

## 4. Policy on Dividends and Dividends Forecast

Article 40 of Fujitsu Limited's Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu's basic policy on the exercise of this authority, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is retained by the Company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, while taking into consideration its level of profit, when a sufficient volume of internal reserves is secured, including through the acquisition of its own shares, Fujitsu aims to more proactively distribute profits to shareholders.

In fiscal 2014, both consolidated operating profit and consolidated profit for the year rose in comparison with fiscal 2013. However, equity attributable to owners of the parent is still in the process of being returned to the level it was at prior to having unfunded employee retirement benefit obligations reflected on the consolidated statements of financial position. Moreover, profits in fiscal 2015 are projected to decline relative to fiscal 2014 for two reasons. The first is that certain financial results of European subsidiaries are expected to deteriorate because of the precipitous decline in the value of the euro versus the US dollar. The second is that also factored into projections are strategic investments to accelerate innovative change in business models.

Given this, Fujitsu will pay a year-end dividend of 4 yen per share, as was announced in January 2015. With this year-end dividend combined with the interim dividend of 4 yen per share, the annual dividend for fiscal 2014 amounts to 8 yen per share.

Fujitsu plans to pay dividends from retained earnings twice a year, at the half-year and year-end. For fiscal 2015, Fujitsu plans to pay an annual dividend of 8 yen per share, which includes an interim dividend of 4 yen per share.

## Overview of FY 2014 Non-consolidated Financial Results

Fujitsu Limited's non-consolidated financial statement is prepared in accordance with Japan's Company Law and the Generally Accepted Accounting Principles in Japan.

### <Profit and Loss (Non-consolidated)>

(Billions of Yen)

	<b>FY2013</b> (4/1/2013 – 3/31/2014)	<b>FY2014</b> (4/1/2014 – 3/31/2015)	Change
Net Sales	2,145.0	2,058.8	-86.2
Operating Income	-6.0	-1.0	5.0
Other Income and Expenses	184.6	38.2	-146.4
[Dividend Income]	[174.8]	[45.1]	[-129.6]
Net Income(loss)	184.6	44.9	-139.7

\*With respect to the "Others" category in Other Income and Expenses in the prior fiscal year, in order to facilitate comparisons with the consolidated statement of profit or loss prepared in accordance with International Financial Reporting Standards (IFRS), starting with this fiscal year that category is included in operating income. To reflect this change in the method of presentation, figures in the statement of profit or loss for the prior fiscal year have been changed accordingly.

Net sales in fiscal 2014 were 2,058.8 billion yen, a decline of 4% from fiscal 2013. Fujitsu Limited reported an operating loss of 1.0 billion yen, an improvement of 5.0 billion yen from fiscal 2013. Despite the impact of lower sales of network equipment and an expansion of strategic investments for growth over a medium- to long-term horizon, operating income improved primarily because of improved profitability in mobile phones and the impact of higher sales of system integration services.

Other income and expenses was 38.2 billion yen, a decline of 146.4 billion yen from the prior fiscal year. The decline was primarily attributable to a decline in dividends received from subsidiaries of approximately 130.0 billion yen compared to fiscal 2013.

Net income for fiscal 2014 was 44.9 billion yen, a decline of 139.7 billion yen from the prior fiscal year.

**<Net Assets (Non-consolidated)>**

(Billions of Yen)

	<b>FY2013</b> (March 31, 2014)	<b>FY2014</b> (March 31, 2015)	Change
Shareholders' Equity	570.7	616.6	45.9
Common Stock	324.6	324.6	-
Capital Surplus:	166.2	166.2	0.0
Other Capital Surplus	166.2	166.2	0.0
Retained Earnings:	80.2	126.3	46.0
Legal Retained Earnings	10.1	11.7	1.6
Other Retained Earnings	70.1	114.5	44.3
Treasury Stock	-0.4	-0.5	-0.1
Valuation and Translation Adjustments	33.4	52.2	18.7
<b>Total Net Assets</b>	<b>604.2</b>	<b>668.8</b>	<b>64.6</b>
Allocable Funds for Distribution (Non-consolidated)	236.0	280.2	44.2

The balance of retained earnings at the end of fiscal 2014 was 126.3 billion yen, an increase of 46.0 billion yen from the end of fiscal 2013.

The balance of unrecognized retirement benefit obligations at the end of fiscal 2014 was 134.8 billion yen. Although defined benefit obligations increased because of a decline in interest rates, the balance of unrecognized defined benefit obligations improved by 12.3 billion yen primarily because of better investment returns on pension assets. For non-consolidated financial results, unrecognized defined benefit obligations are not reflected on the balance sheet.