

5. Policy on Dividends and Dividends Forecast

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

In its fiscal 2012 full-year non-consolidated results, Fujitsu posted large losses, including a loss on valuation of shares in affiliates and business restructuring charges, resulting in negative retained earnings. Accordingly, the company did not pay a year-end dividend for fiscal 2012 or an interim dividend in fiscal 2013.

Because of the implementation of a variety of measures, for the current period Fujitsu's financial condition on a non-consolidated basis has recovered to a level at which dividend payments can be resumed. In consideration of the future sustainability of dividend payments, however, Fujitsu has decided to pay a year-end dividend of 4 yen per share.

Since no interim dividend was paid in fiscal 2013, annual dividend payments in fiscal 2013 consist only of the year-end dividend of 4 yen per share.

Fujitsu plans to pay dividends from retained earnings twice a year, at the half-year and year-end. For fiscal 2014, 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 2013 Non-consolidated Financial Results

<Profit and Loss (Non-consolidated)>

(Billion Yen)

	FY2012 (4/1/2012 – 3/31/2013)	FY2013 (4/1/2013 – 3/31/2014)	Change
Net Sales	2,087.8	2,145.0	57.1
Operating Income	27.8	-1.1	-29.0
Other Income and Expenses	-361.5	179.7	541.3
[Dividend Income]	[36.8]	[174.8]	[137.9]
Net Income(loss)	-338.0	184.6	522.6

On a non-consolidated basis, net sales for Fujitsu Limited in fiscal 2013 were 2,145.0 billion yen (US\$20,825 million), essentially unchanged from the prior fiscal year. Operating income, however, deteriorated by 29.0 billion yen, resulting in an operating loss of 1.1 billion yen (US\$11 million). Despite the impact of higher sales of network products, system integration services, and PCs, there was a significant deterioration in operating income because of intensified competition in the mobile phone business, affecting both sales volumes and pricing, which led to an operating loss.

Other income amounted to 26.4 billion yen. In addition to income of 18.7 billion yen recorded as a result

of the liquidation of US-based subsidiary Fujitsu Management Services of America, Inc., Fujitsu Limited recorded a valuation gain of 7.9 billion yen on the sale of stock, and a 4.5 billion yen gain on the sale of underutilized real estate. As a result, on a non-consolidated basis, Fujitsu Limited recorded net income of 184.6 billion yen (US\$1,792 million).

<Net Assets (Non-consolidated)>

(Billion Yen)

	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)	Change
Shareholders' Equity	387.0	570.7	-183.7
Common Stock	324.6	324.6	-
Capital Surplus:	167.1	166.2	-0.8
Other Capital Surplus	167.1	166.2	-0.8
Retained Earnings:	-104.3	80.2	184.6
Legal Retained Earnings	10.1	10.1	-
Other Retained Earnings	-114.5	70.1	184.6
Treasury Stock	-0.3	-0.4	-0.0
Valuation and Translation Adjustments	23.3	33.4	10.0
Total Net Assets	410.3	604.2	193.8
Allocable Funds for Distribution (Non-consolidated)	52.2	236.0	183.7

In fiscal 2013, Fujitsu Limited posted net income of 184.6 billion yen as a result of recording dividends from subsidiaries and other factors. The company also recorded 80.2 billion yen in retained earnings, which in the previous fiscal year had been negative due to an extraordinary loss. In addition, the funds allocable for distribution amounted to 236.0 billion yen, an increase of 183.7 billion yen from the end of the previous fiscal year.

The unrecognized obligation for retirement benefits, in accordance with a revision in the accounting standard for retirement benefits, is not applied to balance sheet reporting for non-consolidated financial results. As of the end of fiscal 2013, the balance of the unrecognized obligation for retirement benefits was 147.2 billion yen. As a result of an improvement in the investment return on plan assets stemming from the increase in stock prices, the balance of unrecognized obligation for retirement benefits has declined by 47.6 billion yen since the end of fiscal 2012.