2. Explanation of Financial Condition

[Assets, Liabilities and Net Assets] (Billion Yen)

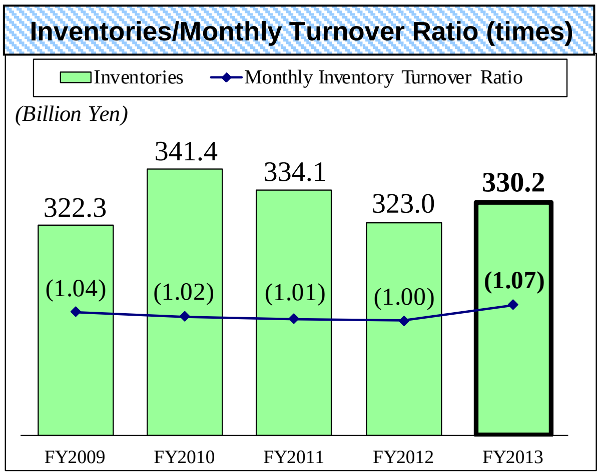
	Year-end FY2012 (at March 31, 2013)	Year-end FY2013 (at March. 31, 2014)	Change
Assets			
Current assets	1,722.2	1,866.4	144.1
[Notes and accounts receivable, trade]	[895.9]	[991.0]	[95.0]
[Inventories]	[323.0]	[330.2]	[7.1]
Non-current assets	1,198.0	1,213.0	15.0
[Property, plant and equipment]	[618.4]	[619.6]	[1.1]
[Intangible assets]	[187.3]	[186.2]	[-1.0]
[Investment and other non-current assets]	[392.2]	[407.2]	[14.9]
Total Assets	2,920.3	3,079.5	159.2
Liabilities			
Current liabilities	1,568.5	1,462.3	-106.1
[Notes and accounts payables, trade]	[566.7]	[641.2]	[74.4]
[Short-term borrowings and Current portion of bonds payable]	[289.7]	[129.0]	[-160.6]
[Provision for restructuring charges]	[64.0]	[34.4]	[-29.5]
Long-term liabilities	599.3	914.7	315.3
[Long-term debt]	[245.2]	[390.5]	[145.3]
[Net defined benefit liability]	[207.1]	[386.2]	[179.1]
Total Liabilities	2,167.8	2,377.0	209.1
Net Assets			
Shareholders' equity	825.5	874.2	48.6
Accumulated other comprehensive income	-201.5	-301.0	-99.5
[Foreign currency translation adjustments]	[-79.4]	[-17.7]	[61.7]
[Remeasurements of defined benefit plans, net of taxes]	[-149.7]	[-321.5]	[-171.8]
Minority interests in consolidated subsidiaries	128.3	129.1	0.8
Total Net Assets	752.4	702.4	-49.9
Total Liabilities and Net Assets	2,920.3	3,079.5	159.2

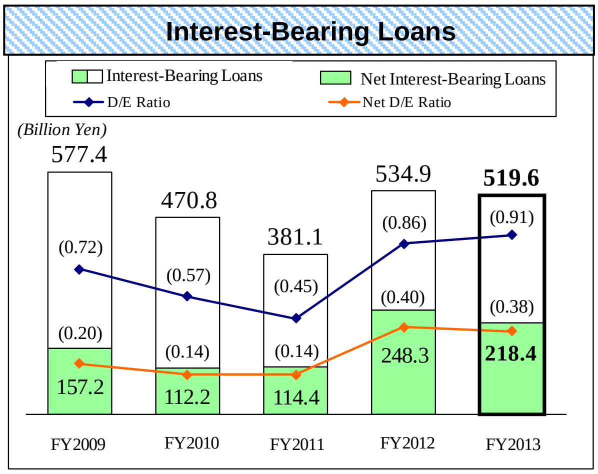
[Cash Flows] (Billion Yen)

	FY2012 (4/1/12～3/31/13)	FY2013 (4/1/13～3/31/14)	Change
I. Net cash provided by operating activities	7.1	175.5	104.5
[Income (loss) before income taxes and minority interests]	[-52.1]	[92.9]	[145.0]
[Increase (decrease) in provisions]	[46.0]	[-38.7]	[-84.7]
[Retirement benefit expenses, net of contribution]	[-116.4]	[4.5]	[121.0]
II. Net cash used in investing activities	-161.4	-128.8	32.6
[Purchases of property, plant and equipment]	[-111.5]	[-114.1]	[-2.5]
[Purchases of intangible assets]	[-64.4]	[-64.8]	[-0.4]
[Proceeds from sales of investment securities]	[4.4]	[21.3]	[16.8]
[Proceeds from transfer of business]	[10.9]	[10.8]	[-0.1]
[Others]	[-0.9]	[17.9]	[18.9]
I+II. Free Cash Flow	-90.4	46.6	137.1
Excluding one-time items	8.4	14.4	6.0
III. Net cash provided by financing activities	100.3	-44.7	-145.1
[Net increase in borrowings (decrease)]	[142.6]	[-85.6]	[-228.3]
[Bond issue and redemption]	[-2.4]	[60.0]	[62.4]
[Dividends paid]	[-23.1]	[-2.6]	[20.4]
Cash and cash equivalents at end of period	284.5	301.1	16.6

Notes;
1. Figures for FY2012 have been retroactively revised as a result of the adoption of the amended IAS 19.
2. "Free cash flow excluding one-time items" excludes proceeds from sale of investment securities, Proceeds from transfer of business, and a special contribution into pension schemes of UK subsidiary in FY2012.

(1) Assets, Liabilities and Net Assets





Note: The monthly turnover ratio 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 at the end of first, second, and third quarters and the end of the fiscal year.

Consolidated total assets at the end of fiscal 2013 amounted to 3,079.5 billion yen (US$29,898 million), an increase of 159.2 billion yen from the end of the previous consolidated fiscal year. Yen depreciation amounted to an approximately 120 billion yen increase. Current assets increased by 144.1 billion yen compared with the end of fiscal 2012, to 1,866.4 billion yen. Trade notes and accounts receivable increased by 95.0 billion yen, as sales in the fourth quarter of fiscal 2013 were higher than that in the same period of fiscal 2012. Inventories at the end of fiscal 2013 increased to 330.2 billion yen, up 7.1 billion yen from the ending balance of fiscal 2012, primarily because of the weaker yen. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 1.07 times, an improvement of 0.07 times from the end of fiscal 2012. In addition to more efficient management of inventories, particularly in PCs, the sale of the microcontroller and analog device business also had an impact.

Non-current assets increased by 15.0 billion yen from the end of fiscal 2012, to 1,213.0 billion yen. Investment and other non-current assets increased by 14.9 billion yen from the end of fiscal 2012, primarily as the value of investment securities increased with the rise in stock prices.

Consolidated total liabilities amounted to 2,377.0 billion yen (US$23,078 billion), an increase of 209.1 billion yen compared to the end of fiscal 2012. Defined benefit liability increased by 179.1 billion yen primarily because the unrecognized obligation for retirement benefits for plans in Japan of 212.6 billion yen was brought on to the balance sheet as a liability, being offset with prepaid pension costs in accordance with a revision in the accounting standard for retirement benefits. Trade notes and accounts payable increased because of the impact of the weaker yen, whereas the provision for restructuring charges decreased on of the payment of business structure improvement expenses for the LSI device business and businesses outside Japan. The balance of interest-bearing loans was 519.6 billion yen, a decrease of 15.3 billion yen from the end of fiscal 2012. Fujitsu issued 80.0 billion yen in straight bonds to cover the redemption of straight bonds and repay short-term borrowings, and also made progress in paying down borrowings. The D/E ratio was 0.91 times, an increase of 0.05 of a percentage point compared to the end of fiscal 2012, and the net D/E ratio was 0.38 times, a decrease 0.02 of a percentage point compared to the end of fiscal 2012.

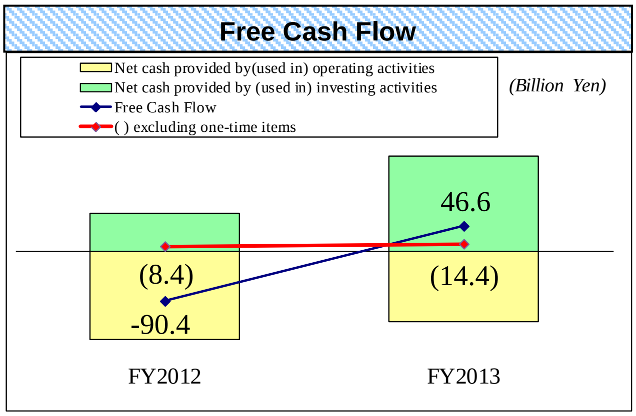
Net assets were 702.4 billion yen (US$6,819 million), a decrease of 49.9 billion yen from the end of fiscal 2012. Shareholders' equity increased by 48.6 billion yen because of the net income being recorded in fiscal 2013. Accumulated other comprehensive income decreased by 99.5 billion yen compared to the end of fiscal 2012. Foreign currency translation adjustments increased by 61.7 billion yen compared to the end of fiscal 2012 on a reversal stemming from the liquidation of a US subsidiary Fujitsu Management Services of America, Inc., and on the depreciation of the yen. Unrealized gain and loss on securities increased 10.7 billion yen with a rise in stock prices. Remeasurements of defined benefit plans, net of taxes, decreased by 171.8 billion yen compared to the end of fiscal 2012 as a result of the reflection on the balance sheet, as of the end of fiscal 2013, of the unrecognized obligation for retirement benefits for plans in Japan, in accordance with a revision in the accounting standard for retirement benefits. Consequently, consolidated owners' equity fell to 573.2 billion yen, with an owners' equity ratio of 18.6%, representing a decline of 2.8 percentage points compared to the end of fiscal 2012.

(Billion Yen)

	FY2012 (March 31, 2013)	**FY2013** (March. 31, 2014)	Change
Cash and Cash Equivalents at End of Period	286.6	301.1	14.5
Interest-bearing Loans	534.9	519.6	-15.3
Net Interest-bearing Loans	248.3	218.4	-29.8
Owners' Equity	624.0	573.2	-50.8

(2) Cash Flows

Net cash provided by operating activities during fiscal 2013 amounted to 175.5 billion yen (US$1,704 million), a year-on-year increase of 104.5 billion yen. Contributing factors include an outflow of approximately 50 billion yen for the payment of restructuring charges relating to the LSI device business and business outside Japan, as well as approximately 26 billion yen in outflows for the payment of income tax withheld in relation to dividends received from subsidiaries in Japan in the fourth quarter of the fiscal year. On the other hand, quarterly income before income taxes and minority interests improved this fiscal year, and, in fiscal 2012, there was a one-time outflow of 114.3 billion yen for a special payment to the pension fund held by a UK subsidiary.



Note: Free cash flow excluding one-time items is free cash flow minus proceeds from the sale of investment securities, proceeds from the transfer of business and a special contribution during FY2012 to the pension scheme of Fujitsu's UK subsidiary.

Net cash used in investing activities was a negative 128.8 billion yen (US$1,250 million). Outflows mainly consisted of the acquisition of property, plant and equipment amounting to 114.1 billion yen in capital expenditures, primarily related to datacenters, and the acquisition of intangible assets amounting to 64.8 billion yen, primarily software. There was an inflow of cash from the sale of investment securities and an inflow of cash from the maturity of a time deposit that had been held for fund management purposes. Compared to fiscal 2012, net outflows decreased by 32.6 billion yen.

Free cash flow, the sum of cash flows from operating and investing activities, was 46.6 billion yen (US$452 million), representing an increase in net cash inflows of 137.1 billion yen compared with fiscal 2012. Inflows from the sales of investment securities and the sale of a business, and excluding one-time items such as the contribution in the previous fiscal year to the pension fund held by a UK subsidiary, resulted in increased cash inflows of 6.0 billion yen in fiscal 2013, largely unchanged from the previous fiscal year.

Net cash used in financing activities was 44.7 billion yen (US$434 million). Short-term borrowings in the previous fiscal year that were used to finance a special contribution to the pension fund held by a UK subsidiary were repaid and replaced by straight bonds and other long-term borrowings. This led to a decrease in net cash inflows of 145.1 billion yen compared to fiscal 2012.

As a result of the above factors, cash and cash equivalents at the end of fiscal 2013 were 301.1 billion yen (US$2,923 million), an increase of 16.6 billion yen compared to the end of fiscal 2012.

(3) Status of Retirement Benefit Plans

For retirement benefits for plans in Japan, as a result of a revision in the accounting standard for retirement benefits, the ending balance of unrecognized obligation for retirement benefits of 212.6 billion yen (146.7 billion yen on an after-tax basis) has been fully recognized in accumulated other comprehensive income as of the end of fiscal 2013. For retirement benefits for plans outside of Japan, in accordance with the adoption of the revised version of IAS 19, all unrecognized obligation for retirement benefits, adjusted for tax effects, has been reflected onto the balance sheet. As a result, all unrecognized obligation for retirement benefits for Fujitsu are now reflected onto the balance sheet.

(Billion Yen)

	FY2012 (March 31, 2013)	**FY2013** (March 31, 2014)	Change
a. Projected Benefit Obligation	-2,151.1	-2,248.4	-97.2
b. Plan Assets	1,686.9	1,865.1	178.1
c. Projected Benefit Obligation in Excess of Plan Assets (a) + (b)	-464.2	-383.3	80.8

Net Assets) Remeasurements of defined benefit plans, net of taxes	-149.7	-321.5	-171.8
In Japan	-	-146.7	-146.7
Outside Japan (*)	-149.7	-174.8	-25.0

(Reference) Unrecognized Obligation for Retirement Benefits for Plans in Japan (based on previous presentation method)	-308.7	-212.6	96.1

Note: The revised version of IAS 19 has been retrospectively applied to the financial figures presented for fiscal 2012 to provide a basis for comparison. As a result, the unrecognized obligation for retirement benefits of 157.3 billion yen at the end of fiscal 2012 has been revised and reflected on the balance sheet as 149.7 billion yen.

<Reference> Major Financial Indices

(Billion Yen, except ratio and period items)

	FY2009	FY2010	FY2011	FY2012 (*1)	FY2013
Net Sales	4,679.5	4,528.4	4,467.5	4,381.7	4,762.4
Sales Outside of Japan	1,748.3	1,587.3	1,506.0	1,498.2	1,801.4
[Ratio of Sales Outside of Japan to Total Sales]	[37.4%]	[35.1%]	[33.7 %]	[34.2 %]	[37.8 %]
Operating Income Margin	2.0%	2.9%	2.4%	2.0%	3.0%
Rate of Return on Equity	12.0%	6.8%	5.1%	-11.8%	8.1%
Inventories	322.3	341.4	334.1	323.0	330.2
[Inventory Turnover Ratio]	[14.88]	[13.65]	[13.23]	[13.33]	[14.58]
[Monthly Inventory Turnover]	[1.04 times]	[1.02 times]	[1.01 times]	[1.00 times]	[1.07 times]
Total Assets	3,228.0	3,024.0	2,945.5	2,920.3	3,079.5
[Total Assets Turnover Ratio]	[1.45]	[1.45]	[1.50]	[1.50]	[1.59]
Shareholders' Equity	865.8	903.9	926.0	825.5	874.2
[Shareholders' Equity Ratio]	[26.8%]	[29.9%]	[31.4%]	[28.3%]	[28.4%]
Owners' Equity	798.6	821.2	841.0	624.0	573.2
[Owners' Equity Ratio]	[24.7%]	[27.2%]	[28.6%]	[21.4%]	[18.6%]
Market Value-based Shareholders' Equity Ratio	39.1%	32.2%	30.6%	27.5%	41.9%
Interest-Bearing Loans	577.4	470.8	381.1	534.9	519.6
Net Interest Bearing Loans	157.2	112.2	114.4	248.3	218.4
D/E Ratio	0.72	0.57	0.45	0.86	0.91
Net D/E Ratio	0.20	0.14	0.14	0.40	0.38
Cash Flows From Operating Activities	295.3	255.5	240.0	71.0	175.5
Free Cash Flow	296.4	113.4	49.1	-90.4	46.6
[Excluding one-time items](*2)	[111.6]	[73.3]	[43.5]	[8.4]	[14.4]
Loans/Cash Flows From Operating Activities	2.0 years	1.8 years	1.6 years	7.5 years	3.0 years
Interest Coverage Ratio	18.1	21.8	25.9	9.7	26.8

Note:

Owners' Equity:	*Net Assets – Share Warrants – Minority Interests*
Rate of 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(*3) ÷ 12*
Total Assets Turnover Ratio:	*Net Sales ÷ {(Beginning Balance of Total Assets + Ending Balance of Total Assets) ÷*
Shareholders' Equity Ratio:	*Shareholders' Equity ÷ Total Assets*
Owners' Equity Ratio:	*Owners' Equity ÷ 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: Figures for FY2012 have been retroactively revised as a result of the adoption of the amended IAS 19. Figures prior to FY2011 have not been retroactively revised.*

**2: Free cash flow excluding one-time items excludes the following:*

- *Proceeds from sales of investment securities*
- *Proceeds from acquisitions of subsidiaries in line with changes to scope of consolidation*
- *Proceeds from business transfers*
- *A special contribution during FY2012 into pension schemes of Fujitsu's UK subsidiary*

**3: 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.*