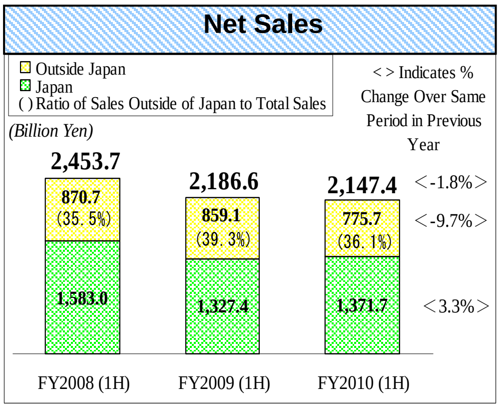
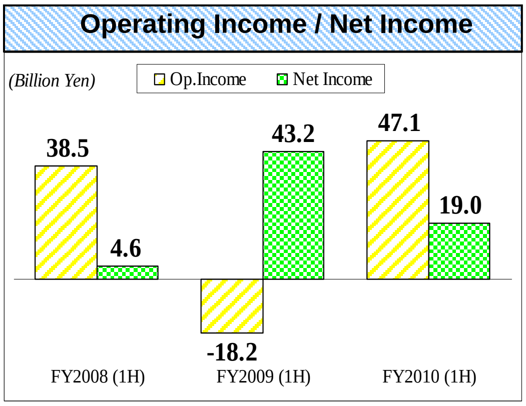
4. Overview of First-Half Consolidated Results

Profit and Loss

Note: In these explanatory materials, the yen figures for net sales, operating income, and other figures are converted into US$ amounts, for reference purposes, at a rate of $1=84 yen, the approximate Tokyo foreign exchange market rate on September 30, 2010. Figures for and comparisons to prior reporting periods are provided only for reference. The impact of foreign exchange rate fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for the first half of fiscal 2009 to translate the current period's net sales outside Japan into yen.





Consolidated net sales for the first half of fiscal 2010 were 2,147.4 billion yen (US$25,564 million), a decline of 1.8% from the first half of fiscal 2009. Excluding the impact of the transfer of the HDD business and exchange rate fluctuations, sales increased by 6%.

Sales in Japan increased by 3.3%. Although sales of services were flat with the previous year amid continued corporate spending constraints, sales of PCs, mobile phones, and car audio and navigation systems all increased.

Sales outside of Japan decreased by 9.7%. Excluding the impact of the transfer of the HDD business and exchange rate fluctuations, however, sales increased by 9%. Sales in Europe were adversely affected by the prolonged economic downturn. Sales of LSI devices and electronic components increased, particularly to Asian markets. In North America, sales of optical transmission systems and mobilewear also increased.

The impact of foreign exchange fluctuations in the first half was to reduce net sales by approximately 80.0 billion yen compared to the first half of fiscal 2009.

Sales generated outside Japan as a percentage of total sales were 36.1%, a decrease of 3.2 percentage points compared to the same period last year as a result of the transfer of the HDD business and the impact of exchange rate fluctuations.

Gross profit increased by 42.0 billion yen compared to the first half of the previous fiscal year. In addition to revenue growth in Japan, this was the result of lower depreciation and other fixed costs following structural reforms of the LSI device business, as well as the completion last year of the amortization of unrecognized obligation for retirement benefits in accordance with a change in accounting standards implemented in fiscal 2000. The gross profit margin increased 2.4 percentage points compared to last year's second quarter, to 28.0%, as a result of the transfer of the loss-generating HDD business as well as the impact of structural reforms in the LSI device business and various cost reduction measures.

As a result of the impact of continued structural reforms, the gross profit margin in the first half was the highest recorded by the company since the collapse of the dot-com bubble in 2001.

Selling, general, and administrative expenses declined by 23.3 billion yen compared to the first half of fiscal 2009. The lower expenses were mainly the result of the one-time charges incurred in the first half of last fiscal year for converting Fujitsu Technology Solutions (Holding) B.V. into a consolidated subsidiary, the transfer of the HDD business, and exchange rate fluctuations.

As a result, operating income was 47.1 billion yen (US$561 million), an improvement of 65.4 billion yen compared to the first half of fiscal 2009.

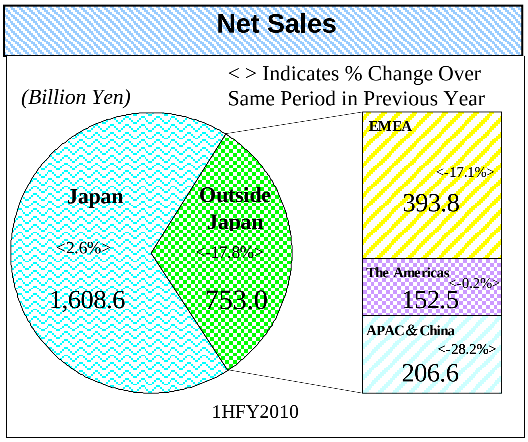
The company reported consolidated net income of 19.0 billion yen (US$226 million), representing a decline of 24.1 billion yen compared to the first half of fiscal 2009. Despite the improvement in operating income, in the same period last year, the company recognized a gain on sales of shares in FANUC Ltd. and other investment securities. As a result of the share sale in the previous year, the amount of recoverable deferred tax assets increased, and a reversal of the valuation reserve resulted in a lower tax burden in the quarter.

Comparison to Consolidated Earnings Projections Announced in July 2010

Net sales were 32.5 billion yen lower than projections. Sales of network products and mobile phones were higher than projections, but sales of services outside Japan were lower than projections, due mainly to declines and delays in ICT investment in the United States and Europe. The appreciation of the yen also impacted sales. Operating income totaled 47.1 billion yen, exceeding projections by 12.1 billion yen. Despite lower-than-expected sales of services outside Japan, higher network products sales and group-wide efforts to lower costs and reduce expenses contributed to the improved profitability. Net income for the first half of the fiscal year was also higher than projections due to factors such as the better-than-expected operating income and profits from the sale of investment securities.

Results by Geographic Segment

The following is a breakdown of the net sales and operating income in and outside of Japan in the first half of fiscal 2010.



Operating Income (Billion Yen)

	Second Quarter FY 2010	Change vs. 2Q FY 2009	First Half FY 2010	Change vs. First Half FY 2009
Japan	56.3 [6.8%]	22.9 [2.8%]	87.9 [5.5%]	66.9 [4.2%]
Outside Japan	0.3 [0.1%]	-0.5 [-0.1%]	-4.0 [-0.5%]	6.1 [0.6%]
EMEA	-4.2 [-2.1%]	0.4 [-0.2%]	-10.1 [-2.6%]	6.6 [0.9%]
The Americas	2.2 [3.0%]	0.7 [1.1%]	1.9 [1.3%]	3.0 [2.0%]
APAC & China	2.2 [2.2%]	-1.7 [-0.5%]	4.1 [2.0%]	-3.4 [-0.6%]

Note: Numbers inside brackets indicate operating income margin.