5. Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	FY 2010 (at March 31, 2011)	FY 2009 (at March 31, 2010)	Change
Assets			
Current assets	1,760.6	1,871.9	-111.3
(Cash and deposit)	353.8	322.7	31.1
(Notes and accounts receivable, trade)	877.0	921.3	-44.2
(Marketable securities)	10.8	105.2	-94.4
(Inventories)	341.4	322.3	19.1
Non-current assets	1,263.4	1,356.0	-92.6
(Property, plant and equipment)	638.6	662.7	-24.0
(Intangible fixed asset)	251.9	279.2	-27.2
(Investment securities and other non-current assets)	372.8	414.1	-41.2
Total Assets	3,024.0	3,228.0	-203.9
Liabilities			
Current liabilities	1,507.8	1,560.0	-52.2
(Notes and accounts payable, trade)	604.2	626.9	-22.7
(Short-term borrowings and current portion of long-term debt)	225.5	220.4	5.0
(Accrued expenses)	323.1	334.4	-11.3
Long-term liabilities	562.5	719.6	-157.1
(Long-term debt)	245.2	356.9	-111.7
(Accrued retirement benefits)	181.5	206.4	-24.8
Total Liabilities	2,070.3	2,279.6	-209.3
Net Assets			
Shareholders' equity	903.9	865.8	38.0
Total accumulated other comprehensive income	-82.6	-67.1	-15.4
Minority interests	132.4	149.6	-17.1
Total Net Assets	953.7	948.3	5.4
Total Liabilities and Net Assets	3,024.0	3,228.0	-203.9

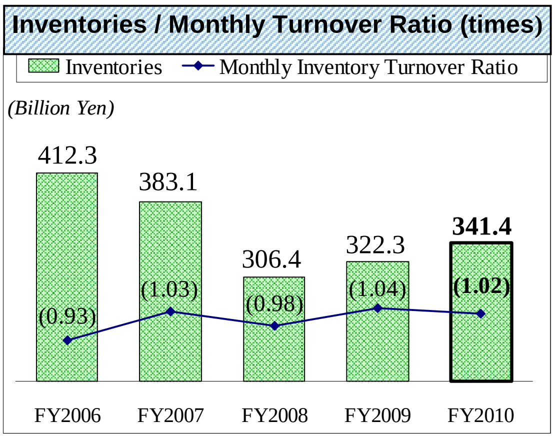
[Cash Flows]

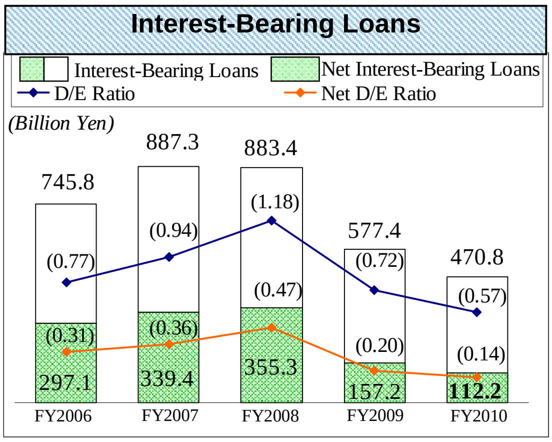
(Billion Yen)

	Full-Year FY 2010 (4/1/10~3/31/11)	Full-Year FY 2009 (4/1/09~3/31/10)	Change
I. Cash flows from operating activities:			
Income before income taxes and minority interests	102.2	112.7	-10.4
Depreciation and amortization, including goodwill amortization	223.3	255.0	-31.6
(Gain) loss on sales of investment securities, net	-9.3	-89.6	80.2
(Increase) decrease in receivables, trade	25.6	48.9	-23.2
(Increase) decrease in inventories	-22.7	18.7	-41.4
Increase (decrease) in payables, trade	-1.7	-23.0	21.3
Net Cash provided by operating activities	255.5	295.3	-39.8
II. Cash flows from investing activities			
Purchases of property, plant and equipment	-122.2	-114.5	-7.7
Proceeds from sales of investment securities	35.1	116.8	-81.6
Net cash provided by (used in) investing activities	-142.1	1.0	-143.1
I + II Free cash flow	113.4	296.4	-182.9
(excluding special items)	73.3	111.6	-38.2
III. Cash flows from financing activities			
Net increase in borrowings (decrease)	-3.1	-22.3	19.1
Bond issue and redemption	-99.8	-303.1	203.2
Payment of dividends	-23.1	-13.8	-9.3
Net cash used in financing activities	-166.9	-405.3	238.3
IV. Cash and cash equivalents at end of period	358.5	420.1	-61.5

Note:
Free cash flow excluding special items excludes proceeds from sales of investment securities, income from acquisition of subsidiaries' stock, and proceeds from the transfer of business.

Explanation of Assets, Liabilities and Net Assets





Note: The monthly turnover rate is calculated by taking sales for the fiscal year, dividing by the average balance of inventories during the period, and then dividing by 12. The average balance of inventories for the fiscal year is calculated by taking the average of the balances of the end of the first, second, and third quarters and the end of the fiscal year.

Consolidated total assets at the end of fiscal 2010 were 3,024.0 billion yen (US$36,434 million), a decrease of 203.9 billion yen compared to the end of fiscal 2009. Current assets totaled 1,760.6 billion yen, a decrease of 111.3 billion yen compared to the end of the prior fiscal year. Cash on hand was used to redeem corporate bonds. Trade receivables decreased due to flat fourth quarter sales as a result of the Tohoku earthquake and due to a decrease in revenue from the services business outside of Japan. Inventories at the end of fiscal 2010 totaled 341.4 billion yen, up 19.1 billion yen from the end of the previous fiscal year. This increase was attributable to the commencement of full-scale production and delivery of the Next-Generation Supercomputer system and to the effect of the earthquake on primarily the PC and mobile phone business. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 1.02 times, a level roughly unchanged from end of the previous fiscal year.

Non-current assets were 1,263.4 billion yen, a decrease of 92.6 billion yen compared to the end of the preceding fiscal year. Property, plant and equipment, as well as intangible assets, decreased mainly as a result of the impact appreciation of the yen had on European subsidiaries and because the level of new investment was low, ending up below the level of depreciation of existing assets. Other non-current assets declined primarily as a result of the redemption of investment securities.

Total consolidated liabilities were 2,070.3 billion yen (US$24,943 million), a decrease of 209.3 billion yen from the end of fiscal 2009. The balance of interest-bearing debt was 470.8 billion yen, a decrease of 106.6 billion yen from the end of fiscal 2009, due primarily to the redemption of 100.0 billion yen of convertible bonds at maturity. In addition, because of higher company contributions to offset the unrecognized obligation for retirement benefits, accrued retirement benefits decreased 24.8 billion yen from the end of fiscal 2009. Due to further repayment of interest-bearing debt, the D/E ratio was 0.57 times, an improvement of 0.15 of a percentage point compared to the end of fiscal 2009, and the net D/E ratio dropped to 0.14 times, an improvement of 0.06 of a percentage point compared to the end of the preceding fiscal year. Both the D/E ratio and the net D/E ratio marked the lowest levels historically attained by the Group.

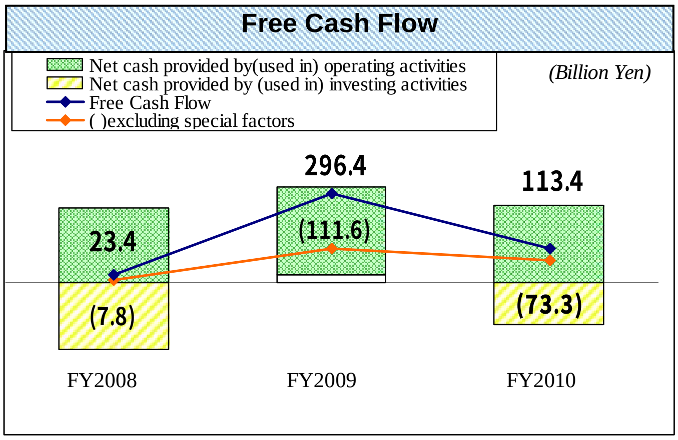
Net assets were 953.7 billion yen (US$11,490 million), an increase of 5.4 billion yen from the end of the previous fiscal year. Despite a 15.4 billion yen decrease in accumulated other comprehensive income due to yen appreciation and a 17.1 billion yen decrease in minority interests in conjunction with the conversion of PFU Limited into a wholly owned subsidiary, shareholders' equity increased 38.0 billion yen from the end of fiscal 2009 because of the net income recorded in fiscal 2010. The owners' equity ratio was 27.2%, an increase of 2.5 percentage points over the end of fiscal 2009.

(Billion Yen)

	FY 2010 (March 31, 2011)	**FY 2009** (March 31, 2010)	Change
Cash and cash equivalents at end of period	358.5	420.1	-61.5
Ending balance of interest-bearing loans	470.8	577.4	-106.6
Ending balance of net interest-bearing loans	112.2	157.2	-45.0
Owners’ equity	821.2	798.6	22.5

Summary of Cash Flows

Net cash flows provided by operating activities during fiscal 2010 were 255.5 billion yen (US$3,078 million), a year-on-year decrease of 39.8 billion yen. The reduction was the result of an increase in inventories stemming from the initiation of full-scale production and delivery of the Next-Generation Supercomputer system, the effect of the earthquake on primarily the PC and mobile phone business, as well as the payment during fiscal 2010 of costs associated with both the restructuring initiatives in the services business in Europe and a settlement with a German copyright organization on royalty payments related to the personal reproduction of copyrighted materials by PC users from the previous year.



Note: Free cash flow excluding special factors is free cash flow minus proceeds from the sale of investment securities, proceeds from the transfer of business, and income from the acquisition of subsidiaries' stock.

Net cash used in investing activities was 142.1 billion yen (US$1,712 million). Although there was cash inflow from the sale of investment securities and from the final sale of shares in conjunction with the transfer of the HDD business in the prior fiscal year, there were outflows of 122.2 billion yen for the acquisition of property, plant and equipment, primarily for use in outsourcing services, and 59.6 billion yen for the acquisition of intangible assets, resulting in higher cash outflows of 143.1 billion yen compared with the previous fiscal year. During fiscal 2009, there was an inflow of 116.8 billion yen from the sale of investment securities, including shares in FANUC Ltd., in accordance with FANUC's solicitation to repurchase its shares, an inflow of 50.4 billion yen in conjunction with the conversion of Fujitsu Technology Solutions (Holding) B.V. and FDK Corporation into consolidated subsidiaries and the aggregation of the companies' cash and cash equivalents, and an inflow of 17.5 billion yen in line with the transfer of the HDD and other business.

Free cash flow, the sum of operating and investing cash flows, was 113.4 billion yen (US$1,366 million), a decrease of 182.9 billion yen compared with the previous fiscal year. Excluding the impact of such special factors as cash inflows from the sale of investment securities, free cash flow decreased by 38.2 billion yen.

Net cash used in financing activities was 166.9 billion yen (US$2,011 million). The company redeemed 100.0 billion yen in convertible bonds at maturity, primarily through the use of cash on hand. Moreover, in addition to year-end and interim dividend payments of 23.1 billion yen in line with the increase in dividends from the prior fiscal year, there was also a payment of 9.4 billion yen for the acquisition of shares from minority shareholders in conjunction with the conversion of PFU Limited into a wholly owned subsidiary. Compared to fiscal 2009, when 300.0 billion yen in corporate bonds were redeemed, there was a decrease in outflows of 238.3 billion yen.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2010 were 358.5 billion yen (US$4,319 million), a decrease of 61.5 billion yen compared to the end of fiscal 2009.

Reference

a) Major Financial Indices

(Billion Yen, except for ratio and period items)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Net Sales	5,100.1	5,330.8	4,692.9	4,679.5	4,528.4
Sales Outside of Japan	1,825.2	1,923.6	1,499.8	1,748.3	1,587.3
[Ratio of Sales Outside of Japan to Total Sales]	[35.8%]	[36.1%]	[32.0%]	[37.4%]	[35.1%]
Operating Income Margin	3.6%	3.8%	1.5%	2.0%	2.9%
Return on Equity	10.9%	5.0%	-13.2%	12.0%	6.8%
Inventories	412.3	383.1	306.4	322.3	341.4
[Inventory Turnover Ratio]	[12.42]	[13.40]	[13.61]	[14.88]	[13.65]
[Monthly Inventory Turnover]	[0.93 times]	[1.03 times]	[0.98 times]	[1.04 times]	[1.02 times]
Total Assets	3,943.7	3,821.9	3,221.9	3,228.0	3,024.0
[Total Assets Turnover Ratio]	[1.32]	[1.37]	[1.33]	[1.45]	[1.45]
Shareholders’ Equity	875.0	911.6	782.9	865.8	903.9
[Shareholders' Equity Ratio]	[22.2%]	[23.9%]	[24.3%]	[26.8%]	[29.9%]
Owners’ Equity	969.5	948.2	748.9	798.6	821.2
[Owners’ Equity Ratio]	[24.6%]	[24.8%]	[23.2%]	[24.7]	[27.2]
Market Value-based Shareholders' Equity Ratio	41.2%	35.3%	23.4%	39.1%	32.2%
Interest-Bearing Loans	745.8	887.3	883.4	577.4	470.8
Net Interest-Bearing Loans	297.1	339.4	355.3	157.2	112.2
D/E Ratio	0.77	0.94	1.18	0.72	0.57
Net D/E Ratio	0.31	0.36	0.47	0.20	0.14
Cash Flows From Operating Activities	408.7	322.0	248.0	295.3	255.5
Free Cash Flow	257.6	38.1	23.4	296.4	113.4
[excluding special factors*1]	[30.9]	[92.2]	[7.8]	[111.6]	[73.3]
Loans / Cash Flows from Operating Activities	1.8 years	2.8 years	3.6 years	2.0 years	1.8 years
Interest Coverage Ratio	22.2	15.1	14.2	18.1	21.8

Note:

Owners’ Equity: *Net Assets – Share Warrants – Minority Interests*

Return on Equity: *Net Income ÷ {(Owners’ Equity at Start of Period + Owners’ Equity at End of Period) ÷ 2}*

Inventory Turnover Ratio: *Net Sales ÷ {(Beginning Balance of Inventories + Ending Balance of Inventories) ÷ 2}*

Monthly Inventory Turnover: *Net Sales ÷ Average Inventories during Period(*2) ÷ 12*

Total Assets Turnover Ratio: *Net Sales ÷ {(Beginning Balance of Total Assets + Ending*

	Balance of Total Assets) ÷ 2}
Shareholders' Equity Ratio:	*Shareholders' Equity ÷ Total Assets*
Owners' Equity Ratio:	*(Net Assets – Share Warrants - Minority Interests) ÷ Total Assets*
Market Value-based Shareholders' Equity Ratio:	*Market Capitalization ÷ Total Assets*
Net Interest-Bearing Loans:	*Interest-Bearing Loans – Cash Equivalents*
D/E Ratio:	*Interest-Bearing Loans ÷ Owners' Equity*
Net D/E Ratio:	*(Interest-bearing Loans - Cash Equivalents) ÷ Owners' Equity*
Loans / Cash Flows from Operating Activities:	*Interest-Bearing Loans ÷ Cash Flows from Operating Activities*
Interest Coverage Ratio:	*Cash Flows from Operating Activities ÷ Interest Expense*

*1: Free cash flow excluding special factors excludes the following:

- Proceeds from sales of investment securities
- Income from acquisition of subsidiaries' stock
- Proceeds from transfer of business
- Impact from holiday at end of period (changes in receivables or payables as a result of receipts or payments being extended to following period because the last day of the current period is a holiday)

*2: Average inventories during period are calculated as the average of the ending balance of inventories for each of the four quarters of the fiscal year.

b. R&D Expenses

		Yen (Billions)		
		FY 2008	FY 2009	**FY 2010**
	Y	249.9	224.9	**236.2**
As %of sales		5.3%	4.8%	**5.2%**

c. Capital Expenditures, Depreciation*
Capital Expenditures

		Yen (Billions)		
		FY 2008	FY 2009	**FY 2010**
Technology Solutions	**Y**	86.9	74.0	**67.2**
Ubiquitous Product Solutions		17.7	11.0	**15.5**
Device Solutions		42.8	31.9	**39.4**
Corporate and others**		20.2	9.3	**8.0**
Total		167.6	126.4	**130.2**
Depreciation	**Y**	223.9	164.8	**141.6**

d. Exchange Rates

		FY 2008	FY 2009	**FY 2010**
Average rates for	$1	101 yen	93 yen	**86 yen**
	€1	144 yen	131 yen	**113 yen**
	£1	174 yen	148 yen	**133 yen**

Reference information: A 1 yen fluctuation (depreciation/appreciation) had the following effect on operating income in FY 2010.

US Dollar	: Increase/decrease by approximately 0.9 billion yen
Euro	: Increase/decrease by approximately 0.2 billion yen
Pound	: Increase/decrease by approximately 0.1 billion yen

e. Employees

	(Thousands)		
	2009 March 31	2010 March 31	**2011 March 31**
Japan	107	107	**106**
Overseas	59	65	**66**
Total	166	172	**172**

f. PC Shipments***

	(Million Units)	
FY 2008	FY 2009	**FY 2010**
7.36	5.63	**5.42**

g. Mobile Phone Shipments

(Million Units)		
FY 2008	FY 2009	**FY 2010**
4.70	5.18	**6.70**

Notes:

* Beginning with the first quarter of fiscal 2010, Fujitsu changed its business segmentation, as explained in the press release, "Notice Regarding Change in Business Segments," issued July 26, 2010. Among the major changes, the car audio and navigation systems business had been included in the Other segment, this business is now included in Mobilewear in the Ubiquitous Solutions segment. For comparison purposes, figures for fiscal years 2008 and 2009 have been reclassified under the new segments.

** The figures in Corporate and others for fiscal years 2008 and 2009 include the hard disk drive (HDD) business, the transfer of which was completed October 1, 2009.

***Figures for FY2008 include shipments of Fujitsu Siemens Computers (Holding) B.V. (Fujitsu Technology Solutions (Holding) B.V. as of April 1, 2009).

Policy on Dividends and Dividend 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.

At the beginning of fiscal 2010, the company projected 95 billion yen in net income based on profits from core business operations and, as a result, planned to pay an annual dividend of 10 yen per share, reverting to the level of dividends paid prior to fiscal 2000.

In fiscal 2010, operating income rose from the previous fiscal year owing to the effect of structural reforms in the LSI device business and relief from the amortization of goodwill. This was despite the impact of a lagging recovery in demand for domestic ICT investments and deteriorating performance in certain overseas service business projects. Net income declined year on year due to an extraordinary loss posted as a result of the March 11 Tohoku earthquake and because of proceeds from the sale of investment securities had been posted in the previous fiscal year. Nonetheless, the company's financial condition is steadily improving.

As a result of these factors, initial plans at the start of the year for a year-end dividend of 5 yen per share remain unchanged. Including an interim dividend of 5 yen, Fujitsu plans for an annual dividend of 10 yen per share. This plan represents the first time since fiscal 2000 that Fujitsu intends to pay annual dividends of 10 yen per share.

Dividend payment plans for fiscal 2011 have not yet been determined. This is because conditions brought about by the Tohoku earthquake, such as component shortages, make it difficult to assess at this time the impact that may be exerted on company performance. Fujitsu will make available dividend payment plans as soon as forecast disclosure becomes possible.