

● **Anticipating change and concentrating resources on Internet-related business areas**

At the dawn of the 21st century, the Internet is establishing itself as a new social infrastructure. In addition to changing the structure of business in every industry, the Internet is stimulating the emergence of new types of business that transcend conventional fields and, on the individual level, opening up diverse possibilities for daily life.

While striving to better anticipate the changes that are transforming business and society, the Fujitsu Group is committed to aggressively introducing products and services that utilize the most advanced information technology, as well as to responding to our customers' diverse needs by providing solutions to their business problems.

Since adopting “Everything on the Internet” as our business strategy in fiscal 1999, we have restructured our business by focusing our resources on areas that have the Internet as their core. Affected by such factors as Y2K-related constraints on IT investment and a reduction in the yen-converted value of sales by our overseas subsidiaries due to the high yen, consolidated sales were ¥5,255.1 billion, roughly the same as in the previous fiscal year. Operating income increased to ¥149.9 billion, up 13.4% over the preceding year, thanks to the restoration of profitability to our electronic devices business. Consolidated net income was ¥42.7 billion, an improvement of ¥56.3 billion. More efficient management enabled us to reduce interest-bearing debt by ¥202.2 billion during this period, helping to strengthen our overall financial situation.

● **Giving greater emphasis to customer focus**

In today's new world, where the rapid growth of the Internet is bringing great change to society, enterprises and individuals alike, we believe that constantly keeping our customers' needs in mind and promptly providing them with solutions to their problems—in other words, customer focus—is more important than ever.

Fujitsu. The Possibilities Are Infinite



From left:
Tadashi Sekizawa, Chairman
Naoyuki Akikusa, President and CEO

Recognizing the Internet as a wellspring of growth, we are helping customers revolutionize their businesses by providing comprehensive solutions, from development of information systems to operational and maintenance services.

The Fujitsu Group has some 60,000 highly qualified personnel engaged in services and software operations around the world, and our sophisticated know-how regarding construction of large-scale systems is a particular asset. To provide customers in every country with timely, high-quality solutions tailored to their specific needs, we, together with DMR (in North America), ICL (in Europe) and our other group companies around the globe, are combining our world-class know-how and offering common services and products, while at the same time catering to local cultures and ways of doing business.

● **Promoting the Fujitsu corporate brand**

To help customers around the world better understand the Fujitsu Group, we have begun working to raise the

value of the Fujitsu name as a global brand. As a first step, on June 20, 2000, we launched a corporate advertising campaign in Japan centering on the theme of providing the most appropriate Internet solution for each and every customer. Moreover, to articulate our strong commitment to helping our customers make the most of the limitless opportunities offered by the Internet, we have adopted “The Possibilities Are Infinite” as Fujitsu's new corporate motto.

● **Introduction of stock option system**

We recently introduced a stock option system that gives top executives the right to acquire newly issued shares of Fujitsu stock. The system is intended to further improve morale and strengthen commitment to achieve better corporate performance. By enhancing the value of the company, it will also contribute to the profits of all our shareholders.

● **Increasing awareness of shareholder value**

We are making a major effort to utilize our capital as efficiently as possible and are emphasizing return on

equity (ROE) as a key indicator of management performance. Although the 3.5% ROE we recorded in fiscal 1999 was an improvement over the previous year, it remains too low. By rigorously focusing our resources, we will devote maximum effort to achieving our goal of 10% ROE in the 2000 fiscal year.

● **Striving for even greater growth**

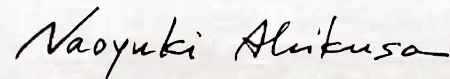
For some time, we have used the slogans “What Mankind Can Dream, Technology Can Achieve” and “Reliability and Creativity” to express Fujitsu's efforts to give shape to the innovative ideas that flow from our R&D activities and actively promote business transformation. In June 1999, to enable us to better keep pace with the IT market, we replaced our four former operating divisions with a new organizational structure that vests detailed management authority in newly created business units. At the same time, we established a new management council with responsibility for planning the Group's overall business strategy. Finally, we would like to emphasize that protecting the natural environment is also an important management

priority at Fujitsu, and our efforts include making products that are environmentally friendly and providing environmental management services.

Through the kind of efforts and activities described above, as well as in the pages that follow, Fujitsu is working to continuously reinvent itself. Our goal is to be recognized as a company that anticipates the changes of the 21st century and is trusted by customers around the world. In this endeavor we will do our best to earn the continued support of our shareholders.



Tadashi Sekizawa
Chairman



Naoyuki Akikusa
President and CEO