

## **FY 2007 Third-Quarter Financial Results**

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## Part I: Financial Tables

### 1. Summary of FY 2007 Third-Quarter Consolidated Results

#### a. Summary of Consolidated Statements of Operations

		Yen (Millions)		Change (%)
		3Q FY 2007	3Q FY 2006	
		(10/1/07~12/31/07)	(10/1/06~12/31/06)	
Net sales	Y	1,294,904	1,197,607	+8.1
Operating income		46,663	7,117	+555.7
Income before income taxes and minority interests		26,478	11,676	+126.8
Net income	Y	5,530	1,162	+375.9

#### b. Net Sales by Business Segment (including intersegment)

		Yen (Millions)		Change (%)
		3Q FY 2007	3Q FY 2006	
		(10/1/07~12/31/07)	(10/1/06~12/31/06)	
Technology Solutions	Y	765,774	716,824	+6.8
Ubiquitous Product Solutions		305,481	273,437	+11.7
Device Solutions		203,094	187,608	+8.3
Other Operations		135,407	125,259	+8.1
Elimination		(114,852)	(105,521)	-
Total	Y	1,294,904	1,197,607	+8.1

#### c. Summary of Consolidated Financial Condition

		Yen (Millions) (Except per share data)		
		December 31	March 31	December 31
		2007	2007	2006
Total assets	Y	4,041,454	3,943,724	3,787,849
Net assets		1,114,135	1,160,719	1,119,879
Net assets per share	Y	451.26	469.02	451.40
Owners' equity ratio		23.1%	24.6%	24.6%

## d. Summary of Consolidated Statements of Cash Flows

		Yen (Millions)		
		3Q FY 2007	3Q FY 2006	FY 2006
		(10/1/07~12/31/07)	(10/1/06~12/31/06)	(4/1/06~3/31/07)
Cash flows from operating activities	Y	(31,896)	(79,792)	408,765
Cash flows from investing activities		(84,720)	(52,924)	(151,083)
Cash flows from financing activities		(99,729)	(41,218)	(234,953)
Cash and cash equivalents at end of period	Y	568,245	243,411	448,705

## 2. Summary of FY 2007 Nine-Month Consolidated Results

### a. Summary of Consolidated Statements of Operations

		Yen (Millions) (Except per share data)		
		2007	2006	Change (%)
		(4/1/07~12/31/07)	(4/1/06~12/31/06)	
Net sales	Y	3,808,017	3,559,940	+7.0
Operating income		90,595	57,758	+56.9
Income before income taxes and minority interests		44,687	49,353	-9.5
Net income (loss)	Y	(3,808)	16,009	-
Net income (loss) per common share:				
Basic		(1.85)	7.74	
Diluted		-	6.98	

### b. Net Sales by Business Segment (including intersegment)

		Yen (Millions)		
		FY2007	FY2006	Change (%)
		(4/1/07~12/31/07)	(4/1/06~12/31/06)	
Technology Solutions	Y	2,273,284	2,145,457	+6.0
Ubiquitous Product Solutions		880,571	802,052	+9.8
Device Solutions		601,015	564,574	+6.5
Other Operations		389,151	360,358	+8.0
Elimination		(336,004)	(312,501)	-
Total	Y	3,808,017	3,559,940	+7.0

### c. Summary of Consolidated Statements of Cash Flows

		Yen (Millions)		
		FY2007	FY2006	FY 2006
		(4/1/07~12/31/07)	(4/1/06~12/31/06)	(4/1/06~3/31/07)
Cash flows from operating activities	Y	120,152	104,291	408,765
Cash flows from investing activities		(216,681)	(171,955)	(151,083)
Cash flows from financing activities		215,505	(114,758)	(234,953)
Cash and cash equivalents at end of period	Y	568,245	243,411	448,705

### 3. Consolidated Earnings Forecast for FY 2007

		Yen (Billions)	
		(Except per share data)	
		FY 2007 Full Year (Forecast)	Change (%) FY06 to FY07
Net sales	Y	5,350.0	+4.9
Operating income		200.0	+9.8
Net income		40.0	-60.9
Net income per common share	Y	19.33	

## 4. Third-Quarter Consolidated Statements of Operations

	Yen		Change (%)
	(Millions)		
	3Q FY 2007 (10/1/07~12/31/07)	3Q FY 2006 (10/1/06~12/31/06)	
<b>Net sales</b>	Y 1,294,904	1,197,607	+8.1
<b>Cost of sales</b>	962,330	906,594	+6.1
<b>Gross profit</b>	332,574	291,013	+14.3
<b>Selling, general and administrative expenses</b>	285,911	283,896	+0.7
<b>Operating income</b>	46,663	7,117	+555.7
<b>Other income:</b>			
Interest income	2,695	1,259	
Dividend income	2,153	2,182	
Equity in earnings of affiliates, net	2,749	3,299	
Gain on foreign exchange, net	-	1,130	
Gain on sales of investment securities*	2,495	7,612	
Gain on change in interest**	72	2,136	
Others	3,853	2,885	
<b>Total other income</b>	14,017	20,503	
<b>Other expenses:</b>			
Interest expense	5,974	4,479	
Loss on foreign exchange, net	710	-	
Loss on disposal of property, plant and equipment and intangible assets	1,469	1,875	
Amortization of unrecognized obligation for retirement benefits	-	809	
Loss on revaluation of investment securities ***	19,888	-	
Loss on sales of investment securities	-	2,275	
Others	6,161	6,506	
<b>Total other expenses</b>	34,202	15,944	
<b>Income before income taxes and minority interests</b>	26,478	11,676	+126.8
<b>Income taxes</b>	16,435	5,983	
<b>Minority interests</b>	4,513	4,531	
<b>Net income</b>	Y 5,530	1,162	+375.9

### Notes:

\* Gain on sales of investment securities refers to sales of shares in affiliates.

\*\* Gain on change in interest refers to the conversion of convertible bonds issued by an affiliate (Fujitsu General Limited).

\*\*\* Loss on revaluation of investment securities refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.

## 5. Third-Quarter Consolidated Business Segment Information

### a. Net Sales and Operating Income

	Yen		Change (%)
	(Millions)		
	3Q FY 2007 (10/1/07~12/31/07)	3Q FY 2006 (10/1/06~12/31/06)	
<b>Technology Solutions</b>			
Japan	Y 467,440	443,642	+5.4
Overseas	298,334	273,182	+9.2
<b>Total</b>	<b>765,774</b>	<b>716,824</b>	<b>+6.8</b>
<b>Operating income (loss):</b>			
System Platforms	(534)	(9,168)	-
[Operating income margin]	[-0.3%]	[-6.0%]	
Services	34,801	23,741	+46.6
[Operating income margin]	[5.7%]	[4.2%]	
<b>Total operating income</b>	<b>34,267</b>	<b>14,573</b>	<b>+135.1</b>
[Operating income margin]	[4.5%]	[2.0%]	
<b>Ubiquitous Product Solutions</b>			
Japan	189,117	161,691	+17.0
Overseas	116,364	111,746	+4.1
<b>Total</b>	<b>305,481</b>	<b>273,437</b>	<b>+11.7</b>
<b>Operating income</b>	<b>13,492</b>	<b>1,107</b>	<b>-</b>
[Operating income margin]	[4.4%]	[0.4%]	
<b>Device Solutions</b>			
Japan	132,987	114,095	+16.6
Overseas	70,107	73,513	-4.6
<b>Total</b>	<b>203,094</b>	<b>187,608</b>	<b>+8.3</b>
<b>Operating income</b>	<b>9,434</b>	<b>493</b>	<b>-</b>
[Operating income margin]	[4.6%]	[0.3%]	
<b>Other Operations</b>			
Japan	93,881	88,340	+6.3
Overseas	41,526	36,919	+12.5
<b>Total</b>	<b>135,407</b>	<b>125,259</b>	<b>+8.1</b>
<b>Operating income</b>	<b>4,530</b>	<b>2,940</b>	<b>+54.1</b>
[Operating income margin]	[3.3%]	[2.3%]	
<b>Elimination</b>			
Sales	(114,852)	(105,521)	-
Operating income	(15,060)	(11,996)	-
<b>Total</b>			
Japan	799,365	728,495	+9.7
Overseas	495,539	469,112	+5.6
<b>Total</b>	<b>1,294,904</b>	<b>1,197,607</b>	<b>+8.1</b>
<b>Operating income</b>	<b>46,663</b>	<b>7,117</b>	<b>+555.7</b>
[Operating income margin]	[3.6%]	[0.6%]	

Note:

Includes intersegment sales.

## b. Net Sales by Principal Products and Services

	Yen (Millions)		
	3Q FY 2007 (10/1/07~12/31/07)	3Q FY 2006 (10/1/06~12/31/06)	Change (%)
<b>Technology Solutions</b>			
<b>System Platforms:</b>			
System Products	Y 78,090	70,700	+10.5
Network Products	77,939	81,730	-4.6
	<u>156,029</u>	<u>152,430</u>	+2.4
<b>Services:</b>			
Solutions / SI	294,689	243,223	+21.2
Infrastructure Services	301,122	282,348	+6.6
Others	13,934	38,823	-64.1
	<u>609,745</u>	<u>564,394</u>	+8.0
<b>Total</b>	<u><u>765,774</u></u>	<u><u>716,824</u></u>	+6.8
<b>Ubiquitous Product Solutions</b>			
PCs / Mobile Phones	210,957	176,699	+19.4
Hard Disk Drives	89,778	91,379	-1.8
Others	4,746	5,359	-11.4
<b>Total</b>	<u><u>305,481</u></u>	<u><u>273,437</u></u>	+11.7
<b>Device Solutions</b>			
LSI Devices	129,100	112,300	+15.0
Electronic Components, Others	73,994	75,308	-1.7
<b>Total</b>	Y <u><u>203,094</u></u>	<u><u>187,608</u></u>	+8.3

### Notes:

Net sales include intersegment sales.

In conjunction with organizational changes designed to enhance collaboration between sales and product development functions, beginning this fiscal year ATM and POS business results (which amounted to sales of about 26.0 billion yen in the third quarter of fiscal 2006), formerly recorded under the "Others" category in the Services sub-segment, are recorded in the Solutions / SI category, which includes financial and retail solutions.

## 6. Third-Quarter Consolidated Geographic Segment Information

### a. Net Sales and Operating Income

		Yen (Millions)		
		3Q FY 2007 (10/1/07~12/31/07)	3Q FY 2006 (10/1/06~12/31/06)	Change (%)
<b>Japan</b>	Sales	Y 1,010,268	938,713	+7.6
	Operating income	46,543	12,268	+279.4
	[Operating income margin]	[4.6%]	[1.3%]	
<b>EMEA</b>	Sales	200,284	191,700	+4.5
	Operating income	6,657	5,007	+33.0
	[Operating income margin]	[3.3%]	[2.6%]	
<b>The Americas</b>	Sales	113,930	105,989	+7.5
	Operating income	3,065	516	+494.0
	[Operating income margin]	[2.7%]	[0.5%]	
<b>APAC &amp; China</b>	Sales	225,845	210,371	+7.4
	Operating income	4,894	1,729	+183.1
	[Operating income margin]	[2.2%]	[0.8%]	
<b>Elimination</b>	Sales	(255,423)	(249,166)	-
	Operating income	(14,496)	(12,403)	-
<b>Total</b>	Sales	1,294,904	1,197,607	+8.1
	Operating income	Y 46,663	7,117	+555.7
	[Operating income margin]	[3.6%]	[0.6%]	

Note:

Includes intersegment sales.



## 7. Third-Quarter Consolidated Balance Sheets

	Yen			(For reference)
	(Millions)		Change (Million Yen)	September 30 2007
	December 31 2007	December 31 2006		
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents and short-term investments	Y 569,547	247,147	+322,400	787,359
Receivables, trade	997,780	873,097	+124,683	944,735
Inventories	472,024	496,182	-24,158	431,921
Other current assets	244,139	221,184	+22,955	233,369
<b>Total current assets</b>	<b>2,283,490</b>	<b>1,837,610</b>	<b>+445,880</b>	<b>2,397,384</b>
<b>Non-current assets:</b>				
Property, plant and equipment less accumulated depreciation	873,844	880,274	-6,430	884,956
Intangible assets	231,537	237,844	-6,307	231,236
Investments and long-term loans	652,583	832,121	-179,538	686,536
<b>Total non-current assets</b>	<b>1,757,964</b>	<b>1,950,239</b>	<b>-192,275</b>	<b>1,802,728</b>
<b>Total assets</b>	<b>4,041,454</b>	<b>3,787,849</b>	<b>+253,605</b>	<b>4,200,112</b>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Payables, trade	786,425	721,569	+64,856	776,075
Short-term borrowings and current portion of long-term debt	305,314	282,182	+23,132	342,382
Other current liabilities	680,866	681,861	-995	734,635
<b>Total current liabilities</b>	<b>1,772,605</b>	<b>1,685,612</b>	<b>+86,993</b>	<b>1,853,092</b>
<b>Long-term liabilities:</b>				
Long-term debt	727,514	571,927	+155,587	774,697
Other long-term liabilities	427,200	410,431	+16,769	446,426
<b>Total long-term liabilities</b>	<b>1,154,714</b>	<b>982,358</b>	<b>+172,356</b>	<b>1,221,123</b>
<b>Total liabilities</b>	<b>2,927,319</b>	<b>2,667,970</b>	<b>+259,349</b>	<b>3,074,215</b>
<b>Net assets</b>				
<b>Shareholders' equity:</b>				
Common stock	324,625	324,625	-	324,625
Capital surplus	249,041	498,026	-248,985	249,041
Retained earnings (deficit)	284,475	(41,446)	+325,921	285,509
Treasury stock	(829)	(1,858)	+1,029	(722)
<b>Total shareholders' equity</b>	<b>857,312</b>	<b>779,347</b>	<b>+77,965</b>	<b>858,453</b>
<b>Valuation and translation adjustments:</b>				
Valuation difference on available-for-sale securities	108,449	185,665	-77,216	118,919
Foreign currency translation adjustments	(32,102)	(31,858)	-244	(25,903)
<b>Total valuation       and translation adjustments</b>	<b>76,347</b>	<b>153,807</b>	<b>-77,460</b>	<b>93,016</b>
<b>Minority interests</b>	<b>180,476</b>	<b>186,725</b>	<b>-6,249</b>	<b>174,428</b>
<b>Total net assets</b>	<b>1,114,135</b>	<b>1,119,879</b>	<b>-5,744</b>	<b>1,125,897</b>
<b>Total liabilities and net assets</b>	<b>4,041,454</b>	<b>3,787,849</b>	<b>+253,605</b>	<b>4,200,112</b>
<b>Cash and cash equivalents at end of period</b>	<b>568,245</b>	<b>243,411</b>	<b>+324,834</b>	<b>785,738</b>
<b>Ending balance of interest-bearing loans</b>	<b>1,032,828</b>	<b>854,109</b>	<b>+178,719</b>	<b>1,117,079</b>
<b>Ending balance of net interest-bearing loans*</b>	<b>464,583</b>	<b>610,698</b>	<b>-146,115</b>	<b>331,341</b>
<b>Owners' equity</b>	Y <b>933,659</b>	933,154	+505	<b>951,469</b>
<b>D/E ratio**</b>	<b>1.11</b>	0.92	+0.19	<b>1.17</b>
<b>Net D/E ratio***</b>	<b>0.50</b>	0.65	-0.15	<b>0.35</b>
<b>Shareholders' equity ratio</b>	<b>21.2%</b>	20.6%	+0.6%	<b>20.4%</b>
<b>Owners' equity ratio</b>	<b>23.1%</b>	24.6%	-1.5%	<b>22.7%</b>

### Notes:

- \* Balance of net interest-bearing loans is calculated by subtracting balance of cash and cash equivalents from interest-bearing loans. Previously, cash deposits were deducted from interest-bearing loans, but the calculation method was changed based on the revision of accounting guidelines. For comparison, figures for previous years are restated using the revised calculation method.
- \*\* D/E ratio is ending balance of interest-bearing loans/owners' equity.
- \*\*\* Net D/E ratio equals (ending balance of interest-bearing loans - cash and cash equivalents at end of period)/owners' equity.

## 8. Third-Quarter Consolidated Statements of Changes in Net Assets

(Million yen)

	<b>Shareholders' Equity</b>					<b>Valuation and Translation Adjustments</b>			<b>Total net assets</b>
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	<b>Total shareholders' equity</b>	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interests	
<b>Balance at September 30, 2007</b>	<b>Y</b> 324,625	249,041	285,509	(722)	<b>858,453</b>	118,919	(25,903)	174,428	<b>1,125,897</b>
<b>Increase (decrease) during the term:</b>									
Cash dividends			(6,207)		<b>(6,207)</b>				<b>(6,207)</b>
Net income			5,530		<b>5,530</b>				<b>5,530</b>
Purchase of treasury stock				(125)	<b>(125)</b>				<b>(125)</b>
Sales of treasury stock				18	<b>18</b>				<b>18</b>
Others			(357)		<b>(357)</b>				<b>(357)</b>
Net increase (decrease) during the term, except for items under shareholders' equity						(10,470)	(6,199)	6,048	<b>(10,621)</b>
<b>Total</b>	-	-	(1,034)	(107)	<b>(1,141)</b>	(10,470)	(6,199)	6,048	<b>(11,762)</b>
<b>Balance at December 31, 2007</b>	<b>Y</b> 324,625	249,041	284,475	(829)	<b>857,312</b>	108,449	(32,102)	180,476	<b>1,114,135</b>

## 9. Third-Quarter Consolidated Statements of Cash Flows

	Yen		
	(Millions)		
	3Q FY 2007	3Q FY 2006	Change
	<u>(10/1/07~12/31/07)</u>	<u>(10/1/06~12/31/06)</u>	<u>(Million Yen)</u>
<b>1. Cash flows from operating activities:</b>			
Income before income taxes and minority interests	Y 26,478	11,676	+14,802
Depreciation and amortization	67,065	69,838	-2,773
Increase (decrease) in provisions	62	(1,543)	+1,605
Equity in earnings of affiliates, net	(2,749)	(3,299)	+550
Disposal of non-current assets	2,078	2,113	-35
Gain on sales of investment securities, net	(2,495)	(5,337)	+2,842
Loss on revaluation of investment securities	19,888	-	+19,888
(Increase) decrease in receivables, trade	(68,462)	(66,921)	-1,541
(Increase) decrease in inventories	(42,469)	(26,730)	-15,739
Increase (decrease) in payables, trade	15,651	(36,404)	+52,055
Other, net	(46,943)	(23,185)	-23,758
<b>Net cash provided by (used in) operating activities</b>	<b>(31,896)</b>	<b>(79,792)</b>	<b>+47,896</b>
<b>2. Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(65,830)	(67,445)	+1,615
(Increase) decrease in investment securities	(6,057)	27,298	-33,355
Other, net	(12,833)	(12,777)	-56
<b>Net cash provided by (used in) investing activities</b>	<b>(84,720)</b>	<b>(52,924)</b>	<b>-31,796</b>
<b>1+2 [ Free Cash Flow ]</b>	<b>(116,616)</b>	<b>(132,716)</b>	<b>+16,100</b>
<b>3. Cash flows from financing activities:</b>			
Increase (decrease) in bonds, notes, short-term borrowings and long-term debt	(82,077)	(29,022)	-53,055
Dividends paid	(7,439)	(7,993)	+554
Other, net	(10,213)	(4,203)	-6,010
<b>Net cash provided by (used in) financing activities</b>	<b>(99,729)</b>	<b>(41,218)</b>	<b>-58,511</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,148)</b>	<b>1,792</b>	<b>-2,940</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>(217,493)</b>	<b>(172,142)</b>	<b>-45,351</b>
<b>6. Cash and cash equivalents at beginning of period</b>	<b>785,738</b>	<b>415,553</b>	<b>+370,185</b>
<b>8. Cash and cash equivalents at end of period</b>	<b>Y 568,245</b>	<b>243,411</b>	<b>+324,834</b>

## 10. Nine-Month Consolidated Statements of Operations (For nine months ended December 31)

	Yen			(For reference)
	(Millions)		Change (%)	FY 2006
	FY2007 (4/1/07~12/31/07)	FY2006 (4/1/06~12/31/06)		(4/1/06~3/31/07)
<b>Net sales</b>	Y <b>3,808,017</b>	3,559,940	+7.0	5,100,163
<b>Cost of sales</b>	<b>2,841,735</b>	2,651,516	+7.2	3,781,647
<b>Gross profit</b>	<b>966,282</b>	908,424	+6.4	1,318,516
<b>Selling, general and administrative expenses</b>	<b>875,687</b>	850,666	+2.9	1,136,428
<b>Operating income</b>	<b>90,595</b>	57,758	+56.9	182,088
<b>Other income:</b>				
Interest income	7,694	4,205		7,894
Dividend income	6,859	5,711		6,291
Equity in earnings of affiliates, net	5,112	1,661		6,996
Gain on foreign exchange, net	-	1,976		2,132
Gain on sales of investment securities*	14,101	7,612		77,337
Gain on change in interest**	2,074	2,136		2,136
Others	12,545	13,985		21,840
<b>Total other income</b>	<b>48,385</b>	37,286		124,626
<b>Other expenses:</b>				
Interest expense	16,105	13,422		18,429
Loss on foreign exchange, net	1,077	-		-
Loss on disposal of property, plant, and equipment and intangible assets	7,942	5,530		19,763
Amortization of unrecognized obligation for retirement benefits	-	2,419		3,146
Loss on revaluation of inventories***	25,045	-		-
Loss on revaluation of investment securities****	19,888	-		-
Impairment loss*****	289	-		9,991
Loss on sales of investment securities	-	2,275		2,275
Others	23,947	22,045		38,615
<b>Total other expenses</b>	<b>94,293</b>	45,691		92,219
<b>Income before income taxes and minority interests</b>	<b>44,687</b>	49,353	-9.5	214,495
<b>Income taxes</b>	<b>37,634</b>	21,854		96,243
<b>Minority interests</b>	<b>10,861</b>	11,490		15,837
<b>Net income (loss)</b>	Y <b>(3,808)</b>	16,009	-	102,415

### Notes:

- \* Gain on sales of investment securities refers principally to gain on sale of shares in affiliate Japan Cablenet Holdings Limited.
- \*\* Gain on change in interest refers to listing of a Chinese affiliate (Nantong Fujitsu Microelectronics Co., Ltd.).
- \*\*\* Loss on revaluation of inventories refers to write-downs on book value of inventories at the beginning of the period in conjunction with early adoption of new accounting standard for the valuation of inventories this fiscal year.
- \*\*\*\* Loss on revaluation of investment securities refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.
- \*\*\*\*\* Impairment loss refers to the electronic components business.

# 11. Nine-Month Consolidated Business Segment Information

## (For nine months ended December 31)

### a. Net Sales and Operating Income

	Yen			(For reference)
	(Millions)		Change (%)	
	FY2007 (4/1/07~12/31/07)	FY2006 (4/1/06~12/31/06)		
<b>Technology Solutions</b>				
Japan	Y 1,394,813	1,386,544	+0.6	2,087,728
Overseas	878,471	758,913	+15.8	1,069,312
<b>Total</b>	<b>2,273,284</b>	<b>2,145,457</b>	<b>+6.0</b>	<b>3,157,040</b>
<b>Operating income (loss):</b>				
System Platforms	(9,907)	(14,342)	-	7,501
[Operating income margin]	[-2.1%]	[-2.9%]		[1.1%]
Services	82,909	65,360	+26.8	156,107
[Operating income margin]	[4.6%]	[4.0%]		[6.4%]
<b>Total operating income</b>	<b>73,002</b>	<b>51,018</b>	<b>+43.1</b>	<b>163,608</b>
<b>[Operating income margin]</b>	<b>[3.2%]</b>	<b>[2.4%]</b>		<b>[5.2%]</b>
<b>Ubiquitous Product Solutions</b>				
Japan	556,227	496,730	+12.0	710,140
Overseas	324,344	305,322	+6.2	408,183
<b>Total</b>	<b>880,571</b>	<b>802,052</b>	<b>+9.8</b>	<b>1,118,323</b>
<b>Operating income</b>	<b>35,307</b>	<b>21,100</b>	<b>+67.3</b>	<b>41,650</b>
<b>[Operating income margin]</b>	<b>[4.0%]</b>	<b>[2.6%]</b>		<b>[3.7%]</b>
<b>Device Solutions</b>				
Japan	394,338	329,757	+19.6	457,039
Overseas	206,677	234,817	-12.0	305,636
<b>Total</b>	<b>601,015</b>	<b>564,574</b>	<b>+6.5</b>	<b>762,675</b>
<b>Operating income</b>	<b>15,591</b>	<b>16,536</b>	<b>-5.7</b>	<b>19,010</b>
<b>[Operating income margin]</b>	<b>[2.6%]</b>	<b>[2.9%]</b>		<b>[2.5%]</b>
<b>Other Operations</b>				
Japan	265,911	258,701	+2.8	349,950
Overseas	123,240	101,657	+21.2	140,427
<b>Total</b>	<b>389,151</b>	<b>360,358</b>	<b>+8.0</b>	<b>490,377</b>
<b>Operating income</b>	<b>10,350</b>	<b>7,864</b>	<b>+31.6</b>	<b>10,563</b>
<b>[Operating income margin]</b>	<b>[2.7%]</b>	<b>[2.2%]</b>		<b>[2.2%]</b>
<b>Elimination</b>				
Sales	(336,004)	(312,501)	-	(428,252)
Operating income	(43,655)	(38,760)	-	(52,743)
<b>Total</b>				
Japan	2,360,872	2,231,826	+5.8	3,274,908
Overseas	1,447,145	1,328,114	+9.0	1,825,255
<b>Total</b>	<b>3,808,017</b>	<b>3,559,940</b>	<b>+7.0</b>	<b>5,100,163</b>
<b>Operating income</b>	<b>90,595</b>	<b>57,758</b>	<b>+56.9</b>	<b>182,088</b>
<b>[Operating income margin]</b>	<b>[2.4%]</b>	<b>[1.6%]</b>		<b>[3.6%]</b>

Note:

Includes intersegment sales.

## b. Net Sales by Principal Products and Services

	Yen			(For reference)
	(Millions)			
	<b>FY2007</b>	FY2006	Change (%)	FY 2006
	<u>(4/1/07~12/31/07)</u>	<u>(4/1/06~12/31/06)</u>		<u>(4/1/06~3/31/07)</u>
<b>Technology Solutions</b>				
<b>System Platforms:</b>				
System Products	Y 241,826	232,464	+4.0	355,324
Network Products	231,524	258,711	-10.5	348,456
	<u>473,350</u>	<u>491,175</u>	-3.6	<u>703,780</u>
<b>Services:</b>				
Solutions / SI	872,984	737,374	+18.4	1,091,060
Infrastructure Services	887,769	808,001	+9.9	1,164,818
Others	39,181	108,907	-64.0	197,382
	<u>1,799,934</u>	<u>1,654,282</u>	+8.8	<u>2,453,260</u>
<b>Total</b>	<u><b>2,273,284</b></u>	<u>2,145,457</u>	+6.0	<u>3,157,040</u>
<b>Ubiquitous Product Solutions</b>				
PCs / Mobile Phones	617,932	540,425	+14.3	768,649
Hard Disk Drives	249,046	246,878	+0.9	329,835
Others	13,593	14,749	-7.8	19,839
<b>Total</b>	<u><b>880,571</b></u>	<u>802,052</u>	+9.8	<u>1,118,323</u>
<b>Device Solutions</b>				
LSI Devices	387,000	348,500	+11.0	473,500
Electronic Components, Others	214,015	216,074	-1.0	289,175
<b>Total</b>	Y <u><b>601,015</b></u>	<u>564,574</u>	+6.5	<u>762,675</u>

Note:

Net sales include intersegment sales.

In conjunction with organizational changes designed to enhance collaboration between sales and product development functions, beginning this fiscal year ATM and POS business results (which amounted to sales of about 74.0 billion yen in the nine months ended December 31, 2006), formerly recorded under the "Others" category in the Services sub-segment, are recorded in the Solutions / SI category, which includes financial and retail solutions.

## 12. Nine-Month Consolidated Geographic Segment Information (For nine months ended December 31)

### a. Net Sales and Operating Income

		Yen (Millions)			(For reference)
		FY2007	FY2006	Change (%)	FY 2006
		(4/1/07~12/31/07)	(4/1/06~12/31/06)		(4/1/06~3/31/07)
<b>Japan</b>	Sales	Y 2,976,987	2,835,661	+5.0	4,077,148
	Operating income	103,117	67,650	+52.4	191,864
	[Operating income margin]	[3.5%]	[2.4%]		[4.7%]
<b>EMEA</b>	Sales	585,813	524,007	+11.8	736,360
	Operating income	11,246	14,290	-21.3	24,131
	[Operating income margin]	[1.9%]	[2.7%]		[3.3%]
<b>The Americas</b>	Sales	351,319	319,016	+10.1	442,326
	Operating income	8,059	5,884	+37.0	8,465
	[Operating income margin]	[2.3%]	[1.8%]		[1.9%]
<b>APAC &amp; China</b>	Sales	641,926	599,221	+7.1	807,166
	Operating income	11,831	8,769	+34.9	11,680
	[Operating income margin]	[1.8%]	[1.5%]		[1.4%]
<b>Elimination</b>	Sales	(748,028)	(717,965)	-	(962,837)
	Operating income	(43,658)	(38,835)	-	(54,052)
<b>Total</b>	Sales	3,808,017	3,559,940	+7.0	5,100,163
	Operating income	Y 90,595	57,758	+56.9	182,088
	[Operating income margin]	[2.4%]	[1.6%]		[3.6%]

Note:

Includes intersegment sales.

### 13. Nine-Month Consolidated Balance Sheets (For nine months ended December 31)

	Yen (Millions)		Change (Million Yen)
	December 31	March 31	
	2007	2007	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents and short-term investments	Y 569,547	449,425	+120,122
Receivables, trade	997,780	1,054,048	-56,268
Inventories	472,024	412,387	+59,637
Other current assets	244,139	216,163	+27,976
<b>Total current assets</b>	<b>2,283,490</b>	<b>2,132,023</b>	<b>+151,467</b>
<b>Non-current assets:</b>			
Property, plant and equipment less accumulated depreciation	873,844	842,489	+31,355
Intangible assets	231,537	234,940	-3,403
Investments and long-term loans	652,583	734,272	-81,689
<b>Total non-current assets</b>	<b>1,757,964</b>	<b>1,811,701</b>	<b>-53,737</b>
<b>Total assets</b>	<b>4,041,454</b>	<b>3,943,724</b>	<b>+97,730</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Payables, trade	786,425	824,825	-38,400
Short-term borrowings and current portion of long-term debt	305,314	226,250	+79,064
Other current liabilities	680,866	756,490	-75,624
<b>Total current liabilities</b>	<b>1,772,605</b>	<b>1,807,565</b>	<b>-34,960</b>
<b>Long-term liabilities:</b>			
Long-term debt	727,514	519,567	+207,947
Other long-term liabilities	427,200	455,873	-28,673
<b>Total long-term liabilities</b>	<b>1,154,714</b>	<b>975,440</b>	<b>+179,274</b>
<b>Total liabilities</b>	<b>2,927,319</b>	<b>2,783,005</b>	<b>+144,314</b>
<b>Net assets</b>			
<b>Shareholders' equity:</b>			
Common stock	324,625	324,625	-
Capital surplus	249,041	498,029	-248,988
Retained earnings (deficit)	284,475	54,319	+230,156
Treasury stock	(829)	(1,969)	+1,140
<b>Total shareholders' equity</b>	<b>857,312</b>	<b>875,004</b>	<b>-17,692</b>
<b>Valuation and translation adjustments:</b>			
Valuation difference on available-for-sale securities	108,449	125,383	-16,934
Foreign currency translation adjustments	(32,102)	(30,865)	-1,237
<b>Total valuation       and translation adjustments</b>	<b>76,347</b>	<b>94,518</b>	<b>-18,171</b>
<b>Minority interests</b>	<b>180,476</b>	<b>191,197</b>	<b>-10,721</b>
<b>Total net assets</b>	<b>1,114,135</b>	<b>1,160,719</b>	<b>-46,584</b>
<b>Total liabilities and net assets</b>	<b>4,041,454</b>	<b>3,943,724</b>	<b>+97,730</b>
<b>Cash and cash equivalents at end of period</b>	<b>568,245</b>	<b>448,705</b>	<b>+119,540</b>
<b>Ending balance of interest-bearing loans</b>	<b>1,032,828</b>	<b>745,817</b>	<b>+287,011</b>
<b>Ending balance of net interest-bearing loans*</b>	<b>464,583</b>	<b>297,112</b>	<b>+167,471</b>
<b>Owners' equity</b>	Y <b>933,659</b>	<b>969,522</b>	<b>-35,863</b>
<b>D/E ratio**</b>	<b>1.11</b>	<b>0.77</b>	<b>+0.34</b>
<b>Net D/E ratio***</b>	<b>0.50</b>	<b>0.31</b>	<b>+0.19</b>
<b>Shareholders' equity ratio</b>	<b>21.2%</b>	<b>22.2%</b>	<b>-1.0%</b>
<b>Owners' equity ratio</b>	<b>23.1%</b>	<b>24.6%</b>	<b>-1.5%</b>

Notes:

- \* Balance of net interest-bearing loans is calculated by subtracting balance of cash and cash equivalents from interest-bearing loans. Previously, cash deposits were deducted from interest-bearing loans, but the calculation method was changed based on the revision of accounting guidelines. For comparison, figures for previous years are restated using the revised calculation method.
- \*\* D/E ratio is ending balance of interest-bearing loans/owners' equity.
- \*\*\* Net D/E ratio equals (ending balance of interest-bearing loans - cash and cash equivalents at end of period)/owners' equity.



## 14. Nine-Month Consolidated Statements of Changes in Net Assets (For nine months ended December 31)

(Million yen)

	Shareholders' Equity					Valuation and Translation Adjustments			Total net assets
	Common stock	Capital surplus	Retained earnings (Deficit)	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interests	
<b>Balance at March 31, 2007</b>	Y 324,625	498,029	54,319	(1,969)	<b>875,004</b>	125,383	(30,865)	191,197	<b>1,160,719</b>
<b>Increase (decrease) during the term:</b>									
Transfer of capital surplus to retained earnings*		(240,464)	240,464		-				-
Cash dividends		(6,201)	(6,207)		<b>(12,408)</b>				<b>(12,408)</b>
Net income (loss)			(3,808)		<b>(3,808)</b>				<b>(3,808)</b>
Purchase of treasury stock**				(27,161)	<b>(27,161)</b>				<b>(27,161)</b>
Sales of treasury stock***		(2,323)		28,301	<b>25,978</b>				<b>25,978</b>
Others			(293)		<b>(293)</b>				<b>(293)</b>
Net increase (decrease) during the term, except for items under shareholders' equity						(16,934)	(1,237)	(10,721)	<b>(28,892)</b>
<b>Total</b>	-	(248,988)	230,156	1,140	<b>(17,692)</b>	(16,934)	(1,237)	(10,721)	<b>(46,584)</b>
<b>Balance at December 31, 2007</b>	Y 324,625	249,041	284,475	(829)	<b>857,312</b>	108,449	(32,102)	180,476	<b>1,114,135</b>

Note:

- \* Transfer of capital surplus to retained earnings is an appropriation from the Company's other capital surplus for the elimination of the Company's accumulated deficit recorded in its unconsolidated retained earnings, as resolved by the Board of Directors on May 24, 2007.
- \*\* Purchase of treasury stock represents stock purchases made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc.\*\*\*\* and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by distributing shares of Fujitsu Limited in exchange for shares in the subsidiaries.
- \*\*\* Sales of treasury stock represents stock sales made to convert subsidiaries Fujitsu Access Limited, Fujitsu Devices Inc.\*\*\*\* and Fujitsu Wireless Systems Limited into wholly owned subsidiaries by exchanging shares with the subsidiaries' shareholders.
- \*\*\*\* Fujitsu Devices Inc. changed its corporate name to Fujitsu Electronics Inc. in October 2007.

## 15. Nine-Month Consolidated Statements of Cash Flows (For nine months ended December 31)

	Yen			(For reference)
	(Millions)		Change (Million Yen)	FY 2006
	FY2007 (4/1/07~12/31/07)	FY2006 (4/1/06~12/31/06)		(4/1/06~3/31/07)
<b>1. Cash flows from operating activities:</b>				
Income before income taxes and minority interests	Y 44,687	49,353	-4,666	214,495
Depreciation and amortization	201,695	195,098	+6,597	278,784
Impairment loss	289	-	+289	9,991
Increase (decrease) in provisions	(10,994)	(14,468)	+3,474	(20,686)
Equity in earnings of affiliates, net	(5,112)	(1,661)	-3,451	(6,996)
Disposal of non-current assets	10,779	8,198	+2,581	27,879
Gain on sales of investment securities, net	(14,101)	(5,337)	-8,764	(75,062)
Loss on revaluation of inventories	25,045	-	+25,045	-
Loss on revaluation of investment securities	19,888	-	+19,888	-
(Increase) decrease in receivables, trade	43,484	43,136	+348	(116,659)
(Increase) decrease in inventories	(88,047)	(81,849)	-6,198	(7,445)
Increase (decrease) in payables, trade	(34,832)	(53,121)	+18,289	49,263
Other, net	(72,629)	(35,058)	-37,571	55,201
<b>Net cash provided by (used in) operating activities</b>	<b>120,152</b>	<b>104,291</b>	<b>+15,861</b>	<b>408,765</b>
<b>2. Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(210,787)	(194,606)	-16,181	(258,631)
(Increase) decrease in investment securities	25,542	30,643	-5,101	94,308
Other, net	(31,436)	(7,992)	-23,444	13,240
<b>Net cash provided by (used in) investing activities</b>	<b>(216,681)</b>	<b>(171,955)</b>	<b>-44,726</b>	<b>(151,083)</b>
<b>1+2 [ Free Cash Flow ]</b>	<b>(96,529)</b>	<b>(67,664)</b>	<b>-28,865</b>	<b>257,682</b>
<b>3. Cash flows from financing activities:</b>				
Increase (decrease) in bonds, notes, short-term borrowings and long-term debt	289,167	(76,587)	+365,754	(186,778)
Dividends paid	(15,777)	(16,572)	+795	(16,572)
Other, net	(57,885)	(21,599)	-36,286	(31,603)
<b>Net cash provided by (used in) financing activities</b>	<b>215,505</b>	<b>(114,758)</b>	<b>+330,263</b>	<b>(234,953)</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>564</b>	<b>4,281</b>	<b>-3,717</b>	<b>4,424</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>119,540</b>	<b>(178,141)</b>	<b>+297,681</b>	<b>27,153</b>
<b>6. Cash and cash equivalents at beginning of period</b>	<b>448,705</b>	<b>420,894</b>	<b>+27,811</b>	<b>420,894</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiaries</b>	<b>-</b>	<b>658</b>	<b>-658</b>	<b>658</b>
<b>8. Cash and cash equivalents at end of period</b>	<b>Y 568,245</b>	<b>243,411</b>	<b>+324,834</b>	<b>448,705</b>

## Part II. Explanation of Financial Results

### 1. Overview of FY 2007 Third-Quarter Consolidated Financial Results

#### Business Environment

During the third quarter of fiscal 2007 (October 1 – December 31, 2007), the business environment in which the Fujitsu Group operated was characterized by a continuation of firm economic trends. Despite rising concern that the US economy is slowing, battered by higher oil prices and instability in the financial market stemming from the sub-prime mortgage crisis, and growing uncertainty regarding the European economy, strong growth in Asia—particularly China and India—bolstered the global economy. In Japan, too, despite signs of weakness resulting from soaring prices for raw materials, higher currency risk, and sluggish consumer demand, overall trends were solid, led by a continuing moderate recovery in the corporate sector, which is expanding exports to rapidly growing emerging markets.

With respect to IT investment, while such factors as the economic downturn in the U.S. were cause for concern, corporations continued to post stronger earnings and improve their balance sheets, and they continued to make capital investments aimed at expanding their global operations. On the whole, therefore, IT investment has remained solid.

Fujitsu is moving ahead with Group-wide structural reforms which include integrating our manufacturing and sales operations to create a customer-centric organization and changing our business structure to enable timely response to customer needs. We will aim to provide comprehensive value-added offerings from the Fujitsu Group as a whole to ensure customers view us as “One Fujitsu.” Going forward, we aim to contribute to the creation of a prosperous and dynamic networking world, thereby increasing the trust placed in us by our customers and society as a whole.

#### Third-Quarter Summary

	Third Quarter FY 2006 10/1/06-12/31/06	Third Quarter FY 2007 10/1/07-12/31/07	Change	Change Since November Announcement	(Billion Yen) For Reference	
					Third Quarter FY 2007 Breakdown	
					Impact of change in accounting policies	Excluding impact of change in accounting policies
Net Sales [% change vs. same period in prior fiscal year]	1,197.6 [6.8%]	1,294.9 [8.1%]	97.2	-5.0	-1.2	1,296.2 [8.2%]
Operating Income [Operating Income Margin]	7.1 [0.6%]	46.6 [3.6%]	39.5 [3.0%]	26.6 [2.1%]	-0.3	47.0 [3.6%]
Net Income	1.1	5.5	4.3		1.0	4.4

## Nine-Month Cumulative Summary

	First 9 Months FY 2006 4/1/06-12/31/06	<b>First 9 Months FY 2007 4/1/07-12/31/07</b>	Change
Net Sales [% change vs. same period in prior fiscal year]	3,559.9 [7.4%]	3,808.0 [7.0%]	248.0
Operating Income [Operating Income Margin]	57.7 [1.6%]	90.5 [2.4%]	32.8 [0.8%]
Net Income	16.0	-3.8	-19.8

(Billion Yen)

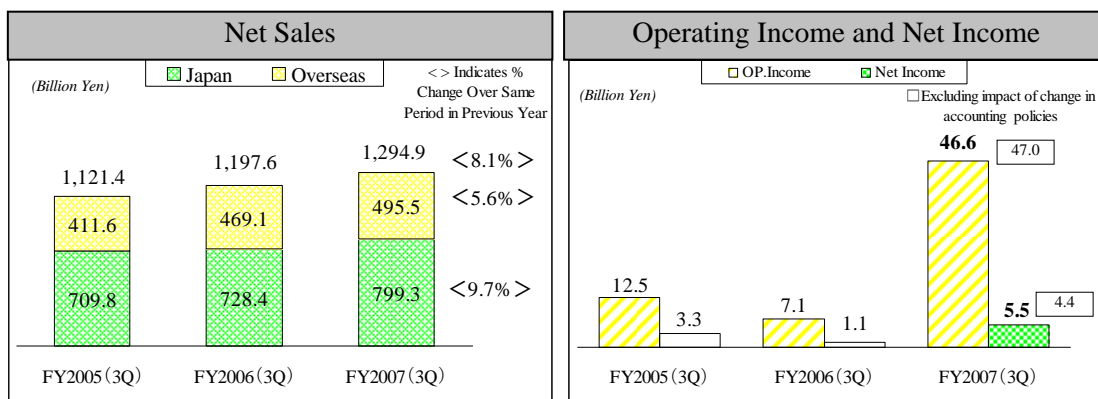
For Reference

First 9 Months FY 2007 Breakdown	
Impact of change in accounting policies	Excluding impact of change in accounting policies
-5.5	3,813.5 [7.1%]
-3.6	94.2 [2.5%]
-15.9	12.1

## 2. FY 2007 Third-Quarter Financial Results

Note: In these explanatory materials, the yen figures for net sales, operating income, net income, and other figures are converted into US\$ amounts for reference purposes, at a rate of \$1 = 112 yen, the approximate Tokyo foreign exchange market rate on December 31, 2007.

### Profit and Loss



Consolidated net sales for the third quarter were 1,294.9 billion yen (US\$11,562 million), an increase of 8.1% compared to the third quarter of fiscal 2006. Sales increased in each of our business segments, with exceptionally strong performance in the Services sub-segment of our Technology Solutions segment. It was the Group's best third-quarter performance since it began quarterly announcements in fiscal 2001.

Sales in Japan increased by 9.7%. Domestic sales of mobile phone base stations and standard technology logic products were sluggish, but sales in our Services business increased as a result of higher demand for systems integration, outsourcing and other services, primarily in the financial services sector. Sales of PCs and 90nm advanced logic devices also increased.

Sales outside of Japan increased by 5.6%. Sales in the Services sub-segment increased as a result of the acquisition in last fiscal year's fourth quarter of Germany's TDS AG, which provides IT services in Europe, and continued growth in existing business. Sales of UNIX servers and PCs also increased. Currency movements positively affected results for the first half of fiscal 2007, but third quarter sales results alone were not significantly affected.

Consolidated operating income was 46.6 billion yen (US\$417 million), an increase of 39.5 billion yen over the same period in fiscal 2006. Operating income increased in each business segment, and the operating income margin reached 3.6%, a record for the third quarter. Gross income rose by 41.5 billion yen compared to the previous year, boosted by higher operating leverage, primarily in the Services sub-sector, and cost-cutting measures in areas such as PCs and servers. The gross margin rose by 1.4 percentage points, reaching 25.7%. Selling, general, and administrative expenses were essentially unchanged, as higher acquisition-related expenses were offset by cost efficiencies, primarily in system products. For the first nine months of fiscal 2007, operating income was 90.5 billion yen (US\$809 million), an increase of 32.8 billion yen over the first nine months of fiscal 2006.

In other income and expenses, we posted a foreign exchange loss resulting from the appreciation of the yen. In addition, although we posted a gain of 2.4 billion yen from the sale of shares in affiliates, we posted a revaluation loss of 19.8 billion yen primarily as a result of the

steep decline in the market value of shareholdings in Spansion Inc.\* of the U.S.

Consolidated net income for the third quarter of fiscal 2007 was 5.5 billion yen (US\$49 million), an increase of 4.3 billion yen over last year's third quarter.

\*Spansion Inc., whose shares are listed on NASDAQ, supplies Flash memory products sold by the Fujitsu Group. As of December 31, 2007, Fujitsu had an approximately 14% ownership share in the company.

***Comparison with Projections Announced in November 2007***

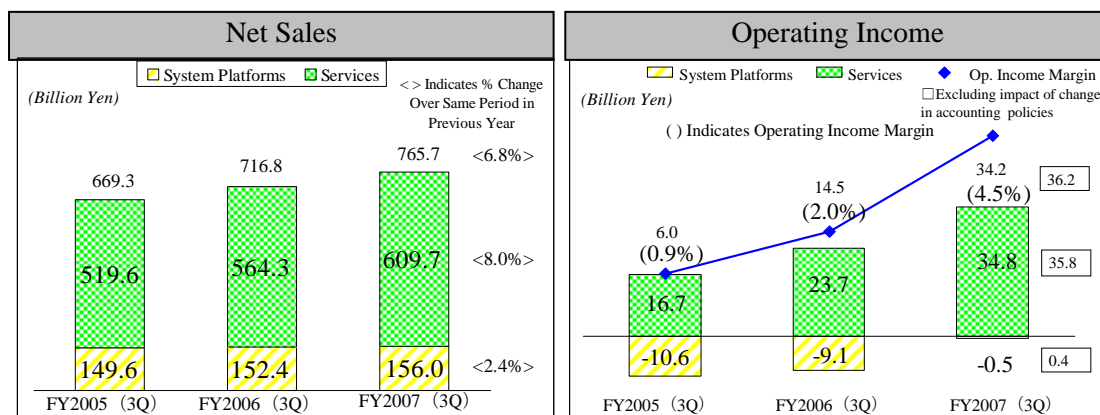
Consolidated net sales were in line with projections, with lower-than-anticipated sales of HDDs offset by higher-than-anticipated sales of PCs and systems integration services.

Operating income exceeded our November projections by 26.6 billion yen. Cost efficiencies in server-related areas and higher operating leverage in our Services sub-segment led to improved income in Technologies Solutions. Ubiquitous Product Solutions income was above projections due to higher operating leverage as well as reductions in component costs for PCs.

### 3. Results by Business Segment

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

#### Technology Solutions



	Third Quarter FY 2007	% Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	% Change from First 9 Months FY 2006
Net Sales	765.7	6.8%	2,273.2	6.0%
Japan	467.4	5.4%	1,394.8	0.6%
Overseas	298.3	9.2%	878.4	15.8%

	Third Quarter FY 2007	Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	Change from First 9 Months FY 2006
Op. Income	34.2	19.6	73.0	21.9

Third-quarter consolidated net sales in this segment were 765.7 billion yen (US\$6,837 million), up 6.8% over last year's third quarter. Sales in Japan rose by 5.4% on continued strength in our Services business, which outweighed lower sales of mobile phone base stations. Sales outside of Japan rose 9.2%. The Services business continued to grow outside Japan through acquisitions and continued strength in existing business. Sales of UNIX servers also increased.

Operating income for the segment was 34.2 billion yen (US\$306 million), an increase of 19.6 billion over the same period last year. Excluding the impact of accounting policy changes, operating income was 36.2 billion yen, an increase of 21.6 billion over the prior year. Despite the weight of upfront strategic investments for mobile phone base stations and for optical transmission systems in the UK, operating income in the segment increased because of higher operating leverage as well as cost efficiencies in our server business. For the first nine months of fiscal 2007, operating income was 73.0 billion yen (US\$652 million), an increase of 21.9 billion yen over the previous year's period.

## (1) System Platforms

			(Billion Yen)	
	Third Quarter FY 2007	% Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	% Change from First 9 Months FY 2006
Net Sales	156.0	2.4%	473.3	-3.6%
Japan	101.9	-2.0%	300.9	-11.9%
Overseas	54.0	11.7%	172.4	15.3%
<hr/>				
	Third Quarter FY 2007	Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	Change from First 9 Months FY 2006
Op. Income	-0.5	8.6	-9.9	4.4

Net sales in the System Platforms sub-segment were 156.0 billion yen (US\$1,393 million), an increase of 2.4% compared to the same period last year. In Japan, sales declined by 2.0% as a result of weak demand for mobile phone base stations. Sales outside of Japan enjoyed double-digit growth, up 11.7% due to higher sales of our new SPARC Enterprise models, which are co-developed with Sun Microsystems, Inc., and other products.

The sub-segment posted a third-quarter operating loss of 0.5 billion yen (US\$5 million), which still represented an improvement of 8.6 billion yen over last year's third quarter. Excluding the impact of accounting policy changes, operating income was 0.4 billion yen. Despite the weight of upfront strategic investments in mobile base station equipment and optical transmission systems for next-generation networks, the combination of higher operating leverage and greater cost efficiencies in the server and related businesses contributed to the increase in income. For the first nine months of fiscal 2007, the operating loss was 9.9 billion yen (US\$88 million), an improvement of 4.4 billion yen compared to the same period in fiscal 2006.

With respect to the mainframe computers that run major social infrastructure systems and other mission-critical systems, in November we reorganized our mainframe software development and maintenance divisions into a new company in order to provide customers with stable, long-term support. By properly positioning ourselves in relation to our customers and the market with fast and agile management, the Fujitsu Group aims to deliver business solutions that meet the sophisticated needs of our customers.

## (2) Services

			(Billion Yen)	
	Third Quarter FY 2007	% Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	% Change from First 9 Months FY 2006
Net Sales	609.7	8.0%	1,799.9	8.8%
Japan	365.4	7.6%	1,093.8	4.7%
Overseas	244.2	8.7%	706.0	15.9%
<hr/>				
	Third Quarter FY 2007	Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	Change from First 9 Months FY 2006
Op. Income	34.8	11.0	82.9	17.5

Net sales in the Services sub-segment were 609.7 billion yen (US\$5,444 million), up 8.0% from the same period last year. In Japan, sales increased by 7.6%, led by growth in sales of systems integration services, primarily to the financial services sector, and outsourcing services. Sales outside of Japan rose 8.7%, as our existing business, especially in Europe, remained solid and our business capabilities increased with the acquisition in the fourth quarter of last fiscal year of Germany's TDS AG, which provides IT services in Europe.

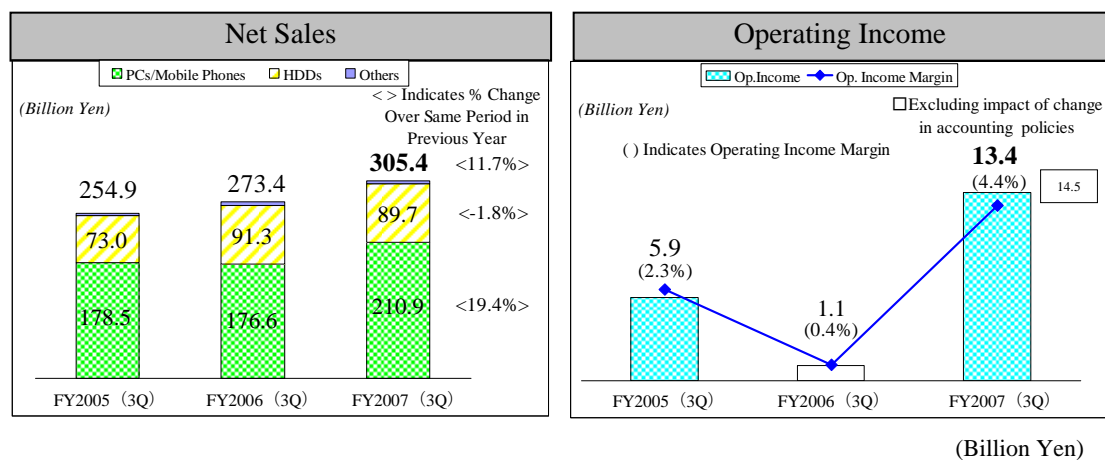


Operating income for the Services sub-segment was 34.8 billion yen (US\$311 million), an increase of 11.0 billion yen over the same period a year previous. Although selling, general, and administrative expenses increased as a result of new acquisitions to expand our overseas services business, operating income in the sub-segment rose primarily as a result of higher operating leverage both inside and outside of Japan. For the first nine months of fiscal 2007, operating income was 82.9 billion yen (US\$740 million), an increase of 17.5 billion yen over the same period last year.

To promote our vision of Field Innovation, in October we began to train and cultivate “field innovators” among our management-level employees in order to strengthen and expand relations with our customers’ management and operations divisions. In addition, we are strengthening various visualization technologies. Finally, using in-house implementation as a basis for business development, we are focusing on the development of business solutions, including those for business continuity management and to support compliance with Japan’s version of the Sarbanes-Oxley Act.

In October, we acquired a company that provides infrastructure services in Oceania and also a Canadian company that provides business process optimization services. These transactions were followed in November with our acquisition via public tender offer of Mandator AB, a Swedish company which provides application and other IT services in Scandinavia. 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 established and began operation of our Fujitsu Tokyo No. 2 Systems Center to respond to customer needs for urban data centers within easy commuting distance. To meet customer needs, we will continue to strengthen our global services delivery structure.

## Ubiquitous Product Solutions



	Third Quarter FY 2007	% Change from Third Quarter FY 2006
Net Sales	305.4	11.7%
Japan	189.1	17.0%
Overseas	116.3	4.1%

	Total from First 9 Months FY 2007	% Change from First 9 Months FY 2006
	880.5	9.8%
	556.2	12.0%
	324.3	6.2%

	Third Quarter FY 2007	Change from Third Quarter FY 2006
Op. Income	13.4	12.3

	Total from First 9 Months FY 2007	Change from First 9 Months FY 2006
	35.3	14.2

Net sales in the Ubiquitous Product Solutions segment were 305.4 billion yen (US\$2,728 million), an increase of 11.7% over the same period last year. Sales in Japan posted double-digit growth, rising by 17.0% on higher sales of PCs, which rebounded from the third quarter of last year, when customers were reluctant to buy new PCs prior to the release of the new Windows Vista operating system. Sales outside of Japan increased by 4.1% on higher sales of notebook PCs, primarily in Asia. Unit sales of HDDs set a new record high on a quarterly basis, but the value of sales was flat as a result of unit price declines and currency translation adjustments.

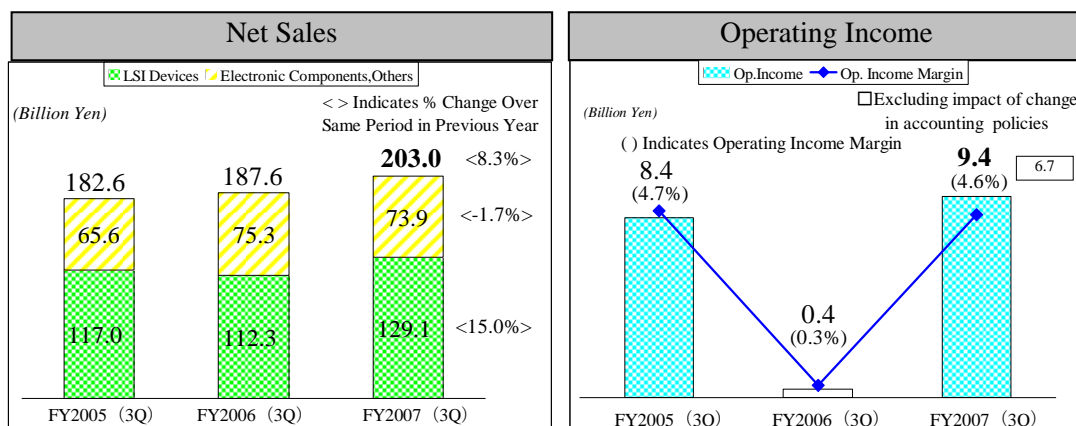
Operating income for the Ubiquitous Product Solutions segment was 13.4 billion yen (US\$121 million), an increase of 12.3 billion yen over the third quarter of fiscal 2006. Profitability in our PC business rose because of higher operating leverage and lower component costs. Our HDD business returned to profitability for the first time in three quarters as price declines for HDDs for notebooks leveled off and a new perpendicular magnetic recording HDD model was launched. For the first nine months of fiscal 2007, operating income was 35.3 billion yen (US\$316 million), an increase of 14.2 billion yen over the same period in the prior year.

With respect to the severe price declines in HDDs for notebook PCs, although we see the market stabilizing because of higher demand for notebook PCs, competition remains severe. In the fourth quarter we will launch a new 320GB model, which will be among the highest-capacity 2.5-inch drives in the industry. We plan to continue to increase our competitiveness in HDDs by pursuing further cost reductions and by launching a steady stream of new products.

Last October, as part of the reorganization of our mobile phone business group, we decided to consolidate Fujitsu Limited's mobile phone production management division and customer service center with the manufacturing and maintenance divisions of Fujitsu Wireless Systems Limited and other subsidiaries, reorganizing these operations into a new subsidiary established in January 2008. By strengthening the Fujitsu Group's mobile phone production and

maintenance organization, we aim to become more responsive to customer needs and enhance our customer service.

## Device Solutions



	Third Quarter FY 2007	% Change from Third Quarter FY 2006	Total from First 9 Months FY 2007	% Change from First 9 Months FY 2006
Net Sales	203.0	8.3%	601.0	6.5%
Japan	132.9	16.6%	394.3	19.6%
Overseas	70.1	-4.6%	206.6	-12.0%
Op. Income	9.4	8.9	15.5	-0.9

Net sales of Device Solutions were 203.0 billion yen (US\$1,813 million), an increase of 8.3% compared to the third quarter of fiscal 2006. Sales in Japan increased by double digits, rising 16.6%. Sales of standard technology logic devices were sluggish, but sales of 90nm advanced logic devices, primarily for digital home appliances, increased. 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 4.6%. Although sales of logic products rose, sales of Flash memory declined because of lower billings at overseas sales subsidiaries, reflecting the realignment of the sales organization for Flash memory products.

Operating income for the Device Solutions segment was 9.4 billion yen (US\$84 million), an increase of 8.9 billion yen over the same period last year. Excluding the impact of accounting policy changes, operating income was 6.7 billion yen, an increase of 6.3 billion yen compared to last year. Operating income in the LSI device business increased as a result of higher operating leverage in advanced logic devices, but income from electronic components was adversely affected by intensified price competition and higher upfront investments. For the first nine months of fiscal 2007, operating income was 15.5 billion yen (US\$139 million), roughly on par with the same period last year.

In October, to strengthen our integrated production and sales business structure, we changed the trade name of Fujitsu Devices Inc. to Fujitsu Electronics Inc. and consolidated our sales division into the company, thereby integrating our sales organization for electronic devices under one roof. Earlier this month we announced our decision to integrate the development and mass-production prototyping for advanced process technology for 90nm-generation and beyond at our

Mie Plant. We have also announced our decision to reorganize our LSI business divisions into a new subsidiary by the end of March 2008.

Through these organizational reforms, we aim to enhance our speed and flexibility in the LSI device industry, further accelerating the development of our business focused on the ASSP (\*1) market. At the same time, in both the MCU (\*2) and analog businesses, where we are strengthening our global position, and the ASIC and COT (\*3) businesses, where we have always been strong, we aim to deliver high value-added products to our customers in order to contribute to enhancing their competitiveness.

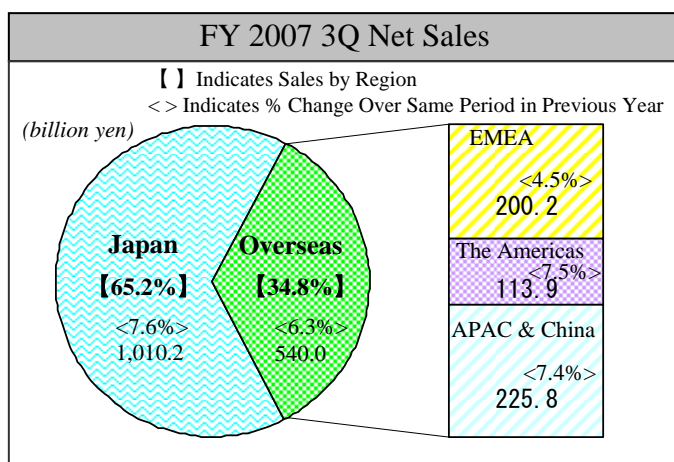
\*1 ASSP: Application Specific Standard Product.

\*2 MCU: Micro Controller Unit. An LSI device in which CPU, RAM, ROM, and I/O interface are all integrated.

\*3 ASIC: Application Specific IC.

\*4 COT: Customer Owned Tooling. Contract production of LSI devices designed and developed by the customer.

## 4. Results by Geographic Segment



In Japan, third-quarter net sales were 1,010.2 billion yen (US\$9,021 million), a 7.6% increase compared to the same period in the prior fiscal year. Although there was a decrease in sales of mobile phone base stations and other products, higher sales of services, PCs, mobile phones, and advanced technology logic products resulted in increased sales in Japan. Operating income in Japan for the quarter was 46.5 billion yen (US\$416 million), an increase of 34.2 billion yen.

Increased sales as well as efforts to reduce costs and generate greater cost efficiencies in such product areas as PCs and servers contributed to the overall increase in operating income.

Net sales increased in all three geographic segments outside of Japan, rising 6.3% compared to the third quarter of last year. In addition to continued strong performance in existing business, services sales were also boosted as a result of the acquisition of TDS AG in Germany in the fourth quarter of last year. The operating leverage of higher sales resulted in a 7.3 billion yen increase in operating income outside Japan.

### Operating Income

	Third Quarter FY 2007	Change from 3Q FY 2006	(Billion Yen)	
			Total from First 9 Months of FY 2007	Change from First 9 Months of FY 2006
Japan	46.5 (4.6%)	34.2 (3.3%)	103.1 (3.5%)	35.4 (1.1%)
Overseas	14.6 (2.7%)	7.3 (1.3%)	31.1 (2.0%)	2.1 (-)
EMEA	6.6 (3.3%)	1.6 (0.7%)	11.2 (1.9%)	-3.0 (-0.8%)
The Americas	3.0 (2.7%)	2.5 (2.2%)	8.0 (2.3%)	2.1 (0.5%)
APAC & China	4.8 (2.2%)	3.1 (1.4%)	11.8 (1.8%)	3.0 (0.3%)

() indicates operating income margin

EMEA net sales were 200.2 billion yen (US\$1,788 million), a 4.5% increase over the same quarter of fiscal 2006. Sales were boosted by growth in the Services business as a result of acquisitions in Germany and Scandinavia. Operating income was 6.6 billion yen (US\$59 million), an increase of 1.6 billion yen compared to the same period in the prior fiscal year. Results were adversely affected by acquisition-related expenses in the Services business and R&D costs related to optical transmission systems being developed for next-generation networks. Overall, however, the operating leverage of higher sales contributed to an increase in EMEA operating income.

Net sales in the Americas segment were 113.9 billion yen (US\$1,017 million), a 7.5% increase over the same quarter of fiscal 2006. Higher sales of optical transmission systems, HDDs, and other products contributed to the overall increase in sales. Operating income was 3.0 billion yen (US\$27 million), an increase of 2.5 billion yen over the same quarter in fiscal 2006. Higher overall sales along with streamlining in the retail solutions business contributed to the increased profitability.

In the APAC & China segment, net sales were up 7.4% over the same period of the prior fiscal year, to 225.8 billion yen (US\$2,016 million). There were higher sales in Services as a result of the impact of acquisitions made in Oceania, as well as increased sales of PCs and LSI logic devices. Operating income for APAC & China was 4.8 billion yen (US\$44 million), an increase of 3.1 billion yen over the same period in the previous year, primarily due to the operating leverage of higher sales.

As part of our efforts to expand our global services delivery capability, we acquired IT services providers in Oceania and Canada in October. In addition, in November we acquired a Scandinavian IT services provider.

## **5. Changes in Accounting Policies in the Current Consolidated Reporting Period**

From the first quarter of the current fiscal year, the Fujitsu Group has implemented the following accounting policy changes:

### **1. Change in Accounting Standards for Measurement of Inventories**

We have implemented early adoption of the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan Statement No. 9, issued July 5, 2006).

### **2. Change in the Method of Depreciation for Property, Plant and Equipment and Revisions to Useful Life and Residual Values**

- Adopted, on the whole, straight-line depreciation over the useful life of the asset.
- Changed estimated useful life to reflect the likely period over which the value of the asset can be realized under actual business conditions.
- Changed residual value to reflect actual value (deemed, as a general principle, to be zero).

### **3. Accounting Standards for Lease Transactions**

We have implemented early adoption of the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan Statement No. 13, issued June 17, 1993 [Business Accounting Council, the 1<sup>st</sup> Committee] and revised March 30, 2007) and Implementation Guidance on Accounting Standards for Lease Transactions (Accounting Standards Board of Japan Implementation Guidance No. 16, issued January 18, 1994 [Japanese Institute of Certified Public Accountants, Accounting System Committee] and revised March 30, 2007).

Note: With regard to finance leases for which there is no reasonable certainty that the lessee will obtain ownership, we had already adopted the practice of treating them under a similar rule for depreciable assets in our consolidated financial statements, so there is no impact on consolidated results. The impact on unconsolidated results is immaterial.

### **4. Change in Classification of Amortization of Unrecognized Obligation for Retirement Benefits**

We previously treated this as other expenses, but now include it in cost of sales or as selling, general, and administrative expenses.

### **5. Change in the Basis of Revenue Recognition**

We previously recorded sales of personal computers, peripheral equipment and electronic devices at the time of shipment, but now record these sales at the time of customer receipt.

## Impact of Accounting Policy Changes

(Billion Yen)

	Third Quarter (Actual)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other	First 9 Months (Actual)	(Billion Yen)			
						Full Year (Forecast)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other
Operating Income	-0.3	-	2.3	-2.5	-3.6	5.0	-2.0	14.0	-7.0
Loss on Revaluation of Inventories	-	-	-	-	-25.0	-25.0	-25.0	-	-
Net Income	1.0	-	1.5	-0.4	-15.9	-11.0	-19.0	8.0	-

### Impact on Operating Income by Segment

	Third Quarter (Actual)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other	First 9 Months (Actual)	Full Year (Forecast)	Inventory Measurement Standard	Depreciation Method	Retirement Benefit Amortization and Other
Technology Solutions	-1.9	-0.2	-	-1.6	-6.7	-6.0	-1.0	1.0	-6.0
System Platforms	-0.9	-0.2	-0.1	-0.4	-2.2	-	-	-	-
Services	-1.0	-	0.1	-1.1	-4.5	-6.0	-1.0	1.0	-6.0
Ubiquitous Product Solutions	-1.0	0.1	-0.4	-0.7	-1.9	-	-	-	-
Device Solutions	2.6	-0.1	2.9	-0.1	5.9	11.0	-1.0	13.0	-1.0



## 6. Financial Condition

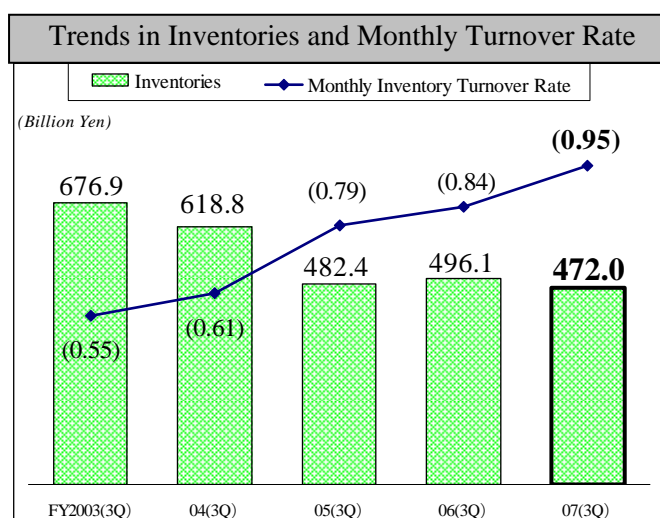
### Assets, Liabilities, and Net Assets

(Billion Yen)

	Third Quarter FY 2007	Change from Third Quarter FY 2006	First Half FY 2007	Change from First Half FY 2006
Total assets	4,041.4	253.6	4,200.1	-158.6
[Inventories]	[472.0]	[-24.1]	[431.9]	[40.1]
Interest-bearing loans	1,032.8	178.7	1,117.0	-84.2
[Net interest-bearing loans]	[464.5]	[-146.1]	[331.3]	[133.2]
Net assets	1,114.1	-5.7	1,125.8	-11.7
[Capital surplus]	[249.0]	[-248.9]	[249.0]	[-]
[Retained earnings]	[284.4]	[325.9]	[285.5]	[-1.0]
D/E ratio	1.11	0.19	1.17	-0.06
[Net D/E ratio]	[0.50]	[-0.15]	[0.35]	[0.15]

Total assets at the end of the third quarter were 4,041.4 billion yen (US\$36,084 million), an increase of 253.6 billion yen compared to the same period in fiscal 2006, primarily resulting from an increase in current assets. The increase in current assets reflected a larger cash position and holdings of investment securities resulting from the issuance of convertible bonds in August to redeem convertible bonds maturing in 2009. In addition, there was an increase in trade receivables associated with the higher level of sales. Inventories stood at 472.0 billion yen, a reduction of 24.1 billion yen compared to the end of the same period in the preceding fiscal year. The monthly inventory turnover ratio, which is an indication of asset efficiency, improved by 0.11 to 0.95 times. In non-current assets, the value of holdings of investment securities decreased as a result of a decline in market prices and sales of shares in Fanuc Ltd. during the fourth quarter of the last fiscal year.

Total liabilities were 2,927.3 billion yen (US\$26,137 million), an increase of 259.3 billion yen over the end of the same period of the prior fiscal year, mainly as a result of an increase in interest-bearing debt. The balance of interest-bearing debt totaled 1,032.8 billion yen at the end of the third quarter, and the D/E ratio was 1.11 times. The net balance of interest-bearing debt at the end of the quarter after deducting the balance of cash and cash-equivalents, however, was 464.5 billion yen and the net D/E ratio was 0.50 times.



Net assets were 1,114.1 billion yen (US\$9,947 million), about the same level as at the end of the same quarter in fiscal 2006. Shareholders' equity increased, but valuation and translation adjustments decreased due to the impact of lower share prices of listed securities and other factors. In accordance with a resolution by the Board of Directors, capital surplus of 240.4 billion yen has been transferred from "other capital surplus" to "other retained earnings."

## Summary of Cash Flows

(Billion Yen)

	Third Quarter FY 2007	Change from Third Quarter FY 2006	Total from First 9 Months of FY 2007	Change from First 9 Months of FY 2006	<i>Change excluding impact of settlement dates falling on non- trading days</i>
Cash flows from operating activities	-31.8	47.8	120.1	15.8	73.6
Cash flows from investing activities	-84.7	-31.7	-216.6	-44.7	-14.0
Free cash flow	-116.6	16.1	-96.5	-28.8	59.6
Cash flows from financing activities	-99.7	-58.5	215.5	330.2	

Net cash used in operating activities during the third quarter was 31.8 billion yen (US\$285 million), primarily as a result of higher inventories in anticipation of higher sales in the fourth quarter. Compared to the same period in fiscal 2006, this represents an increase in cash flow of 47.8 billion yen due primarily to the increase in operating income.

Net cash used in investing activities was 84.7 billion yen (US\$756 million), primarily relating to capital expenditures. Although the level of capital expenditures was roughly equivalent to spending in the same period last year, in last year's third quarter there was an inflow of 33.6 billion yen resulting from the sale of investment securities, so in this period there was an increase in net cash outflow of 31.7 billion yen on a year-over-year basis.

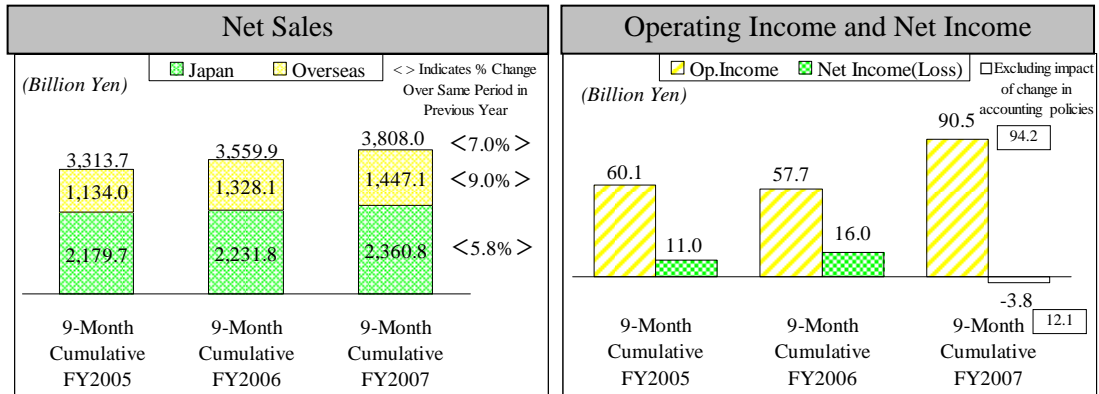
Free cash flow, the sum of operating and investing cash flows, was negative 116.6 billion yen (US\$1,041 million), which represents an improvement of 16.1 billion yen compared to the same period in fiscal 2006.

Net cash flow provided by financing activities was negative 99.7 billion yen (US\$890 million), primarily as the result of the redemption of 100.0 billion yen in corporate bonds.

Combining the effects of all of the above factors, cash and cash-equivalents at the end of the third quarter totaled 568.2 billion yen (US\$5,074 million), a decrease of 217.4 billion yen from the end of the first half of this fiscal year.

## 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.

## **8. FY 2007 Full-Year Earnings Projections**

In the third quarter, our consolidated net sales rose 8.1% and operating income increased 39.5 billion yen over a year ago to 46.6 billion yen (US\$417 million). As a result, operating income, which had declined 6.7 billion yen in the first half compared to the previous year, totaled 90.5 billion yen (US\$809 million) for the first nine months of the fiscal year, an increase of 32.8 billion over the same period the previous year. There was a slight decrease in income in the Device Solutions segment. On the other hand, the Technology Solutions and Ubiquitous Product Solutions segments posted higher income due primarily to robust growth in our Services business both inside and outside Japan as well as strong sales of PCs, servers and others.

Regarding consolidated net sales for fiscal 2007, we are projecting sales of 5,350.0 billion yen (US\$47,768 million), a decrease of 50.0 billion yen in comparison with our previous forecast. Since the end of the 2007 calendar year, the yen has appreciated in value, and the downward revision reflects the projected impact on our Services business in Europe and on the electronic components business.

We now project operating income of 200.0 billion yen (US\$1,786 million), an increase of 5.0 billion yen from our previous forecast. We have revised down our projections for operating income for such products as electronic components, where the strong yen negatively impacts profitability, and LSI logic devices, where a recovery in orders is lagging. But we have upwardly revised our projections for PCs, which continue to perform strongly. We will pay careful attention to trends in such areas as servers and network equipment, where sales are concentrated at the end of the fiscal year, and HDDs, where prices continue to decline.

We now project consolidated net income of 40.0 billion yen (US\$357 million) for the 2007 fiscal year, a decrease of 25.0 billion yen from the previous projection. We posted valuation losses of 19.8 billion yen in the third quarter due primarily to a significant decline in the value of shares in Spansion Inc., listed on the NASDAQ exchange. In addition, we anticipate expenses of approximately 10.0 billion yen for the relocation of LSI-related facilities from the Akiruno Technology Center to the Mie Plant and the related disposal of certain equipment. Facilities to be relocated include equipment for 90nm-generation and beyond advanced process development and 90nm LSI logic mass-production prototyping.

Constantly aiming for an optimal customer-oriented organizational structure, we will make every effort to maximize our income by expanding our Services business globally, optimizing the use of our R&D resources, and offering superior products and services on a timely basis.

**Consolidated**

(Billion Yen)

	FY 2006 (Actual Results)	FY 2007 (Current Forecast)	Change Since November Forecast
Net Sales	5,100.1	5,350.0	-50.0
Operating Income	182.0	200.0	5.0
Net Income	102.4	40.0	-25.0

**Operating Income by Business Segment**

Technology Solutions	163.6	175.0	-
System Platforms	7.5	10.0	-
Services	156.1	165.0	-
Ubiquitous Product Solutions	41.6	50.0	10.0
Device Solutions	19.0	25.0	-10.0
Others	10.5	15.0	5.0
Eliminations	-52.7	-65.0	-
Total Operating Income	182.0	200.0	5.0

Note: Please refer to supplementary materials for risk factors relating to the financial projections presented above.

# Forecast for FY 2007 Consolidated Business Segment Information

## (1) Net Sales\* and Operating Income

	Yen (Billions)			FY 2006 (Actual)	Change (%) FY 2006 to Revised FY 2007
	FY 2007 (Forecast)				
	Previous**	Revised***	Change		
<b>Technology Solutions</b>					
Japan	Y 2,130.0	<b>2,120.0</b>	-10.0	2,087.7	+1.5
Overseas	1,170.0	<b>1,160.0</b>	-10.0	1,069.3	+8.5
<b>Total</b>	<b>3,300.0</b>	<b>3,280.0</b>	-20.0	3,157.0	+3.9
<b>Operating income:</b>					
System Platforms	10.0	<b>10.0</b>	-	7.5	+33.3
[Operating income margin]	[1.4%]	<b>[1.4%]</b>		[1.1%]	
Services	165.0	<b>165.0</b>	-	156.1	+5.7
[Operating income margin]	[6.4%]	<b>[6.4%]</b>		[6.4%]	
<b>Total operating income</b>	<b>175.0</b>	<b>175.0</b>	-	163.6	+7.0
<b>[Operating income margin]</b>	<b>[5.3%]</b>	<b>[5.3%]</b>		[5.2%]	
<b>Ubiquitous Product Solutions</b>					
Japan	760.0	<b>770.0</b>	+10.0	710.1	+8.4
Overseas	450.0	<b>440.0</b>	-10.0	408.1	+7.8
<b>Total</b>	<b>1,210.0</b>	<b>1,210.0</b>	-	1,118.3	+8.2
<b>Operating income</b>	<b>40.0</b>	<b>50.0</b>	+10.0	41.6	+20.0
<b>[Operating income margin]</b>	<b>[3.3%]</b>	<b>[4.1%]</b>		[3.7%]	
<b>Device Solutions</b>					
Japan	500.0	<b>500.0</b>	-	457.0	+9.4
Overseas	320.0	<b>290.0</b>	-30.0	305.6	-5.1
<b>Total</b>	<b>820.0</b>	<b>790.0</b>	-30.0	762.6	+3.6
<b>Operating income</b>	<b>35.0</b>	<b>25.0</b>	-10.0	19.0	+31.5
<b>[Operating income margin]</b>	<b>[4.3%]</b>	<b>[3.2%]</b>		[2.5%]	
<b>Other Operations</b>					
Japan	360.0	<b>360.0</b>	-	349.9	+2.9
Overseas	150.0	<b>150.0</b>	-	140.4	+6.8
<b>Total</b>	<b>510.0</b>	<b>510.0</b>	-	490.3	+4.0
<b>Operating income</b>	<b>10.0</b>	<b>15.0</b>	+5.0	10.5	+42.0
<b>[Operating income margin]</b>	<b>[2.0%]</b>	<b>[2.9%]</b>		[2.2%]	
<b>Elimination</b>					
Sales	(440.0)	<b>(440.0)</b>	-	(428.2)	-
Operating income	(65.0)	<b>(65.0)</b>	-	(52.7)	-
<b>Total</b>					
Japan	3,420.0	<b>3,420.0</b>	-	3,274.9	+4.4
Overseas	1,980.0	<b>1,930.0</b>	-50.0	1,825.2	+5.7
<b>Total</b>	<b>5,400.0</b>	<b>5,350.0</b>	-50.0	5,100.1	+4.9
<b>Operating income</b>	<b>195.0</b>	<b>200.0</b>	+5.0	182.0	+9.8
<b>[Operating income margin]</b>	<b>[3.6%]</b>	<b>[3.7%]</b>		[3.6%]	

Notes:

\* Includes intersegment sales.

\*\* Previous forecast as of November 22, 2007.

\*\*\* Revised forecast as of January 31, 2008.

## (2) Net Sales\* by Principal Products and Services

	Yen (Billions)			FY 2006 (Actual)	Change (%) FY 2006 to Revised FY 2007
	FY 2007 (Forecast)				
	Previous**	Revised***	Change		
<b>Technology Solutions</b>					
<b>System Platforms:</b>					
System Products	Y 370.0	<b>370.0</b>	-	355.3	+4.1
Network Products	340.0	<b>340.0</b>	-	348.4	-2.4
	<u>710.0</u>	<u><b>710.0</b></u>	-	<u>703.7</u>	<u>+0.9</u>
<b>Services:</b>					
Solutions / SI	1,240.0	<b>1,240.0</b>	-	1,091.0	+13.7
Infrastructure Services	1,260.0	<b>1,240.0</b>	-20.0	1,164.8	+6.5
Others	90.0	<b>90.0</b>	-	197.3	-54.4
	<u>2,590.0</u>	<u><b>2,570.0</b></u>	<u>-20.0</u>	<u>2,453.2</u>	<u>+4.8</u>
<b>Total</b>	<u>3,300.0</u>	<u><b>3,280.0</b></u>	<u>-20.0</u>	<u>3,157.0</u>	<u>+3.9</u>
<b>Ubiquitous Product Solutions</b>					
PCs / Mobile Phones	820.0	<b>840.0</b>	+20.0	768.6	+9.3
Hard Disk Drives	370.0	<b>350.0</b>	-20.0	329.8	+6.1
Others	20.0	<b>20.0</b>	-	19.8	+0.8
<b>Total</b>	<u>1,210.0</u>	<u><b>1,210.0</b></u>	<u>-</u>	<u>1,118.3</u>	<u>+8.2</u>
<b>Device Solutions</b>					
LSI Devices	530.0	<b>510.0</b>	-20.0	473.5	+7.7
Electronic Components, Others	290.0	<b>280.0</b>	-10.0	289.1	-3.2
<b>Total</b>	<u>Y 820.0</u>	<u><b>790.0</b></u>	<u>-30.0</u>	<u>762.6</u>	<u>+3.6</u>

### Notes:

\* Includes intersegment sales.

\*\* Previous forecast as of November 22, 2007.

\*\*\* Revised forecast as of January 31, 2008.



## Part III: Supplementary Information

### a. R&D Expenses

				(Billion Yen)
				FY 2006
<b>FY 2007 (Forecast)</b>				(Actual)
	Previous*	Revised**	Change	
<b>Y</b>	260.0	260.0	-	254.0
<b>As % of sales</b>	4.8%	4.9%	+0.1%	5.0%

### b. Capital Expenditures, Depreciation

				(Billion Yen)
				FY 2006
<b>FY 2007 (Forecast)</b>				(Actual)
	Previous**	Revised***	Change	
<b>Capital Expenditures:</b>				
Technology Solutions	110.0	110.0	-	91.3
Ubiquitous Product Solutions	30.0	30.0	-	24.8
Device Solutions	125.0	125.0	-	166.2
Corporate and others	25.0	25.0	-	22.8
<b>Total Capital Expenditures</b>	<b>290.0</b>	<b>290.0</b>	<b>-</b>	<b>305.2</b>
Japan	225.0	225.0	-	254.6
Overseas	65.0	65.0	-	50.6
<b>Depreciation</b>	<b>225.0</b>	<b>225.0</b>	<b>-</b>	<b>202.8</b>

### c. Cash Flows

				(Billion Yen)
				FY 2006
<b>FY 2007 (Forecast)</b>				(Actual)
	Previous**	Revised***	Change	
<b>(A) Cash flows from operating activities</b>				
Net income	65.0	40.0	-25.0	102.4
Depreciation***	305.0	305.0	-	278.7
Others	(30.0)	(5.0)	+25.0	27.5
<b>Total cash flows from operating activities</b>	<b>340.0</b>	<b>340.0</b>	<b>-</b>	<b>408.7</b>
<b>(B) Cash flows from investing activities</b>				
	(330.0)	(330.0)	-	(151.0)
<b>(C) Free cash flow (A)+(B)</b>				
	10.0	10.0	-	257.6
<b>(D) Cash flows from financing activities</b>				
	125.0	125.0	-	(234.9)
<b>(E) Total (C)+(D)</b>				
<b>Y</b>	<b>135.0</b>	<b>135.0</b>	<b>-</b>	<b>22.7</b>

### d. Exchange Rates

<b>Average Rates</b>		
<b>FY 2007 (Forecast)</b>		
	Previous**	Revised***
\$1=115 yen	-	<b>\$1=105 yen</b>
€1=155 yen	-	<b>€1=155 yen</b>
£ 1=230 yen	-	<b>£ 1=210 yen</b>

#### Notes:

- \* Previous forecast as of November 22, 2007.
- \*\* Revised forecast as of January 31, 2008.
- \*\*\* Includes amortization of goodwill.

### e. PC Shipments\*

<b>FY 2007 (Forecast)</b>			(Million units)
Previous**	Revised***	Change	FY 2006 (Actual)
9.30	<b>9.00</b>	-0.30	8.45

### f. Mobile Phone Shipments

<b>FY 2007 (Forecast)</b>			(Million Units)
Previous**	Revised***	Change	FY 2006 (Actual)
5.60	<b>5.60</b>	-	4.05

### g. HDD Production

<b>FY 2007 (Forecast)</b>			(Million units)
Previous**	Revised***	Change	FY 2006 (Actual)
38.00	<b>38.00</b>	-	30.98

Notes:

- \* Includes shipments of Fujitsu Siemens Computers (Holding) B.V., an equity-method affiliate.
- \*\* Previous forecast as of November 22, 2007.
- \*\*\* Revised forecast as of January 31, 2008.