

June 2, 2017

Disclosed Information on the Internet at the Time of Notice of the 117th Annual Shareholders' Meeting

FUJITSU LIMITED

Note:

This English version of *Disclosed Information on the Internet at the Time of Notice of the 117th Annual Shareholders' Meeting* is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

1. Fujitsu Group Principal Offices and Plants (As of March 31, 2017)**(1) Fujitsu Limited**

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa
Principal office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Domestic business offices	Hokkaido Regional Sales Division (Sapporo-shi), Tohoku Regional Sales Division (Sendai-shi), Fukushima Regional Sales Division (Fukushima-shi), Kanagawa Regional Sales Division (Yokohama-shi) Kanto Regional Sales Division (Saitama-shi), Chiba Regional Sales Division (Chiba-shi), Niigata Regional Sales Division (Niigata-shi), Nagano Regional Sales Division (Nagano-shi), Hokuriku Regional Sales Division (Kanazawa-shi, Ishikawa), Tokai Regional Sales Division (Nagoya-shi), Shizuoka Regional Sales Division (Shizuoka-shi), Kansai Branch (Osaka-shi), Kobe Regional Sales Division (Kobe-shi), Kyoto Regional Sales Division (Kyoto-shi), Sanin Regional Sales Division (Matsue-shi, Shimane), Chugoku Regional Sales Division (Hiroshima-shi), Shikoku Regional Sales Division (Takamatsu-shi, Kagawa), Kyushu Regional Sales Division (Fukuoka-shi)
Software/Services	Sapporo Systems Laboratory (Sapporo-shi), Aomori Systems Laboratory (Aomori-shi), Ichigaya Office (Chiyoda-ku, Tokyo), Shinagawa Office (Minato-ku, Tokyo), Fujitsu Solution Square (Ohta-ku, Tokyo), Musashi Kosugi Office (Kawasaki-shi), Fujitsu Shin-Kawasaki Technology Square (Kawasaki-shi), Makuhari Systems Laboratory (Chiba-shi), Kansai Systems Laboratory (Osaka-shi), Kouchi Fujitsu Technoport (Nangoku-shi, Kouchi), Kyushu R&D Center (Fukuoka-shi), Oita Systems Laboratory (Oita-shi), Kumamoto Systems Laboratory (Kamimashiki-gun, Kumamoto)
R&D /Plants	Kawasaki Research & Manufacturing Facilities (Kawasaki-shi), Kumagaya Plant (Kumagaya-shi, Saitama), Oyama Plant (Oyama-shi, Tochigi), Nasu Plant (Otawara-shi, Tochigi), Nagano Plant (Nagano-shi), Numazu Plant (Numazu-shi, Shizuoka), Akashi Research & Manufacturing Facilities (Akashi-shi, Hyogo)

(2) Subsidiaries

Japan	Fujitsu Frontech Limited (Inagi-shi, Tokyo), Fujitsu Telecom Networks Limited (Oyama-shi, Tochigi), Fujitsu IT Products Limited (Kahoku-shi, Ishikawa), Fujitsu Broad Solution & Consulting Inc. (Minato-ku, Tokyo), Fujitsu Marketing Limited (Bunkyo-ku, Tokyo), Fujitsu FIP Corporation (Koto-ku, Tokyo), Fujitsu FSAS Inc. (Kawasaki-shi), PFU Limited (Kahoku-shi, Ishikawa), Fujitsu Isotec Limited (Date-shi, Fukushima), Fujitsu Connected Technologies Limited (Kawasaki-shi), Fujitsu Client Computing Limited (Kawasaki-shi), Fujitsu Peripherals Limited (Kato-shi, Hyogo), Fujitsu TEN Limited (Kobe-shi), Fujitsu Personal System Limited (Minato-ku, Tokyo), Fujitsu Semiconductor Limited (Yokohama-shi), Shinko Electric Industries Co., Ltd. (Nagano-shi, Nagano), FDK Corporation (Minato-ku, Tokyo), Fujitsu Component Limited (Shingawa-ku, Tokyo), Fujitsu Electronics Inc. (Yokohama-shi), Fujitsu Laboratories Ltd. (Kawasaki-shi)
Outside of Japan	Fujitsu Network Communications, Inc. (U.S.) Fujitsu Services Holdings PLC (U.K.) Fujitsu America, Inc. (U.S.) Fujitsu Australia Limited (Australia) Fujitsu Technology Solutions (Holding) B.V. (Netherlands)

(3) Data Centers

Data centers	Hokkaido Data Center (Hokkaido), Tohoku Data Center (Miyagi), Tatebayashi Data Center (Gunma), Tokyo No. 1 Data Center (Tokyo), Tokyo Data Center (Kanagawa), Yokohama Data Center (Kanagawa), Yokohama Kohoku Data Center (Kanagawa), Nagano Data Center (Nagano), Chubu Data Center (Aichi), Osaka Senri Data Center (Osaka), Akashi Data Center (Hyogo), Chushikoku Data Center (Hiroshima), Kyushu Data Center (Fukuoka), global data centers (over 100 sites around the world)
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2. Employees (As of March 31, 2017)**(1) Employees of the Fujitsu Group**

<i>Segment</i>	<i>Number of employees</i>	<i>Change from end of fiscal 2015</i>
Technology Solutions	114,799	-1,170
Ubiquitous Solutions	14,818	-406
Device Solutions	17,848	-171
Corporate and others	7,604	+301
Total	155,069	-1,446

(2) Employees of Fujitsu Limited

<i>Segment</i>	<i>Number of employees</i>	<i>Change from end of fiscal 2015</i>
Technology Solutions	28,934	+9,133
Ubiquitous Solutions	555	-104
Corporate and others	3,606	-46
Total	33,095	+8,983

<i>Average age</i>	43.1	<i>Average years of employment</i>	20.0
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The main reason for the increase in the number of employees is the absorption-type merger of Fujitsu Systems East Limited, Fujitsu Systems West Limited, and Fujitsu Mission Critical Systems Limited with the Company as of November 1, 2016.

3. System to Ensure the Properness of Fujitsu Group Operations**(1) Full Text of Policy on the Internal Control System****1. Objective**

To continuously increase the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risks arising from business activities. Recognizing this, the Directors who are entrusted with the management of the Company by the shareholders, present to the shareholders, who have entrusted authority in them, the policy regarding a) how to practice and promote the FUJITSU Way, the principles that underlie the Fujitsu Group's conduct, and b) what systems and rules are used to pursue management efficiency and control the risks arising from the Company's business activities in the application of their management approach, as described below

2. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently**(1) Business Execution Decision-Making and Business Execution Structure**

- The Company has Corporate Executive Officers (hereafter, the Representative Directors and Corporate Executive Officers are referred to collectively as "Senior Management") who share business execution authority with the Representative Director and President, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.
- The Company has a Chief Financial Officer who is responsible for managing finance and accounting for the Fujitsu Group.
- The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the Representative Director and President in decision-making.

- d. The Representative Director and President puts in place systems and procedures (Management Council rules, systems for approvals and reaching decisions) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.
- e. The Representative Director and President reports financial and business results at each regularly-scheduled meeting of the Board of Directors, makes periodic reports to the Board of Directors on the operational status of “Policy on the Internal Control System,” and receives confirmation that operations are being undertaken correctly.

(2) System to Promote More Efficient Operations

- a. The Company has an organization that uses reforms to the Fujitsu Group’s business processes to promote higher productivity, lower costs, and expenditure controls, and it pursues more efficient management.

3. Rules and Other Systems Relating to Managing the Risk of Losses

(1) System for Managing the Risk of Losses in General

- a. The Company aims to maintain the business continuity of the Fujitsu Group, increase its corporate value, and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, the Company has a Risk Management & Compliance Committee, which oversees risk management for the entire Fujitsu Group. The Company also assigns certain departments to be responsible for specific kinds of risks, and has appropriate systems in place for risk management.
- b. The Risk Management & Compliance Committee constantly assesses and verifies risks that might cause losses to the Fujitsu Group. When risks are identified in business operations, it works to control the risk, such as by formulating preventative measures, and attempts to minimize the loss that might result.
- c. To minimize losses from any risks that arise, the Risk Management & Compliance Committee, through the systems described in paragraph “a” above, periodically analyzes any risks that have arisen, reports on them to the Board of Directors and any other relevant person or organization, and takes action to prevent a recurrence of such risks.

(2) Systems for Managing the Specific Risks of Losses

In addition to the Risk Management & Compliance Committee, the Company has risk management systems that include the following to deal with specific risks of losses it identifies in its business operations.

- a. Risk Management System for Defects in Products and Services
 - The Company has a quality-assurance system designed to analyze defects in Fujitsu Group products and services and prevent them from recurring. In particular, it has an organization that continuously works to improve quality, contracts, and rules to ensure that social infrastructure systems run reliably.
- b. Management System for Contracted Development Projects
 - To prevent the emergence of unprofitable projects among its contracted development projects, such as systems integration projects, the Company has a specialized organization that monitors risks relating to project negotiations and project execution.
 - This specialized organization creates a monitoring process for contract amounts, contract terms, quality, expenses, deadlines and other relevant items, and monitors projects under consistent conditions.
 - Based on the results of this monitoring, the specialized organization issues corrective recommendations to relevant projects.
- c. Security System
 - The Company has an organization to deal with cyber-terrorism, unauthorized use, and data breaches in the services it provides.

(3) Responses to Management Risks

- a. System to Manage Financial Risks
 - Financial risks are under the purview of the Chief Financial Officer.
- b. Systems to Manage Other Forms of Management Risk
 - Other forms of Management risks, including market trends and price competition, are

handled by each department according to a division of responsibilities established by the Representative Director and President.

4. Systems to Ensure that Business Execution of Directors and Employees Complies with Laws, Regulations and Articles of Incorporation

(1) Compliance System

- a. Senior Management adheres to the Code of Conduct in the FUJITSU Way as a basic philosophy for compliance issues, including compliance with laws, regulations and the articles of incorporation, and proactively promotes the Group's overall compliance based upon its ethics as Senior Management.
- b. The Risk Management & Compliance Committee has purview over compliance matters for the Fujitsu Group, which it executes as follows.
 - It ensures scrupulous adherence to the Code of Conduct in the FUJITSU Way among all Fujitsu Group employees through ongoing educational efforts.
 - It clarifies the laws and regulations that relate to the Fujitsu Group's business activities and establishes internal rules, education, and oversight systems to ensure compliance with them to promote compliance throughout the Group.
 - When Senior Management or employee recognizes a serious compliance violation or when a situation may appear to present one relating to the performance of the responsibilities of Senior Management or an employee, the Risk Management & Compliance Committee makes such person immediately report such fact to the Committee via the normal chain of command.
 - To ensure that compliance problems can be discovered quickly and handled appropriately through an alternative communications channel apart from the normal chain of command, it establishes and operates an internal reporting system that safeguards the reporter.
 - The Risk Management & Compliance Committee immediately reports serious compliance violations or situations that may appear to present one to the Board of Directors and any other relevant person or organization

(2) System to Ensure Proper Financial Reporting

- a. The Company has, apart from the organization that prepares financial reports, an organization under the Chief Financial Officer responsible for establishing, operating, and evaluating internal control over Fujitsu Group financial reporting, to ensure the effectiveness and reliability of financial reports.
- b. These organizations create unified accounting policies shared throughout the Fujitsu Group and rules for establishing, operating, and evaluating internal control over financial reporting.
- c. The organization responsible for establishing, operating, and evaluating internal control over financial reporting periodically reports to the Board of Directors and any other relevant person or organization the results of evaluations of the effectiveness the internal control.

(3) System for Information Disclosure

The Company has a system to ensure timely and fair disclosure of company information.

(4) Internal Auditing System

- a. The Company has an organization that conducts internal audits of business execution (the "Internal Auditing Organization"), and ensures its independence.
- b. The Internal Auditing Organization establishes internal auditing rules and conducts audits based on those rules.
- c. The Internal Auditing Organization liaises with internal auditing organizations in other Group companies to internally audit the Fujitsu Group as a whole.
- d. The results of internal audits are periodically reported to the Board of Directors, Audit & Supervisory Board and other relevant person or organization of the Company and of other relevant Group companies.

5. System for Storing and Managing Information in Accordance with the Execution of Directors' Responsibilities

- a. Senior Management assigns people with the responsibility for storing and managing documents, and, in accordance with internal rules, appropriately stores and manages the

following documents (including electronic records) related to the execution of Senior Management' responsibilities, along with other important information.

- Minutes of Annual Shareholders' Meetings and related materials.
 - Minutes of Board of Directors Meetings and related materials
 - Other minutes and related materials involved in important decision-making meetings.
 - Approval documents and related materials involving Senior Management decisions.
 - Other important documents that relate to the performance of Senior Management's responsibilities.
- b. To verify the status of business execution, the Directors and Audit & Supervisory Board Members have access at any time to the documents in paragraph "a" above, and people with the responsibility for storing and managing documents establish systems to enable Directors Audit & Supervisory Board Members to access the documents at any time in response to requests for the documents by Directors or Audit & Supervisory Board Members.

6. System to Ensure the Properness of Fujitsu Group Operations

- a. In addition to creating and instituting the above systems and rules for the Fujitsu Group, the Company establishes systems for receiving reports from the Senior Management of Group companies on matters relating to their business execution.
- b. The Company institutes standard rules regarding the delegation of authority from the Representative Director and President to Group companies, such as the scope of decision-making authority and the decision-making process relating to important matters at Group companies.
- c. The Representative Director and President determines what each Group company's divisional area of responsibility is, and the Corporate Executive Officers who divide the business execution duties for each divisional area, acting through each Group company's president or CEO, implement and comply with paragraphs "a" and "b" above.
- d. The Senior Management of the Company and other Group companies share information on Fujitsu Group management strategies and on issues relating to the achievement of Group goals through periodical meetings or other sufficient measures, and cooperate on Group business management.

7. System to Ensure the Properness of Audits by the Audit & Supervisory Board Members

(1) Ensuring the Independence of Audit & Supervisory Board Members

- a. The Company has an Auditing Support Division with employees assigned to assist Audit & Supervisory Board Members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board Members are assigned to the Division.
- b. In order to ensure the independence of the employees in the Auditing Support Division and to ensure that they will implement the instructions of Audit & Supervisory Board Members, Senior Management shall receive the consent of Audit & Supervisory Board Members on matters relating to the appointment, transfer and compensation of employees in the Auditing Support Division.
- c. In principle, Senior Management does not assign employees in the Auditing Support Division to other divisions or duties. In instances, however, where a need arises to give dual assignments to employees with specialized knowledge in response to requests from Audit & Supervisory Board Members, care is given to ensuring their independence in accordance with paragraph "b" above.

(2) Reporting System

- a. Senior Management of Fujitsu and Group companies provides the Audit & Supervisory Board Members with the opportunity to attend important meetings.
- b. In cases where risks arise that could affect management or financial results, or when there is an awareness of major compliance violations, or the possibility of major compliance violations, in connection with the execution of business activities, Senior Management of Fujitsu and Group companies immediately report them to the Audit & Supervisory Board Members.
- c. Senior Management of Fujitsu and Group companies periodically report to the Audit & Supervisory Board Members on the status of business execution.
- d. Senior management of Fujitsu and Group companies shall not subject senior management

or employees to adverse treatment for the reason that reports were submitted in accordance with paragraphs “b” and “c” above.

(3) Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members

- a. Senior Management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board Members.
- b. With respect to expenses incurred by Audit & Supervisory Board Members in the execution of their duties in accordance with Article 388 of the Companies Act, Senior Management shall determine the methods for processing the requests stipulated in Article 388.
- c. The Internal Auditing Organization periodically reports audit results to the Audit & Supervisory Board Members.

(2) Overview of the Status of Operation of the System to Ensure the Properness of Fujitsu Group Operations

1. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently

The Company delegates management execution authority of the Representative Director and President to Corporate Executive Officers in order to ensure the efficiency of decision-making and management execution.

The Management Council, in principle, meets three times a month, discusses important management execution and assists the Representative Director and President in decision-making.

In addition, rules for delegation of duties and various systems for approvals and reaching decisions are put in place and are operated so that efficient and proper management execution is ensured based on these rules and systems.

2. Risk Management System and Compliance System

The Company positions the risk management system and the compliance system at the heart of the “Policy on the Internal Control System” and has established the Risk Management & Compliance Committee (the “Committee”), which supervises these systems globally and reports to the Board of Directors.

The Committee is chaired by the Representative Director and President and consists mainly of Executive Directors. The Committee meets periodically and determines policies for preventing risks in business operations from arising and for countermeasures for losses caused by risks that have arisen.

The chairman of the Committee has appointed a Chief Risk Compliance Officer (CRCO) who executes the Committee’s decisions.

Regarding compliance violations and risks in business operations, including information security, the Committee has established and operates a system that covers not only the Company but the Fujitsu Group and ensures reporting to the Committee in a timely manner. It also operates the internal reporting system.

The Company has appointed a Chief Information Security Officer (CISO) under the Committee and formulates and implements information security measures. In addition, the Company has established the Cyber Security Committee under the Committee. While ensuring security throughout the Fujitsu Group, the Company is working to ensure and enhance information security of customers through products and services that embody Fujitsu’s security practices.

In the course of operating the systems described above, besides reporting when risks have arisen, the Committee periodically reports the progress and results of its activities to the Board of Directors and is supervised.

Immediately after the violation of the Antimonopoly Act concerning transactions with Tokyo Electric Power Co., Ltd. came to light, the Company established a special compliance investigation committee and conducted a thorough investigation of the compliance violation. This was one of the extraordinary measures implemented by the Committee under the supervision of the Board of Directors.

3. System to Ensure Proper Financial Reporting

As for a system to ensure proper financial reporting, the Company has established the FUJITSU Way Committee chaired by the Representative Director and President and consisting of Executive Directors and some Corporate Executive Officers.

Under this committee's direction, the responsible organization has established a system called "Eagle Innovation." In accordance with the rules established by the Company based on the principles of the Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting published by the Business Accounting Council, internal control over financial reporting throughout the Fujitsu Group is assessed.

4. System to Ensure the Properness of Fujitsu Group Operations

The risk management system, the compliance system, and the system for ensuring proper financial reporting cover the Fujitsu Group.

Especially for risk management and compliance systems, Regional Risk Management & Compliance Committees have been established for individual Regions, which are geographical executive divisions of the Fujitsu Group worldwide. These regional committees are positioned under the Risk Management & Compliance Committee to function so that the entire Fujitsu Group is covered.

In addition, as a part of a system to ensure the properness of Fujitsu Group operations, the Company has established the Rules for Delegation of Authority called "Global DoA" that determines authority for decision-making of important matters of Fujitsu Group companies (excluding certain subsidiaries) and the decision-making process. The Company has its Group companies comply with the Global DoA. In addition, Group companies are required to report on their operations to the Company. In this way, the Company has put in place systems for decision-making and reporting of important matters at the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors.

Notes to Consolidated Financial Statements

【Notes to Significant Items concerning Preparation of Consolidated Financial Statements and Scope of Consolidation and Application of Equity Method】

1. The Company prepares its consolidated financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 1, January 8, 2016). The consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) as per clause 1 of Article 120 of the Ordinance on Accounting of Companies. Following the latter part of the clause, some disclosure items required under IFRS are omitted in these notes.

2. Scope of consolidation

This consolidated financial report is prepared with consolidation of 502 major subsidiaries. The scope of consolidation for this fiscal year has been changed in that 12 companies were added and 24 companies were subtracted. Major additions and subtractions are described below. Names of the major subsidiaries are omitted in this note because they are noted in item #2 “The Fujitsu Group” in this report.

Newly consolidated subsidiaries as a result of acquisition or formation: 12 companies

Subtracted due to liquidation or sale: 17 companies

Subtracted due to merger: 7 companies

3. Application of the equity method

- (1) The number and names of major associates to which the equity method is applied

Investments in associates are accounted for using the equity method and the number of companies to which the method applies is 24.

Major associates are Fujitsu General Ltd., Socionext Inc., and Fujitsu Leasing Co., Ltd.

The scope of application of the equity method for this fiscal year has been changed in that 2 companies were added and 3 companies were subtracted.

- (2) The Company does not treat JECC Corporation as an associate although the Company holds more than 20% of the outstanding shares of JECC Corporation. This is because JECC Corporation is a special corporation operated under the joint investments of 6 companies, including Japanese computer manufacturers, to develop the information processing industry in Japan.

- (3) Goodwill relating to an associate is accounted for in the same way as that of consolidated subsidiaries.

4. Significant accounting policies

(1) Valuation standards and methods for assets

(a) Financial assets

(i) Non-derivative financial assets

Held-to-maturity investments and loans and receivables

Held-to-maturity investments and loans and receivables are initially measured at fair value plus any directly attributable transaction costs and subsequently at amortized cost using the effective interest method, less any impairment losses. Amortization charge for each period is recognized as financial income in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at fair value at the reporting date. The resulting gains and losses, except for impairment losses, foreign exchange gains and losses on debt securities and interest costs incurred by the effective interest method, are recognized in other comprehensive income.

(ii) Derivative financial assets

Derivatives are initially and subsequently measured at fair value. When a derivative is not designated as a hedging instrument, any changes in the fair value of the derivative are recognized in profit or loss. For cash flow hedges, the effective portion of changes in fair value of a derivative is recognized in other comprehensive income, whereas any ineffective portion of the changes is recognized in profit or loss.

(b) Non-financial assets

(i) Inventories

Inventories are measured at cost. However, should the net realizable value ("NRV") at the reporting date fall below the cost, inventories are measured at the NRV, with the difference in value between the cost and the NRV, in principle, booked as cost of sales. The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are interchangeable is determined by the moving average cost method or the

periodic average method, whereas the cost of inventories of items that are not interchangeable is determined by the specific identification method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated direct selling expenses. Inventories that are slow moving and inventories held for long-term maintenance contracts are measured at the NRV that reflects future demand and market trends.

(ii) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

(iii) Goodwill

Goodwill acquired in a business combination is measured at cost less accumulated impairment losses.

(iv) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses.

(v) Impairment

If there is an indication of impairment for non-financial assets other than inventories, the asset's recoverable amount is estimated and the asset is tested for impairment. Goodwill and indefinite-lived intangible assets are tested for impairment for both annually and when there is an indication of impairment. An impairment loss is recognized if the recoverable amount of an asset or cash-generating unit is less than its carrying amount.

(2) Depreciation method for assets

(a) Property, plant and equipment (excluding leased assets)

The depreciable amount (cost less residual value) for items of property, plant and equipment is allocated on a systematic basis over its useful life. The Group in principle adopts the straight-line method of depreciation reflecting the pattern of consumption (matching of costs with revenues) of the future economic benefits from the asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is either classified as held for sale or is derecognized.

The estimated useful lives for significant categories of property, plant and equipment are as

follows:

- Buildings and structures 7 to 50 years
- Machinery and equipment 3 to 7 years
- Tools, fixtures and fittings 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

(b) Intangible assets (excluding leased assets)

Software held for sale is amortized based on the expected sales volumes and allocated equally based on the remaining useful life. Software for internal use and other intangible assets with finite useful lives are amortized over their respective useful lives using in principle the straight-line method to reflect the pattern of consumption of the expected future benefits from the assets.

The estimated useful lives are as follows:

- Software held for sale 3 years
- Software for internal use within 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

(c) Leased assets

Leased assets are depreciated on a straight-line basis over the period that is the shorter of the lease term and the useful life of the leased asset.

(3) Recognition criteria for provisions

A provision is recognized if, as result of a past event, the Group has a present legal or constructive obligation that can be estimated reasonably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value using a pre-tax rate that reflects the time value of money and risks specific to the liability.

(4) Defined benefit plans

The Group's net defined benefit liability (asset) is measured at the present value of defined benefit obligation less the fair value of plan assets. The defined benefit liability in respect of

each defined benefit plan is calculated separately by estimating the amount of future benefits employees have earned in return for services rendered to date and discounted to present value. The calculation is performed in each reporting period by qualified actuaries using the projected unit credit method. The discount rate used is determined by reference to market yields at the reporting date on high-quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income after adjusting for tax effects and then immediately reclassified to retained earnings.

(5) Revenue recognition criteria for fixed price service contracts such as customized software contracts

Revenue and costs for fixed price service contracts such as customized software contracts are recognized by reference to the stage of completion when the outcome of the transaction can be reliably estimated. The Group in principle adopts the percentage of completion method based on costs incurred to date as a percentage of total estimated project costs. When milestones are defined at contract inception, revenue is recognized based on completion of the contractual milestones.

(6) Other significant principles for the preparation of consolidated financial statements

(a) Consumption taxes

The tax exclusion method is applied in the preparation of consolidated financial statements.

(b) Application of the consolidated tax return system

The consolidated tax return system is applied in the preparation of consolidated financial statements.

【Notes to the Consolidated Statement of Financial Position】

1. Assets pledged as collateral and liabilities associated with collateral

(1) Major assets pledged as collateral		(Million yen)
Balance of pledged assets.....		4,471
(Major pledged assets)	Land.....	3,870
	Buildings and structures.....	601

(2) Major liabilities associated with collateral		
Balance of secured debt		1,763
(Major secured debts) Provisions		1,763
2. Bad debt allowance presented net with the associated assets		
(1) Receivables, trade		7,837
(2) Other non-current assets		2,354
3. Accumulated depreciation of property, plant and equipment.....		1,682,142
(including accumulated impairment losses)		
4. Liabilities for guarantee contracts		
Balance of liabilities for guarantee contracts.....		374
(Major guaranteed debts) Housing loans of employees.....		374
The balance of liabilities for guarantee contracts and major guaranteed debts include transactions similar to guarantee contracts such as guarantee reservations and letters of awareness.		

【Notes to the Consolidated Statement of Changes in Equity】

- Number of shares issued at the end of this fiscal year
Common stock 2,070,018,213 shares

- Dividends distributed from retained earnings during this fiscal year

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 26, 2016	Common stock	8,275	4	March 31, 2016	June 6, 2016
Meeting of the Board of Directors on October 27, 2016	Common stock	8,275	4	September 30, 2016	November 25, 2016

3. Dividends to be distributed from retained earnings after the end of this fiscal year

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 25, 2017	Common stock	10,252	5	March 31, 2017	June 5, 2017

【Notes to Financial Instruments】

1. Policies on Financial Instruments

The Group carries out its financial activities in accordance with the “Fujitsu Group Treasury Policy” and primarily obtains funds through bank borrowing and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risk. The Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes.

Trade receivables are exposed to customer credit risk. Additionally, some trade receivables are denominated in foreign currencies in conjunction with the export of products and exposed to exchange rate fluctuation risk. Available-for-sale financial assets are comprised primarily of the certificates of deposit held for fund management and the shares issued by customers or other parties for the purpose of maintaining and strengthening the business relationship. Shares are exposed to market price fluctuation risk and financial risk of the company invested. The Group also loans to business partners, etc.

Trade payables such as notes payable, trade accounts payable and accrued expenses are generally payable within one year. Some trade liabilities are denominated in foreign currencies in conjunction with the import of components and exposed to exchange rate fluctuation risk. Borrowings, corporate bonds and finance lease obligations are mainly for the purpose of obtaining working capital and preparing capital expenditures. Because some of these have floating interest rates, they are exposed to interest rate fluctuation risk.

(1) Credit risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. A unit independent from the sales units assesses the credit standing of customers and manages collection dates and the balance outstanding for each customer to ensure smooth collection of trade receivables. Regarding the loan receivable, the Group periodically assesses debtor’s financial condition

and reviews the terms of the loan if needed. The counterparties to derivative transactions are selected upon assessment of their credit risk.

The amounts of the largest credit risks as of the reporting date are indicated in the carrying amount of the financial assets that are exposed to credit risk.

(2) Liquidity Risk

The Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

(3) Market risk

The Group utilizes exchange forward contracts in respect to trade receivables and trade liabilities denominated in foreign currencies to mitigate exchange rate fluctuation risk monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flow denominated in foreign currency, and interest swap contracts in respect to borrowings and corporate bonds to mitigate interest rate fluctuation risk. For the shares issued by customers or other parties, the Group regularly monitors the fair value and the financial condition of the issuer and continuously reviews the investment, taking into account its relationship with the counterparty.

The Group enters into derivative transactions based on the Group policy. Following the policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions, records them and confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in the transaction balance to the CFO and the head of the accounting department.

2. Fair value of financial instruments

The carrying amount and fair value of financial instruments as of March 31, 2017 are as follows:

	(Million yen)	
	Carrying amount	Fair value
Assets		
Financial assets measured at fair value through profit or loss	462	462
Available-for-sale financial assets	178,515	178,515
Total	178,977	178,977

Liabilities		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortized cost	354,304	358,001
Total	354,304	358,001

Notes:

- (1) Derivatives are presented net.
- (2) Measurement of fair value of financial instruments:
A quoted price in an active market is used in the measurement of fair value of a financial instrument if the price is available. The discounted cash flow method or other appropriate method is used for the measurement of a financial instrument of which quoted price in an active market is not available.
- (3) The disclosure for the current portion of financial assets and liabilities measured at amortized cost is omitted in this note because the carrying amount is a reasonable approximation of its fair value.

【Notes to Per Share Data】

Equity attributable to owners of the parent per share	429.80 yen
Basic earnings per share	42.83 yen

【Notes to Significant Events after the Reporting Period】

Not applicable.

-UNCONSOLIDATED- (TRANSLATION FOR REFERENCE ONLY)

Unconsolidated Statement of Changes in Net Assets

(Year ended March 31, 2017)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Other capital surplus	Total capital surplus		Other retained earnings		
					Reserves for special depreciation	Retained earnings brought forward	
Beginning balance	324,625	166,297	166,297	13,445	28	138,773	152,247
Increase (Decrease) during the period							
Dividends paid				1,655		(18,205)	(16,550)
Net income						44,963	44,963
Purchase of treasury stock							
Disposal of treasury stock		(0)	(0)				
Reversal of reserve for special depreciation					(9)	9	
Net increase (decrease) during the period, except for items under shareholders' equity							
Total		(0)	(0)	1,655	(9)	26,767	28,413
Ending balance	324,625	166,296	166,296	15,100	19	165,541	180,660

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain and loss on securities, net of taxes	Total valuation and translation adjustments	
Beginning balance	(627)	642,542	38,065	38,065	680,608
Increase (Decrease) during the period					
Dividends paid		(16,550)			(16,550)
Net income		44,963			44,963
Purchase of treasury stock	(11,877)	(11,877)			(11,877)
Disposal of treasury stock	2	2			2
Reversal of reserve for special depreciation					
Net increase (decrease) during the period, except for items under shareholders' equity			18,331	18,331	18,331
Total	(11,874)	16,537	18,331	18,331	34,869
Ending balance	(12,502)	659,080	56,397	56,397	715,477

Notes to Unconsolidated Financial Statements

【Notes to Significant Accounting Policies】

1. The Company prepares for financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 1, January 8, 2016) in the fiscal year under review.
2. Valuation standards and methods of assets
 - (1) Marketable securities

Shares in subsidiaries and affiliates.....	Moving average cost method
Available-for-sale securities	
- With market value	Market value method based on the market price on the closing date
	Treatment of the difference between the acquisition cost and the market value
	...Booked directly to net assets
	Calculation of costs of securities sold
	...Moving average cost method
- Without market value	Moving average cost method
 - (2) Derivatives

Derivatives	Market value method
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 - (3) Inventories

Inventories held for sale in normal operating cycle	
Finished goods	Moving average cost method
Work in process.....	Cost method determined by the specific identification method or the periodic average method
Raw materials.....	Cost method determined by the moving average method
Costs of inventories with lower profitability are written down.	
3. Depreciation and amortization of fixed assets
 - (1) Tangible fixed assets except for leased assets

Depreciation of tangible fixed assets except for leased assets is calculated by the straight-line method. The useful lives, reflected by the likely period over which the value of asset can be realized under actual business conditions, are estimated as stated below:

Buildings and structures	7-50 years
Machinery	3-7 years
Equipment.....	2-10 years
 - (2) Intangible fixed assets except for leased assets

- Software	
For sale	Method based on projected sales volume over the estimated life of the product (3 years)
For internal use	Straight-line method based on the estimated useful life of the software (within 5 years)
- Others.....	Straight-line method

(3) Leased assets

Depreciation and amortization of finance leases that do not transfer ownership of the leased property to the lessee are calculated by the straight-line method over the lease period deemed as useful lives.

4. Accounting policies for provisions

(1) Allowance for doubtful accounts

To prepare for loss on doubtful accounts such as trade receivables and loans, an estimated irrecoverable amount is provided on the basis of the actual loan loss ratio for unspecified receivables and on the basis of individual collectability for specified receivables such as loans with default possibility.

(2) Provision for product warranties

To prepare for the disbursement of expenses for the free repair and exchange of products during the warranty period based on contracts, the estimated repair and exchange expenses based on the historical data are recorded when the product is sold.

(3) Provision for construction contract losses

The estimated amount of future losses relating to customized software and construction contracts whose profitability potentially has deteriorated is provided at the end of this fiscal year.

(4) Provision for loss on business of subsidiaries and associates

To prepare for possible losses relating to business of subsidiaries and associates, an estimated amount of loss is provided, taking into account the financial conditions of individual subsidiaries and associates.

(5) Provision for bonuses to board members

To prepare for bonuses to board members, an estimated amount is provided.

(6) Defined benefit liability

To prepare for disbursement of employees' retirement benefits under the defined benefit plan, an amount based on the defined benefit obligation and plan assets at the end of the fiscal year is recognized.

Method of attributing benefit to periods of service

Benefit is attributed to periods of service under the plan's benefit formula.

Method of attributing actuarial gains and losses and past service cost

- Method of attributing past service cost

.....Straight-line method (10 years)

- Method of attributing actuarial gains and losses

.....An amount on a straight-line basis (over the expected average remaining service period of employees) is recognized from the year after the actuarial loss has arisen.

(7) Provision for loss on repurchase of computers

To prepare for compensation for losses when computers sold with a repurchase agreement are repurchased, an amount for the losses expected to be incurred at the time of the repurchase is provided based on the historical data.

(8) Provision for environmental measures

To prepare for environmental measures such as disposal of PCB (polychlorobiphenyl) embedded products and purification of soil, the expected losses are provided.

5. Revenues and expenses recognition
Revenue recognition of sales of customized software and others
For contracts in progress as of the end of this fiscal year for which the outcome can be estimated reliably, the percentage-of-completion method has been applied, and for all others the completed-contract method has been applied. When applying the percentage-of-completion method, the degree of completion at the end of this fiscal year was determined by the estimation based on actual costs and total contract costs.
6. Other significant items concerning the preparation of unconsolidated financial statements
 - (1) Hedge accounting
Deferred hedge accounting is adopted.
 - (2) Defined benefit liability
Accounting of unrecognized actuarial gains and losses and past service costs under the defined benefit plan for the consolidated financial statements is different from that for the unconsolidated financial statements.
 - (3) Consumption taxes
The tax exclusion method is applied.
 - (4) Application of the consolidated tax return system
The consolidated tax return system is applied.

【Notes to the Unconsolidated Balance Sheet】

1. Accumulated depreciation of tangible fixed assets	(Million yen)
Buildings	190,352
Structures.....	14,353
Machinery	17,778
Vehicles and delivery equipment.....	57
Equipment	147,732
Total	370,272
2. Contingent liabilities for guarantee contracts	
Balance of contingent liabilities for guarantee contracts	5,850
(Main guaranteed debt) Borrowings of domestic subsidiaries from a finance subsidiary	5,495
The balance of the contingent liabilities for guarantee contracts and the main guaranteed debt include transactions similar to guarantee contracts, such as guarantee reservations and letters of awareness.	
3. Monetary claims and obligations to subsidiaries and affiliates (excluding those separately disclosed)	
Short-term monetary claims	313,857
Long-term monetary claims	659
Short-term monetary obligations.....	370,221
Long-term monetary obligations	1,992

【Notes to the Unconsolidated Income Statements】

1. Transactions with subsidiaries and affiliates

	(Million yen)
Business transactions	
Sales	502,755
Purchases	1,590,352
Transactions other than business transactions	43,705
2. Gain on extinguishment of tie-in shares

Income from the absorption-type merger of Fujitsu Systems East Limited, Fujitsu Systems West Limited, and Fujitsu Mission Critical Systems Limited with the Company as of November 1, 2016.

【Notes to the Unconsolidated Statements of Changes in Net Assets】

Number of treasury stock at the end of the fiscal year	
Common stock	19,540,434 shares

【Notes to the Unconsolidated Tax Effect Accounting】

Deferred tax assets are recognized primarily due to valuation loss on subsidiaries' and affiliates' stock, defined benefit liability, excess of depreciation and amortization and impairment loss.

Deferred tax liabilities are recognized primarily due to gains from establishment of stock holding trust for retirement benefit plan and unrealized gains on securities. Valuation allowance is deducted from deferred tax assets pertaining to loss on valuation of shares of subsidiaries' and affiliates' stock and other items for which scheduling of the timing of the reversal is impossible.

【Notes to Transactions with Related Parties】

Subsidiaries and Affiliates

(Million Yen)

Type	Name	Percentage of voting right	Relationship	Transactions		Transaction amount	Account	Ending balance
Subsidiary	Fujitsu Client Computing Ltd.	Ownership Direct 100%	Consignment of manufacturing of PCs used by Fujitsu and interlocking of directors	Consignment of manufacturing of PCs	Purchases	230,163	Accounts payable, trade	1,602
				Procurement as an agent, etc.		199,960	Accounts receivable, other	36,314
Subsidiary	Fujitsu FSAS Inc.	Ownership Direct 100%	Consignment of support services, etc., sales and maintenance of Fujitsu's products, and interlocking of directors	Consignment of support services, etc.	Purchases	126,151	Accounts payable, trade	29,379
				Sale and maintenance of Fujitsu's products	Sales	78,996	Accounts receivable, trade	27,758
Subsidiary	Fujitsu Personal System Ltd.	Ownership Direct 100%	Sales of Fujitsu's products	Sale of Fujitsu's products	Sales	105,658	Accounts receivable, trade	25,255
Subsidiary	Fujitsu Marketing Ltd.	Ownership Direct 100%	Sales and maintenance of Fujitsu's products and interlocking of directors	Sale of Fujitsu's products	Sales	88,240	Accounts receivable, trade	27,709
Subsidiary	NIFTY Corporation	Ownership Direct 100%	Provision of services using Fujitsu's networks and interlocking of directors	Receipt of dividends	Dividend income	8,603	-	-
Subsidiary	Fujitsu Capital Ltd.	Ownership Direct 100%	Group financing in Japan and interlocking of directors	Borrowings	Borrowings *3	3,042	Short-term borrowings *4	63,986
					Interest expense	43	Long-term borrowings	1,130

Notes

1. Transactions listed above generally have terms of business based on arms-length.
2. Consumption taxes are not included in the transaction amount. Consumption taxes are included in the ending balance.
3. The amount of borrowings from Fujitsu Capital Ltd. presented equals the amount of short-term and long-term borrowings from which the amount of repayment was deducted.
4. The ending balance includes the amount transferred to the Company as a result of the absorption-type merger of Fujitsu Systems East Ltd., Fujitsu Systems West Ltd., and Fujitsu Mission Critical Systems Ltd. with the Company.

【Notes to Per Share Data】

Net assets per share	348.93 yen
Earnings per share	21.76 yen

【Notes to Significant Events after the Reporting Period】

Not applicable.