

## **FY 2008 First-Half Financial Results**

### **Contents**

#### **Part I: Financial Tables**

1. Summary of FY 2008 First-Half Consolidated Results	p. 1
2. Dividends Per Share of Common Stock	p. 1
3. Number of Issued Shares (Common Shares)	p. 2
4. Consolidated Earnings Forecast for FY 2008	p. 2
5. FY2008 First-Half Consolidated Statements of Operations	p. 4
6. FY2008 First-Half Consolidated Business Segment Information	p. 5
7. FY2008 First-Half Consolidated Geographic Segment Information	p. 8
8. FY2008 First-Half Consolidated Balance Sheets	p. 10
9. FY2008 First-Half Consolidated Statements of Cash Flows	p. 12
10. FY2008 Second-Quarter Consolidated Statements of Operations	p. 13
11. FY2008 Second-Quarter Consolidated Business Segment Information	p. 14
12. FY2008 Second-Quarter Consolidated Geographic Segment Information	p. 17

#### **Part II: Explanation of Financial Results**

1. Overview of FY 2008 First-Half Consolidated Financial Results	p. 19
2. Profit and Loss	p. 21
3. Results by Business Segment	p. 24
4. Results by Geographic Segment	p.30
5. FY 2008 Second-Quarter Consolidated Financial Results	p. 32
6. Financial Condition	p. 33
7. FY 2008 Full-Year Consolidated Earnings Projections	p. 36
8. Notes	p. 38

#### **Part III: Supplementary Information**

1. Forecast for FY 2008 Consolidated Business Segment Information	p.S1
2. Miscellaneous Forecasts for FY 2008	p.S3

# Part I: Financial Tables

## 1. Summary of FY 2008 First-Half Consolidated Results

### a. Summary of Consolidated Statements of Operations

Yen		
(Millions, except per share data)		
	1H FY 2008	1H FY 2007
	(4/1/08~9/30/08)	(4/1/07~9/30/07)
Net sales	Y 2,453,782	2,513,113
Operating income	38,542	43,932
Income before income taxes		
and minority interests	29,862	18,209
Net income (loss)	4,633	(9,338)
Net income (loss) per common share:		
Basic	2.24	(4.55)
Diluted	Y 1.99	-

### b. Summary of Consolidated Financial Condition

Yen		
(Millions, except per share data)		
	September 30, 2008	March 31, 2008
Total assets	Y 3,580,155	3,821,963
Net assets	1,104,901	1,130,176
Owners' equity	919,081	948,204
Net assets per share	Y 444.58	458.31
Owners' equity ratio	25.7%	24.8%

## 2. Dividends Per Share of Common Stock

Yen		
	FY 2007	FY 2008
First-quarter ended June 30	Y -	-
Second-quarter ended September 30	3.00	5.00
Third-quarter ending December 31	-	- (Forecast)
Full year ending March 31, 2009	5.00	5.00 (Forecast)
Total	Y 8.00	10.00 (Forecast)

### 3. Number of Issued Shares (Common Shares)

#### a. Number of issued shares at end of period

First-half FY 2008	2,070,018,213	shares
Full-year FY 2007	2,070,018,213	shares

#### b. Treasury stock held at end of period

First-half FY 2008	2,706,654	shares
Full-year FY 2007	1,089,749	shares

#### c. Average number of issued and outstanding shares

First-half FY 2008	2,068,380,523	shares
First-half FY 2007	2,052,430,059	shares

### 4. Consolidated Earnings Forecast for FY 2008

		Yen
		(Billions, except per share data)
		<u>FY2008</u>
Net sales	Y	5,050.0
Operating income		150.0
Net income		60.0
Net income		
per common share	Y	29.02

(Reference information)

## Summary of FY 2008 First-Half Unconsolidated Results

### a. Summary of Unconsolidated Statements of Operations

Yen		
(Millions, except per share data)		
	1H FY 2008	1H FY 2007
	(4/1/08~9/30/08)	(4/1/07~9/30/07)
Net sales	Y 1,194,702	1,400,103
Operating income (loss)	11,614	(18,771)
Net income	39,170	29,822
Net income per common share:		
Basic	18.94	14.53
Diluted	Y 17.21	13.19

### b. Summary of Unconsolidated Financial Condition

Yen		
(Millions, except per share data)		
	September 30, 2008	March 31, 2008
Total assets	Y 2,326,968	2,536,561
Net assets	643,813	636,852
Owners' equity	643,813	636,852
Net assets per share	Y 311.43	307.82
Owners' equity ratio	27.7%	25.1%

## 5. FY2008 First-Half Consolidated Statements of Operations

	Yen (Millions)	
	1H FY 2008 (4/1/08~9/30/08)	1H FY 2007 (4/1/07~9/30/07)
<b>Net sales</b>	<b>Y 2,453,782</b>	2,513,113
<b>Cost of sales</b>	<b>1,812,834</b>	1,879,405
<b>Gross profit</b>	<b>640,948</b>	633,708
<b>Selling, general and administrative expenses</b>	<b>602,406</b>	589,776
<b>Operating income</b>	<b>38,542</b>	43,932
<b>Other income:</b>		
Interest income	4,974	4,999
Dividend income	4,125	4,706
Equity in earnings of affiliates, net	-	2,363
Gain on foreign exchange, net	2,098	-
Gain on sales of investment securities	2,907	11,606
Gain on change in interest	-	2,002
Others	5,889	8,692
<b>Total other income</b>	<b>19,993</b>	34,368
<b>Other expenses:</b>		
Interest expense	9,711	10,131
Equity in losses of affiliates, net	4,932	-
Loss on foreign exchange, net	-	367
Loss on disposal of property, plant and equipment and intangible assets	2,278	6,473
Revaluation loss on inventories	-	25,045
Impairment loss	2,123	289
Others	9,629	17,786
<b>Total other expenses</b>	<b>28,673</b>	60,091
<b>Income before income taxes and minority interests</b>	<b>29,862</b>	18,209
<b>Income taxes:</b>		
Current	16,072	20,897
Deferred	3,058	302
<b>Total income taxes</b>	<b>19,130</b>	21,199
<b>Minority interests</b>	<b>6,099</b>	6,348
<b>Net income (loss)</b>	<b>Y 4,633</b>	(9,338)

## 6. FY2008 First-Half Consolidated Business Segment Information

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

		Yen (Billions)		
		1H FY 2008 (4/1/08~9/30/08)	1H FY 2007 (4/1/07~9/30/07)	Change (%)
<b>Technology Solutions</b>				
Japan	Y	996.2	927.3	+7.4
Overseas		528.6	580.1	-8.9
Total		1,524.9	1,507.5	+1.2
<b>Operating income (loss):</b>				
Services		51.2	48.1	+6.5
[Operating income margin]		[4.3%]	[4.0%]	
System Platforms		6.1	(9.3)	-
[Operating income margin]		[1.9%]	[-3.0%]	
Total operating income		57.3	38.7	+48.1
[Operating income margin]		[3.8%]	[2.6%]	
<b>Ubiquitous Product Solutions</b>				
Japan		344.8	367.1	-6.1
Overseas		176.6	207.9	-15.1
Total		521.4	575.0	-9.3
Operating income		8.8	21.8	-59.3
[Operating income margin]		[1.7%]	[3.8%]	
<b>Device Solutions</b>				
Japan		213.8	261.3	-18.2
Overseas		137.1	136.5	+0.4
Total		350.9	397.9	-11.8
Operating income (loss)		(7.3)	6.1	-
[Operating income margin]		[-2.1%]	[1.5%]	
<b>Other Operations</b>				
Japan		184.8	172.0	+7.5
Overseas		75.8	81.7	-7.2
Total		260.6	253.7	+2.7
Operating income		7.7	5.8	+33.9
[Operating income margin]		[3.0%]	[2.3%]	
<b>Elimination and Corporate</b>				
Sales		(204.2)	(221.1)	-
Operating income		(28.2)	(28.5)	-
<b>Total</b>				
Japan		1,583.0	1,561.5	+1.4
Overseas		870.7	951.6	-8.5
Total		2,453.7	2,513.1	-2.4
Operating income	Y	38.5	43.9	-12.3
[Operating income margin]		[1.6%]	[1.7%]	

Note:

\*Net sales include intersegment sales.

## b. Net Sales\* by Principal Products and Services

		Yen (Billions)		Assuming same exchange rates as 1H FY2007	
		1H FY 2008 (4/1/08~9/30/08)	1H FY 2007 (4/1/07~9/30/07)	Change (%)	Change (%)**
<b>Technology Solutions</b>					
<b>Services:</b>					
	Solutions / SI	608.8	578.2	+5.3	+7
	Infrastructure Services	573.6	586.6	-2.2	+5
	Others	21.6	25.2	-14.2	-14
		<u>1,204.1</u>	<u>1,190.1</u>	+1.2	+6
<b>System Platforms:</b>					
	System Products	Y 154.0	163.7	-5.9	-4
	Network Products	166.6	153.5	+8.5	+14
		<u>320.7</u>	<u>317.3</u>	+1.1	+5
	<b>Total</b>	<u><u>1,524.9</u></u>	<u><u>1,507.5</u></u>	+1.2	+5
<b>Ubiquitous Product Solutions</b>					
	PCs / Mobile Phones	358.6	406.9	-11.9	-11
	Hard Disk Drives	152.5	159.2	-4.2	+1
	Others	10.2	8.8	+16.2	+16
	<b>Total</b>	<u><u>521.4</u></u>	<u><u>575.0</u></u>	-9.3	-7
<b>Device Solutions</b>					
	LSI Devices	222.5	257.9	-13.7	-12
	Electronic Components, Others	128.4	140.0	-8.2	-3
	<b>Total</b>	<u><u>Y 350.9</u></u>	<u><u>397.9</u></u>	-11.8	-9

Note:

\* Net sales include intersegment sales.

\*\* Calculations using the same exchange rates as 1H FY2007 are rough estimations.

## c. Net Sales and Operating Income (2)

### FY 2008 First-Half

(Million yen)

	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Total	Elimination and Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	1,474,035	461,422	325,764	192,561	2,453,782	-	2,453,782
Intersegment sales	50,886	60,026	25,219	68,109	204,240	(204,240)	-
<b>Total net sales</b>	<b>1,524,921</b>	<b>521,448</b>	<b>350,983</b>	<b>260,670</b>	<b>2,658,022</b>	<b>(204,240)</b>	<b>2,453,782</b>
<b>Operating income (loss)</b>	<b>57,378</b>	<b>8,886</b>	<b>(7,313)</b>	<b>7,794</b>	<b>66,745</b>	<b>(28,203)</b>	<b>38,542</b>

### FY 2007 First-Half

(Million yen)

	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Total	Elimination and Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	1,451,427	514,735	368,677	178,274	2,513,113	-	2,513,113
Intersegment sales	56,083	60,355	29,244	75,470	221,152	(221,152)	-
<b>Total net sales</b>	<b>1,507,510</b>	<b>575,090</b>	<b>397,921</b>	<b>253,744</b>	<b>2,734,265</b>	<b>(221,152)</b>	<b>2,513,113</b>
<b>Operating income</b>	<b>38,735</b>	<b>21,815</b>	<b>6,157</b>	<b>5,820</b>	<b>72,527</b>	<b>(28,595)</b>	<b>43,932</b>

#### Notes:

\* Business segments are defined based on the similarity of products and services, sales methods and other factors.

\*\* The main products and services of each segment are listed below.

(1)Technology Solutions Systems integration services (system construction), consulting, custom terminal installation (ATMs, POS systems, etc.), outsourcing services (comprehensive management of information systems), network services (provision of network environment for information, systems as well as various network services), system support services (information system and network maintenance and monitoring services), information systems infrastructure construction and network construction, servers (mainframes, UNIX servers, mission-critical IA servers, PC servers), storage systems, software (OS, middleware), network control systems, optical transmission systems, mobile phone base stations.

(2)Ubiquitous Product Solutions Personal computers, mobile phones, optical modules and hard disk drives

(3)Device Solutions LSI devices (logic LSI), electronic components (semiconductor packages, SAW devices, etc.), relays and connectors, etc.

(4)Other Operations Audio and navigation equipment, electronic equipment for automobile control and printed circuit boards

\*\*\* There were changes in accounting standards in the current consolidated reporting period, as explained on P. 38 under "Changes in Accounting Policies, Practices and Presentation Methods" (Adoption of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements; Changes in Accounting Standards for Completed Construction Revenue and Costs). The effect of these changes on the financial results for each business segment shown above was insignificant.



## 7. FY2008 First-Half Consolidated Geographic Segment Information

### a. Net Sales and Operating Income

#### FY 2008 First-Half

(Million yen)

	Japan	EMEA	The Americas	APAC & China	Total	Elimination & Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	1,692,946	332,754	201,828	226,254	2,453,782	-	2,453,782
Intersegment sales	257,311	5,031	10,412	172,568	445,322	(445,322)	-
<b>Total net sales</b>	<b>1,950,257</b>	<b>337,785</b>	<b>212,240</b>	<b>398,822</b>	<b>2,899,104</b>	<b>(445,322)</b>	<b>2,453,782</b>
<b>Operating income</b>	<b>62,055</b>	<b>242</b>	<b>1,460</b>	<b>5,120</b>	<b>68,877</b>	<b>(30,335)</b>	<b>38,542</b>

#### FY 2007 First-Half

(Million yen)

	Japan	EMEA	The Americas	APAC & China	Total	Elimination & Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	1,683,151	380,340	226,788	222,834	2,513,113	-	2,513,113
Intersegment sales	283,568	5,189	10,601	193,247	492,605	(492,605)	-
<b>Total net sales</b>	<b>1,966,719</b>	<b>385,529</b>	<b>237,389</b>	<b>416,081</b>	<b>3,005,718</b>	<b>(492,605)</b>	<b>2,513,113</b>
<b>Operating income</b>	<b>56,574</b>	<b>4,589</b>	<b>4,994</b>	<b>6,937</b>	<b>73,094</b>	<b>(29,162)</b>	<b>43,932</b>

Notes:

\* Geographic segments are defined based on geographical location and interconnectedness of business activities.

\*\* Principal countries and regions comprising the segments other than Japan:

(1)EMEA

(Europe, Middle East and Africa)

UK, Spain, Germany, Finland, Netherlands

(2)The Americas

US, Canada

(3)APAC (Asia-Pacific) & China

Australia, Thailand, Vietnam, Philippines, Singapore, Korea, Taiwan, China

\*\*\* There were changes in accounting standards in the current consolidated reporting period, as explained on P. 38 under "Changes in Accounting Policies, Practices and Presentation Methods" (Adoption of Practical Solution on Unification of Accounting Policies, and Changes in Accounting Standards for Completed Construction Revenue and Costs). The effect of these changes on the financial results for each geographic segment shown above was insignificant.

## b. Net Sales outside Japan by Customer's Geographic Location

### FY 2008 First-Half

(Million yen)

	EMEA	The Americas	APAC & China	Total
<b>I. Net sales outside Japan</b>	363,630	232,038	275,048	870,716
<b>II. Consolidated net sales</b>				2,453,782
<b>III. Sales outside Japan as a ratio of total sales</b>	14.8%	9.5%	11.2%	35.5%

### FY 2007 First-Half

(Million yen)

	EMEA	The Americas	APAC & China	Total
<b>I. Net sales outside Japan</b>	416,826	260,243	274,537	951,606
<b>II. Consolidated net sales</b>				2,513,113
<b>III. Sales outside Japan as a ratio of total sales</b>	16.6%	10.4%	10.9%	37.9%

#### Notes:

\* Geographic segments are defined based on geographical location and interconnectedness of business activities.

\*\* Principal countries and regions comprising the segments other than Japan:

(1)EMEA

(Europe, Middle East and Africa)

UK, Spain, Germany, Finland, Netherlands

(2)The Americas

US, Canada

(3)APAC (Asia-Pacific) & China

Australia, Thailand, Vietnam, Philippines, Singapore, Korea, Taiwan, China

\*\*\* Net sales outside Japan represent sales of Fujitsu Ltd. and its consolidated subsidiaries and affiliates in regions and countries other than Japan.

\*\*\*\* There were changes in accounting standards in the current consolidated reporting period, as explained on P. 38 under "Changes in Accounting Policies, Practices and Presentation Methods" (Adoption of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements; Changes in Accounting Standards for Completed Construction Revenue and Costs). The effect of these changes on the financial results for each geographic segment shown above was insignificant.

## 8. FY2008 First-Half Consolidated Balance Sheets

		Yen (Millions)	
		September 30 2008	March 31 2008
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits	Y	316,964	276,759
Notes and accounts receivable, trade		844,293	1,017,916
Marketable securities		242,464	272,649
Finished goods		190,648	169,662
Work in process		148,136	137,215
Raw materials		83,780	76,229
Deferred tax assets		86,267	80,958
Others		125,499	143,794
Allowance for doubtful accounts		(6,794)	(5,245)
<b>Total current assets</b>		<b>2,031,257</b>	<b>2,169,937</b>
<b>Non-current assets:</b>			
Property, plant and equipment, net of accumulated depreciation:			
Buildings		288,935	294,348
Machinery		201,585	239,100
Equipment		184,921	177,146
Land		105,880	105,584
Construction in progress		16,942	23,586
<b>Total property, plant and equipment</b>		<b>798,263</b>	<b>839,764</b>
Intangible assets:			
Software		139,520	134,435
Goodwill		59,549	68,411
Others		23,069	16,709
<b>Total intangible assets</b>		<b>222,138</b>	<b>219,555</b>
Other non-current assets:			
Investment securities		331,921	393,586
Deferred tax assets		59,790	54,480
Others		144,635	153,488
Allowance for doubtful accounts		(7,849)	(8,847)
<b>Total other non-current assets</b>		<b>528,497</b>	<b>592,707</b>
<b>Total non-current assets</b>		<b>1,548,898</b>	<b>1,652,026</b>
<b>Total assets</b>		<b>3,580,155</b>	<b>3,821,963</b>

	Yen (Millions)	
	September 30 2008	March 31 2008
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable, trade	622,887	772,164
Short-term borrowings	117,519	50,687
Current portion of long-term debt	367,307	109,540
Lease obligations	39,095	38,535
Accrued income taxes	24,794	26,529
Accrued expenses	326,873	367,321
Provision for product warranties	20,145	19,961
Provision for construction contract losses	6,941	-
Provision for bonus for board members and auditors	-	223
Others	190,324	226,380
<b>Total current liabilities</b>	<b>1,715,885</b>	<b>1,611,340</b>
<b>Long-term liabilities:</b>		
Bonds payable	380,600	680,000
Long-term borrowings	45,081	47,109
Lease obligations	53,168	62,632
Accrued retirement benefits	154,185	155,578
Provision for loss on repurchase of computers	25,458	27,082
Provision for recycling expenses	5,285	4,856
Deferred tax liabilities	82,176	89,027
Revaluation of deferred tax liabilities	576	576
Others	12,840	13,587
<b>Total long-term liabilities</b>	<b>759,369</b>	<b>1,080,447</b>
<b>Total liabilities</b>	<b>2,475,254</b>	<b>2,691,787</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	324,625	324,625
Capital surplus	249,035	249,038
Retained earnings	338,801	338,903
Treasury stock	(2,145)	(869)
<b>Total shareholders' equity</b>	<b>910,316</b>	<b>911,697</b>
<b>Valuation and translation adjustments:</b>		
Unrealized gain and loss on securities, net of taxes	68,777	89,879
Deferred hedge gain and loss	75	124
Revaluation surplus on land	2,452	2,449
Foreign currency translation adjustments	(62,539)	(55,945)
<b>Total valuation and translation adjustments</b>	<b>8,765</b>	<b>36,507</b>
<b>Share warrants</b>	<b>26</b>	<b>-</b>
<b>Minority interests</b>	<b>185,794</b>	<b>181,972</b>
<b>Total net assets</b>	<b>1,104,901</b>	<b>1,130,176</b>
<b>Total liabilities and net assets</b>	<b>3,580,155</b>	<b>3,821,963</b>

## 9. FY2008 First-Half Consolidated Statements of Cash Flows

		Yen (Millions)	
		1H FY 2008 (4/1/08~9/30/08)	1H FY 2007 (4/1/07~9/30/07)
<b>1. Cash flows from operating activities:</b>			
Income before income taxes			
and minority interests	Y	29,862	18,209
Depreciation and amortization		136,290	125,178
Impairment loss		2,123	289
Goodwill amortization		8,671	9,452
Increase (decrease) in provisions		(11,442)	(11,056)
Interest and dividend income		(9,099)	(9,705)
Interest charges		9,711	10,131
Equity in earnings of affiliates, net		4,932	(2,363)
Disposal of non-current assets		3,333	8,701
Gain on sales of investment securities, net		(2,907)	(11,606)
Revaluation loss on inventories		-	25,045
(Increase) decrease in receivables, trade		197,091	111,946
(Increase) decrease in inventories		(36,362)	(45,578)
Increase (decrease) in payables, trade		(162,396)	(50,483)
Other, net		(31,652)	3,834
<b>Cash generated from operations</b>		<b>138,155</b>	<b>181,994</b>
Interest and dividends received		14,278	9,791
Interest paid		(12,128)	(9,693)
Income taxes paid		(18,176)	(30,044)
<b>Net cash used in operating activities</b>		<b>122,129</b>	<b>152,048</b>
<b>2. Cash flows from investing activities:</b>			
Purchases of property, plant and equipment		(87,917)	(144,957)
Proceeds from sales of property, plant and equipment		5,617	1,488
Purchases of intangible assets		(30,502)	(29,297)
Purchases of investment securities		(10,934)	(8,518)
Proceeds from sales of investment securities		12,331	40,117
Other, net		(2,814)	9,206
<b>Net cash used in investing activities</b>		<b>(114,219)</b>	<b>(131,961)</b>
<b>1+2 [ Free Cash Flow ]</b>		<b>7,910</b>	<b>20,087</b>
<b>3. Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings		67,166	98,896
Proceeds from long-term debt		182	6,418
Repayment of long-term debt		(429)	(34,070)
Proceeds from issuance of bonds		40,703	300,000
Repayment of bonds		(81,975)	-
Dividends paid		(13,070)	(8,338)
Other, net		(22,257)	(47,672)
<b>Net cash provided by financing activities</b>		<b>(9,680)</b>	<b>315,234</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>		<b>(394)</b>	<b>1,712</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>		<b>(2,164)</b>	<b>337,033</b>
<b>6. Cash and cash equivalents at beginning of period</b>		<b>547,844</b>	<b>448,705</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiaries</b>		<b>8,772</b>	<b>-</b>
<b>8. Cash and cash equivalents at end of period</b>	Y	<b>554,452</b>	<b>785,738</b>

## 10. FY2008 Second-Quarter Consolidated Statements of Operations

	Yen (Millions)	
	2Q FY 2008 (7/1/08~9/30/08)	2Q FY 2007 (7/1/07~9/30/07)
<b>Net sales</b>	<b>Y 1,276,503</b>	1,346,313
<b>Cost of sales</b>	<b>941,537</b>	1,002,327
<b>Gross profit</b>	<b>334,966</b>	343,986
<b>Selling, general and administrative expenses</b>	<b>302,236</b>	303,001
<b>Operating income</b>	<b>32,730</b>	40,985
<b>Other income:</b>		
Interest income	2,398	2,148
Dividend income	288	799
Equity in earnings of affiliates, net	-	2,790
Gain on change in interest	-	2,002
Gain on sales of investment securities	689	1,776
Others	2,446	5,044
<b>Total other income</b>	<b>5,821</b>	14,559
<b>Other expenses:</b>		
Interest expense	4,946	5,280
Equity in losses of affiliates, net	1,296	-
Loss on foreign exchange, net	4,004	3,591
Loss on disposal of property, plant and equipment and intangible assets	1,703	5,494
Impairment loss	2,123	289
Revaluation loss on inventories	-	26
Others	5,248	10,944
<b>Total other expenses</b>	<b>19,320</b>	25,624
<b>Income before income taxes and minority interests</b>	<b>19,231</b>	29,920
<b>Income taxes:</b>		
Current	13,631	10,796
Deferred	(845)	10,465
<b>Total income taxes</b>	<b>12,786</b>	21,261
<b>Minority interests</b>	<b>2,156</b>	3,217
<b>Net income</b>	<b>Y 4,289</b>	5,442

## 11. FY2008 Second-Quarter Consolidated Business Segment Information

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

		Yen (Billions)		
		2Q FY 2008 (7/1/08~9/30/08)	2Q FY 2007 (7/1/07~9/30/07)	Change (%)
<b>Technology Solutions</b>				
Japan	Y	555.4	519.4	+6.9
Overseas		271.5	304.9	-10.9
Total		827.0	824.3	+0.3
<b>Operating income:</b>				
Services		39.3	33.0	+18.9
[Operating income margin]		[6.1%]	[5.1%]	
System Platforms		9.8	1.7	+457.4
[Operating income margin]		[5.5%]	[1.0%]	
Total operating income		49.1	34.8	+41.2
[Operating income margin]		[5.9%]	[4.2%]	
<b>Ubiquitous Product Solutions</b>				
Japan		158.1	192.1	-17.7
Overseas		91.4	108.2	-15.6
Total		249.5	300.4	-16.9
Operating income (loss)		(1.0)	9.4	-
[Operating income margin]		[-0.4%]	[3.1%]	
<b>Device Solutions</b>				
Japan		106.3	137.1	-22.4
Overseas		72.2	71.7	+0.7
Total		178.5	208.8	-14.5
Operating income (loss)		(2.5)	9.7	-
[Operating income margin]		[-1.4%]	[4.7%]	
<b>Other Operations</b>				
Japan		92.6	89.1	+4.0
Overseas		35.8	42.1	-14.8
Total		128.5	131.2	-2.1
Operating income		2.6	3.1	-17.4
[Operating income margin]		[2.0%]	[2.4%]	
<b>Elimination</b>				
Sales		(107.2)	(118.6)	-
Operating income		(15.4)	(16.1)	-
<b>Total</b>				
Japan		830.2	842.6	-1.5
Overseas		446.2	503.6	-11.4
Total		1,276.5	1,346.3	-5.2
Operating income	Y	32.7	40.9	-20.1
[Operating income margin]		[2.6%]	[3.0%]	

Note:

\*Net sales include intersegment sales.

## b. Net Sales\* by Principal Products and Services

		Yen (Billions)		Assuming same exchange rates as 2Q FY2007	
		2Q FY 2008 (7/1/08~9/30/08)	2Q FY 2007 (7/1/07~9/30/07)	Change (%)	Change (%)**
<b>Technology Solutions</b>					
<b>Services:</b>					
	Y				
	Solutions / SI	336.0	321.8	+4.4	+5
	Infrastructure Services	299.3	311.4	-3.9	+3
	Others	13.6	14.4	-5.3	-5
		<u>649.0</u>	<u>647.6</u>	+0.2	+4
<b>System Platforms:</b>					
	System Products	89.9	91.2	-1.4	0
	Network Products	88.0	85.4	+3.0	+7
		<u>177.9</u>	<u>176.6</u>	+0.7	+4
	<b>Total</b>	<u><u>827.0</u></u>	<u><u>824.3</u></u>	+0.3	+4
<b>Ubiquitous Product Solutions</b>					
	PCs / Mobile Phones	165.0	207.4	-20.5	-19
	Hard Disk Drives	79.4	87.9	-9.6	-6
	Others	5.0	5.0	+1.1	+1
	<b>Total</b>	<u><u>249.5</u></u>	<u><u>300.4</u></u>	-16.9	-15
<b>Device Solutions</b>					
	LSI Devices	114.6	137.4	-16.6	-15
	Electronic Components, Others	63.9	71.4	-10.5	-6
	<b>Total</b>	<u><u>178.5</u></u>	<u><u>208.8</u></u>	-14.5	-12

### Notes:

\* Net sales include intersegment sales.

\*\* Calculations using the same exchange rates as 2Q FY2007 are rough estimations.



## c. Net Sales and Operating Income (2)

### FY 2008 Second-Quarter

(Million yen)

	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Total	Elimination and Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	800,360	218,172	164,433	93,538	1,276,503	-	1,276,503
Intersegment sales	26,652	31,419	14,153	34,991	107,215	(107,215)	-
<b>Total net sales</b>	<b>827,012</b>	<b>249,591</b>	<b>178,586</b>	<b>128,529</b>	<b>1,383,718</b>	<b>(107,215)</b>	<b>1,276,503</b>
<b>Operating income (loss)</b>	<b>49,173</b>	<b>(1,090)</b>	<b>(2,527)</b>	<b>2,610</b>	<b>48,166</b>	<b>(15,436)</b>	<b>32,730</b>

### FY 2007 Second-Quarter

(Million yen)

	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Total	Elimination and Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	793,649	268,106	192,821	91,737	1,346,313	-	1,346,313
Intersegment sales	30,690	32,345	16,077	39,522	118,634	(118,634)	-
<b>Total net sales</b>	<b>824,339</b>	<b>300,451</b>	<b>208,898</b>	<b>131,259</b>	<b>1,464,947</b>	<b>(118,634)</b>	<b>1,346,313</b>
<b>Operating income</b>	<b>34,835</b>	<b>9,420</b>	<b>9,768</b>	<b>3,159</b>	<b>57,182</b>	<b>(16,197)</b>	<b>40,985</b>

#### Notes:

\* Business segments are defined based on the similarity of products and services, sales methods and other factors.

\*\* The main products and services of each segment are listed below.

(1)Technology Solutions Systems integration services (system construction), consulting, custom terminal installation (ATMs, POS systems, etc.), outsourcing services (comprehensive management of information systems), network services (provision of network environment for information, systems as well as various network services), system support services (information system and network maintenance and monitoring services), information systems infrastructure construction and network construction, servers (mainframes, UNIX servers, mission-critical IA servers, PC servers), storage systems, software (OS, middleware), network control systems, optical transmission systems, mobile phone base stations

(2)Ubiquitous Product Solutions Personal computers, mobile phones, optical modules and hard disk drives

(3)Device Solutions LSI devices (logic LSI), electronic components (semiconductor packages, SAW devices, etc.), relays and connectors, etc.

(4)Other Operations Audio and navigation equipment, electronic equipment for automobile control and printed circuit boards

\*\*\* There were changes in accounting standards in the current consolidated reporting period, as explained on P. 38 under "Changes in Accounting Policies, Practices and Presentation Methods" (Adoption of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements; Changes in Accounting Standards for Completed Construction Revenue and Costs). The effect of these changes on the financial results for each business segment shown above was insignificant.

## 12. FY2008 Second-Quarter Consolidated Geographic Segment Information

### a. Net Sales and Operating Income

#### FY 2008 Second-Quarter

(Million yen)

	Japan	EMEA	The Americas	APAC & China	Total	Elimination & Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	888,866	168,425	101,087	118,125	1,276,503	-	1,276,503
Intersegment sales	134,807	2,740	5,480	91,403	234,430	(234,430)	-
<b>Total net sales</b>	<b>1,023,673</b>	<b>171,165</b>	<b>106,567</b>	<b>209,528</b>	<b>1,510,933</b>	<b>(234,430)</b>	<b>1,276,503</b>
<b>Operating income</b>	<b>42,113</b>	<b>1,647</b>	<b>500</b>	<b>4,333</b>	<b>48,593</b>	<b>(15,863)</b>	<b>32,730</b>

#### FY 2007 Second-Quarter

(Million yen)

	Japan	EMEA	The Americas	APAC & China	Total	Elimination & Corporate	Consolidated
<b>Net sales</b>							
Sales to customers outside Fujitsu Group	907,069	201,133	118,205	119,906	1,346,313	-	1,346,313
Intersegment sales	155,493	2,868	6,276	106,988	271,625	(271,625)	-
<b>Total net sales</b>	<b>1,062,562</b>	<b>204,001</b>	<b>124,481</b>	<b>226,894</b>	<b>1,617,938</b>	<b>(271,625)</b>	<b>1,346,313</b>
<b>Operating income</b>	<b>47,453</b>	<b>3,627</b>	<b>3,160</b>	<b>3,676</b>	<b>57,916</b>	<b>(16,931)</b>	<b>40,985</b>

Notes:

\* Geographic segments are defined based on geographical location and interconnectedness of business activities.

\*\* Principal countries and regions comprising the segments other than Japan:

(1)EMEA

(Europe, Middle East and Africa)

UK, Spain, Germany, Finland, Netherlands

(2)The Americas

US, Canada

(3)APAC (Asia-Pacific) & China

Australia, Thailand, Vietnam, Philippines, Singapore, Korea, Taiwan, China

\*\*\* There were changes in accounting standards in the current consolidated reporting period, as explained on P. 38 under "Changes in Accounting Policies, Practices and Presentation Methods" (Adoption of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements; Changes in Accounting Standards for Completed Construction Revenue and Costs). The effect of these changes on the financial results for each geographic segment shown above was insignificant.

## b. Net Sales outside Japan by Customer's Geographic Location

### FY 2008 Second-Quarter

(Million yen)

	EMEA	The Americas	APAC & China	Total
<b>I. Net sales outside Japan</b>	184,779	118,215	143,269	446,263
<b>II. Consolidated net sales</b>				1,276,503
<b>III. Sales outside Japan as a ratio of total sales</b>	14.5%	9.3%	11.2%	35.0%

### FY 2007 Second-Quarter

(Million yen)

	EMEA	The Americas	APAC & China	Total
<b>I. Net sales outside Japan</b>	222,012	136,581	145,045	503,638
<b>II. Consolidated net sales</b>				1,346,313
<b>III. Sales outside Japan as a ratio of total sales</b>	16.5%	10.1%	10.8%	37.4%

#### Notes:

\* Geographic segments are defined based on geographical location and interconnectedness of business activities.

\*\* Principal countries and regions comprising the segments other than Japan:

(1)EMEA

(Europe, Middle East and Africa)

UK, Spain, Germany, Finland, Netherlands

(2)The Americas

US, Canada

(3)APAC (Asia-Pacific) & China

Australia, Thailand, Vietnam, Philippines, Singapore, Korea, Taiwan, China

\*\*\* Net sales outside Japan represent sales of Fujitsu Ltd. and its consolidated subsidiaries and affiliates in regions and countries other than Japan.

\*\*\*\* There was a change in accounting standards in the current consolidated reporting period, as explained on P. 38 under "Changes in Accounting Policies, Practices and Presentation Methods" (Changes in Accounting Standards for Completed Construction Revenue and Costs). The effect of this change on the financial results for each geographic segment shown above was insignificant.

## Part II: Explanation of Financial Results

### 1. Overview of FY 2008 First-Half Consolidated Financial Results

#### Business Environment

Despite the positive effects of stable growth in newly emerging countries and natural resource-rich countries, the business environment in which the Fujitsu Group operated during the first half of fiscal 2008 (April 1 – September 30, 2008) was characterized by a credit crisis, mainly in Europe and the United States, and worsening employment conditions due to uncertainty about future corporate profits. These economic developments, along with sluggish consumer spending, impacted many sectors, and global economic conditions turned unfavorable during the period. In Japan, exports, which have sustained the economy, remained strong to newly emerging countries, but declined sharply to Europe and the United States. Due in part to a rapid appreciation of the yen in the second half of September, moreover, economic uncertainty increased, particularly in the corporate sector. Despite a leveling off of commodities prices, overall prices remained high and consumer spending continued to be sluggish.

With respect to IT investment, corporate sentiment deteriorated amid the macroeconomic downturn. Nevertheless, demand remained solid for compliance and internal control-related investment as well as upfront strategic investment to strengthen competitiveness in global markets.

#### FY 2008 Consolidated First-Half Results

(Billion Yen)

	First Half FY 2008		First Half FY 2007		Change		Change vs. July 2008 Forecast
	4/1/08-9/30/08	% of Sales	4/1/07-9/30/07	% of Sales		Change (%)	
Net Sales	2,453.7	100.0	2,513.1	100.0	-59.3	-2.4	3.7
Cost of Sales	1,812.8	73.9	1,879.4	74.8	-66.5	-3.5	
Gross Profit	640.9	26.1	633.7	25.2	7.2	1.1	
Selling, General and Administrative Expenses	602.4	24.5	589.7	23.5	12.6	2.1	3.5
Operating Income	38.5	1.6	43.9	1.7	-5.3	-12.3	
Other Income	19.9	0.8	34.3	1.4	-14.3	-41.8	
Other Expenses	28.6	1.2	60.0	2.4	-31.4	-52.3	4.6
Income Before Taxes	29.8	1.2	18.2	0.7	11.6	64.0	
Income Taxes	19.1	0.8	21.1	0.8	-2.0	-9.8	
Minority Interests	6.0	0.2	6.3	0.3	-0.2	-3.9	
Net Income	4.6	0.2	-9.3	-0.4	13.9	-	

# **FY 2008 Consolidated Second-Quarter Results**

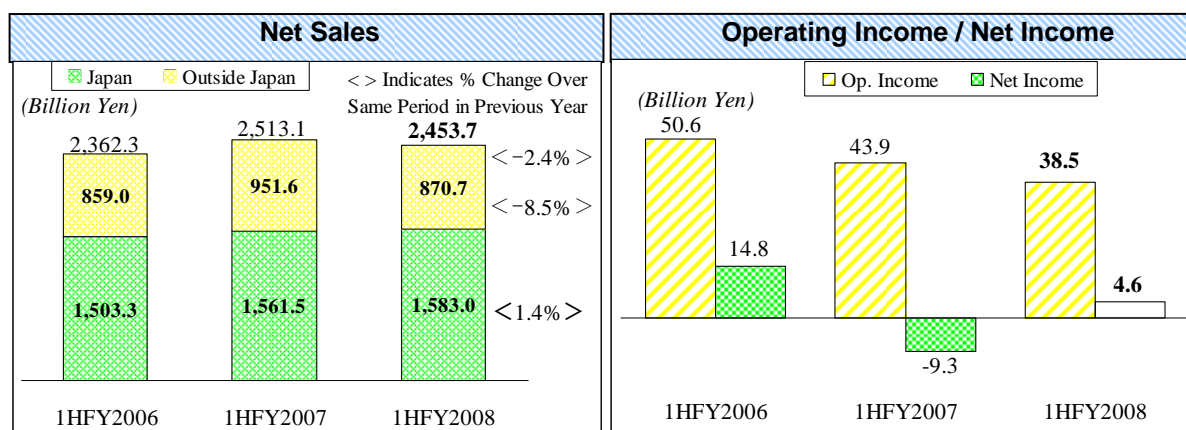
(Billion Yen)

	Second Quarter FY 2008  7/1/08-9/30/08		Second Quarter FY 2007  7/1/07-9/30/07		Change	
		% of Sales		% of Sales		Change (%)
Net Sales	1,276.5	100.0	1,346.3	100.0	-69.8	-5.2
Operating Income	32.7	2.6	40.9	3.0	-8.2	-20.1
Net Income	4.2	0.3	5.4	0.4	-1.1	-21.2

Amounts for the same period in the previous fiscal year and change in comparison with these amounts (% increase or decrease) are included for reference.

## 2. Profit and Loss

*Note: In these explanatory materials, the yen figures for net sales, operating income, and other figures are converted into US\$ amounts for reference purposes, at a rate of \$1=104 yen, the approximate Tokyo foreign exchange market rate on September 30, 2008. Figures for and comparisons to prior reporting periods are provided for reference, including approximate comparisons excluding the impact of changes in currency exchange rates.*



Consolidated net sales for the first half were 2,453.7 billion yen (US\$23,594 million), representing a decline of 2.4% compared to the first half of fiscal 2007. Excluding the negative impact of the yen's appreciation, net sales in and outside Japan were roughly even with the first half of fiscal 2007. Sales of logic LSI devices, electronic components, PCs, mobile phones, and UNIX servers declined, but sales of systems integration services in Japan to the public, financial services and healthcare sectors increased, as did sales of mobile phone base stations and router equipment to telecom carriers.

Consolidated operating income was 38.5 billion yen (US\$371 million), a decrease of 5.3 billion yen compared to the first half of fiscal 2007. Gross profit increased by 7.2 billion yen over the previous year due to such factors as higher sales of mobile phone base stations and system integration services, as well as cost reductions in the HDD business. The gross profit margin improved by 0.9 percentage point, to 26.1%.

Selling, general, and administrative expenses increased by 12.6 billion yen over the same period in fiscal 2007. Strategic upfront investments increased, particularly in Technology Solutions, as did amortization costs for unrecognized retirement benefit obligations as a result of lower performance on pension assets in the previous fiscal year. These increases outweighed the favorable impact of the yen's appreciation on expenses denominated in other currencies.

In other income and expenses, other income decreased by 14.3 billion yen compared to the same period a year ago, while other expenses decreased by 31.4 billion yen, for a net improvement of approximately 17.0 billion yen. A major cause for the improvement was an inventory revaluation loss of 25.0 billion yen in the first half of fiscal 2007 arising from a change in accounting policies. Equity in earnings of affiliates deteriorated in comparison with the same period in the previous year due to intensified competition in PCs and servers for our joint venture in Europe, and there was an improvement in foreign exchange gains and losses as a result of the depreciation of the yen in the first half compared to the end of the previous fiscal year, as well as lower losses on the disposal of fixed assets. There was a 2.9 billion yen gain on sales of shares in a cable television company and other investment securities, and a 2.1 billion yen impairment loss in our electronic components business.

As a result, income before income taxes and minority interests was 29.8 billion yen (US\$287 million), an increase of 11.6 billion yen from the same period in the previous year. After subtracting income taxes and minority interests, consolidated net income rebounded from a loss of 9.3 billion yen in the same period the previous year to a 4.6 billion yen (US\$45 million) profit, an improvement of 13.9 billion yen.

***Comparison with Projections Announced in July 2008***

Net sales were roughly in line with projections. Lower-than-anticipated sales of PCs, mobile phones, hard disk drives (HDDs) and logic LSI devices were offset by higher-than-anticipated sales in our Services business and a weaker-than-anticipated yen in the first half. Operating income exceeded projections by 3.5 billion yen as a result of cost reduction efforts and greater efficiencies in the servers and related business and higher sales and greater cost efficiencies in the Services business, which outweighed the impact of lower sales of PCs and HDDs and intensified competition in the logic LSI and electronic component markets. Other losses such as losses on foreign currency exchange and disposal of fixed assets were lower than expected, though corporate taxes were higher than anticipated because of increased dividend income from subsidiaries and affiliates outside Japan. As a result, net income totaled 4.6 billion yen compared with the previous break-even projection.

## Consolidated Results by Business Segment

(Billion Yen)

		<b>First Half FY 2008</b> 4/1/08-9/30/08	<b>First Half FY 2007</b> 4/1/07-9/30/07	<b>Change</b>
Technology Solutions	Net Sales	1,524.9	1,507.5	17.4
	Operating Income	57.3	38.7	18.6
	[Operating Income Margin]	[3.8%]	[2.6%]	[1.2%]
Ubiquitous Product Solutions	Net Sales	521.4	575.0	-53.6
	Operating Income	8.8	21.8	-12.9
	[Operating Income Margin]	[1.7%]	[3.8%]	[-2.1%]
Device Solutions	Net Sales	350.9	397.9	-46.9
	Operating Income	-7.3	6.1	-13.4
	[Operating Income Margin]	[-2.1%]	[1.5%]	[- 3.6%]
Other Operations	Net Sales	260.6	253.7	6.9
	Operating Income	7.7	5.8	1.9
	[Operating Income Margin]	[3.0%]	[2.3%]	[0.7%]
Elimination & Corporate	Net Sales	-204.2	-221.1	16.9
	Operating Income	-28.2	-28.5	0.3

Total	Net Sales	2,453.7	2,513.1	-59.3
	Japan	<64.5%> 1,583.0	<62.1%> 1,561.5	<2.4%> 21.5
	Outside Japan	<35.5%> 870.7	<37.9%> 951.6	<-2.4%> -80.8
	Operating Income	38.5	43.9	-5.3
	[Operating Income Margin]	[1.6%]	[1.7%]	[-0.1%]

Notes: Net sales include intersegment sales.

Percentages inside brackets < > reflect proportion of total sales.

If foreign exchange rates were unchanged from the first half of fiscal 2007, the ratio of net sales outside Japan would be 38%.

## Consolidated Results by Geographic Segment

(Billion Yen)

		<b>First Half FY 2008</b> 4/1/08-9/30/08	<b>First Half FY 2007</b> 4/1/07-9/30/07	<b>Change</b>
Japan	Net Sales	1,950.2	1,966.7	-16.4
	Operating Income	62.0	56.5	5.4
	[Operating Income Margin]	[3.2%]	[2.9%]	[0.3%]
Outside Japan	Net Sales	948.8	1,038.9	-90.1
	Operating Income	6.8	16.5	-9.6
	[Operating Income Margin]	[0.7%]	[1.6%]	[-0.9%]

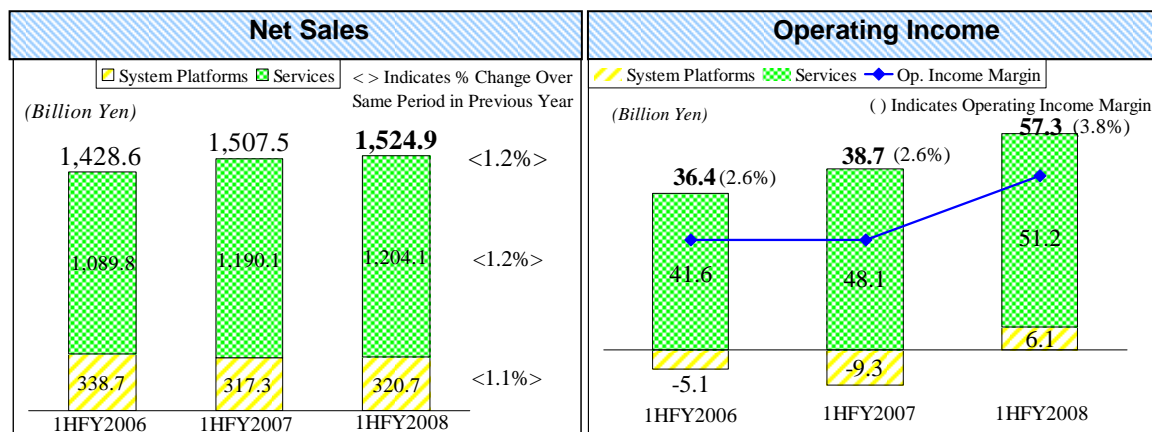
Note: Net sales include intersegment sales.



### 3. Results by Business Segment

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

#### Technology Solutions



			(Billion Yen)	
	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Net Sales	1,524.9	1.2%	827.0	0.3%
Japan	996.2	7.4%	555.4	6.9%
Outside Japan	528.6	-8.9%	271.5	-10.9%

	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Operating Income	57.3	18.6	49.1	14.3

Consolidated net sales in the Technology Solutions segment for the first half were 1,524.9 billion yen (US\$14,663 million), up 1.2% over the first half of fiscal 2007. Sales in Japan rose by 7.4% on higher sales in the Services business, particularly systems integration, as well as higher sales of router equipment to telecom carriers, mobile phone base stations, and servers and related business. Sales outside Japan declined by 8.9%. Excluding the impact of yen appreciation, however, sales rose by 2% due to higher sales in the Services business, particularly to private-sector European customers, despite lower sales of UNIX servers and lower UK sales of optical transmission systems.

Operating income for the segment was 57.3 billion yen (US\$552 million), an increase of 18.6 billion yen compared to the previous year's first half. Despite the upfront costs related to strengthening and expanding the private-sector Services business in Europe, operating income increased as a result of higher sales in Japan of mobile phone base stations, systems integration services, and servers and related business as well as greater cost efficiencies.

## (1) Services

(Billion Yen)

	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Net Sales	1,204.1	1.2%	649.0	0.2%
Japan	771.4	5.9%	428.0	4.9%
Outside Japan	432.6	-6.3%	220.9	-7.7%

	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Operating Income	51.2	3.1	39.3	6.2

Net sales in the Services sub-segment for the first half were 1,204.1 billion yen (US\$11,579 million), up 1.2% from the same period a year earlier. In Japan, sales increased by 5.9%, led by growth in sales of systems integration services, primarily to the public, financial services, and healthcare sectors, and higher sales of outsourcing services. Sales outside Japan declined by 6.3%. Excluding the impact of yen appreciation, however, sales rose by 5%, primarily on higher sales to private-sector customers on the European continent.

Operating income for the Services sub-segment was 51.2 billion yen (US\$493 million), an increase of 3.1 billion yen compared to the same period last year. Despite incurring upfront costs related to the private-sector business on the European continent, profitability increased as a result of higher sales and improved cost efficiencies in the system integration services in Japan. Operating income declined in the first quarter because a deterioration in business outside Japan outweighed the growth in Japan. In the first half, operating income increased over the same period the previous year, because in the second quarter, the profitability of the Services business in Japan rose strongly, while the profitability of business outside Japan improved.

In October, as part of the strengthening of its global business, the Fujitsu Group reformed its North American business structure by reorganizing subsidiaries Fujitsu Consulting Holdings, Inc., Fujitsu Computer Systems Corporation and Fujitsu Transactions Solutions Inc. under the newly established company Fujitsu North America Holdings, Inc. This integrated management structure will promote a unified sales approach aimed at raising the presence of the Fujitsu Group in the region and improving management efficiency.

## (2) System Platforms

(Billion Yen)

	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Net Sales	320.7	1.1%	177.9	0.7%
Japan	224.7	13.0%	127.3	14.5%
Outside Japan	95.9	-18.9%	50.6	-22.7%

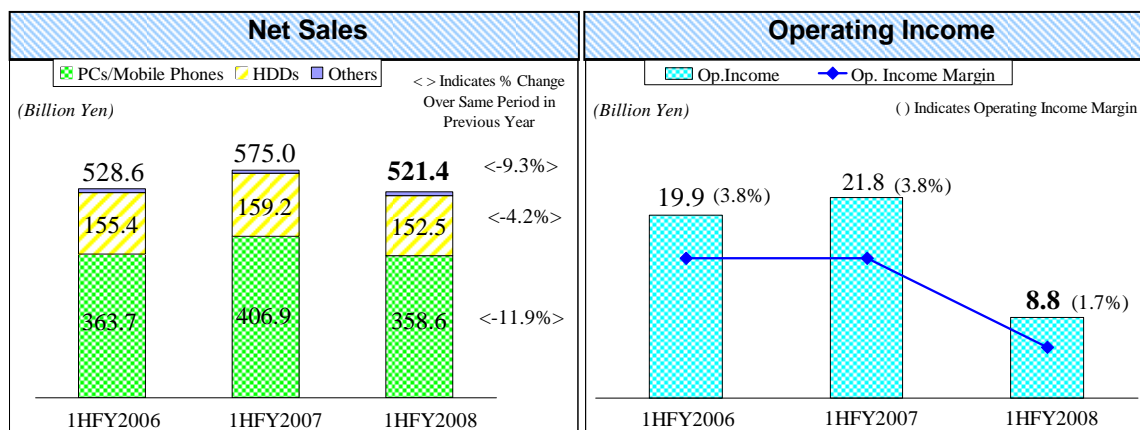
	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Operating Income	6.1	15.5	9.8	8.0

Net sales in the System Platforms sub-segment for the first half were 320.7 billion yen (US\$3,084 million), an increase of 1.1% over the first half of fiscal 2007. In Japan, sales increased by 13.0% on higher sales of mobile phone base stations, which have rebounded since the second half of fiscal 2007, higher sales of router equipment to telecom carriers, and higher sales of servers and related business. Sales outside Japan decreased by 18.9%. Excluding the impact of yen appreciation, sales declined by 9%. Key factors included declining sales of UNIX servers compared to last year's first half, when demand was temporarily bolstered by the launch of new server models, a revenue decline in North America as market conditions deteriorated, and lower sales of optical transmission systems in the UK.

Operating income was 6.1 billion yen (US\$59 million), an improvement of 15.5 billion yen over the first half of the previous fiscal year. Despite the impact of a decline in the sales of UNIX servers outside Japan, higher sales in Japan of mobile phone base stations and servers and related business as well as greater cost efficiencies helped the sub-segment swing back into the black compared to a 9.3-billion-yen loss in the same period a year previous. In the first quarter, when sales are typically lower than other quarters, the sub-segment generated an operating loss of 3.7 billion yen, but operating income in the second quarter was 9.8 billion yen largely as a result of a higher level of sales in Japan.

In July, Fujitsu reorganized its optical transmission systems business in Japan, transferring its manufacturing division and product development division for the Japanese market to its wholly owned subsidiary, Fujitsu Access Limited (renamed Fujitsu Telecom Networks Limited) in a simple absorption-type company split. By establishing through this reorganization a unified structure for the Fujitsu Group's optical transmission business in Japan that encompasses all phases of the value chain from development through delivery, Fujitsu will accelerate the development and manufacture of high-quality products to offer its customers products that better respond to their needs.

## Ubiquitous Product Solutions



	First Half FY 2008	Change vs. 1H FY 2007
Net Sales	521.4	-9.3%
Japan	344.8	-6.1%
Outside Japan	176.6	-15.1%

	First Half FY 2008	Change vs. 1H FY 2007
Operating Income	8.8	-12.9

(Billion Yen)

Second Quarter FY 2008	Change vs. 2Q FY 2007
249.5	-16.9%
158.1	-17.7%
91.4	-15.6%

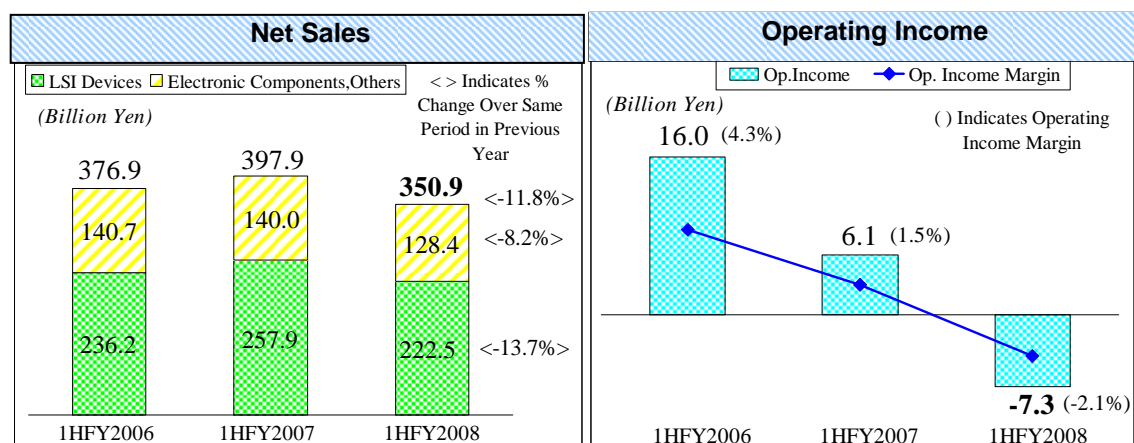
Second Quarter FY 2008	Change vs. 2Q FY 2007
-1.0	-10.5

Net sales in the Ubiquitous Product Solutions segment were 521.4 billion yen (US\$5,014 million), a decrease of 9.3% compared to the same period in fiscal 2007. Sales in Japan for the first half declined by 6.1%. Although first-quarter sales rose 6.7%, second-quarter sales declined by 17.7%. Mobile phone sales declined as a result of a longer upgrade cycle brought about by changes in the mobile phone sales system in Japan. In addition, sales of PCs, which had been strong in the first quarter, declined in the second quarter on intensified price competition and weaker corporate demand, resulting in lower sales for the first half. Ubiquitous product sales outside Japan decreased by 15.1%. Even if the impact of yen appreciation is excluded, sales decreased by 9%, primarily as a result of the impact of intensified competition in HDDs as well as in Europe's PC market.

Operating income for Ubiquitous Product Solutions was 8.8 billion yen (US\$85 million), a decrease of 12.9 billion yen compared to last year's first half. Despite an improvement in our business for HDDs for notebook PCs as a result of expanded production of new perpendicular magnetic recording models from the latter half of fiscal 2007, operating income declined as a result of lower sales of mobile phones and higher costs associated with increasing their functionality. The segment as a whole posted an operating loss of 1.0 billion yen in the second quarter, representing a significant deterioration from the 9.9 billion yen operating income recorded in the first quarter. The main factors behind this deterioration were the impact of

sharply lower sales of mobile phones, intensified PC competition primarily in Japan, as well as intensified price competition in HDDs globally.

## Device Solutions



	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Net Sales	350.9	-11.8%	178.5	-14.5%
Japan	213.8	-18.2%	106.3	-22.4%
Outside Japan	137.1	0.4%	72.2	0.7%

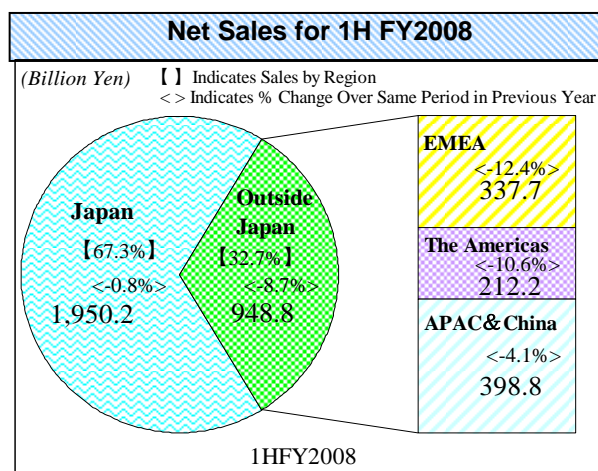
	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Operating Income	-7.3	-13.4	-2.5	-12.2

Net sales in Device Solutions were 350.9 billion yen (US\$3,375 million), a decrease of 11.8% compared to the first half of fiscal 2007. Sales in Japan declined by 18.2%. Although sales of 65nm logic devices for use in the company's own server models and image processors increased in the second quarter, sales of standard logic devices and 90nm logic devices declined on weak demand for use in digital home appliances and mobile phones. Demand for Flash memory for use in mobile phones and electronic components also remained weak. Sales in the first quarter declined by 13.5%, and the rate of decline grew to 22.4% in the second quarter, representing a more severe downturn in demand. Sales outside Japan were essentially flat. Excluding the impact of yen appreciation, however, sales increased by 9% on strong sales of logic products, particularly in Asia.

The Device Solutions segment posted an operating loss of 7.3 billion yen (US\$70 million) for the first half. In the LSI business, in addition to a decline in demand, earthquakes in the Iwate region in June and July forced the Iwate Plant to temporarily halt production of its standard technology logic LSI, and losses from the damage were also sustained in the second quarter.

Therefore, there was a deterioration of 13.4 billion yen from the first half of fiscal 2007. Despite more efficient R&D activities with the consolidation of the advanced process product development lines to the Mie Plant, the combination of lower sales from significantly weakening demand in the second quarter and damages sustained in the earthquakes resulted in a deterioration in profitability. Operating income in electronic components declined as a result of the impact of yen appreciation and intensified price competition.

## 4. Results by Geographic Segment



### Operating Income (Billion Yen)

	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Japan	62.0 [3.2%]	5.4 [0.3%]	42.1 [4.1%]	-5.3 [-0.4%]
Outside Japan	6.8 [0.7%]	-9.6 [-0.9%]	6.4 [1.3%]	-3.9 [-0.6%]
EMEA	0.2 [0.1%]	-4.3 [-1.1%]	1.6 [1.0%]	-1.9 [-0.8%]
The Americas	1.4 [0.7%]	-3.5 [-1.4%]	0.5 [0.5%]	-2.6 [-2.0%]
APAC & China	5.1 [1.3%]	-1.8 [-0.4%]	4.3 [2.1%]	0.6 [0.5%]

Note: Numbers inside brackets indicate operating income margin.

In Japan, net sales for the first half were 1,950.2 billion yen (US\$18,752 million), a decline of 0.8 percent compared with the first half of fiscal 2007. While first-quarter sales increased by 2.5%, second-quarter sales declined by 3.7%. Sales of systems integration services, mobile phone base stations, and routers to telecom carriers increased in both the first and second quarters over the same periods the previous year, but sales of PCs began declining in the first quarter, while mobile phones and logic LSI devices posted significant sales declines in the second quarter. Operating income was 62.0 billion yen (US\$597 million), an increase of 5.4 billion yen compared with the same period in fiscal 2007. Despite lower sales of such products as mobile phones and logic LSI devices, the benefit of higher sales and improved cost efficiencies in our systems integration and higher mobile phone base station sales contributed to the overall growth in operating income.

Net sales outside Japan were 948.8 billion yen (US\$9,124 million), an 8.7% decrease from the same period of the previous fiscal year. Excluding the impact of yen appreciation, however, sales were roughly flat with the first half of 2007. Operating income was 6.8 billion yen (US\$65 million), a decrease of 9.6 billion yen from the same period of the previous fiscal year.

Net sales in EMEA were 337.7 billion yen (US\$3,248 million), a decrease of 12.4% from the same period of the previous fiscal year. Excluding the impact of yen appreciation, sales were roughly flat with the first half of fiscal 2007. Sales of optical transmission systems declined, but sales in our Services business increased, primarily to private-sector customers in continental Europe. EMEA operating income was 0.2 billion yen (US\$2 million). There was an operating loss of 1.4 billion yen in the first quarter, but a turnaround in the second quarter resulted in an operating profit for the first half. Nevertheless, operating income declined by 4.3 billion yen compared to the first half of fiscal 2007. Although losses stemming from the burden of development expenses related to next-generation networks decreased, profitability declined as a result of higher upfront costs in our Services business related to strengthening and expanding our business with private-sector customers.

Net sales in the Americas were 212.2 billion yen (US\$2,041 million), a 10.6% decrease from the same period in the prior fiscal year. Excluding the impact of yen appreciation, however, the level of sales was more or less unchanged. In the products business, sales of UNIX servers and

HDDs were stagnant, but sales of optical transmission equipment increased. Services sales were weaker in the second quarter as a result of deteriorating market conditions, but were on par with fiscal 2007 on a half-year basis. Operating income was 1.4 billion yen (US\$14 million), a decrease of 3.5 billion yen compared with the previous fiscal year's first half, reflecting the impact of increased development costs for next-generation networks as well as higher expenses related to marketing activity for new contracts in the Services business.

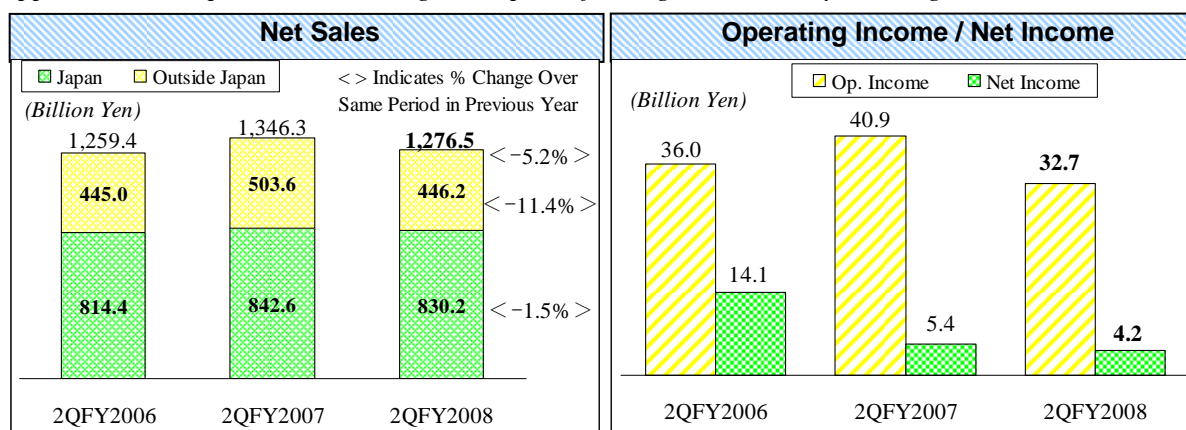
In APAC and China, net sales were 398.8 billion yen (US\$3,835 million), a decrease of 4.1% compared to the corresponding period in the previous fiscal year. Excluding the impact of yen appreciation, sales decreased by 3%. Operating income was 5.1 billion yen (US\$49 million), a decrease of 1.8 billion yen from last year's first half. The decline in profitability was the result of increasingly severe competition in HDDs and electronic components as well as higher selling, general and administrative expenses associated with the expansion of our Services business.



## 5. FY 2008 Second-Quarter Consolidated Financial Results

### Profit and Loss

Figures for and comparisons to prior reporting periods are provided for reference, including approximate comparisons excluding the impact of changes in currency exchange rates.



Second-quarter consolidated net sales were 1,276.5 billion yen (US\$12,274 million), representing a decline of 5.2% compared to the second quarter of fiscal 2007. Sales in Japan decreased by 1.5%. Sales of system integration services to the public and financial services sectors increased, as did sales of mobile phone base stations, router equipment for telecom carriers, and server-related equipment. These factors were outweighed, however, by lower sales of mobile phones due to longer upgrade cycles, and falling demand for PCs and logic LSI devices. Sales outside Japan decreased by 11.4%. Excluding the impact of yen appreciation, sales outside Japan declined by 3%. Among the major factors weighing on sales outside Japan were lower sales of UNIX servers compared to last year's first half, when demand was temporarily bolstered by the launch of new server models, a revenue decline in North America due to deteriorating market conditions, and lower sales of HDDs amid intensified global competition.

Consolidated operating income was 32.7 billion yen (US\$315 million), a decrease of 8.2 billion yen compared to the second quarter of fiscal 2007. Gross profit declined by 9.0 billion yen compared to the previous year. Declining sales of PCs, mobile phones, and LSI devices outweighed the positive impact of higher sales in Japan of systems integration services, mobile phone base stations, and servers and related business, along with greater cost efficiencies. Selling, general, and administrative expenses declined by 0.7 billion yen compared to the second quarter of 2007. Despite increased amortization costs for unrecognized retirement benefit obligations as a result of lower performance on pension assets in the previous fiscal year, more efficient R&D activities and the higher yen helped to reduce costs.

In other income and expenses, other income decreased by 8.7 billion yen compared to the same period a year ago, while other expenses decreased by 6.3 billion yen, for a net deterioration of approximately 2.4 billion yen. Equity in earnings of affiliates deteriorated in comparison with the same period in the previous year due to intensified competition in PCs and servers for our joint venture in Europe, but this was mainly offset by lower losses on the disposal of fixed assets. In addition, there was a 689 million yen gain on sales of securities, and a 2.1 billion yen impairment loss in our electronic components business.

As a result, income before income taxes and minority interests was 19.2 billion yen (US\$185 million), a decrease of 10.6 billion yen compared to last year's second quarter. After subtracting income taxes and minority interests, consolidated net income totaled 4.2 billion yen (US\$41 million) for the second quarter, a decline of 1.1 billion yen compared to the prior year's quarter.

## 6. Financial Condition

### [Assets, Liabilities and Net Assets]

(Billion yen)

	2Q FY 2008 (at September 30, 2008)	FY 2007 (at March 31, 2008)	Change	2Q FY 2007 (at September 30, 2007)
Assets				
Current assets	2,031.2	2,169.9	-138.6	2,397.3
(Notes and accounts receivable, trade)	844.2	1,017.9	-173.6	944.7
(Inventories)	422.5	383.1	39.4	431.9
Non-current assets	1,548.8	1,652.0	-103.1	1,802.7
(Property, plant and equipment)	798.2	839.7	-41.5	884.9
(Investment securities and other non-current assets)	528.4	592.7	-64.2	686.5
Total Assets	3,580.1	3,821.9	-241.8	4,200.1
Liabilities				
Current liabilities	1,715.8	1,611.3	104.5	1,853.0
(Notes and accounts payable, trade)	622.8	772.1	-149.2	776.0
(Short-term borrowings and current portion of long-term debt)	484.8	160.2	324.5	342.3
Long-term liabilities	759.3	1,080.4	-321.0	1,221.1
(Long-term debt)	425.6	727.1	-301.4	774.6
Total Liabilities	2,475.2	2,691.7	-216.5	3,074.2
Net Assets				
Shareholders' equity	910.3	911.6	-1.3	858.4
Valuation and translation adjustments	8.7	36.5	-27.7	93.0
Minority interests	185.7	181.9	3.8	174.4
Total Net Assets	1,104.9	1,130.1	-25.2	1,125.8
Total Liabilities and Net Assets	3,580.1	3,821.9	-241.8	4,200.1
Cash and cash equivalents at end of period	554.4	547.8	6.6	785.7
Ending balance of interest-bearing loans	910.5	887.3	23.1	1,117.0
Ending balance of net interest-bearing loans	356.0	339.4	16.5	331.3
Owners' equity	919.0	948.2	-29.1	951.4

### [Cash Flows]

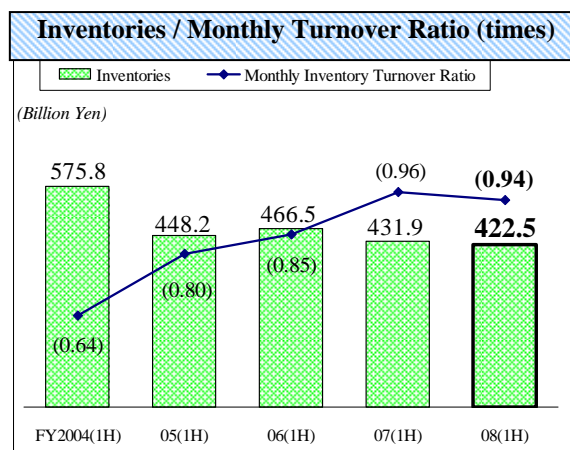
(Billion yen)

	1H FY 2008 (4/1/08-9/30/08)	1H FY 2007 (4/1/07-9/30/07)	Change
I. Cash Flows from Operating Activities:			
Income (Loss) before income taxes and minority interests	29.8	18.2	11.6
Depreciation and amortization, including goodwill amortization	144.9	134.6	10.3
Loss (gain) on sales of investment securities, net	-2.9	-11.6	8.6
Revaluation loss on inventories	-	25.0	-25.0
(Increase) decrease in receivables, trade	197.0	111.9	85.1
(Increase) decrease in inventories	-36.3	-45.5	9.2
Increase (decrease) in payables, trade	-162.3	-50.4	-111.9
Other, net	-48.1	-30.1	-18.0
Net Cash from Operating Activities	122.1	152.0	-29.9
II. Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-87.9	-144.9	57.0
Proceeds from sales of investment securities	12.3	40.1	-27.7
Other, net	-38.6	-27.1	-11.5
Net Cash Used in Investing Activities	-114.2	-131.9	17.7
I + II Free Cash Flow	7.9	20.0	-12.1
III. Cash Flows from Financing Activities			
Net Cash Provided by Financing Activities	-9.6	315.2	-324.9
IV. Cash and Cash Equivalents at End of Period	554.4	785.7	-231.2

## Explanation of Assets, Liabilities, and Net Assets

Total assets at the end of the second quarter were 3,580.1 billion yen (US\$34,425 million), a decrease of 241.8 billion yen compared to the end of fiscal 2007. Current assets decreased by 138.6 billion yen in comparison with the end of the previous fiscal year, reflecting the high level of collections of trade receivables at the end of last fiscal year. Inventories stood at 422.5 billion yen, an increase of 39.4 billion yen in comparison with the ending balance for fiscal 2007, primarily to prepare for future sales growth in the Services sub-segment. This represented a decline of 9.3 billion yen compared to the

balance at the end of the second quarter of fiscal 2007, but due to the decline in income as a result of less favorable exchange rates, the monthly inventory turnover rate, which is an indication of the efficiency of asset utilization, was 0.94 times, compared to 0.96 times in the same period the previous fiscal year. In non-current assets, due to a rapid fall in stock prices at the end of the second quarter, the value of investment securities and other non-current assets decreased by 64.2 billion yen in comparison with the end of the preceding fiscal year.



Total liabilities were 2,475.2 billion yen (US\$23,801 million), a decrease of 216.5 billion yen compared with the end of the prior fiscal year, primarily reflecting the high level of payments of trade payables at the end of fiscal 2007. The balance of interest-bearing debt was 910.5 billion yen, an increase of 23.1 billion yen over the end of fiscal 2007. The balance of corporate bonds fell by 41.6 billion yen due to redemptions, but the balance of loans increased 64.8 billion yen because the increase in working capital was financed with short-term loans. The debt/equity ratio was 0.99, and the net debt/equity ratio was 0.39. The funds raised in fiscal 2007 through the issuance of new convertible bonds have been invested in low-risk assets to meet the redemption of 250.0 billion yen in convertible bonds maturing in May 2009.

Net assets were 1,104.9 billion yen (US\$10,624 million), a decrease of 25.2 billion yen compared to the end of fiscal 2007, due to a decrease in valuation and translation adjustments, primarily as a result of the decline in listed companies' stock prices. Shareholders' equity was 910.3 billion yen, almost the same level as 911.6 billion yen at the end of the previous fiscal year. Net income of 4.6 billion yen for the first half was added to retained earnings. Sub-subsidiaries, which had not been included in consolidated results because of their low level of materiality, are now, in principle, included in consolidated results, increasing retained earnings by 7.0 billion yen. The year-end dividend was increased by 2 yen per share, and the company paid 10.3 billion yen in dividends during the first half. As a result, the owners' equity ratio was 25.7%, a 0.9 point increase compared to the end of the fiscal 2007.

## Summary of Cash Flows

Net cash flows from operating activities during the first half were 122.1 billion yen (US\$1,174 million). This represents a decrease of 29.9 billion yen from the same period in fiscal 2007, due to increased payments as working capital.

Net cash used in investing activities was 114.2 billion yen (US\$1,098 million), primarily for equipment acquisitions. In comparison with the same period in the previous fiscal year, net outflows decreased by 17.7 billion yen. In the previous year, there were heavy cash outflows resulting from the construction of the 300mm line at the Mie Plant, and therefore outflows for acquisition of tangible fixed assets decreased by 57.0 billion yen. The previous year's outflows were partially offset by 40.1 billion yen in proceeds from the sale of shares in affiliates, which declined by 27.7 billion yen in the first half of the current year to 12.3 billion yen.

Free cash flow, the sum of operating and investing cash flows, was 7.9 billion yen (US\$76 million), a decrease of 12.1 billion yen compared with the same period in fiscal 2007.

Net cash used in financing activities was 9.6 billion yen (US\$93 million). Payments were made for the redemption of 81.9 billion yen in corporate bonds, but the higher level of working capital was financed in part by short-term borrowings and corporate bonds. Compared to the same period in fiscal 2007, cash inflows decreased by 324.9 billion yen. In the current period there were higher dividend payments, and in contrast, in the first half of 2007 there were cash inflows from the issuance of 200 billion yen in convertible bonds and 100 billion yen in corporate straight bonds.

As a result of the above factors, along with an increase in the number of consolidated subsidiaries, total cash and cash equivalents at the end of the first half were 554.4 billion yen, an increase of 6.6 billion yen from the end of the prior fiscal year.

**Reference: Major Financial Indices**

	September 30 2008	March 31 2008	Change	September 30 2007
D/E Ratio (times)	0.99	0.94	0.05	1.17
Net D/E Ratio (times)	0.39	0.36	0.03	0.35
Shareholders' Equity Ratio	25.4%	23.9%	1.5%	20.4%
Owners' Equity Ratio	25.7%	24.8%	0.9%	22.7%

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.

## 7. FY 2008 Full-Year Consolidated Earnings Projections

Net sales and operating income for the first half of fiscal 2008 were essentially in line with the projections we announced in July. Earnings performance in Device Solutions and Ubiquitous Product Solutions businesses was below expectations due to intensified competition in the logic LSI device, electronic components, PC and HDD markets. In Technology Solutions, performance exceeded projections as a result of lower costs and improved efficiencies in our services, servers and related business, and network products businesses.

In September, turmoil in financial markets worsened and there were stronger signs of global economic recession, particularly in the US and Europe. In Japan, corporate earnings are deteriorating and consumer spending is weak. As a result, the business environment for the remainder of this fiscal is increasingly uncertain. In logic LSI devices, market conditions have sharply deteriorated since the second quarter, with inventory adjustments and downward pricing pressures seen in the digital home appliance, mobile phone, and automotive markets, and we expect the current severe conditions to continue for the foreseeable future. Global competition in the HDD and PC markets continues to intensify, while in the mobile phones market, the sales slump as a result of longer upgrade cycles and the higher handset price has become more pronounced.

In light of this business environment, the following revisions have been made to full-year earnings projections.

For net sales, we are reducing the projection made in July by 300.0 billion yen and now project 5,050.0 billion yen in net sales. We project lower sales of PCs, mobile phones, HDDs, logic LSI devices, and electronic components because of deteriorating market conditions and intensified competition. Although the average currency exchange rates over the first half were more favorable than anticipated, we expect sales outside Japan to be adversely affected by the steep appreciation of the yen since the latter part of September, and we have accordingly revised our exchange rate assumptions. The effect of the revised exchange rates is expected to reduce sales by 50.0 billion yen.

We have reduced our projection for operating income by 70.0 billion yen, to 150.0 billion yen. As a result of lower sales of PCs, mobile phones, HDDs, logic LSI devices, and electronic components, we have reduced our projections for operating income in the Ubiquitous Product Solutions segment by 30.0 billion yen and in the Device Solutions segment by 45.0 billion yen. Although results in our Technology Solutions segment significantly exceeded the projections we made in July for the first half of the fiscal year, we have not changed our full-year projections for the segment because we expect earnings to be negatively impacted in the second half by the appreciation of the yen and because there is uncertainty in our System Platforms sub-segment and systems integration business, for which sales and earnings tend to be concentrated at the end of the fiscal year.

In line with these revisions, we are also revising our projection for net income down to 60.0 billion yen.

The Fujitsu Group will continue to promote further efficiencies in its global business structure and promote productivity improvements through manufacturing innovation and standardization. In addition, while closely managing our pipeline of new business from the initial proposal to the order stage, we will promote an expansion of new business by developing our teams of “Field Innovators” and deploying them into the field to use a customer-centric perspective in leveraging IT.

**Full-Year Consolidated Forecast**

(Billion Yen)

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. July 2008 Forecast	Effect of yen appreciation
Net Sales	5,330.8	5,050.0	-300.0	-50.0
Operating Income	204.9	150.0	-70.0	-5.0
Net Income	48.1	60.0	-40.0	-5.0

Average currency exchange rate forecast for second half of fiscal 2008, with previous July forecast in parentheses:

\$1=100 yen (100 yen); €1=125 yen (155 yen); £1=160 yen (200 yen)

**Full-Year Consolidated Operating Income by Major Business Segment**

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. July 2008 Forecast	Effect of yen appreciation
Technology Solutions	180.1	210.0	-	-5.0
Services	140.4	185.0	-	-5.0
System Platforms	39.7	25.0	-	-
Ubiquitous Product Solutions	52.5	20.0	-30.0	-
Device Solutions	18.2	-25.0	-45.0	-

## 8. Notes

### 1. Scope of Consolidation and Accounting Policies

- (1) Significant Changes to Subsidiaries in the Current Reporting Period (changes to specified subsidiaries resulting from changes in scope of consolidation)

There were none.

- (2) Changes in Accounting Policies, Practices and Presentation Methods in the Current Consolidated Reporting Period

- Changes in Accounting Standards

1. Adoption of Accounting Standard and Guidance for Quarterly Financial Reporting

Starting with the first quarter of the current fiscal year, we have applied the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan, Statement No. 12 dated March 14, 2007) and “Implementation Guidance on Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Guidance No. 14 dated March 14, 2007). In addition, quarterly consolidated financial reports are prepared in conformity with the “Rules for Presentation of Quarterly Consolidated Financial Statements.”

2. Adoption of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

We have adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Accounting Standards Board of Japan, Practical Issues Task Force, No. 18 dated May 17, 2006) from the first quarter of the current fiscal year.

The effect of this accounting change on first-half operating income, ordinary income and income before taxes is insignificant.

A note regarding the effect of this change on segment information is included in “FY2008 First Half Consolidated Business Segment Information” on page 5.

Outside Japan, starting with Fujitsu Services Holdings PLC in the UK (and its subsidiaries) in fiscal 2005, several subsidiaries such as those in Australia and Singapore had already adopted International Financial Reporting Standards (IFRS). Starting with the first quarter of the current fiscal year, however, these standards are applied to all the Group’s subsidiaries outside Japan. For such subsidiaries that are applying IFRS for the first time from the first quarter of the current fiscal year, accounting procedure changes reflecting the change in accounting standards have been applied to previous years, resulting in a 1,585 million yen decrease in retained earnings at the beginning of the first-quarter consolidated accounting period.

3. Changes in Accounting Standards for Completed Construction Revenue and Costs

We have already applied the percentage-of-completion method as the standard for accounting for revenue from software development contracts, a core business of the Fujitsu Group, while we have applied the completed contract method as the standard for accounting for revenue from contract construction. For contract construction work as well, for contracts in progress as of the end of the second quarter for which we are accurately able to confirm the degree of completion, we have applied the

percentage-of-completion method beginning with the first quarter of the current fiscal year. This reflects the early adoption of the “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan, Statement No. 15 dated December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan, Guidance No. 18 dated December 27, 2007) allowing the application of the percentage-of-completion method prior to the fiscal year beginning April 1, 2009.

The effect of this accounting change on first-half net sales, operating income, and income before income taxes and minority interests is insignificant.

A note regarding the effect of this change on segment information is included in “FY2008 First-Half Consolidated Business Segment Information” on page 5.

In addition, beginning with this accounting period, we are disclosing under “provision for construction contract losses” the estimated amount of future losses relating to software development projects whose profitability potentially has deteriorated. In the previous fiscal year’s consolidated accounts, this estimated loss (6,135 million yen) was mainly included under “other current liabilities” and “notes and accounts payable, trade.”

## **2. Note in the Event of Fluctuations in the Balance of Shareholders’ Equity**

### **(1) Payment of Dividends from Retained Earnings**

In accordance with a resolution of the Board of Directors on May 23, 2008, dividends were paid in the first quarter, resulting in a reduction in the balance of retained earnings by 10,345 million yen.

### **(2) Adoption of International Financial Reporting Standards (IFRS) by Subsidiaries Outside Japan**

Among the company’s subsidiaries outside Japan, starting with Fujitsu Services Holdings PLC in the UK (and its subsidiaries) in fiscal 2005, several subsidiaries, including those in Australia and Singapore, had already adopted International Financial Reporting Standards (IFRS) prior to this fiscal year. Starting with this fiscal year’s first-quarter consolidated accounting period, however, these standards were applied to all the Group’s subsidiaries outside Japan. For such subsidiaries that applied IFRS for the first time in the first-quarter consolidated accounting period, accounting procedure changes reflecting the change in accounting standards have been applied to previous years, resulting in a 1,585 million yen decrease in retained earnings at the beginning of this fiscal year.

### **(3) Increase in Subsidiaries Subject to Consolidation**

Several subsidiaries that previously had not been subject to consolidation, including unconsolidated subsidiaries of PFU Limited, Fujitsu FSAS Inc., and Fujitsu FIP Corporation, became subject to consolidation starting with the first quarter of this fiscal year, resulting in a 7,027 million yen increase in retained earnings.

## **3. Precautions on Usage of Earnings Projections**

These materials may contain forward-looking statements that are based on management’s current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.



For information regarding the assumptions used to prepare these projections, please refer to “FY 2008 Full-Year Consolidated Earnings Projections” on page 36.

- Economic trends in key markets (particularly in Japan, North America, Europe and Asia, including China)
- Rapid changes in the high-technology industry (particularly semiconductors, PCs, etc.)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive environment relating to collaborations, alliances and technical assistance
- Potential emergence of unprofitable projects
- Changes in accounting policies

## Part III: Supplementary Information

### 1. Forecast for FY 2008 Consolidated Business Segment Information

#### a. Net Sales\* and Operating Income

		Yen (Billions)			Yen (Billions)	
		FY 2008 (Forecast)			FY 2007	Change vs.
		Previous**	Current***	Change	(Actual)	FY2007(%)
Technology Solutions						
Japan	Y	2,160.0	2,190.0	+30.0	2,102.2	+4.2
Overseas		1,100.0	1,050.0	-50.0	1,170.0	-10.3
Total		3,260.0	3,240.0	-20.0	3,272.2	-1.0
Operating income:						
Services		185.0	185.0	-	140.4	+31.7
[Operating income margin]		[7.2%]	[7.3%]	[+0.1%]	[5.5%]	
System Platforms		25.0	25.0	-	39.7	-37.1
[Operating income margin]		[3.6%]	[3.6%]	-	[5.6%]	
Total operating income		210.0	210.0	-	180.1	+16.5
[Operating income margin]		[6.4%]	[6.5%]	[+0.1%]	[5.5%]	
Ubiquitous Product Solutions						
Japan		780.0	710.0	-70.0	761.3	-6.7
Overseas		450.0	340.0	-110.0	427.6	-20.5
Total		1,230.0	1,050.0	-180.0	1,188.9	-11.7
Operating income		50.0	20.0	-30.0	52.5	-62.0
[Operating income margin]		[4.1%]	[1.9%]	[-2.2%]	[4.4%]	
Device Solutions						
Japan		490.0	420.0	-70.0	521.4	-19.5
Overseas		270.0	250.0	-20.0	275.3	-9.2
Total		760.0	670.0	-90.0	796.7	-15.9
Operating income (loss)		20.0	(25.0)	-45.0	18.2	-
[Operating income margin]		[2.6%]	[-3.7%]	[-6.3%]	[2.3%]	
Other Operations						
Japan		380.0	360.0	-20.0	361.0	-0.3
Overseas		160.0	150.0	-10.0	165.7	-9.5
Total		540.0	510.0	-30.0	526.8	-3.2
Operating income		15.0	10.0	-5.0	14.2	-29.9
[Operating income margin]		[2.8%]	[2.0%]	[-0.8%]	[2.7%]	
Elimination						
Sales		(440.0)	(420.0)	+20.0	(453.9)	-
Operating income		(75.0)	(65.0)	+10.0	(60.3)	-
Total						
Japan		3,490.0	3,360.0	-130.0	3,407.2	-1.4
Overseas		1,860.0	1,690.0	-170.0	1,923.6	-12.1
Total		5,350.0	5,050.0	-300.0	5,330.8	-5.3
Operating income	Y	220.0	150.0	-70.0	204.9	-26.8
[Operating income margin]		[4.1%]	[3.0%]	[-1.1%]	[3.8%]	

Notes:

\* Net sales include intersegment sales.

\*\* Previous forecast as of July 31, 2008.

\*\*\* Current forecast as of October 29, 2008.

## b. Net Sales\* by Principal Products and Services

		Yen (Billions)			Yen (Billions)		Assuming same exchange rates
		FY 2008 (Forecast)			FY 2007	Change vs.	as FY2007
		Previous**	Current***	Change	(Actual)	FY2007(%)	Change (%)****
<b>Technology Solutions</b>							
<b>Services:</b>							
Solutions / SI	Y	1,290.0	1,310.0	+20.0	1,258.8	+4.1	+5
Infrastructure Services		1,200.0	1,160.0	-40.0	1,215.2	-4.5	+6
Others		80.0	80.0	-	85.2	-6.1	-6
		2,570.0	2,550.0	-20.0	2,559.3	-0.4	+5
<b>System Platforms:</b>							
System Products		360.0	350.0	-10.0	370.4	-5.5	-4
Network Products		330.0	340.0	+10.0	342.4	-0.7	+4
		690.0	690.0	-	712.8	-3.2	0
<b>Total</b>		3,260.0	3,240.0	-20.0	3,272.2	-1.0	+4
<b>Ubiquitous Product Solutions</b>							
PCs / Mobile Phones		840.0	750.0	-90.0	837.0	-10.4	-9
Hard Disk Drives		370.0	280.0	-90.0	332.7	-15.8	-10
Others		20.0	20.0	-	19.1	+4.2	+4
<b>Total</b>		1,230.0	1,050.0	-180.0	1,188.9	-11.7	-9
<b>Device Solutions</b>							
LSI Devices		490.0	430.0	-60.0	508.8	-15.5	-13
Electronic Components, Others		270.0	240.0	-30.0	287.9	-16.7	-12
<b>Total</b>	Y	760.0	670.0	-90.0	796.7	-15.9	-13

### Notes:

- \* Net sales include intersegment sales.
- \*\* Previous forecast as of July 31, 2008.
- \*\*\* Current forecast as of October 29, 2008.
- \*\*\*\* Calculations using the same exchange rates as FY2007 are rough estimations.

## 2. Miscellaneous Forecasts for FY 2008

### a. R&D Expenses

	Yen (Billions)		Yen (Billions)		Yen (Billions)
	<b>FY 2007</b>		<b>FY 2008</b>		Change vs. previous forecast*
	1H (Actual)	Full-year (Actual)	1H (Actual)	Full-year (Forecast)	
	131.7	258.7	133.1	<b>270.0</b>	-
As % of sales	5.2%	4.9%	5.4%	<b>5.3%</b>	+0.3%

### b. Capital Expenditures, Depreciation

		Yen (Billions)		Yen (Billions)		Yen (Billions)
		<b>FY 2007</b>		<b>FY 2008</b>		Change vs. previous forecast*
		1H (Actual)	Full-year (Actual)	1H (Actual)	Full-year (Forecast)	
<b>Capital Expenditures</b>						
Technology Solutions	Y	38.0	81.6	35.2	<b>110.0</b>	+10.0
Ubiquitous Product Solutions		16.7	27.6	10.2	<b>25.0</b>	-5.0
Device Solutions		79.1	117.3	19.1	<b>55.0</b>	-20.0
Corporate and others		9.0	22.5	8.7	<b>30.0</b>	-5.0
Total		<u>143.0</u>	<u>249.0</u>	<u>73.3</u>	<u><b>220.0</b></u>	-20.0
Japan		112.7	189.6	48.7	<b>170.0</b>	-10.0
Overseas		30.2	59.4	24.6	<b>50.0</b>	-10.0
<b>Depreciation</b>	Y	96.2	200.5	109.2	<b>225.0</b>	-

### c. Cash Flows

		Yen (Billions)		Yen (Billions)		Yen (Billions)
		<b>FY 2007</b>		<b>FY 2008</b>		Change vs. previous forecast*
		1H (Actual)	Full-year (Actual)	1H (Actual)	Full-year (Forecast)	
(A) Cash flows from operating activities	Y	152.0	322.0	122.1	<b>370.0</b>	-60.0
[Net income]		[(9.3)]	[48.1]	[4.6]	<b>[60.0]</b>	-40.0
[Depreciation & amortization]		[134.6]	[279.2]	[144.9]	<b>[300.0]</b>	-
[Others]		[26.7]	[(5.3)]	[(27.4)]	<b>[10.0]</b>	-20.0
(B) Cash flows from investing activities		<u>(131.9)</u>	<u>(283.9)</u>	<u>(114.2)</u>	<u><b>(275.0)</b></u>	+5.0
(C) Free cash flow (A)+(B)		20.0	38.1	7.9	<b>95.0</b>	-55.0
(D) Cash flows from financing activities		<u>315.2</u>	<u>62.3</u>	<u>(9.6)</u>	<u><b>(50.0)</b></u>	-
(E) Total (C)+(D)	Y	<u><u>335.3</u></u>	<u><u>100.4</u></u>	<u><u>(1.7)</u></u>	<u><u><b>45.0</b></u></u>	-55.0

Note:

\* Previous forecast as of July 31, 2008.

## d. Exchange Rates

	FY 2007		FY 2008	
	1H (Actual)	2H (Actual)	1H (Actual)	2H (Forecast)
Average rates for	\$1= 119yen	\$1= 109 yen	\$1= 106 yen	<b>\$1= 100 yen</b>
	€1=162yen	€1=161 yen	€1=163 yen	<b>€1=125 yen</b>
	£1=239yen	£1=220 yen	£1=205 yen	<b>£1=160 yen</b>

**Reference information** : A 1 yen fluctuation (depreciation/appreciation) is expected to have the following effect on operating income in the second half of FY 2008.

US Dollar : Increase/decrease by approximately 0.6 billion yen

Euro : Increase/decrease by 0.1-0.2 billion yen

Pound : Increase/decrease by approximately 0.1 billion yen.

## e. PC Shipments\*\*

(Million Units)		(Million Units)		(Million Units)
FY 2007		FY 2008		Change vs. previous forecast*
1H (Actual)	Full-year (Actual)	1H (Actual)	Full-year (Forecast)	
3.83	8.81	3.68	<b>8.80</b>	-0.50

## f. Mobile Phone Shipments

(Million Units)		(Million Units)		(Million Units)
FY 2007		FY 2008		Change vs. previous forecast*
1H (Actual)	Full-year (Actual)	1H (Actual)	Full-year (Forecast)	
3.40	5.90	2.50	<b>4.75</b>	-0.85

## g. HDD Production

(Million Units)		(Million Units)		(Million Units)
FY 2007		FY 2008		Change vs. previous forecast*
1H (Actual)	Full-year (Actual)	1H (Actual)	Full-year (Forecast)	
16.33	37.07	19.50	<b>38.30</b>	-8.70

Notes:

\* Previous forecast as of July 31, 2008.

\*\* Includes shipments of Fujitsu Siemens Computers (Holding) B.V., an equity-method affiliate.