

10. FY 2008 Consolidated Earnings Projections

The environment in which the Fujitsu Group operates is becoming increasingly uncertain, with rising concern about the economic slowdown in the United States, prompted by such factors as the sub-prime mortgage problem and soaring prices for energy and raw materials, and fear about its possible impact on Europe and Asia. Nevertheless, corporate IT investment remains necessary to support the global expansion of business and economic growth, and demand is expected to increase. The Fujitsu Group will seek to increase both growth and profits, building further on our strengths by enhancing our management, product, workplace and human resource capabilities and pursuing positive structural improvements as well as expanding from IT solutions to business solutions.

We are projecting consolidated net sales of 5,350.0 billion yen in fiscal 2008, roughly the same level of sales in fiscal 2007. Although we anticipate growth in our outsourcing and other services business in and outside Japan along with growth in the HDD businesses, when converted into yen a reduction of approximately 200.0 billion yen is projected as a result of an appreciation in the value of the yen. We are projecting 220.0 billion yen in operating income, an increase of 15.0 billion yen over the previous fiscal year. We are projecting a negative impact from yen appreciation of approximately 20.0 billion yen and a 20.0 billion increase in pension obligation expenses, due to lower returns on pension assets, but operating income is projected to increase because of higher income in services in and outside Japan, in particular, and an improvement in the Device Solutions business as a result of a decrease in up-front investment. Net income is projected at 100.0 billion yen. As in fiscal 2007, we anticipate recovering approximately 15.0 billion yen in valuation allowance for deferred tax assets in the event that subsidiaries subject to consolidated corporate income tax post income according to plan.

(Billion Yen)

	First-Half			Full-Year		
	FY 2007 (Actual)	FY 2008 (Forecast)	Change	FY 2007 (Actual)	FY 2008 (Forecast)	Change
Net Sales	2,513.1	2,450.0	-2.5%	5,330.8	5,350.0	0.4%
Operating Income	43.9	35.0	-20.3%	204.9	220.0	7.3%
Net Income	-9.3	0	-	48.1	100.0	107.9%

Quarterly Breakdown of Projected First-Half Net Sales and Operating Income

(Billion Yen)

	First Quarter			Second Quarter		
	FY 2007 (Actual)	FY 2008 (Forecast)	Change	FY 2007 (Actual)	FY 2008 (Forecast)	Change
Net Sales	1,166.8	1,150.0	-1.4%	1,346.3	1,300.0	-3.4%
Operating Income	2.9	0	-100.0%	40.9	35.0	-14.6%

Note: Application of International Financial Reporting Standards (IFRS) at Subsidiaries Outside Japan

Beginning in fiscal 2008, with the application of “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”, financial reporting for subsidiaries outside Japan will be consistent with IFRS. The effects of these changes will, however, be slight as major subsidiary Fujitsu Services has already applied IFRS. As a material difference between IFRS and Japanese accounting standards, goodwill of subsidiaries outside Japan has been adjusted according to Japanese accounting standards. Together with goodwill amortization costs for Fujitsu and its subsidiaries in Japan, the company expects approximately 20.0 billion yen in amortization costs in fiscal 2008, about the same as fiscal 2007.

※ 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, Europe and China)*
- 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*

Forecast for FY 2008 Consolidated Business Segment Information

a. Net Sales and Operating Income

		Yen (Billions)			Change vs. FY2007(%)
		FY 2006	FY 2007	FY 2008	
		(Actual)	(Actual)	(Forecast)	
Technology Solutions					
Japan	Y	2,087.7	2,102.2	2,160.0	+2.7
Overseas		1,069.3	1,170.0	1,100.0	-6.0
Total		3,157.0	3,272.2	3,260.0	-0.4
Operating income (loss):					
System Platforms		7.5	39.7	25.0	-37.1
[Operating income margin]		[1.1%]	[5.6%]	[3.6%]	
Services		156.1	140.4	185.0	+31.7
[Operating income margin]		[6.4%]	[5.5%]	[7.2%]	
Total operating income		163.6	180.1	210.0	+16.5
[Operating income margin]		[5.2%]	[5.5%]	[6.4%]	
Ubiquitous Product Solutions					
Japan		710.1	761.3	780.0	+2.5
Overseas		408.1	427.6	450.0	+5.2
Total		1,118.3	1,188.9	1,230.0	+3.5
Operating income		41.6	52.5	50.0	-4.9
[Operating income margin]		[3.7%]	[4.4%]	[4.1%]	
Device Solutions					
Japan		457.0	521.4	490.0	-6.0
Overseas		305.6	275.3	270.0	-1.9
Total		762.6	796.7	760.0	-4.6
Operating income		19.0	18.2	20.0	+9.5
[Operating income margin]		[2.5%]	[2.3%]	[2.6%]	
Other Operations					
Japan		349.9	361.0	380.0	+5.2
Overseas		140.4	165.7	160.0	-3.5
Total		490.3	526.8	540.0	+2.5
Operating income		10.5	14.2	15.0	+5.1
[Operating income margin]		[2.2%]	[2.7%]	[2.8%]	
Elimination					
Sales		(428.2)	(453.9)	(440.0)	-
Operating income		(52.7)	(60.3)	(75.0)	-
Total					
Japan		3,274.9	3,407.2	3,490.0	+2.4
Overseas		1,825.2	1,923.6	1,860.0	-3.3
Total		5,100.1	5,330.8	5,350.0	+0.4
Operating income	Y	182.0	204.9	220.0	+7.3
[Operating income margin]		[3.6%]	[3.8%]	[4.1%]	

Note:

Net sales include intersegment sales.

b. Net Sales by Principal Products and Services

	Yen (Billions)			Change vs. FY2007(%)
	FY 2006	FY 2007	FY 2008	
	(Actual)	(Actual)	(Forecast)	
Technology Solutions				
System Platforms:				
			(Forecast)	
System Products	Y 355.3	370.4	360.0	-2.8
Network Products	348.4	342.4	330.0	-3.6
	<u>703.7</u>	<u>712.8</u>	<u>690.0</u>	-3.2
Services:				
Solutions / SI	1,091.0	1,258.8	1,290.0	+2.5
Infrastructure Services	1,164.8	1,215.2	1,200.0	-1.3
Others	197.3	85.2	80.0	-6.1
	<u>2,453.2</u>	<u>2,559.3</u>	<u>2,570.0</u>	+0.4
Total	<u><u>3,157.0</u></u>	<u><u>3,272.2</u></u>	<u><u>3,260.0</u></u>	-0.4
Ubiquitous Product Solutions				
PCs / Mobile Phones	768.6	837.0	840.0	+0.4
Hard Disk Drives	329.8	332.7	370.0	+11.2
Others	19.8	19.1	20.0	+4.2
Total	<u><u>1,118.3</u></u>	<u><u>1,188.9</u></u>	<u><u>1,230.0</u></u>	+3.5
Device Solutions				
LSI Devices	473.5	508.8	490.0	-3.7
Electronic Components, Others	289.1	287.9	270.0	-6.2
Total	Y <u><u>762.6</u></u>	<u><u>796.7</u></u>	<u><u>760.0</u></u>	-4.6

Notes:

Net sales include intersegment sales.

In conjunction with organizational changes designed to enhance collaboration between sales and product development functions, beginning this fiscal year ATM and POS business results (which amounted to sales of approximately 117.0 billion yen in the fiscal 2006), formerly recorded under the "Others" category in the Services sub-segment, are recorded in the Solutions / SI category, which includes financial and retail solutions.