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FOR IMMEDIATE RELEASE
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Fujitsu Reports FY2002 Third-Quarter Financial Results

1. Summary of Consolidated Statements of Operations

a. Three months ended December 31

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	2002	2001	Change(%)	2002
Net Sales	Y 1,017,614	Y 1,058,727	-3.9	\$8,480
Operating Loss	(13,142)	(45,822)	-	(110)
Loss Before Income Taxes	(34,985)	(163,707)	-	(292)
Net Loss	(24,913)	(106,183)	-	(208)
Net Loss per common share, basic	Y (12.45)	Y (53.56)	-	\$ (0.104)

b. Nine months ended December 31

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	2002	2001	Change(%)	2002
Net Sales	Y 3,168,000	Y 3,446,470	-8.1	\$26,400
Operating Loss	(36,420)	(104,964)	-	(304)
Loss Before Income Taxes	(255,086)	(474,196)	-	(2,126)
Net Loss	(172,351)	(280,903)	-	(1,436)
Net Loss per common share, basic	Y (86.12)	Y (141.86)	-	\$ (0.718)

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

Consolidated Earnings Forecast

	Yen (billions)			Change(%)
	FY2002 (Forecast)		FY2001 (Actual)	FY01 to Revised FY02
	Previous*	Revised**		
Net Sales	Y 4,800.0	Y 4,700.0	Y 5,006.9	-6.1
Operating Income	100.0	100.0	(74.4)	-
Net Loss	(110.0)	(110.0)	(382.5)	-

Note:*Previous forecast as of October 29, 2002 **Revised forecast as of January 28, 2003

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

Consolidated Business Segment Information (Three months ended December 31)

a. Sales to Unaffiliated Customers

		Yen (millions)		Change (%)	U.S. Dollars (millions)
		2002	2001		2002
Services & Software	Japan	Y 283,776	Y 276,201	+2.7	\$2,365
	Overseas	136,033	134,390	+1.2	1,134
	Total	Y 419,809	Y 410,591	+2.2	\$3,498
Platforms	Japan	246,593	305,486	-19.3	2,055
	Overseas	106,256	143,849	-26.1	885
	Total	352,849	449,335	-21.5	2,940
Electronic Devices	Japan	78,104	58,662	+33.1	651
	Overseas	78,410	61,040	+28.5	653
	Total	156,514	119,702	+30.8	1,304
Financing	Japan	28,590	19,877	+43.8	238
	Overseas	-	-	-	-
	Total	28,590	19,877	+43.8	238
Other Operations	Japan	49,384	46,415	+6.4	412
	Overseas	10,468	12,807	-18.3	87
	Total	59,852	59,222	+1.1	499
Total	Japan	Y 686,447	Y 706,641	-2.9	\$5,720
	Overseas	331,167	352,086	-5.9	2,760
	Total	Y 1,017,614	Y 1,058,727	-3.9	\$8,480

b. Sales to Unaffiliated Customers by Products and Services

		Yen (billions)		Change (%)	U.S. Dollars (millions)
		2002	2001		2002
Services & Software	Solutions/SI	Y 170.2	Y 154.4	+10.2	\$1,419
	Infrastructure Services	249.6	256.1	-2.5	2080
	Total	Y 419.8	Y 410.5	+2.2	\$3,499
Platforms	Servers	Y 67.6	Y 117.8	-42.6	\$563
	Mobile Infrastructure/ IP Network	42.4	46.4	-8.6	353
	Transmission Equipment	43.4	80.5	-46.1	362
	PCs & Mobile Telephones	159.3	152.3	+4.6	1,328
	HDDs	40.1	52.3	-23.3	334
	Total	Y 352.8	Y 449.3	-21.5	\$2,940
Electronic Devices	Semiconductors	Y 87.0	Y 67.0	+29.9	\$725
	Others	69.5	52.7	+31.9	579
	Total	Y 156.5	Y 119.7	+30.8	\$1,304

Consolidated Business Segment Information (Three months ended December 31)

c. Net Sales including Intersegment Sales

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	2002	2001		2002
Services & Software	Y 435,123	Y 417,479	+4.2	\$3,626
Platforms	404,048	493,112	-18.1	3,367
Electronic Devices	173,591	138,549	+25.3	1,447
Financing	30,264	21,733	+39.3	252
Other Operations	92,174	90,631	+1.7	768
Elimination	(117,586)	(102,777)	-	(980)
Total	Y 1,017,614	Y 1,058,727	-3.9	\$8,480

d. Operating Income (Loss) including Intersegment Transactions

	Yen (millions)		Change (Million Yen)	U.S. Dollars (millions)
	2002	2001		2002
Services & Software	Y 16,609	Y 19,212	-2,603	\$138
[Operating Margin]	[3.8%]	[4.6%]	[-0.8%]	
Platforms	(13,715)	(11,905)	-1,810	(114)
	[(3.4%)]	[(2.4%)]	[-1.0%]	
Electronic Devices	(5,517)	(37,609)	+32,092	(46)
	[(3.2%)]	[(27.1%)]	[+23.9%]	
Financing	972	854	+118	8
	[3.2%]	[3.9%]	[-0.7%]	
Other Operations	2,101	(1,473)	+3,574	17
	[2.3%]	[(1.6%)]	[+3.9%]	
Elimination	(13,592)	(14,901)	+1,309	(113)
Total	Y (13,142)	Y (45,822)	+32,680	\$(110)
	[(1.3%)]	[(4.3%)]	[+3.0%]	

Note: 2001 figures have been restated to reflect the new business segment classification introduced in 2002.

Consolidated Statements of Operations (Unaudited)

Three months ended December 31

	Yen (millions)		Change(%)	U.S. Dollars (millions)
	2002	2001		2002
Net sales	Y 1,017,614	Y 1,058,727	-3.9	\$8,480
Operating costs and expenses:				
Cost of goods sold	736,892	788,899	-6.6	6,141
Selling, general and administrative expenses	293,864	315,650	-6.9	2,449
	1,030,756	1,104,549		8,590
Operating loss	(13,142)	(45,822)	-	(110)
Other income (expenses):				
Net interest	(4,886)	(6,721)		(41)
Equity in earnings of affiliated companies, net	1,314	(2,417)		11
Amortization of unrecognized obligation for retirement benefits	(10,850)	(9,015)		(90)
Restructuring charges	-	(100,549)		-
Loss on devaluation of marketable securities	(7,094)	-		(59)
Gain on sales of marketable securities	1,382	-		11
Other, net	(1,709)	817		(14)
	(21,843)	(117,885)	-	(182)
Loss before income taxes	(34,985)	(163,707)	-	(292)
Income taxes	(8,299)	(51,792)	-	(69)
Minority interests	1,773	5,732	-	15
Net loss	Y (24,913)	Y (106,183)	-	\$ (208)

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.

Consolidated Balance Sheets (Unaudited)

	Yen (millions)			U.S. Dollars (millions)
	December 31 2002	September 30 2002	March 31 2002	December 31 2002
Assets				
Current assets:				
Cash and cash equivalents and short-term investments	Y 242,224	Y 319,134	Y 303,786	\$2,018
Receivables, trade	689,147	726,963	921,107	5,743
Inventories	698,470	645,963	635,972	5,821
Other current assets	383,559	382,878	362,202	3,196
Total current assets	2,013,400	2,074,938	2,223,067	16,778
Investments and long-term loans	915,655	883,515	897,434	7,631
Property, plant and equipment less accumulated depreciation	1,033,814	1,082,457	1,197,466	8,615
Intangible assets	261,997	268,684	277,837	2,183
Total assets	Y 4,224,866	Y 4,309,594	Y 4,595,804	\$35,207
Liabilities, minority interests and shareholders' equity				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	Y 614,512	Y 560,495	Y 625,354	\$5,121
Payables, trade	650,098	605,762	793,782	5,418
Other current liabilities	514,472	604,711	702,088	4,287
Total current liabilities	1,779,082	1,770,968	2,121,224	14,826
Long-term liabilities:				
Long-term debt	1,303,680	1,378,470	1,135,272	10,864
Other long-term liabilities	280,586	265,406	270,026	2,338
Total long-term liabilities	1,584,266	1,643,876	1,405,298	13,202
Minority interests	208,030	210,774	215,526	1,733
Shareholders' equity:				
Common stock	324,624	324,624	324,624	2,705
Capital surplus	519,720	519,720	519,720	4,331
Retained earnings	(107,082)	(80,919)	76,176	(892)
Unrealized gains on securities and revaluation surplus on land	6,315	10,418	14,728	53
Foreign currency translation adjustments	(89,107)	(89,302)	(81,323)	(743)
Treasury stock	(982)	(565)	(169)	(8)
Total shareholders' equity	653,488	683,976	853,756	5,446
Total liabilities, minority interests and shareholders' equity	Y 4,224,866	Y 4,309,594	Y 4,595,804	\$35,207
Ending balance of interest bearing loans	Y 1,918,192	Y 1,938,965	Y 1,760,626	\$15,985

Supplementary Information

	Yen (billions)		
	FY2002* (Forecast)	FY2001	Change (%)
Capital expenditure	Y 190.0	Y 306.9	-38.1
[Semiconductors]	[45.0]	[122.3]	[-63.2]
Depreciation	280.0	351.8	-20.4

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

Consolidated Statements of Cash Flows (Unaudited)
Three months ended December 31

	Yen (millions)		Change (Yen)	U.S. Dollars (millions)
	2002	2001		2002
1. Cash flows from operating activities:				
Loss before income taxes				
and minority interests	Y (34,985)	Y (163,707)	+128,722	\$ (292)
Depreciation and amortization	83,267	110,279	-27,012	694
Reversal of provisions	(2,241)	(3,893)	+1,652	(19)
Equity in earnings of affiliates, net	(1,314)	2,417	-3,731	(11)
Disposal of property, plant				
and equipment	5,979	26,776	-20,797	50
Decrease in receivables, trade	37,757	200,458	-162,701	314
Increase in inventories	(52,947)	(1,262)	-51,685	(441)
Increase in payable, trade	44,734	(116,392)	+161,126	373
Other, net	(129,571)	(33,617)	-95,954	(1,080)
Net cash provided by operating activities	(49,321)	21,059	-70,380	(411)
2. Cash flows from investing activities:				
Purchase of property, plant and				
equipment	(31,159)	(84,098)	+52,939	(260)
Increase in investments and				
long-term loans	(972)	(16,506)	+15,534	(8)
Other, net	26,895	10,198	+16,697	224
Net cash used in investing activities	(5,236)	(90,406)	+85,170	(44)
1+2 [Free Cash Flow]	(54,557)	(69,347)	+14,790	(455)
3. Cash flows from financing activities:				
Increase in bonds, notes,				
short-term borrowings and long-term debt	(16,397)	102,928	-119,325	(137)
Dividends paid	-	(4,956)	+4,956	-
Other, net	(5,462)	1,860	-7,322	(45)
Net cash provided by financing activities	(21,859)	99,832	-121,691	(182)
4. Effect of exchange rate changes				
on cash and cash equivalents	(370)	3,668	-4,038	(3)
5. Net increase (decrease) in cash				
and cash equivalents	(76,786)	34,153	-110,939	(640)
6. Cash and cash equivalents				
at beginning of period	316,370	219,016	+97,354	2,636
7. Cash and cash equivalents				
at end of period	Y 239,584	Y 253,169	-13,585	\$1,996

Consolidated Business Segment Information (Nine months ended December 31)

a. Sales to Unaffiliated Customers

		Yen (millions)		Change (%)	U.S. Dollars (millions)
		2002	2001		2002
Services & Software	Japan	Y 950,047	Y 943,184	+0.7	\$7,917
	Overseas	387,851	399,191	-2.8	3,232
	Total	Y 1,337,898	Y 1,342,375	-0.3	\$11,149
Platforms	Japan	785,611	939,087	-16.3	6,547
	Overseas	336,951	495,670	-32.0	2,808
	Total	1,122,562	1,434,757	-21.8	9,355
Electronic Devices	Japan	224,012	202,333	+10.7	1,867
	Overseas	221,539	213,451	+3.8	1,846
	Total	445,551	415,784	+7.2	3,713
Financing	Japan	83,664	70,345	+18.9	697
	Overseas	-	-	-	-
	Total	83,664	70,345	+18.9	697
Other Operations	Japan	143,280	138,519	+3.4	1,194
	Overseas	35,045	44,690	-21.6	292
	Total	178,325	183,209	-2.7	1,486
Total	Japan	Y 2,186,614	Y 2,293,468	-4.7	\$18,222
	Overseas	981,386	1,153,002	-14.9	8,178
	Total	Y 3,168,000	Y 3,446,470	-8.1	\$26,400

b. Sales to Unaffiliated Customers by Products and Services

		Yen (billions)		Change (%)	U.S. Dollars (millions)
		2002	2001		2002
Services & Software	Solutions/SI	Y 573.4	Y 558.1	+2.7	\$4,779
	Infrastructure Services	764.4	784.2	-2.5	6,370
	Total	Y 1337.8	Y 1342.3	-0.3	\$11,149
Platforms	Servers	Y 259.3	Y 362.3	-28.4	\$2,161
	Mobile Infrastructure/ IP Network	128.1	171.4	-25.3	1,068
	Transmission Equipment	143.1	270.7	-47.1	1,192
	PCs & Mobile Telephones	467.0	449.4	+3.9	3,892
	HDDs	125.0	180.9	-30.9	1,042
	Total	Y 1122.5	Y 1434.7	-21.8	\$9,355
Electronic Devices	Semiconductors	Y 252.3	Y 261.0	-3.3	\$2,103
	Others	193.2	154.7	+24.9	1,610
	Total	Y 445.5	Y 415.7	+7.2	\$3,713

Consolidated Business Segment Information (Nine months ended December 31)

c. Net Sales including Intersegment Sales

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	2002	2001		2002
Services & Software	Y 1,384,900	Y 1,379,947	+0.4	\$11,541
Platforms	1,277,513	1,585,461	-19.4	10,646
Electronic Devices	500,717	484,956	+3.2	4,173
Financing	90,945	76,606	+18.7	758
Other Operations	278,780	275,407	+1.2	2,323
Elimination	(364,855)	(355,907)	-	(3,040)
Total	Y 3,168,000	Y 3,446,470	-8.1	\$26,400

d. Operating Income (Loss) including Intersegment Transactions

	Yen (millions)		Change (Million Yen)	U.S. Dollars (millions)
	2002	2001		2002
Services & Software	Y 68,110	Y 67,539	+571	\$568
[Operating Margin]	[4.9%]	[4.9%]	[-]	
Platforms	(44,520)	(51,839)	+7,319	(371)
	[(3.5%)]	[(3.3%)]	[(0.2%)]	
Electronic Devices	(28,619)	(73,166)	+44,547	(239)
	[(5.7%)]	[(15.1%)]	[+9.4%]	
Financing	3,563	2,872	+691	30
	[3.9%]	[3.7%]	[+0.2%]	
Other Operations	6,413	(331)	+6,744	53
	[2.3%]	[(0.1%)]	[+2.4%]	
Elimination	(41,367)	(50,039)	+8,672	(345)
Total	Y (36,420)	Y (104,964)	+68,544	\$(304)
	[(1.1%)]	[(3.0%)]	[+1.9%]	

Note: 2001 figures have been restated to reflect the new business segment classification introduced in 2002.

Consolidated Statements of Operations (Unaudited)

Nine months ended December 31

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	2002	2001		2002
Net sales	Y 3,168,000	Y 3,446,470	-8.1	\$26,400
Operating costs and expenses:				
Cost of goods sold	2,308,826	2,548,902	-9.4	19,240
Selling, general and administrative expenses	895,594	1,002,532	-10.7	7,464
	<u>3,204,420</u>	<u>3,551,434</u>		<u>26,704</u>
Operating loss	(36,420)	(104,964)	-	(304)
Other income (expenses):				
Net interest	(16,213)	(25,046)		(135)
Equity in earnings of affiliated companies, net	(776)	1,559		(7)
Amortization of unrecognized obligation for retirement benefits	(32,788)	(26,827)		(273)
Restructuring charges	(150,000)	(303,494)		(1,250)
Cost of corrective measures for products*	(25,000)	-		(208)
Loss on devaluation of marketable securities	(14,731)	-		(123)
Gain on sales of marketable securities	29,362	-		245
Other, net	(8,520)	(15,424)		(71)
	<u>(218,666)</u>	<u>(369,232)</u>		<u>(1,822)</u>
Loss before income taxes	(255,086)	(474,196)	-	(2,126)
Income taxes	(78,440)	(179,789)	-	(654)
Minority interests	4,295	13,504	-	36
Net loss	<u>Y (172,351)</u>	<u>Y (280,903)</u>	-	<u>(1,436)</u>

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 Statements of Cash Flows (Unaudited)

Nine months ended December 31

	Yen (millions)			U.S. Dollars (millions)
	2002	2001	Change (Yen)	2002
1. Cash flows from operating activities:				
Loss before income taxes and minority interests	Y (255,086)	Y (474,196)	+219,110	\$ (2,126)
Depreciation and amortization	256,248	312,881	-56,633	2,135
Accrual (reversal) of provisions	(8,176)	242	-8,418	(68)
Equity in earnings of affiliates, net	776	(1,559)	+2,335	7
Disposal of property, plant and equipment	37,439	121,626	-84,187	312
Decrease in receivables, trade	215,055	456,831	-241,776	1,792
(Increase) decrease in inventories	(62,661)	34,242	-96,903	(522)
(Decrease) in payable, trade	(127,569)	(364,353)	+236,784	(1,063)
Other, net	(186,343)	(134,836)	-51,507	(1,553)
Net cash provided by operating activities	(130,317)	(49,122)	-81,195	(1,086)
2. Cash flows from investing activities:				
Purchase of property, plant and equipment	(126,664)	(280,784)	+154,120	(1,056)
(Increase) decrease in investments and long-term loans	1,362	(17,615)	+18,977	11
Other, net	109,515	(19,888)	+129,403	913
Net cash used in investing activities	(15,787)	(318,287)	+302,500	(132)
1+2 [Free Cash Flow]	(146,104)	(367,409)	+221,305	(1,218)
3. Cash flows from financing activities:				
Increase in bonds, notes, short-term borrowings and long-term debt	185,154	313,061	-127,907	1,543
Dividends paid	(5,005)	(14,842)	+9,837	(42)
Other, net	(90,426)	10,325	-100,751	(754)
Net cash provided by financing activities	89,723	308,544	-218,821	748
4. Effect of exchange rate changes on cash and cash equivalents	(3,453)	2,050	-5,503	(29)
5. Net increase (decrease) in cash and cash equivalents	(59,834)	(56,815)	-3,019	(499)
6. Cash and cash equivalents at beginning of period	299,418	309,984	-10,566	2,495
7. Cash and cash equivalents at end of period	Y 239,584	Y 253,169	-13,585	\$1,996

Fujitsu Reports FY2002 Third Quarter Financial Results

Tokyo, January 28, 2003—Fujitsu Limited, the global leader in customer-focused IT and communications solutions, today reported consolidated net sales of 1,017.6 billion yen (US\$8,480 million) for the third quarter of fiscal 2002 (October 1 - December 31, 2002), a decline of 4% over the same period in fiscal 2001. Although sales declined, benefits from the company's previous restructuring initiatives and successful efforts to further reduce costs resulted in major improvements in profitability.

Despite some isolated bright economic signs, Fujitsu continued to face a difficult business environment in the third quarter. The e-Japan initiative gathered momentum, China and other Asian markets recovered, and in North America and Europe there were indications that investment by telecommunications carriers may have hit bottom. However, the aftereffects of the bursting of the IT bubble the year before last were felt in the prolongation of the stock market downturn, and there was an increase in global deflationary pressures. Amidst this, consumer spending languished and corporate spending on IT continued to be restrained.

As a result of spending cutbacks by telecommunications carriers and a cyclical downturn in sales of large-scale systems, Fujitsu recorded a sharp decline in sales of platform products. These were offset to some extent by increasingly strong growth in sales of services and software to customers in the public sector and healthcare fields, as well as gains in sales of consumer PCs and mobility products. In electronic devices, the supply-demand balance for logic and flash memory chips improved dramatically, but pricing pressures intensified.

To cope with this difficult environment, Fujitsu continued to aggressively pursue efforts to improve its cost structure. These efforts, together with reductions in fixed costs achieved from its extensive restructuring measures to date, resulted in a major narrowing of the company's consolidated third-quarter operating loss, to 13.1 billion yen (US\$110 million), an improvement of 32.6 billion yen over the operating loss recorded in the same period in fiscal 2001. In addition, because restructuring charges were booked in the first half of the fiscal year, extraordinary losses for the third quarter were limited to a 7.0 billion yen (US\$59 million) loss on the devaluation of marketable securities. This was offset in part by 1.3 billion yen (US\$11 million) in extraordinary income from the sale of marketable securities. As a result, Fujitsu's consolidated net loss for the third quarter narrowed to 24.9 billion yen (US\$208 million), an improvement of 81.2 billion yen compared with the 106.1 billion yen net loss recorded in the third quarter of fiscal 2001.

For the first nine months of fiscal 2002, reflecting in particular the renewed downturn in the global telecommunications business in the first half of the fiscal year, consolidated net sales declined 8% compared with the first nine months of fiscal 2001, to 3,168.0 billion yen (US\$26,400 million). On the other hand, consolidated operating income improved in each of the first three quarters compared with the same periods last fiscal year, and by a cumulative 68.5 billion yen for the nine months. Fujitsu's consolidated operating loss for the nine-month period was 36.4 billion yen (US\$304 million), and the consolidated net loss for this period was 172.3 billion yen (US\$1,436 million) due to the restructuring charge posted in the first half, but still an improvement of 108.5 billion yen from the first three quarters of the previous fiscal year.

Results by Business Segment

Services & Software

In Japan, Fujitsu deepened its involvement in the e-Japan initiative and recorded steady gains in sales of solutions, systems integration and outsourcing services to central and local government authorities, as well as in the healthcare sector. The company also strengthened efforts to gain from IT investment in services & software in the manufacturing sector, primarily by targeting major manufacturers with global operations. In addition, Fujitsu received large outsourcing orders from government agencies in the UK. However, sales of services & software in the telecommunications and financial sectors were sluggish, both in Japan and overseas. As a result, consolidated third-quarter sales of services & software were 419.8 billion yen (US\$3,499 million), an increase of 2% from the third quarter of fiscal 2001. For the first nine months of fiscal 2002, in light of the restraints in overseas IT investment through the first half of the year, cumulative sales of services & software remained at about the same level as in the same nine-month period in fiscal 2001.

Consolidated services & software operating income for the first nine months of fiscal 2002 was roughly the same level as in the comparable period the previous year. However, due to a higher concentration of major contracts at the end of the fiscal year, third-quarter operating income declined slightly, to 16.6 billion yen (US\$138 million). To further reduce costs and improve profitability, the company is continuing to improve software development efficiency through advancing EJB componentization technology, as well as expand information sharing and reuse of accumulated know-how through improvements in knowledge management.

Platforms

In personal computers, while the Japanese market saw a decline in the number of units shipped in the third quarter, Fujitsu's PC sales to public-sector authorities increased, and consumer sales of new desktop models with built-in LCD screens also rose, helping to achieve unit and market share gains in

those segments. Fujitsu also recorded growth in domestic sales of IMT-2000 (3G) mobile communications systems, as well as in mobile telephones, thanks to the introduction of popular new models. However, investment by global telecommunications carriers remained depressed, and sales of transmission systems in North America in particular fell sharply. Likewise, due to the completion last year of large system orders to financial institutions and other corporate customers, server-related sales, in particular large-scale enterprise systems, declined significantly. As a result, consolidated third-quarter sales in the Platforms sector were 352.8 billion yen (US\$2,940 million), down 21% from the same period in the previous fiscal year, and sales for the first nine months of the year declined by a similar margin.

In spite of the large decline in sales, thanks to reductions in fixed costs from restructuring and other cost-saving measures, the company was able to hold its consolidated operating loss in this sector to 13.7 billion yen (US\$114 million), a slight deterioration over the operating loss recorded in the third quarter of fiscal 2001. On the other hand, the operating loss for the first nine months of fiscal 2002 narrowed compared with the first three quarters of the previous fiscal year.

With respect to the extraordinary charge posted at mid-year to cover costs of corrective measures for certain small form-factor hard disk drives due to some procured parts that were found to be defective, the company is continuing corrective measures, while making strong efforts to prevent any reoccurrence of such problems.

Electronic Devices

Buoyed by an upturn at the start of the US Christmas selling season, as well as a trend toward recovery in Asian markets, sales of logic chips, primarily for digital electronic appliances, increased significantly over the third quarter of the previous fiscal year. In flash memory, continuing progress in inventory adjustments led to a major recovery in terms of units shipped, as well as a large increase in sales. In addition, strong demand emerged for plasma display panels (PDPs) and other high-quality displays, and those sales increased significantly. As a result, overall third-quarter sales of electronic devices jumped 31%, to 156.5 billion yen (US\$1,304 million), and cumulative sales for the first nine months of the fiscal year were also ahead of the comparable period in fiscal 2001.

Although flash memory and other products faced intensified pricing pressures, the shift of its PDP operations into the black along with major reductions in fixed costs from aggressive restructuring helped greatly reduce Fujitsu's operating loss in this segment to 5.5 billion yen (US\$46 million), an improvement of 32.0 billion yen.

Summary of Cash Flows

Regarding cash flows, free cash flow in the third quarter improved by 14.7 billion yen to negative 54.5 billion yen (\$455 million). Despite the large improvement in income, lower depreciation and large cash outflows from restructuring charges booked at mid-year pushed cash flows from operating activities to negative 49.3 billion yen (US\$411 million) for the third quarter. On the other hand, cash flows from investing activities for the period were held to negative 5.2 billion yen (US\$44 million), an improvement of 85.1 billion yen from the same period last fiscal year, as a result of tightly focusing new plant and equipment investment on growth sectors and from the sale of fixed assets. Adding negative 21.8 billion yen (US\$182 million) in cash flows from repayment of loans and bonds, cash and cash equivalents in the third quarter declined to negative 76.7 billion yen (US\$640 million).

For the first nine months of fiscal 2002, free cash flow was negative 146.1 billion yen (US\$1,218 million), a major improvement of 221.3 billion yen over the comparable period in the previous fiscal year. This was made possible by a 302.5 billion yen improvement in cash flow from investment activities, stemming from increased efficiency in capital expenditure and from asset sales.

Revised Projections for Fiscal 2002

Since the last earnings projections in October, the e-Japan initiative has gained further momentum, Asian economies have picked up, and signs have emerged that investment by North American and European telecommunications carriers may have bottomed out. But these glimmers of light are being overshadowed in the immediate term by increasingly uncertain consumer spending and corporate investment attitudes due to rising tensions between the US and Iraq. In Japan, as well, delays in adequately responding to the problem of non-performing loans has prolonged the severe downturn in the stock market, and there is growing uncertainty regarding domestic telecommunications carriers' investment plans, as well as instability regarding overall corporate earnings.

Continuing its cost reduction and restructuring initiatives from the mid-term, Fujitsu was able to improve operating income in the third quarter more than previously planned, despite a continuing decline in sales. This trend is expected to continue into the fourth quarter, and sales to domestic telecommunications carriers and financial institutions are now expected to be lower than previously forecast. Overseas, because of a delay in the recovery of US markets, sales of electronic devices are also now expected to fall short of previous projections. Nevertheless, the company anticipates that cost reductions and efficiency improvements in all its business segments will enable it to absorb these sales declines, without further eroding profitability. Taking these factors into consideration, Fujitsu has revised the earnings projections it made in October as follows:

Fujitsu Limited Consolidated Earnings Forecast for Fiscal 2002

(Billion Yen)

	FY2002 Projections			FY2001 (actual)
	Previous Forecast (As of Oct. 29, 2002)	Revised Forecast (As of Jan. 28, 2003)	Difference	
Net Sales	4,800	4,700	- 100	5,006.9
Operating Income (Loss)	100	100	0	(74.4)
Net Income (Loss)	(110)	(110)	0	(382.5)

Notes:

- All yen figures have been converted to US dollars for convenience only at a uniform rate of \$1=120 yen.
- FY 2002 from April 1, 2002 - March 31, 2003; FY 2001 from April 1, 2001 - March 31, 2002
- 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.

About Fujitsu

Fujitsu is a leading provider of customer-focused IT and communications solutions for the global marketplace. Pace-setting technologies, high-reliability/performance computing and telecommunications platforms, and a worldwide corps of systems and services experts make Fujitsu uniquely positioned to unleash the infinite possibilities of the broadband Internet to help its customers succeed. Headquartered in Tokyo, Fujitsu Limited (TSE:6702) reported consolidated revenues of 5 trillion yen (about US\$38 billion) for the fiscal year ended March 31, 2002. For more information, please see: <http://www.fujitsu.com/>

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SUPPLEMENTARY FIGURES

I. Forecast for FY2002

1. Consolidated Business Segment Information

(1) Sales to Unaffiliated Customers

		Yen (billions)		Change (Yen)	Yen (billions)	Change(%) FY01 to Revised FY02
		FY2002 (Forecast)			FY2001	
		Previous*	Revised**		(Actual)	
Services & Software	Japan	Y 1,600.0	Y 1,570.0	-30.0	Y 1,534.5	+2.3
	Overseas	530.0	530.0	-	551.3	-3.9
	Total	Y 2,130.0	Y 2,100.0	-30.0	Y 2,085.8	+0.7
Platforms	Japan	1,190.0	1,170.0	-20.0	1,361.0	-14.0
	Overseas	480.0	470.0	-10.0	654.1	-28.2
	Total	1,670.0	1,640.0	-30.0	2,015.2	-18.6
Electronic Devices	Japan	310.0	300.0	-10.0	263.2	+13.9
	Overseas	340.0	310.0	-30.0	283.2	+9.4
	Total	650.0	610.0	-40.0	546.5	+11.6
Financing	Japan	110.0	110.0	-	114.4	-3.9
	Overseas	-	-	-	-	-
	Total	110.0	110.0	-	114.4	-3.9
Other Operations	Japan	190.0	190.0	-	187.5	+1.3
	Overseas	50.0	50.0	-	57.2	-12.7
	Total	240.0	240.0	-	244.8	-2.0
Total	Japan	Y 3,400.0	Y 3,340.0	-60.0	Y 3,460.9	-3.5
	Overseas	1,400.0	1,360.0	-40.0	1,546.0	-12.0
	Total	Y 4,800.0	Y 4,700.0	-100.0	Y 5,006.9	-6.1

(2) Sales to Unaffiliated Customers by Products and Services

		Yen (billions)		Change (Yen)	Yen (billions)	Change(%)
		FY2002 (Forecast)			FY2001 (Actual)	FY01 to Revised FY02
		Previous*	Revised**			
Services & Software	Solutions/SI	Y 1,010.0	Y 990.0	-20.0	Y 938.9	+5.4
	Infrastructure Services	1,120.0	1,110.0	-10.0	1,146.9	-3.2
	Total	Y 2,130.0	Y 2,100.0	-30.0	Y 2,085.8	+0.7
Platforms	Servers	Y 410.0	Y 400.0	-10.0	Y 521.1	-23.2
	Mobile Infrastructure/ IP Network	200.0	195.0	-5.0	242.0	-19.4
	Transmission Equipment	250.0	235.0	-15.0	387.8	-39.4
	PCs & Mobile Telephones	640.0	640.0	-	626.8	+2.1
	HDDs	170.0	170.0	-	237.4	-28.4
	Total	Y 1,670.0	Y 1,640.0	-30.0	Y 2,015.2	-18.6
Electronic Devices	Semiconductors	Y 380.0	Y 350.0	-30.0	Y 332.0	+5.4
	Others	270.0	260.0	-10.0	214.5	+21.2
	Total	Y 650.0	Y 610.0	-40.0	Y 546.5	+11.6

Note: *Previous forecast as of October 29, 2002 **Revised forecast as of January 28, 2003

2001 figures have been restated to reflect the new business segment classification introduced in 2002.

(3) Net Sales including Intersegment Sales

	Yen (billions)		Change (Yen)	Yen (billions)	Change (Yen)
	FY2002 (Forecast) Previous*	Revised**		FY2001 (Actual)	FY01 to Revised FY02
Services & Software	Y 2,190.0	Y 2,160.0	-30.0	Y 2,138.6	+21.3
Platforms	1,870.0	1,840.0	-30.0	2,255.6	-415.6
Electronic Devices	720.0	680.0	-40.0	637.5	+42.4
Financing	120.0	120.0	-	123.9	-3.9
Other Operations	380.0	380.0	-	371.5	+8.4
Elimination	(480.0)	(480.0)	-	(520.3)	+40.3
Total	<u>Y 4,800.0</u>	<u>Y 4,700.0</u>	<u>-100.0</u>	<u>Y 5,006.9</u>	<u>-306.9</u>

(4) Operating Income (Loss) including Intersegment Transactions

	Yen (billions)		Change (Yen)	Yen (billions)	Change (Yen)
	FY2002 (Forecast) Previous*	Revised**		FY2001 (Actual)	FY01 to Revised FY02
Services & Software	Y 180.0	Y 180.0	-	Y 157.8	+22.1
[Operating Margin]	[8.2%]	[8.3%]	[+0.1%]	[7.4%]	[+0.9%]
Platforms	(15.0)	(10.0)	+5.0	(57.5)	+47.5
	[(0.8%)]	[(0.5%)]	[+0.3%]	[(2.6%)]	[+2.1%]
Electronic Devices	(15.0)	(25.0)	-10.0	(109.3)	+84.3
	[(2.1%)]	[(3.7%)]	[-1.6%]	[(17.1%)]	[+13.4%]
Financing	5.0	5.0	-	4.2	+0.7
	[4.2%]	[4.2%]	[-%]	[3.4%]	[+0.8%]
Other Operations	5.0	10.0	+5.0	0.2	+9.7
	[1.3%]	[2.6%]	[+1.3%]	[0.1%]	[+2.5%]
Elimination	(60.0)	(60.0)	-	(69.8)	+9.8
Total	<u>Y 100.0</u>	<u>Y 100.0</u>	<u>-</u>	<u>Y (74.4)</u>	<u>+174.4</u>
	[2.1%]	[2.1%]	[-%]	[(1.5%)]	[+3.6%]

Note: *Previous forecast : as of October 29, 2002 **Revised forecast : as of January 28, 2003

2. PC Shipments

(1) By Customer's Geographic Location

	(Million Units)		(Million Units)
	FY2002 (Forecast)	Change	FY2001
	Previous*	Revised**	(Actual)
Japan	2.55	2.52	2.58
Europe	2.99	3.02	3.04
North America	0.12	0.12	0.12
Asia	0.12	0.12	0.09
Total	5.78	5.78	5.83

(2) By Product Category

	(%)		(%)
	FY2002 (Forecast)		FY2001
	Previous*	Revised**	(Actual)
Desktop	47	47	49
Notebook	53	53	51

3. Mobile Phone Shipments

	(Million Units)		(Million Units)
	FY2002 (Forecast)	Change	FY2001
	Previous*	Revised**	(Actual)
	3.30	3.30	2.26

4. HDD Production

	(Million Units)		(Million Units)
	FY2002 (Forecast)	Change	FY2001
	Previous*	Revised**	(Actual)
	9.00	9.00	14.05

5. Electronic Devices

(1) Production of Semiconductors (Worldwide by value)

	Yen (billions)		Yen (billions)	Change (%)
	FY2002 (Forecast)	Change	FY2001	FY01 to
	Previous*	Revised**	(Actual)	Revised FY02
	430.0	400.0	398.0	+0.5
[Internal Use]	[50.0]	[50.0]	[66.0]	[-24.2]

(2) Composition by Product Category (Semiconductors)

	(%)		(%)
	FY2002 (Forecast)		FY2001
	Previous*	Revised**	(Actual)
Logic	58	56	54
System Memory	36	38	35
Compound Semiconductor and others	6	6	11

Note: *Previous forecast as of October 29, 2002 **Revised forecast as of January 28, 2003

6. Capital Expenditures, Depreciation

	Yen (billions)			Yen (billions)	Change (%)
	FY2002 (Forecast)		Change	FY2001	FY01 to
	Previous*	Revised**	(Yen)	(Actual)	Revised FY02
Capital Expenditures					
Services & Software	65.0	55.0	-10.0	46.5	+18.1
Platforms	50.0	50.0	-	59.9	-16.6
Electronic Devices	75.0	75.0	-	180.2	-58.4
[Semiconductors]	[45.0]	[45.0]	[-]	[122.3]	[-63.2]
Corporate and others***	10.0	10.0	-	20.1	-50.4
Total	200.0	190.0	-10.0	306.9	-38.1
Japan	180.0	170.0	-10.0	244.4	-30.4
Overseas	20.0	20.0	-	62.5	-68.0
Depreciation	280.0	280.0	-	351.8	-20.4

7. Exchange Rates

Average Rates for FY2002 4th Quarter

Forecast	
Previous	Revised
\$1=120 yen	\$1=120 yen

Note : * Previous forecast: as of October 29, 2002.

** Revised forecast: as of January 28, 2003.

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

II. Impact of Restructuring Initiatives

1. Fixed Cost Reductions

	Contribution to earnings from cost reductions (billion yen)	
	FY2002	FY2003
Fixed cost reductions:		
in FY2001	Y 140.0	Y 140.0
in FY2002	30.0	60.0
Total contribution to earnings from cost reductions	Y 170.0	Y 200.0
By item		
[Personnel expenses]	[Y 120.0]	[Y 150.0]
[Other]	[Y 50.0]	[Y 50.0]
By business segment		
[Services & Software]	[Y 20.0]	[Y 25.0]
[Platforms]	[Y 100.0]	[Y 120.0]
[Electronic Devices]	[Y 50.0]	[Y 55.0]

2. Quarter-on-Quarter Improvement in Operating Income (Loss)

	Yen (billions)			
	FY2002 Q1 (Actual)	FY2002 Q2 (Actual)	FY2002 Q3 (Actual)	FY2002 Q4 (Forecast)
Consolidated net sales	982.9	1,167.3	1,017.6	1,532.0
Gross profit	263.1	315.2	280.7	420.8
[Gross margin]	[26.8%]	[27.0%]	[27.6%]	[27.5%]
Operating income (loss)	(29.0)	5.7	(13.1)	136.4
[Operating margin]	[(3.0%)]	[0.5%]	[(1.3%)]	[8.9%]
Operating income improvement from comparable period in FY2001:				
Amount (billion yen)	13.3	22.5	32.6	105.8
Point	+0.9%	+1.8%	+3.0%	+6.9%

Factors contributing to operating income improvement from FY2001:

Decrease in gross profit due to sales fluctuations	(28.9)	(33.4)	(10.4)	(6.9)
Improvement in cost rate	(3.3)	16.3	21.3	49.5
Reduction of selling, general and administrative expenses	45.5	39.5	21.7	63.2

Contribution to earnings from cost reductions from restructuring	1st half FY2002	70.0	2nd half FY2002	100.0

Note: Gross profit = Net sales minus the cost of goods sold.

Decrease in gross profit due to sales fluctuations = Quarter-on-quarter difference between net sales, multiplying last year's figure for the corresponding period by gross profit margin for the equivalent period last year.

Improvement in cost rate = Present year's net sales for each period multiplied by points for cost-rate improvements in the equivalent period last year.

3. Changes Personnel Composition

	(Thousands , % of total employees)		
	March 31 2001 (Actual)	March 31 2002 (Actual)	December 31 2002 (Actual)
Services & Software	68 (36%)	69 (41%)	69 (43%)
Platforms	75 (41%)	60 (35%)	52 (33%)
Others	43 (23%)	40 (24%)	38 (24%)
Total employees	187 (100%)	170 (100%)	160 (100%)

4. Improvement Capital Efficiency

	(Times)		
	FY2000 (Actual)	FY2001 (Actual)	FY2002 (Forecast)
Inventories turnover*	6.12	7.87	8.46
Tangible fixed assets turnover*	3.96	4.18	4.44
Total assets turnover*	1.05	1.09	1.12

Note: *Turnover = Net sales / Ending balance of each asset

5. Change in Interest Bearing Loans

	Yen (billions)			
	September 30 2001 (Actual)	March 31 2002 (Actual)	September 30 2002 (Actual)	March 31 2003 (Forecast)
Ending balance of interest bearing loans	1,843.9	1,760.6	1,938.9	1,810.0