FUJITSU

NEW Horizons,
NEW Growth

ANNUAL REPORT 2010

FUJITSU LIMITED

shaping tomorrow with you

Shaping Your Every Day

Making Life More Comfortable and Convenient

7 : 00 am
NEW YORK

To page 034
Technology Solutions/
System Platforms

8 : 00 am
LONDON

Starting the day with fresh, safe food

Fresh fruits and vegetables at the table. Fujitsu helps make this possible by using ICT* to track and manage produce data such as production site, time in transit, and freshness dates. By tracing food accurately from the grower to the consumer, this system allows consumers to enjoy their meals with confidence and safety.

* ICT: Information and Communication Technology

11 : 10 am
TOKYO

A check-up at the hospital

Electronic medical record systems replace paper-based systems for recording vital patient data, such as medical diagnosis and prescriptions.
Beyond systems, Fujitsu is working to build electronic medical record links between medical institutions, assisting the development of high-quality, integrated local healthcare systems that offer greater peace of mind for society.

7 : 00 am
NEW YORK

On schedule for take-off

At airports, Fujitsu is leveraging information and communication technology to support parking space allocation for aircraft and coordinate runway and ground traffic. Fujitsu supports efficient airport facilities operations 24/7 to ensure safe and comfortable air travel.

Shaping Your Every Day

Making Life More Comfortable and Convenient

1 : 00 pm
LONDON

To page 030
Technology Solutions/Services

1 : 30 pm
SYDNEY

The most precious things in life

Water is indispensable to our lives, and essential to everything from cooking and bathing to watering our plants. Fujitsu has a broad presence in the information field, an area that supports the entire public water services sector. From management of water meter reading, billing, and other water utility fees to quality management for water mains, Fujitsu's information communication technology plays a vital role in supplying the public with safe, clean water.

2 : 30 pm
TATEBAYASHI (JAPAN)

A platform for the future

The Fujitsu Group operates some 90 datacenters worldwide, with plans to increase this number in the coming years. Across the Group, we are putting a cloud computing infrastructure in place in advance of this new era to meet the anticipated growth in demand in the years ahead.

The new annex of Fujitsu's Tatebayashi System Center

1 : 00 pm
LONDON

Smart shopping

POS systems are widely used in supermarkets and other retail outlets worldwide.
Data gathered by Fujitsu's POS systems every time a product is scanned at the register allow store owners to reliably stock products that sell best, for example, in accordance with changes in the weather or other factors. By delivering these systems, Fujitsu is backing the creation of better retail spaces.

Shaping Your Every Day

Making Life More Comfortable and Convenient

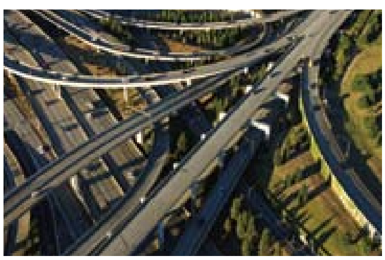
3 : 00 pm
TOKYO

To page 038
Ubiquitous Product Solutions

5 : 00 pm
WASHINGTON D.C.

A safe trip home

Fujitsu's Intelligent Transport Systems help make your driving experience a safer one by constantly assessing road conditions and warning you of dangers. For example, the system sounds an alarm when it senses that you are too close to other vehicles, or if there is an obstruction in the road ahead.



6 : 00 pm
FRANKFURT

The night is young

When away from home and short on cash, ATMs frequently come to the rescue. Fujitsu's total ATM services extend beyond the manufacture of ATMs and related application development to include monitoring of ATM operations, cash deposit and withdrawal management, and other ATM upkeep services. These services help maintain the comfort and convenience that are integral to our lives.

3 : 00 pm
TOKYO

Talk and read—a new style of communication

Fujitsu was the first in the world to develop separable mobile handsets—phones that allow the display and keyboard to be detached and used separately. With this innovation, Fujitsu has redefined conventional limitations for mobile phones, allowing users to talk while viewing the display, take pictures remotely, and use their phones in other ways never imagined.

To page 042
Device Solutions

7 : 00 pm
HONG KONG

Shaping Your Every Day

Making Life More Comfortable and Convenient

8 : 30 pm
OSAKA

ICT on night watch

At night, Fujitsu solutions provide computerized control of the host of electrical, air conditioning, disaster prevention and other types of equipment found in offices, government buildings, schools and factories. Even after people return home, these attentive systems quickly alert them if anomalies arise.

11 : 00 pm
TOKYO

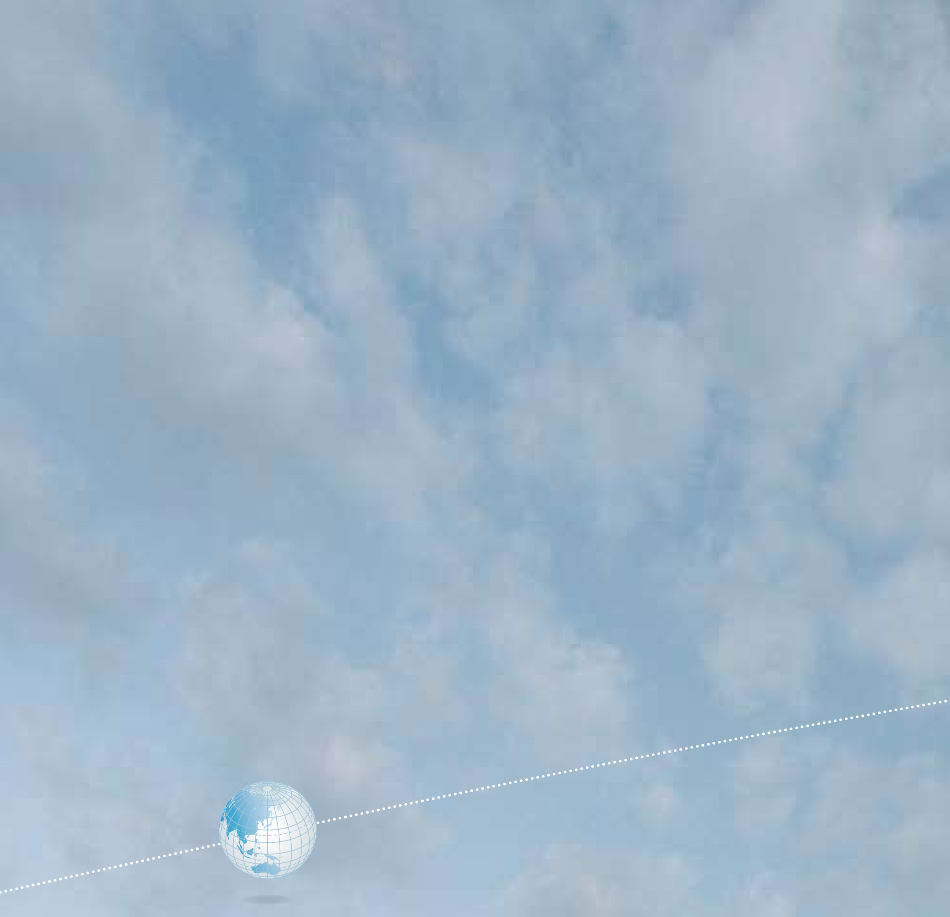
Making plans for tomorrow

Sunny skies or rain tomorrow? Fujitsu builds weather forecasting systems that measure, collect, calculate and transmit weather-related data such as rainfall and temperature around the clock in real time.

7 : 00 pm
HONG KONG

Behind the scenes, digital devices

PCs, mobile phones and digital cameras have become indispensable to modern life. The dramatic strides in the performance of these products are a result of the progressive development of electronic devices. Fujitsu is doing its part to ensure everyone can enjoy lifestyles of convenience and comfort supported by digital devices.



shaping
tomorrow
with you

Fujitsu's Pledge to Customers:

Significance of Brand Promise

A brand promise expresses the value a company delivers to its customers. The Fujitsu Group's new brand promise, "shaping tomorrow with you," articulates the importance Fujitsu places on working with its customers to contribute to their success, building long-term partnerships, and harnessing the power of information and communications technology to enable people to expand their possibilities.

Fujitsu today operates through about 540 group companies in 60 countries around the world and employs more than 170,000 people. Fujitsu seeks to further differentiate itself as an attractive partner to its customers through each employee's endeavors to make the promise of "shaping tomorrow with you" a reality in every aspect of Fujitsu's products, services, and support businesses.

Fujitsu will strive to strengthen its brand globally as it transforms into a truly global company.

Contents

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, mobile phones, 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.

Financial Highlights

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	2006	2007	2008	2009
Net sales	¥4,791,416	¥5,100,163	¥5,330,865	¥4,692,991
Sales outside Japan	1,591,574	1,825,255	1,923,621	1,499,886
POINT 1 Ratio of sales outside Japan (%)	33.2	35.8	36.1	32.0
Operating income	181,488	182,088	204,989	68,772
Operating income margin (%)	3.8	3.6	3.8	1.5
Net income (loss)	68,545	102,415	48,107	(112,388)
Cash flows from operating activities	¥ 405,579	¥ 408,765	¥ 322,072	¥ 248,098
POINT 2 Cash flows from investing activities	(234,684)	(151,083)	(283,926)	(224,611)
Free cash flow	170,895	257,682	38,146	23,487
Cash flows from financing activities	(207,840)	(234,953)	62,325	(47,894)
Inventories	¥ 408,710	¥ 412,387	¥ 383,106	¥ 306,456
Monthly inventory turnover rate (times)	0.88	0.93	1.03	0.98
Total assets	3,807,131	3,943,724	3,821,963	3,221,982
Owners' equity (total net assets – subscription rights to shares – minority interests in consolidated subsidiaries)	917,045	969,522	948,204	748,941
Return on equity (%)	7.7	10.9	5.0	(13.2)
Owners' equity ratio (%)	24.1	24.6	24.8	23.2
Return on assets (%)	1.8	2.6	1.2	(3.2)
POINT 3 Interest-bearing loans	928,613	745,817	887,336	883,480
D/E ratio (times)	1.01	0.77	0.94	1.18
Net D/E ratio (times)	0.55	0.31	0.36	0.47
R&D expenses	241,566	254,095	258,717	249,902
Capital expenditure	249,999	305,285	249,063	167,690
Depreciation	169,843	202,825	200,509	223,975
Number of employees	158,491	160,977	167,374	165,612
Amounts per share of common stock (Yen and U.S. Dollars):				
Net income (loss)	¥ 32.83	¥ 49.54	¥ 23.34	¥ (54.35)
Cash dividends	6.00	6.00	8.00	8.00
Owners' equity	443.20	469.02	458.31	362.30

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 ¥93 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2010.

POINT 1

In fiscal 2009, ending March 31, 2010, operating income rose ¥25.6 billion year on year, to ¥94.3 billion. Lackluster ICT investment, mainly in Japan and Europe, was offset by structural reforms, principally in the LSI business and the services business in Europe. Fujitsu also curbed costs company-wide while making strategic investments for the future.

POINT 2

Free cash flow in fiscal 2009 was positive ¥296.4 billion, representing an increase of ¥272.9 billion from the previous fiscal year. Even excluding special factors such as proceeds from sales of investment securities and from the acquisition of subsidiaries, free cash flow grew by ¥111.6 billion, up ¥103.7 billion from a year earlier.

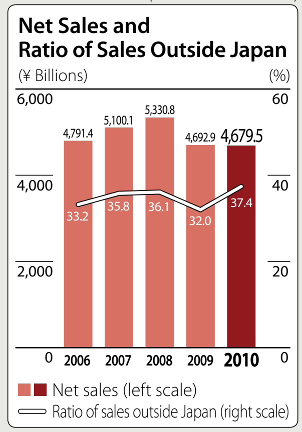
Yen (millions) 2010	Year-on-Year Change (%) 2010/2009	U.S. Dollars (thousands) 2010
¥4,679,519	–0.3	$50,317,409
1,748,304	16.6	18,798,968
37.4		
94,373	37.2	1,014,763
2.0		
93,085	–	1,000,914
¥ 295,389	19.1	$ 3,176,226
1,020	–	10,968
296,409	1,162.0	3,187,194
(405,310)	–	(4,358,172)
¥ 322,301	5.2	$ 3,465,602
1.04		
3,228,051	0.2	34,710,226
798,662	6.6	8,587,763
12.0		
24.7		
2.9		
577,443	–34.6	6,209,064
0.72		
0.20		
224,951	–10.0	2,418,828
126,481	–24.6	1,360,011
164,844	–26.4	1,772,516
172,438		
¥ 45.21		$ 0.486
8.00		0.086
386.79	6.8	4.159

To page 088
Further details

POINT 3

In fiscal 2009, the D/E ratio was 0.72 times, and the net D/E ratio was 0.20 times, with the latter falling to its lowest level in company history. This outcome reflected the repayment of interest-bearing debt, specifically the redemption of ¥250.0 billion in convertible bonds and ¥50.0 billion in straight bonds.

(Years ended March 31)



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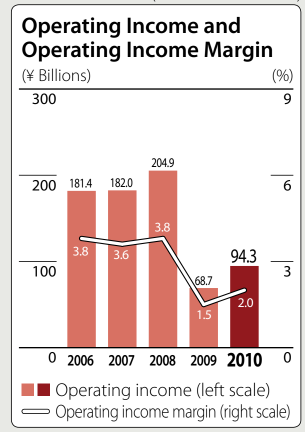
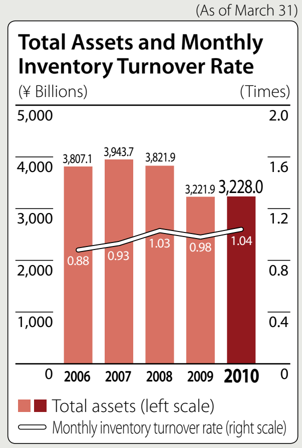


(As of March 31)



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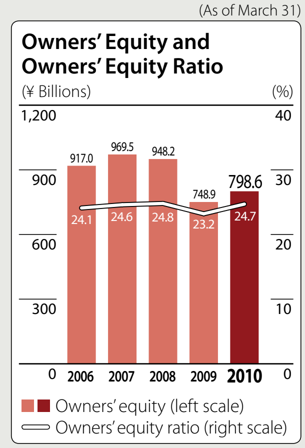

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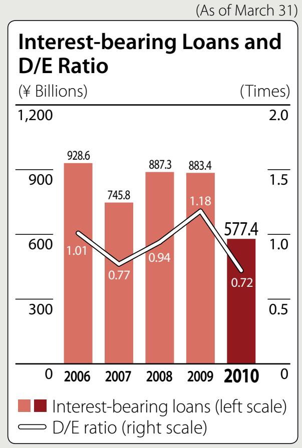
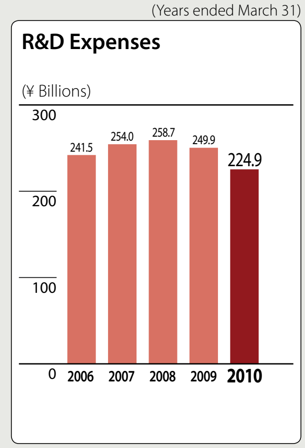
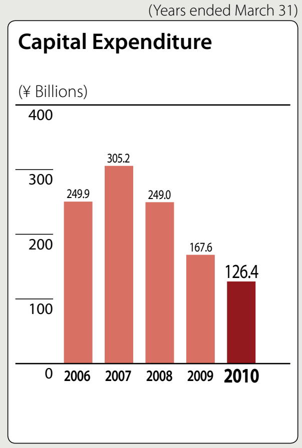


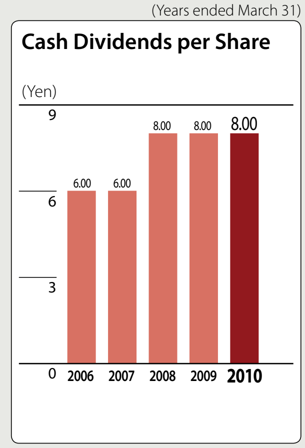
(Years ended March 31)



(Years ended March 31)



(Years ended March 31)



A Message From Management

Information and communication technology (ICT) has aided the development of a more efficient and prosperous society by supporting business and the economy. Today, companies face an economic environment marked by remarkable transformation, including economic globalization and the rapid development of newly emerging markets. Meanwhile, society's definition of prosperity has evolved beyond economic affluence and convenience to encompass issues such as safety and security, wellness, and coexistence with the environment. Responding to the needs of this new era represents both a key management issue and an important business opportunity for ICT companies.

Through sophisticated ICT utilization, the Fujitsu Group aims to realize a more prosperous and secure society. To this end, we are determined to resolve a range of problems facing not only business, but society itself. This effort is bringing innovation to a host of fields, from healthcare, agriculture, and education, to energy and transportation. In this way, Fujitsu is working resolutely towards a "Human Centric Intelligent Society," where everyone has access to sophisticated services that are supported by a complex but invisible infrastructure.

In June 2010, Fujitsu celebrated its 75th year in business. Under a new executive management structure, we continue to pursue reforms and retain a thorough commitment to thinking from the perspective of our customers' customers, globalization, and environmental sustainability. At the same time, we are accelerating initiatives for realizing growth. By delivering sound profits and growth, Fujitsu is determined to meet shareholder expectations through a quest for continuous enhancements in corporate value.

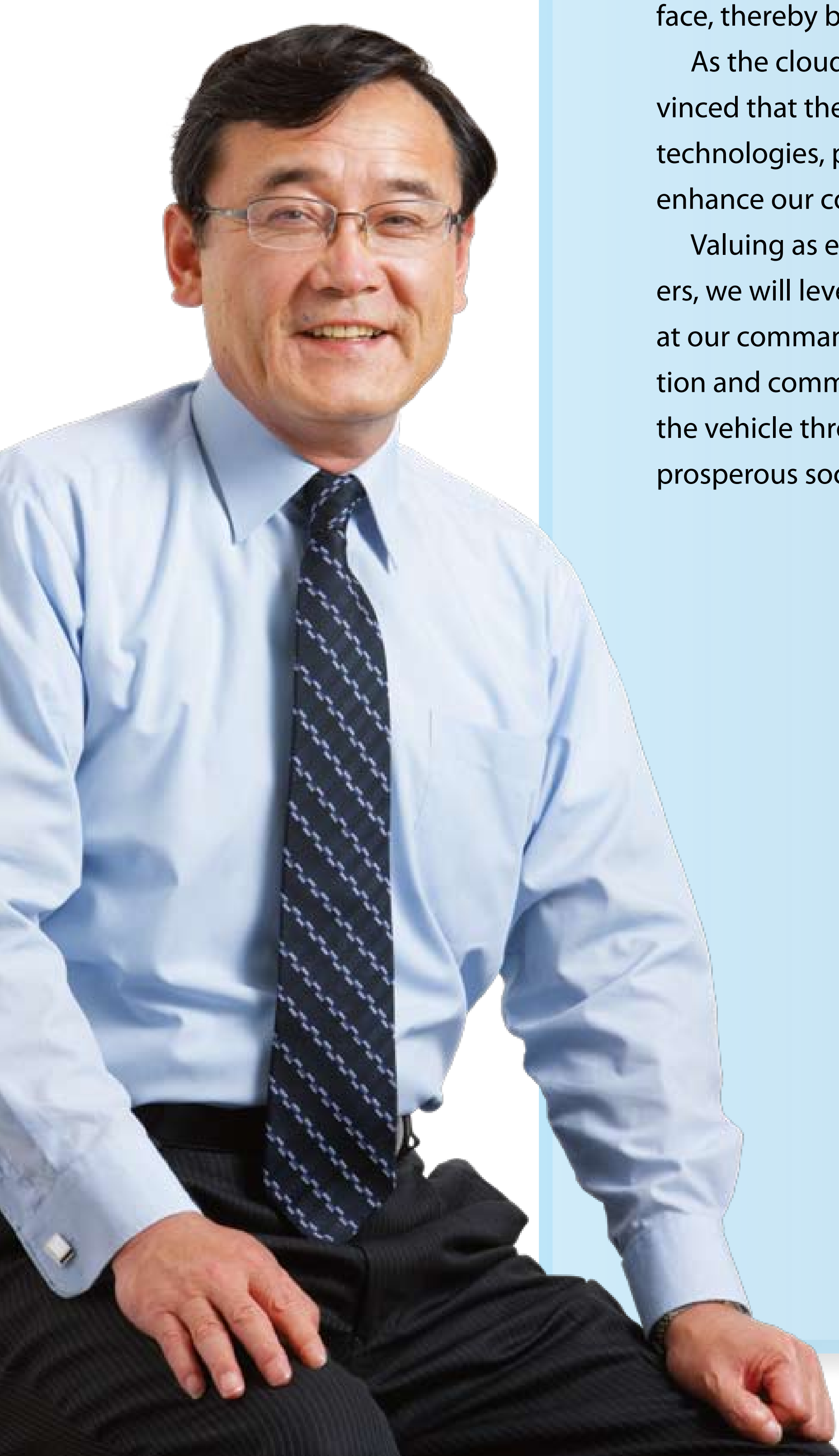
Michiyoshi Mazuka
Chairman

Masami Yamamoto
President

Left: Michiyoshi Mazuka
Chairman

Right: Masami Yamamoto
President

A Conversation With the President



Fujitsu's fundamental stance, and one of its strengths, is our commitment to working from the customers' viewpoint to resolve the issues they face, thereby building solid relationships of trust.

As the cloud computing era unfolds, I am convinced that the combination of Fujitsu's superior technologies, products, and services will further enhance our competitive strength.

Valuing as ever our partnerships with customers, we will leverage the comprehensive capacities at our command to expand the world of information and communication technology (ICT). ICT is the vehicle through which we will help create a prosperous society and enhance corporate value.

Masami Yamamoto

Masami Yamamoto
President

Aspirations as Fujitsu's New President

Over my career, I have consistently been involved with businesses on the cutting edge of innovation. I plan to make the most of my experiences to craft business models that are based on advanced technology—business models for a new era.

To page 016 Q.1
To page 017 Q.2

Overview of Fiscal 2009

Amid delayed recovery in the ICT market, we successfully met our original operating income targets through sweeping efforts across Fujitsu to scale back costs. Benefits also emerged from ongoing structural reforms, leaving us in a more secure financial position.

To page 017 Q.3

Medium-Term Objectives and Management Policies

Our goals for fiscal 2011, ending March 31, 2012, are net sales of ¥5,000 billion and ¥250 billion in operating income. To meet these medium-term targets, we are pursuing a business strategy driven by a focus on our customers' customers, globalization, and environmental sustainability.

To page 018 Q.4
To page 019 Q.5

Corporate Governance

As a means of strengthening corporate governance, Fujitsu employees put into practice our corporate philosophy, the Fujitsu Way. With this in mind, I want to sincerely apologize on behalf of Fujitsu for an incident of improper information disclosure in fiscal 2009. We deeply regret the concern this incident posed for our shareholders, investors, and other stakeholders.

To page 020 Q.6

Return of Profits and Dividend Policy

Along with the payment of stable dividends to our shareholders, our focus is on ensuring that Fujitsu has sufficient internal reserves. Once this is assured, our goal is to increase the return of profits to shareholders.

To page 021 Q.7

Message to Shareholders and Investors

Fujitsu will remain Japan's leading ICT company. With respect to globalization, we are keenly aware that in expanding outside of Japan, Fujitsu will be competing on equal footing against the top industry players in the world.

To page 021 Q.8

Aspirations as Fujitsu's New President

Q.1

President Yamamoto, you have been with Fujitsu for 34 years. As president, how will you bring your experience to bear on Fujitsu's management?

A.1

Over my career, I have consistently been involved with businesses on the cutting edge of innovation. I plan to make the most of my experiences to craft business models that are based on advanced technology—business models for a new era.

I first joined Fujitsu in 1976. Over that 34-year span, I have personally witnessed a host of changes in technology.

When I first joined, Fujitsu was still largely a product-driven company. In fact, my involvement for many years after coming aboard was mainly with product design and development. In 1979, I joined the team that developed the OASYS word processor for the Japanese market, and was closely involved in the development of its successor, the OASYS 100J. Although it was released back in 1980, I still vividly recall how gratifying it was to see customers at their offices using a data terminal that I helped create.

The advent of computers brought significant strides to business productivity. Initially, though, computers were prohibitively expensive, so it was common practice for office employees to take turns using one. Back then, people had to enter all data into computers—you could even say that people had to serve the needs of the computer. It was, I think, a very "computer centric" era in many ways. As use of PCs spread, both open source computing and ICT*[1] rapidly found their way into homes and offices. The emergence shortly thereafter of the Internet triggered an evolution in network technology and sparked the coming of a "network centric" era which emphasized the role of communications technology. Today, cloud computing*[2] is poised to take its place as the latest social infrastructure.

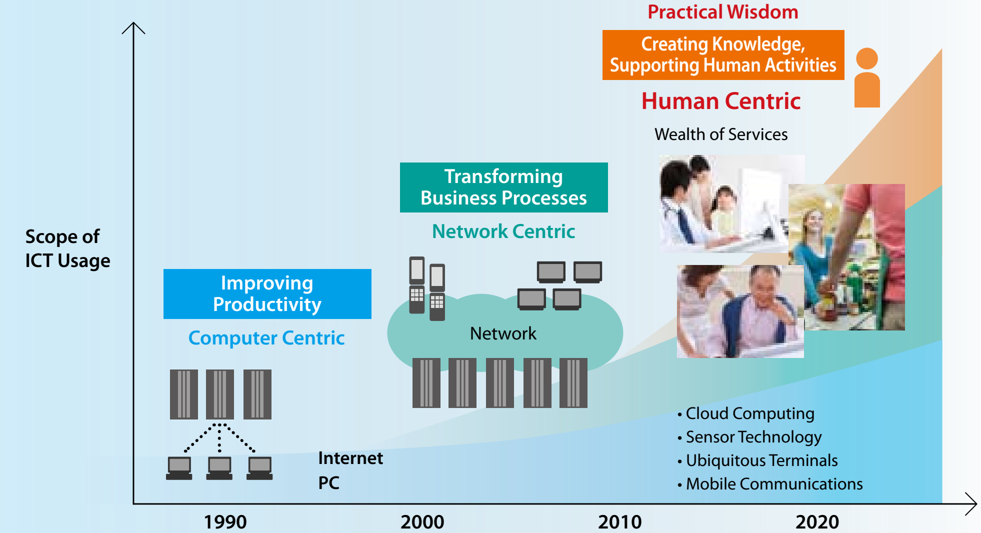
During these eras of change, I have time and again been involved on the cutting edge of innovation where revolutionary technologies have transformed society. Consequently, my career has given me many experiences and insights that I can now call upon.

As cloud computing progresses, we are witnessing the start of a "human centric" era. Access to ICT will now be available to everyone, without the need for complex knowledge or skills. As this era unfolds, Fujitsu stands ready to provide customers with comprehensive services backed by superior technology, products, and solutions. As Fujitsu's president, I will take advantage of the experiences and insights I've gained over the years to build new business models underpinned by cutting-edge technologies for this new era of business.

*[1] **ICT:**
Information and Communication Technology, a term derived from IT (Information Technology) and communication, which includes the sharing of knowledge and information via communication networks.

*[2] **Cloud Computing:**
A system configuration whereby tasks performed by the user are processed by Internet-based servers rather than a user's own PC or a server on a company's in-house network.

Toward an Era of Human Centric ICT



Q.2

Please discuss Fujitsu's new executive management structure.

A.2

We opted for a system in which five corporate senior executive vice presidents and two corporate executive vice presidents assist me in the management of Fujitsu. The five corporate senior executive vice presidents are each responsible for a specific business area. This fact notwithstanding, I have also told them to establish alliances beyond their own assigned domains to create new vertically integrated*[1] businesses.

We began operating under this new management structure in April 2010. In concrete terms, the five corporate senior executive vice presidents and two corporate executive vice presidents assist me as president under this system. My role in management execution is to provide leadership. Each corporate senior executive vice president is personally responsible for one of five areas—global business, ICT services business, industry solutions, products, and corporate affairs. However, I have instructed them to constantly consider management of the whole company in all of their actions.

For new vertically integrated business models like cloud computing, alliances between business areas are more vital than ever before. The ICT industry is expected to see drastic changes, as well as more intense global competition. Accordingly, the corporate senior executive vice presidents have been instructed to develop close partnerships that transcend their respective domains. The aim here is to parlay alliances between Fujitsu operations into the generation of new businesses. While I am ultimately responsible for any final decisions, I think we now have a system for business execution that facilitates rapid decision-making.

The two corporate executive vice presidents serve as the CFO*[2] and CSO*[3], respectively. The functions that the CFO and CSO perform are essential to Fujitsu's management, since both roles effectively support myself and the five corporate senior executive vice presidents.

*[1] **Vertically integrated business model:** A business model in which Fujitsu serves as a one-stop provider of hardware, software, and services solutions.

*[2] **CFO:** Chief Financial Officer

*[3] **CSO:** Chief Strategy Officer

Overview of Fiscal 2009

Q.3

What is your assessment of business performance for fiscal 2009, ended March 31, 2010?

A.3

Despite a sales decline in our solutions business, we managed to clear our initial operating income targets by making sweeping reductions in costs and expenses across Fujitsu. Our ongoing structural reforms also yielded benefits, resulting in a more robust financial position.

Fiscal 2009 started off in an economic climate deeply shaded by the lingering shock of Lehman Brothers's collapse. Taking stock of the situation, we declared an operating income target of ¥90 billion and sought to address a variety of issues. Looking back over the year, the ICT market has definitely struggled to regain its footing. However, we strove to cut costs and expenses across Fujitsu. In the end, we managed to clear our initial objective, as operating income rose ¥25.6 billion year-on-year, to ¥94.3 billion.

We also remain intensely committed to structural reforms. For me, structural reforms can be understood as a means of changing one's present business model into something new. In fiscal 2009, we completed the transfer of the hard-disk drive (HDD) business, which had been a lingering issue. The LSI business has also shifted to a fab-

*** Fab-lite:**
A semiconductor business model in which a company minimizes its own production scale, with the bulk of production outsourced to external foundries. This configuration allows for a greater degree of management freedom.

See pp. 22–23 for a detailed account of fiscal 2009 performance.

To page 022-023

lite* business model, as Fujitsu's profit structure continues to evolve. The networks business, meanwhile, turned a profit a full year ahead of schedule. The fact that loss-making businesses, which were once a serious problem, now have the prospects of being profitable operations is another major benefit of our structural reforms.

These initiatives have also led to a greater sense of stability concerning our financial position. In fiscal 2009, we shrunk our interest-bearing debt primarily by using cash on hand, mainly from the sale of shares of FANUC Ltd., to cover the redemption of ¥300 billion in corporate bonds. The result was a net D/E ratio of 0.20 times, the lowest level Fujitsu has ever recorded.

Financial Highlights (Billions of yen)

(Years ended March 31)	2008	2009	**2010**
Net sales	5,330.8	4,692.9	**4,679.5**
Operating income	204.9	68.7	**94.3**
Net income (loss)	48.1	(112.3)	**93.0**
Interest-bearing loans	887.3	883.4	**577.4**
Net D/E ratio (times)	0.36	0.47	**0.20**

Medium-Term Objectives and Management Policies

Q.4

What are Fujitsu's medium-term business objectives and its projections for fiscal 2010?

A.4

Our medium-term targets for fiscal 2011, ending March 31, 2012, are net sales of ¥5,000 billion and operating income of ¥250 billion. We plan to achieve the latter by raising the consolidated operating income margin to 5%. Another aim is to boost the ratio of sales outside Japan to more than 40%. For fiscal 2010, we are projecting operating income of ¥185 billion.

* See pp. 48–55 for changes in the ICT market, including ICT market projection graphs by geographical region.

To page 048–055

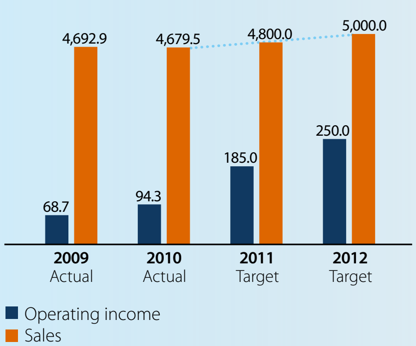
As I explained in the Management Direction Briefing that I presented in July 2010, we remain staunchly committed to the medium-term targets of ¥5,000 billion in net sales and ¥250 billion in operating income (operating income margin of 5%) for fiscal 2011 that Fujitsu announced in July 2009. Our capacity to achieve these objectives hinges on accurately grasping changes taking place in the ICT market*, then moving with urgency to develop new business models. For example, cloud computing, a platform based on new technology, is emerging as the foundation that will underpin ICT. Given this trend, I believe that we must lay the groundwork for offering cutting-edge services in this field. Beyond this, in a world dominated by cloud computing, we must be able to deliver new value to customers through new businesses which can be profitable for us. Considering the surrounding business environment, this objective will not be easily reached. The target operating income margin of 5% that we have set is vital for putting Fujitsu on an equal standing with other global ICT companies. As such, this is one challenge that we intend to face with vigor.

The ratio of sales outside Japan is currently around 37%, and we aim to raise this to over 40%. But this task is also crucial to our management stability. Dramatic sales growth from operations within Japan alone is unlikely. At the same time, our customers are developing their businesses globally. It's only natural that we capitalize on this trend to promote our own businesses worldwide.

For the current fiscal year, we stated a goal of ¥200 billion in operating income back when medium-term targets were announced in July 2009. However, I want to ramp up the pace of investment in cloud computing and new businesses in fiscal 2010 to ensure that we achieve the ¥250 billion in operating income planned for fiscal 2011. Consequently, we are now conservatively projecting operating income of ¥185 billion, since we will prioritize about ¥100 billion in cloud-related investments in fiscal 2010.

Medium-Term Targets

Sales/Operating Income*
(Billions of yen)



Performance Indicators*

	Targets for year ending March 31, 2012
Operating income margin	**Over 5.0%**
Outside Japan sales	**Over 40%**
Free cash flow	**Over 150 billion yen**

* Years ended March 31

Forward-looking statements regarding the medium-term management plan and projections for fiscal 2010 are future projections calculated based on a variety of judgments, estimates and assumptions. These statements reflect predictions based on management's judgment and objectives, as well as certain conditions and assumptions, at the end of fiscal 2009 (March 31, 2010). As such, future results may differ materially from these projections.

Q.5

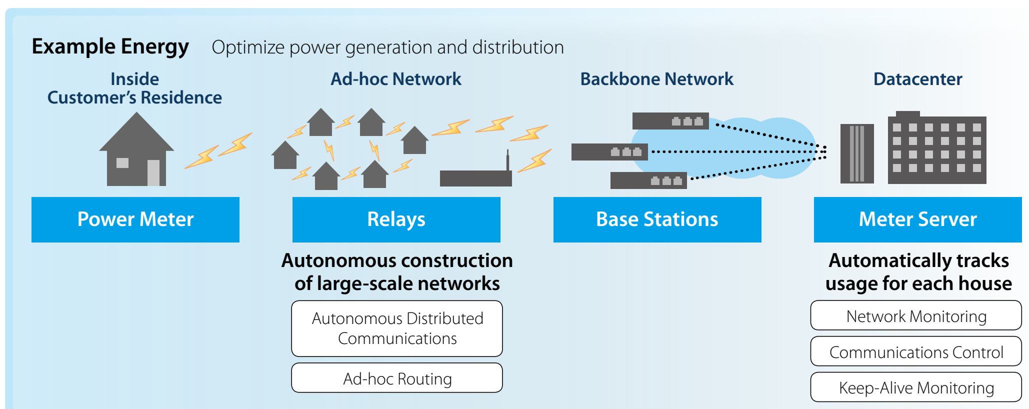
What management policies will Fujitsu follow to meet its medium-term targets?

A.5

Fujitsu is determined to contribute to society by realizing our long-term vision of a "Human Centric Intelligent Society." We will promote a three-part business strategy based on thinking about our customers' customers, globalization, and environmental sustainability.

Fujitsu has declared a long-term vision to make the concept of a "Human Centric Intelligent Society" a reality over the next 10 years. This will involve collecting expansive data on the behavioral patterns of people and organizations that mobile phones and other ubiquitous products generate, then taking advantage of cloud infrastructure, supercomputers*1, and other ICT infrastructure to analyze the data. Furthermore, providing useful data on various domains of our lives and the society we live in will enable us to deliver both new business models and value. These outputs, in turn, have the potential to revolutionize social systems and behavioral patterns in every domain, ranging from healthcare, transportation, and education to agriculture. This is the "Human Centric Intelligent Society" that Fujitsu is aiming for. With its arrival, we will see new business opportunities in fields where ICT was previously underused. In parallel, realizing a "Human Centric Intelligent Society" will allow Fujitsu to contribute to the sustainable development of our world.

*1 **Supercomputer:** A class of computers with calculation speeds far exceeding that of conventional office computers. Large-scale hardware and software enable the massive processing capacity found in supercomputers.



To bring this social vision to fruition, we plan to promote a business strategy driven by three perspectives—thinking about our customers' customers, globalization, and environmental sustainability.

Thinking from the perspective of our customers' customers: Improving our customers' businesses

Our thorough commitment to strengthening relations with customers is ingrained in our employees and reflects the success and benefits of our human resource training to date. Going forward, we intend to actively foster that same spirit in human resources to develop our business globally. Human society, our world, and the planet itself, are all ultimately connected through our customers.

In fiscal 2009 we drafted a new brand promise, "shaping tomorrow with you,*2" to communicate our unique approach of thinking from the perspective of our customers' customers. This brand promise is our

*2 For more on the brand promise, see page 8.

To page 008

New Visual Identity for Fujitsu Brand Promise, "shaping tomorrow with you"

The Fujitsu brand promise articulates the importance that the Group places on working with customers to contribute to their success, building long-term partnerships, and harnessing the power of information and communication technology to enable people to expand their possibilities. The Fujitsu Group is now using the new brand promise design worldwide to visually convey to customers its commitment to emphasizing their perspective in all corporate activities.

New Visual Identity Embodying Importance of Dialogue with Customers

Features of the Visual Identity

- The design embodies the significance of developing a dialogue with customers, an important approach in making Fujitsu's brand promise a reality.
- By associating the company's new graphic design—which symbolizes this dialogue—with the "F" in Fujitsu's logo, a symbol of the Fujitsu Group, the company is emphasizing its distinctive corporate character.

WEB http://www.fujitsu.com/global/news/pr/archives/month/2010/20100618-01.html pledge to customers that we will work with them to bring about a prosperous future. Guided by this commitment are 170,000 employees worldwide who are eager to deliver shared value to our customers.

Managing from a global perspective: "Think Global, Act Local"
We plan to extend the rock-solid ICT services base that Fujitsu has cultivated in Japan and expand it worldwide. In February 2010, Fujitsu announced the start of highly reliable cloud computing services for corporate customers in Japan. During fiscal 2010, we will deploy this same platform in the US, UK, Germany, Singapore, and Australia. Fujitsu possesses two key strengths with respect to global business development. One is that we can develop globally in tandem with our customers who are doing the same. Our strong relations with customers are what make this possible. The second is our locally based subsidiaries, many of which joined the Fujitsu Group through mergers and acquisitions, like Fujitsu Services in the UK and Fujitsu Technology Solutions in Germany. These have given Fujitsu an intimate knowledge of local markets.

Emphasizing sustainability: Operating from an environmental perspective
For any company operating today in the 21st century, addressing environmental concerns is a critical responsibility. At the same time, we believe that tackling these problems can itself be a new source of added value. Accordingly, Fujitsu will move to make all of its products and services environmentally friendly. The ability to carry out complex simulations, moreover, plays a critical role in resolving environmental issues. From this standpoint, the supercomputers developed by Fujitsu, for example, can be thought of as flagship products for finding solutions to environmental problems.

Corporate Governance

Q.6

Please explain Fujitsu's approach to corporate governance.

A.6

The Fujitsu Way* contains a set of core principles and code of conduct that guide the actions of our employees. We strive to enhance corporate governance by putting the Fujitsu Way into practice. On behalf of Fujitsu, I want to sincerely apologize for an incident of improper information disclosure in fiscal 2009. We deeply regret the concern that this incident caused our shareholders, investors and other stakeholders.

* See pp. 62–63 for more on the Fujitsu Way.
To page 062–063

At Fujitsu, we believe that more robust corporate governance is indispensable for the continuous enhancement of corporate value. For this reason, along with the constant pursuit of more sound and efficient management, we are bolstering our corporate governance structure to ensure we put the Fujitsu Way into practice.

Fully revised in April 2008, the Fujitsu Way embodies both the philosophy and guiding policy of the Fujitsu Group. The Fujitsu Way will facilitate management innovation and promote a unified direction for the Group as we expand our global business activities. At the same time, it articulates the Group's overarching values, and defines concrete principles and a code of conduct that Group employees follow in their daily business activities.

See pp. 70–72 for the interview with auditors.
To page 070–072

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.

For details on corporate governance, see pp. 73–82.
To page 073–082

Under this structure, we have taken action to bolster corporate governance. Nevertheless, in relation to the resignation of former president Kuniaki Nozoe, there was an incident of improper disclosure of certain corporate information. We recognize that this situation raised serious concerns for our shareholders, investors, and other stakeholders, for which I would like to offer my deepest apologies. We are redoubling our dedication to proper information disclosure in order to swiftly regain your trust. In line with this, in October 2009, we established an Executive Nomination Committee and a Compensation Committee. The committees' purpose is to bring greater transparency and objectivity to the selection process for directors, the decision-making process regarding executive remuneration, and to ensure appropriate remuneration systems and standards. In step with this system, we will tackle business with the same passion we always have. We are determined to deliver solid results that will reaffirm stakeholder confidence in Fujitsu.

Return of Profits and Dividend Policy

Q.7

Can you describe Fujitsu's basic policy on returning profits to shareholders and its approach to dividends?

A.7

As well as payment of stable dividends to our shareholders, we also focus on ensuring that Fujitsu has sufficient internal reserves. Once this is assured, our goal is to increase the return of profits to shareholders.

Fujitsu's policy is to return profits generated from business activities to shareholders in the form of stable dividends. Additionally, we believe it is fundamental to have sufficient internal reserves. Our rationale is that such reserves strengthen our financial position and our capacity to aggressively develop businesses with an eye to improving medium- to long-term performance. Once it's clear that we can maintain ample reserves at given profit levels, we aim to increase the return of profits to shareholders, including through the repurchase of our shares.

In fiscal 2009, operating income exceeded initial estimates despite the ICT services business having failed to meet targets for the year. Furthermore, we booked ¥47.4 billion in business restructuring expenses, which included the completion of the sale of the HDD business, structural reforms in the LSI business, and the realignment of Fujitsu operations in Europe. These charges were negated, however, mainly by gains on the sale of shares of FANUC Ltd. In the end, we posted ¥93.0 billion in net income for fiscal 2009, which brought a tremendous improvement in retained earnings. In light of this performance, we paid a dividend of ¥8 per share for the year.

In fiscal 2010, since we are projecting ¥95.0 billion in net income from profits in our core businesses, we intend to pay an annual dividend of ¥10 per share. This planned dividend is our way of thanking shareholders for their understanding and steadfast support. Similarly, it underscores our dedication to management that seeks continuous improvement in corporate value, which is also part of the Fujitsu Way.

Message to Shareholders and Investors

Q.8

In closing, do you have a message for Fujitsu shareholders and investors?

A.8

Fujitsu will remain Japan's leading ICT company. With respect to globalization, we are keenly aware that in expanding outside of Japan, Fujitsu will be competing on equal footing against the top industry players in the world.

Fujitsu is proud to be Japan's leading ICT company. As I mentioned earlier, the utilization of ICT is widely expected to become more sophisticated in tandem with the advance of cloud computing. I am confident that this trend will translate into greater business opportunities for Fujitsu. And although market expansion is likely to trigger fierce competition with other companies, we have no intention of relinquishing Fujitsu's position as a leader in the field. In the coming years, we will push even more forcefully ahead with globalization firmly in mind. We are keenly aware of what this means—that Fujitsu must be ready to compete on an equal footing with the top industry players in the world.

I am convinced that our real strength lies in our expansive knowledge of the issues that customers face, and our ability to take the customer's viewpoint in resolving their issues. Furthermore, our capacity to offer solutions to customer issues stems directly from our expertise and technology across a wide range of domains that we call on to provide customer solutions. These domains encompass semiconductors and other devices, servers, middleware, and applications. Our dominance will become more evident in the cloud computing era, which will facilitate our promotion of vertically integrated services.

ICT will assume a more pivotal role than ever in enabling people to enjoy prosperous lives of security, safety, and convenience. Fujitsu will strive to expand the world of ICT, which goes hand in hand with the development of a prosperous society. Through our businesses, customers will recognize the fundamental part that Fujitsu plays, and we will contribute to both society and people's daily lives. This is the essence of Fujitsu. You can expect great things from us in the future.

A Message From the CFO

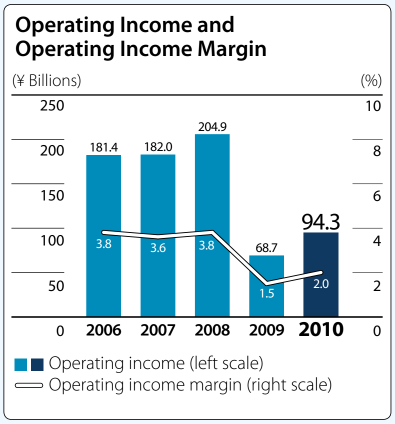
Performance in Fiscal 2009

Progress on inventory adjustments, along with economic measures taken by governments worldwide, helped the global economy turn towards recovery during fiscal 2009. This development notwithstanding, lingering effects still remain from the economic weakness in the wake of the financial crisis. In Japan, while the economy began to rebound from the second half of the year, the country's employment and personal income outlook remain weak, with deflationary trends having grown protracted. Given these sobering factors, Japan's economic recovery remains fragile at best.

Reflecting this climate, challenging conditions persisted around investment in ICT. Specifically, corporate sector demand has been slow to revive not only in hardware-related fields, as prevailing sentiments with respect to equipment overcapacity take their toll, but also in software- and service-related areas. Adverse conditions also continue in the consumer sector—while PC sales volumes have risen for models compatible with the latest operating systems, there is a growing preference for low-priced products, and the replacement cycle for mobile phones has lengthened.

In this context, consolidated net sales for the Fujitsu Group in fiscal 2009 amounted to ¥4,679.5 billion, largely unchanged from the previous fiscal year. Excluding effects from the consolidation of Fujitsu Technology Solutions (Holding) B.V. and FDK Corporation, both of which were equity-method affiliates up through fiscal 2008, as well as effects from the transfer of the hard disk drive (HDD) business and currency exchange rates, net sales would have ended 7% lower. In Japan, sales were down 8.2%. In addition to lower Solutions/Systems Integration sales as companies curbed their ICT investments chiefly in the manufacturing, retail/distribution and financial industries, LSI, server-related, and PC sales were all lower, most notably in the first half of the year. Sales outside Japan, meanwhile, rose 16.6%. But here again, if the effects of business realignment and currency exchange rates are excluded, sales were actually 4% lower for the year. Services were affected by economic weakness in Europe, while HDD, PC, and server-related sales also declined. The ratio of sales outside Japan was 37.4%, representing a year-on-year increase of 5.4 percentage points. EMEA (Europe, Middle East and Africa) region sales rose for the year due to the consolidation of former equity-method affiliate Fujitsu Technology Solutions.

(Years ended March 31)

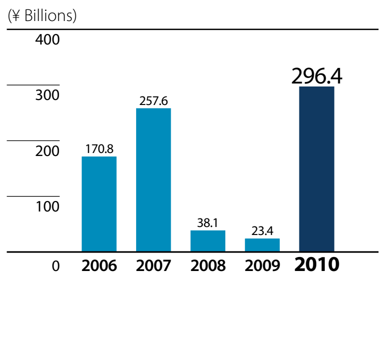


Operating income for fiscal 2009 was ¥94.3 billion, an increase of ¥25.6 billion from a year ago. This growth was made possible by improved earnings from transfer of the loss-making HDD business and structural reforms in the LSI business, as well as company-wide cost-cutting measures. Partially offsetting this was higher expenses for retirement benefits, the result of worsening asset management performance for pension assets in the previous fiscal year. Other negative factors included an allowance for losses pertaining to the development of a next-generation supercomputer and lower sales from the services business.

Other income (expenses), net, totaled ¥18.3 billion, an improvement of ¥200.4 billion from the previous fiscal year. In tandem with gains posted from the sale of shares in FANUC Ltd., we saw improved equity in earnings of affiliates with the consolidation of Fujitsu Technology Solutions and FDK, both of which had posted losses in the previous term. Another boost came from significantly lower impairment losses and an absence of revaluation loss on

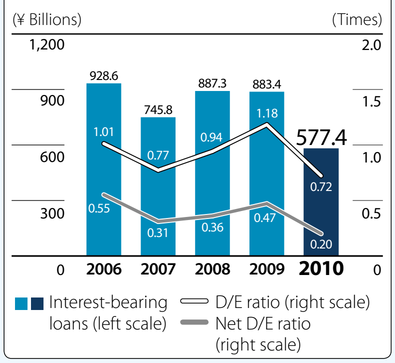
(Years ended March 31)

Free Cash Flow



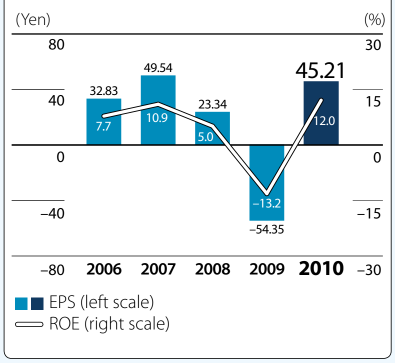
(As of March 31)

Interest-bearing Loans, D/E Ratio and Net D/E Ratio



(Years ended March 31)

EPS (Net Income (Loss) per Share), ROE (Return on Equity)



investment securities compared with the previous fiscal year.

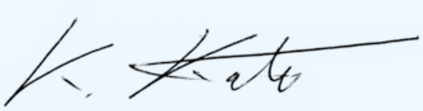
As a result, net income for fiscal 2009 was ¥93.0 billion, representing a year-on-year improvement of ¥205.4 billion.

Financial Issues and Initiatives in Fiscal 2009

The Fujitsu Group continued to improve its financial position in fiscal 2009. The owners' equity ratio rose by 1.5 points compared to the previous fiscal year to 24.7%, primarily from net income posted for the year. Free cash flow was a positive ¥296.4 billion; even excluding proceeds from the sale of shares and other special items it was a positive ¥111.6 billion. Interest-bearing loans amounted to ¥577.4 billion, principally as a result of redemptions of ¥250 billion in convertible bonds and ¥50 billion in straight bonds that matured in 2009. This put the D/E ratio at 0.72 times. Consequently, the net D/E ratio was 0.20 times, falling to its lowest-ever level. Also in fiscal 2009, we drafted a new medium-term management plan that will run through fiscal 2011. Under the plan, our goals are to realize free cash flow of at least ¥150 billion and a D/E ratio of 1.0 times or less by improving earnings and asset efficiency.

The monthly inventory turnover rate was 1.04 times, 0.06 points better than the previous fiscal year. We will make further gains in efficiency to meet our medium-term target of 2.0 times.

* Forward-looking statements regarding the medium-term management plan are future projections calculated based on a variety of judgments, estimates and assumptions. These statements reflect predictions based on management's judgment and objectives, as well as conditions and assumptions, at the end of fiscal 2009 (March 31, 2010). As such, future results may differ materially from these projections.



Kazuhiko Kato

Corporate Executive Vice President and Chief Financial Officer

Approach to financing activities and status of credit ratings

To ensure efficient fund procurement to meet its funding needs, the Fujitsu Group views the retention of an appropriate level of on-hand liquidity as an important policy with respect to financing activities. On-hand liquidity consists of cash and cash equivalents, as well as the unused portion of commitment lines established with multiple financial institutions. As of March 31, 2010, the Group had on-hand liquidity of ¥633.0 billion, comprising ¥420.1 billion in cash and cash equivalents and unused commitment lines with an aggregate yen value of ¥212.9 billion.

To procure funds from the global capital markets, 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, 2010, the company had bond ratings 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.

Special Feature

Becoming a Truly Global ICT Company

Fujitsu has expanded globally by taking advantage of the unique capabilities of each of its local operations around the world. With the expansion of open standards and cloud computing and our strengthening of relationships in each region, we are now able to more effectively expand our business by promoting a unified global approach.

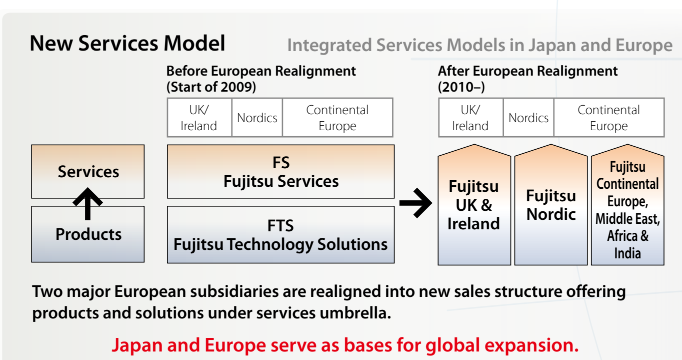
There are two initiatives that are essential for Fujitsu to become the Japanese global ICT company: 1 the creation of an organizational structure that enables Fujitsu to deliver uniform, optimal services to customers in every region of the globe (our transnational model); and 2 the creation of global solutions.

1 Creating a Transnational Model

Fujitsu is enhancing its business structure in each region to ensure that it delivers the same optimal level of services to clients worldwide.

Europe

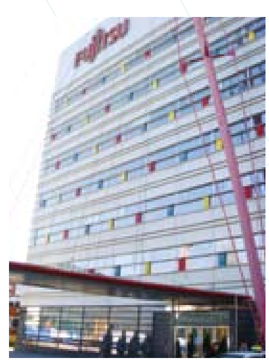
In fiscal 2009, we converted Fujitsu Siemens Computers, our joint venture with Siemens, into a wholly owned subsidiary, naming it Fujitsu Technology Solutions. Then we reorganized our business structure in Europe, taking Fujitsu Services, which had mainly focused on outsourcing and other IT services, and Fujitsu Technology Solutions, which mainly had focused on x86 servers, PCs, and other IT hardware, and structuring these businesses into the regional markets of the UK and Ireland, continental Europe, and the Nordic countries, with clearly defined market and account responsibilities. Amidst difficult market conditions in Europe, we implemented measures to improve profitability, such as headcount reductions, and strengthened our quality assurance functions to weed out unprofitable projects.



Fujitsu Services Holdings PLC

■ UK and Ireland

Although we are concerned about reductions in government spending under the new administration in light of the UK's budget deficit, new business opportunities have emerged from the efficiencies generated by ICT, and in 2009 we were able to win significant deals from the Home Office of the UK government and from the Scottish government.



Fujitsu Nordic

■ Nordic Region

After our restructuring, our presence in the Nordic region increased substantially, with our market share rising from 10th to 5th or 6th (and to #2 in Finland) in just the last two years. Through our restructuring, we are now able to allocate sufficient resources to our business in Scandinavia, which now exceeds ¥100 billion in annual sales. Our improved position has led to significant outsourcing contracts with some of Sweden's major corporations, including automaker Volvo and financial services leader SEB.

Fujitsu China Holdings Co., Ltd.

Asia and China

As part of an effort to cover the growth markets of emerging countries, as well as to ensure steady growth in local business from Japanese customers, we are implementing a new organizational structure in addition to supporting the operations of subsidiaries of Japanese companies outside of Japan. With a large number of Japanese corporations reallocating their investments towards the growth markets of China and Asia, under this new structure, Fujitsu will kick into full swing its business for supporting the ICT systems of Japanese companies.

In China, due to the impact of regulatory guidelines, our business has been based on a structure where each subsidiary is responsible for only one business area. This has made it extremely challenging, until now, to bring together the Fujitsu Group's comprehensive capabilities. Now we are striving to expand our business by devising a framework in which we can produce packaged services in Japan and increase the sales of these together with products. In addition, our plans to build a datacenter in China's Guangdong region have been finalized, and construction will begin in October. This will serve as the starting point for our cloud services business in China.

Fujitsu America, Inc.

North America

With a goal to provide comprehensive solutions in the United States and Canada and improve business efficiency in these regions, Fujitsu merged in 2009 three of its independently operating products and services businesses. This led to a contract to provide IT infrastructure services to Alliance Data in one of our largest contracts in the US market. In addition, by revamping Fujitsu's management structure, as well as launching a new datacenter during fiscal 2010, we are taking steps to enhance our services business in anticipation of the cloud computing era.

■ Continental Europe (including Central and Eastern Europe, Middle East and Africa, and India)

Led by Fujitsu Technology Solutions, we unified the development, design, and manufacturing of x86 servers and are supplying them to every region as global products. In addition, through our European restructuring, by clarifying market and account responsibilities in our services business, we were able to achieve higher sales of services. Among other wins, this led to a transnational outsourcing services contract from Saint-Gobain of France as well as a contract to build a third-generation network for the Portugal Telecom Group.

Fujitsu Technology Solutions (Holdings) B.V.

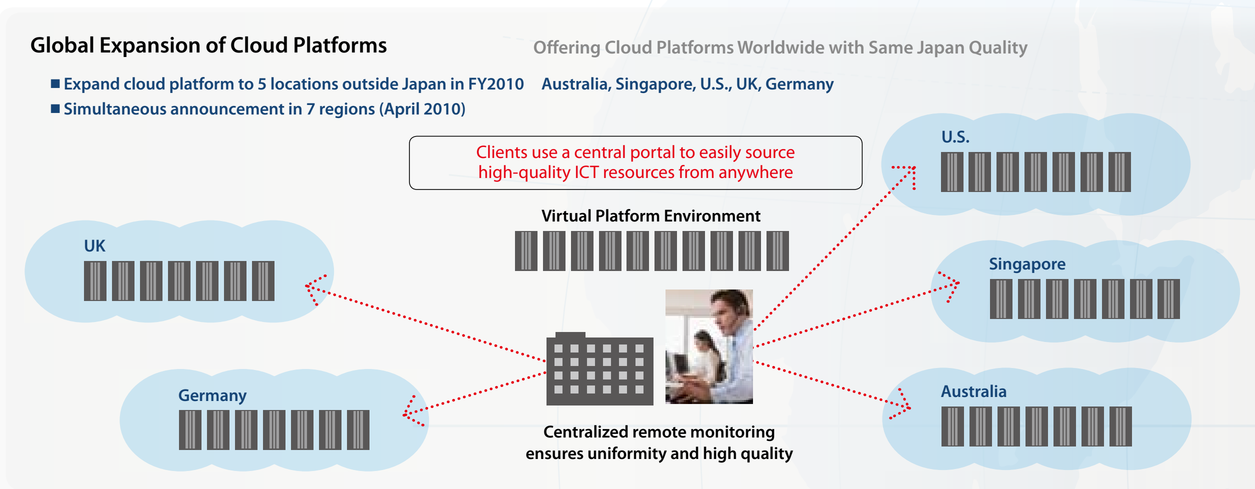
Fujitsu Australia Limited

Australia

In March 2009, Fujitsu acquired KAZ Group Pty Ltd, a subsidiary of Telstra Corporation Limited, Australia's largest telecom carrier, thereby enabling Fujitsu to further strengthen its sales to the public sector as well as the SAP solutions business. This led to an outsourcing services contract with the airline Qantas.

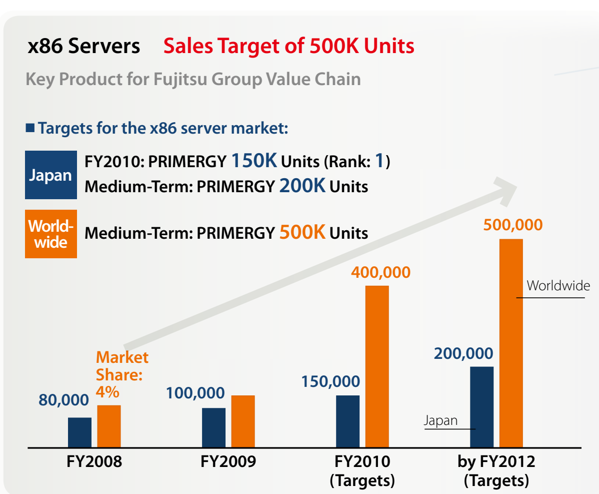
2 Creating Global Solutions

Until now, Fujitsu's global business has been characterized by exports of products such as servers and PCs from Japan, accompanied by sales by Fujitsu's local offices of services geared to meet local needs. With the advent of cloud computing, we are now able to promote sales of Fujitsu's cloud services outside Japan. Fujitsu is able to deliver all the layers of cloud services. This includes the network services that comprise Network-as-a-Service (NaaS), the cloud infrastructure, such as servers and storage, that comprise Infrastructure-as-a-Service (IaaS), the application platforms, such as OS and middleware, that comprise Platform-as-a-Service (PaaS), and the application services that comprise Software-as-a-Service (SaaS). Fujitsu is one of the few companies in the world that has core technologies in each of these areas. Fujitsu developed these cloud-related technologies in Japan, along with a highly reliable shared cloud platform for expanding them globally, and will begin offering services in Japan in October 2010, followed by a phased roll-out to Australia, Singapore, the U.S., the UK, and Germany.



Fujitsu's x86 servers, which we have positioned as a global product, have until now been built to meet the individual specifications of each region. Through the conversion of Fujitsu Technology Solutions into a wholly owned subsidiary in April 2009, we have been able to develop global specifications and unify our planning and development functions. This has enabled us to deliver products on a global scale that are competitive in terms of both pricing and performance, helping us to gain traction toward meeting our goal of shipping 500,000 x86 servers annually worldwide.

Moreover, through partnerships with the world's top vendors, including Microsoft, Oracle, SAP, and salesforce.com, we will be able to deliver a vertically integrated cloud computing platform, clearly differentiating ourselves from the competition in order to expand our business.



Strengthening Global Partnerships

SaaS	SaaS business intelligence solution (Apr. 2010) Global cloud computing partnership (May 2010)
PaaS	Strategic middleware collaboration (Aug. 2009) Joint global cloud service (Jul. 2010) Global strategic partnership (Feb. 2010) Server automation software (Oct. 2009) Server virtualization technologies (Apr. 2009)
IaaS	Joint promotion of next-gen ICT infra (Mar. 2010) Enhancing SPARC Enterprise servers (Jan. 2010) Expanded global partnership (Nov. 2009)
NaaS	Unified communications (Apr. 2009)

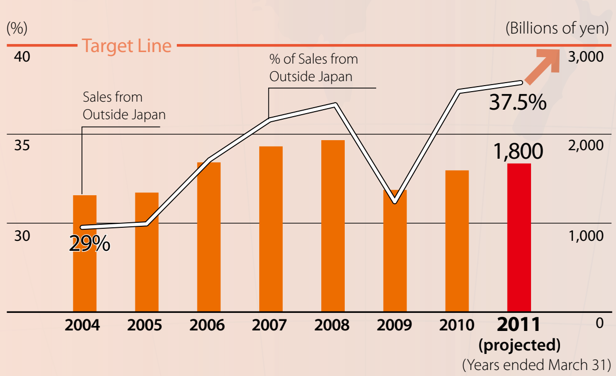
Message From Richard Christou

Currently, over 60% of the Fujitsu Group's sales are from Japan even though Japan accounts for only about 8% of the global ICT market. For Fujitsu to achieve growth over the medium- and long-term, it is imperative that we expand our business in growth markets outside of Japan, with Japan as the foundation of this expansion. We have adopted a "Think global, Act local" approach and we need to view the world with a shared global perspective. For example, many of Fujitsu's corporate customers in Japan are accelerating their expansion in China, Southeast Asia, South America, and other growing markets around the world. Supporting the needs of these customers across national boundaries represents an important business opportunity for Fujitsu and the capabilities of our operations in each country are the key to our effectiveness. Each of these local offices has a different background and history, and this cultural diversity represents an invaluable asset for Fujitsu. I want us to leverage this diversity toward the globalization of the Fujitsu Group and use it to help us transform our business in Japan. I used Japanese corporations as an example, but our approach will be the same in other countries, as well.

Moreover, the meaning of "global" should be consistent across regions and not interpreted differently based on the perspective of the country where one happens to be. There should be no difference between a global perspective viewed from Germany versus one viewed from the US. It is important that all employees have a unified global perspective in supporting the business of our customers. It is by developing close relationships with our customers in every region of the world, including Japan, and by quickly creating a model in which uniform services that bring together the Fujitsu Group's comprehensive capabilities are delivered in a format that best suits the needs of individual customers, that we will become the Japanese global ICT company.

Richard Christou
Corporate Senior Executive Vice President

"One Fujitsu": Generate 40%+ of Sales Outside Japan



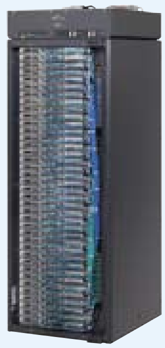
Business Overview

For the fiscal year ended March 31, 2010

Fujitsu delivers total solutions in the field of information and communication technology. Along with multifaceted services provision, our comprehensive business encompasses the development, manufacture, sales and maintenance of the cutting-edge, high-quality products and electronic devices that make these services possible.

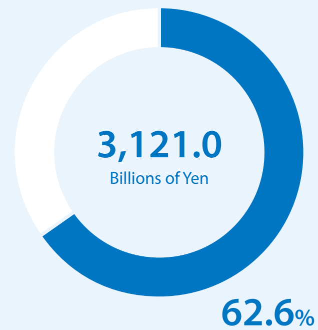
Net Sales/Breakdown of Net Sales*

Technology Solutions



PRIMERGY CX1000 server platform

The new annex of Fujitsu's Tatebayashi System Center

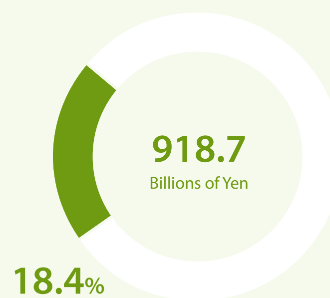


Ubiquitous Product Solutions

Ultra-compact (495g) FMV-BIBLO LOOX U series Pocket Size PC

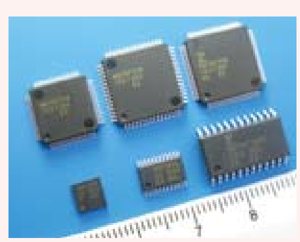
docomo STYLE series F-08B* water-resistant mobile phone

* "docomo STYLE series" is a registered trademark of NTT DOCOMO, INC.

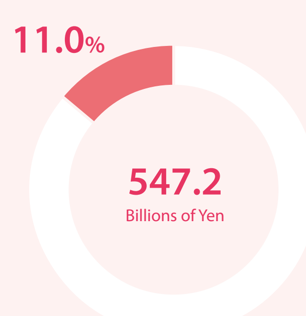


Device Solutions

RF transceiver LSI for mobile phones compatible with LTE, a next-generation communications format



Three new series of high-performance 8-bit microcontrollers with internal flash memories



* Including intersegment sales, excluding elimination and corporate. In addition to the above segments, "Others" accounted for 8.0% of net sales.

Business Description	Main Products & Services	Main Companies
Services Fujitsu provides solutions/system integration services focused on information system consulting and 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 infrastructures.	**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, other x86), storage systems, various types of software (operating system, middleware), network management systems, optical transmission systems, and mobile phone base stations	• Fujitsu Frontech Limited • Fujitsu Telecom Networks Limited • Fujitsu IT Products Ltd. • NIFTY Corporation • Fujitsu Broad Solution & Consulting Inc. • Fujitsu Business Systems Limited* • Fujitsu FSAS Inc. • Fujitsu FIP Corporation • PFU Limited • Fujitsu Network Communications, Inc. • Fujitsu Services Holdings PLC • Fujitsu Australia Limited • Fujitsu Asia Pte Ltd, others * Fujitsu Business Systems Ltd. will be renamed Fujitsu Marketing Limited on October 1, 2010.
Fujitsu offers the PCs, mobile phones and other products indispensable for realizing the emerging ubiquitous networked society. In PCs, along with more conventional desktop and notebook models, we develop netbooks and products with more robust security features, providing a full, global lineup that allows customers to choose the best product for their application. In mobile phones, we provide a diverse variety of products that include high-performance models featuring superb specs and water resistance, the world's first separable mobile phone handset, and products created from collaborations with famous brands.	PCs, mobile phones, optical transceiver modules	• Shimane Fujitsu Limited • Fujitsu Mobile-phone Products Limited • Fujitsu Isotec Limited • Fujitsu Personal System Limited • Fujitsu America, Inc. • Fujitsu Technology Solutions (Holding) B.V., others
LSI devices and electronic components comprise Fujitsu's Device Solutions. Fujitsu Semiconductor*[1], the Fujitsu Group's operating company in semiconductors, provides LSI devices found in products such as digital home appliances, automobiles, mobile phones, and servers. Meanwhile, publicly listed consolidated subsidiaries Shinko Electric Industries and Fujitsu Component, together with companies like FDK, which joined the Group as a consolidated subsidiary in 2009, provide semiconductor packages and other electronic components, as well as structural components such as batteries, relays, and connectors.	LSI devices, electronic components (semiconductor packages, etc.), batteries, and structural components (relays, connectors, etc.)	• Fujitsu Microelectronics Limited*[1] • Shinko Electric Industries Co., Ltd. • FDK Corporation • Fujitsu Component Limited • Fujitsu Electronics Inc. • Fujitsu Microelectronics Asia Pte. Ltd.,*[2] others *[1] Fujitsu Microelectronics Limited was renamed Fujitsu Semiconductor Limited on April 1, 2010. *[2] Fujitsu Microelectronics Asia Pte. Ltd. was renamed Fujitsu Semiconductor Asia Pte. Ltd. on July 1, 2010.

Operational Review and Outlook

Technology Solutions/Services

Fujitsu provides solutions/system integration services that integrate ICT system consulting, design, application development and hardware installation, as well as infrastructure services centered on outsourcing services (complete ICT system operation and management including ICT system management via datacenters) and maintenance services.

Machine room in the new annex of Fujitsu Tatebayashi System Center

POS system

Fiscal 2009 Performance (Year-on-year Comparison)
(Billions of Yen)

Net Sales	2,510.4 (3.4%)
Operating Income	131.1 (–32.2)
R&D Expenses*	124.0 (–8.8%)
Capital Expenditure*	74.7 (–14.8%)

* For entire Technology Solutions segment

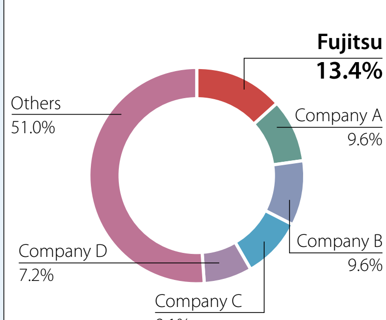
OUR STRENGTH

Fujitsu's services business holds the leading market share in Japan and the third-largest share worldwide. We provide services across a wide range of countries and regions, including Europe, the Americas, Asia and Oceania.

Outsourcing services are a key field for us, and we remain No. 1 in the Japan outsourcing market. Through our network of 91 datacenters in 16 countries worldwide, mainly in Japan and Europe, we meet a wide variety of customer needs. Among other benefits, our services make operation of customers' information and communication technology (ICT) systems easier, and help to make their operations greener.

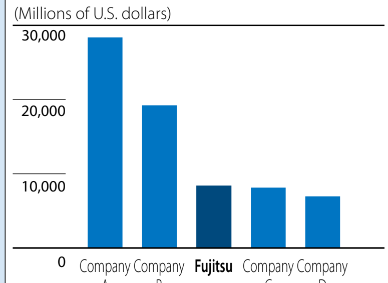
Fujitsu's strengths lie in its global services structure, a wealth of experience in building large-scale, advanced systems, and the technological capabilities to support these operations. We use these capabilities to help diverse customers across countries, regions and languages in utilizing their ICT systems, including government organizations, and customers with locations around the world.

IT Services Market Share in Japan 2009 (Revenue Basis)



(Source: Gartner, "IT Services Market Metrics Worldwide Market Share: Database" 19 April 2010)

Global Outsourcing Sales Vendor Ranking 2009



(Source: IDC June 2010 Worldwide Services 2009 Vendor Analysis: Revenue Performance of the Top 10)

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 Annual Report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

Operational Review and Outlook

Technology Solutions/Services

MARKET TRENDS

2009 Global Market Trends

The value of Japan's IT services market in 2009 declined a significant 3.8% year on year to US$53.7 billion. The decline was due to delayed effects of the economic recession touched off by the financial crisis, which saw heavy cuts in corporate IT investment, mainly in the manufacturing, retail and distribution, and finance sectors.

By field, demand for system integration fell heavily, while the outsourcing market continued to expand. The use of outsourcing by customers seeking to cut costs was steady, and outsourcing of system operation and other non-core business processes increased.

The global market for IT services contracted 2.6% year on year to US$56.48 billion. →GRAPH 2 In Europe, the market shrunk significantly, as IT investment fell with economic deterioration, and governments cut public spending. IT investment also failed to recover fully in the North American market. Meanwhile, emerging countries such as China and the APAC region continued to see strong market growth, despite a slight deceleration.

Outlook for 2010

The Japanese IT services market in 2010 is projected to decline 1.0% year on year to US$53.2 billion. →GRAPH 3

Despite signs of recovery in some sectors, namely manufacturing and finance, the Japanese economy remained weak and unable to recover, hampered by a prolonged slump in capital expenditures and reduced public spending. However, wide recognition of the crucial role of IT investment in maintaining and improving competitive strength is expected to reverse the trend of investment restraint that has persisted since last year. The hardware sector currently shows signs of recovery and the service sector, centering on software development, is expected to follow from the second half of fiscal 2010. New modes of using ICT, especially cloud computing, are expected to drive the recovery in ICT investment.

The global IT services market is expected to grow 1.5% year on year to US$573.4 billion. →GRAPH 2 Globally, the economy is gradually recovering, but recovery strength is varied across regions. Emerging countries such as India and China show strong signs of

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2009 Business Results

Sales from the Services sub-segment (Solutions/System Integration, Infrastructure Services) increased 3.4% from the previous fiscal year to ¥2,510.4 billion. →GRAPH 4 Excluding the effects of consolidation of Fujitsu Technology Solutions (Holding) B.V. and currency exchange rate effects, sales decreased by 5%.

Solutions/System Integration: Sales decreased 8.7% to ¥1,117.2 billion. Excluding currency exchange rate effects, sales decreased 8%.

In Japan, sales were strong in fields relatively unaffected by the business climate, such as an upgrade of legacy systems in the public sector and an increase in projects to automate and digitalize hospitals. However, in fields such as manufacturing and logistics, communications, finance, and regional public sector demand, Fujitsu's business was strongly affected by lingering constraints in capital expenditure for ICT due to the economic downturn. Performance outside Japan was strong partly due to the effect of M&As conducted by Fujitsu last year. In North America, the market failed to make a full-fledged recovery though Fujitsu was successful winning a number of large-scale projects.

Infrastructure Services: Sales increased 15.5% to ¥1,303.9 billion. Excluding the consolidation of Fujitsu Technology Solutions and exchange rate effects, sales fell by 4% year on year.

In and outside Japan, the outsourcing services business expanded due to strong demand from companies looking to cut ICT operation costs following the economic slump. In Europe, Fujitsu saw sales in the U.K. decline year on year in local currency as a result of government cuts on public spending.

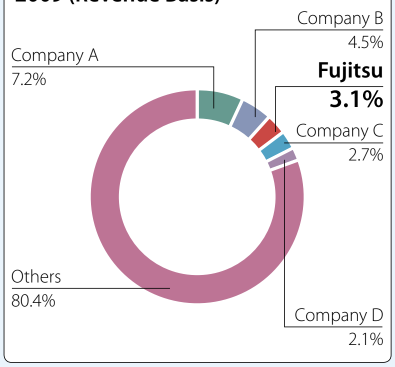
Operating income fell ¥32.2 billion year on year to ¥131.1 billion. In Japan, income was affected by lower sales in Solutions/System Integration and rising costs of ¥11.5 billion in retirement benefits due to a worsening environment for management of pension assets in the previous year. →GRAPH 5 Another factor was a decline in profitability of projects that emerged at the end of the fiscal year. Outside Japan, income was affected by the economic slump, mainly in Europe. As well, profitability worsened in some projects with public and government entities.

Initiatives Going Forward

Solutions/System Integration: In Japan, Fujitsu will market solutions for enhancing productivity and competitive strength with a focus on industries and fields that have continued to restrain their IT investment up until now. We will deploy our Field Innovators to create proposals for enhancing operational efficiency for our customers, while stimulating demand for system upgrades by offering support in transitioning to International Financial Reporting Standards and complying with legal amendments. We will also leverage our framework for providing global services to offer ICT support for globally expanding Japanese companies, offering the recovery, and are expected to increase investments in ICT. In Europe, however, the financial crisis in Greece and the slump in consumer spending due to worsening employment conditions, along with reduced capital expenditure because of a fall in demand and other factors, suggest that economic stagnation in this region will be prolonged.

GRAPH 1

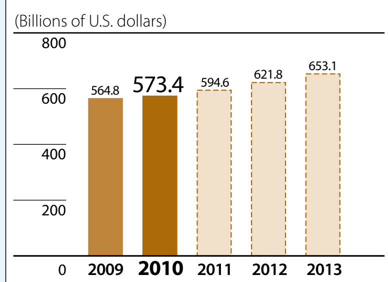
Global IT Services Market Share in 2009 (Revenue Basis)



(Source: Gartner, "IT Services Market Metrics Worldwide Market Share: Database" 19 April 2010)

GRAPH 2

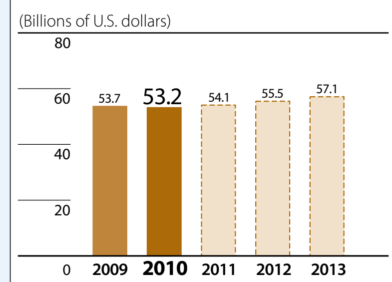
Global IT Services Market Forecast



(Source: IDC The Worldwide Black Book Q1 2010)

GRAPH 3

IT Services Market Forecast in Japan



(Source: IDC The Worldwide Black Book Q1 2010)

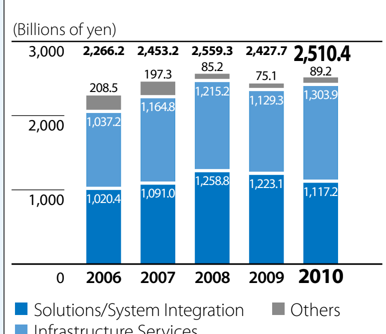
same services that we provide in Japan in other countries. Outside Japan, we will continue to steadily develop businesses that have close ties with local regions, centering our efforts on North America and Australia.

Infrastructure Services: In Japan, Fujitsu opened the new annex of the Fujitsu Tatebayashi System Center in November 2009. This state-of-the-art facility meets the highest industry standards in every respect, including high security and environmental performance to satisfy diverse customer needs. As the core datacenter for Fujitsu's cloud computing business in Japan, the new annex will provide a host of cloud computing services ranging from ICT infrastructure to Software-as-a-Service (SaaS) format software. Outside Japan, Fujitsu will roll out a common global cloud computing platform with services based on it in five countries during 2010. We will also proceed with the integration of Fujitsu Services in the U.K. and Fujitsu Technology Solutions in Germany. This is part of a reorganization of Fujitsu's business in Europe into three sub-regions, the U.K. and Ireland, the Nordics, and Continental Europe. Through this, we aim to tailor our business development closely with the respective characteristics of each region.

Fujitsu will also make strategic investments both in and outside Japan, relating mainly to its cloud computing business. Through these investments, we intend to further consolidate our position as top vendor of ICT services in Japan and enhance our competitive strength on a global level.

GRAPH 4 (Years ended March 31)

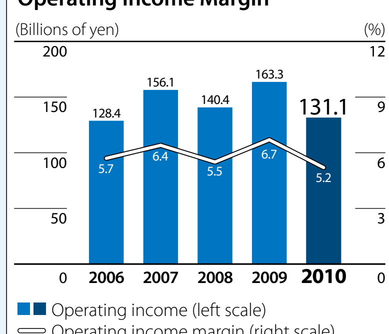
Sub-segment Sales*



* Including intersegment sales

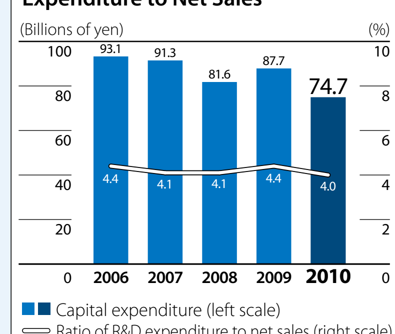
GRAPH 5 (Years ended March 31)

Operating Income/ Operating Income Margin



GRAPH 6 (Years ended March 31)

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



* For entire Technology Solutions segment

Technology Solutions/System Platforms

System products and network products are the foundation of ICT infrastructure. System products comprise the servers (such as mainframes, UNIX, mission-critical x86 servers), storage systems and middleware on which information systems are built. Network products include the mobile phone base stations, optical transmission systems and other equipment used to build communications infrastructure.

UNIX server SPARC Enterprise M9000

Fiscal 2009 Performance (Year-on-year Comparison)

(Billions of Yen)

Net Sales	610.6 (–6.0%)
Operating Income	21.3 (–4.0)
R&D Expenses*	124.0 (–8.8%)
Capital Expenditure*	74.7 (–14.8%)

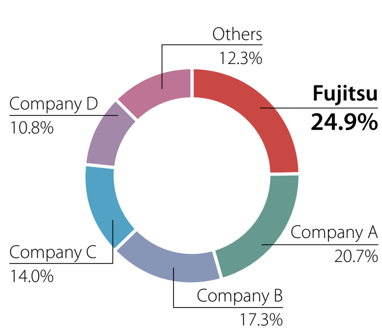
* For entire Technology Solutions segment

OUR STRENGTH

In system products, Fujitsu has a broad lineup of offerings to meet the needs of customers around the world. These include sophisticated and highly reliable mainframe and UNIX servers that support the backbone systems of corporations and incorporate proprietary CPUs—Fujitsu is one of the few remaining companies in the world with the technology to make its own processor chips. We also provide the x86 servers for cloud computing and other promising business areas, as well as storage systems able to hold increasingly vast amounts of data.

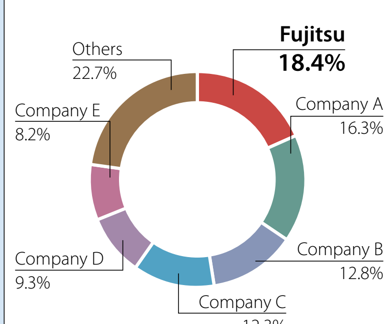
In network products, Fujitsu holds a large market share for the optical transmission systems and mobile phone base stations used by mobile communications carriers in Japan, backed by its advanced technology and support capabilities. We also have the leading market share in the highly competitive North American market for optical transmission systems, building on our highly rated technical capabilities and track record.

Server Share in Japan 2009 (Revenue Basis)



(Source: IDC Japan, Japan Server Quarterly Model Analysis, 2010 Q1)

Optical Transmission Market Share in North America 2009 (Revenue Basis)



(Source: Ovum-RHK 2010. 4)

Operational Review and Outlook

Technology Solutions/System Platforms

MARKET TRENDS

2009 Global Market Trends

System Products: In 2009, the server market in Japan contracted 18.8% year on year to US$5.6 billion. Cutbacks in corporate IT investment particularly in the manufacturing, retail and distribution, and financial sectors due to the economic downturn caused significant declines in all major server products, including mainframe, UNIX and x86 servers.

Similarly, despite firm demand from China and other emerging economies, the global server market declined a substantial 16.9% to US$46.1 billion, due to the global economic downturn. → GRAPH 2

Network Products: The Japan market for network equipment in 2009 saw diminished performance from Wavelength Division Multiplexing (WDM) and other optical transmission equipment, routers, and other IP devices, as the current investment cycle in Next-Generation Network (NGN) equipment has passed its peak. The mobile infrastructure market declined year on year as investments waned in line with the maturation of 3G network technology.

In North America, overall spending in the optical transmission market was lower than the previous year, reflecting reductions in capital expenditures due to the economic recession. This overshadowed firm investment in mobile backhaul networks and other backbone infrastructure to cope with increased data traffic.

Outlook for 2010

System Products: The Japanese server market is expected to contract a further 11.0% in fiscal 2010 to US$4.9 billion. Demand for x86 servers, notably blade servers, is projected to rise with customer needs for server consolidation and virtualization. Nevertheless, growing cost consciousness among corporations will likely cause stagnation in the mainframe and UNIX server markets.

The global server market is projected to grow 3.8% to US$47.8 billion, due to increased investment from China and other emerging countries, as well as a partial recovery in investment anticipated in North America and other developed markets. → GRAPH 2

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2009 Business Results

The System Platforms sub-segment, comprising System Products and Network Products, reported sales of ¥610.6 billion, a decrease of 6.0% from the previous fiscal year. → GRAPH 4

System Products: Sales declined 2.5% year on year to ¥317.8 billion. In Japan, while sales of UNIX servers and storage systems struggled due to market weakness, sales of mainframe servers were brisk, benefiting from upgrade demand from major customers. Shipment volume for x86 servers grew considerably, as Fujitsu expanded its product lineup, opted for more competitive pricing, and enhanced its sales structure. As a result, although server sales in Japan declined year on year, Fujitsu successfully captured the top share of the Japanese server market for a third consecutive year. Outside Japan, sales suffered due to lackluster market conditions, but ultimately increased from the consolidation of Fujitsu Technology Solutions.

Network Products: Sales decreased 9.5% to ¥292.7 billion. Sales of optical transmission systems fell year on year, as the current cycle of NGN-related investment in Japan peaked. In North America, sales rose on a local currency basis thanks to growth in investments in mobile backhaul networks and other backbone infrastructure. Upon conversion, however, the yen's appreciation caused sales to end lower for the year.

In mobile systems, sales declined on lower sales of base stations following reduced 3G investment.

Operating income was ¥21.3 billion, ¥4.0 billion lower year on year. Income benefited from business deals with major customers for mainframe upgrades, growth in sales of optical transmission systems in North America and ongoing cost reductions. These were outweighed, however, by issues accompanying the consolidation of Fujitsu Technology Solutions, including extraordinary losses in the x86 server business and the amortization of goodwill. → GRAPH 5

Initiatives Going Forward

System Products: Information and communications technology (ICT) plays an increasingly vital role in ensuring social prosperity and security. This trend is raising the importance of servers and other infrastructure products that support society's development. Fujitsu will also move to develop optimal platforms to underpin cloud computing, an emerging paradigm that will enable flexible ICT utilization. → GRAPH 6

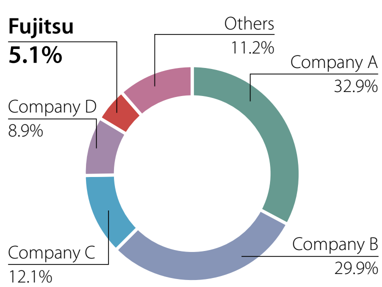
In x86 servers, Fujitsu will expand its global business together with Fujitsu Technology Solutions, which became a consolidated subsidiary in April 2009. The goal is to achieve global annual x86 server sales of 500,000 units in the shortest possible timeframe. To this end, we will enhance competitiveness through sweeping cost reductions in development, manufacturing, and procurement, while reviewing our global sales structure and offering new and distinctive Fujitsu products developed for the advent of cloud computing. In storage systems, in

Network Products: The 2010 Japanese network equipment market may see lower year-on-year performance from optical access devices and mobile infrastructure now that the NGN investment cycle has peaked. Another factor will be the lull in investment ahead of the full-scale rollout of the next-generation Long-Term Evolution (LTE) mobile communication networks.

Meanwhile, the value of the North American optical transmission market is expected to increase year on year due to continued investments for network integration via IP/Ethernet, and to augment mobile backhaul networks and other backbone infrastructure to handle growth in data traffic. →GRAPH 3

GRAPH 1

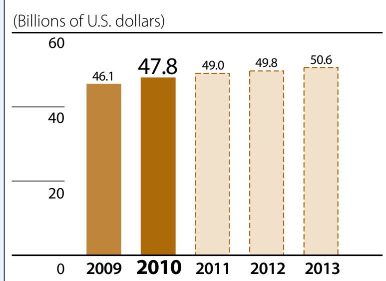
Global Server Share in 2009 (Revenue Basis)



(Source: IDC Worldwide Quarterly Server Tracker 2010 Q1)

GRAPH 2

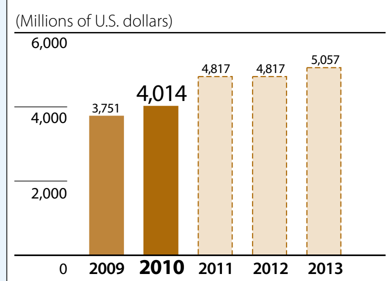
Global Server Market Forecast



(Source: IDC The Worldwide Black Book Forecast Q1 2010)

GRAPH 3

North American Optical Transmission Market Forecast



(Source: Ovum-RHK 2009. 12)

addition to bolstering our worldwide sales framework through integration of operations with Fujitsu Technology Solutions, we will expand our global business by raising the industry profile of our products through partnerships with prominent vendors. In UNIX servers, Fujitsu will move swiftly to develop a long-term, cooperative relationship with Oracle, which recently acquired Sun Microsystems. Our goal here is to boost market share and strengthen earnings power by developing more robust product capabilities in this server category.

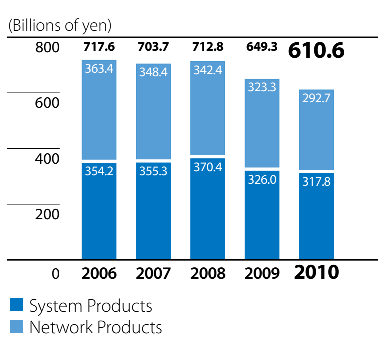
Network Products: The convergence of data and networks is gaining momentum as the era of cloud computing approaches. Network Products have assumed greater importance as this trend unfolds.

In optical transmission systems, Fujitsu will improve profitability by simplifying its business structure and making business, development and manufacturing processes more efficient, while also promoting extensive component sharing and cost reductions. To encourage business expansion, Fujitsu is also reinforcing its structure in order to meet the outsourcing and global development needs of communications carriers, particularly those in North America.

In mobile systems, together with the definitive launch of an LTE business for NTT DOCOMO in Japan, we will leverage our advantages in LTE base stations and alliances with other companies to offer total solutions and develop peripheral services, with an eye to achieving business expansion.

GRAPH 4 (Years ended March 31)

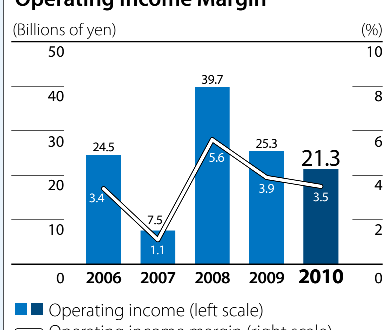
Sub-segment Sales*



* Including intersegment sales

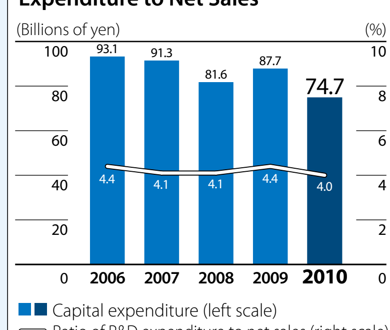
GRAPH 5 (Years ended March 31)

Operating Income/ Operating Income Margin



GRAPH 6 (Years ended March 31)

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



* For entire Technology Solutions segment

Ubiquitous Product Solutions

Fujitsu offers the PCs, mobile phones and other products indispensable for a ubiquitous networked society. In PCs, we provide a full, global lineup of desktop and notebook PCs. In mobile phones, we deliver a diverse variety of products that include high-performance models with superb specs and water resistance, and products created from collaborations with famous brands.

The world's first separable handset, docomo PRIME series F04-B*

Fiscal 2009 Performance (Year-on-year Comparison)
(Billions of Yen)

Net Sales	918.7 (–3.2%)
Operating Income	22.9 (+22.4)
R&D Expenses	33.4 (–7.5%)
Capital Expenditure	8.6 (–54.0%)

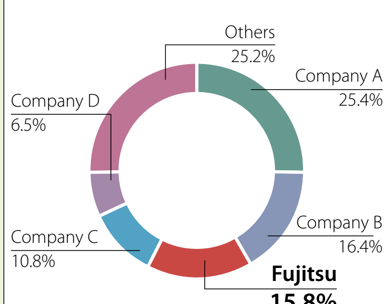
OUR STRENGTH

Fujitsu PCs reflect a firm commitment to quality, with a lineup of high-value-added products under the single "FUJITSU" brand following the integration of Fujitsu Technology Solutions. Our notebook PCs are fully manufactured by Shimane Fujitsu Limited, including everything from printed circuit board design to computer manufacturing, assembly, and customization. Our desktop PCs are assembled and customized for Japan by Fujitsu Isotec Limited using components sourced from outside Japan, and for other markets, mainly Europe, by Fujitsu Technology Solutions.

In mobile phones, we offer a lineup of high-quality handsets with advanced functions, including the world's first separable handset, water-resistant handsets that are both thin and provide sophisticated functionality, as well as the Raku-Raku Phone series of models with easy-to-read display, easy-to-hear speakers, and easy-to-use functions.

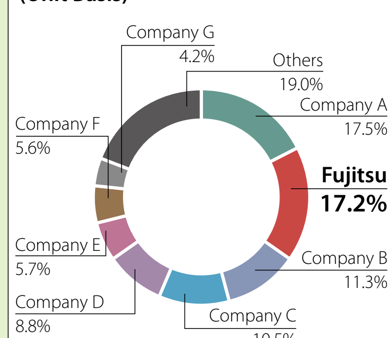
The FMV BIBLO S/D50 features a stylish design

Mobile Phone Shipments in Japan by Vendor Share 2009



(Source: IDC Japan "Scale of the Mobile Phone Market in Japan in 2009" Apr. 1, 2010)

PC Market Share in Japan 2009 (Unit Basis)



(Source: :Gartner, "Personal Computer Quarterly Statistics Worldwide By Region: Final Database" 27 May 2010)
* Including x86 servers

* "docomo PRIME series" is a registered trademark of NTT DOCOMO, INC.

Operational Review and Outlook

Ubiquitous Product Solutions

MARKET TRENDS

2009 Global Market Trends

Total PC shipments in Japan declined 4.2% year on year in 2009 to 13.86 million units. The corporate market contracted significantly as companies curtailed IT investment in the wake of the economic downturn. In the consumer market, however, sales volume rose on rapid growth for compact, low-priced notebook PCs, and from market stimulation provided by the release of the Windows® 7 operating system. Globally, the PC market expanded 5.5% year on year to 308.3 million units. →GRAPH 3 As in Japan, there was significant growth in sales of compact, low-priced notebook PCs, and sales were boosted overall by the release of Windows® 7.

Mobile phone shipments in Japan in 2009 decreased 19.6% year on year to 33.90 million units. This was due mainly to a longer handset replacement cycle and slumping demand stemming from a change in the sales incentive system and the prolonged economic downturn.

Outlook for 2010

For PCs, the Japanese consumer market is expected to expand year on year, as the boost from terminals incorporating Windows® 7 continues, and demand continues to increase for both traditional full-function notebooks and compact, low-priced notebook PCs. The corporate market is also expected to expand, with demand driven by an upturn in the equipment replacement cycle. The U.S. market is expected to increase markedly with continued overall expansion for notebook PCs and rapid growth from tablet PCs. The European market, despite continued sluggishness in the corporate market, is expected to increase on growth in the consumer market for notebook PCs. Meanwhile, the Asia-Pacific market is forecast to expand significantly year on year, boosted by strong economic growth and demand for IT products. Overall, the worldwide PC market is expected to expand 20.3% year on year to 371 million units. →GRAPH 3

In mobile phones, the Japanese market is forecast to remain weak in 2010. Although new smartphone

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2009 Business Results

Net sales in the Ubiquitous Product Solutions segment totaled ¥918.7 billion in fiscal 2009 (down 3.2% year on year). →GRAPH 4 Fujitsu's worldwide PC shipments declined 23.5% year on year to 5.63 million units. Shipments increased in Japan as a result of the introduction of models with the Windows® 7 operating system and higher demand for educational-use PCs, but were down outside Japan, mainly in the European market, where economic recovery continues to lag. Mobile phone shipments in Japan rose 10.2% year on year to 5.18 million units, with firm demand for Raku-Raku Phone user-friendly models, and steady growth for water-resistant handsets and handsets with high-resolution cameras.

The hard disk drive (HDD) business was transferred to other companies during fiscal 2009, with the HDD media business transferred to Showa Denko K.K. in July 2009, and the drive business to Toshiba Corporation in October 2009.

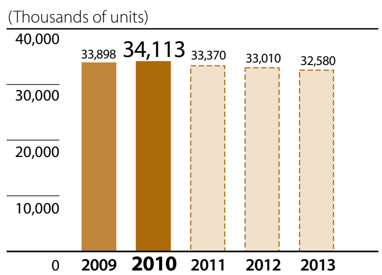
Operating income increased ¥22.4 billion from the previous fiscal year to ¥22.9 billion. →GRAPH 5 This reflected higher sales from the increase in mobile phone shipments, and the positive impact from cost reductions in PC components. Other positive factors included the sale of the HDD business, which had posted considerable losses in the previous fiscal year, and a one-time reduction in expenses stemming from a reduction in copyright levies in the PC business of Fujitsu Technology Solutions.

Outlook for Fiscal 2010

For PCs, in the Japanese consumer market, Fujitsu will boost sales of low-priced mobile notebook PCs with enhanced usability enabled by the spread of wireless communication access and improved battery life. We will also increase sales of "F" and "MT" series models with touch panels, expand sales of models with Blu-ray Disc functionality, and introduce models produced in collaboration with celebrities or featuring stylish designs. In the corporate market, where replacement demand is expected to increase with the recovery in the economy, Fujitsu will continue to enhance product energy efficiency and reliability in terms of security, and develop its lineup to allow highly individualized services for a wide range of customers. In Europe, we will focus on high-quality, value-added products for the corporate market, and develop sales strategies emphasizing profitability. In North America, we anticipate growth for tablet PCs in fields such as medicine and education. In Asia-Pacific, we will expand sales of volume products to handsets are expected to stimulate demand, this will likely be tempered by higher handset prices and a longer handset replacement cycle as consumers adopt fixed-term subscription contracts, and special sales incentives are abolished. New handset sales are also likely to be impacted by the sluggish economy. Handset shipments in Japan are forecast to be up slightly, to around 34 million units. This is just over 60% of the peak 2007 unit sales volume. →GRAPH 1

GRAPH 1

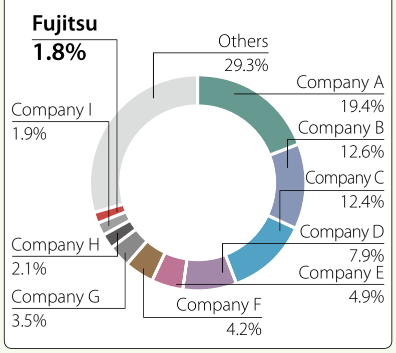
Mobile Phone Shipment Forecast for Japan



(Source: IDC Japan "Mobile Phone Market in Japan—Analysis of 4Q 2009 and Forecast for 2010 to 2014" April 2010)

GRAPH 2

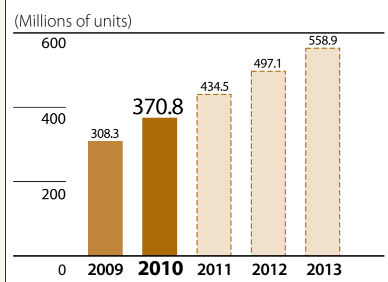
Global PC Market Share in 2009 (Unit Basis)



(Source: :Gartner, "Personal Computer Quarterly Statistics Worldwide By Region: Final Database" 27 May 2010)
* Including x86 servers

GRAPH 3

Global PC Market Forecast



(Source: :Gartner, "Global PC Forecast and Shipments Quarterly Statistics: Database" 9 June 2010)

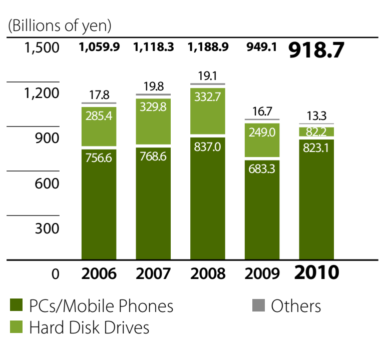
the consumer market, with a particular focus on increasing sales in China. We will lower our expenses by using the integration with Fujitsu Technology Solutions to enhance development efficiency through merging of product lines, and to lower component costs through centralized purchasing.

In mobile phones, despite the contraction in the Japanese handset market, we will continue to develop mobile handsets based on the concepts of safety and security. These include the long time best-selling Raku-Raku Phone series of models with easy-to-read display, easy-to-hear speakers, and easy-to-use functions, as well as models featuring improved security, and water- and dust-resistance. We will continue to distinguish ourselves from the competition by developing high-quality, value-added models such as the F-04B, the world's first separable handset, and the F-07B, a thin, horizontally rotating mobile phone with a one-touch open button. We will also create new business fields with leading products for human centric computing.

On June 17, 2010, Fujitsu and Toshiba Corporation reached a basic agreement to merge their mobile phone businesses. This agreement is scheduled to culminate in the establishment of a new company on October 1, 2010. Following the transfer of Toshiba's mobile phone business to the joint venture, Fujitsu is set to acquire more than half of the new company's shares.

GRAPH 4 (Years ended March 31)

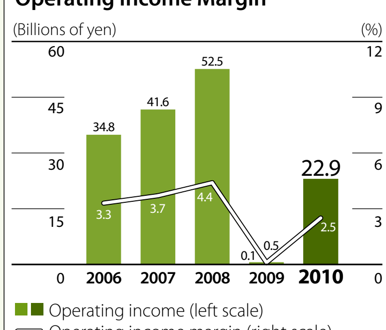
Sub-segment Sales*



* Including intersegment sales

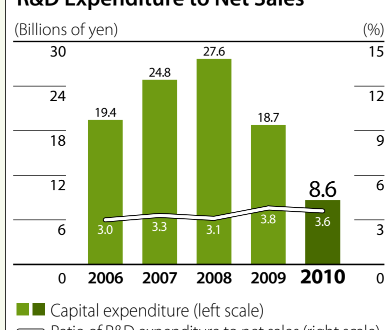
GRAPH 5 (Years ended March 31)

Operating Income/ Operating Income Margin



GRAPH 6 (Years ended March 31)

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

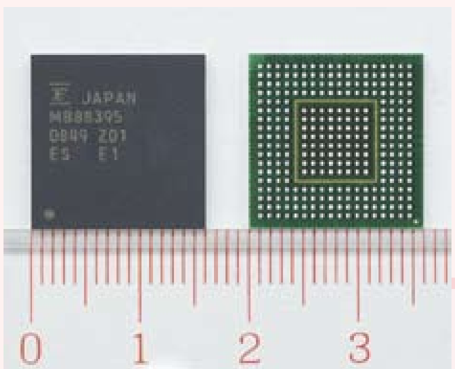


Device Solutions

Fujitsu's lineup of device solutions comprises LSI devices and electronics components. Through the Group company Fujitsu Semiconductor Limited, we supply LSI devices used in digital consumer electronics, automobiles, mobile phones, servers, and many other products. Our listed consolidated subsidiaries Shinko Electric Industries Co., Ltd. and Fujitsu Component Limited, as well as FDK Corporation, which became a consolidated subsidiary in 2009, supply semiconductor packages and other electronics components, as well as batteries, relays, connectors and other mechanical parts.

Fiscal 2009 Performance (Year-on-year Comparison)
(Billions of Yen)

Net Sales	547.2 (–6.9%)
Operating Income	–8.7 (+63.1)
R&D Expenses	31.3 (–15.9%)
Capital Expenditure	30.0 (–24.2%)



LSI devices compliant with 1394 Automotive standard are capable of transmitting high-definition images

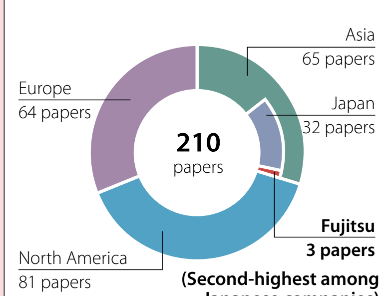
OUR STRENGTH

Fujitsu Semiconductor's strengths lie in its highly competitive products, based on strong capabilities in state-of-the-art process technologies, technology development, and product development. Today, state-of-the-art processes include the new-generation 40nm and 28nm technologies that underpin ultra-high speed performance in supercomputers and enable extremely complex functions in mobile devices through unprecedented levels of chip integration. In collaboration with Taiwan Semiconductor Manufacturing Company (TSMC), Fujitsu Semiconductor develops world-leading process technologies and provides value-added LSI devices.

Meanwhile, our technology development capabilities involve making use of our in-house manufacturing facilities and improving basic performance of in-house manufactured LSI devices through to 45nm technology generation products to offer distinctive device technologies that enable cost reductions. For example, by developing LSI devices that integrate highly reliable memory, we can achieve advanced security at low cost.

In product development, Fujitsu Semiconductor optimizes the functionality of LSI devices to suit the products in which they will be used. To this end, we are expanding our intellectual property (IP)*[1] and software lineup. Specifically, we will propose application software that operates on standard interface circuitry for interconnecting memory devices and electronic devices, and on global standard operating systems. In doing so our aim is to help customers to create better products more efficiently.

Breakdown of Papers Accepted for the ISSCC* 2010 International Semiconductor Technology Conference



* The International Solid-State Circuits Conference

*[1] IP: Intellectual property refers to design assets such as circuit diagrams and software.

Operational Review and Outlook

Device Solutions

MARKET TRENDS

2009 Global Market Trends

The value of the global semiconductor market declined by 9.0%* year on year to US$226.3 billion in 2009, compared with a 2.8% contraction in 2008. →GRAPH 2 The market fluctuated sharply during the year. The January–March quarter in particular saw the sharpest decline in demand, with a drop of approximately 30% year on year, caused by the global financial crisis that started in the second half of 2008. However, the market made a clear recovery from April, driven by new semiconductor demand for use in netbook PCs, smartphones, and other mobile devices and robust demand for electronics components in emerging countries, particularly China and India. The market expanded by around 30% year on year in the October–December quarter.

Outlook for 2010

The global semiconductor market is expected to recover significantly by 28.6%* year on year to about US$291.0 billion in 2010, due to a rebound from the contraction in 2009 and strong demand for electronics components in emerging countries, particularly in Asia. →GRAPH 2 By region, the Americas is expected to grow 24.9%* year on year, with Europe to grow 27.9%*, Japan 16.9%*, and Asia-Pacific 33.7%*. The global semiconductor market is expected to reach the highest value to date due to the strong growth in all regions and especially in Asia-Pacific.

By product, the memory market, including DRAM and Flash memory, is expected to grow a significant 45.6%* and a substantial market recovery is anticipated overall, with MOS logic products expected to grow 18.0% and MOS microcontrollers 22.7%*.

OPERATIONAL REVIEW AND INITIATIVES

Fiscal 2009 Business Results

Sales from the Device Solutions segment were ¥547.2 billion, down 6.9% year on year. In Japan, sales fell 15.5% due to market deterioration. →GRAPH 3 Annualized logic LSI device sales declined, but demand recovery mainly for digital home appliances and automotive applications saw fourth quarter sales rise year on year. Outside Japan, sales rose 8.1%, but were almost flat year on year if foreign exchange factors and the inclusion of FDK as a consolidated subsidiary are excluded. Through the year, the drop in first-half sales had an impact on results for LSI devices, but in electronics components demand recovered enough to generate year-on-year growth in sales.

The Device Solutions segment reported an operating loss of ¥8.7 billion, which marks a significant ¥63.1 billion improvement over the previous year. →GRAPH 4 Electronics components moved back into the black, as did logic LSI devices in the second half, but the substantial first quarter loss meant the segment still reported a loss over the full year. Structural reforms in the LSI device business reduced fixed costs such as depreciation expense and employee costs. We started reorganization of our manufacturing sites in January 2009 and completed a phased consolidation and integration of three wafer fabrication lines between September and the end of the fiscal year. This contributed to the improved profitability, along with the recovery in demand for electronics components.

Future Initiatives

In the LSI device business, Fujitsu is shifting to a fab-lite* model to ensure a healthy profit structure in the volatile semiconductor market. We will fully utilize our efficiency-enhanced standard lines and advanced technology (45nm, 65nm, 90nm) lines, as well as outsourcing manufacturing to TSMC for 40nm and 28nm technologies which are expected to see growth in demand. In line with this move, we will shift our investment focus from advanced processes to enhancing our product development capabilities. We are working in collaboration with TSMC to begin shipping advanced logic products that use 40nm technology in fiscal 2010. Our collaboration also involves joint development of 28nm high-performance process technologies for application in the next generation of high-performance products.

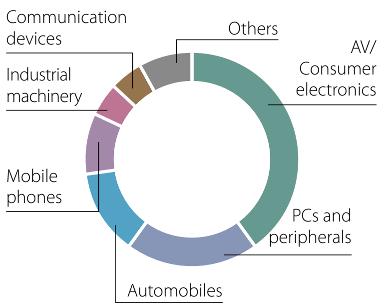
Our strategy for enhancing our product development capability is to concentrate management resources in four business areas: advanced imaging, automotive, mobile/ecological, and high-performance industrial equipment. We will promote application

The market is expected to continue recovering gradually from 2011, with an anticipated increase of 5.6%* to US$307.4 billion in 2011. The market is also expected to continue growing 4.2%* in 2012, to US$320.2 billion, for an average annual growth rate of 4.9%* between 2010 and 2012. → GRAPH 2

* Semiconductor market estimates according to World Semiconductor Trade Statistics (WSTS), spring 2009 forecast

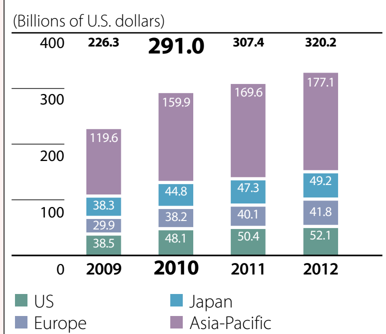
GRAPH 1

Sales of Logic LSI Products by Application for the Year Ended March 31, 2010



GRAPH 2

Global Semiconductor Market Forecasts



(Source: World Semiconductor Trade Statistics (WSTS))

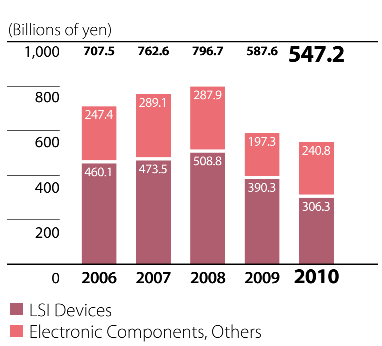
development in new fields, targeting growth over the medium- to long-term, and step up efforts to develop products that achieve greater synergies across the Group, including computers and network devices. We are also working to commercialize gallium nitride (GaN) power devices as a new business for the future. Since devices using GaN experience only one third of the power loss associated with conventional silicon-based power devices, this technology is expected to significantly reduce power consumption in various electronic devices.

We are also working to expand our business globally. In China and other emerging growth markets, we are working to develop our microcontroller solutions business. We have established a new division responsible for our China business, and have bolstered our engineering systems for product development and local customer support. By actively developing our business in this way, we are preparing to meet the rapid growth expected in emerging markets.

* Fab-lite: A semiconductor business model in which a company minimizes its own production scale, with the bulk of production outsourced to external foundries. This configuration allows for a greater degree of management freedom.

GRAPH 3 (Years ended March 31)

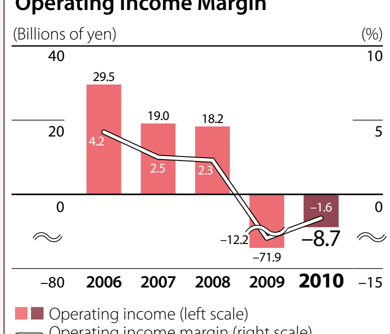
Sub-segment Sales*



* Including intersegment sales

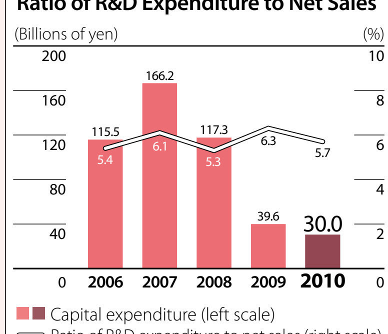
GRAPH 4 (Years ended March 31)

Operating Income/ Operating Income Margin



GRAPH 5 (Years ended March 31)

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



Major Announcements and IR Activities in Fiscal 2009

Technology Solutions

APRIL 16, 2009
Fujitsu and US-based Cisco Systems expand strategic alliance to deliver unified communications solutions in Japan

APRIL 27, 2009
Fujitsu announces extension of SAP services in Australia with acquisition of Supply Chain Consulting

MAY 7, 2009
Fujitsu wins technology services deal with Qantas

MAY 18, 2009
Fujitsu and Salesforce.com sign partnership in Software-as-a-Service for customer relationship management

JUNE 8, 2009
Fujitsu expands global storage business under the ETERNUS brand

JUNE 26, 2009
Fujitsu signs long-term IT infrastructure services agreement with Alliance Data Systems of the U.S.

JULY 15, 2009
Fujitsu announces acquisition of shares in IT subsidiary of AUTOBACS SEVEN

JULY 17, 2009
Japan's next-generation supercomputer configuration is decided

JULY 21, 2009
Fujitsu and Sun Microsystems boost SPARC Enterprise UNIX server performance and virtualization capabilities

AUGUST 3, 2009
Fujitsu and Microsoft announce first strategic joint venture in middleware field

AUGUST 7, 2009
Fujitsu completes new supercomputer for Japan's Institute of Physical and Chemical Research (RIKEN)

AUGUST 18, 2009
Fujitsu Optical Components and Furukawa Electric announce joint development of 40Gbps and 100Gbps integrated receivers for optical networks

Ubiquitous Product Solutions

APRIL 21, 2009
Fujitsu releases Japan's first notebook PC with Green Power Certificate –FMV-BIBLO LOOX U/C50N ECO

APRIL 30, 2009
Toshiba and Fujitsu conclude definitive agreement on hard disk drive business transfer

APRIL 30, 2009
Showa Denko and Fujitsu sign definitive contract on hard disk media business transfer

MAY 28, 2009
Fujitsu hosts Mobile Phone Design Award 2009 in collaboration with JAPAN DESIGN ASSOCIATION

JUNE 4, 2009
Fujitsu introduces the docomo PRIME series™ F-09A mobile handset

JUNE 17, 2009
Fujitsu remodels FMV-BIBLO LOOX M series of notebook PCs

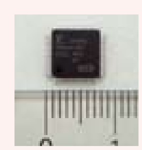
Device Solutions

APRIL 30, 2009
Fujitsu Microelectronics and Taiwan Semiconductor Manufacturing announce collaboration on leading-edge process technology

JUNE 2, 2009
Fujitsu and partners provide WiMAX VoIP phones for Smile Communications telephony services in developing countries

JUNE 24, 2009
Fujitsu develops world's first gallium-nitride HEMT for power supplies

JULY 27, 2009
Fujitsu ships USB 3.0 - SATA bridge LSI for PC peripherals



2009 4 5 6 7 8 9 10

IR

APRIL 17, 2009
FY2009 Fujitsu Laboratories' R&D strategy briefing

APRIL 30, 2009
FY2008 full-year financial results announcement

JUNE 22, 2009
109th Annual Shareholders' Meeting

JULY 23, 2009
Management direction briefing

JULY 30, 2009
FY2009 first-quarter financial results announcement

AUGUST 27, 2009
LSI products business strategy presentation

SEPTEMBER 25, 2009
Fujitsu x86 server plant tour

OCTOBER 28, 2009
FY2009 first-half financial results announcement

SEPTEMBER 7, 2009
Fujitsu collaborates with Alcatel-Lucent, Ericsson, NEC Corporation, Nokia Siemens Networks and NTT DOCOMO to develop technical specifications for value-added IMS network services

SEPTEMBER 18, 2009
Fujitsu supplies high-speed optical wavelength division multiplexers to Malaysia's leading WiMAX operator

SEPTEMBER 29, 2009
Fujitsu and Fuji Electric Systems develop technologies for designing eco-friendly datacenters

OCTOBER 1, 2009
Fujitsu, NTT DOCOMO, NEC, and Panasonic Mobile Communications make progress with LTE mobile-terminal platform

NOVEMBER 4, 2009
Fujitsu signs outsourcing contract with Volvo Cars

NOVEMBER 19, 2009
Fujitsu submits specifications for cloud application programming interface to Distributed Management Task Force and joins leadership board of Open Cloud Standards Incubator

NOVEMBER 20, 2009
Fujitsu opens new annex of Tatebayashi System Center

NOVEMBER 26, 2009
Fujitsu PRIMEQUEST backbone x86 server chosen by Portugal Telecom for next-generation intelligent network and mobile platforms

JANUARY 4, 2010
Fujitsu and Tokyo Stock Exchange launch next-generation "arrowhead" trading system

JANUARY 19, 2010
Fujitsu and the Singapore Agency for Science, Technology and Research's Institute of High Performance Computing announce R&D partnership for petascale computing

FEBRUARY 16, 2010
Fujitsu and Canon join forces on managed services

FEBRUARY 17, 2010
Fujitsu wins the UK's biggest desktop and thin client outsource deal

MARCH 1, 2010
Fujitsu and Japan Atomic Energy Agency unveil fastest supercomputer in Japan

MARCH 3, 2010
Fujitsu receives order for 500 bill dispenser units from the Beijing Subway for use in ticketing machines

MARCH 19, 2010
Fujitsu begins shipping LTE base stations to NTT DOCOMO

MARCH 26, 2010
Fujitsu and Fuji Electric sign MOU on smart grid partnership

JULY 1, 2009
Fujitsu launches consumer model FMV-BIBLO LOOX R with built in mobile WiMAX

JULY 28, 2009
Fujitsu launches water-resistant Raku-Raku mobile handset

AUGUST 24, 2009
Fujitsu releases notebook PC with CLEARSURE security solution

OCTOBER 1, 2009
Fujitsu and Toshiba complete hard disk drive business transfer

OCTOBER 13, 2009
Fujitsu unveils winter 2009 FMV series PCs for consumers

OCTOBER 29, 2009
Symbian Foundation welcomes Fujitsu as new board member

NOVEMBER 13, 2009
Fujitsu launches docomo PRIME series F-01B and docomo STYLE series F-02B mobile handsets

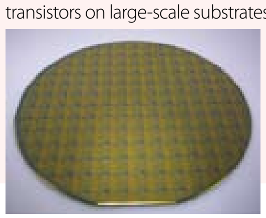
JANUARY 21, 2010
Fujitsu enhances its lineup of corporate PCs with FMV-LIFEBOOK, FMV-ESPRIMO and CELSIUS models

MARCH 23, 2010
Fujitsu introduces world's first separable handset–docomo PRIME series™ F-04B

AUGUST 27, 2009
Fujitsu Microelectronics and Taiwan Semiconductor Manufacturing announce collaboration on 28nm process technology

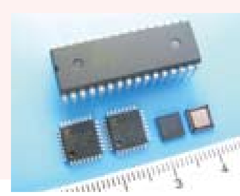
SEPTEMBER 14, 2009
Fujitsu launches multimode, multiband radio frequency transceiver LSI

NOVEMBER 27, 2009
Fujitsu develops world's first technology for low-temperature full-surface direct formation of graphene transistors on large-scale substrates



FEBRUARY 10, 2010
Fujitsu announces cutting-edge technology at the 2010 International Solid State Circuits Council

MARCH 3, 2010
Fujitsu expands lineup of low pin count 8-bit microcontrollers



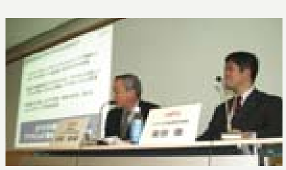
MARCH 24, 2010
Fujitsu develops new NOR flash memory macro–EcoRAPID

11 | 12 | 2010 1 | 2 | 3 | 4 | 5

NOVEMBER 19, 2009
Presentation for bond investors

NOVEMBER 24, 2009
Tour of new annex of Fujitsu's Tatebayashi System Center

DECEMBER 21, 2009
Fujitsu expands software and service for the cloud computing era



JANUARY 29, 2010
FY2009 third-quarter financial results announcement

MARCH 31, 2010
FY2010 Fujitsu Laboratories' R&D strategy briefing

APRIL 30, 2010
FY2009 full-year financial results announcement

Initiatives by Region

Japan

CUSTOMER SOLUTION PROFILE

Narita International Airport Corporation

A New Data Hub for Asia's Growing Travel Hub

As a gateway for air travel to and from Japan, Narita International Airport is one of Asia's best-known international hubs, used by some 35 million travelers every year.

Narita International Airport Corporation (NAA) is the organization responsible for the administration and management of Narita International Airport. In October 2009, NAA lengthened one of its two runways from 2,180 meters to 2,500 meters to accommodate larger aircraft. This project is expected to increase the annual number of flights the airport handles from 200,000 to 220,000 beginning March 2010.

To enable NAA to handle this increase in traffic, Fujitsu fully upgraded NAA's air-traffic information control system for centralized management of flight data, including arrival and departure schedules. NAA uses this core system to accurately track all scheduling, status and performance information for flights departing or arriving at Narita International Airport and assist in maintaining safe and smooth operations at the airport.

In the process of the full upgrade, in June 2009 the system was migrated from a mainframe to an open systems platform utilizing Fujitsu's UNIX and x86 servers. Fujitsu's own SPARC Enterprise servers were selected as the database and gateway servers that form the core of the system, with Fujitsu PRIMERGY x86 servers functioning as Web servers and Fujitsu ETERNUS storage systems adopted for the disk array system. To build in redundancy, each of these components was duplicated, and physical lines were also duplicated to achieve redundancy for network devices, too. This configuration allows operations to continue uninterrupted even in the unlikely event of a line malfunction.

The most recent upgrade has enabled NAA to solve the problem of passing on the know-how of retiring mainframe technicians in order to maintain regular system operations, while also dramatically lowering operating and maintenance costs.

As Narita International Airport continues to evolve as one of the top international hubs in the world, Fujitsu remains committed to leveraging its technological strengths and comprehensive capabilities to support efforts by NAA to contribute to dependable and comfortable air travel.

MARKET TRENDS

Market Trends

In 2010, the Japanese IT market is expected to contract by 2.2% year on year. →GRAPH 2

The Japanese economy is making a gradual recovery, but the yen is appreciating on economic instability in Europe, brought about by the debt crisis in Greece. The future therefore remains unclear for major Japanese manufacturers, and companies are taking a cautious approach to capital expenditure.

In the public sector, following a change in the ruling political party, the central government in Japan is screening various government programs as it reviews its budget. IT budgets are shrinking and the overall trend is for budget cuts, despite expectations for some demand for new

INITIATIVES GOING FORWARD

Initiatives Going Forward

In the Japanese market, Fujitsu is working to expand its business through the provision of services based on quality products and solutions. We will take advantage of the increasing focus on cloud computing to supply highly reliable cloud services that bring together our high-quality network, server, middleware, and application products.

In the System Products business focused on highly reliable servers, we will continue with the initiative begun last year to expand sales of the x86 servers. We have reinforced our product portfolio with the launch of new x86 server models in systems to comply with legal amendments.

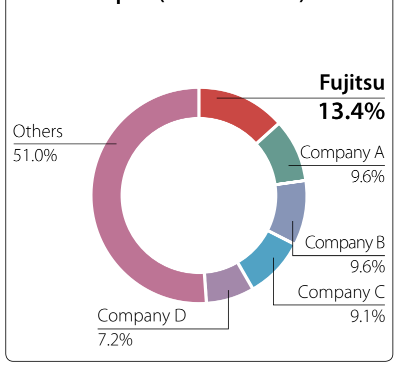
In light of this, the server market in Japan is expected to contract by almost 10% compared with the previous year on a revenue basis. Although renewed demand is expected for hardware—mainly servers—in a rebound from recent years' curtailed IT investment, prices remain low and market value is expected to continue to decline.

In the communications market, the market is expected to contract compared with the previous fiscal year as the investment cycle in Next-Generation Networks (NGN) has passed its peak, and investment in mobile base stations awaits the full-scale transition to next-generation Long-Term Evolution (LTE) technology.

The IT services market is approaching the end of a substantial contraction that started in 2009. However, a full-scale recovery in investment is not anticipated until after September 2010, and the market is expected to contract 1–2% year on year. Although there is demand driven by the need to improve business efficiency and strengthen and maintain competitiveness, investment is expected to be selective, focusing in areas expected to achieve cost cuts. As such, outsourcing services aimed at cutting corporate costs are expected to expand further and become a future growth area. New modes of using IT are showing signs of wider uptake, especially cloud computing, which has recently been a focus. This is expected to spark a recovery in IT investment and to expand the ways in which new information and communication technologies (ICT) are used.

GRAPH 1

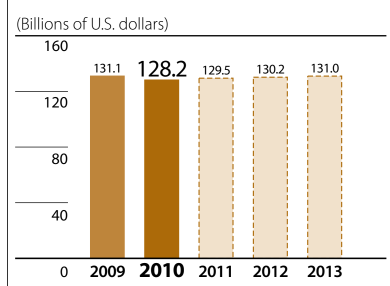
Share of 2009 IT Services Market Sales in Japan (revenue basis)



(Source: Gartner, "IT Services Market Metrics Worldwide Market Share: Database" 19 April 2010)

GRAPH 2

IT Market Forecasts (Japan)



(Source: IDC The Worldwide Black Book Q1 2010)

the PRIMERGY series that feature excellent energy efficiency and server functionality, and the addition of new models of the highly reliable mission-critical x86 server PRIMEQUEST. Launched in 2010, the new PRIMEQUEST models use an Intel® Xeon® processor for improved price performance and reduced power consumption. We will continue to meet customer's needs with products that are highly reliable, compact, energy-efficient and quiet by design, and that solve customer issues such as cost and environmental performance.

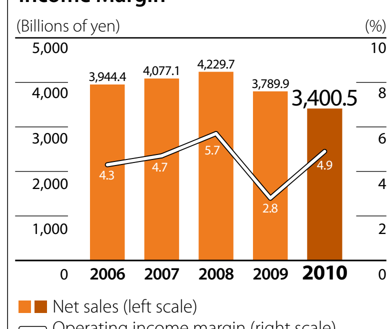
In the Network Products business, we will make a steady start in the LTE business and provide next-generation network platform products to support the creation of a smart ubiquitous society through the use of LTE, optical access and other broadband networks.

In the Services business, we will utilize our datacenters to provide a wide range of services to meet customer needs. Our offerings range from provision of server or network infrastructure to software usage such as Software-as-a-Service (SaaS). We are also developing a highly reliable cloud platform as a shared global platform. These offerings will support global business development by Japanese companies and give our customers access to quality services on a par with those in Japan from anywhere in the world. As we expand our cloud computing business, we will actively invest in technology and product development with the goal of expanding applications into fields where ICT has yet to penetrate.

In order to support more effective use of ICT on the customer side, Fujitsu's new core of consultants, called "Field Innovators," are making proposals to customers from an operational perspective. We employ customer-focused analysis and make optimal proposals from the planning stages in order to achieve smoother system construction, deployment and operation as we strive to meet customer expectations for ICT.

GRAPH 3 (Years ended March 31)

Net Sales* and Operating Income Margin



* Including intersegment sales

EMEA

Europe, Middle East, Africa

CUSTOMER SOLUTION PROFILE

Volvo Car Corporation

Fujitsu as a Global Partner Ensures All IT Requirements Are Met

Recently, the automotive industry has experienced a very challenging business environment resulting in a significant drop in sales. As a result, to curtail costs in most areas Volvo Cars proactively undertook reduction measures. Volvo Cars was looking for a flexible global partner operating on a local level that could assist with the rapid transformation of its services while delivering step-change improvements in costs.

Fujitsu has signed a contract with Volvo Cars to undertake operations in three service areas: Infrastructure outsourcing for about 1,000 servers; On-site IT support delivered in both offices and factories for about 15,000 desktops and users; and a Service Integration where Fujitsu monitors the functions of all IT service providers at Volvo Cars and combines the various service areas, including applications. The purpose of this is to build, operate and maintain a high-quality process for end-to-end services from all Volvo Cars' IT service providers. The goal is to create an efficient process to ensure that all Volvo Cars' requirements are met for all IT deliveries.

The agreement covers multiple locations and countries, including Belgium and Sweden. Fujitsu has successfully incorporated a total of approximately 50 personnel from Volvo Cars into its operations.

Fujitsu's extensive experience implementing the Lean Production Systems in its work processes was a cornerstone for Volvo Cars. Fujitsu's way of working closely with the client, being flexible, and combining these strengths with its global reach was the clear differentiator between the company and its competitors.

MARKET TRENDS

Market Trends

A mild recovery is expected in the EMEA IT market in 2010 following the acute downturn in IT investment in 2009 in the wake of the financial crisis of the previous year, with a forecast 1.6% growth year on year. →GRAPH 2 Eastern Europe and Africa are expected to lead the recovery, with IT investment in Western Europe remaining weak. IT investment is expected to be affected by public-sector spending cuts in particular, but is also likely to grow in areas where organizations use IT to make cost reductions, such

INITIATIVES GOING FORWARD

Initiatives Going Forward

Previously, Fujitsu's strategy in EMEA was driven by individual subsidiaries. We have reorganized our operations into sub-regions (UK and Ireland, the Nordics, and Continental Europe) to support further business expansion in Europe. This organizational transformation has established a framework that will allow us to offer customers integrated solutions, from products to services, as well as support business expansion and cost reductions.

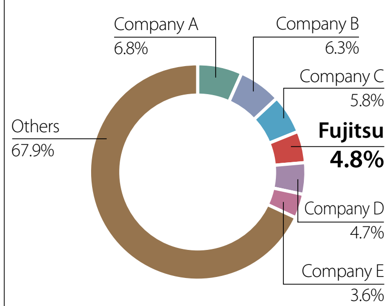
as procurement, shared services, off-shoring, and outsourcing of infrastructure and business processes.

The size of the IT services market is expected to be roughly on par with the previous fiscal year, edging up 0.7% year on year. The market condition remains uncertain however, with IT budget cuts by the UK government (the largest customer for Fujitsu's outsourcing business), and fiercer price competition from competitors.

Server market conditions are expected to be harsh, particularly in Western Europe, but the rate of decline is forecast to improve substantially to a year-on-year decrease of 3.0%. The market for high-end servers in particular is expected to continue to fall sharply as customers curtail IT budgets and demands shift toward low-end servers. The market for x86 servers and mid-range servers is expected to recover as a result of growing needs for cloud computing and other services. The storage market is expected to remain severe, in tandem with the server market, but the rate of decline is forecast to improve substantially from the previous year. The PC market is expected to expand considerably in terms of units sold, with growth centered on such areas as Eastern Europe and Africa, but is forecast to shrink 1.9% in value as prices fall with the growing market share for netbook PCs.

GRAPH 1

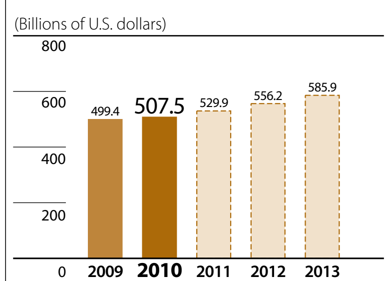
Share of 2009 IT Services Market in the UK (Revenue Basis)



(Source: Gartner, "IT Services Market Metrics Worldwide Market Share: Database" 19 April 2010)

GRAPH 2

IT Market Forecasts (EMEA)



(Source: IDC The Worldwide Black Book Q1 2010)
(EMEA: Europe, the Middle East, and Africa)

By region, in the UK and Ireland, where we previously concentrated on providing outsourcing and other service businesses through Fujitsu Services Holdings PLC, we will now strengthen our consulting and applications solutions capabilities, as well as the products business, to meet growing private demand. In continental Europe, where we have focused on a products business centered on Fujitsu Technology Solutions (Holding) B.V., we will now expand our services business. Through these changes we will develop a total solutions business in each region under the "One Fujitsu" banner.

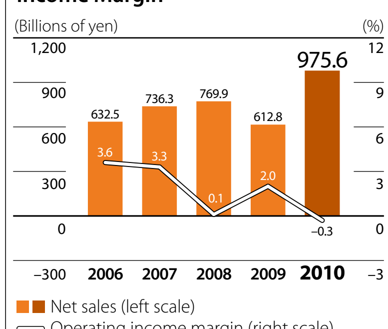
In the IT services sector, Fujitsu will actively pursue the use of offshore and near-shore resources to enhance price competitiveness. We will continually improve the customer-centric services in which we excel, enhance service quality and reduce costs by adding service value to products, and actively pursue IT service standardization. We believe these steps will help us to win more large-scale outsourcing projects in the UK and continental Europe. For the expanding cloud computing business, Fujitsu will deploy a cloud computing platform in the UK and Germany during the fiscal year ending March 2011, in accordance with its global cloud computing strategy.

In products, Fujitsu aims to achieve sales of 500,000 units of x86 servers globally, mainly through Fujitsu Technology Solutions. We have centralized development of x86 servers in Germany, particularly blade servers that offer promising growth, in order to accelerate development, reduce costs, and offer products based on a global standard. For the storage product ETERNUS, we have begun a full-scale roll-out in the European market, and we aim to expand the business together with servers.

Fujitsu will also bolster strategic alliances to expand its offerings and strengthen capabilities.

GRAPH 3 (Years ended March 31)

Net Sales* and Operating Income Margin

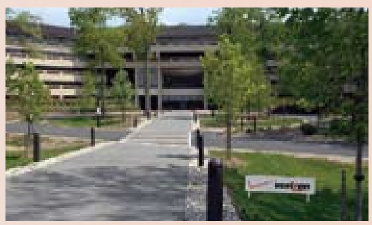


* Including intersegment sales

Initiatives by Region

The Americas

FLASHWAVE 9500



CUSTOMER SOLUTION PROFILE

Verizon Communications

Creating a Single, Higher-Capacity Intelligent Network for Advanced Packet-Based Services

Verizon Communications is a US$107 billion global leader in delivering broadband and other wireless and wireline communications services to consumer, business, government and wholesale customers. As one of the world's leading providers of communications services and global network transport services, Verizon needs its entire regional, national and global networks to be extraordinarily versatile, reliable and resilient. Critical to this goal is a system able to handle multiple protocols while supporting customers of all sizes. One of its key partners and strategic suppliers Verizon turned to to get the job done was Fujitsu.

"Our global network must have the flexibility to support both mission-critical business applications and mass market high-definition video, Internet access, and advanced voice services," said Ihab Tarazi, vice president of global network planning for Verizon. "With the launch of our multiyear packet optical transport platform strategy, Verizon is creating a single, higher-capacity intelligent network that combines optical transport with advanced packet-switching technology. Our network investment in packet optical transport platforms will allow us to create one of the most robust and diverse communications network foundations in the world."

Verizon is deploying the Fujitsu FLASHWAVE 9500 Packet Optical Networking Platform, along with other packet-enabled systems, to provide support for its strategic services and IP-based solutions for the future. By consolidating existing SONET, Ethernet and wavelength network technologies into a single platform to limit the number of touch-points in the network, new services can be deployed faster while achieving a significant reduction in network infrastructure and provisioning costs. Verizon's investment in the FLASHWAVE 9500 platform continues a 20-plus year alliance with Fujitsu, which has resulted in significant broadband service advancements for consumer and business customers, and operational and capital efficiencies for Verizon.

MARKET TRENDS

Market Trends

The IT market in the Americas in 2010 is expected to grow 5.0% year on year, reversing the 3.2% contraction in 2009. That contraction stemmed from the sharp decline in the economy that followed the financial crisis sparked by the collapse of the subprime mortgage market. →GRAPH 2

The IT services market is expected to gradually recover, rising 2.0% year on year. This does not indicate that market conditions have returned to their pre-crisis state, however—much of the growth is due to

INITIATIVES GOING FORWARD

Initiatives Going Forward

In April 2009, Fujitsu merged three of its North American subsidiaries to establish Fujitsu America. This strengthened the links between platforms, ICT services, system integration and application services, and laid the foundation for a total solutions business in North America. The integration of administrative divisions also streamlined duplicated functions, and reduced costs considerably.

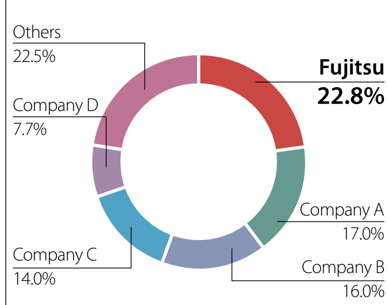
Fujitsu America will play a central role as Fujitsu strengthens its vertical solutions business in North America to provide the influence of new businesses, such as the spread of cloud computing and the wider use of smartphones. Moreover, these rapid changes in the market are expected to redefine existing vendors' market positions, stimulating M&A activity among companies.

The hardware market is expected to emerge from the slowdown of 2009 caused by cutbacks in corporate IT investment, and move toward overall recovery. The server market overall is projected to recover sharply from the 17.6% year-on-year decline in 2009, to growth of 11.2%. The high-end server market is also expected to recover from the sharp 19.3% decline in the previous year, but continue to contract slightly. Strong growth is anticipated in the low-end server market, particularly for mid-range servers. The storage market is expected to recover from the 6.6% contraction of 2009, with growth of 5.6% anticipated for 2010. Despite downward pressure on prices from continued expansion of the netbook* market, the PC market is expected to grow 3.8% in 2010, as declining shipment volumes due to market deterioration have bottomed out.

* Low-cost PCs with minimal functionality used primarily for Internet and email access.

GRAPH 1

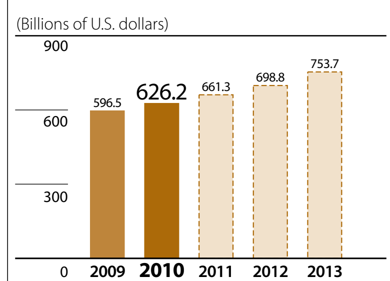
Next-Generation Metro WDM Market Share in North America (Revenue Basis)



(Source: Ovum-RHK, April 2010)

GRAPH 2

IT Market Forecasts (Americas)



(Source: IDC The Worldwide Black Book Q1 2010)
(Americas: North and South America)

customers with optimal solutions, while also increasing sales of PC servers, x86, storage and other platform products. We will take further steps to expand our datacenter business, particularly management services for maintenance and operation of customers' ICT resources. As part of this effort, we will roll out a cloud computing platform in the US during fiscal 2010 following its launch in Japan from around October 2010. Fujitsu is also planning to broaden its offerings of related services, including point-of-sale and self check-out systems for retail industry customers. We will continue to utilize offshore assets in the United States and Canada, but also mainly in India, the Philippines, and Costa Rica, to further enhance cost competitiveness. In South America, Fujitsu's main focus has been on Brazil and the development of the hardware business for the government, finance and communication markets. As we continue to deepen relationships with customers, we will aim to expand into the services business as well.

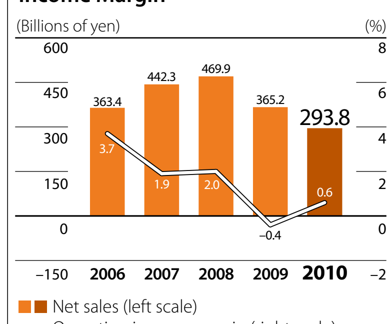
In North America's communications market, we are developing our optical transmission business through subsidiary Fujitsu Network Communications, and have gained the top market share for both SONET*[1] devices (FLASHWAVE 4500 series), and Metro WDM*[2] devices (FLASHWAVE 7500). →GRAPH 1

In fiscal 2010, Fujitsu will enhance its network quality to meet increased data traffic. Moreover, since investment in optical transmission systems is projected to rise with the launch of commercial LTE*[3] services, we plan to expand sales of Metro WDM-compatible FLASHWAVE 7500, and the advanced FLASHWAVE 9500 system that integrates SONET, WDM, and packet communication functions.

*[1] SONET: Synchronous Optical Network. SONET is a high-speed digital communication system utilizing optical fiber.
*[2] WDM: Wavelength Division Multiplexing. WDM is a communications format that allows for multiple use of optical fiber lines by utilizing different wavelengths to transmit numerous signals simultaneously on a single line. Metro WDM is a type of WDM for large metropolitan areas.
*[3] LTE: Long-Term Evolution. LTE is a next-generation mobile communications format.

GRAPH 3 (Years ended March 31)

Net Sales* and Operating Income Margin



* Including intersegment sales

APAC, China

CUSTOMER SOLUTION PROFILE

Weta Digital

End-to-End ICT Requirements Support for Academy Award Winning Visual Effects Company in New Zealand

Weta Digital is a five-time Academy Award winning visual effects company based in Wellington, New Zealand. Most recently, Weta Digital won the Oscar for Best Visual Effects for James Cameron's film, 'Avatar.' Weta Digital's work on the film involved using a new camera system and shooting on a virtual stage to deliver the film in 3D—an area in which ICT has played an increasingly significant role.

Infinity Solutions Limited, an ICT company that merged with Fujitsu in 2007, started working with Weta Digital for the supply of their network in 1999. Over the years, Fujitsu's contributions to Weta Digital have included supplying, delivering, installing, and supporting the network, their storage and their servers for the production of major motion pictures including 'Lord of the Rings,' 'King Kong' and most recently, 'Avatar.'

"Weta Digital is very dependent on the quality of its ICT service partners to deliver on the commitments we make to major studios. Fujitsu has provided exceptional support to all of our movie productions during the 11 years we have worked with them," states Tom Greally, General Manager at Weta Digital. "Fujitsu provides a significant proportion of our technology products and services and we look forward to continuing this great partnership for many future projects."

Weta Digital is one of Fujitsu's most highly-valued customers in New Zealand. We treasure our relationship with them and will continue to provide the utmost attention to their ICT requirements in 2010 and beyond.

MARKET TRENDS

Market Trends

China's IT market is expected to secure growth of around 13% in 2010, due mainly to public spending for pump-priming measures by the Chinese government. →GRAPH 1 China's 12th Five-Year Plan begins from 2011, with a focus on strategic development and cultivation of the fields of new energy/materials, energy conservation/environment, bioscience/medicine, leading-edge manufacturing, and information networks. The plan calls for massive, government-directed investment in a wide range of social infrastructure projects in line with the "Internet of

INITIATIVES GOING FORWARD

Initiatives Going Forward

In China, Fujitsu is seeking to expand earnings in its core business of technology solutions. For services, we intend to deploy the expertise and experience in ICT infrastructure services of our local operations in Hong Kong to expand throughout mainland China, supporting both Japanese and Chinese corporate customers with superior ICT infrastructure to aid their business expansion. For the offshore business, we plan to enhance our offshore development capabilities in response to demands for lower costs from

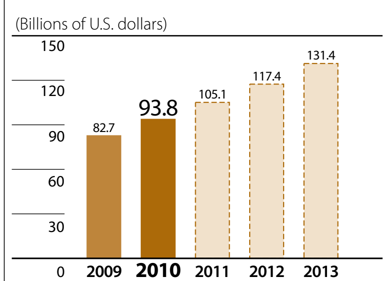
Things" concept, including environmental conservation, energy conservation, intelligent transport systems, remote medicine and smart grids.

Growth in the IT market in the rest of Asia-Pacific (APAC), excluding China, is expected to accelerate from around 4% in 2009 to 7% in 2010 amid an upturn in business confidence and signs of economic recovery across the region. → GRAPH 2 Development of streamlined and flexible corporate infrastructure is projected to drive a shift among users from a CAPEX to an OPEX business model, and make it easier for companies to adopt new technologies and services such as cloud computing and web-based services. Growth is expected to accelerate, with an average rate of around 9% annually between 2009 and 2013. In ASEAN countries, continued growth is forecast due to the large amount of key ICT investments, and robust global IT demand.

In India, large-scale economic initiatives are expected to promote rapid economic recovery, with strong growth in both internal and external demand. Growth is forecast to increase from around 5% in 2009 to 13% in 2010, with an average annual growth rate of 15% between 2009 and 2013. In the Oceania region, expenditures are projected to fall sharply for IT investment in both hardware and software. The IT services market is expected to remain steady, despite the postponement and scaling back of certain projects.

GRAPH 1

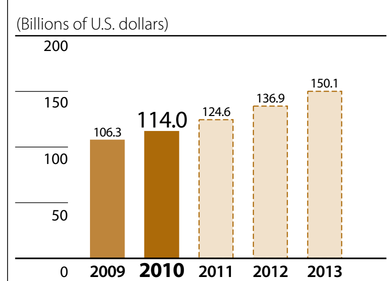
IT Market Forecasts (China)



(Source: IDC The Worldwide Black Book Q1 2010)
(China: Including Hong Kong)

GRAPH 2

IT Market Forecasts (APAC)



(Source: IDC The Worldwide Black Book Q1 2010)
(APAC: Excludes Japan, China, and Hong Kong)

Japanese companies. In servers, storage, and other products, we have strengthened our customer support framework by dividing the Chinese mainland into north and south sections, and will pursue business expansion mainly through increased sales to existing customers. We also plan to extend our partner business by boosting the number of local Chinese partners. Furthermore, we will pursue the regional development of the telecommunications business, and increase sales to public services clients. We will also seek to support the expansion in China of private companies from countries other than Japan.

In the ASEAN region, Fujitsu plans to implement measures across the region as a whole to further overall business growth. While business up to now has focused mainly on products, we plan to expand service businesses such as infrastructure, management and application services.

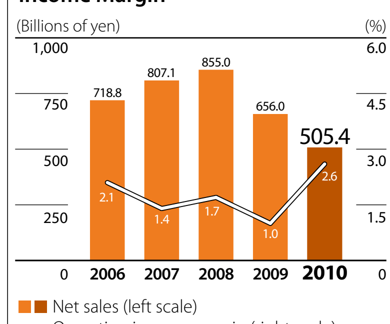
In the East Asian region, we will focus on the retail and distribution business, aiming to propose solutions to customers from the perspective of a business partner. These proposals will focus on high-value-added business such as managed services. In products, we will increase our local partners with the goal of expanding sales mainly of x86 servers and other Fujitsu platform products.

In the Oceania region, we will continue to invest in datacenters and expand our outsourcing business in order to increase the presence of the Fujitsu Group in the outsourcing business field. We will also utilize the subsidiaries acquired in fiscal 2009 to strengthen our presence among local governments and in financial markets.

In India, we plan to continue our efforts to increase business from Europe and the United States by expanding our offshore resources. Fujitsu Technology Solutions will lead our strategy and planning of the ICT infrastructure business in India, which will improve business in terms of both scale and management quality. We will also aggressively expand our sales of system products such as x86 servers.

GRAPH 3 (Years ended March 31)

Net Sales* and Operating Income Margin



* Including intersegment sales

Research & Development

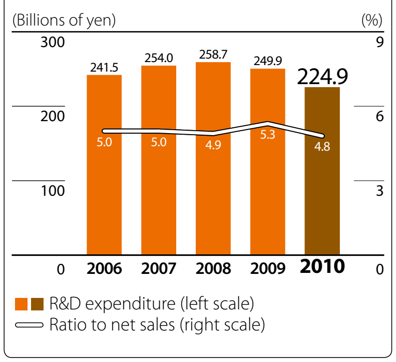
OUR MISSION IN R&D

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.

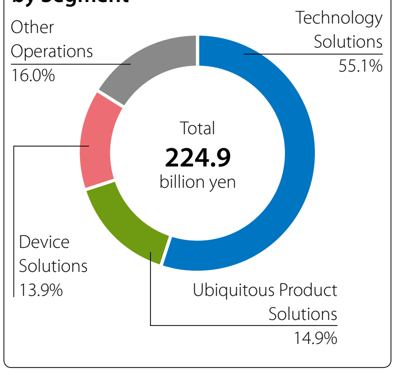
- **Foster the creation of new businesses**
- **Create and accumulate advanced technologies**
- **Extend our value chain globally**
- **Fulfill our social responsibilities**

(Years ended March 31)

R&D Expenditure, and Ratio to Net Sales



Fiscal 2008 R&D Expenditure by Segment



Major Achievements for Fiscal 2009

(1) Japan Atomic Energy Agency's New Supercomputer System

Fujitsu has made progress in developing and commercializing next-generation supercomputers that combine PRIMERGY, Fujitsu's latest high-performance x86 server, with its Parallelnavi middleware for supercomputers and system integration technologies. The result has been the development of a system in collaboration with the Japan Atomic Energy Agency that achieved performance of 186.1 teraflops*[1] based on the LINPACK*[2] performance benchmark. This performance made it the fastest supercomputer in Japan based on the TOP500*[3] list of supercomputers announced in November 2009.


New supercomputer system

*[1] Teraflop: One trillion floating point operations per second.
*[2] LINPACK: A program for measuring computer performance.
*[3] TOP500: A ranking of the world's fastest supercomputers.

(2) Development and Standardization of Industry's First System-Failure Management Technology for Cloud Computing Era

Cloud computing is starting to be used to support the delivery of various services provided by social infrastructure. As such, there is a need for high reliability and stable operation of these large-scale systems. Fujitsu has developed technology that can automatically detect signs of pending cloud system failure, narrow down the causes, and resolve the issues before failure occurs. The ability to avert system failure before a problem becomes critical, allows for provision of stable service to users, and greatly reduces the workload on system administrators. Fujitsu intends to apply this technology to its full range of cloud-based infrastructure solutions.

Furthermore, to improve convenience for customers using cloud systems, Fujitsu is leading the push to standardize cloud application programming interfaces (APIs). To this end, Fujitsu has submitted its own API specification to the Distributed Management Task Force (DMTF), a prominent international body in this field, as a proposal for standardization.

(3) Dramatically Improved Color Electronic Paper and Field Test of Guidance Solution for Hospital Outpatients

Fujitsu has developed color electronic paper (e-paper) that boasts the world's highest color image quality. By extensively redesigning the panel structure and image re-write methods, Fujitsu has achieved brighter colors and improved the contrast ratio to 7:1 (a threefold

Electronic cardholder that uses e-paper

New e-paper Previous e-paper

Image displayed using color e-paper

improvement compared to the previous version). These changes have doubled image re-write speeds to 0.7 seconds*4. These improvements have produced a color e-paper with smooth image transition and the highest level of color display quality in the world.

As part of its human centric solution technologies, Fujitsu has also launched a pilot project that uses color e-paper to provide guidance to hospital outpatients.

In this solution, energy-efficient e-paper developed by Fujitsu is incorporated into an electronic cardholder, which is then linked to an electronic patient chart via a proprietary wireless data system. This mechanism allows for personalized information such as a patient's position in a queue to be sent to each individual outpatient. The result is an improvement in patient services and a simultaneous reduction in hospital operating costs.

*4 Compared to previous Fujitsu Frontech products.

(4) New Ways of Using Mobile Phones with the Launch of the World's First Separable Handset—the F-04B

Fujitsu developed the F-04B, the world's first separable mobile handset that allows the display to be separated from the keyboard.

When attached, the handset slides open and closes like a normal sliding handset. Separating the display from the keyboard allows users to easily access email, contacts and a host of other functions while talking on the phone. The display unit can function independently as a slim touch-panel handset. A projector unit is also available, enabling users to project mobile content onto a large screen. These features make it possible for users to tailor their mobile phone to fit the situation as needed.

Projector unit F01

docomo PRIME series F-04B

(5) PCs Compatible with "CLEARSURE" Security Solution

Data leaked from lost or stolen notebook PCs is a serious issue in society today. Fujitsu has developed a security technology that uses remote access over wireless networks to make it impossible to read data stored on the hard disk drive of lost or stolen computers. Fujitsu commercialized this technology as "CLEARSURE" in September 2009 in Japan, and it has been adopted by a life insurance firm and other clients for use on the notebook PCs of their sales staff.

Furthermore, Fujitsu has developed authentication technologies to prevent data leaks caused by the removal of a notebook PC's storage device (hard disk or solid state drive), and technologies that prevent data leaks via email and attachment files.

Fujitsu will continue to develop a host of new technologies that make notebook PCs safer and more secure to use for mobile computing.

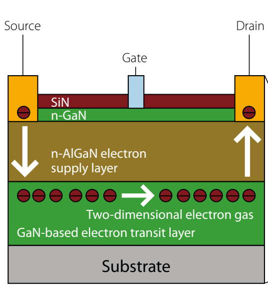
(6) World's First Gallium Nitride HEMT*5 for Power Electronics

Fujitsu is developing advanced technologies that minimize its customers' environmental impact and that of its own operations. For example, in the field of power electronics, which includes power supplies, much of the power loss that occurs is in the form of waste heat, which creates a serious environmental burden.

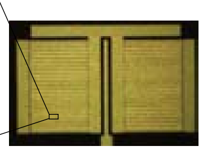
To address this problem, Fujitsu successfully developed a gallium-nitride High Electron Mobility Transistor (GaN HEMT) for power electronics with a new design that can reduce power loss by one-third.

Fujitsu is seeking to establish a mass-production system for this product by 2011 and begin incorporating it into Fujitsu PCs and servers. The next step will be to broadly promote GaN HEMT across the power electronics field, including in home appliances and automobiles.

*5 HEMT: High Electronic Mobility Transistor, a product that Fujitsu pioneered in 1980.



Cross-section of a Gallium-Nitride HEMT



Surface of Gallium-Nitride HEMT

(7) HD Transcoder LSI Compatible with H.264/MPEG-2

Fujitsu has developed the MB86H57 and MB86H58, two full HD-compatible LSI chips that can convert image and audio data between the two current HD standards—H.264 and MPEG-2—when recording digital broadcasts. At 1.0W, both chips also rank at the top of the industry for energy efficiency.

Fujitsu independently developed the transcoder to achieve high energy efficiency for the LSIs, which are also compatible with smaller form factors. These features make it possible to record digital broadcasts while conserving space, enabling the chips to be incorporated into mobile devices, such as notebook PCs, as well as a wide range of other devices.

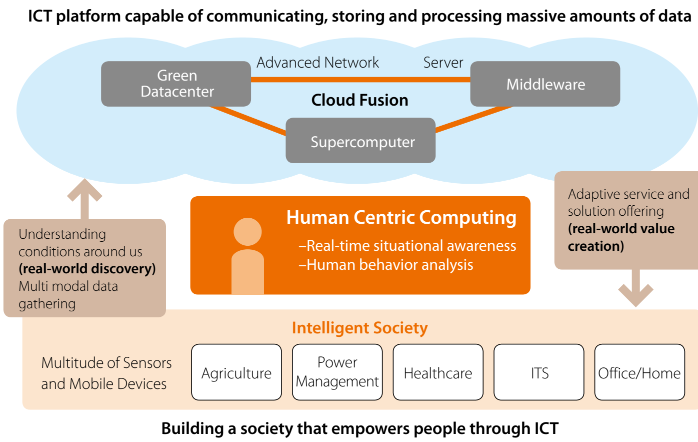
Research & Development

Topics

A Human Centric Networked Society: Generating New Value Through Human Centric ICT

The realization of a human centric networked society is the R&D vision of Fujitsu. By connecting with our surroundings, we create a "human centric" network society, delivering value through experience, discovery, reliability and growth. This is the vision we strive for in our development of advanced technologies.

Enabling a Human Centric Networked Society



Prizes and Awards

Commendations for Science and Technology (Development Category) from the Minister of Education, Culture, Sports, Science and Technology in Fiscal 2010

Four members of the Fujitsu Group were honored with Commendations for Science and Technology (Development Category) for the development of a 40G LN optical modulator for optical communications by Japan's Minister of Education, Culture, Sports, Science and Technology in fiscal 2010. 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.

Fujitsu Laboratories Fellow Kenichi Miura receives the Seymour Cray Computer Engineering Award

Kenichi Miura, a Fellow of Fujitsu Laboratories Ltd. and Director of the National Research Grid Initiative, received the Seymour Cray Computer Engineering Award given by the Institute of Electrical and Electronics Engineers (IEEE). The award is presented to individuals for their innovative contributions to the development of high-performance computer systems, and is one of the highest honors that the IEEE Computer Society can bestow. Mr. Miura was offered the award in recognition of his leadership in the development of critical hardware and software for vector-based supercomputers. It is only the second time that a Japanese person has received this honor.

Former Fujitsu Laboratories Vice President Kaneyuki Kurokawa receives the MTT-S Career Award

Kaneyuki Kurokawa, a former Vice President of Fujitsu Laboratories Ltd., was awarded the Microwave Theory and Techniques Society (MTT-S) Career Award by the IEEE. The MTT-S Career Award is given to individuals in recognition of their overall contribution to a wide range of activities, including academic accomplishments in the field of microwave research, contributions to programs to promote research in the field, and efforts to foster the development of researchers. This award is also the highest honor that the IEEE Microwave Theory and Techniques Society can bestow.

Strategic Direction in Fiscal 2010

Fujitsu has classified its framework for advanced research into the three categories below, with a view to achieving company-wide optimization from a global standpoint. Fujitsu will employ a top-down approach to setting research themes and will conduct strategic research investment. Through this framework Fujitsu will carry out strategic R&D work for the future of the Fujitsu Group, align business segment strategies with research strategies, and enhance resource shifts in response to changes in Fujitsu's business portfolio.

1. Core Strategic Themes: Technologies essential to the medium- to long-term future of the Fujitsu Group
2. Business Strategic Themes: Short- to medium-term technologies that business segments have committed to commercializing
3. Seeds-oriented Themes: Budding technologies not specific to current businesses, and medium- to long-term technologies targeting unknown domains

In particular, Fujitsu is promoting the following four themes under Core Strategic Themes.

(1) Human Centric Computing
Fujitsu will integrate ubiquitous devices with a cloud infrastructure to create new technology solutions and services in healthcare, energy management and other human centered activities.

(2) Intelligent Society
Fujitsu will respond to societal needs across industry verticals to create new social infrastructure, solutions, and services business.

(3) Cloud Fusion
Fujitsu will provide unified operation and quality management as well as service distribution and load balancing over multiple clouds and existing systems.

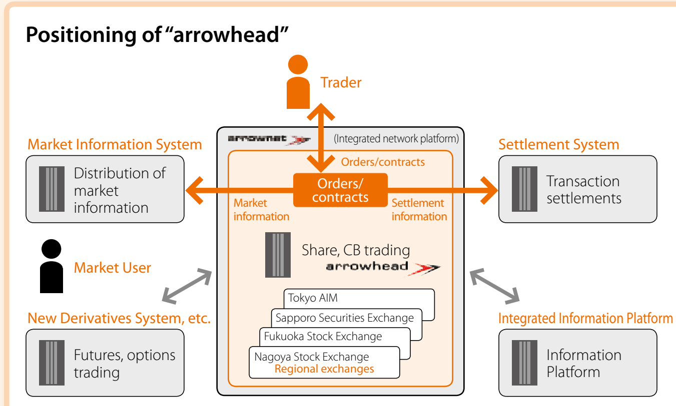
(4) Next-Generation Green Datacenters
Fujitsu will optimize new energy-saving and cooling technologies, and utilize optical networks to realize next-generation, low-power, and high cost-performance green datacenters.

"arrowhead" STORY

Developing the Next-Generation "arrowhead" Trading System

World-class system brings 2-millisecond trading to Tokyo's stock exchange

On January 4, 2010, the Tokyo Stock Exchange (TSE) introduced a cutting-edge next-generation trading system called "arrowhead." Fujitsu developed every part of the system, from the hardware to the applications, staking the prestige of the Fujitsu name on the ability to deliver world-class speed and bedrock reliability. This is the story behind the development of TSE's "arrowhead" trading system.



Development of the Ultra-high-speed Primesoft Server Middleware

One of the criteria that TSE specified for the new trading system was that the order execution time had to be 10 milliseconds or less, so Fujitsu proposed developing ultra-high-speed Primesoft Server middleware from scratch as part of the system architecture. The Primesoft Server at the heart of this system keeps transaction data resident in memory, which allows for rapid data processing by eliminating the need to access the disk during the transaction. However, as the data are only memory resident, the system also requires a mechanism to prevent data loss if an error occurs during transaction processing. Fujitsu therefore developed middleware to provide a risk-hedging function that automatically triplicates the data.

TSE's Rigorous Requirements and Testing

Because of past experience with system failures, the TSE took responsibility as the purchaser to define the system specifications and conduct testing for quality control purposes. The TSE produced an external vendor manual and a specifications document* some 4,000 pages long and ran an extremely rigorous testing program that included handling some 60,000 test cases. Fujitsu satisfied the TSE's requirements by transforming its project management methods and having the TSE sign off on all Fujitsu development processes.

Project managers reflecting on development

* A specifications document clearly defines what functionality is required in the development of systems or software.

1,000 Team Members Working Together

In order to satisfy the rigorous performance requirements for the new trading system, Fujitsu decided to develop both middleware and application programs from scratch instead of using existing systems. Some concerns were voiced over the development of such a complex system, as 70–80% of the Fujitsu team members had not been involved in work on the previous TSE systems. To address these concerns, Fujitsu set up a third-party body to objectively check development progress and manage risk, the first time the company has taken such a step for a specific project. This was a major project involving some 1,000 team members, including partners, so Fujitsu employed systematic quality control procedures, including contracting an external organization to check that coding and other protocols were followed precisely. A major development project like this, where the middleware and applications are developed from scratch at the same time, only happens once every 20 years or so. The Fujitsu team expected this to be a particularly difficult project, but were motivated to develop one of the world's most advanced systems. Another critical success factor was that many of the new team members in the divisions involved had a strong desire to be assigned to this project, which also made for a highly motivated team.

CUSTOMER'S VOICE

Crucial Project for the TSE: "On a 100-point scale, Fujitsu scored 150"

We decided to build this system in order to restore the TSE's credibility after the system failure four years ago. During the tendering process, which included vendors from outside Japan, Fujitsu's proposal stood out for its emphasis on creating a world-class trading system that would be both fast and reliable. There were some anxious moments during the design and testing stages, but ultimately we achieved order execution times of 2 milliseconds, significantly better than the 10-millisecond target, and had no problems when the system was launched. On a 100-point scale, Fujitsu scored 150.

Hiroaki Uji
Director of Equities Trading System,
IT Development Division
Tokyo Stock Exchange

Intellectual Property

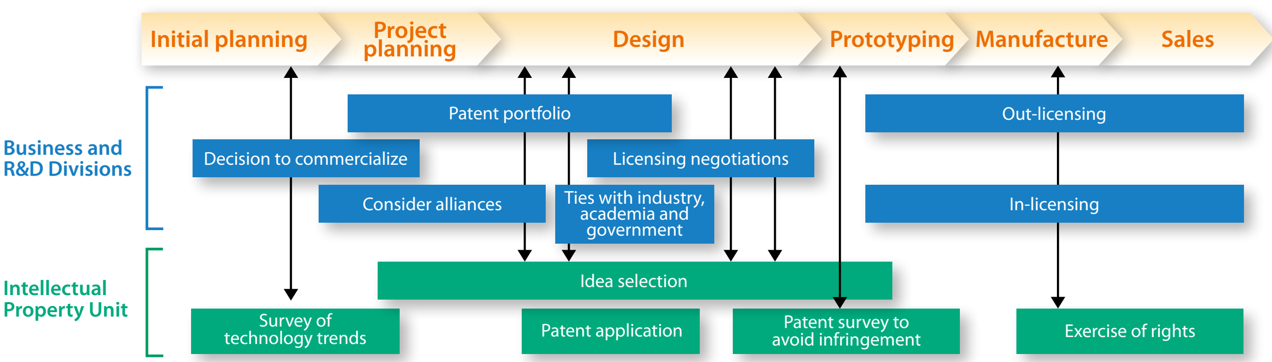
THE IMPORTANCE OF INTELLECTUAL PROPERTY

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 creation of 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

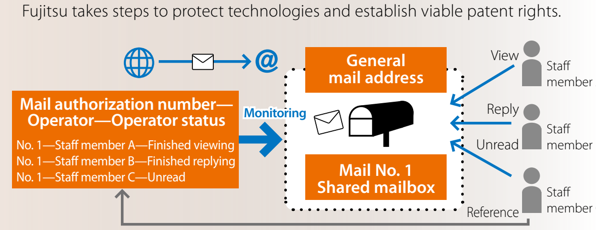
Patent rights support technological strength. Recognizing these rights as an important corporate asset, we are assembling a global patent portfolio centered on patents in Japan.

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 countries (regions) where they are needed, to support the operation of our R&D, production, and 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 achieve more efficient registration of high-quality patents.

SYNCDOT Secure Email Solution

SYNCDOT is the name of a software product suite focused on business email security. Specifically, SYNCDOT combines robust security features, such as information leak prevention and supervisor approval, with the benefits of ready accessibility. Fujitsu has applied for some 20 patents in and outside Japan for functions that pertain mainly to organizational patterns in Japan. The sharing of product inquiry emails between appropriate supervisors (read, replay, email history), which stops replies from being leaked or duplicated, is just one of example of a function that supports improved customer satisfaction through reliable responsiveness.

In line with business strategies, Fujitsu involves intellectual property divisions from the product planning and conceptual design phases. This effort to fuse business and intellectual property is delivering clear results, as Fujitsu takes steps to protect technologies and establish viable patent rights.



2. Exercising Patent Rights

We conclude many patent licensing agreements, including cross-licensing agreements with prominent firms worldwide, aimed at preserving a high degree of business latitude. We also license out basic technologies in fields outside of our main areas of business. For example, a licensee commercialized an antibacterial mask and antibacterial stationery created through application of titanium apatite technology developed jointly by Fujitsu Laboratories Ltd. and the University of Tokyo.

Fujitsu has also developed a wide range of advanced environmentally conscious technologies, including a water-action paper fastener that doesn't require wire staples, an atmospheric sensor, and an environmental evaluation system. More information on our intellectual property can be found on our website.
(http://img.jp.fujitsu.com/downloads/jp/jip/ipreport/ipreport2009e.pdf)

Helping to Create Next-Generation Mobile Communication Standards

Fujitsu is actively involved in formulating standards for Long-Term Evolution (LTE), a next-generation mobile phone communication standard, through its membership in the standard-setting organization 3rd Generation Partnership Project (3GPP), a global consortium of mobile telecommunications operators.

Fujitsu teamed up with NTT DOCOMO, INC. to develop LTE wireless mobile base stations (pictured) for DOCOMO's LTE services, which are scheduled to start in December 2010 in Japan (announced March 19, 2010). In the course of development, Fujitsu has applied for 40 patents worldwide, and actively participates in LTE patent pool initiatives as a holder of LTE-related patents.

3. Global Standards Initiatives

The technology and market landscape is shifting from an era of using rules to one of creating them. Amid this changing competitive environment, Fujitsu recognizes the need for each division to align its business strategies with standardization initiatives. Fujitsu is helping to develop global standards through participation in the International Organization for Standardization/International Electrotechnical Commission (ISO/IEC), Institute of Electrical and Electronics Engineers (IEEE), European Telecommunications Standards Institute (ETSI), Internet Engineering Task Force (IETF), 3rd Generation Partnership Project (3GPP), and other major global standard-setting organizations.

4. Respecting Third Parties' Rights

Infringing upon the rights of third parties could have a major financial impact on our company, including having to pay significant compensation and 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 2009

1	Panasonic Corporation	5,049
2	Sony Corporation	4,386
3	Toyota Motor Corporation	4,194
4	TOSHIBA Corporation	3,226
5	Canon Inc.	3,220
6	DENSO CORPORATION	2,932
7	Seiko Epson Corporation	2,929
8	Honda Motor Co., Ltd.	2,773
9	Ricoh Company, Ltd.	2,688
10	Mitsubishi Electric Corporation	2,595
11	Sharp Corporation	2,556
12	Hitachi, Ltd.	2,328
13	FUJI FILM Corporation	1,908
14	**Fujitsu Limited**	**1,890**
15	Panasonic Electric Works Co., Ltd.	1,477
16	SANYO Electric Co., Ltd.	1,298
17	Dai Nippon Printing Co., Ltd.	1,253
18	NEC Corporation	1,188
19	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	1,106
20	Olympus Corporation	1,043

Source: Fujitsu survey based on Japan Patent Office data (Number of issued patents)
The above figure includes 960 patents from Fujitsu Group companies (16 companies) other than Fujitsu Limited.

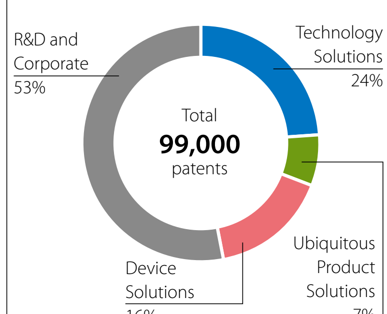
Patents Issued in US in 2009

1	IBM Corporation	4,914
2	Samsung Electronics Co., Ltd.	3,611
3	Microsoft Corporation	2,906
4	Canon Inc.	2,206
5	Panasonic Corporation	1,829
6	TOSHIBA Corporation	1,696
7	Sony Corporation	1,680
8	Intel Corporation	1,537
9	Seiko Epson Corporation	1,330
10	Hewlett-Packard Development Company, L.P.	1,273
11	**Fujitsu Limited**	**1,220**
12	LG Electronics, Inc.	1,065
13	Hitachi, Ltd.	1,058
14	Hon Hai Precision Industry Co., Ltd.	995
15	Ricoh Company, Ltd.	988
16	General Electric Company	979
17	Micron Technology, Inc.	966
18	Cisco Systems, Inc.	913
19	FUJI FILM Corporation	880
20	Honda Motor Co., Ltd.	774

Source: IFI CLAIMS Patent Services (Number of issued patents)
The above figure includes 459 patents from Fujitsu Group companies (10 companies) other than Fujitsu Limited.

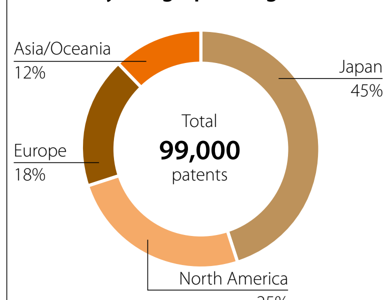
(Year ended March 31, 2010)

Fujitsu Filings and Registered Patents by Business Segment



(Year ended March 31, 2010)

Fujitsu Filings and Registered Patents by Geographic Region



Our Corporate Philosophy

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

Fujitsu Group Environmental Activities

The Fujitsu Group has pursued "manufacturing in harmony with nature" since its founding in 1935. Environmental conservation is one of our highest priorities, and our environmental management is guided by our corporate philosophy enshrined in the Fujitsu Way to "protect the environment and contribute to society."

As a framework for the consistent practice of environmental activities in all business fields, we formulated the Fujitsu Group Environmental Policy, which clearly sets out our philosophy and guidelines for action. We also drafted the Green Policy 21 environmental concept that serves as the foundation for all environmental activities, as well as Green Policy 2020, our medium-term environmental vision with targets to meet by 2020. In addition, we are implementing Green Policy Innovation, an initiative to lessen environmental impact using green information and communications technology (ICT) solutions, along with the Fujitsu Group Environmental Protection Program (Stage VI). Through these measures we aim to reduce the impact the Fujitsu Group, its customers, and society have on the environment.

Fujitsu Group Environmental Policy
WEB http://www.fujitsu.com/global/about/environment/approach/policy/

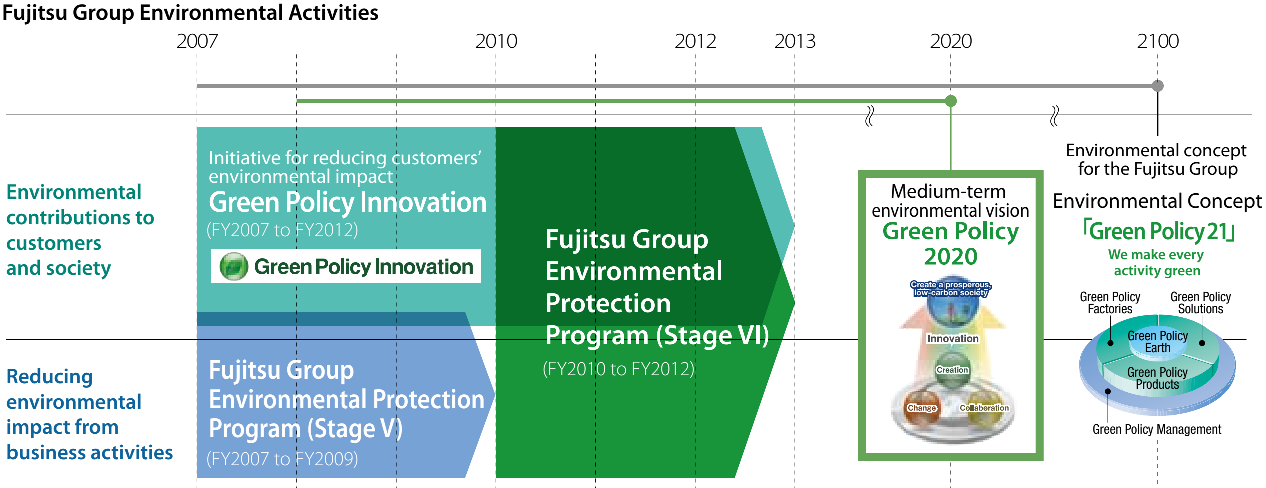
Environmental Concept "Green Policy 21"
WEB http://www.fujitsu.com/global/about/environment/approach/greenpolicy21/

Using Global ICT Solutions to Reduce the Environmental Impact in Our Corporate Activities, and for Our Customers and Society

The realization of a low-carbon society is one of the central challenges for humanity in the 21st century, as reflected in the goal put forward during a recent G8 Summit to halve emissions of greenhouse gases worldwide by 2050. To achieve this it will be necessary for society as a whole to find more environmentally friendly ways to work and live. Multifaceted support from ICT solutions is an increasingly important part of these efforts.

As a global ICT solutions corporation, the Fujitsu Group develops advanced environmental technologies, and makes products and services employing these technologies available throughout the world. Through the pursuit of this mission we not only lessen the environmental impact from our own business activities, but help to reduce the environmental burden of our customers and society.

Fujitsu Group Environmental Activities



History of Fujitsu's Environmental Activities

1935 Park-style design adopted for new Kawasaki Plant at the direction of Fujitsu's first president, Manjiro Yoshimura.

1938 Kawasaki Plant completed.

1972 Environmental control sections established at each plant.

1989 Environmental Committee established.

1991 Environmental Engineering Promotion Center established.

1992 Fujitsu's Commitment to the Environment formulated.

1993 Fujitsu Environmental Protection Program (Stage I) formulated.

1997 All domestic manufacturing sites certified ISO 14001 compliant.

2000 Corporate Environmental Affairs Unit established.

2002 Fujitsu Group Environmental Policy established.

2006 ISO 14001 globally integrated certification acquired, including Group companies outside Japan.

2007 Green Policy Innovation project, which reduces our customers' environmental burden through Green ICT, started.

2008 Green Policy 2020 medium-term environmental vision formulated.

2009 Biodiversity Action Principles formulated.

2010 Fujitsu Group Environmental Protection Program (Stage VI) formulated.

Medium-term Environmental Vision Green Policy 2020 for a Prosperous, Low-carbon Society

Green Policy 2020 was formulated in July 2008 as a medium-term vision outlining the role and direction for the Fujitsu Group to pursue in the realization of a prosperous, low-carbon society.

The keywords underpinning this corporate vision are "creation" of innovative and advanced technologies and business solutions; "collaboration" with customers and business partners; and "change" within the Fujitsu Group itself. The three goals to achieve by 2020 are:

1. Benefit our customers and society—Reduce CO_2 emissions in Japan by around 30 million tons annually
2. Pursue internal reforms—Enhance overall energy efficiency in all business fields to world-leading levels
3. Preserve biodiversity—Implement all the objectives in the Leadership Declaration of the "Business and Biodiversity Initiative"*

In addition, Fujitsu has established a total of 20 themes for initiatives to realize these goals, including 13 themes for benefitting customers and society, five themes for internal reforms within Fujitsu, and two themes for preserving biodiversity.

* The Business and Biodiversity Initiative was launched by the German government during the 9th Conference of the Parties to the Convention on Biological Diversity (COP 9) in May 2008, calling on private corporations to become involved in conserving biodiversity. Fujitsu has signed the Leadership Declaration.

Medium-Term Environmental Vision "Green Policy 2020"
WEB http://www.fujitsu.com/global/about/environment/approach/greenpolicy2020/

Working with our customers and business partners, we will promote environmental innovation at Fujitsu and within society as a whole by fusing technologies and expertise, with the goal of realizing a prosperous, low-carbon society.

Green Policy Innovation Initiative to Reduce Environmental Burden with Green ICT Solutions

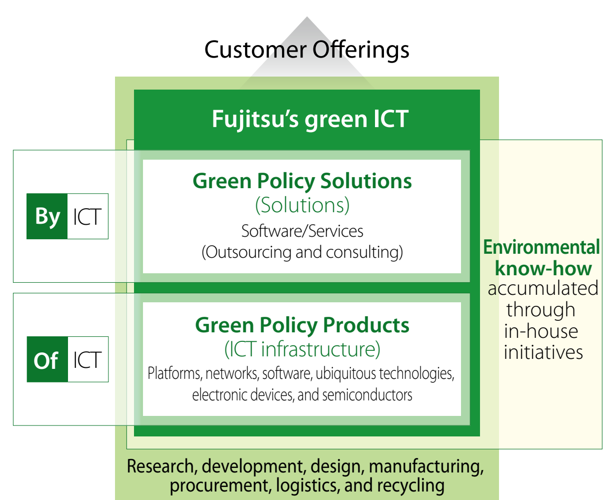
Since December 2007, the Fujitsu Group has been promoting the Green Policy Innovation initiative to reduce our customers' environmental burden using green ICT solutions. Under the initiative, we provide customers with solutions and ICT infrastructure that leverage the accumulated technologies and expertise of the Fujitsu Group with the aim of lessening the environmental burden from companies and society in general.

In December 2009, Fujitsu set a global target of cutting CO_2 emissions by more than 15 million tons over a four-year period from fiscal 2009 to fiscal 2012. This target is intended to act as a step toward achieving the Green Policy 2020 vision, and for Fujitsu, as a corporate group with a global business, to make a significant contribution to cutting greenhouse gases worldwide. During fiscal 2009 we expect to contribute to a total CO_2 reduction of 2.37 million tons, comprising 0.4 million tons from providing energy-efficient ICT infrastructure, and 1.96 million tons from providing environmental ICT solutions. We plan to share and utilize green ICT solutions in regions around the world, and continually refine the Green Policy Innovation initiative to achieve its targets.

Environmental Load reduction Project by Green ICT
WEB http://www.fujitsu.com/global/about/environment/gpi/

Press release "Fujitsu Expands Green IT initiative Globally"
WEB http://www.fujitsu.com/global/news/pr/archives/month/2009/20091207-01.html

Using ICT to reduce our customers' and society's environmental footprint
FY2009 to FY2012
Aims to reduce CO_2 emissions worldwide by more than a cumulative 15 million tons



Fujitsu Group Environmental Protection Program (Stage VI)

In April 2010, Fujitsu announced Stage VI of the Fujitsu Group Environmental Protection Program covering the period from fiscal 2010 to fiscal 2012.

This stage of the program identifies six priority areas based on the three goals of Green Policy 2020 of benefitting customers and society, internal reform within Fujitsu, and preserving biodiversity. These six priority areas are: 1) Strengthening advanced green ICT R&D; 2) Improving the environmental value of products and services, and enhancing the development and delivery of green ICT; 3) Enhancing efforts to reduce the Fujitsu Group's environmental footprint; 4) Strengthening environmental governance; 5) Promoting environmental contributions to society; and 6) Promoting efforts to preserve biodiversity. We have also established 18 specific activity targets for these areas.

Fujitsu Group Environmental Protection Program (Stage V)

Priority areas

- Improving the environmental value of products and services
- Global warming countermeasures
- Reinforcing governance
- Reinforcing risk management
- Environmental contributions to society

Fujitsu Group Environmental Protection Program (Stage VI)

Priority areas

- **Strengthening advanced green ICT R&D**
- Develop & deliver green ICT globally
- Enhancing efforts to reduce the Fujitsu Group's environmental footprint
- Strengthening environmental governance
- Promoting environmental contributions to society
- **Promoting efforts to preserve biodiversity**

Green Policy 2020

Three targets

- Benefitting customers and society
- Pursuing internal reforms
- Preserving biodiversity

A New Environmental Protection Program Befitting a Global ICT Company —Initiatives focused around the themes "Green ICT," "Global" and "Biodiversity"

The UN Framework Convention on Climate Change (COP15) held in Copenhagen in December 2009 drew attention from around the world. Similarly, the Biodiversity Conference (COP10) to be held in Nagoya in October 2010, is expected to trigger a surge in interest in the responsibility of corporations for preserving biodiversity.

Meanwhile, the Fujitsu Group has been using information and communication technology (ICT) solutions to help solve various environmental issues for its customers and for society, and to make the products and services it offers, as well as business activities more environmentally friendly.

Fiscal 2009 was the final year for the Fujitsu Group Environmental Protection Program (Stage V). We managed to achieve our targets in nearly all categories. For example, we greatly exceeded our initial targets for development of "Super Green" products, and reductions in transport CO_2 emissions. The implementation of the Green Policy Innovation initiative, a Green ICT project, achieved cuts in CO_2 emissions amounting to approximately 2.37 million tons.

The Environmental Protection Program (Stage VI) was launched in fiscal 2010, designed around the keywords of "Green ICT," "Global" and "Biodiversity."

The essence of Green ICT lies in successfully achieving both economical and environmental performance. Fujitsu has recognized this by strengthening the development of Green ICT from the upstream stage of R&D. Also, Fujitsu Technology Solutions, which possesses exceptional technologies, expertise, and product development capabilities for Green ICT, was brought into our corporate group from fiscal 2009. By sharing these technologies and expertise with those accumulated by the Fujitsu Group, we will take Green ICT to the next level on a global scale. The Environmental Protection Program (Stage VI) incorporates the new goal of preserving biodiversity as a foundation of sustainable corporate activity, reflecting our search for ways to make a contribution with ICT solutions in the style of the Fujitsu Group.

The Environmental Protection Program (Stage VI) is the next step toward realization of the Fujitsu Group's medium-term environmental vision, Green Policy 2020. We will make a concerted effort as a corporate group to achieve this goal, and together with our customers and society, seek to realize a prosperous, low-carbon society.

Atsuhisa Takahashi
President, Corporate Environmental Strategy Unit

Social Contribution Activities

With Global and Local Communities

Maintaining Good Relations with Local Communities through Social Contribution Activities

As a good corporate citizen, Fujitsu believes in the importance of maintaining harmony with local communities and society at large. As a company, Fujitsu has strong connections with local communities around the world, and is therefore actively involved in a wide variety of activities that contribute to society. These activities focus on educational programs for young people to help them prepare for their future roles in society, promotion of cultural activities and the arts, sponsorship for corporate sports, support for international exchange, communications with local communities, and environmental preservation.

Japan


Health keepers (front row) and project leaders

"Health Keeper" Program

Fujitsu Advanced Solutions Limited hires graduates of schools for the visually impaired to serve as company health care providers. Working as "health keepers," they help other employees to recover from fatigue and manage their health with massage therapy services. The program has been ongoing since 2004.

Not only does the therapy help the company's system engineers physically recover from the day-to-day stress of their work, conversations with the health keepers also helps refresh the mind. The program has been very popular with employees and is starting to spread to other R&D-oriented companies in the Fujitsu Group. It represents a new type of social contribution activity that is also significant for increasing employment of people with disabilities and has been warmly received by schools for people with visual impairments as a valuable job creation program.

EMEA

PlayPump Water System

Support for Elementary Schools and Students

In the United Kingdom, Fujitsu's Impact on Society (IOS) program organizes volunteer groups at each of its major business locations. As a part of this program, employees visited elementary schools in the Midlands and Manchester, and participated in "Give and Gain Days." They helped children improve their reading skills by playing language games with some 80 children ages six to eight.

In South Africa, Fujitsu Group companies in the U.K., Germany and South Africa teamed up to install a "PlayPump Water System" at Uitschot Primary School, a school of 500 students in Vermaas, South Africa. PlayPump enables children to pump water out of the ground as they play, which provides the school with a supply of fresh, clean water.

The Americas


Staff of Carrefour TerraTerre

Public Awareness-Raising in Quebec, Canada

Jean Provencher, a consultant with Fujitsu in Canada, established the non-profit sustainability organization Carrefour TerraTerre in May 2007, to educate the public on the values associated with sustainable development.

The organization works to make people's lifestyles socially responsible and sustainable. With the support of Fujitsu and other corporations, Carrefour TerraTerre holds lectures, seminars, film screenings, and other events—all free of charge. To expand the scope of these activities and raise the social and environmental awareness of people and companies in the midst of their day-to-day activities, an environmental committee at Fujitsu's Quebec office was established and to continue promoting this initiative as a part of Fujitsu's responsibility to society.

APAC/ China


Employees of Fujitsu Australia preparing 75 barbeque dinners

Supporting and Engaging the Socially Vulnerable

In May 2009, Fujitsu employees in Australia responded to a request for volunteers from the Ardoch Youth Foundation, an organization that provides support for children and families at risk due to homelessness, domestic violence, or drug abuse. The company's employees helped bring children to Mahogany Rise Primary School in Melbourne, Australia, and also participated in a field trip to the Melbourne Zoo.

In October 2009, Fujitsu employees working near Perth, Australia, joined with the charity United Way West Australia and visited St. Bartholomew's House, a facility that helps people living in poverty. Employees prepared 75 barbeque dinners and spent time with people at the facility.

Management

(As of June 30, 2010)

BOARD OF DIRECTORS

REPRESENTATIVE DIRECTORS

Michiyoshi Mazuka

Chairman

Birth: October 17, 1943
Apr. 1968 Joined Fujitsu FACOM CO., Ltd.
Apr. 1971 Joined the company
Jun. 2001 Member of the Board
Jun. 2002 Corporate Vice President
Apr. 2003 Corporate Senior Vice President
Jun. 2005 Member of the Board
Jun. 2006 Corporate Senior Executive Vice President and Representative Director
Jun. 2008 Chairman and Representative Director
Sep. 2009 Chairman, President and Representative Director
Apr. 2010 Chairman and Representative Director*

Masami Yamamoto

President

Birth: January 11, 1954
Apr. 1976 Joined Fujitsu Limited
Jun. 2004 Executive Vice President, Personal Systems Business Group
Jun. 2005 Corporate Vice President
Jun. 2007 Corporate Senior Vice President
Jan. 2010 Corporate Senior Executive Vice President
Apr. 2010 President
Jun. 2010 President and Representative Director*

* to present

DIRECTORS

Hiroshi Oura

Honorary Advisor, Advantest Corporation

Birth: February 14, 1934
Apr. 1956 Joined Fujitsu Limited
Jul. 1978 General Manager, Corporate Planning Division
Jun. 1985 Member of the Board
Jun. 1988 Corporate Senior Vice President (until Jun.1989)
Jun. 2003 Director*
Jun. 1989 Representative Director, President, Advantest Corporation
Jun. 2001 Representative Director, Chairman of the Board
Jun. 2005 Director and Senior Executive Advisor
Jun. 2007 Senior Executive Advisor
Jun. 2010 Honorary Advisor

Haruo Ito

Senior Advisor, Fuji Electric Holdings Co., Ltd.

Birth: November 9, 1943
Apr. 1968 Joined Fuji Electric Manufacturing Co., Ltd.*3
Jun. 1998 Director, Fuji Electric Co., Ltd.*3
Oct. 2003 President and Representative Director, Fuji Electric Systems Co., Ltd.
Jun. 2006 President and Representative Director, Fuji Electric Holdings Co., Ltd.
Apr. 2010 Director and Senior Advisor
Jun. 2010 Senior Advisor*
Jun. 2007 Director, Fujitsu Limited*

Yoko Ishikura

Professor, Hitotsubashi University

Birth: March 19, 1949
Jul. 1985 Senior Manager of Tokyo office, McKinsey & Company, Inc.
Apr. 1992 Professor, School of International Politics, Economics and Business, Aoyama Gakuin University
Apr. 2000 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University*
Apr. 2004 Outside director, Japan Post
Oct. 2005 Vice President, Science Council of Japan
Jun. 2010 Director, Fujitsu Limited*

Ryosei Kokubun

Professor, Keio University

Birth: November 1, 1953
Apr. 1981 Assistant Professor, Faculty of Law, Keio University
Apr. 1985 Associate Professor, Faculty of Law, Keio University
Apr. 1992 Professor, Faculty of Law, Keio University*
Oct. 1999 Director, Keio Center for Area Studies*4 (until September 2007)
Oct. 2007 Dean, Faculty of Law and Chair of the Graduate School of Law, Keio University*
Jun. 2010 Director, Fujitsu Limited*

*3 currently Fuji Electric Holdings Co., Ltd.

*4 currently Keio Institute of East Asian Studies

* to present

DIRECTORS

Kazuo Ishida
Corporate Senior Executive Vice President

Birth: September 19, 1950

Apr. 1974	Joined Fujitsu Limited
Jun. 2003	Group President, Outsourcing Business Unit
Jun. 2004	Corporate Vice President
Jun. 2006	Corporate Senior Vice President
Jun. 2008	Corporate First Senior Vice President
Apr. 2010	Corporate Senior Executive Vice President
Jun. 2010	Corporate Senior Executive Vice President and Director*

Masami Fujita
Corporate Senior Executive Vice President

Birth: September 22, 1956

Apr. 1980	Joined Fujitsu Limited
Dec. 2001	General Manager, Secretary's Office
Jun. 2006	Corporate Vice President
Jun. 2009	Corporate Senior Vice President
Apr. 2010	Corporate Senior Executive Vice President
Jun. 2010	Corporate Senior Executive Vice President and Director*

Kazuhiko Kato
Corporate Executive Vice President

Birth: November 13, 1951

Apr. 1976	Joined Fujitsu Limited
Jun. 1996	General Manager, Controller and Accounting Division
Jun. 2001	Member of the Board
Jun. 2002	Corporate Vice President
Jun. 2006	Corporate Senior Vice President
Jun. 2008	Corporate First Senior Vice President and CFO*, *1
Apr. 2010	Corporate Executive Vice President
Jun. 2010	Corporate Executive Vice President and Director*

Masahiro Koezuka
Corporate Executive Vice President

Birth: December 14, 1951

Apr. 1974	Joined the Ministry of International Trade and Industry (currently: the Ministry of Economy, Trade and Industry)
Jul. 2003	Cabinet Councillor
Sep. 2005	Director-General, Industrial Science and Technology Policy and Environment Bureau
Jul. 2006	Director-General, Commerce and Information Policy Bureau
Jul. 2007	Commissioner, Japan Patent Office
Aug. 2009	Advisor, Fujitsu Limited
Apr. 2010	Corporate Executive Vice President, CSO*, *2
Jun. 2010	Corporate Executive Vice President and Director*

*1 CFO: Chief Financial Officer
*2 CSO: Chief Strategy Officer
* to present

AUDITORS

Statutory 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

President
Masami Yamamoto

Corporate Senior Executive Vice President
Richard Christou
Kazuo Ishida
Masami Fujita
Hideyuki Saso
Kenji Ikegai

Corporate Executive Vice President
Kazuhiko Kato
Masahiro Koezuka

Corporate Senior Vice President
Hirokazu Uejima
Tsuneo Kawatsuma
Masaaki Hamaba
Hiroshi Nagatomi
Akira Yamanaka
Bunmei Shimojima
Susumu Ishikawa
Takashi Mori
Norihiko Taniguchi
Chikafumi Urakawa
Noriyuki Toyoki
Nobuo Otani

Corporate Vice President
Kazuo Miyata
Makoto Murakami
Haruyuki Iida
Kazuhiro Igarashi
Takashi Yagi
Takanori Katayama
Yuichi Sakai
Yoshihiko Hanada
Yoshikazu Kudoh
Hidehiko Suzuki
Hirofumi Gouda
Yutaka Abe
Akihiko Murakami
Tamotsu Inoue
Shinichi Koizumi
Mitsutoshi Hirono
Akira Kabemoto
Kuniaki Saito
Mitsuya Yasui
Hiroyasu Takeda

Interview With Auditors

Corporate governance is increasingly important for companies like Fujitsu which are pursuing global business expansion to enhance corporate value. This interview with the company's outside auditors, Megumi Yamamuro and Hiroshi Mitani, provides insights into the inner workings of corporate governance at Fujitsu.

INTERVIEW WITH AUDITORS

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

Hiroshi Mitani
Special Counsel, TMI Associates

Q.1 What do you feel is expected of you in your role as an outside auditor?

Yamamuro: Independence and objectivity are considered important for outside auditors. In a large corporation like Fujitsu, it's difficult to understand all of the individual businesses, so it's important for me to recognize the ways in which I can contribute as a lawyer, and serve in areas where I can be the most useful.

Mitani: Considering the business and scale of Fujitsu, the impact it has on society is significant. As such, management has to always bear in mind the social responsibilities of a corporation in its administration of the company. It is important that outside auditors view Fujitsu's management not merely as a corporation, but with awareness of the views of society. I think that is what's most expected of me. I believe my role is to draw on my experience, and while remaining attentive to the views of society, render judgments on a variety of events and issues, focusing mainly on the state of corporate governance and compliance.

Q.2 What are your thoughts on Fujitsu's governance structure from the perspective of an outside auditor?

Yamamuro: When I'm attending meetings of the Board of Directors, I often consider the varied backgrounds of the directors and auditors. For example, Ikujiro Nonaka* makes pointed statements befitting a business professor. A variety of perspectives are also offered by the other directors, including those who have managed companies, worked in financial institutions, or been a prefectural governor. I think the structure functions well overall.

* Retired as of June 21, 2010

Mitani: There are two main characteristics of Fujitsu's Board of Directors. The first is that the posts of CEO and Chairman of the Board are separate. The second is that four of the 10 directors are outside directors with high degrees of independence (N.B. three outside directors as defined by Company Law). The board of directors should combine the functions of both management oversight and coordination for business execution divisions, and I think that in the case of Fujitsu, management oversight is extremely solid. The outside directors are proactive about expressing their views from the perspective of management oversight during Board meetings. There is also lively discussion on issues of coordination with business execution divisions, including advice regarding management and how to improve effectiveness.

In October 2009, Fujitsu established an Executive Nomination Committee and a Compensation Committee, and its new management execution structure now has many younger members. I feel that the smooth functioning of these committees will be extremely important in terms of corporate governance.

Q.3 What issues do you think need to be addressed going forward?

Mitani: I think that more discussion is needed on which issues will be taken up by the Board of Directors, instead of waiting for issues to be brought up. For example, the Board needs to have a common understanding of the strategic targets, and the medium- and long-term goals of the business execution teams. There are topics, like the strategic targets, which the Board can take up more actively for discussion. The Board of Directors must fully understand and discuss the balance in the strategic targets and the measures taken to achieve them. In this sense, I feel it would be good for the Board to express a little more commitment to the strategic targets of the business execution teams. It's particularly necessary for the Board to provide clear commitment in cases where specific target figures are announced, which could be considered an external pledge.

> The smooth functioning of the Executive Nomination Committee and Compensation Committee will be extremely important for corporate governance going forward.
>
> ——Hiroshi Mitani

Yamamuro: The sheer size of the company causes many concerns. For example, it's often difficult to discern how individual M&A proposals will fit with overall business strategies.

Q.4 What do you think of the support structure for auditing operations?

Yamamuro: I think the support structure is sufficient. However, since Fujitsu's business is weighted heavily toward business to business, and covers a wide range of categories, I would like Fujitsu to provide more opportunities for those of us outside the company to gain a deeper understanding of the business.

Mitani: We receive detailed reports from the standing auditors on Fujitsu's Board of Auditors, so I think the structure is sufficient to allow us to obtain any information necessary. The company's intranet, called ProjectWeb, is also extremely useful, as it allows us to review documents related to the Board of Directors. I plan to offer more advice on how to enhance the structure further.

Q.5 From the perspective of an outside auditor, how do you think the Board of Directors performed regarding the resignation of the former president, Kuniaki Nozoe?

Mitani: I consider this to be an issue of risk management. Risk management is important in a wide variety of situations, and this was a case of risk management involving the most important aspects of corporate governance at Fujitsu. Nozoe's actions in maintaining a business relationship with a certain business group, despite warnings from advisors to sever his relationship because it was in conflict with the Fujitsu Way, constituted an extremely large risk in terms of corporate governance. In this sense, it is clear that the actions of Nozoe were not those that should be taken by the president, who must be the highest embodiment of the Fujitsu Way. Asking for his resignation as a preventative measure before the risk became evident was an extremely difficult decision, and the directors and auditors at that time, while agonizing over the decision, made the difficult call. In a way, I think that this case demonstrates the exceptionally good functioning of Fujitsu's corporate governance and risk management structure. The fundamental issue in this case was the utter lack of awareness of risk on the part of the president. The outside directors and auditors were kept well informed in the course of dealing with the issue, and I sincerely hope that the public understands that the decision was made in consideration of everyone's opinion, and that process produced the resulting resignation.

Yamamuro: Looking back on the events since the president's resignation on September 25, 2009, there were some things that could have been handled better in terms of the processes employed, but I think the decision was correct. I gave the issue much thought as an outside auditor, and after careful consideration agreed with the majority of directors to seek the president's resignation. The result was not due to a lack of governance, but rather the proper functioning of governance. There were some media reports that the decision was made by specific internal directors, but these reports were completely false. Since the time I served as a judge, I have performed my duties with conviction. In this case, too, I acted according to my own beliefs, and with independence as an outside auditor.

> The resignation of the former president was the result of properly functioning governance, and of my acting with the independence expected of me as an outside auditor.
>
> ——Megumi Yamamuro

Q.6 Finally, what message do you have regarding your expectations for Fujitsu going forward?

Yamamuro: I first became acquainted with Fujitsu around 1986 or 1987, as a personal user of the OASYS Japanese word processor. Public expectations for ICT were rising at that time, and I feel that those expectations have risen even further today. Fujitsu is the leading ICT company in Japan, and as one of the companies providing support for vital social infrastructure around the world, it has a heavy responsibility. I, too, have great expectations for Fujitsu as one of the few global ICT companies able to bear that responsibility.

Mitani: During the five years I served as a member of Japan's Fair Trade Commission, I was deeply impressed by the way that Fujitsu maintained an independent and unrestrained posture without yielding an inch to competitors around the world. I thought at the time that this was an extremely exceptional corporate approach. The opening line of the Fujitsu Way states "Through our constant pursuit of innovation…" This phrase truly reflects the strong DNA of Fujitsu, as represented by the bold decision in the 1960s to shift to the computer business, which led to the Fujitsu of today. This "constant pursuit of innovation," along with my own impression of an independent and unrestrained spirit, is the image of Fujitsu I have firmly fixed in my mind. I hope the company will continue to keep these two aspects in mind in the future.

Hiroshi Mitani

Special Counsel, TMI Associates

Apr. 1969	Public Prosecutor, Tokyo District Public Prosecutor's Office
Jun. 1997	Director General, Tokyo Regional Legal Affairs Bureau
May 2001	Chief Public Prosecutor, Yokohama District Public Prosecutor's Office
Jul. 2002	Commissioner, Japan Fair Trade Commission
Aug. 2007	Admitted as lawyer
Sep. 2007	Special Counsel, TMI Associates
Jun. 2009	Auditor, Fujitsu Limited (to present)

Megumi Yamamuro

Professor, University of Tokyo Graduate Schools for Law and Politics

Apr. 1974	Assistant Judge, Tokyo District Court
Apr. 1984	Judge, Tokyo District Court
Apr. 1988	Teaching Staff of the Legal Training and Research Institute
Apr. 1997	Judge, Tokyo High Court
Jul. 2004	Admitted as lawyer
Jul. 2004	Participate in CAST Law P.C. (currently: SOGA URYU & ITOGA)
Oct. 2004	Professor, Graduate Schools for Law and Politics, The University of Tokyo (to present)
Jun. 2005	Auditor, Fujitsu Limited (to present)

Hiroshi Mitani   Megumi Yamamuro

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 21, 2010 under TSE securities code 6702.

I. Basic Stance on Corporate Governance and Other Basic Information

1. Basic Stance

The Fujitsu Group's corporate philosophy is articulated as the "Fujitsu Way," comprised 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 exchanges:

<Consolidated Subsidiaries>

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

<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 concurrently acting as President)
Number of Directors	10
Appointment of Outside Directors	Yes
Number of Outside Directors	3

Corporate Governance

Relationship with Company (1)

Name	Type of Affiliation	Relationship with Company *[1]								
		a	b	c	d	e	f	g	h	i
Haruo Ito	From other company								○	○
Yoko Ishikura	Scholar				○				○	
Ryosei Kokubun	Scholar								○	

*[1] Categories Describing Relationship with Company
a : From parent company
b: From other affiliated company
c : Principal shareholder of subject company
d: Concurrently serves as outside director 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 Director
Haruo Ito	Mr. Ito is a Director and Senior Advisor of Fuji Electric Holdings Co., Ltd., the holding company of the Fuji Electric Group, which holds 5.45% of Fujitsu's shares as well as an additional 5.75% 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.	Mr. Ito has had a long career in executive management and he has extensive knowledge of Fujitsu's business. Mr. Ito is a Director and Senior Advisor of Fuji Electric Holdings Co., Ltd., a major shareholder of the company. Fujitsu and the Fuji Electric Group have business dealings, but the level of sales—about 57 million yen in fiscal 2009—is not material to Fujitsu. Beyond this business relationship, there are no other factors that would compromise Mr. Ito's independence.
Yoko Ishikura	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Ms. Ishikura has expertise for innovation and business strategies in global competition. Moreover, Ms. Ishikura has never been an executive of a major shareholder or major business partner of Fujitsu, or held another position that would compromise her independence. Fujitsu therefore has identified her as an independent director in reports to stock exchanges in Japan.
Ryosei Kokubun	Professor, Faculty of Law, Keio University	Mr. Kokubun has a deep understanding of politics and economics from a global perspective, especially relating to East Asia. Moreover, Mr. Kokubun has never been an executive of a major shareholder or major business partner of Fujitsu, or held another position that would compromise his independence. Fujitsu therefore has identified him as an independent director in reports to stock exchanges in Japan.

Other Issues Relating to Major Activities of Outside Directors

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

In fiscal 2009, there were seventeen regularly scheduled or special meetings of the Board of Directors, and the four outside directors (Hiroshi Oura, Ikujiro Nonaka, Haruo Ito and Masayasu Kitagawa), including Hiroshi Oura, had an attendance rate of approximately 95%.

[Board of Auditors]

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

Coordination between Auditors and Accounting Auditors

The auditors meet with the accounting auditors during 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 : Principal shareholder of subject company
d: Concurrently serves as outside director 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	Tamiki Ishihara serves as Corporate Advisor of Seiwa Sogo Tatemono Co., Ltd.	Mr. Ishihara, with his long experience in the finance industry, has extensive knowledge of finance and accounting issues. Mr. Ishihara was formerly a Representative Director of Mizuho Bank, Ltd. (formerly known as Dai-Ichi Kangyo Bank, Ltd.), whose banking group is a major business partner of Fujitsu. Beyond this business relationship, there are no other factors that would compromise Mr. Ishihara's independence. Furthermore, seven years had passed between the time when Mr. Ishihara retired from his position at Mizuho Bank and the time he became an outside auditor of the company. In total, twelve years have passed since his retirement, and therefore the company believes Mr. Ishihara has a certain degree of independence.
Megumi Yamamuro	Attorney and Professor of the University of Tokyo Graduate School for Law and Politics	Mr. Yamamuro has extensive experience in the legal field and extensive knowledge of legal matters, including Japan's Company Law. Mr. Yamamuro has never been an executive of a major shareholder or major business partner of Fujitsu, or held another such position that would compromise his independence. Since he is independent, the company has identified Mr. Yamamuro as an independent auditor in reports to stock exchanges in Japan.
Hiroshi Mitani	Attorney and Special Counsel, TMI Associates	Mr. Mitani 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. Mr. Mitani has never been an executive of a major shareholder or major business partner of Fujitsu, or held another such position that would compromise his independence. Since he is independent, the company has identified Mr. Mitani as an independent auditor in reports to stock exchanges in Japan.

Corporate Governance

Other Issues Relating to Major Activities of Outside Auditors

In fiscal 2009, there were seventeen regularly scheduled or special meetings of the Board of Directors, for which the three outside auditors (Tamiki Ishihara, Megumi Yamamuro and Hiroshi Mitani) had an attendance rate of about 96%, and six meetings of the Board of Auditors, for which the three outside auditors had an attendance rate of about 94%.

[Incentives]

Implementation Status of Incentive Policies for Directors:	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 directors, 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 directors was passed.

Stock Option Eligibility:	Directors, outside directors, employees

Supplemental Explanation

Stock options were granted in 2001 and 2002.

In 2001, stock options were granted to 32 directors (including outside directors) and 15 employees.

In 2002, stock options were granted to 32 directors (including outside directors) and 18 employees.

[Compensation of Directors and Auditors]

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

Supplemental Explanation

For fiscal 2009, total compensation to directors and auditors was as follows:

• Directors	11 people, 435 million yen (Basic compensation of 363 million yen and bonuses of 72 million yen)
Of which, compensation paid to outside directors	3 people, 26 million yen (Basic compensation of 26 million yen)
• Auditors	7 people, 111 million yen (Basic compensation of 90 million yen and bonuses of 21 million yen)
Of which, compensation paid to outside auditors	4 people, 28 million yen (Basic compensation of 28 million yen)

* The above includes directors and auditors who resigned or retired in fiscal 2009.
* The limit on remuneration to directors was resolved to be 600 million yen per year, and the limit on remuneration to auditors was resolved to be 100 million yen per year at the 106th Annual Shareholders' Meeting held June 23, 2006. The company is paying the basic compensation shown in the above table, which is within these limits.
* The above bonus amounts were decided at the 110th Annual Shareholders' Meeting held on June 21, 2010.

[Support Structure for Outside Directors and Outside Auditors]

Certain staff members of the Secretary Office are responsible for providing support to outside directors and outside auditors. In addition, the Legal Unit (Secretariat of Board of Directors) and the Auditor's Office (Secretariat of Board of Auditors) are also responsible for providing support to outside directors and outside auditors. This responsibility involves complying with requests from outside directors or outside auditors to provide and explain information about Fujitsu or the entire Fujitsu Group that is required for management oversight or audits. Depending on the information, relevant business unit managers are made available to provide additional explanations. We also provide a dedicated webpage for all board members (directors and auditors) to use to access material relevant to Board of Directors' meetings, such as agenda items, before meetings are held in order to allow board members to gain a proper understanding of the material.

The above measures are intended to provide indirect support to help outside directors and outside auditors provide effective management oversight and auditing of the execution of duties throughout the entire Fujitsu Group by facilitating mutual communication during internal audits, statutory audits and accounting audits.

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

Overview of Current Structure

The Board of Directors is responsible for management oversight, supervising the business execution functions of the President and Representative Director and the Management Council, an executive organ under its authority. Outside members of the board are actively recruited for positions in the Board of Directors in order to strengthen its oversight function. 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. The Auditing Support Division provides support for the audits by the auditors, and in order to promote the independence and effectiveness of the auditing, the company holds discussions with auditors prior to selecting candidates for positions in the division. Personnel with the appropriate qualifications are selected as division staff candidates, and as a general rule, as full-time staff (two full-time staff and one part-time staff).

The Board of Directors has ten members, comprising seven internal directors and three outside directors, and the Board of Auditors has five members, comprising two internal auditors and three outside auditors. In order to better define the management responsibility of the directors, their terms were reduced from two years to one year in accordance with a resolution at the June 23, 2006 Annual Shareholders' Meeting.

In addition, the Corporate Internal Audit Unit (with 66 members) serves as an internal audit group. This unit audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Unit reports once a month as a rule to the statutory auditors on the audit plans and results of internal audits, including matters relating to group companies, and makes regular reports (once every quarter as a rule) to the Board of Auditors and the accounting auditors. The Corporate Internal Audit Unit includes a significant number of employees with specialist internal auditing knowledge, including Certified Internal Auditors (CIA), Certified Information Systems Auditors (CISA), and Certified Fraud Examiners (CFE).

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Board of Auditors concerning the audit plan and results. The accounting auditor also conducts exchange of opinions when needed and carries out coordinated audits of business operations. The four certified public accountants associated with Ernst & Young ShinNihon LLC who performed the accounting audit were Michiko Tomonaga, Yuichi Mochinaga, Hideaki Karaki, and Takao Kamitani. In addition, they were assisted by a further 29 certified public accountants, 21 accounting assistants and another 41 persons, all associated with Ernst & Young ShinNihon LLC.

The Fujitsu Way Promotion Council promotes internal control relating to the Fujitsu Way and financial reporting in the Fujitsu Group and forms the core of operations to upgrade and evaluate internal control for the Group. During internal control audits by the accounting auditor and statutory auditors, the Fujitsu Way Promotion Council holds regular meetings to provide and explain information as required. The council also provides and explains information to assist the Corporate Internal Audit Unit in performing internal audits.

The company established an Executive Nomination Committee and Compensation Committee in order to ensure the transparency and objectivity of the process for choosing candidates for the Board of Directors, determining their compensation and ensuring that the compensation system and levels are appropriate. The Executive Nomination Committee takes into consideration the current business climate and anticipated trends, and makes recommendations on candidates (draft) for the Board of Directors, choosing candidates having objectivity in making management decisions, foresight and perceptiveness, and a superior character. The Compensation Committee is tasked with making recommendations on executive salaries and methods for calculating bonuses linked to financial performance, taking into consideration compensation levels at competitors and other factors. The aim of this activity is to retain superior management talent, and provide effective incentives for improving the company's financial performance.

Reasons for Adopting the Current Structure

The current structure clarifies the management responsibility of members of the board, who, after their election at the annual meeting of shareholders, become involved in making decisions about important matters concerning the management of the company. Furthermore, the current structure maintains the robustness and efficiency of governance by having the dual features of (1) the mutual monitoring by the members of the board, and (2) the audits by the auditors.

At the time of the introduction in Japan of the corporation-with-committees governance system, Fujitsu was using the corporation-with-auditors system, and since the auditors were performing the auditing function effectively, we have continued to use the system.

The company maintains the robustness of its governance system by having an effective auditing function in which auditors who are independent of the management perform objective audits, by actively appointing outside directors, and by having established the Executive Nomination Committee and Compensation Committee and an internal audit organization.

Finally, to further improve efficiency, we have established a Management Council, which has accelerated decision-making and management execution.

Policy for Deciding Compensation for Directors and Auditors

Fujitsu's policy on deciding executive compensation is to tie compensation closely with business performance and to ensure the system is highly flexible and transparent. In line with this policy, the Board of Directors decided in April 2007 to terminate the retirement allowance system for directors and auditors and to divide the funds for retirement allowances into a fixed component and a performance-linked component to be paid out in addition to monthly compensation. The remuneration for fiscal 2009 was paid in conformity with this policy.

Moreover, to ensure a highly transparent compensation system for directors and auditors, the Board of Directors decided in October 2009 to establish a Compensation Committee. The Compensation Committee advises the Board of Directors on levels for fixed compensation and methods for calculating compensation tied to business performance. In doing so, the committee considers that compensation must be adequate to secure individuals with superior talent while also providing an effective incentive to improve business performance. It also takes into account compensation levels at peer companies.

III. Implementation of Policies Regarding Shareholders and Other Stakeholders

1. Initiatives to Enliven 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.
Other	To clarify the results of voting at the Annual Shareholders' Meetings, in addition to sending shareholders notification of the results of the Shareholders' Meetings, beginning with the Annual Shareholders' Meeting held in June 2010, Fujitsu began posting the numbers of votes for and against each resolution on its website.

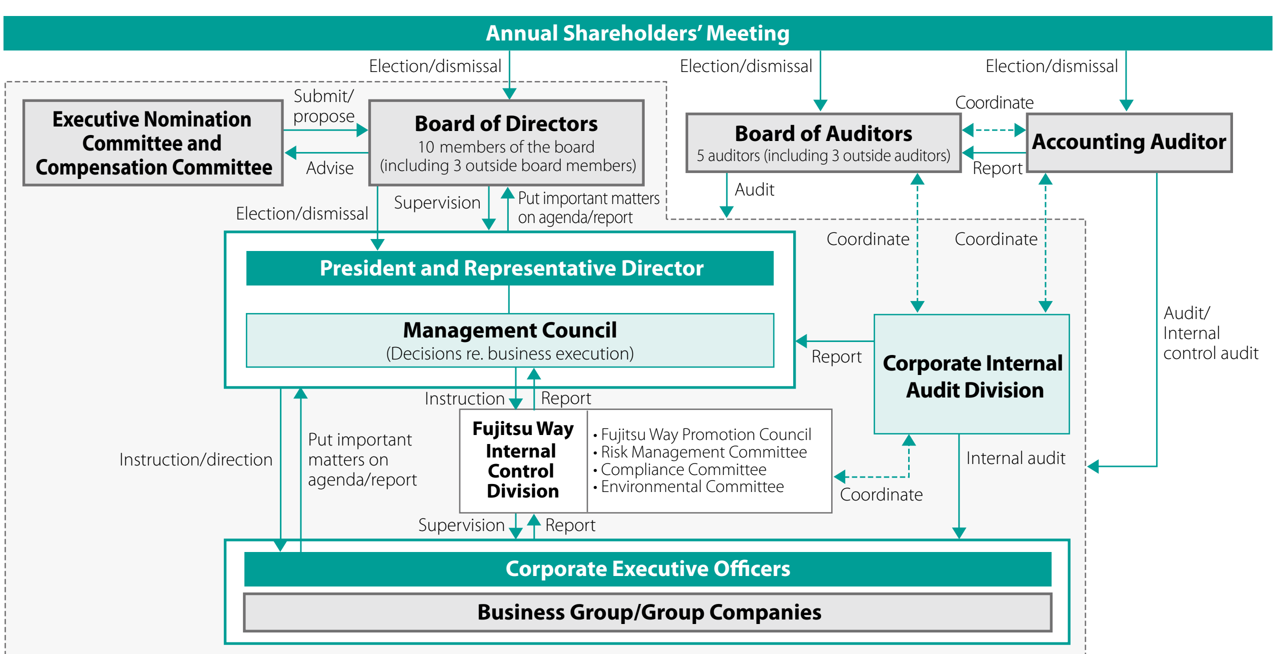
2. Investor Relations Activities

	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 *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. Fujitsu also became a signatory to the UN Global Compact in December 2009. Participants in the Global Compact agree to promote its 10 principles relating to human rights, labor standards, the environment, and anti-corruption. By actively promoting these initiatives, companies perform their corporate social responsibilities and contribute to the creation of a sustainable global society.
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



Corporate Governance

[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 an Auditing Support Division 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 division.

b. In order to ensure the independence of the staff in the Auditing Support Division, 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 division 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, Fujitsu is promoting the implementation and evaluation of its internal control structure. This effort is led by the Fujitsu Way Promotion Council, which reports directly to the Management Council. In addition to the Fujitsu Way Promotion Council, three other groups were established directly under the Management Council and tasked with pursuing more robust and efficient business execution: 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 Financial Instruments and Exchange Act, and by which the company has been able to promote the implementation and evaluation of internal control. 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.

• 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 2009 the accounting auditors, Ernst & Young ShinNihon LLC, 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

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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 and have evaluated these risks and are making efforts to prevent, mitigate, transfer, and retain potential risks, 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 its securities report (June 21, 2010).

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 ICT 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. 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 ICT 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 is expanding its business outside Japan. In addition, the Group imports a substantial amount of components and materials and exports various products. Therefore, sudden fluctuations in exchange rates and other factors could have a significant impact on sales and income. 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 and outside Japan 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 valuation losses or additional pension obligations.

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' ICT Investment Trends

A growing proportion of our technology solutions and other businesses is with telecommunications carriers, financial services 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 addition, the trends in sales of our customers' products and services have a large impact on the demand for and prices of the Group's products and services. Accordingly, soft demand and falling prices for customers' products and services, a decline in the size of customers' businesses, or customers' reduced 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 ICT utilization policies being promoted in Japan and elsewhere could impact sales and profitability.

2) Ability to Maintain Long-Term Relationships with Customers

The Fujitsu Group is creating long-lasting ties with its customers, striving to be a valued and trusted business partner and provide solutions across the full IT system lifecycle. Accordingly, business stability hinges on maintaining relations with customers. An inability to maintain trusted relationships with such customers, or the failure to renew contracts with them, could therefore affect sales and profitability.

3. Competitors/Industry

The ICT 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

Changes in market environments, intensifying competition, technological innovation and other factors may cause prices for products and services to decline. 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, the industrialization of services and standardization, 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 being unable to achieve cost reductions or sales growth due to fluctuations in procurement costs. Any of these risks 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 ICT sector. Today, new entrants continue to emerge in market areas where the Fujitsu Group has 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 ICT 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 services 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 wide range of 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. In respect to procurement of components and other materials, 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 higher 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 actively continue in the 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 global in scope, and are therefore impacted by a variety of public regulations, public policies, tax laws and other such factors in all countries where the Group does business. Specifically, wherever it operates, the Group must comply with a variety of government policies, 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, subcontracting, and taxation. Earnings might be affected by increased compliance costs associated with measures to make stricter or otherwise revise such policies, laws and regulations. We also provide solutions in certain fields and business domains such as healthcare, communications, and construction 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

The Fujitsu Group builds and supports the infrastructure behind the modern network society, which has become increasingly global and sophisticated. In accordance with our corporate philosophy the Fujitsu Way, quality is one of our most important values, and it underpins the trust that customers and society place in us.

We are committed to improving quality at the design and development stages as well as in manufacturing. We are also promoting strict 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 in the technology solutions business, 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. In addition, we have continuously made improvements to the quality, contracts, and related rules in order to ensure the stable operation of social infrastructure systems. We cannot, however, entirely eliminate the possibility of deficiencies or flaws. In the event that such deficiencies or flaws occur in the products or services, 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 and sophistication 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 delayed delivery and 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 incidences of delayed delivery and the occurrence of loss-generating projects.

3) Investment Decisions and Business Restructuring

In the ICT industry, large investments in R&D, capital expenditure, business acquisitions, and business restructuring are necessary to maintain competitiveness. Accordingly, the success or failure of these initiatives has a profound effect on the business results of the Fujitsu Group. When making such investment and restructuring decisions, we give ample consideration to a range of factors such as market trends, customer needs, the superiority of the Group's own 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 capital 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, services 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 modifying 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 related laws and regulations. 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, foster, and prevent the attrition of 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) Environment-related Risks

Making contributions to society and protecting the environment are part of the corporate values of the Fujitsu Group, as set forth in the Fujitsu Way. While committed to minimizing environmental burden and preventing environmental pollution in accordance with 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, social trust in the Group may weaken, and 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, business partners, and the Fujitsu Group itself, 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 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 for our customers when they conduct transactions with us. Lower credit ratings caused by failure to meet earnings targets, deteriorating financial conditions and other reasons could influence our ability to secure financing 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 Fujitsu Group has instituted a Business Continuity Plan (BCP) to ensure that even in the event of natural disasters like earthquakes, major floods, or volcanic eruptions, as well as accidents or the outbreak of infectious diseases like new forms of influenza, we can continue to provide a stable flow of high quality, highly reliable products and services, which our customers rely on for their business. As part of this initiative, we have taken steps to make our sites resistant to earthquakes and we conduct regular site inspections, along with disaster readiness drills. Nevertheless, there is a possibility that the Group may be forced to suspend the delivery of products and services to customers or its support to customer information systems in the event an unforeseen natural disaster or accident forces sites to suspend operations, damages to facilities and equipment, or causes interruptions in the supply of electricity or water or disruption to public transportation infrastructure.

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

Armed conflicts, terrorism, political instability, currency crises, and 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 page 96.

FACTS & FIGURES

Financial Section

Five-Year Summary

Fujitsu Limited and Consolidated Subsidiaries

	Yen (millions)					U.S. Dollars (thousands)
Years ended March 31	2006	2007	2008	2009	**2010**	**2010**
Net sales	¥4,791,416	¥5,100,163	¥5,330,865	¥4,692,991	**¥4,679,519**	**$50,317,409**
Operating income	181,488	182,088	204,989	68,772	**94,373**	**1,014,763**
Income (loss) before income taxes and minority interests	118,084	214,495	109,444	(113,314)	**112,706**	**1,211,892**
Net income (loss)	68,545	102,415	48,107	(112,388)	**93,085**	**1,000,914**
Total assets	¥3,807,131	¥3,943,724	¥3,821,963	¥3,221,982	**¥3,228,051**	**$34,710,226**
Net assets	1,090,075	1,160,719	1,130,176	925,602	**948,373**	**10,197,559**
Amounts per share of common stock (Yen and U.S. Dollars):						
Earnings (loss)						
Basic	¥ 32.83	¥ 49.54	¥ 23.34	¥ (54.35)	**¥ 45.21**	**$ 0.486**
Diluted	29.54	44.95	19.54	(54.35)	**42.17**	**0.453**
Cash dividends	6.00	6.00	8.00	8.00	**8.00**	**0.086**
Owners' equity	443.20	469.02	458.31	362.30	**386.79**	**4.159**
Cash and cash equivalents	¥ 420,894	¥ 448,705	¥ 547,844	¥ 528,174	**¥ 420,166**	**$ 4,517,914**
Interest-bearing loans	928,613	745,817	887,336	883,480	**577,443**	**6,209,064**
D/E ratio (times)	1.01	0.77	0.94	1.18	**0.72**	
Net D/E ratio (times)	0.55	0.31	0.36	0.47	**0.20**	
Free cash flow	170,895	257,682	38,146	23,487	**296,409**	**3,187,194**
Average exchange rate (yen)						
U.S. Dollar	¥ 113	¥ 117	¥ 114	¥ 101	**¥ 93**	
Euro	138	150	162	144	**131**	
Pound Sterling	202	222	229	174	**148**	
R&D expenses	¥ 241,566	¥ 254,095	¥ 258,717	¥ 249,902	**¥ 224,951**	**$ 2,418,828**
Capital expenditure	249,999	305,285	249,063	167,690	**126,481**	**1,360,011**
Depreciation	169,843	202,825	200,509	223,975	**164,844**	**1,772,516**
Number of employees	158,491	160,977	167,374	165,612	**172,438**	
Net sales by business segment (excluding intersegment sales):						
Technology Solutions	¥2,903,651	¥3,064,713	¥3,158,984	¥2,983,053	**¥3,055,244**	**$32,852,086**
Ubiquitous Product Solutions	926,417	993,232	1,056,520	840,362	**811,944**	**8,730,581**
Device Solutions	655,139	707,132	736,527	540,100	**494,623**	**5,318,527**
Other Operations	306,209	335,086	378,834	329,476	**317,708**	**3,416,215**
Total	¥4,791,416	¥5,100,163	¥5,330,865	¥4,692,991	**¥4,679,519**	**$50,317,409**
Net sales by customers' geographic location:						
Japan	¥3,199,842	¥3,274,908	¥3,407,244	¥3,193,105	**¥2,931,215**	**$31,518,441**
EMEA	689,774	795,877	839,719	657,073	**981,622**	**10,555,075**
The Americas	388,131	472,975	521,989	391,443	**321,603**	**3,458,097**
APAC & China	513,669	556,403	561,913	451,370	**445,079**	**4,785,796**
Total	¥4,791,416	¥5,100,163	¥5,330,865	¥4,692,991	**¥4,679,519**	**$50,317,409**
[Ratio of sales outside Japan]	[33.2%]	[35.8%]	[36.1%]	[32.0%]	**[37.4%]**	

Notes: 1. See Note 16 of Notes to Consolidated Financial Statements for specific calculation of basic and diluted earnings (loss) 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 ¥93 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market at March 31, 2010.
3. "Net assets" on and after March 31, 2007 are presented based on "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, Statement No. 5 dated December 9, 2005). 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, 2010 are the total of interim and year-end dividends approved by the Company's Board of Directors on October 28, 2009 and May 21, 2010, respectively.
5. Owners' equity: Net assets less minority interests in consolidated subsidiaries and subscription rights to shares
6. 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, 2010 (fiscal 2009). Forward-looking statements in this section are based on management's understanding and best judgment as of March 31, 2010. The impact of exchange rate movements is calculated by taking the average exchange rates in fiscal 2008 for the U.S. dollar, euro, British pound, Australian dollar, Korean won, and other currencies and applying them to foreign currency-denominated transactions in fiscal 2009.

1. Analysis of Results

Business Environment

During fiscal 2009, ended March 31, 2010, the business environment in which the Group operated was characterized by a serious economic downturn in the first half of the fiscal year, and moderate signs of a recovery in the second half, driven by global progress in inventory adjustments and economic stimulus measures implemented by nations around the world. China's economy expanded as a result of measures to stimulate domestic demand, and the U.S. economy showed improvement as a result of pump-priming measures and progress in inventory adjustments. In Europe, however, the economy remained stagnant due to weak personal consumption resulting from a worsening employment outlook. In Japan, the economy continued to rebound as a result of higher exports, primarily to China and other emerging economies, as well as the underlying support provided by the Japanese government's large economic stimulus program. The recovery remained fragile, however, with lingering weakness in personal income and the job market, as well as prolonged deflationary pressures.

With respect to investment in information and communication technology (ICT), though there were signs of recovery in demand for hardware, challenging conditions remained due to a slow recovery in demand for software and services.

Net Sales

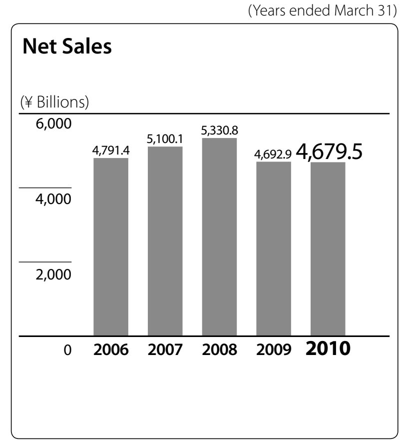
In fiscal 2009, consolidated net sales were ¥4,679.5 billion ($50,317 million), essentially unchanged from fiscal 2008. Sales declined by 7% when excluding the impact of converting Fujitsu Technology Solutions (Holding) B.V. (Fujitsu Technology Solutions, name changed from Fujitsu Siemens Computers (Holding) B.V. in April 2009) and FDK Corporation (FDK), both of which had been equity-method affiliates until the fiscal year under review, into consolidated subsidiaries, the impact of the transfer of the hard disk drive (HDD) business, and the effect of exchange rate fluctuations. Sales in Japan declined by 8.2%. Sales of system integration services and ATM- and POS-related solutions services to customers in the manufacturing, retail/distribution, and financial services industries declined due to corporate spending constraints. Sales of LSI devices, server-related products, and PCs were also lower, primarily as a result of weaker sales in the first half of the fiscal year. Sales outside Japan increased by 16.6%. However, if the effects of business realignment and currency exchange rate fluctuations are excluded, sales actually decreased by 4%. The services business was negatively impacted by the economic recession, particularly in Europe. Sales of HDDs, PCs, and server-related products also declined, primarily in the first half of the year.

Sales outside Japan as a ratio of total net sales came to 37.4%, up 5.4 percentage points from the previous fiscal year. The consolidation of Fujitsu Technology Solutions, which had been an equity-method affiliate until the fiscal year under review, resulted in increased sales to customers in Europe, the Middle East and Africa (EMEA).

In fiscal 2009, Fujitsu Technology Solutions and FDK, both of which had been equity-method affiliates until the fiscal year under review, were converted into consolidated subsidiaries. The consolidation of these companies boosted sales by ¥470.0 billion and ¥65.0 billion, respectively. On the other hand, the transfer of the HDD business reduced net sales by ¥70.0 billion year on year. Accordingly, the impact of business realignment was to increase net sales by ¥465.0 billion compared to fiscal 2008.

In fiscal 2009, the average yen exchange rates against the U.S. dollar, the euro, and the British pound were ¥93, ¥131, and ¥148, respectively, representing a year-on-year appreciation of ¥8 against the U.S. dollar, ¥13 against the euro, and ¥26 against the British pound. Exchange rate fluctuations versus the U.S. dollar caused a reduction in net sales of approximately ¥40.0 billion compared to the previous year, with fluctuations in the euro , British pound, and other currencies lowering net sales by approximately ¥5.0 billion, ¥70.0 billion, and ¥15.0 billion, respectively, year on year. As a result, currency exchange rate fluctuations had a negative impact of approximately ¥130.0 billion on net sales for fiscal 2009. Foreign currency-denominated transactions of Fujitsu Technology Solutions and FDK, which became consolidated subsidiaries from fiscal 2009, were excluded from this calculation.

(Years ended March 31)



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

In fiscal 2009, cost of sales totaled ¥3,436.4 billion ($36,951 million), gross profit was ¥1,243.1 billion ($13,367 million), and the gross profit margin was 26.6%.

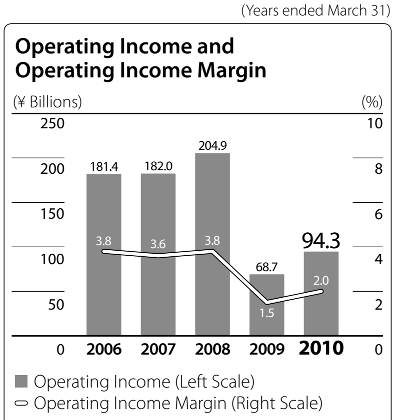
Gross profit increased ¥41.6 billion year on year, primarily atop beneficial effects from the consolidation of Fujitsu Technology Solutions, lower depreciation costs in the LSI business, and higher sales of mobile phones and electronic components. These factors outweighed increased retirement benefit costs triggered by worsening investment conditions for pension assets in the previous fiscal year, a loss provision related to Japan's next-generation supercomputer, and lower service business revenues. The gross profit margin improved 1.0 percentage point year on year, mainly reflecting benefits from progress on structural reforms in the LSI business and the transfer of the HDD business, where profitability had deteriorated. These factors were joined by the promotion of cost-reduction measures in response to declining prices and tepid demand for ICT investment.

Selling, general and administrative (SG&A) expenses were ¥1,148.7 billion ($12,352 million), up ¥16.0 billion year on year. This resulted primarily from the impact of consolidating Fujitsu Technology Solutions and FDK, as well as an increase in strategic upfront investments, largely in relation to cloud computing services. Excluding these factors, expenses fell by over ¥70.0 billion year on year, due in great part to efforts to reduce expenses and enhance efficiency Group-wide. R&D expenses were ¥224.9 billion ($2,419 million), down ¥24.9 billion from the previous year. In addition to greater development efficiencies in the LSI business, R&D expenses pertaining to servers and network products were lower. The ratio of R&D expenditure to net sales was 4.8%, compared to 5.3% a year earlier.

As a result, operating income was ¥94.3 billion ($1,015 million), an increase of ¥25.6 billion compared to fiscal 2008. The operating income margin improved 0.5 of a percentage point year on year, to 2.0%, chiefly due to benefits from structural reforms in the LSI and HDD businesses, and the Group-wide promotion of cost-reduction measures.

The Group strives to minimize the impact of currency exchange rate fluctuations on earnings. During fiscal 2009, fluctuations in currency exchange rates had the effect of lowering operating income by approximately ¥5.0 billion relative to the previous year. For fiscal 2009, a one yen (¥1) fluctuation in the currency exchange rate translated into an impact on operating income of approximately ¥0.8 billion for the U.S. dollar, ¥0.1 billion for the euro, and ¥0.1 billion for the British pound.

(Years ended March 31)



Condensed Consolidated Statements of Operations

(Billions of yen)

Years ended March 31	2009	**2010**	YoY Change	Increase rate
Net sales	4,692.9	**4,679.5**	(13.4)	(0.3)%
Cost of sales	3,491.5	**3,436.4**	(55.1)	(1.6)
Gross profit	1,201.4	**1,243.1**	41.6	3.5
Selling, general and administrative expenses	1,132.7	**1,148.7**	16.0	1.4
Operating income	68.7	**94.3**	25.6	37.2
Other income (expenses)	(182.0)	**18.3**	200.4	—
Income (loss) before income taxes and minority interests	(113.3)	**112.7**	226.0	—
Income taxes	0.4	**15.7**	15.3	—
Minority interests in income (loss) of consolidated subsidiaries	(1.3)	**3.8**	5.1	—
Net income (loss)	(112.3)	**93.0**	205.4	—

Principal Factors in YoY Change

(Billions of yen)

	Net sales	Operating income
I Effects of business realignment and exchange rate fluctuations	335.0	9.5
Effects of business realignment	465.0	14.5
Consolidation of Fujitsu Technology Solutions	470.0	(4.0)
[Amortization of goodwill and other intangible assets, one-time charge for development expenses]	[—]	[(14.0)]
Consolidation of FDK	65.0	2.0
Transfer of HDD business	(70.0)	16.5
Effects of exchange rate fluctuations	(130.0)	(5.0)
II Increased retirement benefit costs	—	(22.0)
III Change from previous year excluding I and II above	(348.0)	38.0
Total	(13.4)	25.6

(Reference) Financial Indicators

(Billions of yen)

Years ended March 31	2009	**2010**	YoY Change
Net sales	4,692.9	**4,679.5**	(13.4)
[Sales outside Japan]	[1,499.8]	**[1,748.3]**	[248.4]
[Ratio of sales outside Japan]	[32.0%]	**[37.4%]**	[5.4%]
Operating income margin	1.5%	**2.0%**	0.5%
Return on equity	(13.2%)	**12.0%**	—

Other Income (Expenses) and Net Income

In other income (expenses), equity in earnings of affiliates, net, improved ¥36.8 billion from the previous year to ¥2.8 billion ($30 million), from a loss of ¥34.0 billion posted a year earlier. This outcome stemmed from the conversion of Fujitsu Technology Solutions and FDK, two equity-method affiliates that posted losses in the previous fiscal year due to worsening performances and structural reforms, into consolidated subsidiaries. The Company also recorded a gain of ¥89.6 billion ($964 million) on sales of investment securities as a result of FANUC Ltd.'s (FANUC) solicitation to repurchase its own shares from the Company, as well as ¥47.4 billion ($510 million) in restructuring charges. The restructuring charges consisted of ¥26.3 billion in expenses to streamline personnel as part of the realignment of European subsidiaries in operations outside Japan, along with ¥21.1 billion related to the reassignment of personnel accompanying LSI business production system realignment, and to enhance the efficiency of administrative operations.

In April 2009, former equity-method affiliate in Europe, Fujitsu Technology Solutions was converted into a wholly owned subsidiary. In tandem with this move, the Group realigned the Fujitsu Technology Solutions Group and Fujitsu Services Group across Europe, including in the U.K. and Ireland, Germany and the Netherlands. This step was taken to eliminate redundancies and heighten efficiencies in regions across Europe, as well as to maximize synergies with the Fujitsu Services Group. Furthermore, as part of structural reforms in the LSI business, the Group made progress on a plan begun in January 2009 to realign the production system to match demand, as well as to enhance the efficiency of administrative operations. By the end of fiscal 2009, the Group had completed the integration and consolidation of three wafer production lines phased in from September 2009.

Net income was ¥93.0 billion ($1,001 million), representing a substantial improvement of ¥205.4 billion from the previous fiscal year. Income before income taxes and minority interests improved ¥226.0 billion due to higher operating income, the gain on sales of investment securities and the reflection of the posting in the previous fiscal year of impairment losses, a loss on revaluation of investment securities, and other charges. Income taxes were ¥15.7 billion ($170 million), with a tax burden relative to income before income taxes and minority interests of 14%. Alongside the improvement related to business activities, the Company reversed valuation allowances due to an increase in the recoverable amount of deferred tax assets in line with the posting of a gain on sales of investment securities. In combination, these factors culminated in a low tax burden for the year. The Company has material tax loss carryforwards associated with past business structural reforms, and records valuation allowances with respect to deferred tax assets in excess of the estimated amount deemed recoverable for up to five years in the future. While the Company has conservatively estimated these future recoverable amounts, greater progress was made recovering loss carryforwards than initially anticipated, due mostly to the gain on sales of investment securities. Minority interests in income of consolidated subsidiaries, meanwhile, came to ¥3.8 billion ($41 million), up ¥5.1 billion year on year, due primarily to improved performance from a publicly listed electronic components subsidiary.

The Group views profitability and efficiency of invested capital in businesses as important management indicators. For fiscal 2009, the return on equity, calculated by dividing net income by average owners' equity*[1], was 12.0%, ending the year above 10% for the first time since the fiscal year ended March 31, 2007.

*[1] Owners' equity = total net assets – subscription rights to shares – minority interests in consolidated subsidiaries.

2. Segment Information

Net Sales and Operating Income by Business Segment

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

Technology Solutions

Sales in this segment in fiscal 2009 amounted to ¥3,121.0 billion ($33,560 million), up 1.4% from fiscal 2008. Sales in Japan were down 7.3%. While sales from outsourcing services grew steadily, revenues from system integration and solutions services declined mainly in the manufacturing, retail/distribution, and financial services sectors as companies cut spending. Sales were also hurt by drops in prices for server-related products and the downturn in the demand cycle for mobile phone base stations. Sales outside of Japan rose 21.0%, but excluding the effects of the consolidation of Fujitsu Technology Solutions and exchange rate fluctuations, actually declined 4.0%. Sales in this segment were negatively impacted most notably by economic stagnation in Europe.

Segment operating income declined ¥36.2 billion year on year to ¥152.4 billion ($1,639 million). In addition to lower revenues for system integration and solutions services and an increase of ¥16.5 billion in retirement benefit costs, stemming from a worsening investment environment for pension assets in the previous fiscal year, there was a deterioration in profitability for certain projects at the fiscal year-end. Outside Japan, in addition to the negative impact of economic stagnation particularly in Europe, operating income was affected by a one-time charge for expensing the fair value of in-process R&D and the amortization of goodwill accompanying the consolidation of Fujitsu Technology Solutions. Profitability also deteriorated for some private- and public-sector projects.

In April 2009, the Company acquired all shares in former equity-method affiliate Fujitsu Technology Solutions held by Siemens AG of Germany, which held a 50% stake in the company, converting it into a wholly owned subsidiary. In conjunction, the Group realigned the Fujitsu Technology Solutions Group and Fujitsu Services Group in every region across Europe, with the goal of eliminating redundancies and heightening efficiencies in each region, as well as to maximize synergies. As a result of structural reforms at European subsidiaries, the Group has established three integrated organizational structures covering the U.K. and Ireland, the Nordics, and Continental Europe. These changes should enable the Group to make strides in resource optimization and business efficiency. In line with this realignment, the Group reduced its workforce and consolidated offices chiefly in continental Europe. Large personnel reductions were also made in the U.K. in light of continued economic weakness. As a result, the Group booked ¥26.3 billion in restructuring charges as other expenses for fiscal 2009.

In Japan, the Group's front-end terminal technology businesses, including ATMs, POS systems, and totalizator terminals, were consolidated under Fujitsu Frontech Limited, with a view to integrating production and sales to accelerate development of its store solutions targeting the retail and service sectors. Moreover, in order to further strengthen the Group's solutions for medium-sized businesses in Japan, Fujitsu Business Systems Ltd.* was made a wholly owned subsidiary of the Company. In addition, the Company's scanner business was consolidated under PFU Limited (PFU). In April 2010, PFU was converted into a wholly owned subsidiary in a bid to expand synergies with the Company's wide-ranging services and to deliver optimal services and products to customers on a global basis.

* Fujitsu Business Systems Ltd. will be renamed Fujitsu Marketing Limited on October 1, 2010.

Ubiquitous Product Solutions

Sales in this segment in fiscal 2009 were ¥918.7 billion ($9,879 million), down 3.2% from fiscal 2008. Excluding the effects of consolidating Fujitsu Technology Solutions, the transfer of the HDD business and exchange rate fluctuations, sales declined 9% year on year. Sales in Japan fell 6%, reflecting the effects of lower revenues due to declining PC prices, despite an increase in PC sales volume atop the launch of models compatible with the new Windows operating system and growth in demand for PCs for educational use. In mobile phones, sales were lifted by increased sales of affordably priced handset models, coupled with revenues from handset repairs in line with the lengthening replacement cycle for mobile phones. Sales outside of Japan increased 3.3%, but would have declined 18% if business realignment effects and exchange rate fluctuations were excluded. Sales were negatively affected by the lingering impact of lower sales in the HDD business in the first half of the year.

Segment operating income was ¥22.9 billion ($247 million), ¥22.4 billion higher than the previous fiscal year. However, excluding the effects of business realignment and exchange rate fluctuations, operating income actually worsened by ¥9.0 billion year on year. Earnings benefited from growth in mobile phone sales and cost reductions in design and the purchase of components. Earnings were negatively affected, though, by declining PC prices and a first-half loss in the HDD business, which grew ¥6.5 billion from the corresponding period of the previous fiscal year.

Business realignment and exchange rate fluctuations boosted profits by approximately ¥31.0 billion from the previous fiscal year. The components of this rise included, in addition to exchange rate fluctuations, effects from the transfer of the HDD business, which posted a loss of ¥16.5 billion in the second half of fiscal 2008. Another major component was profits in the PC business of consolidated subsidiary Fujitsu Technology Solutions, enabled largely by a temporary reduction in copyright levies imposed on PC manufacturers in Germany as the result of a settlement with the national copyright organization.

Regarding the HDD business, which had continued to face a severe business environment marked by intensifying price competition worldwide, the Company signed final agreements on April 30, 2009 for the transfer of its HDD drive business to Toshiba Corporation and its HDD media business to Showa Denko K.K. The HDD media business was transferred on July 1, 2009, and the HDD drive business was transferred on October 1, 2009. As a result, the Company completed its exit from the HDD business.

Device Solutions

This segment reported a 6.9% year-on-year decrease in sales, to ¥547.2 billion ($5,884 million). Sales in Japan decreased 15.5%. Sales of Flash memory and other devices were lower for the year. But while sales of logic LSI devices also declined for the year, a recovery in demand for LSI devices used in digital home appliances and automobiles during the fourth quarter of the year (January to March 2010) resulted in a year-on-year increase in sales for this three-month period. Sales outside of Japan increased by 8.1%, although sales were largely on par with the previous year when excluding the impact of the conversion of FDK into a consolidated subsidiary and exchange rate fluctuations. While sales of LSI products declined for the full year as a result of the first-half slump in sales, demand for electronic components increased for the full year.

The segment posted an operating loss of ¥8.7 billion ($94 million). Electronic components turned profitable during the year. Although the LSI business became profitable in the second half, the large losses posted in the first quarter (April to June 2009) resulted in a loss on an annual basis. Overall, profitability in the Device Solutions business improved by ¥63.1 billion compared to the previous year. The profitability of the LSI business dramatically improved due to lower depreciation costs and reductions in personnel and other fixed costs resulting from structural reforms, as well as greater development efficiencies. In electronic components, higher demand and other factors contributed to improved profitability.

As part of the restructuring initiatives in its LSI business, the Group embarked on a drive to realign its production framework to match demand and to enhance efficiency in administrative operations. Consequently, the integration and consolidation of three wafer production lines, which the Group had begun phasing in, were completed as planned by the end of the fiscal year. Due to the benefits of these initiatives, the LSI business continues to make progress toward being able to consistently generate earnings.

Other Operations

Sales in this segment declined 11.0% year on year, to ¥397.3 billion ($4,272 million). Sales of car audio and navigation systems were lower, most notably in the first half of the year, due to the impact of weak economic conditions. Operating income rose ¥4.4 billion from the previous fiscal year, to ¥8.6 billion ($93 million). This outcome reflected progress on cost reductions and greater efficiency with expenses, which ultimately offset the effects of lower sales.

Elimination and Corporate

The segment posted an operating loss of ¥80.8 billion ($870 million), with costs up ¥28.1 billion compared to fiscal 2008. This was chiefly the result of strategic upfront investments and efforts to enhance human resources. Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Institute of Physical and Chemical Research, known as RIKEN, are promoting the nation's Next-Generation Supercomputer Project. The aim of the project is to develop a system by the end of fiscal 2012 that will boast a performance of 10 petaflops, which would make it one of the world's fastest supercomputers by today's standards. The critical design and prototype/assessment phases of the project were completed by the end of fiscal 2009. The Company, as a participant in this project, has been selected to manufacture the system, including the CPUs, with production starting in fiscal 2010. Because the government budget approved for the project in March 2010 will not fully cover its production costs, the Company recognized a loss provision in fiscal 2009.

Geographic 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 ¥3,400.5 billion ($36,565 million), a decrease of 10.3% compared to fiscal 2008. Sales of system integration services and ATM- and POS-related solutions services to customers in the manufacturing, retail/distribution, and financial services sectors declined due to corporate spending constraints. Sales of LSI, server-related products, and PCs were also lower, primarily as a result of weaker sales in the first half of the fiscal year. Operating income in Japan was ¥166.3 billion ($1,789 million), an improvement of ¥59.8 billion over fiscal 2008. Despite lower sales from system integration and solutions services, profitability improved as a result of benefits from progress in restructuring the LSI business, the positive effect of transferring the loss-generating HDD business, and success in cutting costs and using expenses more efficiently.

EMEA (Europe, Middle East and Africa)

In EMEA, consolidated sales were ¥975.6 billion ($10,491 million), an increase of 59.2% from the previous fiscal year. However, excluding effects from consolidating Fujitsu Technology Solutions and FDK, the HDD business transfer, and exchange rate fluctuations, sales declined 9%. The EMEA region posted an operating loss of ¥2.6 billion ($28 million), a deterioration of ¥14.7 billion from the previous fiscal year. In the U.K., services sales were impacted by the economic recession, while the profitability of some private- and public-sector projects declined. Furthermore, the conversion of Fujitsu Technology Solutions into a consolidated subsidiary incurred a one-time charge for expensing the fair value of in-process R&D and the amortization of goodwill and other assets. These charges were offset, however, by a temporary reduction in copyright levies imposed on PC manufacturers in Germany as the result of a settlement with the national copyright organization.

The Americas

Consolidated sales in the Americas came to ¥293.8 billion ($3,160 million), representing a 19.5% year-on-year decrease. Excluding effects from consolidating FDK, the HDD business transfer, and exchange rate fluctuations, sales declined 10%. Although sales of optical transmissions systems increased, sales of server-related products were adversely impacted by weak economic conditions. Operating income for the region was ¥1.8 billion ($20 million), an improvement of ¥3.1 billion from fiscal 2008. Earnings rose principally as a result of cost reductions in optical transmission systems and car audio and navigation systems, which offset the sales decline.

APAC (Asia-Pacific) & China

In APAC & China, consolidated sales were ¥505.4 billion ($5,435 million), down 23.0% year on year. Excluding effects from consolidating FDK, the HDD business transfer, and exchange rate fluctuations, sales declined 9%. While sales benefited from expansion of the services business in Oceania, along with higher sales of car audio and navigation systems, sales of HDDs declined in the first half of the fiscal year. Operating income was ¥12.9 billion ($140 million), ¥6.5 billion higher than the previous fiscal year. The increase in operating income was the result of higher earnings in the services business and car audio and navigation systems.

3. Capital Resources and Liquidity

Assets, Liabilities and Net Assets

Total assets at the fiscal year-end amounted to ¥3,228.0 billion ($34,710 million). Despite the increase in assets associated with the conversion of Fujitsu Technology Solutions and FDK into consolidated subsidiaries, total assets remained at roughly the same level as at the end of fiscal 2008 due to several factors. These included the use of cash reserves and amounts collected from trade receivables for the repayment of interest-bearing loans, as well as the sale by the Company of its remaining shares in FANUC in accordance with a solicitation by FANUC to repurchase its own shares. This sale had the effect of reducing investments and long-term loans compared to the previous fiscal year-end.

Current assets were ¥1,871.9 billion ($20,129 million), a decrease of ¥15.5 billion compared to March 31, 2009. Although receivables, trade, and inventories increased as a result of the consolidation of Fujitsu Technology Solutions, cash and cash equivalents decreased due to the redemption of bonds. Inventories stood at ¥322.3 billion ($3,466 million), an increase of ¥15.8 billion from the end of the previous fiscal year. If the effects of consolidating Fujitsu Technology Solutions and HDD business transfer are excluded, inventories were approximately the same level as at the end of fiscal 2008. The monthly inventory turnover rate, which is an indication of asset efficiency, was 1.04 times, an improvement of 0.06 times from the end of the previous fiscal year. This was the result of progress in raising inventory efficiency, particularly in product-related businesses such as servers, PCs and mobile phones, as well as the HDD business transfer.

Investments and long-term loans declined ¥35.9 billion year on year, to ¥414.1 billion ($4,453 million), principally from the sale by the Company of its remaining shares in FANUC in accordance with a solicitation by FANUC to repurchase its own shares. Intangible assets amounted to ¥279.2 billion ($3,002 million), up ¥67.8 billion year on year, due mainly to an increase in goodwill accompanying the conversion of Fujitsu Technology Solutions into a consolidated subsidiary.

Total liabilities were ¥2,279.6 billion ($24,513 million), down ¥16.7 billion from March 31, 2009. Although payables, trade, and accrued retirement benefits increased as a result of consolidating Fujitsu Technology Solutions, interest-bearing loans, inclusive of current liabilities (short-term borrowings and current portion of long-term debt) and long-term liabilities (long-term debt), stood at ¥577.4 billion ($6,209 million), down ¥306.0 billion from March 31, 2009. This decrease owed to progress in repaying interest-bearing loans, mainly through the redemption of ¥250 billion in convertible bonds and ¥50 billion in straight bonds that matured in 2009. The D/E ratio was 0.72 times, and the net D/E ratio was 0.2 times.

Net assets amounted to ¥948.3 billion ($10,198 million), an increase of ¥22.7 billion year on year. Minority interests in consolidated subsidiaries declined ¥26.9 billion as a result of the Company's open-market purchase of its own shares to make an allotment to minority shareholders of Fujitsu Business Systems Ltd.*[1] (Fujitsu Business Systems), in order to convert that company into a wholly owned subsidiary. In addition, while total valuation and translation adjustments decreased by ¥33.2 billion as a result of the realization of unrealized gains on securities from the sale of shares in FANUC and other investment securities, total shareholders' equity increased by ¥82.9 billion due to the net income recorded for fiscal 2009. As a result, the owners' equity ratio*[2] was 24.7%, up 1.5 percentage points year on year. This improvement virtually offset deterioration in the owners' equity ratio caused by the net loss recorded in fiscal 2008, returning to the same level as at the end of fiscal 2007.

Regarding the unrecognized obligation for retirement benefits*[3], the level in Japan fell by ¥112.0 billion year on year, to ¥276.5 billion ($2,974 million) at the end of fiscal 2009, due to improvement in the performance of pension plan assets under management. Outside Japan, the level rose by ¥98.5 billion to ¥110.0 billion ($1,183 million). Despite an improvement in pension plan asset performance outside Japan, there was an increase due to a reduction in the discount rate*[4], primarily at a subsidiary in the U.K.

*[1] Fujitsu Business Systems Ltd. will be renamed Fujitsu Marketing Limited on October 1, 2010.

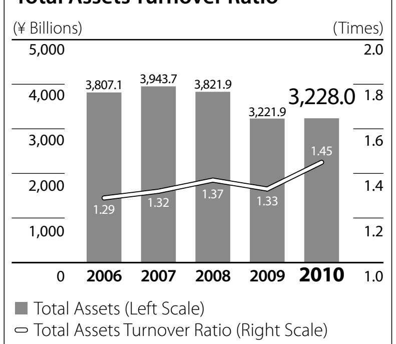
*[2] Calculated as owners' equity (total net assets – subscription rights to shares – minority interests in consolidated subsidiaries) divided by total assets.

*[3] Unrecognized obligations consist primarily of unrecognized actuarial losses. "Actuarial losses" refer to disparities that occur chiefly as the result of differences between expected and actual returns from pension plan assets under management, differences between the estimates used for the actuarial calculation of retirement benefit obligations and actual obligations, and changes in estimates. Of these differences, those that have not yet been expensed are referred to as "unrecognized actuarial losses." The Group expenses actuarial losses that arise over the average remaining service period of its employees.

*[4] Refers to the rate used to discount to present value the amount of expected retirement benefits deemed to be incurred for each projected retirement period incurred by the fiscal year-end. The rate is decided with reference to interest on high-quality corporate bonds as of the balance-sheet date.

(As of March 31)

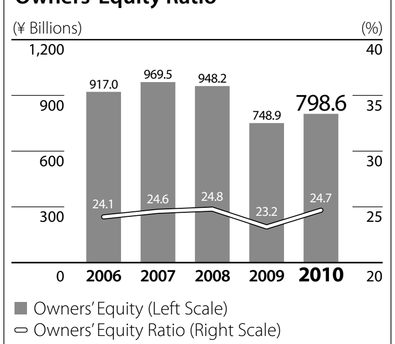
Total Assets/ Total Assets Turnover Ratio*



* Net Sales divided by Average Total Assets

(As of March 31)

Owners' Equity/ Owners' Equity Ratio



Condensed Consolidated Balance Sheets

(Billions of yen)

At March 31	2009	**2010**	YoY Change
Assets			
Current assets	1,887.5	**1,871.9**	(15.5)
Investments and long-term loans	450.0	**414.1**	(35.9)
Property, plant and equipment, net	673.0	**662.7**	(10.2)
Intangible assets	211.3	**279.2**	67.8
Total assets	3,221.9	**3,228.0**	6.0
Liabilities and net assets			
Current liabilities	1,550.4	**1,560.0**	9.6
Long-term liabilities	745.9	**719.6**	(26.3)
Net assets	925.6	**948.3**	22.7
Total shareholders' equity	782.9	**865.8**	82.9
Valuation and translation adjustments	(33.9)	**(67.1)**	(33.2)
Minority interests in consolidated subsidiaries	176.6	**149.6**	(26.9)
Total liabilities and net assets	3,221.9	**3,228.0**	6.0
Cash and cash equivalents at end of year	528.1	**420.1**	(108.0)
Interest-bearing loans	883.4	**577.4**	(306.0)

Effects of Consolidation of Fujitsu Technology Solutions

(Billions of yen)

Total assets	358.6
Total liabilities	358.4
Minority interests in consolidated subsidiaries	0.1

(Note) Figures reflect effects as of April 1, 2009, and include amounts posted for goodwill and the elimination of investments and capital accompanying the conversion of Fujitsu Technology Solutions into a consolidated subsidiary.

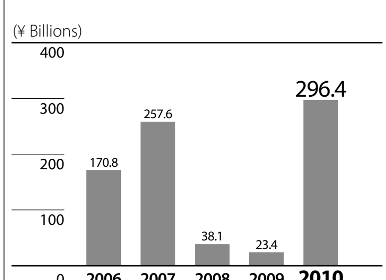
Cash Flows

Net cash provided by operating activities amounted to ¥295.3 billion ($3,176 million), an increase of ¥47.2 billion compared to the previous fiscal year due to an improvement in working capital, primarily from fluctuations in trade payables.

Net cash provided by investing activities was ¥1.0 billion ($11 million), as cash outflows and inflows were nearly evenly balanced. Along with cash outflows of ¥114.5 billion ($1,231 million) for purchases of property, plant and equipment, primarily representing capital expenditures in the outsourcing services business, ¥58.8 billion ($633 million) in cash was used for purchases of intangible assets. Conversely, the Company saw cash proceeds of ¥116.8 billion ($1,256 million) from the sale of investment securities, including the sale by the Company of remaining shares held in FANUC in accordance with a solicitation by FANUC to repurchase its shares. Furthermore, while cash of ¥53.7 billion was used for the purchase of shares in Fujitsu Technology Solutions, the conversion of Fujitsu Technology Solutions into a consolidated subsidiary resulted in a net cash inflow of ¥42.9 billion, reflecting the inclusion of ¥96.6 billion in cash and cash equivalents held by Fujitsu Technology Solutions. There was also a cash inflow of ¥17.5 billion ($189 million) in conjunction with the transfer of the HDD business and other operations.

(Years ended March 31)

Free Cash Flow



Compared to the previous fiscal year, there was a decrease in net cash outflows of ¥225.6 billion, the result of proceeds from the sale of shares in FANUC and business restructuring initiatives related to Fujitsu Technology Solutions and other companies, as well as lower capital expenditures.

Free cash flow (the sum of operating and investment cash flows) was positive ¥296.4 billion ($3,187 million), representing an increase of ¥272.9 billion year on year. Excluding special items, such as proceeds from sales of investment securities and from the acquisition of shares in Fujitsu Technology Solutions, free cash flow increased by ¥103.7 billion to ¥111.6 billion ($1,200 million).

Net cash used in financing activities was ¥405.3 billion ($4,358 million). In addition to cash outflows for the repayment of interest-bearing loans, including ¥300.0 billion for the redemption of corporate bonds, ¥405.3 billion in cash was used for the acquisition of the Company's own shares and the payment of dividends. Compared to a year earlier, cash outflows increased ¥357.4 billion.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2009 totaled ¥420.1 billion ($4,518 million), a decrease of ¥108.0 billion from the previous fiscal year-end, primarily as the result of using free cash flow to repay interest-bearing loans.

To ensure efficient fund procurement when the need for funds arises, the Company views the maintenance of an appropriate level of liquidity as an important policy with respect to its financing activities. "Liquidity" refers to cash and cash equivalents and the total unused balance of financing frameworks based on commitment lines established with multiple financial institutions. As of March 31, 2010, the Group had liquidity of ¥633.0 billion ($6,806 million), of which ¥420.1 billion was cash and cash equivalents and ¥212.9 billion was the aggregate yen value of unused commitment lines.

To procure funds from global capital markets, 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, 2010, 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.

Condensed Consolidated Statements of Cash Flows

(Billions of yen)

Years ended March 31	2009	**2010**	YoY Change
I Cash flows from operating activities	248.0	**295.3**	47.2
II Cash flows from investing activities	(224.6)	**1.0**	225.6
I+II Free cash flow	23.4	**296.4**	272.9
[Excluding special items]	[7.8]	**[111.6]**	[103.7]
III Cash flows from financing activities	(47.8)	**(405.3)**	(357.4)
IV Cash and cash equivalents at end of year	528.1	**420.1**	(108.0)

Note: "Free cash flow excluding special items" refers to free cash flow excluding proceeds from sales of investment securities, purchase of shares in subsidiaries, and transfer of businesses.

4. Capital Expenditure

In fiscal 2009, capital expenditure totaled ¥126.4 billion ($1,360 million), a decline of 24.6% from ¥167.6 billion in the previous fiscal year. This decline was primarily attributable to a switch to a "fab-lite" business model*[1] in the LSI business and the transfer of the HDD business. This was partially offset by spending in Technology Solutions, one of the Group's core operations. Capital expenditure here included the opening of a new annex at one of the Group's key bases in Japan, the Tatebayashi System Center, to expand the outsourcing business, as well as the upgrade and expansion of datacenters and other outsourcing facilities overseas, primarily in the U.K.

*[1] A semiconductor business model that minimizes capital expenditures and improves management flexibility. Instead of a company retaining 100% of its own production capacity, a majority of production is outsourced to foundry producers.

5. Consolidated Subsidiaries

At the end of fiscal 2009, the Company had 540 consolidated subsidiaries, comprising 195 companies in Japan and 345 overseas, representing an increase of 60 from last year's total of 480. The main reason for the increase in new companies was the consolidation of former equity-method affiliates Fujitsu Technology Solutions (name changed from Fujitsu Siemens Computers (Holding) B.V. in April 2009) and FDK. The consolidation of these two companies resulted in the consolidation of 35 subsidiaries of Fujitsu Technology Solutions (as of April 1, 2009, the date of business combination) and 14 subsidiaries of FDK as subsidiaries of the Company.

The number of affiliates accounted for by the equity method as of the fiscal year-end totaled 20, unchanged from a year earlier. This figure reflected an increase of five companies and a decrease of five companies, among them Fujitsu Technology Solutions and FDK.

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 ICT systems and products, excluding customized software under development contracts, is recognized upon acceptance by the customers, whereas revenue from sales of personal computers, other peripheral equipment and electronic devices is recognized when the products are delivered to the customers. Revenue from customized software under development contracts is recognized on a percentage-of-completion basis.

The Group stringently assesses the potential revenue recoverable on projects for which estimated costs have exceeded estimated revenue, and recognizes 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 carried at the acquisition cost. However, should the net realizable value ("NRV") at the fiscal year-end fall below that of the acquisition cost, inventories are subsequently listed based on the NRV, with the difference in value between the acquisition cost, 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 Group 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 net assets. 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

The Group records 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 the Group to repair or exchange them free of charge during a set period of time. Based on past records, the Group recognizes 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

At March 31	Notes	Yen (millions) 2009	Yen (millions) 2010	U.S. Dollars (thousands) (Note 2) 2010
Assets				
Current assets:				
Cash and cash equivalents	12	¥ 528,174	**¥ 420,166**	**$ 4,517,914**
Short-term investments	12, 13	9,430	**7,794**	**83,807**
Receivables, trade	12, 15	847,249	**921,349**	**9,906,978**
Allowance for doubtful accounts	12	(8,254)	**(15,924)**	**(171,226)**
Inventories	3	306,456	**322,301**	**3,465,602**
Others	9	204,482	**216,294**	**2,325,742**
Total current assets		1,887,537	**1,871,980**	**20,128,817**
Investments and long-term loans:				
Affiliates	12	41,995	**36,770**	**395,377**
Others	8, 9, 12, 13	408,100	**377,353**	**4,057,559**
Total investments and long-term loans		450,095	**414,123**	**4,452,936**
Property, plant and equipment:	4, 5, 7			
Land		112,834	**119,530**	**1,285,269**
Buildings		780,204	**801,744**	**8,620,903**
Machinery and equipment		1,730,523	**1,629,060**	**17,516,774**
Construction in progress		15,514	**21,924**	**235,742**
		2,639,075	**2,572,258**	**27,658,688**
Less accumulated depreciation		(1,966,047)	**(1,909,523)**	**(20,532,505)**
Property, plant and equipment, net		673,028	**662,735**	**7,126,183**
Intangible assets:	5			
Software		139,727	**139,546**	**1,500,495**
Goodwill	6	46,508	**93,945**	**1,010,161**
Others		25,087	**45,722**	**491,634**
Total intangible assets		211,322	**279,213**	**3,002,290**
Total assets		¥ 3,221,982	**¥ 3,228,051**	**$ 34,710,226**

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

At March 31	Notes	Yen (millions) 2009	Yen (millions) 2010	U.S. Dollars (thousands) (Note 2) 2010
Liabilities and net assets				
Liabilities				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	7, 12	¥ 426,883	**¥ 220,457**	**$ 2,370,505**
Lease obligation	5, 12	41,432	**29,790**	**320,323**
Payables, trade	12, 15	528,707	**626,986**	**6,741,785**
Accrued expenses	12	298,969	**334,458**	**3,596,323**
Accrued income taxes		19,332	**26,728**	**287,398**
Provision for product warranties		14,941	**25,429**	**273,430**
Provision for construction contract losses		6,105	**24,575**	**264,247**
Provision for bonuses to board members		—	**93**	**1,000**
Others	9	214,053	**271,537**	**2,919,753**
Total current liabilities		1,550,422	**1,560,053**	**16,774,764**
Long-term liabilities:				
Long-term debt	7, 12	456,597	**356,986**	**3,838,559**
Lease obligation	5, 12	47,303	**39,509**	**424,828**
Accrued retirement benefits	8	137,222	**206,404**	**2,219,398**
Provision for loss on repurchase of computers		25,837	**23,514**	**252,839**
Provision for product warranties		—	**3,585**	**38,548**
Provision for recycling expenses		5,726	**5,550**	**59,677**
Others	9	73,273	**84,077**	**904,054**
Total long-term liabilities		745,958	**719,625**	**7,737,903**
Total liabilities		2,296,380	**2,279,678**	**24,512,667**
Net assets				
Shareholders' equity:				
Common stock	10	324,625	**324,625**	**3,490,591**
Capital surplus		236,612	**235,985**	**2,537,473**
Retained earnings		223,797	**307,964**	**3,311,441**
Treasury stock, at cost		(2,133)	**(2,723)**	**(29,280)**
Total shareholders' equity		782,901	**865,851**	**9,310,225**
Valuation and translation adjustments:				
Unrealized gain and loss on securities, net of taxes		51,661	**16,006**	**172,108**
Deferred gains or losses on hedge and others, net of taxes		5,212	**2,300**	**24,731**
Foreign currency translation adjustments		(90,833)	**(85,495)**	**(919,301)**
Total valuation and translation adjustments		(33,960)	**(67,189)**	**(722,462)**
Subscription rights to shares		26	**53**	**570**
Minority interests in consolidated subsidiaries		176,635	**149,658**	**1,609,226**
Total net assets		925,602	**948,373**	**10,197,559**
Commitments and contingent liabilities	11			
Total liabilities and net assets		¥3,221,982	**¥3,228,051**	**$34,710,226**

Consolidated Statements of Operations

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Notes	2008	2009	Yen (millions) 2010	U.S. Dollars (thousands) (Note 2) 2010
Net sales		¥5,330,865	¥4,692,991	**¥4,679,519**	**$50,317,409**
Operating costs and expenses:					
Cost of sales		3,959,561	3,491,512	**3,436,412**	**36,950,668**
Selling, general and administrative expenses	17	1,166,315	1,132,707	**1,148,734**	**12,351,978**
		5,125,876	4,624,219	**4,585,146**	**49,302,646**
Operating income		204,989	68,772	**94,373**	**1,014,763**
Other income (expenses):					
Interest income		10,090	7,770	**4,239**	**45,581**
Dividend income		7,669	11,588	**3,778**	**40,624**
Interest charges		(21,277)	(17,516)	**(16,321)**	**(175,495)**
Equity in earnings of affiliates, net		9,192	(34,049)	**2,805**	**30,161**
Other, net	17	(101,219)	(149,879)	**23,832**	**256,258**
		(95,545)	(182,086)	**18,333**	**197,129**
Income (loss) before income taxes and minority interests		109,444	(113,314)	**112,706**	**1,211,892**
Income taxes	9				
Current		39,736	25,022	**27,059**	**290,957**
Deferred		7,534	(24,611)	**(11,283)**	**(121,323)**
		47,270	411	**15,776**	**169,634**
Income (loss) before minority interests		62,174	(113,725)	**96,930**	**1,042,258**
Minority interests in income (loss) of consolidated subsidiaries		14,067	(1,337)	**3,845**	**41,344**
Net income (loss)		¥ 48,107	¥ (112,388)	**¥ 93,085**	**$ 1,000,914**

				Yen	U.S. Dollars (Note 2)
Amounts per share of common stock:					
Basic earnings (loss)	16	¥23.34	¥(54.35)	**¥45.21**	**$0.486**
Diluted earnings (loss)	16	19.54	(54.35)	**42.17**	**0.453**
Cash dividends		8.00	8.00	**8.00**	**0.086**

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)

	Notes	Shareholders' equity					Valuation and translation adjustments					
		Common stock	Capital surplus	Retained earnings	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, 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	1			(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
Effect of changes in accounting policies applied to foreign subsidiaries				**999**		**999**						**999**
Increase (decrease) during the term:												
Cash dividends from retained earnings				**(12,399)**		**(12,399)**						**(12,399)**
Net income				**93,085**		**93,085**						**93,085**
Purchase of treasury stock					**(22,691)**	**(22,691)**						**(22,691)**
Disposal of treasury stock			**(627)**		**22,101**	**21,474**						**21,474**
Change in scope of consolidation				**2,482**		**2,482**						**2,482**
Net increase (decrease) during the term, except for items under shareholders' equity							**(35,655)**	**(2,912)**	**5,338**	**27**	**(26,977)**	**(60,179)**
Net increase (decrease) during the term		**—**	**(627)**	**83,168**	**(590)**	**81,951**	**(35,655)**	**(2,912)**	**5,338**	**27**	**(26,977)**	**21,772**
Balance at March 31, 2010		**¥ 324,625**	**¥ 235,985**	**¥ 307,964**	**¥ (2,723)**	**¥ 865,851**	**¥ 16,006**	**¥ 2,300**	**¥ (85,495)**	**¥ 53**	**¥ 149,658**	**¥ 948,373**

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

	Common stock	Capital surplus	Retained earnings	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, 2009 (in U.S. Dollars)	$ 3,490,591	$ 2,544,215	$ 2,406,419	$ (22,935)	$ 8,418,290	$ 555,495	$ 56,043	$ (976,699)	$ 280	$ 1,899,301	$ 9,952,710
Effect of changes in accounting policies applied to foreign subsidiaries			**10,742**		**10,742**						**10,742**
Increase (decrease) during the term:											
Cash dividends from retained earnings			**(133,323)**		**(133,323)**						**(133,323)**
Net income			**1,000,914**		**1,000,914**						**1,000,914**
Purchase of treasury stock				**(243,989)**	**(243,989)**						**(243,989)**
Disposal of treasury stock		**(6,742)**		**237,644**	**230,902**						**230,902**
Change in scope of consolidation			**26,689**		**26,689**						**26,689**
Net increase (decrease) during the term, except for items under shareholders' equity						**(383,387)**	**(31,312)**	**57,398**	**290**	**(290,075)**	**(647,086)**
Net increase (decrease) during the term	**—**	**(6,742)**	**894,280**	**(6,345)**	**881,193**	**(383,387)**	**(31,312)**	**57,398**	**290**	**(290,075)**	**234,107**
Balance at March 31, 2010 (in U.S. Dollars)	**$3,490,591**	**$2,537,473**	**$3,311,441**	**$ (29,280)**	**$9,310,225**	**$ 172,108**	**$ 24,731**	**$(919,301)**	**$570**	**$1,609,226**	**$10,197,559**

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

				Yen (millions)	U.S. Dollars (thousands) (Note 2)
Years ended March 31	Notes	2008	2009	**2010**	**2010**
Cash flows from operating activities (A):					
Income (loss) before income taxes and minority interests		¥ 109,444	¥(113,314)	**¥ 112,706**	**$ 1,211,892**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:					
Depreciation and amortization		257,127	282,111	**231,741**	**2,491,839**
Amortization of goodwill		22,171	16,292	**23,317**	**250,720**
Impairment loss		18,756	75,192	**2,902**	**31,204**
Increase (decrease) in provisions		(24,611)	(12,112)	**(29,831)**	**(320,763)**
Interest and dividend income		(17,759)	(19,358)	**(8,017)**	**(86,204)**
Interest charges		21,277	17,516	**16,321**	**175,495**
Equity in earnings of affiliates, net		(9,192)	34,049	**(2,805)**	**(30,161)**
Loss on disposal of non-current assets		17,314	9,499	**10,535**	**113,280**
Gain on sales of investment securities, net		(17,308)	(3,484)	**(89,657)**	**(964,054)**
Loss on revaluation of investment securities		25,132	18,729	**—**	**—**
Loss on revaluation of inventories at the beginning of period		25,045	—	**—**	**—**
(Increase) decrease in receivables, trade		(26,452)	127,090	**48,937**	**526,204**
(Increase) decrease in inventories		(8,361)	63,516	**18,793**	**202,075**
Increase (decrease) in payables, trade		(22,892)	(224,870)	**(23,047)**	**(247,817)**
Other, net		(1,087)	(1,497)	**15,773**	**169,602**
Cash generated from operations		368,604	269,359	**327,668**	**3,523,312**
Interest and dividends received		17,874	29,378	**8,969**	**96,441**
Interest paid		(19,388)	(18,532)	**(17,879)**	**(192,247)**
Income taxes paid		(45,018)	(32,107)	**(23,369)**	**(251,280)**
Net cash provided by operating activities		322,072	248,098	**295,389**	**3,176,226**
Cash flows from investing activities (B):					
Purchases of property, plant and equipment		(268,955)	(175,851)	**(114,525)**	**(1,231,452)**
Proceeds from sales of property, plant and equipment		3,986	18,649	**9,177**	**98,677**
Purchases of intangible assets		(62,085)	(66,117)	**(58,825)**	**(632,527)**
Purchases of investment securities		(20,985)	(17,022)	**(23,662)**	**(254,430)**
Proceeds from sales of investment securities		55,470	15,604	**116,814**	**1,256,065**
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation	18	—	—	**50,416**	**542,108**
Proceeds from transfer of business	18	—	—	**17,549**	**188,699**
Other, net		8,643	126	**4,076**	**43,828**
Net cash provided by (used in) investing activities		(283,926)	(224,611)	**1,020**	**10,968**
A+B*		38,146	23,487	**296,409**	**3,187,194**
Cash flows from financing activities:					
Increase (decrease) in short-term borrowings		16,099	81,423	**(80,861)**	**(869,473)**
Proceeds from long-term debt		336,862	109,244	**82,047**	**882,226**
Repayment of long-term debt		(202,707)	(172,012)	**(326,605)**	**(3,511,882)**
Proceeds from sales of treasury stock		134	155	**25**	**269**
Purchase of treasury stock		(27,232)	(1,492)	**(22,691)**	**(243,989)**
Dividends paid		(15,875)	(24,460)	**(13,842)**	**(148,839)**
Other, net		(44,956)	(40,752)	**(43,383)**	**(466,484)**
Net cash provided by (used in) financing activities		62,325	(47,894)	**(405,310)**	**(4,358,172)**
Effect of exchange rate changes on cash and cash equivalents		(2,313)	(4,035)	**(983)**	**(10,570)**
Net increase (decrease) in cash and cash equivalents		98,158	(28,442)	**(109,884)**	**(1,181,548)**
Cash and cash equivalents at beginning of year		448,705	547,844	**528,174**	**5,679,290**
Cash and cash equivalents of newly consolidated subsidiaries		981	8,772	**1,876**	**20,172**
Cash and cash equivalents at end of year		¥ 547,844	¥ 528,174	**¥ 420,166**	**$ 4,517,914**
Non-cash investing and financing activities:					
Acquisition of assets under finance leases		¥ 19,015	¥ 25,326	**¥ 20,580**	**$ 221,290**

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.

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:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2009	**2010**	**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:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2009	**2010**	**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**

Long-term debt (including current portion)

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2009	**2010**	**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.

Notes to Consolidated Financial Statements

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 [ ].

(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.

Notes to Consolidated Financial Statements

<Currency-related transactions>

				Yen (millions)
At March 31, 2009	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	¥35,662	¥21,454	¥5,180	¥ 1,645
Other currencies	8,398	3,422	5,062	1,002
To sell foreign currencies				
U.S. Dollars	15,175	3,797	9,534	(2,235)
Other currencies	2,591	—	2,939	(349)
Foreign Exchange Options Contracts				
To buy options				
U.S. Dollars puts	286	—		
	<3>	<—>	2	(1)
To sell options				
U.S. Dollars calls	286	—		
	<3>	<—>	13	(10)
Foreign Exchange Swap Contracts				
Receive Pound Sterling/pay Euro	5,295	—	(102)	(102)
Receive Pound Sterling/pay U.S. Dollar or other currencies	6,956	—	9	9
Receive Euro/pay Pound Sterling	19,686	—	451	451
Receive Yen/pay Pound Sterling	2,957	—	(199)	(199)
Receive U.S. Dollar or other currencies/pay Pound Sterling	3,235	—	79	79
Total				¥ 290

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:

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

16. Earnings per Share

	Yen			U.S. Dollars
Years ended March 31	2008	2009	**2010**	**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**

	Yen (millions)			U.S. Dollars (thousands)
Years ended March 31	2008	2009	**2010**	**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		
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:

	Yen (millions)			U.S. Dollars (thousands)
Years ended March 31	2008	2009	**2010**	**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

Yen (millions)

Years ended March 31	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Elimination & Corporate	Consolidated
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	Consolidated
						Yen (millions)
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	Consolidated
						U.S. Dollars (thousands)
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

Years ended March 31	Japan	EMEA	The Americas	APAC & China	Elimination & Corporate	Consolidated
						Yen (millions)
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**

Years ended March 31	Japan	EMEA	The Americas	APAC & China	Elimination & Corporate	Consolidated
						U.S. Dollars (thousands)
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**

Notes to Consolidated Financial Statements

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

Notes to Consolidated Financial Statements

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.

Independent Auditors' Report

ERNST & YOUNG

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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, 2009 and 2010, 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, 2010, 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, 2009 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2010, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 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, 2010 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, 2010 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.

Ernst & Young ShinNihon LLC

June 21, 2010

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

I, Masami Yamamoto, 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.

Masami Yamamoto

Management's Report on Internal Control Over Financial Reporting

1. Basic Framework of Internal Control Over Financial Reporting

Masami Yamamoto, President and Representative Director of Fujitsu Limited (the "Company"), and Kazuhiko Kato, Corporate Executive Vice President and Director 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, 2010, 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 129 consolidated companies and 1 equity method affiliate 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 21 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, 2010.

Principal Subsidiaries and Affiliates

(As of March 31, 2010)

Consolidated Subsidiaries (540 companies)

Japan

Listed

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

Unlisted

Shimane Fujitsu Limited
PFU Limited*1
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 Business Systems Ltd.*2
Fujitsu Microelectronics Limited*3
Fujitsu Mobile-phone Products Ltd.

The Americas

Unlisted

Fujitsu America, Inc.
Fujitsu Management Services of America, Inc.
Fujitsu Network Communications, Inc.

EMEA

Unlisted

Fujitsu International Finance (Netherlands) B.V.
Fujitsu Services Holdings PLC
Fujitsu Technology Solutions (Holding) B.V.

APAC/China

Unlisted

Fujitsu Asia Pte Ltd
Fujitsu Australia Limited
Fujitsu Microelectronics Asia Pte. Ltd.*4

Equity-method Affiliates (20 companies)

Japan

Listed

Fujitsu General Limited

Unlisted

Fujitsu Leasing Co., Ltd.

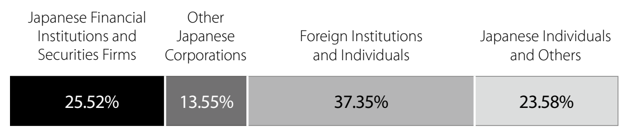
*1 On April 1, 2010, PFU Limited became a wholly owned subsidiary following an exchange of shares.
*2 Fujitsu Business Systems Ltd. will be renamed Fujitsu Marketing Limited on October 1, 2010.
*3 On April 1, 2010, Fujitsu Microelectronics Limited was renamed Fujitsu Semiconductor Limited.
*4 Fujitsu Microelectronics Asia Pte. Ltd. was renamed Fujitsu Semiconductor Asia Pte. Ltd. on July 1, 2010.

Shareholders' Data

(As of March 31, 2010)

Capital:	¥324,625 million
Common Stock:	Authorized: 5,000,000,000 shares
	Issued: 2,070,018,213 shares
Number of Shareholders:	200,992

Equity Shareholdings by Type of Shareholder



* The 119,112 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 (%)
Fuji Electric Systems Co., Ltd.	112,085	5.41
State Street Bank and Trust Company (Standing Proxy, The Hong Kong and Shanghai Banking Corporation Limited Tokyo Branch)	98,563	4.76
Fuji Electric Holdings Co., Ltd.	95,957	4.64
Japan Trustee Services Bank, Ltd. (for trust)	92,129	4.45
The Master Trust Bank of Japan, Ltd. (for trust)	85,450	4.13
Japan Trustee Services Bank, Ltd. (for trust 9)	41,777	2.02
Asahi Mutual Life Insurance Company	41,389	2.00
Fujitsu Employee Shareholding Association	33,326	1.61
Mizuho Corporate Bank, Ltd.	32,654	1.58
State Street Bank and Trust Company 505225 (Standing Proxy, Mizuho Corporate Bank, Ltd. Settlement Operations Dept.)	24,926	1.20
Total	658,260	31.80

Notes: 1. The shares held by Japan Trustee Services Bank, Ltd. (for trust), The Master Trust Bank of Japan, Ltd. (for trust), and Japan Trustee Services Bank, Ltd. (for trust 9) are related to the institutions' trust businesses.
2. Of the shares held by Fuji Electric Systems Co., Ltd., and Fuji Electric Holdings Co., Ltd., 96,238 thousand shares and 2,707 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. The Fujitsu shares held by Fuji Electric Holdings Co., Ltd. and its consolidated subsidiaries total 231,871 thousand shares (which accounts for 11.20% of outstanding shares), and includes 119,112 thousand shares held in the form of retirement benefit trust assets.
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 June 30, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information that the companies were obligated to report as of June 23, 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.	180,650	8.73
AXA Rosenberg Investment Management Ltd.	18,113	0.88
AllianceBernstein Japan Ltd.	6,386	0.31
Total	205,149	9.91

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated August 5, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of July 31, 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.	157,510	7.61
AXA Rosenberg Investment Management Ltd.	17,682	0.85
AllianceBernstein Japan Ltd.	7,653	0.37
Total	182,845	8.83

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated September 4, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of August 31, 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.	115,669	5.59
AXA Rosenberg Investment Management Ltd.	17,394	0.84
AllianceBernstein Japan Ltd.	6,535	0.32
Total	139,598	6.74

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated September 17, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of September 15, 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.	94,892	4.58
AXA Rosenberg Investment Management Ltd.	17,440	0.84
AllianceBernstein Japan Ltd.	6,470	0.31
Total	118,803	5.74

AllianceBernstein Japan Ltd. and two of its affiliates again jointly submitted a change in large shareholding report dated October 22, 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 15, 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.	52,419	2.53
AXA Rosenberg Investment Management Ltd.	16,951	0.82
AllianceBernstein Japan Ltd.	4,137	0.20
Total	73,507	3.55

Regarding Note 4.: Because Fujitsu was unable to verify the effective shareholdings listed in the change in large shareholding report regarding its shares, the companies have not been included in the above list of principal shareholders.

5. Nikko Citigroup Limited, in conjunction with three affiliates, submitted a change in large shareholding report dated August 19, 2009 to the Director General of the Kanto Local Finance Bureau containing information that the companies were obligated to report as of August 12, 2009. However, Nikko Citigroup Limited, in conjunction with three affiliates, submitted a revised report dated September 29, 2009 that effectively retracted the earlier change in large shareholding report.
Furthermore, Nikko Citigroup Limited, in conjunction with two affiliates, submitted a revised report dated September 15, 2009 to the Director General of the Kanto Local Finance Bureau that effectively retracted a change in large shareholding report containing information that the companies were obligated to report as of October 31, 2007, submitted by Nikko Citigroup Limited together with two affiliates, on November 7, 2007, and subsequently amended on November 8, 2007.
Additionally, Nikko Citigroup Limited, in conjunction with two affiliates, submitted a revised report dated September 15, 2009 to the Director General of the Kanto Local Finance Bureau that effectively retracted a change in large shareholding report submitted by Nikko Citigroup Limited together with two affiliates on February 16, 2009, and subsequently amended on April 30, 2009.
Nikko Citigroup Limited, in conjunction with three affiliates, submitted a revised report dated September 15, 2009 to the Director General of the Kanto Local Finance Bureau to amend a change in large shareholding report dated August 13, 2007 submitted by Nikko Citigroup Limited together with two affiliates containing information that the companies were obligated to report as of August 6, 2007. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Nikko Citigroup Limited	225,736	9.82
Nikko Asset Management Co., Ltd.	9,485	0.41
Citigroup Global Markets Limited	17,974	0.78
Citigroup Global Markets Inc.	599	0.03
Total	253,796	11.04

The number of shares held includes 229,070 thousand residual shares issuable upon the exercise of warrants.

Nikko Citigroup Limited and three of its affiliates jointly submitted a change in large shareholding report dated September 17, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of August 14, 2007. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Nikko Citigroup Limited	231,499	10.07
Nikko Asset Management Co., Ltd.	9,569	0.42
Citigroup Global Markets Limited	29,173	1.27
Citigroup Global Markets Inc.	7,057	0.31
Total	277,299	12.06

The number of shares held includes 229,495 thousand residual shares issuable upon the exercise of warrants.

Nikko Citigroup Limited and three of its affiliates jointly submitted a change in large shareholding report dated September 17, 2009 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of August 17, 2007. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Nikko Citigroup Limited	228,956	9.96
Nikko Asset Management Co., Ltd.	9,515	0.41
Citigroup Global Markets Limited	11,876	0.52
Citigroup Global Markets Inc.	0	0.00
Total	250,348	10.89

The number of shares held includes 229,495 thousand residual shares issuable upon the exercise of warrants.

Nikko Citigroup Limited and three of its affiliates jointly submitted a change in large shareholding report dated September 17, 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 31, 2007. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Nikko Citigroup Limited	237,087	10.32
Nikko Asset Management Co., Ltd.	9,736	0.42
Citigroup Global Markets Limited	6,340	0.28
Citigroup Global Markets Inc.	52	0.00
Total	253,216	11.02

The number of shares held includes 227,451 thousand residual shares issuable upon the exercise of warrants.

Citigroup Global Markets Japan Inc. and two of its affiliates jointly submitted a change in large shareholding report dated October 8, 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, 2009. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Citigroup Global Markets Japan Inc.	222,755	9.72
Citigroup Global Markets Limited	1,610	0.07
Citigroup Global Markets Inc.	0	0.00
Total	224,366	9.79

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

Citigroup Global Markets Japan Inc. and two of its affiliates jointly submitted a change in large shareholding report dated June 7, 2010 to the Director General of the Kanto Local Finance Bureau containing the following information which the companies were obligated to report as of May 31, 2010. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Citigroup Global Markets Japan Inc.	111,323	5.10
Citigroup Global Markets Limited	450	0.02
Citigroup Global Markets Inc.	2	0.00
Total	111,776	5.12

The number of shares held includes 111,111 thousand residual shares issuable upon the exercise of warrants.

Regarding Note 5.: Because Fujitsu was unable to verify the effective shareholdings listed in the change in large shareholding report and revised report regarding its shares, the companies have not been included in the above list of principal shareholders.

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