(TRANSLATION FOR REFERENCE ONLY)

To Our Shareholders

We are pleased to report to you financial results for our 102nd business period (April 1, 2001 – March 31, 2002).

Across the globe, the use of information technology is generating revolutionary changes that affect all aspects of society. The IT industry is expected to experience superior growth over the medium to long term as a key industry supporting the high-speed, large-capacity network society of the future.

In fiscal 2001, however, global economic stagnation contributed to exceptionally severe circumstances for the IT industry, and Fujitsu faced an extremely difficult operating environment.

Given these circumstances, we declared fiscal 2001 to be a “year of comprehensive structural reform.” In order to improve our earnings structure and achieve new growth over the medium term, we focused our efforts in three areas: adding more value to our business model by promoting software and services; further concentrating on core technologies and products; and strengthening the overall competitiveness of the Fujitsu Group. Moreover, in addition to restructuring and streamlining our R&D and manufacturing operations, we exited from certain businesses areas.

With regard to the dividend for the period, we regret to inform you that, because of the large loss incurred for the period, we are proposing a ¥5 reduction in the annual dividend, to ¥5 yen per share. An interim dividend of ¥2.50 per share was paid in November 2001, and as a result the proposed year-end dividend will be ¥2.50 per share.

Turning to the outlook for fiscal 2002, although there are signs of a bottoming out in some market areas, including completion of semiconductor inventory adjustments since the beginning of 2002, for the near term we believe that the business outlook for telecommunications carriers around the world will remain weak and that capital investment will continue to be curtailed. Even in the U.S., where some observers believe the economy is bottoming out, it is uncertain whether there will be a full-fledged recovery in corporate IT spending, and employment concerns could weigh down consumer spending. Given these conditions, the future direction of both the Japanese and the global economy remains unclear. Nevertheless, structural changes in society continue to advance with new developments in information technology.

Against this backdrop, in the area of software and services the Fujitsu Group strives to efficiently deliver a broad range of total solutions in the area of software and services related to the e-Japan initiative, outsourcing, and globally linked services. In the area of platforms that combine communications and information technologies, leveraging our solutions expertise we are working to support the emerging network society by providing advanced systems infrastructure, high-speed IP routers, network servers, and storage systems based on an innovative new concept. In the field of electronic devices, we deliver products that keep pace with market developments in the U.S. and Asia, with a primary focus on products geared to mobile communications and audio-visual equipment.

The Fujitsu Group undertook a major restructuring of its businesses during the past fiscal year, and we plan to continue our reforms to keep on top of changing market conditions in fiscal 2002. We aim to strengthen our business by focusing on our core competencies in high-growth areas and lead the way in the coming structural changes in the IT industry, thereby laying a firm foundation for long-term growth.

We would like to thank our shareholders for their ongoing support as we pursue these objectives.

June 2002

Tadashi Sekizawa, Chairman
Naoyuki Akikusa, President and CEO

Business Report (April 1, 2001 – March 31, 2002)

1. OVERVIEW OF CORPORATE ACTIVITIES

(1) Business Trends and Results

General Overview

Across the globe, the use of information technology is generating revolutionary changes that affect all aspects of society. In Japan, the government's "e-Japan Priority Policy Program" is reaching the implementation stage, and that is just one example of the increasingly prominent role IT is playing. Although the IT industry temporarily is in the midst of a difficult operating environment, it can expect to see strong growth over the medium to long term as the key industry supporting the high-speed and large-capacity network society of the future.

During fiscal 2001, the effects of the slowdown in the U.S. economy were felt around the world, and with a recovery in the U.S. further delayed by the terrorist attacks in September, the global economy continued to face adversity. Japan also felt the effects of the slowdown in the U.S. economy. The sluggish economic conditions prevailing since the previous year persisted, as personal consumption remained weak and corporate capital spending remained restrained, resulting in a difficult environment throughout the period.

The global economic stagnation contributed to exceptionally severe circumstances for the IT industry. Global shipments of cellular phones and personal computers declined, and telecommunications carriers around the world, particularly those in the U.S., cut back on capital investments. As a result, market conditions for semiconductors and components sharply deteriorated. These factors combined to make Fujitsu's operating environment even more problematic.

Given these circumstances, we declared fiscal 2001 to be a "year of comprehensive structural reform." In order to improve our earnings structure and achieve new growth over the medium term, we focused our efforts in three areas: adding more value to our business model by promoting software and services; concentrating further on core technologies and products; and strengthening the overall competitiveness of the Fujitsu Group. Moreover, in addition to restructuring and streamlining our R&D and manufacturing operations, we exited from certain businesses areas.

In fiscal 2001, Fujitsu achieved higher sales in services and software, enterprise servers, and base station systems for IMT-2000 third-generation mobile telecommunications. Sales declined, however, for flash memory and other electronic device products, optical transmission systems in the North American market, and personal computers, as the company was slow to respond to rapid changes in these markets. We also exited form the business of manufacturing small form factor magnetic disk drives for desktop computers. As a result, total sales declined by 10% to ¥3,034.4 billion [$22,815 million] on an unconsolidated basis.

Profitability also deteriorated, both as a result of the decline in sales outlined above and because of significantly lower prices for optical transmission systems and electronic devices in general. Fujitsu posted an unconsolidated operating loss of ¥54.6 billion [$411 million] for the period (compared to a ¥100.2 billion [$808 million] operating profit in the previous year) and an ordinary loss of ¥81.5 billion [$613 million] (compared to ordinary income of ¥107.4 billion [$866 million]) ordinary profit the previous year). In addition, We undertook a thorough restructuring of our businesses during the year, including the restructuring and streamlining of the R&D and manufacturing operations for electronic devices, computers, and telecommunications equipment, and exited businesses such as small form factor magnetic disk drives for desktop computers. The resulting business restructuring expenses, losses from the liquidation of subsidiaries, and valuation losses on shares of subsidiaries, contributed to an unconsolidated net loss of ¥265.1 billion [$1,993 million] for the year (from a profit of ¥46.6 billion [$376 million]).

Overview by Business Area

Services and Software

The services and software business, which includes outsourcing services, posted strong results, with sales increasing by 5% to ¥1,078.6 billion [$8,110 million].

In light of the growth prospects for the market in IT services stemming from such initiatives as the "e-Japan Priority Policy Program," and structural changes represented by the shift from in-house system development and operation to outsourcing, during fiscal 2001 we implemented structural reforms designed to strengthen our operating base and core businesses.

Sales of solution services grew on the strength of e-Japan, CRM (1), and SCM (2) solutions. Going forward, we will enhance our ability to offer IT consulting in specialized areas, in order to offer customer-focused solutions and create new businesses. At the same time, we will further expand our line of competitive solution offerings led by GLOVIA ERP (3), CRM and SCM solutions, and provide customers with the full range of services they desire, from planning to systems construction and operation, under the PROPOSE family of service product.

In the area of systems integration services, we are pursuing significant cost savings by using EJB (4) componentized technology to improve software development efficiency and enable software components to be reused, and by using knowledge management systems to share and exploit information and expertise. We are also pursuing quality and productivity improvements by forming a specialized group for large-scale systems development and strengthening our professional development programs for managers and consultants.

Sales of infrastructure services also grew, primarily on the strength of broadband FENICS, IDC and ASP(5) network-based outsourcing services. Going forward, we are seeking to further increase sales and profits by developing a nationwide network of regional IDCs, strengthening network services, and enhancing systems monitoring and security services.

In the area of e-government, we have established a new solutions framework that will be the core for developing our e-Japan-related local government business. To support our nationwide business development efforts, using our dedicated showroom we are developing concrete proposals and promoting outsourcing and ASP business through joint regional centers.

Note:

1. *CRM (Customer Relationship Management)* is a management method to improve customer satisfaction and marketing efficiency. Based on a detailed customer database, CRM makes it possible to use and manage integrated and individualized customer data, such as sales history, maintenance services and responses to inquiries.
2. *SCM (Supply Chain Management)* is a method of managing corporate activities. By using IT to comprehensively manage the flow of the business processes from parts procurement to manufacturing, distribution and sales, excess inventory is reduced and costs are lowered.
3. *ERP (Enterprise Resource Planning)* is a method and concept to improve management efficiency from the standpoint of making effective use of business resources. This is done by comprehensively managing accumulated information regarding management operations (finance, accounting and personnel), production operations (inventory management, etc.), and sales operations (distribution, etc.).
4. *EJB (Enterprise JavaBeans)* takes program components created in Java language that are linked together in application software constructed by JavaBeans, and adds functions to JavaBeans to enable the server to process them. EJB makes it possible to effectively develop enterprise systems that do not rely on specific operating systems, database systems or application servers.
5. *ASP (Authorized Solutions Provider)* refers to service providers who provide application functions over networks. Using services via an ASP means that as long as the user's equipment has Internet connectivity, he can use various services for a low price and does not have the burdens of maintenance and version upgrades.

Information Processing

In the area of information processing, which focuses on the development and sales of corporate information systems and products vital to broadband Internet, higher sales of enterprise servers and peripheral equipment as well as mobile phones were offset by lower sales of personal computers and small form factor magnetic disk drives, resulting in a 13% sales decline to ¥1,249.5 billion [$9,394 million].

In servers, we achieved higher sales of our GS8900 large-scale enterprise server, which is known for its high performance and reliability, but overall server sales were roughly flat because of cutbacks in corporate IT spending. Higher sales of large-scale enterprise servers also spurred sales increases in sales of disk sales arrays and other storage systems.

Sales of personal computers declined as prices fell and the sluggish economy led to a decline in domestic demand. Domestic shipments totaled 2.58 million units, while global shipments for the group as a whole were 5.83 million units.

Sales of mobile phones were strong due to the introduction of new folding models and models designed for ease of handling.

To better respond to market changes and establish a more cost-efficient manufacturing base, we implemented a restructuring of our R&D and manufacturing operations, consolidating production facilities for servers and storage equipment and absorbing a subsidiary that develop UNIX servers in order to strengthen development capabilities at the parent level. In addition, we exited the commercially unviable business of small form factor magnetic disk drives for desktop PCs to concentrate on deskdrives for servers and notebook PCs, where there is higher added value and better growth prospects.

With information systems playing an increasingly vital role in linking business units from different corporations together, we launched our TRIOLE platform concept for sharing and joining servers, storage, and network resources to enable secure collaboration between corporations over their information systems. This platform enables greater system scalability, reliability, stability, and security than any combination of existing, stand-alone products, and we have developed an IP server that will form the core of this platform. The IP Server makes it possible to equalize transmission loads between different products, and operations can continue while individual products are being added or serviced for system expansion.

Telecommunications

In telecommunications, although domestic sales of IMT-2000 (3G) base station and switching systems increased, cutbacks in capital spending by global telecommunications carriers, particularly in North America, led to lower sales of optical transmission systems. As a result, overall telecommunications sales declined by 14% to ¥470.7 billion [$3,539 million].

The deterioration in performance this period was primarily the result of a misreading of the market's sudden changes, particularly in North America, and a delay in effectively responding to these changes. To improve market responsiveness and secure stable earnings going forward, we are implementing structural reforms and rapidly developing and introducing new, highly competitive products.

In Japan there has been a rapid shift from the traditional ISDN network infrastructure to broadband network infrastructure systems, such as ADSL and cable television, which has resulted in a decline in demand for traditional switching systems. On the other hand, demand has increased for switching systems and base station systems for the full-scale implementation of IMT-2000, which is now underway. In response to these market changes, we are focusing on developing and producing IP network products such as GeoStream, which will be a core component of network infrastructure systems going forward.

Overseas, while the market for long-haul transmission in North America has stagnated, metropolitan networks (short- and medium-distance) are gearing up their performance and capacity levels to handle Internet Protocol and broadband transmission. We will continue to develop and manufacture innovative products to retain and expand our No.1 share in this market segment.

In addition, in order to quickly deliver would-leading products for photonic IP and mobile networks, our facilities in Japan are concentrating on developing and manufacturing the latest photonic products and products for IMT-2000. We are also carrying out a thorough review of our R&D, manufacturing and procurement processes in order to strengthen our ability to respond to changes in demand and to significantly reduce costs. As part of this process, we have exited from the PBX business in North America.

Furthermore, we have adopted a solutions business model aimed at increasing added value, and we are working to pioneer new areas of business by integrating our telecommunications and information processing businesses.

Electronic Devices

A decline in global demand for mobile phones, digital appliances, and personal computers led to weakened demand for logic and memory ICs and sharp, across-the-board price erosion. As a result, sales of electronics devices declined by 36% to ¥235.5 billion [$1,771 million].

In addition to the external factor of rapid market changes, the sharp performance downturn this period was also the result of misreading demand and failing to respond quickly enough to the market collapse by implementing production efficiencies or by focusing on a narrower range of products. To enhance market responsiveness and restore profitability, we have thoroughly restructured our electronic devices business.

In order to eliminate excess capacity and improve manufacturing efficiency, we closed our U.S.-based flash memory production operation, consolidating all flash memory production in Japan, and we consolidated domestic logic IC production operations. In June 2002, Fujitsu's liquid crystal display (LCD) R&D operations will be merged with our manufacturing subsidiary Yonago Fujitsu Ltd., to increase efficiency and market responsiveness. The new company will aggressively promote its engineering services business based on its excellent proprietary technologies, such as MVA (1).

The development of cutting edge semiconductor devices that are fast, compact, and have low energy requirements is crucial to the ongoing competitiveness of Fujitsu's servers and network equipment, and we have concentrated these R&D operation at our Akiruno Technology Center to speed development work and improve efficiency. One example of this vitally important work is the development of 90nm CMOS technology (2) for next-generation semiconductor devices, which went into prototype mass-production in December 2001.

We are also aiming to further increase our competitive edge in products geared toward network, digital audio-visual, and mobile markets – areas in which market growth prospects are good and in which the company maintains a leading position. For example, we launched a system chip with embedded FRAM(3) for the rapidly expanding smart card market. Compared with traditional data storage memory for smart cards, this chip offers superior write speed, low energy consumption, and data rewrite, and we are beefing up our sales promotion of the product. In addition, for the 3G mobile market, we have released the world's highest capacity compact memory IC, which is embedded with flash memory and FCRAM (4) or SRAM (5).

1. *MVA* is a technology developed by Fujitsu for high-quality LCD panels that achieves a 160-degree vertical and horizontal viewing angle with superior contrast, response time and brightness.
2. *90nm CMOS technology* is the technology for design rule miniaturization in next-generation semiconductors designated by the International Technology Roadmap for Semiconductors (ITRS). 10nm is 1 hundred-millionth of a meter, the same size as a virus.
3. *FRAM* is a nonvolatile memory that uses ferroelectric materials. Distinguished by high speed, high write frequency, low energy consumption, and non-volatility, it is used for smart cards and mobile equipment that requires security and low energy consumption. FRAM is a trademark of Ramtron International Corporation.
4. *FCRAM* is a high-speed memory developed by Fujitsu that is 2-3 times faster than traditional DRAM. It is an ideal memory for cellular phones, which are rapidly using larger work memory capacity as they become more sophisticated.
5. *SRAM* is a memory with the special features of high speed and low energy consumption. It is primarily used in computers and cellular phones.

Research & Development

Fujitsu conducts research and development in a wide variety of cutting-edge technologies, from the computers and telecommunications systems that play an important role in the development of our networked society, to the electronic devices that support them.

In the field of software and services, we have developed a new portal structure technology based on open standards Web service technology that allows users to automatically obtain designed services and content on the Internet, and to customize and bundle them. Going forward, the application of this technology will enable the automatic filing and collection of administration and public service forms via the Internet based on user information, facilitating the expansion of these services.

In the field of system LSI (on system on chip), we have developed the high-performance FR550 processor, the first in the world to execute eight instructions in parallel. Using Fujitsu's proprietary VLIW architecture [(1)], which allows simultaneous operation of a media processing unit as well as a regular calculation processing unit, the FR550 achieves a processing speed of 12.8 billion iterations per second, approximately twice the speed of conventional products. This enables high-speed processing of image and voice data for digital audio-visual equipment, digital cameras, and printer systems.

In compound semiconductor devices, Fujitsu was the first company in the world to utilize nanotechnology to successfully develop a new type of quantum dot [(2)] semiconductor optical amplifier. This device transmits, which an optical signal, without first converting it to an electric signal, is likely to play an important role in the high-speed photonic networks of the future. Along with theoretically defining the quantum dot's innate optical amplification function, we developed technology that increases its precision and density, thus demonstrating its superior performance in terms of speed and bandwidth.

Note:

1. *VLIW architecture* is a processor architecture that enables commands with multiple processes to be executed simultaneously.
2. *Quantum dots* are microscopic crystals in semiconductors with a diameter of approximately one-millionth of a millimeter.

Capital Expenditure

In consideration of the difficult operating environment, capital expenditures, which totaled ¥75.4 billion in the fiscal year, were concentrated in growth sectors.

In services and software, expenditures were channeled into outsourcing facilities and network backbone equipment in order to strengthen our broadband IDC business.

In information processing, we increased capital spending on development and manufacturing facilities for compact magnetic disk drives for servers and notebook PCs.

In telecommunications, expenditures were allocated toward development and manufacturing facilities for IMT-2000-compatible base station systems for the full-scale rollout of IMT-2000 in Japan and overseas.

In electronic devices, expenditures were focused on development facilities for the latest logic ICs and manufacturing equipment for logic ICs, flash memory, and FRAM.

Capital Procurement

Corporate bonds were issued in the amount of ¥180 billion in September 2001 to raise funds for working capital and bond redemptions.

Consolidated Financial Results

During fiscal 2001, domestic sales of systems integration and outsourcing services, large-scale enterprise servers, and IMT-2000 base station systems increased. Sales of personal computers, cellular phones, electronic devices for digital appliances, and optical transmission systems in North America declined, however, resulting in an overall decline of 9% in consolidated net sales to ¥5,006.9 billion [$37,646 million]. Our inability to quickly respond to adverse changes in market conditions, such as the decline in North American demand for transmission systems and lower prices for electronic devices, resulted in a consolidated operating loss of ¥74.4 billion [$560 million] (from a year-earlier operating profit of ¥244.0 billion [$1,968 million]), and an ordinary loss of ¥157.1 billion [$1,181 million] (from a ¥189.7 billion [$1,530 million] ordinary profit). In addition, designating the period as a “year of comprehensive structural reform,” we restructured the Group’s R&D and manufacturing operations and exited from certain businesses. The resulting restructuring expenses were booked as an extraordinary loss, and we closed the year with a consolidated net loss of ¥382.5 billion [$2,876 million] (from an ¥8.5 billion [$69 million] profit).

Although our services and software business achieved growth from higher domestic sales of systems integration and outsourcing services, sales of services in Europe and North America declined, resulting in minimal overall sales gains.

In information processing, increased domestic sales of large-scale enterprise servers and peripheral equipment, as well as mobile phones, were offset by declining domestic sales of personal computers. This, together with the exit from the manufacture of small form factor magnetic disk drives for desktop computers resulted in a decrease in overall sales.

In telecommunications, domestic sales for IMT-2000 base station systems and switching systems increase, however, capital spending cutbacks by global telecommunications companies, particularly in the U.S., resulted in a decline in sales of optical transmission systems and lower overall sales.

The electronic devices business experienced weaker demand and lower prices across the board depressing sales of flash memory for cellular phones and digital home appliances, logic ICs, SAW filters, and compound devices for optical transmission systems, and leading to lower overall sales.

(2) Key Challenges Going Forward

Although difficult conditions in the IT industry are likely to persist for some time, there are good prospects for strong growth in the medium to long term. In particular, corporate IT deployment remains limited, and against the backdrop of rapid technological innovation, Fujitsu believes the scope of IT use will significantly expand. Proposing new ways to use IT will trigger new demand.

We in Fujitsu Group will continue to work towards the creation of an affluent, networked society by our continuously providing total solutions comprising high-quality products and services based on superior technology marked by high performance and reliability. As a leader in the global IT industry, we will strive to redefine IT use from a customer-focused perspective that builds on our achievements in technological innovation while pioneering new markets.

Over the near term, we will pursue the following activities with the aim of fostering continued growth and improved profitability.

First, as the overall market emphasis on software and services increases, we will further promote the incorporation of software and services in all aspects of our businesses. The traditional software and services business has experienced large growth in the number of system engineers. As the result of a power shift to meet growth in demand, and we will use this strength to enhance various service products that reduce workloads and increase convenience for customers, focusing on systems development and operations in areas such as consulting, education and security diagnostics. At the same time, in promoting the reuse of software, we will endeavor to increase productivity through packaged solutions and software componentization. As software represents an increasingly large share of product development, our product businesses will benefit from our software development expertise. Our services business, in turn, will expand and add value with services related to our products, such as implementation support, monitoring, and performance diagnosis.

We have also reformed our management structure. With the introduction of a corporate executive officer system, we are strengthening the Board of Directors' management oversight function and resting executive officers with operational authority in order to facilitate swift decision-making and flexible management. At the same time, we have implemented a business group structure that will maximize flexibility in the allocation of resources and reinforce an organic approach to management that takes advantage of synergies among the business units within each group. In particular, we are reorganizing the telecommunications and information processing operations into the Platforms Business Group to promote the development of products that integrate network technology with computer technology.

Our employees are our most valuable resource, and in order to promote strategic staff development we have established Fujitsu University to foster the development of specialized professionals and business leaders, and raise the overall skills of our employees.

In order to further streamline operations, we continue to work to reduce procurement costs and reduce inventories through centralized procurement and increasing the use of standard components, thereby reducing fixed expenses.

Fujitsu also considers global environmental issues to be a management priority, adopting the slogan, "Focused on the Green," the entire Group promotes environmental activities around the world, and we are working to ensure that all aspects of our business activities are environmentally friendly.

We are pursuing a path of self-reform to resolve these issues through constant effort and to make a contribution to the creation of an affluent and vital network society as a global company that has earned the trust of its customers and the communities it serves.

(3) Performance and Assets

Billions of yen, except where stated

Year (Business period)	*1998 (99th)*	*1999 (100th)*	*2000 (101st)*	*2001 (Current period)*
Net sales	¥3,191.1	¥3,251.2	¥3,382.2	¥3,034.4
Services and software	918.1	928.0	1,025.6	1,078.6
Information processing	1,520.2	1,468.2	1,442.7	1,249.5
Telecommunications	505.1	567.4	545.7	470.7
Electronic devices	247.5	287.5	368.1	235.5
Operating income (loss)	39.8	53.8	100.2	(54.6)
Ordinary profit (loss)	15.7	15.8	107.4	(81.5)
Net income (loss)	(21.5)	13.6	46.6	(265.1)
Net income (loss) per share [yen]	(11.47)	7.06	23.70	(133.74)
Total assets	3,551.3	3,380.4	3,443.9	3,178.5
Net assets	1,070.7	1.160.0	1,224.2	959.6
Shareholders’ equity per share [yen]	568.32	590.99	619.20	479.40

Notes:
1. Net income per share is based on the weighted average number of shares of common stock outstanding during the respective years.
2. Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
3. From the period under review, the average number of issued shares outstanding during the term and the number of shares issued as of the fiscal year close are calculated exclusive of treasury stock.
4. Taking into account similarity of products and services, selling methods and other factors relating to business segments, previous period figures have been restated to reflect the new business segment classification to be introduced in FY 2001.
5. In the 100th business period, sales increased in several areas, including optical transmission systems for the U.S. market, notebook PCs for personal users and electronic devices used in cellular telephones. However, on account of such factors as a decline of sales of corporate information systems on account of due to the Y2K problem and the influence of the a higher-valued yen, overall sales increased by a negligible amount. Due in part to the increasing costs associated with gradually shifting the retirement allowance system to a pension system, operating income increased only slightly. But thanks to the progress of business restructuring efforts started in the previous period, net income increased to ¥13.6 billion.
6. During this period, sales of services and software, as well as those of UNIX servers and personal computers, increased. However, sales volume grew only modestly on account of constraints on capital investment and inventory adjustment during the second half of the year, as the U.S. economy slowed down. Ordinary profit and net profit increased, thanks to improved profitability in the electronic device area as well as company-wide efforts to control operating expenses.
7. Although sales at the services and software business and sales of large servers and IMT-2000 base station systems grew, sales of personal computers and electronic devices in general, as well as optical transmission systems in North America, and personal computers declined. In addition, with the withdrawal from the business of manufacturing small magnetic disk equipment for personal computers, total sales declined. In terms of profits, the decline in sales and weaker profitability from lower prices for optical transmission systems and electronic devices in general resulted in declines in the recording of an operating loss and an ordinary loss. With the additional effect of extensive business restructuring, the net loss for the year was ¥265.1 billion.

(4) Subsequent Event

Based on a resolution of the Board at its meeting held on May 7, 2002, yen-denominated convertible bonds were issued in the amount of ¥250 billion with a pay-in date of May 27. The bonds carry reservation rights for new shares, and the proceeds will be used for bond redemptions, repayment of borrowings, and investments in growth areas, particularly in the services and software business.

2. COMPANY OVERVIEW (As of March 31, 2002)

(1) Major Business

Fujitsu operates total solution businesses in the field of information technology, with high-quality products and services based on our leading high-performance and high-quality technologies. These services are provided through the development, manufacture and sales of information processing systems, telecommunications systems, and electronic devices. The primary products and services of each business are listed below.

Group	*Main products and services*	*Percentage of sales*
Services and software	Systems construction (system integration services) Introductory and operational support services Consulting services Comprehensive management of information systems (outsourcing services, IDC services) Provision of network environment for information systems as well as various network services (network services, Internet services) Software Information and network systems maintenance and monitoring Information systems infrastructure construction and network construction	35.5
Information processing	Servers (UNIX servers, IA servers, global servers) Peripheral equipment for information systems (disk array, system printers) Personal computers Storage equipment (magnetic and magneto-optical disk drives) Terminals (financial terminals, POS systems) Mobile phone handsets	41.2
Telecommunications	Switching systems (digital switching systems, IP switching nodes) Transmission systems (fiber-optic transmission systems, optical submarine cable transmission systems) Mobile communication systems (IMT-2000 base station systems, PDC base station systems)	15.5
Electronic devices	Logic ICs (system LSI, ASICs, microcontrollers, FRAM) Memory ICs (flash memory, FCRAM) LCD panels	7.8

(2) Stock

i. Number of authorized shares: 5,000,000,000

ii. Number of outstanding shares and stated capital
   Shares: 2,001,962,672
   Stated capital: ¥324,624,076,169

iii. Shares issued during the business period

Item	*Number of shares issued*	*Increased capital stock (yen)*
Conversion of convertible bonds to shares	19,452,895	¥9,706,994,605
Exchange of shares	5,281,848	264,092,400
Total	24,734,743	¥9,971,087,005

Shares issued by exchanged of shares taken place between Fujitsu Limited and Fujitsu Systems Construction Limited (presently Fujitsu Network Solutions Limited) on August 1, 2001.

iv. Acquisition, retirement and holdings of treasury stock

Shares acquired	Acquired through the repurchase of odd-lot shares.	298,894 ordinary shares Total amount of acquisition: ¥345,173 thousand
Shares retired		131,000 ordinary shares Total amount of retirement: ¥181,961 thousand
Shares held as of FY close		174,527 ordinary shares

v. Number of shareholders: 210,949 (37,219 more than at the end of fiscal 2000)

vi. Principal shareholders

Name	*Shareholder's investment in Fujitsu Limited*		*Fujitsu Limited's investment in the shareholder*	
	Number of shares held (thousands)	*Percentage of shares held (%)*	*Number of shares held (thousands)*	*Percentage of shares held (%)*
Fuji Electric Co., Ltd.	172,663	8.62	74,333	10.40
Asahi Mutual Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	100,220	5.01	–	–
Japan Trustee Services Bank, Ltd. (for trust)	81,361	4.06	–	–
The Mitsubishi Trust and Banking Corporation (for trust)	76,993	3.85	–	–
The Dai-Ichi Kangyo Bank, Limited (Standing proxy: Trust & Custody Services Bank, Ltd.)	63,984	3.20	–	–
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Fuji Electric Co., Ltd.)	57,300	2.86	–	–
UFJ Trust Bank Limited (for trust)	50,574	2.53	–	–
The Chase Manhattan Bank NA London (Standing proxy: The Fuji Bank, Ltd.)	32,029	1.60	–	–
State Street Bank and Trust Company (Standing proxy: The Fuji Bank, Ltd.)	30,161	1.51	–	–
The Chase Manhattan Bank NA London S L Omnibus Account (Standing proxy: The Fuji Bank, Ltd.)	27,453	1.37	–	–

Notes

1. The shares held by Japan Trustee Services Bank, Ltd. (for trust), The Mitsubishi Trust and Banking Corporation (for trust), and The UFJ Trust Bank Limited (for trust) pertain to the trust business by the institution.
2. While Fujitsu has no investment in The Dai-Ichi Kangyo Bank, Limited, we do hold 22 thousand shares (0.24% of outstanding shares) of common stock in Mizuho Holdings, Inc., the full parent company of the bank. In computing the ratio of our shareholding in Mizuho Holdings, Inc., non-voting preferred shares were excluded.
3. The shares of Fujitsu Limited stock held by Fuji Electric Co., Ltd. are part of that company's retirement benefit trust and are deposited as trust assets at Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Fuji Electric Co., Ltd.). Voting rights for the shares are exercised in accordance with Fuji Electric Co., Ltd., instructions.

(3) Employees

Number of employees	*Change from end of fiscal 2000*	*Average age*	*Average years of employment*
40,483	down 1,527	38.2	16.4

(4) Consolidation

Major consolidated subsidiaries

Company name	*Capital (¥ million)*	*Ownership by the Company (%)*	*Main business*
Fujitsu Laboratories Ltd.	5,000	100	Research and development of information processing systems, communication systems and electronic devices
Shinko Electric Industries, Co., Ltd.	24,223	50.04 (0.04)	Manufacture and sales of semiconductor device packages
FDK Corporation	13,206	61.01 (0.02)	Manufacture and sales of parts for the electronics industry, dry-cell batteries, and products using these components
Fujitsu Business Systems Ltd.	12,220	52.61 (0.06)	Development and sales of information processing and communication systems, and related services
Fujitsu Support and Service Inc.	9,401	56.30 (0.18)	Planning, installation, construction, operation and support of network systems, and information systems maintenance services
Fujitsu Kiden Ltd.	8,457	53.64 (0.44)	Manufacture and sales of electronic equipment, display systems and moldings
Fujitsu Denso Ltd.	6,691	50.43 (0.39)	Manufacture and sales of information processing and communication systems
Fujitsu Devices Inc.	3,645	66.74	Development, design, and sales of semiconductor devices and related software products, and sales of general electronic parts
Fujitsu Component Ltd.	2,764	74.95 (23.12)	Development, manufacture and sales of electronic equipment and applied electronic equipment
Fujitsu Broad Solution & Consulting Inc.	1,970	56.44	Software development and sales, and providing software services
Fujitsu TEN Limited	5,300	55.00	Manufacture and sales of audio and navigation products, car electronic devices, and ITS and mobile communication equipment
PFU Limited	4,980	62.19	Development, manufacture, sales, maintenance and operation of information processing systems and related services
Fujitsu Quantum Devices Limited	4,490	100	Development, manufacture and sales of compound semiconductors

Company name	*Capital (¥ million)*	*Ownership by the Company (%)*	*Main business*
Fujitsu Network Solutions Limited	3,942	100	Consulting, design, installation, operation and maintenance of information and telecommunication network systems, and sales of related equipment
Fujitsu Media Devices Limited	2,510	100	Development, manufacture and sales of electric parts for mobile information products
Fujitsu FIP Corporation	2,000	100	Network services, outsourcing services, software development, and sales of information processing systems
NIFTY Corporation	1,000	100	Internet services
Fujitsu AMD Semiconductor Limited	48,787	50.01	Manufacture and sales of flash memory devices
Fujitsu Network Communications, Inc. (U.S.)	US$ (thousands) 70,815	100 (100)	Development, manufacture and sales of communication systems and provision of related services
Amdahl Corporation (U.S.)	US$ (thousands) 583,951	100	Management of Amdahl Group companies and development and sales of information processing systems and provision of related services
DMR Consulting Group, Inc. (U.S.)	US$ (thousands) 131,019	100 (100)	IT systems-related consulting, systems integration, and application maintenance services
ICL PLC (U.K.)	£ (thousands) 486,808	100 (6.10)	IT infrastructure services, primarily for outsourcing and systems integration
Fujitsu Hitachi Plasma Display Limited	30,000	50.00	Development, manufacture and sales of plasma display panels
Fujitsu Leasing Co., Ltd.	1,000	50.00 (5.00)	Leasing and sales of information processing and communication systems

Notes

1. Values in parentheses in the percentage of ownership column are percentages of indirect ownership.
2. Fujitsu Hitachi Plasma Display Limited and Fujitsu Leasing Co., Ltd., are not correspondent to the consolidated subsidiaries in accordance with the Japanese Commercial Code.

Fujitsu Component Limited is a holding company that was jointly established by the Company's consolidated subsidiaries Takamisawa Electric Co., Ltd., and Fujitsu Takamisawa Component Limited as a full parent company. Accordingly, Takamisawa Electric Co. was delisted, and in its place Fujitsu Component Limited was listed on the Second Section of the Tokyo Stock Exchange on September 14, 2001.

Fujitsu Systems Construction Limited became a full subsidiary of the Company through the conversion of shares on August 1, 2001, and was delisted at that time. On October 1, 2001, Fujitsu Systems Construction Limited merged with three subsidiaries of the company and changed its trading name to Fujitsu Network Solutions Limited.

As a result of a capital increase in fiscal 2001, the capital of Fujitsu AMD Semiconductor Limited now stands at ¥48,787 million.

As a result of a capital increase in fiscal 2001, the capital of Amdahl Corporation now stands at US$583,951 thousands. On April 1, 2002, this company changed its trade name to Fujitsu IT Holdings, Inc.

On April 1, 2002, DMR Consulting Group, Inc., changed its trading name to Fujitsu Consulting Inc.

As a result of a capital increase in March 2002, the capital of ICL PLC now stands at £486,808 thousands. And on April 2, 2002, this company changed its trade name to Fujitsu Services Holdings Plc.

For the fiscal 2001 consolidated financial statement, the Company had 494 consolidated subsidiaries, including the 24 companies listed above. In addition, 28 companies are subject to the equity method of accounting.

Major technical cooperation

We have cross-license contracts with the following major companies:

Companies	*Products*
Lucent Technologies Inc. (U.S.)	Information handling organization, Semiconductor apparatus
International Business Machines Corporation (U.S.)	Information handling organization
Microsoft Corporation (U.S.)	Software
Motorola, Inc. (U.S.)	Semiconductor apparatus
Texas Instruments Incorporated (U.S.)	Semiconductor apparatus, integrated circuits
Intel Corporation (U.S.)	Semiconductor apparatus
National Semiconductor Corporation (U.S.)	Semiconductor apparatus
Harris Corporation (U.S.)	Semiconductor apparatus
Samsung Electronics Co., Ltd. (Korea)	Semiconductor apparatus
Winbond Electronics Corporation (Taiwan)	Semiconductor apparatus

(5) Principal Lenders

Lender	*Loan amount (¥ millions)*	*Lender's investment in the Company*	
		Numbers of shares (thousands)	*Percentage*
Japan Bank for International Cooperation	53,198	-	-
The Dai-Ichi Kangyo Bank, Limited[(1)]	40,200	63,984	3.20
The Norinchukin Bank	37,600	-	-
Sumitomo Mutual Life Insurance Company	20,000	3,506	0.18
Dai-Ichi Mutual Life Insurance Company	16,640	18,216	0.91

Note:

1. As of April1, 2002, Mizuho Corporate Bank, Ltd. The loan amount of this lender is ¥55,475 million. On April1, 2002, The Dai-Ichi Kangyo Band, Limited, The Fuji Bank, Ltd., and The Industrial Bank of Japan, Limited, were split and merged into Mizuho Bank, Ltd., and Mizuho Corporate Bank, Ltd.

(6) Principal Offices and Plants

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki, Kanagawa
Principal office	6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
R & D	Sapporo System Laboratories (Sapporo), Aomori System Laboratories (Aomori), Makuhari System Laboratories (Chiba), Information Processing System Laboratories (Ota-ku, Tokyo), Kansai System Laboratories (Osaka), Oita System Laboratories (Oita), Kumamoto System Laboratories (Mashiki-machi, Kamimashiki-gun), Kawasaki Plant (Kawasaki, Kanagawa), Minamitama Plant (Inagi, Tokyo), Numazu Plant (Numazu, Shizuoka), Akiruno Technology Center (Akiruno, Tokyo)
Manufacture	Iwate Plant (Kanegasaki-cho, Isawa-gun, Iwate), Aizuwakamatsu Plant (Aizuwakamatsu), Kanuma Plant (Kanuma), Oyama Plant (Oyama), Nasu Plant (Otawara), Nagano Plant (Nagano), Mie Plant (Tado-cho, Kuwana-gun), Akashi Plant (Akashi)
Domestic business offices	Hokkaido (Sapporo), Tohoku (Sendai), Kanetsu (Saitama), Tokyo (Shinjuku-ku), Chiba (Chiba), Kanagawa (Yokohama), Nagano (Nagano), Shizuoka (Shizuoka), Tokai (Nagoya), Hokuriku (Kanazawa), Kyoto (Kyoto), Kansai (Osaka), Kobe (Kobe), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyushu (Fukuoka)
System centers	Tatebayashi System Center (Tatebayashi), Akashi System Center (Akashi)

(7) Members of the Board and Auditors

a) Members of the Board and Auditors as of March 31, 2002

Position	*Name*	*Assignment or title*
Chairman	Tadashi Sekizawa	
President & CEO	Naoyuki Akikusa	
Senior Executive Vice Presidents	Tadayasu Sugita	Business Strategy President, System Business Group President, Computer Products Business Group
	Akio Moridera	Technology President, Telecommunications Business Group
	Takashi Takaya	Finance & Administration
Executive Vice Presidents	Akira Takashima	External Affairs
	Kazunari Shirai	Group President, Electronic Devices Group
	Kazuto Kojima	Sales & Marketing
	Yuji Hirose	President, Software & Services Business Group
	Masaru Takei	Domestic Sales
Senior Vice Presidents	Junji Maeyama	Group President, Software Group
	Hiroya Madarame	Group President, Systems Integration Group
	Tatsushi Miyazawa	Group President, File Systems Group
	Kazuo Murano	Group President, Networks Business Group
	Noboru Ogi	Executive Advisor, Computer Products Business Group
	Hiroaki Kurokawa	Group President, Network Service Business Group
	Koichi Ota	Group President, Transport Systems Group
Other Board Members	Kunihiko Sawa	President and Representative Director, Fuji Electric Co., Ltd.
	Hirohisa Yabuuchi	Group President, Western Japan Regional Sales Group
	Takahiko Okada	Corporate IT Strategy Office Corporate Affairs, Human Resources
	Kuniaki Suzuki	Group President, Marketing Group
	Taketoshi Ishii	Sales Group, Industries
	Masamichi Ogura	Group Executive Vice President, Electronic Devices Group
	Toshihiro Nishimura	Group Executive Vice President, Solutions Group
	Hiroaki Takeichi	Group President, Network Systems Group
	Michiyoshi Mazuka	Group President, Eastern Japan Regional Sales Group
	Toshihiko Ono	Group Executive Vice President, Electronic Devices Group
	Michio Atarashi	Group Executive Vice President, Systems Integration Group
	Yasushi Tajiri	Amdahl Corporation CEO
	Takashi Aoki	Group President, Computer Systems Group
	Ichiro Komura	Group President, Information Processing Administration Group
	Kazuhiko Kato	General Manager, Corporate Planning Office Controller & Accounting
Standing Auditors	Keizo Fukagawa	
	Shin Koizumi	
Auditors	Yasuyuki Wakahara	Advisory Director, Asahi Mutual Life Insurance Company
	Takeo Kato	Chairman, Fuji Electric Co., Ltd.
	Katsuhiko Kondo	Adviser, the Dai-Ichi Kangyo Bank, Limited

Notes:
1. Mr. Kunihiko Sawa is Outside Board Member as defined by Article 188, Section 2-7-2 of the Commercial Code.
2. Messrs. Yasuyuki Wakahara, Takeo Kato and Katsuhiko Kondo, Auditors, are outside auditors as defined by Article 18, Section 1 of the “Law Regarding Exceptional Rules of the Commercial Code Concerning Auditing, etc., of Stock Corporations.”

b) Changes in Members of the Board and Auditors in the Last Fiscal Year

(1) New appointments

At the 101st Annual Shareholders' Meeting, held on June 26, 2001, Messrs. Michiyoshi Mazuka, Toshihiko Ono, Michio Atarashi, Yasushi Tajiri, Takashi Aoki, Ichiro Komura and Kazuhiko Kato were elected as Board Members, and Messrs. Keizo Fukagawa and Shin Koizumi were elected as Corporate Auditors. They assumed their offices immediately after their election.

(2) Retirements

Messrs. Keizo Fukagawa, Tatsuhiko Otaki, Isao Suzuki, Hiroshi Oshima, Tatsuzumi Furukawa, Ryusuke Hoshikawa and Hidetoshi Shibagaki, Board Members, and Messrs. Hideo Watanabe and Satoshi Sugimoto, Auditors, retired as of June 26, 2001.

c) New Corporate Governance, Business Management Structures

Fujitsu Limited decided that it would undertake a reform of its corporate governance structure, including the streamlining of the Board, and the introduction of Corporate Executive Officers and a new Business Group organization.

(1) Reorganization of Board of Directors; Introduction of Corporate Executive Officers (following Annual Shareholders Meeting scheduled for late June)

- In order to separate management overview and operational executive functions, the Board will be reorganized and a system of Corporate Executive Officers introduced.
- To maximize shareholder value and that of the Group as a whole, a streamlined Board of Directors will concentrate on carrying out management overview functions. The number of directors will be reduced from the current 32 to seven, including five directors from inside the company and two from outside. Together with two Standing Auditors and three External Auditors, the new Board of Directors will comprise 12 members.
- Seeking to achieve more responsive management, the new Corporate Executive Officers will be assigned wide authority to speed business management decisions. At the same time, responsibility for business execution will be clarified through business performance evaluations.
- Decisions regarding business execution will be made at meetings of the Management Committee, which is headed by the CEO and will include the presidents of the new Business Groups and heads of the new Corporate Center and Group Support entities.

(2) Introduction of New Business Group Organization (from April 1, 2002)

- Pursuing an "organic management" style based on Fujitsu's comprehensive strengths, the company will introduce a new Business Group organization that places emphasis on dynamic, complementary horizontal links across the company. This will enable resources to be allocated more flexibly within the Business Groups and encourage greater synergy among their constituent Business Units.
- Specifically, Fujitsu and its Group affiliates will be reorganized into four Business Groups covering sales, software & services, platforms, and electronic devices. Of special note, the new Platforms Business Group will integrate the current telecommunications and information processing groups, speeding the development of products combining network and computing technologies.
- In addition, responsibility for common corporate matters will be reorganized into two new entities, "Corporate Center" and "Group Support," to strengthen corporate strategy and improve services across the Group.

d) Changes in Assignment or Title of Members of the Board and Auditors After the Term of Settlement Ended

On April 1, 2002, some changes were made in the ranking and assignments of Members of the Board and Auditors. The new structure is as follows.

(As of April 1, 2002)

Position	*Name*	*Assignment or title*
Chairman	Tadashi Sekizawa	
President & CEO	Naoyuki Akikusa	
Senior Executive Vice Presidents	Tadayasu Sugita	President, Platform Business Group
	Takashi Takaya	Head of Corporate Center
Executive Vice Presidents	Akira Takashima	Head of Group Support
	Kazuto Kojima	Group President, Sales Group (Overseas)
	Yuji Hirose	President, Software & Services Business Group
	Masaru Takei	Group President, Sales Group (Domestic)
Senior Vice Presidents	Junji Maeyama	In charge of Strategy, Platforms Business Group
	Hiroya Madarame	Group President, Solutions Group
	Kazuo Murano	Group President, Networks Business Group
	Hiroaki Kurokawa	Group President, Network Service Business Group
	Koichi Ota	Group President, Transport Systems Group
Other Board Members	Kunihiko Sawa	President and Representative Director, Fuji Electric Co., Ltd.
	Akio Moridera	
	Kazunari Shirai	
	Tatsushi Miyazawa	
	Noboru Ogi	Executive Advisor, Platform Business Group
	Hirohisa Yabuuchi	Group President, Western -Japan Regional Sales Group
	Takahiko Okada	Group Executive Vice President, HR Reform Council Corporate Affairs, Human Resources
	Kuniaki Suzuki	Group President, Marketing Group
	Taketoshi Ishii	
	Masamichi Ogura	Group President, Electronic Devices Business Group
	Toshihiro Nishimura	Group Executive Vice President, Solutions Group
	Hiroaki Takeichi	Group President, Network Systems Group
	Michiyoshi Mazuka	Group President ,Eastern- Japan Regional Sales Group
	Toshihiko Ono	Group Executive Vice President, Electronic Devices Group
	Michio Atarashi	Group Executive Vice President, Systems Integration Group
	Yasushi Tajiri	Fujitsu IT Holdings Inc. CEO
	Takashi Aoki	Group President ,Computer Systems Group
	Ichiro Komura	Group President, Platforms Business Promotion Group
	Kazuhiko Kato	General Manager, Corporate Planning Office Controller & Accounting
Standing Auditors	Keizo Fukagawa	
	Shin Koizumi	
Auditors	Yasuyuki Wakahara	
	Takeo Kato	Chairman, Fuji Electric Co., Ltd.
	Katsuhiko Kondo	Emeritus Advisor, Mizuho Financial Group

Note:

Toshihiro Nishimura, Board Member, passed away on April 26, 2002.

Notes:

1. All fractions of monetary units (billions, millions, or thousands of yen) in this report have been rounded down.
2. All fractions of 1,000 shares in this report have been rounded down.

Balance Sheet (Unconsolidated)

(As of March 31, 2002)

	Millions of yen
Assets	
Current assets:	
Cash and cash equivalents and short-term investments	¥ 148,135
Receivables, trade	530,479
Inventories	307,504
Other current assets	226,846
Total current assets	1,212,966
Investments and long-term loans	1,365,069
Property, plant and equipment less accumulated depreciation	500,802
Intangible assets	99,723
	¥3,178,563
Liabilities and shareholders' equity	
Current liabilities:	
Short-term borrowings and current portion of long-term debt	¥ 229,792
Payables, trade	702,903
Other current liabilities	278,473
Total current liabilities	1,211,169
Long-term liabilities:	
Long-term debt	923,340
Other long-term liabilities	84,391
Total long-term liabilities	1,007,731
Shareholders' equity:	
Common stock	324,624
Capital surplus and legal reserve	430,889
Retained earnings	194,402
Unrealized gains on securities, net of taxes	9,914
Treasury stock	(168)
Total shareholders' equity	959,662
	¥3,178,563

Statement of Income (Unconsolidated)

(Year ended March 31, 2002)

	Millions of yen
Net sales	¥3,034,437
Operating costs and expenses:	
Cost of goods sold	2,317,041
Selling, general and administrative expenses	772,075
	3,089,117
Operating income (loss)	(54,680)
Other income (expenses):	
Net interest	(1,559)
Amortization of unrecognized obligation for retirement benefits	(11,530)
Loss on liquidation of subsidiaries	(163,156)
Restructuring charges	(134,259)
Loss on devaluation of subsidiaries' stock	(66,969)
Loss on devaluation of marketable stock	(19,173)
Other, net	(13,781)
	(410,429)
Income (loss) before income taxes	(465,109)
Income taxes	
Current	200
Deferred	(200,200)
	(200,000)
Net income (loss)	(265,109)
Unappropriated retained earnings at the beginning of this year	26,271
Interim dividends	4,956
Unappropriated retained earnings (loss) at the end of this year	¥(243,794)

	Yen
Net income per share	¥(133.74)

Appropriation of Retained Earnings (Unconsolidated)
(Year ended March 31, 2002)

	Millions of yen
Unappropriated retained earnings (loss)	¥(243,794)
Reversal of reserve for:	
Computer equipment	80,550
Losses on overseas investment	100
Software development	6,600
Special depreciation	2,500
Advanced depreciation	500
General reserve	170,000
Total	¥ 16,455
To be appropriated as follows:	
Dividends (¥2.5 per share)	5,004
Reserve for:	
Software development	2,900
Special depreciation	1,100
Advanced depreciation	100
Earnings to be carried forward	¥ 7,351

Notes

1. Interim cash dividends of ¥4,956,273,198 (¥2.5 per share) were paid on November 21, 2001.
2. Financial information in this report is based on the separate Japanese version prepared in accordance with generally accepted Japanese accounting principles. Some of the information in the Japanese version has been summarized here for clearer understanding and not all the information has necessarily been translated. This English version may not conform to U.S. or other non-Japanese accounting principles and has not been audited. If you wish to confirm the integrity of the information, please refer to the Japanese version as the definitive document.

(Supplementary Information)

Summary of Consolidated Results

Billions of yen, except where stated

	FY1998	FY1999	FY2000	FY2001
Net sales	¥5,242.9	¥5,255.1	¥5,484.4	¥5,006.9
Services and Software	2,015.4	1,969.0	2,014.3	2,085.8
Information Processing	1,848.2	1,649.9	1,571.8	1,385.3
Telecommunications	653.3	734.2	778.0	629.8
Electronic Devices	506.6	568.1	759.7	546.5
Financing	-	113.0	107.2	114.4
Other Operations	219.3	220.6	253.2	244.8
Overseas total (included in net sales)	2,115.4	1,902.2	1,894.1	1,546.0
Operating income (loss)	132.2	149.9	244.0	(74.4)
Ordinary profit (loss)	76.7	70.1	189.7	(157.1)
Net income (loss)	(13.6)	42.7	8.5	(382.5)
Net income (loss) per share (yen)	(7.28)	22.10	4.33	(192.98)
Total assets	5,025.6	5,019.7	5,200.0	4,595.8
Net assets	1,078.6	1,176.5	1,214.3	853.7
Shareholders’ equity per share (yen)	572.49	599.37	614.18	426.52

Notes:
1. All fractions of monetary units (billions of yen) have been rounded down.
2. Net income (loss) per share is based on the weighted average number of shares of common stock outstanding during the respective years.
3. Shareholders’ equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
4. A new business segment, "Financing", has been added to reflect the fact that former affiliated company Fujitsu Leasing Co., Ltd. become a consolidated subsidiary from fiscal year 1999.
5. In presenting the financial data for fiscal 1999 and preceding years, the numerical values have been readjusting in accordance with revisions of Japanese regulations concerning financial statements.

Billions of yen

		FY1998	FY1999	FY2000	FY2001
Services & Software	**Net sales**				
	Unaffiliated customers	¥2,015.4	¥1,969.0	¥2,014.3	¥2,085.8
	Intersegment	45.8	69.8	61.9	52.7
	Total	¥2,061.2	¥2,038.8	¥2,076.2	¥2,138.6
	Operating income	¥166.0	¥140.1	¥128.7	¥157.8
	[As % of sales]	[8.1%]	[6.9%]	[6.2%]	[7.4%]
Information Processing	**Net sales**				
	Unaffiliated customers	¥1,848.2	¥1,649.9	¥1,571.8	¥1,385.3
	Intersegment	302.2	286.5	270.9	252.2
	Total	¥2,150.4	¥1,936.4	¥1,842.7	¥1,637.5
	Operating income	¥96.9	¥28.9	¥18.9	¥14.5
	[As % of sales]	[4.5%]	[1.5%]	[1.0%]	[0.9%]
Telecommuni-cations	**Net sales**				
	Unaffiliated customers	¥653.3	¥734.2	¥778.0	¥629.8
	Intersegment	9.8	11.3	15.5	13.4
	Total	¥663.2	¥745.5	¥793.5	¥643.3
	Operating income (loss)	¥13.5	¥21.6	¥37.9	¥(72.4)
	[As % of sales]	[2.0%]	[2.9%]	[4.8%]	[- 11.3%]
Electronic Devices	**Net sales**				
	Unaffiliated customers	¥506.6	¥568.1	¥759.7	¥546.5
	Intersegment	103.1	148.3	149.2	91.0
	Total	¥609.8	¥716.5	¥908.9	¥637.5
	Operating income (loss)	¥(83.3)	¥20.1	¥113.4	¥(109.3)
	[As % of sales]	[- 13.7%]	[2.8%]	[12.5%]	[- 17.1%]
Financing	**Net sales**				
	Unaffiliated customers	–	¥113.0	¥107.2	¥114.4
	Intersegment	–	6.4	7.8	9.4
	Total	–	¥119.5	¥115.1	¥123.9
	Operating income	–	¥3.0	¥3.4	¥4.2
	[As % of sales]	–	[2.5%]	[3.0%]	[3.4%]
Other Operations	**Net sales**				
	Unaffiliated customers	¥219.3	¥220.6	¥253.2	¥244.8
	Intersegment	100.9	125.6	128.2	126.7
	Total	¥320.2	¥346.3	¥381.4	¥371.5
	Operating income (loss)	¥7.0	¥3.4	¥8.1	¥0.2
	[As % of sales]	[2.2%]	[1.0%]	[2.1%]	[0.1%]
Elimination & Corporate	**Net sales**	¥(562.0)	¥(648.2)	¥(633.7)	¥(545.6)
	Operating income	¥(67.9)	¥(67.5)	¥(66.5)	¥(69.5)
Total	**Net sales**				
	Unaffiliated customers	¥5,242.9	¥5,255.1	¥5,484.4	¥5,006.9
	Intersegment	–	–	–	-
	Total	¥5,242.9	¥5,255.1	¥5,484.4	¥5,006.9
	Operating income (loss)	¥132.2	¥149.9	¥244.0	¥(74.4)
	[As % of sales]	[2.5%]	[2.9%]	[4.4%]	[- 1.5%]

Consolidated Balance Sheet (Unaudited)

(As of March 31,2002)

	Millions of yen
Assets	
Current assets:	
Cash and cash equivalents and short-term investments	¥ 303,786
Receivables, trade	921,107
Inventories	635,972
Other current assets	362,202
Total current assets	2,223,067
Investments and long-term loans	897,434
Property, plant and equipment less accumulated depreciation	1,197,466
Intangible assets	277,837
	4,595,804
Liabilities, minority interests and shareholders' equity	
Current liabilities:	
Short-term borrowings and current portion of long-term debt	625,354
Payables, trade	793,782
Other current liabilities	702,088
Total current liabilities	2,121,224
Long-term liabilities:	
Long-term debt	1,135,272
Other long-term liabilities	270,026
	1,405,298
Minority interests	215,526
Shareholders' equity:	
Common stock	324,624
Capital surplus	519,720
Retained earnings	76,176
Unrealized gains on securities and land	14,728
Foreign currency translation adjustments	(81,323)
Treasury stock	(169)
Total shareholders' equity	853,756
	¥4,595,804

Consolidated Statement of Income (Unaudited)

(Year ended March 31, 2002)

	Millions of yen
Net sales	¥5,006,977
Operating costs and expenses:	
Cost of goods sold	3,731,257
Selling, general and administrative expenses	1,350,146
	5,081,403
Operating income (loss)	(74,426)
Other income (expenses):	
Net interest	(32,646)
Equity in earnings of affiliated companies, net	2,676
Amortization of unrecognized obligation for retirement benefits	(35,724)
Restructuring charges	(417,053)
Loss on devaluation of marketable securities	(20,535)
Other, net	(17,025)
	(520,307)
Income (loss) before income taxes and minority interests	(594,733)
Income taxes	(199,420)
Minority interests	12,771
Net income (loss)	¥(382,542)

Fujitsu's Environmental Action Plan

In order to contribute to the creation of a recycling society and to ensure that our businesses are environmentally friendly, we have launched the third *Fujitsu Environmental Action Plan*, which sets targets for achievement by the end of fiscal 2003.

The slogan of the plan is "Make everything green – Green life 21," and the intention is to expand activities from factory-focused environmental measures to having everyone participate in improving the environment.

Third Action Plan

	Item		*Plan*	*Result (as of 3/31/02)*
Fujitsu Group	1) Green Products	Product development	Provide all newly developed products as green products.	41.9% of products
		Lead-free solder	Eliminate the use of lead solder in products manufactured in-house.	36.6% of products
	2) Green Procurement		Green materials and components procured to account for at least 99% of all procurement value.	Full-scale execution from FY 02
	3) Recycling of used products		Establish a recycling system for returned, used products.	Developing compatibility to use Fujitsu Recycle System
	4) Energy conservation (global warming measures)		Reduce the amount of energy used (electricity, oil, gas) as a percentage of unit sales by 25% from the 1990 actual level.	12.9% reduction
	5) Zero waste emission		Reduce amount of waste by 60% from the 1998 actual level.	45.4% reduction
	6) Reduce chemical exhaust		Reduce main chemical emissions by 30% from the 1998 actual level.	75.0% reduction
Fujitsu	1) Green Products	Product development	By fiscal 2002-year end, provide all newly developed products as green products.	60.5% of products
		Lead-free solder	By December 2002, eliminate the use of lead solder in products manufactured in-house.	57.2% of products
	2) Green Procurement		By fiscal 2002-year end, Green materials and components procured to account for at least 99% of all procurement value.	Achieved 97.2%
			By fiscal 2002-year end, 100% of office supply procurement to be products designated "green" by public-service corporation or organization.	Achieved 70.0%
	3) Recycling of used products		Reuse 90% of materials from returned, used products.	Achieved 85.1%
	4) Energy conservation (global warming measures)		Reduce the amount of energy used as a percentage of unit sales by 40% from the 1990 actual level.	31.8% reduction
	5) Zero waste emission		Achieve zero emission of waste for processing.	Reduced to 1,592 tons
	6) Reduce chemical exhaust		Reduce main chemical emissions by 30% from the 1998 actual level.	57.9% reduction

Environmental Accounting

Fujitsu introduced "environmental accounting" from fiscal 1998 in order to quantify costs and benefits related to environmental preservation and to evaluate environmental investments and their benefits. Environmental accounting produces a variety of benefits, including heightened awareness of environmental measures, clear identification of cost reduction items, and an increase in the actual effects of tie-ups between factories and between companies.

Cost–Benefit Trend

Billions of yen

	FY 1999			FY 2000			FY 2001		
	Fujitsu	Consolidated subsidiaries	Total	Fujitsu	Consolidated subsidiaries	Total	Fujitsu	Consolidated subsidiaries	Total
Cost	8.5	8.2	16.7	8.2	10.9	19.1	7.7	11.0	18.7
Benefit	10.3	11.9	22.2	11.1	13.5	24.6	12.3	12.0	24.3

Notes

1. Classification method: As per the Ministry of the Environment's "Developing an Environmental Accounting System" (Year 2000 Report).
2. In order to ensure the reliability of the data, the survey was conducted by a third party (Shin Nihon Environmental Quality Research Center).

Additional information regarding Fujitsu's environmental activities is available in the Company's environmental report or on the Internet (http://eco.fujitsu.com/en/).

Information

Fujitsu's Home Page offer not only this report but also the latest annual report and financial results.

Japanese: http://pr.fujitsu.com/jp/ir/
English: http://pr.fujitsu.com/en/ir/