

2. Explanation of Financial Condition

[Assets, Liabilities and Net Assets]

(Billion Yen)

	Year-end FY2012 (at March 31, 2013)	Third Quarter FY2013 (at Dec. 31, 2013)	Change	Third Quarter FY2012 (at Dec. 31, 2012)
Assets				
Current assets	1,722.2	1,949.3	227.0	1,700.6
[Cash and time deposits and Marketable securities]	[304.9]	[361.1]	[56.2]	[319.1]
[Notes and accounts receivable, trade]	[895.9]	[916.3]	[20.4]	[778.6]
[Inventories]	[323.0]	[414.7]	[91.6]	[399.7]
Non-current assets	1,198.0	1,251.2	53.2	1,174.4
[Property, plant and equipment]	[618.4]	[627.4]	[9.0]	[608.2]
[Intangible assets]	[187.3]	[189.2]	[1.9]	[189.8]
[Investment and other non-current assets]	[392.2]	[434.4]	[42.2]	[376.3]
Total Assets	2,920.3	3,200.5	280.2	2,875.1
Liabilities				
Current liabilities	1,568.5	1,586.1	17.6	1,446.7
[Notes and accounts payables, trade]	[566.7]	[620.1]	[53.4]	[545.8]
[Short-term borrowings and Current portion of bonds payable]	[289.7]	[275.7]	[-13.9]	[289.4]
[Provision for restructuring charges]	[64.0]	[27.5]	[-36.4]	[19.8]
Long-term liabilities	599.3	789.5	190.1	677.5
[Long-term debt]	[245.2]	[420.8]	[175.6]	[257.2]
Total Liabilities	2,167.8	2,375.6	207.8	2,124.3
Net Assets				
Shareholders' equity	[825.5]	[828.0]	[2.4]	[810.2]
Accumulated other comprehensive income	[-201.5]	[-134.3]	[67.1]	[-183.9]
Minority interests in consolidated subsidiaries	[128.3]	[131.1]	[2.7]	[124.4]
Total Net Assets	752.4	824.8	72.4	750.7
Total Liabilities and Net Assets	2,920.3	3,200.5	280.2	2,875.1

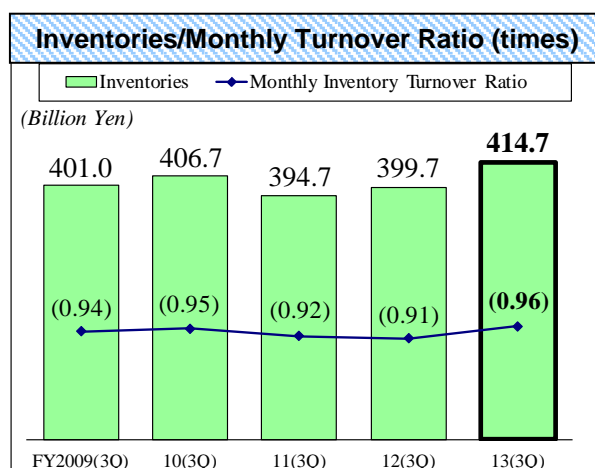
[Cash Flows]

(Billion Yen)

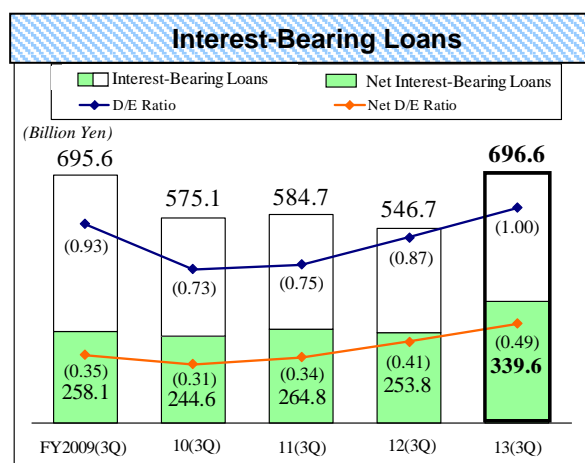
	Nine Months FY2012 (4/1/12~12/31/12)	Nine Months FY2013 (4/1/13~12/31/13)	Change
I. Net cash provided by operating activities	20.6	7.1	-13.4
[Income (loss) before income taxes and minority interests]	[-86.5]	[22.1]	[108.7]
[Depreciation and amortization, including goodwill amortization]	[143.5]	[135.5]	[-8.0]
[Increase (decrease) in provisions]	[10.2]	[-42.7]	[-53.0]
[(Increase) decrease in receivables, trade]	[136.3]	[20.9]	[-115.4]
[(Increase) decrease in inventories]	[-64.3]	[-85.3]	[-20.9]
[Increase (decrease) in payables, trade]	[-83.2]	[20.5]	[103.7]
[Income taxes paid]	[-18.1]	[-36.6]	[-18.5]
II. Net cash used in investing activities	-122.8	-86.5	36.2
[Purchases of property, plant and equipment]	[-80.0]	[-82.4]	[-2.3]
[Purchases of intangible assets]	[-43.7]	[-46.3]	[-2.6]
[Proceeds from sales of investment securities]	[1.1]	[16.0]	[14.8]
[Proceeds from transfer of business]	[10.2]	[10.8]	[0.6]
[Others]	[-10.4]	[15.3]	[25.7]
I+II. Free Cash Flow	-102.2	-79.4	22.7
III. Net cash provided by financing activities	124.3	135.3	10.9
[Net increase in borrowings (decrease)]	[155.6]	[90.0]	[-65.5]
[Bond issue and redemption]	[5.1]	[60.0]	[54.8]
[Dividends paid]	[-23.0]	[-2.6]	[20.3]
Cash and cash equivalents at end of period	292.9	356.9	64.0

Notes; Figures for the year-end FY2012, the nine months of FY2012, and the third quarter of FY2012 have been retroactively revised as a result of the adoption of the amended IAS 19.

(1) Assets, Liabilities and Net Assets



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



Consolidated total assets at the end of the third quarter amounted to 3,200.5 billion yen (US\$30,481 million), an increase of 280.2 billion yen from the end of fiscal 2012. The shift in the exchange rate to a weaker yen caused total assets to increase by approximately 140 billion yen. Current assets increased by 227.0 billion yen compared with the end of fiscal 2012, to 1,949.3 billion yen. On account of the weaker yen and in preparation for anticipated sales, particularly in the services business, inventories at the end of the third quarter increased to 414.7 billion yen, an increase of 91.6 billion yen from the ending balance of fiscal 2012. The monthly inventory turnover ratio, which is an indication of asset utilization efficiency, was 0.96 times, an improvement of 0.05 times from the end of the third quarter of fiscal 2012. In addition to more efficient inventory management primarily in PCs and electronic components, the improvement stemmed from the impact of the sale of the microcontroller and analog device business.

Non-current assets increased by 53.2 billion yen from the end of fiscal 2012, to 1,251.2 billion yen. Investments and other non-current assets increased by 42.2 billion yen, to 434.4 billion yen, as the rise in stock prices caused the value of investment securities to increase.

Consolidated total liabilities amounted to 2,375.6 billion yen (US\$22,625 billion), an increase of 207.8 billion yen compared to the end of fiscal 2012. Although trade notes and accounts payable increased because of the impact of the weaker yen, the provision for restructuring charges decreased because of the payment of business structure improvement expenses for the LSI device business and businesses outside Japan. The balance of interest-bearing loans was 696.6 billion yen, an increase of 161.6 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 short-term borrowings, and short-term borrowings increased to finance a portion of working capital. As a result, the D/E ratio was 1.00 times, an increase of 0.14 of a percentage point compared to the end of fiscal 2012, and the net D/E ratio was 0.49 times, a deterioration of 0.09 of a percentage point compared to the end of fiscal 2012.

Net assets were 824.8 billion yen (US\$7,855 million), an increase of 72.4 billion yen from the end of fiscal 2012. The increase is primarily attributable to an increase in accumulated other comprehensive income as a result of yen depreciation and rising share prices. The owners' equity ratio was 21.7%, an increase of 0.3 of a percentage point from the end of fiscal 2012.

(Billion Yen)

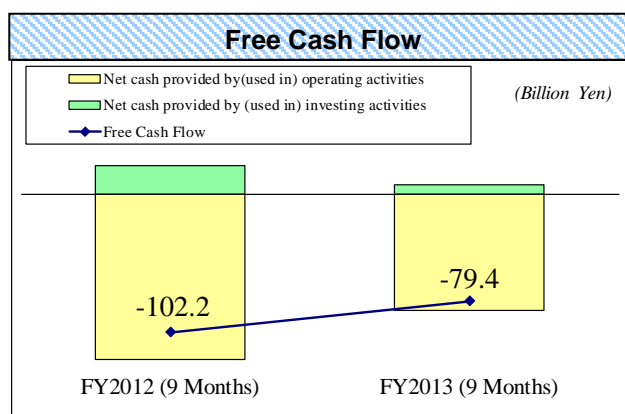
	FY2012 (March 31, 2013)	3Q FY2013 (Dec. 31, 2013)	Change	3Q FY2012 (Dec. 31, 2012)
Cash and Cash Equivalents at End of Period	286.6	356.9	70.3	292.9
Interest-bearing Loans	534.9	696.6	161.6	546.7
Net Interest-bearing Loans	248.3	339.6	91.3	253.8
Owners' Equity	624.0	693.6	69.6	626.2

D/E Ratio (Times)	0.86	1.00	0.14	0.87
Net D/E Ratio (Times)	0.40	0.49	0.09	0.41
Shareholders' Equity Ratio	28.3 %	25.9 %	-2.4 %	28.2 %
Owners' Equity Ratio	21.4 %	21.7 %	0.3 %	21.8 %

1. D/E ratio: Interest-bearing loans/Owners' equity
2. Net D/E ratio: (Interest-bearing loans – Cash and cash equivalents at end of period)/Owner's equity
3. The figures for the third quarter of fiscal 2012 and full-year fiscal 2012 have been retroactively revised in accordance with the adoption of the amended IAS 19 *Employee Benefits*. Owners' equity for the third quarter of fiscal 2012 has been reduced by 113.1 billion yen, and it has been reduced by 157.3 billion yen for full-year fiscal 2012. D/E ratio and others are also revised.

(2) Cash Flows

Net cash provided by operating activities in the first nine months amounted to 7.1 billion yen (US\$68 million). This represents a decrease in cash inflows of 13.4 billion yen compared to the first three quarters of fiscal 2012. Although there was an improvement in income before income taxes and minority interests because of the impact of structural reforms and workforce-related measures, operating cash flow declined because of the payment of business structural improvement expenses for the LSI device business and businesses outside Japan and because working capital increased.



Net cash used in investing activities was 86.5 billion yen (US\$824 million). Outflows mainly consisted of the acquisition of property, plant and equipment amounting to 82.4 billion yen, primarily related to datacenters, and the acquisition of intangible assets, primarily software, amounting to 46.3 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 the same period in fiscal 2012, net outflows decreased by 36.2 billion yen.

Free cash flow, the sum of cash flows from operating and investing activities, was negative 79.4 billion yen (US\$756 million), representing a decrease in net cash outflows of 22.7 billion yen compared with the same period in the previous fiscal year.

Net cash provided by financing activities was 135.3 billion yen (US\$1,289 million). A portion of working capital was financed through short-term borrowings. In addition, short-term borrowings in the previous fiscal year that were used to finance a special contribution to the pension fund of a UK

subsidiary were repaid and replaced by straight bonds and other long-term borrowings. This represents an increase in net cash inflows of 10.9 billion yen compared to the first nine months of fiscal 2012.

As a result of the above factors, cash and cash equivalents at the end of the third quarter of fiscal 2013 were 356.9 billion yen (US\$3,399 million), an increase of 72.3 billion yen compared to the end of fiscal 2012.

(3) Status of Retirement Benefit Plans

Of Fujitsu's unrecognized obligation for retirement benefits, 157.3 billion yen, representing the portion from the pension plans of subsidiaries outside Japan, was reflected on the consolidated balance sheets through other comprehensive income at the beginning of fiscal 2013. The portion from the pension plans of Fujitsu and its subsidiaries in Japan will be reflected on the consolidated balance sheets at the end of fiscal 2013. The amortization expenses stemming from the actuarial losses in the pension plans of subsidiaries outside Japan are transferred from other comprehensive income.

(Billion Yen)

	Unrecognized Obligation for Retirement Benefits (Off Balance Sheet)		Amortization Expenses	
	FY2012 (As of March 31, 2013)		Nine Months FY2013 (4/1/13-12/31/13)	
	(Before Revisions)	(After Revisions)		Amounts Transferred From Other Comprehensive Income
Total	466.1	308.7	32.8	13.0
In Japan	308.7	308.7	19.7	-
Outside Japan	157.3	-	13.0	13.0

Note: Amortization expenses exclude one-time amortization expenses of 4.5 billion yen stemming from a partial buyout in the retirement benefit plans at a European subsidiary.