Fujitsu Limited
May 12, 2008

FY 2007 Full-Year and Fourth-Quarter Financial Results

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Part I: Financial Tables

1. Summary of FY 2007 Full-Year Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen (Millions) (Except per share data)		
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Net sales	**Y**	**5,330,865**	5,100,163	+4.5
Operating income		**204,989**	182,088	+12.6
Income before income taxes and minority interests		**109,444**	214,495	-49.0
Net income		**48,107**	102,415	-53.0
Net income per common share:				
Basic		**23.34**	49.54	
Diluted	**Y**	**19.54**	44.95	

b. Net Sales by Business Segment (including intersegment)

		Yen (Millions)		
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Technology Solutions	**Y**	**3,272,257**	3,157,040	+3.6
Ubiquitous Product Solutions		**1,188,955**	1,118,323	+6.3
Device Solutions		**796,761**	762,675	+4.5
Other Operations		**526,807**	490,377	+7.4
Elimination		**(453,915)**	(428,252)	-
Total	**Y**	**5,330,865**	5,100,163	+4.5

c. Summary of Consolidated Financial Condition

		Yen (Millions) (Except per share data)	
		March 31 2008	March 31 2007
Total assets	**Y**	**3,821,963**	3,943,724
Net assets		**1,130,176**	1,160,719
Net assets per share	**Y**	**458.31**	469.02
Owners' equity ratio		**24.8%**	24.6%

d. Summary of Consolidated Statements of Cash Flows

		Yen (Millions)	
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)
Cash flows from operating activities	**Y**	**322,072**	408,765
Cash flows from investing activities		**(283,926)**	(151,083)
Cash flows from financing activities		**62,325**	(234,953)
Cash and cash equivalents at end of period	**Y**	**547,844**	448,705

2. Summary of FY 2007 Fourth-Quarter Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen (Millions) (Except per share data)		
		4Q FY2007 (1/1/08~3/31/08)	4Q FY2006 (1/1/07~3/31/07)	Change (%)
Net sales	**Y**	**1,522,848**	1,540,223	-1.1
Operating income		**114,394**	124,330	-8.0
Income before income taxes and minority interests		**64,757**	165,142	-60.8
Net income	**Y**	**51,915**	86,406	-39.9

b. Net Sales by Business Segment (including intersegment)

		Yen (Millions)		
		4Q FY2007 (1/1/08~3/31/08)	4Q FY2006 (1/1/07~3/31/07)	Change (%)
Technology Solutions	**Y**	**998,973**	1,011,583	-1.2
Ubiquitous Product Solutions		**308,384**	316,271	-2.5
Device Solutions		**195,746**	198,101	-1.2
Other Operations		**137,656**	130,019	+5.9
Elimination		**(117,911)**	(115,751)	-
Total	**Y**	**1,522,848**	1,540,223	-1.1

3. Dividends

a. Dividends per Share of Common Stock

		Yen
First half ended September 30, 2006 (Actual)	**Y**	3.00
Full year ended March 31, 2007 (Actual)		3.00
Total (Actual)	**Y**	6.00

		Yen
First half ended September 30, 2007 (Actual)	**Y**	3.00
Full year ended March 31, 2008 (Planned)		5.00
Total (Planned)	**Y**	8.00

		Yen
First half ending September 30, 2008 (Forecast)	**Y**	**5.00**
Full year ending March 31, 2009 (Forecast)		**5.00**
Total (Forecast)	**Y**	**10.00**

b. Consolidated Dividends

		Yen (Millions)		
		FY 2006 (Actual)	**FY 2007 (Planned)**	**FY 2008 (Forecast)**
Total amount of dividends	**Y**	12,403	**16,552**	**-**
Dividend payout ratio		12.1%	**34.3%**	**20.7%**
Ratio of dividends to net assets		1.3%	**1.7%**	**-**

4. Consolidated Earnings Forecast for FY 2008

a. First Half and Full Year

			Yen (Billions) (Except per share data)		
			FY2007 (Actual)	**FY2008 (Forecast)**	Change (%)
First half	**Net sales**	**Y**	**2,513.1**	**2,450.0**	-2.5%
	Operating income		**43.9**	**35.0**	-20.3%
	Net income (loss)		**(9.3)**	**0.0**	-
	Net income per common share		**(4.55)**	**0.00**	
Full year	**Net sales**		**5,330.8**	**5,350.0**	+0.4%
	Operating income		**204.9**	**220.0**	+7.3%
	Net income		**48.1**	**100.0**	+107.9%
	Net income per common share	**Y**	**23.34**	**48.33**	

b. First and Second Quarters

			Yen (Billions) (Except per share data)		
			FY2007 (Actual)	**FY2008 (Forecast)**	Change (%)
First quarter	**Net sales**	**Y**	**1,166.8**	**1,150.0**	-1.4%
	Operating income		**2.9**	**0.0**	-100.0%
Second quarter	**Net sales**		**1,346.3**	**1,300.0**	-3.4%
	Operating income	**Y**	**40.9**	**35.0**	-14.6%

5. Summary of FY 2007 Full-Year Unconsolidated Results

a. Summary of Unconsolidated Statements of Operations

		Yen (Millions)		
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Net sales	**Y**	**2,979,069**	2,869,204	+3.8
Operating income		**59,023**	8,848	+567.0
Income (Loss) before income taxes and minority interests		**48,643**	(213,439)	-
Net income (loss)		**61,415**	(249,286)	-
Net income (loss) per common share:				
Basic		**29.80**	(120.58)	
Diluted	**Y**	**25.11**	-	

b. Summary of Unconsolidated Financial Condition

		Yen (Millions) (Except per share data)	
		March 31 2008	March 31 2007
Total assets	**Y**	**2,536,561**	2,512,801
Net assets		**636,852**	620,891
Net assets per share	**Y**	**307.82**	300.37
Owners' equity ratio		**25.1%**	24.7%

6. Full-Year Consolidated Statements of Operations

		Yen (Millions) FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Net sales	**Y**	**5,330,865**	5,100,163	+4.5
Cost of sales		**3,959,561**	3,781,647	+4.7
Gross profit		**1,371,304**	1,318,516	+4.0
Selling, general and administrative expenses		**1,166,315**	1,136,428	+2.6
Operating income		**204,989**	182,088	+12.6
Other income:				
Interest income		**10,090**	7,894	
Dividend income		**7,669**	6,291	
Equity in earnings of affiliates, net		**9,192**	6,996	
Gain on foreign exchange, net		**-**	2,132	
Gain on sales of investment securities*		**17,308**	77,337	
Gain on change in interest**		**2,074**	2,136	
Others		**17,359**	21,840	
Total other income		**63,692**	124,626	
Other expenses:				
Interest expense		**21,277**	18,429	
Loss on foreign exchange, net		**14,557**	-	
Loss on disposal of property, plant and equipment and intangible assets		**11,766**	19,763	
Amortization of unrecognized obligation for retirement benefits		**-**	3,146	
Loss on revaluation of investment securities ***		**25,132**	-	
Revaluation loss on inventories****		**25,045**	-	
Restructuring charges*****		**22,126**	-	
Impairment loss******		**459**	9,991	
Loss on sales of investment securities		**-**	2,275	
Others		**38,875**	38,615	
Total other expenses		**159,237**	92,219	
Income before income taxes and minority interests		**109,444**	214,495	-49.0
Income taxes		**47,270**	96,243	
Minority interests		**14,067**	15,837	
Net income	**Y**	**48,107**	102,415	-53.0

Notes:

* Gain on sales of investment securities refers principally to gain on sale of shares in affiliate Japan Cablenet Holdings Limited.

** Gain on change in interest refers principally to listing of and capital increase in a Chinese affiliate (Nantong Fujitsu Microelectronics Co., Ltd.).

*** Loss on revaluation of investment securities refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.

**** Revaluation loss on inventories refers to write-downs on book value of inventories at the beginning of period in conjunction with early adoption of new accounting standard for the valuation of inventories this fiscal year.

***** Restructuring charges refers to the reorganization of the LSI business, and specifically impairment losses along with relocation and disposal costs related to the relocation of the Akiruno Technology Center's development and mass-production prototyping functions to the Mie Plant. The impairment loss totals 18,297 million yen, comprised of a loss of 8,936 million yen relating to the disposal of machinery and other equipment in fiscal 2008, and a loss of 9,361 million yen for idle property, plants and other assets for which there is currently no plan for use.

****** Impairment loss refers to the electronic components business.

7. Full-Year Consolidated Business Segment Information

a. Net Sales and Operating Income

		Yen (Millions)		
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Technology Solutions				
Japan	**Y**	**2,102,212**	2,087,728	+0.7
Overseas		**1,170,045**	1,069,312	+9.4
Total		**3,272,257**	3,157,040	+3.6
Operating income:				
System Platforms		**39,715**	7,501	+429.5
[Operating income margin]		**[5.6%]**	[1.1%]	
Services		**140,474**	156,107	-10.0
[Operating income margin]		**[5.5%]**	[6.4%]	
Total operating income		**180,189**	163,608	+10.1
[Operating income margin]		**[5.5%]**	[5.2%]	
Ubiquitous Product Solutions				
Japan		**761,333**	710,140	+7.2
Overseas		**427,622**	408,183	+4.8
Total		**1,188,955**	1,118,323	+6.3
Operating income		**52,581**	41,650	+26.2
[Operating income margin]		**[4.4%]**	[3.7%]	
Device Solutions				
Japan		**521,456**	457,039	+14.1
Overseas		**275,305**	305,636	-9.9
Total		**796,761**	762,675	+4.5
Operating income		**18,271**	19,010	-3.9
[Operating income margin]		**[2.3%]**	[2.5%]	
Other Operations				
Japan		**361,059**	349,950	+3.2
Overseas		**165,748**	140,427	+18.0
Total		**526,807**	490,377	+7.4
Operating income		**14,270**	10,563	+35.1
[Operating income margin]		**[2.7%]**	[2.2%]	
Elimination				
Sales		**(453,915)**	(428,252)	-
Operating income		**(60,322)**	(52,743)	-
Total				
Japan		**3,407,244**	3,274,908	+4.0
Overseas		**1,923,621**	1,825,255	+5.4
Total		**5,330,865**	5,100,163	+4.5
Operating income	**Y**	**204,989**	182,088	+12.6
[Operating income margin]		**[3.8%]**	[3.6%]	

Note:
Net sales include intersegment sales.

b. Net Sales by Principal Products and Services

		Yen (Millions)		
		FY 2007	FY 2006	
		(4/1/07~3/31/08)	(4/1/06~3/31/07)	Change (%)
Technology Solutions				
System Platforms:				
System Products	**Y**	**370,433**	355,324	+4.3
Network Products		**342,432**	348,456	-1.7
		712,865	703,780	+1.3
Services:				
Solutions / SI		**1,258,860**	1,091,060	+15.4
Infrastructure Services		**1,215,290**	1,164,818	+4.3
Others		**85,242**	197,382	-56.8
		2,559,392	2,453,260	+4.3
Total		**3,272,257**	3,157,040	+3.6
Ubiquitous Product Solutions				
PCs / Mobile Phones		**837,056**	768,649	+8.9
Hard Disk Drives		**332,701**	329,835	+0.9
Others		**19,198**	19,839	-3.2
Total		**1,188,955**	1,118,323	+6.3
Device Solutions				
LSI Devices		**508,800**	473,500	+7.5
Electronic Components, Others		**287,961**	289,175	-0.4
Total	**Y**	**796,761**	762,675	+4.5

Notes:
Net sales include intersegment sales.
In conjunction with organizational changes designed to enhance collaboration between sales and product development functions, beginning this fiscal year ATM and POS business results (which amounted to sales of approximately 117.0 billion yen in the fiscal 2006), formerly recorded under the “Others” category in the Services sub-segment, are recorded in the Solutions / SI category, which includes financial and retail solutions.

8. Full-Year Consolidated Geographic Segment Information

a. Net Sales and Operating Income*

			Yen (Millions)		
			FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Japan	Sales	**Y**	4,229,703	4,077,148	+3.7
	Operating income		240,931	191,864	+25.6
	[Operating income margin]		[5.7%]	[4.7%]	
EMEA	Sales		769,938	736,360	+4.6
	Operating income		721	24,131	-97.0
	[Operating income margin]		[0.1%]	[3.3%]	
The Americas	Sales		469,991	442,326	+6.3
	Operating income		9,249	8,465	+9.3
	[Operating income margin]		[2.0%]	[1.9%]	
APAC & China	Sales		855,097	807,166	+5.9
	Operating income		14,841	11,680	+27.1
	[Operating income margin]		[1.7%]	[1.4%]	
Elimination	Sales		(993,864)	(962,837)	-
	Operating income		(60,753)	(54,052)	-
Total	Sales		5,330,865	5,100,163	+4.5
	Operating income	**Y**	204,989	182,088	+12.6
	[Operating income margin]		[3.8%]	[3.6%]	

b. Net Overseas Sales by Customer's Geographic Location**

		Yen (Millions)		
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
EMEA	**Y**	839,719	795,877	+5.5
The Americas		521,989	472,975	+10.4
APAC & China		561,913	556,403	+1.0
Total	**Y**	1,923,621	1,825,255	+5.4
[Ratio of sales outside Japan to overall consolidated sales]		[36.1%]	[35.8%]	

Note:
* Net sales include intersegment sales.
** Sales to customers outside of Fujitsu group.

9. Full-Year Consolidated Balance Sheets

		Yen (Millions) March 31 2008	March 31 2007	Change (Million Yen)
Assets				
Current assets:				
Cash and cash equivalents and short-term investments	Y	**549,408**	449,425	+99,983
Receivables, trade		**1,017,916**	1,054,048	-36,132
Inventories		**383,106**	412,387	-29,281
Other current assets		**219,507**	216,163	+3,344
Total current assets		**2,169,937**	2,132,023	+37,914
Non-current assets:				
Property, plant and equipment less accumulated depreciation		**839,764**	842,489	-2,725
Intangible assets		**219,555**	234,940	-15,385
Other non-current assets		**592,707**	734,272	-141,565
Total non-current assets		**1,652,026**	1,811,701	-159,675
Total assets		**3,821,963**	3,943,724	-121,761
Liabilities and net assets				
Liabilities				
Current liabilities:				
Payables, trade		**772,164**	824,825	-52,661
Short-term borrowings and current portion of long-term debt		**160,227**	226,250	-66,023
Other current liabilities		**678,949**	756,490	-77,541
Total current liabilities		**1,611,340**	1,807,565	-196,225
Long-term liabilities:				
Long-term debt		**727,109**	519,567	+207,542
Other long-term liabilities		**353,338**	455,873	-102,535
Total long-term liabilities		**1,080,447**	975,440	+105,007
Total liabilities		**2,691,787**	2,783,005	-91,218
Net assets				
Shareholders' equity:				
Common stock		**324,625**	324,625	-
Capital surplus		**249,038**	498,029	-248,991
Retained earnings		**338,903**	54,319	+284,584
Treasury stock		**(869)**	(1,969)	+1,100
Total shareholders' equity		**911,697**	875,004	+36,693
Valuation and translation adjustments:				
Valuation difference on available-for-sale securities		**92,452**	125,383	-32,931
Foreign currency translation adjustments		**(55,945)**	(30,865)	-25,080
Total valuation and translation adjustments		**36,507**	94,518	-58,011
Minority interests		**181,972**	191,197	-9,225
Total net assets		**1,130,176**	1,160,719	-30,543
Total liabilities and net assets		**3,821,963**	3,943,724	-121,761
Cash and cash equivalents at end of period		**547,844**	448,705	+99,139
Ending balance of interest-bearing loans		**887,336**	745,817	+141,519
Ending balance of net interest-bearing loans*		**339,492**	297,112	+42,380
Owners' equity	Y	**948,204**	969,522	-21,318
D/E ratio**		**0.94**	0.77	+0.17
Net D/E ratio***		**0.36**	0.31	+0.05
Shareholders' equity ratio		**23.9%**	22.2%	+1.7%
Owners' equity ratio		**24.8%**	24.6%	+0.2%

Notes:

* Balance of net interest-bearing loans is calculated by subtracting balance of cash and cash equivalents from interest-bearing loans. Previously, cash deposits were deducted from interest-bearing loans, but the calculation method was changed based on the revision of accounting guidelines. For comparison, figures for fiscal 2006 are restated using the revised calculation method.

** D/E ratio is ending balance of interest-bearing loans/owners' equity.

*** Net D/E ratio equals (ending balance of interest-bearing loans - cash and cash equivalents at end of period)/owners' equity.

10. Full-Year Consolidated Statements of Changes in Net Assets

a. FY2006

(Million yen)

	Shareholders' Equity					Valuation and Translation Adjustments			
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	**Total shareholders' equity**	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interests	**Total net assets**
Balance at March 31, 2006 Y	324,625	498,019	(40,485)	(1,465)	**780,694**	182,218	(45,867)	173,030	**1,090,075**
Increase (decrease) during the term:									
Cash dividends*			(6,203)		**(6,203)**				**(6,203)**
Cash dividends			(6,202)		**(6,202)**				**(6,202)**
Bonus for directors and auditors *			(665)		**(665)**				**(665)**
Net income			102,415		**102,415**				**102,415**
Acquisition of treasury stock				(529)	**(529)**				**(529)**
Sales of treasury stock		10		25	**35**				**35**
Net increase (decrease) of equity-method affiliates			(3,715)		**(3,715)**				**(3,715)**
Others**			9,174		**9,174**				**9,174**
Net increase (decrease) during the term, except for items under shareholders' equity						(56,835)	15,002	18,167	**(23,666)**
Total	-	10	94,804	(504)	**94,310**	(56,835)	15,002	18,167	**70,644**
Balance at March 31, 2007 Y	324,625	498,029	54,319	(1,969)	**875,004**	125,383	(30,865)	191,197	**1,160,719**

Notes:
* A profit distribution approved at Annual Shareholders' Meeting (June 23, 2006)
** Others refers mainly to the amortization of actuarial losses of subsidiaries outside Japan based on retirement benefit accounting in those countries and retroactive revisions made to financial statements based on changes in accounting policies.

b. FY2007

(Million yen)

	Shareholders' Equity					Valuation and Translation Adjustments			
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	**Total shareholders' equity**	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interests	**Total net assets**
Balance at March 31, 2007 Y	324,625	498,029	54,319	(1,969)	**875,004**	125,383	(30,865)	191,197	**1,160,719**
Increase (decrease) during the term:									
Transfer of capital surplus to retained earnings*		(240,464)	240,464		**-**				**-**
Cash dividends		(6,201)	(6,207)		**(12,408)**				**(12,408)**
Net income			48,107		**48,107**				**48,107**
Acquisition of treasury stock**				(27,231)	**(27,231)**				**(27,231)**
Sales of treasury stock***		(2,326)		28,331	**26,005**				**26,005**
Increase in consolidated subsidiaries			896		**896**				**896**
Others****			1,324		**1,324**				**1,324**
Net increase (decrease) during the term, except for items under shareholders' equity						(32,931)	(25,080)	(9,225)	**(67,236)**
Total	-	(248,991)	284,584	1,100	**36,693**	(32,931)	(25,080)	(9,225)	**(30,543)**
Balance at March 31, 2008 Y	324,625	249,038	338,903	(869)	**911,697**	92,452	(55,945)	181,972	**1,130,176**

Notes:
* Transfer of capital surplus to retained earnings is an appropriation from the Company's other capital surplus for the elimination of the Company's accumulated deficit recorded in its unconsolidated retained earnings, as resolved by the Board of Directors on May 24, 2007
** Acquisition of treasury stock represents stock purchases made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by distributing shares of Fujitsu Limited in in exchange for shares in the subsidiaries
*** Sales of treasury stock represents stock sales made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by exchanging shares with the subsidiaries' shareholders. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.
**** Others refers mainly to the amortization of actuarial losses of subsidiaries outside Japan based on retirement benefit accounting in those countries and retroactive revisions made to financial statements from changes in accounting policies.

11. Full-Year Consolidated Statements of Cash Flows

		Yen (Millions)		
		FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (Million Yen)
1. Cash flows from operating activities:				
Income before income taxes and minority interests	Y	**109,444**	214,495	-105,051
Depreciation and amortization		**279,298**	278,784	+514
Impairment loss*		**18,756**	9,991	+8,765
Increase (decrease) in provisions		**(24,611)**	(20,686)	-3,925
Equity in earnings of affiliates, net		**(9,192)**	(6,996)	-2,196
Disposal of non-current assets		**17,314**	27,879	-10,565
Gain on sales of investment securities, net		**(17,308)**	(75,062)	+57,754
Loss on revaluation of investment securities		**25,132**	4,703	+20,429
Revaluation loss on inventories		**25,045**	-	+25,045
(Increase) decrease in receivables, trade**		**(26,452)**	(116,659)	+90,207
(Increase) decrease in inventories		**(8,361)**	(7,445)	-916
Increase (decrease) in payables, trade**		**(22,892)**	49,263	-72,155
Other, net**		**(44,101)**	50,498	-94,599
Net cash provided by operating activities		**322,072**	408,765	-86,693
2. Cash flows from investing activities:				
Purchase of property, plant and equipment**		**(268,955)**	(258,631)	-10,324
(Increase) decrease in investment securities		**34,485**	94,308	-59,823
Other, net		**(49,456)**	13,240	-62,696
Net cash used in investing activities		**(283,926)**	(151,083)	-132,843
1+2 [Free Cash Flow]		**38,146**	257,682	-219,536
3. Cash flows from financing activities:				
Increase (decrease) in bonds, notes, short-term borrowings and long-term debt		**150,254**	(186,778)	+337,032
Dividends paid		**(15,875)**	(16,572)	+697
Other, net***		**(72,054)**	(31,603)	-40,451
Net cash provided by (used in) financing activities		**62,325**	(234,953)	+297,278
4. Effect of exchange rate changes on cash and cash equivalents		**(2,313)**	4,424	-6,737
5. Net increase (decrease) in cash and cash equivalents		**98,158**	27,153	+71,005
6. Cash and cash equivalents at beginning of period		**448,705**	420,894	+27,811
7. Cash and cash equivalents of newly consolidated subsidiaries		**981**	658	+323
8. Cash and cash equivalents at end of period	Y	**547,844**	448,705	+99,139

Notes:

* Impairment loss includes an 18,297 million yen loss related to restructuring charges recognized this term.

** Since the last business day of fiscal 2006 fell on a holiday, receivables and payables were carried over to this term, with the following effect on the value of assets and liabilities:
18, 049 million yen decrease in receivables, trade; 74,168 million yen decrease in payables, trade;
19,081 million yen decrease in others, net on cash flows from operating activities, other; 34,398 million yen decrease in purchase of property, plant, and equipment.

*** Others, net refers mainly to an expenditure of 26,531 million yen, for purchase of treasury shares approved by the Board of Directors on May 24, 2007, for the exchange of shares required to make Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited wholly owned subsidiaries. The purchased treasury shares were exchanged for shares in these companies. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.

12. Fourth-Quarter Consolidated Statements of Operations

		Yen (Millions)		
		4Q FY 2007	4Q FY 2006	
		(1/1/08~3/31/08)	(1/1/07~3/31/07)	Change (%)
Net sales	**Y**	**1,522,848**	1,540,223	-1.1
Cost of sales		**1,117,826**	1,130,131	-1.1
Gross profit		**405,022**	410,092	-1.2
Selling, general and administrative expenses		**290,628**	285,762	+1.7
Operating income		**114,394**	124,330	-8.0
Other income:				
Interest income		**2,396**	3,689	
Dividend income		**810**	580	
Equity in earnings of affiliates, net		**4,080**	5,335	
Gain on foreign exchange, net		-	156	
Gain on sales of investment securities		**3,207**	69,725	
Others		**4,814**	7,855	
Total other income		**15,307**	87,340	
Other expenses:				
Interest expense		**5,172**	5,007	
Loss on foreign exchange, net		**13,480**	-	
Loss on disposal of property, plant and equipment and intangible assets		**3,824**	14,233	
Amortization of unrecognized obligation for retirement benefits		-	727	
Restructuring charges*		**22,126**	-	
Loss on revaluation of investment securities **		**5,244**	-	
Impairment loss		**170**	9,991	
Others		**14,928**	16,570	
Total other expenses		**64,944**	46,528	
Income before income taxes and minority interests		**64,757**	165,142	-60.8
Income taxes		**9,636**	74,389	
Minority interests		**3,206**	4,347	
Net income	**Y**	**51,915**	86,406	-39.9

Notes:

* Restructuring charges refers to the reorganization of the LSI business, and specifically impairment losses along with relocation and disposal costs related to the relocation of the Akiruno Technology Center's development and mass-production prototyping functions to the Mie Plant. The impairment loss totals 18,297 million yen, comprised of a loss of 8,936 million yen relating to the disposal of machinery and other equipment in fiscal 2008, and a loss of 9,361 million yen for property, plants and other assets for which there is currently no plan for use.

** Loss on revaluation of investment securities refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.

13. Fourth-Quarter Consolidated Business Segment Information

a. Net Sales and Operating Income

		Yen (Millions)		
		4Q FY 2007 (1/1/08~3/31/08)	4Q FY 2006 (1/1/07~3/31/07)	Change (%)
Technology Solutions				
Japan	**Y**	**707,399**	701,184	+0.9
Overseas		**291,574**	310,399	-6.1
Total		**998,973**	1,011,583	-1.2
Operating income:				
System Platforms		**49,622**	21,843	+127.2
[Operating income margin]		**[20.7%]**	[10.3%]	
Services		**57,565**	90,747	-36.6
[Operating income margin]		**[7.6%]**	[11.4%]	
Total operating income		**107,187**	112,590	-4.8
[Operating income margin]		**[10.7%]**	[11.1%]	
Ubiquitous Product Solutions				
Japan		**205,106**	213,410	-3.9
Overseas		**103,278**	102,861	+0.4
Total		**308,384**	316,271	-2.5
Operating income		**17,274**	20,550	-15.9
[Operating income margin]		**[5.6%]**	[6.5%]	
Device Solutions				
Japan		**127,118**	127,282	-0.1
Overseas		**68,628**	70,819	-3.1
Total		**195,746**	198,101	-1.2
Operating income		**2,680**	2,474	+8.3
[Operating income margin]		**[1.4%]**	[1.2%]	
Other Operations				
Japan		**95,148**	91,249	+4.3
Overseas		**42,508**	38,770	+9.6
Total		**137,656**	130,019	+5.9
Operating income		**3,920**	2,699	+45.2
[Operating income margin]		**[2.8%]**	[2.1%]	
Elimination				
Sales		**(117,911)**	(115,751)	-
Operating income		**(16,667)**	(13,983)	-
Total				
Japan		**1,046,372**	1,043,082	+0.3
Overseas		**476,476**	497,141	-4.2
Total		**1,522,848**	1,540,223	-1.1
Operating income	**Y**	**114,394**	124,330	-8.0
[Operating income margin]		**[7.5%]**	[8.1%]	

Note:
Net sales include intersegment sales.

b. Net Sales by Principal Products and Services

		Yen (Millions)		
		4Q FY 2007 (1/1/08~3/31/08)	4Q FY 2006 (1/1/07~3/31/07)	Change (%)
Technology Solutions				
System Platforms:				
System Products	**Y**	**128,607**	122,860	+4.7
Network Products		**110,908**	89,745	+23.6
		239,515	212,605	+12.7
Services:				
Solutions / SI		**385,876**	353,686	+9.1
Infrastructure Services		**327,521**	356,817	-8.2
Others		**46,061**	88,475	-47.9
		759,458	798,978	-4.9
Total		**998,973**	1,011,583	-1.2
Ubiquitous Product Solutions				
PCs / Mobile Phones		**219,124**	228,224	-4.0
Hard Disk Drives		**83,655**	82,957	+0.8
Others		**5,605**	5,090	+10.1
Total		**308,384**	316,271	-2.5
Device Solutions				
LSI Devices		**121,800**	125,000	-2.6
Electronic Components, Others		**73,946**	73,101	+1.2
Total	**Y**	**195,746**	198,101	-1.2

Notes:
Net sales include intersegment sales.
In conjunction with organizational changes designed to enhance collaboration between sales and product development functions, beginning this fiscal year ATM and POS business results (which amounted to sales of approximately 43.0 billion yen in the fourth quarter of fiscal 2006), formerly recorded under the “Others” category in the Services sub-segment, are recorded in the Solutions / SI category, which includes financial and retail solutions.

14. Full-Year Unconsolidated Statements of Operations

		Yen (Millions) FY 2007 (4/1/07~3/31/08)	FY 2006 (4/1/06~3/31/07)	Change (%)
Net sales	**Y**	**2,979,069**	2,869,204	+3.8
Cost of sales		**2,298,655**	2,220,540	+3.5
Gross profit		**680,413**	648,664	+4.9
Selling, general and administrative expenses		**621,389**	639,815	-2.9
Operating income		**59,023**	8,848	+567.0
Other income:				
Interest income		**3,153**	1,136	
Dividend income		**101,750**	74,882	
Amortization of unrecognized obligation for retirement benefits		**-**	4,490	
Gain on foreign exchange, net		**-**	1,771	
Gain on sales of investment securities*		**11,457**	75,070	
Gain on reversal of provision for loss on guarantees**		**8,901**	-	
Others		**15,248**	15,989	
Total other income		**140,510**	173,339	
Other expenses:				
Interest expense		**2,761**	2,080	
Interest on bonds		**9,725**	8,903	
Loss on disposal of property, plant and equipment and intangible assets		**8,347**	14,741	
Loss on foreign exchange, net		**5,291**	-	
Loss on devaluation of subsidiaries' and affiliates' stock***		**27,407**	317,240	
Loss on revaluation of investment securities ****		**24,910**	-	
Revaluation loss on inventories*****		**24,236**	-	
Restructuring charges******		**22,126**	-	
Provision for loss on guarantees**		**273**	27,276	
Impairment loss		**-**	6,626	
Others		**25,810**	18,758	
Total other expenses		**150,891**	395,627	
Income (loss) before income taxes and minority interests		**48,643**	(213,439)	-
Income taxes:				
Current		**(10,672)**	(14,653)	
Deferred		**(2,100)**	50,500	
Net income (loss)	**Y**	**61,415**	(249,286)	-

Notes:

* Gain on sales of investment securities refers principally to gain on sale of shares in affiliate Japan Cablenet Holdings Limited.

** Refers to subsidiary whose liabilities exceed assets.

*** Refers to significant decline in the market prices of listed subsidiaries and affiliates.

**** Loss on revaluation of investment securities refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.

***** Revaluation loss on inventories refers to write-downs on book value of inventories at the beginning of period in conjunction with early adoption of new accounting standard for the valuation of inventories this fiscal year.

****** Restructuring charges refers to the reorganization of the LSI business, and specifically impairment losses along with relocation and disposal costs related to the relocation of the Akiruno Technology Center's development and mass-production prototyping functions to the Mie Plant. The impairment loss totals 18,297 million yen, comprised of a loss of 8,936 million yen relating to the disposal of machinery and other equipment in fiscal 2008, and a loss of 9,361 million yen for property, plants and other assets for which there is currently no plan for use.

15. Full-Year Unconsolidated Balance Sheets

		Yen (Millions) March 31 2008	March 31 2007	Change (Million Yen)
Assets				
Current assets:				
Cash and cash equivalents and short-term investments	**Y**	**357,696**	281,021	+76,675
Receivables, trade		**437,884**	506,218	-68,334
Inventories		**122,180**	188,750	-66,569
Other current assets		**309,687**	203,530	+106,157
Total current assets		**1,227,449**	1,179,521	+47,928
Non-current assets:				
Property, plant and equipment less accumulated depreciation		**223,966**	390,056	-166,089
Intangible assets		**75,819**	84,939	-9,120
Investments and long-term loans		**1,009,325**	858,284	+151,041
Total non-current assets		**1,309,111**	1,333,280	-24,168
Total assets		2,536,561	2,512,801	+23,759
Liabilities and net assets				
Liabilities				
Current liabilities:				
Payables, trade		**668,662**	731,795	-63,133
Short-term borrowings and current portion of long-term debt		**106,800**	184,228	-77,427
Other current liabilities		**285,927**	315,644	-29,716
Total current liabilities		**1,061,390**	1,231,667	-170,277
Long-term liabilities:				
Long-term debt		**717,768**	512,838	+204,930
Other long-term liabilities		**120,550**	147,404	-26,853
Total long-term liabilities		**838,318**	660,242	+178,076
Total liabilities		**1,899,708**	1,891,909	+7,798
Net assets				
Shareholders' equity:				
Common stock		**324,625**	324,625	-
Capital surplus:				
Legal capital surplus		**-**	118,297	-118,297
Other capital surplus		**169,181**	299,878	-130,697
Total capital surplus		**169,181**	418,175	-248,994
Retained earnings:				
Legal retained earnings		**620**	-	+620
Other retained earnings:				
Reserves for special depreciation		**2,343**	3,503	-1,160
Retained earnings brought forward		**52,244**	(243,967)	+296,211
Total other retained earnings		**54,587**	(240,464)	+295,051
Total retained earnings		**55,207**	(240,464)	+295,672
Treasury stock		**(869)**	(1,969)	+1,099
Total shareholders' equity		**548,144**	500,367	+47,777
Valuation and translation adjustments:				
Valuation difference on available-for-sale securities		**88,708**	120,524	-31,815
Total valuation and translation adjustments		**88,708**	120,524	-31,815
Total net assets		**636,852**	620,891	+15,961
Total liabilities and net assets		2,536,561	2,512,801	+23,759
Cash and cash equivalents at end of period		**357,518**	280,821	+76,697
Ending balance of interest-bearing loans		**824,568**	697,066	+127,502
Ending balance of net interest-bearing loans		**467,049**	416,244	+50,804
Owners' equity	**Y**	**636,852**	620,891	+15,961
Shareholders' equity ratio		**21.6%**	19.9%	+1.7%
Owners' equity ratio		**25.1%**	24.7%	+0.4%

Notes:
Balance of net interest-bearing loans is calculated by subtracting balance of cash and cash equivalents from interest-bearing loans. Previously, cash deposits were deducted from interest-bearing loans, but the calculation method was changed based on the revision of accounting guidelines. For comparison, figures for fiscal 2006 are restated using the revised calculation method.

16. Full-Year Unconsolidated Statements of Changes in Net Assets

a. FY2006

(Million yen)

		Shareholders' Equity								
			Capital surplus			Retained earnings (Deficit)				
						Other retained earnings				
		Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Reserves for special depreciation	Retained earnings brought forward	**Total retained earnings (Deficit)**	**Treasury stock**	**Total share-holders' equity**
Balance at March 31, 2006	**Y**	324,625	118,297	299,868	418,166	4,903	16,474	21,377	(1,465)	**762,703**
Increase (decrease) during the term:										
Decrease in reserves for special depreciation *					-	(1,300)	1,300	-		-
Increase in reserves for special depreciation					-	1,100	(1,100)	-		-
Decrease in reserves for special depreciation					-	(1,200)	1,200	-		-
Cash dividends*					-		(6,203)	(6,203)		**(6,203)**
Cash dividends					-		(6,202)	(6,202)		**(6,202)**
Bonus for directors and auditors*					-		(150)	(150)		**(150)**
Net income					-		(249,286)	(249,286)		**(249,286)**
Acquisition of treasury stock					-			-	(530)	**(530)**
Sales of treasury stock				10	10			-	25	**35**
Net increase (decrease) during the term, except for items under shareholders' equity										
Total		-	-	10	10	(1,400)	(260,441)	(261,841)	(504)	**(262,336)**
Balance at March 31, 2007	**Y**	324,625	118,297	299,878	418,175	3,503	(243,967)	(240,464)	(1,969)	**500,367**

		Valuation and Translation Adjustments		Total Net Assets
		Valuation difference on available-for-sale securities	**Total valuation and translation adjustments**	
Balance at March 31, 2006	**Y**	176,881	**176,881**	**939,585**
Increase (decrease) during the term:				
Decrease in reserves for special depreciation *			-	-
Increase in reserves for special depreciation			-	-
Decrease in reserves for special depreciation			-	-
Cash dividends*			-	(6,203)
Cash dividends			-	(6,202)
Bonus for directors and auditors*			-	(150)
Net income			-	(249,286)
Acquisition of treasury stock			-	(530)
Sales of treasury stock			-	35
Net increase (decrease) during the term, except for items under shareholders' equity		(56,357)	(56,357)	(56,357)
Total		(56,357)	(56,357)	**(318,693)**
Balance at March 31, 2007	**Y**	120,524	120,524	**620,891**

Note:
* Distribution of profit approved at Annual Shareholders' Meeting (June 23, 2006).

b. FY2007

(Million yen)

		Shareholders' Equity									
			Capital surplus			Retained earnings (Deficit)					
		Common stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Reserves for special depreciation	Other retained earnings: Retained earnings brought forward	Total retained earnings (Deficit)	Treasury stock	Total share-holders' equity
Balance at March 31, 2007	**Y**	324,625	118,297	299,878	418,175	-	3,503	(243,967)	(240,464)	(1,969)	**500,367**
Increase (decrease) during the term:											
Transfer of legal capital surplus to other capital surplus*			(118,297)	118,297	-				-		-
Transfer of other capital surplus to retained earnings brought forward**				(240,464)	(240,464)			240,464	240,464		-
Cash dividends				(6,201)	(6,201)	620		(6,828)	(6,207)		**(12,408)**
Increase in reserves for special depreciation					-		740	(740)	-		-
Decrease in reserves for special depreciation					-		(1,900)	1,900	-		-
Net income					-			61,415	61,415		**61,415**
Acquisition of treasury stock***					-				-	(27,231)	**(27,231)**
Sales of treasury stock****				(2,329)	(2,329)				-	28,331	**26,002**
Net increase (decrease) during the term, except for items under shareholders' equity											
Total		-	(118,297)	(130,697)	(248,994)	620	(1,160)	296,211	295,672	1,099	**47,777**
Balance at March 31, 2008	**Y**	324,625	-	169,181	169,181	620	2,343	52,244	55,207	(869)	**548,144**

		Valuation and Translation Adjustments		
		Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total Net Assets
Balance at March 31, 2007	**Y**	120,524	**120,524**	**620,891**
Increase (decrease) during the term:				
Transfer of legal capital surplus to other capital surplus*			-	-
Transfer of other capital surplus to retained earnings brought forward**			-	-
Cash dividends			-	**(12,408)**
Increase in reserves for special depreciation			-	-
Decrease in reserves for special depreciation			-	-
Net income			-	**61,415**
Acquisition of treasury stock***			-	**(27,231)**
Sales of treasury stock****			-	**26,002**
Net increase (decrease) during the term, except for items under shareholders' equity		(31,815)	**(31,815)**	**(31,815)**
Total		(31,815)	**(31,815)**	**15,961**
Balance at March 31, 2008	**Y**	88,708	**88,708**	**636,852**

Note:

* The transfer of legal capital surplus to other capital surplus is based on a resolution at the Annual Shareholders' Meeting on June 22, 2007 to decrease legal capital surplus and increase other capital surplus.

** Transfer of other capital surplus to retained earnings brought forward is an appropriation from the Company's other capital surplus for the elimination of the Company's accumulated deficit recorded in its unconsolidated retained earnings as resolved by the Board of Directors on May 24, 2007.

*** Acquisition of treasury stock represents stock purchases made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by distributing shares of Fujitsu Limited in exchange for shares in the subsidiaries. Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007

**** Sales of treasury stock represents stock sales made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by exchanging shares with the subsidiaries' shareholders.

Part II. Explanation of Financial Results

1. Overview of FY 2007 Consolidated Financial Results

Business Environment

During fiscal 2007 ended March 31, 2008, the business environment in which the Fujitsu Group operated was characterized by a continuation of firm economic trends. Despite the slowdown in the US economy, caused by rising raw material and energy prices, instability in the financial markets stemming from the sub-prime mortgage crisis and other factors, along with growing uncertainty regarding the European economy, strong growth in Asia—particularly China and India—bolstered the global economy. In Japan, too, despite signs of economic weakness resulting from sharp currency swings in the second half of the fiscal year, soaring prices for raw materials, sluggish consumer demand and lower stock prices, 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 there were causes for concern due to the economic slowdown in the US and other factors, corporations continued to post stronger earnings and improve their balance sheets, and they continued to make capital investments aimed at expanding their global operations, raising competitiveness, and enhancing their internal controls and corporate governance systems. On the whole, therefore, IT investment has remained solid.

Fiscal 2007 was the first year of a new medium-term plan for the Fujitsu Group aimed at expanding our growth and profits. Based upon our “Field Innovation” approach, we are broadening our offerings from “IT solutions” to “business solutions” to become more closely involved with our customers’ businesses. In addition, we are pursuing Group-wide structural and organizational reforms to our business and accelerating the globalization of our business. Through the implementation of Field Innovation, the Fujitsu Group will continually strive to innovate in order to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

FY 2007 Full-Year Financial Results

(Billion Yen) (Billion Yen)

	Full-Year FY 2007 *4/1/07-3/31/08*	Full-Year FY 2006 *4/1/06-3/31/07*	Change	FY 2007 Breakdown	
				Impact of change in accounting policies	Excluding impact of change in accounting policies
Net Sales	5,330.8	5,100.1	230.7	-5.7	5,336.6
[% Change vs. Prior Fiscal Year]	[4.5%]	[6.4%]			[4.6%]
Operating Income	204.9	182.0	22.9	-0.5	205.5
(Operating Income Margin)	[3.8%]	[3.6%]	[0.2%]		[3.9%]
Net Income	48.1	102.4	-54.3	-13.1	61.2

Consolidated Results by Business Segment

(Billion Yen)

		Full-Year FY 2007 *4/1/07-3/31/08*	Full-Year FY 2006 *4/1/06-3/31/07*	Change
Technology Solutions	Net Sales	3,272.2	3,157.0	115.2
	Operating Income	180.1	163.6	16.5
	[Operating Income Margin]	[5.5%]	[5.2%]	[0.3%]
Ubiquitous Product Solutions	Net Sales	1,188.9	1,118.3	70.6
	Operating Income	52.5	41.6	10.9
	[Operating Income Margin]	[4.4%]	[3.7%]	[0.7%]
Device Solutions	Net Sales	796.7	762.6	34.0
	Operating Income	18.2	19.0	- 0.7
	[Operating Income Margin]	[2.3%]	[2.5%]	[- 0.2%]
Other Operations	Net Sales	526.8	490.3	36.4
	Operating Income	14.2	10.5	3.7
	[Operating Income Margin]	[2.7%]	[2.2%]	[0.5%]

			FY 2007		FY 2006		Change
Total	Net Sales		5,330.8		5,100.1		230.7
	Japan	[63.9%]	3,407.2	[64.2%]	3,274.9	[-0.3%]	132.3
	Overseas	[36.1%]	1,923.6	[35.8%]	1,825.2	[0.3%]	98.3
	Operating Income		204.9		182.0		22.9
	[Operating Income Margin]		[3.8%]		[3.6%]		[0.2%]

Notes: Net sales include intersegment sales.
For Total, the percentages inside brackets reflect proportion of total sales.

Consolidated Results by Geographic Segment

(Billion Yen)

		Full-Year FY 2007 *4/1/07-3/31/08*	Full-Year FY 2006 *4/1/06-3/31/07*	Change
Japan	Net Sales	4,229.7	4,077.1	152.5
	Operating Income	240.9	191.8	49.0
	[Operating Income Margin]	[5.7%]	[4.7%]	[1.0%]
Overseas	Net Sales	2,095.0	1,985.8	109.1
	Operating Income	24.8	44.2	-19.4
	[Operating Income Margin]	[1.2%]	[2.2%]	[- 1.0%]

Note: Net sales include intersegment sales.

Major Consolidated Financial Indices

(Billion Yen)

	FY 2007	FY 2006	Change
Shareholders' Equity	911.6	875.0	36.6
[Shareholders' Equity Ratio]	[23.9%]	[22.2%]	[1.7%]
Owners' Equity	948.2	969.5	-21.3
[Owners' Equity Ratio]	[24.8%]	[24.6%]	[0.2%]
Interest-Bearing Debt	887.3	745.8	141.5
Net Interest-Bearing Debt	339.4	297.1	42.3
D/E Ratio	0.94	0.77	0.17
Net D/E Ratio	0.36	0.31	0.05
Free Cash Flow	38.1	257.6	-219.5
[From Business Operations]	[147.7]	[148.0]	[-0.3]

For Reference: Major Financial Indices

(Billion Yen, except for ratio and period items)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Net Sales	4,766.8	4,762.7	4,791.4	5,100.1	5,330.8
(Net sales outside Japan)	(1,388.6)	(1,422.0)	(1,591.5)	(1,825.2)	(1,923.6)
(Sales portion outside Japan)	(29.1%)	(29.9%)	(33.2%)	(35.8%)	(36.1%)
Operating Income Margin	3.2%	3.4%	3.8%	3.6%	3.8%
Inventories	521.1	478.5	408.7	412.3	383.1
(Inventory Turnover Ratio)	(8.53 times)	(9.53 times)	(10.80 times)	(12.42 times)	(13.40 times)
(Monthly Inventory Turnover Ratio)	(0.64 times)	(0.71 times)	(0.88 times)	(0.93 times)	(1.03 times)
Total Assets	3,865.5	3,640.1	3,807.1	3,943.7	3,821.9
(Total Assets Turnover Ratio)	(1.18 times)	(1.27 times)	(1.29 times)	(1.32 times)	(1.37 times)
Shareholders' Equity	743.9	813.4	780.6	875.0	911.6
(Shareholders' Equity Ratio)	(19.2%)	(22.3%)	(20.5%)	(22.2%)	(23.9%)
Owners' Equity	827.1	856.9	917.0	969.5	948.2
(Owners' Equity Ratio)	(21.4%)	(23.5%)	(24.1%)	(24.6%)	(24.8%)
Market Value-based Primary Capital Ratio	34.4%	36.6%	53.9%	41.2%	35.3%
Interest-Bearing Loans	1,277.1	1,082.7	928.6	745.8	887.3
Net Interest-Bearing Loans	863.2	628.2	507.7	297.1	339.4
D/E Ratio	1.54	1.26	1.01	0.77	0.94
Net D/E Ratio	1.04	0.73	0.55	0.31	0.36
Cash Flows From Operating Activities	304.0	277.2	405.5	408.7	322.0
Free Cash Flow	371.4	262.1	170.8	257.6	38.1
Loans / Cash Flows from Operating Activities	4.2 years	3.9 years	2.3 years	1.8 years	2.8 years
Interest Coverage Ratio	13.0	15.2	21.3	22.2	15.1

Note:

Inventory Turnover Ratio:	Net Sales ÷ {(Beginning Balance of Inventories + Ending Balance of Inventories) ÷ 2}
Monthly Inventory Turnover Ratio:	Net Sales ÷ Average Inventories during Period ÷ 12
Total Assets Turnover Ratio:	Net Sales ÷ {(Beginning Balance of Total Assets+ Ending Balance of Total Assets) ÷ 2}
Shareholders' Equity Ratio:	Shareholders' Equity ÷ Total Assets
Owners' Equity Ratio:	(Net Assets – Minority Interests) ÷ Total Assets
Market Value-based Primary Capital Ratio:	Market Capitalization ÷ Total Assets
Net Interest-Bearing Loans:	Interest-Bearing Loans – Cash and Cash Equivalents*
D/E Ratio:	Interest-Bearing Loans ÷(Net Assets – Minority Interests)
Net D/E Ratio:	Interest-bearing Loans - Cash Equivalents) ÷(Net Assets – Minority Interests)
Loans / Cash Flows from Operating Activities	Interest-Bearing Loans ÷ Cash Flows from Operating Activities
Interest Coverage Ratio:	Cash Flows from Operating Activities ÷ Interest Expense

* Previously cash and time deposits were subtracted from the balance of interest-bearing debt, but in accordance with revisions to the "Practical Guidance on Accounting for Financial Products" (Accounting System Committee Report No. 14, Accounting Standards Board of Japan), we have changed the method of calculation. For comparative purposes, figures from prior years are presented using the revised calculation method.

Issues and Initiatives in FY 2007

In fiscal 2007, we set a new medium-term plan extending through fiscal 2009 and began to pursue a new set of four key challenges: to strengthen our management, improve our product and service offerings, enhance our frontline operational capabilities, and empower our people. By further reinforcing our strengths through positive structural reforms, and broadening our offerings from “IT solutions” to “business solutions,” we will strive to expand our growth and profits. Our goals for fiscal 2009 are to achieve a consolidated operating income margin of more than 5% overall and more than 7% in the Technology Solutions segment, and have sales outside of Japan account for more than 40% of overall sales. In addition, as a medium-term target, we will strive to achieve a monthly inventory turnover ratio of over 2.0 times.

Net sales in fiscal 2007 increased by 4.5% over the previous year, and we posted operating income of 204.9 billion yen, an increase of 22.9 billion yen over the previous year, exceeding the 190-billion-yen target (*) we had set at the start of the fiscal year. Operating income margin was 3.8%, an improvement of 0.2 percentage point from the previous year. Continuous price declines, increased goodwill amortization expenses from acquisitions, higher upfront development expenditures and the recognition of an unprofitable project outside Japan were offset by higher sales from newly launched products and manufacturing innovation initiatives to continuously reduce costs and improve efficiency, enabling us to exceed our profit target.

* Operating income was projected at 200.0 billion in January 2008 (an increase of 10.0 billion yen over the initial projection, taking into consideration a 5.0 billion yen improvement expected from the change in accounting policies as of July 2007 (actual result was -0.5 billion yen) and a 5.0 billion yen improvement expected from improvement in business as of January 2008.)

Consolidated net income was impacted by other expenses, including other expenses from the restructuring of the LSI device operations, revaluation losses on listed equities resulting from the deterioration in the stock market, and inventory valuation losses at the start of the period resulting from the adoption of new accounting policies. On the other hand, other income was recorded because approximately 18.0 billion yen of the valuation allowance was returned on deferred tax assets booked in or before fiscal 2004. This resulted from an increase in the number of companies subject to consolidated corporate taxation, which increased the amount of recoverable allowance.

Operating income in the Technology Solutions segment was 180.1 billion yen, an increase of 16.5 billion yen over the prior year. In the services business in Japan, we began training our first class of “Field Innovators,” responsible for leading our Field Innovation program. We also consolidated consulting functions and systems engineers involved in infrastructure installation into a subsidiary and expanded our data center facilities in the Tokyo metropolitan area to meet rising demand. In the services business outside of Japan, following on an acquisition the previous fiscal year in Germany, we made acquisitions in Scandinavia, New Zealand, Canada and other countries. In the System Platforms sub-segment, while we continued to make upfront development expenditures in new products for next-generation networks in the Network Products area, in System Products we began global sales of the SPARC Enterprise UNIX servers developed in collaboration with Sun Microsystems, Inc.

Operating income in the Ubiquitous Product Solutions segment was 52.5 billion yen, an increase of 10.9 billion yen over the previous year. Amid severe price competition, we will differentiate our products on quality, technology, and functionality, as well as enhance our global operations.

Operating income in Device Solutions was 18.2 billion yen, roughly equal to results from the previous year. In addition to the impact of adopting a new depreciation method that is better suited to our actual business conditions, in the LSI device business, there was a delay in the market recovery for standard logic devices. In addition to converting our listed sales subsidiary into a wholly owned subsidiary, now called Fujitsu Electronics, through a stock swap and consolidating Fujitsu's electronic devices sales division into it to promote closer collaboration between sales and manufacturing divisions, and in March we also converted the LSI device business into a wholly owned subsidiary to promote greater speed in management decision-making. To enhance the LSI device business, at the Mie Plant we started operations at Fab No. 2 of 300mm wafer production using 65nm process technology. The development work and mass production prototyping functions of the Akiruno Technology Center have been transferred to the Mie Plant.

Sales outside of Japan increased by 5.4% to 1,923.6 billion yen, accounting for 36.1% of consolidated sales, an increase of 0.3 percentage points from the previous year.

The monthly inventory turnover ratio was 1.03 times, an improvement of 0.10 from the prior year.

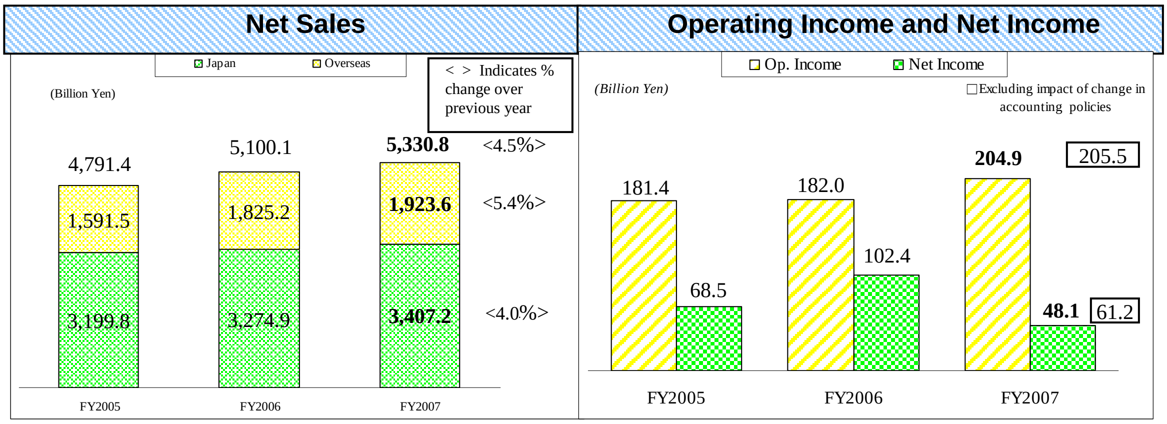
We achieved a significant improvement in our financial position. Our shareholders' equity ratio increased to 23.9%, an improvement of 1.7 percentage points compared to the previous year. Free cash flow was 38.1 billion yen. Excluding the impact of the last day of fiscal 2006 falling on a holiday, there was a substantial free cash flow of 147.7 billion yen. Interest-bearing debt was 887.3 billion yen at fiscal year-end, increasing as a result of the issuance of corporate bonds to cover maturing liabilities, and net interest-bearing debt, calculated by subtracting cash and cash equivalents, was 339.4 billion yen. The D/E ratio declined to 0.94 times, and the net D/E ratio was 0.36 times.

Initiatives to Conform with International Financial Reporting Standards (IFRS)
The European stock exchanges on which Fujitsu's shares are listed require that companies from outside the European Union present their financial statements in accordance with International Financial Reporting Standards (IFRS) starting from the 2009 fiscal year. The company is making progress in meeting this requirement.

Starting with Fujitsu Services in the UK in fiscal 2005, several consolidated subsidiaries outside of Japan have already adopted IFRS, including subsidiaries in Australia and Singapore, and all remaining subsidiaries outside of Japan will adopt IFRS in fiscal 2008. In Japan, Fujitsu has aligned its financial accounting with IFRS to the extent permitted under Japanese accounting standards. For details on changes in accounting policies, please see "Change in Accounting Policies in the Current Consolidated Reporting Period."

2. 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=100 yen, the approximate Tokyo foreign exchange market rate on March 31, 2008.



Consolidated net sales for fiscal 2007 were 5,330.8 billion yen (US$53,308 million), an increase of 4.5% over the previous fiscal year. All business segments posted higher sales, led by strong results in the Services and PC/Mobile Phones sub-segments. Sales in Japan increased by 4.0% over the previous year. Although sales of mobile phone base stations and standard logic technology products were sluggish, sales in the Services business were strong, with higher sales of system integration services, particularly in the financial services sector, and outsourcing services. In addition, sales of PCs, mobile phones and 90nm advanced logic products increased. Sales outside of Japan increased by 5.4% over the previous year. Sales increased in the Services business as a result of acquisitions as well as strong performance in our existing businesses. Moreover, sales of UNIX servers, optical transmission systems and PCs also increased outside Japan.

Consolidated operating income was 204.9 billion yen (US$2,049 million), an increase of 22.9 billion yen over the previous fiscal year, and the operating income margin improved by 0.2 percentage point to 3.8%. Excluding the impact of changes in accounting policies that were implemented this fiscal year, consolidated operating income was 205.5 billion yen, a year-on-year increase of 23.4 billion yen. The improvement in operating income was the result of higher gross income, which increased as a result of such factors as the contribution of higher sales and cost savings for components. These factors outweighed a provision for the loss of an unprofitable Services business project outside Japan and intensified price competition in HDDs for notebook PCs during the first half of the fiscal year. Selling, general and administrative expenses increased by 29.8 billion yen over the previous fiscal year as a result of such factors as an increase in selling expenses related to higher sales, an expansion in the scale of our overseas Services businesses due to acquisitions in Europe and elsewhere, and upfront, strategic investments in such fields as next-generation networks. As a percentage of total sales, however, selling, general and administrative costs fell by 0.4 point in comparison with the previous fiscal year.

In other income and expenses, we posted a 14.5 billion yen currency translation adjustment loss resulting from the steep appreciation of the yen in the fourth quarter. In addition, we recorded a 17.3 billion gain from the sale of shares in affiliates and a 2.0 billion yen gain in relation to the public listing of Chinese affiliate Nantong Fujitsu Microelectronics. On the other hand, a steep decline in the market value of our shareholdings in Spansion Inc. in the US was the primary reason for a revaluation loss of 25.1 billion yen. We also recorded a loss of 25.0 billion yen on account of a revaluation loss on inventories in conjunction with the early adoption of a new accounting policy for the valuation of inventories introduced from this fiscal year. In addition, as part of the restructuring of our LSI product business, we recorded losses totaling 22.1 billion yen, covering impairment losses on property, plant and equipment and expenses related to the relocation of the Akiruno Technology Center's development work and mass-production prototyping functions to the Mie Plant and the related disposal of certain equipment.

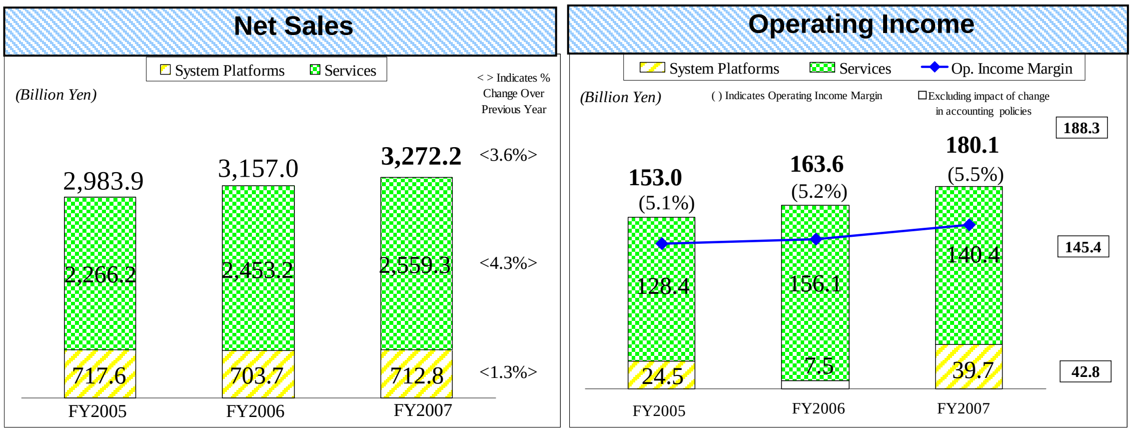
As a result of the above factors, we reported fiscal 2007 consolidated net income of 48.1 billion yen (US$481 million), a decrease of 54.3 billion yen compared to fiscal 2006. Excluding the impact of changes in accounting policies that were implemented this fiscal year, consolidated net income was 61.2 billion yen (US$612 million), a decrease of 41.2 billion yen from the previous fiscal year. The decline in net income is attributable in part to other income of 77.3 billion yen recorded in the previous year on sales of shares in Fanuc Ltd. and other companies. Although the income tax liability increased as a result of such factors as higher dividend income from subsidiaries outside of Japan, around 18.0 billion yen of the valuation allowance from deferred tax assets was returned and recorded as income, due to the tax benefit of an increase in the number of companies subject to consolidated corporate taxation and higher profits from business operations.

The company maintains significant loss carryforwards for corporate tax purposes in relation to structural business reforms carried out in the past. Before or in fiscal 2004, the company booked approximately 150.0 billion yen in accumulated valuation allowances for deferred tax assets in excess of the amount expected to be returned over a five-year period. Though the company has conservatively estimated the amount of loss carryforwards, since the recovery of loss carryforwards was proceeding faster than the initial plan as of March 31, 2008, the company booked a portion of the allowance this term.

3. Results by Business Segment

Information on consolidated net sales (including intersegment sales) and operating income broken out by business segment is presented below.

Technology Solutions



Net sales in this segment were 3,272.2.billion yen (US$32,722 million), up 3.6% over fiscal 2006. Sales in Japan rose 0.7% on continued strength in our Services business, which offset lower sales of mobile phone base stations. Sales outside of Japan rose 9.4%, as sales in the Services business continued to grow through acquisitions and continued strength in existing business, and sales of UNIX servers also increased.

Operating income for the segment was 180.1 billion yen (US$1,801 million), an increase of 16.5 billion yen compared to the previous year. Excluding the impact of accounting policy changes, operating income was 188.3 billion yen, an increase of 24.6 billion yen compared to the previous year. Despite a provision for losses in an unprofitable project outside Japan, and higher upfront strategic investments in optical transmission systems and other next-generation network equipment, operating income in the segment increased as a result of the contribution of higher sales in our Services business, great cost efficiencies in our server business, and other factors.

(1) System Platforms

Net sales in the System Platforms sub-segment were 712.8 billion yen (US$7,128 million), an increase of 1.3% over fiscal 2006. In Japan, sales declined 5.3% on lower sales of mobile phone base stations, as capital expenditures had already peaked and the focus of expenditures changed in this area. Sales outside Japan increased by 17.7%, bolstered by higher sales of UNIX servers resulting from the release of the new SPARC Enterprise models, which are co-branded with Sun Microsystems, Inc., as well as higher sales of optical transmission systems in North America.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	712.8	1.3%
Japan	476.4	-5.3%
Overseas	236.3	17.7%

Operating income was 39.7 billion yen (US$397 million), an increase of 32.2 billion yen over the previous fiscal year. Excluding the impact of accounting policy changes, operating income was 42.8 billion yen, an increase of 35.3 billion yen compared to the previous year. Despite the impact of decline in sales of mobile phone base stations and the continued burden of upfront strategic investments, primarily in optical transmission systems, for developing next-generation networks, operating income increased significantly as a result of the contribution of higher sales and greater cost efficiencies in the server business.

In order to optimize resources and strengthen the integration of product development and sales organizations, in August we made Fujitsu Access and Fujitsu Wireless Systems, two subsidiaries responsible for manufacturing, development, and sales of networking products, into wholly owned subsidiaries through share exchanges. In addition, in April 2008, we made the decision to consolidate the sales divisions for the Japan photonics business at Fujitsu Limited, and consolidate the Japan photonics development and manufacturing operations into Fujitsu Access, with these changes scheduled to take effect in July 2008. The integration of sales divisions will enhance sales capabilities in Japan, while the merged product development and manufacturing functions will improve efficiency and accelerate product development cycles to deliver a high quality of services to customers at a reasonable price.

(2) Services

Net sales in the Services sub-segment were 2,559.3 billion yen (US$25,593 million), up 4.3% from a year earlier. In Japan, sales increased by 2.6%, led by growth in sales of systems integration services, primarily to the financial services and healthcare sectors, and outsourcing services. Sales outside of Japan rose 7.5% as a result of acquisitions, primarily in Germany and Scandinavia, and a continuation of solid trends in our existing business, especially in Europe.

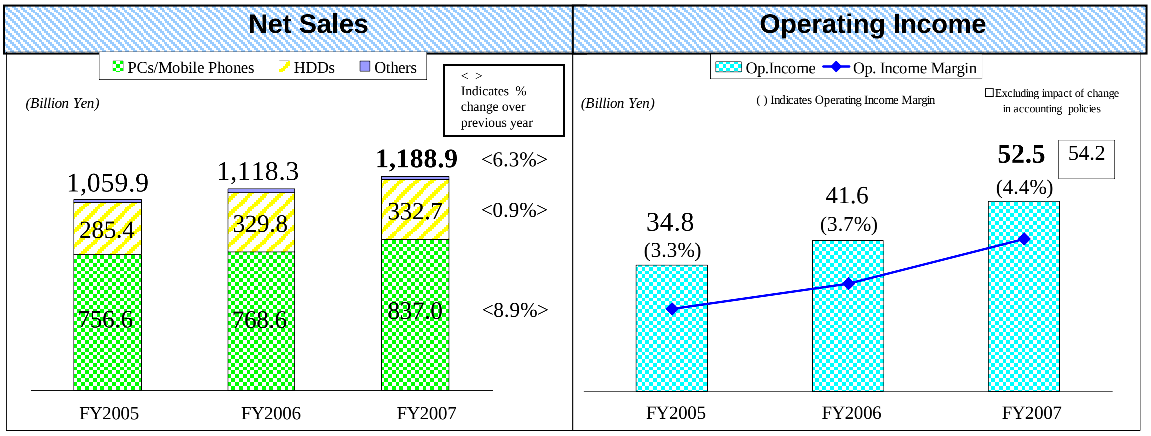
Operating income for the Services sub-segment was 140.4 billion yen (US$1,404 million), a decrease of 15.6 billion yen compared to the last year. Excluding the impact of accounting policy changes, operating income was 145.4 billion yen, a decrease of 10.6 billion yen from the previous year. In Japan, the contribution of higher sales and greater cost efficiencies led to profit growth despite higher upfront strategic investments to standardize and automate infrastructure development services and strengthen consulting capabilities. Outside Japan, despite the contribution of higher sales, primarily in Europe, overall operating income declined due to a conservative booking of a provision for losses from an unprofitable project in the UK, along with increased goodwill amortization expenses related to acquisitions to expand the Services business outside Japan and other factors.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	2,559.3	4.3%
Japan	1,625.7	2.6%
Overseas	933.6	7.5%

To promote our Field Innovation business approach, in October we began to foster “Field Innovators” among our management-level employees in order to strengthen and expand relations with our customers. The Group is also promoting the “industrialization” of IT services to advance the standardization and automation of processes used in the development of IT infrastructure. Specific measures include the establishment of the Infrastructure Technology Center, with subsidiary Fujitsu FSAS playing a central role. We will continue to enhance various technologies that support Field Innovation. Finally, using in-house implementation as a basis for business development, we are focusing on the development of new business solutions.

With the goal of enhancing our global services capabilities and accelerating our growth, in fiscal 2007 we acquired via public tender offer Mandator AB, which provides application and other IT services in Scandinavia, primarily in its base country of Sweden. In addition, we acquired a company that provides infrastructure services in Oceania. In Canada, we acquired a company that provides business process optimization services and a company that provides IT consulting and solutions. In Japan, as an addition to our remote data centers, which meet the needs of our customers for top-level security and business continuity to support disaster recovery, in December we began operation of our Fujitsu Tokyo No. 2 Systems Center to respond to customer needs for urban data centers within easy commuting distance and demand for IDC services. To meet customer needs on a global basis, we will continue to strengthen our services delivery capabilities.

Ubiquitous Product Solutions



Net sales in the Ubiquitous Product Solutions segment were 1,188.9 billion yen (US$11,889 million), an increase of 6.3% over fiscal 2006. Sales in Japan rose by 7.2% on solid sales of PCs and higher mobile phone sales as the market expanded. Sales outside of Japan increased by 4.8% on higher sales of notebook PCs, primarily in North America and Asia,and strong sales of HDDs for notebook computers, where we set a new record in unit sales.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	1,188.9	6.3%
Japan	761.3	7.2%
Overseas	427.6	4.8%

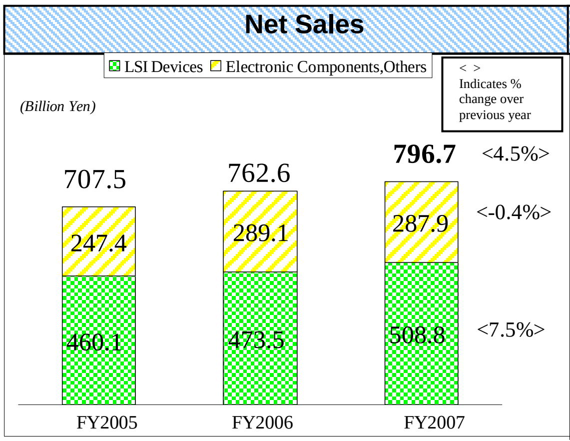
Operating income for Ubiquitous Product Solutions was 52.5 billion yen (US$525 million), an increase of 10.9 billion yen compared to the previous fiscal year. Excluding the impact of accounting policy changes, operating income was 54.2 billion yen, an increase of 12.6 billion yen from the previous year. Profitability in our PC business rose because of the contribution of higher sales and lower component costs as well as greater cost efficiencies. In HDDs, trends improved in the second half of the fiscal year as we launched sales of a new perpendicular magnetic recording HDD model, and there was a leveling off of price declines for HDDs used in notebook PCs, enabling our HDD business to improve profitability in the second half, but that was not enough to offset the deterioration in profitability in the first half of the fiscal year as a result of sharply falling prices.

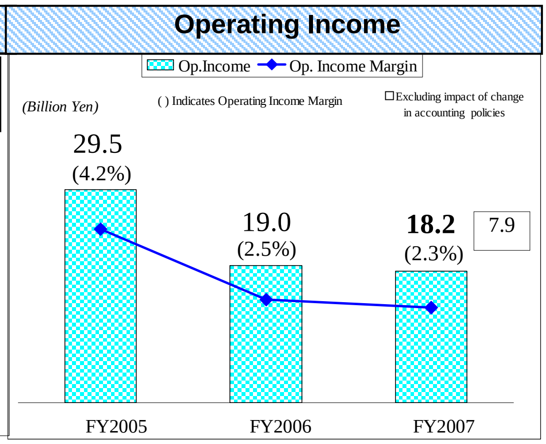
With respect to the sharp price declines in HDDs for notebook PCs, although we see prices stabilizing because of higher demand for notebook PCs, competition remains severe. In 2.5-inch HDDs, we have developed a new 500GB model, offering the highest capacity of any 2.5-inch HDD, and a new 320GB model that has a built-in encryption function, and sales of these products will begin in May 2008. We plan to continue to increase our competitiveness in HDDs by pursuing further cost reductions and launching a steady stream of innovative products.

In PCs, Shimane Fujitsu, Fujitsu's PC manufacturing subsidiary in Japan, passed the cumulative manufacturing milestone of 20 million computers. We will continue to pursue further improvements and efficiencies throughout our PC operations, from manufacturing to distribution, seek to create a manufacturing organization that can quickly react to the needs of the market with high-quality products, and always provide products that deliver customer satisfaction.

We decided to consolidate Fujitsu Limited's mobile phone production management division and customer service center with the manufacturing and maintenance divisions of wholly owned Fujitsu Wireless Systems Limited and other subsidiaries, reorganizing these operations into a new subsidiary established in January 2008 through an exchange of shares. By strengthening the Fujitsu Group's mobile phone production and maintenance organization, we aim to become more responsive to customer needs and enhance the quality of our service to customers.

Device Solutions





Net sales in Device Solutions were 796.7 billion yen (US$7,967 million), an increase of 4.5% over fiscal 2006. Sales in Japan rose by 14.1%. Sales of standard technology logic devices were sluggish, but overall sales increased as a result of expanded production of 90nm advanced technology logic devices at Fab No. 1 at our Mie Plant. In addition, sales were boosted by the start of contract production of Flash memory at production facilities acquired from Spansion Japan. Sales outside of Japan declined by 9.9%, largely the result of lower billings through overseas sales subsidiaries from a realignment of our sales organization for Flash memory products outside Japan.

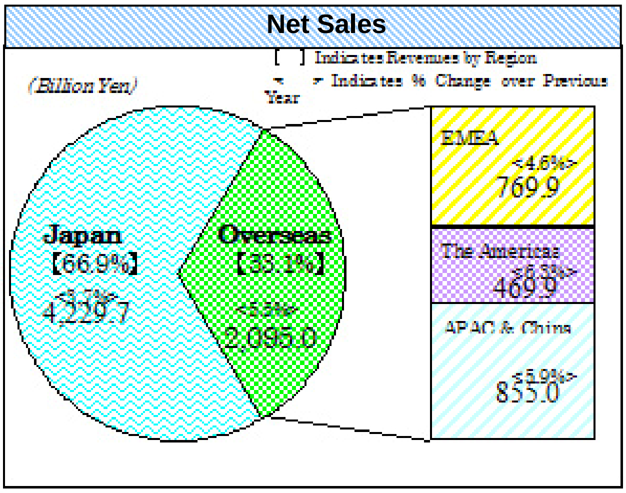
Operating income for Device Solutions was 18.2 billion yen (US$182 million), roughly on part with fiscal 2006. Excluding the impact of accounting policy changes, operating income was 7.9 billion yen, a decrease of 11.0 billion yen compared to the previous fiscal year. Despite the beneficial effect of higher sales in advanced technology logic devices for our LSI device business, operating income decreased as a result of higher depreciation expenses associated with the start of production of Fab No. 2 at the Mie Plant, which uses 65nm process technology, and a delay in the rebound of demand for standard technology logic devices. Profitability in electronic components declined as a result of the sharp appreciation of the yen at the end of the fiscal year, intensified price competition and higher upfront investments.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	796.7	4.5%
Japan	521.4	14.1%
Overseas	275.3	-9.9%

In October 2007, to strengthen our integrated production and sales business structure, we made Fujitsu Devices Inc. a wholly owned subsidiary through a share exchange, changed the name to Fujitsu Electronics Inc. and consolidated our sales division into the company, thereby integrating our sales organization for electronic devices under one roof. In March 2008, we integrated development and mass-production prototyping for advanced process technology for 90nm-generation and beyond at our Mie Plant. In addition, we reorganized our LSI operations into an independent, wholly owned subsidiary, Fujitsu Microelectronics Limited, in order to create an organization that could make rapid and timely management decisions. Moreover, in addition to the ASIC[1] and COT[2] business, which has been the core of the devices business, we are also strengthening the general-purpose device business, including ASSPs[3], microcontrollers and analog devices, for which demand is growing, especially in Asian markets. The goal of the restructuring is to increase the proportion of sales derived from high-added-value general purpose products and to build a stronger, more efficient business structure.

ASIC: Application Specific IC
COT: Customer Owned Tooling. Contract production of LSI devices designed and developed by the customer
ASSP: Application Specific Standard Product

4. Results by Geographic Segment



Operating Income (Billion Yen)

		FY 2007	FY 2006	Change from FY 2006
Japan		240.9 [5.7%]	191.8 [4.7%]	49.0 [1.0%]
Overseas		24.8 [1.2%]	44.2 [2.2%]	- 19.4 [-1.0%]
	EMEA	0.7 [0.1%]	24.1 [3.3%]	-23.4 [-3.2%]
	The Americas	9.2 [2.0%]	8.4 [1.9%]	0.7 [0.1%]
	APAC & China	14.8 [1.7%]	11.6 [1.4%]	3.1 [0.3%]

Notes: Numbers inside brackets indicate operating income margin.
In accordance with changes in accounting policies implemented in fiscal 2007, operating income for Japan was reduced by 0.8 billion yen. The impact on other geographic segments is insignificant.

In Japan, net sales were 4,229.7 billion yen (US$42,297 million), an increase of 3.7% over fiscal 2006. Lower sales of mobile phone base stations and other products were outweighed by higher sales of services, PCs, mobile phones, and advanced technology logic devices. Operating income was 240.9 billion yen (US$2,409 million), up 49.0 billion yen over fiscal 2006. Despite intensified price competition in HDDs for notebook PCs and lower sales of mobile phone base stations, operating income increased as a result of the contribution from higher sales and increased efficiency in the services, server, and PC businesses due to cost-cutting initiatives.

Net sales outside of Japan increased by 5.5% over the prior year, with higher sales in all three geographic segments. The scale of the Services business increased through acquisitions as well as strong performance in existing operations. In spite of the contribution of higher sales, operating income was 24.8 billion yen (US$248 million), a year-on-year decrease of 19.4 billion yen due largely to a provision to cover a loss from an unprofitable project in the UK and higher goodwill amortization costs in relation to acquisitions in the Services business.

In EMEA, net sales were 769.9 billion yen (US$7,699 million), representing a 4.6% year-on-year increase. Growth was centered in Germany and Scandinavia, where acquisitions in Services expanded the scale of business. Operating income was 0.7 billion yen (US$7 million), a decrease of 23.4 billion yen compared to the previous fiscal year. Despite the contribution of higher sales, operating income decreased as a result of such factors as a provision to cover a loss from an unprofitable project in the UK, higher goodwill amortization costs in relation to acquisitions in the Services business, as well as increased strategic, up-front investments for optical transmission system development and other next-generation network equipment.

In the Americas, net sales were 469.9 billion yen (US$4,699 million), up 6.3% over fiscal 2006. Higher sales of optical transmission systems, servers, HDDs, and notebook PCs contributed to the overall increase in sales. Operating income was 9.2 billion yen (US$92 million), roughly on par with the previous year's results. Despite higher development costs for next-generation networks and increased marketing expenses related to the launch of IA servers, operating income increased as a result of as higher sales as well as cost-cutting in the retail solutions business.

In APAC & China, net sales were 855.0 billion yen (US$8,550 million), a 5.9% increase over the same period last year. Due in part to an acquisition in Oceania, the Services business expanded, and HDD manufacturing subsidiaries also increased sales. Operating income was 14.8 billion yen (US$148 million), an increase of 3.1 billion yen compared to fiscal 2006, primarily as a result of the contribution of higher sales.

5. Change in Accounting Policies in the Current Consolidated Reporting Period

The European stock exchanges on which Fujitsu's shares are listed require that companies from outside the European Union present their financial statements in accordance with International Financial Reporting Standards (IFRS) starting from the 2009 fiscal year. In view of the increasing convergence of Japanese Generally Accepted Accounting Principles (GAAP) with IFRS, the Fujitsu Group has already made progress aligning its financial accounting with IFRS to the extent permitted under Japanese accounting standards, such as by applying the percentage of completion method for software development contracts. Continuing this initiative, in the current fiscal year, together with implementing improvements in our management control systems, we have also implemented other changes in our accounting policies as outlined below. We will continue to adjust our policies as needed, as further convergence between Japanese GAAP and IFRS occurs in the future.

(1) Change of Accounting Standard for Measurement of Inventories
Because it is allowable to apply the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9 issued July 5, 2006) in financial statements relating to consolidated accounting fiscal years beginning prior to April 1, 2008, the Fujitsu Group has implemented early adoption of this accounting standard starting this fiscal year.

Previously, parts held for maintenance and related services were recorded on our books at acquisition cost and were expensed when used, with losses on any unused parts recognized upon disposal. In order to more strictly tie these expenses to income, however, starting this fiscal year we have changed our method of recognizing expenses for these parts to regular write-downs over the period for which maintenance and services are provided. As a result of the implementation of this change, we recorded a one-time loss of 16.2 billion yen on write-downs of inventories held at the start of the period.

In addition to previous initiatives implemented to minimize the risk associated with obsolescence through effective inventory utilization, we are now, through the establishment of systems to evaluate the risk of lower profitability, comparing the net selling value with the acquisition cost and, for inventories that fall outside the normal operating cycle, recognizing valuation mark-downs that take into account the risk of future disposal. As a result of implementing these monitoring procedures and valuation standards, we recorded a one-time loss of 8.8 billion yen on mark-downs of inventories held at the start of the period.

As a result of these changes, compared to the previous method of accounting, operating income was reduced by 2.7 billion yen and income before taxes and minority interests was reduced by 27.7 billon yen.

(2) Change in the Method of Depreciation for Property, Plant and Equipment and Revisions to Useful Life and Residual Value
In prior periods, the company and its subsidiaries in Japan depreciated property, plant and equipment with the declining balance method, while consolidated overseas subsidiaries most often adopted the straight-line depreciation method. Starting this fiscal year, we have uniformly adopted straight-line depreciation over the useful life of the assets, which will be determined in accordance with what is judged to be the likely period over which the value of the asset can be realized under actual business conditions, and with the residual value of the asset deemed to be

the actual residual value. As a result of these changes, the calculated useful life of major assets is now shorter that it previously had been. These changes and revisions have been implemented in view of major restructuring of the Fujitsu Group’s core businesses, such as the global expansion of the outsourcing business and the focus in the Device Solutions segment on logic LSI business, along with the initiation of operations at new facilities. As a result of these structural changes, the actual performance of each business is more accurately reflected by more closely linking depreciation after investment to a stable stream of earnings.

With respect to our core business of Technology Solutions, in the IT outsourcing business, providing operational services to customers over a long period of time is becoming increasingly important. In addition, in order to further globally expand the scale of the outsourcing business, in the second half of fiscal year 2006, we clarified the position of our UK subsidiary, Fujitsu Services Holdings PLC, as a core group company in Europe. The pattern of earnings generated in the outsourcing business is, as a general principle, a fixed amount per period.

In the Device Solutions segment, we are making a staged exit from the memory business, which is prone to both severe downward pricing pressure and wide fluctuations in demand, and in November 2006 sold our shares in Spansion Inc., a joint venture Flash memory business. In accordance with these moves, we have positioned the logic LSI business, which is based on long-term and close relationships with customers, as the primary business. At the Mie Plant, during the second half of fiscal 2006 we completed an expansion of production capacity at Fab No. 1 and have commenced full production. Fab No. 2 has become operational this fiscal year. In the area of advanced technology logic LSI devices, with increasing miniaturization, large upfront investments are required, and it may take over a year to gear up to mass production and delivery. Afterwards, however, in accordance with the production capacity of the facility, stable earnings can be expected for a certain period of time.

As a result of these changes and revisions, compared to the previous method of accounting, operating income increased by 11.4 billion yen and income before taxes and minority interests increased by 11.7 billion yen. These amounts include an increase in depreciation expense of 7.2 billion yen as a result of restarting depreciation of facilities over a five-year period with a residual value of zero for those facilities that had already been depreciated to 5% of the acquisition cost as of the end of the last fiscal year.

(3) Accounting Standard for Lease Transactions

Because it is allowable to apply the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13 issued June 17, 1993, [Business Accounting Council, the First Committee] and revised March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Implementation Guidance No. 16 issued January 18, 1994, [Japanese Institute of Certified Public Accountants, Accounting System Committee], and revised March 30, 2007) from consolidated accounting fiscal years beginning Apri1 1, 2007 or later, starting this fiscal year we have implemented early adoption of the Accounting Standard for Lease Transactions and the Implementation Guidance on the Accounting Standard for Lease Transactions.

On a consolidated basis, we have already implemented the sales and purchase accounting method, and therefore there is no effect on profit and loss. These changes do not have a material impact on unconsolidated results.

(4) Change in the Basis of Revenue Recognition

Fujitsu and its consolidated subsidiaries previously recorded sales of personal computers, peripheral equipment and electronic devices at the time of shipment, but starting this fiscal year we are recording sales upon customer receipt. This change was implemented because of the increasingly significant financial amounts involved in the sales of these types of products, which have become crucial products in the era of ubiquitous networking and whose sales volume has increased dramatically with the global expansion of the market. This change also reflects the clear responsibility we have for timely delivery to our customers as we respond to changes in the marketplace, including the increasingly stringent requirements of customers for shorter lead times. For other system products, revenue is recognized at the time of acceptance by the customer, and revenue from software development contracts is recognized on a percentage-of-completion basis.

As a result of these changes, compared to the previous method of accounting, consolidated net sales decreased by 5.7 billion yen and operating income and income before taxes and minority interests decreased by 1.7 billion yen.

(5) Change in Classification of Amortization of Unrecognized Obligation for Retirement Benefits

Fujitsu Limited and consolidated subsidiaries in Japan previously treated the amortization of unrecognized obligation for retirement benefits as a non-operating expense or non-operating income, but starting this fiscal year we are including it in cost of sales or selling, general and administrative expenses. In the past, Fujitsu Limited and consolidated subsidiaries in Japan using defined benefit retirement plans had very large unfunded retirement benefit obligations. From fiscal 2003 on, however, as a result of the implementation of such measures as the transfer of the substitutional portion of employees’ pension plan to the government, the reform of the pension system, and the reallocation of pension assets, together with improved investment returns on pension assets, the unfunded obligation has significantly decreased. Due to a decrease in the price volatility of investment assets, it is no longer necessary to treat this item as a non-operating expense or income. In addition, there has also been a decrease in the materiality of the amounts involved, and we have accordingly changed our accounting policies.

As a result of this change, compared to the previous method of accounting, operating income decreased by 7.4 billion yen but there is no impact on income before taxes and minority interests.

Effect of Specific Changes in Accounting Policies on Income/Segments (Consolidated)

(Billion Yen)

	FY 2007	Inventory Measurement Standard	Depreciation Method	Lease Transactions	Revenue Recognition Standard	Retirement Benefit Amortization and Other
Operating Income	-0.5	-2.7	11.4	-	-1.7	-7.4
Loss on revaluation of Inventories	-25.0	-25.0	-	-	-	-
Net Income	-13.1	-19.5	7.4	-	-1.0	-

Impact on Operating Income by Segments

Technology Solutions	-8.1	-1.8	-	-	-0.5	-5.6
System Platforms	-3.0	-0.8	-0.7	-	-0.4	-1.0
Services	-5.0	-1.0	0.7	-	-	-4.6
Ubiquitous Product Solutions	-1.7	0.6	-1.0	-	-0.9	-0.4
Device Solutions	10.3	-1.4	13.1	-	-0.2	-1.1

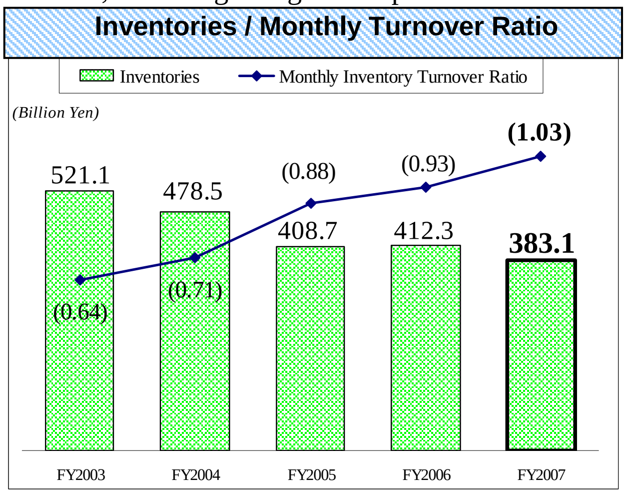
6. Financial Condition

Assets, Liabilities and Net Assets

(Billion Yen, except for D/E Ratio)

	FY 2007	FY 2006	Change from FY 2006
Total Assets [Inventories]	3,821.9 [383.1]	3,943.7 [412.3]	-121.7 [-29.2]
Interest-Bearing Debt [Net Interest-Bearing Debt]	887.3 [339.4]	745.8 [297.1]	141.5 [42.3]
Net Assets [Capital Surplus] [Retained Earnings]	1,130.1 [249.0] [338.9]	1,160.7 [498.0] [54.3]	-30.5 [-248.9] [284.5]
D/E Ratio [Net D/E Ratio]	0.94 [0.36]	0.77 [0.31]	0.17 [0.05]

Total assets at the end of fiscal 2007 were 3,821.9 billion yen (US$38,219 million), a decrease of 121.7 billion yen from the end of the previous fiscal year. This was due in large part to a decrease in non-current assets. Current assets increased, reflecting a larger cash position and holdings of investment securities resulting from the issuance of convertible bonds in August to redeem convertible bonds maturing in 2009. Inventories totaled 383.1 billion yen, a decrease of 29.2 billion yen from the end of the previous fiscal year. The monthly inventory turnover ratio, which is an indication of asset efficiency, rose to 1.03 times, an improvement of 0.10 point. In non-current assets, investments and other assets declined as a result of price declines for listed equities.



Total liabilities were 2,691.7 billion yen (US$26,917 million), a decrease of 91.2 billion yen compared to the end of the previous fiscal year. However, excluding the impact of the last day of the previous fiscal year falling on a holiday, which resulted in the payment of trade payables being carried over into fiscal 2007, liabilities increased by 36.7 billion yen. The balance of interest-bearing debt totaled 887.3 billion yen, an increase of 141.5 billion yen as a result of the convertible bond issuance. The D/E ratio was 0.94 times and, subtracting cash and cash equivalents, the net D/E ratio was 0.36 times

Net assets were 1,130.1 billion yen (US$11,301 million), a decrease of 30.5 billion yen compared to the end of the previous fiscal year. Shareholders’ equity increased by 36.6 billion yen and the shareholders’ equity ratio rose to 23.9%, an increase of 1.7 percentage points compared to the end of the previous fiscal year, but valuation and translation adjustments decreased due to the impact of lower share prices of listed securities and the steep appreciation of the yen. In the first quarter of the year, in accordance with a resolution by the Board of Directors, a capital surplus of 240.4 billion yen was transferred from “other capital surplus” to “other retained earnings.”

Summary of Cash Flows

(Billion Yen)

	FY 2007	FY 2006	Change from FY 2006	*Change from FY 2006 excluding effect of settlement date falling on holiday in FY 2006*
Cash flows from operating activities	322.0	408.7	-86.6	*63.7*
Cash flows from investing activities	-283.9	-151.0	-132.8	*-64.0*
Free cash flow [Excluding the impact of the last day falling on a holiday]	38.1 [147.7]	257.6 [148.0]	-219.5 [-0.3]	

Cash flows from financing activities	62.3	- 234.9	297.2

Net cash flow provided by operating activities was 322.0 billion yen (US$3,220 million), a decline of 86.6 billion yen from the previous fiscal year. Excluding, however, the impact of the last day of the previous fiscal year falling on a holiday, which resulted in the payment of trade payables being carried over into fiscal 2007, net cash flow from operating activities increased to 63.7 billion yen as a result of higher net income from business operations and progress in the collection of trade receivables.

Net cash used in investing activities was 283.9 billion yen (US$2,839 million). Because there was an inflow of 69.8 billion yen in fiscal 2006 from the sale of shares in Fanuc Ltd., there was an overall increase in cash outflows of 132.8 billion yen compared with the previous fiscal year.

Free cash flow, the sum of operating and investment cash flows, was 38.1 billion yen (US$381 million). Excluding the impact of the last day of the previous fiscal year falling on a holiday, substantial free cash flow was 147.7 billion yen.

Net cash provided by financing activities was 62.3 billion yen (US$623 million). Although the company purchased its treasury shares in the market for use in conjunction with the conversion of subsidiaries into wholly owned subsidiaries through an exchange of shares, the company issued 200.0 billion yen in new convertible bonds with the aim of distributing and evening-out the financing burden associated with the potential redemption of convertible bonds maturing in 2009.

As a result of the above factors, cash and cash equivalents at the end of the fiscal year totaled 547.8 billion yen (US$5,478 million), an increase of 99.1 billion yen compared to end of the previous fiscal year.

7. Business and Other Risks

Listed below are the principal business and other risks affecting the Fujitsu Group (Fujitsu Limited and its consolidated subsidiaries) that we believe may influence investors' decisions. With a view to proactively disclosing information to investors, we have also included items that may not necessarily have significant bearing on such decisions. We are aware of these risks and are making efforts to prevent them from arising, avoid potential risks altogether and immediately confront risks should they occur. Among the risks listed below are some items related to future developments, but the list only includes items that the Group deems necessary to publicly disclose as of the date of submission of these materials (May 12, 2008).

1. Economic and Financial Market Trends

Economic and financial market trends have an impact on the Group's business results, financial base and other aspects of its operations. Examples of such risks are listed below.

1) Economic Trends in Key Markets

The Fujitsu Group provides IT products and services, telecommunications infrastructure equipment, as well as semiconductors, hard disk drives (HDDs) and other components, to corporate and institutional clients and consumers in every region of the globe. Hence, sales and income generated from these operations are greatly affected by economic conditions in each respective market. This is particularly true of Japan, North America, Europe, and Asia (including China), key markets where economic trends can significantly impact Fujitsu Group operations.

2) High-tech Market Volatility

The IT sector is periodically subject to dramatic changes in the balance of supply and demand that exceed the scope of normal cyclical market variations. This tendency is particularly evident with regard to semiconductors, PCs, and other general-purpose products. The Fujitsu Group gives ample consideration to market cycles and volatility when deciding to launch new products, initiate volume production, or scale back production, among other actions. Nonetheless, we may fail to accurately forecast market changes, or changes in market conditions could exceed our forecasts. Accordingly, there is a risk that we may be unable to recoup investment costs, as well as the risk of opportunity losses. Further, the Group continuously implements structural reforms in a bid to respond to market changes. However, drastic market changes could force us to enact structural reforms on a far greater scale than initially expected, resulting in a temporary increase in related expenses.

3) Exchange Rates

The Fujitsu Group imports a substantial amount of components and materials and exports various products. While import and export costs tend to roughly balance out over the course of a given year, sudden fluctuations in exchange rates and other factors could force the Group to incur losses on foreign currency translation. In addition, with respect to overseas assets held by the Group, as well as liabilities, there is the possibility that exchange rate fluctuations could lead to depreciation of assets and/or appreciation of liabilities.

4) Interest Rates

The Fujitsu Group has interest-bearing loans which include debt directly impacted by interest rate fluctuations. Consequently, rising interest rates could increase borrowing costs.

5) Capital Markets

Stock market trends in Japan and overseas have a substantial effect on the value of Group stockholdings in other companies and the management of pension assets. Weak stock market performance could thus force us to incur losses on the devaluation of marketable securities held or a reduction in pension assets, exposing the Group to the risk of higher losses.

2. Customers

Fujitsu Group operations are highly influenced by the business trends of strategic key customers. Examples of potential risks are described below.

1) Changes in Customers' IT Investment Trends

A large proportion of our IT systems and services, as well as communications infrastructure and other business, is with telecommunications carriers, financial institutions, and large manufacturers. The business environment within these industries, including shifting market trends and structural reforms, could lead to changes in customers' IT investment trends, having a significant impact on Group sales and profitability. In semiconductors, HDDs and other operations where the Group provides components and other products, both demand and prices are impacted to a large extent by customers' sales and inventory adjustments of PCs, digital home electronics, mobile phones, automobiles and other products in which these parts are used. Accordingly, soft demand and falling prices for customers' products, or a decline in customers' market share, could negatively impact Group sales and earnings.

Alongside corporate clients, national and local governments represent another important customer base for the Fujitsu Group. In the UK, for example, government-related projects are an especially important part of our business. Accordingly, changes in the approach to e-Government and other national-level IT utilization policies being promoted in Japan and elsewhere could impact sales and profitability.

2) Ability to Maintain Lasting Ties with Customers

The Fujitsu Group is committed to bolstering ties with customers, striving to serve as a business partner and provide solutions across the full IT system lifecycle. For semiconductors, HDDs and other operations where the Group provides components and other products, business stability hinges on maintaining lasting ties with customers that represent key sources of demand for our products. An inability to secure repeat business and retain contract relationships with such customers could therefore affect sales and profitability.

3. Competitors/Industry

The IT sector is characterized by intense competition and fast-paced technological innovation. Events within the industry or actions by competitors could therefore have a substantial impact on our business results. Examples of such potential risks are listed below.

1) Price Competition

Intensifying competition is directly linked to declining prices for products and services. Anticipating such technology- and competition-driven price erosion, we are pursuing a variety of measures to reduce costs, including the introduction of Toyota Production System reforms, standardization of system development methodologies, and software modularization, as well as efforts to expand sales of new products and services. Despite these steps, the Group still faces the risk of larger-than-expected declines in prices, as well as the risk of being unable to achieve sufficient cost reductions and sales growth due to fluctuations in the price of semiconductors and other components, either of which could negatively impact Group sales and profitability.

2) Competition from New Market Entrants and Others

In addition to challenges posed by existing industry peers, competition from new market entrants continues to intensify in the IT sector. Today, new entrants continue to emerge in market areas where the Fujitsu Group wields a competitive advantage, thus entailing the risk that we may lose our competitive edge, or fail to secure a clear competitive advantage in future business operations.

3) Competition in Technology Development

Technological advancement in the IT sector occurs at an extremely fast pace, leading to rapid turnover in new products and technologies. In this context, remaining competitive requires the continuous development of state-of-the-art technology. While the Fujitsu Group does its utmost to maintain highly competitive technologies, a loss in competitiveness versus other companies in the race to develop innovative technologies could lead to a decline in the Group’s market share and profitability, which would negatively impact sales and earnings. Further, sales and profitability could be affected by the development of groundbreaking technologies and other actions by competitors that would severely compromise the value of the Group’s products and services. Additionally, there is also the risk of an adverse effect on sales and profitability as a result of the time it takes to implement mass-production chip technologies for semiconductors, such as in solving technological issues concerning cutting-edge process development technology.

4. Suppliers, Alliances, etc.
In the course of its operations, the Fujitsu Group conducts business with a range of different companies, including suppliers and alliance partners. Accordingly, any significant changes in relationships with these and other business partners could affect the Group’s business.

1) Procurement
The Fujitsu Group utilizes sophisticated technologies to provide a range of products and services. There is therefore a risk that we may encounter difficulties in procuring a stable supply of certain key components or raw materials, or in cases where regular supply channels are unavailable, that we may be unable to secure alternative procurement sources. There is also the risk that the Group may be unable to sufficiently procure certain parts or raw materials in the large volumes required. Moreover, natural disasters, accidents and other events, as well as any deterioration in business conditions at suppliers, could hinder the ability of business partners to provide the Group with a stable supply of required components or raw materials. These and other events could cause delays in the provision of products and services, resulting in postponement of deliveries to customers and opportunity losses, among other problems. In respect to component procurement, foreign exchange rate fluctuations, tight supply and demand conditions, and other pressures could drive procurement costs higher than initial estimates, leading to diminished returns on products and services, as well as lower sales due to the need to raise prices. Additionally, while we make every effort to ensure the quality of procured components, we cannot guarantee that all components purchased will be free of defects. The discovery of such issues could result in processing delays, as well as defective products, opportunity losses, repair costs, and disposal costs for defective goods, plus the potential obligation to pay damages to customers.

2) Collaborations, Alliances and Technology Licensing
To enhance competitiveness, the Fujitsu Group works with a large number of companies through technology collaborations, joint ventures and other means, a practice that we intend to continue for the foreseeable future. If, however, as a result of managerial, financial, or other causes, it becomes difficult to establish or maintain such collaborative ties or to gain sufficient results from them, the Group’s business could be adversely affected. Moreover, many of our products and services employ other companies’ patents, technologies, software, and trademarks with the consent of their owners. However, there is no guarantee that other companies will continue to grant or license the right to use their property under terms acceptable to the Fujitsu Group.

5. Public Regulations, Public Policy, and Tax Matters
The business operations of the Fujitsu Group are impacted by a variety of public regulations and trends in public policy, as well as laws pertaining to taxation. Specifically, wherever it operates, the Group must comply with a variety of regulations, such as authorizations for business or investment, import/export regulations and restrictions, as well as laws pertaining to antimonopoly policies, intellectual property rights, consumers, the environment and recycling,

labor conditions, and taxation. Earnings might be affected by increased compliance costs associated with measures to make stricter or otherwise revise such laws and regulations. We also provide solutions in certain fields and business domains such as healthcare and communications that are subject to other public regulations, meaning that regulatory trends in these sectors may potentially impact the Group's business.

6. Other Operational Risks

The Fujitsu Group makes every effort to eliminate known risks but can offer no guarantee of its ability to always achieve every desired outcome in the course of executing business operations. Some of the specific risks faced in this respect are detailed below.

1) Deficiencies or Flaws in Products and Services

Quality is a core value of the Fujitsu Group. We are committed to improving quality at the design and development stages as well as in manufacturing. We are also promoting stricter quality control when purchasing components from external suppliers. These efforts notwithstanding, it is impossible to totally eliminate the possibility of deficiencies or flaws occurring in products, including software. While the Group is also promoting software modularization, standardization of development work, and enhanced security measures in order to improve the quality of system development and other services, the possibility of defects arising cannot be excluded. With respect to systems that play a critical role in supporting social infrastructure, following the incidents involving system problems at the Tokyo Stock Exchange in November 2005, we have been checking for any potential problems in these systems, including the operating environment, software and hardware, in cooperation with our customers. We cannot, however, entirely eliminate the possibility of deficiencies or flaws. In the event that such deficiencies or flaws occur, the Group may have to initiate product recalls or repairs, engage in system recovery work, pay damages to customers or suffer opportunity losses, all of which would negatively impact Group sales and profitability.

2) Project Management

Due to such factors as the increasing scale of systems and more rigorous demands from customers, as well as the advance of open system environments, system development work is becoming increasingly complex. At the same time, greater competition is leading to increasingly intense pricing pressures. To deal with this situation and prevent incidences of loss-generating projects, the Systems Integration Assurance Unit, which reports directly to the president, has taken the lead in revising our approach to making contracts with customers, advancing the standardization of sales and system engineering business processes, and working to manage risk from the business negotiation stage through actual project implementation. The Group continues to maintain reserves for losses as necessary. In addition, we are striving to industrialize the system development process in order to strengthen our cost competitiveness. Nevertheless, in spite of these measures, there is a possibility that we may be unable to completely prevent the occurrence of loss-generating projects.

3) Investment Decisions

In the IT industry, large investments in R&D, capital expenditure, and business acquisitions are necessary to maintain competitiveness. Accordingly, the success or failure of investment choices has a profound effect on the business results of the Fujitsu Group. When making such investment decisions, we give ample consideration to a range of factors such as market trends, customer needs, the superiority of Group technologies, the financial performance of acquisition candidates and our business portfolio. There is, however, the risk that markets and technologies, as well as acquisition candidates deemed attractive by the Group may fail to grow as anticipated, or that supply and demand imbalances or price erosion may be more severe than expected. Investment in semiconductor facilities and equipment represents one such area with a high degree of risk. In addition to substantial funding requirements, this field is characterized in particular by short product cycles, major changes in the market landscape and stiff competition from other companies. The Group takes a number of steps to mitigate this risk, including responding to these inherent fluctuations by dividing investment into multiple phases and forging agreements with customers prior to investment. Nonetheless, there is no guarantee that the Group can generate sufficient returns on such investments.

4) Intellectual Property Rights

The Fujitsu Group has accumulated technologies and expertise that help distinguish its products from those of other companies. Legal restrictions in certain regions, however, may impair our ability to fully protect some of the Group's proprietary technologies, with the result that we could be unable to effectively prevent the manufacture and sale of similar products developed by third parties using the Group's own intellectual property. Moreover, the creation of comparable or superior technologies by other companies could erode the value of the Group's intellectual property. The Group has instituted internal policies, including stringent clearance procedures prior to launching new products and services, to ensure that no infringement of other companies' intellectual property occurs. However, there is the possibility that the Group's products or technologies may be found to infringe on other companies' intellectual property, and that earnings may be impacted by such consequences as the need to pay for usage rights or cover costs associated with having to modify designs. In addition, the Group has previously instituted a program to compensate employees for innovations that they make in the course of their work, and will continue to implement this program in the future in accordance with the revision of Japan's patent laws. Nevertheless, the Group faces potential risk from lawsuits initiated by employees in regard to compensation for innovation created in the workplace.

5) Human Resources

The growth and profitability of the Fujitsu Group depends heavily on human resources. As such, a major issue for the Group is the ability to recruit and foster talented technical experts, system engineers, managers and other key personnel; the inability to do so could negatively impact the Group's growth and profitability.

6) Environmental Pollution

While committed to minimizing environmental burden in accordance with *FUJITSU Way* and the Fujitsu Group Environmental Policy, the Group cannot guarantee that environmental pollution will not occur as a result of its operations. Moreover, although we monitor soil and wastewater as well as engage in clean-up activities at former factory sites, this does not mean that pollution will not be found at such sites in the future. In the event that environmental pollution were to occur or be identified, clean up and other costs could be incurred, which would adversely affect the Group's earnings.

7) Information Management

In order to safeguard the personal and confidential information of customers and business partners, the Group has taken such measures as establishing strict regulations, instituting training programs for employees, and providing consultation to business subcontractors. Nevertheless, the Group cannot absolutely guarantee that information will not be leaked. In the unlikely event that this should occur, trust in the Fujitsu Group could decline and the Group may be obligated to pay damages to customers.

8) Credit Ratings and Other Factors that Affect the Group's Credit

In addition to having a major influence on financing, credit ratings by outside institutions serve as reliable sources of information when conducting transactions with business partners. Lower credit ratings caused by failure to meet earnings targets, deteriorating financial conditions and other reasons could influence our ability to procure needed funds and place the Group at a disadvantage in bidding for projects and in other business dealings.

7. Natural Disasters and Unforeseen Incidents

Natural disasters and other unforeseen situations could have a major impact on the business results and financial standing of the Fujitsu Group. Examples of the potential risks posed are found below.

1) Damage from Earthquakes, Other Natural Disasters and Accidents

The Group has taken measures to make its business sites more resistant to earthquakes and conducts regular inspections and disaster readiness drills. Nevertheless, there is a possibility that the Group may be prevented from continuing operations due to damage to facilities and equipment or interruptions in the supply of electricity or water as a result of earthquakes or other natural disasters and accidents. Such occurrences could interrupt shipments to customers or disrupt shipments of parts for the Group's internal use, thereby affecting factory production at other Group business sites. Semiconductor fabs and other plants where high-precision processing is carried out are particularly susceptible to the effects of earthquakes and other events. In the wake of such incidents, some time may be required to resume normal operations due to the array of highly specialized equipment and devices used at these sites. Damage caused by natural disasters may also hinder our ability to provide information system support for Group customers, which could interrupt their business activities.

We have a well-developed system in place to ensure the integrity and stable operation of critical in-house networks, which are a key element of our business infrastructure. However, the Group cannot guarantee its ability to prevent invasive computer viruses and other disruptions from impeding network operations.

2) Geopolitical Risk

Conflicts, political instability, currency crises, natural disasters, epidemics or other events in nations or regions where the Fujitsu Group operates could have a significant impact on its businesses.

8. Financial Statements

In addition to business and other risks described above, the Group may also be impacted by the following risks related to its Financial Statements.

1) Property, Plant and Equipment

Depreciation of property, plant and equipment is mainly calculated by the straight-line method based on the estimated useful lives of the respective assets, which vary according to the circumstances of each business. In the future, in cases where assets are no longer in use owing to obsolescence from technological advances, or due to the exiting of a business, useful life may end up being shorter than current estimates. As such, there is a risk that incidental losses may occur.

In addition, there is a risk of asset impairment losses if anticipated cash flow from assets declines as a result of sudden changes in the operating environment that lead to higher rates of idle equipment or lower rates of capacity utilization.

2) Intangible Assets (Software)

For the depreciation of software intended for commercial sale, we have adopted a method based on projected sales volume over the estimated life of the product. While projected sales volume is calculated based upon reasonable sales plans, one-time losses may occur if unit sales fall short of the original sales plan.

For software used in-house, we utilize the straight-line method based on the estimated useful life of the software. Should actual useful life in the future be less than the original estimate, there is a risk of incidental losses.

3) Goodwill
In terms of goodwill, incidental losses may occur if the profitability of an acquired business declines or we sell or exit from an acquired business.

4) Marketable Securities
In regard to other marketable securities that have market value, the value of such securities may change due to fluctuations in market value and, as a result, net assets may increase or decrease. In addition, when the fair value of other marketable securities decreases significantly, and excepting those cases in which the value is deemed to be recoverable, an impairment loss is posted. In future, should there be a significant decrease in fair value, and such value is not deemed to be recoverable, there is a possibility of impairment losses.

5) Retirement Benefit Obligations
Expenses and obligations for employee retirement benefits are calculated according to a variety of actuarial assumptions (discount rate, retirement rate, mortality rate, expected income rate, etc.). If actual experience differs from these underlying assumptions, or if the underlying assumptions themselves change, there is a possibility that it will affect the amount of the expense or obligation for retirement benefits.

In addition, in the event of a change in accounting standards in the countries in which our overseas subsidiaries are located or in Japan, there may be an impact on the amount of the expense or obligation for retirement benefits or shareholders’ equity.

6) Deferred Tax Assets
The amount of deferred tax assets is posted appropriately on our balance sheet taking into account the balance of losses carried forward and other temporary differences. In the event that projected taxable income is higher or lower because of variations in future financial performance, there is a risk that the balance of deferred tax assets may increase or decrease. In addition, in the event that future revisions to tax regulations cause a change in the effective tax rate, there is a risk that the balance of deferred tax assets may increase or decrease.

7) Provision for Loss on Repurchase of Computers
A portion of the computers manufactured by the Fujitsu Group are sold to Japan Electronic Computer Co. Ltd. (JECC) and other leasing companies, which lease them to end users. Fujitsu enters into a contract with the leasing companies to repurchase the computers in the future, and at the time of sale a provision is recorded reflecting the expected loss that will be incurred at the time of repurchase. In the event there are changes in usage trends among customers, additions or reductions to the provision may be needed.

8) Provision for Product Warranties
To prepare for expenses to cover costs relating to the free repair and exchange of products covered under contracted warranty periods, we record at the time of sales a provision, based on past experience, to cover future estimated product repair and exchange costs. The Fujitsu Group is pursuing vigorous quality control measures at the manufacturing, development and procurement stages. However, should product defects exceed estimated levels, there is the possibility that additional expenses may arise.

9) Preparation for International Financial Reporting Standards
The Fujitsu Group is making progress in preparing for the adoption of International Financial Reporting Standards (IFRS). Specifically, the Group is revising its accounting policies in conjunction with the convergence of IFRS and Japanese Generally Accepted Accounting Principles. There is the possibility of losses as a result of changes the Group makes to its accounting standards and policies.

8. Basic Management Policy

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world. To achieve this vision, the Fujitsu Group strives for sustainable profitability and growth, continually enhancing our corporate value.

The Fujitsu Group is dedicated to contributing to the success of our customers through both our global operations and the deeply rooted local operations in each community in which we do business. We seek to grow with our customers as their trusted and valued partner.

Medium-Term Business Strategy, Target Management Index, and Priority Tasks

The global IT industry continues to expand, though growth has slowed amid economic uncertainty. In the United States and Europe, IT investment is steadily increasing, led by the growth in services. Economic expansion is driving IT investment growth in Asia, with the exception of Japan. In Japan, the principal market of the Fujitsu Group, IT investment continues to grow, but without the vigor seen in overseas markets. In product business areas, while hardware unit shipments are growing worldwide, we foresee continuing challenges in the business environment. Key issues are a demand shift toward lower-priced products as performance levels improve in such products as servers and networking equipment, as well as downward pressure on pricing as competition intensifies in electronic devices and components such as hard disk drives (HDDs).

In order to improve our profitability under these circumstances, we will focus on achieving greater overall operational efficiency. We aim to achieve revenue growth by expanding our business outside Japan and further strengthening our high value-added product and services offerings.

The Fujitsu Group is aiming for a consolidated operating income margin of more than 5% for fiscal 2009 ending March 31, 2010.

1. Technology Solutions

The Fujitsu Group aims to grow by expanding global services offerings based on a foundation of advanced technologies and high-quality products. In our Services business, we are bolstering our capabilities outside Japan. In the US, in order to strengthen our risk-management and other consulting services and expand into new areas, such as Software as a Service (SaaS), we will continue to pursue corporate acquisitions. In the EMEA region, in addition to the Group’s outsourcing business with public-sector customers in the UK, we aim to expand our business with private corporations and enhance our capabilities over the entire European continent through acquisitions and other strategies that bolster our presence in the regional services business. In the APAC region, in addition to working to expand business with local corporations, the Group will move ahead with building offshore locations in India and China. In our System Platforms business, besides endeavoring to expand sales of products on a global basis, we will work to create more competitive products by strengthening the links between development and sales units.

Our customers expect us to optimize their entire businesses by utilizing IT, not simply to optimize their IT systems. The Fujitsu Group is expanding the scope of its business by promoting the concept of “Field Innovation,” which aims to make business processes visible and continually improve them. While working to develop new technologies useful to Field Innovation, we are developing a cadre of “Field Innovators” who combine a deep knowledge of our customers’ operations with an ability to suggest improvements from a business perspective. Through Field Innovation, we will find new approaches and the inspiration to improve ourselves, while delivering added value to our customers.

We will also further strengthen our efforts to boost operational efficiency. Reforms based on the Toyota Production System are taking root, particularly in our manufacturing divisions. We will continue this initiative as we move ahead in applying it to software development. The Group is also promoting initiatives to standardize and "industrialize" IT services. We have concentrated system engineers in charge of infrastructure systems development at the newly established Infrastructure Technology Center in a bid to gather all our know-how in this area into one site and standardize our operational processes. The result will be faster delivery, more reliable systems, and lower costs. Moreover, in regard to proposals for systems business, we are working to improve efficiency and quality of our system development by collecting and standardizing identifiable patterns derived from analysis of past business proposals. In addition, we are strengthening initiatives to enhance the operational quality of our systems and manage project-related risks.

2. Ubiquitous Product Solutions

The Group strategy in the Ubiquitous Product Solutions segment is for each of the product groups to pursue global operations as independent businesses. In PCs, we aim to increase profitability by differentiating our products in terms of quality, security, and multimedia functionality while, at the same time, globally expanding our sales. We see mobile phones as a nexus for wireless and other cutting-edge technologies, and we have positioned mobile phones as key devices for the future ubiquitous networking world. In this regard, the Group will pursue an enhanced growth strategy that leverages the anticipated convergence of mobile phones and PCs. In HDDs, we are maintaining our reputation for high quality, while raising cost-competitiveness to strengthen profitability.

3. Device Solutions

In Device Solutions, the LSI divisions were reorganized into a new subsidiary, Fujitsu Microelectronics Limited, established on March 21, 2008 with the aim of promoting a new corporate structure that could facilitate the kind of rapid decision-making needed in the LSI business. In addition to ASIC and COT products, which have been a mainstay of the LSI business, the subsidiary will seek to expand the lineup of ASSPs and general-purpose products like microcontrollers and analog devices and refocus development resources on strategic areas, while enhancing its sales structure to focus on high-growth regions like Asia. These measures will enable the company to increase the proportion of high value-added products among its offerings and ensure a stable capacity utilization, which in turn will improve the profit structure. In addition, the new subsidiary will seek to enhance synergies with other Group companies in order to provide not simply chips, but total solutions at the component level, including modules and boards. With respect to capital investment, we will periodically review investment decisions for additional advanced logic LSI production capacity, taking into account trends in demand.

4. Corporate Initiatives

In addition to the measures described above, in order to accelerate overall global business growth, the Fujitsu Group will continue to make selective acquisitions, leverage the skills and expertise of management from outside of Japan, and further strengthen business alliances with leading vendors outside Japan.

While continuing to promote Group-wide manufacturing innovation initiatives, we will carry on with global efforts to eliminate waste, reduce costs, and promote environmental responsibility in every facet of corporate activity. In addition, we will carry out structural reforms as needed in order to promote efficient business management.

In regard to environmental protection, we have established the Fujitsu Group Environmental Protection Program (Stage V), which sets forth the challenges and targets for our environment protection activities in the period spanning fiscal years 2007 through 2009. The program calls for increasing the environmental value of our products and services, including efforts to increase the number of “Super Green” products that we offer. Giving high priority to global warming countermeasures, the program expands upon the efforts made to date in addressing production infrastructure at factories by establishing similar evaluation standards for environmental protection at office locations. We are also promoting the development of products and environmental solutions that consume less power in order to help customers lower their carbon dioxide emissions.

As we strive to meet the challenges discussed above, we will aim to be a trusted partner to our customers and, as a global company contributing to the creation of a rewarding and secure networking society, continue to earn the confidence of customers and society as a whole.

Policy on Dividends

Article 41 of Fujitsu Limited’s Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu’s basic policy on the exercise of this authority, we believe that a portion of retained earnings should be paid to shareholders to provide a stable return, and that a portion should be retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, taking into consideration the level of profits, Fujitsu aims to increase the distribution of profits to our shareholders when the financial base is sufficiently strong enough, including through share buybacks.

Though the company paid a steady dividend through fiscal 2000, with the collapse of the IT bubble in 2001, we were forced to reduce dividends in 2001 and suspend dividends in fiscal 2002 due a variety of factors, including the sudden deterioration in business performance, losses generated from structural reforms and a decrease in deferred tax assets resulting from a delay in the recovery of profitability, along with impairment losses on shares in subsidiaries and affiliates on an unconsolidated basis. Beginning with a year-end dividend in fiscal 2003, the company has maintained 3-yen-per-share interim and year-end payments, and though retained earnings turned negative in fiscal 2006 on an unconsolidated basis due to impairment losses on shares in subsidiaries outside Japan, the company used its capital surplus to maintain dividend payments at the fiscal 2006 year-end.

In fiscal 2007, a capital surplus of 240.4 billion yen was transferred from “other capital surplus” to “other retained earnings,” and through a special financial settlement the company used these funds to pay an interim dividend. Though we recorded other losses resulting from changes in accounting policies and a significant decline in the value of its securities holdings, as a result of improved business performance, progress has been made in developing a structure that can generate a stable profit. In addition, due to the improved profitability of consolidated subsidiaries, the company was able to book income from the return of the valuation allowance for deferred tax assets. The company therefore has decided to raise the year-end dividend by 2 yen per share, from 3 yen to 5 yen, thereby increasing the annual dividend to 8 yen per share, with 3 yen paid following the interim financial results.

The company plans to continue its policy of paying dividends twice a year, based on financial results at the half-year and year-end. For fiscal 2008 ending March 31, 2009, we plan to pay an annual dividend of 10 yen per share (5 yen as an interim dividend).

By increasing the year-end dividend for fiscal 2007, the company has returned dividends to the level prior to fiscal 2001. The company appreciates the long support shareholders have given to management and will strive to achieve further growth and profits in the years ahead.

Dividends Per Share (DPS) Data

(Yen)

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08 (Estimate)
Interim	5.0	5.0	5.0	5.0	2.5	-	-	3.0	3.0	3.0	3.0	5.0
Year-end	5.0	5.0	5.0	5.0	2.5	-	3.0	3.0	3.0	3.0	5.0	5.0
Total	10.0	10.0	10.0	10.0	5.0	-	3.0	6.0	6.0	6.0	8.0	10.0

Reference: Shareholders' Equity and Retained Earnings (Consolidated)

(Billion Yen)

S/E	1,185.2	1,165.3	1,291.4	1,303.7	920.3	782.8	743.9	813.4	780.6	875.0	911.6	

Divisible Profit (Unconsolidated)	57.4	222.8

S/E = Shareholders' Equity

Note: Based on a resolution at the Annual Shareholders' Meeting held June 22, 2007, legal capital surplus was decreased and other capital surplus was increased.

9. Notes to Consolidated Financial Statements

Lease Transactions

1. Finance Leases (lessee): Except those in which the leased property will transfer to the lessee
   a) Type of lease asset:
      Primarily related to logic LSI production equipment (machines) and outsourcing-related equipment (machine tools and related equipment).
   b) Method of depreciation:
      Straight-line method in which the useful life is assumed to be the lease period.

2. Operating Leases (lessee)
   Future minimum lease payments required under non-cancellable operating leases.

(Billion Yen)

	FY 2007 (as of March 31, 2008)	FY 2006 (as of March 31, 2007)
Within 1 year	17.5	18.4
Over 1 year	79.3	85.5
Total	96.8	104.0

Additional Information: With regard to property lease transactions in the UK, the company had been disclosing the future lease payments for certain periods under the consideration of UK business practices. In line with recent changes in disclosure practices in the UK, we have disclosed the future lease payments for all future periods from fiscal 2007. Due to this change, the future minimum lease payments (required under non-cancellable operating leases) increased by 55.3 billion yen in comparison with the conventional disclosure method used in prior years. The fiscal 2006 figures above have been reclassified for comparative purposes.

Investment Securities

Other investment securities and their market value

(Billion Yen)

TYPE	FY 2007 (End of March 2008)			FY 2006 (End of March 2007)		
	Acquisition Cost	Market Value (recorded on balance sheet)	Difference	Acquisition Cost	Market Value (recorded on balance sheet)	Difference
Shareholdings	59.3	210.6	151.3	82.1	290.0	207.9
Bonds and other securities	12.5	12.1	(0.4)	8.3	8.6	0.2
Total	71.8	222.7	150.8	90.4	298.6	208.2

Consolidated Tax Effect Accounting

Significant Components of Deferred Tax Assets and Liabilities

(Billion Yen)

	FY 2007 March 31, 2008	FY 2006 March 31, 2007
Deferred tax assets:		
Tax loss carryforwards	163.0	204.7
Accrued retirement benefits	141.0	155.0
Accrued bonus	47.4	41.9
Excess of depreciation and amortization and impairment loss	32.3	14.1
Inventories	17.2	3.8
Provision for loss on repurchase of computers	9.7	12.7
Revaluation loss on investment securities	9.5	8.0
Provision for product warranties	7.9	6.6
Intercompany profit	1.1	3.9
Other	58.7	43.5
Gross deferred tax assets	488.3	494.8
Valuation allowance	(263.4)	(253.1)
Total deferred tax assets	224.8	241.7
Deferred tax liabilities:		
Gains from establishment of stock holding trust for retirement benefit plan	(110.6)	(110.6)
Unrealized gains on securities	(62.4)	(84.6)
Tax allowable reserves	(4.6)	(6.8)
Other	(2.3)	(0.6)
Total deferred tax liabilities	(180.1)	(202.7)
Net deferred tax assets	44.7	38.9

Derivatives Financial Instruments

1. Status of Derivatives Transactions

1) Purpose of Derivative Trading
The Fujitsu Group enters into derivative transactions related to foreign currency exchange rates and interest rates in order to reduce risk exposure arising from fluctuations in these rates, to reduce the costs of the funds financed, and to improve return on invested funds.

2) Basic Policies for Derivative Trading
The Fujitsu Group basically enters into derivative transactions only to cover actual requirements for the effective management of receivables/liabilities, and not for speculative or dealing purposes. The Group, in principle, has no intention of using derivative financial instruments that would increase market risks. Furthermore, the counterparties to the derivative transactions are thoroughly assessed in terms of their credit risks. Therefore, the Group believes that its derivative financial instruments entail minimal market or credit risk.

3) Control of Derivative Trading
The Fujitsu Group enters into derivative transactions based on regulations established by the Company. These regulations are as follows: Based on policies approved by both corporate executive officers responsible for administration and finance, the finance division undertakes particular transactions and records them in the management ledger book and also confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in transaction balances to the corporate executive officers responsible for administration and finance also to the accounting division.

2. Derivatives contracts outstanding

(Billion Yen)

	FY 2007 as of 3/31/08			
	Contract Amount	Contract Amounts Over 1 Year	Fair Value	Gain/Loss
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. dollars	58.1	31.5	7.8	(2.5)
Other currencies	6.6	4.2	1.5	0.7
To sell foreign currencies				
U.S. dollars	10.1	6.8	1.8	(0.2)
Other currencies	1.7	-	1.7	(0)
Foreign Exchange Options Contracts				
To buy options				
U.S. Dollar puts	3.0	-		
[Premium]	[0]	[-]	0	(0)
To sell options				
U.S. Dollar calls	3.0	-		
[Premium]	[0]	[-]	(0)	(0)
Foreign Exchange Swap Contracts				
Receive sterling pound/pay Euro	4.7	-	(0.1)	(0.1)
Receive sterling pound/pay U.S. dollar or other currencies	4.9	-	(0)	(0)
Receive Euro/pay sterling pound	21.0	-	0.7	0.7
Receive U.S. dollar or other currencies /pay sterling pound	10.7	-	0.1	0.1
Total				(1.4)

Notes
1) Fair value is principally based on obtaining quotes from financial institutions signing the contract.
2) Collateral conditions are attached to some foreign exchange forward contracts and there is a possibility of change in contract amount and duration due to the fluctuation of the currency exchange rate.
3) Option premiums are disclosed in brackets ([ ]), and corresponding fair vale and gains and losses are disclosed in the same line.
4) Derivative transactions which qualify for hedge accounting are excluded from the above table.

Retirement Benefit Plan

a. Japan

(1) Itemization of Projected Benefit Obligation, etc.

(Billion Yen)

	FY 2007 as of 3/31/08	FY 2006 as of 3/31/07
i. Projected benefit obligation	(1,145.8)	(1,104.3)
ii. Plan assets	954.5	1,126.2
[pension trust asset portion]	[69.1]	[156.9]
iii. Projected benefit obligation in excess of plan assets (i)+(ii)	(191.3)	21.8
iv. Unrecognized net obligation at transition	32.5	48.7
v. Unrecognized actuarial loss	306.2	100.7
vi. Unrecognized prior service cost (reduced obligation)*	(139.1)	(157.8)
vii. Prepaid pension cost	(83.0)	(89.6)
viii. Accrued retirement benefit …(iii)+(iv)+(v)+(vi)+(vii)	(74.6)	(76.1)

* With respect to the Fujitsu Corporate Pension Fund in which Fujitsu and its consolidated domestic subsidiaries participate, due to a partial revision of the company’s pension system in September 2005, prior service costs (reduction of obligation) have arisen.

(2) Components of net periodic benefit cost

(Billion Yen)

	FY 2007	FY 2006
i. Service cost	36.6	36.4
ii. Interest cost	27.5	26.2
iii. Expected return on plan assets	(30.9)	(30.7)
iv. Amortization of net obligation at transition	16.2	16.2
v. Amortization of actuarial loss	9.8	5.5
vi. Amortization of prior service cost	(18.6)	(18.6)
vii. Net periodic benefit cost …(i)+(ii)+(iii)+(iv)+(v)+(vi)	40.7	35.0

(3) Basis for Tabulating Projected Benefit Obligation

i. Discount rate	2.5% (at March 31, 2008) 2.5% (at March 31, 2007)

b. Outside Japan

(1) Itemization of Projected Benefit Obligation, etc.

(Billion Yen)

	FY 2007 as of 3/31/08	FY 2006 as of 3/31/07
i. Projected benefit obligation	(541.9)	(679.6)
ii. Plan assets	470.5	546.4
iii. Projected benefit obligation in excess of plan assets …(i)+(ii)	(71.3)	(133.1)
iv. Unrecognized actuarial loss	(9.5)	11.9
v. Unrecognized prior service cost	--	0.1
vi. Accrued retirement benefit …(iii)+(iv)+(v)	(80.8)	(120.9)

(2) Components of net periodic benefit cost

(Billion Yen)

	FY 2007	FY 2006
i. Service cost	12.4	11.3
ii. Interest cost	36.2	32.1
iii. Expected return on plan assets	(38.5)	(33.1)
iv. Amortization of actuarial loss *	0.9	0.2
v. Amortization of prior service cost	(1.0)	--
vi. Net periodic benefit cost …(i)+(ii)+(iii)+(iv)+(v)	10.0	10.5
vii. Loss on termination of retirement benefits plan **	(1.6)	--
Total (vi)+(vii)	8.3	10.5

* Fujitsu Services Holdings PLC, which provides a defined benefit pension plan, adopts the International Financial Reporting Standards (IFRS), and applies the corridor approach to amortization of actuarial gain and losses.

** The loss on termination of retirement benefit plan refers to termination loss resulting from a transfer of retirement benefit plan provided by consolidated subsidiaries outside Japan to third-party organizations.

(2) Basis for Tabulating Projected Benefit Obligation

i. Discount rate	Mainly 6.9% (at March 31, 2008) Mainly 5.5% (at March 31, 2007)

Note: Some of the figures for subsidiaries outside Japan include estimations

Business Combinations

Reorganization of Fujitsu Limited's LSI Business Through a Corporate Split

1. Name and Lines of Business of the Company or Business Subject to the Business Combination, the Legal Framework, Name of the Company after the Business Combination, and Overview of the Transaction, Including the Purpose of the Transaction
   1) Name of the Company or Business Subject to the Business Combination and its Lines of Business

      Fujitsu Limited, Fujitsu Microelectronics Limited (company newly established through split); Design, development, manufacturing, and sales of LSI devices
   2) Legal Framework and Name of the Company after the Business Combination

      Fujitsu Limited was the splitting company and Fujitsu Microelectronics Limited was the newly incorporated company established through the company split. This company split, pursuant to Article 805 of the Corporate Law, was executed without the requirement of the approval of a General Meeting of the Shareholders as stipulated under Article 804 (1) of the Corporate Law. (Simple Incorporation-Type Separations)
   3) Overview of the Transaction, Including the Purpose of the Transaction

      In order for its LSI business to flourish amid intensified global competition, Fujitsu Limited split off its LSI business as a separate entity, independent from Fujitsu Limited's overall decision-making processes, to create an organization able to undertake rapid and timely management decision-making. As part of the company split, a number of LSI subsidiaries and affiliates, including subsidiary Fujitsu Electronics Inc., will become subsidiaries of Fujitsu Microelectronics Limited.

2. Summary of the Accounting Treatment of the Transactions

   In accordance with the Accounting Standards for Business Combinations and Applicable Guidelines for Business Combination Accounting Standards and Business Separation Accounting Standards, the accounting treatment for common control transaction has been applied, whereby transactions relating to business transfers and capital increases for a subsidiary are, as internal transactions, subject to elimination.

Shift of Consolidated Subsidiaries to Wholly Owned Subsidiaries through an Exchange of Shares

1. Names and Lines of Business of the Companies Combined, Legal Framework

1) Names and Lines of Business of Companies Combined

(i) Names of companies combined:

Fujitsu Limited and its subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited

(ii) Lines of business

Fujitsu Access Limited	Development, manufacture and sales of information and communication equipment and related systems
Fujitsu Devices Inc.	Development, design and sales of semiconductors and related software
Fujitsu Wireless Systems Limited	Manufacture of information and communication equipment

2) Legal Framework of the Combination, Name of Companies After Combination

Exchange of shares

At the time of exchange, the names of the companies did not change. On October 1, 2007, Fujitsu Devices Inc. changed its names to Fujitsu Electronics Inc.

3) Overview of the Transaction, Including the Purpose of the Transaction

In order to enable Fujitsu to better respond to the services needs of our customers and strengthen our customer-focused operating structure, on August 1, 2007, the shareholders of Fujitsu Access Limited, Fujitsu Devices Inc. and Fujitsu Wireless Systems Limited transferred their common shares to Fujitsu Limited. In exchange, Fujitsu Limited distributed shares in Fujitsu Limited to these shareholders. Accordingly, the three companies became wholly owned subsidiaries of Fujitsu Limited. On July 26, 2007, Fujitsu Access Limited (listed on the 1st section of the Tokyo Stock Exchange) and Fujitsu Devices Inc. (listed on the 2nd section of the Tokyo Stock Exchange) were delisted.

2. Summary of the Accounting Treatment of the Transactions

As the exchange of shares falls under the category of transactions with minority interests, the interest in the additional shares of the subsidiaries acquired through the transactions will be deducted from minority interests, and the difference between that amount and the additional investment amount will be treated as goodwill.

3. Information Concerning the Acquisition of Additional Shares in the Subsidiaries

1) The Acquisition Cost and its Breakdown

Acquisition cost: 25, 965 million yen

Fujitsu Limited shares valued at 25,945 million yen, with 20 million yen spent in acquiring the shares; all were treasury shares.

2) The Exchange Ratio for Each Type of Share, the Approach to Calculating the Share Exchange Ratio, the Number of Shares Distributed, and their Valuation

(i) Types of shares and the exchange ratios

For each common share of the companies, the number of Fujitsu Limited shares allocated and distributed was as follows:

Fujitsu Access Limited	0.86 share
Fujitsu Devices Inc.	2.70 shares
Fujitsu Wireless Systems Limited	13.36 shares

(ii) Approach to calculating the share exchange ratio

The exchange ratios were decided among the concerned companies after carefully considering the professional analyses and recommendations proposed on the method of share exchange ratios by a third-party organization.

(iii) Number and valuation of the shares distributed

34,319,427 shares 25,945 million yen

3) Amount of Goodwill Generated, Reason of the generation and Method and Period of Amortization

Amount of goodwill	4,393 million yen
Reason	The market price at the time of the combination of the concerned companies exceeded the historical cost
Method and period of amortization	Straight-line amortization within 5 years

Consolidated Per Share Data (Yen)

	FY2007	FY2006
Earnings per share	23.34	49.54
Diluted earnings per share	19.54	44.95
Net Assets per share	458.31	469.02

[Basis for calculation]

(1) Earnings Per Share and Diluted Earnings Per Share (Million Yen)

	FY2007	FY2006
Earnings per share		
Net income	48,107	102,415
Deduction from net income	-	-
Net income for common share	48,107	102,415
Average number of common shares outstanding (thousand shares)	2,060,704	2,067,369
Diluted earnings per share		
Adjustment for net income	560	-131
[Adjustment related to dilutive securities issued by subsidiaries and affiliates]	[-573]	[-133]
[Corporate bond costs (after tax adjustment)]	[1,132]	[1]
Increase in number of common shares (thousand shares)	430,382	208,159
[Share warrants (thousand shares)]	[430,382]	208,159

(2) Net Assets Per Share (Million Yen)

	March 31, 2008	March 31, 2007
Net assets	1,130,176	1,160,719
Deduction from net assets [Minority interests]	181,972 [181,972]	191,197 [191,197]
Net assets for common shares	948,204	969,522
Number of common shares used to calculate Owners' equity per share (thousand shares)	2,068,928	2,067,104

* Items omitted from the above table
The following items were omitted because they are not material to financial results:
-Transactions with related parties
- Stock options, etc.

10. FY 2008 Consolidated Earnings Projections

The environment in which the Fujitsu Group operates is becoming increasingly uncertain, with rising concern about the economic slowdown in the United States, prompted by such factors as the sub-prime mortgage problem and soaring prices for energy and raw materials, and fear about its possible impact on Europe and Asia. Nevertheless, corporate IT investment remains necessary to support the global expansion of business and economic growth, and demand is expected to increase. The Fujitsu Group will seek to increase both growth and profits, building further on our strengths by enhancing our management, product, workplace and human resource capabilities and pursuing positive structural improvements as well as expanding from IT solutions to business solutions.

We are projecting consolidated net sales of 5,350.0 billion yen in fiscal 2008, roughly the same level of sales in fiscal 2007. Although we anticipate growth in our outsourcing and other services business in and outside Japan along with growth in the HDD businesses, when converted into yen a reduction of approximately 200.0 billion yen is projected as a result of an appreciation in the value of the yen. We are projecting 220.0 billion yen in operating income, an increase of 15.0 billion yen over the previous fiscal year. We are projecting a negative impact from yen appreciation of approximately 20.0 billion yen and a 20.0 billion increase in pension obligation expenses, due to lower returns on pension assets, but operating income is projected to increase because of higher income in services in and outside Japan, in particular, and an improvement in the Device Solutions business as a result of a decrease in up-front investment. Net income is projected at 100.0 billion yen. As in fiscal 2007, we anticipate recovering approximately 15.0 billion yen in valuation allowance for deferred tax assets in the event that subsidiaries subject to consolidated corporate income tax post income according to plan.

(Billion Yen)

	First-Half			Full-Year		
	FY 2007 (Actual)	FY 2008 (Forecast)	Change	FY 2007 (Actual)	FY 2008 (Forecast)	Change
Net Sales	2,513.1	2,450.0	-2.5%	5,330.8	5,350.0	0.4%
Operating Income	43.9	35.0	-20.3%	204.9	220.0	7.3%
Net Income	-9.3	0	-	48.1	100.0	107.9%

Quarterly Breakdown of Projected First-Half Net Sales and Operating Income

(Billion Yen)

	First Quarter			Second Quarter		
	FY 2007 (Actual)	FY 2008 (Forecast)	Change	FY 2007 (Actual)	FY 2008 (Forecast)	Change
Net Sales	1,166.8	1,150.0	-1.4%	1,346.3	1,300.0	-3.4%
Operating Income	2.9	0	-100.0%	40.9	35.0	-14.6%

Note: Application of International Financial Reporting Standards (IFRS) at Subsidiaries Outside Japan

Beginning in fiscal 2008, with the application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18”, financial reporting for subsidiaries outside Japan will be consistent with IFRS. The effects of these changes will, however, be slight as major subsidiary Fujitsu Services has already applied IFRS. As a material difference between IFRS and Japanese accounting standards, goodwill of subsidiaries outside Japan has been adjusted according to Japanese accounting standards. Together with goodwill amortization costs for Fujitsu and its subsidiaries in Japan, the company expects approximately 20.0 billion yen in amortization costs in fiscal 2008, about the same as fiscal 2007.

※These materials may contain forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors:

- General economic and market conditions in key markets (particularly in Japan, North America, Europe and China)
- Rapid changes in the high-technology market (particularly semiconductors, PCs, etc.)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technical provisions
- Potential emergence of unprofitable projects
- Changes in accounting policies

Forecast for FY 2008 Consolidated Business Segment Information

a. Net Sales and Operating Income

		Yen (Billions)			
		FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**	Change vs. FY2007(%)
Technology Solutions					
Japan	**Y**	2,087.7	2,102.2	**2,160.0**	+2.7
Overseas		1,069.3	1,170.0	**1,100.0**	-6.0
Total		3,157.0	3,272.2	**3,260.0**	-0.4
Operating income (loss):					
System Platforms		7.5	39.7	**25.0**	-37.1
[Operating income margin]		[1.1%]	[5.6%]	**[3.6%]**	
Services		156.1	140.4	**185.0**	+31.7
[Operating income margin]		[6.4%]	[5.5%]	**[7.2%]**	
Total operating income		163.6	180.1	**210.0**	+16.5
[Operating income margin]		[5.2%]	[5.5%]	**[6.4%]**	
Ubiquitous Product Solutions					
Japan		710.1	761.3	**780.0**	+2.5
Overseas		408.1	427.6	**450.0**	+5.2
Total		1,118.3	1,188.9	**1,230.0**	+3.5
Operating income		41.6	52.5	**50.0**	-4.9
[Operating income margin]		[3.7%]	[4.4%]	**[4.1%]**	
Device Solutions					
Japan		457.0	521.4	**490.0**	-6.0
Overseas		305.6	275.3	**270.0**	-1.9
Total		762.6	796.7	**760.0**	-4.6
Operating income		19.0	18.2	**20.0**	+9.5
[Operating income margin]		[2.5%]	[2.3%]	**[2.6%]**	
Other Operations					
Japan		349.9	361.0	**380.0**	+5.2
Overseas		140.4	165.7	**160.0**	-3.5
Total		490.3	526.8	**540.0**	+2.5
Operating income		10.5	14.2	**15.0**	+5.1
[Operating income margin]		[2.2%]	[2.7%]	**[2.8%]**	
Elimination					
Sales		(428.2)	(453.9)	**(440.0)**	-
Operating income		(52.7)	(60.3)	**(75.0)**	-
Total					
Japan		3,274.9	3,407.2	3,490.0	**+2.4**
Overseas		1,825.2	1,923.6	1,860.0	**-3.3**
Total		5,100.1	5,330.8	5,350.0	**+0.4**
Operating income	**Y**	182.0	204.9	220.0	**+7.3**
[Operating income margin]		[3.6%]	[3.8%]	[4.1%]	

Note:
Net sales include intersegment sales.

b. Net Sales by Principal Products and Services

		Yen (Billions)			
		FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**	Change vs. FY2007(%)
Technology Solutions					
System Platforms:				**(Forecast)**	
System Products	**Y**	355.3	370.4	**360.0**	-2.8
Network Products		348.4	342.4	**330.0**	-3.6
		703.7	712.8	**690.0**	-3.2
Services:					
Solutions / SI		1,091.0	1,258.8	**1,290.0**	+2.5
Infrastructure Services		1,164.8	1,215.2	**1,200.0**	-1.3
Others		197.3	85.2	**80.0**	-6.1
		2,453.2	2,559.3	**2,570.0**	+0.4
Total		3,157.0	3,272.2	**3,260.0**	-0.4
Ubiquitous Product Solutions					
PCs / Mobile Phones		768.6	837.0	**840.0**	+0.4
Hard Disk Drives		329.8	332.7	**370.0**	+11.2
Others		19.8	19.1	**20.0**	+4.2
Total		1,118.3	1,188.9	**1,230.0**	+3.5
Device Solutions					
LSI Devices		473.5	508.8	**490.0**	-3.7
Electronic Components, Others		289.1	287.9	**270.0**	-6.2
Total	**Y**	762.6	796.7	**760.0**	-4.6

Notes:

Net sales include intersegment sales.

In conjunction with organizational changes designed to enhance collaboration between sales and product development functions, beginning this fiscal year ATM and POS business results (which amounted to sales of approximately 117.0 billion yen in the fiscal 2006), formerly recorded under the “Others” category in the Services sub-segment, are recorded in the Solutions / SI category, which includes financial and retail solutions.

11. Overview of FY 2007 Unconsolidated Financial Results

Profit and Loss

(Billion Yen)

	Full-Year FY2007 4/1/07-3/31/08	Full-Year FY2006 4/1/06-3/31/07	Change	FY2007 Breakdown: Impact of changes in accounting policies	FY2007 Breakdown: Excluding impact of changes in accounting policies
Net Sales [% change from previous fiscal year]	2,979.0 [3.8%]	2,869.2 [0.7%]	109.8	-3.3	2,982.4 [3.9%]
Operating Income	59.0	8.8	50.1	-0.6	59.6
Net Income	61.4	-249.2	310.7	-19.2	80.7

Unconsolidated net sales for fiscal 2007 were 2,979.0 billion yen (US$29,790 million), 3.8% higher than the previous fiscal year. Sales of mobile phone base stations declined, but sales of services as well as server products, PCs, mobile phones and advanced technology logic devices increased.

Unconsolidated operating income was 59.0 billion yen (US$590 million), an increase of 50.1 billion yen over the previous year. This was due to such factors as higher overall sales and improved profitability in our systems integration business in Japan as well as reduced costs and other cost efficiencies in our server, PC and other businesses.

In other income, we recorded dividend income from subsidiaries both in Japan and outside of Japan which increased compared to the previous fiscal year and gain on sales of affiliated companies.

In other expenses, we recorded losses of 98.9 billion yen as a result of such factors as devaluation losses stemming from steep declines in the market prices of listed shares as well as a revaluation loss on inventories, which was recorded in conjunction with the early adoption of a new accounting policy for valuation of inventories that was adopted to inventories at the beginning of fiscal 2007, and business reorganization costs related to our LSI devices business. We also recorded a loss on currency translation adjustments.

As a result of the foregoing, we posted unconsolidated net income of 61.4 billion yen (US$614 million) in fiscal 2007, an increase of 310.7 billion yen over the previous fiscal year. In fiscal 2006, we recorded a devaluation loss of approximately 280.0 billion yen on our shareholding in Fujitsu Services in the UK. In addition, as a result of in increase in the number of companies subject to consolidated income taxes and higher profits from business operations, approximately 18.0 billion yen of the valuation allowance for deferred tax assets recorded in or prior to fiscal 2004 was recovered and recorded as income.

Net Assets (Billion Yen)

	Balance at End of FY 2007 3/31/08	Balance at End of FY 2006 3/31/07	Change
Total Shareholders' equity	548.1	500.3	47.7
Common stock	324.6	324.6	-
Capital surplus	169.1	418.1	-248.9
Legal capital surplus	-	118.2	-118.2
Other capital surplus	169.1	299.8	-130.6
Retained earnings	55.2	-240.4	295.6
Legal retained earnings	0.6	-	0.6
Other retained earnings	54.5	-240.4	295.0
Treasury stock	-0.8	-1.9	1.0
Valuation and translation adjustments	88.7	120.5	-31.8
Total Net Assets	636.8	620.8	15.9

Since retained earnings were negative at the end of the previous fiscal year, in accordance with a resolution by the Board of Directors made in May 2007, 240.4 billion yen was transferred from other capital surplus to other retained earnings. In addition, in order to secure capital resources to continue a flexible capital policy, at the Annual Shareholders' Meeting held in June, capital legal reserve were reduced by 118.2 billion yen and other capital surplus was increased by the same amount.

Principal Accounting Policies for Unconsolidated Reporting

There have been changes to a portion of the company's principal accounting policies. Please see "Change in Accounting Policies in the Current Consolidated Reporting Period" for details.

Other changes in accounting policies have been omitted because there have been no significant changes since the disclosure of the annual securities report on June 22, 2007.

Significant Changes in Accounting Policies in the Current Unconsolidated Reporting Period

Fujitsu has implemented the following accounting policy changes in the current reporting year. For details, please refer to "Change in Accounting Policies in the Current Consolidated Reporting Period." An outline of the changes is as follows:

1. Change in Accounting Standards for Measurement of Inventories
We have implemented early adoption of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9, issued July 5, 2006).

2. Change in the Method of Depreciation for Property, Plant and Equipment and Revisions to Useful Life and Residual Values

3. Accounting Standards for Lease Transactions
We have implemented early adoption of the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13, issued June 17, 1993 [Business Accounting Council, the First Committee] and revised March 30, 2007) and Implementation Guidance on Accounting Standards for Lease Transactions (Accounting Standards Board of Japan Implementation Guidance No. 16, issued January 18, 1994 [Japanese Institute of Certified Public Accountants, Accounting System Committee] and revised March 30, 2007).

4. Change in the Basis of Revenue Recognition

5. Change in Classification of Amortization of Unrecognized Obligation for Retirement Benefits

Notes to Unconsolidated Financial Statements

Lease Transactions

1. Finance Leases (lessee): Except those in which the leased property will transfer to the lessee
   a) Type of lease asset:
      Primarily related to outsourcing-related equipment (machine tools and related equipment).
   b) Method of depreciation:
      Straight-line method in which the useful life is assumed to be the lease period.

2. Operating Leases (lessee)
   Future minimum lease payments required under non-cancellable operating leases.

(Billion Yen)

	FY2007 (as of March 31, 2008)	FY2006 (as of March 31, 2007)
Within 1 year	5.4	4.9
Over 1 year	14.3	18.4
Total	19.7	23.3

Investment Securities
Shareholdings in subsidiaries and affiliates at market value

TYPE	FY 2007 (End of March 2008)			FY 2006 (End of March 2007)		
	Recorded on Balance Sheet	Market Value	Difference	Recorded on Balance Sheet	Market Value	Difference
Shareholdings in subsidiaries	28.0	117.4	89.3	43.7	290.0	246.2
Shareholdings in affiliates	13.9	20.2	6.2	16.7	20.4	3.7
Total	42.0	137.6	95.6	60.4	310.4	250.0

(Billion Yen)

Unconsolidated Tax Effect Accounting
Significant Components of Deferred Tax Assets and Liabilities

(Billion Yen)

	FY 2007 March 31, 2008	FY 2006 March 31, 2007
Deferred tax assets:		
Provision for loss on affiliate securities	236.9	217.3
Accrued retirement benefits	91.5	94.4
Tax loss carryforwards	88.8	120.3
Stock related to company establishment through company split	21.3	-
Accrued bonus	20.1	16.7
Excess of depreciation and amortization and impairment loss	17.7	3.9
Inventories	10.6	0.1
Provision for loss on repurchase of computers	9.7	12.7
Provision for loss on guarantee of debt	8.4	14.2
Provision for product warranties	4.8	4.6
Other	27.5	26.5
Gross deferred tax assets	537.8	511.2
Valuation allowance	(415.4)	(390.1)
Total deferred tax assets	122.4	121.1
Deferred tax liabilities:		
Gains from establishment of stock holding trust for retirement benefit plan	(110.6)	(110.6)
Unrealized gains on securities	(60.6)	(82.2)
Tax allowable reserves	(1.5)	(2.3)
Other	-	(0.1)
Total deferred tax liabilities	(172.7)	(195.2)
Net deferred tax assets	(50.2)	(74.0)

Part III: Supplementary Information

1. Employees

	March 31 2007	**March 31 2008**	change
	(Thousands)		
Japan	99	**100**	+1
[Parent Company]	[37]	**[27]**	[-9]
Overseas	62	**67**	+5
Total	161	**167**	+6

2. Miscellaneous Forecasts for FY 2008

a. R&D Expenses

	FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
	Yen (Billions)		
	254.0	258.7	**270.0**
As % of sales	5.0%	4.9%	**5.0%**

b. Capital Expenditures, Depreciation

		FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
		Yen (Billions)		
Capital Expenditures				
Technology Solutions	Y	91.3	81.6	100.0
Ubiquitous Product Solutions		24.8	27.6	30.0
Device Solutions		166.2	117.3	75.0
Corporate and others		22.8	22.5	35.0
Total		305.2	249.0	240.0
Japan		254.6	189.6	180.0
Overseas		50.6	59.4	60.0
Depreciation	Y	202.8	200.5	225.0

c. Cash Flows

		FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
		Yen (Billions)		
(A) Cash flows from operating activities	Y	408.7	322.0	430.0
[Net income]		[102.4]	[48.1]	[100.0]
[Depreciation & amortization]		[278.7]	[279.2]	[300.0]
[Others]		[27.5]	[(5.3)]	[30.0]
(B) Cash flows from investing activities		(151.0)	(283.9)	(280.0)
(C) Free cash flow (A)+(B)		257.6	38.1	150.0
(D) Cash flows from financing activities		(234.9)	62.3	(50.0)
(E) Total (C)+(D)	Y	22.7	100.4	100.0

d. Exchange Rates

	FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
Average rates for	$1= 117yen	$1= 114yen	**$1= 100yen**
	€1=150yen	€1=162yen	**€1=155yen**
	£1=222yen	£1=229yen	**£1=200yen**

e. PC Shipments*

(Million Units)

FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
8.45	8.81	**9.30**

f. Mobile Phone Shipments

(Million Units)

FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
4.05	5.90	**5.60**

g. HDD Production

(Million Units)

FY 2006 (Actual)	FY 2007 (Actual)	**FY 2008 (Forecast)**
30.98	37.07	**47.00**

Note:
* Includes shipments of Fujitsu Siemens Computers (Holding) B.V., an equity-method affiliate.

3. Environmental Accounting

a. Cost/Benefit Trends

(Billion Yen)

	FY2004		FY2005		FY2006		FY2007	
	Costs	**Benefits**	**Costs**	**Benefits**	**Costs**	**Benefits**	**Costs**	**Benefits**
Fujitsu Limited	7.91	9.68	9.04	10.89	7.39	9.85	8.40	10.91
Affiliated companies	10.01	12.94	8.87	13.62	9.32	17.65	11.03	20.79
Total	**17.92**	**22.62**	**17.91**	**24.51**	**16.71**	**27.50**	**19.43**	**31.70**

b. Itemization of FY 2007 Results*

(Billion Yen)

Costs	**Item**	**Fujitsu Limited**	**Affiliated companies**	**Total**
Business area costs				
Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	2.72	2.46	5.18
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	1.23	1.33	2.56
Resource circulation costs	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	1.20	2.60	3.80
Upstream/downstream costs	Costs of lowering the environmental burden imposed upstream and downstream by manufacturing and service activities (costs incurred for recycling/reuse of waste products and packaging, Green Procurement, etc.)	0.08	1.16	1.24
Administrative costs	Environmental protection costs related to administrative activity, including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring environmental burden, greenification programs, environmental reporting and environmental publicity	1.69	1.31	3.00
R&D costs	Environmental protection costs for R&D activities (Super Green Products, Green Products/environmental technology design and development costs)	0.12	2.17	2.29
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in/support for organizations concerned with environmental preservation	0.02	0.00	0.02
Environmental remediation costs	Costs of environmental restoration operations (remediation of soil and groundwater contamination, environmental compensation, etc.)	1.34	0.00	1.34
Total		**8.40**	**11.03**	**19.43**

Notes:

* Classification system is in accordance with "Environmental Accounting Guidelines 2005" issued by Japan's Ministry of the Environment.

(Billion Yen)

Benefits			Item	Fujitsu Limited	Affiliated companies	Total
	Business area benefits					
		Pollution prevention benefits	Contribution of environmental protection activities to value added* in manufacturing. Savings from avoidance of operating losses** stemming from failure to observe environmental laws and regulations.	3.63	4.62	8.25
		Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption***	1.75	0.80	2.55
		Resource circulation benefits	Cost savings from waste reduction and more effective resource utilization ***	3.11	13.75	16.86
	Upstream/downstream benefits		Revenue from the sale of recycled and reused parts and products***	0.00	0.64	0.64
	Administrative benefits		Value of efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.41	0.41	0.82
	R&D benefits		Contribution to sales made by Super Green Products, Green Products, other eco-friendly products	1.21	0.57	1.78
	Environmental remediation benefits		Savings of compensation payments to residents through policies preventing groundwater and soil contamination****	0.80	0.00	0.80
	Total			**10.91**	**20.79**	**31.70**

c. Comments

In fiscal 2007, Group companies inside and outside Japan actively promoted reuse and reduce activities.

Costs rose to 19.4 billion yen for the year, due largely to increases in costs for energy-saving measures and soil remediation.

Benefits rose to 31.7 billion yen, due largely to improvement in resource circulation benefits supported by the promotion of resource use reduction at affiliates outside Japan.

Notes:

* Contribution of environmental protection activities in relation to value added:
value added x (maintenance and management costs for environmental facilities/total generated costs)

** Avoidance of operating losses: (value added/days of operation) x days lost

*** Actual benefit

**** Estimate of risk avoidance assuming such events arise