

Notice of Disposal of Treasury Stock as Stock Compensation

Tokyo, July 30, 2020 – Fujitsu Limited announces that it resolved at its Board of Directors meeting held today to dispose of treasury stock as stock compensation, etc. (hereinafter referred to as “the Treasury Stock Disposal”) as stated below.

1. Outline of Disposal

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| (1) Disposal date | August 21, 2020 | |
| (2) Class and number of shares to be disposed of | Common stock of the Company | 29,166 shares |
| (3) Disposal price | 14,035 yen per share | |
| (4) Total of disposal price | 409,344,810 yen | |
| (5) Planned allottees | Directors, etc. of the Company (*) | 43 people |
| | Directors, etc. of the Company’s subsidiaries (*) | 7 people |
| | Employees of the Company’s subsidiaries | 3 people |
| | Total | 29,166 shares |
| | * Including Executive Directors and former Directors, etc. | |
| (6) Others | This Treasury Stock Disposal is subject to the Securities Registration Statements taking effect in accordance with the Financial Instruments and Exchange Act. | |

2. Purpose and Reasons for Disposal

The Company has adopted (1) a performance-based stock compensation system for Eligible Directors, etc. (defined later) of the Company and some of its subsidiaries and (2) a reward system (defined later) for employees of the Company and its subsidiaries who have advanced expertise (hereinafter referred to as “Employees with Advanced Expertise”) (hereinafter, (1) and (2) collectively referred to as “the System”). In view of this System, the Treasury Stock Disposal will be implemented based on the resolution of the Board of Directors meeting held on July 30, 2020, under which Eligible Directors, etc. and Employees with Advanced Expertise who are planned allottees (hereinafter collectively referred to as “Eligible Persons”) will contribute received monetary compensation claims granted as a stock compensation or a reward, as contributed assets, then common stock of the Company will be granted to Eligible Persons.

(1) Performance-based Stock Compensation System for Eligible Directors, etc.

The Company resolved at the Board of Directors meeting held on April 28, 2017 to introduce a performance-based stock compensation system, known as Performance Shares, to Executive Directors (referring to

Representative Directors, and Directors who double as Corporate Executive Officers. The same applies hereinafter). Subsequently, it was resolved at the 117th Annual Shareholders' Meeting held on June 26, 2017 that common stock of the Company to be used as a non-monetary reward shall be up to 300 million yen a year and that the total number of shares to be allocated should be up to 43,000 shares a year (*1).

*1. Since the Company consolidated 10 shares of common stock of the Company to one share on October 1, 2018, the number of shares after the stock consolidation is described herein.

In addition, the Company resolved at the Board of Directors meeting held on April 28, 2017 to apply this performance-based stock compensation system to Corporate Executive Officers of the Company in addition to Executive Directors of the Company, and to extend a similar system to Executive Directors and Corporate Executive Officers, etc. of some of the Company's subsidiaries (*2). At the Management Council held on December 16, 2019 to apply this performance-based stock compensation system to employees who have been granted SVP (Senior Vice President) at Fujitsu Level, according to their level of responsibility (hereinafter Executive Directors, Corporate Executive Officers, etc. of the Company and some of the Company's subsidiaries collectively referred to as "Eligible Directors, etc.").

*2 Pursuant to the provision of the Articles of Incorporation of the Company's subsidiaries, the Company determines compensation, bonuses and other proprietary interests that the Company's subsidiaries grant their Directors, as consideration of execution of duties.

Overview of the System is as below:

<Overview of the performance-based stock compensation system>

The Company has adopted a performance-based stock compensation system not only to give eligible Directors, etc. mid- and long-term incentives for improving corporate value but also to further facilitate company management from a shareholders' perspective.

(i) Overview of the system

The Company will present to Eligible Directors, etc. a number of base shares in accordance with their respective rank, a performance judging period (three fiscal years) and performance targets in advance. The number of shares, which is calculated by multiplying the number of base shares by a fixed coefficient according to the level of performance achievement, is fixed for each fiscal year. When the performance judging period is over, the total number of such shares will be allocated to each Eligible Person. Then, monetary compensation claims comparable to the market value of allocated shares are provided to the Eligible Directors, etc. Next, the Eligible Directors, etc. contribute these monetary compensation claims in allocated shares to acquire shares of the Company.

Directors, etc. may transfer acquired shares of the Company at their own discretion as long as they do not violate regulations regarding insider trading.

(ii) Index of performance achievement and coefficient

A coefficient is set up within a certain range according to pre-determined performance achievement levels vis-à-vis the indicators of sales revenue and operating profit in the Company's consolidated financial results.

(iii) Payment per share

The payment amount per share allocated to Eligible Directors, etc. under the performance-based stock compensation system shall be the fair price of the Company's share on the day of payment, such as the closing value of the share at Tokyo Stock Exchange one business day before the date of the Board of Directors meeting in which the allocation was resolved.

(iv) Other

Handling of share allocation for outgoing Eligible Directors, etc., handling of the performance-based stock compensation system at the time of restructuring and others, handling of the base number of shares at the time of stock split or stock consolidation and other details of the system shall be determined by a resolution of the Board of Directors or incorporated as regulations on stock compensation, etc. (including regulations on stock compensation of some of the Company's subsidiaries).

(2) Reward system for Employees with Advanced Expertise

Since FY2018 the Company reviewed the evaluation and treatment of engineers with advanced security technologies, and adopted a system for granting a reward to Employees with Advanced Expertise in the form of shares as a part of the measure aimed at retaining engineers and motivating them to improve their technical capabilities(hereinafter referred to as "Reward System").

(i) Overview of the system

The company and some of its subsidiaries have in place a system for giving certification to Employees with Advanced Expertise for the purposes of systematic recruitment of engineers with high levels of knowledge of security, and human resources development. The Company grants stock as a reward to those who demonstrate the effectiveness and usefulness of their own security technologies at the internal public events and achieve a high grade based on the evaluation of their announcements. For FY2019, it was resolved at the Board of Directors meeting held on July 30, 2020 to grant shares of the Company as a reward to employees that qualified.

(ii) Payment per share

The payment amount per share of the Company allocated to Employees with Advanced Expertise under the Reward System shall be the fair price of the Company's share on the day of payment, such as the closing value of the share at Tokyo Stock Exchange one business day before the date of the Board of Directors meeting in which the allocation was resolved.

(iii) Other

Other details of the Reward System shall be determined by the approval, etc. of the Representative Director and CEO.

3. Basis of calculation of the payment amount and its specific contents

The disposal price under the Treasury Stock Disposal is set as 14,035 yen, which is the closing price of the Company's common stock at Tokyo Stock Exchange on July 29, 2020 (the business day prior to the date that the Board of Directors Meeting made the resolution), in order to make a price free from arbitrariness. The price is the market share price on the day immediately before the date that the Board of Directors Meeting made the resolution, and the Company believes that the price is reasonable and reflects the Company's value appropriately and that the price does not fall into a category that is especially favorable to Eligible Persons, unless special circumstances exist that indicate that the Company cannot depend on the most recent price.

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About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Approximately 130,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE:6702) reported consolidated revenues of 3.9 trillion yen (US\$35 billion) for the fiscal year ended March 31, 2020.

For more information, please see <http://www.fujitsu.com>.