

Part II. Explanation of Financial Results

1. Overview of FY 2010 Third-Quarter Consolidated Financial Results

Business Environment

During the third quarter of fiscal 2010 (October 1 – December 31, 2010), the business environment in which the Fujitsu Group operated was characterized by the continuation of a mild recovery in the global economy. The pace of the recovery, however, began to weaken as stimulus measures, which were implemented in the wake of the financial crisis to support the economic recovery ran their course, unemployment in Europe and the US remained at a high level, concerns about the stability of the financial systems in Europe lingered, and the British and other governments instituted fiscal austerity measures. In Japan, the business environment became more severe amid a stagnating economy. Although there was an improvement in employment conditions and a recovery in capital spending, the rising trend of exports, primarily to emerging markets, showed signs of moderation, while the yen continued to appreciate.

With respect to investment in information and communications technologies (ICT), there were signs of a recovery as companies began to upgrade their ICT resources. However, it has not resulted in a full-fledged recovery, as most companies remain cautious on spending amid continued uncertainty over the direction of the economy.

FY 2010 Third-Quarter Financial Results

(Billion Yen)

	3Q FY 2010	3Q FY 2009	3Q FY 2008	Change vs. 3Q FY 2009	
	10/1/10- 12/31/10	10/1/09- 12/31/09	10/1/08- 12/31/08		Change (%)
Net Sales	1,096.4	1,146.7	1,053.8	-50.3	-4.4*
Cost of Sales	794.3	827.8	804.7	-33.4	-4.0
Gross Profit	302.0	318.9	249.1	-16.8	-5.3
[Gross Profit Margin]	[27.5%]	[27.8%]	[23.6%]	[-0.3%]	
Selling, General and Administrative Expenses	280.7	285.2	274.3	-4.5	-1.6
Operating Income (Loss)	21.2	33.6	-25.1	-12.3	-36.7
[Operating Income Margin]	[1.9%]	[2.9%]	[-2.4%]	[-1.0%]	
Other Income and Expenses	1.0	-17.8	-30.0	18.9	-
Income (Loss) Before Income Taxes	22.3	15.7	-55.2	6.5	41.7
Income Taxes	5.7	9.2	-10.7	-3.5	-38.1
Minority Interests	0	2.3	-3.7	-2.3	-97.5
Net Income (Loss)	16.5	4.1	-40.7	12.4	302.2

*Excluding the impact of exchange rate fluctuations 0%

FY 2010 Nine-Month Financial Results

(Billion Yen)

	FY 2010 First 9 Months	FY 2009 First 9 Months	FY 2008 First 9 Months	Change vs. FY 2009 First 9 Months	
	4/1/10- 12/31/10	4/1/09- 12/31/09	4/1/08- 12/31/08		Change (%)
Net Sales	3,243.8	3,333.4	3,507.6	-89.5	-2.7*
Operating Income	68.4	15.3	13.3	53.0	344.7
[Operating Income Margin]	[2.1%]	[0.5%]	[0.4%]	[1.6%]	
Net Income (Loss)	35.6	47.3	-36.1	-11.7	-24.8

*Excluding the impact of exchange rate fluctuations 1%