

Part II. Explanation of Financial Results

1. Overview of FY 2007 Third-Quarter Consolidated Financial Results

Business Environment

During the third quarter of fiscal 2007 (October 1 – December 31, 2007), the business environment in which the Fujitsu Group operated was characterized by a continuation of firm economic trends. Despite rising concern that the US economy is slowing, battered by higher oil prices and instability in the financial market stemming from the sub-prime mortgage crisis, and growing uncertainty regarding the European economy, strong growth in Asia—particularly China and India—bolstered the global economy. In Japan, too, despite signs of weakness resulting from soaring prices for raw materials, higher currency risk, and sluggish consumer demand, overall trends were solid, led by a continuing moderate recovery in the corporate sector, which is expanding exports to rapidly growing emerging markets.

With respect to IT investment, while such factors as the economic downturn in the U.S. were cause for concern, corporations continued to post stronger earnings and improve their balance sheets, and they continued to make capital investments aimed at expanding their global operations. On the whole, therefore, IT investment has remained solid.

Fujitsu is moving ahead with Group-wide structural reforms which include integrating our manufacturing and sales operations to create a customer-centric organization and changing our business structure to enable timely response to customer needs. We will aim to provide comprehensive value-added offerings from the Fujitsu Group as a whole to ensure customers view us as “One Fujitsu.” Going forward, we aim to contribute to the creation of a prosperous and dynamic networking world, thereby increasing the trust placed in us by our customers and society as a whole.

Third-Quarter Summary

	Third Quarter FY 2006 10/1/06-12/31/06	Third Quarter FY 2007 10/1/07-12/31/07	Change	Change Since November Announcement	(Billion Yen) For Reference	
					Third Quarter FY 2007 Breakdown	
					Impact of change in accounting policies	Excluding impact of change in accounting policies
Net Sales [% change vs. same period in prior fiscal year]	1,197.6 [6.8%]	1,294.9 [8.1%]	97.2	-5.0	-1.2	1,296.2 [8.2%]
Operating Income [Operating Income Margin]	7.1 [0.6%]	46.6 [3.6%]	39.5 [3.0%]	26.6 [2.1%]	-0.3	47.0 [3.6%]
Net Income	1.1	5.5	4.3		1.0	4.4

Nine-Month Cumulative Summary

	First 9 Months FY 2006 4/1/06-12/31/06	First 9 Months FY 2007 4/1/07-12/31/07	Change
Net Sales [% change vs. same period in prior fiscal year]	3,559.9 [7.4%]	3,808.0 [7.0%]	248.0
Operating Income [Operating Income Margin]	57.7 [1.6%]	90.5 [2.4%]	32.8 [0.8%]
Net Income	16.0	-3.8	-19.8

(Billion Yen)

For Reference

First 9 Months FY 2007 Breakdown	
Impact of change in accounting policies	Excluding impact of change in accounting policies
-5.5	3,813.5 [7.1%]
-3.6	94.2 [2.5%]
-15.9	12.1