9. Notes to Consolidated Financial Statements

Lease Transactions

1. Finance Leases (lessee): Except those in which the leased property will transfer to the lessee
   a) Type of lease asset:
      Primarily related to logic LSI production equipment (machines) and outsourcing-related equipment (machine tools and related equipment).
   b) Method of depreciation:
      Straight-line method in which the useful life is assumed to be the lease period.

2. Operating Leases (lessee)
   Future minimum lease payments required under non-cancellable operating leases.

(Billion Yen)

	FY 2007 (as of March 31, 2008)	FY 2006 (as of March 31, 2007)
Within 1 year	17.5	18.4
Over 1 year	79.3	85.5
Total	96.8	104.0

Additional Information: With regard to property lease transactions in the UK, the company had been disclosing the future lease payments for certain periods under the consideration of UK business practices. In line with recent changes in disclosure practices in the UK, we have disclosed the future lease payments for all future periods from fiscal 2007. Due to this change, the future minimum lease payments (required under non-cancellable operating leases) increased by 55.3 billion yen in comparison with the conventional disclosure method used in prior years. The fiscal 2006 figures above have been reclassified for comparative purposes.

Investment Securities

Other investment securities and their market value

(Billion Yen)

TYPE	FY 2007 (End of March 2008)			FY 2006 (End of March 2007)		
	Acquisition Cost	Market Value (recorded on balance sheet)	Difference	Acquisition Cost	Market Value (recorded on balance sheet)	Difference
Shareholdings	59.3	210.6	151.3	82.1	290.0	207.9
Bonds and other securities	12.5	12.1	(0.4)	8.3	8.6	0.2
Total	71.8	222.7	150.8	90.4	298.6	208.2

Consolidated Tax Effect Accounting

Significant Components of Deferred Tax Assets and Liabilities

(Billion Yen)

	FY 2007 March 31, 2008	FY 2006 March 31, 2007
Deferred tax assets:		
Tax loss carryforwards	163.0	204.7
Accrued retirement benefits	141.0	155.0
Accrued bonus	47.4	41.9
Excess of depreciation and amortization and impairment loss	32.3	14.1
Inventories	17.2	3.8
Provision for loss on repurchase of computers	9.7	12.7
Revaluation loss on investment securities	9.5	8.0
Provision for product warranties	7.9	6.6
Intercompany profit	1.1	3.9
Other	58.7	43.5
Gross deferred tax assets	488.3	494.8
Valuation allowance	(263.4)	(253.1)
Total deferred tax assets	224.8	241.7
Deferred tax liabilities:		
Gains from establishment of stock holding trust for retirement benefit plan	(110.6)	(110.6)
Unrealized gains on securities	(62.4)	(84.6)
Tax allowable reserves	(4.6)	(6.8)
Other	(2.3)	(0.6)
Total deferred tax liabilities	(180.1)	(202.7)
Net deferred tax assets	44.7	38.9

Derivatives Financial Instruments

1. Status of Derivatives Transactions

1) Purpose of Derivative Trading
The Fujitsu Group enters into derivative transactions related to foreign currency exchange rates and interest rates in order to reduce risk exposure arising from fluctuations in these rates, to reduce the costs of the funds financed, and to improve return on invested funds.

2) Basic Policies for Derivative Trading
The Fujitsu Group basically enters into derivative transactions only to cover actual requirements for the effective management of receivables/liabilities, and not for speculative or dealing purposes. The Group, in principle, has no intention of using derivative financial instruments that would increase market risks. Furthermore, the counterparties to the derivative transactions are thoroughly assessed in terms of their credit risks. Therefore, the Group believes that its derivative financial instruments entail minimal market or credit risk.

3) Control of Derivative Trading
The Fujitsu Group enters into derivative transactions based on regulations established by the Company. These regulations are as follows: Based on policies approved by both corporate executive officers responsible for administration and finance, the finance division undertakes particular transactions and records them in the management ledger book and also confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in transaction balances to the corporate executive officers responsible for administration and finance also to the accounting division.

2. Derivatives contracts outstanding

(Billion Yen)

	FY 2007 as of 3/31/08			
	Contract Amount	Contract Amounts Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. dollars	58.1	31.5	7.8	(2.5)
Other currencies	6.6	4.2	1.5	0.7
To sell foreign currencies				
U.S. dollars	10.1	6.8	1.8	(0.2)
Other currencies	1.7	-	1.7	(0)
Foreign Exchange Options Contracts				
To buy options				
U.S. Dollar puts	3.0	-		
[Premium]	[0]	[-]	0	(0)
To sell options				
U.S. Dollar calls	3.0	-		
[Premium]	[0]	[-]	(0)	(0)
Foreign Exchange Swap Contracts				
Receive sterling pound/pay Euro	4.7	-	(0.1)	(0.1)
Receive sterling pound/pay U.S. dollar or other currencies	4.9	-	(0)	(0)
Receive Euro/pay sterling pound	21.0	-	0.7	0.7
Receive U.S. dollar or other currencies /pay sterling pound	10.7	-	0.1	0.1
Total				(1.4)

Notes
1) Fair value is principally based on obtaining quotes from financial institutions signing the contract.
2) Collateral conditions are attached to some foreign exchange forward contracts and there is a possibility of change in contract amount and duration due to the fluctuation of the currency exchange rate.
3) Option premiums are disclosed in brackets ([ ]), and corresponding fair vale and gains and losses are disclosed in the same line.
4) Derivative transactions which qualify for hedge accounting are excluded from the above table.

Retirement Benefit Plan

a. Japan

(1) Itemization of Projected Benefit Obligation, etc.

(Billion Yen)

	FY 2007 as of 3/31/08	FY 2006 as of 3/31/07
i. Projected benefit obligation	(1,145.8)	(1,104.3)
ii. Plan assets	954.5	1,126.2
[pension trust asset portion]	[69.1]	[156.9]
iii. Projected benefit obligation in excess of plan assets (i)+(ii)	(191.3)	21.8
iv. Unrecognized net obligation at transition	32.5	48.7
v. Unrecognized actuarial loss	306.2	100.7
vi. Unrecognized prior service cost (reduced obligation)*	(139.1)	(157.8)
vii. Prepaid pension cost	(83.0)	(89.6)
viii. Accrued retirement benefit …(iii)+(iv)+(v)+(vi)+(vii)	(74.6)	(76.1)

* 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 2007	FY 2006
i. Service cost	36.6	36.4
ii. Interest cost	27.5	26.2
iii. Expected return on plan assets	(30.9)	(30.7)
iv. Amortization of net obligation at transition	16.2	16.2
v. Amortization of actuarial loss	9.8	5.5
vi. Amortization of prior service cost	(18.6)	(18.6)
vii. Net periodic benefit cost …(i)+(ii)+(iii)+(iv)+(v)+(vi)	40.7	35.0

(3) Basis for Tabulating Projected Benefit Obligation

i. Discount rate 2.5% (at March 31, 2008)
2.5% (at March 31, 2007)

b. Outside Japan

(1) Itemization of Projected Benefit Obligation, etc.

(Billion Yen)

	FY 2007 as of 3/31/08	FY 2006 as of 3/31/07
i. Projected benefit obligation	(541.9)	(679.6)
ii. Plan assets	470.5	546.4
iii. Projected benefit obligation in excess of plan assets …(i)+(ii)	(71.3)	(133.1)
iv. Unrecognized actuarial loss	(9.5)	11.9
v. Unrecognized prior service cost	--	0.1
vi. Accrued retirement benefit …(iii)+(iv)+(v)	(80.8)	(120.9)

(2) Components of net periodic benefit cost

(Billion Yen)

	FY 2007	FY 2006
i. Service cost	12.4	11.3
ii. Interest cost	36.2	32.1
iii. Expected return on plan assets	(38.5)	(33.1)
iv. Amortization of actuarial loss *	0.9	0.2
v. Amortization of prior service cost	(1.0)	--
vi. Net periodic benefit cost …(i)+(ii)+(iii)+(iv)+(v)	10.0	10.5
vii. Loss on termination of retirement benefits plan **	(1.6)	--
Total (vi)+(vii)	8.3	10.5

* Fujitsu Services Holdings PLC, which provides a defined benefit pension plan, adopts the International Financial Reporting Standards (IFRS), and applies the corridor approach to amortization of actuarial gain and losses.

** The loss on termination of retirement benefit plan refers to termination loss resulting from a transfer of retirement benefit plan provided by consolidated subsidiaries outside Japan to third-party organizations.

(2) Basis for Tabulating Projected Benefit Obligation

i. Discount rate	Mainly 6.9% (at March 31, 2008) Mainly 5.5% (at March 31, 2007)

Note: Some of the figures for subsidiaries outside Japan include estimations

Business Combinations

Reorganization of Fujitsu Limited's LSI Business Through a Corporate Split

1. Name and Lines of Business of the Company or Business Subject to the Business Combination, the Legal Framework, Name of the Company after the Business Combination, and Overview of the Transaction, Including the Purpose of the Transaction
   1) Name of the Company or Business Subject to the Business Combination and its Lines of Business
      Fujitsu Limited, Fujitsu Microelectronics Limited (company newly established through split); Design, development, manufacturing, and sales of LSI devices
   2) Legal Framework and Name of the Company after the Business Combination
      Fujitsu Limited was the splitting company and Fujitsu Microelectronics Limited was the newly incorporated company established through the company split. This company split, pursuant to Article 805 of the Corporate Law, was executed without the requirement of the approval of a General Meeting of the Shareholders as stipulated under Article 804 (1) of the Corporate Law. (Simple Incorporation-Type Separations)
   3) Overview of the Transaction, Including the Purpose of the Transaction
      In order for its LSI business to flourish amid intensified global competition, Fujitsu Limited split off its LSI business as a separate entity, independent from Fujitsu Limited's overall decision-making processes, to create an organization able to undertake rapid and timely management decision-making. As part of the company split, a number of LSI subsidiaries and affiliates, including subsidiary Fujitsu Electronics Inc., will become subsidiaries of Fujitsu Microelectronics Limited.

2. Summary of the Accounting Treatment of the Transactions
   In accordance with the Accounting Standards for Business Combinations and Applicable Guidelines for Business Combination Accounting Standards and Business Separation Accounting Standards, the accounting treatment for common control transaction has been applied, whereby transactions relating to business transfers and capital increases for a subsidiary are, as internal transactions, subject to elimination.

Shift of Consolidated Subsidiaries to Wholly Owned Subsidiaries through an Exchange of Shares

1. Names and Lines of Business of the Companies Combined, Legal Framework
 1) Names and Lines of Business of Companies Combined
 (i) Names of companies combined:
  Fujitsu Limited and its subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited
 (ii) Lines of business

Fujitsu Access Limited	Development, manufacture and sales of information and communication equipment and related systems
Fujitsu Devices Inc.	Development, design and sales of semiconductors and related software
Fujitsu Wireless Systems Limited	Manufacture of information and communication equipment

2) Legal Framework of the Combination, Name of Companies After Combination

Exchange of shares

At the time of exchange, the names of the companies did not change. On October 1, 2007, Fujitsu Devices Inc. changed its names to Fujitsu Electronics Inc.

3) Overview of the Transaction, Including the Purpose of the Transaction

In order to enable Fujitsu to better respond to the services needs of our customers and strengthen our customer-focused operating structure, on August 1, 2007, the shareholders of Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited transferred their common shares to Fujitsu Limited. In exchange, Fujitsu Limited distributed shares in Fujitsu Limited to these shareholders. Accordingly, the three companies became wholly owned subsidiaries of Fujitsu Limited. On July 26, 2007, Fujitsu Access Limited (listed on the 1st section of the Tokyo Stock Exchange) and Fujitsu Devices Inc. (listed on the 2nd section of the Tokyo Stock Exchange) were delisted.

2. Summary of the Accounting Treatment of the Transactions

As the exchange of shares falls under the category of transactions with minority interests, the interest in the additional shares of the subsidiaries acquired through the transactions will be deducted from minority interests, and the difference between that amount and the additional investment amount will be treated as goodwill.

3. Information Concerning the Acquisition of Additional Shares in the Subsidiaries

1) The Acquisition Cost and its Breakdown

Acquisition cost: 25, 965 million yen

Fujitsu Limited shares valued at 25,945 million yen, with 20 million yen spent in acquiring the shares; all were treasury shares.

2) The Exchange Ratio for Each Type of Share, the Approach to Calculating the Share Exchange Ratio, the Number of Shares Distributed, and their Valuation

(i) Types of shares and the exchange ratios

For each common share of the companies, the number of Fujitsu Limited shares allocated and distributed was as follows:

Fujitsu Access Limited	0.86 share
Fujitsu Devices Inc.	2.70 shares
Fujitsu Wireless Systems Limited	13.36 shares

(ii) Approach to calculating the share exchange ratio

The exchange ratios were decided among the concerned companies after carefully considering the professional analyses and recommendations proposed on the method of share exchange ratios by a third-party organization.

(iii) Number and valuation of the shares distributed

34,319,427 shares 25,945 million yen

3) Amount of Goodwill Generated, Reason of the generation and Method and Period of Amortization

Amount of goodwill	4,393 million yen
Reason	The market price at the time of the combination of the concerned companies exceeded the historical cost
Method and period of amortization	Straight-line amortization within 5 years

Consolidated Per Share Data (Yen)

	FY2007	FY2006
Earnings per share	23.34	49.54
Diluted earnings per share	19.54	44.95
Net Assets per share	458.31	469.02

[Basis for calculation]

(1) Earnings Per Share and Diluted Earnings Per Share (Million Yen)

	FY2007	FY2006
Earnings per share		
Net income	48,107	102,415
Deduction from net income	-	-
Net income for common share	48,107	102,415
Average number of common shares outstanding (thousand shares)	2,060,704	2,067,369
Diluted earnings per share		
Adjustment for net income	560	-131
[Adjustment related to dilutive securities issued by subsidiaries and affiliates]	[-573]	[-133]
[Corporate bond costs (after tax adjustment)]	[1,132]	[1]
Increase in number of common shares (thousand shares)	430,382	208,159
[Share warrants (thousand shares)]	[430,382]	208,159

(2) Net Assets Per Share (Million Yen)

	March 31, 2008	March 31, 2007
Net assets	1,130,176	1,160,719
Deduction from net assets	181,972	191,197
[Minority interests]	[181,972]	[191,197]
Net assets for common shares	948,204	969,522
Number of common shares used to calculate Owners' equity per share (thousand shares)	2,068,928	2,067,104

* Items omitted from the above table
The following items were omitted because they are not material to financial results:
-Transactions with related parties
- Stock options, etc.