Fujitsu Limited
April 27, 2005

FY 2004 Full-Year and Fourth-Quarter Financial Results

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		Yen (millions) (except per share data)		
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Net sales	**Y**	**4,762,759**	4,766,888	-0.1
Operating income		**160,191**	150,342	+6.6
Income before income taxes and minority interests		**223,526**	157,018	+42.4
Net income		**31,907**	49,704	-35.8
Net income per common share	**Y**	**15.42**	24.55	-
Average number of shares outstanding		**2,034,114,961**	2,000,366,882	-

b. Net Sales to Unaffiliated Customers by Business Segment

		Yen (millions)		
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Software & Services	**Y**	**2,070,444**	2,094,261	-1.1
Platforms		**1,705,124**	1,608,178	+6.0
Electronic Devices		**733,866**	734,320	-0.1
Financing		**-**	50,391	-
Other Operations		**253,325**	279,738	-9.4
Total	**Y**	**4,762,759**	4,766,888	-0.1

c. Summary of Consolidated Financial Condition

		Yen (millions) (except per share data)	
		March 31 2005	March 31 2004
Total assets	**Y**	**3,640,198**	3,865,589
Shareholders' equity		**856,990**	827,177
Shareholders' equity ratio		**23.5** %	21.4 %
Shareholders' equity per share	**Y**	**414.18**	413.22
Number of shares outstanding		**2,067,824,941**	2,000,332,760

d. Summary of Consolidated Statements of Cash Flows

		Yen (millions)	
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)
Cash flows from operating activities	**Y**	**277,232**	304,045
Cash flows from investing activities		**(15,129)**	67,389
Cash flows from financing activities		**(212,034)**	(239,902)
Cash and cash equivalents at end of period		**454,516**	413,826

2. Summary of FY 2004 Fourth-Quarter Consolidated Results

a. Summary of Consolidated Statements of Operations

		Yen (millions)		
		4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (%)
Net sales	**Y**	**1,499,052**	1,556,752	-3.7
Operating income		**122,079**	158,146	-22.8
Income before income taxes and minority interests		**237,113**	136,445	+73.8
Net income		**49,638**	100,614	-50.7

b. Net Sales to Unaffiliated Customers by Business Segment

		Yen (millions)		
		4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (%)
Software & Services	**Y**	**718,025**	748,745	-4.1
Platforms		**541,854**	510,516	+6.1
Electronic Devices		**170,203**	208,367	-18.3
Other Operations		**68,970**	89,124	-22.6
Total	**Y**	**1,499,052**	1,556,752	-3.7

3. Consolidated Earnings Forecast for FY 2005

		Yen (billions) (except per share data)		
		FY 2005 (Forecast)	FY 2004 (Actual)	Change (%) FY04 to FY05
a. First quarter ending Jun. 30, 2005	Net sales **Y**	**1,010.0**	1,008.1	+0.2
	Operating income (loss)	**(10.0)**	(4.3)	-
	Net income (loss) **Y**	**(30.0)**	(11.8)	-
b. Second quarter ending Sep. 30, 2005	Net sales	**1,190.0**	1,211.9	-1.8
	Operating income	**25.0**	37.6	-33.6
	Net income	**-**	3.6	-
c. First half ending Sep. 30, 2005	Net sales	**2,200.0**	2,220.0	-0.9
	Operating income	**15.0**	33.2	-54.9
	Net income (loss)	**(30.0)**	(8.1)	-
d. Full year ending Mar. 31, 2006	Net sales **Y**	**4,850.0**	4,762.7	+1.8
	Operating income	**175.0**	160.1	+9.2
	Net income	**50.0**	31.9	+56.7
	Net income per common share **Y**	**24.18**	15.42	+56.8

4. Summary of Full-Year Unconsolidated Results

a. Summary of Unconsolidated Statements of Operations

		Yen (millions) (except per share data) FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Net sales	Y	**2,846,256**	2,788,526	+2.1
Operating income		**30,631**	32,962	-7.1
Income before income taxes		**109,984**	80,085	+37.3
Net income (loss)	Y	**(39,856)**	17,067	-
Amounts per share of common stock:				
Net income (loss)	Y	**(19.59)**	8.49	
Cash dividends		**6**	3	

b. Net Sales by Business Segment

		Yen (millions) FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Software & Services	Y	**1,051,313**	1,063,883	-1.2
Platforms		**1,463,069**	1,424,453	+2.7
Electronic Devices		**331,874**	300,190	+10.6
Total	Y	**2,846,256**	2,788,526	+2.1

b. Summary of Unconsolidated Financial Condition

		Yen (millions) (except per share data) March 31 2005	March 31 2004
Total assets	Y	**2,944,291**	3,022,975
Shareholders' equity		**854,328**	934,603
Shareholders' equity ratio		**29.0** %	30.9 %
Shareholders' equity per share	Y	**413.15**	467.18

5. Unconsolidated Earnings Forecast for FY 2005
(April 1, 2005 - March 31, 2006)

			Yen (billions) (except per share data) FY2005 (Forecast)	FY 2004 (Actual)	Change (%) FY04 to FY05
a. First half ending Sep. 30, 2005	Net sales	Y	**1,265.0**	1,295.7	-2.4
	Operating income (loss)		**(25.0)**	(23.6)	-
	Net income (loss)	Y	**(5.0)**	(12.1)	-
b. Full year ending Mar. 31, 2006	Net sales	Y	**2,830.0**	2,846.2	-0.6
	Operating income		**45.0**	30.6	+46.9
	Net income (loss)		**30.0**	(39.8)	-
	Net income (loss) per common share	Y	**14.51**	(19.59)	-

6. Full-Year Consolidated Statements of Operations

		Yen (millions) FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Net sales	Y	**4,762,759**	4,766,888	-0.1
Operating costs and expenses:				
Cost of goods sold		**3,512,552**	3,460,932	+1.5
Selling, general and administrative expenses		**1,090,016**	1,155,614	-5.7
		4,602,568	4,616,546	
Operating income		**160,191**	150,342	+6.6
Other income (expenses):				
Net interest*		**(9,604)**	(16,663)	
Equity in earnings of affiliated companies, net		**3,691**	(862)	
Amortization of unrecognized obligation for retirement benefits		**(39,295)**	(56,943)	
Gain on sales of marketable securities**		**133,299**	134,624	
Gain on business transfer***		**36,534**	-	
Gain on transfer of substitutional portion of employees' pension plan		**-**	146,532	
Gain on sale of property, plant and equipment		-	13,649	
Restructuring charges****		**(20,085)**	(164,202)	
Real estate valuation losses*****		**(15,274)**	-	
HDD litigation-related expenses		**-**	(10,220)	
Casualty loss		-	(4,700)	
Other, net		**(25,931)**	(34,539)	
		63,335	6,676	-
Income before income taxes and minority interests		**223,526**	157,018	+42.4
Income taxes		**185,553**	92,210	
Minority interests		**(6,066)**	(15,104)	
Net income	Y	**31,907**	49,704	-35.8

Note: *Net interest consists of interest income, dividend income and interest charges.
**Gain on sales of marketable securities in FY2004 refers to a 26,298 million yen gain on sales of affiliates' stock and 107,001 million yen on sales of available-for-sales securities.
***Gain on business transfer refers to the transfer of plasma display panel operations.
****Restructuring charges are related to expenses for workforce reductions, realignment, and disposal of assets at subsidiaries.
*****Real estate valuation losses refers to a devaluation on idle property holdings.

7.Full-Year Consolidated Business Segment Information

a. Sales to Unaffiliated Customers

			Yen (millions)		
			FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Software & Services	Japan	**Y**	**1,533,026**	1,580,833	-3.0
	Overseas		**537,418**	513,428	+4.7
	Total	**Y**	**2,070,444**	2,094,261	-1.1
Platforms	Japan		**1,187,508**	1,150,440	+3.2
	Overseas		**517,616**	457,738	+13.1
	Total		**1,705,124**	1,608,178	+6.0
Electronic Devices	Japan		**415,452**	378,489	+9.8
	Overseas		**318,414**	355,831	-10.5
	Total		**733,866**	734,320	-0.1
Financing	Japan		-	50,391	-
	Overseas		-	-	-
	Total		-	50,391	-
Other Operations	Japan		**204,678**	218,112	-6.2
	Overseas		**48,647**	61,626	-21.1
	Total		**253,325**	279,738	-9.4
Total	Japan	**Y**	**3,340,664**	3,378,265	-1.1
	Overseas		**1,422,095**	1,388,623	+2.4
	Total	**Y**	**4,762,759**	4,766,888	-0.1

b. Sales to Unaffiliated Customers by Products and Services

			Yen (billions)		
			FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Software & Services	Solutions/SI	**Y**	**920.7**	970.0	-5.1
	Infrastructure Services		**1,149.7**	1,124.2	+2.3
	Total	**Y**	**2,070.4**	2,094.2	-1.1
Platforms	Server-related	**Y**	**384.4**	365.6	+5.1
	Mobile / IP Networks		**214.6**	207.2	+3.6
	Transmission Systems		**185.3**	167.4	+10.7
	PCs & Mobile Phones		**697.0**	680.9	+2.4
	HDD-related		**223.8**	187.0	+19.7
	Total	**Y**	**1,705.1**	1,608.1	+6.0
Electronic Devices	Semiconductors	**Y**	**419.0**	403.9	+3.7
	Others		**314.8**	330.4	-4.7
	Total	**Y**	**733.8**	734.3	-0.1

c. Net Sales including Intersegment Sales

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			Yen (millions)		
			FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Software & Services	Unaffiliated customers	**Y**	**2,070,444**	2,094,261	-1.1
	Intersegment		**38,462**	52,112	-26.2
	Total		**2,108,906**	2,146,373	-1.7
Platforms	Unaffiliated customers		**1,705,124**	1,608,178	+6.0
	Intersegment		**156,405**	224,705	-30.4
	Total		**1,861,529**	1,832,883	+1.6
Electronic Devices	Unaffiliated customers		**733,866**	734,320	-0.1
	Intersegment		**60,931**	70,365	-13.4
	Total		**794,797**	804,685	-1.2
Financing	Unaffiliated customers		**-**	50,391	-
	Intersegment		**-**	4,027	-
	Total		**-**	54,418	-
Other Operations	Unaffiliated customers		**253,325**	279,738	-9.4
	Intersegment		**99,060**	138,554	-28.5
	Total		**352,385**	418,292	-15.8
Elimination			**(354,858)**	(489,763)	-
Total		**Y**	**4,762,759**	4,766,888	-0.1

d. Operating Income including Intersegment Transactions
Operating Margin (%)

		Yen (millions)		
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (Million Yen)
Software & Services	**Y**	**113,055**	138,758	-25,703
		5.4%	*6.5%*	*-1.1%*
Platforms		**55,002**	29,244	+25,758
		3.0%	*1.6%*	*+1.4%*
Electronic Devices		**32,582**	27,538	+5,044
		4.1%	*3.4%*	*+0.7%*
Financing		**-**	2,007	-2,007
		-%	*3.7%*	*-%*
Other Operations		**14,046**	13,638	+408
		4.0%	*3.3%*	*+0.7%*
Elimination		**(54,494)**	(60,843)	+6,349
Total	**Y**	**160,191**	150,342	+9,849
		3.4%	*3.2%*	*+0.2%*

8. Full-Year Consolidated Geographic Segment Information

a. Net Sales

			Yen (millions)		
			FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Japan	Unaffiliated customers	**Y**	**3,560,925**	3,605,665	-1.2
	Intersegment		**463,593**	465,811	-0.5
	Total	**Y**	**4,024,518**	4,071,476	-1.2
Europe	Unaffiliated customers		**585,138**	544,593	+7.4
	Intersegment		**11,764**	18,768	-37.3
	Total		**596,902**	563,361	+6.0
The Americas	Unaffiliated customers		**281,959**	254,488	+10.8
	Intersegment		**16,959**	20,210	-16.1
	Total		**298,918**	274,698	+8.8
Asia, Australasia & Others	Unaffiliated customers		**334,737**	362,142	-7.6
	Intersegment		**268,154**	217,037	+23.6
	Total		**602,891**	579,179	+4.1
Elimination			**(760,470)**	(721,826)	-
Total		**Y**	**4,762,759**	4,766,888	-0.1

b. Operating Income (Loss)

Operating Margin(%)

		Yen (millions)		
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (Million Yen)
Japan	**Y**	**187,839**	203,733	-15,894
		4.7%	*5.0%*	*-0.3%*
Europe		**11,703**	6,686	+5,017
		2.0%	*1.2%*	*+0.8%*
The Americas		**4,353**	(13,161)	+17,514
		1.5%	*(4.8%)*	*+6.3%*
Asia, Australasia & Others		**12,142**	13,504	-1,362
		2.0%	*2.3%*	*-0.3%*
Elimination		**(55,846)**	(60,420)	+4,574
Total	**Y**	**160,191**	150,342	9,849
		3.4%	*3.2%*	*+0.2%*

c. Net Overseas Sales by Customer's Geographic Location

		Yen (millions)		
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Europe	**Y**	**633,243**	605,051	+4.7
The Americas		**320,971**	324,269	-1.0
Asia, Australasia & Others		**467,881**	459,303	+1.9
Total	**Y**	**1,422,095**	1,388,623	+2.4

9. Full-Year Consolidated Statements of Cash Flows

		Yen (millions) FY 2004 (4/1/04-3/31/05)	Yen (millions) FY 2003 (4/1/03-3/31/04)	Change (Million Yen)
1. Cash flows from operating activities:				
Income before income taxes and minority interests	**Y**	**223,526**	157,018	+66,508
Depreciation and amortization		**232,118**	292,949	-60,831
Increase (decrease) in provisions		**(2,761)**	13,388	-16,149
Equity in earnings of affiliates, net		**(3,691)**	862	-4,553
Disposal of property, plant and equipment		**39,765**	30,714	+9,051
(Increase) decrease in receivables, trade		**(26,320)**	(101,803)	+75,483
(Increase) decrease in inventories		**37,965**	42,637	-4,672
Increase (decrease) in payables, trade		**(47,859)**	158,327	-206,186
Deduction of gain on transfer of substitutional portion of employees' pension plan		**-**	(146,532)	+146,532
Other, net*		**(175,511)**	(143,515)	-31,996
Net cash provided by (used in) operating activities		**277,232**	304,045	-26,813
2. Cash flows from investing activities:				
Purchase of property, plant and equipment		**(151,862)**	(141,596)	-10,266
(Increase) decrease in investments and long-term loans		**137,808**	221,905	-84,097
Other, net		**(1,075)**	(12,920)	+11,845
Net cash provided by (used in) investing activities		**(15,129)**	67,389	-82,518
1+2 [Free Cash Flow]		**262,103**	371,434	-109,331
3. Cash flows from financing activities:				
Increase (decrease) in bonds, notes, short-term borrowings and long-term debt		**(162,930)**	(217,467)	+54,537
Dividends paid		**(12,001)**	-	-12,001
Other, net		**(37,103)**	(22,435)	-14,668
Net cash provided by (used in) financing activities		**(212,034)**	(239,902)	+27,868
4. Effect of exchange rate changes on cash and cash equivalents		**1,661**	(3,199)	+4,860
5. Net increase (decrease) in cash and cash equivalents		**51,730**	128,333	-76,603
6. Cash and cash equivalents at beginning of period		**413,826**	282,333	+131,493
7. Cash and cash equivalents of newly consolidated subsidiaries		**947**	3,160	-2,213
8. Cash and cash equivalents of deconsolidated subsidiaries		**(11,987)**	-	-11,987
9. Cash and cash equivalents at end of period	**Y**	**454,516**	413,826	+40,690

Note: * "Other, net" in cash flows from operating activities in FY 2004 refers mainly to the reclassificatio a 133,299 million yen gain on sales of marketable securities included in income before income taxes and minority interests to cash flows from investing activities.

10. Full-Year Consolidated Balance Sheets

		Yen (millions) March 31 2005	March 31 2004	Change (Million Yen)
Assets				
Current assets:				
Cash and cash equivalents and short-term investments	**Y**	**457,188**	416,929	+40,259
Receivables, trade		**824,992**	810,469	+14,523
Inventories		**478,510**	521,126	-42,616
Other current assets		**220,847**	267,050	-46,203
Total current assets		**1,981,537**	2,015,574	-34,037
Investments and long-term loans		**706,466**	827,063	-120,597
Property, plant and equipment less accumulated depreciation		**727,900**	803,023	-75,123
Intangible assets		**224,295**	219,929	+4,366
Total assets	**Y**	**3,640,198**	3,865,589	-225,391
Liabilities, minority interests and shareholders' equity				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	**Y**	**199,553**	382,749	-183,196
Payables, trade		**735,981**	796,915	-60,934
Other current liabilities		**545,983**	538,398	+7,585
Total current liabilities		**1,481,517**	1,718,062	-236,545
Long-term liabilities:				
Long-term debt		**883,235**	894,372	-11,137
Other long-term liabilities		**254,249**	235,518	+18,731
Total long-term liabilities		**1,137,484**	1,129,890	+7,594
Minority interests		**164,207**	190,460	-26,253
Shareholders' equity:				
Common stock		**324,625**	324,624	+1
Capital surplus		**497,882**	455,963	+41,919
Retained earnings (Deficit)		**(7,823)**	(35,734)	+27,911
Unrealized gains on securities and revaluation surplus on land		**101,529**	153,082	-51,553
Foreign currency translation adjustments		**(57,980)**	(69,901)	+11,921
Treasury stock		**(1,243)**	(857)	-386
Total shareholders' equity		**856,990**	827,177	+29,813
Total liabilities, minority interests and shareholders' equity	**Y**	**3,640,198**	3,865,589	-225,391
Ending balance of interest-bearing loans	**Y**	**1,082,788**	1,277,121	-194,333

Supplementary Information

	Yen (billions)		
	FY 2004 **(4/1/04-3/31/05)**	FY 2003 (4/1/03-3/31/04)	Change (%)
Capital expenditure	**Y 181.4**	Y 159.7	+13.5
Depreciation	**169.9**	200.0	-15.1

11. Marketable Securities

1. Net Unrealized Gain on Marketable Securities

		Yen (millions)			Yen (millions)		
		March 31, 2005			March 31, 2004		
		Carrying Value	Fair Value	Net Unrealized Gains	Carrying Value	Fair Value	Net Unrealized Gains
Held-to-maturity securities	**Y**	**1,414**	**1,436**	**22**	2,208	2,225	17
Investment in affiliates		**9,838**	**30,465**	**20,627**	18,148	79,581	61,433
Total	**Y**	**11,252**	**31,901**	**20,649**	20,356	81,806	61,450

2. Summary of Marketable Securities at Fair Value

		Yen (millions)			Yen (millions)		
		March 31, 2005			March 31, 2004		
		Cost	Carrying Value (Fair Value)	Net Unrealized Gains (Losses)	Cost	Carrying Value (Fair Value)	Net Unrealized Gains
Available-for-sale:							
Equity securities	**Y**	**54,308**	**220,677**	**166,369**	57,544	310,584	253,040
Debt securities and others		**7,850**	**7,752**	**(98)**	7,250	7,307	57
Total	**Y**	**62,158**	**228,429**	**166,271**	64,794	317,891	253,097

12. Fourth-Quarter Consolidated Statements of Operations

		Yen (millions) 4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (%)
Net sales	Y	**1,499,052**	1,556,752	-3.7
Operating costs and expenses:				
Cost of goods sold		**1,103,850**	1,102,844	+0.1
Selling, general and administrative expenses		**273,123**	295,762	-7.7
		1,376,973	1,398,606	
Operating income		**122,079**	158,146	-22.8
Other income (expenses):				
Net interest*		**(2,955)**	(5,084)	
Equity in earnings of affiliated companies, net		**(1,498)**	1,597	
Amortization of unrecognized obligation for retirement benefits		**(9,808)**	(13,630)	
Gain on sales of marketable securities**		**129,808**	9,169	
Gain on business transfer***		**36,534**	-	
Gain on transfer of substitutional portion of employees' pension plan		**-**	146,532	
Gain on sale of property, plant and equipment		**-**	13,649	
Restructuring charges****		**(13,242)**	(156,793)	
Real estate valuation losses*****		**(15,274)**	-	
HDD litigation-related expenses		**-**	(10,220)	
Other, net		**(8,531)**	(6,921)	
		115,034	(21,701)	-
Income before income taxes and minority interests		**237,113**	136,445	+73.8
Income taxes		**186,386**	24,734	
Minority interests		**(1,089)**	(11,097)	
Net income	Y	**49,638**	100,614	-50.7

Note: *Net interest consists of interest income, dividend income and interest charges.
**Gain on sales of marketable securities in FY 2004 refers to a 26,298 million yen gain on sales of affiliates' stock and 103,510 million yen on sales of available-for-sales securities.
***Gain on business transfer refers to the transfer of plasma display panel operations.
**** Restructuring charges are related to expenses for workforce reductions, realignment, and disposal of assets at subsidiaries.
***** Real estate valuation losses refers to the devaluation on idle property holdings.

13. Fourth-Quarter Consolidated Business Segment Information

a. Sales to Unaffiliated Customers

			Yen (millions) 4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (%)
Software & Services	Japan	**Y**	566,023	601,527	-5.9
	Overseas		152,002	147,218	+3.2
	Total	**Y**	718,025	748,745	-4.1
Platforms	Japan		393,907	389,998	+1.0
	Overseas		147,947	120,518	+22.8
	Total		541,854	510,516	+6.1
Electronic Devices	Japan		94,615	113,367	-16.5
	Overseas		75,588	95,000	-20.4
	Total		170,203	208,367	-18.3
Other Operations	Japan		55,503	61,211	-9.3
	Overseas		13,467	27,913	-51.8
	Total		68,970	89,124	-22.6
Total	Japan	**Y**	1,110,048	1,166,103	-4.8
	Overseas		389,004	390,649	-0.4
	Total	**Y**	1,499,052	1,556,752	-3.7

b. Sales to Unaffiliated Customers by Products and Services

			Yen (billions) 4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (%)
Software & Services	Solutions/SI	**Y**	352.9	374.7	-5.8
	Infrastructure Services		365.1	374.0	-2.4
	Total	**Y**	718.0	748.7	-4.1
Platforms	Server-related	**Y**	129.5	127.0	+2.0
	Mobile / IP Networks		71.8	79.7	-9.9
	Transmission Systems		61.6	47.9	+28.6
	PCs & Mobile Phones		217.7	206.7	+5.3
	HDD-related		61.2	49.2	+24.4
	Total	**Y**	541.8	510.5	+6.1
Electronic Devices	Semiconductors	**Y**	102.7	117.6	-12.7
	Others		67.5	90.7	-25.6
	Total	**Y**	170.2	208.3	-18.3

c. Net Sales including Intersegment Sales

..

			Yen (millions) 4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (%)
Software & Services	Unaffiliated customers	**Y**	**718,025**	748,745	-4.1
	Intersegment		**12,167**	11,606	+4.8
	Total	**Y**	**730,192**	760,351	-4.0
Platforms	Unaffiliated customers		**541,854**	510,516	+6.1
	Intersegment		**47,191**	74,454	-36.6
	Total		**589,045**	584,970	+0.7
Electronic Devices	Unaffiliated customers		**170,203**	208,367	-18.3
	Intersegment		**15,579**	19,451	-19.9
	Total		**185,782**	227,818	-18.5
Other Operations	Unaffiliated customers		**68,970**	89,124	-22.6
	Intersegment		**25,227**	38,401	-34.3
	Total		**94,197**	127,525	-26.1
Elimination			**(100,164)**	(143,912)	-
Total		**Y**	**1,499,052**	1,556,752	-3.7

d. Operating Income (Loss) including Intersegment Transactions
Operating Margin (%)

		Yen (millions) 4Q FY 2004 (1/1/05-3/31/05)	4Q FY 2003 (1/1/04-3/31/04)	Change (Million Yen)
Software & Services	**Y**	**83,220**	102,210	-18,990
		11.4%	*13.4%*	*-2.0%*
Platforms		**49,399**	49,844	-445
		8.4%	*8.5%*	*-0.1%*
Electronic Devices		**(2,342)**	13,173	-15,515
		(1.3%)	*5.8%*	*-7.1%*
Other Operations		**4,357**	6,667	-2,310
		4.6%	*5.2%*	*-0.6%*
Elimination		**(12,555)**	(13,748)	+1,193
Total	**Y**	**122,079**	158,146	-36,067
		8.1%	*10.2%*	*-2.1%*

14. Full-Year Unconsolidated Statements of Operations

		Yen (millions)		
		FY 2004 **(4/1/04-3/31/05)**	FY 2003 (4/1/03-3/31/04)	Change (%)
Net sales	**Y**	**2,846,256**	2,788,526	+2.1
Operating costs and expenses:				
Cost of goods sold		**2,191,120**	2,120,169	+3.3
Selling, general and administrative expenses		**624,504**	635,395	-1.7
		2,815,624	2,755,564	
Operating income		**30,631**	32,962	-7.1
Other income (expenses):				
Net interest *		**32,776**	48,243	
Amortization of unrecognized obligation for retirement benefits		**(16,848)**	(26,537)	
Gain on sales of marketable securities **		**141,459**	237,621	
Gain on business transfer***		**12,931**	-	
Gain on transfer of substitutional portion of employees' pension plan		**-**	81,358	
Gain on sale of property, plant and equipment		-	13,649	
Loss on devaluation of subsidiaries' and affiliates' stock ****		**(60,755)**	(206,742)	
Real estate valuation losses*****		**(15,274)**	-	
Restructuring charges		**-**	(66,376)	
HDD litigation-related expenses		**-**	(10,220)	
Casualty loss		**-**	(4,700)	
Other, net		**(14,937)**	(19,172)	
		79,352	47,123	+68.4
Income before income taxes and minority interests		**109,984**	80,085	+37.3
Income taxes				
Current		**(4,559)**	(7,382)	-
Deferred		**154,400**	70,400	-
		149,841	63,018	
Net income (loss)	**Y**	**(39,856)**	17,067	-
Unappropriated retained earnings at the beginning of this year		**54,576**	10,043	
Reversal of legal reserve		-	36,447	
Interim dividends		**6,000**	-	
Unappropriated retained earnings at the end of this year	**Y**	**8,719**	63,558	

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

**Gain on sales of marketable securities in FY 2004 refers to a 35,001 million yen gain on sales of affiliates' stock and 106,457 million yen on sales of available-for-sales securities.

***Gain on business transfer refers to the transfer of plasma display panel operations.

**** Loss on devaluation of subsidiaries' and affiliates' stock refers to domestic manufacturing subsidiaries.

*****Real estate valuation losses refers to a devaluation on idle property holdings.

15. Full-Year Unconsolidated Appropriation of Retained Earnings and Other Capital Surplus

a. Disposal of Unappropriated Retained Earnings

		Yen (millions)		
		FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (Million Yen)
Unappropriated retained earnings	**Y**	**8,719**	63,558	-54,839
Reversal of reserve for:				
Software development		**4,300**	-	+4,300
Special depreciation		**600**	-	+600
Total		**13,619**	63,558	-49,939
To be appropriated as follows:				
Dividends		**6,203**	6,000	+202
(3.0 yen per share in FY 2004 and 3.0 yen per share in FY 2003)				
Bonuses to directors and statutory auditors		**-**	81	-81
Reserve for:				
Special depreciation		**2,200**	2,900	-700
Earnings to be carried forward	**Y**	**5,216**	54,576	-49,360

b. Appropriation of Other Capital Surplus

		Yen (millions)
		FY 2004 (4/1/04-3/31/05)
Other capital surplus	**Y**	**300,028**
To be appropriated as follows:		
Other capital surplus to be carried forward	**Y**	**300,028**

Policy on Dividends

With regard to distributions of profits, Fujitsu’s policy is to provide shareholders with a stable return and to secure sufficient internal reserves to strengthen its financial position for future business growth and improved profitability in the mid to long term.

Although we recorded a net loss on an unconsolidated basis, because of the ensuing reduction in future financial risk, the fact that the loss was not tied to cash outflows, improved positioning for profitability going forward, and forecasting continuing stable income and cash flow, we plan to issue a dividend of 3 yen per share for the second-half, making for a full-year dividend of 6 yen per share (including a 3 yen per share mid-year dividend).

16. Full-Year Unconsolidated Balance Sheets

		Yen (millions)		
		March 31 2005	March 31 2004	Change (Million Yen)
Assets				
Current assets:				
Cash and cash equivalents and short-term investments	Y	**337,025**	**163,686**	+173,338
Receivables, trade		**498,616**	**482,886**	+15,729
Inventories		**202,149**	**241,389**	-39,239
Other current assets		**252,238**	**297,842**	-45,604
Total current assets		**1,290,030**	**1,185,805**	+104,224
Investments and long-term loans		**1,196,280**	1,348,664	-152,383
Property, plant and equipment less accumulated depreciation		**369,671**	390,963	-21,291
Intangible assets		**88,309**	97,542	-9,233
Total assets	Y	**2,944,291**	3,022,975	-78,683
Liabilities, minority interests and shareholders' equity				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	Y	**255,495**	301,591	-46,096
Payables, trade		**653,461**	706,998	-53,537
Other current liabilities		**226,052**	178,695	+47,357
Total current liabilities		**1,135,009**	1,187,285	-52,275
Long-term liabilities:				
Long-term debt		**856,796**	832,116	+24,679
Other long-term liabilities		**98,157**	68,969	+29,187
Total long-term liabilities		**954,953**	901,086	+53,867
Shareholders' equity:				
Common stock		**324,625**	324,624	+1
Capital surplus		**418,142**	394,458	+23,683
Retained earnings		**15,919**	67,858	-51,939
[Unappropriated retained earnings]		**[8,719]**	[63,558]	[-54,839]
Unrealized gains on securities, net of taxes		**96,885**	148,519	-51,634
Treasury stock		**(1,243)**	(857)	-386
Total shareholders' equity		**854,328**	934,603	-80,275
Total liabilities and shareholders' equity	Y	**2,944,291**	3,022,975	-78,683
Ending balance of interest bearing loans	Y	**1,112,291**	1,133,708	-21,416

Supplementary Information

	Yen (billions)		
	FY 2004 (4/1/04-3/31/05)	FY 2003 (4/1/03-3/31/04)	Change (%)
Capital expenditure	**Y 69.6**	70.0	-0.6
Depreciation	**56.3**	63.6	-11.5

Part II. Explanation of Financial Results

1. Overview

Business Environment

With regard to the business environment during the fiscal year, overseas, the US and China experienced a temporary slowdown in growth as a result of surging oil prices and rising interest rates, but those regions as well as Europe were able to maintain economic growth, and factors tempering growth appear to be easing. In Japan, there was a shift from the robust conditions that had prevailed in the digital home electronics sector until the beginning of the period, and the market for electronic components rapidly deteriorated, leading to a temporary flattening out of overall economic growth, though there appear to be prospects for a mild recovery in fiscal 2005.

Looking at IT spending trends, while IT spending prospects overseas appear to be bright, led by an aggressive spending posture among global corporations, in Japan the outlook varies according to industry, company size, or region, and there is a continuing lack of robustness overall. On the other hand, spending on open architecture IT infrastructure systems is enjoying strong growth in both qualitative and quantitative terms, and there is rapidly increasing demand for greater stability and efficiency in such systems. In addition, with more attention being paid to security issues as a result of the enactment of the Personal Information Protection Act in Japan this year, there is greater demand than ever for the capabilities that IT can deliver in supporting internal compliance and other measures to enhance security, and an increase in IT spending on public infrastructure systems as well as by individual corporations can be expected.

In the world of ubiquitous networking, which is made possible by sophisticated IT infrastructure comprised of high-performance, high-reliability servers, networks and software seamlessly integrated in an open environment, it will be possible to securely and conveniently deliver advanced services in such areas as shopping, banking, and healthcare. As a leading provider of server and networking technology and services essential to the ubiquitous networking era, Fujitsu seeks to provide comprehensive solutions that bring together high-performance, high-quality products and services – such as biometric authentication technology for enhanced security – to meet the specific needs of individual customers.

FY 2004 Full-Year Summary

(Billion Yen)

	FY 2004 (4/1/04 – 3/31/05)	FY 2003 (4/1/03 – 3/31/04)	Change
Net sales (Percentage change vs. prior fiscal year)	**4,762.7** **(-0.1%)**	4,766.8 (3.2%)	-4.1
Operating income (Operating margin)	**160.1** **(3.4%)**	150.3 (3.2%)	9.8 (0.2%)
Extraordinary gains and losses	**134.4**	107.2	27.2
Income before income taxes and minority interests	**223.5**	157.0	66.5
Net income	**31.9**	49.7	-17.7

Note: Throughout these explanatory materials, yen figures are converted to US dollars for convenience only at a uniform rate of $1=107 yen, the approximate closing exchange rate on March 31, 2005.

Fiscal 2004 Priority Issues and Initiatives

At the beginning of fiscal 2004, we targeted consolidated sales of 4, 950.0 billion yen, operating income of 200.0 billion yen and net income of 70.0 billion yen. In striving to achieve these targets, we carried out a number of initiatives during the course of the year. Details about these initiatives and their results are described below.

First, we worked to strengthen our existing businesses. Specifically, as a mid-range goal, we have been working to reduce costs as a ratio of sales by 1% per year through a variety of cost and expense reduction initiatives. In our Software & Services business, in addition to promoting our System Development Architecture and Support (SDAS) and TRIOLE initiatives, we have worked to boost productivity by implementing groupwide organizational reforms. Nevertheless, in fiscal 2004, we were unable to stem the deteriorating profitability of certain projects, and these dragged down overall efficiency levels, resulting in a 1.1% decline in the Software & Services operating margin in comparison with the previous year. On the other hand, through the introduction of the Toyota Production System, we advanced manufacturing innovation in our Platforms and Electronic Devices hardware divisions. The impact of higher production volumes together with cost reductions through tighter integration of design and manufacturing helped us to achieve a targeted 1.1% improvement in the operating margin for these divisions, in spite of declining prices. As a result of the foregoing, however, consolidated operating income for the year was held to 160.1 billion yen (US$1,497 million), an increase of only 10.0 billion yen over fiscal 2003.

Addressing the deterioration of profitability in Software & Services, we put in place and have been working to thoroughly implement a system to quickly identify and contain the risk of project losses. In addition, we are putting great emphasis on programs and policies designed to improve productivity, including increasing utilization of tools such as SDAS to boost the efficiency of development activities, as well as fostering the professional skills of our personnel. At the end of fiscal 2004, about 75% of projects (on a value basis) with deteriorating profitability were completed, and we mostly eliminated the incidence of problematic new projects (see p. 26).

Moreover, we took a number of measures to further focus our resources and thereby improve profitability in fiscal 2005 and beyond. These included selling a distribution affiliate to an international logistics company in order to strengthen our global distribution network and further improve supply chain management, and the transfer of our flat panel display businesses, where a vertical business model has become essential.

Another priority has been to strengthen our global business development. Building on the progress from the restructuring of our international operations carried out in fiscal 2003, we were able to achieve a more than 20.0 billion yen improvement in income from overseas operations, thanks in large part to the expansion of our infrastructure services business in Europe and higher overseas sales of our servers, middleware and other products. Gains in Europe and the Americas were of particular note, but we secured operating profits in all regions. Moreover, alliances with leading global players and progress in cooperative ventures in fiscal 2004 are expected to improve product competitiveness and lower costs, thereby helping to position the Fujitsu Group for further gains in profitability in the future.

Since fiscal 2003, moreover, we have made progress in improving the soundness of our financial position. We were able to meet our goal of reducing interest-bearing loans to 1,100 billion yen or below by the end of fiscal 2004, ending the fiscal year with a balance of 1,082.7 billion yen as a result of cash flow generated from business operations as well as investment cash flow collected from sales of asset holdings. As a result, our D/E ratio reached 1.26, drawing closer to our mid-range goal of 1.0. Net interest-bearing loans, which subtract cash and cash equivalents, were greatly reduced to 628.0 billion yen, and the net D/E ratio reached 0.73. In terms of management indices expressing financial stability and efficient use of assets, in a number of areas we have exceeded the values for the recent peak year of fiscal 2000 (see p. 31).

We have also made efforts to deal with financial risks. In the same way that we did in the previous fiscal year, in fiscal 2004 we recognized upfront losses for problematic projects as soon as they were determined, including for work not yet implemented. In addition, we recorded valuation losses on idle property that we had no plans to use. Moreover, with respect to deferred tax assets, we recorded a valuation allowance to cover the amount in excess of what we are likely to recover in the future.

As a result of the foregoing, we recorded fiscal 2004 consolidated net sales of 4,762.7 billion yen (US$44,512 million), consolidated operating income of 160.1 billion yen (US$1,497 million) and consolidated net income of 31.9 billion yen (US$298 million). Unfortunately, due to measures to deal with Software & Services projects with deteriorating profitability, we fell short of meeting the targets that we had established at the beginning of the fiscal year. On the other hand, we were able to achieve our beginning-of-year targets for improving the soundness of our financial position, and to implementing necessary policies to ensure improved performance in fiscal 2005 and beyond.

Earnings by Business Segment

(Billion Yen)

		FY 2004	FY 2003	Change
Software & Services	Net sales	**2,108.9**	2,146.3	-37.4
	Operating income	**113.0**	138.7	-25.7
	Operating margin	**5.4%**	6.5%	-1.1%
Hardware Divisions Combined (Platforms + Electronic Devices)	Net sales	**2,656.3**	2,637.5	18.7
	Operating income	**87.5**	56.7	30.8
	Operating margin	**3.3%**	2.2%	1.1%

*Net sales includes intersegment sales

Earnings by Customers' Geographic Location

(Billion Yen)

		FY 2004	FY 2003	Change
Japan	Net sales	**4,024.5**	4,071.4	-46.9
	Operating income	**187.8**	203.7	-15.8
	Operating margin	**4.7%**	5.0%	-0.3%
Overseas	Net sales	**1,498.7**	1,417.2	81.4
	Operating income	**28.1**	7.0	21.1
	Operating margin	**1.9%**	0.5%	1.4%

*Net sales includes intersegment sales

Principal Financial Indices

(Billion Yen)

	FY 2004	FY 2003	Change
Total assets	**3,640.1**	3,865.5	-225.3
(Total assets turnover ratio)	**(1.27 times)**	(1.18 times)	(0.09 times)
Shareholders' equity	**856.9**	827.1	29.8
(Shareholders' equity ratio)	**(23.5%)**	(21.4%)	(2.1%)
Free cash flow	**262.1**	371.4	-109.3
(From business operations)	**(93.7)**	(89.1)	(4.6)
Interest-bearing loans	**1,082.7**	1,277.1	-194.3
(Cash and cash equivalents)	**(454.7)**	(415.8)	(38.8)
Net interest-bearing loans	**628.0**	861.2	-233.1
D/E ratio	**1.26**	1.54	-0.28
Net D/E ratio	**0.73**	1.04	-0.31

Note 1:

- Total assets turnover ratio: net sales / {(ending balance of total assets in current period + ending balance of total assets in previous period) / 2}
- Shareholders' equity ratio: balance of shareholders' equity / balance of total assets
- Ending balance of net interest bearing loans: ending balance of interest-bearing loans – ending balance of cash and cash equivalents
- D/E ratio: balance of interest-bearing loans / balance of shareholders' equity
- Net D/E ratio: (balance of interest-bearing loans – ending balance of cash and cash equivalents) / balance of shareholders' equity

Note 2:

- The above are all calculated based on consolidated financial data.

Profit and Loss

Consolidated net sales for fiscal 2004 were 4,762.7 billion yen (US$44,512 million), a decrease of 0.1% compared to the preceding fiscal year. On a continuing operations basis, excluding the impact of restructuring, this represented an increase of 2.8%. Worsening market conditions reduced sales of products such as PDPs and LCDs, and in Japan, sluggish recovery in IT spending restrained sales of servers and solutions/system integration services. Overseas, sales of UNIX servers, optical transmission systems, PCs and hard disk drives improved.

Operating income was 160.1 billion yen (US$1,497 million), up 9.8 billion yen over the previous fiscal year. Although operating income was adversely impacted by lower prices and losses on projects with deteriorating profitability in the Software & Services segment, in the Platforms and Electronic Devices segments, despite intense price competition, operating income grew as a result of increased sales, cost cutting progress and expense controls. The cost of sales ratio deteriorated by 1.2% from the prior fiscal year to 73.8%, but at the same time the ratio of selling, general and administrative expenses to net sales improved by 1.4% to 22.8% as a result of increased efficiency, benefits from restructuring carried out primarily in overseas operations and shifting of certain subsidiaries to equity-method affiliates. As a result of the foregoing, the overall operating income margin rose by 0.2%.

In addition to the increase in operating income, in other income and expenses, there was an improvement in net interest of 7.0 billion yen as a result of the decrease in interest-bearing loans and other factors, a turnaround of 4.5 billion yen in equity in net earnings of affiliated companies from the net loss recorded last year, and an improvement of 17.6 billion yen in the amortization of unrecognized obligation for retirement benefits due to the increase in stock prices during last year and the transfer of the substitutional portion of employees' pension funds.

Extraordinary gains, including gains on the sale of marketable securities, were 134.4 billion yen. Income before income taxes and minority interests was 223.5 billion yen, and we posted 185.5 billion yen in income taxes and the valuation allowance on deferred tax assets.

As a result, net income for the year was 31.9 billion yen (US$298 million), a decrease of 17.7 billion yen from the prior fiscal year.

Extraordinary gains and losses **Total: 134.4 billion yen**

1. Gains from sales of marketable securities . . . ……. . . . .…. 133.2 billion yen
   Sales of portions of Fujitsu's shareholdings in FANUC Ltd. and Advantest Corporation on February 22 and 23, 2005 (129.2 billion yen) were among the gains recorded from sales of marketable securities.
2. Gain on transfer of operations . . . . 36.5 billion yen
   Agreement was formally reached on March 25, 2005 for the transfer of plasma display panel operations to joint venture partner Hitachi, Ltd. Together with gains from the transfer of other business operations, gains from this transfer were recorded as an extraordinary gain.
3. Restructuring charges . . . . 20.0 billion yen
   Restructuring charges relating to reductions and relocation of personnel and disposition of assets primarily for domestic manufacturing subsidiaries were recorded as extraordinary losses.
4. Real estate valuation losses . . . . 15.2 billion yen
   Valuation losses on idle property holdings were reported.

Income tax and other adjustments

5. Recording of valuation allowance for deferred tax assets. . . . . 93.5 billion yen

   Having significant tax loss carryforwards from the restructuring of operations in fiscal 2001 and 2002 fiscal years, we calculated deferred tax assets at year-end based on future taxable income. At this time, in light of delays in the recovery of taxable income from business operations primarily relating to unconsolidated accounts, we decided to record a valuation allowance to cover the amount in excess of what was likely to be recovered based on estimates of the next fiscal year's taxable income.

2. Results by Business Segment

Consolidated net sales to unaffiliated customers and operating income for fiscal 2004 are described by business segment below.

1. Software & Services

	FY 2004 (Billion Yen)	Change from FY 2003	Change on continuing operations basis excluding impact of restructuring
Net sales	2,070.4	-1.1%	---
Japan	1,533.0	-3.0%	-3.0%
Overseas	537.4	4.7%	9.8%

Net Sales by Sub-segment

	FY 2004 (Billion Yen)	Change from FY 2003
Solutions/SI	920.7	-5.1%
Infrastructure Services	1,149.7	2.3%

Software & Services consolidated net sales were 2,070.4 billion yen (US$19,350 million), roughly on par with fiscal 2003 when excluding the impact of that fiscal year's restructuring of overseas subsidiaries. Sales in Japan decreased, primarily due to the slow recovery in IT investment, sluggish sales in solutions/systems integration services, and a reduction in earnings from public infrastructure systems deals. Overseas, sales increased 9.8% on a continuing operations basis, buoyed by successive large-scale government-sector outsourcing wins by Fujitsu Services in the UK, and orders steadily increased.

(Billion Yen)

	FY 2004	Change from FY 2003
Operating Income	113.0	-25.7

Consolidated operating income in this segment declined by 25.7 billion yen to 113.0 billion yen (US$1,057 million). Increased earnings from large-scale government-sector outsourcing deals by Fujitsu Services in the UK and the benefits of last year's restructuring of Fujitsu Consulting in the US led to improved results by each of these subsidiaries. In the domestic solutions/systems integration business, however, development costs significantly increased for projects with deteriorating profitability, bringing operating income well below the 140 billion yen level projected at the time of our third-quarter earnings announcement.

The main areas of divergence from our previous projections were 4.0 billion yen in increased losses from projects with deteriorating profitability that were completed in the fourth quarter and an additional 11.0 billion yen in losses posted on projects that will be completed in fiscal 2005 or beyond. In an effort to maintain delivery schedules and quality on large-scale projects with deteriorating profitability, development staff and resources were diverted to these projects throughout the period. As a result, overall efficiency in our solutions/system integration business declined, and profits from business that was concentrated in March fell short of our projections by 12.0 billion yen.

As of the end of March 2005, the balance of the reserve for losses on projects with deteriorating profitability that will be completed in fiscal 2005 or beyond was 28.0 billion yen. Of the projects with deteriorating profitability uncovered to date, approximately 75% of the projects on a value basis were completed by the end of fiscal 2004, and of the projects expected to be completed in fiscal 2005, the majority are expected to be completed by the third quarter of fiscal 2005. Moreover, the major portion of losses sustained to date have been on projects that were contracted and on which development work began prior to the end of the first half of fiscal 2003. For projects initiated since the second half of fiscal 2003, at which time we implemented comprehensive countermeasures starting from the initial project discussion phase, the incidence of losses has dramatically declined.

Losses from Projects with Deteriorating Profitability by Order Period

	FY 2000	FY 2001	FY 2002	FY 2003 1st Half	FY 2003 2nd Half	FY 2004 1st Half
% of Total Loss Value	15%	32%	26%	24%	2%	1%

Reviewing the concrete measures implemented to date to improve project risk management procedures, in February of 2004 we established an organization to review project business discussions at every stage in order to prevent the occurrence of projects with deteriorating profitability. Since that time we have expanded our organizational resources in this area, strengthening our project risk management organization and reforming our contractual procedures. In April of this year, we established a new Systems Integration Assurance Unit with broader authority that reports directly to the president in order to further enhance our procedures to prevent the occurrence of problematic projects. We have also implemented a real-time project management tracking system and, since the beginning of fiscal 2005 have been applying the percentage of completion method to all software development contracts in order to maximize project visibility.

We are continuing the reform of our organization and approach in order to more quickly respond to our customers' changing business environments. In June of 2004 we realigned our solutions business organization in Japan by unifying our sales and system engineering groups along customer lines. We also restructured and consolidated our systems engineering companies in the Tohoku, Shikoku, and Chugoku regions.

In addition, in order to augment full IT system lifecycle support for customers, last October we made Fujitsu Support and Service a wholly owned subsidiary of Fujitsu Limited through an exchange of shares. In January of this year, we consolidated into a single location nearly 2,500 employees of both companies, who had previously been dispersed in multiple centers throughout the Tokyo metropolitan area, and we consolidated redundant service centers in regional locations throughout Japan.

Continual cost reductions are essential in order to meet customer expectations regarding pricing. Accordingly, we intend to expand the utilization of our SDAS comprehensive system development framework to all new deals, and thoroughly improve efficiency by reducing development times and other measures. Moreover, we intend to intensify the use of custom-made development tools like our TRIOLE templates, which provide pre-verified system construction patterns for open environments and greatly improve overall system reliability.

2. Platforms

	FY 2004 (Billion Yen)	Change from FY 2003
Net Sales	1,705.1	6.0%
Japan	1,187.5	3.2%
Overseas	517.6	13.1%

Net Sales by Sub-segment

	FY 2004 (Billion Yen)	Change from FY 2003
Server-related	384.4	5.1%
Mobile/IP Networks	214.6	3.6%
Transmission Systems	185.3	10.7%
PCs/Mobile Phones	697.0	2.4%
HDD-related	223.8	19.7%

Consolidated net sales in the Platforms segment grew 6.0% over the previous fiscal year to 1,705.1 billion yen (US$15,936 million). Sales of UNIX servers overseas were strong, particularly in Europe and North America, and sales of transmission systems, primarily to European and North American telecommunications carriers, showed double-digit growth. Although sales of PCs in Japan were sluggish, primarily as a result of intense pricing competition in the retail sector, overseas sales of high-function, high-quality notebook computers registered especially large gains. Sales of our hard disk drives (for use in notebook computers and servers), which enjoy a reputation in the marketplace for high quality and excellent reliability, also showed significant growth, especially overseas.

(Billion Yen)

	FY 2004	Change from FY 2003
Operating Income	55.0	25.7

Operating income for the sector more than doubled from the previous year, increasing by 25.7 billion yen to 55.0 billion yen (US$ 514 million). Continued progress was made in lowering costs though improvements in manufacturing processes as well as reducing development costs and increasing efficiencies for such products as optical transmission systems, IP networks and servers. Amid declining prices and increasing volumes in PCs, we made further efforts to increase efficiencies in our manufacturing and delivery infrastructure and to lower procurement costs for components. However, with the deployment of financial terminals to accommodate new Japanese banknotes having run its course, profitability declined in the Server-related sub-segment, and although sales of new mobile phone handsets increased with the shift to 3G underway in Japan, equipping the new handsets with sophisticated functionality delayed cost reductions and adversely impacted profitability in this area.

In June of last year, we began global sales of new UNIX servers equipped with 64-bit processors employing our leading-edge 90nm semiconductor technology. In April of this year we announced the global launch of PRIMEQUEST, our new mission-critical IA server with mainframe-class performance and reliability. Providing the economy of an open architecture server together with the high reliability of a mainframe computer, PRIMEQUEST breaks new ground as the world's most powerful open architecture server in the mission-critical space.

Based on a strategy of active collaboration with global partners in order to help strengthen our business, in fiscal 2004 we worked with IBM to establish standards for autonomic system technology, with Cisco Systems in routers and switches, with Intel and Microsoft in the IA server field, and with Sun Microsystems in the area of UNIX servers.

In the hard disk drive business, we merged the operations of our drive-head assembly division in the Philippines with TDK's Philippines subsidiary, and the new entity began operation in December of last year. This move helps to insure an adequate supply of drive heads to meet future surges in demand.

In light of the Personal Information Protection Act that came into effect in Japan in April and recent increases in counterfeit credit card related crimes, there are growing calls for technology solutions to help protect information security. Our pioneering palm vein recognition technology has been adopted by many financial institutions for use in their ATMs, and a number of these systems are already in operation.

3. Electronic Devices

	FY 2004 (Billion Yen)	Change from FY 2003	Change on continuing operations basis excluding impact of restructuring
Net Sales	733.8	-0.1%	4.6%
Japan	415.4	9.8%	10.1%
Overseas	318.4	-10.5%	-1.8%

Net Sales by Sub-segment

	FY 2004 (Billion Yen)	Change from FY 2003
Semiconductors	419.0	3.7%
Others	314.8	-4.7%

Consolidated net sales in this segment were 733.8 billion yen (US$ 6,859 million), an increase of 4.6% over the previous year on a continuing operations basis excluding the impact of restructuring. Although price competition in PDPs and LCDs intensified as a result of deterioration in the market supply/demand balance, increased orders for leading-edge products and strong sales by our components subsidiaries contributed to the overall increase in sales.

(Billion Yen)

	FY 2004	Change from FY 2003
Operating Income	32.5	5.0

Operating income was 32.5 billion yen (US$ 305 million), an increase over last year of 5.0 billion yen. Continuing progress in improving manufacturing efficiency and increased revenue from components subsidiaries offset the impact of lower sales of PDPs, LCDs and other products, contributing to the overall increase in operating income.

In February of this year, pilot testing was completed at our new Mie Plant facility for the mass production of 300mm wafers utilizing our leading-edge 90nm and 65nm process technology, and operations officially commenced in April. With market demand for leading-edge technology continually increasing, the plant is steadily progressing toward the start of volume production planned for September of this year.

In March of this year, we reached formal agreement with Hitachi, Ltd. regarding the transfer of our plasma display panel operations. Accordingly, we transferred to Hitachi Ltd. a portion of the stock we held in Fujitsu Hitachi Plasma Display Ltd. as well as certain intellectual property relating to plasma display panels. In addition, in April we signed an agreement with Sharp Corporation for the transfer of our liquid crystal display business.

Through the transfer of these flat panel display businesses, we will be better able to concentrate resources in our LSI device business to more effectively grow that business.

4. Other

In June of last year we sold our logistics subsidiary to the Japanese subsidiary of UK-based Exel Ltd. Leveraging our collaboration with Exel, we will work to strengthen our global logistics infrastructure, further improve our supply chain management, and enhance our ability to deliver products to customers worldwide more quickly and reliably.

3. Financial Condition

Summary of Cash Flows

(Billion Yen)

	FY 2004	Change from FY 2003
Cash flows from operating activities	277.2	-26.8
(Internal reserve)	(273.5)	(77.2)
(Decrease in working capital)	(3.7)	(-104.0)
Cash flows from investing activities	-15.1	-82.5
(From business operations)	(-183.4)	(31.4)
Free cash flow	262.1	-109.3
(From business operations)	(93.7)	(4.6)

Net cash provided by operating activities during the fiscal year was 277.2 billion yen, roughly in line with the approximately 300 billion yen recorded in fiscal 2003. Internal reserve increased due to a significant increase in profit before extraordinary items, and working capital decreased due to such factors as the payment of accounts payable in our domestic Solutions/Systems Integration business.

Net cash used in investing activities was 15.1 billion yen. Outflows for capital expenditures roughly balanced out inflows from sales of marketable securities.

Free cash flow was a positive 262.1 billion yen and was used to redeem corporate bonds and repay borrowings. Net cash used in financing activities was 212.0 billion yen. Excluding extraordinary items such as gains from the sales of marketable securities, free cash flow from our business operations was positive 93.7 billion yen, an increase in cash inflows of 4.6 billion yen over the previous fiscal year.

Cash and cash equivalents stood at 454.5 billion yen at the end of the period, 40.6 billion yen more than at year-end in fiscal 2003.

Assets, Liabilities and Shareholders' Equity

(Billion Yen)

	As of March 31, 2005	Change from March 31, 2004
Total assets	3,640.1	-225.3
(Cash and cash equivalents and short-term investments)	(457.1)	(40.2)
Interest-bearing loans	1,082.7	-194.3
Total shareholders' equity	856.9	29.8

Total assets at the end of fiscal 2004 were 3,640.1 billion yen, a reduction of 225.3 billion yen from the end of the previous fiscal year.

Total current assets were 1,981.5 billion yen, a reduction of 34.0 billion yen from the end of the last fiscal year. Increased efforts in manufacturing innovation helped to reduce inventories.

Total fixed assets decreased by 191.3 billion yen from the end of the prior fiscal year, to 1,658.6 billion yen. Property, plant, and equipment less accumulated depreciation decreased by 75.1 billion yen, due to such factors as the shift to the equity method of accounting for our compound semiconductor business and the transfer of our plasma display panel operations, and investments and long-term loans were reduced by 120.5 billion yen as a result of sales of marketable securities and the posting of a valuation allowance for deferred tax assets.

Total liabilities were 2,619.0 billion yen, a reduction of 228.9 billion yen compared to the end of the prior fiscal year. Reflecting primarily corporate bond redemptions and repayment of borrowings, interest-bearing loans were reduced by 194.3 billion yen. Along with this, we improved our D/E ratio by 0.28 to 1.26.

Total shareholders' equity increased by 29.8 billion yen, to 856.9 billion yen. In addition to recording a net profit for the fiscal year, capital surplus increased in conjunction with making Fujitsu Support and Service Inc. a wholly owned subsidiary via an exchange of shares. The shareholders' equity ratio increased by 2.1 percentage points to 23.5%.

(For Reference) Financial Index

(Billion Yen)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Change from FY 2000
Net sales	5,484.4	5,006.9	4,617.5	4,766.8	4,762.7	-721.6
Operating margin	4.4%	-1.5%	2.2%	3.2%	3.4%	-1.0%
Total assets	5,200.0	4,595.8	4,225.3	3,865.5	3,640.1	-1,559.8
(Total assets turnover ratio)	(1.07 times)	(1.02 times)	(1.05 times)	(1.18 times)	(1.27 times)	(0.20 times)
Shareholders' equity	1,214.3	853.7	702.3	827.1	856.9	-357.3
(Shareholders' equity ratio)	(23.4%)	(18.6%)	(16.6%)	(21.4%)	(23.5%)	(0.1%)
Shareholders' equity ratio at market value	63.5%	43.8%	15.2%	34.4%	36.6%	-26.9%
Debt repayment period	2.7 years	5.7 years	15.0 years	4.2 years	3.9 years	1.2 years
Interest coverage ratio	12.2	7.1	3.9	13.0	15.2	3.0

Interest-bearing loans	1,636.2	1,760.6	1,763.7	1,277.1	1,082.7	-553.4
Ending balance of net interest-bearing loans	1,347.2	1,460.0	1,500.5	861.2	628.0	-719.1
D/E ratio	1.35	2.06	2.51	1.54	1.26	-0.09

Cash flows from operating activities	596.4	306.5	117.7	304.0	277.2	-319.2
Free cash flow	129.6	-102.8	53.3	371.4	262.1	132.4

Note 1:

- Total assets turnover ratio: net sales / {(ending balance of total assets in current period + ending balance of total assets in previous period) / 2}
- Shareholders' equity ratio: balance of shareholders' equity / balance of total assets
- Shareholders' equity ratio at market value: total market capitalization / total assets
- Debt repayment period: balance of interest-bearing loans / cash flows from operating activities
- Interest coverage ratio: cash flows from operating activities / interest paid
- Ending balance of net interest-bearing loans: ending balance of interest-bearing loans – ending balance of cash and cash equivalents
- D / E ratio: balance of interest-bearing loans / balance of shareholders' equity

Note 2: The above are all calculated based on consolidated financial data.

4. Management Direction

Our Basic Stance on the Company's Business

Information technology has moved beyond the realm of business and come to permeate nearly every aspect of our daily lives, rapidly expanding convenience and bringing us closer to a world of ubiquitous networking in which people can connect with anyone, anywhere and at any time. At the same time, the importance of IT to our customers' businesses has increased dramatically. When selecting a vendor to build and deploy their IT systems, customers require not simply a supplier of goods and services but rather a true partner with the ability to propose and implement solutions encompassing the entire IT system lifecycle.

The mission of the Fujitsu Group is as follows:

> Fujitsu continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide.

Based on a thorough understanding of the environments in which our customers operate and the overall nature of their operations, we create and deploy IT solutions that contribute to the growth and development of their businesses. In so doing, as a trusted business partner to our customers, we seek to grow as they grow.

Medium-Term Business Strategy and Priority Tasks

Despite a gradual increase in IT investment in Japan and around the world, downward pressure on prices for services and products, intensifying competition and other factors suggest that our operating environment will remain difficult. Despite these challenges, we are striving for the earnings capacity that will enable us to achieve steady profitable growth. Moreover, along with working to achieve further progress in firming up our financial condition, we will intensify our push into new sectors that will lead to growth.

In fiscal 2004, we articulated and began pursuing four key challenges facing the Fujitsu Group: to strengthen our existing businesses, to create and cultivate new businesses, to reform our organization and approach, and to reform our management systems. The entire group has pulled together to address these challenges, and we intend to redouble our efforts in all these areas in fiscal 2005.

(1) Strengthening our existing businesses

We are working to raise quality, lower costs and increase speed in every aspect of our operations, including design, development, production and sales. We are pursuing these aims in production, through continuing company-wide manufacturing innovation, and in software development, by advancing the deployment of our SDAS comprehensive systems development framework. In addition, in April we established the Systems Integration Assurance Unit, reporting directly to the president, to reinforce the soundness of our systems integration business.

While striving to further differentiate our servers, storage systems, middleware and other products, and pursuing a companywide sales expansion campaign for these products, we will continue to promote our TRIOLE strategy for IT infrastructure optimization and superior overall system reliability. As a complement to this, we plan to further expand our outsourcing services business, which we believe has strong growth potential going forward.

(2) Creating and cultivating new businesses

We are pursuing various solutions made possible by the fusing of telecommunications and information processing. Specifically, focusing on bringing change to healthcare, education, business, and our everyday lives, we are aggressively developing business in such areas as security solutions that utilize our palm vein pattern authentication technology and other unique Fujitsu technologies, bio-IT solutions that build on our high-performance servers and simulation technology, and electronic medical record solutions. We are also leveraging our alliance with Cisco Systems to strengthen our enterprise network services business.

In addition, we are actively working to grow our business around the world. PRIMEQUEST, our new series of mission-critical IA servers, is at the heart of our aggressive efforts to increase global market share and drive a new wave of expansion in open architecture servers.

In the Electronic Devices segment, our 300-mm wafer fab began full-fledged operations this April, producing logic chips using our leading-edge 90- and 65–nm process technologies. Volume production and shipments are due to commence in September.

(3) Reforming our organization and approach

To provide speedier service to customers and seamless support of their entire IT system lifecycle, we have been eliminating redundancy and internal competition in our operations and functions and rebuilding our organization to make it more transparent to customers. We integrated our systems engineering and sales groups in June 2004, reorganizing them along industry and regional lines, and restructured regional systems engineering subsidiaries in Japan in order to be more responsive to local and medium-sized businesses. We will continue to reform our organization to improve our responsiveness to customers, strengthening connections between Fujitsu and our group companies as well as mutual ties among group companies.

We will also continually review and revise our business portfolio as necessary.

(4) Reforming our management systems

Based on the mission, values and code of conduct set forth in The FUJITSU Way, we will continue to emphasize sustainability in the management of our business. More specifically, we are reforming our management structure to ensure that each business unit contributes to the optimal performance of the Fujitsu Group as a whole, rather than focusing narrowly on its own earnings, and we are making our internal controls more complete. In addition, to make the most of our human resources, we are re-examining business processes and enhancing internal training.

We will work unceasingly to meet these challenges, serve as a trusted partner to our customers, and pursue further reforms as global company that contributes to the creation of a rich and dynamic networked economy and earns the trust of our customers and society at large.

Corporate Governance: Basic Stance and Policy Implementation

Our Basic Stance on Corporate Governance

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.

Implementation of Corporate Governance Policy

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

1) Nature of Corporate Institutions and Internal Control Systems

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. Issues discussed by the two councils are reported to the Board of Directors, which makes decisions on items of particular importance.

Statutory auditors carry out an auditing function, reviewing the Board of Directors as well as operational execution functions.

The Board of Directors is composed of nine internal directors and two outside directors, for a total of 11 members. There are five statutory auditors: two standing auditors and three outside auditors.

2) Statutory Auditors' Audits, Internal Audits, and Accounting Audits

The company has adopted a statutory auditor system. Auditors attend important management meetings, including those held by the Board of Directors, the Management Council, and the Management Strategy Council, and they audit the Board of Directors and operational execution bodies. Additionally, the Corporate Internal Audit Division has been established within the Corporate Center to serve as an internal audit group. This division audits the internal affairs of the company and its affiliates, proposes improvements in their business practices, and regularly reports its audit findings to the Management Council.

Accounting audits are carried out by four certified public accountants (Yoji Suzuki, Gen Ikegami, Yuichi Mochinaga and Noriyuki Tsunoda) who are employed by Shin Nihon & Co.

3) Overview of Outside Directors' and Auditors' Interests in the Company, Including Personal, Financial and Business Relationships

(1) Interests between Fujitsu and outside directors and auditors

Outside directors and auditors are listed below. There is no relationship of special interest between the company and any of these directors or auditors.

Outside Directors: Kunihiko Sawa, Ikujiro Nonaka
Outside Auditors: Takeo Kato, Katsuhiko Kondo, Yoshiharu Inaba

(2) Interests between Fujitsu and the companies with which outside directors and auditors are affiliated

Board member Kunihiko Sawa is a representative director of Fuji Electric Holdings Co., Ltd., a holding company for the Fuji Electric Group, which holds 4.74% of the stock in Fujitsu Limited, and whose employee benefit trust holds 6.68% of Fujitsu's stock. In addition, a Fujitsu auditor and a Fujitsu advisor serve as auditor and board member, respectively, of Fuji Electric Holdings, and Fujitsu holds 9.96% of the company's stock. There is a business relationship between the companies.

Auditor Yoshiharu Inaba is a representative director of FANUC, Ltd. Fujitsu holds 7.78% of FANUC's stock, and one of Fujitsu's representative directors serves as an auditor of that company. There is a business relationship between the companies.

In addition, although not considered an outside director according to the Japanese commercial code, director Hiroshi Oura is chairman and a representative director of Advantest Corporation. Fujitsu holds 10.09% of the stock in Advantest through its employee retirement benefit trust, and a Fujitsu auditor and a Fujitsu board member serve as auditors of that company. There is a business relationship between the companies.

2. Initiatives to Enhance Corporate Governance in FY 2004

In July 2004 we established The FUJITSU Way Promotion Council, as a body reporting directly to the president, and a Compliance Committee, charging them with raising awareness of risk management and promoting structures and procedures for internal compliance in conjunction with the tenets of The FUJITSU Way. In addition, the following three committees have been aligned under the FUJITSU Way Promotion Council to help achieve good corporate governance in accordance with the FUJITSU Way.

- Compliance Committee
  This committee is responsible for promoting structures and systems to ensure strict compliance with external as well as internal rules, regulations and norms of behavior. To support these efforts, since September 2004 we have put in place a "help line" system to serve as a confidential liaison for receiving reports from employees and providing guidance to them on matters of conduct.

- Risk Management Committee
  This committee takes measures to obtain information regarding specific incidences of risk and to minimize the impact of risk incidences on customers and the company. Serious issues are reported to the Management Council or Board of Directors for discussion and response. Through these measures, risk issues and countermeasures are communicated throughout the Fujitsu Group, strengthening our overall risk management posture.

- Environmental Committee
  This committee is responsible for promoting and strengthening the environmental protection activities of the Fujitsu Group, which are based on The Fujitsu Group Environmental Policy and The Fujitsu Group Environmental Protection Program.

Parent Company Information

Fujitsu Limited is a publicly listed company with no parent company.

Our Basic Stance Regarding Lowering of Minimum Tradable Share Units*

Recognizing that participation in the equity market by individual investors can help promote the vitality of the market as well as foster a stable base of long-term Fujitsu shareholders, we carry out an active investor relations program aimed at making accurate company information available on a regular and timely basis.

Although reducing the minimum number of shares that individuals could trade would help promote the participation of individual investors in capital markets and be one effective means of increasing stock liquidity, taking into consideration the current level of Fujitsu's shares, the total number of shareholders and proportion of individual shareholders, as well as the liquidity of Fujitsu's shares in the market, we believe it would be premature at present to do so.

We will review this stance as appropriate, taking into consideration future trends regarding individual investors in the capital markets as well as changes in the price of our shares and other factors.

* Refers to current practice whereby Fujitsu's shares may only be traded in units of not less than 1,000 shares.

5. Fiscal 2005 Earnings Projections

The IT market enjoyed good growth in the first half of fiscal 2004, particularly in the digital home electronics area, but the negative economic impact of higher oil prices and monetary tightening in the US and inventory adjustments in the digital home electronics market contributed to a rapid softening in the second half.

At the outset of fiscal 2005, a trend toward slower growth is evident in the US and China, which have been the drivers of the global economy. Europe, on the other hand, is experiencing a mild recovery, despite the strong euro and other destabilizing factors. IT investment in Japan is likewise expected to exhibit mild growth. We also anticipate inventory adjustments in digital home electronics to be completed and recovery to ensue from the second half.

Against this backdrop, we devoted the past fiscal year to making our organization more efficient, for example, by integrating our sales and systems engineering groups in Japan and reforming our groupwide organization and approach, so as to offer comprehensive solutions that comprise hardware incorporating leading-edge technologies, software and services, and thereby provide customers with high levels of satisfaction over the entire IT system lifecycle.

Building on these efforts, this year we will revise our business segments into customer-centric product categories. First, we are positioning Technology Solutions – covering the provision of comprehensive solutions comprising the high-performance, high-quality products, software and services that customers are demanding – as the core business domain of the Fujitsu Group, and pursuing greater profitability and growth.

Next, the Ubiquitous Product Solutions segment will include products such as PCs, mobile phones and hard disk drives, which are integral to meeting individuals' needs in the era of ubiquitous networking. In this segment we will give priority to improving speed and quality and reducing costs.

In Device Solutions, through a series of restructuring initiatives and alliances, we are focusing our resources on logic chips, and, together with related components businesses, we will pursue advanced technologies that other companies cannot match, as well as higher quality and greater efficiency.

Fiscal 2003 and 2004 were a period of retrenchment, during which we slimmed down our balance sheet and shored up our financial position. As a result, we have now recovered to a point where many of our key financial indices are on a par with 2000 levels, before the tech bubble collapsed. In 2005, will further review our structures and procedures from the viewpoint of international standards, targeting further implementation of International Financial Reporting Standards (IFRS), while identifying and managing risk factors.

We will strive to even out sales and profitability across the fiscal year and do our utmost to exceed our initial profit targets for fiscal 2005.

Based on these considerations, at this time we make the following earnings projections for fiscal 2005:

FY 2005 Earnings Projections

(Billion Yen)

	First Quarter			Second Quarter		
	FY 2004	**FY 2005**	Change (%)	FY 2004	**FY 2005**	Change (%)
Net sales	1,008.1	**1,010.0**	0.2%	1,211.9	**1,190.0**	-1.8%
Operating income (loss)	(4.3)	**(10.0)**	---	37.6	**25.0**	-33.6%
Net income (loss)	(11.8)	**(30.0)**	---	3.6	**---**	---

	Half Year			Full Year		
	FY 2004	**FY 2005**	Change (%)	FY 2004	**FY 2005**	Change (%)
Net sales	2,220.0	**2,200.0**	-0.9%	4,762.7	**4,850.0**	1.8%
Operating income (loss)	33.2	**15.0**	-54.9%	160.1	**175.0**	9.2%
Net income (loss)	(8.1)	**(30.0)**	---	31.9	**50.0**	56.7%

Broken down by segment, we project higher sales and profits in Technology Solutions, primarily on the strength of much improved profitability in Network Products and Solutions/Systems Integration. However, in Ubiquitous Product Solutions, we foresee higher sales but lower income, due to the keen pricing competition in the PC and hard disk drive markets. Due to the transfer of our display operations outside the Group, we forecast lower sales and narrower losses from those businesses, but higher depreciation and other burdens at the startup phase of our new 300-mm line at the Mie Plant are expected to further depress profitability in the Device Solutions segment. In light of worsening market conditions, this segment is expected to report significantly lower half-year results than in the previous year.

FY 2005 Earnings Projections by Main Business Segments

(Billion Yen)

			FY 2004 (Actual)	FY 2005 (Estimate)	Change from FY 2004	Increase/ Decrease (%)
Technology Solutions		Net sales	2,935.0	3,000.0	65.0	2.2%
		Operating income	143.0	180.0	37.0	25.9%
		Operating margin	4.9%	6.0%	1.1%	
	System Platforms	Net sales	767.0	760.0	-7.0	-0.9%
		Operating income	36.0	40.0	4.0	11.1%
		Operating margin	4.7%	5.3%	0.6%	
	Services	Net sales	2,168.0	2,240.0	72.0	3.3%
		Operating income	107.0	140.0	33.0	30.8%
		Operating margin	4.9%	6.3%	1.4%	
Ubiquitous Product Solutions		Net sales	1,031.0	1,050.0	19.0	1.8%
		Operating income	30.0	25.0	-5.0	-16.7%
		Operating margin	2.9%	2.4%	-0.5	
Device Solutions		Net sales	795.0	750.0	-45.0	-5.7%
		Operating income	33.0	20.0	-13.0	-39.4%
		Operating margin	4.2%	2.7%	-1.5%	

*Composition of New Business Segments

Segment	Sub-segment	Main products/services
Technology Solutions	System Platforms	
	System products	Servers (mainframes, UNIX servers, IA servers), peripheral equipment used in information systems (disk arrays, etc), software, etc. *Business-use PCs are included in Ubiquitous Product Solutions
	Network products	Optical transmission systems, mobile systems (3G base station systems, etc), IP systems, etc.
	Services	
	Solutions/SI	System construction (systems integration services), system installation and operational support, consulting, etc.
	Infrastructure Services	One-stop information system operational management (outsourcing, IDC services), network environments and networking-related services for information systems (network services, Internet services), information system and network maintenance and monitoring services, etc.
	Other	Information system installation and network construction, custom terminal installation (ATMs, POS systems), etc.
Ubiquitous Product Solutions	PCs/Mobile Phones	Personal computers, mobile phones
	Hard Disk Drives	Storage devices (compact magnetic disk drives, magneto-optical drives)
	Other	Optical modules
Device Solutions	LSI Devices	Logic chips (system LSIs, ASICs, microcontrollers, FRAM-embedded logic), memory chips (flash memory, FCRAM)
	Electronic Components, Other	Semiconductor packages, SAW filters, components, etc.

These materials may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors:

- General economic and market conditions in key markets (particularly Japan, North America and Europe)
- Variability in high-technology markets (particularly for semiconductors, PCs, mobile telephones, etc.)
- Fluctuations in currency exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for procurement of parts and components
- Changes in competitive relationships relating to collaboration, alliances, and technology provision
- Potential emergence of unprofitable projects

6. Business and Other Risks

Listed below are the principal business and other risks affecting the Fujitsu Group that may influence the evaluations of investors. We are aware of these risks and are making efforts to prevent incidents of risk from arising and to minimize their impact should they occur.

Among the risks listed below are some items related to future developments, but the list only includes items that are deemed necessary to publicly disclose at this time (April 27, 2005).

1. Economic or Financial Market Trends

   The Fujitsu Group offers IT products and services, telecommunications infrastructure equipment, semiconductors, hard disk drives and other products and services, and economic trends in Japan, the U.S. or Europe could affect the sales and profitability of these offerings. In particular, there could be unforeseen price declines or changes in demand for semiconductors and PCs. In such cases, there may be the risk of not being able to recoup investment costs, as well as the risk of opportunity losses.

   In addition, there are risks associated with exchange rate and interest rate fluctuations, such as the risk of exchange losses, depreciation of overseas assets, appreciation of foreign currency-denominated liabilities, and an increase in the interest burden of interest-bearing loans, as well as the risk of higher financing costs in the future. In addition, domestic and foreign stock price fluctuations could result in a reduction in the value of marketable securities or a reduction in pension assets, exposing the company to the risk of higher losses.

2. Customers

   A large concentration of the Fujitsu Group's business is with telecommunications carriers, financial institutions, and large manufacturers, and business conditions within these industries, including structural reforms, could lead to changes in customer investment trends having a significant impact on our sales and profitability. In semiconductors and hard disk drives, much of the business consists of repeat business from specific customers, which is important for business stability. Accordingly, an inability to secure such repeat business could impact sales and profitability.

   In addition, trends in corporate IT spending as well as in IT spending by national or local governments affect our sales and profitability.

3. Competitors/Industry

   Competition in the IT industry is extremely severe, and we face the risk of not being able to increase sales or lower costs to offset larger-than-anticipated market price reductions, the risk of being unable to maintain our competitive standing if a new competitor introduces highly competitive products or services, and the risk of not being able to maintain our competitive standing in technological innovation despite maximizing the R&D efforts of the Fujitsu Group – all of which could result in lower market share and affect sales and profitability.

4. Partners, Alliances, etc.

   Because the Fujitsu Group produces sophisticated technology products, there is a risk of not being able to maintain a stable source of supply for parts (i.e., difficulty in obtaining alternative supplies, difficulty in assuring sufficient volume). There is also a risk that, as a result of foreign exchange fluctuations or a tightening of demand, the cost of supplies could become quite high, impinging on our ability to realize expected returns.

In addition, if we are unable to verify the quality of parts being supplied, there is a risk of product defects, processing delays, opportunity losses, repair costs, and disposal costs of rejected goods, as well as the potential need to pay damages to customers.

Through technology collaborations and joint ventures, the Fujitsu Group works together with a large number of companies. If, however, as a result of managerial, financial, or other causes, it became difficult to maintain specific collaborations or to gain sufficient results from them, it could have a detrimental impact on our business. Moreover, many of our products and services employ other companies' patents, technologies, software, and trademarks with the consent of their owners, but there is no guarantee that other companies will continue to grant licensing rights at terms acceptable to us.

5. Public Regulations, Public Policy, and Tax Matters

Wherever the Fujitsu Group operates, domestically or abroad, we must comply with a variety of regulations, such as authorizations for business or investment, import/export regulations and restrictions, as well as laws pertaining to anti-monopoly policies, intellectual property rights, consumers, the environment and recycling, labor conditions, and taxation. If we were unable to comply with these laws and regulations, we might be forced to cease business operations, which would impact sales and profitability. We may also be subject to increased compliance costs associated with stricter or otherwise altered regulations.

6. Other Operations-related Risks

1) Deficiencies or Flaws in Products and Services

The Fujitsu Group is committed to further strengthening quality control at the manufacturing, development and procurement stages; however, it is impossible to totally eliminate the possibility of deficiencies or flaws occurring in products, including software. We are promoting software componentization and standardization of development work in order to improve the quality of system development and other services, but the possibility of defects arising cannot be excluded. In the event that such deficiencies or flaws occur, we might have to carry out product repairs or recalls, engage in system recovery work, pay damages to customers or suffer opportunity losses.

2) Project Management

Due to such factors as the increasing scale of systems and more rigorous demands from customers, as well as the advance of open system environments, system development work is becoming increasingly complex, and pricing pressures are intensifying. In regard to projects with deteriorating profitability, in fiscal 2003 we established a new organizational unit to review all business negotiations and help prevent the occurrence of such projects. In April of this year, we strengthened the authority and organization of this function by establishing a Systems Integration Assurance Unit, which reports directly to the president and is charged with preventing new incidences of profit deterioration. Along with these measures, we are continuing, when necessary, to maintain reserves for losses. Nevertheless, in spite of these measures, there is a possibility that we might not be able to completely prevent the occurrence of problematic projects.

3) Investment Decisions

In the IT industry, large investments in R&D and facilities are necessary in order to maintain competitiveness. The Fujitsu Group gives priority to investments in promising markets and technologies. There is, however, the possibility that specific markets or technologies might not grow to the extent anticipated, or that supply and demand imbalances or price erosion may be more severe than expected. The semiconductor field is particularly subject to these factors and therefore has a high degree of risk.

4) Intellectual Property Rights
   We face the risk of not being able to adequately protect the Fujitsu Group's technology and know-how in certain regions on account of legal restrictions. In addition, we are subject to the risk of not being able to prevent third parties from using our intellectual property to manufacture and market products similar to our own products. Moreover, in the event that other companies independently develop competing technology equivalent to ours, there is the risk that the value of our intellectual property may fall.

   We have put in place measures to prevent infringement of others' intellectual property rights. However, there remains the risk that this might occur.

   In addition, we have previously instituted a program to compensate employees for innovations that they make in the course of their work, and we will in the future continue to implement this program in accordance with the revision of Japan's patent laws. Nevertheless, we face potential risk from lawsuits initiated by employees in regard to compensation for innovation created at the workplace.

5) Human Resources
   We are subject to the risk that inability to foster and hire appropriate human resources might negatively impact growth and profitability.

6) Environmental Pollution
   While committed to minimizing environmental burden in accordance with the Fujitsu Group Environmental Policy, we cannot guarantee that environmental pollution will never occur as a result of our operations. Moreover, although we monitor soil and waste water as well as engage in clean-up activities at our former factory sites, this does not mean that pollution will not be found at such sites in the future. In the event that environmental pollution were to occur or be identified, clean up and other costs could be incurred and adversely affect business results.

7) Information Management
   In order to safeguard personal and confidential information regarding customers and business partners, we have instituted strict regulations and taken special effort to properly train employees. Nevertheless, we cannot absolutely guarantee that information will not leak out. In the unlikely event that this should occur, trust in the Fujitsu Group might decline and we might become obligated to pay damages.

8) Credit Ratings and Other Factors that Affect Trust in the Group
   In addition to having a major influence on capital procurement, credit ratings by outside institutions can impact the level of trust that customers or business partners place in us. A decline in the company's ratings, therefore, could have a negative impact on both capital procurement and business dealings.

7. Natural Disasters and Unforeseen Occurrences

1) There is a possibility that production disruptions might occur due to damage to plants resulting from earthquakes or interruptions in the supply of electricity or water. Such occurrences could interrupt shipments to customers or disrupt shipments of parts for our internal use, thereby affecting factory production.

2) The outbreak of disputes, political instability or a currency crisis in nations or regions where we are operating could have a significant impact on our business.

8. Financial and Accounting Risks Other Than Business and Other Risks

In addition to the business and other risks mentioned above, the following financial and accounting risks could arise based upon business developments.

1) Property, Plant and Equipment

Depreciation of property, plant and equipment is mainly calculated by the declining balance method at rates based on the estimated useful lives of the respective assets, which vary according to their general classification, structure and function. In the future, in cases where equipment is no longer in use owing to obsolescence from technological advances, or due to the exiting of a business, useful life may end up shorter than originally estimated. As such, there is a risk that incidental losses may occur.

We have not chosen to adopt in advance the asset-impairment accounting rules scheduled to become mandatory in fiscal 2005. After the adoption of the asset-impairment accounting rules, if estimates of future cash flow decrease due to lower earnings projections in certain business areas, or amounts deemed recoverable decrease, losses related to asset-impairment accounting may occur.

2) Intangible Assets (Software)

For the depreciation of software intended for commercial sale, we have adopted a method based on actual sales volume results versus estimated sales volume over the estimated life of the product. While estimated sales volume is calculated based upon reasonable sales plans, one-time losses may occur if unit sales fall short of the original sales plan.

For software used in-house, we utilize a straight-line method based on the estimated useful life of the software. Should actual useful life in the future be less than the original estimate, there is a risk of incidental losses.

3) Calculation of Consolidated Adjustments

In terms of calculations for consolidated adjustments, incidental losses may occur in cases in which we sell or exit from an acquired business, or due to a decrease in the profitability of the acquired business.

4) Marketable Securities

In regard to other marketable securities, in cases when the stock price or real value decreases significantly, and excepting those cases in which the value is deemed to be recoverable, a loss is posted to reflect the loss of value, but that does not preclude the possibilities of further future losses.

5) Deferred Tax Assets

The amount of deferred tax assets is posted appropriately on our balance sheet taking into account the balance of losses carried forward and other temporary differences. In the event that projected taxable income is higher or lower because of variations in future financial performance, there is a risk that the balance of deferred tax assets may increase or decrease. In addition, in the event that future revisions to tax regulations cause a change in the effective tax rate, there is a risk that the balance of deferred tax assets may increase or decrease.

6) Retirement Benefit Obligations

Expenses and obligations for employee retirement benefits are calculated according to a variety of actuarial assumptions (discount rate, retirement rate, mortality rate, expected income rate, etc.). If actual experience differs from these underlying assumptions, or if the underlying assumptions themselves change, there is a possibility that it will affect the amount of the expense or obligation for retirement benefits.

In addition, in the event of a change in accounting standards in the countries in which our overseas subsidiaries are located or in Japan, the amount of the expense or obligation for retirement benefits may be impacted.

7) Provision for Loss On Repurchase of Computers
A portion of the computers that the Fujitsu Group makes are sold to Japan Electronic Computer Co. Ltd. (JECC) and other leasing companies, which lease them to end users. Fujitsu enters into a contract with the leasing companies to repurchase the computers in the future, and at the time of sale a provision is recorded reflecting the expected loss that will be incurred at the time of repurchase. In the event there are changes in usage trends among customers, additions or reductions to the provision may be needed.

Part III: Supplementary Information

I. Forecasts for FY 2005

1. Consolidated Business Segment Information (Approximate calculation)

(1) Japan and Overseas Sales, including Intersegment Sales

			Yen (billions) FY 2004 (Actual)	**FY 2005 (Forecast)**	Change (%) FY04 to FY05
Technology Solutions	Japan	Y	2,158.0	**2,180.0**	+1.0
	Overseas		777.0	**820.0**	+5.5
	Total	Y	2,935.0	**3,000.0**	+2.2
Ubiquitous Product Solutions	Japan		733.0	**730.0**	-0.4
	Overseas		298.0	**320.0**	+7.4
	Total		1,031.0	**1,050.0**	+1.8
Device Solutions	Japan		475.0	**440.0**	-7.4
	Overseas		320.0	**310.0**	-3.1
	Total		795.0	**750.0**	-5.7
Other Operations	Japan		297.0	**310.0**	+4.4
	Overseas		80.0	**100.0**	+25.0
	Total		377.0	**410.0**	+8.8
Elimination	Japan		(322.3)	**(310.0)**	-
	Overseas		(52.9)	**(50.0)**	-
	Total		(375.2)	**(360.0)**	-
Total	Japan	Y	3,340.6	**3,350.0**	+0.3
	Overseas		1,422.0	**1,500.0**	+5.5
	Total	Y	4,762.7	**4,850.0**	+1.8

(2) Sales by Principal Products and Services, including Intersegment Sales

			Yen (billions) FY 2004 (Actual)	**FY 2005 (Forecast)**	Change (%) FY04 to FY05
Technology Solutions					
	System Products	Y	378.0	**380.0**	+0.5
	Network Products		389.0	**380.0**	-2.3
	System Platforms		767.0	**760.0**	-0.9
	Solutions/SI		990.0	**990.0**	-
	Infrastructure Services		946.0	**1,010.0**	+6.8
	Other		232.0	**240.0**	+3.4
	Services		2,168.0	**2,240.0**	+3.3
	Total	Y	2,935.0	**3,000.0**	+2.2
Ubiquitous Product Solutions	PCs/Mobile Phones	Y	776.0	**770.0**	-0.8
	HDDs		235.0	**260.0**	+10.6
	Other		20.0	**20.0**	-
	Total	Y	1,031.0	**1,050.0**	+1.8
Device Solutions	LSI Devices	Y	468.0	**500.0**	+6.8
	Electronic Components, Other		327.0	**250.0**	-23.5
	Total	Y	795.0	**750.0**	-5.7

(3) Sales by Business Segment

		Yen (billions)		
		FY 2004 (Actual)	**FY 2005 (Forecast)**	Change (%) FY04 to FY05
Technology Solutions	Unaffiliated customers	2,861.0	**2,930.0**	+2.4
	Intersegment	74.0	**70.0**	-5.4
	Total	2,935.0	**3,000.0**	+2.2
Ubiquitous Product Solutions	Unaffiliated customers	899.0	**920.0**	+2.3
	Intersegment	132.0	**130.0**	-1.5
	Total	1,031.0	**1,050.0**	+1.8
Device Solutions	Unaffiliated customers	734.0	**700.0**	-4.6
	Intersegment	61.0	**50.0**	-18.0
	Total	795.0	**750.0**	-5.7
Other Operations	Unaffiliated customers	269.0	**300.0**	+11.5
	Intersegment	108.0	**110.0**	+1.9
	Total	377.0	**410.0**	+8.8
Elimination		(375.2)	**(360.0)**	-
Total		4,762.7	**4,850.0**	+1.8

(4) Operating Income, including Intersegment Transactions

Operating Margin (%)

	Yen (billions)		
	FY 2004 (Actual)	**FY 2005 (Forecast)**	Change FY04 to FY05
Technology Solutions	143.0	**180.0**	+37.0
	4.9%	***6.0%***	*+1.1%*
System Platforms	36.0	**40.0**	+4.0
	4.7%	***5.3%***	*+0.6%*
Services	107.0	**140.0**	+33.0
	4.9%	***6.3%***	*+1.4%*
Ubiquitous Product Solutions	30.0	**25.0**	-5.0
	2.9%	***2.4%***	*-0.5%*
Device Solutions	33.0	**20.0**	-13.0
	4.2%	***2.7%***	*-1.5%*
Other Operations	9.0	**15.0**	+6.0
	2.4%	***3.7%***	*+1.3%*
Elimination	(54.8)	**(65.0)**	-10.1
Total	160.1	**175.0**	+14.8
	3.4%	***3.6%***	*+0.2%*

2. PC Shipments

(1) By Customer's Geographic Location

(Million Units)

	FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
Japan	2.58	2.58	**2.70**
Overseas	3.96	4.86	**5.30**
Total	6.54	7.44	**8.00**

(2) By Product Category

(%)

	FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
Desktop	46%	46%	**47%**
Notebook	54%	54%	**53%**

3. Mobile Phone Shipments

(Million Units)

FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
3.37	3.49	**3.10**

4. HDD Production

(Million Units)

FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
12.47	19.34	**25.00**

5. R&D Expenditure

(Billions)

	FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
	250.9	240.2	**245.0**
As % of Sales	5.3%	5.0%	**5.1%**

6. Capital Expenditures, Depreciation

(Billion Yen)

	FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
Capital Expenditures			
Technology Solutions	-	65.8	**110.0**
Ubiquitous Product Solutions	-	17.2	**20.0**
Device Solutions	-	76.1	**110.0**
Corporate and others*	-	22.0	**20.0**
Total	159.7	181.4	**260.0**
Japan	135.3	142.3	**200.0**
Overseas	24.4	39.0	**60.0**
Depreciation	200.0	169.9	**190.0**
Former segments			
Capital Expenditures			
Software & Services	54.0	49.4	**80.0**
Platforms	32.4	36.6	**50.0**
Electronic Devices	59.3	76.1	**110.0**
Corporate and others**	13.9	19.1	**20.0**
Total	159.7	181.4	**260.0**

7. Consolidated Statements of Cash Flows

(Billion Yen)

	FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
(A) Cash flows from operating activities	304.0	277.2	**350.0**
[Net income]	[49.7]	[31.9]	**[50.0]**
[Depreciation **]	[292.9]	[232.1]	**[260.0]**
[Others]	[(38.6)]	[13.2]	**[40.0]**
(B) Cash flows from investing activities	67.3	(15.1)	**(250.0)**
(C) Free cash flows (A)+(B)	371.4	262.1	**100.0**
(D) Cash flows from financing activities	(239.9)	(212.0)	**(120.0)**
(E) Total (C)+(D)	131.5	50.0	**(20.0)**

8. Exchange Rates

Average Rates

	FY 2003 (Actual)	FY 2004 (Actual)	**FY 2005 (Forecast)**
	$1=113yen	$1=107 yen	**$1=105 yen**

9. Employees

(Thousands)

	2004/3/31	**2005/3/31**
Japan	105	**101**
[Parent Company]	[35]	**[34]**
Overseas	51	**50**
	156	**151**

*Including capital expenditures for the parent's administrative divisions and R&D expenditures that can not be allocated to a specific business unit.

**Including amortization of goodwill.

10. Retirement Benefit Plan

(1) Itemization of Projected Benefit Obligation, etc.
(Consolidated domestic accounts)

	March 31 2004 (Actual)	**March 31 2005 (Estimate)**
	Yen (billions)	
a. Projected benefit obligation	(1,209.2)	**(1,250.0)**
b. Plan assets	799.0	**870.0**
[plan assets for retirement benefit plan stock holding trust]	[205.8]	**[200.0]**
c. Accrued severance benefit	79.2	**90.0**
d. Prepaid pension cost	(1,024.0)	**(110.0)**
Total (a+b+c+d)	(433.4)	**(400.0)**
Breakdown of total		
i. Unrecognized net obligation at transition	(98.8)	**(80.0)**
ii. Unrecognized actuarial loss	(335.2)	**(320.0)**
iii. Unrecognized prior service cost (reduced obligation)	0.6	**0.0**
Total (i+ii+iii)	(433.4)	**(400.0)**

(2) Basis for Tabulating Projected Benefit Obligation

a. Discount rate	2.5% (at March 31, 2004) 2.5% (at March 31, 2005)
b. Amortization period for net obligation at transition	10 years (one-time amortization for parent company)
c. Method of allocating actuarial loss	Straight-line method over employees' average remaining employment period starting from next period
d. Method of allocating prior service obligation	Straight-line method over 10 years

11. Tax Effect

Net Value and Increase/Decrease in Deferred Tax Assets

		(Billion Yen)
Balance at beginning of FY 2004:		180.2
	Tax loss carryforwards	402.8
	Valuation allowance	(217.7)
	Temporary difference, net	(4.8)
Increase/Decrease during FY 2004:		(117.9)
	Sales of shareholdings, etc.	(104.2)
	Valuation allowance	(93.5)
	Other*	79.8
Balance at end of FY 2004:		62.3

*Including decrease in deferred tax liabilities (relating to gains from establishment of stock holding trust for retirement benefit plan and unrealized gains on securities) due to sales of shareholdings.

12. Environmental Accounting

1. Cost/Benefit Trends

(Billion Yen)

	FY 2002		FY 2003		FY 2004		FY 2005 (Forecast)	
	Costs	Benefits	Costs	Benefits	Costs	Benefits	Costs	Benefits
Fujitsu Limited	7.9	8.8	7.9	10.3	7.9	9.7	8.3	10.5
Affiliated companies	11.0	12.2	11.1	13.6	10.0	12.9	10.9	13.7
Total	18.9	21.0	19.0	23.9	17.9	22.6	19.2	24.2

2. Itemization of Fiscal 2004 Results*1

(Billion Yen)

Costs	Item	Fujitsu Limited	Affiliated companies	Total
Business area costs				
Pollution prevention costs	Costs incurred to prevent air pollution and water contamination (fees for water treatment facilities) and other activities	3.0	2.2	5.2
Global environmental conservation costs	Costs of energy-saving measures, as well as costs of global warming reduction measures	0.8	2.1	2.9
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	1.2	2.0	3.2
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.)	0.2	0.8	1.0
Administration costs	Environmental protection costs related to administrative activity, 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	2.3	1.4	3.7
R&D/solutions business costs	Environmental protection costs for R&D activities and costs of environmental solutions business activities (Green Products/environmental technology design and development costs, environmental solutions business costs)	0.3	1.5	1.8
Social activities costs	Environmental protection costs stemming from participation in social activities, such as participation in/support for organizations concerned with environmental preservation	0.0	0.0	0.0
Environmental remediation costs	Costs of environmental restoration operations (remediating soil and groundwater contamination, environmental compensation, etc.)	0.1	0.0	0.1
Total		7.9	10.0	17.9

(Billion Yen)

Benefits	Item	Fujitsu Limited	Affiliated companies	Total
Business area benefits				
Pollution prevention benefits	Contribution of environmental protection activities to value added*2 in manufacturing	3.6	3.6	7.2
	Savings from avoidance of operating losses*3 stemming from failure to observe environmental laws and regulations	0.5	0.8	1.3
Global environmental conservation benefits	Cost savings from reductions in electricity, oil and gas consumption*4	1.7	0.8	2.5
Resource circulation benefits	Cost savings from waste reduction and more effective resource utilization*4	2.6	6.0	8.6
Upstream/downstream benefits	Sales value of recycled and reused products*4	0.0	0.9	0.9
Administration benefits	Value of efficiency enhancement through ISO14001 system implementation, effects of employee training, corporate image enhancement from environment-related publicity	0.4	0.3	0.7
R&D/Solutions business benefits	Contribution to sales made by Green Products, other eco-friendly products and environmental solutions business	0.7	0.5	1.2
Social activities benefits	Value of corporate image improvement from participation in and support for organizations concerned with environmental preservation and others	0.0	0.0	0.0
Environmental remediation benefits	Savings of compensation payments to residents through policies preventing groundwater and soil contamination*5	0.2	0.0	0.2
Total		9.7	12.9	22.6

*1 Classification system is in accordance with "Environmental Accounting Guidelines 2005" issued by Japan's Ministry of the Environment.

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

*3 Avoidance of operating losses: value added/(days of operation x days lost)

*4 Actual benefit

*5 Estimate of risk avoidance assuming such events arise

3. Comment

In fiscal 2004, we continued efforts from the previous year in the areas of environmentally friendly “green processes,” and our promotion of “green facilities” yielded a greater resource circulation benefit than last year, resulting in a total benefit of 22.6 billion yen for the Group as a whole. In fiscal 2005, thanks to such factors as anticipated contributions to sales from “super green products,” we project environmental costs of 19.2 billion yen and a benefit of 24.2 billion yen.

4. Third Party Audit

This information is being released following completion of an audit of Fujitsu's fiscal 2004 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.