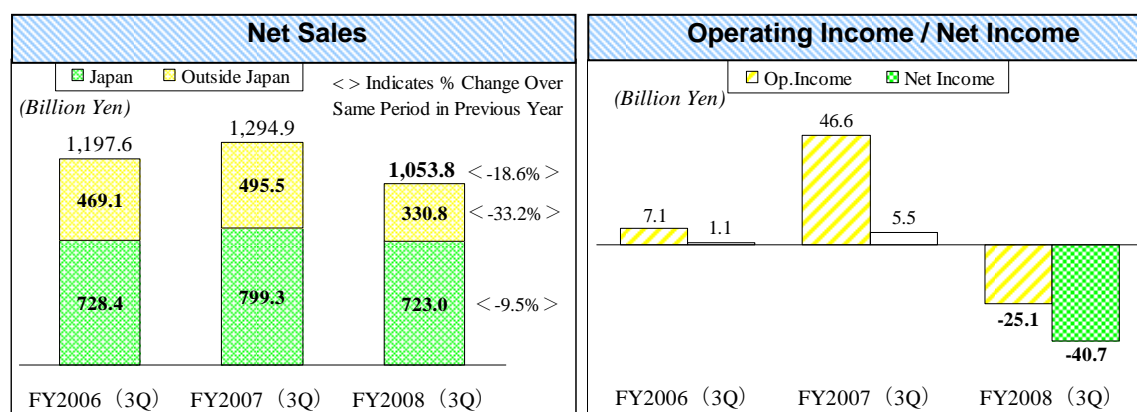


## 5. Overview of FY 2008 Third-Quarter Consolidated Financial Results

### Profit and Loss

Figures for and comparisons to prior reporting periods are provided only for reference. Figures representing the percentage increase or decrease excluding the impact of exchange rates are rough estimates. Through the first half of fiscal 2008, the impact was calculated based on changes in the value of the US dollar, euro, and British pound. Because the yen has strengthened sharply against nearly all currencies since the start of the third quarter, starting with this period's results, the calculation of the currency impact also includes the Australian dollar, Korean won, and other currencies.



Third-quarter consolidated net sales were 1,053.8 billion yen (US\$11,581 million), representing a decline of 18.6% compared to the third quarter of fiscal 2007. Sales in Japan decreased by 9.5%. Sales of services increased, particularly, systems integration services. However, sales of logic LSI devices and electronic components declined as a result of weak demand, sales of mobile phones declined as a result of longer upgrade cycles, and sales of PCs were hurt by intensified competition. Sales outside Japan decreased by 33.2%, though excluding the impact of yen appreciation, sales declined by 12.0%. Sales of HDDs, PCs and electronic components declined due to intensified competition. In addition, sales of UNIX servers declined as a result of the deteriorating economic conditions in Europe and North America, and comparisons with last year also suffered because demand was temporarily bolstered in last year's third quarter by the launch of new server models.

The consolidated operating loss was 25.1 billion yen (US\$277 million), a decrease of 71.8 billion yen compared to the third quarter of fiscal 2007. Gross profit declined by 83.4 billion yen compared to the previous year as a result of the impact of lower sales of logic LSI devices, electronic components, HDDs, PCs, mobile phones, and servers. Selling, general, and administrative expenses declined by 11.5 billion yen compared to the third quarter of 2007. Despite increased amortization costs for unrecognized retirement benefit obligations as a result of lower performance on pension assets in the previous fiscal year, more efficient R&D activities and the stronger yen helped to reduce expenses denominated in foreign currencies.

Due primarily to the strength of the Services sub-segment, the company had consistently posted a quarterly operating profit since the second quarter of fiscal 2004. The turn to a loss was caused primarily by significant declines in the sales of logic LSI devices, electronic components, HDDs, and lower sales of system platforms due to worsening economic conditions outside Japan, and deteriorating profitability in the Services sub-sector.

In other income and expenses, other income decreased by 2.9 billion yen compared to the same period a year ago, while other expenses increased by 6.9 billion yen, for a net deterioration of approximately 9.8 billion yen. Equity in earnings of affiliates deteriorated in comparison with the same period in the previous year due to intensified competition in PCs and PC servers for our joint venture in Europe. Other expenses increased as a result of recording 13.4 billion yen in foreign exchange losses due to the rapid appreciation of the yen in the third quarter. Results were also affected by impairment losses of 5.3 billion yen stemming from the decision to discontinue the HDD head business, and investment securities valuation losses of 4.0 billion yen on the sharp price decline on shareholdings in Spansion Inc. and other listed shareholdings.

As a result, Fujitsu recorded a consolidated net loss of 40.7 billion yen (US\$448 million) for the third quarter, which represents a deterioration of 46.2 billion yen compared to last year's third quarter.