

CORPORATE GOVERNANCE

The following Fujitsu-prepared translation of the revised Fujitsu Limited Corporate Governance Report is provided for reference only. The original Japanese-language report was filed with the Tokyo Stock Exchange on May 31, 2006 under TSE securities code 6702. The Japanese original of this updated version was filed on June 27, 2008.

I. Basic Stance on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic Stance

We believe that pursuing management efficiency while effectively managing business risks is essential to achieving sustainable improvement in corporate value. Recognizing that stronger corporate governance is vital to realizing this goal, we have been active in appointing outside board members to help ensure sound and transparent management. At the same time, by separating management oversight and operational execution functions, we have promoted faster decision-making while further clarifying management responsibilities. The clear separation of these functions is designed to further improve management transparency and efficiency.

We manage our Group companies based on a clear distinction between 1) companies that perform an assigned function in our business; and 2) companies that pursue a synergistic relationship with us based on a shared corporate strategy.

2. Capital Structure

Ratio of Shares Held by Foreign Shareholders:	over 30%
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[Major Shareholders]

Name	Number of Shares Held	Percentage of Shares Held
State Street Bank and Trust Company	135,379,832	6.54
The Master Trust Bank of Japan, Ltd. (for trust)	102,825,000	4.97
Fuji Electric Holdings Co., Ltd.	94,663,469	4.57
Japan Trustee Services Bank, Ltd. (for trust)	87,260,000	4.22
Fuji Electric Systems Co., Ltd.	60,978,646	2.95
Asahi Mutual Life Insurance Company	40,743,856	1.97
State Street Bank and Trust Company 505103	37,894,395	1.83
Fuji Electric FA Components & Systems Co., Ltd.	36,886,345	1.78
Mizuho Corporate Bank, Ltd.	32,654,030	1.58
Fujitsu Limited Employee Shareholding Association	23,772,623	1.15

3. Corporate Attributes

Listed Exchanges and Sections:	Tokyo, 1st Section; Osaka, 1st Section; Nagoya, 1st Section
End of Fiscal Year:	March 31
Industry:	Electrical Appliances
Number of Employees (consolidated):	Over 1,000
Annual Sales (consolidated):	Over 1 trillion yen
Parent Company:	None
Number of Consolidated Subsidiaries:	Over 300

4. Other Particular Factors that May Have an Important Impact on Corporate Governance

Among our consolidated subsidiaries and equity method affiliates, the following companies are publicly listed:

<Consolidated Subsidiaries>

Fujitsu Frontech Limited, Fujitsu Broad Solution & Consulting Inc., Fujitsu Business Systems Ltd., NIFTY Corporation, Shinko Electric Industries Co., Ltd., Fujitsu Component Limited

<Equity Method Affiliates>

Fujitsu General Limited, FDK Corporation, Nantong Fujitsu Microelectronics Co., Ltd.

While we respect the autonomy of our publicly listed subsidiaries, we require them to receive our prior authorization when they use “Fujitsu” as a trade name or trademark. In addition, while they are responsible for decisions regarding nominations and compensation for members of the board, we are notified in advance regarding member of the board candidates and levels of compensation. Moreover, regarding the setting of budget plans and revisions as well as financial performance, because their results impact our consolidated earnings, to the extent that it is reasonable, we are kept informed.

II. Status of Management Control Organization for Management Decision-Making, Operational Execution and Oversight, and Other Corporate Governance Structural Features

1. Matters Regarding Institutional Structure and Organizational Operation

Type of Organization:	Corporation with Auditors
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[Board of Directors]

Board Chair:	Chairman (except when serving concurrently as President)
Number of Board Members:	10
Appointment of Outside Board Members:	Yes
Number of Outside Board Members:	2

Relationship with Company (1)

Name	Type of Affiliation	Relationship with Company *1									
		a	b	c	d	e	f	g	h	i	
Ikujiro Nonaka	Scholar				○					○	
Haruo Ito	Other company				○	○				○	○

*1 Categories Describing Relationship with Company

a: From parent company

b: From other affiliated company

c: Major shareholder of subject company

d: Concurrently serves as outside board member or outside auditor of other company

e: Director or executive officer of other company

f: Close relative by blood or marriage to director or executive officer of the subject company or other designated interested party

g: Receives compensation or other material benefit as senior executive of parent company or subsidiary of the subject company

h: Has limited liability contract with subject company

i: Other

Relationship with Company (2)

Name	Supplemental Explanation of Relationship	Reason Appointed as Outside Board Member
Ikujiro Nonaka	Professor Emeritus, Hitotsubashi University	Because he has a high level of expertise in business administration.
Haruo Ito	Haruo Ito is President and Representative Director of Fuji Electric Holdings Co., Ltd., the holding company of the Fuji Electric Group, which holds 5.47% of Fujitsu's shares as well as an additional 5.94% of Fujitsu's shares as trust account assets for employee retirement benefits. In addition, Fujitsu holds 9.96% of the shares of Fuji Electric, and a senior executive advisor to Fujitsu serves as a Director of Fuji Electric Holdings. Fujitsu has business dealings with the Fuji Electric Group.	Because he has extensive knowledge of Fujitsu's business.

Other Issues Relating to Major Activities of Outside Board Members

In addition to the outside board members listed above, we have called upon Hiroshi Oura, Senior Executive Advisor of Advantest Corporation, to fill the role of an outside board member in strengthening management oversight. However, since he was once a member of the board, he does not meet the legal definition of an outside board member under Japan's Company Law. Fujitsu Limited has business dealings with Advantest.

In fiscal 2007, there were nineteen regularly scheduled or special meetings of the Board of Directors, and the three outside board members, including Hiroshi Oura, had an attendance rate of approximately 95%.

[Board of Auditors]

Existence of Board of Auditors:	Yes
Number of Auditors:	5

Coordination between Auditors and Accounting Auditors

The auditors meet with the accounting auditors during three regularly scheduled meetings each year to exchange information and advice and reach mutual understanding regarding important audit issues, risk evaluations relating to internal control audits, and other matters.

Coordination between Auditors and Internal Auditing Division

The auditors receive reports on the audit system and audit plans from the Corporate Internal Audit Division at the start of each reporting period. Then, during the period, the auditors get reports on the results of internal audits and exchange information and advice to reach mutual understanding with the Corporate Internal Audit Division.

Appointment of Outside Auditors to the Board of Auditors:	Yes
Number of Outside Auditors:	3

Relationship with Company (1)

Name	Type of Affiliation	Relationship with Company*1								
		a	b	c	d	e	f	g	h	i
Yoshiharu Inaba	From other company					○				○
Tamiki Ishihara	From other company				○					○
Megumi Yamamuro	Attorney				○					○

*1 Categories Describing Relationship with Company

a: From parent company

b: From other affiliated company

c: Major shareholder of subject company

d: Concurrently serves as outside board member or outside auditor of other company

e: Director or executive officer of other company

f: Close relative by blood or marriage to director or executive officer of the subject company or other designated interested party

g: Receives compensation or other material benefit as senior executive of parent company or subsidiary of the subject company

h: Has limited liability contract with subject company

i: Other

Relationship with Company (2)

Name	Supplemental Explanation of Relationship	Reason Appointed as Outside Auditor
Yoshiharu Inaba	Fujitsu holds 5.0% of the shares of Fanuc Ltd., where Yoshiharu Inaba serves as President and CEO, and a member of the board of Fujitsu serves as a statutory auditor of Fanuc Ltd. Fujitsu has business dealings with Fanuc Ltd.	Because he has extensive knowledge of Fujitsu's business.
Tamiki Ishihara	Fujitsu has a business relationship with Seiwa Sogo Tatemono Co., Ltd., where Tamiki Ishihara serves as Corporate Advisor.	Because, with long experience in the finance industry, he has extensive knowledge of finance and accounting issues.
Megumi Yamamuro	Attorney and Professor of the University of Tokyo Graduate School for Law and Politics	Because he has extensive experience in the legal field and has extensive knowledge of legal matters, including the Company Law.

Other Issues Relating to Major Activities of Outside Auditors

In fiscal 2007, there were nineteen regularly scheduled or special meetings of the Board of Directors, for which the three outside auditors had an attendance rate of about 91%, and eight meetings of the Board of Auditors, for which the three outside auditors had an attendance rate of about 96%.

[Incentives]

Implementation Status of Incentive Policies for Members of the Board:	Introduced bonus system linked to the performance of the company, and introduced stock option plan.
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Supplemental Explanation

To achieve clear management accountability, with respect to compensation paid to members of the board, we utilize both fixed compensation and compensation tied to business performance (bonuses). In addition, in accordance with a resolution made at a meeting of the Board of Directors held on April 26, 2007, the following changes were made to the compensation system for members of the board:

- At the 107th Annual Shareholders' Meeting held in June 2007, the retirement allowance system for members of the board was terminated.
- Amounts previously paid in retirement allowances were incorporated in to the basic (monthly) compensation paid to members of the board, divided into the fixed compensation portion and the portion tied to business performance.
- To promote greater transparency, bonuses for members of the board are subject to approval at the Annual Shareholders' Meeting.

Stock Option Eligibility:	Members of the board, outside board members, employees
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Supplemental Explanation

Stock options were granted in 2001 and 2002.

In 2001, stock options were granted to 32 members of the board (including outside board members) and 15 employees.

In 2002, stock options were granted to 32 members of the board (including outside board members) and 18 employees.

[Compensation of Board Members]

Method of Disclosure:	Included in regularly filed financial and business reports.
Scope of Disclosure:	Total amounts paid to members of the board and to outside board members are separately disclosed.

Supplemental Explanation

For fiscal 2007, total compensation to members of the board and auditors was as follows:

- Members of the Board 10 people, 630 million yen
 - Of which, compensation paid to outside board members 2 people, 16 million yen
- Auditors 5 people, 118 million yen
 - Of which, compensation paid to outside auditors 3 people, 28 million yen

* A resolution was passed regarding the payment of bonuses to Members of the Board and Auditors at the 108th Annual Shareholders' Meeting held on June 23, 2008. We paid a total of 189 million yen to six Members of the Board (Outside Board Members excluded) and a total of 34 million yen to two Auditors (Outside Auditors excluded). These amounts are reflected in the compensation figures presented above.

* At the 106th Annual Shareholders' Meeting held on June 23, 2006, it was decided that total annual compensation to Members of the Board (all Members of the Board in total) is not to exceed 600 million yen.

* At the 106th Annual Shareholders' Meeting held on June 23, 2006, it was decided that total annual compensation to Auditors (all Auditors in total) is not to exceed 100 million yen.

[Support Structure for Outside Board Members (and Outside Auditors)]

- Sections Responsible for Providing Support: Secretary Office, Corporate Affairs Division (Secretariat of Board meetings)
- Within the Secretary Office, there are persons responsible for providing support to outside board members and outside auditors.

[Nature of Support Provided]

In response to the requests from outside board members, necessary information about the Company (or Group information) is provided and explained.

Depending on content, particular unit managers are made available to provide explanations.

Other routine support is provided as follows:

- Communication of Board meeting schedules, distribution of meeting notices and other information.
- Other secretarial assistance when visiting the Company (usually once a month for Board meetings).

2. Issues Relating to Functions for Business Execution, Auditing, Oversight, Nominating, and Compensation Decisions

The Board of Directors is responsible for management oversight, supervising the business execution functions of the Management Council, an executive organ under its authority.

The Management Council deliberates upon fundamental policies and strategy regarding business management, as well as makes decisions on important matters regarding business execution. Issues discussed by the Management Council and a summary of its discussions are reported to the Board of Directors, which makes decisions on items of particular importance. In principle, the Management Council meets three times a month, but meetings may be convened whenever necessary.

The auditing function is carried out by auditors, who review the Board of Directors as well as business execution functions and attend important meetings, including meetings of the Board of Directors as well as the Management Council.

In addition, the Corporate Internal Audit Division (with 48 members as of March 31, 2008) has been established to serve as an internal audit group. This division audits the internal affairs of the company and its affiliates, proposes improvements in their business practices, and regularly reports its audit findings to the Management Council.

Accounting audits are carried out by four certified public accountants (Michiko Tomonaga, Noriyuki Tsunoda, Hideaki Karaki, and Takao Kamitani) who are associated with Ernst & Young ShinNihon.

There is no nominating committee or compensation committee.

III. Implementation of Policies Regarding Shareholders and Other Stakeholders

1. Initiatives to Improve Annual Shareholders' Meetings and Facilitate Voting

Supplemental Information

Distribute invitation notices to Annual Shareholders' Meeting early	To give shareholders sufficient time to exercise voting rights, we make efforts to send invitation notices three weeks prior to the Annual Shareholders' Meeting.
Schedule Annual Shareholders' Meeting to avoid busiest days of overlap with other corporations' annual meetings	To facilitate the attendance of as many shareholders as possible, since the Annual Shareholders' Meeting held in June 2001 we have scheduled our Annual Shareholders' Meeting to avoid the busiest days of overlap with other corporations' annual meetings.
Utilize electronic methods for exercise of voting rights	To improve convenience and facilitate the exercise of voting rights for shareholders who are unable to attend the Annual Shareholders' Meeting, since the Annual Shareholders' Meeting held in June 2002 we have accepted the exercise of voting rights through electronic methods, and since the Annual Shareholders' Meeting held in June 2006 we have been using a platform to allow institutional investors to electronically exercise voting rights.

2. Investor Relations Activities

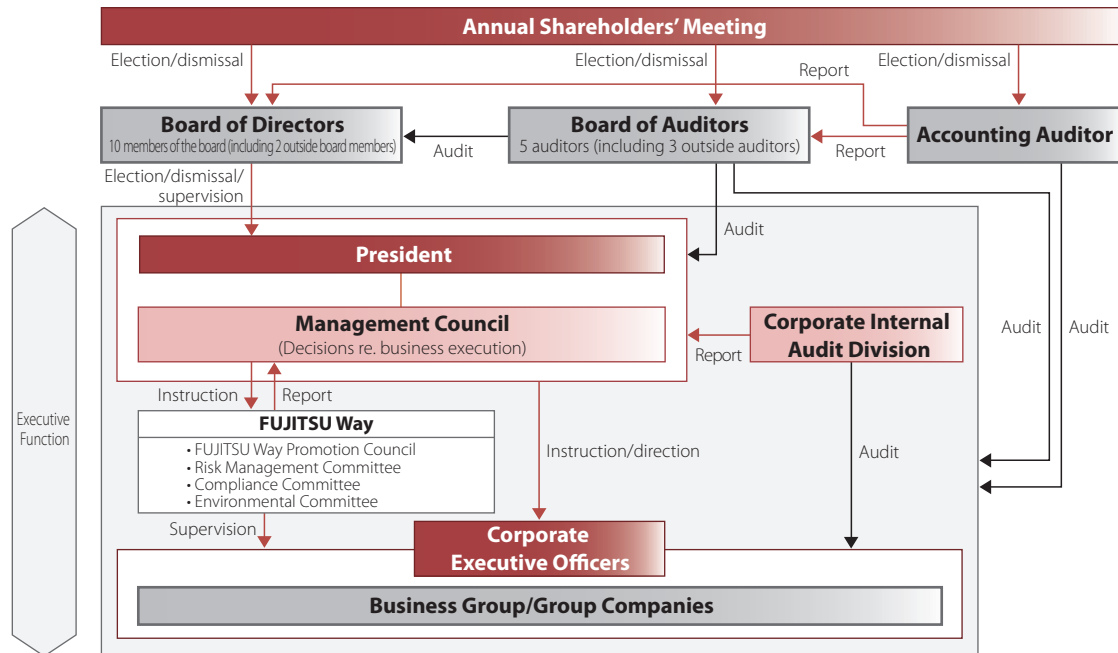
	Explanation by Company Representatives	Supplemental Information
Regular Presentations to Individual Investors	No	Although currently we do not hold presentations for individual investors, we have a dedicated IR website for individual investors (in Japanese). In addition, through the inquiry form on our IR website and other measures, we are working to improve relations with individual investors.
Regular Presentations to Analysts and Institutional Investors	Yes	We hold regular presentations, including presentations by the president on our management direction, presentations by the CFO on our earnings results, and presentations by various senior executives on business strategy for the operations they oversee. In addition, media are always invited to the briefings by the president, CFO, and heads of businesses, with the understanding that individual investors can thereby obtain information through reports that appear in the media.
Regular Presentations to Foreign Investors	Yes	The CFO meets with foreign institutional investors regularly. We also have IR managers stationed in Europe and the US who meet and communicate regularly with investors, not just at the time of earnings announcements. We also take materials from IR presentations held in Japan, translate them into English, and post them to our English IR website, including English translations of Q&A sessions.
Posting of IR Materials to Website	Yes	We post the <i>Yukashoken Hokokusho</i> (Financial Report) and <i>Jigyo Hokoku</i> (Business Report) in Japanese, the Annual Report in Japanese and English, <i>Tanshin</i> (Financial Earnings) reports in Japanese and English, and various other IR presentation materials in Japanese and English. Also posted in English and Japanese is the Fujitsu Group Sustainability Report. Additionally, all materials accompanying the invitation notice to the Annual Shareholders' Meeting are posted on our website.
Unit Dedicated to IR Activities	—	The officer in charge of IR activities is the CFO; the division in charge of IR activities is the Public and Investor Relations Division.
Other	—	In addition to the above, along with posting materials from presentations made to institutional investors and securities analysts on our website, we broadcast streaming audio of these presentations.

3. Initiatives in Consideration of the Position of Stakeholders

Supplemental Explanation

Internal Company Rules Reflecting Consideration for the Position of Stakeholders	The Corporate Vision of the Fujitsu Way, the guide for the actions of the Group and its employees, is to bring about a prosperous future that fulfills the dreams of people throughout the world. As part of our Values, we strive to meet the expectations of all stakeholders, including customers, shareholders, investors, business partners, and employees.
Activities Promoting Environmental Protection and Corporate Social Responsibility	With respect to environmental activities, in the Values section of the Fujitsu Way, we clearly state that “in all our actions, we protect the environment and contribute to society;” and we are continuing to actively pursue activities in this area. We are currently implementing programs based on Stage V of the Fujitsu Group Environmental Protection Program (fiscal 2007—2009). In March 2006, we extended our environmental management system to our overseas consolidated subsidiaries, receiving integrated global ISO14001 certification. With respect to CSR activities, based on the Fujitsu Way, each business unit is promoting thorough adherence to our Code of Conduct and our customer-centric management perspective in order to earn the trust and meet the expectations of our stakeholders. Further details are listed in the Fujitsu Group Sustainability Report that we publish every year.
Policies to Promote the Provision of Information to Stakeholders	With respect to our disclosure policies, we recognize that prompt and appropriate disclosure of company information to shareholders and investors as well as securities analysts is essential to the proper functioning of the securities markets, and we disclose information in compliance with the Securities and Exchange Law and regulations of the stock exchanges on which we are listed. Even if we are not legally required to do so under the regulations, and even if the content of the information is unfavorable to Fujitsu, if we deem the information to be material to investment decisions, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair. Moreover, in consideration of the position of customers, communities, and other stakeholders, for information we deem necessary to disclose, including information that may be unfavorable to Fujitsu, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair.
Other	We are promoting a customer-centric management perspective in order to be a trusted and valued partner to our customers. In order that all employees adopt a customer-centric mindset and apply it to their daily work, we are deepening our commitment in each business unit to previously initiated management quality improvement activities and we are attempting to create an organizational framework to facilitate continuous improvement from a customer-centric perspective. As one example of these activities, we hold regular management update meetings, attended by the chairman, president, directors, corporate executive officers, and affiliate company presidents, in which we regularly discuss case examples of customer issues and what improvements need to be made. This enables managers in each of our units throughout the Fujitsu Group to share information on case studies, raise their consciousness regarding customer views, and actively implement improvement measures.

IV. Basic Stance on Internal Control Framework and Status of Implementation



[Basic Stance on Internal Control Framework]

The Company, through a resolution by the Board of Directors, has adopted the following basic stance on the framework for internal control (resolved on May 25, 2006, and revised on April 28, 2008*2).

1. Objective

The Fujitsu Way, which embodies the philosophy, values, principles and code of conduct for the Fujitsu Group, describes the vision of the Fujitsu Group as follows: "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."

We believe that by conducting our activities in accordance with the Fujitsu Way, we maximize the value of the Fujitsu Group and enhance our contribution to the communities in which we operate and to society as a whole.

In addition, in order to continuously enhance the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risk arising from our business activities. Recognizing that it is essential to strengthen our corporate governance in order to accomplish this, we will continuously strive to implement the policies described below.

2. Systems to ensure the appropriateness of Fujitsu and Fujitsu Group business

(1) System to ensure efficient business execution by directors

- a. At Fujitsu, there is a separation of the oversight and operational execution functions of management. The Board of Directors oversees the execution functions of the Management Council and other management bodies, and makes decisions on important matters. Among executive organs, the Management Council discusses and decides upon basic management policies and strategies and also decides upon important matters regarding management execution. Matters taken up by the Management Council, including discussion items, are reported to the Board of Directors, and any important issues are decided upon by the Board of Directors.

- b. To strengthen the management oversight function, we proactively employ outside directors and auditors.
 - c. The Board of Directors clarifies the scope of authority for board directors, corporate vice presidents and managing directors (hereafter collectively referred to as "senior management") as well as other business execution organs, and ensures that business is conducted in accordance with the division of business duties.
 - d. In performing their duties, senior management follows appropriate decision-making procedures, such as the Board of Directors Rules, Management Council Regulations, and Regulations on Corporate Decision-Making.
 - e. In addition to making employees thoroughly aware of management policies, senior management sets and achieves concrete goals in order to accomplish overall management goals.
 - f. To pursue operational efficiency, senior management promotes continuous improvement of internal control systems and reform of business processes.
 - g. By having senior management and other business execution organs provide monthly financial reports and business operation reports, the Board of Directors observes and oversees the status of achievement of management goals.
- (2) System to ensure that business execution of directors and employees complies with laws and articles of incorporation
- a. Senior management adheres to the Fujitsu Way as a basic vision for compliance issues, including compliance to laws and the articles of incorporation, and proactively promotes the Group's overall compliance on an ethical basis.
 - b. By continuously administering training, senior management instills adherence to the Fujitsu Way in employees and promotes the overall Group's compliance.
 - c. Senior management clarifies the legal and other regulations that relate to the Fujitsu Group's business activities and implements internal rules, training and oversight systems necessary to adhere to them, thereby promoting the compliance of the Group as a whole.
 - d. If senior management or employees become aware of the possibility of a major compliance violation in connection with the execution of business activities, they immediately inform the Board of Directors and the Board of Auditors via normal reporting channels.
 - e. In order to use independent information sources outside of normal reporting channels to discover and deal appropriately with compliance problems on a prompt basis, senior management establishes and operates an internal reporting system that protects whistle-blowers.
 - f. The Board of Directors receives periodic reports on the status of business execution from executive officers and verifies that there are no compliance violations in relation to the execution of work.
- (3) Regulations and other systems relating to loss mitigation
- a. Senior management strives to maintain the Fujitsu Group's business continuity, increase its corporate value and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, they assign certain departments to be responsible for each type of risk and put in place appropriate risk management systems.
 - b. Senior management is constantly assessing and verifying risks that might cause losses to the Fujitsu Group, and they report significant cases to the Board of Directors.
 - c. In regard to risks discovered through assessment described in b., as well as potential risks arising from the execution of business, senior management carries out risk mitigation initiatives and strives to minimize losses from risks. In order to minimize losses from risks that arise, senior management creates a risk management committee and carries out necessary countermeasures. In addition, it periodically analyzes risks that arise and reports them to the Board of Directors. In these ways, the committee engages in activities intended to prevent the recurrence of risks.
 - d. In order to collect risk information that cannot be gathered by the methods mentioned above, an internal reporting system has been set up and is operated to ensure the protection of whistle-blowers.

(4) Information storage and management system regarding business execution by directors

- a. In accordance with company rules, senior management shall establish an appropriate system, including appointing documentation managers, to store and manage documents relating to the execution of their business duties (including electronic documents, as with the items listed below) and other important information.
 - Minutes of shareholders' meetings and related documents
 - Minutes of Board of Directors meetings and related documents
 - Minutes and related documents for other important decision-making meetings
 - Approval documents from senior management
 - Other important documents relating to the execution of business duties by senior management
- b. In order for directors and auditors to verify the status of execution of business duties, there is a system enabling them to view the documents described in the above item at any time. The system also provides that, in response to requests they make to those in charge of managing documents, board members and statutory auditors can see the documents whenever they wish.

(5) System to ensure the appropriateness of Fujitsu Group business

- a. Using the Fujitsu Way as a foundation, in order to continuously increase the value of the Fujitsu Group, Fujitsu will provide direction and support to senior management of each Group company for setting up efficient, law-abiding and appropriate business execution systems as detailed in sections (1) through (4) above.
- b. To implement the above item a), functions, responsibilities, scopes of authority and proper decision-making methods have been defined in the Fujitsu Group Management Regulations.
- c. Senior management of Fujitsu and all Group companies periodically confirms issues related to Group management strategies and achievement of management goals through management update conferences and other means. In addition, Fujitsu Group statutory auditors deal with Fujitsu Group issues from the auditing viewpoint through Group auditor update conferences.
- d. In regard to measures needed to resolve challenges related to achieving management goals that are identified as a result of the activities described in item c), senior management of Fujitsu and Group companies implements such measures following full discussion and, when necessary, completion of reporting to Fujitsu and approval processes specified separately in Fujitsu Group Management Regulations.
- e. Fujitsu's internal audit organization is linked to the internal audit organization of each Group company. It carries out audits of the entire Fujitsu Group and reports periodically to the Board of Directors and Board of Auditors of Fujitsu. Important matters regarding the audits of Group companies are reported to the Board of Directors and Board of Auditors of Fujitsu.

(6) System to ensure the appropriateness of audits by statutory auditors

<Ensuring independence of auditors>

- a. Fujitsu has set up a Statutory Auditors' Office with employees assigned to assist the statutory auditors in carrying out their duties. Appropriate employees with the ability and expertise required by the statutory auditors are assigned to the office.
- b. In order to ensure the independence of the staff in the Statutory Auditors' Office, matters relating to their appointment, transfer and compensation are decided on the basis of prior consultation with the auditors.
- c. In principle, senior management does not assign office staff to other divisions or duties. In instances, however, where a need arises to give dual assignments to staff with specialized knowledge in response to requests from statutory auditors, care is given to ensuring their independence in accordance with item b).

<Reporting system>

- a. Senior management of Fujitsu and Group companies provides the statutory auditors with the opportunity to attend important meetings.
- b. In cases where risks arise that could affect management or financial results, or where there is an awareness of major compliance violations in connection with the execution of business activities, senior management as well as employees of Fujitsu and Group companies immediately report on them to the statutory auditors.
- c. Senior management as well as employees of Fujitsu and Group companies periodically report to the statutory auditors on the status of business execution.

<Ensuring effectiveness of statutory auditors>

- a. Senior management of Fujitsu and Group companies periodically exchange information with the statutory auditors.
- b. The internal audit organization periodically reports to the statutory auditors on audit results.
- c. The auditors have the independent accounting auditor explain and report on accounting audits as required and periodically exchange information with the independent accounting auditors.

*2 Embodiment of the mission, values, and code of conduct of the Fujitsu Group, the Fujitsu Way has provided the guiding principles for the conduct of the Group and its employees. In order, however, to provide a more enduring and universal as well as simple message that could be put into practice and instilled throughout the Fujitsu Group, on April 1, 2008, Fujitsu published a fully revised version of the Fujitsu Way consisting of a Corporate Vision, Corporate Values, Principles, and Code of Conduct.

[Status of Internal Control System]

Fujitsu has established a department with executive responsibility for internal controls. The company is, moreover, pursuing initiatives to implement an even more robust operational execution structure by reviewing and revising its regulations and business operations.

In addition, Fujitsu has established the Fujitsu Way, consisting of a Corporate Vision, Corporate Values, Principles, and Code of Conduct, which guides the Group and its employees in their daily activities.

To accelerate the penetration and implementation of the Fujitsu Way and ensure the appropriateness of business operations, four groups were established directly under the Management Council and tasked with pursuing more robust and efficient business execution: the Fujitsu Way Promotion Council, the Risk Management Committee, the Compliance Committee and the Environmental Committee. The functions of each are described below:

• Fujitsu Way Promotion Council

The Fujitsu Way Promotion Council promotes the inculcation and implementation of the Fujitsu Way. In addition, it has also been promoting Project EAGLE, which was launched as a company-wide activity for building an internal compliance system for effective and reliable financial reporting in compliance with the Securities and Exchange Law. By establishing a promotion organization dedicated to this endeavor, the Council has been working to extend it across the Group. Along with improving deficiencies, the goals of the project also include achieving greater efficiency through the pursuit of business process reforms across the Group.

We are taking into consideration the opinions of our accounting auditors as we build an internal control system that will ensure the validity and reliability of our financial reports.

- Risk Management Committee

This committee promotes risk management for the Fujitsu Group. By instilling awareness of risk and bringing to light risk information, including latent risk information, the committee continuously confirms the execution status of risk mitigation measures. It also implements policies for verifying information regarding specific instances of risk and mitigating their effects on customers and the Group as a whole. Moreover, as a preventative measure to deal with major unforeseen events, such as natural disasters, the committee promotes business continuity management (BCM), providing customers with a stable supply of the high performance, high-quality products and services that they need. It reports to the Management Council and the Board of Directors on significant matters and holds discussions with them on countermeasures, seeking thereby to disseminate information throughout the Group and strengthen the overall Group's risk management posture.

- Compliance Committee

This committee promotes adherence to social norms and corporate rules as well as the creation of corporate systems and initiatives for fostering a corporate culture of respect for norms. In conjunction with efforts to maximize compliance, in September 2004, a help-line system was set up as a confidential liaison point to receive reports from employees and provide guidance to them on matters of conduct.

- Environmental Committee

This committee is responsible for promoting the environmental protection activities of the Fujitsu Group, which are based on the Fujitsu Group Environmental Policy and the Fujitsu Group Environmental Protection Program.

We are taking into consideration the opinions of our accounting auditors as we implement the project to construct an internal control system that will ensure the validity and reliability of our financial reports.

[Basic Stance on Rejection of Antisocial Elements]

In the Fujitsu Way, the Fujitsu Group's Code of Conduct calls for respect for and compliance with laws and socially accepted rules. Accordingly, our basic stance is to take a resolute attitude toward antisocial elements and have absolutely no dealings with them.

[Preparedness Regarding Rejection of Antisocial Elements]

We maintain a system that can quickly respond when necessary by designating a centralized response department, creating a common Group manual, maintaining liaisons and exchanging information with outside legal counsel, police and specialist organizations, as well as by carrying out training and keeping employees fully informed about the workplace.

V. Other

1. Provisions Relating to Takeover Defenses

Because raising corporate value is ultimately the best defense against potential takeovers, we are focusing our efforts on raising corporate value. At the present time, we have not put in place any takeover defense measures.

Going forward, while placing first priority on corporate value and shareholder profits, we will pay careful attention to social trends and changes in the environment and continuously consider the possible need for protective measures.

2. Other Provisions Relating to Corporate Governance

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