

To our shareholders,

Security Code (in Japan) 6702
May 31, 2019
Tatsuya Tanaka
Representative Director
President
Fujitsu Limited
1-1, Kamikodanaka 4-chome,
Nakahara-ku, Kawasaki-shi
Kanagawa, Japan

NOTICE OF THE 119th ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 119th 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 24, 2019
- 2. Venue** Shin Yokohama Prince Hotel *The reception desk is on the 1st floor.
4, Shin Yokohama 3-chome
Kohoku-ku, Yokohama-shi
Kanagawa, Japan

3. Purposes of the Shareholders' Meeting

Reports:

Overview of the 119th Business Period (April 1, 2018 – March 31, 2019) 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 Election of One Audit & Supervisory Board Member

4. Attached Materials

- (1) The Business Report, Consolidated and Unconsolidated Financial Statements for the 119th Business Period are attached as Exhibit A.
- (2) The following items are provided online on the Company's website (<https://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 (<https://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 21, 2019 (Japan standard time).

[Voting via the Internet]

Please access the Company's designated online voting site (<https://www.evotetr.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 21, 2019 (Japan standard time), following the on-screen instructions.

Please note that the input of neither login ID nor temporary password is required when you access the voting site by reading the QR code (for the first-time login only).

[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 eight 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 for appointment/dismissal of Directors and Auditors" stipulated in the Company's Corporate Governance Policy, and approved by the Board of Directors.

Regarding the Business Model Transformation promoted by Representative Director and President Mr. Tatsuya Tanaka, the Company considers it is necessary to continue "Business Structure Transformation" initiatives and accelerate "Growth Strategy Transformation" initiatives in order to forge ahead with "Technology Solutions," the Company's core business. To accomplish this, the Company's structure for business execution following the election of Directors at this Shareholders' Meeting will consist of three executives. Led by Representative Director and President Mr. Takahito Tokita, Representative Director and SEVP Mr. Hidenori Furuta will be responsible for the Technology Solutions Business and Sales units, and Representative Director and SEVP Mr. Mitsuya Yasui will be responsible for Global Corporate Functions and overseas business. The number of Non-Executive Directors will be increased from six to seven to enable provision of advice to and oversight of management from more diverse perspectives.

The Company expects Mr. Tatsuya Tanaka, a candidate for Non-Executive Director, to provide advice mainly on sales activities in addition to advice based on his managerial experience and knowledge gained through his service as Representative Director and President. The Company expects Mr. Masami Yamamoto, a candidate for Non-Executive Director, to engage in external activities that contribute to further enhancement of the presence of the Japanese IT industry and the Company's presence through his current service in key positions in the business community and at governmental institutions and provide advice to management from such perspective, while remaining in charge of management oversight as Director and Senior Advisor.

Regarding the other five Non-Executive Directors, taking into account the mission of the Board of Directors, that is, to continue monitoring of the implementation of measures for achieving business model transformation and their progress, the Company proposes to reelect all of them.

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

| Candidate No. | Name | Authority of Representation | Independent External Director | Position at the Company |
|--------------------------------|-----------------|-----------------------------|-------------------------------|---|
| Executive Directors | | | | |
| 8 | Takahito Tokita | ○ | | President, Chairman of the Risk Management & Compliance Committee |
| 9 | Hidenori Furuta | ○ | | SEVP, CTO ^{*1)} |
| 10 | Mitsuya Yasui | ○ | | SEVP, CISO ^{*2)} |
| Non-executive Directors | | | | |
| 1 | Tatsuya Tanaka | | | Chairman |
| 2 | Masami Yamamoto | | | Senior Advisor |
| 3 | Kazuto Kojima | | | |
| 4 | Jun Yokota | | ○ | |
| 5 | Chiaki Mukai | | ○ | |
| 6 | Atsushi Abe | | ○ | Chairman of the Board of Directors |
| 7 | Yoshiko Kojo | | ○ | |

Notes

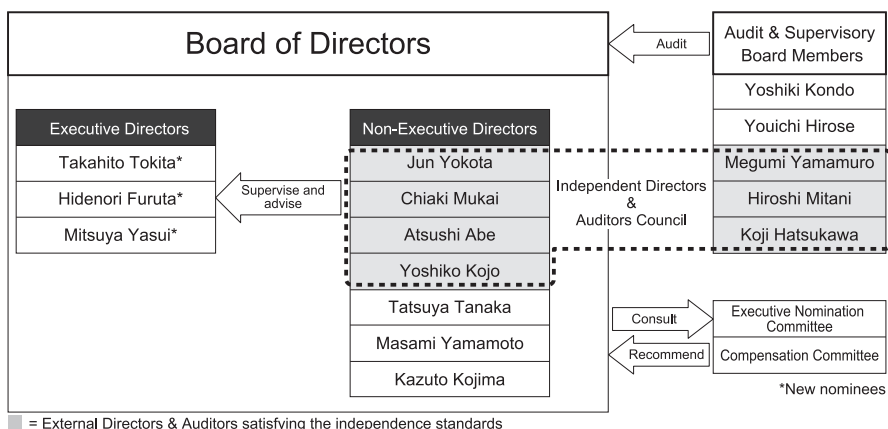
*1) Chief Technology Officer

*2) Chief Information Security Officer

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 Companies¹;
- (2) Director, Executive Officer, Audit & Supervisory Board Member, or important employee² of a Major Shareholder³ of Fujitsu;
- (3) Director, Executive Officer, Audit & Supervisory Board Member, or important employee² of a Major Lender⁴ 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 Benefits⁵ 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 employee² of a Major Business Partner⁶ of Fujitsu

2. A person who does not have a Close Relative⁷ 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 Director⁸, or important employee of Fujitsu Group Companies;
- (2) Director, Executive Officer, Audit & Supervisory Board Member, or important employee² of a Major Shareholder of Fujitsu;
- (3) Director, Executive Officer, Audit & Supervisory Board Member, or important employee² 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 employee² of a Major Business Partner of Fujitsu.

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.

| Candidate No. | Name and date of birth | Personal history, positions at the Company | |
|---------------|---|--|--|
| 1 | Tatsuya Tanaka (September 11, 1956) <i>*Reappointment</i> [No. of Years Served as a Director*3)] 4 [No. of the Company's Shares Held] 5,759 [Attendance at the FY2018 Board of Directors' Meetings] 100% | Apr. 1980 Apr. 2005 Dec. 2009 Apr. 2012 Apr. 2014 Jan. 2015 Jun. 2015 Jul. 2015 | Joined the Company Director of the Board & Vice President, Fujitsu (China) Holdings Co., Ltd. Senior Vice President, Manufacturing Industry Business Unit Corporate Vice President Corporate Senior Vice President Corporate Executive Officer SEVP Representative Director (to present) President (to present) 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 four years. Regarding the theme of business model transformation that he has been addressing, in order to realize sales reform of the domestic business, the new management structure requires support at its launch mainly with respect to sales activities. Therefore, in view of his experience of serving as Representative Director and President and his in-depth knowledge and experience concerning sales activities, the Company believes it is essential that Mr. Tanaka serve as Director and provide advice and oversight concerning business execution. Therefore, the Company proposes that he be appointed as a Non-Executive Director. The Company intends to appoint him as Director and Chairman, if his appointment is approved at this Shareholders' Meeting. | | |
| | [Comments on Special-interest Relationships] Mr. Tatsuya Tanaka 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. Tatsuya Tanaka if his appointment is approved at this Shareholders' Meeting*4). | | |

Notes

*3) "No. of Years Served as a Director" is as of the close of this Shareholders' Meeting.

*4) 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> |
|---|--|--|
| 2 | Masami Yamamoto (January 11, 1954) | <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>Jun. 2010 President</p> <p>Jun. 2015 Representative Director</p> <p>Chairman (until June 2017)</p> <p>Chairman of the Board of Directors (to present)</p> <p>Member of the Executive Nomination Committee and Compensation Committee (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> |
| | <i>*Reappointment</i> | |
| | [No. of Years Served as a Director*3)] 9 | |
| | [No. of the Company's Shares Held] 16,940 | |
| | [Attendance at the FY2018 Board of Directors' Meetings] 100% | |
| | | <p>[Important positions at other corporations/institutions]</p> <p>Outside Director, JFE Holdings, Inc.</p> <p>Member, Intellectual Property Strategy Headquarters, Cabinet Office</p> <p>Member, Council for Promotion of Regulatory Reform, Cabinet Office</p> |
| <p>[Reasons for Appointment]</p> <p>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 functions as Chairman who is a Non-Executive Director for two years. At the same time, serving in key positions in the business community and at governmental institutions, he is engaged in external activities that advance the interests of the Japanese IT industry and contribute to enhancement of the Company's presence in the international community. 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.</p> <p>The Company intends to appoint him as Director and Senior Advisor, if his appointment is approved at this Shareholders' Meeting.</p> | | |
| <p>[Comments on Special-interest Relationships]</p> <p>Mr. Masami Yamamoto has no special-interest relationships with the Company.</p> | | |
| <p>[Special Notice regarding the Director Candidate]</p> <p>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*4).</p> | | |

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|---|---|
| 3 | Kazuto Kojima (March 30, 1942) <i>*Reappointment</i> [No. of Years Served as a Director*3)*5)] 9 [No. of the Company's Shares Held] 863 [Attendance at the FY2018 Board of Directors' Meetings] 100% | 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 Outside Auditor, Computer Engineering & Consulting, Ltd. (until April 2011) Jun. 2018 Director (to present) Jul. 2018 Chairman of the Executive Nomination Committee (to present) Member of the Compensation Committee (to present) |
| | | [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. After assuming office as Director, he led discussion on the qualities of candidates of Directors and Audit & Supervisory Board Members and nomination of the candidate to be the new President in his capacity as the chairman of the Executive Nomination Committee. Because the Company expects that, utilizing his knowledge, 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 reappointed 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] An agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act has been concluded between the Company and Mr. Kazuto Kojima. The Company plans to extend the agreement if his reappointment is approved at this Shareholders' Meeting*4). | |

Note

*5) The number of years served as a Director indicated for Director Candidate Mr. Kazuto Kojima is the cumulative number of years.

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|---|--|
| 4 | <p>Jun Yokota</p> <p>(June 26, 1947)</p> <p><i>*Reappointment</i> <i>*Independent External Director</i></p> <p>[No. of Years Served as a Director*3)] 5</p> <p>[No. of the Company's Shares Held] 654</p> <p>[Attendance at the FY2018 Board of Directors' Meetings] 100%</p> | <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] | |
| | <p>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.</p> | |
| | <p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>Mr. Jun Yokota has no special-interest relationships with the Company.</p> <p>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.</p> <p>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.</p> | |
| | <p>[Special Notice regarding the Director Candidate]</p> <p>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*4).</p> | |

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|---|---|
| 5 | <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*3)] 4</p> <p>[No. of the Company's Shares Held] 2,357</p> <p>[Attendance at the FY2018 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*6) (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>Apr. 2000 Visiting Professor of the Department of Surgery, Keio University School of Medicine (to present)</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>Jun. 2015 Director (to present)</p> <p>Apr. 2016 Specially Appointed Vice President of Tokyo University of Science (to present)</p> <p>Jul. 2016 Member of the Executive Nomination Committee (to present)</p> <p>Jan. 2017 Member of the Compensation Committee (until June 2018)</p> <p>Chair of the Scientific and Technical Subcommittee, UN Committee on the Peaceful Uses of Outer Space (COPUOS) (until January 2018)</p> <p>Apr. 2018 Special Counselor of the JAXA (to present)</p> <p>Jul. 2018 Chairman of the Compensation Committee (to present)</p> <p>Mar. 2019 Outside Director, Kao Corporation</p> |
| | | [Important positions at other corporations/institutions] |
| | | Specially Appointed Vice President of Tokyo University of Science |
| | | Outside Director, Kao Corporation |
| | | [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. As well as providing oversight and advice concerning business execution from diverse perspectives, she led discussion about executive compensation in her capacity as the chairman of the Compensation Committee. 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 2018 amounted to approximately 13 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*4). |

Note

*6) 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> |
|----------------------|--|---|
| 6 | <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*3)] 4</p> <p>[No. of the Company's Shares Held] 1,965</p> <p>[Attendance at the FY2018 Board of Directors' Meetings] 100%</p> | <p>Apr. 1977 Mitsui & Co., Ltd.</p> <p>Jun. 1990 Manager, Electronic Industry Department, Mitsui & Co., Ltd.</p> <p>Jan. 1993 Managing Director, Alex. Brown & Sons, Inc.*7)</p> <p>Aug. 2001 Managing Director and Head of Global Corporate Finance, Deutsche Securities, Ltd. *8)</p> <p>Aug. 2004 Partner & Head of Japan, J.P. Morgan Partners Asia*9)</p> <p>(until March 2009)</p> <p>May 2007 Board Member, Edwards Group Ltd.*10) (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 |
| | <p>[Reasons for Appointment]</p> <p>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.</p> <p>The Company intends to appoint him as Chairman of the Board of Directors, if his appointment is approved at this Shareholders' Meeting.</p> | |
| | <p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>Mr. Atsushi Abe has no special-interest relationships with the Company.</p> <p>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.</p> | |
| | <p>[Special Notice regarding the Director Candidate]</p> <p>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*4).</p> | |

Notes

* 7) Currently, Raymond James & Associates, Inc.

* 8) Currently, Deutsche Securities Inc.

* 9) Currently, Unitas Capital

* 10) Currently, Atlas Copco

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|---|--|
| | <p>Yoshiko Kojo*11)</p> <p>(June 19, 1956)</p> <p><i>*Reappointment</i> <i>*Independent External Director</i></p> <p>[No. of Years Served as a Director*3)] 1</p> <p>[No. of the Company's Shares Held] 242</p> <p>[Attendance at the FY2018 Board of Directors' Meetings] 100%</p> | <p>Apr. 1988 Assistant Professor of International Relations, Faculty of Law, Kokugakuin University</p> <p>Apr. 1991 Associate Professor of International Relations, Faculty of Law, Kokugakuin University</p> <p>Apr. 1996 Associate Professor of International Relations, Department of Advanced Social and International Studies, the University of Tokyo</p> <p>Jun. 1999 Professor of International Relations, Department of Advanced Social and International Relations, the University of Tokyo (to present)</p> <p>Oct. 2010 President, Japan Association of International Relations (until October 2012)</p> <p>Oct. 2012 Member of Advisory Board, Japan Association of International Relations (to present)</p> <p>Oct. 2014 Member of Science Council, Japan (to present)</p> <p>Jun. 2018 Director (to present)</p> <p>[Important positions at other corporations/institutions] Professor of International Relations, Department of Advanced Social and International Relations, the University of Tokyo</p> |
| 7 | <p>[Reasons for Appointment]</p> <p>Although Ms. Yoshiko Kojo had no direct company management experience before she joined the Board, she 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. 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*12) based on her deep insight. Therefore, the Company proposes that she be reappointed as an Independent External Director.</p> <p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>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. 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.</p> <p>[Special Notice regarding the Director Candidate]</p> <p>An agreement limiting liability for damages under Clause 1, Article 423 of the Companies Act has been concluded between the Company and Ms. Yoshiko Kojo. The Company plans to extend the agreement if his reappointment is approved at this Shareholders' Meeting*4).</p> | |

Notes

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

*12) 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.

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|--|--|
| 8 | Takahito Tokita (September 2, 1962) <i>*New appointment</i> | Apr. 1988 Joined the Company Jun. 2014 Head of Financial Systems Unit Apr. 2015 Corporate Executive Officer (to present) Jan. 2019 EVP, Head of Global Delivery Group Mar. 2019 SEVP (to present) |
| | [No. of the Company's Shares Held] 1,000 | [Important positions at other corporations/institutions] None |
| | [Reasons for Appointment] Mr. Takahito Tokita has a wealth of experience as a systems engineer in the business for the financial sector and is decisive and has the capabilities necessary to execute business improvements. In addition, he has a good grasp of what is happening in the global business arena through his overseas experience, including his position as the Head of the Global Delivery Group whose mission is to offer uniform services throughout the world. In view of his experience and knowledge, the Company believes that he is the most suitable person to be the new leader of management that will drive forward the business model transformation that Fujitsu aims to accomplish by accelerating "growth strategy transformation" initiatives to forge ahead with the Company's core Technology Solutions Business, including sales reform of the domestic business and profitability improvement of businesses outside Japan. Therefore, the Company proposes that he be appointed as an Executive Director. The Company intends to appoint him as Representative Director and President, if his appointment is approved at this Shareholders' Meeting. | |
| | [Comments on Special-interest Relationships] Mr. Takahito Tokita has no special-interest relationships with the Company. | |

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|---|--|
| 9 | <p>Hidenori Furuta (December 13, 1958)</p> <p><i>*New appointment</i></p> <p>[No. of the Company's Shares Held] 1,452</p> | <p>Apr. 1982 Joined the Company</p> <p>May 2009 Head of Manufacturing Industry Solutions Business Unit</p> <p>Apr. 2012 Corporate Vice President</p> <p>Apr. 2014 Corporate Senior Vice President</p> <p>Apr. 2018 EVP, Head of Global Delivery</p> <p>Apr. 2018 Corporate Executive Officer (to present)</p> <p>SEVP, Head of Digital Services Business</p> <p>Jan. 2019 SEVP, Head of Technology Solutions Business (to present)</p> <p>CTO^{*13)} (to present)</p> |
| | | [Important positions at other corporations/institutions] |
| | | None |
| | | <p>[Reasons for Appointment]</p> <p>Mr. Hidenori Furuta has many years of experience in the systems integration business that involves establishing systems in collaboration with customers and led the Digital Service Business that involves creating new businesses through co-creation of value with customers and partners. He also has a wealth of experience, including management of Global Delivery whose mission is to offer uniform services throughout the world. In view of his experience, the Company believes he is the most suitable person to fulfill the role of being responsible for the Technology Solutions Business and Sales. Therefore, the Company proposes that he be appointed as an Executive Director.</p> <p>The Company intends to appoint him as Representative Director and SEVP, if his appointment is approved at this Shareholders' Meeting.</p> |
| | | <p>[Comments on Special-interest Relationships]</p> <p>Mr. Hidenori Furuta has no special-interest relationships with the Company.</p> |

Note

**13) Chief Technology Officer*

| <i>Candidate No.</i> | <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> |
|----------------------|--|---|
| 10 | Mitsuya Yasui (March 23, 1959) <i>*New appointment</i> [No. of the Company's Shares Held] 3,550 | Apr. 1981 Joined the Company Jun. 2008 President, Law & Intellectual Property Group Unit (until March 2015) Apr. 2010 Corporate Vice President Apr. 2015 Corporate Executive Officer (to present) EVP, Head of Legal, Compliance & IP Unit Apr. 2018 SEVP, General Counsel ^{*14)} (to present) CISO ^{*15)} (to present) Jan. 2019 Secretary Office (to present) |
| | | [Important positions at other corporations/institutions] None |
| | | [Reasons for Appointment] Mr. Mitsuya Yasui, as the Head of the Legal Unit for many years, has provided legal support to the Company's businesses in and outside Japan and promoted improvement of the corporate governance system of the entire Fujitsu Group and establishment of the risk management and compliance system including units outside Japan. Also, he has been deeply involved in important decision-making concerning business execution of the Company, such as providing advice to the President and other members of the management team in his capacity as the General Counsel. In view of his experience, the Company believes he is the most suitable person to fulfill the role of leading discussion at the Board of Directors, being responsible for Global Corporate Functions and overseas business. Therefore, the Company proposes that he be appointed as an Executive Director. The Company intends to appoint him as Representative Director and SEVP, if his appointment is approved at this Shareholders' Meeting. |
| | | [Comments on Special-interest Relationships] Mr. Mitsuya Yasui has no special-interest relationships with the Company. |
| | | |

Note

^{*14)} Chief legal officer

^{*15)} Chief Information Security Officer

Proposal No. 2 Election of One Audit & Supervisory Board Member

The term of office for Audit & Supervisory Board Member Koji Hatsukawa expires at the close of this Shareholders' Meeting. The Company proposes the election of one Audit & Supervisory Board Member. The candidate for the position of Audit & Supervisory Board Member is stated below.

The Audit & Supervisory Board will continue to consist of five members including three external members.

The Company has already received approval for this proposal from the Audit & Supervisory Board.

| <i>Name and date of birth</i> | <i>Personal history, positions at the Company</i> | |
|--|---|--|
| Koji Hatsukawa (September 25, 1951) <i>*Reappointment</i> <i>*Independent External Audit & Supervisory Board Member</i> [No. of Years Served as an Audit & Supervisory Board Member*16)] 6 [No. of the Company's Shares Held] 1,244 [Attendance at the FY2018 Board of Directors' Meetings] 100% [Attendance at the FY2018 Audit & Supervisory Board Meetings] 100% | Mar. 1974 Jul. 1991 Apr. 2000 Oct. 2005 May 2009 Jun. 2012 Jun. 2013 Jun. 2016 | Joined Price Waterhouse Accounting Office Representative Partner, Aoyama Audit Corporation Representative Partner, ChuoAoyama PricewaterhouseCoopers Director, ChuoAoyama PricewaterhouseCoopers Manager of International Operations CEO, PricewaterhouseCoopers Aarata*17) (until May 2012) Audit & Supervisory Board Member, The Norinchukin Bank (to present) Audit & Supervisory Board Member (to present) External Director, Audit & Supervisory Committee member, Takeda Pharmaceutical Company Limited (to present) |
| [Important positions at other corporations/institutions] | | |
| Certified public accountant External Director, Audit & Supervisory Committee member, Takeda Pharmaceutical Company Limited Audit & Supervisory Board Member, The Norinchukin Bank | | |
| [Reasons for Appointment] Mr. Koji Hatsukawa has a wealth of auditing experience as a certified public accountant, and because he has broad knowledge of corporate accounting, the Company proposes that he be reappointed as an external Audit & Supervisory Board Member. | | |
| [Comments on Special-interest Relationships and the Independence of the Candidate] Mr. Koji Hatsukawa has no special-interest relationships with the Company. PricewaterhouseCoopers Aarata, where Mr. Koji Hatsukawa served as CEO, has not performed accounting audits for the Company, and thus this is not considered material. Therefore, the Company believes that he is independent. 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 Member of Audit & Supervisory Board. | | |
| [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. Koji Hatsukawa. The Company plans to extend the agreement if his reappointment is approved at this Shareholders' Meeting*3). | | |

Notes

*16) "No. of Years Served as an Audit & Supervisory Board Member" is as of the close of this Shareholders' Meeting.

*17) Currently, PricewaterhouseCoopers Aarata LLC

Overview of the Audit & Supervisory Board Member Candidate's Preventive Actions and Responses to the Company's Illegal Business Execution in Fiscal 2016

In July 2016, which falls during the term of office of Audit & Supervisory Board Member candidate Mr. Koji Hatsukawa as the Company's External Audit & Supervisory Board Member, the Company was found to have violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) concerning order coordination of equipment for electric power security communication for Tokyo Electric Power Co., Ltd.*18) and the Company received a cease and desist order and a surcharge payment order. Subsequently, in February 2017, the Company was found to have violated the Antimonopoly Act concerning transactions of hybrid optical communication equipment and transaction-path equipment for Chubu Electric Power Co., Inc.

Mr. Hatsukawa had been receiving reports about the operation of the Policy on the Internal Control System, including the compliance system, at the Board of Directors' meetings.

Mr. Hatsukawa was unable to detect the violation concerning the transactions for Tokyo Electric Power Co., Ltd.*14), partly because the sales personnel had already stopped engaging in violation before the on-site inspection by the Japan Fair Trade Commission. However, after the violation came to light, in his position overseeing the Board of Directors, Mr. Hatsukawa, led establishment of an internal special investigation committee, working with other External Directors and Audit & Supervisory Board Members. As investigation conducted by the said committee detected order coordination concerning the transactions for Chubu Electric Power Co., Inc., through discussion at the Board of Directors' meeting, Mr. Hatsukawa and other External Directors and Audit & Supervisory Board Members took the lead in applying for reduction or waiving of surcharge. As a result, the Company was fully exempted from payment of the surcharge.

Moreover, at the initiative exercised by Mr. Hatsukawa and other External Audit & Supervisory Board Members, disciplinary actions against the officers concerned, including Representative Director and Chairman and Representative Director and President, was decided by the Board of Directors. In his capacity as an External Audit & Supervisory Board Member, he confirmed at the Audit & Supervisory Board meetings that the Fujitsu Group is promoting strengthening of initiatives concerning compliance and is thoroughly implementing measures to prevent recurrence. Subsequently, together with other External Directors and Audit & Supervisory Board Members, Mr. Hatsukawa has been overseeing recurrence prevention initiatives led by Representative Director and President.

Note

**18) Currently, Tokyo Electric Power Company Holdings, Incorporated*

Reports on the 119th Business Period

FUJITSU LIMITED

Note:

This English version of *Reports on the 119th 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 119th business period (covering fiscal year 2018, from April 1, 2018 to March 31, 2019).

In the Management Direction announced in October 2015, we positioned “Connected Services” as the business model it aims to expand. With “Connected Services,” we aspire to resolve issues with customers by utilizing ICT and create value. Ever since, we have been promoting “Business Structure Transformation” that focuses management resources on Technology Solutions, our core business, and “Growth Strategy Transformation” for growth through the evolution of the business content of Technology Solutions.

In particular, in Ubiquitous Solutions and Device Solutions, we made steady progress with the transformation, including the transfer of shares of the PC and mobile phone businesses and part of the semiconductor business.

We also restructured the European business, including the closure of a plant in Germany, began operation of a new company for promotion of the AI business, entered into a strategic partnership with Ericsson for 5G next-generation communication, and started implementation of other measures.

During these transformations, regarding the financial performance in fiscal 2018, operating profit decreased from the previous year owing to a decrease in revenue because of special factors, such as business model transformation. However, operating profit increased for our main business, including services in Japan. For details of our financial results, please refer to page A-4.

The annual dividend for fiscal 2018 is 150 yen, unchanged from the plan announced at the beginning of the year. (The interim dividend of 7 yen is calculated as 70 yen to reflect the share consolidation on October 1, 2018.)

We are still in the midst of “Growth Strategy Transformation.” Going forward, our task is to accelerate this transformation and improve profitability. To this end, Fujitsu will promote measures under new executive leadership. We would like to ask for continued support and encouragement from all shareholders.

May 2019

Tatsuya Tanaka, Representative Director and President

Business Report

1. Business Overview (April 1, 2018 to March 31, 2019)

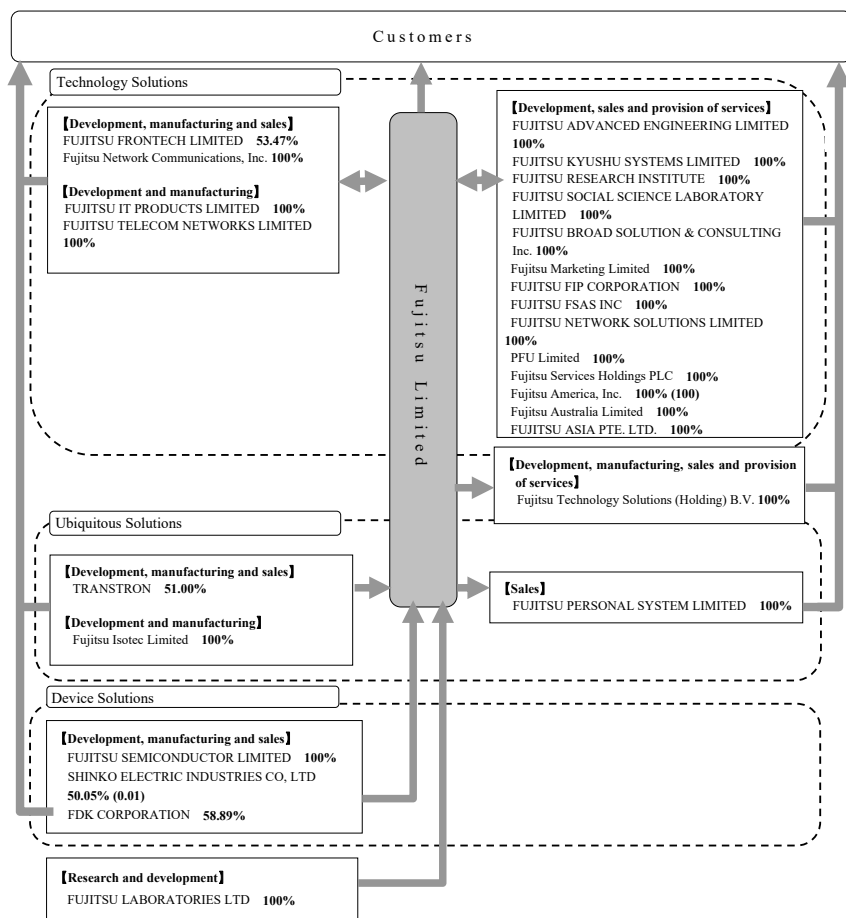
(1) Major Businesses of the Fujitsu Group (As of March 31, 2019)

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

(2) The Fujitsu Group

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates (as of March 31, 2019) are shown below.

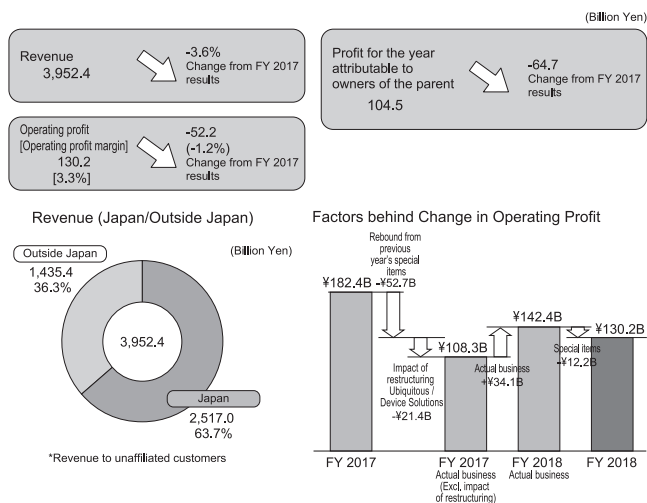


(Equity method affiliates)

FUJITSU GENERAL LIMITED 44.10%, FUJITSU LEASING Co, Ltd 20.00%, Socionext Inc. 40.00%, FUJITSU CONNECTED TECHNOLOGIES LIMITED 30.00%, FUJITSU CLIENT COMPUTING LIMITED 44.00%, FUJITSU COMPONENT LIMITED 25.00%, Fujitsu Electronics Inc. 30.00% (30.00), etc.

Notes:

1. Percentages are percentages of voting rights and figures in parentheses are indirect shareholdings, which are included in the percentages of voting rights.
2. FUJITSU CLIENT COMPUTING LIMITED delivers parts of personal computers for enterprises it develops and manufactures to the Company.
3. Fujitsu Electronics Inc. sells parts of electronic devices developed and manufactured by the Company's subsidiaries.

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

Consolidated revenue for fiscal 2018 was 3,952.4 billion yen, down 3.6% from fiscal 2017. The decline in revenue was primarily due to the restructuring of the mobile phone business and the exclusion of the consumer PC business from the scope of consolidation as well as the exclusion of a semiconductor sales subsidiary and an electronic device manufacturing subsidiary from the scope of consolidation. Excluding the impact of the restructuring of these businesses, overall revenue rose approximately 60.0 billion yen due to significant growth in revenue from Systems Integration in Japan.

Revenue in Japan decreased 2.9% year on year while revenue outside Japan decreased 4.7% year on year. The ratio of revenue outside Japan was 36.3%, a decrease of 0.5 percentage points compared to fiscal 2017.

Fujitsu recorded an operating profit of 130.2 billion yen, down 52.2 billion yen from fiscal 2017. Whereas the operating profit for the previous fiscal year included a gain on transfer of business (52.7 billion yen), the operating profit for fiscal 2018 included the impact of restructuring of the PC and mobile phone businesses and the device business (21.4 billion yen), and as a result, operating profit for fiscal 2018 was lower than that for fiscal 2017. However, operating profit of the main business excluding these special factors increased 34.1 billion yen because of higher revenue for both Services and System Products in Japan.

Other special factors for fiscal 2018 included recording of a gain primarily from the changes to the retirement benefit plan (89.2 billion yen) and one-time profit associated with the sale of a PC and electronic components manufacturing company (16.0 billion yen). On the other hand, business model transformation expenses amounting to 117.5 billion yen in

fiscal 2018 were recorded. Specifically, expenses associated with the restructuring of the European businesses, including the closure of factories manufacturing PCs and servers in Germany, were recorded. In Japan, expenses for supporting voluntary departures as part of a personal resource shift and expenses regarding structural reforms, such as the overhaul of the manufacturing sites and the overhaul of the cloud business at overseas sites were recorded.

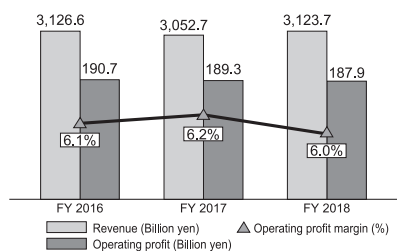
Net financial income, consisting of financial income, financial expenses, and income from investments accounted for using the equity method, net, was 31.5 billion yen, representing a decrease of 28.4 billion yen from the prior fiscal year. Despite one-time profit relating to the sale of the PC business (11.6 billion yen), financial income fell because, in accordance with the policy of reviewing the cross-shareholding relationship between Fuji Electric Co., Ltd. and Fujitsu, Fujitsu sold a portion of the Fuji Electric shares that it owned and recorded a one-time gain on sales of shares (27.3 billion yen) in the previous fiscal year.

As a result, profit before income taxes was 161.7 billion yen, a decrease of 80.7 billion yen from the previous fiscal year.

Profit for the year attributable to owners of the parent was 104.5 billion yen, down 64.7 billion yen from fiscal 2017.

b) Overview by Business Segment

Technology Solutions



*Revenue includes intersegment sales.

| | (Billion Yen) | | |
|-------------------------------|---------------|---------|---------|
| | FY 2016 | FY 2017 | FY 2018 |
| Breakdown of Revenue | | | |
| Services | 2,624.2 | 2,598.3 | 2,663.8 |
| System Platforms | 502.3 | 454.3 | 459.9 |
| Breakdown of Operating Profit | | | |
| Services | 150.0 | 163.4 | 174.0 |
| System Platforms | 40.7 | 25.9 | 13.9 |

In order to contribute to a digital society by leveraging technologies, such as AI, cloud, and IoT, the Company aspires to become a true service company with technology solutions at its core. The Company is promoting business model transformation consisting of “Business Structure Transformation” to focus its resources on the technology solutions field and “Growth Strategy Transformation” to expand “Connected Services” through the evolution of the business content of technology solutions.

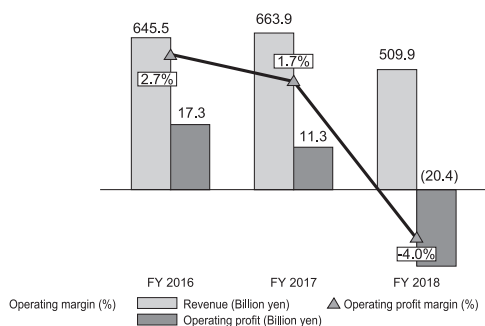
Revenue in the Technology Solutions segment amounted to 3,123.7 billion yen, an increase of 2.3% year on year. Revenue in Japan increased 5.6% year on year while revenue outside Japan decreased 3.9% year on year.

As for the Services sub-segment, revenue from Infrastructure Services decreased 1.9% year on year, reflecting sluggish sales outside Japan, especially in Europe, despite robust sales in Japan. Revenue from Systems Integration was the highest ever, reflecting strong sales in the public sector and a continued increase in sales for manufacturing and distribution industries. Thus, overall revenue from the Services sub-segment increased.

Overall revenue from System Platforms sub-segment increased. In the network products business, sales of mobile phone base stations and other products were weak. In the system products business, software sales increased and sales of IA servers were robust both inside and outside Japan.

The segment posted an operating profit of 187.9 billion yen, down 1.4 billion yen compared to fiscal 2017. Business model transformation expenses associated with the restructuring in Europe amounting to 47.4 billion yen were recorded. Profit of the main business increased significantly due to not only increased revenue from the Services sub-segment and the System Platforms sub-segment, but also the impact of improved profitability of Services in Japan.

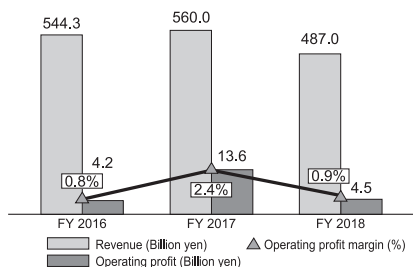
Ubiquitous Solutions



Revenue in the Ubiquitous Solutions segment was 509.9 billion yen, down 23.2% year on year. Revenue in Japan decreased 28.8% year on year and revenue outside Japan decreased 5.9% year on year.

Revenue fell owing to the restructuring of the mobile phone business and the exclusion of the consumer PC business from the scope of consolidation. Excluding the impact of the restructuring, revenue was virtually unchanged from the fiscal 2017.

The Ubiquitous Solutions segment posted an operating loss of 20.4 billion yen, a decrease of 31.7 billion yen from fiscal 2017. This decline was a result of recording of business model transformation expenses amounting to 20.3 billion yen associated with restructuring of manufacturing sites in Europe and Japan.

Device Solutions

Revenue in the Device Solutions segment amounted to 487.0 billion yen, down 13.0% year on year. Although sales of electronic components were virtually unchanged from fiscal 2017, segment revenue decreased because of the impact of the sale of a semiconductor sales company and an electronic component manufacturing company, and sluggish demand for LSI devices centering on those for smartphones.

The segment posted an operating profit of 4.5 billion yen, down 9.1 billion yen from fiscal 2017. Profit decreased, greatly affected by lower sales of LSI devices.

Note: Revenue in each segment includes intersegment revenue.

Other/Elimination and Corporate

This segment recorded an operating loss of 41.7 billion yen, representing a deterioration of 9.8 billion yen from fiscal 2017. Whereas a gain primarily from the changes to the retirement benefit plan were recorded, business model transformation expenses were also recorded, including expenses for supporting voluntary departures as part of a personal resource shift and expenses for the overhaul of the cloud business. Excluding these special factors, the segment loss amounted to 97.9 billion yen, an improvement of approximately 6.0 billion yen from fiscal 2017. This improvement was due to strict control of upfront investments and corporate expenses.

(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 2015 (116th)</i> | <i>FY 2016 (117th)</i> | <i>FY 2017 (118th)</i> | <i>FY 2018 (Current period)</i> |
|---|----------------------------|----------------------------|----------------------------|---|
| Revenue | ¥4,739.2 | ¥4,132.9 | ¥4,098.3 | ¥3,952.4 |
| Japan (included in Revenue) | 2,845.0 | 2,671.6 | 2,591.5 | 2,517.0 |
| Outside Japan (included in Revenue) | 1,894.2 | 1,461.2 | 1,506.8 | 1,435.4 |
| Ratio of Revenue Outside Japan [%] | [40.0] | [35.4] | [36.8] | [36.3] |
| Operating Profit | 120.6 | 117.4 | 182.4 | 130.2 |
| Operating Profit Margin [%] | [2.5] | [2.8] | [4.5] | [3.3] |
| Profit for the Year | | | | |
| Attributable to Owners of the Parent | 86.7 | 88.4 | 169.3 | 104.5 |
| Basic Earnings per share [yen] | 419.37 | 428.34 | 825.32 | 512.50 |
| Total Assets | 3,226.3 | 3,191.4 | 3,121.5 | 3,104.8 |
| Equity Attributable to Owners of the Parent | 782.7 | 881.2 | 1,087.7 | 1,132.0 |
| Equity Attributable to Owners of the Parent Ratio [%] | [24.3] | [27.6] | [34.8] | [36.5] |
| Equity per Share attributable to Owners of the Parent [yen] | 3,783.71 | 4,298.00 | 5,283.85 | 5,585.35 |
| Free Cash Flow | 88.7 | 104.8 | 177.8 | 103.5 |

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. On October 1, 2018, the Company conducted consolidation of shares of common stock at a rate of one share for every ten shares. Basic Earnings per share and Equity per Share attributable to Owners of the Parent have been calculated on the basis that share consolidation had been conducted at the beginning of the 116th fiscal term.

(5) Significant Realignment

- 1) On May 2, 2018, the Company transferred 51% of its shareholding in FUJITSU CLIENT COMPUTING LIMITED (FCCL) to Lenovo Group Limited and 5% to the Development Bank of Japan. As a result, FCCL has become an equity method affiliate of the Company.
- 2) Following the completion of the tender offer for shares of FUJITSU COMPONENT LIMITED (FCL) by the Longreach Group, on January 31, 2019, the Company transferred its shareholding in FCL to FCL in response to FCL's repurchase of its own shares. As a result, FCL has become an equity method affiliate of the Company.
- 3) On January 1, 2019, Fujitsu Semiconductor Limited, a subsidiary of the Company, transferred a portion of its shareholdings in Fujitsu Electronics Inc. (FEI) to KAGA ELECTRONICS CO., LTD. As a result, FEI has become an equity method affiliate of the Company.

(6) Capital Expenditures

Capital expenditures in fiscal 2018 totaled 83.5 billion yen, a decrease of 11.2% compared with fiscal 2017.

In the Technology Solutions segment, capital expenditures amounted to 49.3 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 1.2 billion yen, having decreased from fiscal 2017 in line with the sale of the PC and mobile phone businesses.

In the Device Solutions segment, capital expenditures amounted to 26.4 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 6.5 billion yen mainly for improvement of IT infrastructure.

(7) Capital Procurement

During fiscal 2018 the Company did not engage in capital procurement by means of issuance of shares or bonds.

(8) Principal Lenders (As of March 31, 2019)

| <i>Lender</i> | <i>Loan amount (million yen)</i> |
|-------------------------------------|--------------------------------------|
| MUFG Bank, Ltd. | 31,725 |
| Sumitomo Mitsui Banking Corporation | 28,651 |
| The Bank of Yokohama, Ltd. | 20,000 |
| Sumitomo Mitsui Trust Bank, Limited | 16,731 |
| Mizuho Bank, Ltd. | 13,852 |

(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 this recognition, having set performance targets, such as an consolidated operating profit margin of at least 10%, since fiscal 2015, the Fujitsu Group has been promoting “Business Structure Transformation” to sharpen its focus on the core business and “Growth Strategy Transformation.” As the Group was able to achieve gratifying results with regard to initiatives for “Business Structure Transformation” by strengthening principal businesses in Device Solutions and Ubiquitous Solutions as independent operations, the Group will sharpen its focus on initiatives for “Growth Strategy Transformation.” Aiming to achieve growth in the core Technology Solutions business, the Group will promote the following three measures.

First, the Company will implement sales reforms to further increase the market share in Japan, the Company’s main market. Regarding the more than 10,000 salespeople in Japan who are dispersed at Fujitsu Group companies, the optimum assignment will be considered from a Group-wide perspective and human resources will be shifted to priority fields.

Secondly, in order to establish a more resilient business structure, the Group will promote globally unified product development, deeper alliances with leading partners in the world, offering of speedy services attuned to the characteristics of markets around the world, and gaining and fostering of globally competitive human resources.

Thirdly, in order to create a new global structure, the Group will strengthen marketing functions in each region and speedily reflect information gathered throughout the world in

the global sales strategy and business strategy. Optimization of the organizational structure of Group companies will also be addressed in order to eliminate duplication of functions and dispersion of resources.

In order to facilitate these initiatives for “Growth Strategy Transformation,” Fujitsu revised its management structure in fiscal 2018. Business groups have been consolidated as the “Technology Solutions” segment to simplify the line of command and create synergy, transcending the previous organizational framework. As a result of this change, Fujitsu will target an consolidated operating profit margin of at least 10% for Technology Solutions. Regarding the business outside Japan, rather than pursuing the scale of revenue, priority will be accorded to establishing a more robust revenue structure with the aim of offering greater value to customers. To this end, in the EMEIA region, the Group will terminate manufacturing functions and concentrate on sales functions, while at the same time closing unprofitable sites that are highly dependent on the product business and concentrate management resources on sites with a strong customer base.

In fiscal 2019, Fujitsu will promote these three measures. While continuing investments for growth in the digital era to maintain global competitiveness, the Group will also promote vigorous transformation.

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, 2019)

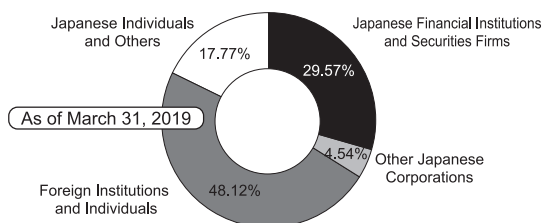
- a) Number of Authorized Shares: 500,000,000
- b) Number of Outstanding Shares: 207,001,821
- c) Stated Capital: ¥324,625,075,685
- d) Shares Issued during the Business Period: There was no issuance of shares during the business period.
- e) Number of Shareholders: 134,539 (20,353 decrease from the end of FY2017)
- f) Principal Shareholders

| Name | Shareholder's investment in Fujitsu Limited | |
|--|--|-------------------------------------|
| | Number of shares held (thousands) | Percentage of shares held (%) |
| Ichigo Trust Pte. Ltd. | 12,951 | 6.39 |
| The Master Trust Bank of Japan, Ltd. (for trust) | 12,067 | 5.95 |
| Japan Trustee Services Bank, Ltd. (for trust) | 10,869 | 5.36 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 6,307 | 3.11 |
| Fuji Electric Co., Ltd. | 5,949 | 2.94 |
| Fujitsu Employee Shareholding Association | 5,467 | 2.70 |
| JP MORGAN CHASE BANK 385151 | 3,921 | 1.93 |
| Japan Trustee Services Bank, Ltd. (for trust 5) | 3,785 | 1.87 |
| Asahi Mutual Life Insurance Company | 3,518 | 1.74 |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 3,400 | 1.68 |

Notes:

1. The investment ratio is calculated after exclusion of treasury stock holdings (4,317 thousand shares).
2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust), and Japan Trustee Services Bank, Ltd. (for trust 5) pertain to the trust business by the institution.

< Equity Shareholdings by Type of Shareholder >



g) Important matters concerning the stock

The Company conducted consolidation of shares of common stock at a rate of one share for every ten shares effective on October 1, 2018 and changed the number of shares constituting one unit of shares from 1,000 shares to 100 shares on the same date.

On April 27, 2018, the Company made a decision to repurchase up to a maximum of 1,500,000 shares of its common stock with up to a maximum aggregate value of purchases of 10 billion yen during the period from May 1, 2018 to September 30, 2018 and purchased approximately 1,470,000 shares of its common stock with the aggregate value of purchases of approximately 10 billion yen during the said period. Furthermore, on August 30, 2018, the Company made a decision to repurchase up to a maximum of 2,200,000 shares of its common stock with up to a maximum aggregate value of purchases of 18 billion yen during the period from September 1, 2018 to March 31, 2019 and purchased approximately 1,700,000 shares of its common stock with the value of purchases of approximately 12.3 billion yen during the said period.

Note: The numbers of shares indicated for repurchase of shares are the number of shares after the consolidation of shares.

(2) Stock Acquisition Rights

As of March 31, 2019, 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 2018 as part of the compensation.

(3) Management**a) Directors and Audit & Supervisory Board Member (As of March 31, 2019)**

| <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 | Hidehiro Tsukano | Assistant to the President and CFO | | |
| Director and Chairman | Masami Yamamoto | Chairman of the Board of Directors Member of the Executive Nomination Committee and Compensation Committee | | |
| Director | Kazuto Kojima | Chairman of the Executive Nomination Committee Member of Compensation Committee | | |
| Director | Jun Yokota | Member of the Executive Nomination Committee and Compensation Committee | ○ | ○ |
| Director | Chiaki Mukai | Member of the Executive Nomination Committee Chairman of the Compensation Committee | ○ | ○ |
| Director | Atsushi Abe | | ○ | ○ |
| Director | Yoshiko Kojo | | ○ | ○ |
| 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 Outside 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.
- Norihiko Taniguchi who is responsible for overall business promotion resigned from his position as Representative Director and SEVP on December 31, 2018.
- Duncan Tait who is responsible for EMEA Region and Americas Region resigned from his position as Director on December 31, 2018 and is a Corporate Executive Officer.
- 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 Kazuto Kojima.

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 | Bonuses | Performance-based stock compensation | |
| a. Directors | 12 | 347 | 65 | 20 | 433 |
| b. External Directors (included in a.) | 5 | 60 | — | — | 60 |
| c. Audit & Supervisory Board Members | 5 | 117 | — | — | 117 |
| d. External Audit & Supervisory Board Members (included in c.) | 3 | 45 | — | — | 45 |

Notes:

- Includes Directors who resigned in fiscal 2018.
- 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 43,000 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.
*The Company conducted consolidation of shares at a rate of one share for every ten shares effective October 1, 2018, and thus the number of shares after the consolidation of shares is indicated here.
- For performance-based stock compensation, the amount charged to expenses during fiscal 2018 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 43,000 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 | ○ | | - | - |

* The Company conducted consolidation of shares at a rate of one share for every ten shares effective October 1, 2018, and thus the number of shares after the consolidation of shares is indicated here.

e) Concurrent Positions of External Directors and Auditors and Their Activities (As of March 31, 2019)

| Section | Name | Companies at which concurrent positions are held and the positions held |
|---|-----------------|---|
| | | Activities |
| External Director | Jun Yokota | |
| | | Attended 100% of the Board of Directors Meetings held during fiscal 2018, 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 Outside Director, Kao Corporation |
| | | Attended 100% of the Board of Directors Meetings held during fiscal 2018, 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 2018, 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. |
| | Yoshiko Kojo | Professor of International Relations, Department of Advanced Social and International Relations, the University of Tokyo |
| | | Attended 100% of the Board of Directors Meetings held since her appointment, and contributed comments from a global perspective based upon her in-depth knowledge of international politics. |
| External Audit & Supervisory Board Member | Megumi Yamamuro | Special Counsel, URYU & ITOGA Outside Director (Audit and Supervisory Committee Member), Advantest Corporation Outside Audit & Supervisory Board Member, Yachiyo Industry Co., Ltd. |
| | | Attended 92.3% (12/13) of the Board of Directors Meetings and 100% of the Audit & Supervisory Board Meetings held during fiscal 2018, 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 2018, 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 External Director, Audit & Supervisory Committee member, Takeda Pharmaceutical Company Limited Audit & Supervisory Board Member, the Norinchukin Bank |
| | | Attended 100% of both the Board of Directors Meetings and the Audit & Supervisory Board Meetings held during fiscal 2018, 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 Academic Corporation Tokyo University of Science, Kao Corporation, Advantest Corporation, Yachiyo Industry Co., Ltd., Takeda Pharmaceutical Company Limited, and The Norinchukin Bank.
3. During fiscal 2018, the Company convened Board of Directors Meetings 13 times (of which 1 was an extraordinary meeting of the Board of Directors) and 10 meetings of the Audit & Supervisory Board (of which 2 were extraordinary meetings of the Audit & Supervisory Board).

f) Other Matters regarding Management

• 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 for nomination/dismissal of Directors and Auditors 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 Executive Nomination Committee and the Compensation Committee were as follows as of March 31, 2019:

<Executive Nomination Committee>

Chairman: Kazuto Kojima
Members: Jun Yokota, Chiaki Mukai, Masami Yamamoto

<Compensation Committee>

Chairman: Chiaki Mukai
Members: Jun Yokota, Kazuto Kojima, Masami Yamamoto

After the selection of the above committee members in July 2018, the Executive Nomination Committee met 9 times by the end of fiscal 2018 and discussed the election of Representative Directors including the President, the nomination of candidates for Director, etc. and provided its recommendations to the Board of Directors. The Compensation Committee met 3 times by the end of fiscal 2018 and discussed compensation for Directors and Auditors, bonuses, etc. and provided its recommendations to the Board of Directors.

*The Company revised its Corporate Governance Policy in December 2018, reflecting the revision to the Corporate Governance Code in June 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>).

● **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 2018, 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 profit 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 | 529 |
| (2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor | 1,114 |

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:

<https://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 Representative Director and President, who is the chief executive officer, among the corporate executive officers, and by establishing a Management Council to assist in the Representative Director and President's decision-making, the Company aims to enhance management effectiveness.

In addition, the framework makes clear that the Representative Director and President 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, 2019)

| | | <u>Millions of yen</u> |
|---|---|--------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | Y | 416,684 |
| Receivables, trade | | 906,120 |
| Other receivables | | 119,446 |
| Inventories | | 226,045 |
| Others | | 217,673 |
| Subtotal | | <u>1,885,968</u> |
| Assets held for sale | | <u>73,381</u> |
| Total current assets | | <u>1,959,349</u> |
| Non-current assets: | | |
| Property, plant and equipment, net of accumulated depreciation | | 439,078 |
| Goodwill | | 38,348 |
| Intangible assets | | 116,905 |
| Investments accounted for using the equity method | | 147,788 |
| Other investments | | 149,799 |
| Deferred tax assets | | 105,663 |
| Others | | 147,912 |
| Total non-current assets | | <u>1,145,493</u> |
| Total assets | Y | <u><u>3,104,842</u></u> |

| | <u>Millions of yen</u> |
|---|---------------------------|
| Liabilities and Equity | |
| Liabilities | |
| Current liabilities: | |
| Payables, trade | Y 528,744 |
| Other payables | 426,344 |
| Short-term borrowings, current portion | |
| of long-term debt and lease obligations | 130,875 |
| Accrued income taxes | 13,517 |
| Provisions | 56,489 |
| Others | <u>201,333</u> |
| Subtotal | 1,357,302 |
| Liabilities directly associated with assets held for sale | <u>7,605</u> |
| Total current liabilities | <u>1,364,907</u> |
| Non-current liabilities: | |
| Long-term debt and lease obligations | 185,336 |
| Net defined benefit liability | 181,246 |
| Provisions | 55,388 |
| Deferred tax liabilities | 2,820 |
| Others | <u>61,515</u> |
| Total non-current liabilities | <u>486,305</u> |
| Total Liabilities | <u>1,851,212</u> |
| Equity | |
| Share capital | 324,625 |
| Capital surplus | 235,455 |
| Treasury stock, at cost | (29,556) |
| Retained earnings | 576,857 |
| Other components of equity | <u>24,674</u> |
| Total equity attributable to owners of the parent | <u>1,132,055</u> |
| Non-controlling interests | <u><u>121,575</u></u> |
| Total Equity | <u>1,253,630</u> |
| Total Liabilities and Equity | <u>Y 3,104,842</u> |

Consolidated Profit and Loss Statements

(Year ended March 31, 2019)

| | | <u>Millions of yen</u> |
|--|---|-------------------------------|
| Revenue | Y | 3,952,437 |
| Cost of sales | | (2,879,884) |
| Gross margin | | 1,072,553 |
| Selling, general and administrative expenses | | (933,366) |
| Other income | | 133,590 |
| Other expenses | | (142,550) |
| Operating Profit | | 130,227 |
| Financial income | | 14,154 |
| Financial expenses | | (5,226) |
| Income from investments accounted for using the equity method, net | | 22,630 |
| Profit before income taxes | | 161,785 |
| Income tax expenses | | (51,067) |
| Profit for the year | Y | 110,718 |
| Profit for the year attributable to: | | |
| Owners of the parent | | 104,562 |
| Non-controlling interests | | 6,156 |
| Total | Y | 110,718 |

Consolidated Statement of Changes in Equity

(Year ended March 31, 2019)

(Millions of yen)

| | Equity Attributable to Owners of the Parent | | | |
|---|---|-----------------|-------------------------|-------------------|
| | Share Capital | Capital surplus | Treasury stock, at Cost | Retained Earnings |
| Beginning balance | 324,625 | 233,941 | (7,237) | 479,776 |
| Cumulative effects of changes in accounting policies | - | - | - | 20,200 |
| Balance as of the beginning of the year reflecting changes in accounting policies | 324,625 | 233,941 | (7,237) | 499,976 |
| Profit for the year | - | - | - | 104,562 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 104,562 |
| Purchase of treasury stock | - | (6) | (22,327) | - |
| Disposal of treasury stock | - | - | 8 | - |
| Share-based payment transactions | - | 261 | - | - |
| Dividends paid | - | - | - | (26,660) |
| Transfer to retained earnings | - | - | - | (1,400) |
| Acquisition (disposal) of non-controlling interests | - | 3,824 | - | - |
| Changes in ownership interests in subsidiaries | - | (2,606) | - | 379 |
| Others | - | 41 | - | - |
| Ending balance | 324,625 | 235,455 | (29,556) | 576,857 |

| | 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 | Financial Assets Measured at Fair Value through Other Comprehensive Income | Remeasurement of Defined Benefit Plans | Total Other Components of Equity | |
| Beginning balance | (11,110) | (66) | 67,868 | - | - | 56,692 | 1,087,797 |
| Cumulative effects of changes in accounting policies | - | - | (67,868) | 47,401 | - | (20,467) | (267) |
| Balance as of the beginning of the year reflecting changes in accounting policies | (11,110) | (66) | - | 47,401 | - | 36,225 | 1,087,530 |
| Profit for the year | - | - | - | - | - | - | 104,562 |
| Other comprehensive income | (4,584) | (26) | - | (7,093) | (3,548) | (15,251) | (15,251) |
| Total comprehensive income for the year | (4,584) | (26) | - | (7,093) | (3,548) | (15,251) | 89,311 |
| Purchase of treasury stock | - | - | - | - | - | - | (22,333) |
| Disposal of treasury stock | - | - | - | - | - | - | 8 |
| Share-based payment transactions | - | - | - | - | - | - | 261 |
| Dividends paid | - | - | - | - | - | - | (26,660) |
| Transfer to retained earnings | - | - | - | 580 | 820 | 1,400 | - |
| Acquisition (disposal) of non-controlling interests | - | - | - | - | - | - | 3,824 |
| Changes in ownership interests in subsidiaries | - | - | - | (516) | 2,728 | 2,212 | (15) |
| Others | - | 100 | - | (12) | - | 88 | 129 |
| Ending balance | (15,694) | 8 | - | 40,360 | - | 24,674 | 1,132,055 |

| | Non-Controlling Interests | Total Equity |
|---|---------------------------|------------------|
| Beginning balance | 117,105 | 1,204,902 |
| Cumulative effects of changes in accounting | - | (267) |
| Balance as of the beginning of the year reflecting changes in accounting policies | 117,105 | 1,204,635 |
| Profit for the year | 6,156 | 110,718 |
| Other comprehensive income | 44 | (15,207) |
| Total comprehensive income for the year | 6,200 | 95,511 |
| Purchase of treasury stock | - | (22,333) |
| Disposal of treasury stock | - | 8 |
| Share-based payment transactions | - | 261 |
| Dividends paid | (3,035) | (29,695) |
| Transfer to retained earnings | - | - |
| Acquisition (disposal) of non-controlling | 3,101 | 6,925 |
| Changes in ownership interests in subsidiaries | (1,796) | (1,811) |
| Others | 0 | 129 |
| Ending balance | 121,575 | 1,253,630 |

[Unaudited] Simplified Consolidated Statement of Comprehensive Income

(Year ended March 31, 2019)

| | | <u>Millions of yen</u> |
|---|---|------------------------|
| Profit for the year | Y | 110,718 |
| Other Comprehensive Income | | <u>(15,207)</u> |
| Total Comprehensive Income | | <u>95,511</u> |
| Total Comprehensive Income attributable to: | | |
| Owners of the parent | | 89,311 |
| Non-controlling interests | | <u>6,200</u> |
| Total | Y | <u>95,511</u> |

Note: Major components of other comprehensive income are remeasurement of defined benefit plans, foreign currency translation adjustments, and financial assets measured at fair value through other comprehensive income.

[Unaudited] Simplified Consolidated Cash Flows

(Year ended March 31, 2019)

| | | <u>Millions of yen</u> |
|---|---|------------------------|
| 1. Cash flows from operating activities | Y | <u>99,416</u> |
| 2. Cash flows from investing activities | | <u>4,142</u> |
| 1+2 [Free cash flow] | | <u>103,558</u> |
| 3. Cash flows from financing activities | | <u>(136,622)</u> |
| 4. Cash and cash equivalents at end of period | Y | <u>416,742</u> |

Unconsolidated Balance Sheet

(As of March 31, 2019)

| | | <u>Millions of yen</u> |
|---|---|------------------------|
| Assets | | |
| Current assets: | | |
| Cash and deposits | Y | 39,542 |
| Notes receivable, trade | | 1,292 |
| Accounts receivable, trade | | 597,529 |
| Marketable securities | | 100,000 |
| Finished goods | | 47,340 |
| Work in process | | 4,105 |
| Raw materials | | 8,534 |
| Advanced payments | | 22,784 |
| Accounts receivable, other | | 168,809 |
| Others | | 19,603 |
| Allowance for doubtful accounts | | (406) |
| Total current assets | | <u>1,009,136</u> |
| Non-current assets: | | |
| Property, plant and equipment, net of accumulated depreciation: | | |
| Buildings | | 90,693 |
| Structure | | 3,049 |
| Machinery | | 1,250 |
| Vehicle and delivery equipment | | 13 |
| Equipment | | 34,404 |
| Land | | 44,316 |
| Construction in progress | | 5,705 |
| Total property, plant and equipment | | <u>179,434</u> |
| Intangible assets: | | |
| Software | | 55,579 |
| Others | | 5,616 |
| Total intangible assets | | <u>61,196</u> |
| Investments and other non-current assets: | | |
| Investment securities | | 98,254 |
| Subsidiaries' and affiliates' stocks | | 521,382 |
| Long-term loans to affiliated companies | | 725 |
| Receivables from companies under bankruptcy or reorganization process | | 3 |
| Prepaid pension cost | | 39,095 |
| Deferred tax assets | | 21,877 |
| Others | | 35,951 |
| Allowance for doubtful accounts | | (596) |
| Total other non-current assets | | <u>716,693</u> |
| Total non-current assets | | <u>957,324</u> |
| Total assets | Y | <u>1,966,461</u> |

| | <u>Millions of yen</u> |
|---|------------------------|
| Liabilities and net assets | |
| Liabilities | |
| Current liabilities: | |
| Electronically recorded obligations - operating | Y 4,664 |
| Accounts payable, trade | 480,444 |
| Short-term borrowings | 44 |
| Current portion of long-term borrowings payable | 40,222 |
| Current portion of bonds payable | 40,000 |
| Lease obligations | 1,074 |
| Accrued liability | 70,586 |
| Accrued expenses | 105,892 |
| Accrued income taxes | 2,207 |
| Advance received | 85,138 |
| Deposits payable | 16,687 |
| Provision for construction contract losses | 8,192 |
| Provision for product warranties | 3,123 |
| Provision for loss on business of subsidiaries and associates | 110,925 |
| Provision for bonuses to board members | 49 |
| Provision for restructuring charges | 2,097 |
| Provision for environmental measures | 26 |
| Others | 307 |
| Total current liabilities | <u>971,685</u> |
| Long-term liabilities: | |
| Bonds payable | 75,000 |
| Long-term borrowings | 90,402 |
| Lease obligations | 2,394 |
| Provision for loss on repurchase of computers | 2,739 |
| Provision for share-based payments | 227 |
| Provision for environmental measures | 2,590 |
| Asset retirement obligations | 8,843 |
| Others | 17,204 |
| Total long-term liabilities | <u>199,401</u> |
| Total liabilities | <u>1,171,087</u> |
| Net assets | |
| Shareholders' equity: | |
| Common stock | 324,625 |
| Capital surplus: | |
| Other capital surplus | 167,662 |
| Total capital surplus | <u>167,662</u> |
| Retained earnings: | |
| Legal retained earnings | 19,816 |
| Other retained earnings: | |
| Reserves for special depreciation | 0 |
| Retained earnings brought forward | 281,133 |
| Total retained earnings | <u>300,950</u> |
| Treasury stock | <u>(29,556)</u> |
| Total shareholders' equity | <u>763,682</u> |
| Valuation and translation adjustments: | |
| Unrealized gain and loss on securities, net of taxes | 31,691 |
| Total valuation and translation adjustments | <u>31,691</u> |
| Total net assets | <u>795,373</u> |
| Total liabilities and net assets | <u>Y 1,966,461</u> |

Unconsolidated Profit and Loss Statements

(Year ended March 31, 2019)

| | <u>Millions of yen</u> |
|---|------------------------|
| Net sales | Y 1,931,892 |
| Cost of sales | <u>1,420,485</u> |
| Gross profit | 511,406 |
| Selling, general and administrative expenses | <u>493,642</u> |
| Operating profit | <u>17,764</u> |
| Other income: | |
| Interest income | 235 |
| Dividend income | 51,754 |
| Other finance income | <u>2,597</u> |
| Total other income | <u>54,586</u> |
| Other expenses: | |
| Interest expense | 423 |
| Interest on bonds | 677 |
| Foreign exchange losses | 192 |
| Provision of allowance for doubtful accounts | 1 |
| Provision for loss on business of subsidiaries and associates | 62,400 |
| Other finance expenses | <u>2,553</u> |
| Total other expenses | <u>66,249</u> |
| Ordinary income | 6,102 |
| Extraordinary income: | |
| Gain on changes in retirement benefit plan | 33,937 |
| Gain on sales of subsidiaries' and affiliates' stocks | 23,140 |
| Gain on sales of investment securities | <u>14,197</u> |
| Total extraordinary income | <u>71,275</u> |
| Extraordinary losses: | |
| Restructuring charges | 18,141 |
| Loss on valuation of shares of subsidiaries and associates | 4,358 |
| Impairment losses | <u>207</u> |
| Total extraordinary losses | <u>22,707</u> |
| Income before income taxes | 54,669 |
| Income taxes: | |
| Current | 4,408 |
| Deferred | <u>3,890</u> |
| Total income taxes | <u>8,298</u> |
| Net income | Y <u>46,371</u> |