

Corporate Governance

Pursuing sound and efficient management and strengthening our governance structure for putting *The FUJITSU Way* into practice.

Basic Stance

We believe that pursuing management efficiency while effectively managing business risks is essential to achieving sustainable improvement in corporate value. Recognizing that stronger corporate governance is vital to realizing this goal, we have been active in appointing outside directors to help ensure sound and transparent management. At the same time, by separating management oversight and operational execution functions, we have promoted faster decision-making while further clarifying management responsibilities. The clear separation of these functions is designed to further improve management transparency and efficiency.

We manage our Group companies based on clear distinction between 1) companies that perform an assigned function in our business; and 2) companies that pursue a synergistic relationship with us based on a shared corporate strategy.

Our Corporate Governance Framework

The Board of Directors is responsible for management oversight, supervising the execution functions of two executive organs under its authority, the Management Strategy Council and the Management Council.

The Management Strategy Council discusses and decides upon fundamental policies and strategy regarding business management. The Management Council makes decisions

on important matters regarding operational execution.

Issues discussed by the two councils and a summary of their discussions are reported to the Board of Directors, which makes decisions on items of particular importance. The Management Strategy Council generally meets once a month, while the Management Council generally meets three times a month, but meetings for either body can be convened whenever necessary.

The auditing function is carried out by statutory auditors (Board of Statutory Auditors), who review the Board of Directors as well as operational execution functions, and attend important meetings, including meetings of the Board of Directors as well as the Management Strategy Council and Management Council.

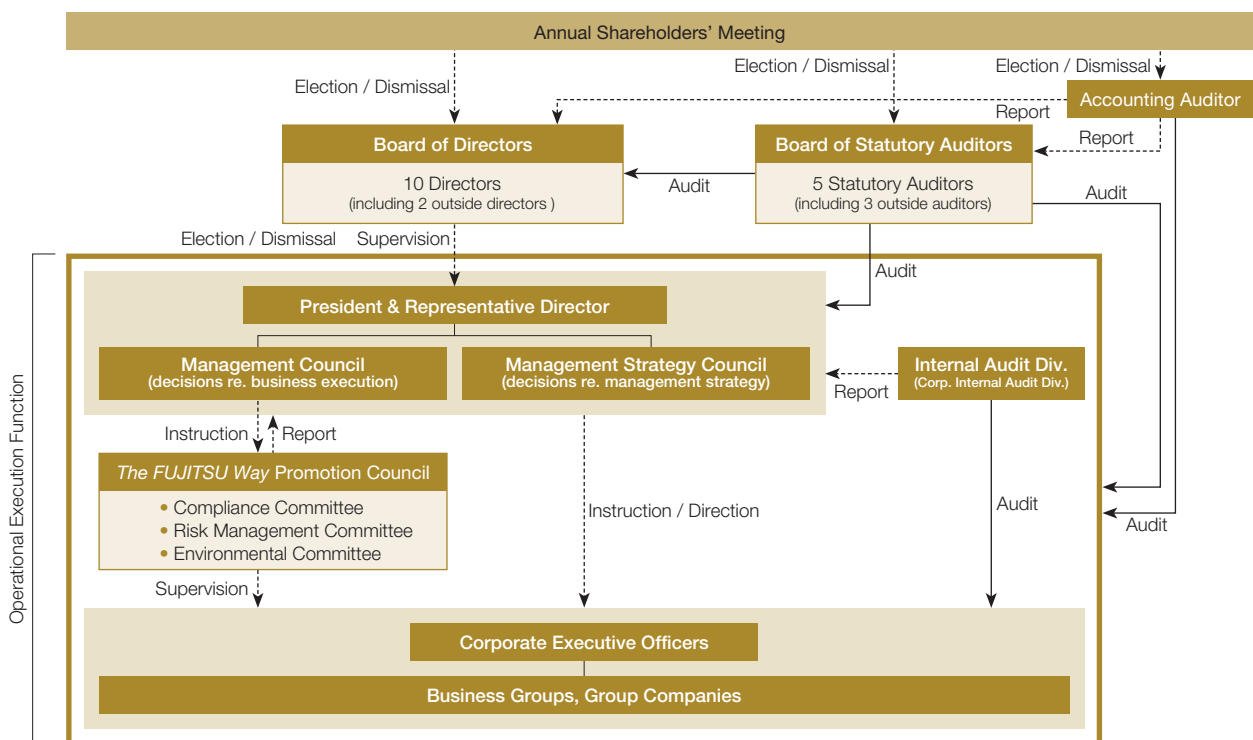
In addition, the Corporate Internal Audit Division has been established to serve as an internal audit group. This division audits the internal affairs of the company and its affiliates, proposes improvements in their business practices, and regularly reports its audit findings to the Management Council.

Accounting audits are carried out by four certified public accountants (Yoji Suzuki, Yuichi Mochinaga, Noriyuki Tsunoda, and Hideaki Karaki) who are employed by Ernst & Young ShinNihon.

There is no nominating committee or compensation committee.

Corporate Governance Framework (Including *The FUJITSU Way* Promotion Organization)

(As of June 23, 2006)



Enhancing Corporate Governance

Basic Stance

Comprising our mission, values, and code of conduct, *The FUJITSU Way* is the core set of principles guiding the corporate and individual actions of the Fujitsu Group.

We pursue the sound and efficient execution of our business activities by striving to accelerate the penetration and implementation of *The FUJITSU Way* and to promote structures and procedures to ensure propriety throughout the Group in our business dealings.

To accelerate the penetration and implementation of *The FUJITSU Way*, in July 2004 we established *The FUJITSU Way* Promotion Council, as a body reporting directly to the Management Council, and a Compliance Committee. In addition, we realigned the Risk Management Committee and Environmental Committee, which had both previously operated independently, under *The FUJITSU Way* Promotion Council.

Implementation

To promote risk management, *The FUJITSU Way* Promotion Council continuously monitors the implementation of risk prevention measures by working to raise awareness of risks and by gathering information on specific risks, including potential ones. Moreover, in anticipation of the enactment of Japan's version of Sarbanes-Oxley legislation, in the second half of fiscal 2005 we launched a project to construct an internal control system that will ensure the validity and credibility of our financial reports. Along with establishing a promotion organization dedicated to this endeavor, we have been working to extend it across the Group, including domestic and overseas subsidiaries, by building up our promotion organization, accumulating know-how and cultivating personnel. The goals of the project also include achieving greater efficiency through the pursuit of business process reforms across the Group.

The functions of the committees aligned under *The FUJITSU Way* Promotion Council are as follows:

- **Compliance Committee**

This committee is responsible for promoting structures and systems to ensure strict compliance with external as well as internal rules, regulations and norms of behavior. To support these efforts, we have operated a "help line" system in Japan since September 2004 to serve as a confidential liaison for receiving reports from employees and providing guidance to them on matters of conduct.

- **Risk Management Committee**

This committee works to obtain information regarding specific incidences of risk and to mitigate their impact on customers and the Fujitsu Group. Serious issues are reported to the Management Council or Board of Directors for discussion and response. In this way, risk issues and countermeasures are disseminated throughout the Fujitsu Group, strengthening our overall risk management posture.

- **Environmental Committee**

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

We are taking into consideration the opinions of our accounting auditors as we implement the project to construct an internal control system that will ensure the validity and reliability of our financial reports.

Implementing Internal Control

At a meeting of the Fujitsu Board of Directors on May 25, 2006, a basic stance was adopted with respect to instituting the Company's framework for internal control.

We are committed to strengthening corporate governance and will promote the continuous implementation of measures to bolster compliance and risk management. For further details, please see the "Fujitsu Limited Corporate Governance Report" at the URL below.



Fujitsu Limited Corporate Governance Report

<http://www.fujitsu.com/downloads/IR/policy/governance/corporate-governance.pdf>