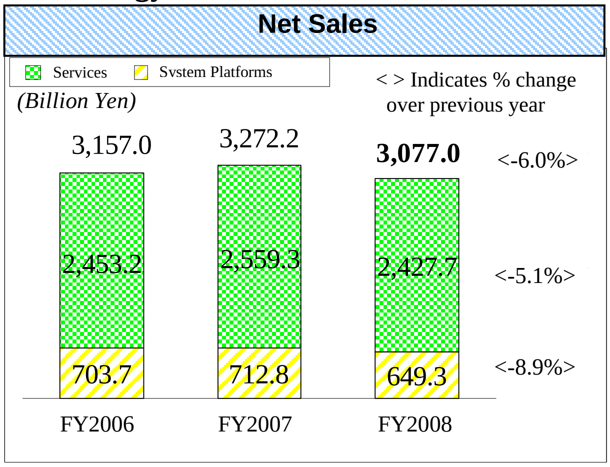
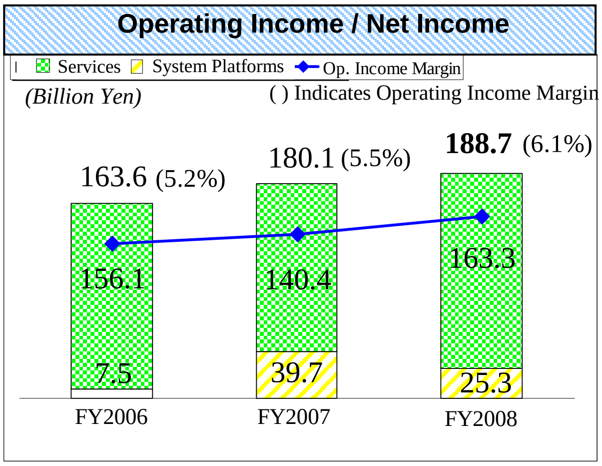
(3) Results by Business Segment

Information on net sales (including intersegment sales) and operating income for fiscal 2008 broken out by business segment is presented below.

Technology Solutions





Consolidated net sales in the Technology Solutions segment for fiscal 2008 were 3,077.0 billion yen (US$31,399 million), a 6.0% decrease from fiscal 2007. Sales in Japan rose by 1.2% on higher sales in the Services business, especially sales of systems integration services, as well as higher sales of router equipment to telecom carriers. Sales outside Japan declined 18.8%. Excluding the impact of yen appreciation, sales were essentially unchanged from the previous year. A decline in sales of UNIX servers was offset by higher services sales, particularly in continental Europe.

Operating income for the segment was 188.7 billion yen (US$1,926 million), an increase of 8.5 billion yen over the same period last year. Operating income increased as a result of both higher sales and greater cost efficiencies in the systems integration business in Japan and because results in the previous year were impacted by losses on an unprofitable project in our UK services business. These positive factors outweighed the impact of lower sales of UNIX servers, upfront costs related to strengthening and expanding capabilities in the private-sector services business in Europe, and the negative impact of yen appreciation.

(1) Services

(Billion Yen)

	FY 2008	% Change from FY 2007
Net Sales	2,427.7	-5.1%
Japan	1,652.8	1.7%
Outside Japan	774.8	-17.0%

	FY 2008	Change from FY 2007
Operating Income	163.3	22.8

Net sales in the Services sub-segment for fiscal 2008 were 2,427.7 billion yen (US$24,773 million), down 5.1% from the prior year. In Japan, sales increased by 1.7%, led by growth in sales of systems integration services, primarily to the public and financial services sectors, and higher sales of outsourcing services. Sales outside Japan declined by 17.0%. Excluding the impact of yen appreciation, however, sales rose by 5%, primarily on higher sales to private-sector customers on the European continent.

Operating income for the Services sub-segment was 163.3 billion yen (US$1,667 million), an increase of 22.8 billion yen over fiscal 2007. Operating income increased as a result of both higher sales and greater cost efficiencies in the systems integration business in Japan and because results in the previous year were impacted by losses on an unprofitable project in our UK services business. These positive factors outweighed the upfront costs related to strengthening and expanding capabilities in the private-sector European services business and delays in generating cost efficiencies there, as well as the negative impact of yen appreciation.

(2) System Platforms

(Billion Yen)

	FY 2008	% Change from FY 2007
Net Sales	649.3	-8.9%
Japan	473.9	-0.5%
Outside Japan	175.4	-25.8%

	FY 2008	Change from FY 2007
Operating Income	25.3	-14.3

Net sales in the System Platforms sub-segment for fiscal 2008 were 649.3 billion yen (US$6,626 million), a decline of 8.9% compared to the prior year. In Japan, sales were roughly unchanged from the previous year. Although sales of mobile phone base stations were lower, sales of routers to telecom carriers increased. Sales outside Japan decreased by 25.8%, but excluding the impact of yen appreciation, sales declined by 15%. Sales of UNIX servers declined as a result of the deteriorating economic conditions in Europe and North America. Comparisons with last year also suffered because demand was temporarily bolstered last year by the launch of new server models. In addition, there were lower sales of optical transmission systems in the UK.

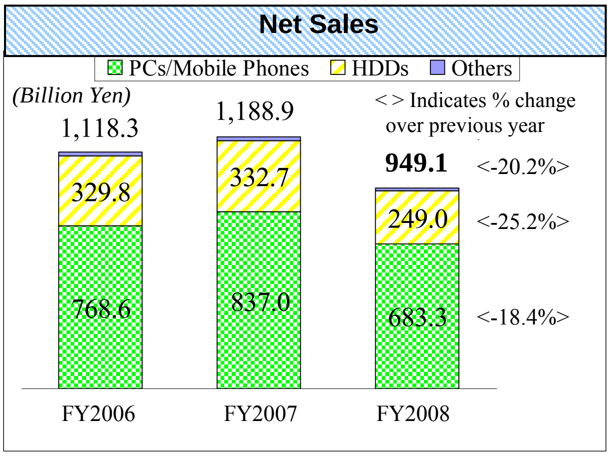
Operating income was 25.3 billion yen (US$259 million), a decline of 14.3 billion yen from the previous year. Greater cost efficiencies in the mobile phone base station business and higher sales of router equipment to telecom carriers in Japan were outweighed by the impact of lower sales of UNIX servers outside Japan and delays in generating costs efficiencies in optical transmission systems for North America.

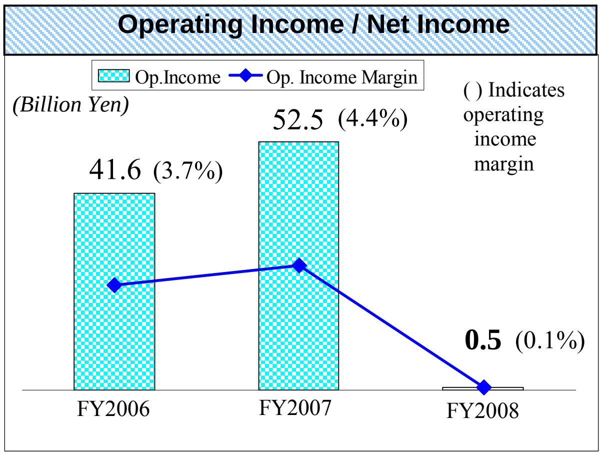
As part of our strategy to strengthen our business operations outside Japan, in October 2008 we reorganized our North American solutions business. US-based subsidiaries Fujitsu Consulting Holdings, Inc., Fujitsu Computer Systems Corporation and Fujitsu Transaction Solutions Inc. were brought together as subsidiaries of a newly established company, Fujitsu North America Holdings, Inc. In April 2009, the three subsidiaries were fully integrated into one company, and the corporate name was changed to Fujitsu America, Inc. The newly integrated company will serve as the core for Fujitsu's initiatives to enhance its solutions business in North America.

In March 2009, Fujitsu reached an agreement with Telstra Corporation, the Australian telecommunications company, to acquire 100% of the shares in Telstra's IT services subsidiary, KAZ Group. The acquisition will enable Fujitsu to deliver comprehensive services to KAZ's large customer base, which includes public-sector customers, and will make Fujitsu the third-largest IT vendor in Australia, as ranked by sales, with about 5,000 employees.

In April 2009, Fujitsu acquired Siemens's 50% stake in the joint venture Fujitsu Siemens Computers, making the company a wholly owned subsidiary of Fujitsu, and changed the corporate name to Fujitsu Technology Solutions. In the IA server business, with the integration of Fujitsu Technology Solutions, we have set a target of 500,000 units worldwide in fiscal 2010. By rebuilding our sales structure and promoting development and manufacturing efficiencies in the server operations, we aim to build an even stronger foundation to support the global growth of the IT services business.

Ubiquitous Product Solutions





(Billion Yen)

	FY 2008	% Change from FY 2007
Net Sales	949.1	-20.2%
Japan	658.7	-13.5%
Outside Japan	290.3	-32.1%

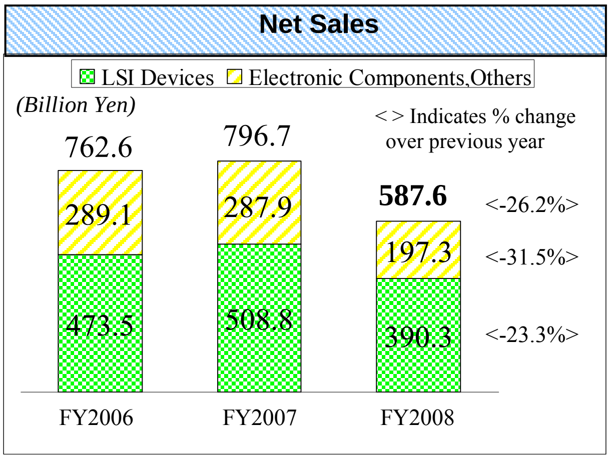
	FY 2008	Change from FY 2007
Operating Income	0.5	-52.0

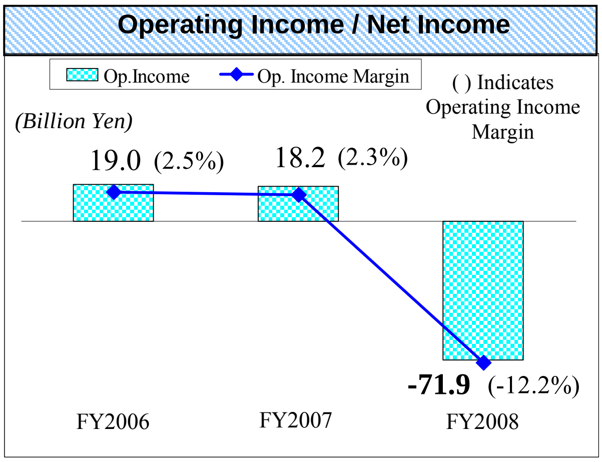
Net sales in the Ubiquitous Product Solutions segment were 949.1 billion yen (US$9,685 million), a decrease of 20.2% from fiscal 2007. Sales in Japan fell by 13.5%. Mobile phone sales declined as a result of a longer handset upgrade cycle. In addition, sales of PCs declined on intensified price competition and weaker corporate demand. Sales outside Japan decreased by 32.1%. Excluding the impact of yen appreciation, sales declined by 24%. These results reflect the impact of intensified competition in the market for HDDs as well as weak sales of PCs, especially in Europe, as a result of deteriorating market conditions.

Operating income was 0.5 billion yen (US$6 million), a deterioration of 52.0 billion yen compared to fiscal 2007. In addition to lower sales of mobile phones and higher costs associated with increasing their functionality, in the PC business, despite the beneficial effect of lower component costs, there was a sharp decline in market prices and units shipped, leading to lower profitability. In addition, losses widened in the HDD business as a result of intensified global competition in HDDs for both notebook PCs and servers as well as the impact of reductions in the production of HDD heads.

In April 2009, Fujitsu finalized agreements to transfer its HDD drive business to Toshiba Corporation and its HDD media business to Showa Denko KK (transfers scheduled for July 1, 2009). Prior to these moves, Fujitsu discontinued its HDD head operations at the end of fiscal 2008. While most of the employees of the HDD drive and HDD media businesses will transfer to the new business owners, employees of the HDD head operations are being reassigned to new positions in the Fujitsu Group. In conjunction with these moves, Fujitsu has posted business restructuring expenses of 37.0 billion yen stemming from losses to dispose of these businesses’ assets and settle liabilities, including impairment losses on property, plant, and equipment, as well as the costs of settling the retirement benefits of transferred employees.

Device Solutions





(Billion Yen)

	FY 2008	% Change from FY 2007
Net Sales	587.6	-26.2%
Japan	372.2	-28.6%
Outside Japan	215.4	-21.7%

	FY 2008	Change from FY 2007
Operating Income	-71.9	-90.2

Net sales in the Device Solutions segment were 587.6 billion yen (US$5,997 million), a decrease of 26.2% compared to fiscal 2007. Sales in Japan declined by 28.6%. Since the latter half of the second quarter, sales of logic LSI devices have suffered from inventory adjustments in various industries, from the digital home appliance to the automotive industry, resulting in a sharp decline in sales of both standard logic devices and 90nm logic devices. Deteriorating market conditions also resulted in lower sales of Flash memory for mobile phones and of electronic components. Sales outside Japan declined by 21.7%. Excluding the impact of yen appreciation, sales outside Japan declined by 13%, primarily as a result of the weak market for electronic components.

The segment posted an operating loss of 71.9 billion yen (US$734 million) in fiscal 2008, representing a significant deterioration of 90.2 billion yen compared to the prior year. After a loss of 21.1 billion yen in the third quarter, losses widened to 43.4 billion yen in the fourth quarter. In logic LSI devices, in addition to the sales decline from the market deterioration, the decline in production line capacity utilization rates continued from the latter half of the second quarter through the end of the fiscal year. For electronic components, as well, a sharp decrease in demand as well as the impact of yen appreciation resulted in a significant deterioration in performance compared to the previous year, turning the sub-segment to an operating loss.

In response to the sudden drop-off in customer demand, we are reorganizing our production facilities by the end of fiscal 2009 to accommodate lower demand. We are consolidating the standard logic device production lines in Iwate and Aizu-Wakamatsu, improving efficiencies by consolidating overlapping administrative operations, and working to reassign about 2,000 employees to other operations within the Fujitsu Group. We have posted restructuring expenses of 11.3 billion yen to cover the cost of disposing of equipment, which is expected to occur in fiscal 2009. In addition, because we do not expect a quick improvement in business conditions in fiscal 2009, we have revised downward the expected return from our LSI business's property, plant, and equipment, and we have decided to shift our business model and outsource the production of 40nm advanced logic devices to outside foundries. Accordingly, we have posted an impairment loss of 49.9 billion yen for the buildings and equipment of the Mie Plant's 300 mm Fab No. 2 wafer production facility because of the change in future usage plans.

In March 2009, Fujitsu transferred to third parties its capacitor business as well as its shares in equity-method affiliate Eudyna Devices Inc. In addition, Fujitsu will subscribe to a private placement on May 1, 2009 to increase the capital of FDK Corporation, an equity-method affiliate of Fujitsu. Because of losses sustained as a result of a deteriorating business performance and restructuring initiatives, FDK's liabilities exceed its assets at the end of fiscal 2008. As a result of Fujitsu subscribing to this private placement, FDK will become a consolidated subsidiary of Fujitsu, ensuring that the company successfully implements structural reforms to its business.