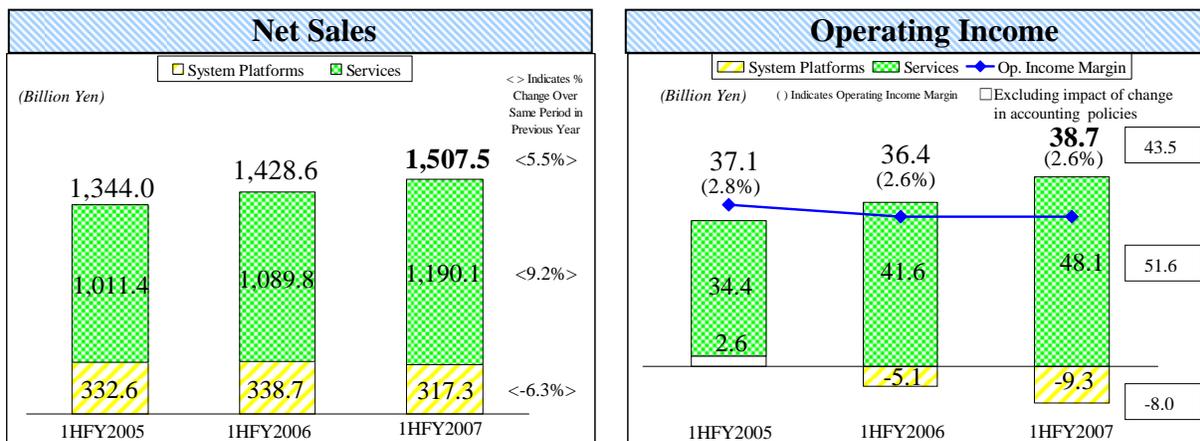


3. Results by Business Segment

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

Technology Solutions



	First Half FY 2007 (Billion Yen)	Change from 1H FY 2006
Net Sales	1,507.5	5.5%
Japan	927.3	-1.6%
Overseas	580.1	19.4%

	First Half FY2007 (Billion Yen)	Change from 1H FY 2006 (Billion Yen)
Operating Income	38.7	2.2
[excluding impact of accounting policy changes]	[43.5]	[7.1]

Total first-half consolidated net sales in this segment were 1,507.5 billion yen (US\$13,109 million), up 5.5% over the first half of fiscal 2006. In Japan, higher sales in our services business failed to offset weak sales of mobile phone base stations and optical transmission systems, resulting in a 1.6% decrease in domestic sales in the segment. Sales outside Japan increased by 19.4%, bolstered by the positive effects of currency translations, corporate acquisitions to expand the services business, as well as higher sales of outsourcing services, UNIX servers, and optical transmission systems.

Operating income for the segment was 38.7 billion yen (US\$337 million), an increase of 2.2 billion yen compared to the same period a year previous. Excluding the impact of accounting policy changes, operating income was 43.5 billion yen, a year-on-year first-half increase of 7.1 billion yen. Despite lower sales of mobile phone base stations and continued investments in the development of optical transmission systems in the UK, operating income rose because of higher sales in our services business and rising sales of servers and related products, as well as higher profitability in our systems integration business in Japan.

(1) System Platforms

	First Half FY 2007 (Billion Yen)	Change from 1H FY 2006
Net Sales	317.3	-6.3%
Japan	198.9	-16.2%
Overseas	118.3	17.0%

	First Half FY2007 (Billion Yen)	Change from 1H FY 2006 (Billion Yen)
Operating Income	-9.3	-4.1
[excluding impact of accounting policy changes]	[-8.0]	[-2.9]

Net sales in the System Platforms sub-segment were 317.3 billion yen (US\$2,759 million), a decline of 6.3% compared to the same period last year. In Japan, sales declined 16.2%. Sales of servers and related products were solid, particularly for PC servers, but demand slowed for mobile phone base stations and optical transmission systems, as capex cycles passed their peak and the focus of expenditures changed in these areas. Sales outside Japan increased by 17.0%, bolstered by higher sales of UNIX servers resulting from the release of our new SPARC Enterprise models, which are co-branded with Sun Microsystems, Inc., as well as higher sales of optical transmission systems in North America and the UK.

System Platforms posted an operating loss of 9.3 billion yen (US\$81 million), representing a deterioration of 4.1 billion yen compared to the first half of fiscal 2006. Despite improved operating income from servers and related products resulting from higher sales and greater cost efficiencies, results were dragged down by the impact of lower sales of mobile phone base stations as well as upfront development expenditures in Super 3G wireless base station equipment. Continued development costs associated with next-generation networks in our optical transmission systems business in the UK also weighed on income.

In order to optimize utilization of Group-wide 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 September, Fujitsu was awarded a contract to construct China-India and trans-Mediterranean segments of a global IP network using submarine cable systems. These systems are designed to accommodate the rising demand for video distribution and other broadband services. By offering products that leverage our cutting-edge optical transmission technology and guarantee high reliability, the Fujitsu Group is committed to contributing to the construction and expansion of global next-generation networks.

(2) Services

	First Half FY 2007 (Billion Yen)	Change from 1H FY 2006
Net Sales	1,190.1	9.2%
Japan	728.3	3.3%
Overseas	461.7	20.1%

	First Half FY2007 (Billion Yen)	Change from 1H FY 2006 (Billion Yen)
Operating Income	48.1	6.4
[excluding impact of accounting policy changes]	[51.6]	[10.0]

Net sales in the Services sub-segment were 1,190.1 billion yen (US\$10,349 million), up 9.2% from the same period a year earlier. In Japan, sales for the sub-segment increased 3.3% as a result of higher sales of systems integration services, primarily in the insurance and securities industries, and continued strength in our outsourcing business. Sales outside Japan increased by 20.1%, bolstered by the positive effects of currency translations, business expansion through acquisitions, and sales of outsourcing services in Europe.

Operating income for the Services sub-segment was 48.1 billion yen (US\$418 million), an increase of 6.4 billion yen from the same period a year ago. Excluding the impact of the change in accounting policies, operating income was 51.6 billion yen, representing a year-on-year first-half increase of 10.0 billion yen. Although selling, general, and administrative expenses increased due to the growth of our overseas services business and impacts from currency translations, operating income in the sub-segment grew as a result of higher revenues both in Japan and overseas as well as improvements in project profitability in our systems integration business in Japan.

We are striving to achieve a leap forward in our IT services business as a key element of our new medium-term strategic plan. To achieve this goal, we are working to broaden the scope of our business by expanding from “IT solutions” into “business solutions,” as well as to strengthen our services capability on a global basis.

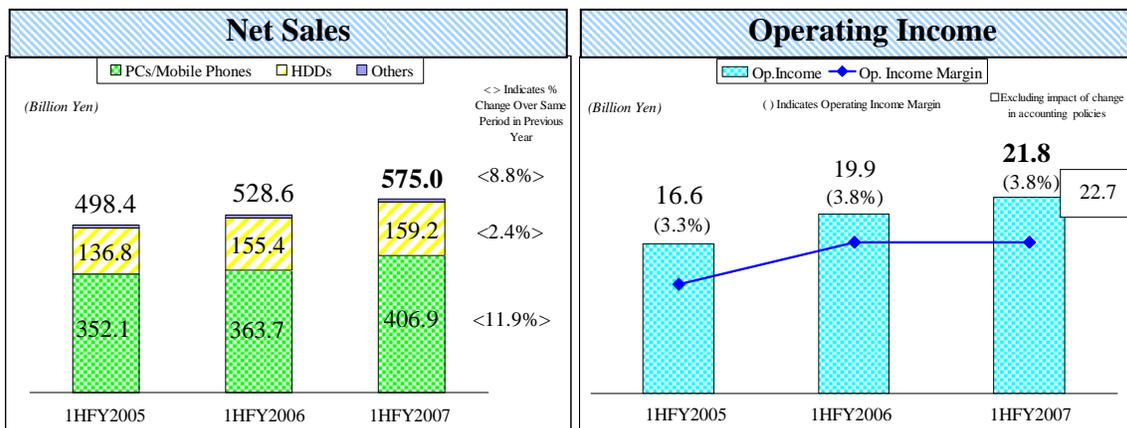
Rather than simply improving our customers’ IT systems, we are proposing Field Innovation strategies that enable continuous improvement of our customers’ business by utilizing proprietary methods and visualization technologies for making business processes and the roles and actions of people visible. At the same time, we are expanding our business process outsourcing capabilities. Additionally, we are implementing new initiatives to “industrialize” IT services. In order to strengthen our services capability on a global scale, we are developing alliances and establishing data centers and call centers, as well as expanding our offshore capabilities.

To promote Field Innovation, we are improving our lineup of visualization technologies and have started to train our employees as “Field Innovators” in order to strengthen and expand contact with our customers’ management and operations divisions. Finally, we are investing more resources into the business solutions area based on our experience implementing various solutions within the Group, including solutions for business continuity management and compliance with the Financial Instruments and Exchange Law, Japan’s version of the Sarbanes-Oxley Act.

The Group is also promoting the “industrialization” of IT services to advance the standardization and automation of processes used in the construction of IT infrastructure. Specific measures include reforming the organizational structure of our infrastructure services business through the establishment of the Infrastructure Technology Center and other initiatives, with subsidiary Fujitsu FSAS playing a central role in the reforms in Japan.

In September, we acquired a company in the US that provides consulting services. Since October, we acquired through a tender offer the Swedish firm Mandator AB, which provides application and other IT services in Nordic countries, and completed acquisition of a company that provides infrastructure services in Oceania. To respond to customer needs on a global basis, we will continue to enhance our services provision capabilities.

Ubiquitous Product Solutions



	First Half FY 2007 (Billion Yen)	Change from 1H FY 2006
Net Sales	575.0	8.8%
Japan	367.1	9.6%
Overseas	207.9	7.4%

	First Half FY2007 (Billion Yen)	Change from 1H FY 2006 (Billion Yen)
Operating Income	21.8	1.8
[excluding impact of accounting policy changes]	[22.7]	[2.7]

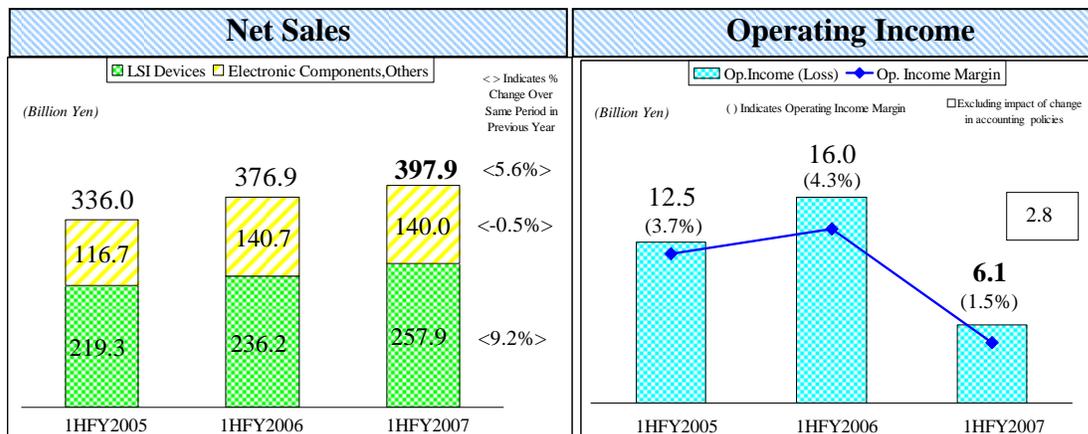
Net sales in the Ubiquitous Product Solutions segment were 575.0 billion yen (US\$5,000 million), an increase of 8.8% over the same period last year. Sales in Japan increased by 9.6%. Domestic sales of PCs were weak as a result of intensified price competition, but sales of mobile phones increased, spurred by overall market expansion. Sales outside Japan increased by 7.4%. Sales of HDDs were strong, setting a record-high in quarterly unit sales in the second quarter. Sales of notebook PCs also posted solid growth.

Operating income for the Ubiquitous Product Solutions segment was 21.8 billion yen (US\$190 million), an increase of 1.8 billion yen over the first half of fiscal 2006. Despite the impact of severe price declines in HDDs for notebook PCs, operating income for the segment rose as a result of higher sales of PCs in overseas markets, higher sales of mobile phones, progress in reducing component costs and greater cost efficiencies.

There are signs that prices for HDDs for notebook PCs, which began to decline dramatically last year, started to stabilize in the latter half of the second quarter in response to higher demand for notebook PCs, but competition remains very severe. Amid these circumstances, we have launched a large-capacity, ultra-thin 250GB-capacity perpendicular magnetic recording model for use in notebook PCs and consumer electronics. We plan to continue to increase our competitiveness in HDDs by pursuing further cost reductions and by launching a steady stream of competitive products.

In the PC market, we launched the U Series, a new-concept notebook PC which is the world's smallest and lightest tablet-convertible notebook PC. In mobile phones, we enhanced our RakuRaku Phone series by launching RakuRaku Phone IV, which combines user friendliness with ease-of-use, improved security, and easy-viewing features.

Device Solutions



	First Half FY 2007 (Billion Yen)	Change from 1H FY 2006
Net Sales	397.9	5.6%
Japan	261.3	21.2%
Overseas	136.5	-15.3%

	First Half FY2007 (Billion Yen)	Change from 1H FY 2006 (Billion Yen)
Operating Income	6.1	-9.8
[excluding impact of accounting policy changes]	[2.8]	[-13.1]

Net sales of Device Solutions were 397.9 billion yen (US\$3,460 million), an increase of 5.6% compared to the first half of fiscal 2006. Sales in Japan increased by 21.2%. Sales of 90nm advanced technology logic products increased as a result of the higher production volumes enabled by the capacity expansion completed at Mie Fab No. 1 in the second half of fiscal 2006. In addition, we began contract production of Flash memory at the fab facilities acquired from Spansion Japan. In standard technology logic devices, although sales in the second quarter increased for the first time in four quarters, overall sales for the first half were weak. Overseas sales decreased by 15.3%, primarily as a result of lower billings at overseas sales subsidiaries, reflecting the realignment of our sales organization for Flash memory chips used in mobile phones.

Operating income for the Device Solutions segment was 6.1 billion yen (US\$53 million), a decrease of 9.8 billion yen from the same period a year previous. Excluding the impact of the accounting changes, operating income declined 13.1 billion yen. Despite the benefits of strong sales of

advanced logic technology products, income was adversely affected by delayed recovery in demand for standard technology logic products, making it impossible to absorb higher depreciation and development costs in the advanced technology business. In the first quarter, the segment recorded an operating loss of 3.6 billion yen, but swung back to profitability in the second quarter with operating income of 9.7 billion yen, attributable to higher sales of advanced technology logic products and other factors.

In advanced technology logic devices, an expanding business we are positioning as an engine of our future growth, following on last fiscal year's expansion of 90nm production capacity at the Mie Plant's Fab No. 1, we began production of 65nm devices at Fab No. 2. We plan to continue to invest in additional production capacity in accordance with demand trends.

In standard technology logic devices, we aim to enhance profitability by securing significant sales volumes through the penetration of global markets. To this end, we commenced production at the plants we purchased from Spansion Japan. For the time being, these plants will be engaged primarily in contract production of Flash memory for Spansion, but in the future we plan to expand production of Flash microcontrollers and other standard technology logic products in accordance with demand trends.

To strengthen our integrated production and sales business organization, in August we converted Fujitsu Devices Inc. into a wholly owned subsidiary through a share exchange, and in October merged the sales unit of Electronic Devices Business Group of Fujitsu Limited into the renamed subsidiary, Fujitsu Electronics Inc., to create an integrated sales organization for electronic device products.

These organizational reforms will enable us to become a one-stop solutions provider offering customized electronic device product solutions to our customers.