

April 30, 2014

**FY 2013 Full-Year Financial Results**  
April 1, 2013 - March 31, 2014

Fujitsu Limited

**Consolidated Financial Results for the Full-Year Ended March 31, 2014**

April 30, 2014

<b>Fujitsu Limited</b>	
Stock exchange listings:	Tokyo, Nagoya
Code number:	6702
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Scheduled annual shareholders' meeting date:	June 23, 2014
Scheduled dividend payment date:	June 2, 2014
Scheduled filing date of statutory financial report:	June 23, 2014
Supplementary material:	No
Financial results meeting:	Yes (for media and analysts)

**1. Consolidated Results for the Full-Year Ended March 31, 2014**

(Monetary amounts are rounded to the nearest million yen)

**(1) Consolidated Financial Results**

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

Yen (Millions)

	Net Sales	Change (%)	Operating Income (Loss)	Change (%)	Net Income (Loss)	Change (%)
FY 2013 (4/1/13-3/31/14)	4,762,445	8.7	142,567	61.5	48,610	-
FY 2012 (4/1/12-3/31/13)	4,381,728	-1.9	88,272	-16.2	-79,919	-

[Reference] Comprehensive income :      FY2013      104,907 million yen      [ - %]  
    FY2012      -80,616 million yen      [ - %]

Yen

	Net Income (Loss) per Common Share		Rate of Return on Equity (%)	Operating Income Margin (%)
	Basic	Diluted		
FY 2013 (4/1/13-3/31/14)	23.49	23.49	8.1	3.0
FY 2012 (4/1/12-3/31/13)	-38.62	-	-10.9	2.0

**(2) Consolidated Financial Position**

Yen (Millions, except per share data)

	Total Assets	Net Assets	Owners' Equity Ratio (%)	Net Assets per share
March 31, 2014	3,079,534	702,449	18.6	277.03
March 31, 2013	2,920,326	752,438	21.4	301.57

[Reference] Owners' Equity:      March 31, 2014      573,211 million yen  
    March 31, 2013      624,045 million yen

**(3) Consolidated Cash Flows**

Yen (Millions)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
FY 2013 (4/1/13-3/31/14)	175,532	-128,873	-44,794	301,162
FY 2012 (4/1/12-3/31/13)	71,010	-161,481	100,384	284,548

**2. Dividends per Share of Common Stock**

	Dividends per Share (Yen)					Total Amount of Dividends (Million Yen)	Dividend Payout Ratio (%)	Ratio of Dividends to Net Assets (%)
	1Q	2Q	3Q	Year-End	Full Year			
FY 2012	-	5.00	-	0.00	5.00	10,346	-	1.4
FY 2013	-	0.00	-	4.00	4.00	8,276	17.0	1.4
FY 2014 (Forecast)	-	4.00	-	4.00	8.00		13.2	

Note: Dividend Payout Ratio of FY2014 is based on net Income per Common Share - basic calculated by the International Financial Reporting Standards (IFRS).

**3. Consolidated Earnings Forecast for FY2014**

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

Yen (Millions, except per share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Profit Attributable to Owners of the Parent	Change (%)	Net Income per Common Share
1H FY2014	2,150,000	-0.1	25,000	-17.7	10,000	-31.7	4.83
FY 2014	4,800,000	0.8	185,000	25.6	125,000	10.4	60.41

Note: The above forecast is calculated using International Financial Reporting Standards (IFRS), following the Group's decision to voluntarily adopt IFRS for its consolidated financial results, beginning in fiscal 2014. Figures for actual results in fiscal 2013 are preliminary and are subject to change based on results of accounting audits.

For further details, please refer to "Part I: Financial Results, 4.FY2014 Earnings Projections" on page 26.

**4. Other Information****(1) Significant Changes to Subsidiaries in the Current Reporting Period**

(Changes to specified subsidiaries resulting from changes in scope of consolidation): Yes  
Exclusion; 1 (Name) Fujitsu Management Services of America, Inc.

For further details, please refer to "Part II: Relationships between Fujitsu Group Companies" on page 43.

**(2) Changes in accounting policies and accounting estimates, and restatements**

1. Changes in accounting policies arising from revision of accounting standards: Yes
2. Changes arising from factors other than 1: None
3. Changes in accounting estimates: None
4. Restatements: None

For further details, please refer to "Part IV: Financial Tables, 7. Significant Changes in the Basis for Preparation of Consolidated Financial Statements" on page 53.

(3) Number of Issued Shares (Common shares)

1. Number of issued shares at end of period	As of March 31, 2014	2,070,018,213	shares
	As of March 31, 2013	2,070,018,213	shares
2. Treasury stock held at end of period	As of March 31, 2014	894,411	shares
	As of March 31, 2013	723,691	shares
3. Average number of issued and outstanding shares during period	Full-Year FY 2013	2,069,210,883	shares
	Full-Year FY 2012	2,069,330,470	shares

**(Reference Information) Summary of FY2013 Full-Year Non-consolidated Results**

(Monetary amounts less than one million yen are rounded down.)

**Non-consolidated Results for the Full-Year Ended March 31, 2014**

(1) Non-consolidated Financial Results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

Yen (Millions)

	Net Sales	Change (%)	Operating Income	Change (%)	Net Income (Loss)	Change (%)
FY 2013 (4/1/13-3/31/14)	2,145,051	2.7	-1,173	-	184,646	-
FY 2012 (4/1/12-3/31/13)	2,087,898	-1.7	27,850	-1.6	-338,025	-

Yen

	Net Income (Loss) per Common Share
	Basic
FY 2013 (4/1/13-3/31/14)	89.24
FY 2012 (4/1/12-3/31/13)	-163.35

(2) Non-consolidated Financial Position

Yen (Millions, except per share data)

	Total Assets	Net Assets	Owners' Equity Ratio (%)	Net Assets per Share
March 31, 2014	1,949,862	604,202	31.0	292.01
March 31, 2013	1,664,396	410,369	24.7	198.31

[Reference] Owners' Equity:                      March 31, 2014;                      604,202 million yen  
    March 31, 2013;                      410,369 million yen

Notes:

1. Compliance with Audit Procedures

These materials fall outside the jurisdiction of the audit procedures of the Financial Instruments and Exchange Act. Therefore, at the time of disclosure, a portion of the review has not yet been completed. Upon completion of the audit, a statutory audit report will be submitted on June 23, 2014.

2. Precautions on Usage of Earnings Projections

These materials may contain forward-looking statements that are based on management's current information, 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 listed below. For information regarding the assumptions used to prepare these projections, please refer to “Part I: Financial Results, 4. FY2014 Earnings Projections” on page 26.

- 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
- Risks related to public regulations, public policy and tax matters
- Risks related to product or services defects
- Potential emergence of unprofitable projects
- Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
- Risks related to natural disasters and unforeseen events
- Changes in accounting policies

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# Part I: Financial Results

## 1. Explanation of Financial Results

### <Business Environment>

During fiscal 2013 (April 1, 2013 – March 31, 2014), the global economy continued to experience a moderate recovery. In Europe, there was a resumption of economic growth, and signs of an economic recovery, particularly in Germany and the UK. In the US, uncertainties over the federal government's fiscal policies eased, and the economy continues to recover, especially consumer spending and corporate capital investment.

In Japan, due to a stock market rally and yen depreciation spurred on by the government's economic policy and monetary easing by the Bank of Japan, the economy is undergoing a moderate recovery. Consumer spending rose, in part spurred by a demand for purchases prior to an increase in the consumption tax rate. There has been a moderate recovery in exports resulting from the improved environment of the weaker yen and the economic recovery in overseas markets.

Investment in information and communication technology (ICT) is gradually increasing on signs of a rebound in corporate capital investment resulting from a recovery in corporate earnings.

### FY2013 Full-Year Financial Results

(Billion Yen)

	FY2012 4/1/12- 3/31/13	FY2013 4/1/13- 3/31/14	Change vs. FY 2012		Change vs. Jan. Forecast
				Change (%)	
Net Sales	4,381.7	4,762.4	380.7	[2] 8.7	82.4
Cost of Sales	3,177.9	3,493.2	315.2	9.9	
Gross Profit	1,203.7	1,269.1	65.4	5.4	
[Gross Profit Margin]	[ 27.5%]	[ 26.7%]	[ -0.8%]		
Selling, General and Administrative Expenses	1,115.4	1,126.6	11.1	1.0	
Operating Income (Loss)	88.2	142.5	54.2	61.5	2.5
[Operating Income Margin]	[ 2.0%]	[ 3.0%]	[ 1.0%]		
Other Income and Expenses	-140.3	-49.6	90.7	-	-4.6
Income (Loss) Before Income Taxes and Minority Interests	-52.1	92.9	145.0	-	
Income Taxes	24.2	37.0	12.8	52.8	
Minority Interests	3.5	7.2	3.7	105.2	
Net Income (Loss)	-79.9	48.6	128.5	-	3.6

< > Change (%) Constant Currency

## Quarterly Breakdown of Results

(Billion Yen)

		1Q	2Q	3Q	4Q	FY2013 Full-Year	Change vs. Jan. Forecast
Consolidated	Sales	999.2	1,152.3	1,200.7	1,410.1	4,762.4	82.4
	Change from FY2012	41.8	37.9	152.4	148.4	380.7	
	Operating Income	-22.8	33.6	26.1	105.5	142.5	2.5
	Change from FY2012	3.9	2.5	32.0	15.7	54.2	

## [Results by Business Segment]

Technology Solutions	Sales	677.5	785.3	786.3	993.7	3,243.0	53.0
	Change from FY2012	50.4	72.0	85.7	92.4	300.6	
	Operating Income	2.5	55.7	44.4	106.3	209.1	-0.8
	Change from FY2012	3.4	11.1	22.6	-2.0	35.1	
Device Solutions	Sales	145.3	159.0	146.0	149.7	600.2	5.2
	Change from FY2012	15.0	20.7	16.5	7.5	59.9	
	Operating Income	7.6	10.4	4.2	6.1	28.3	1.3
	Change from FY2012	11.2	13.8	13.5	3.9	42.6	
Ubiquitous Solutions	Sales	215.9	262.7	321.2	325.4	1,125.4	35.4
	Change from FY2012	-18.6	-52.0	54.7	51.1	35.2	
	Operating Income	-17.1	-11.6	-5.4	12.0	-22.1	4.8
	Change from FY2012	-15.1	-24.0	-3.3	10.8	-31.7	



**FY2013 Full-Year Major Items in Other Income and Expenses**

(Billion Yen)

Item	9 Months	4Q	Full Year	Description	Change vs. Jan. Forecast
Other Expenses (Special Items)	-26.2	-33.0	-59.3		-2.7
Restructuring Charges	-5.5	-25.5	-31.1		7.0
LSI Devices Business	-2.8	-18.2	-21.0	Loss on sale and integration of businesses and restructuring of standard logic device plants	8.9
Mobile Phone Business	-	-4.9	-4.9	Loss primarily on the disposal of assets in integrating manufacturing subsidiaries	-
Global Business	-2.3	-1.9	-4.2	Workforce rationalization expenses primarily in the Nordic region	-1.9
Impairment Loss	-0.0	-6.3	-6.4	Impairment loss on the property, plant and equipment of manufacturing subsidiaries	-6.3
Loss on Reversal of Foreign Currency Translation Adjustments	-20.5	-1.0	-21.6	Loss on the reversal of the foreign currency translation adjustments because of the liquidation of US-based subsidiary Fujitsu Management Services of America, Inc.	-1.0
Other Income (Special Items)	5.6	5.9	11.5		-
Gain on Sale of Investment Securities	3.5	3.3	6.8	Gain on sale of investment securities	-
Gain on Sale of Property, Plant and Equipment and Intangible Assets	2.1	2.5	4.7	Gain primarily on sale of land adjacent to the Akashi Plant	-

## <Issues and Initiatives in FY 2013>

At a management direction briefing in February 2013, Fujitsu announced measures to address issues with its LSI device business and businesses outside of Japan, and to go on the offense with such structural reforms as personnel measures and streamlining its corporate operations.

In setting its fiscal 2013 financial projections at the beginning of fiscal 2013, Fujitsu anticipated that its core businesses would experience a moderate recovery, and it factored in steady progress in the implementation of a variety of reform measures, including the structural reforms that it launched in fiscal 2012. In operating income, it projected approximately 25 billion yen in improvements from the structural reforms in its LSI device business and a business outside of Japan, and approximately 20 billion yen on the effect of personnel measures, including emergency actions, and reductions in corporate expenses. In its financial projections announced at the beginning of the fiscal year, it projected net sales of 4,550.0 billion yen, a 3.8% increase over the previous fiscal year, an operating income of 140.0 billion yen, an increase of 44.7 billion yen from fiscal 2012, and a net income of 45.0 billion yen.

Actual results for fiscal 2013 were consolidated net sales of 4,762.4 billion yen, 212.4 billion yen above initial projections, and consolidated operating income of 142.5 billion yen, 2.5 billion yen above initial projections. Changes in the operating environment for mobile phones caused the Ubiquitous Solutions segment to fall short of projections by 29.1 billion yen, but the Technology Solutions segment exceeded projections by 19.1 billion yen, primarily on a recovery in IT investments in Japan. Results in the Device Solutions segment also improved, bolstered by the impact of the weaker yen. In addition, there was company-wide progress in reducing costs. As a result, overall consolidated operating income exceeded initial projections.

Consolidated net income was 48.6 billion yen, exceeding projections made at the beginning of the fiscal year and returning the company to profitability. Structural reforms in its LSI device business and businesses outside of Japan proceeded essentially as planned, and, while extraordinary losses of 59.3 billion yen were recorded to consolidate the manufacturing locations in the mobile phone business and implement a shift in resources, these were accompanied by sales of underutilized real estate and shareholdings.

In the LSI device business, following on the measures implemented in fiscal 2012, including the sale of the Iwate Plant and the LSI assembly and testing facility, as well as the implementation of an early retirement incentive plan to bring the size of the workforce back into balance, Fujitsu moved forward on further initiatives in fiscal 2013. In addition to selling its microcontroller and analog device business to Spansion Group in August 2013, Fujitsu integrated its gallium-nitride (GaN) power device business with that of US-based Transphorm, Inc. in February 2014. In addition, Development Bank of Japan has agreed to provide equity capital and debt financing to a new company that will be formed to integrate Fujitsu's system LSI (SoC) business with that of Panasonic Corporation, for which the two companies signed a memorandum of understanding in February 2013. Fujitsu is also working to consolidate its standard logic device production lines, for which capacity utilization rates had been falling, in Japan's Aizu-Wakamatsu region to increase cost-competitiveness and bring greater stability to the business.

In the mobile phone business, in April 2014 Fujitsu integrated subsidiaries producing mobile phone handsets, and consolidated volume production capabilities in Yashiro, Hyogo Prefecture where tablet PC development and manufacturing takes place. Fujitsu is taking an increasingly shared and more efficient approach to its mobile phone business, and is moving forward on shifting resources to new business areas.

With respect to business operations outside Japan, a series of workforce-related measures have been implemented to strengthen management fundamentals. In fiscal 2012, these measures were primarily implemented in Fujitsu's hardware business on the European continent, whereas in fiscal 2013 these were mainly undertaken at the services businesses in the Nordic region, the Americas, and Australia.

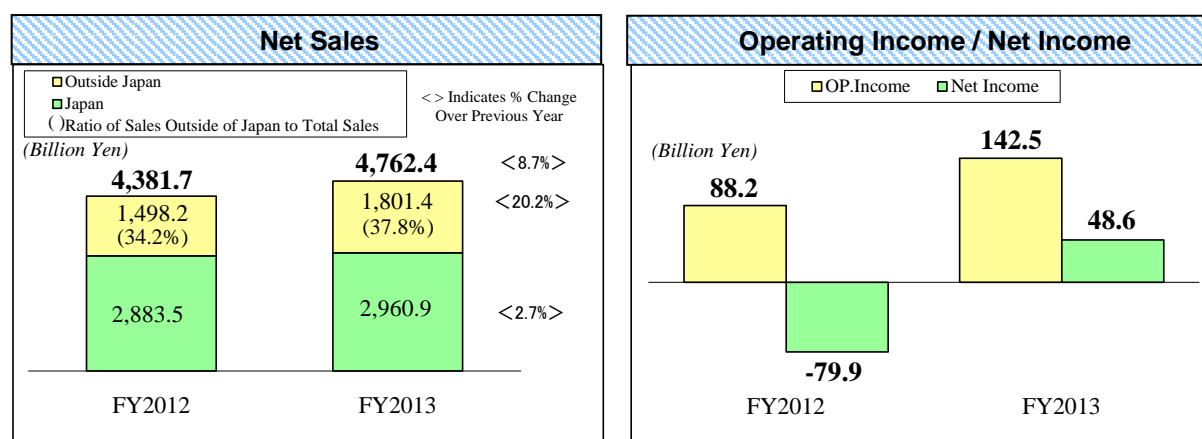
Consolidated owners' equity fell by 50.8 billion yen from the end of fiscal 2012, to 573.2 billion yen, resulting in an owners' equity ratio of 18.6%. The decline was primarily the result of bringing the unrecognized obligation for retirement benefits for plans in Japan on the balance sheet, in accordance with an accounting standard revision, reducing net assets by 146.7 billion yen on an after-tax basis. The decline in owners' equity, however, was lower than originally anticipated as Fujitsu recorded consolidated net income in fiscal 2013 that exceeded initial projections, and because accumulated other comprehensive income declined less than anticipated due to a reversal in foreign currency translation adjustments and the impact of the weaker yen and higher stock prices.

In an organizational change implemented on April 1, 2014, Fujitsu enhanced its matrix organization to enable it to keep pace with the globalization of its business. In addition, it has decided to voluntarily adopt International Financial Reporting Standards (IFRS) starting from fiscal 2014. By adopting a unified accounting standard globally, Fujitsu seeks to accelerate its transformation into a truly global company.

To further restore its consolidated owners' equity and enable it to continue to pay stable dividends, Fujitsu will continue to pursue improvements in management efficiency, including through structural reforms, and shift resources into growth areas. The company is still in the process of devising its IFRS-based performance targets.

*Note: In these explanatory materials, the yen figures for net sales, operating income, and other figures are converted into US\$ amounts, for reference purposes, at a rate of \$1=103 yen, the approximate Tokyo foreign exchange market rate on March 31, 2014. Figures for and comparisons to prior reporting periods are provided only for reference. The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for the fiscal 2012 to translate the current period's net sales outside Japan into yen.*

## <Profit and Loss>



Consolidated net sales for fiscal 2013 were 4,762.4 billion yen (US\$46,237 million), up 8.7% from fiscal 2012. Excluding the impact of foreign exchange fluctuations, sales increased by 2%.

Net sales in Japan rose by 2.7%. Although sales of mobile phones dropped sharply, particularly in the first half of the fiscal year, sales of system integration services increased, primarily to the public sector and financial services sector, and there were also higher sales of network products and PCs. Outside of Japan, sales rose by 20.2%, up by 1% on a constant currency basis. In North America, sales of car audio and navigation systems and optical transmission systems increased.

For fiscal 2013, the average yen exchange rates against major currencies were 100 yen to the US dollar (representing a yen depreciation of 17 yen over the previous fiscal year), 134 yen to the euro (a depreciation of 27 yen from fiscal 2012), and 159 yen to the British pound (a depreciation of 28 yen from fiscal 2012). As a result, the impact of foreign exchange fluctuations for the period was to increase net sales by approximately 280 billion yen compared to fiscal 2012. Sales generated outside Japan as a percentage of total sales were 37.8%, an increase of 3.6 percentage points compared to the previous fiscal year.

Gross profit was 1,269.1 billion yen, up 65.4 billion yen from fiscal 2012. Despite the decline in mobile phone sales, gross profit increased on the impact of foreign exchange movements and the beneficial effect of initiatives implemented to improve profitability. The gross profit margin was 26.7%, a decline of 0.8 of a percentage point compared to the prior fiscal year, primarily the result of deteriorating profitability in mobile phones.

Selling, general and administrative expenses were 1,126.6 billion yen, an increase of 11.1 billion yen from fiscal 2012, attributable to the weaker yen and other factors. Progress was made in generating Group-wide cost efficiencies, and selling, general and administrative expenses declined on a constant-currency basis.

As a result of the above factors, Fujitsu recorded operating income of 142.5 billion yen (US\$1,383 million), an increase of 54.2 billion yen from the previous fiscal year. In addition to structural reforms in the LSI device business and a business outside of Japan having contributed approximately 30 billion yen to this increase, workforce-related measures contributed approximately 20 billion yen.

Fujitsu also recorded a 6.8 billion yen gain on the sales of investment securities, and a 4.7 billion yen gain on the sale of property, plant and equipment. The company recorded restructuring costs of 31.1 billion yen, a loss on the reversal of foreign currency translation adjustments of 21.6 billion yen, which stemmed from the liquidation of Fujitsu Management Services of America, Inc., and an impairment loss of 6.4 billion yen recorded under other expenses, relating to operational assets of manufacturing subsidiaries.

The main components of the restructuring charges were 21.0 billion yen associated with the LSI device business, 4.9 billion yen for the mobile phone business, and 4.2 billion yen for businesses outside Japan. In the LSI device business, the charges were mainly attributable to the system LSI (SoC) business, which is scheduled to be integrated, and consisted of the costs for covering retirement benefit liabilities and losses on the disposal of assets. There were also charges stemming from the cost of restructuring the production lines for standard logic devices as well as losses on the disposal of assets. In the mobile phone business, the charges stemmed from losses on the disposal of assets in the process of integrating production sites as well as expenses incurred in reallocating personnel. The charges for businesses outside of Japan were primarily in the Nordic region, and consisted of workforce rationalization expenses.

Income before income taxes and minority interests amounted to a 92.9 billion yen, an improvement of 145.0 billion yen compared to the previous fiscal year. In addition, minority interests in income of consolidated subsidiaries was 7.2 billion yen, a year-on-year improvement of 3.7 billion yen, as there was a rebound in the financial performance of a listed subsidiary in the electronic components business.

Fujitsu reported consolidated net income of 48.6 billion yen (US\$472 million), representing an improvement of 128.5 billion yen from fiscal 2012. While the liquidation of a subsidiary in the US served to reduce the company's tax burden by approximately 13 billion yen, the early termination of the Special Reconstruction Corporation Tax contributed to a one-time increase in tax expenses by approximately 4 billion yen.

Other comprehensive income in fiscal 2013 was 49.0 billion yen. In addition to higher income in unrealized gain and loss on securities because of higher stock prices, net of taxes, and higher income in foreign currency translation adjustments because of the weaker yen, there was also the impact of the balance reversal on the liquidation of a US subsidiary. For

#### Statement of Comprehensive Income

(Billion Yen)

	FY2012	FY2013
Income(loss) before Minority Interests	-76.3	55.8
Other Comprehensive Income	-4.2	49.0
Unrealized Gain and Loss on Securities, Net of Taxes	11.5	10.8
Foreign Currency Translation Adjustments	22.2	60.0
Remeasurements of defined benefit plans, net of taxes	-40.0	-25.0
Share of Other Comprehensive Income of Associates Accounted for Using the Equity Method	1.9	3.3
Comprehensive Income	-80.6	104.9

**Note:**

The effect of the reflection on the balance sheet, as of the end of fiscal 2013, of the unrecognized obligation for retirement benefits for plans in Japan of 146.7 billion yen (on an after-tax basis) is not reflected in fiscal 2013 comprehensive income. Instead, it is reflected directly on the consolidated balance sheet under net assets (accumulated other comprehensive income).

pension plans outside of Japan that were reflected on Fujitsu's balance at the beginning of fiscal 2013, the impact of the increased liability caused by the weaker yen is included in remeasurements of defined benefit plans, net of taxes. As a result, comprehensive income for fiscal 2013 was 104.9 billion yen (US\$1,018 million).

#### **Comparison to Consolidated Earnings Projections Announced in January 2014**

Compared with the projections announced in January 2014, net sales were higher by 82.4 billion yen on higher sales of services and PCs in Japan. Operating income exceeded projections by 2.5 billion yen. Although there was an increase in upfront investment expenses, these were covered mainly by the impact of higher sales. Despite the adverse impact of certain one-time charges, such as the recording of an impairment loss on the assets of manufacturing subsidiaries, the reduction in tax expenses contributed to fiscal 2013 net income exceeding the previous projection by 3.6 billion yen.

## FY2013 Full-Year Consolidated Business Segment Information

### <Net Sales\* by Principal Products and Services>

(Billion Yen)

		FY2012 〔 4/1/2012 ~ 3/31/2013 〕	FY2013 〔 4/1/2013 ~ 3/31/2014 〕	Change vs. FY2012			Change vs. Previous Forecast***
				Change	Change(%)	Change(%) Constant Currency**	
	Technology Solutions	2,942.3	3,243.0	300.6	10.2	4	53.0
	Services	2,387.2	2,627.2	240.0	10.1	4	37.2
	Solutions / SI	837.1	920.4	83.3	10.0	10	20.4
	Infrastructure Services	1,550.0	1,706.7	156.6	10.1	1	16.7
	System Platforms	555.1	615.7	60.6	10.9	6	15.7
	System Products	262.9	272.7	9.8	3.7	-0	7.7
	Network Products	292.2	343.0	50.7	17.4	12	8.0
	Ubiquitous Solutions	1,090.2	1,125.4	35.2	3.2	-1	35.4
	PCs / Mobile Phones	822.8	799.3	-23.4	-2.8	-6	29.3
	Mobilewear	267.4	326.0	58.6	21.9	16	6.0
	Device Solutions	540.3	600.2	59.9	11.1	1	5.2
	LSI*****	289.6	321.6	32.0	11.1	2	6.6
	Electronic Components	252.5	280.2	27.6	10.9	0	0.2

#### Notes:

\* Net sales include intersegment sales.

\*\* The impact of exchange rate fluctuation has been calculated by using the average U.S. dollar, euro and British pound exchange rates for FY2012 to translate the current period's net sales outside Japan into yen.

\*\*\* Previous forecast as of January 30, 2014.

\*\*\*\* "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project; facility services and the development of information services for Fujitsu Group companies; and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

\*\*\*\*\* Sales figures for LSI include intrasegment sales to the electronic components segment.

\*\*\*\*\* In accordance with the adoption of the amended IAS 19, the figures for FY2012 have been retroactively revised. As a result, operating income for the Services sub-segment has decreased by 7.0 billion yen.

<Net Sales\* and Operating Income>

(Billion Yen)

		FY2012	FY2013	Change vs. FY2012			Change vs. Previous Forecast***
		〔 4/1/2012 ~ 3/31/2013 〕	〔 4/1/2013 ~ 3/31/2014 〕		Change(%)	Change(%) Constant Currency**	
Technology Solutions	Sales	2,942.3	3,243.0	300.6	10.2	4	53.0
	Japan	1,936.4	2,054.2	117.8	6.1	6	44.2
	Outside Japan	1,005.9	1,188.7	182.7	18.2	0	8.7
	Operating Income	173.9	209.1	35.1	20.2		-0.8
	[Operating Income Margin]	[5.9%]	[6.4%]	[0.5%]			[-0.2%]
Services	Sales	2,387.2	2,627.2	240.0	10.1	4	37.2
	Operating Income	124.6	151.1	26.5	21.3		-1.8
	[Operating Income Margin]	[5.2%]	[5.8%]	[0.6%]			[-0.1%]
System Platforms	Sales	555.1	615.7	60.6	10.9	6	15.7
	Operating Income	49.3	57.9	8.6	17.5		0.9
	[Operating Income Margin]	[8.9%]	[9.4%]	[0.5%]			[-0.1%]
Ubiquitous Solutions	Sales	1,090.2	1,125.4	35.2	3.2	-1	35.4
	Japan	823.0	794.4	-28.6	-3.5	-3	29.4
	Outside Japan	267.1	331.0	63.8	23.9	7	6.0
	Operating Income	9.6	-22.1	-31.7	-		4.8
	[Operating Income Margin]	[0.9%]	[-2.0%]	[-2.9%]			[0.5%]
Device Solutions	Sales	540.3	600.2	59.9	11.1	1	5.2
	Japan	295.9	291.9	-3.9	-1.3	-1	-8.0
	Outside Japan	244.4	308.3	63.8	26.1	5	13.3
	Operating Income	-14.2	28.3	42.6	-		1.3
	[Operating Income Margin]	[-2.6%]	[4.7%]	[7.3%]			[0.2%]
LSI Electronic Components	Operating Income	-13.8	16.6	30.5	-		1.6
	Operating Income	-0.3	11.7	12.1	-		-0.2
Other/Elimination and Corporate****	Sales	-191.2	-206.3	-15.0	-	-	-11.3
	Operating Income	-81.0	-72.8	8.2	-		-2.8
Total	Sales	4,381.7	4,762.4	380.7	8.7	2	82.4
	Japan	2,883.5	2,960.9	77.4	2.7	3	60.9
	Outside Japan	1,498.2	1,801.4	303.2	20.2	1	21.4
	Operating Income	88.2	142.5	54.2	61.5		2.5
	[Operating Income Margin]	[2.0%]	[3.0%]	[1.0%]			[ - %]

<Ratio of Sales outside Japan>

34.2%

37.8%

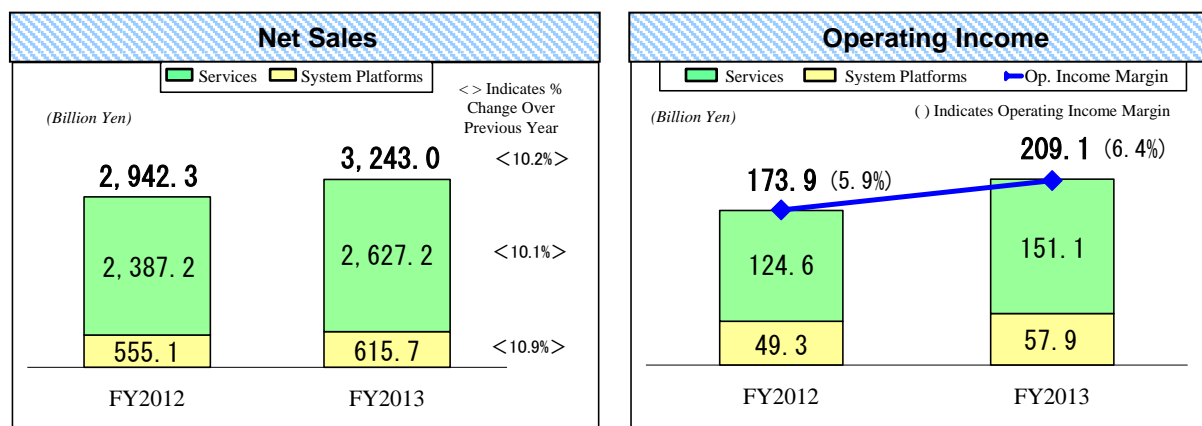
3.6%



## <Results by Business Segment>

Information on fiscal 2013 consolidated net sales (including intersegment sales) and operating income broken out by business segment is presented as follows.

### Technology Solutions



Consolidated net sales in the Technology Solutions segment amounted to 3,243.0 billion yen (US\$31,485 million), an increase of 10.2% from fiscal 2012.

Sales in Japan increased 6.1%. In system integration services, sales increased, primarily in the public sector and financial services sector, as customers expanded their investment spending. In network products, while demand for 3G communications equipment to deal with the larger volume of communications traffic has passed its peak, overall sales increased on spending by telecommunications carriers to expand LTE service area coverage and increase transmission speeds. Server-related sales rose due to the contribution of large-scale systems deals in the public sector. In infrastructure services, although sales of outsourcing services remained steady, sales were adversely impacted by a shift from packaged products that include connection fees to stand-alone products in the ISP business, along with a greater emphasis on profitability that resulted in a loss of subscribers. Sales outside Japan increased 18.2% but were essentially unchanged on a constant-currency basis. Sales of optical transmission systems increased in North America as investment by telecommunications carriers rebounded, but sales of the new UNIX server model were weak.

The segment posted operating income of 209.1 billion yen (US\$2,030 million), up 35.1 billion yen compared to fiscal 2012. In Japan, despite a higher burden of upfront development expenditures in network products and the effect of higher server-related procurement costs due to the weaker yen, operating income rose on increased sales of system integration services and network products, in addition to the impact of workforce-related measures. Outside Japan, although profitability deteriorated for certain projects in Australia, operating income benefited from the impact of structural reforms in Europe, higher sales of optical transmission systems in North America, and lower amortization expenses for goodwill.

(Billion Yen)		
	FY2013	Change vs. FY2012
Net Sales	3,243.0	10.2 %
Japan	2,054.2	6.1 %
Outside Japan	1,188.7	18.2 %
Operating Income	209.1	35.1

## (a) Services

Net sales in the Services sub-segment were 2,627.2 billion yen (US\$25,507 million), up 10.1% from fiscal 2012. In Japan, sales increased 5.5%. In system integration services, sales increased, primarily in the public sector and financial services sector, as customers expanded their investment spending. In infrastructure services, although sales of outsourcing services continued to be strong, sales were adversely impacted by a shift away from packaged products that include connection fees to stand-alone products in the ISP business, along with a greater emphasis on profitability that resulted in a loss of subscribers. Sales outside Japan increased 17.9% but were essentially unchanged on a constant-currency basis.

(Billion Yen)

	FY2013	Change vs. FY2012
Net Sales	2,627.2	10.1 %
Japan	1,600.5	5.5 %
Outside Japan	1,026.6	17.9 %
Operating Income	151.1	26.5

Operating income for the Services sub-segment was 151.1 billion yen (US\$1,467 million), up 26.5 billion yen compared to fiscal 2012. In Japan, operating income rose on higher sales of system integration services, in addition to the impact of workforce-related measures. Outside Japan, although profitability deteriorated for certain projects in Australia, operating income in Europe benefited from the impact of structural reforms and lower amortization expenses for goodwill.

## (b) System Platforms

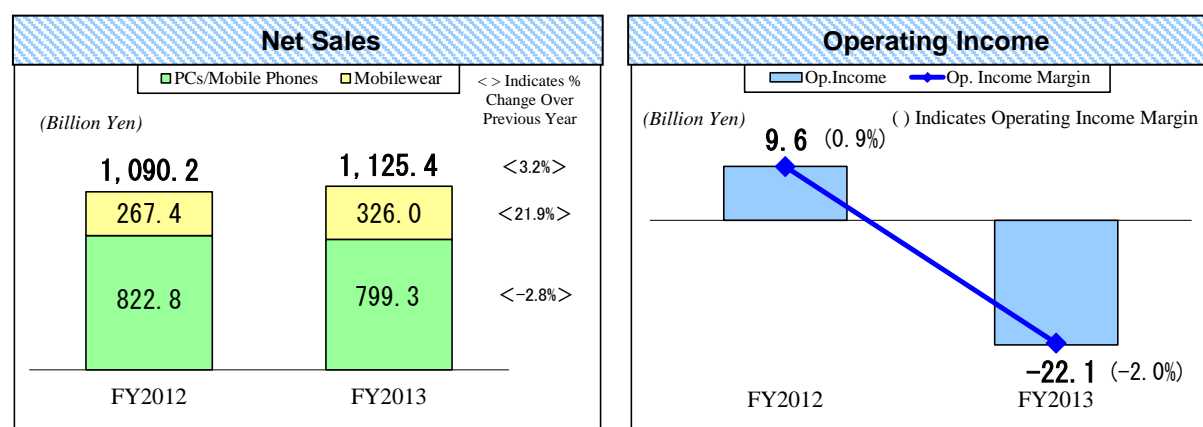
Net sales in the System Platforms sub-segment were 615.7 billion yen (US\$5,978 million), up 10.9% from the previous fiscal year. Sales in Japan were up 8%. In network products, while demand for 3G communications equipment to deal with the larger volume of communications traffic has passed its peak, overall sales increased as a result of spending by telecommunications carriers to expand LTE service area coverage and increase transmission speeds. Server-related sales increased due to the contribution of large-scale systems deals in the public sector. Sales outside Japan increased 19.9% but were essentially unchanged on a constant-currency basis. Sales of optical transmission systems increased in North America on a rebound in investment by telecommunications carriers, but sales of a new model of UNIX server were weak.

(Billion Yen)

	FY2013	Change vs. FY2012
Net Sales	615.7	10.9 %
Japan	453.7	8.0 %
Outside Japan	162.0	19.9 %
Operating Income	57.9	8.6

The System Platforms sub-segment posted operating income of 57.9 billion yen (US\$562 million), up 8.6 billion yen from fiscal 2012. In Japan, despite a higher burden of upfront development expenditures in network products and higher server-related procurement costs due to the weaker yen, operating income increased on the impact of higher sales. Outside Japan, operating income benefited from the impact of higher sales of optical transmission systems in North America.

## Ubiquitous Solutions



Net sales in the Ubiquitous Solutions segment were 1,125.4 billion yen (US\$10,926 million), up 3.2% from fiscal 2012. Sales in Japan were down by 3.5%. There was a significant increase in enterprise PC sales on higher demand for upgrades as a consequence of the ending of support for an operating system product. Unit sales of consumer PCs declined due to the shrinking market, although the value of sales was essentially unchanged from fiscal 2012. This was due to the impact of the weaker yen leading to higher sales prices, and higher demand for purchases in the fourth quarter prior to an increase in consumption tax. In mobile phones, sales in the first half of the fiscal year fell sharply on the impact of the revised smartphone sales strategies of telecommunications carriers, but recovered in the second half as one of Fujitsu's smartphones was selected by a telecom carrier as a recommended model, resulting in year-on-year sales being essentially unchanged from fiscal 2012. Sales of the Mobilewear sub-segment's car audio and navigation systems had been sluggish in the wake of the conclusion of the government's subsidy program for eco-friendly vehicles, but sales rose on a rebound in the number of new vehicles sold and on the impact of higher demand prior to the increase in the consumption tax. Sales outside Japan increased 23.9%. On a constant-currency basis, sales increased 7%. Unit sales of PCs in Europe declined due to a shift in the sales strategy to emphasize profitability, but Mobilewear sales rose, primarily in North America.

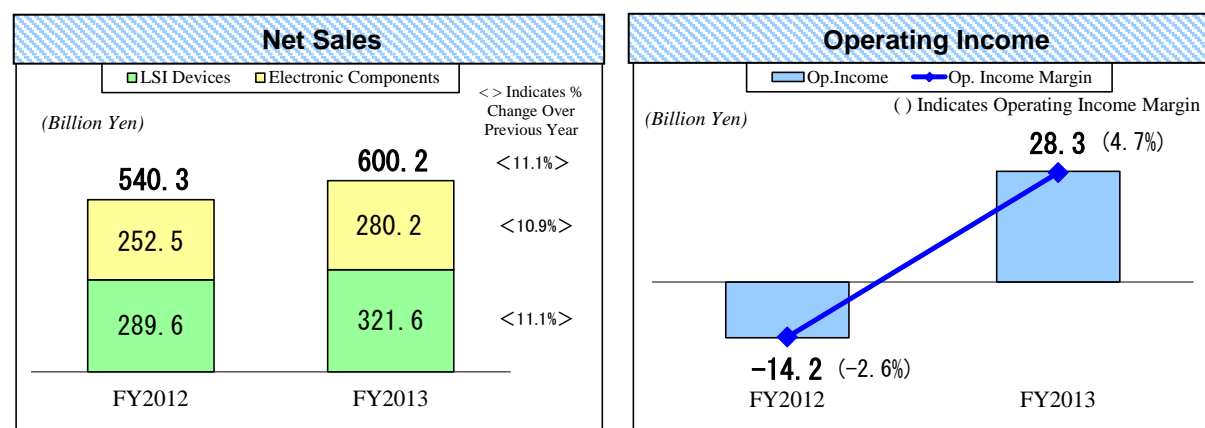
(Billion Yen)		
	FY2013	Change vs. FY2012
Net Sales	1,125.4	3.2 %
Japan	794.4	-3.5 %
Outside Japan	331.0	23.9 %
Operating Income	-22.1	-31.7

The Ubiquitous Solutions segment posted an operating loss of 22.1 billion yen (US\$215 million), a deterioration of 31.7 billion yen from fiscal 2012. In Japan, operating income for mobile phones was adversely impacted by the sharp decline in unit sales, as well as by higher costs due to functionality enhancements and the weaker yen. Operating income in PCs benefited by higher sales. Although there was an increase in procurement costs as a result of the weaker yen, progress was made in passing these on in higher sales prices. Sales in the Mobilewear sub-segment also increased, although they were adversely impacted by higher development expenses. Outside of Japan, euro weakness against the dollar in the previous year caused dollar-denominated parts procurement costs to rise for PCs in Europe, but there was a temporary reduction in the estimated expenses from copyright levies imposed on PCs in Germany as a result of a settlement with a copyright organization. In addition, operating income benefited from the rise in sales of the Mobilewear sub-segment.

In its mobile phone business, in April 2014 Fujitsu integrated the production facilities of two of its

mobile phone manufacturing subsidiaries, Fujitsu Mobile-phone Products Limited (Tochigi Prefecture) and Fujitsu Peripherals Limited (Hyogo Prefecture), with volume production capacity consolidated into Fujitsu Peripherals Limited. Fujitsu aims to increase productivity and create a highly flexible production facility agile enough to withstand volume fluctuations. For product development, Fujitsu aims to streamline operations through a shared development model, enabling staff to be reallocated to new business areas, such as enterprise solutions and automotive-related businesses. Fujitsu is committed to continuing to offer superior mobile devices along with the services with which they can be used.

## Device Solutions



Note: LSI devices sales include intrasegment sales to the electronic components business.

Net sales in Device Solutions amounted to 600.2 billion yen (US\$5,827million), an increase of 11.1% compared to fiscal 2012. Sales in Japan fell 1.3%. Sales of LSI devices used in mobile phones increased, but those used in digital audio-visual equipment and IT equipment decreased. In electronic components, while sales of semiconductor packages and batteries declined, sales of optical transceiver modules for telecommunications equipment increased, resulting in overall sales of electronic components being essentially unchanged from fiscal 2012. Sales outside Japan increased 26.1%. On a constant-currency basis, sales increased by 5%. Sales of LSI devices, primarily those used in smartphones, increased.

(Billion Yen)		
	FY2013	Change vs. FY2012
Net Sales	600.2	11.1 %
Japan	291.9	-1.3 %
Outside Japan	308.3	26.1 %
Operating Income	28.3	42.6

The Device Solutions segment recorded operating income of 28.3 billion yen (US\$275 million), representing an improvement of 42.6 billion yen from fiscal 2012. In Japan, operating income benefited from lower overhead expenses owing to an early retirement incentive plan and other factors in the LSI device business. High capacity utilization rates were maintained in the Mie plant's 300mm line on higher demand for use in smartphones, but low capacity utilization rates continued in the production lines for standard logic devices. Fujitsu is working to consolidate its standard logic device production lines in Japan's Aizu-Wakamatsu region to enhance capacity utilization. Outside Japan, results were bolstered by higher demand for LSI devices and electronic components as well as by the impact of higher sales because of the weaker yen.

In accordance with a restructuring plan decided in fiscal 2012, Fujitsu made progress on the structural transformation of its LSI device business. In August 2013, it sold its microcontroller and analog device business to Spansion Group, and in February 2014 Fujitsu integrated its gallium-nitride (GaN) power device business with that of Transphorm, Inc. of the US. In April 2014, Fujitsu signed a memorandum of

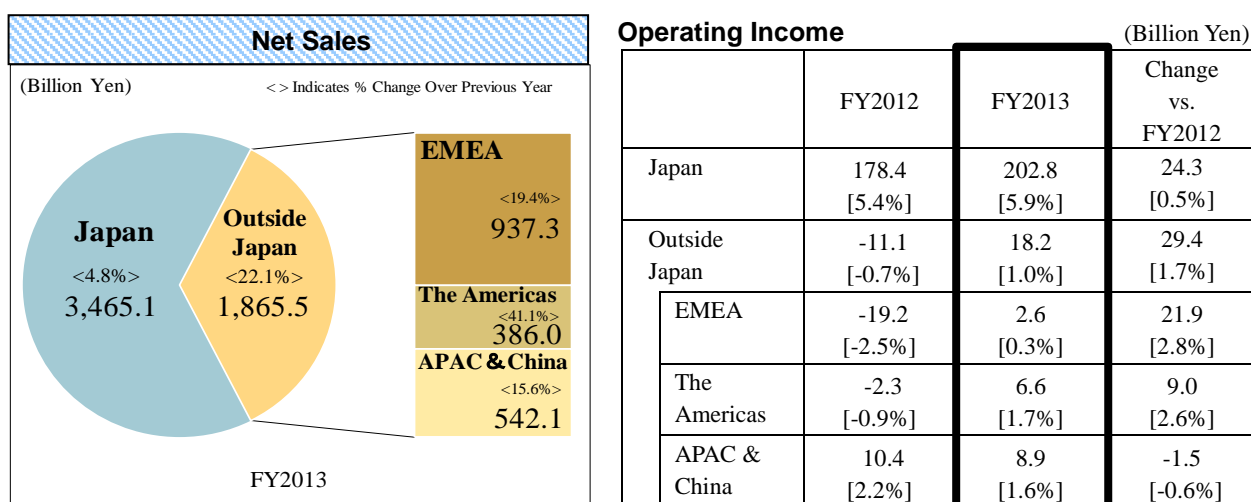
understanding with Panasonic Corporation and Development Bank of Japan (DBJ), in which it has agreed to integrate its system LSI (SoC) business with that of Panasonic in a new fabless company to be established, to which DBJ will provide equity capital and debt financing. A final agreement is expected to be reached by the end of the first quarter of fiscal 2014, and it is expected in the third quarter that the integration will be completed and the new company will start business. It is expected that Fujitsu will hold a 40% share of voting rights in the new company, to be operated as an independent business, with the aim to go public through an initial public offering a few years later.

### **Other/Elimination and Corporate**

This segment recorded an operating loss of 72.8 billion yen (US\$707 million), an improvement of 8.2 billion yen from fiscal 2012. This was on account of company-wide progress in generating cost efficiencies.

## <Geographic Information>

Sales and operating income for Fujitsu and its consolidated subsidiaries according to country and region are as follows.



Note: Numbers inside brackets indicate operating income margin.

In Japan, net sales amounted to 3,465.1 billion yen (US\$33,642 million), an increase of 4.8% compared to fiscal 2012. Sales of mobile phones were down sharply, but sales of systems integration services, mainly to public-sector and financial institutions, increased, as did sales of PCs and network products. Operating income in Japan was 202.8 billion yen (US\$1,969 million), a year-on-year increase of 24.3 billion yen. Despite deteriorating profitability in mobile phones, operating income increased on the impact of workforce-related measures as well the restructuring of the LSI device business, in addition to the benefits of higher sales of systems integration services.

Net sales outside Japan were 1,865.5 billion yen (US\$18,112 million), up 22.1% from fiscal 2012. On a constant-currency basis, sales increased 8%. Operating income outside Japan was 18.2 billion yen (US\$177 million), an improvement of 29.4 billion yen from fiscal 2012, mainly in EMEA, and all regions returned to profitability.

Net sales in EMEA amounted to 937.3 billion yen (US\$9,100 million), an increase of 19.4% from fiscal 2012, although, on a constant-currency basis, sales fell by 2%. The sales strategy for PCs switched to an emphasis on profitability over volume, and sales declined primarily in emerging markets. Operating income was 2.6 billion yen (US\$25 million), representing an improvement of 21.9 billion yen from fiscal 2012. In addition to improved profitability in PCs, there was also a temporary reduction in the estimated expenses from copyright levies imposed on PCs in Germany as a result of a settlement with a copyright organization. Operating income for infrastructure services improved owing to structural reforms. It should also be noted that, to adjust for differences in accounting between Japanese accounting standards and IFRS, fiscal 2013 operating income reflects approximately 5 billion yen in goodwill amortization expenses and approximately 17 billion yen in amortization expenses for retirement benefits.

Net sales in the Americas were 386.0 billion yen (US\$3,748 million), an increase of 41.1% from fiscal 2012, and an increase of 25% on a constant-currency basis. Sales rose for car audio and navigation equipment and optical transmission systems. Operating income for the region amounted to 6.6 billion yen (US\$64 million), an improvement of 9.0 billion yen from fiscal 2012. In addition to the effects of

higher sales, lower goodwill amortization expenses and improved profitability in infrastructure services contributed to the improvement of operating income.

In APAC and China, net sales were 542.1 billion yen (US\$5,263 million), a year-on-year increase of 15.6%. Sales of car audio and navigation systems and infrastructure services increased. Operating income was 8.9 billion yen (US\$86 million), a decrease of 1.5 billion yen from fiscal 2012. Despite higher sales, operating income was adversely affected by the deteriorating profitability of certain infrastructure services projects in Australia.

## 2. Explanation of Financial Condition

### [Assets, Liabilities and Net Assets]

(Billion Yen)

	Year-end FY2012 (at March 31, 2013)	Year-end FY2013 (at March. 31, 2014)	Change
Assets			
Current assets	1,722.2	1,866.4	144.1
[Notes and accounts receivable, trade]	[ 895.9 ]	[ 991.0 ]	[ 95.0 ]
[Inventories]	[ 323.0 ]	[ 330.2 ]	[ 7.1 ]
Non-current assets	1,198.0	1,213.0	15.0
[Property, plant and equipment]	[ 618.4 ]	[ 619.6 ]	[ 1.1 ]
[Intangible assets]	[ 187.3 ]	[ 186.2 ]	[ -1.0 ]
[Investment and other non-current assets]	[ 392.2 ]	[ 407.2 ]	[ 14.9 ]
Total Assets	2,920.3	3,079.5	159.2
Liabilities			
Current liabilities	1,568.5	1,462.3	-106.1
[Notes and accounts payables, trade]	[ 566.7 ]	[ 641.2 ]	[ 74.4 ]
[Short-term borrowings and Current portion of bonds payable]	[ 289.7 ]	[ 129.0 ]	[ -160.6 ]
[Provision for restructuring charges]	[ 64.0 ]	[ 34.4 ]	[ -29.5 ]
Long-term liabilities	599.3	914.7	315.3
[Long-term debt]	[ 245.2 ]	[ 390.5 ]	[ 145.3 ]
[Net defined benefit liability]	[ 207.1 ]	[ 386.2 ]	[ 179.1 ]
Total Liabilities	2,167.8	2,377.0	209.1
Net Assets			
Shareholders' equity	825.5	874.2	48.6
Accumulated other comprehensive income	-201.5	-301.0	-99.5
[Foreign currency translation adjustments]	[ -79.4 ]	[ -17.7 ]	[ 61.7 ]
[Remeasurements of defined benefit plans, net of taxes]	[ -149.7 ]	[ -321.5 ]	[ -171.8 ]
Minority interests in consolidated subsidiaries	128.3	129.1	0.8
Total Net Assets	752.4	702.4	-49.9
Total Liabilities and Net Assets	2,920.3	3,079.5	159.2

### [Cash Flows]

(Billion Yen)

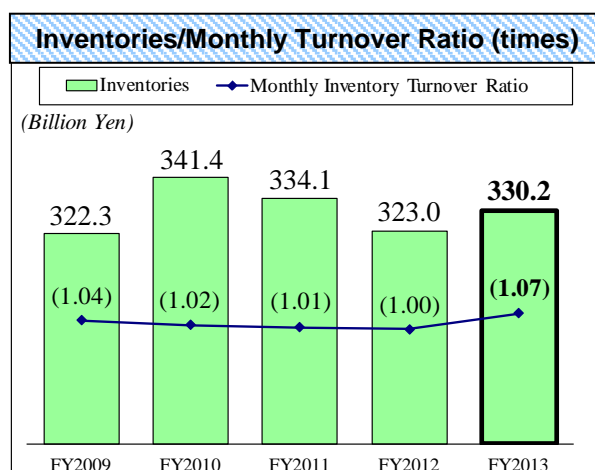
	FY2012 (4/1/12~3/31/13)	FY2013 (4/1/13~3/31/14)	Change
I. Net cash provided by operating activities	7.1	175.5	104.5
[ Income (loss) before income taxes and minority interests ]	[ -52.1 ]	[ 92.9 ]	[ 145.0 ]
[ Increase (decrease) in provisions ]	[ 46.0 ]	[ -38.7 ]	[ -84.7 ]
[ Retirement benefit expenses, net of contribution ]	[ -116.4 ]	[ 4.5 ]	[ 121.0 ]
II. Net cash used in investing activities	-161.4	-128.8	32.6
[ Purchases of property, plant and equipment ]	[ -111.5 ]	[ -114.1 ]	[ -2.5 ]
[ Purchases of intangible assets ]	[ -64.4 ]	[ -64.8 ]	[ -0.4 ]
[ Proceeds from sales of investment securities ]	[ 4.4 ]	[ 21.3 ]	[ 16.8 ]
[ Proceeds from transfer of business ]	[ 10.9 ]	[ 10.8 ]	[ -0.1 ]
[ Others ]	[ -0.9 ]	[ 17.9 ]	[ 18.9 ]
I+II. Free Cash Flow	-90.4	46.6	137.1
Excluding one-time items	8.4	14.4	6.0
III. Net cash provided by financing activities	100.3	-44.7	-145.1
[ Net increase in borrowings (decrease) ]	[ 142.6 ]	[ -85.6 ]	[ -228.3 ]
[ Bond issue and redemption ]	[ -2.4 ]	[ 60.0 ]	[ 62.4 ]
[ Dividends paid ]	[ -23.1 ]	[ -2.6 ]	[ 20.4 ]
Cash and cash equivalents at end of period	284.5	301.1	16.6

Notes;

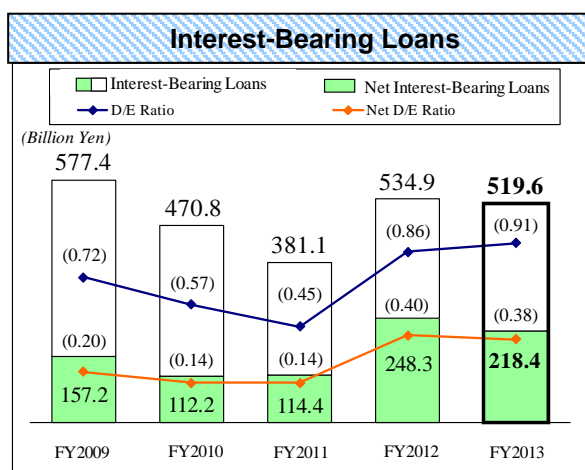
- Figures for FY2012 have been retroactively revised as a result of the adoption of the amended IAS 19.
- "Free cash flow excluding one-time items" excludes proceeds from sale of investment securities, Proceeds from transfer of business, and a special contribution into pension schemes of UK subsidiary in FY2012.



## (1) Assets, Liabilities and Net Assets



Note: The monthly turnover ratio is calculated by taking sales for the fiscal year, dividing by the average balance of inventories during the period, and then dividing by 12. The average balance of inventories for the fiscal year is calculated by taking the average of the balances at the end of first, second, and third quarters and the end of the fiscal year.



Consolidated total assets at the end of fiscal 2013 amounted to 3,079.5 billion yen (US\$29,898 million), an increase of 159.2 billion yen from the end of the previous consolidated fiscal year. Yen depreciation amounted to an approximately 120 billion yen increase. Current assets increased by 144.1 billion yen compared with the end of fiscal 2012, to 1,866.4 billion yen. Trade notes and accounts receivable increased by 95.0 billion yen, as sales in the fourth quarter of fiscal 2013 were higher than that in the same period of fiscal 2012. Inventories at the end of fiscal 2013 increased to 330.2 billion yen, up 7.1 billion yen from the ending balance of fiscal 2012, primarily because of the weaker yen. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 1.07 times, an improvement of 0.07 times from the end of fiscal 2012. In addition to more efficient management of inventories, particularly in PCs, the sale of the microcontroller and analog device business also had an impact.

Non-current assets increased by 15.0 billion yen from the end of fiscal 2012, to 1,213.0 billion yen. Investment and other non-current assets increased by 14.9 billion yen from the end of fiscal 2012, primarily as the value of investment securities increased with the rise in stock prices.

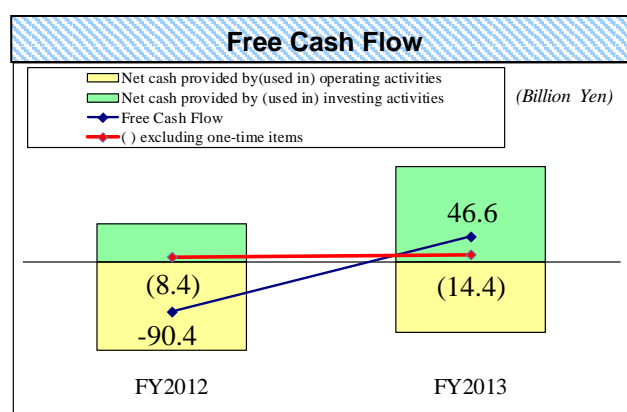
Consolidated total liabilities amounted to 2,377.0 billion yen (US\$23,078 billion), an increase of 209.1 billion yen compared to the end of fiscal 2012. Defined benefit liability increased by 179.1 billion yen primarily because the unrecognized obligation for retirement benefits for plans in Japan of 212.6 billion yen was brought on to the balance sheet as a liability, being offset with prepaid pension costs in accordance with a revision in the accounting standard for retirement benefits. Trade notes and accounts payable increased because of the impact of the weaker yen, whereas the provision for restructuring charges decreased on of the payment of business structure improvement expenses for the LSI device business and businesses outside Japan. The balance of interest-bearing loans was 519.6 billion yen, a decrease of 15.3 billion yen from the end of fiscal 2012. Fujitsu issued 80.0 billion yen in straight bonds to cover the redemption of straight bonds and repay short-term borrowings, and also made progress in paying down borrowings. The D/E ratio was 0.91 times, an increase of 0.05 of a percentage point compared to the end of fiscal 2012, and the net D/E ratio was 0.38 times, a decrease 0.02 of a percentage point compared to the end of fiscal 2012.

Net assets were 702.4 billion yen (US\$6,819 million), a decrease of 49.9 billion yen from the end of fiscal 2012. Shareholders' equity increased by 48.6 billion yen because of the net income being recorded in fiscal 2013. Accumulated other comprehensive income decreased by 99.5 billion yen compared to the end of fiscal 2012. Foreign currency translation adjustments increased by 61.7 billion yen compared to the end of fiscal 2012 on a reversal stemming from the liquidation of a US subsidiary Fujitsu Management Services of America, Inc., and on the depreciation of the yen. Unrealized gain and loss on securities increased 10.7 billion yen with a rise in stock prices. Remeasurements of defined benefit plans, net of taxes, decreased by 171.8 billion yen compared to the end of fiscal 2012 as a result of the reflection on the balance sheet, as of the end of fiscal 2013, of the unrecognized obligation for retirement benefits for plans in Japan, in accordance with a revision in the accounting standard for retirement benefits. Consequently, consolidated owners' equity fell to 573.2 billion yen, with an owners' equity ratio of 18.6%, representing a decline of 2.8 percentage points compared to the end of fiscal 2012.

	(Billion Yen)		
	<b>FY2012</b> (March 31, 2013)	<b>FY2013</b> (March 31, 2014)	<b>Change</b>
Cash and Cash Equivalents at End of Period	286.6	301.1	14.5
Interest-bearing Loans	534.9	519.6	-15.3
Net Interest-bearing Loans	248.3	218.4	-29.8
Owners' Equity	624.0	573.2	-50.8

## (2) Cash Flows

Net cash provided by operating activities during fiscal 2013 amounted to 175.5 billion yen (US\$1,704 million), a year-on-year increase of 104.5 billion yen. Contributing factors include an outflow of approximately 50 billion yen for the payment of restructuring charges relating to the LSI device business and business outside Japan, as well as approximately 26 billion yen in outflows for the payment of income tax withheld in relation to dividends received from subsidiaries in Japan in the fourth quarter of the fiscal year. On the other hand, quarterly income before income taxes and minority interests improved this fiscal year, and, in fiscal 2012, there was a one-time outflow of 114.3 billion yen for a special payment to the pension fund held by a UK subsidiary.



Note: Free cash flow excluding one-time items is free cash flow minus proceeds from the sale of investment securities, proceeds from the transfer of business and a special contribution during FY2012 to the pension scheme of Fujitsu's UK subsidiary.

Net cash used in investing activities was a negative 128.8 billion yen (US\$1,250 million). Outflows mainly consisted of the acquisition of property, plant and equipment amounting to 114.1 billion yen in capital expenditures, primarily related to datacenters, and the acquisition of intangible assets amounting to 64.8 billion yen, primarily software. There was an inflow of cash from the sale of investment securities and an inflow of cash from the maturity of a time deposit that had been held for fund management purposes. Compared to fiscal 2012, net outflows decreased by 32.6 billion yen.

Free cash flow, the sum of cash flows from operating and investing activities, was 46.6 billion yen (US\$452 million), representing an increase in net cash inflows of 137.1 billion yen compared with fiscal 2012. Inflows from the sales of investment securities and the sale of a business, and excluding one-time items such as the contribution in the previous fiscal year to the pension fund held by a UK subsidiary, resulted in increased cash inflows of 6.0 billion yen in fiscal 2013, largely unchanged from the previous fiscal year.

Net cash used in financing activities was 44.7 billion yen (US\$434 million). Short-term borrowings in the previous fiscal year that were used to finance a special contribution to the pension fund held by a UK subsidiary were repaid and replaced by straight bonds and other long-term borrowings. This led to a decrease in net cash inflows of 145.1 billion yen compared to fiscal 2012.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2013 were 301.1 billion yen (US\$2,923 million), an increase of 16.6 billion yen compared to the end of fiscal 2012.

### (3) Status of Retirement Benefit Plans

For retirement benefits for plans in Japan, as a result of a revision in the accounting standard for retirement benefits, the ending balance of unrecognized obligation for retirement benefits of 212.6 billion yen (146.7 billion yen on an after-tax basis) has been fully recognized in accumulated other comprehensive income as of the end of fiscal 2013. For retirement benefits for plans outside of Japan, in accordance with the adoption of the revised version of IAS 19, all unrecognized obligation for retirement benefits, adjusted for tax effects, has been reflected onto the balance sheet. As a result, all unrecognized obligation for retirement benefits for Fujitsu are now reflected onto the balance sheet.

(Billion Yen)			
	FY2012 (March 31, 2013)	FY2013 (March 31, 2014)	Change
a. Projected Benefit Obligation	-2,151.1	-2,248.4	-97.2
b. Plan Assets	1,686.9	1,865.1	178.1
c. Projected Benefit Obligation in Excess of Plan Assets (a) + (b)	-464.2	-383.3	80.8
Net Assets)	-149.7	-321.5	-171.8
Remeasurements of defined benefit plans, net of taxes			
In Japan	-	-146.7	-146.7
Outside Japan (*)	-149.7	-174.8	-25.0
(Reference) Unrecognized Obligation for Retirement Benefits for Plans in Japan (based on previous presentation method)	-308.7	-212.6	96.1

Note: The revised version of IAS 19 has been retrospectively applied to the financial figures presented for fiscal 2012 to provide a basis for comparison. As a result, the unrecognized obligation for retirement benefits of 157.3 billion yen at the end of fiscal 2012 has been revised and reflected on the balance sheet as 149.7 billion yen.

## <Reference> Major Financial Indices

(Billion Yen, except ratio and period items)

	FY2009	FY2010	FY2011	FY2012 (*1)	FY2013
Net Sales	4,679.5	4,528.4	4,467.5	4,381.7	4,762.4
Sales Outside of Japan	1,748.3	1,587.3	1,506.0	1,498.2	1,801.4
[Ratio of Sales Outside of Japan to Total Sales]	[37.4%]	[35.1%]	[33.7 %]	[34.2 %]	[37.8 %]
Operating Income Margin	2.0%	2.9%	2.4%	2.0%	3.0%
Return on Equity	12.0%	6.8%	5.1%	-10.9%	8.1%
Inventories	322.3	341.4	334.1	323.0	330.2
[Inventory Turnover Ratio]	[14.88]	[13.65]	[13.23]	[13.33]	[14.58]
[Monthly Inventory Turnover]	[1.04 times]	[1.02 times]	[1.01 times]	[1.00 times]	[1.07 times]
Total Assets	3,228.0	3,024.0	2,945.5	2,920.3	3,079.5
[Total Assets Turnover Ratio]	[1.45]	[1.45]	[1.5]	[1.49]	[1.59]
Shareholders' Equity	865.8	903.9	926.0	825.5	874.2
[Shareholders' Equity Ratio]	[26.8%]	[29.9%]	[31.4%]	[28.3%]	[28.4%]
Owners' Equity	798.6	821.2	841.0	624.0	573.2
[Owners' Equity Ratio]	[24.7%]	[27.2%]	[28.6%]	[21.4%]	[18.6%]
Market Value-based Shareholders' Equity Ratio	39.1%	32.2%	30.6%	27.5%	41.9%
Interest-Bearing Loans	577.4	470.8	381.1	534.9	519.6
Net Interest Bearing Loans	157.2	112.2	114.4	248.3	218.4
D/E Ratio	0.72	0.57	0.45	0.86	0.91
Net D/E Ratio	0.20	0.14	0.14	0.40	0.38
Cash Flows From Operating Activities	295.3	255.5	240.0	71.0	175.5
Free Cash Flow	296.4	113.4	49.1	-90.4	46.6
[Excluding one-time items](*2)	[111.6]	[73.3]	[43.5]	[8.4]	[14.4]
Loans/Cash Flows From Operating Activities	2.0 years	1.8 years	1.6 years	7.5 years	3.0 years
Interest Coverage Ratio	18.1	21.8	25.9	9.7	26.8

Note:

Owners' Equity:

Net Assets – Share Warrants – Minority Interests

Return on Equity:

Net Income ÷ {(Owners' Equity at Start of Period + Owners' Equity at End of Period) ÷ 2}

Inventory Turnover Ratio:

Net Sales ÷ {(Beginning Balance of Inventories + Ending Balance of Inventories) ÷ 2}

Monthly Inventory Turnover:

Net Sales ÷ Average Inventories during Period(\*3) ÷ 12

Total Assets Turnover Ratio:

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

Market Value-based Shareholders' Equity Ratio:

Market Capitalization ÷ Total Assets

Net Interest-Bearing Loans:

Interest-Bearing Loans – Cash Equivalents

D/E Ratio:

Interest-Bearing Loans ÷ Owners' Equity

Net D/E Ratio:

(Interest-bearing Loans - Cash Equivalents) ÷ Owners' Equity

Loans / Cash Flows from Operating Activities:

Interest-Bearing Loans ÷ Cash Flows from Operating Activities

Interest Coverage Ratio:

Cash Flows from Operating Activities ÷ Interest Expense

\*1: Figures for FY2012 have been retroactively revised as a result of the adoption of the amended IAS 19.

Figures prior to FY2011 have not been retroactively revised.

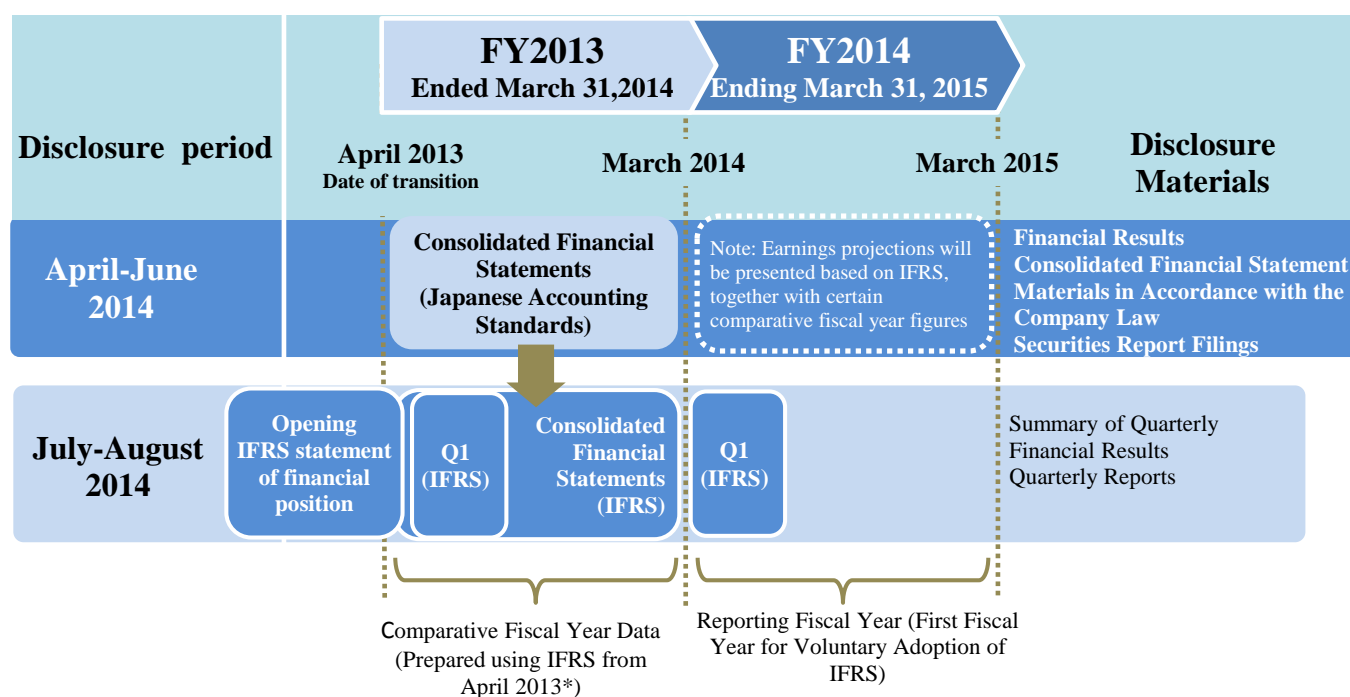
\*2: Free cash flow excluding one-time items excludes the following:

- Proceeds from sales of investment securities
- Proceeds from acquisitions of subsidiaries in line with changes to scope of consolidation
- Proceeds from business transfers
- A special contribution during FY2012 into pension schemes of Fujitsu's UK subsidiary

\*3: 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.

### 3. Voluntary Adoption of IFRS

#### Schedule of Disclosures in Accordance with IFRS



\*Financial results prior to March 31, 2013 should, in principle, also be prepared using IFRS, but a simplified treatment for such accounts as the balance of unamortized goodwill and foreign currency translation adjustments is acceptable.

#### Impact of Main Differences between Japanese Accounting Standards and IFRS

##### 1) Consolidated Income Statements

- (1) Net sales: No difference.
- (2) Retirement benefit: Under IFRS, amortization expenses for actuarial gains and losses are no longer incurred. However, service costs and interest expenses would increase primarily due to calculating interest income on plan assets using the rate used to discount the defined benefit obligation.
- (3) Goodwill: There is no periodic amortization under IFRS.
- (4) Presentation of accounts: Under IFRS, there is no classification corresponding to extraordinary gains or losses included in other income and expenses. Items such as expenses for the structural reform of businesses, impairment losses, and gains or losses on the sales of businesses are included in operating income. In addition, in other income and expenses, items that are not financial gains or losses are also included in operating income.
- (5) Specific Adjustments: Specific adjustments are related to gains or losses on the settlement of pension plans of subsidiaries in or outside of Japan, and reversal of foreign currency translation adjustments that, under Japanese accounting standards, were recognized in extraordinary gains or losses. The balance of foreign currency translation adjustments is deemed to be zero at the date of transition to IFRS by applying the exemption allowed for the first-time adopter and, accordingly, any losses associated with the balance of foreign currency translation adjustments prior to the date of transition would not be recognized in the income statements.

##### 2. Consolidated Balance Sheets

- (1) There is no significant impact on assets and liabilities.
- (2) There is not a significant difference because unrecognized retirement benefit obligations have also been brought onto the balance sheet under Japanese accounting standards.
- (3) There is a change in presentation of the components of net assets. Foreign currency translation adjustments are reclassified into retained earnings at the date of transition to IFRS.

[Impact amount of Main Differences between Japanese Accounting Standards and IFRS]

(1) FY2013 Consolidated Income Statements

(Billion Yen)

	Japanese Accounting Standards FY2013	Retirement benefit	goodwill	Presentation of accounts		Specific adjustments	Total	IFRS FY2013
				Other Income and Expenses	Extraordinary gains or losses			
Sales	4,762.4	-	-	-	-	-	-	4,762.4
Operating Income [Operating Income Margin]	142.5 [ 3.0%]	(*1) 21.3	(*2) 9.7	-8.7	-54.5	36.9	4.7	147.2 [ 3.1%]
Other Income and Expenses	-49.6							
Extraordinary gains or losses	-47.7							
Other Income and Expenses	-1.8							
Finance income and costs, etc(*3)		-	-	6.8	6.8	0.1	13.8	13.8
Net Income / Profit (*4)	48.6	20.0	9.7	-	-	34.8	64.6	113.2

\*1. Retirement Benefit In Japan : 3.5 Billion Yen、Outside Japan : 17.7 Billion Yen

\*2. Balance at the date of transition to IFRS : 32.6 Billion Yen

\*3. Total of "Finance income and costs" and "Equity in earnings of affiliates , net".

\*4. Attributable to Owners of the parent

(2) Operating Income (Segment Information)

(Billion Yen)

	Japanese Accounting Standards FY2013	Retirement benefit	goodwill	Presentation of accounts		Specific adjustments	Total	IFRS FY2013
				Other Income and Expenses	Extraordinary gains or losses			
Technology Solutions	209.1 [ 6.4%]	21.4	9.8	-4.1	-7.7	4.5	23.9	233.0 [ 7.2%]
Services	151.1 [ 5.8%]	19.7	9.5	-4.4	-6.7	4.5	22.6	173.8 [ 6.6%]
System Platforms	57.9 [ 9.4%]	1.6	0.3	0.2	-1.0	-	1.2	59.2 [ 9.6%]
Ubiquitous Solutions	-22.1 [ -2.0%]	0.2	-	-0.1	-4.9	-	-4.7	-26.8 [ -2.4%]
Device Solutions	28.3 [ 4.7%]	-1.1	-0.1	1.3	-24.1	7.3	-16.8	11.5 [ 1.9%]
Other/Elimination and Corporate	-72.8	0.8	-0.0	-5.8	-17.7	25.0	2.2	-70.5
Total	142.5 [ 3.0%]	21.3	9.7	-8.7	-54.5	36.9	4.7	147.2 [ 3.1%]

\*Figures in parentheses represent Operating Income Margin.

## 4. FY2014 Earnings Projections

Against the backdrop of a rebounding economic recovery in the United States, and even though Europe is still feeling the impact of fiscal austerity measures and emerging market economies face lingering uncertainty, the global economy, on the whole, appears to be maintaining a moderate recovery. In Japan, too, concerns exist over a temporary pause in consumer spending following a hike in the consumption tax and increased prices of imported materials on account of the weak yen. However, a solid economic recovery is expected to continue as a result of a series of economic measures taken by the government.

Starting in fiscal 2014, Fujitsu is voluntarily adopting IFRS for its consolidated financial statements. Outside of Japan, the Fujitsu Group has expanded its business across the globe, to regions such as Europe, the Americas, and Asia. As the importance of its business outside of Japan grows year by year, IFRS, a single, uniform accounting standard for Group companies, including those based outside of Japan, will enable coherent business management in and outside of Japan. In adopting IFRS, Fujitsu also seeks to facilitate international comparisons of financial information in global capital markets. Accordingly, Fujitsu's earnings projections for fiscal 2014 have been prepared based on IFRS, and results for fiscal 2013 have been revised in accordance with IFRS to facilitate comparison.

Earnings projections for fiscal 2014 assume yen exchange rates of 100 yen for the US dollar, 135 yen for the euro, and 160 yen for the British pound. In addition, because Fujitsu's SoC business will be merged into a newly integrated company in the third quarter, earnings of that integrated company have been factored into the projections using the equity method.

In light of these circumstances, Fujitsu's earnings projections for fiscal 2014 are as outlined below.

For the full fiscal year, Fujitsu is projecting consolidated net sales of 4,800 billion yen, an approximately 40 billion yen increase from fiscal 2013. Net sales in Japan for the Ubiquitous Solutions segment are projected to decline sharply by approximately 100 billion yen. In addition to an expected decline in consumer demand on account of the increased consumption tax, demand for PCs, which had risen owing to need for replacements prior to the end of support for an operating system product, is expected fall, and unit sales of mobile phones are projected to decline. On the other hand, sales in the services business are projected to see strong growth, and there is expected to be a recovery in the demand for electronic components both in Japan and internationally. Sales of network products and car audio and navigation equipment outside of Japan are projected to rise.

Fujitsu is projecting operating income of 185 billion yen for fiscal 2014, an increase of approximately 40 billion yen from fiscal 2013. The Technology Solutions segment is projected to account for approximately 5 billion yen of this increase. In addition to the effect of higher sales in the services business, structural reforms in businesses outside Japan are expected to yield further results, but the level of the overall increase is expected to be limited because of higher upfront expenses to expand business outside of Japan and enhance product competitiveness. The Ubiquitous Solutions segment is projected to return to profitability with 4 billion yen in operating income. In addition to a sharp decline in extraordinary costs in the mobile phone business, with progress in quality assurance and in eliminating excess inventories, Fujitsu is projecting cost savings from the integration of manufacturing sites it implemented last year, and from shifting development resources into growth areas. Operating income in the Device Solutions segment is projected to increase by approximately 15 billion yen. In addition to a rebound from the restructuring charges for the LSI device business recorded in fiscal 2013, operating income in this segment is projected to be higher because of higher sales of electronic components. In the Other/Elimination and Corporate segment, operating results are projected to deteriorate due to upfront

expenses to enhance and expand new business areas as part of Fujitsu's medium- to long-term growth strategy, and because results in fiscal 2013 reflected gains on the sales of property, plant and equipment.

In addition, Fujitsu is projecting 190 billion yen in income before taxes and minority interests, and profit for the year attributable to owners of the parent company is projected to be 125 billion yen.

#### **FY2014 Full-Year Consolidated Forecast**

(Billion Yen)

	IFRS			
	FY2013 (Actual)	FY2014 (Forecast)	Change	Change (%)
Sales	4,762.4	4,800.0	37.5	0.8
Operating Income	147.2	185.0	37.7	25.6
[Operating Income Margin]	[3.1%]	[3.9%]	[0.8%]	
Profit Attributable to Owners of the Parent	113.2	125.0	11.7	10.4

#### **<Operating Income by Business Segment >**

Technology Solutions	233.0	238.0	4.9	2.1
Ubiquitous Solutions	-26.8	4.0	30.8	-
Device Solutions	11.5	27.0	15.4	133.3
Other/Elimination and Corporate	-70.5	-84.0	-13.4	-

Note: Figures for actual results in fiscal 2013 are preliminary and are subject to change based on results of accounting audits.



## Forecast for FY2014 Consolidated Business Segment Information [IFRS]

### <Net Sales\* by Principal Products and Services>

(Billion Yen)

		FY2013 (Actual)	FY2014 (Forecast)	Change vs. FY2013		
				Change(%)	Change(%) Constant Currency**	
	Technology Solutions	3,243.0	3,290.0	46.9	1.4	1
	Services	2,627.2	2,660.0	32.7	1.2	1
	Solutions / SI	920.4	930.0	9.5	1.0	1
	Infrastructure Services	1,706.7	1,730.0	23.2	1.4	1
	System Platforms	615.7	630.0	14.2	2.3	2
	System Products	272.7	280.0	7.2	2.7	3
	Network Products	343.0	350.0	6.9	2.0	2
	Ubiquitous Solutions	1,125.4	1,050.0	-75.4	-6.7	-7
	PCs / Mobile Phones	799.3	720.0	-79.3	-9.9	-10
	Mobilewear	326.0	330.0	3.9	1.2	1
	Device Solutions	600.2	610.0	9.7	1.6	2
	LSI****	321.6	290.0	-31.6	-9.8	-10
	Electronic Components	280.2	320.0	39.7	14.2	14

#### Notes:

\* Net sales include intersegment sales.

\*\* The impact of exchange rate fluctuation has been calculated by using the average U.S. dollar, euro and British pound exchange rates for FY2013 to translate the forecasted net sales outside Japan into yen.

\*\*\* "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project; facility services and the development of information services for Fujitsu Group companies; and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

\*\*\*\* Sales figures for LSI include intrasegment sales to the electronic components segment.

\*\*\*\*\* Figures for actual results in fiscal 2013 are preliminary and are subject to change based on results of accounting audits.

<Net Sales\* and Operating Income>

(Billion Yen)

		FY2013 (Actual)	FY2014 (Forecast)	Change vs. FY2013		
					Change(%)	Change(%) Constant Currency**
Technology Solutions	Sales	3,243.0	3,290.0	46.9	1.4	1
	Japan	2,054.2	2,080.0	25.7	1.3	1
	Outside Japan	1,188.7	1,210.0	21.2	1.8	2
	Operating Income	233.0	238.0	4.9	2.1	
	[Operating Income Margin]	[7.2%]	[7.2%]	[ - %]		
Services	Sales	2,627.2	2,660.0	32.7	1.2	1
	Operating Income	173.8	178.0	4.1	2.4	
	[Operating Income Margin]	[6.6%]	[6.7%]	[0.1%]		
System Platforms	Sales	615.7	630.0	14.2	2.3	2
	Operating Income	59.2	60.0	0.7	1.3	
	[Operating Income Margin]	[9.6%]	[9.5%]	[-0.1%]		
Ubiquitous Solutions	Sales	1,125.4	1,050.0	-75.4	-6.7	-7
	Japan	794.4	700.0	-94.4	-11.9	-12
	Outside Japan	331.0	350.0	18.9	5.7	5
	Operating Income	-26.8	4.0	30.8	-	
	[Operating Income Margin]	[-2.4%]	[0.4%]	[2.8%]		
Device Solutions	Sales	600.2	610.0	9.7	1.6	2
	Japan	291.9	320.0	28.0	9.6	10
	Outside Japan	308.3	290.0	-18.3	-5.9	-6
	Operating Income	11.5	27.0	15.4	133.3	
	[Operating Income Margin]	[1.9%]	[4.4%]	[2.5%]		
	LSI	Operating Income	0.0	8.0	7.9	-
	Electronic Components	Operating Income	11.4	19.0	7.5	65.5
Other/Elimination and Corporate***	Sales	-206.3	-150.0	56.3	-	-
	Operating Income	-70.5	-84.0	-13.4	-	
Total	Sales	4,762.4	4,800.0	37.5	0.8	1
	Japan	2,960.9	2,960.0	-0.9	-0.0	-0
	Outside Japan	1,801.4	1,840.0	38.5	2.1	2
	Operating Income	147.2	185.0	37.7	25.6	
	[Operating Income Margin]	[3.1%]	[3.9%]	[0.8%]		

<Ratio of Sales outside Japan>

37.8%

38.3%

0.5%

## [Miscellaneous Forecasts for FY2014]

### a.Exchange rate

(Yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)
U.S. Dollar	83	100	100
euro	107	134	135
British pound	131	159	160

Reference information:

A 1 yen appreciation had the following effect on operating income of FY2013.

U.S. dollar : Increase by approximately 0.3 billion yen.

euro: decrease by approximately 0.2 billion yen.

British pound: Increase/decrease by approximately 0 billion yen.

A 1 yen fluctuation appreciation is expected to have the following effect on operating income of FY2014.

U.S. dollar : decrease by approximately 0.6 billion yen.

euro: decrease by approximately 0.3 billion yen.

British pound: decrease by approximately 0.1 billion yen.

### b.R&D Expenses

(Billion Yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)
R&D Expenses	231.0	221.3	230.0
As % of Net sales	5.3%	4.6%	4.8%

### c.Capital Expenditures and Depreciation

(Billion Yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)
Technology Solutions	59.5	69.5	85.0
Ubiquitous Solutions	14.6	14.9	13.0
Device Solutions	40.4	33.9	44.0
Other/Corporate	7.0	3.7	3.0
Total	121.7	122.2	145.0
Depreciation	116.5	115.1	120.0

### d.Cash Flows

(Billion Yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)
Net income/profit (attributable to owners of the patent)	-79.9	48.6	125.0
Depreciation, amortization & impairment loss	240.9	185.6	185.0
Amortization of goodwill	14.2	9.7	-
Others**	-104.2	-68.4	-40.0
(A)Cash flows from operating activities	71.0	175.5	270.0
(B)Cash flows from investing activities	-161.4	-128.8	-190.0
(C)Free cash flow (A)+(B)	-90.4	46.6	80.0
[FCF excluding one-time items]*	[8.4]	[14.4]	[80.0]
(D)Cash flows from financing activities	100.3	-44.7	-30.0
(E)Total (C)+(D)	9.9	1.8	50.0

Notes:

\* FCF excluding one-time items is free cash flow minus proceeds from the sale of investment securities, proceeds from the transfer of business, and a special contribution during FY2012 into pension schemes of UK subsidiary (114.3 billion yen).

\*\* Others in cash flows from operating activities include expenditures regarding structural reforms in LSI devices and global businesses FY2013(Actual) approximately 50.0 billion yen. FY2014(forecast) approximately 25.0 billion yen.

For the actual amounts for fiscal 2012 and fiscal 2013, the figures based on Japanese accounting standards are presented for reference.□

For the actual amounts for fiscal 2013 based on IFRS figures, they are expected to be presented in the summary of financial results for the first quarter of fiscal 2014.

**e.PC Shipments**

(Million Units)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)
PC Shipments	5.83	5.90	5.10

Change vs. previous forecast as of January 2014

0.2

**f.Mobile Phone Shipments**

(Million Units)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Forecast)
Mobile Phone Shipments	6.50	3.70	3.10

Change vs. previous forecast as of January 2014

-

**g.Employees**

(Thousands)

	FY2011 As of March 31, 2012 (Actual)	FY2012 As of March 31, 2013 (Actual)	FY2013 As of March 31, 2014 (Actual)
Japan	107	104	101
Outside Japan	66	65	61
Total	173	169	162

Notes: Through the implementation of an early retirement incentive plan in the LSI device business in Japan, 1.6 thousand employees had retired by the end of June 2013.

In addition, the sale of the microcontroller and analog device business reduced headcount in and outside of Japan by approximately one thousand of employees.

The reduction in the number of employees outside of Japan since the end of the previous fiscal year is primarily attributable to structural reforms and the sale of a subsidiary in the EMEA region.

## 5. Policy on Dividends and Dividends Forecast

Article 40 of Fujitsu Limited's Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu's basic policy on the exercise of this authority, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is retained by the Company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, while taking into consideration its level of profit, when a sufficient volume of internal reserves is secured, including through the acquisition of its own shares, Fujitsu aims to more proactively distribute profits to shareholders.

In its fiscal 2012 full-year non-consolidated results, Fujitsu posted large losses, including a loss on valuation of shares in affiliates and business restructuring charges, resulting in negative retained earnings. Accordingly, the company did not pay a year-end dividend for fiscal 2012 or an interim dividend in fiscal 2013.

Because of the implementation of a variety of measures, for the current period Fujitsu's financial condition on a non-consolidated basis has recovered to a level at which dividend payments can be resumed. In consideration of the future sustainability of dividend payments, however, Fujitsu has decided to pay a year-end dividend of 4 yen per share.

Since no interim dividend was paid in fiscal 2013, annual dividend payments in fiscal 2013 consist only of the year-end dividend of 4 yen per share.

Fujitsu plans to pay dividends from retained earnings twice a year, at the half-year and year-end. For fiscal 2014, Fujitsu plans to pay an annual dividend of 8 yen per share, which includes an interim dividend of 4 yen per share.

## Overview of FY 2013 Non-consolidated Financial Results

### <Profit and Loss (Non-consolidated)>

(Billion Yen)

	<b>FY2012</b> (4/1/2012 – 3/31/2013)	<b>FY2013</b> (4/1/2013 – 3/31/2014)	Change
Net Sales	2,087.8	2,145.0	57.1
Operating Income	27.8	-1.1	-29.0
Other Income and Expenses	-361.5	179.7	541.3
[Dividend Income]	[36.8]	[174.8]	[137.9]
Net Income(loss)	-338.0	184.6	522.6

On a non-consolidated basis, net sales for Fujitsu Limited in fiscal 2013 were 2,145.0 billion yen (US\$20,825 million), essentially unchanged from the prior fiscal year. Operating income, however, deteriorated by 29.0 billion yen, resulting in an operating loss of 1.1 billion yen (US\$11 million). Despite the impact of higher sales of network products, system integration services, and PCs, there was a significant deterioration in operating income because of intensified competition in the mobile phone business, affecting both sales volumes and pricing, which led to an operating loss.

Other income amounted to 26.4 billion yen. In addition to income of 18.7 billion yen recorded as a result

of the liquidation of US-based subsidiary Fujitsu Management Services of America, Inc., Fujitsu Limited recorded a valuation gain of 7.9 billion yen on the sale of stock, and a 4.5 billion yen gain on the sale of underutilized real estate. As a result, on a non-consolidated basis, Fujitsu Limited recorded net income of 184.6 billion yen (US\$1,792 million).

**<Net Assets (Non-consolidated)>**

(Billion Yen)

	<b>FY2012</b> (March 31, 2013)	<b>FY2013</b> (March 31, 2014)	Change
Shareholders' Equity	387.0	570.7	-183.7
Common Stock	324.6	324.6	-
Capital Surplus:	167.1	166.2	-0.8
Other Capital Surplus	167.1	166.2	-0.8
Retained Earnings:	-104.3	80.2	184.6
Legal Retained Earnings	10.1	10.1	-
Other Retained Earnings	-114.5	70.1	184.6
Treasury Stock	-0.3	-0.4	-0.0
Valuation and Translation Adjustments	23.3	33.4	10.0
Total Net Assets	410.3	604.2	193.8
Allocable Funds for Distribution (Non-consolidated)	52.2	236.0	183.7

In fiscal 2013, Fujitsu Limited posted net income of 184.6 billion yen as a result of recording dividends from subsidiaries and other factors. The company also recorded 80.2 billion yen in retained earnings, which in the previous fiscal year had been negative due to an extraordinary loss. In addition, the funds allocable for distribution amounted to 236.0 billion yen, an increase of 183.7 billion yen from the end of the previous fiscal year.

The unrecognized obligation for retirement benefits, in accordance with a revision in the accounting standard for retirement benefits, is not applied to balance sheet reporting for non-consolidated financial results. As of the end of fiscal 2013, the balance of the unrecognized obligation for retirement benefits was 147.2 billion yen. As a result of an improvement in the investment return on plan assets stemming from the increase in stock prices, the balance of unrecognized obligation for retirement benefits has declined by 47.6 billion yen since the end of fiscal 2012.

## **6. 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, 2014).

### **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 the 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 restraints 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 work, the possibility of defects arising after delivery 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 in order to achieve a high-standard information security. However, we cannot totally exclude the possibility of service interruption. In the event of deficiencies or flaws, or interruption of services, 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, system development work is becoming increasingly more complex and challenging. 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 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.

Also, in the course of troubleshooting ATM software as a part of ongoing maintenance under contract from a customer, there was an incident in fiscal 2013 in which a former employee of a Group company illegally obtained internal ATM information and produced counterfeit cards, using those cards to withdraw cash. Fujitsu deeply regrets the trouble and distress that this incident has caused to affected individuals and financial institutions, and is making every effort to prevent a recurrence.

## **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 Tohoku 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 or water, 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**

In addition to business and other risks described above, the Group may also be impacted by the following risks related to its Financial Statements.

### **1) 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.

## **2) 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.

## **3) 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.

## **4) 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, or should actual useful life in the future be less than the original estimate, there is a risk that amortization expenses may increase.

## **5) Goodwill**

Goodwill arising from the acquisition of a business, including those purchased by consolidated subsidiaries, has been amortized by the straight-line method over the period corresponding to the premium of the acquired business. With the voluntary adoption of IFRS in fiscal 2014, however, goodwill will no longer be amortized. Losses may be recognized if the profitability of the acquired business decreases, or if there is a withdrawal or a selling of the business during the period returns from the acquired business are expected.

## **6) 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.

#### **7) 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.

#### **8) 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.

#### **9) Provision for Construction Contract Losses**

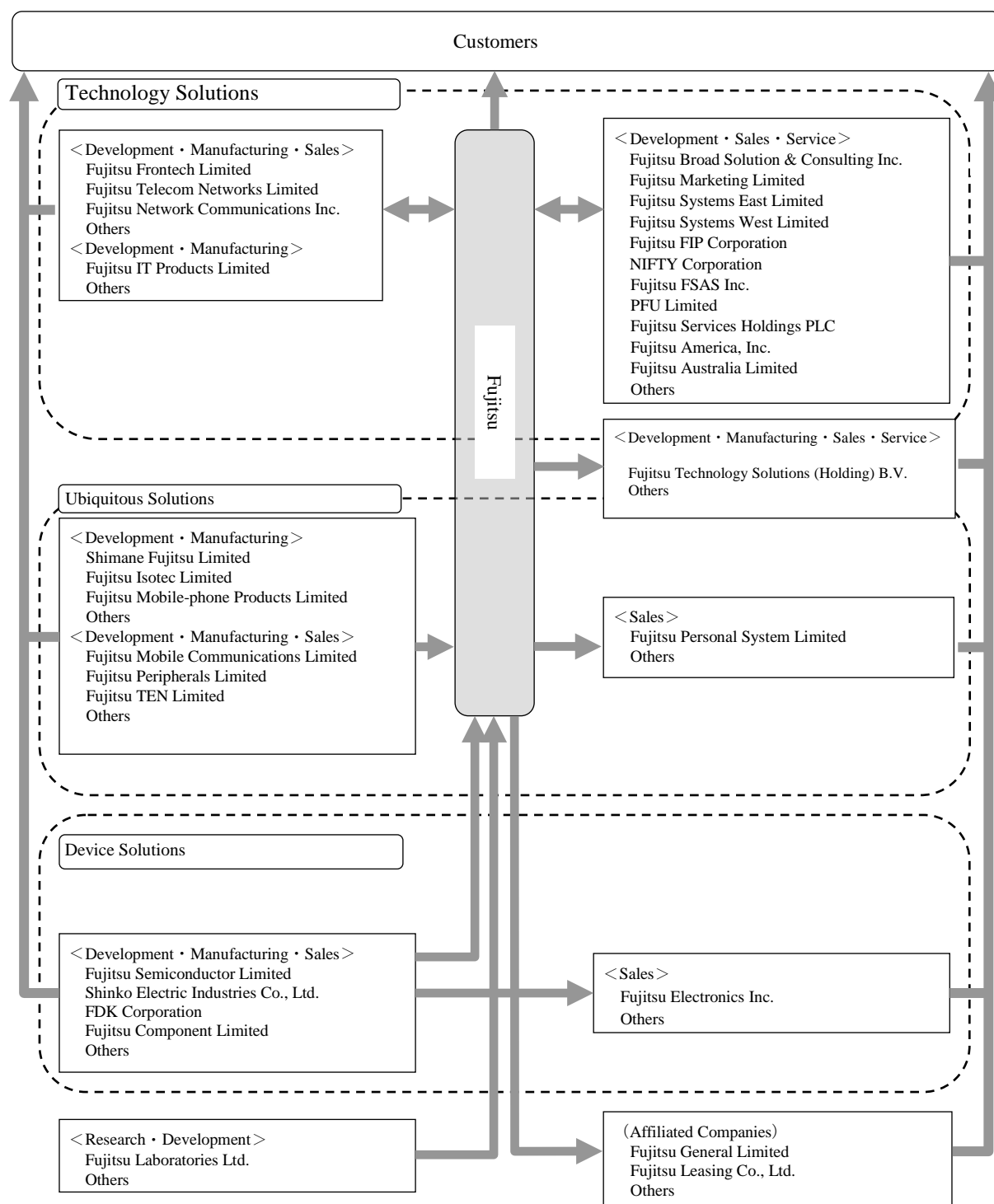
The Group records provisions for projected losses on customized software under development contracts and construction contracts that show an acute deterioration in profitability as of the fiscal year-end. The Group is taking steps to curtail the emergence of new, unprofitable projects by moving ahead 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.

#### **10) Retirement Benefits**

Defined benefit liability and defined benefit expenses are determined based on certain actuarial assumptions which include discount rates, employee turnover rates and mortality rates. When actual results differ from the assumptions or when the assumptions are changed, the defined benefit liability and defined benefit expenses can be affected.

## Part II: Relationships between Fujitsu Group Companies

The following chart shows the relationships between Fujitsu Group companies (as of March 31, 2014):



Note;

1. Consolidated subsidiaries listed in stock exchanges in Japan are as follows:

Fujitsu Frontech Limited (2nd Section Tokyo Stock Exchange), NIFTY Corporation (2nd Section Tokyo Stock Exchange), Fujitsu Broad Solution & Consulting Inc. (JASDAQ), Shinko Electric Industries Co., Ltd. (1st Section Tokyo Stock Exchange), FDK Corporation (2nd Section Tokyo Stock Exchange), Fujitsu Component Limited (2nd Section Tokyo Stock Exchange).

2. Fujitsu Mobile-phones Products Limited was integrated into Fujitsu Peripherals Limited and dissolved on April 1, 2014.



## **Part III: Management Direction**

### **1. Basic Management Policy**

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. To achieve this vision, the Fujitsu Group strives for sustainable profit and growth, while continually enhancing its corporate value.

The Fujitsu Group is dedicated to contributing to the success of its customers and seeks to grow with them as their valued and trusted partner.

### **2. Medium-Term Business Strategy, Target Management Index, and Priority Tasks**

Against a backdrop of increasingly sophisticated data devices and networks, the use of ICT is growing in all areas of society and the economy. As a result, there has been an ongoing transformation in market structures, with the creation of new businesses that transcend traditional boundaries of industries. As consumer behavior changes and global competition accelerates, companies are increasingly employing new technologies to transform their businesses or gain competitive advantage. Expectations are high for the new role ICT can play in contributing to the creation of a prosperous society and the resolution of various social issues, such as disaster prevention, energy, the environment and medicine.

In this environment, the Fujitsu Group aims to become a globally integrated company with technology as its foundation. Moving forward on its own transformation, and supporting the business of its customers, the Fujitsu Group seeks to use ICT to contribute to the creation of a prosperous society. To do so, the company has envisioned three concepts for growth, as follows: strengthening its existing businesses, accelerating the globalization of its operations, and creating new services businesses.

To strengthen its existing businesses, Fujitsu is working to address underperforming businesses and implement comprehensive company-wide cost efficiencies, while enhancing its ability to keep pace with changes in the market environment and shifting resources into growth areas. To enable enterprise customers to quickly launch services, Fujitsu is bringing together everything from terminals and systems equipment to networks, focusing on integrated services that can be used as a single system.

With respect to accelerating the globalization of its operations, Fujitsu has adopted a matrix organization that, in addition to the business segments, divides the world into five geographic regions, and seeks to make further progress in promoting coordination across the globe, including Japan. In addition, while establishing an enhanced Global Delivery organization to meet customer needs, Fujitsu has also put in place a Global Corporate organization to promote smoother business execution.

In creating new services businesses, in addition to providing services that enable companies to make effective use of their existing ICT assets, Fujitsu is promoting business innovations that leverage new technologies. At the same time, Fujitsu seeks to generate social innovation to help bring about the realization of its vision of a Human Centric Intelligent Society, a more prosperous society that will be comfortable for people. Toward that end, Fujitsu will continue its research and development focus on next-generation technologies.

As it strives to meet the challenges discussed above through focused daily effort, the Fujitsu Group will

further pursue the transformation of its operations in order to continue to earn the confidence of customers and society as a global enterprise contributing to the creation of a pleasant and secure networked society.

## Part IV: Financial Tables

### 1. FY2013 Full-Year Consolidated Balance Sheets

		Yen (Millions)	
		March 31	March 31
		2013	2014
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits	Y	202,502	234,590
Notes and accounts receivable, trade		895,984	991,071
Marketable securities		102,463	71,060
Finished goods		122,258	131,330
Work in process		113,362	106,368
Raw materials		87,472	92,504
Deferred tax assets		81,988	81,360
Others		128,341	168,998
Allowance for doubtful accounts		(12,079)	(10,824)
<b>Total current assets</b>		<b>1,722,291</b>	<b>1,866,457</b>
<b>Non-current assets:</b>			
Property, plant and equipment, net of accumulated depreciation:			
Buildings		274,932	274,072
Machinery		80,525	83,834
Equipment		126,069	129,666
Land		108,947	107,672
Construction in progress		27,987	24,382
<b>Total property, plant and equipment</b>		<b>618,460</b>	<b>619,626</b>
Intangible assets:			
Software		133,818	135,702
Goodwill		29,574	27,503
Others		23,931	23,046
<b>Total intangible assets</b>		<b>187,323</b>	<b>186,251</b>
Investments and other non-current assets:			
Investment securities		171,792	187,389
Net defined benefit asset		51,393	2,715
Deferred tax assets		67,018	104,688
Others		104,160	114,400
Allowance for doubtful accounts		(2,111)	(1,992)
<b>Total investments and other non-current assets</b>		<b>392,252</b>	<b>407,200</b>
<b>Total non-current assets</b>		<b>1,198,035</b>	<b>1,213,077</b>
<b>Total assets</b>	Y	<b>2,920,326</b>	<b>3,079,534</b>

		Yen (Millions)	
		March 31 2013	March 31 2014
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payables, trade	Y	566,757	641,211
Short-term borrowings		269,522	69,079
Current portion of bonds payable		20,200	60,000
Lease obligations		14,385	13,549
Accrued expenses		322,765	339,836
Accrued income taxes		23,316	20,263
Provision for product warranties		26,847	20,920
Provision for construction contract losses		8,974	16,497
Provision for bonuses to board members		-	89
Provision for restructuring charges		64,012	34,483
Provision for environmental measures		219	2,894
Others		251,512	243,536
<b>Total current liabilities</b>		<b>1,568,509</b>	<b>1,462,357</b>
<b>Long-term liabilities:</b>			
Bonds payable		210,100	230,300
Long-term borrowings		35,145	160,261
Lease obligations		26,764	27,579
Deferred tax liabilities		33,278	11,428
Revaluation of deferred tax liabilities		503	503
Provision for loss on repurchase of computers		12,427	11,201
Provision for product warranties		2,195	2,157
Provision for recycling expenses		1,870	1,889
Provision for restructuring charges		13,822	15,481
Provision for environmental measures		5,453	5,145
Net defined benefit liability		207,125	386,294
Others		50,697	62,490
<b>Total long-term liabilities</b>		<b>599,379</b>	<b>914,728</b>
<b>Total liabilities</b>		<b>2,167,888</b>	<b>2,377,085</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock		324,625	324,625
Capital surplus		236,429	236,429
Retained earnings		264,849	313,598
Treasury stock, at cost		(340)	(422)
<b>Total shareholders' equity</b>		<b>825,563</b>	<b>874,230</b>
<b>Accumulated other comprehensive income:</b>			
Unrealized gain and loss on securities, net of taxes		25,070	35,792
Deferred gains or losses on hedges		(38)	22
Revaluation surplus on land		2,583	2,434
Foreign currency translation adjustments		(79,409)	(17,700)
Remeasurements of defined benefit plans, net of taxes		(149,724)	(321,567)
<b>Total accumulated other comprehensive income</b>		<b>(201,518)</b>	<b>(301,019)</b>
<b>Subscription rights to shares</b>		<b>80</b>	<b>82</b>
<b>Minority interests in consolidated subsidiaries</b>		<b>128,313</b>	<b>129,156</b>
<b>Total net assets</b>		<b>752,438</b>	<b>702,449</b>
<b>Total liabilities and net assets</b>	Y	<b>2,920,326</b>	<b>3,079,534</b>

## 2. FY2013 Full-Year Consolidated Income Statements and Consolidated Statements of Comprehensive Income

### [Consolidated Income Statements]

		Yen (Millions)	
		FY2012	FY2013
		(4/1/12~3/31/13)	(4/1/13~3/31/14)
Net sales	Y	4,381,728	4,762,445
Cost of sales		3,177,962	3,493,246
Gross profit		1,203,766	1,269,199
Selling, general and administrative expenses		1,115,494	1,126,632
Operating income		88,272	142,567
<b>Other income:</b>			
Interest income		2,247	1,998
Dividend income		2,267	3,266
Equity in earnings of affiliates, net		6,705	6,546
Gain on foreign exchange, net		8,299	4,101
Gain on sales of investment securities		-	*1 6,847
Gain on sales of property, plant and equipment and intangible assets		-	*2 4,726
Gain on negative goodwill		199	-
Others		10,374	7,038
<b>Total other income</b>		<b>30,091</b>	<b>34,522</b>
<b>Other expenses:</b>			
Interest charges		7,286	6,553
Loss on disposal of plant and equipment and intangible assets		1,981	3,581
Environmental expenses		13	2,683
Restructuring charges	*3	116,221	*3 31,176
Loss on reversal of foreign currency translation adjustments		-	*4 21,651
Impairment loss	*5	34,285	*5 6,482
Loss on changes in retirement benefit plan		245	-
Others		10,451	12,029
<b>Total other expenses</b>		<b>170,482</b>	<b>84,155</b>
<b>Income (loss) before income taxes and minority interests</b>		<b>(52,119)</b>	<b>92,934</b>
<b>Income taxes:</b>			
Current		31,726	35,040
Deferred		(7,466)	2,021
<b>Total income taxes</b>		<b>24,260</b>	<b>37,061</b>
<b>Income (loss) before minority interests</b>		<b>(76,379)</b>	<b>55,873</b>
<b>Minority interests in income of consolidated subsidiaries</b>		<b>3,540</b>	<b>7,263</b>
<b>Net income (loss)</b>	Y	<b>(79,919)</b>	<b>48,610</b>

\* Please refer to page 56 "Presentation of Consolidated Income Statements"

**[Consolidated Statements of Comprehensive Income]**

		Yen (Millions)	
		FY2012	FY2013
		(4/1/12~3/31/13)	(4/1/13~3/31/14)
<b>Income (loss) before minority interests</b>	<b>Y</b>	(76,379)	<b>55,873</b>
<b>Other comprehensive income:</b>			
Unrealized gain and loss on securities, net of taxes		11,545	<b>10,810</b>
Deferred gains or losses on hedges, net of taxes		27	(55)
Foreign currency translation adjustments		22,216	<b>60,054</b>
Remeasurements of defined benefit plans, net of taxes		(40,010)	<b>(25,088)</b>
Share of other comprehensive income of affiliates			
accounted for using the equity method		1,985	<b>3,313</b>
Total other comprehensive income		(4,237)	<b>49,034</b>
<b>Comprehensive income:</b>	<b>Y</b>	<b>(80,616)</b>	<b>104,907</b>
Attributable to:			
Owners of the parent		(86,694)	<b>95,912</b>
Minority interests	<b>Y</b>	6,078	<b>8,995</b>

### 3. FY2013 Full-Year Consolidated Statements of Changes in Net Assets

FY2012 (4/1/12~3/31/13)

Yen (Millions)

	Shareholders' equity:				
	Common stock:	Capital surplus:	Retained earnings:	Treasury stock, at cost:	Total shareholders' equity
Beginning balance - previously stated	324,625	236,432	365,300	(318)	926,039
Cumulative effects of changes in accounting policies	-	-	-	-	-
Beginning balance - currently stated	324,625	236,432	365,300	(318)	926,039
Increase (Decrease) during the term					
Cash dividends from retained earnings	-	-	(20,693)	-	(20,693)
Net income	-	-	(79,919)	-	(79,919)
Purchase of treasury stock	-	-	-	(33)	(33)
Disposal of treasury stock	-	(3)	-	11	8
Change in scope of consolidation	-	-	160	-	160
Reversal of revaluation reserve for land	-	-	1	-	1
Net increase (decrease) during the term, except for items under shareholders' equity	-	-	-	-	-
Total	-	(3)	(100,451)	(22)	(100,476)
Ending balance	324,625	236,429	264,849	(340)	825,563

	Accumulated other comprehensive income:						Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedges and others, net of taxes	Revaluation surplus on land	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income			
Beginning balance - previously stated	13,660	907	2,584	(102,151)	-	(85,000)	78	125,481	966,598
Cumulative effects of changes in accounting policies	-	-	-	-	(109,714)	(109,714)	-	-	(109,714)
Beginning balance - currently stated	13,660	907	2,584	(102,151)	(109,714)	(194,714)	78	125,481	856,884
Increase (Decrease) during the term									
Cash dividends from retained earnings	-	-	-	-	-	-	-	-	(20,693)
Net income	-	-	-	-	-	-	-	-	(79,919)
Purchase of treasury stock	-	-	-	-	-	-	-	-	(33)
Disposal of treasury stock	-	-	-	-	-	-	-	-	8
Change in scope of consolidation	-	-	-	-	-	-	-	-	160
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	1
Net increase (decrease) during the term, except for items under shareholders' equity	11,410	(945)	(1)	22,742	(40,010)	(6,804)	2	2,832	(3,970)
Total	11,410	(945)	(1)	22,742	(40,010)	(6,804)	2	2,832	(104,446)
Ending balance	25,070	(38)	2,583	(79,409)	(149,724)	(201,518)	80	128,313	752,438

FY2013 (4/1/13~3/31/14)

Yen (Millions)

	Shareholders' equity:				
	Common stock:	Capital surplus:	Retained earnings:	Treasury stock, at cost:	Total shareholders' equity
Beginning balance	324,625	236,429	264,849	(340)	825,563
Increase (Decrease) during the term					
Cash dividends from retained earnings	-	-	-	-	-
Net income	-	-	48,610	-	48,610
Purchase of treasury stock	-	-	-	(84)	(84)
Disposal of treasury stock	-	-	-	2	2
Change in scope of consolidation	-	-	(10)	-	(10)
Reversal of revaluation reserve for land	-	-	149	-	149
Net increase (decrease) during the term, except for items under shareholders' equity	-	-	-	-	-
Total	-	-	48,749	(82)	48,667
Ending balance	324,625	236,429	313,598	(422)	874,230

	Accumulated other comprehensive income:						Subscription rights to shares	Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gain and loss on securities, net of taxes	Deferred gains or losses on hedges and others, net of taxes	Revaluation surplus on land	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income			
Beginning balance	25,070	(38)	2,583	(79,409)	(149,724)	(201,518)	80	128,313	752,438
Increase (Decrease) during the term									
Cash dividends from retained earnings	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	48,610
Purchase of treasury stock	-	-	-	-	-	-	-	-	(84)
Disposal of treasury stock	-	-	-	-	-	-	-	-	2
Change in scope of consolidation	-	-	-	-	-	-	-	-	(10)
Reversal of revaluation reserve for land	-	-	-	-	-	-	-	-	149
Net increase (decrease) during the term, except for items under shareholders' equity	10,722	60	(149)	61,709	(171,843)	(99,501)	2	843	(98,656)
Total	10,722	60	(149)	61,709	(171,843)	(99,501)	2	843	(49,989)
Ending balance	35,792	22	2,434	(17,700)	(321,567)	(301,019)	82	129,156	702,449



## 4. FY2013 Full-Year Consolidated Statements of Cash Flows

		Yen (Millions)	
		FY2012	FY2013
		(4/1/12~3/31/13)	(4/1/13~3/31/14)
<b>1. Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	Y	(52,119)	92,934
Depreciation and amortization		178,391	176,059
Impairment loss		62,551	9,621
Amortization of goodwill		14,231	9,708
Increase (decrease) in provisions		46,027	(38,720)
Retirement benefit expenses, net of contribution	*1	(116,484)	4,573
Interest and dividend income		(4,514)	(5,264)
Interest charges		7,286	6,553
Equity in earnings of affiliates, net		(6,705)	(6,546)
Loss on disposal of non-current assets		3,400	5,241
Gain on sales of investment securities		-	(6,847)
(Increase) decrease in receivables, trade		34,184	(58,867)
(Increase) decrease in inventories		17,207	(2,810)
Increase (decrease) in payables, trade		(71,609)	46,284
Other, net		(18,671)	12,975
<b>Cash generated from operations</b>		<b>93,175</b>	<b>244,894</b>
Interest and dividends received		4,934	6,543
Interest paid		(7,193)	(6,582)
Income taxes paid		(19,906)	(69,323)
<b>Net cash provided by operating activities</b>		<b>71,010</b>	<b>175,532</b>
<b>2. Cash flows from investing activities:</b>			
Purchases of property, plant and equipment		(111,531)	(114,121)
Proceeds from sales of property, plant and equipment		5,767	11,010
Purchases of intangible assets		(64,448)	(64,862)
Purchases of investment securities		(3,650)	(8,335)
Proceeds from sales of investment securities		4,483	21,367
Proceeds from transfer of business	*2	10,980	10,807
Other, net		(3,082)	15,261
<b>Net cash used in investing activities</b>		<b>(161,481)</b>	<b>(128,873)</b>
<b>1+2 [ Free Cash Flow ]</b>		<b>(90,471)</b>	<b>46,659</b>
<b>3. Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings		148,007	(185,880)
Proceeds from long-term debt		12,010	161,557
Repayment of long-term debt		(17,364)	(61,358)
Proceeds from issuance of bonds		67,798	80,000
Repayment of bonds		(70,219)	(20,000)
Proceeds from sales of treasury stock		8	2
Purchase of treasury stock		(33)	(84)
Dividends paid		(23,104)	(2,662)
Other, net		(16,719)	(16,369)
<b>Net cash provided by (used in) financing activities</b>		<b>100,384</b>	<b>(44,794)</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>		<b>7,409</b>	<b>15,267</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>		<b>17,322</b>	<b>17,132</b>
<b>6. Cash and cash equivalents at beginning of period</b>		<b>266,698</b>	<b>284,548</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiaries</b>		<b>528</b>	<b>14</b>
<b>8. Cash and cash equivalents resulting from exclusion of subsidiaries</b>		<b>-</b>	<b>(532)</b>
<b>9. Cash and cash equivalents at end of period</b>	Y	<b>284,548</b>	<b>301,162</b>

\* Please refer to page 57 "Presentation of Consolidated Statements of Cash Flows"

## 5. Cautionary Note Regarding Assumptions of a Going Concern

There are none.

## 6. Significant Issues Regarding the Basis for Preparation of Consolidated Financial Statements

### 1) Items regarding the scope of consolidation

This consolidated financial report consolidates the results of 512 major subsidiaries (514 during the previous accounting period). As for changes in the scope of consolidation for this consolidated accounting year, 14 companies were added and 16 companies were removed. Since the names of major subsidiary companies are noted on page 43 they are omitted here. Major additions and subtractions are described below.

New consolidated subsidiaries as a result of acquisitions or the formation of new companies during the fiscal year:	13 companies
Changed from unconsolidated subsidiaries to consolidated subsidiaries:	1 companies
Subtracted due to liquidation or sale:	12 companies
Subtracted due to merger:	4 companies

### 2) Subsidiaries accounted for by equity method

Regarding investments in non-consolidated subsidiaries and affiliated companies, they are accounted for by the equity method and the number of companies to which this applies is 24 (26 during the previous accounting period).

Affiliated companies	24 companies
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Major equity-method affiliate companies include: Fujitsu General Ltd., Fujitsu Leasing Co., Ltd., and others.

## 7. Significant Changes in the Basis for Preparation of Consolidated Financial Statements

### *Changes in Accounting Policies*

(Application of Accounting Standard for Retirement Benefits)

Starting from the end of its 2013 consolidated fiscal year, Fujitsu and its consolidated subsidiaries in Japan have adopted “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 26, issued May 17, 2012, hereafter “Accounting Standard for Retirement Benefits”) and “Implementation Guidance on Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement No. 25, issued May 17, 2012, hereafter “Guidance on Accounting Standard for Retirement Benefits”). Fujitsu has, however, chosen to forgo the early adoption of provisions on retirement benefit obligations and service costs (paragraphs 16 through 21 in Accounting Standard for Retirement Benefits, and paragraphs 4 through 16, and paragraphs 22 through 32 in Guidance on Accounting Standard for Retirement Benefits).

Switching to a method by which the amount of plan assets are subtracted from retirement benefit obligations and the balance is recorded in net defined benefit liability (asset), unrecognized actuarial losses and past service costs are reflected on the consolidated balance sheets under net assets, adjusted for tax effects, and recorded in net defined benefit liability (asset) as of the end of fiscal 2013.

With the adoption of the Accounting Standard for Retirement Benefits, in accordance with the provision for transitional treatment as stated in paragraph 37 of the Accounting Standard for Retirement Benefits, Fujitsu is not applying retroactive adjustments, and the amount of the impact stemming from this change is added to or subtracted from remeasurements of defined benefit plans, net of taxes, under accumulated other comprehensive income as of the end of fiscal 2013.

As a result, investments and other non-current assets as of the end of fiscal 2013 have declined by 37,793 million yen, non-current liabilities have increased by 114,246 million yen, and net assets fell by 152,039 million yen (of which accumulated other comprehensive income declined by 146,756 million yen, and minority interests in consolidated subsidiaries declined by 5,283 million yen). There is no impact on the 2013 consolidated fiscal year figures for operating income, income before income taxes and minority interests, net income, other comprehensive income and comprehensive income. The impact of this change on per share data and segment can be found under “Consolidated Per Share Data” and “Segment Information” in “Part II: Financial Tables.”

(Adoption of IAS 19 “Employee Benefits”)

From the first quarter of this fiscal year, the Fujitsu Group’s consolidated subsidiaries outside Japan have adopted IAS 19 “Employee Benefits” (issued June 16, 2011).

The main changes resulting from the adoption of the accounting standard are as follows. 1) Regarding remeasurements of the net defined benefit liability (asset), including actuarial gains and losses, the option to defer partial recognition is abolished, and instead immediate recognition through net assets, as remeasurements of defined benefit plans (net of tax effects) under accumulated other comprehensive income, is required. The funded status is recognized as a liability or asset. 2) Consolidated subsidiaries outside Japan had 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 previous fiscal year 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. Starting this fiscal year, consolidated subsidiaries outside Japan recognize actuarial gains and losses in accumulated other comprehensive income and do not recycle to the income statement in accordance with the adoption of IAS 19. However, in the process of the Group’s consolidation, actuarial gains and losses are recycled to the income statement in line with the “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). Actuarial gains and losses are periodically recognized as an expense over the expected average remaining service lives of employees. 3) 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.

These changes to accounting policies are applied retrospectively, and the consolidated financial statements of the previous fiscal year now reflect this retrospective application.

As a result, compared to the amounts prior to the retrospective application, the fiscal 2012 amounts for operating income, income before income taxes and minority interests, and net income have all been reduced by 7,006 million yen. Other comprehensive income has decreased by 40,651 million yen and comprehensive income has decreased by 47,657 million yen. The balance as of the end of the previous fiscal year for investments and other non-current assets decreased by 128,728 million yen, long-term liabilities increased by 28,643 million yen, net assets decreased by 157,371 million yen (of which retained earnings decreased by 7,006 million yen and accumulated other comprehensive income decreased by 150,365 million yen). In addition, as a result of reflecting the cumulative effects, the balance of net assets at the beginning of the previous fiscal year decreased by 109,714 million yen (of which accumulated other comprehensive income decreased by 109,714 million yen). The impact of this change on per share data and segment can be found under “Consolidated Per Share Data” and “Segment Information” in “Part II: Financial Tables.”

## ***Changes in the Presentation of Consolidated Financial Statements***

### **(Consolidated Balance Sheets)**

As a result of the adoption, starting from this fiscal year, of IAS 19 “Employee Benefits” (issued June 16, 2011), the method of presentation has changed. In addition, with the adoption of IAS 19 by the Fujitsu Group’s consolidated subsidiaries outside Japan, presentation of prepaid pension costs and accrued retirement benefits for Fujitsu Limited and its subsidiaries in Japan has been changed. To reflect these changes in presentation, Fujitsu has reclassified the consolidated financial statements for fiscal 2012.

As a result of the reclassification, in the consolidated balance sheets for fiscal 2012, 180,121 million yen in prepaid pension costs under investments and other non-current assets and 178,482 million yen in accrued retirement benefits under long-term liabilities have been reclassified as 51,393 million yen in net defined benefit asset under investments and other non-current assets and 207,125 million yen in net defined benefit liability under long-term liabilities, -7,006 million yen in retained earnings under share holders’ equity, -641 million yen in foreign currency translation adjustments and -149,724 million yen in remeasurements of defined benefit plans, net of taxes, under accumulated other comprehensive income.

Because the provision for environmental countermeasures, which in fiscal 2012 was included in “Others” under current liabilities and “Others” under non-current liabilities, has grown in the scale of its financial significance, starting in fiscal 2013 it is being broken out as its own account on the balance sheet. To reflect this change, balance sheet figures for the prior fiscal year have been reclassified.

As a result of the reclassification, the prior fiscal year’s balance sheet figures of 251,731 million yen for “Others” under current liabilities and 56,150 million yen for “Others” under non-current liabilities have been restated as 219 million yen for the provision for environmental countermeasures and 251,512 million yen for “Others” under current liabilities, and 5,453 million yen for the provision for environmental countermeasures and 50,697 million yen for “Others” under non-current liabilities.

### **(Changes to Consolidated Income Statements)**

Environmental countermeasure expenses, which in fiscal 2012 were included in “Others” under “Other expenses,” exceeded 10% of total other expenses. From fiscal 2013 they are therefore being broken out on their own line on the income statement. To reflect this change, income statement figures for the prior fiscal year have been reclassified.

As a result of the reclassification, the prior fiscal year’s income statement figure of 10,464 million yen for “Others” under “Other expenses” has been restated as 13 million yen for environmental countermeasure expenses and 10,451 million yen for “Others” under “Other expenses.”

### **(Consolidated Statements of Cash Flows)**

In accordance with the adoption of IAS 19 “Employee Benefits” (issued June 16, 2011) from this fiscal year, presentation has changed. In addition, for the first nine months of fiscal 2012, accrued retirement benefits included in “Increase (decrease) in provisions” and increases and decreases of prepaid pension costs included in “Other, net” are now presented with increases and decreases in net defined benefit liability (asset) as “Retirement benefit expenses, net of contribution.” To reflect these changes in presentation, Fujitsu has reclassified the consolidated financial statements for fiscal 2012.

As a result of the reclassification, in the statement of cash flows for fiscal 2012, -45,113 million yen in “Income (loss) before income taxes and minority interests,” 41,771 million yen in “Increase (decrease) in provisions,” and -137,905 million yen in “Other, net” have been reclassified as -52,119 million yen in “Income (loss) before income taxes and minority interests,” 46,027 million yen in “Increase (decrease) in provisions,” -116,484 million yen in “Retirement benefit expenses, net of contribution,” and -18,671 million yen in “Other, net” in cash flows from operating activities.

## 8. Notes to FY2013 Full-Year Consolidated Financial Statements

### Presentation of Consolidated Income Statements

	FY2012 (4/1/2012 – 3/31/2013)	FY2013 (4/1/2013 – 3/31/2014)
1. Gain on Sales of Investments Securities	_____	Primarily consists of sale of certain shareholdings held as investments, including shares in Kyowa Exeo Corporation and the Yokohama Rubber Co., Ltd., as well as sale of shares in affiliate Fujitsu General Limited, in accordance with Fujitsu General's solicitation to repurchase its own shares.
2. Gain on Sales of Property, Plant and Equipment and Intangible Assets	_____	Primarily consists of sale of underutilized real estate adjacent to the Akashi Plant and sale of underutilized real estate of the Minami-Tama Plant.
3. Restructuring Charges	<p>Restructuring expenses of 90,308 million yen were recorded relating to structural reforms in the LSI device business. These include 33,146 million yen in losses relating to transfer of production facilities, 28,685 million yen in impairment losses of standard logic LSI devices production line and 28,477 million yen relating to personnel-related expenses. 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 the LSI assembly and test facilities that were transferred. (20,895 million yen) The other is personnel-related expenses and impairment losses in accordance with the transfer of the LSI assembly and testing facilities. (12,251 million yen)</p> <p>Impairment losses and others of standard logic LSI devices production line are relating to 200mm lines and others of Mie and Aizu-wakamatsu regions, for which capacity utilization rates have been declining. In addition, restructuring expenses for 20,074 million yen were recorded for businesses outside of Japan, mainly personnel-related expenses associated with the European subsidiary Fujitsu Technology solutions(Holding)B.V.. 5,839 million yen of restructuring expenses recorded mainly related to the personnel-related expenses associated with rationalizations at managerial levels.</p> <p>The restructuring charges include impairment losses of 28,266 million yen from the LSI device business and other businesses.</p>	<p>Losses of 21,069 million yen recorded in relation to the structural reforms of the LSI device business (of which 7,056 million yen are losses on the sale and integration of businesses, and 14,013 million yen are from the restructuring of 200mm line and other standard logic device production facilities of the Mie Plant and facilities in the Aizu-Wakamatsu region. The loss on the sale and integration of businesses primarily consists of expenses to cover the settlement of retirement benefit obligations and losses on the disposal of assets for the system LSI business, for which Fujitsu signed a memorandum of understanding with Panasonic Corporation and Development Bank of Japan (DBJ), in which it has agreed to integrate its system LSI (SoC) business with that of Panasonic in a new fabless company to be established, to which DBJ will provide equity capital and debt financing. The loss associated with the restructuring of the standard logic device production facilities primarily consists of expenses for consolidating the 200mm production lines and losses on the disposal of assets. In addition, 4,912 million yen in charges were recorded for losses on the disposal of assets and the costs of reallocating employees in relation to the integration of production sites in the mobile phone business. Regarding businesses outside of Japan, 4,215 million yen in charges were recorded for losses on workforce rationalization primarily in the Nordic region.</p> <p>The restructuring charges include impairment losses of 3,139 million yen recorded for the LSI device business and the</p>

		mobile phone business.
4. Loss on Reversal of Foreign Currency Translation Adjustments	_____	Loss on the reversal of foreign currency translation adjustments stemming from the liquidation of a US subsidiary Fujitsu Management Services of America, Inc.
5. Impairment Loss	<p>The impairment loss stems mainly from the European subsidiary Fujitsu Technology Solutions (Holding) B.V. and represents goodwill impairment losses. In light of continued deterioration of economic conditions in Europe and intensified competition, the business plan of Fujitsu Technology Solutions has been revised as investment planned at acquisition are less likely to be collectible within 10 years, and impairment losses of 28,049 million yen were recorded on the unamortized balance of goodwill that was recognized in accordance with the acquisition in April 2009. In addition impairment loss stems from subsidiaries in Japan relating to employee facilities already committed to be sold at the end of the fiscal year and assets relating to low profitable business.</p> <p>The impairment losses of 28,266 million yen recorded in the LSI device business and other businesses are included in the restructuring charges.</p>	Primarily consists of operational assets of manufacturing subsidiaries, including those in the printed circuit board business. Impairment losses of 3,139 million yen incurred in the LSI device business and the mobile phone business are recorded as restructuring charges.

**Presentation of Consolidated Statements of Cash Flows**

	<b>FY2012</b> (4/1/2012 – 3/31/2013)	<b>FY2013</b> (4/1/2013 – 3/31/2014)
1. Cash Flows from Operating Activities Retirement Benefit Expenses, Net of Contribution	(Additional Information) “Retirement Benefit Expenses, Net of Contribution” in Cash flows from operating activities includes a special payment of 114,360 million yen (800 million British pounds) into pension schemes of UK subsidiary and its subsidiaries.	_____
2. Cash Flows from Investing Activities Proceeds from Transfer of Business	(Additional Information) This cash inflow primarily represents the sales proceeds for fixed and other assets stemming from the transfer of the Iwate Plant and the LSI assembly and test facilities of the LSI device business.	(Additional Information) Primarily the proceeds from the sale of the microcontroller and analog device.

## **(2) Segment Information**

### **I. Segment Overview**

Fujitsu's reportable business segments consist of components of the Fujitsu 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 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 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.

## II. Method Used to Calculate Net Sales and Profit or Loss by Reportable Segment

Income figures for business segments are based on operating income. The Fujitsu Group's financing (including financial expense and income) as well as other items such as corporate tax are managed by the Group overall and have not been allocated within the business segments. Intersegment transactions are based on an arm length's price.

As stated in "Change in Accounting Policies," accounting policies changes of the first quarter of this fiscal year are applied retroactively, and this retroactive application is reflected on the segment information for the fiscal 2012.

As a result, compared to the figure prior to the retroactive application, the segment operating income for the Technology Solutions segment for the fiscal 2012 has been reduced by 7,006 million yen.



### III. Amounts of Net Sales, Profit or Loss by Reportable Segments

FY 2012 (April 1, 2012 to March 31, 2013)

(Million Yen)

	Reportable Segments				Other (*)	Total
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total		
Net Sales						
External customers	2,890,376	972,971	483,896	4,347,243	18,379	4,365,622
Inter-segment	52,002	117,278	56,478	225,758	46,333	272,091
Total net sales	2,942,378	1,090,249	540,374	4,573,001	64,712	4,637,713
Operating Income (Loss)	173,967	9,626	-14,246	169,347	-6,922	162,425

FY 2013 (April 1, 2013 to March 31, 2014)

(Million Yen)

	Reportable Segments				Other (*)	Total
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Sub-Total		
Net Sales						
External customers	3,192,928	987,976	547,709	4,728,613	12,466	4,741,079
Inter-segment	50,085	137,486	52,571	240,142	44,955	285,097
Total net sales	3,243,013	1,125,462	600,280	4,968,755	57,421	5,026,176
Operating Income (Loss)	209,133	-22,105	28,394	215,422	-8,384	207,038

\* The "Other" 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 group companies, and welfare benefits for group employees.

### IV. Reconciliation of Net Sales and Operating Income or Loss of Reportable Segments with those of Consolidated Income Statements

(Million Yen)

Reconciliation of Net Sales	FY2012	FY2013
Total of Reportable Segments	4,573,001	4,968,755
Net Sales of "Other" Category	64,712	57,421
Elimination of Intersegment Transactions	-255,985	-263,731
Net Sales in Consolidated Income Statements	4,381,728	4,762,445

(Million Yen)

Reconciliation of Operating Income (Loss)	FY2012	FY2013
Total of Reportable Segments	169,347	215,422
Operating Loss of "Other" Category	-6,922	-8,384
Corporate Expenses*	-70,750	-68,261
Elimination of Intersegment Transactions	-3,403	3,790
Operating Income in Consolidated Income Statements	88,272	142,567

\* 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 Fujitsu.

## <Related Information>

### 1. Information on Product and Services

FY 2012 (April 1, 2012 to March 31, 2013)

(Million Yen)

	Technology Solutions		Ubiquitous Solutions		Device Solutions		Other Technologies Business	Other Fields	Total
	Services	System Platforms	PCs/Mobile Phones	Mobilewear	LSI	Electronic Components			
Sales to External Customers	2,356,780	533,596	711,468	261,503	255,558	228,338	18,379	16,106	4,381,728

FY 2013 (April 1, 2013 to March 31, 2014)

(Million Yen)

	Technology Solutions		Ubiquitous Solutions		Device Solutions		Other Technologies Business	Other Fields	Total
	Services	System Platforms	PCs/Mobile Phones	Mobilewear	LSI	Electronic Components			
Sales to External Customers	2,594,829	598,099	668,116	319,860	296,812	250,897	12,466	21,366	4,762,445

### 2. Geographical Information

Net Sales

FY 2012 (April 1, 2012 to March 31, 2013)

(Million Yen)

Japan	Outside Japan				Total
	EMEA	The Americas	APAC/China	Sub-total	
2,883,513 [65.8%]	768,149 [17.5%]	287,742 [6.6%]	442,324 [10.1%]	1,498,215 [34.2%]	4,381,728 [100%]

FY 2013 (April 1, 2013 to March 31, 2014)

(Million Yen)

Japan	Outside Japan				Total
	EMEA	The Americas	APAC/China	Sub-total	
2,960,954 [62.2%]	926,005 [19.4%]	387,444 [8.1%]	488,042 [10.3%]	1,801,491 [37.8%]	4,762,445 [100%]

Notes:

- Geographical segments are defined based on customer location.
- Principal countries and regions comprising the segments other than Japan:
  - EMEA (Europe, Middle East, Africa): UK, Germany, Spain, Finland, Sweden
  - The Americas: US, Canada
  - APAC (Asia-Pacific) & China: Australia, Singapore, Korea, Taiwan, China
- There is no country that is required to have a separate individual disclosure.
- Figures in parentheses represent percentage of segment sales to consolidated net sales.

### (3) Consolidated Tax Effect Accounting

#### Significant components of deferred tax assets and liabilities

(Billion Yen)

	FY2012 (as of March 31, 2013)	FY2013 (as of March 31, 2014)
<b>Deferred tax assets:</b>		
Net defined benefit liability	163.2	236.3
Tax loss carry forwards	168.9	185.7
Excess of depreciation and amortization and impairment loss	57.9	55.0
Accrued bonus	40.1	40.8
Inventories	25.7	27.5
Intercompany profit	6.0	5.6
Revaluation loss on investment securities	4.8	5.5
Provision for product warranties	8.0	5.3
Provision for loss on repurchase of computers	4.5	4.1
Other	65.7	70.1
<b>Gross deferred tax assets</b>	<b>545.3</b>	<b>636.4</b>
Valuation allowance	-311.3	-337.3
<b>Total deferred tax assets</b>	<b>234.0</b>	<b>299.1</b>
<b>Deferred tax liabilities:</b>		
Gains from establishment of stock holding trust	-96.8	-96.8
Unrealized gains on securities	-13.5	-19.8
Tax allowable reserves	-0.7	-0.1
Other	-7.6	-8.3
<b>Total deferred tax liabilities</b>	<b>-118.8</b>	<b>-125.1</b>
<b>Net deferred tax assets</b>	<b>115.2</b>	<b>173.9</b>

Notes:

1. In accordance with the adoption of the amended IAS 19, the figures for fiscal 2012 have been retroactively revised.
2. Excess of depreciation and amortization and impairment loss includes a revaluation loss on idle lands.

#### Revisions in the Amounts of Deferred Tax Assets and Liabilities as a Result of a Change in the Corporate Tax Rate

On March 31, 2014, the Act to Partially Revise the Income Tax Act (Act No. 10 of 2014) was promulgated, according to which the Special Reconstruction Corporation Tax will no longer be imposed with the fiscal year beginning April 1, 2014. In addition, the Local Corporate Tax Act (Act No. 11 of 2014), was also promulgated on March 31, 2014, according to which, with the fiscal year beginning April 1, 2015, in lieu of a reduction in the tax rate for residents, a Local Corporate Tax that is considered as a national tax will be imposed. For fiscal 2013, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities (limited to those reversing after April 1, 2014) has been reduced from the previous fiscal year's rate of 37.9% to 35.6%.

As a result, the amount of deferred tax assets (after subtracting deferred tax liabilities) decreased by 4,357 million yen, and the amount of corporate tax adjustment recorded in fiscal 2013 increased. In addition, the amount of deferred tax assets (after subtracting deferred tax liabilities) increased by 1,697 million yen, resulting in an increase of 1,667 million yen to remeasurements of defined benefit plans, net of taxes, and an increase of 30 million yen to unrealized gain and loss on securities, net of taxes, under net assets.

**(4) Retirement Benefit Plan**  
**FY2012 (4/1/2012 ~ 3/31/2013)**

**a. Japan**

(1) Itemization of defined benefit obligation, etc.

	(Billion Yen)
	FY2012 (as of March 31, 2013)
i. Defined benefit obligation	-1,432.0
ii. Plan assets	1,068.5
[pension trust asset portion]	44.6
iii. Defined benefit obligation in excess of plan assets (i)+(ii)	-363.4
iv. Unrecognized actuarial gains and losses	354.0
v. Unrecognized past service cost (reduction of obligation)*	-45.3
vi. net defined benefit asset **	-50.0
vii. net defined benefit liability ... (iii)+(iv)+(v)+(vi) **	-104.7

(2) Components of net periodic benefit cost

	(Billion Yen)
	FY2012 (4/1/12~3/31/13)
i. Service cost	40.2
ii. Interest cost	32.0
iii. Expected return on plan assets	-27.4
iv. Amortization of actuarial gains and losses	43.5
v. Amortization of past service cost	-18.9
vi. Contribution to defined contribution plan	0.5
vii. Net periodic benefit cost... (i)+(ii)+(iii)+(iv)+(v)+(vi)	69.9
viii. Loss on termination of retirement benefit plan	0.2
ix. Total... (vii)+(viii)	70.2

\* With respect to the Fujitsu Corporate Pension Fund in which Fujitsu and its consolidated domestic subsidiaries participate, due to a partial revision of the company's pension scheme in 2005, past service costs (reduction of obligation) have arisen.

\*\* In accordance with the adoption of IAS 19 "Employee Benefits" (issued June 16, 2011) by Fujitsu's consolidated subsidiaries outside Japan starting fiscal 2013, the "prepaid pension costs" and "accrued retirement benefits" for Fujitsu and its consolidated subsidiaries in Japan have been presented as "net defined benefit asset" and "net defined benefit liability" for fiscal 2012.

Besides the above net periodic benefit cost, extra retirement benefits of 36.3 billion yen were paid.

(3) Basis for Tabulating Defined Benefit Obligation

	FY2012 (as of March 31, 2013)
Discount Rate	1.7%

The discount rate used for the calculation of defined benefit obligation at the beginning of FY2012 was 2.5%. However the discount rate was revised to 1.7% at the end of FY2012 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 defined benefit obligation.

**b. Outside Japan**

(1) Itemization of defined benefit obligation, etc. \*

	(Billion Yen)
	FY2012 (as of March 31, 2013)
i. Defined benefit obligation	-719.1
ii. Plan assets	618.4
iii. Defined benefit obligation in excess of plan assets ... (i)+(ii)	-100.7
iv. Asset ceiling adjustments	-0.2
v. net defined benefit asset	-1.3
vi. net defined benefit liability ... (iii)+(iv)+(v)	-102.3

(2) Components of net periodic benefit cost \*

	(Billion Yen)
	FY2012 (4/1/12~3/31/13)
i. Service cost	3.4
ii. Net Interest cost	7.2
iii. Amortization of actuarial gains and losses **	11.1
iv. past service cost	0.1
v. Contribution to defined contribution plan	14.6
vi. Net periodic benefit cost... (i)+(ii)+(iii)+(iv)+(v)	36.7
vii. Loss on termination of retirement benefits plan	-0.1
viii. Total (vi)+(vii)	36.5

\* Fujitsu's consolidated subsidiaries outside of Japan have adopted IFRS. In accordance with the adoption of IAS 19 "Employee Benefits" (issued June 16, 2011) starting in fiscal 2013, figures for fiscal 2012 reflect its retrospective adoption.

\*\* In accordance with "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), actuarial gains and losses are periodically recognized as an expense over the expected average remaining service lives of employees.

(3) Basis for Tabulating Defined Benefit Obligation

	FY2012 (as of March 31, 2013)
Discount Rate	Mainly 4.4%

Note; The discount rate for FY2012 was revised from 5.0% (discount rate at the end of FY2011) to 4.4% in the light of interest rate at the end of FY2012.

# FY2013 (4/1/2013 ~ 3/31/2014)

## a. Japan

1) Reconciliation of defined benefit obligation and plan assets with net defined benefit liability and asset reflected on the balance sheet

(Billion Yen)

	FY2013 March 31, 2014
Defined benefit obligation for funded plan	1,309.8
Plan assets *	-1,175.7
	134.0
Defined benefit obligation for unfunded plan	117.4
Net amount of defined benefit liability and asset on the balance sheet	251.5

Defined benefit liability	253.1
Defined benefit assets	-1.5
Net amount of defined benefit liability and asset on the balance sheet	251.5

\* Plan assets include 48.4 billion yen in a retirement benefit trust established for the corporate pension plan.

2) Reconciliation of defined benefit obligation at beginning and end of period

(Billion Yen)

	FY2013 March 31, 2014
Defined benefit obligation at beginning of period	1,432.0
Service cost	52.3
Interest cost	23.3
Actuarial gains and losses incurred this period	4.2
Payments from plan assets	-52.3
Payments from company	-11.6
Past service cost incurred this period	-1.9
Adjustments for plan termination and business restructurings, etc.	-18.7
Defined benefit obligation at end of period	1,427.3

3) Reconciliation of starting balance and ending balance of plan assets

(Billion Yen)

	FY2013 March 31, 2014
Plan assets at beginning of period	1,068.5
Expected return on plan assets	30.6
Actuarial gains and losses incurred this period	65.7
Employer contributions	61.9
Employee contributions	7.5
Payments from plan assets	-52.3
Adjustments for plan termination and business restructurings	-6.3
Plan assets at end of period	1,175.7

4) Components of net periodic benefit cost

(Billion Yen)

	FY2013 (4/1/2013 - 3/31/2014)
Service cost	44.8
Interest cost	23.3
Expected return on plan assets	-30.6
Amortization of actuarial gains and losses	44.3
Amortization of past service cost	-18.2
Contribution to defined contribution plan	0.7
Net periodic benefit cost	64.3
Loss on termination of retirement benefit plan	3.9
Total	68.3

Besides the above net periodic benefit cost, extra retirement benefits of 5.7 billion yen were paid.

## 5) Composition of items included in Remeasurements of defined benefit plans, net of taxes

The composition of items included in Remeasurements of defined benefit plans, net of taxes (prior to income tax effects) is as follows.

(Billion Yen)

	FY2013 March 31, 2014
Unrecognized actuarial gains and losses **	-28.6
Unrecognized past service cost	241.2
Total	212.6

For the Fujitsu Corporate Pension Fund, in which Fujitsu and some of its consolidated subsidiaries in Japan participate, because of partial revisions to the pension scheme in fiscal 2006, past service costs (a reduction in the amount of obligations) have been recognized.

## 6) Fundamental components used in making actuarial calculations

	FY2013 March 31, 2014
Discount rate	1.7%

## 2. Outside Japan

In accordance with the adoption of IFRS by Fujitsu's consolidated subsidiaries outside Japan, starting in fiscal 2013 accounts are presented in accordance with IAS 19 "Employee Benefits" (issued June 16, 2011).

### 1) Reconciliation of projected benefit obligation and plan assets with defined benefit liability and asset reflected on the balance sheet

(Billion Yen)

	FY2013 March 31, 2014
Defined benefit obligation for funded plan	712.4
Plan assets	-689.3
	23.0
Defined benefit obligation for unfunded plan	108.6
Asset ceiling adjustments *	0.2
Net amount of defined benefit liability and asset on the balance sheet	132.0

Defined benefit liability	133.1
Defined benefit assets	-1.1
Net amount of defined benefit liability and asset on the balance sheet	132.0

\* 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.

### 2) Reconciliation of beginning and ending balances of defined benefit obligation

(Billion Yen)

	FY2013 March 31, 2014
Defined benefit obligation at beginning of period	719.1
Service cost	5.3
Net interest cost (in projected benefit obligation)	32.3
Actuarial gains and losses incurred this period	-21.3
Payments from plan assets	-22.9
Payments from company	-2.5
past service cost incurred this period	-0
Amount of impact stemming from exchange rate fluctuations	137.4
Adjustments for plan termination and business restructurings	-26.4
Defined benefit obligation at end of period	821.1

## 3) Reconciliation of beginning and ending balances of plan assets

(Billion Yen)

	FY2013 March 31, 2014
Plan assets at beginning of period	618.4
Net interest cost (paid from plan assets)	28.6
Actuarial gains and losses incurred this period	-41.3
Employer contributions	6.6
Employee contributions	0.4
Payments from plan assets	-22.9
Amount of impact stemming from exchange rate fluctuations	120.2
Adjustments for plan termination and business restructurings	-20.8
Plan assets at end of period	689.3

## 4) Gain or loss relating to retirement benefits

(Billion Yen)

	FY2013 (4/1/2013 - 3/31/2014)
Service cost	4.9
Net interest cost	3.7
Current period amortization of actuarial gains and losses (Rule 18 adjustment)	22.3
Current period amortization of past service cost	-0
Contribution to defined contribution plan	17.6
Net periodic benefit cost or retirement benefit expenses	48.6
Loss on termination of retirement benefit plan	-5.7
Total	42.8

In accordance with “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Financial Statements” (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated February 19, 2010), actuarial losses are periodically recognized as an expense over the expected average remaining service lives of employees. These expenses for fiscal 2013 include one-time amortization expenses of 4.5 billion yen stemming from a partial sale in the retirement benefit plans at a European subsidiary.□

## 5) Composition of items included in accumulated other comprehensive income

The composition of items included in accumulated other comprehensive income (prior to income tax effects) is as follows.

(Billion Yen)

	FY2013 March 31, 2014
Unrecognized actuarial gains and losses	175.1
Asset ceiling adjustments	-0.5
Total	174.6

## 6) Fundamental components used in making actuarial calculations

	FY2013 March 31, 2014
Discount rate	Mainly 4.4%

## (5) Consolidated Per Share Data

	Unit	FY2012 (4/1/12-3/31/13)	FY2013 (4/1/13-3/31/14)
<b>Net assets per share</b>	yen	301.57	277.03
<b>Earnings per share</b>	yen	-38.62	23.49
<b>Diluted earnings per share</b>	yen	-	23.49

(a) Diluted earnings per share for fiscal 2012 are not calculated due to loss per share, although the company has potential ordinary share.

(b) As stated in “Changes in Accounting Policies,” the accounting policies changes adopted from the first quarter of this fiscal year have been applied retroactively, and this retroactive application is reflected on the consolidated financial statements for the previous fiscal year. As a result, compared to the figure prior to the retroactive application, the net assets per share has decreased by 76.05 yen and the net loss per share has increased by 3.38 yen.

(c) The calculations basis for earnings and net loss per share, as well as diluted earnings per share is as follows:

	Unit	FY2012 (4/1/12-3/31/13)	FY2013 (4/1/13-3/31/14)
<b>Earnings (net loss) per share</b>			
Net income (net loss)	million yen	-79,919	48,610
Deduction from net income	million yen	-	-
Net income for common share (net loss)	million yen	-79,919	48,610
Basic weighted average number of shares	thousand shares	2,069,330	2,069,210
<b>Diluted earnings per share</b>			
Adjustment for net income (net loss)	million yen	-	-8
[Adjustment related to dilutive securities issued by subsidiaries and affiliates]	million yen	[-]	[-8]
[Bonds payable and other costs]	million yen	[-]	[-]
Increase in number of common shares	thousand shares	-	-

(d) The calculations basis for net assets per share is as follows:

	Unit	FY2012 (as of March 31, 2013)	FY2013 (as of March 31, 2014)
Net assets	million yen	752,438	702,449
Deduction from net assets	million yen	128,393	129,238
[Share purchase warrants]	million yen	[80]	[82]
[Minority interests]	million yen	[128,313]	[129,156]
Net assets for common shares	million yen	624,045	573,211
Number of common shares used to calculate owners' equity per share	thousand shares	2,069,294	2,069,123



## **(6) Major Subsequent Events**

None

## **Part V: Others**

### **1. Executive Promotions, New Appointments, and Resignations**

Please see “Fujitsu Announces Executive Promotions, Appointments, and Resignations” announced on March 13, 2014 for details.