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Fujitsu Reports FY2002 Financial Results
(April 1, 2002 to March 31, 2003)

1. Summary of Consolidated Results

a. Summary of Consolidated Statements of Operations

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	FY2002	FY2001	Change (%)	FY2002
Net Sales	Y 4,617,580	Y 5,006,977	-7.8	\$38,480
Operating Income (Loss)	100,427	(74,426)	-	837
Loss Before Income Taxes	(147,606)	(594,733)	-	(1,230)
Net Loss	(122,066)	(382,542)	-	(1,017)
Amounts Per Share of Common Stock:				
Basic Loss	Y (61.29)	Y (192.98)		\$ (0.511)
Diluted Earnings	-	-		-
ROE	-15.7 %	-37.0 %		

b. Net Sales by Business Segment

	Yen (millions)			U.S. Dollars (millions)
	FY2002	FY2001	Change (%)	FY2002
Software & Services	Y 2,025,790	Y 2,085,863	-2.9	\$16,882
Platforms	1,612,016	2,015,226	-20.0	13,433
Electronic Devices	618,632	546,555	+13.2	5,155
Financing	119,279	114,472	+4.2	994
Other Operations	241,863	244,861	-1.2	2,016
TOTAL	Y 4,617,580	Y 5,006,977	-7.8	\$38,480

c. Summary of Consolidated Financial Condition

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	March 31 2003	March 31 2002		March 31 2003
Total Assets	Y 4,225,361	Y 4,595,804		\$35,211
Shareholders' Equity	702,390	853,756		5,853
Shareholders' Equity Ratio	16.6 %	18.6 %		
Shareholders' Equity Per Share	Y 350.84	Y 426.52		\$2.924

d. Summary of Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (millions)
	FY2002	FY2001	FY2002
Cash Flows from Operating Activities	Y 117,797	Y 306,571	\$982
Cash Flows from Investing Activities	(64,415)	(409,463)	(537)
Cash Flows from Financing Activities	(67,237)	91,312	(560)
Cash and Cash Equivalents at Year End	282,333	299,418	2,353

e. Group Companies

Consolidated Subsidiaries	487 companies
Unconsolidated Subsidiaries (equity method applied only)	0 companies
Affiliates (equity method applied only)	29 companies

Note: All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1=120 yen.

2. Consolidated Earnings Forecast

		Yen (billions) (except per share data)	Change FY02 to FY03 (%)
a. 1st Quarter FY2003 (April 1, 2003 - June 30, 2003)	Net Sales	Y 980.0	-
	Operating Loss	(35.0)	-
	Net Loss	(40.0)	-
b. 2nd Quarter FY2003 (July 1, 2003 - September 30, 2003)	Net Sales	Y 1,170.0	-
	Operating Income	15.0	+159.0
	Net Income	0.0	-
c. 1st Half FY2003 (April 1, 2003 - September 30, 2003)	Net Sales	Y 2,150.0	-
	Operating Loss	(20.0)	-
	Net Loss	(40.0)	-
d. Full Year FY2003 (April 1, 2003 - March 31, 2004)	Net Sales	Y 4,800.0	+4.0
	Operating Income	150.0	+49.4
	Net Income	30.0	-
	Net Income per Share	15.00	-

3. Summary of Unconsolidated Results

a. Summary of Unconsolidated Statements of Operations

	Yen (millions) (except per share data)		U.S. Dollars (millions) (except per share data)
	<u>FY2002</u>	<u>FY2001</u>	<u>Change (%)</u>
Net Sales	Y 2,695,055	Y 3,034,437	-11.2
Operating Income (Loss)	21,858	(54,680)	-
Loss Before Income Taxes	(230,211)	(465,109)	-
Net Loss	(175,054)	(265,109)	-
Amounts Per Share of Common Stock:			
Basic Loss	Y (87.48)	Y (133.74)	
Cash Dividends	Y 0.00	Y 5.00	
Total Cash Dividends	Y 0	Y 9,960	
Payout Ratio	0.0 %	-3.8 %	
Dividends on Equity	0.0 %	1.0 %	
	March 31, 2003	March 31, 2002	(thousand shares)
Common Stock Issued	2,000,388	2,001,788	
Treasury Stock	1,574	174	

b. Summary of Unconsolidated Financial Condition

	Yen (millions) (except per share data)	U.S. Dollars (millions) (except per share data)
	<u>March 31 2003</u>	<u>March 31 2002</u>
Total Assets	Y 2,926,275	Y 3,178,563
Shareholders' Equity	771,133	959,662
Shareholders' Equity Ratio	26.4 %	30.2 %
Shareholders' Equity Per Share	Y 385.49	Y 479.40

Note: All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1=120 yen.

c. Projections

(a) Unconsolidated Earnings Forecast for the 1st Half of FY2003 (April 1, 2003 - September 30, 2003)

	Yen (billions) (except per share data)	Change FY02 to FY03 (%)
Net Sales	Y 1,190.0	-3.9
Operating Loss	(45.0)	-
Net Loss	(10.0)	-

(b) Unconsolidated Earnings Forecast for FY2003 (April 1, 2003 - March 31, 2004)

	Yen (billions) (except per share data)	Change FY02 to FY03 (%)
Net Sales	Y 2,730.0	+1.3
Operating Income	40.0	+83.0
Net Income	20.0	-
Net Income per Share	10.00	-

Consolidated Business Segment Information

a. Sales to Unaffiliated Customers

		Yen (millions)		Change (%)	U.S. Dollars (millions)
		FY2002	FY2001		FY2002
Software & Services	Japan	Y 1,506,860	Y 1,534,532	-1.8	\$12,557
	Overseas	518,930	551,331	-5.9	4,325
	Total	Y 2,025,790	Y 2,085,863	-2.9	\$16,882
Platforms	Japan	1,159,909	1,361,060	-14.8	9,666
	Overseas	452,107	654,166	-30.9	3,767
	Total	1,612,016	2,015,226	-20.0	13,433
Electronic Devices	Japan	299,617	263,283	+13.8	2,497
	Overseas	319,015	283,272	+12.6	2,658
	Total	618,632	546,555	+13.2	5,155
Financing	Japan	119,279	114,472	+4.2	994
	Overseas	-	-	-	-
	Total	119,279	114,472	+4.2	994
Other Operations	Japan	195,000	187,568	+4.0	1,625
	Overseas	46,863	57,293	-18.2	391
	Total	241,863	244,861	-1.2	2,016
Total	Japan	Y 3,280,665	Y 3,460,915	-5.2	\$27,339
	Overseas	1,336,915	1,546,062	-13.5	11,141
	Total	Y 4,617,580	Y 5,006,977	-7.8	\$38,480

b. Sales to Unaffiliated Customers by Products and Services

		Yen (billions)		Change (%)	U.S. Dollars (millions)
		FY2002	FY2001		FY2002
Software & Services	Solutions/SI	Y 940.5	Y 938.9	+0.2	\$7,838
	Infrastructure Services	1,085.2	1,146.9	-5.4	9,044
	Total	Y 2,025.7	Y 2,085.8	-2.9	\$16,882
Platforms	Servers	Y 382.8	Y 521.1	-26.5	\$3,190
	Mobile Infrastructure/ IP Network	189.7	242.0	-21.6	1,581
	Transmission Equipment	222.6	387.8	-42.6	1,855
	PCs & Mobile Telephones	655.5	626.8	+4.6	5,462
	HDDs	161.4	237.4	-32.0	1,345
	Total	Y 1,612.0	Y 2,015.2	-20.0	\$13,433
Electronic Devices	Semiconductors	Y 349.3	Y 332.0	+5.2	\$2,911
	Others	269.3	214.5	+25.5	2,244
	Total	Y 618.6	Y 546.5	+13.2	\$5,155

Consolidated Business Segment Information

c. Net Sales including Intersegment Sales

	Yen (millions)			U.S. Dollars (millions)
	FY2002	FY2001	Change (%)	FY2002
Software & Services	Y 2,097,957	Y 2,138,625	-1.9	\$17,483
Platforms	1,843,276	2,255,673	-18.3	15,361
Electronic Devices	687,448	637,596	+7.8	5,729
Financing	128,427	123,904	+3.7	1,070
Other Operations	378,945	371,561	+2.0	3,158
Elimination	(518,473)	(520,382)	-	(4,321)
Total	Y 4,617,580	Y 5,006,977	-7.8	\$38,480

d. Operating Income (Loss) including Intersegment Transactions

	Yen (millions)		Change	U.S. Dollars (millions)
	FY2002	FY2001	(Million Yen)	FY2002
Software & Services	Y 176,529	Y 157,854	+18,675	\$1,471
[Operating Margin]	[8.4%]	[7.4%]	[+1.0%]	
Platforms	973	(57,561)	+58,534	8
	[0.1%]	[(2.6%)]	[+2.7%]	
Electronic Devices	(31,623)	(109,312)	+77,689	(263)
	[(4.6%)]	[(17.1%)]	[+12.5%]	
Financing	4,328	4,226	+102	36
	[3.4%]	[3.4%]	[-]	
Other Operations	10,002	256	+9,746	83
	[2.6%]	[0.1%]	[+2.5%]	
Elimination	(59,782)	(69,889)	+10,107	(498)
Total	Y 100,427	Y (74,426)	+174,853	\$837
	[2.2%]	[(1.5%)]	[+3.7%]	

Note: FY2001 figures have been restated to reflect the new business segment classification introduced in FY2002.

Consolidated Geographic Segment Information

a. Net Sales including Intersegment Sales

	Yen (millions)			U.S. Dollars (millions)
	FY2002	FY2001	Change (%)	FY2002
Japan	Y 3,888,588	Y 4,161,424	-6.6	\$32,405
Europe	543,040	605,631	-10.3	4,525
The Americas	278,170	446,083	-37.6	2,318
Others	464,163	473,956	-2.1	3,868
Elimination	(556,381)	(680,117)	-	(4,636)
Total	Y 4,617,580	Y 5,006,977	-7.8	\$38,480

b. Operating Income (Loss) including Intersegment Transactions

	Yen (millions)		Change	U.S. Dollars (millions)
	FY2002	FY2001	(Million Yen)	FY2002
Japan	Y 160,858	Y 53,315	+107,543	\$1,340
[Operating Margin]	[4.1%]	[1.3%]	[+2.8%]	
Europe	3,632	(17,979)	+21,611	30
	[0.7%]	[(3.0%)]	[+3.7%]	
The Americas	(18,782)	(57,432)	+38,650	(157)
	[(6.8%)]	[(12.9%)]	[+6.1%]	
Others	12,744	5,910	+6,834	106
	[2.7%]	[1.2%]	[+1.5%]	
Elimination	(58,025)	(58,240)	+215	(484)
Total	Y 100,427	Y (74,426)	+174,853	\$835
	[2.2%]	[(1.5%)]	[+3.7%]	

c. Net Overseas Sales by Customer's Geographic Location

	Yen (millions)			U.S. Dollars (millions)
	FY2002	FY2001	Change (%)	FY2002
Europe	Y 568,763	Y 643,260	-11.6	\$4,740
The Americas	390,482	542,144	-28.0	3,254
Others outside Japan	377,670	360,658	+4.7	3,147
Total	Y 1,336,915	Y 1,546,062	-13.5	\$11,141

As % of Consolidated Net Sales

	FY2002	FY2001	(%)
Europe	12.3	12.9	
The Americas	8.5	10.8	
Others outside Japan	8.2	7.2	
Total	29.0	30.9	

Consolidated Statements of Operations

	Yen (millions)			U.S. Dollars (millions)
	FY2002	FY2001	Change (%)	FY2002
Net sales	Y 4,617,580	Y 5,006,977	-7.8	\$38,480
Operating costs and expenses:				
Cost of goods sold	3,328,261	3,731,257	-10.8	27,736
Selling, general and administrative expenses	1,188,892	1,350,146	-11.9	9,907
	4,517,153	5,081,403		37,643
Operating income (loss)	100,427	(74,426)	-	837
Other income (expenses):				
Net interest	(21,418)	(32,646)		(179)
Equity in earnings of affiliated companies, net	570	2,676		5
Amortization of unrecognized obligation for retirement benefits	(43,901)	(35,724)		(366)
Restructuring charges	(151,486)	(417,053)		(1,262)
Cost of corrective measures for products*	(30,600)	-		(255)
Loss on devaluation of marketable securities	(21,802)	(20,535)		(182)
Gain on sales of marketable securities	29,362	-		245
Gain on business transfer	14,536	-		121
Other, net	(23,294)	(17,025)		(194)
	(248,033)	(520,307)		(2,067)
Income (Loss) before income taxes and minority interests	(147,606)	(594,733)	-	(1,230)
Income taxes	(28,789)	(199,420)	-	(240)
Minority interests	(3,249)	12,771	-	(27)
Net income (loss)	Y (122,066)	Y (382,542)	-	\$ (1,017)

Note: All yen figures throughout these statements have been converted to U.S. dollars for convenience only at a uniform rate of \$1=120 yen.

Cost of corrective measures for products refers to certain small form factor hard disk drives.

Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (millions)
	March 31 2003	March 31 2002	March 31 2003
Assets			
Current assets:			
Cash and cash equivalents and short-term investments	Y 283,985	Y 303,786	\$2,367
Receivables, trade	840,408	921,107	7,003
Inventories	595,984	635,972	4,967
Other current assets	351,263	362,202	2,927
Total current assets	2,071,640	2,223,067	17,264
Investments and long-term loans	901,587	897,434	7,513
Property, plant and equipment less accumulated depreciation	990,552	1,197,466	8,254
Intangible assets	261,582	277,837	2,180
Total assets	Y 4,225,361	Y 4,595,804	\$35,211
Liabilities, minority interests and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	Y 506,091	Y 625,354	\$4,217
Payables, trade	716,842	793,782	5,974
Other current liabilities	542,291	702,088	4,519
Total current liabilities	1,765,224	2,121,224	14,710
Long-term liabilities:			
Long-term debt	1,257,678	1,135,272	10,481
Other long-term liabilities	285,513	270,026	2,379
Total long-term liabilities	1,543,191	1,405,298	12,860
Minority interests	214,556	215,526	1,788
Shareholders' equity:			
Common stock	324,624	324,624	2,705
Capital surplus	519,720	519,720	4,331
Retained earnings	(60,718)	76,176	(506)
Unrealized gains on securities and land	6,090	14,728	51
Foreign currency translation adjustments	(86,517)	(81,323)	(721)
Treasury stock	(809)	(169)	(7)
Total shareholders' equity	702,390	853,756	5,853
Total liabilities, minority interests and shareholders' equity	Y 4,225,361	Y 4,595,804	\$35,211
Ending balance of interest bearing loans	Y 1,763,769	Y 1,760,626	\$14,698

Supplementary Information

	Yen (billions)		Change (%)
	FY2002	FY2001	
Capital expenditure	Y 147.6	Y 306.9	-51.9
[Semiconductors]	[38.0]	[122.3]	[-68.9]
Depreciation	264.6	351.8	-24.8

Consolidated Statements of Cash Flows

	Yen (millions)		Change (Yen)	U.S. Dollars (millions)
	<u>FY2002</u>	<u>FY2001</u>		<u>FY2002</u>
1. Cash flows from operating activities:				
Income (Loss) before income taxes and minority interests	Y (147,606)	Y (594,733)	+447,127	\$ (1,230)
Depreciation and amortization	343,285	438,957	-95,672	2,861
Accrual (Reversal) of provisions	(7,534)	5,251	-12,785	(63)
Equity in earnings of affiliates, net	(570)	(2,676)	+2,106	(5)
Disposal of property, plant and equipment	53,855	177,152	-123,297	449
Decrease (Increase) in receivables, trade	63,246	294,617	-231,371	527
Decrease (Increase) in inventories	39,538	272,898	-233,360	330
Increase (Decrease) in payables, trade	(60,500)	(210,938)	+150,438	(504)
Other, net	(165,917)	(73,957)	-91,960	(1,383)
Net cash provided by operating activities	<u>117,797</u>	<u>306,571</u>	<u>-188,774</u>	<u>982</u>
2. Cash flows from investing activities:				
Purchase of property, plant and equipment	(163,503)	(347,841)	+184,338	(1,363)
Increase in investments and long-term loans	(9,529)	(16,401)	+6,872	(79)
Other, net	108,617	(45,221)	+153,838	905
Net cash used in investing activities	<u>(64,415)</u>	<u>(409,463)</u>	<u>+345,048</u>	<u>(537)</u>
1+2 [Free Cash Flow]	<u>53,382</u>	<u>(102,892)</u>	<u>+156,274</u>	<u>445</u>
3. Cash flows from financing activities:				
Increase (Decrease) in bonds, notes, short-term borrowings and long-term debt	30,669	96,624	-65,955	256
Dividends paid	(5,005)	(14,842)	+9,837	(42)
Other, net	(92,901)	9,530	-102,431	(774)
Net cash provided by financing activities	<u>(67,237)</u>	<u>91,312</u>	<u>-158,549</u>	<u>(560)</u>
4. Effect of exchange rate changes on cash and cash equivalents	<u>(3,230)</u>	<u>1,014</u>	<u>-4,244</u>	<u>(27)</u>
5. Net decrease in cash and cash equivalents	<u>(17,085)</u>	<u>(10,566)</u>	<u>-6,519</u>	<u>(142)</u>
6. Cash and cash equivalents at beginning of period	<u>299,418</u>	<u>309,984</u>	<u>-10,566</u>	<u>2,495</u>
7. Cash and cash equivalents at end of period	<u>Y 282,333</u>	<u>Y 299,418</u>	<u>-17,085</u>	<u>\$2,353</u>

Marketable Securities

1. Net Unrealized Gain on Marketable Securities

	Yen (millions)			Yen (millions)		
	March 31, 2003			March 31, 2002		
	Carrying Value	Fair Value	Net Unrealized Gains (Losses)	Carrying Value	Fair Value	Net Unrealized Gains (Losses)
Held-to-maturity securities	Y 1,509	Y 1,506	Y (3)	Y 1,062	Y 1,006	Y (56)
Investment in affiliates	202,621	391,237	188,616	253,706	653,119	399,413
Total	Y 204,130	Y 392,743	Y 188,613	Y 254,768	Y 654,125	Y 399,357

2. Summary of Marketable Securities at Fair Value

	Yen (millions)			Yen (millions)		
	March 31, 2003			March 31, 2002		
	Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)	Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)
Available-for-sale:						
Equity securities	Y 75,425	Y 79,372	Y 3,947	Y 94,355	Y 112,117	Y 17,762
Debt securities and others	3,789	3,609	(180)	3,636	3,499	(137)
Total	Y 79,214	Y 82,981	Y 3,767	Y 97,991	Y 115,616	Y 17,625

Consolidated Business Segment Information (Three months ended March 31)

a. Sales to Unaffiliated Customers

		Yen (millions)		Change (%)	U.S. Dollars (millions)
		FY2002	FY2001		FY2002
Software & Services	Japan	Y 556,813	Y 591,348	-5.8	\$4,640
	Overseas	131,079	152,140	-13.8	1,092
	Total	Y 687,892	Y 743,488	-7.5	\$5,732
Platforms	Japan	374,298	421,973	-11.3	3,119
	Overseas	115,156	158,496	-27.3	960
	Total	489,454	580,469	-15.7	4,079
Electronic Devices	Japan	75,605	60,950	+24.0	630
	Overseas	97,476	69,821	+39.6	812
	Total	173,081	130,771	+32.4	1,442
Financing	Japan	35,615	44,127	-19.3	297
	Overseas	-	-	-	-
	Total	35,615	44,127	-19.3	297
Other Operations	Japan	51,720	49,049	+5.4	431
	Overseas	11,818	12,603	-6.2	99
	Total	63,538	61,652	+3.1	530
Total	Japan	Y 1,094,051	Y 1,167,447	-6.3	\$9,117
	Overseas	355,529	393,060	-9.5	2,963
	Total	Y 1,449,580	Y 1,560,507	-7.1	\$12,080

b. Sales to Unaffiliated Customers by Products and Services

		Yen (billions)		Change (%)	U.S. Dollars (millions)
		FY2002	FY2001		FY2002
Software & Services	Solutions/SI	Y 367.1	Y 380.8	-3.6	\$3,059
	Infrastructure Services	320.8	362.7	-11.6	2,673
	Total	Y 687.8	Y 743.4	-7.5	\$5,732
Platforms	Servers	Y 123.5	Y 158.8	-22.2	\$1,029
	Mobile Infrastructure/ IP Network	61.6	70.6	-12.7	513
	Transmission Equipment	79.5	117.1	-32.1	663
	PCs & Mobile Telephones	188.5	177.4	+6.3	1,571
	HDDs	36.4	56.5	-35.6	303
	Total	Y 489.4	Y 580.4	-15.7	\$4,079
Electronic Devices	Semiconductors	Y 97.0	Y 71.0	+36.6	\$808
	Others	76.1	59.8	+27.3	634
	Total	Y 173.0	Y 130.7	+32.4	\$1,442

Consolidated Business Segment Information (Three months ended March 31)

c. Net Sales including Intersegment Sales

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	FY2002	FY2001		FY2002
Software & Services	Y 713,057	Y 758,678	-6.0	\$5,942
Platforms	565,763	670,212	-15.6	4,715
Electronic Devices	186,731	152,640	+22.3	1,556
Financing	37,482	47,298	-20.8	312
Other Operations	100,165	96,154	+4.2	835
Elimination	(153,618)	(164,475)	-	(1,280)
Total	Y 1,449,580	Y 1,560,507	-7.1	\$12,080

d. Operating Income (Loss) including Intersegment Transactions

	Yen (millions)		Change (Million Yen)	U.S. Dollars (millions)
	FY2002	FY2001		FY2002
Software & Services	Y 108,419	Y 90,315	+18,104	\$903
[Operating Margin]	[15.2%]	[11.9%]	[+3.3%]	
Platforms	45,493	(5,722)	+51,215	379
	[8.0%]	[(0.9%)]	[+8.9%]	
Electronic Devices	(3,004)	(36,146)	+33,142	(25)
	[(1.6%)]	[(23.7%)]	[+22.1%]	
Financing	765	1,354	-589	6
	[2.0%]	[2.9%]	[-0.9%]	
Other Operations	3,589	587	+3,002	30
	[3.6%]	[0.6%]	[+3.0%]	
Elimination	(18,415)	(19,850)	+1,435	(153)
Total	Y 136,847	Y 30,538	+106,309	\$1,140
	[9.4%]	[2.0%]	[+7.4%]	

Note: FY2001 figures have been restated to reflect the new business segment classification introduced in FY2002.

Consolidated Statements of Operations (Three months ended March 31)

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	FY2002	FY2001		FY2002
Net sales	Y 1,449,580	Y 1,560,507	-7.1	\$12,080
Operating costs and expenses:				
Cost of goods sold	1,019,435	1,182,355	-13.8	8,496
Selling, general and administrative expenses	293,298	347,614	-15.6	2,444
	1,312,733	1,529,969		10,940
Operating income (loss)	136,847	30,538	+348.1	1,140
Other income (expenses):				
Net interest	(5,205)	(7,600)		(43)
Equity in earnings of affiliated companies, net	1,346	1,117		11
Amortization of unrecognized obligation for retirement benefits	(11,113)	(8,897)		(92)
Restructuring charges	(1,486)	(113,559)		(12)
Cost of corrective measures for products*	(5,600)	-		(47)
Loss on devaluation of marketable securities	(7,071)	(20,535)		(59)
Gain on business transfer	14,536	-		121
Other, net	(14,774)	(1,601)		(123)
	(29,367)	(151,075)		(244)
Income (Loss) before income taxes and minority interests	107,480	(120,537)	-	896
Income taxes	49,651	(19,631)	-	414
Minority interests	(7,544)	(733)	-	(63)
Net income (loss)	Y 50,285	Y (101,639)	-	\$419

Note: All yen figures throughout these statements have been converted to U.S. dollars for convenience only at a uniform rate of \$1=120 yen.

Cost of corrective measures for products refers to certain small form factor hard disk drives.

SUPPLEMENTARY FIGURES

I. Forecast for FY2003

1. Consolidated Business Segment Information

(1) Sales to Unaffiliated Customers

		Yen (billions)		Change (%)	Yen (billions)	Change (%)
		FY2001	FY2002		FY2003 (Forecast)	
Software & Services	Japan	Y 1,534.5	Y 1,506.8	-1.8	Y 1,610.0	+6.8
	Overseas	551.3	518.9	-5.9	510.0	-1.7
	Total	Y 2,085.8	Y 2,025.7	-2.9	Y 2,120.0	+4.7
Platforms	Japan	1,361.0	1,159.9	-14.8	1,090.0	-6.0
	Overseas	654.1	452.1	-30.9	520.0	+15.0
	Total	2,015.2	1,612.0	-20.0	1,610.0	-0.1
Electronic Devices	Japan	263.2	299.6	+13.8	380.0	+26.8
	Overseas	283.2	319.0	+12.6	330.0	+3.4
	Total	546.5	618.6	+13.2	710.0	+14.8
Financing	Japan	114.4	119.2	+4.2	110.0	-7.8
	Overseas	-	-	-	-	-
	Total	114.4	119.2	+4.2	110.0	-7.8
Other Operations	Japan	187.5	195.0	+4.0	210.0	+7.7
	Overseas	57.2	46.8	-18.2	40.0	-14.6
	Total	244.8	241.8	-1.2	250.0	+3.4
Total	Japan	Y 3,460.9	Y 3,280.6	-5.2	Y 3,400.0	+3.6
	Overseas	1,546.0	1,336.9	-13.5	1,400.0	+4.7
	Total	Y 5,006.9	Y 4,617.5	-7.8	Y 4,800.0	+4.0

(2) Sales to Unaffiliated Customers by Products and Services

		Yen (billions)		Change (%)	Yen (billions)	Change (%)
		FY2001	FY2002		FY2003 (Forecast)	
Software & Services	Solutions/SI	Y 938.9	Y 940.5	+0.2	Y 1,015.0	+7.9
	Infrastructure Services	1,146.9	1,085.2	-5.4	1,105.0	+1.8
	Total	Y 2,085.8	Y 2,025.7	-2.9	Y 2,120.0	+4.7
Platforms	Servers	Y 521.1	Y 382.8	-26.5	Y 385.0	+0.6
	Mobile Infrastructure/ IP Network	242.0	189.7	-21.6	195.0	+2.8
	Transmission Equipment	387.8	222.6	-42.6	175.0	-21.4
	PCs & Mobile Telephones	626.8	655.5	+4.6	675.0	+3.0
	HDDs	237.4	161.4	-32.0	180.0	+11.5
	Total	Y 2,015.2	Y 1,612.0	-20.0	Y 1,610.0	-0.1
Electronic Devices	Semiconductors	Y 332.0	Y 349.3	+5.2	Y 400.0	+14.5
	Others	214.5	269.3	+25.5	310.0	+15.1
	Total	Y 546.5	Y 618.6	+13.2	Y 710.0	+14.8

(3) Net Sales including Intersegment Sales

	Yen (billions)			Yen (billions)	
	FY2001	FY2002	Change (%)	FY2003 (Forecast)	Change (%)
Software & Services	Y 2,138.6	Y 2,097.9	-1.9	Y 2,185.0	+4.1
Platforms	2,255.6	1,843.2	-18.3	1,830.0	-0.7
Electronic Devices	637.5	687.4	+7.8	770.0	+12.0
Financing	123.9	128.4	+3.7	120.0	-6.6
Other Operations	371.5	378.9	+2.0	385.0	+1.6
Elimination	(520.3)	(518.4)	-	(490.0)	-
Total	<u>Y 5,006.9</u>	<u>Y 4,617.5</u>	<u>-7.8</u>	<u>Y 4,800.0</u>	<u>+4.0</u>

(4) Operating Income (Loss) including Intersegment Transactions

	Yen (billions)			Yen (billions)	
	FY2001	FY2002	Change (B. Yen)	FY2003 (Forecast)	Change (B. Yen)
Software & Services	Y 157.8	Y 176.5	+18.6	Y 190.0	+13.4
[Operating Margin]	[7.4%]	[8.4%]	[+1.0%]	[8.7%]	[0.3%]
Platforms	(57.5)	0.9	+58.5	15.0	+14.0
	[(2.6%)]	[0.1%]	[+2.7%]	[0.8%]	[0.7%]
Electronic Devices	(109.3)	(31.6)	+77.6	15.0	+46.6
	[(17.1%)]	[(4.6%)]	[+12.5%]	[1.9%]	[6.5%]
Financing	4.2	4.3	+0.1	5.0	+0.6
	[3.4%]	[3.4%]	[-]	[4.2%]	[0.8%]
Other Operations	0.2	10.0	+9.7	15.0	+4.9
	[0.1%]	[2.6%]	[+2.5%]	[3.9%]	[1.3%]
Elimination	(69.8)	(59.7)	+10.1	(90.0)	-30.2
Total	<u>Y (74.4)</u>	<u>Y 100.4</u>	<u>+174.8</u>	<u>Y 150.0</u>	<u>+49.5</u>
	<u>[(1.5%)]</u>	<u>[2.2%]</u>	<u>[3.7%]</u>	<u>[3.1%]</u>	<u>[0.9%]</u>

(5) Composition of Sales by Customer's Geographic Location

	FY2001	FY2002	FY2003 (%) (Forecast)
Japan	69	71	71
Europe	13	12	12
The Americas	11	9	8
Other	7	8	9

2. PC Shipments

(1) By Customer's Geographic Location

	(Million Units)		
	FY2001	FY2002	FY2003 (Forecast)
Japan	2.58	2.47	2.60
Europe	3.04	2.97	3.20
North America	0.12	0.12	0.13
Asia	0.09	0.12	0.13
Total	5.83	5.68	6.06

(2) By Product Category

	(%)		
	FY2001	FY2002	FY2003 (Forecast)
Desktop	49	47	46
Notebook	51	53	54

3. Mobile Phone Shipments

	(Million Units)		
	FY2001	FY2002	FY2003 (Forecast)
	2.26	3.34	3.45

4. HDD Production

	(Million Units)		
	FY2001	FY2002	FY2003 (Forecast)
	14.05	8.76	11.90

5. Electronic Devices

(1) Production of Semiconductors (Worldwide by value)

	(Billion Yen)		
	FY2001	FY2002	FY2003 (Forecast)
	398.0	398.3	440.0
[Internal Use]	[66.0]	[49.0]	[40.0]

(2) Composition by Product Category (Semiconductors)

	(%)		
	FY2001	FY2002	FY2003 (Forecast)
Logic	54	57	61
System Memory	35	36	31
Compound Semiconductor and others	11	7	8

(3) Composition of Capital Expenditure

	(Billion Yen)		
	FY2001	FY2002	FY2003 (Forecast)
Total	180.2	60.9	65.0
[Semiconductors]	[122.3]	[38.0]	[35.0]
[PDP]	[25.1]	[4.2]	[11.0]
[LCD]	[2.5]	[2.3]	[1.0]

6. R&D Expenditure

	FY2001	FY2002	Change (%)	FY2003 (Forecast)	(Billion Yen) Change (%)
	349.8	285.7	-18.3	255.0	-10.8
As % of Sales	7.0%	6.2%		5.3%	

7. Capital Expenditures, Depreciation

	FY2001	FY2002	Change (%)	FY2003 (Forecast)	(Billion Yen) Change (%)
Capital Expenditures					
Software & Services	46.5	38.8	-16.6	80.0	+106.1
Platforms	59.9	36.7	-38.7	50.0	+36.1
Electronic Devices [Semiconductors]	180.2 [122.3]	60.9 [38.0]	-66.2 [-68.9]	65.0 [35.0]	+6.7 [-8.0]
Corporate* and others	20.1	11.1	-44.7	15.0	+34.5
Total	306.9	147.6	-51.9	210.0	+42.3
Japan	244.4	125.6	-48.6	180.0	+43.2
Overseas	62.5	21.9	-64.9	30.0	+36.8
Depreciation	351.8	264.6	-24.8	210.0	-20.7

* Including capital expenditures for the parent's administrative divisions and R&D expenditures, which can not be allocated.

8. Exchange Rates

(1) Average Rates

FY2001	FY2002
\$1=125 yen	\$1=122 yen

(2) Forecast Average Rates for FY2003

1H	2H
\$1=120 yen	\$1=120 yen

9. Consolidated Statements of Cash Flows

(Billion Yen)

	FY2001	FY2002	FY2003 (Forecast)
(A) Cash Flows from Operating Activities	306.5	117.7	320.0
[Net Income]	[(382.5)]	[(122.0)]	[30.0]
[Depreciation *]	[438.9]	[343.2]	[280.0]
[Others]	[250.1]	[(103.4)]	[10.0]
(B) Cash Flows from Investing Activities	(409.4)	(64.4)	(290.0)
(C) Free Cash Flows (A)+(B)	(102.8)	53.3	30.0
(D) Cash Flows from Financing Activities	91.3	(67.2)	(30.0)
(E) Total (C)+(D)	<u>(11.5)</u>	<u>(13.8)</u>	<u>-</u>

*Including Amortization of Goodwill

10. Employees

(Thousands)

	2002/3/31	2003/3/31
Japan	116	109
[Parent Company]	[40]	[35]
Overseas	54	48
	<u>170</u>	<u>157</u>

11. Tax Effect

Components of Net Deferred Assets

(Billion Yen)

	2002/3/31	2003/3/31
Tax loss carryforwards less valuation allowance	188.6	228.9
Other	85.4	114.8
Net deferred tax assets	<u>274.0</u>	<u>336.5</u>

12. Retirement Benefit Plan

(1) Itemization of Projected Benefit Obligation, etc.

(as of March 31, 2003, consolidated domestic accounts)

	Yen (billions)
a. Projected benefit obligation	(1,680.0)
b. Plan assets	810.0
[plan assets for retirement benefit plan stock holding trust]	[120.0]
c. Accrued severance benefit	130.0
d. Prepaid pension cost	(30.0)
Total (a+b+c+d)	(770.0)
Breakdown of total	
i. Unrecognized net obligation at transition	(180.0)
ii. Unrecognized actuarial loss	(660.0)
iii. Unrecognized prior service cost (reduced obligation)	70.0
Total (i+ii+iii)	(770.0)

(2) Basis for Tabulating Projected Benefit Obligation

a. Discount rate	3.0%
b. Amortization period for net obligation at transition	10 years (one-time amortization for parent company)
c. Method of allocating actuarial loss	Straight-line method over employees' average remaining employment period starting from next period
d. Method of allocating prior service obligation	Straight-line method over 10 years

II. Environmental Accounting

1. Cost/Effect Trends

	FY2000		FY2001		FY2002		(Billion Yen) FY2003 (Forecast)	
	Costs	Effects	Costs	Effects	Costs	Effects	Costs	Effects
Fujitsu	8.2	11.1	7.7	12.3	7.9	8.8	8.3	12.0
Major subsidiaries	10.9	13.5	11.0	12.0	11.0	12.2	11.6	12.9
Total	19.1	24.6	18.7	24.3	18.9	21.0	19.9	24.9

2. Itemization of Fiscal Year 2002 Results ^{*1}

		(Billion Yen)		
Cost	Item	Fujitsu	Major subsidiaries	Total
Business Area Cost				
Pollution Prevention Cost	Costs of preventing air/water pollution (fees for water treatment utilities) and soil contamination and other activities	3.0	3.1	6.1
Global Environmental Conservation Cost	Costs incurred through energy-saving measures, plus costs of measures to combat global warming	0.9	1.9	2.8
Resource Circulation Cost	Costs of waste reduction and disposal, plus costs of efficient resource usage measures, such as water conservation and rainwater use	1.2	2.5	3.7
Upstream/Downstream Costs				
	Costs of lowering upstream/downstream environmental burden of manufacturing and service activities (recycling/re-use costs for waste products and packaging, costs of Green Procurement, etc.)	0.2	0.7	0.9
Administration Cost				
	Management-related environmental protection costs (personnel expenses for environmental promotion activities, costs of gaining/maintaining ISO14001 certification, costs of measuring environmental burden, etc.)	2.1	1.6	3.7
R&D/Solutions Business Cost				
	Environmental protection costs for R&D activities and costs associated with environmental solutions business (design/development costs for Green Products and environmental technologies, environmental solutions business costs)	0.3	1.1	1.4
Social Activity Cost				
	Environmental protection costs of social activities (costs of greenification programs, environmental report production and environmental publicity)	0.0	0.0	0.0
Environmental Remediation Costs				
	Costs of environmental clean-up operations (costs of eliminating soil/groundwater contamination, environmental compensation, etc.)	0.2	0.1	0.3
Total		7.9	11.0	18.9

(Continued)

(Billion Yen)

Effect	Item	Fujitsu	Major subsidiaries	Total
Business Area Effect				
Pollution Prevention Effect	Savings from avoiding losses ^{*2} from plant closure due to failure to observe environmental laws and regulations, plus contribution of environmental protection activities to the value added ^{*3} by manufacturing activities	3.8	4.9	8.7
Global Environmental Conservation Effect	Cost savings from reductions in consumption of electricity, oil and gas	1.6	1.0	2.6
Resource Circulation Effect	Cost savings from reductions and effective use of waste	1.4	4.2	5.6
Upstream/Downstream Effect	Sales value of recycled and re-used products	0.0	1.0	1.0
Administration Effect	Efficiency improvements due to ISO14001 systems, effects of in-house employee training, value of corporate image enhancement from environment-related publicity	0.4	0.4	0.8
R&D/Solutions Business Effect	Sales contribution of Green Products, other eco-friendly products and environmental solutions business	1.0	0.5	1.5
Environmental Remediation Effect	Savings from avoiding compensation payments to residents for groundwater and soil contamination ^{*4}	0.6	0.2	0.8
Total		8.8	12.2	21.0

*1 Classification system: In accordance with "Environmental Accounting Guidelines 2002" issued by Japan's Ministry of the Environment.

*2 Savings from avoiding losses: Value added/Days of operation x Days lost

*3 Contribution of environmental protection activities in relation to value added: Value added x Maintenance and management costs to facilities related to environmental protection/Total generated cost

*4 Estimate of savings from risk avoidance, assuming such instances arise

3. Comment

In FY2002, pollution prevention effect is decreased from the previous year because of decrease of production. Therefore, the effect for the whole group is only 21 billion yen.

As for FY2003, the cost for the whole group is estimated to be 19.9 billion yen, and the effect for the whole group is estimated to be 24.9 billion yen.

This is because increase of production, and new environmental activities in each business group.

4. Third Party Audits

Fujitsu's fiscal 2002 environmental accounting results are made public following a third party audit by Shin Nihon Environmental Management and Quality Research Institute. Information on the improvement indicator, which shows the relationship between environmental impact and the cost of environmental protection measures, is released separately.

Management Direction

Basic Business Stance

Although the information technology industry is temporarily beset by severe market conditions, the networked economy is steadily expanding, and IT continues to permeate every aspect of daily life. The central role that the IT industry is destined to play in supporting future generations of society remains unchanged.

Moreover, IT is becoming increasingly integral to customers' businesses. In selecting a partner to build and deploy their IT systems, customers are looking for vendors who go beyond simply supplying products and services. Rather, they are seeking to build trust-based, long-term relationships with partners who can provide superior proposals and implementation covering the entire IT lifecycle.

Fujitsu has long pursued a collaborative business style of developing applications together with customers based on a deep understanding of their management and business situations. In the current environment, our strengths in helping customers make the most of their existing application assets and quickly developing systems that can accommodate dramatic shifts in business conditions place us in an extremely favorable position, and we intend to further build on these strengths.

In addition, as IT systems have increased in complexity, improving equipment efficiency, lightening operational loads, and assuring reliability have become vital concerns. In this regard, there are limitations to the conventional systems construction approach of combining independent off-the-shelf products. Instead, there is increasing demand for comprehensive capability to build and manage entire systems as well as for highly reliable integrative products.

As an IT industry leader, Fujitsu is committed to continuously supplying comprehensive solutions that utilize top-quality products and services based on the most advanced and reliable high-performance technologies. By further enhancing our overall strengths – from cutting-edge technologies to services – we aim to contribute to our customers' business success and grow together with them.

Business Strategy

In response to changes in the external environment, we have made strides in revamping our business structure during the last two years. As a result, we have been able to reduce fixed costs, streamline operations and boost efficiency. We intend to continue to further strengthen these efforts in response to changes in customer needs and market conditions.

Customers today are most concerned with reducing total cost of ownership and making IT investments that generate immediate returns. We are taking the following specific measures to address these concerns.

Providing comprehensive solutions on a continuing basis

Most companies' IT systems today are distributed along operational lines. There is also growing need to link these systems with various external systems, so the issue of interconnectivity among systems is expected to become increasingly important. Moreover, amidst a rapidly changing

business environment, design and development of business systems must be accomplished more quickly than ever before.

Taking advantage of our experience and know-how in large, complex applications development, we are aggressively pursuing improvements in software development productivity and interconnectivity by promoting application componentization and embedding of common functionality.

And through an end-to-end series of processes covering all of the customers' business systems – from development through operation and maintenance – we are helping to reduce their overall IT costs.

Leveraging our superior understanding of our customers' businesses and our wide range of capabilities, we will provide our customers with comprehensive service proposals on a continuing basis throughout the lifecycles of their systems. By building and strengthening long-term relationships of mutual trust with our customers in this way, we will expand our business.

Strengthening the foundation for the next generation of IT

The elements that comprise today's IT systems are becoming increasingly diverse and complex. We are further strengthening our efforts to develop and provide the foundation for the next generation of IT by creating stable, flexible systems that use advanced middleware to fuse and interlink open standard servers, storage and network resources. Specifically, we are working to reduce operational loads and ensure stable operations by leveraging our mainframe-class high-reliability design and high-stability operational technology strengths to develop core autonomic, virtualization and integration technologies and extend their application to open standard system elements.

Priority Tasks

Thanks to the improvements in our profit structure as a result of the restructuring carried out during the last two years, we were able to achieve a major improvement in operating income in comparison with the previous fiscal year. In addition to the business strategies outlined above, we will take the following measures to pursue customer-centric management, further strengthen our operational profit structure and improve our financial position.

Strengthening operational profit structure

In regard to our Software & Services business, which is already securing higher sales and profits, we are working to further increase profitability by accelerating the aforementioned efforts to improve application development productivity. In addition, we are also expanding our business by shifting our focus to segments and fields with high growth potential, such as healthcare, large manufacturers and distributors, and amalgamating local governments in Japan, as well as CRM, ERP, e-learning and mobility, respectively. Organizationally, as well, we are working to improve our responsiveness to customers by bringing together sales and system engineering personnel and, through the introduction of dedicated customer-specific system engineers, to deliver solutions that will help strengthen our customers' competitive position from the long-term management perspective.

In Platforms, we are pursuing a company-wide innovation initiative to adopt integrated digital processes utilizing the latest 3D CAD and other tools that will enable us to reduce development

times, improve quality, and increase common components. At the same time, we are placing special emphasis on improving the operations at each of our manufacturing facilities. Through these measures, we are striving to enhance our product development capabilities and cost competitiveness overall. Carrying the integration of information processing and telecommunications fields a step further, we are creating an organizational formation that will enable us to play a leadership role in the emerging era of network-centric ubiquitous computing and communications.

Regarding our Electronic Devices business, in particular logic devices, we will seek to improve our profitability structure by concentrating resources on markets with high growth potential, such as information appliances and mobile terminals. In addition, to strengthen the competitiveness of our servers, network and other IT systems products, we will continue to pursue development of advanced CMOS technology.

Improving our financial position

To expedite improvement of our financial position, we will make cash flow a major management priority. Increasing the profitability of our core operations is of top importance. In addition, we will strive to foster the soundness of our financial position by effectively utilizing our assets to enhance shareholders' equity and reduce interest-bearing debt.

Other initiatives

One of our main priorities is to provide our customers with a high degree of reliability. Toward this end, we will work at every level of our operations to improve the quality of our products and services.

In the networked economy, protecting individual and corporate data as well as maintaining network security is becoming ever more vital. At Fujitsu, we are committed to providing products and services with enhanced security features. Within the company as well, we are strengthening internal information management and systems as well as implementing employee education programs and other measures in accordance with our position as a leader in the IT industry.

By continuously applying our efforts to the accomplishment of these tasks, we are striving to become a global company that is trusted by our customers and society, and that can make a significant contribution to building a prosperous and dynamic networked economy.

Corporate Governance: Our Basic Position and Status of Initiatives

1. Basic Position

Fujitsu believes that ensuring the transparency and effectiveness of corporate management for shareholders and other stakeholders is fundamental to good corporate governance. In order to do so, we intend to actively utilize outside directors, separate management oversight and operational execution functions, and strengthen the integrity of that separation.

2. Status of Initiatives

(1) Management organization regarding business decisions, operational execution and oversight, and other structural issues regarding corporate governance

Fujitsu's Board of Directors carries out a management oversight function, supervising the execution functions of the Management Strategy Council and the Management Council under its authority.

As an executive organ, the Management Strategy Council discusses and decides upon fundamental policies and strategy regarding business management. The Management Council makes decisions on important matters regarding operational execution. The Board of Directors makes decisions on items of particular importance on the agendas of the Management Strategy Council and the Management Council. Statutory auditors carry out an auditing function, reviewing the Board of Directors as well as operational execution functions.

The Board of Directors currently has six directors, comprised of five from inside the company and one from outside. In addition, the Board also has five statutory auditors, two standing and three external. Two outside directors were appointed at the annual shareholders meeting in June 2002. Only one outside director currently serves on the Board, however, due to the resignation of Director Toshihiko Fukui (now governor of the Bank of Japan) in March 2003.

(2) Initiatives to strengthen corporate governance during the last year

In fiscal 2002, in order to separate management oversight and operational execution functions, a system of Corporate Executive Officers was introduced and the number of directors was reduced from 32 to seven. Also, in an effort to enhance management transparency, the number of outside directors was increased from one to two*. As a result of this reorganization, the overall Board of Directors comprised a total of 12 members**, seven from inside the company and five from outside, including two standing auditors and three external auditors.

The reorganization shifted the position of the Board, putting greater emphasis on management oversight, as well as reducing its size and increasing the ratio of outside directors. As a result, the Board discussions have become much more lively than before.

*Due to the resignation of Director Fukui in March 2003, the Board of Directors currently has one outside director.

**At the end of March 2003, the Board of Directors comprised a total of 11 members: five directors from inside the company (four of whom also serve as executive officers), one outside director, two standing auditors, and three external auditors.

Besides the above-mentioned initiatives, we established a Risk Management Committee to monitor and deal with various risk factors affecting the company. This committee reports to the Management Council on important issues and to the Board of Directors, discussing with the respective bodies appropriate ways to deal with the particular situation. This initiative has enabled the Fujitsu Group as a whole to strengthen its risk management structure.

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Fujitsu Reports FY2002 Financial Results

Achieves Major Turnaround in Operating Profit Despite Lower Sales from Continuing Global IT Slump

Tokyo, April 25, 2003—Fujitsu Limited, a leader in customer-focused IT and communications solutions for the global marketplace, today reported consolidated net sales of 4.61 trillion yen for fiscal year 2002 (April 1, 2002 - March 31, 2003), a decline of 8% compared with the previous fiscal year. Converted into US dollars*, net sales were approximately US\$38.4 billion.

A combination of factors resulted in an exceptionally challenging operating environment for Fujitsu in fiscal 2002. Economic conditions in the U.S. continued to deteriorate two years after the bursting of the IT bubble, and against the backdrop of a global-scale deflationary trend, stock values weakened, personal consumption flagged and corporations continued to limit their investment in IT. Conditions in the IT sector itself became increasingly severe as markets for IT products underwent rapid structural change, such as heightened competition from Chinese vendors and other low-cost producers who expanded their production capacity.

On the positive side, there were continued benefits from the spread of activities relating to the e-Japan (e-government) initiative and in the second half of the year signs of recovery in China and some other Asian markets, as well as indications that investment by telecommunications carriers in the U.S., Europe and elsewhere may have bottomed out. Toward the end of the fiscal year, however, such developments as the outbreak of war in Iraq and concern about the possible spread of the SARS epidemic heightened uncertainty regarding the global economy going forward.

Amid such market conditions, and despite a significant decline in sales, Fujitsu achieved a consolidated operating profit of 100.4 billion yen (US\$837 million) for the fiscal year, marking a major turnaround in profitability from the operating loss of 74.4 billion yen recorded in fiscal 2001. However, due to extraordinary losses, including 151.4 billion yen (US\$1.2 billion) in restructuring costs required to cope with structural changes in the IT industry and deflationary trends, a 30.6 billion yen (US\$255 million) charge to cover corrective measures for certain small form-factor hard disk drives, and stock valuation losses arising from the stock market slump, the company recorded a consolidated net loss of 122.0 billion yen (US\$1.0 billion), a narrowing of 260.4 billion yen compared with the net loss of 382.5 billion yen the previous year.

Results by Business Segment

Software & Services

While overall IT investment was sluggish, healthcare sector business connected with the implementation of e-Japan, sales to manufacturing companies expanding global operations, and corporate outsourcing business related to the growth of broadband network infrastructure all developed favorably. Nevertheless, such factors as curtailed investment by telecommunications carriers in Japan, the U.S. and Europe, as well as a cyclical slowdown in demand from major financial sector customers had a major impact on results, with consolidated sales for this segment declining by 3% to 2.02 trillion yen (US\$16.8 billion).

However, thanks to progress in implementing restructuring measures overseas, Fujitsu's key operations in the U.K. and U.S. were restored to a profitable footing, and the company realized major gains in operational efficiency through packaging of solutions and expanding use of EJB (Enterprise Java Beans) componentization technology. As a result, despite the decline in sales for the sector, operating profit increased to 176.5 billion yen (US\$1.4 billion), an improvement of 18.6 billion yen over the previous year.

Platforms

Although personal computer shipments in Japan by all manufacturers were lower than the previous year and price competition intensified, Fujitsu was able to increase its market share, showing particular strength in consumer models. Moreover, sales of Fujitsu mobile phones with unique, easy-to-use features were especially buoyant. On the other hand, severe investment constraints remained in effect at telecommunications operating companies in Japan as well as North America. As a result, sales of optical transmission systems fell sharply from the previous year, and sales of 3G mobile systems in Japan were sluggish. In addition, sales of large-scale servers and storage systems suffered sharp declines due to the completion of investment cycles in the financial services sector. Together with the effect of the company's withdrawal from small-form-factor magnetic disk drives for desktop PCs in the previous fiscal year, these factors led to an overall decline in platform sales of 20%, to 1.61 trillion yen (US\$13.4 billion).

In regard to profitability, on the other hand, the company implemented further restructuring measures during the fiscal year to streamline operations, and the resulting cost reductions and improvements in efficiency contributed to a substantial improvement in profitability. Reversing a significant operating loss from the previous fiscal year, Fujitsu recorded a 973 million yen (US\$8 million) operating profit for the sector in FY2002, representing an improvement of 58.5 billion yen despite the major drop in sales.

Electronic Devices

In semiconductors, thanks to favorable progress in inventory adjustments for products in such areas as mobile telephones and AV equipment, sales of logic ICs and flash memories increased significantly over the previous year. Sales also improved in the PDP and LCD display fields, as well as components and all other areas. Overall sales for the sector amounted to 618.6 billion yen (US\$5.1 billion), an increase of 13%.

Regarding profitability, although there was no significant price recovery for flash memory and other products, the overall semiconductor market appeared to bottom out, and PDP operations became profitable due to significant growth in demand for PDP TV sets. Together with the efficiency benefits from earlier restructuring efforts, these factors helped greatly narrow the operating loss in the sector to 31.6 billion yen (US\$263 million), an improvement of 77.6 billion yen.

Summary of Cash Flows

Despite the major improvement in profitability, cash flows from operating activities declined by 62% to 117.7 billion yen (US\$982 million), due primarily to the slippage into FY2002 of cash outflows relating to large restructuring expenditures in the previous fiscal year. On the other hand, as a result of concentrating investment expenditures in sectors with promising growth potential and due to the sale of marketable securities, cash flows from investing activities were 64.4 billion yen (US\$537 million), a dramatic decrease over last year's figure of 409.4 billion yen.

Thus, by holding cash flows from investing activities below the level of cash flows from operating activities, the company was able to return free cash flow to a positive basis, recording free cash flow of 53.3 billion yen (US\$445 million), an improvement of 156.2 billion yen over the previous fiscal year. In regard to cash flows from financing activities, although the company issued 250 billion yen (US\$2.0 billion) in convertible bonds in May 2002, due to redemption of debentures and repayment of other debts, there were negative cash flows of 67.2 billion yen (US\$560 million). As a result, the total of cash and cash equivalents declined by 17.0 billion yen.

Financial Index

Due to the rapid deterioration of profitability following the bursting of the IT bubble two years ago and the major expenditures relating to accompanying restructuring measures, Fujitsu's shareholders' equity ratio dropped well below the 20% level. Despite the sale of some assets and efforts to improve efficiency, the company was unable to reduce the ending balance of interest bearing loans. Going forward, in addition to continuing to ensure the restoration to profitability of its core businesses, in order to bolster shareholders' equity it will move quickly to implement measures to maximize effective use of assets.

Due to cash outflows relating to restructuring expenditures from the previous fiscal year being carried over, cash flows from operating activities deteriorated significantly in FY2002. In FY2003, the company expects cash flows from operating activities to have inflows of 320 billion yen. On this basis, the debt repayment period and interest coverage ratio are expected to improve compared to FY2001.

	FY1998	FY1999	FY2000	FY2001	FY2002
Shareholders' Equity Ratio	21.5%	23.4%	23.4%	18.6%	16.6%
Shareholders' Equity Ratio at Market Value	71.3%	123.2%	63.5%	43.8%	15.2%
Debt Repayment Period (years)	4.8 years	3.6 years	2.7 years	5.7 years	15.0 years
Interest Coverage Ratio	6.9	9.6	12.2	7.1	3.9

Notes:

- 1) Shareholders' equity ratio: shareholders' equity / total assets
Shareholders' equity ratio at market value: total stock market value / total assets
Debt repayment period: interest bearing loans / cash flows from operating activities
Interest coverage ratio: cash flows from operating activities / interest payments
- 2) All calculations based on consolidated financial figures.
- 3) Cash flow uses cash flows from operating activities. Interest bearing loans subject to all liabilities listed in the balance sheet that require payment of interest.

* Note: All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of US\$1 = 120 yen, the closing exchange rate on March 31, 2003. The rate used for the FY2001 financial results announcement (issued April 25, 2002) was US\$1 = 133 yen.

Earnings Projections for FY2003

Since the end of fiscal 2002, such developments as the war in Iraq and concerns over the global spread of the SARS epidemic have increased uncertainty regarding the future of the global economy. In particular, there are questions about the post-Iraq War consequences for the US economy, which plays a pivotal role in the global economy. There is also concern about the

stock market slump, which is still showing the effects of the collapse of the IT bubble, as well as weak consumer demand and poor prospects for a sharp recovery in corporate IT investment. Nevertheless, while the situation differs according to sector and market, there are some encouraging signs pointing to a recovery beginning to take shape from the middle of 2003. These include the broad effects of the e-Japan initiative on IT investment in Japan, the emergence of a new global market with the rise of China, the strong global expansion of leading corporations (including Japanese players), and more active investment in mobile business by telecommunications carriers.

The business environment in which Fujitsu operates is expected to remain difficult and uncertain in fiscal 2003. However, by mobilizing its comprehensive range of capabilities – from cutting-edge technologies to services – the company will actively promote the expansion of broadband network infrastructure and the growth of services and software as drivers of the IT industry, making particular efforts to provide the most efficient solutions to help customers cope with deflationary pressures. As one of the few groups with the ability to support customers worldwide in both hardware and software, Fujitsu will redouble its efforts to deepen relationships of trust with its entire range of customers.

Further, the company will continue to aggressively carry out measures to boost operational efficiency, reduce costs and improve cost effectiveness, as well as to strengthen the global competitiveness of its platform products and services in order to secure the recovery of growth and profitability for its main businesses.

Finally, in order to rapidly achieve a fundamental improvement in its financial position that will enable it to strengthen shareholders' equity, Fujitsu will accelerate measures to boost the efficient use of the company's assets.

Taking these factors into consideration, Fujitsu makes the following projections at this time.

Fujitsu Limited Consolidated Earnings Forecast for Fiscal 2003

(Billion Yen)

	Half Year (Apr. 1 – Sep. 30)			Full Year (Apr. 1 – Mar. 31)		
	FY2002	FY2003	Change	FY2002	FY2003	Change
Net Sales	2,105.3	2,150.0	--	4,617.5	4,800.0	+ 4%
Operating Income	(23.2)	(20.0)	--	100.4	150.0	+49%
Net Income	(147.4)	(40.0)	--	(122.0)	30.0	--

	First Quarter (Apr. 1 – Jun. 30)			Second Quarter (Jul. 1 – Sep. 30)		
	FY2002	FY2003	Change	FY2002	FY2003	Change
Net Sales	982.9	980.0	--	1,167.3	1,170.0	--
Operating Income	(29.0)	(35.0)	--	5.7	15.0	+159%
Net Income	(56.4)	(40.0)	--	(91.0)	0	--

About Fujitsu

Fujitsu is a leading provider of customer-focused IT and communications solutions for the global marketplace. Pace-setting technologies, highly reliable computing and telecommunications platforms, and a worldwide corps of systems and services experts uniquely position Fujitsu to deliver comprehensive solutions that open up infinite possibilities for its customers' success. Headquartered in Tokyo, Fujitsu Limited (TSE:6702) reported consolidated revenues of 4.6 trillion yen (US\$38 billion) for the fiscal year ended March 31, 2003. For more information, please see: www.fujitsu.com

For details and supplemental information regarding Fujitsu's FY2002 financial results, please see <http://pr.fujitsu.com/en/ir>

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Unconsolidated Statements of Operations and Retained Earnings

	Yen (millions)			U.S. Dollars (millions)
	FY2002	FY2001	Change (%)	FY2002
Net sales	Y 2,695,055	Y 3,034,437	-11.2	\$22,458
Operating costs and expenses:				
Cost of goods sold	2,012,461	2,317,041	-13.1	16,770
Selling, general and administrative expenses	660,735	772,075	-14.4	5,506
	2,673,196	3,089,117		22,276
Operating income (loss)	21,858	(54,680)	-	182
Other income (expenses):				
Net interest	8,037	(1,559)		66
Amortization of unrecognized obligation for retirement benefits	(17,253)	(11,530)		(143)
Loss on liquidation of subsidiaries	-	(163,156)		-
Restructuring charges	(113,400)	(134,259)		(945)
Cost of corrective measures for products*	(30,600)	-		(255)
Loss on devaluation of subsidiaries' stock	(144,481)	(66,969)		(1,204)
Loss on devaluation of marketable stock	(40,742)	(19,173)		(339)
Gain on sales of marketable securities	81,412	-		678
Gain on business transfer	14,536	-		121
Other, net	(9,578)	(13,781)		(79)
	(252,069)	(410,427)		(2,100)
Loss before income taxes	(230,211)	(465,109)	-	(1,918)
Income taxes				
Current	(12,256)	200	-	(102)
Deferred	(42,900)	(200,200)	-	(357)
	(55,156)	(200,000)		(459)
Net loss	Y (175,054)	Y (265,109)	-	\$ (1,458)
Unappropriated retained earnings at the beginning of this year	7,351	26,271		62
Interim dividends	-	4,956		-
Unappropriated retained loss at the end of this year	Y (167,703)	Y (243,794)		\$ (1,397)

Note: All yen figures throughout these statements have been converted to U.S. dollars for convenience only at a uniform rate of \$1=120 yen.

Cost of corrective measures for products refers to certain small form factor hard disk drives.

Unconsolidated Appropriation of Retained Earnings

	Yen (millions)		U.S. Dollars (millions)
	FY2002	FY2001	FY2002
Unappropriated retained loss	Y (167,703)	Y (243,794)	\$ (1,397)
Reversal of reserve for:			
Computer equipment	-	80,550	-
Losses on overseas investment	1,226	100	10
Software development	30,817	6,600	256
Special depreciation	8,420	2,500	70
Advanced depreciation	641	500	5
General reserve	138,942	170,000	1,157
Total	Y 12,343	Y 16,455	\$102
To be appropriated as follows:			
Dividends	-	5,004	-
(0.0 yen per share in FY2002 and 2.5 yen per share in FY2001)			
Reserve for:			
Software development	2,300	2,900	19
Special depreciation	-	1,100	-
Advanced depreciation	-	100	-
Earnings to be carried forward	Y 10,043	Y 7,351	\$83

Policy on Dividends

With regard to distributions of profits, Fujitsu's policy is to provide shareholders with a stable return and to secure sufficient internal reserves to strengthen its financial position for future business growth and improved profitability in the mid to long term.

In fiscal 2002, however, to cope with accelerated structural changes taking place in the IT industry and to position the company for a recovery in profitability in the next fiscal year and beyond, Fujitsu recorded an extraordinary loss in connection with the implementation of urgent restructuring measures. This resulted in an unconsolidated net loss of 175 billion yen, the second year of net losses in a row. Accordingly, the company has reluctantly decided to forgo dividend payments for fiscal 2002. In addition to redoubling efforts to ensure the restoration of profitability to its core operations, in order to effect rapid improvement in shareholders' equity and its financial position, Fujitsu will accelerate actions including measures to maximize effective use of assets.

Unconsolidated Balance Sheets

	Yen (millions)		U.S. Dollars (millions)
	March 31 2003	March 31 2002	March 31 2003
Assets			
Current assets:			
Cash and cash equivalents and short-term investments	Y 121,819	Y 148,135	\$1,015
Receivables, trade	431,568	530,479	3,596
Inventories	292,270	307,504	2,435
Other current assets	249,971	226,846	2,083
Total current assets	1,095,630	1,212,966	9,130
Investments and long-term loans	1,310,261	1,365,069	10,918
Property, plant and equipment less accumulated depreciation	419,073	500,802	3,492
Intangible assets	101,310	99,723	844
Total assets	Y 2,926,275	Y 3,178,563	\$24,385
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	Y 240,608	Y 229,792	\$2,005
Payables, trade	614,833	702,903	5,123
Other current liabilities	187,382	278,473	1,561
Total current liabilities	1,042,824	1,211,169	8,690
Long-term liabilities:			
Long-term debt	1,037,262	923,340	8,643
Other long-term liabilities	75,054	84,391	625
Total long-term liabilities	1,112,317	1,007,731	9,269
Shareholders' equity:			
Common stock	324,624	324,624	2,705
Capital surplus and legal reserve	394,441	394,441	3,287
Retained earnings	50,790	230,850	423
Unrealized gains on securities, net of taxes	2,086	9,914	17
Treasury stock	(809)	(168)	(6)
Total shareholders' equity	771,133	959,662	6,426
Total liabilities and shareholders' equity	Y 2,926,275	Y 3,178,563	\$24,385
Ending balance of interest bearing loans	Y 1,277,871	Y 1,153,132	\$10,648

Supplementary Information

	Yen (billions)		Change (%)
	FY2002	FY2001	
Capital expenditure	Y 51.0	Y 75.4	-32.4
[Semiconductors]	[21.9]	[25.3]	[-13.2]
Depreciation	78.8	126.0	-37.4