

## 4. Policy on Dividends and Dividends Forecast

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

In Fujitsu's consolidated financial results for fiscal 2015, profit declined in comparison with fiscal 2014 because, among other factors, business model transformation expenses were recorded in order to accelerate the transformation of the company's business model. However, because a certain level of profit was achieved, Fujitsu will pay a year-end dividend of 4 yen per share as planned.

For fiscal 2016, although the company does not expect to achieve a significant increase in profit because of continued initiatives to transform its business model, Fujitsu plans to pay an interim dividend and year-end dividend of 4 yen per share each, the same dividend levels as in fiscal 2015.

## Overview of FY 2015 Separate Financial Results

Fujitsu's separate financial statement is prepared in accordance with Japan's Company Law and the Generally Accepted Accounting Principles in Japan.

### <Profit and Loss (Separate)>

	FY2014 (4/1/2014 – 3/31/2015)	FY2015 (4/1/2015 – 3/31/2016)	Change
Net Sales	2,058.8	2,006.8	-52.0
Operating Income	-1.0	-24.9	-23.9
Non-Operating Income and Expenses	40.1	62.4	22.3
Ordinary Income	39.0	37.4	-1.5
Net Income(loss)	44.9	42.4	-2.4

(Billions of yen)

Net sales in fiscal 2015 were 2,006.8 billion yen, a decline of 52.0 billion yen from fiscal 2014. Fujitsu Limited reported an operating loss of 24.9 billion yen, a deterioration of 23.9 billion yen from fiscal 2014. Despite the impact of higher sales of system integration services, the operating loss widened because of the impact of lower sales of network products and PCs, as well as because of strategic investments made in next-generation cloud platforms and other areas for medium- to long-term growth.

Non-Operating Income and Expenses was 62.4 billion yen. Fujitsu recorded dividend income of 87.3 billion yen, primarily consisting of dividends from subsidiaries. In addition, the company recorded provision at the amount of 21.4 billion yen for capital deficits of Fujitsu Technology Solutions (Holding)

B.V. (hereinafter referred to as "Fujitsu Technology Solutions"), a European subsidiary of Fujitsu Limited. Against the backdrop of a deteriorating business environment, Fujitsu Technology Solutions initiated the process for the closure of one of its development facilities and other measures and, accordingly, recorded expenses for transforming its business model, resulting in Fujitsu Technology Solutions recording an operating loss. As such, the resolution of capital deficits is expected to take place over the long term.

As a result, ordinary income was 37.4 billion yen and net income was 42.4 billion yen for fiscal 2015. This was a decline of 1.5 billion yen and 2.4 billion yen, respectively, compared to the prior fiscal year.

**<Net Assets (Separate)>**

(Billions of yen)

	<b>FY2014</b> (March 31, 2015)	<b>FY2015</b> (March 31, 2016)	Change
Shareholders' Equity	616.6	642.5	25.8
Common Stock	324.6	324.6	-
Capital Surplus:	166.2	166.2	0.0
Other Capital Surplus	166.2	166.2	0.0
Retained Earnings:	126.3	152.2	25.9
Legal Retained Earnings	11.7	13.4	1.6
Other Retained Earnings	114.5	138.8	24.2
Treasury Stock	-0.5	-0.6	-0.0
Valuation and Translation Adjustments	52.2	38.0	-14.1
<b>Total Net Assets</b>	<b>668.8</b>	<b>680.6</b>	<b>11.7</b>
Allocable Funds for Distribution (Separate)	280.2	304.4	24.2

The balance of retained earnings at the end of fiscal 2015 was 152.2 billion yen, an increase of 25.9 billion yen from the end of fiscal 2014.

The balance of unrecognized retirement benefit obligations at the end of fiscal 2015 was 166.0 billion yen. Defined benefit obligations increased because of a decline in interest rates, resulting in a 31.1 billion yen increase in the balance of unrecognized defined benefit obligations. For separate financial results, unrecognized defined benefit obligations are not reflected on the balance sheet.