

Remarks by President Masami Yamamoto at the Third-Quarter Financial Results Announcement

Date: January 28, 2011

Place: Shiodome Headquarters Building, Tokyo, Japan

Presenter: Masami Yamamoto, President, Fujitsu Limited

We have revised our full-year projections for operating income in fiscal 2010 to 145.0 billion yen. Although this is 50% higher than last fiscal year's operating income, unfortunately, we had to scale back our operating profit projections of 185.0 billion yen by 40.0 billion yen. I would like express our sincere apologies to all Fujitsu shareholders and investors for not being able to meet your expectations at this time.

Overall, our financial performance this fiscal year through the third quarter was as we had planned at the outset. We had expected a strong recovery of the IT industry in the fourth quarter. However, we came to the realization that fourth-quarter growth would not be as robust as we had been expecting and thus, revised our projections.

In the wake of the Lehman Brothers shock, the pace of the market recovery is not as quick and strong as we had anticipated. In visiting our customers both within and outside Japan in last November and December, I got the impression that we could not anticipate any further growth than what we had expected in the fourth quarter. In addition, I started hearing that some projects outside Japan were being delayed.

Accordingly, in December we instructed all of our business units company-wide to report the risk factors that could negatively affect their performance in the fourth quarter, and came up with our new projections. We believe this to be the low-end of the range of potential outcomes, and it is now up to us to do whatever we can over the next two months to try to exceed these new projections. Two main reasons for scaling down our operating profit projections by 40.0 billion yen are: 1) the delay in the recovery of ICT spending in Japan, and 2) the unprofitability of some of our projects outside Japan.

In Japan, generally speaking, the structure of market is becoming increasingly complex, and the pace of change is accelerating at an unprecedented speed. The way in which ICT is being used is changing quite dramatically as seen by the rapid increase in sales of smartphones and the quick speed at which social networking media have been widely adopted. For the second half of the fiscal year, we had expected that there would be a greater shift to the cloud, resulting in solid growth for our services business, but most customers are still in the process of evaluating the effectiveness of investing in the cloud. As it stands, it will take some time before there is a substantial movement toward actual ramp-up of cloud related sales.

Outside Japan, if we exclude the effects of currency fluctuations, both orders and sales in our services businesses are increasing. Projects, however, are becoming increasingly complex, and their degree of difficulty is rising quite substantially. It is within this context that the current problems, such as schedule delays in the progress of projects, arose. We are taking drastic measures to address these problems by re-

examining them and further enhancing our organizational structure, with a determination to stem any further losses by the end of March.

With respect to our system platforms business, sales of servers and other products to such emerging markets as Russia, Turkey, and the Middle East, are growing at a very rapid pace. We also expect growth in sales of UNIX servers in conjunction with our alliance with Oracle. In networking products, there is strong momentum in our business outside Japan, and we have high expectations regarding further collaborations with telecom carriers and LTE deployments. We are confident that these growth trends will continue.

The key lies in how to look at fiscal 2011 based on our revised projections for fiscal 2010.

It is my view that fiscal 2011 will be an important turning point for Fujitsu's future growth. I would like our management plan for fiscal 2011 to reflect the measures we will take in light of the rapidly changing structure of the market. We are therefore retracting our fiscal 2011 targets, as we rebuild fiscal 2011 plan from the scratch. We will inform you of our revised targets for fiscal 2011 and onwards, at the time of our year-end earnings announcement or shortly thereafter.

We are seeing many changes in fiscal 2010, just one step before this turning point. Compared with fiscal 2009, we are clearly on the growth track, however, we still cannot realize as strong a growth as we had initially expected. We will create a new mid-term plan in the next few months, taking into thorough consideration market trends and the further expansion of cloud computing. We hope to share with you our new objectives when we make our announcement. Thank you.