

5. FY 2006 Earnings Projections

At the end of the third quarter, supported by solid trends in our services business both in Japan and overseas, performance in Technology Solutions, our leading business segment, is on a favorable course. However, year-end sales campaigns for digital consumer electronics and other products brought intensified price competition, and consumers postponed personal computer purchases in advance of the introduction of Windows Vista, which did not ship until January. Stiffening price competition in the digital consumer electronics field has also impacted our logic LSI devices business. Moreover, amid the shift to Next-Generation Networks (NGN) by telecommunications carriers worldwide, our upfront investments are resulting in heavier outlays.

Regarding full-year consolidated earnings for fiscal 2006, we are now projecting net sales to be 100.0 billion yen less than the amount projected at the time of our first-half financial results in October 2006. This revision takes into account the rapid deterioration of market conditions in LSI devices in the third quarter as well as the effect on sales of postponed personal computer purchases. While we will make every effort to increase PC sales through the introduction of new products in the fourth quarter, at this point in time prospects for recovery in the LSI devices market remain unclear. In Technology Solutions, which is performing well, particularly in our services business, there is also uncertainty, especially with regard to the investment plans of overseas telecommunications carriers. Finally, there is some uncertainty relating to our system products and systems integration businesses, where sales and income are generally concentrated at the end of the fiscal year.

Based on the expectation that the deterioration of the LSI devices market will continue for some time, we have lowered operating income projections for the Device Solutions segment by 10.0 billion yen. We are, however, implementing company-wide cost cutting and expense reduction measures and are maintaining the previously announced 190.0 billion yen overall operating income projection for the full year.

We will continue to make every effort to achieve the profit targets we set at the beginning of the year, and to marshal the full capabilities of the entire Fujitsu Group to provide outstanding products and services that contribute to our customers' management and business.

	FY 2006 (Forecast)	Change from October 2006 Projections	(Billion Yen) FY 2005 (Actual Results)
Net Sales	5,100.0	-100.0	4,791.4
Operating Income	190.0	-	181.4
Net Income	80.0	-	68.5

Note: 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:

- General economic and market conditions in key markets (particularly in Japan, North America and Europe)
- Rapid changes in the high-technology market (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 relationships relating to collaborations, alliances and technical provisions
- Potential emergence of unprofitable projects
- Changes in accounting policies