

## 6. FY 2004 Earnings Projections

### FY 2004 Full-Year Projections

(Billion Yen)			
	FY 2004 (Projected)	Comparison with July projection	FY 2003 (Actual)
Net Sales	4,900	- 50	4,766.8
Operating Income	200	-	150.3
Net Income	70	-	49.7

During the first half we experienced strong demand for such products as 3G mobile phone base stations and system chips for digital AV equipment. As a result of this, as well as progress made in reducing costs and decreased expenses from restructuring initiatives, operating income and net income exceeded the targets set at the beginning of the fiscal year.

Regarding net sales for the full fiscal year, we now foresee a downturn during the second half in the markets for certain products, including semiconductors, displays, and mobile phones. Therefore, we have revised downwards by 50 billion yen, to 4,900 billion yen, our consolidated net sales projection for the full year compared to what we forecast previously.

We are maintaining the full-year projection of 200 billion yen in consolidated operating income that we made at the beginning of the fiscal year. In the Software & Services segment, although our overseas business is moving in a favorable direction, especially in Europe where major government-sector projects have now started to contribute to earnings, in Japan downward pressure on prices is continuing and uncertainties have increased. At present, we do not foresee being able to offset by the end of the fiscal year the impact from projects whose deteriorating profitability became apparent during the first half. As previously mentioned, we are now concentrating on reducing losses from projects whose profitability has deteriorated under a new organizational structure dedicated to improving project oversight.

Going forward, we will continue to make every possible effort to improve the profitability of our software and services business. In addition to strengthening support for and speeding responsiveness to customers through such measures as consolidating our sales and systems engineering groups and realigning Fujitsu Support and Services as a wholly owned subsidiary, we are working to improve operating efficiencies through the application of our SDAS comprehensive systems development framework and implement more stringent project management.

Although first-half results in the Platforms and Electronic Devices business segments exceeded initial targets, due to anticipated deterioration in the market conditions for semiconductors, displays and mobile phones in the second half, we expect full-year results in these business segments to be roughly in line with the projections we made at the beginning of the fiscal year. Despite increasing uncertainty regarding future market conditions, we will continue to work to strengthen earnings in our operations through further improvements in the area of manufacturing innovation and through ongoing efforts to reduce costs and trim operating expenses.

In addition to the foregoing factors, through initiatives in non-business units to improve corporate-wide efficiencies, we expect that overall results will be able to make up for deterioration in the Software & Services segment.

We are currently moving forward with preparations for the adoption of the International Financial Reporting Standards (IFRS) and plan to finalize the time frame and methodology for making this transition, taking into account the degree of progress in developing the necessary operational procedures and developments in the securities and exchange laws of Japan and Europe. We are

working to steadily bring our accounting policies in line with the IFRS through such steps as the application of the percentage-of-completion method for software development contracts.

Notes:

Throughout these explanatory materials, yen figures are converted to US dollars for convenience only at a uniform rate of \$1 = 110 yen, the approximate closing exchange rate on September 30, 2004.

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 Japan, North America and Europe)
- Variability in high-technology markets (particularly for semiconductors, PCs, mobile phones, etc.)
- Fluctuations in currency 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 procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technology provision
- Potential emergence of unprofitable projects