

3. Results for the First Nine Months of FY 2004

Overview

(Billion Yen)

	First 9 months FY 2004	Change from First 9 months FY 2003	Change %	Change on continuing- operations basis excluding impact of restructuring
Net Sales	3,263.7	+ 53.5	+ 1.7 %	+ 5.4 %
Operating Income	38.1	+ 45.9		
Net Income (Loss)	(17.7)	+ 33.1		

Comparison of Change in Net Sales by Segment

	Change %	Change on continuing- operations basis excluding impact of restructuring
Software & Services	+ 0.5 %	+ 1.8 %
Platforms	+ 6.0 %	+ 6.0 %
Electronic Devices	+ 7.2 %	+ 13.3 %
Others	- 3.3 %	+ 21.6 %

* Net sales to unaffiliated customers

*Restructuring Impact: -112.8 billion yen

-- Major Items --

- Sale of Fujitsu Consulting's Spain operations
- Flash memory operations shifted to JV
- Compound semiconductor operations shifted to JV
- Outside equity tie-up for FDK
- Outside equity tie-up for leasing operation

Consolidated net sales for the first nine months of the fiscal year, through the end of December, were 3,263.7 billion yen (US\$31,686 million), up 5.4% over the same period of the previous fiscal year on a continuing-operations basis. Although there was a sudden deterioration in the market conditions for semiconductors and flat panel displays from the middle of the first half, strong gains were recorded for the nine-month period in sales of 3G mobile phone base stations, financial terminals capable of accommodating new Japanese banknotes, system chips for digital AV equipment and electronic components.

Consolidated operating income was 38.1 billion yen (US\$370 million), an improvement of 45.9 billion yen from the operating loss of 7.8 billion yen recorded for the first nine months of fiscal 2003. This was due to higher sales in Electronic Devices, higher income in the Platforms segment, and greater cost-cutting and expense efficiencies.

Amortization expenses relating to the unrecognized obligation for retirement benefits decreased by 13.8 billion yen and, in addition, net interest expenses declined and equity in earnings of affiliated companies improved.

The consolidated net loss for the first nine months of fiscal 2004 was 17.7 billion yen (US\$172 million), an improvement of 33.1 billion yen over the first nine months of fiscal 2003.

Operating Income by Sub-segment

(Billion Yen)

	First 9 months FY 2004	Change from First 9 months FY 2003
Software & Services	29.8	- 6.7
Platforms	5.6	+ 26.2
Electronic Devices	34.9	+ 20.5

Operating income for Software & Services for the first nine months of this fiscal year was 6.7 billion yen below the level of the same period of fiscal 2003. Although overseas subsidiaries performed well, new and additional losses were recognized for certain domestic projects whose profitability had deteriorated.

Compared to the same nine-month period in fiscal 2003, Platforms operating income rose by 26.2 billion yen due to gains in sales of 3G mobile phone base stations and financial terminals as well as cost-cutting benefits in the personal computer and hard disk drive operations.

Although there was deterioration in the market conditions affecting semiconductors, PDPs, LCDs and other devices from the middle of the first half, as a result of strong results during the first half of the nine-month period, overall operating income for the Electronic Devices segment for the April – December period increased by 20.5 billion yen compared to the same period in fiscal 2003.

Note: Throughout these explanatory materials, yen figures are converted to US dollars for convenience only at a uniform rate of \$1 = 103 yen, the approximate closing exchange rate on December 31, 2004.