THE POSSIBILITIES ARE INFINITE

FUJITSU LIMITED Annual Report 2009

Transformation in Motion

Anytime, Anywhere, Fujitsu

"Eco-friendly design!"

"Spectacular!"

"So convenient!"

Going to work or to school, shopping or even relaxing at home—Fujitsu products and services are a part of your life in ways you never imagined. In today's world, IT is an indispensible part of every level of society. Untold volumes of data are processed through networks by Fujitsu systems to add convenience and comfort to your life.

Anytime, anywhere, Fujitsu provides comprehensive IT services that are safe and secure as we play our part in the creation of a ubiquitous networked society.

Anytime, Anywhere—Fujitsu systems are supporting

Instant access across the oceans

Fiber-optic submarine cable and optical transmission systems

Fiber optic submarine cable is laid along the sea floor by ships and forms the backbone of telephone- and Internet-based overseas communications. Fujitsu creates optical transmission systems installed at base stations and cable relay stations to control and enable efficient data transmission and reception.

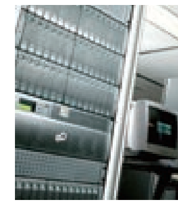
A cable relay station

FLASHWAVE 7500X optical transmission system

Round-the-clock protectio of the year

On-site system mainten support for customers

Experienced engineers are on hand to sa information systems that support custo in the event of any trouble.



"Eco-friendly design!"

Using my Fujitsu PC made from plant-based plastic gives me a sense of doing something for the environment in my everyday life.

Autom of indi

IC tag

IC tags allow registe to them. Among t durable, as well as flexibility enabling Linen tags can be products, promotin in linen and uniforn ment for the hotel port industries.

Linen tags featur softness and dur

Supporting safe, comfortable air travel

Air traffic management systems for airports

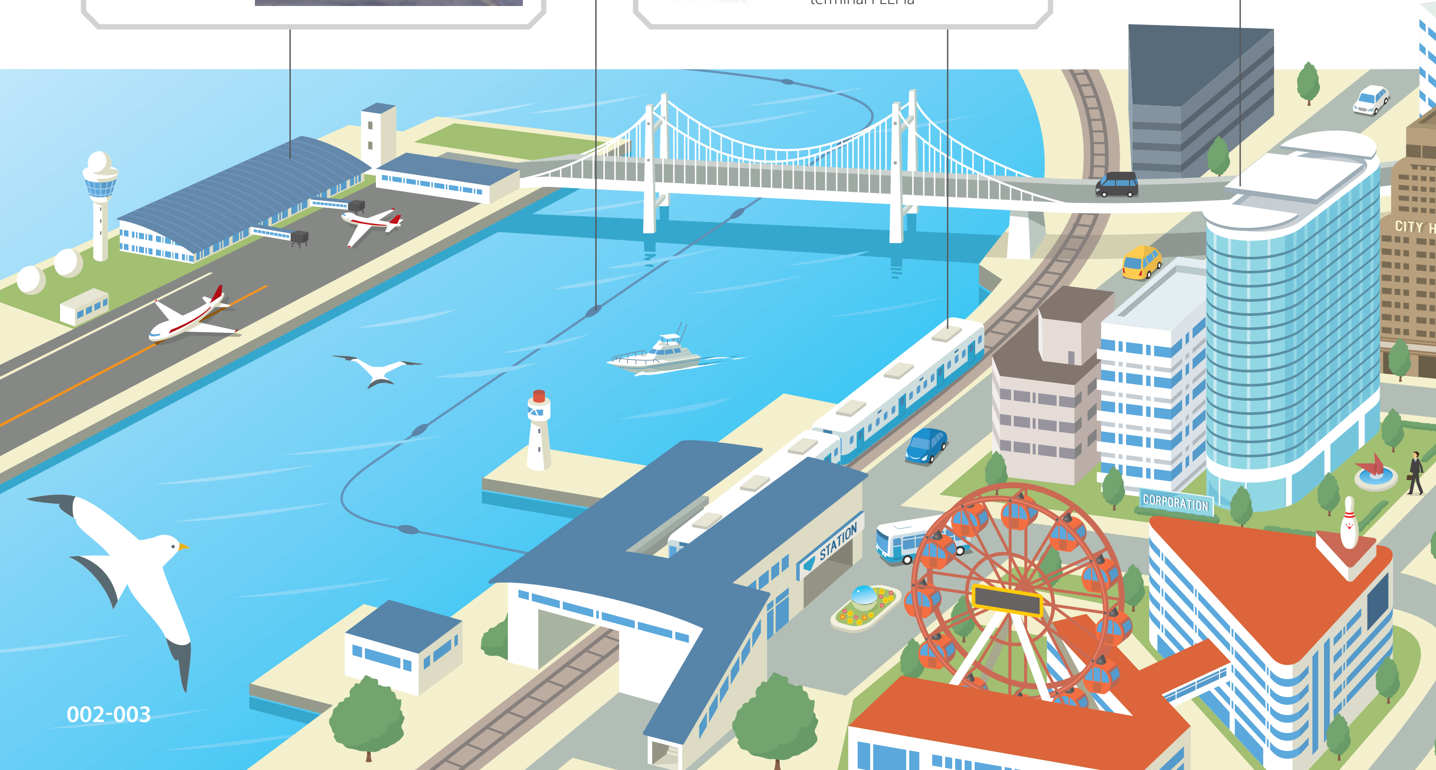
Fujitsu's traffic management systems consistently and accurately assess air traffic conditions and usage of tarmac space at airports, where planes depart and land. The systems respond flexibly to sudden changes in flight plans due to weather and other factors, and operate around the clock to support efficient airport facility operations without compromising safety.

Slim, light, and ecological

Color E-paper

Thin and light, color e-paper is an eco-friendly product that consumes no energy when displaying pictures and text. In the future, electronic paper is expected to replace conventional paper in most fields, including in-train advertising, e-books, and newspapers.

E-paper mobile terminal FLEPia



g social infrastructure all around the world

n, every day

ance and

feguard the vital
mers' businesses

Appealing looks and robust design

Fujitsu's service robot, enon

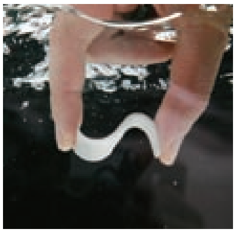
The service robot, enon, is able to recognize the positions and voices of nearby people and objects to autonomously provide support with escorting, carrying objects, and patrolling, among other tasks. In addition to airports and train stations, enon can be used in various locations including offices, shopping malls and other commercial facilities.

Fujitsu's service robot, enon

ated management
vidual items

s

ered data to be wirelessly read from or written
these, linen tags are thin and exceptionally
water and heat resistant, with outstanding
them to withstand bending and pressure.
easily incorporated into a variety of fabric
ng their use
n manage-
and trans-



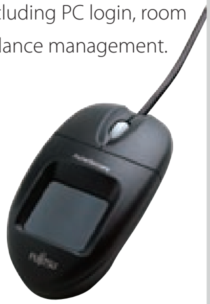
e outstanding
ability

More secure, more convenient

Palm vein authentication systems

Palm vein authentication is a highly accurate personal identification system based on individual palm vein pattern recognition. In addition to ATMs, this technology is now being used for identity confirmation around the world in a number of applications to replace conventional ID and passwords, including PC login, room access control, and work attendance management.

Palm vein authentication in use at an ATM



Mouse type palm vein authentication device

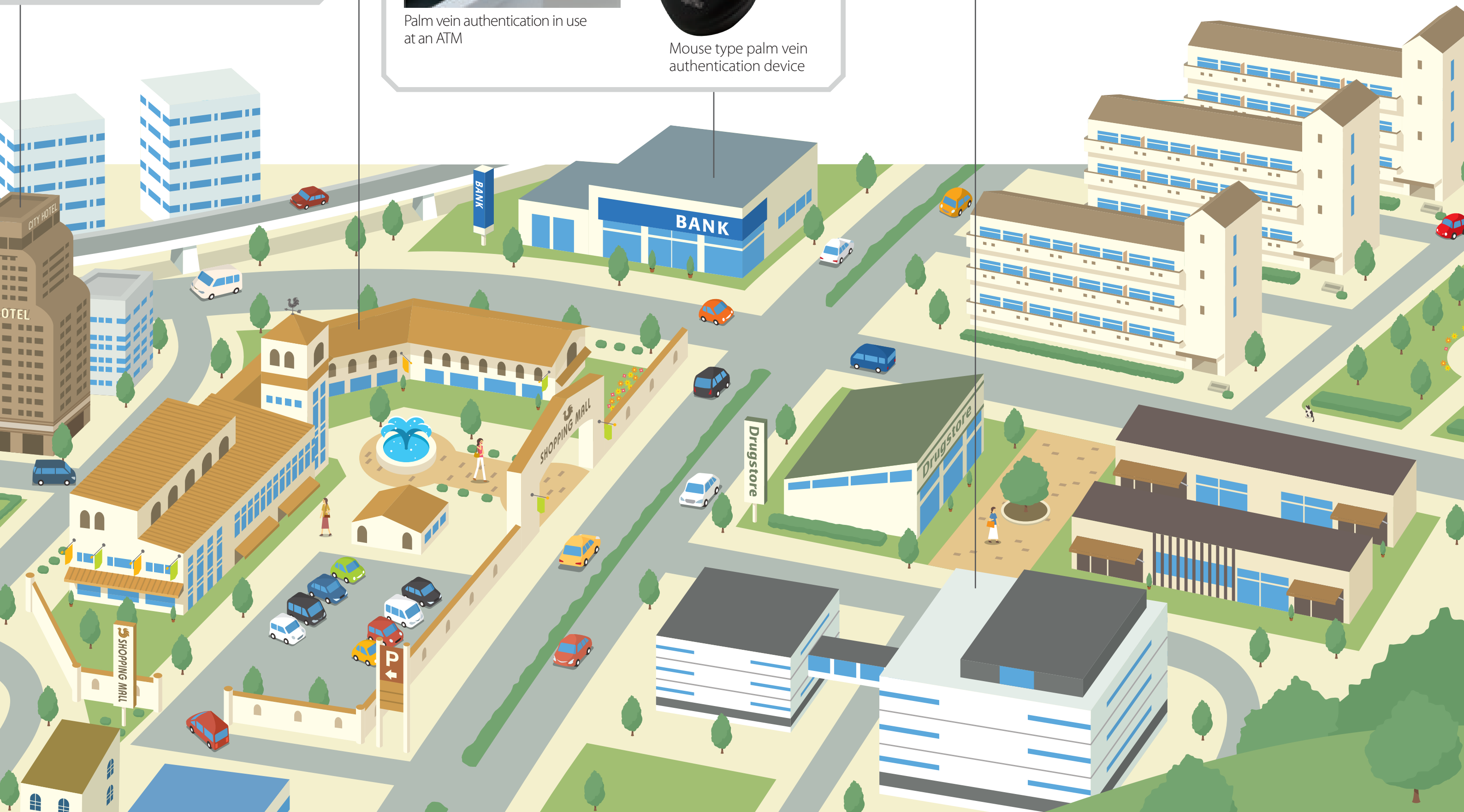
Fujitsu data services offer peace of mind

Datacenters

Datacenters are equipped with on-site power generators, sophisticated climate control equipment, and robust security features as well as energy-saving design. These centers are entrusted with servers and other corporate information systems, and carry out tasks such as network connections, maintenance, and operation. The Fujitsu Group operates around 85 datacenters worldwide.

The new wing of the Fujitsu Tatebayashi System Center (scheduled to open in November 2009)

A PRIMERGY BX900 blade server



Technology Solutions/Services　Technology Solutions/System Platforms　Ubiquitous Product Solutions

Even faster and more convenient

Mobile phone handsets and base stations

Mobile phones use wireless signals to handle voice calls and data. Fujitsu produces not only mobile phone handsets, but also the antennas or "base stations" that transmit their wireless signals.

docomo STYLE series™ F-08A

Making shopping easier

POS systems

Found in supermarkets and other retail outlets worldwide, POS systems are used for recording product sales data and inventory management. These systems help create ideal retail spaces by enabling centralized management of sales and purchasing of stock, as well as inventory levels for stores in different locations.

A POS system

"So convenient!"

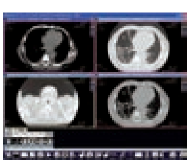
I get through the checkout of my local supermarket very quickly. It's so easy to shop!

Fujitsu
system
make
Fujitsu'
optima
and har
contain
eran fa
detecti
levels a

Improvements in healthcare for everyone

Electronic medical record systems and linking local medical facilities

Electronic medical record systems replace conventional paper-based systems for managing patient information. Fujitsu electronic medical record systems lead the industry with a 30% share in Japan. Fujitsu continues to advance the role of IT in medicine by linking data between multiple medical facilities in the same area.

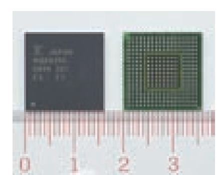


Electronic medical record system

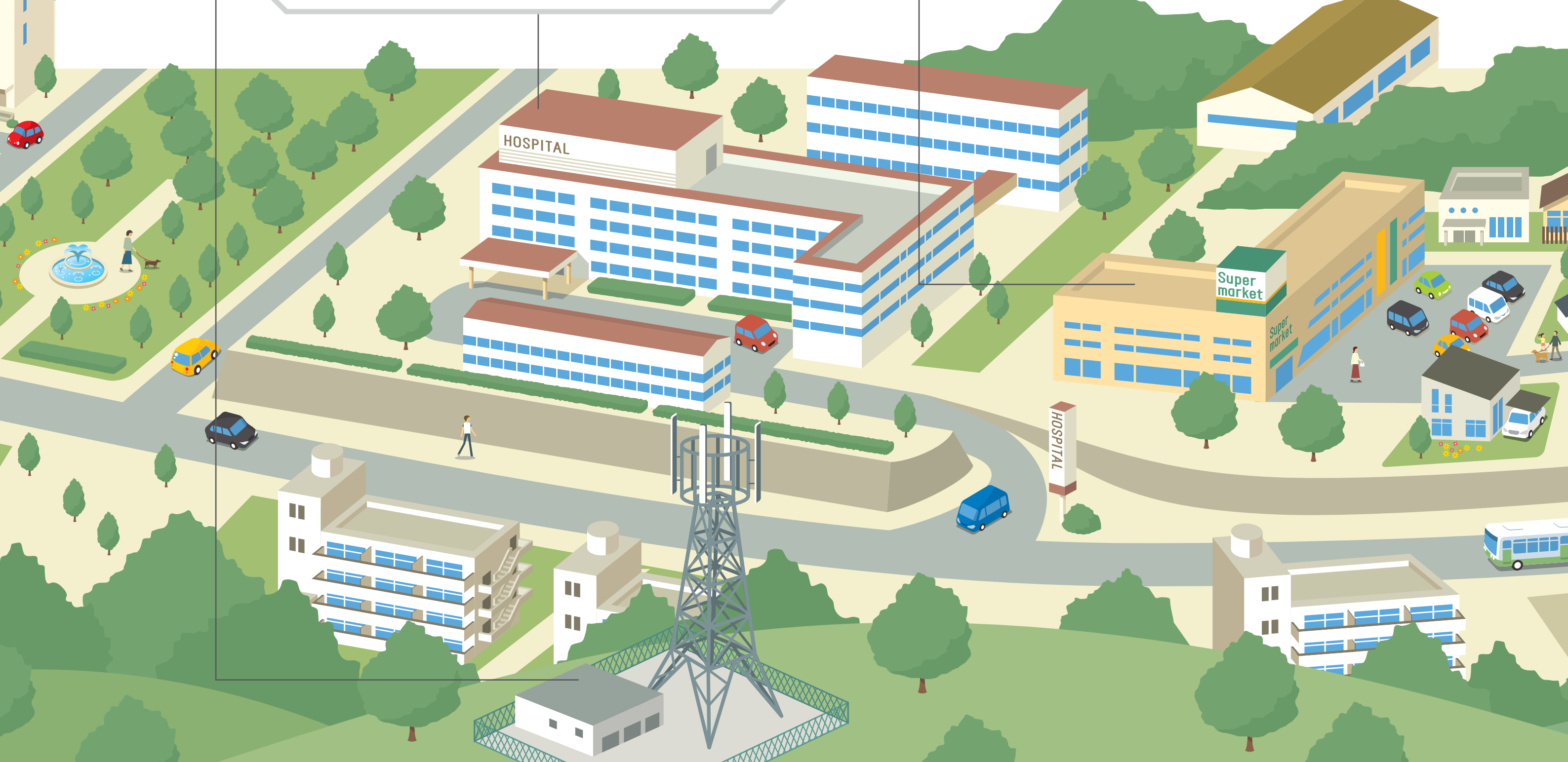
Small but indispensable

Electronic devices

Electronic devices act as the "brain" of a host of familiar house
products, including automobiles, digital home electronics
as digital cameras and TVs, as well as mobile devices suc
mobile phones.



"1394 Automotive" IC for HD Video



IT and agriculture—a surprisingly effective team

Agricultural sensor networks

Sensors used in Fujitsu's IT system for agriculture

is involved in creating s that will reduce costs and farming more efficient. 's systems determine the al agrochemical volumes rvest times using databases ning knowledge from vet- rmers, as well as sensors for ng temperature, moisture nd soil composition.

Making life easier on campus

University solutions

Fujitsu offers comprehensive support to universities for improving operational efficiency and provision of services to students. Fujitsu's solutions enable management of entrance exams and enrollment, course registration, grade management, job search support and alumni data management, as well as support for clerical processes, e-learning and other aspects of university operations.

"Spectacular!"

Fujitsu technology is helping out in all kinds of places around the world.

Keeping watch over the Earth from space

Satellite-based disaster management system for the Asia-Pacific region

Fujitsu provides support for systems that assist disaster-response agencies in each country by promptly releasing satellite images of stricken areas on the Internet in times of disaster. Fujitsu is also taking steps to develop the international disaster management support system of the future.

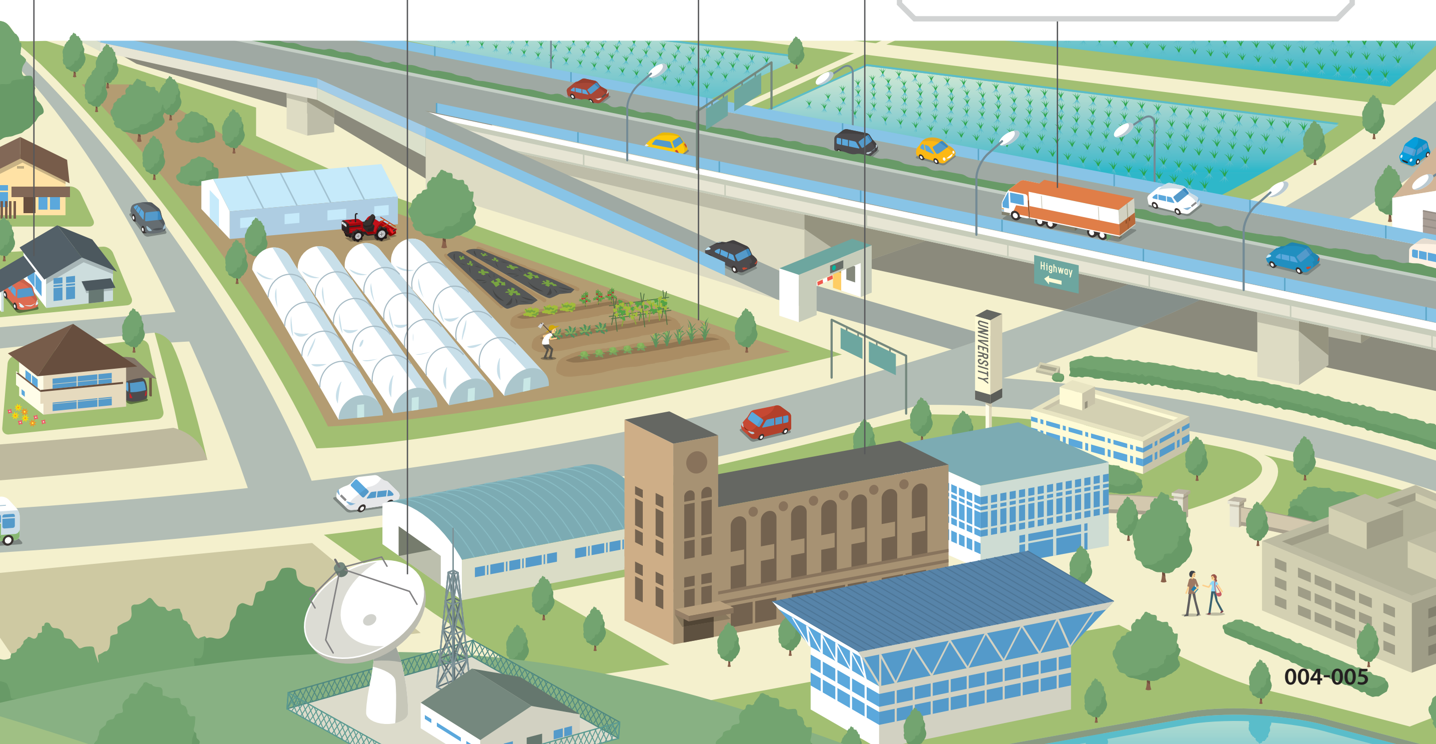
hold
such
h as

Safer, more efficient operations

Efficient logistics systems utilizing ITS*

Using IT to track driving conditions provides support in giving safe driving instructions to achieve better fuel economy and contribute to environmental measures. Automated computer analysis can suggest the most efficient routes, as well as alert the driver with sound alerts when speeding.

* ITS: Intelligent Transport System



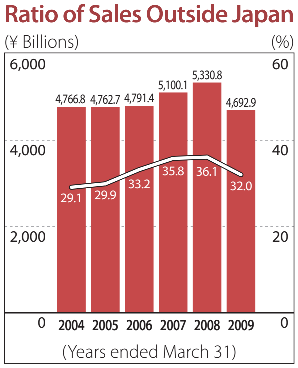
Financial Highlights

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	2004	2005
Net sales	¥4,766,888	¥4,762,759
Sales outside Japan	1,388,623	1,422,095
Ratio of sales outside Japan (%)	29.1	29.9
Operating income	150,342	160,191
Operating income margin (%)	3.2	3.4
Net income (loss)	49,704	31,907
Inventories	¥ 521,126	¥ 478,510
Monthly inventory turnover rate (times)	0.64	0.71
Total assets	3,865,589	3,640,198
Owners' equity (net assets less minority interests and subscription rights to shares)	827,177	856,990
Owners' equity ratio (%)	21.4	23.5
Interest-bearing loans	¥1,277,121	¥1,082,788
D/E ratio (times)	1.54	1.26
Net D/E ratio (times)	1.04	0.73
R&D expenses	¥ 250,910	¥ 240,222
Capital expenditure	159,795	181,402
Depreciation	200,031	169,918
Number of employees	156,169	150,970
Amounts per share of common stock (yen and U.S. dollars):		
Net income (loss)	¥ 24.55	¥ 15.42
Cash dividends	3.00	6.00
Owners' equity (net assets less minority interests and subscription rights to shares)	413.22	414.18

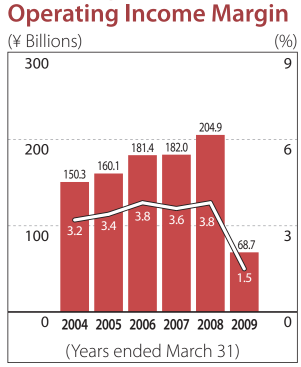
Note: The U.S. dollar amounts stated above and elsewhere in this report have been translated from yen, for readers' convenience only, at the rate of ¥98 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2009.

Net Sales and Ratio of Sales Outside Japan



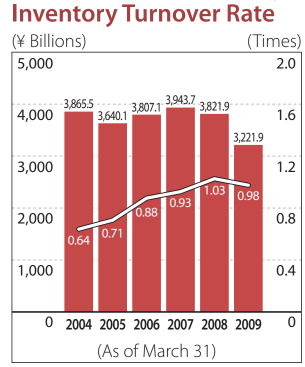
■ Net sales (left scale)
⊖ Ratio of sales outside Japan (right scale)

Operating Income and Operating Income Margin



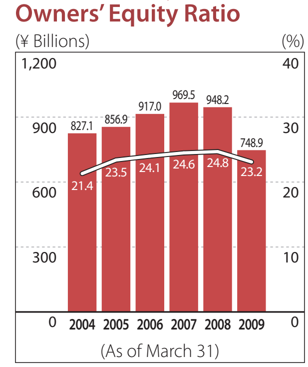
■ Operating income (left scale)
⊖ Operating income margin (right scale)

Total Assets and Monthly Inventory Turnover Rate



■ Total assets (left scale)
⊖ Monthly inventory turnover rate (right scale)

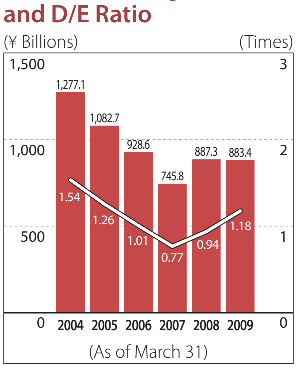
Owners' Equity and Owners' Equity Ratio



■ Owners' equity (left scale)
⊖ Owners' equity ratio (right scale)

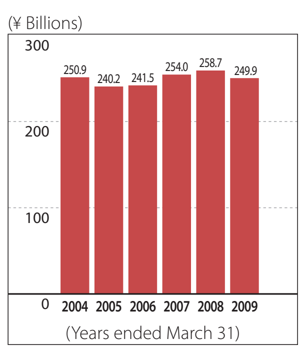
2006	2007	2008	Yen (millions) 2009	% 2009/2008	U.S. Dollars (thousand) 2009
¥4,791,416	¥5,100,163	¥5,330,865	**¥4,692,991**	**–12.0**	**$47,887,663**
1,591,574	1,825,255	1,923,621	**1,499,886**	**–22.0**	**15,304,959**
33.2	35.8	36.1	**32.0**		
181,488	182,088	204,989	**68,772**	**–66.5**	**701,755**
3.8	3.6	3.8	**1.5**		
68,545	102,415	48,107	**(112,388)**	**—**	**(1,146,816)**
¥ 408,710	¥ 412,387	¥ 383,106	**¥ 306,456**	**–20.0**	**$ 3,127,102**
0.88	0.93	1.03	**0.98**		
3,807,131	3,943,724	3,821,963	**3,221,982**	**–15.7**	**32,877,367**
917,045	969,522	948,204	**748,941**	**–21.0**	**7,642,255**
24.1	24.6	24.8	**23.2**		
¥ 928,613	¥ 745,817	¥ 887,336	**¥ 883,480**	**–0.4**	**$ 9,015,102**
1.01	0.77	0.94	**1.18**		
0.55	0.31	0.36	**0.47**		
¥ 241,566	¥ 254,095	¥ 258,717	**¥ 249,902**	**–3.4**	**$ 2,550,020**
249,999	305,285	249,063	**167,690**	**–32.7**	**1,711,122**
169,843	202,825	200,509	**223,975**	**11.7**	**2,285,459**
158,491	160,977	167,374	**165,612**		
¥ 32.83	¥ 49.54	¥ 23.34	**¥ (54.35)**	**—**	**$ (0.555)**
6.00	6.00	8.00	**8.00**		**0.082**
443.20	469.02	458.31	**362.30**	**–20.9**	**3.697**

Interest-bearing Loans and D/E Ratio

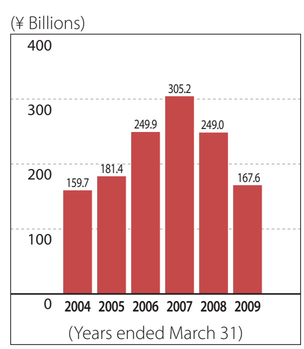


Interest-bearing loans (left scale)
D/E ratio (right scale)

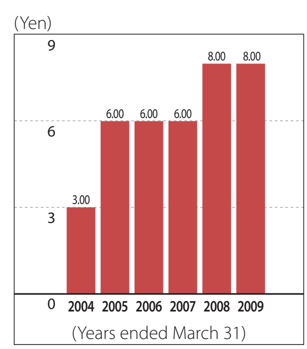
R&D Expenses



Capital Expenditure



Cash Dividends per Share



Contents ANNUAL REPORT 2009

INSIDE THE WORLD OF FUJITSU

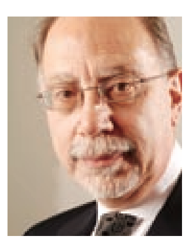
How the Fujitsu Group's services and products connect with society, and an overview of the Group's financial highlights.

MANAGEMENT

"Fujitsu is dedicated to being a trusted and valued partner to its customers by continuing to develop services and products from a customer-centric perspective and delivering them globally."

FOCUS

"Moving on from the traditional Japan-centric business mindset, we will pursue true globalization through concrete application of the "Think Global, Act Local" concept."



Forward-looking Statements

* This annual report may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors: general economic and market conditions in key markets (particularly in Japan, North America, Europe and Asia, including China); rapid changes in the high-technology market (particularly semiconductors, PCs, etc.); fluctuations in exchange rates or interest rates; fluctuations in capital markets; intensifying price competition; changes in market positioning due to competition in R&D; changes in the environment for the procurement of parts and components; changes in competitive relationships relating to collaborations, alliances and technical provisions; potential emergence of unprofitable projects; and, changes in accounting policies.

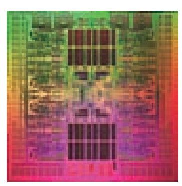
PERFORMANCE

A report on Fujitsu's operations in fiscal 2008, including a look at the staff who support operations and case studies of customers around the world

Technology Solutions / Services
030

Technology Solutions / System Platforms
032

Ubiquitous Product Solutions
034



Device Solutions
036

MANAGEMENT REPORT

RESPONSIBILITY

An introduction to the Fujitsu Way, the Group's core philosophy, as well as its social and environmental initiatives and management structure

FACTS & FIGURES

A report on the Fujitsu Group's financial position for the fiscal year under review

A Message From Management

Michiyoshi Mazuka
Chairman

Kuniaki Nozoe
President

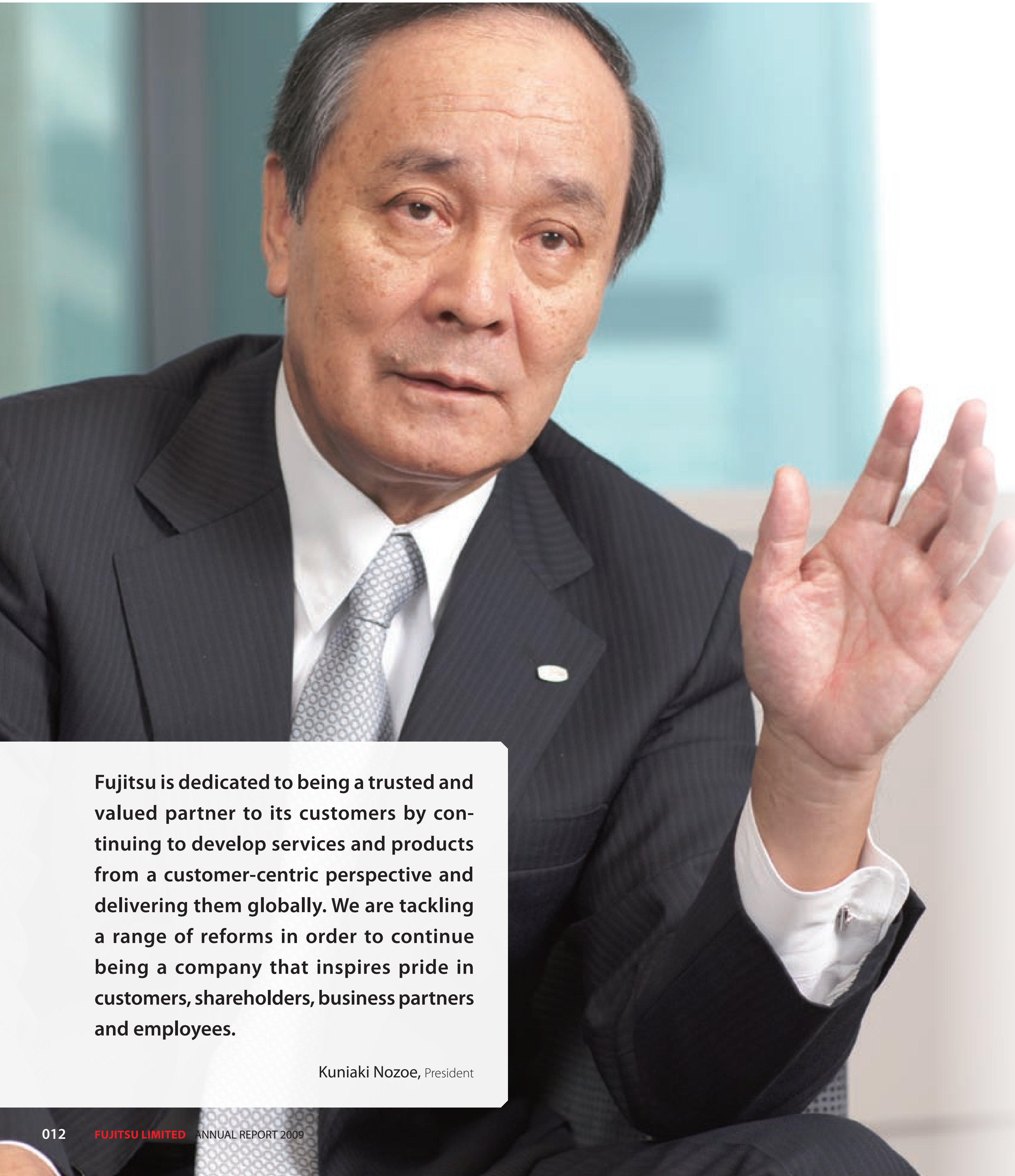
In its unceasing march of progress, information technology (IT) has given shape to the dreams of many. Today, IT plays an increasingly important role in our society, businesses, and personal lives. The Fujitsu Group recognizes that its role and responsibilities as well as the expectations of customers continue to increase as a result. Guided by our vision of the constant pursuit of innovation, we seek to meet these expectations not only by satisfying the IT needs of our customers, but also by supporting the evolution of their businesses. Our aim is to grow together with customers as their valued and trusted partner.

The Fujitsu Group will take steps to further strengthen its global business as well as use Field Innovation to drive its own innovation and deliver new value to customers. At the same time, we will leverage the power of IT to help realize a prosperous, low-carbon society. Through this approach, we aim to achieve healthy profit growth and a steady increase in corporate value to meet the expectations of our shareholders and investors.

Michiyoshi Mazuka
Chairman

Kuniaki Nozoe
President

A Conversation With the President



Fujitsu is dedicated to being a trusted and valued partner to its customers by continuing to develop services and products from a customer-centric perspective and delivering them globally. We are tackling a range of reforms in order to continue being a company that inspires pride in customers, shareholders, business partners and employees.

Kuniaki Nozoe, President

Q.1 President Nozoe, how do you personally view Fujitsu's performance in fiscal 2008?

A.1 Our overall performance for the year was disappointing, as we faced an economy that deteriorated beyond what anyone expected. In our mainstay Technology Solutions business, however, business reform measures steadily bore fruit despite the unforgiving environment, and while revenues declined modestly, we successfully achieved a higher operating profit in this segment. I think this is proof of Fujitsu's true strength.

Amid an economic crisis that grew beyond all projections, Fujitsu endured major declines in revenues and earnings in fiscal 2008 compared to the previous fiscal year. In particular, volume hardware products, such as semiconductors, electronic components and hard disk drives (HDDs), were directly impacted by the worsening global economic situation and posted disappointing results. We therefore booked impairment losses on advanced semiconductor facilities and other losses to mitigate the burden in fiscal 2009. As a result, the bottom line was negative as we incurred a loss of over ¥100 billion. I feel responsible for this as the company's senior manager.

Technology Solutions, the mainstay business of Fujitsu, saw sales decline by 6% year on year due to exchange rate effects—sales increased by 1% when discounting this factor. But, despite the extremely challenging economic environment, operating income grew by 4.7%. This segment faced a crisis in 2003 due to an increase in unprofitable services projects, but we steadily implemented reforms that pivoted on customer-centric management. I feel that the positive figure we achieved this year is attributable to those reforms.

Business Performance

Consolidated Business Performance (Billions of yen)

	2008	2009	2009/2008
Net sales	5,330.8	**4,692.9**	−637.8 (−12.0%)
Operating income	204.9	**68.7**	−136.2 (−66.5%)
Net income (loss)	48.1	**−112.3**	−160.4 (—)

(Years ended March 31)

Consolidated Business Performance by Segment (Billions of yen)

		2008	2009	2009/2008
Technology Solutions	Net sales	3,272.2	**3,077.0**	−6.0%
	Operating income	180.1	**188.7**	+4.7%
Ubiquitous Product Solutions	Net sales	1,188.9	**949.1**	−20.2%
	Operating income	52.5	**0.5**	−98.9%
Device Solutions	Net sales	796.7	**587.6**	−26.2%
	Operating income (loss)	18.2	**−71.9**	(—)

(Years ended March 31)

Q.2 One year has passed since you were appointed president of Fujitsu. As president, how are you reforming the company and what direction are you setting for management over the medium term?

A.2 We will continue to transform Fujitsu through our focus on the customers' customers, globalization, and sustainability.

Fujitsu has been conducting management from a customer-centric perspective. Since taking over from former President Hiroaki Kurokawa one year ago, I have promoted reforms aimed at new targets while continuing in the direction he set. The reforms are focused on three areas: thinking about our customers' customers, globalization, and ensuring that we contribute to the creation of a sustainable environment.

Customer-centric management will always be an important part of the agenda at Fujitsu. However, first and foremost, customer-centric management involves widening our field of view from customer IT to the customer's entire business. This primarily means thinking from the perspective of our customers' customers.

As for globalization, we have abandoned our traditional Japan-centric approach and adopted a global perspective to doing business. Our slogan in this regard is "Think Global, Act Local," which means to translate the global perspective into local action in each region. We have already started major reforms focused on this. (Refer to the feature on page 22–25 for more information.)

In the third area of transformation, sustainability, we are committed to making environmental contributions to preserve the Earth for generations to come. IT has the power to improve environmental efficiency throughout society. We are committed to reducing the impact of environmental activities on the environment by leveraging this potential. Sustainable management is certainly a major issue for companies going forward. Fujitsu will harness the power of IT to reduce the environmental impact of its own activities as well as that of its customers and society at large.

Q.3 Tell us a little more about what you mean by thinking from the perspective of your customers' customers.

A.3 We aim to go beyond simply providing IT solutions to customers. We aim to utilize IT to contribute to the success of our customers' entire businesses.

Fujitsu aims to help customers succeed in their businesses, not simply supply IT to them. This is what we mean by the perspective of our customers' customers. In order to contribute to our customers' businesses, we must think from the perspective of their customers.

One initiative in this area is the Field Innovation concept proposed by Fujitsu. In order to improve business, we have to make improvements not just in terms of IT but also with a view to the people and processes involved. Field Innovation brings specific business issues into focus and implements reforms that consist not only of IT solutions but also consider the way people work, their skills, and business processes. We are currently training Field Innovators able to promote this approach together with customers. In-house personnel with extensive experience in various business fields are being selected for the program. Approximately 150 managers were trained in the first phase of the program, which started in October 2007, and some 170 managers were trained in the second phase that began in October 2008.

The 150 or so Field Innovators trained in the first phase of the program completed trial projects in-house and at customer sites. Full-fledged activities for customers have commenced as of April 2009. Field Innovators are responsible for making improvements together with the customer based on a firsthand understanding of the customer's situation. At the same time, we are developing a cycle in which Field Innovators observe and monitor how the customer utilizes IT from an operational perspective through direct conversation with the customer to identify the customer's real issues and needs, which in turn leads to proposals for solutions and product development.

Field Innovators work in a team with sales professionals, systems engineers and consultants to help the customer obtain maximum value from its information technology. In other words, Fujitsu never simply builds a system and leaves.

Another initiative is to have Fujitsu itself serve as a reference model for customers. For example, complex projects such as upgrades of large-scale systems involve many issues that are hard to identify without having actual experience in such projects. I want to see Fujitsu actively implement such challenging projects in-house, and then provide the expertise derived from these experiences to customers and use it to further improve product development and service levels.

We are committed to becoming a true partner helping customers solve problems by becoming more closely involved in their operations and administration, driven by our initiatives with the Field Innovation program and developing reference models in-house.

Q.4 Tell us about managing from a global perspective, as expressed in your slogan, "Think Global, Act Local."

A.4 Economies and customer operations are becoming increasingly global, and in order to continue to provide value to customers, it is essential for Fujitsu itself to globalize. By raising the global presence of Fujitsu, we intend to promote alliances with global partners and provide even higher value solutions.

As customers continue to globalize their operations, Fujitsu itself must become a truly global company to be able to continue providing value to them. Further, with open source making headway and the scope of IT continuing to expand, it is no longer realistic for any one company to try and support all the IT needs of customers. It is essential that we strengthen alliances with global partners and build complementary relationships. In order to do this it is important to raise the global presence of Fujitsu as a corporation.

In our business outside of Japan, in June 2008 we consolidated a management structure that had been separated by region. This simpler structure has expedited decision-making and we are now implementing business reforms from a global standpoint.

The largest change has been making a wholly owned subsidiary of Germany-based Fujitsu Siemens Computers, which has considerable strength in system products. This integration has been positioned as a pivotal reform for the entire Fujitsu Group, and we are currently working diligently to reform the server business, reorganize domestic distribution systems, revamp sites outside Japan and strengthen relationships with global partners.

In order to bring about global business expansion going forward, the entire Fujitsu Group must share common goals, personnel must increasingly interact and share knowledge, and products and services must be standardized and disseminated from a global perspective. Moreover, in each country and region, we will seek to "Act Local" in even closer coordination with our customers.

The Fujitsu Group is committed to continuing to provide value to customers guided by the concept of "Think Global, Act Local."

Q.5 Please explain how Fujitsu is contributing to sustainability.

A.5 Through IT, we will help reduce the impact of economic activity on the environment for customers, society and the Earth.

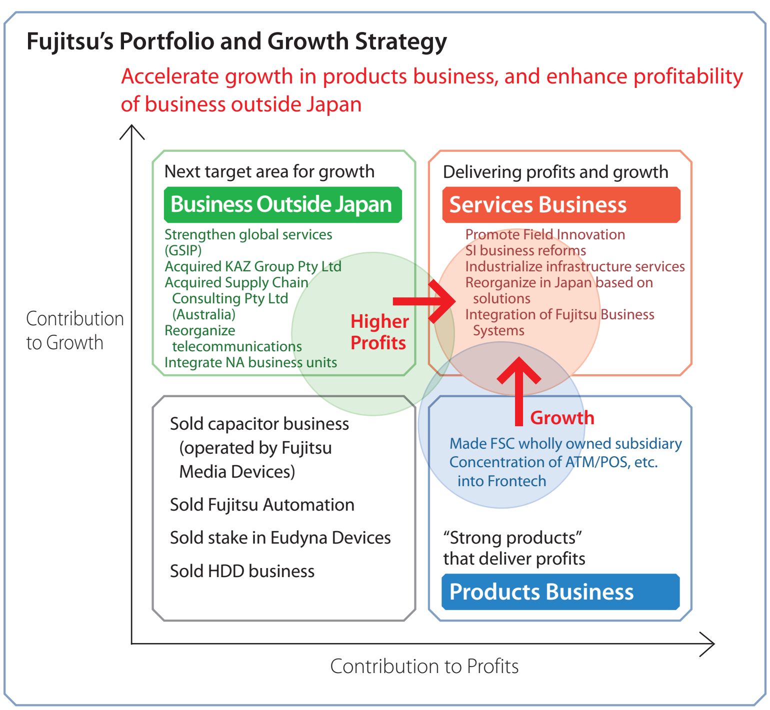
The world is coming to recognize that IT has an extremely important role to play in reducing environmental impact, and in preventing global warming, in particular.

To translate this IT potential into new innovation, the Fujitsu Group announced its Green Policy Innovation in December 2007, as a new initiative aimed at helping customers reduce their environmental impact. We are currently implementing projects to reduce environmental impact by targeting cumulative CO_2 reduction of 7 million tons over the four years from fiscal 2007 to fiscal 2010. The results of the initiative in its first two years surpassed the target, contributing to reducing CO_2 emissions by a total of approximately 2.23 million tons in fiscal 2007 and fiscal 2008.

We have also established Green Policy 2020, a medium-term environmental vision for the Fujitsu Group in response to the commitment of the July 2008 G8 Toyako summit in Hokkaido to halve global greenhouse gas emissions by the year 2050, compared to present levels. Key concepts for this vision are "Creation," "Collaboration," and "Change." By generating environmental innovation in ourselves and in society, we hope to help bring about a prosperous, low-carbon society. The Fujitsu Group aims to help reduce annual carbon dioxide emissions in Japan by approximately 30 million tons annually in 2020 by continuing to promote activities focused on the goals of this vision.

Q.6 What are your strategies for future growth given the current harsh economic climate and what are your projections for fiscal 2009?

A.6 Our major focuses are further strengthening the IT services business, getting the products business on track and improving profits from business outside Japan. We are aiming to increase revenues and earnings in fiscal 2010 as structural reforms take effect.



Fujitsu's Portfolio and Growth Strategy

Since becoming president of Fujitsu, I have been keenly aware of the balance in our business portfolio in my managing of the company. Specifically, we have focused on further strengthening the services business, getting the products business on track and improving the profitability of business outside Japan. We will also promote the reorganization or sale of businesses with poor prospects for future earnings and growth.

By promoting these initiatives, further simplifying Fujitsu's business, and consolidating resources in areas where profits and growth are anticipated, we intend to create a stronger corporate structure. My mission is to execute these initiatives with all due speed.

For example, as of April 1, 2009 we have concentrated solutions products such as point-of-sale (POS) and other retail store system products, totalizator systems for public racing, RFID tags, and palm vein authentication devices, into Fujitsu Frontech as the front-end technology business. Also, on April 30, 2009, we concluded a formal contract for transfer of the HDD business, which had been an area targeted for reform. For the semiconductor business, we will convert to a business model in which mass production of 40nm-generation advanced logic products is outsourced to a foundry (specialized manufacturer). By addressing businesses targeted for action in this way, we have sought to further develop our areas of strength, specifically Technology Solutions.

Consolidated Business Performance Targets for Fiscal 2009

(Billions of yen)

	2009	2010 (Target)	2010/2009
Net sales	4,692.9	4,800.0	+107.0 (+2.3%)
Operating income	68.7	80.0	+11.2 (+16.3%)
Net income (loss)	−112.3	20.0	+132.3 (—)

(Years ended March 31)

Financial targets for fiscal 2009 have been set at consolidated net sales of ¥4,800.0 billion, operating income of ¥80.0 billion and net income of ¥20.0 billion. Given the harsh economic environment, these targets will not be easy to achieve. This fiscal year we will make every effort to fully meet them while further strengthening Technology Solutions, restructuring the semiconductor business and implementing other initiatives.

The targets reflect the harsh economic environment to a certain extent, but within the company we regard fiscal 2009 not as a year to endure but for making changes that will pave the way for a dramatic leap forward when business conditions recover. In any case, we will move ahead with the awareness that hard times often bring to light issues that would otherwise go unnoticed.

Q.7 How will you go about strengthening Technology Solutions?

A.7 We will focus on three initiatives: structural reforms, deploying Field Innovators at customer sites, and expanding global business.

In order to further strengthen Technology Solutions, we are focusing on three initiatives. The first is reforming our structure. Up to now, our sales structure has been divided by both industry and region, but since April 2009 we have shifted to a system divided only by industry and where each division serves the entire country. This structure focuses more fully on our customers' businesses. Operating on this basis will bolster our industry-specific expertise and ability to propose powerful solutions. Initiatives are already underway, including the aforementioned concentration of the front-end technology business into Fujitsu Frontech, the consolidation of the ITS business into Fujitsu TEN, and making Fujitsu Business Systems a wholly owned subsidiary in order to strengthen the solutions business aimed at medium-sized enterprises, a move slated for August.

Further Strengthen Technology Solutions

Change formation
(Positive structural change)

Deploy Field Innovators at customer sites
(Change relationship to customers)

Expand global business
(Think Global, Act Local)

The second initiative is successfully sending Field Innovators out into the field on actual projects. By changing how we interact with customers, this unique program will underpin our efforts to realize management from the perspective of our customers' customers.

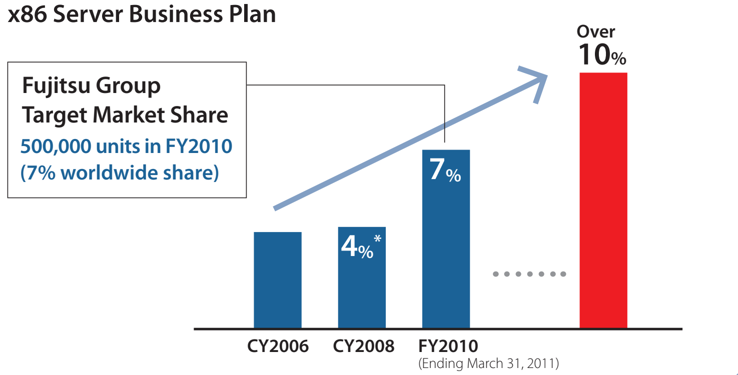
The third initiative is expanding business operations on a global basis. In particular, we have set a target for fiscal 2010 of selling 500,000 x86 server units globally. For the business outside of Japan, it will be extremely important to translate the structural reforms promoted by Richard Christou, our corporate senior executive vice president, into tangible financial results.

Q.8 How do you intend to achieve your fiscal 2010 target of selling 500,000 x86 server units on a global basis?

A.8 We have set a challenging target for x86 servers. We want to sell 500,000 units globally and capture a 7% share of the worldwide market in fiscal 2010. The target includes 200,000 units in Japan and a 30% share of the Japanese market. Given current economic conditions, we recognize that this target will be difficult to achieve, but we see it as pivotal to Fujitsu reforms, and to achieve it we intend to make changes across the board from research and development to partner strategy.

In order to achieve such a challenging target, we will need to radically change our approach. I believe that in the process of sharing this goal and working to achieve it, it will become clear what we must change, both within Fujitsu and in our relationships with partners. To achieve the sales target of 200,000 units in Japan, we will make major changes that will include reviewing our sales systems, including relationships with partners, and bolstering product marketing.

x86 Server Business Plan



* Source: IDC's Worldwide Quarterly Server Tracker, 2009 Q1

A worldwide share of 7% is not our final goal. Over the medium-to-long term we plan to build strength to capture an even higher share of the market. Our current goal represents Fujitsu's first attempt to act globally towards one, unified target. It also represents a major step forward in terms of putting into practice the "Think Global, Act Local" approach I have promoted since the start of my tenure.

In terms of what we specifically intend to change, it will not just be server divisions. We believe it will be necessary to reorganize related research and development functions, materials procurement, marketing, groups outside of Japan and sales systems inside Japan. In addition, we must develop collaborative relationships with our global partners, including Microsoft and SAP, in ways that fit with our new business structure. In Japan, we have already started making changes. One example is the establishment of a business group with responsibility for x86 server sales promotion.

Q.9 It is often said that Fujitsu's strength lies in its technology. Does the strategy you're putting forth represent a change in policy?

A.9 No. We will continue to create the kind of unique value that only we can create with diverse services and products underpinned by our technology, from servers and networks to the semiconductors and other device technologies used to build them.

Fujitsu's strength lies in the fact that we possess a broad range of both services and products rooted in technology. For example, we have network technologies, technologies for creating highly reliable, high-performance servers, technologies for building systems for mission-critical business processes, supercomputers and processors boasting world-class performance.

The reason why we put so much emphasis on products is that without products it would not be possible to continue to invest in technology. Being able to control technologies ourselves is an important part of providing even higher value. Additionally, we are able to provide even higher value services precisely because they are integrated into our products.

Q.10 Semiconductors have a lot of technology built into them, but extremely challenging conditions persist in terms of their profitability. What is your plan for the semiconductor business model?

A.10 Our semiconductor business is shifting to a "fabrication-light" model. Another important task will be further leveraging our strengths in semiconductor technologies throughout the Fujitsu Group, which means thinking about how to tie these strengths to Fujitsu's end-services and end-products.

Despite the challenging market conditions, we have fully reviewed our semiconductor business in order to build a profitable business structure. In particular, for mature technology products (130nm generation and earlier), we will focus on standard products for the global market while optimizing production systems and utilizing existing facilities. At the same time, we will reassign personnel throughout the Group.

The costs involved in state-of-the-art mass production facilities have grown enormous due to the miniaturization of semiconductor process technologies. Recovering that investment is becoming increasingly difficult. For state-of the-art 40nm generation LSI devices, an agreement has been signed to outsource manufacturing to a foundry in Taiwan. The importance of software continues to increase, as represented by system-on-a-chip (SoC) LSI devices, and we will work to bolster the business by leveraging our strengths in software development.

At the same time, it is also true that Fujitsu Group services and products are stronger precisely because we have semiconductor technology. A case in point is the SPARC processor, which is utilized in Fujitsu's UNIX servers. The processor leverages Fujitsu's strength in semiconductors, allowing us to provide powerful server products all over the world. Using processors developed independently by Fujitsu enables us to create highly reliable, high-performance servers; those servers improve the reliability of overall systems, which in turn raises the competitiveness of our Technology Solutions business. Another aspect is that the SPARC processor has led to new alliances with prominent global companies.

In addition to bolstering the competitiveness of the semiconductor business itself, we will focus further on harnessing our semiconductor technologies to boost Fujitsu's overall competitiveness.

Q.11 Do you have a message for shareholders, investors, and employees?

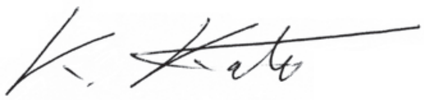
A.11 Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world. This is our Corporate Vision. To this end, it is crucial that we achieve healthy profits and growth, raising corporate value in a sustained manner by practicing the Fujitsu Way, which embodies the philosophy of the Fujitsu Group.

As a shareholder myself, I would like to make Fujitsu a company that excites shareholders to support the company and its growth. It is important for a company to continually challenge itself to innovate and facilitate growth. For employees, we want to make Fujitsu a company that inspires pride and a sense of purpose.

On the matter of returning profits to shareholders, our policy is to pay a portion of retained earnings to shareholders to provide a stable return, and to retain a portion by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, taking into consideration the level of profits, we aim to increase the distribution of profits to shareholders when the financial base is sufficiently strong enough, including through share buybacks.

* Refer to page 54 for more information on the Fujitsu Way.

A Message From the CFO



Kazuhiko Kato
Corporate First Senior Vice President and Chief Financial Officer

Performance in Fiscal 2008

The business environment in which the Fujitsu Group operated in the fiscal year under review was marked by an increasingly severe global recession. Credit markets tightened around the world as the scope of the financial crisis widened and a vicious cycle emerged as real economies deteriorated. This led to negative growth in Europe and the US, and economies also decelerated sharply in Asia, where growth had been consistently high, especially in China and India. The Japanese economy deteriorated substantially as well, primarily in the corporate sector, with the recession becoming entrenched as exports declined sharply and growth fell to negative double-digits for both second-half quarters. IT investment remained firm in the first half of the period, but in the second half, it plunged in the hardware sector due to the impact of the global economic downturn, and in the software sector, companies became more cautious in making investments. However, given the increasing importance of good corporate citizenship and comprehensive risk management in the severe economic climate, upfront investment to meet compliance and security requirements remained firm, as did investment for strategic growth objectives, such as bolstering global competitiveness.

Consolidated net sales for the Fujitsu Group in fiscal 2008, ended March 31, 2009, totaled ¥4,692.9 billion, a decrease of 12.0% compared to the previous fiscal year. However, the decrease was 6.0% excluding the effect of the yen's appreciation. Japan net sales alone declined by 6.3% and net sales outside Japan fell 22.0%, or 6% excluding the effects of exchange rates. Despite the recession, sales in Technology Solutions were on par with the previous year thanks primarily to firm sales from the services business. Economic conditions deteriorated rapidly starting in the third quarter, leading to lower sales of logic LSI devices, electronic components, PCs and other products, while mobile phones were impacted by a lengthening of replacement cycles. The services business grew, driven by an increase in business from the private sector in continental Europe, but PC and UNIX server sales declined due to economic deterioration in Europe and the US, while sales of hard disk drives and electronic components also fell.

Operating income declined by ¥136.2 billion year on year to ¥68.7 billion. Technology Solutions delivered higher income despite the harsh market conditions, but HDD and LSI device losses deepened in the second half.

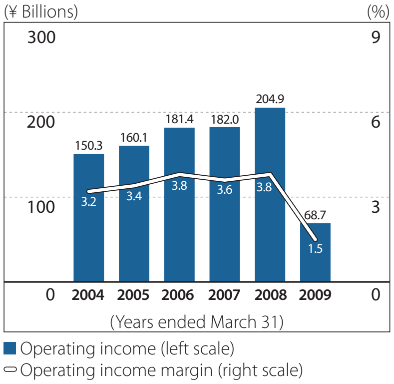
Other expenses, net, totaled ¥182.0 billion, an increase of ¥86.5 billion from the previous year. This was attributable to significant loss in earnings of affiliates, net, revaluation losses on our holdings of publicly listed shares, impairment losses on fixed assets in connection with a new business model for advanced LSI devices, and restructuring charges associated with transferring the HDD business and reorganizing LSI production systems.

As a result, we recorded a net loss of ¥112.3 billion.

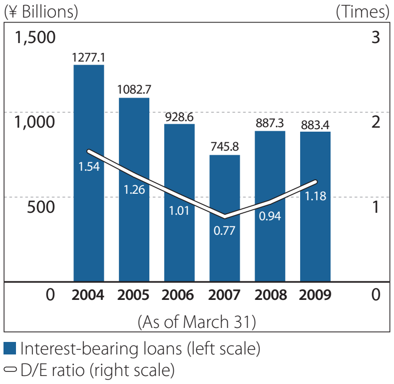
Financial Issues and Initiatives in Fiscal 2008

The Fujitsu Group continued efforts to improve its financial position in the fiscal year under review. However, a net loss of ¥112.3 billion was incurred due to restructuring charges and impairment losses associated with business reorganization, among other factors. The owners' equity ratio declined by 1.6 points compared to the previous fiscal year to 23.2%. Free cash flow was positive, but just ¥23.4

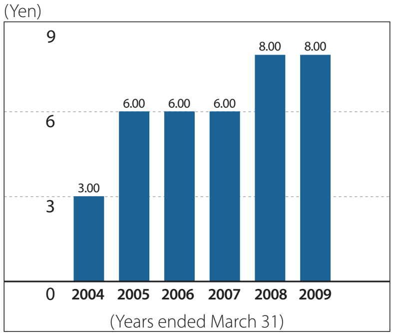
Operating Income and Operating Income Margin



Interest-bearing Loans and D/E Ratio



Cash Dividends per Share



billion. Interest-bearing loans amounted to ¥883.4 billion as a result of allocating funds to redeem bonds and for acquisitions in the first quarter of the current fiscal year (ending March 2010). This put the D/E ratio at 1.18 times, above the target 1.0 mark. However, net interest-bearing debt (after subtracting cash and cash equivalents) was ¥355.3 billion, bringing the net D/E ratio to 0.47 times. Going forward we will continue to strive for a D/E ratio of less than 1.0 times by improving earnings and asset efficiency.

The monthly inventory turnover rate was 0.98 times, 0.05 points worse than the previous fiscal year, due to steep declines in demand and lower income caused by the strong yen. We will make a renewed effort to improve efficiency to meet our medium-term target of 2.0 times.

Dividend Policy

Under the Fujitsu Group's basic policy on the distribution of earnings, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, taking into consideration the level of profits, Fujitsu aims to increase the distribution of profits to its shareholders when the financial base is sufficiently strong enough, including through share buybacks.

At the start of fiscal 2008, business performance was solid, primarily driven by Technology Solutions, and it seemed likely that deferred tax assets would be recovered thanks to improved profitability, primarily from the consolidated group (consolidated tax accounting base). We therefore planned to pay an interim dividend of ¥5 per share and a total annual dividend of ¥10 per share, the level prior to the collapse of the IT bubble in fiscal 2000.

However, a once-in-a-century global economic crisis emerged halfway through the fiscal year, which caused a steep decline in performance compared to initial forecasts, primarily in the Ubiquitous Product Solutions and Device Solutions segments. Compounded with restructuring charges and impairment losses, the result was a net loss of ¥112.3 billion.

For this reason, we reduced the year-end dividend by ¥2 compared to the previous fiscal year and our initial plans, to ¥3 per share. As a result, including the interim dividend of ¥5 per share, we paid an annual dividend of ¥8 per share, the same as the previous year. Regarding dividends from surplus, we intend to continue paying a cash dividend twice a year, at the end of the second quarter and at the end of the term, in principle. We are planning to pay an annual dividend in fiscal 2009 of ¥6 per share, which includes a ¥3 per share interim dividend, given that the current harsh economic environment is expected to continue for the foreseeable future.

Think Global,

Message from Richard Christou, Corporate Senior Executive Vice President

Information technology is a global industry, and Fujitsu has taken advantage of the opportunities in the global market over the years to post sales of roughly ¥1.5 trillion outside Japan in fiscal 2008, or 32% of consolidated net sales. I view global business expansion as a vital challenge that Fujitsu must address to overcome the severe economic environment that we currently face and achieve future growth.

Fujitsu's globalization history to date has been to first build a presence in the Japanese market, and then export overseas through local subsidiaries to expand business. The success of this approach can be largely attributed to Fujitsu's outstanding product quality and superior technology. Today, this approach is no longer adequate. Fujitsu must deliver global solutions that combine products and services and leverage know-how from Japan, while being tailored to local customer needs.

To put it differently, Fujitsu has traditionally operated with an "Act Local" mindset, where the focus was on the specific market environments and local customers needs, and business was conducted differently in each region. This approach is extremely effective for engaging with local customers, and is an important mindset in its own right. However, this approach alone is not sufficient to continue to support growth on a global scale. To survive in a global IT industry requires that in addition to acting locally, we must add the "Think Global" element for the Group to achieve a shared way of thinking around the globe.

To make this "Think Global, Act Local" concept more concrete and achieve true globalization, Fujitsu is steadily pursuing the following reforms.

Act Local

The full integration of Fujitsu Technology Solutions into the Fujitsu Group and a commitment to a global sales target of 500,000 units for x86 servers

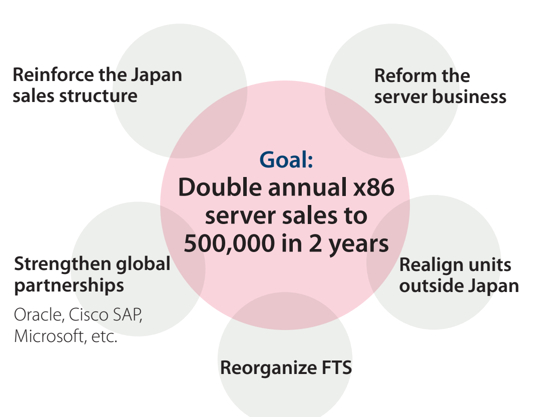
We started the global reforms by making Fujitsu Siemens Computers of Germany, formerly a 50-50 joint venture between Fujitsu and Siemens AG, a wholly owned Fujitsu subsidiary on April 1, 2009. Subsequently, the company's name was changed to Fujitsu Technology Solutions.

At Fujitsu Siemens Computers, business centered on the manufacture, sale and maintenance of servers, storage systems, PCs and other hardware products in the EMEA region. The company played a particularly important role as a product development base for x86 servers. However, as an equity-method affiliate, Fujitsu Siemens Computers lacked sufficient control over product development support from Fujitsu, and in areas such as procurement, quality and lead times. This created drawbacks for products aimed at the Japanese market, namely that Fujitsu Siemens Computers could not offer products without having Fujitsu customize them for the Japan market. The decision to fully consolidate Fujitsu Siemens Computers and unify x86 server development under the successor company, Fujitsu Technology Solutions, will accelerate product development and enable us to provide globally standardized products. Moreover, pursuing synergies between Fujitsu Technology Solutions, which is focused on the products business, and UK-based Fujitsu Services, where services comprise the core business, will allow Fujitsu to expand its solutions business on a global scale.

In conjunction with the integration of Fujitsu Technology Solutions, Fujitsu has set a global sales target for x86 servers of 500,000 units for fiscal 2010, for a global share of 7%. Japan will aim for sales of 200,000 units in fiscal 2010, or a 30% local share. This goal of 500,000 units is shared by the entire Fujitsu Group, and is intended to spur further reforms going forward. Reaching this target in today's economic climate will not be easy. We aim to make our pursuit of this ambitious target a catalyst for reforming our R&D and procurement, as well as marketing and sales methods, not only in the server business, but across the whole of Fujitsu. The target is also important for encouraging stronger alliances with global players such as Microsoft and SAP, which are key relationships for global business expansion.

A Shared Global Business Goal

Integration of FTS to be a catalyst for Fujitsu's transformation

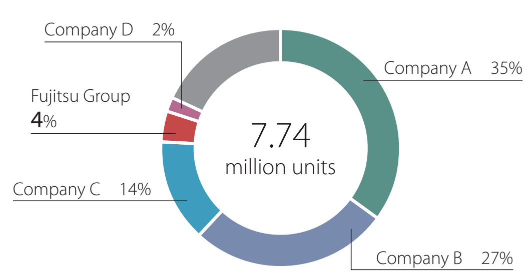


x86 Server Business Plan, Worldwide

Fujitsu Group market share in 2008
Worldwide x86 market: 4% share
(270,000 units, No. 4 global ranking)

Share by FY2010: 7% Target share: Over 10%

Worldwide x86 Server Market, 2008



(Source: IDC's Worldwide Quarterly Server Tracker, 2009 Q1)

Global Infrastructure Services

In 2008, Fujitsu launched Global Infrastructure Services, a new menu of fully integrated outsourcing services delivered anywhere in the world with consistent quality. As a first step in achieving greater growth under a new global business framework, the entire Fujitsu Group will collaborate on infrastructure services such as datacenter services, desktop services, and help desk services to provide a uniform level of services worldwide. We consider services centered on datacenters to be extremely effective for promoting global business expansion. Fujitsu already has 85 datacenters in operation worldwide, as well as 47 service desks with the capability to respond in 26 languages. To support customers' businesses on a truly global scale, offering English-language support alone is not enough. Going forward, having a structure for delivering multi-lingual support will be an increasingly important element in customers' decision to choose Fujitsu as their global business partner. Fujitsu also has the capability to offer network services critical to achieving effective IT system utilization in 167 countries. With these competitive advantages as a foundation for global business, we plan to provide uniform infrastructure services on a global scale.

Fujitsu will leverage this strong foundation to aggressively develop cloud computing services, which have garnered much attention of late. Many of the current cloud computing services being offered are far from adequate in terms of security and system stability. Leveraging technologies and expertise honed over many years, particularly in the development of mainframes, Fujitsu can set itself apart from competitors in delivering highly reliable trusted and secure cloud computing services for our customers.

Development of Global Infrastructure Services

Transforming our global business framework

Until recently, the global business divisions of parent company Fujitsu Limited were primarily responsible for providing business support to operations outside Japan, and supporting ties between those bases and business groups in Japan. A new structure, the Global Business Group, has been established to serve as a directorate for supervising business outside Japan. The group has four core functions:

Global Marketing
Planning the Global Business Group's global marketing and brand strategy, and the delivery of marketing activities to support global business expansion

Global Delivery
Development of the Global Services Innovation Program (GSIP), establishing standards and quality management of delivery capabilities, support for Japan-oriented companies (JOCs)

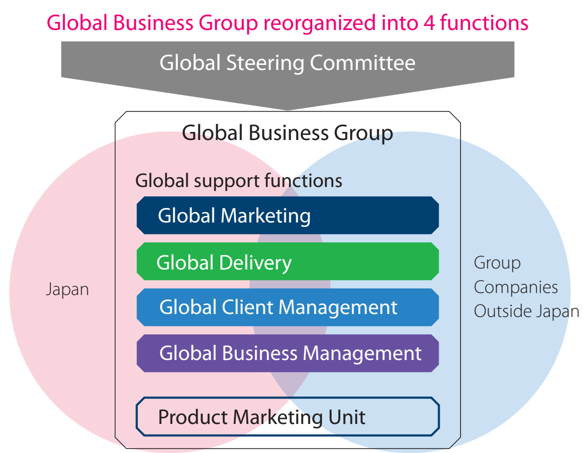
Global Client Management
Development of new global customers and support for global business negotiations

Global Business Management
Management of finance and compliance for businesses outside Japan, business administration support, M&A strategies

Fujitsu has undertaken initiatives in each region where it operates to further strengthen its global delivery framework. In North America, we have established Fujitsu America to bring under one roof the wide-ranging consulting services business offered by Fujitsu Consulting, the platform sale and maintenance capabilities of Fujitsu Computer Systems, and the retail solutions of Fujitsu Transaction Solutions. The integration of these three companies has provided a unified structure for the provision of comprehensive IT solutions in North America. In Europe, the conversion of Fujitsu Technology Solutions into a consolidated subsidiary and strengthened collaboration between Fujitsu Technology Solutions and Fujitsu Services have expanded Fujitsu's solutions capabilities. In APAC, Fujitsu purchased KAZ Group Pty Ltd of Australia, an IT services company with an extensive track record in government-related businesses. With this move, Fujitsu is now ranked third in the Australian IT services market in sales. Also in Australia, Fujitsu purchased Supply Chain Consulting Pty Ltd, an Australian-based company with an outstanding track record in the SAP consulting business, focused on Australia and Southeast Asia. With these two acquisitions, Fujitsu has raised its presence in the APAC region, while strengthening its framework for delivering integrated services that encompass everything from IT system consulting to integration and operations. In China, too, Fujitsu is promoting a range of reforms, including a review of its sales infrastructure, to expand business.

Under this new framework, Fujitsu is transforming itself from a Japan-centric company into a truly global enterprise, recognizing that Japan is simply one market among many in the world.

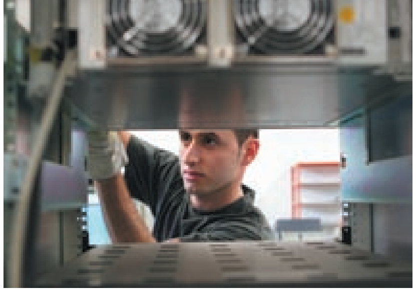
Taking "Think Global" A Step Further



Expanding the Global Business —Using M&As to expand global resources

2009	Supply Chain Consulting (Australia)
	KAZ Group Pty Ltd (Australia)
2007	Mandator AB (Sweden)
	Promaintech Novaxa (Canada)
	Infinity Solutions (New Zealand)
	OKERE, Inc. (US, UK)
	TDS (Germany)
2006	M3K (Canada)
	Rapidigm (US, India)
	Greenbrier & Russel (US)
	GIM Risk Management (Canada)
2005	BORN Information Services (US)
	Cendera Technologies (US)

In the past year, Fujitsu has moved quickly to implement many initiatives in its determination to become a truly global enterprise. Achieving sustainable growth, however, demands that the pace of reform remains constant as we go forward. Under the "Think Global, Act Local" concept, we are placing a dual focus on services and products as drivers for growth. At the same time, we will unite as "One Fujitsu" to pursue growth in our global business.





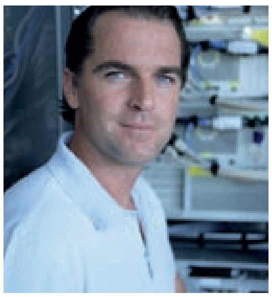
"I am proud to be involved in providing Fujitsu's high quality products and services."

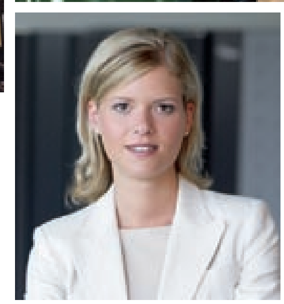
We Drive Fujitsu



"All organizations and project teams within the Company work together leveraging the latest technologies to drive innovation."

"We aim to become our customers' foremost partner by understanding their issues and desires, and proposing solutions for them."



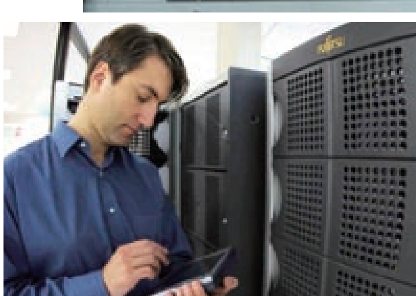


Fujitsu combines high-performance, high-quality products and services to provide highly reliable IT solutions.

Worldwide, 170,000 employees are united by the common philosophy and policies of the Fujitsu Way* in their efforts to raise Fujitsu's corporate value.

* See page 54 for details.

"I aim to perform high added-value work that contributes to raising Fujitsu's competitiveness."



Business Overview

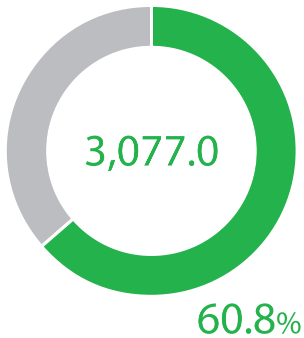
For the fiscal year ended March 31, 2009

In the IT industry, Fujitsu's solutions business encompasses a wide range of service offerings, and extends to the development, manufacture, sale, maintenance and operation of cutting-edge, high-performance and high-quality products and electronic devices that make these services possible.

Net Sales/ Breakdown of Net Sales | Business Description | Main Companies

Technology Solutions

(Billions of Yen/%)



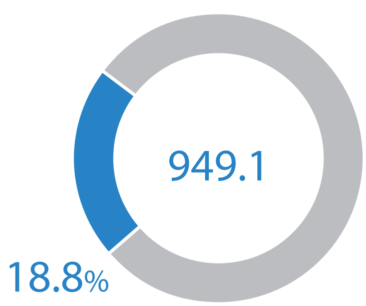
Services
Fujitsu provides solutions/SI services focused on information system consulting and system integration, and infrastructure services centered on outsourcing services (complete information system operation and management).

System Platforms
Fujitsu offers system products such as servers and storage systems which form the backbone of information systems, along with network products such as mobile phone base stations, optical transmission systems, and other communications infrastructure.

- Fujitsu Frontech Limited
- Fujitsu Telecom Networks Limited
- Fujitsu IT Products Ltd.
- Fujitsu Business Systems Limited
- NIFTY Corporation
- Fujitsu Broad Solution & Consulting Inc.
- Fujitsu FSAS Inc.
- Fujitsu FIP Corporation
- PFU Limited
- Fujitsu Network Communications Inc.
- Fujitsu Services Holdings PLC
- Fujitsu Australia Limited
- Fujitsu Asia Pte. Ltd.
- Fujitsu North America Holdings, Inc.
- Fujitsu Taiwan Limited, others

Ubiquitous Product Solutions

(Billions of Yen/%)



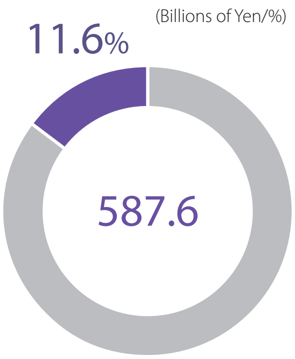
Fujitsu offers the PCs, mobile phones and other products indispensable for realizing the emerging ubiquitous networked society. In PCs, we develop both desktop and notebook models, providing a full, global lineup that allows customers to choose the best product for their application.

In mobile phones, we offer a diverse variety of products that include models for children and universal design models.

- Shimane Fujitsu Limited
- Fujitsu Mobile-phone Products Limited
- Fujitsu Isotec Limited
- Fujitsu Personal System Limited
- Fujitsu (Thailand) Co., Ltd.
- Fujitsu Computer Products Corporation of the Philippines
- Fujitsu Computer Products of America, Inc.
- Fujitsu North America Holdings, Inc.
- Fujitsu Taiwan Limited, others

Device Solutions

(Billions of Yen/%)



Led by consolidated subsidiary Fujitsu Microelectronics, Fujitsu provides LSI devices found in products such as digital home appliances, automobiles, mobile phones, and servers, as well as semiconductor packages, SAW devices* and other electronic components.

* SAW (Surface Acoustic Wave) device: Electronic components used for noise cancellation in mobile phones.

- Fujitsu Microelectronics Limited
- Shinko Electric Industries Co., Ltd.
- Fujitsu Component Limited
- Fujitsu Electronics Inc.
- Fujitsu Microelectronics Asia Pte. Ltd., others

* Including intersegment sales. In addition to the above segments, "Others" accounted for 8.8% of net sales.

Main Products & Services

Services

System integration (system construction), consulting, front-end technologies (ATMs, POS systems, etc.), outsourcing services (datacenters, IT operation/management, SaaS, application operation/management, business process outsourcing, etc.), network services (business networks, distribution of Internet/mobile content), system support services (maintenance and surveillance services for information systems and networks), security solutions (installation of information systems and networks)

System Platforms

Full range of servers (mainframe, UNIX, mission-critical x86, PC), storage systems, various types of software (operating system, middleware), network products, network management systems, optical transmission systems, and mobile phone base stations

Fujitsu London North Data Centre equipped with cutting-edge technology

PRIMERGY BX900 blade server

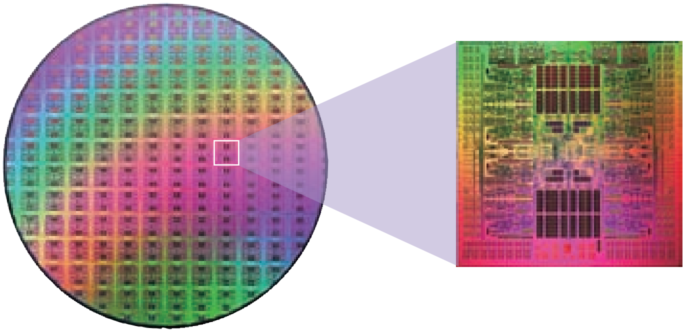
PCs, mobile phones, optical transceiver modules, HDDs*

* The HDD media business was transferred to Showa Denko K.K. in July 2009 and the HDD drive business is scheduled to be transferred to Toshiba Corporation in August 2009.

FMV-BIBLO all-in-one notebook PC

"docomo PRIME series™ F-09A" mobile phone with large 3.4-inch touch-panel display

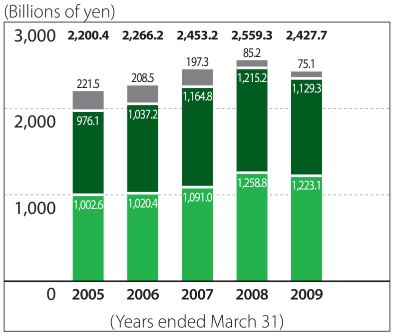
Logic LSI devices, electronic components (semiconductor packages, SAW devices, etc.), and structural components (relays, connectors, etc.)



Wafer for "SPARC64™ VIIIfx," the world's fastest microprocessor for high-performance computing

Technology Solutions/Services

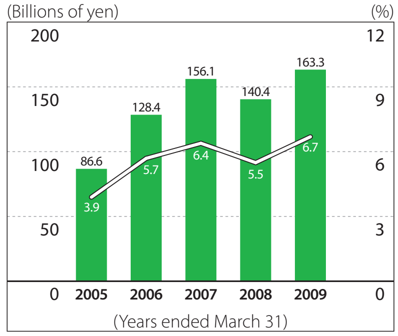
Sub-segment Sales*



Solutions/SI
Infrastructure Services
Others

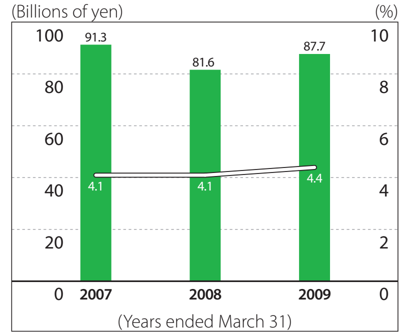
* Including intersegment sales

Operating Income/ Operating Income Margin



Operating income (left scale)
Operating income margin (right scale)

Capital Expenditure, Ratio of R&D Expenditure to Net Sales*



Capital expenditure (left scale)
Ratio of R&D expenditure to net sales (right scale)

* For entire Technology Solutions segment

[Fiscal 2008 Business Results]

Market Trends

The value of Japan's IT services market in 2008 increased 3.5% year on year to US$50.7 billion. IT investment increased in many industry sectors, reflecting continued major system mergers for banks (a trend seen in the previous year) in the financial sector, investments in the insurance and securities field to enhance compliance, demand for system upgrades from the public sector, and IT utilization to enhance operational efficiency in the manufacturing and retail industries. By service type, in addition to system integration demand, customers are now relying more on outsourcing to cut costs. Accordingly, an increasing number of companies outsourced system operations and some business operations, through datacenter-style outsourcing and business process outsourcing, during the year under review.

The global market for IT services grew 5.2% in 2008 year on year to US$578.6 billion. The market was impacted by sluggish investment in North America and Europe, most notably in the financial sector, due to the economic downturn triggered by financial instability. In spite of this, the market expanded, led by double-digit IT investment growth in newly emerging economies. The IT services sector itself also diversified, as cloud computing and the "Software as a Service" (SaaS) model—whereby networks serve as delivery vehicles for software and services—gained traction, especially in North America.

Operational Review

Sales from the Services sub-segment (Solutions/SI, Infrastructure Services) declined 5.1% from the previous fiscal year to ¥2,427.7 billion. Excluding currency exchange rate effects, sales increased by 3%.

Solutions/SI: Sales decreased 2.8% to ¥1,223.1 billion. Excluding currency exchange rate effects, sales were flat year on year.

In Japan, our system integration business expanded in many fields with legacy system upgrades in the public sector, NGN-related solutions in the telecommunications sector, system integration in the financial sector, and consulting to ensure compliance with amended laws. To expand our business outside Japan, we integrated three solutions companies based in North America—Fujitsu Consulting, Fujitsu Transaction Solutions, and Fujitsu Computer Systems. We also took steps to reinforce Fujitsu Australia's business structure by acquiring the local IT services firm KAZ Group Pty Ltd.

Infrastructure Services: Sales decreased 7.1% to ¥1,129.3 billion. Excluding exchange rate effects, sales grew by 6% year on year.

Demand for outsourcing services to cut costs grew strongly worldwide, and in Japan, outsourcing services expanded in various forms including datacenter utilization, support desk services, and application operation and maintenance. Outside Japan, Fujitsu Services expanded its business by targeting the private sector across continental Europe, recording increased sales on a local currency basis.

Operating income rose 16.3% year on year to ¥163.3 billion. Positive factors included the absence of a provision for losses for an unprofitable project booked the previous fiscal year, and benefits from increased sales and greater cost efficiency, particularly in Japan. These factors absorbed the effects of increased expenses from a shortfall in pension funds from the previous fiscal year, and currency exchange rate volatility.

[Outlook for Fiscal 2009]

Market Trends

The Japanese IT services market in 2009 is projected to increase by 1.7% to US$51.6 billion. IT investment has been strong until now, but the rate of growth is expected to be subdued with companies curtailing capital expenditures amid the global economic recession. Effective utilization of IT to enhance profitability and bolster competitiveness is expected to be an urgent issue in a harsh economic environment defined by lackluster consumer spending, the yen's appreciation, and employment instability. Use of outsourcing is widely expected to gain momentum as customers cut costs and implement measures for business continuity and environmental protection, particularly measures to combat global warming. Delivery of applications via networks, using cloud computing and other platforms, is also likely to grow.

The global IT services market is projected to increase 1.7% year on year to US$588.4 billion. The economic downturn is expected to continue to weigh on growth, as will efforts to minimize IT investment, particularly in North America and Europe. In contrast, signs of economic recovery are emerging in India, China, and other emerging economies, which are expected to post double-digit growth in IT investment.

Initiatives Going Forward

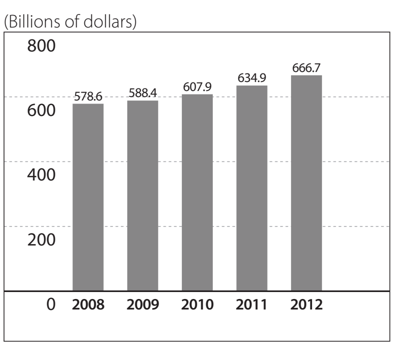
Solutions/SI: In Japan, we intend to deploy our new class of business consultants, "Field Innovators," to our customers' operations to strengthen the provision of solutions from a more customer-centric viewpoint. Our Field Innovators will allow us to identify business issues facing customers and provide solutions by combining the strengths of people, processes, and IT. Another goal is to boost productivity in the systems integration phase by pursuing standardization and automation using infrastructure SE facilities. We are also realigning our sales framework, reorganizing SE companies, and enacting other structural reforms. In this way, we will establish the optimal business formation for our customers, allowing us to continue providing high-quality, highly reliable services. Outside of Japan, we will reinforce our consulting capabilities and strengthen initiatives in ERP, SaaS, and other new business domains. Spearheading this push will be Fujitsu America, which was newly established on April 1, 2009.

Infrastructure Services: In Japan, we will enhance our support of customers' business continuity plans and efforts to lower their environmental footprint by opening a new datacenter, scheduled for November 2009. Built to the highest standards (CASBEE S-compliant, Tier 4-compatible), this center will meet growing datacenter outsourcing demand in Japan, and will be compatible with newly emerging, highly integrated system, and green IT needs.

In line with the growth of SaaS business and cloud computing, we are expanding our business of application services accessible via networks. In markets outside Japan, UK-based Fujitsu Services will lead the push to realize the benefits of synergies from recent M&As as we accelerate business expansion in Europe, centered on outsourcing.

Market Data

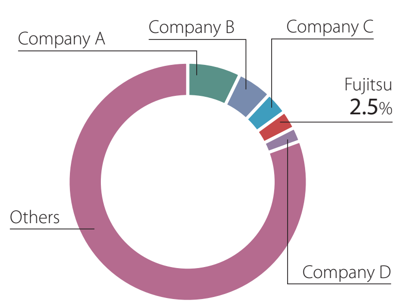
Global IT Services Market Forecast



(Source: IDC The Worldwide Black Book Q1 2009)

The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) data, research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

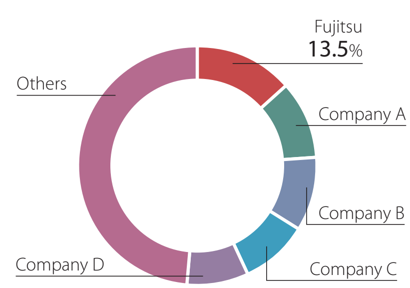
Global IT Services Market Share in 2008 (Revenue Basis)



Company A	7.3%	Company D	2.1%
Company B	4.8%	Others	80.3%
Company C	2.9%		

(Source: Gartner "IT Services Market Metrics Worldwide Market Share: Database" 14 May 2009)

IT Services Market Share in Japan 2008 (Revenue Basis)

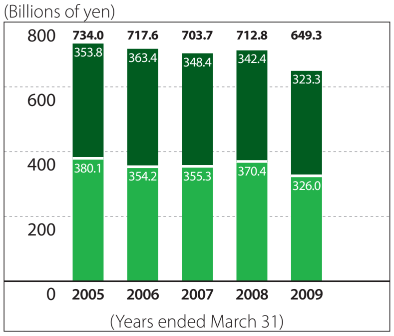


Company A	10.5%	Company D	8.1%
Company B	9.9%	Others	48.6%
Company C	9.4%		

(Source: Gartner "IT Services Market Metrics Worldwide Market Share: Database" 14 May 2009)

Technology Solutions/System Platforms

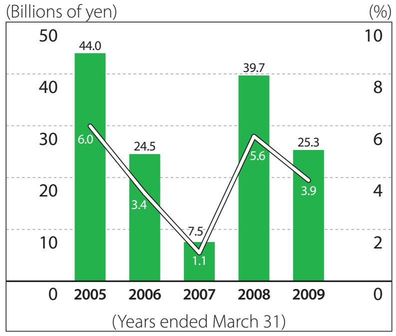
Sub-segment Sales*



System Products
Network Products

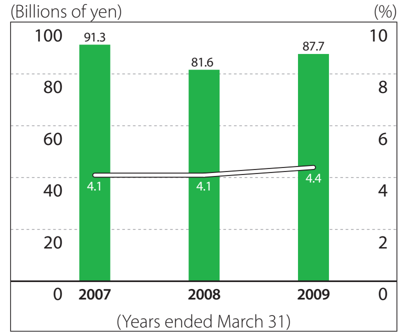
* Including intersegment sales

Operating Income/ Operating Income Margin



Operating income (left scale)
Operating income margin (right scale)

Capital Expenditure, Ratio of R&D Expenditure to Net Sales*



Capital expenditure (left scale)
Ratio of R&D expenditure to net sales (right scale)

* For entire Technology Solutions segment

Fiscal 2008 Business Results

Market Trends

System Products: In 2008, the server market in Japan contracted 7.3% year on year to US$6.2 billion. While the market for mainframe servers improved year on year due to large-scale upgrade projects, the server market as a whole contracted as the economic downturn triggered a sharp cutback in hardware investment. Similarly, despite firm demand from China and other emerging economies until last year, the global server market declined 6.2% to US$57.1 billion, due to the global economic downturn.

Network Products: The Japan market for network equipment in 2008 saw strong performance from Wavelength Division Multiplexing (WDM) and other optical transmission equipment, routers, and other IP devices, reflecting active investment in Next-Generation Network (NGN) equipment by telecommunications carriers. The mobile infrastructure market declined year on year as investments in 3G mobile phone base stations to enhance network quality passed their peak.

In North America, optical transmission market spending was lower than the previous year, with reductions in capital expenditures due to the economic recession from the second half of the year. This outweighed continued large-scale investments by major telecommunications carriers rolling out broadband infrastructure and shifting to network IP technology.

Operational Review

The System Platforms sub-segment, including System Products and Network Products, reported sales of ¥649.3 billion, a decrease of 8.9% from the previous fiscal year.

System Products: Sales of System Products declined 12.0% year on year to ¥326.0 billion. In Japan, the economic recession led to lower sales of UNIX and x86 servers, but sales of mainframe servers were brisk, supported by upgrade demand particularly from public and financial sector customers. Fujitsu successfully captured the top share of the Japanese server market for a second consecutive year. Outside Japan, sales declined. This was due largely to the economic recession in Europe and the United States, and the fact that in fiscal 2007, sales were temporarily boosted by strong demand for both older and new models of UNIX servers.

Network Products: Sales of Network Products decreased 5.6% to ¥323.3 billion. Sales of optical transmission systems were flat year on year, as growth in NGN-related sales in Japan was countered by a slump in sales for existing models. Sales to North America declined despite steady growth of Metro WDM services, due to a decline in next-generation SONET sales and to currency exchange rates. Sales in the European market were also lower. In mobile systems, sales of multi-band compatible base stations increased, but overall sales declined on lower sales of other models on reductions in 3G investments. For network solutions, sales rose sharply on higher sales of routers for NGNs.

Operating income was ¥25.3 billion, ¥14.3 billion lower than the previous fiscal year.

In System Products, income declined due to lower sales of UNIX servers outside Japan and stymied growth in open-source servers in Japan due to the adverse economic climate.

In Network Products, the operating loss persisted with ongoing investment in new optical transmission systems for NGN in the US and the UK, as well as delays meeting cost efficiency targets and changes in the network product mix. However, the extent of the loss narrowed, reflecting efficient mobile phone base station operations and increased sales of routers for communications carriers.

Outlook for Fiscal 2009

Market Trends

System Products: The Japanese server market is expected to contract 17.1% in fiscal 2009 to US$5.1 billion. Demand for blade servers is projected to rise with customer needs for server consolidation and virtualization. Nevertheless, the overall server market in Japan will likely face challenging conditions for some time, with the eroded upgrade demand for mainframe servers and stagnation in the UNIX server market. The global server market is projected to decline 13.5% to US$49.4 billion, due to adverse economic conditions in Europe and the United States.

Network Products: The 2009 Japanese network equipment market should continue to be firm with NGN investment by telecommunication carriers supporting sales of optical access devices, optical transmissions systems, and routers and other IP devices. The mobile infrastructure market is projected to decline year on year, due to a lull in investment ahead of the full-scale rollout of LTE in 2010.

Meanwhile, the value of the North American optical transmission market is expected to fall by about 10% year on year as major carriers scale down investment.

Initiatives Going Forward

System Products: The growing importance of IT as social infrastructure in recent years has boosted demand for mission-critical systems. Servers with superior reliability, quality and performance are vital as platforms for answering this demand. Fujitsu seeks to expand its business globally based on products (centered on servers) and services.

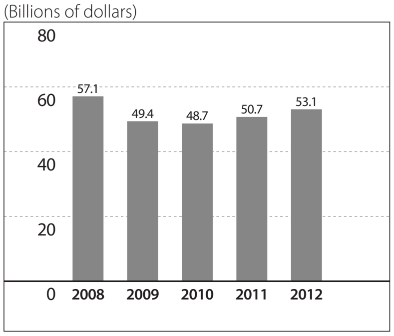
To this end, Fujitsu converted Fujitsu Siemens Computers into a wholly owned subsidiary after acquiring the 50% stake in the company held by Siemens of Germany and changed the subsidiary's name to Fujitsu Technology Solutions. Using Fujitsu Technology Solutions as a springboard, Fujitsu will reconfigure the global sales framework, and improve development and manufacturing efficiency to enhance the base supporting its IT services business globally. In May 2009, Fujitsu began by launching a high-performance blade server developed by combining Fujitsu's and Fujitsu Technology Solutions's design and quality assurance technologies. Supplying competitive global products of this kind, Fujitsu is targeting annual sales of 500,000 units of x86 servers in fiscal 2010.

Network Products: Conditions will remain tough for Fujitsu with costs for developing new technologies and new product models rising each year. The rise in costs is driven by the shift to NGN and increasing network complexity, two trends that are advancing in Japan and elsewhere.

To improve profitability, Fujitsu is developing global products, expanding services for communications carriers, such as design, construction, maintenance, and operation of communications carrier networks, and unveiling solutions that integrate products and services to boost earnings. Fujitsu employs the collective capabilities of the entire Group to enhance development efficiency and design. This is part of an extensive drive to raise efficiency and reinforce our business structure.

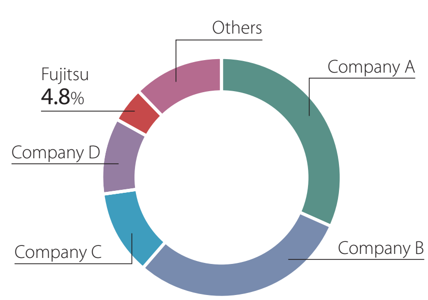
Market Data

Global Server Market Forecast



(Source: IDC The Worldwide Black Book Forecast Q1 2009)

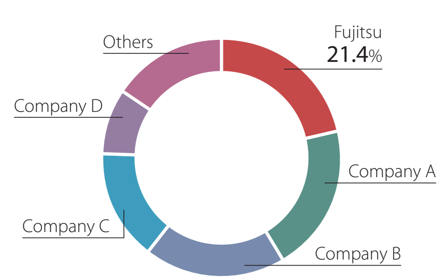
Global Server Share in 2008 (Revenue Basis)



Company A 31.8% Company D 10.1%
Company B 29.6% Others 12.1%
Company C 11.6%

(Source: IDC Worldwide Quarterly Server Tracker 2009 Q1)

Server Share in Japan 2008 (Revenue Basis)

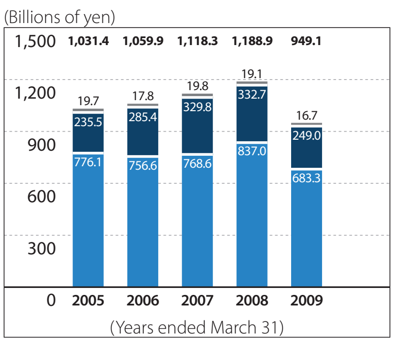


Company A 20.2% Company D 8.8%
Company B 18.9% Others 15.4%
Company C 15.2%

(Source: IDC Japan, Japan Server Quarterly Model Analysis, 2009 Q1)

Ubiquitous Product Solutions

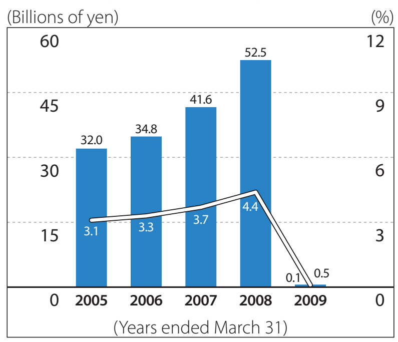
Sub-segment Sales*



PCs/Mobile Phones
Others
Hard Disk Drives

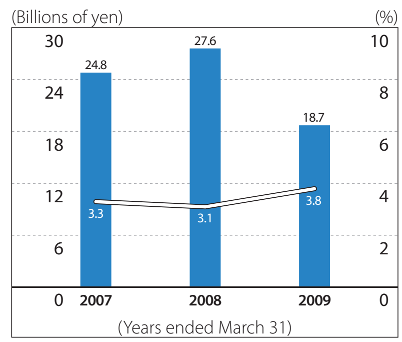
* Including intersegment sales

Operating Income/ Operating Income Margin



Operating income (left scale)
Operating income margin (right scale)

Capital Expenditure, Ratio of R&D Expenditure to Net Sales



Capital expenditure (left scale)
Ratio of R&D expenditure to net sales (right scale)

[Fiscal 2008 Business Results]

Market Trends

PCs/Mobile Phones: PC shipments in Japan rose 4.7% year on year in 2008 to 14.81 million units. Shipments to the corporate sector struggled from September as the economy worsened. In contrast, the consumer market saw increased sales volumes, energized by a drop in sales prices and rapid demand growth for compact, low-priced notebook PCs. Worldwide PC shipments, meanwhile, increased 10.2% year on year to 300.23 million units, despite the impact of the global economic downturn, while Japan also saw significant growth in sales of compact, low-cost notebook PCs.

Mobile phone shipments in Japan in 2008 decreased 18.2% year on year to 42.16 million units, as the handset replacement cycle lengthened due to mobile carriers' elimination of a system of special sales incentives and adoption of fixed-term subscription contracts.

HDDs: The global enterprise 3.5-inch hard disk drive (HDD) market climbed 6.8% year on year in 2008 to 31.89 million units spurred by double-digit year on year growth from July to September. Shipment growth was partially offset, however, by a double-digit year on year decline for October to December due to worsening economic conditions. Shipments of 2.5-inch HDDs models for the mobile market rose 29.1% year on year to 212.28 million units. Backed by substantial growth in demand for notebook PCs, shipments increased by over 40% for July to September, although the growth rate fell dramatically from October to December.

Operational Review

Sales from the Ubiquitous Product Solutions segment (PCs/mobile phones/HDDs) declined 20.2% year on year to ¥949.1 billion.

PCs/Mobile Phones: Sales decreased 18.4% to ¥683.3 billion. Global PC shipments declined 16.5% year on year to 7.36 million units, reflecting intensifying price competition and slumping corporate sales. Lower shipment volume was especially evident in Europe. Japan shipments of mobile phones fell 22% to 4.6 million units despite brisk demand for our Raku-Raku Phone models. In addition to market contraction triggered by the elimination of special sales incentives from December 2007, volume also decreased due to adverse economic conditions.

HDDs: Sales decreased 25.2% year on year to ¥249.0 billion, reflecting greater-than-anticipated price drops due to increased competition, and deteriorating economic conditions.

Operating income decreased ¥52.0 billion from the previous fiscal year to ¥0.5 billion. This reflected lower sales of mobile phones and increased costs incurred from more sophisticated mobile phone functionality. Income was also affected by drops in PC prices and sales volumes, despite benefiting from reduced costs for PC components. Another factor was HDDs, where losses expanded as intense global competition brought dramatic price drops in HDDs for notebook PCs and servers, and HDD head production declined.

In April 2009, Fujitsu signed agreements finalizing the transfer of the hard disk drive and HDD media businesses to Toshiba Corporation and Showa Denko K.K., respectively. Ahead of this change, we terminated our HDD head business at the close of fiscal 2008.

[Outlook for Fiscal 2009]

Market Trends

PCs/Mobile Phones: The Japanese PC market is expected to contract year on year. Low-priced compact notebook PCs for consumers are expected to grow, but the PC market overall is expected to decline significantly due to the economic downturn, led by the corporate sector. The US and Europe, are expected to be similarly affected by the economic downturn, with markets contracting year on year. Shipments for Asia-Pacific are forecast to be flat year on year with an expected increase in compact low-priced notebook PCs offset against a decline in desktop and high-end notebook PCs. Worldwide, the PC market is expected to decline 6.0% year on year to 274.1 million units.

For mobile phones, forecasts for the Japanese market in 2009 are for a decline in shipments to around 32 million units. Mobile carriers' elimination of special sales incentives and adoption of fixed-term subscription contracts are expected to raise handset prices and extend the replacement cycle. The impact of these and other trends, including consumer reluctance to buy new phones in a tough economy, is expected to lead to overall lower shipments.

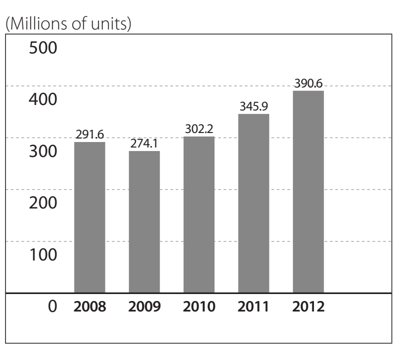
Initiatives Going Forward

PCs/Mobile Phones: For the consumer PC market in Japan, our initiatives will include entry into the low-priced PC market, as well as efforts to enhance usability, add lid color variations, and expand our lineup of design-focused entry-level PCs and models equipped with Blu-ray Disc players. For the corporate sector, we will continue to create products that consume less power and offer improved reliability, including security. In parallel, we will roll out product lines that meet the specific needs of a wide range of customers, including the small- and medium-sized enterprise and small office/home office (SOHO) markets. Outside of Japan, we are determined to maintain a profitable PC business by continuously launching high-quality, high value-added products. We also intend to expand our range of volume products and unveil compact, low-cost notebook PCs in order to expand our customer base. In Europe, integration with Fujitsu Technology Solutions will serve as an opportunity to standardize our offerings and align our product portfolio. In this way, we will enhance profitability by shifting from low-priced to high value-added products. For the Asia-Pacific region, we will move aggressively to increase volume as economies rebound.

In mobile phones, despite concerns over the impact of a lengthened handset replacement cycle in Japan, we plan to boost income by expanding sales of distinctive and innovative products. These include most prominently the Raku-Raku Phone, where our pursuit of an easy-to-see, easy-to-hear handset has led to brisk sales, as well as the STYLE Series of fashionable phones, the PRIME Series of next-generation entertainment phones, and the SMART Series of high-spec models aimed at sophisticated customers.

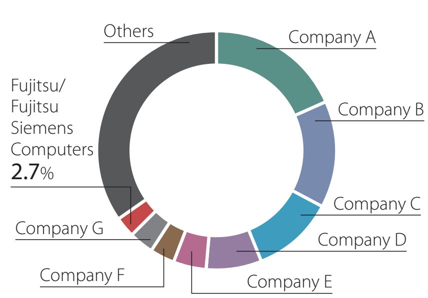
Market Data

Global PC Market Forecast



(Source: Gartner "Global PC Forecast and Shipments Quarterly Statistics: Database" 8 June 2009)

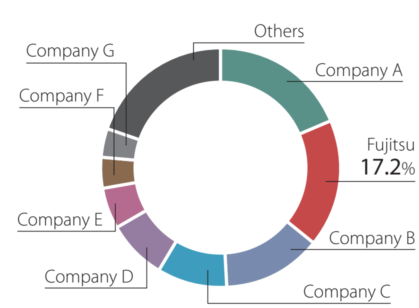
Global PC Market Share in 2008 (Unit Basis)



Company A	18.5%	Company E	4.5%
Company B	14.4%	Company F	3.5%
Company C	11.2%	Company G	3.3%
Company D	7.3%	Others	34.6%

(Source: Gartner "Personal Computer Quarterly Statistics Worldwide by Region: Final Database" 26 June 2009)
* Including PC servers

PC Market Share in Japan 2008 (Unit Basis)

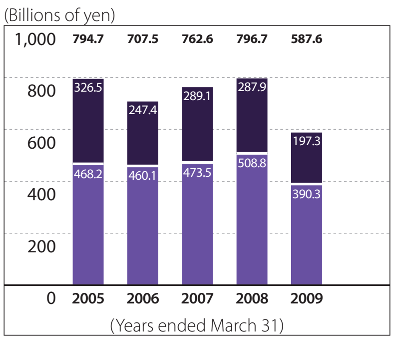


Company A	18.7%	Company E	5.6%
Company B	13.5%	Company F	4.2%
Company C	9.3%	Company G	3.9%
Company D	8.1%	Others	19.5%

(Source: Gartner "Personal Computer Quarterly Statistics Worldwide by Region: Final Database" 26 June 2009)
* Including PC servers

Device Solutions

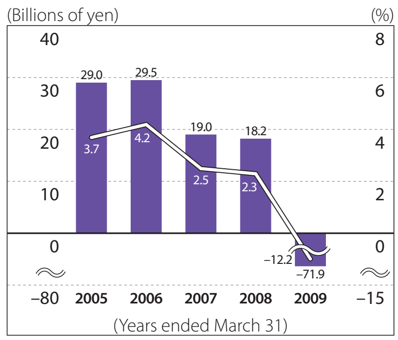
Sub-segment Sales*



■ LSI Devices
■ Electronic Components, Others

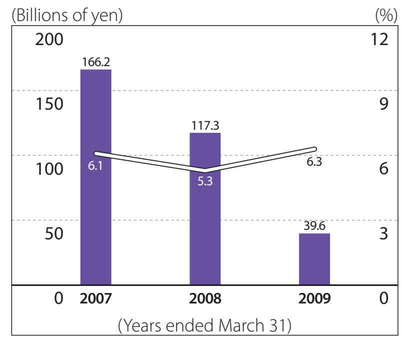
* Including intersegment sales

Operating Income/ Operating Income Margin



■ Operating income (left scale)
⊂⊃ Operating income margin (right scale)

Capital Expenditure, Ratio of R&D Expenditure to Net Sales



■ Capital expenditure (left scale)
⊂⊃ Ratio of R&D expenditure to net sales (right scale)

[Fiscal 2008 Business Results]

Market Trends

The value of the global semiconductor market declined by 2.8%*[1] to US$248.6 billion in 2008, falling sharply from growth of 3.6% recorded for 2007.

Up until September 2008, market growth was on track to surpass that of the previous year. However, hard hit by global market deterioration from October, demand for semiconductors fell rapidly across virtually all sectors, most notably for products used in digital home appliances, mobile phones, automobiles, and PCs. Ultimately, market growth declined by 21.9% year on year for the period from October to December. The drop in market value accelerated further going into 2009, falling significantly by 29.8% year on year from January to March.

Operational Review

Sales from the Device Solutions segment decreased 26.2% year on year to ¥587.6 billion. Sales in Japan of both mature technology logic products and advanced technology logic products based on 65nm and 90nm process technology were substantially lower. This downturn was the result of inventory adjustments in digital home appliances, automobiles, and across a wide range of other sectors, due to adverse market conditions from the second quarter. Sales of Flash memory for mobile phones and electronic components also were lower because of poor market conditions. Outside Japan, sales declined 21.7%, or 13% excluding currency exchange rate effects.

The segment posted an operating loss of ¥71.9 billion, dropping ¥90.2 billion from the previous fiscal year. The key reasons for this decline were lower sales from the LSI Devices sub-segment, diminished capacity utilization rates for our production lines from the third quarter, weak demand for electronic components, and currency exchange rate effects.

[Outlook for Fiscal 2009]

Market Trends

The global semiconductor market in 2009 is projected to decline significantly by 21.6%*[1] year on year to US$194.8 billion due to the expected impact of serious economic deterioration in the wake of the financial crisis. By region, the US, Europe, Japan, and Asia-Pacific semiconductor markets are expected to decrease by 14.7%, 25.9%, 28.5%, and 19.8%, respectively*[1].

In terms of products, the markets for all products appear likely to contract significantly. The memory market (including DRAM and Flash memory) is expected to decline by 20.3% in fiscal 2009, and sales of MOS logic products and MOS microcontrollers are expected to fall by 17.2% and 24.0%, respectively*[1]. Although a modest recovery is anticipated from March 2009, conditions are expected to remain extremely challenging for the semiconductor market in 2009.

Looking ahead, the semiconductor market shows signs of recovering from 2010, when the market is projected to grow 7.3% to US$209.0 billion, followed by further growth of 8.9% to US$227.5 billion in 2011. Overall, the projected average annual growth rate from 2009 to 2011 is 8.1%. The most notable growth, however, is expected in the Asia-Pacific region, where a high average annual growth rate of 8.8% will likely continue to surpass that of other regions for the same period*1.

Initiatives Going Forward

The Fujitsu Group is realigning its production framework to cope with the sudden and dramatic drop in customer demand in LSIs since the fall of 2008. Accordingly, along with the consolidation and integration of production lines for standard technology logic products at the Iwate and Aizu Wakamatsu Plants by March 31, 2010, and steps to make administrative operations more efficient, a total of 2,000 employees are scheduled for redeployment within the Fujitsu Group.

Furthermore, Fujitsu is pursuing structural reforms at FDK following its conversion into a wholly owned subsidiary. This conversion was carried out after FDK fell into excessive debt because of losses posted at the end of the fiscal year as a result of poor business performance, and structural reforms. We will also provide a ¥2.0 billion infusion of capital to consolidated subsidiary Fujitsu Component to support that company's voluntary restructuring.

Until recently, the Fujitsu Group manufactured advanced logic products at its own fabs. Going forward, mass production of the 40nm generation of these products will be outsourced to Taiwan Semiconductor Manufacturing Company (TSMC), in line with a decision to shift our business structure to a "fab light" model. This change will allow Fujitsu to retain its strengths in miniaturization processes, while continuing to promote businesses that leverage design technologies cultivated in ASIC*2 and ASSP*3 operations, distinctive IP technologies, and the existing customer base. Fujitsu is also in negotiations with TSMC concerning joint research on 28nm and future generation technologies.

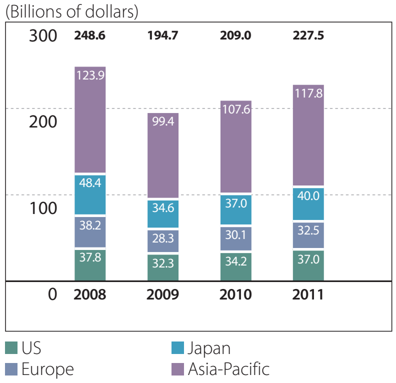
Going forward, we will scale back investment in production capacity related to advanced logic, and promote reforms for gaining an optimal cost structure for our new business structure. In parallel, management resources will be transferred to product planning and development for our growth engines; namely, semiconductors for digital AV equipment, automobiles, mobile devices and servers, as well as general-purpose devices mainly for Asia.

*1 Semiconductor market estimates according to World Semiconductor Trade Statistics (WSTS), spring 2009 forecast.
*2 ASIC: Application specific integrated circuit. Customized ICs for specific applications and customers.
*3 ASSP: Application specific standard product. Standard LSI products for specific applications such as power supplies and image processing, for use in PCs, mobile phone handsets, and other devices. These LSIs can be sold to multiple users.

Market Data

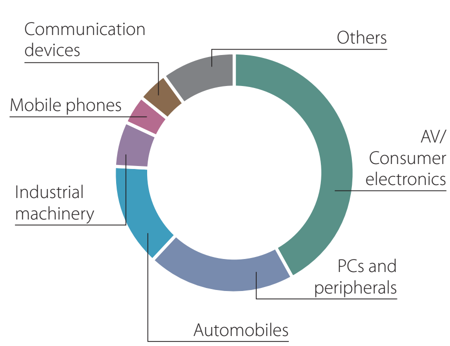
Global Semiconductor Market Forecasts

(Billions of dollars)



(Source: World Semiconductor Trade Statistics (WSTS))

Sales of Logic LSI Products by Application for the Year Ended March 31, 2009



Major Announcements and IR Activities in Fiscal 2008

Technology Solutions

APRIL 4, 2008
Fujitsu Implements First ERP Shared Service Across UK County Councils

APRIL 7, 2008
Fujitsu Signs £25 Million Deal with Cafcass for Public Sector Flex

APRIL 10, 2008
Electrolux Chooses Fujitsu as Partner for European IT Infrastructure

APRIL 18, 2008
China Electronic Commerce Association Becomes First in China to Deploy PalmSecure

MAY 12, 2008
Fujitsu to Split Off Photonics Business in Reorganization

MAY 20, 2008
Fujitsu to Build New Wing of Tatebayashi System Center for High-Density Systems and Green IT

MAY 28, 2008
Fujitsu and Microsoft Corporation Jointly Unveil Fujitsu Hyper-V™ Virtualization Center

JULY 2, 2008
Fujitsu Services Wins 5-Year IT Outsourcing Contract from European Subsidiary of Astellas Pharma Inc.

JULY 14, 2008
Fujitsu and US Sun Unveil Next-Generation SPARC Enterprise Servers

JULY 24, 2008
Fujitsu PalmSecure Selected by Pearson VUE to Verify Identities of Test Takers

AUGUST 20, 2008
Vietnam Telecom National to Deploy Fujitsu's High-Speed Optical Wavelength Division Multiplexer

SEPTEMBER 16, 2008
Fujitsu Ranked No. 1 in Japan's IT Services and Outsourcing Markets

SEPTEMBER 24, 2008
Fujitsu Launches Global Infrastructure Services

SEPTEMBER 26, 2008
Fujitsu Selected as NTT DOCOMO's Core Network System Supplier for "Super 3G"

Ubiquitous Product Solutions

APRIL 11, 2008
Fujitsu Releases Raku-Raku Phone Premium

APRIL 17, 2008
Fujitsu Releases Raku-Raku Phone IVS

MAY 19, 2008
Fujitsu Releases Raku-Raku Phone Basic S

JUNE 17, 2008
Fujitsu Releases F706i—NTT DOCOMO's First Waterproof One-Seg Mobile Phone

JUNE 19, 2008
Fujitsu Releases FMV Raku-Raku Pack for Novice PC Users

JULY 28, 2008
Fujitsu Released Raku-Raku Phone V

OCTOBER 16, 2008
NTT DOCOMO, Renesas Technology, Fujitsu, and Sharp to Jointly Develop Platform for HSUPA Mobile Phones

Device Solutions

MAY 22, 2008
Fujitsu Launches Industry's First Embedded FRAM-LSI that Counteracts EMI

JUNE 16, 2008
Fujitsu Microelectronics Launches Mobile WiMAX Chipsets for Mobile Devices

JUNE 26, 2008
Fujitsu Microelectronics Launches Low-Power Consumption 256Mbit FCRAM for Digital Consumer Electronics

SEPTEMBER 11, 2008
Fujitsu Launches Digital HDTV SoC for Superior Picture Quality Digital HDTV

SEPTEMBER 24, 2008
Leica Camera and Fujitsu Microelectronics Codevelop Image Processing System Solution for High-End Digital SLR Cameras

2008
4 5 6 7 8 9 10

IR

APRIL 4, 2008
Briefings on R&D and Intellectual Property Strategies at Fujitsu Laboratories

MAY 12, 2008
FY 2007 Financial Results Announcement

JUNE 12, 2008
Presentation for Bond Investors

JUNE 13, 2008
Tour of Fujitsu IT Products Limited

JUNE 23, 2008
The 108th Annual Shareholders' Meeting

JULY 31, 2008
FY 2008 First-Quarter Financial Results Announcement

AUGUST 5, 2008
Management Direction Briefing

OCTOBER 7, 2008
Briefings on Software Development Strategy

OCTOBER 29, 2008
FY 2008 First-Half Financial Results Announcement

NOVEMBER 4, 2008
Fujitsu to Acquire Siemens's Stake in Fujitsu Siemens Computers

NOVEMBER 5, 2008
Fujitsu and SAP Japan to Strengthen Cooperation in EIM Field

NOVEMBER 19, 2008
Fujitsu and US Red Hat, Inc. Strengthen Alliance on Linux Support Services for Mission-Critical Environments

DECEMBER 8, 2008
Fujitsu Receives Supercomputer Order from RIKEN

JANUARY 13, 2009
Fujitsu Asia Opens Third Datacenter in Singapore

JANUARY 20, 2009
Fujitsu and NSW Win Order for Indonesian Submarine Optic-Fiber Network

JANUARY 21, 2009
Marks & Spencer Selects Fujitsu for In-Store IT Support

MARCH 2, 2009
Fujitsu to Acquire KAZ Group from Telstra

MARCH 4, 2009
Fujitsu Wins Japan's First Order for Asia-Pacific Disaster Management System Using JAXA Satellites

APRIL 2, 2009
JAXA Supercomputer from Fujitsu Begins Operations

APRIL 16, 2009
Fujitsu and Cisco Expand Strategic Alliance to Deliver Unified Communications Solutions in Japan

APRIL 27, 2009
Fujitsu to Extend SAP Services with Acquisition of Supply Chain Consulting

JUNE 26, 2009
Fujitsu Inks Long-Term IT Infrastructure Services Agreement With Alliance Data

NOVEMBER 6, 2008
Fujitsu Releases FMV Raku-Raku PC

JANUARY 14, 2009
NTT DOCOMO and Fujitsu to Pursue Joint Handset Development for Taiwanese Market

FEBRUARY 2, 2009
Fujitsu Releases "docomo SMART Series™ F-04A"—World's Thinnest Waterproof Mobile Phone

APRIL 21, 2009
Fujitsu Releases Japan's First Notebook PC with Green Power Certificate

APRIL 30, 2009
Toshiba and Fujitsu Conclude Definitive Agreement on HDD Business Transfer

APRIL 30, 2009
Showa Denko and Fujitsu Sign Definitive Contract on HDD Media Business Transfer

NOVEMBER 17, 2008
Fujitsu Laboratories Develops Video-Processing Technology Enabling World's First Wraparound View of Vehicles in Real Time

Sample view when turning left: perspective from above-rear (clearly shows curb clearance of left rear)

DECEMBER 16, 2008
Fujitsu Laboratories Develops Power-Saving CMOS Technology for 32nm-Generation and Beyond

JANUARY 30, 2009
Fujitsu Microelectronics Announces Reorganization of Manufacturing Facilities

FEBRUARY 16, 2009
Fujitsu Launches WiMAX Baseband LSI Product for Mobile PCs

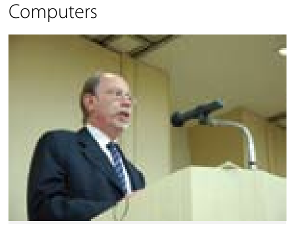
APRIL 30, 2009
Fujitsu Microelectronics and Taiwan Semiconductor Manufacturing Announce Collaboration on Leading-Edge Process Technology

2009

11 12 1 2 3 4 5

JANUARY 30, 2009
FY 2008 Third-Quarter Financial Results Announcement

MARCH 30, 2009
Integration of Fujitsu Siemens Computers



APRIL 17, 2009
FY2009 Fujitsu Laboratories' R&D Strategy Briefing

APRIL 30, 2009
FY 2008 Financial Results Announcement

Initiatives by Region

JAPAN

Market Trends

Japan's IT market is projected to contract by 3–4% in 2009. The effects of the global economic recession have reached the Japanese market, with expected cutbacks in capital expenditures across a range of sectors, most notably the manufacturing, logistics, and financial industries. Financial instability, employment instability, and lackluster consumer spending are all projected to continue in 2009, suggesting that more time is needed before the corporate sector will regain the confidence to boost investment.

Under these conditions, the server market is expected to undergo a double-digit contraction relative to 2008. Although demand remains steady in public sector- and social infrastructure-related fields, the overall market will be affected by curtailed capital investment in the corporate sector.

The communications market is also likely to experience a drop-off despite solid growth in Next-Generation Networks (NGN)-related investments, due mainly to declining investments in mobile phone base stations.

By contrast, continued expansion is expected in the services market, as companies seek to maintain and enhance competitiveness and increase management efficiency. As in fiscal 2008, demand will remain particularly high for system integration and outsourcing services. For customers, IT utilization has become indispensable to operations. As such, investment for enhancing operational efficiency and competitiveness is expected to continue. Outsourcing is also likely to gain momentum as a means to reduce costs. Alongside the utilization of datacenters, the expanded use of cloud computing and Software-as-a-Service (SaaS) platforms to deliver applications over networks is anticipated.

Initiatives Going Forward

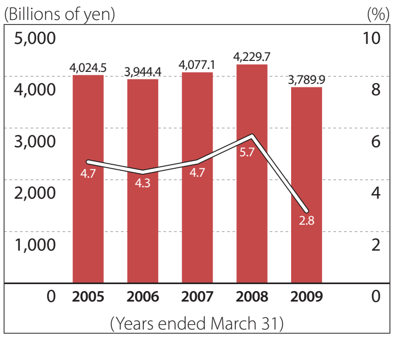
In Japan, we will take steps to augment our Technology Solutions business with a twin focus on services and products.

In servers, we aim to boost our share in open-standard servers by expanding sales of PRIMERGY x86 servers. To this end, we will centralize our development framework for these servers at Germany-based Fujitsu Technology Solutions, which became a subsidiary in fiscal 2009. We then intend to successively roll out products based on a unified global standard. Built on virtualization and green technologies that are quiet, compact and energy-efficient in design, our offerings will be specifically designed to solve outstanding customer issues such as environmental and cost performance.

In networks, our continued focus will be on expanding our range of products and services for NGN, while also advancing our provision of products, services, and solutions that target the emerging mobile broadband society centered on Long-Term Evolution (LTE)*.

In services, our goal is to enhance quality and efficiency on every front,

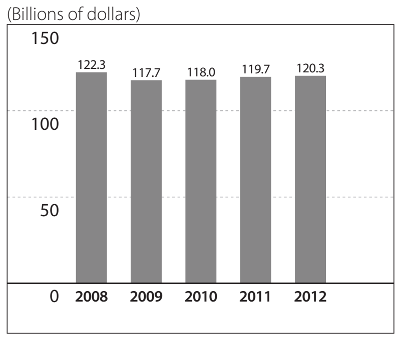
Net Sales* and Operating Income Margin



■ Net sales (left scale)
○ Operating income margin (right scale)

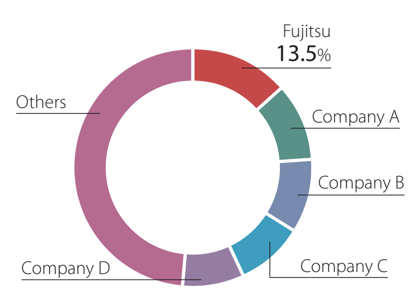
* Including intersegment sales

IT Market Forecasts (Japan)



(Source: IDC The Worldwide Black Book Q1 2009)

Share of 2008 IT Services Market Sales in Japan (revenue basis)



Company A	10.5%	Company D	8.1%
Company B	9.9%	Others	48.6%
Company C	9.4%		

(Source: Gartner "IT Services Market Metrics Worldwide Market Share: Database" 14 May 2009)

from initial proposals to system integration and operations. During the negotiations stage, we will reinforce our business proposals through full-fledged deployment of Field Innovators, our new class of business consultants. Our aim here is to boost orders by offering solutions that help resolve customer issues. Where system integration is concerned, by utilizing our SE facilities to industrialize infrastructure services, we intend to raise the baseline quality of our infrastructure development and shorten lead times. We will also attain high quality and high productivity by reorganizing our SE subsidiaries as part of steps to utilize SE resources more efficiently. We plan to expand system operations work by offering a broader menu of outsourcing services. To enhance our capabilities with respect to business continuity needs and the push for greener operations, we will build one of the industry's most advanced datacenters in November 2009. The datacenter will enable us to provide high value-added outsourcing services that help customers do more than simply reduce costs, by employing the latest technology including earthquake-resistant structures, energy-saving solar power, as well as staff tracking and location management based on RFID. By expanding the provision of cloud computing, SaaS, and other services utilizing networks, we strive to leverage our No. 1 share in IT services for the Japanese market to further extend our business.

* Next generation high-speed data communication standard for cellular telephones

Customer Solution Profile

Merging expertise in manufacturing through large-scale integration of multiple business systems

Detailed production management of individual product and production lines

—Asahi Breweries, Ltd.—

Asahi Breweries, Ltd. (Asahi Breweries) is one of Japan's largest alcoholic beverage producers. The leader in terms of volume of domestic beer beverage shipments, Asahi Breweries handles a range of other products, including wine and whisky.

Fujitsu developed production management and cost calculation systems that centralize data from the production divisions of 16 plants operated by Asahi Breweries and its group company, The Nikka Whisky Distilling Co., Ltd., in Japan. These systems also integrated both companies' production technologies and expertise in a wide variety of alcoholic beverages.

The production management system utilizes Fujitsu's proprietary system development platform combining business process applications for food manufacturers, appropriate for constructing Asahi Breweries' backbone system, with a system platform enabling their smooth operation. This system also enables production monitoring at both the product and production line levels, efficiently creating a large-scale, reliable system for optimal production management. The cost calculation system employs Fujitsu's "GLOVIA/Process C1" cost management package as a template to develop functions including liquor tax displays, as well as multifaceted cost breakdowns according to respective time schedules and products. The system can also permit simple and flexible simulations on when budgets will be reached and the impact of changes in material costs.

With its integrated production system built on Fujitsu technology, Asahi Breweries has established a total management platform covering supply/demand and production planning, production management, cost calculation, and quality control. This has yielded greater operational efficiency and optimal management operations.

Going forward, Fujitsu is committed to enhancing and ensuring the smooth operation of the IT systems that support the advanced manufacturing processes of Asahi Breweries.

THE AMERICAS

Market Trends

The North American IT market in 2009 is expected to contract 0.8% year on year, reflecting the impact of the financial crisis triggered by the collapse of the subprime mortgage market, and the rapid economic recession that followed.

In this climate, the IT services market is expected to remain comparatively firm, with projected year-on-year growth of 2.3%. Cause for unguarded optimism, however, remains unwarranted given the possibility that companies could reduce corporate IT investment going forward. In the current environment, there is also the risk that new projects could be cancelled or postponed, and stronger downward pressure on services prices could emerge.

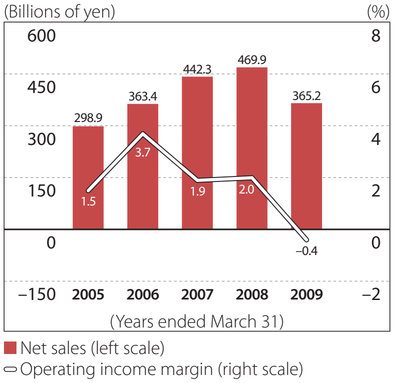
The hardware market, meanwhile, is likely to face a generally adverse environment, as the impact of reductions in corporate IT investment becomes more apparent. The server market overall is expected to worsen compared with the previous year, with a forecast year-on-year drop of 17.6%. The high-end server market, in particular, is expected to contract a sharp 30.7% from a year earlier, as demand shifts more swiftly toward low-end servers due to improved processor performance. In the storage market, which previously enjoyed stable growth, forecasts now call for a year-on-year contraction of 3.7% in 2009. A similarly tough environment looms for the PC market, with spending projected to fall 11.6% from the previous year. In addition to lower shipment volumes caused by deteriorating market conditions, spending will likely decrease due to price drops resulting from the increased market share of netbooks, a class of low-priced PCs with minimal functionality used primarily for Internet and email access.

Initiatives Going Forward

To meet the needs of its customers, Fujitsu reorganized its operations in North America to build a framework for faster, seamless provision of high-value-added IT solutions.

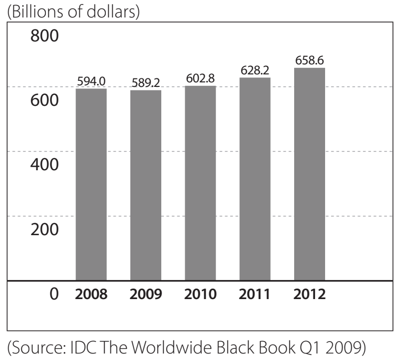
In October 2008, we established Fujitsu North America Holdings to serve as a holding company for the three main solutions subsidiaries in North America—Fujitsu Consulting, Fujitsu Computer Systems and Fujitsu Transaction Solutions. Through Fujitsu Consulting, we offered services ranging from consulting to system integration (SI) and business process outsourcing (BPO). Fujitsu Computer Systems sold and maintained servers, storage devices, and other hardware. Fujitsu Transaction Solutions, meanwhile, offered Point of Sale (POS) systems and other products and services focused on the retailing sector. In April 2009, these three companies

Net Sales* and Operating Income Margin



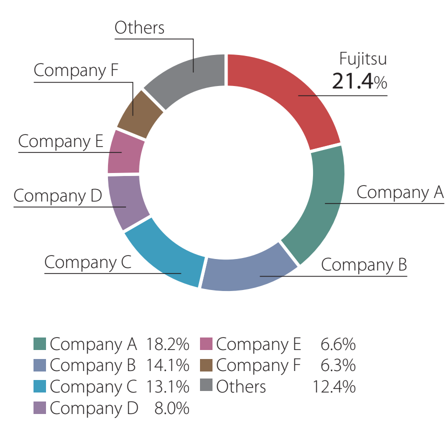
* Including intersegment sales

IT Market Forecasts (Americas)



(Source: IDC The Worldwide Black Book Q1 2009)
(AMERICAS: North and South America)

Next-Generation Metro WDM Market Share in North America (revenue basis)



(Source: Ovum-RHK, March 2009)

were merged to establish Fujitsu America as a comprehensive IT solutions provider. Going forward, Fujitsu America will play a key role in North America, enabling Fujitsu to leverage an extensive portfolio of products and services in a drive to further expand the solutions business. Moreover, in our plan to mirror our success in Japan and Europe and develop our North American outsourcing business, we intend to enhance cost competitiveness by utilizing offshore resources for system development offered from India and other countries.

In North America's communications market, we operate in the optical transmission field through Fujitsu Network Communications. Here, Fujitsu boasts the top market share in products for both SONET*[1] (FLASHWAVE 4500 series) and Metro WDM*[2] (FLASHWAVE 7500). Cautious capital investment by telecommunications companies in response to the economic recession is expected to create a challenging business climate for fiscal 2009. Nevertheless, we will strive to expand business by boosting sales of Metro WDM-compatible FLASHWAVE 7500 and the latest FLASHWAVE 9500 that integrates SONET, WDM, and packet communication functions. Both products target markets with strong expansion potential.

*[1] SONET: Synchronous Optical Network. SONET is an optical fiber-based high-speed digital communication system.

*[2] WDM: Wavelength Division Multiplexing. WDM is a communications format that exploits multiple optical fibers by simultaneously utilizing numerous optical signals of differing wavelengths. Metro WDM is a type of WDM for large metropolitan areas.

Customer Solution Profile

Service upgrades and cost reductions achieved through Fujitsu's PalmSecure palm vein biometric authentication device integrated into the Patient Kiosk™

—Springfield Clinic—

Springfield Clinic is a healthcare facility staffed by 260 physicians from every field of medicine, with 24 locations in Springfield, Illinois, and an additional 14 in surrounding counties.

The clinic has deployed 40 Patient Kiosk™ systems, electronic patient registration processing devices jointly developed by Fujitsu and Allscripts, integrated with Fujitsu's PalmSecure palm vein biometric authentication devices.

PalmSecure verifies the identity of a person by matching their palm vein pattern against one that has been registered in the system. Before the installation of Patient Kiosk™ systems, patients at the clinic were required to manually fill out forms each time they registered for an appointment. With the deployment of Patient Kiosk™, patients can avoid the manual paperwork process and check in for an appointment, as well as make the appropriate payments, by simply putting their hand over the Fujitsu PalmSecure reader. Not only has Springfield Clinic enhanced patient services by providing them with a quick way to access information and receive alerts, the clinic has also minimized the costs and overhead associated with traditional patient check-in and reinforced information system security.

Patient Kiosk™ is scheduled to be deployed at other medical facilities in the US, including the 550-physician George Washington University Medical Faculty Associates (MFA) in Washington, DC.

Fujitsu will continue to utilize its IT technologies to further enhance the management and services of medical facilities.

EMEA Europe, Middle East, Africa

Market Trends

The IT market in EMEA is projected to contract by 3.0% in 2009, reflecting the impact of the global financial crisis triggered by the collapse of the sub-prime mortgage market, and the rapid economic downturn that followed. IT spending is expected to be uniformly lower across Europe. Conditions will be particularly severe in the UK, with fewer large-scale projects. This is mainly due to reductions in public-sector IT budgets, and price revisions requested by existing customers.

By offerings, the IT services market should be relatively firm, edging up 0.2% in comparison with the previous year. The situation is unpredictable however, with reductions in customer IT budgets and increasingly intense price competition. This is notably the case with respect to projects for UK central government institutions (the largest European outsourcing clients) and the private sector, where we are aiming to expand.

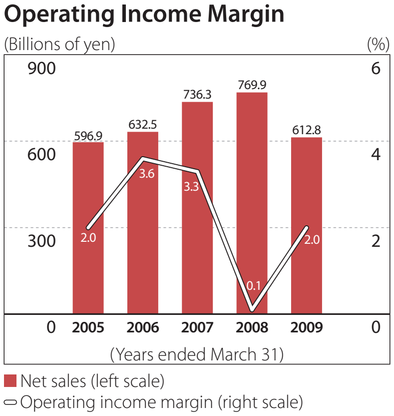
Meanwhile, the hardware market is likely to experience negative growth in virtually all countries. This trend is also expected in Eastern Europe, Russia, the Middle East, and other newly emerging economies that enjoyed high growth rates until recently, exacerbating the decline in the European market. The server market is predicted to worsen by a substantial 12.1% year on year. This downturn is expected to be most prominent in the high-end server market, due to reductions in customer IT budgets and a demand shift toward low-end servers. A similar story is unfolding in the storage market where, in stark contrast to the stable growth previously witnessed, demand is projected to decline by 9.2% in 2009. In the PC market, a year-on-year spending decline of 13.2% is forecast on an expected sharp deterioration in the corporate sector due to adverse economic conditions, as well as falling prices sparked by the growing market share of low-cost "netbook" computers.

Initiatives Going Forward

To strengthen its global business, Fujitsu made Fujitsu Siemens Computers a wholly owned subsidiary in April 2009 and changed the company name to Fujitsu Technology Solutions. While the business has revolved around servers and PCs, as a wholly owned company, Fujitsu Technology Solutions will now strengthen ties with Fujitsu Services, shifting from a product-oriented to a systems-oriented business. For the Fujitsu Group, this change will reinforce its delivery framework, and serve to expand its integrated services and products business.

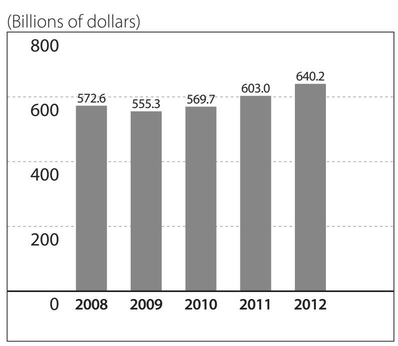
In the IT services sector, Fujitsu will be proactive in the use of offshore and near-shore resources to boost price competitiveness and expand our business in the European market. Steps will also be taken to enhance our customer relationships by bolstering our sales and customer management divisions and strengthening customer ties. Specifically, in the expanding

Net Sales* and Operating Income Margin



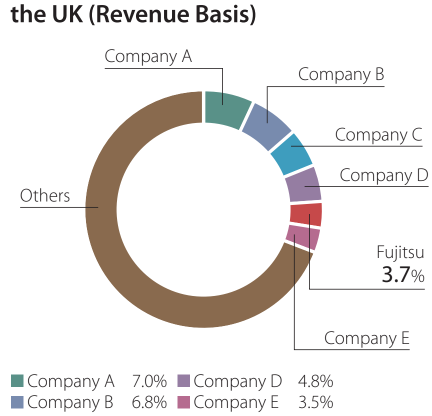
* Including intersegment sales

IT Market Forecasts (EMEA)



(Source: IDC The Worldwide Black Book Q1 2009)
(EMEA: Europe, the Middle East, and Africa)

Share of 2008 IT Services Market in the UK (Revenue Basis)



(Source: Gartner "IT Services Market Metrics Worldwide Market Share: Database" 14 May 2009)

outsourcing business, our goal is to win more large-scale projects in the UK and continental Europe. To this end, we will continually improve our services from a customer-centric perspective, and set our services apart from those of competitors by raising quality and lowering costs through IT service standardization based on the TRIOLE concept. Where application services are concerned, we will utilize SAP software products to continue to support growth, while laying the foundation for the SaaS business, which is poised for future expansion.

In products, our goal is business expansion particularly in the growth market of blade and other x86 servers. We are looking to ramp up development speed and provide globally uniform products by consolidating our development operations in Germany. In PCs, the emergence of netbooks is intensifying price competition. We intend to bolster competitiveness by shifting our portfolio toward high-value-added products, while unifying our product lineup in Europe and the rest of the global market, and building an optimal global supply chain.

Customer Solution Profile

Modernization through IT

—Marks & Spencer—

Marks & Spencer is one of Europe's largest retailers, with over 21 million customers visiting its stores each week. In addition to clothing and home products, Marks & Spencer is known for its quality foods, sourced from over 2,000 suppliers around the world. The company employs over 75,000 people and has an expanding international business to supplement its strong position in the UK, where it is established as the number one supplier of clothing in the British retail market. Marks & Spencer has 668 stores across the UK and a further 296 internationally, including China, India, and the Middle East.

Marks & Spencer recently signed a seven year contract with Fujitsu, under which Fujitsu will continue to provide in-store IT support for all the company's stores in the UK, Ireland, and Channel Islands. Fujitsu will also continue to undertake all store IT roll out and implementation services.

Damone Quigley, head of infrastructure and application services at Marks & Spencer, comments: "Fujitsu has worked with us over 30 years, providing a consistently high quality of service. Over the course of the last few years, we have modernized 80% of our store portfolio and improving the technology has been a large part of this. It is vital that we have a responsive partner who can not only install and support the IT equipment in our stores from multiple vendors, but also identify potential cost savings."

In addition to Marks & Spencer, Fujitsu works with a number of Europe's largest retailers, helping these organizations to achieve greater efficiency and improved customer service.

APAC, CHINA

Market Trends

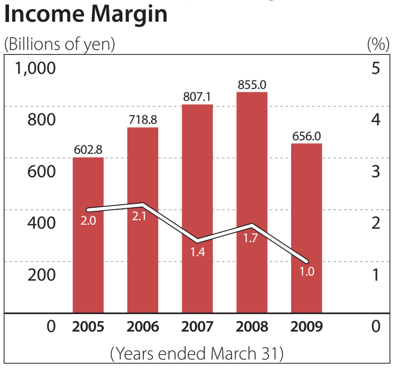
China's IT market is expected to maintain a positive growth rate of around 0.5% in 2009, despite lackluster economic conditions caused by the global financial crisis. Nevertheless, IT investment in China is expected to enjoy a high average annual growth rate of 9.3% between 2008 and 2012, driven by the 2010 World Expo in Shanghai and economic measures that include a planned stimulus package of roughly 4 trillion yuan over the next three years. There are growing concerns, however, that it could become difficult for foreign companies to develop business in China due to uncertainty over the real economy, and the possible adoption of a compulsory certification system for security-related IT products.

For fiscal 2009, the growth rate for the IT market in APAC (excluding China) is expected to fall to as low as 0.5%, due to the impact of continued global economic weakness on the many export-reliant countries in the region. However, a high average annual growth rate of 5.4% is anticipated for the region from 2008 to 2012. In Taiwan, while government-related IT investment is expected to hold steady due to growth in internal demand, investment in the private sector is expected to continue to be severely curtailed, particularly in the finance and manufacturing industries. In South Korea, challenging conditions are expected to persist despite announced decisions to front-load IT spending, specifically for government institutions and public corporations. In the Oceania region, while investment in hardware has contracted due to economic weakness, firm growth is expected in business process outsourcing and application management, both of which offer high return on investment. In India, the offshore business is struggling on reduced orders from major clients—primarily European and U.S. financial institutions suffering from poor business performance, and price declines. However, growth in off-shoring can be expected to keep the growth rate for India's IT market forecast at a relatively high 4.0% in 2009. The average annual growth rate for the Indian economy between 2008 and 2012 is also expected to be around 10.1%, indicating higher growth over the medium term.

Initiatives Going Forward

In China, we will strive to increase profits from Fujitsu's core business, technology solutions. In services, we intend to deploy our expertise in IT infrastructure services across mainland China, supporting customers in China with superior IT infrastructure to aid their business expansion. In servers, storage, and other products, we will achieve business expansion mainly through increased sales to existing customers, following completion of a customer support framework covering all of China. We also plan to extend our

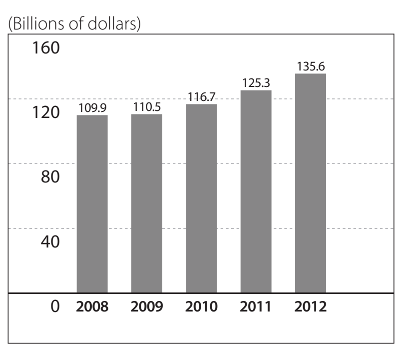
Net Sales* and Operating Income Margin



■ Net sales (left scale)
⊂⊃ Operating income margin (right scale)

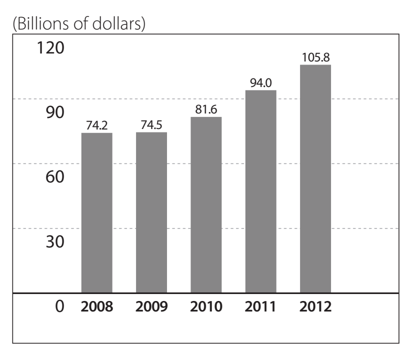
* Including intersegment sales

IT Market Forecasts (APAC)



(Source: IDC The Worldwide Black Book Q1 2009)
(APAC: Excludes Japan, China, and Hong Kong)

IT Market Forecasts (China)



(Source: IDC The Worldwide Black Book Q1 2009)
(China: Including Hong Kong)

partner business by boosting the number of local partners in China to achieve wider geographic coverage. As for off-shore business, we will increase personnel at the Offshore Development Center to support the delivery of competitively priced services to customers in Japan.

In Taiwan, in addition to strengthening our system products, such as servers, we will pursue opportunities in the managed services and maintenance fields. In South Korea, we will strengthen our relationships with customers by providing a one-stop service for IT infrastructure, covering all phases of the life-cycle from planning to introduction and operation. In tandem, we will make alliances with sales partners to expand our business. In the Oceania region, we will ensure the smooth integration of recently acquired companies into Fujitsu Australia to enhance our services business. We will expand our outsourcing business in particular, where there are strong needs and large-scale projects are the norm, to help customers concentrate on their core businesses. In India, along with earlier efforts to increase business from Europe and the US by upgrading offshore resources, we intend to make Fujitsu Technology Solutions the main promoter of IT infrastructure business in India. This step will improve business in terms of both scale and management quality as we aggressively develop the system products business, including expanding our sales of x86 servers.

Customer Solution Profile

Outsourcing Services to Provide IT Infrastructure and Support for 460 Domestic and Foreign Business Sites

—Qantas—

Image courtesy of Qantas

Established in Queensland, Australia in 1920, Qantas Airways Limited is one of the world's longest-running airlines. It is the largest domestic and international airline in Australia. Qantas is recognized as one of the world's leading long distance airlines, having pioneered services from Australia to North America and Europe, and has an outstanding reputation for safety, reliability, customer service, and technology innovation.

The Qantas Group employs approximately 35,000 people and offers services across a network covering 151 destinations in 38 countries including Australia, Asia and the Pacific, the Americas, Europe, and Africa.

Fujitsu signed an agreement with Qantas to supply comprehensive outsourcing services to cover the provision of PCs, servers, storage, and all end user IT infrastructure, as well as remote and onsite support services, for all 460 local and international business sites worldwide. Following competitive bidding against major global IT vendors, Fujitsu won the project based on its ability to deliver high-quality services at a competitive cost. The contract is for five years with a two year option.

Fujitsu's outsourcing services will provide Qantas support to resolve their IT challenges, most notably server and storage consolidation, email and application data backup and administration, improved help desk support for employees, and enhanced asset management. At the same time, these services will enable greater operational efficiency and substantial cost reductions.

Fujitsu supports Qantas employees in their efforts each day to operate more efficiently and at lower cost, and will work with Qantas management as a partner in helping to achieve the company's business goals.

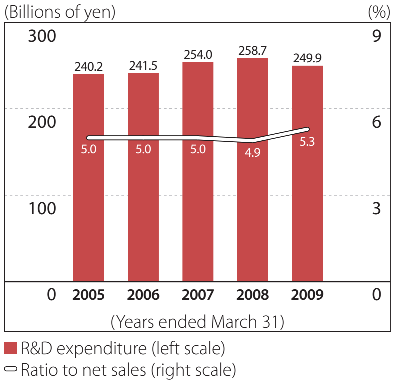
Research & Development

Our Mission in R&D

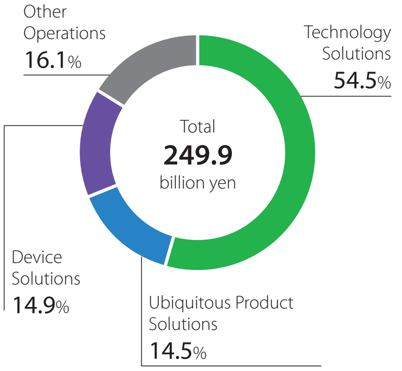
Our basic R&D policy is to pursue the latest in technology for next-generation services, computer servers and networks, as well as the various electronic devices and materials which serve as building blocks for our products. This policy supports the overarching goals of creating new value for customers and achieving our Corporate Vision of contributing to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

- **Foster the creation of new businesses**
- **Create and accumulate advanced technologies**
- **Extend our value chain globally**
- **Fulfill our social responsibilities**

R&D Expenditure, and Ratio to Net Sales



Fiscal 2008 R&D Expenditure by Segment



Major Achievements for Fiscal 2008

(1) Development of secure USB memory with automatic data-erase function

Fujitsu has developed a new type of universal serial bus (USB) memory that after a fixed period of time automatically erases stored data, and a file redirect technology*[1] which ensures that the data from the USB memory device can only be stored on a specified server. Both technologies are designed to prevent the unauthorized disclosure of data from lost USB memory devices or uploads to Winny and other file-sharing networks. This creates an environment that protects confidential information and allows USB memory devices to be used as a convenient way to safely carry customer data back to one's own company to manage and utilize the data.

*[1] File direct technology: This technology can prevent data from being copied from the self-erasing USB memory device to specific folders on a PC, or it can give the appearance of data being written to the PC's hard disk drive, when in fact it remains on the USB memory device.

Secure USB memory device

(2) Full-scale operation of new JAXA supercomputer with world's highest computing efficiency

Fujitsu has constructed a new supercomputer system for the Japan Aerospace Exploration Agency (JAXA) using FX1 high-end technical computing server and Fujitsu's "Parallelnavi" middleware. The new system achieved performance of 110.6 teraflops*[2] and computing efficiency*[3] of 91.19% when running the LINPACK*[4] benchmarking tool. These results placed the supercomputer first in the world for computing efficiency, and first in Japan and 17th in the world in terms of computing performance against a list of the world's TOP500*[5] supercomputers published in November 2008. The new system began operations on April 1, 2009.


New supercomputer from Fujitsu (photo courtesy of JAXA)

*[2] Teraflop: One trillion floating point operations per second.
*[3] Computing efficiency: The ratio of actual execution performance against theoretical performance.
*[4] LINPACK: A program for measuring computer performance.
*[5] TOP500: A project dedicated to comparing the performance of supercomputers.

(3) Development of multi-channel high-speed transceiver circuit for high-speed blade server performance

In the IT systems sector, there is a growing demand for servers and other hardware that achieve greater energy efficiency and consume less space, while also realizing higher levels of performance. Fujitsu has developed a compact and power-efficient multiple-channel high-speed transceiver circuit that enables high-speed transmission at 10 Gbps in backplanes—special circuit boards that act as transmission conduits between the server blades*[6] of blade servers. Fujitsu has adopted a new control method that enables the circuit to compensate for transmission losses while reducing noise. Compared to conventional technology, this groundbreaking circuit requires just half the area and only one-fourth the power consumption to realize a transmission conduit capable of 4-channel 10Gbps transmission in backplanes.

*[6] Server blade: A single board that contains all of the elements required to function as a server, including memory, hard disk, and microprocessor. Servers that combine multiple server blades that function together as a single server are called blade servers.

(4) Field testing of LTE*[7] and confirmation of high-speed transmission in Sapporo's Special Ubiquitous Zone


LTE mobile phone base station developed by Fujitsu

Fujitsu is responding to recent calls for a mobile communications system that will enable mobile phones to utilize broadband. Fujitsu collaborated with NTT DOCOMO, INC. to field test Long-Term Evolution (LTE), a next-generation mobile communications standard. Tests took place in the Special Ubiquitous Zone, a wireless communications testing area in the Japanese city of Sapporo in Hokkaido, designated by the Ministry of Internal Affairs and Communications in 2008. For the tests, Fujitsu used prototype wireless LTE base stations developed jointly with NTT DOCOMO, INC. which, with the utilization of spatial multiplexing (4x4 MIMO)*[8] technology, resulted in high-speed wireless transmission with peak speeds of 120 Mbps (using 10 MHz bandwidth). Recalculated using the maximum LTE bandwidth, these transmission speeds are equivalent to 35 times those of services currently available for 3.5G mobile phones. Once available, high-speed wireless communications services of this kind will allow users in various environments to send and receive large data volumes, enabling high-definition video and other applications.

*[7] LTE: The name for the wireless communications standard devised by members of 3GPP (the project that produced the detailed specification for IMT-2000 W-CDMA).
*[8] Spatial multiplexing technology (4x4 MIMO): A transmission technology that uses multiple antennae transmitting/receiving different signals on the same frequency at the same time. The 4x4 MIMO employed in field testing used four such antennae.

(5) Consumer sales of FLEPia, world's first color e-paper mobile terminal

A special feature of e-paper is that it consumes power only when refreshing screens, and no power is consumed to hold an image displayed. Fujitsu developed FLEPia as the world's first mobile terminal using color e-paper, and launched consumer sales of the unit in March 2009. Compared to earlier commercial samples used in field marketing, the latest FLEPia offers 1.5 times higher brightness and greater contrast, enabled through optimization of the product's optical properties. By realizing a faster driver circuit, the screen refresh speed is also now 1.7 times faster than before. Users can purchase e-books online using the device itself, and FLEPia's wide, 8-inch screen makes reading away from home or the office easy. In addition to a digital photo frame function, FLEPia can be used with a variety of other software for viewing spreadsheets, reading e-mail, and other applications.


FLEPia mobile information terminal

(6) Development and commercialization of ultra-low power full HD H.264 CODEC LSIs

Fujitsu has developed H.264 CODEC LSI devices capable of encoding and decoding Full HD (1,920 dots x 1,080 lines) video in the H.264 format*[9]. Shipments of two H.264 CODEC LSI products commenced from April 2009. The first, the MB86H55, features industry-leading low power consumption of only 500mW during encoding (including the in-package memory). The second, the MB86H56, offers processing of Full HD video at 60 frames per second, thereby delivering high picture quality. Both products enable greater miniaturization and lower power consumption in portable devices such as digital video cameras, AV equipment, and commercial broadcast equipment, while also enabling high-quality recording, playback and transmission of HD video.

*[9] H.264: A video compression standard noted for offering higher compression than MPEG-2 and earlier formats.

Prizes and Awards

Two Commendations for Science and Technology (Development Category) and the Young Scientists' Prize From the Minister of Education, Culture, Sports, Science and Technology in Fiscal 2009

The Fujitsu Group was honored with two Commendations for Science and Technology (Development Category), and a Young Scientists' Prize by the Minister of Education, Culture, Sports, Science and Technology in fiscal 2009. These awards are in recognition of the outstanding success that the Group has enjoyed in R&D and in advancing our understanding of science and technology.

- "Development of Content Protection Technology for Digital TV receivers on PCs" (Science and Technology Commendation, Development Category)
- "Development of heat-stable electromagnetic recording media through magnetic exchange coupling" (Science and Technology Commendation, Development Category)
- "Research on telecom-band single photon sources for quantum key distribution" (Young Scientists' Prize)

Topics

"10-Year Vision" Topics for Realizing a Prosperous Future That Fulfills People's Dreams

Fujitsu has formulated a "10-Year Vision" as a guide for providing people across the globe with the prosperous and rewarding future we envisage. Fujitsu is systematically promoting the research and development of advanced technology in its determination to make this vision a reality.

Enabling a Human-Centric Networked Society

By linking everything together, we generate value, realizing a human-centric networked society that delivers inspiration, discovery, reliability and growth.

Inspiration

Fujitsu seeks to bring about a society that delivers unprecedented levels of happiness and inspiration, by mobilizing information and communication technologies to assist people, such as when the elderly or children need help, or when advice or guidance is sought in a work environment.

Discovery

By drawing together large volumes of real-world data to analyze and visualize complex situations, Fujitsu seeks to provide people with the data that will enable the realization of an environmentally sustainable society that is comfortable to live in.

Reliability and Growth

Through eco-friendly and secure information and communications technologies that are all-encompassing and ubiquitously deployed ("available like air"), Fujitsu supports a human-centric networked society that is reliable and has superior growth prospects.

Strategic Direction in Fiscal 2009

With sights on future development, the company intends to focus its cutting-edge research efforts on the targets outlined below in order to create a stronger, more strategic business base for the Fujitsu Group.

1. Enhancing the contributions of research to core businesses

The company will focus on the following research domains to enhance the Fujitsu Group's global core businesses.

(1) x86 servers

The goal here is a top-down approach that goes beyond simply boosting the performance of individual platforms by developing elemental technologies that will enhance performance for the entire IT system. Specifically, this will entail a focus on the development of elemental technologies for achieving virtualization and energy efficiency, simplifying management and operation, and realizing high-speed interconnection. Such achievements will set Fujitsu's high-performance blade servers and large-scale datacenters apart from competitors.

(2) Cloud computing

Fujitsu will develop distinctive technologies for cloud computing such as technology to create the virtual platforms required for cloud computing, as well as an intuitive development and operation environment that is open and highly expandable.

(3) LTE

Fujitsu is an industry leader in LTE field testing. We are leveraging this experience to develop differentiated technologies that will support our LTE business. At the same time, we are pursuing the technical standardization and intellectual property that will be necessary for the LTE-advanced communications standard of the future.

(4) Platform technologies

Fujitsu will focus on the development and enhance the competitiveness of distinctive device technologies for the hardware used in IT systems.

2. Pioneering R&D and new businesses creation

Determined to create the new businesses of tomorrow, Fujitsu is advancing research in the following areas.

(1) Human-centric computing

Fujitsu will develop innovative technologies that merge sensors, terminals, and services in ways that enable us to use sensors to transform real-world information into intelligence, and offer new services tailored to peoples' actual situations.

(2) Green technologies

Fujitsu will take steps to create innovative, cutting-edge technologies that focus both on enhancing the energy efficiency of IT systems themselves, and achieving greater energy efficiency through IT utilization. In this way, the company will build an ecological value chain that contributes to society and generates new businesses.

Raku-Raku Phone Basic II

The Raku-Raku Phone Development Challenge
—Uncompromising Cutting-Edge Voice Technology

The Raku-Raku Phone that Fujitsu started supplying to NTT DOCOMO, Inc. in 2001 has become one of Fujitsu's most successful products. Over the years, this phone lineup has expanded to include 13 different models, with cumulative sales volume topping 15 million units. The Raku-Raku Phone was developed with a commitment to universal design to make it easy for anyone to use. In fact, the phone embodies the determination of its developers to provide customers with an exceptionally easy-to-use phone by combining cutting-edge Fujitsu technologies based on ergonomics, with a careful survey of customer needs, and a functional design that optimizes ease of use. The following is an introduction to Fujitsu's proprietary voice technologies that figure prominently in the success of the Raku-Raku Phone.

"Clear Voice"
—Easy Listening by Amplifying Only the Speaker's Voice

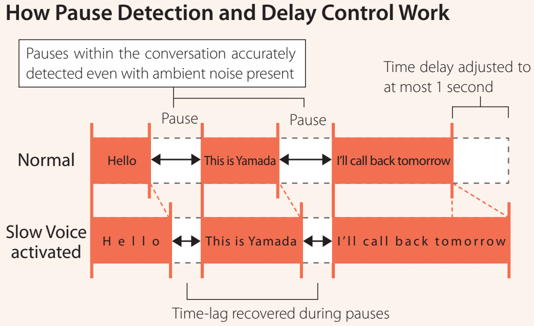
"Clear Voice" is a voice processing technology that exploits the difference in frequency between voices and background noise to make the speaker's voice easier to hear even in noisy places. When ambient noise is detected, the voice of the opposite party is automatically amplified. When the opposite party's voice is low, the volume of the voice is raised automatically. "Clear Voice" technology is used not only in the Raku-Raku Phone, but also by NTT DOCOMO's Formula Nippon car racing team DOCOMO TEAM DANDELION RACING for voice communications between the driver and the pit crew, an application that testifies to the power of the technology.

DOCOMO TEAM DANDELION RACING during a race

"Slow Voice"
—Changing Conversation Speed Without Changing Voice Pitch

Based on proprietary Fujitsu technologies, the "Slow Voice" feature enhances listener comprehension by adjusting the output of the opposite party's voice so that it can be heard more slowly. Of course, simply slowing the speed of the voice would lower the pitch similar to the slow playback of a recording, making it sound completely different. Meanwhile, slowing the voice speed only on the listener's side would simply prolong the comprehension time, resulting in unnatural pauses in the conversation. Fujitsu brought three technologies to bear in overcoming these problems and improving phone conversation quality. The first, voice expansion technology, preserves voice pitch even when slowing voice output speed; the second, pause detection technology, detects pauses between words; and the third, delay control technology, uses the detected pauses to compensate for time-lag resulting from the slower voice output to give a more natural conversation flow. The combination of these three technologies produces a natural, easy-to-hear conversation.

How Pause Detection and Delay Control Work

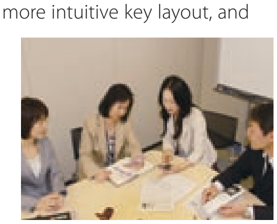


"Double Microphone"
—Conveying the Speaker's Voice More Clearly

"Double Microphone" is a noise cancellation technology that distinguishes between the speaker's voice and ambient noise and cancels the noise, leaving only the speaker's voice to be clearly conveyed to the opposite party. Enabling this are two microphones, one on each side of the handset. This configuration utilizes the time difference in the arrival of sound waves to each microphone to identify any sound from a direction other than that of the speaker's voice as noise, and lower the volume of the detected noise.

These Fujitsu-developed voice technologies have won wide industry acclaim. In particular, "Clear Voice" and "Slow Voice" were awarded the 55th OHM Technology Award in November 2007 by The Promotion Foundation for Electrical Science and Engineering, an organization whose members have contributed over the years to the development of electrical science and engineering in Japan.

The technologies found in the Raku-Raku Phone go beyond voice communications. With a commitment to making the phone easy to use from all aspects, Fujitsu has also included an easy-view display and with easy-to-read text, a more intuitive key layout, and voice input email functions. Fujitsu's customer surveys indicate a high degree of satisfaction with the Raku-Raku Phone among customers. Fujitsu, in cooperation with NTT DOCOMO, will continue to maximize ease of use and provide products that satisfy an ever-wider range of customers.



Product managers exchange opinions in their efforts to make the Raku-Raku Phone even easier to use

Intellectual Property

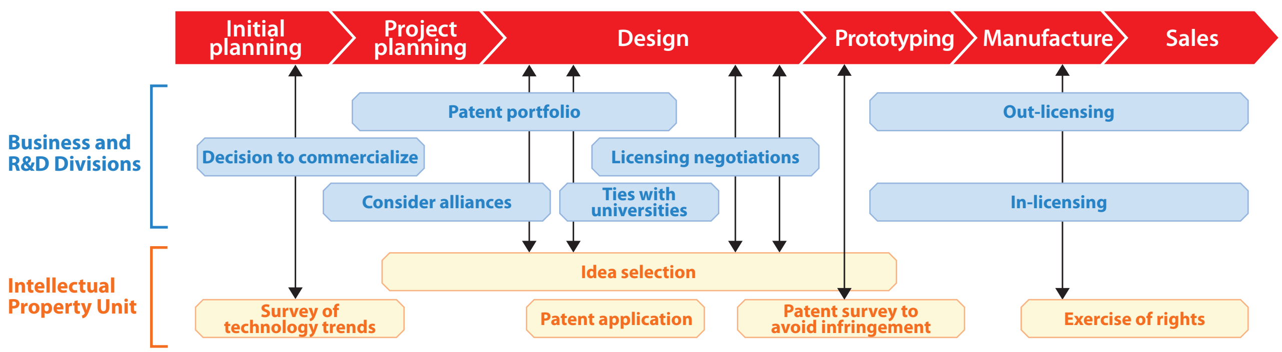
The Importance of Intellectual Property

Protecting and respecting intellectual property is part of the Code of Conduct in the Fujitsu Way, which articulates the philosophy of the Fujitsu Group and the core values and principles guiding the actions of each of its employees. Accordingly, every employee recognizes intellectual property as a key corporate asset supporting business activities. Moreover, Fujitsu employees are acutely aware of the role that technologies backed by intellectual property play in enabling customers to rely with confidence on the products and services we deliver.

Intellectual Property Strategy

We are promoting an intellectual property strategy closely integrated with our business and R&D strategies. Each business unit and R&D division is individually responsible for analyzing the intellectual property assets owned by Fujitsu and other companies in their respective fields. Based on this analysis, they formulate and implement intellectual property strategies.

Linking Business and R&D Divisions



Group-wide Initiatives

We are developing a framework to strengthen Group-wide intellectual property activities to enable the entire Group to leverage our intellectual property assets. Some issues, such as the need for international standards, require coordinated action among the global bases in the Group. Here, we use regular meetings among Group companies to share information as well as promote specific measures. In this way, we foster a unified approach to intellectual property activities.

1. Patent Rights

Patent rights support technological innovation. Recognizing these rights as an important corporate asset, we are assembling a global patent portfolio centered on patents in Japan.

We ensure that the acquisition, maintenance and utilization of patents are carried out in keeping with the Fujitsu Group's global business development strategy. We therefore acquire, maintain, and utilize the patents we need in the locations (countries) where they are needed, covering development and production bases as well as our sales bases. Representative offices have been established in the US and China so that local research or inventions at development bases can be securely protected.

For obtaining patents in the US, Fujitsu has a framework not only for yielding inventions but for handling the entire adjudication process to promote efficient acquisition of high-quality patents.

FMV Raku-Raku PC (announced November 6, 2008)

1. Cross-functional approach to identifying customer needs and commercializing products

   Marketing and intellectual property divisions teamed up with the development division to extensively explore ways to develop a user-friendly, simple, and dependable PC. The involvement of the intellectual property division from the development stages ensured that no patents or other intellectual properties were inadvertently compromised.

2. Sample of intellectual properties

   Patent rights: Approximately 20 patent applications have been filed in and outside Japan, centered on technologies that simplify user input and search functions.

   Trademark rights: "Raku-Raku PC"

2. Exercising Patent Rights

We conclude cross-licensing agreements with prominent firms worldwide aimed at preserving a high degree of business latitude. This policy of opening our wide range of basic technology research for potential use in the business activities and technologies of other firms applies even in fields in which Fujitsu does not directly conduct operations. On a for-fee basis, we make available basic technologies when we believe this will foster broader use of our technology compared with commercializing it on our own. We refer to this as "technology marketing." An example of products commercialized by a licensee are an antibacterial mask and antibacterial stationery created through application of titanium apatite technology developed jointly by Fujitsu Laboratories Ltd. and the University of Tokyo. This demonstrates how the use of Fujitsu technology in fields outside our main business areas can stimulate the creation of new value. Information on a number of other appealing technologies, including an atmospheric sensor and environmental evaluation system, can be found on Fujitsu's website. (http://jp.fujitsu.com/about/ip/)

[Acquisition of an Influential Patent]

Example of US Patent Relating to a Card Type Wireless Device (Wireless LAN)

1. Reissued US patent number: Re. 36,769 (July 11, 2000)
2. Title of the invention: "CARD TYPE INPUT/OUTPUT INTERFACE DEVICE AND ELECTRONIC DEVICE USING THE SAME"
3. Summary: Card-type wireless device for sending and receiving data that can be easily inserted into a slot on a PC or other electronic device, thus encouraging widespread use.
4. Since the filing of this US patent application in 1992, Fujitsu has persisted through the US patent process to refine the claims of this patent application. This work helped fix the scope of the patent rights, which led to patent issuance on July 11, 2000.

3. Respecting Third Parties' Rights

The impact of infringing upon the rights of third parties goes beyond having to pay significant compensation. In the worst case, it could have a major economic impact on our company due to the loss of business opportunities. In addition, it could prevent us from providing products and services, thereby severely inconveniencing our customers. We are fostering a culture at Fujitsu that respects the patent rights of other companies, as well as creating an environment that allows all our engineers to utilize the ATMS/IR.net system* to efficiently and effectively research patents held by other companies.

* An ASP-based service which searches laid-open patent applications and prosecution history data provided by the Japan Patent Office.

Patents Issued in Japan in 2008

1	Panasonic Corporation	4,786
2	TOSHIBA Corporation	3,256
3	Ricoh Company, Ltd.	3,168
4	Sony Corporation	3,126
5	Toyota Motor Corporation	3,047
6	DENSO CORPORATION	2,701
7	Seiko Epson Corporation	2,628
8	Sharp Corporation	2,577
9	Canon Inc.	2,550
10	Mitsubishi Electric Corporation	2,548
11	Honda Motor Co., Ltd.	2,498
12	**Fujitsu Limited**	**2,439**
13	Hitachi, Ltd.	2,282
14	FUJI FILM Corporation	2,166
15	Nissan Motor Co., Ltd.	1,601
16	SANYO Electric Co., Ltd.	1,517
17	Panasonic Electric Works Co., Ltd.	1,325
18	Dai Nippon Printing Co., Ltd.	1,063
19	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	985
20	Samsung Electronics Co., Ltd.	975

Source: Fujitsu survey based on Japan Patent Office data (Number of issued patents)

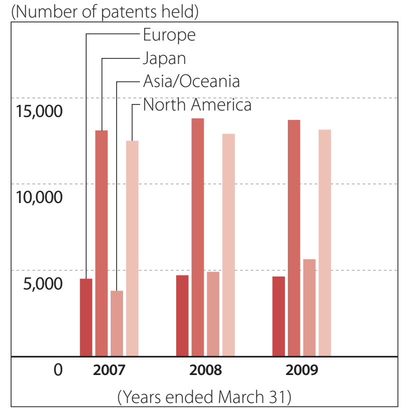
Patents Issued in US in 2008

1	International Business Machines Corporation	4,186
2	Samsung Electronics Co., Ltd.	3,515
3	Canon Inc.	2,114
4	Microsoft Corporation	2,030
5	Intel Corporation	1,776
6	Panasonic Corporation	1,745
7	TOSHIBA Corporation	1,609
8	**Fujitsu Limited**	**1,494**
9	Sony Corporation	1,485
10	Hewlett-Packard Development Company, L.P.	1,424
11	Hitachi, Ltd.	1,313
12	Micron Technology, Inc.	1,250
13	Seiko Epson Corporation	1,229
14	General Electric Company	912
15	FUJI FILM Corporation	869
16	Ricoh Company, Ltd.	857
17	Infineon Technologies AG	814
18	LG Electronics Inc.	805
19	Texas Instruments Incorporated	757
20	Honda Motor Co., Ltd.	747

Source: IFI CLAIMS Patent Services (Number of issued patents)

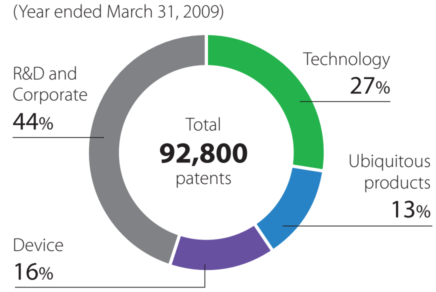
Our Global Patent Portfolio

(Number of patents held)



Fujitsu Patents by Business Segment

(Year ended March 31, 2009)



FUJITSU Way

On April 1, 2008, Fujitsu announced a fully revised Fujitsu Way. The Fujitsu Way embodies the philosophy of the Fujitsu Group, articulates the Group's overarching values, and defines concrete principles and a code of conduct that Group employees follow in their daily business activities. The new Fujitsu Way will facilitate management innovation and promote a unified direction for the Group as we expand our global business activities.

As outlined below, the Fujitsu Way consists of four core elements—the Corporate Vision, Corporate Values, Principles, and Code of Conduct. The Corporate Vision embodies the reason for the Group's existence, as well as the social role that it should fulfill. Corporate Values encompasses a set of values important for realizing the Corporate Vision. Finally, the Principles and Code of Conduct articulate rules of behavior to which every Fujitsu Group employee should actively adhere in accordance with the Corporate Values.

The Group has also formulated a Business Policy that outlines the medium-term direction of Fujitsu's businesses as defined by the Fujitsu Way. This policy serves as the basis for all Group business activities.

All Fujitsu Group employees have a shared commitment to the Fujitsu Way, which promotes a common direction for Group employees as they conduct their daily business activities. Employees aim to contribute to enhanced corporate value for the Fujitsu Group and to the well-being of the global and local societies in which we operate.

The Elements of FUJITSU Way

FUJITSU Way comprises four core elements:

FUJITSU Way

CORPORATE VISION	The reason for the existence of the Fujitsu Group.
CORPORATE VALUES	A set of value statements for achieving our Corporate Vision.
PRINCIPLES	The principles we adhere to in all business dealings and actions in accordance with Corporate Values.
CODE OF CONDUCT	The rules and guidelines followed by everyone in the Fujitsu Group.

BUSINESS POLICY	Our current strategies pursued in accordance with the Fujitsu Way.

CORPORATE VISION

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

CORPORATE VALUES

What we strive for:

Society and Environment	In all our actions, we protect the environment and contribute to society.
Profit and Growth	We strive to meet the expectations of customers, employees and shareholders.
Shareholders and Investors	We seek to continuously increase our corporate value.
Global Perspective	We think and act from a global perspective.

What we value:

Employees	We respect diversity and support individual growth.
Customers	We seek to be their valued and trusted partner.
Business Partners	We build mutually beneficial relationships.
Technology	We seek to create new value through innovation.
Quality	We enhance the reputation of our customers and the reliability of social infrastructure.

PRINCIPLES

Global Citizenship	We act as good global citizens, attuned to the needs of society and the environment.
Customer-Centric Perspective	We think from the customer's perspective and act with sincerity.
Firsthand Understanding	We act based on a firsthand understanding of the actual situation.
Spirit of Challenge	We strive to achieve our highest goals.
Speed and Agility	We act flexibly and promptly to achieve our objectives.
Teamwork	We share common objectives across organizations, work as a team and act as responsible members of the team.

CODE OF CONDUCT

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

BUSINESS POLICY

- We use Field Innovation to find new approaches and the inspiration to improve ourselves, while delivering added value to our customers.
- We provide global environmental solutions in all our business areas.
- Fujitsu Group companies work together to accelerate our global business expansion.

SHAREHOLDERS AND INVESTORS

We seek to continuously increase our corporate value.

We aim to continuously increase corporate value and meet the expectations of shareholders and investors by achieving long-term sustainable growth and profit, and by pursuing strategic business expansion and focused management, while maintaining a sound financial standing.

We enhance our management transparency by appropriate and timely disclosure of our business activities and financial information. This ensures that investors and shareholders understand how we are performing in enhancing our corporate value.

The Fujitsu Group's DNA

"We need to provide returns to our shareholders commensurate with their investment.
In return for their investment, we have a responsibility and duty to respond to their expectations regarding profits and Fujitsu's corporate value."
(Hiroaki Kurokawa, 12th president, message to employees on "The Interests of Shareholders," 2007)

Environmental and Social Activities

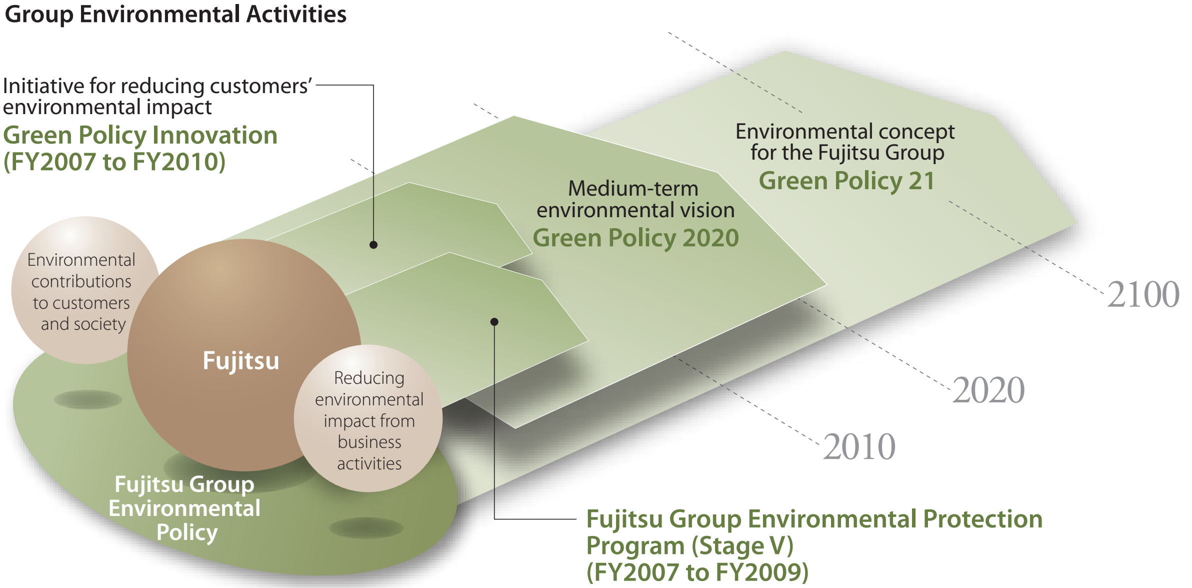
Environmental Activities

Guided by a commitment to "protect the environment and contribute to society," which is enshrined in the Fujitsu Way, the Fujitsu Group has made environmental protection a key management priority, with the goal of preserving the Earth for generations to come.

From this approach, we drafted the Fujitsu Group Environmental Policy to promote environmental management in a way that reflects the distinct nature of our business. In addition, we formulated our Green Policy 21 environmental concept; Green Policy 2020, our medium-term environmental vision with targets to meet by 2020; and the Fujitsu Group Environmental Protection Program (Stage V), designed to clarify specific objectives. In parallel with these policies, we are promoting Green Policy Innovation, which aims to mitigate the environmental impact of our customers and society as a whole by offering innovative green IT solutions.

In pursuing these policies and targets, Fujitsu is striving to reduce the environmental impact of its own business, its customers' businesses, and society as a whole by planned and continuous promotion of activities across its business domains.

Fujitsu Group Environmental Activities



Environmental Concept Green Policy 21

Green Policy 21 is a bold concept for action that embodies efforts by Fujitsu since its establishment to move beyond declarations of intent and entrench the idea of "manufacturing in harmony with nature" in the mindset and day-to-day activities of Group employees. Bonded by the slogan, "We make every activity green," the Fujitsu Group is working to implement this environmental concept in all of its business domains.

In Green Policy 21 our global scale environmental activities are positioned centrally, under the title Green Policy Earth. Meanwhile our practical activities for realizing Green Policy Earth are organized under the headings Green Policy Products, Green Policy Factories, and Green Policy Solutions. The underlying support structure for these activities is called Green Policy Management.

Green Policy 2020 Medium-term Environmental Vision

In our quest for solutions to global environmental problems, we devised Green Policy 2020, a medium-term environmental vision that defines the role and direction of the Fujitsu Group through to the target date of 2020. Anchored by the keywords "Creation," "Collaboration," and "Change," this vision will promote environmental innovation at Fujitsu and within society as a whole by leveraging the power of IT, with the goal of realizing a prosperous, low-carbon society.

Three goals we have set towards achieving this vision are to contribute to customers and society in general (by contributing to a 30 million ton reduction in CO_2 emissions in Japan by 2020), to achieve change within Fujitsu, and to preserve biodiversity. These goals form a framework for our ongoing initiatives.

The Fujitsu Group's Medium-term Environmental Vision Green Policy 2020

Fujitsu Group Environmental Protection Program (Stage V)

We drafted Stage V of the Fujitsu Group Environmental Protection Program to guide our environmental activities during the period from fiscal 2007 to fiscal 2009. The program is founded on two basic policies: Develop environmental activities in which all employees can play an active role, and expand the scope of environmental activities to the entire supply chain. In line with these policies, we are working to achieve concrete targets in five priority areas: improving the environmental value of products and services, implementing global warming countermeasures, reinforcing governance, reinforcing risk management, and making environmental contributions to society.

Green Policy Innovation Initiative to Reduce Customers' Environmental Burden

In December 2007, the Fujitsu Group unveiled a new initiative called "Green Policy Innovation" to leverage the accumulated environmental expertise and technologies of the Fujitsu Group. With this project, we are vigorously promoting the reduction of customers' environmental burden by using "Green IT*[1]" in two ways: first, reducing the environmental burden of IT infrastructure, and second, utilizing Green IT to reduce customers' burden on the environment. Our aim in this project is to reduce CO_2 emissions by 7 million tons or more*[2] over the 4-year period from fiscal 2007 to fiscal 2010.

*[1] "Green IT" is a general term that refers to eco-conscious IT equipment with greater energy efficiency, compact size, and other eco-friendly features, as well as IT solutions that, when adopted, can reduce the environmental burden.

*[2] "7 million tons or more": Estimated CO_2 emission reductions in Japan possible through application of proprietary methods from Fujitsu based on projected future sales of major platform products and specified Fujitsu products developed as environmentally friendly solutions.

RESPONSIBILITY Environmental and Social Activities

TOPICS

Efforts to Prevent Global Warming

The Fujitsu Group is working to reduce emissions of greenhouse gases associated with Group business activities. These efforts include reducing emissions of CO_2 due to energy consumption and other greenhouse gases at our factories and offices, and reducing emissions associated with transportation.

We are also working to prevent global warming in all areas of business activity by developing energy-saving IT products and solutions that lower greenhouse gas emissions and reduce the environmental burden of our customers and society in general.

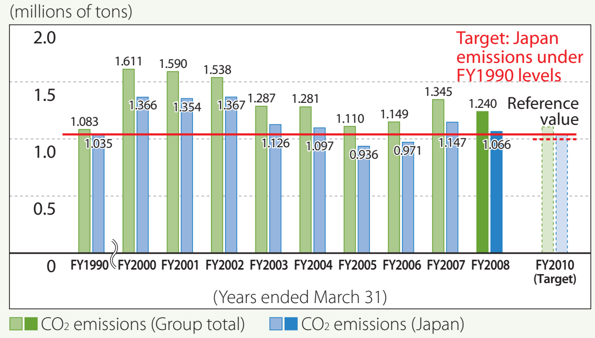
One specific initiative is in Stage V of our Fujitsu Group Environmental Protection Program. Here we established the goals for annual CO_2 emissions from energy consumption of (1) holding emissions levels to under those of fiscal 1990 for business sites in Japan and (2) reducing emissions per unit of real sales by 28% relative to fiscal 1990 levels by the Group as a whole, including outside Japan, both by the end of fiscal 2010. We continue to move forward with the following measures.

- Energy-saving equipment, focusing on motive-power facilities (introduction of free cooling, inverters, energy-saving facilities, fuel conversion, etc.)
- Increased efficiencies through revised manufacturing processes, accompanied by proper motive-power facility operation and improvement of management
- Adjusting appropriate room temperature for office air conditioning, saving electricity for lighting and office automation equipment
- Promotion of the measurement and visualization of energy consumption and proactive use of that data
- Use of natural energy sources such as solar and wind power

As a result of these efforts, our CO_2 emissions due to energy consumption in fiscal 2008 were 1.066 million tons in Japan. While this figure represents a year-on-year decrease of 81,000 tons, which was attributable to business realignment in response to market changes, among other factors, it was a 3.0% increase compared to fiscal 1990.

CO_2 emissions for the entire Fujitsu Group were roughly 1.24 million tons, or 67.8% of levels in fiscal 1990 in per unit of real sales terms.

Energy consumption CO_2 emissions (Japan only and Group total)



* CO_2 conversion coefficient for purchased electric power: Results for year ended March 31, 2003 and later calculated as 0.407 tons CO_2 per MWh. (projected coefficient of 0.34 CO_2 per MWh in fiscal 2010)

** Real sales: Adjusted net sales using the Bank of Japan's corporate goods price index (electrical equipment). (Per unit value= CO_2 emissions/real sales)

Doing Our Part as a Global IT Company to Realize a Low-Carbon Society

Envisioning a New Era—Fujitsu Group Vision and Strategy

Approaching the Environment from a Management Perspective

2008 was a year of lively discussion on environmental protection for the international community. As well as marking the start of the first commitment period for the Kyoto Protocol, it was a time for examining the next set of reduction targets for the successor to the Kyoto framework from a medium- to long-term perspective. At the Toyako Summit, a G8 meeting held in July 2008 in Hokkaido, Japan, the world's leaders declared their commitment to a shared target of cutting greenhouse gas emissions worldwide to half their current levels by 2050. However, the global economy is now enduring what some are calling a once-in-a-century crisis. While there are concerns that this situation could cause delays in implementing environmental measures, many countries have announced so-called "Green New Deal" programs designed to shore up their economies by encouraging aggressive investment in environmental protection.

For companies operating in this climate it is more important than ever to meet the challenges of both economics and the environment. This will require companies to adopt a strong environmental management perspective and tackle the issues strategically.

Taking Action from a Global Environmental Standpoint

The Fujitsu Group is determined to be a "valued and trusted partner" in the growth of our customers and society, and we are pushing ahead with three transformations* to this end. One of these transformations is making global environmental contributions for sustainability.

At Fujitsu, we view environmental problems not only as management risks, but also in terms of their value for our growth. Effective IT utilization has the potential to spur innovation in industrial societies, and thereby reduce their environmental burden by a significant margin. The Fujitsu Group offers IT solutions on a global scale in a host of business areas. As such, we recognize that Fujitsu has an important role and responsibility not only in reducing the environmental burden posed by our own business activities, but in contributing to lower environmental impact of our customers and society as a whole, on a global scale.

Our initiative for lowering the environmental burden, Green Policy Innovation, is one concrete step in this direction. Here, we are promoting green IT in a variety of fields including through new environmental management solutions to support ongoing sophistication in environmental management. From fiscal 2007 through fiscal 2008, our efforts have helped reduce CO_2 emissions by a cumulative total of approximately 2.23 million tons. Furthermore, in September 2008 we established a Low Carbon Committee, and are boldly promoting a lower carbon footprint in our business activities.

Fujitsu is making an extensive drive to reduce its own environmental burden, and is using expertise and technologies amassed in the process for the global development and provision of green IT.

* Under the company's current management direction, Fujitsu is pursuing three areas of transformation: a focus on the customer's customer, global expansion based on the "Think Global, Act Local" approach, and global environmental contributions for sustainability.

Striving for the Creation of a Prosperous, Low-Carbon Society

Realizing a sustainable society requires a common global vision that individuals, companies, countries, and regions everywhere can work collectively to achieve.

The Fujitsu Group has drafted Green Policy 2020 as a medium-term environmental vision with a milestone year of 2020, and has initiated efforts for making this vision a reality. Going forward, we intend to develop our environmental management further to achieve our goal of realizing a prosperous, low-carbon society.

Atsuhisa Takahashi
President, Corporate Environmental Affairs Unit

Social Contribution Activities

Fujitsu conducts a unique range of social contribution activities as a good corporate citizen representing the IT industry.

Promoting Coexistence with Global and Local Communities

Guided by a commitment to "protect the environment and contribute to society," which is enshrined in the Fujitsu Way, the Fujitsu Group strives to help realize a prosperous society through its business activities as a good corporate citizen. Specifically, through activities encompassing culture and the arts, corporate sponsorship of sports, programs to nurture young people, support of international exchange, and local events, the Group strives to coexist in harmony with society by developing deep roots in the communities in which it operates.

Approach to Social Contribution Activities

Coexistence with local communities and society as a good corporate citizen is an important policy guiding the Fujitsu Group's actions. Our goal is to fulfill our responsibility to the sustainable development of society, generating benefits for all our stakeholders, including customers, shareholders, employees, business partners, global and local communities, public institutions, and governments, while at the same time realizing the growth of the Fujitsu Group.

Topics in Social Contribution Activities

Japan

Support for "Information Ethics" Education for Children

NIFTY Corporation, a Fujitsu Group company providing Internet connectivity and other services, offers support for "information ethics" education in Japan. In fiscal 2008, the company held special classes on using the Internet safely at 23 public elementary schools in Tokyo's Shinagawa Ward for more than 1,300 children, and held similar lectures for parents, guardians, and teachers. As well, NIFTY updated its homepage, for public use either at school or at home, with learning materials to build knowledge and skills concerning Internet security, and on making good decisions in an information society.

Information ethics class at an elementary school in Shinagawa-Ward, Tokyo

Education support activities—NIFTY Corporation
http://www.nifty.co.jp/csr/edu/

EMEA

Publication of "Corporate Responsibility Report" by Fujitsu Services

UK-based subsidiary Fujitsu Services, in conjunction with its group companies, conducts autonomous social contribution activities through regionally organized "Impact on Society" groups. Over the last several years, Fujitsu Services has expanded human, financial, and materials support for schools in South Africa. From 2009, the company will support the "One Water" project, which sets up water pumps powered naturally by children spinning a merry-go-round.
In January 2009, Fujitsu Services published its first "Corporate Responsibility (CR) Report" detailing its social contribution activities, as well as its environmental preservation activities, efforts to enhance customer satisfaction, and initiatives to enhance the working environment.

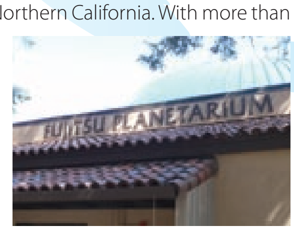
Zambian school supported by Fujitsu

"Corporate Responsibility Report 2008"
http://www.fujitsu.com/uk/about/corporate-responsibility/

United States

Helping to Foster the Next Generation through Planetarium Operations

Fujitsu America (previously called Fujitsu Computer Systems Corporation) provided funding to help establish a classroom IT environment and assist in planetarium operations at De Anza College in Cupertino, California. The "Fujitsu Planetarium" is the largest college planetarium west of the Rocky Mountains, and the second largest planetarium in Northern California. With more than 25,000 visiting students each year, the planetarium is contributing to cutting-edge space science education and fostering the next generation of students in Silicon Valley.



Fujitsu Planetarium

APAC & China

Fujitsu Philippines Scholarship Fund and Support of Local Human Resources via IT Education

In 1990, Fujitsu Philippines, Inc. established the "FPI College Scholarship Grant System" to support local students from economically impoverished areas in obtaining IT- and computer-related academic qualifications. The company had given such scholarships to 75 students as of April 2009. At the University of the Philippines, the company teaches basic IT skills for use at small- and medium-sized enterprises through an APEC-IT seminar, with 257 people participating in 2008.

Fujitsu Philippines also sponsors a one-year Japanese language course at a university in Makati City.

APEC-IT seminar

Management

Board of Directors

Representative Directors

Michiyoshi Mazuka
Chairman

Kuniaki Nozoe
President

Koichi Hironishi
Corporate Senior Executive Vice President

Tatsuo Tomita
Corporate Senior Executive Vice President

Statutory Auditors

Standing Auditors

Masamichi Ogura
Makoto Umemura

Auditors

Tamiki Ishihara
Corporate Adviser, Seiwa Sogo Tatemono Co., Ltd.

Megumi Yamamuro
Professor, University of Tokyo Graduate Schools for Law and Politics

Hiroshi Mitani
Special Counsel, TMI Associates

Corporate Executive Officers

Corporate Senior Executive Vice President

Richard Christou

Corporate First Senior Vice Presidents

Kazuhiko Kato
Junichi Murashima
Kazuo Ishida
Makoto Matsubara

Directors

Chiaki Ito
Vice Chairman

Hiroshi Oura
Senior Executive Advisor
Advantest Corporation

Ikujiro Nonaka
Professor Emeritus
Hitotsubashi University

Haruo Ito
President and Representative Director
Fuji Electric Holdings Co., Ltd.

Masayasu Kitagawa
Professor, The Okuma School of
Public Management, Waseda University

Naoyuki Akikusa
Senior Executive Advisor

Corporate Senior Vice Presidents

Jirou Sugawara
Masami Yamamoto
Kiyonobu Ishida
Hirokazu Uejima
Tsuneo Kawatsuma
Masaaki Hamaba
Kazuo Kobayashi
Hiroshi Nagatomi
Akira Yamanaka
Akira Furukawa
Masami Fujita
Hideyuki Saso
Bunmei Shimojima
Keiko Nakayama

Corporate Vice Presidents

Kazuo Miyata
Takashi Moriya
Kenji Ikegai
Makoto Murakami
Haruyuki Iida
Susumu Ishikawa
Hironobu Nishikori
Takashi Mori
Koichi Ueda
Yoshiyuki Suzuki
Kazuhiro Igarashi
Norihiko Taniguchi
Chikafumi Urakawa
Takashi Yagi
Takanori Katayama
Noriyuki Toyoki

Corporate Governance

The following Fujitsu-prepared translation of the revised Fujitsu Limited Corporate Governance Report is provided for reference only. The original Japanese-language report was filed with the Tokyo Stock Exchange on June 30, 2009 under TSE securities code 6702. The following is a summary of the original report.

I. Basic Stance on Corporate Governance and Other Basic Information

1. Basic Stance

The Fujitsu Group has articulated the "Fujitsu Way" in the form of our Corporate Vision, Corporate Values, Principles, and Code of Conduct. By sharing and practicing the Fujitsu Way, we aim to continuously enhance the value of the enterprise through the continuous growth and development of the Fujitsu Group.

In order to continuously raise the Fujitsu Group's corporate value, along with pursuing management efficiency it is also necessary to control the risks that arise from business activities. Recognizing that strengthening corporate governance is essential to achieving this, the Board of Directors has articulated the Basic Stance on Internal Control Framework, and these measures are continuously implemented.

Furthermore, by separating management oversight and operational execution functions, we aim to accelerate the decision-making process and clarify management responsibilities. Along with creating constructive tension between oversight and execution functions, we are further enhancing the transparency and effectiveness of management by proactively appointing outside directors.

With respect to group companies, we are pursuing total optimization for the Fujitsu Group by clarifying each group company's role and position in the process of generating value for the group as a whole and managing the group to continuously enhance its corporate value.

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

Among our consolidated subsidiaries and equity method affiliates, the following companies are publicly listed on Japanese stock exhanges as of June 30, 2009:

<Consolidated Subsidiaries>

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

Fujitsu Business Systems Ltd. is scheduled to delist from the Tokyo Stock Exchange effective from July 28, 2009 and become a wholly owned subsidiary of Fujitsu on August 1, 2009.

<Equity Method Affiliates>

Fujitsu General Limited

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

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

1. Matters Regarding Institutional Structure and Organizational Operation

Type of Organization:	Corporation with Auditors

[Board of Directors]

Board Chair:	Chairman (except when serving concurrently as President)
Number of Board Members:	10
Appointment of Outside Board Members:	Yes
Number of Outside Board Members:	3

Relationship with Company (1)

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

*1 Categories Describing Relationship with Company
a : From parent company
b: From other affiliated company
c : Major shareholder of subject company
d: Concurrently serves as outside board member or outside auditor of other company
e : Director or executive officer of other company
f : Close relative by blood or marriage to director or executive officer of the subject company or other designated interested party
g: Receives compensation or other material benefit as senior executive of parent company or subsidiary of the subject company
h: Has limited liability contract with subject company
i : Other

Relationship with Company (2)

Name	Supplemental Explanation of Relationship	Reason Appointed as Outside Board Member
Ikujiro Nonaka	Professor Emeritus, Hitotsubashi University	Because he has a high level of expertise in business administration.
Haruo Ito	Haruo Ito is President and Representative Director of Fuji Electric Holdings Co., Ltd., the holding company of the Fuji Electric Group, which holds 5.47% of Fujitsu's shares as well as an additional 5.94% of Fujitsu's shares as trust account assets for employee retirement benefits. In addition, Fujitsu holds 9.96% of the shares of Fuji Electric, and a senior executive advisor to Fujitsu serves as a Director of Fuji Electric Holdings. Fujitsu has business dealings with the Fuji Electric Group.	Because he has extensive knowledge of Fujitsu's business.
Masayasu Kitagawa	Professor, Okuma School of Public Management, Waseda University	Because he has broad insight and experience as someone responsible for running an organization due to his service as a governor and as a member of the House of Representatives.

Other Issues Relating to Major Activities of Outside Board Members

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

In fiscal 2008, there were sixteen regularly scheduled or special meetings of the Board of Directors, and the three outside board members (Hiroshi Oura, Ikujiro Nonaka, and Haruo Ito), including Hiroshi Oura, had an attendance rate of approximately 92%.

[Board of Auditors]

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

Coordination between Auditors and Accounting Auditors

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

Coordination between Auditors and Internal Auditing Division

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

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

Relationship with Company (1)

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

*[1] Categories Describing Relationship with Company
a : From parent company
b: From other affiliated company
c : Major shareholder of subject company
d: Concurrently serves as outside board member or outside auditor of other company
e: Director or executive officer of other company
f : Close relative by blood or marriage to director or executive officer of the subject company or other designated interested party
g: Receives compensation or other material benefit as senior executive of parent company or subsidiary of the subject company
h: Has limited liability contract with subject company
i : Other

Relationship with Company (2)

Name	Supplemental Explanation of Relationship	Reason Appointed as Outside Auditor
Tamiki Ishihara	Fujitsu has a business relationship with Seiwa Sogo Tatemono Co., Ltd., where Tamiki Ishihara serves as Corporate Advisor.	Because, with long experience in the finance industry, he has extensive knowledge of finance and accounting issues.
Megumi Yamamuro	Attorney and Professor of the University of Tokyo Graduate School for Law and Politics	Because he has extensive experience in the legal field and has extensive knowledge of legal matters, including the Company Law.
Hiroshi Mitani	Attorney and Special Counsel, TMI Associates	Because he has a deep understanding of not only legal affairs, but also of economic, social and other factors that affect the management of a company due to his service as a public prosecutor and as a member of the Fair Trade Commission.

Other Issues Relating to Major Activities of Outside Auditors

In fiscal 2008, there were sixteen regularly scheduled or special meetings of the Board of Directors, for which the three outside auditors (Yoshiharu Inaba, Tamiki Ishihara, and Megumi Yamamuro) had an attendance rate of about 86%, and eight meetings of the Board of Auditors, for which the three outside auditors had an attendance rate of about 96%.

[Incentives]

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

Supplemental Explanation

To achieve clear management accountability, with respect to compensation paid to members of the board, we utilize both fixed compensation and compensation tied to business performance (bonuses). At the 107th Annual Shareholders' Meeting held on June 22, 2007, a resolution terminating the retirement allowance system for members of the board was passed.

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

Supplemental Explanation

Stock options were granted in 2001 and 2002.

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

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

[Compensation of Board Members]

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

Supplemental Explanation

For fiscal 2008, total compensation to members of the board and auditors was as follows:

• Members of the Board	13 people, 414 million yen
Of which, compensation paid to outside board members	2 people, 19 million yen
• Auditors	6 people, 92 million yen
Of which, compensation paid to outside auditors	3 people, 28 million yen

* The above includes directors and auditors who resigned or retired in fiscal 2008.

* Because Masamichi Ogura assumed the position of auditor after retiring from the position of director, effective as of the 108th Annual Shareholders' Meeting held on June 23, 2008, the figures for the number of persons and the amount of compensation paid reflect his inclusion as a director for his tenure as a director and his inclusion as an auditor for his tenure as an auditor.

* At the 106th Annual Shareholders' Meeting held on June 23, 2006, a resolution limiting annual compensation to members of the board to no more than 600 million yen was passed.

* At the 106th Annual Shareholders' Meeting held on June 23, 2006, a resolution limiting annual compensation to auditors to no more than 100 million yen was passed.

* No director bonuses were paid for fiscal 2008.

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

• Sections Responsible for Providing Support: Secretary Office, Auditors' Office, Corporate Affairs Legal Division (Secretariat of Board meetings)

• Within the Secretary Office, there are persons responsible for providing support to outside board members and outside auditors.

[Nature of Support Provided]

In response to the requests from outside board members, necessary information about the Company (or Group information) is provided and explained. Depending on content, particular unit managers are made available to provide explanations. Other routine support is provided as follows:

• Communication of Board meeting schedules, distribution of meeting notices and other information.

• Other secretarial assistance when visiting the Company (usually once a month for Board meetings).

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

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

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

In addition, the Corporate Internal Audit Division (with 48 members as of March 31, 2009) has been established to serve as an internal audit group. This division audits the internal affairs of the company and its affiliates, proposes improvements in their business practices, and regularly reports its audit findings to the Management Council.

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

There is no nominating committee or compensation committee.

III. Implementation of Policies Regarding Shareholders and Other Stakeholders

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

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

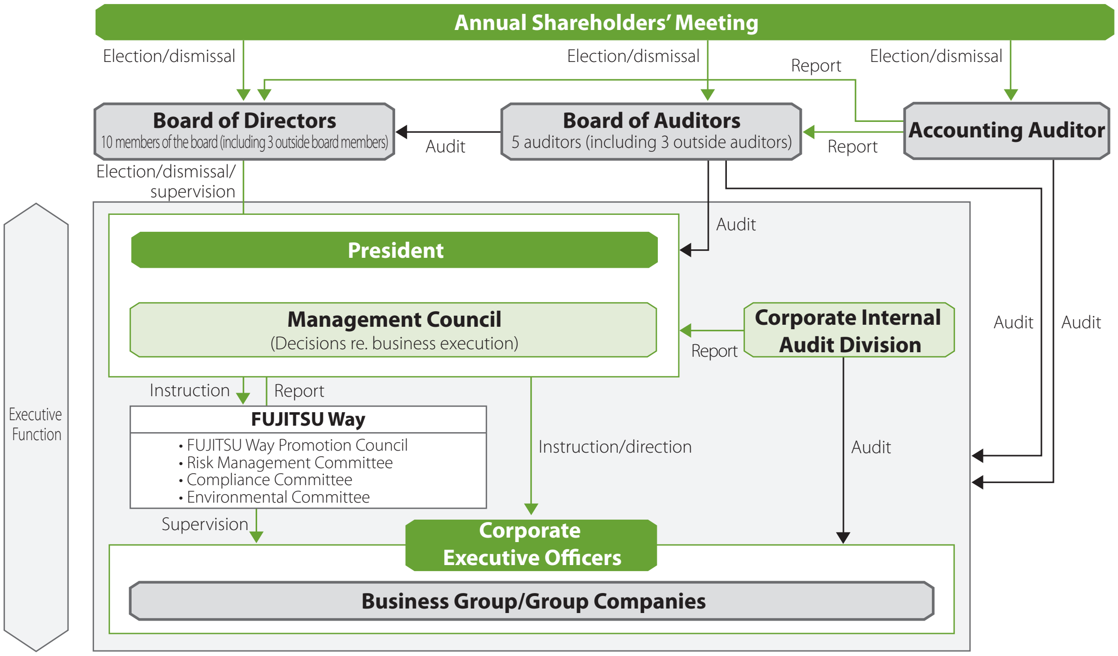
2. Investor Relations Activities

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

3. Initiatives in Consideration of the Position of Stakeholders

	Supplemental Explanation
Internal Company Rules Reflecting Consideration for the Position of Stakeholders	The philosophy and principle of the Fujitsu Way, the guide for the actions of the Group and its employees, is to bring about a prosperous future that fulfills the dreams of people throughout the world. As part of our Values, we strive to meet the expectations of all stakeholders, including customers, shareholders, investors, business partners, and employees.
Activities Promoting Environmental Protection and Corporate Social Responsibility	With respect to environmental activities, in the Values section of the Fujitsu Way, we clearly state that "in all our actions, we protect the environment and contribute to society," and we are continuing to actively pursue activities in this area. We are currently implementing programs based on Stage V of the Fujitsu Group Environmental Protection Program (fiscal 2007—2009). In March 2006, we extended our environmental management system to our overseas consolidated subsidiaries, receiving integrated global ISO14001 certification. With respect to CSR activities, based on the Fujitsu Way, each business unit is promoting thorough adherence to our Code of Conduct and our customer-centric management perspective in order to earn the trust and meet the expectations of our stakeholders. Further details are listed in the Fujitsu Group Sustainability Report that we publish every year.
Policies to Promote the Provision of Information to Stakeholders	With respect to our disclosure policies, we recognize that prompt and appropriate disclosure of company information to shareholders and investors as well as securities analysts is essential to the proper functioning of the securities markets, and we disclose information in compliance with the Securities and Exchange Law and regulations of the stock exchanges on which we are listed. Even if we are not legally required to do so under the regulations, and even if the content of the information is unfavorable to Fujitsu, if we deem the information to be material to investment decisions, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair. Moreover, in consideration of the position of customers, communities, and other stakeholders, for information we deem necessary to disclose, including information that may be unfavorable to Fujitsu, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair.
Other	We are promoting a customer-centric management perspective in order to be a trusted and valued partner to our customers. In order that all employees adopt a customer-centric mindset and apply it to their daily work, we are deepening our commitment in each business unit to previously initiated management quality improvement activities and we are attempting to create an organizational framework to facilitate continuous improvement from a customer-centric perspective. As one specific initiative, among those ideas and suggestions received by customer care centers and contact lines, those concerning real issues about systems and organizations, not individual matters, are viewed as something that should be shared throughout the Fujitsu Group. Therefore, the specific details of these problems and examples of how they have been resolved are shared at regular meetings where Fujitsu Group executives are assembled. As a result, we have a heightened awareness of what our customers are saying and we can take positive action to make improvements.

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



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

1. Objective
The Fujitsu Way, which embodies the philosophy, values, principles and code of conduct for the Fujitsu Group, describes the vision of the Fujitsu Group as follows: "Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world."

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

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

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

(1) System to ensure efficient business execution by directors
- a. At Fujitsu, there is a separation of the oversight and operational execution functions of management. The Board of Directors oversees the execution functions of the Management Council and other management bodies, and makes decisions on important matters. Among executive organs, the Management Council discusses and decides upon basic management policies and strategies and also decides upon important matters regarding management execution. Matters taken up by the Management Council, including discussion items, are reported to the Board of Directors, and any important issues are decided upon by the Board of Directors.
- b. To strengthen the management oversight function, we proactively employ outside directors and auditors.
- c. The Board of Directors clarifies the scope of authority for board directors, corporate vice presidents and managing directors (hereafter collectively referred to as "senior management") as well as other business execution organs, and ensures that business is conducted in accordance with the division of business duties.
- d. In performing their duties, senior management follows appropriate decision-making procedures, such as the Board of Directors Rules, Management Council Regulations, and Regulations on Corporate Decision-Making.
- e. In addition to making employees thoroughly aware of management policies, senior management sets and achieves concrete goals in order to accomplish overall management goals.
- f. To pursue operational efficiency, senior management promotes continuous improvement of internal control systems and reform of business processes.
- g. By having senior management and other business execution organs provide monthly financial reports and business operation reports, the Board of Directors observes and oversees the status of achievement of management goals.

(2) System to ensure that business execution of directors and employees complies with laws and articles of incorporation
- a. Senior management adheres to the Fujitsu Way as a basic vision for compliance issues, including compliance to laws and the articles of incorporation, and proactively promotes the Group's overall compliance on an ethical basis.
- b. By continuously administering training, senior management instills adherence to the Fujitsu Way in employees and promotes the overall Group's compliance.
- c. Senior management clarifies the legal and other regulations that relate to the Fujitsu Group's business activities and implements internal rules, training and oversight systems necessary to adhere to them, thereby promoting the compliance of the Group as a whole.
- d. If senior management or employees become aware of the possibility of a major compliance violation in connection with the execution of business activities, they immediately inform the Board of Directors and the Board of Auditors via normal reporting channels.
- e. In order to use independent information sources outside of normal reporting channels to discover and deal appropriately with compliance problems on a prompt basis, senior management establishes and operates an internal reporting system that protects whistle-blowers.
- f. The Board of Directors receives periodic reports on the status of business execution from executive officers and verifies that there are no compliance violations in relation to the execution of work.

(3) Regulations and other systems relating to loss mitigation
- a. Senior management strives to maintain the Fujitsu Group's business continuity, increase its corporate value and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, they assign certain departments to be responsible for each type of risk and put in place appropriate risk management systems.
- b. Senior management is constantly assessing and verifying risks that might cause losses to the Fujitsu Group, and they report significant cases to the Board of Directors.
- c. In regard to risks discovered through assessment described in b., as well as potential risks arising from the execution of business, senior management carries out risk mitigation initiatives and strives to minimize losses from risks. In order to minimize losses from risks that arise, senior management creates a risk management committee and carries out necessary countermeasures. In addition, it periodically analyzes risks that arise and reports them to the Board of Directors. In these ways, the committee engages in activities intended to prevent the recurrence of risks.
- d. In order to collect risk information that cannot be gathered by the methods mentioned above, an internal reporting system has been set up and is operated to ensure the protection of whistle-blowers.

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

a. In accordance with company rules, senior management shall establish an appropriate system, including appointing documentation managers, to store and manage documents relating to the execution of their business duties (including electronic documents, as with the items listed below) and other important information.
  - Minutes of shareholders' meetings and related documents
  - Minutes of Board of Directors meetings and related documents
  - Minutes and related documents for other important decision-making meetings
  - Approval documents from senior management
  - Other important documents relating to the execution of business duties by senior management

b. In order for directors and auditors to verify the status of execution of business duties, there is a system enabling them to view the documents described in the above item at any time. The system also provides that, in response to requests they make to those in charge of managing documents, board members and statutory auditors can see the documents whenever they wish.

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

a. Using the Fujitsu Way as a foundation, in order to continuously increase the value of the Fujitsu Group, Fujitsu will provide direction and support to senior management of each Group company for setting up efficient, law-abiding and appropriate business execution systems as detailed in sections (1) through (4) above.

b. In order to implement the above item a, the company has established common rules for the management of the group, such as the "Fujitsu Group Management Policy" that set out the roles, responsibilities, authority, and decision-making processes for each of the companies in the group.

c. Senior management of Fujitsu and all Group companies periodically confirms issues related to Group management strategies and achievement of management goals through management update conferences and other means. In addition, Fujitsu Group statutory auditors deal with Fujitsu Group issues from the auditing viewpoint through Group auditor update conferences.

d. In regard to measures needed to resolve challenges related to achieving management goals that are identified as a result of the activities described in item c), senior management of Fujitsu and Group companies implements such measures following full discussion and, when necessary, completion of reporting to Fujitsu and approval processes specified separately.

e. Fujitsu's internal audit organization is linked to the internal audit organization of each Group company. It carries out audits of the entire Fujitsu Group and reports periodically to the Board of Directors and Board of Auditors of Fujitsu.

   Important matters regarding the audits of Group companies are reported to the Board of Directors and Board of Auditors of Fujitsu.

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

<Ensuring independence of auditors>

a. Fujitsu has set up a Statutory Auditors' Office with employees assigned to assist the statutory auditors in carrying out their duties. Appropriate employees with the ability and expertise required by the statutory auditors are assigned to the office.

b. In order to ensure the independence of the staff in the Statutory Auditors' Office, matters relating to their appointment, transfer and compensation are decided on the basis of prior consultation with the auditors.

c. In principle, senior management does not assign office staff to other divisions or duties. In instances, however, where a need arises to give dual assignments to staff with specialized knowledge in response to requests from statutory auditors, care is given to ensuring their independence in accordance with item b.

<Reporting system>

a. Senior management of Fujitsu and Group companies provides the statutory auditors with the opportunity to attend important meetings.

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

c. Senior management as well as employees of Fujitsu and Group companies periodically report to the statutory auditors on the status of business execution.

<Ensuring effectiveness of statutory auditors>

a. Senior management of Fujitsu and Group companies periodically exchange information with the statutory auditors.

b. The internal audit organization periodically reports to the statutory auditors on audit results.

c. The auditors have the independent accounting auditor explain and report on accounting audits as required and periodically exchange information with the independent accounting auditors.

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

[Status of Internal Control System]

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

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

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

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

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

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

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

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

As a result of our Project EAGLE initiative to build an internal control system for effective and reliable financial reporting, in fiscal 2008 the accounting auditors issued their opinion that the Fujitsu Group has effective internal controls for its financial reporting.

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

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

V. Other

1. Provisions Relating to Takeover Defenses

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

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

2. Other Provisions Relating to Corporate Governance

—

Business and Other Risks

Listed below are the principal business and other risks affecting the Fujitsu Group (Fujitsu Limited and its consolidated subsidiaries) that we believe may influence investors' decisions. With a view to proactively disclosing information to investors, we have also included items that may not necessarily have significant bearing on such decisions. We are aware of these risks and are making efforts to prevent them from arising, avoid potential risks altogether and immediately confront risks should they occur. Among the risks listed below are some items related to future developments, but the list only includes items that the Group deems necessary to publicly disclose as of the date of submission of these materials (June 22, 2009).

1. Economic and Financial Market Trends

Economic and financial market trends have an impact on the Group's business results, financial base and other aspects of its operations. Examples of such risks are listed below.

1) Economic Trends in Key Markets

The Fujitsu Group provides IT products and services, telecommunications infrastructure equipment, as well as semiconductors and other components, to corporate and institutional clients and consumers in every region of the globe. Hence, sales and income generated from these operations are greatly affected by economic conditions in each respective market. Due to instability in financial markets that originated in the US, there is greater uncertainty over the outlook for the global economy. The economic trends in our key markets, namely Japan, North America, Europe, and Asia (including China), can significantly impact Fujitsu Group operations.

2) High-tech Market Volatility

The IT sector is periodically subject to dramatic changes in the balance of supply and demand that exceed the scope of normal cyclical market variations. This tendency is particularly evident with regard to semiconductors, PCs, and other general-purpose products. The Fujitsu Group gives ample consideration to market cycles and volatility when deciding to develop new global technology solutions and other businesses, launch new products, initiate volume production, or scale back production, among other actions. Nonetheless, we may fail to accurately forecast market changes, or changes in market conditions could exceed our forecasts. Accordingly, there is a risk that we may be unable to recoup investment costs, as well as the risk of opportunity losses. Further, the Group continuously implements structural reforms in a bid to respond to market changes. However, drastic market changes could force us to enact structural reforms on a far greater scale than initially expected, resulting in a temporary increase in related expenses.

3) Exchange Rates

The Fujitsu Group imports a substantial amount of components and materials and exports various products. Therefore, sudden fluctuations in exchange rates and other factors could force the Group to incur losses on foreign currency translation. In addition, with respect to assets held by the Group outside Japan, as well as liabilities, there is the possibility that exchange rate fluctuations could lead to depreciation of assets and/or appreciation of liabilities.

4) Interest Rates

The Fujitsu Group has interest-bearing loans which include debt directly impacted by interest rate fluctuations. Consequently, rising interest rates could increase borrowing costs.

5) Capital Markets

Stock market trends in Japan and overseas have a substantial effect on the value of Group stockholdings in other companies and the management of pension assets. Weak stock market performance could thus force us to incur losses on the devaluation of marketable securities held or a reduction in pension assets, exposing the Group to the risk of higher losses.

2. Customers

Fujitsu Group operations are highly influenced by the business trends of strategic key customers. Examples of potential risks are described below.

1) Changes in Customers' IT Investment Trends

A large proportion of our IT systems and services, as well as communications infrastructure and other business, is with telecommunications carriers, financial institutions, and large manufacturers. The business environment within these industries, including shifting market trends and structural reforms, could lead to changes in customers' IT investment trends, having a significant impact on Group sales and profitability. In semiconductors and other operations where the Group provides components and other products, both demand and prices are impacted to a large extent by customers' sales and inventory adjustments of PCs, digital home electronics, mobile phones, automobiles and other products in which these parts are used. Accordingly, soft demand and falling prices for customers' products, or a decline in customers' market share, could negatively impact Group sales and earnings.

Alongside corporate clients, national and local governments represent another important customer base for the Fujitsu Group. In the UK, for example, government-related projects are an especially important part of our business. Accordingly, changes in the approach to e-Government and other national-level IT utilization policies being promoted in Japan and elsewhere could impact sales and profitability.

2) Ability to Maintain Lasting Ties with Customers

The Fujitsu Group is committed to bolstering ties with customers, striving to serve as a business partner and provide solutions across the full IT system lifecycle. For semiconductors and other operations where the Group provides components and other products, business stability hinges on maintaining lasting ties with customers that represent key sources of demand for our products. An inability to secure repeat business and retain contract relationships with such customers could therefore affect sales and profitability.

3. Competitors/Industry

The IT sector is characterized by intense competition and fast-paced technological innovation. Events within the industry or actions by competitors could therefore have a substantial impact on our business results. Examples of such potential risks are listed below.

1) Price Competition

Intensifying competition is directly linked to declining prices for products and services. Anticipating such technology- and competition-driven price erosion, we are pursuing a variety of measures to reduce costs, including the introduction of Toyota Production System reforms, standardization of system development methodologies, and software modularization, as well as efforts to expand sales of new products and services. Despite these steps, the Group still faces the risk of larger-than-expected declines in prices, as well as the risk of being unable to achieve sufficient cost reductions and sales growth due to fluctuations in the price of semiconductors and other components, either of which could negatively impact Group sales and profitability.

2) Competition from New Market Entrants and Others

In addition to challenges posed by existing industry peers, competition from new market entrants continues to intensify in the IT sector. Today, new entrants continue to emerge in market areas where the Fujitsu Group wields a competitive advantage, thus entailing the risk that we may lose our competitive edge, or fail to secure a clear competitive advantage in future business operations.

3) Competition in Technology Development

Technological advancement in the IT sector occurs at an extremely fast pace, leading to rapid turnover in new products and technologies. In this context, remaining competitive requires the continuous development of state-of-the-art technology. While the Fujitsu Group does its utmost to maintain highly competitive technologies, a loss in competitiveness versus other companies in the race to develop innovative technologies could lead to a decline in the Group's market share and profitability, which would negatively impact sales and earnings. Further, sales and profitability could be affected by the development of groundbreaking technologies and other actions by competitors that would severely compromise the value of the Group's products and services. Additionally, there is also the risk of an adverse effect on sales and profitability as a result of the time it takes to implement mass-production chip technologies for semiconductors, such as in solving technological issues concerning cutting-edge process development technology.

4. Suppliers, Alliances, etc.

In the course of its operations, the Fujitsu Group conducts business with a range of different companies, including suppliers and alliance partners. Accordingly, any significant changes in relationships with these and other business partners could affect the Group's business.

1) Procurement

The Fujitsu Group utilizes sophisticated technologies to provide a range of products and services. There is therefore a risk that we may encounter difficulties in procuring a stable supply of certain key components or raw materials, or in cases where regular supply channels are unavailable, that we may be unable to secure alternative procurement sources. There is also the risk that the Group may be unable to sufficiently procure certain parts or raw materials in the large volumes required. Moreover, natural disasters, accidents and other events, as well as any deterioration in business conditions at suppliers, could hinder the ability of business partners to provide the Group with a stable supply of required components or raw materials. These and other events could cause delays in the provision of products and services, resulting in postponement of deliveries to customers and opportunity losses, among other problems. In respect to component procurement, foreign exchange rate fluctuations, tight supply and demand conditions, and other pressures could drive procurement costs higher than initial estimates, leading to diminished returns on products and services, as well as lower sales due to the need to raise prices. Additionally, while we make every effort to ensure the quality of procured components, we cannot guarantee that all components purchased will be free of defects. The discovery of such issues could result in processing delays, as well as defective products, opportunity losses, repair costs, and disposal costs for defective goods, plus the potential obligation to pay damages to customers.

2) Collaborations, Alliances and Technology Licensing

To enhance competitiveness, the Fujitsu Group works with a large number of companies through technology collaborations, joint ventures and other means, a practice that we intend to continue for the foreseeable future. If, however, as a result of managerial, financial, or other causes, it becomes difficult to establish or maintain such collaborative ties or to gain sufficient results from them, the Group's business could be adversely affected. Moreover, many of our products and services employ other companies' patents, technologies, software, and trademarks with the consent of their owners. However, there is no guarantee that other companies will continue to grant or license the right to use their property under terms acceptable to the Fujitsu Group.

5. Public Regulations, Public Policy, and Tax Matters

The business operations of the Fujitsu Group are impacted by a variety of public regulations and trends in public policy, as well as laws pertaining to taxation. Specifically, wherever it operates, the Group must comply with a variety of regulations, such as authorizations for business or investment, import/export regulations and restrictions, as well as laws pertaining to antimonopoly policies, intellectual property rights, consumers, the environment and recycling, labor conditions, and taxation. Earnings might be affected by increased compliance costs associated with measures to make stricter or otherwise revise such laws and regulations. We also provide solutions in certain fields and business domains such as healthcare and communications that are subject to other public regulations, meaning that regulatory trends in these sectors may potentially impact the Group's business.

6. Other Operational Risks

The Fujitsu Group makes every effort to eliminate known risks but can offer no guarantee of its ability to always achieve every desired outcome in the course of executing business operations. Some of the specific risks faced in this respect are detailed below.

1) Deficiencies or Flaws in Products and Services

Quality is a core value of the Fujitsu Group. We are committed to improving quality at the design and development stages as well as in manufacturing. We are also promoting stricter quality control when purchasing components from external suppliers. These efforts notwithstanding, it is impossible to totally eliminate the possibility of deficiencies or flaws occurring in products, including software. While the Group is also promoting software modularization, standardization of development work, and enhanced security measures in order to improve the quality of system development and other services, the possibility of defects arising cannot be excluded. With respect to systems that play a critical role in supporting social infrastructure, following the incidents involving system problems at the Tokyo Stock Exchange in November 2005, we have been checking for any potential problems in these systems, including the operating environment, software and hardware, in cooperation with our customers. We cannot, however, entirely eliminate the possibility of deficiencies or flaws. In the event that such deficiencies or flaws occur, the Group may have to initiate product recalls or repairs, engage in system recovery work, pay damages to customers or suffer opportunity losses, all of which would negatively impact Group sales and profitability.

2) Project Management

Due to such factors as the increasing scale of systems and more rigorous demands from customers, as well as the advance of open system environments, system development work is becoming increasingly complex. At the same time, greater competition is leading to increasingly intense pricing pressures. To deal with this situation and prevent incidences of loss-generating projects, we have been revising our approach to making contracts with customers, advancing the standardization of sales and system engineering business processes, and working to manage risk from the business negotiation stage through actual project implementation. The Group continues to maintain reserves for losses as necessary. In addition, we are striving to industrialize the system development process in order to strengthen our cost competitiveness. Nevertheless, in spite of these measures, there is a possibility that we may be unable to completely prevent the occurrence of loss-generating projects.

3) Investment Decisions

In the IT industry, large investments in R&D, capital expenditure, and business acquisitions are necessary to maintain competitiveness. Accordingly, the success or failure of investment choices has a profound effect on the business results of the Fujitsu Group. When making such investment decisions, we give ample consideration to a range of factors such as market trends, customer needs, the superiority of Group technologies, the financial performance of acquisition candidates and our business portfolio. There is, however, the risk that markets and technologies, as well as acquisition candidates deemed attractive by the Group may fail to grow as anticipated, or that supply and demand imbalances or price erosion may be more severe than expected. Investment in semiconductor facilities and equipment represents one such area with a high degree of risk. In addition to substantial funding requirements, this field is characterized in particular by short product cycles, major changes in the market landscape and stiff competition from other companies. The Group takes a number of steps to mitigate this risk, including responding to these inherent fluctuations by dividing investment into multiple phases and forging agreements with customers prior to investment. Nonetheless, there is no guarantee that the Group can generate sufficient returns on such investments.

4) Intellectual Property Rights

The Fujitsu Group has accumulated technologies and expertise that help distinguish its products from those of other companies. Legal restrictions in certain regions, however, may impair our ability to fully protect some of the Group's proprietary technologies, with the result that we could be unable to effectively prevent the manufacture and sale of similar products developed by third parties using the Group's own intellectual property. Moreover, the creation of comparable or superior technologies by other companies could erode the value of the Group's intellectual property. The Group has instituted internal policies, including stringent clearance procedures prior to launching new products and services, to ensure that no infringement of other companies' intellectual property occurs. However, there is the possibility that the Group's products or technologies may be found to infringe on other companies' intellectual property, and that earnings may be impacted by such consequences as the need to pay for usage rights or cover costs associated with having to modify designs. In addition, the Group has previously instituted a program to compensate employees for innovations that they make in the course of their work, and will continue to implement this program in the future in accordance with the revision of Japan's patent laws. Nevertheless, the Group faces potential risk from lawsuits initiated by employees in regard to compensation for innovation created in the workplace.

5) Human Resources

The growth and profitability of the Fujitsu Group depends heavily on human resources. As such, a major issue for the Group is the ability to recruit and foster talented technical experts, system engineers, managers and other key personnel; the inability to do so could negatively impact the Group's growth and profitability.

6) Environmental Pollution

While committed to minimizing environmental burden in accordance with the FUJITSU Way and the Fujitsu Group Environmental Policy, the Group cannot guarantee that environmental pollution will not occur as a result of its operations. Moreover, although we monitor soil and wastewater as well as engage in clean-up activities at former factory sites, this does not mean that pollution will not be found at such sites in the future. In the event that environmental pollution were to occur or be identified, clean up and other costs could be incurred, which would adversely affect the Group's earnings.

7) Information Management

In order to safeguard the personal and confidential information of customers and business partners, the Group has taken such measures as establishing strict regulations, instituting training programs for employees, and providing consultation to business subcontractors. Nevertheless, the Group cannot absolutely guarantee that information will not be leaked. In the unlikely event that this should occur, trust in the Fujitsu Group could decline and the Group may be obligated to pay damages to customers.

8) Credit Ratings and Other Factors that Affect the Group's Credit

In addition to having a major influence on financing, credit ratings by outside institutions serve as reliable sources of information when conducting transactions with business partners. Lower credit ratings caused by failure to meet earnings targets, deteriorating financial conditions and other reasons could influence our ability to procure needed funds and place the Group at a disadvantage in bidding for projects and in other business dealings.

7. Natural Disasters and Unforeseen Incidents

Natural disasters and other unforeseen situations could have a major impact on the business results and financial standing of the Fujitsu Group. Examples of the potential risks posed are found below.

1) Damage from Earthquakes, Other Natural Disasters and Accidents

The Group has taken measures to make its business sites more resistant to earthquakes and conducts regular inspections and disaster readiness drills. Nevertheless, there is a possibility that the Group may be prevented from continuing operations due to damage to facilities and equipment or interruptions in the supply of electricity or water as a result of earthquakes or other natural disasters and accidents. Such occurrences could interrupt shipments to customers or disrupt shipments of parts for the Group's internal use, thereby affecting factory production at other Group business sites. Semiconductor fabs and other plants where high-precision processing is carried out are particularly susceptible to the effects of earthquakes and other events. In the wake of such incidents, some time may be required to resume normal operations due to the array of highly specialized equipment and devices used at these sites. Damage caused by natural disasters may also hinder our ability to provide information system support for Group customers, which could interrupt their business activities.

We have a well-developed system in place to ensure the integrity and stable operation of critical in-house networks, which are a key element of our business infrastructure. However, the Group cannot guarantee its ability to prevent invasive computer viruses and other disruptions from impeding network operations.

2) Geopolitical Risk

Conflicts, political instability, currency crises, natural disasters, infectious diseases such as new strains of influenza or other events in nations or regions where the Fujitsu Group operates could have a significant impact on its businesses.

8. Risks Associated With Financial Statements

For details, please refer to "Critical Accounting Policies and Estimates" on p. 84.

Financial Section

CONTENTS

Five-Year Summary

Fujitsu Limited and Consolidated Subsidiaries

	Yen (millions)					U.S. Dollars (thousands)
	(excluding per share data, D/E ratio, net D/E ratio, average exchange rate and number of employees)					
Years ended March 31	2005	2006	2007	2008	**2009**	**2009**
Net sales	¥4,762,759	¥4,791,416	¥5,100,163	¥5,330,865	**¥4,692,991**	**$47,887,663**
Operating income	160,191	181,488	182,088	204,989	**68,772**	**701,755**
Income (loss) before income taxes and minority interests	223,526	118,084	214,495	109,444	**(113,314)**	**(1,156,265)**
Net income (loss)	31,907	68,545	102,415	48,107	**(112,388)**	**(1,146,816)**
Total assets	¥3,640,198	¥3,807,131	¥3,943,724	¥3,821,963	**¥3,221,982**	**$32,877,367**
Net assets	1,021,197	1,090,075	1,160,719	1,130,176	**925,602**	**9,444,918**
Amounts per share of common stock (Yen and U.S. dollars):						
Earnings (loss)						
Basic	¥ 15.42	¥ 32.83	¥ 49.54	¥ 23.34	**¥ (54.35)**	**$ (0.555)**
Diluted	13.86	29.54	44.95	19.54	**(54.35)**	**(0.555)**
Cash dividends	6.00	6.00	6.00	8.00	**8.00**	**0.082**
Owner's equity (Net assets less minority interests and subscription rights to shares)	414.18	443.20	469.02	458.31	**362.30**	**3.697**
Interest-bearing loans	¥1,082,788	¥ 928,613	¥ 745,817	¥ 887,336	**¥ 883,480**	**$ 9,015,102**
Net debt (Interest-bearing loans less cash and cash equivalents)	628,272	507,719	297,112	339,492	**355,306**	**3,625,571**
D/E ratio (times)	1.26	1.01	0.77	0.94	**1.18**	
Net D/E ratio (times)	0.73	0.55	0.31	0.36	**0.47**	
Free cash flow	¥ 262,103	¥ 170,895	¥ 257,682	¥ 38,146	**¥ 23,487**	**$ 239,663**
Average exchange rate (yen)						
U.S. Dollar	¥ 107	¥ 113	¥ 117	¥ 114	**¥ 101**	
Euro	135	138	150	162	**144**	
Pound Sterling	198	202	222	229	**174**	
R&D expenses	¥ 240,222	¥ 241,566	¥ 254,095	¥ 258,717	**¥ 249,902**	**$ 2,550,020**
Capital expenditure	181,402	249,999	305,285	249,063	**167,690**	**1,711,122**
Depreciation	169,918	169,843	202,825	200,509	**223,975**	**2,285,459**
Number of employees	150,970	158,491	160,977	167,374	**165,612**	
Net sales by business segment (excluding intersegment sales):						
Technology Solutions	¥2,860,359	¥2,903,651	¥3,064,713	¥3,158,984	**¥2,983,053**	**$30,439,316**
Ubiquitous Product Solutions	899,000	926,417	993,232	1,056,520	**840,362**	**8,575,122**
Device Solutions	733,866	655,139	707,132	736,527	**540,100**	**5,511,225**
Other Operations	269,534	306,209	335,086	378,834	**329,476**	**3,362,000**
Total	¥4,762,759	¥4,791,416	¥5,100,163	¥5,330,865	**¥4,692,991**	**$47,887,663**
Net sales by customers' geographic location:						
Japan	¥3,340,664	¥3,199,842	¥3,274,908	¥3,407,244	**¥3,193,105**	**$32,582,704**
EMEA	633,243	689,774	795,877	839,719	**657,073**	**6,704,827**
The Americas	320,971	388,131	472,975	521,989	**391,443**	**3,994,316**
APAC & China	467,881	513,669	556,403	561,913	**451,370**	**4,605,816**
Total	¥4,762,759	¥4,791,416	¥5,100,163	¥5,330,865	**¥4,692,991**	**$47,887,663**

Notes: 1. See Note 15 of Notes to Consolidated Financial Statements for specific calculation of basic and diluted earnings per share.
2. The U.S. dollar amounts stated above and in the following Management's Discussion and Analysis of Operations have been translated from yen, for readers' convenience only, at the rate of ¥98 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market at March 31, 2009.
3. "Net assets" on and after March 31, 2007 are presented based on a Japanese accounting standard for net assets, effective April 1, 2006. The sums of figures formerly presented as "Shareholders' equity" and "Minority interests in consolidated subsidiaries" in the financial statements prior to and for the year ended March 31, 2006 have been reclassified as "Net assets" for comparative purposes.
4. Cash dividends per share of common stock for the year ended March 31, 2009 are the total of interim and year-end dividends approved by the Company's Board of Directors on October 29, 2008 and May 21, 2009, respectively.
5. The capital expenditure and depreciation stated above excludes those of intangible assets.

Management's Discussion and Analysis of Operations

The following section, Management's Discussion and Analysis of Operations, provides an overview of the consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") for the year ended March 31, 2009 (fiscal 2008). Forward-looking statements in this section are based on management's understanding and best judgment as of March 31, 2009. Figures representing the percentage increase or decrease in net sales excluding the impact of exchange rate movements are calculated by taking the average exchange rates in fiscal 2007 for the U.S. dollar, Euro, British pound, Australian dollar, Korean won, and other currencies, applying them to foreign currency-denominated sales in fiscal 2008, and comparing the results to sales in fiscal 2007.

1. Analysis of Results

Business Environment

In fiscal 2008, ended March 31, 2009, the business environment in which the Group operates was characterized by a rapidly worsening global economic recession. A contraction in credit and a worsening cycle of deterioration in the real economy emerged against the backdrop of a spreading financial crisis. This led to negative growth in the United States and Europe, and triggered a major economic slowdown in Asia, mainly China and India, which previously had sustained high rates of growth.

In Japan, the economic recession grew more severe due to the sudden drop in exports, resulting in double-digit negative growth for two consecutive quarters during the second half of the year (October 2008 to March 2009). The deterioration in the economy hit the country's corporate sector particularly hard. Consumer demand also took a negative turn, tracking the rapid deterioration in Japan's personal income and employment conditions.

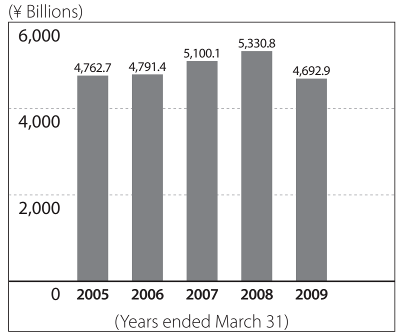
IT investments were firm through the first half of the year, but hardware investments declined precipitously from the second half due to the global economic recession. Companies also became more selective with software investments. This adverse economic climate did, however, serve to highlight the growing importance of corporate social responsibility and comprehensive risk management. This has underpinned solid upfront investments in response to compliance- and security-related concerns, and other strategic measures for enhancing competitiveness in global markets to achieve future growth.

Net Sales

In fiscal 2008, consolidated net sales amounted to ¥4,692.9 billion ($47,888 million), a decrease of 12.0% from the previous fiscal year. However, excluding the effects of the yen's appreciation, the decline in net sales was 6%. Sales in Japan declined 6.3% year on year. Despite the economic recession, performance in Technology Solutions remained on par with the previous fiscal year, largely due to healthy sales in the Services business. Due to the impact of rapid economic deterioration from the third quarter (October to December 2008), however, sales results were dragged down by lower demand for logic LSI devices, electronic components, PCs and other products, as well as the lengthening of the replacement cycle for mobile phones. Sales outside of Japan declined 22.0%, or 6% if the effects of currency exchange rates are excluded. The Services business outside of Japan grew, mainly on business targeting private-sector demand in continental Europe, but sales of PCs and UNIX servers fell due to the economic turmoil in Europe and the United States, as did sales of hard disk drives (HDDs) and electronic components.

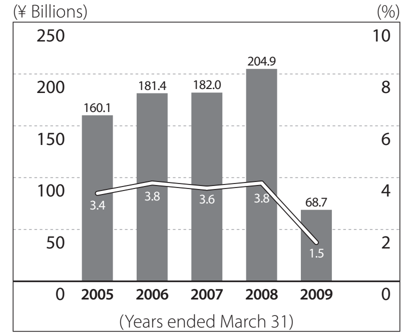
Net Sales

(¥ Billions)



Operating Income and Operating Income Margin

(¥ Billions) (%)



■ Operating Income (Left Scale)
Operating Income Margin (Right Scale)

Cost of Sales, Selling, General & Administrative Expenses, and Operating Income

In fiscal 2008, cost of sales totaled ¥3,491.5 billion ($35,628 million), gross profit was ¥1,201.4 billion ($12,260 million), and the gross profit margin was 25.6%, largely unchanged from the previous year.

Gross profit declined ¥169.8 billion year on year, as beneficial effects from higher sales and greater cost efficiency in the Services business in Japan were outweighed by sharply lower sales of logic LSI devices, electronic components, PCs and other products, triggered by the rapid decline in market conditions and yen appreciation emerging in the second half of the fiscal year. Although profit margins worsened for logic LSI devices, mobile phones and HDDs, the lower sales in components businesses and consumer products, which have low profit margins, kept the overall profit margin on par with that of the previous fiscal year.

Selling, general and administrative (SG&A) expenses were ¥1,132.7 billion ($11,558 million), down ¥33.6 billion year on year. This result primarily reflected a reduction in expenses due to the effects of currency exchange rates, which offset negative factors such as increased retirement benefit costs caused by a worsening environment for management of pension assets in the previous year, and an increase in strategic upfront investments mainly in Technology Solutions.

As a result, operating income was ¥68.7 billion ($702 million), ¥136.2 billion lower than the previous fiscal year.

Other Income (Expenses) and Net Income (Loss)

Other expenses, net, totaled ¥182.0 billion ($1,858 million), a substantial ¥86.5 billion increase from the previous fiscal year. This sharp deterioration was the result of equity in losses of affiliates, net, of ¥34.0 billion ($347 million), coupled with poor business performance at the Company's joint venture in PC and server sales and component-related affiliates in Europe, and a sharp expansion in losses related to structural reforms. We also recorded an impairment loss on non-current assets of ¥58.9 billion ($601 million), ¥54.1 billion ($553 million) in restructuring charges, and a ¥18.7 billion ($191 million) valuation loss on our holdings of publicly listed shares, reflecting a steep decline in market prices, as other expenses. The impairment loss on non-current assets was primarily related to our LSI business. Prompted by lower profitability, we have conservatively estimated amounts deemed recoverable in the future, and posted losses related to advanced logic LSI facilities (buildings and 300mm wafer production facilities at the Mie Plant Fab No. 2) based on our revised future usage plans. These plans are prefaced on our transition to a business model where mass production of the 40nm generation advanced logic LSI products is outsourced. Restructuring charges consisted mainly of losses from the transfer of the HDD business, costs incurred in the scheduled disposal and removal of facilities as part of production structure realignment in the LSI business, and structural reform costs in our component business and business outside Japan.

Fujitsu reported a net loss of ¥112.3 billion ($1,147 million), representing a decline of ¥160.4 billion from net income reported in the previous fiscal year. The substantial loss posted in equity in losses of affiliates, net, and increased losses from loss-making subsidiaries where the posting of deferred tax assets is not possible, resulted in a high tax burden relative to the loss before income taxes and minority interests reported.

Condensed Consolidated Statements of Operations

(Billions of yen)

Years ended March 31	2008	**2009**	YoY Change	Increase rate (%)
Net sales	5,330.8	**4,692.9**	(637.8)	(12.0)
Cost of sales	3,959.5	**3,491.5**	(468.0)	(11.8)
Gross profit	1,371.3	**1,201.4**	(169.8)	(12.4)
Selling, general and administrative expenses	1,166.3	**1,132.7**	(33.6)	(2.9)
Operating income	204.9	**68.7**	(136.2)	(66.5)
Other income (expenses)	(95.5)	**(182.0)**	(86.5)	—
Income (loss) before income taxes and minority interests	109.4	**(113.3)**	(222.7)	—
Net income (loss)	48.1	**(112.3)**	(160.4)	—

2. Segment Information

Net Sales and Operating Income by Business Segment

Information on consolidated sales (including intersegment sales) and operating income by business segment is presented below.

Technology Solutions

Sales in this segment in fiscal 2008 amounted to ¥3,077.0 billion ($31,399 million), down 6.0% from fiscal 2007. Sales in Japan were up 1.2% thanks to growth in our SI business, as well as increased sales of IP routers to carriers. Sales outside of Japan fell 18.8%, but were roughly unchanged from last year if exchange rate effects are excluded. Although sales of UNIX servers declined, we recorded growth in the Services business targeting continental Europe.

Operating income for the segment rose ¥8.5 billion year on year to ¥188.7 billion ($1,926 million). Operating income in Technology Solutions increased overall due to the recognition of losses from an unprofitable project in the Services business in the UK in the previous fiscal year, plus the benefit of higher sales in SI business in Japan, and improved cost efficiency. These positive factors outweighed the impact of lower UNIX server sales, initial costs accompanying private sector-oriented business expansion in the Services business in Europe, and the adverse impact of currency exchange rates.

The Group continues to proactively develop its Technology Solutions business, with the goal of upgrading and enhancing the capacity to provide services on a global scale. In fiscal 2008, we reviewed our structure in North America, integrating three companies—Fujitsu Consulting, Fujitsu Computer Systems, and Fujitsu Transaction Solutions—as subsidiaries under newly established Fujitsu North America Holdings (in April 2009, the three aforementioned companies were merged, and the name of the company was changed to Fujitsu America). In addition to this realignment, we reached an agreement with Australian telecom Telstra Corporation Limited to acquire all shares in its subsidiary, IT services firm KAZ Group Pty Ltd. In April 2009, we acquired shares in Fujitsu Siemens Computers from Siemens AG of Germany, which held a 50% stake in the company, converting it into a wholly owned subsidiary and changing the company's name to Fujitsu Technology Solutions. With Fujitsu Technology Solutions as a spearhead, we will move forward with reconfiguring the company's global sales framework, and enhancing development and production efficiency, to achieve our goal of annual sales of 500,000 units of x86 servers worldwide in the fiscal year ending March 31, 2011. In this way, we aim to reinforce our base for supporting the global development of the IT services business.

In Japan, we made a decision in May 2009 to conduct a share exchange that will make Fujitsu Business Systems a wholly owned subsidiary and signed an agreement to this effect. This move is intended to enhance our technology solutions for the medium-sized business market. We intend to concentrate the Group's resources for this market in Fujitsu Business Systems, which we will position as a pivotal Group company responsible for everything from service and product planning, to development, sales and operations for medium-sized corporate customers.

Ubiquitous Product Solutions

Sales in this segment in fiscal 2008 were ¥949.1 billion ($9,685 million), down 20.2% from fiscal 2007. Sales in Japan fell 13.5% due to intensifying cost competition in PCs and slumping sales to the corporate sector, along with the lengthening replacement cycle for mobile phones. Sales outside of Japan decreased 32.1%, or 24% excluding currency exchange rate effects. Sales were negatively impacted by fiercer competition in HDDs, coupled with lackluster PC sales, primarily in Europe, due to adverse market price conditions.

Segment operating income was ¥0.5 billion ($6 million), ¥52.0 billion lower than the previous fiscal year. In addition to lower mobile phone sales and increased costs associated with more sophisticated functionality, earnings fell on a drop in PC prices and sales volumes, despite benefits from lower costs for PC components. Meanwhile in HDDs, losses grew due to increasing global competition in HDDs for notebook PCs and servers, and production cutbacks in HDD heads.

In April 2009, Fujitsu signed agreements finalizing the transfer of the hard disk drive business and HDD media business, both currently operations within its HDD business, to Toshiba Corporation and Showa Denko K.K., respectively. The drive business is scheduled to be transferred on August 1, 2009, and the HDD media business is to be transferred on July 1, 2009. Ahead of this change, the Company's HDD head business was terminated before the close of fiscal 2008. While most employees in the hard disk drive and HDD media businesses will be transferred to the respective companies receiving these operations, employees concentrated in the HDD head business have been reassigned to other areas of the Group. Furthermore, the Company has posted ¥37.0 billion in restructuring charges in line with these business transfers, consisting largely of losses for the disposition of assets and liabilities, and costs for settling retirement benefit costs due to the transfer of employees to other companies.

Device Solutions

This segment reported a 26.2% year-on-year decrease in sales, to ¥587.6 billion ($5,997 million). Sales in Japan decreased 28.6%. From the latter half of the second quarter (July to September 2008) sales of logic LSI devices were impacted by inventory adjustments triggered by worsening market conditions across a range of fields, particularly products for digital home appliances and automobiles. The result was a massive decline in sales of mature technology and 90nm advanced technology logic devices. Sales of Flash memory for mobile phones and electronic components also declined on challenging market conditions. Sales outside of Japan declined 21.7%, or 13% if currency exchange rate effects are excluded, largely due to deterioration in market conditions for electronic components.

The segment posted an operating loss of ¥71.9 billion ($734 million), representing a ¥90.2 billion decline from income recorded in the previous fiscal year. The rapid decline in the market climate from the latter half of the second quarter caused losses to expand rapidly, from ¥4.7 billion in first quarter (April to June 2008), ¥2.5 billion in the second quarter (July to September 2008), and ¥21.1 billion in the third quarter (October to December 2008), to ¥43.4 billion in the fourth quarter (January to March 2009). In logic LSI devices, lower sales due to adverse market conditions were compounded with a steady decline in capacity utilization rates at production lines from the latter half of the second quarter through to the fiscal year-end. Electronic components also reversed course abruptly from the previous fiscal year to end in a loss, due to a rapid weakening in demand and the impact of currency exchange rates.

To cope with the sudden drop in customer demand in the LSI business, the Group is reorganizing its production framework to match demand by the end of the current fiscal year (March 31, 2010). This move entails consolidating mature technology logic device production lines in the Iwate and Aizu Wakamatsu plants in Japan, increasing efficiency of administrative operations, and reassigning approximately 2,000 employees to other positions within the Group. Accordingly, we posted losses of ¥11.3 billion as restructuring charges for expenses related to facilities terminating production in the current fiscal year. Further, we recorded impairment losses of ¥49.9 billion related to property, plant and equipment in the LSI business, as there is no sign of a quick recovery in the business environment in the current fiscal year. These losses pertain to advanced technology logic LSI device facilities (buildings and 300mm wafer production facilities at the Mie Plant Fab No. 2), based on revised future usage plans for these facilities. Along with drafting conservative estimates of amounts deemed recoverable in the future, we have opted for transition to a business model in which mass production of 40nm generation advanced technology logic devices is outsourced.

In March 2009, Fujitsu transferred its capacitor business and shares in equity-method affiliate Eudyna Devices Inc. In May 2009, we subscribed to a private placement of shares in equity-method affiliate FDK Corporation, converting the affiliate into a consolidated subsidiary. FDK had fallen into excessive debt following losses posted at the end of the year due to worsening business performance and structural reforms. Our decision to take on FDK Corporation's excessive debt will enable the company to avoid an adverse impact that this debt may have had on its business activities. We also determined that doing so was the best option for maintaining the corporate value of Fujitsu as FDK's largest shareholder, creditor and business partner. FDK's consolidation means that structural reforms will take place smoothly as we work to raise the corporate value of both companies.

Geographical Segment Information

The following section provides information on sales (including intersegment sales) and operating income in each of our principal operating regions.

Japan

In Japan, the Company reported consolidated sales of ¥3,789.9 billion ($38,673 million), down 10.4% from fiscal 2007. While the Services business grew mainly from higher demand in the SI business and sales of routers to telecom carriers, sales were lower overall due to a slump in demand for logic LSI devices and electronic components. This was compounded by the lengthening replacement cycle for mobile phones and increased competition in PCs and HDDs. Operating income declined ¥134.4 billion year on year to ¥106.4 billion ($1,086 million). In addition to lower sales, income was impacted by the effect of currency exchange rates on electronic components, and by increased costs associated with more sophisticated mobile phone functions.

EMEA (Europe, Middle East and Africa)

In EMEA, sales decreased 20.4%, to ¥612.8 billion ($6,254 million). However, if currency exchange rate effects are excluded the result is an increase of 4%. Although sales of optical transmission systems and HDDs were lower, we recorded growth in the Services business in private-sector business for continental Europe. Operating income climbed ¥11.3 billion, to ¥12.0 billion ($123 million). The Services business was negatively affected by currency exchange rates and growth in initial costs associated with expanding the private sector-oriented services business. Earnings rose, however, due to the recognition of losses from an unprofitable project in the UK in the previous fiscal year. We also recorded fewer losses from optical transmission systems thanks to lower development costs required for Next-Generation Networks (NGN).

The Americas

Sales in the Americas fell 22.3% (or 15% excluding currency exchange rate effects), to ¥365.2 billion ($3,727 million). Despite higher sales of optical transmission systems, sales of UNIX servers, HDDs, and automotive electronic equipment declined. The Services business, meanwhile, was adversely impacted by deterioration in market conditions. We recorded an operating loss of ¥1.3 billion ($14 million), representing a decline of ¥10.6 billion from the previous year's operating income. In addition to lower sales, earnings declined on higher development costs for NGN.

APAC (Asia-Pacific) & China

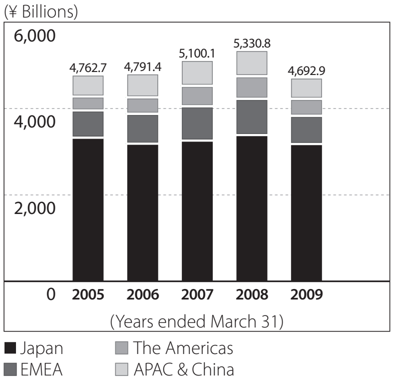
In APAC & China, sales decreased 23.3% (a decline of 17% excluding currency exchange rate effects), to ¥656.0 billion ($6,694 million). Operating income was ¥6.4 billion ($66 million), or ¥8.3 billion lower year on year, owing mainly to lower sales of LSIs, electronic components, HDDs, and automotive electronic equipment.

3. Capital Resources and Liquidity

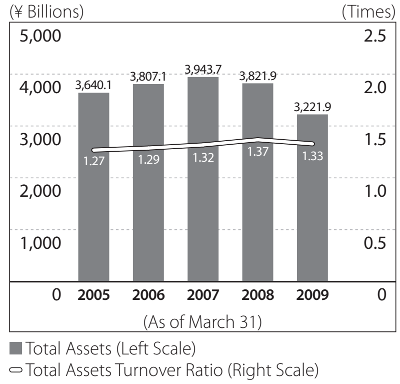
Improvement in Financial Condition

In fiscal 2008, the Group continued its efforts to improve the soundness of its financial position. However, the Group recorded a net loss of ¥112.3 billion ($1,147 million) due to the posting of substantial one-time losses, namely restructuring charges and impairment losses accompanying business reorganization. The owner's equity ratio was 23.2%, down 1.6 percentage points year

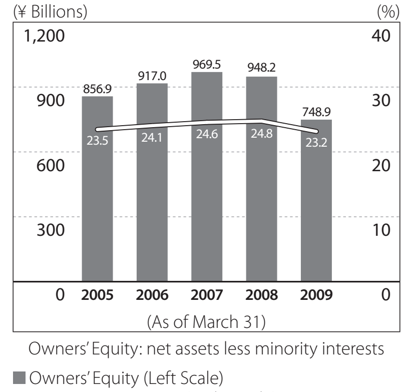
For Reference: Net Sales by Customers' Geographic Location



Total Assets/ Total Assets Turnover Ratio



Owners' Equity/ Owners' Equity Ratio



on year. Free cash flow ended the year at positive ¥23.4 billion. Due to preparations for the redemption of bonds in the first quarter of fiscal 2009 (April to June 2009) and allowances for certain purchasing funds, interest-bearing debt as of March 31, 2009 was ¥883.4 billion ($9,015 million), with the D/E ratio surpassing 1 at 1.18 times. However, net debt (after subtracting cash and cash equivalents) was ¥355.3 billion ($3,626 million), and the net D/E ratio was 0.47 times.

Assets, Liabilities, and Net Assets

Total assets at fiscal year-end amounted to ¥3,221.9 billion ($32,877 million), down ¥599.9 billion from a year earlier. Current assets, mainly receivables, trade, decreased ¥282.4 billion from March 31, 2008, primarily due to lower sales in the fourth quarter (January to March 2009) compared to the same period a year earlier. Inventories declined ¥76.6 billion year on year, to ¥306.4 billion ($3,127 million). The monthly inventory turnover rate, which is an indication of asset efficiency, was 0.98 times, deteriorating 0.05 of a point from the previous fiscal year-end due to lower sales caused by a sudden fall in demand and the yen's appreciation. Investments and long-term loans declined ¥142.6 billion year on year, due mainly to falling prices of our holdings of listed shares. Property, plant and equipment declined ¥166.7 billion on a decrease in capital expenditures mainly in the LSI business, coupled with impairment losses posted in relation to advanced logic LSI facilities (buildings and 300mm wafer production facilities at the Mie Plant Fab No. 2).

Total liabilities, inclusive of current and long-term liabilities, stood at ¥2,296.3 billion ($23,432 million), down ¥395.4 billion from a year earlier. This was largely attributable to a reduction in trade payables. Interest-bearing loans stood at ¥883.4 billion ($9,015 million), virtually unchanged from the previous fiscal year-end. Bonds decreased by ¥106.0 billion, mainly due to bond redemptions in June and October 2008 totaling ¥100.0 billion. However, borrowings increased ¥102.2 billion, reflecting the procurement of funds used for purchases. The D/E ratio exceeded 1 at 1.18 times. However, net debt (after subtracting cash and cash equivalents) was ¥355.3 billion ($3,626 million), and the net D/E ratio was 0.47 times. Furthermore, we carried out redemption of the entire amount of convertible bonds with maturity dates of May 2009, which totaled ¥250.0 billion.

Net assets amounted to ¥925.6 billion ($9,445 million), down ¥204.5 billion from March 31, 2008. Shareholders' equity declined ¥128.7 billion, due to the posting of a net loss for the year. Valuation and translation adjustments declined ¥70.4 billion, stemming from a decrease in unrealized gains from shares of Fanuc Ltd. and others, and the yen's appreciation. As a result, the owners' equity ratio fell 1.6 percentage points year on year, to 23.2%.

Condensed Consolidated Balance Sheets

(Billions of yen)

At March 31	2008	**2009**	YoY Change
Assets			
Current assets	2,169.9	**1,887.5**	(282.4)
Investments and long-term loans	592.7	**450.0**	(142.6)
Property, plant and equipment	839.7	**673.0**	(166.7)
Intangible assets	219.5	**211.3**	(8.2)
Total assets	3,821.9	**3,221.9**	(599.9)
Liabilities and net assets			
Current liabilities	1,611.3	**1,550.4**	(60.9)
Long-term liabilities	1,080.4	**745.9**	(334.4)
Net assets	1,130.1	**925.6**	(204.5)
Shareholders' equity	911.6	**782.9**	(128.7)
Valuation and translation adjustments	36.5	**(33.9)**	(70.4)
Minority interests in consolidated subsidiaries	181.9	**176.6**	(5.3)
Total liabilities and net assets	3,821.9	**3,221.9**	(599.9)
Cash and cash equivalents at end of year	547.8	**528.1**	(19.6)
Interest-bearing loans	887.3	**883.4**	(3.8)

Cash Flows

Net cash provided by operating activities amounted to ¥248.0 billion ($2,531 million), down ¥73.9 billion from the previous fiscal year due primarily to deterioration in income (loss) before income taxes and minority interests.

Net cash used in investing activities totaled ¥224.6 billion ($2,292 million), or ¥59.3 billion less than in the previous year. Cash was used mainly to purchase facilities for the Services business. Purchases of property, plant and equipment decreased ¥93.1 billion, reflecting outflows for the purchase of 300mm lines for the Mie Plant in the previous fiscal year. We also recorded proceeds from the sale of affiliate stock in the previous fiscal year, resulting in a decline of ¥39.8 billion in proceeds from sales of investment securities during the year under review.

Free cash flow (the sum of operating and investment cash flows) was positive ¥23.4 billion ($240 million), representing a decline of ¥14.6 billion compared to the previous fiscal year. Excluding the impact of the fiscal year ended March 31, 2007 falling on a holiday, which mainly resulted in the payment of trade payables being carried over to the fiscal year ended March 31, 2008 (cash flow from operating activities of ¥75.2 billion and cash flow from investing activities of ¥34.3 billion), free cash flow would have declined ¥124.2 billion.

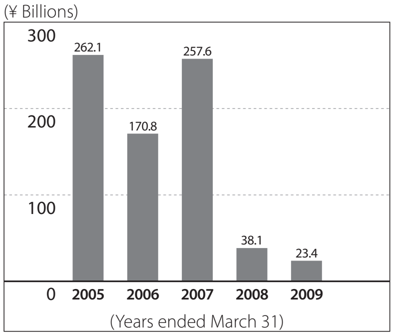
Net cash used in financing activities totaled ¥47.8 billion ($489 million), a decrease of ¥110.2 billion from net cash provided a year earlier. In addition to ¥168.9 billion for the redemption of bonds and ¥24.4 billion for the payment of dividends, cash used reflected borrowings procured for funds used in purchasing. A major factor in the decline was proceeds from the issuance of ¥200.0 billion in convertible bonds and ¥100.0 billion in straight bonds recorded in the previous fiscal year.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2008 totaled ¥528.1 billion ($5,390 million), down ¥19.6 billion from a year earlier.

Fujitsu Siemens Computers, a joint venture made into a consolidated subsidiary in April 2009 under the new name of Fujitsu Technology Solutions, had ¥96.6 billion in cash and cash equivalents (744 million euros; 1 euro=¥129.84) as of March 31, 2009.

Free Cash Flow

(¥ Billions)



Condensed Consolidated Statements of Cash Flows

(Billions of yen)

Years ended March 31	2008	**2009**	YoY Change
I Cash flows from operating activities	322.0	**248.0**	(73.9)
II Cash flows from investing activities	(283.9)	**(224.6)**	59.3
Free cash flow	38.1	**23.4**	(14.6)
(I+II; [excluding effects of fiscal year ending on a holiday])	[147.7]	**[23.4]**	[(124.2)]
III Cash flows from financing activities	62.3	**(47.8)**	(110.2)
IV Cash and cash equivalents at end of year	547.8	**528.1**	(19.6)

To ensure efficient fund procurement when the need for funds arises, the Company and certain consolidated subsidiaries have established commitment lines with multiple financial institutions. As of March 31, 2009, these commitment lines had an aggregate yen value of ¥210.1 billion, of which ¥3.0 billion was received as short-term and long-term borrowings and the rest, ¥207.1 billion, was unused.

The Company has acquired bond ratings from Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Rating and Investment Information, Inc. (R&I). As of March 31, 2009, the Company had bond ratings (long-term/short-term) of A3 (long-term) from Moody's, A^- (long-term) from S&P, and A^+ (long-term) and a^{-1} (short-term) from R&I.

4. Capital Expenditure

In fiscal 2008, capital expenditure totaled ¥167.6 billion ($1,711 million), a decline of 32.7% from ¥249.0 billion in the previous fiscal year. This decline was primarily attributable to a significant decrease in capital expenditure in the LSI business. Capital expenditure was ¥87.7 billion ($896 million) in Technology Solutions. This figure mainly reflected the purchase of ownership rights to land and buildings belonging to a key business site in Japan, Fujitsu Solution Square, as well as capital expenditure to expand the outsourcing business in the UK, and facility expansion of datacenters in Japan. In Ubiquitous Product Solutions, capital expenditure was ¥18.7 billion ($191 million), used to build facilities for new PC and mobile phone models, as well as facilities for perpendicular magnetic recording technology for HDDs. Capital expenditure was ¥39.6 billion ($405 million) in Device Solutions, reflecting investment in the Mie Plant's Fab No. 2 for 300mm wafers related to advanced technology logic LSI devices, the upgrade of mature technology logic LSI facilities and electronic components. Capital expenditure outside of the aforementioned segments was ¥21.5 billion ($220 million).

5. Consolidated Subsidiaries

At the end of fiscal 2008, the Company had 480 consolidated subsidiaries, comprising 187 companies in Japan and 293 overseas, representing an increase of 50 from last year's total of 430. The main reason for the increase in new companies was the consolidation of the non-consolidated subsidiaries of PFU, Fujitsu FSAS, and Fujitsu FIP in Japan. Although the consolidation of these formerly non-consolidated subsidiaries had a negligible effect on consolidated business results for the fiscal year under review, retained earnings at the beginning of the fiscal year increased by ¥7.0 billion. Furthermore, the completion of liquidation proceedings for Fujitsu IT Holdings, Inc. resulted in a decline in capital surplus of ¥12.3 billion, and a commensurate increase in retained earnings of ¥12.3 billion.

The number of affiliated companies accounted for by the equity method as of the fiscal year-end totaled 20, three less than a year earlier, due to the sale of Eudyna Devices Inc. and other companies.

6. Critical Accounting Policies and Estimates

Accounting Principles and Practices

The accompanying consolidated financial statements of the Group have been prepared in accordance with accounting principles and practices generally accepted in Japan and the regulations under the Financial Instruments and Exchange Law of Japan. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amount of the assets, liabilities, contingent assets and contingent liabilities reported at the end of the fiscal year, as well as the amount of revenue and expenses recognized during that term. Actual results may differ from these estimates. The following assumptions and estimates based on the application of accounting principles are those that the management believes may have a material impact on the consolidated financial statements.

Revenue Recognition

Revenue from sales of IT systems and products, excluding customized software under development contracts, 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 customers. Revenue from customized software under development contracts is recognized on a percentage-of-completion basis.

We stringently assess the potential revenue recoverable on projects for which estimated costs have exceeded estimated revenue, and recognize as losses the amounts assessed as non-recoverable. If the estimated costs relating to such contracts increase further in the future, additional losses may be recognized.

Inventories

Inventories are listed based on acquisition price. However, should the net realizable value ("NRV") at the fiscal year-end fall below that of the acquisition price, inventories are subsequently listed based on the NRV, with the difference in value between the acquisition price, in principle, booked as cost of sales. Inventories outside the normal operating cycle are calculated at an NRV that reflects future demand and market trends. The Company may experience substantial losses in cases where the NRV drops dramatically as a result of deterioration in the market environment compared to forecasts.

Property, Plant and Equipment

Depreciation for property, plant and equipment is computed principally by the straight-line method at rates based on the estimated useful lives of the respective assets, reflecting the likely period over which the value of the assets can be realized under normal business conditions. In the future, some equipment and facilities may become obsolete or may be repurposed as a result of technical innovation or other factors. In such cases, their actual useful lives may be recognized as shorter than their originally estimated useful lives. Losses may occur as a result.

In addition, impairment losses may be recognized in cases in which there is a decline in expected future cash flows from assets due to production facilities becoming idle, a decrease in the capacity utilization rate, or business realignment, associated with rapid changes in the operating environment or other factors.

Software

Computer software for sale is amortized based on projected unit sales volume during the period for which the projections are made. The projected unit sales volume is estimated based on a feasible sales plan, but one-time losses may occur if anticipated unit sales fall short of the original sales plan. Computer software for internal use is amortized by the straight-line method over its estimated useful life. Losses may occur if the actual useful life falls short of the initially estimated useful life.

Goodwill

Goodwill arising from the acquisition of a business, including those purchased by consolidated subsidiaries, is amortized by the straight-line method over the period corresponding to the premium of the acquired business. Losses may be recognized if the Group withdraws from or sells the business, or if the profitability of the acquired business decreases during the period the Group expected the return.

Marketable Securities

Held-to-maturity investments are stated at amortized cost, while available-for-sale securities with market value are carried at fair market value as of the balance sheet date. Available-for-sale securities without market value are carried at cost based primarily on the moving-average method. Fluctuations in the value of available-for-sale securities with market value cause fluctuations in the carrying value of investment securities, resulting in increases or decreases in shareholders' equity. Impairment loss is recognized on available-for-sale securities when the market value or the net worth falls significantly and is considered to be unrecoverable. If a significant decline in market value or net worth occurs and is expected to be unrecoverable in the future, additional impairment losses may need to be recognized.

Deferred Tax Assets

We record an appropriate balance of deferred tax assets against losses carried forward and temporary differences. Future increases or decreases in the balance of deferred tax assets may occur if projected taxable income decreases or increases as a result of trends in future business results. In addition, changes in the effective tax rate due to future revisions to taxation systems could result in increases or decreases of deferred tax assets.

Provision for Product Warranties

Some of the Group's products are covered by contracts that require us to repair or exchange them free of charge during a set period of time. Based on past experience, we record a provision for estimated repair and exchange expenses at the time of sale. The Group is taking steps to strengthen quality management during the product development, manufacturing and procurement stages. However, should product defects or other problems occur at a level in excess of that covered by the estimated expenses, additional expenses may be incurred.

Provision for Construction Contract Losses

The Group records provisions for projected losses on customized software under development contracts and construction contracts that show an acute deterioration in profitability as of the fiscal year-end. The Group is taking steps to curtail the emergence of new, unprofitable projects by moving ahead with the standardization of its business processes, establishing a check system as a dedicated organizational component, and conducting risk management throughout the entire progression of a project (beginning with business negotiations). These efforts notwithstanding, the Group may incur additional losses in the event of an increase in estimated project costs in the future.

Retirement Benefits

Retirement benefit costs and obligations are determined based on certain actuarial assumptions. These assumptions include the discount rate, rates of retirement, mortality rates, and the expected rate of return on the plan assets. In the event an actuarial loss arises, the actuarial loss is amortized using a straight-line method over employees' average remaining service period. When actual results differ from the assumptions or when the assumptions are changed, retirement benefit costs and obligations can be affected.

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. Contracts with these companies require the buyback of the computers if lease contracts are terminated. An estimated amount for the loss arising from such buybacks is provided at the time of sale and is recorded as a provision. Any future changes in the usage trends of end-users may result in additions or reductions to the provision.

Consolidated Balance Sheets

Fujitsu Limited and Consolidated Subsidiaries

	Yen (millions)		U.S. Dollars (thousands) (Note 2)
At March 31	2008	**2009**	**2009**
Assets			
Current assets:			
Cash and cash equivalents	¥ 547,844	**¥ 528,174**	**$ 5,389,531**
Short-term investments (Note 3)	1,564	**9,430**	**96,224**
Receivables, trade (Note 14)	1,017,916	**847,249**	**8,645,398**
Allowance for doubtful accounts	(5,245)	**(8,254)**	**(84,224)**
Inventories (Note 4)	383,106	**306,456**	**3,127,102**
Others (Note 10)	224,752	**204,482**	**2,086,551**
Total current assets	2,169,937	**1,887,537**	**19,260,582**
Investments and long-term loans:			
Affiliates	104,586	**41,995**	**428,520**
Others (Notes 3, 9 and 10)	488,121	**408,100**	**4,164,286**
Total investments and long-term loans	592,707	**450,095**	**4,592,806**
Property, plant and equipment (Notes 5, 6 and 8)**:**			
Land	105,584	**112,834**	**1,151,367**
Buildings	797,356	**780,204**	**7,961,265**
Machinery and equipment	1,861,929	**1,730,523**	**17,658,398**
Construction in progress	23,586	**15,514**	**158,306**
	2,788,455	**2,639,075**	**26,929,336**
Less accumulated depreciation	(1,948,691)	**(1,966,047)**	**(20,061,704)**
Property, plant and equipment, net	839,764	**673,028**	**6,867,632**
Intangible assets (Note 6)**:**			
Software	134,435	**139,727**	**1,425,786**
Goodwill (Note 7)	68,411	**46,508**	**474,571**
Others	16,709	**25,087**	**255,990**
Total intangible assets	219,555	**211,322**	**2,156,347**
Total assets	¥ 3,821,963	**¥ 3,221,982**	**$ 32,877,367**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

At March 31	Yen (millions) 2008	2009	U.S. Dollars (thousands) (Note 2) 2009
Liabilities and net assets			
Liabilities			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 8)	¥ 160,227	**¥ 426,883**	**$ 4,355,949**
Lease obligation (Note 6)	38,535	**41,432**	**422,776**
Payables, trade (Note 14)	769,744	**528,707**	**5,394,969**
Accrued expenses	367,264	**298,969**	**3,050,704**
Accrued income taxes	26,529	**19,332**	**197,265**
Provision for product warranties	19,961	**14,941**	**152,459**
Provision for construction contract losses	6,135	**6,105**	**62,296**
Others (Notes 10 and 14)	222,945	**214,053**	**2,184,215**
Total current liabilities	1,611,340	**1,550,422**	**15,820,633**
Long-term liabilities:			
Long-term debt (Note 8)	727,109	**456,597**	**4,659,153**
Lease obligation (Note 6)	62,632	**47,303**	**482,684**
Accrued retirement benefits (Note 9)	155,578	**137,222**	**1,400,224**
Provision for loss on repurchase of computers	27,082	**25,837**	**263,643**
Provision for recycling expenses	4,856	**5,726**	**58,429**
Others (Note 10)	103,190	**73,273**	**747,683**
Total long-term liabilities	1,080,447	**745,958**	**7,611,816**
Total liabilities	2,691,787	**2,296,380**	**23,432,449**
Net assets			
Shareholders' equity:			
Common stock (Note 11)	324,625	**324,625**	**3,312,500**
Capital surplus	249,038	**236,612**	**2,414,408**
Retained earnings	338,903	**223,797**	**2,283,643**
Treasury stock, at cost	(869)	**(2,133)**	**(21,765)**
Total shareholders' equity	911,697	**782,901**	**7,988,786**
Valuation and translation adjustments:			
Unrealized gain and loss on securities, net of taxes	89,879	**51,661**	**527,153**
Deferred gains or losses on hedge and others, net of taxes	2,573	**5,212**	**53,183**
Foreign currency translation adjustments	(55,945)	**(90,833)**	**(926,867)**
Total valuation and translation adjustments	36,507	**(33,960)**	**(346,531)**
Subscription rights to shares	—	**26**	**265**
Minority interests in consolidated subsidiaries	181,972	**176,635**	**1,802,398**
Total net assets	1,130,176	**925,602**	**9,444,918**
Commitments and contingent liabilities (Note 12)			
Total liabilities and net assets	¥3,821,963	**¥3,221,982**	**$32,877,367**

Consolidated Statements of Operations

Fujitsu Limited and Consolidated Subsidiaries

	Yen (millions)			U.S. Dollars (thousands) (Note 2)
Years ended March 31	2007	2008	**2009**	**2009**
Net sales	¥5,100,163	¥5,330,865	**¥4,692,991**	**$47,887,663**
Operating costs and expenses:				
Cost of sales	3,781,647	3,959,561	**3,491,512**	**35,627,673**
Selling, general and administrative expenses (Note 16)	1,136,428	1,166,315	**1,132,707**	**11,558,235**
	4,918,075	5,125,876	**4,624,219**	**47,185,908**
Operating income	182,088	204,989	**68,772**	**701,755**
Other income (expenses):				
Interest income	7,894	10,090	**7,770**	**79,286**
Dividend income	6,291	7,669	**11,588**	**118,245**
Equity in earnings of affiliates, net	6,996	9,192	**(34,049)**	**(347,439)**
Interest charges	(18,429)	(21,277)	**(17,516)**	**(178,735)**
Other, net (Note 16)	29,655	(101,219)	**(149,879)**	**(1,529,377)**
	32,407	(95,545)	**(182,086)**	**(1,858,020)**
Income (loss) before income taxes and minority interests	214,495	109,444	**(113,314)**	**(1,156,265)**
Income taxes (Note 10)**:**				
Current	44,104	39,736	**25,022**	**255,327**
Deferred	52,139	7,534	**(24,611)**	**(251,133)**
	96,243	47,270	**411**	**4,194**
Income (loss) before minority interests	118,252	62,174	**(113,725)**	**(1,160,459)**
Minority interests in income of consolidated subsidiaries	15,837	14,067	**(1,337)**	**(13,643)**
Net income (loss)	¥ 102,415	¥ 48,107	**¥ (112,388)**	**$ (1,146,816)**

	Yen			U.S. Dollars (Note 2)
Amounts per share of common stock:				
Basic earnings (loss) (Note 15)	¥49.54	¥23.34	**¥(54.35)**	**$(0.555)**
Diluted earnings (loss) (Note 15)	44.95	19.54	**(54.35)**	**(0.555)**
Cash dividends	6.00	8.00	**8.00**	**0.082**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Fujitsu Limited and Consolidated Subsidiaries

Yen (millions)

	Shareholders' equity					Valuation and translation adjustments					
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock, at cost	Total Shareholders' equity	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedge and others, net of taxes	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	¥ 324,625	¥ 498,019	¥ (40,485)	¥ (1,465)	¥ 780,694	¥ 179,714	¥ 2,504	¥ (45,867)	¥ —	¥ 173,030	¥ 1,090,075
Increase (decrease) during the term:											
Cash dividends from retained earnings			(12,405)		(12,405)						(12,405)
Bonuses to directors and statutory auditors			(665)		(665)						(665)
Net income			102,415		102,415						102,415
Purchase of treasury stock				(529)	(529)						(529)
Disposal of treasury stock		10		25	35						35
Increase and decrease of equity method affiliates			(3,715)		(3,715)						(3,715)
Others			9,174		9,174						9,174
Net increase (decrease) during the term, except for items under shareholders' equity						(56,944)	109	15,002		18,167	(23,666)
Net increase (decrease) during the term	—	10	94,804	(504)	94,310	(56,944)	109	15,002	—	18,167	70,644
Balance at March 31, 2007	¥ 324,625	¥ 498,029	¥ 54,319	¥ (1,969)	¥ 875,004	¥ 122,770	¥ 2,613	¥ (30,865)	¥ —	¥ 191,197	¥ 1,160,719
Increase (decrease) during the term:											
Transfer of capital surplus to retained earnings*		(240,464)	240,464		—						—
Cash dividends from capital surplus and retained earnings		(6,201)	(6,207)		(12,408)						(12,408)
Net income			48,107		48,107						48,107
Purchase of treasury stock				(27,231)	(27,231)						(27,231)
Disposal of treasury stock		(2,326)		28,331	26,005						26,005
Change in scope of consolidation			896		896						896
Others			1,324		1,324						1,324
Net increase (decrease) during the term, except for items under shareholders' equity						(32,891)	(40)	(25,080)		(9,225)	(67,236)
Net increase (decrease) during the term	—	(248,991)	284,584	1,100	36,693	(32,891)	(40)	(25,080)	—	(9,225)	(30,543)
Balance at March 31, 2008	¥ 324,625	¥ 249,038	¥ 338,903	¥ (869)	¥ 911,697	¥ 89,879	¥ 2,573	¥ (55,945)	¥ —	¥ 181,972	¥ 1,130,176
Effect of changes in accounting policies applied to foreign subsidiaries (Note1)			**(1,585)**		**(1,585)**						**(1,585)**
Increase (decrease) during the term:											
Cash dividends from retained earnings			**(20,681)**		**(20,681)**						**(20,681)**
Net loss			**(112,388)**		**(112,388)**						**(112,388)**
Purchase of treasury stock				**(1,492)**	**(1,492)**						**(1,492)**
Disposal of treasury stock		**(73)**		**228**	**155**						**155**
Change in scope of consolidation		**(12,353)**	**19,548**		**7,195**						**7,195**
Net increase (decrease) during the term, except for items under shareholders' equity						**(38,218)**	**2,639**	**(34,888)**	**26**	**(5,337)**	**(75,778)**
Net increase (decrease) during the term	**—**	**(12,426)**	**(113,521)**	**(1,264)**	**(127,211)**	**(38,218)**	**2,639**	**(34,888)**	**26**	**(5,337)**	**(202,989)**
Balance at March 31, 2009	**¥ 324,625**	**¥ 236,612**	**¥ 223,797**	**¥ (2,133)**	**¥ 782,901**	**¥ 51,661**	**¥ 5,212**	**¥ (90,833)**	**¥ 26**	**¥ 176,635**	**¥ 925,602**

U.S. Dollars (thousands) (Note 2)

	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock, at cost	Total Shareholders' equity	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedge and others, net of taxes	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008 (in U.S. Dollars)	$ 3,312,500	$ 2,541,204	$ 3,458,194	$ (8,867)	$ 9,303,031	$ 917,133	$ 26,255	$ (570,867)	$ —	$ 1,856,857	$ 11,532,409
Effect of changes in accounting policies applied to foreign subsidiaries (Note1)			**(16,173)**		**(16,173)**						**(16,173)**
Increase (decrease) during the term:											
Cash dividends from retained earnings			**(211,031)**		**(211,031)**						**(211,031)**
Net loss			**(1,146,816)**		**(1,146,816)**						**(1,146,816)**
Purchase of treasury stock				**(15,225)**	**(15,225)**						**(15,225)**
Disposal of treasury stock		**(745)**		**2,327**	**1,582**						**1,582**
Change in scope of consolidation		**(126,051)**	**199,469**		**73,418**						**73,418**
Net increase (decrease) during the term, except for items under shareholders' equity						**(389,980)**	**26,928**	**(356,000)**	**265**	**(54,459)**	**(773,246)**
Net increase (decrease) during the term	**—**	**(126,796)**	**(1,158,378)**	**(12,898)**	**(1,298,072)**	**(389,980)**	**26,928**	**(356,000)**	**265**	**(54,459)**	**(2,071,318)**
Balance at March 31, 2009 (in U.S. Dollars)	**$3,312,500**	**$2,414,408**	**$ 2,283,643**	**$(21,765)**	**$ 7,988,786**	**$ 527,153**	**$53,183**	**$(926,867)**	**$ 265**	**$1,802,398**	**$ 9,444,918**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

* At the Board of Directors meeting held on May 24, 2007, the Company resolved to appropriate the Company's "other capital surplus" and "other retained earnings" in accordance with the Japanese Corporate Law. As a result, in the non-consolidated financial statements, "other capital surplus" decreased by ¥240,464 million and "other retained earnings" increased by the same amount. Accordingly, in the consolidated financial statements, "capital surplus" decreased by ¥240,464 million, and "retained earnings" increased by the same amount.

Consolidated Statements of Cash Flows

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	2007	2008	**2009**	**2009**
			Yen (millions)	U.S. Dollars (thousands) (Note 2)
Cash flows from operating activities (A):				
Income (loss) before income taxes and minority interests	¥ 214,495	¥ 109,444	**¥(113,314)**	**$(1,156,265)**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	262,523	257,127	**282,111**	**2,878,684**
Amortization of goodwill	16,261	22,171	**16,292**	**166,245**
Impairment loss	9,991	18,756	**75,192**	**767,265**
Increase (decrease) in provisions	(20,686)	(24,611)	**(12,112)**	**(123,592)**
Interest and dividend income	(14,185)	(17,759)	**(19,358)**	**(197,531)**
Interest charges	18,429	21,277	**17,516**	**178,735**
Equity in earnings of affiliates, net	(6,996)	(9,192)	**34,049**	**347,439**
Loss on disposal of non-current assets	27,879	17,314	**9,499**	**96,929**
Gain on sales of investment securities, net	(75,062)	(17,308)	**(3,484)**	**(35,551)**
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	**—**	**—**
(Increase) decrease in receivables, trade (Note 17)	(116,659)	(26,452)	**127,090**	**1,296,837**
(Increase) decrease in inventories	(7,445)	(8,361)	**63,516**	**648,122**
Increase (decrease) in payables, trade (Note 17)	49,263	(22,892)	**(224,870)**	**(2,294,592)**
Other, net (Note 17)	88,328	(1,087)	**(1,497)**	**(15,276)**
Cash generated from operations	450,839	368,604	**269,359**	**2,748,561**
Interest and dividends received	15,306	17,874	**29,378**	**299,775**
Interest paid	(18,835)	(19,388)	**(18,532)**	**(189,102)**
Income taxes paid	(38,545)	(45,018)	**(32,107)**	**(327,622)**
Net cash provided by operating activities	408,765	322,072	**248,098**	**2,531,612**
Cash flows from investing activities (B):				
Purchases of property, plant and equipment (Note 17)	(258,631)	(268,955)	**(175,851)**	**(1,794,398)**
Proceeds from sales of property, plant and equipment	62,296	3,986	**18,649**	**190,296**
Purchases of intangible assets	(59,132)	(62,085)	**(66,117)**	**(674,663)**
Purchases of investment securities	(22,813)	(20,985)	**(17,022)**	**(173,694)**
Proceeds from sales of investment securities	117,121	55,470	**15,604**	**159,224**
Other, net	10,076	8,643	**126**	**1,286**
Net cash used in investing activities	(151,083)	(283,926)	**(224,611)**	**(2,291,949)**
A+B*	257,682	38,146	**23,487**	**239,663**
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings	(27,071)	16,099	**81,423**	**830,847**
Proceeds from long-term debt	14,160	336,862	**109,244**	**1,114,735**
Repayment of long-term debt	(173,867)	(202,707)	**(172,012)**	**(1,755,224)**
Dividends paid	(16,572)	(15,875)	**(24,460)**	**(249,592)**
Other, net**	(31,603)	(72,054)	**(42,089)**	**(429,480)**
Net cash provided by (used in) financing activities	(234,953)	62,325	**(47,894)**	**(488,714)**
Effect of exchange rate changes on cash and cash equivalents	4,424	(2,313)	**(4,035)**	**(41,173)**
Net increase (decrease) in cash and cash equivalents	27,153	98,158	**(28,442)**	**(290,224)**
Cash and cash equivalents at beginning of year	420,894	448,705	**547,844**	**5,590,245**
Cash and cash equivalents of newly consolidated subsidiaries	658	981	**8,772**	**89,510**
Cash and cash equivalents at end of year	¥ 448,705	¥ 547,844	**¥ 528,174**	**$ 5,389,531**
Non-cash investing and financing activities:				
Acquisition of assets under finance leases	¥ 75,079	¥ 19,015	**¥ 25,326**	**$ 258,429**
Increase or decrease in capital surplus as a result of stock exchange	—	(2,323)	**—**	**—**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

* This is referred to as "free cash flow" in Management's Discussion and Analysis of Operations.

** "Other, net" of cash flows from financing activities for the year ended March 31, 2008 related mainly to an expenditure of ¥26,531million, approved by the Board of Directors on May 24, 2007 for purchase of treasury stock used for the share exchange required to make Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited wholly owned subsidiaries. The purchased treasury stock was exchanged for shares in these companies. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.
The details of the share exchange are set forth in Note 21.

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:

Years ended March 31	Yen (millions) 2008	2009	U.S. Dollars (thousands) 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

Years ended March 31	2007	2008	Yen (millions) 2009	U.S. Dollars (thousands) 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

At March 31	2008	Yen (millions) 2009	U.S. Dollars (thousands) 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	Yen (millions) 2007	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	Yen (millions) 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	Yen (millions) 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	Contract Amount	Contract Amount Over 1 Year	Fair Value	Yen (millions) 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	Contract Amount	Contract Amount Over 1 Year	Fair Value	Yen (millions) 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)**

	2007	2008	thousands 2009
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.

Independent Auditors' Report

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
FUJITSU LIMITED

We have audited the accompanying consolidated balance sheets of Fujitsu Limited and consolidated subsidiaries (the "Group") as of March 31, 2008 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in yen. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above, expressed in yen, present fairly, in all material respects, the consolidated financial position of the Group at March 31, 2008 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

Supplementary Information

As described in Note 22.1 to the consolidated financial statements, Fujitsu Siemens Computers (Holding) B.V. was converted into a consolidated subsidiary.

As described in Note 22.2 to the consolidated financial statements, the Group concluded a definitive agreement to transfer its hard disk drive business and hard disk media business.

As described in Note 22.3 to the consolidated financial statements, the Group concluded an agreement to convert a consolidated subsidiary into a wholly owned subsidiary through an exchange of shares.

As described in Note 22.4 to the consolidated financial statements, the Group resolved the purchase of treasury stock.

A member firm of Ernst & Young Global Limited

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

We also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2009 of the Group (the "Management's Report"). The Group's management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of March 31, 2009 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Supplementary Information

As described in the Management's Report, Fujitsu Siemens Computers (Holding) B.V. was converted into a consolidated subsidiary.

As described in the Management's Report, Fujitsu Consulting Holdings Inc., Fujitsu Computer Systems Corporation, and Fujitsu Transaction Solutions Inc. were brought together.

As described in the Management's Report, the Group concluded a definitive agreement to transfer its hard disk drive business and hard disk media business.

Ernst & Young ShinNihon LLC

June 18, 2009

Director’s Responsibility Statement Pursuant to the U.K. DTR4

I, Kuniaki Nozoe, being Representative Director of Fujitsu Limited confirm, to the best of my knowledge, that:

(i) the financial statements, prepared in accordance with Japanese GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of Fujitsu Limited and the undertakings included in the consolidation taken as a whole; and

(ii) the management report includes a fair review of the development and performance of the business and the position of Fujitsu Limited and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Kuniaki Nozoe

Management's Report on Internal Control over Financial Reporting

1. Basic Framework of Internal Control over Financial Reporting

Kuniaki Nozoe, President of Fujitsu Limited (the "Company"), and Kazuhiko Kato, Corporate First Senior Vice President and Chief Financial Officer of the Company, are responsible for the design and operation of internal control over financial reporting for the Fujitsu Group's consolidated financial statements. The Fujitsu Group designs and operates its internal control over financial reporting in accordance with guidelines set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" from the Business Accounting Council of the Financial Service Agency of Japan.

Internal control aims at achieving the objectives to a reasonable extent with the organized and integrated function of basic individual components of internal control as a whole. There are inherent limitations to the extent that internal control can be achieved. Such limitations include misjudgments and carelessness by individuals carrying out internal control activities, or fraud caused by the collusion of two or more individuals. Accordingly, internal control may not completely prevent or detect misstatements in financial reporting.

2. Scope of Assessment, Assessment Date and Assessment Procedure

The Fujitsu Group performed an assessment of internal control over financial reporting for its consolidated financial statements as of the end of the fiscal year, March 31, 2009, in accordance with generally accepted assessment standards in Japan for internal control over financial reporting.

In making an assessment of the entire Fujitsu Group, including the parent company, Fujitsu Limited, and its consolidated subsidiaries and equity method affiliates, the necessary scope of the assessment was determined from the perspective of material impact on the reliability of financial reporting. Within the scope of assessment, the Company identified the risks of misstatement which would have a material impact on the reliability of financial reporting and the controls which mitigate such risks to a reasonably accepted level, and then assessed the effectiveness of the design and operation of those controls.

The Company determined that 105 consolidated companies and 3 equity method affiliates should be subject to the assessment of company-level controls, and financial closing and reporting process controls, taking into account the degree of quantitative and qualitative impact on the consolidated financial statements.

With respect to process-level controls, considering the results of the assessment of company-level controls, the Company designated 22 business locations that accounted for approximately two-thirds of the aggregated sales for this fiscal year (before elimination of inter-company transactions) of the consolidated companies as "significant business locations/units" which should be subject to the assessment.

In regard to those "significant business locations/units," the Company determined that sales, accounts receivables and inventories were the accounts closely associated with the company's business objectives and, in principle, all business processes relating to those accounts should be subject to assessment. Some of those business processes, which do not have a material quantitative impact or are not closely associated with business objectives, were excluded from the scope of the assessment. Other business processes relating to significant accounts involving estimates and management's judgment were included in the scope of assessment, taking into account the impact on financial reporting individually.
Regarding IT general control for "significant business locations/units," the Company performed an assessment of the systems used to automate business process controls. These systems were assessed according to the type of infrastructure.

3. Assessment Result

As a result of performing the assessment in accordance with the above policy, the Company concluded that the design and operation of internal control over financial reporting for the Fujitsu Group were effective as of March 31, 2009.

4. Supplementary Information

The following events took place subsequent to the fiscal year ended March 31, 2009:

- On April 1, 2009, Fujitsu Siemens Computers (Holding) B.V. was converted into a consolidated subsidiary of Fujitsu Limited and renamed Fujitsu Technology Solutions (Holding) B.V.
- On April 1, 2009, Fujitsu Consulting Holdings Inc., Fujitsu Computer Systems Corporation, and Fujitsu Transaction Solutions Inc. were brought together under one unified corporate structure. The name of the integrated company was changed to Fujitsu America, Inc. on the same day.
- On February 17, 2009, the Company reached basic agreements with Toshiba Corporation and with Showa Denko K.K. regarding the transfer of its hard disk drive business and hard disk media business, respectively, and concluded a definitive agreement with both companies on April 30, 2009. The transfer of hard disk media business and hard disk drive business is planned to be completed on July 1, 2009 and on August 1, 2009, respectively.
- On May 1, 2009, FDK Corporation was converted into a consolidated subsidiary of Fujitsu Limited.

These events may have a significant impact on the assessment of the effectiveness of internal control over Fujitsu Group's financial reporting in fiscal year 2009 and thereafter.

Principal Subsidiaries and Affiliates

(As of March 31, 2009)

Consolidated Subsidiaries (480 companies)

Japan

Listed

Shinko Electric Industries Co., Ltd.
NIFTY Corporation
Fujitsu Component Limited
Fujitsu Broad Solution & Consulting Inc.
Fujitsu Business Systems Ltd.*[1]
Fujitsu Frontech Limited

Unlisted

Shimane Fujitsu Limited
PFU Limited
Fujitsu Isotec Limited
Fujitsu IT Products Limited
Fujitsu FIP Corporation
Fujitsu FSAS Inc.
Fujitsu Electronics Inc.
Fujitsu Laboratories Ltd.
Fujitsu Telecom Networks Limited
Fujitsu TEN Limited
Fujitsu Personal System Limited
Fujitsu Microelectronics Limited
Fujitsu Mobile-phone Products Ltd.

The Americas

Unlisted

Fujitsu Computer Products of America, Inc.
Fujitsu Network Communications Inc.
Fujitsu North America Holdings, Inc.*[2]

EMEA

Unlisted

Fujitsu Services Holdings PLC

APAC• China

Unlisted

Fujitsu Taiwan Limited
Fujitsu Asia Pte. Ltd.
Fujitsu Australia Limited
Fujitsu Computer Products Corporation of the Philippines*[3]
Fujitsu Microelectronics Asia Pte. Ltd.
Fujitsu (Thailand) Co., Ltd.*[3]

Equity-method Affiliates (20 companies)

Japan

Listed

Fujitsu General Limited
FDK Corporation*[4]

Unlisted

Fujitsu Leasing Co., Ltd.

EMEA

Unlisted

Fujitsu Siemens Computers (Holding) B.V.*[5]

*[1] Fujitsu will conduct an exchange of shares with Fujitsu Business Systems Ltd. (FJB) on August 1, 2009. This exchange will make FJB a wholly owned subsidiary of Fujitsu. Accordingly, FJB was delisted on July 28, 2009.

*[2] On October 1, 2008, Fujitsu established Fujitsu North America Holdings, Inc. as a holding company for Fujitsu Consulting Holdings, Inc., Fujitsu Computer Systems Corporation, and Fujitsu Transaction Solutions Inc. On April 1, 2009, these three companies were merged and the company name was subsequently changed to Fujitsu America, Inc.

*[3] In conjunction with the transfer of Fujitsu's HDD operations, Fujitsu (Thailand) Co., Ltd. and Fujitsu Computer Products Corporation of the Philippines are scheduled to be transferred to Toshiba Corporation in August 2009.

*[4] On May 1, 2009, Fujitsu subscribed to a private placement of shares from equity-method affiliate FDK Corporation, converting it into a consolidated subsidiary.

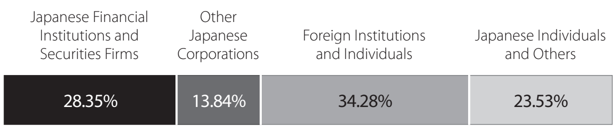
*[5] Following an acquisition of shares from Siemens AG, Fujitsu Siemens Computers (Holding) B.V. became a consolidated subsidiary of Fujitsu on April 1, 2009; on the same date, the subsidiary's name was changed to Fujitsu Technology Solutions (Holding) B.V.

Shareholders' Data

(As of March 31, 2009)

Capital:	¥324,625 million
Common Stock:	Authorized: 5,000,000,000 shares
	Issued: 2,070,018,213 shares
Number of Shareholders:	201,818

Equity Shareholdings by Type of Shareholder



* The 123,042 thousand shares of Fujitsu Limited stock held by Fuji Electric Holdings Co., Ltd. and its consolidated subsidiaries as retirement benefit trust assets are categorized under the shareholdings of "Other Japanese Corporations."

Principal Shareholders	**Number of shares held (thousands)**	**Percentage of shares held (%)**
Japan Trustee Services Bank, Ltd. (for trust 4G)	122,789	5.93
The Master Trust Bank of Japan, Ltd. (for trust)	111,956	5.41
Japan Trustee Services Bank, Ltd. (for trust)	100,434	4.85
Fuji Electric Holdings Co., Ltd.	94,663	4.57
State Street Bank and Trust Company (Standing proxy, Mizuho Corporate Bank, Ltd. Kabutocho Custody & Proxy Department)	84,900	4.10
Fuji Electric Systems Co., Ltd.	81,868	3.95
Asahi Mutual Life Insurance Company	40,743	1.97
Mizuho Corporate Bank, Ltd.	32,654	1.58
Fujitsu Employee Shareholding Association	28,394	1.37
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account (Standing proxy, Mizuho Corporate Bank, Ltd. Kabutocho Custody & Proxy Department)	21,900	1.06
Total	720,303	34.80

Notes: 1. The shares held by Japan Trustee Services Bank, Ltd. (for trust 4G), The Master Trust Bank of Japan, Ltd. (for trust), and Japan Trustee Services Bank, Ltd. (for trust) are related to the institutions' trust business.

2. Of the shares held by Fuji Electric Holdings Co., Ltd. and Fuji Electric Systems Co., Ltd., 1,412 thousand shares and 66,067 thousand shares, respectively, are trust assets entrusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights attached to these shares are exercised upon instructions of the respective shareholders. From confirmation based on the record of shareholders, the Fujitsu shares held by the Fuji Electric Group in the form of retirement benefit trust assets total 236,370 thousand shares (which accounts for 11.42% of outstanding shares).

3. Of the shares held by the Mizuho Corporate Bank, Ltd., 212 thousand shares are trust assets entrusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets. The voting rights attached to these shares are exercised upon instructions of Mizuho Corporate Bank, Ltd.

4. AllianceBernstein Japan Ltd., in conjunction with two affiliates, submitted a change in large shareholding report dated April 22, 2008 to the Director General of the Kanto Local Finance Bureau containing the following information that the companies were obligated to report as of April 17, 2008. The details of the change in shareholding report are as follows:

Shareholder	**Number of shares held (thousands)**	**Percentage of total shares outstanding (%)**
AllianceBernstein L.P.	267,022	12.90
AXA Rosenberg Investment Management Ltd.	20,640	1.00
AllianceBernstein Japan Ltd.	6,236	0.30
Total	293,898	14.20

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated August 27, 2008 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of August 20, 2008. The details of the change in shareholding report are as follows:

Shareholder	**Number of shares held (thousands)**	**Percentage of total shares outstanding (%)**
AllianceBernstein L.P.	245,231	11.85
AXA Rosenberg Investment Management Ltd.	19,575	0.95
AllianceBernstein Japan Ltd.	5,501	0.27
Total	270,308	13.06

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated November 28, 2008 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of November 21, 2008. The details of the change in shareholding report are as follows:

Shareholder	**Number of shares held (thousands)**	**Percentage of total shares outstanding (%)**
AllianceBernstein L.P.	224,295	10.84
AXA Rosenberg Investment Management Ltd.	20,059	0.97
AllianceBernstein Japan Ltd.	6,351	0.31
Total	250,705	12.11

AllianceBernstein Japan Ltd., and two of its affiliates again jointly submitted a change in large shareholding report dated February 13, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information that the companies were obligated to report as of February 5, 2009. The Company cannot verify the status of voting rights held by AllianceBernstein Japan Ltd. or its two affiliates. However, the Company judged that based on this report, these entities had sufficient voting rights to be viewed as principal shareholders. Accordingly, the Company submitted an extraordinary report to the Director General of the Kanto Local Finance Bureau dated February 13, 2009. The details of the change in shareholding report are as follows:

Shareholder	**Number of shares held (thousands)**	**Percentage of total shares outstanding (%)**
AllianceBernstein L.P.	202,277	9.77
AXA Rosenberg Investment Management Ltd.	20,388	0.98
AllianceBernstein Japan Ltd.	5,950	0.29
Total	228,615	11.04

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated March 30, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of March 23, 2009. Because Fujitsu was unable to verify the effective shareholdings of AllianceBernstein Japan Ltd. as of the fiscal year-end, the company has not been included in the above list of principal shareholders. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
AllianceBernstein L.P.	197,947	9.56
AXA Rosenberg Investment Management Ltd.	20,704	1.00
AllianceBernstein Japan Ltd.	8,127	0.39
Total	226,778	10.96

5. Citigroup Global Markets Limited and two of its affiliates jointly submitted a change in large shareholding report dated February 16, 2009 to the Director General of the Kanto Local Finance Bureau, followed by submission of an amended report pertaining to its shareholdings dated April 30, 2009. Because Fujitsu was unable to verify the effective shareholdings of Citigroup Global Markets Limited as of the fiscal year-end, the company has not been included in the above list of principal shareholders.

The details of the amended report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Citigroup Global Markets Limited	4,488	0.20
Nikko Asset Management Co., Ltd.	16,561	0.72
Nikko Citigroup Limited	222,411	9.70
Citigroup Global Markets Inc.	1	0.00
Total	243,462	10.62

Note: The number of shares held includes 222,850 thousand residual shares issuable upon the exercise of warrants.

6. Fuji Electric Holdings Co., Ltd. and five of its affiliates jointly submitted a change in large shareholding report dated March 25, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of October 1, 2008. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Fuji Electric Holdings Co., Ltd.	94,663	4.57
Fuji Life Corp.	4,004	0.19
Fuji Electric Retail Systems Co., Ltd.	16,112	0.78
Fuji Electric Systems Co., Ltd.	74,538	3.60
Fuji Electric Assets Management Co., Ltd.	23,676	1.14
Fuji Electric Device Technology Co., Ltd.	18,059	0.87
Total	231,054	11.16

Fuji Electric Holdings Co., Ltd. and four of its affiliates jointly submitted a change in large shareholding report dated March 25, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of March 17, 2009.

The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Fuji Electric Holdings Co., Ltd.	94,663	4.57
Fuji Life Corp.	4,004	0.19
Fuji Electric Retail Systems Co., Ltd.	16,112	0.78
Fuji Electric Systems Co., Ltd.	98,214	4.74
Fuji Electric Device Technology Co., Ltd.	18,059	0.87
Total	231,054	11.16

Corporate Headquarters:
Shiodome City Center
1-5-2 Higashi-Shimbashi
Minato-ku, Tokyo 105-7123, Japan
Telephone: +81-3-6252-2220

Transfer Agent: Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-8212, Japan

Stock Exchange Listings:
Japan: Tokyo, Osaka, Nagoya
Overseas: London, Frankfurt, Switzerland

Independent Auditors:
Ernst & Young ShinNihon LLC

Shareholder Information:
For further information, please contact:
Fujitsu Limited
Public & Investor Relations
Telephone: +81-3-6252-2173
Facsimile: +81-3-6252-2783

http://www.fujitsu.com/global/about/ir/

Legibility Considerations
We have reviewed this report using our ColorSelector tool to choose a highly accessible color combination so that the text and figures will be as legible as possible to the widest range of readers.

Consideration for the Environment
- This report has been printed using waterless printing, which reduces the amount of harmful materials used and emitted.
- It is printed on FSC Certified Paper as designated by the Forest Stewardship Council in order to help preserve forestry resources.
- It uses vegetable oil inks that do not include volatile organic compounds.

Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SA-COC-1577
© 1996 Forest Stewardship Council
FSC

VOC FREE

Waterless Printing. Naturally.

FUJITSU LIMITED
Shiodome City Center, 1-5-2 Higashi-Shimbashi
Minato-ku, Tokyo 105-7123, JAPAN
Tel. +81-3-6252-2220
www.fujitsu.com

Printed in Japan BA0033-1AP