

6. FY 2011 Consolidated Earnings Projections

In response to the flooding that occurred in Thailand in October 2011, Fujitsu undertook a detailed survey of the impact on its business, including the status of efforts to restore supply chains that had been disrupted, and implemented a number of countermeasures. As of January, with some exceptions, normal operations had been restored. Fujitsu, however, expects that there will still be an impact on its full-year consolidated financial results for the 2011 fiscal year. In addition, in light of the recovery status of ICT spending inside and outside Japan as well as sales trends for PCs and digital home appliances, Fujitsu has revised its full-year financial projections as follows.

Net sales projections have been lowered to 4,490.0 billion yen, down 50.0 billion yen from the projections announced in October. Of this amount, 40.0 billion yen is attributable to the Technology Solutions segment. The downward revision reflects the impact of delays in the recovery in ICT spending on sales of services inside and outside Japan as well as lower sales of servers in the System Platforms sub-segment. For network equipment, although investment spending in Japan has risen to keep pace with the spread of smartphones, outside Japan there has been a temporary pullback in spending on the part of telecom carriers in North America. Projected sales for the Ubiquitous Solutions segment have been cut by 10.0 billion yen. While firm sales of smartphones have boosted overall mobile phone sales, projected sales of PCs and mobilewear have been revised downward on delays in procuring parts and associated customer production adjustments on account of the flooding in Thailand. Projected sales for the Device Solutions segment have been lowered by 20.0 billion yen, reflecting the impact on LSI device sales caused by customer production adjustments as a result of the Thai floods and the impact of weak demand for LSI devices and electronic components used in digital audio-visual equipment.

Projections for operating income have been lowered to 100.0 billion yen, down by 35.0 billion yen from the October announcement. Projected operating income for the Technology Solutions segment has been revised down by 15.0 billion yen, reflecting the impact of lower sales of services in Japan and lower server-related sales both inside and outside Japan. For the Ubiquitous Solutions segment, despite the positive impact of higher sales of mobile phones, projected operating income has been revised downward by 5.0 billion yen, reflecting the impact of lower sales and the sharp rise in HDD and other parts procurement costs on account of the Thai floods, particularly for mobilewear and PCs. Projected operating income for the Device Solutions segment has been lowered by 15.0 billion yen, reflecting the impact of lower sales.

On an overall consolidated basis, the impact of the Thai floods was to lower projected net sales and operating income by 25.0 billion yen and 17.0 billion yen, respectively.

Projected net income has been revised down by 25.0 billion yen. The higher deferred tax expenses stemming from a lower effective tax rate in line with tax code revisions as well as the restructuring expenses relating to the car audio and navigation systems business and the services business outside of Japan fall within the amounts assumed in the original projections announced last June, and therefore do not factor into the downward revision to net income.

FY 2011 Full-Year Consolidated Forecast

(Billion Yen)

	Fiscal 2010 Full-Year Results	Fiscal 2011 Full-Year Forecast	Change vs. October 2011 Forecast	Change		Change (%) Excl. Impact of FX Fluctuations
					Change (%)	
Net Sales	4,528.4	4,490.0	-50.0	-38.4	-0.8	1
Operating Income	132.5	100.0	-35.0	-32.5	-24.6	
[Operating Income Margin]	[2.9%]	[2.2%]	[-0.8%]	[-0.7%]		
Net Income	55.0	35.0	-25.0	-20.0	-36.5	

Amount of projected reduction caused by the Thai floods: Net sales: -25.0 billion yen; operating income: -17 billion yen.

The amount of reduction caused by the Thai floods is an estimate of lost sales, higher costs and other factors associated with revisions to planned production and sales figures on account of the floods which took place in Thailand. The impact of parts procurement delays and higher prices, customer production adjustments and other factors is included.

Operating Income by Major Business Segment

Technology Solutions	162.8	170.0	-15.0	7.1	4.4
Services	117.3	125.0	-10.0	7.6	6.5
System Platforms	45.5	45.0	-5.0	-0.5	-1.2
Ubiquitous Product Solutions	22.6	15.0	-5.0	-7.6	-33.9
Device Solutions	20.9	-15.0	-15.0	-35.9	-
Other/Elimination and Corporate	-73.9	-70.0	-	3.9	-

The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for fiscal 2010 to translate the volume of foreign-currency denominated transactions expected for fiscal 2011 into yen.