets due to liquidation, where financial conditions of subsidiaries or other factors are taken into account.

(2) Consumption taxes are not included in the transaction amount. Consumption taxes are included in the ending balance.

(3) Fujitsu Advanced Solutions Ltd., a surviving company, and Fujitsu Mission Critical Systems Ltd., merged into an entity and changed its name to Fujitsu Mission Critical Systems Ltd. on October 1, 2013.

(4) Amount of repayment to Fujitsu Capital Ltd. is offset by loans from the company.

(5) Upon the underwriting of the capital increase, Fujitsu Ltd reversed the total balance of provision for loss on guarantee to Fujitsu North America Holdings, Inc. (22,089 million yen in fiscal 2012), which had been provided toward the capital deficit.

【Notes to Per Share Data】

Net assets per share	292.01yen
Earnings per share	89.24yen

【Notes to Events after the Reporting Period】

No significant events.

【Other Notes】

1. Securities

Securities in subsidiaries and affiliates

(Million Yen)

Type	Book value on balance sheet	Fair value	Variance
Securities in subsidiaries	38,307	118,646	80,338
Securities in affiliates	10,057	47,036	36,979
Total	48,364	165,682	117,318

(Note) Securities in subsidiaries and affiliates that are considered extremely difficult to determine the fair value

(Million Yen)

Type	Book value on balance sheet
Securities in subsidiaries	490,794
Securities in affiliates	2,489

The securities above are not included in "Securities in subsidiaries and affiliates", because determination of the fair value of the securities are considered extremely difficult.

2. Retirement benefits

Defined benefit liability as of the end of FY2013 is 725,746 million yen. Unrecognized actuarial gains and losses and past service costs (reduction of obligation) are 162,435 million yen and -15,229 million yen respectively. 43,759 million yen, which represents the excess of plan assets, 622,300 million yen, over the amount of defined benefit obligations adjusted for unrecognized actuarial gains and losses and past services costs, is recognized as "prepaid pension costs" under assets on the balance sheet.

Adoption of International Financial Reporting Standards (IFRS) (Reference)

At a Board of Directors meeting held on April 30, 2014, it was resolved that the Fujitsu Group will switch from Japanese accounting standards and voluntarily adopt International Financial Reporting Standards (IFRS) for its consolidated financial statements, beginning in fiscal 2014.

The Fujitsu Group has expanded its business across the globe, to regions such as Europe, the Americas, and Asia, in addition to Japan. As the importance of its business outside of Japan grows year by year, the adoption of IFRS as a single, uniform accounting standard will enable coherent business management for Group companies, both in and outside of Japan. Through the use of IFRS as a management platform for business management toward a truly global company, Fujitsu will pursue efficiencies and raise its corporate value to achieve global growth. In adopting IFRS, Fujitsu also seeks to improve comparability of its financial information in global capital markets.

The impact of the voluntary adoption of IFRS on Fujitsu's consolidated income statements and balance sheet is summarized below. The voluntary adoption of IFRS will not affect Fujitsu's unconsolidated financial statements.

Major Impact from the Switch to IFRS

1. Consolidated Income Statements
- There is no effect on net sales.
- Operating income and net income are increased, primarily because of a change in recognition of expenses for retirement benefits and goodwill.

For retirement benefits, under IFRS, amortization expenses for actuarial gains and losses are no longer incurred. Under Japanese accounting standards, actuarial gains and losses were periodically amortized over multiple years from the year following when the actuarial gains and losses arose. Under IFRS, there is no periodic amortization and instead, actuarial gains or losses are immediately reflected in retained earnings. For goodwill, there is no periodic amortization under IFRS.

With the adoption of IFRS, among the items that, under Japanese accounting standards, were included in other income and expenses, items other than financial gains or losses and equity in earnings of affiliates are included in operating income. In addition, because there is no classification corresponding to extraordinary gains or losses under IFRS, if items such as expenses for the structural reform of businesses or impairment losses arise, they are recorded in operating income.

2. Consolidated Balance Sheets
- There is no significant impact on assets and liabilities.
- There is a change in presentation of the components of net assets. Reductions to net assets resulting from remeasurements of defined benefit plans are reclassified from accumulated other comprehensive income into retained earnings. As a result, retained earnings are reduced.