

Exhibit A

Reports on the 104th Business Period

FUJITSU LIMITED

Note:

This English version of *Reports on the 104th Business Period* is based on the original Japanese version. The style of the English version differs slightly from the Japanese version.

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

To Our Shareholders

It is with great pleasure that we present our report for the financial results of our 104th business term (from April 1, 2003 to March 31, 2004).

During this term, the United States economy strengthened, as did other economies around the globe, showing clear signs of recovery. Even in Japan, the economy underwent a mild recovery due to strong exports and firm demand for digital AV equipment and other consumer products.

Against this economic backdrop, consolidated and unconsolidated operating income reached ¥150.3 billion and ¥32.9 billion, respectively, reflecting a significant increase in the profitability of our business operations over the previous fiscal year. Consolidated net income was ¥49.7 billion, and unconsolidated net income was ¥17 billion.

Regarding our policy towards distribution of earnings, we seek to strike a balance between returning a consistent level of our profits to shareholders while at the same time retaining sufficient earnings to strengthen our financial position and improve our potential to generate earnings over the medium to long term.

However, we are acutely aware that we have disappointed our shareholders by forgoing payment of dividends since the mid-year period of FY 2002. Since we were able to record net profits and improve our financial positions during this term thanks to a strong recovery in our business operations, we have decided to pay a dividend of ¥3 per share.

Going forward, we envision continued tough conditions in the IT market, with pricing pressures on products and services. However, the networked economy will continue to expand, and IT will find its way into many aspects of our everyday lives, leading to an age of ubiquitous computing and communications in which anyone can access information anywhere, anytime.

As a leader of the IT industry, which lies at the core of this ubiquitous networking movement, we will strive to earn our customers' trust as a partner that can contribute to the growth and development of their businesses. In addition, focusing on maintaining a customer-centric perspective, assuring quality and on-time delivery, and increasing overall speed, we will continuously seek to bolster our earnings generating potential and our financial position in order to make Fujitsu a strong company.

We would like to ask you, our shareholders, for your continued support and understanding as we go forward.

June 2004

Naoyuki Akikusa, Chairman (left)
Hiroaki Kurokawa, President and CEO (right)

Report on Business Operations

1. Business Overview (April 1, 2003 to March 31, 2004)

(1) Business Trends and Results

General Overview

A revolutionary new wave in the use of information technology is impacting all aspects of society worldwide. We believe that the arrival of the ubiquitous computing and communications era, which will allow people to exchange information over networks anytime and anywhere, will have a profound impact on business activities, education, medicine and other social services, transportation systems and other parts of the social infrastructure, as well as making all our lives richer and more convenient. As a key player in such a world, the IT industry can expect further growth over the medium to long

term.

During fiscal 2003, the United States economy recovered some of its previous strength, and other economies around the world showed clear signs of recovery. The Japanese economy also showed signs of a mild recovery thanks to strong exports and favorable consumer demand for digital AV equipment and other products.

In this economic climate, corporate spending on IT increased on a global basis, and the recovery in consumer demand led to an increase in unit shipments of PCs and other hardware. Market conditions for semiconductors also recovered due to favorable demand for digital equipment. On the other hand, pricing competition intensified globally, putting strong downward pressure on PC prices as well as on prices for a range of other products and services.

Amid this difficult business environment, we placed particular emphasis on further strengthening our position as a trusted business partner to our customers by providing pre-verified, highly reliable open-standard IT infrastructure solutions. Along with this, we sought to fortify our comprehensive services for complete IT system life cycle management, from planning and consulting to operational and support services. Moreover, we carried out company-wide initiatives to radically reform our production processes, improve product quality, reduce delivery times and lower costs, while also paying closer attention to cash flow in our management activities and working to reduce interest-bearing debt.

With regard to financial results for this term, while the shipment volumes of servers and PCs increased, price declines offset these unit volume increases and sales were sluggish. However, a recovery in the market for semiconductors and other factors helped push overall unconsolidated sales up to ¥2,788.5 billion (a 3.5% year-over-year increase).

In terms of operating income, we were able to secure stable profits from our software and services business, although somewhat lower than last year, and this, together with improvements in profitability in both our platforms and electronic devices businesses, allowed us to record ¥32.9 billion in unconsolidated operating income (an ¥11.1 billion year-over-year increase).

With respect to net income, in conjunction with a global realignment of our operating structure, we recorded valuation losses on shareholdings of a North American subsidiary, and also wrote off costs relating to losses from certain domestic software and services projects that had become or were likely to be unprofitable, as well as for related efforts to restructure our organization in order to strengthen our software and services business. At the same time, we realized extraordinary profits from the sale of shareholdings and the transfer of the substitutional portion of the employees' pension plan. As a result, unconsolidated net income was ¥17 billion (a ¥192.1 billion year-over-year increase).

Overview by Business Segment

Software & Services

In our software and services business, we strove to improve profitability by boosting the productivity of our application development activities while working to expand our business in such growth markets as the public sector (including healthcare), manufacturing and major retailers, as well as in outsourcing services for customers' core business operations.

Moreover in order to be able to respond to the increasingly high-level needs of our customers, we sought to provide services covering the full IT system life cycle, and to offer highly reliable systems in conjunction with our platforms business.

Based on this approach, we were able to boost our sales of solutions-oriented services such as CRM and ERP, as well as systems integration of large-scale enterprise systems for the healthcare industry, government agencies and municipalities, and the manufacturing sector. We also had higher sales of outsourcing services, as well as financial terminal systems to handle new currency in Japan. However, systems integration sales to the financial and communications sectors fell, as did revenues in our maintenance services. As a result, overall unconsolidated sales of software and services reached ¥1,063.8 billion (a 3.7% year-over-year increase).

Looking forward, we anticipate a difficult operating environment in software and services due to intensifying price competition. In addition to the measures taken to date, we will increase the transparency of our contractual arrangements with customers and partners, fundamentally reforming our business structure, and strive to improve customer satisfaction even further. Moreover, we will endeavor to strengthen our development technologies even further. We will also revise our methods of evaluating sales and profits, in line with the introduction of percentage of completion standards, in order to more quickly recognize the earnings potential of our projects and raise overall profitability.

Platforms

In our platforms business, leveraging close ties with our software and services business, we pursued business expansion through the provision of systems and products relating to our TRIOLE strategy for IT optimization. While unit shipments of servers and PCs increased, due to the impact of price declines, unconsolidated sales for the segment as a whole were ¥1,424.4 billion (a 0.8% year-over-year decline).

With regard to servers for corporate use, sales of UNIX servers in North America and Europe increased. However, overall server sales declined, particularly those to telecommunications carriers.

At the same time, reflecting the recovery in consumer spending, sales of PCs and mobile phones to individuals increased, and sales of compact hard disc drives used in notebook PCs grew strongly.

In the area of telecommunication systems, we saw an increase in sales of mobile systems, particularly base stations for 3G mobile communications systems in Europe. Demand for optical transmission systems used in the optical fiber network infrastructure in the North American market recovered, but carriers' severe restraints on capital investments during the first half of the fiscal year contributed to an overall sales decline in that segment.

Looking at our platforms business going forward, although demand in the North American telecommunications market is on a recovery trend, in Japan pricing competition for servers, storage systems and other products is intensifying, and system requirements are becoming ever more complex. For this reason, we are striving to promote further reforms in our manufacturing processes at every plant, as well as seeking out technological collaboration. We will also aim for further improvements in cost competitiveness, strengthen our product development capabilities, and increase the reliability of our products.

And we will continue to offer products based on TRIOLE to further expand sales.

* TRIOLE: Pre-verified and highly reliable IT infrastructure combining servers, storage systems, networks, etc. TRIOLE meets corporate and other requirements for supporting business expansion, speedy operations deployment, and stable management and lower TCO for IT systems.

Electronic Devices

Focusing on logic ICs – key devices in computational processing and equipment control – as the pillar of our electronic devices business, we sought to improve earnings potential by focusing our resources on devices for high-growth markets such as digital AV equipment, mobile terminals, and automotive applications.

As part of this strategy, we spun off our Flash memory development, production and marketing functions to a joint-venture company we formed with Advanced Micro Devices, Inc. This move enabled us to concentrate on logic ICs, as well as to improve management efficiency for the Flash memory business, thereby increasing our competitive positioning in both these markets.

In addition to the impact of these measures, robust demand for digital consumer electronics products resulted in higher sales of logic ICs, especially for devices used in digital AV equipment and mobile phones. Moreover, we also saw a rise in our sales of Flash memory primarily used for mobile phones.

Consequently, overall unconsolidated sales of electronic devices reached ¥300.1 billion (a 28.3% year-over-year increase).

In the area of logic ICs, we began mass production of semiconductors employing our cutting-edge 90 nanometer CMOS process technology (*) during the second half of the fiscal year. However, in response to strong customer demand, we decided to construct a new building at our Mie plant to house large-scale production facilities expected to come on line in April 2005. We plan to develop a new business model for these leading-edge semiconductors by working closely with various internal and external partners in the development, design, and manufacturing stages, and by changing our production processes to more closely match our customers' demands. We believe these steps will contribute to a further expansion in our earnings. In addition, we will be promoting the development of new cutting-edge technologies to further strengthen the competitiveness of our servers, networks, and other platform products.

(*) 90 nanometer CMOS technology: This technology allows for the processing of semiconductors to increase speed, reduce power consumption and achieve large-scale integration. 10 nanometers (nm) equals 1 one hundred millionth (100,000,000) of a meter.

Overview of Research and Development

We undertook research and development of cutting-edge technologies for the services and computing and network systems that are vital to our networked society, as well as for the minute electronic devices that support them.

Software & Services

We developed utility operating technology essential to providing on-demand outsourcing services, which enable customers to take advantage of IT services when and as they need them, and which respond to customers' needs for stable services and greater efficiency in their IT investments. This technology allows the pre-provisioning of services and/or servers to be shared by multiple customers, providing server capacity to cope with periods when loads exceed customers' normal server capacity. This enables customers who suddenly experience temporary spikes in demand on their servers to provide a stable quality of service, and it makes possible efficient system management without customers having to maintain excess server capacity for such contingencies.

In the field of biotech research, which is advancing rapidly thanks to developments in IT technology, we developed a specialized massively parallel simulation server for use in genomic drug research. To handle low-power requirements critical to a system using a large number of processors, we employed 1,920 of our FR-V low-power media processors. Each processor can perform several simulations independently, thereby enabling such operations as fast, accurate structural analysis of proteins. Until now, new drug testing has required the use of expensive reagents and equipment, as well as an extraordinary amount of time. However, by using our specialized server, the amount of time and money spent on new drug research can be reduced dramatically by narrowing the scope of drug testing from an earlier stage.

Platforms

With the dramatic increase in data processing volumes and in the amount of data transmitted over the Internet, requirements are increasing for higher speed, larger volume interconnect technology between IT equipment such as servers and storage systems. In response to these needs, we developed a single-chip Ethernet switch device capable of transmitting 10 gigabits of data per second over copper cables up to 25 meters in length, and we implemented this device in a compact new Ethernet switch. By employing the new switch, it is possible to replace the expensive optical modules that have been used until now with cheaper copper cables, and still get 10 Gbps Ethernet speed. Depending on the distances between IT equipment being connected, optical modules and/or copper cabling may be selected, thereby assuring greater investment efficiency and flexibility in system architecture.

Additionally, we developed an adaptive antenna array for use in next-generation mobile communications base stations and demonstrated the system's effectiveness in a typical installation environment. This new array uses multiple antenna elements to precisely control the amplitude and phase of transmission/reception signals. It will enable large quantities of data to be transmitted at high speed as well as help expand the geographical range of reception.

Electronic Devices

Fujitsu pioneered the development of production technologies to enable stable mass production of high-performance logic ICs, and we have applied these technologies in our 90 nanometer CMOS process semiconductor volume production lines. We combine and control various manufacturing processes to correct any errors arising in a single process, thereby allowing us to raise yields. In the future, utilizing large-diameter wafers for mass production, we will further strengthen our competitive position in leading-edge logic chips.

Capital Investment Overview

During this term, we made capital investments of ¥70 billion (a 37.4% year-over-year increase), focusing on growth areas and with an eye to future business expansion.

In software and services, to improve service delivery for customers and accelerate business speed, we constructed a new building in Kamata, Tokyo (Fujitsu Solution Square) and also made investments to strengthen our outsourcing and corporate network services infrastructure.

With regard to our platforms business, we invested in enterprise system development facilities for UNIX and Linux servers at the heart of our TRIOLE strategy, as well as in strengthening both development and production facilities for IP and mobile systems.

In electronic devices, we invested in such areas as development and higher mass production capacity for leading-edge logic ICs.

Capital Procurement

During this term, along with endeavoring to expand free cash flow, we took measures including selling off some of our shareholdings to trim our asset base in order to reduce interest-bearing debt. We also refrained from raising capital through the issuance of any new shares or bonds.

(2) Key Challenges Ahead

Although the IT sector is undergoing a modest recovery, we expect our business environment to remain tough, due to continued pricing pressures on products and services and other factors. Despite this challenging environment, we will strive to achieve steady gains in profitability and growth by intensifying our focus on customer-centric thinking and thorough implementation of measures to improve quality, timeliness, and speed. In addition, to solidify our customers' trust in us as their valued business partner, we will work to further strengthen our financial condition.

Specifically, starting from fiscal 2004 we will marshal the collective efforts of the entire Fujitsu group in pursuit of four key challenges: 1) reinforcing our existing businesses, 2) seizing new opportunities for growth, 3) fundamentally reforming our organization, and 4) innovating our management systems and approach.

Reinforcing our existing businesses

In order to create a business structure that can ensure profitability even amidst a difficult market environment, we will work to bolster the competitiveness of our products and reform our business processes, as well as reexamine the structure of our business operations and product lines.

In the solutions area, we will further strengthen the links between our Software & Services and Platforms groups and develop products revolving around TRIOLE, our new optimized IT

infrastructure. In Electronic Devices, we have decided to invest in constructing a new 300mm wafer fab for mass-producing leading-edge logic chips, in order to support and exploit further business opportunities utilizing our world-class high-performance 90-nanometer process technology.

In addition, we will strive to strengthen our business structure by reforming business processes in every group – including design, development, manufacturing, systems engineering and sales functions – aimed at improving quality, ensuring on-time delivery and reducing costs. In particular, with respect to manufacturing innovation, along with continuing the company-wide movement to revolutionize our manufacturing activities, which has already produced successful results, we will work to ensure that our development groups are building in quality and cost considerations from the earliest design stages. In software development as well, we will deploy our renewed SDAS comprehensive systems development framework to further shorten development times and improve quality. At the same time, we will pursue various measures to enhance project visibility and management, utilizing our business risk management structure and percentage of completion accounting under international accounting standards, and thereby reform our business structure.

Furthermore, we will strengthen profitability management for operations and projects and align our business to those fields and products in which we can be most competitive.

Seizing new opportunities for growth

We will boost our efforts in three market areas that we believe offer particular opportunities for growth going forward: ubiquitous networking-related fields, small and mid-size businesses in Japan, and overseas markets.

In the ubiquitous networking-related market, we will differentiate ourselves through our ability to offer total solutions that capitalize on the synergies between our leading-edge electronic devices and software & services capabilities. With respect to small and mid-size businesses, we will enhance our product lineup and renew our sales channels to take advantage of growing demand for IT being driven by the expansion of networks. Overseas, in addition to strengthening our software & services business structure we will make concerted efforts to further globalize our product businesses.

Fundamentally reforming our organization

In Japan, to strengthen our responsiveness to the customer throughout the business lifecycle, we have brought together our systems engineering and sales organizations to create customer-centric teams, and designated systems engineer liaisons for specific customers. These moves are intended to make Fujitsu's organization simpler and easier to understand from the customer's perspective. Going forward, we plan to further integrate our sales and systems engineering departments and reform our business formation, including group companies, to enhance the customer-centric nature of our organization.

Overseas as well, we are reviewing the roles of each of our group companies in our major regional markets (North America, Europe, Asia-Pacific) and working to realize the goals of our "One Fujitsu" initiative by building a business structure that will enable us to provide high-quality one-stop solutions in each market.

Innovating our management systems and approach

We are also boldly revising our management systems and structures in order to be able to respond to market and customer changes. In regard to research and development, we will reform our research theme selection processes and strengthen our intellectual property strategies in order to tighten alignment with our business operations. To meet these challenges, we will further cultivate our human resources through enhanced training and other measures.

In addition to the above measures, improving the company's financial position will continue to be a top management priority. Besides ongoing efforts to increase the profitability of our core businesses, we will strive to make even more efficient use of assets to put the company on a firmer financial footing.

Addressing these issues through unflinching effort and determination, we will continually aim to serve as a trusted partner to our customers and carry out business reforms so that we, as a leading global company, can contribute to building an affluent networked economy.

(3) Performance and Assets

Billions of yen, except where stated

<i>Year (Business period)</i>	<i>2000 (101st)</i>	<i>2001(102nd)</i>	<i>2002(103rd)</i>	<i>2003 (Current period)</i>
Net sales	¥3,382.2	¥3,034.4	¥2,695.0	¥2,788.5
Software & Services	1,025.6	1,078.6	1,025.6	1,063.8
Platforms	1,988.4	1,720.2	1,435.4	1,424.4
Electronic devices	368.1	235.5	233.9	300.1
Operating income (loss)	100.2	(54.6)	21.8	32.9
Ordinary profit (loss)	107.4	(81.5)	3.0	38.3
Net income (loss)	46.6	(265.1)	(175.0)	17.0
Net income (loss) per share [yen]	23.70	(133.74)	(87.48)	8.49
Total assets	3,443.9	3,178.5	2,926.2	3,022.9
Net assets	1,224.2	959.6	771.1	934.6
Shareholders' equity per share [yen]	619.20	479.40	385.49	467.18

Notes:

- Net income (loss) per share is calculated on weighted average number of shares of common stock outstanding during each period.
- Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
- From the term under review, we prepare the financial statement in accordance with the enforcement regulation of the Commercial Code, as amended by the Ministerial Ordinance Partially Amending the Enforcement Regulations of the Commercial Code (Ministry of Justice, Ministerial Ordinances No.7 issued on February 28, 2003 and No. 68 issued on September 22, 2003). Consequently, in the financial statements in the Japanese version, there are minor changes in description for "net income" and "net income per share".
- From the 103rd term, "shareholders' equity per share" and "net income per share" are calculated in accordance with the "Accounting Standard for Net Income Per Share" (Corporate Accounting Standard No. 2) and the "Corporate Accounting Standard Applicable Guideline for Net Income Per Share" (Corporate Accounting Standard Applicable Guideline No. 4).
- During 102nd term, although sales at the services and software business and sales of large servers and 3G 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.
- During 103rd term, sales increased for solutions services, mobile phones and semiconductors, but a downturn in demand among financial institutions led to a sales decline for products used in large-scale systems, such as enterprise servers and storage systems as well as systems integration services. In addition, sales of optical transmission systems and 3G mobile systems to telecommunication carriers decreased. As a result of lower fixed costs stemming from our business restructuring efforts, unconsolidated operating income was ¥21.8 billion. Although we posted extraordinary gains from the sale of a portion of our holdings of marketable securities, this was offset by business restructuring charges, extraordinary expenses associated with corrective measures for certain products, and other charges, resulting in an unconsolidated net loss of ¥175 billion.
- Overall sales increased during the term under review, as a result of reduction in sales for optical fiber transmission systems and for large system products such as large servers and storage systems and of increase in sales for semiconductors and services relating to solution and outsourcing. Operating income was ¥32.9 billion due to effects of business restructuring and cost reduction in the previous terms and due to an increase in sales. Net income was ¥17 billion due to extraordinary losses relating to valuation losses on shares in North American subsidiaries and business restructuring costs and due to extraordinary gains relating to disposal of shares and gains from return of public portion of pension funds.

2. COMPANY OVERVIEW (As of March 31, 2004)

(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 systems, telecommunication systems, and electronic devices. The primary products and services of each business are listed below.

<i>Group</i>	<i>Main products and services</i>
Software & Services	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
Platforms	Servers (UNIX servers, IA servers, Global servers), Peripheral equipment for information systems (Disk array, etc.), Personal computers, Storage equipment (Magnetic and magneto-optical disk drives), Terminals (Financial terminals, POS systems), Mobile phone handsets, IP systems (GeoStream, etc.), Fiber-optic transmission systems, Mobile communication systems (3G base station systems)
Electronic Devices	Logic ICs (System LSI, ASICs, Microcontrollers, FRAM), Memory ICs (Flash memory, FCRAM)

(2) Principal Offices and Plants

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki, Kanagawa
Principal office	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Domestic business offices	Hokkaido (Sapporo), Tohoku (Sendai), Kanetsu (Saitama), Tokyo (Shinjuku-ku, Tokyo), Chiba (Chiba), Kanagawa (Yokohama), Nagano (Nagano), Shizuoka (Shizuoka), Tokai (Nagoya), Hokuriku (Kanazawa), Kyoto (Kyoto), Kansai (Osaka), Kobe (Kobe), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyushu (Fukuoka)
Software Services	Fujitsu Solution Square (Ota-ku, Tokyo), Sapporo System Laboratories (Sapporo), Aomori System Laboratories (Aomori), Makuhari System Laboratories (Chiba), Kansai System Laboratories (Osaka), Oita System Laboratories (Oita), Kumamoto System Laboratories (Mashiki-machi, Kamimashiki-gun), Kyushu R&D Center (Fukuoka), Tatebayashi System Center (Tatebayashi), Akashi System Center (Akashi)
R & D	Kawasaki Plant (Kawasaki), Minamitama Plant (Inagi), Numazu Plant (Numazu), Akashi Plant (Akashi), Akiruno Technology Center (Akiruno),
Manufacture	Iwate Plant (Kanegasaki-cho, Isawa-gun), Aizuwakamatsu Plant (Aizuwakamatsu), Oyama Plant (Oyama), Nasu Plant (Otawara), Nagano Plant (Nagano), Mie Plant (Tado-cho, Kuwana-gun)

(3) Employees

<i>Number of employees</i>	<i>Change from end of fiscal 2002</i>	<i>Average age</i>	<i>Average years of employment</i>
34,836	146	38.8	16.6

(4) Stock

Number of Authorized Shares: 5,000,000,000

Number of Outstanding Shares and stated capital

Shares: 2,001,962,672

Stated Capital: ¥324,624,076,169

Shares Issued during the business period: There was no issuance of shares during the business period.

Acquisition, retirement and holdings of treasury stock

Shares acquired	268,458 ordinary shares	Total amount of acquisition: ¥157,225 thousand
Shares retired	213,037 ordinary shares	Total amount of retirement: ¥126,517 thousand
Shares held as of FY close	1,629,912 ordinary shares	

Notes:

1. The above treasury stocks acquired were through the repurchase of odd-lot shares.
2. The above treasury stocks retired were sold in response to the requests received from the holders of odd-lot shares.
3. There is no lapsing of treasury stocks for the term under review.

Number of Shareholders: 253,623 (6,462 increase from the end of FY2002)

Principal shareholders

Name	Shareholder's investment in Fujitsu Limited		Fujitsu Limited's investment in the shareholder	
	Number of shares held (thousands)	Percentage of voting rights (%)	Number of shares held (thousands)	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (for trust)	158,955	8.00	-	-
Japan Trustee Services Bank, Ltd. (for trust)	132,741	6.68	-	-
Fuji Electric Holdings Co., Ltd.	77,421	3.90	74,333	10.46
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Fuji Electric Systems Co., Ltd.)	60,296	3.04	-	-
The Chase Manhattan Bank NA London	54,538	2.75		
State Street Bank and Trust Company	45,347	2.28		
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Fuji Electric FA Component & Systems Co., Ltd.)	40,697	2.05	-	-
Asahi Mutual Life Insurance Company	40,218	2.02	-	-
Mizuho Corporate Bank, Ltd.	32,441	1.63	-	-
Nippon Life Insurance Company	22,943	1.15	-	-

Notes

1. The shares held by Japan Trustee Services Bank, Ltd. (for trust), The Master Trust Bank of Japan, Ltd. (for trust) pertain to the trust business by the institution.
2. Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust for Fuji Electric Systems Co., Ltd. and Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust for Fuji Electric FA Component & Systems Co., Ltd. are retirement benefit trust assets based on our company's shares owned by the former Fuji Electric Co., Ltd. (currently Fuji Electric Holdings Co., Ltd.). The execution of voting rights is to be instructed by Fuji Electric Systems Co., Ltd. and Fuji Electric FA Component & Systems Co., Ltd. Including the above, the Fuji Electric Group owns the total of 153,942 thousand shares of our company (7.75% of the total voting rights) as retirement benefit trust assets.

(5) Reservation Rights for New Shares

	<i>Number of the right</i>	<i>Type and number of shares to be used for exercising of the right</i>	<i>Issuing price of new shares</i>
Zero Coupon Convertible Bonds due 2009	50,000	208,159,866 ordinary shares	1,201yen

In addition to the above, subscription rights (stock option) and convertible bonds were issued under Articles 280-19-1 and 341-2 of the old Commercial Code, respectively. (Please refer notes to balance sheet for stock option.)

	<i>Number of the right</i>	<i>Type and number of shares to be used for exercising of the right</i>	<i>Issuing price of new shares</i>
Stock Option 2000	-	1,020,000 ordinary shares	3,563yen
Stock Option 2001	-	1,360,000 ordinary shares	1,450yen
1.4% unsecured convertible bonds due 2004	-	22,618,898 ordinary shares	1,751.50yen

(6) Principal Lenders

<i>Lender</i>	<i>Loan amount (¥ millions)</i>	<i>Lender's investment in the Company</i>	
		<i>Numbers of shares (thousands)</i>	<i>Percentage</i>
Japan Bank for International Cooperation	53,000	-	-
Mizuho Corporate Bank, Ltd.	23,305	32,441	1.63
Sumitomo Mutual Life Insurance Company	20,000	355	0.02
The Norinchukin Bank	20,000	-	-
Resona Bank, Limited	16,110	-	-

(7) Consolidation**Major consolidated subsidiaries**

<i>Company name</i>	<i>Capital (¥ million)</i>	<i>Ownership by the Company (%)</i>	<i>Main business</i>
Fujitsu Laboratories Ltd.	5,000	100	Research and development of information systems, communication systems and electronic devices
Shinko Electric Industries, Co., Ltd.	24,223	50.26 (0.03)	Manufacture and sales of semiconductor device packages
Fujitsu Business Systems Ltd.	12,220	52.67 (0.06)	Planning, development and sales of information and communication systems, and provision of 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
Fujitsu Frontech Ltd.	8,457	53.79 (0.44)	Development, manufacture and sales of automatic machines, display equipments
Fujitsu Access Ltd.	6,691	50.57 (0.40)	Development, manufacture and sales of information and communication equipments
Fujitsu Devices Inc.	3,645	66.77	Development, design, and sales of semiconductor devices and related software products, and sales of general electronic parts

(TRANSLATION FOR REFERENCE ONLY)

<i>Company name</i>	<i>Capital (¥ million)</i>	<i>Ownership by the Company (%)</i>	<i>Main business</i>
Fujitsu Component Ltd.	2,764	67.99	Management of manufacture and sales subsidiary of component and development, manufacture and sales of electronic equipment and applied electronic equipment
Fujitsu Broad Solution & Consulting Inc.	1,970	56.48	Software development and sales, and providing software services
Fujitsu Quantum Devices Limited	14,840	100	Development, manufacture and sales of compound semiconductors
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	Provision of solution services and development, manufacture, sales, maintenance and operation of information systems
Fujitsu Network Solutions Limited	3,942	100	Consulting, design, installation, operation and maintenance of 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
Fujitsu Display Technologies Corporation	1,190	80.00	Development, manufacture and sales of LCDs
NIFTY Corporation	1,000	100	Internet services
Fujitsu IT Products Ltd.	450	100 (45.00)	Development, manufacture and sales of computers and related equipment
Fujitsu Network Communications, Inc. (U.S.)	US\$ (thousands) 240,815	100	Development, manufacture and sales of fiber-optic transmission systems and provision of related services
Fujitsu Consulting Holdings, Inc. (U.S.)	US\$ (thousands) 9	100	IT systems-related consulting, systems integration, and application maintenance services
Fujitsu Computer Systems Corporation (U.S.)	US\$ (thousands) 0	100	Development and sales of information systems and provision of related services
Fujitsu Services Holdings 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

Notes

1. Values in parentheses in the percentage of ownership column are percentages of indirect ownership.
2. Fujitsu Hitachi Plasma Display Limited is not consolidated subsidiary in accordance with the Japanese Commercial Code.

Progress and results of business consolidation

- Fujitsu AMD Semiconductor Co., Ltd. ceased to be our subsidiary, after it became a subsidiary of FASL LLC established by U.S. AMD Inc. and our company in July 2003.
- Fujitsu Lease Co., Ltd. was changed its status from our consolidated subsidiary to our affiliated company for equity accounting, after we sold some of the company's shares in September 2003.
- FDK Co., Ltd. was changed its status from our consolidated subsidiary to our affiliated company for equity accounting, after its third party share allotment in March 2004.
- Fujitsu Consulting Holdings, Inc. and Fujitsu Computer Systems Corporation had been subsidiaries of our subsidiary of Fujitsu IT Holdings, Inc. However, those two companies became our direct subsidiaries in March 2004 in line with the North American business restructuring of our Group. Fujitsu IT Holdings, Inc. is planned to be liquidated in the near future.

For the fiscal 2003 consolidated financial statement, the Company had 455 consolidated subsidiaries, including the 23 companies listed above. In addition, 32 companies are subject to the equity method of accounting.

Net sales, operating income, ordinary profit and net income on a consolidated basis for the term under review were ¥4,766.8 billion (3.2 % increase from the previous term, hereinafter the same comparison), ¥150.3 billion (¥49.9 billion increase), ¥49.7 billion (¥37.3 billion increase) and ¥49.7 billion (¥171.7 billion increase), respectively.

Major technical cooperation

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

<i>Companies</i>	<i>Products</i>
Infineon Technologies AG (Germany)	Semiconductor apparatus
Lucent Technologies Inc. (U.S.)	Information handling organization, Semiconductor apparatus
International Business Machines Corporation (U.S.)	Information handling organization
Microsoft Corporation (U.S.)	Software
Texas Instruments Incorporated (U.S.)	Semiconductor apparatus, integrated circuits
Intel Corporation (U.S.)	Semiconductor apparatus
Motorola, Inc. (U.S.)	Semiconductor apparatus
National Semiconductor Corporation (U.S.)	Semiconductor apparatus
Samsung Electronics Co., Ltd. (Korea)	Semiconductor apparatus

(8) Management**a) Members of the Board and Auditors (As of March 31, 2004)**

Position	Name	Assignment or title
Representative Director	Naoyuki Akikusa	Chairman of the Board
	Hiroaki Kurokawa	
Director	Kunihiko Sawa	President and Representative Director, Fuji Electric Holdings Co., Ltd.
	Hiroshi Oura	Chairman of the Board and CEO, Advantest Corporation
	Akira Takashima	
	Michio Fujisaki	President, Fujitsu Laboratories Ltd.
	Hiroya Madarame	
	Kuniaki Suzuki	
	Junji Maeyama	
	Masamichi Ogura	
Standing Auditor	Takashi Takaya	
	Shin Koizumi	
Auditor	Yasuyuki Wakahara	
	Takeo Kato	Chairman, Fuji Electric Holdings Co., Ltd.
	Katsuhiko Kondo	Honorary Advisor, Mizuho Financial Group

Notes:

1. Mr. Kunihiko Sawa is an outside director as defined by Article 188, Section 2-7-2 of the Commercial Code.
2. Messrs. Yasuyuki Wakahara, Takeo Kato, Katsuhiko Kondo, Corporate 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) Corporate Executive Officers (As of March 31, 2004)

Section	Name	Position
	Hiroaki Kurokawa	President
	Akira Takashima	Corporate Executive Vice President In charge of Public Policy & Business Development In charge of Public Sector Business Development
Corporate Center	Masamichi Ogura	Corporate Executive Vice President and CFO Head of Corporate Center
	Takahiko Okada	Corporate Senior Vice President General Manager, Group Administration Office
	Kazuhiko Kato	Corporate Vice President General Manager, Corporate Planning Office
	Haruki Okada	Corporate Vice President Group President, Procurement Group
Sales Group	Kuniaki Suzuki	Corporate Executive Vice President Group President, Sales Group
	Kazuo Murano	Corporate Senior Vice President Group President, Global Business Development Group
	Hirohisa Yabuuchi	Corporate Senior Vice President Group President, Western-Japan Regional Sales Group
	Michiyoshi Mazuka	Corporate Senior Vice President Group President, Eastern-Japan Regional Sales Group
	Yasushi Tajiri	Corporate Vice President
	Tetsuo Urano	Corporate Vice President, Fujitsu Limited Executive Chairman, Fujitsu Siemens Computers (Holding) B.V.
	Takashi Igarashi	Corporate Vice President Group President, Sales Group, Industries
	Yoshihisa Nagano	Corporate Vice President Group President, Marketing Group
	Yasuo Koike	Corporate Vice President Group President, Sales Group, Distribution & Information Systems

Section	Name	Position
	Kyung-soo Ahn	Corporate Vice President Group Executive Vice President, Global Business
	Yoshiaki Shibano	Corporate Vice President Group President, NTT Sales Group
	Yasuaki Ara	Corporate Vice President Group President, Government & Public Utilities Sales Group
	Takumi Nakamura	Corporate Vice President Group Executive Vice President, Western-Japan Regional Sales Group
Software & Services Business Group	Hiroya Madarame	Corporate Executive Vice President Group President, Software & Services Business Group
	Koichi Ohta	Corporate Senior Vice President In charge of Infrastructure and Operation Services
	Michio Atarashi	Corporate Vice President In charge of Common Technologies and Quality Control
	Takashi Aoki	Corporate Vice President In charge of Ubiquitous Systems
	Kuniaki Nozoe	Corporate Vice President Group President, Software & Services Business Promotion Group
	Nobuo Nagaya	Corporate Vice President In charge of Group Strategies and Healthcare Solutions
	Hiromasa Inagaki	Corporate Vice President In charge of Systems Integration
	Koichi Matsushita	Corporate Vice President In charge of Consulting, Solutions and Packaged software
	Kazuya Wada	Corporate Vice President Group President, Mass Media Solutions Group
System Product Business Group	Chiaki Itoh	Corporate Senior Executive Vice President Group President, System Products Business Group
	Hiroaki Takeichi	Corporate Vice President In charge of Telecommunications
	Takashi Nakamura	Corporate Vice President Group President, IP Network Systems Group
	Yoshiyuki Tanakura	Corporate Vice President Group President, Software Group
Ubiquitous Product Business Group	Junji Maeyama	Corporate Executive Vice President Group President, Ubiquitous Product Business Group
	Ichiro Komura	Corporate Vice President Group President, Storage Products Group
	Kimihisa Ito	Corporate Vice President Group President, Personal Systems Business Group
Product Business Operation Group	Junji Maeyama	Corporate Executive Vice President Group President, Product Business Operation Group
Electronic Devices Business Group	Toshihiko Ono	Corporate Senior Vice President Group President, Electronic Devices Business Group Group President, LSI Group
	Nobutake Matsumura	Corporate Vice President Group President, Marketing & Sales Group, Electronic Devices
	Shigeru Fujii	Corporate Vice President Group Executive Vice President, LSI Group

c) Corporate Governance: Our Basic Position and Status of Initiatives

Basic Position

Fujitsu believes that ensuring the transparency and effectiveness of corporate management for shareholders and other stakeholders is essential for good corporate governance. In order to do so, we utilize outside directors and separate management oversight and operational execution functions. We believe that clear separation of these two functions helps to ensure management transparency and efficiency.

Status of Initiatives

Management organization regarding business decisions, operational execution and oversight, and other structural issues regarding corporate governance

Fujitsu's Board of Directors carries out a management oversight function, supervising the execution functions of the Management Strategy Council and the Management Council under its authority.

As an executive organ, the Management Strategy Council discusses and decides upon fundamental policies and strategy regarding business management. The Management Council makes decisions on important matters regarding operational execution. The Board of Directors makes decisions on items of particular importance on the agendas of the two councils. Statutory auditors carry out an auditing function, reviewing the Board of Directors as well as operational execution functions.

Initiatives to strengthen corporate governance during the last year

In fiscal 2002, in order to separate the management oversight and operational execution functions, Fujitsu introduced a Corporate Executive Officer system and made a major reduction in the size of the Board of Directors, reducing the number of directors from 32 to 7. In fiscal 2003, although the total number of directors was increased from 7 to 10, we continued the general policy of maintaining a relatively streamlined Board of Directors.

The rationale for increasing the number of directors was to promote vigorous debate through the participation of a sufficient number of directors having a full grasp of the actual operations of the company. Directors who are also corporate executive officers have the dual responsibility of reporting to the Board on the operations they manage as corporate executive officers and, at the same time, considering the perspective of the overall management of the company in their roles as directors.

At the General Shareholders Meeting in June 2003, Hiroshi Oura (Chairman of the Board and CEO, Advantest Corporation) was selected as director to replace Toshihiko Fukui, who resigned in March 2003 to become Governor of the Bank of Japan. Although Mr. Oura previously served as an officer of Fujitsu and thus does not qualify as an outside director under the definition of Japan's Commercial Code, he, along with outside director Kunihiko Sawa (President and CEO, Fuji Electric Co., Ltd.), as non-executive directors, help to bring an objective perspective to the task of management oversight.

Additionally, the company's Risk Management Committee, which was established in fiscal 2002, monitors on an ongoing basis the variety of risks to which the company is exposed and develops strategies to mitigate them. The Committee reports serious risk-related issues to the Management Council and to the Board of Directors so that countermeasures can be thoroughly considered. Through these and other measures, we have been working to strengthen the risk management structure for the entire Fujitsu Group.

d) Changes in Members of the Board and Auditors in the Last Fiscal Year**New appointments**

At the 103rd Annual Shareholders' Meeting, held on June 24, 2003, Messrs. Hiroaki Kurokawa, Hiroshi Oura, Michio Fujisaki, Hiroya Madarame, Kuniaki Suzuki, Junji Maeyama, and Masamichi Ogura were elected as Board Member and Mr. Takashi Takaya was elected as Auditor.

Retirements

Messrs. Tadashi Sekizawa, Tadayasu Sugita, and Takashi Takaya, Board Members, and Ms. Keizo Fukagawa, Auditor, retired as of June 24, 2003.

e) Changes in Assignment or Title of Members of the Board and Auditors After the Term of End

Members of the Board and Auditors as of May 1, 2004

Position	Name	Assignment or title
Representative Director	Naoyuki Akikusa	Chairman of the Board
	Hiroaki Kurokawa	
Director	Kunihiko Sawa	President and Representative Director, Fuji Electric Holdings Co., Ltd.
	Hiroshi Oura	Chairman of the Board and CEO, Advantest Corporation
	Akira Takashima	
	Michio Fujisaki	President, Fujitsu Laboratories Ltd.
	Hiroya Madarame	
	Kuniaki Suzuki	
	Junji Maeyama	
Standing Auditor	Masamichi Ogura	
	Takashi Takaya	
Auditor	Shin Koizumi	
	Yasuyuki Wakahara	
	Takeo Kato	Chairman, Fuji Electric Holdings Co., Ltd.
	Katsuhiko Kondo	Honorary Advisor, Mizuho Financial Group

Corporate Executive Officers as of May 1, 2004

Section	Name	Position
	Hiroaki Kurokawa	President
	Akira Takashima	Corporate Executive Vice President In charge of Public Policy & Business Development In charge of Public Sector Business Development
President Office	Kuniaki Suzuki	Corporate Executive Vice President Head of President Office
	Kazuhiko Kato	Corporate Vice President General Manager, President Office
Corporate Center	Masamichi Ogura	Corporate Executive Vice President and CFO Head of Corporate Center
	Takahiko Okada	Corporate Senior Vice President General Manager, Group Administration Office
	Haruki Okada	Corporate Vice President Group President, Procurement Group
Sales Group	Kuniaki Suzuki	Corporate Executive Vice President Group President, Sales Group
	Kazuo Murano	Corporate Senior Vice President Group President, Global Business Development Group
	Hirohisa Yabuuchi	Corporate Senior Vice President Group President, Western-Japan Regional Sales Group
	Michiyoshi Mazuka	Corporate Senior Vice President Group President, Eastern-Japan Regional Sales Group
	Yasushi Tajiri	Corporate Vice President
	Tetsuo Urano	Corporate Vice President, Fujitsu Limited Member of the Board Fujitsu Siemens Computers (Holding) B.V.

Section	Name	Position
	Takashi Igarashi	Corporate Vice President Group President, Sales Group, Industries
	Yoshihisa Nagano	Corporate Vice President Group President, Marketing Group
	Yasuo Koike	Corporate Vice President Group President, Sales Group, Distribution & Information Systems
	Kyung-soo Ahn	Corporate Vice President Group Executive Vice President, Global Business
	Yoshiaki Shibano	Corporate Vice President Group President, NTT Sales Group
	Yasuaki Ara	Corporate Vice President Group President, Government & Public Utilities Sales Group
	Takumi Nakamura	Corporate Vice President Group Executive Vice President, Western-Japan Regional Sales Group
Software & Services Business Group	Hiroya Madarame	Corporate Executive Vice President Group President, Software & Services Business Group
	Koichi Ohta	Corporate Senior Vice President In charge of Infrastructure and Operation Services
	Michio Atarashi	Corporate Vice President In charge of Common Technologies and Quality Control
	Takashi Aoki	Corporate Vice President In charge of Ubiquitous Systems
	Kuniaki Nozoe	Corporate Vice President Group President, Software & Services Business Promotion Group
	Nobuo Nagaya	Corporate Vice President In charge of Group Strategies and Healthcare Solutions
	Hiromasa Inagaki	Corporate Vice President In charge of Systems Integration
	Koichi Matsushita	Corporate Vice President In charge of Consulting, Solutions and Packaged software
	Kazuya Wada	Corporate Vice President Group President, Mass Media Solutions Group
System Product Business Group	Chiaki Itoh	Corporate Senior Executive Vice President Group President, System Products Business Group
	Hiroaki Takeichi	Corporate Vice President In charge of Telecommunications
	Takashi Nakamura	Corporate Vice President Group President, IP Network Systems Group
	Yoshiyuki Tanakura	Corporate Vice President Group President, Software Group
Ubiquitous Product Business Group	Junji Maeyama	Corporate Executive Vice President Group President, Ubiquitous Product Business Group
	Ichiro Komura	Corporate Vice President Group President, Storage Products Group
	Kimihisa Ito	Corporate Vice President Group President, Personal Systems Business Group
Product Business Operation Group	Junji Maeyama	Corporate Executive Vice President Group President, Product Business Operation Group
Electronic Devices Business Group	Toshihiko Ono	Corporate Senior Vice President Group President, Electronic Devices Business Group
	Nobutake Matsumura	Corporate Vice President Group President, Marketing & Sales Group, Electronic Devices
	Shigeru Fujii	Corporate Vice President Group President, LSI Group

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, 2004)

*Millions of yen***Assets****Current assets:**

Cash and cash equivalents and short-term investments	¥ 163,686
Receivables, trade	482,886
Inventories	241,389
Other current assets	<u>297,842</u>
Total current assets	<u>1,185,805</u>

Investments and long-term loans 1,348,664

Property, plant and equipment less accumulated depreciation 390,963

Intangible assets..... 97,542
¥3,022,975

Liabilities and shareholders' equity**Current liabilities:**

Short-term borrowings and current portion of long-term debt	¥ 301,591
Payables, trade	706,998
Other current liabilities.....	<u>178,695</u>
Total current liabilities	<u>1,187,285</u>

Long-term liabilities:

Long-term debt	832,116
Other long-term liabilities	<u>68,969</u>
Total long-term liabilities	<u>901,086</u>

Shareholders' equity:

Common stock.....	324,624
Capital surplus and legal reserve	394,458
Retained earnings	67,858
Unrealized gains on securities, net of taxes	148,519
Treasury stock	<u>(857)</u>
Total shareholders' equity	<u>934,603</u>
	<u>¥3,022,975</u>

Statement of Income (Unconsolidated)

(Year ended March 31, 2004)

	<i>Millions of yen</i>
Net sales	¥2,788,526
Operating costs and expenses:	
Cost of goods sold	2,120,169
Selling, general and administrative expenses	<u>635,395</u>
	<u>2,755,564</u>
Operating income (loss)	32,962
Other income (expenses):	
Net interest.....	48,243
Amortization of unrecognized obligation for retirement benefits	(26,537)
Gain on sale of marketable securities	237,621
Gain on transfer of substitutional portion of employees' pension funds	81,358
Gain on sale of property, plant and equipment	13,649
Loss on devaluation of subsidiaries' and affiliates' stock.....	(206,742)
Restructuring charges	(66,376)
HDD litigation-related expenses	(10,220)
Casualty loss.....	(4,700)
Other, net.....	<u>(19,172)</u>
	<u>47,123</u>
Income (loss) before income taxes	80,085
Income taxes	
Current.....	(7,382)
Deferred.....	<u>70,400</u>
	<u>63,017</u>
Net income (loss)	¥ <u>17,067</u>
Unappropriated retained earnings at the beginning of this year	10,043
Reversal of legal reserve	36,447
Unappropriated retained earnings (loss) at the end of this year	¥ <u>63,558</u>
	<i>Yen</i>
Net income per share	¥ <u>8.49</u>

Appropriation of Retained Earnings and Other Capital Surplus (Unconsolidated)

(Year ended March 31, 2004)

a. Appropriation of Retained Earnings (Loss)

	<i>Millions of yen</i>
Unappropriated retained earnings (loss)	¥ 63,558
Total	<u>¥ 63,558</u>
To be appropriated as follows:	
Dividends	6,000
(3.0 yen per share)	
Bonuses to directors and statutory auditor	81
Reserve for:	
Special depreciation	2,900
Earnings to be carried forward	<u>¥ 54,576</u>

b. Appropriation of Other Capital Surplus

	<i>Millions of yen</i>
Other capital surplus	¥300,016
To be appropriated as follows:	
Other capital surplus to be carried forward	<u>¥300,016</u>

Notes

Financial information in this report is based on the separate Japanese version prepared in accordance with generally accepted accounting principles in Japan. 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 certified document.

(Supplementary Information)***Consolidated Results***

	<i>Billions of Yen</i>		
<i>Year</i>	<i>FY2002</i>	<i>FY2003</i>	<i>Change</i>
Net sales	¥4,617.5	¥4,766.8	+ ¥149.3
Operating income	100.4	150.3	+ 49.9
Ordinary profit	12.3	49.7	+ 37.3
Net income (loss)	(122.0)	49.7	+ 171.7

We saw drops in the sales of servers and other hardware resulting from declines in sales of our large-scale systems and from price competition, and weakened sales of optical transmission systems in the North American market, which had been recovering. With regards to sales of our outsourcing, solutions and other services, the liquidation of our European business unit resulted in a decline in our overseas sales, in contrast our domestic sales grew. Furthermore sales of semiconductors, PDPs, LCDs, and HDDs, which are the backbone products supporting the digitalization of AV equipment, all grew, allowing our total sales to reach ¥4,617.5 billion (a 3.2% year over year increase).

Operating income in our software services business declined due to reduced profitability in some of our projects, development costs associated with new services, and up-front investments in Linux. However, profitability of our electronic devices business improved dramatically due to strong demand for our semiconductor and PDP products, in addition to revenue expansion in our platform business resulting from earnings improvements in such products as HDD, transmission system and financial terminal, allowing our operating income to reach ¥150.3 billion (a solid ¥49.9 billion year over year increase).

With regards to our ordinary profit, increases in losses related to amortization of unrecognized obligation for retirement benefits from the previous year offset some of the profit increases seen at the operating income level and we achieved recurring income of ¥49.7 billion (a solid ¥37.3 billion year over year increase).

Moreover at the extraordinary level, we were able to realize profits from the liquidation of our shareholdings of Fanuc Co., Ltd., the liquidation of fixed assets, and related to our pensions. At the same time, expenses resulting from restructuring, primarily in our North American operations but also in other regions around the globe, elimination of unprofitable projects and reforms to fortify our business structure in our software services business resulted in realization of extraordinary losses. However extraordinary profits offset these losses and allowed our net income to reach ¥49.7 billion. This figure represents a ¥171.7 billion improvement from the previous year.

Estimate and Actual Figures

	<i>Billions of Yen</i>		
<i>Year</i>	<i>Initial estimate</i>	<i>FY2003(actual)</i>	<i>Change</i>
Net sales	¥4,800.0	¥4,766.8	- ¥33.1
Operating income	150.0	150.3	+ 0.3
Ordinary profit	60.0	49.7	- 10.2
Net income	30.0	49.7	+ 19.7

Based on our policy of bringing about a solid recovery in the earnings of main businesses by raising the efficiency of various business operations and by fortifying our global competitiveness, we projected the earnings shown above.

In order to achieve our projections for operating income in business operations, we captured large orders in the software services business of our European subsidiary, expanded sales of our platform products within Japan, and focused on our marketing efforts in general. Furthermore we were able to quickly recoup the losses

resulting from damages to our semiconductor plant by an offshore earthquake in Miyagi Prefecture in May 2003. Furthermore, by pursuing development efficiency and reforms in our production activities we sought to achieve cost reductions in our overall group.

And while operating income in our software services business fell short of our projections, operating income in our platform and electronic devices businesses exceeded projections by large margins and enabled us to achieve our overall operating income projections.

Because of reductions in equity-accounting method income arising from the exclusion of Fanuc Co., Ltd. and of foreign exchange losses, our recurring income fell short of our projections.

Furthermore during the current fiscal year, we were able to realize extraordinary profits from the liquidation of assets and related to our pensions. At the same time, we also realized extraordinary losses due to expenses arising from restructuring of our businesses in North America and other regions of the world to allow us to provide services as a single integrated business unit, and from reforms in our domestic software services business made to improve profitability. And because our losses were below the profits realized at the extraordinary level, our net income exceeded our projections by ¥20 billion.

Summary of Consolidated Results

Billions of yen, except where stated

	FY2000	FY2001	FY2002	FY2003
Net sales	¥5,484.4	¥5,006.9	¥4,617.5	¥4,766.8
Software & Services	2,014.3	2,085.8	2,025.7	2,094.2
Platforms	2,349.8	2,015.2	1,612.0	1,608.1
Electronic Devices	759.7	546.5	618.6	734.3
Financing	107.2	114.4	119.2	50.3
Other Operations	253.2	244.8	241.8	279.7
Overseas total (included in net sales)	1,894.1	1,546.0	1,336.9	1,388.6
Operating income (loss)	244.0	(74.4)	100.4	150.3
Ordinary profit (loss)	189.7	(157.1)	12.3	49.7
Net income (loss)	8.5	(382.5)	(122.0)	49.7
Net income (loss) per share (yen)	4.33	(192.98)	(61.29)	24.55
Total assets	5,200.0	4,595.8	4,225.3	3,865.5
Net assets	1,214.3	853.7	702.3	827.1
Shareholders' equity per share (yen)	614.18	426.52	350.84	413.22
Number of Employees	187,399	170,111	157,044	156,169

Notes:

1. All fractions of monetary units (billions of yen) have been rounded down.
2. Basic earnings (loss) per share is calculated on weighted average number of shares of common stock outstanding during each period.
3. Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
4. During FY2002 period, in determining "shareholders' equity per share" and "net income per share," we apply the "Accounting Standard for Net Income Per Share" (Corporate Accounting Standard #2) and the "Corporate Accounting Standard Applicable Guideline for Net Income Per Share" (Corporate Accounting Standard Applicable Guideline #4).
5. In the Financing segment, due to the change in status of the company's leasing operating subsidiary to an affiliate company accounted for under the equity method from the second half, the FY2003 results for that segment (50.3 billion yen) were limited to amounts earned in the first half of the fiscal year only.

(TRANSLATION FOR REFERENCE ONLY)

Billions of yen

		FY2000	FY2001	FY2002	FY2003
Software & Services	Net sales				
	Unaffiliated customers	¥2,014.3	¥2,085.8	¥2,025.7	¥2,094.2
	Intersegment	61.9	52.7	72.1	52.1
	Total	¥2,076.2	¥2,138.6	¥2,097.9	¥2,146.3
	Operating income	¥128.7	¥157.8	¥176.5	¥138.7
[As % of sales]	[6.2%]	[7.4%]	[8.4%]	[6.5%]	
Platforms	Net sales				
	Unaffiliated customers	¥2,349.8	¥2,015.2	¥1,612.0	¥1,608.1
	Intersegment	254.5	240.4	231.2	224.7
	Total	¥2,604.3	¥2,255.6	¥1,843.2	¥1,832.8
	Operating income	¥56.5	¥(57.5)	¥0.9	¥29.2
[As % of sales]	[2.2%]	[-2.6%]	[0.1%]	[1.6%]	
Electronic Devices	Net sales				
	Unaffiliated customers	¥759.7	¥546.5	¥618.6	¥734.3
	Intersegment	149.2	91.0	68.8	70.3
	Total	¥908.9	¥637.5	¥687.4	¥804.6
	Operating income (loss)	¥113.4	¥(109.3)	¥(31.6)	¥27.5
[As % of sales]	[12.5%]	[-17.1%]	[-4.6%]	[3.4%]	
Financing	Net sales				
	Unaffiliated customers	¥107.2	¥114.4	¥119.2	¥50.3
	Intersegment	7.8	9.4	9.1	4.0
	Total	¥115.1	¥123.9	¥128.4	¥54.4
	Operating income	¥3.4	¥4.2	¥4.3	¥2.0
[As % of sales]	[3.0%]	[3.4%]	[3.4%]	[3.7%]	
Other Operations	Net sales				
	Unaffiliated customers	¥253.2	¥244.8	¥241.8	¥279.7
	Intersegment	128.2	126.7	137.0	138.5
	Total	¥381.4	¥371.5	¥378.9	¥418.2
	Operating income (loss)	¥8.1	¥0.2	¥10.0	¥13.6
[As % of sales]	[2.1%]	[0.1%]	[2.6%]	[3.3%]	
Elimination & Corporate	Net sales	¥(601.7)	¥(520.3)	¥(518.4)	¥(489.7)
	Operating income	¥(66.2)	¥(69.8)	¥(59.7)	¥(60.8)
Total	Net sales				
	Unaffiliated customers	¥5,484.4	¥5,006.9	¥4,617.5	¥4,766.8
	Intersegment	—	—	—	—
	Total	¥5,484.4	¥5,006.9	¥4,617.5	¥4,766.8
	Operating income (loss)	¥244.0	¥(74.4)	¥100.4	¥150.3
[As % of sales]	[4.4%]	[-1.5%]	[2.2%]	[3.2%]	

Consolidated Balance Sheet (Unaudited)

(As of March 31,2004)

Assets	<i>Millions of yen</i>
Current assets:	
Cash and cash equivalents and short-term investments	¥ 416,929
Receivables, trade	810,469
Inventories	521,126
Other current assets	<u>267,050</u>
Total current assets	<u>2,015,574</u>
Investments and long-term loans	827,063
Property, plant and equipment less accumulated depreciation	803,023
Intangible assets	<u>219,929</u>
.....	<u>3,865,589</u>
Liabilities, minority interests and shareholders' equity	
Current liabilities:	
Short-term borrowings and current portion of long-term debt	382,749
Payables, trade	796,915
Other current liabilities	<u>538,398</u>
Total current liabilities	<u>1,718,062</u>
Long-term liabilities:	
Long-term debt	894,372
Other long-term liabilities	<u>235,518</u>
.....	<u>1,129,890</u>
Minority interests	<u>190,460</u>
Shareholders' equity:	
Common stock.....	324,624
Capital surplus.....	455,963
Retained earnings	(35,734)
Unrealized gains on securities and revaluation surplus on land	153,082
Foreign currency translation adjustments	(69,901)
Treasury stock	<u>(857)</u>
Total shareholders' equity	<u>827,177</u>
	<u>¥ 3,865,589</u>

Consolidated Statement of Income (Unaudited)

(Year ended March 31, 2004)

Millions of yen

Net sales	¥4,766,888
Operating costs and expenses:	
Cost of goods sold	3,460,932
Selling, general and administrative expenses	<u>1,155,614</u>
.....	<u>4,616,546</u>
Operating income	150,342
Other income (expenses):	
Net interest*	(16,663)
Equity in earnings of affiliated companies, net	(862)
Amortization of unrecognized obligation for retirement benefits	(56,943)
Gain on transfer of substitutional portion of employee's pension funds	146,532
Gain on sale of marketable securities	134,624
Gain on sale of property, plant and equipment	13,649
Restructuring charges	(164,202)
HDD litigation-related expenses	(10,220)
Casualty loss	(4,700)
Other, net	<u>(34,539)</u>
.....	<u>6,676</u>
Income before income taxes and minority interests	157,018
Income taxes	92,210
Minority interests	<u>(15,104)</u>
Net income	<u>¥ 49,704</u>

Note * Net interest consists of interest income, dividend income and interest charges.

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

	FY 2001			FY 2002			<i>Billions of yen</i> FY 2003		
	Fujitsu	Affiliated companies	Total	Fujitsu	Affiliated companies	Total	Fujitsu	Affiliated companies	Total
Cost	7.7	11.0	18.7	7.9	11.0	18.9	7.9	11.1	19.0
Benefit	12.3	12.0	24.3	8.8	12.2	21.0	10.3	13.6	23.9

Itemization of Fiscal Year 2003 Results *1

Cost	Item	(Billion Yen)		
		Fujitsu	Affiliated companies	Total
Business Area Cost				
Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	2.9	2.6	5.5
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	0.9	2.7	3.6
Resource circulation costs	Costs incurred for waste reduction and disposal, as well as for water conservation, rainwater usage and other measures aimed at efficient resources usage	1.4	2.0	3.4
Upstream/downstream costs	Costs of lowering the environmental burden imposed upstream and downstream by manufacturing and service activities (costs incurred for recycling /reuse of waste products and packaging, Green Procurement, etc.)	0.1	0.7	0.8
Administration costs	Management-related environmental protection costs, including personnel expenses for environmental promotion activities and costs associated with acquiring and maintaining ISO14001 certification, measuring environmental burden, greenification programs, environmental reporting and environmental publicity	2.1	1.6	3.7
R&D/solutions business costs	Environmental protection costs for R&D activities and costs of environmental solutions business activities (Green Product/environmental technology design and development costs, environmental solutions business costs, others)	0.4	1.5	1.9
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in organizations concerned with environmental preservation	0.0	0.0	0.0

Environmental Remediation costs	Costs of environmental restoration operations (eliminating soil and groundwater contamination, environmental compensation, etc.)	0.1	0.0	0.1
Total		<u>7.9</u>	<u>11.1</u>	<u>19.0</u>

		(Billion Yen)		
Benefits	Item	Fujitsu	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Stemming from failure to observe environmental laws and regulations as well as contribution of environmental protection activities to value added*2 in manufacturing	3.9	5.6	9.5
	Savings from avoidance of operating losses*3	0.1	0.5	0.6
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption*4	1.7	1.0	2.7
Resource circulation benefits	Cost savings from reduction and effective use of waste*4	2.6	4.6	7.2
Upstream/downstream benefits	Sales value of recycled and reused products*4	0.0	0.9	0.9
Administration benefits	Efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.4	0.4	0.8
R&D/Solutions business benefits	Contribution to sales made by Green Products, other eco-friendly products and the environmental solutions business	1.0	0.6	1.6
Environmental remediation benefits	Savings of compensation payments to residents for groundwater and soil contamination*5	0.6	0.0	0.6
Total		<u>10.3</u>	<u>13.6</u>	<u>23.9</u>

*1 Classification system is in accordance with "Environmental Accounting Guidelines 2002" issued by Japan's Ministry of the Environment.

*2 Avoidance of operating losses: value added/days of operation days lost

*3 Contribution of environmental protection activities in relation to value added: value added x maintenance and management costs for environmental facilities/total generated costs

*4 Actual Benefit

*5 Estimate of risk avoidance assuming such events arise

*6 Third Party Audits

This information is being released following completion of an audit of Fujitsu's FY 2003 environmental accounting by Shin Nihon Environmental Management and Quality Research Institute. Information on the improvement indicator, which shows the relationship between environmental impact and the cost of environmental protection measures, will be released separately.

Additional information regarding Fujitsu's environmental activities is available in the Company's environmental report or on the Internet (<http://www.fujitsu.com/about/environment/>).

Information

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

English: <http://pr.fujitsu.com/en/ir/>

Japanese: <http://pr.fujitsu.com/jp/ir/>