Summary Translation of Question & Answer Session at
FY 2007 Financial Results Briefing for Analysts

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Questioner A

Q1: *Among the factors accounting for a projected decline in operating income in fiscal 2008, you have noted currency effects of 20 billion yen, an increase in pension obligation expenses of 20 billion yen, an increase in amortization costs of 24.5 billion yen, and an increase in R&D expenditures of 11.3 billion yen, for a total of approximately 76 billion yen. In light of this, please describe fiscal 2007 results and fiscal 2008 projections for each segment.*

A1: In the System Platforms sub-segment, we are projecting a decline in operating income of 15 billion yen in fiscal 2008. In fiscal 2007, for the server division, the new SPARC Enterprise models launched in fiscal 2007 and our PRIMERGY models made a strong contribution to earnings. Storage equipment and software also contributed to earnings. In fiscal 2008, however, the server division will suffer from the termination of the PRIMEPOWER business, so the earnings outlook is more severe.

In Network Products, with respect to mobile phone base stations, the multi-band BTS models were still under development in the first half of fiscal 2007, and although they enjoyed strong demand in the second half, it was still not enough to make up for the weak first half. In the area of photonics, as well, the situation relating to Fujitsu Telecommunication's business with British Telecom has been difficult. As for Fujitsu Network Communications' WDM business, the telecom carriers are still investing in network equipment, but results in fiscal 2007 were affected by high development costs. For fiscal 2008, we see demand picking up in the US, and are projecting higher earnings.

We are also projecting higher earnings in our Services sub-segment in fiscal 2008. Earnings in our Solutions/System Integration business are solidly increasing, and we have effective controls to prevent unprofitable projects in Japan. In our Infrastructure Services business, in fiscal 2007 we booked a provision against an unprofitable project at Fujitsu Services, but this was only a temporary, one-time charge, and both private and public sector demand for outsourcing services is increasing outside Japan. The profitability of our outsourcing and infrastructure support businesses in Japan is also increasing.

In Ubiquitous Product Solutions, because we are projecting the yen/dollar exchange rate at 100 yen per dollar, it will have a positive impact on our PC business because of lower materials procurement costs. Our HDD business posted a loss in the single-digit billions of yen in fiscal 2007, as profits posted in the second half of the fiscal year were not enough to make up for the loss posted in the first half of the year. In addition, although price trends were stable during the second and third quarters, prices in the fourth quarter fell sharply, declining by 7-8% compared to last year's fourth quarter. For fiscal 2008, because we are expecting solid contributions from the 120GB and

160GB HDD models, we are projecting operating income in the single-digit billions of yen.

Our LSI posted an operating loss in the low single-digit billions of yen in fiscal 2007, but we are projecting the business to post an operating profit in the high single-digit billions of yen in fiscal 2008. In the Device Solutions segment as a whole, we have factored in a reduction in operating income because of the exchange rate impact on Shinko Electric Industries Co., Ltd.

Q2: *Please tell us about the condition of your business outside of Japan.*
A2: In fiscal 2007, Fujitsu Services of the UK had sales of 2,567 million pounds and operating income of 67 million pounds sterling, a decline in income of approximately 100 million pounds sterling. The business of TDS in Germany and the other companies we acquired through Fujitsu Services is performing well. In addition to public sector deals, we are also starting to get some large private sector business. There was only one project that generated a one-time loss. For fiscal 2008, we are projecting sales of 2,600 million pounds and operating income of 170 million pounds at Fujitsu Services. Fujitsu Siemens Computers in fiscal 2007 posted sales of 6,600 million euros and net income of 68 million euros, and for fiscal 2008 we are projecting sales of 7,500 million euros and net income of 55 million euros. Shipments of large-scale servers have slowed, but results will be pulled up by small and medium-scale PRIMERGY models.

In the US, Fujitsu Computer Systems posted sales of US$682 million and operating income of US$33 million in fiscal 2007. In fiscal 2008, we are projecting higher sales of US$720 million from stronger demand for PCs and low-end servers, but we are expecting lower operating income of US$15 million.

Fujitsu Consulting posted sales of US$710 million and operating income of US$20 million in fiscal 2007. For fiscal 2008, we are projecting sales of US$720 million and operating income of US$30 million, so profitability is increasing, but I do not think we have yet realized the full benefits from the acquisitions we have made. We acquired a company in the US that has offshore business in India, but we have not yet seen the demand we expected from US customers. The entire Fujitsu Group is working to develop offshore business.

Questioner B
Q1: *Please describe IT spending trends in your industry sectors.*
A1: In Japan, for the IT market overall, we are projecting the market to expand by 2% in fiscal 2008, as we do not expect to be significantly affected by issues such as the subprime mortgage crisis.

Looking at individual industries, in manufacturing and retailing, sales were solid in fiscal 2007, rising 3% on an expansion in outsourcing deals as well as active sales in the automotive industry for part ordering/logistics management systems. For fiscal 2008 we are expecting sales to rise 1% on higher sales of open-standard servers and an expansion in compliance-related demand for our storage systems business.

In telecommunications, in fiscal 2007 sales declined by 9%, as expected, because the launch of our multi-band BTS models was pushed back into the second half of the fiscal year. For fiscal 2008, we are projecting sales of increase by 5% on a rise in our multi-band BTS and Next Generation Network-related business as well as higher sales of servers.

In the financial services field, sales rose by 8% in fiscal 2007 on solid trends in system unification business for major banks, core banking systems for regional banks, and system renewals for retail branch systems as well as systems sales to insurance and securities companies to enhance their compliance systems. Because of the higher levels for fiscal 2007, we are projected a slight decline of 3% for fiscal 2008, but we expect the strong trends to continue for branch reforms to enhance customer service and sales support systems using smart phones.

In the public sector, sales were significantly higher in fiscal 2007, up 9% on higher sales of large-scale systems, including deals to replace legacy systems for government agencies as well as the super computer deal for JAXA in the science field. For fiscal 2008, we are projecting sales to rise by 1% on system optimization deals for government agencies and business for public sector corporations as well as continued strength in systems deals in the science field.

In terms of regional business, we expected the market environment in fiscal 2007 to be difficult, but sales rose 1% on solid trends among municipalities and business related to the new health care system for older senior citizens. We expect sales in fiscal 2008 to be flat.

In the healthcare sector, sales in fiscal 2007 rose by 18% on new hospital information systems for major hospitals and deal wins in the healthcare-related business. Because sales levels in fiscal 2007 were so high, we are projecting a decline of 13% in fiscal 2008, but we are aiming to increase our market share in the healthcare business on sales of collaborative regional medical systems.

Q2: *In your projections for fiscal 2008, an increase in pension obligation expenses is projected to reduce operating income by 20 billion yen, but what is the allocation of this expense for each segment?*
A2: The Technology Solutions segment accounts for approximately 12 billion yen, with two-thirds of that accounted for by the Services sub-segment. We project Ubiquitous Product Solutions to account for approximately 2 billion yen and Device Solutions to account for approximately 3.5 billion yen, and once corporate-wide eliminations are added in, we expect the overall impact to be approximately 20 billion yen.

Q3: *You are projecting operating income in the first half of fiscal 2008 to be about 20% lower than in the same period in fiscal 2007. What is the reason for this?*
A3: In the past, our earnings tended to be concentrated at the end of the fiscal year, but we have made progress over the past several years in smoothing out our earnings over the fiscal year. Still, however, it is not yet an even distribution, so please understand that, as in the past, our first half and especially first quarter results will appear weak. There is no one special factor, like the subprime mortgage crisis, that we expect will have a significant impact on results.

Q4: *Poor results from your semiconductor business were a drag on your performance in the first half of fiscal 2007, so I would think your first half results in fiscal 2008 would be comparatively better. In your System Platforms sub-segment, too, if results in your server business in the fourth quarter of fiscal 2007 were good because of the release of the SPARC Enterprise models, I would expect, from a continuation of those trends, that your results in the first quarter of 2008 would be relatively good. Please tell us about the trends you are currently seeing for each product area.*
A4: With respect to our semiconductor business, it is certainly true that, because results in the first half of fiscal 2007 were poor, we may be off to a relatively better start this year, but we still expect to report a slight loss. Moreover, in addition to the fact that we are expecting a relatively weak first quarter, we still believe that our earnings tend to be concentrated at the end of the fiscal year.

Questioner C
Q1: *I had heard that the business of Fujitsu Services is focused on outsourcing, so I thought it would generate relatively stable earnings. How is it that something caused its profit to decline by 20 billion yen? Can we expect that it will not happen again?*
A1: It involves a customer matter, so please pardon the fact that I cannot explain in detail. In our outsourcing deals, some projects entail system installations at the time of deployment. This particular case was unusually difficult, and I think there is very little chance of a similar case arising in the future.

Q2: *What is the reason why your earnings announcement was delayed? If Fujitsu Services was the cause of the problem, could you not have disclosed the reason when you announced the delay?*
A2: As reasons for the delay in disclosure, we needed additional time to consider the return of the valuation allowance on deferred tax assets and there was also the project problem at Fujitsu Services, but because it involved negotiations with a customer, from the perspective of our obligations to maintain confidentiality, we refrained from announcing the reasons for the delay.

Questioner D
Q1 *You are projecting operating income in your Services sub-segment to significantly increase from 140 billion yen in fiscal 2007 to 185 billion yen in fiscal 2008, but what policies will account for this increase?*
A1: In addition to improved productivity in our solutions/system integration business, in line with our medium-term plan for fiscal 2007-2009 of promoting the expansion our infrastructure services business inside and outside of Japan, we expect to see the results of these efforts in fiscal 2008. In addition, the improvement in Fujitsu Services is another significant factor.

Q2: *How large is the provision for the unprofitable project at Fujitsu Services?*
A2: I am unable to tell you the precise amount, but I can say that it was a significant factor in the reduction in operating income at Fujitsu Services in fiscal 2007.

Q3: *In fiscal 2008, you are projecting the appreciation in the yen exchange rate to reduce your operating income by 20 billion yen, but please explain the impact on each business segment.*
A3: There will be a large impact on our photonics business, where the ratio of sales outside of Japan is high, as well as Fujitsu Services, and Technology Solutions

accounts for just under half of the 20 billion yen. In addition, the impact on our Device Solutions segment is also significant because of the large amount of exports in our electronic components business, accounting for just over half of the 20 billion yen.

Q4: *For fiscal 2008, why are you projecting depreciation expenses to increase by 25 billion yen?*
A4: In our LSI business, capital expenditures in fiscal 2007 were 95 billion yen, and we are planning investments again in fiscal 2008 of 50 billion yen, so that is the reason for the higher amortization costs in fiscal 2008. Another factor is aggressive investments inside and outside of Japan relating to the growth field of data centers in our Services business.