

3. FY2013 Earnings Projections

With respect to the operating environment Fujitsu faces in fiscal 2013, in Japan ICT spending is recovering, primarily in the manufacturing and retailing/distribution sectors, as a result of an improved export environment because of the recent weakening of the yen, higher public sector investment, and a recovery in consumer spending. Outside of Japan, a mild recovery is underway, as the credit market uncertainties in Europe have started to recede, and there are signs that the economy has bottomed out in the US. Against this backdrop, in its consolidated earnings projections for fiscal 2013, Fujitsu is anticipating growth in its services business and servers and network-related products in Japan. Outside Japan, the car audio and navigation equipment business and electronic component business are expected to grow.

At the same time, Fujitsu has factored into its projections the positive impact of a variety of structural reforms implemented in fiscal 2012 to strengthen its fundamentals, including approximately 25 billion yen of impact stemming from structural reforms in its underperforming businesses, such as its LSI device business and parts of its operations outside Japan and approximately 20 billion yen of impact stemming from workforce related measures and rationalization of corporate function, as it aims to achieve its medium-term performance targets based on the management direction the company announced on February 7, 2013. Regarding the LSI device business, Fujitsu has factored into its projections the impact of restructuring charges carried over from fiscal 2012, while transfer of the microcontroller and analog device business have both been included in net sales and operating income.

The earnings projections for fiscal 2013 also assume yen exchange rates of 93 yen for the US dollar, 120 yen for the euro, and 140 yen for the British pound. For the full year, the impact of these exchange rates alone is expected to boost net sales by approximately 140 billion yen and operating income by approximately 10 billion yen.

For the first half of fiscal 2013, Fujitsu is projecting consolidated net sales of 2,050.0 billion yen. Despite the favorable impact on sales anticipated from exchange rates and a strong services business in Japan, sales are projected to decline by 20 billion yen compared to the first half of fiscal 2012 due to the continuation of a severe competitive environment in mobile phones, as the cycle of demand for smartphones turns down, and because a recovery in Fujitsu's services businesses outside Japan is not expected until the second half of the fiscal year.

Fujitsu is projecting an operating loss of 10.0 billion yen for the first half, representing deterioration of approximately 20 billion yen from the first half of fiscal 2012. Despite the fact that lower overhead costs resulting from structural reforms in the LSI device business and parts of its operations outside Japan implemented in fiscal 2012 is expected to begin having a positive impact from the second quarter of fiscal 2013, operating income is projected to decline. This is due to higher retirement benefit expenses in pension plans outside of Japan as a result of lower discount rates, in addition to the impact of lower sales.

For the first half of fiscal 2013, Fujitsu is projecting a net loss of 30.0 billion yen, representing a year-on-year deterioration of approximately 20 billion yen, due to the impact of lower operating income.

For the full 2013 fiscal year, Fujitsu is projecting net sales of 4,550.0 billion yen, an increase of 170 billion yen compared to the previous fiscal year. Despite a drastic decline in sales of mobile phones and other products in the Ubiquitous Solutions segment, sales are projected to rise primarily in the second half of the fiscal year, due to higher sales of services and servers both in and outside Japan, and because of a projected rebound in demand for LSI devices and electronic components, in addition to the favorable

impact of exchange rates.

Full-year operating income for fiscal 2013 is projected to be 140.0 billion yen, an improvement of 45 billion yen compared to fiscal 2012. Operating income in the Technology Solutions segment is projected to increase by approximately 10 billion yen. Operating income in Japan is projected to increase because of the impact of higher sales in the services business and the impact of workforce rationalization measures. Operating income outside Japan is projected to decrease. Outside of Japan, although there should be a positive impact of structural reforms and lower goodwill amortization expenses, retirement benefit expenses are projected to rise in accordance with revisions to accounting standards. Operating income in the Ubiquitous Solutions segment is projected to be essentially unchanged from fiscal 2012. Lower sales of mobile phones and increasing procurement costs on the depreciating yen are expected to be offset by a sales strategy focusing on profitability in PCs and lower development expenses. The Device Solutions segment is projected to return to profitability with operating income of 25 billion yen. In addition to the impact of higher sales of LSI devices and electronic components, as well as the favorable impact of exchange rates, the segment will also benefit from the impact of the structural reforms in the LSI device business implemented in fiscal 2012, resulting in a projected 40 billion yen improvement in operating income compared to fiscal 2012.

Fujitsu is projecting full-year net income of 45.0 billion yen. Restructuring expenses relating to structural reform of the LSI device business carried over from 2012 has been factored into these projections. Over 30 billion yen of amortization of actuarial loss stemming from both Japan and outside Japan is factored in net income.

FY2013 Full-Year Consolidated Forecast

(Billion Yen)

	First-Half			Full-Year		
	FY2012 (Actual)	FY2013 (Forecast)	Change vs. First-Half FY2012	FY2012 (Actual)	FY2013 (Forecast)	Change vs. FY2012
Net Sales	2,071.8	2,050.0	-21.8	4,381.7	4,550.0	168.2
Operating Income	7.6	-10.0	-17.6	95.2	140.0	44.7
[Operating Income Margin]	[0.4%]	[-0.5%]	[-0.9%]	[2.2%]	[3.1%]	[0.9%]
Other Income and Expenses	-4.5	-	4.5	-140.3	-35.0	105.3
Net Income	-11.0	-30.0	-18.9	-72.9	45.0	117.9

Forecast for FY2013 Consolidated Business Segment Information

<Net Sales* and Operating Income>

(Billion Yen)

		FY2012 (Actual)	FY2013 (Forecast)	Change vs. FY2012		
				Change(%)	Change(%) Constant Currency**	
Technology Solutions	Sales	2,942.3	3,100.0	157.6	5.4	3
	Japan	1,936.4	1,990.0	53.5	2.8	3
	Outside Japan	1,005.9	1,110.0	104.0	10.3	2
	Operating income [Operating income margin]	180.9 [6.2%]	190.0 [6.1%]	9.0 [-0.1%]	5.0	
Services	Sales	2,387.2	2,480.0	92.7	3.9	1
	Operating income [Operating income margin]	131.6 [5.5%]	138.0 [5.6%]	6.3 [0.1%]	4.8	
System Platforms	Sales	555.1	620.0	64.8	11.7	8
	Operating income [Operating income margin]	49.3 [8.9%]	52.0 [8.4%]	2.6 [-0.5%]	5.4	
Ubiquitous Solutions	Sales	1,090.2	1,020.0	-70.2	-6.4	-9
	Japan	823.0	720.0	-103.0	-12.5	-13
	Outside Japan	267.1	300.0	32.8	12.3	3
	Operating income [Operating income margin]	9.6 [0.9%]	7.0 [0.7%]	-2.6 [-0.2%]	-27.3	
Device Solutions	Sales	540.3	620.0	79.6	14.7	9
	Japan	295.9	340.0	44.0	14.9	15
	Outside Japan	244.4	280.0	35.5	14.5	2
	Operating income [Operating income margin]	-14.2 [-2.6%]	25.0 [4.0%]	39.2 [6.6%]	-	
Other/Elimination and Corporate***	Sales	-191.2	-190.0	1.2	-	-
	Operating income	-81.0	-82.0	-0.9	-	
Total	Sales	4,381.7	4,550.0	168.2	3.8	1
	Japan	2,883.5	2,900.0	16.4	0.6	1
	Outside Japan	1,498.2	1,650.0	151.7	10.1	1
	Operating income [Operating income margin]	95.2 [2.2%]	140.0 [3.1%]	44.7 [0.9%]	46.9	

<Ratio of Sales outside Japan>

34.2%

36.3%

2.1%

(Billion Yen)

	FY2012 (Actual)	FY2013 (Forecast)	Change vs. FY2012			
			Change(%)	Change(%) Constant Currency***		
T O T A L	Technology Solutions	2,942.3	3,100.0	157.6	5.4	3
	Services	2,387.2	2,480.0	92.7	3.9	1
	Solutions/System Integration	837.1	870.0	32.8	3.9	4
	Infrastructure Services	1,550.0	1,610.0	59.9	3.9	-0
	System Platforms	555.1	620.0	64.8	11.7	8
	System Products	262.9	295.0	32.0	12.2	9
	Network Products	292.2	325.0	32.7	11.2	8
	Ubiquitous Solutions	1,090.2	1,020.0	-70.2	-6.4	-9
	PCs/Mobile Phones	822.8	730.0	-92.8	-11.3	-13
	Mobilewear	267.4	290.0	22.5	8.4	5
	Device Solutions	540.3	620.0	79.6	14.7	9
	LSI****	289.6	320.0	30.3	10.5	6
	Electronic Components	252.5	300.0	47.4	18.8	12

<Reference> LSI Devices Operating Income

(Billion Yen)

	FY2012 (Actual)	FY2013 (Forecast)		
	Full Year	First-Half	Second-Half	Full Year
Operating Income	-13.8	0.5	7.5	8.0

Notes:

* Net sales include intersegment sales.

** The impact of exchange rate fluctuation has been calculated by using the average U.S. dollar, euro and British pound exchange rates for FY2012 to translate the current period's net sales outside Japan into yen.

*** "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project; facility services and the development of information services for Fujitsu Group companies; and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

**** Sales figures for LSI include intrasegment sales to the electronic components segment.

[Miscellaneous Forecasts for FY2013]

a.Exchange rate

(Yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
U.S. Dollar	79	83	93
euro	109	107	120
British pound	126	131	140

Reference information:

A 1 yen fluctuation (depreciation/appreciation) had the following effect on operating income of FY2012.

U.S. dollar : Increase/decrease by approximately 0.2 billion yen.

euro: Increase/decrease by approximately 0.1 billion yen.

British pound: Increase/decrease by approximately 0 billion yen.

A 1 yen fluctuation (depreciation/appreciation) is expected to have the following effect on operating income of FY2013.

U.S. dollar : Increase/decrease by approximately 0.9 billion yen.

euro: Increase/decrease by approximately 0.2 billion yen.

British pound: Increase/decrease by approximately 0 billion yen.

b.R&D Expenses

(Billion Yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
R&D Expenses	238.3	231.0	220.0
As % of Sales	5.3%	5.3%	4.8%

c.Capital Expenditures and Depreciation

(Billion Yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
Technology Solutions	73.4	59.5	80.0
Ubiquitous Solutions	15.6	14.6	15.0
Device Solutions	47.2	40.4	35.0
Other/Corporate	4.3	7.0	5.0
Total	140.6	121.7	135.0
Depreciation	131.5	116.5	110.0

d.Cash Flows

(Billion Yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
Net income	42.7	-72.9	45.0
Depreciation & goodwill amortization*	209.5	192.6	180.0
Others***	-12.2	-48.6	5.0
(A)Cash flows from operating activities	240.0	71.0	230.0
(B)Cash flows from investing activities	-190.8	-161.4	-170.0
(C)Free cash flow (A)+(B)	49.1	-90.4	60.0
[FCF excluding one-time items]**	43.5	8.4	50.0
(D)Cash flows from financing activities	-138.9	100.3	-60.0
(E)Total (C)+(D)	-89.7	9.9	-

Notes:

* Depreciation & goodwill amortization include amortization of intangible assets.

** FCF excluding one-time items is free cash flow minus proceeds from the sale of investment securities, proceeds from the transfer of business, income from the acquisition of subsidiaries' stock, and a special contribution during FY2012 into pension schemes of UK subsidiary (114.3 billion yen).

*** Others in cash flows from operating activities for forecast of FY2013 include expenditures regarding structural reforms in LSI devices and global businesses (approximately 40.0 billion yen).

e.PC Shipments

(Million Units)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
PC Shipments	6.02	5.83	5.35

Change vs. previous forecast as of February 7, 2013

-1.7

f.Mobile Phone Shipments

(Million Units)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
Mobile Phone Shipments	8.00	6.50	5.20

Change vs. previous forecast as of February 7, 2013

0

g.Employees

(Thousands)

	FY2011 March 31, 2012 (Actual)	FY2012 March 31, 2013 (Actual)
Japan	107	104
Outside Japan	66	65
Total	173	169

Notes: Employees in Japan decreased in accordance with the transfers of the Iwate Plant and LSI assembly and testing facilities (approximately 2,300 in headcount).