

FY 2008 First-Quarter Financial Results

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Part I: Financial Tables

1. Summary of FY 2008 First-Quarter Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen	
		(Millions, except per share data)	
		1Q FY 2008	1Q FY 2007
		(4/1/08~6/30/08)	(4/1/07~6/30/07)
Net sales	Y	1,177,279	1,166,800
Operating income		5,812	2,947
Income (loss) before income taxes and minority interests		10,631	(11,711)
Net income (loss)		344	(14,780)
Net income (loss) per common share:			
Basic		0.17	(7.22)
Diluted	Y	0.12	-

b. Summary of Consolidated Financial Condition

		Yen	
		(Millions, except per share data)	
		June 30, 2008	March 31, 2008
Total assets	Y	3,757,494	3,821,963
Net assets		1,149,649	1,130,176
Owners' equity		964,574	948,204
Net assets per share	Y	466.25	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 (Forecast)
Third-quarter ended December 31		-	- (Forecast)
Full year ended March 31		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-quarter 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-quarter FY 2008	1,211,854	shares
Full-year FY 2007	1,089,749	shares

c. Average number of issued and outstanding shares during quarter

First-quarter FY 2008	2,068,868,286	shares
First-quarter FY 2007	2,046,922,693	shares

4. Consolidated Earnings Forecast for FY 2008

		Yen	
		(Billions, except per share data)	
		First half FY2008	Full year FY2008
Net sales	Y	2,450.0	5,350.0
Operating income		35.0	220.0
Net income		0.0	100.0
Net income			
per common share	Y	0.00	48.33

5. FY2008 First-Quarter Consolidated Statements of Operations

	Yen (Millions)	
	1Q FY 2008 (4/1/08~6/30/08)	1Q FY 2007 (4/1/07~6/30/07)
Net sales	Y 1,177,279	1,166,800
Cost of sales	871,297	877,078
Gross profit	305,982	289,722
Selling, general and administrative expenses	300,170	286,775
Operating income	5,812	2,947
Other income:		
Interest income	2,576	2,851
Dividend income	3,837	3,907
Gain on foreign exchange, net	6,102	3,224
Gain on sales of investment securities	2,218	9,830
Others	4,042	3,648
Total other income	18,775	23,460
Other expenses:		
Interest expense	4,765	4,851
Equity in losses of affiliates, net	3,636	427
Loss on disposal of property, plant and equipment and intangible assets	575	979
Revaluation loss on inventories	-	25,019
Others	4,980	6,842
Total other expenses	13,956	38,118
Income before income taxes and minority interests	10,631	(11,711)
Income taxes:		
Current	2,441	10,101
Deferred	3,903	(10,163)
Total income taxes	6,344	(62)
Minority interests	3,943	3,131
Net income	Y 344	(14,780)

6. FY2008 First-Quarter Consolidated Business Segment Information

a. Net Sales* and Operating Income (1)

		Yen (Billions)		
		1Q FY 2008 (4/1/08~6/30/08)	1Q FY 2007 (4/1/07~6/30/07)	Change (%)
Technology Solutions				
Japan	Y	440.8	407.9	+8.1
Overseas		257.0	275.2	-6.6
Total		697.9	683.1	+2.2
Operating income:				
Services		11.9	15.0	-20.7
[Operating income margin]		[2.1%]	[2.8%]	
System Platforms		(3.7)	(11.1)	-
[Operating income margin]		[-2.6%]	[-7.9%]	
Total operating income		8.2	3.9	+110.4
[Operating income margin]		[1.2%]	[0.6%]	
Ubiquitous Product Solutions				
Japan		186.6	174.9	+6.7
Overseas		85.1	99.6	-14.5
Total		271.8	274.6	-1.0
Operating income		9.9	12.3	-19.5
[Operating income margin]		[3.7%]	[4.5%]	
Device Solutions				
Japan		107.4	124.1	-13.5
Overseas		64.9	64.8	+0.2
Total		172.3	189.0	-8.8
Operating income		(4.7)	(3.6)	-
[Operating income margin]		[-2.8%]	[-1.9%]	
Other Operations				
Japan		92.1	82.8	+11.2
Overseas		39.9	39.6	+0.9
Total		132.1	122.4	+7.9
Operating income		5.1	2.6	+94.8
[Operating income margin]		[3.9%]	[2.2%]	
Elimination				
Sales		(97.0)	(102.5)	-
Operating income		(12.7)	(12.3)	-
Total				
Japan		752.8	718.8	+4.7
Overseas		424.4	447.9	-5.2
Total		1,177.2	1,166.8	+0.9
Operating income	Y	5.8	2.9	+97.2
[Operating income margin]		[0.5%]	[0.3%]	

Note:

*Net sales include intersegment sales.

b. Net Sales* by Principal Products and Services

		Yen (Billions)		
		1Q FY 2008 (4/1/08~6/30/08)	1Q FY 2007 (4/1/07~6/30/07)	Change (%)
Technology Solutions				
Services:				
	Solutions / SI	272.8	256.4	+6.4
	Infrastructure Services	274.3	275.2	-0.3
	Others	8.0	10.8	-26.0
		<u>555.1</u>	<u>542.5</u>	+2.3
System Platforms:				
	System Products	Y 64.1	72.4	-11.5
	Network Products	78.6	68.1	+15.4
		<u>142.7</u>	<u>140.6</u>	+1.5
	Total	<u><u>697.9</u></u>	<u><u>683.1</u></u>	+2.2
Ubiquitous Product Solutions				
	PCs / Mobile Phones	193.6	199.4	-2.9
	Hard Disk Drives	73.0	71.3	+2.4
	Others	5.1	3.8	+36.2
	Total	<u><u>271.8</u></u>	<u><u>274.6</u></u>	-1.0
Device Solutions				
	LSI Devices	107.9	120.5	-10.5
	Electronic Components, Others	64.4	68.5	-5.9
	Total	<u><u>Y 172.3</u></u>	<u><u>189.0</u></u>	-8.8

Note:

*Net sales include intersegment sales.

c. Net Sales and Operating Income (2)

FY 2008 First-Quarter

(Million yen)

	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Total	Elimination and Corporate	Consolidated
Net sales							
Sales to customers outside Fujitsu Group	673,675	243,250	161,331	99,023	1,177,279	-	1,177,279
Intersegment sales	24,234	28,607	11,066	33,118	97,025	(97,025)	-
Total net sales	697,909	271,857	172,397	132,141	1,274,304	(97,025)	1,177,279
Operating income	8,205	9,976	(4,786)	5,184	18,579	(12,767)	5,812

FY 2007 First-Quarter

(Million yen)

	Technology Solutions	Ubiquitous Product Solutions	Device Solutions	Other Operations	Total	Elimination and Corporate	Consolidated
Net sales							
Sales to customers outside Fujitsu Group	657,778	246,629	175,856	86,537	1,166,800	-	1,166,800
Intersegment sales	25,393	28,010	13,167	35,948	102,518	(102,518)	-
Total net sales	683,171	274,639	189,023	122,485	1,269,318	(102,518)	1,166,800
Operating income	3,900	12,395	(3,611)	2,661	15,345	(12,398)	2,947

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. 26 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 business segment shown above was insignificant.

7. FY2008 First-Quarter Consolidated Geographic Segment Information

a. Net Sales and Operating Income

FY 2008 First-Quarter

(Million yen)

	Japan	EMEA	The Americas	APAC & China	Total	Elimination	Consolidated
Net sales							
Sales to customers outside Fujitsu Group	804,080	164,329	100,741	108,129	1,177,279	-	1,177,279
Intersegment sales	122,504	2,291	4,932	81,165	210,892	(210,892)	-
Total net sales	926,584	166,620	105,673	189,294	1,388,171	(210,892)	1,177,279
Operating income	19,942	(1,405)	960	787	20,284	(14,472)	5,812

FY 2007 First-Quarter

(Million yen)

	Japan	EMEA	The Americas	APAC & China	Total	Elimination	Consolidated
Net sales							
Sales to customers outside Fujitsu Group	776,082	179,207	108,583	102,928	1,166,800	-	1,166,800
Intersegment sales	128,075	2,321	4,325	86,259	220,980	(220,980)	-
Total net sales	904,157	181,528	112,908	189,187	1,387,780	(220,980)	1,166,800
Operating income	9,121	962	1,834	3,261	15,178	(12,231)	2,947

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. 26 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-Quarter

(Million yen)

	EMEA	The Americas	APAC & China	Total
I. Net sales outside Japan	178,851	113,823	131,779	424,453
II. Consolidated net sales				1,177,279
III. Sales outside Japan as a ratio of total sales	15.2	9.7	11.2	36.1

FY 2007 First-Quarter

(Million yen)

	EMEA	The Americas	APAC & China	Total
I. Net sales outside Japan	194,814	123,662	129,492	447,968
II. Consolidated net sales				1,166,800
III. Sales outside Japan as a ratio of total sales	16.7	10.6	11.1	38.4

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.

8. FY2008 First-Quarter Consolidated Balance Sheets

		Yen (Millions)	
		June 30 2008	March 31 2008
Assets			
Current assets:			
Cash and time deposits	Y	261,819	276,759
Notes and accounts receivable, trade		904,064	1,017,916
Marketable securities		259,708	272,649
Finished goods		190,711	169,662
Raw materials		85,400	76,229
Work in process		166,961	137,215
Deferred tax assets		81,046	80,958
Others		166,763	143,794
Allowance for doubtful accounts		(7,498)	(5,245)
Total current assets		2,108,974	2,169,937
Non-current assets:			
Property, plant and equipment, net of accumulated depreciation:			
Buildings		296,152	294,348
Machinery		217,481	239,100
Equipment		192,739	177,146
Land		106,442	105,584
Construction in progress		14,983	23,586
Total property, plant and equipment		827,797	839,764
Intangible assets:			
Software		135,016	134,435
Goodwill		66,409	68,411
Others		24,739	16,709
Total intangible assets		226,164	219,555
Other non-current assets:			
Investment securities		397,653	393,586
Deferred tax assets		62,059	54,480
Others		143,219	153,488
Allowance for doubtful accounts		(8,372)	(8,847)
Total other non-current assets		594,559	592,707
Total non-current assets		1,648,520	1,652,026
Total assets		3,757,494	3,821,963

	Yen (Millions)	
	June 30 2008	March 31 2008
Liabilities and net assets		
Liabilities		
Current liabilities:		
Notes and accounts payables, trade	650,044	772,164
Short-term borrowings	143,244	50,687
Current portion of long-term debt	384,525	109,540
Lease obligations	38,981	38,535
Accrued income taxes	14,220	26,529
Accrued expenses	302,214	367,321
Provision for product warranties	20,704	19,961
Provision for construction contract losses	6,927	-
Provision for bonus for board members and auditors	-	223
Others	253,357	226,380
Total current liabilities	1,814,216	1,611,340
Long-term liabilities:		
Bonds payable	380,600	680,000
Long-term borrowings	47,625	47,109
Lease obligations	58,465	62,632
Accrued retirement benefits	165,674	155,578
Provision for loss on repurchase of computers	25,485	27,082
Provision for recycling expenses	5,079	4,856
Deferred tax liabilities	96,614	89,027
Revaluation of deferred tax liabilities	576	576
Others	13,511	13,587
Total long-term liabilities	793,629	1,080,447
Total liabilities	2,607,845	2,691,787
Net assets		
Shareholders' equity:		
Common stock	324,625	324,625
Capital surplus	249,038	249,038
Retained earnings	334,344	338,903
Treasury stock	(967)	(869)
Total shareholders' equity	907,040	911,697
Valuation and translation adjustments:		
Unrealized gain and loss on securities, net of taxes	96,824	89,879
Deferred hedge gain and loss	96	124
Revaluation surplus on land	2,452	2,449
Foreign currency translation adjustments	(41,838)	(55,945)
Total valuation and translation adjustments	57,534	36,507
Minority interests	185,075	181,972
Total net assets	1,149,649	1,130,176
Total liabilities and net assets	3,757,494	3,821,963

9. FY2008 First-Quarter Consolidated Statements of Cash Flows

		Yen (Millions)	
		1Q FY 2008 (4/1/08~6/30/08)	1Q FY 2007 (4/1/07~6/30/07)
1. Cash flows from operating activities:			
Income before income taxes			
and minority interests	Y	10,631	(11,711)
Depreciation and amortization		67,529	61,611
Goodwill amortization		4,334	4,315
Increase (decrease) in provisions		(6,198)	(3,440)
Interest and dividend income		(6,413)	(6,758)
Interest charges		4,765	4,851
Equity in earnings of affiliates, net		3,636	427
Disposal of non-current assets		1,476	1,514
Gain on sales of investment securities, net		(2,218)	(9,830)
Revaluation loss on inventories		-	25,019
(Increase) decrease in receivables, trade		171,975	106,063
(Increase) decrease in inventories		(50,320)	(46,075)
Increase (decrease) in payables, trade		(150,375)	(101,443)
Other, net		(58,653)	(51,554)
Cash generated from operations		(9,831)	(27,011)
Interest and dividends received		6,012	6,224
Interest paid		(8,663)	(5,375)
Income taxes paid		(15,244)	(27,572)
Net cash used in operating activities		(27,726)	(53,734)
2. Cash flows from investing activities:			
Purchases of property, plant and equipment		(43,913)	(92,307)
Proceeds from sales of property, plant and equipment		4,903	480
Purchases of intangible assets		(11,178)	(11,663)
Purchases of investment securities		(4,137)	(2,218)
Proceeds from sales of investment securities		2,140	33,741
Other, net		(1,922)	4,948
Net cash used in investing activities		(54,107)	(67,019)
1+2 [Free Cash Flow]		(81,833)	(120,753)
3. Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		89,226	103,769
Proceeds from long-term debt		179	5,038
Repayment of long-term debt		(153)	(6,354)
Proceeds from issuance of bonds		34,388	-
Repayment of bonds		(60,039)	-
Dividends paid		(13,067)	(8,338)
Other, net		(10,887)	(36,809)
Net cash provided by financing activities		39,647	57,306
4. Effect of exchange rate changes on cash and cash equivalents		2,035	3,394
5. Net increase (decrease) in cash and cash equivalents		(40,151)	(60,053)
6. Cash and cash equivalents at beginning of period		547,844	448,705
7. Cash and cash equivalents of newly consolidated subsidiaries		8,772	-
8. Cash and cash equivalents at end of period	Y	516,465	388,652

Part II. Explanation of Financial Results

1. Overview of FY 2008 First-Quarter Consolidated Financial Results

Business Environment

During the first quarter of fiscal 2008 (April 1 – June 30, 2008), the business environment in which the Fujitsu Group operated was characterized by signs of a spreading economic slowdown. In the US, indications of an economic recession grew more pronounced across many sectors, as turmoil surrounding the subprime mortgage crisis continued to upset financial markets, and corporate earnings and consumer spending were constrained by the rapid rise in oil prices. In Europe, too, the economic slowdown intensified, particularly in consumer spending, which has been hit by the rise in food and energy prices. In Japan, despite continued growth in exports to emerging markets and solid demand for consumer electronics, there was growing uncertainty regarding future economic trends as rising prices constrained consumer spending, the mood in the corporate sector became more cautious, and capital investment showed signs of an adjustment.

With respect to Japanese IT investment, while there were some signs of caution amid the slowing macroeconomic growth, corporations continued to make strategic upfront investments to strengthen their global competitiveness and enhance their compliance and internal control systems. On the whole, therefore, IT investment remained solid.

The Fujitsu Group is pursuing management reforms based upon a customer-centric management approach. By strengthening these initiatives, in order to make the next leap forward, we will transform our approach to business. To increase our involvement in our customers' businesses, we are shifting the focus of our business from customers' IT to customers' overall businesses. Based on a "Think Global, Act Local" perspective, we are shifting from an emphasis on Japan to a focus on the global market. And we are focusing on preserving a sustainable global environment by providing environmentally-friendly IT products as well as environmental solutions enabled by IT. The efforts of the entire Fujitsu Group are dedicated to driving innovation in each of these three focus areas.

FY 2008 Consolidated First-Quarter Results

(Billion Yen)

	First Quarter FY 2008 <i>4/1/08-6/30/08</i>		First Quarter FY 2007 <i>4/1/07-6/30/07</i>		Change		Change vs. May 2008 Forecast
		% of Sales		% of Sales		Change (%)	
Net Sales	1,177.2	100.0	1,166.8	100.0	10.4	0.9	27.2
Cost of Sales	871.2	74.0	877.0	75.2	-5.7	-0.7	
Gross Profit	305.9	26.0	289.7	24.8	16.2	5.6	
Selling, General and Administrative Expenses	300.1	25.5	286.7	24.5	13.3	4.7	
Operating Income	5.8	0.5	2.9	0.3	2.8	97.2	5.8
Other Income	18.7	1.6	23.4	2.0	-4.6	-20.0	
Other Expenses	13.9	1.2	38.1	3.2	-24.1	-63.4	
Income Before Taxes	10.6	0.9	-11.7	-1.0	22.3	-	
Income Taxes	6.3	0.6	-0	-0.0	6.4	-	
Minority Interests	3.9	0.3	3.1	0.3	0.8	25.9	
Net Income	0.3	0.0	-14.7	-1.3	15.1	-	

Consolidated Results by Business Segment

(Billion Yen)

		First Quarter FY 2008 4/1/08-6/30/08	First Quarter FY 2007 4/1/07-6/30/07	Change
Technology Solutions	Net Sales	697.9	683.1	14.7
	Operating Income	8.2	3.9	4.3
	[Operating Income Margin]	[1.2%]	[0.6%]	[0.6%]
Ubiquitous Product Solutions	Net Sales	271.8	274.6	-2.7
	Operating Income	9.9	12.3	-2.4
	[Operating Income Margin]	[3.7%]	[4.5%]	[-0.8%]
Device Solutions	Net Sales	172.3	189.0	-16.6
	Operating Income	-4.7	-3.6	-1.1
	[Operating Income Margin]	[-2.8%]	[-1.9%]	[-0.9%]
Other Operations	Net Sales	132.1	122.4	9.6
	Operating Income	5.1	2.6	2.5
	[Operating Income Margin]	[3.9%]	[2.2%]	[1.7%]
Elimination & Corporate	Net Sales	-97.0	-102.5	5.4
	Operating Income	-12.7	-12.3	-0.3

Total	Net Sales	1,177.2	1,166.8	10.4
	Japan	<63.9%> 752.8	<61.6%> 718.8	<2.3%> 33.9
	Outside Japan	<36.1%> 424.4	<38.4%> 447.9	<-2.3%> -23.5
	Operating Income	5.8	2.9	2.8
	[Operating Income Margin]	[0.5%]	[0.3%]	[0.2%]

Note: Net sales include intersegment sales.

Percentages inside brackets < > reflect proportion of total sales.

Consolidated Results by Geographic Segment

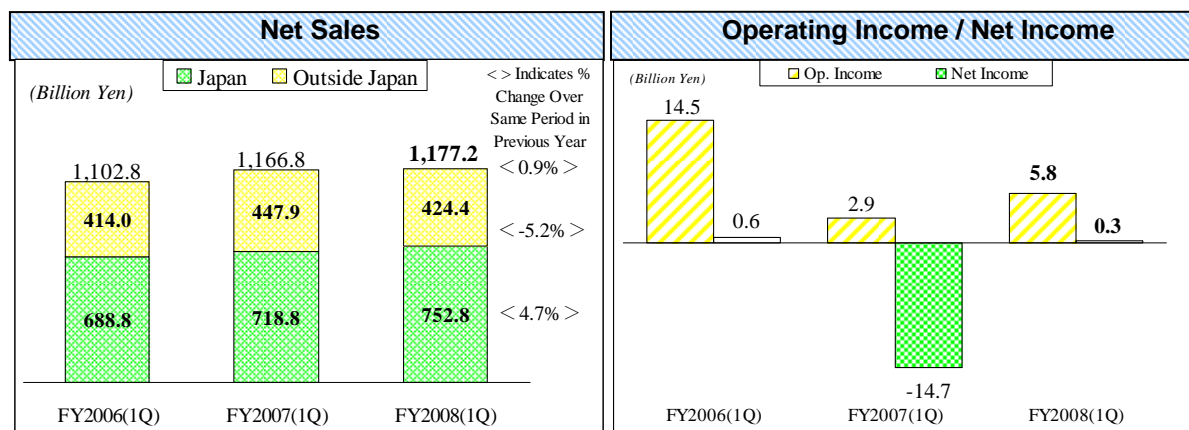
(Billion Yen)

		First Quarter FY 2008 4/1/08-6/30/08	First Quarter FY 2007 4/1/07-6/30/07	Change
Japan	Net Sales	926.5	904.1	22.4
	Operating Income	19.9	9.1	10.8
	[Operating Income Margin]	[2.2%]	[1.0%]	[1.2%]
Outside Japan	Net Sales	461.5	483.6	-22.0
	Operating Income	0.3	6.0	-5.7
	[Operating Income Margin]	[0.1%]	[1.3%]	[-1.2%]

Note: Net sales include intersegment sales.

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=106 yen, the approximate Tokyo foreign exchange market rate on June 30, 2008.



First-quarter consolidated net sales were 1,177.2 billion yen (US\$11,106 million), on par with the corresponding period of the previous fiscal year. Excluding the impact of the yen's appreciation, sales increased by 5%. Sales of UNIX servers declined outside Japan and demand for PCs outside Japan, mobile phones and Flash memory also decreased compared to the same period a year ago. On the other hand, systems integration sales increased, particularly in the public sector as well as healthcare and financial services sectors, and sales of mobile phone base stations and router equipment for telecom carriers as well as PCs to the Japanese market also grew.

Consolidated operating income was 5.8 billion yen (US\$55 million), an increase of 2.8 billion yen over the first quarter of fiscal 2007. Gross profit increased by 16.2 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 and PC businesses. The gross profit margin improved by 1.2 percentage points, to 26.0%.

Selling, general, and administrative expenses increased by 13.3 billion yen over the same period in fiscal 2007. The increase was due to such factors as an increase in strategic upfront investments, particularly in Technology Solutions, as well as increased amortization costs for unrecognized retirement benefit obligations as a result of lower performance on pension assets in the previous fiscal year.

In other income and expenses, other income decreased by 4.6 billion yen compared with the same period a year ago while other expenses decreased by 24.1 billion yen, for a net improvement of approximately 19.4 billion yen. A major cause for the improvement was an inventory revaluation loss of 25.0 billion yen in the first quarter 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 our joint-venture PC and server sales company in Europe, but this was outweighed by an improvement in foreign exchange gains as a result of the depreciation of the yen in the current quarter compared to the end of the previous fiscal year. There was a 2.2 billion yen gain on sales of shares in a cable television company and other investments.

As a result, income before income taxes and minority interest was 10.6 billion yen (US\$100 million), an increase of 22.3 billion yen from the same period in the previous year. After subtracting income taxes and minority interests, consolidated net income totaled 0.3 billion yen (US\$3 million) for the first quarter.

The Fujitsu Group is in the process of aligning its financial reporting with International Financial Reporting Standards (IFRS) as part of initiatives to globalize Group management. Through the end of last fiscal year, the Fujitsu Group had implemented changes in its significant accounting policies as permitted under Japanese accounting standards. Outside of Japan, starting with Fujitsu Services in the UK in fiscal 2005, several subsidiaries such as those in Australia and Singapore had already adopted IFRS. Group financial policies consistent with IFRS were established this fiscal year as accounting rules for Group companies, and are now applied to all subsidiaries outside Japan. Going forward, subsidiaries in Japan, which are subject to Japanese accounting standards, will adopt Group financial policies in order to enable consolidated financial reporting in accordance with IFRS and further management reforms initiatives. The impact on income resulting from changes in accounting policies being implemented this fiscal year is insignificant (details are presented on page 26).

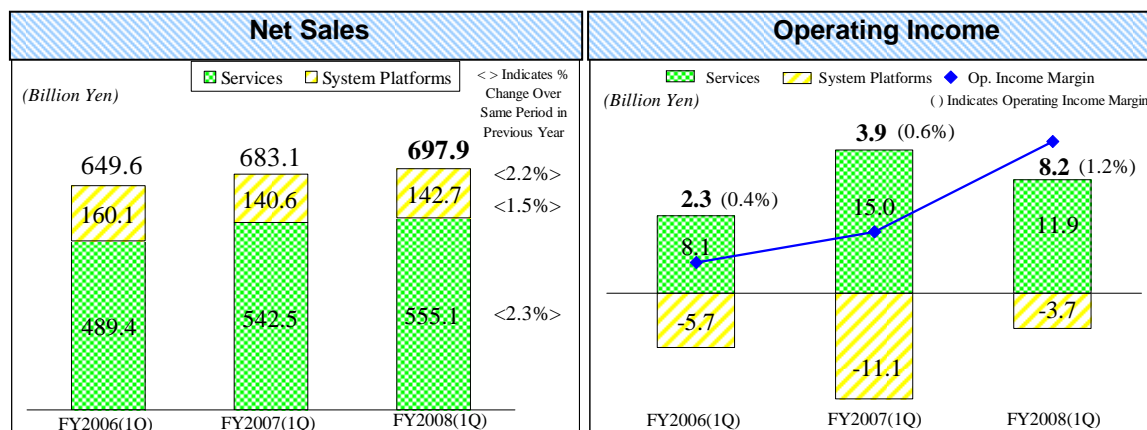
Comparison with Projections Announced in May 2008

Net sales exceeded projections by 27.2 billion yen due largely to the improvement in the Technology Solutions segment, and in particular the systems integration business. Though an earthquake in Japan in June has impacted our Device Solutions business, operating income exceeded projections by 5.8 billion yen as a result of the strong performance of the Technology Solutions segment, which benefited from higher sales of mobile phone base stations and system integration services, along with improved cost efficiencies.

3. Results by Business Segment

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

Technology Solutions



Consolidated net sales in this segment were 697.9 billion yen (US\$6,584 million), up 2.2% over the first quarter of fiscal 2007. Sales in Japan rose by 8.1% on higher sales in the Services business, particularly in systems integration, as well as higher sales of router equipment to telecom carriers and mobile phone base stations. Sales outside of Japan declined by 6.6%. Excluding the impact of yen appreciation, however, sales rose by 6% on higher sales in the Services business, particularly to private-sector European customers.

	First Quarter FY 2008 (Billion Yen)	Change vs. 1Q FY 2007
Net Sales	697.9	2.2%
Japan	440.8	8.1%
Outside Japan	257.0	-6.6%

Operating income for the segment was 8.2 billion yen (US\$77 million), an increase of 4.3 billion yen compared to the previous year's first quarter. Despite the upfront costs related to private-sector Services business in Europe and the expense of upfront strategic investments in Japan, operating income increased as a result of higher sales of mobile phone base stations and systems integration services.

(1) Services

Net sales in the Services sub-segment were 555.1 billion yen (US\$5,237 million), up 2.3% from the same period a year earlier. In Japan, sales increased by 7.3%, led by growth in sales of systems integration services, primarily to the public sector as well as the financial services and healthcare sectors, and the continued strength of outsourcing services. Sales outside of Japan declined by 4.8%. Excluding the impact of yen appreciation, however, sales rose by 7%, primarily on higher sales to private sector customers on the European continent.

	First Quarter FY 2008 (Billion Yen)	Change vs. 1Q FY 2007
Net Sales	555.1	2.3%
Japan	343.4	7.3%
Outside Japan	211.7	-4.8%

Operating income for the Services sub-segment was 11.9 billion yen (US\$112 million), a decrease of 3.1 billion yen compared to the same period last year. Despite the positive impact of

higher sales of system integration services in Japan and improved cost efficiencies, profitability declined as a result of the upfront costs related to private-sector business in Europe and increased upfront strategic investments in Japan.

(2) System Platforms

Net sales in the System Platforms sub-segment were 142.7 billion yen (US\$1,347 million), an increase of 1.5% over the first quarter of fiscal 2007. In Japan, sales increased by 11.0% on higher sales of mobile phone base

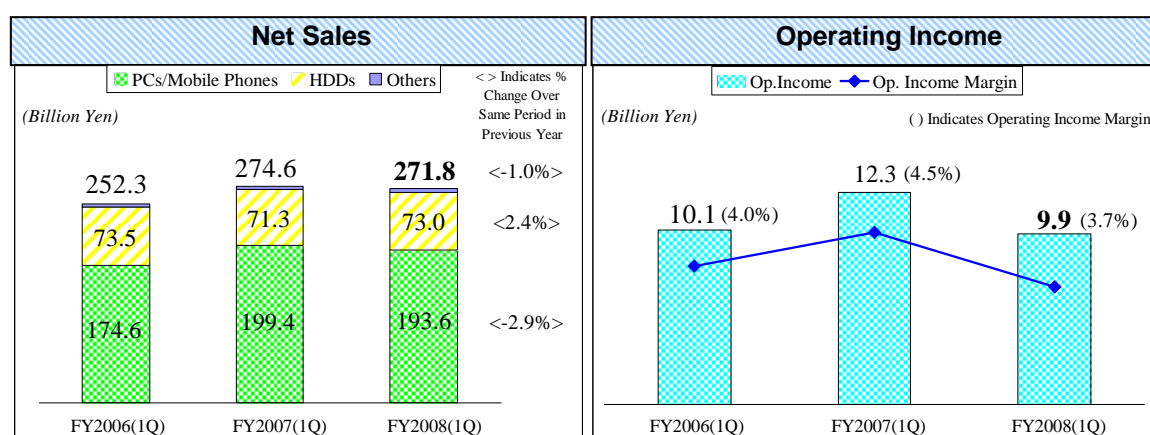
	First Quarter FY 2008 (Billion Yen)	Change vs. 1Q FY 2007
Net Sales	142.7	1.5%
Japan	97.3	11.0%
Outside Japan	45.3	-14.2%

stations, for which sales have recovered since the second half of the previous fiscal year, and higher sales of router equipment to telecom carriers. Sales outside Japan decreased by 14.2%. Excluding the impact of yen appreciation, however, sales were essentially unchanged. Although sales of optical transmission systems increased in North America, sales of UNIX servers declined compared to last year's first quarter, when demand was temporarily bolstered by the launch of new server models.

Operating loss was 3.7 billion yen (US\$35 million), an improvement of 7.4 billion over the first quarter of the previous fiscal year. Despite the impact of a decline in the sales of UNIX servers, profitability improved because of cost efficiencies in the server business area and the benefit of higher sales of mobile phone base stations.

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 separation. By establishing through this reorganization a unified structure for the Fujitsu Group's optical transmission business in Japan that encompasses all phases, 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

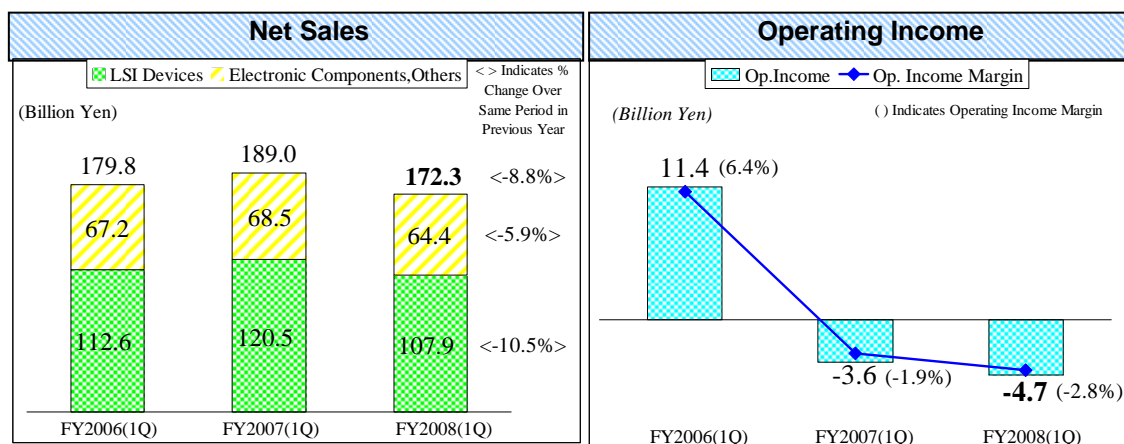


Net sales in the Ubiquitous Product Solutions segment were 271.8 billion yen (US\$2,564 million), a decrease of 1.0% compared to the same period in fiscal 2007. Sales in Japan rose by 6.7%. Mobile phone sales declined as a result of a lengthening of the upgrade cycle and because the level of demand in the first quarter of last year was especially high. Sales of PCs, however, increased, particularly to corporate customers. Ubiquitous product sales outside of Japan decreased by 14.5%. Even if the impact of yen appreciation is excluded, sales decreased by 8%, primarily as a result of the impact of intensified competition in Europe's PC market.

	First Quarter FY 2008 (Billion Yen)	Change vs. 1Q FY 2007
Net Sales	271.8	-1.0%
Japan	186.6	6.7%
Outside Japan	85.1	-14.5%

Operating income for Ubiquitous Product Solutions was 9.9 billion yen (US\$94 million), a decrease of 2.4 billion yen compared to last year's first quarter. Despite the impact of lower component costs for PCs and 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 part of fiscal 2007, operating income declined. The main factors were the continuing severe competitive landscape and the combination of lower sales of mobile phones and higher costs associated with increased functionality.

Device Solutions



Net sales in Device Solutions were 172.3 billion yen (US\$1,626 million), a decrease of 8.8% compared to the first quarter of fiscal 2007. Sales in Japan declined by 13.5% on sluggish sales of Flash memory and standard logic devices. Sales outside of Japan were essentially flat. Excluding the impact of yen appreciation, however, sales increased by 15% on strong sales of logic products, particularly in Asia.

The Device Solutions segment recognized an operating loss of 4.7 billion yen (US\$45 million), a deterioration of 1.1 billion yen compared to last year's first quarter. In the LSI business, in addition to

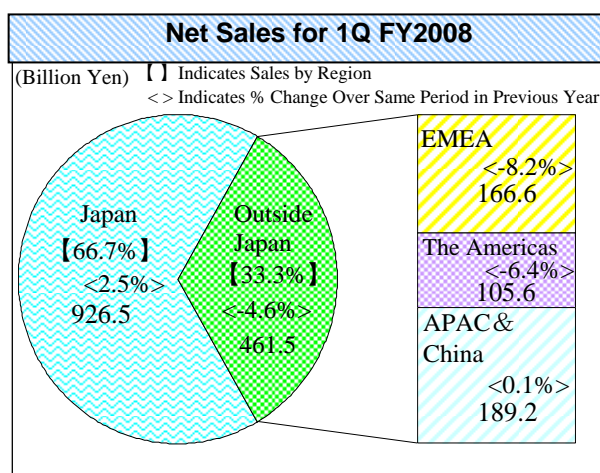
a seasonal decline in demand in Japan, the Iwate-Miyagi Nairiku Earthquake in mid-June forced the Iwate Plant to temporarily halt production of its standard technology products. As a result of these factors, LSI losses grew compared with the fourth quarter of fiscal 2007. A second earthquake hit the Iwate region in July, forcing the plant to temporarily halt production again.

	First Quarter FY 2008 (Billion Yen)	Change vs. 1Q FY 2007
Net Sales	172.3	-8.8%
Japan	107.4	-13.5%
Outside Japan	64.9	0.2%

Inspections to ascertain the extent of damage are ongoing. Despite the impact of the earthquakes, the profitability of our LSI business improved compared to the first quarter of fiscal 2007 on higher sales of 90/65nm advanced logic products and improved development cost efficiencies with the consolidation of the product development lines to the Mie Plant. Operating income in electronic components declined as a result of the impact of yen appreciation and intensified price competition.

In July, Fujitsu and Sun Microsystems, Inc. launched sales of an enhanced line of SPARC Enterprise servers, their co-branded UNIX servers. The new lineup boasts an 80% improvement in computing performance compared with previous models and an energy-efficient SPARC64 VII quad-core processor. The SPARC64 VII is produced on the 65nm line at our Mie Plant, where mass production is gradually being expanded. The Fujitsu Group is committed to enhancing the competitiveness of our products and leveraging our advanced semiconductor technologies to support the business of our customers.

4. Results by Geographic Segment



In Japan, net sales were 926.5 billion yen (US\$8,741 million), a 2.5% increase compared to the same quarter in the prior fiscal year. A decline in sales of mobile phones and Flash memory devices was outweighed by strong sales of systems integration and outsourcing services as well as mobile phone base stations. Operating income was 19.9 billion yen (US\$188 million), an increase of 10.8 billion yen compared with the same period in fiscal 2007. Despite lower operating income from such products as

mobile phones and electronic components, the benefit of higher sales in our systems integration and mobile phone base station businesses as well as improved cost efficiencies contributed to significant growth in operating income.

Net sales outside Japan were 461.5 billion yen (US\$4,355 million), a 4.6% decrease from the previous fiscal year. Excluding the impact of yen appreciation, however, sales increased by 4%. Operating income was 0.3 billion yen (US\$3 million), a decrease of 5.7 billion yen from the same quarter of the previous year.

Net sales in EMEA were 166.6 billion yen (US\$1,572 million), a decrease of 8.2% from the same period of the previous fiscal year. Excluding the impact of yen appreciation, however, sales increased by 5%. Sales of Services expanded to private-sector customers, particularly in continental Europe. EMEA recognized an operating loss of 1.4 billion yen (US\$13 million), a decline of 2.3 billion yen from the same period in fiscal 2007. Although our optical transmission systems business improved, the improvement was not enough to absorb the continued burden of development expenses related to next-generation networks as well as goodwill amortization expenses related to the services business. In addition, higher upfront costs related to the private-sector Services business also deteriorated profitability.

Net sales in the Americas were 105.6 billion yen (US\$997 million), a 6.4% decrease from the same period in the prior fiscal year. Excluding the impact of yen appreciation, however, sales increased by 6%. While sales of UNIX servers decreased, sales of optical transmission systems increased. Despite a sluggish business environment, Services sales grew as a result of acquisitions in fiscal 2007. Operating income was 0.9 billion yen (US\$9 million), a decrease of 0.8 billion yen compared with the previous fiscal year's first quarter, reflecting the impact of increased development costs for next-generation networks.

In APAC and China, net sales were 189.2 billion yen (US\$1,786 million), roughly equivalent to results for the corresponding period in the previous fiscal year. Excluding the impact of yen

Operating Income			(Billion Yen)
	First Quarter FY 2008	First Quarter FY 2007	Change vs. 1Q FY 2007
Japan	19.9 [2.2%]	9.1 [1.0%]	10.8 [1.2%]
Outside Japan	0.3 [0.1%]	6.0 [1.3%]	- 5.7 [-1.2%]
EMEA	-1.4 [-0.8%]	0.9 [0.5%]	-2.3 [-1.3%]
The Americas	0.9 [0.9%]	1.8 [1.6%]	-0.8 [-0.7%]
APAC & China	0.7 [0.4%]	3.2 [1.7%]	-2.4 [-1.3%]

Note: Numbers inside brackets indicate operating income margin.

appreciation, however, sales increased by 2%. Operating income was 0.7 billion yen (US\$7 million), a decrease of 2.4 billion yen from last year's first quarter. The decline in profitability was the result of slow progress in generating cost efficiencies at local production bases and higher selling, general and administrative expenses associated with the expansion of our Services business.

5. Financial Condition

[Assets, Liabilities and Net Assets]

(Billion yen)

	1Q FY 2008 (at June 30, 2008)	FY 2007 (at March 31, 2008)	Change	1Q FY 2007 (at June 30, 2007)
Assets				
Current assets	2,108.9	2,169.9	-60.9	2,066.4
(Notes and accounts receivable, trade)	904.0	1,017.9	-113.8	977.8
(Inventories)	443.0	383.1	59.9	438.2
Non-current assets	1,648.5	1,652.0	-3.5	1,842.9
(Property, plant and equipment)	827.7	839.7	-11.9	880.6
Total Assets	3,757.4	3,821.9	-64.4	3,909.3
Liabilities				
Current liabilities	1,814.2	1,611.3	202.8	1,822.8
(Notes and accounts payable, trade)	650.0	772.1	-122.1	739.7
(Short-term borrowings and current portion of long-term debt)	527.7	160.2	367.5	375.2
Long-term liabilities	793.6	1,080.4	-286.8	941.4
(Long-term debt)	428.2	727.1	-298.8	475.6
Total Liabilities	2,607.8	2,691.7	-83.9	2,764.2
Net Assets				
Shareholders' equity	907.0	911.6	-4.6	827.3
Valuation and translation adjustments	57.5	36.5	21.0	124.8
Minority interests	185.0	181.9	3.1	192.8
Total Net Assets	1,149.6	1,130.1	19.4	1,145.0
Total Liabilities and Net Assets	3,757.4	3,821.9	-64.4	3,909.3
Cash and cash equivalents at end of period	516.4	547.8	-31.3	388.6
Ending balance of interest-bearing loans	955.9	887.3	68.6	850.9
Ending balance of net interest-bearing loans	439.5	339.4	100.0	462.2
Owners' equity	964.5	948.2	16.3	952.1

[Cash Flows]

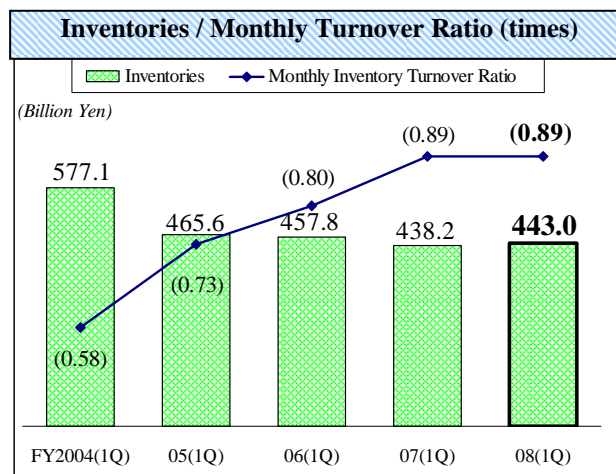
(Billion yen)

	1Q FY 2007 (4/1/07~6/30/07)	1Q FY 2008 (4/1/08~6/30/08)	Change
I. Cash Flows from Operating Activities:			
Income (Loss) before income taxes and minority interests	-11.7	10.6	22.3
Depreciation and amortization, including goodwill amortization	65.9	71.8	5.9
Loss (gain) on sales of investment securities, net	-9.8	-2.2	7.6
Revaluation loss on inventories	25.0	-	-25.0
(Increase) decrease in receivables, trade	106.0	171.9	65.9
(Increase) decrease in inventories	-46.0	-50.3	-4.2
Increase (decrease) in payables, trade	-101.4	-150.3	-48.9
Other, net	-81.6	-79.2	2.4
Net Cash Used in Operating Activities	-53.7	-27.7	26.0
II. Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-92.3	-43.9	48.3
Proceeds from sales of investment securities	33.7	2.1	-31.6
Other, net	-8.4	-12.3	-3.8
Net Cash Used in Investing Activities	-67.0	-54.1	12.9
I + II Free Cash Flow	-120.7	-81.8	38.9
[excluding impact of non-trading day at end of first quarter*]	[-89.7]	[-81.8]	[7.8]
III. Cash Flows from Financing Activities			
Net Cash Provided by Financing Activities	57.3	39.6	-17.6
IV. Cash and Cash Equivalents at End of Period	388.6	516.4	127.8

Note: The final day of the first quarter of fiscal 2007 (June 30, 2007) was a non-trading day for financial institutions in Japan, and therefore a portion of trade payables and other items were settled in the second quarter of fiscal 2007. Likewise, the final day of fiscal 2006 (March 31, 2007) was a non-trading day, and therefore certain payments were settled in the first quarter of fiscal 2007. These figures exclude those effects.

Explanation of Assets, Liabilities and Net Assets

Total assets at the end of the first quarter were 3,757.4 billion yen (US\$35,448 million), a decrease of 64.4 billion yen compared with end of fiscal 2007, reflecting collections of the high level of trade receivables at the end of last fiscal year, among other factors. Inventories at the end of the quarter stood at 443.0 billion yen, an increase of 59.9 billion yen in comparison with the ending balance for fiscal 2007, primarily to support future sales growth in the Services sub-segment, but roughly equivalent to the balance at the end of the first quarter of fiscal 2007. The monthly inventory turnover rate, which is an indication of asset utilization efficiency, was 0.89 times, a level unchanged from the same period in the previous fiscal year.



Total liabilities were 2,607.8 billion yen (US\$24,602 million), a decrease of 83.9 billion yen from the end of fiscal 2007, reflecting payments on the high level of trade payables at the end of last year and other factors. The balance of interest-bearing loans was 955.9 billion yen, an increase of 68.6 billion yen over the end of fiscal 2007. Despite bond redemptions of 60.0 billion yen, loans rose because a portion of the increase in working capital was financed with short-term borrowings. The D/E ratio was 0.99 times and, subtracting cash and cash equivalents, the net D/E ratio was 0.46 times. The funds raised in fiscal 2007 through the issuance of new convertible bonds and other sources 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 1,149.6 billion yen (US\$10,846 million), an increase of 19.4 billion yen over the end of fiscal 2007, due to an increase in valuation and translation adjustments. Shareholders' equity was 907.0 billion yen, a decrease of 4.6 billion yen from the end of last fiscal year. The year-end dividend was increased by 2 yen per share, and the company paid 10.3 billion yen in dividends during the quarter. For subsidiaries outside of Japan that have newly adopted International Financial Reporting Standards as of this fiscal year, since the change in accounting standards entails changes to the accounting treatment of previous years, retained earnings decreased by 1.5 billion at the beginning of this fiscal year. Subsidiaries of subsidiaries, which had not been included in consolidated results because of immateriality, are now, in principle, included in consolidated results, causing retained earnings to increase by 7.0 billion yen.

Summary of Cash Flows

Net cash used in operating activities during the first quarter was 27.7 billion yen (US\$262 million), primarily resulting from a build up of inventories in anticipation of future sales. Compared with the same quarter of the previous fiscal year, net outflows decreased by 26.0 billion yen as a result of an improvement in working capital and higher income before non-cash items, such as depreciation expenses and the amortization of unrecognized obligation for retirement benefits.

Net cash used in investing activities was 54.1 billion yen, primarily a result of equipment acquisitions. In comparison with the same period in the previous fiscal year, net outflows decreased by 12.9 billion yen. Compared to the previous year, when there were heavy cash outflows resulting from the construction of the 300mm line at the Mie Plant, outflows for acquisition of tangible fixed assets decreased by 48.3 billion yen, although the previous year's outflows were partially offset by 33.7 billion yen in proceeds from the sale of shares in affiliates.

Free cash flow, the sum of operating and investment cash flows, was negative 81.8 billion yen (US\$772 million). Cash outflows decreased by 38.9 billion yen compared with the same period in the previous fiscal year. After adjusting for the impact of non-trading days on the last day of fiscal 2006 and the last day of the first quarter of fiscal 2007, cash outflows decreased by 7.8 billion yen.

Net cash provided by financing activities was 39.6 billion yen (US\$374 million). While payments were made for the redemption of 60.0 billion yen in corporate bonds, the higher level of working capital was financed in part by short-term borrowings. Although there were outflows of 26.5 billion yen in the first quarter of last fiscal year to purchase Fujitsu's own shares, in this first quarter there were bond redemptions as well as higher dividend payments, and cash inflows decreased by 17.6 billion compared to last year's first quarter.

As a result of the above factors, cash and cash equivalents at the end of the first quarter were 516.4 billion yen (US\$4,872 million), a decrease of 31.3 billion yen compared to the end of the previous fiscal year.

Reference: Major Financial Indices

	June 30 2008	March 31 2008	Change	June 30 2007
D/E Ratio	0.99	0.94	0.05	0.89
Net D/E Ratio	0.46	0.36	0.10	0.49
Shareholders' Equity Ratio	24.1%	23.9%	0.2%	21.2%
Owners' Equity Ratio	25.7%	24.8%	0.9%	24.4%

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.

6. FY 2008 Consolidated Earnings Projections

Both net sales and operating income results for the first quarter of fiscal 2008 exceeded the projections we announced in May. Due to intensified global competition, PC results fell below projections, and the Iwate-Miyagi Nairiku Earthquake in mid-June had an adverse effect on LSI device operations. Nevertheless, thanks in part to the benefit of increased sales by our systems integration business in Japan and network products businesses as well as cost efficiencies, overall results exceeded projections.

During the first quarter, the yen traded at a lower value than we originally projected in May, and we recognized foreign exchange gains as a result. The risk of exchange rate fluctuations remains, however, and for the rest of the year we are estimating an exchange rate of 100 yen to the dollar.

There is a heightened feeling of uncertainty, with evidence of a broadening economic slowdown, especially in Europe and the US, which has been hit by higher prices for oil and other raw materials and financial market instability. In semiconductors, there are growing fears that demand is slowing, and the business environment continues to be severe. In addition, the effects of the two earthquakes at the Iwate Plant are expected to continue to impact operations. The severe competitive environment is also expected to continue for PCs as well as mobile phones and HDDs. With dramatic changes in technology and customer IT spending, and with the shift to next-generation networks both in and outside Japan, the IT market continues to show signs of expansion. But with increasing economic uncertainty, there are also many concerns in regard to future IT demand.

The Fujitsu Group is strengthening oversight from the business negotiation stage to the order acceptance stage through pipeline management and, by cultivating Field Innovators and deploying them on the frontlines of business, will strive to increase orders by offering IT-driven, customer-centric proposals. In addition, by further buttressing our global business capabilities and improving productivity through manufacturing innovation and standardization initiatives in order to strengthen the profitability of our operations, we will pursue higher product quality and lower costs.

Based on these factors and initiatives, we have left our first half and full-year projections for fiscal 2008 unchanged from the projections we announced in May 2008.

First-Half Consolidated Forecast

(Billion Yen)

	Fiscal 2007 First-Half Results	Fiscal 2008 First-Half Forecast	Change vs. May 2008 Forecast
Net Sales	2,513.1	2,450.0	-
Operating Income	43.9	35.0	-
Net Income	-9.3	0.0	-

Full-Year Consolidated Forecast

(Billion Yen)

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. May 2008 Forecast
Net Sales	5,330.8	5,350.0	-
Operating Income	204.9	220.0	-
Net Income	48.1	100.0	-

Full-Year Consolidated Operating Income by Major Business Segment

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. May 2008 Forecast
Technology Solutions	180.1	210.0	-
Services	140.4	185.0	-
System Platforms	39.7	25.0	-
Ubiquitous Product Solutions	52.5	50.0	-
Device Solutions	18.2	20.0	-

7. Notes

1. Scope of Consolidation and Accounting Policies

- (1) Significant Changes to Subsidiaries in the Current Reporting Period (changes to specific 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 this consolidated 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 current first-quarter consolidated accounting period.

The effect of this accounting change on first-quarter 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-Quarter Consolidated Business Segment Information” on page 4.

Outside of 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 current first-quarter consolidated accounting period, however, these standards are applied to all the Group’s subsidiaries outside Japan. For such subsidiaries that are applying IFRS for the first time in this 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 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 first quarter for which we are accurately able to confirm the degree of completion, we have applied the percentage-of-completion method beginning this period. 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-quarter 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-Quarter Consolidated Business Segment Information” on page 4.

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. Precautions on Usage of Earnings Projections

These materials may contain forward-looking statements that are based on management’s current 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 Consolidated Earnings Projections” on page 24.

- 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	2,160.0	-	2,102.2	+2.7	
Overseas		1,100.0	1,100.0	-	1,170.0	-6.0	
Total		3,260.0	3,260.0	-	3,272.2	-0.4	
Operating income:							
Services		185.0	185.0	-	140.4	+31.7	
[Operating income margin]		[7.2%]	[7.2%]		[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%]	[6.4%]		[5.5%]		
Ubiquitous Product Solutions							
Japan		780.0	780.0	-	761.3	+2.5	
Overseas		450.0	450.0	-	427.6	+5.2	
Total		1,230.0	1,230.0	-	1,188.9	+3.5	
Operating income		50.0	50.0	-	52.5	-4.9	
[Operating income margin]		[4.1%]	[4.1%]		[4.4%]		
Device Solutions							
Japan		490.0	490.0	-	521.4	-6.0	
Overseas		270.0	270.0	-	275.3	-1.9	
Total		760.0	760.0	-	796.7	-4.6	
Operating income		20.0	20.0	-	18.2	+9.5	
[Operating income margin]		[2.6%]	[2.6%]		[2.3%]		
Other Operations							
Japan		380.0	380.0	-	361.0	+5.2	
Overseas		160.0	160.0	-	165.7	-3.5	
Total		540.0	540.0	-	526.8	+2.5	
Operating income		15.0	15.0	-	14.2	+5.1	
[Operating income margin]		[2.8%]	[2.8%]		[2.7%]		
Elimination							
Sales		(440.0)	(440.0)		(453.9)	-	
Operating income		(75.0)	(75.0)		(60.3)	-	
Total							
Japan		3,490.0	3,490.0	-	3,407.2	+2.4	
Overseas		1,860.0	1,860.0	-	1,923.6	-3.3	
Total		5,350.0	5,350.0	-	5,330.8	+0.4	
Operating income	Y	220.0	220.0	-	204.9	+7.3	
[Operating income margin]		[4.1%]	[4.1%]		[3.8%]		

Note:

* Net sales include intersegment sales.

** Previous forecast as of May 12, 2008.

*** Current forecast as of July 31, 2008.

b. Net Sales* by Principal Products and Services

	Yen (Billions)			Yen (Billions)	
	FY 2008 (Forecast)			FY 2007	Change vs.
	Previous**	Current***	Change	(Actual)	FY2007(%)
Technology Solutions					
Services:					
Solutions / SI	Y 1,290.0	1,290.0	-	1,258.8	+2.5
Infrastructure Services	1,200.0	1,200.0	-	1,215.2	-1.3
Others	80.0	80.0	-	85.2	-6.1
	2,570.0	2,570.0	-	2,559.3	+0.4
System Platforms:					
System Products	360.0	360.0	-	370.4	-2.8
Network Products	330.0	330.0	-	342.4	-3.6
	690.0	690.0	-	712.8	-3.2
Total	3,260.0	3,260.0	-	3,272.2	-0.4
Ubiquitous Product Solutions					
PCs / Mobile Phones	840.0	840.0	-	837.0	+0.4
Hard Disk Drives	370.0	370.0	-	332.7	+11.2
Others	20.0	20.0	-	19.1	+4.2
Total	1,230.0	1,230.0	-	1,188.9	+3.5
Device Solutions					
LSI Devices	490.0	490.0	-	508.8	-3.7
Electronic Components, Others	270.0	270.0	-	287.9	-6.2
Total	Y 760.0	760.0	-	796.7	-4.6

Notes:

- * Net sales include intersegment sales.
- ** Previous forecast as of May 12, 2008.
- *** Current forecast as of July 31, 2008.

2. Miscellaneous Forecasts for FY 2008

a. R&D Expenses

	Yen (Billions)			Yen (Billions)
	FY 2008 (Forecast)			FY 2007
	Previous*	Current**	Change	(Actual)
	270.0	270.0	-	258.7
As % of sales	5.0%	5.0%	-	4.9%

b. Capital Expenditures, Depreciation

		Yen (Billions)			Yen (Billions)
		FY 2008 (Forecast)			FY 2007
		Previous*	Current**	Change	(Actual)
Capital Expenditures					
Technology Solutions	Y	100.0	100.0	-	81.6
Ubiquitous Product Solutions		30.0	30.0	-	27.6
Device Solutions		75.0	75.0	-	117.3
Corporate and others		35.0	35.0	-	22.5
Total		240.0	240.0	-	249.0
Japan		180.0	180.0	-	189.6
Overseas		60.0	60.0	-	59.4
Depreciation	Y	225.0	225.0	-	200.5

c. Cash Flows

		Yen (Billions)			Yen (Billions)
		FY 2008 (Forecast)			FY 2007
		Previous*	Current**	Change	(Actual)
(A) Cash flows from operating activities	Y	430.0	430.0	-	322.0
[Net income]		[100.0]	[100.0]	-	[48.1]
[Depreciation & amortization]		[300.0]	[300.0]	-	[279.2]
[Others]		[30.0]	[30.0]	-	[(5.3)]
(B) Cash flows from investing activities		(280.0)	(280.0)	-	(283.9)
(C) Free cash flow (A)+(B)		150.0	150.0	-	38.1
(D) Cash flows from financing activities		(50.0)	(50.0)	-	62.3
(E) Total (C)+(D)	Y	100.0	100.0	-	100.4

Note:

* Previous forecast as of May 12, 2008.

** Current forecast as of July 31, 2008.

d. Exchange Rates

	FY 2008 (Forecast)		Change	FY 2007 (Actual)
	Previous*	Current**		
Average rates for	\$1= 100yen	\$1= 100 yen	-	\$1= 114yen
	€1=155yen	€1=155 yen	-	€1=162yen
	£1=200yen	£1=200 yen	-	£1=229yen

e. PC Shipments***

(Million Units)			(Million Units)
FY 2008 (Forecast)			FY 2007
Previous*	Current**	Change	(Actual)
9.30	9.30	-	8.81

f. Mobile Phone Shipments

(Million Units)			(Million Units)
FY 2008 (Forecast)			FY 2007
Previous*	Current**	Change	(Actual)
5.60	5.60	-	5.90

g. HDD Production

(Million Units)			(Million Units)
FY 2008 (Forecast)			FY 2007
Previous*	Current**	Change	(Actual)
47.00	47.00	-	37.07

Note:

* Previous forecast as of May 12, 2008.

** Current forecast as of July 31, 2008.

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