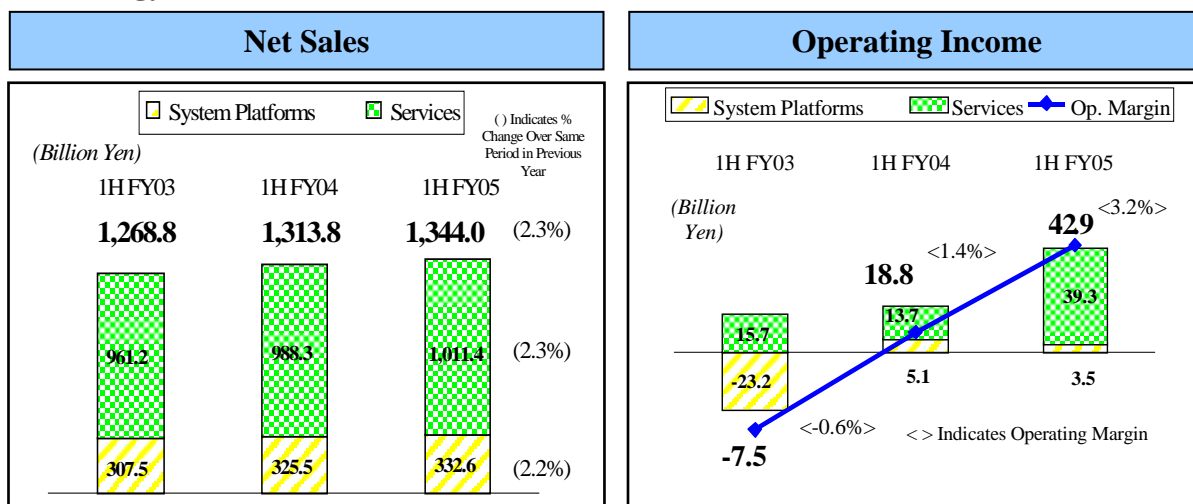


2. Results by Business Segment

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

Technology Solutions



Consolidated net sales in this segment were 1,344.0 billion yen (US\$11,790 million), up 2.3% over the first half of fiscal 2004. In Japan, the elimination of special demand for financial terminals capable of handling new Japanese bank notes and other factors resulted in a decline in sales. However, overseas sales jumped 10.3%, driven by especially strong growth in our optical transmission business in North America and outsourcing services business in the UK.

Operating income for the segment was 42.9 billion yen (US\$376 million), a major increase of 24.0 billion yen over the first half last year. In addition to the impact from the sales trends described above, a reduction in unprofitable projects and other factors contributed to roughly a three-fold increase in profitability, to 39.3 billion yen (US\$345 million) in Services, while income in System Platforms remained level with the same period a year ago due to sluggish growth in domestic IT investment.

(1) System Platforms

Net sales in the System Platforms sub-segment were 332.6 billion yen (US\$2,918 million), up 2.2% from the first half of fiscal 2004. In System Products, overseas sales of UNIX servers were robust, but in Japan the recovery in IT spending lacked strong momentum, and there was a decline in earnings compared to the same period a year earlier, when there were a number of large-scale orders. In Network Products, an increase in investment by telecommunications carriers to expand network capacity and improve transmission speeds resulted in significantly higher sales of optical transmission systems, particularly in North America.

	First Half FY 2005 (Billion Yen)	% Change from 1H FY 2004
Net Sales	332.6	2.2%
Japan	244.3	-2.6%
Overseas	88.3	18.0%

System Platforms posted operating income of 3.5 billion yen (US\$31 million). Although there was a positive impact on income from higher sales in the Network Products category, the intensified competitive environment for servers and other products held profits for the sub-segment to roughly the same as in the first half of the previous year.

We have been engaged in group-wide efforts to expand sales related to our TRIOLE strategy for IT infrastructure optimization, which is aimed at helping customers respond quickly to changes in their businesses while providing stable system operations and lower total cost of ownership. To further expand our TRIOLE strategy on a global basis, during the first half of this fiscal year we opened two new system construction support centers, in Singapore and Korea, where we provide comprehensive verification of various platform products based on customers' particular requirements. The new centers complement existing facilities in Japan, England, Germany, and California in the US. And in July, to further promote software-related business for TRIOLE, we realigned several software development subsidiaries.

In April we launched global sales of PRIMEQUEST, the world's most advanced mission-critical IA server, which combines the economy of an open architecture server with the reliability of a mainframe.

TRIOLE: A high-reliability IT infrastructure model utilizing pre-verified combinations of servers, storage systems, network equipment, etc.

(2) Services

Net sales in the Services sub-segment were 1,011.4 billion yen (US\$8,872 million), up 2.3% from the same period a year earlier. Excluding the impact of applying the percentage of completion method, sales were roughly at the same level as the first half of last year. Although there was no business related to financial terminals for handling of new Japanese banknotes, as there had been in the first half of fiscal 2004, there were signs of favorable conditions in certain industry sectors within our solutions/systems integration business. In Infrastructure Services, sales increased thanks to continuing outsourcing business wins by Fujitsu Services.

	First Half FY 2005 (Billion Yen)	% Change from 1H FY 2004	<i>% Change Excluding Impact of Change in Accounting Policies</i>
Net Sales	1,011.4	2.3%	-0.7%
Japan	705.7	-0.0%	-4.3%
Overseas	305.6	8.2%	8.2%

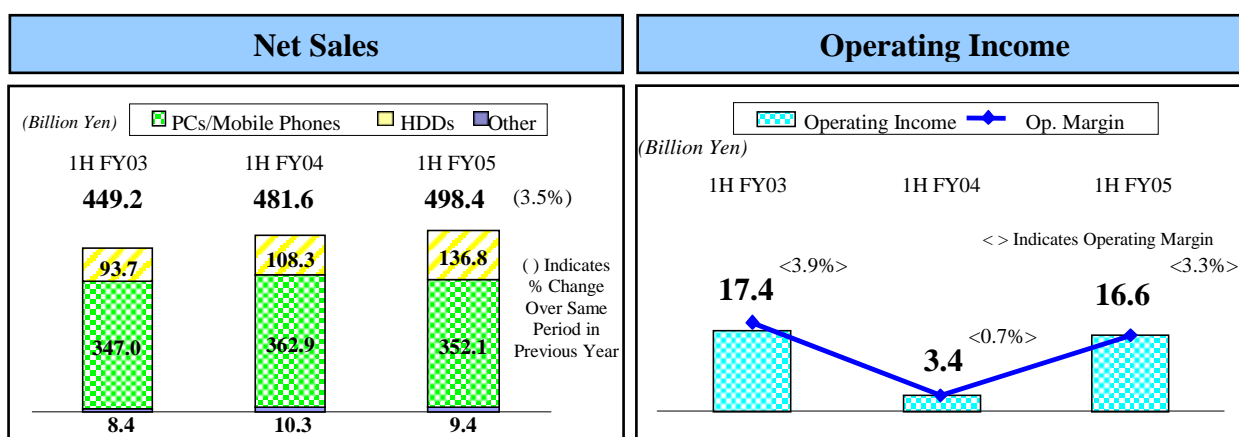
Operating income for Services was 39.3 billion yen (US\$345 million), an improvement of 25.5 billion yen over the same period last year. Although some of this was attributable to the change in accounting policies, including the application of the percentage of completion method, and other changes, in the Solutions/Systems Integration category there was a major decrease in losses relating to loss-generating projects from the first half of fiscal 2004. This, together with the impact from higher earnings by Fujitsu Services, cost reductions and streamlining of expenses, contributed to the higher profits in the Services sub-segment.

As part of our Solution Business Restructuring initiative, in fiscal 2004 we instituted new risk management procedures, which are proving effective in preventing losses from new projects. During the current fiscal year, we have been working to standardize sales and system engineering business processes, as well as bolstering our systems integration assurance function to facilitate risk management from the initial business discussion stage through to project completion. These

measures are serving to systematize strict project risk management and improve project profitability.

In July of this year we launched an initiative to expand sales of our contactless palm vein authentication system business worldwide. With governments, private sector organizations and individuals around the world increasing their demands for higher levels of security, we are aiming to establish the system as a de facto standard in the security market. In collaboration with our group companies in North America, Europe and other parts of Asia, we will vigorously promote this business.

Ubiquitous Product Solutions



Net sales in the Ubiquitous Product Solutions segment were 498.4 billion yen (US\$4,372 million), an increase of 3.5% over the same period last year. PC sales in Japan were impacted by intensified price competition, but because of favorable response to our mobile phone handsets based on universal design concepts, mobile phone sales increased. In addition, HDD sales for both notebook PCs and servers were strong, expanding at a double-digit rate, with particularly robust growth overseas.

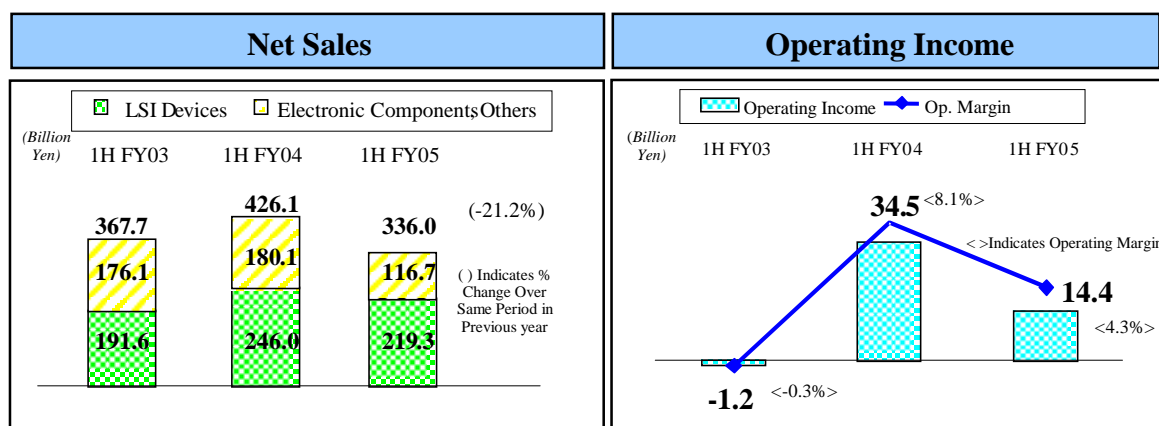
	First Half FY 2005 (Billion Yen)	% Change from 1H FY 2004
Net Sales	498.4	3.5%
Japan	328.9	-5.0%
Overseas	169.5	25.3%

Operating income for Ubiquitous Product Solutions was 16.6 billion yen (US\$146 million), an improvement of 13.1 billion yen over the comparable period last year. Along with the contribution to profits from higher mobile phone sales as well as improved quality and cost efficiencies generated by our manufacturing innovation initiatives, we also posted higher sales and profitability in HDDs. In addition, although sales of PCs declined due to intensified competition in Japan, this impact was offset by continued progress in reducing component costs, resulting in operating income for PCs on par with the first half of last year.

In light of the full-fledged implementation the Personal Data Protection Law in Japan from this April and the increase in crimes related to credit card counterfeiting, society's needs for increased security are growing rapidly, and this will be a basis for further proliferation of IT systems. To

meet these needs, we introduced a thin client solution, which provides increased protection against unauthorized data removal or information leaks by using client PCs not equipped with hard disk drives. In addition, we introduced mobile phones and other products that offer increased protection of personal data. We will continue to enhance our security solutions while providing highly secure systems tailored to the specific requirements of our customers' businesses.

Device Solutions



Net sales of Device Solutions were 336.0 billion yen (US\$2,948 million), a decrease of 21.2% compared to the first half of fiscal 2004. Excluding the impact of the transfer of our flat panel display businesses, results on a continuing operations basis declined by 8.9%. In the LSI Devices sub-segment, memory sales decreased as a result of intensifying competition primarily in the markets for mobile phones and digital consumer electronics products. Sales of logic chips were approximately the same as in the first half of last year.

	First Half FY 2005 (Billion Yen)	% Change from 1H FY 2004	<i>Change Excluding Impact of Business Restructuring</i>
Net Sales	336.0	-21.2%	-8.9%
Japan	190.7	-24.3%	-12.6%
Overseas	145.2	-16.7%	-3.2%

Operating income for Device Solutions was 14.4 billion yen (US\$127 million), a decrease of 20.0 billion yen compared to the same period last year. In contrast with the favorable conditions that characterized the LSI devices business a year ago, the competitive environment in this sector became more severe. In addition, income was reduced by expenses related to start-up of the new 300mm semiconductor fabrication facility at our Mie Plant that began operation in April of this year. As scheduled, the new facility began volume shipments in September.

Along with accelerating the concentration of our resources on our LSI devices business, we are working to further raise production efficiency and strengthen cost competitiveness.