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FOR IMMEDIATE RELEASE
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Fujitsu Reports FY2003 First-Half Financial Results

[for first-half fiscal period, ended September 30, 2003]

1. Summary of Consolidated Results (Six months ended September 30)

a. Summary of Consolidated Statements of Operations

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	1st Half 2003	1st Half 2002	Change (%)	1st Half 2003
	Net Sales	Y 2,141,934	Y 2,150,386	-0.4
Operating Income (Loss)	(17,990)	(23,278)	-	(162)
Income (Loss) Before Income Taxes and Minority Interests	(51,082)	(220,101)	-	(460)
Net Income (Loss)	(58,562)	(147,438)	-	(528)
Net Income (Loss) per common share	Y (29.28)	Y (73.66)	-	\$ (0.264)

b. Net Sales by Business Segment

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	1st Half 2003	1st Half 2002	Change (%)	1st Half 2003
	Software & Services	Y 909,325	Y 918,089	-1.0
Platforms	723,821	769,713	-6.0	6,521
Electronic Devices	334,746	289,037	+15.8	3,016
Financing	50,391	55,074	-8.5	454
Other Operations	123,651	118,473	+4.4	1,114
Total	Y 2,141,934	Y 2,150,386	-0.4	\$19,297

c. Summary of Consolidated Financial Condition

	Yen (millions)		U.S. Dollars (millions)
	September 30 2003	March 31 2003	September 30 2003
	Total Assets	Y 3,740,469	Y 4,225,361
Shareholders' Equity	649,866	702,390	5,855
Shareholders' Equity Ratio	17.4 %	16.6 %	

d. Summary of Consolidated Statements of Cash Flows

	Yen (millions)		U.S. Dollars (millions)
	1st Half 2003	1st Half 2002	1st Half 2003
	Cash Flows from Operating Activities	Y 37,424	Y (80,996)
Cash Flows from Investing Activities	(30,352)	(10,551)	(273)
Cash Flows from Financing Activities	(50,637)	111,582	(456)
Cash and Cash Equivalents at Half-year End	Y 236,658	Y 316,370	\$ 2,132

Note: All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1=111 yen.

2. Summary of Consolidated Results (Three months ended September 30)

a. Summary of Consolidated Statements of Operations

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	2nd Quarter 2003	2nd Quarter 2002	Change (%)	2nd Quarter 2003
Net Sales	Y 1,203,196	Y 1,167,392	+3.1	\$10,840
Operating Income (Loss)	19,896	5,792	+243.5	179
Income (Loss) Before Income Taxes and Minority Interests	(18,229)	(142,994)	-	(164)
Net Income (Loss)	Y (18,754)	Y (91,010)	-	\$ (169)

b. Net Sales by Business Segment

	Yen (millions) (except per share data)			U.S. Dollars (millions) (except per share data)
	2nd Quarter 2003	2nd Quarter 2002	Change (%)	2nd Quarter 2003
Software & Services	Y 525,979	Y 537,102	-2.1	\$4,738
Platforms	411,572	390,622	+5.4	3,708
Electronic Devices	172,100	147,047	+17.0	1,551
Financing	29,596	30,306	-2.3	267
Other Operations	63,949	62,315	+2.6	576
Total	Y 1,203,196	Y 1,167,392	+3.1	\$10,840

3. Projections for FY2003 (April 1, 2003 - March 31, 2004)

Consolidated Earnings Forecast

	Yen (billions)	Change (%)
	FY2003 (Forecast)	FY02 to FY03
Net Sales	Y 4,750.0	+2.9
Operating Income	150.0	+49.4
Net Income (Loss)	Y 30.0	-

Note: All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1=111 yen.

4. Summary of Unconsolidated Results (Six months ended September 30)

a. Summary of Unconsolidated Statements of Operations

	Yen (millions) (except per share data)		Change (%)	U.S. Dollars (millions) (except per share data)
	1st Half FY2003	1st Half FY2002		1st Half FY2003
	Net Sales	Y 1,207,551		Y 1,238,409
Operating Income (Loss)	(44,021)	(23,888)	-	(397)
Income (Loss) Before Income Taxes	17,346	(183,136)	-	156
Net Income (Loss)	18,708	(104,936)	-	169
Amounts Per Share of Common Stock:				
Net Income (Loss)	Y 9.35	Y (52.42)		\$0.084
Cash Dividends	Y 0.00	Y 0.00		\$0.000

b. Summary of Unconsolidated Financial Condition

	Yen (millions) (except per share data)		U.S. Dollars (millions) (except per share data)
	September 30 2003	March 31 2003	September 30 2003
	Total Assets	Y 2,820,007	Y 2,926,275
Shareholders' Equity	801,768	771,133	7,223
Shareholders' Equity Ratio	28.4 %	26.4 %	
Shareholders' Equity Per Share	Y 400.81	Y 385.49	\$3.61

5. Projections for FY2003 (April 1, 2003 - March 31, 2004)

Unconsolidated Earnings Forecast

	Yen (billions) (except per share data)	Change FY02 to FY03 (%)
Net Sales	Y 2,730.0	+1.3
Operating Income	40.0	+83.0
Net Income	50.0	-
Net Income per Share	25.00	-

Note: All yen figures have been converted to U.S. dollars for convenience only at a uniform rate of \$1=111 yen.

Consolidated Statements of Operations (Three months ended September 30)

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	<u>2nd Quarter 2003</u>	2nd Quarter 2002		<u>2nd Quarter 2003</u>
Net sales	Y 1,203,196	Y 1,167,392	+3.1	\$10,840
Operating costs and expenses:				
Cost of goods sold	886,893	852,117	+4.1	7,990
Selling, general and administrative expenses	296,407	309,483	-4.2	2,671
	<u>1,183,300</u>	<u>1,161,600</u>		<u>10,661</u>
Operating income (loss)	19,896	5,792	+243.5	179
Other income (expenses):				
Net interest*	(4,636)	(6,465)		(42)
Equity in earnings of affiliated companies, net	(1,442)	1,432		(13)
Amortization of unrecognized obligation for retirement benefits	(14,492)	(10,924)		(131)
Restructuring charges	(4,674)	(124,101)		(42)
Cost of corrective measures for products**	-	(25,000)		-
Valuation loss on marketable securities	-	(7,637)		-
Gain on sales of marketable securities***	7,496	27,980		68
Other, net	(20,377)	(4,071)		(183)
	<u>(38,125)</u>	<u>(148,786)</u>		<u>(343)</u>
Income (Loss) before income taxes and minority interests	(18,229)	(142,994)	-	(164)
Income taxes	(3,374)	(53,522)		(30)
Minority interests	(3,899)	(1,538)		(35)
Net income (loss)	<u>Y (18,754)</u>	<u>Y (91,010)</u>	-	<u>(\$169)</u>

Note: All yen figures throughout these statements have been converted to U.S. dollars for convenience only at a uniform rate of \$1=111 yen.

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

**Cost of corrective measures for products refers to certain small form factor hard disk drives.

***Gain on sales of marketable securities in second quarter of FY2003 refers to 1,319 million yen of gain on sales of affiliates' stock and 6,177 million yen on sales of available-for-sale securities.

Consolidated Business Segment Information (Three months ended September 30)

a. Net Sales

		Yen (millions)			U.S. Dollars (millions)
		2nd Quarter 2003	2nd Quarter 2002	Change (%)	2nd Quarter 2003
Software & Services	Unaffiliated Customers	Y 525,979	Y 537,102	-2.1	\$4,738
	Intersegment	19,942	19,771	+0.9	180
	Total	Y 545,921	Y 556,873	-2.0	\$4,918
Platforms	Unaffiliated Customers	411,572	390,622	+5.4	3,708
	Intersegment	62,467	61,203	+2.1	563
	Total	474,039	451,825	+4.9	4,271
Electronic Devices	Unaffiliated Customers	172,100	147,047	+17.0	1,551
	Intersegment	16,272	18,633	-12.7	146
	Total	188,372	165,680	+13.7	1,697
Financing	Unaffiliated Customers	29,596	30,306	-2.3	267
	Intersegment	2,715	2,446	+11.0	24
	Total	32,311	32,752	-1.3	291
Other Operations	Unaffiliated Customers	63,949	62,315	+2.6	576
	Intersegment	35,210	36,755	-4.2	317
	Total	99,159	99,070	+0.1	893
Eliminations		(136,606)	(138,808)	-	(1,230)
Total		Y 1,203,196	Y 1,167,392	+3.1	\$10,840

b. Operating Income (Loss)

		Yen (millions)			U.S. Dollars (millions)
		2nd Quarter 2003	2nd Quarter 2002	Change (Million Yen)	2nd Quarter 2003
Software & Services		Y 32,525	Y 50,635	-18,110	\$293
	[Operating Margin]	[6.0%]	[9.1%]	[-3.1%]	
Platforms		(1,286)	(17,829)	+16,543	(12)
		[(0.3%)]	[(3.9%)]	[+3.6%]	
Electronic Devices		4,972	(15,668)	+20,640	45
		[2.6%]	[(9.5%)]	[+12.1%]	
Financing		1,033	1,043	-10	9
		[3.2%]	[3.2%]	[-%]	
Other Operations		3,011	4,383	-1,372	27
		[3.0%]	[4.4%]	[-1.4%]	
Eliminations		(20,359)	(16,772)	-3,587	(183)
Total		Y 19,896	Y 5,792	+14,104	\$179
		[1.7%]	[0.5%]	[+1.2%]	

Consolidated Business Segment Information (Three months ended September 30)

c. Sales to Unaffiliated Customers

		Yen (billions)			U.S. Dollars (millions)
		2nd Quarter 2003	2nd Quarter 2002	Change (%)	2nd Quarter 2003
Software & Services	Japan	Y 405.3	Y 411.0	-1.4	\$3,652
	Overseas	120.5	126.0	-4.4	1,086
	Total	Y 525.9	Y 537.1	-2.1	\$4,738
Platforms	Japan	288.9	273.9	+5.5	2,603
	Overseas	122.6	116.6	+5.1	1,105
	Total	411.5	390.6	+5.4	3,708
Electronic Devices	Japan	89.0	77.4	+15.0	802
	Overseas	83.0	69.6	+19.3	749
	Total	172.1	147.0	+17.0	1,551
Financing	Japan	29.5	30.3	-2.3	267
	Overseas	-	-	-	-
	Total	29.5	30.3	-2.3	267
Other Operations	Japan	51.9	49.4	+4.9	468
	Overseas	12.0	12.8	-6.3	108
	Total	63.9	62.3	+2.6	576
Total	Japan	Y 864.8	Y 842.1	+2.7	\$7,792
	Overseas	338.3	325.2	+4.0	3,048
	Total	Y 1,203.1	Y 1,167.3	+3.1	\$10,840

d. Sales to Unaffiliated Customers by Products and Services

		Yen (billions)			U.S. Dollars (millions)
		2nd Quarter 2003	2nd Quarter 2002	Change (%)	2nd Quarter 2003
Software & Services	Solutions/SI	Y 258.9	Y 257.3	+0.6	\$2,333
	Infrastructure Services	267.0	279.8	-4.6	2,405
	Total	Y 525.9	Y 537.1	-2.1	\$4,738
Platforms	Servers	Y 88.8	Y 98.0	-9.4	\$800
	Mobile Infrastructure/ IP Network	43.5	42.1	+3.3	392
	Transmission Equipment	44.2	52.1	-15.2	398
	PCs & Mobile Telephones	182.0	157.2	+15.8	1,640
	HDDs	53.0	41.2	+28.6	478
	Total	Y 411.5	Y 390.6	+5.4	\$3,708
Electronic Devices	Semiconductors	Y 92.0	Y 86.3	+6.6	\$829
	Others	80.1	60.7	+32.0	722
	Total	Y 172.1	Y 147.0	+17.0	\$1,551

Consolidated Statements of Operations (Six months ended September 30)

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	1st Half 2003	1st Half 2002		1st Half 2003
Net sales	Y 2,141,934	Y 2,150,386	-0.4	\$19,297
Operating costs and expenses:				
Cost of goods sold	1,576,454	1,571,934	+0.3	14,202
Selling, general and administrative expenses	583,470	601,730	-3.0	5,257
	<u>2,159,924</u>	<u>2,173,664</u>		<u>19,459</u>
Operating income (loss)	(17,990)	(23,278)	-	(162)
Other income (expenses):				
Net interest*	(7,755)	(11,327)		(70)
Equity in earnings of affiliated companies, net	418	(2,090)		4
Amortization of unrecognized obligation for retirement benefits	(28,938)	(21,938)		(261)
Casualty loss**	(4,700)	-		(42)
Restructuring charges	(4,674)	(150,000)		(42)
Cost of corrective measures for products***	-	(25,000)		-
Valuation loss on marketable securities	-	(7,637)		-
Gain on sales of marketable securities****	34,470	27,980		311
Other, net	(21,913)	(6,811)		(198)
	<u>(33,092)</u>	<u>(196,823)</u>	-	<u>(298)</u>
Income (Loss) before income taxes and minority interests	(51,082)	(220,101)	-	(460)
Income taxes	3,787	(70,141)		34
Minority interests	(3,693)	2,522		(34)
Net income (loss)	<u>Y (58,562)</u>	<u>Y (147,438)</u>	-	<u>\$ (528)</u>

Note: All yen figures throughout these statements have been converted to U.S. dollars for convenience only at a uniform rate of \$1=111 yen.

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

**Casualty loss refers to repair expenses incurred to cover damages to property as a result of the earthquake that occurred off the coast of Miyagi prefecture, Japan, on May 26th, 2003.

***Cost of corrective measures for products refers to certain small form factor hard disk drives.

****Gain on sales of marketable securities in first half of FY2003 refers to 27,632 million yen of gain on sales of affiliates' stock and 6,838 million yen on sales of available-for-sale securities.

Consolidated Business Segment Information (Six months ended September 30)

a. Net Sales

		Yen (millions)		Change (%)	U.S. Dollars (millions)
		1st Half 2003	1st Half 2002		1st Half 2003
Software & Services	Unaffiliated customers	Y 909,325	Y 918,089	-1.0	\$8,192
	Intersegment	31,867	31,688	+0.6	287
	Total	Y 941,192	Y 949,777	-0.9	\$8,479
Platforms	Unaffiliated customers	723,821	769,713	-6.0	6,521
	Intersegment	104,178	103,752	+0.4	939
	Total	827,999	873,465	-5.2	7,460
Electronic Devices	Unaffiliated customers	334,746	289,037	+15.8	3,016
	Intersegment	33,000	38,089	-13.4	297
	Total	367,746	327,126	+12.4	3,313
Financing	Unaffiliated customers	50,391	55,074	-8.5	454
	Intersegment	4,027	5,607	-28.2	36
	Total	54,418	60,681	-10.3	490
Other Operations	Unaffiliated customers	123,651	118,473	+4.4	1,114
	Intersegment	66,346	68,133	-2.6	598
	Total	189,997	186,606	+1.8	1,712
Eliminations		(239,418)	(247,269)	-	(2,157)
Total		Y 2,141,934	Y 2,150,386	-0.4	\$19,297

b. Operating Income (Loss)

		Yen (millions)		Change (Million Yen)	U.S. Dollars (millions)
		1st Half 2003	1st Half 2002		1st Half 2003
Software & Services		Y 28,890	Y 51,501	-22,611	\$ 260
[Operating Margin]		[3.1%]	[5.4%]	[-2.3%]	
Platforms		(20,715)	(30,805)	+10,090	(186)
		[(2.5%)]	[(3.5%)]	[+1.0%]	
Electronic Devices		(1,218)	(23,102)	+21,884	(11)
		[(0.3%)]	[(7.1%)]	[+6.8%]	
Financing		2,007	2,591	-584	18
		[3.7%]	[4.3%]	[-0.6%]	
Other Operations		5,031	4,312	+719	45
		[2.6%]	[2.3%]	[+0.3%]	
Eliminations		(31,985)	(27,775)	-4,210	(288)
Total		Y (17,990)	Y (23,278)	+5,288	\$(162)
		[(0.8%)]	[(1.1%)]	[+0.3%]	

Consolidated Business Segment Information (Six months ended September 30)

c. Sales to Unaffiliated Customers

		Yen (billions)			U.S. Dollars (millions)
		1st Half 2003	1st Half 2002	Change (%)	1st Half 2003
Software & Services	Japan	Y 671.4	Y 666.2	+0.8	\$6,049
	Overseas	237.8	251.8	-5.5	2,143
	Total	Y 909.3	Y 918.0	-1.0	\$8,192
Platforms	Japan	505.0	539.0	-6.3	4,550
	Overseas	218.8	230.6	-5.2	1,971
	Total	723.8	769.7	-6.0	6,521
Electronic Devices	Japan	164.6	145.9	+12.8	1,483
	Overseas	170.0	143.1	+18.8	1,533
	Total	334.7	289.0	+15.8	3,016
Financing	Japan	50.3	55.0	-8.5	454
	Overseas	-	-	-	-
	Total	50.3	55.0	-8.5	454
Other Operations	Japan	100.9	93.8	+7.5	910
	Overseas	22.6	24.5	-7.8	204
	Total	123.6	118.4	+4.4	1,114
Total	Japan	Y 1,492.5	Y 1,500.1	-0.5	\$13,446
	Overseas	649.4	650.2	-0.1	5,851
	Total	Y 2,141.9	Y 2,150.3	-0.4	\$19,297

d. Sales to Unaffiliated Customers by Products and Services

		Yen (billions)			U.S. Dollars (millions)
		1st Half 2003	1st Half 2002	Change (%)	1st Half 2003
Software & Services	Solutions/SI	Y 413.7	Y 403.2	+2.6	\$3,727
	Infrastructure Services	495.6	514.8	-3.7	4,465
	Total	Y 909.3	Y 918.0	-1.0	\$8,192
Platforms	Servers	Y 154.0	Y 191.7	-19.7	\$1,387
	Mobile Infrastructure/ IP Network	80.9	85.7	-5.6	729
	Transmission Equipment	80.6	99.7	-19.2	726
	PCs & Mobile Telephones	322.0	307.7	+4.6	2,901
	HDDs	86.3	84.9	+1.6	778
	Total	Y 723.8	Y 769.7	-6.0	\$6,521
Electronic Devices	Semiconductors	Y 182.3	Y 165.3	+10.3	\$1,643
	Others	152.4	123.7	+23.2	1,373
	Total	Y 334.7	Y 289.0	+15.8	\$3,016

Consolidated Geographic Segment Information (Six months ended September 30)

a. Net Sales

		Yen (millions)			U.S. Dollars (millions)
		1st Half 2003	1st Half 2002	Change (%)	1st Half 2003
Japan	Unaffiliated customers	Y 1,616,284	Y 1,630,631	-0.9	\$14,561
	Intersegment	201,698	155,557	+29.7	1,817
	Total	Y 1,817,982	Y 1,786,188	+1.8	\$16,378
Europe	Unaffiliated customers	244,339	255,866	-4.5	2,201
	Intersegment	10,668	7,968	+33.9	96
	Total	255,007	263,834	-3.3	2,297
The Americas	Unaffiliated customers	117,186	134,333	-12.8	1,056
	Intersegment	9,068	9,964	-9.0	82
	Total	126,254	144,297	-12.5	1,138
Others	Unaffiliated customers	164,125	129,556	+26.7	1,479
	Intersegment	92,396	90,069	+2.6	832
	Total	256,521	219,625	+16.8	2,311
Eliminations		(313,830)	(263,558)	-	(2,827)
Total		Y 2,141,934	Y 2,150,386	-0.4	\$19,297

b. Operating Income (Loss)

		Yen (millions)			U.S. Dollars (millions)
		1st Half 2003	1st Half 2002	Change (Million Yen)	1st Half 2003
Japan		Y 16,195	Y 23,393	-7,198	\$146
	[Operating Margin]	[0.9%]	[1.3%]	[-0.4%]	
Europe		(2,042)	(7,642)	+5,600	(18)
		[(0.8%)]	[(2.9%)]	[+2.1%]	
The Americas		(7,803)	(19,678)	+11,875	(70)
		[(6.2%)]	[(13.6%)]	[+7.4%]	
Others		5,154	2,713	+2,441	46
		[2.0%]	[1.2%]	[+0.8%]	
Eliminations		(29,494)	(22,064)	-7,430	(266)
Total		Y (17,990)	Y (23,278)	+5,288	\$(162)
		[(0.8%)]	[(1.1%)]	[+0.3%]	

Net Overseas Sales by Customer's Geographic Location (Six months ended September 30)

	Yen (millions)		Change (%)	U.S. Dollars (millions)
	1st Half 2003	1st Half 2002		1st Half 2003
Europe	Y 268,964	Y 278,327	-3.4	\$2,423
The Americas	168,650	191,454	-11.9	1,520
Others Outside Japan	211,814	180,438	+17.4	1,908
Total	Y 649,428	Y 650,219	-0.1	\$5,851

Consolidated Balance Sheets

	Yen (millions)		U.S. Dollars (millions)
	September 30 2003	March 31 2003	September 30 2003
Assets			
Current assets:			
Cash and cash equivalents and short-term investments	Y 239,458	Y 283,985	\$2,157
Receivables, trade	669,432	840,408	6,031
Inventories	619,349	595,984	5,580
Other current assets	271,703	351,263	2,448
Total current assets	1,799,942	2,071,640	16,216
Investments and long-term loans	836,196	901,587	7,533
Property, plant and equipment less accumulated depreciation	855,895	990,552	7,711
Intangible assets	248,436	261,582	2,238
Total assets	Y 3,740,469	Y 4,225,361	\$33,698
Liabilities, minority interests and shareholders' equity			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	Y 543,024	Y 506,091	\$4,892
Payables, trade	666,846	716,842	6,008
Other current liabilities	465,302	542,291	4,192
Total current liabilities	1,675,172	1,765,224	15,092
Long-term liabilities:			
Long-term debt	933,644	1,257,678	8,411
Other long-term liabilities	313,228	285,513	2,822
Total long-term liabilities	1,246,872	1,543,191	11,233
Minority interests	168,559	214,556	1,518
Shareholders' equity:			
Common stock	324,624	324,624	2,925
Capital surplus	519,723	519,720	4,682
Retained earnings (deficit)	(119,409)	(60,718)	(1,076)
Unrealized gains on securities and revaluation surplus on land	18,177	6,090	164
Foreign currency translation adjustments	(92,441)	(86,517)	(833)
Treasury stock	(808)	(809)	(7)
Total shareholders' equity	649,866	702,390	5,855
Total liabilities, minority interests and shareholders' equity	Y 3,740,469	Y 4,225,361	\$33,698
Ending balance of interest bearing loans	Y 1,476,668	Y 1,763,769	\$13,303

Supplementary Information

	Yen (billions)		
	1st Half FY2003	FY2003 (Forecast)	FY2002
Capital Expenditure	Y 66.7	Y 205.0	Y 147.6
Depreciation	97.3	205.0	264.6

Consolidated Statements of Cash Flows (Six months ended September 30)

	Yen (millions)		Change (Million Yen)	U.S. Dollars (millions)
	1st Half FY2003	1st Half FY2002		1st Half FY2003
1. Cash flows from operating activities:				
Income (Loss) before income taxes and minority interests	Y (51,082)	Y (220,101)	+169,019	\$ (460)
Depreciation and amortization	137,316	172,981	-35,665	1,237
Accrual (Reversal) of provisions	2,319	(5,935)	+8,254	21
Equity in earnings of affiliates, net	(418)	2,090	-2,508	(4)
Disposal of property, plant and equipment	9,531	31,460	-21,929	86
(Increase) Decrease in receivables, trade	79,147	177,298	-98,151	713
(Increase) Decrease in inventories	(60,294)	(9,714)	-50,580	(543)
Increase (Decrease) in payables, trade	(11,307)	(172,303)	+160,996	(102)
Other, net	(67,788)	(56,772)	-11,016	(611)
Net cash provided by (used in) operating activities	37,424	(80,996)	+118,420	337
2. Cash flows from investing activities:				
Purchase of property, plant and equipment	(68,766)	(95,505)	+26,739	(619)
(Purchases of) Proceeds from Sales of Investment Securities	59,252	79,901	-20,649	534
Other, net	(20,838)	5,053	-25,891	(188)
Net cash provided by (used in) investing activities	(30,352)	(10,551)	-19,801	(273)
1+2 [Free Cash Flow]	7,072	(91,547)	+98,619	64
3. Cash flows from financing activities:				
Increase (Decrease) in bonds, notes, short-term borrowings and long-term debt	(39,434)	201,551	-240,985	(355)
Dividends paid	-	(5,005)	+5,005	-
Other, net	(11,203)	(84,964)	+73,761	(101)
Net cash provided by (used in) financing activities	(50,637)	111,582	-162,219	(456)
4. Effect of exchange rate changes on cash and cash equivalents				
	(2,110)	(3,083)	+973	(19)
5. Net increase (decrease) in cash and cash equivalents				
	(45,675)	16,952	-62,627	(411)
6. Cash and cash equivalents at beginning of period				
	282,333	299,418	-17,085	2,543
7. Cash and cash equivalents at end of period				
	Y 236,658	Y 316,370	-79,712	\$2,132

Marketable Securities (Six months ended September 30)

1. Net Unrealized Gain on Marketable Securities

	Yen (millions)			Yen (millions)		
	September 30, 2003			March 31, 2003		
	Carrying Value	Fair Value	Net Unrealized Gains (Losses)	Carrying Value	Fair Value	Net Unrealized Gains (Losses)
Held-to-maturity securities	Y 3,068	Y 3,062	Y (6)	Y 1,509	Y 1,506	Y (3)
Investment in affiliates	158,736	449,224	290,488	202,621	391,237	188,616
Total	Y 161,804	Y 452,286	Y 290,482	Y 204,130	Y 392,743	Y 188,613

2. Summary of Marketable Securities at Fair Value

	Yen (millions)			Yen (millions)		
	September 30, 2003			March 31, 2003		
	Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)	Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)
Available-for-sale:						
Equity securities	Y 60,024	Y 85,770	Y 25,746	Y 75,425	Y 79,372	Y 3,947
Debt securities and others	4,535	4,421	(114)	3,789	3,609	(180)
Total	Y 64,559	Y 90,191	Y 25,632	Y 79,214	Y 82,981	Y 3,767

Fujitsu Reports FY2003 First-Half Financial Results

Net Loss Posted on Flat Sales, But Second Quarter Sales and Operating Income Rebound

Tokyo, October 29, 2003 – Fujitsu Limited, a leader in customer-focused IT and communications solutions for the global marketplace, today reported consolidated net sales of 2,141.9 billion yen (approximately US\$19.3 billion) for the first half of fiscal year 2003 (April 1 – September 30, 2003), a 0.4% decrease from the first half of fiscal 2002. Net sales in the second quarter increased 3.1%, to 1,203.1 billion yen, led by strong sales of PCs, mobile telephones, logic chips, and plasma display panels. It was the first time since the first quarter of FY2001 that Fujitsu posted year-on-year quarterly sales growth. Higher sales and lower operating expenses contributed to a rebound in second quarter operating income to 19.8 billion yen (US\$179 million). For the company as a whole, however, a large operating loss in the first quarter resulted in an operating loss for the first six months of 17.9 billion yen (US\$162 million), compared to an operating loss of 23.2 billion yen for the first half of FY2002.

During the first half, higher pension obligation expenses, a casualty loss stemming from an earthquake in May, and foreign exchange losses resulting from the rapid appreciation of the yen in late September were partially offset by gains from the sale of a portion of the company's shares in Fanuc Ltd. The net loss for the first six months was 58.5 billion yen (US\$528 million), compared to a net loss of 147.4 billion yen in the first half of 2002. The net loss for the second quarter was 18.7 billion yen (US\$169 million), compared to a net loss of 91.0 billion yen in the same period last year.

Second Quarter Financial Results

	Second Quarter	Change from Previous Year	% Change
Net Sales	1,203.1 billion yen	+35.8 billion yen	+3.1%
Operating Income	19.8 billion yen	+14.1 billion yen	
Net Income	-18.7 billion yen	+72.2 billion yen	

Net sales in the second quarter were 1,203.1 billion yen, an increase of 3.1% over the same period in the previous year. It was the first time since the first quarter of FY2001 that Fujitsu posted year-on-year quarterly sales growth. Sales in software and services were maintained at roughly the same level as the prior year, while sales of servers and other systems hardware recovered, particularly in overseas markets. In addition, sales expanded in a wide variety of product areas, including notebook PCs, hard disk drives for notebook PCs, semiconductors used in digital audio-visual equipment, and plasma display panels. Although price competition in software and services as well as hardware is becoming more severe, the IT market overall is finally bottoming out.

Operating income was 19.8 billion yen, a 14.1 billion yen improvement over the previous year. Operating income was 2 billion yen higher than the company's public projections, indicating that results are broadly in line with company expectations. These results reflect the savings achieved from last year's restructuring initiative and continued efforts to cut costs and improve efficiencies in response to ongoing pricing pressures.

Although there was an improvement in operating profit and interest expenses were lower, pension obligation expenses increased, and there was a foreign exchange loss associated with the rapid appreciation of the yen in late September. As a result, Fujitsu posted a net loss of 18.7 billion yen for the second quarter. This represents an improvement of 72.2 billion yen compared to the second quarter of last year, when there were large extraordinary losses associated with the company's restructuring.

Second Quarter Operating Income by Business Segment

	Second Quarter	Change from Previous Year	First Quarter
Software and Services	32.5 billion yen	-18.1 billion yen	-3.6 billion yen
Platforms	-1.2 billion yen	+16.5 billion yen	-19.4 billion yen
Electronic Devices	4.9 billion yen	+20.6 billion yen	-6.1 billion yen

For the company as a whole, operating income moved from a 37.8 billion yen loss in the first quarter to a 19.8 billion yen profit in the second quarter. In the first quarter, the three main segments—software and services, platforms, and electronic devices—all posted operating losses. In the second quarter, however, software and services posted operating income of 32.5 billion yen and electronic devices posted operating income of 4.9 billion yen, while the platforms segment moved close to break even, posting an operating loss of only 1.2 billion yen, supported by stronger sales and the cost efficiencies generated by previous restructuring initiatives.

Compared with the second quarter of the previous year, Fujitsu posted a 14.1 billion yen improvement in operating income. Large improvements were achieved in both platforms and electronic devices, while software and services posted an 18.1 billion yen reduction in operating income resulting from the deterioration in profitability of particular projects.

In the platforms segment, the hard disk drive business returned to profitability. In electronic devices, there was a large increase in the profitability of the plasma display panel business and success in minimizing the financial impact on the logic IC business of the earthquake at the Iwate production facility. All of these factors contributed to the improvement in profitability compared to the previous quarter as well as the prior year.

First Half Financial Results

	First Half	Change from Previous Year	% Change
Net Sales	2,141.9 billion yen	-8.4 billion yen	-0.4%
Operating Income	-17.9 billion yen	+5.2 billion yen	
Net Income	-58.5 billion yen	+88.8 billion yen	

Net sales for the first half were 2,141.9 billion yen, roughly the same level as the first half of last year. Compared with the same period last year, sales of software and services were roughly flat, sales of platforms declined 6%, as strong second quarter results could not make up for the large drop-off in the first quarter, and sales of electronic devices increased 15.8% on strong sales of LSIs (System-on-Chips) and displays.

Fujitsu posted an operating loss for the first half of 17.9 billion yen. It appears that sales of new product offerings in the platforms segment will be concentrated in the second half of the fiscal year, and major software and services sales associated with those products will also therefore be shifted to the second half, curtailing growth of these sales in the first half. In addition, the large operating loss in the first quarter exceeded the operating profit posted in the second quarter. On the other hand, even in an environment of severe price competition, because of the effects of last year's restructuring and additional cost efficiencies, the company achieved a 5.2 billion yen improvement over the previous year.

Fujitsu incurred higher expenses stemming from the amortization of unrecognized pension benefit obligations. The company also posted a 34.4 billion yen gain on the sales of marketable securities, including a portion of Fujitsu's holdings of Fanuc, Ltd. stock, a 4.7 billion yen casualty loss for damages incurred in the earthquake off the coast of Miyagi Prefecture in May, and a 4.6 billion yen restructuring charge associated with several domestic and overseas subsidiaries.

The net loss was 58.5 billion yen, an 88.8 billion yen improvement compared to the first half of last year, when the company posted large restructuring charges.

Results by Business Segment in the First Half

* Net sales represents net sales to third parties

Segment information for the first half is as follows.

1. Software & Services

	First Half	Change from Same Period Last Year
Net Sales	909.3 billion yen	-1.0%
Japan	671.4 billion yen	+0.8%
Overseas	237.8 billion yen	-5.5%

Operating Income	28.8 billion yen	-22.6 billion yen
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Net sales in the software and services segment were 909.3 billion yen, roughly even with results for the same period last year. Sales within Japan increased, but overseas sales, which represent about one-fourth of the total, declined. The decline is partly attributable to the sale last year of some European business units as well as the currency conversion impact of the strong yen.

Operating income declined significantly compared to the prior year. The impact of new platforms product offerings being concentrated in the second half, the deterioration in profitability of particular projects, and aggressive up-front investments in middleware and Linux offerings all hurt profitability in Japan, while overseas profitability was affected by a deterioration in North American results.

	Net Sales	Change from Same Period Last Year
Solutions / S I	413.7 billion yen	+ 2.6%
Infrastructure Services	495.6 billion yen	-3.7%

Sales increased of solutions/system integration services, whereby Fujitsu provides services to individual customer projects. Higher sales were posted to the public sector, through such high-profile projects as the e-Japan initiative, as well as the healthcare sector.

In infrastructure services, whereby Fujitsu provides services for business infrastructure, sales within Japan of corporate outsourcing services continued to be strong. Overseas, however, sales in Europe declined.

In order to support the global expansion of its customers, Fujitsu is enhancing its organizational structure in Europe, the U.S., and Asia. During the current period, in addition to supporting the global expansion of Japanese corporations, the company received a series of major government-related outsourcing deals in the U.K. and succeeded in winning other major global deals in Europe and North America.

Fujitsu is clearly establishing a strong business platform in Europe, and is coordinating its effort to strengthen its position in the U.S. market.

2. Platforms

	First Half	Change from Same Period Last Year
Net Sales	723.8 billion yen	- 6.0%
Japan	505.0 billion yen	- 6.3%
Overseas	218.8 billion yen	- 5.2%

Operating Income	-20.7 billion yen	+ 10.0 billion yen
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Net sales of platforms products declined by 6% compared to the previous year. In Japan, the company posted strong sales throughout the period of consumer-

oriented PCs with enhanced audio-visual and LAN functions as well as newly-launched mobile phone handsets. There was, however, only a moderate recovery in capital expenditures by telecom carriers and other corporations. Overseas, a strong market for notebook PC hard disk drives boosted sales of those products, and in the latter half of the period there were signs of a recovery in the markets for transmission systems, primarily in North America, and UNIX servers, primarily in Europe. On the other hand, for the first half overall, sales of transmission systems and server-related equipment were both down by nearly 20% compared with the same period last year, reflecting the lingering after-effects of the telecom bubble in North America and the inclusion in last year's first-half results of some major sales of server-related equipment in Japan.

The operating loss for the platforms segment was 20.7 billion yen, representing an improvement of 10.0 billion yen compared to the first half of the previous year. Improvements in PCs, hard disk drives and other business areas resulting from last year's restructuring and other cost-cutting measures were not enough to offset the impact of lower sales of servers and networking equipment.

	Net Sales	Change from Same Period Last Year
Servers	154.0 billion yen	-19.7%
Mobile / IP Networks	80.9 billion yen	- 5.6%
Transmission Systems	80.6 billion yen	- 19.2%
PCs / Mobile Phones	322.0 billion yen	+ 4.6%
Hard Disk Drives	86.3 billion yen	+ 1.6%

In servers and PCs, Fujitsu has integrated its development operations and is selling in the four major markets of Japan, the U.S., Europe, and Asia. In UNIX servers, the company's high-end systems have achieved top scores in a number of performance benchmarks, and sales in Europe and other areas are expanding.

Fujitsu is further enhancing its ability to provide products for the global markets, differentiating itself on the basis of its superior technology. It is also strengthening its server business by deepening the linkage with its software and services business through its TRIOLE infrastructure concept. Fujitsu is also widening the scope of its global alliances with other companies and pursuing an all-out marketing effort in Japan.

In design and manufacturing, the company is also making every effort to strengthen its manufacturing prowess through the introduction of some of Toyota's techniques. By further enhancing its ability to cut costs, the company is laying a foundation for stable profitability.

*TRIOLE is Fujitsu's IT infrastructure initiative that addresses the most pressing needs of corporate and institutional customers: scalability to expand with their requirements; quick and easy integration with partners; lower cost of ownership; and operational reliability.

3. Electronic Devices

	First Half	Change from Same Period Last Year
Net Sales	334.7 billion yen	+ 15.8%
Japan	164.6 billion yen	+ 12.8%
Overseas	170.0 billion yen	+ 18.8%

Operating Income	-1.2 billion yen	+ 21.8 billion yen
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Net sales of electronic devices increased 15.8% over the previous year. Sales of semiconductor products for digital audio-visual equipment, mobile phones, and automobiles were strong in Japan, Asia, and Europe. In addition, market demand for flat screen TVs has taken off, sparking very strong sales growth in plasma display panels and other displays.

The electronic devices segment moved very close to break-even, posting an operating loss of 1.2 billion yen. Aided by a market recovery and the effects of the restructuring initiatives undertaken last fiscal year, the segment achieved profitability in the second quarter. Although first quarter results were adversely affected by the disruption of the Iwate production facility caused by the earthquake off the coast of Miyagi Prefecture in May, the impact was largely offset by higher sales in the second quarter.

In addition to good results in the plasma displays business, which benefited from a strong market, improved yield rate and other cost efficiencies, the components business, which had perennially lost money, is now profitable as a result of cost reductions achieved through productivity reforms.

To achieve greater efficiencies and competitiveness, Fujitsu and U.S.-based Advanced Micro Devices, Inc. (AMD) have expanded their joint venture in flash memory production to integrate their respective marketing and product development operations. Accordingly, on June 30 the two companies transferred their flash memory operations into a newly-established joint venture company, FASL LLC, which is 40% owned by Fujitsu and 60% owned by AMD. Fujitsu will continue to handle sales as a distributor for the joint venture. The new venture's profitability relating to development and manufacturing will be reflected in Fujitsu's financial results according to equity-method accounting treatment.

Demand for flash memory during the period was extraordinarily strong, particularly for the mobile phone market. But it was only at the end of the period that prices finally stopped falling, however, so the profitability of the business continued to face very severe conditions.

	First Half	Change from the same period last year
Semiconductors	182.3 billion yen	+ 10.3%
Other	152.4 billion yen	+ 23.2%

Balance Sheet Summary

	As of September 30, 2003	Change from March 31, 2003
Total Assets	3,740.4 billion yen	- 484.8 billion yen
Interest Bearing Liabilities	1,476.6 billion yen	- 287.1 billion yen
Shareholders' Equity	649.8 billion yen	- 52.5 billion yen

Total assets at the end of the first half were 3,740.4 billion yen, a reduction of 484.8 billion yen from the end of the previous fiscal year. The reduction in assets is a result of the switch to equity-method accounting for the company's flash memory operations and leasing affiliate as well as further progress in promoting balance sheet efficiencies through such measures as the sale of marketable securities.

Total current assets were reduced by 271.6 billion yen from the end of the last fiscal year, to 1,799.9 billion yen. While trade receivables declined by 170.9 billion yen as a result of collections from sales concentrated at the end of the previous fiscal year, inventories increased by 23.3 billion yen in anticipation of increased sales in the second half. Other current assets decreased by 79.5 billion yen from the end of the previous fiscal year as a result of the reduction of lease receivables in accordance with the switch to equity-method accounting for the leasing company.

Total fixed assets decreased by 213.1 billion yen from the end of the last fiscal year, to 1,940.5 billion yen. Property, plant and equipment decreased by 134.6 billion yen as a result of the reorganization of flash memory operations. In addition, investments and other assets decreased by 65.3 billion yen in accordance with the decrease in lease receivables and the sale of marketable securities.

Total liabilities declined by 386.3 billion yen from the end of the previous fiscal year, to 2,922.0 billion yen. In addition to a 220 billion yen reduction in interest-bearing liabilities from the change in the accounting treatment of the leasing company to the equity method, progress was also achieved in the redemption of corporate bonds and the repayment of bank loans, resulting in a total reduction of interest-bearing liabilities of 287.1 billion yen from the end of the previous fiscal year. Interest-bearing liabilities at the end of the current period were 1,476.6 billion yen, so at present the company has already achieved its objective of reducing interest-bearing liabilities to 1,500.0 billion yen by the end of the fiscal year. Fujitsu has also reduced its ratio of interest-bearing liabilities by 2.2%, to 39.5%. Through the effective use of its asset holdings, the company will continue its effort to reduce interest-bearing liabilities to the extent possible.

Total shareholders' equity declined by 52.5 billion yen as a result of the net loss for the period, to 649.8 billion yen. Because, proportionally, assets contracted by more than shareholders' equity, the shareholders' equity ratio increased by 0.8%, to 17.4%.

Summary of Cash Flows

	First Half	Change from Previous Year
Cash Flow from Operations	37.4 billion yen	118.4 billion yen
Cash Flow from Investing	- 30.3 billion yen	-19.8 billion yen
Free Cash Flow	7.0 billion yen	98.6 billion yen

Net cash flow generated by operating activities in the first half was 37.4 billion yen (compared to negative 80.9 billion yen in the same period last year), resulting in part from the significant collection of trade receivables at the end of the last fiscal year. This improvement of 118.4 billion yen was also attributable to a substantial reduction in the loss before income taxes compared to the same period of the previous year.

Net cash flow from investing activities was negative 30.3 billion yen, achieved by concentrating capital expenditures in high growth segments and through sales of marketable securities.

By holding investment spending within the amount of net cash generated by operating activities, free cash flow improved by 98.6 billion yen compared to the same period last year, to positive 7.0 billion yen.

Net cash flow generated from financing activities was negative 50.6 billion yen. Cash generated from operations and existing cash balances were used towards the redemption of bonds and the repayment of outstanding debt.

As a result, total cash and cash equivalents fell by 45.6 billion yen, to 236.6 billion yen.

Dividend Policy

With respect to the disposition of profits, Fujitsu believes that a portion should be paid to shareholders to offer a stable return, and that a portion should be retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance.

Although, on an unconsolidated basis, Fujitsu posted net income of 18.7 billion yen for the current period, the company is still in the midst of its plans to restore the profitability of its core business as reflected in operating income, and the company reported operating losses for the current period on both a consolidated and unconsolidated basis. Accordingly, the company has reluctantly decided to forgo dividend payments for the first half of fiscal 2003. With respect to the dividend for the next payout period, following the end of this fiscal year, the company would like to base its decision on a review of the full-year's results, and therefore no decision has been reached at the present time.

Strategic Management Direction

Management Stance

As the scope of the networked society continues to expand, IT is permeating every aspect of our daily lives, moving us ever closer to a ubiquitous networked world, where information sharing through the network is available anytime, anyplace and with anyone. Moreover, IT is playing an increasingly important role in the ability of customers to manage their businesses. Nowadays, IT vendors must recognize that customers do not simply look for suppliers of products and services when selecting partners for building and operating their IT systems. Rather, IT vendors are expected to be true partners who, based on long-term relationships of mutual trust, can make appropriate proposals and implement them through the entire IT life-cycle.

The customer is the starting point for everything we do and think about at Fujitsu. By understanding in detail the environment in which our customers operate and their overall businesses, we are able to provide them with effective proposals that are both concrete and timely. Moreover, we will continue to strive to keep pace with the fast-changing markets and needs of our customers.

As a leader of the IT industry, we are firmly committed to continuously providing total solutions that utilize high-quality products and services based on advanced technology that offers superior performance and reliability. In this way, we will further strengthen our overall capabilities -- which range from cutting-edge technology that incorporates the latest advances and applications to a full complement of services -- and at the same time contribute to our customers' businesses. We aim by so doing to become management partners to our customers and grow together with them.

Business Strategy and Priority Issues

We believe that, in today's uncertain economic and market conditions, our customers are giving priority to reducing the cost of operating their IT systems and bolstering their competitiveness in order to promote further growth.

Today's IT systems are comprised of an increasingly wide variety of hardware and software products, and along with higher performance levels comes greater complexity. Consequently, the task of operating them has become a greater burden for customers. While, on the one hand, systems are often separated along divisional lines, it is becoming increasingly important to link them with external systems, and the issue of interconnectivity among systems is becoming increasingly crucial. In addition, there is growing demand for the ability to integrate the overall structure and management of corporate IT systems.

Fujitsu is uniquely positioned to offer our customer comprehensive solutions to their business problems through the strategic utilization of information technology. We are actively using this expertise to contribute to our customers' business growth and expansion.

Below are some of the specific initiatives we are currently emphasizing.

Continually Providing Comprehensive Solutions

While increasing the level of interconnectivity among our customers' various divisional systems, we aim to achieve an integrated perspective on the overall chain of processes relating to our customers' systems – from consulting and planning through development, operation and maintenance – and thereby help them to reduce their overall IT costs and strengthen the competitiveness of their operations. We are not simply offering suggestions at the various stages in these processes but rather continuously providing comprehensive service proposals based on in-depth understanding of the customers' management policies and strategy.

Strengthening the Infrastructure of Next-Generation IT Systems

Today's IT systems are becoming increasingly sophisticated and complex. In response, Fujitsu is intensifying its commitment to develop and deploy TRIOLE, its next-generation IT infrastructure initiative. TRIOLE utilizes middleware to integrate open standard servers, storage and network resources, bringing harmony to the disparate parts of an IT system, including those manufactured by other companies. Specifically, while enhancing the technology we have accumulated in the mainframe field in high-reliability design and superior operational stability, we are utilizing our rich experience and know-how in systems integration and producing templates for highly-reliable systems integration. These advantages enable us to offer our customers operational system stability, faster system deployments, and scalability to keep pace with the growth of their business.

Business Segment Initiatives

In our services and software business, we are continuing to strive to improve profitability by bolstering the efficiency of application development and strengthening project management. We are also rapidly shifting our emphasis to growth markets such as services for top-tier manufacturers and retailers, healthcare, and local government consolidation, in addition to growth fields as outsourcing, CRM, ERP, e-learning and mobile solutions. Moreover, we are strengthening sales of our competitive middleware products and aim to increase our share of that market.

In our platforms business, we are further strengthening our manufacturing prowess by taking various measures to boost productivity, such as initiating major productivity reforms in our manufacturing facilities. Our efforts are not limited to the manufacturing process. At every stage of our operations, including development, design and procurement, we are working hard to improve product and service quality, reduce development time and cut costs. Moreover, based upon our TRIOLE next-generation IT infrastructure initiative, we are promoting coordination with our software and services unit to expand business, and we are laying the organizational foundation to expand our business globally.

In our electronic devices business, as part of the initiatives to improve our profitability, we are moving quickly to focus our resources on markets in which we expect high growth, such as logic ICs for home information appliances, mobile devices and networks. At the same time, we are moving ahead with the development of advanced CMOS technology, which will further enhance the competitiveness of our products. To launch, in a timely manner, the products that meet our customers' needs, we are working to speed up every process throughout our organization.

We have made cash flow management a major priority and are taking various steps to improve our financial structure. In the first half, we succeeded in reducing interest-bearing debt through such means as the sales of equity holdings and changing the status of our leasing affiliate into a company warranting equity-method accounting treatment. By continuing to focus on improving the profitability of our core operations as a top priority, while at the same time promoting a more efficient use of our assets, we will make further progress towards improving the company's financial position.

By continuously applying our efforts to the accomplishment of these tasks, we are striving to become a global company that is trusted by our customers and society, and that can make a significant contribution to building a prosperous and dynamic networked society.

Policy Regarding Minimum Lot Size for Trading Shares

Participation of individual investors in the equity markets is increasing, and we recognize the importance of this trend from the viewpoint of the revitalization of the capital markets and the promotion of long-term, stable holdings of the company's shares. Moreover, as a basic principle, as part of our ongoing investor relations activities, we inform investors about the company's financial condition through active and appropriate disclosure of company information.

With respect to lowering the minimum lot size for trading the company's shares, we realize that such a move could promote the participation of individual investors in the equity market and, therefore, could be an effective means of boosting the liquidity of the stock. Nevertheless, after considering the current stock price level, the number of shareholders, the current distribution of individual shareholders and the market liquidity of Fujitsu's stock, we have come to the conclusion that it would be premature to reduce the minimum lot size at the present time.

Taking into account overall trends in individual stock ownership and Fujitsu's stock price, we will carefully consider what action might be appropriate in the future.

Earnings Projections for FY2003

After having undergone two painful years of restructuring, there are signs that Fujitsu's financial results are beginning to improve, with the company posting in

the second quarter its first year-on-year quarterly sales growth in two years. With respect to the market environment facing the IT industry, technological advances have made digital cameras, DVDs, camera phones, and other digital audio-visual equipment cheaper, lighter, and more sophisticated, spurring an increase in demand, and the company expects these trends to continue. In conjunction with these trends, Fujitsu fully expects demand for advanced broadband network infrastructure, particularly servers and storage systems, to also increase.

At the present time there are some causes for concern about instability relating to the situation in Iraq and the equity market, but the company feels that conditions are ripe for an economic upturn in the second half. On the other hand, globalization and technological progress are combining to significantly accelerate the downward pricing pressure on computer hardware in addition to software and services. Fujitsu itself must therefore intensify the globalization of its own operations, maintain its technological superiority, strengthen its manufacturing prowess, and implement operational reforms to generate greater efficiencies, including additional cost savings. Amid the major changes affecting the IT industry, Fujitsu will continue to emphasize, above all, the company's customer-oriented perspective and fast responsiveness.

With respect to Fujitsu's projections for the full fiscal year, the shift to the equity-method of accounting for the company's leasing affiliate has resulted in a downward revision of 50 billion yen in our net sales forecast. For operating income, because of a profit deterioration in software and services, the company expects not to be able to meet its original profit targets in that business segment. Fujitsu now expects, however, to offset that amount through improved results in platforms and electronic devices, so it is not changing its original projections for the full year. The company's projections for net income also remain unchanged.

Earnings projections for the third quarter are shown below. In Fujitsu's business, sales tend to be concentrated at the end of the fiscal year. Even though sales in the third quarter are projected to be 100 billion yen lower than in the second quarter, the company still expects to post an operating profit and lay the foundation for stable profitability.

Fujitsu Limited Consolidated Earnings Forecast for Fiscal 2003

	FY 2003 (forecast)	Change Since July	FY2002 (reported)
Net Sales	4,750 billion yen	-50 billion yen	4,617.5 billion yen
Operating Income	150 billion yen		100.4 billion yen
Net Income	30 billion yen		-122.0 billion yen

Earnings Forecast for Fiscal 2003, by Quarter

	Q1 (reported)	Q2 (reported)	Q3 (forecast)	Q4 (forecast)
Net Sales	938.7 billion yen	1,203.1 billion yen	1,100.0 billion yen	1,508.0 billion yen
Operating Income	-37.8 billion yen	19.8 billion yen	5.0 billion yen	162.9 billion yen

Note:

* All yen figures have been converted to US dollars for convenience only at a uniform rate of \$1=111 yen.

* FY2003 from April 1, 2003 - March 31, 2004; FY2002 from April 1, 2002 - March 31, 2003

* Due to uncertainties relating to changes in demand for products and components in key markets (Japan, U.S., Europe, etc.), currency exchange rate fluctuations, Japan and U.S. stock market conditions, and other factors, actual results may vary substantially from projections above.

About Fujitsu

Fujitsu is a leading provider of customer-focused IT and communications solutions for the global marketplace. Pace-setting technologies, highly reliable computing and telecommunications platforms, and a worldwide corps of systems and services experts uniquely position Fujitsu to deliver comprehensive solutions that open up infinite possibilities for its customers' success. Headquartered in Tokyo, Fujitsu Limited (TSE:6702) reported consolidated revenues of 4.6 trillion yen (US\$38 billion) for the fiscal year ended March 31, 2003. For more information, please see: www.fujitsu.com

For details and supplemental information regarding Fujitsu's FY2002 financial results, please see <http://pr.fujitsu.com/en/ir/>

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SUPPLEMENTARY FIGURES

Forecast for FY2003

1. Consolidated Business Segment Information

(1) Net Sales

		Yen (billions)			Change (%)	Yen (billions)		Change (%)
		1st Half FY2002	FY2002	1st Half FY2003	1H FY02 to 1H FY03	FY2003 (Forecast)	FY02 to FY03	
Software & Services	Unaffiliated Customers	Y 918.0	Y 2,025.7	Y 909.3	-1.0	Y 2,120.0	+4.7	
	Intersegment	31.6	72.1	31.8	+0.6	50.0	-30.7	
	Total	Y 949.7	Y 2,097.9	Y 941.1	-0.9	Y 2,170.0	+3.4	
Platforms	Unaffiliated Customers	769.7	1,612.0	723.8	-6.0	1,610.0	-0.1	
	Intersegment	103.7	231.2	104.1	+0.4	230.0	-0.5	
	Total	873.4	1,843.2	827.9	-5.2	1,840.0	-0.2	
Electronic Devices	Unaffiliated Customers	289.0	618.6	334.7	+15.8	710.0	+14.8	
	Intersegment	38.0	68.8	33.0	-13.4	70.0	+1.7	
	Total	327.1	687.4	367.7	+12.4	780.0	+13.5	
Financing	Unaffiliated Customers	55.0	119.2	50.3	-8.5	50.3	-57.8	
	Intersegment		9.1	4.0	-28.2	4.0	-56.0	
	Total	60.6	128.4	54.4	-10.3	54.4	-57.6	
Other Operations	Unaffiliated Customers	118.4	241.8	123.6	+4.4	259.6	+7.3	
	Intersegment	68.1	137.0	66.3	-2.6	139.9	+2.1	
	Total	186.6	378.9	189.9	+1.8	399.5	+5.4	
Eliminations		(247.2)	(518.4)	(239.4)	-	(494.0)	-	
Total		Y 2,150.3	Y 4,617.5	Y 2,141.9	-0.4	Y 4,750.0	+2.9	

(2) Operating Income (Loss)

		Yen (billions)			Change (B.Yen)	Yen (billions)		Change (B.Yen)
		1st Half FY2002	FY2002	1st Half FY2003	1H FY02 to 1H FY03	FY2003 (Forecast)	FY02 to FY03	
Software & Services		Y 51.5	Y 176.5	Y 28.8	-22.6	Y 175.0	-1.5	
	[Operating margin]	[5.4%]	[8.4%]	[3.1%]	[-2.3%]	[8.1%]	[-0.3%]	
Platforms		(30.8)	0.9	(20.7)	+10.0	20.0	+19.0	
		[(3.5%)]	[0.1%]	[(2.5%)]	[+1.0%]	[1.1%]	[+1.0%]	
Electronic Devices		(23.1)	(31.6)	(1.2)	+21.8	25.0	+56.6	
		[(7.1%)]	[(4.6%)]	[(0.3%)]	[+6.8%]	[3.2%]	[+7.8%]	
Financing		2.5	4.3	2.0	-0.5	2.0	-2.3	
		[4.3%]	[3.4%]	[3.7%]	[-0.6%]	[3.7%]	[+0.3%]	
Other Operations		4.3	10.0	5.0	+0.7	9.9	-0.0	
		[2.3%]	[2.6%]	[2.6%]	[+0.3%]	[2.5%]	[-0.1%]	
Eliminations		(27.7)	(59.7)	(31.9)	-4.2	(82.0)	-22.2	
Total		Y (23.2)	Y 100.4	Y (17.9)	+5.2	Y 150.0	+49.5	
		[(1.1%)]	[2.2%]	[(0.8%)]	[+0.3%]	[3.2%]	[+1.0%]	

(3) Sales to Unaffiliated Customers

		Yen (billions)			Change (%)	Yen (billions)		Change (%)
		1st Half FY2002	FY2002	1st Half FY2003	1H FY02 to 1H FY03	FY2003 (Forecast)	FY02 to FY03	
Software & Services	Japan	Y 666.2	Y 1,506.8	Y 671.4	+0.8	Y 1,610.0	+6.8	
	Overseas	251.8	518.9	237.8	-5.5	510.0	-1.7	
	Total	Y 918.0	Y 2,025.7	Y 909.3	-1.0	Y 2,120.0	+4.7	
Platforms	Japan	539.0	1,159.9	505.0	-6.3	1,120.0	-3.4	
	Overseas	230.6	452.1	218.8	-5.2	490.0	+8.4	
	Total	769.7	1,612.0	723.8	-6.0	1,610.0	-0.1	
Electronic Devices	Japan	145.9	299.6	164.6	+12.8	380.0	+26.8	
	Overseas	143.1	319.0	170.0	+18.8	330.0	+3.4	
	Total	289.0	618.6	334.7	+15.8	710.0	+14.8	
Financing	Japan	55.0	119.2	50.3	-8.5	50.3	-57.8	
	Overseas	-	-	-	-	-	-	
	Total	55.0	119.2	50.3	-8.5	50.3	-57.8	
Other Operations	Japan	93.8	195.0	100.9	+7.5	214.6	+10.1	
	Overseas	24.5	46.8	22.6	-7.8	45.0	-4.0	
	Total	118.4	241.8	123.6	+4.4	259.6	+7.3	
Total	Japan	Y 1500.1	Y 3,280.6	Y 1,492.5	-0.5	Y 3,375.0	+2.9	
	Overseas	650.2	1,336.9	649.4	-0.1	1,375.0	+2.8	
	Total	Y 2,150.3	Y 4,617.5	Y 2,141.9	-0.4	Y 4,750.0	+2.9	

(4) Sales to Unaffiliated Customers by Products and Services

		Yen (billions)			Change (%)	Yen (billions)		Change (%)
		1st Half FY2002	FY2002	1st Half FY2003	1H FY02 to 1H FY03	FY2003 (Forecast)	FY02 to FY03	
Software & Services	Solutions/SI	Y 403.2	Y 940.5	Y 413.7	+2.6	Y 1,010.0	+7.4	
	Infrastructure Services	514.8	1,085.2	495.6	-3.7	1,110.0	+2.3	
	Total	Y 918.0	Y 2,025.7	Y 909.3	-1.0	Y 2,120.0	+4.7	
Platforms	Servers	Y 191.7	Y 382.8	Y 154.0	-19.7	Y 370.0	-3.3	
	Mobile Infrastructure/ IP Network	85.7	189.7	80.9	-5.6	195.0	+2.8	
	Transmission Equipment	99.7	222.6	80.6	-19.2	165.0	-25.9	
	PCs & Mobile Telephones	307.7	655.5	322.0	+4.6	685.0	+4.5	
	HDDs	84.9	161.4	86.3	+1.6	195.0	+20.8	
	Total	Y 769.7	Y 1,612.0	Y 723.8	-6.0	Y 1,610.0	-0.1	
Electronic Devices	Semiconductors	Y 165.3	Y 349.3	Y 182.3	+10.3	Y 400.0	+14.5	
	Others	123.70	269.30	152.4	+23.2	310.0	+15.1	
	Total	Y 289.0	Y 618.6	Y 334.7	+15.8	Y 710.0	+14.8	

(5) Composition of Sales by Customer's Geographic Location

	(%)			
	1st Half FY2002	FY2002	1st Half FY2003	FY2003 (Forecast)
Japan	70	71	70	71
Europe	13	12	12	13
The Americas	9	9	8	7
Others	8	8	10	9

2. PC Shipments

(1) By Customer's Geographic Location

	1st Half FY2002	FY2002	1st Half FY2003	(Thousand Units) FY2003 (Forecast)
Japan	1,100	2,470	1,240	2,650
Europe	1,290	2,970	1,415	3,215
North America	60	120	65	145
Asia	60	120	60	140
Total	2,510	5,680	2,780	6,150

(2) By Product Category

	1st Half FY2002	FY2002	1st Half FY2003	(%) FY2003 (Forecast)
Desktop	47	47	45	44
Notebook	53	53	55	56

3. Mobile Phone Shipments

	1st Half FY2002	FY2002	1st Half FY2003	(Million Units) FY2003 (Forecast)
	1.82	3.34	1.78	3.70

4. HDD Production

	1st Half FY2002	FY2002	1st Half FY2003	(Million Units) FY2003 (Forecast)
	4.06	8.76	5.53	12.40

5. Electronic Devices

(1) Net Sales of Semiconductors

	1st Half FY2002	FY2002	1st Half FY2003	(Billion Yen) FY2003 (Forecast)
	193.3	398.3	204.5	440.0
[Internal use]	[28.0]	[49.0]	[22.2]	[40.0]

(2) Composition of Net Sales by Product Category (Semiconductors)

	1st Half FY2002	FY2002	1st Half FY2003	(%) FY2003 (Forecast)
Logic	62	57	60	62
System Memory	31	36	33	31
Compound Semiconductor and Others	7	7	7	7

(3) Composition of Capital Expenditure

	1st Half FY2002	FY2002	1st Half FY2003	(Billion Yen) FY2003 (Forecast)
Total	37.7	60.9	24.7	65.0
[Semiconductors]	[24.7]	[38.0]	[13.9]	[35.0]
[PDP]	[2.9]	[4.2]	[2.4]	[11.0]
[LCD]	[1.1]	[2.3]	[0.1]	[1.0]

6. R&D Expenditures

	Yen (billions)		Change (%)	Yen (billions)		Change (%)
	1st Half FY2002	1st Half FY2003	1H FY02 to 1H FY03	FY2003 (Forecast)	FY02 to FY03	
	147.2	285.7	-14.2	255.0	-10.8	
As % of Sales	6.8%	6.2%		5.4%		

7. Capital Expenditures, Depreciation

	Yen (billions)		Change (%)	Yen (billions)		Change (%)
	1st Half FY2002	1st Half FY2003	1H FY02 to 1H FY03	FY2003 (Forecast)	FY02 to FY03	
Capital Expenditures						
Software & Services	21.0	38.8	+7.1	75.0	+93.2	
Platforms	16.4	36.7	-12.5	50.0	+36.1	
Electronic Devices	37.7	60.9	-34.5	65.0	+6.7	
Corporate and Other*	3.8	11.1	+30.1	15.0	+34.5	
Total	79.1	147.6	-15.7	205.0	+38.9	
Japan	72.6	125.6	-20.3	175.0	+39.2	
Overseas	6.5	21.9	+35.4	30.0	+36.8	
Depreciation	135.0	264.6	-27.9	205.0	-22.5	

Note: * Includes capital expenditures for the parent's administrative divisions and R&D expenditures that cannot be allocated to a specific business unit.

8. Exchange Rates

Forecast Average Rates for

1st Half FY2002	2nd Half FY2002	1st Half FY2003	2nd Half FY2003 (Forecast)
\$1=123 yen	\$1=121 yen	\$1=118 yen	\$1=110 yen

9. Consolidated Statements of Cash Flows

	1st Half FY2002	FY2002	1st Half FY2003	(Billion Yen) FY2003 (Forecast)
(A) Cash flows from operating activities	(80.9)	117.7	37.4	320.0
[Net income]	[(147.4)]	[(122.0)]	[(58.5)]	[30.0]
[Depreciation *]	[172.9]	[343.2]	[137.3]	[280.0]
[Others]	[(106.5)]	[(103.4)]	[(41.3)]	[10.0]
(B) Cash flows from investing activities	(10.5)	(64.4)	(30.3)	(220.0)
(C) Free cash flows (A)+(B)	(91.5)	53.3	7.0	100.0
(D) Cash flows from financing activities	111.5	(67.2)	(50.6)	(100.0)
(E) Total (C)+(D)	20.0	(13.8)	(43.5)	0.0

Note: *Including amortization of goodwill

10. Employees

As of	March 31 2002	September 30 2002	March 31 2003	(Thousands) September 30 2003
Japan	116	115	109	107
[Parent Company]	[40]	[39]	[35]	[35]
Overseas	54	51	48	48
Total	170	166	157	155