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FOR IMMEDIATE RELEASE
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Fujitsu Reports FY1998 Financial Results

Summary of Consolidated Results

	Yen (millions)		Change(%)	U.S.dollars (millions)
	FY1998	FY1997		FY1998
Net Sales	Y 5,242,986	Y 4,985,382	+5	\$43,330
Operating Income	132,287	177,353	-25	1,093
Income Before Income Taxes	49,625	123,855	-60	410
Net Income (Loss)	(13,638)	5,587	-	(113)

Amounts Per Share of Common Stock:

Basic Earnings	Y (7.3)	Y 3.0	-	\$(0.060)
Diluted Earnings	-	Y 3.0	-	-
Cash Dividends	Y10.0	Y 10.0	-	\$0.083

Common Stock Issued:	1999/3/31	1,884,139	thousand shares
	1998/3/31	1,862,356	thousand shares

Net Sales by Business Segment	Yen (millions)		Change(%)	U.S.dollars (millions)
	FY1998	FY1997		FY1998
Communications Systems	Y 681,059	Y 799,287	-15	\$5,629
Computers & Information Processing Systems	1,801,409	1,688,402	+9	14,887
Services & Software	2,034,569	1,736,697	+17	16,815
Semiconductors & Electronic Components	506,645	541,023	-6	4,187
Other Operations	219,304	219,973	-	1,812
TOTAL	Y 5,242,986	Y 4,985,382	+5	\$43,330

Consolidated Subsidiaries	518	companies
Affiliates (using the applied equity method)	34	companies

Note: all yen figures have been converted to U.S. dollars for convenience only
 at a uniform rate of \$1 = 121 yen.

Summary of Unconsolidated Results

	Yen (millions)		Change(%)	U.S.dollars (millions)
	FY1998	FY1997		FY1998
Net Sales	Y 3,191,146	Y 3,229,084	-1	\$26,373
Operating Income	39,863	89,332	-55	329
Income (Loss)				
Before Income Taxes	(21,304)	89,800	-	(176)
Net income (Loss)	(21,504)	50,900	-	(177)

Amounts Per Share of Common Stock:

Basic Earnings (Loss)	Y (11.5)	Y 27.4	-	<i>\$</i> (0.095)
Diluted Earnings	-	Y 26.0	-	-

Net Sales by Business Segment	Yen (millions)		Change(%)	U.S.dollars (millions)
	FY1998	FY1997		FY1998
Communications Systems	Y 518,040	Y 645,778	-20	\$4,281
Computers & Information Processing Systems	1,498,327	1,456,897	+3	12,383
Services & Software	927,253	827,834	+12	7,663
Semiconductors & Electronic Components	247,526	298,575	-17	2,046
[Semiconductors]	[225,050]	[282,245]	-20	[1,860]
TOTAL	Y 3,191,146	Y 3,229,084	-1	\$26,373

Projections for FY1999 (April 1, 1999 - March 31, 2000)

Consolidated Earnings Forecast

	Yen (billions)	Change(%)
Net Sales	5,650	+8
Net Income	80	-

Unconsolidated Earnings Forecast

	Yen (billions)	Change(%)
Net Sales	3,350	+5
Net Income	45	-

Fujitsu Consolidated Net Sales Post Modest Gain in Fiscal Year 1998

- Sluggish Domestic Economy, Exceptional Charges Adversely Impact Profitability -

Tokyo, May 25, 1999 -- Fujitsu Limited, a global information technology and network solutions leader, today reported consolidated net sales of 5.24 trillion yen for fiscal 1998 (April 1, 1998 - March 31, 1999), an increase of 5 percent over the previous fiscal year. Converted into dollars (1*), this represents approximately \$43.3 billion. In general, strong gains in overseas sales in fiscal 1998 helped make up for sluggish conditions in the domestic market. Total consolidated overseas sales, including local production as well as exports from Japan, increased by 20 percent to 2.12 trillion yen (\$17.4 billion) and accounted for 40 percent of all sales, up from 35 percent in fiscal 1997.

However, due primarily to cutbacks in domestic telecommunications investment and the global slump in semiconductor prices, consolidated operating profit declined by 25 percent to 132.2 billion yen (\$1.0 billion). Moreover, in addition to extraordinary losses resulting from the closing of the company's semiconductor manufacturing plant in the U.K. and other semiconductor business restructuring expenses, an exceptional charge of 38.1 billion yen (\$314 million) relating to the realignment of an ICL Pathway private finance initiative project (2*) resulted in a consolidated net loss of 13.6 billion yen (\$112 million) for the fiscal year. In fiscal 1997 Fujitsu recorded a net profit of 5.5 billion yen (\$46 million).

The rapid development of IT and telecommunications technology, with the Internet as its core, is accelerating the pace of globalization in every industry and bringing great changes to the shape of business and individual lifestyles around the world. As a worldwide provider of comprehensive IT and network-based solutions, Fujitsu has an important role to play in the emerging Internet era. Accordingly, the company's management views the Internet as the core driver of its business and is committed to leveraging the Fujitsu Group's considerable expertise in this area to achieve greater growth and profitability.

Consolidated Sales by Core Business Areas

Led by robust domestic and international sales of systems integration and outsourcing services, fiscal 1998 consolidated sales of services and software jumped by 17 percent to 2.03 trillion yen (\$16.8 billion). Of these, domestic software and services sales grew by 11 percent to 1.26 trillion yen (\$10.4 billion), while overseas sales in this category rose by 29 percent to 773.8 billion yen (\$6.3 billion).

Strong overseas sales of computers and information processing systems, up 30 percent to 726.5 billion yen (\$6.0 billion), helped offset a 5 percent decline in domestic sales (1.07 trillion yen, or \$8.8 billion), boosting consolidated sales for the category as a whole to 1.80 trillion yen (\$14.8 billion). In addition to expanded sales of large-scale global servers (mainframes) in the U.S., the company enjoyed robust growth in sales of personal computers in the European consumer market, while strong demand for small form-factor hard disk drives was reflected in solid sales gains, particularly overseas.

Thanks to increased network demand, mainly in Europe and the U.S., overseas sales of communications systems grew by 12 percent to 285.8 billion yen (\$2.3 billion). However, due to major reductions in capital investment by Japanese telecommunications services providers, domestic sales declined by 27 percent to 396.1 billion yen (\$3.2 billion), resulting in a 15 percent drop in overall consolidated communications systems sales to 681.0 billion yen (\$5.6 billion).

Lower sales volumes resulting from the company's strategic reduction of its commodity DRAM business helped push overall consolidated sales of semiconductors and electronic components down 6 percent to 506.6 billion yen (\$4.1 billion). Domestic sales declined by 7 percent to 238.2 billion yen (\$1.9 billion), while overseas sales were off by 5 percent to 268.4 billion yen (\$2.2 billion). During this period the company undertook significant restructuring measures aimed at boosting the profitability of this business.

The results for the Fujitsu Group reflect the performance of 518 consolidated subsidiaries worldwide (513 in FY1997), including Amdahl Corporation, ICL PLC, Fujitsu America, Fujitsu-AMD Semiconductor and Fujitsu Network Communications, as well as 34 affiliates (32 in FY1997), including Fanuc Ltd. and Advantest Corporation, using the applied equity method.

Home page: <http://www.fujitsu.co.jp/index-e.html>

Notes:

1* All yen figures have been converted into U.S. dollars for convenience only at the uniform rate of 121 yen to the dollar.
2* A large-scale plan to automate postal services throughout the U.K. and to construct, implement and operate a system to deliver social benefit payments through the postal service. The original Private Finance Initiative (PFI) contract between ICL Pathway, a subsidiary company of ICL PLC (itself a wholly owned subsidiary of Fujitsu) and the UK's Post Office Counters Limited (POCL) and Department of Social Security (DSS), has been replaced by a fixed-value Design, Build & Operate contract.

Projections for FY1999 (April 1, 1999 - March 31, 2000)

Although growth in sales of information processing hardware in Japan is considered problematic, favorable conditions should continue overseas in the communications systems and information processing equipment sectors. Demand for electronic devices is also expected to recover both domestically and overseas. Taking these conditions into account, Fujitsu believes that further improvements in its operational structure will help it to achieve growth in each of its core business areas. Sales and income projections for fiscal 1999 are as follows:

Consolidated Forecast for FY 1999

Net Sales	5,650 billion yen (+ 8%)
Operating Income	280 billion yen (+ 112%)
Net Income	80 billion yen

Unconsolidated Forecast for FY 1999

Net Sales	3,350 billion yen (+ 5%)
Operating Income	130 billion yen (+ 226%)
Net Income	45 billion yen

About Fujitsu

Fujitsu Limited (TSE 6702) is a leading provider of comprehensive information technology and network solutions for the global marketplace. Comprising over 500 group companies and affiliates worldwide -- including ICL, Amdahl and DMR Consulting Group -- the Fujitsu Group had consolidated revenues of 5.24 trillion yen (\$43.3 billion) in the fiscal year ended March 31, 1999. With world-class hardware and software technology in computers, telecommunications and electronic devices, and a corps of 55,000 systems and services experts around the world, Fujitsu is uniquely positioned to harness the power of the network to help its customers succeed in today's rapidly changing business environment.

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Consolidated Statements of Income

	Yen (millions)		Change(%)	<i>U.S.dollars</i> (<i>millions</i>)
	FY1998	FY1997		FY1998
Net sales	Y 5,242,986	Y 4,985,382	+5.2	\$43,330
Operating costs and expenses:				
Cost of goods sold	3,776,886	3,518,821		31,214
Selling, general and administrative expenses	1,333,813	1,289,208		11,023
[Amortization of goodwill]	[21,754]	[33,909]		[180]
	<u>5,110,699</u>	<u>4,808,029</u>		<u>42,237</u>
Operating income	132,287	177,353	-25.4	1,093
Other income (expenses):				
Interest and dividend income	12,499	12,760		103
Equity in earnings of affiliated companies, net	22,475	18,964		186
Interest charges	(58,240)	(56,615)		(481)
Other, net	(59,396)	(28,607)		(491)
	<u>(82,662)</u>	<u>(53,498)</u>		<u>(683)</u>
Income before income taxes	49,625	123,855	-59.9	410
Income taxes	54,679	108,550		452
Minority interests	8,584	9,718		71
Net income (loss)	<u>Y (13,638)</u>	<u>Y 5,587</u>	-	<i>\$(113)</i>
Supplementary information				
R & D expenditure	Y 395,063	Y 387,129	+2.0	\$3,265
Number of employees	188,000	180,000		

Consolidated Balance Sheets

	Yen (millions)		U.S.dollars (millions)
	1999/3/31	1998/3/31	1999/3/31
Assets			
Current assets:			
Cash and time deposits	Y 425,028	Y 351,845	\$3,513
Marketable and other securities	71,419	68,036	590
Receivables, trade	1,259,279	1,325,868	10,407
Inventories	905,992	958,466	7,488
Other current assets	268,256	173,168	2,217
Total current assets	2,929,974	2,877,383	24,215
Investments and long-term loans	700,606	637,922	5,790
Property, plant and equipment less accumulated depreciation	1,242,428	1,356,121	10,268
Other assets	239,322	251,613	1,978
	Y 5,112,330	Y 5,123,039	\$42,251
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	Y 798,968	Y 827,317	\$6,603
Payables, trade	850,995	836,543	7,033
Other current liabilities	637,149	681,104	5,266
Total current liabilities	2,287,112	2,344,964	18,902
Long-term liabilities:			
Long-term debt	1,128,375	1,063,525	9,325
Other long-term liabilities	338,526	356,210	2,798
	1,466,901	1,419,735	12,123
Minority interests	193,005	173,111	1,595
Shareholders' equity:			
Common stock	261,222	249,347	2,159
Capital surplus	447,948	436,023	3,702
Retained earnings & other reserves	456,240	499,883	3,771
Treasury stock	(98)	(24)	(1)
Total shareholders' equity	1,165,312	1,185,229	9,631
	Y 5,112,330	Y 5,123,039	\$42,251

Supplementary Information

	Yen (billions)	
	1999/3/31	1998/3/31
Capital expenditure [Semiconductors]	Y 288.8 [80.4]	Y 435.7 [175.3]
Depreciation	334.1	295.2

Business Segment Information

		Yen (millions)		Change(%)	U.S.dollars (millions)
		FY1998	FY1997		FY1998
Communications Systems	Net Sales				
	Japan	Y 396,170	Y 544,473	-27.2	\$3,274
	Overseas	284,889	254,814	+11.8	2,355
	Unaffiliated Customers	681,059	799,287	-14.8	5,629
	Intersegment	10,759	12,450	-13.6	89
	Total	Y 691,818	Y 811,737	-14.8	\$5,718
	Operating Income (Loss) [As % of Sales]	Y 15,657 [2.3%]	Y 100,914 [12.4%]	-84.5	\$129
Computers & Information Processing Systems	Net Sales				
	Japan	1,074,821	1,128,951	-4.8	8,882
	Overseas	726,588	559,451	+29.9	6,005
	Unaffiliated Customers	1,801,409	1,688,402	+6.7	14,887
	Intersegment	300,661	246,012	+22.2	2,485
	Total	2,102,070	1,934,414	+8.7	17,372
	Operating Income (Loss) [As % of Sales]	94,072 [4.5%]	49,937 [2.6%]	+88.4	778
Services & Software	Net Sales				
	Japan	1,260,725	1,137,063	+10.9	10,420
	Overseas	773,844	599,634	+29.1	6,395
	Unaffiliated Customers	2,034,569	1,736,697	+17.2	16,815
	Intersegment	58,245	45,305	+28.6	481
	Total	2,092,814	1,782,002	+17.4	17,296
	Operating Income (Loss) [As % of Sales]	166,336 [7.9%]	119,688 [6.7%]	+39.0	1,375
Semiconductors & Electronic Components	Net Sales				
	Japan	238,216	257,201	-7.4	1,969
	Overseas	268,429	283,822	-5.4	2,218
	Unaffiliated Customers	506,645	541,023	-6.4	4,187
	Intersegment	103,161	115,667	-10.8	853
	Total	609,806	656,690	-7.1	5,040
	Operating Income (Loss) [As % of Sales]	(83,339) [-13.7%]	(32,473) [-4.9%]	-	(689)
Other Operations	Net Sales				
	Japan	157,569	160,675	-1.9	1,302
	Overseas	61,735	59,298	+4.1	510
	Unaffiliated Customers	219,304	219,973	-0.3	1,812
	Intersegment	100,949	127,483	-20.8	834
	Total	320,253	347,456	-7.8	2,646
	Operating Income (Loss) [As % of Sales]	7,057 [2.2%]	4,001 [1.2%]	+76.4	58
Elimination	Net Sales	(573,775)	(546,917)		(4,742)
	Operating Income	(67,496)	(64,714)		(558)
Total	Net Sales				
	Japan	3,127,501	3,228,363	-3.1	\$25,847
	Overseas	2,115,485	1,757,019	+20.4	17,483
	Unaffiliated Customers	5,242,986	4,985,382	+5.2	43,330
	Intersegment	-	-	-	-
	Total	5,242,986	4,985,382	+5.2	\$43,330
	Operating Income (Loss) [As % of Sales]	132,287 [2.5%]	177,353 [3.6%]	-25.4	\$1,093

Geographic Segment Information

		Yen (millions)		Change(%)	(millions) FY1998
		FY1998	FY1997		
Japan	Net Sales				
	Unaffiliated Customers	Y 3,414,620	Y 3,528,164	-3.2	\$28,220
	Intersegment	571,769	482,785	+18.4	4,725
	Total	<u>Y 3,986,389</u>	<u>Y 4,010,949</u>	<u>-0.6</u>	<u>\$32,945</u>
	Operating Income (Loss) [As % of Sales]	<u>Y 209,159</u> [5.2%]	<u>Y 284,006</u> [7.1%]	<u>-26.4</u>	<u>\$1,728</u>
Europe	Net Sales				
	Unaffiliated Customers	1,005,646	795,932	+26.3	8,311
	Intersegment	53,409	30,751	+73.7	442
	Total	<u>1,059,055</u>	<u>826,683</u>	<u>+28.1</u>	<u>8,753</u>
	Operating Income (Loss) [As % of Sales]	<u>411</u> [-]	<u>(7,419)</u> [-0.9]	<u>-</u>	<u>3</u>
The Americas	Net Sales				
	Unaffiliated Customers	573,191	449,998	+27.4	4,737
	Intersegment	95,938	61,694	+55.5	793
	Total	<u>669,129</u>	<u>511,692</u>	<u>+30.8</u>	<u>5,530</u>
	Operating Income (Loss) [As % of Sales]	<u>(19,019)</u> [-2.8%]	<u>(60,601)</u> [-11.8%]	<u>-</u>	<u>(157)</u>
Others	Net Sales				
	Unaffiliated customers	249,529	211,288	+18.1	2,062
	Intersegment	323,426	312,581	+3.5	2,673
	Total	<u>572,955</u>	<u>523,869</u>	<u>+9.4</u>	<u>4,735</u>
	Operating Income (Loss) [As % of Sales]	<u>13,627</u> [2.4%]	<u>26,536</u> [5.1%]	<u>-48.6</u>	<u>113</u>
Elimination	Net Sales	<u>(1,044,542)</u>	<u>(887,811)</u>		<u>(8,633)</u>
	Operating Income (Loss)	<u>(71,891)</u>	<u>(65,169)</u>		<u>(594)</u>
Total	Net Sales				
	Unaffiliated Customers	Y 5,242,986	Y 4,985,382	+5.2	\$43,330
	Intersegment	-	-	-	-
	Total	<u>Y 5,242,986</u>	<u>Y 4,985,382</u>	<u>+5.2</u>	<u>\$43,330</u>
	Operating Income (Loss) [As % of Sales]	<u>Y 132,287</u> [2.5%]	<u>Y 177,353</u> [3.6%]	<u>-25.4</u>	<u>\$1,093</u>

Net Sales by Customer's Geographic Location

	Yen (millions)		Change(%)	U.S.dollars (millions) FY1998
	FY1998	FY1997		
Europe	Y 1,019,482	Y 782,946	+30.2	\$8,425
The Americas	708,124	586,215	+20.8	5,852
Others	387,879	387,858	-	3,206
Total	<u>Y 2,115,485</u>	<u>Y 1,757,019</u>	<u>+20.4</u>	<u>\$17,483</u>

As % of Consolidated Net Sales

Europe	19.4	15.7
The Americas	13.5	11.7
Others	7.4	7.8
Total	<u>40.3</u>	<u>35.2</u>

Unconsolidated Net Sales by Product Area

	Yen (millions)		Change(%)	<i>U.S.dollars</i> <i>(millions)</i>
	FY1998	FY1997		FY1998
Communications Systems				
Japan	Y 362,926	Y 514,636	-29.5	\$2,999
Overseas	<u>155,114</u>	<u>131,142</u>	<u>18.3</u>	<u>1,282</u>
Total	518,040	645,778	-19.8	4,281
Computers and Information Processing Systems				
Japan	1,116,752	1,153,313	-3.2	9,230
Overseas	<u>381,575</u>	<u>303,584</u>	<u>25.7</u>	<u>3,153</u>
Total	1,498,327	1,456,897	2.8	12,383
Services & Software				
Japan	914,560	816,946	11.9	7,558
Overseas	<u>12,693</u>	<u>10,888</u>	<u>16.6</u>	<u>105</u>
Total	927,253	827,834	12.0	7,663
Semiconductors and Electronic Components				
Japan	158,585	175,375	-9.6	1,311
Overseas	<u>88,941</u>	<u>123,200</u>	<u>-27.8</u>	<u>735</u>
Total	247,526	298,575	-17.1	2,046
[Semiconductors]	[225,050]	[282,245]	[-20.3]	[1,860]
Total Sales				
Japan Sales	2,552,823	2,660,270	-4.0	21,098
Overseas Sales	<u>638,323</u>	<u>568,814</u>	<u>12.2</u>	<u>5,275</u>
Total	<u>Y 3,191,146</u>	<u>Y 3,229,084</u>	<u>-1.2</u>	<u>\$ 26,373</u>

Unconsolidated Statements of Income and Retained Earnings

	Yen (millions)		Change(%)	<i>U.S.dollars</i> (millions)
	FY1998	FY1997		<i>FY1998</i>
Net sales	Y 3,191,146	Y 3,229,084	-1.2	\$ 26,373
Operating costs and expenses:				
Cost of goods sold	2,442,130	2,410,278		20,182
Selling, general and administrative expenses	709,152	729,473		5,860
	<u>3,151,283</u>	<u>3,139,751</u>		<u>26,043</u>
Operating income	39,863	89,332	-55.4	329
Other income (expenses):				
Interest and dividend income	25,101	24,428		207
Interest charges	(30,223)	(31,361)		(249)
Other, net	(56,045)	7,401		(463)
	<u>(61,167)</u>	<u>468</u>		<u>(505)</u>
Income (Loss) before income taxes	(21,304)	89,800	-	(176)
Income taxes	200	38,900		1
Net income (Loss)	<u>Y (21,504)</u>	<u>Y 50,900</u>	-	<u>\$ 177</u>
Unappropriated retained earnings at the beginning of this year	26,011	24,353		214
Interim dividends	9,374	9,301		77
Legal reserve for interim dividends	937	930		7
Unappropriated retained earnings at the end of this year	<u>Y (5,805)</u>	<u>Y 65,023</u>		<u>\$ (47)</u>

Unconsolidated Appropriation of Retained Earnings

	Yen (millions)		U.S.dollars (millions)
	1999/3/31	1998/3/31	1999/3/31
Unappropriated retained earnings	Y (5,805)	Y 65,023	\$ (47)
Reversal of reserve for:			
Losses on overseas investment	300	310	2
Software development	17,000	17,600	140
Special depreciation	5,200	6,500	42
Advanced depreciation	1,100	1,070	9
General reserve	20,000	-	165
Total	Y 37,794	Y 90,503	\$ 312
To be appropriated as follows:			
Legal reserve	Y 950	Y 960	\$ 7
Dividends (Y5 per share)	9,420	9,311	77
Bonuses to directors and statutory auditors	-	200	-
Reserve for:			
Losses on overseas investment	-	1,120	-
Software development	11,300	11,100	93
Special depreciation	800	1,700	6
Advanced depreciation	3,200	100	26
General reserve	-	40,000	-
Earnings to be carried forward	Y 12,124	Y 26,011	\$ 100

Unconsolidated Balance Sheets

	Yen (millions)		U.S.dollars (millions)
	1999/3/31	1998/3/31	1999/3/31
Assets			
Current assets:			
Cash and time deposits	Y 239,483	Y 223,381	\$ 1,979
Marketable and other securities	19,729	19,741	163
Receivables, trade	849,696	873,153	7,022
Inventories	489,412	447,780	4,044
Other current assets	164,258	133,013	1,357
Total current assets	1,762,579	1,697,070	14,566
Investments and long-term loans	1,173,614	1,146,203	9,699
Property, plant and equipment less accumulated depreciation	606,861	668,586	5,015
Other assets	8,311	10,113	68
	Y 3,551,366	Y 3,521,973	\$ 29,350
Liability and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	Y 418,803	Y 449,675	\$ 3,461
Payables, trade	695,900	625,293	5,751
Other current liabilities	208,073	245,144	1,719
Total current liabilities	1,322,778	1,320,113	10,932
Long-term liabilities			
Long-term debt	970,119	927,074	8,017
Other long-term liabilities	187,674	187,399	1,551
	1,157,793	1,114,473	9,568
Shareholders' equity			
Common stock	261,222	249,347	2,158
Capital surplus	318,285	306,361	2,630
Legal reserve	31,545	29,647	260
Retained earnings	459,741	502,030	3,799
Total shareholders' equity	1,070,795	1,087,386	8,849
	Y 3,551,366	Y 3,521,973	\$ 29,350

Supplementary Information

	Yen (billions)	
	1999/3/31	1998/3/31
Capital expenditure [Semiconductors]	100.5 [23.4]	158.0 [53.6]
Depreciation	129.8	141.2

Fujitsu's State of Readiness for Year 2000 Problems

Fujitsu recognizes that so-called Year 2000 (Y2K) problems are an important management concern and together with each group company is actively addressing the issue.

1. Measures Now in Place

(1) In-House Systems

Fujitsu recognizes the need to be aware of potential in-house Y2K problems not only in its computer systems but also in its networks, factory production equipment and facilities, and research facilities. From top management on down, everyone at Fujitsu is cognizant of the significant potential negative impact of Y2K problems, and the company is placing special priority on dealing with the systems that support its core business activities. Every division is taking responsibility for addressing potential problems and sharing information across divisional lines. More specifically, the process starts with identifying where Y2K problems may exist and, when they are found, is followed up by ascertaining what measures should be taken and what tests should be conducted. When necessary, further steps are taken to plan and execute comprehensive inspection plans covering all business processes as well as crisis management schemes.

As of the end of March 1999, about 90 % of Fujitsu's in-house systems had been tested for Y2K compliance. Proceeding steadily with full testing and trial runs of various systems -- including those in the process of being made Y2K-compliant -- the company is on track to confirm Y2K compliance of all in-house systems by September 1999.

Fujitsu believes that the way our suppliers of parts and services respond to Y2K problems is also very important to the stability of our business. Fujitsu previously requested its principal suppliers to address the Y2K issue on their own and to verify the status of their readiness, so as to ensure that there will be no disruption of manufacturing, distribution, or sales activities. This verification activity was completed by the end of March 1999, and the company is considering various follow-up measures.

(2) Fujitsu Products

Individual customers will need to judge for themselves whether the computer systems they own are Y2K-compliant. However, Fujitsu has been actively assisting customers by providing information on how to address Y2K issues for Fujitsu products and third party products sold by Fujitsu, as well as offering specific proposals for solving Y2K problems. In addition, with respect to products for the consumer market, the company has been disseminating information through its web site, newspaper advertisements and brochures to promote awareness of Y2K problems. Moreover, Fujitsu will have regular support teams available at the year-end/new year period to ensure customers a worry-free start to the year 2000.

Information about Y2K compliance of Fujitsu products can be found at the following web sites:

<http://www.fujitsu.co.jp/hypertext/2000>

<http://www.fujitsu.co.jp/hypertext/2000/English/index.html>

2. Costs of Addressing Y2K Problems

Fujitsu has been handling Y2K issues for in-house systems mostly with its own engineers and resources. It is difficult to separate out Y2K costs from regular internal costs, particularly salaries, and therefore this type of information is not available. The company estimates that its accumulated Y2K-related external costs will amount to a total of 5.7 billion yen on an unconsolidated basis, out of which 3.8 billion yen has been included as expenses by the end of March 1999. Fujitsu believes that the ultimate cost of addressing its Y2K problems is not of a magnitude that will impact management of the company.

3. Risks of Y2K Problems

(1) In-House Systems

If potential problems with in-house core systems and production systems are not properly addressed, Fujitsu's business activities might be adversely affected, and the company would be unable to fulfill contracts with customers or otherwise inconvenience them. Likewise, if the company's suppliers and vendors do not address the problems, Fujitsu's business would be similarly affected. Accordingly, ensuring that in-house systems are fully Y2K compliant and verifying Y2K compliance with suppliers are high priority tasks that Fujitsu is moving to accomplish.

(2) Fujitsu Products

If Fujitsu delays addressing the problems of customers who are using non-Y2K-compliant products or if customers themselves delay taking measures for their own programs, there is a danger that their business activities might be disrupted. For some problems, there is likewise a possibility that customers might make claims against Fujitsu. In order to prevent this eventuality, Fujitsu has been providing information about its products that will enable customers take an active role in solving their own Y2K problems, as well as offering specific proposals and support for the transition. In addition, the company is recommending that customers conduct a thorough inspection of their systems so that they may more precisely address any Y2K problems.

4. Risk Management Plans

Based on careful consideration of the possible effects of Y2K problems on its operations, Fujitsu has been developing contingency plans, including alternative means of carrying out most important activities. These plans -- which center on emergency response organization and hypothetical problems and countermeasures -- will be completed by the end of June 1999.

The above statement is intended solely to provide general information on the current status of Fujitsu's Y2K compliance readiness, and does not commit or imply any kind of guarantee, obligation or abandonment of rights.