4. Policy on Dividends and Dividends Forecast

Article 40 of Fujitsu Limited’s Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu’s basic policy on the exercise of this authority, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is 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, while taking into consideration its level of profit, when a sufficient volume of internal reserves is secured, including through the acquisition of its own shares, Fujitsu aims to more proactively distribute profits to shareholders.

In its non-consolidated financial results for fiscal 2012, Fujitsu posted a loss on valuation of shares in affiliates of approximately 380 billion yen, primarily on non-recoverable losses in the Company’s semiconductor, European and UK subsidiaries. Specifically, factors included the impact of deteriorated business conditions on its subsidiary responsible for LSI devices, Fujitsu Semiconductor Limited, and the subsidiary conducting operations in continental Europe, Fujitsu Technology Solutions, as well as an as other expenses posted due to the implementation of structural reforms. In addition, Fujitsu will recognize unrecognized obligation for retirement benefits for its subsidiary in the UK, Fujitsu Services Holdings PLC. The posting of these valuation losses caused negative retained earnings, on a non-consolidated basis, as of the end of fiscal 2012. As such, the company will not pay a fiscal 2012 year-end dividend.

Annual dividends amounted to 5 yen per share, representing only the interim dividend.

With respect to the payment of dividends from retained earnings in FY2013, the Company has regrettably decided not to pay an interim dividend, and the payment of a year-end dividend has not yet been decided.

Overview of FY 2012 Non-consolidated Financial Results

<Profit and Loss (Non-consolidated)>

(Billion Yen)

	FY2011 (4/1/2011 – 3/31/2012)	**FY2012** (4/1/2012 – 3/31/2013)	Change
Net Sales	2,124.2	2,087.8	-36.3
Operating Income	28.3	27.8	-0.4
Other Income and Expenses	14.6	-361.5	-376.2
Net Income(loss)	54.8	-338.0	-392.8

On a non-consolidated basis, net sales for Fujitsu Limited in fiscal 2012 were 2,087.8 billion yen (US$22,211 million), representing a decline of 1.7% compared to fiscal 2011. Operating income was 27.8 billion yen (US$296 million), essentially unchanged from the previous fiscal year. Although operating income was adversely affected by the impact of lower sales, primarily of hardware products, such as PCs and mobile phones, there was company-wide progress in achieving cost efficiencies.

Valuation losses of 383.9 billion yen on shares of subsidiaries and restructuring charges of 3.9 billion yen were recorded in other expenses. The valuation losses on shares of subsidiaries stemmed from the LSI device business, for which structural reforms have been implemented in the face of deteriorating financial performance, and valuation losses recorded on shares of subsidiaries in business operations outside Japan.

The restructuring charges are personnel-related expenses stemming from an early retirement incentive plan implemented for managerial-level employees of Fujitsu Limited.

On a non-consolidated basis, Fujitsu Limited recorded a net loss of 338.0 billion yen (US$3,596 million).

[Major Items in Valuation Losses on Shares of Subsidiaries (FY2012)]

1. Semiconductor Subsidiary: Fujitsu Semiconductor Limited
As a result of deterioration in its financial performance, Fujitsu recorded a valuation loss of 187.1 billion yen on the subsidiary's stock due to the value of the Company's net assets falling below 50% of the book value of Fujitsu's investment, and because the estimated value from the recovery of net assets within roughly a 5-year period is less than the book value of its investment.

2. European Subsidiary: Fujitsu Technology Solutions (Holding) B.V.
As a result of deterioration in its financial performance, Fujitsu recorded a valuation loss of 82.4 billion yen on the subsidiary's stock due to the erosion of the Company's excess earnings generation capacity envisioned at the time of its acquisition, and because the estimated value from the recovery of net assets within roughly a 5-year period is less than the book value of its investment.

3. UK Subsidiary: Fujitsu Services Holdings PLC
In addition to deterioration in its financial performance, with the adoption of revised accounting standards for retirement benefits, the Company’s net assets will significantly decline because of the recognition of previously unrecognized retirement benefit obligations. Fujitsu recorded a valuation loss of 106.0 billion yen on the subsidiary's stock because the estimated value from the recovery of net assets within roughly a 5-year period is less than the book value of its investment.

<Net Assets(Non-consolidated)>

(Billion Yen)

	FY2011 (March 31, 2012)	**FY2012** (March 31, 2013)	Change
Shareholders' Equity	745.7	387.0	-358.7
Common Stock	324.6	324.6	-
Capital Surplus:	167.1	167.1	-0.0
Other Capital Surplus	167.1	167.1	-0.0
Retained Earnings:	254.3	-104.3	-358.7
Legal Retained Earnings	8.0	10.1	2.0
Other Retained Earnings	246.2	-114.5	-360.7
Treasury Stock	-0.3	-0.3	-0.0
Valuation and Translation Adjustments	12.9	23.3	10.4
Total Net Assets	758.7	410.3	-348.3

Allocable Funds for Distribution (Non-consolidated)	413.0	52.2	-360.8

In fiscal 2012, because of the large losses recorded primarily as a result of valuation losses on the shares of subsidiaries, Fujitsu Limited posted a net loss of 338.0 billion yen on a non-consolidated basis, resulting in negative retained earnings of 104.3 billion yen. Allocable funds for distribution at the end of the 2012 fiscal year were 52.2 billion yen, a decline of 360.8 billion yen from the end of fiscal 2011.