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.

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with IFRS (International Financial Reporting Standards).

However, certain items are adjusted in the process of consolidation based on "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).

<Changes in accounting principles and practices effective the year ended March 31, 2011>

Effective the year ended March 31, 2011, the Group has adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18, dated March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21, dated March 31, 2008).

As a result of the adoption of the above accounting standard, operating income decreased by ¥531 million ($6,398 thousand). The difference between the amount of the asset retirements obligations newly recognized as a liability at the beginning of the fiscal year in which the standard was adopted and the amount of asset retirement expenses recognized as an asset was recorded as an expense of ¥4,113 million ($49,554 thousand) in Other income (expenses). As a result, income before income taxes and minority interests decreased by ¥4,644 million ($55,952 thousand).

Effective the year ended March 31, 2011, the Group has adopted the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, dated December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, dated December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10, revision dated December 26, 2008).

(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 accumulated other comprehensive income as "foreign currency translation adjustments."

(d) Revenue recognition

Revenue from sales of ICT 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.

(e) Marketable securities

Marketable securities mainly included in "investments and long-term loans" are classified as either held-to-maturity investments, which are the debt securities that 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, included in accumulated other comprehensive income.

(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.

Operating lease payments are recognized as an expense over the lease term.

(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 effective the year ended March 31, 2010>

Effective 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 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 ¥83 = US$1, the approximate exchange rate at March 31, 2011.

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

3. Inventories

Inventories at March 31, 2010 and 2011 consist of the following:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Finished goods	¥145,646	**¥150,685**	**$1,815,482**
Work in process	100,904	**112,995**	**1,361,386**
Raw materials and supplies	75,751	**77,758**	**936,843**
Total inventories	¥322,301	**¥341,438**	**$4,113,711**

Amounts above are net of write-downs.

The amounts of write-downs recognized as cost of sales for the years ended March 31, 2010 and 2011 were ¥29,840 million and ¥22,545 million ($271,627 thousand) respectively.

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	2010	**2011**	**2011**
Land			
Balance at beginning of year	¥112,834	**¥119,530**	**$1,440,120**
Additions	45	**1,505**	**18,133**
Impairment loss	443	**1,255**	**15,120**
Translation differences	(194)	**(525)**	**(6,325)**
Other, net	7,288	**(1,774)**	**(21,374)**
Balance at end of year	¥119,530	**¥117,481**	**$1,415,434**
Buildings			
Balance at beginning of year	¥264,842	**¥273,133**	**$3,290,759**
Additions	29,952	**29,101**	**350,614**
Depreciation	24,660	**23,095**	**278,253**
Impairment loss	1,177	**25**	**301**
Translation differences	(121)	**(2,375)**	**(28,614)**
Other, net	4,297	**1,105**	**13,313**
Balance at end of year	¥273,133	**¥277,844**	**$3,347,518**
Machinery and equipment			
Balance at beginning of year	¥279,838	**¥248,148**	**$2,989,735**
Additions	96,027	**105,626**	**1,272,602**
Depreciation	140,158	**118,603**	**1,428,952**
Impairment loss	856	**299**	**3,602**
Translation differences	(685)	**(3,706)**	**(44,651)**
Other, net	13,982	**(4,262)**	**(51,349)**
Balance at end of year	¥248,148	**¥226,904**	**$2,733,783**
Construction in progress			
Balance at beginning of year	¥ 15,514	**¥ 21,924**	**$ 264,145**
Additions	82,627	**60,640**	**730,602**
Impairment loss	413	**–**	**–**
Translation differences	82	**(571)**	**(6,880)**
Transfers	(75,886)	**(65,580)**	**(790,120)**
Balance at end of year	¥ 21,924	**¥ 16,413**	**$ 197,747**
Total of balance at end of year	¥662,735	**¥638,642**	**$7,694,482**

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, 2010 and 2011.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Acquisition cost	¥142,392	**¥108,165**	**$1,303,193**
Accumulated depreciation	88,293	**68,637**	**826,952**
Book value	54,099	**39,528**	**476,241**
Minimum lease payments required			
Within one year	31,315	**25,611**	**308,566**
Over one year but within five years	36,760	**24,353**	**293,410**
Over five years	9,054	**7,630**	**91,928**
Total	¥ 77,129	**¥ 57,594**	**$ 693,904**

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	2010	**2011**	**2011**
Within one year	¥20,868	**¥19,368**	**$ 233,349**
Over one year but within five years	45,950	**42,692**	**514,362**
Over five years	31,375	**23,637**	**284,783**
Total	¥98,193	**¥85,697**	**$1,032,494**

6. Goodwill

An analysis of goodwill is presented below:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Balance at beginning of year	¥46,508	**¥93,945**	**$1,131,867**
Additions	69,258	**1,883**	**22,687**
Amortization	23,317	**15,610**	**188,072**
Translation differences and others	1,496	**(135)**	**(1,627)**
Balance at end of year	¥93,945	**¥80,083**	**$ 964,855**

7. Short-term Borrowings and Long-term Debt

Short-term borrowings and long-term debt at March 31, 2010 and 2011 consist of the following:

Short-term borrowings

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Short-term borrowings, principally from banks, with a weighted average interest rate of 1.24% at March 31, 2010 and 2011:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured	49,885	**54,148**	**652,386**
Total short-term borrowings (A)	¥49,885	**¥54,148**	**$652,386**

Long-term debt (including current portion)

At March 31	Yen (millions) 2010	2011	U.S. Dollars (thousands) 2011
a) Long-term borrowings			
Long-term borrowings, principally from banks and insurance companies,			
due from 2010 to 2020 with a weighted average interest rate of 1.43% at March 31, 2010:			
due from 2011 to 2020 with a weighted average interest rate of 1.30% at March 31, 2011:			
Secured	¥ 89	**¥ –**	**$ –**
Unsecured	147,269	**136,375**	**1,643,072**
Total long-term borrowings	¥147,358	**¥136,375**	**$1,643,072**
b) Bonds and notes			
Bonds and notes issued by the Company:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured			
unsecured convertible bonds due 2010	100,000	**–**	**–**
unsecured convertible bonds due 2011*[1, 2]	100,000	**100,000**	**1,204,819**
3.0% unsecured bonds due 2018	30,000	**30,000**	**361,446**
1.05% unsecured bonds due 2010	50,000	**–**	**–**
1.49% unsecured bonds due 2012	60,000	**60,000**	**722,891**
1.73% unsecured bonds due 2014	40,000	**40,000**	**481,928**
0.307% unsecured bonds due 2013	–	**20,000**	**240,964**
0.42% unsecured bonds due 2015	–	**30,000**	**361,446**
Bonds and notes issued by consolidated subsidiaries,			
Secured	–	**–**	**–**
Unsecured			
[Japan]			
zero coupon unsecured convertible bonds due 2013	200	**200**	**2,409**
zero coupon unsecured convertible bonds due 2015	–	**100**	**1,205**
Total bonds and notes	¥380,200	**¥280,300**	**$3,377,108**
Total long-term debt (including current portion) (a+b)	¥527,558	**¥416,675**	**$5,020,180**
Current portion (B)	170,572	**171,406**	**2,065,132**
Non-current portion (C)	356,986	**245,269**	**2,955,048**
Total short-term borrowings and long-term debt (including current portion)	¥577,443	**¥470,823**	**$5,672,566**
Short-term borrowings and current portion of long-term debt (A+B)	220,457	**225,554**	**2,717,518**
Long-term debt (excluding current portion) (C)	356,986	**245,269**	**2,955,048**

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 2011 were redeemed at the maturity date (May 31, 2011).

	Before May 27, 2009	On and after May 28, 2009	
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, 2011

	Unsecured convertible bonds due 2011
Date issued	2007/8/31
Stock to be issued	Common Stock
Issue price of subscription rights to shares	Zero
Conversion price of the bonds (Yen)	900
Total issue price (Millions of yen)	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
Exercisable periods of subscription rights to shares	May 28, 2009 to May 24, 2011

The aggregate annual maturities of long-term debt subsequent to March 31, 2011 are summarized as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2012	¥171,406	$2,065,132
2013	77,321	931,578
2014	54,126	652,121
2015	43,682	526,289
2016 and thereafter	70,140	845,060
Total	¥416,675	$5,020,180

At March 31, 2011, the Group had committed facility contracts with banks aggregating ¥202,748 million ($2,442,747 thousand) and all of it was unused.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2010 and 2011 are principally presented below:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Property, plant and equipment, net	¥3,403	**¥2,563**	**$30,880**

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 labor codes. The employees are entitled to the benefits primarily based on their length of service and base salary as of the retirement date.

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

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

The majority of the consolidated subsidiaries outside Japan have defined benefit plans and/or defined contribution plans covering substantially all their employees. The major defined benefit pension plans provided outside Japan are the plans 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 employees payments based on their length of service and salary. The defined benefit section of the plan was closed to new entrants for the year ended March 31, 2001. New employees are, however, eligible for membership of the defined contribution section of the plan. From the year ended March 31, 2011, FS started to switch future accrual of benefits relevant to the employees participating in the defined benefit section of the plan to the defined contribution section of the plan, and will complete in the year ending March 31, 2012.

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	2010	**2011**	**2011**
Projected benefit obligation	¥(1,268,623)	**¥(1,280,145)**	**$(15,423,434)**
Plan assets	934,673	**905,592**	**10,910,747**
Projected benefit obligation in excess of plan assets	(333,950)	**(374,553)**	**(4,512,687)**
Unrecognized actuarial loss	378,619	**398,681**	**4,803,386**
Unrecognized prior service cost (reduced obligation)	(102,041)	**(83,413)**	**(1,004,976)**
Prepaid pension cost	(57,142)	**(55,194)**	**(664,988)**
Accrued retirement benefits	¥ (114,514)	**¥ (114,479)**	**$ (1,379,265)**

As a result of pension revisions, unrecognized prior service cost (reduced obligation) occurred for the year ended March 31, 2006 in Fujitsu Corporate Pension Fund in which the Company and certain consolidated subsidiaries in Japan participate.

Components of net periodic benefit cost

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Service cost	¥ 39,191	**¥ 38,931**	**$ 469,048**
Interest cost	30,155	**31,550**	**380,121**
Expected return on plan assets	(23,243)	**(26,651)**	**(321,096)**
Amortization of unrecognized obligation for retirement benefits:			
Amortization of net obligation at transition	16,290	**–**	**–**
Amortization of actuarial loss	42,953	**37,355**	**450,060**
Amortization of prior service cost	(18,591)	**(18,633)**	**(224,494)**
Others*[1]	–	**353**	**4,253**
Net periodic benefit cost	86,755	**62,905**	**757,892**
Loss (gain) on termination of retirement benefit plan	(86)	**1,266**	**15,253**
Total	¥ 86,669	**¥ 64,171**	**$ 773,145**

*[1] Contribution for defined contribution plans.

In addition to the net periodic benefit cost stated above, extra retirement benefits of ¥15,939 million and ¥1,279 million ($15,410 thousand) were paid for the years ended March 31, 2010 and 2011, respectively.

Assumptions used in accounting for the plans

At March 31	2010	**2011**
Discount rate	2.5%	**2.5%**
Expected rate of return on plan assets	2.9%	**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	**–**

For the year ended March 31, 2001, the Company fully recognized its portion of the unrecognized net obligation at transition as income. 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 the beginning of the year ended March 31, 2005. For the year ended March 31, 2009, other subsidiaries outside Japan applied IAS19 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	2010	**2011**	**2011**
Projected benefit obligation	¥(592,144)	**¥(534,999)**	**$(6,445,771)**
Plan assets	390,251	**395,927**	**4,770,205**
Projected benefit obligation in excess of plan assets	(201,893)	**(139,072)**	**(1,675,566)**
Unrecognized actuarial loss	110,060	**74,321**	**895,434**
Prepaid pension cost	(57)	**(2,342)**	**(28,217)**
Accrued retirement benefits	¥ (91,890)	**¥ (67,093)**	**$ (808,349)**

Components of net periodic benefit cost

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Service cost	¥ 8,396	**¥ 8,044**	**$ 96,916**
Interest cost	28,786	**29,781**	**358,807**
Expected return on plan assets	(24,803)	**(26,003)**	**(313,289)**
Amortization of the unrecognized obligation for retirement benefit:			
Amortization of actuarial gain and loss	(151)	**5,838**	**70,337**
Amortization of prior service cost*[1]	—	**(13,322)**	**(160,506)**
Others*[2]	7,557	**9,774**	**117,759**
Net periodic benefit cost	19,785	**14,112**	**170,024**
Loss (gain) on termination of retirement benefit plan	(2)	**112**	**1,349**
Total	¥ 19,783	**¥ 14,224**	**$ 171,373**

*[1] As a result of pension revisions, mainly in FS, the negative prior service cost has been recognized immediately. The majority of this credit arises from offering an option whereby future variable increases in line with the fluctuation in prices may be exchanged for a one-off uplift in payments.

*[2] Contribution for defined contribution plans.

Assumptions used in accounting for the plans

At March 31	2010	**2011**
Discount rate	Mainly 5.6%	**Mainly 5.6%**
Expected rate of return on plan assets	Mainly 7.8%	**Mainly 7.2%**
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 rate in the aggregate in Japan was approximately 40.6% for the years ended March 31, 2010 and 2011.

The components of income taxes are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Current	¥ 27,059	**¥35,057**	**$422,373**
Deferred	(11,283)	**13,122**	**158,097**
Income taxes	¥ 15,776	**¥48,179**	**$580,470**

The reconciliations between the statutory income tax rate and the effective income tax rates for the years ended March 31, 2010 and 2011 are as follows:

Years ended March 31	2010	**2011**
Statutory income tax rate	40.6%	**40.6%**
Increase (Decrease) in tax rates:		
Valuation allowance for deferred tax assets	(38.0%)	**7.6%**
Goodwill amortization	8.4%	**6.2%**
Tax credit	(1.3%)	**(4.1%)**
Non-deductible expenses for tax purposes	2.7%	**3.5%**
Non-taxable income	(0.5%)	**(1.8%)**
Tax effect on equity in earnings of affiliates, net	(1.0%)	**(1.5%)**
Other	3.1%	**(3.4%)**
Effective income tax rates	14.0%	**47.1%**

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2011 are as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Deferred tax assets:			
Accrued retirement benefits	¥ 152,967	**¥ 150,851**	**$ 1,817,482**
Tax loss carryforwards	142,631	**145,132**	**1,748,579**
Excess of depreciation and amortization and impairment loss, etc.	64,696	**54,591**	**657,723**
Accrued bonus	41,907	**43,489**	**523,964**
Inventories	23,977	**23,081**	**278,084**
Loss on revaluation of investment securities	12,725	**9,615**	**115,843**
Provision for product warranties	4,959	**6,250**	**75,301**
Provision for loss on repurchase of computers	8,825	**6,056**	**72,964**
Intercompany profit on inventories and property, plant and equipment	2,950	**5,688**	**68,530**
Other	66,567	**57,224**	**689,446**
Gross deferred tax assets	522,204	**501,977**	**6,047,916**
Less: Valuation allowance	(261,079)	**(256,153)**	**(3,086,181)**
Total deferred tax assets	261,125	**245,824**	**2,961,735**
Deferred tax liabilities:			
Gains from establishment of stock holding trust for retirement benefit plan	¥(110,617)	**¥(110,617)**	**$(1,332,735)**
Unrealized gains on securities	(10,558)	**(9,639)**	**(116,133)**
Tax allowable reserves	(3,444)	**(2,245)**	**(27,048)**
Other	(7,448)	**(8,944)**	**(107,759)**
Total deferred tax liabilities	(132,067)	**(131,445)**	**(1,583,675)**
Net deferred tax assets	¥ 129,058	**¥ 114,379**	**$ 1,378,060**

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

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Current assets–others	¥ 76,308	**¥ 76,666**	**$ 923,687**
Investments and long-term loans–others	83,279	**72,093**	**868,590**
Current liabilities–others	(5)	**(50)**	**(602)**
Long-term liabilities–others	(30,524)	**(34,330)**	**(413,615)**
Net deferred tax assets	¥129,058	**¥114,379**	**$1,378,060**

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, 2010 and 2011 is stated as follows:

Ordinary shares (no par value)

At March 31	2010	**2011**
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, 2011 for purchases of property, plant and equipment were approximately ¥7,585 million ($91,386 thousand).

Contingent liabilities for guarantee contracts amounted to ¥2,927 million ($35,265 thousand) at March 31, 2011 and referred mainly to ¥2,904 million ($34,988 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 certificates of deposit and available for sale securities issued by the customers. The certificates of deposit are held for fund management and the shares are held for maintaining and strengthening business relationship with the customers. 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 "14. Derivative 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 and 2011, 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, 2011	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	**¥ 358,593**	**¥ 358,593**	**¥ –**	**$ 4,320,398**	**$ 4,320,398**	**$ –**
(2) Short-term investments	**6,101**	**6,101**	**–**	**73,506**	**73,506**	**–**
(3) Receivables, trade	**877,069**			**10,567,096**		
Allowance for doubtful accounts*1	**(14,781)**			**(178,084)**		
	862,288	**862,288**	**–**	**10,389,012**	**10,389,012**	**–**
Investments and long-term loans						
(4) Affiliates	**18,733**	**43,165**	**24,432**	**225,699**	**520,060**	**294,361**
(5) Others	**86,224**	**86,224**	**–**	**1,038,843**	**1,038,843**	**–**
Total assets	**1,331,939**	**1,356,371**	**24,432**	**16,047,458**	**16,341,819**	**294,361**
Current liabilities						
(1) Short-term borrowings and current portion of long-term debt	**225,554**	**225,554**	**–**	**2,717,518**	**2,717,518**	**–**
(2) Lease obligation	**24,470**	**24,470**	**–**	**294,819**	**294,819**	**–**
(3) Payables, trade	**604,264**	**604,264**	**–**	**7,280,289**	**7,280,289**	**–**
(4) Accrued expenses	**323,144**	**323,144**	**–**	**3,893,301**	**3,893,301**	**–**
Long-term liabilities						
(5) Long-term debt	**245,269**	**252,083**	**6,814**	**2,955,048**	**3,037,145**	**82,097**
(6) Lease obligation	**26,775**	**26,983**	**208**	**322,590**	**325,097**	**2,507**
Total liabilities	**1,449,476**	**1,456,498**	**7,022**	**17,463,565**	**17,548,169**	**84,604**
Derivative transactions*2						
(i) Transactions which do not qualify for hedge accounting	**[3,646]**	**[3,646]**	**–**	**[43,928]**	**[43,928]**	**–**
(ii) Transactions which qualify for hedge accounting	**9**	**9**	**–**	**108**	**108**	**–**
Total derivative transactions	**[3,637]**	**[3,637]**	**–**	**[43,819]**	**[43,819]**	**–**

At March 31, 2010	Carrying value in consolidated balance sheet	Fair value	Variance
			Yen (millions)
Current assets			
(1) Cash and cash equivalents	¥ 420,166	¥ 420,166	¥ –
(2) Short-term investments	7,794	7,794	–
(3) Receivables, trade	921,349		
Allowance for doubtful accounts*1	(15,924)		
	905,425	905,425	–
Investments and long-term loans			
(4) Affiliates	16,601	37,518	20,917
(5) Others	103,553	103,553	–
Total assets	1,453,539	1,474,456	20,917
Current liabilities			
(1) Short-term borrowings and current portion of long-term debt	220,457	220,457	–
(2) Lease obligation	29,790	29,790	–
(3) Payables, trade	626,986	626,986	–
(4) Accrued expenses	334,458	334,458	–
Long-term liabilities			
(5) Long-term debt	356,986	368,365	11,379
(6) Lease obligation	39,509	39,753	244
Total liabilities	1,608,186	1,619,809	11,623
Derivative transactions*2			
(i) Transactions which do not qualify for hedge accounting	[1,557]	[1,557]	–
(ii) Transactions which qualify for hedge accounting	[67]	[67]	–
Total derivative transactions	[1,624]	[1,624]	–

*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 debt 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) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19). Accordingly unlisted stocks are not included in the "Investments and long-term loans" stated above. The carrying values of the stocks in the consolidated balance sheet as of March 31, 2010 and 2011 are ¥50,781 million and ¥47,404 million ($571,133 thousand), consisting of Affiliate: ¥20,169 million and ¥18,799 million ($226,494 thousand) and Others: ¥30,612 million and ¥28,605 million ($344,639 thousand) respectively.

13. Marketable Securities

At March 31, 2010 and 2011, marketable securities included in "Others" of "Investments and long-term loans" and other accounts are as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Available-for-sale securities			
Acquisition costs	¥182,655	**¥74,355**	**$ 895,843**
Carrying value (Market value)	208,776	**97,025**	**1,168,976**
Net unrealized gain	¥ 26,121	**¥22,670**	**$ 273,133**

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, 2011	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	**¥48,517**	**¥5,462**	**¥(3,667)**	**¥(3,667)**	**$584,542**	**$65,807**	**$(44,181)**	**$(44,181)**
Euro	**22,270**	**1,550**	**599**	**599**	**268,313**	**18,675**	**7,217**	**7,217**
Other currencies	**1,088**	**137**	**(6)**	**(6)**	**13,108**	**1,651**	**(72)**	**(72)**
To sell foreign currencies								
U.S. Dollars	**12,709**	**–**	**(178)**	**(178)**	**153,120**	**–**	**(2,145)**	**(2,145)**
Euro	**10,781**	**–**	**(132)**	**(132)**	**129,892**	**–**	**(1,590)**	**(1,590)**
Other currencies	**2,775**	**–**	**(50)**	**(50)**	**33,434**	**–**	**(602)**	**(602)**
Foreign Exchange Swap Contracts								
Receive Pound Sterling	**15,223**	**–**	**(282)**	**(282)**	**183,410**	**–**	**(3,398)**	**(3,398)**
Pay Pound Sterling	**18,994**	**–**	**108**	**108**	**228,843**	**–**	**1,301**	**1,301**
Others	**11,458**	**–**	**(38)**	**(38)**	**138,048**	**–**	**(458)**	**(458)**
Total			**¥(3,646)**	**¥(3,646)**			**$(43,928)**	**$(43,928)**

				Yen (millions)
At March 31, 2010	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)
Euro	22,007	4,294	550	550
Other currencies	2,686	465	6	6
To sell foreign currencies				
U.S. Dollars	28,579	5,118	(1,604)	(1,604)
Euro	5,407	2,583	(17)	(17)
Other currencies	4,911	—	(67)	(67)
Foreign Exchange				
Options Contracts				
To buy options				
U.S. Dollars puts	1,737	—		
	<23>	<—>	47	24
To sell options				
U.S. Dollars calls	1,737	—		
	<(23)>	<—>	(8)	15
Foreign Exchange				
Swap Contracts				
Receive Pound Sterling	17,820	—	(456)	(456)
Pay Pound Sterling	27,753	—	392	392
Others	14,896	—	101	101
Total			¥(1,557)	¥(1,557)

1) The method for estimating the fair value is principally based on obtaining quotes provided by financial institutions.
2) Regarding some of the foreign exchange forward contracts, difference between the fair value of contract amount and the contract amount are presented as the fair value.
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.

2. Derivative transactions which qualify for hedge accounting

(i) Currency-related transactions

At March 31, 2011

Not applicable for the year.

At March 31, 2010

				Yen (millions)
Type of derivative transaction	Principal Item Hedged	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)

(ii) Interest-related transactions

At March 31, 2011

				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**	**¥2,798**	**¥1,937**	**¥9**	**$33,711**	**$23,337**	**$108**

At March 31, 2010

				Yen (millions)
Type of derivative transaction	Principal Item Hedged	Contract Amount	Contract Amounts over 1 Year	Fair Value
Interest rate swap transaction				
Pay fixed/Receive variable	Borrowings	¥3,625	¥2,772	¥10

15. Supplementary Information to the Consolidated Balance Sheets

Receivables, trade from and payables, trade to affiliates at March 31, 2010 and 2011 are as follows:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2010	**2011**	**2011**
Receivables, trade	¥24,546	**¥22,891**	**$275,795**
Payables, trade	7,681	**8,248**	**99,373**

16. Earnings per Share

	Yen		U.S. Dollars
Years ended March 31	2010	**2011**	**2011**
Basic earnings per share	¥45.21	**¥26.62**	**$0.321**
Diluted earnings per share	42.17	**25.75**	**0.310**

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Net income	¥93,085	**¥55,092**	**$663,759**
Net income not attributable to common stock holders	–	**–**	**–**
Net income attributable to common stock holders	93,085	**55,092**	**663,759**
Effect of dilutive securities	3,101	**1,499**	**18,060**
Diluted net income	¥96,186	**¥56,591**	**$681,819**

		thousands
Basic weighted average number of shares	2,058,748	**2,069,731**
Effect of dilutive securities	222,222	**127,549**
Diluted weighted average number of shares	2,280,970	**2,197,280**

17. Supplementary Information to the Consolidated Income Statements

Research and development expenses charged to "selling, general and administrative expenses" for the years ended March 31, 2010 and 2011 were ¥224,951 million and ¥236,210 million ($2,845,904 thousand), respectively.

"Other, net" of "Other income (expenses)" for the years ended March 31, 2010 and 2011 consists of the following:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Gain on sales of investment securities	¥ 89,657	**¥ 9,366**	**$ 112,843**
Gain on change in interest	–	**2,368**	**28,530**
Foreign exchange gains (losses), net	(4,205)	**(11,063)**	**(133,289)**
Gain on negative goodwill	–	**1,220**	**14,699**
Gain on transfer of business	2,211	**–**	**–**
Loss on disaster	–	**(11,645)**	**(140,301)**
Loss on disposal of property, plant and equipment and intangible assets	(3,923)	**(5,477)**	**(65,988)**
Loss on adjustment for adoption of accounting standard for asset retirement obligations	–	**(4,113)**	**(49,554)**
Impairment loss	(2,902)	**(1,579)**	**(19,024)**
Loss on changes in retirement benefit plan	–	**(1,266)**	**(15,253)**
Restructuring charges	(47,406)	**–**	**–**
Other, net	(9,600)	**(6,366)**	**(76,699)**
	¥ 23,832	**¥(28,555)**	**$(344,036)**

Gain on sales of investment securities

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 sales of investment securities for the year ended March 31, 2011 referred mainly to the sales of affiliates' shares held by a subsidiary in the U.K.

Gain on change in interest

Gain on change in interest for the year ended March 31, 2011 referred to changes in interest due to the issuance of new shares by an affiliate (Nantong Fujitsu Microelectronics Co., Ltd.) listed in Shenzhen, China.

Gain on negative goodwill

Gain on negative goodwill for the year ended March 31, 2011 referred mainly to the conversion of PFU Limited into a wholly owned subsidiary.

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.

Loss on disaster

Loss on disaster for the year ended March 31, 2011 referred mainly to the restoration costs for fixed assets damaged by the Great East Japan Earthquake, the fixed costs for factories that suspended operations due to the earthquake and the disposal losses on inventories. In addition, ¥4,876 million ($58,747 thousand) for a provision for loss on disaster is also included in this account.

Loss on adjustment for adoption of accounting standard for asset retirement obligations

Loss on adjustment for adoption of accounting standard for asset retirement obligations for the year ended March 31, 2011 referred mainly to the loss related to the obligation of restoration for rental buildings in conjunction with the adoption of the Accounting Standard for Asset Retirement Obligations. The loss arose from the difference between the amount of the asset retirement obligations newly recognized as a liability at the beginning of the fiscal year in which the standard was adopted and the amount of asset retirement expenses recognized as an asset. The difference consists largely of the accumulated depreciation amounts of the assets in the years before the adoption of the standard.

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.

Impairment loss for the year ended March 31, 2011 referred mainly to an investment property determined to be sold.

Loss on changes in retirement benefit plan

Loss on changes in retirement benefit plan for the year ended March 31, 2011 referred to the costs related to the changes to a defined contribution pension plan by consolidated subsidiaries in Japan.

Restructuring charges

Restructuring charges for the year ended March 31, 2010 included ¥26,301 million 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 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.

18. Supplementary Information to the Consolidated Statements of Cash Flows

For the year ended March 31, 2011

As a result of the transfer of the HDD business for the year ended March 31, 2010, the Company received ¥4,214 million ($50,771 thousand) as the remaining portion of the proceeds for the year ended March 31, 2011. Total consideration related to this transfer is ¥27,845 million with ¥23,631 million received for the year ended March 31, 2010.

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 and ¥7,504 million 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)
	2010
Current assets	¥ 276,694
Non-current assets	79,047
Goodwill	62,468
Current liabilities	(256,679)
Long-term liabilities	(101,797)
Minority interests	(193)
Acquired net assets	59,540
Investment value using equity method	4,974
Share acquisition cost	54,566
Share acquisition cost	(54,566)
Expenses not recognized in current fiscal year	788
Expenses for share acquisition in current fiscal year	(53,778)
Cash and cash equivalents of FTS	96,690
Net proceeds from acquisition	42,912

[Proceeds from transfer of business]

Proceeds are mainly 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 year ended March 31, 2010.

	Yen (millions)
	2010
Current assets	¥ 44,152
Non-current assets	15,645
Current liabilities	(28,231)
Long-term liabilities	(3,721)
Decline in net assets as a result of transfer of business	27,845
Consideration for transfer of business	27,845
Consideration for transfer of business	27,845
Proceeds not recognized in current year	(4,214)
Proceeds from transfer of business in current year	23,631
Cash and cash equivalents of transferred subsidiaries	(8,142)
Net proceeds from transfer of business	15,489

19. Segment Information

1. Reportable Segments Overview

The Company's reportable segments consist of components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Group's executive decision-making body to make decisions about resource allocation to the segments and assess their performance.

In the field of information and communication technology (ICT), while delivering wide varieties of services, the Group offers comprehensive solutions, from the development, manufacturing, and sales, to the maintenance and operations of cutting-edge, high-performance and high-quality products, and electronic devices that support services. The Group's business is organized into three reportable segments—Technology Solutions, Ubiquitous Solutions, and Device Solutions—based on the Group's managerial structure, characteristics of the products and services, and the similarities of the sales market within each operating segment. Managerial structure and product and service classification in each reportable segment are as follows.

(1) Technology Solutions

To optimally deliver to customers comprehensive services that integrate products, software, and services, the segment is organized in a matrix management structure comprised of business groups that are organized by product and service type in order to manage costs and devise global business strategies, and business groups that are organized along industry and geographic lines, integrating sales groups with system engineers covering customers.

This reportable segment consists of Solutions/Systems Integration, which are services for the construction of information and communication systems, Infrastructure Services, which are primarily outsourcing and maintenance services, System Products, which covers mainly the servers and storage systems that comprise ICT platforms, and Network Products, which are used to build communications infrastructure, such as mobile phone base stations and optical transmission systems.

(2) Ubiquitous Solutions

The segment is organized into independent business management units along product lines and includes the sales departments.

This reportable segment contains ubiquitous terminals—including personal computers and mobile phones, as well as car audio and navigation systems, mobile communication equipment, and automotive electronic equipment—that collect various information and knowledge generated from the behavioral patterns of people and organizations needed to achieve the Group's vision of a "Human Centric Intelligent Society" (a society that enjoys the benefits of the value generated by ICT without requiring anyone to be conscious of the technological complexities involved).

(3) Device Solutions

The segment is organized by product in independent business management units which include the respective sales departments and contains the cutting-edge technologies, including LSI devices used in digital home appliances, automobiles, mobile phones and servers, as well as electronic components, such as semiconductor packages.

2. Method Used to Calculate Net Sales, Profit or Loss, Assets and Other Items by Reportable Segments

Accounting methods applied to Reportable Segments are almost the same as that presented in "1. Significant Accounting Policies".

Income figures for operating segments are based on operating income. The Group's financing (including financial expense and income) as well as other items such as corporate tax are managed by the whole Group and have not been allocated within the operating segments.

Inter-segment transactions are based on an arm's length basis.

3. Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reportable Segments

Yen (millions)

Years ended March 31	Reportable segments: Technology Solutions	Reportable segments: Ubiquitous Solutions	Reportable segments: Device Solutions	Reportable segments: Total	Other Operations	Elimination & Corporate	Consolidated
2011							
Net Sales							
External customers	**¥2,927,651**	**¥1,013,056**	**¥545,729**	**¥4,486,436**	**¥32,738**	**¥ 9,231**	**¥4,528,405**
Inter-segment	**86,735**	**112,586**	**84,871**	**284,192**	**49,766**	**(333,958)**	**–**
Total sales	**3,014,386**	**1,125,642**	**630,600**	**4,770,628**	**82,504**	**(324,727)**	**4,528,405**
Operating income (loss)	**162,881**	**22,679**	**20,976**	**206,536**	**(7,222)**	**(66,720)**	**132,594**
Total assets	**1,481,119**	**332,121**	**434,718**	**2,247,958**	**37,707**	**738,432**	**3,024,097**
Other items							
Capital expenditure (including intangible assets)	**116,218**	**20,578**	**44,837**	**181,633**	**1,376**	**6,902**	**189,911**
Depreciation	**116,690**	**20,675**	**60,941**	**198,306**	**2,014**	**7,447**	**207,767**
Amortization of goodwill	**14,991**	**46**	**573**	**15,610**	**–**	**–**	**15,610**
Balance of goodwill at end of the fiscal year	**79,974**	**184**	**(75)**	**80,083**	**–**	**–**	**80,083**
2010							
Net Sales							
External customers	¥3,061,504	¥1,005,531	¥510,615	¥4,577,650	¥ 94,925	¥ 6,944	¥4,679,519
Inter-segment	67,859	114,153	78,462	260,474	54,910	(315,384)	–
Total sales	3,129,363	1,119,684	589,077	4,838,124	149,835	(308,440)	4,679,519
Operating income (loss)	153,590	40,682	(9,028)	185,244	(27,200)	(63,671)	94,373
Total assets	1,536,068	362,678	448,319	2,347,065	23,986	857,000	3,228,051
Other items							
Capital expenditure (including intangible assets)	122,258	15,235	36,934	174,427	3,637	7,242	185,306
Depreciation	120,401	21,527	75,550	217,478	5,037	9,226	231,741
Amortization of goodwill	22,181	–	1,136	23,317	–	–	23,317

	Reportable segments						U.S. Dollars (thousands)
Year ended March 31	Technology Solutions	Ubiquitous Solutions	Device Solutions	Total	Other Operations	Elimination & Corporate	Consolidated
2011 (in U.S. Dollars)							
Net sales							
External customers	**$35,272,903**	**$12,205,494**	**$6,575,048**	**$54,053,445**	**$394,434**	**$ 111,217**	**$54,559,096**
Inter-segment	**1,045,000**	**1,356,458**	**1,022,542**	**3,424,000**	**599,590**	**(4,023,590)**	**–**
Total sales	**36,317,903**	**13,561,952**	**7,597,590**	**57,477,445**	**994,024**	**(3,912,373)**	**54,559,096**
Operating income (loss)	**1,962,421**	**273,241**	**252,723**	**2,488,385**	**(87,012)**	**(803,855)**	**1,597,518**
Total assets	**17,844,807**	**4,001,458**	**5,237,567**	**27,083,832**	**454,301**	**8,896,771**	**36,434,904**
Other items							
Capital expenditure (including intangible assets)	**1,400,216**	**247,928**	**540,205**	**2,188,349**	**16,578**	**83,157**	**2,288,084**
Depreciation	**1,405,904**	**249,096**	**734,229**	**2,389,229**	**24,265**	**89,723**	**2,503,217**
Amortization of goodwill	**180,614**	**554**	**6,904**	**188,072**	**–**	**–**	**188,072**
Balance of goodwill at end of the fiscal year	**963,542**	**2,217**	**(904)**	**964,855**	**–**	**–**	**964,855**

Notes 1. The Group has adopted "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan Statement No. 17) and "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (Accounting Standards Board of Japan Guidance No. 20) effective the year ended March 31, 2011. Figures for the year ended March 31, 2010 have been reclassified for comparison purposes.

In accordance with the adoption of the standards, car audio and navigation systems and other businesses which were previously included in "Other Operations" segment have been reclassified to "Ubiquitous Solutions" segment. Based on the change, the Company has renamed "Ubiquitous Product Solutions" segment as "Ubiquitous Solutions" segment.

Subsidiaries related to development, manufacturing and sales for optical transceiver modules, which were formerly included in "Ubiquitous Product Solutions" segment, and manufacturing subsidiaries for printed circuit board, which were previously included in "Other Operations" segment have been changed to "Device Solutions" segment. HDD business was formerly included in "Ubiquitous Product Solutions" segment, however, the amounts for the year ended March 31, 2010 are included in "Other Operations" segment as a result of the transfer of business at October 2009.

2. "Other Operations" segment consists of operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for the Group companies, welfare benefits for the Group employees and HDD business (Please refer to Note 1).
3. Operating income (loss) of "Elimination & Corporate" consists of corporate expenses and elimination.

Amounts incurred for the years ended March 31, 2010 and 2011 were, corporate expenses: ¥64,013 million and ¥68,341 million ($823,386 thousand), elimination: ¥342 million and ¥1,621 million ($19,530 thousand), respectively.

Corporate expenses mainly consist of strategic expenses such as basic research and development expenses which are not attributable to the reportable segments and group management shared expenses incurred by the Company.

4. Total assets of "Elimination & Corporate" consist of corporate assets and elimination. Balances at March 31, 2010 and 2011 were, corporate assets: ¥963,360 million and ¥840,672 million ($10,128,578 thousand), elimination: ¥106,360 million and ¥102,240 million ($1,231,807 thousand), respectively.

Corporate assets mainly consist of temporary excess funds, certificate of deposit, shares of customers held for maintaining and strengthening business ties and deferred tax assets.

5. The Group has adopted "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10) effective the year ended March 31, 2011. The negative goodwill generated by the business combination before the adoption of the standards is included in "Amortization of goodwill" and "Balance of goodwill at end of the fiscal year."

4. Related Information

(1) Information by products and services

Sales to external customers

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2010	**2011**	**2011**
Technology Solutions			
Services	¥2,492,375	**¥2,385,345**	**$28,739,096**
System Platforms	569,129	**542,306**	**6,533,807**
Ubiquitous Solutions			
Personal Computers and Mobile Phones	705,496	**733,035**	**8,831,747**
Mobilewear	300,035	**280,021**	**3,373,747**
Device Solutions			
LSI	274,260	**280,868**	**3,383,952**
Electronic Components	236,355	**264,861**	**3,191,096**
Other Operations	94,925	**32,738**	**394,434**
Elimination & Corporate	6,944	**9,231**	**111,217**
Total	¥4,679,519	**¥4,528,405**	**$54,559,096**

Note: The details of products and services are noted in "Business Overview" (page 30).

(2) Geographic information

a. Net sales

Years ended March 31	2010		2011 (Yen millions)		U.S. Dollars (thousands) 2011
Japan	¥2,931,215	62.6%	**¥2,941,042**	**64.9%**	**$35,434,241**
Outside Japan					
EMEA	981,622	21.0%	**845,485**	**18.7%**	**10,186,566**
The Americas	321,603	6.9%	**322,272**	**7.1%**	**3,882,795**
APAC & China	445,079	9.5%	**419,606**	**9.3%**	**5,055,494**
Sub Total	1,748,304	37.4%	**1,587,363**	**35.1%**	**19,124,855**
Total	¥4,679,519	100.0%	**¥4,528,405**	**100.0%**	**$54,559,096**

b. Property, plant and equipment

At March 31	Yen (millions) 2010	2011	U.S. Dollars (thousands) 2011
Japan	¥547,358	**¥531,438**	**$6,402,868**
Outside Japan			
EMEA	63,058	**54,064**	**651,373**
The Americas	17,847	**16,586**	**199,831**
APAC & China	34,472	**36,554**	**440,410**
Sub Total	115,377	**107,204**	**1,291,614**
Total	¥662,735	**¥638,642**	**$7,694,482**

Notes 1. The principal countries and regions included in the Outside Japan segment 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
2. There is no country which is required to be disclosed individually.
3. Net sales are classified by countries or regions based on locations of customers.
4. The property, plant and equipment are classified by countries or regions based on locations of the Group.

(3) Information about major customer

Net Sales

Years ended March 31	Yen (millions) 2010	2011	U.S. Dollars (thousands) 2011
NTT Group	¥509,729	**¥528,327**	**$6,365,386**

Related segment: Technology Solutions, Ubiquitous Solutions and other segment

Note: NIPPON TELEGRAPH AND TELEPHONE CORPORATION, NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION, NTT COMMUNICATIONS CORPORATION, NTT DOCOMO, Inc. and NTT DATA CORPORATION are included in NTT Group.

20. Related-party Transactions

For the years ended March 31, 2010 and 2011

(Related-party transactions)

No significant transactions.

(Note to significant affiliate)

Not applicable for the years.

21. Share-based Payment Plans

1. Account and amount of stock options charged as expenses for the year ended March 31, 2011

Cost of sales	**¥ 6 million**	**$ 72 thousand**
Selling, general and administrative expenses	**15**	**181**

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) and "Implementation Guidance on Accounting Standard for Share-based Payment" (Accounting Standards Board of Japan, Guidance No. 11) 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	2010	**2011**
Outstanding at beginning of year	275,000	**200,000**
Granted during the year	—	**—**
Forfeited during the year	75,000	**200,000**
Exercised during the year	—	**—**
Outstanding at end of year	200,000	**—**
Exercisable at end of year	200,000	**—**

		Yen	U.S. Dollars
Years ended March 31	2010	**2011**	**2011**
Exercised price	¥3,563	**¥3,563**	**$42.93**

(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	2010	**2011**
Outstanding at beginning of year	385,000	**310,000**
Granted during the year	—	**—**
Forfeited during the year	75,000	**90,000**
Exercised during the year	—	**—**
Outstanding at end of year	310,000	**220,000**
Exercisable at end of year	310,000	**220,000**

	Yen		U.S. Dollars
Years ended March 31	2010	**2011**	**2011**
Exercised price	¥1,450	**¥1,450**	**$17.47**

(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	2010	**2011**
Outstanding at beginning of year	28,500	**26,800**
Granted during the year	–	**–**
Forfeited during the year	–	**–**
Exercised during the year	1,700	**–**
Outstanding at end of year	26,800	**26,800**
Exercisable at end of year	–	**–**

	Yen		U.S. Dollars
Years ended March 31	2010	**2011**	**2011**
Exercised price	¥ 1	**¥ 1**	**$ 0.01**
Average price at exercise date	960	**–**	**–**
Fair value per share at grant date	924	**924**	**11.13**

(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	2010	**2011**
Outstanding at beginning of year	–	**33,100**
Granted during the year	33,100	**–**
Forfeited during the year	–	**–**
Exercised during the year	–	**–**
Outstanding at end of year	33,100	**33,100**
Exercisable at end of year	–	**–**

	Yen		U.S. Dollars
Years ended March 31	2010	**2011**	**2011**
Exercised price	¥ 1	**¥ 1**	**$ 0.01**
Fair value per share at grant date	876	**876**	**10.55**

(iii) Resolution at Board of Directors on July 28, 2010

Position and number of people entitled to stock options	5 members of the Board of Directors (excluding external board members) 12 corporate vice presidents (excluding persons holding concurrent post of board members)
Number of shares for stock options	38,600 shares of common stock
Date granted	August 13, 2010
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, 2010 to August 13, 2040

	Shares	
Years ended March 31	2010	**2011**
Outstanding at beginning of year	–	**–**
Granted during the year	–	**38,600**
Forfeited during the year	–	**–**
Exercised during the year	–	**–**
Outstanding at end of year	–	**38,600**
Exercisable at end of year	–	**–**

	Yen		U.S. Dollars
Years ended March 31	2010	**2011**	**2011**
Exercised price	–	**¥ 1**	**$0.01**
Fair value per share at grant date	–	**588**	**7.08**

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.

The per share fair value of the stock options of Fujitsu Frontech Limited, granted during the year ended March 31, 2011, was estimated as follows,

(1) Valuation method:	Black-Scholes model
(2) Basic factors and estimation method:	
Expected volatility of the share price*[1]	32.825%
Expected life of the option*[2]	4.724 years
Expected dividend*[3]	16 yen per share
Risk-free interest rate*[4]	0.311%

*[1] The volatility is calculated based on the share price over a period of 4.724 years (November 21, 2005 through August 13, 2010).
*[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, 2010.
*[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, 2011

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)
Acquisition cost	¥54,566

   Cash: ¥53,740 million; Related costs: ¥826 million

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

	Yen (millions)
Amount of Goodwill:	¥62,468
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

	Yen (millions)
Current assets	¥276,694
Non-current assets	79,047
Total assets	355,741
Current liabilities	256,679
Long-term liabilities	101,797
Total liabilities	358,476

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

	Yen (millions)
Selling, general and administrative expenses	¥4,639

■ 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)
Acquisition cost:	¥11,000
	(Cash; ¥11,000)

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

	Yen (millions)
Amount of Goodwill:	¥2,914
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

	Yen (millions)
Current assets	¥29,943
Non-current assets	18,432
Total assets	48,375
Current liabilities	46,113
Long-term liabilities	14,078
Total liabilities	60,191

[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)
Acquisition cost:	¥21,464

Value of Fujitsu shares: ¥21,449 million; Direct acquisition costs: ¥15 million; 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.
Number and valuation of shares distributed:	42,983,290 shares ¥21,449 million

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

Amount of Negative Goodwill:	¥6,816 million
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)
Current assets	¥44,152
Non-current assets	15,645
Total assets	59,797
Current liabilities	28,231
Long-term liabilities	3,721
Total liabilities	31,952

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.

	Yen (millions)
Net sales:	¥82,228
Operating loss:	(9,793)

Net sales stated above include inter-segment sales of ¥2,331 million.

23. Events after the Reporting Period

No significant events.