

7. FY 2008 Full-Year Consolidated Earnings Projections

Since the previous forecast in October 2008, the economic environment has rapidly deteriorated, particularly in Europe and the United States, resulting in a severe global economic recession. In Japan, the economy is expected to continue to contract, with capital spending rapidly shrinking as a result of the deterioration in corporate earnings and with weaker consumer spending as employment conditions worsen.

With respect to spending on IT services, although there are signs of weakness in sectors such as financial services and manufacturing, spending as a whole remains relatively solid, especially in the public sector. The market for logic LSI devices has further deteriorated since October, including for devices used in digital home appliances, automobiles, and mobile phones. With prolonged production cutbacks expected in those industries, we project that market conditions will remain severe for the foreseeable future. For PCs, corporate demand has declined, the market is shifting to low-priced models, and price competition has intensified as the lower yen cost of imported components is passed on through lower sales prices. The slump in sales of mobile phones has become more pronounced as a result of longer upgrade cycles and higher handset prices. In addition, as a result of the economic recession, there has been a sharp drop in demand for HDDs, and price competition has become increasingly severe.

In light of these conditions, we have made significant revisions to our full-year consolidated earnings projections. We are now projecting full-year net sales of 4,700.0 billion yen, 350.0 billion yen lower than the target announced in October. We are anticipating lower sales of optical transmission systems, PCs, mobile phones, HDDs, logic LSI devices, and electronic components as a result of the deterioration in market conditions and intensified competition. In addition, we have revised our foreign exchange rate forecast for the US dollar, euro, British pound, and other currencies for the second half of the fiscal year to reflect the steep appreciation of the yen since the start of the third quarter. The effect of the revised exchange rates is expected to reduce sales by 100.0 billion yen.

We have reduced our projection for operating income by 100.0 billion yen to 50.0 billion yen. We have reduced our projections for operating income in the Technology Solutions segment by 20.0 billion yen as a result of the impact of the yen appreciation since the third quarter and lower sales of optical transmission systems. With respect to the 5.0-billion-yen reduction in projected operating income attributable to exchange rate effects for the Services sub-segment, which had been factored into the projections announced in October, it was assumed that this amount would be offset by higher profits in the growing systems integration business in Japan. That level of additional profits is now difficult to achieve as a result of the economic recession. For the Ubiquitous Product Solutions, as a result of lower projected sales of PCs, mobile phones, and HDDs, we have reduced our full-year operating income projections by 20.0 billion yen. For Device Solutions, we have reduced our full-year operating income projections by 45.0 billion yen due to deteriorating sales for logic LSI devices and electronic components.

We are also projecting higher foreign exchange losses as a result of the steep appreciation of the yen and a deterioration in equity in earnings of affiliates, net.

Other losses of 25.0 billion are expected from valuation losses on investment securities and losses related to facilities and equipment. This estimate includes expected losses of approximately 10.0 billion yen incurred from the consolidation of logic LSI device production lines in the fourth quarter. As a result, the company now projects a full-year net loss of 20.0 billion yen.

The Fujitsu Group will continue to promote further efficiencies in its business structure by focusing on core competencies based upon our customers' perceptions of value, while also strengthening our global business structure based on complementary strengths in IT products and services.

Full-Year Consolidated Forecast

(Billion Yen)

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. October 2008 Forecast	Effect of yen appreciation
Net Sales	5,330.8	4,700.0	-350.0	-100.0
Operating Income	204.9	50.0	-100.0	-10.0
Net Income	48.1	-20.0	-80.0	-15.0

Average currency exchange rate forecast for 4Q of fiscal 2008, with previous October forecast in parentheses: \$1=90 yen (100 yen); €1=120 yen (125 yen); £1=120 yen (160 yen)

Full-Year Consolidated Operating Income by Major Business Segment

	Fiscal 2007 Full-Year Results	Fiscal 2008 Full-Year Forecast	Change vs. October 2008 Forecast	Effect of yen appreciation
Technology Solutions	180.1	190.0	-20.0	-7.0
Services	140.4	170.0	-15.0	-5.0
System Platforms	39.7	20.0	-5.0	-2.0
Ubiquitous Product Solutions	52.5	0	-20.0	2.0
Device Solutions	18.2	-70.0	-45.0	-5.0