



April 28, 2000

Fujitsu Reports FY1999 Financial Results

Summary of Consolidated Results

	Yen (millions)		Change (%)	U.S.dollars (millions)
	FY1999	FY1998		FY1999
Net Sales	Y 5,255,102	Y 5,242,986	+0.2	\$49,576
Operating Income	149,974	132,287	+13.4	1,415
Income Before Income Taxes	74,857	49,625	+50.8	706
Net Income (Loss)	42,734	(13,638)	-	403

Amounts Per Share of Common Stock:

Basic Earnings	Y 22.1	Y (7.3)	-	\$0.208
Diluted Earnings	Y 21.5	-	-	\$0.202
Cash Dividends	Y10.0	Y10.0	-	\$0.094
Common Stock Issued:	2000/3/31	1,962,940	thousand shares	
	1999/3/31	1,884,139	thousand shares	

Net Sales by Business Segment	Yen (millions)		Change (%)	U.S.dollars (millions)
	FY1999	FY1998		FY 1999
Services & Software	Y 1,975,466	Y 2,034,569	-2.9	\$18,636
Information Processing	1,605,301	1,801,409	-10.9	15,144
Telecommunications	772,463	681,059	+13.4	7,287
Electronic Devices	568,159	506,645	+12.1	5,360
Financing	113,070	-	-	1,067
Other Operations	220,643	219,304	+0.6	2,082
TOTAL	Y 5,255,102	Y 5,242,986	+0.2	\$49,576

Consolidated Subsidiaries	493	companies
Affiliates (using the applied equity method)	25	companies

Note: all yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1 = 106 yen.

Summary of Unconsolidated Results

	Yen (millions)			U.S.dollars (millions)
	FY1999	FY1998	Change (%)	FY 1999
Net Sales	Y 3,251,275	Y 3,191,146	+1.9	\$30,672
Operating Income	53,808	39,863	+35.0	507
Income (Loss)				
Before Income Taxes	11,256	(21,304)	-	106
Net income (Loss)	13,656	(21,504)	-	128

Amounts Per Share of Common Stock:

Basic Earnings (Loss)	Y 7.1	Y (11.5)	-	\$0.067
Diluted Earnings	Y 7.0	-	-	\$0.066

	Yen (millions)			U.S.dollars (millions)
Net Sales by Business Segment	FY1999	FY1998	Change (%)	FY 1999
Services & Software	Y 934,316	Y 927,253	+0.8	\$8,814
Information Processing	1,457,064	1,498,327	-2.8	13,746
Telecommunications	572,349	518,040	+10.5	5,399
Electronic Devices	287,546	247,526	+16.2	2,713
[Semiconductors]	[269,843]	[225,050]	+19.9	[2,545]
TOTAL	Y 3,251,275	Y 3,191,146	+1.9	\$30,672

Projections for FY2000 (April 1, 2000 - March 31, 2001)

Consolidated Earnings Forecast

	Yen (billions)	Change (%)
Net Sales	Y 5,750	+9
Operating Income	310	+107
Net Income	100	+134

Unconsolidated Earnings Forecast

	Yen (billions)	Change (%)
Net Sales	3,500	+8
Operating Income	140	+160
Net Income	120	+779

Consolidated Statements of Income

	Yen (millions)			U.S.dollars (millions)
	FY1999	FY1998	Change (%)	FY 1999
Net sales	Y 5,255,102	Y 5,242,986	+0.2	\$49,576
Operating costs and expenses:				
Cost of goods sold	3,796,919	3,776,886	+0.5	35,820
Selling, general and administrative expenses	1,308,209	1,333,813	-1.9	12,341
[Amortization of goodwill]	[27,621]	[21,754]	[+27.0]	[261]
	<u>5,105,128</u>	<u>5,110,699</u>		<u>48,161</u>
Operating income	149,974	132,287	+13.4	1,415
Other income (expenses):				
Interest and dividend income	12,583	12,499		119
Equity in earnings of affiliated companies, net	17,025	22,475		160
Interest charges	(49,505)	(58,240)		(467)
Other, net	<u>(55,220)</u>	<u>(59,396)</u>		<u>(521)</u>
	<u>(75,117)</u>	<u>(82,662)</u>	+9.1	<u>(709)</u>
Income before income taxes	74,857	49,625	+50.8	706
Income taxes	28,379	54,679	-48.1	268
Minority interests	(3,744)	(8,584)	-56.4	(35)
Net income (loss)	<u>Y 42,734</u>	<u>Y (13,638)</u>	-	<u>\$403</u>

Supplementary information

R & D expenditure	Y 401,057	Y 395,063	+1.5	\$3,784
Number of employees	188,000	188,000	-	

Consolidated Balance Sheets

	Yen (millions)		U.S.dollars (millions)
	2000/3/31	1999/3/31	2000/3/31
Assets			
Current assets:			
Cash and time deposits	Y 273,978	Y 425,028	\$2,585
Marketable and other securities	53,636	71,419	506
Receivables, trade	1,158,478	1,259,279	10,929
Inventories	805,626	854,664	7,600
Current portion of lease receivable	75,723	-	714
Other current assets	232,950	181,596	2,198
Total current assets	2,600,391	2,791,986	24,532
Lease receivable	151,572	-	1,430
Investments and long-term loans	645,343	628,743	6,088
Property, plant and equipment less accumulated depreciation	1,278,858	1,242,428	12,065
Intangible assets	342,430	359,638	3,230
Other assets	116,054	89,535	1,095
	Y 5,134,648	Y 5,112,330	\$48,440
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term deb	Y 561,686	Y 798,968	\$5,299
Payables, trade	876,438	850,995	8,268
Other current liabilities	639,262	637,149	6,031
Total current liabilities	2,077,386	2,287,112	19,598
Long-term liabilities:			
Long-term debt	1,163,389	1,128,375	10,975
Other long-term liabilities	388,879	338,526	3,669
	1,552,268	1,466,901	14,644
Minority interests	213,562	193,005	2,015
Shareholders' equity:			
Common stock	306,246	261,222	2,889
Capital surplus	495,073	447,948	4,671
Retained earnings & other reserves	490,409	456,240	4,627
Treasury stock	(296)	(98)	(4)
Total shareholders' equity	1,291,432	1,165,312	12,183
	Y 5,134,648	Y 5,112,330	\$48,440

Supplementary Information

	Yen (billions)	
	2000/3/31	1999/3/31
Capital expenditure [Semiconductors]	Y 325.7 [87.9]	Y 288.8 [80.4]
Depreciation	301.5	334.1

Consolidated Statements of Cash Flows

	Yen (millions)		U.S.dollars (millions)
	FY1999	FY1998	FY1999
1. Cash flows from operating activities:			
Income before income taxes and minority interests	Y 74,857	Y 49,625	\$706
Depreciation and amortization	387,429	392,949	3,655
Accrual (Reversal) of provisions	11,002	9,749	104
Interest charges	49,505	58,240	467
Interest and dividend income	(12,583)	(12,499)	(119)
Equity in earnings of affiliates, net	(17,025)	(22,475)	(161)
Loss on disposal of property, plant and equipment	27,726	38,378	262
Decrease in receivables, trade	72,396	29,874	683
Decrease in inventories	20,998	40,321	198
Increase in payable, trade	35,665	48,769	337
Other, net	(79,383)	(95,998)	(749)
Cash generated from operations	570,587	536,933	5,383
Interest paid	(50,617)	(60,395)	(478)
Interest and dividends received	16,651	11,586	157
Income taxes paid	(59,579)	(88,413)	(562)
Net cash provided by operating activities	477,042	399,711	4,500
2. Cash flows from investing activities:			
Purchase of property, plant and equipment	(322,794)	(279,226)	(3,045)
(Increase) in investments and long-term loans	(42,117)	(102,595)	(398)
Other, net	16,623	(26,918)	157
Net cash used in investing activities	(348,288)	(408,739)	(3,286)
1+2 [Free Cash Flow]	128,754	(9,028)	1,214
3. Cash flows from financing activities:			
Proceeds from long-term debt	107,807	204,899	1,017
Repayment of long-term debt	(133,934)	(185,031)	(1,264)
Increase (Decrease) in short-term borrowings	(329,348)	42,682	(3,107)
Dividends paid	(19,112)	(18,686)	(180)
Other, net	103,340	25,335	975
Net cash provided by financing activities	(271,247)	69,199	(2,559)
4. Effect of exchange rate changes on cash and cash equivalents	9,159	(2,851)	87
5. Net increase (decrease) in cash and cash equivalents	(133,334)	57,320	(1,258)
6. Cash and cash equivalents at beginning of year	449,510	392,190	4,241
7. Cash and cash equivalents at end of year	Y 316,176	Y 449,510	\$2,983

Consolidated Business Segment Information

		Yen (millions)		Change (%)	U.S.dollars (millions)
		FY1999	FY1998		FY1999
Services & Software	Net Sales				
	Japan	Y 1,320,881	Y 1,260,725	+4.8	\$12,461
	Overseas	654,585	773,844	-15.4	6,175
	Unaffiliated Customers	1,975,466	2,034,569	-2.9	18,636
	Intersegment	77,583	58,245	+33.2	732
	Total	Y 2,053,049	Y 2,092,814	-1.9	\$19,368
	Operating Income (Loss)	Y 134,944	Y 166,336	-18.9	\$1,273
		[As % of Sales]	[6.6%]	[7.9%]	
Information Processing	Net Sales				
	Japan	1,047,130	1,074,821	-2.6	9,878
	Overseas	558,171	726,588	-23.2	5,266
	Unaffiliated Customers	1,605,301	1,801,409	-10.9	15,144
	Intersegment	278,985	300,661	-7.2	2,632
	Total	1,884,286	2,102,070	-10.4	17,776
	Operating Income (Loss)	38,861	94,072	-58.7	367
		[As % of Sales]	[2.1%]	[4.5%]	
Telecommunications	Net Sales				
	Japan	417,288	396,170	+5.3	3,936
	Overseas	355,175	284,889	+24.7	3,351
	Unaffiliated Customers	772,463	681,059	+13.4	7,287
	Intersegment	11,768	10,759	+9.4	111
	Total	784,231	691,818	+13.4	7,398
	Operating Income (Loss)	17,153	15,657	+9.6	162
		[As % of Sales]	[2.2%]	[2.3%]	
Electronic Devices	Net Sales				
	Japan	296,304	238,216	+24.4	2,795
	Overseas	271,855	268,429	+1.3	2,565
	Unaffiliated Customers	568,159	506,645	+12.1	5,360
	Intersegment	148,384	103,161	+43.8	1,400
	Total	716,543	609,806	+17.5	6,760
	Operating Income (Loss)	20,179	(83,339)	-	190
		[As % of Sales]	[2.8%]	[-13.7%]	
Financing	Net Sales				
	Japan	113,070	-	-	1,067
	Overseas	-	-	-	-
	Unaffiliated Customers	113,070	-	-	1,067
	Intersegment	6,440	-	-	61
	Total	119,510	-	-	1,127
	Operating Income (Loss)	3,027	-	-	29
		[As % of Sales]	[2.5%]	-	
Other Operations	Net Sales				
	Japan	158,164	157,569	+0.4	1,493
	Overseas	62,479	61,735	+1.2	589
	Unaffiliated Customers	220,643	219,304	+0.6	2,082
	Intersegment	125,661	100,949	+24.5	1,185
	Total	346,304	320,253	+8.1	3,267
	Operating Income (Loss)	3,488	7,057	-50.6	33
		[As % of Sales]	[1.0%]	[2.2%]	
Elimination	Net Sales	(648,821)	(573,775)		(6,121)
	Operating Income	(67,678)	(67,496)		(639)
Total	Net Sales				
	Japan	Y 3,352,837	Y 3,127,501	+7.2	\$31,630
	Overseas	1,902,265	2,115,485	-10.1	17,946
	Unaffiliated Customers	5,255,102	5,242,986	+0.2	49,576
	Intersegment	-	-	-	-
	Total	Y 5,255,102	Y 5,242,986	+0.2	\$49,576
	Operating Income (Loss)	Y 149,974	Y 132,287	+13.4	\$1,415
		[As % of Sales]	[2.9%]	[2.5%]	

Consolidated Geographic Segment Information

		Yen (millions)		Change (%)	U.S.dollars (millions)
		FY1999	FY1998		FY1999
Japan	Net Sales				
	Unaffiliated Customers	Y 3,631,006	Y 3,414,620	+6.3	\$34,255
	Intersegment	593,927	571,769	+3.9	5,603
	Total	<u>Y 4,224,933</u>	<u>Y 3,986,389</u>	<u>+6.0</u>	<u>\$39,858</u>
	Operating Income	<u>Y 227,753</u>	<u>Y 209,159</u>	<u>+8.9</u>	<u>\$2,149</u>
	[As % of Sales]	[5.4%]	[5.2%]		
Europe	Net Sales				
	Unaffiliated Customers	787,567	1,005,646	-21.7	7,430
	Intersegment	30,400	53,409	-43.1	287
	Total	<u>817,967</u>	<u>1,059,055</u>	<u>-22.8</u>	<u>7,717</u>
	Operating Income (Loss)	<u>(10,483)</u>	<u>411</u>	<u>-</u>	<u>(99)</u>
	[As % of Sales]	[-1.3%]	[-]		
The Americas	Net Sales				
	Unaffiliated Customers	585,459	573,191	+2.1	5,523
	Intersegment	77,654	95,938	-19.1	733
	Total	<u>663,113</u>	<u>669,129</u>	<u>-0.9</u>	<u>6,256</u>
	Operating (Loss)	<u>(13,264)</u>	<u>(19,019)</u>	<u>-</u>	<u>(125)</u>
	[As % of Sales]	[-2.0%]	[-2.8%]		
Others	Net Sales				
	Unaffiliated customers	251,070	249,529	+0.6	2,368
	Intersegment	298,206	323,426	-7.8	2,813
	Total	<u>549,276</u>	<u>572,955</u>	<u>-4.1</u>	<u>5,181</u>
	Operating Income	<u>19,320</u>	<u>13,627</u>	<u>+41.8</u>	<u>182</u>
	[As % of Sales]	[3.5%]	[2.4%]		
Elimination	Net Sales	<u>(1,000,187)</u>	<u>(1,044,542)</u>		<u>(9,436)</u>
	Operating Income	<u>(73,352)</u>	<u>(71,891)</u>		<u>(692)</u>
Total	Net Sales				
	Unaffiliated Customers	Y 5,255,102	Y 5,242,986	+0.2	\$49,576
	Intersegment	-	-	-	-
	Total	<u>Y 5,255,102</u>	<u>Y 5,242,986</u>	<u>+0.2</u>	<u>\$49,576</u>
	Operating Income	<u>Y 149,974</u>	<u>Y 132,287</u>	<u>+13.4</u>	<u>\$1,415</u>
	[As % of Sales]	[2.9%]	[2.5%]		

Net Sales by Customer's Geographic Location

	Yen (millions)		Change (%)	U.S.dollars (millions)
	FY1999	FY1998		FY1999
Europe	Y 819,082	Y 1,019,482	-19.7	\$7,727
The Americas	688,179	708,124	-2.8	6,492
Others	395,004	387,879	1.8	3,726
Total	<u>Y 1,902,265</u>	<u>Y 2,115,485</u>	<u>-10.1</u>	<u>\$17,946</u>

As % of Consolidated Net Sales

Europe	15.6	19.4
The Americas	13.1	13.5
Others	7.5	7.4
Total	<u>36.2</u>	<u>40.3</u>

Unconsolidated Net Sales by Product Area

	Yen (millions)		Change (%)	U.S.dollars (millions)
	FY1999	FY1998		FY1999
Services & Software				
Japan	Y 924,881	Y 914,560	+1.1	\$8,725
Overseas	9,435	12,693	-25.7	89
Total	934,316	927,253	+0.8	8,814
Information Processing				
Japan	1,123,379	1,116,752	+0.6	10,598
Overseas	333,685	381,575	-12.6	3,148
Total	1,457,064	1,498,327	-2.8	13,746
Telecommunications				
Japan	362,100	362,926	-0.2	3,416
Overseas	210,249	155,114	+35.5	1,983
Total	572,349	518,040	+10.5	5,399
Electronic Devices				
Japan	198,939	158,585	+25.4	1,877
Overseas	88,607	88,941	-0.4	836
Total	287,546	247,526	+16.2	2,713
[Semiconductors]	[269,843]	[225,050]	[+19.9]	[2,545]
Total Sales				
Japan	2,609,299	2,552,823	+2.2	24,616
Overseas	641,976	638,323	+0.6	6,056
Total	<u>Y 3,251,275</u>	<u>Y 3,191,146</u>	<u>+1.9</u>	<u>\$30,672</u>

Unconsolidated Statements of Income and Retained Earnings

	Yen (millions)			U.S.dollars (millions)
	FY1999	FY1998	Change (%)	FY 1999
Net sales	Y 3,251,275	Y 3,191,146	+1.9	\$30,672
Operating costs and expenses:				
Cost of goods sold	2,497,069	2,442,130	+2.2	23,557
Selling, general and administrative expenses	700,397	709,152	-1.2	6,607
	<u>3,197,466</u>	<u>3,151,283</u>		<u>30,164</u>
Operating income	53,808	39,863	+35.0	507
Other income (expenses):				
Interest and dividend income	22,857	25,101		215
Interest charges	(24,988)	(30,223)		(235)
Other, net	(40,421)	(56,045)		(381)
	<u>(42,552)</u>	<u>(61,167)</u>	-	<u>(401)</u>
Income (Loss) before income taxes	11,256	(21,304)	-	106
Income taxes				
Current	6,000	200	-	56
Deferred	(8,400)	-	-	(79)
	<u>(2,400)</u>	<u>200</u>	-	<u>(22)</u>
Net income (Loss)	<u>Y 13,656</u>	<u>Y (21,504)</u>	-	<u>\$128</u>
Unappropriated retained earnings at the beginning of this year	12,124	26,011		114
Prior year's adjustment for deferred tax	(1,800)	-		(16)
Transfer from reserves in conjunction with adoption of deferred tax accounting	41,100	-		387
Interim dividends	9,691	9,374		91
Legal reserve for interim dividends	969	937		9
Unappropriated retained earnings at the end of this year	<u>Y 54,419</u>	<u>Y (5,805)</u>	-	<u>\$513</u>

Unconsolidated Appropriation of Retained Earnings

	Yen (millions)		U.S.dollars (millions)
	2000/3/31	1999/3/31	2000/3/31
Unappropriated retained earnings	Y 54,419	Y (5,805)	\$513
Reversal of reserve for:			
Losses on overseas investment	100	300	1
Software development	8,900	17,000	83
Special depreciation	2,300	5,200	21
Advanced depreciation	1,000	1,100	9
General reserve	-	20,000	-
Total	Y 66,719	Y 37,794	\$629
To be appropriated as follows:			
Legal reserve	Y 990	Y 950	\$9
Dividends (Y5 per share)	9,814	9,420	92
Bonuses to directors and statutory auditors	60	-	1
Reserve for:			
Losses on overseas investment	-	-	-
Software development	4,400	11,300	41
Special depreciation	2,600	800	24
Advanced depreciation	1,000	3,200	9
General reserve	20,000	-	188
Earnings to be carried forward	Y 27,855	Y 12,124	\$262

Unconsolidated Balance Sheets

	Yen (millions)		U.S.dollars (millions)
	2000/3/31	1999/3/31	2000/3/31
Assets			
Current assets:			
Cash and time deposits	Y 95,785	Y 239,483	\$903
Marketable and other securities	3,175	19,729	29
Receivables, trade	823,174	849,696	7,765
Inventories	394,435	444,178	3,721
Other current assets	150,805	164,259	1,422
Total current assets	1,467,376	1,717,346	13,843
Investments and long-term loans	1,215,822	1,124,574	11,470
Property, plant and equipment less accumulated depreciation	587,452	606,861	5,542
Intangible assets	108,482	99,873	1,023
Other assets	1,294	2,711	12
	Y 3,380,427	Y 3,551,366	\$31,890
Liability and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	Y 219,016	Y 418,803	\$2,066
Payables, trade	714,582	695,900	6,741
Other current liabilities	213,555	208,073	2,014
Total current liabilities	1,147,153	1,322,778	10,822
Long-term liabilities			
Long-term debt	882,395	970,119	8,324
Other long-term liabilities	190,807	187,674	1,800
	1,073,203	1,157,793	10,124
Shareholders' equity			
Common stock	306,246	261,222	2,889
Capital surplus and legal reserve	403,258	349,831	3,804
Retained earnings	450,566	459,741	4,250
Total shareholders' equity	1,160,071	1,070,795	10,944
	Y 3,380,427	Y 3,551,366	\$31,890

Supplementary Information

	Yen (billions)	
	2000/3/31	1999/3/31
Capital expenditure [Semiconductors]	115.7 [32.4]	100.5 [23.4]
Depreciation	116.0	129.8

Y2K Compliance Status

Together with its group companies, Fujitsu actively addressed Year 2000 (Y2K) problems in fiscal 1999 as an important management concern. In addition to providing Y2K information and assisting customers with troubleshooting, we worked to thoroughly confirm the Y2K readiness of our products so as to prevent any problems. In spite of this, problems arose in connection with some products. However, in cooperation with our customers, we were able to minimize the adverse impact of these problems. Our in-house systems and manufacturing systems experienced no problems affecting manufacturing, logistics, sales or marketing activities.

Management Direction

The epoch-making emergence of a global networked society with the Internet at its core is creating fundamental changes in systems and patterns of social organization throughout the world. Amidst this dynamic environment, the Fujitsu Group is determined to meet the needs and expectations of our customers -- who recognize the true potential of IT as a powerful wellspring of future growth - by providing comprehensive customer-focused solutions. To think like our customers, to work side-by-side with our customers, and to run our business on behalf of our customers -- this is what we mean when we say that customer focus is at the center of Fujitsu's management philosophy.

Business Priorities and Strategy

As the Internet has become an indispensable element of the social infrastructure, we have made clear our commitment to this area by adopting "Everything on the Internet" as the cornerstone of our business strategy. And as evidence of our intention to position Fujitsu as one of the foremost leaders of the Internet Age, we have set for ourselves the goal of capturing leadership positions in three key areas.

First in Internet solutions - We are strongly committed to providing our customers with optimal solutions based on platforms supported by the most advanced technology.

Japan's number one Internet service provider - We are doing our utmost to ensure that @nifty, our ISP, offers its millions of members the kind of attractive services they want and that will lead to the continued growth of the @nifty cyber-community. Likewise, we are committed to providing our corporate and other customers with an Internet venue from which they can provide services to their customers.

The leading Internet user - We are working to make Fujitsu a fast-moving and flexible company that itself utilizes the Internet to the fullest possible extent to create new kinds of business and management styles.

We expect that the business environment in which the Fujitsu Group operates will become even more fast-changing in the future. By concentrating our management resources on areas that will be at the core of the Internet, we will strive to maximize growth and profitability, while at the same time promoting management efficiency and strengthening our financial condition. Moreover, to further promote the global business development of the Fujitsu Group, we are working to build the Fujitsu name into a globally recognized corporate brand.

Finally, Fujitsu considers global environmental problems as an important management concern. Through such activities as making environmentally friendly products, implementing an environmental accounting system and encouraging activities such as our employee volunteer-led reforestation effort in Southeast Asia, we are continually endeavoring to minimize the burden placed on the environment.

In the ways described above, Fujitsu is continuously seeking to reinvent itself so as to be a leader in the 21st century, a global company respected by customers and society alike.

Reorganization

In June 1999, in order to speed decision making and strengthen management strategy formation, we carried out a major reorganization in which operational authority was shifted to Business Units reporting directly to the president. At the same time, we set up a Management Strategy Council, which has responsibility for planning group management strategies. On April 1st of this year, in order to be more responsive to the fast-changing business environment and further clarify operational responsibilities, Fujitsu carried out an additional reorganization that included changing the areas of responsibility of members of the Board of Directors.