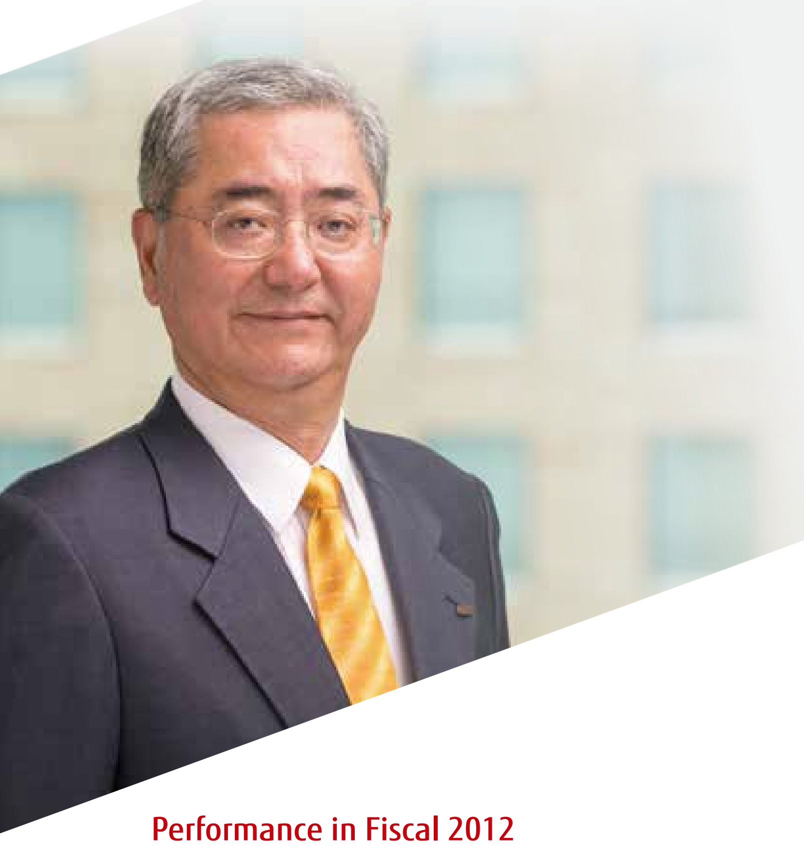

Performance in Fiscal 2012

The global economy during fiscal 2012 continued to experience a weak recovery. In Europe, ongoing deterioration in economic conditions resulted from fiscal austerity measures and rising unemployment, and in the US, concerns over fiscal policy created conditions of uncertainty. In emerging countries, although investment activity showed signs of improvement as a result of expanded public works spending and monetary easing, the rate of economic growth slowed on account of sluggish consumer spending.

In Japan, the economy was buffeted by the global economic slowdown, resulting in stagnation. Despite rising expectations for an economic rebound due to a stock market rally and yen depreciation spurred on by economic policy and monetary easing from the fourth quarter, the impact on the real economy in fiscal 2012 was limited.

With respect to ICT investment in Japan, spending on IT services saw signs of recovery, but hardware investment remained sluggish. Outside Japan, Europe saw economic conditions continue to deteriorate, mainly in the first half, and companies responded by putting firmer constraints on investment spending.

Under these conditions, consolidated net sales for fiscal 2012 were ¥4,381.7 billion (US$46,614 million), a decline of 1.9% from fiscal 2011. Excluding the impact of foreign exchange fluctuations, sales were down by 3.0%.

Net sales in Japan fell by 2.6%. The primary cause of the decrease was a drop in sales of PCs, mobile phones, LSI devices, and electronic components and other hardware. Sales stemming from the next-generation supercomputer systems, for which deliveries peaked in fiscal 2011, also declined. Outside Japan, sales were essentially unchanged from the previous fiscal year, and on a constant currency basis, decreased by 3.0%. Sales of infrastructure services, particularly in Europe, were buffeted by deteriorating economic conditions, and sales of PCs in Europe and optical transmission systems in North America were lower than fiscal 2011.

Gross profit was ¥1,203.7 billion, down ¥31.6 billion from fiscal 2011. The decline was attributable to lower sales of PCs, mobile phones, and LSI devices. The gross profit margin was 27.5%, a decline of 0.2 of a percentage point compared to the prior fiscal year. Selling, general and administrative expenses were ¥1,108.4 billion, a decline of ¥21.6 billion from fiscal 2011, primarily as a result of efforts across the Group to generate cost efficiencies. There was also an increase in strategic investment in network-related technologies and cloud services.

By segment, the Technology Solutions segment achieved higher sales year on year centered on services in Japan, with infrastructure services such as network services, and system integration performing steadily throughout the fiscal year. However, the Ubiquitous Solutions segment posted a large year-on-year decline in sales in the second half, mainly due to the impact of intensifying competition. In addition, in the Device Solutions segment, the core LSI device business saw lower year-on-year sales in every quarter.

As a result, operating income was ¥95.2 billion, a decrease of ¥10.0 billion compared to fiscal 2011. The operating income margin declined 0.2 of a percentage point to 2.2%.

By segment, the Technology Solutions segment achieved higher year-on-year operating income on a full-year basis, although the Ubiquitous Solutions segment posted a large decline in operating income in the second half, compared to the same period of the previous fiscal year. In addition, performance in the Device Solutions segment was lackluster on a continuing operating loss in the LSI device business.

In other income (expenses), Fujitsu recorded a loss of ¥140.3 billion, representing a deterioration of ¥101.8 billion from the previous fiscal year. This is mainly due to Fujitsu having posted restructuring charges of ¥116.2 billion, and an impairment loss of ¥34.2 billion under other expenses.

The restructuring charges stem from ¥90.3 billion for the LSI device business, ¥20.0 billion for business outside Japan, and ¥5.8 billion for others. Restructuring charges for the LSI devices business consist of losses relating to transfer of production facilities and an impairment loss on the standard logic LSI devices production line, for which capacity utilization rates have been declining. The losses relating to transfer of production facilities consist of two items. One is guarantees, for a set period of time, on a portion of the operational costs of the Iwate Plant and test facilities that were transferred. The other is personnel-related expenses in accordance with the transfer

Explanations for underlined words can be found in the glossary on page 147-148.

of the LSI assembly and testing facilities. In addition, personnel-rationalization expenses were included in restructuring charges for the LSI devices business. The restructuring charges for business outside Japan consist of personnel-related expenses, primarily for the European subsidiary Fujitsu Technology Solutions (Holding) B.V. (FTS) Other restructuring charges include losses mainly related to the personnel-related expenses associated with rationalizations at managerial levels in Japan.

The impairment loss stems mainly from an impairment loss recorded on unamortized goodwill and intangible assets with respect to the European subsidiary FTS In light of continued deterioration of economic conditions in Europe, the business plan of FTS was revised as investments planned at the time of acquisition are less likely to be collectible, leading to the recording of the impairment loss.

As a result, Fujitsu recorded a net loss of ¥72.9 billion, representing a deterioration of ¥115.6 billion from net income in fiscal 2011.

Financial Initiatives in Fiscal 2012

The owners' equity ratio decreased by 3.0 percentage points compared to the previous fiscal year-end, to 25.6%. The decrease primarily reflected lower shareholders' equity mainly due to the net loss posted for the year and the payment of year-end dividends for fiscal 2011 and interim dividends for fiscal 2012. Consolidated total assets at the end of fiscal 2012 amounted to ¥3,049.0 billion, an increase of ¥103.5 billion from the end of fiscal 2011. This represented an increase of approximately ¥110.0 billion as a result of yen depreciation. The balance of interest-bearing loans amounted to ¥534.9 billion, an increase of ¥153.8 billion from the previous fiscal year-end. Short-term borrowings increased to finance a potion of working capital and a special contribution into UK pension plans.Consequently, the D/E ratio was 0.68 times, an increase of 0.23 of a point and the net D/E ratio was 0.32 times, an increase of 0.18 point from the previous fiscal year-end.

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

Condensed Consolidated Income Statements

Yen (billions)

Years ended March 31	2012	2013	YoY Change	Change (%)
Net sales	4,467.5	4,381.7	(85.8)	(1.9)
Cost of sales	3,232.1	3,177.9	(54.1)	(1.7)
Gross profit	1,235.4	1,203.7	(31.6)	(2.6)
Selling, general and administrative expenses	1,130.1	1,108.4	(21.6)	(1.9)
Operating income	105.3	95.2	(10.0)	(9.5)
Other income (expenses)	(38.5)	(140.3)	(101.8)	–
Income (loss) before income taxes and minority interests	66.7	(45.1)	(111.8)	–
Income taxes	29.9	24.2	(5.7)	(19.1)
Minority interests in income (loss) of consolidated subsidiaries	(5.9)	3.5	9.5	–
Net income (loss)	42.7	(72.9)	(115.6)	–

Condensed Consolidated Balance Sheets

Yen (billions)

As of March 31	2012	2013	YoY Change
Assets			
Current assets	1,701.7	1,722.2	20.5
Property, plant and equipment	640.9	618.4	(22.4)
Intangible assets	230.2	187.3	(42.9)
Investments and other non-current assets	372.4	520.9	148.4
Total assets	2,945.5	3,049.0	103.5
Liabilities			
Current liabilities	1,420.3	1,568.5	148.1
Long-term liabilities	558.5	570.7	12.1
Total liabilities	1,978.9	2,139.2	160.3
Net assets			
Shareholders' equity	926.0	832.5	(93.4)
Accumulated other comprehensive income	(85.0)	(51.1)	33.8
Minority interests in consolidated subsidiaries	125.4	128.3	2.8
Total net assets	966.5	909.8	(56.7)
Total liabilities and net assets	2,945.5	3,049.0	103.5
Cash and cash equivalents at end of year	266.6	286.6	19.9
Interest-bearing loans	381.1	534.9	153.8
Net interest-bearing loans	114.4	248.3	133.9
Owners' equity	841.0	781.4	(59.6)

Notes: Year-end balance of interest-bearing loans: Short-term borrowings and current portion of bonds payable (Current liabilities) + Long-term borrowings and bonds payable (Long term liabilities)
Net interest-bearing loans: Interest-bearing loans – Cash and cash equivalents
Owners' equity: Net assets – Subscription rights to shares – Minority interests in consolidated subsidiaries

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, 2013, the Group had liquidity of ¥482.3 billion ($3,027 million), of which ¥284.5 billion ($30,271 million) was cash and cash equivalents and ¥197.7 billion ($21,039 million) was the yen value of unused commitment lines.

To raise funds from global capital markets, the Group 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, 2013, the Company had bond ratings (long-term/short-term) of A3 (long-term) from Moody's, BBB+ (long-term) from S&P, and A (long-term) and a-1 (short-term) from R&I.

Foreign Exchange Effects

Yen appreciation in the first half of the fiscal year turned into yen depreciation in the second half. For fiscal 2012, the average yen exchange rates against major currencies were ¥83 to the U.S. dollar (representing a yen depreciation of ¥4), ¥107 to the euro (an appreciation of ¥2), and ¥131 to the British pound (a depreciation of ¥5). As a result, foreign exchange fluctuations for fiscal 2012 saw the U.S. dollar and the British pound increase net sales by approximately ¥20 billion and ¥10 billion, respectively. The euro had a negligible impact on net sales. The resulting ratio of sales outside Japan was 34.2%, an increase of 0.5 of a percentage point compared to the previous fiscal year. The Fujitsu Group makes every effort to reduce the impact of foreign exchange movements on earnings. However, in fiscal 2012, exchange rates had the impact of reducing operating income by ¥5.0 billion year on year. In terms of exchange rate sensitivity, every change of ¥1 in the yen's exchange rate in fiscal 2012 against the U.S. dollar, euro and British pound had an impact on operating income of approximately ¥0.2 billion, ¥0.1 billion, and ¥0 billion, respectively.