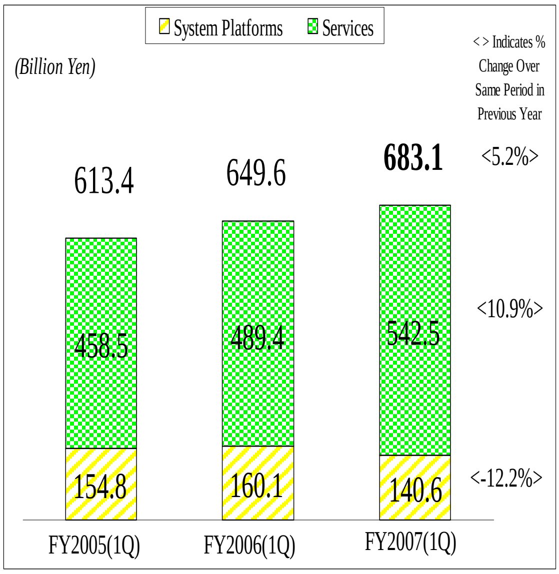
3. Results by Business Segment

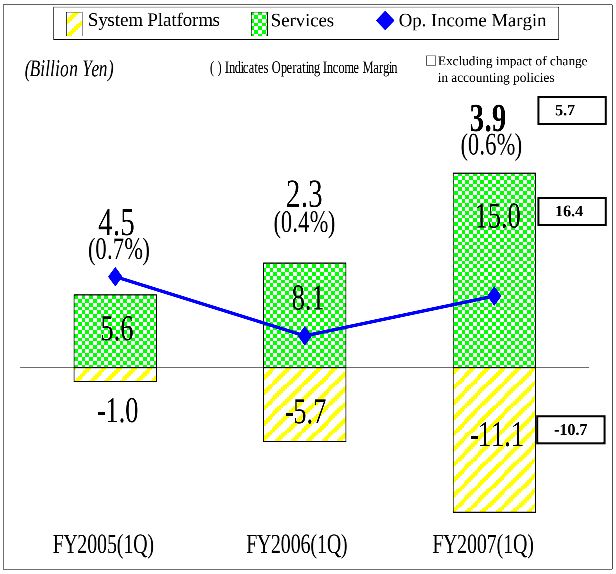
Information on net sales (including intersegment sales) and operating income for the first quarter broken out by business segment is presented below.

Technology Solutions

Net Sales



Operating Income



	First Quarter FY 2007 *(Billion Yen)*	% Change vs. 1Q FY 2006
Net Sales	683.1	5.2%
Japan	407.9	-1.8%
Overseas	275.2	17.5%

(Billion Yen)

	First Quarter FY 2007	Change vs. 1Q FY 2006
Operating Income	3.9	1.5
[Excluding impact of accounting policy changes]	[5.7]	[3.4]

Consolidated net sales in this segment, which includes the System Platforms and Services sub-segments, were 683.1 billion yen (US$ $5,554 million), up 5.2% over the first quarter of fiscal 2006. In Japan, higher sales in our services business and solid sales trends in servers and related products failed to offset weak sales of mobile phone base stations and optical transmission systems, resulting in a 1.8% decrease in domestic sales in the segment. Overseas sales increased by 17.5%, bolstered by continued stable growth in sales of outsourcing and other services as well as higher sales of UNIX servers.

Operating income for the segment was 3.9 billion yen (US$32 million), or 5.7 billion yen excluding the impact of accounting policy changes. This represents a 3.4 billion yen year-on-year first-quarter increase if the impact of change in accounting policies is excluded. Despite lower sales of mobile phone base stations and the continued burden of investments related to the development of optical transmission systems in the UK, the segment achieved higher operating income because of higher sales in our services business and of servers and related products as well as improvements in the profitability of our services business in Japan.

(1) System Platforms

(Billion Yen)

		First Quarter FY 2007 *(Billion Yen)*	% Change vs. 1Q FY 2006
Net Sales		140.6	-12.2%
	Japan	87.7	-19.7%
	Overseas	52.8	3.8%

	First Quarter FY 2007	Change vs. 1Q FY 2006
Operating Income	-11.1	-5.3
[Excluding impact of accounting policy changes]	[-10.7]	[-4.9]

Net sales in the System Platforms sub-segment were 140.6 billion yen (US$1,143 million), down 12.2% from the first quarter of the previous year. In Japan, sales of servers and related products were solid, particularly for IA servers, but sluggish sales of mobile phone base stations and optical transmission systems, as customer investment cycles peaked out and investment focuses changed in these areas, resulted in a 19.7% decline in domestic sales in the sub-segment. Overseas sales increased by 3.8%, as sluggish sales of optical transmission systems as a result of changes in customer investment trends were offset by higher sales of UNIX servers resulting from the release of our new SPARC Enterprise models, which are co-branded with Sun Microsystems.

System Platforms posted an operating loss for the quarter of 11.1 billion yen (US$91 million), representing a deterioration of 5.3 billion yen over the first quarter of fiscal 2006. Despite the positive contribution from higher sales of servers and related products, results in the sub-segment were dragged down by the impact of lower sales of mobile phone base stations and optical transmission systems, as well as the weight of upfront strategic investments in Super 3G wireless base station equipment and the continued burden of development costs associated with next-generation networks in our optical transmission systems business in the UK.

The shift to next-generation networks that utilize IP technology and the integration of phone, TV and Internet services is rapidly leading toward a more intricately networked society. In order to meet the resulting wide variety of customer needs in a flexible and timely manner, we have established a new Telecom Business Group with an operational structure that brings together networking equipment development, manufacturing, sales, and support services. In addition, in order to flexibly optimize utilization of Group-wide resources, we plan to make Fujitsu Access and Fujitsu Wireless Systems, two subsidiaries responsible for manufacturing, development and sales, wholly owned subsidiaries in August.

(2) Services

(Billion Yen)

		First Quarter FY 2007 *(Billion Yen)*	% Change vs. 1Q FY 2006
Net Sales		542.5	10.9%
	Japan	320.2	4.6%
	Overseas	222.3	21.3%

	First Quarter FY 2007	Change vs. 1Q FY 2006
Operating Income	15.0	6.9
[Excluding impact of accounting policy changes]	[16.4]	[8.3]

Net sales in the Services sub-segment were 542.5 billion yen (US$4,411 million), up 10.9% from the same period a year earlier. In Japan, sales for the sub-segment increased 4.6% as a result of continued strength in our outsourcing business and higher sales of systems integration services, primarily in the public sector, resulting from business relating to the privatization of public-sector entities, as well as in the financial services sector, particularly in the insurance and securities industries. Overseas sales increased by 21.3%, bolstered by continued strong sales of outsourcing and other services in Europe.

Operating income for the Services sub-segment was 15.0 billion yen (US$123 million), or 16.4 billion yen excluding the impact of the change in accounting policies, representing a year-on-year first-quarter increase of 8.3 billion yen on that basis. Although selling, general, and administrative expenses increased as a result of the growth in the scale of our overseas services business, operating income in the sub-segment increased 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. As key initiatives 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 delivery capability on a global basis.

Rather than simply improving our customers’ IT systems, we are also proposing field innovation strategies that enable continuous improvement and utilize original methods and visualization technologies for making business processes and the roles and actions of people visible, while also expanding our business process outsourcing capabilities. Additionally, we are proceeding with measures to “industrialize” IT services. In order to strengthen our services delivery capability on a global scale, we are expanding our alliances and developing data and call centers, as well as expanding our offshore capabilities.

To promote field innovation, we are starting to train and cultivate “field innovators” among our employees in order to strengthen and expand our points of contact with our customers’ management and operations divisions. In addition, we are strengthening various visualization technologies. Finally, based on our own experience, we are focusing on business solutions, including those for business continuity management and to support compliance with the Japan’s version of the Sarbanes Oxley Act.

As initiatives to promote the “industrialization” of services, in order to promote the standardization and automation of processes used in the construction of IT infrastructure, we have reformed the organizational structure of our infrastructure services business, with Fujitsu FSAS playing a central role in Japan.

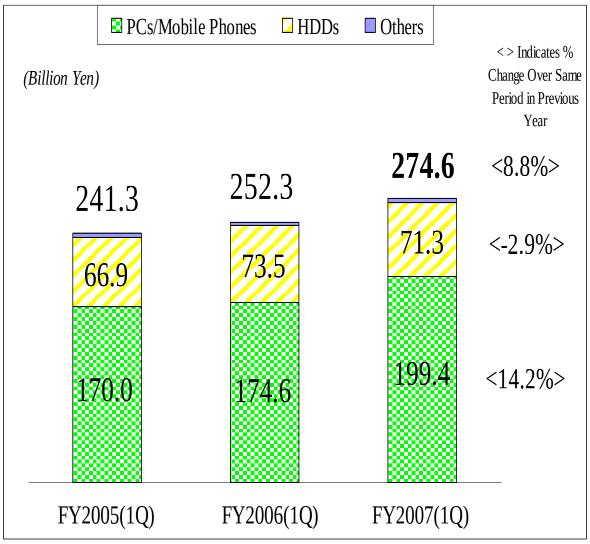
As a part of our efforts to expand our global alliances, in May we finalized an agreement with SAP of Germany to become a Global Hosting Partner, expanding our existing collaboration in platforms and services to include outsourcing. We are the third company, after IBM and HP in the US, to become a full partner to SAP. Based on this collaboration, the Fujitsu Group will provide SAP-related solutions throughout the globe using our highly reliable data centers in 80 locations across 16 countries and, as a business partner to our customers, provide support that will enable them to strengthen their management systems.

Additionally, Fujitsu Services, our subsidiary based in the UK, in July commenced a tender offer for GFI Informatique, which is pursuing IT services business in Southern European countries, particularly in France. The tender offer, which expires in early August, follows on the heels of Fujitsu Services’ acquisition of Germany’s TDS AG and is designed to enhance our presence in the major markets of continental Europe through a strategy of selective acquisitions.

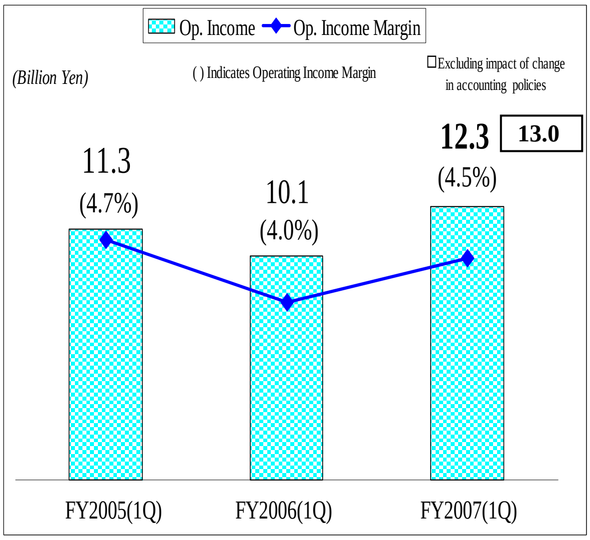
Moving forward, with the aim of achieving a leap forward in our services business, we will strengthen our ability to deliver services on a global basis and, by continuing to pursue innovation in our utilization of management resources, serve as a partner that can contribute to the success of our customers’ businesses and grow together with them.

Ubiquitous Product Solutions

Net Sales



Operating Income



		First Quarter FY 2007 *(Billion Yen)*	% Change vs. 1Q FY 2006
Net Sales		274.6	8.8%
	Japan	174.9	8.0%
	Overseas	99.6	10.4%

(Billion Yen)

	First Quarter FY 2007	Change vs. 1Q FY 2006
Operating Income	12.3	2.2
[Excluding impact of accounting policy changes]	[13.0]	[2.9]

First-quarter net sales in Ubiquitous Product Solutions were 274.6 billion yen (US$2,233 million), an increase of 8.8% over the same period last year. Sales in Japan increased by 8.0%. Domestic sales of PCs to both consumers and corporate customers were adversely affected by continued price competition, but sales of mobile phones increased, spurred by the introduction of new models. Overseas sales increased by 10.4%. Although overseas sales of HDDs were sluggish, as prices of HDDs for notebook PCs continued to decline as a result of intensified competition, sales of PCs in the US and other markets, primarily to consumers, increased.

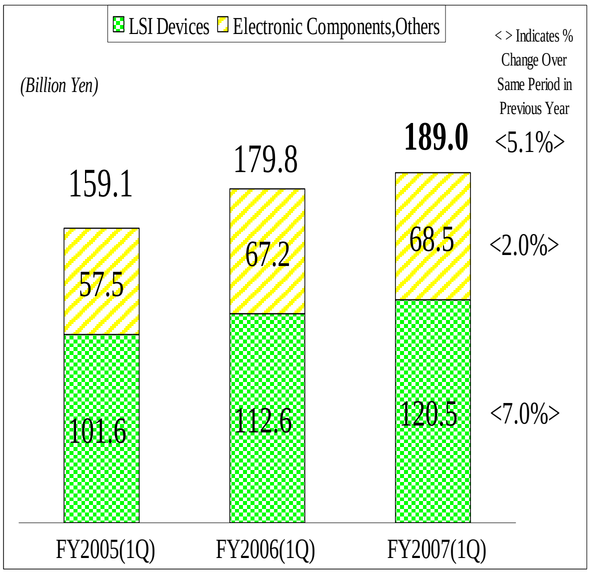
Operating income for the Ubiquitous Product Solutions segment was 12.3 billion yen (US$101 million), an increase of 2.2 billion yen over the first quarter of fiscal 2006. Despite the impact of severe price declines in HDDs for notebook PCs and intensified competition in PCs, as a result of higher sales of PCs in overseas markets and mobile phones, as well as progress in reducing component costs, operating income for the segment increased.

In HDDs for notebook PCs, which have undergone severe price declines, in the second quarter we will begin sales of a thin-profile, 250GB-capacity perpendicular magnetic recording model that will be competitively priced. In regard to HDDs for the enterprise systems market, we introduced a new line of models with enhanced features for high reliability and low energy consumption.

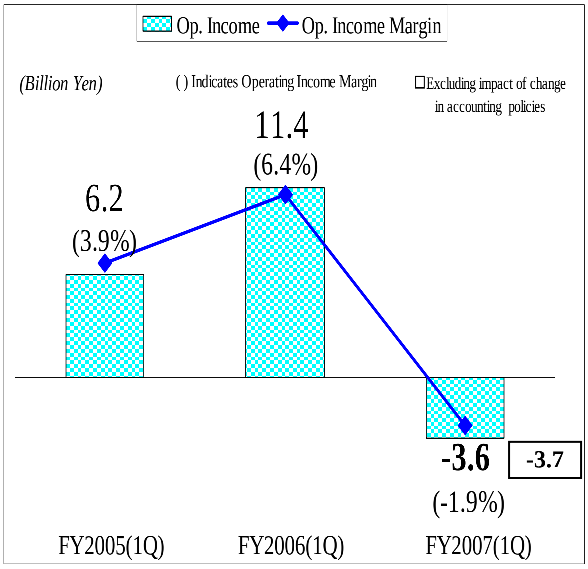
In PCs, we launched sales of the U Series, a new-concept notebook PC for the corporate market, which is the world's smallest and lightest tablet-convertible notebook PC. In mobile phones, we enhanced our RakuRaku Phone series by launching the RakuRaku Phone Basic, which is the ultimate in easy-to-use models. Total cumulative unit sales of RakuRaku Phone series models surpassed the 10 million unit mark during the quarter. In May we began sales of a new mobile phone model with a 3.1-inch screen, the largest among mobile phones with OneSeg functions.

Device Solutions

Net Sales



Operating Income



		First Quarter FY 2007 *(Billion Yen)*	% Change vs. 1Q FY 2006
Net Sales		189.0	5.1%
	Japan	124.1	25.9%
	Overseas	64.8	-20.1%

(Billion Yen)

	First Quarter FY 2007	Change vs. 1Q FY 2006
Operating Income	-3.6	-15.0
[Excluding impact of accounting policy changes]	[-3.7]	[-15.1]

Net sales in Device Solutions were 189.0 billion yen (US$1,537 million), an increase of 5.1% compared to the first quarter of fiscal 2006. Sales in Japan increased by 25.9%. Although sales of standard technology logic products declined as a result of a delay in the rebound of demand, sales of 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 last fiscal year. Overseas sales decreased by 20.1%, primarily as a result of lower sales by overseas subsidiaries, reflecting the realignment of our sales organization for Flash memory chips used in mobile phones.

Device Solutions posted an operating loss of 3.6 billion yen (US$29 million), a deterioration of 15.0 billion yen compared to the same period last year. Despite the positive contribution from higher sales of advanced technology logic products, operating income was adversely affected by a decline in production capacity utilization as a result of lower demand for standard technology logic products, making it impossible to absorb higher depreciation costs and development expenses in our advanced technology logic device business. Although there has been a delay in the rebound of demand for logic LSI devices, we anticipate a recovery trend taking shape toward the end of the year.

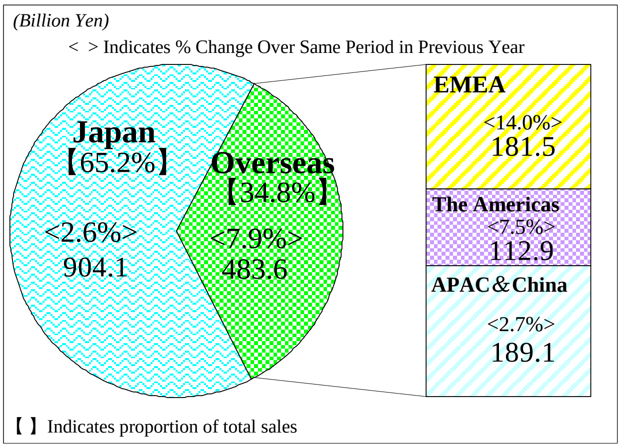
In advanced technology logic devices, a business we are positioning for further expansion as an engine of our future growth, in addition to the expansion of 90nm production capacity last fiscal year at the Mie Plant’s Fab No. 1, production of 65nm devices began this past April at Fab No. 2. We plan to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

In standard technology logic devices, for which we aim to secure significant sales volumes through the penetration of global markets and thereby further enhance our earnings capacity, we commenced production at the plants we purchased from Spansion Japan. For the time being, these plants will be engaged in contract production of Flash memory for Spansion Japan, but in the future we plan to expand production of Flash microcontrollers and other standard technology logic products in accordance with demand trends.

To respond to customers' diverse requirements in a timely manner by reforming the front lines of our business organization in Device Solutions and enhancing collaboration between sales and product development functions, we decided to make Fujitsu Devices Inc. a wholly owned subsidiary, which is scheduled to take place in August. We will continue to pursue organizational reforms to contribute to the overall growth and development of the Fujitsu Group.

Results by Geographic Segment

1Q FY2007 Net Sales



In Japan, net sales were 904.1 billion yen (US$7,351 million), a 2.6% increase compared to the same quarter in the prior fiscal year. Although there was a decrease in sales of mobile phone base stations, standard technology logic products, and PCs, higher sales in Services and of mobile phones and advanced technology logic LSI products resulted in the increase in domestic sales. Operating income was 9.1 billion yen (US$74 million), a decrease of 6.2 billion yen. The impact of higher sales of services and mobile phones was offset by lower sales of mobile phone base stations and the effect of the delay in the recovery of demand for standard technology logic LSI products, as well as increased R&D costs related to next-generation networks and advanced technology logic LSI products.

Operating Income *(Billion Yen)*

			First Quarter FY 2006	First Quarter FY 2007	Change vs. 1Q FY 2006
Japan		Operating Income [Operating Income Ratio]	15.3 [1.7%]	9.1 [1.0%]	-6.2 [-0.7%]
Overseas		Operating Income [Operating Income Ratio]	9.5 [2.1%]	6.0 [1.3%]	-3.5 [-0.8%]
	EMEA	Operating Income [Operating Income Ratio]	3.7 [2.4%]	0.9 [0.5%]	-2.8 [-1.9%]
	The Americas	Operating Income [Operating Income Ratio]	3.3 [3.1%]	1.8 [1.6%]	- 1.4 [-1.5%]
	APAC & China	Operating Income [Operating Income Ratio]	2.5 [1.4%]	3.2 [1.7%]	0.7 [0.3%]

Net sales increased in all three overseas geographic segments, but combined operating income for the three segments fell to 6.0 billion yen (US$49 million), a decrease of 3.5 billion yen from the same quarter of the prior fiscal year.

EMEA net sales were 181.5 billion yen (US$1,476 million). Strong performance by our services business in the UK and Germany led to a 14.0% increase in sales over the same quarter in fiscal 2006. Operating income, however, fell by 2.8 billion yen, to 0.9 billion yen (US$8 million), primarily as the result of higher selling, general and administrative expenses associated with the expansion of our services business, as well as increased R&D expenses related to next-generation networks for optical transmission systems in the UK.

Net sales in the Americas segment were 112.9 billion yen (US$918 million), a 7.5% increase compared to the first quarter of fiscal 2006. Due to a shift in the capital investment patterns of customers, sales of optical transmission systems were sluggish, but we recorded higher sales in HDDs and notebook PCs. Operating income was 1.8 billion yen (US$15 million), down 1.4 billion yen from the same quarter of the prior fiscal year, resulting primarily from intensified competition in servers and related products and sluggish sales of optical transmission systems.

In the APAC & China segment, net sales were up 2.7% over the same quarter of the prior fiscal year, to 189.1 billion yen (US$1,538 million). In Oceania, sales of outsourcing and maintenance services increased. Operating income for APAC & China was 3.2 billion yen (US$26 million), an increase of 0.7 billion yen from the same quarter of the prior fiscal year, due primarily to the increase in sales and progress in reducing costs in our HDD manufacturing facilities.