

Exhibit A

Reports on the 106th Business Period

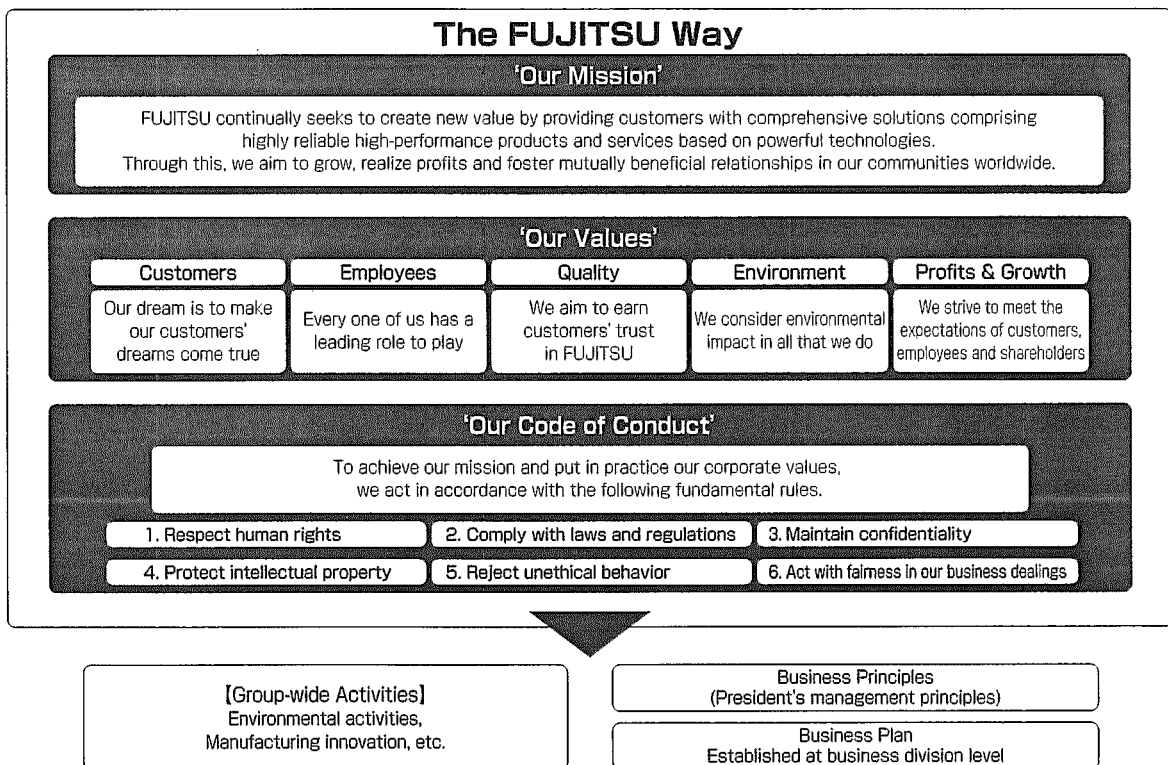
FUJITSU LIMITED

Note:

This English version of *Reports on the 106th Business Period* is based on the original Japanese version. The style of the English version differs slightly from the Japanese version.

The FUJITSU Way

Introduced in 2002, The FUJITSU Way is the core set of principles guiding the corporate and individual actions of the Fujitsu Group and our continuing development as good global corporate citizens. A common understanding of Fujitsu's mission, values and code of conduct serves as the standard governing individual employees' business activities, as well as the driving force behind our socially responsible business strategy and the inspiration for related companywide activities, business policies and plans.



To Our Shareholders

We are pleased to report to you the financial results of our 106th business period (covering fiscal year 2005, from April 1, 2005 to March 31, 2006).

With regard to the period under review, despite the impact of soaring crude oil prices and higher prices for raw materials, the global economy was boosted by growth in the US, China and elsewhere. Japan's economy also grew modestly, helped by a recovery in corporate earnings as well as in household spending. Against this backdrop, we recorded consolidated operating income of ¥181.4 billion and consolidated net income of ¥68.5 billion. On an unconsolidated basis, we had operating income of ¥18.8 billion and net income of a ¥17.4 billion.

With regard to distributions of profits, our policy is to provide shareholders with a stable return and to secure sufficient internal reserves to strengthen our financial position for future business growth and improved profitability in the mid to long term. Having recovered from the deterioration in financial performance due to factors including the bursting of the IT bubble some years ago, we have now reached a stage where we are poised to set a course for growth. We have been actively making investments—principally at the parent company level—needed to stay at the vanguard of accelerating global market changes. Accordingly, we plan to issue a ¥3 per share year-end dividend to shareholders.

Information technology has come to permeate nearly every aspect of our daily lives, greatly expanding convenience and producing dramatic changes, as the era of ubiquitous networking continues to take shape. Along with this trend, IT systems deployed in business and societal infrastructures have become increasingly sophisticated and complex, and the requirement for high system reliability is more important than ever.

The Fujitsu Group continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide. Based on a thorough understanding of the environments in which our customers operate, the overall nature of their operations, and their business challenges, we create and deploy IT solutions that contribute to the growth and development of their businesses. In addition, we fully realize that the stable operation of IT systems is critical in supporting the activities of businesses and society as a whole, and we are therefore renewing our focus on raising operational quality. In so doing, we seek to grow together with our customers as a valued and trusted business partner.

We would like to ask you, our valued shareholders, for your continued support and guidance in our business going forward.

June 2006

Naoyuki Akikusa, Chairman
Hiroaki Kurokawa, President

Report on Business Operations

1. Business Overview (April 1, 2005 to March 31, 2006)

(1) Trends and Results for the Consolidated Group

a) Overview

Information technology has come to permeate nearly every aspect of our daily lives, greatly expanding convenience and producing dramatic changes, as the era of ubiquitous networking continues to take shape. In the corporate world, IT has become more deeply ingrained in core business processes, and it is moving from being solely an efficiency-enhancing tool to playing an essential role in companies' business activities. Along with this trend, IT systems deployed in business and societal infrastructures have become increasingly sophisticated and complex, and the requirement for high system reliability is more important than ever.

With regard to the period under review, despite the impact of soaring crude oil prices and higher prices for raw materials, the global economy was boosted by growth in the US, China and elsewhere. Japan's economy also grew modestly, helped by stronger exports, as well as a recovery in consumer spending due to improvements in the employment situation and personal income.

Against this backdrop, with respect to IT investment in Japan, there was evidence of more aggressive spending on the part of corporations, particularly companies in the telecommunications and financial services industries. Investment in IT Services is growing at a moderate pace against a backdrop of recovery in IT spending.

Our performance in the telecommunications arena, which includes optical transmission systems and mobile phone base station systems, was robust. However, servers were among the products showing growth in terms of volume but little improvement in financial terms, a reflection of intensified price competition. In the first half of the period, the semiconductor market was impacted by inventory adjustments in the digital consumer electronics sector. However, demand recovered in the second half.

In this environment, the Fujitsu Group continued pursuing four key challenges first set forth in fiscal 2004: to strengthen our existing businesses, to create and cultivate new businesses, to reform our organization and approach, and to reform our management systems.

To bolster our existing businesses, we continued to focus on manufacturing innovation and comprehensive risk management, while also pursuing sales expansion activities for key products. In pursuit of new businesses, we not only established product verification centers in several key overseas locations to expand our global business, we also aggressively advanced strategic collaboration with global partners. With respect to the reform of our organization and approach, we accelerated the integration of our sales and system engineering groups and integrated telecommunications and software subsidiaries into the parent company to strengthen our product development capabilities.

Sales during the period were impacted by such factors as weakness in the semiconductor market in the first half, and a decline in demand for equipment to accommodate new Japanese banknotes (an area of one-time special demand during the previous fiscal year). We also experienced slower growth in sales of personal computers and server-related products in Japan. In overseas markets, we posted an increase in sales of servers and hard disk drives (HDDs) as well as in sales of outsourcing services and optical transmission systems.

Consequently, we recorded consolidated net sales of ¥4,791.4 billion (a 0.6% year-over-year increase).

Profitability was adversely affected by higher development costs related to mobile phone base stations and optical transmission systems, as well as expenses related to the start-up of the 300mm wafer semiconductor production facility (Building No. 1) at our Mie Plant. Still, the impact of greatly reducing losses from loss-making projects in our domestic Solutions/Systems Integration business, together with the contributions from robust operations overseas enabled us to record consolidated operating income of ¥181.4 billion (a ¥21.2 billion increase over the result of the previous term).

In the period under review, we recorded gains on business transfer associated with the transfer of our LCD business and on reconciliation of litigation related to HDDs. We also posted losses on change in interest associated with the public listing of an overseas affiliate, restructuring charges of the Group, and provisions for product warranties. As a result, consolidated net income amounted to ¥68.5 billion (a year-on-year increase of ¥36.6 billion).

b) Comparison of FY2005 Results and Initial Plan

	<i>Projections at Start of Fiscal Year</i>	<i>FY 2005 Results</i>	<i>Billions of Yen Divergence</i>
Net sales	¥4,850.0	¥4,791.4	- ¥ 58.5 (-1.2%)
Operating income	175.0	181.4	+ 6.4 (+3.7%)
Ordinary profit	100.0	126.0	+ 26.0 (+26.1%)
Net income	50.0	68.5	+ 18.5 (+37.1%)

Although global IT investment showed a modest rise at the start of fiscal 2005, we expected the operating environment to remain generally difficult given anticipated further downward pressure on service and product prices and intensifying competition. Foreseeing such challenges, and in the pursuit of earnings capacity that would enable us to achieve steady profitable growth, at the beginning of the year we set consolidated net sales and operating income targets of ¥4,850 billion and ¥175 billion, respectively.

To achieve these targets, we made strides in strengthening our existing business by bolstering project risk management and working to reduce loss-generating projects in the systems integration area, as well as by taking fuller advantage of our SDAS comprehensive system development framework and other efficiency-enhancing tools, thereby achieving an improvement in profitability. In other areas such as servers and storage, we stepped up efforts to expand global business relating to our TRIOLE model for optimized IT infrastructure, which greatly increases overall IT system reliability. And in regard to creating and cultivating new businesses, we aggressively pursued business development in areas such as security solutions and bio IT-related fields, as well as made concerted efforts to grow our overseas business, particularly for mission-critical IA servers.

Despite these initiatives, we were unable to achieve our consolidated sales target, as robust sales of UNIX servers and optical transmission systems in overseas markets could not offset the impact of intensified competition and lower revenue in PCs and server-related products in Japan.

Profitability was impacted by intensified competition in server-related areas, as well as by an increase in forward-looking investments for products such as mobile phone base stations and optical transmission systems. Nevertheless, we were able to exceed our consolidated operating income target, thanks to such factors as cost cutting and improved product quality in mobile phones and HDDs resulting from manufacturing innovation initiatives, and continued buoyant demand for outsourcing services in Europe.

With respect to consolidated net income, although we recorded a loss on provisions for product warranties, we significantly exceeded our initial target thanks in part to substantial improvements in other income (expenses), including reduction in amortization of unrecognized obligation for retirement benefits as a result of revisions to our pension system, lower net interest expenses, and foreign currency translation gains.

On the strength of an increase in free cash flow in our main businesses, we also took steps to strengthen our financial condition, paying down loans to reduce the balance of interest-bearing loans at the end of the period to ¥928.6 billion, thus achieving our target of reducing this balance to less than ¥1 trillion. We were also able to reduce our D/E ratio to 1.01, almost achieving our medium-term target of 1.00.

Note: Initial projections released at the start of the fiscal year are not subject to an external audit.

c) Overview by Business Segment

Technology Solutions

Consolidated net sales in this segment, which comprises server-related and network products as well as various kinds of IT services, were ¥2,983.9 billion, a 1.7% year-on-year increase. Excluding the impact of change in accounting policies, sales rose by 1.5%. Operating income for the segment was ¥164.2 billion, up ¥22.1 billion.

System Platforms

In the System Platforms sub-segment of Technology Solutions, covering the server-related and network products that underpin our IT service offerings, in an environment characterized by sustained competition, we endeavored to expand sales by further reducing expenses and improving product quality through manufacturing innovation efforts, as well as by striving to expand our TRIOLE optimized IT infrastructure business globally.

Sales of optical transmission systems remained firm in the North American market. In servers, on the other hand, although overseas sales increased, particularly of UNIX servers, sales in Japan were down, as the market remained fiercely competitive. As a result, overall sales in the System Platforms sub-segment decreased from the level of the previous year.

Profitability worsened with the decline in sales of server-related products in Japan and more severe price competition in overseas markets. Another factor was the acceleration in development expenses for next-generation mobile phone base stations and optical transmission system servers. As a result, operating income for the sub-segment was down from the previous year.

To improve earnings amidst the intense competition we are likely to continue to experience going forward, we will redouble our efforts to expand sales of servers, leveraging our technology alliance with EDS, begun in November 2005, as well as aggressively pursuing TRIOLE-related global business expansion.

Services

In the Services sub-segment of Technology Solutions, we stepped up efforts to bolster the reliability of system operations, including undertaking comprehensive inspections of customers' systems. We also endeavored to reduce loss-making projects and were successful in improving profitability by enhancing our systems integration business assurance function, which provides risk management throughout the life of projects from the initial negotiation phase. In addition, we sought to improve our productivity and cost ratio by developing systems based on the TRIOLE model and by more extensively applying our SDAS comprehensive system development framework and other tools to improve system development efficiency. In our outsourcing services operations, we endeavored to expand our business by continuing to actively make proposals in overseas markets.

In this sub-segment, sales declined in Japan, reflecting the decrease in business associated with equipment to accommodate new Japanese banknotes, which had been significant during the previous fiscal year due to special, one-time demand, as well as sluggish growth in IT spending. In contrast, sales rose in overseas markets, mainly because of our UK subsidiary's continuing success in securing government outsourcing wins.

Looking at operating income, the significant decline in losses related to loss-making projects in our domestic systems integration business, as well as the effect of higher sales at our UK subsidiary, enabled us to record a year-on-year increase in operating profit.

Going forward, we will seek to increase earnings by continuing to enhance our systems integration business assurance function and improve profitability in software development operations, and further expanding our businesses in overseas markets.

Ubiquitous Product Solutions

The Ubiquitous Product Solutions segment comprises products primarily for individual users, including PCs and mobile phones, as well as HDDs. Sales increased in the PC business, particularly for large-screen, high-performance models and products equipped with security functions such as fingerprint sensors. In mobile phones, we made advances in development efficiency by overhauling the product development process, and worked to generate higher profitability through lowering costs and improving product quality. We also enjoyed higher sales of HDDs, thanks to favorable market conditions and strong growth in shipment volumes of 2.5-inch HDDs for notebook computers, mainly in Asia. As a result, net sales in the Ubiquitous Product Solutions segment reached ¥1,059.9 billion (a 2.8% increase over the previous year), driven in particular by growth of HDDs in overseas markets, which helped to offset the impact of lower sales of PCs in Japan due to increasingly severe competition.

Operating income in this segment reached ¥34.4 billion (an increase of ¥3.1 billion). While the costs of purchased components rose with the depreciation of the yen, positive factors such as cost cutting and better product quality stemming from new initiatives in manufacturing innovation, together with the impact of higher sales of HDDs, contributed to healthier profitability.

Going forward, amidst continuing intense competition, we will strive to increase earnings by further enhancing our efforts to reduce costs and deliver highly competitive products. To strengthen our HDD business, we will enter the market for 1.8-inch HDDs used in portable music players and video cameras, in addition to continuing to bolster our global growth capability through strategic alliances.

Device Solutions

The Device Solutions segment comprises LSI devices and other electronic components used in digital consumer electronics products and mobile phones, as well as in our own servers and other products. In this segment, we strove to strengthen our business by accelerating the concentration of resources on logic LSI devices. Specifically, we transferred our PDP business in March 2005 and LCD business in June 2005, and we opened a new 300mm wafer semiconductor production facility (Building No. 1) at our Mie Plant in April 2005, which began mass production in September 2005. In our advanced logic LSI business, we were able to rapidly develop products by leveraging stronger collaborations with our partners at each stage, from development to design and production. In our standard logic LSI business, we worked to cut costs by improving investment efficiency and advancing manufacturing innovation initiatives. Although sales of devices for digital consumer electronics and mobile phones increased, overall sales in this segment came to ¥707.5 billion (an 11.0% decline from the previous year), reflecting the effect of lower prices of flash memory. Excluding the impact of the transfer of our PDP and LCD businesses, sales rose 0.5%.

With respect to operating income, while income declined in the LSI Devices sub-segment because of expenses related to the start-up of the 300mm wafer semiconductor production facility (Building No. 1) at our Mie Plant, continuing solid performance in the Electronic Components, Others sub-segment and the elimination of losses from the PDP and LCD businesses aided in boosting overall operating income in the Electronic Devices segment to ¥33.3 billion (a ¥0.7 billion increase).

In the logic LSI business, to meet growing demand for our advanced technology products, in January 2006 we decided to build an additional 300mm wafer facility (Building No. 2) at the Mie Plant, which will employ 65nm process technology. Going forward, we will concentrate our resources in logic LSI devices and work to further strengthen this business while striking a balance between advanced and standard technology offerings.

Other Operations

The Other Operations segment includes results from Fujitsu TEN Limited, whose business involves car audio equipment, car navigation systems, and other control equipment used in automotive applications, as well as from various subsidiaries that provide services and products within the Fujitsu Group. Sales in this segment were ¥447.3 billion (an 18.6% year-over-year increase), while operating income was ¥7.7 billion (a ¥1.3 billion year-on-year decrease.)

d) Capital Investment

During the period under review, we spent ¥249.9 billion (a year-on-year increase of 37.8%) on capital investments focused on growth areas and to support future business development.

In the System Platforms sub-segment of Technology Solutions, we invested in facilities used for the development and production of mission-critical servers running Linux as well as optical transmission systems and mobile phone base stations. In the Services sub-segment, our spending focused on additional facilities to expand our outsourcing services, network services for business corporations and network infrastructure. Total capital expenditure for the Technology Solutions segment was ¥93.1 billion.

In Ubiquitous Product Solutions, we invested ¥19.4 billion in facilities to develop and increase production of products such as HDDs, personal computers, and mobile phones.

In Device Solutions, we invested ¥115.5 billion in facilities to expand production of advanced logic LSI devices at our 300mm fab (Building No. 1) at the Mie Plant and other locations, as well as in development facilities.

Capital expenditure in areas not included in the above segments was ¥21.8 billion.

e) Capital Procurement

In the period under review, because we were able to improve free cash flow from business operations, we refrained from raising capital through the issuance of any new shares or bonds.

f) Research and Development

With the aim of creating customer value and contributing to the development of a ubiquitous networking world, we pursued research and development of various leading-edge technologies that are helping to make ubiquitous networking a reality, from enabling semiconductor technologies through technologies for computers, networks and services.

Technology Solutions

In today's rapidly changing business environment the ability to quickly gather information has become an important issue. To respond to this requirement, we developed a Rich Site Summary (RSS) system that enables users to readily browse, search, and share the latest website information. The system automatically generates and extracts RSS, a format for describing summary information for a website. Moreover, because the system can also accommodate sites that are not yet described by RSS, it will dramatically improve the efficiency of information gathering and use, which will help bolster productivity.

Our original palm vein biometric authentication technology is already being used in a variety of public and private arenas requiring a high level of security. During this period, we succeeded in improving performance, by downsizing the sensor to one quarter its original size and halving the time required for authentication, as well as in reducing cost. These improvements will make it possible to incorporate the technology in a wider array of products. In March 2006 we began marketing the technology worldwide under the PalmSecure global brand name.

Ubiquitous Product Solutions

We developed original security technology that encrypts images recorded onto a hard disk to make them strictly non-regenerable. Previously, in order to ensure copyright protection, users could not copy images once recorded onto their hard disk drives. This new technology provides users with an image copying function that complies with copyright requirements, so that for the first time a personal computer user can copy high-definition digital broadcast images to DVD at a standard level of image quality while leaving the originally recorded images in the hard disk drive of his or her personal computer. This function is offered on some of our personal computer products, such as the FMV-DESKPOWER LX series released in December 2005.

Device Solutions

Amidst continuing advances in wireless communication speed, achieving low power consumption in mobile phone base stations has become an important issue. In a world first, we achieved power output of more than 100 watts at the practical level in our insulated gate high electron mobility transistor (HEMT) for amplifiers used in mobile phone base stations. We also succeeded in reducing the current leakage from gate electrodes to less than one millionth the previous level. These advances make possible highly efficient HEMT performance that will contribute to significant power saving in next-generation mobile phone base station systems.

In our nanotechnology R&D, we were the first in the world to develop a heat dissipating circuit board comprising semiconductor chips that use carbon nanotubes with high heat conductance. By applying this technology to high-frequency, high-power-output amplifiers for next-generation wireless communication systems, both heat dissipation performance and a high amplification rate can be simultaneously achieved. (This research was conducted as part of the NCT Project of the Ministry of Economy, Trade and Industry, which Japan Fine Ceramics Center conducted under contract to the New Energy and Industrial Technology Development Organization.)

(2) Key Challenges Ahead

Worldwide, investment in IT is growing at a moderate pace. In Japan as well, while there are differences among individual industries and companies, in line with the recovery in corporate earnings a more active posture on IT spending has become apparent. On the other hand, we foresee continuing downward pressure on prices for services and products, as well as intensifying competition, suggesting that our operating environment will remain difficult going forward. Despite these challenges, we are striving for the earnings capacity that will enable us to achieve steady profitable growth. Achieving high earnings capacity will help make possible a stronger product line-up, expanded sales, and reinvestment of profits, thereby laying the basis for long-term growth.

In fiscal 2004, we articulated and began pursuing four key challenges facing the Fujitsu Group: to strengthen our existing businesses, to create and cultivate new businesses, to reform our organization and approach, and to reform our management systems. Since then, the entire Group has pulled together to address these challenges, and we intend to redouble and accelerate our efforts in these areas in fiscal 2006.

a) Strengthening Our Existing Businesses

We are working to raise quality, lower costs and increase speed in every facet of our operations, including design, development, manufacturing and sales. In particular, since November 2005, when we initiated comprehensive inspections of our customers' systems, we have been endeavoring to boost system reliability by strengthening efforts to improve operational quality. In addition, in systems integration projects for customers, we have enhanced our quality assurance activities so as to reduce the number of loss-generating projects, and we are also continuing efforts to make the development process more efficient. In regard to manufacturing, we are moving ahead with manufacturing innovation initiatives across our entire supply chain.

In our services business, we are continuing to work to expand business process outsourcing (BPO) and other outsourcing services. Moreover, in order to speed the growth of our TRIOLE IT infrastructure optimization model for improving system reliability, in fiscal 2005 we added system verification facilities in Singapore, Korea and Shanghai, China to our existing network of such facilities in Japan, the UK, Germany, and California in the US, complementing sales promotion efforts to expand sales of our server, storage, network, middleware and other products. Turning to our electronic devices business, where we are focusing on logic LSI devices, we augmented the capacity of our Mie Plant, which is able to accommodate 300mm wafers and utilizes our leading-edge 90nm and 65nm technology, and we also made the decision to invest in a new large-scale production facility there. By strengthening our partnerships with customers and leveraging our strengths in software as well as in analysis and verification, we are working to help customers reduce their time to market and, at the same time, aiming to quickly recoup our investment.

b) Creating and Cultivating New Businesses

We recognize that in order for our business to grow, it is essential that we increase our presence in markets outside Japan that have strong growth prospects. In recent years, the profitability of our overseas business has been improving, and we are placing renewed emphasis on expanding this business. In North America, through measures such as Fujitsu Consulting's recent acquisition of Rapidigm, Inc., we have been strengthening our services business, which is focused on IT consulting. In doing so, we aim to provide a higher level and broader range of quality services. Moreover, we are taking advantage of our strategic alliance with EDS to expand our server business. Meanwhile in Europe, Fujitsu Siemens Computers is improving its product support capabilities in order to still better serve the needs of its customers. We intend to further grow our international business by enhancing links with and among our various operations outside Japan.

Based on an awareness that the real growth of IT in the future will be on the front lines of business, we are promoting IT-enabled frontline innovation in areas such as sales and marketing, development, manufacturing, procurement and distribution, as well as in fields that touch people's daily lives, such as medical and nursing care, education, and entertainment. To mention some concrete examples, we are seeking to further open up new business areas through efforts including the worldwide promotion of our highly secure contactless palm vein authentication devices and the deployment of RFID systems that are pioneering sophisticated new applications in the retail industry and other fields.

c) Reforming Our Organization and Approach

We have been implementing various organizational reforms to provide speedier service to customers and one-stop support over the entire IT system lifecycle. In terms of sales activities, following last year's integration of our sales and system engineering groups, we are pursuing further reforms of our sales processes, including measures to make the progress of business deals more transparent. Other organizational improvements include clarifying the relationships between the parent company and Group companies, as well as those among Group companies.

d) Reforming Our Management Systems

Based on the mission, values and code of conduct set forth in *The FUJITSU Way*, we will continue to emphasize sustainability in the management of our business. In the second half of fiscal 2005, we initiated projects designed to improve our internal business processes and strengthen internal control functions, and we will expand these activities throughout the company going forward. In addition, we are stepping up efforts to revitalize our human resources.

We will work unceasingly to meet these challenges, serve as a trusted partner to our customers, and pursue further reforms as global company that contributes to the creation of a rich and dynamic networked economy and earns the trust of our customers and society at large.

(3) Summary of Consolidated Results*Billions of yen, except where stated*

Fiscal Year (Business Period)	FY 2002 (103rd)	FY 2003 (104th)	FY 2004 (105th)	FY 2005 (Current period)
Net sales	¥4,617.5	¥4,766.8	¥4,762.7	¥4,791.4
Technology Solutions	2,828.3	2,847.7	2,860.3	2,903.6
Ubiquitous Product Solutions	788.3	834.2	899.0	926.4
Device Solutions	618.6	734.3	733.8	655.1
Other Operations	382.3	350.5	269.5	306.2
Operating income	100.4	150.3	160.1	181.4
Ordinary profit	12.3	49.7	89.0	126.0
Net income (loss)	(122.0)	49.7	31.9	68.5
Net income (loss) per share [yen]	(61.29)	24.55	15.42	32.83
Total assets	4,225.3	3,865.5	3,640.1	3,807.1
Net assets	702.3	827.1	856.9	917.0
Shareholders' equity per share [yen]	350.84	413.22	414.18	443.20

Notes:

- All fractions of monetary units (billions of yen) have been rounded down.
- Net income (loss) per share is calculated on weighted average number of shares of common stock outstanding during each period.
- Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
- The Other Operations segment for fiscal years 2002 and 2003 includes the former Financing segment.
- For purposes of comparison, figures for fiscal years 2002, 2003 and 2004 have been restated to reflect composition for respective business segments in FY 2005.
- Consolidated net sales by business segment are net sales to unaffiliated customers.
- During the 104th business period, sales of hardware including servers declined due to fewer sales contracts for large-scale systems and intensified price competition, but domestic sales of solutions/systems integration services, as well as sales of HDDs, LSI devices, PDPs, LCDs, and other products increased. With regard to profits, operating income from solutions/systems integration services declined, but a significant improvement in the profitability of optical transmission systems, HDDs, devices solutions allowed us to achieve total operating income of ¥150.3 billion. We recorded gains from sales of marketable securities and fixed assets, as well as on the transfer of the substitutional portion of employees' pension plan, but also extraordinary losses relating to restructuring of global operations as well as restructuring and other measures to deal with certain solutions/systems integration services projects for which deteriorating profitability became apparent and to strengthen our organization. Because these losses were less than the gains, we recorded net income of ¥49.7 billion for the period.
- During the 105th business period, while sales of mobile telephone base stations, HDDs, logic LSI devices and other products increased, domestic sales of servers as well as sales of solutions/systems integration services, PDPs, LCDs and other products declined, resulting in an overall decline in sales. In terms of profits, despite a decline in operating income of solutions/systems integration services, income rose optical transmission systems, mobile phone base stations, and total operating income was ¥160.1 billion. Although we posted gains relating to sales of marketable securities and the transfer of operations, losses relating to restructuring charges and real estate valuation, as well as the valuation allowance we recorded for deferred tax assets, resulted in net income of ¥31.9 billion for the period.

9. During the business period under review, while sales of servers, PCs and other products declined in Japan, total net sales rose, thanks to higher sales of optical transmission systems, HDDs and of outsourcing deals in overseas markets, among other factors. Looking at profitability, although operating income in System Platforms fell, it rose in Services, Ubiquitous Product Solutions, and Device Solutions. As a result, overall consolidated operating income reached ¥181.4 billion. Although we recorded losses on change in interest related to the public listing of an affiliate, on provisions for product warranties, and on restructuring for the Group, we posted gains on reconciliation of HDD litigation and from business transfer associated with the transfer of our LCD business. As a result, net income amounted to ¥68.5 billion for the period.

(TRANSLATION FOR REFERENCE ONLY)

		<i>Billions of yen</i>			
		FY 2002 (103 rd)	FY 2003 (104 th)	FY 2004 (105 th)	FY 2005 (Current period)
Technology Solutions	Net sales				
	Unaffiliated customers	¥2,828.3	¥2,847.7	¥2,860.3	¥2,903.6
	Intersegment	121.7	80.5	74.0	80.2
	Total	¥2,950.0	¥2,928.3	¥2,934.4	¥2,983.9
	Operating income [As % of sales]	¥156.5 [5.3%]	¥139.0 [4.7%]	¥142.0 [4.8%]	¥164.2 [5.5%]
Ubiquitous Product Solutions	Net sales				
	Unaffiliated customers	¥788.3	¥834.2	¥899.0	¥926.4
	Intersegment	106.8	114.2	132.4	133.5
	Total	¥895.2	¥948.4	¥1,031.4	¥1,059.9
	Operating income [As % of sales]	¥34.8 [3.9%]	¥31.9 [3.4%]	¥31.3 [3.0%]	¥34.4 [3.3%]
Device Solutions	Net sales				
	Unaffiliated customers	¥618.6	¥734.3	¥733.8	¥655.1
	Intersegment	68.8	70.3	60.9	52.3
	Total	¥687.4	¥804.6	¥794.7	¥707.5
	Operating income (loss) [As % of sales]	¥(31.6) [-4.6%]	¥27.5 [3.4%]	¥32.5 [4.1%]	¥33.3 [4.7%]
Other Operations	Net sales				
	Unaffiliated customers	382.3	350.5	¥269.5	¥306.2
	Intersegment	110.5	115.5	107.6	141.1
	Total	¥492.8	¥466.1	¥377.2	¥447.3
	Operating income [As % of sales]	¥2.3 [0.5%]	¥12.4 [2.7%]	¥9.0 [2.4%]	¥7.7 [1.7%]
Elimination & Corporate	Net sales (loss)	¥(407.9)	¥(380.7)	¥(375.0)	¥(407.3)
	Operating income (loss)	¥(61.7)	¥(60.5)	¥(54.8)	¥(58.2)
Total	Net sales				
	Unaffiliated customers	¥4,617.5	¥4,766.8	¥4,762.7	¥4,791.4
	Intersegment	—	—	—	—
	Total	¥4,617.5	¥4,766.8	¥4,762.7	¥4,791.4
	Operating income [As % of sales]	¥100.4 [2.2%]	¥150.3 [3.2%]	¥160.1 [3.4%]	¥181.4 [3.8%]

Notes:

1. The Other Operations segment for fiscal years 2002 and 2003 includes the Financing segment.
2. For purposes of comparison, figures for fiscal years 2002, 2003 and 2004 have been restated to reflect composition for respective business segments in FY2005.

(4) Summary of Unconsolidated Results*Billions of yen, except where stated*

<i>Fiscal Year (Business period)</i>	FY 2002 (103rd)	FY 2003 (104th)	FY 2004 (105th)	FY 2005 (Current period)
Net sales	¥2,695.0	¥2,788.5	¥2,846.2	¥2,850.2
Operating income	21.8	32.9	30.6	18.8
Ordinary profit	3.0	38.3	31.6	55.5
Net income (loss)	(175.0)	17.0	(39.8)	17.4
Net income (loss) per share [yen]	(87.48)	8.49	(19.59)	8.37
Total assets	2,926.2	3,022.9	2,944.2	2,837.0
Net assets	771.1	934.6	854.3	939.5
Shareholders' equity per share [yen]	385.49	467.18	413.15	454.35

Notes:

- All fractions of monetary units (billions of yen) have been rounded down.
- Net income (loss) per share is calculated based on weighted average number of shares of common stock outstanding during each period.
- Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
- From the 104th business period, we prepared our financial statements in accordance with the enforcement regulation of the Commercial Code, as amended by the Ministerial Ordinance Partially Amending the Enforcement Regulations of the Commercial Code (Ministry of Justice, Ministerial Ordinances No.7 issued on February 28, 2003 and No. 68 issued on September 22, 2003). Consequently, in the financial statements in the Japanese version, there are minor changes in description for "net income" and "net income per share".
- During the 104th business period, sales of optical transmission systems and large system products such as large servers and storage systems declined, however, higher sales of solutions and outsourcing services as well as LSI devices resulted in an overall increase in sales. Operating income was ¥32.9 billion due to the effects of business restructuring undertaken in the previous business period, cost reductions and the increase in sales. Net income was ¥17.0 billion, as losses relating to valuation losses on shares in North American subsidiaries and business restructuring costs were offset by gains relating to sales of marketable securities and the transfer of the substitutional portion of employees' pension plan.
- During the 105th business period, domestic sales of servers and solutions/systems integration services declined; however, sales of mobile telephone base stations, HDDs, logic LSI devices, and other products increased, leading to an overall increase in net sales. Despite increases in operating income for optical transmission systems, mobile phone base stations and LSI devices, deterioration in profitability for solutions/systems integration services resulted in operating income of ¥30.6 billion. While we posted gains relating to sales of marketable securities and from the transfer of operations, we also incurred losses due to real estate valuation losses and on shareholdings in affiliated companies, primarily domestic manufacturing subsidiaries, and we also recorded a valuation allowance for deferred tax assets. We recorded a net loss of ¥39.8 billion.
- During the business period under review, although domestic sales of servers, PCs and other products declined, sales of optical transmission systems and HDDs strengthened, and overall net sales increased. Despite the improvement in profitability in our solutions/systems integration business and higher operating income in optical transmission systems and mobile phones, profitability in servers, personal computers, and LSI devices was lower. As a result, total operating income stood at ¥18.8 billion. Significant improvement in other income (expenses) from lower net interest expenses, together with a gain on reconciliation of HDD litigation, helped offset the impact of provisions recorded for product warranties and valuation losses on shares in affiliates. Consequently, net income for the period reached ¥17.4 billion.

2. Company Overview (As of March 31, 2006)

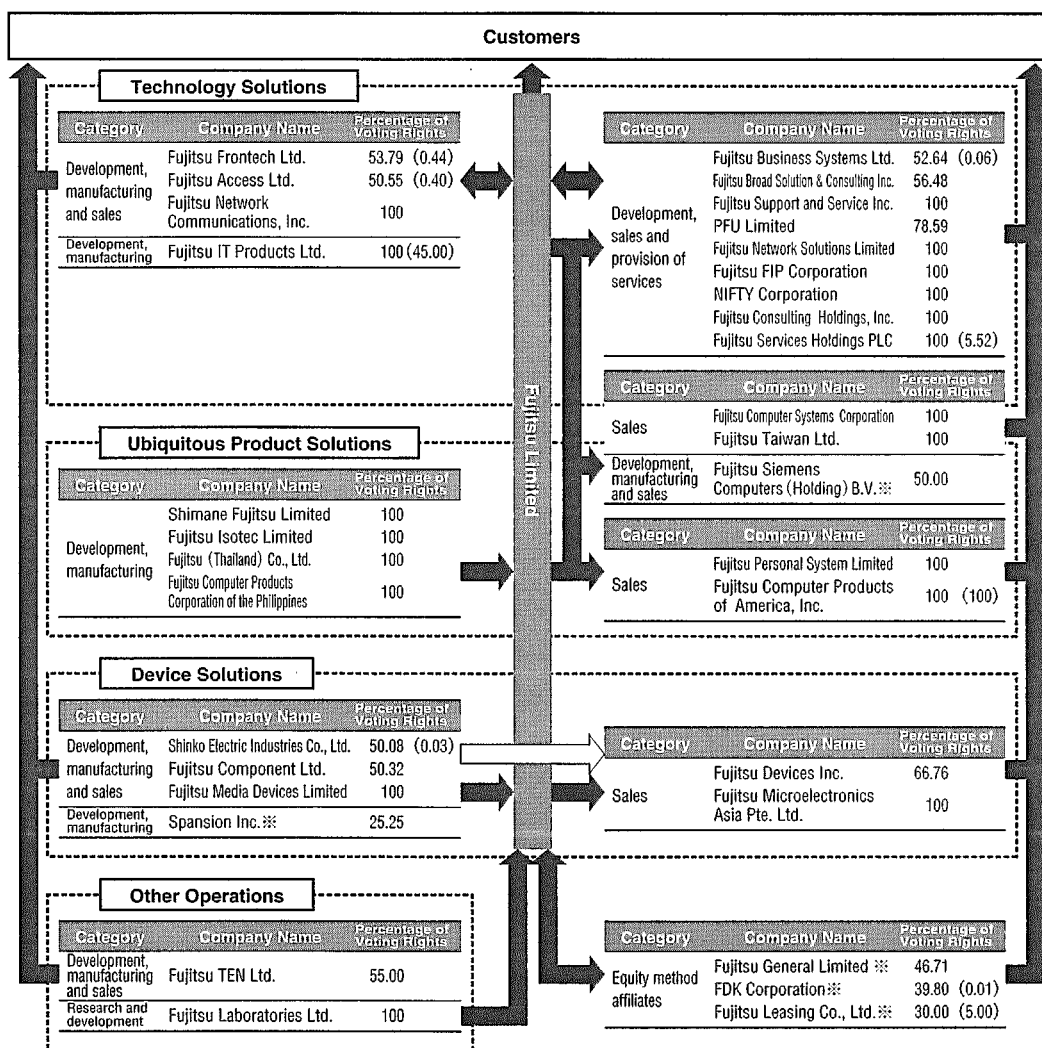
(1) Major Business of the Fujitsu Group

Fujitsu and its subsidiaries are involved in the business of providing comprehensive IT solutions comprising high quality electronic devices and products, and various related services, all based on powerful technologies that are leading-edge and outstanding in terms of both performance and quality. The main products and services in each of our business segments are listed in the table below.

<i>Segment</i>	<i>Main products and services</i>
Technology Solutions	Servers (mainframes, UNIX servers, IA servers) Storage systems Software(OS, middleware) Network control system Optical transmission systems Mobile systems Consulting Systems integration services(system construction) Outsourcing services(comprehensive management of information systems) Network services(provision of network environment for information systems as well as various network services) System support services(information system and network maintenance and monitoring services) Information systems infrastructure construction and network construction Custom terminal installation(ATMs, POS systems)
Ubiquitous Product Solutions	Personal computers Mobile phones Hard disk drives (compact magnetic drives) Magneto-optical drives Optical modules
Device Solutions	LSI Devices (logic LSI, Flash memory) Electronic Components(semiconductor packages, SAW devices) Relays, Connectors, etc.
Other Operations	Audio and navigation equipment Electronic equipment for automobile control Printed circuit boards

(2) The Fujitsu Group

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates are as shown in the following chart.

**Notes:**

1. The company with (*) is an equity method affiliate.
2. Figures in parenthesis in the percentage of voting rights show indirect shareholdings and are included in the percentage.

Progress of business consolidation

From June 2005, Fujitsu Display Technologies Corporation is not a consolidated subsidiary due to transfer of the business.

Items regarding scope of consolidation

- (1) Number of consolidated subsidiaries: 392
The names of our main subsidiaries are listed in the previous section.
- (2) Companies classified as non-consolidated subsidiaries are considered to have no significant impact on our total assets, sales, net income and retained earnings, nor on the financial standing or operating results of our Group. The breakdown of our main non-consolidated subsidiaries is as follows:
Shinko Electronics (Malaysia) Sdn. Bhd., others

Items regarding application of Equity Method

- (1) Number of affiliates accounted for by the equity method: 28
The names of our main affiliates accounted for by the equity method are listed in the previous section.
- (2) Companies classified as non-consolidated subsidiaries and affiliates are considered to have negligible impact on our net income and retained earnings, and are therefore accounted for on a cost basis. The breakdown of our main non-consolidated subsidiaries and affiliates is as follows.
Shinko Electronics (Malaysia) Sdn. Bhd., others
- (3) While we own over 20% of the outstanding shares of Japan Electronic Computer Co., Ltd., that firm is operated and capitalized by a consortium of six companies, including domestic computer manufacturing companies, as an entity promoting information processing within the industry, and is therefore not considered to be an affiliate.

Change in the scope of the consolidation

Twenty-six(26) companies became consolidated subsidiaries, including Fujitsu Kyushu Network Technologies Limited, Fujitsu Software Technologies Limited, thirteen subsidiaries of Fujitsu Consulting Holdings, Inc., and eleven other companies.

Thirty-seven (37) consolidated subsidiaries were deconsolidated, including Fujitsu Display Technologies Corporation, five development subsidiaries, twelve subsidiaries of Fujitsu Services Holdings PLC, five subsidiaries of Fujitsu Computer Systems Corporation and fourteen other subsidiaries.

Change in the scope of the application of equity method

There was a new affiliate accounted for by the equity method. At the same time, seven companies, were removed from equity method affiliate status.

(3) Fujitsu Group Principal Offices and Plants**a) Fujitsu Limited**

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki, Kanagawa
Principal office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Domestic business offices	Hokkaido (Sapporo), Tohoku (Sendai), Shutoken (Minato-ku, Tokyo), Tokai (Nagoya), Hokuriku (Kanazawa), Kansai (Osaka), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyushu (Fukuoka)
Software/Services	Fujitsu Solution Square (Ota-ku, Tokyo), Sapporo System Laboratories (Sapporo), Aomori System Laboratories (Aomori), Makuhari System Laboratories (Chiba), Kansai System Laboratories (Osaka), Oita System Laboratories (Oita), Kumamoto System Laboratories (Mashiki-machi, Kamimashiki-gun), Kyushu R&D Center (Fukuoka), Tatebayashi System Center (Tatebayashi), Akashi System Center (Akashi)
R & D	Kawasaki Plant (Kawasaki), Numazu Plant (Numazu), Akashi Plant (Akashi), Fujitsu Akiruno Technology Center (Akiruno),
Manufacture	Iwate Plant (Kanegasaki-cho, Isawa-gun), Aizuwakamatsu Plant (Aizuwakamatsu), Oyama Plant (Oyama), Nasu Plant (Otawara), Nagano Plant (Nagano), Mie Plant (Kuwana)

b) Subsidiaries

Japan	Fujitsu Laboratories Ltd. (Kawasaki), Shinko Electric Industries, Co., Ltd. (Nagano), Fujitsu Business Systems Ltd. (Bunkyo-ku, Tokyo), Fujitsu Frontech Ltd. (Inagi), Fujitsu Access Ltd. (Kawasaki), Fujitsu Component Ltd. (Shinagawa-ku, Tokyo), Fujitsu Devices Inc. (Shinagawa-ku, Tokyo), Fujitsu Broad Solution & Consulting Inc. (Shinagawa-ku, Tokyo), Fujitsu Support and Service Inc. (Minato-ku, Tokyo), Fujitsu TEN Ltd. (Kobe), PFU Ltd. (Kahoku, Ishikawa), Fujitsu Network Solutions Ltd. (Kawasaki), Fujitsu FIP Corporation (Koto-ku, Tokyo), Fujitsu Isotec Ltd. (Date, Fukushima), Fujitsu Personal System Ltd. (Chiyoda-ku, Tokyo), NIFTY Corporation (Shinagawa-ku, Tokyo), Shimane Fujitsu Limited (Hikawa-cho, Hikawa-Gun), Fujitsu IT Products Ltd. (Kahoku, Ishikawa), Fujitsu Media Devices Limited (Yokohama),
Overseas	Fujitsu Services Holdings PLC (U.K. and other countries), Fujitsu Consulting Holdings, Inc. (U.S.), Fujitsu Computer Systems Corporation (U.S.), Fujitsu Network Communications, Inc. (U.S.), Fujitsu Computer Products of America, Inc. (U.S.), Fujitsu Computer Products Corporation of the Philippines (Philippines), Fujitsu Microelectronics Asia Pte. Ltd. (Singapore), Fujitsu (Thailand) Co., Ltd. (Thailand), Fujitsu Taiwan Ltd. (Taiwan)

(4) Employees**a) Employees of Fujitsu Group**

<i>Number of employees</i>	<i>Change from end of fiscal 2004</i>
158,491	+7,521

b) Employees of Fujitsu Limited

<i>Number of employees</i>	<i>Change from end of fiscal 2004</i>	<i>Average age</i>	<i>Average years of employment</i>
36,820	+3,028	39.8	17.5

(5) Stock

a) Number of Authorized Shares: 5,000,000,000

b) Number of Outstanding Shares and Stated Capital

Shares: 2,070,018,213

Stated Capital: ¥324,625,075,685

c) Shares Issued during the Business Period: There was no issuance of shares during the business period.

d) Acquisition, Retirement and Holdings of Treasury Stock

Shares acquired	562,955 ordinary shares	Total amount of acquisition: ¥435,630 thousand
Shares retired	375,489 ordinary shares	Total amount of retirement: ¥54,735 thousand
Shares held as of FY close	2,380,738 ordinary shares	

Notes:

1. The above treasury stocks acquired were through the repurchase of odd-lot shares.
2. The above treasury stocks retired includes 39,683 shares which were sold in response to the requests received from the holders of odd-lot shares, and 335,626 shares which were allocated to carry out a share exchange with Fujitsu I·Network Systems Ltd.
3. There is no lapsing of treasury stocks for the term under review.

e) Number of Shareholders: 228,350 (22,580 decrease from the end of FY2004)

f) Principal Shareholders

<i>Name</i>	<i>Shareholder's investment in Fujitsu Limited</i>		<i>Fujitsu Limited's investment in the shareholder r</i>	
	<i>Number of shares held (thousands)</i>	<i>Percentage of shares held (%)</i>	<i>Number of shares held (thousands)</i>	<i>Percentage of shares held (%)</i>
The Master Trust Bank of Japan, Ltd. (for trust)	188,609	9.11		
Japan Trustee Services Bank, Ltd. (for trust)	109,159	5.27		
Fuji Electric Holdings Co., Ltd.	94,663	4.57	74,333	9.96
Fuji Electric Systems Co., Ltd.	64,908	3.14		
Asahi Mutual Life Insurance Company	40,299	1.95		
Fuji Electric FA Component & Systems Co., Ltd.	36,886	1.78		
Mizuho Corporate Bank, Ltd.	32,654	1.58		
State Street Bank and Trust Company 505103	31,314	1.51		
Trust & Custody Services Bank, Ltd. (for trust B)	27,522	1.33		
Fujitsu Employee Shareholding Association	21,698	1.05		

Notes:

1. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust) and Trust & Custody Services Bank, Ltd. (for trust B) pertain to the trust business by the institution.

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2. Of the shares held by Fuji Electric Holdings Co., Ltd., Fuji Electric Systems Co., Ltd., and Fuji Electric FA Components & Systems Co., Ltd., 1,962 thousand shares, 64,487 thousand shares and 36,506 thousand shares, respectively, are trust assets that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of the respective companies. The Company's shares held by the overall Fuji Electric Group, including the shares above explained, in the form of retirement benefit trust assets are 138,242 thousand shares in total (which accounts for 6.68% of the number of outstanding shares).
3. Of the Company's shares held by the Mizuho Corporate Bank, Ltd., 212 thousand shares are trust properties that are trusted to Mizuho Trust & Banking Co., Ltd., and re-trusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of Mizuho Corporate Bank, Ltd.

(6) Reservation Rights for New Shares

	<i>Number of the right</i>	<i>Type and number of shares to be used for exercising of the right</i>	<i>Issuing price of new shares</i>
Zero Coupon Convertible Bonds due 2009	50,000	208,159,866 ordinary shares	1,201yen

In addition to the above, subscription rights (stock option) were issued under Articles 280-19-1 of the old Commercial Code, respectively.

	<i>Number of the right</i>	<i>Type and number of shares to be used for exercising of the right</i>	<i>Issuing price of new shares</i>
Stock Option 2000	-	500,000 ordinary shares	3,563yen
Stock Option 2001	-	715,000 ordinary shares	1,450yen

(7) Principal Lenders

<i>Lender</i>	<i>Loan amount (¥ millions)</i>	<i>Lender's investment in the Company</i>	
		<i>Numbers of shares (thousands)</i>	<i>Percentage</i>
Japan Bank for International Cooperation	21,200	-	-
Meiji Yasuda Life Insurance Company	15,200	1,000	0.05
The Norinchukin Bank	7,600	-	-
Mizuho Corporate Bank, Ltd.	5,800	32,654	1.58
National Mutual Insurance Federation of Agricultural Cooperatives	5,000	5,439	0.26

(8) Major Technical Cooperation

We have technical collaboration agreements with the following major companies:

<i>Companies</i>	<i>Category</i>	<i>Products</i>
Infineon Technologies AG (Germany)	patent cross-license agreement	Semiconductor apparatus
Lucent Technologies Inc. (U.S.)	patent cross-license agreement	Information handling organization, Semiconductor apparatus
International Business Machines Corporation (U.S.)	patent cross-license agreement	Information handling organization
Microsoft Corporation (U.S.)	patent cross-license agreement	Software
Intel Corporation (U.S.)	patent cross-license agreement	Semiconductor apparatus
Motorola, Inc. (U.S.)	patent cross-license agreement	Semiconductor apparatus
National Semiconductor Corporation (U.S.)	patent cross-license agreement	Semiconductor apparatus
Samsung Electronics Co., Ltd. (Korea)	patent cross-license agreement	Semiconductor apparatus
Rumbus Inc. (U.S.)	patent license agreement (license-in)	Information handling organization, Semiconductor apparatus

(9) Management**a) Members of the Board and Auditors (As of March 31, 2006)**

Position	Name	Assignment or title
Representative Director	Naoyuki Akikusa	Chairman of the Board
	Hiroaki Kurokawa	
Director	Kunihiko Sawa	President and Representative Director, Fuji Electric Holdings Co., Ltd.
	Hiroshi Oura	Director and Senior Executive Advisor, Advantest Corporation
	Ikujiro Nonaka	Professor of Hitotsubashi University Graduate School of International Corporate Strategy
	Akira Takashima	Vice Chairman of the Board
	Masamichi Ogura	
	Toshihiko Ono	
	Chiaki Ito	
	Michiyoshi Mazuka	
Standing Auditor	Takashi Takaya	
	Hiromasa Inagaki	
Auditor	Yoshiharu Inaba	President and CEO, Fanuc Ltd.
	Tamiki Ishihara	Chairman, Seiwa Sogo Tatemono Co., Ltd.
	Megumi Yamamuro	Professor, University of Tokyo Graduate Schools for Law and Politics

b) Corporate Executive Officers (As of March 31, 2006)

Section	Name	Position
	Hiroaki Kurokawa	President
	Tetsuo Urano	Corporate Senior Vice President Head of North American Operations
	Kazuhiko Kato	Corporate Vice President General Manager, President's Office
	Toshio Morohoshi	Corporate Vice President Vice Head of North American Operations
Corporate Center	Masamichi Ogura	Corporate Executive Vice President Head of Corporate Center

Section	Name	Position
	Haruki Okada	Corporate Senior Vice President President, Procurement Unit
	Shinichi Kuruma	Corporate Vice President Head of Corporate Affairs & Human Resources Unit
	Masanobu Katoh	Corporate Vice President President, Law and Intellectual Property Unit
Solution Business	Michiyoshi Mazuka	Corporate Executive Vice President
Solution Business Support Group	Michiyoshi Mazuka	Corporate Executive Vice President President, Solution Business Support Group
	Kuniaki Nozoe	Corporate Senior Vice President Executive Vice President, Solution Business Support Group
Global Business Group	Tetsuo Urano	Corporate Senior Vice President President, Global Business Group
	Kyung-soo Ahn	Corporate Vice President Executive Vice President, Global Business Group (In charge of Asia Pacific)
	Tsuneaki Ohara	Corporate Vice President In charge of Global Accounts
Industries & Distribution Solution Business Group	Takashi Igarashi	Corporate Senior Vice President President, Industries & Distribution Solution Business Group
	Takashi Aoki	Corporate Vice President In charge of ITS Business
	Shinichi Hasegawa	Corporate Vice President Executive Vice President, Industries & Distribution Solution Business Group
	Makoto Matsubara	Corporate Vice President In charge of Retail Services & Distribution
Telecom, Utility & Media Industries Business Group	Hideaki Yumiba	Corporate Senior Vice President President, Telecom, Utility & Media Industries Business Group
	Kazuya Wada	Corporate Vice President Executive Vice President, Telecom, Utility & Media Industries Business Group
	Kazuo Miyata	Corporate Vice President Executive Vice President, Telecom, Utility & Media Industries Business Group
	Jirou Sugawara	Corporate Vice President In charge of Telecom Carrier Business
Financial Solution Business Group	Koichi Hironishi	Corporate Senior Vice President President, Financial Solution Business Group
	Yoshifumi Mita	Corporate Vice President Executive Vice President, Financial Solution Business Group (In charge of PROBANK)
Government & Public Solutions Business Group	Hideaki Yumiba	Corporate Senior Vice President President, Government & Public Solutions Business Group
	Yasuaki Ara	Corporate Vice President Executive Vice President, Government & Public Solutions Business Group (In charge of Government & Public, Science and Totalizator Solutions)
	Kiyonobu Ishida	Corporate Vice President In charge of Health Care and Educational Solutions
Regional Business Group	Hirohisa Yabuuchi	Corporate Senior Vice President President, Regional Business Group
	Yasuo Koike	Corporate Vice President In charge of Tokai and Hokuriku Region
	Takumi Nakamura	Corporate Vice President In charge of Syutoken Region and Partners Business

(TRANSLATION FOR REFERENCE ONLY)

Section		Name	Position
		Fujio Ohara	Corporate Vice President In charge of Western Japan SE group companies and Local Government
		Takashi Harima	Corporate Vice President In charge of Eastern Japan SE group companies, Hokkaido and Tohoku Regional Sales
Professional support Business and IT Services Business		Hiromichi Hirata	Corporate Senior Vice President
	Professional Support Business Group	Hiromichi Hirata	Corporate Vice President President, Professional Support Business Group
	IT Services Business Group	Hiromichi Hirata	Corporate Vice President President, IT Services Business Group
		Yoshihisa Nagano	Corporate Vice President Executive Vice President, IT Services Business Group
		Hideo Sekine	Corporate Vice President President, Systems Support Business Unit
		Kazuo Ishida	Corporate Vice President President, Outsourcing Business Unit
Product Business		Chiaki Ito	Corporate Executive Vice President
	System Products Business Group	Yoshiyuki Tanakura	Corporate Senior Vice President President, System Products Business Group
		Takashi Nakamura	Corporate Vice President Executive Vice President, System Products Business Group (In charge of Networks)
		Hirosada Tone	Corporate Vice President President, Storage Systems Business Unit
		Akira Yamanaka	Corporate Vice President President, Server Systems Business Unit
		Terumi Chikama	Corporate Vice President President, Photonic Systems Business Unit
	Ubiquitous Products Business Group	Kimihisa Ito	Corporate Senior Vice President President, Ubiquitous Products Business Unit
		Masami Yamamoto	Corporate Vice President President, Personal Systems Business Unit
		Tatsuo Tomita	Corporate Vice President President, Mobile Phones Business Unit
		Ichiro Komura	Corporate Senior Vice President President, Storage Products Business Unit
	Products Business Operations Group	Chiaki Ito	Corporate Executive Vice President President, Products Business Operations Group
		Junichi Murashima	Corporate Vice President Executive Vice President, Products Business Operations Group In charge of MONOZUKURI
Electronic Devices Business		Toshihiko Ono	Corporate Executive Vice President
		Nobutake Matsumura	Corporate Vice President Chief Representative for Asia
		Shigeru Fujii	Corporate Vice President President, Electronic Devices Business Unit

c) Changes in Members of the Board and Auditors in the Last Fiscal Year

New appointments

At the 105th Annual Shareholders' Meeting, held on June 23, 2005, Mr. Michiyoshi Mazuka was elected as Board Members and Messrs. Tamiki Ishihara and Megumi Yamamuro were elected as Auditor.

Retirements

Messrs. Hiroya Madarame and Kuniaki Suzuki, Board Members, and Messrs. Takeo Kato and Katsuhiko Kondo, Auditors, retired as of June 23, 2005.

d) Amounts of Remuneration, Paid to Directors and Auditors

	<i>Compensation</i>		<i>Bonus</i>		<i>Retirement Benefit</i>	
	<i>No. of qualified persons</i>	<i>Amount Paid (¥Million)</i>	<i>No. of qualified persons</i>	<i>Amount Paid (¥Million)</i>	<i>No. of qualified persons</i>	<i>Amount Paid (¥Million)</i>
Directors	12	245	0	0	2	45
Outside Directors (included in Directors)	2	9	-	-	-	-
Auditors	7	54	0	0	2	15
Total	19	299	0	0	4	60

Notes:

1. The upper limits of directors' remuneration are as follows:

Directors ¥60 million per month (Resolution passed at the Ordinary General Meeting of Shareholders in 1991.)

Auditors ¥5 million per month (Resolution passed at the Ordinary General Meeting of Shareholders in 1989.)

2. Number of directors and auditors include resigned directors and auditors in June 2005

e) Remuneration to be Paid to the Independent Auditors

- | | |
|--|--------------|
| (1) Total compensation the Company and its subsidiaries pay to the independent auditors | ¥682 million |
| (2) Of the amount stated above (1), the sum to be paid as compensation for performing the audit under Article 2.1 of the Certified public Accountants Law. | ¥597 million |
| (3) Of the amount stated above (2), the sum the Company should pay as compensation to the independent auditors. | ¥224 million |

Note:

The Company does not clearly differentiate the amounts of compensation for an audit under the Law for Special Exceptions to the Commercial Code Concerning Auditors of Kabushiki Kaisha from an audit under the Securities and Exchange Law, the Amount stated (3) thus includes the compensation for the audit under the Securities and Exchange Law.

(10) Implementation of Corporate Governance Policy

① Our Basic Stance on Corporate Governance

We believe that the concurrent pursuit of efficient management and the proper control of business risks are essential to achieving sustainable improvement in corporate value. Recognizing that stronger corporate governance is vital to realizing this goal, we have actively appointed outside directors to help ensure transparent and sound management. At the same time, by separating management oversight and operational execution functions we have promoted faster decision-making while further clarifying management responsibilities. We believe that clear separation of these functions is helping to realize even greater management transparency and efficiency.

We manage the operations of Group companies based on a clear understanding of their position as either (1) companies that carry out operational functions of the Company's business, or (2) companies pursuing synergies in concert with the business strategy of the Company.

② Status of Implementation of Corporate Governance Policy

a) Management organization regarding business decisions, operational execution and oversight, and other structural issues regarding corporate governance

Fujitsu's Board of Directors carries out a management oversight function, supervising the execution functions of the Management Strategy Council and the Management Council under its authority.

As an executive organ, the Management Strategy Council discusses and decides upon fundamental policies and strategy regarding business management. The Management Council makes decisions on important matters. Issues discussed by the two councils are reported to the Board of Directors, which makes decisions on items of particular importance.

In principle, meetings of the Management Strategy Council are held once every month, and meetings of the Management Council three times per month. However, meetings of either Council may be held whenever necessary.

The auditing function is carried out by a board of statutory auditors. Statutory auditors attend important management meetings, including those held by the Board of Directors, the Management Strategy Council, and the Management Council, and they audit the Board of Directors and operational execution bodies.

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

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

b) Status of Company's Initiatives to Enhance Corporate Governance

[Our Basic Stance]

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

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

[Status of Implementation]

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

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

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

- Compliance Committee (newly established)
This committee is responsible for promoting structures and systems to ensure strict compliance with external as well as internal rules, regulations and norms of behavior. To support these efforts, since September 2004 we have put in place a "help line" system to serve as a confidential liaison for receiving reports from employees and providing guidance to them on matters of conduct.
- Risk Management Committee
This committee takes measures to obtain information regarding specific incidences of risk and minimize the impact of risk incidences on customers and the Fujitsu Group. Serious issues are reported to the Management Council or Board of Directors for discussion and response. Through these measures, risk issues and countermeasures are disseminated throughout the Fujitsu Group, strengthening our overall risk management posture.
- Environmental Committee
This committee is responsible for promoting and strengthening the environmental protection activities of the Fujitsu Group, which are based on The Fujitsu Group Environmental Policy and The Fujitsu Group Environmental Protection Program.

In pursuing the project to construct an internal control system that will ensure the validity and reliability of our financial reports, we are taking into consideration the opinions of our financial auditors.

Consolidated Balance Sheet

(As of March 31, 2006)

*Millions of yen***Assets****Current assets:**

Cash and cash equivalents and short-term investments	¥ 423,263
Receivables, trade	885,300
Inventories	408,710
Other current assets	<u>215,475</u>
Total current assets	<u>1,932,748</u>

Investments and long-term loans 861,503

Property, plant and equipment less accumulated depreciation 776,976

Intangible assets 235,904

Total Assets **¥3,807,131**

Liabilities, minority interests and shareholders' equity**Current liabilities:**

Short-term borrowings and current portion of long-term debt	¥ 234,848
Payables, trade	757,006
Other current liabilities	<u>610,651</u>
Total current liabilities	<u>1,602,505</u>

Long-term liabilities:

Long-term debt	693,765
Other long-term liabilities	<u>420,786</u>
Total long-term liabilities	<u>1,114,551</u>

Minority interests 173,030

Shareholders' equity:

Common stock	324,625
Capital surplus	498,019
Retained earnings (Deficit)	(40,485)
Unrealized gains on securities and revaluation surplus on land	182,218
Foreign currency translation adjustments	(45,867)
Treasury stock	<u>(1,465)</u>
Total shareholders' equity	<u>917,045</u>

Total liabilities, minority interests, and shareholders' equity **¥3,807,131**

Ending balance of interest-bearing loans ¥928,613

D/E ratio 1.01

Consolidated Statement of Income
(Year ended March 31, 2006)

	<i>Millions of yen</i>
Net sales	¥4,791,416
Operating costs and expenses:	
Cost of sales	3,523,421
Selling, general and administrative expenses	<u>1,086,507</u>
	<u>4,609,928</u>
Operating income	181,488
Other income (expenses):	
Net interest *1	(8,589)
Equity in earnings of affiliated companies, net	(1,478)
Amortization of unrecognized obligation for retirement benefits	(28,214)
Settlement gain *2	15,957
Gain on business transfer *3	3,455
Restructuring charges *4	(11,559)
Loss on change in interest *5	(8,413)
Provision for prior product warranties *6	(7,413)
Other, net	<u>(17,150)</u>
	<u>(63,404)</u>
Income before income taxes and minority interests	118,084
Income taxes	37,027
Minority interests	(12,512)
Net income	<u>¥68,545</u>

Notes:

- *1 Net interest consists of interest income, dividend income and interest charges.
- *2 Settlement gain is related to reconciliation of HDD litigation.
- *3 Gain on business transfer for FY 2005 refers to the transfer of LCD panel operations.
- *4 Restructuring charges for FY 2005 are related to expenses for restructuring to improve business profitability and asset efficiency, realignment of business locations, etc.
- *5 Loss on change in interest refers to loss relating to allocation of new shares of affiliate (Spancion Inc.) to third parties.
- *6 Provision for prior product warranties is related to provision to cover warranty-related costs for products sold in prior fiscal years.

Balance Sheet (Unconsolidated)

(As of March 31, 2006)

*Millions of yen***Assets****Current assets:**

Cash and cash equivalents and short-term investments	¥ 188,292
Receivables, trade	495,825
Inventories	182,318
Other current assets	<u>204,487</u>
Total current assets	<u>1,070,924</u>

Investments and long-term loans

1,309,541

Property, plant and equipment less accumulated depreciation

373,328

Intangible assets83,281**Total Assets****¥2,837,076****Liabilities and shareholders' equity****Current liabilities:**

Short-term borrowings and current portion of long-term debt	¥ 196,228
Payables, trade	649,108
Other current liabilities	<u>224,655</u>
Total current liabilities	<u>1,069,992</u>

Long-term liabilities:

Long-term debt	690,066
Other long-term liabilities	<u>137,431</u>
Total long-term liabilities	<u>827,497</u>

Shareholders' equity:

Common stock	324,625
Capital surplus	418,166
Retained earnings	21,377
[Unappropriated retained earnings]	[16,474]
Unrealized gains on securities, net of taxes	176,881
Treasury stock	<u>(1,465)</u>
Total shareholders' equity	<u>939,585</u>

Total liabilities and shareholders' equity**¥2,837,076****Ending balance of interest-bearing loans**¥886,294

Statement of Income (Unconsolidated)

(Year ended March 31, 2006)

	<i>Millions of yen</i>
Net sales	¥2,850,235
Operating costs and expenses:	
Cost of sales	2,212,308
Selling, general and administrative expenses	<u>619,034</u>
	<u>2,831,342</u>
Operating income	18,892
Other income (expenses):	
Net interest *1	58,609
Amortization of unrecognized obligation for retirement benefits	(11,169)
Settlement gain *2	15,956
Loss on devaluation of subsidiaries' and affiliates's stock *3	(62,974)
Provision for prior product warranties *4	(7,413)
Other, net	<u>(10,789)</u>
	<u>(17,780)</u>
Income before income taxes	1,111
Income taxes	
Current	(12,950)
Deferred	<u>(3,400)</u>
	(16,350)
Net income	<u>¥17,462</u>
Unappropriated retained earnings at the beginning of year	¥5,216
Interim dividends	¥6,203
Unappropriated retained earnings at the end of year	<u>¥16,474</u>

Notes:

- *1 Net interest consists of interest income, dividend income and interest charges.
- *2 Settlement gain is related to reconciliation of HDD litigation.
- *3 Loss on devaluation of subsidiaries' and affiliates' stock for FY2005 refers to US-based subsidiary holding Fujitsu Limited shares in Spansion.
- *4 Provision for prior product warranties is related to provision to cover warranty-related costs for products sold in prior fiscal years.

Appropriation of Retained Earnings and Other Capital Surplus (Unconsolidated)

(Year ended March 31, 2006)

a. Disposal of Unappropriated Retained Earnings*Millions of yen*

Unappropriated retained earnings	¥ 16,474
Reversal of reserve for:	
Special depreciation	1,300
Total	<u>¥ 17,774</u>
To be appropriated as follows:	
Dividends	6,202
(3.0 yen per share in FY 2005)	
Bonuses to directors and statutory auditors	150
[To statutory auditors]	[22]
Earnings to be carried forward	<u>¥ 11,421</u>

b. Appropriation of Other Capital Surplus*Millions of yen*

Other capital surplus	¥299,868
To be appropriated as follows:	
Other capital surplus to be carried forward	<u>¥299,868</u>

Notes

Financial information in this report is based on the separate Japanese version prepared in accordance with generally accepted accounting principles in Japan. Some of the information in the Japanese version has been summarized here for clearer understanding and not all the information has necessarily been translated. This English version may not conform to U.S. or other non-Japanese accounting principles and has not been audited. If you wish to confirm the integrity of the information, please refer to the Japanese version as the certified document.

Environmental Accounting**Cost/Benefit Trends**

(Billions of Yen)

	FY 2003			FY 2004			FY 2005		
	Fujitsu Limited	Affiliated companies	Total	Fujitsu Limited	Affiliated companies	Total	Fujitsu Limited	Affiliated companies	Total
Costs	7.9	11.1	19.0	7.9	10.0	17.9	9.0	8.9	17.9
Benefits	10.3	13.6	23.9	9.7	12.9	22.6	10.9	13.6	24.5

Itemization of Fiscal Year 2005 Results *1

(Billions of Yen)

Costs	Item	Fujitsu Limited	Affiliated companies	Total
Business area costs				
Pollution prevention benefits	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	3.1	2.0	5.1
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	1.2	0.9	2.1
Resource circulation costs	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	1.2	1.8	3.0
Upstream/downstream costs	Costs of lowering the environmental burden imposed upstream and downstream by manufacturing and service activities (costs incurred for recycling /reuse of waste products and packaging, Green Procurement, etc.)	0.1	1.0	1.1
Administration costs	Environmental protection costs related to administrative activity, including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring environmental burden, greenification programs, environmental reporting and environmental publicity	2.0	1.2	3.2
R&D/solutions business costs	Environmental protection costs for R&D activities and costs of environmental solutions business activities (Green Products/ environmental technology design and development costs, environmental solutions business costs)	0.3	1.9	2.2
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in/support for organizations concerned with environmental preservation	0.0	0.0	0.0
Environmental remediation costs	Cost of environmental restoration operations (remediating soil and groundwater contamination, environmental compensation, etc.)	1.1	0.1	1.3
Total		<u>9.0</u>	<u>8.9</u>	<u>17.9</u>

Benefits	Item	(Billions of Yen)		
		Fujitsu Limited	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Contribution of environmental protection activities to value added*2 in manufacturing.	3.8	2.9	6.7
	Savings from avoidance of operating losses*3 stemming from failure to observe environmental laws and regulations	1.0	1.3	2.2
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption*4	1.7	0.6	2.3
Resource circulation benefits	Cost savings from waste reduction and more effective resource utilization*4	2.9	6.8	9.7
Upstream/downstream benefits	Sales value of recycled and reused products*4	0.0	0.8	0.9
Administration benefits	Value of efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.3	0.4	0.7
R&D/Solutions business benefits	Contribution to sales made by Green Products, other eco-friendly products and environmental solutions business	1.0	0.6	1.6
Social activities benefits	Value of corporate image improvement from participation in support for organizations concerned with environmental preservation and others	0.0	0.0	0.0
Environmental remediation benefits	Savings of compensation payments to residents through policies preventing groundwater and soil contamination*5	0.2	0.2	0.4
Total		<u>10.9</u>	<u>13.6</u>	<u>24.5</u>

*1 Classification system is in accordance with "Environmental Accounting Guidelines 2005" issued by Japan's Ministry of the Environment.

*2 Contribution of environmental protection activities in relation to value added: value added x (maintenance and management costs for environmental facilities/total generated costs)

*3 Avoidance of operating losses: (value added/days of operation) x days lost

*4 Actual benefit

*5 Estimate of risk avoidance assuming such events arise

*6 Third Party Audit

This information is being released following completion of an audit of Fujitsu's fiscal 2005 environmental accounting by Shin Nihon Environmental Management and Quality Research Institute. Information on the environmental conservation benefit will be released separately.

Additional information regarding Fujitsu's environmental activities is available in the Company's environmental report or on the Internet (<http://www.fujitsu.com/global/about/environment/>).

Corporate Data

Corporate Name: FUJITSU LIMITED
Registered at: 4-1-1 Kamikodanaka, Nakahara-ku, Kawasaki-shi,
Kanagawa 211-8588, Japan
Cooperate Headquarters: Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku,
Tokyo 105-7123, Japan
Established and Registered on: June 20, 1935
Stock Exchange Listings: Tokyo, Osaka, Nagoya, London, Frankfurt, and Swiss
Home Page Address: <http://jp.fujitsu.com/>

Fujitsu's web site offers not only this report but also the latest annual report and financial results.

English <http://www.fujitsu.com/global/about/ir/>
Japanese <http://pr.fujitsu.com/jp/ir/>