Fujitsu Limited Annual Report 2013

FUJITSU

Empowering New Potential in ICT

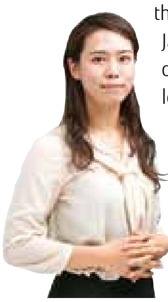
shaping tomorrow with you

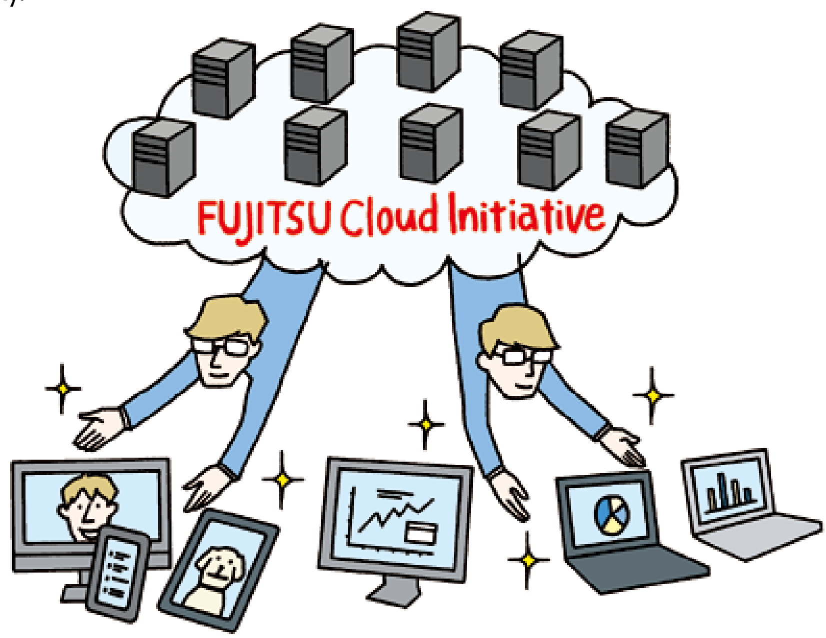
Fujitsu — AT THE HEART of a Human Centric Intelligent Society

A new society is forming–one where people will be empowered by information and communication technology (ICT) to achieve their full potential to innovate. A prosperous society that is convenient for people to live in. Determined to be a leader in this change, Fujitsu is channeling its strengths toward the realization of this new society, which we call a Human Centric Intelligent Society.

First in Customer Satisfaction

Fujitsu was ranked first in six out of eight hardware categories in the 17th Customer Satisfaction Survey by Nikkei Computer. The survey collected responses from the IT divisions of 1,407 organizations throughout Japan, including domestic companies and public organizations such as government agencies and local government bodies. Survey questions focused extensively on customer satisfaction with their main ICT products and services. Fujitsu ranked highly in all eight hardware categories based on strong customer evaluations, coming first in the following six: Desktop PCs, Notebook PCs, PC Servers, Mainframes, Dedicated Storage Devices, and Network Equipment.



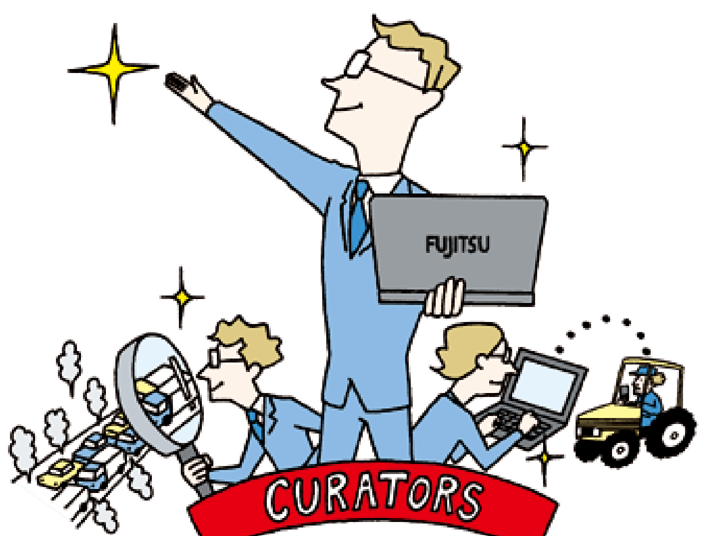


Cloud Integration Combines a Wide Range of Cloud Services

Through the Fujitsu Cloud Initiative, Fujitsu provides customers with individually optimized cloud services, by combining all cloud products and services into a system, including private and public clouds, integration, Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS). Cloud service technologies and products are evolving rapidly and the Fujitsu Cloud Initiative has a core team of 100 Cloud Specialists who stay well-versed in the latest trends. Working with these specialists, around 2,000 Cloud Integrators select the optimal combination of cloud services for each customer's system, to build fast, reliable cloud environments.

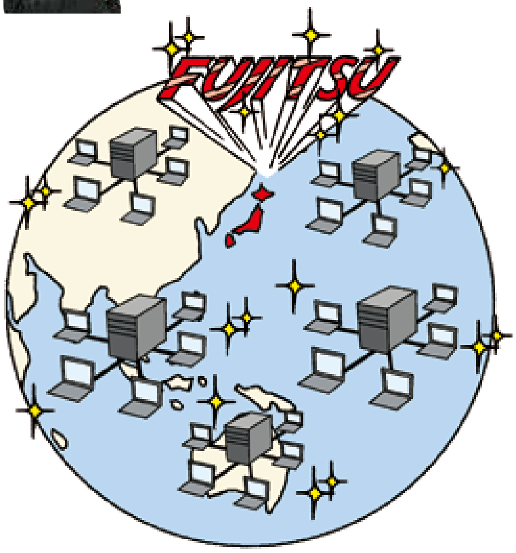
Cloud Services That Use Big Data

Fujitsu is developing cloud services that use big data and integrating technologies for utilizing the data for provision to customers. We also supply software products that incorporate the techniques and know-how we have developed through our work in this field. Examples include services such as Akisai, which improves efficiency at agricultural production sites, and SPATIOWL, which visualizes the status of urban environments. Others include our "data curation" consulting services for eliciting meaningful insights from vast amounts of information, and advanced information utilization services provided through DataPlaza, a forum for companies and organizations to use information together.



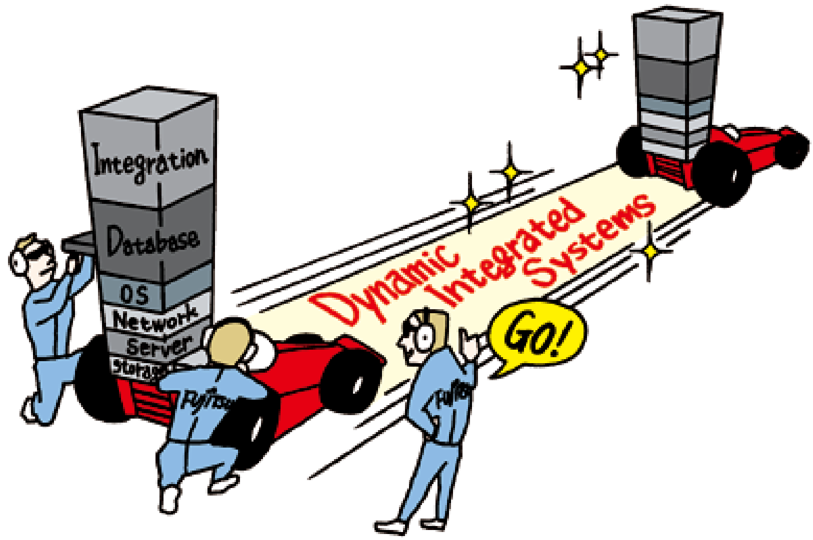
Japan's First Global ICT Services Company

The Fujitsu Group is the top ICT services company in Japan, and ranks fourth globally. With 514 consolidated subsidiaries worldwide (197 in Japan, 317 overseas), and 26 equity method affiliates, the Group's businesses are conducted by approximately 170,000 employees in over 100 countries around the world.



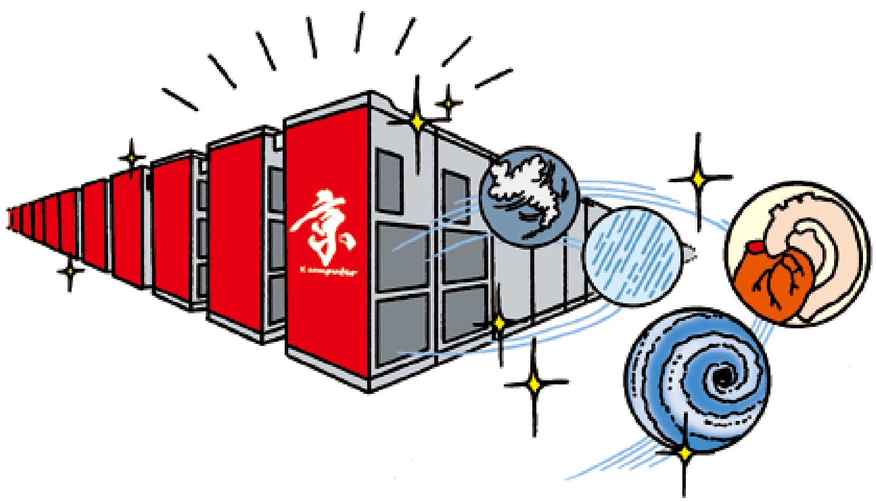
Highly Reliable Datacenters throughout the World

Fujitsu operates datacenters in over 100 locations throughout the world. These facilities are equipped with advanced features to ensure security, and provide high-quality datacenter services to meet the needs of each region. The datacenters in Japan, Australia, Singapore, the UK, the US, and Germany have now rolled out a common global cloud services platform that has enabled them to achieve a high overall utilization rate of over 99.9998% (fiscal 2012 result). In addition, Fujitsu provides support for these services in over 30 languages through a global network of service desks.



Dynamic Integrated Systems

Dynamic Integrated Systems is the overall name for Fujitsu's vertically integrated system products. These include high-performance hardware and software of outstanding reliability and operability, optimally integrated by Fujitsu using advanced techniques that have evolved through years of experience. Dynamic Integrated Systems provide value to customers by increasing the agility of frontline operations. This means making ICT systems available for use quickly. The systems also provide value by reducing the overall integration, operation and maintenance costs of ICT through rapid system integration and advanced operation and maintenance features. At the same time, high performance is assured through the optimal combination of hardware and software.



Supercomputers

The "K computer," jointly developed by RIKEN and Fujitsu, can perform over ten quadrillion floating-point operations per second. Twice, in June and November, 2011, the K computer achieved the top ranking in the world for supercomputer processing performance. The K computer will be used to develop simulation technologies to recreate the movements of the human heart and skeletal muscle for an overall simulation of the human body. It has already achieved dramatic successes in a wide range of tasks, including prediction testing using real cases of past tornadoes and monsoons, the world's largest simulation of dark matter (mysterious, invisible particles that are thought to hold the key for unlocking the structure of the universe), and improving the performance of silicon nanowires, which are being hailed as the next-generation of semiconductors. Rapid advances in the processing power of supercomputers give them the potential to be useful not only in the field of science, but also for finding solutions to the problems confronting business and society.

Integrating People, Processes and ICT Like No-one Else

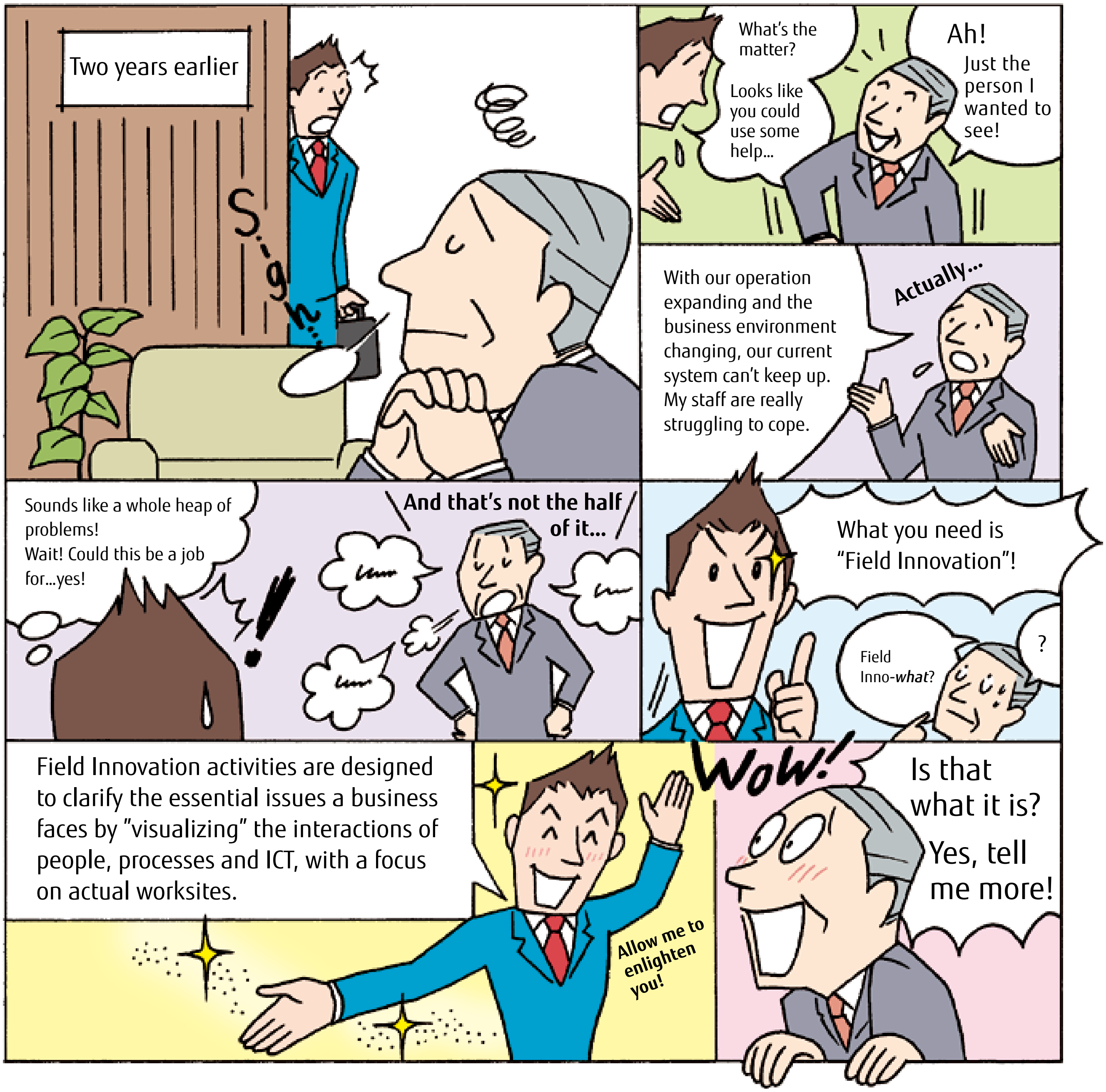
Solutions are at the heart of Fujitsu's business—but what do they actually involve?

In this section we present an example of Fujitsu's solutions business and our initiatives in "Field Innovation."

1 Defining the Fujitsu Solutions Business

Technology Solutions are Fujitsu's core business segment. Here, Fujitsu delivers services, software, hardware, and more to customers in an optimal, integrated package of comprehensive services. Teams comprising sales representatives, who liaise directly with customers, systems engineers, field innovators, and other staff, work cohesively with multiple Fujitsu businesses to deliver solutions that meet customers' expectations.

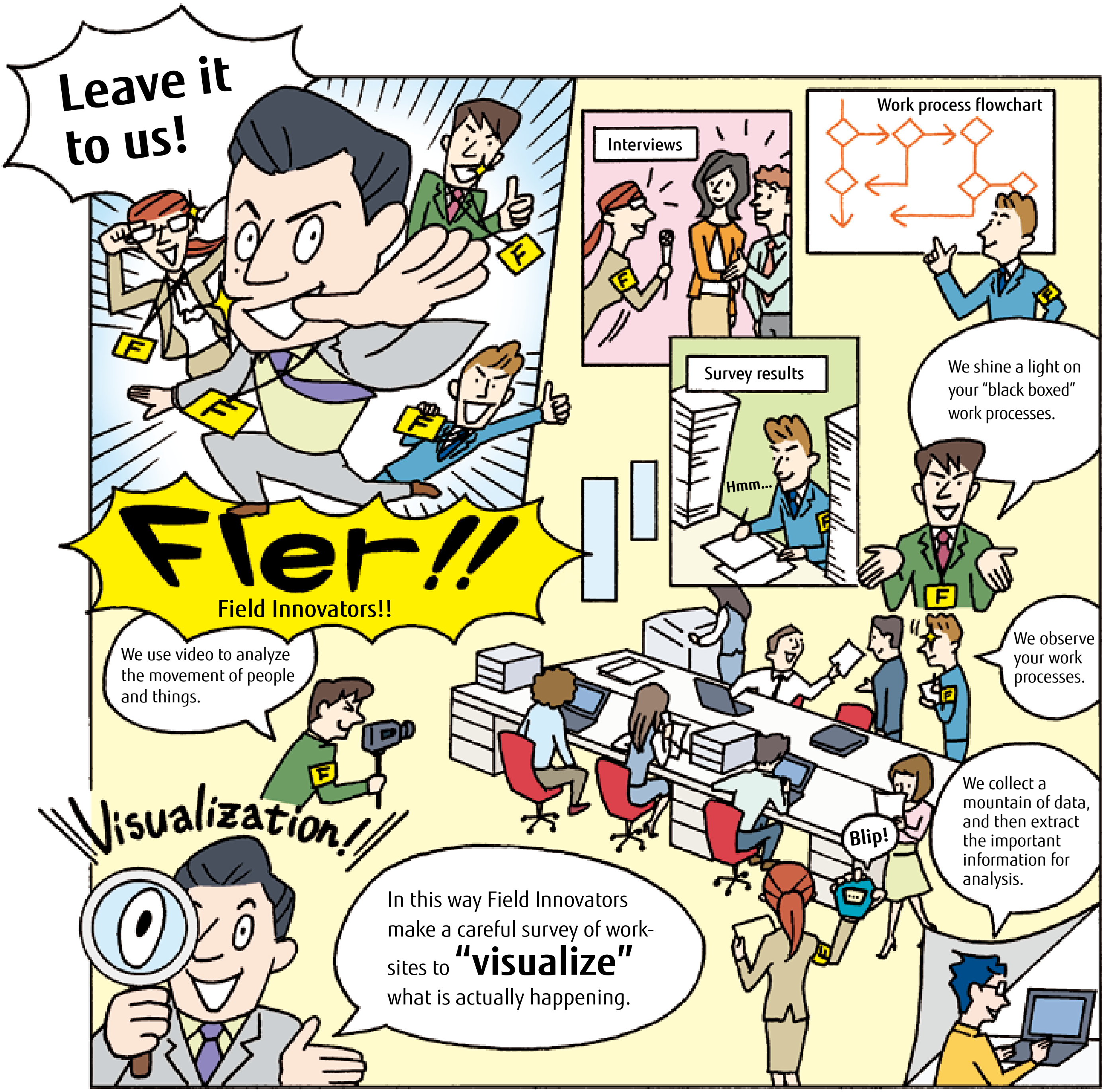
Providing solutions differs from simply supplying a ready-made product. To provide a solution, Fujitsu must combine services, hardware, and software in line with the customer's business profile and policies. This is how we deliver optimal solutions that resolve issues faced by worksites at the forefront of customers' businesses and pave the way for growth.



2 Field Innovation

Field Innovation is designed to clarify the essential issues faced by a business by "visualizing" how people, processes and ICT interact, particularly on actual worksites. With Field Innovation, Fujitsu's goal is to work closely with customers to build an enterprise structure that can execute complex work processes and continuously improve ICT. This entails changing people's awareness by having them take notice of issues and bringing out the ingenuity of on-site personnel. Field innovators serve as partners who support customers' efforts to implement these sorts of activities.

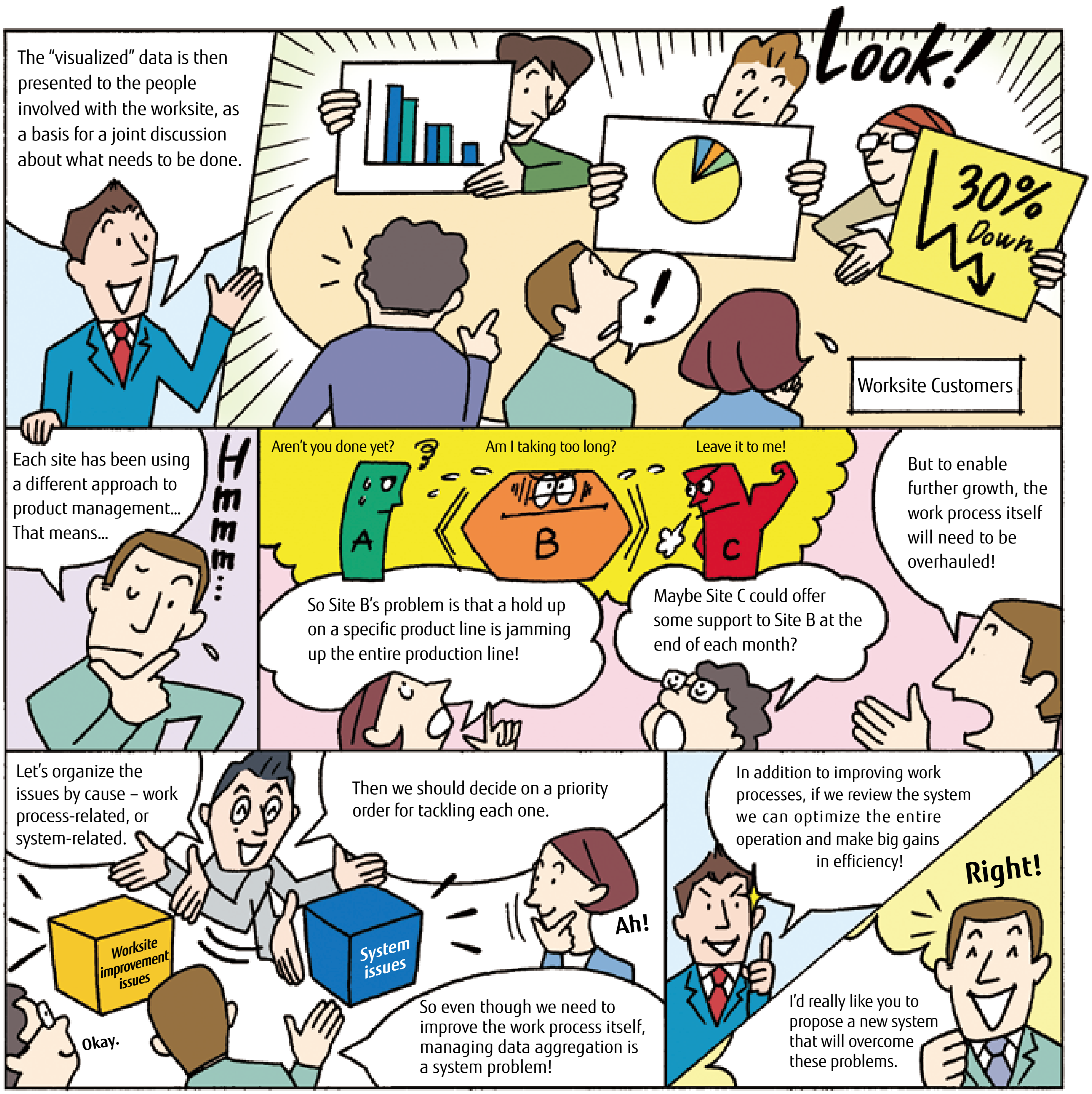
Field innovators are chosen from the ranks of management-level employees who have amassed experience in various business fields. They train for one year, to master skills in such areas as visualization technologies, logical organization techniques, and facilitation. They also hone their practical knowledge and skills by conducting in-house field innovation projects within Fujitsu. By venturing into customers' worksites, field innovators help customers to solve their issues from an independent, expert perspective.



3 Identifying Worksite Issues through Field Innovation

In the course of field innovation activities, Fujitsu employs a variety of techniques to visualize processes, people's awareness, and ICT. One of the techniques employed in field innovation is business fieldwork performed by field innovators on customers' business sites. Besides obtaining feedback directly from worksites via interviews and questionnaires, field innovators use a technique called "shadowing" to closely observe people, with the objective of recording their daily conduct in detail.

Furthermore, Field innovators clarify the flow of operations and work procedures by quantitatively monitoring actual business conditions. For example, they determine how much time is spent on a particular tasks, and how frequently people must move to different locations, by such means as analyzing raw data collected from digital cameras and digital audio recorders installed on site. This helps individuals at worksites to notice many different things, including useless tasks that had been assumed to be necessary. Field innovators also help to analyze issues from an independent perspective. Customer feedback on field work has included comments, such as "Having understood how other divisions operate, I started to become concerned about my own division's issues," "To be honest, seeing the actual state of operations laid out in terms of numbers and a flow chart made me realize that we needed to band together and do something about the situation," and "I realized that the same problems were happening at other worksites." This feedback shows that business fieldwork clarifies priorities for improving business operations, and expands the scope of field innovation activities.



4 Systems Proposals and Integration

The visualization output from conducting field innovation reveals a wide array of different issues, and the solutions for making improvements do not always lie in the realm of ICT. Field innovation also identifies issues such as improperly assigned tasks, as well as redundant work flows or data that the customer has not adequately collected or managed. Working alongside customers, Fujitsu determines whether the issues that emerge are related to systems or whether they can be solved through worksite improvements such as revising job roles and improving skills. Fujitsu helps customers to systematically analyze all of the issues as a whole and prioritize measures to address them.

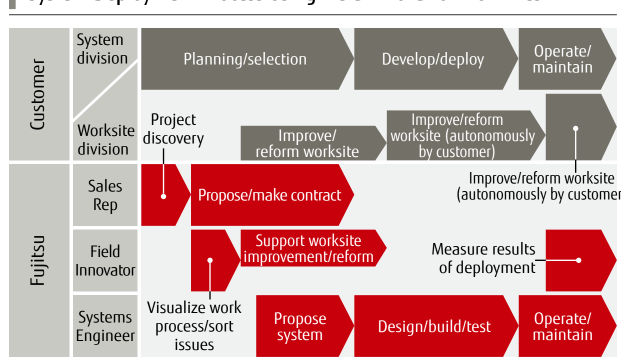
For worksite improvement issues, field innovators support customers and continue to work closely with them to make those improvements.

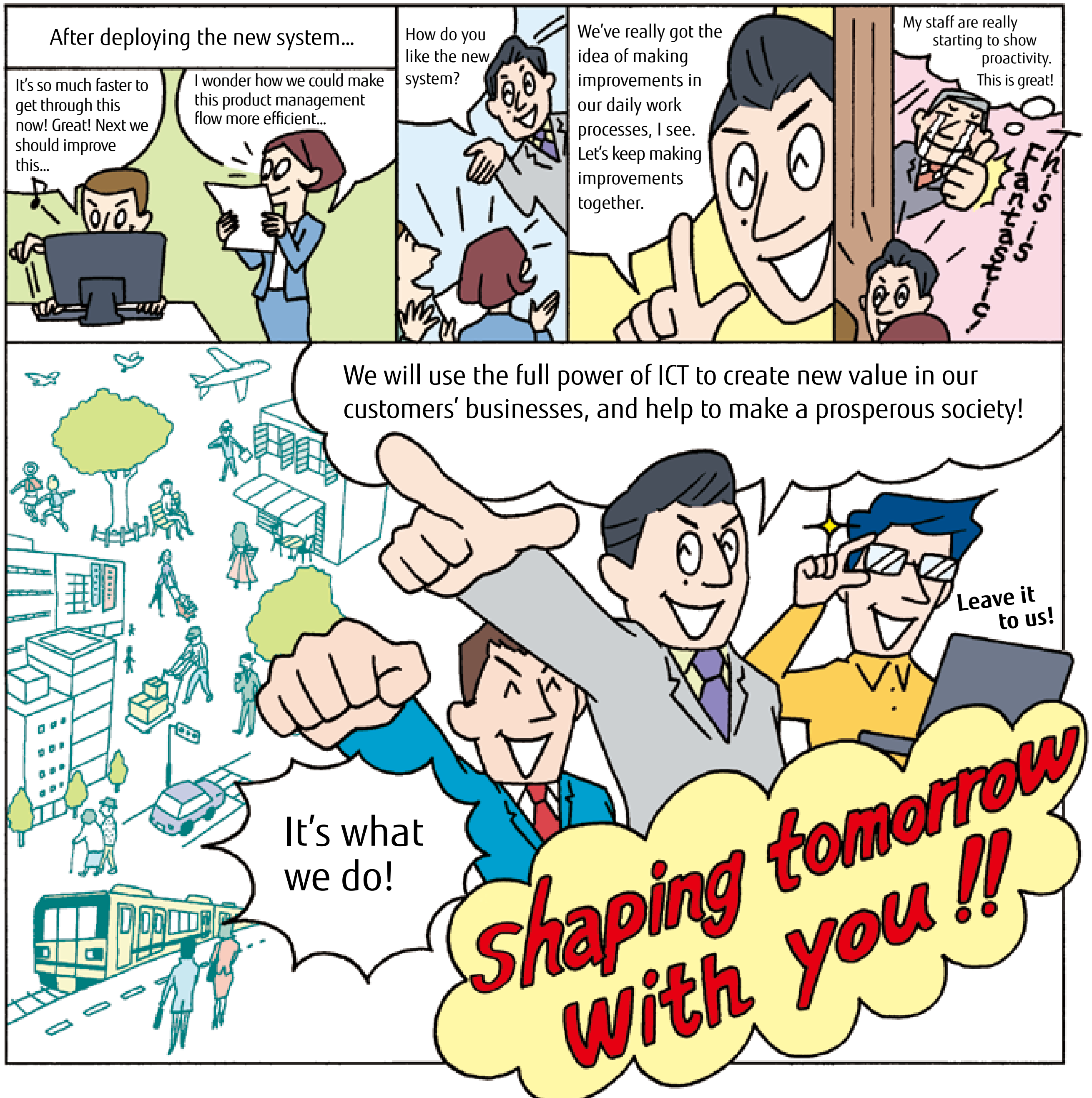
Meanwhile, for systems-related issues identified by field innovation activities, at the request of the customer, Fujitsu proposes appropriate systems designed to provide solutions. In the systems integration phase, Fujitsu builds systems as agreed with customers, while managing the project's budget, delivery schedule, and quality based on systems requirements and project plans. Following delivery, customers accept the system after testing to verify that the system functions properly according to the agreement.

5 Roadmap to Systems Deployment

Various processes are involved in the deployment of a system. Fujitsu's approach is to align the operation phases for the sales representative, systems engineer, and field innovator with the deployment process for the customer's ICT system. This process consists of planning and selection, development and deployment, and operation and maintenance. Sales representatives manage the progress of projects using a project management system, which allows all related parties, including the assigned system engineer and field innovator, to confirm the most recent status of business negotiations. Furthermore, by steadily executing and repeating this process, Fujitsu works to increase customer satisfaction and expand business.

System Deployment Process Using Field Innovation Activities





6 Operation and Maintenance, and Beyond

After systems have been accepted by customers, Fujitsu provides operation and maintenance services to ensure stable operation of the system. Furthermore, after the system has entered operation, at the customer's request, Fujitsu confirms whether the system has produced the anticipated benefits by measuring the effect of deploying the system. If there are any factors inhibiting optimal performance, Fujitsu makes further improvement proposals and continues to support the use of the system.

The significance of field innovation lies in its ability to build a robust enterprise and organization that continuously pursue reforms. This is achieved by implementing integrating reforms that cover people, processes and ICT under the leadership of top management, rather than stopping at merely improving ICT systems. Fujitsu helps its customers to develop an enterprise structure that continuously seeks to reform itself. We do this by constantly implementing initiatives and fostering a corporate culture that promotes continuous reforms, rather than being satisfied with a single success.

ICT is constantly evolving. Fujitsu sees the role of ICT as more than just a tool for raising efficiency. In providing solutions, we connect ICT more directly with management and use it to generate added value. In this way, Fujitsu aims to contribute to the development of its customers' businesses and work together with them to create a prosperous society.

shaping tomorrow with you

A company's brand promise expresses the value the company delivers to its customers.
The Fujitsu Group's brand promise articulates the importance we place on working with our customers to shape a prosperous society, by harnessing the power of ICT.

Employing approximately 170,000 people to support customers in more than 100 countries, Fujitsu is the Japanese global ICT company. We are delivering on our brand promise.

Fujitsu joined the United Nations (UN) Global Compact in December 2009, and is enhancing its CSR activities from a global perspective.

Fujitsu is committed to global corporate social responsibility (CSR) activities that uphold the 10 principles of the Global Compact. Through this commitment, we will meet the demands of various stakeholders in international society, and uphold responsible management as a true global ICT company contributing to the creation of a sustainable society.

THE GLOBAL COMPACT
WE SUPPORT

Fujitsu has been incorporated into the SRI stock indexes below.

Dow Jones Sustainability Indexes
Member 2012/13

Dow Jones Sustainability Indexes (Asia Pacific)

FTSE4Good

FTSE4Good Index Series

Corporate Responsibility Prime
rated by oekom research

oekom research

MS-SRI

Morningstar Socially Responsible Investment Index

Forward-Looking Statements

This annual report may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors: general economic and market conditions in key markets (particularly in Japan, Europe, North America and Asia, including China); rapid changes in the high-technology market (particularly semiconductors, PCs, etc.); fluctuations in exchange rates or interest rates; fluctuations in capital markets; intensifying price competition; changes in market positioning due to competition in R&D; changes in the environment for the procurement of parts and components; changes in competitive relationships relating to collaborations, alliances and technical provisions; potential emergence of unprofitable projects; and changes in accounting policies.

CONTENTS

EDITORIAL POLICY

Our objective with the “Fujitsu Limited Annual Report 2013” is to communicate to a wide readership Fujitsu’s commitment to realizing a prosperous society that is convenient for people to live in by leveraging the power of ICT. The report details Fujitsu initiatives, management strategies, and financial activities, and describes the Company’s efforts to build a firm foundation through corporate governance initiatives and CSR activities.

We have striven to convey to readers not only Fujitsu’s business activities, but also its vision and responsibility.

GLOSSARY OF TERMS
To assist the understanding of our readers, we have provided a Glossary of Terms on pages 147-148 to explain industry terms and offer more information about Fujitsu’s products. Items that appear in the glossary are underlined in the text.

PERFORMANCE HIGHLIGHTS

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	2004	2005	2006	2007
FINANCIAL DATA				
Net sales	¥4,766,888	¥4,762,759	¥4,791,416	¥5,100,163
Sales outside Japan	1,388,623	1,422,095	1,591,574	1,825,255
Ratio of sales outside Japan (%)	29.1	29.9	33.2	35.8
Operating income	150,342	160,191	181,488	182,088
Operating income margin (%)	3.2	3.4	3.8	3.6
POINT 1 Net income (loss)	49,704	31,907	68,545	102,415
Cash flows from operating activities	¥ 304,045	¥ 277,232	¥ 405,579	¥ 408,765
Cash flows from investing activities	67,389	(15,129)	(234,684)	(151,083)
POINT 2 Free cash flow	371,434	262,103	170,895	257,682
Cash flows from financing activities	(239,902)	(212,034)	(207,840)	(234,953)
Inventories	¥ 521,126	¥ 478,510	¥ 408,710	¥ 412,387
Monthly inventory turnover rate (times)	0.64	0.71	0.88	0.93
Total assets	3,865,589	3,640,198	3,807,131	3,943,724
Owners' equity (total net assets – subscription rights to shares – minority interests in consolidated subsidiaries)	827,177	856,990	917,045	969,522
Return on equity (%)	6.0	3.7	7.7	10.9
POINT 3 Owners' equity ratio (%)	21.4	23.5	24.1	24.6
Return on assets (%)	1.3	0.9	1.8	2.6
Interest-bearing loans	1,277,121	1,082,788	928,613	745,817
D/E ratio (times)	1.54	1.26	1.01	0.77
Net D/E ratio (times)	1.04	0.73	0.55	0.31
R&D expenses	250,910	240,222	241,566	254,095
Capital expenditure	159,795	181,402	249,999	305,285
Depreciation	200,031	169,918	169,843	202,825
Amounts per share of common stock (Yen and U.S. Dollars):				
Net income (loss)	¥ 24.55	¥ 15.42	¥ 32.83	¥ 49.54
POINT 4 Cash dividends	3	6	6	6
Owners' equity	413.22	414.18	443.20	469.02
NON-FINANCIAL DATA (ESG INDICATORS)				
Environmental				
Trends in total greenhouse gas emissions (whole group and global) (10,000 tons)	175.5	175.5	159.8	153.0
Social				
Number of employees	156,169	150,970	158,491	160,977
Trends in Female Managers (non-consolidated) (%)	1.6	1.7	1.8	2.2
Governance				
Ratio of External Directors (non-consolidated) (%)	10.0	20.0	20.0	20.0

Note: The U.S. dollar amounts stated above and elsewhere in this report have been translated from yen, for readers' convenience only, at the rate of ¥94 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2013.

POINT 1 Net Income (Loss)

Fujitsu booked a net loss of ¥72.9 billion for fiscal 2012, a deterioration of ¥115.6 billion from net income in the previous fiscal year. This is mainly because of posting restructuring costs of ¥116.2 billion related to the LSI business and overseas businesses, and an impairment loss of ¥34.2 billion on the unamortized balance of goodwill relating to a European subsidiary.

POINT 2 Free Cash Flow

Free cash flow, was negative ¥90.4 billion ($962 million), representing a decrease in net cash inflows of ¥139.6 billion compared with the same period in the previous fiscal year. Excluding one-time items such as the special contribution to the defined benefit corporate pension fund of a UK subsidiary company (¥114.3 billion), free cash flow amounted to ¥8.4 billion, which was ¥35.0 billion less than the previous fiscal year.

MANAGEMENT

					Yen (millions)	Year-on-Year Change (%)	U.S. Dollars (thousands)
2008	2009	2010	2011	2012	**2013**	**2013/2012**	**2013**
¥5,330,865	¥4,692,991	¥4,679,519	¥4,528,405	¥4,467,574	**¥4,381,728**	**–1.9**	**$46,614,128**
1,923,621	1,499,886	1,748,304	1,587,363	1,506,096	**1,498,215**	**–0.5**	**15,938,457**
36.1	32.0	37.4	35.1	33.7	**34.2**		
204,989	68,772	94,373	132,594	105,304	**95,278**	**–9.5**	**1,013,596**
3.8	1.5	2.0	2.9	2.4	**2.2**		
48,107	(112,388)	93,085	55,092	42,707	**(72,913)**	**–**	**(775,670)**
¥ 322,072	¥ 248,098	¥ 295,389	¥ 255,534	¥ 240,010	**¥ 71,010**	**–70.4**	**$ 755,426**
(283,926)	(224,611)	1,020	(142,108)	(190,830)	**(161,481)**	**–**	**(1,717,883)**
38,146	23,487	296,409	113,426	49,180	**(90,471)**	**–**	**(962,457)**
62,325	(47,894)	(405,310)	(166,933)	(138,966)	**100,384**	**–**	**1,067,915**
¥ 383,106	¥ 306,456	¥ 322,301	¥ 341,438	¥ 334,116	**¥ 323,092**	**–3.3**	**$ 3,437,149**
1.03	0.98	1.04	1.02	1.01	**1.00**		
3,821,963	3,221,982	3,228,051	3,024,097	2,945,507	**3,049,054**	**3.5**	**32,436,745**
948,204	748,941	798,662	821,244	841,039	**781,416**	**–7.1**	**8,312,936**
5.0	(13.2)	12.0	6.8	5.1	**(9.0)**		
24.8	23.2	24.7	27.2	28.6	**25.6**		
1.2	(3.2)	2.9	1.8	1.4	**(2.4)**		
887,336	883,480	577,443	470,823	381,148	**534,967**	**40.4**	**5,691,138**
0.94	1.18	0.72	0.57	0.45	**0.68**		
0.36	0.47	0.20	0.14	0.14	**0.32**		
258,717	249,902	224,951	236,210	238,360	**231,052**	**–3.1**	**2,458,000**
249,063	167,690	126,481	130,218	140,626	**121,766**	**–13.4**	**1,295,383**
200,509	223,975	164,844	141,698	131,577	**116,565**	**–11.4**	**1,240,053**
¥ 23.34	¥ (54.35)	¥ 45.21	¥ 26.62	¥ 20.64	**¥ (35.24)**	**–**	**$ (0.375)**
8	8	8	10	10	**5**	**–50.0**	**0.053**
458.31	362.30	386.79	396.81	406.42	**377.62**	**–7.1**	**4.017**
189.4	166.8	131.3	118.5	109.8	**101.4**	**–7.7**	
167,374	165,612	172,438	172,336	173,155	**168,733**		
2.4	2.9	3.1	3.5	3.7	**4.0**		
20.0	20.0	30.0	30.0	36.4	**33.3**		

POINT 3 Owners' Equity Ratio

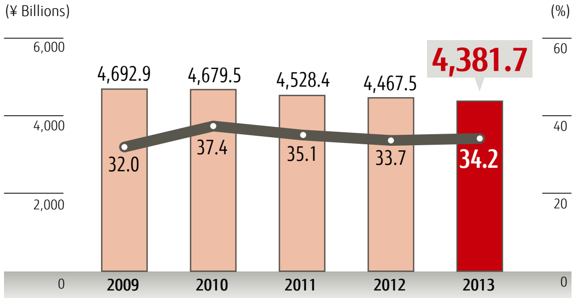
Accumulated other comprehensive income increased ¥33.8 billion year on year due to the yen's depreciation and rising stock prices. However, shareholders' equity declined ¥93.4 billion from the end of the previous fiscal year due to recording a net loss and the payment of dividends, while net assets declined ¥56.7 billion from the end of the previous fiscal year. As a result, the owners' equity ratio dropped 3.0 percentage points to 25.6%.

POINT 4 Dividends

Fujitsu posted a loss on valuation of shares in affiliates of approximately ¥380.0 billion, primarily on non-recoverable losses in the Company's semiconductor, European and UK subsidiaries. The posting of these valuation losses caused negative retained earnings, on a non-consolidated basis, as of the end of fiscal 2012. For this reason, Fujitsu decided to forgo payment of a year-end dividend. The annual dividend for fiscal 2012 therefore consisted only of the interim dividend of ¥5 per share.

FINANCIAL DATA

Net Sales and Ratio of Sales Outside Japan

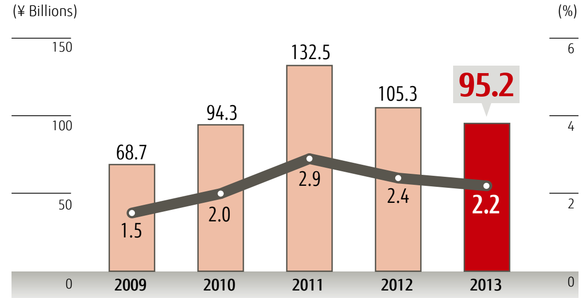


Net sales (left scale)
Ratio of sales outside Japan (right scale)
(Years ended March 31)

Overseas Sales Ratio +0.5 of a point

Overseas sales declined 1.9% year on year, however, the overseas sales ratio climbed 0.5 of a percentage point to 34.2% due to the effect of foreign currency exchange rates.

Operating Income and Operating Income Margin

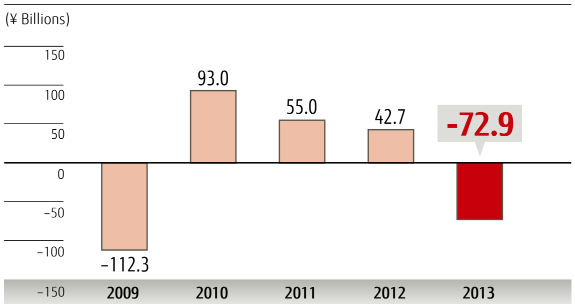


Operating income (left scale)
Operating income margin (right scale)
(Years ended March 31)

Operating Income Margin –0.2 of a percentage point

The operating income margin declined 0.2 of a percentage point to 2.2%, mainly on intensifying competition for hardware products centered on PCs and mobile phones and the impact of exchange rates.

Net Income (Loss)

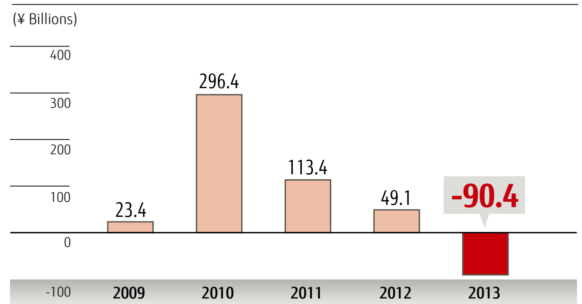


(Years ended March 31)

Net Income (loss)

Fujitsu recorded a net loss of ¥72.9 billion, representing a deterioration of ¥115.6 billion from net income in fiscal 2011. The result was mainly attributable to recording business restructuring costs and other expenses.

Free Cash Flow

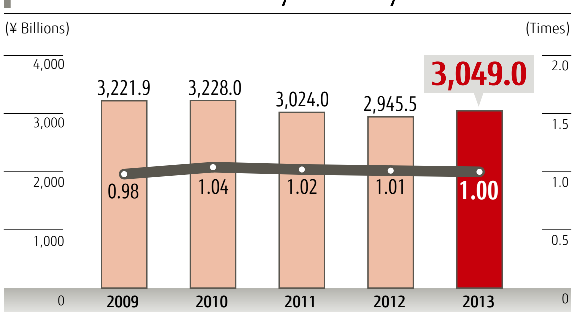


(Years ended March 31)

Free Cash Flow

Excluding one-time items such as the special contribution to the defined benefit corporate pension fund of a UK subsidiary company, free cash flow was positive ¥8.4 billion, representing a decrease in net cash inflows of ¥35.0 billion from the previous fiscal year.

Total Assets and Monthly Inventory Turnover Rate

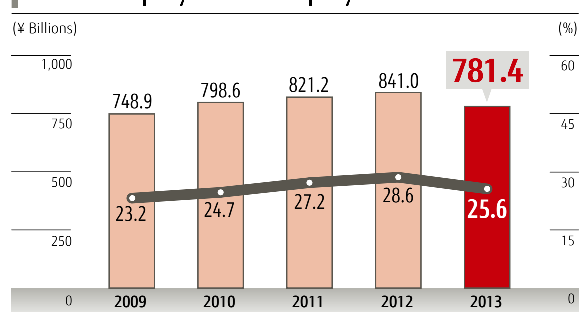


Total assets (left scale)
Monthly inventory turnover rate (right scale)
(As of March 31)

Total Assets and Monthly Inventory Turnover Rate –0.01 times

Total assets increased by approximately ¥110 billion due to the yen's depreciation. The monthly inventory turnover rate was on par with the previous fiscal year.

Owners' Equity/Owners' Equity Ratio

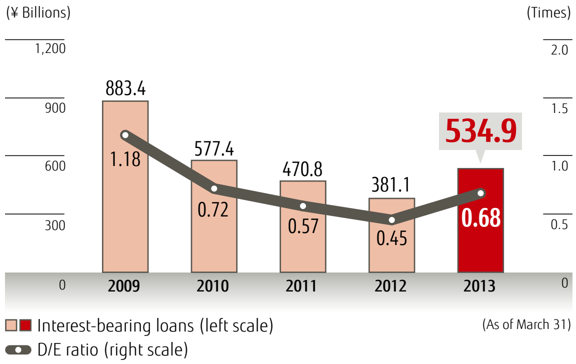


Owners' equity (left scale)
Owners' equity ratio (right scale)
(As of March 31)

Owners' Equity Ratio –3.0 percentage points

The owners' equity ratio declined by 3.0 percentage points from the end of fiscal 2011, mainly due to recording a net loss, and to a decline in net assets due to the payment of dividends.

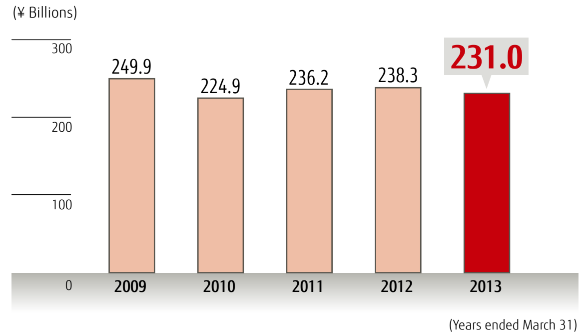
Interest-Bearing Loans and D/E Ratio



D/E Ratio +0.23 of a point

The D/E ratio edged up 0.23 of a point, mainly due to taking out short-term loans to procure funds for the special contribution to a defined benefit corporate pension fund owned by Fujitsu's UK subsidiary, and for part of working capital.

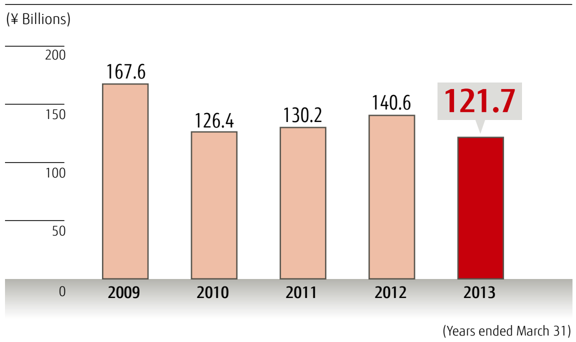
R&D Expenses



R&D Expenses −3.1%

Fujitsu proceeded with R&D of various advanced technologies, from next-generation services to servers, networks, ubiquitous terminals, as well as devices and green ICT to support them.

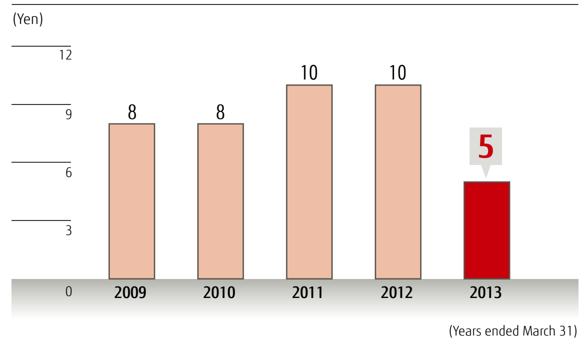
Capital Expenditure



Capital Expenditure −13.4%

Capital expenditure was focused on technology solutions, including expansion of datacenters in Japan, while overseas expenditure focused on renewal of datacenters and plants in Europe and other areas.

Cash Dividends

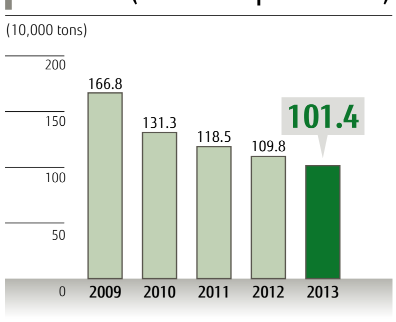


Cash Dividends −¥5

Since retained earnings became negative on a non-consolidated basis, Fujitsu did not pay a year-end dividend. As a result, the annual dividend for fiscal 2012 consisted only of the interim dividend of ¥5 per share.

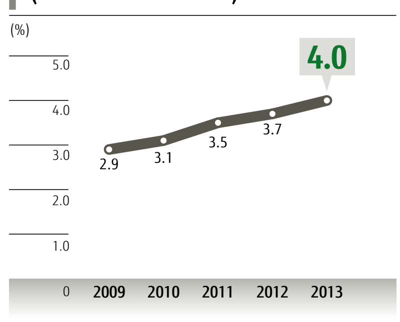
NON-FINANCIAL DATA (ESG INDICATORS)

Trends in Total Greenhouse Gas Emissions (Whole Group and Global)



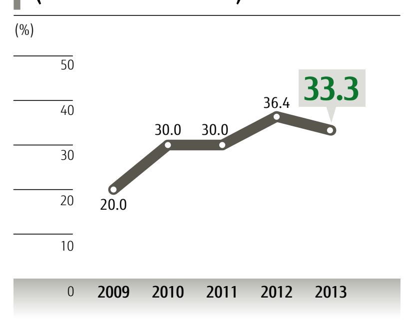
Fujitsu's total greenhouse gas emissions on a global basis as of the end of fiscal 2012 had been cut by 24.4% compared to fiscal 1991 year-end levels. The reduction exceeded the 6% target by a significant margin.

Trends in Female Managers (Non-Consolidated)



Fujitsu is promoting selective training for female employees, among other initiatives, aiming to achieve a 20% ratio of women both as employees and as newly appointed managers by fiscal 2020.

Ratio of External Directors (Non-Consolidated)



Fujitsu is actively increasing its appointments of external directors to strengthen its oversight function. In fiscal 2012, four of the 12 directors were external directors.

“We are convinced that ICT will be a powerful force for creating new business value and transforming social infrastructure.”

Today, we are witness to ICT that is undergoing development at breathtaking speed, driven by technological advances to its foundation such as great leaps in computing power and network technologies. Together with growth in information sensor technologies embedded in home electronics, automobiles, machinery, homes, as well as social infrastructure such as energy and transportation systems, a new era is dawning in which all manner of things will be connected over the Internet. At the same time, ICT is increasingly expected to not only improve back office productivity and make business processes more efficient, but also to help solve issues confronting society. We are convinced that ICT will be a powerful force for creating new business value and transforming social infrastructure.

The Fujitsu Group aims to harness ICT in innovative ways to find solutions to a range of issues, to realize a "Human Centric Intelligent Society" that is prosperous and secure. Staying true to our brand promise of "shaping tomorrow with you," we will work alongside our customers and society to create this promising future.

We also look to realize healthy earnings and sustainably raise corporate value so as to meet the expectations of shareholders and investors. We very much look forward to your unwavering support and understanding as we endeavor to reach our goals.

Michiyoshi Mazuka

Chairman
Michiyoshi Mazuka

Masami Yamamoto

President
Masami Yamamoto

DETERMINED TO DELIVER NEW VALUE USING THE POWER OF ICT

"We will also speed up implementation of our overall growth strategy to achieve our medium-term goals."

In fiscal 2012, Fujitsu set a clear direction for structural reforms in the underperforming semiconductor business and European business. This determination was made in line with concentrating management resources on shifting to a business model that firmly positions Fujitsu as an ICT services company, reflecting the basic policy of the Group's strategy over the past several years.

We see fiscal 2013 as a year for making a fresh start to pave the way for a sharp turnaround in earnings, building on the results of these structural reforms. Beginning with rigorous efforts to strengthen our management fundamentals, our key goals for fiscal 2013 are to create new services and step up execution of growth strategies for global locations, and to accelerate a positive growth cycle by integrating Group-wide business resources as "One Fujitsu."

We will also speed up implementation of our overall growth strategy to achieve our medium-term goals.

President
Masami Yamamoto

A review of fiscal 2012

The Technology Solutions segment experienced steady growth, primarily in Japan, but our system LSI, PC, and mobile phone businesses deteriorated further than anticipated. Consequently, we posted operating income of ¥95.2 billion, which did not meet our initial operating income forecast of ¥135.0 billion or our revised operating income target of ¥100.0 billion announced in February 2013. Under these circumstances, we set a clear direction for structural reforms in the semiconductor and European businesses, paving the way for a recovery in fiscal 2013 and beyond.

Q.1 To page 017

Future challenges and measures

We will implement structural reforms to deal with underperforming businesses by restructuring the semiconductor business and structurally transforming the European business. We will also make reforms to move ourselves onto the offensive by executing workforce related measures, increasing the efficiency of corporate functions, and reviewing costs.

In the cloud-related business, we are targeting sales of ¥300.0 billion in fiscal 2013.

Q.2 To page 018
Q.3 To page 018
Q.4 To page 019
Q.5 To page 020
Q.6 To page 021

Fujitsu's vision for society and social contribution

We will contribute to solving global issues by applying ICT. Specifically, we will chart a course to a brighter future through innovation and by utilizing ICT, which has begun to demonstrate the power to transform society. Guided by our brand promise of "shaping tomorrow with you," we will steer the Fujitsu Group with an emphasis on creating value in partnership with stakeholders.

Q.7 To page 022

Return to shareholders and dividend policy

Given that retained earnings became negative on a non-consolidated basis, we deeply regret that we decided to forgo payment of the year-end dividend for fiscal 2012. As a result, we have paid only the interim dividend, making the annual dividend ¥5 per share for the fiscal year. In fiscal 2013, we plan to suspend the interim dividend. The year-end dividend will be decided based on an assessment of progress with structural reforms.

Q.8 To page 022

To shareholders and investors

By shifting to a business model built on an ICT services as a core, we will lead the way forward for Fujitsu, based on our firm resolve to strengthen our business structure and prevail in growing markets around the world.

Q.9 To page 023

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

A review of fiscal 2012

Q.1 Looking back, what was the year ended March 31, 2013 like for Fujitsu? How would you rate Fujitsu's business performance?

A.1 **The Technology Solutions segment experienced steady growth, primarily in Japan, but our system LSI, PC, and mobile phone businesses deteriorated further than anticipated. Consequently, we posted operating income of ¥95.2 billion, which did not meet our initial operating income forecast of ¥135.0 billion or our revised operating income target of ¥100.0 billion announced in February 2013. Under these circumstances, we set a clear direction for structural reforms in the semiconductor and European businesses, paving the way for a recovery in fiscal 2013 and beyond.**

Performance in Fiscal 2012

In fiscal 2012, we implemented growth strategies based on three priorities: going on offense with structural reforms, accelerating globalization, and creating new services businesses. However, the global economy managed only a weak recovery overall, and the Japanese economy stalled due to the impact of the global economic slowdown. From the fourth quarter, there were heightened expectations for a domestic economic recovery supported by the yen's depreciation and rising stock prices, but this had only a limited impact on our performance in fiscal 2012. In this market environment, the Technology Solutions segment experienced steady growth centered on Japan. However, the system LSI, PC, mobile phone, and other businesses struggled. As a result, we posted operating income of ¥95.2 billion, which did not meet our initial operating income forecast or our revised target announced in February 2013. That said, we continued to steadily execute upfront investments in growth, even amid this challenging environment.

Structural Reforms

We recorded an extraordinary loss after setting a clear direction for concrete measures in underperforming businesses, such as LSI and European businesses, and taking structural reforms to strengthen management fundamentals. However, based on the expected effects of recording these structural reform-related losses, we are now able to chart a course to recovery in fiscal 2013 and beyond. In the past, Fujitsu had expanded its business fields by incorporating various ICT-related technologies into its portfolio. However, given our finite business resources and intensifying competition, we have determined that seeking to prevail in all of these fields would be unfeasible. Consequently, we have focused on developing a framework and specializing in our core businesses. Under this policy, for several years we have implemented structural reforms, and as part of these efforts, in fiscal 2012 we set a clear direction for structural reform policies in the system LSI business and the European business.

New Expansion in ICT

ICT has generally been used with emphasis on improving back-office productivity and enhancing business processes. However, the maintenance and operation of increasingly complex ICT assets now pose a common problem for customers. At the same time, considering that it is becoming possible to use ICT without time and capacity restrictions, ICT is expected to help with making companies even more competitive and solving issues faced by society. At Fujitsu, we believe it is crucial to coordinate two priorities in this regard: modernization, which seeks to strengthen the ICT platform by stripping out the complexity of previous ICT systems, including third party products, and innovation, which can be achieved by applying new data utilization technologies.

In April 2013, we announced the Fujitsu Technology and Service Vision. This vision presents future scenarios for how the Fujitsu Group thinks ICT can contribute to changes in society. This is the first time that we have systematically compiled and presented technologies and product concepts, as well as current product lineups, designed to achieve such a vision. This concept will underpin our development of new technologies and services as we boldly take the lead at the forefront of changes in the market and in our customer's businesses.

See pp. 024 -025 for a more detailed account of fiscal 2012 performance.

See pp. 026 -031 for a more detailed account of Fujitsu Technology and Service Vision.

Fiscal 2012 Full-Year Major Items in Other Income and Expenses

Restructuring Charges −¥116.2 billion		
LSI Devices Business −¥90.3 billion	•Losses relating to transfer of production facilities	−¥33.1 billion
	•Impairment losses of standard logic LSI devices production line	−¥28.6 billion
	•Personnel-related expenses	−¥28.4 billion
Global Business −¥20.0 billion	Personnel-related expenses related to structural reforms mainly in Fujitsu Technology Solutions (Holding)B.V.	
Others −¥5.8 billion	Early retirement incentive plan for managerial levels	
Impairment Loss −¥34.2 billion	Impairment loss on goodwill in European subsidiary and fixed assets of subsidiaries in Japan	

Future challenges and measures

Q.2 What are some of the challenges that must be addressed in order to achieve your targets for fiscal 2013, and to meet your medium-term goals?

A.2 Our fiscal 2013 targets are net sales of ¥4,550.0 billion and operating income of ¥140.0 billion, representing both higher revenue and earnings. Our medium-term goals are operating income of at least ¥200.0 billion, net income of ¥100.0 billion or above, and free cash flow of at least ¥100.0 billion.

Fiscal 2013 Business Projections and Strategic Positioning

Our fiscal 2013 targets are net sales of ¥4,550.0 billion, operating income of ¥140.0 billion, and an operating income margin of 3.1%, representing both higher revenue and earnings. The main factors behind the projected improvement in operating income are the effects of approximately ¥25.0 billion from structural reforms of the semiconductor and European businesses, and approximately ¥20.0 billion in cost savings from workforce-related measures and cuts in corporate expenses. In other areas, although we expect certain business results to worsen due to special factors such as higher UK pension costs, we plan to offset the impact of these negative factors by improving earnings in core businesses through execution of our growth strategies. The Ubiquitous Solutions segment should continue to face challenging business conditions for some time. Nonetheless, we expect the Japanese ICT market to steadily rebound, mainly on the back of the full-fledged rollout of cloud computing systems by corporations, and the introduction of big data-related services.

In our medium-term strategy, we see fiscal 2013 as a year to make a fresh start that paves the way for a sharp turnaround in earnings. Based on rigorous efforts to strengthen our management fundamentals, we will work toward our key goals of creating new services and executing our growth strategies for global expansion, and accelerating a positive growth cycle by integrating various Group-wide business resources as "One Fujitsu."

Medium-Term Goals

Looking at our medium-term goals, in fiscal 2015, we aim to generate operating income of at least ¥200.0 billion, net income of ¥100.0 billion or above, and free cash flow of at least ¥100.0 billion. We expect the owners' equity ratio to fall below 20% at the end of fiscal 2014 as a result of recording extraordinary losses on structural reforms in fiscal 2012, and the shifting of unrecognized pension liabilities onto the balance sheet in fiscal 2013 in line with a change in accounting standards. We intend to restore the owners' equity ratio as quickly as possible by continuously improving the bottom line. To do so, we will expand earnings from our core businesses by shifting business resources to sales divisions and growth fields, in addition to cutting costs through structural reforms. We will steadily execute clear-cut growth strategies and accelerate progress on our medium-term goals.

Q.3 What is the purpose and thinking behind the structural reforms announced in February 2013?

A.3 To shift to our target business model, we will implement structural reforms to deal with underperforming businesses, restructuring the semiconductor business and structurally transforming the European business. We will build corporate strength by taking the offensive with workforce-related measures, streamlining corporate functions, and reviewing costs.

Semiconductor Business Restructuring Initiatives

In exploring solutions for the semiconductor business, we took a basic approach of preserving and utilizing our semiconductor technology base, ensuring stable supplies to customers, and considering the impact on jobs and local communities. Taking these factors into consideration, we decided on the following direction for restructuring. This decision resulted in our recording an extraordinary loss; however, we believe it will have a beneficial impact on operating income in fiscal 2013.

(1) **System LSI:** We reached a basic agreement on establishing a new fabless company that will conduct system LSI design and development with capital participation by outside investors, and on transferring the design, development, and other capabilities of Fujitsu Semiconductor Limited and that of Panasonic Corporation to the new company.

(2) **300 mm Line of the Mie Plant:** We are considering the transfer of the 300 mm line to a new foundry company that would include the participation of Taiwan Semiconductor Manufacturing Company, Ltd.

(3) **Microcontroller and Analog Device Business:** We concluded a definitive agreement to sell the microcontroller and analog device business to the U.S.-based Spansion group, with the deal scheduled to be completed between July and September 2013.

Structural Transformation of the European Business

In Europe, we made efforts to rebuild the foundation of our business by making a special contribution to the pension fund of Fujitsu Services Holdings PLC in the UK, and booking an impairment loss on unamortized goodwill of Fujitsu Technology Solutions (Holding) B.V. (FTS) in continental Europe. Furthermore, we decided to implement structural reforms to shift the emphasis of our business portfolio in continental Europe from PCs, servers, and other hardware to services. Guided by this policy, we decided to rationalize the workforce in this region by 1,500 employees. In fiscal 2013, we expect the loss on impairment of unamortized goodwill and personnel cuts at FTS to have a beneficial impact on operating income.

Measures to Strengthen Management Fundamentals

Looking at structural reforms to strengthen management fundamentals, Fujitsu is implementing workforce-related measures, streamlining corporate functions, and reviewing costs. Fujitsu took urgent measures with regard to its workforce, providing an early retirement scheme for managerial level employees, limiting the use of external resources, cutting compensation for executives and managerial level employees and other additional personnel initiatives. In terms of increasing efficiency of corporate functions and reviewing costs, Fujitsu has started shifting personnel to customer-facing sales positions and cutting back-office costs.

Q.4 Please discuss your initiatives to improve earnings in Fujitsu's global business.

A.4 The relationships with local customers cultivated by all of our locations outside Japan are what underpin efforts to standardize our portfolio of services and products across markets, and accelerate international expansion of powerful solutions originating from Japan. This is reflected in the execution of our "Think Local, Leverage Global" philosophy of providing globally standardized services in an optimal format from a customer-centric viewpoint.

As "One Fujitsu," we are working to integrate a variety of management resources and business strategies across the Group. The Fujitsu Group has a matrix-type organization structured along customer segments and business lines, including the International Business group. Aiming to realize integrated services, we are implementing rigorous measures to strengthen our vertically integrated value chain extending from business lines to customers, while speeding up the decision-making processes. One example is the reintegration of what was six divisions based on business lines into two divisions. This measure is intended to provide high-quality, uniform services to support the global business expansion of our customers. It is now a shared global platform underpinning the Fujitsu Group's growth on a global basis.

Regional Initiatives

Our business in continental Europe went into the red in the first half of fiscal 2012 due to an excessive pursuit of volume sales in emerging markets and the effects of the weak euro. However, after we shifted to profit-focused policies, we were able to eliminate most of the losses in the second half of fiscal 2012, helped by a correction in the weak euro. While reforming the cost structure of PCs, servers, and other hardware, we decided to implement structural reforms, specifically, shifting the central focus of our business portfolio from products to services. To this end, we will build sales organizations optimal for service businesses, work to effectively use our Global Delivery Centers (GDC) and Regional Delivery Centers (RDC), which serve as offshore and near-shore service bases around the world, and deliver high-quality services at competitive prices.

Global Datacenters/Global Delivery Centers/Global Cloud Platform

In the UK, we faced risks associated with a pension fund shortfall at Fujitsu Services Holdings PLC. However, we were able to reduce the future risk of an increase in pension obligations by making a special contribution of £800 million (approx. ¥115 billion) to the UK pension fund in March 2013. Fujitsu is working to expand business in the UK private sector. By increasing the share of private-sector business, which currently stands at 40%, Fujitsu aims to achieve a 50:50 ratio of business in the public and private sectors.

However, the fact remains that our profitability in the global business as a whole is still too low, and we still face numerous issues in this area. Nevertheless, we have started to generate steady earnings in certain regions, most notably the UK and Australia. We believe that our success has hinged in large part on our ability to establish close ties with the region and conduct business that leverages Fujitsu's strengths. While building on the relationships with local customers developed by our overseas locations, we will strive to standardize our portfolio of services, solutions, products, and other offerings on a worldwide basis. To this end, we will focus particularly on accelerating international expansion of strong solutions originating in Japan. We will execute our "Think Local, Leverage Global" philosophy of providing globally standardized services in an optimal format from a customer-centric viewpoint. This will allow us to improve our earnings and build a lean enterprise structure in continental Europe and other locations in Southeast Asia, the Americas, and elsewhere.

"We will focus particularly on accelerating international expansion of strong solutions originating in Japan"

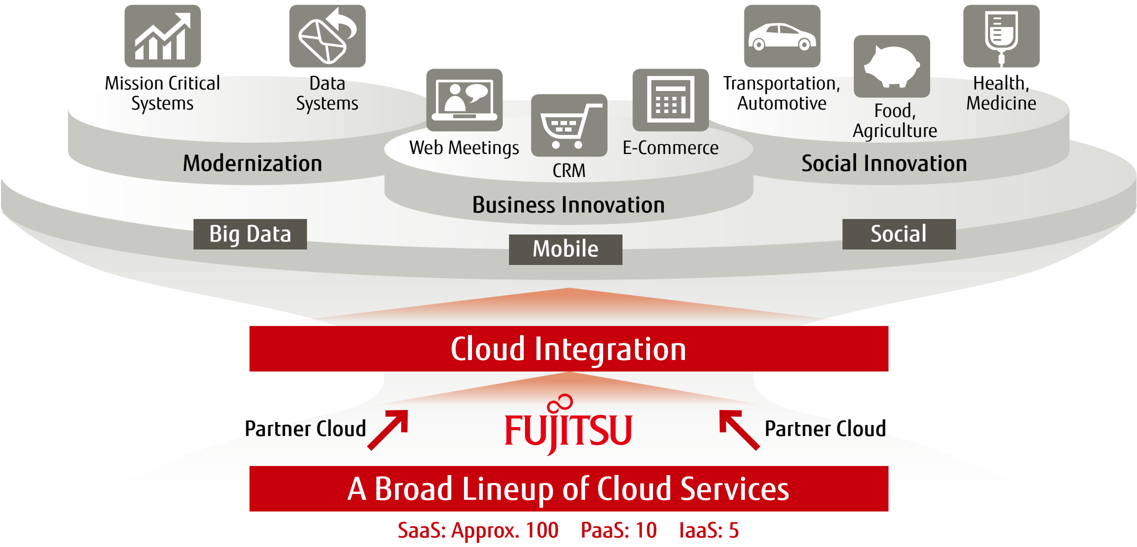
Q.5 There is a growing use of new ICT, such as cloud services and big data. Please explain Fujitsu's initiatives in these fields.

A.5 Fujitsu's strengths lie in its ability to integrate and supply cloud services tailored to customer needs. Fujitsu continues to project significant growth in the cloud-related business. We are targeting sales of ¥300.0 billion in this business in fiscal 2013.

As a key pillar of its growth strategy, the Fujitsu Group is making a collective effort to create new services. Together with our customers, we are working to develop markets that harbor potential for immense growth. We are convinced that there are abundant opportunities to drive further growth, and have positioned cloud and big data as priority fields that will play a key role in services.

Cloud-Related Initiatives

Progressive companies seek to achieve business innovation in order to build business models that create value, staying a step ahead of changes in the business environment. To achieve such innovation, it is vital for companies to utilize ICT in new ways that satisfy needs for rapid deployment with minimal investment, instant response to change, and real-time operations.



They also need to be borderless and have global capabilities. Fujitsu believes that the introduction of cloud computing will enable information to be used in sophisticated ways by people who are active on the frontlines of business and in social infrastructure system fields. Guided by the concept of "On-demand Everything," Fujitsu has rapidly integrated and provided cloud services that fulfill customers' objectives, while responding flexibly to their needs.

In response to the diversifying cloud-related needs of customers, Fujitsu has strengthened its product lineup considerably. We have done so by systematically reorganizing our cloud products and services under the Fujitsu Cloud Initiative. Fujitsu's strengths in cloud services lie in its ability to provide an expansive range of services. These range from cloud services that can be easily introduced to services that can be deployed globally. Fujitsu has 100 cloud specialists and 2,000 cloud integrators who can select the optimal combination of cloud services for customers, provided from robust datacenters and service bases around the world.

Sales related to the cloud business in Japan have grown steadily, from about ¥100.0 billion in fiscal 2011 to about ¥150.0 billion in fiscal 2012. We are projecting even further growth for fiscal 2013, with a sales target of ¥300.0 billion. By continuing to launch competitive new products, we hope to achieve this target.

Big Data Initiatives

In the new field of big data, Fujitsu is proposing systems that generate new value from data within and outside companies to continuously support innovation among its customers and society. We aim to help customers make sophisticated use of big data to achieve such goals as refining marketing activities, optimizing supply chains, and enhancing products and services. To do so, we have systematically restructured our cutting-edge services and products under the Fujitsu Big Data Initiative. We have also opened the Big Data Initiative Center. Here, we provide one-stop support for customers seeking to use big data. With a support team of 800 people, we provide assistance ranging from advising customers on big data utilization to creating new value through hypotheses-driven proposals, analyzing and interpreting data, and harnessing leading-edge technology and sophisticated data-analysis capabilities.

Q.6 Fujitsu faces an increasingly challenging business environment in PCs and mobile phones. Going forward, what are your business strategies and the issues you foresee?

A.6 We will switch to profitability-focused strategies in the mobile phone businesses. Leveraging user-interface technology together with the creation of ICT services in the cloud era, we aim to work with our customers to generate new businesses based on ubiquitous devices.

We very clearly recognize that the outlook for the PC and mobile phone businesses is severe.

PC Business Initiatives

In the PC business, we saw profitability deteriorate in fiscal 2012 after adopting a volume-driven sales strategy in European emerging markets. Thereafter, we changed course to a profitability-focused sales strategy, and were able to eliminate most of the losses in the second half of the year. In Japan, too, we are switching to a profitability-focused business model by avoiding price-based competition in consumer products and further narrowing down our lineup. Now we will focus on expanding sales based on a value-added product strategy that includes the "My Cloud" service for consumers packaged as a set with other offerings.

Mobile Phone Business Initiatives

In the mobile phone business, sales volume has been declining due to intensified competition with global players. In this environment, Fujitsu was unable to achieve its initial earnings target for this business in fiscal 2012 due to quality issues and higher component costs following the yen's depreciation. Looking ahead, Fujitsu will work to address the dual priorities of cost and quality by narrowing down its lineup to strong-selling models, while concentrating development resources, mainly through platform integration.

The PC and mobile phone markets have seen tremendous upheaval. While demand for conventional PCs has stagnated due to market penetration of smartphones and tablet PCs, a wide array of services for mobile devices is now being launched. In step with these developments, we have transferred around 100 employees from conventional PC development and marketing to the growing fields of mobile services and next-generation device development.

Fujitsu has up until now worked to develop ubiquitous solutions, primarily ICT services for corporate customers. Looking ahead, we intend to expand these services for consumers. Bringing ICT services to consumers are PCs and mobile phones. Leveraging this kind of user-interface technology for the creation of ICT services in the cloud era, we aim to work with our customers to generate new businesses based on the foundation of ubiquitous devices.

Fujitsu's vision for society and social contribution

Q.7 **People often look to ICT to help resolve social issues. Tell us about the type of society Fujitsu aims to realize, and your approach to social contributions.**

A.7 **We will contribute to solving global issues by applying ICT. Specifically, we will chart a course to a brighter future through innovation and by utilizing ICT, which has begun to demonstrate the power to transform society. Guided by our brand promise of "shaping tomorrow with you," we will steer the Fujitsu Group with an emphasis on creating value in partnership with stakeholders.**

The march of economic globalization is gaining momentum thanks to the use of innovative ICT. As a result, global GDP has tripled over the past 20 years. However, this tremendous growth and development has been shadowed by a host of emerging problems. Food, water, resource, and energy shortages accompanying population growth present concerns of global dimensions. Meanwhile, in developed countries, aging populations and other issues have started to pose major societal challenges.

As a global enterprise, Fujitsu believes that it has a social obligation to help solve such global issues through the power of ICT. Nevertheless, merely treating the symptoms of these sorts of global issues in line with past approaches will not lead to lasting solutions. By untangling the complex web of interactions underlying these issues, we must respond systematically to the challenges we face.

Today, ICT has come to possess the power to transform society, going beyond its traditional role of raising business efficiency. Leaders who seek to pave the way for the future will be called upon to explore solutions that do not merely extend past approaches. They will need to chart a course to a brighter future through innovation. To this end, we must strive to flexibly and rapidly tackle social issues by using ICT in real time to deepen our insight into the challenges facing society.

Turning to the digital society, the Internet population has expanded to more than 2.7 billion and counting. The explosive proliferation of smartphones and SNS has blurred the distinction between the digital and real-life worlds, unlocking a broad spectrum of opportunity as well as spawning burgeoning threats such as cyber-attacks.

Fujitsu believes that it also has a crucial social responsibility to support a reliable and secure environment for both the digital and real-life worlds. However, it is impossible to completely remove all risks. Cyber security initiatives must not dwell solely on risk, but must also adopt out-of-the-box thinking to broaden the foundation of secure cloud platforms and enhance security at a global level.

In regard to the CSR platform throughout our value chain, in fiscal 2012, we used the ISO 26000 framework to begin strengthening CSR management at Group companies. The Fujitsu Group adheres to responsible management practices as a global enterprise. We support the United Nations Global Compact's 10 principles in the four areas of human rights, labor, the environment and anti-corruption. Guided by our brand promise of "shaping tomorrow with you," we will continue to steer the Fujitsu Group with emphasis on creating value in partnership with stakeholders.

Return to shareholders and dividend policy

Q.8 **What is your stance on returns to shareholders and dividends?**

A.8 **Given that retained earnings became negative on a non-consolidated basis, we deeply regret that we decided to forgo payment of the year-end dividend for fiscal 2012. As a result, we paid only the interim dividend, making the annual dividend ¥5 per share for the fiscal year. In fiscal 2013, we plan to suspend the interim dividend. The year-end dividend will be decided based on an assessment of progress with structural reforms.**

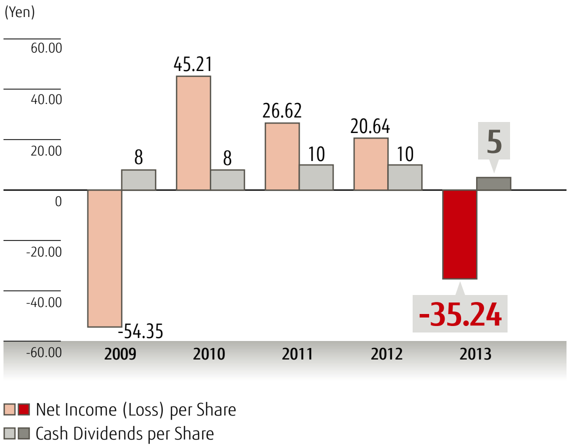
Under Fujitsu's policy on the distribution of earnings, a portion of retained earnings is paid to shareholders to provide a stable return on a continuous basis, and a portion is retained by the Company to strengthen its financial base and support new business development opportunities that will result in improved medium- and long-term performance. In addition, taking into consideration the level of profit, Fujitsu aims to further increase the distribution of profit to shareholders when the financial base is sufficiently strong, including through share buybacks.

In fiscal 2012, Fujitsu saw performance deteriorate at Fujitsu Semiconductor Limited, its semiconductor business subsidiary, and FTS, its European subsidiary. We recorded an extraordinary loss in connection with the implementation of structural reforms and other factors. In addition, at our UK subsidiary, Fujitsu Services Holdings PLC, we booked a charge to cover a pension obligation shortfall due to a change in accounting standards. Accordingly, Fujitsu posted a loss on valuation of shares in affiliates of approximately ¥380.0 billion, primarily on non-recoverable losses in the Company's semiconductor, European, and UK subsidiaries. The posting of these valuation losses caused negative retained earnings, on a non-consolidated basis, as of the end of fiscal 2012. As such, the Company did not pay a fiscal 2012 year-end dividend. Annual dividends amounted to 5 yen per share, representing only the interim dividend.

With respect to the payment of dividends from retained earnings in fiscal 2013, the Company has regrettably decided to suspend the interim dividend, and the payment of a year-end dividend is pending on an assessment of the outcome of structural reforms going forward.

By advancing structural reforms, we are working to restore business performance and improve our financial position, with a view to resuming dividend payments as soon as possible.

Net Income (Loss) per Share/Cash Dividends per Share



To shareholders and investors

Q.9 What message do you have for shareholders and investors?

A.9 By shifting to a business model built on ICT services as a core, we will lead the way forward for Fujitsu, based on our firm resolve to strengthen our business structure and prevail in growing markets around the world.

Our Group strategy over the past several years has been to thoroughly focus on core businesses and go on the offensive with structural reforms, which is the basis for our decision to focus and specialize on the most promising, mainstay business models. Guided by this policy, we decided to restructure underperforming businesses in fiscal 2012, so as to pave the way for future growth.

Due to these reforms, however, our financial position has weakened temporarily. Nonetheless, we remain determined to achieve new growth and achieve our objective of being a technology-based, globally integrated services company. Our business model will be to bring all of the Group's business value together as an integrated, one-stop service made available to customers. We are positioning this business model as the main engine to drive the Group's growth, and are confident that our targeted markets harbor sufficient potential for further growth. Fujitsu management will with firm resolve work to prevail in growing markets around the world.

The Fujitsu Group will concentrate its management resources on key technologies that serve as cornerstones for vertically integrated business models, ranging from ICT platforms to ubiquitous solutions and applications. By bringing these strengths together as an integrated service, and providing them globally, we will expand the horizons of new service models together with customers. We hope that you will share in our strong expectations for Fujitsu's future endeavors.

“We are confident that there are abundant opportunities for us to achieve further growth.”

A MESSAGE FROM THE CFO

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.

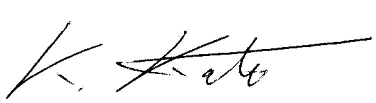
of the LSI assembly and testing facilities. In addition, personnel-rationalization expenses were included in restructuring charges for the LSI devices business. The restructuring charges for business outside Japan consist of personnel-related expenses, primarily for the European subsidiary Fujitsu Technology 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.

FEATURE

Fujitsu Technology and Service Vision

Innovation inspired by Fujitsu, enabled by new ICT

OUR VISION

A HUMAN CENTRIC INTELLIGENT SOCIETY

The role of ICT up to now has mainly been to increase productivity in back office operations, and to enhance efficiency in business processes. The expansion of ICT assets, however, has led to issues of increased complexity and bloated costs for maintenance and operations. At the same time, there are a great many new expectations for ICT from customers and society's leaders to enhance the value of customers' products and businesses, resolve social issues, and empower people. Fujitsu wants to provide a "foundation for innovation" by eliminating complexity, while at the same time meeting this new role for ICT.

The power of ICT unleashes the full potential of people to create innovations that will realize a people-friendly, affluent society. Fujitsu calls this a Human Centric Intelligent Society.

We believe that the realization of a Human Centric Intelligent Society requires **three actions**: "create Innovation through people," "power business and society with information," and "optimize ICT systems from end to end." For each of these actions, Fujitsu is developing technologies and services centered on **eight concepts**, and will offer these to customers.

In order to focus on the technologies and product development in line with these concepts, Fujitsu is boldly reallocating its management resources through business transfers, personnel reductions, and other measures.

In the semiconductor business, which has underperformed in terms of profitability, we are undertaking a restructuring program centered on business transfers. We have completed transfer of the Iwate Plant and post-process operations, and have concluded an agreement for the sale of the microcontroller and analog device business. We are also conducting negotiations for other businesses.

In Europe, Fujitsu is shifting its focus from hardware to services, and we will implement the associated restructuring and other reforms to the business framework. Our goal is to rebuild the business foundation, and improve profitability. In terms of human resource policies, cost reductions and other measures, we are rationalizing the workforce through an early retirement incentive plan and shifting resources to strengthen sales capacity, as well as curbing cash outflows by bringing contracted out work back in-house and improving efficiency.

In this way, by revising the business portfolio and cost structure, and clarifying investment priorities, Fujitsu will steadily implement actions for growth, and realize the Fujitsu Vision.

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

OUR STRENGTHS
(Fujitsu's ICT Value)

THE THREE ACTIONS AND EIGHT CONCEPTS FOR REALIZING A HUMAN CENTRIC INTELLIGENT SOCIETY WILL BRING A RANGE OF VALUE TO CUSTOMERS AND SOCIETY. THEY ALSO PRESENT AN OPPORTUNITY FOR FUJITSU TO DEMONSTRATE ITS STRENGTHS

Fujitsu's ICT Value

Fujitsu will provide an integrated portfolio of core technologies and services with focus on the medium term in order to execute the three actions and eight concepts to be taken to realize its vision

Realizing a Human Centric Intelligent Society

1. Create Innovation through people
   - 1 Create Value through Integration
   - 2 On-demand Everything
   - 3 Mobility and Empowerment

2. Power Business and Society with Information
   - 4 New Value from Information
   - 5 Security and Governance

3. Optimize ICT Systems from End to End
   - 6 Modernization to Innovation
   - 7 Integrated Computing
   - 8 Network-wide Optimization

1. Create Innovation through people

There is a growing expectation for ICT to provide more direct support for the decisions and actions people make in the course of business and their everyday lives. Fujitsu believes that cloud and mobile services hold the key to empowering people at the forefront of business and society. In keeping with the "On-demand Everything" concept, Fujitsu has a framework for providing cloud services globally to facilitate swift deployment of various services to meet customers' objectives. Furthermore, with the widespread adoption of smart devices, we are seeing the rise of business models that allow end users ready access to a variety of services–such models have now become prevalent in the business world. Fujitsu provides a service platform with advanced levels of authentication and security functions required by business users. We are developing cutting-edge solutions, including enhancing the efficiency of on-site maintenance work using augmented reality technology. In such areas as sales, medicine, and nursing care, Fujitsu will create a world where users have access to innovative services and can receive the optimal information wherever and whenever they need it.

Flexibly combining conventional ICT systems with new solutions and services that utilize cloud, mobility and big data will lead to value creation for customers. We believe that our greatest strength is in the extensive experience in system integration held by our many engineers and professionals, their knowledge of methods and technology to bring projects to fruition, and more than anything else, their skill and commitment to working with customers to generate innovation.

FOCUS

2. Power Business and Society with Information

Skillful utilization of information holds the key to transforming human behavior, business, and society. In addition to internal corporate data, such as purchasing and order records, large volumes of data are being generated each day through email, social networking, and other aspects of everyday life. It is now possible to collect a wide range of data from sensors in cars, home appliances, social infrastructure, and other sources. The knowledge revealed through the analysis of this data can be utilized by people and in business activities. Fujitsu is supporting the utilization of this big data by providing cloud services, as well as software and vertically integrated system products installed and operated at customers' sites. We also offer consulting services by "curators" who specialize in data analysis.

The utilization of smart devices, cloud services, and big data brings new value to business and society, but at the same time it entails more complex risks. These include issues such as cyber-attacks, and the protection of privacy. Fujitsu will treat security, governance, and privacy protection as a comprehensive package as it seeks to provide optimal solution services. We will offer public security solutions that take advantage of cutting-edge technologies such as surveillance sensors and networks and work to realize a safe and secure society, while focusing on providing "security intelligence" based on proactive risk prediction and estimation.

3. Optimize ICT Systems from End to End

Realizing these goals will require end-to-end optimization of ICT systems.

First, it is necessary to modernize existing ICT assets in order to lower maintenance and operating costs, and realize ICT investment for transformation and growth. Fujitsu will provide high-quality products for applications, ICT operation, and ICT infrastructure based on systematized services and the latest technologies in order to optimize the ICT assets of customers.

Vertical integration is the aspect where Fujitsu's strength is most clearly demonstrated. We will use Dynamic Integrated Systems that fuse and optimize our highly reliable, high performance hardware and software technologies, together with our integration, and operational know-how. These will enable us to realize total cost reductions through ready-to-use agility, rapid system integration, and advanced operation and maintenance that will help our customers to be more competitive.

Further, as network expansion extends to real-time processing of large volumes of diverse data, there is an increased risk of response delays and service outages. To avoid such problems, Fujitsu will optimize the entire system based on the Software Defined Network (SDN) concept, from computing to the wide-area network, as well as smart devices operated by endusers. Through its entire history, Fujitsu has acquired experience in network technology development, and has a broad range of expertise in everything from datacenters and internal enterprise networks to wide-area networks. We plan to fully utilize these accumulated skills.

In addressing the three actions to be taken to realize a Human Centric Intelligent Society, Fujitsu will draw on its strengths, propose new uses and applications for ICT, advance its customers' businesses, and contribute to the development of society.

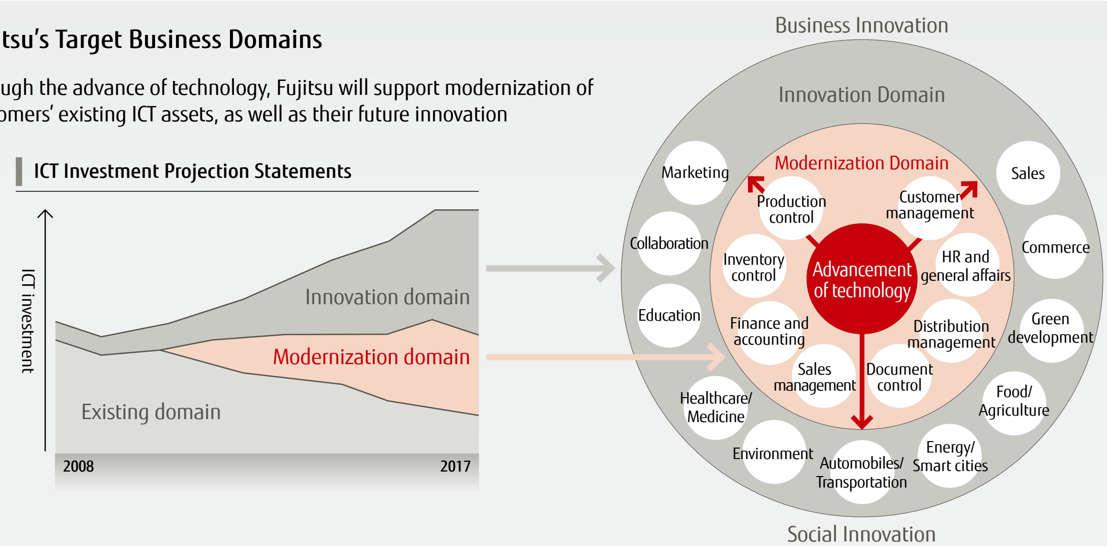
FUJITSU IS STEPPING UP ITS EFFORTS TO INTRODUCE NEW PRODUCTS AND SERVICES BASED ON THE EIGHT CONCEPTS FOR TECHNOLOGIES AND SERVICES

Based on the concepts of reducing maintenance and operating costs of existing ICT assets through modernization, and accelerating investment for innovation, Fujitsu offers the APM Modernization Service. We help to streamline assets using the world's first "software map," a technology that allows system administrators to identify problem areas with application assets at a glance. The modernization of ICT assets, including that of other companies, helps customers to invest in growth fields.

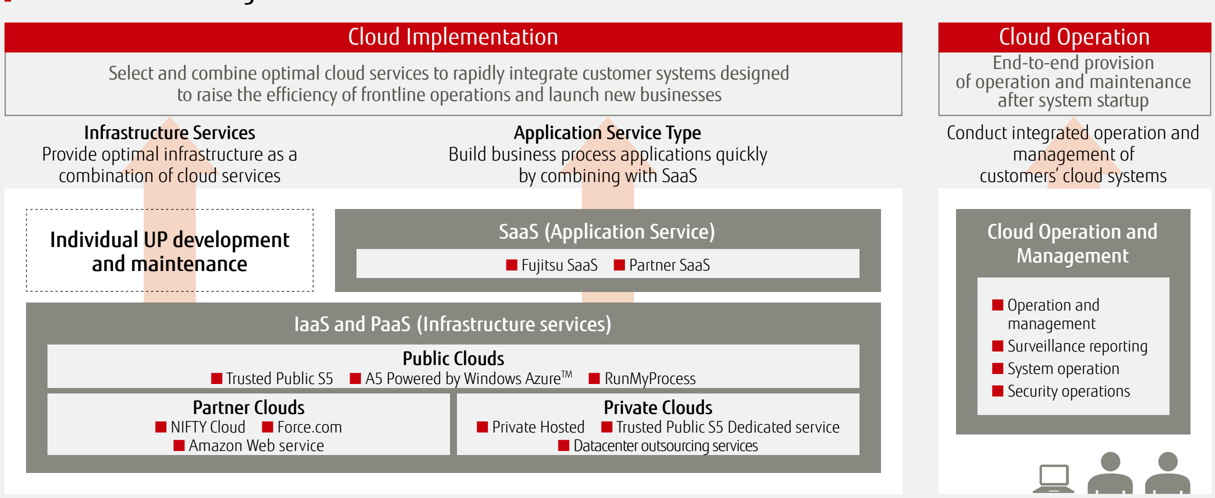
Cloud services are a key technology for achieving innovation through novel uses of ICT. To that end we provide the Fujitsu Cloud Initiative, a group of systematized, cloud-related products and services. In addition to highly reliable cloud services based on secure datacenters and infrastructure made fully redundant, we offer a lineup of cloud services tailored to customers' individual security policies. We have trained 2,000 Cloud Integrators who build optimal cloud services using our own products as well as cloud services from other companies, and have established a comprehensive service structure that includes standardized service delivery through datacenters both in and outside Japan, along with service desks.

Fujitsu's Target Business Domains

Through the advance of technology, Fujitsu will support modernization of customers' existing ICT assets, as well as their future innovation



Outline of Cloud Integration Service



Fujitsu is working to generate new value from the data produced by the actions of people and movement of goods in actual society. In line with this aim, we are developing convergence services such as DataPlaza, an external-data linking service that distributes sensing data, open data, social data, data between different types of businesses, along with other types of information, and SPATIOWL, a location-based infrastructure that overlays positioning data from SNS and other services to generate new value.

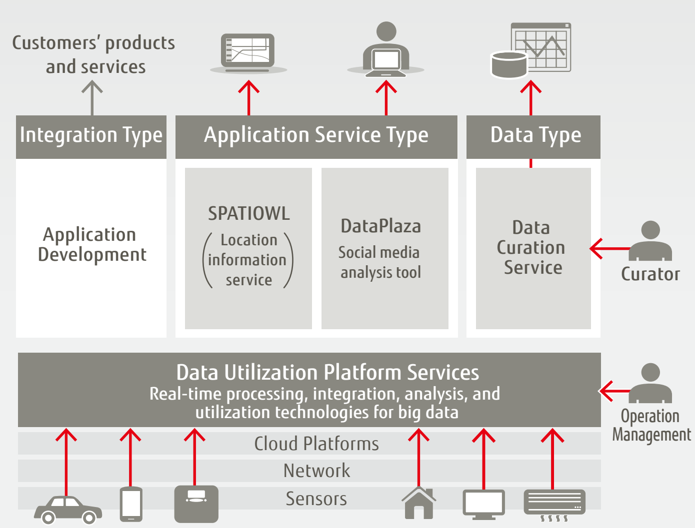
To analyze and utilize vast amounts of data, Fujitsu has 100 professional "curators" who employ a data-oriented analytical approach that does not rely on specific operational knowledge.

Curators create data utilization models and identify problems from data—vital tasks for innovative product creation and operational reforms. Field innovators work with customers to resolve issues and realize operational reform, in order to achieve business innovation through coordination between people, processes, and IT. In addition, we have a structure comprising 800 full-time professionals, including system engineers with specialized skills, platform engineers, and researchers.

Fujitsu has also strengthened its efforts in the big data business at all levels, including the infrastructure platform, services, and consulting, and systematized these as the Fujitsu Big Data Initiative. We plan to develop this as a future core business, support customer innovation, and provide new value from ICT.

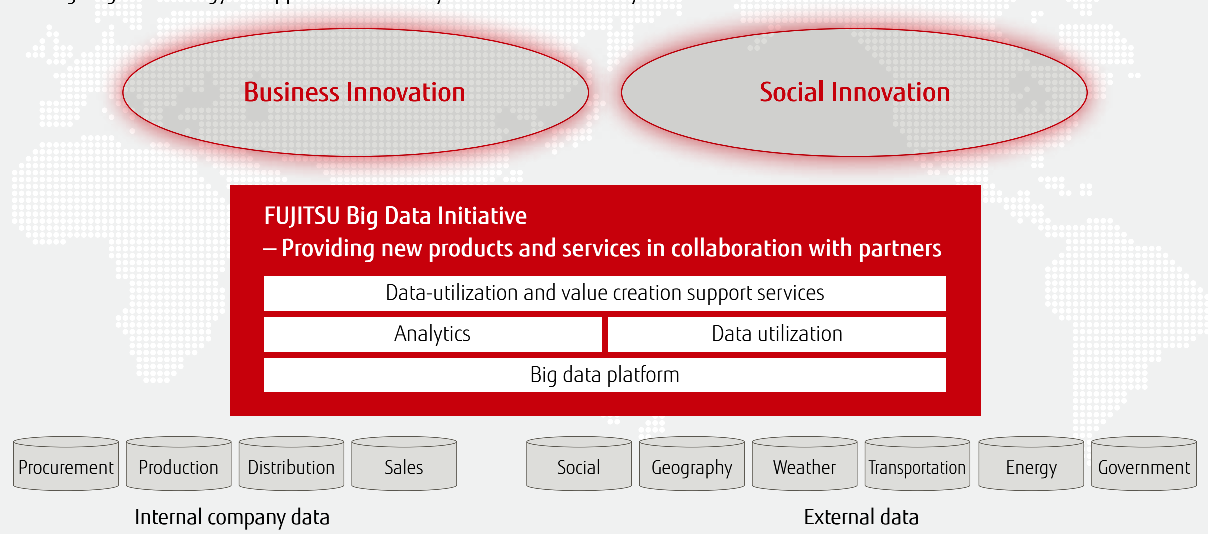
Smart devices can be utilized to enhance the performance of individual employees at client companies as well as the entire organization. Fujitsu assists them by providing service platforms such as multi-carrier communications environments and authentication. We also offer one-stop solutions that transform work styles, including the Futjisu network service FENICSII, which has been used by more than 10,000 corporate customers; middleware such as the Fujitsu Software Interstage Mobile Application Server; computers with security functions covering everything from biometric security to anti-theft measures; and

Cloud Type– Data Utilization Platform



FUJITSU Big Data Initiative

Creating new value from big data through sophisticated analysis and leading-edge technology to support innovation by customers and society



smartphones and tablet PCs incorporating Fujitsu's unique human-centric technologies.

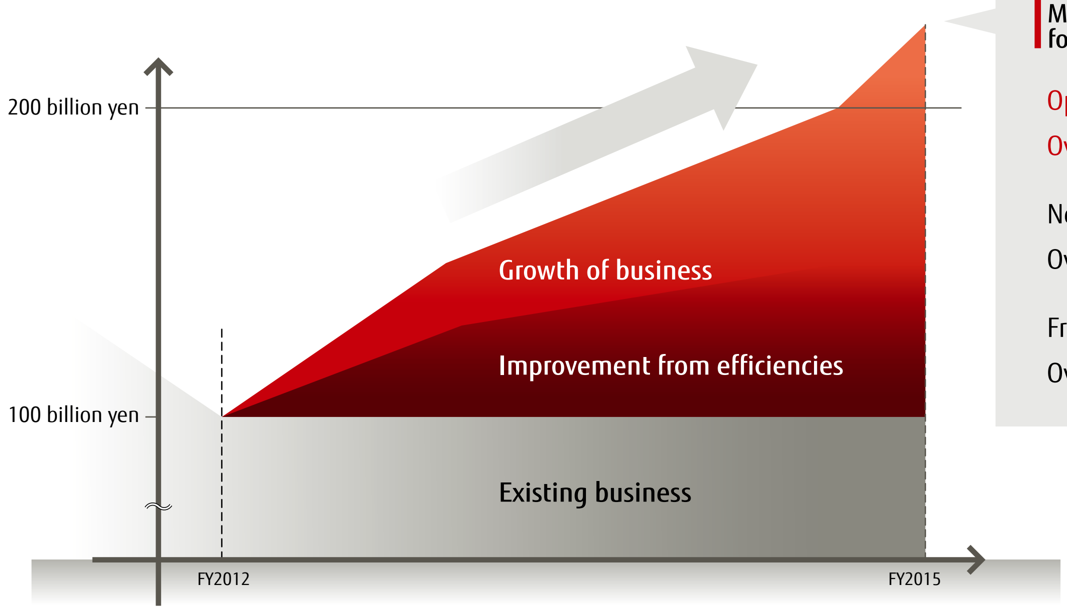
Overall optimization of ICT systems is essential to achieving this sort of innovation for customers. Leveraging its leading-edge proprietary hardware and software technologies, Fujitsu will progressively supply the Dynamic Integrated Systems family of products, which will be optimized for a wide array of customer service objectives. Products will include virtualization and cloud platforms, high-speed databases, and big data applications. Fujitsu Integrated System HA Database Ready, the first of these products, was launched by Fujitsu as a new vertically integrated database system platform. We made the database system for this platform available for use immediately from the installation date, whereas previously database systems required 2.5 months from database design to the start of operation. Furthermore, we have increased the transaction processing capacity to up to 20 times the conventional capacity by configuring the system with software that maximizes hardware performance.

Furthermore, Fujitsu has formulated the Fujitsu Intelligent Networking and Computing Architecture as a new architecture for next-generation ICT platforms. This architecture aims to enable overall optimization of computing, wide-area networks, and the smart devices employed by end users. Through this architecture, Fujitsu seeks to provide customers with end-to-end solutions and services. The new architecture employs a software-based approach to intelligently and flexibly enable optimized control over three unique ICT domains: datacenters, wide area networks, and smart devices. In doing so, it extends the core concepts of software defined networking (SDN) beyond networks to the entire ICT platform. In the initial phase, Fujitsu will provide datacenters with the first new products based on this architecture and upgrade the functions of existing products. The new products will include an updated version of unified administration and control software for server, storage, and network resources; a new switch that supports network virtualization; and a new virtual appliance platform.

Fujitsu is also shifting resources to its sales and marketing divisions to ensure that these products and services have a leading position in the market. We are moving several hundred employees to the sales division as part of a push to expand sales of Fujitsu's varied products and services.

Working to realize our vision for a Human Centric Intelligent Society in concrete form, we will significantly grow our business both in and outside of Japan. We will also resolutely implement structural reforms and efficiency measures to secure earnings improvements, and to achieve our target of ¥200 billion in operating income in fiscal 2015.

Moreover, realizing our vision will also mean that we contribute to the development of our customers' business, and the creation of a safe and secure society.



Medium Term Targets for Fiscal 2015

Operating income
Over ¥200 billion

Net income
Over ¥100 billion

Free cash flow
Over ¥100 billion

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

Net Sales/Breakdown of Net Sales*

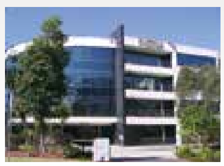
Net sales/Operating income(Loss)

TECHNOLOGY SOLUTIONS

¥ 2,942.3 Billion

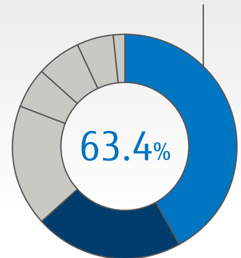
New UNIX server SPARC M10-4S*

* SPARC M10: The SPARC M10 is marketed outside of Japan as the "Fujitsu M10."

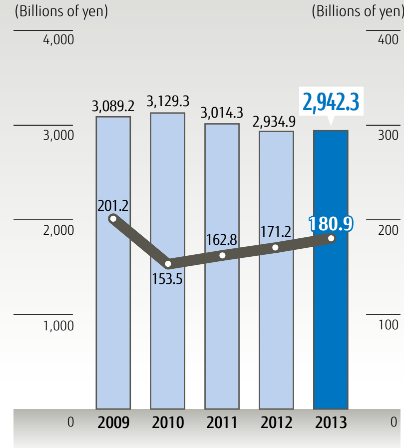


Fujitsu Australia headquarters

Japan ¥ 1,936.4 Billion



Overseas ¥ 1,005.9 Billion



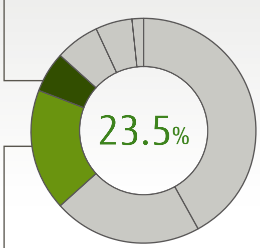
UBIQUITOUS SOLUTIONS

¥ 1,090.2 Billion

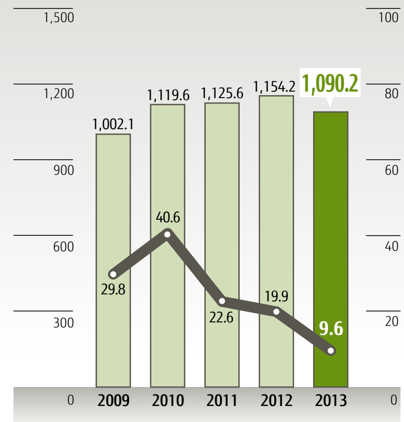
The "Floral Kiss" PC for women, developed by a female team based on the design concept of bringing elegance to PCs (LIFEBOOK CH55/J)

ARROWS NX F-06E smart-phone brings together the latest high-spec capabilities

Overseas ¥ 267.1 Billion

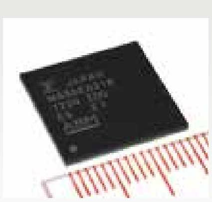


Japan ¥ 823.0 Billion

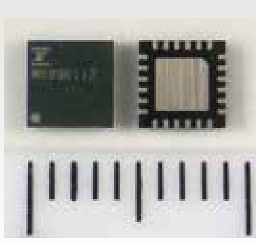


DEVICE SOLUTIONS

¥ 540.3 Billion

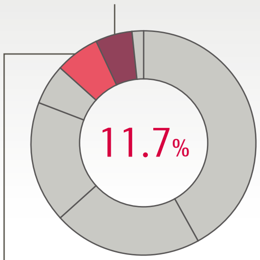


MB86E631 interface bridge SoC with 10 different built-in interfaces

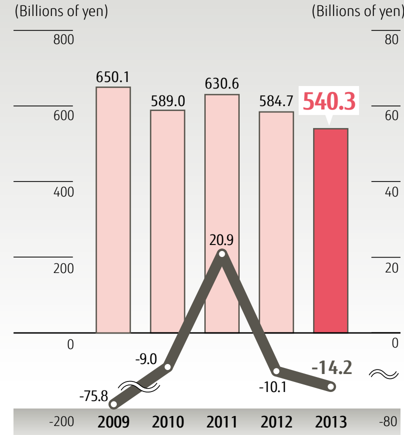


MB89R112 HF-band RFID tag with built-in FRAM

Overseas ¥ 244.4 Billion



Japan ¥ 295.9 Billion



* Sales include intersegment sales.

Business Description	Main Products & Services	Main Companies
Services Fujitsu provides solutions/system integration services focused on information system consulting and integration, and infrastructure services centered on outsourcing services (complete information system operation and management). **System Platforms** Fujitsu offers system products such as servers and storage systems which form the backbone of information systems, along with network products such as mobile phone base stations, optical transmission systems, and other communications infrastructures.	**Services** **Solutions/SI** System integration (system construction, business applications), consulting, front-end technologies (ATMs, POS systems, etc.) **Infrastructure Services** Outsourcing services (datacenters, ICT operation/management, SaaS, application operation/management, business process outsourcing, etc.), network services (business networks, distribution of Internet/mobile content), system support services (maintenance and surveillance services for information systems and networks), security solutions (installation of information systems and networks) **System Platforms** **System Products** Full range of servers (mainframe, UNIX, mission-critical x86 and other x86 servers), storage systems, various types of software (operating system, middleware) **Network Products** Network management systems, optical transmission systems, mobile phone base stations	• Fujitsu Frontech Limited • Fujitsu Telecom Networks Limited • Fujitsu IT Products Ltd. • Fujitsu Broad Solution & Consulting Inc. • Fujitsu Marketing Limited • Fujitsu Systems East Limited • Fujitsu Systems West Limited • Fujitsu FIP Corporation • NIFTY Corporation • Fujitsu FSAS Inc. • PFU Limited • Fujitsu Network Communications, Inc. • Fujitsu Services Holdings PLC • Fujitsu America, Inc. • Fujitsu Australia Limited • Fujitsu Technology Solutions (Holding) B.V., others
In PCs, Fujitsu provides high-quality, high value-added products such as desktop PCs that can be easily operated away from the main unit using a wireless touchpad feature, a 2-way notebook PC that doubles as a tablet, and water- and dust-resistant Windows 8 tablets. In mobile phones, Fujitsu offers high-end smartphones with advanced, high-speed CPUs, and the Raku-Raku Phone series featuring easy-to-read displays, clear-sounding speakers, and intuitive functionality. In mobilewear, Fujitsu is answering diverse needs through "Connectivity Products," among them intuitively operated car navigation systems that connect with smartphones for a more enjoyable driving experience.	**PCs/Mobile Phones** PCs, mobile phones **Mobilewear** Car audio and navigation systems, mobile communication equipment, automotive electronics	• Shimane Fujitsu Limited • Fujitsu Isotec Limited • Fujitsu Mobile-phone Products Limited • Fujitsu Peripherals Limited. • Fujitsu TEN Limited • Fujitsu Personal System Limited • Fujitsu Technology Solutions (Holding) B.V., others
LSI devices and electronic components comprise Fujitsu's Device Solutions. Fujitsu Semiconductor, the Fujitsu Group's operating company in semiconductors, provides LSI devices found in products such as digital home appliances, automobiles, mobile phones, and servers. Meanwhile, publicly listed consolidated subsidiaries such as Shinko Electric Industries, Fujitsu Component, and FDK provide semiconductor packages and other electronic components, as well as structural components such as batteries, relays, and connectors.	**LSI Devices** LSI Devices **Electronic Components** Semiconductor packages, batteries, structural components (relays, connectors, etc.), optical transceiver modules, printed circuit boards	• Fujitsu Semiconductor Limited • Shinko Electric Industries Co., Ltd. • FDK Corporation • Fujitsu Component Limited • Fujitsu Electronics Inc., others

TECHNOLOGY SOLUTIONS/ SERVICES

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

Fujitsu Systems East Limited

Fujitsu Systems West Limited

ScanSnap iX500 document scanner for easily and rapidly scanning documents and business cards

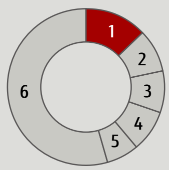
Technology Solutions Results (See page 037 for numerical results from service operations)

Yen (millions)

Years ended March 31	2011	2012	2013
Net sales			
External customers	¥2,927,651	¥2,864,658	¥2,890,376
Inter-segment	86,735	70,247	52,002
Total sales	3,014,386	2,934,905	2,942,378
Operating income	162,881	171,297	180,973
Total assets	1,481,119	1,446,368	1,442,810
Other items			
Capital expenditure (including intangible assets)	116,218	119,712	104,585
Depreciation	116,690	106,771	102,784
Amortization of goodwill for the year	14,991	14,495	14,115
Balance of goodwill at end of the fiscal year	79,974	68,024	30,181

IT Services Market Share in Japan 2012 (Revenue Basis)

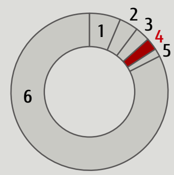
1	**Fujitsu**	**12.9%**
2	Company A	9.0%
3	Company B	8.6%
4	Company C	8.6%
5	Company D	6.5%
6	Others	54.4%



(Source: Gartner, "Market Share: IT Services 2012" 29 March 2013)

Global IT Services Market Share in 2012 (Revenue Basis)

1	Company A	6.5%
2	Company B	3.9%
3	Company C	3.0%
4	**Fujitsu**	**2.6%**
5	Company D	1.7%
6	Others	82.3%



(Source: Gartner, "Market Share: IT Services 2012" 29 March 2013)

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OUR STRENGTH

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

Outsourcing services are a key field for us, where through our network of approximately 100 datacenters in 16 countries worldwide, mainly in Japan and Europe, we meet a wide variety of customer needs. Among other benefits, our services make operation of customers' information and communication technology (ICT) systems easier, and help to make their operations greener.

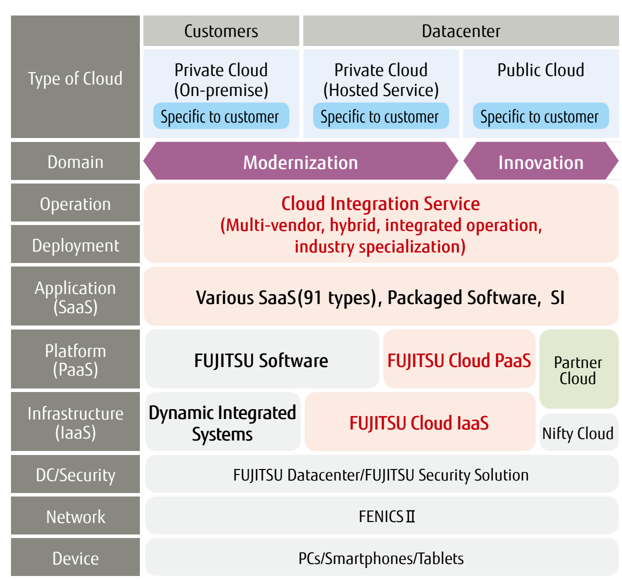
Fujitsu's strengths lie in its global services structure, a wealth of experience in building large-scale, advanced systems, and the technological capabilities to support these operations. We use these capabilities to help diverse customers across countries, regions, and languages in utilizing ICT systems,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

TOPICS

Systemizing the FUJITSU Cloud Initiative

To step up the expansion of Fujitsu's cloud services, we organized our cloud services into a systematic framework called the FUJITSU Cloud Initiative. Under this framework, Fujitsu's range of cloud offerings has been significantly enhanced to meet burgeoning customer needs for cloud services. Looking ahead, we will bolster our cloud integration structure to encompass 100 cloud specialists and 2,000 cloud integrators, with a view to applying cloud technologies to achieve the optimal effect in a variety of different situations.

Based on the FUJITSU Cloud Initiative, we will continue to provide a comprehensive range of cloud products and services that can instantly adapt to changes in business conditions. This way we can contribute to accelerating the pace of customer innovation.

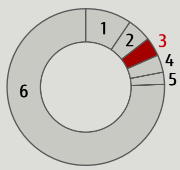


PERFORMANCE

GRAPH 1

Global IT Outsourcing Market Share in 2012 (Revenue Basis)

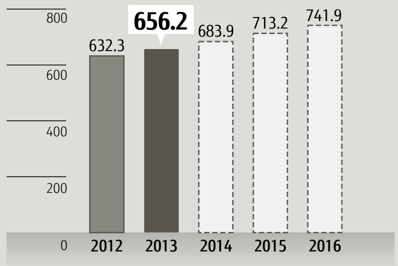
1	Company A	9.5%
2	Company B	5.2%
3	**Fujitsu**	**3.7%**
4	Company C	3.6%
5	Company D	2.7%
6	Others	75.4%



(Source: Gartner, "Market Share: IT Services 2012" 29 March 2013)

GRAPH 2

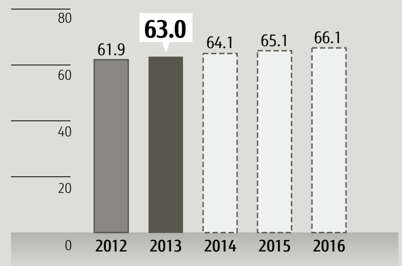
Global IT Services Market Forecast



(Source:IDC The Worldwide Black Book Q1 2013)

GRAPH 3

IT Services Market Forecast in Japan



(Source: IDC The Worldwide Black Book Q1 2013)

Market Trends

2012 Global Market Trends

The value of Japan's IT services market in 2012 increased 1.9% year on year to US$61.9 billion. This growth mainly reflected a rebound from the domestic economic slowdown in 2011, caused primarily by the Great East Japan Earthquake, flooding in Thailand, the European sovereign debt crisis and other events. → GRAPH 3

Corporate IT investment followed a gradual recovery path. By industry, IT services expenditures grew steadily in the automobile, pharmaceutical, and food sectors. In the public sector, heightened activity related to post-quake reconstruction, and disaster preparedness and mitigation initiatives helped to drive year on year growth in domestic IT investment.

By service field, demand for system integration rebounded. The outsourcing field saw demand remain strong for datacenter usage as customers focused on disaster preparedness and business continuity planning in the wake of the Great East Japan Earthquake. These and other factors helped to drive overall year-on-year growth in the market.

The global market for IT services expanded 3.1% year on year to US$632.3 billion. → GRAPH 2

In Europe, the market remained flat due to the impact of the economic crisis. Although growth was driven by China and other emerging markets, overall global market expansion, including other regions, lacked vigor.

Outlook for 2013

The Japanese IT services market in 2013 is projected to grow 1.9% year on year to US$63.0 billion. → GRAPH 3

The Japanese economy is returning to a recovery path centered on the manufacturing industry, as a result of the "Abenomics effect" after the new government came to power, and the yen's depreciation. This recovery is expected to continue going forward. Domestic IT investment is also expected to grow, albeit moderately, in step with the general economic recovery.

The global IT services market is projected to grow 3.8% year on year to US$656.2 billion. → GRAPH 2 The IT market is forecast to expand globally, but this growth is expected to be driven by China and the Asia-Pacific (APAC) region. On the other hand, recovery in the European market is likely to be gradual as the business environment in 2013 is projected to remain adverse. The US market should see expansion in specific fields such as the cloud business, but the market as a whole is forecast to recover at an extremely moderate pace.

Operational Review and Initiatives

Fiscal 2012 Business Results

Sales from the Services sub-segment (Solutions/System Integration, Infrastructure Services) increased 0.7% year on year to ¥2,387.2 billion.

Solutions/System Integration: Sales increased 1.5% year on year to ¥837.1 billion. → GRAPH 4

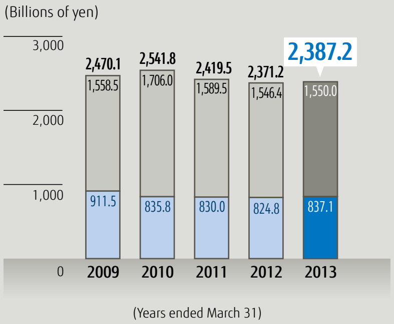
In the domestic finance field and the social infrastructure field, sales fell after booking large projects in the previous year. However, investment showed signs of recovery in the manufacturing industry centered on automobiles. In public sectors such as government authorities and healthcare, there was an increase in system upgrades and new projects. This recovery in ICT investment led to a year-on-year increase in sales.

Infrastructure Services: Sales edged up 0.2% year on year to ¥1,550.0 billion. → GRAPH 4

In Japan, sales increased on the back of large projects and firm business at subsidiaries in network services, as well as ongoing strong demand for outsourcing services. Outside Japan, however, sales decreased as business recovery in the UK and the US has yet to pick up. Another factor was a drop in revenue due to the impact of lagging economic recovery in Europe.

GRAPH 4

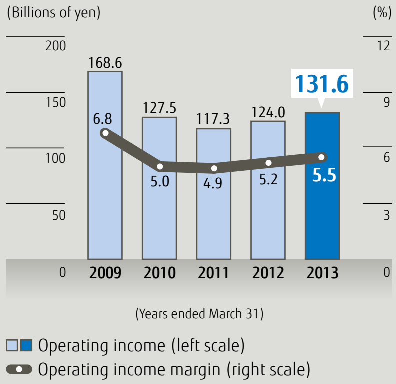
Sub-segment Sales*



* Including intersegment sales

GRAPH 5

Operating Income/ Operating Income Margin



GRAPH 6

Capital Expenditure*

* For entire Technology Solutions segment

Operating income increased ¥7.6 billion year on year to ¥131.6 billion. → GRAPH 5 The higher operating income reflected contributions from large network service business deals in infrastructure services, and the positive impact of cost cutting, which outweighed a decline in operating income in Japan due to underperforming projects.

Outside Japan, operating income decreased as lower sales from business in continental Europe weighed heavily on earnings.

Initiatives Going Forward

Solutions/System Integration: Supported by an improving Japanese economy, we will strive to capture a greater share of the market by winning large business deals in various sectors and cultivating new business. In particular, we will leverage the strength of our broad customer base to expand our modernization service, where we streamline existing application assets and transfer them to a framework that can be used over the long term.

By helping customers reduce maintenance and operations costs through this modernization service, Fujitsu aims to accelerate their investment in innovation. Specifically, we will work together with customers to achieve business innovation, such as enhancing enterprise competitiveness, and social innovation that addresses social issues.

We will utilize the strengths and characteristics of regional System engineering companies as a Group to their full potential as we work to effectively utilize their resources and streamline development investment to bolster competitiveness.

Infrastructure Services: Cloud computing will be the key initiative with which we will accelerate the commercialization of new services, such as those associated with big data.

Cloud computing in Japan is spreading rapidly, and is available in a wide range of solutions and services, such as SaaS-model cloud services which leverage packaged software, PaaS and IaaS as infrastructure platforms, and private clouds. In response, we have upgraded and expanded our service lineups, and have seen steady growth in sales year by year. We are also rolling out new services that utilize big data, which is now attracting attention in a variety of fields such as agriculture and healthcare. In addition, customer interest in system backup and business continuity has risen greatly since the Great East Japan Earthquake, and outsourcing, primarily using datacenters and BCP (Business Continuity Planning) -related services, is showing signs of wider adoption in the market. In recognition that cloud computing's future expansion is all but certain, we will bolster new service proposals that apply ICT in innovative ways.

Outside Japan, as "One Fujitsu," we will reinforce a structure that can provide the same shared products and standardized services, both in Japan and other countries, based on the spirit of global integration. Furthermore, Fujitsu will enhance its services business in Europe by steadily executing its restructuring plans. In this way, Fujitsu will provide consistent, high-quality ICT services globally to support all customers in their endeavors, no matter where they do business.

TECHNOLOGY SOLUTIONS/
SYSTEM PLATFORMS

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

BroadOne GX4000 Series radio system capable of high-capacity 3 Gbps transmission

ETERNUS VX740 storage for virtual environments

FUJITSU PRIMEHPC FX10 supercomputer

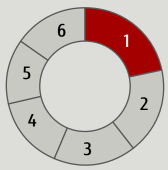
Technology Solutions Results (See page 041 for numerical results from system platform operations)

Yen (millions)

Years ended March 31	2011	2012	2013
Net sales			
External customers	¥2,927,651	¥2,864,658	¥2,890,376
Inter-segment	86,735	70,247	52,002
Total sales	3,014,386	2,934,905	2,942,378
Operating income	162,881	171,297	180,973
Total assets	1,481,119	1,446,368	1,442,810
Other items			
Capital expenditure (including intangible assets)	116,218	119,712	104,585
Depreciation	116,690	106,771	102,784
Amortization of goodwill for the year	14,991	14,495	14,115
Balance of goodwill at end of the fiscal year	79,974	68,024	30,181

Server Share in Japan 2012
(Revenue Basis)

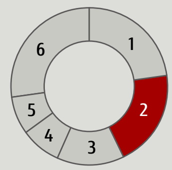
1	**Fujitsu**	**21.7%**
2	Company A	17.9%
3	Company B	17.0%
4	Company C	15.0%
5	Company D	13.3%
6	Others	15.1%



(Source: IDC Japan, Japan Server Quarterly Model Analysis, 2013 Q1)

Total Optical Fiber Networking Market Share
for North America in 2012 (Revenue Basis)

1	Company A	22.8%
2	**Fujitsu**	**20.2%**
3	Company B	13.8%
4	Company C	8.4%
5	Company D	7.8%
6	Others	27.0%



(Source: Ovum, Market Share Spreadsheet & Analysis: 1Q13 Global ON, May 2013)

OUR STRENGTH

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

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

TOPICS

World's Highest Integer Arithmetic Performance, the SPARC M10

The SPARC M10* features the newly developed SPARC64 X ("ten") processor to achieve the world's highest integer arithmetic performance. This opens the way for high-speed, real time processing of big data and other sweeping improvements in business system capabilities. The SPARC M10 also offers unparalleled scalability, accepting up to 64 CPUs (1,024 cores), the highest in the world. Coupled with flexible implementation and extension capabilities allowing performance enhancement at the processor core level, the new servers will help customers to make optimal investments.

* SPARC M10: The SPARC M10 is marketed outside of Japan as the "Fujitsu M10."

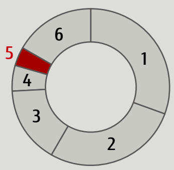
New UNIX server, the SPARC M10-4S

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

GRAPH 1

Global Server Share in 2012 (Revenue Basis)

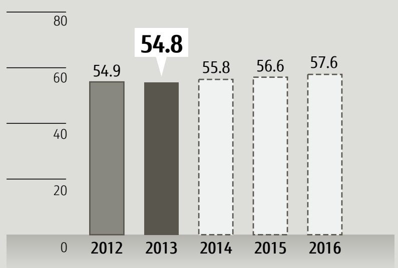
1	Company A	30.7%
2	Company B	27.6%
3	Company C	15.9%
4	Company D	5.2%
5	**Fujitsu**	**4.0%**
6	Others	16.5%



(Source: IDC Worldwide Quarterly Server Tracker 2013 Q1)

GRAPH 2

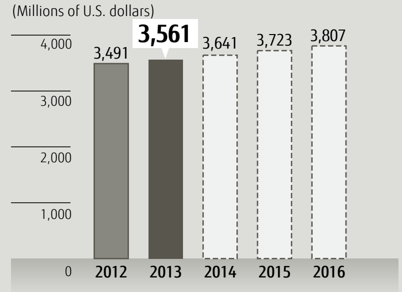
Global Server Market Forecast



(Source: IDC The Worldwide Black Book Q1 2013)

GRAPH 3

North American Optical Network Market Forecast



(Source: Ovum, ON Market Forecast: 2012–18, April 2013)

Market Trends

2012 Global Market Trends

System Products: The server market in Japan contracted 5.0% year on year to US$5.9 billion. The market for mainframe servers moved briskly on large-scale projects, while the x86 server market performed strongly as the average unit price increased due to higher internal memory and HDD capacity. On the other hand, the reduced instruction set computing (RISC) server market, including UNIX servers,encountered various headwinds such as a demand shift to x86 servers and a decline in sales volume due to server integration.

The global server market contracted 1.0% to US$54.9 billion, mirroring the domestic market with demand continuing to shift from mainframe and RISC servers to x86 servers. Despite muted investment sentiment in the U.S. and Europe, the market expanded in China and other Asian countries. → GRAPH 2

Network Products: In Japan, the optical transmission market grew year on year. Although Next-Generation Network (NGN)-related investment ran its course, growth was driven by ongoing investment to enhance backbone infrastructure in order to cope with the rollout of LTE and increased data traffic. The IP equipment market, including routers, saw steady growth atop continued investment to enhance carrier routers in the face of increasing traffic, along with strong investment in router switches for use in LTE base stations. The mobile infrastructure market also reported year-on-year growth. This was on account of investments into 3G, despite having peaked, in combination with the full-scale rollout of LTE services that expanded investment in LTE base stations and other equipment.

The North American optical transmission market contracted compared with the previous year as carriers redirected their investments into LTE and other wireless systems. However, companies continued their investments to strengthen mobile backhaul and other backbone infrastructure to cope with the rollout of LTE and increased data traffic.

Outlook for 2013

System Products: The server market in Japan is projected to decline by 6.3% to US$5.5 billion. The x86 server market is expected to maintain growth given the penetration of cloud computing and mobile devices; however, the mainframe server market is forecast to contract at a double-digit rate on a back-swing from a particularly strong period of large-scale project activity in 2012.

Globally, the server market is expected to edge 0.2% lower year on year, to $54.8 billion. This projection is on account of anticipated market expansion in China and other Asian countries, offset by a shift to low-cost x86 servers and a continued investment restraint in regions such as Japan, Europe and the U.S. → GRAPH 2

Network Products: In Japan, the optical transmission market is projected to receive a boost from investment to upgrade networks to the 100 Gbps standard from the second half of 2013. In the IP equipment market, including routers, the wave of investment to cope with increased traffic is projected to run its course, but the market is nevertheless expected to see an increase in demand for LTE-related routers, switches, and other devices. The mobile infrastructure market is forecast to edge higher year on year as expanding investment in LTE-related equipment covers the decline in 3G investment.

In North America, the optical transmission market is forecast to see continued investment in 2013 for enhancing mobile backhaul systems and other backbone infrastructure as major mobile communications carriers compete to roll out LTE amid surging network traffic driven by the increasing prevalence of smartphones. The market is forecast to expand year on year as the greater volume of traffic is expected to spur the introduction of 100 Gbps systems, following on from 40 Gbps systems. → GRAPH 3

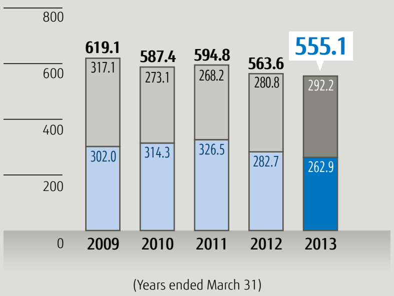
Operational Review and Initiatives

Fiscal 2012 Business Results

The System Platforms sub-segment, comprising System Products and Network Products, reported sales of ¥555.1 billion,

GRAPH 4

Sub-segment Sales*

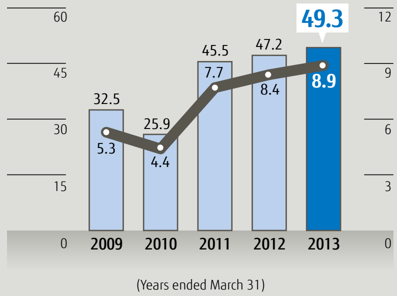


System Products
Network Products

* Including intersegment sales

GRAPH 5

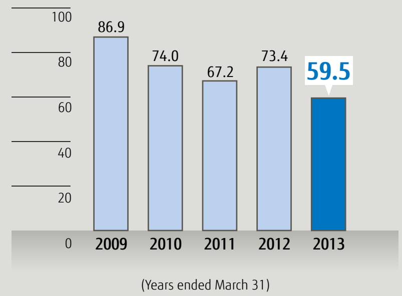
Operating Income/ Operating Income Margin



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

GRAPH 6

Capital Expenditure*



* For entire Technology Solutions segment

a decrease of 1.5% from the previous fiscal year.

System Products: Sales of system products for the fiscal year ended March 31, 2013 decreased 7.0% year on year to ¥262.9 billion. In Japan sales contracted significantly, on a swing-back following the mass production of next-generation supercomputer server systems and big business deals in the previous year. Nevertheless, strong performance in sales of x86 servers put Fujitsu at the top of the domestic server market for a sixth consecutive year. Outside Japan, sales contracted year on year on a decline in UNIX servers due to consumers holding back on purchases ahead of the launch of new products, although sales of x86 servers were brisk in every region. → GRAPH 4

Network Products: Sales increased 4.0% year on year, to ¥292.2 billion. → GRAPH 4 Sales of optical transmission systems fell sharply in North America as telecom carriers shifted their investment focus to LTE and other wireless systems, cutting investment in the mobile backhaul and other backbone systems where Fujitsu supplies products. In Japan, however, sales surged as carriers sought to cope with increased traffic, rollout LTE, and upgrade their networks.

Sales of mobile systems and network solutions rose sharply due to higher sales of LTE equipment and routers to cope with higher volumes of data traffic stemming from the increasing popularity of smartphones and the rollout of LTE.

Operating income for the System Platforms sub-segment totaled ¥49.3 billion, an increase of ¥2.0 billion from the previous year. Overall, system products results were flat as the increased income achieved from x86 server cost cutting and higher unit prices offset lower sales of UNIX servers and mainframes. → GRAPH 5

Income from Network Products also increased, benefiting from higher sales, stimulated by greater investments aimed at coping with increased data traffic and LTE, driven by the widespread popularization of smartphones. Income from North America, however, was lower year on year.

Initiatives Going Forward

System Products: ICT plays an increasingly vital role in ensuring social prosperity and security. This trend is raising the importance of servers, storage, software and other products that form the foundation of ICT infrastructure. Along those lines, Fujitsu will move forward with developing platforms optimized for supporting cloud computing, which will enable flexible ICT utilization. → GRAPH 6

In UNIX servers, Fujitsu will position its new SPARC M10 as a mainstay product. This will work to further strengthen its partnership with Oracle, and in expanding sales in and outside of Japan, increase its share of the RISC market as it aims to boost sales. In x86 servers, we will step up our development in coordination with Germany-based Fujitsu Technology Solutions to strengthen cost competitiveness. At the same time, we will grow our business globally by developing new channels with major systems integrators, enhancing our promotional activities, and using modernization as a trigger to prevail over competitors.

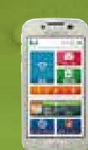
Network Products: Network products are playing an increasingly important role in the cloud era as data and networks merge. In recent years we have maintained a profitable business structure by reforming the development process to achieve significant cost savings, and business expansion driven by the need to cope with increasing network traffic and the rollout of LTE. In the next stage of growth for the business, we plan to achieve further profit gains by reducing costs even further, growing our domestic market share, and expanding sales globally. In optical transmission systems, our capabilities in advanced technologies will play a role in expanding our business as we seek to increase sales of 100 Gbps-class packet optical networking platforms in and outside of Japan, in order to cope with rapidly increasing data traffic.

In mobile systems and network solutions, Fujitsu will aim to promote future business expansion on a global stage. Specifically, we will expand our business in the growth field of LTE, while steadily developing the high-density wireless base stations compatible with the next generation network protocol, LTE-Advanced, which we announced in March 2013.

UBIQUITOUS SOLUTIONS

In PCs, Fujitsu is enhancing functionality through smartphone compatibility, energy efficiency, and a fast boot-up feature, and driving the development of tablet PCs. We also have a product lineup in the Japanese market that capitalizes on high domestic standards of quality. In mobile phones, along with conventional features phones, Fujitsu is developing smartphones and tablet devices under the new ARROWS STYLISTIC brands. In mobilewear, Fujitsu is answering diverse needs through "Connectivity Products," among them intuitively operated car navigation systems that connect with smartphones for a more enjoyable driving experience.

FMV ESPRIMO FH78/LD
all-in-one PC with touch-panel
Full HD liquid crystal display



Xi-compatible F-08E
Raku-Raku Smartphone 2
with expanded screen size

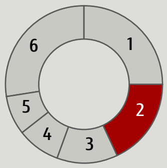
ULTRA AVN (AVN-ZX02i)
car navigation system

Ubiquitous Solutions Results (See page 045 for numerical results from PCs/Mobile Phones and Mobilewear operation)

			Yen (millions)
Years ended March 31	2011	2012	2013
Net sales			
External customers	¥1,013,056	¥1,039,809	¥972,971
Inter-segment	112,586	114,473	117,278
Total sales	1,125,642	1,154,282	1,090,249
Operating income	22,679	19,938	9,626
Total assets	332,121	361,732	335,747
Other items			
Capital expenditure (including intangible assets)	20,578	19,698	23,851
Depreciation	20,675	21,210	21,496
Amortization of goodwill for the year	46	48	49
Balance of goodwill at end of the fiscal year	184	148	119

PC Market Share in Japan 2012 (Unit Basis)

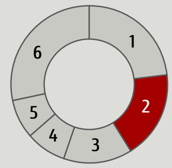
1	Company A	25.2%
2	**Fujitsu**	**17.8%**
3	Company B	12.7%
4	Company C	8.7%
5	Company D	8.0%
6	Others	27.4%



(Source: Gartner, "Quarterly Statistics: Personal Computers, Worldwide by Region, 1Q13 Update" 6 May 2013)

Mobile Phone Shipments in Japan in 2012 (Unit Basis)

1	Company A	23.3%
2	**Fujitsu**	**18.0%**
3	Company B	14.0%
4	Company C	8.4%
5	Company D	8.0%
6	Others	28.3%



(Source: IDC, Worldwide Quarterly Mobile Phone Tracker, 2013Q1)

OUR STRENGTH

Fujitsu offers PCs of exceptional quality and high added value. Our notebook PCs are manufactured entirely by Shimane Fujitsu Limited, with operations that consolidate everything from design to manufacturing, assembly and customization in one location. Desktop PCs use components sourced from outside Japan, and are assembled and customized for Japan by Fujitsu Isotec Limited, and for other markets, mainly Europe, by Fujitsu Technology Solutions in Germany. We also offer lightweight, thin tablet PCs with high-spec, water- and dust-resistant features. In mobile phones and tablet PCs, we offer a diverse lineup of high-quality models with advanced functions, including smartphones with cutting-edge, high-speed CPUs, and the Raku-Raku Phone Series with easy-to-read displays, clear-sounding speakers, and intuitive functionality, as well as tablet PCs featuring large, full high-definition screens and large battery capacity. In mobilewear, we draw on our long-nurtured expertise with in-vehicle technologies to provide car navigation systems and other types of automotive electronics that make the driving experience safer and more comfortable.

TOPICS

An Easy-to-Use Smartphone for Seniors

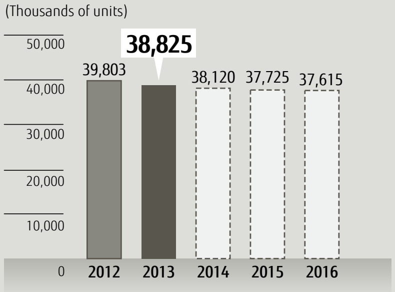
In June 2013, Orange and Fujitsu launched the FUJITSU Smartphone STYLISTIC S01 in France, featuring enhanced user-friendliness for the rapidly growing senior market in Europe. This marks Fujitsu's first step in developing a European mobile phone business incorporating services such as lessons on how to use the product and a telephone support service. It is also Fujitsu's first real foray into the smartphone market outside Japan. The STYLISTIC S01 offers a variety of user-friendly functions, such as a touch panel that provides the tactile sensation of pressing a physical button when pushing an on-screen icon, and an intuitive graphic user interface. Another feature optimizes the smartphone's audio settings to make calls easy to hear depending on the user and location.

STYLISTIC S01 Smartphone developed for the senior market in Europe

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

GRAPH 1

Mobile Phone Shipment Forecast for Japan

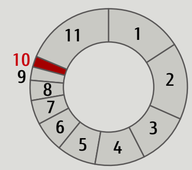


(Source: IDC, Worldwide Quarterly Mobile Phone Tracker, 2013Q1)
* The above figures are as of the end of each fiscal year (March 31)

GRAPH 2

Global PC Market Share in 2012 (Revenue Basis)

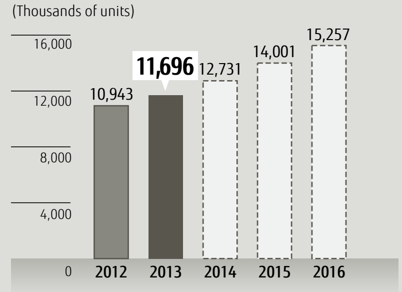
1	Company A	16.0%
2	Company B	15.9%
3	Company C	10.8%
4	Company D	10.2%
5	Company E	8.0%
6	Company F	6.5%
7	Company G	5.0%
8	Company H	4.2%
9	Company I	2.7%
10	**Fujitsu**	**2.1%**
11	Others	18.6%



(Source: Gartner, "Quarterly Statistics: Personal Computers, Worldwide by Region, 1Q13 Update" 6 May 2013)

GRAPH 3

Projected Trends in Global Car Navigation System Demand



(Source: Japan Electronics and Information Technology Industries Association, "Trends in Worldwide Demand for Major Electronics," published February 2013)

Market Trends

2012 Global Market Trends

Total PC shipments in Japan rose 0.5% year on year in 2012 to 15.97 million units. In the consumer market, PC shipments declined, mainly as the debut of the new Windows® 8 operating system failed to boost demand while PCs also had to compete with low-priced tablet PCs. In the corporate market, higher PC shipments were driven by renewed demand for upgrades from Windows® XP to Windows® 7. Globally, the PC market declined 3.9% year on year to 354.16 million units, mainly because of competition from smartphones and tablet PCs, sluggish economic conditions due to the European debt crisis, and the underlying minimal impact from Windows® 8.

The number of mobile phones shipped in Japan increased 0.9% year on year to 39.8 million units. The increase in shipments was only slight because of inventory adjustments by mobile communications carriers, despite steady replacement demand as users upgraded from feature phones to smartphones.

Worldwide demand for car navigation systems increased 11.7% year on year to 10.94 million units. → GRAPH 3 In Japan, shipments increased on the back of a rebound in auto production and an expansion in consumer car navigation system lineups sold on the market. In the U.S., shipments were up on strong automobile sales. However, in Europe, shipments increased only slightly due to lackluster automobile sales as regional economic conditions remained weak.

Outlook for 2013

For PCs, the Japanese consumer market is expected to decline year on year as consumers shift from traditional PCs to tablet PCs. The Japanese corporate market is expected to remain mostly unchanged, as the ongoing replacement of PCs running Windows® XP is tempered by competition from tablet PCs. On the other hand, outside Japan, the market is expected to see an even larger decrease due to the rapid expansion of tablet PCs. Accordingly, the worldwide PC market is forecast to decrease 3.5% year on year to 338.82 million units.

In mobile phones, domestic shipments in fiscal 2013 are expected to decline 2.5% year on year to 38.8 million units. The forecast for an overall decline is based on slowing growth in the smartphone market, coupled with ongoing contraction of the feature phone market.

Worldwide demand for car navigation systems is projected to continue expanding, increasing 6.9% year on year to 11.69 million units. This forecast is based on expectations for the key role of high-performance car navigation systems in motorized societies in terms of the environment, energy conservation, and security. Another factor is progress on expansion of road infrastructure development and digitization of map data in step with growth in the automobile markets of emerging economies. → GRAPH 3

Operational Review and Initiatives

Fiscal 2012 Business Results

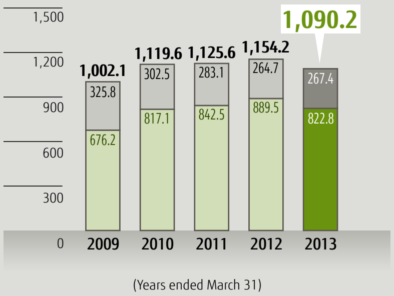
Net sales in the Ubiquitous Solutions segment totaled ¥1,090.2 billion in fiscal 2012 (down 5.5% year on year). → GRAPH 4

Worldwide shipments of Fujitsu PCs decreased 3.2% year on year to 5.83 million units. In Japan, although there were several large-volume deals for corporate clients, PC shipments decreased in the consumer market, while unit sales prices also declined. Outside Japan, Fujitsu lowered PC shipments in Europe as part of its PC sales policy of emphasizing profitability.

Mobile phone shipments in Japan decreased 18.8% year on year to 6.50 million units. This was due mainly to contraction in the feature phone market, and lackluster smartphone sales as competition intensified. These impacts were partly offset by growth in tablet PC sales.

GRAPH 4

Sub-segment Sales*



PCs/Mobile Phones
Mobilewear

* Including intersegment sales

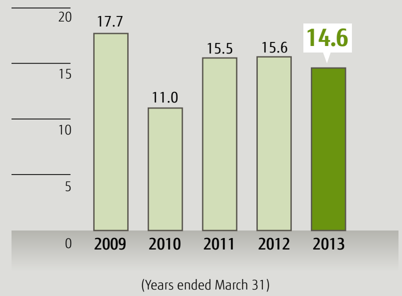
GRAPH 5

Operating Income/
Operating Income Margin

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

GRAPH 6

Capital Expenditure



In mobilewear, sales declined year on year in Japan, due to the impact of lower new car sales volume after the government's subsidy program for eco-friendly car purchases ended, as well as sluggish sales of consumer market products. Outside Japan, sales increased year on year, partly because overseas automobile manufacturing recovered after being suspended in the previous year due to flooding in Thailand.

Operating income declined ¥10.3 billion from the previous fiscal year to ¥9.6 billion. → GRAPH 5 In Japan, Fujitsu strove to offset the drop in earnings associated with lower PC and mobile phone shipments by cutting material and component costs and other expenses. However, earnings were impacted heavily by higher procurement costs reflecting the yen's depreciation in the second half of the fiscal year. In the fiscal year under review, Fujitsu recorded a one-off gain on a review of the provision for PC recycling expenses, based on the impact of the start of a recycling system for small home appliances during the fiscal year. In addition, restructuring in the mobilewear business contributed positively to earnings. Outside of Japan, Fujitsu saw higher materials and component procurement costs for PCs for the European market due to the euro's depreciation against the U.S. dollar, mainly in the first half, as well as a negative impact on earnings from lower PC sales.

Initiatives Going Forward

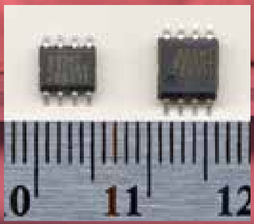
For the PC market, Fujitsu will continue to develop high quality products offering exceptional reliability and featuring advanced functions. At the same time, we will provide added value in the form of new services for consumers and corporations. We will also offer the LIFEBOOK UH SERIES–the world's thinnest Ultrabook™ and HDD-equipped notebook PC, and the ESPRIMO FH Series of desktop PCs with enhanced touch-screen features and design. We will further promote "My Cloud" cloud service that enables users to collect and organize widely distributed data, and freely utilize data within their PCs on their preferred digital devices at any time. Outside Japan, Fujitsu will step up high-value-added corporate PC sales in the EMEA markets, while focusing on low-end PC sales in emerging markets. In North America, the focus will be on bolstering sales of tablet PCs in medical and educational fields, and in Asia-Pacific and China, on enhancing corporate sales activities.

In mobile phones, Fujitsu is developing such products as the high-spec, water-resistant FUJITSU Smartphone ARROWS NX F-06E equipped with a large 5.2-inch full high-definition display, large-capacity battery, and quad-core CPU, the FUJITSU Smartphone Disney Mobile on docomo F-07E featuring popular Disney characters, the Raku-Raku Smartphone 2, the latest model in this series of smartphones for seniors, and the long-selling Raku-Raku Phone Series. Outside Japan, in June 2013 Fujitsu and Orange launched a new smartphone business in France targeting the rapidly growing senior market in Europe. Fujitsu will use this initiative to spearhead further overseas business expansion, while seeking to popularize Japanese technology around the world.

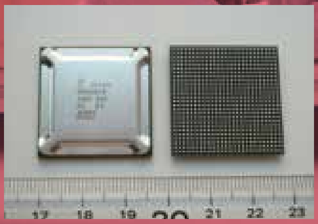
In mobilewear, Fujitsu is branching into new business domains. One is the Vehicle-ICT business. Centered on ICT technology, this business enhances value-added automobiles by linking a variety of data related to comfort, safety and reliability, and the environmental business. In this business, the Fujitsu Group will maximize its collective capabilities to promote a vertically integrated model that links services, centers, devices, and controls. To cultivate new markets and customers in existing business domains, Fujitsu will expand sales of low-cost audio products in the ASEAN market, and strive to maximize sales volume by expanding markets and customers globally, while leveraging products and technologies in existing business domains.

DEVICE SOLUTIONS

LSI devices and electronic components comprise Fujitsu's Device Solutions. Fujitsu Semiconductor, the Fujitsu Group's operating company in semiconductors, provides LSI devices found in products such as digital home appliances, automobiles, mobile phones, and servers. Meanwhile, publicly listed consolidated subsidiaries such as Shinko Electric Industries, Fujitsu Component, and FDK provide semiconductor packages and other electronic components, as well as structural components such as batteries, relays, and connectors.



High-capacity FRAM MB85RS1M and MB85RS2MT for realizing compact, power-efficient devices



MB86R24 third-generation high-performance graphic SoC for automotive applications

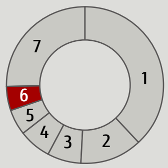
Device Solutions Results (See page 049 for numerical results from LSI Devices and Electronic Components, Others operation)

Yen (millions)

Years ended March 31	2011	2012	2013
Net sales			
External customers	¥545,729	¥515,834	¥483,896
Inter-segment	84,871	68,866	56,478
Total sales	630,600	584,700	540,374
Operating income (loss)	20,976	(10,182)	(14,246)
Total assets	434,718	434,902	383,418
Other items			
Capital expenditure (including intangible assets)	44,837	51,876	45,828
Depreciation	60,941	56,483	44,023
Amortization of goodwill for the year	573	556	67
Balance of goodwill at end of the fiscal year	(75)	(646)	(726)

2012 Global ASIC Market Share
(based on sales)

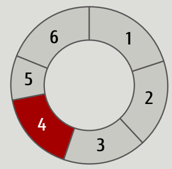
1	Company A	38.1%
2	Company B	12.9%
3	Company C	6.8%
4	Company D	6.7%
5	Company E	5.4%
6	**Fujitsu**	**4.9%**
7	Others	25.2%



(Source: IHS iSuppli March 2013)

2012 ASIC Market Share in Japan
(based on sales)

1	Company A	20.2%
2	Company B	18.1%
3	Company C	17.0%
4	**Fujitsu**	**16.7%**
5	Company D	9.2%
6	Others	18.8%



(Source: IHS iSuppli March 2013)

OUR STRENGTH

Fujitsu Semiconductor is focusing its business around the four pillars of “Mobile,” “Automotive,” “Advanced Imaging,” and “High-performance (Industrial Equipment).” In these four areas, we offer highly reliable, optimized solutions that meet the diverse needs of our customers. Our products are used in a wide range of applications, from imaging to wireless communications and security, and are increasingly energy efficient as a result of the emphasis we place on the environment. Fujitsu Semiconductor is expanding its business globally through development and sales sites in Japan, the Americas, Europe, and Asia.

PERFORMANCE

TOPICS

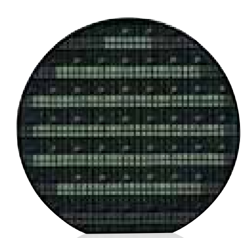
Volume Production of GaN Power Devices in Sight

Fujitsu Semiconductor aims to start volume production of gallium-nitride (GaN) power devices in the second half of 2013.

Compared to conventional silicon-based power devices, GaN-based power devices feature lower electrical resistance and the ability to perform high-frequency operations. These characteristics are expected to improve the conversion efficiency of power supply units and make them more compact.

Fujitsu Semiconductor will propose a wide variety of value-enhancing power supply applications for the devices, significantly contributing to the realization of a low-carbon society.

GaN power device prototype
(TO247 Package)

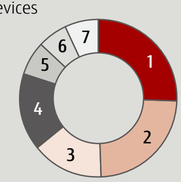


6-inch silicon wafer used to form GaN power device

GRAPH 1

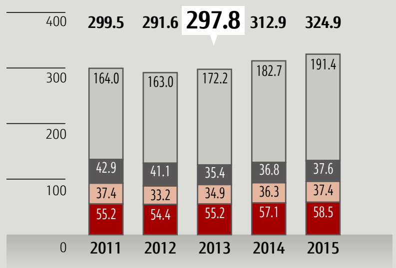
Sales of Logic LSI Products by Application for the Year Ended March 31, 2013

1 ■ Mobile phones
2 ■ AV/Consumer electronics
3 □ PCs and peripherals
4 ■ Automobiles
5 □ Industrial machinery
6 □ Communications devices
7 □ Others



GRAPH 2

Global Semiconductor Market Forecasts



■ Americas ■ Japan
■ Europe □ Asia-Pacific

(Source: World Semiconductor Trade Statistics (WSTS))

Market Trends

2012 Global Market Trends

In 2012, the global semiconductor market contracted 2.7% year on year to US$291.6 billion*[1], experiencing negative growth after expanding 0.4% year on year in 2011. This marked a slight market contraction compared with 2010 and 2011. → GRAPH 2 The main reason was the rise of smartphones and tablet PCs, which cut into demand in the conventional PC and AV equipment markets, including digital cameras and game consoles, as well as the feature phone market. Another factor was the underperforming global economy.

Geographically, the Japanese market shrank 4.3%* year on year (4.2%* on a yen basis), declining for a second consecutive year, mainly due to factors such as sluggish global economic performance and stagnant domestic production caused by the yen's appreciation. The business environment was challenging as Japanese manufacturers struggled in the face of intensified competition with global players in the smartphone market in addition to a weak AV equipment market. The Asian market experienced slight negative growth, contracting 0.6% year on year, compared with growth of 2.5% in 2011. This was partly due to the impact of weak exports reflecting the global economic recession, particularly in Europe. The European market contracted sharply, by 11.3% year on year, mainly due to the impact of protracted economic stagnation stemming from fiscal austerity measures, a rising unemployment rate, and other factors. In the Americas, market growth was a negative 1.5% year on year, as a sharp drop in demand for PC and other applications outweighed continued strong demand for communications equipment and automotive applications.

Outlook for 2013

In 2013, the global semiconductor market is expected to grow 2.1%*[1] year on year to US$297.8 billion, rebounding to levels slightly above 2010 and 2011.
→ GRAPH 2

By region, the Americas market is forecast to grow 1.6%*[1], with Europe set to increase 5.3%*[1] year on year. The Japanese market is expected to contract 13.8%*[1], while the Asia-Pacific market is expected to increase 5.7%*[1]. The large projected negative growth in the Japanese market largely reflects the apparently sharp contraction in the market when stated on a U.S. dollar basis following the yen's depreciation since the autumn of 2012. On a yen basis, however, the Japanese market is forecast to contract by only 0.3%*[1] year on year*[2]. Against the backdrop of an improving export environment supported by the weaker yen and the positive impacts of financial policies, the Japanese market is projected to see continued growth in the smartphone and tablet PC markets, as well as a rebound in the automobile and industrial equipment markets. However, the AV equipment-related market, including conventional PCs and digital cameras, is expected to remain sluggish, leading to a continuation of severe conditions on the whole.

In terms of products, although the market for MOS microcontrollers is expected to contract 2.9%*[1] year on year, the memory market, which includes DRAM and Flash memory, and the market for logic products are both expected grow year on year, by 5.9%*[1] and 4.3%*[1], respectively.

The global semiconductor market is projected to continue growing through 2014 and into 2015, with anticipated increases of 5.1%*[1] to US$312.9 billion in 2014, and 3.8%*[1] in 2015 to US$324.9 billion. An average annual growth rate of 3.7%*[1] is expected to be seen between 2012 and 2015.

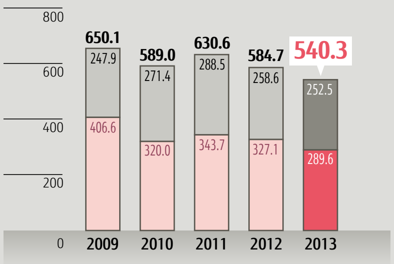
*1 Semiconductor market estimates according to World Semiconductor Trade Statistics (WSTS), spring 2013 forecast.

*2 The WSTS semiconductor market estimates are premised on yen-U.S. dollar exchange rates of ¥79.7 in 2012, and ¥92.2 from 2013.

GRAPH 3

Sub-segment Sales*

(Billions of yen)



(Years ended March 31)

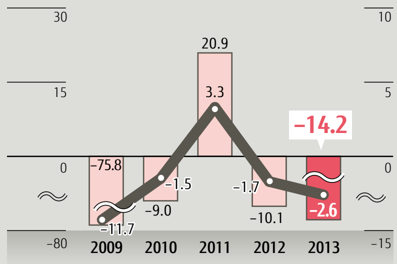
LSI Devices
Electronic Components, Others

* Including intersegment sales

GRAPH 4

Operating Income (Loss)/ Operating Income Margin

(Billions of yen) (%)



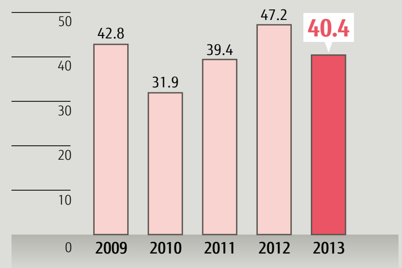
(Years ended March 31)

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

GRAPH 5

Capital Expenditure

(Billions of yen)



(Years ended March 31)

Operational Review and Initiatives

Fiscal 2012 Business Results

Net sales during fiscal 2012 in this segment totaled ¥ 540.3 billion, a decrease of 7.6% from the previous fiscal year. Sales in Japan fell 5.1%. → GRAPH 3
Sales of LSI devices were buffeted by the delayed recovery in market conditions for digital AV devices, in addition to weak sales for use in Fujitsu servers. This decline also reflects the impact of CPU sales for next-generation supercomputers during the previous fiscal year. Electronic component sales saw lower sales of batteries and semiconductor packages. Outside Japan, LSI sales declined, especially in Asia. In electronic components, battery sales were lower, mainly in the U.S., although higher semiconductor package sales were seen in Asia, mainly during the first half of the fiscal year.

The segment posted an operating loss of ¥14.2 billion, a deterioration of ¥4.0 billion from fiscal 2011. → GRAPH 4
In Japan, LSI earnings were affected by a lower capacity utilization rate for production lines caused by decreased demand, in addition to lower revenue. The capacity utilization rate for the 300 mm production line was high, but remained persistently low for the 150 mm/200 mm wafer lines. In addition to the impact of a drop in electronic components sales, deterioration also occurred due to the burden of investments made to develop Access Network Technology Limited, a subsidiary in the communications semiconductor field.

Initiatives Going Forward

The Fujitsu Group will continue working to optimize its manufacturing system in step with changes in the economic and business environment. As part of these efforts, since 2009, Fujitsu has been pursuing a unique "fab-lite" business model, outsourcing advanced process technologies for 40 nm and beyond to Taiwan Semiconductor Manufacturing Company (TSMC). However, following deterioration in market conditions, Fujitsu has faced the need to expedite structural reforms to strengthen its business structure. Accordingly, Fujitsu transferred ownership of the Iwate Plant, one of its production facilities, to DENSO CORPORATION in October 2012. In December 2012, Fujitsu also transferred ownership of LSI assembly and test line facilities belonging to subsidiary Fujitsu Integrated Microtechnology Limited (FIM) to J-Devices Corporation.

In February 2013, Fujitsu and Panasonic Corporation entered into a basic agreement on the integration of the system LSI business. Fujitsu decided on a policy of transferring the 300 mm line of the Mie Plant to a new foundry company including TSMC. Specifics of the transfer are now under discussion.

In April 2013, Fujitsu decided to sell its microcontroller and analog business to Spansion Inc. To optimize the size of its workforce, Fujitsu implemented an early retirement scheme for approximately 2,400 employees.

After booking impairment losses on fixed assets, Fujitsu will consolidate its 200 mm wafer lines into Japan's Aizu region. In so doing, Fujitsu aims to streamline production capabilities and optimize its workforce to achieve a more compact organization with stable business operations.

MAJOR ANNOUNCEMENTS AND IR ACTIVITIES IN FISCAL 2012

2012 4 5 6 7 8 9 10

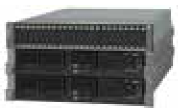
TECHNOLOGY SOLUTIONS

April 2
New Supercomputer System Begins Operations at the University of Tokyo's Information Technology Center

April 11
Fujitsu Opens First Datacenter in China

April 27
Fujitsu Launches Data Curation Service/Data Consulting to Help Customers Analyze and Use Big Data

May 9
Fujitsu Releases the Eternus VX700 Series Storage for Virtualization Environments



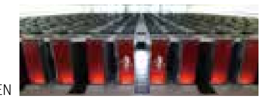
May 15
Fujitsu Enhances Four 1-Way and Two 2-Way PRIMERGY x86 Servers

May 23
Lufthansa Systems of Germany and Fujitsu Conclude a Global Service Agreement

June 15
Fujitsu Supercomputer Selected for Australia's National Computational Infrastructure Project

June 25
Fujitsu Wins Supercomputer Bid from Taiwan's Central Weather Bureau

July 2
RIKEN and Fujitsu Complete the Jointly Developed K Computer in June 2012



©RIKEN

July 12
Fujitsu Global Cloud Platform/S5 Now Also Available from Western Japan

July 18
Fujitsu Launches New "Akisai" Cloud for the Food and Agricultural Industries

August 7
BAA Selects Fujitsu For Critical Network Integration Project At New Heathrow Airport Terminal

UBIQUITOUS SOLUTIONS

April 6
Fujitsu's STYLISTIC Q550/C Tablet PCs Bring ICT to Japan's Junior High School Classrooms

May 9
Fujitsu Announces Summer 2012 Line of FMV Series of Personal Computers

May 14
Fujitsu Uses ICT to Support Pet Health

May 16
Fujitsu's Summer 2012 Eclipse Car Navigation Systems Feature Industry's Largest 9-Inch Screens and Market's First Onboard Nintendo DS Interface

May 16
Fujitsu Upgrades its CELSIUS Line of Enterprise PC Workstations

July 18
Fujitsu Introduces docomo NEXT Series ARROWS X F-10D

July 26
Fujitsu Introduces "Raku-Raku Smartphone"

September 18
Fujitsu Launches the STYLISTIC M532/EA4 Android 4.0 Tablet for Business

October 19
Fujitsu Announces New "Floral Kiss" Brand of FMV Personal Computers for Women

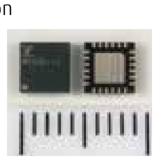
October 19
Fujitsu Announces New Lineup of Windows 8 Consumer PCs and Tablet Devices

October 22
Fujitsu Releases 23 New PC Models Equipped With Windows 8 for Enterprise Customers

DEVICE SOLUTIONS

April 27
Fujitsu Semiconductor to Transfer Ownership of Iwate Plant to DENSO Corporation

June 28
Fujitsu Launches New Chip for High-Frequency RFID Tags with Industry-Leading 9 KB FRAM



August 23
Fujitsu Releases 24 New Wide Voltage 8-bit Microcontrollers Featuring LCD Control Functionality

August 31
Fujitsu Semiconductor to Transfer Ownership of its LSI Assembly and Test Facilities to J-Devices

September 13
Fujitsu Enhances FM3 Family of 32-bit Microcontrollers with the Release of 93 New Products

October 16
Fujitsu Semiconductor Releases Interface Bridge SoC Incorporating 10 Different Interfaces

OTHERS

April 5
Fujitsu Technology Puts Big Data to Use in Minutes
Develops distributed data processing technology that dramatically reduces disk accesses

April 17
Fujitsu, Aizuwakamatsu City and Tohoku Electric Power Begin Planning Smart Community Project in Aizuwakamatsu Region

June 27
Fujitsu Deploys New Wastewater Treatment System to Recover High Concentrations of Copper at its Nagano Plant

July 30
Fujitsu Laboratories Develops Technology to Automatically Resolve Performance Problems in Distributed Storage

August 21
Fujitsu Laboratories Develops Industry's First Technology that Automatically Offers Analysis Scenarios for Big Data

IR

April 5
Fujitsu Laboratories' R&D Strategy Briefing

April 27
FY2011 Full-year Financial Results Announcement

June 25
112th Annual Shareholders' Meeting

July 27
FY2012 First-quarter Financial Results Announcement

September 18
Mobile Phone Plant Tour

October 31
FY2012 First-half Financial Results Announcement

11 12 **2013** 1 2 3 4 5

August 28
Fujitsu Enters Into Technology Services Agreement With BC Hydro

September 28
Fujitsu Launches Cloud Service for Beef Cattle Production

October 1
Fujitsu Launches Manufacturing Innovation Team Services

October 16
Fujitsu Releases the Eternus BE50 Backup Appliance

November 28
Fujitsu Expands Datacenter Footprint in Canada With New High-Performance Facility in Saskatchewan

November 29
Fujitsu Launches Skin Memory Cloud Service for Checking Skin Condition Using Smartphones

December 6
Fujitsu Releases New Vertically Integrated Database System "Fujitsu Integrated System HA Database Ready"

January 10
Fujitsu ICT Boosts Business Continuity for Kyoto University

January 18
Fujitsu Launches New SPARC M10* Unix Server

January 30
Fujitsu Launches FUJITSU DataPlaza, the Largest Scale Social Media Analysis Tool for Analyzing Consumer Feedback in Social Media

March 1
NTT DOCOMO Selects Fujitsu to Develop High-Density Wireless Base Stations Compatible with Next-Generation Network Protocol LTE-Advanced

March 21
Fujitsu Launches Automated Identification Technology Solution for Aircraft Parts Suppliers Worldwide

* SPARC M10: The SPARC M10 is marketed outside of Japan as the "Fujitsu M10."

November 26
Fujitsu Introduces High-Spec Smartphone, "docomo with series ARROWS V F-04E"

November 27
Cloud Service Launched for Wandant Dog Pedometer

December 5
Fujitsu Introduces docomo ARROWS Tab F-05E Tablet

February 1
Fujitsu Introduces ARROWS Tab Wi-Fi Tablet for Consumers Featuring Android 4.0

February 1
Fujitsu Launches New Line of FMV Series PCs

February 19
Fujitsu and Orange Partner to Deliver Smartphones to the Rapidly Growing Senior Market in Europe

February 19
Fujitsu Launches docomo NEXT series ARROWS X F-02E

February 25
Fujitsu Releases New ARROWS Tab Q582/F Water-Resistant Tablet for Enterprises

March 12
Introduction of a remote engine start system for smartphones utilizing cloud technology -Applied as a dealer option for the Toyota Motor Sales, U.S.A., Inc. "Lexus RX"-

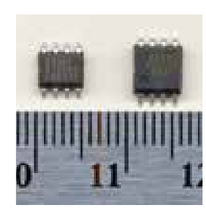
Smartphone operation screen

November 8
Moving Forward on Energy Efficiency: Fujitsu Semiconductor Aims to Start Production of GaN Power Devices

February 7
Fujitsu Announces Restructuring and New Direction of its Semiconductor Business

March 13
Fujitsu Demonstrates First ADC Device in Family of 28nm CMOS Converter Solutions

March 18
Fujitsu Semiconductor Releases New 1 Mbit and 2 Mbit FRAM Products



November 19
Fujitsu Develops World's First Stream Aggregation Technology to Rapidly Process Both Historical Data and Incoming Data

December 13
Fujitsu Develops Simulation Technology to Model Shopper Movement, Visualizing Crowding Conditions

January 21
Fujitsu Develops Technology Enabling File Transfers Simply by Photographing a PC Screen with a Smartphone or Tablet

March 11
Fujitsu and Saudi Industrial Property Authority "MODON" Enter Agreement on Development and Operation of Environmental Management System

March 14
Fujitsu Develops First Optical Transmission Technology to Achieve 100 Gbps Using 10 Gbps Transmission Components

March 18
Fujitsu Laboratories Develops Real-Time Pulse Monitor Using Facial Imaging

December 10
Presentation for Bond Investors

February 7
FY2012 Third-quarter Financial Results Announcement/Management Direction

April 3
Fujitsu Laboratories' R&D Strategy Briefing

April 30
FY2012 full-year financial results announcement

JAPAN

Market Trends

The Japanese IT market is expected to grow 1.8% year on year in 2013. → GRAPH 2

In 2012, the IT market rebounded from the negative impact of the Great East Japan Earthquake and flooding in Thailand of 2011. However, the IT market is expected to expand slightly in 2013.

ICT investment has begun to recover, mainly in the manufacturing sector, owing to an improving export environment due to the yen's recent depreciation. Furthermore, consumer spending is showing signs of improvement, and the effects have rippled out to the distribution sector. In the public sector, public works spending aimed at post-quake reconstruction has expanded, while the healthcare sector is seeing increasing links between different regional healthcare networks.

Despite these developments, the server market in Japan is expected to contract more than 6% compared with the previous year. This reflects a decline after large mainframe shipments that were part of a major project in the financial services sector in the previous year. Anticipated contraction in the market, including lower prices, also reflects growing use of datacenters with a view to risk avoidance, and projected acceleration in the trend toward server integration and consolidation.

The PC market in Japan is also expected to decline by around 0.7% year on year. Lackluster conditions are projected to continue due to the growth of smartphone and tablet sales.

The Japanese IT services market is projected to grow 1.9% year on year as IT budgets recover gradually along with improved corporate earnings. Since the Great East Japan Earthquake, demand has risen for use of datacenters with an eye toward business continuity planning (BCP). Similarly, reviews of IT system operation, as well as the introduction of new IT services through cloud computing, are expected to progress further. Moreover, new IT usage that leverages big data is attracting attention, with the IT services market poised to expand in the future, albeit at a moderate pace.

Initiatives Going Forward

In the Japanese market, we will pursue a vertically integrated business model to propel new growth, and work to develop businesses that demonstrate the strengths that set Fujitsu apart from other companies. To this end, we will leverage our highly reliable platforms backed by hardware and software technologies, our integration and operations services based on a profound understanding of customers' businesses, and the ability to propose ways of harnessing new ICT to create added-value, such as through mobile devices and big data.

In the system products business, which comprises mainly servers, Fujitsu will strive to expand sales of UNIX servers worldwide by stepping up collaboration with Oracle Corporation and focusing on the new SPARC M10* model as a core product. In doing so, Fujitsu will work to capture a larger share of the UNIX market, with the aim of driving sales growth. In x86 servers, Fujitsu will continue to pursue greater development efficiency together with Fujitsu Technology Solutions (FTS) of Germany, in an effort to further enhance cost competitiveness. At the same time, we will work to expand x86 server sales by cultivating sales channels such as major systems integrators, enhancing promotions and using modernization as an opportunity to rise above competitors.

In the network products business, we will further expand our base station business as LTE rollout ramps up, and steadily advance business dealing with increased network traffic accompanying the rapid spread of smartphones. We will also aim to advance into new business fields, such as home-area networking utilizing LTE and optical access.

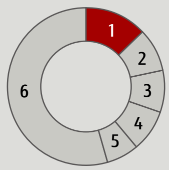
In the ICT services business, we will expand our modernization service, where we streamline existing application assets and transfer them to a framework that can be used over the long term. This service draws on our expansive customer base as a key strength. By helping customers to reduce maintenance and operations costs through this modernization service, we aim to speed their investment

* SPARC M10: The SPARC M10 is marketed outside of Japan as the "Fujitsu M10."

GRAPH 1

Share of 2012 IT Services Market Sales in Japan (Revenue Basis)

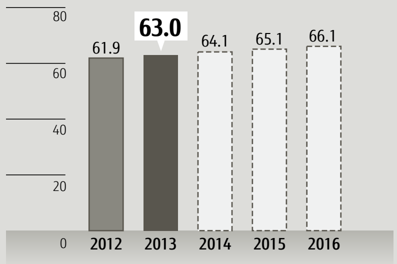
1	**Fujitsu**	**12.9%**
2	Company A	9.0%
3	Company B	8.6%
4	Company C	8.6%
5	Company D	6.5%
6	Others	54.4%



(Source: Gartner, "Market Share: IT Services 2012" 29 March 2013)

GRAPH 2

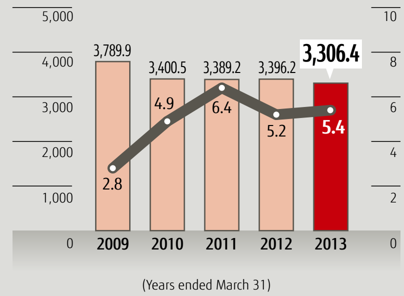
IT Market Forecasts (Japan)



(Source: IDC The Worldwide Black Book Q1 2013)

GRAPH 3

Net Sales* and Operating Income Margin



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

* Including intersegment sales

in innovation. In the process, we will work together with customers to achieve business innovation, such as by enhancing enterprise competitiveness, and social innovation by addressing social issues.

By leveraging our extensive expertise in systems construction, we plan to actively upgrade and expand vertically integrated products that further unify and optimize hardware and software. These offerings constitute high value-added products that incorporate our abundant expertise in integration and operations services.

In other fields, Fujitsu will extend and enhance new services surrounding cloud computing. We will dramatically upgrade our product lineup by revamping our framework of cloud products and services as the FUJITSU Cloud Initiative, in support of customer needs. We will also focus on bolstering our cloud integration structure, where we plan to have 100 Cloud Specialists and 2,000 Cloud Integrators, with the view to ensuring that cloud computing is implemented with optimal efficiency in various situations.

By leveraging our outstanding ability to provide a vertically integrated structure—from highly dependable, high-performance platforms such as networks, servers, and datacenters to top-line applications—we will lead the domestic ICT market by proposing new ICT possibilities to customers and do our utmost to respond to customer expectations.

CUSTOMER SOLUTION PROFILE

National Astronomical Observatory of Japan, a Member of the National Institutes of Natural Sciences

Fujitsu's Supercomputer Helps to Unravel Cosmic Mysteries

Image: National Astronomical Observatory of Japan

The Atacama Large Millimeter/submillimeter Array (ALMA) is a massive radio telescope capable of producing astronomical radio wave images with the world's highest resolution. ALMA was built through an international partnership among the National Astronomical Observatory of Japan (NAOJ), a member of the National Institutes of Natural Sciences (NINS), and various countries in North America, Europe and other regions, on a Chilean plateau at an elevation of 5,000 meters. This radio telescope makes it possible to see the dark regions of the universe that cannot be observed at optical wavelengths, such as galaxies that were formed shortly after the beginning of the universe, the birth of stars and planetary systems like our solar system, and matter related to the origin of life, such as organic molecules.

NAOJ and the Fujitsu Group worked together to develop and begin operations of the Atacama Compact Array (ACA) correlator, a purpose-built supercomputer responsible for processing data from the ACA. The ACA is a small-diameter interferometer system deployed to improve the quality of images, enabling high-sensitivity observations by ALMA.

Comprised of 35 PRIMERGY x86 servers from Fujitsu and a specialized computational unit, the ACA Correlator meets the rigorous requirements demanded by the project, including computational performance capable of performing real-time processing of 512 billion samples of telescope radio signal data per second at a computational rate of 120 trillion operations per second, as well as the ability to ensure stable operations under harsh environmental conditions at an altitude of 5,000 meters and pressure of 0.5 atmospheres. The system will be responsible for processing massive sets of signal data from 16 antennas on its own.

The system is equipped with a host of features that enable speedy and fine-grained remote operations, including a feature that monitors and records data processing flows at multiple points within the correlator, as well as a feature that improves fault detection accuracy by replicating the system's actual operational status using massive sets of embedded test data. These features enable equipment diagnostics, software upgrades, and other maintenance tasks to be performed remotely from Japan or the area's base camp, located at an altitude of 2,900 meters. This helps to ensure stable system operations at the high altitude, where it is difficult to dispatch a full-time engineer.

Looking ahead, Fujitsu will continue to support NAOJ's role in the ALMA project with cutting-edge technology, with the aim of harnessing ICT to help unravel astronomical mysteries.

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

EMEA Europe, Middle East, Africa

Market Trends

A continued recovery is forecast in the 2013 EMEA IT market, with 3.3% year-on-year growth. → GRAPH 2

By region, the UK offers no prospects for any rapid recovery in consumer spending, given that household incomes are projected to rise only marginally. IT investment should also remain subdued considering the stagnation in the corporate sector due to an export downturn. In Germany, the extent of economic deterioration has started to ease, and the economy is expected to return to an export-led recovery path by the latter half of 2013. In the Nordic region, economic conditions are expected to remain highly uncertain, with a restrained IT investment outlook especially with regard to consumer products. By contrast, IT investments in Eastern Europe and Africa are projected to continue expanding as economies in these regions continue to grow.

By product, the IT services market is projected to grow by 2.2% year on year, based on steady expansion centered on outsourcing and other services.

The overall EMEA server market is forecast to decline by 1.9% from the previous year. Market expansion is forecast mainly for emerging economies such as Eastern Europe and Africa. However, mature Western European markets are likely to weaken against a backdrop of increasingly severe price competition and restrained investment in products due to deteriorating economic conditions. The high-end server market is expected to continue its precipitous decline as customers shift to low-end servers. Conversely, ongoing growth is expected for the x86 server market, particularly in Eastern Europe, Africa, and other emerging economies, even with the impact of sluggish economic conditions in Western European countries. The storage market is forecast to increase 0.3% year on year. As with servers, this growth will be supported by expansion in Eastern Europe, Africa and other emerging economies, despite weak conditions in Western Europe. The PC market is experiencing rapid expansion in the tablet PC sector. Accordingly, the PC market is anticipated to grow 5.4% over the previous year on the back of sharp growth projected in Eastern Europe, the Middle East, Africa, and other emerging markets, along with a recovery in PC sales in Western Europe.

Initiatives Going Forward

In the UK and Ireland, we will optimize our customer segments. To this end, as in the previous year, we will continue to pursue further expansion of private-sector business with an emphasis on global enterprises, as we lessen our reliance on government and public-sector projects, which comprise about 60% of our business in this region. At the same time, we will work to expand business by focusing on strategic customers and key offerings such as IaaS and SaaS. Furthermore, we will continue to strengthen infrastructure services, which is our core business at present, while working to create and expand new businesses such as the smart city business. Through these and other measures, we aim to upgrade and expand our business portfolio.

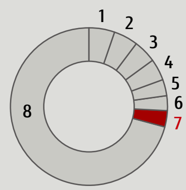
In continental Europe, we will drive business expansion by leveraging our existing business platform in emerging markets, most notably those with high market growth rates such as India, Russia, and the Middle East. In the previous fiscal year, our European subsidiary Fujitsu Technology Solutions (FTS) suffered a sharp decline in earnings due to increasingly fierce price competition in PC and other hardware markets. We are therefore optimizing personnel at this company as announced in February 2013. At the same time, we are taking steps to boost competitiveness in the

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

GRAPH 1

Share of 2012 IT Services Market in the UK (Revenue Basis)

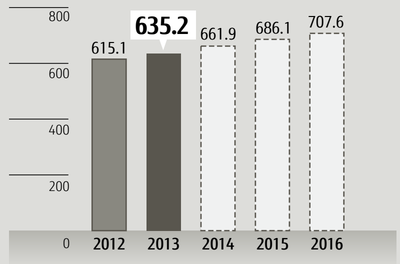
1	Company A	5.4%
2	Company B	5.1%
3	Company C	4.7%
4	Company D	4.4%
5	Company E	3.3%
6	Company F	3.2%
7	**Fujitsu**	**3.1%**
8	Others	70.8%



(Source: Gartner, "Market Share: IT Services 2012" 29 March 2013)

GRAPH 2

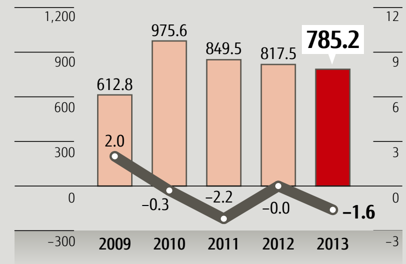
IT Market Forecasts (EMEA)



(Source: IDC The Worldwide Black Book Q1 2013)

GRAPH 3

Net Sales* and Operating Income Margin



(Years ended March 31)

Net sales (left scale)

Operating income margin (right scale)

* Including intersegment sales

services business by promoting delivery standardization and offshore utilization, coupled with an enhanced lineup of cloud offerings. Through these measures, we are working to transform our operations from a product-centric business to a services and solutions business supported by the product business, in an effort to enhance earnings.

In the Nordic region, we will use our track record in the services business with Nordic-based global enterprises as a springboard for strengthening our approach to global companies, as we aim to expand business centered on our core cloud and application businesses. Moreover, to improve profitability in the services business, we are moving forward on standardizing and sharing delivery and business processes, coupled with boosting assurance functions and cutting costs by stepping up the use of near-shore and offshore resources.

CUSTOMER SOLUTION PROFILE

Post Office

New system by Fujitsu cuts Post Office support costs by half

The Post Office is at the heart of UK cities, towns and villages, providing services ranging from travel insurance to vehicle tax, passports to postage and driving licences to life insurance. With over 11,700 branches across the country, the Post Office is the UK's largest retail network, and is also the UK's biggest cash handler, with more than £40 billion passing through its network each year.

At the heart of the Post Office's technology infrastructure sits Horizon, an application that connects over 29,000 counters across its local branches. Originally developed and deployed with the help of Fujitsu, the solution needed refreshing to reduce costs and add new functionality.

Working in close partnership, the Post Office and Fujitsu rolled out a new solution – Horizon Next Generation - connecting all Post Office counters in real-time to one centralised datacenter. As a result, overall support costs have been reduced by 50%, while an improved interface now helps Post Office employees to access, understand and sell the organisation's extensive range of products and services. Meanwhile, guaranteed service levels of 99.8% ensure high availability for these business critical services.

As part of addressing the cost reduction objectives, Fujitsu moved application support and development activities to offshore facilities in India, while a new data centre, based on Fujitsu blade servers, has been established in Ireland to support the new application.

More recently, the Post Office awarded Fujitsu a significant contract to help introduce new and improved home phone and broadband services to their customers. Through this programme, Fujitsu will help the Post Office to grow their business and further enhance their brand in online services.

"Horizon Next Generation has transformed how we do business, making us a more effective organisation - and that is in no small part thanks to Fujitsu." Steve Beddoe, Senior IT Services Manager, Post Office.

THE AMERICAS

Market Trends

After expanding a modest 3.9% year on year in 2012, the IT market in the Americas has picked up slightly and is expected to grow by 5.3% in 2013. Meanwhile, the U.S. economy continues to recover gradually on the back of firm personal consumption, among other factors. On the other hand, there are no signs yet that this recovery will accelerate, and the U.S. unemployment rate, while declining, remains high.

→ GRAPH 2

Likewise, the IT services market in the Americas is expected to grow 4.5% in 2013 after expanding 4.3% year on year in 2012. This growth is seen as coming from the cloud computing market, especially SaaS and private cloud services.

The hardware market, overall, is expected to see sluggish sales of high end products, and on the other hand, growth with products in the lower price range. The server market is projected to decline 0.4% overall in 2013, after having contracted 0.3% year-on-year in 2012. The storage market is projected to continue firm growth of 3.6%, although less than the year-on-year increase of 5.8% recorded in 2012. The market for conventional PCs is expected to decline another 3.6% in 2013 after falling 7.6% in 2012. Sales of communication devices are projected to expand briskly by 9.3%, exceeding the 5.6% growth seen in 2012.

The North American optical transmission market is expected to expand on the back of a rise in data traffic accompanying the increasing penetration of cloud and mobile technologies, as well as video transmission and distribution. The rise in traffic is expected to drive investment in 100 Gpbs backbone systems following on from the 40 Gbps generation.

Initiatives Going Forward

In the Americas, we are working to expand business scale and improve our market recognition with Fujitsu America at the core of business operations. Progress in this area and major business deals won in recent years, such as a major outsourcing contract with Blue Cross Blue Shield of North Carolina, will be expanded laterally and leveraged to win other big business deals. At the same time, we will strive to increase market share among small- and medium-sized enterprises (SMEs). Specifically, we will provide SME customers with cloud-based IT Management as a Service (ITMaaS), including our Patja IT infrastructure management package for SMEs. In addition, Fujitsu is now constructing a Tier III datacenter in the Province of Saskatchewan, in the Canadian Midwest. This first Tier III datacenter will strengthen our links in the infrastructure services business in the U.S. and Canada, and enable provision of a wide-range of datacenter services to customers in and outside Canada. In this role, it will contribute to expanding the infrastructure services business for the North America as a whole.

In the applications business, we will accelerate work toward SaaS business wins for the applications of our partner companies, including SAP, Oracle, Salesforce.com and Microsoft. We are raising the added value of infrastructure services, including with cloud business deals, to promote greater profitability.

In the platform products business, we are working to expand sales of x86 servers and the entire range of platform products through channel sales, and by promoting cross-selling to our existing customers in infrastructure services, point of sales (POS), and self-checkout systems.

We are also aiming to improve profitability by boosting software sales associated with POS and self-checkout system services, provided primarily to customers in the North American distribution and retail industries.

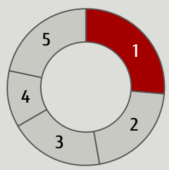
In business development in emerging markets, we will continue to promote services and other businesses in Brazil, which is still predominantly product-oriented, and to position that country as a hub market from which we will drive business development in other areas of South America. By building cloud infrastructure in Brazil for the South American

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

GRAPH 1

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

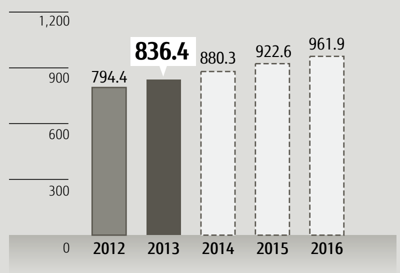
1	**Fujitsu**	**26.6%**
2	Company A	20.8%
3	Company B	19.3%
4	Company C	11.8%
5	Others	21.5%



(Source: Ovum, Market Share Spreadsheet & Analysis: 1Q13 Global ON, May 2013)

GRAPH 2

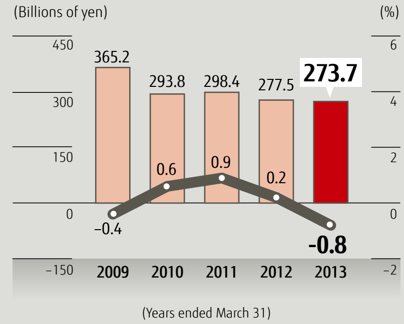
IT Market Forecasts (Americas)



(Source: IDC The Worldwide Blackbook Q1 2013)
(Americas: North and South America)

GRAPH 3

Net Sales* and Operating Income Margin



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

* Including intersegment sales

region and providing globally unified cloud services, we will support the operations of multinational companies throughout Latin America.

In North America's optical transmission systems market, Fujitsu will expand its business with sales of its packet optical networking platform that enables ultrafast transmission speeds of 100 Gbps, leveraging state-of-the-art Fujitsu technology to address the issue of rapidly increasing data traffic.

CUSTOMER SOLUTION PROFILE

Hallmark

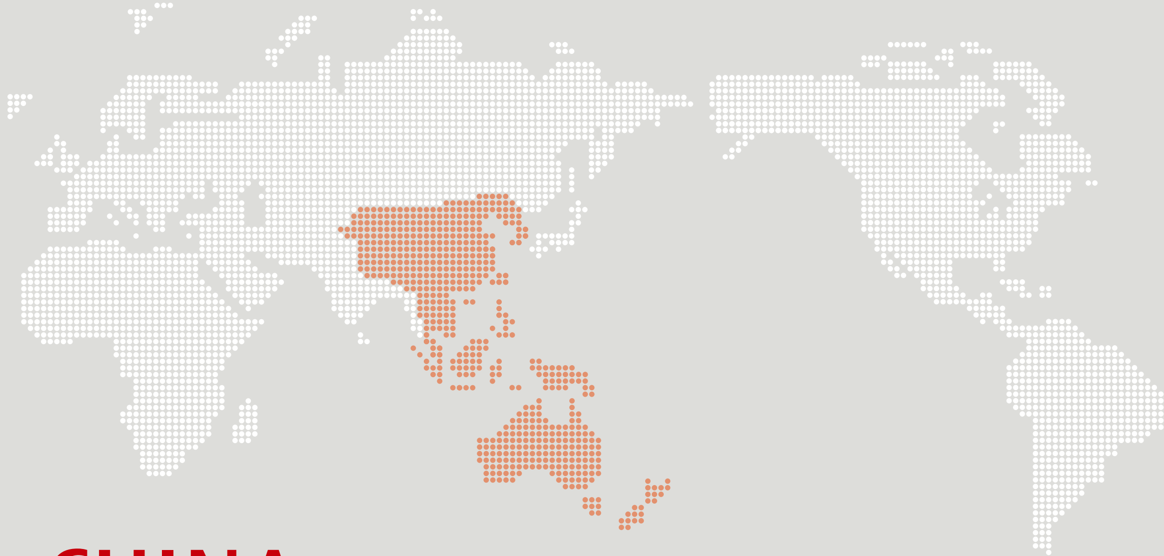
Hallmark Transforms Using the Power of the Cloud

Hallmark has long been regarded as best in business in the greeting cards industry, and is one of the most recognized American brands. Faced with the challenge of continuing to improve efficiency across their network of stores while also delivering costs savings, Hallmark CIO Mike Goodwin determined the best solution would be supported by a new IT approach – the cloud. Goodwin replaced Hallmark's traditional software and internal systems platform with one that allows the company to be more responsive to the ever-changing business landscape. In doing so, Hallmark has become one of the first traditional franchises to move its core retail operations to the cloud.

As Hallmark's CIO, Goodwin supports a retail operation that extends across 38,000 US-based retail outlets and 2,600 Hallmark Gold Crown® specialty stores. Goodwin strategically selected the cloud-based retail-as-a-service developed and managed by Fujitsu. By incorporating the solution into their IT model, Hallmark has shifted their entire retail operation into the cloud – from in-store point-of-sale solutions and payment verification all the way through back-end transaction processing and merchandising.

For Goodwin, the draw of a cloud-based retail operating system is how well it serves all of Hallmark's stakeholders through greater flexibility, scalability, cost reduction and the ease of adding new capabilities. "We were looking for a model that would fit both our corporate-owned stores and the many independently owned businesses under the Hallmark brand," said Goodwin. "To that end, the Fujitsu cloud-based solution was critical to achieving that objective."

Hallmark's 10-year contract with Fujitsu will see its independent retailers in the US switch to a subscription-based service delivered via Fujitsu data centers, its TeamPOS systems and Tomax's Retail.net software (www.tomax.com). Retail is the first of Hallmark's strategic activities to move into the cloud – and Goodwin foresees the remainder of the retail industry will follow suit. He says, "I believe the cloud will gain much traction in our industry and will provide a significant competitive advantage for Hallmark in the coming years."



APAC, CHINA

Market Trends

China's IT market is expected to continue experiencing high levels of steady growth. This is despite a slight slowdown in the economic growth rate as the government curtails investment based on concerns about excessive manufacturing sector capacity and rising real estate prices. Over the medium and long term, the country's economic structure will shift from dependence on exports to being driven by private-sector domestic consumption. IT investment will increase with greater urbanization and foreign corporations will gain more of a presence in the country. IT investment in 2013 is projected to rise 11.1% year on year, with strong growth expected to continue at an average annual rate of 9.6% for the period from 2012 to 2016. → GRAPH 1

This investment growth is expected to continue given that China's 12th Five-Year Plan for state policy specifies information networking as an area for strategic development and cultivation.

In Asia-Pacific (APAC), excluding China, growth in the IT market is projected at 7.1% in 2013. Going forward, countries will push ahead with infrastructure upgrades in line with economic development, and growing companies will continue their IT investment. For the period from 2012 to 2016, IT spending in the region is projected to remain strong with growth of around 6.9% annually on average.

In ASEAN countries, despite concerns over sluggish European economies and the impact of restrained investment in China, necessary public and private-sector IT investment should continue to increase amid growth in consumer spending and capital expenditure. In the East Asia region, the IT market is expected to grow at a slower pace, due in part to the negative impact of South Korea's strong won on its exporters.

In India, internal demand, centered on public works projects and consumer spending, along with external demand in areas such as software services as an export industry, are expected to bring about high economic growth. Against this backdrop the willingness to invest in IT is increasing, with a projected rise of 13.6% in 2013, and a strong average annual growth rate of 14.6% between 2011 and 2015.

In the Oceania region, conditions will remain susceptible to China's economy, since China is a major destination for the region's exports. However, economic growth is projected to remain firm, supported by steady demand for natural resources. Accordingly, IT investment is expected to continue expanding during 2013. → GRAPH 2

Initiatives Going Forward

In China, Fujitsu was impacted by the postponement and freezing of tenders by the government and state-owned enterprises in connection with deteriorating Japan-China relations. Nevertheless, we will continue to participate actively in projects led by telecommunications carriers and the public sector, including government institutions, while collaborating with local partners. As Japanese companies move from China's coastal areas to inland areas and regional cities, Fujitsu will support efforts to strengthen their IT systems. We will also develop business with global companies and local Chinese enterprises by working closely with local Fujitsu Group offices.

By business sector, in the datacenter and cloud services business, we will promote business deals relating to cloud services by taking full advantage of collaboration with local partners.

For the platform business, we will further promote business in existing channels centered on x86 servers and storage, incorporating them into solutions so as to expand value-added business sales.

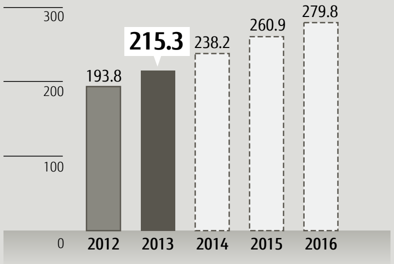
In the ASEAN region, Fujitsu will expand in three areas: business services to Japanese corporations, the datacenter business, and the application development business. We are also utilizing the Fujitsu Global Cloud Platform to achieve growth in the cloud services business. In addition, we aim to expand the platform business in fast-growing Indonesia, which is the ASEAN region's largest market.

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

GRAPH 1

IT Market Forecasts (China)

(Billions of U.S. dollars)

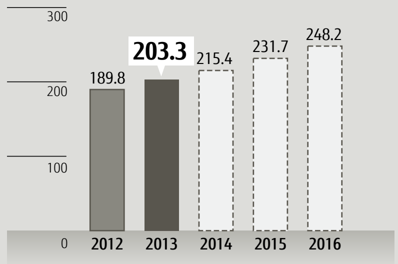


(Source: IDC The Worldwide Black Book Q1 2013)
(China: Including Hong Kong)

GRAPH 2

IT Market Forecasts (APAC)

(Billions of U.S. dollars)

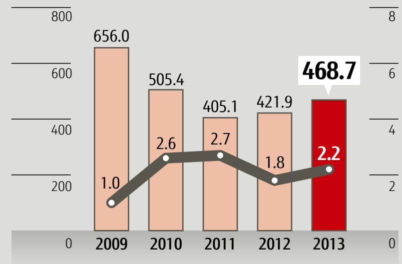


(Source: IDC The Worldwide Black Book Q1 2013)
(APAC: Excludes Japan, China, and Hong Kong)

GRAPH 3

Net Sales* and Operating Income Margin

(Billions of yen) (%)



(Years ended March 31)

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

* Including intersegment sales

In the East Asia region, Fujitsu will increase sales of x86 servers and storage through tie-ups with local partners, and expand its cloud services business. We will also focus on driving further expansion in the healthcare and distribution-related solutions businesses, where we have established a strong market position.

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

In the Oceania region, Fujitsu will make its cloud services available across the entire market while maintaining a strong position in the IT sector. In doing so, we aim to build a business model to grow Fujitsu Group businesses outside of Japan, and further expand our market share and develop our business laterally across the region. Additionally, we will work to raise the efficiency of outsourcing services centered on offshore operations, with managed services at the core. By industry type, Fujitsu currently holds a strong position in the public sector business, but also plans to broaden business scope by expanding the network and broadband businesses, and by extending its range of infrastructure services for the finance industry.

CUSTOMER SOLUTION PROFILE

The Australian National University

Fujitsu Supercomputer Helps to Meet National Challenges

Established in 1946 as Australia's first full-time research institution, the Australian National University (ANU) has an exceptional international reputation for research. Fujitsu's relationship with ANU began in 1988 when Fujitsu Australia was commissioned to install a VP100 supercomputer as a new scientific computing platform. Immediately the university received many requests for time on this leading-edge machine.

In 2012, Fujitsu was commissioned to provide a High Performance Supercomputer to ANU to form the infrastructure core of the National Computational Infrastructure (NCI)—Australia's national high-end research computing service which is hosted by the University. NCI, which operates as a formal collaboration between ANU, CSIRO, the Australian Bureau of Meteorology, and Geoscience Australia, together with a number of research-intensive universities supported by the Australian Research Council, provides high-end capability computational services to the Australian research community. As part of this contract, Fujitsu will also establish a collaboration with NCI, through ANU, in a number of research areas related to strategic objectives common to NCI and Fujitsu—in particular with the optimisation of the ACCESS climate modelling suite, and in the optimisation of computational codes in anticipation of next-generation processor architectures.

The Fujitsu Primergy supercomputer being installed at the NCI will be available to researchers across Australian universities and research agencies. The Fujitsu Primergy system features 57,500 x86-core, 160 terabytes of main memory, and 12 petabytes of disk storage. At the time it was commissioned, it was ranked Australia's most powerful computer and the 24th most powerful in the world. It will be comparable in scale to about 30,000 desktop computers working together in parallel.

The NCI supercomputer will take Australian research capacity to new levels in areas such as climate and weather, physics, astronomy, geosciences, chemistry and advanced materials.

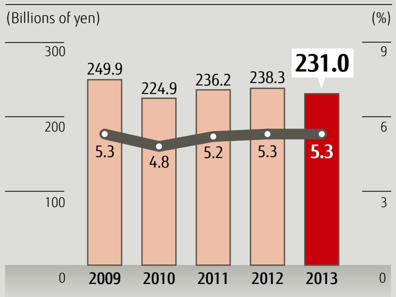
Commenting on the role of the new computer, ANU Vice-Chancellor Professor Ian Young AO said: "The new supercomputer will provide Australia with a much needed capability to meet national challenges. It will take Australia's research to new levels in areas such as weather and climate modelling, computational chemistry, particle physics, astronomy, material science, microbiology, nanotechnology and photonics."

Our Mission in R&D

As our fundamental R&D policy, we pursue initiatives to create new value for our customers and to achieve our Corporate Vision of contributing to the creation of a networked society that is fulfilling and secure, bringing about a prosperous and dream-inspiring future. In order to achieve these initiatives, our R&D of advanced technologies includes technologies for next-generation services, computer servers, and networks, as well as various electronic devices and advanced materials which serve as building blocks for our products and services.

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

R&D Expenditure, and Ratio to Net Sales

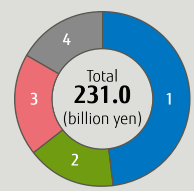


(Years ended March 31)

R&D expenditure (left scale)
Ratio to net sales (right scale)

Fiscal 2012 R&D Expenditure by Segment

1	Technology Solutions	48.1%
2	Ubiquitous Solutions	16.5%
3	Device Solutions	18.8%
4	Other Operations/ Elimination and Corporate	16.5%



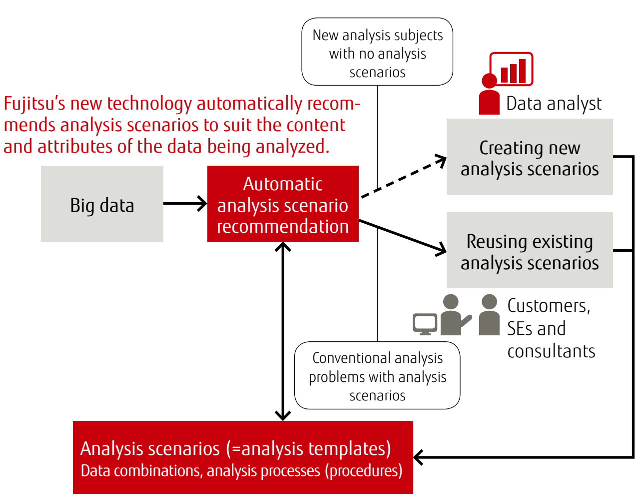
Major Advanced R&D Achievements for Fiscal 2012 (April 2012-March 2013)

1 Technology for Automatically Offering Analysis Scenarios for Easily Using Big Data

As industries seek to promote the effective use of big data, they must increasingly face the challenge of nurturing and retaining personnel who have business knowledge about work processes and specific industries, as well as data analysis knowledge.

In response, Fujitsu developed a function that automatically recommends analysis templates so that data analysis tasks can be performed even without expert knowledge. The analysis templates are prepared by experts and show users what kinds of data can be used in combination, and how to best interpret and utilize the analysis results. The new technology is able to amass such analysis scenarios and recommend them to suit the content and attributes of the data to be analyzed.

This will make it possible for users to easily carry out analysis and prediction work by reapplying the advanced knowledge and expertise of data analysis experts. Going forward, Fujitsu will work to upgrade and expand its analysis templates and other resources. At the same time, Fujitsu plans to progressively roll out this technology onboard the FUJITSU Software Interstage Business Analytics Modeling Server, a middleware product for building analytics solutions.



2 Parallel Distributed Data Processing Technology for Big Data and Efficient Processing

One way of processing big data is incremental processing, which involves processing new data consecutively as it arrives and reflecting it in analysis results. However, this method poses a problem: when data arrives extremely rapidly, the storage system must process a huge volume of read-write operations, so that the analysis processing cannot keep pace with the incoming data.

To address this problem, Fujitsu developed a new incremental data processing technology that drastically reduces the number of read-write operations performed by the storage system. The new technology records the data access history during analysis. Based on this information, certain data that have a strong tendency to be accessed continuously are grouped and reallocated in one place to speed analysis processing.

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

As a result, analysis processing that previously took several hours can now be performed in several minutes. For example, in the field of e-commerce, sophisticated analyses of recent product browsing information and purchase history can be reflected instantly in purchasing recommendations, leading to improved sales.

3 Stream Aggregation Technology for Big Data to Rapidly Aggregate Data Regardless of Aggregation Time

When aggregating and updating steady streams of big data, longer aggregation times result in larger data volumes to be processed. This means computation times lengthen, which makes it difficult to update the aggregation results frequently.

Fujitsu has therefore developed a stream aggregation technology to update aggregation results without re-reading data or re-doing any computations. This is achieved by rapidly extracting only the necessary items from input data and retaining the extracted data in memory in its computed form.

Fujitsu hopes to apply this newly developed technology to fields where real-time processing of data collected over extended periods is essential. For example, the technology could put aggregated rainfall totals over extended periods and regions to good use in identifying disaster warning areas following concentrated downpours.

4 Launched Joint R&D for the World's Top-Level, 400 Gbps-class Optical Transmissions Technology

Currently, 100 Gbps-class optical transmissions methods are starting to see practical application. Going forward, projected increases in data communication volume will create the need for even faster optical communications networks.

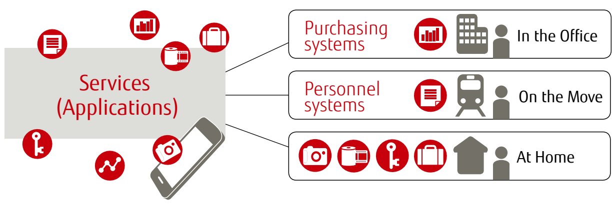
Together with NTT Corporation and NEC Corporation, Fujitsu has commenced R&D on 400 Gbps-class optical transmissions technology, which is essential to building an ultra-high speed, energy efficient communications network. The three companies are working under the support of Japan's Ministry of Internal Affairs and Communications' "Research and Development Project for the Ultra-high Speed and Green Photonic Networks." The R&D project will be undertaken by the same team that successfully applied the 100 Gbps-class technology in practical use. Through this project, we aim to develop the world's top level optical communications network capable of transmission speeds of 24 Tbps-class per optical fiber. We aim to establish the necessary elemental technologies for this goal by 2014.

5 Platform Technology for Secure Application Execution on Smartphones for Business Use

Currently, there is great interest in using smartphones to access corporate data systems for business. A problem arises, however, in ensuring the security of internal data within companies.

To address this issue, Fujitsu has developed a platform technology for securely executing applications on smartphones—applications that enable a company's internal business services to be accessed securely via smartphones, without compromising their user-friendliness. This technology ensures that business applications and data do not remain on smartphones. This is done by encrypting the applications and data, making them available from the cloud only as necessary and deleting them after use. In addition, the technology restricts access to unnecessary sites, and secures communications channels that have little risk of being wiretapped from outside the company.

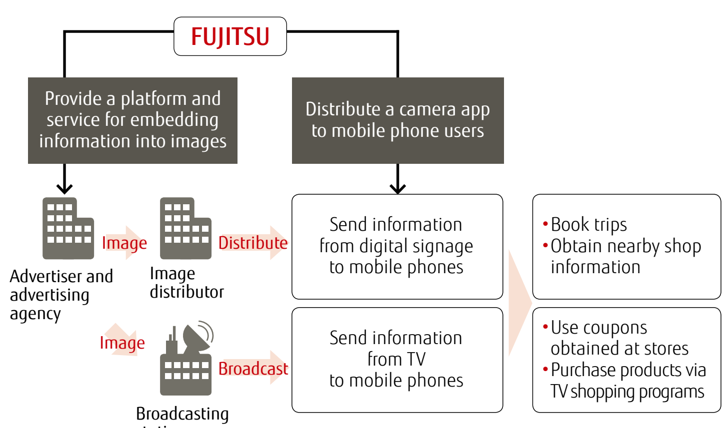
As a result, the newly developed technology protects data automatically while enabling users to securely utilize business services according to the situation. For example, business people can use the technology to conduct banking negotiations and insurance sales, which involve personal information, outside the office. The technology can also be used in the healthcare field by allowing electronic medical records to be viewed from inside ambulances. In these and other ways, this technology will enable professionals to use their smartphones for work in a variety of settings.



6 Technology for Acquiring Data by Simply Taking a Video of TV or PC Screens

Fujitsu has developed an image-based communications technology where communications data invisible to the human eye is embedded in TV images and PC screens and communicated by having the recipient take a video of the image, using a camera installed in mobile phones and other devices. In applying this technology, Fujitsu has developed a technology for transferring files from a PC to a mobile phone by simply taking a video of a PC screen.

This newly developed technology enables users, for example, to obtain information embedded in TV commercials, such as coupons and site URLs, by simply taking a video of their TV screens using their mobile phones. In addition, the technology can be applied to a variety of other services. For example, a user could download presentation materials by taking a video of a screen on which the presentation materials are projected during a meeting.

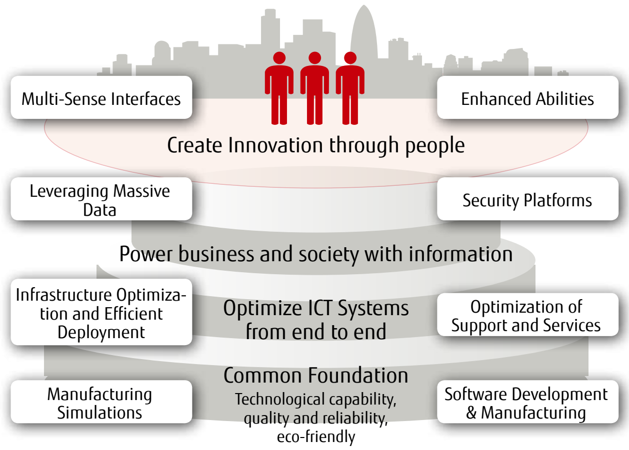


PERFORMANCE

Topics

Realizing a Human Centric Intelligent Society

To realize a Human Centric Intelligent Society, where we create new value in the real world through Human Centric ICT, Fujitsu is implementing the following three actions: 1) Create Innovation through people, 2) Power business and society with information, and 3) Optimize ICT systems from end to end. At the same time, Fujitsu is conducting R&D activities focused on cutting-edge technologies that support a common infrastructure.



Awards and Prizes

Awarded the Medal with Purple Ribbon in Spring 2012 Medals of Honor

Of the Spring 2012 Medals of Honor awarded by the Japanese government, the Fujitsu Group's Satoshi Takechi received a Medal with Purple Ribbon. This medal was conferred in recognition of Mr. Takechi's development of the world's first practical ArF excimer laser photoresist material (photo-sensitive resin) for photoengraving (lithography technology). It also recognizes his contributions to the advancement of large-scale integrated circuits (LSIs) and improvement of information and communications technology. The photoresist material developed by Mr. Takechi is widely used in the production of leading-edge LSIs.

Awarded Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science, and Technology with Prizes for Science and Technology and the Contribution Prize in the 45th Ichimura Industrial Award of Japan

Five members of the Fujitsu Group were honored by Japan's Minister of Education, Culture, Sports, Science, and Technology, who awarded them with Commendations for Science and Technology by the Minister of Education, Culture, Sports, Science, and Technology with Prizes for Science and Technology (Development Category) in fiscal 2013, for the "development of digital video coding LSI and transmission system". The technology recognized by this award is provided as a solution called Broadsight. Additionally, three of the above-mentioned recipients were also presented with the Contribution Prize in the 45th Ichimura Industrial Award of Japan, hosted by the New Technology Development Foundation, for the "development of digital video transmission system".

Received Minister of Internal Affairs and Communications Award (CEATEC AWARD) at CEATEC JAPAN 2012 and Innovation Awards, "As Selected by U.S. Journalists" in Two Categories

Fujitsu received the CEATEC AWARD 2012 Minister of Internal Affairs and Communications Award at CEATEC JAPAN 2012, held from October 2-6, 2012. Fujitsu also received the Innovation Awards, "As Selected by U.S. Journalists" 2012* in two categories.

- CEATEC AWARD 2012
  Minister of Internal Affairs and Communications Award: "Akisai Food and Agriculture Cloud Service"
- Innovation Awards, "As Selected by U.S. Journalists" 2012
  Health and Household: Phone scam detector
  User Interface (Judging committee Special Prize): Visually-aided PC control

* Innovation Awards, "As Selected by U.S. Journalists": IT journalists from the U.S. selected and awarded outstanding technologies, products, and services from among the exhibits at CEATEC JAPAN 2012.

Advanced R&D Strategic Direction in Fiscal 2013 (April 2013 – March 2014)

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

1. Core Strategic Themes: Technologies essential to the medium- to long-term future of the Fujitsu Group

2. Business Strategic Themes: Short- to medium-term technologies that business segments have committed to commercializing

3. Seeds-oriented Themes: Budding technologies not specific to current businesses, and medium- to long-term technologies targeting unknown domains

Fujitsu has now revised the Core Strategic Themes. The following four themes were established as new Core Strategic Domains.

(1) Ubiquitous Innovation
Contribute to development of front-end technologies and services important for interfaces between people and ICT, sensing, and massive data collection

(2) Social Innovation
Help to address societal issues and expand industry tie-ins and other societal business based on integrated simulation platforms that include human behavioral models

(3) ICT Innovation
Develop integrated ICT platforms and network-wide distributed virtual processing platforms that enable workload optimization to flexibly accommodate customer value targets

(4) Manufacturing Innovation
Contribute to the Fujitsu Group's product portfolio through hardware/software technologies for groundbreaking product creation, leveraging related technologies, and by advancement/accumulation of technologies for manufacturing innovation

THE STORY BEHIND THE DEVELOPMENT OF THE WANDANT DOG PEDOMETER

(left)
Ubiquitous Service Business Unit
Consumer Business Division
Strategic Alliance Department
Manager
YOUKO MITSUYAMA

(right)
Ubiquitous Service Business Unit
Consumer Business Division
Strategic Alliance Department
RYO MIZUGUCHI

Achieving an Innovative Health Management Service for Pet Dogs by Combining Dog Pedometers and Cloud Services

In recent years, we are seeing more and more cases of pets contracting obesity and diabetes, even when they are raised with great care. One Fujitsu employee wondered whether the sensing technologies that have been developed for mobile phones could be used to assist with the health management of pet dogs. From this small flash of inspiration, the Dog Pedometer & Cloud-based Health Management Service was born. It has garnered a tremendous following not only from the pet care industry, but from people all over the world. In this section, we look at the story behind the development of this innovative product and service.

Applying Sensing technology Cultivated through Mobile Phones to Health Management for Pets

Today, pets have truly become members of the family. As the relationship between people and their companion animals has grown closer, pets have increasingly been drawn into the family circle and are experiencing a prominent rise in obesity and other lifestyle diseases. Fujitsu seeks to support the health management of dogs by harnessing the power of human-centric ICT. This idea led to the development of the Wandant dog pedometer.

It all began at an internal manager training session. The idea for Wandant was developed by chance during a program designed to bring staff members together from different divisions to brainstorm ideas for new businesses, and pitch these ideas to management. The green light was given for this innovative project in December 2010. Fujitsu began full-scale development of a service that combines a dog pedometer with cloud-based health management support. A key application is the sensing technologies that have been developed for mobile devices.

Three Key Canine Health Management Functions

The pedometer functions use Fujitsu's sensing technology based on three-axis accelerometers used in mobile phones—an area where Fujitsu already has an extensive track record. However, considering the differences between the bone structures of people and dogs, as well as the fact that dogs have five different ways of walking and running, the technology could not be simply transferred to the dog pedometer without modification. Therefore, Fujitsu's developers gathered data by actually attaching sensors to dogs and filming their behavior on video. Fujitsu Laboratories Ltd. analyzed this video footage, and after surmounting many development challenges, successfully developed a pedometer algorithm specifically adapted to dogs.

Dogs have a tendency to shiver in moments of acute distress. Accordingly, Fujitsu developed a function that automatically measures and records such shivering motions and installed the function into the pedometer. Also, dogs walk close to the ground, where the temperature tends to be higher than what owners experience. For this reason, Fujitsu fitted the pedometer with a temperature sensor. This modification enables owners to monitor changes in the outdoor temperature, as well as indoor temperature when they are outside their homes, and thereby take steps to prevent their pets from suffering heat exhaustion.

Data recorded by the main pedometer unit using Fujitsu's proprietary sensing technologies can be easily uploaded to a cloud-based server via smartphones and PCs. Besides enabling users to store data on the server, Fujitsu has set up a user-friendly website that allows users to create diaries centered on the health management of their pet dogs.

A Strong Global Following Since Launch

In May 2012, Fujitsu announced that it had developed pedometer technology specifically adapted to dogs. The Wandant dog pedometer was launched following a press release about the new service in November 2012. The new product has attracted extremely strong interest. Since its release, Fujitsu has been receiving a steady stream of product inquiries from various industries around the world. The product has also received media attention from various quarters. Notably, Fujitsu has fielded a large number of inquiries from North America and Europe, which have enormous pet care markets, and where interest in the Wandant dog pedometer has far surpassed Fujitsu's initial expectations.

In 2013, Fujitsu commenced a joint study on pet behavior and health in cooperation with Anicom Holdings, Inc. and Professor Toshiki Sako of Nippon Veterinary and Life Science University. In addition, Fujitsu also started developing and field testing a cloud computing system for animal medical care at the same time as the Wandant dog pedometer. Fujitsu will work to promote organic links between the Wandant dog pedometer and this cloud service, which enables integrated management and use of pet health checkup records and diagnostic information.

Going forward, Fujitsu plans to upgrade and expand health support services for dogs, mainly by reducing the pedometer's weight and size, while providing additional features such as a monitoring function.

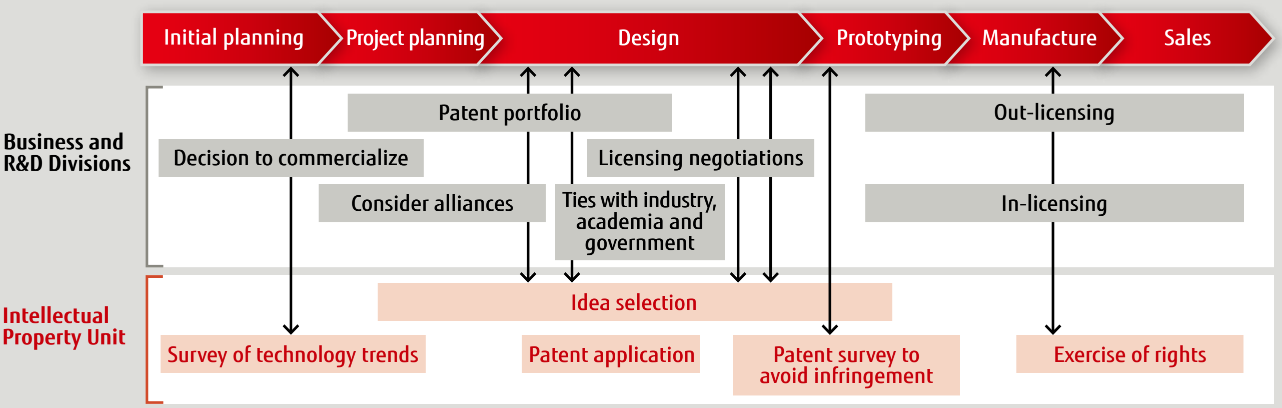
The Importance of Intellectual Property

Protecting and respecting intellectual property is part of the Code of Conduct in the Fujitsu Way, which articulates the philosophy of the Fujitsu Group and the core values and principles guiding the actions of each of its employees. Accordingly, every employee recognizes intellectual property as a key corporate asset supporting business activities. Moreover, Fujitsu employees are acutely aware of the role that technologies backed by intellectual property play in enabling customers to rely with confidence on the products and services we deliver.

Intellectual Property Strategy

We are promoting an intellectual property strategy closely integrated with our business and R&D strategies. Each business unit and R&D division is individually responsible for analyzing the intellectual property assets owned by Fujitsu and other companies in their respective fields. Based on this analysis, they formulate and implement intellectual property strategies.

Linking Business and R&D Divisions



Group-Wide Initiatives

We are developing a framework to strengthen Group-wide intellectual property activities to enable the entire Group to leverage our intellectual property assets. Some issues, such as the creation of international standards, require coordinated action among the global bases in the Group. Here, we use regular meetings among Group companies to share information as well as promote specific measures. In this way, we foster a unified approach to intellectual property activities.

1. Patent Rights

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

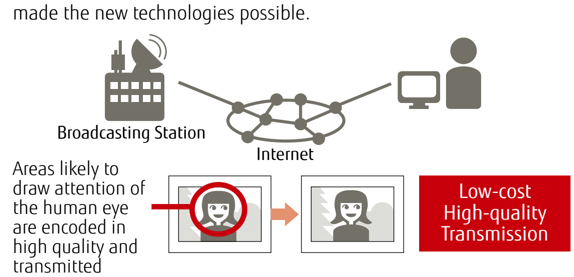
We ensure that the acquisition, maintenance, and utilization of patents are carried out in keeping with the Fujitsu Group's global business development strategy. We therefore acquire, maintain, and utilize the patents we need in the countries (regions) where they are needed, to support the operation of our R&D, production, and sales bases. In particular, Fujitsu stations Group representatives in China in efforts to ensure that all the results, namely the inventions, generated by local R&D facilities lead to patent applications. Furthermore, in the U.S., the Fujitsu Patent Center established in 2008 to improve our ability to acquire patent rights is expanding its activities to raise the quality of our patents.

High-Definition Digital Video Transmission Technology

The spread of digital terrestrial broadcasting and large-screen televisions has increased demand for low-cost, high-quality recording and transmission of high-definition video content.

Fujitsu has developed technologies that enable high-definition video content to be recorded and transmitted inexpensively, at a low rate, and in high-quality. One technology dramatically improves subjective image quality by analyzing the spatio-temporal characteristics of an image to detect and track areas likely to draw the attention of the human eye. It then concentrates high-quality image encoding in those areas. Another is the world's first technology to inhibit the degradation of colors that tends to occur when video images are transmitted through multiple relay points.

Fujitsu technologies—which have made high-quality video available for the enjoyment of so many people—were awarded the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology (Prizes for Science and Technology in the Development Category) in 2013. Fujitsu has also obtained a number of patents in Japan and other countries for inventions that made the new technologies possible.



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

2. Exploitation of IP

Fujitsu preserves the competitive advantage of its businesses by providing differentiated products and services which are protected by prominent technologies and IP. IP also helps to preserve greater latitude in business by enabling Fujitsu to establish more advantageous terms when partnering with other companies. Furthermore, exploitation of IP rights helps to preserve business earnings through licensing and other activities. One example of such utilization is cross-licensing, which is an essential tool for securing greater latitude in business. Fujitsu enters cross-licensing agreements with a host of companies. A sample of major cross-licensees would include Intel, International Business Machines (IBM), Alcatel-Lucent USA, Texas Instruments, and Microsoft.

3. Global Standards Initiatives

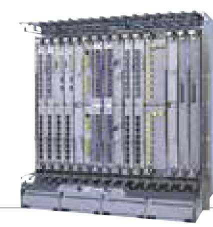
The technology and market landscape is shifting from an era of using rules to one of creating them. Amid this changing competitive environment, Fujitsu recognizes the need for each division to align its business strategies with standardization initiatives. Fujitsu is helping to develop global standards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

International Standardization of Optical Transport Network Technologies

The FLASHWAVE Series—optical transport systems developed by the Fujitsu Group that have garnered acclaim for their sophisticated technology and full line of support services—has been adopted by major network carriers in Japan and North America. The series contributes to the spread of smartphones and user-friendly services delivered via network-based cloud computing.

Fujitsu has worked to realize a global network with the capacity to handle ever-greater volumes of data traffic. The Company has made numerous technical proposals, including to the International Telecommunication Union (ITU) with regard to the ITU Telecommunication Standardization Sector (ITU-T)'s Recommendation G.709 (published in 2010) that sets optical network standards, and has contributed to the formulation of standards to realize the 100Gbit/s class high-speed optical transport system. The FLASHWAVE Series utilizes technologies that comply with these standards, and contributes to realizing higher carrier network speeds.

Fujitsu also actively participates in international standardization activity for technologies of the 400Gbit/s class next-generation ultra-high-speed optical transport network, which will be capable of carrying even greater data traffic.



FLASHWAVE 9500, constructing the 100Gbit/s class network

4. Respecting Third Parties' Rights

Infringing upon the rights of third parties could have a major financial impact on our company, including having to pay significant compensation and the loss of business opportunities. In addition, it could prevent us from providing products and services, thereby severely inconveniencing our customers. We are fostering a culture at Fujitsu that respects the patent rights of other companies, as well as creating an environment that allows all our engineers to utilize the ATMS/IR.net system* to efficiently and effectively research patents held by other companies.

* An ASP-based service which searches laid-open patent applications and prosecution history data provided by the Japan Patent Office.

Patents Issued in Japan in 2012

1	Panasonic Corporation	8,146
2	TOYOTA MOTOR CORPORATION	5,321
3	Canon Inc.	5,023
4	Mitsubishi Electric Corporation	4,497
5	TOSHIBA CORPORATION	4,493
6	Ricoh Company, Ltd.	3,556
7	**FUJITSU LIMITED**	**3,258**
8	Honda Motor Co., Ltd.	3,182
9	Sharp Corporation	3,023
10	Hitachi, Ltd.	2,958
11	Sony Corporation	2,901
12	DENSO CORPORATION	2,834
13	Seiko Epson Corporation	2,734
14	NEC Corporation	2,319
15	FUJIFILM Corporation	2,296
16	Fuji Xerox Co., Ltd.	1,987
17	Dai Nippon Printing Co., Ltd.	1,955
18	Brother Industries, Ltd.	1,714
19	KYOCERA Corporation	1,713
20	Nippon Telegraph and Telephone Corporation	1,664

Fujitsu survey based on Japan Patent Office data
(Number of issued patents)
The number of patents granted to Fujitsu Group companies other than Fujitsu Limited is 1,423 (22 companies).
Total Fujitsu Group patents: 4,681

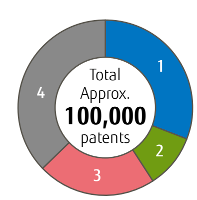
Patents Issued in US in 2012

1	IBM Corporation	6,478
2	Samsung Electronics Co., Ltd.	5,081
3	Canon Inc.	3,174
4	Sony Corporation	3,032
5	Panasonic Corporation	2,769
6	Microsoft Corporation	2,613
7	TOSHIBA CORPORATION	2,447
8	Hon Hai Precision Industry Co., Ltd.	2,013
9	General Electric Company	1,652
10	LG Electronics, Inc.	1,624
11	**FUJITSU LIMITED**	**1,535**
12	Seiko Epson Corporation	1,461
13	Hitachi, Ltd.	1,436
14	Ricoh Company, Ltd.	1,410
15	Hewlett-Packard Development Company, L.P.	1,394
16	GM Global Technology	1,377
17	QUALCOMM Incorporated	1,292
18	Intel Corporation	1,290
19	TOYOTA MOTOR CORPORATION	1,285
20	BROADCOM	1,157

Source: IFI CLAIMS Patent Services
(Number of issued patents)
The number of patents granted to Fujitsu Group companies other than Fujitsu Limited is 589 (15 companies).
Total Fujitsu Group patents: 2,124

Fujitsu Filings and Registered Patents by Business Segment

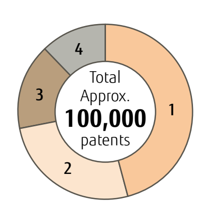
1	Technology Solutions	31%
2	Ubiquitous Solutions	10%
3	Device Solutions	22%
4	Shared Infrastructure & New Fields	37%



(Year ended March 31, 2013)

Fujitsu Filings and Registered Patents by Geographic Region

1	Japan	46%
2	North America	26%
3	Europe	16%
4	Asia/Oceania	12%



(Year ended March 31, 2013)

FUJITSU Way

On April 1, 2008, Fujitsu announced a fully revised Fujitsu Way. The Fujitsu Way embodies the philosophy of the Fujitsu Group, articulates the Group's overarching values, and defines concrete principles and a code of conduct that Group employees follow in their daily business activities. The new Fujitsu Way will facilitate management innovation and promote a unified direction for the Group as we expand our global business activities.

As outlined below, the Fujitsu Way consists of four core elements—the Corporate Vision, Corporate Values, Principles, and Code of Conduct. The Corporate Vision embodies the reason for the Group's existence, as well as the social role that it should fulfill. Corporate Values encompasses a set of values important for realizing the Corporate Vision. Finally, the Principles and Code of Conduct articulate rules of behavior to which every Fujitsu Group employee should actively adhere in accordance with the Corporate Values.

The Group has also formulated a Business Policy that outlines the medium-term direction of Fujitsu's businesses as defined by the Fujitsu Way. This policy serves as the basis for all Group business activities.

All Fujitsu Group employees have a shared commitment to the Fujitsu Way, which promotes a common direction for Group employees as they conduct their daily business activities. Employees aim to contribute to enhanced corporate value for the Fujitsu Group and to the well-being of the global and local societies in which we operate.

The Elements of FUJITSU Way

FUJITSU Way comprises four core elements:

FUJITSU Way

CORPORATE VISION	The reason for the existence of the Fujitsu Group.
CORPORATE VALUES	A set of value statements for achieving our Corporate Vision.
PRINCIPLES	The principles we adhere to in all business dealings and actions in accordance with Corporate Values.
CODE OF CONDUCT	The rules and guidelines followed by everyone in the Fujitsu Group.

BUSINESS POLICY	Our current strategies pursued in accordance with the Fujitsu Way.

CORPORATE VISION

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

CORPORATE VALUES

What we strive for:

Society and Environment	In all our actions, we protect the environment and contribute to society.
Profit and Growth	We strive to meet the expectations of customers, employees and shareholders.
Shareholders and Investors	We seek to continuously increase our corporate value.
Global Perspective	We think and act from a global perspective.

What we value:

Employees	We respect diversity and support individual growth.
Customers	We seek to be their valued and trusted partner.
Business Partners	We build mutually beneficial relationships.
Technology	We seek to create new value through innovation.
Quality	We enhance the reputation of our customers and the reliability of social infrastructure.

PRINCIPLES

Global Citizenship	We act as good global citizens, attuned to the needs of society and the environment.
Customer-Centric Perspective	We think from the customer's perspective and act with sincerity.
Firsthand Understanding	We act based on a firsthand understanding of the actual situation.
Spirit of Challenge	We strive to achieve our highest goals.
Speed and Agility	We act flexibly and promptly to achieve our objectives.
Teamwork	We share common objectives across organizations, work as a team and act as responsible members of the team.

CODE OF CONDUCT

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

SHAREHOLDERS AND INVESTORS

We seek to continuously increase our corporate value.

We aim to continuously increase corporate value and meet the expectations of shareholders and investors by achieving long-term sustainable growth and profit, and by pursuing strategic business expansion and focused management, while maintaining a sound financial standing.

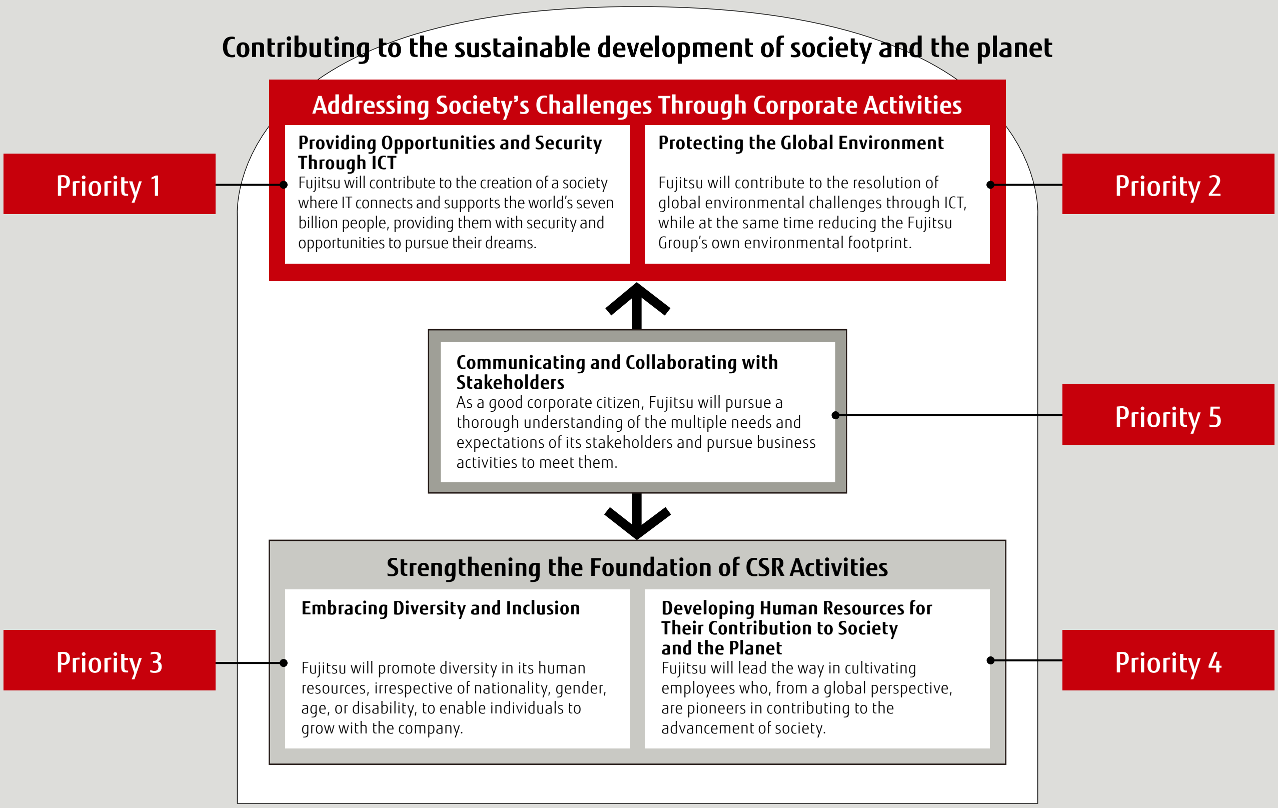
We enhance our management transparency by appropriate and timely disclosure of our business activities and financial information. This ensures that investors and shareholders understand how we are performing in enhancing our corporate value.

> The Fujitsu Group's DNA
> "We need to provide returns to our shareholders commensurate with their investment.
> In return for their investment, we have a responsibility and duty to respond to their expectations regarding profits and Fujitsu's corporate value."
> (Hiroaki Kurokawa, 12th president, message to employees on "The Interests of Shareholders," 2007)

RESPONSIBILITY

Fujitsu Group CSR Policy

CSR at Fujitsu is practiced by implementing the Fujitsu Way. In all its business activities, by implementing the Fujitsu Way in light of the expectations and needs of multiple stakeholders, the Fujitsu Group contributes to the sustainable development of society and the planet. Fujitsu will focus on the following five priority issues in implementing its CSR practices. By pursuing these issues, Fujitsu will promote responsible management as a global ICT company.



CSR Activity Targets and Achievements

Fujitsu has defined medium-term targets for fiscal 2020. It also sets goals for individual fiscal years along the way, and publicizes its level of achievement. Please refer to Fujitsu's "Sustainability Report 2013" on pages 011-014 for more details on responsible management as a global ICT company.

CSR Activities Utilizing ISO 26000

The Fujitsu Group joined the United Nations (UN) Global Compact in December 2009, and has been enhancing its CSR activities from a global perspective ever since.

Since fiscal 2011, Fujitsu utilized the ISO 26000 social responsibility standard (issued November 2010) to create a survey, which it uses to ascertain the status of CSR activities at 117 affiliates (80 in Japan, 37 overseas; with 104 of these being more than 50% owned by Fujitsu Limited), and in tandem with this started working to make improvements based on the results.

Fujitsu will continue to strengthen Group management through these activities, and to develop globally oriented CSR activities that are fully integrated with management.

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

Key Examples from Fiscal 2012

Akisai Supports High-Quality, Exceptionally Productive Greenhouse Horticulture

Only around 2% of Japan's population engages in agriculture, and with the average age of agricultural workers exceeding 65, it is vital to strengthen the sector by boosting productivity.

In Yamamoto-cho, a town in Miyagi Prefecture where tomatoes and strawberries are commonly cultivated in greenhouses, agricultural corporations have to meticulously control such growth factors as temperature, humidity, and solar insolation to ensure stable, efficient harvests.

In October 2012, Fujitsu launched its "Akisai" food and agriculture cloud service for greenhouse farmers. With accumulated measurement data taken from within greenhouses and then stored in the cloud, it has become possible to control internal greenhouse environments.

This system employs the Ubiquitous Environment Control System (UECS)*, a new computerized technology standard for greenhouse crop cultivation in Japan. It enables remote control of instruments, notably for measuring, heating, and lighting, through smartphones or other devices. This system supports stable crop production through lower power consumption, and a high-quality yet low-cost service.


A greenhouse in Yamamoto-cho, Miyagi Prefecture

Going forward, Fujitsu will contribute to a future of abundant food supplies by applying the power of ICT.

* UECS : This is the primary communication standard for greenhouse horticulture in Japan. It is superior to conventional centrally controlled systems in terms of deployment costs, installation ease, and maintenance.

Supporting Senior Health through the Raku-Raku Smartphone

While the continuous increase of information on a global scale is creating value on various fronts, a digital divide has emerged as a new societal issue that spans geography, income, and age inequality. To resolve the age-based gap in information access, Fujitsu leverages its expertise in the super-aged society of Japan to develop products and services for senior citizens around the world.

The Raku-Raku Smartphone, which we introduced in Japan in August 2012, builds on the user-friendly features of the Raku-Raku Phone series for senior citizens. The smartphone features the Karada Life health management application*, which features a pedometer and records blood pressure and other data. It offers an array of capabilities to support enriched, healthy lifestyles for senior individuals.

Fujitsu has launched the STYLISTIC S01 smartphone for senior users in France as part of its global business development. By providing this model, we aim to offer seniors both communication support and services.

Looking ahead, Fujitsu will draw on its track record with users to continue providing value to society.

* Karada Life: This health management service is also available on other Fujitsu smartphone models, but currently only in Japan.


The STYLISTIC S01 smartphone for senior citizens

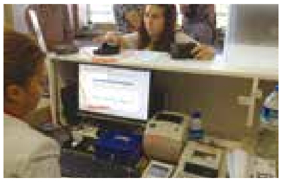
Helping to Optimize Turkey's National Health System through Palm Vein Authentication

Because it has some of the most advanced modern medical services close to the Arab world, Turkey receives numerous patients from neighboring countries. A key challenge for Turkey, however, has been to eradicate the approximately one in five medical insurance claims that are fraudulent.

The Fujitsu Group developed a patient authentication system using Fujitsu PalmSecure, a biometric authentication device employing palm vein authentication technology. When the system demonstration trials commenced at two hospitals, it enhanced hospital reception efficiency and contributed greatly to preventing false claims.

Based on the results of this trial, the Social Security Institution of Turkey now plans to deploy the system at hospitals and pharmacies nationwide.

Through Fujitsu PalmSecure, the Fujitsu Group will continue helping to make lives safer and more secure throughout the world.


Demonstration trial of the Palm Vein Authentication system in Turkey

Priority 2 Protecting the Global Environment

The Fujitsu Group will strive to contribute broadly to solving societal issues, such as the global environment. We can contribute through our business activities, by promoting ICT uptake throughout all of society, and creating innovative technologies.

Using ICT to Pursue Growth While Contributing to Solutions for Societal and Environmental Problems

Ever since its founding in 1935, the Fujitsu Group has been guided by the concept of "operating in harmony with nature." We have always taken a long-term perspective in promoting environmental awareness. This stance is hard-wired into the Group's corporate philosophy, the Fujitsu Way, which states that "in all our actions, we protect the environment and contribute to society." In other words, helping to make a sustainable world is one of the Group's social responsibilities, and part of the reason for its existence.

ICT enables more efficient use of resources and energy, and it also has the potential to play an important role in solving complex societal and environmental issues. The Fujitsu Group will continue to create innovations and solutions for our customers' issues through ICT, and to expand our business. In doing so, we can also contribute to the creation of a sustainable, affluent society.

It is also important that the Fujitsu Group itself continues to reduce its impact on the environment. Our efforts to use less energy and resources in the life cycles of our products and services hone our own competitive edge, and a thorough approach to saving energy in our business operations reduces costs. These perspectives are essential to achieve excellence in business.

Guided by this thinking, the Fujitsu Group will promote the use of ICT throughout society to make an even greater contribution to solving environmental issues alongside our customers and society. At the same time, we will reduce the environmental impact of our business activities in every way, aiming to achieve the specific targets we have set out in the Fujitsu Group Environmental Protection Program.

Principle Environmental Performance Data for Fiscal 2012

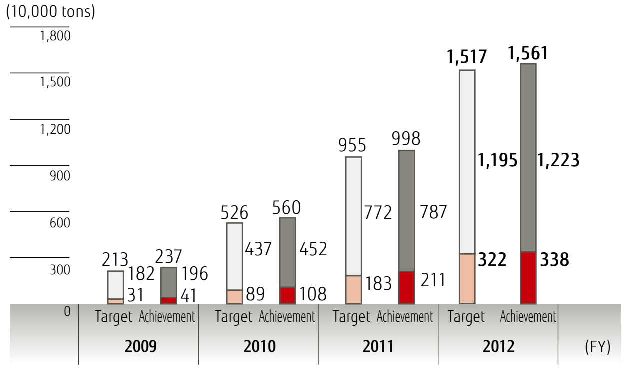
Reducing CO_2 Emissions through Green ICT

The Fujitsu Group is promoting an environmental burden reduction project through Green ICT, known as Green Policy Innovation. Under the project, the Group set a global target of helping to cut CO_2 emissions by more than 15 million tons in total from fiscal 2009 to 2012. By fiscal 2012, we had achieved our target, contributing to an approximate 15.6 million ton reduction in CO_2. The reduction comprised approximately 3.4 million tons from providing ICT infrastructure, and 12.2 million tons from providing ICT solutions.

Reducing Greenhouse Gas Emissions

The Fujitsu Group is working to reduce emissions of greenhouse gases associated with Group business activities. Accordingly, we set "reducing our total greenhouse gas emissions by 6% by the end of fiscal 2012 compared with fiscal 1990" as a goal of the Fujitsu Group Environmental Protection Program (Stage VI). We achieved our goal with actual total emissions in fiscal 2012 of approximately 1.0 million tons, a reduction of 24.4% compared with fiscal 1990.

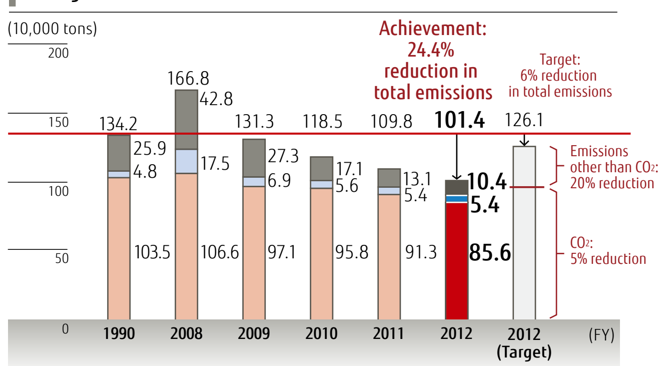
CO_2 Reduction Targets and Achievements under Green Policy Innovation



ICT infrastructure ICT solutions

(Note) Cumulative from fiscal 2009

Change in Total Greenhouse Gas Emissions



CO_2 emissions in Japan (Note 1) CO_2 emissions outside Japan (Note 1)

Emissions other than CO_2 (Note 2)

(Note 1) CO_2 emissions in/outside Japan: Purchased electric power based on performance reports under the Fujitsu Group's Environmental Protection Program. CO_2 conversion coefficient calculations performed with a fixed value of 0.407 ton of CO_2 per MWh since fiscal 2002.

(Note 2) Greenhouse gases other than CO_2: Converted to equivalent amounts of CO_2 using the global warming potential (GWP) of each gas. Our fiscal 1995 performance is taken to be the emissions in fiscal 1990.

Principal Environmental Activities in Fiscal 2012

Contributing to Environmentally Considerate Industrial Estates through Environmental Management Systems (Saudi Arabia and Thailand)

Saudi Arabia boasts the world's largest crude oil reserves. Recently, the government has positioned industrialization as one of its national strategies. The nation is now working to diversify its industries and to develop industrial complexes. However, the country's water treatment capacity has been outpaced by the speed of industry growth, and concern is growing over the worsening environmental problems of water and air pollution.

Fujitsu and the Saudi Industrial Property Authority (MODON) signed a contract for the development and operation of an environmental management system to improve the environment in Saudi Arabia's industrial complexes. The system will be installed in Dammam 2nd Industrial City in the Eastern Province, along with two other industrial cities, where it will comprehensively measure air and water data from fixed and mobile sensor stations. Fujitsu will then analyze the collected data to specify pollution sources and provide consulting on approaches for improvement.


An onsite inspection in Saudi Arabia

Thailand is also taking steps to avoid and minimize environmental risks in light of recent environmental issues. Fujitsu has been assisting research into atmospheric pollution monitoring and dispersal simulations and transferring environmental monitoring technologies at Map Ta Phut industrial estate, a flag bearer for Thai industrialization.

Fujitsu will contribute to improve air and water conditions at industrial estates by providing ICT solutions that make environmental pollution visible, and Japanese expertise in overcoming the effects of pollution.

Recovering High Concentrations of Copper from Wastewater to Contribute to Resource Recycling and Cost Cutting

Recently there has been increasing concern over the growing environmental impact of copper. As copper mines become deeper, copper production is producing more waste product, and refining is using more energy. Given this situation, resource recycling now has a more important role to play than ever before.

Fujitsu set out to recover copper from the large volumes of sludge* generated by the wastewater treatment process at its plant in Nagano. One challenge to overcome was how to recover high concentrations, because the chemicals used in the treatment process adhered to the copper, making it impure.

To solve the problem, Fujitsu revamped the coagulation and sedimentation process where the chemicals were used, and in June 2012 introduced a wastewater treatment system that used functional particles to achieve high filtration efficiency.

As a result, it became possible to recover small-diameter copper particulates in high concentrations, dramatically improving the sludge copper content from around 15% to 90-95%. The method also reduced the volume of sludge to a seventh of what it had been (5 tons per month), cutting the cost of treatment chemicals by ¥5.5 million per month.

Currently the system is operating on approximately 10% of the total wastewater emitted from the plant, and Fujitsu plans to increase the scope of application in stages. Fujitsu will continue to actively promote resource recycling and waste reduction going forward.

* Sludge: Residual solid matter left after filtering wastewater. Sludge contains heavy metals and water.

Providing Cloud Services to Support Biodiversity Conservation Groups

Under the "Aichi Target" for halting the loss of biodiversity that was adopted under COP 10*, governments at the national and regional levels, NPOs, and various other parties have agreed to take "effective and urgent action."

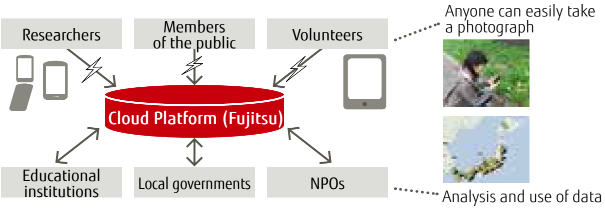
In order to implement PDCA (Plan, Do, Check, and Act) cycles for formulating strategies and conducting conservation activities, parties need to comprehend the current status of ecosystems. The problem is that there are limited resources for this task, including competent surveyors and the areas that can be covered. Moreover, organizing the collected information also requires a lot of time and labor.

Fujitsu decided to see if it could use ICT to assist the effort to conserve biodiversity. From fiscal 2013 we have been providing a mobile photograph system and cloud service free of charge to 10 organizations selected through a public call for applicants. The system allows anyone to participate in surveying, from any location, simply by using a mobile phone or smartphone to capture and send photographs of animals. This allows for an expanded survey area. The collected data is accumulated in a cloud system, where it can be viewed. This makes it easy for each organization to check on the status of their environmental protection activities, and should help conservation activities to advance even further.

The Fujitsu Group will continue to use ICT on the front lines of activities for conserving biodiversity.

* COP 10: Tenth meeting of the Conference of the Parties to the Convention on Biological Diversity.

Overview of Mobile Phone System Cloud Service



Priority 3 Embracing Diversity and Inclusion

Fujitsu is promoting diversity in its human resources so that its employees and organizations can grow together. By having employees mutually respect what each has to offer and capitalize on their own value, the goal is to generate new knowledge and technology through free and open debate from diverse viewpoints.

Supporting a Balance between Work and Nursing Care

In June 2012, we conducted a survey to assess employee nursing care service usage and needs to better motivate such people by helping them balance work and nursing needs. The survey targeted employees older than 40. We have posted the survey results on our intranet.

In light of the survey, we conducted forums in September and December 2012 to provide employees with much needed information about public nursing care services and in-house nursing care, along with an opportunity to consider ways to balance work and nursing care commitments.

Stakeholder's Message

Opinion from an Employee with a Disability

ATSUSHI MORIYAMA
Manager, Legal Division,
Business Affairs
Legal Unit

As an in-house attorney at Fujitsu, I handle business law tasks to support departmental operations. I review contracts, respond to legal problems, and look after litigation. I frequently travel on business around Japan and attend customer meetings. Initially, I had concerns, but I came to realize that if you dare to tackle challenges then many doors will open to you.

I feel most worthwhile in this job when concluding win-win contracts, with customers accepting terms that I have explained carefully while overlooking the entire business deal. The best part of my job is the feeling of working right at the forefront of Fujitsu's dynamically changing ICT business.

Fostering Respect for Human Rights in Corporate Culture and Activities

The Fujitsu Group uses a PDCA cycle to identify and tackle human rights issues, guided by the Fujitsu Way and the Human Rights Enlightenment Committee. In fiscal 2012, we began creating a Human Rights Due Diligence structure encompassing our entire global value chain.

We invited experts to attend a stakeholder dialogue to promote understanding of the UN guidelines on business and human rights among relevant members of the Group, and to share recognition of human rights issues within Fujitsu's businesses. We also surveyed 117 Group companies in Japan and overseas based on ISO 26000 to ascertain what measures are being taken to ensure respect for human rights throughout the Group.

Priority 4 Developing Human Resources for Their Contribution to Society and the Environment

Fujitsu will contribute to social development through business activities by fostering global business leaders capable of executing business strategies and creating social value.

GKI / Development Course (GKI/D)

The Global Knowledge Institute/Development Course (GKI/D) is a program that selects young, management-track employees and develops them into leaders to drive new business creation and business model innovation. In fiscal 2012, part of the program involved giving participants a front line, or customer-based perspective by immersing them in front line work experiences without preparation, in fields that differ from ICT, such as agriculture or food services. The participants then used what they had learned later in an "action learning" component of the program.

Earthquake recovery project experience at an oyster farm (Minami Sanriku-cho, Miyagi Prefecture)

Priority 5 Communicating and Collaborating with Stakeholders

When considering the needs of customers, the Fujitsu Group always takes into consideration the broader implications in terms of the sustainability of society and the global environment. The Fujitsu Group is committed to listening closely to feedback from various stakeholders, including customers, shareholders and other investors, business partners, and local communities, and to answering their expectations. Through this process, we seek to continuously improve our corporate value.

Dialogue Sessions with Guest Experts

We invited various experts to come and share their opinions on issues relating to "global" people.

FIRST SESSION:
Diversity and Human Resource Development

Participants discussed diversity management and the role of accepting diversity in contributing to business.

SECOND SESSION:
Understanding Diversity and Human Rights

Participants discussed the importance of senior management, methods of working and the need for innovation.

THIRD SESSION:
What Does "Person" Mean for a Global ICT Company?

Participants discussed the fusion of human rights and human resource management in a global, digital society.

Please see our corporate website for more details about each dialogue
http://www.fujitsu.com/global/about/responsibility/society/dialog/

Three Powers of ICT

The Fujitsu Group will harness three powers of ICT to contribute to the realization of a sustainable earth and society.

1 The Power to Shape the Future

Solving difficult global challenges and social issues through computing

- Demonstrate world-class technology leadership to step as far as possible into the future
- Expand the provision of solutions designed to address priorities (food, healthcare, education, etc.)
- Achieve our environmental vision—a low-carbon, prosperous society

2 The Power to Provide Equal Opportunity to All People

Develop user-friendly terminals and interfaces, along with frameworks for promoting ICT implementation in developing countries

- Develop terminals and devices targeting the rapidly expanding population of Internet users
- Execute businesses that provide opportunities on a global basis
- Conduct field surveys in developing countries, and develop partnerships

3 The Power to Support Safe and Secure Living

Ensure stable operation of social ICT infrastructure and cyber security

- Help to build a value-creation platform, eyeing an era when virtually everything is connected to the Internet
- Achieve stable operation of world-class IT systems
- Develop and strengthen cyber security solutions

Socially Responsible Investment (SRI)

Fujitsu has been incorporated into the SRI stock indexes and SRI funds listed below.

Name of Index	Rating Company
Dow Jones Sustainability Indexes (World, Asia Pacific)	Dow Jones Indexes (U.S.), SAM Group (Switzerland)
FTSE4Good Index Series	FTSE International, Ltd. (UK)
oekom research	oekom research AG (Germany)
Morningstar Socially Responsible Investment Index	Morningstar Japan K.K.

Name of Fund	Operating Company
Sompo Japan Green Open (*Buna no Mori*)	Sompo Japan Nipponkoa Asset Management Co., Ltd. (As of April 2013)
Mitsubishi UFJ SRI Fund (Family Friendly Fund)	Mitsubishi UFJ Asset Management Co., Ltd. (As of February 2013)
Nikko Eco Fund	Nikko Asset Management Co., Ltd. (As of May 2013)
Daiwa SRI Fund	Daiwa Asset Management Co. Ltd. (As of February 2013)
Sompo Japan SRI Open (*Mirai No Chikara*)	Sompo Japan Nipponkoa Asset Management Co., Ltd. (As of March 2013)

MANAGEMENT
(As of July 1, 2013)

MICHIYOSHI MAZUKA
Chairman

Number of years as director: 9 years
Number of Fujitsu shares held: 80,130*

Birth: October 17, 1943
Apr. 1968 Joined Fujitsu FACOM CO., Ltd.
Apr. 1971 Joined Fujitsu Limited
Jun. 2001 Member of the Board
Jun. 2002 Corporate Vice President
Apr. 2003 Corporate Senior Vice President
Jun. 2005 Member of the Board Corporate Executive Vice President
Jun. 2006 Corporate Senior Executive Vice President and Representative Director
Jun. 2008 Chairman and Representative Director
Sep. 2009 Chairman, President and Representative Director
Apr. 2010 Chairman and Representative Director
Jun. 2012 Chairman and Director*1

MASAMI YAMAMOTO
President

Number of years as director: 3 years
Number of Fujitsu shares held: 70,686*

Birth: January 11, 1954
Apr. 1976 Joined Fujitsu Limited
Jun. 2004 Executive Vice President, Personal Systems Business Group
Jun. 2005 Corporate Vice President
Jun. 2007 Corporate Senior Vice President
Jan. 2010 Corporate Senior Executive Vice President
Apr. 2010 President
Jun. 2010 President and Representative Director*1

MASAMI FUJITA
Corporate Senior Executive Vice President

Number of years as director: 3 years
Number of Fujitsu shares held: 40,991*

Birth: September 22, 1956
Apr. 1980 Joined Fujitsu Limited
Dec. 2001 General Manager, Secretary's Office
Jun. 2006 Corporate Vice President
Jun. 2009 Corporate Senior Vice President
Apr. 2010 Corporate Senior Executive Vice President
Jun. 2010 Corporate Senior Executive Vice President and Director
Jun. 2012 Corporate Senior Executive Vice President and Representative Director*1

HIDEYUKI SASO
Corporate Senior Executive Vice President

Number of years as director: 1 year
Number of Fujitsu shares held: 44,537*

Birth: December 18, 1952
Apr. 1976 Joined Fujitsu Limited
Apr. 2006 Senior Vice President, Mobile Phones Unit
Jun. 2007 Corporate Vice President
Jun. 2009 Corporate Senior Vice President
Apr. 2010 Corporate Senior Executive Vice President
Jun. 2012 Corporate Senior Executive Vice President and Representative Director*1
May 2013 CTO*1, *2
CMO*1, *3

KAZUHIKO KATO
Corporate Executive Vice President

Number of years as director: 4 years
Number of Fujitsu shares held: 49,194*

Birth: November 13, 1951
Apr. 1976 Joined Fujitsu Limited
Jun. 1996 General Manager, Controller and Accounting Division
Jun. 2001 Member of the Board
Jun. 2002 Corporate Vice President
Jun. 2006 Corporate Senior Vice President
Jun. 2008 Corporate First Senior Vice President, CFO*1, *4
Apr. 2010 Corporate Executive Vice President
Jun. 2010 Corporate Executive Vice President and Director*1

HIROKAZU UEJIMA
Corporate Executive Vice President

Number of years as director: newly appointed
Number of Fujitsu shares held: 29,775*

Birth: July 25, 1952
Apr. 1976 Joined Fujitsu Limited
Apr. 2004 President, Government & Public Solutions Group
Jun. 2005 Executive Vice President
Jun. 2006 Corporate Vice President
Jun. 2008 Corporate Senior Vice President
May 2013 Corporate Executive Vice President
Jun. 2013 Corporate Executive Vice President and Director*1

CHIKAFUMI URAKAWA
Corporate Executive Vice President

Number of years as director: newly appointed
Number of Fujitsu shares held: 30,662*

Birth: October 16, 1951
Apr. 1976 Joined Fujitsu Limited
Jun. 2004 Group President, Kyusyu Regional Sales Group
Jun. 2008 Corporate Vice President
Apr. 2010 Corporate Senior Vice President
May 2013 Corporate Executive Vice President
Jun. 2013 Corporate Executive Vice President and Director*1

HARUO ITO

Director

Senior Advisor, Fuji Electric Co., Ltd.

Number of years as director: 6 years
Number of Fujitsu shares held: 41,430*

Birth: November 9, 1943
Apr. 1968 Joined Fuji Electric Co., Ltd.*[5]
Jun. 1998 Director, Fuji Electric Co., Ltd.*[5]
Oct. 2003 President and Representative Director, Fuji Electric Systems Co., Ltd.*[5]
Jun. 2006 President and Representative Director, Fuji Electric Holdings Co., Ltd.*[5]
Jun. 2007 Director, Fujitsu Limited*[1]
Apr. 2010 Director and Senior Advisor, Fuji Electric Holdings Co., Ltd.*[5]
Jun. 2010 Senior Advisor, Fuji Electric Holdings Co., Ltd.*[1], *[5]

TAKASHI OKIMOTO

Director

President, Chuo Real Estate Co., Ltd.

Number of years as director: 2 years
Number of Fujitsu shares held: 5,000*

Birth: November 14, 1950
Apr. 1973 Joined the Dai-Ichi Kangyo Bank, Ltd.*[6]
Jun. 2001 Corporate Officer, the Dai-Ichi Kangyo Bank, Ltd.*[6]
Apr. 2002 Corporate Officer, Mizuho Corporate Bank, Ltd.*[6]
Oct. 2002 Managing Corporate Officer, Mizuho Corporate Bank, Ltd.*[6]
Apr. 2005 Deputy President, (Representative Director) Mizuho Corporate Bank, Ltd.*[6]
Jun. 2007 Representative Director, Chairman and Corporate Officer, Orient Corporation
Jun. 2011 Director, Fujitsu Limited*[1]
Jun. 2011 Chairman, Seiwa Sogo Tatemono Co., Ltd.
Jun. 2012 President and Representative Director, Chuo Real Estate Co., Ltd.*[1]

SHOTARO YACHI

Director

Special Advisor to the Cabinet

Number of years as director: 1 year
Number of Fujitsu shares held: 0*

Birth: January 6, 1944
Apr. 1969 Joined Ministry of Foreign Affairs
Jul. 1996 Consul General in Los Angeles
Aug. 1999 Director-General, Treaties Bureau
Jan. 2001 Director-General, Foreign Policy Bureau
Oct. 2002 Assistant Chief Cabinet Secretary
Jan. 2005 Vice-Minister for Foreign Affairs
Jan. 2008 Retirement from Ministry of Foreign Affairs
Apr. 2008 Professor, Institute of Japan-US Studies, Organization for Japan-US Studies, Waseda University*[1]
Jun. 2012 Director, Fujitsu Limited*[1]
Dec. 2012 Special Advisor to the Cabinet*[1]

TATSUZUMI FURUKAWA

Director

Number of years as director: newly appointed (Served as director of Fujitsu for 7 years from 1994 to 2001)
Number of Fujitsu shares held: 53,000*

Birth: November 17, 1942
Apr. 1965 Joined Fujitsu Limited
Jun. 1994 Director
Apr. 2000 Senior Vice President (until June, 2001)
Jun. 2013 Director, Fujitsu Limited*[1]

Jun. 2001 Corporate Senior Executive Vice President and Representative Director, NIFTY Corporation
Jun. 2002 President and Representative Director, NIFTY Corporation
Jun. 2007 Chairman and Representative Director, NIFTY Corporation (until June, 2008)

MIYAKO SUDA

Director

Special Advisor, the Cannon Institute for Global Studies

Number of years as director: newly appointed
Number of Fujitsu shares held: 0*

Birth: May 15, 1948
Apr. 1982 Associate Professor, School of Economics, Senshu University
Apr. 1988 Professor, School of Economics, Senshu University
Apr. 1990 Professor, Faculty of Economics, Gakushuin University
Apr. 2001 Member of the Policy Board, the Bank of Japan (until March, 2011)
May 2011 Special Advisor, the Cannon Institute for Global Studies*[1]
Jun. 2013 Director, Fujitsu Limited*[1]

* Number of shares held as of March 31, 2013
*[1] To present
*[2] CTO : Chief Technology Officer
*[3] CMO : Chief Marketing Officer
*[4] CFO : Chief Financial Officer
*[5] Currently Fuji Electric Co., Ltd.
*[6] Currently Mizuho Bank, Ltd.

AUDIT & SUPERVISORY BOARD MEMBERS

Audit & Supervisory Board Member
Masamichi Ogura
Akihiko Murakami

Audit & Supervisory Board Member (External)
Megumi Yamamuro
Attorney, Special Council, Uryu & Itoga

Hiroshi Mitani
Special Counsel, TMI Associates

Koji Hatsukawa
Certified public accountant

CORPORATE EXECUTIVE OFFICERS

President
Masami Yamamoto

Corporate Senior Executive Vice President
Masami Fujita
Hideyuki Saso

Vice Chairman, Corporate Vice President
Masahiro Koezuka

Corporate Executive Vice President
Kazuhiko Kato
Hirokazu Uejima
Chikafumi Urakawa
Rod Vawdrey
Yoshikazu Kudoh

Corporate Senior Vice President
Tsuneo Kawatsuma
Masaaki Hamaba
Takashi Mori
Norihiko Taniguchi
Noriyuki Toyoki
Nobuo Otani
Kazuhiro Igarashi
Yoshihiko Hanada
Hiroyuki Ono
Jiro Otsuki

Corporate Vice President
Hirofumi Gouda
Yutaka Abe
Shinichi Koizumi
Mitsutoshi Hirono
Akira Kabemoto
Kuniaki Saito
Mitsuya Yasui
Hiroyasu Takeda
Hidehiro Tsukano
Sanya Uehara
Takashi Yamada
Takato Noda
Hiromu Kawakami
Kiyoshi Handa
Kazuhiko Ogawa
Yoshiki Kondou
Motoyuki Ozawa
Tango Matsumoto
Tatsuya Tanaka
Kazuo Imada
Toshiharu Kitaoka
Hiroaki Kondo
Shingo Kagawa
Hidenori Furuta
Katsumi Takada
Youichi Hirose
Akira Endou
Shinji Yoshii
Katsumi Nakano
Hideki Kiwaki
Chiseki Sagawa
Takeshi Nakajima
Masaki Kubota
Makoto Yonekura
Akihisa Kamata

INTERVIEW WITH EXTERNAL DIRECTOR

Fujitsu is continually striving to improve its corporate governance and raise corporate value. We asked external director Shotaro Yachi—a former Vice-Minister at Japan's Ministry of Foreign Affairs who possesses extensive knowledge of global politics and economics—about the role and perspective of external directors, and for his views on Fujitsu's corporate governance and efforts to raise corporate value.

What do you feel is expected of you in your role as an external director?

Fujitsu has an outstanding group of executive officers that soundly execute their management duties. Nonetheless, as corporations exist by virtue of investment from shareholders, the perspective of regular shareholders is also very important to the management of a company. Having external directors and Audit & Supervisory Board members with a wide range of experience helps to ensure that the perspective of regular shareholders is reflected in a company's management.

Including its consolidated subsidiaries, Fujitsu is a very large company with tradition and history, so it possesses a unified corporate culture. The role that is expected of external directors is to think about how Fujitsu, as a global company representing Japan, is viewed by the Japanese people and the rest of the world to ensure that its corporate culture does not diverge from commonly accepted social norms, to consider what is expected of it, and to provide candid opinions on this from an outside perspective.

As a global ICT company, the role and mission of Fujitsu is to take the lead in global economics, society, and culture. I would like to see Fujitsu continue to constantly anticipate the trends of the times. I hope that my comments and recommendations will be helpful in this respect.

What is your view of Fujitsu's corporate governance and what is the focus of the Executive Nomination Committee and Compensation Committee?

I rate Fujitsu's system of corporate governance very highly. In participating in discussions at board meetings and meetings of both the Executive Nomination Committee and Compensation Committee, I sense there is a significant tension there due to having half of the membership made up of directors without executive duties, which makes it difficult for executive directors. I think it is extremely admirable that Fujitsu has boldly chosen this composition for its Board of Directors and that management executes its duties with self-discipline while listening to outside viewpoints.

The committees for Executive Nomination and Compensation should pay particular attention to whether corporate officers are soundly demonstrating leadership and whether compensation, or incentives, are at appropriate levels given the company's financial performance and other metrics. Having served as Personnel Division Director and Vice-Minister at the Ministry of Foreign Affairs and accumulated experience in looking at organizations as a whole, I hope to be able to provide a range of helpful recommendations from an outside standpoint.

What do you feel is needed for Fujitsu to raise its corporate value?

There are various debates on which countries will form the core of the global economy in the future and how GDP rankings will play out going forward. One scenario sees China's GDP surpassing the US in 2030, and the combined GDP of all of Asia topping the US and Europe in 2050, while accounting for over half of the world's population. In this view, the Asian-Pacific era is certainly going to arrive, and I think Fujitsu needs to consider how to seize this movement and leverage it in business development. This will be very important from a long-term standpoint.

For Fujitsu to raise its corporate value as a global, cutting-edge ICT company, the key will be how it leverages its accumulated technologies to bring about innovation. To achieve this, Fujitsu must not only meet the needs of the times, it must also anticipate the times and determine how to create new value. There are high expectations for Fujitsu to demonstrate this kind of leadership.

I mentioned above that the perspective of regular shareholders is important, but corporate image is also an important factor. Fujitsu is one of the companies that represents Japan. In promoting its businesses, Fujitsu needs to consider its dignity as a company too. Contributing to the world as a whole can create a virtuous cycle that further improves Japan's image.

What message do you have for shareholders and investors?

As I have interacted with Fujitsu's corporate officers as an external director, I sense that they are not simply pursuing profit but also think carefully about Fujitsu's social responsibilities as a corporation. Fujitsu's vision and sincerity are indeed worthy of the trust of shareholders.

"The Asian-Pacific era is certainly going to arrive, and I think Fujitsu needs to consider how to seize this movement and leverage it in business development. This will be very important from a long-term standpoint."

SHOTARO YACHI

External Director (Independent Director)

PROFILE

Birth: January 6, 1944

Apr. 1969	Joined Ministry of Foreign Affairs
Jul. 1996	Consul General in Los Angeles
Aug. 1999	Director-General, Treaties Bureau
Jan. 2001	Director-General, Foreign Policy Bureau
Oct. 2002	Assistant Chief Cabinet Secretary
Jan. 2005	Vice-Minister for Foreign Affairs
Jan. 2008	Retirement from Ministry of Foreign Affairs
Apr. 2008	Professor, Institute of Japan-US Studies, Organization for Japan-US Studies, Waseda University (to present)
Jun. 2012	Director, Fujitsu Limited (to present)
Dec. 2012	Special Advisor to the Cabinet (to present)

RESPONSIBILITY

CORPORATE GOVERNANCE

The following Fujitsu-prepared translation of the revised Fujitsu Limited Corporate Governance Report is provided for reference only. The original Japanese-language report was filed with the Tokyo Stock Exchange on June 25, 2013 under TSE securities code 6702.

Established under Japanese law, Fujitsu adheres to the provisions of Japan's Companies Act with respect to corporate governance. The Companies Act can be viewed on the Japanese government's website.

As of June 24, 2013, Fujitsu was listed on three securities exchanges in Japan, and complies with the regulations relating to corporate governance of each exchange. Moreover, Fujitsu also observes the Principles of Corporate Governance for Listed Companies of the Tokyo Stock Exchange. These regulations and principles can be viewed on the website of each securities exchange.

I. BASIC STANCE ON CORPORATE GOVERNANCE AND OTHER BASIC INFORMATION

1. Basic Stance

The Fujitsu Group's corporate philosophy is articulated as the "Fujitsu Way," comprised of our Corporate Vision, Corporate Values, Principles, and Code of Conduct. By sharing and practicing the Fujitsu Way, we aim to continuously enhance the value of the enterprise through the continuous growth and development of the Fujitsu Group.

In order to continuously raise the Fujitsu Group's corporate value, along with pursuing management efficiency it is also necessary to control the risks that arise from business activities. Recognizing that strengthening corporate governance is essential to achieving this, the Board of Directors has articulated the Basic Stance on Internal Control Framework, and these measures are continuously implemented.

Furthermore, by separating management oversight and operational execution functions, we aim to accelerate the decision-making process and clarify management responsibilities. Along with creating constructive tension between oversight and execution functions, we are further enhancing the transparency and effectiveness of management by proactively appointing external directors.

With respect to group companies, we are pursuing total optimization for the Fujitsu Group by clarifying each group company's role and position in the process of generating value for the group as a whole and managing the group to continuously enhance its corporate value.

2. Policy on Measures for Protecting Minority Shareholders When Carrying out Transactions with Controlling Shareholders

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3. Other Particular Factors that May Have an Important Impact on Corporate Governance

Among our consolidated subsidiaries and equity method affiliates, the following companies are publicly listed on Japanese stock exchanges:
<Consolidated Subsidiaries>
Fujitsu Frontech Limited, Fujitsu Broad Solution & Consulting Inc., NIFTY Corporation, Shinko Electric Industries Co., Ltd., FDK Corporation, Fujitsu Component Limited.
<Equity Method Affiliates>
Fujitsu General Limited

While we respect the autonomy of our publicly listed subsidiaries, we require them to receive our prior authorization when they use "Fujitsu" as a trade name or trademark. In addition, while they are responsible for decisions regarding nominations and compensation for members of the board, we are notified in advance regarding member of the board candidates and levels of compensation. Regarding the setting of budget plans and revisions as well as financial performance, because their results impact our consolidated earnings, to the extent that it is reasonable, we are kept informed.

II. STATUS OF MANAGEMENT CONTROL ORGANIZATION FOR MANAGEMENT DECISION-MAKING, OPERATIONAL EXECUTION AND OVERSIGHT, AND OTHER CORPORATE GOVERNANCE STRUCTURAL FEATURES

1. Matters Regarding Organizational Structure and Operation

Type of Organization	Company with Audit & Supervisory Board Members

[Board of Directors]

Number of Directors Under the Articles of Incorporation	Up to 15
Term of Directors Under the Articles of Incorporation	1 year
Board Chair	Chairman (except when concurrently acting as President)
Number of Directors	12
Appointment of External Directors	Yes
Number of External Directors	4
Number of External Directors Designated as Independent Directors	4

Relationship with Company (1)

Name	Type of Affiliation	Relationship with Company *[1]								
		a	b	c	d	e	f	g	h	i
Haruo Ito	From other company			○	○				○	○
Takashi Okimoto	From other company				○	○			○	○
Shotaro Yachi	Other				○				○	
Miyako Suda	Scholar								○	

*[1] Categories Describing Relationship with Company
a: From parent company
b: From other affiliated company
c : Major shareholder of subject company
d: Concurrently serves as external director or Audit & Supervisory Board member of other company
e: Executive director or officer of other company
f : A spouse, relative within the third degree of kinship or other equivalent persons of an executive director or officer of the subject company or other company having special relationship with the subject company
g: Receives compensation or other financial benefit as senior executive of parent company or subsidiary of the subject company
h: Has limited liability contract with subject company
i : Other

Relationship with Company (2)

Name	Independent Director	Supplemental Explanation of Relationship	Reason Appointed as External Director (Including reason for designation as independent director where applicable)
Haruo Ito	○	Senior Advisor, Fuji Electric Co., Ltd. Mr. Haruo Ito is a former Representative Director and current Senior Advisor of Fuji Electric Co., Ltd., a major shareholder of Fujitsu. Fujitsu holds 9.96% of the shares of Fuji Electric Co., Ltd., and a former representative director of Fujitsu serves as a Director of Fuji Electric. Both the former representative director and Mr. Ito were expressly recruited for their respective appointments based on the management credentials each possesses, and there is no risk that Mr. Ito's independence would be compromised in any way. Similarly, Fujitsu and the Fuji Electric Group have business dealings. However, taking into account the scale and nature of those transactions, the Company judges that Mr. Ito's independence will not be compromised.	Mr. Ito has many years of experience in corporate management and has extensive knowledge of the Company's business operations. The Fuji Electric Group, including its retirement benefit trusts, as a whole holds an 11.20% equity stake in Fujitsu. However, as approximately three years have passed since Mr. Ito's resignation from his positions as Representative Director and Director of Fuji Electric Co., Ltd., Fujitsu has determined that there is no risk of a conflict of interest in representing the interests of regular shareholders, and has reported to securities exchanges on which the Company is listed in Japan notifying them that he is an independent director, in accordance with the exchanges' listing rules.
Takashi Okimoto	○	President and Representative Director, Chuo Real Estate Co., Ltd. Mr. Takashi Okimoto is a former Representative Director of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) which is a major lender to the Fujitsu Group. However, as the current balance of funds Fujitsu has borrowed from Mizuho Corporate Bank, Ltd. is insignificant, there is no risk that Mr. Okimoto's independence would be compromised. Mr. Okimoto is also President and Representative Director, Chuo Real Estate Co., Ltd., a company with which Fujitsu has business dealings. However, taking into account the scale and nature of these transactions, the Company judges that this business relationship will not compromise Mr. Okimoto's independence.	Mr. Okimoto has many years of experience in corporate management and has deep insights into finance. Because the current balance of funds Fujitsu has borrowed from Mizuho Corporate Bank is insignificant, and because more than six years have passed since Mr. Okimoto's resignation from his position as Representative Director of the bank, Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders. Therefore, Fujitsu has reported to securities exchanges on which the Company is listed in Japan notifying them that he is an independent director, in accordance with the exchanges' listing rules.

Shotaro Yachi	○	Mr. Yachi has deep political and economic insights from a global perspective based on his many years of involvement in foreign policy at the Ministry of Foreign Affairs of Japan. Furthermore, Mr. Yachi is not a major shareholder nor has he held an executive management position with a major trading partner of the Company. Since the Company believes he is independent, the Company has reported to securities exchanges on which the Company is listed in Japan notifying them that he is an independent director, in accordance with the exchanges' listing rules.
Miyako Suda	○	Ms. Suda has insights into monetary policy and management insights from a global perspective. As noted above, Ms. Suda is the sibling of a former representative director of a subsidiary of Fujitsu. However, approximately four years has passed since the retirement of her sibling from the position of representative director. During this time the sibling has had no involvement with the executive management of the Fujitsu Group. Moreover, Ms. Suda has never been a major shareholder, nor has she held an executive management position with a major trading partner of the Company, and Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders, and has reported to securities exchanges on which the Company is listed in Japan notifying them that she is an independent director, in accordance with the exchanges' listing rules.

[Audit & Supervisory Board Members]

Existence of Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members Under the Articles of Incorporation	Up to 5
Number of Audit & Supervisory Board Members	5

Coordination between Audit & Supervisory Board Members, Accounting Auditors, and Internal Auditing Division

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the audit plan and results. The accounting auditor also conducts exchange of opinions when needed and carries out coordinated audits of business operations.

The Corporate Internal Audit Unit (with 55 members) serves as an internal audit group. This unit audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Unit reports once a month as a rule to the standing members of the Audit & Supervisory Board on the audit plans and results of internal audits, including matters relating to group companies, and makes regular reports (once every quarter as a rule) to the Audit & Supervisory Board and the accounting auditors.

Appointment of External Audit & Supervisory Board Members	Yes
Number of External Audit & Supervisory Board Members	3
Number of External Audit & Supervisory Board Members Designated as Independent Audit & Supervisory Board Member	3

Relationship with Company (1)

Name	Type of Affiliation	Relationship with Company *1								
		a	b	c	d	e	f	g	h	i
Megumi Yamamuro	Attorney				○				○	
Hiroshi Mitani	Attorney				○				○	
Koji Hatsukawa	Certified public accountant				○				○	

*1 Categories Describing Relationship with Company
a: From parent company
b: From other affiliated company
c: Major shareholder of subject company
d: Concurrently serves as external director or Audit & Supervisory Board member of other company
e: Executive director or officer of other company
f: A spouse, relative within the third degree of kinship or other equivalent persons of an executive director or officer of the subject company or other company having special relationship with the subject company
g: Receives compensation or other financial benefit as senior executive of parent company or subsidiary of the subject company
h: Has limited liability contract with subject company
i: Other

Relationship with Company (2)

Name	Independent Audit & Supervisory Board Member	Supplemental Explanation of Relationship	Reason Appointed as External Audit & Supervisory Board Member (Including reason for designation as an independent Audit & Supervisory Board Member where applicable)
Megumi Yamamuro	○		Mr. Yamamuro has extensive experience in the legal field and extensive knowledge of legal matters, including Japan's Companies Act. Mr. Yamamuro has never been a major shareholder nor has he held an executive management position with a major business partner of the Company. Since the company believes he is independent, the Company has reported to securities exchanges on which the Company is listed in Japan notifying them that he is an independent Audit & Supervisory Board member, in accordance with the exchanges' listing rules.
Hiroshi Mitani	○		Mr. Mitani has a deep understanding of not only legal affairs, but also of economic, social, and other factors that affect the management of a company due to his service as a public prosecutor and as a member of the Fair Trade Commission. Mr. Mitani has never been a major shareholder nor has he held an executive management position with a major business partner of the Company. Since the Company he is independent, the Company has reported to securities exchanges on which the Company is listed in Japan notifying them that he is an independent Audit & Supervisory Board member, in accordance with the exchanges' listing rules.
Koji Hatsukawa	○		Mr. Hatsukawa has a wealth of auditing experience as a certified public accountant, and he has broad knowledge of corporate accounting. PricewaterhouseCoopers Aarata, where Mr. Hatsukawa served as CEO, has not performed accounting audits for Fujitsu. Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders, and has reported to securities exchanges on which the Company is listed in Japan notifying them that he is an independent Audit & Supervisory Board member, in accordance with the exchanges' listing rules.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Director/Audit & Supervisory Board members:	7

Other Issues Relating to Independent Director/Audit & Supervisory Board Members

All external Director/Audit & Supervisory Board members qualified to serve as independent Director/Audit & Supervisory Board members are identified as such.

[Incentives]

Implementation Status of Incentive Policies for Directors:	Introduced compensation plan linked to the performance of the company

Supplemental Explanation

Executive compensation is comprised of the following: "Base Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Stock-based Compensation," which is a long-term incentive that emphasizes a connection to shareholder value; and "Bonuses" that are compensation linked to short-term business performance. At the 107th Annual Shareholders' Meeting held on June 22, 2007, a resolution terminating the retirement allowance system for directors was passed.

Stock Option Eligibility:	–

[Compensation of Directors]

Disclosure of Individual Director's Compensation:	Partial disclosure only

Supplemental Explanation

Total consolidated compensation is disclosed for individual directors and Audit & Supervisory Board members only if they were paid 100 million yen or more.

No individual directors or Audit & Supervisory Board members met this criteria in fiscal 2012.

For fiscal 2012, total compensation to directors and Audit & Supervisory Board members was as follows:

• Directors	13 people, 479 million yen (Base compensation of 436 million yen and stock-based compensation of 42 million yen)
Of which, compensation paid to external directors:	4 people, 45 million yen (Base compensation of 45 million yen)
• Audit & Supervisory Board members	6 people, 138 million yen (Base compensation of 138 million yen)
Of which, compensation paid to external Audit & Supervisory Board members:	3 people, 63 million yen (Base compensation of 63 million yen)

*1 The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2012.
*2 The limit on remuneration to directors (including external directors) was resolved to be 600 million yen per year at the 106th Annual Shareholders' Meeting held June 23, 2006. The limit on remuneration to Audit & Supervisory Board members (including external Audit & Supervisory Board members) was resolved to be 150 million yen per year at the 111th Annual Shareholders' Meeting held June 23, 2011. The Company is paying the compensation shown in the above table.

Policy on Calculation and Determination of Compensation Amounts:	Yes

Disclosed Policy on Calculation and Determination of Compensation Amounts

Executive Compensation Policy

To secure exceptional human resources required to manage the Fujitsu Group as a global ICT company, and to further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, Fujitsu establishes its Executive Compensation Policy as follows.

Executive compensation is comprised of the following: "Basic Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Stock-based Compensation," which is a long-term incentive that emphasizes a connection to shareholder value; and "Bonuses" that are compensation linked to short-term business performance.

Basic Compensation

- Basic compensation is paid to all directors and Audit & Supervisory Board members, in accordance with position and responsibilities, as compensation for work responsibilities with regard to management oversight and the carrying out of executive responsibilities.

Stock-based Compensation

- Stock-based compensation, intended for directors responsible for carrying out executive duties, is a long-term performance incentive, with the amount to be paid determined based on a qualitative evaluation of medium- to long-term initiatives.
- Stock-based compensation is to be paid for the purchase of the Company's own shares. These purchases are to be made through the Director Stock Ownership Plan. Shares purchased for this purpose are to be held by each director for the term of his or her service.

Bonuses

- Bonuses are short-term performance incentives to be paid to directors who carry out executive responsibilities. The amount of a bonus is to reflect business performance in the respective fiscal year.
- As a specific method to calculate a bonus, Fujitsu will adopt a "Profit Sharing model" which uses consolidated operating income and consolidated net income as an index. However, bonuses will not be paid in the event of negative net income recorded under non-consolidated accounting.

In accordance with a resolution of the Annual Shareholders' Meeting, the total amount of basic compensation, stock-based compensation and bonuses shall not exceed 600 million yen per year for directors and 150 million yen per year for Audit & Supervisory Board members.

[Support Structure for External Directors and External Audit & Supervisory Board Members]

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

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

2. Issues Relating to Functions for Business Execution, Auditing, Oversight, Nominating, and Compensation Decisions (Overview of Current Corporate Governance Structure)

Overview of Current Structure

The Company has a Board of Directors to serve as a body for overseeing management. The Board of Directors is responsible for management oversight, supervising the business execution functions of the President and Representative Director and the Management Council, an executive organ under its authority. Moreover, external members of the board are actively recruited for positions in the Board of Directors in order to strengthen its oversight function. The Management Council deliberates upon fundamental policies and strategy regarding business management, as well as makes decisions on important matters regarding business execution. Issues discussed by the Management Council and a summary of its discussions are reported to the Board of Directors, which makes decisions on items of particular importance. In principle, the Management Council meets three times a month, but meetings may be convened whenever necessary.

The company has an Audit & Supervisory Board that performs the auditing function. The auditing function is carried out by Audit & Supervisory Board members, who review the Board of Directors as well as business execution functions and attend important meetings, including meetings of the Board of Directors as well as the Management Council. The Audit & Supervisory Board Members' Office provides support for the audits by the Audit & Supervisory Board members, and in order to promote the independence and effectiveness of the auditing, the Company holds discussions with Audit & Supervisory Board members prior to selecting candidates for positions in the division. Personnel with the appropriate qualifications are selected as division staff candidates, and as a general rule, as full-time staff.

The Board of Directors has 12 members, comprising eight internal directors and four external directors, and the Audit & Supervisory Board has five members, comprising two internal Audit & Supervisory Board members and three external Audit & Supervisory Board members. In order to better define the management responsibility of the directors, their terms were reduced from two years to one year in accordance with a resolution at the June 23, 2006 Annual Shareholders' Meeting.

In addition, the Corporate Internal Audit Unit (with 55 members) serves as an internal audit group. This Unit audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Unit reports once a month as a rule to the standing members of the Audit & Supervisory Board on the audit plans and results of internal audits, including matters relating to group companies, and makes regular reports (once every quarter as a rule) to the Audit & Supervisory Board and the accounting auditors.

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the audit plan and results. The accounting auditor also conducts exchange of opinions when needed and carries out coordinated audits of business operations. The four certified public accountants associated with Ernst & Young ShinNihon LLC who performed the accounting audit were Yasunobu Furukawa, Yuichi Mochinaga, Tsuyoshi Saita, and Akiyuki Matsumoto. In addition, they were assisted by a further 37 certified public accountants, 31 accounting assistants, and another 62 persons, all associated with Ernst & Young ShinNihon LLC.

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

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

3. Reasons for Selecting the Current Corporate Governance Structure

The current structure clarifies the management responsibility of the members of the board, who, after their election at the annual meeting of shareholders, become involved in making decisions about important matters concerning the management of the Company. Furthermore, the current structure maintains the robustness and efficiency of governance by having the dual features of (1) the mutual monitoring by the members of the Board of Directors, and (2) the audits by the Audit & Supervisory Board members. At the time of the introduction in Japan of the corporation-with-committees governance system, Fujitsu was using the company with Audit & Supervisory Board members system, and since the Audit & Supervisory Board members were performing the auditing function effectively, we have continued to use the system.

The Company maintains the robustness of its governance system by having an effective auditing function in which Audit & Supervisory Board members who are independent of the management perform objective audits, by actively appointing external directors, and by having established the Executive Nomination Committee, Exective Compensation Committee and an internal audit organization. Finally, to further improve efficiency, we have established a Management Council, which has accelerated decision-making and management execution.

III. IMPLEMENTATION OF POLICIES REGARDING SHAREHOLDERS AND OTHER STAKEHOLDERS

1. Initiatives to Enliven Annual Shareholders' Meetings and Facilitate Voting

	Supplemental Information
Distribute invitation notices to Annual Shareholders' Meeting early	To give shareholders sufficient time to exercise voting rights, we make efforts to send invitation notices three weeks prior to the Annual Shareholders' Meeting.
Schedule Annual Shareholders' Meeting to avoid busiest days of overlap with other corporations' annual meetings	To facilitate the attendance of as many shareholders as possible, since the Annual Shareholders' Meeting held in June 2001 we have scheduled our Annual Shareholders' Meeting to avoid the busiest days of overlap with other corporations' annual meetings.
Utilize electronic methods for exercise of voting rights	To improve convenience and facilitate the exercise of voting rights for shareholders who are unable to attend the Annual Shareholders' Meeting, since the Annual Shareholders' Meeting held in June 2002 we have accepted the exercise of voting rights through electronic methods, and since the Annual Shareholders' Meeting held in June 2006 we have been using a platform to allow institutional investors to electronically exercise voting rights.
Participation in Electronic Proxy Voting Platform and Other Measures to Enhance the Proxy Voting Environment for Institutional Investors	Fujitsu participates in the electronic proxy voting platform operated by Investor Communications Japan (ICJ) as part of its efforts to enhance the proxy voting environment for institutional investors.
Availability of English-language Notice of Convocation of Annual Shareholders' Meeting (summary of Japanese)	Fujitsu creates an English-language Notice of Convocation of the Annual Shareholders' Meeting (contents correspond to the Japanese invitation and business report) and sends the notice to foreign investors in order to promote a wider understanding of the proposals presented at the shareholders' meeting. The notice is disclosed on the Company website the same day it is sent to shareholders as part of our policy to disclose information in a prompt, accurate, and fair manner.
Other	To clarify the results of voting at the Annual Shareholders' Meetings, in addition to public notification of the results of the Shareholders' Meetings, beginning with the Annual Shareholders' Meeting held in June 2010, Fujitsu began posting the numbers of votes for and against each resolution on its website.

2. Investor Relations Activities

	Supplemental Information	Explanation by Company Representatives
Creation and Publication of Disclosure Policy	Fujitsu has established the following disclosure policy and made the policy available on its website. **Disclosure Policy** The Fujitsu Group's corporate philosophy is articulated as the "Fujitsu Way," comprised of our Corporate Vision, Corporate Values, Principles, and Code of Conduct. By sharing and practicing the Fujitsu Way, we aim to continuously enhance the value of the enterprise through the continuous growth and development of the Fujitsu Group. Our basic policy on disclosure is to enhance our management transparency by appropriate and timely disclosure of our business activities and financial information. This ensures that investors, shareholders, and all other stakeholders can understand how we are performing in enhancing our corporate value. **Basic Policy on Information Disclosure** Fujitsu emphasizes fairness and continuity in disclosure of information, in accordance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the rules of the exchanges on which its shares are listed. Moreover, our policy is to be proactive in disclosing any information that we judge to be effective for helping shareholders, investors and other stakeholders to deepen their understanding of Fujitsu, even if such disclosure is not required by laws, regulations, or other rules. **Methods of Information Disclosure** Fujitsu uses prescribed information disclosure methods (TDnet, EDINET, etc.) to disclose information which it is required to disclose by law or regulation. Following disclosure, materials containing the disclosed information may be made available on the Company's website if deemed necessary. The Company may also disclose information which it is not required to disclose by law or regulation. In these cases, the Company will disclose the information as necessary, using an appropriate method of disclosure (press release, website disclosure, seminar presentation, etc.) based on the contents. **Forward-looking Statements** Forward-looking statements included in disclosed information are based on management's views and assumptions at the time the information was disclosed. A variety of changes in the internal and external business environment may cause actual results to differ materially from those expressed or implied in such statements. The Company strives to enhance the accuracy of forward-looking statements, and in cases where its outlook changes, the Company discloses the change as necessary using an appropriate disclosure method. **Silent Period** The Company institutes a silent period beginning the day after its quarterly financial settlement date until the day of the financial results announcement as a way to prevent financial information from being disclosed prior to the formal announcement. During the silent period, the Company does not respond to inquiries regarding its financial results. If the possibility arises that the Company's financial results will differ significantly from previous forecasts, however, the Company will disclose the change appropriately during the silent period.	

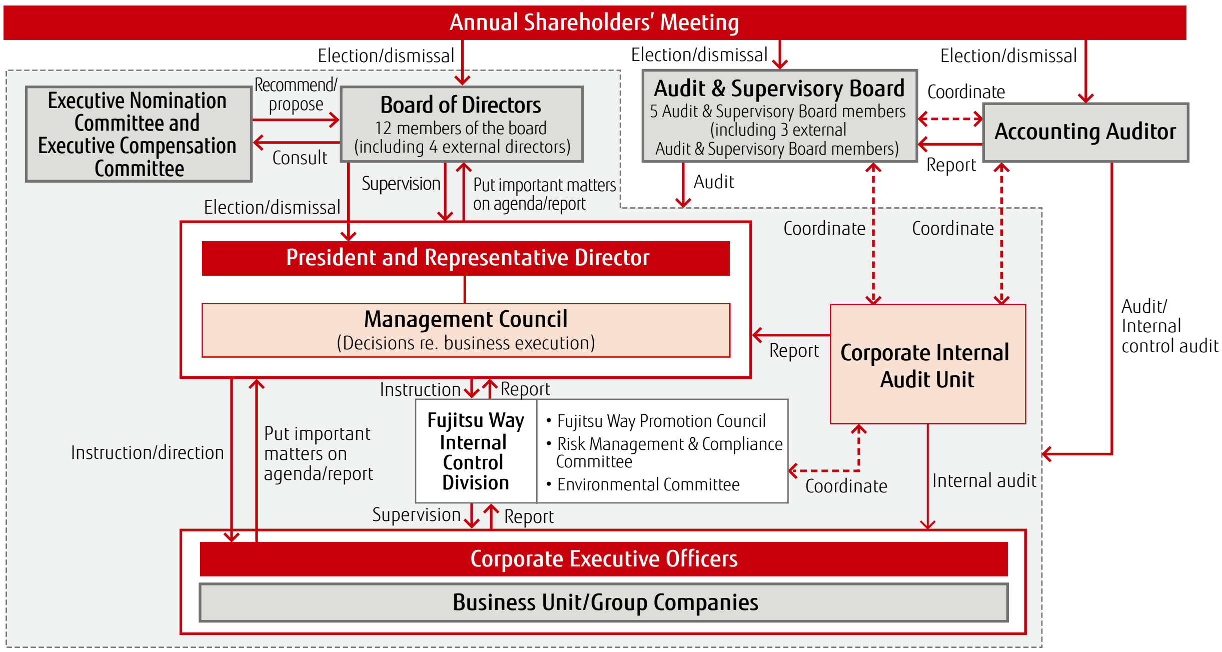
	Supplemental Information	Explanation by Company Representatives
Regular Presentations to Individual Investors	Although currently we do not hold presentations for individual investors, we have a dedicated IR website for individual investors (in Japanese). In addition, through the inquiry form on our IR website and other measures, we are working to improve relations with individual investors.	No
Regular Presentations to Analysts and Institutional Investors	We hold regular presentations, including presentations by the president on our management direction, presentations by the president and CFO on our earnings results, and presentations by various senior executives on business strategy for the operations they oversee. In addition, media are always invited to the briefings by the president, CFO, and heads of businesses, with the understanding that individual investors can thereby obtain information through reports that appear in the media.	Yes
Regular Presentations to Foreign Investors	The CFO meets with foreign institutional investors regularly. We also have IR managers stationed in Europe and the US who meet and communicate regularly with investors, not just at the time of earnings announcements. We also take materials from IR presentations held in Japan, translate them into English, and post them to our English IR website, including English translations of Q&A sessions.	Yes
Posting of IR Materials to Website	We post the Yukashoken Hokokusho (Financial Report) in Japanese and Jigyo Hokoku (Business Report) in Japanese and English, the Annual Report in Japanese and English, Tanshin (Financial Earnings) reports in Japanese and English, and various other IR presentation materials in Japanese and English. Also posted in English and Japanese is the Fujitsu Group Sustainability Report. Additionally, all materials accompanying the invitation notice to the Annual Shareholders' Meeting are posted on our website.	
Unit Dedicated to IR Activities	The officer in charge of IR activities is the CFO; the division in charge of IR activities is the Public and Investor Relations Division.	
Other	In addition to the above, along with posting materials from presentations made to institutional investors and securities analysts on our website, we broadcast streaming audio of these presentations.	

3. Initiatives in Consideration of the Position of Stakeholders

	Supplemental Explanation
Internal Company Rules Reflecting Consideration for the Position of Stakeholders	The philosophy and principle of the Fujitsu Way, the guide for the actions of the Group and its employees, is to bring about a prosperous future that fulfills the dreams of people throughout the world. As part of our Values, we strive to meet the expectations of all stakeholders, including customers, shareholders, investors, business partners, and employees.
Activities Promoting CSR and Environmental Protection	In all its business activities, by implementing the Fujitsu Way in light of the expectations and needs of multiple stakeholders, the Fujitsu Group contributes to the sustainable development of society and the planet. Fujitsu became a signatory to the UN Global Compact in December 2009, and has declared its intention to strengthen Corporate Social Responsibility (CSR) activities from a global perspective. In addition, the Fujitsu Group set out a CSR policy in December 2010 that identifies five priority issues to be tackled.* Since 2011, Fujitsu and 117 of its Group companies in and outside of Japan have inventoried their activities in accordance with ISO 26000, an international standard for social responsibility. Based on these results, Fujitsu will work to further enhance its efforts, and promote CSR activities that are an integral part of business management from a global perspective. With respect to environmental activities, the Fujitsu Way clearly states that "in all our actions, we protect the environment and contribute to society." This is a value that Fujitsu continues to actively strive to achieve. From fiscal 2013, Fujitsu has newly formulated Stage VII of the Fujitsu Group Environmental Action Plan, and started the next three years' activities. Fujitsu also extended its environmental management system to overseas consolidated subsidiaries, receiving integrated global ISO 14001 certification. Our Approach to CSR http://www.fujitsu.com/global/about/responsibility/ * Corporate Social Responsibility Policy and Five Priority Issues http://www.fujitsu.com/global/about/responsibility/philosophy/policies/
Policies to Promote the Provision of Information to Stakeholders	With respect to our disclosure policies, we recognize that prompt and appropriate disclosure of company information to shareholders and investors as well as securities analysts is essential to the proper functioning of the securities markets, and we disclose information in compliance with the Securities and Exchange Law and regulations of the stock exchanges on which we are listed. Even if we are not legally required to do so under the regulations, and even if the content of the information is unfavorable to Fujitsu, if we deem the information to be material to investment decisions, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair. Moreover, in consideration of the position of customers, communities, and other stakeholders, for information we deem necessary to disclose, including information that may be unfavorable to Fujitsu, our basic policy is to disclose the information in a manner that is prompt, accurate, and fair.

	Supplemental Explanation
Other	Fujitsu promotes a customer-centric management perspective in order to be a trusted and valued partner to our customers. In order that all employees adopt a customer-centric mindset and apply it to their daily work, Fujitsu is deepening its commitment in each business unit to previously initiated management quality improvement activities and working to create an organizational framework to facilitate continuous improvement from a customer-centric perspective. As one specific initiative, among those ideas and suggestions received by Fujitsu customer care centers and contact lines, those concerning real issues about systems and organizations, not individual matters, are viewed as something that should be shared throughout the Fujitsu Group. Therefore, the specific details of these problems and examples of how they have been resolved are shared at regular meetings of Fujitsu Group executives. As a result, Fujitsu has a heightened awareness of what customers are saying and can take positive action to make improvements.

IV. BASIC STANCE ON INTERNAL CONTROL FRAMEWORK AND STATUS OF IMPLEMENTATION



1. Basic Stance on Internal Control System and Status

[Basic Stance on Internal Control Framework]

The Company, through a resolution by the Board of Directors, has adopted the following basic stance on the framework for internal control (resolved on May 25, 2006, and revised on April 28, 2008 and on July 27, 2012).

1. Objective

The Fujitsu Way, which embodies the philosophy, values, principles, and code of conduct for the Fujitsu Group, describes the vision of the Fujitsu Group as follows: "Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world."

We believe that by conducting our activities in accordance with the Fujitsu Way, we maximize the value of the Fujitsu Group and enhance our contribution to the communities in which we operate and to society as a whole.

In addition, in order to continuously enhance the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risk arising from our business activities. Recognizing that it is essential to strengthen our corporate governance in order to accomplish this, we will continuously strive to implement the policies described below.

2. Systems to ensure the appropriateness of Fujitsu and Fujitsu Group business

(1) System to ensure efficient business execution by directors

a. At Fujitsu, there is a separation of the oversight and operational execution functions of management. The Board of Directors oversees the execution functions of the Management Council and other management bodies, and makes decisions on important matters. Among executive organs, the Management Council discusses and decides upon basic management policies and strategies and also decides upon important matters regarding management execution. Matters taken up by the Management Council, including discussion items, are reported to the Board of Directors, and any important issues are decided upon by the Board of Directors.

b. To strengthen the management oversight function, we proactively employ external directors and Audit & Supervisory Board members.

c. The Board of Directors clarifies the scope of authority for board directors, corporate vice presidents, and managing directors (hereafter collectively referred to as "senior management") as well as other business execution organs, and ensures that business is conducted in accordance with the division of business duties.

d. In performing their duties, senior management follows appropriate decision-making procedures, such as the Board of Directors Rules, Management Council Regulations, and Regulations on Corporate Decision-Making.

e. In addition to making employees thoroughly aware of management policies, senior management sets and achieves concrete goals in order to accomplish overall management goals.

f. To pursue operational efficiency, senior management promotes continuous improvement of internal control systems and reform of business processes.

g. By having senior management and other business execution organs provide monthly financial reports and business operation reports, the Board of Directors observes and oversees the status of achievement of management goals.

(2) System to ensure that business execution of directors and employees complies with laws and articles of incorporation

a. Senior management adheres to the Fujitsu Way as a basic vision for compliance issues, including compliance to laws and the articles of incorporation, and proactively promotes the Group's overall compliance on an ethical basis.

b. By continuously administering training, senior management instills adherence to the Fujitsu Way in employees and promotes the overall Group's compliance.

c. Senior management clarifies the legal and other regulations that relate to the Fujitsu Group's business activities and implements internal rules, training and oversight systems necessary to adhere to them, thereby promoting the compliance of the Group as a whole.

d. If senior management or employees become aware of the possibility of a major compliance violation in connection with the execution of business activities, they immediately inform the Board of Directors and the Audit & Supervisory Board members via normal reporting channels.

e. In order to use independent information sources outside of normal reporting channels to discover and deal appropriately with compliance problems on a prompt basis, senior management establishes and operates an internal reporting system that protects whistle-blowers.

f. The Board of Directors receives periodic reports on the status of business execution from executive officers and verifies that there are no compliance violations in relation to the execution of work.

(3) Regulations and other systems relating to loss mitigation

a. Senior management strives to maintain the Fujitsu Group's business continuity, increase its corporate value and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, senior management establishes an organization to control risk management for the entire Fujitsu Group. They also assign certain departments to be responsible for each type of risk and put in place appropriate systems for managing risks.

b. Senior management is constantly assessing and verifying risks that might cause losses to the Fujitsu Group, and they report significant cases to the Board of Directors.

c.. In regard to risks discovered through assessment described in b., as well as potential risks arising from the execution of business, senior management carries out risk mitigation initiatives and strives to minimize losses from risks.
In order to minimize losses from risks that actually do arise, senior management periodically analyzes such risks through the systems described in a. above and reports them to the Board of Directors, so as to conduct activities intended to prevent the recurrence of risks.

d. In order to collect risk information that cannot be gathered by the methods mentioned above, an internal reporting system has been set up and is operated to ensure the protection of whistle-blowers.

(4) Information storage and management system regarding business execution by directors

a. In accordance with company rules, senior management shall establish an appropriate system, including appointing documentation managers, to store and manage documents relating to the execution of their business duties (including electronic documents, as with the items listed below) and other important information.
   - Minutes of shareholders' meetings and related documents
   - Minutes of Board of Directors meetings and related documents
   - Minutes and related documents for other important decision-making meetings
   - Approval documents from senior management
   - Other important documents relating to the execution of business duties by senior management

b. In order for directors and Audit & Supervisory Board members to verify the status of execution of business duties, there is a system enabling them to view the documents described in the above item at any time. The system also provides that, in response to requests they make to those in charge of managing documents, directors and Audit & Supervisory Board members can see the documents whenever they wish.

(5) System to ensure the appropriateness of Fujitsu Group business

a. Using the Fujitsu Way as a foundation, in order to continuously increase the value of the Fujitsu Group, Fujitsu will provide direction and support to senior management of each Group company for setting up efficient, law-abiding and appropriate business execution systems as detailed in sections (1) through (4) above.

b. In order to implement the above item a., the company has established common rules for the management of the group, such as the "Fujitsu Group Management Policy" that set out the roles, responsibilities, authority, and decision-making processes for each of the companies in the group.

c. Senior management of Fujitsu and all Group companies periodically confirms issues related to Group management strategies and achievement of management goals through management update conferences and other means. In addition, Fujitsu Group Audit & Supervisory Board member deal with Fujitsu Group issues from the auditing viewpoint through Group Audit & Supervisory Board member update conferences.

d. In regard to measures needed to resolve challenges related to achieving management goals that are identified as a result of the activities described in item c., senior management of Fujitsu and Group companies implements such measures following full discussion and, when necessary, completion of reporting to Fujitsu and approval processes specified separately.

e. Fujitsu's internal audit organization is linked to the internal audit organization of each Group company. It carries out audits of the entire Fujitsu Group and reports periodically to the Board of Directors and Audit & Supervisory Board members of Fujitsu.

Important matters regarding the audits of Group companies are reported to the Board of Directors and Audit & Supervisory Board of Fujitsu.

(6) System to ensure the appropriateness of audits by Audit & Supervisory Board members

<Ensuring independence of Audit & Supervisory Board member>

a. Fujitsu has set up an Audit & Supervisory Board Members' Office with employees assigned to assist the Audit & Supervisory Board members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board members are assigned to the division.

b. In order to ensure the independence of the staff in the Audit & Supervisory Board Members' Office, matters relating to their appointment, transfer and compensation are decided on the basis of prior consultation with the Audit & Supervisory Board members.

c. In principle, senior management does not assign office staff to other divisions or duties. In instances, however, where a need arises to give dual assignments to staff with specialized knowledge in response to requests from Audit & Supervisory Board members, care is given to ensuring their independence in accordance with item b.

<Reporting system>

a. Senior management of Fujitsu and Group companies provides the Audit & Supervisory Board members with the opportunity to attend important meetings.

b. In cases where risks arise that could affect management or financial results, or where there is an awareness of major compliance violations in connection with the execution of business activities, senior management as well as employees of Fujitsu and Group companies immediately report on them to the Audit & Supervisory Board members.

c. Senior management as well as employees of Fujitsu and Group companies periodically report to the Audit & Supervisory Board members on the status of business execution.

<Ensuring effectiveness of audits by Audit & Supervisory Board members>

a. Senior management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board members.

b. The internal audit organization periodically reports the results of its audits to the Audit & Supervisory Board members.

c. The Audit & Supervisory Board members have the independent accounting auditor explain and report on accounting audits as required and periodically exchange information with the accounting auditor.

[Status of Internal Control System]

Fujitsu has established a department with executive responsibility for internal controls. The Company is continuing its steps to implement an even more robust operational execution structure by reviewing and revising its regulations and business operations.

In addition, Fujitsu has established the Fujitsu Way, consisting of a Corporate Vision, Corporate Values, Principles, and Code of Conduct, which guides the Group and its employees in their daily activities.

To accelerate the implementation and entrenchment of the Fujitsu Way and to ensure the appropriateness of business operations, Fujitsu is promoting the development and evaluation of its internal control structure. This effort is led by the Fujitsu Way Promotion Council. In addition, two other groups were established and tasked with pursuing more robust and efficient business execution: the Risk Management & Compliance Committee and the Environmental Committee. The functions of each are described below:

• Fujitsu Way Promotion Council

The Fujitsu Way Promotion Council promotes the inculcation and implementation of the Fujitsu Way. In addition, it has also been promoting Project EAGLE, which is a company-wide activity for building an internal compliance system for effective and reliable financial reporting in compliance with the Financial Instruments and Exchange Act, and by which the company has been able to promote the implementation and evaluation of internal control. By establishing a promotion organization dedicated to this endeavor, the Council has been working to extend it across the Group. Along with improving deficiencies, the goals of the project also include achieving greater efficiency through the pursuit of business process reforms across the Group.

• Risk Management & Compliance Committee
The Risk Management & Compliance Committee appoints risk management executives in all business units and companies throughout the Group in and outside of Japan to form a structure for conducting risk management and compliance for the entire Group.

The Risk Management & Compliance Committee maintains regular communication with the risk management executives, identifies, analyzes, and evaluates the risks of business activities, and formulates and reviews measures to deal with risks. It also reports important risks to the Management Council and the Board of Directors' meeting.

If a critical risk materializes, the department or Group company concerned reports immediately to the Risk Management & Compliance Committee. The committee coordinates with the relevant divisions and workplaces to swiftly resolve the problem using appropriate measures. At the same time, the Risk Management & Compliance Committee strives to identify the causes of the problem and propose and implement measures to prevent a reoccurrence. Additionally, the committee reports as appropriate to the Management Council and the Board of Directors.

• Environmental Management Committee
This committee is responsible for checking and promoting the environmental protection activities of the Fujitsu Group, which are based on the Fujitsu Group Environmental Policy and the Fujitsu Group Environmental Protection Program.

As a result of the Project EAGLE initiative to build an internal control system for effective and reliable financial reporting, in fiscal 2012 the accounting auditors, Ernst & Young ShinNihon LLC, issued their opinion that the Fujitsu Group has effective internal controls for its financial reporting.

2. Basic Stance and Preparedness for Rejection of Antisocial Elements

[Basic Stance on Rejection of Antisocial Elements]
In the Fujitsu Way, the Fujitsu Group's Code of Conduct calls for respect for and compliance with laws and socially accepted rules. Accordingly, our basic stance is to take a resolute attitude toward antisocial elements and have absolutely no dealings with them.

[Preparedness Regarding Rejection of Antisocial Elements]
We maintain a system that can quickly respond when necessary by designating a centralized response department, creating a common Group manual, maintaining liaisons and exchanging information with outside legal counsel, police, and specialist organizations, as well as by carrying out training and keeping employees fully informed about the workplace.

V. OTHER

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures:	No

Supplemental Explanation
Because raising corporate value is ultimately the best defense against potential takeovers, we are focusing our efforts on raising corporate value. At the present time, we have not put in place any takeover defense measures.

2. Other Provisions Relating to Corporate Governance

The following is the status of the Company's internal structure for timely information disclosure.

1. Internal Structure for Timely Disclosure of Corporate Information
The Company endeavors to quickly and accurately grasp information (decisions, events, and financial results) related to the business, operation, and financial performance of each of its business divisions, the organizations responsible for business operations. This information is used to improve management, and the Company uses the following deliberation and decision-making structure to ensure timely disclosure of the information in cases where the information is important and necessary for investors.

(1) Important management matters deliberated and decided by the Management Council.
Among the matters deliberated by the Management Council, items of significant importance are decided by the Board of Directors.
Each business division conducts business under the control of the Management Council and the Board of Directors, which are the decision-making bodies.

(2) Each business division reports matters of importance to the Company's business, operation, or financial performance to the Management Council or the Board of Directors on a regular and as-needed basis.
Each business division endeavors to establish a structure to conduct risk management within its own organization. Under this structure, each business division controls the gathering of information within its organization and is constantly enhancing its structure to quickly and accurately grasp and report on events and other risk information.

RESPONSIBILITY

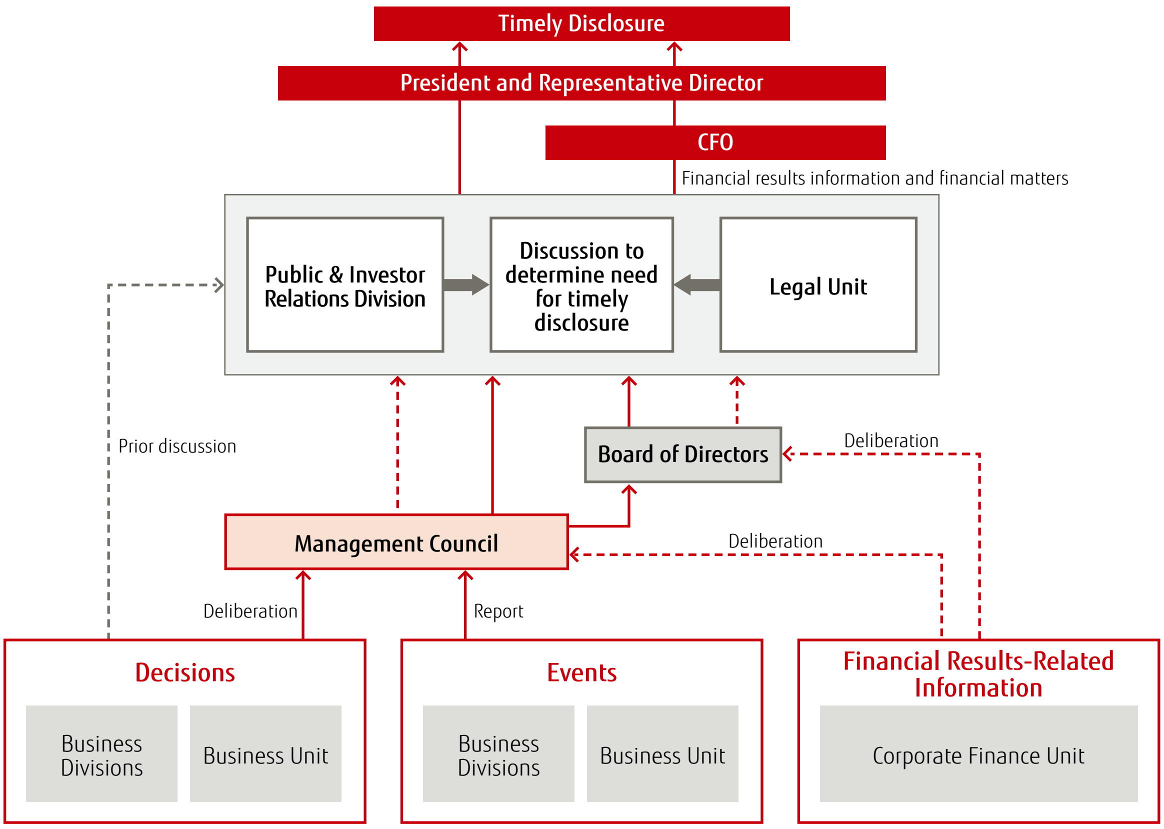
(3) The Corporate Finance Unit reports financial results, revisions to financial results and forecasts, dividends and other information to the Board of Directors, based on financial information gathered from each business division.

Based on information disclosure regulations, the Legal Unit and Public & Investor Relations Division jointly review decisions, events, and financial results gathered as explained above to confirm the timeliness and accuracy of the information in relation to disclosing it to investors. The Company's representative director and president conducts a final review of the information before the information is disclosed to investors in a timely and accurate manner. With regard to financial results and financial items included in decisions or events, the chief financial officer (CFO) approves the information prior to the final review by the representative director and president.

2. Internal System Confirmation Function for Timely Information Disclosure

(1) The Company has established the Fujitsu Way Promotion Council and Risk Management & Compliance Committee to enhance the internal structure for timely information disclosure by providing organizational support for the gathering and reporting of risk information. These organizations support and promote the risk management activities carried out by each business division.
The Risk Management & Compliance Committee oversees a help-line system to promptly gather information on inappropriate activities within the Company, as part of the measures to prevent impropriety, including activities related to information disclosure.

(2) The Company has established a Corporate Internal Audit Unit to audit the status of the internal control function and internal events (including risk information).
The Corporate Internal Audit Unit continuously audits the risk management structure of each business division and contributes to the maintenance and improvement of the accuracy and appropriateness of information regarding the business, operation, and financial performance of the entire Group, including subsidiaries.



BUSINESS AND OTHER RISKS

Listed below are the principal business and other risks affecting the Fujitsu Group (Fujitsu Limited and its consolidated subsidiaries) that we believe may influence investors' decisions. We are aware of and have evaluated these risks and are making efforts to prevent, mitigate, transfer, and control potential risks, and minimize the impact should these risks actually arise. Please note that the following is not an exhaustive list of all the risks that may affect the Group. Among the risks listed below are some items related to future developments, but the list only includes items that the Group deems necessary to publicly disclose as of the date of submission of these materials (April 30, 2013).

1. Economic and Financial Market Trends

Economic and financial market trends have an impact on the Group's business results, financial base and other aspects of its operations. Examples of such risks are listed below.

1) Economic Trends in Key Markets

The Fujitsu Group provides ICT services, server and storage products, network products, as well as semiconductors and other components, to clients in corporate and public institutions, as well as consumers in Japan and every region of the globe. Hence, sales and income generated from these operations are greatly affected by economic conditions in each respective market. The economic trends in our key markets, namely Japan, North America, Europe, and Asia (including China), can significantly impact Fujitsu Group operations.

2) High-tech Market Volatility

The ICT sector is periodically subject to dramatic changes in the balance of supply and demand that exceed the scope of normal cyclical market variations. This tendency is particularly evident with regard to semiconductors, PCs, and other general-purpose products. The Fujitsu Group gives ample consideration to market cycles and volatility when deciding to develop new global technology solutions and other businesses, launch new products, initiate volume production, or scale back production, among other actions. Nonetheless, we may fail to accurately forecast market changes, or changes in market conditions could exceed our forecasts. Accordingly, there is a risk that we may be unable to recoup investment costs, as well as the risk of opportunity losses. Further, the Group continuously implements structural reforms in a bid to respond to market changes. However, drastic market changes could force us to enact structural reforms on a far greater scale than initially expected, resulting in a temporary increase in related expenses.

3) Exchange Rates

The Fujitsu Group is expanding its business outside Japan. As a result, sudden fluctuations in US dollar, euro and British pound exchange rates and other factors could have a significant impact on sales and income, resulting in such factors as the lowering of competitive pricing for the services and products that we deliver outside Japan. Sudden fluctuations in exchange rates can also affect the cost of components and materials that we import from outside Japan, as well as the various products that we export. In addition, with respect to assets held by the Group outside Japan, as well as liabilities, there is the possibility that exchange rate fluctuations could lead to depreciation of assets and/or appreciation of liabilities.

4) Interest Rates

The Fujitsu Group has interest-bearing loans which include debt directly impacted by interest rate fluctuations. Consequently, rising interest rates could increase borrowing costs.

5) Capital Markets

Stock market trends in and outside of Japan have a substantial effect on the value of Group stockholdings in other companies and the management of pension assets. Weak stock market performance could thus force us to incur losses on the devaluation of marketable securities held or a reduction in pension assets, exposing the Group to the risk of higher valuation losses or additional pension obligations.

2. Customers

Fujitsu Group operations are highly influenced by the business trends of customers. Examples of potential risks are described below.

1) Changes in Customers' ICT Investment Trends

A growing proportion of our technology solutions and other businesses is with public institutions, such as the Japanese, local and foreign governments; telecommunications carriers; financial services institutions; and large manufacturers. The business environment within these industries, including shifting market trends and structural reforms, could lead to changes in customers' IT investment trends, having a significant impact on Group sales and profitability. In addition, the trends in sales of our customers' products and services have a large impact on the demand for and prices of the Group's products and services. Accordingly, soft demand and falling prices for customers' products and services, a decline in the size of customers' businesses, or customers' reduced market share, as well as restrains on customer ICT investments could negatively impact Group sales and earnings.

In our business outside Japan, for example, government-related projects in the UK are an especially important part of our business. Accordingly, changes and restraints placed on the ICT investment plans of the UK government could impact sales and profitability.

2) Ability to Maintain Long-Term Relationships with Customers

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

3. Competitors/Industry

The ICT sector is characterized by intense competition and fast-paced technological innovation. Events within the industry or actions by competitors could therefore have a substantial impact on our business results. Examples of such potential risks are listed below.

1) Price Competition

Changes in market environments, intensifying competition, technological innovation and other factors may cause prices for products and services to decline.

Anticipating such technology- and competition-driven price reduction of ICT services, including cloud computing, and the escalation of PC prices, we are pursuing a variety of measures to reduce costs, as well as efforts to expand sales of competitive products and services derived from an awareness of customers' needs and industry trends.

Despite these steps, the Group still faces the risk of larger than-expected declines in prices, as well as being unable to achieve cost reductions or sales growth due to fluctuations in procurement costs. Any of these risks could negatively impact Group sales and profitability.

2) Competition from New Market Entrants and Others

In addition to challenges posed by existing industry peers, competition from new market entrants continues to intensify in the ICT sector. Today, new entrants continue to emerge in market areas where the Fujitsu Group has a competitive advantage, thus entailing the risk that we may lose our competitive edge, or fail to secure a clear competitive advantage in future business operations.

3) Competition in Technology Development

Technological advancement in the ICT sector occurs at an extremely fast pace, leading to rapid turnover in new products and technologies. In this context, remaining competitive requires the continuous development of state-of-the-art technology. While the Fujitsu Group does its utmost to maintain highly competitive technologies by expanding into markets such as cloud computing and smartphones, a loss in competitiveness versus other companies in the race to develop innovative technologies could lead to a decline in the Group's market share and profitability, which would negatively impact sales and earnings. Further, sales and profitability could be affected by the development of groundbreaking technologies and services by competitors that would severely compromise the value of the Group's services and products.

4. Suppliers, Alliances, etc.

In the course of its operations, the Fujitsu Group conducts business with a wide range of suppliers and alliance partners. Accordingly, any significant changes in relationships with these and other business partners could affect the Group's business.

1) Procurement

The Fujitsu Group utilizes sophisticated technologies to provide a range of products and services. There is therefore a risk that we may encounter difficulties in procuring a stable supply of certain key components or raw materials, or in cases where regular supply channels are unavailable, that we may be unable to secure alternative procurement sources. There is also the risk that the Group may be unable to sufficiently procure certain parts or raw materials in the large volumes required. Moreover, natural disasters, accidents and other events, as well as any deterioration in business conditions at suppliers, could hinder the ability of business partners to provide the Group with a stable supply of required components or raw materials. The Fujitsu Group has taken a variety of measures to strengthen the resiliency of its supply chain, including moving to multiple sources for procurement, working on, or strengthening support for, business continuity management (BCM) initiatives of suppliers, and holding a sufficient supply of inventories. Despite these efforts, inadequate supplies of parts and raw materials could cause delays in the provision of products and services, resulting in postponement of deliveries to customers and opportunity losses. In respect to procurement of components and other materials, foreign exchange rate fluctuations, tight supply and demand conditions, and other pressures could drive procurement costs higher than initial estimates, leading to diminished returns on products and services, as well as lower sales due to the higher prices. Additionally, while we make every effort to ensure the quality of procured components, we cannot guarantee that all components purchased will be free of defects. The discovery of such issues could result in processing delays, as well as defective products, opportunity losses, repair costs, and disposal costs for defective goods, plus the potential obligation to pay damages to customers.

2) Collaborations, Alliances and Technology Licensing

To enhance competitiveness within a global ICT business environment, the Fujitsu Group works with a large number of companies through business alliances, technology collaborations, joint ventures and other means, a practice that we intend to actively continue in the future. If, however, as a result of managerial, financial, or other causes, it becomes difficult to establish or maintain such collaborative ties or to gain sufficient results from them, the Group's business could be adversely affected. Moreover, many of our products and services employ other companies' patents, technologies, software, and trademarks with the consent of their owners. However, there is no guarantee that other companies will continue to grant or license the right to use their property under terms acceptable to the Fujitsu Group.

5. Public Regulations, Public Policy, and Tax Matters

The business operations of the Fujitsu Group are global in scope, and are therefore impacted by a variety of public regulations, public policies, tax laws and other such factors in all countries where the Group does business. Specifically, wherever it operates, the Group must comply with a variety of government policies, regulations, such as authorizations for business or investment, import/export regulations and restrictions, as well as laws pertaining to antimonopoly policies, intellectual property rights, consumers, the environment and recycling, labor conditions, subcontracting, and taxation. The Fujitsu Group's earnings might be affected by increased compliance costs associated with measures to make stricter or otherwise revise such policies, laws and regulations, or by liabilities stemming from fines in cases where the company is found to have committed a violation. We also provide solutions in certain fields and business domains such as healthcare, communications, and construction that are subject to other public regulations, meaning that regulatory trends in these sectors may potentially impact the Group's business.

6. Others

The Fujitsu Group makes every effort to eliminate known risks but can offer no guarantee of its ability to always achieve every desired outcome in the course of executing business operations. Some of the specific risks faced in this respect are detailed below.

1) Deficiencies or Flaws in Products and Services

In accordance with our corporate philosophy, the Fujitsu Way, we emphasize quality in our business activities. The Fujitsu Group aims to enhance quality to build and support a networked society where people can live in comfort and with peace of mind. We are committed to improving quality at the design and development stages as well as in manufacturing by setting rules on quality control throughout the company. We are also promoting strict quality control when purchasing components from external suppliers. These efforts notwithstanding, it is impossible to totally eliminate the possibility of deficiencies or flaws occurring in products, including software. While the Group is also setting rules on quality control throughout the company, promoting software modularization, standardization of development work, and enhanced security measures in order to improve the quality of system development and other services in the technology solutions business, the possibility of defects arising cannot be excluded. With respect to systems that play a critical role in supporting social infrastructure, we have been checking for any potential problems in these systems, including the operating environment, software and hardware, in cooperation with our customers. In addition, we have continuously made improvements to the quality, contracts, and related rules in order to ensure the stable operation of social infrastructure systems. We cannot, however, entirely eliminate the possibility of deficiencies or flaws. In addition, in our cloud services, the Fujitsu Group positions "high reliability" as the most important value, and maintains earthquake resistant and highly secure facilities. However, we cannot totally exclude the possibility of service suspension. In the event of deficiencies or flaws, or services are suspended, the Group may have to initiate product recalls or repairs, engage in system recovery work, pay damages to customers or suffer opportunity losses, all of which would negatively impact Group sales and profitability.

2) Project Management

Due to such factors as the increasing scale and sophistication of systems and more rigorous demands from customers, as well as increasing complexity, system development work is becoming increasingly complex. At the same time, greater competition is leading to increasingly intense pricing pressures. To deal with this situation and prevent incidences of delayed delivery and loss-generating projects, we have been revising our approach to making contracts with customers, advancing the standardization of sales and system engineering business processes, and working to manage risk from the business negotiation stage through actual project implementation. The Group continues to maintain reserves for losses as necessary. In addition, we are striving to industrialize the system development process in order to strengthen our cost competitiveness. Nevertheless, in spite of these measures, there is a possibility that we may be unable to completely prevent incidences of delayed delivery and the occurrence of loss-generating projects.

3) Investment Decisions and Business Restructuring

In the ICT industry, large investments in R&D, capital expenditure, business acquisitions, and business restructuring are necessary to maintain competitiveness. The Fujitsu Group is carrying out essential structural reforms, including those currently being undertaken for the LSI device business. Accordingly, the success or failure of these initiatives has a profound effect on the business results of the Fujitsu Group. When making such investment and restructuring decisions, we give ample consideration to a range of factors such as market trends, customer needs, the superiority of the Group's own technologies, the financial performance of acquisition candidates and our business portfolio. There is, however, the risk that markets and technologies, as well as acquisition candidates deemed attractive by the Group, may fail to grow as anticipated, or that supply and demand imbalances or price erosion may be more severe than expected. The Group takes a number of steps to mitigate this risk, including the consideration of investment efficiency and responding to inherent fluctuations by dividing investment into multiple phases and forging agreements with customers prior to investment. Nonetheless, there is no guarantee that the Group can generate sufficient returns on such investments.

4) Intellectual Property Rights

The Fujitsu Group has accumulated technologies and expertise that help distinguish its products from those of other companies. Legal restrictions in certain regions, however, may impair our ability to fully protect some of the Group's proprietary technologies, with the result that we could be unable to effectively prevent the manufacture and sale of similar products developed by third parties using the Group's own intellectual property. Moreover, the creation of comparable or superior technologies by other companies could erode the value of the Group's intellectual property. The Group has instituted internal policies, including stringent clearance procedures prior to launching new products and services, to ensure that no infringement of other companies' intellectual property occurs. However, there is the possibility that the Group's products, services or technologies may be found to infringe on other companies' intellectual property, and that earnings may be impacted by such consequences as the need to pay for usage rights or cover costs associated with modifying designs. In addition, the Group has previously instituted a program to compensate employees for innovations that they make in the course of their work, and will continue to implement this program in the future in accordance with related laws and regulations. Nevertheless, the Group faces potential risk from lawsuits initiated by employees in regard to compensation for innovation created in the workplace.

5) Human Resources

The growth and profitability of the Fujitsu Group depends heavily on human resources. As such, a major issue for the Group is the ability to recruit, foster, and prevent the attrition of talented technical experts, system engineers, managers and other key personnel. The inability to do so could negatively impact the Group's growth and profitability. Implementation of personnel rationalization following the structural reforms currently in progress may accelerate the above trends.

6) Environment

Making contributions to society and protecting the environment are part of the corporate values of the Fujitsu Group, as set forth in the Fujitsu Way. The Group regards environmental protection as one of its most important management items and is committed to minimizing environmental burden and preventing environmental pollution. However the Group cannot guarantee that environmental pollution will not occur as a result of its operations. Moreover, although we monitor soil and wastewater as well as engage in clean-up activities at former factory sites, this does not mean that pollution will not be found at such sites in the future. In the event that environmental pollution were to occur or be identified, social trust in the Group may weaken, and clean up and other costs could be incurred, which would adversely affect the Group's earnings.

7) Information Management

In order to safeguard the personal and confidential information of customers, business partners, and the Fujitsu Group itself, the Group has taken such measures as establishing strict regulations, instituting training programs for employees, upgrading its information infrastructure and providing consultation to business subcontractors. Nevertheless, the Group cannot guarantee that information will not be leaked. In the unlikely event that this should occur, trust in the Fujitsu Group could decline and the Group may be obligated to pay damages to customers whose information is leaked.

The Fujitsu Group has a well-developed system in place to ensure the integrity and stable operation of critical in-house networks, which are a key element of our business infrastructure. However, the Group cannot guarantee the ability to prevent computer viruses, unauthorized access, including cyber attacks, or other disruptions from impeding network operations and leaking information.

8) Fujitsu Group Facilities

The Fujitsu Group owns or rents a variety of facilities inside and outside Japan, including offices, manufacturing facilities, and datacenters. These facilities comply with building standards and other regulations in their respective countries. The Fujitsu Group has also established its own set of safety standards, but in the event of an earthquake, major flooding, fire, radioactive contamination, or other disasters, terrorist attacks, demonstrations, or strikes, or faulty construction quality or the occurrence of operational errors, among other factors, a facility's operations, including production lines, may need to be discontinued. In such a case, this may lead to the possibility of adverse effects on the Fujitsu Group's business or that of our customers.

9) Credit Ratings and Other Factors that Affect the Group's Credit

In addition to having a major influence on financing, credit ratings by outside institutions serve as reliable sources of information for our customers when they conduct transactions with us. Lower credit ratings caused by failure to meet earnings targets, deteriorating financial conditions and other reasons could influence our ability to secure financing and place the Group at a disadvantage in bidding for projects and in other business dealings.

10) Litigation

The Fujitsu Group may become the subject of litigation in the course of executing its operations, resulting in an obligation to pay unforeseen damages. Depending upon the amount of damages the profit and loss of the Fujitsu Group may be materially impacted.

11) Compliance Issues

The Fujitsu Group promotes the thorough diffusion and implementation of internal company rules, nurturing a corporate culture of strict adherence to these rules, and has constructed the necessary internal systems and structures for adherence. The Fujitsu Group has defined the behavior to which all Fujitsu Group employees must strictly adhere in the Code of Conduct of the Fujitsu Way. The Fujitsu Group has also instituted uniform Global Business Standards, which provide more detailed guidance on the behavior expected of each employee. In addition, as one committee within the Internal Control Division, which reports directly to the Fujitsu Group Management Council, the Risk and Compliance Committee has been established to promote compliance throughout the Fujitsu Group. Even with these measures in place, however, there is a possibility that the Fujitsu Group will be unable to completely eliminate compliance-related risks. In the event that there is a violation of relevant laws or regulations inside or outside Japan, society's trust in the Fujitsu Group may be damaged, or there may be demands for payment of significant penalties or compensation for damages, leading to the possibility of adverse impact on the Fujitsu Group's business.

7. Natural Disasters and Unforeseen Incidents

Natural disasters and other unforeseen situations could have a major impact on the business results and financial standing of the Fujitsu Group. Examples of the potential risks posed are found below.

1) Damage from Earthquakes, Other Natural Disasters and Accidents

The Fujitsu Group has instituted a Business Continuity Plan (BCP), which is continually reviewed and improved, to ensure that, even in the event of natural disasters like earthquakes, major floods, or volcanic eruptions, as well as accidents or the outbreak of infectious diseases like new forms of influenza, we can continue our critical business operations to fulfill our corporate social responsibility, while at the same time continuing to provide a stable flow of high-quality, highly reliable products and services, which our customers rely on for their business. Last fiscal year there were several large-scale disasters, including the Great East Japan Earthquake, the nuclear power plant accidents and the ensuing electrical power shortages, and the floods in Thailand. Going forward, there is also a possibility that unforeseen events may occur, such as major earthquakes in the Tokyo metropolitan area, the Tokai region or along the Nankai Trough, or a prolongation of power shortages in Japan. Based on the fact that such events could disrupt operations, the company is making every effort to ensure the continuity of key businesses. Having dealt with the Great East Japan Earthquake, we have taken steps to make our sites resistant to earthquakes and we conduct regular site inspections, along with disaster-readiness drills. Nevertheless, there is a possibility that the Group may be forced to suspend the delivery of products and services to customers or its support for customer information systems in the event an unforeseen natural disaster or accident forces sites to suspend operations, inflicts damage to facilities and equipment, interrupts the supply of electricity, water, or gas, disrupts public transportation or communications infrastructure, or causes damage to our supply chains.

2) Geopolitical Issues

Armed conflicts, terrorism, demonstrations, strikes, political instability, currency crises, and other events in nations or regions where the Fujitsu Group operates could have a significant impact on its businesses.

8. Financial Statements

For details, please refer to "6. Critical Accounting Policies and Estimates" on page 106.

FACTS & FIGURES

FINANCIAL SECTION

FIVE-YEAR SUMMARY

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	2009	2010	2011	2012	Yen (millions) 2013	U.S. Dollars (thousands) 2013
Net sales	¥4,692,991	¥4,679,519	¥4,528,405	¥4,467,574	**¥4,381,728**	**$46,614,128**
Operating income	68,772	94,373	132,594	105,304	**95,278**	**1,013,596**
Operating income margin	1.5%	2.0%	2.9%	2.4%	**2.2%**	
Income (loss) before income taxes and minority interests	(113,314)	112,706	102,236	66,717	**(45,113)**	**(479,926)**
Net income (loss)	(112,388)	93,085	55,092	42,707	**(72,913)**	**(775,670)**
Return on equity	(13.2%)	12.0%	6.8%	5.1%	**(9.0%)**	
Comprehensive income	–	–	38,790	34,310	**(32,959)**	**(350,628)**
Ratio of net sales outside Japan	32.0%	37.4%	35.1%	33.7%	**34.2%**	
EMEA	¥ 657,073	¥ 981,622	¥ 845,485	¥ 809,277	**¥ 768,149**	**$ 8,171,798**
The Americas	391,443	321,603	322,272	286,595	**287,742**	**3,061,085**
APAC & China	451,370	445,079	419,606	410,224	**442,324**	**4,705,574**
Total of net sales outside Japan by customers' geographic location	¥1,499,886	¥1,748,304	¥1,587,363	¥1,506,096	**¥1,498,215**	**$15,938,457**
Amounts per share of common stock (Yen and U.S. Dollars):						
Earnings (loss)						
Basic	¥ (54.35)	¥ 45.21	¥ 26.62	¥ 20.64	**¥ (35.24)**	**$ (0.375)**
Diluted	–	42.17	25.75	20.55	**–**	**–**
Owners' equity	362.30	386.79	396.81	406.42	**377.62**	**4.017**
Total assets	¥3,221,982	¥3,228,051	¥3,024,097	¥2,945,507	**¥3,049,054**	**$32,436,745**
Net assets	925,602	948,373	953,779	966,598	**909,809**	**9,678,819**
Owners' equity ratio	23.2%	24.7%	27.2%	28.6%	**25.6%**	
Cash and cash equivalents	¥ 528,174	¥ 420,166	¥ 358,593	¥ 266,698	**¥ 284,548**	**$ 3,027,106**
Interest-bearing loans	883,480	577,443	470,823	381,148	**534,967**	**5,691,138**
D/E ratio (times)	1.18	0.72	0.57	0.45	**0.68**	
Net D/E ratio (times)	0.47	0.20	0.14	0.14	**0.32**	
Free cash flow	23,487	296,409	113,426	49,180	**(90,471)**	**(962,457)**
Cash dividends per share for the year (Yen and U.S. Dollars)	¥ 8.00	¥ 8.00	¥ 10.00	¥ 10.00	**¥ 5.00**	**$ 0.053**
[Interim cash dividends per share for the year (Yen and U.S. Dollars)]	[5.00]	[3.00]	[5.00]	[5.00]	**[5.00]**	**[0.053]**
Total amount of dividends	16,538	16,522	20,696	20,694	**10,346**	**110,064**
Dividend payout ratio on a consolidated basis	–	17.7%	37.6%	48.4%	**–**	
R&D expenses	¥ 249,902	¥ 224,951	¥ 236,210	¥ 238,360	**¥ 231,052**	**$ 2,458,000**
Capital expenditure on property, plant and equipment	167,690	126,481	130,218	140,626	**121,766**	**1,295,383**
Depreciation	223,975	164,844	141,698	131,577	**116,565**	**1,240,053**
Number of employees	165,612	172,438	172,336	173,155	**168,733**	
Average exchange rate (yen):						
U.S. Dollar	¥ 101	¥ 93	¥ 86	¥ 79	**¥ 83**	
Euro	144	131	113	109	**107**	
Pound Sterling	174	148	133	126	**131**	

Notes: 1. The U.S. dollar amounts stated above and in the following Management's Discussion and Analysis of Operations have been translated from yen, for readers' convenience only, at the rate of ¥94 = US$1, which was the approximate rate on the Tokyo Foreign Exchange Market at March 31, 2013.
2. Owners' equity: Net assets less minority interests in consolidated subsidiaries and subscription rights to shares.
3. Comprehensive income: Amounts for the years ended March 31, 2009 and 2010 are not presented above, as the Company adopted "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan, Statement No. 25) effective the year ended March 31, 2011.
4. Diluted earnings per share and dividend payout ratio on a consolidated basis for the year ended March 31, 2009 and 2013 are not disclosed due to the recording at net losses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

The following section, Management's Discussion and Analysis of Operations, provides an overview of the consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") for the year ended March 31, 2013 (fiscal 2012). Forward-looking statements in this section are based on management's understanding and best judgment as of March 31, 2013. The impact of exchange rate fluctuations is calculated by taking the average exchange rates in fiscal 2011 for the U.S. dollar, euro and British pound and applying them to foreign currency-denominated transactions in fiscal 2012.

1. Analysis of Results

Business Environment

During fiscal 2012, the global economy continued to experience a weak recovery. In Europe, economic conditions continued to deteriorate as a result of fiscal austerity measures and rising unemployment. In the United States, concerns over fiscal policy resulted in continued uncertainty. The rate of economic growth in emerging markets moderated on account of depressed consumer spending, although there were signs of improvement in investment as a result of expanded public sector spending and monetary easing.

In Japan, the economy stagnated due to the global economic slowdown. 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 (January–March, 2013), the impact on the real economy in fiscal 2012 has been limited.

With regard to investment in information and communication technology (ICT) in Japan, spending on services has been recovering, although investment in hardware related to servers and so forth has remained soft. Outside of Japan, economic conditions in Europe continued to deteriorate, mainly during the first half of fiscal 2012, and companies put firmer constraints on investment spending.

Condensed Consolidated Income Statements (Unit: billion yen)

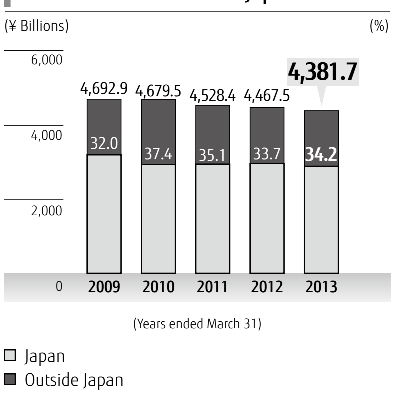
Years ended March 31	2012	**2013**	YoY Change	Change (%)
Net sales	4,467.5	**4,381.7**	(85.8)	(1.9)
Cost of sales	3,232.1	**3,177.9**	(54.1)	(1.7)
Gross profit	1,235.4	**1,203.7**	(31.6)	(2.6)
Selling, general and administrative expenses	1,130.1	**1,108.4**	(21.6)	(1.9)
Operating income	105.3	**95.2**	(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)	–

Reference: Financial Indicators (Unit: billion yen)

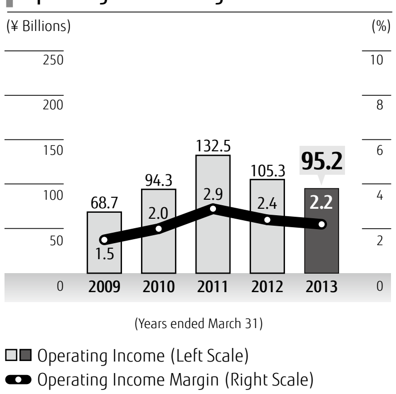
Years ended March 31	2012	**2013**	YoY Change
Net sales	4,467.5	**4,381.7**	(85.8)
Sales outside Japan	[1,506.0]	**[1,498.2]**	[(7.8)]
Ratio of sales outside Japan	[33.7%]	**[34.2%]**	[0.5%]
Gross profit margin	27.7%	**27.5%**	(0.2%)
Operating income margin	2.4%	**2.2%**	(0.2%)
Return on equity (ROE)	5.1%	**(9.0%)**	(14.1%)

Notes: Owners' equity: Net assets – Subscription rights to shares – Minority interests
Return on equity (ROE): Net income ÷ {(Owners' equity at beginning of period + Owners' equity at end of period) ÷ 2}

Net Sales and Ratio of Net Sales Outside Japan



Operating Income and Operating Income Margin



FACTS & FIGURES

Reference: Quarterly Breakdown of Net Sales and Operating Income for the year ended March 31, 2013 (Unit: billion yen)

Consolidated	1Q	2Q	3Q	4Q	Full Year
Net sales	957.3	1,114.4	1,048.2	1,261.6	4,381.7
YoY Change	(28.7)	8.1	(31.4)	(33.8)	(85.8)
Operating income	(25.0)	32.7	(4.1)	91.7	95.2
YoY Change	(7.9)	8.5	(7.3)	(3.3)	(10.0)

Breakdown by Main Business Segment (Unit: billion yen)

Technology Solutions	1Q	2Q	3Q	4Q	Full Year
Net sales	627.1	713.3	700.6	901.3	2,942.3
YoY Change	(32.0)	(12.9)	14.4	37.9	7.4
Operating income	0.8	46.2	23.5	110.2	180.9
YoY Change	(1.6)	3.0	(2.3)	10.6	9.6

Ubiquitous Solutions	1Q	2Q	3Q	4Q	Full Year
Net sales	234.6	314.7	266.5	274.3	1,090.2
YoY Change	(0.8)	34.4	(34.6)	(62.9)	(64.0)
Operating income	(2.0)	12.4	(2.0)	1.2	9.6
YoY Change	(2.0)	8.0	(4.1)	(12.2)	(10.3)

Device Solutions	1Q	2Q	3Q	4Q	Full Year
Net sales	130.3	138.3	129.5	142.1	540.3
YoY Change	(10.5)	(9.2)	(8.6)	(15.8)	(44.3)
Operating income	(3.6)	(3.3)	(9.3)	2.1	(14.2)
YoY Change	(2.6)	0.4	(0.9)	(0.9)	(4.0)

Net Sales

Consolidated net sales for fiscal 2012 were ¥4,381.7 billion ($46,614 million), a decline of 1.9% from fiscal 2011. On a constant currency basis, sales were down by 3%. Net sales in Japan fell by 2.6%. The primary reason for the decrease was a drop in sales of PCs, mobile phones, LSI devices, and electronic components, along with a decline in sales revenues stemming from Japan's Next-Generation Supercomputer System, for which deliveries peaked in fiscal 2011. On the other hand, there was an increase in revenues of Network Services and Network Products. Outside of Japan, sales were essentially unchanged from the previous fiscal year, and on a constant currency basis, sales decreased by 3%. 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.

The Technology Solutions segment comprises the Group's core businesses, including services, server-related, and Network Products businesses. Consolidated segment net sales increased year on year, mainly around the services businesses in Japan, with steady year-round performance from Infrastructure Services such as network services, and Systems Integration. First and second quarter net sales were down year on year, mainly due to a lag in ICT investment recovery in the server-related business and the services businesses outside Japan. Sales began to rise year on year in the third quarter, however, with the recovery of the services businesses outside Japan and other factors. The fourth quarter saw a significant increase in sales with the added boost of the yen's depreciation. On the other hand, the Ubiquitous Solutions segment, which involves PCs, mobile phones, and so forth, saw sales decline sharply year on year in the third and fourth quarters, under increasing pressure from competition, while the LSI device business, which is the core of the Device Solutions segment, saw sales decline year on year in each quarter.

In fiscal 2012, the average yen exchange rates against the U.S. dollar, the euro, and the British pound were ¥83, ¥107, and ¥131, respectively, representing a year-on-year depreciation of ¥4 against the U.S. dollar, appreciation of ¥2 against the euro, and depreciation of ¥5 against the British pound. Exchange rate fluctuations versus the U.S. dollar and British pound caused increases in net sales of approximately ¥20.0 billion and ¥10.0 billion respectively, while the effect of fluctuation versus the euro was negligible. As a result, currency exchange rate fluctuations had a positive impact of approximately ¥30.0 billion on net sales for fiscal 2012. The ratio of sales outside Japan was 34.2%, an increase of 0.5 of a percentage point compared to the previous fiscal year.

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

The cost of sales totaled ¥3,177.9 billion ($33,808 million), with gross profit of ¥1,203.7 billion ($12,806 million), for a gross profit margin of 27.5%. Gross profit decreased ¥31.6 billion compared to the previous fiscal year, due mainly to revenue declines in PCs, mobile phones and LSI devices. The decline was partially offset by increases in revenues from Network Services and Network Products, and the impact of cost reductions, mainly in x86 servers. 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, (SG&A) expenses were ¥1,108.4 billion ($11,792 million), a decrease of ¥21.6 billion from the previous year. Among SG&A expenses, research and development spending amounted to ¥231.0 billion ($2,458 million), a decrease of ¥7.3 billion compared to the previous year. The decrease was 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. The ratio of R&D expenses to sales was essentially unchanged from the previous fiscal year at 5.3%.

As a result, operating income amounted to ¥95.2 billion ($1,014 million), a decrease of ¥10.0 billion compared to fiscal 2011. The operating income margin was 2.2%, a decline of 0.2 of a percentage point, mainly because of intensifying competition for hardware products centered on PCs and mobile phones and impacts on foreign exchange fluctuations.

The Technology Solutions segment achieved income substantially on par with the previous year up until the third quarter, after which income saw more than 10% growth in the fourth quarter to finish with a year-on-year increase. Meanwhile, the Ubiquitous

Solutions segment posted a significant decline in operating income for fiscal 2012 after encountering intensifying competition over PCs and mobile phones going into the second half. In addition, performance in the Device Solutions segment was lackluster, mainly due to a continuing operating loss in the core LSI device business.

The Group strives to minimize the impact of currency exchange rate fluctuations on earnings. During fiscal 2012, fluctuations in currency exchange rates had the effect of lowering operating income by approximately ¥5.0 billion relative to the previous year. Losses in the LSI device and electronic components businesses were improved as the yen weakened against the U.S. dollar, however, the appreciation of the euro against the U.S. dollar, seen mainly in the first half of fiscal 2012, increased the procurement cost of U.S. dollar-denominated materials at European subsidiaries. For fiscal 2012, a one yen (¥1) fluctuation in the currency exchange rate translated into an impact on operating income of approximately ¥0.2 billion for the U.S. dollar, ¥0.1 billion for the euro, and ¥0.0 billion for the British pound.

Other Income (Expenses), Net Income and Comprehensive Income

Other income (expenses) amounted to a net loss of ¥140.3 billion ($1,494 million), a deterioration of ¥101.8 billion from the previous fiscal year. Although foreign exchange losses improved due to yen's appreciation, primarily in the second half and an increase in equity in earnings of affiliates, net, the Group recorded restructuring charges of ¥116.2 billion ($1,236 million) and an impairment loss of ¥34.2 billion ($364 million) as other expenses.

The restructuring costs stem from ¥90.3 billion ($961 million) for the LSI device business, ¥20.0 billion ($214 million) for business outside Japan, and ¥5.8 billion ($62 million) for other businesses. Restructuring costs for the LSI devices business consist of losses relating to transfer of production facilities and personnel rationalization expenses. 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 of the LSI assembly and testing facilities. The personnel rationalization included an early retirement scheme for approximately 2,400 employees in and outside Japan (under which, 1,963 people had applied in Japan as of the application deadline in April 2013). The restructuring costs for business outside Japan consist of personnel-related expenses, primarily for the European subsidiary Fujitsu Technology Solutions (Holding) B.V. (FTS) (including its consolidated subsidiaries). Other restructuring charges include the losses mainly related to the personnel-related expenses associated with rationalizations at managerial levels in Japan conducted through an early retirement scheme (under which, 491 people had applied as of the application deadline in May 2013).

The impairment loss stems mainly from the European subsidiary FTS (including its consolidated subsidiaries). 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, and an impairment loss was recorded on the unamortized balance of goodwill and other intangible assets.

The Group reported a consolidated net loss of ¥72.9 billion ($776 million), representing a deterioration of ¥115.6 billion from fiscal 2011. Income (loss) before income taxes and minority interests amounted to a ¥45.1 billion loss ($480 million), a year-on-year deterioration of ¥111.8 billion. However, income taxes decreased only ¥5.7 billion year-on-year to ¥24.2 billion ($258 million). The tax burden was relatively high due to the expanded net loss recorded by underperforming subsidiaries that have limits on recognition of deferred tax assets. The Group posted income of ¥3.5 billion ($38 million) from minority interests, representing an improvement of ¥9.5 billion from the previous fiscal year, as a result of the recovering financial performance of a car audio and navigation equipment joint venture.

The Group views profitability and efficiency of invested capital in businesses as important management indicators. For fiscal 2012, the return on equity, calculated by dividing net income by average owners' equity, was negative 9.0%, a change from positive 5.1% in the previous fiscal year. The change was mainly due to recording large amounts under other expenses for business restructuring costs and other items in the fiscal year under review.

Other comprehensive income totaled ¥36.4 billion ($387 million), primarily as a result of an improvement in foreign currency translation adjustment stemming from the ongoing depreciation of the yen. Because the Group's global business development primarily revolves around service businesses, foreign currency fluctuations in the value of the net assets of subsidiaries outside Japan are recorded in other comprehensive income. Unrealized gain and loss on securities, net of taxes, recorded a gain following a rise in stock prices, mainly in the second half.

Comprehensive income, representing the total of other comprehensive income and income before minority interests, was a loss of ¥32.9 billion ($351 million).

2. Segment Information

Information by Operating Segment

Sales and Operating Income by Segment

The reportable segments were consolidated into the three segments of "Technology Solutions," "Ubiquitous Solutions," and "Device Solutions," based on organizational structure, the characteristics of the products and services, and the similarities in sales markets. The "Other Operations" segment includes operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for Group companies, and welfare benefits for Group employees.

Sales (including intersegment sales) and operating income by segment for fiscal 2012 are shown as follows.

(Unit: billion yen)

Years ended March 31		2012	2013	YoY Change	Change (%)
Technology Solutions	Net sales	2,934.9	**2,942.3**	7.4	0.3
	Operating income	171.2	**180.9**	9.6	5.6
	[Operating income margin]	[5.8%]	**[6.2%]**	[0.4%]	
Ubiquitous Solutions	Net sales	1,154.2	**1,090.2**	(64.0)	(5.5)
	Operating income	19.9	**9.6**	(10.3)	(51.7)
	[Operating income margin]	[1.7%]	**[0.9%]**	[(0.8%)]	
Device Solutions	Net sales	584.7	**540.3**	(44.3)	(7.6)
	Operating income	(10.1)	**(14.2)**	(4.0)	–
	[Operating income margin]	[(1.7%)]	**[(2.6%)]**	[(0.9%)]	
Other Operations/ Elimination & Corporate	Net sales	(206.3)	**(191.2)**	15.0	–
	Operating income	(75.7)	**(81.0)**	(5.3)	–
Consolidated	Net sales	4,467.5	**4,381.7**	(85.8)	(1.9)
	Operating income	105.3	**95.2**	(10.0)	(9.5)
	[Operating income margin]	[2.4%]	**[2.2%]**	[(0.2%)]	

Technology Solutions

The Technology Solutions segment delivers products, software, and services to customers in an optimal, integrated package of comprehensive services. These consist 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.

Consolidated segment net sales amounted to ¥2,942.3 billion ($31,302 million), essentially unchanged from fiscal 2011. Sales in Japan increased 1.2%. Server-related sales declined due to the high-volume production of dedicated servers for use in the K computer, Japan's Next-Generation Supercomputer, during the first half of fiscal 2011. A decline in large-scale system deals also had an adverse impact. Sales of Network Products increased, mainly in routers, due to higher spending by telecommunications carriers to handle larger volumes of communications traffic and to expand LTE*[1] coverage. In system integration services, despite the impact of fewer large-scale system deals, mainly in the financial sector, and a shift toward spending on hardware in response to increased communications traffic by telecommunications carriers, sales as a whole increased due to a recovery in spending, primarily in the manufacturing and public sectors. Sales of infrastructure services also rose on steady growth of outsourcing services, in addition to higher demand related to network services, as telecommunications carriers tried to keep up with higher volumes of communications traffic. Sales outside Japan declined 1.6%. On a constant currency basis, sales fell by 4%. Infrastructure services sales declined as businesses tightened up on investment due to the economic downturn in Europe, primarily in the first half, despite steady growth in the datacenter business in Australia and North America. Meanwhile, sales of optical transmission systems in the first half of this fiscal year declined due to a shift toward spending on wireless networks by North American telecommunications carriers. In addition, sales of UNIX servers decreased in anticipation of the introduction of new models.

Segment operating income amounted to ¥180.9 billion ($1,925 million), up ¥9.6 billion compared to fiscal 2011. In Japan, there was a decline in deals for large-scale systems in the Solutions/System Integration and server-related fields, in addition to upfront R&D spending for network products. Nevertheless, income rose overall on the back of higher revenues in Network Service and Network Products, and the impact of cost reduction, mainly for x86 servers. Outside Japan, operating income declined as a result of the impact of lower sales in the European business, reduced sales of optical transmission systems in North America and UNIX servers, as well as increased expenses related to retirement benefit obligations at a UK subsidiary.

In light of continued deterioration of economic conditions in Europe and intensified competition, the Group has revised the business plan for FTS, the wholly owned European subsidiary acquired in April 2009 (including its subsidiaries). This revision is due to the likelihood that the investment at acquisition will not be recoverable within 10 years as initially planned. As a result, the Group recorded an impairment loss of ¥28.0 billion ($298 million), on the unamortized balance of goodwill and other intangible assets recognized under other expenses. With the business environment deteriorating, the Group decided to implement workforce rationalization as a part of structural reforms to improve FTS's profitability, and recorded other expenses of ¥18.4 billion ($196 million) on restructuring costs including for personnel-related expenses.

*[1] LTE: An abbreviation for Long Term Evolution, a next-generation standard for high-speed mobile communications which improves upon the third-generation (3G) standard.

Ubiquitous Solutions

The Ubiquitous Solutions segment contains ubiquitous terminals or sensors-including personal computers and mobile phones, as well as car audio and navigation systems, mobile communication equipment, and automotive electronic equipment that collect and utilize 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).

Net sales in this segment were ¥1,090.2 billion ($11,598 million), a decline of 5.5% from fiscal 2011. Sales in Japan were down by 7.0%. In spite of large-volume orders received from corporations, sales of PCs declined due to lower sales prices. In mobile phones, sales of smartphones stagnated as a result of the intensifying competition, while the market for feature phones*2 contracted. Sales of the mobilewear sub-segment's car audio and navigation systems decreased due to lower sales of consumer-market car navigation products and the impact of lower vehicle sales on account of the government's subsidy program for eco-friendly vehicles having ended in September 2012. Sales in the first half of fiscal 2012 increased from the same period of the previous fiscal year, due to the impact of disruptions during the previous fiscal year, when vehicle production was temporarily suspended in the wake of the Great East Japan Earthquake. Sales outside Japan were essentially unchanged from fiscal 2011. Unit sales of PCs fell due to implementing a sales strategy focusing on profitability, however, sales of mobilewear rose compared to fiscal 2011, when there was a temporary suspension of automobile production outside Japan because of the flooding in Thailand.

Segment operating income amounted to ¥9.6 billion ($102 million), down ¥10.3 billion from the previous fiscal year. Despite the effect of restructuring initiatives in mobilewear, operating income declined on account of lower sales of PCs and mobile phones and the impact of increased procurement costs. Foreign-currency denominated procurement costs for materials used in PCs and mobile phones for sale in Japan rose with the yen's continued depreciation. Meanwhile, depreciation of the euro against the U.S. dollar, primarily in the first half, produced a similar rise in procurement costs for materials used in PCs for the European market. Moreover, the Group recorded a one-off gain on a review of the provision for PC recycling expenses, based on the impact of the start of a recycling system for small home appliances from April 2013.

*2 A standard mobile handset which is distinguishable from smartphones, which have functions of personal digital assistants (PDA) and can be customized like a PC.

Device Solutions

The Device Solutions segment provides cutting-edge technology products, such as LSI devices used in digital home appliances, automobiles, mobile phones and servers, as well as electronic components consisting chiefly of semiconductor packages and batteries.

Net sales in this segment totaled ¥540.3 billion ($5,749 million), a decline of 7.6% compared to fiscal 2011. Sales in Japan fell 13.7%. LSI device sales decreased due to delayed market recovery, particularly for digital AV systems and sluggish sales of LSI devices for use in the Group's own servers. In addition, shipments of CPUs for Japan's Next-Generation Supercomputer system were completed during fiscal 2011. Sales of electronic components, particularly of batteries and semiconductor packages, also fell. Sales outside Japan increased 1.1%. On a constant currency basis, sales decreased 3%. LSI device sales declined, mainly to Asia. For electronic components, sales of batteries, particularly to the United States, declined, but sales of semiconductor packages to Asia increased, primarily in the first half.

The segment posted an operating loss of ¥14.2 billion ($152 million), representing a deterioration of ¥4.0 billion from fiscal 2011. The change reflected the impacts of lower earnings from LSI devices and a decline in capacity utilization on production lines following a drop in demand. Production lines for 300 mm wafers maintained high utilization rates, but capacity utilization rates on the production lines for products of standard logic LSI devices continued to decline. Operating income for electronic components was also impacted by the burden of development expenditures incurred by an affiliate developing semiconductors for communications equipment.

Since being reorganized as a wholly owned subsidiary of the Company in March 2008, the LSI device business has continually been optimizing its manufacturing resources. In response to a sudden deterioration in the market, however, there was a heightened need to accelerate structural reforms in order to strengthen the fundamentals of the business. Accordingly, in October 2012 the Iwate Plant was transferred to DENSO Corporation, and in December 2012 the LSI assembly and test line facilities were transferred to J-Devices Corporation. The Group has reached a basic agreement with Panasonic Corporation to integrate their system LSI (SoC: System on a Chip) businesses in February 2013, and the transfer of the 300 mm line of the Mie Plant to a new foundry company, including Taiwan Semiconductor Manufacturing Company, Limited, is under consideration. In April 2013 a definitive agreement was reached to transfer the microcontroller and analog device business to U.S.-based Spansion Inc. In addition, to rationalize the size of the workforce, an early retirement scheme was implemented for approximately 2,400 employees in and outside of Japan (under which, 1,963 people had applied in Japan as of the application deadline in April 2013).

The Group recorded ¥90.3 billion ($961 million) in business restructuring costs under other expenses: ¥33.1 billion for losses relating to the transfer of production facilities, ¥28.6 billion for impairment losses relating to the standard logic LSI devices production line and ¥28.4 billion for personnel-related expenses relating to an early retirement scheme. Losses relating to transfer of production facilities include guarantees, for a set period of time, on a portion of the operational costs of the Iwate Plant and the LSI assembly and test facilities that were transferred, and personnel-related expenses and impairment losses and others in accordance with the transfer of the LSI assembly and testing facilities. Impairment losses and other losses of the standard logic LSI devices production line relate mainly to 200 mm lines of Mie and Fukushima (Aizu-wakamatsu) regions, for which capacity utilization rates have been declining.

Other Operations/Elimination and Corporate

This category includes operations not included in the reportable segments, such as Japan's Next-Generation Supercomputer project, facility services and the development of information systems for Group companies, and welfare benefits for Group employees.

This category also includes expenses which are not classified into an operating segment. The expenses consist of strategic expenses such as basic research and development expenses, as well as group management shared expenses incurred by the Company.

The category posted an operating loss of ¥81.0 billion ($863 million), representing a deterioration of ¥5.3 billion over fiscal 2011. This was due mainly to upfront investments for new business development.

Geographic Information

One of the Group's management priorities is to increase sales and raise profitability of its business in growing markets outside Japan. Geographic financial information is important to the Group's business management and is useful for shareholders and investors in understanding the Group's financial overview.

(Unit: billion yen)

Years ended March 31		2012	**2013**	YoY Change	Change (%)
Japan	Net sales	3,396.2	**3,306.4**	(89.7)	(2.6)
	Operating income	177.8	**178.4**	0.6	0.4
	[Operating income margin]	[5.2%]	**[5.4%]**	[0.2%]	
Europe, Middle East, Africa (EMEA)	Net sales	817.5	**785.2**	(32.3)	(4.0)
	Operating income	(0.0)	**(12.4)**	(12.4)	–
	[Operating income margin]	[(0.0%)]	**[(1.6%)]**	[(1.6%)]	
The Americas	Net sales	277.5	**273.7**	(3.8)	(1.4)
	Operating income	0.4	**(2.2)**	(2.7)	–
	[Operating income margin]	[0.2%]	**[(0.8%)]**	[(1.0%)]	
Asia-Pacific (APAC) & China	Net sales	421.9	**468.7**	46.8	11.1
	Operating income	7.6	**10.4**	2.8	37.7
	[Operating income margin]	[1.8%]	**[2.2%]**	[0.4%]	
Elimination & Corporate	Net sales	(445.7)	**(452.4)**	(6.6)	–
	Operating income	(80.6)	**(79.0)**	1.5	–
Consolidated	Net sales	4,467.5	**4,381.7**	(85.8)	(1.9)
	Operating income	105.3	**95.2**	(10.0)	(9.5)
	[Operating income margin]	[2.4%]	**[2.2%]**	[(0.2%)]	

Japan

Net sales amounted to ¥3,306.4 billion ($35,175 million), a decrease of 2.6% compared to fiscal 2011. Sales of PCs and mobile phones decreased due to intensifying competition and LSI devices were impacted by lower demand, although sales of Network Products and Infrastructure Services, primarily in network-related sales, increased. Operating income was ¥178.4 billion ($1,899 million), a year-on-year increase of ¥0.6 billion. The positive impact of higher sales in the network-related business, yen depreciation for electronic components and the effect of restructuring initiatives in car audio and navigation systems were offset by lower revenue from PCs, mobile phones, and LSI devices.

EMEA

Net sales amounted to ¥785.2 billion ($8,354 million), a decrease of 4.0% from fiscal 2011. Sales of Infrastructure Services were adversely affected by constrained corporate spending stemming from the economic downturn, mainly in the first half, and sales volumes of PCs decreased. Operating loss was ¥12.4 billion ($132 million), representing a deterioration of ¥12.4 billion from fiscal 2011. Infrastructure services were adversely impacted by lower revenues and an increase in retirement benefit costs at a UK subsidiary. In addition to falling PCs sales, there was an adverse impact from higher procurement costs in Europe for components and materials denominated in U.S. dollars due to depreciation of the euro against the dollar mainly in the first half of the fiscal year.

The Americas

Net sales amounted to ¥273.7 billion ($2,912 million), a decline of 1.4% from fiscal 2011. On a constant currency basis, sales declined 5%. Sales of optical transmission systems decreased due to constrained investment by North American telecommunications carriers, mainly in the first half of the fiscal year. Sales of UNIX servers declined in anticipation of the introduction of new models. Operating loss for the region amounted to ¥2.2 billion ($24 million), a deterioration of ¥2.7 billion from fiscal 2011. Income declined as a result of lower revenue from optical transmission systems.

APAC & China

Net sales amounted to ¥468.7 billion ($4,987 million), a year-on-year increase of 11.1%. Sales of car audio and navigation systems increased due to a recovery in automobile production, which had stalled following the floods in Thailand in the previous fiscal year. Sales of Infrastructure Services also increased. Operating income was ¥10.4 billion ($112 million), an increase of ¥2.8 billion from fiscal 2011.

3. Analysis of Capital Resources and Liquidity

Assets, Liabilities and Net Assets

Condensed Consolidated Balance Sheets

(Unit: billion yen)

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
* ¥284.5 billion of cash and cash equivalents in consolidated statements of cash flows as of the end of the fiscal year is calculated by deducting ¥2.0 billion of overdrafts, which is categorized within short-term borrowings in current liabilities, from cash and cash equivalents in the consolidated balance sheets.

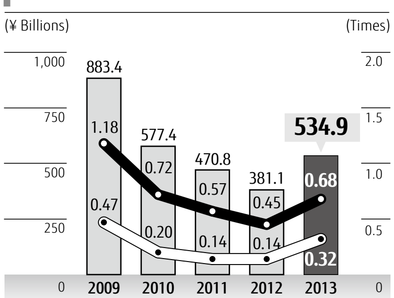
Reference: Financial Indicators

Years ended March 31	2012	**2013**	YoY Change
Inventories (billion yen)	334.1	**323.0**	(11.0)
[Inventory turnover ratio]	[13.23]	**[13.33]**	[0.10]
[Monthly inventory turnover rate]	[1.01]	**[1.00]**	[(0.01)]
[Total assets turnover rate]	[1.50]	**[1.46]**	[0.04]
Shareholders' equity ratio	31.4%	**27.3%**	(4.1%)
Owners' equity ratio	28.6%	**25.6%**	(3.0%)
D/E ratio (times)	0.45	**0.68**	0.23
Net D/E ratio (times)	0.14	**0.32**	0.18

Notes: Inventory turnover ratio: Net sales ÷ {(Beginning balance of inventories + Year-end balance of inventories) ÷ 2}
Monthly inventory turnover: Net sales ÷ Average inventories during period* ÷ 12
Total assets turnover rate: Net sales ÷ {(Beginning balance of total assets + Ending balance of total assets) ÷ 2}
Shareholders' equity ratio: Shareholders' equity ÷ Total assets
Owners' equity ratio: Owners' equity ÷ Total assets
D/E ratio: Interest-bearing loans ÷ Owners' equity
Net D/E ratio: (Interest-bearing loans – Cash and cash equivalents) ÷ Owners' equity

* Average inventories during period are calculated as the average of the ending balance of inventories for each of the four quarters of the fiscal year.

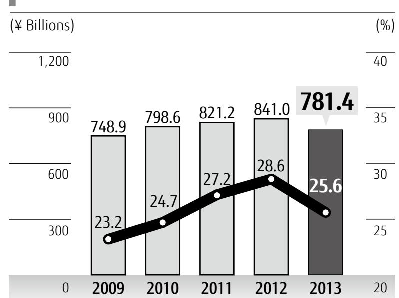
Interest-Bearing Loans, D/E Ratio and Net D/E Ratio



(As of March 31)

Interest-bearing loans (Left Scale)
D/E ratio (Right Scale)
Net D/E ratio (Right Scale)

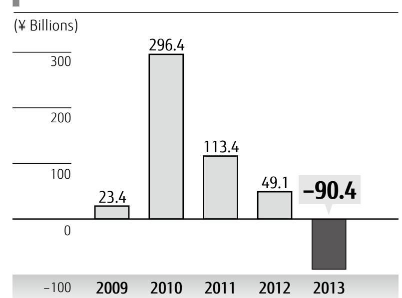
Owners' Equity/Owners' Equity Ratio



(As of March 31)

Owners' Equity (Left Scale)
Owners' Equity Ratio (Right Scale)

Free Cash Flow



(Years ended March 31)

Reference: Status of Retirement Benefit Plans (Unit: billion yen)

Years ended March 31	2012	**2013**	YoY Change
a. Projected benefit obligation	(1,868.4)	**(2,151.1)**	(282.7)
b. Plan assets	1,352.0	**1,686.9**	334.9
c. Projected benefit obligation in excess of plan assets (a)+(b)	(516.3)	**(464.2)**	52.1
Net of prepaid pension cost and allowance for retirement benefits	(115.4)	**1.6**	117.1
Unrecognized Obligation for Retirement Benefits	(400.9)	**(465.8)**	(64.9)
In Japan	(292.0)	**(308.7)**	(16.7)
Outside Japan	(108.9)	**(157.1)**	(48.2)

(Assumptions used in accounting for the plans)

Discount Rates			
In Japan	2.5%	**1.7%**	(0.8%)
Outside Japan (Mainly in UK)	mainly 5.0%	**mainly 4.4%**	(0.6%)

Consolidated total assets at the end of fiscal 2012 amounted to ¥3,049.0 billion ($32,437 million), 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. Current assets increased by ¥20.5 billion compared with the end of fiscal 2011, to ¥1,722.2 billion ($18,322 million). Notes and accounts receivable, trade decreased by ¥5.3 billion as sales in the fourth quarter (January to March) of fiscal 2012 were lower than in the same period of fiscal 2011. As shipments of Japan's Next-Generation Supercomputer system were completed, inventories at the end of fiscal 2012 decreased to ¥323.0 billion ($3,437 million), down ¥11.0 billion from the ending balance of fiscal 2011. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 1.00 times, essentially unchanged from the end of fiscal 2011. Fixed assets increased by ¥83.0 billion from the end of fiscal 2011, to ¥1,326.7 billion ($14,115 million). Property, plant and equipment decreased by ¥22.4 billion compared with the end of fiscal 2011, primarily as a result of the impairment of fixed assets in the LSI device business. Intangible assets decreased by ¥42.9 billion from the end of fiscal 2011, primarily as a result of the impairment of goodwill relating to FTS (including its consolidated subsidiaries). Investments and other non-current assets increased ¥148.4 billion, mainly due to an increase in prepaid pension expense associated with a special contribution into a defined benefit corporate pension fund for the Company's UK-based subsidiary.

Total liabilities amounted to ¥2,139.2 billion ($22,758 million), an increase of ¥160.3 billion compared to the end of fiscal 2011. The balance of interest-bearing loans was ¥534.9 billion ($5,691 million), an increase of ¥153.8 billion from the end of fiscal 2011. Short-term borrowings increased to finance a portion of working capital and a special contribution into defined benefit corporate pension fund of the Company's UK-based subsidiary. As a result, the D/E ratio was 0.68 times, an increase of 0.23 of a percentage point compared to the end of fiscal 2011, and the net D/E ratio was 0.32 times, an increase of 0.18 of a percentage point compared to the end of fiscal 2011. In addition, provision for restructuring charges increased ¥66.8 billion due to structural reforms in the LSI device business and businesses outside Japan.

Net assets amounted to ¥909.8 billion ($9,679 million), a decrease of ¥56.7 billion from the end of fiscal 2011. The decline in net assets reflects a decrease in shareholders' equity of ¥93.4 billion, resulting mainly from the net loss recorded and the payment of dividends during fiscal 2012. Accumulated other comprehensive income increased by ¥33.8 billion, primarily as a result of yen depreciation and rising share prices. The decline in owners' equity lowered the owners' equity ratio by 3 percentage points compared to the end of fiscal 2011, to 25.6%.

Non-consolidated net assets of the Company were ¥410.3 billion ($4,365 million), down ¥348.3 billion from the end of the previous fiscal year. The decline was due primarily to the Company recording negative retained earnings of ¥104.3 billion ($1,110 million) in its non-consolidated results for the year, stemming from a non-consolidated net loss of ¥338.0 billion ($3,596 million) after a write-down of shares of subsidiaries related to the LSI devices business and the Company's operations in Europe.

The unrecognized obligation for retirement benefits*[3] is ¥465.8 billion ($4,955 million). For retirement benefit plans in Japan, the amount of unrecognized obligation for retirement benefits is ¥308.7 billion ($3,284 million). Although plan assets increased as a result of good investment performance, the amount of unrecognized obligation for retirement benefits increased by ¥16.7 billion since the end of the prior fiscal year because a decline in the discount rate*[4] raised the amount of projected benefit obligation. Similarly, for retirement benefit plans outside of Japan, even though plan assets increased as a result of good investment performance, the amount of unrecognized obligation for retirement benefits increased by ¥48.2 billion since the end of the prior fiscal year, to ¥157.1 billion ($1,672 million), because of lower discount rates and a weaker yen. The future minimum lease payment required under non-cancelable operating leases at the end of fiscal 2012 amounted to ¥84.7 billion ($902 million). In addition, commitments outstanding at March 31, 2013 for purchases of property, plant and equipment and intangible assets were ¥11.6 billion ($124 million), and contingent liabilities for guarantee contracts amounted to ¥1.7 billion ($18 million).

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

Up to June 24, 2013, the filing date of the Annual Securities Report, accounting standards for retirement benefits were revised. Net assets are expected to decrease when the Group adopts the revised accounting standards. The details are noted in "Notes to Consolidated Financial Statements, 1. Significant Accounting Policies, (u) Accounting standards issued but not yet effective."

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

Under the Japanese Companies Act, the entire amount paid for new shares is required to be designated as common stock in principal. However, a company may designate a maximum 50% of the amount of the new shares as capital reserve, which is included in capital surplus. The Companies Act also requires that an amount equal to 10% of dividends must be appropriated as a legal reserve, which is included in retained earnings, or as a capital reserve, which is included in capital surplus, until the aggregated amount of legal reserve and capital reserve equals 25% of common stock. The Companies Act also requires that legal reserve, capital reserve, other capital surplus and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

Capital surplus in consolidated financial statements includes capital reserve and other capital surplus of non-consolidated financial statements, and other retained earnings of consolidated basis include legal reserve and retained earnings of non-consolidated financial statements. The maximum amount that a company can distribute as dividends is calculated based on its non-consolidated financial statements in accordance with the Companies Act and Generally Accepted Accounting Principles in Japan.

Shareholders' equity in the non-consolidated financial statements as of March 31, 2013 is ¥387.0 billion ($4,117 million) and consists of common stock of ¥324.6 billion ($3,453 million), capital reserve of ¥167.1 billion ($1,777 million), legal reserve of ¥10.1 billion ($108 million) and other retained earnings of negative ¥114.5 billion ($1,218 million). The Company decided not to distribute year-end dividends, as other retained earnings turned negative due to impairment losses on subsidiaries' stock relating to LSI device business and business outside Japan. Total amounts of dividend for the year ended March 31, 2013 is solely ¥10.3 billion (¥5 per share) of interim dividend. The Company paid ¥20.6 billion ($220 million) in cash dividends for the year ended March 31, 2013. The amount consists of year-end dividends for the year ended March 31, 2012 of ¥10.3 billion ($110 million) and interim dividends for the year ended March 31, 2013 of ¥10.3 billion ($110 million), and both payments equated to ¥5 ($0.053) per share.

Cash Flows

Condensed Consolidated Statements of Cash Flows

(Unit: billion yen)

Years ended March 31	2012	**2013**	YoY Change
I Cash flows from operating activities . .	240.0	**71.0**	(169.0)
II Cash flows from investing activities . .	(190.8)	**(161.4)**	29.3
I+II Free cash flow	49.1	**(90.4)**	(139.6)
[Excluding one-time items]	[43.5]	**[8.4]**	[(35.0)]
III Cash flows from financing activities . .	(138.9)	**100.3**	239.3
IV Cash and cash equivalents at end of year	266.6	**284.5**	17.8

Note: "Free cash flow excluding one-time items" refers to free cash flow excluding the following:
- Proceeds from sales of investment securities;
- Proceeds from acquisitions of subsidiaries in line with changes to scope of consolidation;
- Proceeds from business transfers; and,
- A special contribution (¥114.3 billion) during the year ended March 31, 2013 into pension schemes of the Company's UK subsidiary.

Net cash provided by operating activities during fiscal 2012 amounted to ¥71.0 billion ($755 million), a year-on-year decrease of ¥169.0 billion. There was an outflow of ¥114.3 billion ($1,217 million) for a special payment to the defined benefit corporate pension fund of the Company's UK subsidiary. Working capital increased due to sluggish sales of hardware such as PCs and mobile phones. Regarding business restructuring costs relating to the LSI device business and business outside Japan, cash outflows are expected in and after fiscal 2013.

Net cash used in investing activities was ¥161.4 billion ($1,718 million). Outflows mainly consisted of capital expenditure for purchases of property, plant and equipment amounting to ¥111.5 billion ($1,187 million), primarily related to datacenters, and purchases of intangible assets amounting to ¥64.4 billion ($686 million), primarily software. A cash inflow of ¥10.9 billion ($117 million) in proceeds from transfer of business, primarily represents the sales proceeds for fixed and other assets stemming from the transfer of the Iwate Plant and the LSI assembly and test line facilities of the LSI device business. Compared to fiscal 2011, net outflows decreased by ¥29.3 billion, reflecting lower capital expenditures on property, plant and equipment.

Free cash flow, the sum of cash flows from operating and investing activities, was negative ¥90.4 billion ($962 million), representing a decrease in net cash inflows of ¥139.6 billion compared to the previous fiscal year. Excluding one-time items such as the special contribution to the pension fund of a UK subsidiary company (¥114.3 billion), free cash flow amounted to ¥8.4 billion, which was ¥35.0 billion less than the previous fiscal year.

Net cash provided by financing activities was ¥100.3 billion ($1,068 million). Short-term borrowings were used to fund a contribution made to the defined benefit corporate pension fund of a UK subsidiary. This represents an increase in net cash inflows of ¥239.3 billion compared to the previous fiscal year.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2012 were ¥284.5 billion ($3,027 million), an increase of ¥17.8 billion compared to the end of fiscal 2011.

To ensure efficient funding when the need for funds arises, the Group 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 ($5,131 million), of which ¥284.5 billion ($3,027 million) was cash and cash equivalents and ¥197.7 billion ($2,104 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, 2012, the Company had bond ratings (long-term/short-term) of A3 (long-term) from Moody's, A– (long-term) from S&P, and A+ (long-term) and a-1 (short-term) from R&I. As of March 31, 2013, the Company's bond ratings (long-term/short-term) were A3 (long-term) from Moody's, BBB+ (long-term) from S&P, and A (long-term) and a-1 (short-term) from R&I.

4. Capital Expenditure

In fiscal 2012, capital expenditure totaled ¥121.7 billion ($1,295 million), a decrease of 13.4% from ¥140.6 billion spent in the previous fiscal year. In the Technology Solutions segment, capital expenditures totaled ¥59.5 billion ($633 million) for expansion of datacenters in Japan, along with renewals of datacenters and plant facilities in Europe and other regions overseas. In the Ubiquitous Solutions segment, the Group spent ¥14.6 billion ($156 million), mainly for manufacturing facilities for new models of PCs and mobile phones, and for car audio and navigation systems. In the Device Solutions segment, expenditures totaled ¥40.4 billion ($431 million), mainly for LSI device and electronic components manufacturing facilities.

5. Consolidated Subsidiaries

At the end of fiscal 2012, the number of consolidated subsidiaries in Japan totaled 197, and the number outside Japan totaled 317, for a total of 514 subsidiaries. This represents a net decrease of 24 subsidiaries from 538 at the end of fiscal 2011, comprising 19 subsidiaries added through acquisition or establishment, and 43 subsidiaries removed through liquidation or sale.

The number of affiliated companies accounted for by the equity method as of the fiscal year-end totaled 26, 8 more than a year earlier.

6. Critical Accounting Policies and Estimates

The accompanying consolidated financial statements of the Group have been prepared in accordance with accounting principles and practices generally accepted in Japan and the regulations under the Financial Instruments and Exchange Law of Japan. The preparation of the consolidated financial statements requires management to make assumptions and estimates that affect the amount of the assets, liabilities, contingent assets and contingent liabilities reported at the end of the fiscal year, as well as the amount of revenue and expenses recognized during that term. Actual results may differ from these estimates. The following assumptions and estimates based on the application of accounting principles are those that the management believes may have a material impact on the consolidated financial statements.

Revenue Recognition

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

The Group stringently assesses the potential revenue recoverable on projects for which estimated costs have exceeded estimated revenue, and recognizes the amounts assessed as non-recoverable as losses. If the estimated costs relating to such contracts increase further in the future, additional losses may be recognized.

Inventories

Inventories are carried at the acquisition cost. However, should the net realizable value ("NRV") at the fiscal year-end fall below that of the acquisition cost, inventories are subsequently measured based on the NRV, with the difference in value between the acquisition cost and the NRV, in principle, booked as cost of sales. Inventories outside the normal operating cycle are calculated at an NRV that reflects future demand and market trends. The Group may experience substantial losses in cases where the NRV drops dramatically as a result of deterioration in the market environment compared to forecasts.

Property, Plant and Equipment

Depreciation for property, plant and equipment is computed principally by the straight-line method at rates based on the estimated useful lives of the respective assets, reflecting the likely period over which the value of the assets can be realized under normal business conditions. In the future, some equipment and facilities may become obsolete or may be repurposed as a result of technical innovation or other factors. In such cases, their actual useful lives may be reduced to shorter than their originally estimated useful lives. As such, there is a risk that depreciation expenses may increase.

In addition, impairment losses may be recognized in cases in which there is a decline in expected future cash flows from assets due to production facilities becoming idle and a decrease in the capacity utilization rate, associated with rapid changes in the operating environment or other factors, and business realignment.

Software

Computer software for sale is amortized by a method based on projected sales volume over the estimated life. Computer software for internal use is amortized by the straight-line method over the useful life. Should actual sales volumes fail to meet initial projected volumes due to changes in the business environment, etc., or should actual useful life in the future be less than the original estimate, there is a risk that amortization expenses may increase.

Goodwill

Goodwill arising from the acquisition of a business, including those purchased by consolidated subsidiaries, is amortized by the straight-line method over the period corresponding to the premium of the acquired business. Losses may be recognized if the profitability of the acquired business decreases, or if the Group withdraws from or sells the business during the period the Group expected the return.

Investment Securities

Held-to-maturity investments are stated at amortized cost, while available-for-sale securities with market value are carried at fair market value as of the balance sheet date. Available-for-sale securities without market value are carried at cost based on the moving-average method. Fluctuations in the value of available-for-sale securities with market value cause fluctuations in the carrying value of investment securities, resulting in increases or decreases in net assets. Impairment loss is recognized on available-for-sale securities when the market value or the net worth falls significantly and is considered to be unrecoverable. If a significant decline in market value or net worth occurs and is expected to be unrecoverable in the future, additional impairment losses may need to be recognized.

Deferred Tax Assets

The Group records an appropriate balance of deferred tax assets against losses carried forward and temporary differences. Future increases or decreases in the balance of deferred tax assets may occur if projected taxable income decreases or increases as a result of trends in future business results. In addition, changes in the effective tax rate due to future revisions to taxation systems could result in increases or decreases of deferred tax assets.

Provision for Product Warranties

Some of the Group's products are covered by contracts that require the Group to repair or exchange them free of charge during a set period of time. Based on past records, the Group recognizes a provision for estimated repair and exchange expenses at the time of sale. The Group is taking steps to strengthen quality management during the product development, manufacturing and procurement stages. However, should product defects or other problems occur at a level in excess of that covered by the estimated expenses, additional expenses may be incurred.

Provision for Construction Contract Losses

The Group records provisions for projected losses on customized software under development contracts and construction contracts that show an acute deterioration in profitability as of the fiscal year-end. The Group is taking steps to curtail the emergence of new, unprofitable projects by moving ahead with the standardization of its business processes, establishing a check system as a dedicated organizational component, and conducting risk management throughout the entire progression of a project (beginning with business negotiations). Notwithstanding these efforts, the Group may incur additional losses in the event of an increase in estimated project costs in the future.

Retirement Benefits

Retirement benefit costs and obligations are determined based on certain actuarial assumptions. These assumptions include the discount rate, rates of retirement, mortality rates, and the expected rate of return on the plan assets. In the event an actuarial loss arises, it is amortized using a straight-line method over employees' average remaining service period. When actual results differ from the assumptions or when the assumptions are changed, retirement benefit costs and obligations can be affected. In cases in which revised accounting standards pertaining to retirement benefits are applied, net assets and retirement benefit expenses are most likely to be impacted.

Provision for Loss on Repurchase of Computers

Certain computers manufactured by the Group are sold to Japan Electronic Computer Co., Ltd. (JECC) and other leasing companies. Contracts with these companies require the buyback of the computers once lease contracts are terminated. An estimated amount for the loss arising from such buybacks is provided at the time of sale and is recorded as a provision. Any future changes in the usage trends of end-users may result in changes to the provision.

CONSOLIDATED BALANCE SHEETS

Fujitsu Limited and Consolidated Subsidiaries

At March 31	Notes	Yen (millions) 2012	2013	U.S. Dollars (thousands) (Note 2) 2013
Assets				
Current assets:				
Cash and cash equivalents	9,11,12	¥ 266,698	**¥ 286,602**	**$ 3,048,957**
Short-term investments	11,12	7,227	**18,363**	**195,351**
Receivables, trade	11	901,316	**895,984**	**9,531,745**
Allowance for doubtful accounts	11	(12,802)	**(12,079)**	**(128,500)**
Inventories	3	334,116	**323,092**	**3,437,149**
Deferred tax assets	16	72,519	**81,988**	**872,213**
Others	11,13	132,708	**128,341**	**1,365,330**
Total current assets		1,701,782	**1,722,291**	**18,322,245**
Property, plant and equipment:				
Land	4,6	115,614	**108,947**	**1,159,011**
Buildings	4,6,10	830,322	**809,089**	**8,607,330**
Machinery and equipment	4,10,21	1,452,694	**1,341,223**	**14,268,330**
Construction in progress	4,21	25,097	**27,987**	**297,734**
		2,423,727	**2,287,246**	**24,332,404**
Less accumulated depreciation		(1,782,784)	**(1,668,786)**	**(17,753,043)**
Property, plant and equipment, net		640,943	**618,460**	**6,579,362**
Intangible assets:				
Software	10,21	132,274	**133,818**	**1,423,596**
Goodwill	5	67,526	**29,574**	**314,617**
Others	21	30,487	**23,931**	**254,585**
Total intangible assets		230,287	**187,323**	**1,992,798**
Investments and other non-current assets:				
Prepaid pension cost	14	62,138	**180,121**	**1,916,181**
Deferred tax assets	16	65,268	**67,018**	**712,957**
Investments in and long-term loans to affiliates	11	39,632	**48,833**	**519,500**
Others	11,12,13	205,457	**225,008**	**2,393,702**
Total investments and other non-current assets		372,495	**520,980**	**5,542,340**
Total assets	18	¥ 2,945,507	**¥ 3,049,054**	**$ 32,436,745**

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

At March 31	Notes	Yen (millions) 2012	2013	U.S. Dollars (thousands) (Note 2) 2013
Liabilities and net assets				
Liabilities				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	6,11	¥ 128,922	**¥ 289,722**	**$ 3,082,149**
Lease obligations	10,11	15,794	**14,385**	**153,032**
Payables, trade	11	617,755	**566,757**	**6,029,330**
Accrued expenses	11	342,541	**322,765**	**3,433,670**
Accrued income taxes		18,627	**23,316**	**248,043**
Provision for product warranties		28,398	**26,847**	**285,606**
Provision for construction contract losses		13,918	**8,974**	**95,468**
Provision for bonuses to board members		78	**–**	**–**
Provision for restructuring charges		9,685	**64,012**	**680,979**
Others	11,13,16	244,612	**251,731**	**2,677,989**
Total current liabilities		1,420,330	**1,568,509**	**16,686,266**
Long-term liabilities:				
Long-term debt	6,11	252,226	**245,245**	**2,608,989**
Lease obligations	10,11	27,735	**26,764**	**284,723**
Deferred tax liabilities	16	28,442	**33,781**	**359,372**
Accrued retirement benefits	14	177,599	**178,482**	**1,898,745**
Provision for loss on repurchase of computers		14,356	**12,427**	**132,202**
Provision for product warranties		2,006	**2,195**	**23,351**
Provision for recycling expenses		6,690	**1,870**	**19,894**
Provision for restructuring charges		1,271	**13,822**	**147,043**
Others	11,13	48,254	**56,150**	**597,340**
Total long-term liabilities		558,579	**570,736**	**6,071,660**
Total liabilities		1,978,909	**2,139,245**	**22,757,926**
Net assets				
Shareholders' equity:				
Common stock		324,625	**324,625**	**3,453,457**
Capital surplus		236,432	**236,429**	**2,515,202**
Retained earnings		365,300	**271,855**	**2,892,074**
Treasury stock, at cost		(318)	**(340)**	**(3,617)**
Accumulated other comprehensive income:				
Unrealized gain and loss on securities, net of taxes	12	13,660	**25,070**	**266,702**
Deferred gains or losses on hedges and others, net of taxes		3,491	**2,545**	**27,074**
Foreign currency translation adjustments		(102,151)	**(78,768)**	**(837,957)**
Owners' equity		841,039	**781,416**	**8,312,936**
Subscription rights to shares		78	**80**	**851**
Minority interests in consolidated subsidiaries		125,481	**128,313**	**1,365,032**
Total net assets		966,598	**909,809**	**9,678,819**
Total liabilities and net assets		¥2,945,507	**¥3,049,054**	**$32,436,745**

CONSOLIDATED INCOME STATEMENTS

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Notes	Yen (millions) 2012	2013	U.S. Dollars (thousands) (Note 2) 2013
Net sales	18	¥4,467,574	**¥4,381,728**	**$46,614,128**
Operating costs and expenses:				
Cost of sales	7,14,15	3,232,146	**3,177,962**	**33,808,106**
Selling, general and administrative expenses	7,14,15	1,130,124	**1,108,488**	**11,792,426**
		4,362,270	**4,286,450**	**45,600,532**
Operating income	18	105,304	**95,278**	**1,013,596**
Other income (expenses):				
Financial income and expenses, net		(3,080)	**(2,772)**	**(29,489)**
Equity in earnings of affiliates, net		3,060	**6,705**	**71,330**
Other, net	7,14	(38,567)	**(144,324)**	**(1,535,362)**
		(38,587)	**(140,391)**	**(1,493,521)**
Income (loss) before income taxes and minority interests		66,717	**(45,113)**	**(479,926)**
Income taxes:				
Current	16	23,499	**31,726**	**337,511**
Deferred	16	6,500	**(7,466)**	**(79,426)**
		29,999	**24,260**	**258,085**
Income (loss) before minority interests		36,718	**(69,373)**	**(738,011)**
Minority interests in income (loss) of consolidated subsidiaries		(5,989)	**3,540**	**37,660**
Net income (loss)		¥ 42,707	**¥ (72,913)**	**$ (775,670)**

		Yen		U.S. Dollars (Note 2)
Amounts per share of common stock:				
Basic earnings	20	¥20.64	**¥(35.24)**	**$(0.375)**
Diluted earnings	20	20.55	**–**	**–**
Cash dividends		10.00	**5.00**	**0.053**
[Interim cash dividends]		[5.00]	**[5.00]**	**[0.053]**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Notes	Yen (millions) 2012	2013	U.S. Dollars (thousands) (Note 2) 2013
Income (loss) before minority interests		¥36,718	**¥(69,373)**	**$(738,011)**
Other comprehensive income:	8			
Unrealized gain and loss on securities, net of taxes		44	**11,545**	**122,819**
Deferred gains or losses on hedges and others, net of taxes		112	**27**	**287**
Foreign currency translation adjustments		(3,092)	**22,857**	**243,160**
Share of other comprehensive income of affiliates accounted for using the equity method		528	**1,985**	**21,117**
Total other comprehensive income		(2,408)	**36,414**	**387,383**
Comprehensive income		¥34,310	**¥(32,959)**	**$(350,628)**
Attributable to:				
Owners of the parent		¥40,343	**¥(39,037)**	**$(415,287)**
Minority interests		(6,033)	**6,078**	**64,660**

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fujitsu Limited and Consolidated Subsidiaries

Yen (millions)

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedges and others, net of taxes	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2011	¥324,625	¥236,437	¥343,072	¥(214)	¥903,920	¥13,564	¥2,817	¥ (99,057)	¥76	¥132,459	¥953,779
Increase (decrease) during the term:											
Cash dividends from retained earnings			(20,696)		(20,696)						(20,696)
Net income			42,707		42,707						42,707
Purchase of treasury stock				(126)	(126)						(126)
Disposal of treasury stock		(4)		22	18						18
Change in scope of consolidation			215		215						215
Reversal of revaluation reserve for land			2		2						2
Net increase (decrease) during the term, except for items under shareholders' equity						96	674	(3,094)	2	(6,978)	(9,300)
Net increase (decrease) during the term	–	(4)	22,228	(104)	22,120	96	674	(3,094)	2	(6,978)	12,820
Balance at April 1, 2012	**¥324,625**	**¥236,432**	**¥365,300**	**¥(318)**	**¥926,039**	**¥13,660**	**¥3,491**	**¥(102,151)**	**¥78**	**¥125,481**	**¥966,598**
Increase (decrease) during the term:											
Cash dividends from retained earnings			**(20,693)**		**(20,693)**						**(20,693)**
Net loss			**(72,913)**		**(72,913)**						**(72,913)**
Purchase of treasury stock				**(33)**	**(33)**						**(33)**
Disposal of treasury stock		**(3)**		**11**	**8**						**8**
Change in scope of consolidation			**160**		**160**						**160**
Reversal of revaluation reserve for land			**1**		**1**						**1**
Net increase (decrease) during the term, except for items under shareholders' equity						**11,410**	**(946)**	**23,383**	**2**	**2,832**	**36,681**
Net increase (decrease) during the term	**–**	**(3)**	**(93,445)**	**(22)**	**(93,470)**	**11,410**	**(946)**	**23,383**	**2**	**2,832**	**(56,789)**
Balance at March 31, 2013	**¥324,625**	**¥236,429**	**¥271,855**	**¥(340)**	**¥832,569**	**¥25,070**	**¥2,545**	**¥ (78,768)**	**¥80**	**¥128,313**	**¥909,809**

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

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedges and others, net of taxes	Foreign currency translation adjustments	Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2012 (in U.S. Dollars)	**$3,453,457**	**$2,515,234**	**$3,886,170**	**$(3,383)**	**$9,851,479**	**$145,319**	**$ 37,138**	**$(1,086,713)**	**$830**	**$1,334,904**	**$10,282,957**
Increase (decrease) during the term:											
Cash dividends from retained earnings			**(220,138)**		**(220,138)**						**(220,138)**
Net loss			**(775,670)**		**(775,670)**						**(775,670)**
Purchase of treasury stock				**(351)**	**(351)**						**(351)**
Disposal of treasury stock		**(32)**		**117**	**85**						**85**
Change in scope of consolidation			**1,702**		**1,702**						**1,702**
Reversal of revaluation reserve for land			**11**		**11**						**11**
Net increase (decrease) during the term, except for items under shareholders' equity						**121,383**	**(10,064)**	**248,755**	**21**	**30,128**	**390,223**
Net increase (decrease) during the term	**–**	**(32)**	**(994,096)**	**(234)**	**(994,362)**	**121,383**	**(10,064)**	**248,755**	**21**	**30,128**	**(604,138)**
Balance at March 31, 2013 (in U.S. Dollars)	**$3,453,457**	**$2,515,202**	**$2,892,074**	**$(3,617)**	**$8,857,117**	**$266,702**	**$ 27,074**	**$ (837,957)**	**$851**	**$1,365,032**	**$ 9,678,819**

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

FACTS & FIGURES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Notes	Yen (millions) 2012	Yen (millions) 2013	U.S. Dollars (thousands) (Note 2) 2013
Cash flows from operating activities (A):				
Income (loss) before income taxes and minority interests		¥ 66,717	**¥ (45,113)**	**$ (479,926)**
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization		194,449	**178,391**	**1,897,777**
Impairment loss		3,241	**62,551**	**665,436**
Amortization of goodwill		15,099	**14,231**	**151,394**
Increase (decrease) in provisions		(11,666)	**41,771**	**444,372**
Financial income and expenses, net		3,080	**2,772**	**29,489**
Equity in earnings of affiliates, net		(3,060)	**(6,705)**	**(71,330)**
Loss on disposal of non-current assets		5,274	**3,400**	**36,170**
(Increase) decrease in receivables, trade		(33,914)	**34,184**	**363,660**
(Increase) decrease in inventories		4,647	**17,207**	**183,053**
Increase (decrease) in payables, trade		20,826	**(71,609)**	**(761,798)**
Other, net	9	15,798	**(137,905)**	**(1,467,074)**
Cash generated from operations		280,491	**93,175**	**991,223**
Interest and dividends received		6,770	**4,934**	**52,489**
Interest paid		(12,588)	**(7,193)**	**(76,521)**
Income taxes paid		(34,663)	**(19,906)**	**(211,766)**
Net cash provided by operating activities		240,010	**71,010**	**755,426**
Cash flows from investing activities (B):				
Purchases of property, plant and equipment		(137,786)	**(111,531)**	**(1,186,500)**
Proceeds from sales of property, plant and equipment		6,135	**5,767**	**61,351**
Purchases of intangible assets		(57,542)	**(64,448)**	**(685,617)**
Proceeds from transfer of business	9	–	**10,980**	**116,809**
Proceeds from acquisition of subsidiaries' stock resulting in change in scope of consolidation		45	**–**	**–**
Other, net		(1,682)	**(2,249)**	**(23,926)**
Net cash used in investing activities		(190,830)	**(161,481)**	**(1,717,883)**
A+B *		49,180	**(90,471)**	**(962,457)**
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings		(3,522)	**148,007**	**1,574,543**
Proceeds from long-term debt		96,118	**79,808**	**849,021**
Repayment of long-term debt		(181,435)	**(87,583)**	**(931,734)**
Dividends paid		(22,666)	**(23,104)**	**(245,787)**
Other, net		(27,461)	**(16,744)**	**(178,128)**
Net cash provided by (used in) financing activities		(138,966)	**100,384**	**1,067,915**
Effect of exchange rate changes on cash and cash equivalents		(6,209)	**7,409**	**78,819**
Net increase (decrease) in cash and cash equivalents		(95,995)	**17,322**	**184,277**
Cash and cash equivalents at beginning of year		358,593	**266,698**	**2,837,213**
Cash and cash equivalents of newly consolidated subsidiaries		4,100	**528**	**5,617**
Cash and cash equivalents at end of year	9	¥ 266,698	**¥ 284,548**	**$ 3,027,106**
Non-cash investing and financing activities:				
Acquisition of assets under finance leases		¥ 17,674	**¥ 12,032**	**$ 128,000**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.
* This is referred to as "free cash flow" in Management's Discussion and Analysis of Operations.

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

However, certain items, such as amortization of goodwill, 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 February 19, 2010).

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.

(b) 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."

(c) 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 PCs, 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.

(d) Cash equivalents

Cash equivalents consist of short-term highly liquid investments with original maturities of three months or less from the date of acquisition and an insignificant risk of fluctuation in value, as well as overdrafts. Overdrafts are included in "Short-term borrowings and current portion of long-term debt" under "Current liabilities" in the consolidated balance sheets.

(e) Investment securities

Investment securities included in "Cash and cash equivalents," "Investments in and long-term loans to affiliates" and "Others" under "Investments and other non-current assets" are classified as investments in affiliates; 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 investment securities not classified as investments in affiliates or held-to-maturity investments.

Investments in affiliates are accounted for by the equity method. Held-to-maturity investments are stated at amortized cost, adjusted for the amortization of premiums or accretion of discounts to maturity. Available-for-sale securities are basically carried at fair value. However, unlisted securities are carried at the acquisition cost, and classified as "financial instruments for which it is extremely difficult to determine the fair value," as no market price is available and it is not possible to estimate the future cash flow. 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) 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.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount deemed sufficient to cover estimated future losses.

(h) 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 are stated at the lower of cost or market.

(i) Property, plant and equipment (excluding lease assets)

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 evaluated for impairment based on consideration of their future usefulness. Accumulated impairment loss is subtracted directly from each asset.

(j) Intangible assets

Goodwill, including the goodwill acquired by consolidated 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.

(k) Leases

Assets acquired by lessees in finance lease transactions are recorded in the corresponding asset accounts. As for lease transactions in which the title is not transferred to the lessees, the leased assets are depreciated over the lease term by the straight-line method.

Operating lease payments are recognized as expenses over the lease term.

(l) Provision for product warranties

Provision for product warranties is recognized at the same period when related sales of the products are made at an amount which represents the estimated cost, based on past experience, to repair or exchange certain products within the warranty period.

(m) Provision for construction contract losses

Provision for construction contract losses is recorded at the estimated amount of future losses on customized software or construction contracts whose costs are probable to exceed total contract revenues.

(n) Provision for bonuses to board members

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

(o) Accrued retirement benefits and prepaid pension cost

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 the Presentation for the Consolidated Financial Statements for the year ended March 31, 2013)

"Prepaid pension cost" is presented as a line item in the consolidated financial statements for the year ended March 31, 2013 as the balance of prepaid pension cost as of March 31, 2013 has exceeded 5% of total assets, whereas it was included in the "Others" under "Investments and other non-current assets" in the consolidated financial statements for the year ended March 31, 2012. The following reclassifications to the prior year's consolidated balance sheet and related footnote amounts have been made to conform to the presentation for the current year:

"Others" of ¥164,630 million ($1,751,383 thousand) under "Investments and other non-current assets" have been reclassified to "Prepaid pension cost" of ¥62,138 million ($661,043 thousand) and "Others" of ¥102,492 million ($1,090,340 thousand) in the consolidated balance sheets for the year ended March 31, 2012.

Furthermore, in conjunction with the increase in financial importance of figures of "Provision for restructuring charges," the provision for extra retirement benefits stemming from restructuring in Japan, which in the year ended March 31, 2012 had been included in the "Accrued retirement benefits," in the amount of ¥2,892 million ($30,766 thousand) under "Long-term liabilities," is reclassified to "Provision for restructuring charges" under "Current liabilities" in the consolidated financial statements for the year ended March 31, 2013.

(p) 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.

(q) 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.

(r) Provision for restructuring charges

Provision for restructuring charges is the estimated amount of losses on personnel rationalization and disposal of business.

(Changes in the Presentation for the Consolidated Financial Statements for the year ended March 31, 2013)

"Provision for restructuring charges" is presented as a line item in the consolidated financial statements for the year ended March 31, 2013 due to its materiality, whereas it was included in "Others" under both "Current liabilities" and "Long-term liabilities" in the consolidated financial statements for the year ended March 31, 2012. In addition, in conjunction with this change, the provision for extra retirement benefits stemming from restructuring in Japan, which in the previous fiscal year had been included in the "Accrued retirement benefits," in the amount of ¥2,892 million ($30,766 thousand) under "Long-term liabilities," is reclassified to "Provision for restructuring charges" under "Current liabilities." Furthermore, the following reclassification to the prior year's consolidated balance sheet and related footnote amounts have been made to conform to the presentation for the current year:

"Others" of ¥251,405 million ($2,674,521 thousand) under "Current liabilities," "Accrued retirement benefits" of ¥180,491 million ($1,920,117 thousand) and "Others" of ¥49,525 million ($526,862 thousand) under "Long-term liabilities" have been reclassified to "Provision for restructuring charges" of ¥9,685 million ($103,032 thousand) and "Others" of ¥244,612 million ($2,602,255 thousand) under "Current liabilities," as well as "Accrued retirement benefits" of ¥177,599 million ($1,889,351 thousand), "Provision for restructuring charges" of ¥1,271 million ($13,521 thousand) and "Others" of ¥48,254 million ($513,340 thousand) under "Long-term liabilities" in the consolidated balance sheets for the year ended March 31, 2012.

(s) 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.

(t) 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.

(u) Accounting standards issued but not yet effective

The following accounting standards were issued but not yet effective up to June 24, 2013, the filing date of the Annual Securities Report, regulated by the Financial Instruments and Exchange Law of Japan. The Group has not yet adopted these standards as of March 31, 2013.

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued May 17, 2012)

(1) Overview

Actuarial gains and losses and prior service costs are required to be recognized in net assets at net of tax effects. Funded status is fully recognized as a liability or asset on the balance sheet. With respect to the amortization method of the expected benefit, the benefit formula basis is newly allowed as an option, in addition to the straight-line basis. In addition, the method for determining the discount rate is amended.

(2) Date of adoption

The Company and its consolidated subsidiaries in Japan will adopt the accounting standards at the end of the fiscal year ending March 31, 2014. The standard and guidance will not be applied retrospectively to financial statements of the prior years.

(3) Impact of the adoption of the accounting standards

The Company and its consolidated subsidiaries in Japan are fully compliant with the Generally Accepted Accounting Principles in Japan. The adoption of these standards is expected to have a significant impact on the consolidated financial statements of the Group. In the consolidated balance sheet, the net assets are expected to decrease due mainly to the immediate recognition of the actuarial gains and losses. Currently, it is difficult to estimate the exact financial impact.

"Employee Benefits" (IAS 19, issued June 16, 2011)

(1) Overview

Regarding remeasurements of the net defined benefit liability (asset), including actuarial gains and losses, the option to defer partial recognition is eliminated, and immediate recognition through net assets, net of tax effects, is required. The funded status is recognized as a liability or asset. The option to recycle actuarial gains and losses from other comprehensive income to profit and loss is also eliminated. In addition, the net interest on the net defined benefit liability (asset) replaces the recognition of the interest cost and the expected return on plan assets previously required.

(2) Date of adoption

The Company's consolidated subsidiaries outside Japan will adopt this accounting standard from the beginning of the fiscal year ending March 31, 2014, as it will be effective from the fiscal year beginning January 1, 2013. The standard requires retrospective application. The Group will therefore restate the corresponding financial statement for the year ended March 31, 2013 incorporating adjustments for the impact of the adoption of this standard.

(3) Impact of the adoption of the accounting standard

The Company's consolidated subsidiaries outside Japan prepare their financial statements in accordance with IFRS (International Financial Reporting Standards). Certain items, such as amortization of goodwill, 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 issued February 19, 2010). Regarding the amortization of actuarial gains and losses, no adjustment is allowed under the Practical Solution. Therefore, the Group has to date consolidated the amortization of actuarial gains and losses in respect of defined benefit pension plans in subsidiaries outside Japan with no adjustment.

The amendment to IAS 19 has a significant impact on the Group's consolidated financial statements. In the consolidated balance sheet, net assets are expected to decrease due mainly to the immediate recognition of the actuarial gains and losses. As a result of the restatements, net assets at the beginning and end of the year ended March 31, 2013 are expected to decrease by roughly ¥110 billion ($1,170 million) and ¥160 billion ($1,702 million), respectively. In the consolidated income statement, operating income is considered to be adversely impacted due to the increase in amortization of actuarial gains and losses in the consolidated subsidiaries outside Japan*, and the increase in net periodic benefit cost caused by the application of the net interest on the net defined benefit liability (asset). Both operating and net income are considered to decrease by ¥7 billion ($74 million), approximately.

* The Company's consolidated subsidiaries outside of Japan have to date applied the corridor approach for recognizing a portion of actuarial gains and losses as an expense. Under the corridor approach, when the net cumulative unrecognized actuarial gains and losses at the end of the year ended March 31, 2013 exceed the greater of 10% of the present value of the defined benefit obligation or 10% of the fair value of plan assets, the excess amount is recognized as an expense over the expected average remaining service lives of employees.
The amendment to IAS 19 does not allow recycling of actuarial gains and losses held by the Company's consolidated subsidiaries outside Japan to the income statement. However, in the process of the Group's consolidation, these are periodically recognized as an expense over the expected average remaining service lives of employees, in line with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." The accounting standard requires retrospective application. The Group will therefore restate the corresponding financial statement for the year ended March 31, 2013 incorporating adjustments for the impact of the adoption of this standard.

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 ¥94 = US$1, the approximate exchange rate at March 31, 2013.

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, 2012 and 2013 consist of the following:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
Finished goods	¥139,162	**¥122,258**	**$1,300,617**
Work in process	106,268	**113,362**	**1,205,979**
Raw materials and supplies	88,686	**87,472**	**930,553**
Total inventories	¥334,116	**¥323,092**	**$3,437,149**

Amounts above are net of write-downs.

The amounts of write-downs recognized as cost of sales for the years ended March 31, 2012 and 2013 were ¥17,730 million and ¥20,578 million ($218,915 thousand), respectively.

4. Property, Plant and Equipment

Changes in property, plant and equipment, net of accumulated depreciation (including lease assets) are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2012	**2013**	**2013**
Land			
Balance at beginning of year	¥117,481	**¥115,614**	**$1,229,936**
Additions	601	**287**	**3,053**
Impairment loss	1,477	**5,430**	**57,766**
Translation differences	(269)	**709**	**7,543**
Other, net	(722)	**(2,233)**	**(23,755)**
Balance at end of year	¥115,614	**¥108,947**	**$1,159,011**

FACTS & FIGURES

Years ended March 31	Yen (millions) 2012	2013	U.S. Dollars (thousands) 2013
Buildings			
Balance at beginning of year	¥277,844	**¥284,631**	**$3,027,989**
Additions	26,371	**28,689**	**305,202**
Depreciation	23,573	**22,916**	**243,787**
Impairment loss	469	**16,319**	**173,606**
Translation differences	(489)	**6,109**	**64,989**
Other, net	4,947	**(5,262)**	**(55,979)**
Balance at end of year	¥284,631	**¥274,932**	**$2,924,809**
Machinery and equipment			
Balance at beginning of year	¥226,904	**¥215,601**	**$2,293,628**
Additions	100,627	**85,759**	**912,330**
Depreciation	108,004	**93,649**	**996,266**
Impairment loss	1,257	**6,520**	**69,362**
Translation differences	(2,495)	**6,196**	**65,915**
Other, net	(174)	**(793)**	**(8,436)**
Balance at end of year	¥215,601	**¥206,594**	**$2,197,809**
Construction in progress			
Balance at beginning of year	¥ 16,413	**¥ 25,097**	**$ 266,989**
Additions*[1]	13,027	**7,031**	**74,798**
Translation differences	(111)	**467**	**4,968**
Other, net	(4,232)	**(4,608)**	**(49,021)**
Balance at end of year	¥ 25,097	**¥ 27,987**	**$ 297,734**
Total of balance at end of year	¥640,943	**¥618,460**	**$6,579,362**
Total of additions	¥140,626	**¥121,766**	**$1,295,383**
Total of depreciation	131,577	**116,565**	**1,240,053**

*[1] Additions to construction in progress are offset by the amounts transferred to the buildings and machinery and equipment.

5. Goodwill

An analysis of goodwill is presented below:

Years ended March 31	Yen (millions) 2012	2013	U.S. Dollars (thousands) 2013
Balance at beginning of year	¥80,083	**¥67,526**	**$718,362**
Additions	3,315	**620**	**6,596**
Amortization	15,099	**14,231**	**151,394**
Impairment loss	—	**26,600**	**282,979**
Translation differences and others	(773)	**2,259**	**24,032**
Balance at end of year	¥67,526	**¥29,574**	**$314,617**

6. Short-term Borrowings and Long-term Debt

Short-term borrowings and long-term debt at March 31, 2012 and 2013 consist of the following:

Short-term borrowings

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
Short-term borrowings, principally from banks, with a weighted average interest rate of 1.52% at March 31, 2012 and 0.67% at March 31, 2013:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured	50,581	**210,657**	**2,241,032**
Total short-term borrowings (A)	¥ 50,581	**¥210,657**	**$2,241,032**

Long-term debt (including current portion)

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
a) Long-term borrowings			
Long-term borrowings, principally from banks and insurance companies, due from 2012 to 2016 with a weighted average interest rate of 1.04% at March 31, 2012: due from 2013 to 2018 with a weighted average interest rate of 0.95% at March 31, 2013:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured	99,281	**94,010**	**1,000,106**
Total long-term borrowings	¥ 99,281	**¥ 94,010**	**$1,000,106**
b) Bonds and notes			
Bonds and notes issued by the Company:			
Secured	¥ –	**¥ –**	**$ –**
Unsecured			
3.0% unsecured bonds due 2018	30,000	**30,000**	**319,149**
1.49% unsecured bonds due 2012	60,000	**–**	**–**
1.73% unsecured bonds due 2014	40,000	**40,000**	**425,532**
0.307% unsecured bonds due 2013	20,000	**20,000**	**212,766**
0.42% unsecured bonds due 2015	30,000	**30,000**	**319,149**
0.398% unsecured bonds due 2014	20,000	**20,000**	**212,766**
0.623% unsecured bonds due 2016	30,000	**30,000**	**319,149**
0.331% unsecured bonds due 2015	–	**40,000**	**425,532**
0.476% unsecured bonds due 2017	–	**20,000**	**212,766**
Bonds and notes issued by consolidated subsidiaries,			
Secured	–	**–**	**–**
Unsecured			
[Japan]			
zero coupon unsecured convertible bonds due 2013	200	**200**	**2,128**
zero coupon unsecured convertible bonds due 2015	100	**100**	**1,064**
[Outside Japan]			
Medium Term Note unsecured due 2012 with rate of 0.67%	986	**–**	**–**
Total bonds and notes	¥231,286	**¥230,300**	**$2,450,000**
Total long-term debt (including current portion) (a+b)	¥330,567	**¥324,310**	**$3,450,106**
Current portion (B)	78,341	**79,065**	**841,117**
Non-current portion (C)	252,226	**245,245**	**2,608,989**
Total short-term borrowings and long-term debt (including current portion)	¥381,148	**¥534,967**	**$5,691,138**
Short-term borrowings and current portion of long-term debt (A+B)	128,922	**289,722**	**3,082,149**
Long-term debt (excluding current portion) (C)	252,226	**245,245**	**2,608,989**

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.

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are summarized as follows:

Years ending March 31	Yen (millions)	U.S. Dollars (thousands)
2014	¥ 79,065	$ 841,117
2015	63,972	680,553
2016	94,283	1,003,011
2017	36,682	390,234
2018 and thereafter	50,308	535,191
Total	¥324,310	$3,450,106

At March 31, 2013, the Group had committed facility contracts with banks aggregating ¥197,772 million ($2,103,957 thousand) and all of it was unused.

Assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2012 and 2013 are principally presented below:

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
Property, plant and equipment, net	¥2,530	**¥2,484**	**$26,426**

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.

7. Supplementary Information to the Consolidated Income Statements

The amounts of write-down of inventories recognized within "Cost of sales" for the years ended March 31, 2012 and 2013 were ¥17,730 million and ¥20,578 million ($218,915 thousand), respectively. The provision for construction contract losses charged to "Cost of sales" for the same periods were ¥8,452 million and ¥4,759 million ($50,628 thousand), respectively.

Major items that comprise "Selling, general and administrative expenses" are salaries and research and development expenses. The salaries for the years ended March 31, 2012 and 2013 were ¥313,049 million and ¥316,284 million ($3,364,723 thousand), respectively. The research and development expenses for the same periods were ¥238,360 million and ¥231,052 million ($2,458,000 thousand), respectively.

"Other, net" of "Other income (expenses)" for the years ended March 31, 2012 and 2013 consists of the following:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2012	**2013**	**2013**
Foreign exchange gains (losses), net	¥ (1,805)	**¥ 8,299**	**$ 88,287**
Gain on negative goodwill	–	**199**	**2,117**
Restructuring charges	(15,199)	**(116,221)**	**(1,236,394)**
Impairment loss	(776)	**(34,285)**	**(364,734)**
Loss on disposal of property, plant and equipment and intangible assets	(3,082)	**(1,981)**	**(21,074)**
Loss on changes in retirement benefit plan	(895)	**(245)**	**(2,606)**
Loss on disaster	(7,529)	**–**	**–**
Other, net	(9,281)	**(90)**	**(957)**
	¥(38,567)	**¥(144,324)**	**$(1,535,362)**

For the year ended March 31, 2013

Restructuring charges

Restructuring charges of ¥90,308 million ($960,723 thousand) were recorded relating to structural reforms in the LSI device business. These include ¥33,146 million ($352,617 thousand) in losses relating to the transfer of production facilities, ¥28,685 million ($305,160 thousand) in impairment losses and other losses for the standard logic LSI devices production line, and ¥28,477 million ($302,947 thousand) relating to personnel-related expenses attributed to implementation of an early retirement incentive plan. Losses relating to the transfer of production facilities consist of two items. One is ¥20,895 million ($222,287 thousand) of guarantees, for a set period of time, on a portion of the operational costs of the Iwate Plant and the LSI assembly and testing facilities that were transferred. The other is ¥12,251 million ($130,330 thousand) of personnel-related expenses and impairment losses in accordance with the transfer of the LSI assembly and testing facilities. Impairment losses and other losses of the standard logic LSI devices production line are mainly related to 200 mm lines of Mie and Fukushima regions, for which capacity utilization rates have been declining.

In addition, restructuring charges related to the business outside Japan in the amount of ¥20,074 million ($213,553 thousand) were recorded mainly for personnel-related rationalization charges related to the European subsidiary Fujitsu Technology Solutions (Holding) B.V. Other than the above, ¥5,839 million ($62,117 thousand) of restructuring charges was recorded mainly for the personnel-related charges incurred for an early retirement incentive plan targeting managerial levels in Japan.

The restructuring charges include impairment losses of ¥28,266 million ($300,702 thousand) from mostly the LSI device business.

Impairment loss

Referred mainly to losses on the following asset groups;

Purpose: Production facilities for the LSI device business
Category: Buildings, machinery and equipment, land and other fixed assets
Location: Fukushima, Mie and Kagoshima prefectures, Japan

Purpose: Assets used in European business
Category: Goodwill and other intangible assets
Location: Germany and other countries

In principle, the Group's business-use assets are grouped based on units that management uses to make decisions, and idle assets are grouped on an individual asset basis.

The Group has continually promoted structural reforms of its LSI devices business, as the LSI devices business has been confronted with an extraordinarily difficult operating environment, such as fast-deteriorating market conditions and an increasingly severe competitive situation, resulting in the declining sales. The Group transferred the Iwate Plant to DENSO Corporation in October 2012, and also transferred the LSI assembly and testing facilities to J-Devices Corporation in December 2012. In February 2013, the Group made decisions to establish a new fabless company in system LSI business, in which capital participation from outside investors will be accepted, and transfer the business to the new company. Furthermore, the Group decided to transfer 300 mm line of the Mie Plant to a new foundry company.

In conjunction with transfers stated above, the Group reviewed the grouping of assets within LSI device business. As a result, the Group recognized impairment losses on assets group of standard logic LSI devices production line, such as 200 mm lines in Mie and Fukushima regions, and assets group of the LSI assembly and testing facilities. The losses of ¥28,123 million ($299,181 thousand) are recorded as "Restructuring charges" and included in "Other, net" under "Other income (expenses)" in the consolidated income statement. Impairment losses for the Iwate Plant were already recognized in the year ended March 31, 2012.

Other than those described above, the Group recognized impairment losses of ¥24,895 million ($264,840 thousand) on the remaining unamortized balance of goodwill and ¥3,154 million ($33,553 thousand) on other intangible assets recorded at the time when the remaining shares of Fujitsu Technology Solutions (Holding) B.V. were acquired. In the standalone financial statements of the Company, impairment losses on the investments in the subsidiaries (*) were recognized. Due to the recession in Europe and intensification of price competition in PCs and x86 servers, the Group determined that it would not be able to achieve its original return on its investment planned for ten years, in April 2009 (date of acquisition). The losses are recorded as "Impairment loss" and included in "Other, net" under "Other income (expenses)" in the consolidated income statement.

In addition, Consolidated subsidiaries in Japan recognized impairment losses related to assets used in businesses with low profitability and welfare facilities for employees planned to be sold. The losses consists of ¥6,236 million ($66,340 thousand) of "Impairment loss" and ¥143 million ($1,521 thousand) of "Restructuring charges" included in "Other income (expenses)."

Total impairment losses consist of ¥26,600 million ($282,979 thousand) for goodwill, ¥16,319 million ($173,606 thousand) for buildings, ¥5,430 million ($57,766 thousand) for land, ¥6,520 million ($69,362 thousand) for machinery and equipment and ¥3,826 million ($40,702 thousand) for other intangible assets and ¥3,856 million ($41,021 thousand) for other assets.

The recoverable amount is measured at fair value less costs of disposal or value in use. The fair value less costs of disposal is measured based on the amount obtainable from the sale of assets less any costs of disposal. Regarding the LSI device business, the recoverable amount calculated by value in use is measured at nil because negative future cash flow is expected.

* In the standalone financial statements of the Company, the Company has adopted cost method for valuation of the investments in its subsidiaries. The impairment losses on such investments are generally recognized when the net assets of its subsidiaries decrease significantly due to a deterioration of its subsidiaries' financial condition, and when the decline is deemed to be irrecoverable.

Loss on changes in retirement benefit plan

Referred to the costs related to changes to a defined contribution pension plan by a consolidated subsidiary in Japan.

For the year ended March 31, 2012

Restructuring charges

Restructuring charges are in relation to the LSI device business, the car audio and navigation systems business and the services business outside of Japan. In the LSI device business, as part of structural reorganization to optimize the manufacturing capabilities, the Group reached an agreement to transfer ownership of its Iwate plant, one of the front-end manufacturing plants, to DENSO Corporation. As a result of this agreement, the Group recorded a loss of ¥5,992 million, including impairment losses on fixed assets agreed to be transferred and expenses associated with transferring employees to DENSO Corporation. In the car audio and navigation systems business, the Group is restructuring its manufacturing operations in order to strengthen cost competitiveness. As a result, ¥5,236 million was recorded, which includes provisions and charges for reassigning employees in Japan. In the services business outside Japan, ¥3,971 million was recorded on rationalization in Europe and North America.

The restructuring charges under the LSI device and the car audio and navigation systems businesses include impairment losses of ¥2,465 million.

Loss on disaster

Referred mainly to fixed costs associated with temporary plant shutdowns due to aftershocks following the Great East Japan Earthquake and customer-related factors.

Loss on changes in retirement benefit plan

Referred mainly to the costs related to changes from qualified retirement pension plans to lump-sum retirement plans within consolidated subsidiaries in Japan.

Impairment loss

Referred mainly to losses on the following asset groups;

Purpose: Production facilities for the LSI device business
Category: Land
Location: Iwate Prefecture, Japan

Purpose: Production facilities for car audio and navigation systems business
Category: Machinery and other assets
Location: Tianjin, China, and other areas

In principle, the Group's business-use assets are grouped based on units that management uses to make decisions, and idle assets are grouped on an individual asset basis.

In the LSI device business, in order to optimize the manufacturing capabilities, the transfer of the Iwate plant, one of the front-end manufacturing plants, to DENSO Corporation was agreed in the fiscal year ended March 31, 2012. The asset group of the Iwate plant, scheduled to be transferred during the next fiscal year, was impaired by ¥1,300 million and the impairment loss is included in "Restructuring charges" classified within "Other income (expenses)" on the income statement.

In the car audio and navigation systems business, the Group has shifted to outsourced production of car audio products due to a decline in customer demand. As a result, the assets were impaired by ¥1,165 million. The impairment loss is included in "Restructuring charges" classified within "Other income (expenses)."

In other businesses, the impairment losses of ¥776 million include losses on employee facilities already committed to be sold at the end of the fiscal year."

Total impairment losses consist of ¥1,477 million for land, ¥936 million for machinery and equipment and ¥828 million for other assets.

The recoverable amount is measured at fair value less costs of disposal or value in use. The fair value less costs of disposal is measured based on the amount obtainable from the sale of assets less any costs of disposal.

8. Supplementary Information to the Consolidated Statements of Comprehensive Income

Years ended March 31	Yen (millions) 2012	2013	U.S. Dollars (thousands) 2013
Unrealized gain and loss on securities			
Gains (losses) during the term	¥(2,637)	**¥19,569**	**$208,181**
Reclassification adjustments	393	**(1,774)**	**(18,872)**
Amount before related income tax effects	(2,244)	**17,795**	**189,309**
Income tax effect	2,288	**(6,250)**	**(66,489)**
Unrealized gain and loss on securities, net of taxes	44	**11,545**	**122,819**
Deferred gains or losses on hedges and others			
Gains (losses) during the term	75	**(1,287)**	**(13,691)**
Reclassification adjustments	(5)	**1,288**	**13,702**
Amount before related income tax effects	70	**1**	**11**
Income tax effect	42	**26**	**277**
Deferred gains or losses on hedges and others, net of taxes	112	**27**	**287**
Foreign currency translation adjustments			
Gains (losses) during the term	(3,773)	**22,681**	**241,287**
Reclassification adjustments	681	**176**	**1,872**
Amount before related income tax effects	(3,092)	**22,857**	**243,160**
Income tax effect	–	**–**	**–**
Foreign currency translation adjustments	(3,092)	**22,857**	**243,160**
Share of other comprehensive income of affiliates accounted for using the equity method			
Gains (losses) during the term	(31)	**3,090**	**32,872**
Reclassification adjustments*1	559	**(1,105)**	**(11,755)**
Share of other comprehensive income of affiliates accounted for using the equity method	528	**1,985**	**21,117**
Total other comprehensive income	¥(2,408)	**¥36,414**	**$387,383**

*1 The reclassification adjustments of the share of other comprehensive income of affiliates accounted for using the equity method include the adjustment for purchase price of assets.

9. Supplementary Information to the Consolidated Statements of Cash Flows

Cash and cash equivalents

At March 31	Yen (millions) 2012	2013	U.S. Dollars (thousands) 2013
Cash and cash equivalents in consolidated balance sheets	¥266,698	**¥286,602**	**$3,048,957**
Short-term borrowings (Overdrafts)	–	**(2,054)**	**(21,851)**
Cash and cash equivalents in consolidated statements of cash flows	¥266,698	**¥284,548**	**$3,027,106**

(Additional information)

For the year ended March 31, 2013

Cash flows from operating activities:

Other, net

"Other, net" in cash flows from operating activities includes a special payment of ¥114,360 million (800 million Pound Sterling) into defined benefit pension schemes of Fujitsu Services Holding PLC (including its consolidated subsidiaries).

Cash flows from investing activities:

Proceeds from transfer of business

Proceeds from sales of property, plant and equipment in conjunction with transfer of the Iwate Plant and LSI assembly and testing facilities.

10. Leases

The following is a summary of assets and liabilities related to finance lease transactions at March 31, 2012 and 2013, which includes acquisition cost, accumulated depreciation and book value of leased assets, future minimum lease payments required under finance leases, and the present value of lease obligations.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
Acquisition cost	¥74,189	**¥68,449**	**$728,181**
Accumulated depreciation	39,452	**36,624**	**389,617**
Book value	34,737	**31,825**	**338,564**
Future minimum lease payments			
Within one year	16,744	**15,225**	**161,968**
Over one year but within five years	25,372	**24,529**	**260,947**
Over five years	7,114	**6,701**	**71,287**
Total future minimum lease payments	¥49,230	**¥46,455**	**$494,202**
Less: Interest	(5,701)	**(5,306)**	**(56,447)**
Present value of lease obligations	¥43,529	**¥41,149**	**$437,755**
Lease obligations (current)	15,794	**14,385**	**153,032**
Lease obligations (long-term)	27,735	**26,764**	**284,723**

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	2012	**2013**	**2013**
Within one year	¥18,611	**¥19,951**	**$212,245**
Over one year but within five years	39,642	**42,012**	**446,936**
Over five years	21,423	**22,836**	**242,936**
Total	¥79,676	**¥84,799**	**$902,117**

11. 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 relationships with customers. Shares are exposed to market price fluctuation risk and financial risk of the company invested. The Group also provides loans to customers.

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. Regarding the loan receivable, the Group periodically assesses debtor's financial condition, and reviews the terms of the loan if needed. 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, fair values may vary depending on the assumptions used. The contract amount related to derivative transactions under "13. Derivative Financial Instruments" does not represent 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, 2012 and 2013, fair values, and the variances between the two are as shown below. Unlisted securities, categorized within "Investments in and long-term loans to affiliates" and "Others" of "Investments and other non-current assets," are not included in the table below, as it is extremely difficult to determine the fair value. Financial instruments categorized within "Others" of both "Current assets" and "Investments and other non-current assets" are not included, except for available-for-sale securities and held-to-maturity investments stated at fair value.

	Yen (millions)			U.S. Dollars (thousands)		
At March 31, 2013	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	**¥ 286,602**	**¥ 286,602**	**¥ –**	**$ 3,048,957**	**$ 3,048,957**	**$ –**
(2) Short-term investments	**18,363**	**18,363**	**–**	**195,351**	**195,351**	**–**
(3) Receivables, trade	**895,984**			**9,531,745**		
Allowance for doubtful accounts*1	**(12,079)**			**(128,500)**		
	883,905	**883,905**	**–**	**9,403,245**	**9,403,245**	**–**
Investments and other non-current assets*2						
(4) Investments in and long-term loans to affiliates	**29,483**	**50,046**	**20,563**	**313,649**	**532,404**	**218,755**
(5) Others	**95,666**	**95,666**	**–**	**1,017,723**	**1,017,723**	**–**
Total assets	**1,314,019**	**1,334,582**	**20,563**	**13,978,926**	**14,197,681**	**218,755**
Current liabilities						
(1) Short-term borrowings and current portion of long-term debt	**289,722**	**289,722**	**–**	**3,082,149**	**3,082,149**	**–**
(2) Lease obligations	**14,385**	**14,385**	**–**	**153,032**	**153,032**	**–**
(3) Payables, trade	**566,757**	**566,757**	**–**	**6,029,330**	**6,029,330**	**–**
(4) Accrued expenses	**322,765**	**322,765**	**–**	**3,433,670**	**3,433,670**	**–**
Long-term liabilities						
(5) Long-term debt	**245,245**	**251,026**	**5,781**	**2,608,989**	**2,670,489**	**61,500**
(6) Lease obligations	**26,764**	**26,917**	**153**	**284,723**	**286,351**	**1,628**
Total liabilities	**1,465,638**	**1,471,572**	**5,934**	**15,591,894**	**15,655,021**	**63,128**
Derivative transactions*3						
(i) Transactions which do not qualify for hedge accounting	**1,326**	**1,326**	**–**	**14,106**	**14,106**	**–**
(ii) Transactions which qualify for hedge accounting	**674**	**674**	**–**	**7,170**	**7,170**	**–**
Total derivative transactions	**2,000**	**2,000**	**–**	**21,277**	**21,277**	**–**

FACTS & FIGURES

At March 31, 2012	Carrying value in consolidated balance sheet	Fair value	Yen (millions) Variance
Current assets			
(1) Cash and cash equivalents	¥ 266,698	¥ 266,698	¥ –
(2) Short-term investments	7,227	7,227	–
(3) Receivables, trade	901,316		
Allowance for doubtful accounts*1	(12,802)		
	888,514	888,514	–
Investments and other non-current assets*2			
(4) Investments in and long-term loans to affiliates	21,381	40,603	19,222
(5) Others	81,118	81,118	–
Total assets	1,264,938	1,284,160	19,222
Current liabilities			
(1) Short-term borrowings and current portion of long-term debt	128,922	128,922	–
(2) Lease obligations	15,794	15,794	–
(3) Payables, trade	617,755	617,755	–
(4) Accrued expenses	342,541	342,541	–
Long-term liabilities			
(5) Long-term debt	252,226	258,811	6,585
(6) Lease obligations	27,735	27,911	176
Total liabilities	1,384,973	1,391,734	6,761
Derivative transactions*3			
(i) Transactions which do not qualify for hedge accounting	[3,236]	[3,236]	–
(ii) Transactions which qualify for hedge accounting	626	626	–
Total derivative transactions	[2,610]	[2,610]	–

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

*2 Unlisted securities classified in shares in affiliates or available-for-sale securities are defined as "Financial Instruments for which it is extremely difficult to determine the fair value," because no market price is available and it is not possible to estimate the future cash flow in accordance with "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan, Statement No. 10, dated March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Accounting Standards Board of Japan Guidance No. 19, dated March 25, 2011). Accordingly unlisted securities are not included in the "Investments and other non-current assets" stated above. The carrying values of the stocks in the consolidated balance sheet as of March 31, 2012 and 2013 are ¥46,598 million and ¥46,643 million ($496,202 thousand), consisting of Investments in and long-term loans to affiliates: ¥18,087 million and ¥19,118 million ($203,383 thousand) and Others: ¥28,511 million and ¥27,525 million ($292,819 thousand) respectively.

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

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 other non-current assets:

(4) Investments in and long-term loans to 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 obligations, (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 obligations

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 obligations 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.

Impairment losses on investment securities

For the years ended March 31, 2012 and 2013

No significant losses were recorded.

Available-for-sale securities with fair value that has declined by 50% or more against their acquisition costs are generally booked as an impairment loss. Those that have declined in a range of 30% or more but less than 50% are impaired if the decline is deemed to be irrecoverable. Available-for-sale securities with no available fair value are generally impaired when issuers' net assets in the balance sheet decrease to more than 50% below the acquisition cost due to a deterioration of issuers' financial conditions.

12. Available-for-sale Securities

At March 31, 2012 and 2013, available-for-sale securities included in "Cash and cash equivalents," "Short-term investments" and "Others" of "Investments and other non-current assets" are stated as follows. Unlisted securities for which it is extremely difficult to determine the fair value are not included in the table.

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
Available-for-sale securities			
Acquisition costs	¥121,278	**¥160,292**	**$1,705,234**
Carrying value (Market value)	141,544	**198,129**	**2,107,755**
Net unrealized gain and loss	¥ 20,266	**¥ 37,837**	**$ 402,521**

13. Derivative Financial Instruments

1. Derivative transactions which do not qualify for hedge accounting

<Currency-related transactions>

At March 31, 2013	Yen (millions)				U.S. Dollars (thousands)			
	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								
Pound Sterling	**¥111,715**	**¥ –**	**¥2,036**	**¥2,036**	**$1,188,457**	**$ –**	**$ 21,660**	**$ 21,660**
U.S. Dollars	**34,837**	**371**	**616**	**616**	**370,606**	**3,947**	**6,553**	**6,553**
Euro	**40,638**	**–**	**567**	**567**	**432,319**	**–**	**6,032**	**6,032**
Other currencies	**5,513**	**–**	**(42)**	**(42)**	**58,649**	**–**	**(447)**	**(447)**
To sell foreign currencies								
U.S. Dollars	**27,585**	**–**	**(1,789)**	**(1,789)**	**293,457**	**–**	**(19,032)**	**(19,032)**
Euro	**6,731**	**736**	**72**	**72**	**71,606**	**7,830**	**766**	**766**
Other currencies	**4,365**	**44**	**(77)**	**(77)**	**46,436**	**468**	**(819)**	**(819)**
Foreign Exchange								
Option Contracts								
To buy options								
U.S. Dollar puts	**3,002**	**–**			**31,936**	**–**		
	<33>	**<–>**	**20**	**(13)**	**<351>**	**<–>**	**213**	**(138)**
To sell options								
U.S. Dollar calls	**3,002**	**–**			**31,936**	**–**		
	<(33)>	**<–>**	**(187)**	**(154)**	**<(351)>**	**<–>**	**(1,989)**	**(1,638)**
Foreign Exchange								
Swap Contracts								
Receive Pound Sterling	**15,672**	**–**	**110**	**110**	**166,723**	**–**	**1,170**	**1,170**
Pay Pound Sterling	**15,647**	**–**	**38**	**38**	**166,457**	**–**	**404**	**404**
Others	**15,024**	**834**	**(38)**	**(38)**	**159,830**	**8,872**	**(404)**	**(404)**
Total			**¥1,326**	**¥1,326**			**$ 14,106**	**$14,106**

At March 31, 2012				Yen (millions)
	Contract amount	Contract amount over 1 year	Fair value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	¥26,236	¥ —	¥(1,654)	¥(1,654)
Euro	27,870	891	(157)	(157)
Other currencies	5,458	124	(31)	(31)
To sell foreign currencies				
U.S. Dollars	17,191	—	(498)	(498)
Euro	8,299	141	(88)	(88)
Other currencies	2,156	626	(3)	(3)
Foreign Exchange Option Contracts				
To buy options				
U.S. Dollar puts	26,488	—		
	<285>	<—>	170	(115)
Euro puts	7,593	—		
	<—>	<—>	—	—
To sell options				
U.S. Dollar calls	26,488	—		
	<(285)>	<—>	(997)	(712)
Euro calls	14,507	—		
	<—>	<—>	(14)	(14)
Foreign Exchange Swap Contracts				
Receive Pound Sterling	19,389	25	178	178
Pay Pound Sterling	22,755	—	(113)	(113)
Others	10,298	766	(29)	(29)
Total			¥(3,236)	¥(3,236)

1) The method for estimating the fair value is principally based on obtaining quotes provided by financial institutions.
2) 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.
3) Collateral conditions at March 31, 2012 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) Option contracts at March 31, 2012 represent zero-cost options. In this contract, no premiums are received or paid due to the offsetting payables and receivables. The amounts of "Fair value" and the "Gain/Loss" for "Euro puts" and "Euro calls" are presented net of buying and selling positions.

2. Derivative transactions which qualify for hedge accounting

(i) Currency-related transactions

At March 31, 2013

Not applicable for the year

At March 31, 2012 — Yen (millions)

Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amounts over 1 year	Fair value
Fair value hedge	Foreign exchange forward transactions				
	To buy foreign currencies				
	Singapore Dollars, etc.	Borrowings	¥1,141	¥—	¥ (8)
Deferral hedge	Foreign exchange forward transactions				
	To sell foreign currencies				
	U.S. Dollars	Receivables, trade	¥1,651	¥—	¥10

1) The fair value is based mainly on quotes obtained from the financial institutions.
2) Foreign exchange forward transactions accounted for by the fair value hedge accounting attribute to a transaction by a subsidiary outside Japan which adopts International Financial Reporting Standard (IFRS).

(ii) Interest-related transactions

At March 31, 2013

			Yen (millions)			U.S. Dollars (thousands)		
Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amounts over 1 year	Fair value	Contract amount	Contract amounts over 1 year	Fair value
Deferral hedge	Interest rate swap transaction							
	Pay fixed/ Receive variable	**Borrowings**	**¥1,224**	**¥245**	**¥(14)**	**$13,021**	**$2,606**	**$(149)**

At March 31, 2012 — Yen (millions)

Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amounts over 1 year	Fair value
Deferral hedge	Interest rate swap transaction				
	Pay fixed/ Receive variable	Borrowings	¥1,923	¥1,068	¥(23)

The fair value is based on quotes obtained from the financial institutions.

(iii) Stock-related transactions

At March 31, 2013

			Yen (millions)			U.S. Dollars (thousands)		
Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amounts over 1 year	Fair value	Contract amount	Contract amounts over 1 year	Fair value
Deferral hedge	Option transaction to sell a stock	**Investment Securities**	**¥555**	**¥555**	**¥688**	**$5,904**	**$5,904**	**$7,319**

At March 31, 2012 — Yen (millions)

Type of hedge accounting	Type of transaction	Principal item hedged	Contract amount	Contract amounts over 1 year	Fair value
Deferral hedge	Option transaction to sell a stock	Investment Securities	¥555	¥555	¥647

The fair value is based on an option pricing model.

14. 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 (Holding) B.V. (including its consolidated subsidiaries) provide. The plan provided by FS entitles employees to payments based on their length of service and salary. The defined benefit section of the plan was closed to new entrants effective the year ended March 31, 2001. New employees are, however, eligible for membership of the defined contribution section of the plan. For 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 completed for the year ended March 31, 2012. For the year ended March 31, 2013, a special payment of ¥114,360 million (800 million Pound Sterling) was made into pension schemes of FS so as to make up the deficit –projected benefit obligation in excess of plan assets–. Also, the investment portfolio of plan assets is shifted toward bonds for the purpose of asset-liability matching.

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	2012	**2013**	**2013**
Projected benefit obligation*[1]	¥(1,296,621)	**¥(1,432,021)**	**$(15,234,266)**
Plan assets	943,936	**1,068,535**	**11,367,394**
Projected benefit obligation in excess of plan assets*[1]	(352,685)	**(363,486)**	**(3,866,872)**
Unrecognized actuarial loss	357,527	**354,049**	**3,766,479**
Unrecognized prior service cost (reduced obligation)*[2]	(65,518)	**(45,309)**	**(482,011)**
Prepaid pension cost	(52,308)	**(50,022)**	**(532,149)**
Accrued retirement benefits*[1]	¥ (112,984)	**¥ (104,768)**	**$ (1,114,553)**

*[1] The provision for extra retirement benefits stemming from restructuring in Japan, which in the year ended March 31, 2012 had been included in "Accrued retirement benefits" of ¥2,892 million ($30,766 thousand) for the year ended March 31, 2012, is included in "Provision for restructuring charges" for the year ended March 31, 2013. In conjunction with this change, the amounts as of March 31, 2012 were restated.

*[2] 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	2012	**2013**	**2013**
Service cost	¥ 40,110	**¥ 40,204**	**$ 427,702**
Interest cost	31,795	**32,074**	**341,213**
Expected return on plan assets	(26,557)	**(27,411)**	**(291,606)**
Amortization of unrecognized obligation for retirement benefits:			
Amortization of actuarial loss	41,999	**43,528**	**463,064**
Amortization of prior service cost	(18,630)	**(18,967)**	**(201,777)**
Contribution to defined contribution plans	501	**566**	**6,021**
Net periodic benefit cost	69,218	**69,994**	**744,617**
Loss on termination of retirement benefit plan	895	**245**	**2,606**
Total	¥ 70,113	**¥ 70,239**	**$ 747,223**

In addition to the net periodic benefit cost stated above, extra retirement benefits of ¥6,961 million and ¥36,377 million ($386,989 thousand) were paid for the years ended March 31, 2012 and 2013, respectively.

Assumptions used in accounting for the plans

At March 31	2012	**2013**
Discount rate*3	2.5%	**1.7%**
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**

*3 The discount rate used for the calculation of projected benefit obligation at the beginning of the year ended March 31, 2013 was 2.5%. However the discount rate was revised to 1.7% as of March 31, 2013 based on the Group's judgment that, as a result of the revaluation of the discount rate based on the market yield at the year end, the change of discount rate has made significant impact on the amounts of projected benefit obligation.

<Outside Japan>

Fujitsu Services Holdings PLC (including its consolidated subsidiaries, "FS") adopted International Financial Reporting Standards ("IFRS") effective the year ended March 31, 2006, and accounts for retirement benefits in accordance with IAS 19 "Employee Benefits" issued in February, 1998. 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 consolidated subsidiaries outside Japan applied IAS19 in accordance with adoption of IFRS. They recognized actuarial gains or losses over future periods after the adoption of IFRS 1 and applied the "corridor approach" to amortization of actuarial gain and loss.

From the beginning of the year ending March 31, 2014, the Company's consolidated subsidiaries outside Japan will adopt the amended IAS19, issued on June 16, 2011 and effective for fiscal year beginning on or after January 1, 2013.

Projected benefit obligation and plan assets

	Yen (millions)		U.S. Dollars (thousands)
At March 31	2012	**2013**	**2013**
Projected benefit obligation	¥(571,823)	**¥(719,178)**	**$(7,650,830)**
Plan assets	408,126	**618,440**	**6,579,149**
Projected benefit obligation in excess of plan assets	(163,697)	**(100,738)**	**(1,071,681)**
Unrecognized actuarial loss*1	109,714	**157,371**	**1,674,160**
Asset ceiling adjustments*1	(802)	**(248)**	**(2,638)**
Prepaid pension cost	(9,830)	**(130,099)**	**(1,384,032)**
Accrued retirement benefits	¥ (64,615)	**¥ (73,714)**	**$ (784,191)**

*1 The prior-year figure is restated because the adjustment arising from the asset ceiling, which was previously included in unrecognized actuarial gains and losses, is now reported as a separate line item. If the fair value of the plan assets exceeds the obligations arising from the pension benefits, prepaid pension cost is adjusted for any effect of limiting it to the asset ceiling.

Components of net periodic benefit cost

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2012	**2013**	**2013**
Service cost	¥ 3,707	**¥ 3,471**	**$ 36,926**
Interest cost	27,154	**27,361**	**291,074**
Expected return on plan assets	(24,145)	**(22,624)**	**(240,681)**
Amortization of the unrecognized obligation for retirement benefit:			
Amortization of actuarial gain and loss	3,498	**6,546**	**69,638**
Amortization of prior service cost	(118)	**158**	**1,681**
Contribution to defined contribution plans	13,488	**14,642**	**155,766**
Net periodic benefit cost	23,584	**29,554**	**314,404**
Loss on termination of retirement benefit plan	114	**34**	**362**
Total	¥ 23,698	**¥ 29,588**	**$ 314,766**

Assumptions used in accounting for the plans

At March 31	2012	**2013**
Discount rate*2	Mainly 5.0%	**Mainly 4.4%**
Expected rate of return on plan assets	Mainly 6.7%	**Mainly 5.7%**
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**

*2 The discount rate used for the calculation of projected benefit obligation as of March 31, 2013 was revised to be in line with the market yields as of March 31, 2013.

15. Share-based Payment Plans

No significant transactions.

16. Income Taxes

The components of income taxes are as follows:

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2012	**2013**	**2013**
Current	¥23,499	**¥31,726**	**$337,511**
Deferred	6,500	**(7,466)**	**(79,426)**
Income taxes	¥29,999	**¥24,260**	**$258,085**

The reconciliations between the statutory income tax rates and the effective income tax rates for the years ended March 31, 2012 and 2013 are as follows:

Years ended March 31	2012	**2013**
Statutory income tax rates	40.6%	**37.9%**
Increase (Decrease) in tax rates:		
Valuation allowance for deferred tax assets	(15.1%)	**(63.1%)**
Amortization and impairment loss of goodwill	9.2%	**(32.5%)**
Tax credit	(0.2%)	**7.3%**
Non-deductible expenses for tax purposes	6.2%	**(6.4%)**
Tax effect on equity in earnings of affiliates, net	(1.9%)	**5.6%**
Non-taxable income	(2.3%)	**1.8%**
Decrease in deferred tax assets in accordance with changes in tax rate	7.0%	**–**
Other	1.5%	**(4.4%)**
Effective income tax rates	45.0%	**(53.8%)**

The significant components of deferred tax assets and liabilities at March 31, 2012 and 2013 are as follows:

At March 31	Yen (millions) 2012	2013	U.S. Dollars (thousands) 2013
Deferred tax assets:			
Tax loss carryforwards	¥ 153,008	**¥ 168,947**	**$ 1,797,309**
Accrued retirement benefits	137,131	**126,516**	**1,345,915**
Excess of depreciation and amortization and impairment loss, etc.	50,013	**57,949**	**616,479**
Accrued bonus	40,906	**40,164**	**427,277**
Inventories	22,043	**25,751**	**273,947**
Provision for product warranties	8,255	**8,026**	**85,383**
Intercompany profit on inventories and property, plant and equipment	5,673	**6,039**	**64,245**
Loss on revaluation of investment securities	6,153	**4,845**	**51,543**
Provision for loss on repurchase of computers	5,024	**4,555**	**48,457**
Other	48,907	**65,774**	**699,723**
Gross deferred tax assets	477,113	**508,566**	**5,410,277**
Less: Valuation allowance	(253,902)	**(274,540)**	**(2,920,638)**
Total deferred tax assets	223,211	**234,026**	**2,489,638**
Deferred tax liabilities:			
Gains from establishment of stock holding trust for retirement benefit plan	¥ (96,860)	**¥ (96,860)**	**$(1,030,426)**
Unrealized gains on securities	(7,498)	**(13,551)**	**(144,160)**
Tax allowable reserves	(1,364)	**(734)**	**(7,809)**
Other	(8,159)	**(7,679)**	**(81,691)**
Total deferred tax liabilities	(113,881)	**(118,824)**	**(1,264,085)**
Net deferred tax assets	¥ 109,330	**¥ 115,202**	**$ 1,225,553**

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

At March 31	Yen (millions) 2012	2013	U.S. Dollars (thousands) 2013
Current assets—Deferred tax assets	¥ 72,519	**¥ 81,988**	**$ 872,213**
Investments and other non-current assets—Deferred tax assets	65,268	**67,018**	**712,957**
Current liabilities—Others	(15)	**(23)**	**(245)**
Long-term liabilities—Deferred tax liabilities	(28,442)	**(33,781)**	**(359,372)**
Net deferred tax assets	¥109,330	**¥115,202**	**$1,225,553**

The Company and its wholly owned subsidiaries in Japan have adopted the consolidated tax return system of Japan.

In Japan, tax losses generated before March 31, 2008 and on and after April 1, 2008 can be carried forward up to 7 and 9 years, respectively. Tax losses can be carried forward up to 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, the Group recorded a valuation allowance to cover the amount in excess of what we are likely to recover in the future.

17. Business Combinations

No significant transactions.

18. 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 departments that are organized by product and service type in order to manage costs and devise global business strategies, and sales departments that are organized along industry and geographic lines.

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 and batteries.

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
2013							
Net sales							
External customers	**¥2,890,376**	**¥ 972,971**	**¥483,896**	**¥4,347,243**	**¥18,379**	**¥ 16,106**	**¥4,381,728**
Inter-segment	**52,002**	**117,278**	**56,478**	**225,758**	**46,333**	**(272,091)**	**–**
Total sales	**2,942,378**	**1,090,249**	**540,374**	**4,573,001**	**64,712**	**(255,985)**	**4,381,728**
Operating income (loss)	**180,973**	**9,626**	**(14,246)**	**176,353**	**(6,922)**	**(74,153)**	**95,278**
Total assets	**1,442,810**	**335,747**	**383,418**	**2,161,975**	**20,562**	**866,517**	**3,049,054**
Other items							
Capital expenditure (including intangible assets)	**104,585**	**23,851**	**45,828**	**174,264**	**1,873**	**10,155**	**186,292**
Depreciation	**102,784**	**21,496**	**44,023**	**168,303**	**1,703**	**8,385**	**178,391**
Amortization of goodwill for the year	**14,115**	**49**	**67**	**14,231**	**–**	**–**	**14,231**
Balance of goodwill at end of the fiscal year	**30,181**	**119**	**(726)**	**29,574**	**–**	**–**	**29,574**
2012							
Net sales							
External customers	¥2,864,658	¥1,039,809	¥515,834	¥4,420,301	¥35,371	¥ 11,902	¥4,467,574
Inter-segment	70,247	114,473	68,866	253,586	48,208	(301,794)	–
Total sales	2,934,905	1,154,282	584,700	4,673,887	83,579	(289,892)	4,467,574
Operating income (loss)	171,297	19,938	(10,182)	181,053	(2,056)	(73,693)	105,304
Total assets	1,446,368	361,732	434,902	2,243,002	31,188	671,317	2,945,507
Other items							
Capital expenditure (including intangible assets)	119,712	19,698	51,876	191,286	1,575	5,307	198,168
Depreciation	106,771	21,210	56,483	184,464	1,806	8,179	194,449
Amortization of goodwill for the year	14,495	48	556	15,099	–	–	15,099
Balance of goodwill at end of the fiscal year	68,024	148	(646)	67,526	–	–	67,526

U.S. Dollars (thousands)

Year ended March 31	Reportable segments: Technology Solutions	Reportable segments: Ubiquitous Solutions	Reportable segments: Device Solutions	Reportable segments: Total	Other Operations	Elimination & Corporate	Consolidated
2013 (in U.S. Dollars)							
Net sales							
External customers	**$30,748,681**	**$10,350,755**	**$5,147,830**	**$46,247,266**	**$195,521**	**$ 171,340**	**$46,614,128**
Inter-segment	**553,213**	**1,247,638**	**600,830**	**2,401,681**	**492,904**	**(2,894,585)**	**–**
Total sales	**31,301,894**	**11,598,394**	**5,748,660**	**48,648,947**	**688,426**	**(2,723,245)**	**46,614,128**
Operating income (loss)	**1,925,245**	**102,404**	**(151,553)**	**1,876,096**	**(73,638)**	**(788,862)**	**1,013,596**
Total assets	**15,349,043**	**3,571,777**	**4,078,915**	**22,999,734**	**218,745**	**9,218,266**	**32,436,745**
Other items							
Capital expenditure (including intangible assets)	**1,112,606**	**253,734**	**487,532**	**1,853,872**	**19,926**	**108,032**	**1,981,830**
Depreciation	**1,093,447**	**228,681**	**468,330**	**1,790,457**	**18,117**	**89,202**	**1,897,777**
Amortization of goodwill for the year	**150,160**	**521**	**713**	**151,394**	**–**	**–**	**151,394**
Balance of goodwill at end of the fiscal year	**321,074**	**1,266**	**(7,723)**	**314,617**	**–**	**–**	**314,617**

Notes 1. “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 and welfare benefits for the Group employees.

2. Operating income (loss) of “Elimination & Corporate” consists of corporate expenses and elimination.
Amounts incurred for the years ended March 31, 2012 and 2013 were, corporate expenses: ¥75,929 million and ¥70,750 million ($752,660 thousand), elimination: ¥(2,236) million and ¥3,403 million ($36,202 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.

3. Total assets of “Elimination & Corporate” consist of corporate assets and elimination. Balances at March 31, 2012 and 2013 were,corporate assets: ¥767,959 million and ¥947,771 million ($10,082,670 thousand), elimination: ¥96,642 million and ¥81,254 million ($864,404 thousand), respectively.
Corporate assets mainly consist of temporary excess funds, certificates of deposit, shares of corporate customers held for maintaining and strengthening business ties, deferred tax assets and prepaid pension cost.

4. 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.”

5. The Group has recognized ¥26,600 million ($282,979 thousand) of impairment losses on goodwill generated at acquisition of Fujitsu Technology Solutions (Holding) B.V. (including its consolidated subsidiaries) and other consolidated subsidiaries for the year ended March 31, 2013. Amortization and the balance of goodwill related to FTS are included in the “Technology solutions” reportable segment.

4. Related Information

(1) Information by products and services

Sales to external customers

	Yen (millions)		U.S. Dollars (thousands)
Years ended March 31	2012	**2013**	**2013**
Technology Solutions			
Services	¥2,339,574	**¥2,356,780**	**$25,072,128**
System Platforms	525,084	**533,596**	**5,676,553**
Ubiquitous Solutions			
Personal Computers and Mobile Phones	779,226	**711,468**	**7,568,809**
Mobilewear	260,583	**261,503**	**2,781,947**
Device Solutions			
LSI	281,325	**255,558**	**2,718,702**
Electronic Components	234,509	**228,338**	**2,429,128**
Other Operations	35,371	**18,379**	**195,521**
Elimination & Corporate	11,902	**16,106**	**171,340**
Total	¥4,467,574	**¥4,381,728**	**$46,614,128**

Note: The details on products and services are presented in “Business Overview” (page 32).

(2) Geographic information

a. Net sales

Years ended March 31	2012		2013		2013
			Yen (millions)		U.S. Dollars (thousands)
Japan	¥2,961,478	66.3%	**¥2,883,513**	**65.8%**	**$30,675,670**
Outside Japan					
EMEA	809,277	18.1%	**768,149**	**17.5%**	**8,171,798**
The Americas	286,595	6.4%	**287,742**	**6.6%**	**3,061,085**
APAC & China	410,224	9.2%	**442,324**	**10.1%**	**4,705,574**
Sub Total	1,506,096	33.7%	**1,498,215**	**34.2%**	**15,938,457**
Total	¥4,467,574	100.0%	**¥4,381,728**	**100.0%**	**$46,614,128**

b. Property, plant and equipment

At March 31	Yen (millions) 2012	**2013**	U.S. Dollars (thousands) **2013**
Japan	¥534,359	**¥496,916**	**$5,286,340**
Outside Japan			
EMEA	47,344	**48,052**	**511,191**
The Americas	17,009	**21,332**	**226,936**
APAC & China	42,231	**52,160**	**554,894**
Sub Total	106,584	**121,544**	**1,293,021**
Total	¥640,943	**¥618,460**	**$6,579,362**

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, Korea, Taiwan, 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) 2012	**2013**	U.S. Dollars (thousands) **2013**
NTT Group	¥503,332	**¥523,908**	**$5,573,489**

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.

19. Related-party Transactions

(Related-party transactions)
No significant transactions.

(Note to significant affiliate)
Not applicable for the year.

20. Earnings per Share

Years ended March 31	Yen 2012	Yen 2013	U.S. Dollars 2013
Basic earnings (losses) per share	¥20.64	**¥(35.24)**	**$(0.375)**
Diluted earnings per share	20.55	**–**	**–**

Years ended March 31	Yen (millions) 2012	Yen (millions) 2013	U.S. Dollars (thousands) 2013
Net income (loss)	¥42,707	**¥(72,913)**	**$(775,670)**
Net income not attributable to common stock holders	–	**–**	**–**
Net income (loss) attributable to common stock holders	42,707	**(72,913)**	**(775,670)**
Effect of dilutive securities	155	**–**	**–**
[Adjustment related to dilutive securities issued by subsidiaries and affiliates]	[(18)]	**[–]**	**[–]**
[Corporate bond costs (after tax adjustment)]	[173]	**[–]**	**[–]**
Diluted net income (loss)	¥42,862	**¥ –**	**$ –**

		thousands
Basic weighted average number of shares	2,069,526	**2,069,330**
Effect of dilutive securities	16,393	**–**
[Subscription rights to shares issued by subsidiaries and affiliates]	[16,393]	**[–]**
Diluted weighted average number of shares	2,085,919	**–**

Note: Diluted earnings per share for the year ended March 31, 2013 are not disclosed due to the recording at a net loss in accordance with "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan, Statement No. 2), although the Company has potentially diluted share.

21. Commitments and Contingent Liabilities

Commitments outstanding at March 31, 2012 and 2013 for purchases of property, plant and equipment and intangible assets were approximately ¥6,750 million and ¥11,615 million ($123,564 thousand), respectively.

Contingent liabilities for guarantee contracts at March 31, 2012 and 2013 amounted to ¥2,271 million and ¥1,716 million ($18,255 thousand), respectively, and referred mainly to guarantees given for employees' housing loans.

22. Events after the Reporting Period

No significant events.

FACTS & FIGURES

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Independent Auditor's Report

The Board of Directors
FUJITSU LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fujitsu Limited and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in net assets, and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2013, and its consolidated financial performance and its cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

ERNST & YOUNG

Report on the Management's Report

We have also audited the accompanying Management's Report on Internal Control over Financial Reporting for the consolidated financial statements as at March 31, 2013 of the Group (the "Management's Report").

Management's Responsibility for the Management's Report

The Group's management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Management's Report in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about management's assessment on internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including materiality of effect on the reliability of financial reporting. An internal control audit includes examining the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our internal control audit opinion.

Opinion

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as at March 31, 2013 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Ernst & Young ShinNihon LLC

June 21, 2013
Tokyo, Japan

FACTS & FIGURES

DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO THE U.K. DTR4

I, Masami Yamamoto, being Representative Director of Fujitsu Limited confirm, to the best of my knowledge, that:

(i) the financial statements, prepared in accordance with Japanese GAAP, give a true and fair view of the assets, liabilities, financial position and profit or loss of Fujitsu Limited and the undertakings included in the consolidation taken as a whole; and
(ii) the management report includes a fair review of the development and performance of the business and the position of Fujitsu Limited and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Masami Yamamoto

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

1. Basic Framework of Internal Control over Financial Reporting

Masami Yamamoto, President and Representative Director of Fujitsu Limited (the "Company"), and Kazuhiko Kato, Corporate Executive Vice President and Director and Chief Financial Officer of the Company, are responsible for the design and operation of internal control over financial reporting for the Fujitsu Group's consolidated financial statements. The Fujitsu Group designs and operates its internal control over financial reporting in accordance with guidelines set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" from the Business Accounting Council of the Financial Service Agency of Japan.

Internal control aims at achieving the objectives to a reasonable extent with the organized and integrated function of basic individual components of internal control as a whole. There are inherent limitations to the extent that internal control can be achieved. Such limitations include misjudgments and carelessness by individuals carrying out internal control activities, or fraud caused by the collusion of two or more individuals. Accordingly, internal control may not completely prevent or detect misstatements in financial reporting.

2. Scope of Assessment, Assessment Date and Assessment Procedure

The Fujitsu Group performed an assessment of internal control over financial reporting for its consolidated financial statements as of the end of the fiscal year, March 31, 2013, in accordance with generally accepted assessment standards in Japan for internal control over financial reporting.

In making an assessment of the entire Fujitsu Group, including the parent company, Fujitsu Limited, and its consolidated subsidiaries and equity method affiliates, the necessary scope of the assessment was determined from the perspective of material impact on the reliability of financial reporting. Within the scope of assessment, the Company identified the risks of misstatement which would have a material impact on the reliability of financial reporting and the controls which mitigate such risks to a reasonably accepted level, and then assessed the effectiveness of the design and operation of those controls.

The Company determined that 102 consolidated companies and 1 equity method affiliate should be subject to the assessment of company-level controls, and financial closing and reporting process controls, taking into account the degree of quantitative and qualitative impact on the consolidated financial statements.

With respect to process-level controls, considering the results of the assessment of company-level controls, the Company designated 23 business locations that accounted for approximately two-thirds of the aggregated sales for this fiscal year (before elimination of inter-company transactions) of the consolidated companies as "significant business locations/units" which should be subject to the assessment.

In regard to those "significant business locations/units," the Company determined that sales, accounts receivables and inventories were the accounts closely associated with the Company's business objectives and, in principle, all business processes relating to those accounts should be subject to assessment. Some of those business processes, which do not have a material quantitative impact or are not closely associated with business objectives, were excluded from the scope of the assessment. Other business processes relating to significant accounts involving estimates and management's judgment were included in the scope of assessment, taking into account the impact on financial reporting individually.

Regarding IT general control for "significant business locations/units," the Company performed an assessment of the systems used to automate business process controls. These systems were assessed according to the type of infrastructure.

3. Assessment Result

As a result of performing the assessment in accordance with the above policy, the Company concluded that the design and operation of internal control over financial reporting for the Fujitsu Group were effective as of March 31, 2013.

GLOSSARY

AR
Augmented Reality. Also called "extended reality" or "enhanced reality," AR refers to the delivery of ICT-based information to users interacting with the real world, to enhance their experience. Unlike "virtual reality", which delivers information in a simulated world, AR provides users with necessary additional information in the real world through a synthesized display of procedures or data.

Backbone
The basic trunk line at the core of a network.

Big data
A large volume of wide-ranging data. Big data is drawing attention as a potential source for creating new value.

Cloud/Cloud computing
A platform enabling on-demand access via a network to IT resources (i.e., resources required to create an adequate computer operating environment such as servers, storage, networks, operating systems, and software) across a network.

Convergence services
Services offered by Fujitsu that create a cycle of collection, accumulation, and analysis of a vast amount of sensing data, the combination of this data with knowledge, and the provision of recommendations to people. These services can be used to solve business problems, address global issues, and help contribute to a more prosperous society.

CPU
Central Processing Unit—a device that processes or controls information in a computer. The CPU reads instructions from a memory device, performs calculations and delivers the results to an output or memory device.

Datacenter
A building or facility that has been designed and built specifically to house computer systems.

Fab-lite
A combination of the words "fab" (i.e., a semiconductor manufacturing plant) and "lite," this term refers to maintaining minimal in-house manufacturing capacity, with additional production outsourced. This approach contrasts with a fabless model, in which development and design alone are conducted in-house, with all manufacturing outsourced.

Feature phone
A general term for non-smartphone (i.e., "conventional") mobile phones.

Foundry
A type of semiconductor manufacturer that handles front-end processing of chips, using design data and processing condition specifications provided by a client. Foundries make aggressive up-front investments in order to expand business by demonstrating superior manufacturing technologies.

HDD
Hard Disk Drive—a memory system into which information is written commonly found in PCs and other computing equipment.

Hosted services
Services provided by a company that operates and maintains a datacenter, and allows customers to use its computer servers and network for a hosting fee.

Human Centric Intelligent Society
Fujitsu's vision for a society realized by using ICT, where people live more fully, enjoying a life of greater safety, peace of mind, comfort, and convenience.

Hybrid cloud
A system that seamlessly links a "public cloud" that uses services in the public environment with a conventional system, or with a "private cloud," where the system is built and operated in a dedicated environment.

IaaS
Infrastructure as a Service—a platform that provides access via networks to network lines, servers, and other infrastructure required for computer system building and operation.

LTE
Long Term Evolution—a mobile phone communication standard offering faster data communication speed than the 3G standard.

LTE-Advanced
A fourth generation (4G) mobile telecommunications standard that will succeed LTE (Long Term Evolution). LTE-Advanced will realize faster, more advanced data communication on a par with fiber-optic cable speeds while still maintaining compatibility with LTE.

Mainframe
A shorthand term used to refer to large-scale general purpose computers. In general, a mainframe computer allows multiple users to operate hundreds or even thousands of terminals. This type of computer is often used by banks, insurance companies, and other organizations as a mission-critical system where the users need to access and process centralized data.

Microcontroller
Microcontrollers (also, microcomputers) contain a CPU, memory, and I/O (input/output) interface circuits all on a single chip.

Mobile backhaul
A network covering multiple mobile base stations in different locations, responsible for transferring data traffic from mobile devices to the mobile core network.

Mobilewear
A term coined by Fujitsu that mainly refers to car audio and navigation equipment, most notably car navigation systems, but also to mobile communication and automotive electronic equipment.

Modernization
The process of changing over to a long-lasting framework that makes efficient use of existing ICT assets.

Offshoring/Nearshoring
The contracting of work to overseas subsidiaries or vendors, including operations such as systems or software development, maintenance, operation or other activities. Nearshoring involves contractors based in relatively close countries compared with offshoring.

On-demand
A method of providing ICT resources only as needed, and immediately upon request. This allows the user to make optimal use of infrastructure by using server resources in accordance with increases or decreases in business volume, rather than owning them.

On-premises
Refers to a mode of operating ICT resources by locating in-house, and introducing, developing or operating software as needed.

Open Data
Public information that may be used by anyone. One particular example is "linked open data," which is recommended by the Internet standards organizations as suitable for use in automated data processing, and is expected to promote innovation and new services. Fujitsu has developed technology that searches all linked open data that exists in the world and enables it to be used.

Outsourcing
The practice of entrusting specific parts of a company's operations to specialists on a contract basis. In the IT sector, it generally refers to the use of an outside contractor to handle systems management and operation. "Outsourcing" is also used to refer to the services provided.

PaaS
Platform as a Service—a platform for providing access via a network to hardware, operating systems, and other infrastructure required for application development and deployment.

POS
Point of Sales—a computer system for managing sales information at the time of sale.

Private cloud
Construction and use of an exclusive cloud environment that can only be accessed by certain individuals (as opposed to a publicly accessible "public cloud").

Processor core
The central part of a microprocessor computer. The processor core performs basic calculations and processing.

Public cloud
A platform for using servers and storage, operating systems, and other IT resources provided by service providers via a network to an unspecified number of corporations, individuals, and other users. There is no need to build an in-house system or to own or manage IT assets onsite.

RISC
Reduced Instruction Set Computing—a particular design for a processor chip which uses simplified code for instructions in order to handle pipeline processing (parallel processing of multiple instructions) more efficiently, thus enhancing performance.

Router
A device that relays the data flow from one network to another.

SaaS
Software as a Service—a platform that provides access via a network to service providers' software (application) offerings.

Self-checkout system
A system used in retail stores, such as supermarkets, that enables shoppers to scan merchandise across a bar-code reader themselves and then pay for it.

Sensing data
Any data that is collected using some type of sensor.

Smart city
A concept for a city that incorporates next-generation energy and social systems at the whole-area level. Features include use of smart grids to make efficient use of electric power, and "whole-area use" of electric power including reusing thermal and other forms of waste energy. Smart cities also include comprehensive changes in the local transportation system and the lifestyles of residents to make the city more efficient.

Smart phone
Mobile phones offering voice calling and email that also enable users to customize functions by individually adding new software.

Social data
Information obtained from social networking services.

Social Networking Services (SNS)
A community-type website or social network built on a communications network such as the Internet. SNS sites facilitate social interaction by encouraging people to connect and communicate.

Software Defined Network (SDN)
A technology for virtualizing networks by means of a system that uses software to dynamically define and control a network configuration

Standardization
Unification of the structure or format of physical and virtual products and systems supplied by different vendors. This allows greater efficiency to be achieved by using uniform procedures and processes.

Supercomputer
Large computers with extremely advanced processing and calculation capabilities, relative to the "standard" computers of the era. Supercomputers are mainly used by research organizations and companies to handle difficult, large-scale and intricate calculations at high speeds.

Tier
A standard for evaluating datacenters, created by The Uptime Institute, a private sector organization in the U.S. The standard evaluates datacenter quality, such as redundancy of peripheral facilities, etc., and assigns a rating. The evaluation levels range from Tier 1 (most basic) to Tier 4 (most advanced).

UNIX Server
A type of server that uses the UNIX operating system developed by AT&T Bell Laboratories in the US, in 1968. UNIX servers use RISC processors to enhance processing performance. Fujitsu provides various technologies for UNIX servers to minimize hardware-based system flaws or errors that might interrupt customers' operations.

Virtualization
Refers to the flexible separation or integration of computer systems independently of actual physical components such as processors, memory units, disks, and communication circuits (and their combinations). One example of virtualization is "server virtualization" where a single server is logically partitioned to simulate many separate computers, each running its own operating system and software applications. Another example is "storage virtualization" where multiple disks are treated as a single disk, thus making it possible to store a large volume of data in a single location with greater fault tolerance.

x86 Server
A server with the same basic design as a PC. Specifically, the term is often used to refer to a server with an x86 processor, though not necessarily an entry server. Since x86 servers use many of the same components as mass-market PCs, they tend to be inexpensive relative to performance.

PRINCIPAL SUBSIDIARIES AND AFFILIATES

(As of March 31, 2013)

Consolidated Subsidiaries (514 companies)

Japan

Listed

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

Unlisted

Shimane Fujitsu Limited
PFU Limited
Fujitsu Isotec Limited
Fujitsu IT Products Limited
Fujitsu FIP Corporation
Fujitsu FSAS Inc.
Fujitsu Electronics Inc.
Fujitsu Laboratories LTD.
Fujitsu Systems East Limited
Fujitsu Systems West Limited
Fujitsu Peripherals Limited
Fujitsu Semiconductor Limited
Fujitsu Telecom Networks Limited
Fujitsu TEN Limited
Fujitsu Toshiba Mobile Communications Limited
Fujitsu Personal System Limited
Fujitsu Marketing Limited
Fujitsu Mobile-phone Products Limited

EMEA

Unlisted

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

The Americas

Unlisted

Fujitsu America, Inc.
Fujitsu Network Communications, Inc.

APAC/China

Unlisted

Fujitsu Australia Limited

Equity-method Affiliates (26 companies)

Japan

Listed

Fujitsu General Limited

Unlisted

Fujitsu Leasing Co., LTD.

FACTS & FIGURES

SHAREHOLDERS' DATA

(As of March 31, 2013)

Capital:	¥324,625 million
Common Stock: Authorized:	5,000,000,000 shares
Issued:	2,070,018,213 shares
Number of Shareholders:	183,965

Equity Shareholdings by Type of Shareholder

Japanese Financial Institutions and Securities Firms	Other Japanese Corporations	Foreign Institutions and Individuals	Japanese Individuals and Others
23.94%	13.49%	38.60%	23.97%

* The 118,892 thousand shares of Fujitsu Limited stock held by Fuji Electric Co., Ltd. as retirement benefit trust assets are categorized under the shareholdings of "Other Japanese Corporations."

Principal Shareholders	Number of shares held (thousands)	Percentage of shares held (%)
Fuji Electric Co., Ltd.	228,391	11.03
State Street Bank and Trust Company (Standing Proxy, The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	103,456	5.00
The Master Trust Bank of Japan, Ltd. (for trust)	81,277	3.93
Japan Trustee Services Bank, Ltd. (for trust)	78,178	3.78
Fujitsu Employee Shareholding Association	56,265	2.72
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS (Standing Proxy, The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	42,742	2.06
Asahi Mutual Life Insurance Company	41,389	2.00
Mizuho Corporate Bank, Ltd.*1	32,654	1.58
State Street Bank and Trust Company 505225 (Standing Proxy, Mizuho Corporate Bank, Ltd. *1 Settlement & Clearing Services Division)	31,546	1.52
Japan Trustee Services Bank, Ltd. (for trust 9)	25,280	1.22
Total	721,181	34.84

Notes:
1. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust), and Japan Trustee Services Bank, Ltd. (for trust 9), are related to the institutions' trust businesses.
2. Of the shares held by Fuji Electric Co., Ltd., 118,892 thousand shares are trust assets entrusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets. The voting rights attached to these shares are exercised upon instructions of Fuji Electric Co., Ltd. The Fujitsu shares held by Fuji Electric Co., Ltd. and its consolidated subsidiaries total 231,875 thousand shares (which accounts for 11.20% of outstanding shares), and included 118,892 thousand shares held in the form of retirement benefit trust assets.
3. Of the shares held by the Mizuho Corporate Bank, Ltd.,*1 212 thousand shares are trust assets entrusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets. The voting rights attached to these shares are exercised upon instructions of Mizuho Corporate Bank, Ltd. *1
4. Dodge & Cox submitted a change in large shareholding report dated July 4, 2011 to the Director General of the Kanto Local Finance Bureau containing information that the company was obligated to report as of June 30, 2011. Because Fujitsu was unable to verify the effective shareholdings listed in the change in large shareholding report regarding its shares, as of the fiscal year-end, the company has not been included in the above list of principal shareholders. The details of the change in shareholding report are as follows:

Shareholder	Number of shares held (thousands)	Percentage of total shares outstanding (%)
Dodge & Cox	103,918	5.02

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Transfer Agent:
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-8212, Japan

Stock Exchange Listings:
Japan: Tokyo, Osaka, Nagoya
Overseas: London

Independent Auditors:
Ernst & Young ShinNihon LLC

Shareholder Information:
For further information, please contact:
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http://www.fujitsu.com/global/about/ir/

*1 Mizuho Corporate Bank, Ltd. merged with Mizuho Bank, Ltd. on July 1, 2013 and changed its name to Mizuho Bank, Ltd.
*2 Tokyo Stock Exchange and Osaka Securities Exchange integrated their cash-equities markets on July 16, 2013.

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Legibility Considerations

We have reviewed this report using our ColorSelector tool to choose a highly accessible color combination so that the text and figures will be as legible as possible to the widest range of readers.

Consideration for the Environment

- This report has been printed using waterless printing, which reduces the amount of harmful materials used and emitted.
- It is printed on FSC® Certified Paper as designated by the Forest Stewardship Council® in order to help preserve forestry resources.
- It uses vegetable oil inks that do not include volatile organic compounds.

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