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FOR IMMEDIATE RELEASE  
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### Fujitsu Reports FY2002 First-Half Financial Results

[for first-half fiscal period, ended September 30, 2002]

#### 1. Summary of Consolidated Results

##### a. Summary of Consolidated Statements of Operations

	Yen (millions) (except per share data)		Change (%)	Yen (millions) (except per share data)	U.S. Dollars (millions) (except per share data)
	1st Half FY2002(*1)	1st Half FY2001(*2)		FY2001(*3)	1st Half FY2002
Net Sales	Y 2,150,386	Y 2,387,743	-9.9	Y 5,006,977	\$17,483
Operating Loss	(23,278)	(59,142)	-	(74,426)	(189)
Loss Before Income Taxes	(220,101)	(310,489)	-	(594,733)	(1,789)
Net Loss	(147,438)	(174,720)	-	(382,542)	(1,199)
<b>Amounts Per Share of Common Stock:</b>					
Basic Loss	Y (73.66)	Y (88.29)		Y (192.98)	\$ (0.599)
Diluted Earnings	-	-		-	-

	Shares (thousands)		
	September 30 2002	September 30 2001	March 31 2002
Common Stock Issued	2,001,410	1,982,517	2,001,684

##### b. Net Sales by Business Segment

	Yen (millions)		Change (%)	Yen (millions)	U.S. Dollars (millions) (except per share data)
	1st Half FY2002	1st Half FY2001		FY2001	1st Half FY2002
Services & Software	Y 918,089	Y 931,784	-1.5	Y 2,085,863	\$7,464
Platforms	769,713	985,422	-21.9	2,015,226	6,258
Electronic Devices	289,037	296,082	-2.4	546,555	2,350
Financing	55,074	50,468	+9.1	114,472	448
Other Operations	118,473	123,987	-4.4	244,861	963
Total	Y 2,150,386	Y 2,387,743	-9.9	Y 5,006,977	\$17,483

##### c. Summary of Consolidated Financial Condition

	Yen (millions) (except per share data)		U.S. Dollars (millions) (except per share data)
	September 30 2002	March 31 2002	September 30 2002
Total Assets	Y 4,309,594	Y 4,595,804	\$35,037
Shareholders' Equity	683,976	853,756	5,561
Shareholders' Equity Ratio	15.9%	18.6%	
Shareholders' Equity Per Share	Y 341.75	Y 426.52	\$2.778

Note:

All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1=123 yen.

\*1. 1st Half FY2002: April 1, 2002 - September 30, 2002

\*2. 1st Half FY2001: April 1, 2001 - September 30, 2001

\*3. FY2001: April 1, 2001 - March 31, 2002

#### d. Summary of Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (millions)	
	1st Half FY2002	1st Half FY2001	FY2001	1st Half FY2002
Cash Flows from Operating Activities	Y (80,996)	Y (70,181)	Y 306,571	\$ (658)
Cash Flows from Investing Activities	(10,551)	(227,881)	(409,463)	(86)
Cash Flows from Financing Activities	111,582	208,712	91,312	907
Cash and Cash Equivalents at Half-year End	316,370	219,016	299,418	2,572

#### e. Group Companies

Consolidated Subsidiaries	504 companies
Unconsolidated Subsidiaries (equity method applied only)	- companies
Affiliates (equity method applied only)	30 companies

#### 2. Projections for FY2002 (April 1, 2002 - March 31, 2003)

##### Consolidated Earnings Forecast (as of October 29, 2002)

	Yen (billions) (except per share data)	Change (%) FY01 to FY02
Net Sales	Y 4,800.0	-4.1
Operating Income	100.0	-
Net Loss	(110.0)	-
Net Loss per Share	(54.96) yen	-

Note: Due to uncertainties relating to changes in demand for products and components in key markets (Japan, U.S., Europe, etc.), currency exchange rate fluctuations, Japan and U.S. stock market conditions, and other factors, actual results may vary substantially from projections above.

### 3. Summary of Unconsolidated Results

#### a. Summary of Unconsolidated Statements of Operations

	Yen (millions) (except per share data)			Yen (millions) (except per share data)	U.S. Dollars (millions) (except per share data)
	1st Half FY2002	1st Half FY2001	Change (%)	FY2001	1st Half FY2002
	Net Sales	Y 1,238,409	Y 1,428,866	-13.3	Y 3,034,437
Operating Loss	(23,888)	(23,707)	-	(54,680)	(194)
Loss Before Income Taxes	(183,136)	(263,343)	-	(465,109)	(1,489)
Net Loss	(104,936)	(148,643)	-	(265,109)	(853)
<b>Amounts Per Share of Common Stock:</b>					
Basic Loss	Y (52.42)	Y (75.11)		Y (133.74)	\$ (0.426)
Cash Dividends	Y 0.00	Y 2.50		Y 5.00	-

#### b. Summary of Unconsolidated Financial Condition

	Yen (millions) (except per share data)		U.S. Dollars (millions) (except per share data)
	September 30 2002	March 31 2002	September 30 2002
	Total Assets	Y 3,032,565	Y 3,178,563
Shareholders' Equity	845,361	959,662	6,873
Shareholders' Equity Ratio	27.9%	30.2%	
Shareholders' Equity Per Share	Y 422.36	Y 479.40	\$3.434

### 4. Projections for FY2002 (April 1, 2002 - March 31, 2003)

#### Unconsolidated Earnings Forecast (as of October 29, 2002)

	Yen (billions) (except per share data)	Change (%) FY01 to FY02
Net Sales	Y 2,800.0	-7.7
Operating Income	10.0	-
Net Loss	(95.0)	-
Net Loss per Share	(47.46) yen	-

Note: Due to uncertainties relating to changes in demand for products and components in key markets (Japan, U.S., Europe, etc.), currency exchange rate fluctuations, Japan and U.S. stock market conditions, and other factors, actual results may vary substantially from projections above.

## Consolidated Statements of Operations

	Yen (millions)		Change (%)	Yen	U.S. Dollars
	<b>1st Half FY2002</b>	1st Half FY2001		(millions)	(millions)
<b>Net sales</b>	<b>Y 2,150,386</b>	Y 2,387,743	-9.9	Y 5,006,977	<b>\$17,483</b>
<b>Operating costs and expenses:</b>					
Cost of goods sold	<b>1,571,934</b>	1,760,003	-10.7	3,731,257	<b>12,780</b>
Selling, general and administrative expenses	<b>601,730</b>	686,882	-12.4	1,350,146	<b>4,892</b>
	<b>2,173,664</b>	2,446,885		5,081,403	<b>17,672</b>
<b>Operating loss</b>	<b>(23,278)</b>	(59,142)	-	(74,426)	<b>(189)</b>
<b>Other income (expenses):</b>					
Net interest expense and dividend income	<b>(11,327)</b>	(18,325)		(32,646)	<b>(92)</b>
Equity in earnings of affiliated companies, net	<b>(2,090)</b>	3,976		2,676	<b>(17)</b>
Amortization of unrecognized obligation for retirement benefits	<b>(21,938)</b>	(17,812)		(35,724)	<b>(178)</b>
Restructuring charges	<b>(150,000)</b>	(202,945)		(417,053)	<b>(1,220)</b>
Cost of corrective measures for products*	<b>(25,000)</b>	-		-	<b>(203)</b>
Loss on devaluation of marketable securities	<b>(7,637)</b>	-		(20,535)	<b>(62)</b>
Gain on sales of marketable securities	<b>27,980</b>	-		-	<b>227</b>
Other, net	<b>(6,811)</b>	(16,241)		(17,025)	<b>(55)</b>
	<b>(196,823)</b>	(251,347)		(520,307)	<b>(1,600)</b>
<b>Loss before income taxes</b>	<b>(220,101)</b>	(310,489)	-	(594,733)	<b>(1,789)</b>
<b>Income taxes</b>	<b>(70,141)</b>	(127,997)	-	(199,420)	<b>(570)</b>
<b>Minority interests</b>	<b>2,522</b>	7,772	-	12,771	<b>20</b>
<b>Net loss</b>	<b>Y (147,438)</b>	Y (174,720)	-	Y (382,542)	<b>\$ (1,199)</b>

Note: All yen figures throughout these statements have been converted to U.S. dollars for convenience only at a uniform rate of \$1=123 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)
	September 30 2002	March 31 2002	September 30 2002
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents and short-term investments	Y 319,134	Y 303,786	\$2,595
Receivables, trade	726,963	921,107	5,910
Inventories	645,963	635,972	5,252
Other current assets	382,878	362,202	3,112
<b>Total current assets</b>	<b>2,074,938</b>	<b>2,223,067</b>	<b>16,869</b>
<b>Investments and long-term loans</b>	<b>883,515</b>	<b>897,434</b>	<b>7,183</b>
<b>Property, plant and equipment less accumulated depreciation</b>	<b>1,082,457</b>	<b>1,197,466</b>	<b>8,800</b>
<b>Intangible assets</b>	<b>268,684</b>	<b>277,837</b>	<b>2,185</b>
<b>Total assets</b>	<b>Y 4,309,594</b>	<b>Y 4,595,804</b>	<b>\$35,037</b>
<b>Liabilities, minority interests and shareholders' equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings and current portion of long-term debt	Y 560,495	Y 625,354	\$4,557
Payables, trade	605,762	793,782	4,925
Other current liabilities	604,711	702,088	4,916
<b>Total current liabilities</b>	<b>1,770,968</b>	<b>2,121,224</b>	<b>14,398</b>
<b>Long-term liabilities:</b>			
Long-term debt	1,378,470	1,135,272	11,207
Other long-term liabilities	265,406	270,026	2,158
<b>Total long-term liabilities</b>	<b>1,643,876</b>	<b>1,405,298</b>	<b>13,365</b>
<b>Minority interests</b>	<b>210,774</b>	<b>215,526</b>	<b>1,713</b>
<b>Shareholders' equity:</b>			
Common stock	324,624	324,624	2,639
Capital surplus	519,720	519,720	4,225
Retained earnings	(80,919)	76,176	(658)
Unrealized gains on securities and revaluation surplus on land	10,418	14,728	85
Foreign currency translation adjustments	(89,302)	(81,323)	(726)
Treasury stock	(565)	(169)	(4)
<b>Total shareholders' equity</b>	<b>683,976</b>	<b>853,756</b>	<b>5,561</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>Y 4,309,594</b>	<b>Y 4,595,804</b>	<b>\$35,037</b>
<b>Ending balance of interest bearing loans</b>	<b>Y 1,938,965</b>	<b>Y 1,760,626</b>	<b>\$15,764</b>

## Supplementary Information

	Yen (billions)		FY2001
	1st Half FY2002	FY2002* (Forecast)	
Capital expenditure [Semiconductors]	Y 79.1 [24.7]	Y 200.0 [45.0]	Y 306.9 [122.3]
Depreciation	135.0	280.0	351.8

Note: \* FY2002: April 1, 2002 - March 31, 2003

## Consolidated Statements of Cash Flows

	Yen (millions)			Yen (millions)	U.S. Dollars (millions)
	1st Half FY2002	1st Half FY2001	Change	FY2001	1st Half FY2002
<b>1. Cash flows from operating activities:</b>					
Loss before income taxes and minority interests	Y (220,101)	Y (310,489)	+90,388	Y (594,733)	\$ (1,789)
Depreciation and amortization	172,981	202,602	-29,621	438,957	1,406
Accrual (reversal) of provisions	(5,935)	4,135	-10,070	5,251	(48)
Equity in earnings of affiliates, net	2,090	(3,976)	+6,066	(2,676)	17
Disposal of property, plant and equipment	31,460	94,850	-63,390	177,152	256
Decrease in receivables, trade	177,298	256,373	-79,075	294,617	1,441
(Increase) decrease in inventories	(9,714)	35,504	-45,218	272,898	(79)
(Decrease) in payable, trade	(172,303)	(247,961)	+75,658	(210,938)	(1,401)
Other, net	(56,772)	(101,219)	+44,447	(73,957)	(461)
Net cash provided by operating activities	<u>(80,996)</u>	<u>(70,181)</u>	<u>-10,815</u>	<u>306,571</u>	<u>(658)</u>
<b>2. Cash flows from investing activities:</b>					
Purchase of property, plant and equipment	(95,505)	(196,686)	+101,181	(347,841)	(776)
(Increase) decrease in investments and long-term loans	2,334	(1,109)	+3,443	(16,401)	19
Other, net	82,620	(30,086)	+112,706	(45,221)	671
Net cash used in investing activities	<u>(10,551)</u>	<u>(227,881)</u>	<u>+217,330</u>	<u>(409,463)</u>	<u>(86)</u>
<b>1+2 [ Free Cash Flow ]</b>	<u>(91,547)</u>	<u>(298,062)</u>	<u>+206,515</u>	<u>(102,892)</u>	<u>(744)</u>
<b>3. Cash flows from financing activities:</b>					
Increase in bonds, notes, short-term borrowings and long-term debt	201,551	210,133	-8,582	96,624	1,639
Dividends paid	(5,005)	(9,886)	+4,881	(14,842)	(41)
Other, net	(84,964)	8,465	-93,429	9,530	(691)
Net cash provided by financing activities	<u>111,582</u>	<u>208,712</u>	<u>-97,130</u>	<u>91,312</u>	<u>907</u>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<u>(3,083)</u>	<u>(1,618)</u>	<u>-1,465</u>	<u>1,014</u>	<u>(25)</u>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<u>16,952</u>	<u>(90,968)</u>	<u>+107,920</u>	<u>(10,566)</u>	<u>138</u>
<b>6. Cash and cash equivalents at beginning of period</b>	<u>299,418</u>	<u>309,984</u>	<u>-10,566</u>	<u>309,984</u>	<u>2,434</u>
<b>7. Cash and cash equivalents at end of period</b>	<u>Y 316,370</u>	<u>Y 219,016</u>	<u>+97,354</u>	<u>Y 299,418</u>	<u>\$2,572</u>

## Consolidated Business Segment Information

		Yen (millions)			Yen (millions)	U.S. Dollars (millions)
		1st Half FY2002	1st Half FY2001	Change (%)	FY2001	1st Half FY2002
<b>Services &amp; Software</b>	<b>Net Sales</b>					
	Japan	Y 666,271	Y 666,983	-0.1	Y 1,534,532	\$5,417
	Overseas	251,818	264,801	-4.9	551,331	2,047
	Unaffiliated Customers	918,089	931,784	-1.5	2,085,863	7,464
	Intersegment	31,688	30,684	+3.3	52,762	258
	Total	Y 949,777	Y 962,468	-1.3	Y 2,138,625	\$7,722
	<b>Operating Income</b> [As % of Sales]	Y 51,501 [5.4%]	Y 48,327 [5.0%]	+6.6	Y 157,854 [7.4%]	\$419
<b>Platforms</b>	<b>Net Sales</b>					
	Japan	539,018	633,601	-14.9	1,361,060	4,382
	Overseas	230,695	351,821	-34.4	654,166	1,876
	Unaffiliated Customers	769,713	985,422	-21.9	2,015,226	6,258
	Intersegment	103,752	106,927	-3.0	240,447	843
	Total	873,465	1,092,349	-20.0	2,255,673	7,101
	<b>Operating Loss</b> [As % of Sales]	(30,805) [-3.5%]	(39,934) [-3.7%]	-	(57,561) [-2.6%]	(250)
<b>Electronic Devices</b>	<b>Net Sales</b>					
	Japan	145,908	143,671	+1.6	263,283	1,186
	Overseas	143,129	152,411	-6.1	283,272	1,164
	Unaffiliated Customers	289,037	296,082	-2.4	546,555	2,350
	Intersegment	38,089	50,325	-24.3	91,041	310
	Total	327,126	346,407	-5.6	637,596	2,660
	<b>Operating Loss</b> [As % of Sales]	(23,102) [-7.1%]	(35,557) [-10.3%]	-	(109,312) [-17.1%]	(188)
<b>Financing</b>	<b>Net Sales</b>					
	Japan	55,074	50,468	+9.1	114,472	448
	Overseas	-	-	-	-	-
	Unaffiliated Customers	55,074	50,468	+9.1	114,472	448
	Intersegment	5,607	4,405	+27.3	9,432	45
	Total	60,681	54,873	+10.6	123,904	493
	<b>Operating Income</b> [As % of Sales]	2,591 [4.3%]	2,018 [3.7%]	+28.4	4,226 [3.4%]	21
<b>Other Operations</b>	<b>Net Sales</b>					
	Japan	93,896	92,104	+1.9	187,568	764
	Overseas	24,577	31,883	-22.9	57,293	199
	Unaffiliated Customers	118,473	123,987	-4.4	244,861	963
	Intersegment	68,133	60,789	+12.1	126,700	554
	Total	186,606	184,776	+1.0	371,561	1,517
	<b>Operating Income</b> [As % of Sales]	4,312 [2.3%]	1,142 [0.6%]	+277.6	256 [0.1%]	35
<b>Elimination</b>	<b>Net Sales</b>	(247,269)	(253,130)		(520,382)	(2,010)
	<b>Operating Income</b>	(27,775)	(35,138)		(69,889)	(226)
<b>Total</b>	<b>Net Sales</b>					
	Japan	Y 1,500,167	Y 1,586,827	-5.5	Y 3,460,915	\$12,197
	Overseas	650,219	800,916	-18.8	1,546,062	5,286
	Unaffiliated Customers	2,150,386	2,387,743	-9.9	5,006,977	17,483
	Intersegment	-	-	-	-	-
	Total	Y 2,150,386	Y 2,387,743	-9.9	Y 5,006,977	\$17,483
	<b>Operating Loss</b> [As % of Sales]	Y (23,278) [-1.1%]	Y (59,142) [-2.5%]	-	Y (74,426) [-1.5%]	\$ (189)

Note: 1st Half FY2001 and FY2001 figures have been restated to reflect the new business segment classification introduced in FY2002.

## Composition of Consolidated Sales to Unaffiliated Customers

		Yen (billions)			Yen (billions)
		1st Half FY2002	1st Half FY2001	Change (%)	FY2001
<b>Services &amp; Software</b>					
	Solutions/SI	403.2	403.7	-0.1	938.9
	Infrastructure Services	514.8	528.0	-2.5	1,146.9
	<b>Total</b>	<b>918.0</b>	931.7	-1.5	2,085.8
<b>Platforms</b>					
	Servers	191.7	244.5	-21.6	521.1
	Mobile Infrastructure/ IP Network	85.7	125.0	-31.4	242.0
	Transmission Equipment	99.7	190.2	-47.6	387.8
	PCs & Mobile Telephones	307.7	297.1	+3.6	626.8
	HDD	84.9	128.6	-34.0	237.4
	<b>Total</b>	<b>769.7</b>	985.4	-21.9	2,015.2
<b>Electronic Devices</b>					
	Semiconductors	165.3	194.0	-14.8	332.0
	Others	123.7	102.0	+21.3	214.5
	<b>Total</b>	<b>289.0</b>	296.0	-2.4	546.5

## Consolidated Geographic Segment Information

	Yen (millions)			Change (%)	Yen (millions)	U.S. Dollars (millions)
	1st Half FY2002	1st Half FY2001	FY2001		1st Half FY2002	
<b>Japan</b>	<b>Net Sales</b>					
	Unaffiliated Customers	Y 1,630,631	Y 1,744,060	-6.5	Y 3,759,770	\$13,257
	Intersegment	155,557	226,828	-31.4	401,654	1,265
	Total	Y 1,786,188	Y 1,970,888	-9.4	Y 4,161,424	\$14,522
	<b>Operating Income</b>	Y 23,393	Y 23,255	+0.6	Y 53,315	\$190
	[As % of Sales]	[1.3%]	[1.2%]		[1.3%]	
<b>Europe</b>	<b>Net Sales</b>					
	Unaffiliated Customers	255,866	289,562	-11.6	591,691	2,080
	Intersegment	7,968	7,445	+7.0	13,940	65
	Total	263,834	297,007	-11.2	605,631	2,145
	<b>Operating Loss</b>	(7,642)	(14,924)	-	(17,979)	(62)
	[As % of Sales]	[-2.9%]	[-5.0%]		[-3.0%]	
<b>The Americas</b>	<b>Net Sales</b>					
	Unaffiliated Customers	134,333	230,091	-41.6	403,915	1,092
	Intersegment	9,964	28,407	-64.9	42,168	81
	Total	144,297	258,498	-44.2	446,083	1,173
	<b>Operating Loss</b>	(19,678)	(41,733)	-	(57,432)	(160)
	[As % of Sales]	[-13.6%]	[-16.1%]		[-12.9%]	
<b>Others</b>	<b>Net Sales</b>					
	Unaffiliated customers	129,556	124,030	+4.5	251,601	1,054
	Intersegment	90,069	118,266	-23.8	222,355	732
	Total	219,625	242,296	-9.4	473,956	1,786
	<b>Operating Income (Loss)</b>	2,713	(272)	-	5,910	22
	[As % of Sales]	[1.2%]	[-0.1%]		[1.2%]	
<b>Elimination</b>	<b>Net Sales</b>	(263,558)	(380,946)		(680,117)	(2,143)
	<b>Operating Income</b>	(22,064)	(25,468)		(58,240)	(179)
<b>Total</b>	<b>Net Sales</b>					
	Unaffiliated Customers	Y 2,150,386	Y 2,387,743	-9.9	Y 5,006,977	\$17,483
	Intersegment	-	-	-	-	-
	Total	Y 2,150,386	Y 2,387,743	-9.9	Y 5,006,977	\$17,483
	<b>Operating Loss</b>	Y (23,278)	Y (59,142)	-	Y (74,426)	\$ (189)
	[As % of Sales]	[-1.1%]	[-2.5%]		[-1.5%]	

## Net Overseas Sales by Customer's Geographic Location

	Yen (millions)			Change (%)	Yen (millions)	U.S. Dollars (millions)
	1st Half FY2002	1st Half FY2001	FY2001		1st Half FY2002	
Europe	Y 278,327	Y 314,629	-11.5	Y 643,260	\$2,263	
The Americas	191,454	307,939	-37.8	542,144	1,556	
Others outside Japan	180,438	178,348	+1.2	360,658	1,467	
<b>Total</b>	<b>Y 650,219</b>	<b>Y 800,916</b>	<b>-18.8</b>	<b>Y 1,546,062</b>	<b>\$5,286</b>	

## As % of Consolidated Net Sales

Europe	12.9	13.2	12.9
The Americas	8.9	12.9	10.8
Others outside Japan	8.4	7.4	7.2
<b>Total</b>	<b>30.2</b>	<b>33.5</b>	<b>30.9</b>

## Marketable Securities

### 1. Net Unrealized Gains on Marketable Securities

	Yen (millions)			Yen (millions)		
	September 30, 2002			March 31, 2002		
	Carrying Value	Fair Value	Net Unrealized Gains	Carrying Value	Fair Value	Net Unrealized Gains (Losses)
<b>Held-to-maturity securities</b>	<b>Y 1,071</b>	<b>Y 1,078</b>	<b>Y 7</b>	Y 1,062	Y 1,006	Y (56)
<b>Investment in affiliates</b>	<b>202,577</b>	<b>419,606</b>	<b>217,029</b>	253,706	653,119	399,413
<b>Total</b>	<b>Y 203,648</b>	<b>Y 420,684</b>	<b>Y 217,036</b>	Y 254,768	Y 654,125	Y 399,357

### 2. Summary of Marketable Securities at Fair Value

	Yen (millions)			Yen (millions)		
	September 30, 2002			March 31, 2002		
	Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)	Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)
<b>Available-for-sale:</b>						
Equity securities	Y 88,353	Y 100,353	Y 12,000	Y 94,355	Y 112,117	Y 17,762
Debt securities and others	4,597	4,466	(131)	3,636	3,499	(137)
<b>Total</b>	<b>Y 92,950</b>	<b>Y 104,819</b>	<b>Y 11,869</b>	Y 97,991	Y 115,616	Y 17,625

## Derivative Financial Instruments

The Fujitsu Group basically enters into derivative transactions only to cover actual requirements for the effective management of receivables/liabilities and not for speculative or dealing purposes.

## Statement of Management Direction

### *Fujitsu's Basic Business Stance*

While market conditions in the IT industry remain severe, and near-term prospects for recovery remain unclear, we are confident in the industry's potential for significant growth in the medium term and beyond. Broadband network-based services are now expanding to such fields as medicine, education, and government, and we are moving toward a time when the convenience of information technology can be enjoyed with confidence by anyone, anywhere, at any time.

We at the Fujitsu Group are committed to continuing to provide total solutions comprised of high-quality products and services based on the most advanced and dependable high-performance technology, contributing thereby to the realization of an affluent networked society. By further extending the frontiers of technological advancement and proposing new ways of using IT based on customers' perspectives and needs, we will not only contribute to their business success but also achieve the growth of our own business.

### *Business Strategy and Priority Measures*

In terms of our business strategy and immediate priorities, we are making steady progress in the fundamental course of increasing the software and services dimension of all our business activities. We have taken additional measures in the first fiscal half to complement the far-reaching business restructuring undertaken last fiscal year, and we are redoubling our efforts to quickly restore our business to profitability. Moreover, in response to the prolongation of the market slump, we recognize the necessity of making our business still more efficient. In light of these goals, we are pursuing the following priority measures:

- Extending the Software & Services Dimension Across All Our Operations

In software and services, we are focusing on expanding business areas like outsourcing, which offer recurring revenue streams, as well as capitalizing on our competitive software assets to provide more effective solutions. In software, we are working to maximize productivity by expanding our range of packaged solutions and advancing software componentization.

With regard to our overseas business, group companies including Fujitsu Services and Fujitsu Consulting have been working to further strengthen relations with their customers, and we are also redoubling efforts to advance knowledge sharing and other cooperative ties across the group.

Recognizing that software is becoming increasingly important in product development work, we are striving to increase added value to our products by taking advantage of our strengths in software development and at the same time expanding the scope of product-related services, such as deployment support, monitoring, and performance diagnostics.

In electronic devices as well, we are working to build a new business model that capitalizes on profitable design services and other solutions-oriented capabilities.

- Pursuing Tighter Integration of Telecommunications with Information Processing

From the start of this fiscal year, we integrated our telecommunications business with our information processing business to create the Platforms Business Group. While we continue to enhance the competitiveness of individual products, this allows us to pursue an integrated approach that links servers, storage, and networks, enabling us to deliver systems with exceptional reliability and scalability that will further solidify our competitive position.

- Strengthening Our Electronic Devices Business

Positioning cutting-edge semiconductor technology as Fujitsu's core technology, we have strengthened the ties between our electronic devices business and other units like Fujitsu Laboratories and our Platforms Business Group. In our SoC (system-on-chip) business, we are exploring collaboration with Toshiba Corporation. As a first step, we have agreed to jointly develop and share a common design infrastructure. This collaboration will enhance our competitive position in the market by strengthening product development capabilities and improving efficiency.

- Further Improving Product Quality

With respect to a portion of our small form factor hard disk drives, which were found to be inoperable in certain instances due to defective procured parts, we have worked diligently with affected customers to remedy this problem. Going forward, we will strive to further strengthen quality assurance through efforts such as improving quality inspections of components at the procurement stage.

- Other Business Reform Measures

We are continuing to pursue further efficiencies, such as reducing inventories.

- Protecting the Environment

We reviewed the environmental policies we have had in place dating back to 1992 and established a new environmental policy for the Fujitsu Group in September 2002. We are committed to promoting environmental safeguards for our customers and society at large by reducing the environmental burden of our products at each stage in their life cycle and by harnessing our IT products and solutions to promote environmental efficiency.

Through unceasing efforts to accomplish these goals, we intend to position ourselves as a global enterprise that is contributing to the creation of an abundant and dynamic network society and that enjoys the trust of the customers and communities we serve around the world.

### **Our Position Regarding Lowering of Minimum Tradable Share Units\***

Recognizing that participation in the equity market by individual investors can help promote the vitality of the market as well as foster a stable base of long-term Fujitsu shareholders, we have implemented a pro-active investor relations program aimed at making accurate company information available on a regular and timely basis.

Although reducing the minimum number of shares that individuals could trade would help promote the participation of individual investors in capital markets and be one effective means of increasing stock liquidity, taking into consideration the current level of Fujitsu's shares, the total number of shareholders and proportion of individual shareholders, as well as the liquidity of Fujitsu's shares in the market, we believe it would be premature at present to do so.

We will review this stance as appropriate, taking into consideration future trends regarding individual investors in the capital markets as well as changes in the price of our shares and other factors.

\* Refers to current practice in which Fujitsu's shares may only be traded in units of not less than 1,000 shares.