

7. FY 2008 Full-Year Consolidated Earnings Projections

Net sales and operating income for the first half of fiscal 2008 were essentially in line with the projections we announced in July. Earnings performance in Device Solutions and Ubiquitous Product Solutions businesses was below expectations due to intensified competition in the logic LSI device, electronic components, PC and HDD markets. In Technology Solutions, performance exceeded projections as a result of lower costs and improved efficiencies in our services, servers and related business, and network products businesses.

In September, turmoil in financial markets worsened and there were stronger signs of global economic recession, particularly in the US and Europe. In Japan, corporate earnings are deteriorating and consumer spending is weak. As a result, the business environment for the remainder of this fiscal is increasingly uncertain. In logic LSI devices, market conditions have sharply deteriorated since the second quarter, with inventory adjustments and downward pricing pressures seen in the digital home appliance, mobile phone, and automotive markets, and we expect the current severe conditions to continue for the foreseeable future. Global competition in the HDD and PC markets continues to intensify, while in the mobile phones market, the sales slump as a result of longer upgrade cycles and the higher handset price has become more pronounced.

In light of this business environment, the following revisions have been made to full-year earnings projections.

For net sales, we are reducing the projection made in July by 300.0 billion yen and now project 5,050.0 billion yen in net sales. We project lower sales of PCs, mobile phones, HDDs, logic LSI devices, and electronic components because of deteriorating market conditions and intensified competition. Although the average currency exchange rates over the first half were more favorable than anticipated, we expect sales outside Japan to be adversely affected by the steep appreciation of the yen since the latter part of September, and we have accordingly revised our exchange rate assumptions. The effect of the revised exchange rates is expected to reduce sales by 50.0 billion yen.

We have reduced our projection for operating income by 70.0 billion yen, to 150.0 billion yen. As a result of lower sales of PCs, mobile phones, HDDs, logic LSI devices, and electronic components, we have reduced our projections for operating income in the Ubiquitous Product Solutions segment by 30.0 billion yen and in the Device Solutions segment by 45.0 billion yen. Although results in our Technology Solutions segment significantly exceeded the projections we made in July for the first half of the fiscal year, we have not changed our full-year projections for the segment because we expect earnings to be negatively impacted in the second half by the appreciation of the yen and because there is uncertainty in our System Platforms sub-segment and systems integration business, for which sales and earnings tend to be concentrated at the end of the fiscal year.

In line with these revisions, we are also revising our projection for net income down to 60.0 billion yen.

The Fujitsu Group will continue to promote further efficiencies in its global business structure and promote productivity improvements through manufacturing innovation and standardization. In addition, while closely managing our pipeline of new business from the initial proposal to the order stage, we will promote an expansion of new business by developing our teams of “Field Innovators” and deploying them into the field to use a customer-centric perspective in leveraging IT.

Full-Year Consolidated Forecast

(Billion Yen)

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. July 2008 Forecast	Effect of yen appreciation
Net Sales	5,330.8	5,050.0	-300.0	-50.0
Operating Income	204.9	150.0	-70.0	-5.0
Net Income	48.1	60.0	-40.0	-5.0

Average currency exchange rate forecast for second half of fiscal 2008, with previous July forecast in parentheses:

\$1=100 yen (100 yen); €1=125 yen (155 yen); £1=160 yen (200 yen)

Full-Year Consolidated Operating Income by Major Business Segment

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. July 2008 Forecast	Effect of yen appreciation
Technology Solutions	180.1	210.0	-	-5.0
Services	140.4	185.0	-	-5.0
System Platforms	39.7	25.0	-	-
Ubiquitous Product Solutions	52.5	20.0	-30.0	-
Device Solutions	18.2	-25.0	-45.0	-