

## 8. Notes to Consolidated Financial Statements

### (1) Changes in Accounting Policies, Practices and Presentation Methods in the Current Consolidated Reporting Period

- Changes in Accounting Standards

#### Adoption of the Accounting Standards for Asset Retirement Obligations

Starting the first quarter of the current consolidated reporting period, Fujitsu has adopted the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Statement No. 18, issued March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Guidance No. 21, issued March 31, 2008).

In conjunction with the adoption of the above accounting standard, operating income decreased by 121 million yen. The difference between the amount of the asset retirement obligation newly recognized as a liability at the start of the first fiscal year in which the standard was adopted and the amount of retirement expense recognized as an asset was recorded as other expenses of 4,113 million yen. As a result, income before income taxes and minority interests for the quarter decreased by 4,234 million yen.

#### Adoption of Accounting Standard for Business Combinations

From the first quarter of the current consolidated reporting period, Fujitsu has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan Statement No. 21, issued December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan Statement No. 22, issued December 26, 2008), and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Guidance No. 10, revision issued December 26, 2008).

#### Change in Presentation Methods

(Change in presentation of quarterly income statement)

In accordance with “Cabinet Office Ordinance Partially Revising Ordinance on Financial Statements” (Cabinet Office Ordinance No. 5, issued March 24, 2009), which was based on “Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan Statement No.22, issued December 26, 2008), the company has included the item “Income before minority interests” in its consolidated income statement from the current reporting period. For the first quarter of fiscal 2009, income before minority interests totaled 31,317 million yen.

## (2) Consolidated Per Share Data

### 1. Net Assets Per Share (Yen)

|                      | <b>End of<br/>1Q FY 2010<br/>(June 30, 2010)</b> | End of<br>FY 2009<br>(March 31, 2010) |
|----------------------|--------------------------------------------------|---------------------------------------|
| Net assets per share | 374.26                                           | 386.79                                |

### 2. Earnings (Net Loss) Per Share (Yen)

|                               | <b>1Q FY 2010<br/>4/1/10-6/30/10</b> | 1Q FY 2009<br>4/1/09-6/30/09 |
|-------------------------------|--------------------------------------|------------------------------|
| Earnings (net loss) per share | 0.79                                 | -14.23                       |
| Diluted earnings per share    | 0.78                                 | -                            |

Note 1: With regard to diluted earnings per share for the first quarter of fiscal 2009, the consolidated results were in a loss position and accordingly, any dilutive effects were not treated for the calculation of the diluted earnings (loss) per share.

Note 2: The calculations basis for earnings (net loss) per share and diluted earnings per share is as follows.

(Million Yen)

|                                                                                      | <b>1Q FY 2010<br/>4/1/10-6/30/10</b> | 1Q FY 2009<br>4/1/09-6/30/09 |
|--------------------------------------------------------------------------------------|--------------------------------------|------------------------------|
| <b>(1) Earnings (net loss) per share</b>                                             |                                      |                              |
| Net income (net loss)                                                                | 1,641                                | -29,199                      |
| Deduction from net income                                                            | -                                    | -                            |
| Net income (net loss) for common share                                               | 1,641                                | -29,199                      |
| Average number of common shares outstanding<br>(thousand shares)                     | 2,069,804                            | 2,052,327                    |
| <b>(2) Diluted earnings per share</b>                                                |                                      |                              |
| Adjustment for net income                                                            | -21                                  | -                            |
| [Adjustment related to dilutive securities issued<br>by subsidiaries and affiliates] | [-21]                                | [-]                          |
| Increase in number of common shares<br>(thousand shares)                             | -                                    | -                            |

### (3) Segment and Other Information

Information by Business Segment

First Quarter of Fiscal 2009 (April 1, 2009 to June 30, 2009)

(Million Yen)

|                            | Technology Solutions | Ubiquitous Product Solutions | Device Solutions | Other  | Sub-Total | Elimination and Corporate | Total     |
|----------------------------|----------------------|------------------------------|------------------|--------|-----------|---------------------------|-----------|
| Net Sales                  |                      |                              |                  |        |           |                           |           |
| Sales to customers outside |                      |                              |                  |        |           |                           |           |
| Fujitsu Group              | 651,352              | 221,374                      | 108,116          | 63,461 | 1,044,303 | -                         | 1,044,303 |
| Intersegment sales         | 16,917               | 16,445                       | 10,796           | 21,192 | 65,350    | -65,350                   | -         |
| Total net sales            | 668,269              | 237,819                      | 118,912          | 84,653 | 1,109,653 | -65,350                   | 1,044,303 |
| Operating Income (Loss)    | -15,349              | 6,572                        | -15,565          | -933   | -25,275   | -11,888                   | -37,163   |

Notes:

1. Business segments are classified based on the similarity of products and services, sales methods and other factors.

2. The main products and services of each segment are listed below.

(1) Technology Solutions

Systems integration services (system construction), consulting, front-end technologies (ATMs, POS systems, etc.), outsourcing services (datacenter, IT operations management, SaaS, application operations and management, business process outsourcing, etc.), network services (business network, Internet/mobile content delivery, etc.), system support services (information system and network maintenance and monitoring services), security solutions (information systems infrastructure construction and network construction), servers (mainframes, UNIX servers, mission-critical and other x86 servers), storage systems, software (OS, middleware), network management systems, optical transmission systems, and mobile phone base stations.

(2) Ubiquitous Product Solutions

Personal computers, mobile phones, hard disk drives and optical modules.

(3) Device Solutions

LSI devices, electronic components (semiconductor packages, SAW devices, etc.), electromechanical parts (relays and connectors, etc.).

(4) Other Operations

Car audio and navigation systems, mobile communications equipment and automotive electronics.

#### 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.

To optimally deliver to customers comprehensive services that integrate products, software, and services, the Technology Solutions 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.

The Ubiquitous Solutions 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).

The Device Solutions segment 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, and is organized by product in independent business management units which include the respective sales groups.

## 2. Net Sales and Profit or Loss by Reporting Segment

First Quarter of Fiscal 2010 (April 1, 2010 to June 30, 2010)

(Million Yen)

|                                          | Segments             |                      |                  |           | Other (*) | Total     |
|------------------------------------------|----------------------|----------------------|------------------|-----------|-----------|-----------|
|                                          | Technology Solutions | Ubiquitous Solutions | Device Solutions | Sub-Total |           |           |
| Net Sales                                |                      |                      |                  |           |           |           |
| Sales to customers outside Fujitsu Group | 651,699              | 250,307              | 140,013          | 1,042,019 | 3,187     | 1,045,206 |
| Intersegment sales                       | 14,077               | 26,592               | 18,525           | 59,194    | 11,641    | 70,835    |
| Total net sales                          | 665,776              | 276,899              | 158,538          | 1,101,213 | 14,828    | 1,116,041 |
| Segment Income (Loss)                    | 8,574                | 10,663               | 6,055            | 25,292    | -2,911    | 22,381    |

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.

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

(Million Yen)

| Reconciliation of Net Sales              | Amount    |
|------------------------------------------|-----------|
| Total of Reporting Segments              | 1,101,213 |
| Net Sales of "Other" Category            | 14,828    |
| Elimination of Intersegment Transactions | -68,781   |
| Consolidated Quarterly Net Sales         | 1,047,260 |

(Million Yen)

| Reconciliation of Operating Income/Loss  | Amount  |
|------------------------------------------|---------|
| Total of Reporting Segments              | 25,292  |
| Net Sales of "Other" Category            | -2,911  |
| Corporate Expenses *                     | -13,491 |
| Elimination of Intersegment Transactions | 1,114   |
| Consolidated Quarterly Operating Income  | 10,004  |

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)

In addition, starting with the current reporting period, 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).

If these accounting standards were applied in first quarter of the previous year, the consolidated quarterly segment information would be as indicated below.

1. Net Sales and Profit or Loss by Reporting Segment

First Quarter of Fiscal 2009 (April 1, 2009 to June 30, 2009)

(Million Yen)

|                            | Segments             |                      |                  |           | Other (*) | Total     |
|----------------------------|----------------------|----------------------|------------------|-----------|-----------|-----------|
|                            | Technology Solutions | Ubiquitous Solutions | Device Solutions | Sub-Total |           |           |
| Net Sales                  |                      |                      |                  |           |           |           |
| Sales to customers outside | 655,507              | 235,357              | 109,620          | 1,000,484 | 42,303    | 1,042,787 |
| Fujitsu Group              |                      |                      |                  |           |           |           |
| Intersegment sales         | 17,287               | 18,841               | 19,909           | 56,037    | 13,558    | 69,595    |
| Total net sales            | 672,794              | 254,198              | 129,529          | 1,056,521 | 55,861    | 1,112,382 |
| Segment Income (Loss)      | -11,377              | 11,848               | -16,134          | -15,663   | -9,573    | -25,236   |

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, retirement and healthcare benefits for

Fujitsu Group employees, along with the hard disk drive (HDD) business, which was transferred on October 1, 2009.

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

| (Million Yen)                            |           |
|------------------------------------------|-----------|
| Reconciliation of Net Sales              | Amount    |
| Total of Reporting Segments              | 1,056,521 |
| Net Sales of "Other" Category            | 55,861    |
| Elimination of Intersegment Transactions | -68,079   |
| Consolidated Quarterly Net Sales         | 1,044,303 |

| (Million Yen)                            |         |
|------------------------------------------|---------|
| Reconciliation of Operating Income/Loss  | Amount  |
| Total of Reporting Segments              | -15,663 |
| Net Sales of "Other" Category            | -9,573  |
| Corporate Expenses *                     | -12,999 |
| Elimination of Intersegment Transactions | 1,072   |
| Consolidated Quarterly Operating Income  | -37,163 |

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.

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

There are none.

**(5) Cautionary Note Regarding Assumptions of a Going Concern**

There are none.

**(6) Significant Changes in Shareholders' Equity**

There are none.

**(7) 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 25.

- 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