A Message from the CFO

Performance in Fiscal 2011

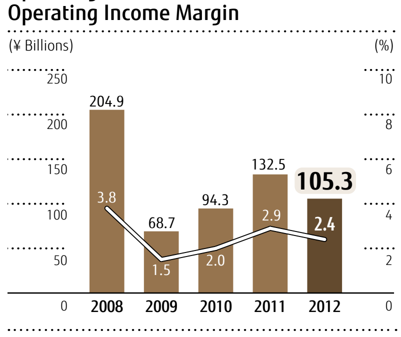
The global economy during fiscal 2011 saw Europe's worsening sovereign debt crisis and a fallback to negative growth take a toll on the real economy. In the United States, a full-fledged economic recovery remained elusive, despite promising signs in the country's employment environment and consumer spending. In emerging markets, while growth rates remained high, the pace was somewhat subdued, reflecting the effects of monetary tightening, as well as a decline in exports tracking the economic slowdown in Europe.

In Japan, the economy had at one point emerged from stagnation triggered by the Great East Japan Earthquake, thanks to faster-than-anticipated recovery in the supply chain. However, the slowdown in overseas economies, coupled with a strong yen and the impact of catastrophic flooding in Thailand, caused the economy to stall once again. Entering the fourth quarter, the economy showed signs of a turnaround on the recovery of operations damaged by the flooding in Thailand.

With respect to IT investment in Japan, though there were signs of a rebound in demand in certain sectors, a full-scale recovery remained out of reach as an overall cautious approach to investment continued to prevail.

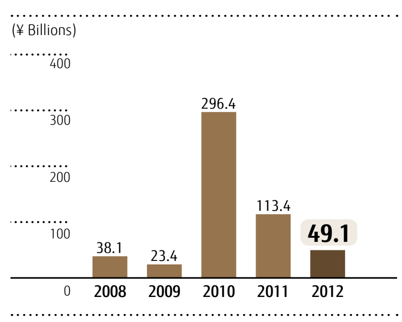
In this climate, consolidated net sales for fiscal 2011 amounted to ¥4,467.5 billion, a decline of 1.3% from fiscal 2010. Excluding the impact of foreign exchange fluctuations, however, sales were on par with the previous fiscal year. Sales in Japan were essentially unchanged from fiscal 2010. However, the impact of lower sales due to customer production cutbacks triggered by the flooding in Thailand was especially evident in car audio and navigation systems, and LSI devices. Along with the impact of weak demand for LSI devices and electronic components, server-related revenues fell on a decline in business deals for large-scale systems. These negative factors were largely balanced out, though, by increased sales of mobile phones atop broader uptake of smartphones, as well as mobile phone base stations and other network products. Sales outside Japan decreased 5.1%. Excluding the

Operating Income and Operating Income Margin

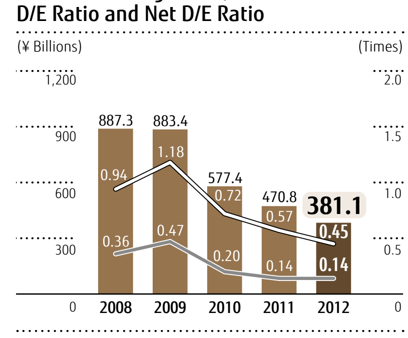


Operating income (left scale)
Operating income margin (right scale)

Free Cash Flow

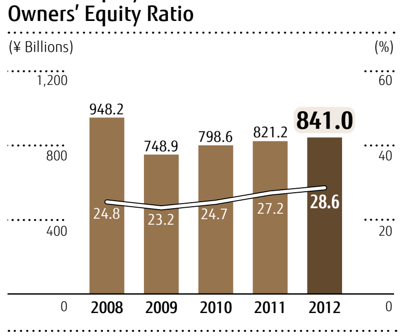


Interest-Bearing Loans, D/E Ratio and Net D/E Ratio



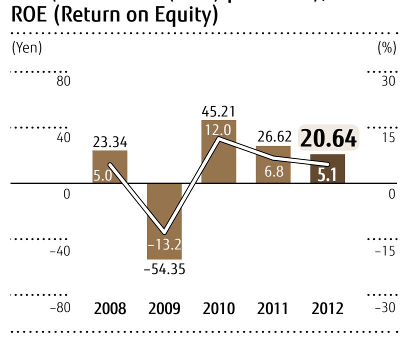
Interest-bearing loans (left scale)
D/E ratio (right scale)
Net D/E ratio (right scale)

Owners' Equity and Owners' Equity Ratio



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

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



EPS (left scale)
ROE (right scale)

Approach to Financing Activities and Credit Rating Status

To ensure efficient fund procurement when the need for funds arises, Fujitsu views the maintenance of an appropriate level of liquidity as an important policy with respect to its financing activities. "Liquidity" refers to cash and cash equivalents and the total unused balance of financing frameworks based on commitment lines established with multiple financial institutions. As of March 31, 2012, the Group had liquidity of ¥464.2 billion ($5,661.0 million), of which ¥266.6 billion ($3,252.0 million) was cash and cash equivalents and ¥197.5 billion ($2,408.5 million) was the yen value of unused commitment lines.

To raise funds from global capital markets, Fujitsu has acquired bond ratings from Moody's Investors Service (Moody's), Standard & Poor's (S&P), and Rating and Investment Information, Inc. (R&I). As of March 31, 2012, Fujitsu had bond ratings (long-term/short-term) of A3 (long-term) from Moody's, A– (long-term) from S&P, and A+ (long-term) and a-1 (short-term) from R&I.

impact of exchange rate fluctuations, however, sales were essentially unchanged from the previous fiscal year. Similarly, while sales were lower for electronic components and UNIX servers, PC sales grew in Turkey, the Middle East, Russia, and other emerging markets.

While the yen's appreciation cooled modestly from the start of the fourth quarter, the average rates for the US dollar, the euro and the British pound moved to ¥79 (¥7 stronger year on year), ¥109 (¥4 stronger), and ¥126 (¥7 stronger) for the year, respectively. As a result of exchange-rate impact, net sales declined by roughly ¥80.0 billion. The ratio of sales outside Japan was 33.7%, down 1.4 percentage points year on year.

Gross profit was ¥1,235.4 billion, down ¥22.0 billion compared to the previous year. This outcome was mainly the result of lower sales of LSI devices and electronic components. The gross profit margin was 27.7%, virtually unchanged from the previous fiscal year. With the continuation of upfront investments in networks, cloud services, and other areas, selling, general and administrative expenses rose ¥5.2 billion from fiscal 2010 to ¥1,130.1 billion.

As a result, operating income amounted to ¥105.3 billion, a decrease of ¥27.3 billion compared to fiscal 2010. The operating income margin declined 0.5 of a percentage point to 2.4%.

Other income (expenses), net, amounted to a ¥38.5 billion loss, a deterioration of ¥8.2 billion from the previous fiscal year. Positive factors included a smaller net loss on foreign exchange and an improved financial balance owing mainly to a decline in interest-bearing loans. On the other hand, Fujitsu recorded ¥15.1 billion in restructuring charges in connection to the LSI devices and car audio and navigation systems, and the services businesses outside Japan.

As a result, net income for fiscal 2011 was ¥42.7 billion, representing a year-on-year decline of ¥12.4 billion.

Yen Exchange Rates (Average) (Yen)

	Fiscal 2010	Fiscal 2011	**Fiscal 2012**
U.S. Dollar	93	86	**79**
Euro	131	113	**109**
British Pound	148	133	**126**

(For reference) Impact on operating income (actual) of a one yen (¥1) fluctuation in the currency exchange rate for fiscal 2012 (approximate)
US dollar: ¥0.6 billion; Euro: ¥0.3 billion; British pound: ¥0.0 billion

Financial Initiatives in Fiscal 2011

The Fujitsu Group continued to improve its financial position in fiscal 2011. The owners' equity ratio rose by 1.4 percentage points compared to the previous fiscal year to 28.6%, primarily from a reduction in interest-bearing loans, and net income posted for the year. Free cash flow was a positive ¥49.1 billion. Although this figure was ¥64.2 billion less than in fiscal 2010, when excluding proceeds from the sale of investment securities and other special items reported in that year, free cash flow was actually a positive ¥43.5 billion, representing a decline of ¥29.8 billion. This outcome largely stemmed from deterioration in income before income taxes and minority interests, as well as the increased allocation of cash to datacenter-related capital investment. The balance of interest-bearing loans amounted to ¥381.1 billion, a decline of ¥89.6 billion year on year, owing to progress in loan repayment and redemptions of ¥100.0 billion in convertible bonds that reached maturity. In redeeming the convertible bonds, we supplemented the use of cash on hand for this purpose by issuing a total of ¥50.0 billion in straight bonds with maturities of three and five years, respectively. This put the D/E ratio at 0.45 times, an improvement of 0.12 points from the previous fiscal year-end.

Consequently, the net D/E ratio was 0.14 times, essentially identical to the previous fiscal year-end. Both the D/E ratio and net D/E ratio were at their lowest levels ever.

Corporate Executive Vice President and Director, Chief Financial Officer
Kazuhiko Kato