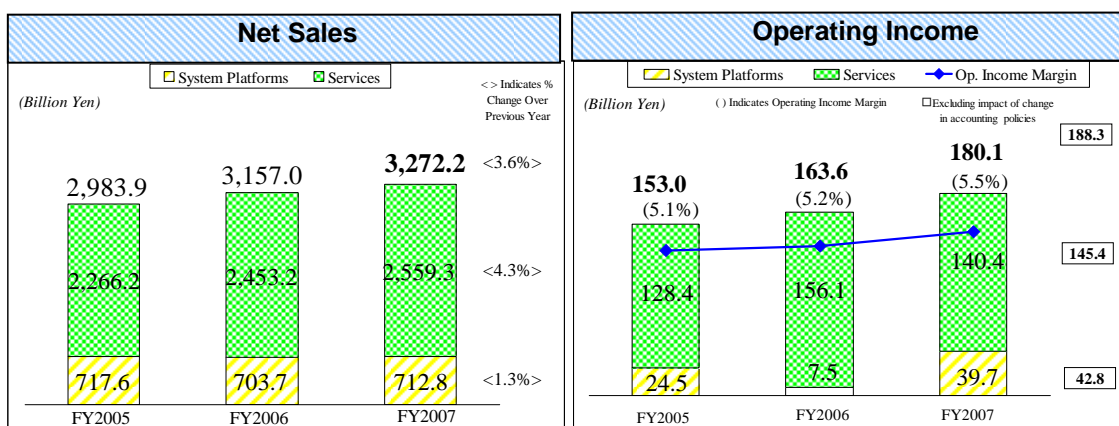


3. Results by Business Segment

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

Technology Solutions



Net sales in this segment were 3,272.2 billion yen (US\$32,722 million), up 3.6% over fiscal 2006. Sales in Japan rose 0.7% on continued strength in our Services business, which offset lower sales of mobile phone base stations. Sales outside of Japan rose 9.4%, as sales in the Services business continued to grow through acquisitions and continued strength in existing business, and sales of UNIX servers also increased.

Operating income for the segment was 180.1 billion yen (US\$1,801 million), an increase of 16.5 billion yen compared to the previous year. Excluding the impact of accounting policy changes, operating income was 188.3 billion yen, an increase of 24.6 billion yen compared to the previous year. Despite a provision for losses in an unprofitable project outside Japan, and higher upfront strategic investments in optical transmission systems and other next-generation network equipment, operating income in the segment increased as a result of the contribution of higher sales in our Services business, great cost efficiencies in our server business, and other factors.

(1) System Platforms

Net sales in the System Platforms sub-segment were 712.8 billion yen (US\$7,128 million), an increase of 1.3% over fiscal 2006. In Japan, sales declined 5.3% on lower sales of mobile phone base stations, as capital expenditures had already peaked and the focus of expenditures changed in this area. Sales outside Japan increased by 17.7%, bolstered by higher sales of UNIX servers resulting from the release of the new SPARC Enterprise models, which are co-branded with Sun Microsystems, Inc., as well as higher sales of optical transmission systems in North America.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	712.8	1.3%
Japan	476.4	-5.3%
Overseas	236.3	17.7%

Operating income was 39.7 billion yen (US\$397 million), an increase of 32.2 billion yen over the previous fiscal year. Excluding the impact of accounting policy changes, operating income was 42.8 billion yen, an increase of 35.3 billion yen compared to the previous year. Despite the impact of decline in sales of mobile phone base stations and the continued burden of upfront strategic investments, primarily in optical transmission systems, for developing next-generation networks, operating income increased significantly as a result of the contribution of higher sales and greater cost efficiencies in the server business.

In order to optimize 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 addition, in April 2008, we made the decision to consolidate the sales divisions for the Japan photonics business at Fujitsu Limited, and consolidate the Japan photonics development and manufacturing operations into Fujitsu Access, with these changes scheduled to take effect in July 2008. The integration of sales divisions will enhance sales capabilities in Japan, while the merged product development and manufacturing functions will improve efficiency and accelerate product development cycles to deliver a high quality of services to customers at a reasonable price.

(2) Services

Net sales in the Services sub-segment were 2,559.3 billion yen (US\$25,593 million), up 4.3% from a year earlier. In Japan, sales increased by 2.6%, led by growth in sales of systems integration services, primarily to the financial services and healthcare sectors, and outsourcing services. Sales outside of Japan rose 7.5% as a result of acquisitions, primarily in Germany and Scandinavia, and a continuation of solid trends in our existing business, especially in Europe.

Operating income for the Services sub-segment was 140.4 billion yen (US\$1,404 million), a decrease of 15.6 billion yen compared to the last year. Excluding the impact of accounting policy changes, operating income was 145.4 billion yen, a decrease of 10.6 billion yen from the previous year. In Japan, the contribution of higher sales and greater cost efficiencies led to profit growth despite higher upfront strategic

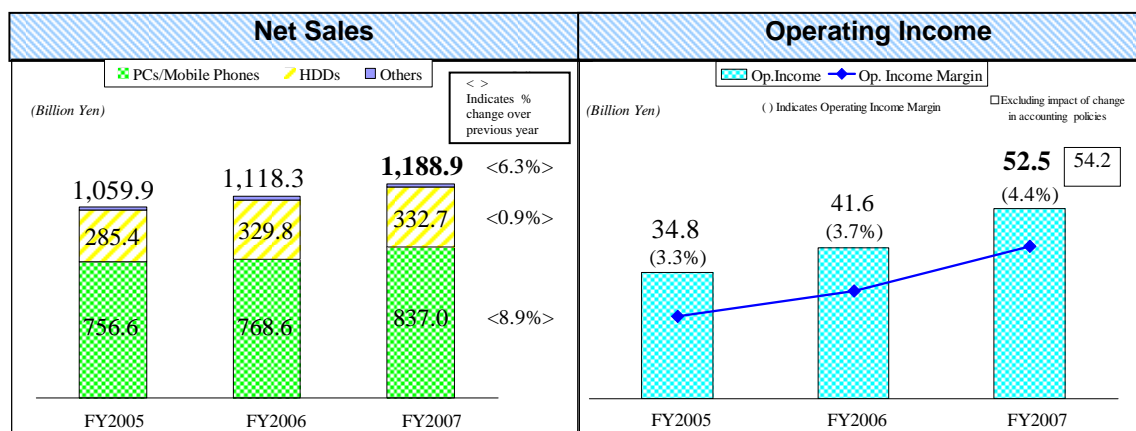
	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	2,559.3	4.3%
Japan	1,625.7	2.6%
Overseas	933.6	7.5%

investments to standardize and automate infrastructure development services and strengthen consulting capabilities. Outside Japan, despite the contribution of higher sales, primarily in Europe, overall operating income declined due to a conservative booking of a provision for losses from an unprofitable project in the UK, along with increased goodwill amortization expenses related to acquisitions to expand the Services business outside Japan and other factors.

To promote our Field Innovation business approach, in October we began to foster “Field Innovators” among our management-level employees in order to strengthen and expand relations with our customers. The Group is also promoting the “industrialization” of IT services to advance the standardization and automation of processes used in the development of IT infrastructure. Specific measures include the establishment of the Infrastructure Technology Center, with subsidiary Fujitsu FSAS playing a central role. We will continue to enhance various technologies that support Field Innovation. Finally, using in-house implementation as a basis for business development, we are focusing on the development of new business solutions.

With the goal of enhancing our global services capabilities and accelerating our growth, in fiscal 2007 we acquired via public tender offer Mandator AB, which provides application and other IT services in Scandinavia, primarily in its base country of Sweden. In addition, we acquired a company that provides infrastructure services in Oceania. In Canada, we acquired a company that provides business process optimization services and a company that provides IT consulting and solutions. In Japan, as an addition to our remote data centers, which meet the needs of our customers for top-level security and business continuity to support disaster recovery, in December we began operation of our Fujitsu Tokyo No. 2 Systems Center to respond to customer needs for urban data centers within easy commuting distance and demand for IDC services. To meet customer needs on a global basis, we will continue to strengthen our services delivery capabilities.

Ubiquitous Product Solutions



Net sales in the Ubiquitous Product Solutions segment were 1,188.9 billion yen (US\$11,889 million), an increase of 6.3% over fiscal 2006. Sales in Japan rose by 7.2% on solid sales of PCs and higher mobile phone sales as the market expanded. Sales outside of Japan increased by 4.8% on higher sales of notebook PCs, primarily in North America and Asia, and strong sales of HDDs for notebook computers, where we set a new record in unit sales.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	1,188.9	6.3%
Japan	761.3	7.2%
Overseas	427.6	4.8%

Operating income for Ubiquitous Product Solutions was 52.5 billion yen (US\$525 million), an increase of 10.9 billion yen compared to the previous fiscal year. Excluding the impact of accounting policy changes, operating income was 54.2 billion yen, an increase of 12.6 billion yen from the previous year. Profitability in our PC business rose because of the contribution of higher sales and lower component costs as well as greater cost efficiencies. In HDDs, trends improved in the second half of the fiscal year as we launched sales of a new perpendicular magnetic recording HDD model, and there was a leveling off of price declines for HDDs used in notebook PCs, enabling our HDD business to improve profitability in the second half, but that was not enough to offset the deterioration in profitability in the first half of the fiscal year as a result of sharply falling prices.

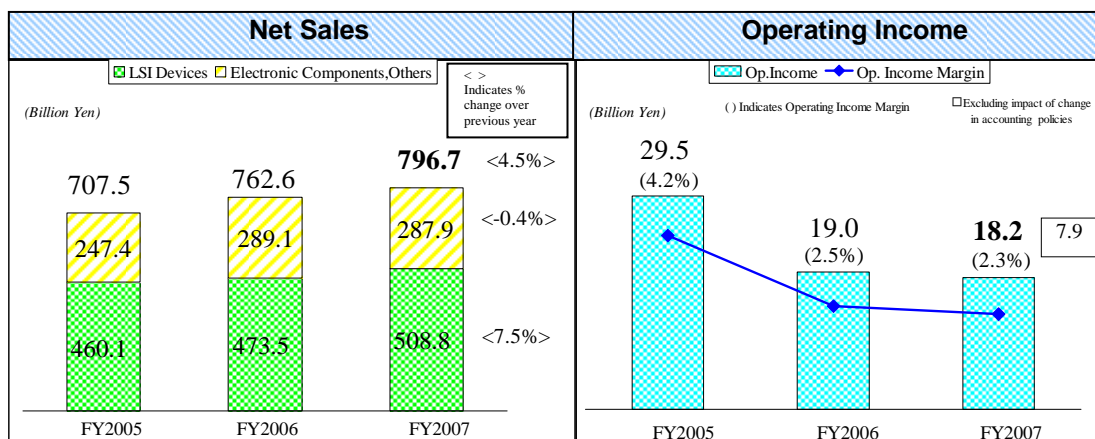
With respect to the sharp price declines in HDDs for notebook PCs, although we see prices stabilizing because of higher demand for notebook PCs, competition remains severe. In 2.5-inch HDDs, we have developed a new 500GB model, offering the highest capacity of any 2.5-inch HDD, and a new 320GB model that has a built-in encryption function, and sales of these products will begin in May 2008. We plan to continue to increase our competitiveness in HDDs by pursuing further cost reductions and launching a steady stream of innovative products.

In PCs, Shimane Fujitsu, Fujitsu's PC manufacturing subsidiary in Japan, passed the cumulative manufacturing milestone of 20 million computers. We will continue to pursue further improvements and efficiencies throughout our PC operations, from manufacturing to distribution, seek to create a manufacturing organization that can quickly react to the needs of the market with high-quality products, and always provide products that deliver customer satisfaction.

We decided to consolidate Fujitsu Limited's mobile phone production management division and customer service center with the manufacturing and maintenance divisions of wholly owned Fujitsu Wireless Systems Limited and other subsidiaries, reorganizing these operations into a

new subsidiary established in January 2008 through an exchange of shares. By strengthening the Fujitsu Group's mobile phone production and maintenance organization, we aim to become more responsive to customer needs and enhance the quality of our service to customers.

Device Solutions



Net sales in Device Solutions were 796.7 billion yen (US\$7,967 million), an increase of 4.5% over fiscal 2006. Sales in Japan rose by 14.1%. Sales of standard technology logic devices were sluggish, but overall sales increased as a result of expanded production of 90nm advanced technology logic devices at Fab No. 1 at our Mie Plant. In addition, sales were boosted by the start of contract production of Flash memory at production facilities acquired from Spansion Japan. Sales outside of Japan declined by 9.9%, largely the result of lower billings through overseas sales subsidiaries from a realignment of our sales organization for Flash memory products outside Japan.

Operating income for Device Solutions was 18.2 billion yen (US\$182 million), roughly on par with fiscal 2006. Excluding the impact of accounting policy changes, operating income was 7.9 billion yen, a decrease of 11.0 billion yen compared to the previous fiscal year. Despite the beneficial effect of higher sales in advanced technology logic devices for our LSI device business, operating income decreased as a result of higher depreciation expenses associated with the start of production of Fab No. 2 at the Mie Plant, which uses 65nm process technology, and a delay in the rebound of demand for standard technology logic devices. Profitability in electronic components declined as a result of the sharp appreciation of the yen at the end of the fiscal year, intensified price competition and higher upfront investments.

	FY 2007 (Billion Yen)	Change from FY 2006
Net Sales	796.7	4.5%
Japan	521.4	14.1%
Overseas	275.3	-9.9%

In October 2007, to strengthen our integrated production and sales business structure, we made Fujitsu Devices Inc. a wholly owned subsidiary through a share exchange, changed the name to Fujitsu Electronics Inc. and consolidated our sales division into the company, thereby integrating our sales organization for electronic devices under one roof. In March 2008, we integrated development and mass-production prototyping for advanced process technology for 90nm-generation and beyond at our Mie Plant. In addition, we reorganized our LSI operations into an independent, wholly owned subsidiary, Fujitsu Microelectronics Limited, in order to create an organization that could make rapid and timely management decisions. Moreover, in addition to the ASIC¹ and COT² business, which has been the core of the devices business, we are also strengthening the general-purpose device business, including ASSPs³, microcontrollers and analog devices, for which demand is growing, especially in Asian markets. The goal of the restructuring is to increase the proportion

of sales derived from high-added-value general purpose products and to build a stronger, more efficient business structure.

ASIC: Application Specific IC

COT: Customer Owned Tooling. Contract production of LSI devices designed and developed by the customer

ASSP: Application Specific Standard Product