Notes to Consolidated Financial Statements

Fujitsu Limited and Consolidated Subsidiaries

1. Significant Accounting Policies

(a) Basis of presenting consolidated financial statements and the principles of consolidation

The accompanying consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with the regulations under the Financial Instruments and Exchange Law of Japan and accounting principles and practices generally accepted in Japan. In presenting the accompanying consolidated financial statements, certain items have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its majority-owned subsidiaries.

The acquisition of companies is accounted for by the purchase method. Goodwill represents the excess of the acquisition cost over the fair value of the net assets of the acquired companies.

Investments in affiliates, with minor exceptions, are accounted for by the equity method.

<Changes in accounting principles and practices for the year ended March 31, 2009>

For the year ended March 31, 2009, the Group has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," which was applied in Japan. The impact of this change on operating income and income (loss) before income taxes and minority interests for the year ended March 31, 2009, was insignificant.

IFRS had been applied firstly to Fujitsu Services Holdings PLC in the UK and its subsidiaries for the year ended March 31, 2006, and then to several subsidiaries outside Japan such as those in Australia and Singapore. Finally, for the year ended March 31, 2009, IFRS has been applied to all the subsidiaries outside Japan. For such subsidiaries adopting IFRS for the year ended March 31, 2009, this change in accounting principles and practices modified their accounting procedures retroactively which decreased the consolidated retained earnings by ¥1,585 million ($16,173 thousand) as of the beginning of the year ended March 31, 2009. The impact of this change to the segment information is set forth in Note 18.

(b) Cash equivalents

Cash equivalents are considered to be short-term highly liquid investments with a maturity of three months or less from the date of acquisition and an insignificant risk of fluctuation in value.

(c) Translation of foreign currency accounts

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the foreign currency exchange rates in effect at the respective balance sheet dates.

The assets and liabilities accounts of the consolidated subsidiaries outside Japan are translated into Japanese yen at the exchange rates in effect at the respective balance sheet dates. Income and expense accounts are translated at the average exchange rate during the year. The resulting translation adjustments are recorded in a separate component of net assets as "foreign currency translation adjustments."

(d) Revenue recognition

Revenue from sales of IT systems and products excluding customized software under development contracts (the "customized software") is recognized upon acceptance by the customers, whereas, revenue from sales of personal computers, other equipment and electronic devices is recognized when the products are delivered to the customers. Revenue from sales of the customized software is recognized by reference to the percentage-of-completion method.

<Changes in accounting principles and practices for the year ended March 31, 2009>

For the year ended March 31, 2009, the Company and its subsidiaries in Japan adopted the "Accounting Standard for Construction Contracts" which was newly applied in Japan. The impact of this change on sales, operating income and income (loss) before income taxes and minority interests for the year ended March 31, 2009, was insignificant because the Group had already applied the percentage-of-completion method to revenue recognition for the customized software, a core business of the Group. The impact of this change to the segment information is set forth in Note 18.

<Changes in accounting principles and practices for the year ended March 31, 2008>

For the year ended March 31, 2008, the Group changed its accounting policy for the revenue recognition of personal computers, other equipment and electronic devices from recognition upon shipment to recognition upon delivery to customers. The amounts in the consolidated financial statements prior to and for the year ended March 31, 2007 have not been restated.

For the year ended March 31, 2008, as a result of this change, net sales decreased by ¥5,753 million, and operating income and income before income taxes and minority interests both decreased by ¥1,767 million. The impact of this change to the segment information is set forth in Note 18.

(e) Marketable securities

Marketable securities included in "short-term investments" and "investments and long-term loans" are classified as either held-to-maturity investments, which are the debt securities which the Group has the positive intent and ability to hold to maturity, or available-for-sale securities, which are "equity securities" or "debt securities not classified as held-to-maturity."

Held-to-maturity investments are stated at amortized cost, adjusted for the amortization of premium or accretion of discounts to maturity. The cost of available-for-sale securities sold is calculated by the moving average method.

Available-for-sale securities are carried at fair market value, with the unrealized gains or losses, net of taxes, reported in a separate component of net assets.

(f) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount deemed sufficient to cover estimated future losses.

(g) Inventories

Finished goods are mainly stated at cost determined by the moving average method.

Work in process is mainly stated at cost determined by the specific identification method or the average cost method.

Raw materials and supplies are mainly stated at cost determined by the moving average method.

Inventories with lower profitability are written down.

<Changes in accounting principles and practices for the year ended March 31, 2008>

For the year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan adopted the "Accounting Standard for Measurement of Inventories" which was newly applied in Japan. The amounts in the consolidated financial statements prior to and for the year ended March 31, 2007 have not been restated.

For the year ended March 31, 2008, as a result of this change, operating income decreased by ¥2,706 million and income before income taxes and minority interests, which included "loss on revaluation of inventories at the beginning of period" of ¥25,045 million, decreased by ¥27,751 million.

The impact of this change to the segment information is set forth in Note 18. The details of "loss on revaluation of inventories at the beginning of period" are set forth in Note 16.

(h) Property, plant and equipment and depreciation

Property, plant and equipment, including renewals and additions, are carried at cost. Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

Depreciation is computed by the straight-line-method over the estimated useful lives, reflected by the likely period over which the value of the asset can be realized under actual business conditions.

Certain property, plant and equipment are impaired based on consideration of their future usefulness. Accumulated impairment loss is subtracted directly from each asset.

<Changes in accounting principles and practices for the year ended March 31, 2008>

For the year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan changed the depreciation method, the useful lives and the residual values.

The amounts in the consolidated financial statements prior to and for the year ended March 31, 2007, have not been restated.

In prior periods, the Company and its consolidated subsidiaries in Japan depreciated property, plant and equipment with the declining-balance method, while consolidated subsidiaries outside Japan most often adopted the straight-line depreciation method. For the year ended March 31, 2008, the Group uniformly adopted straight-line depreciation method over the estimated useful life of the assets, which would be determined in accordance with what was judged to be the likely period over which the value of the asset could be realized under actual business conditions, and with the residual value of the asset deemed to be the actual residual value.

As a result of these changes and revisions, compared to the previous method of accounting, operating income increased by ¥11,408 million and income before income taxes and minority interests increased by ¥11,765 million. These amounts include an increase in depreciation expense of ¥7,222 million as a result of restarting depreciation of facilities over a five-year period with a residual value of zero for those facilities that had already been depreciated to 5% of the acquisition cost at March 31, 2007. The impact of this change to segment information is set forth in Note 18.

(i) Intangible assets

Goodwill, including the goodwill acquired by subsidiaries, representing the premium paid to acquire a business is amortized using the straight-line method over periods not exceeding 20 years as these are periods over which the Group expects to benefit from the acquired business.

Computer software for sale is amortized based on the current year sales units to the projected total products' sales units. Computer software for internal use is amortized by the straight-line method over the estimated useful lives.

Other intangible assets are amortized by the straight-line method over the estimated useful lives of the respective assets.

(j) Leases

Assets acquired by lessees in finance lease transactions are recorded in the corresponding asset accounts.

<Changes in accounting principles and practices for the year ended March 31, 2008>

For the year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan newly applied the "Accounting Standard for Lease Transactions" which was applied in Japan. This change did not have any impact on income for the year ended March 31, 2008 as leased assets were already recognized on the consolidated balance sheets in prior years.

(k) Provision for product warranties

Provision for product warranties is recognized at the time of sales of the products at an amount which represents the estimated cost, based on past experience, to repair or exchange certain products within the warranty period.

(l) Provision for construction contract losses

Provision for construction contract losses is the estimated amount of future losses on customized software or construction contracts whose costs are probable to exceed total contract revenues.

For comparative purposes, the estimated amount of future losses on customized software previously presented mainly as "others" and "payables, trade" in current liabilities in the consolidated balance sheets at March 31, 2008 is reclassified as "provision for contraction contract losses."

(m) Retirement benefits

The Company and the majority of the consolidated subsidiaries have retirement benefit plans.

Under the significant defined benefit plans, the actuarial valuation used to determine the pension costs is the projected unit credit method.

<Changes in accounting principles and practices for the year ended March 31, 2008>

For the year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan reclassified amortization recognition from a component of "other income (expenses)" to a component of "cost of sales" or "selling, general and administrative expenses." The amounts in the consolidated financial statements prior to and for the year ended March 31, 2007 have not been restated.

For the year ended March 31, 2008, as a result of this change, operating income decreased by ¥7,467 million. There was no impact on income before income taxes and minority interests. The impact of this change to the segment information is set forth in Note 18.

(n) Provision for loss on repurchase of computers

Certain computers manufactured by the Group are sold to Japan Electronic Computer Co., Ltd. ("JECC") and other leasing companies for leasing to ultimate users under contracts which require the Group to repurchase the computers if they are returned by the users after a certain period. Based on past experience, an estimated amount for the loss arising from such repurchases is provided at the point of sales and is charged to income.

(o) Provision for recycling expenses

A provision for anticipated recycling expenses has been made based on the regime for PC recycling enforced in Japan to prepare for recycling expenses incurred upon collection of consumer PCs sold.

(p) Income taxes

The Group has mainly adopted the asset and liability method of tax effect accounting in order to recognize income tax effect of all temporary differences in the recognition of assets and liabilities for tax and financial reporting purposes.

(q) Earnings per share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the respective years.

Diluted earnings per share is computed based on the weighted average number of shares after consideration of the dilutive effect of the shares of common stocks issuable upon the exercise of subscription rights to shares and the conversion of convertible bonds.

(r) Derivative financial instruments

The Group uses derivative financial instruments for the purpose of hedging against the risk of fluctuations in interest rates and foreign exchange rates on receivables and payables denominated in foreign currencies.

Derivative financial instruments are stated at fair market value.

The Group defers gain or loss on changes in the fair market values of the derivative financial instruments on the balance sheet until gain or loss on the hedged items are recognized.

2. U.S. Dollar Amounts

The Company and its consolidated subsidiaries in Japan maintain their books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into U.S. dollars at ¥98 = US$1, the approximate exchange rate at March 31, 2009.

The U.S. dollar amounts are presented solely for the convenience of readers and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could readily be converted, realized or settled in U.S. dollars at the above or any other rate.

3. Marketable Securities

At March 31, 2008 and 2009, marketable securities included in "short-term investments" and "Others" of "investments and long-term loans" are as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Held-to-maturity investments			
Carrying value (Amortized cost)	¥ 294	**¥ 298**	**$ 3,041**
Market value	295	**292**	**2,980**
Net unrealized gain (loss)	¥ 1	**¥ (6)**	**$ (61)**
Available-for-sale securities			
Acquisition costs	¥ 71,895	**¥ 93,974**	**$ 958,918**
Carrying value (Market value)	222,767	**180,139**	**1,838,153**
Net unrealized gain	¥150,872	**¥ 86,165**	**$ 879,235**

4. Inventories

Inventories at March 31, 2008 and 2009 consist of the following:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Finished goods	¥169,662	**¥140,356**	**$1,432,204**
Work in process	137,215	**95,159**	**971,010**
Raw materials and supplies	76,229	**70,941**	**723,888**
Total inventories	¥383,106	**¥306,456**	**$3,127,102**

5. Property, Plant and Equipment

Changes in property, plant and equipment, net of accumulated depreciation are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2008	**2009**	**2009**
Land			
Balance at beginning of year	¥ 111,421	**¥ 105,584**	**$ 1,077,388**
Additions	487	**12,108**	**123,551**
Impairment loss	5,357	**2,850**	**29,082**
Translation differences	(958)	**(533)**	**(5,439)**
Other, net	(9)	**(1,475)**	**(15,051)**
Balance at end of year	¥ 105,584	**¥ 112,834**	**$ 1,151,367**
Buildings			
Balance at beginning of year	¥ 270,878	**¥ 294,348**	**$ 3,003,551**
Additions	67,981	**33,574**	**342,592**
Depreciation	28,925	**33,675**	**343,623**
Impairment loss	7,375	**18,256**	**186,286**
Translation differences	(5,973)	**(9,131)**	**(93,173)**
Other, net	(2,238)	**(2,018)**	**(20,592)**
Balance at end of year	¥ 294,348	**¥ 264,842**	**$ 2,702,469**
Machinery and equipment			
Balance at beginning of year	¥ 428,858	**¥ 416,246**	**$ 4,247,408**
Additions	185,871	**131,155**	**1,338,316**
Depreciation	176,290	**190,473**	**1,943,602**
Impairment loss	5,282	**50,809**	**518,459**
Translation differences	(10,376)	**(13,925)**	**(142,092)**
Other, net	(6,535)	**(12,356)**	**(126,081)**
Balance at end of year	¥ 416,246	**¥ 279,838**	**$ 2,855,490**
Construction in progress			
Balance at beginning of year	¥ 31,332	**¥ 23,586**	**$ 240,673**
Additions	174,207	**124,296**	**1,268,327**
Impairment loss	740	**2,216**	**22,612**
Translation differences	(384)	**(165)**	**(1,684)**
Transfers	(180,829)	**(129,987)**	**(1,326,398)**
Balance at end of year	¥ 23,586	**¥ 15,514**	**$ 158,306**

6. Leases

The following is a summary of acquisition cost, accumulated depreciation, book value of leased assets, and minimum lease payments required under finance leases, which were recorded in the corresponding asset accounts, at March 31, 2008 and 2009.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Acquisition cost	¥184,534	**¥175,308**	**$1,788,857**
Accumulated depreciation	95,748	**107,828**	**1,100,286**
Book value	88,786	**67,480**	**688,571**
Minimum lease payments required			
Within one year	40,464	**43,054**	**439,327**
Over one year but within five years	62,846	**47,358**	**483,245**
Over five years	13,183	**8,789**	**89,683**
Total	¥116,493	**¥ 99,201**	**$1,012,255**

The following is a summary of future minimum lease payments required under non-cancelable operating leases in the aggregate and for each of the following periods.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Within one year	¥17,583	**¥12,211**	**$124,602**
Over one year but within five years	42,122	**29,988**	**306,000**
Over five years	37,189	**24,608**	**251,102**
Total	¥96,894	**¥66,807**	**$681,704**

7. Goodwill

An analysis of goodwill is presented below:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2008	**2009**	**2009**
Balance at beginning of year	¥82,887	**¥68,411**	**$698,071**
Additions	12,560	**1,010**	**10,306**
Amortization	22,171	**16,292**	**166,245**
Translation differences and others	(4,865)	**(6,621)**	**(67,561)**
Balance at end of year	¥68,411	**¥46,508**	**$474,571**

8. Short-term Borrowings and Long-term Debt

Short-term borrowings and long-term debt at March 31, 2008 and 2009 consist of the following:

Short-term borrowings

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Short-term borrowings, principally from banks, with weighted average interest rates of 2.91% at March 31, 2008 and of 1.28% at March 31, 2009:			
Secured	¥ 200	**¥ 200**	**$ 2,041**
Unsecured	49,386	**115,550**	**1,179,081**
Total short-term borrowings (A)	¥49,586	**¥115,750**	**$1,181,122**

FACTS & FIGURES

Notes to Consolidated Financial Statements

Long-term debt (including current portion)

At March 31	Yen (millions) 2008	2009	U.S. Dollars (thousands) 2009
a) Long-term borrowings			
Long-term borrowings, principally from banks and insurance companies,			
due from 2008 to 2020 with weighted average interest rate of 1.80% at March 31, 2008:			
due from 2009 to 2020 with weighted average interest rate of 1.51% at March 31, 2009:			
Secured	¥ 62	¥ —	$ —
Unsecured	48,148	**84,251**	**859,704**
Total long-term borrowings	¥ 48,210	**¥ 84,251**	**$ 859,704**
b) Bonds and notes			
Bonds and notes issued by the Company:			
Secured	¥ —	¥ —	$ —
Unsecured	250,000	**250,000**	**2,551,021**
zero coupon unsecured convertible bonds due 2009 *2	¥250,000	**¥250,000**	**$2,551,021**
unsecured convertible bonds due 2010 *1,2	100,000	**100,000**	**1,020,408**
unsecured convertible bonds due 2011 *1,2	100,000	**100,000**	**1,020,408**
3.15% unsecured bonds due 2009	50,000	**50,000**	**510,204**
3.0% unsecured bonds due 2018	30,000	**30,000**	**306,123**
2.175% unsecured bonds due 2008	50,000	—	—
2.15% unsecured bonds due 2008	50,000	—	—
1.05% unsecured bonds due 2010	50,000	**50,000**	**510,204**
1.49% unsecured bonds due 2012	60,000	**60,000**	**612,245**
1.73% unsecured bonds due 2014	40,000	**40,000**	**408,163**
Bonds and notes issued by consolidated subsidiaries,			
Secured	—	—	—
Unsecured			
[Japan]			
0.97% unsecured bonds due 2010	—	**300**	**3,061**
0.66% unsecured bonds due 2010	—	**200**	**2,041**
1.73% unsecured bonds due 2012	—	**100**	**1,020**
zero coupon unsecured convertible bonds due 2013	—	**200**	**2,041**
[Outside Japan]			
Medium Term Note unsecured due 2008 with rate of 6.0%	9,540	—	—
Medium Term Note unsecured due 2009 with rate of 1.05–1.29%	—	**2,679**	**27,337**
Total bonds and notes	¥789,540	**¥683,479**	**$6,974,276**
Total long-term debt (including current portion) (a+b)	¥837,750	**¥767,730**	**$7,833,980**
Current portion (B)	110,641	**311,133**	**3,174,827**
Non-current portion (C)	727,109	**456,597**	**4,659,153**
Total short-term borrowings and long-term debt (including current portion)	¥887,336	**¥883,480**	**$9,015,102**
Short-term borrowings and current portion of long-term debt (A+B)	160,227	**426,883**	**4,355,949**
Long-term debt (excluding current portion) (C)	727,109	**456,597**	**4,659,153**

Convertible bonds are treated solely as liabilities and value inherent in their conversion feature is not recognized as equity in accordance with accounting principles and practices generally accepted in Japan.

*1 The primary purpose of the issue of ¥100 billion unsecured convertible bonds due 2010 and ¥100 billion unsecured convertible bonds due 2011 (the "Bonds") was to distribute and smooth the redemption of the ¥250 billion zero coupon unsecured convertible bonds due 2009 (the "Former Bonds") issued by the Company in 2002. The Former Bonds were redeemed at the maturity date (May 27, 2009) by cash financed from the Bonds. The corresponding interest rates are as follows.

	Before May 27, 2009	On and after May 28, 2009	
Unsecured convertible bonds due 2010	1.60%	0.00% [3.00%]	[ ] represents interest rates if the weighted average share price of 10 consecutive days is below ¥900, and the bonds are redeemed before May 18, 2010.
Unsecured convertible bonds due 2011	1.60%	0.00% [1.75%]	[ ] represents interest rates if the weighted average share price of 10 consecutive days is below ¥900, and the bonds are redeemed before May 18, 2011.

*2 The main details of convertible bonds at March 31, 2009

	Zero coupon unsecured convertible bonds due 2009	Unsecured convertible bonds due 2010	Unsecured convertible bonds due 2011
Date issued	2002/5/27	2007/8/31	2007/8/31
Stock to be issued	Common Stock	Common Stock	Common Stock
Issue price of subscription rights to shares	Zero	Zero	Zero
Conversion Price of the bonds (Yen)	1,201	900	900
Total issue price (Million Yen)	250,000	100,000	100,000
Total issue price of stock issued by the exercise of subscription rights to shares (Million Yen)	—	—	—
Subscription of rights to shares granted (%)	100	100	100
Exercisable periods of subscription rights to shares	June 10, 2002 to May 13, 2009	May 28, 2009 to May 24, 2010	May 28, 2009 to May 24, 2011

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2010	¥311,133	$3,174,827
2011	165,475	1,688,521
2012	135,144	1,379,020
2013	65,485	668,214
2014 and thereafter	90,493	923,398
Total	¥767,730	$7,833,980

At March 31, 2009, the Group had committed facility contracts with banks aggregating ¥210,188 million ($2,144,776 thousand). ¥3,004 million ($30,653 thousand) was used out of the total credit limit as the above short-term and long-term borrowings and the rest, ¥207,184 million ($2,114,122 thousand), was unused.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2008 and 2009 are principally presented below:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Property, plant and equipment, net	¥2,651	**¥2,562**	**$26,143**

As is customary in Japan, substantially all loans from banks (including short-term loans) are made under bank transaction agreements which stipulate that, at the request of the banks, the borrower is required to provide collateral or guarantors (or additional collateral or guarantors, as appropriate) with respect to such loans, and that all assets pledged as collateral under such agreements will be applicable to all present and future indebtedness to the banks concerned. These bank transaction agreements further stipulate that the banks have the right to offset deposits at the banks against indebtedness which matures or becomes due prematurely by default owed to the banks.

9. Retirement Benefits

The Company and the majority of the consolidated subsidiaries in Japan have unfunded lump-sum retirement plans which, in general, cover all employees who retire before a retirement age prescribed in their internal codes. The employees are entitled to the benefits primarily based on their length of service and base salary as of the retirement date.

In addition, the Company and the majority of the consolidated subsidiaries in Japan participate in contributory defined benefit plans which cover substantially all employees. The major contributory defined benefit plan (the "Plan"), which is referred to as the Fujitsu Corporate Pension Fund, entitles employees upon retirement at the normal retirement age to either a lump-sum payment or pension annuity payments for life commencing at age 60, or a combination of both based on their length of service, base salary and the number of years of participation in the Plan. The contributions of the Company and the subsidiaries covered by the Plan and their employees are made to the Fujitsu Corporate Pension Fund which is an external organization.

The Fujitsu Welfare Pension Fund, in which the Company and certain consolidated subsidiaries in Japan participated, received approval of an elimination of the future benefit obligations of the substitutional portion on March 23, 2004, and then received approval of transfer of past benefit obligation of the substitutional portion on September 1, 2005, from the Minister of Health, Labour and Welfare. Accordingly, Fujitsu Welfare Pension Fund changed to the Defined Benefit Corporate Plan based on the Japanese Defined Benefit Corporate Pension Law from the Japanese Welfare Pension Plan based on the Japanese Welfare Pension Insurance Law, and concurrently a part of the pension system was revised.

The majority of the consolidated subsidiaries outside Japan have defined benefit plans and/or defined contribution plans covering substantially all their employees. The major defined benefit pension plan provided outside Japan is the plan that Fujitsu Services Holdings PLC (including its consolidated subsidiaries, "FS") provides. The plan entitles to employees payments based on their length of service and salary. The defined benefit section of the plan was closed to new entrants on August 31, 2000. New employees are, however, eligible for membership of the defined contribution section of the plan.

The balances of the "projected benefit obligation and plan assets" and the "components of net periodic benefit cost" in the plans in both Japan and outside Japan are summarized as follows:

<In Japan>

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Projected benefit obligation	¥(1,145,897)	**¥(1,198,318)**	**$(12,227,734)**
Plan assets	954,508	**791,122**	**8,072,673**
Projected benefit obligation in excess of plan assets	(191,389)	**(407,196)**	**(4,155,061)**
Unrecognized net obligation at transition	32,574	**16,467**	**168,031**
Unrecognized actuarial loss	306,276	**492,968**	**5,030,285**
Unrecognized prior service cost (reduced obligation)	(139,139)	**(120,785)**	**(1,232,500)**
Prepaid pension cost	(83,011)	**(72,505)**	**(739,847)**
Accrued retirement benefits	¥ (74,689)	**¥ (91,051)**	**$ (929,092)**

As a result of pension system revisions, Fujitsu Corporate Pension Fund in which the Company and certain consolidated subsidiaries in Japan participate, reported unrecognized prior service cost (reduced obligation) at September 1, 2005.

Components of net periodic benefit cost

			Yen (millions)	U.S. Dollars (thousands)
Years ended March 31	2007	2008	**2009**	**2009**
Service cost	¥ 36,424	¥ 36,646	**¥ 38,207**	**$ 389,867**
Interest cost	26,205	27,535	**28,976**	**295,673**
Expected return on plan assets	(30,724)	(30,929)	**(27,286)**	**(278,428)**
Amortization of unrecognized obligation for retirement benefits:				
Amortization of net obligation at transition	16,230	16,217	**16,709**	**170,500**
Amortization of actuarial loss	5,569	9,863	**26,463**	**270,031**
Amortization of prior service cost	(18,653)	(18,613)	**(19,099)**	**(194,888)**
Net periodic benefit cost	¥ 35,051	¥ 40,719	**¥ 63,970**	**$ 652,755**

In addition to net periodic benefit cost stated above, extra retirement benefits of ¥3,874 million, ¥3,798 million and ¥8,029 million ($81,929 thousand) were paid for the years ended March 31, 2007, 2008 and 2009, respectively.

The assumptions used in accounting for the plans

At March 31	2008	**2009**
Discount rate	2.5%	**2.5%**
Expected rate of return on plan assets	2.7%	**2.8%**
Method of allocating actuarial loss	Straight-line method over the employees' average remaining service period	**Straight-line method over the employees' average remaining service period**
Method of allocating prior service cost	Straight-line method over 10 years	**Straight-line method over 10 years**
Method of allocating net obligation at transition	Straight-line method over 10 years	**Straight-line method over 10 years**

For the year ended March 31, 2001, the Company fully recognized as income its portion of the unrecognized net obligation at transition. For additional plan assets to cover the unrecognized net obligation at transition, the Company placed its holding of marketable securities in a trust which was solely established for the retirement benefit plan.

<Outside Japan>

FS adopted International Financial Reporting Standards ("IFRS") for the year ended March 31, 2006, and accounts for retirement benefits in accordance with IAS 19 "Employee Benefits." For this change in accounting principles and practices, FS adopted IFRS 1 "First-time Adoption of International Financial Reporting Standards," and recognized the projected benefit obligation in excess of plan assets as of April 1, 2004. For the year ended March 31, 2009, other subsidiaries outside Japan applied IAS 19 in accordance with adoption of IFRS. They recognized actuarial gain or loss over future periods after the adoption of IFRS 1 and applied the "corridor approach" to amortization of actuarial gain and loss.

Projected benefit obligation and plan assets

		Yen (millions)	U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Projected benefit obligation	¥(541,905)	**¥(354,064)**	**$(3,612,898)**
Plan assets	470,577	**296,413**	**3,024,622**
Projected benefit obligation in excess of plan assets	(71,328)	**(57,651)**	**(588,276)**
Unrecognized actuarial gain (loss)	(9,561)	**11,547**	**117,827**
Prepaid pension cost	—	**(67)**	**(683)**
Accrued retirement benefits	¥ (80,889)	**¥ (46,171)**	**$ (471,132)**

Components of net periodic benefit cost

Years ended March 31	Yen (millions) 2008	2009	U.S. Dollars (thousands) 2009
Service cost	¥ 12,425	**¥ 8,856**	**$ 90,367**
Interest cost	36,240	**32,305**	**329,643**
Expected return on plan assets	(38,533)	**(33,321)**	**(340,010)**
Amortization of the unrecognized obligation for retirement benefit:			
Amortization of actuarial gain and loss	917	**(304)**	**(3,102)**
Amortization of prior service cost	(1,041)	**—**	**—**
Net periodic benefit cost	10,008	**7,536**	**76,898**
Gain on termination of retirement benefit plan	(1,629)	**—**	**—**
Total	¥ 8,379	**¥ 7,536**	**$ 76,898**

"Gain on termination of retirement benefit plan" was a termination gain resulting from a transfer of the retirement benefit plan provided by certain consolidated subsidiaries outside Japan to third-party organizations.

The assumptions used in accounting for the plans

At March 31	2008	2009
Discount rate	Mainly 6.9%	**Mainly 6.9%**
Expected rate of return on plan assets	Mainly 7.0%	**Mainly 8.0%**
Method of allocating actuarial loss	Straight-line method over the employees' average remaining service period	**Straight-line method over the employees' average remaining service period**

10. Income Taxes

The Group is subject to a number of different income taxes. The statutory tax rates in the aggregate in Japan were approximately 40.6% for the years ended March 31, 2007, 2008 and 2009.

The components of income taxes are as follows:

Years ended March 31	2007	Yen (millions) 2008	2009	U.S. Dollars (thousands) 2009
Current	¥44,104	¥39,736	**¥ 25,022**	**$ 255,327**
Deferred	52,139	7,534	**(24,611)**	**(251,133)**
Income taxes	¥96,243	¥47,270	**¥ 411**	**$ 4,194**

The reconciliations between the statutory income tax rates and the effective income tax rates for the years ended March 31, 2007, 2008 and 2009 are as follows:

Years ended March 31	2007	2008	2009
Statutory income tax rates	40.6%	40.6%	**40.6%**
Increase (Decrease) in tax rates:			
Tax effect on equity in earnings of affiliates, net	(1.3%)	(3.4%)	**(12.2%)**
Dividends from consolidated subsidiaries and affiliates outside Japan	1.9%	5.8%	**(11.0%)**
Valuation allowance for deferred tax assets	3.8%	(9.4%)	**(8.5%)**
Goodwill amortization	3.1%	8.2%	**(5.8%)**
Non-deductible expenses for tax purposes	1.3%	4.4%	**(3.1%)**
Non-taxable income	(0.4%)	(1.6%)	**0.5%**
Other	(4.1%)	(1.4%)	**(0.9%)**
Effective income tax rates	44.9%	43.2%	**(0.4%)**

The significant components of deferred tax assets and liabilities at March 31, 2008 and 2009 are as follows:

At March 31	Yen (millions) 2008	2009	U.S. Dollars (thousands) 2009
Deferred tax assets:			
Tax loss carryforwards	¥ 163,047	**¥ 165,973**	**$ 1,693,602**
Accrued retirement benefits	141,007	**140,185**	**1,430,459**
Excess of depreciation and amortization and impairment loss, etc.	38,594	**76,416**	**779,755**
Accrued bonus	47,437	**40,047**	**408,643**
Inventories	17,254	**25,044**	**255,551**
Loss on revaluation of investment securities	9,558	**13,366**	**136,388**
Provision for loss on repurchase of computers	9,768	**9,513**	**97,072**
Provision for product warranties	7,971	**5,386**	**54,959**
Intercompany profit on inventories and property, plant and equipment	1,132	**2,545**	**25,969**
Other	52,558	**54,705**	**558,214**
Gross deferred tax assets	488,326	**533,180**	**5,440,612**
Less: Valuation allowance	(263,429)	**(284,938)**	**(2,907,530)**
Total deferred tax assets	224,897	**248,242**	**2,533,082**
Deferred tax liabilities:			
Gains from establishment of stock holding trust for retirement benefit plan	¥(110,617)	**¥(110,617)**	**$(1,128,745)**
Unrealized gains on securities	(62,472)	**(35,620)**	**(363,469)**
Tax allowable reserves	(4,632)	**(5,434)**	**(55,449)**
Other	(2,396)	**(7,569)**	**(77,235)**
Total deferred tax liabilities	(180,117)	**(159,240)**	**(1,624,898)**
Net deferred tax assets	¥ 44,780	**¥ 89,002**	**$ 908,184**

Net deferred tax assets are included in the consolidated balance sheets as follows:

At March 31	Yen (millions) 2008	2009	U.S. Dollars (thousands) 2009
Current assets—others	¥ 80,958	**¥ 68,840**	**$ 702,449**
Investments and long-term loans—others	54,480	**72,250**	**737,245**
Current liabilities—others	(1,055)	**(7)**	**(71)**
Long-term liabilities—others	(89,603)	**(52,081)**	**(531,439)**
Net deferred tax assets	¥ 44,780	**¥ 89,002**	**$ 908,184**

The Company and the wholly owned subsidiaries in Japan have adopted the consolidated tax return system of Japan.

Tax losses can be carried forward up to 7 years in Japan, 20 years in the United States, and indefinitely in the United Kingdom. Realization depends on the abilities of the companies to generate sufficient taxable income prior to the expiration of the tax loss carryforwards. With respect to deferred tax assets, we recorded a valuation allowance to cover the amount in excess of what we are likely to recover in the future.

11. Shareholders' Equity

The number of authorized and issued shares of common stock at March 31, 2008 and 2009 is stated as follows:

At March 31	2008	2009
The number of authorized shares	5,000,000,000	**5,000,000,000**
The number of issued shares	2,070,018,213	**2,070,018,213**

12. Commitments and Contingent Liabilities

Commitments outstanding at March 31, 2009 for purchases of property, plant and equipment were approximately ¥12,042 million ($122,878 thousand).

Contingent liabilities for guarantee contracts amounted to ¥19,270 million ($196,633 thousand) at March 31, 2009. Of the total contingent liabilities, guarantees given mainly for bank loans taken by FDK Corporation, an equity method affiliate of the Company, were ¥11,900 million ($121,429 thousand), for employees' housing loans were ¥4,534 million ($46,265 thousand) and guarantees given mainly for bank loans taken by Eudyna Devices Inc. were ¥2,500 million ($25,510 thousand).

13. Derivative Financial Instruments

Purpose of Derivative Trading

The 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 cost of the funds financed, and to improve return on invested funds.

Basic Policies for Derivative Trading and its Risks

The 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 to use 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 and credit risks.

Control of Derivative Trading

The Group enters into derivative transactions based on regulations established by the Company, and controls the risk of the transaction by assessing the effectiveness of its hedging. 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 and also to the chief of the accounting department.

Fair Value of Derivative Financial Instruments:

Derivative financial instruments were stated at fair market value and recorded on the balance sheets.

<Currency-related transactions>

At March 31, 2008 — Yen (millions)

	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	¥58,183	¥31,511	¥7,800	¥(2,516)
Other currencies	6,648	4,227	1,507	739
To sell foreign currencies				
U.S. Dollars	10,178	6,820	1,858	(249)
Other currencies	1,782	—	1,759	(8)
Foreign Exchange Options Contracts				
To buy options				
U.S. Dollars puts	3,020	—		
	<22>	<—>	13	(9)
To sell options				
U.S. Dollars calls	3,020	—		
	<22>	<—>	(55)	(33)
Foreign Exchange Swap Contracts				
Receive Pound Sterling/pay Euro	4,715	—	(191)	(191)
Receive Pound Sterling/pay U.S. Dollar or other currencies	4,931	—	(57)	(57)
Receive Euro/pay Pound Sterling	21,029	—	736	736
Receive U.S. Dollar or other currencies/pay Pound Sterling	10,716	—	174	174
Total				¥(1,414)

<Currency-related transactions>

At March 31, 2009 — Yen (millions)

	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	¥35,662	¥21,454	¥5,180	¥ 1,645
Other currencies	8,398	3,422	5,062	1,002
To sell foreign currencies				
U.S. Dollars	15,175	3,797	9,534	(2,235)
Other currencies	2,591	—	2,939	(349)
Foreign Exchange Options Contracts				
To buy options				
U.S. Dollars puts	286	—		
	<3>	<—>	2	(1)
To sell options				
U.S. Dollars calls	286	—		
	<3>	<—>	13	(10)
Foreign Exchange Swap Contracts				
Receive Pound Sterling/pay Euro	5,295	—	(102)	(102)
Receive Pound Sterling/pay U.S. Dollar or other currencies	6,956	—	9	9
Receive Euro/pay Pound Sterling	19,686	—	451	451
Receive Yen/pay Pound Sterling	2,957	—	(199)	(199)
Receive U.S. Dollar or other currencies/pay Pound Sterling	3,235	—	79	79
Total				¥ 290

<Currency-related transactions>

At March 31, 2009				U.S. Dollars (thousands)
	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	$363,898	$218,918	$52,857	$ 16,786
Other currencies	85,694	34,918	51,653	10,224
To sell foreign currencies				
U.S. Dollars	154,847	38,745	97,286	(22,806)
Other currencies	26,439	—	29,990	(3,561)
Foreign Exchange Options Contracts				
To buy options				
U.S. Dollars puts	2,918	—		
	<31>	<—>	20	(10)
To sell options				
U.S. Dollars calls	2,918	—		
	<31>	<—>	133	(102)
Foreign Exchange Swap Contracts				
Receive Pound Sterling/pay Euro	54,031	—	(1,041)	(1,041)
Receive Pound Sterling/pay U.S. Dollar or other currencies	70,980	—	92	92
Receive Euro/pay Pound Sterling	200,878	—	4,602	4,602
Receive Yen/pay Pound Sterling	30,173	—	(2,031)	(2,031)
Receive U.S. Dollar or other currencies/pay Pound Sterling	33,010	—	806	806
Total				$ 2,959

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 a change in the contract amount and duration due to the fluctuation of the currency exchange rate.
3) Option premiums are disclosed in brackets< >, and corresponding fair value and gains and losses are disclosed in the same line.
4) Derivative transactions which qualify for hedge accounting are excluded from the above table.

The Group adopts hedge accounting for its derivative transactions after assessing the effectiveness of its hedging.

Gains or losses on changes in the fair market values of the hedging instruments, which consist of forward exchange, option and swap contracts and related complex contracts, are recognized as income when the related hedged items are reflected in income.

14. Supplementary Information to the Consolidated Balance Sheets

Receivables, trade from and payables, trade to affiliates at March 31, 2008 and 2009 are as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2008	**2009**	**2009**
Receivables, trade	¥33,791	**¥25,949**	**$264,786**
Payables, trade	47,184	**14,854**	**151,571**

15. Earnings per Share

Years ended March 31	2007	2008	Yen 2009	U.S. Dollars 2009
Basic earnings (loss) per share	¥49.54	¥23.34	**¥(54.35)**	**$(0.555)**
Diluted earnings (loss) per share	44.95	19.54	**(54.35)**	**(0.555)**

Years ended March 31	2007	2008	Yen (millions) 2009	U.S. Dollars (thousands) 2009
Net income (loss)	¥102,415	¥48,107	**¥(112,388)**	**$(1,146,816)**
Net income (loss) not attributable to common stock holders	—	—	**—**	**—**
Net income (loss) attributable to common stock holders	102,415	48,107	**(112,388)**	**(1,146,816)**
Effect of dilutive securities	(131)	560	**—**	**—**
Diluted net income (loss)	¥102,284	¥48,667	**¥(112,388)**	**$(1,146,816)**

			thousands
Basic weighted average number of shares	2,067,369	2,060,704	**2,067,807**
Effect of dilutive securities	208,159	430,382	**—**
Diluted weighted average number of shares	2,275,528	2,491,086	**2,067,807**

For the year ended March 31, 2009, the consolidated financial results were in a loss position and accordingly, any dilutive effects were not treated for the calculation of the diluted earnings (loss) per share.

16. Supplementary Information to the Consolidated Statements of Operations

Research and development expenses charged to "selling, general and administrative expenses" for the years ended March 31, 2007, 2008 and 2009 were ¥254,095 million, ¥258,717 million and ¥249,902 million ($2,550,020 thousand), respectively.

"Other, net" of "other income (expenses)" for the years ended March 31, 2007, 2008 and 2009 consists of the following:

Years ended March 31	2007	2008	Yen (millions) 2009	U.S. Dollars (thousands) 2009
Gain on sales of investment securities	¥ 77,337	¥ 17,308	**¥ 3,484**	**$ 35,551**
Gain on change in interest	2,136	2,074	**—**	**—**
Impairment loss	(9,991)	(459)	**(58,923)**	**(601,255)**
Restructuring charges	—	(22,126)	**(54,198)**	**(553,041)**
Loss on revaluation of investment securities	(4,703)	(25,132)	**(18,729)**	**(191,112)**
Loss on revaluation of inventories at the beginning of period	—	(25,045)	**—**	**—**
Loss on sales of investment securities	(2,275)	—	**—**	**—**
Amortization of unrecognized obligation for retirement benefits	(3,146)	—	**—**	**—**
Foreign exchange gains (losses), net	2,132	(14,557)	**(7,014)**	**(71,571)**
Loss on disposal of property, plant and equipment and intangible assets	(19,763)	(11,766)	**(4,843)**	**(49,418)**
Other, net	(12,072)	(21,516)	**(9,656)**	**(98,531)**
	¥ 29,655	¥(101,219)	**¥(149,879)**	**$(1,529,377)**

Gain on sales of investment securities

Gain on sales of investment securities for the year ended March 31, 2007 referred mainly to the sales of shares in Fanuc Ltd. in connection with the issuer's own stock repurchase.

Gain on sales of investment securities for the year ended March 31, 2008 referred mainly to the sales of shares in affiliates such as Japan Cablenet Holdings Limited.

Gain on sales of investment securities for the year ended March 31, 2009 referred mainly to the sales of shares such as Yokohama TV Corporation.

Gain on change in interest

Gain on change in interest for the year ended March 31, 2007 referred to a gain relating to allocation of new shares of a subsidiary (NIFTY Corporation) to third parties.

Gain on change in interest for the year ended March 31, 2008 referred mainly to listing of and capital increase in a Chinese affiliate (Nantong Fujitsu Microelectronics Co., Ltd.).

Impairment loss

In principle, the Group's business-use assets are grouped according to managed business units, and idle assets are grouped on an individual asset basis.

For the year ended March 31, 2007, the Group recognized an impairment loss of ¥9,991 million up to the recoverable amount on the asset group for the optical transmission systems business, primarily as a result of delays in business performance recovery due to rapid changes in the business environment in North America and Japan, and recognized an impairment loss on asset groups not used in business.

The impairment loss consisted of ¥5,499 million for machinery and equipment, ¥2,535 million for buildings, ¥1,501 million for land and ¥456 million for the other assets.

For the year ended March 31, 2008, the Group recognized an impairment loss of ¥459 million on the asset group for the mechanical components business, and welfare facilities that it plans to sell. In addition, an impairment loss of ¥18,297 million incurred in line with reorganization of the LSI business was included in "Restructuring charges." Total impairment loss was ¥18,756 million.

The impairment loss consisted of ¥7,375 million for buildings, ¥5,357 million for land, ¥5,148 million for machinery and ¥876 million for the other assets.

For the year ended March 31, 2009, impairment losses related mainly to the LSI business. The Group recognized impairment losses of ¥49,944 million ($509,633 thousand) on advanced logic LSI-related assets (Mie Plant 300mm Fab No. 2 buildings and production machinery) due to the change in their future planned use. Specifically, the loss was caused by a more cautious appraisal of the future return on assets due to a significant decline in customer demand, and a change in cash-generating asset classification in the LSI business, which resulted from the business model shift to outsourced production of 40nm generation advanced technology products.

Additionally, the Group recognized impairment losses of ¥8,979 million ($91,622 thousand) on assets used in the electronic components business, whose profitability had significantly declined, and lease property and other businesses whose projected return had been revised downward.

As "Restructuring charges," the Group recognized impairment losses of ¥16,269 million ($166,010 thousand) in relation to the HDD business, which will be transferred to companies outside the Group.

Impairment losses stated above totaled ¥75,192 million ($767,265 thousand).

The impairment loss consisted of ¥41,250 million ($420,918 thousand) for machinery and equipment ,¥18,256 million ($186,286 thousand) for buildings, ¥9,558 million ($97,531 thousand) for tools, furniture and fixtures, ¥2,850 million ($29,082 thousand) for land, ¥2,215 million ($22,602 thousand) for construction in progress and ¥1,063 million ($10,847 thousand) for the other assets.

Restructuring charges

Restructuring charges for the year ended March 31, 2008 referred to impairment losses and disposal costs related to the relocation of the Akiruno Technology Center's development and mass-production prototyping functions to the Mie Plant under the reorganization of the LSI business. The impairment loss totaled ¥18,297 million, comprised of a loss of ¥8,936 million relating to the disposal of machinery and other equipment in the next fiscal year, and a loss of ¥9,361 million for property, plants and other assets for which there was no plan for use.

Restructuring charges for the year ended March 31, 2009 included ¥37,017 million ($377,725 thousand) in losses related to the disposal of assets and settlement of liabilities related to the HDD business determined to transfer to outside the Group and its related severance costs for the transferred employees; ¥11,359 million ($115,908 thousand) in disposal losses for facilities scheduled to be shut down for the next fiscal year in conjunction with the reorganization of the LSI wafer production facilities; and ¥5,822 million ($59,408 thousand) in restructuring expenses related to businesses outside Japan and the components business.

Restructuring charges related to HDD business of ¥37,017 million ($377,725 thousand), included ¥16,269 million ($116,010 thousand) in impairment losses on its corresponding assets.

Loss on revaluation of investment securities

Loss on revaluation of investment securities for the years ended March 31, 2008 and 2009 referred mainly to a significant decline in the market share price of Spansion Inc. of the U.S.

Loss on revaluation of inventories at the beginning of period

Loss on revaluation of inventories for the year ended March 31, 2008 consisted of write-downs on inventories booked at the beginning of the period in conjunction with the adoption of a new accounting standard for valuation of inventories. There were two types of revaluation loss. One type was a loss of ¥16,235 million regarding write-downs of inventories for parts held for maintenance and related services incurred due to changes in the method of expense recognition from one upon use or disposal to one over the period for which maintenance and related services were provided. The other type was a loss of ¥8,810 million related to inventories written down to net realizable value, and obsolescent inventories generated out of the ordinary course of business.

Loss on sales of investment securities

Loss on sales of investment securities for the year ended March 31, 2007 referred to mainly loss on sales of shares in Spansion Inc of the U.S.

Amortization of unrecognized obligation for retirement benefits

Amortization of unrecognized obligation for retirement benefits refers mainly to amortization of actuarial loss in Japan, prior service cost in Japan, which resulted from pension system revisions, and net obligation at transition for the consolidated subsidiaries in Japan.

For the year ended March 31, 2008, the Company and its consolidated subsidiaries in Japan reclassified amortization recognition from a component of "other income (expenses)" to a component of "cost of sales" or "selling, general and administrative expenses." The reason for the change is stated in Note 1 Significant Accounting Policies (m) Retirement benefits.

17. Supplementary Information to the Consolidated Statements of Cash Flows

In accordance with Japanese business custom, receivables and payables are settled in the following fiscal year if the end of the fiscal year is a non-trading day for financial institutions. As March 31, 2007 was a non-trading day for financial institutions, receivables and payables settled in the following fiscal year and impacting cash flows for the years ended March 31, 2008 are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2008	**2009**	**2009**
Decrease in receivables, trade	¥ 18,049	**¥—**	**$—**
Decrease in payables, trade	(74,168)	**—**	**—**
Other, net	(19,081)	**—**	**—**
Net cash used in operating activities (A)	(75,200)	**—**	**—**
Purchases of property, plant and equipment	(34,398)	**—**	**—**
Net cash used in investing activities (B)	(34,398)	**—**	**—**
Net cash flows from the impact (A)+(B)	¥(109,598)	**¥—**	**$—**

FACTS & FIGURES Notes to Consolidated Financial Statements

18. Segment Information

Business Segment Information

Years ended March 31	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Elimination & Corporate	Consolidated
						Yen (millions)
2007						
Sales						
Unaffiliated customers	¥ 3,064,713	¥ 993,232	¥ 707,132	¥ 335,086	¥ —	¥ 5,100,163
Intersegment	92,327	125,091	55,543	155,291	(428,252)	—
Total sales	3,157,040	1,118,323	762,675	490,377	(428,252)	5,100,163
Operating costs and expenses	2,993,432	1,076,673	743,665	479,814	(375,509)	4,918,075
Operating income (loss)	163,608	41,650	19,010	10,563	(52,743)	182,088
Total assets	1,880,230	360,391	727,547	419,216	556,340	3,943,724
Depreciation	121,235	23,285	92,784	13,026	12,193	262,523
Impairment loss	9,211	—	780	—	—	9,991
Capital expenditure (including intangible assets)	147,220	27,615	171,503	16,453	10,256	373,047
2008						
Sales						
Unaffiliated customers	¥ 3,158,984	¥1,056,520	¥ 736,527	¥ 378,834	¥ —	¥ 5,330,865
Intersegment	113,273	132,435	60,234	147,973	(453,915)	—
Total sales	3,272,257	1,188,955	796,761	526,807	(453,915)	5,330,865
Operating costs and expenses	3,092,068	1,136,374	778,490	512,537	(393,593)	5,125,876
Operating income (loss)	180,189	52,581	18,271	14,270	(60,322)	204,989
Total assets	1,759,700	352,552	698,084	416,784	594,843	3,821,963
Depreciation	101,050	25,149	96,461	12,144	22,323	257,127
Impairment loss	170	—	18,586	—	—	18,756
Capital expenditure (including intangible assets)	124,129	30,304	114,568	17,239	25,993	312,233
2009						
Sales						
Unaffiliated customers	**¥2,983,053**	**¥ 840,362**	**¥540,100**	**¥329,476**	**¥ —**	**¥4,692,991**
Intersegment	**94,045**	**108,742**	**47,564**	**116,753**	**(367,104)**	**—**
Total sales	**3,077,098**	**949,104**	**587,664**	**446,229**	**(367,104)**	**4,692,991**
Operating costs and expenses	**2,888,386**	**948,546**	**659,606**	**442,100**	**(314,419)**	**4,624,219**
Operating income (loss)	**188,712**	**558**	**(71,942)**	**4,129**	**(52,685)**	**68,772**
Total assets	**1,638,547**	**275,908**	**435,253**	**358,633**	**513,641**	**3,221,982**
Depreciation	**115,404**	**28,293**	**109,792**	**13,311**	**15,311**	**282,111**
Impairment loss	**1,641**	**17,559**	**52,951**	**327**	**2,714**	**75,192**
Capital expenditure (including intangible assets)	**138,563**	**26,662**	**44,072**	**14,803**	**9,707**	**233,807**

Years ended March 31	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Elimination & Corporate	U.S. Dollars (thousands) Consolidated
2009 (in U.S. Dollars)						
Sales						
Unaffiliated customers	**$30,439,316**	**$8,575,122**	**$5,511,225**	**$3,362,000**	**$ —**	**$47,887,663**
Intersegment	**959,643**	**1,109,612**	**485,347**	**1,191,357**	**(3,745,959)**	**—**
Total sales	**31,398,959**	**9,684,734**	**5,996,572**	**4,553,357**	**(3,745,959)**	**47,887,663**
Operating costs and expenses	**29,473,326**	**9,679,040**	**6,730,674**	**4,511,225**	**(3,208,357)**	**47,185,908**
Operating income (loss)	**1,925,633**	**5,694**	**(734,102)**	**42,132**	**(537,602)**	**701,755**
Total assets	**16,719,867**	**2,815,388**	**4,441,357**	**3,659,520**	**5,241,235**	**32,877,367**
Depreciation	**1,177,591**	**288,704**	**1,120,327**	**135,827**	**156,235**	**2,878,684**
Impairment loss	**16,745**	**179,173**	**540,316**	**3,337**	**27,694**	**767,265**
Capital expenditure (including intangible assets)	**1,413,908**	**272,061**	**449,714**	**151,051**	**99,052**	**2,385,786**

1. The business segments are classified based on similarity of products and services, and selling methods, etc.
2. The principal products and services of business segments are as follows:
   (1) Technology Solutions.................. Systems integration services (System construction)
   Consulting
   Front-end technology (ATMs, POS systems, etc.)
   Outsourcing services (Data center, IT operational management, SaaS, Application usage and management, Business process outsourcing, etc.)
   Network services (Business networks, Internet, Mobile content distribution)
   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 IA servers, PC servers)
   Storage systems
   Software (OS, Middleware)
   Network management systems
   Optical transmission systems
   Mobile phone base stations
   (2) Ubiquitous Product Solutions........... Personal computers
   Mobile phones
   Optical transceiver modules
   HDD (hard disk drives)
   (3) Device Solutions .... LSI devices
   Electronic components (Semiconductor packages, SAW devices, etc.)
   Mechanical components (Relays, Connectors, etc.)
   (4) Other Operations....................... Audio/navigation equipment
   Automotive electronic equipment
   Printed circuit boards
3. Unallocated operating costs and expenses included in "Elimination & Corporate" for the years ended March 31, 2007, 2008 and 2009 were ¥54,965 million, ¥59,541 million and ¥57,001 million ($581,643 thousand), respectively. Most of these were strategic expenses such as basic research and development expenses and group management shared expenses incurred by the Company.
4. Corporate assets included in "Elimination & Corporate" at March 31, 2007, 2008 and 2009 amounted to ¥940,397 million, ¥952,394 million and ¥815,781 million ($8,324,296 thousand), respectively. The assets principally consisted of working capital (cash and cash equivalents and short-term investments), long-term investments and others.
5. Accounting principles and practices were changed for the year ended March 31, 2008 as stated in Note 1. (d) Revenue recognition (g) Inventories (h) Property, plant and equipment and depreciation and (m) Retirement benefits. As a result of these changes, for the year ended March 31, 2008, sales in "Technology Solutions," "Ubiquitous Product Solutions," "Device Solutions" and "Other Operations" decreased by ¥821 million, ¥3,151 million, ¥2,741 million and ¥213 million, respectively and sales in "Elimination & Corporate" increased by ¥1,173 million and operating income in "Technology Solutions," "Ubiquitous Product Solutions" and "Others Operations" decreased by ¥8,117 million, ¥1,718 million, and ¥1,708 million, respectively and operating income in "Device Solutions" and "Elimination & Corporate" increased by ¥10,327 million and ¥684 million, respectively.

   Segment information prior to and for the year ended March 31, 2007 has not been restated.
6. Accounting principles and practices were changed for the year ended March 31, 2009 as stated in Note 1. (a) Basis of presenting consolidated financial statements and the principles of consolidation and (d) Revenue recognition. As a result of these changes, for the year ended March 31, 2009, the impact on each business segment was insignificant.

   Segment information prior to and for the year ended March 31, 2008 has not been restated.

Geographic Segment Information

Years ended March 31	Japan	EMEA	The Americas	APAC & China	Elimination & Corporate	Consolidated
						Yen (millions)
2007						
Sales						
Unaffiliated customers	¥ 3,517,649	¥ 727,213	¥ 424,394	¥ 430,907	¥ —	¥ 5,100,163
Intersegment	559,499	9,147	17,932	376,259	(962,837)	—
Total sales	4,077,148	736,360	442,326	807,166	(962,837)	5,100,163
Operating costs and expenses	3,885,284	712,229	433,861	795,486	(908,785)	4,918,075
Operating income (loss)	191,864	24,131	8,465	11,680	(54,052)	182,088
Total assets	2,324,811	482,593	158,640	271,835	705,845	3,943,724
2008						
Sales						
Unaffiliated customers	¥ 3,658,912	¥ 760,748	¥ 449,089	¥ 462,116	¥ —	¥ 5,330,865
Intersegment	570,791	9,190	20,902	392,981	(993,864)	—
Total sales	4,229,703	769,938	469,991	855,097	(993,864)	5,330,865
Operating costs and expenses	3,988,772	769,217	460,742	840,256	(933,111)	5,125,876
Operating income (loss)	240,931	721	9,249	14,841	(60,753)	204,989
Total assets	2,238,590	415,442	140,144	275,856	751,931	3,821,963
2009						
Sales						
Unaffiliated customers	**¥3,370,276**	**¥603,771**	**¥346,500**	**¥372,444**	**¥ —**	**¥4,692,991**
Intersegment	**419,694**	**9,075**	**18,761**	**283,574**	**(731,104)**	**—**
Total sales	**3,789,970**	**612,846**	**365,261**	**656,018**	**(731,104)**	**4,692,991**
Operating costs and expenses	**3,683,504**	**600,773**	**366,612**	**649,527**	**(676,197)**	**4,624,219**
Operating income (loss)	**106,466**	**12,073**	**(1,351)**	**6,491**	**(54,907)**	**68,772**
Total assets	**1,880,546**	**327,692**	**120,867**	**187,797**	**705,080**	**3,221,982**

Years ended March 31	Japan	EMEA	The Americas	APAC & China	Elimination & Corporate	Consolidated
						U.S. Dollars (thousands)
2009 (in U.S. Dollars)						
Sales						
Unaffiliated customers	**$34,390,571**	**$6,160,929**	**$3,535,714**	**$3,800,449**	**$ —**	**$47,887,663**
Intersegment	**4,282,592**	**92,602**	**191,439**	**2,893,612**	**(7,460,245)**	**—**
Total sales	**38,673,163**	**6,253,531**	**3,727,153**	**6,694,061**	**(7,460,245)**	**47,887,663**
Operating costs and expenses	**37,586,775**	**6,130,337**	**3,740,939**	**6,627,826**	**(6,899,969)**	**47,185,908**
Operating income (loss)	**1,086,388**	**123,194**	**(13,786)**	**66,235**	**(560,276)**	**701,755**
Total assets	**19,189,245**	**3,343,796**	**1,233,337**	**1,916,296**	**7,194,693**	**32,877,367**

1. Classification of the geographic segments is determined by geographical location and interconnectedness of its business activity.
2. The principal countries and regions belonging to geographic segments other than Japan are as follows:
   (1) EMEA (Europe, Middle East and Africa) .... U.K., Spain, Germany, Finland, the Netherlands
   (2) The Americas.. U.S.A., Canada
   (3) APAC & China (APAC = Asia-Pacific) .... Australia, Thailand, Vietnam, the Philippines, Singapore, Korea, Taiwan, China
3. Unallocated operating costs and expenses included in "Elimination & Corporate" for the years ended March 31, 2007, 2008 and 2009 were ¥54,965 million, ¥59,541 million and ¥57,001 million ($581,643 thousand), respectively. Most of these were strategic expenses such as basic research and development expenses and Group management shared expenses incurred by the Company.
4. Corporate assets included in "Elimination & Corporate" at March 31, 2007, 2008 and 2009 amounted to ¥940,397 million, ¥952,394 million and ¥815,781 million ($8,324,296 thousand), respectively. The assets principally consisted of working capital (cash and cash equivalents and short-term investments), long-term investments and others.
5. Accounting principles and practices were changed for the year ended March 31, 2008 as stated in Note 1. (d) Revenue recognition (g) Inventories (h) Property, plant and equipment and depreciation and (m) Retirement benefits. As a result of these changes, for the year ended March 31, 2008, sales in "Japan" decreased by ¥5,753 million and operating income in "Japan" decreased by ¥838 million. The impact on other geographic segments was insignificant.
   Segment information prior to and for the year ended March 31, 2007 has not been restated.
6. Accounting principles and practices were changed for the year ended March 31, 2009 as stated in Note 1. (a) Basis of presenting consolidated financial statements and the principles of consolidation and (d) Revenue recognition. As a result of these changes, for the year ended March 31, 2009, the impact on each geographic segment was insignificant.
   Segment information prior to and for the year ended March 31, 2008 has not been restated.

19. Related-party Transactions

For the year ended March 31, 2008
(Related-party transactions)

Related party: Fujitsu Leasing Co., Ltd.: Common stock—¥1,000 million
Its business: leasing and sales of IT equipment and other assets

Breakdown of the Company's voting rights ownership:

At March 31	2008
Directly held	22.5%
Indirectly held	5.0%

Relationship with the Company:

At March 31	2008
Its business with the Company	Leasing
Its board members concurrently serving as board members of the Company	2 members
Its board members transferred from the Company	2 members

The Company's transaction with the related party:

	Yen (millions)
Year ended March 31	2008
Sales of assets	¥ 1,012
Lease payments	12,918

The Company's balance of assets and liabilities as to related party transactions:

	Yen (millions)
At March 31	2008
Non-trade receivables	¥ 244
Lease obligation (current)	2,354
Lease obligation (noncurrent)	6,010

In general, the transactions stated above were based on fair value.
Consumption taxes were not included in the transaction amount, but are included in the ending balance.

For the year ended March 31, 2009
(Related-party transactions)

No significant transactions

(Note to significant affiliate)

Fujitsu Siemens Computers (Holding) B.V. was the significant affiliate for the year ended March 31, 2009 and its summarized financial information is as follows:

	Euros (Millions)
Fixed assets	355
Current assets	2,191
Total assets	2,546
Equity	60
Provisions	1,296
Long-term debt	52
Current liabilities	1,138
Equity and total liabilities	2,546
Net sales	5,206
Net loss before income taxes and minority interests	(268)
Net loss	(270)

*[1] The financial information was prepared in accordance with the accounting principles generally accepted in the Netherlands.
*[2] Provisions include potential costs or losses generated both within 1 year and thereafter.
*[3] On April 1, 2009, the Company converted Fujitsu Siemens Computers (Holding) B.V. into a consolidated subsidiary and changed its name to Fujitsu Technology Solutions (Holding) B.V.

20. Share-based Payment Plans

1. Account and amount of stock options charged as expenses for the year ended March 31, 2009

Cost of sales	¥ 7 million	$ 71 thousand
Selling, general and administrative expenses	18	184

The above charges were related to stock options granted by the Company's consolidated subsidiary, Fujitsu Frontech Limited. Since the year ended March 31, 2007, "Accounting Standard for Share-based Payment" and its guidance have been applied in Japan, which require that stock options granted on and after May 1, 2006, or the enforcement date of the Japanese Corporate Law, should be charged as expenses. The stock options, which the Company granted before the enforcement date of Japanese Corporate Law, were not charged as expenses because their conditions have not changed.

2. Description and changes in the size of stock options

(1) the Company

(i) Resolution at shareholders' meeting on June 29, 2000

Position and number of people entitled to stock options	32 members of the Board of Directors 15 executives with director-level responsibilities
Number of shares for stock options	1,305,000 shares of common stock
Date granted	August 1, 2000
Conditions to be vested	Not specified
Corresponding service period	Not specified
Exercisable period	From August 1, 2000 to June 29, 2010

	Number of shares	
Years ended March 31	2008	**2009**
Outstanding at beginning of year	375,000	**295,000**
Granted during the year	—	**—**
Forfeited during the year	80,000	**20,000**
Exercised during the year	—	**—**
Outstanding at end of year	295,000	**275,000**
Exercisable at end of year	295,000	**275,000**

	Yen		U.S. Dollars
Years ended March 31	2008	**2009**	**2009**
Exercised price	¥3,563	**¥3,563**	**$36.36**

(ii) Resolution at shareholders' meeting on June 26, 2001

Position and number of people entitled to stock options	32 members of the Board of Directors 18 executives with director-level responsibilities
Number of shares for stock options	1,360,000 shares of common stock
Date granted	August 1, 2001
Conditions to be vested	Not specified
Corresponding service period	Not specified
Exercisable period	From August 1, 2001 to June 26, 2011

	Number of shares	
Years ended March 31	2008	**2009**
Outstanding at beginning of year	535,000	**435,000**
Granted during the year	—	**—**
Forfeited during the year	100,000	**50,000**
Exercised during the year	—	**—**
Outstanding at end of year	435,000	**385,000**
Exercisable at end of year	435,000	**385,000**

	Yen		U.S. Dollars
Years ended March 31	2008	**2009**	**2009**
Exercised price	¥1,450	**¥1,450**	**$14.80**

(2) Fujitsu Frontech Limited (the Company's subsidiary)

Resolution at Board of Directors on July 23, 2008

Position and number of people entitled to stock options	4 members of the Board of Directors (excluding external board members) 8 corporate vice presidents (excluding persons holding concurrent post of board members)
Number of shares for stock options	28,500 shares of common stock
Date granted	August 11, 2008
Conditions to be vested	Resignation from both board member and corporate vice president
Corresponding service period	No corresponding service period due to difficulties in making a reasonable forecast on the vesting date
Exercisable period	From August 12, 2008 to August 11, 2038

	Number of shares	
Years ended March 31	2008	**2009**
Outstanding at beginning of year	—	**—**
Granted during the year	—	**28,500**
Forfeited during the year	—	**—**
Exercised during the year	—	**—**
Outstanding at end of year	—	**28,500**
Exercisable at end of year	—	**—**

	Yen		U.S. Dollars
Years ended March 31	2008	**2009**	**2009**
Exercised price	¥—	**¥ 1**	**$0.01**
Fair value per share at grant date	—	**924**	**9.43**

3. Estimation method for fair value per share of stock options

The per share fair value of the stock options of Fujitsu Frontech Limited, granted during the year ended March 31, 2009 was estimated as follows:

(1) Valuation method: Black-Scholes model

(2) Basic factors and estimation method:

Expected volatility of the share price*1	39.031%
Expected life of the option*2	4.628 years
Expected dividend*3	14 yen per share
Risk-free interest rate*4	0.958%

*1 The volatility is calculated based on the share price over a period of 4.628 years (December 26, 2003 through August 11, 2008).

*2 The expected life of the options is based on the expected service years of board member after allotment date, which is estimated from past periods of serving as board members and the period between the date that a person to be vested becomes a board member and the allotment date.

*3 The actual dividend on common stock for the year ended March 31, 2008.

*4 Interest on government bond over the expected life of the options.

4. Estimation method for number of vesting shares

The number is based on past results of forfeited stock options because of difficulties in a reasonable estimation for future forfeiture.

21. Business Combinations

For the year ended March 31, 2008

Shift of Consolidated Subsidiaries to Wholly Owned Subsidiaries through a Share Exchange

1. Names and Business Description of the Companies under Business Combination, Legal Form of the Business Combination, Overview of the Transaction Including its Objectives

1) Names and Business Description of Companies under Business Combination

(i) Names of Companies under Business Combination:

Fujitsu Limited and its subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited

(ii) Business Description

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 Business Combination, Name of Companies Subsequent to the Combination

Share exchange

There was no change in the names of the companies upon the share exchange. On October 1, 2007, Fujitsu Devices Inc. changed its name to Fujitsu Electronics Inc.

3) Overview of the Transaction, Including its Objectives

In order to enable the Company 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 the Company. In exchange, the Company distributed shares in the Company to these shareholders. Accordingly, the three companies became wholly owned subsidiaries of the Company. On July 26, 2007, Fujitsu Access Limited (listed on the First Section of the Tokyo Stock Exchange) and Fujitsu Devices Inc. (listed on the Second Section of the Tokyo Stock Exchange) were delisted.

2. Summary of the Accounting Treatment of the Transactions

As the share exchange falls under the category of transactions with minority shareholders, 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 Additional Acquisition of Shares in the Subsidiaries

1) The Acquisition Cost and its Breakdown

Acquisition cost: ¥25,965 million

The Company shares valued at ¥25,945 million with ¥20 million spent in acquiring the shares; all were treasury stock.

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 the Company shares allocated and distributed is 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

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

Amount of goodwill	¥4,393 million
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

Reorganization of the Company's LSI Business Through a Corporate Split

1. Name and Business Description of the Company under the Business Combination, the Legal Form of the Business Combination, Name of the Company Subsequent to the Business Combination, and Overview of the Transaction Including its Objectives

1) Name of the Company or Business Subject to the Business Combination and its Business Description

Fujitsu Limited, Fujitsu Microelectronics Limited (company newly established through split); Design, development, manufacturing, and sales of LSI devices

2) Legal Form of the Business Combination and Name of the Company Subsequent to the Business Combination

The Company 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 its Objectives

In order for its LSI business to flourish amid intensified global competition, the Company split off its LSI business as a separate entity, independent from the Company's overall decision-making processes, to create an organization being 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 Standard for Business Combinations" and its "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," 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.

For the year ended March 31, 2009

No significant transactions

22. Subsequent Events

Business Combinations and Business Separations

1. Applying Purchase Method Accounting

(Conversion of Fujitsu Siemens Computers (Holding) B.V. into a Consolidated Subsidiary of the Company)

On November 3, 2008, the Company signed an agreement with Siemens AG ("Siemens") for the acquisition of 50% of the total shares of Fujitsu Siemens Computers (Holding) B.V. ("Fujitsu Siemens Computers"). As a result, Fujitsu Siemens Computers was converted from an equity method affiliate of the Company into a consolidated subsidiary on April 1, 2009.

1) Name and Business Description of the Acquired Company; Overview of the Company from which the Shares will be Acquired; Principal Reasons for Carrying Out the Business Combination; Date of the Business Combination; Legal Form of the Business Combination and the Name of the Business Subsequent to the Combination; Percentage of Voting Rights Held

(i) Name and Business Description of the Acquired Company

Name of the acquired company	Fujitsu Siemens Computers (Holding) B.V.	
Location	Het Kwadrant 1, 3606 AZ Maarssen, The Netherlands	
Representative	Kai Flore	
		Euros (millions)
Size/Performance	Capital	€ 272
	Total Assets	2,546
	Net Sales	5,206
	Net loss	(270)

Note: Amounts for the fiscal year ended March 31, 2009 were prepared in accordance with the accounting principles generally accepted in the Netherlands.

Business description	Development, manufacture, sale and maintenance of information systems

(ii) Overview of the Company from which the Shares will be Acquired

Corporate name	Siemens AG
Location	Wittelsbacherplatz 2, 80333 Munich, Germany

(iii) Principal Reasons for Carrying Out the Business Combination

The Company and Siemens integrated their information system businesses in Europe and established Fujitsu Siemens Computers on October 1, 1999 for the development, manufacture, sale and maintenance of information systems. Due to changes in the competitive environment in the IT industry and new business opportunities, particularly in the infrastructure services market, the Company decided to convert Fujitsu Siemens Computers into a consolidated subsidiary. Fujitsu Siemens Computers, which mainly operates in Germany, one of the biggest IT markets in Europe, will help the Company promote the globalization of its products business. In addition, the Company will offer high value-added services to customers by strengthening the relationship between Fujitsu Siemens Computers and Fujitsu Services Holdings PLC, a UK subsidiary leading in service business in Europe, in order to accelerate the improvement of profitability outside Japan and pursue opportunities for growth in the infrastructure service business.

(iv) Date of the Business Combination

April 1, 2009

(v) Legal Form of the Business Combination and the Name of the Business Subsequent to the Combination

Legal form of the business combination	Acquisition of shares
Name of business subsequent to the combination	Fujitsu Technology Solutions (Holding) B.V.

(vi) Percentage of Voting Rights Held

• Prior to the acquisition	50%
• Subsequent to the acquisition	100%

2) Acquisition Cost of the Acquired Business

Cash	450 million euros

3) Source of the Funds to be Paid

Own funds and borrowings

(Conversion of FDK Corporation into a Consolidated Subsidiary)

The Board of Directors of the Company, at a meeting held on March 27, 2009, resolved to subscribe to the entire amount of a private placement to increase the capital of FDK Corporation ("FDK"), currently an equity method affiliate of the Company, with the payment date for the subscription on May 1, 2009. As a result, FDK changed from an equity method affiliate of the Company to a consolidated subsidiary as of May 1, 2009.

1) Name and Business Description of the Acquired Company; Principal Reasons for Carrying Out the Business Combination; Date of the Business Combination; Legal Form of the Business Combination; Percentage of Voting Rights Held

(i) Name and Business Description of the Acquired Company

Name of acquired company	FDK Corporation (listed First Section, Tokyo Stock Exchange)		
Location	5-36-11 Shimbashi, Minato-ku, Tokyo		
Representative	Akira Kamada		
		Yen (millions)	U.S. Dollars (thousands)
Size/Performance	Capital	¥22,756	$232,204
	Total Assets	46,203	471,459
	Net Sales	78,475	800,765
	Net loss	(12,076)	(123,224)
	Note: fiscal year ended March 31, 2009		
Business description	Manufacture and sale of materials, components, batteries and related products for the electronics sector		

(ii) Principal Reasons for Carrying Out the Business Combination

To respond to the changes taking place in the marketplace, FDK has undertaken reforms of its business structure with the aim of leveraging its materials technologies to strengthen its products lineup, particularly power systems and high frequency devices. The sharp downturn in worldwide economic conditions starting from the second half of fiscal 2008, however, has had a severe impact on the business of FDK. As a result of recording a large loss in the third quarter of fiscal 2008, FDK's liabilities exceeded its assets. The Company, in addition to its transactions with FDK, such as the purchase of its products, provides financial support to FDK, and as FDK's major shareholder, creditor and customer, accordingly believes that, from the standpoint of maintaining the Company's corporate value, it is necessary to eliminate the material adverse effect on FDK's business activities that might occur if its capital deficiency should continue. By the Company subscribing to the private placement to increase the capital of FDK, FDK will be in a stronger position to successfully implement its structural reforms and attain the targeted expansion of its business.

(iii) Date of the Business Combination
May 1, 2009

(iv) Legal Form of the Business Combination
Acquisition of shares

(v) Percentage of Voting Rights Held

Prior to acquisition	39.80%
Subsequent to acquisition	64.64%

2) Acquisition Cost for the Acquired Business

		Yen (millions)	U.S. Dollars (thousands)
Cost of the acquisition of shares	Cash	¥11,000	$112,245
	Shares received	Common stock, 89,430,000 shares	
	Price per share	¥123 per share	

3) Source of the Funds to be Paid
Own funds

2. Business Separations
(Transfer of Hard Disk Drive (HDD) Businesses)

On February 17, 2009, the Company reached basic agreements with Toshiba Corporation ("Toshiba") and with Showa Denko K.K. ("Showa Denko") regarding the transfer of the Group's hard disk drive ("HDD drive") business and hard disk media ("HDD media") business, and on April 30, 2009, concluded a definitive agreement with both companies.

Names of the Transferees of the Separated Businesses; Business Description of the Separated Businesses; Principal Reasons for Carrying Out the Business Separations; Date of the Business Separations; Overview of the Business Separations including their Legal Form

(i) Names of the Transferees of the Separated Businesses
HDD drive business: Toshiba Corporation
HDD media business: Showa Denko K.K.

(ii) Business Description of the Separated Businesses
Business description: design, development, manufacture and sales, etc., for the hard disk drive business

(iii) Principal Reasons for Carrying Out the Business Separations
The hard disk drive market continues to be impacted by severe business conditions, including a worldwide intensification of price competition and a contraction of overall demand. The Company decided to carry out these business separations based on its judgment that the respective transferees of the businesses, through the integration of the technical expertise and developmental capabilities accumulated by the Company with their own technologies, would be better able to compete in the current severe business environment and thus support and grow these operations.

(iv) Date of the Business Separations

HDD drive business	August 1, 2009 (tentative)
HDD media business	July 1, 2009 (tentative)

(v) Overview of the Business Separations including their Legal Form

The Company will transfer rights and obligations related to the HDD drive business to the newly established Toshiba Storage Device Corporation ("Toshiba Storage Device") through a corporate split (Simple Absorption-type Split) on August 1, 2009 (tentative). Upon completion of the transfer, the new company established out of the HDD-related business of Yamagata Fujitsu Limited, along with the Company's HDD manufacturing subsidiaries, Fujitsu Computer Products Corporation of the Philippines and Fujitsu (Thailand) Co., Ltd., will become wholly owned subsidiaries of Toshiba Storage Device. The Company's sales and marketing offices outside of Japan, with the exception of some offices in certain regions, will be transferred to Toshiba's overseas business operations. To facilitate the transfer, the Company will hold a stake of 19.9% in Toshiba Storage Device before it will become a wholly owned subsidiary of Toshiba by the end of December 2010.

The value of the transfer is expected to be approximately ¥30 billion. Toshiba's 80.1% ownership of Toshiba Storage Device is expected to be valued at approximately ¥24 billion (at the time of scheduled transfer in August 2009) and the remaining 19.9% ownership valued at approximately ¥6 billion (to be held until the end of December 2010). However, there is the possibility that these values may be adjusted upon completion of the transfer. Toshiba Storage Device will assume net debt of approximately ¥6 billion. This figure has been excluded from the ¥30 billion value of the transfer.

HDD media business:

The Company will establish a new company to succeed the HDD media business of Yamagata Fujitsu Limited. All of the shares in the new company will be transferred to Showa Denko.

3. Shift of a Consolidated Subsidiary to a Wholly Owned Subsidiary through a Share Exchange

The Company concluded an agreement to convert Fujitsu Business System Ltd. ("FJB") into a wholly owned subsidiary of the Company through a share exchange. The agreement was approved by the Company's Board of Directors' meeting held on May 21, 2009. August 1, 2009 will be effective date for share exchange after an approval at FJB's annual shareholders' meeting held at June 23, 2009. The Company plans to carry out a simple share exchange without an approval at its shareholders' meeting according to Article 796-3 of Japanese Corporate Law. Prior to the planned effective date of the share exchange, the procedures will be taken to delist FJB's common stock from the Tokyo Stock Exchange ("TSE"). The final expected trading date will be July 27, 2009.

1) Names and Business Description of the Companies under Business Combinations; Legal Form of the Business Combination and Overview of Transaction Including its Objectives

(1) Names and Business Description

(i) Names of the Companies under Business Combination

Fujitsu Limited, Fujitsu Business System Ltd.

(ii) Business Description

Comprehensive services including consultation, network integration, software development, installation and maintenance

(2) Legal Form of the Business Combination and the Names of the Companies Subsequent to the Combination

Share exchange

There will be no change in the names of the companies upon the share exchange.

(3) Overview of the Transaction Including its Objectives

To meet customers' diversifying IT needs in a timely fashion and strengthen the Technology Solutions business, including platforms and IT solutions, for medium-size businesses in Japan, the Company will allot treasury stock to shareholders of FJB in exchange for common stock of FJB. As a result, FJB will become a wholly owned subsidiary of the Company and the common stock of FJB will be delisted from the TSE on July 28, 2009.

2) Summary of Accounting Procedure

As the share exchange falls under the category of transaction with minority shareholders under "common control and other transactions" described in Japanese accounting standards, the interest in the additional shares of the subsidiary 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 Additional Acquisition of Shares in the Subsidiary

(1) Exchange Ratio for Each Type of Shares and Approach to Calculating the Exchange Ratio

(i) Types of Shares and the Exchange Ratio

Under the contract, 3.50 shares of the Company's common stock will be allotted for each share of FJB common stock. Shares will not be allotted for the 13,922,590 FJB common stocks the Company already owns. The Company plans to use the treasury stock already held or to be acquired by the effective date of the exchange to carry out the share exchange and complete the allotment of 43,998,377 shares of its stock. Therefore, the Company does not plan to issue new shares to complete the share exchange.

(ii) Method for Calculating the Exchange Ratio

The Company and FJB decided on the exchange ratio after considerable study based on analysis and advice from independent advisors to calculate the share exchange ratio.

(2) Date of the Share Exchange

Expected date of the share exchange (Effective date):	August 1, 2009 (tentative)

4. Purchase of Treasury Stock

For the share exchange stated above No. 3, the Company resolved a purchase of treasury stock at the Board of Directors held on May 21, 2009 in accordance with Article 156 applied by reading of terms pursuant to the provisions of Article 165(3) of Japanese Corporate Law. The details are as follows:

Details on the Purchase of Treasury Stock

(1) Objectives for Purchase

The Company purchased its treasury stock to allocate its shares to the shareholders of Fujitsu Business System Ltd. ("FJB") in order to convert FJB into a wholly owned subsidiary through share exchange.

(2) Details on Purchase

Method of purchase	From open market
Class and numbers of shares to be purchased	Common stock, 43,683,000 shares
Amount of cash to be paid for treasury stock purchase	¥21,763 million ($222,071 thousand)
Dates for treasury stock purchase	June 1 and 5, 2009 The purchase of own shares, approved by the Board of Directors on May 21, 2009, was completed with the shares purchased on June 5, 2009.