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FY 2010 Full-Year Financial Results

Fujitsu Limited

shaping tomorrow with you

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FY 2010 Full-Year Financial Results

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Part I: Financial Tables

1. Summary of FY 2010 Full-Year Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen (Millions, except per share data)		
		FY 2010 (4/1/10-3/31/11)	FY 2009 (4/1/09-3/31/10)	Change (%)
Net sales	**Y**	**4,528,405**	4,679,519	-3.2
Operating income		**132,594**	94,373	+40.5
Income before income taxes and minority interests		**102,236**	112,706	-9.3
Net income		**55,092**	93,085	-40.8
Net income per common share:				
Basic		**26.62**	45.21	
Diluted	**Y**	**25.75**	42.17	
Rate of Return on equity		**6.8%**	12.0%	
Operating income margin		**2.9%**	2.0%	

b. Summary of Consolidated Financial Condition

		Yen (Millions, except per share data)	
		March 31, 2011	March 31, 2010
Total assets	**Y**	**3,024,097**	3,228,051
Net assets		**953,779**	948,373
Owners' equity		**821,244**	798,662
Net assets per share	**Y**	**396.81**	386.79
Owners' equity ratio		**27.2%**	24.7%

c. Summary of Consolidated Statements of Cash Flows

		Yen (Millions, except per share data)	
		FY 2010 (4/1/10~3/31/11)	FY 2009 (4/1/09~3/31/10)
Cash flows from operating activities	**Y**	**255,534**	295,389
Cash flows from investing activities		**(142,108)**	1,020
Cash flows from financing activities		**(166,933)**	(405,310)
Cash and cash equivalents at end of period	**Y**	**358,593**	420,166

2. Dividends per Share of Common Stock

a. Dividends per Share of Common Stock

		Yen		
		FY 2009	**FY 2010**	**FY 2011***
First-quarter ended June 30	**Y**	-	**-**	-
Second-quarter ended September 30		3.00	**5.00**	-
Third-quarter ended December 31		-	**-**	-
Full-year ended March 31		5.00	**5.00**	-
Total	**Y**	8.00	**10.00**	-

b. Consolidated Dividends

		Yen (Millions)		
		FY 2009 (Actual)	FY 2010 (Planned)	**FY 2011* (Forecast)**
Total amount of dividends	**Y**	16,522	20,696	-
Dividend payout ratio		17.7%	37.6%	-
Ratio of dividends to net assets		2.1%	2.6%	-

3. Number of Issued Shares (Common Shares)

a. Number of issued shares at end of period

FY 2010	**2,070,018,213**	**shares**
FY 2009	**2,070,018,213**	**shares**

b. Treasury stock held at end of period

FY 2010	**386,227**	**shares**
FY 2009	**5,179,774**	**shares**

c. Average number of issued shares during period

FY 2010	**2,069,731,928**	**shares**
FY 2009	**2,058,748,221**	**shares**

Note:

*Interim and full-year dividend amounts for Fiscal 2011 (fiscal year ending March 31, 2012) have yet to be determined.

4. Consolidated Earnings Forecast for FY 2011

As a result of the Tohoku earthquake, the consolidated earnings forecast for FY 2011 has been omitted due to the difficulty in providing a reasonable assessment at this time. For details, please refer to FY 2011 Consolidated Earnings Projections on page 24 of Part II. Explanation of Financial Results, 1. Overview of FY 2010 Full-Year Financial Results.

(Reference information)
Summary of FY2010 Full-Year Unconsolidated Results

a. Summary of Unconsolidated Statements of Operations

		Yen (Millions) FY2010 (4/1/10~3/31/11)	FY2009 (4/1/09~3/31/10)	Change(%)
Net sales	**Y**	**2,092,928**	2,148,982	-2.6
Operating income		**35,289**	20,593	71.4
Income before income taxes and minority interests		**46,440**	119,282	-61.1
Net income		**44,765**	126,121	-64.5
Net income per common share:				
Basic		**21.63**	61.26	
Diluted	**Y**	**21.09**	56.68	

b. Summary of Unconsolidated Financial Condition

		Yen (Millions) (Except per share) March 31 2011	March 31 2010
Total assets	**Y**	**2,027,433**	2,070,647
Net assets		**724,404**	699,738
Owners' equity		**724,404**	699,738
Net assets per share	**Y**	**350.02**	338.88
Owners' equity ratio		**35.7%**	33.8%

5. Full-Year Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

		Yen (Millions)	
		FY 2010	FY 2009
		(4/1/10-3/31/11)	(4/1/09-3/31/10)
Net sales	**Y**	**4,528,405**	4,679,519
Cost of sales		**3,270,923**	3,436,412
Gross profit		**1,257,482**	1,243,107
Selling, general and administrative expenses		**1,124,888**	1,148,734
Operating income		**132,594**	94,373
Other income:			
Interest income		**2,723**	4,239
Dividend income		**3,398**	3,778
Equity in earnings of affiliates, net		**3,804**	2,805
Gain on sales of investment securities		**9,366**	89,657
Gain on change in equity		**2,368**	-
Gain on negative goodwill		**1,220**	-
Gain on transfer of business		**-**	2,211
Others		**11,806**	14,345
Total other income		**34,685**	117,035
Other expenses:			
Interest expense		**11,728**	16,321
Loss on foreign exchange, net		**11,063**	4,205
Loss on disposal of property, plant and equipment and intangible assets		**5,477**	3,923
Loss on disaster		**11,645**	-
Loss on adjustment for changes of accounting standard for asset retirement obligations		**4,113**	-
Impairment loss		**1,579**	2,902
Loss on changes in retirement benefit plan		**1,266**	-
Business restructuring expenses		**-**	47,406
Others		**18,172**	23,945
Total other expenses		**65,043**	98,702
Income before income taxes and minority interests		**102,236**	112,706
Income taxes:			
Current		**35,057**	27,059
Deferred		**13,122**	(11,283)
Total income taxes		**48,179**	15,776
Income before minority interests		**54,057**	-
Minority interests		**(1,035)**	3,845
Net income	**Y**	**55,092**	93,085

Consolidated Statements of Comprehensive Income

		Yen (Millions)	
		FY 2010 (4/1/10-3/31/11)	FY 2009 (4/1/09-3/31/10)
Income before minority interests	**Y**	**54,057**	-
Other comprehensive income:			
Unrealized gain and loss on securities, net of taxes		**(2,495)**	-
Deferred hedge gain and loss		**63**	-
Foreign currency translation adjustments		**(11,989)**	-
Share of other comprehensive income of associates accounted for using equity method		**(846)**	-
Total other comprehensive income (*2)		**(15,267)**	-
Comprehensive income (*1):		**38,790**	
＜breakdown＞			
Comprehensive income attributable to owners of the parent		**40,954**	-
Comprehensive income attributable to minority interests	**Y**	**(2,164)**	-

Note:

*Refer to page 47 for explanations.

6. Full-Year Consolidated Business Segment Information

a. Net Sales** and Operating Income (1)

		Yen (Billions) FY 2010 (4/1/10~3/31/11)	FY 2009 (4/1/09~3/31/10)	Change(%)	Excluding impact of changes in currency exchange rates(%)***	Change vs. Previous Forecast****	Yen (Billons) FY 2008 (4/1/08~3/31/09)
Technology Solutions							
Japan	**Y**	**1,942.1**	1,962.3	-1.0	-1	-27.8	2,114.3
Outside Japan		**1,072.1**	1,166.9	-8.1	+1	-7.8	974.9
Sales		**3,014.3**	3,129.3	-3.7	-0	-35.6	3,089.2
Operating income:							
Services		**117.3**	127.5	-8.0		-7.6	168.6
[Operating income margin]		**[4.9%]**	[5.0%]			[-0.2%]	[6.8%]
System Platforms		**45.5**	25.9	+75.1		+5.5	32.5
[Operating income margin]		**[7.7%]**	[4.4%]			[0.9%]	[5.3%]
Total operating income		**162.8**	153.5	+6.0		-2.1	201.2
[Operating income margin]		**[5.4%]**	[4.9%]			-	[6.5%]
Ubiquitous Solutions							
Japan		**851.6**	814.2	+4.6	+5	-13.3	853.5
Outside Japan		**273.9**	305.4	-10.3	-1	-6.0	148.5
Sales		**1,125.6**	1,119.6	+0.5	+3	-19.3	1,002.1
Operating income		**22.6**	40.6	-44.3		-7.3	29.8
[Operating income margin]		**[2.0%]**	[3.6%]			[-0.6%]	[3.0%]
Device Solutions							
Japan		**361.3**	331.8	+8.9	+9	-8.6	402.0
Outside Japan		**269.2**	257.1	+4.7	+13	-0.7	248.0
Sales		**630.6**	589.0	+7.0	+11	-9.4	650.1
Operating income		**20.9**	(9.0)	-		-2.0	(75.8)
[Operating income margin]		**[3.3%]**	[-1.5%]			[-0.3%]	[-11.7%]
Other/Elimination and Corporate******							
Sales		**(242.2)**	(158.6)	-	-	+22.7	(48.5)
Operating income		**(73.9)**	(90.8)	-		-0.9	(86.3)
Total							
Japan		**2,941.0**	2,931.2	+0.3	0	-38.9	3,193.1
Outside Japan		**1,587.3**	1,748.3	-9.2	0	-2.6	1,499.8
Total		**4,528.4**	4,679.5	-3.2	0	-41.5	4,692.9
Operating income	**Y**	**132.5**	94.3	+40.5		-12.4	68.7
[Operating income margin]		**[2.9%]**	[2.0%]			[-0.3%]	[1.5%]
＜Ratio of sales outside Japan＞		**＜35.1%＞**	＜37.4%＞			＜+0.3%＞	＜32.0%＞

b. Net Sales** by Principal Products and Services

		Yen (Billions) FY 2010 (4/1/10~3/31/11)	FY 2009 (4/1/09~3/31/10)	Change (%)	Excluding impact of changes in currency exchange rates(%)***	Change vs. Previous Forecast****	Yen (Billions) FY 2008 (4/1/08~3/31/09)
Technology Solutions							
Services:							
Solutions / System Integration	Y	**830.0**	835.8	-0.7	-1	-9.9	911.5
Infrastructure Services		**1,589.5**	1,706.0	-6.8	-1	-30.4	1,558.5
		2,419.5	2,541.8	-4.8	-1	-40.4	2,470.1
System Platforms:							
System Products		**326.5**	314.3	+3.9	+7	+1.5	302.0
Network Products		**268.2**	273.1	-1.8	+1	+3.2	317.1
		594.8	587.4	+1.2	+4	+4.8	619.1
Total		**3,014.3**	3,129.3	-3.7	-0	-35.6	3,089.2
Ubiquitous Solutions							
PCs / Mobile Phones		**842.5**	817.1	+3.1	+6	-12.4	676.2
Mobilewear		**283.1**	302.5	-6.4	-4	-6.8	325.8
Total		**1,125.6**	1,119.6	+0.5	+3	-19.3	1,002.1
Device Solutions							
LSI*****		**343.7**	320.0	+7.4	+10	-6.2	406.6
Electronic Components		**288.5**	271.4	+6.3	+11	-1.4	247.9
Total	Y	**630.6**	589.0	+7.0	+11	-9.4	650.1

Notes:

* Beginning with the first quarter of fiscal 2010, Fujitsu changed its business segmentation, as explained in the press release, "Notice Regarding Change in Business Segments," issued July 26, 2010. Among the major changes, in the Services sub-segment, the services business outside Japan was previously included under both Solutions/SI and Infrastructure Services, but now all services business outside Japan is included under Infrastructure Services. In addition, although the car audio and navigation systems business had been included in the Other segment, this business is now included in Mobilewear in the Ubiquitous Solutions segment. For comparison purposes, figures for fiscal years 2008 and 2009 have been reclassified under the new segments.

** Net sales include intersegment sales.

*** The impact of exchange rate fluctuation has been calculated by using the average U.S. dollar, euro and British pound exchange rates for fiscal year 2009 to translate the current period's net sales outside Japan into yen.

**** Previous forecast as of January 28, 2011.

***** Sales figures for LSI include intrasegment sales to the electronic components segment.

****** Other/Elimination and Corporate includes Japan's next-generation supercomputer project, facility services and the development of information services for Fujitsu Group companies, and retirement and healthcare benefits for Fujitsu Group employees. The figures in this category for fiscal years 2008 and 2009 also include the hard disk drive (HDD) business, the transfer of which was completed October 1, 2009.

7. Full-Year Consolidated Balance Sheets

		Yen (Millions)	
		March 31 2011	March 31 2010
Assets			
Current assets:			
Cash and time deposits	**Y**	**353,892**	322,733
Notes and accounts receivable, trade		**877,069**	921,349
Marketable securities		**10,802**	105,227
Finished goods		**150,685**	145,646
Work in process		**112,995**	100,904
Raw materials		**77,758**	75,751
Deferred tax assets		**76,666**	76,308
Others		**115,541**	139,986
Allowance for doubtful accounts		**(14,781)**	(15,924)
Total current assets		**1,760,627**	1,871,980
Non-current assets:			
Property, plant and equipment, net of accumulated depreciation:			
Buildings		**277,844**	273,133
Machinery		**100,803**	110,639
Equipment		**126,101**	137,509
Land		**117,481**	119,530
Construction in progress		**16,413**	21,924
Total property, plant and equipment		**638,642**	662,735
Intangible assets:			
Software		**135,118**	139,546
Goodwill		**80,083**	93,945
Others		**36,757**	45,722
Total intangible assets		**251,958**	279,213
Other non-current assets:			
Investment securities		**152,361**	170,935
Deferred tax assets		**72,093**	83,279
Others		**155,351**	167,948
Allowance for doubtful accounts		**(6,935)**	(8,039)
Total other non-current assets		**372,870**	414,123
Total non-current assets		**1,263,470**	1,356,071
Total assets	**Y**	**3,024,097**	3,228,051

		Yen (Millions)	
		March 31 2011	March 31 2010
Liabilities and net assets			
Liabilities			
Current liabilities:			
Notes and accounts payable, trade	**Y**	**604,264**	626,986
Short-term borrowings		**125,554**	70,457
Current portion of bonds payable		**100,000**	150,000
Lease obligations		**24,470**	29,790
Accrued expenses		**323,144**	334,458
Accrued income taxes		**23,617**	26,728
Provision for product warranties		**25,254**	25,429
Provision for construction contract losses		**21,392**	24,575
Provision for bonuses to board members		**125**	93
Others		**259,988**	271,537
Total current liabilities		**1,507,808**	1,560,053
Long-term liabilities:			
Bonds payable		**180,300**	230,200
Long-term borrowings		**64,969**	126,786
Lease obligations		**26,775**	39,509
Deferred tax liabilities		**33,755**	29,949
Revaluation of deferred tax liabilities		**575**	575
Accrued retirement benefits		**181,572**	206,404
Provision for loss on repurchase of computers		**16,320**	23,514
Provision for product warranties		**2,207**	3,585
Provision for recycling expenses		**6,363**	5,550
Others		**49,674**	53,553
Total long-term liabilities		**562,510**	719,625
Total liabilities		**2,070,318**	2,279,678
Net assets			
Shareholders' equity:			
Common stock		**324,625**	324,625
Capital surplus		**236,437**	235,985
Retained earnings		**343,072**	307,964
Treasury stock		**(214)**	(2,723)
Total shareholders' equity		**903,920**	865,851
Accumulated other comprehensive income:			
Unrealized gain and loss on securities, net of taxes		**13,564**	16,006
Deferred hedge gain and loss		**454**	(31)
Revaluation surplus on land		**2,363**	2,331
Foreign currency translation adjustments		**(99,057)**	(85,495)
Total accumulated other comprehensive income		**(82,676)**	(67,189)
Subscription rights to shares		**76**	53
Minority interests		**132,459**	149,658
Total net assets		**953,779**	948,373
Total liabilities and net assets	**Y**	**3,024,097**	3,228,051

8. Full-Year Consolidated Statements of Cash Flows

		Yen (Millions)	
		FY 2010	FY 2009
		(4/1/10~3/31/11)	(4/1/09~3/31/10)
1. Cash flows from operating activities:			
Income before income taxes and minority interests	**Y**	**102,236**	112,706
Depreciation and amortization		**207,767**	231,741
Impairment loss		**1,579**	2,902
Goodwill amortization		**15,610**	23,317
Increase (decrease) in provisions		**(45,500)**	(29,831)
Interest and dividend income		**(6,121)**	(8,017)
Interest charges		**11,728**	16,321
Equity in earnings of affiliates, net		**(3,804)**	(2,805)
Disposal of non-current assets		**7,309**	10,535
(Gain) loss on sales of investment securities, net		**(9,366)**	(89,657)
(Increase) decrease in receivables, trade		**25,687**	48,937
(Increase) decrease in inventories		**(22,706)**	18,793
Increase (decrease) in payables, trade		**(1,718)**	(23,047)
Other, net		**13,361**	15,773
Cash generated from operations		**296,062**	327,668
Interest and dividends received		**6,893**	8,969
Interest paid		**(11,179)**	(17,879)
Income taxes paid		**(36,242)**	(23,369)
Net cash provided by operating activities		**255,534**	295,389
2. Cash flows from investing activities:			
Purchases of property, plant and equipment		**(122,267)**	(114,525)
Proceeds from sales of property, plant and equipment		**6,861**	9,177
Purchases of intangible assets		**(59,693)**	(58,825)
Purchases of investment securities		**(16,029)**	(23,662)
Proceeds from sales of investment securities		**35,120**	116,814
Proceeds from transfer of business		**4,214**	17,549
Income from acquisition of subsidiaries' stock resulting from change in scope of consolidation		**715**	50,416
Other, net		**8,971**	4,076
Net cash provided by (used in) investing activities		**(142,108)**	1,020
1+2 [Free Cash Flow]		**113,426**	296,409
3. Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		**7,373**	(80,861)
Proceeds from long-term debt		**4,990**	69,829
Repayment of long-term debt		**(15,497)**	(11,280)
Proceeds from issuance of bonds		**58,749**	12,218
Repayment of bonds		**(158,645)**	(315,325)
Proceeds from sales or treasury stock		**24**	25
Purchase of treasury stock		**(145)**	(22,691)
Dividends paid		**(23,187)**	(13,842)
Other, net		**(40,595)**	(43,383)
Net cash used in financing activities		**(166,933)**	(405,310)
4. Effect of exchange rate changes on cash and cash equivalents		**(8,091)**	(983)
5. Net increase (decrease) in cash and cash equivalents		**(61,598)**	(109,884)
6. Cash and cash equivalents at beginning of period		**420,166**	528,174
7. Cash and cash equivalents of newly consolidated subsidiaries		**25**	1,876
8. Cash and cash equivalents at end of period	**Y**	**358,593**	420,166

9. Full-Year Consolidated Statements of Changes in Net Assets

		Yen (Millions)	
		FY 2010 (4/1/10~3/31/11)	FY 2009 (4/1/09~3/31/10)
Net assets:			
Shareholders' equity:			
Common stock:			
Balance at end of previous term	Y	**324,625**	324,625
Increase (Decrease) during the term			
Total		**-**	-
Ending balance of common stock		**324,625**	324,625
Capital surplus:			
Balance at end of previous term		**235,985**	236,612
Increase (Decrease) during the term:			
Sales of treasury stock		**452**	(627)
Total		**452**	(627)
Ending balance of capital surplus		**236,437**	235,985
Retained earnings:			
Balance at end of previous term		**307,964**	223,797
Increase (Decrease) due to changes in accounting treatment by subsidiaries outside Japan		**-**	999
Increase (Decrease) during the term:			
Cash dividends		**(20,672)**	(12,399)
Net income		**55,092**	93,085
Change of scope of equity method		**720**	-
Effect from change of scope of consolidation		**-**	2,482
Reversal of revaluation reserve for land		**(32)**	-
Total		**35,108**	83,168
Ending balance of retained earnings		**343,072**	307,964
Treasury stock:			
Balance at end of previous term		**(2,723)**	(2,133)
Increase (Decrease) during the term:			
Acquisition of treasury stock		**(145)**	(22,691)
Sales of treasury stock		**2,654**	22,101
Total		**2,509**	(590)
Ending balance treasury stock		**(214)**	(2,723)
Total shareholders' equity			
Balance at end of previous term		**865,851**	782,901
Increase (Decrease) due to changes in accounting treatment by subsidiaries outside Japan		**-**	999
Increase (Decrease) during the term:			
Cash dividends		**(20,672)**	(12,399)
Net income		**55,092**	93,085
Acquisition of treasury stock		**(145)**	(22,691)
Sales of treasury stock		**3,106**	21,474
Change of scope of equity method		**720**	-
Effect from change of scope of consolidation		**-**	2,482
Reversal of revaluation reserve for land		**(32)**	-
Total		**38,069**	81,951
Ending balance of shareholders' equity	Y	**903,920**	865,851

		Yen (Millions)	
		FY 2010	FY 2009
		(4/1/10~3/31/11)	(4/1/09~3/31/10)
Accumulated other comprehensive income:			
Unrealized gain and loss securities, net of taxes:			
Balance at end of previous term	**Y**	**16,006**	51,661
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**(2,442)**	(35,655)
Total		**(2,442)**	(35,655)
Ending balance of unrealized gain and loss securities, net of taxes		**13,564**	16,006
Deferred hedge gain and loss:			
Balance at end of previous term		**(31)**	2,880
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**485**	(2,911)
Total		**485**	(2,911)
Ending balance of deferred hedge gain and loss		**454**	(31)
Revaluation surplus on land:			
Balance at end of previous term		**2,331**	2,332
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**32**	(1)
Total		**32**	(1)
Ending balance of revaluation surplus on land		**2,363**	2,331
Foreign currency translation adjustments:			
Balance at end of previous term		**(85,495)**	(90,833)
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**(13,562)**	5,338
Total		**(13,562)**	5,338
Ending balance of foreign currency translation adjustments		**(99,057)**	(85,495)
Total accumulated other comprehensive income:			
Balance at end of previous term		**(67,189)**	(33,960)
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**(15,487)**	(33,229)
Total		**(15,487)**	(33,229)
Ending balance of accumulated other comprehensive income		**(82,676)**	(67,189)
Subscription rights to shares:			
Balance at end of previous term		**53**	26
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**23**	27
Total		**23**	27
Ending balance of subscription rights to shares		**76**	53
Minority interests:			
Balance at end of previous term		**149,658**	176,635
Increase (Decrease) during the term:			
Net increase (decrease) during the term,			
except for items under shareholders' equity		**(17,199)**	(26,977)
Total		**(17,199)**	(26,977)
Ending balance of minority interests		**132,459**	149,658
Total net assets:			
Balance at end of previous term		**948,373**	925,602
Increase (Decrease) due to changes in accounting treatment by subsidiaries outside Japan		**-**	999
Increase (Decrease) during the term:			
Cash dividends		**(20,672)**	(12,399)
Net income		**55,092**	93,085
Acquisition of treasury stock		**(145)**	(22,691)
Sales of treasury stock		**3,106**	21,474
Change of scope of equity method		**720**	-
Effect from change of scope of consolidation		**-**	2,482
Reversal of revaluation reserve for land		**(32)**	-
Net increase (decrease) during the term,			
except for items under shareholders' equity		**(32,663)**	(60,179)
Total		**5,406**	21,772
Ending balance of net assets	**Y**	**953,779**	948,373

Part II. Explanation of Financial Results

1. Overview of FY 2010 Full-Year Financial Results

Business Environment

During fiscal 2010 (April 1, 2010 – March 31, 2011), the overall business environment in which the Fujitsu Group operated was characterized by a mild recovery, mainly attributable to higher demand in China and other emerging markets, despite high unemployment in Europe and the US as well as fiscal austerity measures and continued concerns about the stability of European financial markets. In Japan, the business environment had been experiencing a mild recovery, with an improvement in employment conditions, a recovery in capital spending, and a rising trend in exports, particularly in the first half of the fiscal year. The second half of the fiscal year, however, was witness to an increasingly severe business environment with government incentive policies running their course and an ongoing appreciation of the yen. Then, with the Tohoku earthquake that hit on March 11, 2011, the recovery came to a sudden halt and the country's near-term economic prospects are looking ever-more uncertain.

With respect to investment in information and communication technology (ICT), there were signs of recovery, particularly in the first half of the fiscal year in the ICT hardware area. Overall, however, amid a persistently cautious approach to investments, there are concerns that the currently severe conditions will continue with the apparent postponement or cancellation of investment projects that arise from corporate stagnation following the earthquake disaster.

Full-Year Financial Results (Billion Yen)

	FY 2010 *4/1/10-3/31/11*	FY 2009 *4/1/09-3/31/10*	FY 2008 *4/1/08-3/31/09*	Change	Change (%)	Change vs. Jan. 2011 Forecast
Net Sales	4,528.4	4,679.5	4,692.9	-151.1	[0]* -3.2	-41.5
Cost of Sales	3,270.9	3,436.4	3,491.5	-165.4	-4.8	
Gross Profit	1,257.4	1,243.1	1,201.4	14.3	1.2	
[Gross Profit Margin]	[27.8%]	[26.6%]	[25.6%]	[1.2%]		
Selling, General and Administrative Expenses	1,124.8	1,148.7	1,132.7	-23.8	-2.1	
Operating Income	132.5	94.3	68.7	38.2	40.5	-12.4
[Operating Income Margin]	[2.9%]	[2.0%]	[1.5%]	[0.9%]		
Other Income and Expenses	-30.4	18.3	-182.0	-48.7	-	
Net Income	55.0	93.0	-112.3	-37.9	-40.8	-19.9

*Excluding the impact of exchange rate fluctuations (%)

FY 2010 Quarterly Breakdown of Results (Billion Yen)

		1Q	2Q	3Q	4Q	Full-Year	Change vs. Jan. 2011 Forecast
Consolidated	Net Sales	1,047.2	1,100.1	1,096.4	1,284.5	4,528.4	-41.5
	Operating Income	10.0	37.1	21.2	64.1	132.5	-12.4
	Change from FY 2009	47.1	18.2	-12.3	-14.8	38.2	
Results by Business Segment							
Technology Solutions	Net Sales	665.7	735.0	718.1	895.4	3,014.3	-35.6
	Operating Income	8.5	47.7	24.9	81.5	162.8	-2.1
	Change from FY 2009	19.9	5.1	-6.6	-9.1	9.2	
Ubiquitous Solutions	Net Sales	276.8	264.3	289.5	294.8	1,125.6	-19.3
	Operating Income	10.6	4.4	3.6	3.8	22.6	-7.3
	Change from FY 2009	-1.1	3.2	-12.5	-7.4	-18.0	
Device Solutions	Net Sales	158.5	161.1	155.3	155.5	630.6	-9.4
	Operating Income	6.0	5.2	8.4	1.2	20.9	-2.0
	Change from FY 2009	22.1	7.1	5.1	-4.5	30.0	

***Comparisons with the prior fiscal year are for operating income in each period.**

FY2010 Major Items in Other Income and Expenses (Billion Yen)

Item		FY 2010	Description
Income	Gain on Sale of Investment Securities	9.3	Gain on sale of shares in affiliated companies held by UK subsidiary
Expense	Loss on disaster	-11.6	Loss on disaster caused by the Tohoku earthquake of March 11, 2011
	Cost of restoring damaged assets	-8.6	Includes cost of restoring damaged plant and equipment, loss on disposal of inventories, and expenses associated with assisting customer recovery
	Fixed costs incurred during production stoppages	-3.0	Includes overhead costs, such as personnel cost and depreciation expenses incurred during production and work stoppages (including those caused by scheduled blackouts by utility companies)

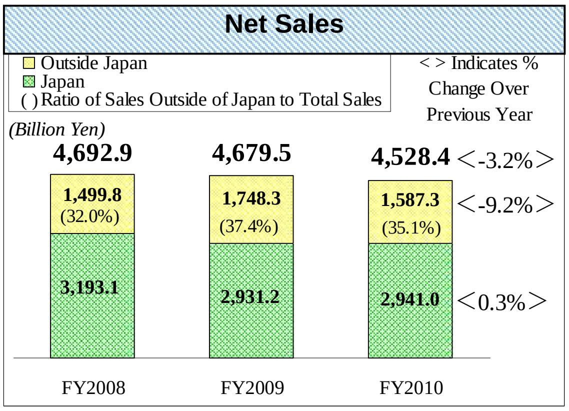
Recovery Status of Fujitsu Group Production Facilities Affected by the Tohoku Earthquake and Scheduled Electrical Blackouts

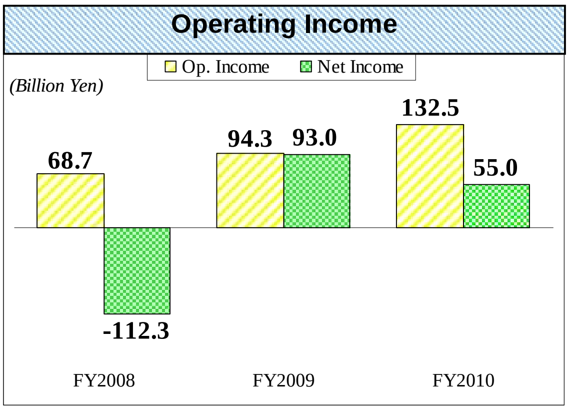
Business Segment	Products	Plant Name	Location	Recovery Status
Device Solutions	Fab-semiconductor manufacturing (front end)	Fujitsu Semiconductor Limited (FSL) - Iwate Plant	Iwate Prefecture	- Operations have partially resumed as of April 3, 2011.
		Fujitsu Semiconductor Limited (FSL) - Aizu-Wakamatsu Plant	Fukushima Prefecture	- Operations have partially resumed as of March 28, 2011.
		Fujitsu Semiconductor Technology (FSET)	Fukushima Prefecture	- Operations have partially resumed as of March 28, 2011.
	Fab - semiconductor manufacturing (back end)	Fujitsu Integrated Microtechnology Ltd. (FIM) - Miyagi Plant	Miyagi Prefecture	- Operations have partially resumed as of March 23, 2011.
	Semiconductor testing center	Fujitsu Integrated Microtechnology Ltd. - Main plant (FIM) - Aizu HQ and plant	Fukushima Prefecture	- One part of the testing process has resumed operations as of March 18, 2011.
Technology Solutions Ubiquitous Solutions	x86 servers	Fujitsu Isotec Limited (FIT)	Fukushima Prefecture	- Resumed operations as of March 23, 2011 - Fully operational at 100% production capacity as of March 28, 2011
	Desktop PCs			- One part of the production process has resumed operations at Shimane Fujitsu Limited (SFJ) as of March 23, 2011. - Operations have partially restarted as of March 28, 2011
	Printers			- Resumed operations as of March 22, 2011
	Equipment relating to power supply	Fujitsu Telecom Networks Limited (FTN) - Furudono Plant	Fukushima Prefecture	- Resumed operations as of March 22, 2011
	Mobile system products, mobile phones, etc.	Fujitsu - Nasu Plant	Tochigi Prefecture	- Continued operations except during the planned rotational blackout periods
	Advanced optical transmission devices, optical component products, etc.	Fujitsu - Oyama Plant	Tochigi Prefecture	- Continued operations except during the planned rotational blackout periods

As of April 20, all affected plants have returned to full production.

2. Profit and Loss

Note: In these explanatory materials, the yen figures for net sales, operating income, and other figures are converted into US$ amounts, for reference purposes, at a rate of $1=83 yen, the approximate Tokyo foreign exchange market rate on March 31, 2011. Figures for and comparisons to prior reporting periods are provided only for reference. The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for fiscal 2009 to translate the current period's net sales outside Japan into yen.





Consolidated net sales for fiscal 2010 were 4,528.4 billion yen (US$54,559 million), a decline of 3.2% from fiscal 2009. Excluding the impact of foreign exchange fluctuations, however, sales were on par with the prior fiscal year.

Sales in Japan were essentially unchanged from the previous fiscal year. Although sales of LSI devices and electronic components were strong as a result of the continued market recovery since the previous year, there was a decline in sales of car audio and navigation systems, as fewer new cars were sold after the government's subsidy program for eco-friendly car purchases ended at the end of the first half of the fiscal year. In addition, sales of PCs and other products were adversely affected by temporary production stoppages and shipment delays resulting from the Tohoku earthquake.

Sales outside of Japan decreased 9.2%. Excluding the impact of exchange rate fluctuations, however, sales were essentially unchanged from the previous fiscal year. Particularly in the first half of the fiscal year, there were higher sales of x86 servers in Europe, LSI devices and electronic components for markets in Asia, and optical transmission systems in North America. The transfer of the HDD business, however, which occurred in October 2009, affects comparisons with the prior fiscal year, resulting in overall sales outside Japan remaining essentially unchanged.

Although there were signs that the trend of yen appreciation leveled off during the third quarter, for fiscal 2010 the average yen exchange rates against major currencies were 86 yen for the US dollar (representing yen appreciation of 7 yen), 113 yen for the euro (18 yen), and 133 yen for the British pound (15 yen) in comparison with fiscal 2009. As a result, the impact of foreign exchange fluctuations for fiscal 2010 was to reduce net sales by approximately 160.0 billion yen compared to fiscal 2009. Sales generated outside Japan as a percentage of total sales were 35.1%, a decrease of 2.3 percentage points compared to the previous fiscal year.

Gross profit increased by 14.3 billion yen compared to fiscal 2009. Despite the adverse effects of the earthquake and yen appreciation, gross profit increased as a result of the increased sales of LSI devices and electronic components, lower depreciation and other fixed costs in the company's LSI device business as a result of structural reforms, in addition to the completion, in the previous fiscal year, of the amortization of unrecognized obligation for retirement benefits in accordance with a change in accounting standards implemented in fiscal 2000. The gross profit margin improved by 1.2 percentage points compared to fiscal 2009, to 27.8%.

Despite an increase in upfront investments in cloud services and other areas, selling, general and administrative expenses declined by 23.8 billion yen compared to fiscal 2009. This was primarily due to the appreciation of the yen and the transfer of the HDD business, in addition to the one-time expenses incurred in the previous year as a result of the conversion of Fujitsu Technology Solutions (Holding) B.V. into a wholly-owned subsidiary.

As a result, operating income was 132.5 billion yen (US$1,596 million), an increase of 38.2 billion yen compared to fiscal 2009.

Income before income taxes was 102.2 billion yen, a decrease of 10.4 billion yen from the previous fiscal year. Although there was an increase in operating income, the company recorded an 11.6 billion yen loss on damage, primarily representing the costs of restoring plant and equipment damaged in Japan's Tohoku earthquake. Comparisons with the previous year were further affected by the gain of 89.6 billion yen on sales of shares in FANUC Ltd. and other investment securities recognized in fiscal 2009.

The company reported consolidated net income of 55.0 billion yen (US$663 million), representing a decrease of 37.9 billion yen from fiscal 2009. In addition to lower income before income taxes, the decline in net income was a result of a lower tax burden in fiscal 2009, as the sale of shares in fiscal 2009 increased the amount of recoverable deferred tax assets, leading to a reversal of the valuation reserve.

Comprehensive income was 38.7 billion yen (US$466 million), with a 15.2 billion yen loss recorded in other comprehensive income, primarily as a result of an 11.9 billion yen foreign currency translation adjustment loss stemming from the ongoing appreciation of the yen.

Statement of Comprehensive Income (Billion Yen)

	FY 2010	FY 2009
Income before minority interests	54.0	96.9
Other comprehensive income	-15.2	-34.3
Unrealized gain and loss on securities, net of taxes	-2.4	-35.7
Deferred hedge gain and loss	0	-2.9
Foreign currency translation adjustments	-11.9	4.1
Share of other comprehensive income of associates accounted for using equity method	-0.8	0.2
Comprehensive income	38.7	62.5

Because the Fujitsu Group's global business development primarily revolves around service businesses, foreign currency fluctuations in the value of the net assets of subsidiaries outside Japan are recorded in other comprehensive income. Moreover, as a result of the fiscal 2009 sale of shares in FANUC Ltd., the impact of stock price fluctuations on the unrealized gain and loss on securities, net of taxes, was limited.

Comparison to Consolidated Earnings Projections Announced in January 2011

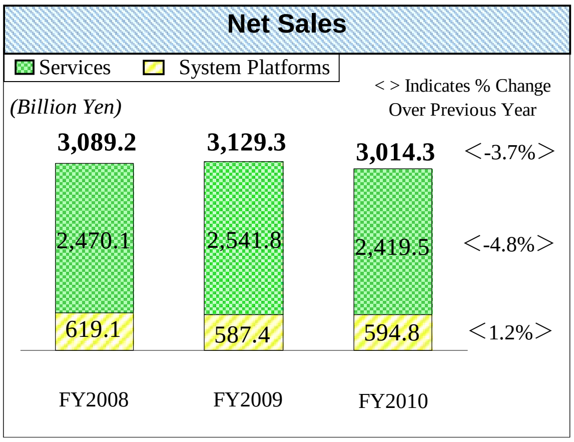
In comparison to the consolidated earnings projections for fiscal 2010 announced in January 2011, net sales and operating income both fell short, by 41.5 billion yen and 12.4 billion yen, respectively. These shortfalls were the result of the production and shipment delays stemming from the temporary production stoppages at Fujitsu Group production facilities, as well as the disruption to freight transport, all caused by the Tohoku earthquake.

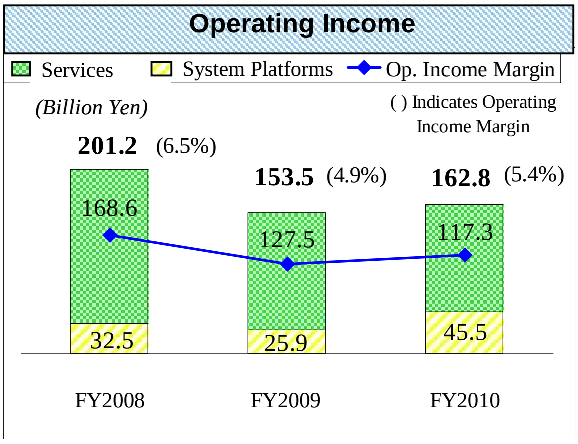
In addition, net income was 19.9 billion yen less than projected on account of an 11.6 billion yen extraordinary loss, primarily associated with the cost of restoring plant and equipment damaged in the Tohoku earthquake.

3. Results by Business Segment

Information on fiscal 2010 consolidated net sales (including intersegment sales) and operating income broken out by business segment is presented below. As indicated in “Notice Regarding Change in Business Segments” issued July 26, 2010, segments have been changed as of fiscal 2010. Major changes include the reclassification of car audio and navigation systems, which had been included in the “Other” segment, as part of the “Ubiquitous Solutions” segment. For comparison purposes, business segment information for previous fiscal years has been reclassified.

Technology Solutions





(Billion Yen)

		FY 2010	Change vs. FY 2009
Net Sales		3,014.3	-3.7%
	Japan	1,942.1	-1.0%
	Outside Japan	1,072.1	-8.1%
Operating Income		162.8	9.2

Consolidated net sales in the Technology Solutions segment for fiscal 2010 were 3,014.3 billion yen (US$36,317 million), a year-on-year decline of 3.7%. Excluding the impact of exchange rate fluctuations, sales were on par with the previous fiscal year. Sales in Japan decreased 1.0%. Although the Services sub-segment experienced a rebound in sales in parts of the financial services industry during the second half of the fiscal year, the sub-segment continued to face corporate investment constraints and other factors against a backdrop of yen appreciation and reaction to the effect of government policies. In addition, the Tohoku earthquake delayed a certain number of customer contracts and product shipments. In the System Platforms sub-segment, while sales of mobile phone base stations were adversely impacted by the industry entering a transition period prior to the full-fledged deployment of commercial LTE (*) services, sales increased overall due to factors including sales from the high-volume production of dedicated servers for the Next-Generation Supercomputer system. Sales outside Japan declined 8.1%. Excluding the impact of exchange rate fluctuations, however, sales were essentially unchanged from the prior fiscal year. Despite the significant impact of government fiscal austerity measures in the UK, sales of infrastructure services and x86 servers in continental Europe and sales of optical transmission systems and other devices in the US achieved steady growth.

The segment posted operating income of 162.8 billion yen (US$1,961 million), an increase of 9.2 billion yen compared to fiscal 2009. In Japan, despite lower sales of mobile phone base stations and other equipment, income rose with the complete amortization, in the previous fiscal year, of the company’s unrecognized obligation for retirement benefits in accordance with a change in accounting standards. Another factor was that development expenses related to mobile phone base stations and other equipment had already peaked. Overseas, despite the positive impact of the completion in fiscal 2009 of the amortization of goodwill stemming from the acquisition of UK-based ICL PLC (now Fujitsu Services Holdings PLC) and a decrease in expenses associated with retirement benefit obligations of a UK subsidiary, income declined due to reduced sales stemming from fewer public sector business opportunities and a deterioration in the profitability of some UK projects.

(*) LTE: Long Term Evolution. A next-generation high-speed data communications standard that further improves on the 3G mobile phone data communications standard

(1) Services

(Billion Yen)

	FY 2010	Change vs. FY 2009
Net Sales	2,419.5	-4.8%
Japan	1,515.9	-2.2%
Outside Japan	903.6	-8.9%
Operating Income	117.3	-10.2

Net sales in the Services sub-segment amounted to 2,419.5 billion yen (US$29,151 million), down 4.8% from the previous fiscal year. Excluding the impact of currency fluctuations, however, sales were essentially unchanged from the previous fiscal year. In Japan, sales decreased 2.2%. Although recovery to investments in system integration services in parts of the financial services industry was seen in the second half, corporate spending constraints and other factors continued against a backdrop of yen appreciation and reaction to the effect of government policies. In addition, discussions on the sale of system upgrades to major public sector customers ran their course, and customer contracts and product shipping and receipt experienced partial delays due to the Tohoku earthquake. Overseas sales declined 8.9%. Excluding the impact of currency fluctuations, however, sales outside Japan were on par with the previous fiscal year. Sales in the UK were significantly affected by government fiscal austerity policies, but there were increased sales in continental Europe and the Americas, in addition to strong sales of image scanners throughout the year.

Operating income for the Services sub-segment was 117.3 billion yen (US$1,413 million), a decrease of 10.2 billion yen compared to fiscal 2009. In Japan, despite the impact of lower sales as well as continued upfront investments for the development of cloud services, income improved due to a reduction in retirement benefit expenses resulting from the complete amortization last fiscal year of an unrecognized obligation for retirement benefits in accordance with a change in accounting standards, as well as overall cost reductions. Overseas, an operating loss resulted from reduced sales with fewer public sector business opportunities in the UK and the one-time recognition of upfront costs associated with the cancellation of certain long-term services contracts. These factors countered the completion of the amortization of goodwill stemming from the acquisition of ICL PLC in the UK in fiscal 2009 and a one-time reduction in retirement benefit expenses associated with revisions to the pension system at a UK subsidiary.

(2) System Platforms

(Billion Yen)

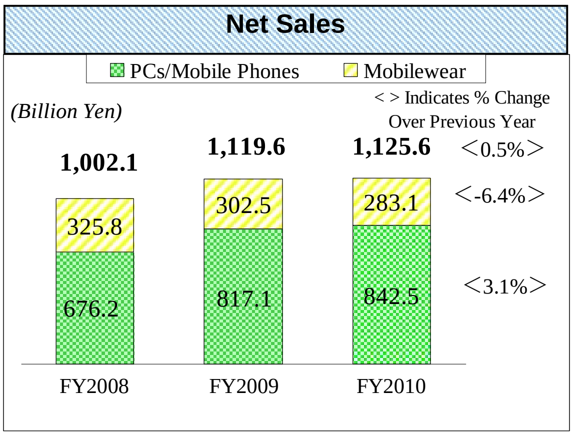
	FY 2010	Change vs. FY 2009
Net Sales	594.8	1.2%
Japan	426.2	3.3%
Outside Japan	168.5	-3.7%
Operating Income	45.5	19.5

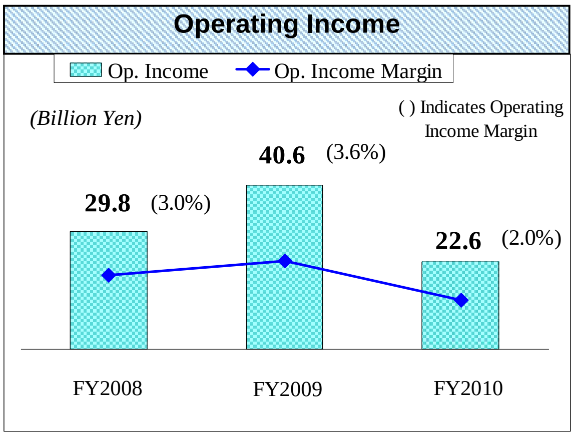
Net sales in the System Platforms sub-segment amounted to 594.8 billion yen (US$7,166 million), an increase of 1.2% compared to fiscal 2009. Excluding the impact of currency fluctuations, sales increased by 4.0%. In Japan, sales increased 3.3%. Despite lower sales of mobile phone base stations resulting from the industry entering a transition period prior to the full-fledged deployment of commercial LTE (*) services, as well as business of mission-critical system upgrades to major customers in the public sector last year, net sales increased overall due to sales achieved with the high-volume production of dedicated servers that utilize the Next-Generation Supercomputer system.

Sales outside Japan decreased 3.7%. Excluding the impact of currency fluctuations, however, sales increased 6.0%. While there continued to be fewer requirements for UNIX servers in the US, sales of optical transmission systems to carriers grew to support increases in traffic associated with the spread of smartphones and other devices. Sales of x86 servers in continental Europe were also strong.

Operating income for the System Platforms sub-segment was 45.5 billion yen (US$548 million), an increase of 19.5 billion yen compared to fiscal 2009. In Japan, income improved due to a reduction in development expenses for servers and other equipment, in addition to increased sales of mobile phone base stations associated with the launch of commercial LTE services, among other factors. Overseas income also improved as the result of increased optical transmission system and x86 server sales, as well as the one-time charge incurred in the previous fiscal year associated with converting Fujitsu Technology Solutions into a consolidated subsidiary.

Ubiquitous Solutions





(Billion Yen)

	FY 2010	Change vs. FY 2009
Net Sales	1,125.6	0.5%
Japan	851.6	4.6%
Outside Japan	273.9	-10.3%
Operating Income	22.6	-18.0

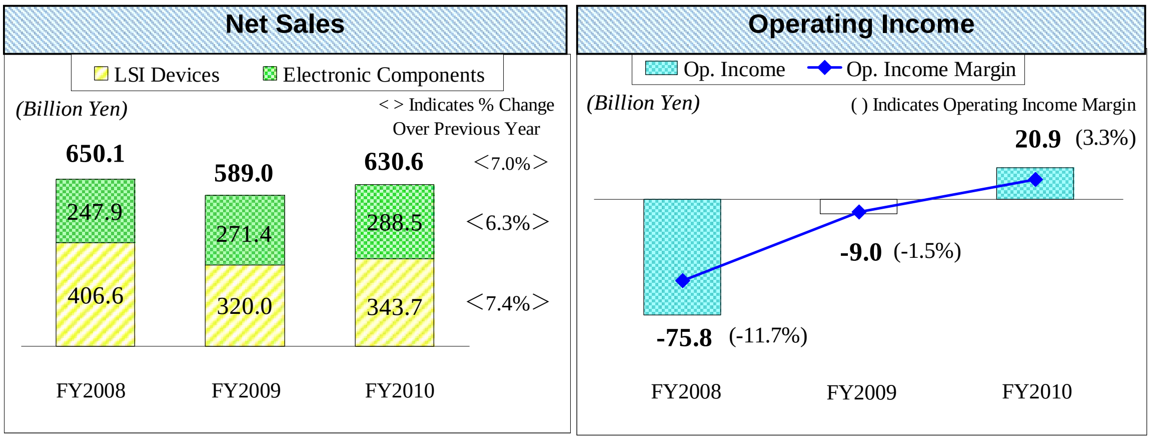
Net sales in the Ubiquitous Solutions segment were 1,125.6 billion yen (US$13,561 million), essentially unchanged from fiscal 2009. Excluding the impact of currency fluctuations, however, sales increased by 3%. Sales in Japan increased 4.6%. Due to a merger in the mobile phone business and growth in sales of smartphones, there was an increase in the number of mobile phones sold. On the other hand, demand for PCs for use in education was lower than in the previous fiscal year, and there was a halt in operations at some manufacturing plants due to earthquake damage. Sales of the mobilewear sub-segment's car audio and navigation systems also decreased, due to a drop in new automobile purchases as the government's eco-car subsidy expired, as well as on account of earthquake damage. Sales outside of Japan declined 10.3%. Excluding the impact of foreign exchange fluctuations, however, sales were on par with the previous year. Sales of desktop PCs in Europe grew steadily, but remained anemic in the US and Asia. Sales of mobilewear devices were on par with the prior fiscal year.

Operating income for the segment was 22.6 billion yen (US$272 million), a decrease of 18.0 billion yen compared to the previous fiscal year. In Japan, income was adversely impacted by downward pricing pressure for feature phones (*) in the mobile phone business, as well as development expenses related to smartphones and other devices. The earthquake and other factors also caused sales of PCs and mobilewear devices to decline. Outside Japan, although a one-time decrease in expenses—from a fiscal 2009 settlement with the national copyright organization reduced copyright levies imposed on PC manufacturers in Germany—did not continue into fiscal 2010, it was partially compensated for through efforts to reduce costs and enhance cost efficiencies.

Regarding the new company established by the merger of the mobile phone businesses of Fujitsu Limited and Toshiba Corporation, on October 1, 2010 Toshiba completed the transfer of its mobile phone operations, and upon Fujitsu's acquisition of an 80.1% share it commenced operations. Fujitsu's current mobile phone operations will continue to operate as a part of Fujitsu Limited.

(*) Feature Phone: A standard mobile handset - distinguishable from smartphones with functions of personal digital assistants (PDA) and can be customized like a PC.

Device Solutions



Note: Sales figures for LSI devices include intrasegment sales to the electronic components segment.

(Billion Yen)

	FY 2010	Change vs. FY 2009
Net Sales	630.6	7.0%
Japan	361.3	8.9%
Outside Japan	269.2	4.7%
Operating Income	20.9	30.0

Net sales in Device Solutions were 630.6 billion yen (US$7,598 million), an increase of 7.0% compared to fiscal 2009. Excluding the impact of foreign exchange fluctuations, sales increased by 11%. Sales in Japan increased 8.9%. Sales of LSI devices increased due to sales of CPUs being produced in high volumes for use in the Next-Generation Supercomputer system, as well as the recovery in demand for information devices, mobile phones and automotive devices. The acquisition of a nickel-hydride battery business also contributed to sales of electronic components. Sales outside Japan increased 4.7%. Excluding the impact of exchange rate fluctuations, however, sales increased 13%. Sales of LSI devices in Asia, Europe and the US increased. Despite transfer of the communications devices business to Taiyo Yuden Co. Ltd. in fiscal 2009, there was an increase in sales of semiconductor packages associated with the expansion of the PC and other markets, primarily in the US. The acquisition of the nickel-hydride battery business also had a beneficial impact.

Operating income for the segment was 20.9 billion yen (US$252 million), an improvement of 30.0 billion yen over the previous fiscal year. In Japan, although LSI devices business income was negatively affected by production stoppages resulting from the earthquake, overall income improved as a result of lower fixed overhead costs enabled by realigning production facilities and enhancing efficiencies in administrative operations, as well as by the maintenance of a high capacity utilization rate at factories in Japan up until the earthquake. Income in the electronic components business also increased as a result of higher sales and the promotion of cost reductions. Overseas, increased sales and cost reductions in the LSI and electronic components businesses compensated for deteriorating conditions caused by exchange rate fluctuations. These efforts resulted in increased profitability.

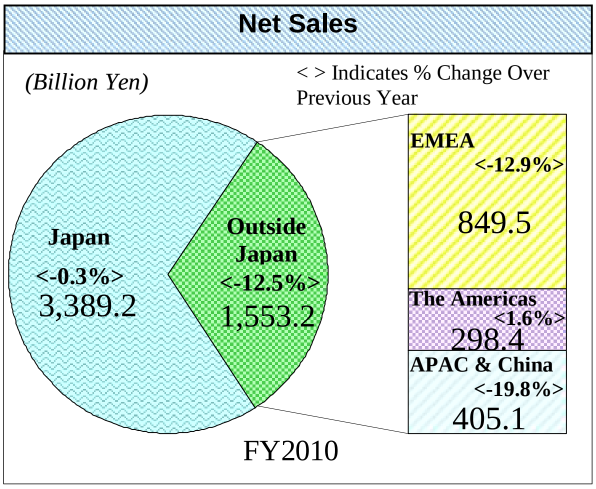
Other/Elimination and Corporate

The Other/Elimination and Corporate category posted an operating loss of 73.9 billion yen (US$890 million), representing an improvement of 16.9 billion yen over fiscal 2009.

This includes the transfer of the HDD business and the reserves posted in the previous fiscal year for anticipated expenses associated with the Next-Generation Supercomputer system.

4. Results by Geographic Segment

Sales and operating income for Fujitsu and its consolidated subsidiaries according to country and region are as follows.



Operating Income (Billion Yen)

		FY 2010	FY 2009	Change vs. FY 2009
Japan		215.7 [6.4%]	166.3 [4.9%]	49.4 [1.5%]
Outside Japan		-4.7 [-0.3%]	12.1 [0.7%]	-16.9 [-1.0%]
	EMEA	-18.4 [-2.2%]	-2.6 [-0.3%]	-15.8 [-1.9%]
	The Americas	2.6 [0.9%]	1.8 [0.6%]	0.8 [0.3%]
	APAC & China	11.0 [2.7%]	12.9 [2.6%]	-1.9 [0.1%]

Note: Numbers inside brackets indicate operating income margin.

In Japan, net sales amounted to 3,389.2 billion yen (US$40,834 million), roughly on par with fiscal 2009. Despite growth in sales of LSI devices and electronic components and the benefits of the Fujitsu and Toshiba Corporation mobile phone business merger, sales were impacted by the divestiture of the HDD business in the previous fiscal year, as well as lower sales resulting from the Tohoku earthquake. Sales of system integration services were sluggish due to continued corporate spending constraints. Operating income in Japan was 215.7 billion yen (US$2,599 million), a year-on-year increase of 49.4 billion yen. Income improved with a reduction in retirement benefit expenses, progress in restructuring the LSI devices business, and the positive effect of divesting the loss-generating HDD business.

Net sales outside Japan were 1,553.2 billion yen (US$18,713 million), a decrease of 12.5% compared to fiscal 2009. Even excluding the impact of currency fluctuations, sales decreased by 5%, resulting from the transfer of the HDD business and other factors. The operating loss outside Japan was 4.7 billion yen (US$57 million), a deterioration of 16.9 billion yen from fiscal 2009, mainly in EMEA.

Net sales in EMEA amounted to 849.5 billion yen (US$10,235 million). This represented a decrease of 12.9% from fiscal 2009, although excluding the impact of currency fluctuations net sales remained mostly on par with the previous fiscal year. Despite growth in x86 server sales in continental Europe, mainly in Germany, overall there was an adverse impact caused by a drop in sales from the transfer of the HDD business and the impact of government fiscal austerity measures on the services business in the UK. EMEA recorded an operating loss of 18.4 billion yen (US$222 million), a decline of 15.8 billion yen from the previous fiscal year. Despite a beneficial impact from the completion in fiscal 2009 of goodwill amortization stemming from the acquisition of ICL PLC (now Fujitsu Services Holdings PLC) in the UK, this was the result of fewer public sector business opportunities in the UK services business, as well as deteriorating business performance due to the one-time recognition of upfront costs and other expenses associated with the cancellation of certain long-term services contracts. While expenses related to retirement benefit obligations of a UK subsidiary increased in fiscal 2010 due to higher retirement benefit obligations at the end of the previous fiscal year, revisions to the pension system that were implemented during the fourth quarter led to the recording of one-time income that exceeded the additional expenses.

Net sales in the Americas were 298.4 billion yen (US$3,595 million), an increase of 1.6% from fiscal 2009. On an adjusted basis sales increased 8%. In addition to the steady growth of sales of optical transmissions systems, sales of LSI devices, electronic components, and car audio and navigation systems also increased, mainly during the first half of the fiscal year. Although ICT services to the Canadian government experienced strong sales, demand in the US private sector was flat.

Operating income for the region amounted to 2.6 billion yen (US$31 million), an improvement of 0.8 billion yen from fiscal 2009. Income improved as a result of higher sales of optical transmissions systems and other factors.

In APAC and China, net sales were 405.1 billion yen (US$4,881 million), a year-on-year decline of 19.8%. Operating income was 11.0 billion yen (US$133 million), representing a deterioration of 1.9 billion yen over fiscal 2009, reflecting the transfer of the HDD business and other factors.

FY 2011 Consolidated Earnings Projections

The impact of the Tohoku earthquake has caused concern about the procurement of raw materials and components as well as uncertainties with regard to ICT investment in Japan. Fujitsu cannot at the present time reasonably assess how these factors will affect consolidated earnings, and consequently, projections and dividend forecasts for fiscal 2011 have not yet been determined. Projections will be disclosed as soon as possible.

5. Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	FY 2010 (at March 31, 2011)	FY 2009 (at March 31, 2010)	Change
Assets			
Current assets	1,760.6	1,871.9	-111.3
(Cash and deposit)	353.8	322.7	31.1
(Notes and accounts receivable, trade)	877.0	921.3	-44.2
(Marketable securities)	10.8	105.2	-94.4
(Inventories)	341.4	322.3	19.1
Non-current assets	1,263.4	1,356.0	-92.6
(Property, plant and equipment)	638.6	662.7	-24.0
(Intangible fixed asset)	251.9	279.2	-27.2
(Investment securities and other non-current assets)	372.8	414.1	-41.2
Total Assets	3,024.0	3,228.0	-203.9
Liabilities			
Current liabilities	1,507.8	1,560.0	-52.2
(Notes and accounts payable, trade)	604.2	626.9	-22.7
(Short-term borrowings and current portion of long-term debt)	225.5	220.4	5.0
(Accrued expenses)	323.1	334.4	-11.3
Long-term liabilities	562.5	719.6	-157.1
(Long-term debt)	245.2	356.9	-111.7
(Accrued retirement benefits)	181.5	206.4	-24.8
Total Liabilities	2,070.3	2,279.6	-209.3
Net Assets			
Shareholders' equity	903.9	865.8	38.0
Total accumulated other comprehensive income	-82.6	-67.1	-15.4
Minority interests	132.4	149.6	-17.1
Total Net Assets	953.7	948.3	5.4
Total Liabilities and Net Assets	3,024.0	3,228.0	-203.9

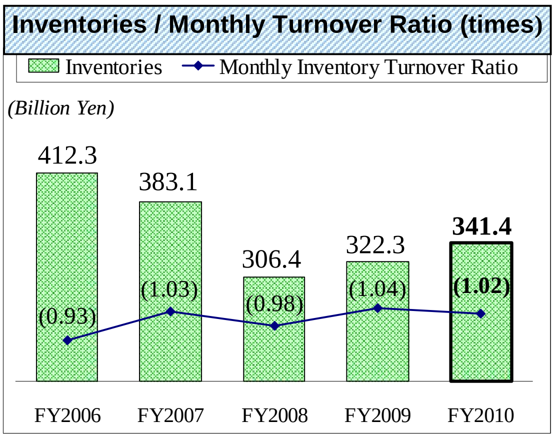
[Cash Flows]

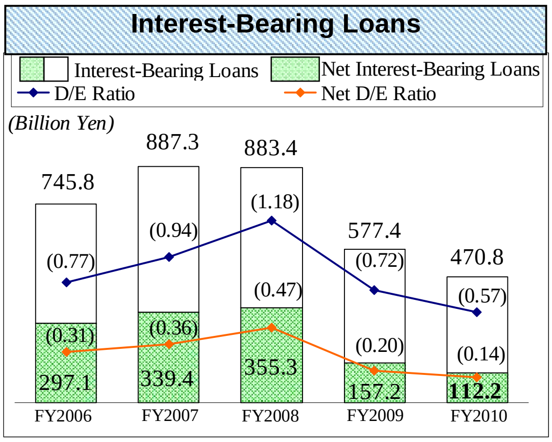
(Billion Yen)

	Full-Year FY 2010 (4/1/10~3/31/11)	Full-Year FY 2009 (4/1/09~3/31/10)	Change
I. Cash flows from operating activities:			
Income before income taxes and minority interests	102.2	112.7	-10.4
Depreciation and amortization, including goodwill amortization	223.3	255.0	-31.6
(Gain) loss on sales of investment securities, net	-9.3	-89.6	80.2
(Increase) decrease in receivables, trade	25.6	48.9	-23.2
(Increase) decrease in inventories	-22.7	18.7	-41.4
Increase (decrease) in payables, trade	-1.7	-23.0	21.3
Net Cash provided by operating activities	255.5	295.3	-39.8
II. Cash flows from investing activities			
Purchases of property, plant and equipment	-122.2	-114.5	-7.7
Proceeds from sales of investment securities	35.1	116.8	-81.6
Net cash provided by (used in) investing activities	-142.1	1.0	-143.1
I + II Free cash flow	113.4	296.4	-182.9
(excluding special items)	73.3	111.6	-38.2
III. Cash flows from financing activities			
Net increase in borrowings (decrease)	-3.1	-22.3	19.1
Bond issue and redemption	-99.8	-303.1	203.2
Payment of dividends	-23.1	-13.8	-9.3
Net cash used in financing activities	-166.9	-405.3	238.3
IV. Cash and cash equivalents at end of period	358.5	420.1	-61.5

Note:
Free cash flow excluding special items excludes proceeds from sales of investment securities, income from acquisition of subsidiaries’ stock, and proceeds from the transfer of business.

Explanation of Assets, Liabilities and Net Assets





Note: The monthly turnover rate is calculated by taking sales for the fiscal year, dividing by the average balance of inventories during the period, and then dividing by 12. The average balance of inventories for the fiscal year is calculated by taking the average of the balances of the end of the first, second, and third quarters and the end of the fiscal year.

Consolidated total assets at the end of fiscal 2010 were 3,024.0 billion yen (US$36,434 million), a decrease of 203.9 billion yen compared to the end of fiscal 2009. Current assets totaled 1,760.6 billion yen, a decrease of 111.3 billion yen compared to the end of the prior fiscal year. Cash on hand was used to redeem corporate bonds. Trade receivables decreased due to flat fourth quarter sales as a result of the Tohoku earthquake and due to a decrease in revenue from the services business outside of Japan. Inventories at the end of fiscal 2010 totaled 341.4 billion yen, up 19.1 billion yen from the end of the previous fiscal year. This increase was attributable to the commencement of full-scale production and delivery of the Next-Generation Supercomputer system and to the effect of the earthquake on primarily the PC and mobile phone business. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 1.02 times, a level roughly unchanged from end of the previous fiscal year.

Non-current assets were 1,263.4 billion yen, a decrease of 92.6 billion yen compared to the end of the preceding fiscal year. Property, plant and equipment, as well as intangible assets, decreased mainly as a result of the impact appreciation of the yen had on European subsidiaries and because the level of new investment was low, ending up below the level of depreciation of existing assets. Other non-current assets declined primarily as a result of the redemption of investment securities.

Total consolidated liabilities were 2,070.3 billion yen (US$24,943 million), a decrease of 209.3 billion yen from the end of fiscal 2009. The balance of interest-bearing debt was 470.8 billion yen, a decrease of 106.6 billion yen from the end of fiscal 2009, due primarily to the redemption of 100.0 billion yen of convertible bonds at maturity. In addition, because of higher company contributions to offset the unrecognized obligation for retirement benefits, accrued retirement benefits decreased 24.8 billion yen from the end of fiscal 2009. Due to further repayment of interest-bearing debt, the D/E ratio was 0.57 times, an improvement of 0.15 of a percentage point compared to the end of fiscal 2009, and the net D/E ratio dropped to 0.14 times, an improvement of 0.06 of a percentage point compared to the end of the preceding fiscal year. Both the D/E ratio and the net D/E ratio marked the lowest levels historically attained by the Group.

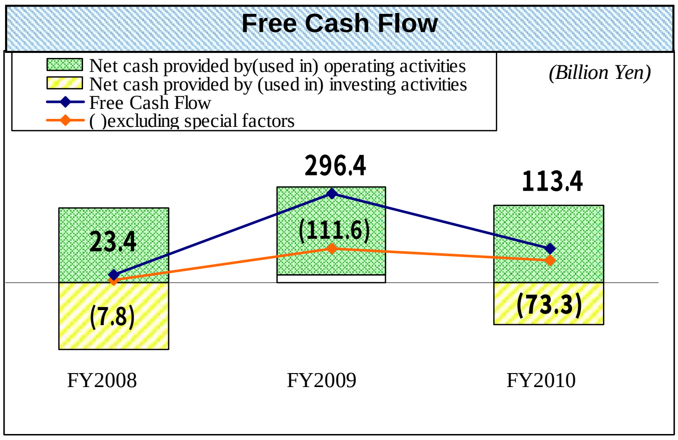
Net assets were 953.7 billion yen (US$11,490 million), an increase of 5.4 billion yen from the end of the previous fiscal year. Despite a 15.4 billion yen decrease in accumulated other comprehensive income due to yen appreciation and a 17.1 billion yen decrease in minority interests in conjunction with the conversion of PFU Limited into a wholly owned subsidiary, shareholders' equity increased 38.0 billion yen from the end of fiscal 2009 because of the net income recorded in fiscal 2010. The owners' equity ratio was 27.2%, an increase of 2.5 percentage points over the end of fiscal 2009.

(Billion Yen)

	FY 2010 (March 31, 2011)	**FY 2009** (March 31, 2010)	Change
Cash and cash equivalents at end of period	358.5	420.1	-61.5
Ending balance of interest-bearing loans	470.8	577.4	-106.6
Ending balance of net interest-bearing loans	112.2	157.2	-45.0
Owners' equity	821.2	798.6	22.5

Summary of Cash Flows

Net cash flows provided by operating activities during fiscal 2010 were 255.5 billion yen (US$3,078 million), a year-on-year decrease of 39.8 billion yen. The reduction was the result of an increase in inventories stemming from the initiation of full-scale production and delivery of the Next-Generation Supercomputer system, the effect of the earthquake on primarily the PC and mobile phone business, as well as the payment during fiscal 2010 of costs associated with both the restructuring initiatives in the services business in Europe and a settlement with a German copyright organization on royalty payments related to the personal reproduction of copyrighted materials by PC users from the previous year.



Note: Free cash flow excluding special factors is free cash flow minus proceeds from the sale of investment securities, proceeds from the transfer of business, and income from the acquisition of subsidiaries' stock.

Net cash used in investing activities was 142.1 billion yen (US$1,712 million). Although there was cash inflow from the sale of investment securities and from the final sale of shares in conjunction with the transfer of the HDD business in the prior fiscal year, there were outflows of 122.2 billion yen for the acquisition of property, plant and equipment, primarily for use in outsourcing services, and 59.6 billion yen for the acquisition of intangible assets, resulting in higher cash outflows of 143.1 billion yen compared with the previous fiscal year. During fiscal 2009, there was an inflow of 116.8 billion yen from the sale of investment securities, including shares in FANUC Ltd., in accordance with FANUC's solicitation to repurchase its shares, an inflow of 50.4 billion yen in conjunction with the conversion of Fujitsu Technology Solutions (Holding) B.V. and FDK Corporation into consolidated subsidiaries and the aggregation of the companies' cash and cash equivalents, and an inflow of 17.5 billion yen in line with the transfer of the HDD and other business.

Free cash flow, the sum of operating and investing cash flows, was 113.4 billion yen (US$1,366 million), a decrease of 182.9 billion yen compared with the previous fiscal year. Excluding the impact of such special factors as cash inflows from the sale of investment securities, free cash flow decreased by 38.2 billion yen.

Net cash used in financing activities was 166.9 billion yen (US$2,011 million). The company redeemed 100.0 billion yen in convertible bonds at maturity, primarily through the use of cash on hand. Moreover, in addition to year-end and interim dividend payments of 23.1 billion yen in line with the increase in dividends from the prior fiscal year, there was also a payment of 9.4 billion yen for the acquisition of shares from minority shareholders in conjunction with the conversion of PFU Limited into a wholly owned subsidiary. Compared to fiscal 2009, when 300.0 billion yen in corporate bonds were redeemed, there was a decrease in outflows of 238.3 billion yen.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2010 were 358.5 billion yen (US$4,319 million), a decrease of 61.5 billion yen compared to the end of fiscal 2009.

Reference

a) Major Financial Indices

(Billion Yen, except for ratio and period items)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Net Sales	5,100.1	5,330.8	4,692.9	4,679.5	4,528.4
Sales Outside of Japan	1,825.2	1,923.6	1,499.8	1,748.3	1,587.3
[Ratio of Sales Outside of Japan to Total Sales]	[35.8%]	[36.1%]	[32.0%]	[37.4%]	[35.1%]
Operating Income Margin	3.6%	3.8%	1.5%	2.0%	2.9%
Return on Equity	10.9%	5.0%	-13.2%	12.0%	6.8%
Inventories	412.3	383.1	306.4	322.3	341.4
[Inventory Turnover Ratio]	[12.42]	[13.40]	[13.61]	[14.88]	[13.65]
[Monthly Inventory Turnover]	[0.93 times]	[1.03 times]	[0.98 times]	[1.04 times]	[1.02 times]
Total Assets	3,943.7	3,821.9	3,221.9	3,228.0	3,024.0
[Total Assets Turnover Ratio]	[1.32]	[1.37]	[1.33]	[1.45]	[1.45]
Shareholders’ Equity	875.0	911.6	782.9	865.8	903.9
[Shareholders' Equity Ratio]	[22.2%]	[23.9%]	[24.3%]	[26.8%]	[29.9%]
Owners’ Equity	969.5	948.2	748.9	798.6	821.2
[Owners’ Equity Ratio]	[24.6%]	[24.8%]	[23.2%]	[24.7]	[27.2]
Market Value-based Shareholders' Equity Ratio	41.2%	35.3%	23.4%	39.1%	32.2%
Interest-Bearing Loans	745.8	887.3	883.4	577.4	470.8
Net Interest-Bearing Loans	297.1	339.4	355.3	157.2	112.2
D/E Ratio	0.77	0.94	1.18	0.72	0.57
Net D/E Ratio	0.31	0.36	0.47	0.20	0.14
Cash Flows From Operating Activities	408.7	322.0	248.0	295.3	255.5
Free Cash Flow	257.6	38.1	23.4	296.4	113.4
[excluding special factors*1]	[30.9]	[92.2]	[7.8]	[111.6]	[73.3]
Loans / Cash Flows from Operating Activities	1.8 years	2.8 years	3.6 years	2.0 years	1.8 years
Interest Coverage Ratio	22.2	15.1	14.2	18.1	21.8

Note:

Owners’ Equity: *Net Assets – Share Warrants – Minority Interests*

Return on Equity: *Net Income ÷ {(Owners’ Equity at Start of Period + Owners’ Equity at End of Period) ÷ 2}*

Inventory Turnover Ratio: *Net Sales ÷ {(Beginning Balance of Inventories + Ending Balance of Inventories) ÷ 2}*

Monthly Inventory Turnover: *Net Sales ÷ Average Inventories during Period(*2) ÷ 12*

Total Assets Turnover Ratio: *Net Sales ÷ {(Beginning Balance of Total Assets + Ending*

	Balance of Total Assets) ÷ 2}
Shareholders' Equity Ratio:	*Shareholders' Equity ÷ Total Assets*
Owners' Equity Ratio:	*(Net Assets – Share Warrants - Minority Interests) ÷ Total Assets*
Market Value-based Shareholders' Equity Ratio:	*Market Capitalization ÷ Total Assets*
Net Interest-Bearing Loans:	*Interest-Bearing Loans – Cash Equivalents*
D/E Ratio:	*Interest-Bearing Loans ÷ Owners' Equity*
Net D/E Ratio:	*(Interest-bearing Loans - Cash Equivalents) ÷ Owners' Equity*
Loans / Cash Flows from Operating Activities:	*Interest-Bearing Loans ÷ Cash Flows from Operating Activities*
Interest Coverage Ratio:	*Cash Flows from Operating Activities ÷ Interest Expense*

*1: Free cash flow excluding special factors excludes the following:
- Proceeds from sales of investment securities
- Income from acquisition of subsidiaries' stock
- Proceeds from transfer of business
- Impact from holiday at end of period (changes in receivables or payables as a result of receipts or payments being extended to following period because the last day of the current period is a holiday)

*2: Average inventories during period are calculated as the average of the ending balance of inventories for each of the four quarters of the fiscal year.

b. R&D Expenses

		Yen (Billions)	
	FY 2008	FY 2009	**FY 2010**
Y	249.9	224.9	**236.2**
As %of sales	5.3%	4.8%	**5.2%**

c. Capital Expenditures, Depreciation*
Capital Expenditures

			Yen (Billions)	
		FY 2008	FY 2009	**FY 2010**
Technology Solutions	Y	86.9	74.0	**67.2**
Ubiquitous Product Solutions		17.7	11.0	**15.5**
Device Solutions		42.8	31.9	**39.4**
Corporate and others**		20.2	9.3	**8.0**
Total		167.6	126.4	**130.2**
Depreciation	Y	223.9	164.8	**141.6**

d. Exchange Rates

		FY 2008	FY 2009	**FY 2010**
Average rates for	$1	101 yen	93 yen	**86 yen**
	€1	144 yen	131 yen	**113 yen**
	£1	174 yen	148 yen	**133 yen**

Reference information: A 1 yen fluctuation (depreciation/appreciation) had the following effect on operating income in FY 2010.

US Dollar	: Increase/decrease by approximately 0.9 billion yen
Euro	: Increase/decrease by approximately 0.2 billion yen
Pound	: Increase/decrease by approximately 0.1 billion yen

e. Employees

	(Thousands)		
	2009 March 31	2010 March 31	**2011 March 31**
Japan	107	107	**106**
Overseas	59	65	**66**
Total	166	172	**172**

f. PC Shipments***

	(Million Units)	
FY 2008	FY 2009	**FY 2010**
7.36	5.63	**5.42**

g. Mobile Phone Shipments

	(Million Units)	
FY 2008	FY 2009	**FY 2010**
4.70	5.18	**6.70**

Notes:

* Beginning with the first quarter of fiscal 2010, Fujitsu changed its business segmentation, as explained in the press release, "Notice Regarding Change in Business Segments," issued July 26, 2010. Among the major changes, the car audio and navigation systems business had been included in the Other segment, this business is now included in Mobilewear in the Ubiquitous Solutions segment. For comparison purposes, figures for fiscal years 2008 and 2009 have been reclassified under the new segments.

** The figures in Corporate and others for fiscal years 2008 and 2009 include the hard disk drive (HDD) business, the transfer of which was completed October 1, 2009.

***Figures for FY2008 include shipments of Fujitsu Siemens Computers (Holding) B.V. (Fujitsu Technology Solutions (Holding) B.V. as of April 1, 2009).

Policy on Dividends and Dividend 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.

At the beginning of fiscal 2010, the company projected 95 billion yen in net income based on profits from core business operations and, as a result, planned to pay an annual dividend of 10 yen per share, reverting to the level of dividends paid prior to fiscal 2000.

In fiscal 2010, operating income rose from the previous fiscal year owing to the effect of structural reforms in the LSI device business and relief from the amortization of goodwill. This was despite the impact of a lagging recovery in demand for domestic ICT investments and deteriorating performance in certain overseas service business projects. Net income declined year on year due to an extraordinary loss posted as a result of the March 11 Tohoku earthquake and because of proceeds from the sale of investment securities had been posted in the previous fiscal year. Nonetheless, the company's financial condition is steadily improving.

As a result of these factors, initial plans at the start of the year for a year-end dividend of 5 yen per share remain unchanged. Including an interim dividend of 5 yen, Fujitsu plans for an annual dividend of 10 yen per share. This plan represents the first time since fiscal 2000 that Fujitsu intends to pay annual dividends of 10 yen per share.

Dividend payment plans for fiscal 2011 have not yet been determined. This is because conditions brought about by the Tohoku earthquake, such as component shortages, make it difficult to assess at this time the impact that may be exerted on company performance. Fujitsu will make available dividend payment plans as soon as forecast disclosure becomes possible.

6. Notes

(1) Business and Other Risks

Listed below are the principal business and other risks affecting the Fujitsu Group (Fujitsu Limited and its consolidated subsidiaries) that we believe may influence investors' decisions. With a view to proactively disclosing information to investors, we have also included items that may not necessarily have significant bearing on such decisions. We are aware of and have evaluated these risks and are making efforts to prevent, mitigate, transfer, and retain potential risks, and immediately confront risks should they occur. Please note that the following is not an exhaustive list of all the risks that may affect the Group. Among the risks listed below are some items related to future developments, but the list only includes items that the Group deems necessary to publicly disclose as of the date of submission of these materials (April 28, 2011).

1. Economic and Financial Market Trends

Economic and financial market trends have an impact on the Group's business results, financial base and other aspects of its operations. Examples of such risks are listed below.

1) Economic Trends in Key Markets

The Fujitsu Group provides ICT services, server and storage products, network products, as well as semiconductors and other components, to clients in corporate and public institutions, as well as consumers in Japan and every region of the globe. Hence, sales and income generated from these operations are greatly affected by economic conditions in each respective market. The economic trends in our key markets, namely Japan, North America, Europe, and Asia (including China), can significantly impact Fujitsu Group operations.

2) High-tech Market Volatility

The ICT sector is periodically subject to dramatic changes in the balance of supply and demand that exceed the scope of normal cyclical market variations. This tendency is particularly evident with regard to semiconductors, PCs, and other general-purpose products. The Fujitsu Group gives ample consideration to market cycles and volatility when deciding to develop new global technology solutions and other businesses, launch new products, initiate volume production, or scale back production, among other actions. Nonetheless, we may fail to accurately forecast market changes, or changes in market conditions could exceed our forecasts. Accordingly, there is a risk that we may be unable to recoup investment costs, as well as the risk of opportunity losses. Further, the Group continuously implements structural reforms in a bid to respond to market changes. However, drastic market changes could force us to enact structural reforms on a far greater scale than initially expected, resulting in a temporary increase in related expenses.

3) Exchange Rates

The Fujitsu Group is expanding its business outside Japan. As a result, sudden fluctuations in exchange rates and other factors could have a significant impact on sales and income, resulting in such factors as the lowering of competitive pricing for the services and products that we deliver outside Japan. This in turn, can affect the components and materials that we import from outside Japan, as well as the various products that we export. In addition, with respect to assets held by the Group outside Japan, as well as liabilities, there is the possibility that exchange rate fluctuations could lead to depreciation of assets and/or appreciation of liabilities.

4) Interest Rates

The Fujitsu Group has interest-bearing loans which include debt directly impacted by interest rate fluctuations. Consequently, rising interest rates could increase borrowing costs.

5) Capital Markets

Stock market trends in and outside of Japan have a substantial effect on the value of Group stockholdings in other companies and the management of pension assets. Weak stock market performance could thus force us to incur losses on the devaluation of marketable securities held or a reduction in pension assets, exposing the Group to the risk of higher valuation losses or additional pension obligations.

2. Customers

Fujitsu Group operations are highly influenced by the business trends of customers. Examples of potential risks are described below.

1) Changes in Customers' ICT Investment Trends

A growing proportion of our technology solutions and other businesses is with the public institutions such as the Japanese, local and foreign governments; telecommunications carriers; financial services institutions; and large manufacturers. The business environment within these industries, including shifting market trends and structural reforms, could lead to changes in customers' IT investment trends, having a significant impact on Group sales and profitability. In addition, the trends in sales of our customers' products and services have a large impact on the demand for and prices of the Group's products and services. Accordingly, soft demand and falling prices for customers' products and services, a decline in the size of customers' businesses, or customers' reduced market share, as well as restrains on customer ICT investments could negatively impact Group sales and earnings.

In our business outside Japan, for example, government-related projects in the UK are an especially important part of our business. Accordingly, changes and restrains placed on the ICT investment plans of the UK government could impact sales and profitability.

2) Ability to Maintain Long-Term Relationships with Customers

The Fujitsu Group is creating long-lasting ties with its customers, striving to be a valued and trusted business partner and provide solutions across the full IT system lifecycle. Accordingly, business stability hinges on maintaining relations with customers. An inability to maintain trusted relationships with such customers, or the failure to renew contracts with them, could therefore affect sales and profitability.

3. Competitors/Industry

The ICT sector is characterized by intense competition and fast-paced technological innovation. Events within the industry or actions by competitors could therefore have a substantial impact on our business results. Examples of such potential risks are listed below.

1) Price Competition

Changes in market environments, intensifying competition, technological innovation and other factors may cause prices for products and services to decline. Anticipating such technology- and competition-driven price reduction of ICT services, including cloud computing, and the escalation of PC prices, we are pursuing a variety of measures to reduce costs, including the introduction of Toyota Production System reforms, the industrialization of services and standardization, and software modularization, as well as efforts to expand sales of new products and services. Despite these steps, the Group still faces the risk of larger-than-expected declines in prices, as well as being unable to achieve cost reductions or sales growth due to fluctuations in procurement costs. Any of these risks could negatively impact Group sales and profitability.

2) Competition from New Market Entrants and Others

In addition to challenges posed by existing industry peers, competition from new market entrants continues to intensify in the ICT sector. Today, new entrants continue to emerge in market areas where the Fujitsu Group has a competitive advantage, thus entailing the risk that we may lose our competitive edge, or fail to secure a clear competitive advantage in future business operations.

3) Competition in Technology Development

Technological advancement in the ICT sector occurs at an extremely fast pace, leading to rapid turnover in new products and technologies. In this context, remaining competitive requires the continuous development of state-of-the-art technology. While the Fujitsu Group does its utmost to maintain highly competitive technologies by expanding into markets such as cloud computing and smartphones, a loss in competitiveness versus other companies in the race to develop innovative technologies could lead to a decline in the Group's market share and profitability, which would negatively impact sales and earnings. Further, sales and profitability could be affected by the development of groundbreaking technologies and services by competitors that would severely compromise the value of the Group's services and products.

4. Suppliers, Alliances, etc.

In the course of its operations, the Fujitsu Group conducts business with a wide range of suppliers and alliance partners. Accordingly, any significant changes in relationships with these and other business partners could affect the Group's business.

1) Procurement

The Fujitsu Group utilizes sophisticated technologies to provide a range of products and services. There is therefore a risk that we may encounter difficulties in procuring a stable supply of certain key components or raw materials, or in cases where regular supply channels are unavailable, that we may be unable to secure alternative procurement sources. There is also the risk that the Group may be unable to sufficiently procure certain parts or raw materials in the large volumes required. Moreover, natural disasters, accidents and other events, as well as any deterioration in business conditions at suppliers, could hinder the ability of business partners to provide the Group with a stable supply of required components or raw materials. These and other events could cause delays in the provision of products and services, resulting in postponement of deliveries to customers and opportunity losses. In respect to procurement of components and other materials, foreign exchange rate fluctuations, tight supply and demand conditions, and other pressures could drive procurement costs higher than initial estimates, leading to diminished returns on products and services, as well as lower sales due to the higher prices. Additionally, while we make every effort to ensure the quality of procured components, we cannot guarantee that all components purchased will be free of defects. The discovery of such issues could result in processing delays, as well as defective products, opportunity losses, repair costs, and disposal costs for defective goods, plus the potential obligation to pay damages to customers.

2) Collaborations, Alliances and Technology Licensing

To enhance competitiveness within a global ICT business environment, the Fujitsu Group works with a large number of companies through business alliances, technology collaborations, joint ventures and other means, a practice that we intend to actively continue in the future. If, however, as a result of managerial, financial, or other causes, it becomes difficult to establish or maintain such collaborative ties or to gain sufficient results from them, the Group's business could be adversely affected. Moreover, many of our products and services employ other companies' patents, technologies, software, and trademarks with the consent of their owners. However, there is no guarantee that other companies will continue to grant or license the right to use their property under terms acceptable to the Fujitsu Group.

5. Public Regulations, Public Policy, and Tax Matters

The business operations of the Fujitsu Group are global in scope, and are therefore impacted by a variety of public regulations, public policies, tax laws and other such factors in all countries where the Group does business. Specifically, wherever it operates, the Group must comply with a variety of government policies, regulations, such as authorizations for business or investment, import/export regulations and restrictions, as well as laws pertaining to antimonopoly policies, intellectual property rights, consumers, the environment and recycling, labor conditions, subcontracting, and taxation. Earnings might be affected by increased compliance costs associated with measures to make stricter or otherwise revise such policies, laws and regulations. We also provide solutions in certain fields and business domains such as healthcare, communications, and construction that are subject to other public regulations, meaning that regulatory trends in these sectors may potentially impact the Group's business.

6. Other Operational Risks

The Fujitsu Group makes every effort to eliminate known risks but can offer no guarantee of its ability to always achieve every desired outcome in the course of executing business operations. Some of the specific risks faced in this respect are detailed below.

1) Deficiencies or Flaws in Products and Services

The Fujitsu Group builds and supports the infrastructure behind the modern network society, which has become increasingly global and sophisticated. In accordance with our corporate philosophy the Fujitsu Way, quality is one of our most important values, and it underpins the trust that customers and society place in us.

We are committed to improving quality at the design and development stages as well as in manufacturing by setting rules on quality control throughout the company. We are also promoting strict quality control when purchasing components from external suppliers. These efforts notwithstanding, it is impossible to totally eliminate the possibility of deficiencies or flaws occurring in products, including software. While the Group is also setting rules on quality control throughout the company, promoting software modularization, standardization of development work, and enhanced security measures in order to improve the quality of system development and other services in the technology solutions business, the possibility of defects arising cannot be excluded. With respect to systems that play a critical role in supporting social infrastructure, following the incidents involving system problems at the Tokyo Stock Exchange in November 2005, we have been checking for any potential problems in these systems, including the operating environment, software and hardware, in cooperation with our customers. In addition, we have continuously made improvements to the quality, contracts, and related rules in order to ensure the stable operation of social infrastructure systems. We cannot, however, entirely eliminate the possibility of deficiencies or flaws. In the event that such deficiencies or flaws occur in the products or services, the Group may have to initiate product recalls or repairs, engage in system recovery work, pay damages to customers or suffer opportunity losses, all of which would negatively impact Group sales and profitability.

2) Project Management

Due to such factors as the increasing scale and sophistication of systems and more rigorous demands from customers, as well as the advance of open system environments, system development work is becoming increasingly complex. At the same time, greater competition is leading to increasingly intense pricing pressures. To deal with this situation and prevent incidences of delayed delivery and loss-generating projects, we have been revising our approach to making contracts with customers, advancing the standardization of sales and system engineering business processes, and working to manage risk from the business negotiation stage through actual project implementation. The Group continues to maintain reserves for losses as necessary. In addition, we are striving to industrialize the system development process in order to strengthen our cost competitiveness. Nevertheless, in spite of these measures, there is a possibility that we may be unable to completely prevent incidences of delayed delivery the occurrence of loss-generating projects.

3) Investment Decisions and Business Restructuring

In the ICT industry, large investments in R&D, capital expenditure, business acquisitions, and business restructuring are necessary to maintain competitiveness. Accordingly, the success or failure of these initiatives has a profound effect on the business results of the Fujitsu Group. When making such investment and restructuring decisions, we give ample consideration to a range of factors such as market trends, customer needs, the superiority of the Group's own technologies, the financial performance of acquisition candidates and our business portfolio. There is, however, the risk that markets and technologies, as well as acquisition candidates deemed attractive by the Group, may fail to grow as anticipated, or that supply and demand imbalances or price erosion may be more severe than expected. The Group takes a number of steps to mitigate this risk, including the consideration of investment efficiency and responding to inherent fluctuations by dividing investment into multiple phases and forging agreements with customers prior to investment. Nonetheless, there is no guarantee that the Group can generate sufficient returns on such investments.

4) Intellectual Property Rights

The Fujitsu Group has accumulated technologies and expertise that help distinguish its products from those of other companies. Legal restrictions in certain regions, however, may impair our ability to fully protect some of the Group's proprietary technologies, with the result that we could be unable to effectively prevent the manufacture and sale of similar products developed by third parties using the Group's own intellectual property. Moreover, the creation of comparable or superior technologies by other companies could erode the value of the Group's intellectual property. The Group has instituted internal policies, including stringent clearance procedures prior to launching new products and services, to ensure that no infringement of other companies' intellectual property occurs. However, there is the possibility that the Group's products, services or technologies may be found to infringe on other companies' intellectual property, and that earnings may be impacted by such consequences as the need to pay for usage rights or cover costs associated with modifying designs. In addition, the Group has previously instituted a program to compensate employees for innovations that they make in the course of their work, and will continue to implement this program in the future in accordance with related laws and regulations. Nevertheless, the Group faces potential risk from lawsuits initiated by employees in regard to compensation for innovation created in the workplace.

5) Human Resources

The growth and profitability of the Fujitsu Group depends heavily on human resources. As such, a major issue for the Group is the ability to recruit, foster, and prevent the attrition of talented technical experts, system engineers, managers and other key personnel. The inability to do so could negatively impact the Group's growth and profitability.

6) Environment-related Risks

Making contributions to society and protecting the environment are part of the corporate values of the Fujitsu Group, as set forth in the Fujitsu Way. While committed to minimizing environmental burden and preventing environmental pollution in accordance with the Fujitsu Group Environmental Policy, the Group cannot guarantee that environmental pollution will not occur as a result of its operations. Moreover, although we monitor soil and wastewater as well as engage in clean-up activities at former factory sites, this does not mean that pollution will not be found at such sites in the future. In the event that environmental pollution were to occur or be identified, social trust in the Group may weaken, and clean up and other costs could be incurred, which would adversely affect the Group's earnings.

7) Information Management

In order to safeguard the personal and confidential information of customers, business partners, and the Fujitsu Group itself, the Group has taken such measures as establishing strict regulations, instituting training programs for employees, and providing consultation to business subcontractors. Nevertheless, the Group cannot guarantee that information will not be leaked. In the unlikely event that this should occur, trust in the Fujitsu Group could decline and the Group may be obligated to pay damages to customers.

8) Credit Ratings and Other Factors that Affect the Group's Credit

In addition to having a major influence on financing, credit ratings by outside institutions serve as reliable sources of information for our customers when they conduct transactions with us. Lower credit ratings caused by failure to meet earnings targets, deteriorating financial conditions and other reasons could influence our ability to secure financing and place the Group at a disadvantage in bidding for projects and in other business dealings.

7. Natural Disasters and Unforeseen Incidents

Natural disasters and other unforeseen situations could have a major impact on the business results and financial standing of the Fujitsu Group. Examples of the potential risks posed are found below.

1) Damage from Earthquakes, Other Natural Disasters and Accidents

The Fujitsu Group has instituted a Business Continuity Plan (BCP) to ensure that, even in the event of natural disasters like earthquakes, major floods, or volcanic eruptions, as well as accidents or the outbreak of infectious diseases like new forms of influenza, we can continue our critical business operations to fulfill our corporate social responsibility, while at the same time continuing to provide a stable flow of high-quality, highly-reliable products and services, which our customers rely on for their business. As part of this initiative, we have taken steps to make our sites resistant to earthquakes and we conduct regular site inspections, along with disaster-readiness drills. Nevertheless, there is a possibility that the Group may be forced to suspend the delivery of products and services to customers or its support for customer information systems in the event an unforeseen natural disaster or accident forces sites to suspend operations, inflicts damage to facilities and equipment, interrupts the supply of electricity or water, disrupts public transportation or communications infrastructure, or causes damage to our supply chains.

Immediately following the Tohoku Earthquake on Friday, March 11, 2011, a disaster response headquarters was established, with the company president acting as chief, and information was collected about the status of all Fujitsu Group facilities in eastern Japan and the status of customers. At the same time, the Group restored critical business operations in accordance with its BCP, and in order to restore the supply of products and services to customers and to uphold the Fujitsu Group's role in society, we have pursued business continuity initiatives, including temporarily transferring a portion of the production lines for PCs, semiconductors, and other products to alternate facilities. Despite these recovery efforts, in the event of a major aftershock or other event, there is a possibility that the Group's business activities may be affected by interruptions to public infrastructure, fuel shortages, damage to facilities and equipment, damage to supply chains, and other circumstances.

In response to power shortages caused by the Tohoku Earthquake, the Fujitsu Group is fulfilling its corporate responsibility by appropriately responding to government and industry demands. Furthermore, in order to evaluate the Group's energy usage from a medium- and long-term perspective, we have established a power conservation committee, with the company president as chairman. The committee is monitoring government developments while implementing an energy-conservation strategy for the entire Fujitsu Group. There is a possibility that the Group's business activities may be affected by necessary changes in business operations due to power shortage counter-measures, particularly during the summertime, as well as scheduled power outages and unpredictable large-scale power outages.

We have a well-developed system in place to ensure the integrity and stable operation of critical in-house networks, which are a key element of our business infrastructure. However, the Group cannot guarantee its ability to prevent invasive computer viruses and other disruptions from impeding network operations.

2) Geopolitical Risk
Armed conflicts, terrorism, political instability, currency crises, and other events in nations or regions where the Fujitsu Group operates could have a significant impact on its businesses.

8. Financial Statements
In addition to business and other risks described above, the Group may also be impacted by the following risks related to its Financial Statements.

1) Revenue Recognition
The sales of system products (excluding contract software development) are recognized upon acceptance by customers. Sales of personal computers, peripheral equipment, and electronic devices are recognized upon delivery to customers. Sales from contract software development projects are recognized based on the percentage-of-completion method.
In the event that estimated costs exceed estimated revenue, the Group strictly appraises the recoverable value and recognizes unrecoverable value as a loss. Should project costs increase beyond estimates, however, there is a possibility that additional losses may arise.

2) Inventories
Inventories are recorded in the financial statements at acquisition cost. In the event that the net sales value of certain inventories declines below the acquisition cost as of the end of the reporting term, the net sales value is recorded and the difference between the net sales value and the acquisition cost is recorded as cost of sales. The net sales value of accumulated inventories that remain unsold following an operating cycle is calculated based on estimated future demand and market trends. There is a risk of significant losses in the event that the market environment deteriorates beyond reasonable estimates and the net sales value declines significantly.

3) Property, Plant and Equipment
Depreciation of property, plant and equipment is mainly calculated by the straight-line method based on the estimated useful lives of the respective assets, which vary according to the circumstances of each business. In the future, in cases where assets are no longer in use owing to obsolescence from technological advances, or due to changes in the use of the assets, useful life may be shorter than current estimates. As such, there is a risk that depreciation expenses may increase.
In addition, there is a risk of asset impairment losses if anticipated cash flow from assets declines as a result of sudden changes in the operating environment that lead to higher rates of idle equipment, lower rates of capacity utilization, or business reorganization.

4) Software
For the depreciation of software intended for commercial sale, we have adopted a method based on projected sales volume over the estimated life of the product. While projected sales volume is calculated based upon reasonable sales plans, one-time losses may occur if unit sales fall short of the original sales plan.
For software used in-house, we utilize the straight-line method based on the estimated useful life of the software. Should actual useful life in the future be less than the original estimate, there is a risk that amortization expenses may increase.

5) Goodwill

In terms of goodwill, the straight-line method is used to amortize excess earnings power of businesses acquired, including those acquired by subsidiaries. During the amortization period, incidental losses may occur if the profitability of an acquired business declines or we sell or exit from an acquired business.

6) Marketable Securities

With regard to held-to-maturity securities, valuations are made based on the amortized cost method. For other marketable securities that have a market value, the market value method is used based on the price as of the closing date of the financial period. For securities that do not have market values, the valuations are made utilizing primarily the moving-average method. In regard to other marketable securities that have a market value, the value of such securities may change due to fluctuations in market value and, as a result, net assets may increase or decrease. In addition, when the fair value of other marketable securities decreases significantly, and excepting those cases in which the value is deemed to be recoverable, an impairment loss is posted. In future, should there be a significant decrease in fair value, and such value is not deemed to be recoverable, there is a possibility of impairment losses.

7) Deferred Tax Assets

The amount of deferred tax assets is posted appropriately on our balance sheet taking into account the balance of losses carried forward and other temporary differences. In the event that projected taxable income is higher or lower because of variations in future financial performance, there is a risk that the balance of deferred tax assets may increase or decrease. In addition, in the event that future revisions to tax regulations cause a change in the effective tax rate, there is a risk that the balance of deferred tax assets may increase or decrease.

8) Provision for Product Warranties

To prepare for expenses to cover costs relating to our obligations for the free repair and exchange of products covered under contracted warranty periods, we record at the time of sales a provision, based on past experience, to cover future estimated product repair and exchange costs. The Fujitsu Group is pursuing vigorous quality control measures at the manufacturing, development and procurement stages. However, should product defects exceed estimated levels, there is the possibility that additional expenses may arise.

9) Provision for Losses on Construction Contracts

The Group records a provision for expected losses on contract software development contracts and construction contracts for projects in which the profitability has deteriorated significantly as of the end of the reporting period. In order to prevent the generation of unprofitable projects, the Group is standardizing its business processes and has created specialist organizations to audit projects and mitigate such risks from the time the contracts are won until they are completed. Should project costs increase beyond estimates, however, there is a possibility that additional losses may arise.

10) Retirement Benefit Obligations

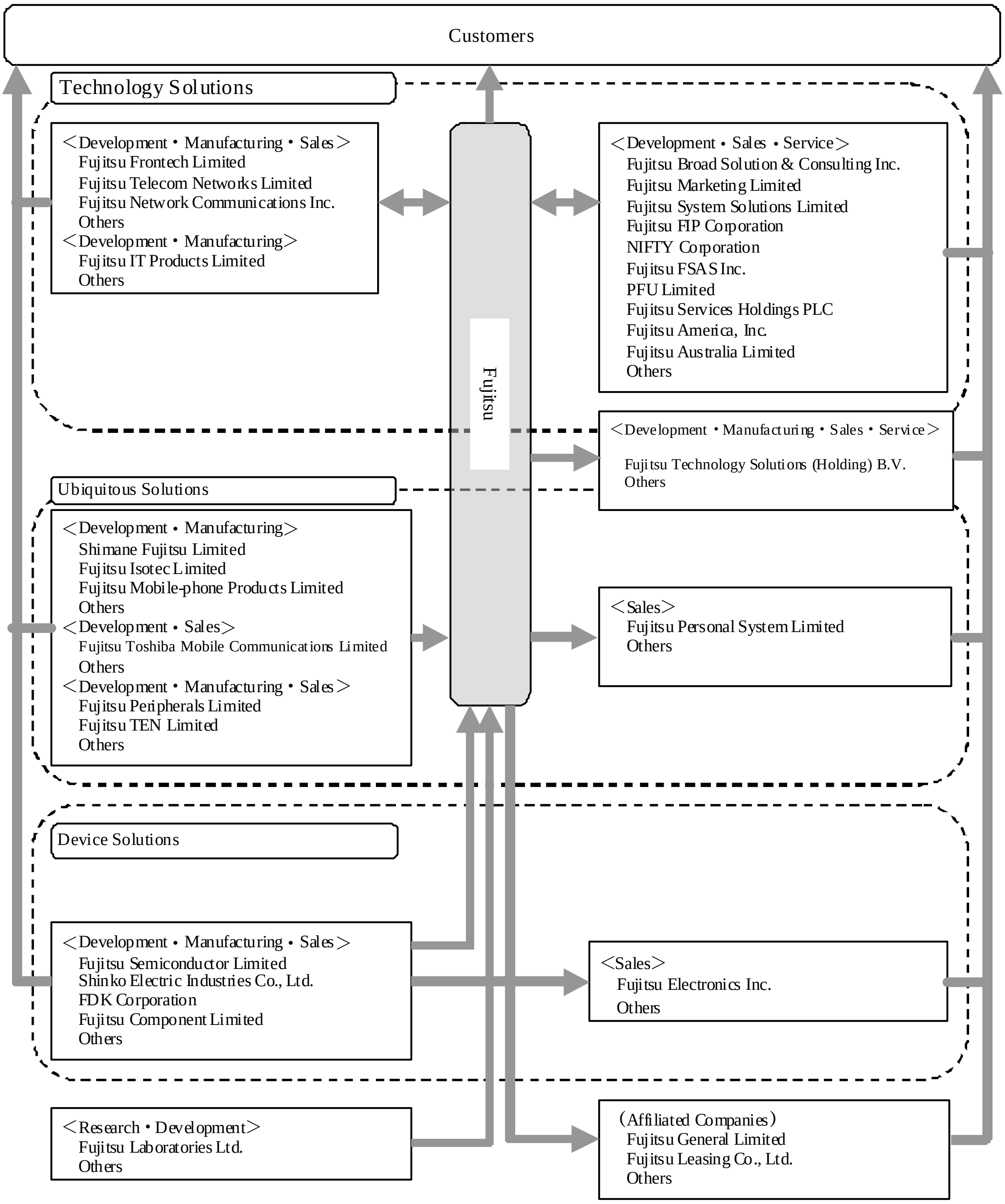
Expenses and obligations for employee retirement benefits are formulated according to a variety of actuarial assumptions (discount rate, retirement rate, mortality rate, expected income rate, etc.). Actuarial losses are recognized over the average remaining employee working years. If actual experience differs from these underlying assumptions, or if the underlying assumptions themselves change, there is a possibility that it will affect the amount of the expense or obligation for retirement benefits.

11) Provision for Loss on Repurchase of Computers

A portion of the computers manufactured by the Fujitsu Group are sold to Japan Electronic Computer Co. Ltd. (JECC) and other leasing companies, which lease them to end users. Fujitsu enters into a contract with the leasing companies to repurchase the computers in the future, and at the time of sale a provision is recorded reflecting the expected loss that will be incurred at the time of repurchase. In the event there are changes in usage trends among customers, additions or reductions to the provision may be needed.

(2) Relationships between Fujitsu Group Companies

The following chart shows the relationships between Fujitsu Group companies (as of March 31, 2011):



Consolidated subsidiaries listed in stock exchanges in Japan are as follows:

Fujitsu Frontech Limited (2nd Section Tokyo Stock Exchange), NIFTY Corporation (2nd Section Tokyo Stock Exchange), Fujitsu Broad Solution & Consulting Inc. (JASDAQ), Shinko Electric Industries Co., Ltd. (1st Section Tokyo Stock Exchange), FDK Corporation (2nd Section Tokyo Stock Exchange), Fujitsu Component Limited (2nd Section Tokyo Stock Exchange)

7. Basic Management Policy

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 profitability and growth, while continually enhancing its corporate value.

The Fujitsu Group is dedicated to contributing to the success of its customers and seeks to grow with its customers as their valued and trusted partner.

Medium- and Long-Term Business Strategy and Priority Tasks
It is currently difficult to obtain a clear overall picture of the impact on the Japanese economy exerted by the Tohoku earthquake that hit Japan on March 11, 2011, including the resulting concern for raw material and component procurement uncertainty of electricity shortages.

Under these circumstances, as the Fujitsu Group seeks to stabilize its operations in the affected areas while ensuring the safety of its employees, the company is making comprehensive efforts in the recovery process by assisting customers who sustained damages, with a priority on restoring social infrastructure systems. By leveraging the power of ICT to build better social infrastructure systems, prepare better disaster prevention and disaster recovery systems, as well as reduce energy consumption, Fujitsu is well aware of the contributions it can make and is currently focused on this effort.

At the same time, the pace of economic globalization is accelerating throughout the world. As the Fujitsu Group continues to expand its business globally, the company is focused on improving the profitability of its business outside of Japan. In addition, as the company enhances its procurement, production, development, and service-delivery capabilities from a global perspective, it is strengthening its ability to meet the increasingly global nature of its customers' needs at the same time that it is enhancing its ability to deal with unforeseen circumstances.

Over the medium- and long-term, whether by supporting progress in medicine, enabling breakthroughs in advanced research fields such as space exploration, or by helping to resolve the biggest challenges of the 21st century, such as environmental sustainability and energy issues, there are new expectations regarding the promise of ICT to improve the daily lives of people and benefit society. Attempting to meet these expectations presents the ICT industry with a new set of challenges, but at the same time, in Fujitsu's view, it also presents a pillar for achieving future rewards and growth. The Fujitsu Group will continue to focus on high-performance computing and other areas of R&D for next-generation technologies.

Diligently striving to meet the challenges discussed above, the Fujitsu Group will further pursue the transformation of its operations to continue earning the confidence of customers and society as a global enterprise contributing to the creation of a reliable and secure networked society.

(5) Significant Changes to Subsidiaries in the Current Reporting Period (changes to specified subsidiaries resulting from changes in scope of consolidation)

There are none.

(6) Cautionary Note Regarding Assumptions of a Going Concern

There are none.

(7) Significant issues regarding the basis for preparation of consolidated financial reports

Fiscal 2010 (from April 1, 2010 to March 31, 2011)

1) Items regarding the scope of consolidation
This consolidated financial report consolidates the results of 535 major subsidiaries. As for changes in the scope of consolidation for this consolidated accounting year, 16 companies were added and 21 companies were removed. Major additions and subtractions are described below. Since the names of major subsidiary companies are noted on page 42 they are omitted here.

New consolidated subsidiaries as a result of acquisitions or the formation of new companies during the fiscal year: 15 companies
Changed from unconsolidated subsidiaries to consolidated subsidiaries: 1 company
Subtracted due to liquidation or sale: 10 companies
Subtracted due to merger: 11 companies

2) Subsidiaries accounted for by equity method
Regarding investments in non-consolidated subsidiaries and affiliated companies, they are accounted for by the equity method and the number of companies to which this applies is 15.

Affiliated companies: 15 companies

These included the following:
Major equity-method affiliate companies include: Fujitsu General Ltd., Fujitsu Leasing Co., Ltd., Force Co., Ltd., (name change of Communication Science Corporation as of September 2010) and others.

In regards to the companies not mentioned above, we have omitted them as there were no significant changes stemming from the recent securities report (submitted June 21, 2010).

(8) Significant Changes to Preparation of Financial Statements

Changes to Accounting Standards

FY2009 (April 1, 2009 – March 31, 2010)	FY2010 (April 1, 2010 – March 31, 2011)
——————	**Adoption of Accounting Standards for Asset Retirement Obligations** Beginning with this accounting period, the company has adopted the "Accounting Standards for Asset Retirement Obligations" (Accounting Standards Board of Japan, Statement No. 18, dated March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations," (Accounting Standards Board of Japan, Guidance No. 21, dated March 31, 2008). As a result of the adoption of the above accounting standard, operating income for the current fiscal year was reduced by 531 million yen. In addition, as a result of applying accounting standards for asset retirement obligations, the company recognized a loss of 4,113 million yen representing the difference between the asset retirement obligation newly recorded as a liability at the start of this fiscal year, and the retirement expenses added to the book value of property, plant, and equipment. As a result, income before taxes was reduced by 4,644 million yen.
——————	**Adoption of Accounting Standards for Business Combinations** Beginning with this accounting period, the company has adopted the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan, Statement No. 21, dated December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan, Statement No. 22, dated December 26, 2008), and "Revised Guidance on Accounting Standards for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Adoption Guidance No. 10, dated December 26, 2008).
Adoption of Partial Amendments to Accounting Standard for Retirement Benefits (Part 3) Beginning with this accounting period, the company adopted "Partial Amendments to Accounting Standard for Retirement Benefits" (Part 3) (Accounting Standards Board of Japan, Statement No. 19, dated July 31, 2008). This change will have no effect on the company's	——————

operating income or income before income taxes and minority interests.	

Changes to Disclosure Methods

FY2009 (April 1, 2009 – March 31, 2010)	FY2010 (April 1, 2010 – March 31, 2011)
——————	(Relating to Preparation of the Income Statement) Beginning with this accounting period, based on “Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan, Statement No. 22, dated December 26, 2008), the company has adopted the “Partial Revision to Regulation for Terminology, Forms and Preparation of Financial Statements” (Japan Financial Services Agency, Directive No. 5, dated March 24, 2009), as reflected in the entry “income before minority interests”. For the prior fiscal year, “income before minority interests” was 96,930 million yen.

FY2009 (April 1, 2009 – March 31, 2010)	FY2010 (April 1, 2010 – March 31, 2011)
Regarding the Consolidated Cash Flow Statement In fiscal 2008, the items “Proceeds from sales of treasury stock” and “Outflows for acquisition of treasury stock” were included in “Other, net” (proceeds of 155 million yen and outflow of 1,492 million yen, respectively). Starting in fiscal 2009, however, these items have been itemized separately.	——————

Supplementary Information

FY2009 (April 1, 2009 – March 31, 2010)	FY2010 (April 1, 2010 – March 31, 2011)
——————	**Supplementary Information** From the current fiscal year, the company has adopted “Accounting Standard for Presentation of Comprehensive Income” (Accounting Standards Board of Japan, Statement No. 25, dated June 30, 2010). For the prior fiscal year, however, the amounts for “accumulated other comprehensive income” and “total accumulated other comprehensive income” are stated under “valuation and translation adjustments” and “total valuation and translation adjustments.”

(9) Cautionary issues regarding the basis for preparation of consolidated financial reports

1) Consolidated statement of comprehensive income

Fiscal 2010 (from April 1, 2010 to March 31, 2011)
*1. Comprehensive income for the fiscal year preceding the current fiscal year

Comprehensive income attributable to owners of the parent	59,847 million yen
Comprehensive income attributable to minority interests	2,737 million yen
TOTAL	62,584 million yen

*2 Other comprehensive income for the fiscal year preceding the current fiscal year

Unrealized gain and loss on securities, net of taxes	-35, 793 million yen
Deferred hedge gain and loss	-2,934 million yen
Foreign currency translation adjustments	4,153 million yen
Share of other comprehensive income of associates accounted for using equity method	228 million yen
TOTAL	-34,346 million yen

2) Segment Information

1. Segment Overview

Fujitsu's business segments reflect financial information that is able to be disaggregated from the structural entities comprising Fujitsu and its consolidated subsidiaries (herein referred to as the Fujitsu Group). Periodic revisions are made to the reporting segments to facilitate performance evaluation and decisions about the allocation of management resources on the part of Fujitsu's executive decision-making body.

In the field of information and communication technology (ICT), while delivering a wide variety of services, the Fujitsu Group offers comprehensive solutions, from the development, manufacturing, and sales, to the maintenance and operations of advanced, high-performance and high-quality products, and electronic devices that support services. The Fujitsu Group's business is organized into three reporting segments—Technology Solutions, Ubiquitous Solutions, and Device Solutions—based on the Group's managerial structure, characteristics of the products and services, and the similarities of the sales market within each segment.

(1) Technology Solutions
To optimally deliver to customers comprehensive services that integrate products, software, and services, the segment is organized in a matrix management structure comprised of business groups that are organized by product and service type, and that manage costs and devise global business strategies, and business groups that are organized along industry and geographic lines, integrating sales groups with systems engineers covering specific customers.

This reporting segment consists of Solutions / Systems Integration, which are services for the construction of information and communication systems, Infrastructure Services, which are primarily outsourcing and maintenance services, System Products, which covers mainly the servers and storage systems that comprise ICT platforms, and Network Products, which are used to build communications infrastructure, such as mobile phone base stations and optical transmission systems.

(2) Ubiquitous Solutions
The segment is organized into independent business management units along product lines and includes the sales groups.

This segment contains ubiquitous terminals—including personal computers and mobile phones, as well as car audio and navigation systems, mobile communication equipment, and automotive electronics—that collect various information and knowledge generated from the behavioral patterns of people and organizations needed to achieve Fujitsu Group’s vision of a “Human Centric Intelligent Society” (a society that enjoys the benefits of the value generated by information and communication technologies without requiring anyone to be conscious of the technological complexities involved).

(3) Device Solutions
The segment is organized by product in independent business management units which include the respective sales groups and contains the latest advanced technologies, including LSI devices used in digital home appliances, automobiles, mobile phones and servers, as well as electronic components, such as semiconductor packages.

2. Method Used to Calculate Net Sales and Profit or Loss by Reporting Segment
Income figures for business segments are based on operating income. The Fujitsu Group’s financing (including financial expense and income) as well as other items such as corporate tax are managed by the Group overall and have not been allocated within the business segments.

Intersegment transactions are based on an arm length’s price.

3. Net Sales and Profit or Loss by Reporting Segment

FY 2010 (April, 1, 2010 to March 31, 2011) (Million Yen)

	Segments				Other (*)	Total
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total		
Net Sales						
Sales to customers outside Fujitsu Group	2,927,651	1,013,056	545,729	4,486,436	32,738	4,519,174
Intersegment sales	86,735	112,586	84,871	284,192	49,766	333,958
Total net sales	3,014,386	1,125,642	630,600	4,770,628	82,504	4,853,132
Segment Income (Loss)	162,881	22,679	20,976	206,536	-7,222	199,314

FY 2009 (April 1, 2009 to March 31, 2010) (Million Yen)

	Segments				Other (*)	Total
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total		
Net Sales						
Sales to customers outside Fujitsu Group	3,061,504	1,005,531	510,615	4,577,650	94,925	4,672,575
Intersegment sales	67,859	114,153	78,462	260,474	54,910	315,384
Total net sales	3,129,363	1,119,684	589,077	4,838,124	149,835	4,987,959
Segment Income (Loss)	153,590	40,682	-9,028	185,244	-27,200	158,044

Note: The "Other" category includes activities not included in the reporting segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for Fujitsu Group companies, and retirement and healthcare benefits for Fujitsu Group employees.
The HDD business has been included in FY2009 (business sold as of October 1, 2009).

4. Reconciliation of Reported Consolidated Net Sales and Operating Income or Loss with the Reporting Segments

(1) Reconciliation of Net Sales (Million Yen)

	FY2009	FY2010
Total of Reporting Segments	4,838,124	4,770,628
Net Sales of "Other" Category	149,835	82,504
Elimination of Intersegment Transactions	-308,440	-324,727
Consolidated net sales	4,679,519	4,528,405

(2) Reconciliation of Operating Income or Loss (Million Yen)

	FY2009	FY2010
Total of Reporting Segments	185,244	206,536
Operating Loss of "Other" Category	-27,200	-7,222
Corporate Expenses	-64,013	-68,341
Elimination of Intersegment Transactions	342	1,621
Consolidated operating income	94,373	132,594

Note: "Corporate Expenses" include strategic expenses for areas such as basic experimental research that, on the whole, cannot be attributed to any reporting segment, as well as shared expenses for Group management at the parent-company level.

(Additional Information)
Starting with the first quarter of fiscal 2010, the company has implemented “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (Account Standards Board of Japan Statement No. 17, issued March 27, 2009) and “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Guidance No. 20, issued March 21, 2008).

Related Information

1. Information on Product and Services

FY 2010 (April 1, 2010 to March 31, 2011)

	Reporting Segments						Other Technologies Business	Other Fields	Total
	Technology Solutions		Ubiquitous Solutions		Device Solutions				
	Services	System Platforms	PCs/Mobile Phones	Mobilewear	LSI	Electronic Components			
Sales to customers outside Fujitsu Group	2,385,345	542,306	733,035	280,021	280,868	264,861	32,738	9,231	4,528,405

FY 2009 (April 1, 2009 to March 31, 2010)

	Reporting Segments						Other Technologies Business	Other Fields	Total
	Technology Solutions		Ubiquitous Solutions		Device Solutions				
	Services	System Platforms	PCs/Mobile Phones	Mobilewear	LSI	Electronic Components			
Sales to customers outside Fujitsu Group	2,492,375	569,129	705,496	300,035	274,260	236,355	94,925	6,944	4,679,519

2. Geographical Information
Net Sales
FY 2010 (April 1, 2010 to March 31, 2011) (Million Yen)

Japan	Outside Japan				Total
	EMEA	Americas	APAC/China	Sub-total	
2,941,042 (64.9%)	845,485 (18.7%)	322,272 (7.1%)	419,606 (9.3%)	1,587,363 (35.1%)	4,528,405 (100.0%)

FY 2009 (April 1, 2009 to March 31, 2010) (Million Yen)

Japan	Outside Japan				Total
	EMEA	Americas	APAC/China	Sub-total	
2,931,215 (62.6%)	981,622 (21.0%)	321,603 (6.9%)	445,079 (9.5%)	1,748,304 (37.4%)	4,679,519 (100.0%)

Notes:
1. Geographical segments are defined based on customer location and interconnectedness of business activities.
2. Principal countries and regions comprising the segments other than Japan:
   (1) EMEA (Europe, Middle East, Africa): UK, Germany, Spain, Finland, Sweden
   (2) Americas: US, Canada
   (3) APAC (Asia-Pacific) & China: Australia, Singapore, Thailand, Taiwan, Korea, Vietnam, Philippines, China
3. There is no country that is required to have a separate individual disclosure.
4. Figures in parentheses represent percentage of segment sales to consolidated net sales.

3) Consolidated Tax Effect Accounting

Significant components of deferred tax assets and liabilities.

(Billion Yen)

	FY 2010 (End of March 2011)	FY 2009 (End of March 2010)
Deferred tax assets:		
Accrued retirement benefits	150.8	152.9
Tax loss carryforwards	145.1	142.6
Excess of depreciation and amortization and impairment loss	54.5	64.6
Accrued bonus	43.4	41.9
Inventories	23.0	23.9
Revaluation loss on investment securities	9.6	12.7
Provision for product warranties	6.2	4.9
Provision for loss on repurchase of computers	6.0	8.8
Intercompany profit	5.6	2.9
Other	57.2	66.5
Gross deferred tax assets	501.9	522.2
Valuation allowance	(256.1)	(261.0)
Total deferred tax assets	245.8	261.1
Deferred tax liabilities:		
Gains from establishment of stock holding trust for retirement benefit plan	(110.6)	(110.6)
Unrealized gains on securities	(9.6)	(10.5)
Tax allowable reserves	(2.2)	(3.4)
Other	(8.9)	(7.4)
Total deferred tax liabilities	(131.4)	(132.0)
Net deferred tax assets	114.3	129.0

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

4) Retirement Benefit Plan

a. Japan

(1) Itemization of projected benefit obligation, etc.

(Billion Yen)

	FY 2010 as of 3/31/11	FY 2009 as of 3/31/10
i. Projected benefit obligation	(1,280.1)	(1,268.6)
ii. Plan assets	905.5	934.6
[pension trust asset portion]	[41.4]	[58.8]
iii. Projected benefit obligation in excess of plan assets (i)+(ii)	(374.5)	(333.9)
iv. Unrecognized actuarial loss	398.6	378.6
v. Unrecognized prior service cost (reduced obligation)*	(83.4)	(102.0)
vi. Prepaid pension cost	(55.1)	(57.1)
vii. Accrued retirement benefits …(iii)+(iv)+(v)+(vi)	(114.4)	(114.5)

* With respect to the Fujitsu Corporate Pension Fund in which Fujitsu and its consolidated domestic subsidiaries participate, due to a partial revision of the company's pension system in September 2005, prior service costs (reduction of obligation) have arisen.

(2) Components of net periodic benefit cost

(Billion Yen)

	FY 2010 as of 3/31/11	FY 2009 as of 3/31/10
i. Service cost	38.9	39.1
ii. Interest cost	31.5	30.1
iii. Expected return on plan assets	(26.6)	(23.2)
iv. Amortization of net obligation at transition	-	16.2
v. Amortization of actuarial loss	37.3	42.9
vi. Amortization of prior service cost	(18.6)	(18.5)
vii. Net periodic benefit cost …(i)+(ii)+(iii)+(iv)+(v)+(vi)	62.5	86.7
viii. Loss on termination of retirement benefit plan	1.2	(0)
ix. Total …(vii)+(viii)	63.8	86.6

(3) Basis for Tabulating Projected Benefit Obligation

Discount rate 2.5% (at March 31, 2011)
2.5% (at March 31, 2010)

b. Outside Japan

(1) Itemization of projected benefit obligation, etc.

(Billion Yen)

	FY 2010 as of 3/31/11	FY 2009 as of 3/31/10
i. Projected benefit obligation	(534.9)	(592.1)
ii. Plan assets	395.9	390.2
iii. Projected benefit obligation in excess of plan assets …(i)+(ii)	(139.0)	(201.8)
iv. Unrecognized actuarial loss	74.3	110.0
v. Unrecognized prior service cost	(2.3)	(0)
vi. Accrued retirement benefits …(iii)+(iv)+(v)	(67.0)	(91.8)

(2) Components of net periodic benefit cost

(Billion Yen)

	FY 2010 as of 3/31/11	FY 2009 as of 3/31/10
i. Service cost	8.0	8.3
ii. Interest cost	29.7	28.7
iii. Expected return on plan assets	(26.0)	(24.8)
iv. Amortization of actuarial loss *	5.8	(0.1)
v. Amortization of prior service cost **	(13.3)	-
vi. Net periodic benefit cost …(i)+(ii)+(iii)+(iv)+(v)	4.3	12.2
vii. Loss on termination of retirement benefits plan	0.1	(0)
viii. Total (vi)+(vii)	4.4	12.2

* Subsidiaries outside Japan adopt the International Financial Reporting Standards (IFRS), and apply the corridor approach to amortization of actuarial gain and losses.
** In particular, Fujitsu Services Holdings PLC (including its subsidiaries) incurred amortization of prior service costs (reduction of obligation) due to a revision of one part of its pension plan.

(3) Basis for Tabulating Projected Benefit Obligation

Discount rate	Mainly 5.6% (at March 31, 2011) Mainly 5.6% (at March 31, 2010)

5) Consolidated Per Share Data

(Yen)

	FY2010 4/1/10-3/31/11	FY2009 4/1/09-3/31/10
Net assets per share	396.81	386.79
Earnings per share	26.62	45.21
Diluted earnings per share	25.75	42.17

Note 1: The calculations basis for earnings per share and diluted earnings per share is as follows.

(Million Yen)

	FY2010 4/1/10-3/31/11	FY2009 4/1/09-3/31/10
Earnings per share		
Net income	55,092	93,085
Deduction from net income	-	-
Net income for common share	55,092	93,085
Average number of common shares outstanding (thousand shares)	2,069,731	2,058,748
Diluted earnings per share		
Adjustment for net income	1,499	3,101
[Adjustment related to dilutive securities issued by subsidiaries and affiliates]	[-70]	[-62]
[Corporate bond costs (after tax adjustment)]	[1,569]	[3,163]
Increase in number of common shares (thousand shares)	127,549	222,222
[Share warrants (thousand shares)]	[127,549]	[222,222]

Note 3: The calculation basis for net assets per share is as follows.

(Million Yen)

	at March 31, 2011	at March 31, 2010
Net assets	953,779	948,373
Deduction from net assets	132,535	149,711
[Share purchase warrants]	[76]	[53]
[Minority interests]	[132,459]	[149,658]
Net assets for common shares	821,244	798,662
Number of common shares used to calculate owners' equity per share (thousand shares)	2,069,631	2,064,838

6) Material Subsequent Events

There are no events.

7) Compliance with Auditing Procedures

These materials fall outside the jurisdiction of the auditing procedures of the Financial Instruments and Exchange Act. Therefore, at the time of disclosure, a portion of the materials have not yet been audited. Upon completion of the audit, a securities report will be submitted on June 23, 2011.

8) Precautions on Usage of Earnings Projections

These materials may contain forward-looking statements that are based on management’s current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.

For information regarding the assumptions used to prepare these projections, please refer to “FY2010 Consolidated Earnings Projections” on page 24.

- General economic and market conditions in key markets (particularly in Japan, North America, Europe, and Asia, including China)
- Rapid changes in the high-technology market (particularly semiconductors, PCs, etc.)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technical provisions
- Risks related to product or services defects
- Potential emergence of unprofitable projects
- Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
- Risks related to natural disasters and unforeseen events
- Changes in accounting policies