

## 6. Financial Condition

### [Assets, Liabilities and Net Assets]

(Billion Yen)

	Third Quarter FY 2009 (at December 31, 2009)	Full Year FY 2008 (at March 31, 2009)	Change	Third Quarter FY 2008 (at December 31, 2008)
Current assets	1,875.8	1,887.5	-11.6	1,886.8
(Cash and deposits)	347.2	488.6	-141.3	302.8
(Notes and accounts receivable, trade)	852.3	847.2	5.1	763.8
(Inventories)	401.0	306.4	94.6	421.8
Non-current assets	1,335.6	1,334.4	1.2	1,456.1
(Property, plant and equipment)	659.8	673.0	-13.1	773.0
(Intangible assets)	289.5	211.3	78.2	209.8
(Other non-current assets)	386.2	450.0	-63.8	473.2
<b>Total Assets</b>	<b>3,211.5</b>	<b>3,221.9</b>	<b>-10.4</b>	<b>3,342.9</b>
Current liabilities	1,617.4	1,550.4	66.9	1,632.4
(Notes and accounts payable, trade)	586.6	528.7	57.8	540.1
(Short-term borrowings and current portion of long-term debt)	333.6	426.8	-93.2	537.0
Long-term liabilities	699.1	745.9	-46.8	720.4
(Long-term debt)	361.9	456.5	-94.6	439.3
<b>Total Liabilities</b>	<b>2,316.5</b>	<b>2,296.3</b>	<b>20.1</b>	<b>2,352.9</b>
Shareholders' equity	820.5	782.9	37.6	859.1
Valuation and translation adjustments	-72.9	-33.9	-39.0	-48.4
Minority interests	147.4	176.6	-29.2	179.2
<b>Total Net Assets</b>	<b>895.0</b>	<b>925.6</b>	<b>-30.5</b>	<b>990.0</b>
<b>Total Liabilities and Net Assets</b>	<b>3,211.5</b>	<b>3,221.9</b>	<b>-10.4</b>	<b>3,342.9</b>
Cash and cash equivalents at end of period	437.4	528.1	-90.6	481.8
Ending balance of interest-bearing loans	695.6	883.4	-187.8	976.3
Ending balance of net interest-bearing loans	258.1	355.3	-97.1	494.5
Owners' equity	747.5	748.9	-1.3	810.7

## [Cash Flows]

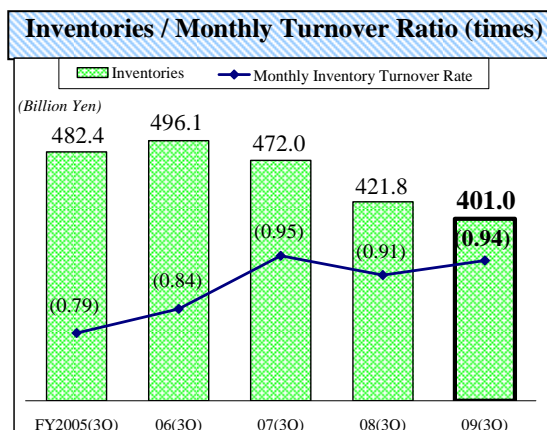
(Billion Yen)

	First 9 Months FY 2009 (4/1/09~12/31/09)	First 9 Months FY 2008 (4/1/08~12/31/08)	Change
<b>I. Cash Flows from Operating Activities:</b>			
Income (loss) before income taxes and minority interests	51.4	-25.3	76.8
Depreciation and amortization, including goodwill amortization	194.8	215.6	-20.7
Impairment loss	-	7.4	-7.4
(Gain) loss on sale of investment securities	-89.5	-2.9	-86.5
(Increase) decrease in receivables, trade	163.0	195.6	-32.5
(Increase) decrease in inventories	-57.9	-53.9	-3.9
Increase (decrease) in payables, trade	-65.3	-206.3	141.0
Other, net	-57.5	-67.8	10.3
<b>Net Cash Provided by Operating Activities</b>	<b>139.0</b>	<b>62.1</b>	<b>76.8</b>
<b>II. Cash Flows from Investing Activities</b>			
Purchases of property, plant and equipment	-79.4	-144.2	64.8
Proceeds from sales of investment securities	106.4	12.8	93.6
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	50.4	-	50.4
Proceeds from transfer of business	15.4	-	15.4
Other, net	-51.2	-55.7	4.5
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>41.7</b>	<b>-187.2</b>	<b>228.9</b>
<b>I + II Free Cash Flow</b>	<b>180.7</b>	<b>-125.0</b>	<b>305.8</b>
<b>III. Cash Flows from Financing Activities</b>			
Net increase in borrowings (decrease)	89.4	191.6	-102.2
Bond issue and redemption	-297.0	-79.7	-217.3
Purchase of treasury stock	-22.2	-	-22.2
Other, net	-46.8	-56.3	9.4
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>-276.7</b>	<b>55.6</b>	<b>-332.4</b>
<b>IV. Cash and Cash Equivalents at End of Period</b>	<b>437.4</b>	<b>481.8</b>	<b>-44.3</b>

## Explanation of Assets, Liabilities and Net Assets

Total assets at the end of the third quarter were 3,211.5 billion yen (US\$34,908 million). Despite the increase in assets associated with the conversion of Fujitsu Technology Solutions (FTS) and other companies into consolidated subsidiaries, total assets remained at about the same level as the end of fiscal 2008 because cash reserves and collections of accounts receivable were used to pay down interest-bearing debt and trade payables and other liabilities. In addition, the company sold off its remaining shares in FANUC Ltd., reducing its investment securities assets compared to the end of fiscal 2008.

Current assets were 1,875.8 billion yen, a decrease of 11.6 billion yen from the end of fiscal 2008, reflecting the use of cash and deposits for the redemption of convertible bonds and straight bonds that matured in 2009. Inventories at the end of the quarter stood at 401.0 billion yen, an increase of 94.6 billion yen from the ending balance for fiscal 2008 as a result of increases, particularly in the Services business, to meet expected fiscal year-end sales demand, as well as the conversion of Fujitsu Technology Solutions into a consolidated subsidiary. The monthly inventory turnover rate, which is an indication of asset utilization efficiency, was 0.94 times, an improvement of 0.03 times from the same period last year as a result of progress in product-related businesses and the sale of the HDD business.



Note: The monthly turnover rate is calculated by taking sales for the first nine months, dividing by the average balance of inventories at the end of the third quarter, and then dividing by 9. The average balance of inventories for the first nine months is calculated by taking the average of the balance of the end of the first, second, and third quarters.

### Impact of the Conversion of Fujitsu Technology Solutions into a Consolidated Subsidiary

Total Assets	358.6 billion yen
Liabilities	358.4 billion yen
Minority Interests	0.1 billion yen

Note: Figures represent the impact as of the start of the this fiscal year

Non-current assets were 1,335.6 billion yen, a level roughly unchanged compared to the end of the preceding fiscal year. Although intangible assets increased by 78.2 billion yen from the end of fiscal 2008, primarily as a result of the goodwill recognized from the acquisition of Fujitsu Technology Solutions, property, plant and equipment decreased by 13.1 billion yen, primarily as a result of the sale of the HDD business in October 2009, and other non-current assets decreased by 63.8 billion yen as the company sold its remaining holdings in FANUC shares in August 2009 in accordance with FANUC's solicitation to repurchase its own shares.

Total liabilities were 2,316.5 billion yen (US\$25,179 million), an increase of 20.1 billion yen from the end of fiscal 2008. Though progress was made paying down interest-bearing debt, there were increases in accounts payable and accrued retirement benefits from the conversion of Fujitsu Technology Solutions into a consolidated subsidiary. Interest-bearing debt declined by 187.8 billion yen compared to the end of fiscal 2008, leaving the balance at 695.6 billion yen. Though a portion of the funds used for acquisitions were financed through short-term borrowings, debt declined due to bond redemptions of 300.0 billion yen. Compared to the end of the second quarter, the balance of debt rose by 48.4 billion yen due to the need for funds for the fiscal year-end sales period. The debt/equity ratio was 0.93 times. Subtracting cash and cash equivalents, net interest-bearing debt was 258.1 billion yen, and the net D/E ratio was 0.35 times.

Net assets were 895.0 billion yen (US\$9,728 million), a decrease of 30.5 billion yen from the end of fiscal 2008. Minority interests declined as the company purchased its own shares worth 21.7 billion yen to make an allotment to minority shareholders of Fujitsu Business Systems Ltd. and convert the company into a wholly owned subsidiary. Shareholders' equity increased by 37.6 billion yen from the end of last fiscal year due to the net income recorded through the first nine months of the fiscal year. Valuation and translation adjustments declined by 39.0 billion yen on the realization of unrealized gains on the sale of investment securities, primarily the shares of FANUC Ltd. As a result, owners' equity was essentially unchanged from the end of last fiscal year at 747.5 billion yen, and the owners' equity ratio was 23.3%, also essentially unchanged from the end of fiscal 2008.

#### Reference: Major Financial Indices

	December 31 2009	March 31 2009	Change	December 31 2008
D/E Ratio (times)	0.93	1.18	-0.25	1.20
Net D/E Ratio (times)	0.35	0.47	-0.12	0.61
Shareholders' Equity Ratio	25.5%	24.3%	1.2%	25.7%
Owners' Equity Ratio	23.3%	23.2%	0.1%	24.3%

D/E ratio is ending balance of interest-bearing loans/owners' equity.

Net D/E ratio equals (ending balance of interest-bearing loans - cash and cash equivalents at end of period)/owners' equity.

#### Summary of Cash Flows

Net cash flows provided by operating activities during the first nine months of fiscal 2009 were 139.0 billion yen (US\$1,511 million). In comparison with the first three quarters of fiscal 2008, net cash flows provided by operating activities increased by 76.8 billion yen due to an improvement in working capital as a result of higher income, a reduction in trade payables, and other factors.

Net cash flows provided by investing activities were 41.7 billion yen (US\$453 million), representing a decrease in cash outflows by 228.9 billion yen compared with the same period in fiscal 2008 due primarily to higher inflows from the sale of shareholdings and a reduction in capital investment, particularly for the Device Solutions business. Specifically, there were outflows of 79.4 billion yen for the acquisition of property, plant and equipment, primarily for the expansion of datacenter services. Although there were outflows of 53.7 billion yen for the acquisition of shares in Fujitsu Technology Solutions, which became a consolidated subsidiary, because Fujitsu Technology Solutions held 96.6 billion yen in cash and cash equivalents, this resulted in a net cash inflow from the transaction of 42.9 billion yen. There were proceeds of 106.4 billion yen from the sale of shares primarily in FANUC. There was also a net cash inflow of 15.4 billion yen in conjunction with the sale of the HDD business, reflecting the 23.6 billion yen in proceeds from the sale less the 8.1 billion yen in cash and cash equivalents held by the consolidated subsidiary that was sold.

Free cash flow, the sum of operating and investing cash flows, was 180.7 billion yen (US\$1,964 million), an increase of 305.8 billion yen compared with the same period in the previous fiscal year and the highest level for the nine-month period since fiscal 2001, when the company began quarterly financial reports.

Net cash used in financing activities was 276.7 billion yen (US\$3,008 million), an increase in cash outflows of 332.4 billion yen compared to the same period in the previous fiscal year. Though a portion of the capital needed for the year-end sales period and for acquisitions was financed through short-term borrowings, there were outflows of 300.0 billion yen for bond

redemptions, 13.8 billion yen for dividend payments, and 22.2 billion yen for the acquisition of Fujitsu's own shares.

As a result of the above factors, cash and cash equivalents at the end of the third quarter were 437.4 billion yen (US\$4,754 million), an increase of 21.5 billion yen from the end of the second quarter but a decrease of 90.6 billion yen compared to the end of the previous fiscal year due to bond redemptions in the first quarter of this fiscal year and other factors.