

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fujitsu Limited and Consolidated Subsidiaries

Years ended March 31	Yen (millions)			U.S. Dollars (thousands) (Note 2)
	2006	2007	2008	2008
Cash flows from operating activities (A):				
Income before income taxes and minority interests	¥ 118,084	¥ 214,495	¥ 109,444	\$ 1,094,440
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization, including goodwill amortization	242,376	278,784	279,298	2,792,980
Impairment loss	—	9,991	18,756	187,560
Increase (decrease) in provisions	3,422	(20,686)	(24,611)	(246,110)
Interest income	(5,912)	(7,894)	(10,090)	(100,900)
Dividend income	(4,583)	(6,291)	(7,669)	(76,690)
Interest charges	19,084	18,429	21,277	212,770
Equity in earnings of affiliates, net	1,478	(6,996)	(9,192)	(91,920)
Disposal of non-current assets	28,625	27,879	17,314	173,140
Gain on sales of marketable securities, net	—	(75,062)	(17,308)	(173,080)
Loss on revaluation of investment securities	1,229	4,703	25,132	251,320
Loss on revaluation of inventories at the beginning of period	—	—	25,045	250,450
(Increase) decrease in receivables, trade (Note 19)	10,719	(116,659)	(26,452)	(264,520)
(Increase) decrease in inventories	5,746	(7,445)	(8,361)	(83,610)
(Increase) decrease in other current assets (Note 19)	(836)	8,706	7,530	75,300
Increase (decrease) in payables, trade (Note 19)	21,196	49,263	(22,892)	(228,920)
Increase (decrease) in other current liabilities (Note 19)	26,123	75,695	(13,832)	(138,320)
Other, net	(11,877)	3,927	5,215	52,150
Cash generated from operations	454,874	450,839	368,604	3,686,040
Interest received	5,814	7,938	10,038	100,380
Dividends received	4,589	7,368	7,836	78,360
Interest paid	(20,302)	(18,835)	(19,388)	(193,880)
Income taxes paid	(39,396)	(38,545)	(45,018)	(450,180)
Net cash provided by operating activities	405,579	408,765	322,072	3,220,720
Cash flows from investing activities (B):				
Purchases of property, plant and equipment (Note 19)	(221,100)	(258,631)	(268,955)	(2,689,550)
Proceeds from sales of property, plant and equipment	50,710	62,296	3,986	39,860
Purchases of intangible assets	(62,173)	(59,132)	(62,085)	(620,850)
Purchases of investment securities	(70,981)	(22,813)	(20,985)	(209,850)
Proceeds from sales of investment securities	22,353	117,121	55,470	554,700
Other, net	46,507	10,076	8,643	86,430
Net cash used in investing activities	(234,684)	(151,083)	(283,926)	(2,839,260)
A+B*	170,895	257,682	38,146	381,460
Cash flows from financing activities:				
Increase (decrease) in short-term borrowings	(44,503)	(27,071)	16,099	160,990
Proceeds from long-term debt	38,477	14,160	336,862	3,368,620
Repayment of long-term debt	(150,628)	(173,867)	(202,707)	(2,027,070)
Dividends paid	(12,408)	(16,572)	(15,875)	(158,750)
Increase (decrease) in minority interests	(3,250)	5,297	757	7,570
Other, net**	(35,528)	(36,900)	(72,811)	(728,110)
Net cash provided by (used in) financing activities	(207,840)	(234,953)	62,325	623,250
Effect of exchange rate changes on cash and cash equivalents	3,323	4,424	(2,313)	(23,130)
Net increase (decrease) in cash and cash equivalents	(33,622)	27,153	98,158	981,580
Cash and cash equivalents at beginning of year	454,516	420,894	448,705	4,487,050
Cash and cash equivalents of newly consolidated subsidiaries	—	658	981	9,810
Cash and cash equivalents at end of year	¥ 420,894	¥ 448,705	¥ 547,844	\$ 5,478,440
Non-cash investing and financing activities:				
Acquisition of assets under finance leases	¥ 55,149	¥ 75,079	¥ 19,015	\$ 190,150
Increase or decrease in capital surplus as a result of stock exchange	6	—	(2,323)	(23,230)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

* This is referred to as "free cash flow" in Management's Discussion and Analysis of Operations.

** "Other, net" of cash flows from financing activities for the year ended March 31, 2008 related mainly to an expenditure of ¥26,531 million (\$265,310 thousand), approved by the Board of Directors on May 24, 2007 for purchase of treasury stock used for the exchange of shares required to make Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited wholly owned subsidiaries. The purchased treasury stock was exchanged for shares in these companies. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007. The details of the exchange of shares are set forth in Note 22.