

5. FY 2004 Earnings Projections

In fiscal 2003, technological breakthroughs in digital electronics products – particularly those emanating from Japan – were a major driving force in the recovery of the Japanese and world economies.

In fiscal 2004 as well, the upcoming summer Olympic Games in Athens and the commencement of regular terrestrial digital broadcasting are expected to spur even further growth in demand for digital equipment, next-generation mobile phones and other products. Along with the rapid progress in digitalization, these developments are moving us closer to the dawn of a full-fledged ubiquitous networking era. These advances in information technology are creating rapid changes in the social and economic infrastructure, which in turn are causing major shifts in our customers' business environments, and this is significantly affecting the nature of customers' investments in IT itself.

As a company uniquely positioned to provide total solutions encompassing everything from servers, storage systems and broadband infrastructure to solutions, systems integration and outsourcing services, Fujitsu strongly believes that demand for its products and services will increase in the mid to long term.

On the other hand, with the further globalization of manufacturing and procurement accompanying technological progress, price competition will also intensify on a global basis, not only for hardware products but for software and services as well. In order to properly meet customer requirements and ensure our own profitability, we must maximize the efficiency of both our hardware production and software and services development activities, continually ensuring that our cost reduction and expense trimming efforts exceed the pace of price reductions in the marketplace. In fiscal 2004 and beyond, we will further strengthen company-wide initiatives to innovate our manufacturing activities and deploy our renewed SDAS comprehensive systems development framework, as well as vigorously pursue other measures aimed at improving quality, ensuring timely delivery, and strengthening our overall cost-competitiveness.

In fiscal 2003 we carried out a restructuring of our global business organization, with a particular focus on North American operations, and also began a comprehensive review of our domestic Software & Services business structure. These measures were aimed at building a structure that will enable us to provide high-quality one-stop solutions to customers around the world. In fiscal 2004, on top of the benefits of these restructuring measures, we will actively

pursue further alliances with other companies in leading-edge fields and provide a variety of solutions utilizing our leading-edge technologies to the global marketplace. Furthermore, utilizing percentage of completion accounting, we will improve project visibility in our Software & Services business and work to unify our global business structure in order to build even deeper bonds of trust with our customers.

Based on the foregoing, at this time we make the following earnings projections for fiscal 2004.

Fujitsu Limited Consolidated Earnings Forecast for Fiscal 2004

(Billion Yen)

	Half Year			Full Year		
	FY 2003	FY2004	Change	FY 2003	FY2004	Change
Net Sales	2,141.9	2,250	+5.0%	4,766.8	4,950	+3.8%
Operating Income	-17.9	10	-	150.3	200	+33.0%
Net Income	-58.5	-25	-	49.7	70	+40.8%

Due to uncertainties relating to changes in demand for products and components in key markets (Japan, U.S., Europe, etc.), currency exchange rate fluctuations, Japan and U.S. stock market conditions, and other factors, actual results may vary substantially from projections above.