Fujitsu Limited
November 22, 2007

FY 2007 First-Half Financial Results

Contents

Part I: Financial Tables

1. Summary of FY 2007 First-Half Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen (Millions) (Except per share data)		
		1H FY 2007 (4/1/07~9/30/07)	1H FY 2006 (4/1/06~9/30/06)	Change (%)
Net sales	**Y**	**2,513,113**	2,362,333	+6.4
Operating income		**43,932**	50,641	-13.2
Income before income taxes and minority interests		**18,209**	37,677	-51.7
Net income (loss)		**(9,338)**	14,847	-
Net income (loss) per common share:				
Basic		**(4.55)**	7.18	-
Diluted	**Y**	**-**	6.46	-

b. Net Sales by Business Segment (including intersegment)

		Yen (Millions)		
		1H FY 2007 (4/1/07~9/30/07)	1H FY 2006 (4/1/06~9/30/06)	Change (%)
Technology Solutions	**Y**	**1,507,510**	1,428,633	+5.5
Ubiquitous Product Solutions		**575,090**	528,615	+8.8
Device Solutions		**397,921**	376,966	+5.6
Other Operations		**253,744**	235,099	+7.9
Elimination		**(221,152)**	(206,980)	-
Total	**Y**	**2,513,113**	2,362,333	+6.4

c. Summary of Consolidated Financial Condition

		Yen (Millions) (Except per share data)		
		September 30 2007	March 31 2007	September 30 2006
Total assets	**Y**	**4,200,112**	3,943,724	3,768,219
Net assets		**1,125,897**	1,160,719	1,077,186
Owners' equity ratio		**22.7%**	24.6%	23.9%
Net assets per share	**Y**	**459.84**	469.02	435.04
Number of shares issued (Includes own shares)		**2,070,018,213**	2,070,018,213	2,070,018,213

d. Summary of Consolidated Statements of Cash Flows

		Yen (Millions)		
		1H FY 2007 (4/1/07~9/30/07)	1H FY 2006 (4/1/06~9/30/06)	FY 2006 (4/1/06~3/31/07)
Cash flows from operating activities	**Y**	**152,048**	184,083	408,765
Cash flows from investing activities		**(131,961)**	(119,031)	(151,083)
Cash flows from financing activities		**315,234**	(73,540)	(234,953)
Cash and cash equivalents at end of period	**Y**	**785,738**	415,553	448,705

2. Summary of FY 2007 Second-Quarter Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen (Millions)		
		2Q FY 2007 (7/1/07~9/30/07)	2Q FY 2006 (7/1/06~9/30/06)	Change (%)
Net sales	**Y**	**1,346,313**	1,259,463	+6.9
Operating income		**40,985**	36,067	+13.6
Income before income taxes and minority interests		**29,920**	31,339	-4.5
Net income	**Y**	**5,442**	14,183	-61.6

b. Net Sales by Business Segment (including intersegment)

		Yen (Millions)		
		2Q FY 2007 (7/1/07~9/30/07)	2Q FY 2006 (7/1/06~9/30/06)	Change (%)
Technology Solutions	**Y**	**824,339**	779,017	+5.8
Ubiquitous Product Solutions		**300,451**	276,232	+8.8
Device Solutions		**208,898**	197,160	+6.0
Other Operations		**131,259**	119,056	+10.2
Elimination		**(118,634)**	(112,002)	-
Total	**Y**	**1,346,313**	1,259,463	+6.9

3. Consolidated Earnings Forecast for FY 2007

		Yen (Billions) (Except per share data) Full Year ending Mar. 31, 2008 (Forecast)	Change (%) vs. FY 2006
Net sales	**Y**	**5,400.0**	+5.9
Operating income		**195.0**	+7.1
Net income		**65.0**	-36.5
Net income per common share	**Y**	**31.41**	

4. Cash Dividends per Share of Common Stock

		Yen
First half ending September 30, 2006 (Actual)	**Y**	**3.00**
Full year ending March 31, 2007 (Actual)		**3.00**
Total		**6.00**
First half ending September 30, 2007 (Actual)		**3.00**
Full year ending March 31, 2008 (Forecast)		**3.00**
Total (Forecast)	**Y**	**6.00**

5. Summary of FY 2007 First-Half Unconsolidated Results

a. Summary of Unconsolidated Statements of Operations

		Yen (Millions) (Except per share data)		
		1H FY 2007 (4/1/07~9/30/07)	1H FY 2006 (4/1/06~9/30/06)	Change (%)
Net sales	**Y**	**1,400,103**	1,329,452	+5.3
Operating income (loss)		**(18,771)**	(18,734)	-
Income before income taxes		**20,814**	5,636	+269.3
Net income		**29,822**	12,834	+132.4
Net income per common share (Basic)	**Y**	**14.53**	6.21	

b. Summary of Unconsolidated Financial Condition

		Yen (Millions) (Except per share data)		
		September 30 2007	March 31 2007	September 30 2006
Total assets	**Y**	**2,901,797**	2,512,801	2,753,735
Net assets		**637,298**	620,891	915,551
Net assets per share	**Y**	**308.00**	300.37	442.85
Owners' equity ratio		**22.0%**	24.7%	33.2%

6. Unconsolidated Earnings Forecast for FY 2007

	Yen (Billions) (Except per share data)	
	Full Year ending Mar. 31, 2008 (Forecast)	Change (%) vs. FY 2006
Net sales	**3,000.0**	+4.6
Net income	**65.0**	-
Net income per common share	**31.41**	

7. First-Half Consolidated Statements of Operations

		Yen (Millions)			(For reference)
		1H FY 2007	1H FY 2006		FY 2006
		(4/1/07~9/30/07)	(4/1/06~9/30/06)	Change (%)	(4/1/06~3/31/07)
Net sales	Y	**2,513,113**	2,362,333	+6.4	5,100,163
Cost of sales		**1,879,405**	1,744,922	+7.7	3,781,647
Gross profit		**633,708**	617,411	+2.6	1,318,516
Selling, general and administrative expenses		**589,776**	566,770	+4.1	1,136,428
Operating income		**43,932**	50,641	-13.2	182,088
Other income:					
Interest and dividend income		**9,705**	6,475		14,185
Equity in earnings of affiliates, net		**2,363**	-		6,996
Gain on foreign exchange, net		**-**	846		2,132
Gain on sales of investment securities*		**11,606**	-		77,337
Gain on change in interest**		**2,002**	-		2,136
Others		**8,692**	11,100		21,840
Total other income		**34,368**	18,421		124,626
Other expenses:					
Interest expense		**10,131**	8,943		18,429
Equity in losses of affiliates, net		**-**	1,638		-
Amortization of unrecognized obligation for retirement benefits		**-**	1,610		3,146
Loss on foreign exchange, net		**367**	-		-
Revaluation loss on inventories***		**25,045**	-		-
Impairment loss****		**289**	-		9,991
Loss on sales of investment securities		**-**	-		2,275
Others		**24,259**	19,194		58,378
Total other expenses		**60,091**	31,385		92,219
Income before income taxes and minority interests		**18,209**	37,677	-51.7	214,495
Income taxes		**21,199**	15,871		96,243
Minority interests		**6,348**	6,959		15,837
Net income (loss)	Y	**(9,338)**	14,847	-	102,415

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 to listing of and capital increase in a Chinese affiliate (Nantong Fujitsu Microelectronics Co., Ltd.).

*** 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.

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

8. First-Half Consolidated Business Segment Information

a. Net Sales and Operating Income

		Yen (Millions)			(For reference)
		1H FY 2007	1H FY 2006		FY 2006
		(4/1/07~9/30/07)	(4/1/06~9/30/06)	Change (%)	(4/1/06~3/31/07)
Technology Solutions					
Japan	**Y**	**927,373**	942,902	-1.6	2,087,728
Overseas		**580,137**	485,731	+19.4	1,069,312
Total		**1,507,510**	1,428,633	+5.5	3,157,040
Operating income (loss):					
System Platforms		**(9,373)**	(5,174)	-	7,501
[Operating income margin]		**[-3.0%]**	[-1.5%]		[1.1%]
Services		**48,108**	41,619	+15.6	156,107
[Operating income margin]		**[4.0%]**	[3.8%]		[6.4%]
Total operating income		**38,735**	36,445	+6.3	163,608
[Operating income margin]		**[2.6%]**	[2.6%]		[5.2%]
Ubiquitous Product Solutions					
Japan		**367,110**	335,039	+9.6	710,140
Overseas		**207,980**	193,576	+7.4	408,183
Total		**575,090**	528,615	+8.8	1,118,323
Operating income		**21,815**	19,993	+9.1	41,650
[Operating income margin]		**[3.8%]**	[3.8%]		[3.7%]
Device Solutions					
Japan		**261,351**	215,662	+21.2	457,039
Overseas		**136,570**	161,304	-15.3	305,636
Total		**397,921**	376,966	+5.6	762,675
Operating income		**6,157**	16,043	-61.6	19,010
[Operating income margin]		**[1.5%]**	[4.3%]		[2.5%]
Other Operations					
Japan		**172,030**	170,361	+1.0	349,950
Overseas		**81,714**	64,738	+26.2	140,427
Total		**253,744**	235,099	+7.9	490,377
Operating income		**5,820**	4,924	+18.2	10,563
[Operating income margin]		**[2.3%]**	[2.1%]		[2.2%]
Elimination					
Sales		**(221,152)**	(206,980)	-	(428,252)
Operating income		**(28,595)**	(26,764)	-	(52,743)
Total					
Japan		**1,561,507**	1,503,331	+3.9	3,274,908
Overseas		**951,606**	859,002	+10.8	1,825,255
Total		**2,513,113**	2,362,333	+6.4	5,100,163
Operating income	**Y**	**43,932**	50,641	-13.2	182,088
[Operating income margin]		**[1.7%]**	[2.1%]		[3.6%]

Note:

Includes intersegment sales.

b. Net Sales by Principal Products and Services

		Yen (Millions) 1H FY 2007 (4/1/07~9/30/07)	1H FY 2006 (4/1/06~9/30/06)	Change (%)	(For reference) FY 2006 (4/1/06~3/31/07)
Technology Solutions					
System Platforms:					
System Products	**Y**	**163,736**	161,764	+1.2	355,324
Network Products		**153,585**	176,981	-13.2	348,456
		317,321	338,745	-6.3	703,780
Services:					
Solutions / SI		**578,295**	494,151	+17.0	1,091,060
Infrastructure Services		**586,647**	525,653	+11.6	1,164,818
Others		**25,247**	70,084	-64.0	197,382
		1,190,189	1,089,888	+9.2	2,453,260
Total		**1,507,510**	1,428,633	+5.5	3,157,040
Ubiquitous Product Solutions					
PCs / Mobile Phones		**406,975**	363,726	+11.9	768,649
Hard Disk Drives		**159,268**	155,499	+2.4	329,835
Others		**8,847**	9,390	-5.8	19,839
Total		**575,090**	528,615	+8.8	1,118,323
Device Solutions					
LSI Devices		**257,900**	236,200	+9.2	473,500
Electronic Components, Others		**140,021**	140,766	-0.5	289,175
Total	**Y**	**397,921**	376,966	+5.6	762,675

Note:

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 about 48.0 billion yen in the first half 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.

9. First-Half Consolidated Geographic Segment Information

a. Net Sales and Operating Income

			Yen (Millions)			(For reference)
			1H FY 2007	1H FY 2006		FY 2006
			(4/1/07~9/30/07)	(4/1/06~9/30/06)	Change (%)	(4/1/06~3/31/07)
Japan	Sales	**Y**	1,966,719	1,896,948	+3.7	4,077,148
	Operating income		56,574	55,382	+2.2	191,864
	[Operating income margin]		[2.9%]	[2.9%]		[4.7%]
EMEA	Sales		385,529	332,307	+16.0	736,360
	Operating income		4,589	9,283	-50.6	24,131
	[Operating income margin]		[1.2%]	[2.8%]		[3.3%]
The Americas	Sales		237,389	213,027	+11.4	442,326
	Operating income		4,994	5,368	-7.0	8,465
	[Operating income margin]		[2.1%]	[2.5%]		[1.9%]
APAC & China	Sales		416,081	388,850	+7.0	807,166
	Operating income		6,937	7,040	-1.5	11,680
	[Operating income margin]		[1.7%]	[1.8%]		[1.4%]
Elimination	Sales		(492,605)	(468,799)	-	(962,837)
	Operating income		(29,162)	(26,432)	-	(54,052)
Total	Sales		2,513,113	2,362,333	+6.4	5,100,163
	Operating income	**Y**	43,932	50,641	-13.2	182,088
	[Operating income margin]		[1.7%]	[2.1%]		[3.6%]

Note:

Includes intersegment sales.

b. Net Overseas Sales by Customer's Geographic Location

		Yen (Millions)			(For reference)
		1H FY 2007	1H FY 2006		FY 2006
		(4/1/07~9/30/07)	(4/1/06~9/30/06)	Change (%)	(4/1/06~3/31/07)
EMEA	**Y**	416,826	362,153	+15.1	795,877
The Americas		260,243	227,284	+14.5	472,975
APAC & China		274,537	269,565	+1.8	556,403
Total	**Y**	951,606	859,002	+10.8	1,825,255

Note:

Sales to unaffiliated customers.

10. First-Half Consolidated Balance Sheets

		Yen (Millions) September 30 2007	Yen (Millions) September 30 2006	Change (Million Yen)	(For reference) March 31 2007
Assets					
Current assets:					
Cash and cash equivalents and short-term investments	Y	**787,359**	417,580	+369,779	449,425
Receivables, trade		**944,735**	791,464	+153,271	1,054,048
Inventories		**431,921**	466,517	-34,596	412,387
Other current assets		**233,369**	213,379	+19,990	216,163
Total current assets		**2,397,384**	1,888,940	+508,444	2,132,023
Non-current assets:					
Property, plant and equipment less accumulated depreciation		**884,956**	848,699	+36,257	842,489
Intangible assets		**231,236**	232,566	-1,330	234,940
Investments and long-term loans		**686,536**	798,014	-111,478	734,272
Total non-current assets		**1,802,728**	1,879,279	-76,551	1,811,701
Total assets		**4,200,112**	3,768,219	+431,893	3,943,724
Liabilities and net assets					
Liabilities					
Current liabilities:					
Payables, trade		**776,075**	749,327	+26,748	824,825
Short-term borrowings and current portion of long-term debt		**342,382**	215,940	+126,442	226,250
Other current liabilities		**734,635**	653,310	+81,325	756,490
Total current liabilities		**1,853,092**	1,618,577	+234,515	1,807,565
Long-term liabilities:					
Long-term debt		**774,697**	666,427	+108,270	519,567
Other long-term liabilities		**446,426**	406,029	+40,397	455,873
Total long-term liabilities		**1,221,123**	1,072,456	+148,667	975,440
Total liabilities		**3,074,215**	2,691,033	+383,182	2,783,005
Net assets					
Shareholders' equity:					
Common stock		**324,625**	324,625	-	324,625
Capital surplus		**249,041**	498,024	-248,983	498,029
Retained earnings (deficit)		**285,509**	(31,875)	+317,384	54,319
Treasury stock		**(722)**	(1,676)	+954	(1,969)
Total shareholders' equity		**858,453**	789,098	+69,355	875,004
Valuation and translation adjustments:					
Valuation difference on available-for-sale securities		**118,919**	151,292	-32,373	125,383
Foreign currency translation adjustments		**(25,903)**	(40,979)	+15,076	(30,865)
Total valuation and translation adjustments		**93,016**	110,313	-17,297	94,518
Minority interests		**174,428**	177,775	-3,347	191,197
Total net assets		**1,125,897**	1,077,186	+48,711	1,160,719
Total liabilities and net assets		**4,200,112**	3,768,219	+431,893	3,943,724
Cash and cash equivalents at end of period		**785,738**	415,553	+370,185	448,705
Ending balance of interest-bearing loans		**1,117,079**	882,367	+234,712	745,817
Ending balance of net interest-bearing loans*		**331,341**	466,814	-135,473	297,112
Owners' equity	Y	**951,469**	899,411	+52,058	969,522
D/E ratio**		**1.17**	0.98	0.19	0.77
Net D/E ratio***		**0.35**	0.52	-0.17	0.31
Shareholders' equity ratio		**20.4%**	20.9%	-0.5%	22.2%
Owners' equity ratio		**22.7%**	23.9%	-1.2%	24.6%

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 previous years 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.

11. First-Half Consolidated Statements of Changes in Net Assets

(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)			**(6,201)**				**(6,201)**
Net income (loss)				(9,338)		**(9,338)**				**(9,338)**
Purchase of treasury stock**					(27,036)	**(27,036)**				**(27,036)**
Sales of treasury stock***			(2,323)		28,283	**25,960**				**25,960**
Others				64		**64**				**64**
Net increase (decrease) during the term, except for items under shareholders' equity							(6,464)	4,962	(16,769)	**(18,271)**
Total		-	(248,988)	231,190	1,247	**(16,551)**	(6,464)	4,962	(16,769)	**(34,822)**
Balance at September 30, 2007	**Y**	324,625	249,041	285,509	(722)	**858,453**	118,919	(25,903)	174,428	**1,125,897**

Note:

* 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.

** Purchase 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.

12. First-Half Consolidated Statements of Cash Flows

		Yen (Millions)			(For reference)
		1H FY 2007	1H FY 2006	Change	FY 2006
		(4/1/07~9/30/07)	(4/1/06~9/30/06)	(Million Yen)	(4/1/06~3/31/07)
1. Cash flows from operating activities:					
Income (Loss) before income taxes					
and minority interests	**Y**	**18,209**	37,677	-19,468	214,495
Depreciation and amortization		**134,630**	125,260	+9,370	278,784
Impairment loss		**289**	-	+289	9,991
Increase (decrease) in provisions		**(11,056)**	(12,925)	+1,869	(20,686)
Equity in earnings of affiliates, net		**(2,363)**	1,638	-4,001	(6,996)
Disposal of non-current assets		**8,701**	6,085	+2,616	27,879
(Gain) Loss on sales of marketable securities		**(11,606)**	-	-11,606	(75,062)
Revaluation loss on inventories		**25,045**	-	+25,045	-
(Increase) decrease in receivables, trade		**111,946**	110,057	+1,889	(116,659)
(Increase) decrease in inventories		**(45,578)**	(55,119)	+9,541	(7,445)
Increase (decrease) in payables, trade		**(50,483)**	(16,717)	-33,766	49,263
Other, net		**(25,686)**	(11,873)	-13,813	55,201
Net cash provided by operating activities		**152,048**	184,083	-32,035	408,765
2. Cash flows from investing activities:					
Purchase of property, plant and equipment		**(144,957)**	(127,161)	-17,796	(258,631)
(Increase) decrease in investments		**31,599**	3,345	+28,254	94,308
Other, net		**(18,603)**	4,785	-23,388	13,240
Net cash used in investing activities		**(131,961)**	(119,031)	-12,930	(151,083)
1+2 [Free Cash Flow]		**20,087**	65,052	-44,965	257,682
3. Cash flows from financing activities:					
Increase (decrease) in bonds, notes,					
short-term borrowings and long-term debt		**371,244**	(47,565)	+418,809	(186,778)
Dividends paid		**(8,338)**	(8,579)	+241	(16,572)
Other, net		**(47,672)**	(17,396)	-30,276	(31,603)
Net cash provided by (used in) financing activities		**315,234**	(73,540)	+388,774	(234,953)
4. Effect of exchange rate changes on cash and cash equivalents		**1,712**	2,489	-777	4,424
5. Net increase (decrease) in cash and cash equivalents		**337,033**	(5,999)	+343,032	27,153
6. Cash and cash equivalents at beginning of period		**448,705**	420,894	+27,811	420,894
7. Cash and cash equivalents of newly consolidated subsidiaries		**-**	658	-658	658
8. Cash and cash equivalents at end of period	**Y**	**785,738**	415,553	+370,185	448,705

13. Second-Quarter Consolidated Statements of Operations

	Yen (Millions) 2Q FY 2007 (7/1/07~9/30/07)	2Q FY 2006 (7/1/06~9/30/06)	Change (%)
Net sales	Y **1,346,313**	1,259,463	+6.9
Cost of sales	**1,002,327**	929,854	+7.8
Gross profit	**343,986**	329,609	+4.4
Selling, general and administrative expenses	**303,001**	293,542	+3.2
Operating income	**40,985**	36,067	+13.6
Other income:			
Interest and dividend income	**2,947**	1,722	
Equity in earnings of affiliates, net	**2,790**	2,245	
Gain on foreign exchange, net	**-**	1,144	
Gain on change in interest*	**2,002**	-	
Gain on sales of investment securities**	**1,776**	-	
Others	**5,044**	7,947	
Total other income	**14,559**	13,058	
Other expenses:			
Interest expense	**5,280**	4,660	
Amortization of unrecognized obligation for retirement benefits	**-**	796	
Loss on foreign exchange, net	**3,591**	-	
Impairment loss***	**289**	-	
Revaluation loss on inventories	**26**	-	
Others	**16,438**	12,330	
Total other expenses	**25,624**	17,786	
Income before income taxes and minority interests	**29,920**	31,339	-4.5
Income taxes	**21,261**	12,354	
Minority interests	**3,217**	4,802	
Net income	Y **5,442**	14,183	-61.6

Notes:

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

** Gain on sales of investment securities refers to gain on sale of shares in affiliate.

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

14. Second-Quarter Consolidated Business Segment Information

a. Net Sales and Operating Income

		Yen (Millions)		
		2Q FY 2007 (7/1/07~9/30/07)	2Q FY 2006 (7/1/06~9/30/06)	Change (%)
Technology Solutions				
Japan	**Y**	**519,415**	527,504	-1.5
Overseas		**304,924**	251,513	+21.2
Total		**824,339**	779,017	+5.5
Operating income:				
System Platforms		**1,769**	620	+185.3
[Operating income margin]		**[1.0%]**	[0.3%]	
Services		**33,066**	33,480	-1.2
[Operating income margin]		**[5.1%]**	[5.6%]	
Total operating income		**34,835**	34,100	+2.2
[Operating income margin]		**[4.2%]**	[4.4%]	
Ubiquitous Product Solutions				
Japan		**192,155**	172,972	+11.1
Overseas		**108,296**	103,260	+4.9
Total		**300,451**	276,232	+8.8
Operating income		**9,420**	9,848	-4.3
[Operating income margin]		**[3.1%]**	[3.6%]	
Device Solutions				
Japan		**137,161**	117,013	+17.2
Overseas		**71,737**	80,147	-10.5
Total		**208,898**	197,160	+6.0
Operating income		**9,768**	4,572	+113.6
[Operating income margin]		**[4.7%]**	[2.3%]	
Other Operations				
Japan		**89,152**	86,073	+3.6
Overseas		**42,107**	32,983	+27.7
Total		**131,259**	119,056	+10.2
Operating income		**3,159**	2,729	+15.8
[Operating income margin]		**[2.4%]**	[2.3%]	
Elimination				
Sales		**(118,634)**	(112,002)	-
Operating income		**(16,197)**	(15,182)	-
Total				
Japan		**842,675**	814,461	+3.5
Overseas		**503,638**	445,002	+13.2
Total		**1,346,313**	1,259,463	+6.9
Operating income	**Y**	**40,985**	36,067	+13.6
[Operating income margin]		**[3.0%]**	[2.9%]	

Note:

Net sales include intersegment sales.

b. Net Sales by Principal Products and Services

		Yen (Millions) 2Q FY 2007 (7/1/07~9/30/07)	2Q FY 2006 (7/1/06~9/30/06)	Change (%)
Technology Solutions				
System Platforms:				
System Products	**Y**	**91,247**	92,467	-1.3
Network Products		**85,445**	86,092	-0.8
		176,692	178,559	-1.0
Services:				
Solutions / SI		**321,815**	280,410	+14.8
Infrastructure Services		**311,422**	277,364	+12.3
Others		**14,410**	42,684	-66.2
		647,647	600,458	+7.9
Total		**824,339**	779,017	+5.8
Ubiquitous Product Solutions				
PCs / Mobile Phones		**207,496**	189,049	+9.8
Hard Disk Drives		**87,912**	81,988	+7.2
Others		**5,043**	5,195	-2.9
Total		**300,451**	276,232	+8.8
Device Solutions				
LSI Devices		**137,400**	123,600	+11.2
Electronic Components, Others		**71,498**	73,560	-2.8
Total	**Y**	**208,898**	197,160	+6.0

Note:

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 about 29.0 billion yen in the second 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.

15. Second-Quarter Consolidated Geographic Segment Information

a. Net Sales and Operating Income

			Yen (Millions)		
			2Q FY 2007 (7/1/07~9/30/07)	2Q FY 2006 (7/1/06~9/30/06)	Change (%)
Japan	Sales	**Y**	1,062,562	1,016,026	+4.6
	Operating income		47,453	40,025	+18.6
	[Operating income margin]		[4.5%]	[3.9%]	
EMEA	Sales		204,001	173,078	+17.9
	Operating income		3,627	5,515	-34.2
	[Operating income margin]		[1.8%]	[3.2%]	
The Americas	Sales		124,481	108,016	+15.2
	Operating income		3,160	2,066	+53.0
	[Operating income margin]		[2.5%]	[1.9%]	
APAC & China	Sales		226,894	204,719	+10.8
	Operating income		3,676	4,535	-18.9
	[Operating income margin]		[1.6%]	[2.2%]	
Elimination	Sales		(271,625)	(242,376)	-
	Operating income		(16,931)	(16,074)	-
Total	Sales		1,346,313	1,259,463	+6.9
	Operating income	**Y**	40,985	36,067	+13.6
	[Operating income margin]		[3.0%]	[2.9%]	

Note:

Net sales include intersegment sales.

16. First-Half Unconsolidated Statements of Operations

		Yen (Millions)			(For reference)
		1H FY 2007	1H FY 2006		FY 2006
		(4/1/07~9/30/07)	(4/1/06~9/30/06)	Change (%)	(4/1/06~3/31/07)
Net sales	**Y**	**1,400,103**	1,329,452	+5.3	2,869,204
Cost of sales		**1,101,745**	1,025,248	+7.5	2,220,540
Gross profit		**298,357**	304,204	-1.9	648,664
Selling, general and					
administrative expenses		**317,129**	322,939	-1.8	639,815
Operating income		**(18,771)**	(18,734)	-	8,848
Other income:					
Interest and dividend income		**75,968**	38,370		76,018
Amortization of unrecognized obligation					
for retirement benefits		**-**	2,255		4,490
Gain on sales of investment securities*		**7,052**	-		75,070
Gain on reversal of					
provision for loss on guarantees**		**2,204**	-		-
Others		**8,372**	8,565		17,760
Total other income		**93,597**	49,190		173,339
Other expenses:					
Interest expense		**5,597**	5,724		10,984
Revaluation loss on inventories***		**24,236**	-		-
Loss on devaluation of					
subsidiaries' and affiliates' stock****		**5,689**	9,307		317,240
Increase in provision for loss on obligations*****		**351**	-		27,276
Impairment loss		**-**	-		6,626
Others		**18,136**	9,787		33,500
Total other expenses		**54,011**	24,819		395,628
Income (Loss) before income taxes		**20,814**	5,636	+269.3	(213,439)
Income taxes:					
Current		**(6,007)**	(5,197)		(14,653)
Deferred		**(3,000)**	(2,000)		50,500
Net income (loss)	**Y**	**29,822**	12,834	+132.4	(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 provision for loss on guarantees.

*** Refers to a valuation loss on inventories at the beginning of the first-half period in conjunction with introduction of a new accounting standard for the valuation of inventories adopted from this fiscal year.

**** Refers to valuation loss on stock of affiliates and subsidiaries.

***** Refers to subsidiary whose liabilities exceed assets.

17. First-Half Unconsolidated Balance Sheets

		Yen (Millions) September 30 2007	September 30 2006	Change (Million Yen)	(For reference) March 31 2007
Assets					
Current assets:					
Cash and cash equivalents and short-term investments	**Y**	**661,632**	263,049	+398,583	281,021
Receivables, trade		**426,727**	379,296	+47,430	506,218
Inventories		**183,885**	212,722	-28,836	188,750
Other current assets		**205,886**	175,458	+30,428	203,530
Total current assets		**1,478,132**	1,030,526	+447,606	1,179,521
Non-current assets:					
Property, plant and equipment less accumulated depreciation		**484,334**	398,940	+85,394	390,056
Intangible assets		**83,712**	81,889	+1,822	84,939
Investments and long-term loans		**855,617**	1,242,378	-386,761	858,284
Total non-current assets		**1,423,664**	1,723,209	-299,544	1,333,280
Total assets		**2,901,797**	2,753,735	+148,061	2,512,801
Liabilities and net assets					
Liabilities					
Current liabilities:					
Payables, trade		**695,287**	643,318	+51,968	731,795
Short-term borrowings and current portion of long-term debt		**270,059**	157,599	+112,459	184,228
Other current liabilities		**330,637**	262,972	+67,665	315,644
Total current liabilities		**1,295,983**	1,063,889	+232,093	1,231,667
Long-term liabilities:					
Long-term debt		**768,413**	663,207	+105,206	512,838
Other long-term liabilities		**200,101**	111,086	+89,014	147,404
Total long-term liabilities		**968,514**	774,293	+194,220	660,242
Total liabilities		**2,264,498**	1,838,183	+426,314	1,891,909
Net assets					
Shareholders' equity:					
Common stock		**324,625**	324,625	-	324,625
Capital surplus:					
Capital reserves		**-**	118,297	-118,297	118,297
Other capital surplus		**169,182**	299,874	-130,691	299,878
Total capital surplus		**169,182**	418,171	-248,988	418,175
Retained earnings:					
Other retained earnings					
Reserves for special depreciation		**3,503**	3,603	-100	3,503
Others		**26,319**	24,255	+2,063	(243,967)
Total other retained earnings		**29,822**	27,858	+1,963	(240,464)
Total retained earnings		**29,822**	27,858	+1,963	(240,464)
Treasury stock		**(709)**	(1,676)	+967	(1,969)
Total shareholders' equity		**522,920**	768,978	-246,057	500,367
Valuation and translation adjustments:					
Valuation difference on available-for-sale securities		**114,378**	146,573	-32,195	120,524
Total valuation and translation adjustments		**114,378**	146,573	-32,195	120,524
Total net assets		**637,298**	915,551	-278,253	620,891
Total liabilities and net assets		**2,901,797**	2,753,735	+148,061	2,512,801
Cash and cash equivalents at end of period		**661,454**	262,749	+398,705	280,821
Ending balance of interest-bearing loans		**1,038,472**	820,806	+217,665	697,066
Ending balance of net interest-bearing loans		**377,017**	558,056	-181039	416,244
Owners' equity	**Y**	**637,298**	915,551	-278,253	620,891
Shareholders' equity ratio		**18.0%**	27.9%	-9.9%	19.9%
Owners' equity ratio		**22.0%**	33.2%	-11.2%	24.7%

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 previous years are restated using the revised calculation method.

18. First-Half Unconsolidated Statements of Changes in Net Assets

(Million yen)

	Shareholders' Equity								
		Capital surplus			Retained earnings (Deficit)				
					Other retained earnings				
	Common stock	Capital reserves	Other capital surplus	Total capital surplus	Reserves for special depreciation	Surplus at the beginning of the period	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 capital reserves to other capital surplus		(118,297)	118,297	-			-		-
Transfer of other capital surplus to surplus at the beginning of the period			(240,464)	(240,464)		240,464	240,464		-
Cash dividends			(6,201)	(6,201)			-		**(6,201)**
Net income				-		29,822	29,822		**29,822**
Purchase of treasury stock				-			-	(27,036)	**(27,036)**
Sales of treasury stock			(2,327)	(2,327)			-	28,296	**25,968**
Net increase (decrease) during the term, except for items under shareholders' equity									
Total	-	(118,297)	(130,696)	(248,993)	-	270,286	270,286	1,259	**22,553**
Balance at September 30, 2007 Y	324,625	-	169,182	169,182	3,503	26,319	29,822	(709)	**522,920**

	Valuation and Translation Adjustments		Total Net Assets
	Valuation difference on available-for-sale securities	**Total valuation and translation adjustments**	
Balance at March 31, 2007 Y	120,524	**120,524**	**620,891**
Increase (decrease) during the term:			
Transfer of capital reserves to other capital surplus			-
Transfer of other capital surplus to surplus at the beginning of the period			-
Cash dividends			**(6,201)**
Net income			**29,822**
Purchase of treasury stock			**(27,036)**
Sales of treasury stock			**25,968**
Net increase (decrease) during the term, except for items under shareholders' equity	(6,146)	**(6,146)**	**(6,146)**
Total	(6,146)	**(6,146)**	**16,407**
Balance at September 30, 2007 Y	114,378	**114,378**	**637,298**

Note:

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

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.

Purchase 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.

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 First-Half Consolidated Financial Results

Business Environment

During the first half of fiscal 2007 (April 1 – September 30, 2007), the business environment in which the Fujitsu Group operates was characterized by a continuation of firm economic trends.
In the US, economic uncertainty grew on account of fears of a credit squeeze in financial and capital markets stemming from the sub-prime mortgage crisis, as well as a correction in the housing market. In Europe, however, economic growth continued, while economies in Asia—and China in particular—showed strong expansion. In Japan, in spite of concern about rapidly rising prices for raw materials, consumer spending made a modest recovery and exports were also buoyant, resulting in a solid pace of growth overall.

With respect to global IT investment, signs of weakness appeared early in the period, including inventory adjustments in semiconductors and concerns of an economic slowdown in the US. Overall, however, demand has continued to expand at a healthy pace, driven largely by strong demand for digital consumer electronic products. There are also signs of a recovery in the semiconductor market as inventory adjustments run their course. Moreover, capital expenditures remain firm, supported by the growth in corporate earnings. Overall, therefore, the underlying trend in IT investment has been solid.

The Fujitsu Group has positioned fiscal 2007 as a transformational year in which we aim to expand growth and profits. Based on our “Field Innovation” concept, we will broaden our offerings from “IT solutions” to “business solutions” designed to optimize our customers’ businesses. We will also accelerate the collaboration between sales and product development operations, structural reforms, and the expansion of our global business. The pursuit of Field Innovation within the Fujitsu Group will enable us to reform our own operations and enhance our ability to respond to customer needs. Through these activities, we aim to contribute to the creation of a prosperous and dynamic networking world, thereby increasing the trust placed in us by our customers and society as a whole.

FY 2007 Consolidated First-Half Results

(Billion Yen)

	First Half FY 2006 *4/1/06-9/30/06*	First Half FY 2007 *4/1/07-9/30/07*	Change
Net Sales [% Change vs. Same Period in prior Fiscal Year]	2,362.3 [7.8%]	2,513.1 [6.4%]	150.7
Operating Income [Operating Income Margin]	50.6 [2.1%]	43.9 [1.7%]	-6.7 [-0.4%]
Gain on Sales of Marketable Securities	-	11.6	11.6
Gain on Change in Interest	-	2.0	2.0
Revaluation Loss on Inventories	-	-25.0	-25.0
Impairment Loss	-	-0.2	-0.2
Income before Income Taxes and Minority Interests	37.6	18.2	-19.4
Income Taxes	15.8	21.1	5.3
Minority Interests	6.9	6.3	-0.6
Net Income (Loss)	14.8	-9.3	-24.1

(Billion Yen)

	Breakdown of First-Half Results	
	Impact of Accounting Policy Changes	*Excluding Impact of Accounting Policy Changes*
Net Sales [% Change vs. Same Period in prior Fiscal Year]	-4.2	2,517.3 [6.6%]
Operating Income [Operating Income Margin]	-3.2	47.1 [1.9%]
Gain on Sales of Marketable Securities	-	11.6
Gain on Change in Interest	-	2.0
Revaluation Loss on Inventories	-25.0	-
Impairment Loss	-	-0.2
Income before Income Taxes and Minority Interests	-24.3	42.5
Income Taxes	-6.6	27.8
Minority Interests	-0.6	6.9
Net Income (Loss)	-17.0	7.6

FY 2007 Consolidated Second-Quarter Results

(Billion Yen)

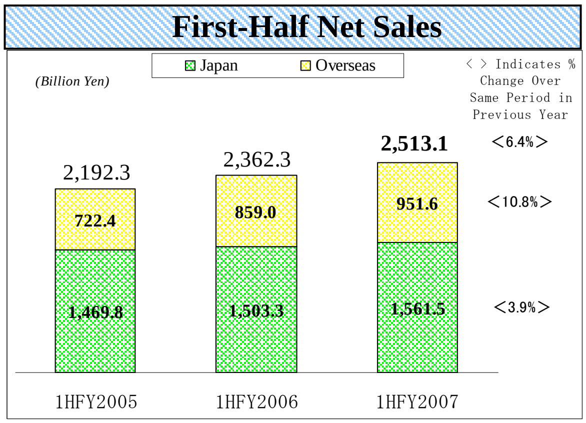
	Second Quarter FY 2007 *7/1/07-9/30/07*	Change vs. 2Q FY06
Net Sales [% Change vs. Same Period in prior Fiscal Year]	1,346.3 [6.9%]	86.8
Operating Income [Operating Income Margin]	40.9 [3.0%]	4.9 [0.1%]
Gain on Sales of Marketable Securities	1.7	1.7
Gain on Change in Interest	2.0	2.0
Revaluation Loss on Inventories	-0.0	-0.0
Impairment Loss	-0.2	-0.2
Income (loss) before Income Taxes and Minority Interests	29.9	-1.4
Net Income (Loss)	5.4	-8.7

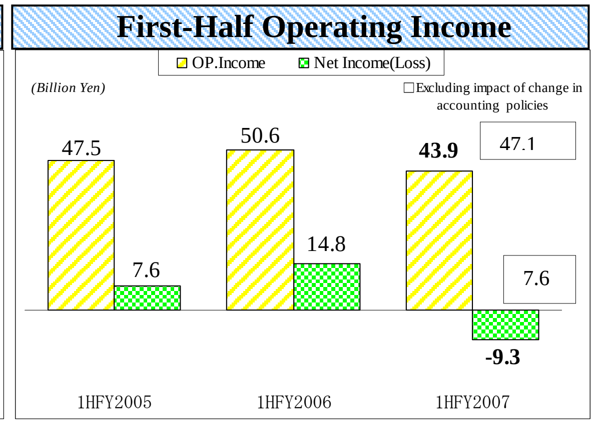
(Billion Yen)

	First Quarter FY 2007 *4/1/07-6/30/07*	Change vs. 1Q FY06
Net Sales [% Change vs. Same Period in prior Fiscal Year]	1,166.8 [5.8%]	63.9
Operating Income [Operating Income Margin]	2.9 [0.3%]	-11.6 [-1.0%]
Gain on Sales of Marketable Securities	9.8	9.8
Gain on Change in Interest	-	-
Revaluation Loss on Inventories	-25.0	-25.0
Impairment Loss	-	-
Income (loss) before Income Taxes and Minority Interests	-11.7	-18.0
Net Income (Loss)	-14.7	-15.4

2. Profit and Loss

Note: In these explanatory materials, the yen figures for net sales, operating income, and net income are converted into US$ amounts for reference purposes, at a rate of $1 = 115 yen, the approximate Tokyo foreign exchange market rate on September 30, 2007.





Consolidated net sales for the first half were 2,513.1 billion yen (US$21,853 million), an increase of 6.4% compared to the first half of fiscal 2006. Sales increased in each of our business segments, with particularly strong performance in the Services sub-segment of our Technology Solutions segment. Overall, sales exceeded our previous first-half record, achieved in fiscal 2000.

Sales in Japan increased by 3.9%. Domestic sales declined in mobile phone base stations, where customers' capex cycles had already peaked, and in standard technology logic devices, but services sales increased as a result of growing demand for systems integration services, primarily in the financial services sector, and continued strength in outsourcing. Sales of mobile phones and 90nm advanced technology logic devices also increased.

Sales outside Japan increased by 10.8%. While sales of Flash memory chips for mobile phones declined, currency translations produced a positive effect and corporate acquisitions spurred growth, while sales of outsourcing services remained strong. Sales of UNIX servers, optical transmission systems, and hard disk drives (HDDs) also increased.

Consolidated operating income was 43.9 billion yen (US$382 million), a decline of 6.7 billion yen from the same period a year previous. Excluding the impact of changes in accounting policies that were implemented this fiscal year, operating income was 47.1 billion yen, a year-on-year first-half decline of 3.4 billion yen. Despite higher sales, particularly outside Japan, and a year-on-year increase of 16.2 billion yen in gross profit, our gross profit margin declined by 0.9 percentage point, to 25.2%. This decline was the result of such factors as the continuation of severe downward pricing pressures in HDDs for notebook PCs and, during the first quarter, delayed recovery in demand for standard technology logic devices. Selling, general, and administrative expenses increased by 23.0 billion yen over the same period in fiscal 2006 as a result of the expansion of our services business in the UK, Germany, and other European markets, currency translation effects, as well as higher upfront development expenditures in the areas of next-generation networks and advanced technology logic devices.

In other income and expenses, there was an improvement in equity earnings of affiliates since Spansion Inc. has not been treated as an equity-method affiliate since the third-quarter of fiscal 2006. Other expenses, however, increased due to the disposal of fixed assets and other factors.

In addition, we booked a gain of 11.6 billion yen from the sale of shares in affiliates and a 2.0 billion yen gain on change in interest linked to our increased capital investment in and the public listing of Chinese affiliate Nantong Fujitsu Microelectronics. A loss of 25.0 billion yen was recorded due to a revaluation loss on inventories, which was made at the beginning of the period in conjunction with the early adoption of a new accounting policy for the valuation of inventories introduced from this fiscal year.

As a result of these factors, we reported a consolidated net loss of 9.3 billion yen (US$81 million) for the first half. Excluding the impact of the change in accounting policies, there was a net profit of 7.6 billion yen. Net income was also affected by a higher tax liability resulting from an increase in dividends received from overseas subsidiaries, as well as an increased tax burden in the UK due to a write-down of deferred tax assets stemming from a reduction in local tax rates.

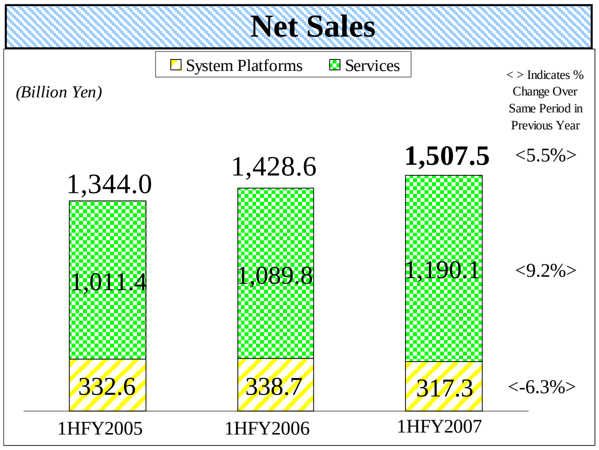
<Comparison with Revised Forecast Announced October 22, 2007>

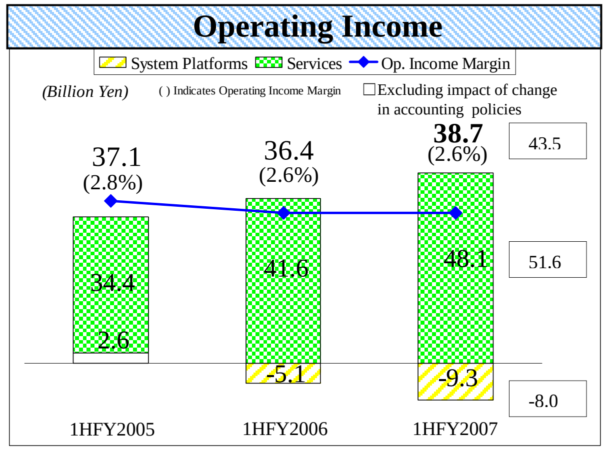
The reported net income was approximately 700 million yen higher than the first-half forecast announced on October 22, 2007, largely due to the reclassification of accounting items.

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.

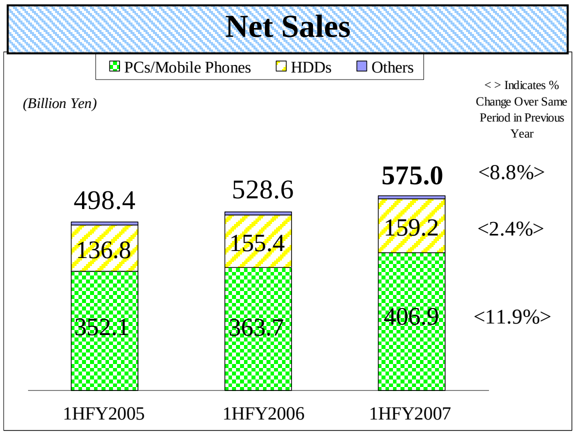
Rather than simply improving our customers’ IT systems, we are proposing Field Innovation strategies that enable continuous improvement of our customers’ business by utilizing proprietary methods and visualization technologies for making business processes and the roles and actions of people visible. 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.

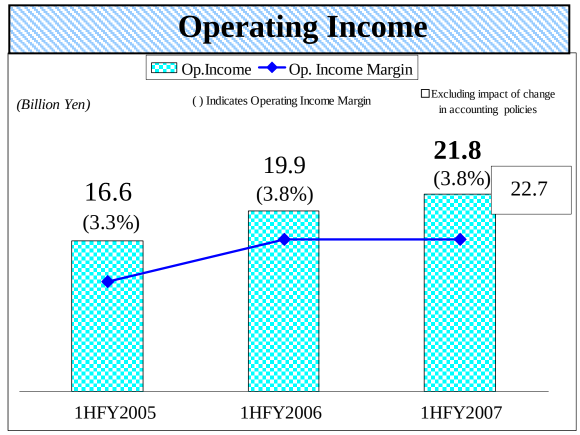
To promote Field Innovation, we are improving our lineup of visualization technologies and have started to train our employees as “Field Innovators” in order to strengthen and expand contact with our customers’ management and operations divisions. Finally, we are investing more resources into the business 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]

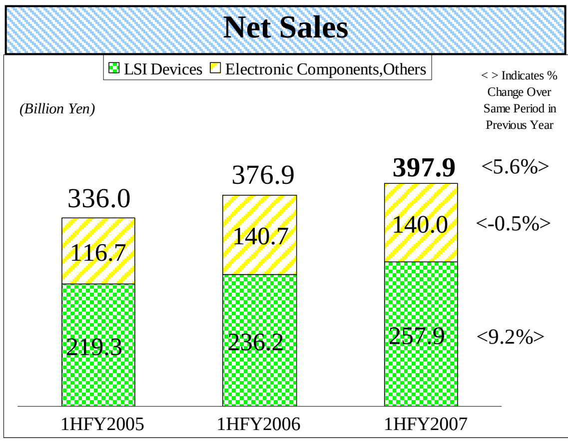
Net sales in the Ubiquitous Product Solutions segment were 575.0 billion yen (US$5,000 million), an increase of 8.8% over the same period last year. Sales in Japan increased by 9.6%. Domestic sales of PCs were weak as a result of intensified price competition, but sales of mobile phones increased, spurred 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.

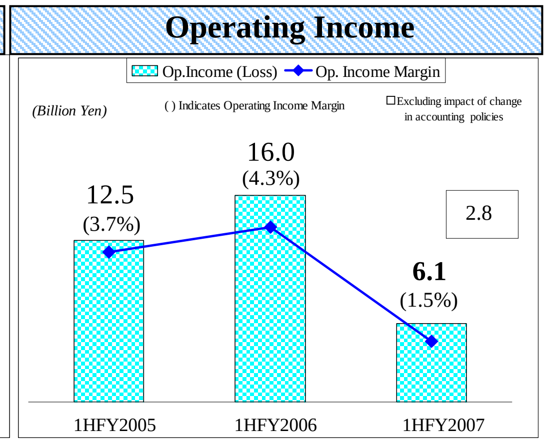
Operating income for the Ubiquitous Product Solutions segment was 21.8 billion yen (US$190 million), an increase of 1.8 billion yen over the first half of fiscal 2006. Despite the impact of severe price declines in HDDs for notebook PCs, operating income for the segment rose as a result of higher sales 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.

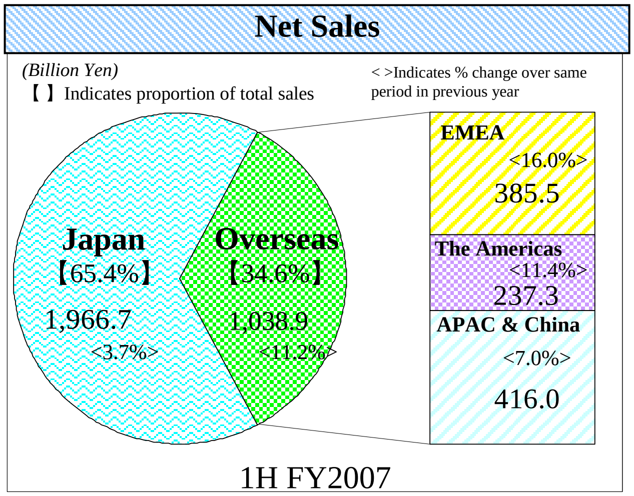
In advanced technology logic devices, an expanding business we are positioning as an engine of our future growth, following on last fiscal year’s expansion of 90nm production capacity at the Mie Plant’s Fab No. 1, we began production of 65nm devices at Fab No. 2. We plan to continue to invest in additional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

4. Results by Geographic Segment



Operating Income

(Billion Yen)

			First Half FY06	First Half FY07	Change
Japan		Op. income	55.3	56.5	1.1
		[margin]	[2.9%]	[2.9%]	[-]
Overseas		Op. income	21.6	16.5	-5.1
		[margin]	[2.3%]	[1.6%]	[-0.7%]
	EMEA	Op. income	9.2	4.5	-4.6
		[margin]	[2.8%]	[1.2%]	[-1.6%]
	The Americas	Op. income	5.3	4.9	-0.3
		[margin]	[2.5%]	[2.1%]	[-0.4%]
	APAC & China	Op. income	7.0	6.9	-0.1
		[margin]	[1.8%]	[1.7%]	[-0.1%]

In Japan, net sales were 1,966.7 billion yen (US$17,102 million), a 3.7% increase compared to the same period in the prior fiscal year. Although there was a decrease in sales of mobile phone base stations and standard technology logic products, higher sales in services, mobile phones, and advanced technology logic products led to an increase in domestic sales. Operating income was 56.5 billion yen (US$491 million), an increase of 1.1 billion yen. Intensified competition in HDDs for notebook PCs and lower sales of mobile phone base stations and standard technology logic products weighed on operating income. This was more than offset, however, by increased sales in such areas as services and mobile phones, improved project profitability in our systems integration business, and efforts to reduce component costs and generate greater efficiencies in such product areas as PCs and servers, all contributing to the overall increase in domestic operating income.

Net sales increased in all three geographic segments outside Japan, for an overall year-on-year increase of 11.2%. In addition to continued strong performance in our outsourcing services business, sales were boosted by positive effects of currency translations and an expansion in our services business as a result of acquisitions. Overseas operating income was 16.5 billion yen (US$143 million), a year-on-year decrease of 5.1 billion yen. Results were adversely affected by R&D expenses for next-generation network development as well as acquisition-related expenses.

EMEA net sales were 385.5 billion yen (US$3,352 million), a 16.0% increase over the same period in fiscal 2006. In addition to the positive effects of currency translations, the Group posted higher sales of outsourcing services in the UK and growth in Germany as a result of acquisitions, along with increased sales of optical transmission systems. Operating income, however, fell by 4.6 billion yen, to 4.5 billion yen (US$39 million), primarily as the result of higher expenses associated with the expansion of our services business, currency translations, and increased R&D expenses related to next-generation networks for optical transmission systems.

Net sales in the Americas segment were 237.3 billion yen (US$2,063 million), an 11.4% increase over the first half of fiscal 2006. Higher sales in HDDs, optical transmission systems, and in our retailing solutions business as well as a weaker yen contributed to the growth. Operating income was 4.9 billion yen (US$43 million), on par with the first half of the prior year. Despite higher sales, operating income was adversely affected by larger sales promotion expenses connected with establishing business in such fields as PC servers.

In the APAC & China segment, net sales were up 7.0% over the same period of the prior fiscal year, to 416.0 billion yen (US$3,617 million). In addition to strong performance in our outsourcing and maintenance services business in Oceania, regional HDD sales also increased. Operating income for APAC & China was 6.9 billion yen (US$60 million), roughly the same as in the first half of fiscal 2006.

As part of our efforts to bolster global services offerings, in September we acquired a company in the US that provides consulting services. Since October, we have acquired IT services firms in Scandinavia and Oceania.

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 of 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 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
Starting this fiscal year the Fujitsu Group has implemented early adoption of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9), and has accordingly changed the method for valuing inventories from the cost method to the lower of cost or market method.

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 reduced 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, operating income in first half was reduced by 2.1 billion yen, and it is anticipated that the impact on full-year operating income will be a reduction of 2.0 billion 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 in accordance with the declining balance method, while overseas subsidiaries most often adopted the straight-line depreciation method. Starting this fiscal year, we have, on the whole, 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 actual residual value for the asset deemed, as a general principle, to be zero. As a result of these changes, the calculated useful life of major assets is now shorter than it previously had been. These changes and revisions have been implemented in view of the changes in the business reality of the Fujitsu Group's major 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 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 services business in general, and, more specifically in the IT outsourcing business, providing operational services to customers over a long period of time is becoming increasingly important. The pattern of earnings generated in the outsourcing business is, as a general principle, a fixed amount per period.

In the Device Solutions segment, as a result of our staged exit from the memory business, which is prone to both severe downward pricing pressure and wide fluctuations in demand, we have positioned the logic LSI business, which is based on long-term and close relationships with customers, as our core business. At our Mie Plant, during the second half of fiscal 2006 we completed capital expenditures to increase the production capacity of 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, very 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, operating income in the first half increased by 3.7 billion yen, and it is anticipated that the impact on operating income for the full fiscal year will be an increase of 14.0 billion yen. These amounts include an increase in depreciation expense of 4.0 billion yen for the first half and 8.0 billion yen for the full fiscal year as a result of restarting depreciation of facilities (with a total book value of approximately 40.0 billion yen) over a five-year period with a residual value of zero, for which depreciation of the facilities had already been depreciated to 5% of the acquisition cost as of the end of last fiscal year.

For finance leases in which there is no reasonable certainty that the lessee will obtain ownership, we had already adopted the practice of treating them as sales in our consolidated financial statements, but we continued to apply lease accounting in our unconsolidated financial statements. Together with the increase in the amount of lease assets on the unconsolidated financial statements and the present change in the method of depreciation, we have implemented early adoption of the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13) and now treat such transactions as sales. These changes do not have a material impact on unconsolidated results and have no impact on consolidated results.

These depreciation and other changes will provide increased visibility regarding the return on investments and support the effective management of the expected returns.

(3) Change in the Basis of Revenue Recognition

We 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.

For other system products, revenue is recognized at 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, first-half net sales decreased by 4.2 billion yen and operating income decreased by 1.0 billion yen. The impact on results for the full fiscal year is expected to be insignificant.

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

We previously treated the amortization of unrecognized obligation for retirement benefits as a non-operating expense, 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 investment 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. In addition, there has also been a decrease in the materiality of the amounts involved, and we have accordingly changed our accounting policies.

The application of this change has no impact on net income, but it resulted in a reduction in operating income of 3.7 billion yen in the first half and is expected to reduce operating income by 7.0 billion for the full fiscal year.

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

(Billion Yen)

	First-Half FY07 (Actual)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other	Full-Year FY07 (Forecast)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other
Operating Income	-3.2	-2.1	3.7	-4.8	5.0	-2.0	14.0	-7.0
Other Losses	-25.0	-25.0	-	-	-25.0	-25.0	-	-

Impact on Segments

	First-Half FY07 (Actual)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other	Full-Year FY07 (Forecast)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other
Technology Solutions	-4.8	-1.3	-0.5	-2.9	-6.0	-1.0	1.0	-6.0
System Platforms	-1.2	-0.1	-0.5	-0.5	-	-	-	-
Services	-3.5	-1.2	-	-2.3	-6.0	-1.0	1.0	-6.0
Ubiquitous Product Solutions	-0.9	0.2	-0.4	-0.7	-	-	-	-
Device Solutions	3.2	-0.9	5.1	-0.8	11.0	-1.0	13.0	-1.0

6. Financial Condition

Assets, Liabilities, and Net Assets

(Billion Yen)

	First-Half FY07 End Balance	Change vs. 1H FY06	FY06 End Balance	Change vs. Previous Year
Total assets	4,200.1	431.8	3,943.7	256.3
(Inventories)	(431.9)	(-34.5)	(412.3)	(19.5)
Interest-bearing loans	1,117.0	234.7	745.8	371.2
(Net interest-bearing loans)	(331.3)	(-135.4)	(297.1)	(34.2)
Net assets	1,125.8	48.7	1,160.7	-34.8
(Capital surplus)	(249.0)	(-248.9)	(498.0)	(-248.9)
(Retained earnings)	(285.5)	(317.3)	(54.3)	(231.1)
D/E ratio	1.17	0.19	0.77	0.40
(Net D/E ratio)	(0.35)	(-0.17)	(0.31)	(0.04)

Total assets at the end of the first half were 4,200.1 billion yen, an increase of 431.8 billion yen over the end of the same period in fiscal 2006, primarily resulting from an increase in current assets. The increase in current assets reflected a larger cash position that resulted from the issuance of new corporate bonds, with the funds raised to finance future redemptions of existing corporate bonds. In addition, there was an increase in trade receivables associated with the higher level of sales. Inventories stood at 431.9 billion yen, a reduction of 34.5 billion yen compared to the end of the same period in the preceding fiscal year. The monthly inventory turnover ratio, which is an indication of the efficiency of asset utilization, improved by 0.11, to 0.96 times. In non-current assets, the book value of property, plant and equipment increased as a result of investments in capacity expansion at our Mie Plant, but investments in marketable securities decreased as a result of sales of shares in Fanuc Ltd. and other companies in the second half of the preceding fiscal year.

Total liabilities were 3,074.2 billion yen, an increase of 383.1 billion yen over the end of the same period of the prior fiscal year, mainly as a result of an increase in interest-bearing debt. The balance of interest-bearing debt totaled 1,117.0 billion yen at the end of the first half, and the D/E ratio was 1.17. After deducting the balance of cash and cash equivalents at the end of the period, however, the net balance of interest-bearing debt was 331.3 billion yen and the net D/E ratio was 0.35.

Net assets were 1,125.8 billion yen, an increase of 48.7 billion yen compared to the end of the same period in fiscal 2006. In accordance with a resolution by the Board of Directors, capital surplus of 240.4 billion yen were transferred from “other capital surplus” to “other retained earnings.”

Summary of Cash Flows

(Billion Yen)

	First Half FY2007	Change vs. First Half FY2006	Excluding effect of settlement date falling on holiday (Billion Yen)
Cash flows from operating activities	152.0	-32.0	36.6
Cash flows from investing activities	-131.9	-12.9	21.1
Free cash flow	20.0	-44.9	57.8
Cash flows from financing activities	315.2	388.7	

Net cash flows from operating activities during the first half were 152.0 billion yen. This represents a decrease of 32.0 billion yen from the same period in fiscal 2006. Cash flows from operating activities increased by 36.6 billion yen, however, when excluding the following impacts: extending month-end payments of trade payables into the next reporting period due to the last day of the first half falling on a holiday; improvements in inventory asset efficiency; and progress in collection of trade receivables, among other factors.

Net cash used in investing activities was 131.9 billion yen. Although there were cash inflows from the sale of shares in affiliated companies, this was offset by capital expenditures relating to the increase in production capacity at our Mie Plant.

Free cash flow, the sum of operating and investment cash flows, was 20.0 billion yen, a decrease of 44.9 billion yen compared the same period in fiscal 2006. Excluding, however, the impact of the last day of the period falling on a holiday, the level of free cash flow increased by 57.8 billion yen.

Net cash provided by financing activities was 315.2 billion yen. Although the company purchased its own 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 100.0 billion yen in corporate straight bonds to raise funds for corporate straight bond redemptions in the second half of the fiscal year. In addition, the company issued 200.0 billion yen of new convertible bonds with the aim of distributing and evening-out the potential financing burden associated with the potential redemption of convertible bonds maturing in 2009.

As a result of the above factors, total cash and cash equivalents at the end of the first half were 785.7 billion yen, an increase of 337.0 billion yen from the end of the prior fiscal year.

Notes to Consolidated Financial Statements

1) Leases

1. Finance Leases (lessee)

Type of lease asset:

Primarily related to logic LSI production equipment and outsourcing-related equipment.

Method of depreciation:

Straight-line method in which the useful life is assumed to be the lease period and there is no residual value.

2. Operating Leases (lessee)

Future minimum lease payments required under non-cancellable operating leases.

(Billion Yen)

	End of First Half FY 2006	End of First Half FY 2007	End of FY 2006
Within one year	9.5	20.4	10.4
Over one year	35.7	96.8	33.6
Total	45.3	117.2	44.0

Additional information:

With regard to property leases in the UK, we had been disclosing the future lease payments for certain periods under the consideration of UK business practices. In line with the recent changes in disclosure practices, we disclosed the future lease payments for all future periods from the first half of fiscal year 2007.

2) Investment Securities

Other investment securities and their market value

(Billion Yen)

TYPE	First Half FY 2006 (End of September 2006)			First Half FY 2007 (End of September 2006)		
	Acquisition Cost	Market Value (recorded on balance sheet)	Difference	Acquisition Cost	Market Value (recorded on balance sheet)	Difference
Shareholdings	53.5	305.0	251.5	80.9	276.6	195.6
Bonds and Other	12.2	12.1	(0)	7.3	7.6	0.3
Total	65.7	317.2	251.5	88.2	284.3	196.0

3) Consolidated Per Share Data

		Yen		
		1H FY 2007 (4/1/07-9/30/07)	1H FY 2006 (4/1/06-9/30/06)	FY 2006 (4/1/06-3/31/07)
A. Earnings per share (A=a/b)	**Y**	**(4.55)**	7.18	49.54
B. Diluted earnings per share (B=(a+c)/(b+d))		**-**	6.46	44.95
C. Net assets per share (C=e/f)	**Y**	**459.84**	435.04	469.02

[Basis for calculation]

(1) Earnings Per Share and Diluted Earnings Per Share

		Yen (millions)		
		1H FY 2007 (4/1/07-9/30/07)	1H FY 2006 (4/1/06-9/30/06)	FY 2006 (4/1/06-3/31/07)
Earnings per share				
Net income (loss)	**Y**	**(9,338)**	14,847	102,415
Deduction from net income		**-**	-	-
a. Net income (loss) for common share		**(9,388)**	14,847	102,415
b. Average number of shares outstanding (thousand shares)		**2,052,430**	2,067,527	2,067,369
Diluted earnings per share				
c. Adjustment for net income		**-**	(149)	(131)
[Adjustment related to dilutive securities issued by subsidiaries and affiliates		**[-]**	[(150)]	[(133)]
[Adjustment related to costs for issuing corporate bonds, etc. (After deduction of tax credit)]	**Y**	**[-]**	[(1)]	[(1)]
d. Increase in number of common shares (thousand shares)		**-**	208,159	208,159
[Share warrants (thousand shares)]		**[-]**	[208,159]	[208,159]

(2) Net Assets Per Share

		Yen (millions)		
		September 30 2007	September 30 2006	March 31 2007
Net assets	**Y**	**1,125,897**	1,077,186	1,160,719
Deduction from net assets		**174,428**	177,775	191,197
[Minority interests]		**[174,428]**	[177,775]	[191,197]
e. Net assets for common shares	**Y**	**951,469**	899,411	969,522
f. Number of shares used to calculate net assets per share (thousand shares)		**2,069,115**	2,067,410	2,067,104

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 (November 22, 2007).

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 with a balance of about 1,117.0 billion yen, including items that are 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, 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 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. 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 troubles at the Tokyo Stock Exchange, we initiated comprehensive inspections of customer systems in November 2005. In cooperation with our customers, we have been checking for any potential problems in these systems, including the operating environment, software and hardware. 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. In fiscal 2003, the emergence of certain loss-generating projects prompted the Group to implement extensive risk management measures, including standardized guidelines for projects of a set scale and above, the introduction of the percentage-of-completion method, and other measures to help prevent the occurrence and enhance the early identification of such projects. In fiscal 2004, we strengthened these efforts by establishing a new organization to screen projects at the contract negotiation phase and curtail the occurrence of projects with deteriorating profitability. Additionally, in April 2005 we established the Systems Integration Assurance Unit, a body with enhanced powers that reports directly to the president. In this way, along with revising our approach to making contracts with customers, and advancing the standardization of sales and system engineering business processes, we are working to manage risk from the business negotiation stage through actual project implementation and thereby prevent new incidences of loss-generating projects. Along with these measures, the Group continues to maintain reserves for losses as necessary. 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 *The 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

The Fujitsu Group continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable, high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide. Based on a thorough understanding of the environments in which our customers operate and the business challenges they face, we create and deploy IT solutions that contribute to the growth and development of their businesses.

In so doing, we seek, both in our global operations and in deeply rooted regional operations, to be a trusted partner to our customers as we contribute to their business and grow together with them.

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

IT investment, particularly in services, is steadily increasing in the US and Europe. Economic growth is driving brisk IT investment in Asia, with the exception of Japan. In Japan, the principal market of the Fujitsu Group, modest growth has been achieved in recent years, primarily due to IT services, but on the whole IT investment lacks the vigor seen in overseas markets. In product business areas, while worldwide sales volumes are increasing, 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 profitability in this environment, we will focus on achieving greater overall operational efficiency. Growth will be achieved by expanding our overseas business 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 SaaS[*1], we will continue to pursue corporate acquisitions. In the EMEA region, the Group has an excellent record in outsourcing business with public-sector customers in the UK, but the current aim is 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 visualize and continually improve customers' business processes. While working to develop new technologies useful to Field Innovation, we are developing a cadre of "Field Innovators" who combine a deep understanding of our customers' operations with an ability to suggest improvements from a business perspective.

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" services. We have concentrated system engineers in charge of infrastructure systems 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.

*1 SaaS: Software as a Service. A software services model in which software functions running on a server are distributed through an online network.

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 accelerating the launch of new technologies, such as perpendicular magnetic recording, and raising cost-competitiveness to strengthen profitability.

3. Device Solutions

In Device Solutions, the Group will follow a strategy of business expansion by maintaining a balance of standard- and advanced-technology logic products. In order to achieve global expansion, we will be making further efforts to enhance our sales capabilities, particularly in Asian markets. For standard logic, we acquired production facilities from Spansion Japan Ltd. in order to expand front-end fabrication capacity. The Group is also consolidating back-end assembly operations in order to raise overall manufacturing efficiency. In advanced logic, we are stepping up efforts to strengthen our "New IDM" model, by which we provide a unified design-to-manufacture service, by reinforcing our software development capability. In addition, we will look to enhance synergies with subsidiaries 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 managers 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.

The Group is also striving to create new sources of revenue by offering, as services to outside customers, expertise in internal process areas in which the Fujitsu Group has distinctive competencies. To this end, in October 2007 we spun off our shared technology and design divisions as separate companies.

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 rich and vibrant 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.

On an unconsolidated basis, Fujitsu posted a net loss in the fiscal year ended March 31, 2007, resulting in a deterioration of shareholders' equity. We believe, however, that our earnings are on a recovery path and anticipate being able to generate stable earnings and cash flow going forward. Therefore, for the fiscal 2007 first-half period, we plan to pay an interim dividend of 3 yen per share in order to maintain our policy of paying stable dividends on an ongoing basis. In order to pay interim dividends for the first half out of retained earnings, Fujitsu is preparing a special accounts settlement report using, in accordance with Article 441 of Japan's Corporate Law, the last day of the first-half period, September 30, 2007, as the special accounts settlement date.

With respect to the disposition of profits, we intend to continue to pay dividends twice a year, at the end of the first half and the end of the fiscal year.

9. Business Combinations

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

   1) Names and Lines of Business of the 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

   Exchange of shares

   3) Summary of the Transactions and Rationale

   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 transactions fall under the category of transactions with minority shareholders, 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 Fujitsu Limited shares 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 based on consultations among the concerned companies after taking into careful consideration proposed share exchange ratios and methods of calculation prepared by a third party and an analyses and recommendations regarding these proposed amounts from qualified experts.

(iii) Number and valuation of the shares distributed	34,319,427 shares 25,945 million yen

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

Amount of goodwill	4,393 million yen
Reason generated	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

10. FY 2007 Second-Quarter Consolidated Results

Profit and Loss

		Second Quarter FY 2007 (Billion Yen)	Change from 2Q FY 2006
Net Sales		1,346.3	6.9%
	Japan	842.6	3.5%
	Overseas	503.6	13.2%

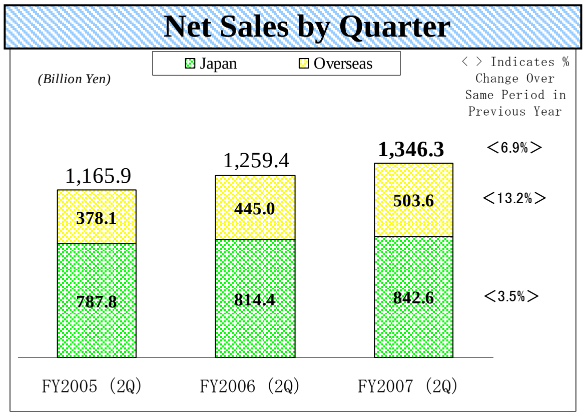
	Second Quarter FY 2007 (Billion Yen)	Change from 2Q FY 2006 (Billion Yen)
Operating Income	40.9	4.9

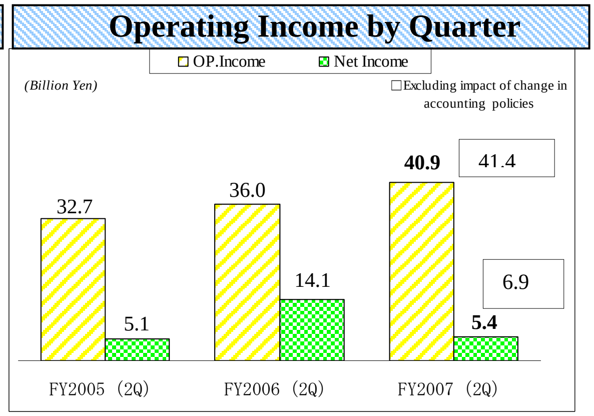
Second-quarter consolidated net sales were 1,346.3 billion yen (US$11,707 million), a year-on-year increase of 6.9%. In Japan, sales rose 3.5% compared to the second quarter of fiscal 2006. Sales fell for mobile phone base stations and standard technology logic devices, demand for which has been slow to recover, but these negative factors were offset by higher sales of IT services, mobile phones, and 90nm advanced technology logic devices. Sales outside Japan rose 13.2% over the same period in the previous year. In addition to the positive effects of currency translations and growth through acquisitions, sales of outsourcing services, optical transmission systems, UNIX servers, HDDs and other products climbed.

Consolidated operating income in the second quarter was 40.9 billion yen (US$356 million), an increase of 4.9 billion yen over the second quarter of fiscal 2006. Despite the impact of lower sales of mobile phone base stations and continuing pricing pressure in HDDs, operating income increased due higher sales, progress in reducing costs, especially in our server-related business, and improved profitability in our LSI devices business resulting from higher sales.

In other income and expenses, we posted a 2.0 billion yen gain on change in interest linked to our increased capital investment in and the public listing of Chinese affiliate Nantong Fujitsu Microelectronics Co., Ltd., and a gain of 1.7 billion yen from the sale of shares in an Indian affiliate. We also posted an impairment loss of 0.3 billion yen on property, plant, and equipment in our electronic components business.

Net income for the second quarter was 5.4 billion yen (US$47 million), a decrease of 8.7 billion yen compared to the second quarter of fiscal 2006. The decline in net income was attributable to a higher tax liability resulting from an increase in dividends received from overseas subsidiaries as well as a higher tax burden in the UK stemming from tax rate changes.


Net Sales by Quarter
Japan
Overseas
(Billion Yen)
< > Indicates % Change Over Same Period in Previous Year
1,165.9
1,259.4
1,346.3
<6.9%>
378.1
445.0
503.6
<13.2%>
787.8
814.4
842.6
<3.5%>
FY2005 (2Q)
FY2006 (2Q)
FY2007 (2Q)


Operating Income by Quarter
OP.Income
Net Income
(Billion Yen)
Excluding impact of change in accounting policies
32.7
5.1
36.0
14.1
40.9
41.4
6.9
5.4
FY2005 (2Q)
FY2006 (2Q)
FY2007 (2Q)

11. FY 2007 Full-Year Consolidated Earnings Projections

In the first half of fiscal 2007, our consolidated net sales and operating income exceeded the projected levels we announced in July. We were able to achieve these results because of the strong performance of our services business, both in Japan and outside Japan, sales growth in PCs and mobile phones, advance demand for server-related equipment, in addition to our efforts to generate cost efficiencies.

In our services business, which continues to perform well, we will continue our aggressive global expansion initiatives. While the performance of our network products business continues to be adversely affected by a shift in the focus of customer investment spending as well as the weight of upfront development investments, the launch of new UNIX server models in our system products business has contributed to an overall recovery trend in our System Platforms sub-segment. In HDDs, while there are signs that declines in market prices are beginning to level off, the key to raising our market share will be to achieve stable, high-volume production of new products. In LSI devices, while inventory adjustments on the part of customers have run their course, the recovery in demand continues to lag.

Regarding projections for fiscal 2007 full-year consolidated earnings, we have not changed the forecast we issued on October 22. Although first-half operating income was higher than we projected, it is still below the level we achieved in the first half of fiscal 2006. A number of uncertainties remain regarding our System Platforms business, for which both sales and operating income tend to be concentrated in the fourth quarter. There are also lingering uncertainties regarding demand trends for HDDs, logic LSI devices, and other products.

While we are not changing our overall consolidated net sales projection for fiscal 2007, for Technology Solutions, we are lowering our projections for network products due to a slow recovery in demand, but raising the projection for infrastructure services due to a positive impact from currency translations. We are also raising our projection for net sales in the Ubiquitous Product Solutions segment, which benefited from strong first-half performance in PCs and mobile phones. In line with these revisions in our segment sales projections, we are lowering our projection for operating income in our Technology Solutions segment, and raising our operating income projection for the Ubiquitous Product Solutions segment.

We will continue to make every effort to meet the earnings targets set at the start of the fiscal year.

FY 2007 Consolidated Forecast

(Billions Yen)

	FY 2006 (Actual)	FY 2007 (Forecast)	Change vs. July 2007 Forecast (vs. Oct. 22, 2007)
Net sales	5,100.1	5,400.0	-
Operating income	182.0	195.0	-
Net income	102.4	65.0	-

Quarterly Figures for Net Sales and Operating Income

(Billions Yen)

		First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Actual)	Fourth Quarter (Actual)
FY 2006	Net sales	1,102.8	1,259.4	1,197.6	1,540.2
	Op. income	14.5	36.0	7.1	124.3

		First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Forecast)	Fourth Quarter (Forecast)
FY 2007	Net sales	1,166.8	1,346.3	1,300.0	1,586.8
	Op. income	2.9	40.9	20.0	131.0

Change vs. FY06	Op. income	-11.6	4.9	12.8	6.7

Forecast for FY 2007 Consolidated Business Segment Information

(1) Net Sales* and Operating Income

		Yen (Billions) FY 2007 (Forecast) Previous**	**Revised*****	Change	FY 2006 (Actual)	Change (%) FY 2006 to Revised FY 2007
Technology Solutions						
Japan	**Y**	2,150.0	**2,130.0**	-20.0	2,087.7	+2.0
Overseas		1,150.0	**1,170.0**	+20.0	1,069.3	+9.4
Total		3,300.0	**3,300.0**	-	3,157.0	+4.5
Operating income:						
System Platforms		15.0	**10.0**	-5.0	7.5	+33.3
[Operating income margin]		[2.1%]	**[1.4%]**		[1.1%]	
Services		165.0	**165.0**	-	156.1	+5.7
[Operating income margin]		[6.4%]	**[6.4%]**		[6.4%]	
Total operating income		180.0	**175.0**	-5.0	163.6	+7.0
[Operating income margin]		[5.5%]	**[5.3%]**		[5.2%]	
Ubiquitous Product Solutions						
Japan		740.0	**760.0**	+20.0	710.1	+7.0
Overseas		460.0	**450.0**	-10.0	408.1	+10.2
Total		1,200.0	**1,210.0**	+10.0	1,118.3	+8.2
Operating income		35.0	**40.0**	+5.0	41.6	-4.0
[Operating income margin]		[2.9%]	**[3.3%]**		[3.7%]	
Device Solutions						
Japan		500.0	**500.0**	-	457.0	+9.4
Overseas		320.0	**320.0**	-	305.6	+4.7
Total		820.0	**820.0**	-	762.6	+7.5
Operating income		35.0	**35.0**	-	19.0	+84.1
[Operating income margin]		[4.3%]	**[4.3%]**		[2.5%]	
Other Operations						
Japan		370.0	**360.0**	-10.0	349.9	+2.9
Overseas		150.0	**150.0**	-	140.4	+6.8
Total		520.0	**510.0**	-10.0	490.3	+4.0
Operating income		10.0	**10.0**	-	10.5	-5.3
[Operating income margin]		[1.9%]	**[2.0%]**		[2.2%]	
Elimination						
Sales		(440.0)	**(440.0)**	-	(428.2)	-
Operating income		(65.0)	**(65.0)**	-	(52.7)	-
Total						
Japan		3,430.0	**3,420.0**	-10.0	3,274.9	+4.4
Overseas		1,970.0	**1,980.0**	+10.0	1,825.2	+8.5
Total		5,400.0	**5,400.0**	-	5,100.1	+5.9
Operating income	**Y**	195.0	**195.0**	-	182.0	+7.1
[Operating income margin]		[3.6%]	**[3.6%]**		[3.6%]	

Notes:

* Includes intersegment sales.

** Previous forecast as of July 26, 2007.

*** Revised forecast as of November 22, 2007.

(2) Net Sales* by Principal Products and Services

		Yen (Billions) FY 2007 (Forecast) Previous**	**Revised*** **	Change	FY 2006 (Actual)	Change (%) FY 2006 to Revised FY 2007
Technology Solutions						
System Platforms:						
System Products	**Y**	370.0	**370.0**	-	355.3	+4.1
Network Products		360.0	**340.0**	-20.0	348.4	-2.4
		730.0	**710.0**	-20.0	703.7	+0.9
Services:						
Solutions / SI		1,240.0	**1,240.0**	-	1,091.0	+13.7
Infrastructure Services		1,240.0	**1,260.0**	+20.0	1,164.8	+8.2
Others		90.0	**90.0**	-	197.3	-54.4
		2,570.0	**2,590.0**	+20.0	2,453.2	+5.6
Total		3,300.0	**3,300.0**	-	3,157.0	+4.5
Ubiquitous Product Solutions						
PCs / Mobile Phones		800.0	**820.0**	+20.0	768.6	+6.7
Hard Disk Drives		380.0	**370.0**	-10.0	329.8	+12.2
Others		20.0	**20.0**	-	19.8	+0.8
Total		1,200.0	**1,210.0**	+10.0	1,118.3	+8.2
Device Solutions						
LSI Devices		530.0	**530.0**	-	473.5	+11.9
Electronic Components, Others		290.0	**290.0**	-	289.1	+0.3
Total	**Y**	820.0	**820.0**	-	762.6	+7.5

Notes:

* Includes intersegment sales.

** Previous forecast as of July 26, 2007.

*** Revised forecast as of November 22, 2007.

12. Overview of FY 2007 First-Half Unconsolidated Results and Financial Condition

(Billion Yen)

	First Half FY 2006 *4/1/06-9/30/06*	First Half FY 2007 *4/1/07-9/30/07*	Change
Net Sales [% change from previous fiscal year]	1,329.4 [1.6%]	1,400.1 [5.3%]	70.6
Operating Income	-18.7	-18.7	-
Ordinary Income (incl. dividend income)	14.9	41.8	26.8
Other Profits	-	9.2	9.2
Other Losses	-9.3	-30.2	-20.9
Net Income (Loss)	12.8	29.8	16.9

(Billion Yen)

	Breakdown of First-Half Results	
	Impact of Accounting Policy Changes	*Excluding Impact of Accounting Policy Changes*
Net Sales [% change from previous fiscal year]	-2.9	1,403.0 [5.5%]
Operating Income	-1.7	-16.9
Ordinary Income (incl. dividend income)	-3.0	44.8
Other Profits	-	9.2
Other Losses	-24.2	-6.0
Net Income (Loss)	-19.4	49.2

Profit and Loss

Fujitsu Limited's unconsolidated net sales for the first half of fiscal 2007 were 1,400.1 billion yen (US$12,175 million), an increase of 5.3% over the first half of fiscal 2006. Sales of mobile phone base stations declined, but the Company posted higher sales in the services business as well as in mobile phones and advanced technology logic devices.

On an unconsolidated basis, we reported a first-half operating loss of 18.7 billion yen (US$163 million), roughly the same as the results for the first half of fiscal 2006. Despite higher sales, the operating loss reflected such factors as lower prices for HDDs as a result of intensified competition and a decline in capacity utilization in standard technology logic products due to lower demand.

Other income increased due to higher dividend income from its affiliates and subsidiaries. We recorded a special gain from, among other factors, sales of shareholdings in affiliates, and we posted a special loss as a result of such factors as inventory valuation losses stemming from the early adoption of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9).

As a result of these factors, we posted unconsolidated net income of 29.8 billion yen (US$259 million) for the first half of fiscal 2007, an increase of 16.9 billion yen over the first half of fiscal 2006.

Net Assets and Funds Available for Distribution

(Billion Yen)

	Balance at End of First-Half FY07 (Sep. 30, 2007)	Change vs. End of 1H FY06	Balance at End of FY06 (Mar. 31, 2007)	Change vs. Previous Year
Total Shareholders' Equity	522.9	-246.0	500.3	22.5
Common stock	324.6	0.0	324.6	0.0
Capital surplus	169.1	-248.9	418.1	-248.9
Capital reserves	0.0	-118.2	118.2	-118.2
Other capital surplus	169.1	-130.6	299.8	-130.6
Retained earnings	29.8	1.9	-240.4	270.2
Other retained earnings	29.8	1.9	-240.4	270.2
Reserves for special depreciation	3.5	-0.1	3.5	0.0
Others	26.3	2.0	-243.9	270.2
Treasury stock	-0.7	0.9	-1.9	1.2
Valuation & translation adjustmen	114.3	-32.1	120.5	-6.1
Total Net Assets	637.2	-278.2	620.8	16.4
(Ref: Funds available for distribution)	198.2	-127.7	57.4	140.8

Net Assets and Amounts Available for Dividend Payments

On an unconsolidated basis, Fujitsu Limited had a negative balance of retained earnings at the end of last fiscal year, and therefore a decision was made at a meeting of the Board of Directors in May to transfer 240.4 billion yen from “other capital surplus” into “other retained earnings,” making the balance of “other retained earnings” zero. In addition, in order to secure resources to implement a flexible capital strategy, following a decision at the Annual Shareholders’ Meeting held in June, Fujitsu reduced its “capital reserves” by 118.2 billion yen and increased “other capital surplus” by the same amount.

At the end of the first half of fiscal 2007, as a result of the net income recorded for the first half, retained earnings were 29.8 billion yen. In order to pay an interim dividends out of retained earnings resulting from net income posted for the first half of fiscal 2007, Fujitsu has prepared special accounts settlement reports using, in accordance with the Japanese Corporate Law, the last day of the first-half period, September 30, 2007, as the special accounts settlement date.

Notes to Unconsolidated Financial Statements

1) Leases
1. Finance Leases (lessee)
Lease asset:
Primarily related to logic LSI production equipment and outsourcing equipment.
Method of depreciation:
Straight-line method in which the useful life is assumed to be the lease period and there is no residual value.

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

(Billion Yen)

	End of First Half FY 2006	End of First Half FY 2007	End of FY 2006
Within one year	4.9	5.3	4.9
Over one year	20.9	16.3	18.4
Total	25.8	21.6	23.3

2) Investment Securities
Market value of stock in subsidiaries and affiliates

(Billion Yen)

TYPE	First Half FY 2006 (End of September 2006)			First Half FY 2007 (End of September 2007)		
	Acquisition Cost	Market Value (recorded on balance sheet)	Difference	Acquisition Cost	Market Value (recorded on balance sheet)	Difference
Subsidiaries	23.6	304.9	281.3	40.4	236.9	196.5
Affiliates	63.1	87.5	24.4	16.7	42.7	26.0
Total	86.7	392.5	305.7	57.1	279.6	222.5

13. FY 2007 Full-Year Unconsolidated Earnings Projections
Unconsolidated full-year earnings projections for fiscal 2007 are as follows:

(Billion Yen)

	FY 2006 Full Year (Actual)	FY 2007 Full Year (Forecast)	Change from July 2007 Forecast (Change from Oct. 22, 2007 Forecast)
Net Sales	2,869.2	3,000.0	-
Net Income	-249.2	65.0	-

Note: 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 Asia, including 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

Part III: Supplementary Information

a. R&D Expenses

(Billion Yen)

		1H FY 2006 (Actual)	**1H FY 2007 (Actual)**	Change (%)	Full Year FY 2006 (Actual)	**Full Year FY 2007 (Revised forecast*)**	Change (%)	Change from previous forecast**
	Y	127.3	**131.7**	+3.5	254.0	**260.0**	+2.3	-
As % of sales		5.4%	**5.2%**		5.0%	**4.8%**		

b. Capital Expenditures, Depreciation

(Billion Yen)

		1H FY 2006 (Actual)	**1H FY 2007 (Actual)**	Change (%)	Full Year FY 2006 (Actual)	**Full Year FY 2007 (Revised forecast*)**	Change (%)	Change from previous forecast**
Capital Expenditures:								
Technology Solutions	**Y**	48.9	**38.0**	-22.1	91.3	**110.0**	+20.5	-
Ubiquitous Product Solutions		13.4	**16.7**	+24.4	24.8	**30.0**	+20.9	-
Device Solutions		89.0	**79.1**	-11.1	166.2	**125.0**	-24.8	-
Corporate and others		9.8	**9.0**	-7.8	22.8	**25.0**	+9.2	-
Total Capital Expenditures		161.2	**143.0**	-11.3	305.2	**290.0**	-5.0	-
Japan		133.4	**112.7**	-15.5	254.6	**225.0**	-11.7	-
Overseas		27.7	**30.2**	+8.9	50.6	**65.0**	+28.5	-
Depreciation	**Y**	89.4	**96.2**	+7.6	202.8	**225.0**	+10.9	-

c. Cash Flows

(Billion Yen)

		1H FY 2006 (Actual)	Full Year FY 2006 (Actual)	**1H FY 2007 (Actual)**	**Full Year FY 2007 (Revised forecast*)**	Change from previous forecast**
(A) Cash flows from operating activities						
Net income	**Y**	14.8	102.4	**(9.3)**	**65.0**	-
Depreciation and Amortization		125.2	278.7	**134.6**	**305.0**	-
Others		43.9	27.5	**26.7**	**(30.0)**	-
Total cash flows from operating activities		184.0	408.7	**152.0**	**340.0**	-
(B) Cash flows from investing activities		(119.0)	(151.0)	**(131.9)**	**(330.0)**	-10.0
(C) Free cash flow (A)+(B)		65.0	257.6	**20.0**	**10.0**	-10.0
(D) Cash flows from financing activities		(73.5)	(234.9)	**315.2**	**125.0**	+200.0
(E) Total (C)+(D)	**Y**	(8.4)	22.7	**335.3**	**135.0**	+190.0

d. Exchange Rates

	1H FY 2006 (Actual)	2H FY 2006 (Actual)	**1H FY 2007 (Actual)**	**2H FY 2007 (Revised forecast*)**
Average Rates	$1=115 yen	$1=119 yen	**$1=119 yen**	**$1=115 yen**
	€1=146 yen	€1=154 yen	**€1=162 yen**	**€1=155 yen**
	£1=214 yen	£1=230 yen	**£1=239 yen**	**£1=230 yen**

Notes:

* Revised forecast as of November 22, 2007

** Previous forecast as of July 26, 2007

e. Number of Employees

(Thousand)

	March 31 FY 2006 (Actual)	September 30 FY 2006 (Actual)	March 31 FY 2007 (Actual)	**September 30 FY 2007 (Actual)**
Japan	99	100	99	**101**
[Unconsolidated]	[37]	[37]	[37]	**[36]**
Overseas	59	61	62	**64**
Total [Consolidated]	158	**161**	161	**165**

f. PC Shipments

(Million units)

1H FY 2006 (Actual)	Full Year FY 2006 (Actual)	**1H FY 2007 (Actual)**	**Full Year FY 2007 (Revised forecast*)**	Change from previous forecast**
3.70	8.45	**3.83**	**9.30**	-

g. Mobile Phone Shipments

(Million units)

1H FY 2006 (Actual)	Full Year FY 2006 (Actual)	**1H FY 2007 (Actual)**	**Full Year FY 2007 (Revised forecast*)**	Change from previous forecast**
1.85	4.05	**3.40**	**5.60**	+1.10

h. HDD Production

(Million units)

1H FY 2006 (Actual)	Full Year FY 2006 (Actual)	**1H FY 2007 (Actual)**	**Full Year FY 2007 (Revised forecast*)**	Change from previous forecast**
14.49	30.98	16.33	**38.00**	+1.00

Notes:

* Revised forecast as of November 22, 2007.

** Previous forecast as of July 26, 2007.