

To our shareholders,

Security Code (in Japan) 6702  
June 1, 2018

Tatsuya Tanaka  
Representative Director  
President  
Fujitsu Limited  
1-1, Kamikodanaka 4-chome,  
Nakahara-ku, Kawasaki-shi  
Kanagawa, Japan

## **NOTICE OF THE 118<sup>th</sup> ANNUAL SHAREHOLDERS' MEETING**

You are cordially invited to attend the 118<sup>th</sup> Annual Shareholders' Meeting, to be held as set forth below. If you are unable to attend the meeting, please exercise your voting rights using any of the methods explained in Section 5 (1) of this notice after reviewing the attached Reference Materials for the Annual Shareholders' Meeting.

- 1. Time & Date**                      10:00 a.m., June 25, 2018
- 2. Venue**                              Shin Yokohama Prince Hotel, Sinfonia Hall (5<sup>th</sup> Floor)  
  \*The reception desk is on the 1<sup>st</sup> floor.  
  4, Shin Yokohama 3-chome  
  Kohoku-ku, Yokohama-shi  
  Kanagawa, Japan

### **3. Purposes of the Shareholders' Meeting**

#### *Reports:*

Overview of the 118<sup>th</sup> Business Period (April 1, 2017 – March 31, 2018) Business Report, Consolidated and Unconsolidated Financial Statements; Auditing Reports from Accounting Auditor and Audit & Supervisory Board on Consolidated Financial Statements

#### *Agenda:*

- Proposal No. 1                      Election of Ten Directors  
Proposal No. 2                      Consolidation of Shares

### **4. Attached Materials**

- (1) The Business Report, Consolidated and Unconsolidated Financial Statements for the 118<sup>th</sup> Business Period are attached as Exhibit A.
- (2) The following items are provided online on the Company's website (<http://www.fujitsu.com/global/about/ir/>) in accordance with Japanese laws and regulations, and Article 17 of the Articles of Incorporation, and not included in Exhibit A:
- a) Fujitsu Group Principle Offices and Plants
  - b) Employees;
  - c) Full text of Policy on the Internal Control System;
  - d) Overview of the Status of Operation of the System to Ensure the Properness of Fujitsu Group Operations
  - e) Notes to Consolidated Financial Statements; and
  - f) Unconsolidated Statements of Changes in Net Assets, and Notes to Unconsolidated Financial

Statements.

- (3) In the case of any revisions to the Reference Materials for the Annual Shareholders' Meeting, the Business Report, Consolidated Financial Statements or Unconsolidated Financial Statements, they will be posted online on the Company's website (<http://www.fujitsu.com/jp/about/ir/>).

## 5. Voting

### (1) Exercise of Voting Rights in case of Nonattendance

If you are unable to attend the Shareholders' Meeting, we ask you to exercise your voting rights by using one of the following methods.

[Voting by mail]

Please complete the enclosed Voting Card, indicating your approval or disapproval for each of the proposals, and return it to reach the Company no later than 6:00 p.m. on Friday, June 22, 2018 (Japan standard time).

[Voting via the Internet]

Please access the Company's designated online voting site (<https://www.evote.tr.mufg.jp/>) via a PC, smartphone or mobile phone using the login ID and temporary password printed on the enclosed Voting Card. Please indicate and submit your approval or disapproval for each of the proposals no later than 6:00 p.m. on Friday, June 22, 2018 (Japan standard time), following the on-screen instructions.

[Exercise of Voting Rights by Proxy]

Voting rights can be exercised by a proxy shareholder, so long as the proxy is a shareholder who is able to exercise his or her voting rights at the Shareholders' Meeting. The absent shareholder's Voting Card, along with a document authorizing the proxy's representation of the absent shareholder, should be passed to the proxy, and we ask that the proxy present these materials, along with the proxy's own Voting Card, to the reception desk on the day of the meeting.

### (2) Board Resolution regarding Exercise of Voting Rights

- a. Any voting right exercised by mail without indicating approval or disapproval for a particular proposal on the Voting Card will be counted as a vote for approval of the proposal.
- b. If any voting right is exercised both by mail and via the Internet, the exercise via the Internet will be recognized as a valid exercise of the voting right.
- c. If any voting right is exercised more than once via the Internet, the latest exercise will be recognized as a valid exercise of the voting right.
- d. Any institutional or other shareholder who holds the Company's shares on behalf of other parties may cast split votes. In this case, a written notice of the diverse exercise of voting rights and reasons must be submitted to the Company no later than three days before the Shareholders' Meeting.
- e. No Voting Card has been sent to those shareholders who have given consent to receive a notice by email. Any such shareholder wishing to have his or her Voting Card issued is asked to contact the company's representative at the following address:

Contact: Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Mailing address: P.O. Box 29, Shin-Tokyo Post Office 137-8081, Japan

#### *Note:*

This English version of the Notice and attached materials is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

**REFERENCE MATERIALS FOR THE ANNUAL SHAREHOLDERS' MEETING****Proposal No. 1 Election of Ten Directors**

The terms of office for all ten Directors expire at the close of this Shareholders' Meeting. The Company proposes the election of ten Directors including four Independent External Directors. Candidates for the position of Director are listed on pages 6 to 15. The term of office for each Director is set at one year.

The Director candidates were recommended by the Executive Nomination Committee after consideration in accordance with the "structural framework" and the "procedures and policy of Directors and Auditors nomination" stipulated in the Company's Corporate Governance Policy, and approved by the Board of Directors.

Mr. Kazuto Kojima and Ms. Yoshiko Kojo are new candidates for the position of Director and are to succeed to Mr. Tatsuzumi Furukawa and Ms. Miyako Suda who will retire at the close of this Shareholders' Meeting. The Company expects Mr. Kojima and Ms. Kojo to provide a wide range of advice and oversight from a global perspective about measures for development of global business and response to change in the international environment.

Regarding other Executive Directors and Non-Executive Directors, maintaining the concept adopted for the previous year, which takes into account the mission of the Board of Directors, that is, to continue measures for achieving business model transformation as well as initiatives for resolving the management issues that were clarified in fiscal 2017 and monitoring of their progress, the Company proposes to reelect all the other current members of the Board of Directors.

As in the previous year, the Board of Directors will consist of four Executive Directors and six Non-Executive Directors.

Regarding the structure for business execution following the election of Directors at this Shareholders' Meeting, the Company expects that, led by Representative Director and President Mr. Tatsuya Tanaka, Representative Director and SEVP Mr. Norihiko Taniguchi (responsible for overall business promotion) and Representative Director and SEVP Mr. Hidehiro Tsukano (responsible for overall administration) will cover all the fields of the Group and assist the Representative Director and President and participate in decision-making and implementation concerning business execution. Mr. Duncan Tait will continue to be responsible to the Board of Directors for overall business execution for EMEIA and Americas Regions.

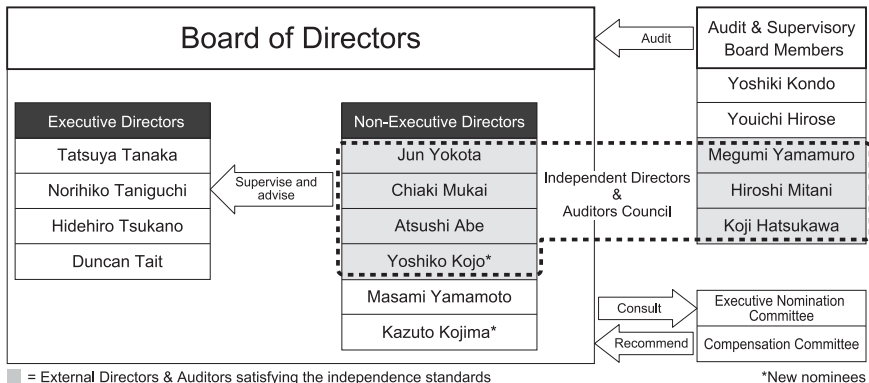
**[Planned Board Structure after the approval at the Shareholders' Meeting]**

Candidate No.	Name	Authority of Representation	Independent External Director	Position at the Company
<b>Executive Directors</b>				
1	Tatsuya Tanaka	○		President, Chairman of the Risk Management & Compliance Committee
2	Norihiko Taniguchi	○		SEVP, Overall Business Promotion
3	Hidehiro Tsukano	○		SEVP, CFO, CSO, Overall Administration
4	Duncan Tait			SEVP, Corporate Executive Officer, EMEIA and Americas Regions
<b>Non-Executive Directors</b>				
5	Masami Yamamoto			Chairman, Chairman of the Board of Directors
6	Jun Yokota		○	
7	Chiaki Mukai		○	
8	Atsushi Abe		○	
9	Kazuto Kojima			
10	Yoshiko Kojo		○	

**Framework of Fujitsu's Corporate Governance Structure (Reference)**

The Company outlines the following rules to ensure the effective oversight and advice from a diverse perspective of Non-Executive Directors to Executive Directors on their business execution as part of the Board of Directors function while taking advantage of the Company with the Audit & Supervisory Board system:

- a Same number or more Non-Executive Directors responsible for oversight are appointed as Executive Directors responsible for business execution.
- b Independent Directors are appointed as the core members of Non-Executive Directors, and at least one Non-Executive Director is appointed from within the Company.
- c Independent Directors must meet the independence standards (hereinafter referred to as "Independence Standards") established by the Company.
- d In nominating Non-Executive Director candidates, the Company takes account of the background of candidates and their insight into the Company's business.
- e The Company has the Audit & Supervisory Board Members' external audit and oversight on the Board of Directors, the voluntary Executive Nomination Committee and Compensation Committee composed mainly of Non-Executive Directors and Auditors (hereinafter, the term used for the combination of Non-Executive Directors and Audit & Supervisory Board Members), and the Independent Directors & Auditors Council, all of which function to complement the Board of Directors.
- f Independent Audit & Supervisory Board Members shall be the External Audit & Supervisory Board Members who meet the Independence Standards.



## Stance on Independence of External Directors & Auditors (Reference)

The Company states its Independence Standards for External Directors & Auditors in the Corporate Governance Policy, which was established by the resolution of the Board of Directors in December 2015.

### Independence Standards for External Directors & Auditors

1. A Director and Auditor will be independent if none of the following are met, at present and/or in the past:

- (1) Director or employee of one of Fujitsu Group Companies<sup>1</sup>;
  - (2) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Shareholder<sup>3</sup> of Fujitsu;
  - (3) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Lender<sup>4</sup> to Fujitsu;
  - (4) partner or employee of accounting auditor of Fujitsu;
  - (5) Director, Executive Officer, Audit & Supervisory Board Member, or Corporate Executive Officer mutually exchanged between Fujitsu and another company;
  - (6) a person who receives Significant Amount of Monetary Benefits<sup>5</sup> or other property other than the compensation as a Director or Audit & Supervisory Board Member from Fujitsu;
- or
- (7) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Business Partner<sup>6</sup> of Fujitsu

2. A person who does not have a Close Relative<sup>7</sup> will be independent, wherein a Close Relative meets one of the followings, at present or at any time within the preceding three years:

- (1) Executive Director, Non-Executive Director<sup>8</sup>, or important employee of Fujitsu Group Companies;
  - (2) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Shareholder of Fujitsu;
  - (3) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Lender to Fujitsu;
  - (4) partner or employee of accounting auditor company of Fujitsu;
  - (5) Director, Executive Officer, Audit & Supervisory Board Member, or Corporate Executive Officer mutually exchanged between Fujitsu and another company
  - (6) a person who receives Significant Amount of Monetary Benefits or other property other than the compensation as a Director or Audit & Supervisory Board Member from Fujitsu;
- or
- (7) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Business Partner of Fujitsu.

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1 "Fujitsu Group Companies" means Fujitsu Limited and its subsidiaries.

2 Excluding an Independent External Director or an Independent External Auditor of a Major Shareholder, Lender, or Business Partner

3 "Major Shareholder" indicates the shareholder in the top 10 major shareholders listed in the latest Business Report of Fujitsu.

4 "Major Lender" indicates the lender in the group's major lenders listed in the latest business report of Fujitsu.

5 "Significant Amount of Monetary Benefits" means the sum of annual compensation for expert services and donation equal to or more than 10 million yen.

6 "Major Business Partner" means a company with whom Fujitsu Group Companies made a business transaction within the preceding three fiscal years and the total amount of the transaction exceeds 1% of consolidated sales revenue of either Fujitsu or that company.

7 "Close Relative" means a family, spouse, or cohabiter within the second degrees of kinship (as stipulated in the Civil Code of Japan).

8 This condition applies only when judging the independence of Fujitsu's External Audit & Supervisory Board Member or a nominee thereof.

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
1	Tatsuya Tanaka (September 11, 1956) <i>*Reappointment</i>	Apr. 1980 Joined the Company Apr. 2005 Director of the Board & Vice President, Fujitsu (China) Holdings Co., Ltd. Dec. 2009 Senior Vice President, Manufacturing Industry Business Unit Apr. 2012 Corporate Vice President Apr. 2014 Corporate Senior Vice President Head of Asia Region*2) (until February 2015)
	[No. of Years Served as a Director*1)] 3	Jan. 2015 Corporate Executive Officer SEVP
	[No. of the Company's Shares Held] 57,586	Jun. 2015 Representative Director (to present) President (to present)
	[Attendance at the FY2017 Board of Directors' Meetings] 100%	Jul. 2015 Chairman of the Risk Management & Compliance Committee (to present)
		[Important positions at other corporations/institutions] None
	[Reasons for Appointment] Mr. Tanaka Tatsuya has management experience gained while serving as Corporate Executive Officer for three years and as Representative Director and President for three years. Since his appointment as President, in order to realize sustainable growth of the Group, he has been addressing business model transformation focused on “business structure transformation” and “growth strategy transformation.” These reform initiatives are underway and the Company believes it is essential that he continue to take the lead in their promotion. Therefore, the Company proposes that he be reappointed as a Director.	
	[Comments on Special-interest Relationships] Mr. Tatsuya Tanaka has no special-interest relationships with the Company.	

## Notes

\*1) “No. of Years Served as a Director” is as of the close of this Shareholders' Meeting.

\*2) East Asia excluding Japan and Southeast Asia

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
2	Norihiko Taniguchi (September 7, 1954)	Apr. 1977 Joined the Company May 2005 President, Fujitsu Advanced Solutions Limited*3) Jun. 2007 Executive Vice President, the Company Jun. 2008 Corporate Vice President Apr. 2010 Corporate Senior Vice President Apr. 2014 Corporate Executive Vice President (until March 2017) Jun. 2014 Director (to present) Apr. 2016 Head of Global Services Integration Business (to present) Apr. 2017 Corporate Executive Officer SEVP, Head of Business Lines (to present) Jun. 2017 Representative Director and SEVP (to present) Present Position: Representative Director and SEVP, Head of Global Services Integration Business, Head of Business Lines
	<i>*Reappointment</i>	
	[No. of Years Served as a Director*1)] 4	
	[No. of the Company's Shares Held] 73,881	
	[Attendance at the FY2017 Board of Directors' Meetings] 100%	
		[Important positions at other corporations/institutions] None
	[Reasons for Appointment] Mr. Norihiko Taniguchi has many years of management experience in the Company's mainstay Systems Integration business, along with experience as president of a subsidiary. Placing the Representative Director and President as the central core, the Company plans to set forth the structure in which the Executive Directors shall administer the business execution in all areas. Therefore, the Company proposes that he be reappointed as a Director as he is competent for the role of supervising overall business promotion as Representative Director and SEVP and assisting Representative Director and President in decision-making concerning business execution. The Company intends to reappoint him as a Representative Director and SEVP, if his appointment is approved at this Shareholders' Meeting.	
	[Comments on Special-interest Relationships] Mr. Norihiko Taniguchi has no special-interest relationships with the Company.	

*Note*

\*3) Fujitsu Advanced Solutions Limited merged with Fujitsu Mission Critical Systems Limited in October 2013, and subsequently merged with the Company in November 2016 and ceased to exist.

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
3	Hidehiro Tsukano  (March 21, 1958)	Apr. 1981 Joined the Company Jun. 2009 President, Corporate Planning and Business Strategy Office (until March 2014)
		May 2011 Corporate Vice President Apr. 2014 Corporate Senior Vice President (until March 2016) CFO (Chief Financial Officer) (to present)
	<i>*Reappointment</i>	Apr. 2015 EVP, Head of Strategy and Planning (until March 2016) Jun. 2015 Director (to present)
	[No. of Years Served as a Director*1)] 3	Apr. 2016 Corporate Executive Officer SEVP, Head of Global Corporate (to present)
	[No. of the Company's Shares Held] 48,938	Jun. 2017 Representative Director and SEVP (to present) Apr. 2018 CSO (Chief Strategy Officer) (to present)
	[Attendance at the FY2017 Board of Directors' Meetings] 100%	Present Position: Representative Director and SEVP, Head of Global Corporate Functions, CFO, CSO
		[Important positions at other corporations/institutions] None
	[Reasons for Appointment]	
	Before his appointment as a Director in June 2015, Mr. Hidehiro Tsukano gained experience in the Company's procurement and management strategy divisions, and has served as the CFO since April 2014, and thus he has broad knowledge of, and significant experience of, business strategies and investor relations. Placing the Representative Director and President as the central core, the Company plans to set forth the structure in which the Executive Directors shall administer the business execution in all areas. Therefore, the Company proposes that he be reappointed as a Director as he is competent for the role of supervising overall administration as Representative Director and SEVP and assisting President and Representative Director in decision-making concerning business execution. The Company intends to reappoint him as a Representative Director and SEVP, if his appointment as a Director is approved at this Shareholders' Meeting.	
	[Comments on Special-interest Relationships]	
	Mr. Hidehiro Tsukano has no special-interest relationships with the Company.	



(TRANSLATION FOR REFERENCE ONLY)

Candidate No.	Name and date of birth	Personal history, positions at the Company
4	<p>Duncan Tait</p> <p>(March 24, 1966)</p> <p><i>*Reappointment</i></p> <p>[No. of Years Served as a Director*1)] 3</p> <p>[No. of the Company's Shares Held] 5,000</p> <p>[Attendance at the FY2017 Board of Directors' Meetings] 100%</p>	<p>Mar. 1996 Business Development Head, Managed Services, Digital Equipment Corporation*4)</p> <p>Jun. 1999 Managed Services Director, Compaq Global Services, Compaq*4)</p> <p>Jun. 2004 Director and General Manager, Outsourcing, HP Services, Hewlett-Packard*4)</p> <p>Jan. 2006 Managing Director UKMEA, Unisys</p> <p>Oct. 2009 Managing Director, UK&amp;I Private Sector Division, Fujitsu Services Ltd.</p> <p>Mar. 2011 CEO, Fujitsu Services Ltd.</p> <p>Apr. 2014 Corporate Senior Vice President (until July 2016) Head of EMEIA*5) Region (to present)</p> <p>Jun. 2015 Director (to present)</p> <p>Jan. 2016 SEVP, Head of Americas*6) Region (to present)</p> <p>Aug. 2016 Corporate Executive Officer (to present)</p> <p>Present Position: Director and Corporate Executive Officer SEVP, Head of EMEIA*5) Region, Head of Americas*6) Region</p> <p>[Important positions at other corporations/institutions] None</p>
	[Reasons for Appointment]	
	<p>Mr. Duncan Tait has abundant international business management experience and has management insights from a global perspective. He has been serving as Head of the EMEIA*5) Region since April 2014 and as SEVP, Head of the Americas*6) Region since January 2016. Placing the Representative Director and President as the central core, the Company plans to set forth the structure in which the Executive Directors shall administer the business execution in all areas. Therefore, the Company proposes that he be reappointed as a Director as he is competent for execution in the Regions mentioned above.</p>	
	[Comments on Special-interest Relationships]	
	<p>Mr. Duncan Tait has no special-interest relationships with the Company.</p>	

## Notes

\*4) Currently, HP Inc. and Hewlett Packard Enterprise Co.

\*5) *Europe, Middle East, India, and Africa*

\*6) *North and South America*

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
5	<p>Masami Yamamoto</p> <p>(January 11, 1954)</p> <p><i>*Reappointment</i></p> <p>[No. of Years Served as a Director*1)] 8</p> <p>[No. of the Company's Shares Held] 163,072</p> <p>[Attendance at the FY2017 Board of Directors' Meetings] 100%</p>	<p>Apr. 1976 Joined the Company</p> <p>Jun. 2004 Executive Vice President, Personal Systems Business Group</p> <p>Jun. 2005 Corporate Vice President</p> <p>Jun. 2007 Corporate Senior Vice President</p> <p>Jan. 2010 Corporate Senior Executive Vice President</p> <p>Apr. 2010 President</p> <p>Jun. 2010 Representative Director</p> <p>President (until June 2015)</p> <p>Aug. 2012 Member of the Executive Nomination Committee and Compensation Committee (until June 2013)</p> <p>Jun. 2015 Representative Director</p> <p>Chairman (until June 2017)</p> <p>Chairman of the Board of Directors (to present)</p> <p>Jul. 2015 Member of the Executive Nomination Committee and Compensation Committee (to present)</p> <p>Jun. 2017 Director and Chairman (to present)</p> <p>Outside Director, JFE Holdings, Inc. (to present)</p>
		[Important positions at other corporations/institutions]
		Outside Director, JFE Holdings, Inc.
		[Reasons for Appointment]
		Mr. Masami Yamamoto has experience in business execution, having served as Representative Director and President for five years, and as Representative Director and Chairman for two years, following which, he has fulfilled his duty concerning management oversight as Chairman who is a Non-Executive Director. The Company believes he is ideally suited to fulfill the role of being responsible for oversight of business execution and providing advice based on his experience and knowledge. Therefore, the Company proposes that he be reappointed as a Non-Executive Director.
		The Company intends to reappoint him as Chairman of the Board of Directors, if his appointment is approved at this Shareholders' Meeting.
		[Comments on Special-interest Relationships]
		Mr. Masami Yamamoto has no special-interest relationships with the Company.
		[Special Notice regarding the Director Candidate]
		An agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act has been concluded between the Company and Mr. Masami Yamamoto. The Company plans to extend the agreement if his reappointment is approved at this Shareholders' Meeting*7).

*Note*

\*7) The maximum liability for damages in accordance with the agreement limiting liability concluded between the Company and Non-Executive Directors is the minimum liability amount stipulated by the Companies Act.

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
6	Jun Yokota (June 26, 1947)  *Reappointment *Independent External Director  [No. of Years Served as a Director*1)] 4  [No. of the Company's Shares Held] 4,723  [Attendance at the FY2017 Board of Directors' Meetings] 100%	<p>Apr. 1971 Joined the Ministry of Foreign Affairs</p> <p>Jan. 1998 Deputy Director-General, Economic Affairs Bureau</p> <p>Jun. 2002 Consul-General of Japan in Hong Kong</p> <p>Apr. 2004 Ambassador Extraordinary and Plenipotentiary to the State of Israel</p> <p>May 2009 Ambassador Extraordinary and Plenipotentiary to the Kingdom of Belgium</p> <p>Oct. 2012 Ambassador Extraordinary and Plenipotentiary in charge of Economic Diplomacy and of Reconstruction Assistance to Iraq (until January 2014)</p> <p>Jun. 2014 Special Advisor to the Chairman of KEIDANREN (until May 2018)</p> <p>Jun. 2014 Director (to present)</p> <p>Jul. 2014 Member of the Executive Nomination Committee and Compensation Committee (to present)</p> <p>[Important positions at other corporations/institutions] None</p>
	[Reasons for Appointment] Mr. Jun Yokota had no direct company management experience before he assumed the position of Director of the Company, but having served as Japan's ambassador to Israel and Belgium, and having served as Special Representative of the Government of Japan in charge of the Japan-EU Economic Partnership Agreement negotiations, he is an expert in international economic negotiations and brings a global perspective to political and economic discussions. For these reasons, the Company proposes that he be reappointed as an Independent External Director.	
	[Comments on Special-interest Relationships and the Independence of the Candidate] Mr. Jun Yokota has no special-interest relationships with the Company. Further, he is not a major shareholder nor has he held an executive management position with a major trading partner of the Company, and he satisfies the Independence Standards (Refer to Page 5) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that he is an Independent Director.	
	[Special Notice regarding the Director Candidate] An agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act has been concluded between the Company and Mr. Jun Yokota. The Company plans to extend the agreement if his reappointment is approved at this Shareholders' Meeting*7).	

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
7	<p>Chiaki Mukai</p> <p>(May 6, 1952)</p> <p><i>*Reappointment</i> <i>*Independent External Director</i></p> <p>[No. of Years Served as a Director*1)] 3</p> <p>[No. of the Company's Shares Held] 18,089</p> <p>[Attendance at the FY2017 Board of Directors' Meetings] 100%</p>	<p>Nov. 1977 Staff, Department of Surgery, Keio University School of Medicine (until November 1985)</p> <p>Aug. 1985 Payload Specialist, the National Space Development Agency of Japan*8) (until March 2015)</p> <p>Jun. 1987 Visiting Scientist, Division of Cardiovascular Physiology, Space Biomedical Research Institute, NASA Johnson Space Center (until December 1988)</p> <p>Sep. 1992 Research Instructor of the Department of Surgery, Baylor College of Medicine (until August 2011)</p> <p>Apr. 2000 Visiting Professor of the Department of Surgery, Keio University School of Medicine (to present)</p> <p>Sep. 2004 Visiting Professor of the International Space University (until September 2007)</p> <p>Oct. 2007 Director, Space Biomedical Research Office, Human Space Technology and Astronaut Department of the JAXA</p> <p>Apr. 2011 Senior Advisor to the JAXA Executive Director (until March 2015)</p> <p>Oct. 2014 Vice President of the Science Council of Japan (until September 2017)</p> <p>Apr. 2015 Vice President of Tokyo University of Science (until March 2016)</p> <p>Technical Counselor of the JAXA (until March 2018)</p> <p>Jun. 2015 Director (to present)</p> <p>Jul. 2016 Member of the Executive Nomination Committee and Compensation Committee (to present)</p> <p>Jan. 2017 Chair of the Scientific and Technical Subcommittee, UN Committee on the Peaceful Uses of Outer Space (until January 2018)</p> <p>Apr. 2018 Special Counselor of the JAXA (to present)</p>
		[Important positions at other corporations/institutions] Vice President of Tokyo University of Science
		[Reasons for Appointment] Although Ms. Chiaki Mukai had not been directly involved with company management before she assumed the position of Director of the Company, she has an impressive personal history as a doctor who became Asia's first female astronaut, and she exemplifies the Company's spirit of taking on challenges at the cutting edge of science. Because the Company expects that she will continue to be able to provide oversight and advice from a fair and objective global perspective based on broad knowledge of science and technology, the Company proposes that she be reappointed as an Independent External Director.
		[Comments on Special-interest Relationships and the Independence of the Candidate] Ms. Chiaki Mukai has no special-interest relationships with the Company. Academic Corporation Tokyo University of Science that operates Tokyo University of Science, where she serves as Specially Appointed Vice President, and the Company do have sales business dealings that in fiscal 2017 amounted to approximately 250 million yen. In light of the scale of the Company's sales, however, this is not considered material. Thus, she satisfies the Independence Standards (Refer to Page 5) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that she is an Independent Director.
		[Special Notice regarding the Director Candidate] An agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act has been concluded between the Company and Ms. Chiaki Mukai. The Company plans to extend the agreement if her reappointment is approved at this Shareholders' Meeting*7).

Note

\*8) Currently, the Japan Aerospace Exploration Agency (JAXA)

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
8	<p>Atsushi Abe</p> <p>(October 19, 1953)</p> <p><i>*Reappointment</i> <i>*Independent External Director</i></p> <p>[No. of Years Served as a Director*1)] 3</p> <p>[No. of the Company's Shares Held] 14,162</p> <p>[Attendance at the FY2017 Board of Directors' Meetings] 100%</p>	<p>Apr. 1977 Mitsui &amp; Co., Ltd.</p> <p>Jun. 1990 Manager, Electronic Industry Department, Mitsui &amp; Co., Ltd.</p> <p>Jan. 1993 Managing Director, Alex. Brown &amp; Sons, Inc.*9)</p> <p>Aug. 2001 Managing Director and Head of Global Corporate Finance, Deutsche Securities, Ltd. *10)</p> <p>Aug. 2004 Partner &amp; Head of Japan, J.P. Morgan Partners Asia*11) (until March 2009)</p> <p>May 2007 Board Member, Edwards Group Ltd.*12) (until October 2009)</p> <p>Dec. 2009 Managing Partner, Sangyo Sosei Advisory Inc. (to present)</p> <p>Feb. 2011 Board Member, ON Semiconductor Corporation (to present)</p> <p>Jun. 2015 Director (to present)</p>
		[Important positions at other corporations/institutions]
		Managing Partner, Sangyo Sosei Advisory Inc.
		Board Member, ON Semiconductor Corporation
	[Reasons for Appointment]	
	Through many years of experience in investment banking and private equity, Mr. Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions. Because the Company expects that, in addition to being able to provide oversight and advice from a shareholder and investor perspective, he will continue to contribute to timely and decisive management decision-making, the Company proposes that he be reappointed as an Independent External Director.	
	[Comments on Special-interest Relationships and the Independence of the Candidate]	
	Mr. Atsushi Abe has no special-interest relationships with the Company. Sangyo Sosei Advisory Inc., where he serves as Managing Partner, and ON Semiconductor Corporation, where he serves as Board Member, and the Company have no business dealings. He is not a major shareholder nor has he held an executive management position with a major trading partner of the Company, and does not receive monetary benefits other than the compensation as a Director of the Company, and thus, he satisfies the Independence Standards (Refer to Page 5) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that he is an Independent Director.	
	[Special Notice regarding the Director Candidate]	
	An agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act has been concluded between the Company and Mr. Atsushi Abe. The Company plans to extend the agreement if his reappointment is approved at this Shareholders' Meeting*7).	

## Notes

\* 9) Currently, Raymond James & Associates, Inc.

\*10) Currently, Deutsche Securities Inc.

\*11) Currently, Unitas Capital

\*12) Currently, Atlas Copco

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
9	Kazuto Kojima (March 30, 1942) <i>*New appointment</i> [No. of the Company's Shares Held] 5,000	Apr. 1965    Joined the Company Jun. 1994    Director Jun. 1998    Senior Vice President and Director Apr. 2000    Executive Vice President and Director (until June 2002) Jun. 2002    Corporate Executive Vice President (until April 2003) Jun. 2003    Executive Advisor, Group Chairman, Fujitsu North America Companies Sep. 2005    Advisor (until June 2006) Apr. 2007    External Auditor, Computer Engineering & Consulting, Ltd. (until April 2011)
		[Important positions at other corporations/institutions] None
		[Reasons for Appointment] Over 10 years have passed since Mr. Kazuto Kojima retired from the position of Advisor of the Company. During his service as an executive of the Company, he was responsible for the international business and has in-depth knowledge about the Company's overall business, including operation of the international business. Because the Company expects that he will be able to provide extensive advice and oversight concerning the Company's responses to issues, such as measures for development of a global business, the Company proposes that he be appointed as a Non-Executive Director.
		[Comments on Special-interest Relationships] Mr. Kazuto Kojima has no special-interest relationships with the Company.
		[Special Notice regarding the Director Candidate] The Company plans to conclude an agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act with Mr. Kazuto Kojima if his appointment is approved at this Shareholders' Meeting*7).

<i>Candidate No.</i>	<i>Name and date of birth</i>	<i>Personal history, positions at the Company</i>
10	Yoshiko Kojo*13) (June 19, 1956) <i>*New appointment</i> <i>*Independent External Director</i>  [No. of the Company's Shares Held] 0	Apr. 1988 Assistant Professor of International Relations, Faculty of Law, Kokugakuin University Apr. 1991 Associate Professor of International Relations, Faculty of Law, Kokugakuin University Apr. 1996 Associate Professor of International Relations, Department of Advanced Social and International Studies, the University of Tokyo Jun. 1999 Professor of International Relations, Department of Advanced Social and International Relations, the University of Tokyo (to present) Oct. 2010 President, Japan Association of International Relations (until October 2012) Oct. 2012 Member of Advisory Board, Japan Association of International Relations (to present) Oct. 2014 Member of Science Council, Japan (to present) [Important positions at other corporations/institutions] Professor of International Relations, Department of Advanced Social and International Relations, the University of Tokyo
		[Reasons for Appointment] Ms. Yoshiko Kojo served in important positions, including the President of the Japan Association of International Relations, and her research has for many years focused mainly on the impact of economic entities, including private companies, on international politics. Although she has not been directly involved with company management, the Company expects that she will be able to provide extensive advice and oversight concerning the Company's responses to change in the external environment during a dramatic transition of international politics and initiatives for SDGs*14) based on her deep insight. Therefore, the Company proposes that she be appointed as an Independent External Director.
		[Comments on Special-interest Relationships and the Independence of the Candidate] Ms. Yoshiko Kojo has no special-interest relationships with the Company. She is not a major shareholder nor has she held an executive management position with a major trading partner of the Company, and thus the Company believes that she satisfies the Independence Standards (Refer to Page 5) established by the Company. Therefore, in accordance with listing regulations, the Company plans to report to the securities exchanges on which the Company is listed in Japan that she is an Independent Director.
		[Special Notice regarding the Director Candidate] The Company plans to conclude an agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act with Ms. Yoshiko Kojo if her appointment is approved at this Shareholders' Meeting*7).

## Notes

\*13) The name of Yoshiko Kojo in the domiciliary register is Yoshiko Kugu.

\*14) Abbreviation of "Sustainable Development Goals."

SDGs, adopted by the United Nations in 2015, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

**Proposal No. 2 Consolidation of Shares****1. Reason for the proposal**

In order to enhance convenience for investors, the Japanese stock exchanges are promoting initiatives to standardize the trading units for common stock issued by all listed domestic corporations at 100 shares based on the “Action Plan for Consolidating Trading Units.”

In view of the purpose of these initiatives, the Company has decided to change the number of shares constituting one unit of shares for its common stock from 1,000 shares to 100 shares on October 1, 2018.

In line with this change, the Company proposes consolidation of 10 shares of the Company into one share in order to maintain the price level of a trading unit of the Company's shares and not to cause change to the number of voting rights of shareholders following the change of the number of shares constituting one unit.

**2. Consolidation ratio**

Every ten shares will be consolidated into one share.

If consolidation of shares produces any fractional shares less than one share, under the provision of Article 235 of the Companies Act, the Company will sell all the fractional shares collectively and allocate proceeds from the sale to the shareholders who held such fractional shares on a pro rata basis.

**3. Effective date for consolidation of shares**

October 1, 2018

**4. Total number of authorized shares as of the effective date**

500,000,000 shares

As a consequence of the consolidation of shares, it will be deemed that the Articles of Incorporation concerning the total number of authorized shares are changed on the effective date in accordance with the provision of Clause 2, Article 182 of the Companies Act.

**(Reference)**

If this proposal is approved as originally proposed, part of the Company's Articles of Incorporation will be amended on October 1, 2018 as follows.

(Amended portions are underlined.)

Current Articles of Incorporation	After amendment
Article 6. (Total Number of Authorized Shares) The total number of authorized shares that may be issued by the Company shall be <u>five billion</u> (5,000,000,000).	Article 6. (Total Number of Authorized Shares) The total number of authorized shares that may be issued by the Company shall be <u>five hundred million</u> (500,000,000).



Exhibit A

# Reports on the 118<sup>th</sup> Business Period

## FUJITSU LIMITED

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Note:

This English version of *Reports on the 118<sup>th</sup> Business Period* is a translation for reference only.  
The style of this English version differs slightly from the original Japanese version.

## ***To Our Shareholders***

We welcome the opportunity to present this report on our 118th business period (covering fiscal year 2017, from April 1, 2017 to March 31, 2018).

We have been promoting business model transformation through “Business Structure Transformation” and “Growth Strategy Transformation.”

During the fiscal year under review, to focus our resources on the Technology Solutions segment, we promoted restructuring of the Ubiquitous Business, which includes PCs, mobile phones, and mobilewear, as part of “Business Structure Transformation.” We have achieved solid progress with “Business Structure Transformation.”

In addition, as part of “Growth Strategy Transformation,” we tackled business model transformation, including upfront investment for the digital business in order to realize connected services. In creating new businesses, we made a Group-wide effort to create value through co-creation capitalizing on cutting-edge technologies, such as AI and IoT. However, in fiscal 2017, because there were delays in responding to changes in the business environment in the network products business and unprofitable projects including in the system integration business, our main business performed poorly. On the other hand, the issues that need to be solved became clear. Meanwhile, order-taking for services in Japan was brisk. As for unprofitable projects, we already implemented measures in fiscal 2017.

In these circumstances, regarding the financial performance in fiscal 2017, both operating profit and profit after tax increased, reflecting the transfer of business, the transfer of shares and other factors that increased profit. Financial conditions have improved, too. Taking into consideration these results comprehensively, Fujitsu will increase the annual dividend to 11 yen per share. In addition, as announced in April, Fujitsu will repurchase shares of its own stock to enhance shareholder returns. For details of our financial results, please refer to the rest of the report.

In fiscal 2018, we will work to resolve issues that became clear in fiscal 2017. We would like to ask for continued support and encouragement from all shareholders.

June 2018

Tatsuya Tanaka, Representative Director and President

## ***Business Report***

### **1. Business Overview (April 1, 2017 to March 31, 2018)**

#### **(1) Major Businesses of the Fujitsu Group (As of March 31, 2018)**

Fujitsu Limited and its subsidiaries are engaged in providing total solutions in the ICT field, delivering services as well as developing, manufacturing, selling, and maintaining the cutting-edge, high-performance, high-quality products and electronic devices that support these services. The main products and services of each segment are described below.

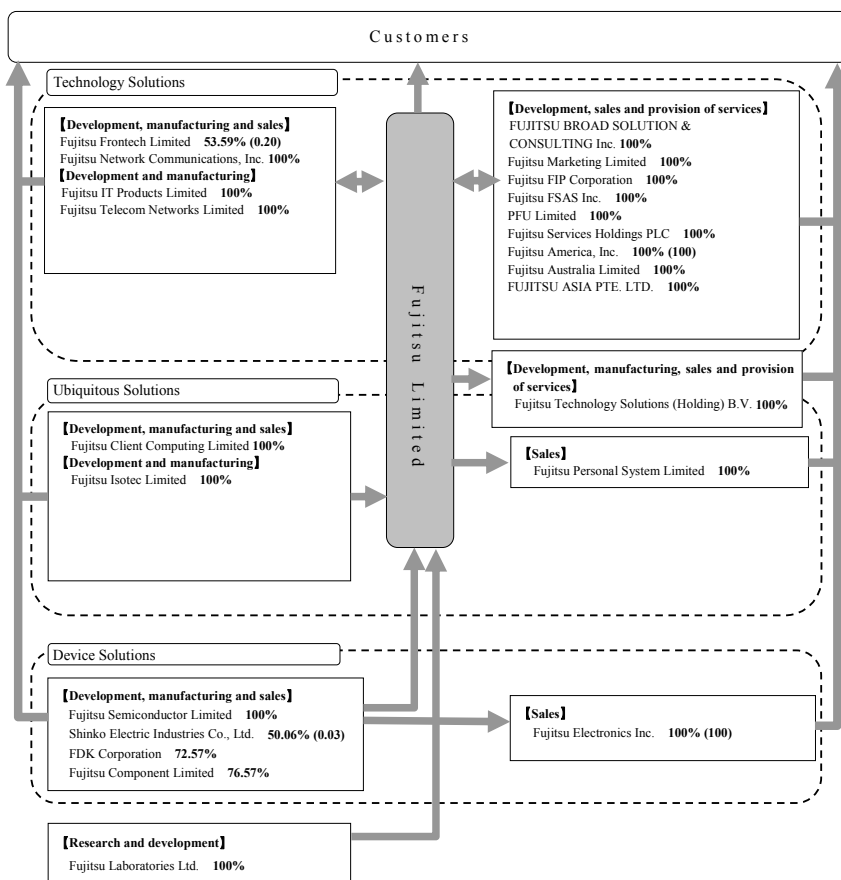
<i>Segment</i>	<i>Main products and services</i>
Technology Solutions	<p>[Services]</p> <p>○Solutions/Systems Integration</p> <ul style="list-style-type: none"> <li>• Systems integration services (system construction, business applications, etc.)</li> <li>• Consulting</li> <li>• Front-end technology (ATMs, POS systems, etc.)</li> </ul> <p>○Infrastructure Services</p> <ul style="list-style-type: none"> <li>• Outsourcing services (data centers, ICT operational management, application usage and management, business process outsourcing, etc.)</li> <li>• Cloud services (IaaS, PaaS, SaaS, etc.)</li> <li>• Network services (business networks, etc.)</li> <li>• System support services (information system and network maintenance and monitoring services, etc.)</li> <li>• Security solutions (information systems infrastructure construction and network construction, etc.)</li> </ul> <p>[System Platforms]</p> <p>○System Products</p> <ul style="list-style-type: none"> <li>• Servers (mainframes, UNIX servers, mission-critical IA servers, PC servers)</li> <li>• Storage systems</li> <li>• Software (OS, middleware)</li> </ul> <p>○Network Products</p> <ul style="list-style-type: none"> <li>• Network control systems</li> <li>• Optical transmission systems</li> <li>• Mobile phone base stations</li> </ul>
Ubiquitous Solutions	<ul style="list-style-type: none"> <li>• Personal computers</li> </ul>
Device Solutions	<ul style="list-style-type: none"> <li>• LSI Devices</li> <li>• Electronic components (Semiconductor packages, Batteries, Electromechanical parts, Optical transceiver modules, Printed circuit boards, etc.)</li> </ul>

*Note:* In Ubiquitous Solutions, mobile phones were previously included in the Group's main products and services. As a result of the share

transfer conducted on March 30, 2018, Fujitsu Connected Technologies Limited, which conducted the mobile device business, is no longer a consolidated subsidiary of the Company and mobile phones are no longer included in the Group's main products and services. The outline of the share transfer is described in "(5) Significant Realignment" on Page A-10.

## (2) The Fujitsu Group

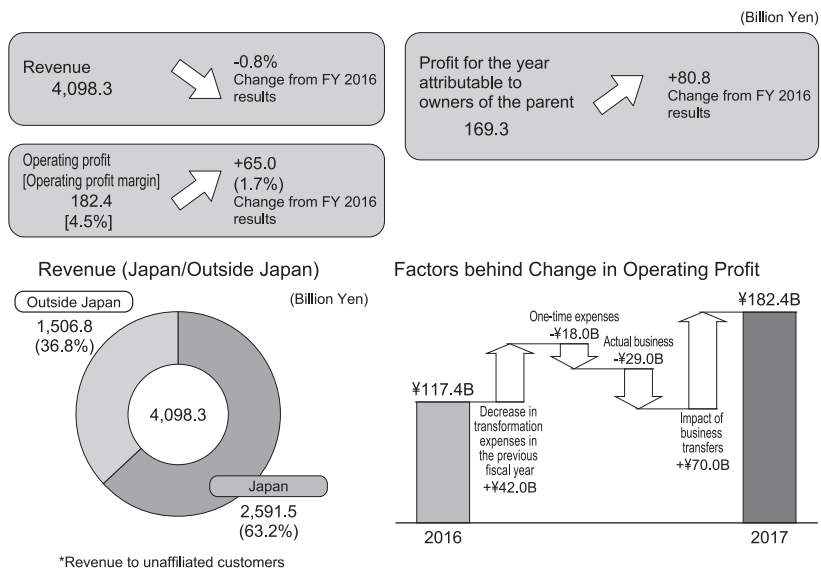
The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates (as of March 31, 2018) are shown below.



### (Equity method affiliates)

Fujitsu General Limited 44.10%, Fujitsu Leasing Co., Ltd. 20.00%, Socionext Inc. 40.00%, FCNT Holdings Co., Ltd. 30.00%

*Note:* Percentages are percentages of voting rights and figures in parentheses are indirect shareholdings, which are included in the percentages of voting rights.

**(3) Trends and Results for the Consolidated Group****a) Overview**

Consolidated revenue for fiscal 2017 was 4,098.3 billion yen, down 0.8% from fiscal 2016. The decline in revenue was primarily due to the sale of the consumer business of NIFTY Corporation (hereinafter referred to as “restructuring of Nifty”) and the impact on the network products business of the curtailment of investment by telecommunications carriers in Japan. Excluding the impact of the restructuring of Nifty, overall revenue rose, due to growth in enterprise PC sales in Japan and the impact of the weak yen in the Services sub-segment and the Device Solution segment.

Revenue in Japan decreased 3.0% while revenue outside Japan increased 3.1%. The ratio of revenue outside Japan was 36.8%, an increase of 1.4 percentage points compared to fiscal 2016.

Fujitsu recorded an operating profit of 182.4 billion yen, up 65.0 billion yen from fiscal 2016. Despite factors that reduce profit, namely, impact on the network products business of curtailed investment by telecommunications carriers in Japan, emergence of unprofitable projects in the Solutions/SI business both in and outside Japan, and an increase in upfront expenditure, operating profit increased because the business model transformation expenses recorded in fiscal 2017 were smaller than those recorded in fiscal 2016 and owing to the transfer of the mobile device business.

Business model transformation expenses recorded in fiscal 2017 amounted to 8.3 billion yen. Continuing from 2016, the Company has been implementing measures to enhance

efficiency and to respond to digitization in Europe. The measures implemented in fiscal 2016 centered on shifting resources at European sites, and measures implemented in fiscal 2017 included an increase in the offshore workforce, enhancement of efficiency, such as automation initiatives, and investment to expand new fields. Expenses concerning a legal dispute at an overseas subsidiary were recorded.

Net financial income, consisting of financial income, financial expenses, and income from investments accounted for using the equity method, net, was 59.9 billion yen, representing an improvement of 53.2 billion yen from the prior fiscal year, owing primarily to two factors. Firstly, under the policy to review the cross-shareholding relationship between Fuji Electric Co., Ltd. and Fujitsu, in September 2017 Fujitsu sold a portion of the Fuji Electric shares that it owned and recorded a gain on sales of shares amounting to 27.3 billion yen. Secondly, Fujitsu recorded a gain on change in equity amounting to 26.3 billion yen related to capital increase through third-party allocation of shares of an affiliate in China.

As a result, profit before income taxes was 242.4 billion yen, an increase of 118.3 billion yen over the previous fiscal year.

Profit for the year attributable to owners of the parent was 169.3 billion yen, up 80.8 billion yen from fiscal 2016.

## b) Comparison of FY 2017 Results and Initial Projections

(Billion Yen)

	<i>Projections at Start of Fiscal Year</i>	<i>FY 2017 Results</i>	<i>Divergence</i>
Revenue	¥4,100.0	¥4,098.3	¥(1.6)
Operating profit	185.0	182.4	(2.5)
Profit for the year attributable to owners of the parent	145.0	169.3	24.3

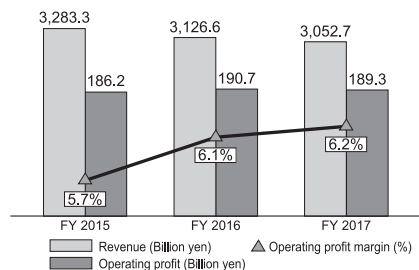
Revenue for fiscal 2017 was 1.6 billion yen lower than the projection at the start of fiscal 2017. The main reason was the great decrease in revenue from network products business although sales of PCs increased and the Services sub-segment and the Device Solutions segment benefitted from the weak yen, which increased revenue.

Operating profit for fiscal 2017 was 2.5 billion yen lower than the projection at the start of fiscal 2017, reflecting a decrease in revenue from network products despite the large impact of the above-mentioned transfer of business and other factors.

Profit for the year attributable to owners of the parent was 24.3 billion yen higher than the projection at the start of fiscal 2017 mainly because of recording of profit related to shares.

## c) Overview by Business Segment

### Technology Solutions



\*Revenue includes intersegment sales.

(Billion Yen)			
	FY 2015	FY 2016	FY 2017
Breakdown of Revenue			
Services	2,765.1	2,624.2	2,598.3
System Platforms	518.1	502.3	454.3
Breakdown of Operating Profit			
Services	163.9	150.0	163.4
System Platforms	22.3	40.7	25.9

In order to contribute to a digital society by leveraging technologies, such as AI, cloud, and IoT, the Company has set forth its management direction in which it aims to focus its resources on the Technology Solutions segment so as to become a true service company with technology solutions at its core. In addition, the Company is promoting business model transformation to strengthen systems for expanding the digital business and the global business.

Revenue in the Technology Solutions segment amounted to 3,052.7 billion yen, a decrease of 2.4% from fiscal 2016. Revenue in Japan decreased 5.4% while revenue outside Japan increased 4.0%.

Revenue in the Services sub-segment decreased by approximately 52.0 billion yen because of restructuring of Nifty. Excluding the impact of restructuring of Nifty, revenue in the Technology Solutions segment increased 1.0%.

Regarding the breakdown, revenue from Systems Integration declined. In addition to completion of a large-scale project in the financial services field and My Number (Individual Number in the Japanese Social Security and Tax Number System) projects in the public sector, there was a significant impact due to a decline in sales of all-in-one hardware solutions, which

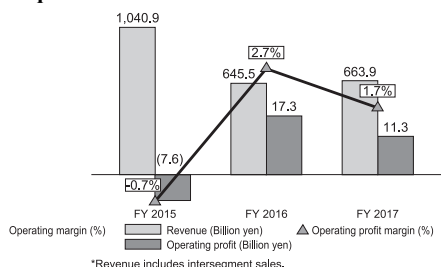
had been strong in the previous fiscal year. As a result, revenue decreased from fiscal 2016. However, sales in manufacturing and distribution industries were strong, and it was the second highest ever recorded.

Revenue from infrastructure services increased 2.4%, excluding the impact of restructuring of Nifty. Revenue in Japan remained robust primarily due to outsourcing, and revenue outside Japan benefited from the weak yen.

On the other hand, revenue in the System Platforms sub-segment decreased greatly. In the system products business, sales of PC servers, which had sold well in the previous fiscal year, were poor. In addition, in the network products business, there was an adverse impact from intensifying competition as well as an adverse impact because telecommunication carriers in Japan curbed their investment in mobile phone base stations more than anticipated.

The segment posted an operating profit of 189.3 billion yen, down 1.3 billion yen compared to fiscal 2016. Profit from the Services sub-segment increased, reflecting the decrease in business model transformation expenses, even though profit from main operations was virtually unchanged from the previous fiscal year. Profit from the System Platforms sub-segment decreased greatly, centering on network products.

### Ubiquitous Solutions



Revenue in the Ubiquitous Solutions segment was 663.9 billion yen, up 2.8% from fiscal 2016. Revenue in Japan increased 1.2% and revenue outside Japan increased 8.3%.

Revenue in the PCs sub-segment increased on higher enterprise sales in Japan and because of the impact of the weaker yen in spite of fierce competition overseas.

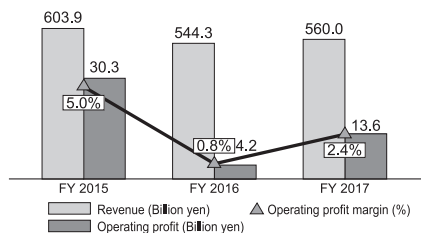
Revenue from mobile phones declined because of a great decrease in shipments of feature phones in the Raku-Raku series.

The Ubiquitous Solutions segment posted an operating profit of 11.3 billion yen, a decrease of 6.0 billion yen over fiscal 2016. This decline reflected lower revenue from mobile phones. Other factors included an increase in the market prices of key components, such as memory, for both PCs and mobile phones, and an increase in upfront investment expenses in the IoT field.



*Note:* In line with the partial transfer of shares of Fujitsu TEN Limited, Fujitsu TEN Limited has been classified as discontinued operations from fiscal 2017. The revenue, operating profit, and operating profit margin for fiscal 2017 presented here are the amounts corresponding to continuing operations. Amounts for fiscal 2016 are restated in the same manner.

## Device Solutions



\*Revenue includes intersegment sales.

Revenue in the Device Solutions segment amounted to 560.0 billion yen, up 2.9% from fiscal 2016. Demand for LSI devices increased centering on those for smartphones, and revenue from both LSI devices and electronic components also increased due to the weak yen.

The segment posted an operating profit of 13.6 billion yen, up 9.3 billion yen from fiscal 2016. Profit increased in part because of the effect of the weak yen, in addition to the fact that business model transformation expenses decreased from fiscal 2016.

*Note:* Revenue in each segment includes intersegment revenue.

**Other/Elimination and Corporate**

This segment recorded an operating loss of 31.8 billion yen, representing an improvement of 63.0 billion yen from fiscal 2016 due mainly to recording of a gain on the business transfer mentioned above. In addition, upfront investment expenses, primarily for next-generation cloud platforms as infrastructure for using IoT, increased.

**(4) Consolidated Asset and Profit (Loss) Situation for the Most Recent Four Fiscal Years***Billion yen, except where stated*

<i>Fiscal Year (Business period)</i>	<i>FY 2014 (115th)</i>	<i>FY 2015 (116th)</i>	<i>FY 2016 (117th)</i>	<i>FY 2017 (Current period)</i>
Revenue	¥4,753.2	¥4,739.2	¥4,132.9	¥4,098.3
Japan (included in Revenue)	2,873.2	2,845.0	2,671.6	2,591.5
Outside Japan (included in Revenue)	1,879.9	1,894.2	1,461.2	1,506.8
Ratio of Revenue Outside Japan [%]	[39.6]	[40.0]	[35.4]	[36.8]
Operating Profit	178.6	120.6	117.4	182.4
Operating Profit Margin [%]	[3.8]	[2.5]	[2.8]	[4.5]
Profit for the Year Attributable to Owners of the Parent	140.0	86.7	88.4	169.3
Basic Earnings per share [yen]	67.68	41.94	42.83	82.53
Total Assets	3,271.1	3,226.3	3,191.4	3,121.5
Equity Attributable to Owners of the Parent	790.0	782.7	881.2	1,087.7
Equity Attributable to Owners of the Parent Ratio [%]	[24.2]	[24.3]	[27.6]	[34.8]
Equity per Share attributable to Owners of the Parent [yen]	381.88	378.37	429.80	528.38
Free Cash Flow	79.6	88.7	104.8	177.8

*Notes:*

1. Pursuant to Article 120, Paragraph 1 of the Ordinance of Companies' Accounting, the Company prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).
2. Free cash flow: Total of cash flows from operating and investing activities
3. Fujitsu TEN Limited is categorized as discontinued operations from fiscal 2017. Thus, profit from discontinued operations is stated separately from profit from continued operations in consolidated profit and loss statements. Therefore, revenue, operating profit, and operating profit margin stated here are amounts corresponding to continued operations and the amounts for fiscal 2016 have been restated in the same manner.

## **(5) Significant Realignment**

- 1) On April 1, 2017, NIFTY Corporation was reorganized into Fujitsu Cloud Technologies Limited (company name changed from NIFTY Corporation on the same date), which conducts a cloud service business for enterprises, and Nifty Corporation (new Nifty), which conducts the ISP business for consumers. The Company transferred its entire shareholding in the new Nifty to Nojima Corporation.
- 2) On November 1, 2017, the Company transferred a portion of its shareholdings in Fujitsu TEN Limited (currently, DENSO TEN Limited), which conducts the mobilewear business, to DENSO CORPORATION. As a result, Fujitsu TEN Limited is no longer a consolidated subsidiary of the Company.
- 3) On March 30, 2018, the Company transferred its shareholdings in Fujitsu Connected Technologies Limited, which conducts the mobile device business, to FCNT Holdings Co., Ltd. established by Polaris Capital Group Co., Ltd. As of March 31, 2018, FCNT Holdings Co., Ltd. was an equity method affiliate of the Company.

## **(6) Capital Expenditures**

Capital expenditures in fiscal 2017 totaled 94.0 billion yen, a decrease of 22.1% compared with fiscal 2016.

In the Technology Solutions segment, capital expenditures amounted to 46.1 billion yen, primarily for data centers in and outside Japan and for the cloud service business.

In the Ubiquitous Solutions segment, capital expenditures amounted to 7.4 billion yen, primarily for production-related facilities for PCs and mobile phones.

In the Device Solutions segment, capital expenditures amounted to 32.9 billion yen, including for production equipment for LSI devices as well as electronic components at Shinko Electric Industries Co., Ltd.

Capital expenditures other than those for the above segments amounted to 7.4 billion yen mainly for improvement of IT infrastructure.

## **(7) Capital Procurement**

During fiscal 2017 the Company did not engage in capital procurement by means of issuance of shares or bonds.

**(8) Principal Lenders (As of March 31, 2018)**

<i>Lender</i>	<i>Loan amount (million yen)</i>
Mitsubishi UFJ Trust and Banking Corporation	38,817
Sumitomo Mitsui Banking Corporation	24,838
Mizuho Bank, Ltd.	24,213
The Bank of Yokohama, Ltd.	24,000
Sumitomo Mitsui Trust Bank, Limited	17,615

**(9) Key Challenges Ahead**

Through its 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.

Based on such recognition, since fiscal 2015, the Fujitsu Group has been addressing transformation of the business portfolio, having set performance targets: an operating profit margin of at least 10%, free cash flow of at least 150 billion yen, owners' equity ratio of at least 40%, and ratio of revenue outside Japan of at least 50%.

As a result of steady implementation of initiatives for "Business Structure Transformation," the Group achieved gratifying results. On the other hand, with regard to initiatives for "Growth Strategy Transformation," sufficient results have yet to be achieved. In fiscal 2017, it became clear that the Group has three issues to be addressed.

The first issue is the need to gain sufficient return on upfront investment, which the Group has executed vigorously so far, including in the international business. Going forward, the Group will more stringently focus investment with an eye toward future growth while striving to achieve efficient recoupment of the upfront investment made so far.

The second issue is the need to fully adjust to the change in the business environment in the network business. In fiscal 2018, the Group will implement measures to strengthen fundamentals of the business areas requiring transformation without hesitation.

The third issue is to suppress swelling of unprofitable projects. With regard to large-scale unprofitable projects that emerged in fiscal 2017, the Group has already begun applying quality assurance functions to prevent future losses.

Regarding the Group's business, the IT services in Japan remain strong. Through the upfront investments and structural reforms the Group has made so far, the effects of development of AI and other advanced technologies in the global eco-system are beginning to be reflected in the business. By strengthening the relationship between Japanese operations and other Asian operations and operating them as one, profitability has been improved. Currently, on the other hand, the network business and the businesses outside Japan are expected to face challenging circumstances.

In fiscal 2018, the Group is resolved to achieve the performance forecast by accomplishing transformation and resolving the three issues confronting the Group mentioned above.

In light of the results over the past three years, we will revise the timeframe for the process of achieving the performance targets. However, it is imperative to achieve the performance targets in order to prevail in global competition by continuing investment for growth in the digital era and maintaining competitiveness. The Group's vision is unchanged.

In order to realize the Group's vision, the Group will continue its vigorous transformation. Moving forward on its own transformation, and supporting the business of its customers, the Fujitsu Group aims to use ICT to contribute to the creation of a prosperous society. To do so, the Company seeks to expand ICT usage areas through business and social innovation, while also expanding its business globally.

Based on the recognition that establishment and operation of the internal control framework including the compliance system is one of the most important management matters from the viewpoint of maintaining and enhancing corporate value, the Fujitsu Group is working to ensure compliance, adhering to the Code of Conduct included in the FUJITSU Way. Having also positioned the further strengthening of initiatives about compliance as an issue to be addressed, the Fujitsu Group will continue these initiatives.

## 2. Company Overview

### (1) Stock (As of March 31, 2018)

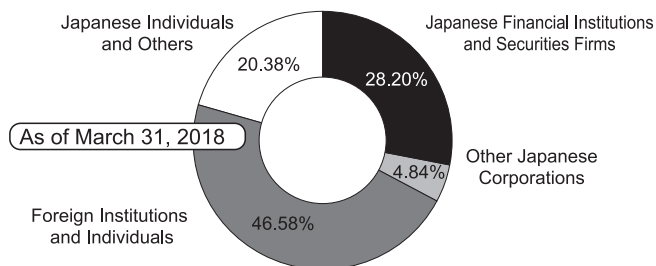
- a) Number of Authorized Shares: 5,000,000,000
- b) Number of Outstanding Shares: 2,070,018,213
- c) Stated Capital: ¥324,625,075,685
- d) Shares Issued during the Business Period: There was no issuance of shares during the business period.
- e) Number of Shareholders: 154,892 (6,456 increase from the end of FY2016)
- f) Principal Shareholders

Name	Shareholder's investment in Fujitsu Limited	
	Number of shares held (thousands)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (for trust)	101,585	4.93
Japan Trustee Services Bank, Ltd. (for trust)	96,654	4.69
Ichigo Trust Pte. Ltd.	67,881	3.30
Fuji Electric Co., Ltd.	59,498	2.89
Fujitsu Employee Shareholding Association	55,760	2.71
Japan Trustee Services Bank, Ltd. (for trust 5)	39,296	1.91
STATE STREET BANK WEST CLIENT – TREATY 505234	37,532	1.82
Mizuho Bank, Ltd.	36,963	1.80
Asahi Mutual Life Insurance Company	35,180	1.71
Japan Trustee Services Bank, Ltd. (for trust 1)	29,246	1.42

*Notes:*

1. The investment ratio is calculated after exclusion of treasury stock holdings (11,291 thousand shares).
2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust 5), and Japan Trustee Services Bank, Ltd. (for trust 1) pertain to the trust business by the institution.
3. Of the shares held by the Mizuho Bank, Ltd., 4,250 thousand shares are trust properties that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of Mizuho Bank, Ltd.

< Equity Shareholdings by Type of Shareholder >



**g) Important matters concerning the stock**

The Company conducted a stock-for-stock exchange merger (the “Share Exchange”) effective on February 1, 2018 with FUJITSU BROAD SOLUTION & CONSULTING Inc. (“BSC”) involving Fujitsu as the Wholly Owning Parent Company and BSC as the Wholly Owned Subsidiary Company. Upon the Share Exchange, the Company allotted 8,377,287 shares of treasury stock to the shareholders of BSC immediately prior to the effective date of the Share Exchange.

**(2) Stock Acquisition Rights**

As of March 31, 2018, no Stock Acquisition Right granted as part of the compensation was held by Directors or Audit & Supervisory Board Members and no Stock Acquisition Right was granted to employees in fiscal 2017 as part of the compensation.

**(3) Management****a) Directors and Audit & Supervisory Board Member (As of March 31, 2018)**

<i>Position</i>	<i>Name</i>	<i>Areas of Responsibility</i>	<i>External Director/ Auditor</i>	<i>Independent Director/ Auditor</i>
Representative Director and President	Tatsuya Tanaka	Chairman of the Risk Management & Compliance Committee		
Representative Director and SEVP	Norihiko Taniguchi	Overall Business Promotion		
Representative Director and SEVP	Hidehiro Tsukano	CFO, Overall Administration		
Director and SEVP, Corporate Executive Office	Duncan Tait	EMEIA Region and Americas Region		
Director and Chairman	Masami Yamamoto	Chairman of the Board of Directors Member of the Executive Nomination Committee and Compensation Committee		
Director	Tatsuzumi Furukawa	Chairman of the Executive Nomination Committee and Compensation Committee		
Director	Miyako Suda		○	○
Director	Jun Yokota	Member of the Executive Nomination Committee and Compensation Committee	○	○
Director	Chiaki Mukai	Member of the Executive Nomination Committee and Compensation Committee	○	○
Director	Atsushi Abe		○	○
Audit & Supervisory Board Member	Yoshiki Kondo			
Audit & Supervisory Board Member	Youichi Hirose			
External Audit & Supervisory Board Member	Megumi Yamamuro		○	○
External Audit & Supervisory Board Member	Hiroshi Mitani		○	○
External Audit & Supervisory Board Member	Koji Hatsukawa		○	○

*Notes:*

- Independence of Directors and Audit & Supervisory Board Members is judged based on the Company's independence standards. (For details, please refer to Page 5.)
- Director and Chairman Masami Yamamoto concurrently serves as an External Director of JFE Holdings, Inc.
- Audit & Supervisory Board Member Youichi Hirose has lengthy experience of finance and accounting, including former service as SVP, Head of Corporate Finance Unit of the Company, and he has extensive knowledge of finance and accounting.  
Audit & Supervisory Board Member Hiroshi Mitani served as a Public Prosecutor and as a Commissioner of the Fair Trade Commission, and because of his abundant experience of economic affairs, he has extensive knowledge of finance and accounting.  
Audit & Supervisory Board Member Koji Hatsukawa has a wealth of experience in auditing global companies as a Certified Public Accountant, and he has extensive knowledge about finance and accounting.
- Kazuhiko Kato resigned from his position as Audit & Supervisory Board Member at the close of the 117th Annual Shareholders' Meeting held on June 26, 2017.



5. Significant concurrent positions of External Directors and Auditors are described in e) Concurrent Positions of External Directors and Auditors and Their Activities on Page A-18.

## b) Overview of Liability Limitation Agreement

The Company has entered into an agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act with each of the Non-Executive Directors and Audit & Supervisory Board Members. The maximum liability for damages in accordance with the relevant agreement is the minimum liability stipulated by the Companies Act. The said maximum liability shall apply only when a relevant Non-Executive Director or Audit & Supervisory Board Member executes a duty that created a liability in good faith and without gross negligence.

Notes: Non-Executive Directors refer to External Directors, Director and Chairman Masami Yamamoto, and Director Tatsuzumi Furukawa.

## c) Compensation of Directors and Audit & Supervisory Board Members

Section	No. of qualified persons	Types of Compensation (Million yen)				Amount Paid (Million yen)
		Base compensation	Stock-based Compensation	Bonuses	Performance-based stock compensation	
a. Directors	10	365	9	33	6	413
b. External Directors (included in a.)	4	58	—	—	—	58
c. Audit & Supervisory Board Members	6	116	—	—	—	116
d. External Audit & Supervisory Board Members (included in c.)	3	43	—	—	—	43

Notes:

1. Includes Audit & Supervisory Board Members who resigned in fiscal 2017.
2. The limit on monetary compensation to Directors was resolved to be 600 million yen per year at the 106th Annual Shareholders' Meeting held on June 23, 2006 and the limit on non-monetary compensation was resolved to be 300 million yen per year and the total number of common stock of the Company to be allocated to be within 430,000 shares per year at the 117th Annual Shareholders' Meeting held on June 26, 2017. The limit on compensation to Audit & Supervisory Board Members was resolved to be 150 million yen per year at the 111th Annual Shareholders' Meeting held on June 23, 2011. The Company is paying the compensation shown in the above table, which is within these limits.
3. Stock-based compensation is monetary compensation for purchasing the Company's own shares through the Director Stock Ownership Plan and concerns the period from April 2017 to June 2017.
4. For performance-based stock compensation, the amount charged to expenses during fiscal 2017 is stated.

## d) Policy on the Determination of Executive Compensation

To make its executive compensation systems even more transparent, Fujitsu established a Compensation Committee based on a corporate resolution of the Board of Directors in October 2009.

Compensation of Directors and Audit & Supervisory Board Members is determined in accordance with the Executive Compensation Policy below, which was determined by the Board of Directors following the recommendation by the Compensation Committee.

Executive Compensation Policy

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

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

**Base Compensation**

Base compensation is paid to all Directors and Audit & Supervisory Board Members. A fixed monthly amount shall be determined for each executive in accordance with the position and responsibilities of each executive.

**Bonuses**

- Bonuses shall be paid to Directors who carry out executive responsibilities. The amount of a bonus shall reflect business performance in the respective fiscal year.
- As a specific method for calculating Bonuses, Fujitsu shall adopt an “On Target model” that uses consolidated revenue and consolidated operating profit as indices and the amount shall be determined in accordance with the degree of achievement of the performance targets for the respective fiscal year.

**Performance-based Stock Compensation**

- Performance-based stock compensation shall be granted to Directors who carry out executive responsibilities, in order to share the profit with shareholders and as an incentive to contribute to enhancement of medium- to long-term performance.
- A base number of shares in accordance with respective rank, performance judging period (three years) and mid- to long-term performance targets in terms of consolidated sales revenue and consolidated operating profit, and coefficient according to performance achievement level vis-à-vis the mid- to long-term performance targets shall be set in advance. The number of shares to be allocated for each fiscal year shall be calculated by multiplying the base number of shares and the coefficient according to the performance achievement level, and the total number of shares calculated shall be allocated upon completion of the performance evaluation period.

In accordance with the resolution of the Shareholders’ Meeting, the total amount of Base Compensation and Bonuses (monetary compensation) for Directors shall not exceed 600 million yen per year, Performance-linked Stock Compensation (non-monetary compensation) shall not exceed 300 million yen per year, and the total number of shares to be allocated shall not exceed 430,000 shares per year. The Base Compensation for Audit & Supervisory Board Members shall not exceed 150 million yen per year.

(Reference) Types of Executive Compensation and Eligibility

Category	Base Compensation		Bonuses	Performance-based Stock Compensation
	Management Oversight Portion	Business Execution Portion		
Directors	○	-	-	-
Executive Directors	○	○	○	○
Audit & Supervisory Board Members	○		-	-

**e) Concurrent Positions of External Directors and Auditors and Their Activities (As of March 31, 2018)**

Section	Name	Companies at which concurrent positions are held and the positions held
		Activities
External Director	Miyako Suda	Special Advisor, the Canon Institute for Global Studies External Director, Meiji Yasuda Life Insurance Company Outside Statutory Auditor, Ube Industries, Ltd.
		Attended 100% of the Board of Directors Meetings held during fiscal 2017, and contributed comments from a global perspective based upon her extensive knowledge of international macroeconomics and monetary policy.
	Jun Yokota	Special Advisor to the Chairman of KEIDANREN
		Attended 100% of the Board of Directors Meetings held during fiscal 2017, and contributed comments from a global perspective based upon his extensive knowledge of international politics and economics.
	Chiaki Mukai	Specially Appointed Vice President of Tokyo University of Science
		Attended 100% of the Board of Directors Meetings held during fiscal 2017, and contributed comments from a global perspective based upon her extensive knowledge of science and technology.
	Atsushi Abe	Managing Partner, Sangyo Sosei Advisory Inc. Board Member, ON Semiconductor Corporation
		Attended 100% of the Board of Directors Meetings held during fiscal 2017, and contributed comments from a global perspective and the perspective of investors based upon his in-depth knowledge of investment and the result of dialogue with institutional investors.
External Audit & Supervisory Board Member	Megumi Yamamuro	Special Counsel, URYU & ITOGA Outside Director (Audit and Supervisory Committee Member), Advantest Corporation External Audit & Supervisory Board Member, Yachiyo Industry Co., Ltd.
		Attended 100% of both the Board of Directors Meetings and the Audit & Supervisory Board Meetings held during fiscal 2017, and contributed comments based upon his professional perspective as a lawyer.
	Hiroshi Mitani	Lawyer
		Attended 100% of both the Board of Directors Meetings and the Audit & Supervisory Board Meetings held during fiscal 2017, and contributed comments based upon his profound insight into not only legal but also economic and social matters affecting corporate management.
	Koji Hatsukawa	Certified Public Accountant Outside Director, Audit & Supervisory Committee member, Takeda Pharmaceutical Company Limited Audit & Supervisory Board Member, the Norinchukin Bank
		Attended 100% of the Board of Directors Meetings and 88.9% (8/9) of the Audit & Supervisory Board Meetings held during fiscal 2017, and contributed comments from the standpoint of an expert in matters relating to finance and accounting based on his wealth of experience in auditing global companies.

*Notes:*

1. Director Atsushi Abe is Managing Partner of Sangyo Sosei Advisory Inc. The Company has no business relationship or competitive relationship with Sangyo Sosei Advisory Inc.

2. The Company has business relationships with Meiji Yasuda Life Insurance Company, Ube Industries, Ltd., Academic Corporation Tokyo University of Science, Advantest Corporation, Yachiyo Industry Co., Ltd., Takeda Pharmaceutical Company Limited, and The Norinchukin Bank.
3. During fiscal 2017, the Company convened Board of Directors Meetings 13 times (of which 1 was an extraordinary meeting of the Board of Directors) and 9 meetings of the Audit & Supervisory Board (of which 1 was an extraordinary meeting of the Audit & Supervisory Board).
4. Director Jun Yokota retired from his position as a Special Advisor to the Chairman of KEIDANREN on May 31, 2018.

## **f) Other Matters regarding Management**

### **(i) Executive Nomination Committee and Compensation Committee**

The Company has established the Executive Nomination Committee and the Compensation Committee as advisory bodies for its Board of Directors to ensure the transparency and objectivity of its process for nominating Directors and Audit & Supervisory Board Members and its process for determining executive compensation as well as to ensure the fairness of the method and level of executive compensation.

The Executive Nomination Committee deliberates about candidates for Director and Audit & Supervisory Board Member positions in accordance with the Framework of Corporate Governance Structure and the Procedures and Policy of Directors and Auditors Nomination stipulated in the Company's Corporate Governance Policy\* and provides its recommendations to the Board of Directors. In addition, the Compensation Committee provides its recommendations about the level of base compensation and the method for calculating performance-based compensation to the Board of Directors in accordance with the Procedures and Policy of Determining Directors and Auditors Compensation stipulated in the Company's Corporate Governance Policy.

Members of the 2 committees were as follows as of March 31, 2018:

Chairman: Tatsuzumi Furukawa

Members: Jun Yokota, Masami Yamamoto, Chiaki Mukai

After the selection of the above committee members in July 2017, the Executive Nomination Committee met 6 times by the end of fiscal 2017. The Executive Nomination Committee discussed the election of Representative Directors, the election of Directors, etc. and provided its recommendations to the Board of Directors. The Compensation Committee met in May 2018.

\*The full text of the Corporate Governance Policy is available at the Company's website.

(<https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf>).

### **(ii) Independent Directors & Auditors Council**

In response to the requirements of Japan's Corporate Governance Code, which facilitates the activities of Independent Directors and Auditors, and in order to invigorate discussions

on the medium- to long-term direction of the company at its Board of Directors Meetings, the Company believes it essential to establish a system enabling Independent Directors and Auditors, who maintain a certain degree of separation from the execution of business activities, to consistently gain a deeper understanding of the Company's business. Based on this recognition, the Company established the Independent Directors and Auditors Council. In the Independent Directors and Auditors Council, members discuss the medium- to long-term direction of the company and share information and exchange viewpoints so that they can each formulate their own opinions.

In fiscal 2017, the Independent Directors and Auditors Council met 6 times. The members shared information and exchanged viewpoints on the Company's management direction, human resources development, the scope of business of the Company and of the Fujitsu Group, etc. and the Council provided advice to the Board of Directors based on the knowledge of its members.

#### **(4) Basic Policy on the Control of the Company**

Based on the fundamental recognition that the increase in corporate value creates the defensive power as a consequence, the Company is focusing on increasing corporate value and does not adopt any specific antitakeover measures. In the case that an acquisition offer is made to the Company, the Board of Directors takes appropriate action based on the recognition that the determination of the location of control of the Company resides in shareholders.

#### **(5) Policy on Decision Regarding Distribution of Dividends etc.**

Article 40 of the Company's Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of its basic policy on the exercise of this authority, the Company believes that a portion of retained earnings should be paid to shareholders to provide a stable return, and that a proper portion should be 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, the Company aims to more proactively distribute profits to shareholders, including through share buybacks.

**(6) Accounting Auditor****a) Name of the Accounting Auditor:** Ernst & Young ShinNihon LLC**b) Remuneration to be Paid to the Accounting Auditor***(Million yen)*

(1) Amount of remuneration, etc. as an accounting auditor for the fiscal year under review	550
(2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	1,343

*Notes:*

1. The Company does not clearly differentiate the amounts of compensation for an audit under the Companies Act from an audit under the Financial Instruments and Exchange Act. The Amount stated (1) thus includes the compensation for the audit under the Financial Instruments and Exchange Act.
2. Some subsidiaries of the Company receive an audit from an audit corporation other than the accounting auditor of the Company.
3. The Audit & Supervisory Board, in accordance with the Company's Standards for Nomination and Evaluation of Accounting Auditor, evaluated the performance of auditing by the accounting auditor in the previous fiscal year and, reflecting the evaluation results, reviewed appropriateness of the audit plan for the current fiscal year in terms of the time spent on auditing and staffing, the status of execution of duties by the Accounting Auditor, and the estimated amount of remuneration. As a result, the Audit & Supervisory Board gave consent pursuant to Article 399, Clause 1 of the Companies Act concerning remuneration for the accounting auditor.

**c) Contents of Non-Audit Services**

Fujitsu commissioned the accounting auditor to provide various advisory services and services concerning obtaining of certification for the cloud service, which are services that fall outside the scope of attestation services under Article 2, Paragraph 1 of the Certified Public Accountants Act, and paid fees.

**d) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor**

When it is considered that the accounting auditor falls under any of the items stipulated in Clause 1, Article 340 of the Companies Act, the Company will dismiss the accounting auditor subject to the unanimous consent of Audit & Supervisory Board Members.

In addition, the Audit & Supervisory Board will determine the content of a shareholder resolution to be proposed at an Annual Shareholders' Meeting to dismiss or refuse the reappointment of the accounting auditor, when it is deemed to be difficult for the accounting auditor to execute auditing properly because of the occurrence of events that impair its qualification, independence or expertise, or when otherwise events occur that the Audit & Supervisory Board judges make it necessary to do so.

**(7) System to Ensure the Properness of Fujitsu Group Operations**

The Board of Directors resolved pursuant to Clause 5, Article 362 of the Companies Act, the Policy on the Internal Control System prescribed in Item 6 of Clause 4, Article 362 of the Companies Act and in each Item of Clauses 1 and 3, Article 100 of the Enforcement Regulations of the Companies Act. The full text of the Policy on the Internal Control System and the Overview of the Status of Operation of the System to Ensure the Properness of Fujitsu Group Operations can be accessed on the Company's website at the following link:

<http://www.fujitsu.com/global/about/ir/library/reports/>

Overview of the Policy on the Internal Control System

The Policy on the Internal Control System sets forth internal structures of the Fujitsu Group, including the following.

- Decision-making and Structure of Management Execution

By dividing the management execution authority of the President & Representative Director, who is the chief executive officer, among the corporate executive officers, and by establishing a Management Council to assist in the President and Representative Director's decision-making, the Company aims to enhance management effectiveness.

In addition, the framework makes clear that the President & Representative Director bears responsibility for the construction and operation of an internal control framework, and the Board of Directors shall fulfill its oversight responsibility by appropriately examining the operation of the internal control framework.

- Risk Management System

The Company shall establish a Risk Management & Compliance Committee, and in addition to preparing systems to control the overall risk of financial losses of the Fujitsu Group, the Company shall also prepare systems for managing risks pertaining to defects and failures in products and services, as well as systems for managing contracted development projects, information security, and financial risk.

- Compliance System

Primarily through the Risk & Management Compliance Committee, the Company shall promote the preparation of the internal rules, education, and oversight systems required for compliance with the Code of Conduct set forth by the FUJITSU Way, and also with laws and regulations concerning the business activities of the Fujitsu Group.

The Company shall also prepare management systems to ensure the appropriateness of financial reporting, as well as systems for information disclosure and internal auditing.

## **Consolidated Statement of Financial Position**

(As of March 31, 2018)

		<b><u>Millions of yen</u></b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	Y	452,557
Receivables, trade		965,104
Other receivables		86,235
Inventories		241,603
Others		88,258
Subtotal		<u>1,833,757</u>
Assets held for sale		<u>33,542</u>
<b>Total current assets</b>		<b><u>1,867,299</u></b>
<b>Non-current assets:</b>		
Property, plant and equipment, net of accumulated depreciation		525,581
Goodwill		42,495
Intangible assets		130,680
Investments accounted for using the equity method		107,749
Other investments		204,043
Deferred tax assets		129,236
Others		114,439
<b>Total non-current assets</b>		<b><u>1,254,223</u></b>
<b>Total assets</b>	Y	<b><u><u>3,121,522</u></u></b>



	<u>Millions of yen</u>
<b>Liabilities and Equity</b>	
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Payables, trade	Y 540,935
Other payables	362,969
Short-term borrowings, current portion	
of long-term debt and lease obligations	135,387
Accrued income taxes	42,907
Provisions	47,990
Others	178,303
Subtotal	<u>1,308,491</u>
Liabilities directly associated with assets held for sale	14,151
<b>Total current liabilities</b>	<u><b>1,322,642</b></u>
<b>Non-current liabilities:</b>	
Long-term debt and lease obligations	266,502
Net defined benefit liability	258,019
Provisions	29,794
Deffered tax liabilities	9,823
Others	29,840
<b>Total non-current liabilities</b>	<u><b>593,978</b></u>
<b>Total Liabilities</b>	<u><b>1,916,620</b></u>
<b>Equity</b>	
Share capital	324,625
Capital surplus	233,941
Treasury stock, at cost	(7,237)
Retained earnings	479,776
Other components of equity	56,692
<b>Total equity attributable to owners of the parent</b>	<u><b>1,087,797</b></u>
Non-controlling interests	117,105
<b>Total Equity</b>	<u><b>1,204,902</b></u>
<b>Total Liabilities and Equity</b>	<u><b>Y 3,121,522</b></u>

**Consolidated Profit and Loss Statements**

(Year ended March 31, 2018)

		<b><u>Millions of yen</u></b>
<b>Continuing Operations</b>		
Revenue	Y	4,098,379
Cost of sales		(2,966,583)
<b>Gross margin</b>		<b>1,131,796</b>
Selling, general and administrative expenses		(1,009,588)
Other income (expenses)		60,281
<b>Operating Profit</b>		<b>182,489</b>
Financial income		57,349
Financial expenses		(9,525)
Income from investments accounted for using the equity method, net		12,175
<b>Profit before income taxes from continuing operations</b>		<b>242,488</b>
<b>Income tax expenses</b>		<b>(74,464)</b>
<b>Profit for the year from continuing operations</b>		<b>168,024</b>
<b>Discontinued operations</b>		
Profit for the year from discontinued operations		9,231
<b>Profit for the year</b>	Y	<b>177,255</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent		169,340
Non-controlling interests		7,915
<b>Total</b>	Y	<b>177,255</b>

**Consolidated Statement of Changes in Equity**

(Year ended March 31, 2018)

(Millions of yen)

	Equity Attributable to Owners of the Parent			
	Share Capital	Capital surplus	Treasury stock, at Cost	Retained Earnings
<b>Beginning balance</b>	<b>324,625</b>	<b>231,640</b>	<b>(12,502)</b>	<b>265,893</b>
Profit for the year	-	-	-	169,340
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-	169,340
Purchase of treasury stock	-	-	(106)	-
Disposal of treasury stock	-	2,030	5,371	-
Share-based payment transactions	-	52	-	-
Dividends paid	-	-	-	(20,504)
Transfer to retained earnings	-	-	-	65,442
Acquisition (disposal) of non-controlling interests	-	(176)	-	-
Changes in ownership interests in subsidiaries	-	395	-	(395)
<b>Ending balance</b>	<b>324,625</b>	<b>233,941</b>	<b>(7,237)</b>	<b>479,776</b>

	Equity Attributable to Owners of the Parent					
	Other Components of Equity					Total Equity Attributable to Owners of the Parent
	Foreign Currency Translation Adjustment	Cash Flow Hedges	Available-for-sale Financial Assets	Remeasurement of Defined Benefit Plans	Total Other Components of Equity	
<b>Beginning balance</b>	<b>(5,129)</b>	<b>18</b>	<b>76,747</b>	<b>-</b>	<b>71,636</b>	<b>881,292</b>
Profit for the year	-	-	-	-	-	169,340
Other comprehensive income	(5,981)	(84)	(8,879)	65,442	50,498	50,498
Total comprehensive income for the year	(5,981)	(84)	(8,879)	65,442	50,498	219,838
Purchase of treasury stock	-	-	-	-	-	(106)
Disposal of treasury stock	-	-	-	-	-	7,401
Share-based payment transactions	-	-	-	-	-	52
Dividends paid	-	-	-	-	-	(20,504)
Transfer to retained earnings	-	-	-	(65,442)	(65,442)	-
Acquisition (disposal) of non-controlling interests	-	-	-	-	-	(176)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-
<b>Ending balance</b>	<b>(11,110)</b>	<b>(66)</b>	<b>67,868</b>	<b>-</b>	<b>56,692</b>	<b>1,087,797</b>

	Non-Controlling Interests	Total Equity
<b>Beginning balance</b>	<b>137,910</b>	<b>1,019,202</b>
Profit for the year	7,915	177,255
Other comprehensive income	1,830	52,328
Total comprehensive income for the year	9,745	229,583
Purchase of treasury stock	(2)	(108)
Disposal of treasury stock	(7,405)	(4)
Share-based payment transactions	-	52
Dividends paid	(4,778)	(25,282)
Transfer to retained earnings	-	-
Acquisition (disposal) of non-controlling interests	(464)	(640)
Changes in ownership interests in subsidiaries	(17,901)	(17,901)
<b>Ending balance</b>	<b>117,105</b>	<b>1,204,902</b>

**[Unaudited] Simplified Consolidated Statement of Comprehensive Income**

(Year ended March 31, 2018)

		<u>Millions of yen</u>
Profit for the year	Y	177,255
Other Comprehensive Income		<u>52,328</u>
Total Comprehensive Income		<u>229,583</u>
Total Comprehensive Income attributable to:		
Owners of the parent		219,838
Non-controlling interests		<u>9,745</u>
Total	Y	<u>229,583</u>

Note: Major components of other comprehensive income are remeasurement of defined benefit plans, foreign currency translation adjustments, and available-for-sale financial assets.

**[Unaudited] Simplified Consolidated Cash Flows**

(Year ended March 31, 2018)

		<u>Millions of yen</u>
1. Cash flows from operating activities	Y	<u>200,415</u>
2. Cash flows from investing activities		<u>(22,578)</u>
1+2 [Free cash flow]		<u>177,837</u>
3. Cash flows from financing activities		<u>(112,496)</u>
4. Cash and cash equivalents at end of period	Y	<u>452,671</u>

**Unconsolidated Balance Sheet**

(As of March 31, 2018)

	<b>Millions of yen</b>
<b>Assets</b>	
<b>Current assets:</b>	
Cash and deposits	Y 32,312
Notes receivable, trade	967
Accounts receivable, trade	527,350
Marketable securities	130,000
Finished goods	43,174
Work in process	3,462
Raw materials	10,096
Advanced payments	1,625
Deferred tax assets	27,790
Accounts receivable, other	162,208
Others	23,908
Allowance for doubtful accounts	(177)
<b>Total current assets</b>	<b>962,719</b>
<b>Non-current assets:</b>	
<b>Property, plant and equipment, net of accumulated depreciation:</b>	
Buildings	94,309
Structure	2,853
Machinery	1,418
Vehicle and delivery equipment	13
Equipment	34,834
Land	44,638
Construction in progress	6,774
<b>Total property, plant and equipment</b>	<b>184,841</b>
<b>Intangible assets:</b>	
Software	63,536
Others	7,351
<b>Total intangible assets</b>	<b>70,888</b>
<b>Investments and other non-current assets:</b>	
Investment securities	124,064
Subsidiaries' and affiliates' stocks	533,342
Long-term loans to affiliated companies	719
Receivables from companies under bankruptcy or reorganization process	366
Prepaid pension cost	34,076
Others	29,610
Allowance for doubtful accounts	(972)
<b>Total other non-current assets</b>	<b>721,208</b>
<b>Total non-current assets</b>	<b>976,938</b>
<b>Total assets</b>	<b>Y 1,939,657</b>

	<u>Millions of yen</u>
<b>Liabilities and net assets</b>	
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Electronically recorded obligations - operating	Y 17,147
Accounts payable, trade	440,908
Short-term borrowings	50
Current portion of long-term borrowings payable	19,792
Current portion of bonds payable	65,000
Lease obligations	1,142
Accrued liability	33,097
Accrued expenses	112,651
Accrued income taxes	25,389
Advance received	59,046
Deposits payable	17,114
Provision for construction contract losses	13,430
Provision for product warranties	4,088
Provision for loss on business of subsidiaries and associates	48,725
Provision for bonuses to board members	33
Provision for environmental measures	11
Others	1,505
<b>Total current liabilities</b>	<b>859,135</b>
<b>Long-term liabilities:</b>	
Bonds payable	115,000
Long-term borrowings	130,683
Lease obligations	1,894
Deferred tax liabilities	7,021
Provision for loss on repurchase of computers	3,434
Provision for share-based payments	37
Provision for environmental measures	2,657
Asset retirement obligations	8,881
Others	240
<b>Total long-term liabilities</b>	<b>269,851</b>
<b>Total liabilities</b>	<b>1,128,986</b>
<b>Net assets</b>	
<b>Shareholders' equity:</b>	
Common stock	324,625
Capital surplus:	
Other capital surplus	167,661
Total capital surplus	167,661
Retained earnings:	
Legal retained earnings	17,150
Other retained earnings:	
Reserves for special depreciation	9
Retained earnings brought forward	264,079
Total retained earnings	281,239
Treasury stock	(7,237)
<b>Total shareholders' equity</b>	<b>766,289</b>
<b>Valuation and translation adjustments:</b>	
Unrealized gain and loss on securities, net of taxes	44,381
<b>Total valuation and translation adjustments</b>	<b>44,381</b>
<b>Total net assets</b>	<b>810,670</b>
<b>Total liabilities and net assets</b>	<b>Y 1,939,657</b>

-UNCONSOLIDATED- (TRANSLATION FOR REFERENCE ONLY)

**Unconsolidated Profit and Loss Statements**

(Year ended March 31, 2018)

	<u>Millions of yen</u>
<b>Net sales</b>	<b>Y 1,831,513</b>
Cost of sales	<u>1,345,189</u>
<b>Gross profit</b>	<b>486,324</b>
Selling, general and administrative expenses	<u>524,260</u>
<b>Operating loss</b>	<b><u>(37,935)</u></b>
<b>Other income:</b>	
Interest income	232
Dividend income	45,365
Foreign exchange gains	695
Other finance income	<u>499</u>
<b>Total other income</b>	<b><u>46,792</u></b>
<b>Other expenses:</b>	
Interest expense	703
Interest on bonds	1,619
Provision of allowance for doubtful accounts	2,102
Provision for loss on business of subsidiaries and associates	7,358
Other finance expenses	<u>2,518</u>
<b>Total other expenses</b>	<b><u>14,301</u></b>
<b>Ordinary losses</b>	<b>(5,444)</b>
<b>Extraordinary income:</b>	
Gain on sales of subsidiaries' and affiliates' stocks	88,526
Gain on sales of investment securities	27,808
Gain on amortization of actuarial gains and losses for defined benefit plan	12,579
Gain on sales of non-current assets	4,520
<b>Total extraordinary income</b>	<b><u>133,434</u></b>
<b>Extraordinary losses:</b>	
Loss on valuation of shares of subsidiaries and associates	9,471
Impairment losses	<u>1,623</u>
<b>Total extraordinary losses</b>	<b><u>11,094</u></b>
<b>Income before income taxes</b>	<b>116,895</b>
Income taxes:	
Current	19,412
Deferred	<u>(23,600)</u>
Total income taxes	<b><u>(4,187)</u></b>
<b>Net income</b>	<b>Y <u>121,083</u></b>