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" (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated May 17, 2006), 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 as of the beginning of the year ended March 31, 2009.

(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" (Accounting Standards Board of Japan, Statement No. 15 dated December 27, 2007) 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.

(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.

(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.

(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.

(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.

(m) Provision for bonuses to board members

Provision for the bonuses to board members is recorded based on an estimated amount.

(n) 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, 2010>

For the year ended March 31, 2010, the Company and its consolidated subsidiaries in Japan newly applied "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan, Statement No. 19 dated July 31, 2008).

This change did not have any impact on operating income and income (loss) before income taxes and minority interests for the year ended March 31, 2010.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) Derivative financial instruments

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

The hedging instruments consist of forward exchange, option and swap contracts and related complex contracts.

Derivative financial instruments are stated at fair value and gains or losses on changes in fair values of the hedging instruments are recognized as "Other income (expenses)."

However, gains or losses on changes in fair values of derivative financial instruments, which qualify for deferral hedge accounting, are deferred 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 ¥93 = US$1, the approximate exchange rate at March 31, 2010.

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.

Notes to Consolidated Financial Statements

3. Inventories

Inventories at March 31, 2009 and 2010 consist of the following:

At March 31	Yen (millions) 2009	Yen (millions) 2010	U.S. Dollars (thousands) 2010
Finished goods	¥140,356	**¥145,646**	**$1,566,086**
Work in process	95,159	**100,904**	**1,084,989**
Raw materials and supplies	70,941	**75,751**	**814,527**
Total inventories	¥306,456	**¥322,301**	**$3,465,602**

4. Property, Plant and Equipment

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

Years ended March 31	Yen (millions) 2009	Yen (millions) 2010	U.S. Dollars (thousands) 2010
Land			
Balance at beginning of year	¥ 105,584	**¥112,834**	**$1,213,269**
Additions	12,108	**45**	**484**
Impairment loss	2,850	**443**	**4,763**
Translation differences	(533)	**(194)**	**(2,086)**
Other, net	(1,475)	**7,288**	**78,365**
Balance at end of year	¥ 112,834	**¥119,530**	**$1,285,269**
Buildings			
Balance at beginning of year	¥ 294,348	**¥264,842**	**$2,847,763**
Additions	33,574	**29,952**	**322,065**
Depreciation	33,675	**24,660**	**265,161**
Impairment loss	18,256	**1,177**	**12,656**
Translation differences	(9,131)	**(121)**	**(1,301)**
Other, net	(2,018)	**4,297**	**46,204**
Balance at end of year	¥ 264,842	**¥273,133**	**$2,936,914**
Machinery and equipment			
Balance at beginning of year	¥ 416,246	**¥279,838**	**$3,009,011**
Additions	131,155	**96,027**	**1,032,548**
Depreciation	190,473	**140,158**	**1,507,075**
Impairment loss	50,809	**856**	**9,204**
Translation differences	(13,925)	**(685)**	**(7,366)**
Other, net	(12,356)	**13,982**	**150,344**
Balance at end of year	¥ 279,838	**¥248,148**	**$2,668,258**
Construction in progress			
Balance at beginning of year	¥ 23,586	**¥ 15,514**	**$ 166,817**
Additions	124,296	**82,627**	**888,462**
Impairment loss	2,216	**413**	**4,441**
Translation differences	(165)	**82**	**882**
Transfers	(129,987)	**(75,886)**	**(815,978)**
Balance at end of year	¥ 15,514	**¥ 21,924**	**$ 235,742**

5. 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, 2009 and 2010.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2009	**2010**	**2010**
Acquisition cost	¥175,308	**¥142,392**	**$1,531,097**
Accumulated depreciation	107,828	**88,293**	**949,387**
Book value	67,480	**54,099**	**581,710**
Minimum lease payments required			
Within one year	43,054	**31,315**	**336,720**
Over one year but within five years	47,358	**36,760**	**395,269**
Over five years	8,789	**9,054**	**97,355**
Total	¥ 99,201	**¥ 77,129**	**$ 829,344**

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	2009	**2010**	**2010**
Within one year	¥12,211	**¥20,868**	**$ 224,387**
Over one year but within five years	29,988	**45,950**	**494,086**
Over five years	24,608	**31,375**	**337,366**
Total	¥66,807	**¥98,193**	**$1,055,839**

6. Goodwill

An analysis of goodwill is presented below:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2009	**2010**	**2010**
Balance at beginning of year	¥68,411	**¥46,508**	**$ 500,086**
Additions	1,010	**69,258**	**744,709**
Amortization	16,292	**23,317**	**250,720**
Translation differences and others	(6,621)	**1,496**	**16,086**
Balance at end of year	¥46,508	**¥93,945**	**$1,010,161**

7. Short-term Borrowings and Long-term Debt

Short-term borrowings and long-term debt at March 31, 2009 and 2010 consist of the following:

Short-term borrowings

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2009	**2010**	**2010**
Short-term borrowings, principally from banks, with weighted average interest rates of 1.28% at March 31, 2009 and of 1.24% at March 31, 2010:			
Secured	¥ 200	**¥ —**	**$ —**
Unsecured	115,550	**49,885**	**536,397**
Total short-term borrowings (A)	¥115,750	**¥49,885**	**$536,397**

Notes to Consolidated Financial Statements

Long-term debt (including current portion)

At March 31	Yen (millions) 2009	2010	U.S. Dollars (thousands) 2010
a) Long-term borrowings			
Long-term borrowings, principally from banks and insurance companies, due from 2009 to 2020 with weighted average interest rate of 1.51% at March 31, 2009: due from 2010 to 2020 with weighted average interest rate of 1.43% at March 31, 2010:			
Secured	¥ —	**¥ 89**	**$ 957**
Unsecured	84,251	**147,269**	**1,583,538**
Total long-term borrowings	¥ 84,251	**¥147,358**	**$1,584,495**
b) Bonds and notes			
Bonds and notes issued by the Company:			
Secured	¥ —	**¥ —**	**$ —**
Unsecured			
zero coupon unsecured convertible bonds due 2009	250,000	**—**	**—**
unsecured convertible bonds due 2010*[1, 2]	100,000	**100,000**	**1,075,269**
unsecured convertible bonds due 2011*[1, 2]	100,000	**100,000**	**1,075,269**
3.15% unsecured bonds due 2009	50,000	**—**	**—**
3.0% unsecured bonds due 2018	30,000	**30,000**	**322,581**
1.05% unsecured bonds due 2010	50,000	**50,000**	**537,634**
1.49% unsecured bonds due 2012	60,000	**60,000**	**645,161**
1.73% unsecured bonds due 2014	40,000	**40,000**	**430,108**
Bonds and notes issued by consolidated subsidiaries,			
Secured	—	**—**	**—**
Unsecured			
[Japan]			
0.97% unsecured bonds due 2010*[3]	300	**—**	**—**
0.66% unsecured bonds due 2010*[3]	200	**—**	**—**
1.73% unsecured bonds due 2012*[3]	100	**—**	**—**
zero coupon unsecured convertible bonds due 2013	200	**200**	**2,150**
[Outside Japan]			
Medium Term Note unsecured due 2009 with rate of 1.05–1.29%	2,679	**—**	**—**
Total bonds and notes	¥683,479	**¥380,200**	**$4,088,172**
Total long-term debt (including current portion) (a+b)	¥767,730	**¥527,558**	**$5,672,667**
Current portion (B)	311,133	**170,572**	**1,834,108**
Non-current portion (C)	456,597	**356,986**	**3,838,559**
Total short-term borrowings and long-term debt (including current portion)	¥883,480	**¥577,443**	**$6,209,064**
Short-term borrowings and current portion of long-term debt (A+B)	426,883	**220,457**	**2,370,505**
Long-term debt (excluding current portion) (C)	456,597	**356,986**	**3,838,559**

Convertible bonds are treated solely as liabilities and the conversion option is not recognized as equity in accordance with accounting principles and practices generally accepted in Japan.

*[1] The corresponding interest rates are as follows. The unsecured convertible bonds due 2010 were redeemed at the maturity date (May 31, 2010).

	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 on convertible bonds at March 31, 2010

	Unsecured convertible bonds due 2010	Unsecured convertible bonds due 2011
Date issued	2007/8/31	2007/8/31
Stock to be issued	Common Stock	Common Stock
Issue price of subscription rights to shares	Zero	Zero
Conversion price of the bonds (Yen)	900	900
Total issue price (Millions of yen)	100,000	100,000
Total issue price of stock issued by the exercise of subscription rights to shares (Millions of yen)	—	—
Subscription rights to shares granted (%)	100	100
Exercisable periods of subscription rights to shares	May 28, 2009 to May 24, 2010	May 28, 2009 to May 24, 2011

*3 The corresponding consolidated subsidiary changed to an equity method affiliate due to a decrease in share in the current fiscal year. In accordance with this change, the bond was not included in balance at March 31, 2010.

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2011	¥170,572	$1,834,108
2012	171,362	1,842,602
2013	69,948	752,129
2014	31,963	343,688
2015 and thereafter	83,713	900,140
Total	¥527,558	$5,672,667

At March 31, 2010, the Group had committed facility contracts with banks aggregating ¥212,920 million ($2,289,462 thousand) and all of it was unused.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2009 and 2010 are principally presented below:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2009	**2010**	**2010**
Property, plant and equipment, net	¥2,562	**¥3,403**	**$36,591**

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.

8. 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") and Fujitsu Technology Solutions B.V. (including its consolidated subsidiaries) provide. The plan provided by FS 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	2009	**2010**	**2010**
Projected benefit obligation	¥(1,198,318)	**¥(1,268,623)**	**$(13,641,107)**
Plan assets	791,122	**934,673**	**10,050,247**
Projected benefit obligation in excess of plan assets	(407,196)	**(333,950)**	**(3,590,860)**
Unrecognized net obligation at transition	16,467	**—**	**—**
Unrecognized actuarial loss	492,968	**378,619**	**4,071,172**
Unrecognized prior service cost (reduced obligation)	(120,785)	**(102,041)**	**(1,097,215)**
Prepaid pension cost	(72,505)	**(57,142)**	**(614,430)**
Accrued retirement benefits	¥ (91,051)	**¥ (114,514)**	**$ (1,231,333)**

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

Components of net periodic benefit cost

	Yen (millions)			U.S. Dollars (thousands)
Years ended March 31	2008	2009	**2010**	**2010**
Service cost	¥ 36,646	¥ 38,207	**¥ 39,191**	**$ 421,409**
Interest cost	27,535	28,976	**30,155**	**324,247**
Expected return on plan assets	(30,929)	(27,286)	**(23,243)**	**(249,925)**
Amortization of unrecognized obligation for retirement benefits:				
Amortization of net obligation at transition	16,217	16,709	**16,290**	**175,161**
Amortization of actuarial loss	9,863	26,463	**42,953**	**461,860**
Amortization of prior service cost	(18,613)	(19,099)	**(18,591)**	**(199,903)**
Net periodic benefit cost	40,719	63,970	**86,755**	**932,849**
Gain on termination of retirement benefit plan	—	—	**(86)**	**(924)**
Total	¥ 40,719	¥ 63,970	**¥ 86,669**	**$ 931,925**

In addition to net periodic benefit cost stated above, extra retirement benefits of ¥3,798 million, ¥8,029 million and ¥15,939 million ($171,387 thousand) were paid for the years ended March 31, 2008, 2009 and 2010, respectively.

Assumptions used in accounting for the plans

At March 31	2009	**2010**
Discount rate	2.5%	**2.5%**
Expected rate of return on plan assets	2.8%	**2.9%**
Method of allocating actuarial loss	Straight-line method over the employees' average remaining service period	**Straight-line method over the employees' average remaining service period**
Method of allocating prior service cost	Straight-line method over 10 years	**Straight-line method over 10 years**
Method of allocating net obligation at transition	Straight-line method over 10 years	**Straight-line method over 10 years**

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

<Outside Japan>

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

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2009	**2010**	**2010**
Projected benefit obligation	¥(354,064)	**¥(592,144)**	**$(6,367,140)**
Plan assets	296,413	**390,251**	**4,196,248**
Projected benefit obligation in excess of plan assets	(57,651)	**(201,893)**	**(2,170,892)**
Unrecognized actuarial gain (loss)	11,547	**110,060**	**1,183,440**
Prepaid pension cost	(67)	**(57)**	**(613)**
Accrued retirement benefits	¥ (46,171)	**¥ (91,890)**	**$ (988,065)**

Components of net periodic benefit cost

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2009	**2010**	**2010**
Service cost	¥ 8,856	**¥ 8,396**	**$ 90,280**
Interest cost	32,305	**28,786**	**309,527**
Expected return on plan assets	(33,321)	**(24,803)**	**(266,699)**
Amortization of the unrecognized obligation for retirement benefit:			
Amortization of actuarial gain and loss	(304)	**(151)**	**(1,624)**
Net periodic benefit cost	7,536	**12,228**	**131,484**
Gain on termination of retirement benefit plan	—	**(2)**	**(22)**
Total	¥ 7,536	**¥ 12,226**	**$ 131,462**

In addition to net periodic benefit cost stated above, contribution for defined contribution plan of ¥6,572 million and ¥7,557 million ($81,258 thousand) were recognized as expense for the years ended March 31, 2009 and 2010, respectively.

Assumptions used in accounting for the plans

At March 31	2009	**2010**
Discount rate	Mainly 6.9%	**Mainly 5.6%**
Expected rate of return on plan assets	Mainly 8.0%	**Mainly 7.8%**
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**

9. Income Taxes

The Group is subject to a number of different income taxes. The statutory income tax rates in the aggregate in Japan were approximately 40.6% for the years ended March 31, 2008, 2009 and 2010.

The components of income taxes are as follows:

	Yen (millions)			U.S. Dollars (thousands)
Years ended March 31	2008	2009	**2010**	**2010**
Current	¥39,736	¥ 25,022	**¥ 27,059**	**$ 290,957**
Deferred	7,534	(24,611)	**(11,283)**	**(121,323)**
Income taxes	¥47,270	¥ 411	**¥ 15,776**	**$ 169,634**

The reconciliations between the statutory income tax rates and the effective income tax rates for the years ended March 31, 2008, 2009 and 2010 are as follows:

Years ended March 31	2008	2009	**2010**
Statutory income tax rates	40.6%	40.6%	**40.6%**
Increase (decrease) in tax rates:			
Valuation allowance for deferred tax assets	(9.4%)	(8.5%)	**(38.0%)**
Goodwill amortization	8.2%	(5.8%)	**8.4%**
Non-deductible expenses for tax purposes	4.4%	(3.1%)	**2.7%**
Tax effect on equity in earnings of affiliates, net	(3.4%)	(12.2%)	**(1.0%)**
Non-taxable income	(1.6%)	0.5%	**(0.5%)**
Dividends from consolidated subsidiaries and affiliates outside Japan	5.8%	(11.0%)	**0.0%**
Other	(1.4%)	(0.9%)	**1.8%**
Effective income tax rates	43.2%	(0.4%)	**14.0%**

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2010 are as follows:

At March 31	Yen (millions) 2009	2010	U.S. Dollars (thousands) 2010
Deferred tax assets:			
Accrued retirement benefits	¥ 140,185	**¥ 152,967**	**$ 1,644,806**
Tax loss carryforwards	165,973	**142,631**	**1,533,667**
Excess of depreciation and amortization and impairment loss, etc	76,416	**64,696**	**695,656**
Accrued bonus	40,047	**41,907**	**450,613**
Inventories	25,044	**23,977**	**257,817**
Loss on revaluation of investment securities	13,366	**12,725**	**136,828**
Provision for loss on repurchase of computers	9,513	**8,825**	**94,892**
Provision for product warranties	5,386	**4,959**	**53,323**
Intercompany profit on inventories and property, plant and equipment	2,545	**2,950**	**31,720**
Other	54,705	**66,567**	**715,774**
Gross deferred tax assets	533,180	**522,204**	**5,615,096**
Less: Valuation allowance	(284,938)	**(261,079)**	**(2,807,301)**
Total deferred tax assets	248,242	**261,125**	**2,807,795**
Deferred tax liabilities:			
Gains from establishment of stock holding trust for retirement benefit plan	¥(110,617)	**¥(110,617)**	**$(1,189,430)**
Unrealized gains on securities	(35,620)	**(10,558)**	**(113,527)**
Tax allowable reserves	(5,434)	**(3,444)**	**(37,032)**
Other	(7,569)	**(7,448)**	**(80,086)**
Total deferred tax liabilities	(159,240)	**(132,067)**	**(1,420,075)**
Net deferred tax assets	¥ 89,002	**¥ 129,058**	**$ 1,387,720**

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

At March 31	Yen (millions) 2009	2010	U.S. Dollars (thousands) 2010
Current assets—others	¥ 68,840	**¥ 76,308**	**$ 820,516**
Investments and long-term loans—others	72,250	**83,279**	**895,473**
Current liabilities—others	(7)	**(5)**	**(54)**
Long-term liabilities—others	(52,081)	**(30,524)**	**(328,215)**
Net deferred tax assets	¥ 89,002	**¥129,058**	**$1,387,720**

The Company and its 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.

10. Shareholders' Equity

The number of authorized and issued shares of common stock at March 31, 2009 and 2010 is stated as follows:

At March 31	2009	2010
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**

11. Commitments and Contingent Liabilities

Commitments outstanding at March 31, 2010 for purchase of property, plant and equipment were approximately ¥6,029 million ($64,828 thousand).

Contingent liabilities for guarantee contracts amounted to ¥3,877 million ($41,688 thousand) at March 31, 2010 and referred mainly to ¥3,807 million ($40,935 thousand) guarantees given for employees' housing loans.

12. Financial Instruments

1. Status of financial instruments

(1) Policies for financial instruments

The Group carries out its financial activities in accordance with the "Fujitsu Group Treasury Policy," and primarily obtains funds through bank borrowing and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risk. The Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes.

(2) Description and risks of financial instruments

Trade receivables are exposed to customer credit risk. Additionally, some trade receivables are denominated in foreign currencies in conjunction with the export of products and exposed to exchange rate fluctuation risk. Investment securities are comprised primarily of shares in companies with which the Group has business alliances and negotiable deposit. Shares are exposed to market price fluctuation risk and financial risk of the company invested.

Trade liabilities such as payables, trade and accrued expenses are generally payable within one year. Some trade liabilities are denominated in foreign currencies in conjunction with the import of components and exposed to exchange rate fluctuation risk. Borrowings, corporate bonds, and lease obligation related to finance lease transactions are mainly for the purpose of obtaining working capital and preparing for capital expenditures. Because some of the foregoing have a floating interest rate, they are exposed to interest rate fluctuation risk.

Derivative transactions consist primarily of the use of exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to trade receivables and trade liabilities, currency swap contracts for the purpose of hedging exchange rate fluctuation risk related to foreign currency denominated cash flow, and interest swap contracts for the purpose of hedging interest rate fluctuation risk related to borrowings and corporate bonds.

(3) Risk management of financial instruments

(i) Management of credit risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. A unit independent from the sales units assesses the credit standing of customers and manages collection dates and the balance outstanding for each customer to ensure smooth and dependable collection of trade receivables. The counterparties to derivative transactions are selected upon assessment of their credit risk. The amounts of the largest credit risks as of the reporting date are indicated in the balance sheet values of the financial assets that are exposed to credit risk.

(ii) Management of market risk

The Group utilizes mainly exchange forward contracts in respect to trade receivables and trade liabilities denominated in foreign currencies to mitigate exchange rate fluctuation risk monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flow denominated in foreign currency, and interest swap contracts in respect to borrowings and corporate bonds to mitigate interest rate fluctuation risk. The Group regularly monitors the market price and the financial condition of the issuer in respect to its securities and continuously reconsiders investment in each company, taking into account its relationship with the counterparty.

The Group enters into derivative transactions based on regulations established by the Company. Based on policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions and records them 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 CFO and the chief of the accounting department.

(iii) Management of liquidity risk in financing activities

The Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

(4) Supplementary explanation of fair value of financial instruments

The fair value of Financial Instruments is based on the market price, but in case a market price is not available, the fair value is reasonably estimated. As variable factors are incorporated in the estimation of values, values may vary depending on the assumptions used. The contract amount related to derivative transactions under "2. Fair value of financial instruments" does not express the market risk related to the derivative transactions.

2. Fair value of financial instruments

Amounts recorded on the consolidated balance sheet as of March 31, 2010, fair values, and the variances between the two are as shown below. Financial instruments for which it is extremely difficult to determine the fair value are not included in the table below (Note 2 stated below).

	Yen (millions)			U.S. Dollars (thousands)		
At March 31, 2010	Carrying value in consolidated balance sheet	Fair value	Variance	Carrying value in consolidated balance sheet	Fair value	Variance
Current assets						
(1) Cash and cash equivalents	¥ 420,166	¥ 420,166	¥ —	$ 4,517,914	$ 4,517,914	$ —
(2) Short-term investments	7,794	7,794	—	83,807	83,807	—
(3) Receivables, trade	921,349			9,906,978		
Allowance for doubtful accounts*1	(15,924)			(171,226)		
	905,425	905,425	—	9,735,752	9,735,752	—
Investments and long-term loans						
(4) Affiliates	16,601	37,518	20,917	178,505	403,419	224,914
(5) Others	103,553	103,553	—	1,113,474	1,113,474	—
Total assets	1,453,539	1,474,456	20,917	15,629,452	15,854,366	224,914
Current liabilities						
(1) Short-term borrowings and current portion of long-term debt	220,457	220,457	—	2,370,505	2,370,505	—
(2) Lease obligation	29,790	29,790	—	320,323	320,323	—
(3) Payables, trade	626,986	626,986	—	6,741,785	6,741,785	—
(4) Accrued expenses	334,458	334,458	—	3,596,323	3,596,323	—
Long-term liabilities						
(5) Long-term debt	356,986	368,365	11,379	3,838,559	3,960,914	122,355
(6) Lease obligation	39,509	39,753	244	424,828	427,451	2,623
Total liabilities	1,608,186	1,619,809	11,623	17,292,323	17,417,301	124,978
Derivative transactions*2						
(i) Transactions which do not qualify for hedge accounting	[1,557]	[1,557]	—	[16,742]	[16,742]	—
(ii) Transactions which qualify for hedge accounting	[67]	[67]	—	[720]	[720]	—
Total derivative transactions	[1,624]	[1,624]	—	[17,462]	[17,462]	—

*1 It comprises the allowance for doubtful accounts in respect to Receivables, trade, short-term loan receivable and others.

*2 The net amount of the assets and liabilities is shown. If the net amount is a liability, it is written in parentheses [ ].

Notes to Consolidated Financial Statements

(Note 1) Calculation method relating to fair value of Financial Instruments

Current assets
(1) Cash and cash equivalents, (2) Short-term investments and (3) Receivables, trade
The fair value of these items approximates the carrying value due to the short maturity of these instruments.

Investments and long-term loans
(4) Affiliates and (5) Others
The fair value of securities is based on the market price on the stock exchanges, and fair value of bonds is based on quotes obtained from the financial institutions or on the market price on the stock exchanges.

Current liabilities
(1) Short-term borrowings and current portion of long-term debt, (2) Lease obligation, (3) Payables, trade and (4) Accrued expenses
The fair value of these items approximates the carrying value due to the short maturity of these instruments.

Long-term liabilities
(5) Long-term debt and (6) Lease obligation
The fair value of bonds which have a market price is based on the market price. The fair value of bonds for which there is no market price is calculated by discounting the sum of future principal and interest payments to the present value at a rate taking into account the remaining term and the credit risk of bonds.

The fair value of long-term borrowings and lease obligation is calculated by discounting the sum of future principal and interest payments to the present value at the rate expected in another loan or lease transaction with the same conditions.

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value
Unlisted stocks are classified as "Financial instruments for which it is extremely difficult to determine the fair value", because no market price is available and it is not possible to estimate the future cash flow in accordance with "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan, Statement No. 10 dated March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19 dated March 10, 2008). Accordingly unlisted stocks are not included in the "Investments and long-term loans" stated above. The carrying value in the consolidated balance sheet of the stocks as of March 31, 2010 is ¥50,781 million ($546,032 thousand), consisting of Affiliate: ¥20,169 million ($216,871 thousand) and Others: ¥30,612 million ($329,161 thousand).

13. Marketable Securities

At March 31, 2009 and 2010, 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	2009	**2010**	**2010**
Available-for-sale securities			
Acquisition costs	¥ 93,974	**¥182,655**	**$1,964,032**
Carrying value (Market value)	180,139	**208,776**	**2,244,903**
Net unrealized gain	¥ 86,165	**¥ 26,121**	**$ 280,871**

Held-to-maturity investments are not listed above due to the immaterial balances.

14. Derivative Financial Instruments

1. Derivative transactions which do not qualify for hedge accounting

<Currency-related transactions>

	Yen (millions)				U.S. Dollars (thousands)			
At March 31, 2010	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts								
To buy foreign currencies								
U.S. Dollars	¥44,928	¥14,687	¥ (501)	¥ (501)	$483,097	$157,925	$ (5,387)	$ (5,387)
Euro	22,007	4,294	550	550	236,634	46,172	5,914	5,914
Other currencies	2,686	465	6	6	28,882	5,000	65	65
To sell foreign currencies								
U.S. Dollars	28,579	5,118	(1,604)	(1,604)	307,301	55,032	(17,247)	(17,247)
Euro	5,407	2,583	(17)	(17)	58,140	27,774	(183)	(183)
Other currencies	4,911	—	(67)	(67)	52,806	—	(721)	(721)
Foreign Exchange Options Contracts								
To buy options								
U.S. Dollars puts	1,737	—			18,677	—		
	<23>	<—>	47	24	<247>	<—>	505	258
To sell options								
U.S. Dollars calls	1,737	—			18,677	—		
	<(23)>	<—>	(8)	15	<(247)>	<—>	(86)	161
Foreign Exchange Swap Contracts								
Receive Pound Sterling	17,820	—	(456)	(456)	191,613	—	(4,903)	(4,903)
Pay Pound Sterling	27,753	—	392	392	298,419	—	4,215	4,215
Others	14,896	—	101	101	160,172	—	1,086	1,086
Total			¥(1,557)	¥(1,557)			$(16,742)	$(16,742)

1) The method for estimating the fair value is principally based on obtaining quotes from the financial institutions signing the contracts.

2) Regarding some of the foreign exchange forward contracts, the Company previously presented the fair value of the contract amount. However, from the fiscal year ended March 31, 2010, the Company presents the difference between the fair value and the contract amount. This change is made in conjunction with the application of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19 dated March 10, 2008) and in order to maintain consistency with "2. Fair value of financial instruments."

3) Collateral conditions are attached to some foreign exchange forward contracts, and there is the possibility of change in contract amount and duration due to the fluctuation of the currency exchange rate.

4) In the column "Contract Amount," option premiums are disclosed in brackets < >, and corresponding fair value and valuation gains and losses are disclosed on the same line.

<Currency-related transactions>

At March 31, 2009	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
	Yen (millions)			
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

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.

2. Derivative transactions which qualify for hedge accounting

(i) Currency-related transactions

At March 31, 2010		Yen (millions)			U.S. Dollars (thousands)		
Type of derivative transaction	Principal Item Hedged	Contract Amount	Contract Amounts Over 1 Year	Fair Value	Contract Amount	Contract Amounts Over 1 Year	Fair Value
Foreign exchange forward transactions							
To buy foreign currencies							
U.S. Dollars	Receivables, trade	¥4,758	¥—	¥(77)	$51,161	$—	$(828)

(ii) Interest-related transactions

At March 31, 2010		Yen (millions)			U.S. Dollars (thousands)		
Type of derivative transaction	Principal Item Hedged	Contract Amount	Contract Amounts Over 1 Year	Fair Value	Contract Amount	Contract Amounts Over 1 Year	Fair Value
Interest rate swap transaction							
Pay fixed/Receive variable	Borrowings	¥3,625	¥2,772	¥10	$38,978	$29,806	$108

15. Supplementary Information to the Consolidated Balance Sheets

Receivables, trade from and payables, trade to affiliates at March 31, 2009 and 2010 are as follows:

At March 31	Yen (millions) 2009	2010	U.S. Dollars (thousands) 2010
Receivables, trade	¥25,949	**¥24,546**	**$263,935**
Payables, trade	14,854	**7,681**	**82,591**

16. Earnings per Share

Years ended March 31	Yen 2008	2009	2010	U.S. Dollars 2010
Basic earnings (loss) per share	¥23.34	¥(54.35)	**¥45.21**	**$0.486**
Diluted earnings (loss) per share	19.54	(54.35)	**42.17**	**0.453**

Years ended March 31	Yen (millions) 2008	2009	2010	U.S. Dollars (thousands) 2010
Net income (loss)	¥48,107	¥(112,388)	**¥93,085**	**$1,000,914**
Net income (loss) not attributable to common stock holders	—	—	**—**	**—**
Net income (loss) attributable to common stock holders	48,107	(112,388)	**93,085**	**1,000,914**
Effect of dilutive securities	560	—	**3,101**	**33,344**
Diluted net income (loss)	¥48,667	¥(112,388)	**¥96,186**	**$1,034,258**

	thousands 2008	2009	2010
Basic weighted average number of shares	2,060,704	2,067,807	**2,058,748**
Effect of dilutive securities	430,382	—	**222,222**
Diluted weighted average number of shares	2,491,086	2,067,807	**2,280,970**

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."

17. 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, 2008, 2009 and 2010 were ¥258,717 million, ¥249,902 million and ¥224,951 million ($2,418,828 thousand), respectively.

"Other, net" of "Other income (expenses)" for the years ended March 31, 2008, 2009 and 2010 consists of the following:

Years ended March 31	Yen (millions) 2008	2009	2010	U.S. Dollars (thousands) 2010
Gain on sales of investment securities	¥ 17,308	¥ 3,484	**¥ 89,657**	**$ 964,054**
Gain on change in interest	2,074	—	**—**	**—**
Foreign exchange gains (losses), net	(14,557)	(7,014)	**(4,205)**	**(45,215)**
Loss on revaluation of investment securities	(25,132)	(18,729)	**—**	**—**
Gain on transfer of business	—	—	**2,211**	**23,774**
Restructuring charges	(22,126)	(54,198)	**(47,406)**	**(509,742)**
Loss on disposal of property, plant and equipment and intangible assets	(11,766)	(4,843)	**(3,923)**	**(42,183)**
Impairment loss	(459)	(58,923)	**(2,902)**	**(31,204)**
Loss on revaluation of inventories at the beginning of period	(25,045)	—	**—**	**—**
Other, net	(21,516)	(9,656)	**(9,600)**	**(103,226)**
	¥(101,219)	¥(149,879)	**¥ 23,832**	**$ 256,258**

Gain on sales of investment securities

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 sales of investment securities for the year ended March 31, 2010 referred mainly to the sales of shares in FANUC Ltd. in connection with the issuer's own stock repurchase.

Gain on change in interest

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.).

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.

Gain on transfer of business

Gain on transfer of business for the year ended March 31, 2010 referred mainly to the transfer of the communications device (SAW device, etc.) business.

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 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 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 in restructuring expenses related to businesses outside Japan and the components business.

Restructuring charges related to HDD business of ¥37,017 million, included ¥16,269 million in impairment losses on its corresponding assets.

Restructuring charges for the year ended March 31, 2010 included ¥26,301 million ($282,806 thousand) in expenses related to workforce streamlining in the UK/Ireland region, Germany, the Netherlands and other countries in the Continental Europe region in relation to business restructuring among European subsidiaries, along with ¥21,105 million ($226,935 thousand) in expenses for the reorganization of manufacturing plants for the LSI device business and the reassignment of personnel due to the streamlining of the business's administrative operations.

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, 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 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 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 in relation to the HDD business, which will be transferred to companies outside the Group.

Impairment losses stated above totaled ¥75,192 million.

The impairment loss consisted of ¥41,250 million for machinery and equipment, ¥18,256 million for buildings, ¥9,558 million for tools, furniture and fixtures, ¥2,850 million for land, ¥2,215 million for construction in progress and ¥1,063 million for the other assets.

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 "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan, Statement No. 9 dated July 5, 2006).

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.

18. Supplementary Information to the Consolidated Statements of Cash Flows

For the year ended March 31, 2010

[Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation]

Net proceeds consist of ¥42,912 million ($461,419 thousand) and ¥7,504 million ($80,688 thousand) from acquisitions of shares of Fujitsu Technology Solutions (Holding) B.V. (FTS) and FDK Corporation, respectively.

The following breakdown provides details on the amount of assets and liabilities resulting from the acquisition of shares of FTS, as of the date of its consolidation, along with the acquisition cost of the FTS shares, and the net proceeds generated from the FTS acquisition.

	Yen (millions)	U.S. Dollars (thousands)
	2010	2010
Current assets	**¥ 276,694**	**$ 2,975,204**
Non-current assets	**79,047**	**849,968**
Goodwill	**62,468**	**671,699**
Current liabilities	**(256,679)**	**(2,759,989)**
Long-term liabilities	**(101,797)**	**(1,094,592)**
Minority interests	**(193)**	**(2,075)**
Acquired net assets	**59,540**	**640,215**
Investment value using equity method	**4,974**	**53,484**
Share acquisition cost	**54,566**	**586,731**
Share acquisition cost	**(54,566)**	**(586,731)**
Expenses not recognized in current fiscal year	**788**	**8,473**
Expenses for share acquisition in current fiscal year	**(53,778)**	**(578,258)**
Cash and cash equivalents of FTS	**96,690**	**1,039,677**
Net proceeds from acquisition	**42,912**	**461,419**

[Proceeds from transfer of business]

Proceeds from transfer of the HDD business.

The breakdown below shows the decline in assets and liabilities resulting from the transfer of HDD business, along with consideration for the transfer and the net proceeds for the current fiscal year.

	Yen (millions)	U.S. Dollars (thousands)
	2010	**2010**
Current assets	**¥ 44,152**	**$ 474,753**
Non-current assets	**15,645**	**168,226**
Current liabilities	**(28,231)**	**(303,559)**
Long-term liabilities	**(3,721)**	**(40,011)**
Decline in net assets as a result of transfer of business	**27,845**	**299,409**
Consideration for transfer of business	**27,845**	**299,409**
Consideration for transfer of business	**27,845**	**299,409**
Proceeds not recognized in current year	**(4,214)**	**(45,312)**
Proceeds from transfer of business in current year	**23,631**	**254,097**
Cash and cash equivalents of transferred subsidiaries	**(8,142)**	**(87,549)**
Net proceeds from transfer of business	**15,489**	**166,548**

19. Segment Information

Business Segment Information

Years ended March 31	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Elimination & Corporate	Consolidated Yen (millions)
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	Yen (millions) Consolidated
2010						
Sales						
Unaffiliated customers	**¥3,055,244**	**¥811,944**	**¥494,623**	**¥317,708**	**¥ —**	**¥4,679,519**
Intersegment	**65,830**	**106,814**	**52,590**	**79,624**	**(304,858)**	**—**
Total sales	**3,121,074**	**918,758**	**547,213**	**397,332**	**(304,858)**	**4,679,519**
Operating costs and expenses	**2,968,623**	**895,799**	**555,992**	**388,712**	**(223,980)**	**4,585,146**
Operating income (loss)	**152,451**	**22,959**	**(8,779)**	**8,620**	**(80,878)**	**94,373**
Total assets	**1,823,109**	**253,230**	**523,652**	**458,610**	**169,450**	**3,228,051**
Depreciation	**119,637**	**16,177**	**73,960**	**11,763**	**10,204**	**231,741**
Impairment loss	**443**	**268**	**1,265**	**926**	**—**	**2,902**
Capital expenditure (including intangible assets)	**121,288**	**11,837**	**34,560**	**8,465**	**9,156**	**185,306**

Years ended March 31	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Elimination & Corporate	U.S. Dollars (thousands) Consolidated
2010 (in U.S. Dollars)						
Sales						
Unaffiliated customers	**$32,852,086**	**$8,730,581**	**$5,318,527**	**$3,416,215**	**$ —**	**$50,317,409**
Intersegment	**707,849**	**1,148,538**	**565,484**	**856,172**	**(3,278,043)**	**—**
Total sales	**33,559,935**	**9,879,119**	**5,884,011**	**4,272,387**	**(3,278,043)**	**50,317,409**
Operating costs and expenses	**31,920,677**	**9,632,248**	**5,978,409**	**4,179,699**	**(2,408,387)**	**49,302,646**
Operating income (loss)	**1,639,258**	**246,871**	**(94,398)**	**92,688**	**(869,656)**	**1,014,763**
Total assets	**19,603,323**	**2,722,903**	**5,630,667**	**4,931,290**	**1,822,043**	**34,710,226**
Depreciation	**1,286,419**	**173,946**	**795,269**	**126,484**	**109,721**	**2,491,839**
Impairment loss	**4,763**	**2,882**	**13,602**	**9,957**	**—**	**31,204**
Capital expenditure (including intangible assets)	**1,304,172**	**127,280**	**371,613**	**91,021**	**98,452**	**1,992,538**

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, ICT 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 x86, Other x86 servers)
   Storage systems
   Software (OS, Middleware)
   Network management systems
   Optical transmission systems
   Mobile phone base stations
   (2) Ubiquitous Product Solutions .... Personal computers
   Mobile phones
   HDD (hard disk drives)*
   Optical transceiver modules
   (3) Device Solutions .... LSI devices
   Electronic components (Semiconductor packages, etc.)
   Batteries
   Mechanical components (Relays, Connectors, etc.)
   (4) Other Operations .... Car audio and navigation systems
   Mobile communication equipment and Automotive electronic equipment
   * Sales, operating income (loss), total assets and others of the HDD business in the second half (October 2009 through March 2010) are not included in the table above (Ubiquitous Product Solutions) because the transfer of HDD business was completed on October 1, 2009.
3. Unallocated operating costs and expenses included in "Elimination & Corporate" for the years ended March 31, 2008, 2009 and 2010 were ¥59,541 million, ¥57,001 million and ¥82,550 million ($887,634 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, 2008, 2009 and 2010 amounted to ¥952,394 million, ¥815,781 million and ¥539,161 million ($5,797,430 thousand), respectively. The assets principally consisted of working capital (cash and cash equivalents and short-term investments), long-term investments and others.

Notes to Consolidated Financial Statements

Geographic Segment Information

Yen (millions)

Years ended March 31	Japan	EMEA	The Americas	APAC & China	Elimination & Corporate	Consolidated
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
2010						
Sales						
Unaffiliated customers	**¥3,100,099**	**¥957,544**	**¥275,062**	**¥346,814**	**¥ —**	**¥4,679,519**
Intersegment	**300,485**	**18,142**	**18,800**	**158,629**	**(496,056)**	**—**
Total sales	**3,400,584**	**975,686**	**293,862**	**505,443**	**(496,056)**	**4,679,519**
Operating costs and expenses	**3,234,227**	**978,328**	**292,032**	**492,447**	**(411,888)**	**4,585,146**
Operating income (loss)	**166,357**	**(2,642)**	**1,830**	**12,996**	**(84,168)**	**94,373**
Total assets	**1,860,987**	**601,504**	**109,985**	**218,763**	**436,812**	**3,228,051**

U.S. Dollars (thousands)

Years ended March 31	Japan	EMEA	The Americas	APAC & China	Elimination & Corporate	Consolidated
2010 (in U.S. Dollars)						
Sales						
Unaffiliated customers	**$33,334,398**	**$10,296,172**	**$2,957,656**	**$3,729,183**	**$ —**	**$50,317,409**
Intersegment	**3,231,021**	**195,075**	**202,151**	**1,705,688**	**(5,333,935)**	**—**
Total sales	**36,565,419**	**10,491,247**	**3,159,807**	**5,434,871**	**(5,333,935)**	**50,317,409**
Operating costs and expenses	**34,776,634**	**10,519,656**	**3,140,130**	**5,295,129**	**(4,428,903)**	**49,302,646**
Operating income (loss)	**1,788,785**	**(28,409)**	**19,677**	**139,742**	**(905,032)**	**1,014,763**
Total assets	**20,010,613**	**6,467,785**	**1,182,635**	**2,352,290**	**4,696,903**	**34,710,226**

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., Germany, Spain, Finland, Sweden
   (2) The Americas...U.S.A., Canada
   (3) APAC & China (APAC = Asia-Pacific) ....Australia, Singapore, Thailand, Taiwan, Korea, Vietnam, the Philippines, China
3. Unallocated operating costs and expenses included in "Elimination & Corporate" for the years ended March 31, 2008, 2009 and 2010 were ¥59,541 million, ¥57,001 million and ¥82,550 million ($887,634 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, 2008, 2009 and 2010 amounted to ¥952,394 million, ¥815,781 million and ¥539,161 million ($5,797,430 thousand), respectively. The assets principally consisted of working capital (cash and cash equivalents and short-term investments), long-term investments and others.

20. Related-Party Transactions

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)

Notes: 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.

For the year ended March 31, 2010

(Related-party transactions)

No significant transactions.

(Note to significant affiliate)

Not applicable for the year.

21. Share-based Payment Plans

1. Account and amount of stock options charged as expenses for the year ended March 31, 2010

Cost of sales	¥ 8 million	$ 86 thousand
Selling, general and administrative expenses	20	215

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" (Accounting Standards Board of Japan, Statement No. 8 dated December 27, 2005) and "Implementation Guidance on Accounting Standard for Share-based Payment" (Accounting Standards Board of

Japan Guidance No. 11 dated December 27, 2005) 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

	Shares	
Years ended March 31	2009	**2010**
Outstanding at beginning of year	295,000	**275,000**
Granted during the year	—	**—**
Forfeited during the year	20,000	**75,000**
Exercised during the year	—	**—**
Outstanding at end of year	275,000	**200,000**
Exercisable at end of year	275,000	**200,000**

	Yen		U.S. Dollars
Years ended March 31	2009	**2010**	**2010**
Exercised price	¥3,563	**¥3,563**	**$38.31**

(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

	Shares	
Years ended March 31	2009	**2010**
Outstanding at beginning of year	435,000	**385,000**
Granted during the year	—	**—**
Forfeited during the year	50,000	**75,000**
Exercised during the year	—	**—**
Outstanding at end of year	385,000	**310,000**
Exercisable at end of year	385,000	**310,000**

	Yen		U.S. Dollars
Years ended March 31	2009	**2010**	**2010**
Exercised price	¥1,450	**¥1,450**	**$15.59**

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

(i) 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

	Shares	
Years ended March 31	2009	**2010**
Outstanding at beginning of year	—	**28,500**
Granted during the year	28,500	**—**
Forfeited during the year	—	**—**
Exercised during the year	—	**1,700**
Outstanding at end of year	28,500	**26,800**
Exercisable at end of year	—	**—**

	Yen		U.S. Dollars
Years ended March 31	2009	**2010**	**2010**
Exercised price	¥ 1	**¥ 1**	**$ 0.01**
Average price at exercise date	—	**960**	**10.32**
Fair value per share at grant date	924	**924**	**9.94**

(ii) Resolution at Board of Directors on July 28, 2009

Position and number of people entitled to stock options	4 members of the Board of Directors (excluding external board members) 10 corporate vice presidents (excluding persons holding concurrent post of board members)
Number of shares for stock options	33,100 shares of common stock
Date granted	August 13, 2009
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 14, 2009 to August 13, 2039

	Shares	
Years ended March 31	2009	**2010**
Outstanding at beginning of year	—	**—**
Granted during the year	—	**33,100**
Forfeited during the year	—	**—**
Exercised during the year	—	**—**
Outstanding at end of year	—	**33,100**
Exercisable at end of year	—	**—**

	Yen		U.S. Dollars
Years ended March 31	2009	**2010**	**2010**
Exercised price	¥—	**¥ 1**	**$0.01**
Fair value per share at grant date	—	**876**	**9.42**

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.

The per share fair value of the stock options of Fujitsu Frontech Limited, granted during the year ended March 31, 2010 was estimated as follows,

(1) Valuation method:	Black-Scholes model
(2) Basic factors and estimation method:	
Expected volatility of the share price*1	38.233%
Expected life of the option*2	4.623 years
Expected dividend*3	16 yen per share
Risk-free interest rate*4	0.664%

*1 The volatility is calculated based on the share price over a period of 4.623 years (December 28, 2004 through August 13, 2009).

*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, 2009.

*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.

22. Business Combinations

For the year ended March 31, 2009

No significant transactions.

For the year ended March 31, 2010

[Acquisitions Accounted for by Applying the Purchase Method]

■ Conversion of Fujitsu Technology Solutions (Holding) B. V. into a Consolidated Subsidiary of the Company

1. Name and Business Description of the Acquired Business; 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

1) Name and Business Description of the Acquired Business

Name of the acquired business:	Fujitsu Siemens Computers (Holding) B.V.
Business description:	Development, manufacture, sale and maintenance of information systems

2) Principal Reasons for Carrying Out the Business Combination

The Company and Siemens AG of Germany integrated their information system businesses in Europe and established Fujitsu Siemens Computers (Holding) B.V. on October 1, 1999 for the development, manufacture, sale and maintenance of information systems. Due to changes in the competitive environment in the ICT industry and new business opportunities, particularly in the infrastructure services market, the Company decided to convert Fujitsu Technology Solutions (name changed from Fujitsu Siemens Computers in April 2009) into a consolidated subsidiary. Fujitsu Technology Solutions, which mainly operates in Germany, one of the biggest ICT 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 Technology Solutions 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.

3) Date of the Business Combination

April 1, 2009

4) 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 the business subsequent to the combination:	Fujitsu Technology Solutions (Holding) B.V.

5) Percentage of Voting Rights Held

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

2. Period for Which the Acquired Company's Financial Results Are Included in Consolidated Results

April 1, 2009–March 31, 2010

3. Acquisition Cost and Breakdown

	Yen (millions)	U.S. Dollars (thousands)
Acquisition cost	¥54,566	$586,731

Cash: ¥53,740 million ($577,849 thousand); Related costs: ¥826 million ($8,882 thousand)

4. Amount of Goodwill; Reason for Recognition; Amortization Method and Period

Amount of goodwill:	¥62,468	$671,699

Reason for recognition: The acquisition cost exceeded the fair value of the net assets of the acquired company at the time of the business combination, and the difference between these values is recognized as goodwill.

Amortization method, period:

Straight-line method over 10 years

5. Assets Acquired and Liabilities Assumed in the Business Combination

Current assets	¥276,694	$2,975,204
Non-current assets	79,047	849,968
Total assets:	355,741	3,825,172
Current liabilities	256,679	2,759,989
Long-term liabilities	101,797	1,094,592
Total liabilities	358,476	3,854,581

6. Amount and Account of Acquisition Cost Expensed as R&D Costs, etc.

Selling, general and administrative expenses

Yen (millions)	U.S. Dollars (thousands)
¥4,639	$49,882

■ Conversion of FDK Corporation into a Consolidated Subsidiary of the Company through Subscription to Private Placement

1. Name and Business Description of the Acquired Business; 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

1) Name and Business Description of the Acquired Business

Name of the acquired business:	FDK Corporation ("FDK")
Business description:	Manufacture and sale of electronic components, batteries and related products

2) Principal Reasons for Carrying Out the Business Combination

To respond to the changes taking place in the marketplace, FDK (listed on second section, Tokyo Stock Exchange) 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 (October through December 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.

3) Date of the Business Combination

May 1, 2009

4) 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 the business subsequent to the combination:	FDK Corporation

5) Percentage of Voting Rights Held

Prior to the acquisition	39.80%
Subsequent to the acquisition	64.64%

2. Period for Which the Acquired Company's Financial Results Are Included in Consolidated Results

April 1, 2009–March 31, 2010

3. Acquisition Cost and Breakdown

	Yen (millions)	U.S. Dollars (thousands)
Acquisition cost:	¥11,000	$118,280
	(Cash; ¥11,000)	

4. Amount of Goodwill; Reason for Recognition; Amortization Method and Period

	Yen (millions)	U.S. Dollars (thousands)
Amount of goodwill:	¥2,914	$31,333

Reason for recognition: The acquisition cost exceeded the fair value of the net assets of the acquired company at the time of the business combination, and the difference between these values is recognized as goodwill.

Amortization method, period:
Straight-line method over 5 years

5. Assets Acquired and Liabilities Assumed in the Business Combination

Current assets	¥29,943	$321,968
Non-current assets	18,432	198,193
Total assets:	48,375	520,161
Current liabilities	46,113	495,839
Long-term liabilities	14,078	151,376
Total liabilities	60,191	647,215

[Transactions under Common Control and others]

■ Conversion of Consolidated Subsidiary into Wholly Owned Subsidiary of the Company Through a Share Exchange

1. Names and Business Description of the Combined Businesses; Legal Form of the Business Combination and the Name of the Business Subsequent to the Combination; Overview of the Transaction Including Its Objectives

1) Names and Business Description of the Combined Businesses

Names of the combined businesses: Fujitsu Limited and consolidated subsidiary Fujitsu Business Systems Ltd. ("FJB")

Business description (Fujitsu Business Systems Ltd.): Comprehensive services including consultation, network integration, software development, installation and maintenance

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

Legal form of the business combination: Share exchange

Name of the business subsequent to the combination: No change in corporate name

3) Overview of the Transaction Including Its Objectives

To meet customers' diversifying ICT needs in a timely fashion and strengthen the Technology Solutions business, including platforms and ICT solutions, for medium-size businesses in Japan, the Company allotted treasury stock to shareholders of FJB in exchange for common stock of FJB on August 1, 2009. As a result, FJB became a wholly owned subsidiary of the Company and the common stock of FJB was delisted from the First Section, Tokyo Stock Exchange on July 28, 2009.

2. Summary of Accounting Procedure

As the share exchange falls under the category of transaction with minority shareholders based on "Transactions under common control and others" described in Japanese accounting standards, the interest in the additional shares of the subsidiary acquired through the transactions was deducted from minority interests, and the difference between that amount and the additional investment amount was treated as goodwill.

3. Information Concerning the Additional Acquisition of Shares in the Subsidiary

1) Acquisition cost and breakdown

	Yen (millions)	U.S. Dollars (thousands)
Acquisition cost:	¥21,464	$230,796

Value of Fujitsu shares: ¥21,449 million ($230,634 thousand); Direct acquisition costs: ¥15 million ($162 thousand); All shares used in exchange were treasury stock

2) Exchange Ratio for each Type of Shares; Method for Calculating the Exchange ratio ; Number and Valuation of Shares Distributed

Exchange ratio for each type of shares: Each common share of FJB exchanged for 3.50 common shares of Fujitsu.

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.

		Yen (millions)	U.S. Dollars (thousands)
Number and valuation of shares distributed:	42,983,290 shares	¥21,449	$230,634

4. Amount of Negative Goodwill; Reason for Recognition; Amortization Method and Period

	Yen (millions)	U.S. Dollars (thousands)
Amount of negative goodwill:	¥6,816	$73,290

Reason for recognition: The fair value of the net assets of the acquired company at the time of the business combination exceeded the acquisition cost, and the difference between these values is recognized as negative goodwill.

Amortization method, period: Straight-line method over 5 years

[Business Divestitures]

■ Transfer of Hard Disk Drive (HDD) Businesses

1. Names of the Transferees; Business Description of the Separated Businesses; Principal Reasons for Carrying Out the Business Divestitures; Date of Business Divestitures; Overview of the Business Divestitures Including Their Legal Form

1) Names of the Transferees

HDD drive business: Toshiba Corporation ("Toshiba")

HDD media business: Showa Denko K.K. ("Showa Denko")

2) Business Description of the Separated Businesses

Business description: Design, development, manufacture and sales of HDDs

3) Principal Reasons for Carrying Out the Business Divestitures

The HDD market continued to be exposed to severe business conditions, including a worldwide intensification of price competition and a contraction of overall demand. The Company decided to carry out these business divestitures 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.

4) Date of the Business Divestitures

HDD drive business: October 1, 2009

HDD media business: July 1, 2009

5) Overview of the Business Divestitures including their Legal Form

HDD drive business: The Company established Toshiba Storage Device Corporation ("Toshiba Storage Device") to prepare for the transfer of the HDD drive business. On October 1, 2009, the Company carried out a corporate split and completed the transfer of all rights and obligations in the drive business to Toshiba Storage Device, and the transfer of Toshiba Storage Device shares to Toshiba. In addition, a new company established out of the HDD-related business of Yamagata Fujitsu Limited, along with the Company's HDD manufacturing subsidiaries, Fujitsu (Thailand) Co., Ltd., and Fujitsu Computer Products Corporation of the Philippines became subsidiaries of Toshiba Storage Device. The Company's HDD sales and marketing offices outside Japan, with the exception of some offices in certain regions, were integrated into Toshiba's overseas business operations.

To facilitate the transfer, the Company will hold a stake of 19.9% in Toshiba Storage Device until the end of December 2010, after which it will become a wholly owned subsidiary of Toshiba.

HDD media business: The Company established a new company, Showa Denko HD Yamagata K.K., to succeed the HDD media business of Yamagata Fujitsu Limited. All of the shares in the new company were transferred to Showa Denko.

2. Summary of Accounting Procedure

1) Profit/loss from the transfers: There is no difference between the proceeds from the transfers and the net assets calculated by the appropriate book value of assets and liabilities of the businesses prior to the transfers.

2) Appropriate book value of assets and liabilities of the businesses

	Yen (millions)	U.S. Dollars (thousands)
Current assets	¥44,152	$474,752
Non-current assets	15,645	168,226
Total assets:	59,797	642,978
Current liabilities	28,231	303,559
Long-term liabilities	3,721	40,011
Total liabilities	31,952	343,570

3) Name of segment the businesses were included in

Ubiquitous Product Solutions

4) Overview of sales, profit/loss of the separated businesses included in consolidated results for the year ended March 31, 2010

Net sales:	¥82,228	$884,172
Operating loss:	(9,793)	(105,301)

Net sales stated above included inter-segment sales of ¥2,331 million ($25,065 thousand).

23. Events after the Reporting Period

There are no significant events.