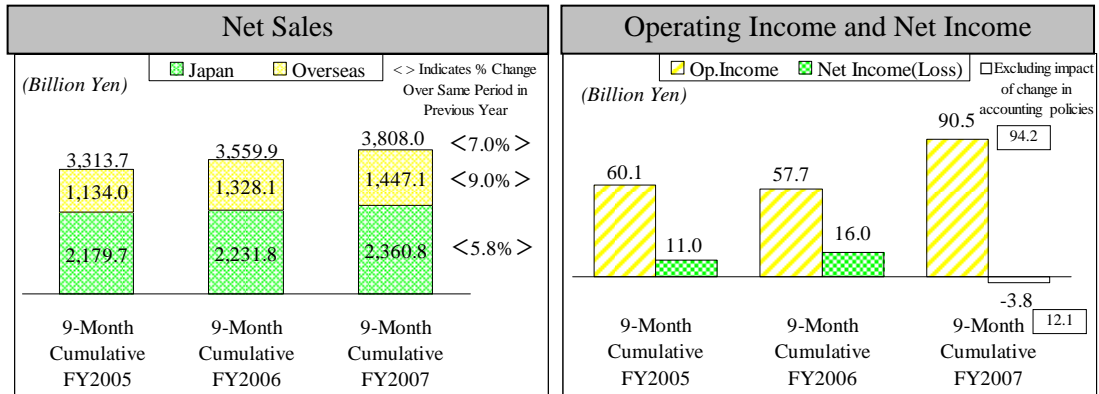


7. Financial Results for the First Nine Months of FY 2007

Profit and Loss



Consolidated net sales for the first nine months of fiscal 2007 were 3,808.0 billion yen (US\$34,000 million), an increase of 7.0% over the comparable period last year. Sales in Japan increased 5.8% over the previous year. Although sales of mobile phone base stations and standard logic products were sluggish, our Services business as well as PCs/mobile phones and advanced logic products utilizing 90nm technology all posted higher sales. Sales outside of Japan increased 9.0% over the previous year. In addition to higher sales in our Services business, where existing business remained solid and our capabilities grew through acquisitions, sales of UNIX servers and PCs also increased. In addition, the depreciation of the yen during the first half of the fiscal year also boosted the value of sales.

Consolidated operating income in the nine-month period was 90.5 billion yen (US\$809 million), an increase of 32.8 billion yen from the same period in fiscal 2006, with operating income margin rising to 2.4%, an improvement of 0.8 percentage point over the previous year. Excluding the impact of changes in accounting policies, operating income totaled 94.2 billion yen, an increase of 36.4 billion yen. Gross profit increased by 57.8 billion yen over the previous year. In spite of a sharp drop during the first half of the fiscal year in prices for HDDs used in notebook PCs and a delay in the recovery in demand for standard logic products during the first quarter, higher operating leverage as well as cost reductions in PC components resulted in higher operating income. Selling, general, and administrative expenses increased by 25.0 billion yen over the previous year. This increase reflects such factors as the expanded capabilities of our Services business in the European market and higher development costs related to next-generation networks, as well as the impact of the depreciation in the yen during the first half of the fiscal year.

In other income and expenses, there was an improvement in net equity in earnings of affiliates, while the net loss on foreign exchange and losses on the disposal of fixed assets increased.

We also posted a gain of 14.1 billion yen on the sale of shares of affiliates and a 2.0 billion yen gain on change of interest associated with the public listing of an affiliate in China, Nantong Fujitsu Microelectronics Co., Ltd. We posted a 25.0 billion yen loss due to inventory valuation losses at the beginning of the period related to early adoption of accounting standards for valuation of inventory, and a 19.8 billion yen share valuation loss primarily due to a sharp drop in the market price of Spansion Inc. in the U.S.

For the first nine months of fiscal 2007, we recorded a net loss of 3.8 billion yen (US\$34 million). These results reflect a valuation loss on inventories, increased dividend distributions by subsidiaries outside Japan and increased tax liabilities in the UK due to tax rate changes. Excluding the impact of accounting policy changes, there was net income of 12.1 billion yen.