

# Reports on the 103<sup>rd</sup> Business Period

## FUJITSU LIMITED

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Note:

This English version of *Reports on the 103<sup>rd</sup> Business Period* is based on the original Japanese version. The style of the English version differs slightly from the Japanese version.

All yen figures have been converted to U.S dollars for convenience only at a uniform rate of \$1 = ¥120.

## To Our Shareholders

We are pleased to report to you financial results for our 103rd business period (April 1, 2002 – March 31, 2003).

Facing a backdrop of further market deterioration in the wake of the collapse of the U.S. telecommunications bubble and the worldwide spread of deflation, we forged ahead with efforts to ensure Fujitsu's future competitive position in international markets by continuing with the restructuring initiatives begun the year before. In addition to the streamlining accomplished through these restructuring efforts, our efforts to expand new businesses and to cut costs enabled us to report operating income of ¥100.4 billion (US\$837 million) on a consolidated basis and ¥21.8 billion (\$182 million) on an unconsolidated basis—a dramatic improvement in operating profitability.

The extraordinary charges associated with these restructuring efforts, however, resulted in a consolidated net loss of ¥122.0 billion (\$1.017 billion) and an unconsolidated net loss of ¥175.0 billion (\$1.458 billion). This led to a decline in shareholders' equity and an increase in interest-bearing liabilities, further weakening our balance sheet.

Under these circumstances, and in order to strengthen our financial condition as quickly as possible, we regret to inform you that we have decided to forgo the payment of a year-end dividend for the period. We deeply regret not being able to live up to our shareholders' expectations in this regard.

Regarding our proposed resolution on the disposition of earnings to forgo the payment of a year-end dividend, for which we will be asking for your approval at the upcoming general shareholders' meeting, we humbly ask for your understanding and support.

While giving top priority to increasing the profitability of our core operations in the interest of building a stronger balance sheet, we will also strive to make effective use of the assets we hold to shore up our shareholders' capital base and reduce interest-bearing debt.

With respect to our outlook for fiscal 2003, while rising tensions in international affairs since the end of last year have made the global economic outlook increasingly uncertain, the IT industry still has strong growth prospects as the key industry supporting the emerging high-speed, broadband, networked economy.

Accordingly, we will continue our initiatives to boost efficiency and cut costs in our operations, and we will make further efforts to strengthen the international competitiveness of our services and platform products to bring about a solid recovery in the profitability of our core business lines.

Fujitsu is committed to remaining an IT industry leader. Building on a foundation of advanced technologies that offer high performance and high reliability, we will continue to offer comprehensive, integrated solutions comprised of top-quality products and innovative IT services. By further leveraging our wide-ranging capabilities, from cutting-edge technologies that enable new applications and innovations to IT services, we aim to contribute to the business success of our customers, and thereby grow our business along with theirs.

We would like to thank our shareholders for their ongoing support.

June 2003

Tadashi Sekizawa, Chairman  
Naoyuki Akikusa, President & CEO

## 1. OVERVIEW OF CORPORATE ACTIVITIES

### (1) Business Trends and Results

#### General Overview

Against a backdrop of the collapse of the U.S. telecommunications bubble two years ago and the worldwide spread of deflation, overall IT spending was significantly constrained, resulting in a very difficult market environment for the IT industry during this period. Nevertheless, information technology has become an integral part of our society, and it continues to grow ever more closely entwined with our everyday lives. With the Internet becoming a core part of our society's infrastructure, the IT industry still has strong growth prospects as the key industry supporting the emerging high-speed, broadband, networked economy.

Against a backdrop of global deflation, economic conditions during this period continued to be difficult, characterized by weak consumer spending and persistent weakness in the equity markets. Moreover, tensions in international affairs made the outlook for the global economy more difficult to read.

With respect to the IT industry, the market for IT services was relatively strong. In hardware, however, in addition to continued cutbacks in corporate IT spending, global price competition intensified. The telecommunications industry was hit particularly hard. In addition to the cutbacks in capital spending that continued from the previous year, some U.S. telecom carriers went bankrupt or saw a precipitous decline in their financial condition, exacerbating an already severe environment.

Within this difficult business environment, we promoted our strategy of emphasizing software and services to add value to our business, while continuing the structural reform of our operations, particularly in our telecommunications equipment business, in order to assure future global competitiveness. We also cut costs as part of our efforts to raise efficiency throughout our operations.

Regarding the financial results for the period, a downturn in the number of large-scale systems integration projects led to a decline in sales of servers and systems integration services. In addition, there was a large drop in sales of telecommunications equipment, especially optical transmission systems to the North American telecommunications market.

In the electronic devices segment, sales of semiconductors were up, but because the liquid crystal display operations were spun off, overall sales were down. Adding in the impact of other factors, such as our exit from the business of hard disk drives for desktop PCs during the previous year, unconsolidated net sales dropped a sharp 11.2%, to ¥2,695 billion (\$22.4 billion).

Despite the steep drop in sales, through cost cutting measures and the streamlining of our business operations from the large-scale restructuring we have carried out to date, we managed to post unconsolidated operating income of ¥21.8 billion (\$182 million) (versus a loss of ¥54.6 billion the year before), and ordinary income of ¥3 billion (up from a loss of ¥81.5 billion the year before). Nevertheless, as a result the posting of extraordinary losses associated with the restructuring charges to remain internationally competitive, a valuation loss on our holdings in a U.S. subsidiary relating to our strategic shift toward software and services, and a charge to cover corrective measures for certain small form-factor hard disk drives, we posted an unconsolidated net loss for the period of ¥175 billion (\$1.4 billion) (compared to a net loss of ¥265.1 billion the year before).

## Overview by Business Area

### *Software and Services*

Unconsolidated net sales for Software and Services were down 4.9%, to ¥1,025.6 billion (\$8.5 billion).

In order to sustain and expand revenues and profitability during a period of slow growth in the IT market, we redoubled our sales efforts to health care institutions and the public sector, including both national and local authorities, which are pushing ahead with IT deployments. We also emphasized sales of outsourcing services, which generally produce a stable stream of revenues. In addition, we were able to reduce costs through more efficient software development using packaged solutions and Enterprise JavaBeans component-based technology.

Responding to the shift in IT spending away from large-scale centralized systems to individual systems for each department, we were able to capitalize on this trend and increase sales of SCM, ERP, and other solution-oriented services to help customers improve operational efficiency.

In systems integration services, however, despite an increase in sales to the public sector, the drop-off in merger- and restructuring-related demand among financial institutions, coupled with cutbacks in spending, particularly among telecom carriers, led to a decline in sales.

In infrastructure services, appealing to customers' needs to reduce IT investment costs, our sales increased in areas such as outsourcing services, which involves the development and operation of customers' systems either at a Fujitsu data center or on the customer's premises, as well as for corporate network services.

Because customers' decision-making criteria for IT investments have grown stricter, among other initiatives, we are enhancing our customer-specific system engineer program, in which dedicated specialists take charge of offerings covering the customer's entire system lifecycle—from consulting to operation and maintenance—and serve as a central point of contact for that customer. This approach will enable us to be more responsive to our customers, leading to new business opportunities.

### *Platforms*

Unconsolidated net sales for Platforms declined 16.6%, to ¥1,435.4 billion (\$11.9 billion).

Although there were fewer PCs shipped domestically compared with the previous year, and price competition intensified, sales were relatively strong, especially to consumers, and sales of mobile phones were also very firm.

However, with continued sharp declines in spending by telecommunications carriers, particularly in North America, sales of optical transmissions systems, the essential infrastructure for optical communications networks, dropped by half. In Japan, sales were down in mobile systems, such as 3G wireless base stations and switching systems.

The drop-off in merger- and restructuring-related demand among financial institutions led to a major decline in sales of servers and storage systems for large-scale enterprise systems. In addition, the decline in Platforms sales reflected the impact of our earlier exit from the market for desktop-PC hard disk drives, which had grown increasingly unprofitable.

The market environment for our Platforms business remained challenging, particularly in telecommunications. To put this business on a profitable footing even without a rebound in revenues, we restructured our domestic manufacturing operations for printed-circuit boards and telecommunications equipment, streamlining operations by reducing excess plant capacity and re-evaluating staffing requirements.

We also tightened our business focus in this segment by selling off our large-size printer operations and concentrating our telecommunications equipment business on the promising

areas of IP networks and 3G mobile systems. In addition, we have pursued technology alliances in various areas, starting with mobile phones, in order to build an operational structure that will ensure greater profitability.

Going forward, by partnering with Intel in the development of high-performance Linux-based servers and promoting the fusion of networking technologies with computing, storage and software technologies under our TRIOLE concept, we will deliver IT systems that offer high reliability and are easy to integrate. These initiatives are designed to enable us to meet the increasingly sophisticated needs of our customers and expand our sales.

### ***Electronic Devices***

Unconsolidated net Sales from Electronic Devices declined 0.7%, to ¥233.9 billion (\$1.9 billion).

Emerging from the severe market conditions that prevailed during the second half of fiscal 2001, our semiconductor business posted higher results, both in terms of unit volumes and revenues, as the overhang in market inventory levels was depleted. Overall sales in electronic devices were slightly down, however, as a result of the consolidation of our liquid crystal display business into our manufacturing subsidiary, Yonago Fujitsu Ltd., in June of 2002.

In logic chips, which handle computation and equipment-control functions, sales to the telecommunications infrastructure market were down, particularly in North America, but sales increased for products targeting the mobile phone and digital audio-visual equipment markets.

In flash memory, although prices continued to fall, strong demand in the mobile phone market led to an increase in unit shipments, and overall revenues increased.

In order to achieve profitability in the highly volatile electronic devices sector regardless of sales fluctuations, we improved the efficiency of our production facilities and tightened our focus on semiconductors by spinning off our LCD business.

Furthermore, by strengthening our joint venture with Advanced Micro Devices in flash memory, we will be able to raise efficiency while focusing further on logic chips.

Fujitsu's cutting-edge technologies in logic, such as our already developed 90-nm CMOS technology, support the global competitiveness of our high-performance servers and other products. At the same time, by focusing resources on those areas of the semiconductor market in which we enjoy a competitive advantage, such as digital audio-visual equipment, mobile phones and other mobile devices, and automotive systems, we are solidifying a formation that will lead to higher sales and profits.

### **Research & Development**

Fujitsu continued to advance research and development of technologies essential to the networked economy in areas such as services, computing and telecommunications, as well as the electronic devices at the core of these technologies.

### ***Software and Services***

One key area of development activity was personal identity authentication, an indispensable technology for maintaining the security of both e-government and e-commerce systems. Our research focus here was on biometrics, which uses a person's physical characteristics—fingerprints, voiceprints, palms, faces, etc.—for authentication, and we developed authentication technology that can be incorporated into IC cards. By allowing the user to access e-government systems, for example, with an authentication process performed at the his or her own terminal, there is no need to store the user's personal information in a centralized server system, making the individual's information more secure while maintaining the security of the system overall.

### ***Platforms***

In Platforms, we developed a practical implementation of grid computing technology. This advanced server technology distributes large-scale computing tasks, allowing multiple computers in an organization to function as one, and giving users access to all the computing resources they need without worrying about whether the computer they are actually using has enough power. We also developed middleware called Grid Innovation Platform, which controls grid functioning on all the computers in an organization, from servers to PCs, monitoring, controlling and allocating capacity among them. In fields that need vast computing resources, such as manufacturing or finance, this helps the organization make the most efficient use of its computing resources.

### ***Electronic Devices***

We developed a high-output amplifier for 3G wireless base stations using gallium nitride. Because operating voltage for a conventional amplifier is lower than that of the base station system's power supply, a voltage adjustment circuit has been required. This has led to electrical current loss and reduced system efficiency. However, our gallium nitride amplifier is able to withstand higher voltage, thereby reducing current loss and increasing base station efficiency.

### **Capital Expenditure**

In consideration of the difficult operating environment, we held capital expenditure within the level of depreciation expenses and concentrated it in high-growth areas. On an unconsolidated basis, capital expenditure for the period was ¥51 billion (\$425 million).

In Software and Services, investment was focused on outsourcing facilities and network infrastructure. In Platforms, expenditures were channeled into enterprise system offerings such as UNIX servers and global servers, as well as the development of LINUX servers, in addition to development and testing facilities for IP systems and mobile systems. In Electronic Devices, investment was focused on volume production facilities for the latest logic ICs.

### **Capital Procurement**

Convertible bonds were issued in the amount of ¥250 billion in May 2002 to raise funds for bond redemptions, loan repayments, and for investment in high-growth business areas, particularly in the software and services segment.

### **Consolidated Financial Results**

Consolidated sales increased during the period for outsourcing services as well as mobile phones, semiconductors, liquid crystal displays and plasma display panels. However, reflecting continued investment cutbacks at telecommunications carriers both in Japan and overseas, there was a significant decline in sales of compound semiconductors and optical transport systems used in optical telecommunications networks. In addition, due in part to the drop-off in demand from structural restructuring in the financial services sector in Japan, there was a decline in systems integration sales as well as sales of platform products, such as enterprise servers and storage systems used in large-scale systems. As a result, consolidated net sales for the year were 4.61 trillion yen (\$38.4 billion), a decline of 7.8% from the previous year.

In regard to operating income, our comprehensive restructuring efforts, including the streamlining of our manufacturing facilities and staffing levels, as well as improvements in the efficiency of our product and service development activities, helped to improve overall

efficiency and reduce costs. As a result, we made strides in restoring profitability to our domestic subsidiaries as well as overseas group companies in the software and services business. Accordingly, we recorded consolidated operating income of 100.4 billion yen (\$837 million) for the period, a major turnaround from the operating loss of 74.4 billion yen recorded in fiscal 2001. Ordinary income was 12.3 billion yen (\$103 million), compared with a loss of 157.1 billion yen in the previous year.

In order to assure Fujitsu's competitiveness in the future, we implemented various restructuring measures, including the reassessment of our manufacturing facility and staffing needs. These measures resulted in extraordinary losses amounting to 151.4 billion yen (US\$1.2 billion). In addition, there was a charge of 30.6 billion yen (\$255 million) to cover corrective measures for certain small form-factor hard disk drives, as well as valuation losses in our portfolio of marketable securities. As a result, we recorded a consolidated net loss of 122.0 billion yen (\$1.0 billion), compared with a net loss of 382.5 billion yen the previous year.

## **(2) Key Challenges Ahead**

Thanks to the improvements in our profit structure as a result of the restructuring carried out during the last two years, we were able to achieve a major improvement in operating income in comparison with the previous fiscal year. In addition to the business strategies outlined above, we will take the following measures to pursue customer-centric management, further strengthen our operational profit structure and improve our financial position.

### **1. Enhancing Profitability**

In regard to our Software and Services business, which is already securing higher sales and profits, we are working to further increase profitability by accelerating the aforementioned efforts to improve application development productivity. In addition, we are expanding our business by shifting our focus to market segments and fields with high growth potential, such as healthcare, large manufacturers and retailers, and amalgamating local governments in Japan, as well as CRM, ERP, e-learning and mobility, respectively. Organizationally, as well, we are working to improve our responsiveness to customers by bringing together sales and system engineering personnel and, through the introduction of dedicated customer-specific system engineers, to deliver solutions that will help strengthen our customers' competitive position from the long-term management perspective.

In Platforms, we are pursuing a company-wide innovation initiative to adopt integrated digital processes utilizing the latest 3D CAD and other tools that will enable us to reduce development times, improve quality, and increase common components. At the same time, we are placing special emphasis on improving the operations at each of our manufacturing facilities. Through these measures, we are striving to enhance our product development capabilities and cost competitiveness overall. Carrying the organizational integration of our information processing and telecommunications operations a step further, we are creating a formation that will enable us to play a leadership role in the emerging era of network-centric ubiquitous computing and communications.

Regarding our Electronic Devices business, in particular logic devices, we will seek to improve our profitability structure by concentrating resources on markets with high growth potential, such as information appliances and mobile terminals. In addition, to strengthen the competitiveness of our servers, networks and other IT systems products, we will continue to pursue development of advanced CMOS technology.

## **2. Improving our Financial Position**

By making cash flow a major management priority, we will strive to achieve a rapid improvement of our financial base. Increasing the profitability of our core operations is our primary objective. In addition, we will endeavor to boost the soundness of our financial position by effectively utilizing our assets to enhance shareholder equity and reduce interest-bearing debt.

## **3. Other Initiatives**

Providing our customers with a high degree of reliability is one of our most important priorities. Accordingly, we will work at every level of our operations to improve the quality of our products and services

In the networked economy, protecting individual and corporate data as well as maintaining network security is becoming ever more vital. At Fujitsu, we are committed to providing products and services with enhanced security features. Within the company as well, we are strengthening internal information management and systems as well as aggressively implementing employee education programs and other measures befitting our position as a leader of the IT industry.

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



**(3) Performance and Assets***Billions of yen, except where stated*

<i>Year (Business period)</i>	<i>1999 (100th)</i>	<i>2000 (101st)</i>	<i>2001(102nd)</i>	<i>2002 (Current period)</i>
Net sales	¥3,251.2	¥3,382.2	¥3,034.4	¥2,695.0
Services and software	928.0	1,025.6	1,078.6	1,025.6
Platforms	2,035.6	1,988.4	1,720.2	1,435.4
Electronic devices	287.5	368.1	235.5	233.9
Operating income (loss)	53.8	100.2	(54.6)	21.8
Ordinary profit (loss)	15.8	107.4	(81.5)	3.0
Net income (loss)	13.6	46.6	(265.1)	(175.0)
Net income (loss) per share [yen]	7.06	23.70	(133.74)	(87.48)
Total assets	3,380.4	3,443.9	3,178.5	2,926.2
Net assets	1,160.0	1,224.2	959.6	771.1
Shareholders' equity per share [yen]	590.99	619.20	479.40	385.49

*Notes:*

- Basic earnings (loss) per share is calculated on weighted average number of shares of common stock outstanding during each period.
- Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
- Effective this period, in determining "shareholders' equity per share" and "net income per share," we apply the "Accounting Standard for Net Income Per Share" (Corporate Accounting Standard #2) and the "Corporate Accounting Standard Applicable Guideline for Net Income Per Share" (Corporate Accounting Standard Applicable Guideline #4).
- For purpose of comparison, figures for previous period have been restated to reflect composition for respective business segments in FY 2002.
- During this period, sales of services and software, as well as those of UNIX servers and personal computers, increased. However, sales volume grew only modestly on account of constraints on capital investment and inventory adjustment during the second half of the year, as the U.S. economy slowed down. Ordinary profit and net profit increased, thanks to improved profitability in the electronic device area as well as company-wide efforts to control operating expenses.
- Although sales at the services and software business and sales of large servers and 3G base station systems grew, sales of personal computers and electronic devices in general, as well as optical transmission systems in North America, and personal computers declined. In addition, with the withdrawal from the business of manufacturing small magnetic disk equipment for personal computers, total sales declined. In terms of profits, the decline in sales and weaker profitability from lower prices for optical transmission systems and electronic devices in general resulted in declines in the recording of an operating loss and an ordinary loss. With the additional effect of extensive business restructuring, the net loss for the year was ¥265.1 billion.
- During this period, sales increased for solutions services, mobile phones and semiconductors, but a downturn in demand among financial institutions led to a sales decline for products used in large-scales systems, such as enterprise servers and storage systems as well as systems integration services. In addition, sales of optical transmission systems and 3G mobile systems to telecommunication carriers decreased. As a result of lower fixed costs stemming from our business restructuring efforts, unconsolidated operating income was ¥21.8 billion (\$182 million). Although we posted extraordinary gains from the sale of a portion of our holdings of marketable securities, this was offset by business restructuring charges, extraordinary expenses associated with corrective measures for certain products, and other charges, resulting in an unconsolidated net loss of ¥175 billion (\$1.4 billion).

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

### (1) Major Business

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

<i>Group</i>	<i>Main products and services</i>	<i>Percentage of sales</i>
Services and software	Systems construction (system integration services) Introductory and operational support services Consulting services Comprehensive management of information systems (outsourcing services, IDC services) Provision of network environment for information systems as well as various network services (network services, Internet services) Software Information and network systems maintenance and monitoring Information systems infrastructure construction and network construction	38.0
Platforms	Servers (UNIX servers, IA servers, global servers) Peripheral equipment for information systems (disk array, etc.) Personal computers Storage equipment (magnetic and magneto-optical disk drives) Terminals (financial terminals, POS systems) Mobile phone handsets IP systems (Geo Stream, etc.) Fiber-optic transmission systems Mobile communication systems (3G base station systems, etc.)	53.3
Electronic devices	Logic ICs (system LSI, ASICs, microcontrollers, FRAM) Memory ICs (flash memory, FCRAM)	8.7

### (2) Principal Offices and Plants

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

**(3) Employees**

<i>Number of employees</i>	<i>Change from end of fiscal 2000</i>	<i>Average age</i>	<i>Average years of employment</i>
34,690	down 5,793	38.2	16.1

**(4) Stock**

- i. Number of authorized shares: 5,000,000,000
- ii. Number of outstanding shares and stated capital
  - Shares: .....2,001,962,672
  - Stated capital: .....¥324,624,076,169
- iii. Shares issued during the business period: 0
- iv. Acquisition, retirement and holdings of treasury stock

Shares acquired	1,399,964 ordinary shares	Total amount of acquisition: ¥640,819thousand
Shares retired	-	Total amount of retirement: -
Shares held as of FY close	1,574,491 ordinary shares	

*Notes:*

1. All treasury stocks above were acquired through the repurchase of odd-lot shares.

2. Status of share buy-back

At the 102<sup>nd</sup> general shareholders' meeting, we were authorized to buy back 60 million shares of our stock for a total expenditure of up to 60 billion yen. However, as of March 2003, we had not implemented such stock purchases. As a result of restructuring measures implemented to ensure our competitiveness in the future, shareholders' equity declined in FY2002. Rebuilding shareholders' equity is a top management priority.

v. Number of shareholders: 247,161 (36,212 more than at the end of fiscal 2001)

vi. Principal shareholders

<i>Name</i>	<i>Shareholder's investment in Fujitsu Limited</i>		<i>Fujitsu Limited's investment in the shareholder</i>	
	<i>Number of shares held (thousands)</i>	<i>Percentage of voting rights (%)</i>	<i>Number of shares held (thousands)</i>	<i>Percentage of voting rights (%)</i>
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Fuji Electric Co., Ltd.)	122,600	6.17	-	-
Fuji Electric Co., Ltd.	107,363	5.40	74,333	10.47
The Master Trust Bank of Japan, Ltd. (for trust)	88,627	4.46	-	-
Japan Trustee Services Bank, Ltd. (for trust)	82,851	4.17	-	-
Mizuho Corporate Bank, Ltd.	62,441	3.14	-	-
Asahi Mutual Life Insurance Company	50,220	2.52	-	-
Euroclear Bank SA/NV	41,340	2.08	-	-
Trust & Custody Services Bank, Ltd. (for trust)	39,659	1.99	-	-
J.P.Morgan Trust Bank, Ltd.	29,068	1.46	-	-
Boston Safe deposit BSDT Treaty Clients Omnibus Account	27,608	1.39	-	-

*Notes*

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

**(5) Principal Lenders**

<i>Lender</i>	<i>Loan amount (¥ millions)</i>	<i>Lender's investment in the Company</i>	
		<i>Numbers of shares (thousands)</i>	<i>Percentage</i>
Japan Bank for International Cooperation	53,119	-	-
The Norinchukin Bank	37,600	-	-
Mizuho Corporate Bank, Ltd.	24,215	62,441	3.14
Sumitomo Mutual Life Insurance Company	20,000	355	0.11
Dai-Ichi Mutual Life Insurance Company	16,640	18,216	0.91

**(6) Consolidation****Major consolidated subsidiaries**

<i>Company name</i>	<i>Capital (¥ million)</i>	<i>Ownership by the Company (%)</i>	<i>Main business</i>
Fujitsu Laboratories Ltd.	5,000	100	Research and development of information systems, communication systems and electronic devices
Shinko Electric Industries, Co., Ltd.	24,223	50.28 (0.04)	Manufacture and sales of semiconductor device packages
FDK Corporation	13,206	61.54 (0.02)	Manufacture and sales of parts for the electronics industry, dry-cell batteries, and products using these components
Fujitsu Business Systems Ltd.	12,220	52.67 (0.06)	Planning, development and sales of information processing and communication systems, and provision of related services
Fujitsu Support and Service Inc.	9,401	56.31 (0.18)	Planning, installation, construction, operation and support of network systems, and information systems maintenance services
Fujitsu Frontech Ltd.	8,457	53.78 (0.44)	Manufacture and sales of automatic machine, display equipment
Fujitsu Access Ltd.	6,691	50.51 (0.40)	Development, manufacture and sales of information and communication systems

(TRANSLATION FOR REFERENCE ONLY)

<i>Company name</i>	<i>Capital (¥ million)</i>	<i>Ownership by the Company (%)</i>	<i>Main business</i>
Fujitsu Devices Inc.	3,645	66.77	Development, design, and sales of semiconductor devices and related software products, and sales of general electronic parts
Fujitsu Component Ltd.	2,764	67.94	Development, manufacture and sales of electronic equipment and applied electronic equipment
Fujitsu Broad Solution & Consulting Inc.	1,970	56.46	Software development and sales, and providing software services
Fujitsu TEN Limited	5,300	55.00	Manufacture and sales of audio and navigation products, car electronic devices, and ITS and mobile communication equipment
PFU Limited	4,980	62.19	Development, manufacture, sales, maintenance and operation of information systems and related services
Fujitsu Quantum Devices Limited	4,490	100	Development, manufacture and sales of compound semiconductors
Fujitsu Network Solutions Limited	3,942	100	Consulting, design, installation, operation and maintenance of network systems, and sales of related equipment
Fujitsu Media Devices Limited	2,510	100	Development, manufacture and sales of electric parts for mobile information products
Fujitsu FIP Corporation	2,000	100	Network services, outsourcing services, software development, and sales of information processing systems
NIFTY Corporation	1,000	100	Internet services
Fujitsu IT Products Ltd.	450	100 (45.00)	Development, manufacture and sales of Computers and related equipment
Fujitsu Display Technologies Corporation	450	100	Development, manufacture and sales of LCDs
Fujitsu AMD Semiconductor Limited	48,787	50.01	Manufacture and sales of flash memory devices
Fujitsu IT Holdings, Inc. (U.S.)	US\$ (thousands) 727,051	100	Management of FIH Group companies and development and sales of information systems and provision of related services
Fujitsu Network Communications, Inc. (U.S.)	US\$ (thousands) 240,815	100	Development, manufacture and sales of fiber-optic transmission systems and provision of related services
Fujitsu Consulting , Inc. (U.S.)	US\$ (thousands) 131,019	100 (100)	IT systems-related consulting, systems integration, and application maintenance services
Fujitsu Services Holdings PLC (U.K.)	£ (thousands) 486,808	100 (6.10)	IT infrastructure services, primarily for outsourcing and systems integration
Fujitsu Hitachi Plasma Display Limited	30,000	50.00	Development, manufacture and sales of plasma display panels

<i>Company name</i>	<i>Capital (¥ million)</i>	<i>Ownership by the Company (%)</i>	<i>Main business</i>
Fujitsu Leasing Co., Ltd.	1,000	50.00 (5.00)	Leasing and sales of information and communication systems

*Notes*

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

As of July 1, 2002, Fujitsu Kiden Limited changed its trade name to Fujitsu Frontech Limited.

As of October 1, 2002, Fujitsu Denso Limited changed its trade name to Fujitsu Access Limited.

Fujitsu IT Products Limited was jointly established by Fujitsu Limited and PFU Limited.

Yonago Fujitsu Limited absorbed the liquid crystal display operations of Fujitsu Limited and changed its trade name to Fujitsu Display Technologies Corporation.

As of April 1, 2002, Amdahl Corporation changed its trade name to Fujitsu IT Holdings, Inc.

As of April 1, 2002, DMR Consulting Group, Inc. changed its trade name to Fujitsu Consulting, Inc.

As of April 2, 2002, ICL PLC changed its trade name to Fujitsu Services Holdings PLC.

For the fiscal 2002 consolidated financial statement, the Company had 487 consolidated subsidiaries, including the 26 companies listed above. In addition, 29 companies are subject to the equity method of accounting.

**Major technical cooperation**

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

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

**(7) Management**

## a) Members of the Board and Auditors as of March 31, 2003

<i>Position</i>	<i>Name</i>	<i>Assignment or title</i>
Director	Tadashi Sekizawa	Chairman of the Board
Representative Director	Naoyuki Akikusa	
	Tadayasu Sugita	
	Takashi Takaya	
Director	Akira Takashima	
	Kunihiko Sawa	President and Representative Director, Fuji Electric Co., Ltd.
Standing Auditors	Keizo Fukagawa	
	Shin Koizumi	
Auditors	Yasuyuki Wakahara	
	Takeo Kato	Chairman, Fuji Electric Co., Ltd.
	Katsuhiko Kondo	Honorary Adviser, Mizuho Financial Group

*Notes:*

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

## b) Corporate Executive Officers as of March 31, 2003

<i>Section</i>	<i>Name</i>	<i>Assignment or title</i>
	Naoyuki Akikusa	President, CEO&COO
Corporate Center	Takashi Takaya	Corporate Senior Executive Vice President CFO & Head of Corporate Center
	Takahiko Okada	Corporate Vice President In charge of Corporate Affairs and Human Resources
	Kazuhiko Kato	Corporate Vice President General Manager, Corporate Planning Office
Group Support	Akira Takashima	Group Executive Vice President Legal & External Affairs, Head of Group Support
	Kuniaki Nozoe	Corporate Vice President Group President, External Affairs Group
	Haruki Okada	Corporate Vice President Group President, Procurement Group
Sales Group	Kazuto Kojima	Corporate Executive Vice President Group President, Sales Group (Marketing)
	Kazuo Murano	Corporate Senior Vice President Group President, Sales Group (Overseas)
	Kuniaki Suzuki	Corporate Senior Vice President Group President, Sales Group (Domestic)
	Hirohisa Yabuuchi	Corporate Senior Vice President Group President, Western-Japan Regional Sales Group
	Michiyoshi Mazuka	Corporate Vice President Group President, Eastern-Japan Regional Sales Group
	Yasushi Tajiri	Corporate Vice President, Fujitsu Limited CEO, Fujitsu IT Holdings, Inc.
	Tetsuo Urano	Corporate Vice President, Fujitsu Limited Executive Chairman, Fujitsu siemens computers (Holdings) V.B.
	Takashi Igarashi	Corporate Vice President Group President, Sales Group, Industries
Software & Services Business	Yuji Hirose	Corporate Executive Vice President Group President, Software & Services Business Group

<i>Section</i>	<i>Name</i>	<i>Assignment or title</i>
Group	Hiroya Madarame	Corporate Senior Vice President Group President, Solutions Group Group President, Systems Integration Group
	Hiroaki Kurokawa	Corporate Senior Vice President Group President, Software & Services Business Promotion Group
	Koichi Ohta	Corporate Senior Vice President Group President, Network Services Group
	Michio Atarashi	Corporate Vice President Group Executive Vice President, Systems Integration Group
	Nobuo Nagaya	Corporate Vice President Group Executive Vice President, Solutions Group (In charge of Medical Business)
Platforms Business Group	Tadayasu Sugita	CTO & Corporate Senior Executive Vice President Group President, Platforms Business Group
	Junji Maeyama	Corporate Senior Vice President In charge of Strategy, Platforms Business Group Group President, Enterprise Systems Group
	Hiroaki Takeichi	Corporate Vice President Group President, Network Systems Group
	Takashi Aoki	Corporate Vice President Group Executive Vice President, Enterprise Systems Group
	Ichiro Komura	Corporate Vice President Group President, Storage Products Group
	Chiaki Itoh	Corporate Vice President Group President, Platform Business Planning Group
	Takashi Nakamura	Corporate Vice President Group Executive Vice President, Network Systems Group
Electric Devices Business Group	Masamichi Ogura	Corporate Senior Vice President Group President, Electronic Devices Business Group
	Toshihiko Ono	Corporate Vice President Group President, LSI Group
	Nobutake Matsumura	Corporate Vice President Group President, Marketing & Sales Group, Electronic Devices

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

#### (1) Basic Position

Fujitsu believes that ensuring the transparency and effectiveness of corporate management for shareholders and other stakeholders is fundamental to good corporate governance. In order to do so, we intend to actively utilize outside directors, separate management oversight and operational execution functions, and strengthen the integrity of that separation.

#### (2) Initiatives to strengthen corporate governance during the last year

In fiscal 2002, in order to separate management oversight and operational execution functions, a system of Corporate Executive Officers was introduced and the number of directors was reduced from 32 to seven. Also, in an effort to enhance management transparency, the number of outside directors was increased from one to two\*. As a result of this reorganization, the overall Board of Directors comprised a total of 12 \*\*members, seven from inside the company and five from outside, including two standing auditors and three external auditors.

The reorganization shifted the position of the Board, putting greater emphasis on management oversight, as well as reducing its size and increasing the ratio of outside directors. As a result, the Board discussions have become much more lively than before.



\*Due to the resignation of Director Fukui in March 2003, the Board of Directors currently has one outside director.

\*\*At the end of March 2003, the Board of Directors comprised a total of 11 members: five directors from inside the company (four of whom also serve as executive officers), one outside director, two standing auditors, and three external auditors.

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

(1) New appointments

At the 102<sup>nd</sup> Annual Shareholders' Meeting, held on June 25, 2002, Mr. Toshihiko Fukui were elected as Board Members.

(2) Retirements

Messrs. Akio Moridera, Kazunari Shirai, Tatsushi Miyazawa, Noboru Oki, and Taketoshi Ishii, Board Members, retired as of June 25, 2002. Messrs. Kazuto Kojima, Yuji Hirose, Masaru Takei, Junji Maeyama, Hiroya Madarame, Kazuo Murano, Hiroaki Kurokawa, Koichi Ota, Hirohisa Yabuuchi, Takahiko Okada, Kuniaki Suzuki, Masamichi Ogura, Hiroaki Takeichi, Michiyoshi Mazuka, Toshihiko Ono, Michio Atarashi, Yasushi Tajiri, Takashi Aoki, Ichiro Komura, and Kazuhiko Kato, Board Members, retired and assumed the office of Corporate Executive Officer as of June 25, 2002. Mr. Toshihiko Fukui, Board Member, retired as of March 19, 2003. And Mr. Toshihiro Nishimura, Board Member, passed away on April 26, 2002.

Notes:

No Auditor was changed in FY2002.

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

Members of the Board and Auditors as of May 1, 2003

<i>Position</i>	<i>Name</i>	<i>Assignment or title</i>
Director	Tadashi Sekizawa	Chairman of the Board
Representative Director	Naoyuki Akikusa	
	Tadayasu Sugita	
	Takashi Takaya	
Director	Akira Takashima	
	Kunihiko Sawa	President and Representative Director, Fuji Electric Co., Ltd.
Standing Auditors	Keizo Fukagawa	
	Shin Koizumi	
Auditors	Yasuyuki Wakahara	
	Takeo Kato	Chairman, Fuji Electric Co., Ltd.
	Katsuhiko Kondo	Honorary Adviser, Mizuho Financial Group

Corporate Executive Officers as of May 1, 2003

<i>Section</i>	<i>Name</i>	<i>Assignment or title</i>
	Naoyuki Akikusa	President, CEO&COO
	Hiroaki Kurokawa	Corporate Senior Executive Vice President
	Akira Takashima	Corporate Executive Vice President In charge of E-Government Promotion In charge of Government Related Business Promotion
Corporate Center	Masamichi Ogura	Corporate Executive Vice President CFO & Head of Corporate Center
	Takahiko Okada	Corporate Vice President
	Kazuhiko Kato	Corporate Vice President General Manager, Corporate Planning Office

<i>Section</i>	<i>Name</i>	<i>Assignment or title</i>
Sales Group	Kuniaki Nozoe	Corporate Vice President Group President, External Affairs
	Haruki Okada	Corporate Vice President Group President, Procurement Group
	Kuniaki Suzuki	Corporate Executive Vice President Group President, Sales Group
	Kazuo Murano	Corporate Senior Vice President Group President, Global Business Development Group
	Hirohisa Yabuuchi	Corporate Senior Vice President Group President, Western-Japan Regional Sales Group
	Michiyoshi Mazuka	Corporate Senior Vice President Group President, Eastern-Japan Regional Sales Group
	Yasushi Tajiri	Corporate Vice President, Fujitsu Limited CEO, Fujitsu IT Holdings Inc.
	Tetsuo Urano	Corporate Vice President, Fujitsu Limited Chairman, Fujitsu siemens computer (Holdings) V.B.
	Takashi Igarashi	Corporate Vice President Group President, Sales Group, Industries
	Yoshihisa Nagano	Corporate Vice President Group President, Marketing Group
	Yasuo Koike	Corporate Vice President Group President, Sales Group, Distribution & Information Systems
Kyung-soo Ahn	Corporate Vice President President, Fujitsu Korea Limited	
Software & Services Business Group	Hiroya Madarame	Corporate Executive Vice President Group President, Software & Services Business Group Group President, Solutions Group Group President, Systems Integration Group
	Koichi Ohta	Corporate Senior Vice President Group President, Network Service Group
	Michio Atarashi	Corporate Vice President Group Executive Vice President, Systems Integration Group
	Nobuo Nagaya	Corporate Vice President Group President, Health Care Solution Group
	Hiromasa Inagaki	Corporate Vice President Group Executive Vice President, Systems Integration Group
	Koichi Matsushita	Corporate Vice President Group Executive Vice President, Solutions Group
Platforms Business Group	Junji Maeyama	Corporate Executive Vice President Group President, Platforms Business Group Group President, Enterprise Systems Group
	Chiaki Itoh	Corporate Senior Vice President Group President, Platform Business Planning Group
	Hiroaki Takeichi	Corporate Vice President Group President, Network Systems Group
	Takashi Aoki	Corporate Vice President Group Executive Vice President, Enterprise Systems Group
	Ichiro Komura	Corporate Vice President Group President, Storage Products Group
	Takashi Nakamura	Corporate Vice President Group Executive Vice President, Network Systems Group
	Yoshiyuki Tanakura	Corporate Vice President Group President, Software Group
	Kimihisa Itoh	Corporate Vice President Group president, Personal Systems Business Group

<i>Section</i>	<i>Name</i>	<i>Assignment or title</i>
Electric Devices Business Group	Toshihiko Ono	Corporate Senior Vice President Group President, Electronic Devices Business Group Group President, LSI Group
	Nobutake Matsumura	Corporate Vice President Group President, Marketing & Sales Group, Electronic Devices
	Shigeru Fujii	Corporate Vice President Group Senior Vice President, LSI Group

*Notes:*

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

**Balance Sheet (Unconsolidated)**

(As of March 31, 2003)

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

Cash and cash equivalents and short-term investments	¥ 121,819
Receivables, trade	431,568
Inventories	292,270
Other current assets	<u>249,971</u>
<b>Total current assets</b>	<b><u>1,095,630</u></b>

**Investments and long-term loans** 1,310,261

**Property, plant and equipment less accumulated depreciation** 419,073

**Intangible assets**..... 101,310  
**¥2,926,275**

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

Short-term borrowings and current portion of long-term debt	¥ 240,608
Payables, trade	614,833
Other current liabilities .....	<u>187,382</u>
<b>Total current liabilities</b>	<b><u>1,042,824</u></b>

**Long-term liabilities:**

Long-term debt	1,037,262
Other long-term liabilities	<u>75,054</u>
<b>Total long-term liabilities</b>	<b><u>1,112,317</u></b>

**Shareholders' equity:**

Common stock.....	324,624
Capital surplus and legal reserve	394,441
Retained earnings	50,790
Unrealized gains on securities, net of taxes	2,086
Treasury stock .....	<u>(809)</u>
<b>Total shareholders' equity</b>	<b><u>771,133</u></b>
	<b><u>¥2,926,275</u></b>

**Statement of Income (Unconsolidated)**

(Year ended March 31, 2003)

	<i>Millions of yen</i>
<b>Net sales</b> .....	¥2,695,055
<b>Operating costs and expenses:</b>	
Cost of goods sold .....	2,012,461
Selling, general and administrative expenses .....	<u>660,735</u>
	<u>2,673,196</u>
<b>Operating income (loss)</b> .....	21,858
<b>Other income (expenses):</b>	
Net interest.....	8,037
Amortization of unrecognized obligation for retirement benefits .....	(17,253)
Restructuring charges .....	(113,400)
Cost of corrective measures for products .....	(30,600)
Loss on devaluation of subsidiaries' stock .....	(144,481)
Loss on devaluation of marketable stock.....	(40,742)
Gain on sales of marketable securities.....	81,412
Gain on business transfer.....	14,536
Other, net.....	<u>(9,578)</u>
	<u>(252,069)</u>
<b>Income (loss) before income taxes</b> .....	(230,211)
<b>Income taxes</b>	
Current.....	(12,256)
Deferred.....	<u>(42,900)</u>
	<u>(55,156)</u>
<b>Net income (loss)</b> .....	<u>(175,054)</u>
<b>Unappropriated retained earnings at the beginning of this year</b> .....	7,351
<b>Unappropriated retained earnings (loss) at the end of this year</b> .....	<u>¥(167,703)</u>
	<i>Yen</i>
<b>Net income per share</b> .....	<u>¥(87.48)</u>

**Appropriation of Retained Earnings (Unconsolidated)**

(Year ended March 31, 2003)

	<i>Millions of yen</i>
<b>Unappropriated retained earnings (loss)</b>	¥ (167,703)
<b>Reversal of reserve for:</b>	
Losses on overseas investment	1,226
Software development	30,817
Special depreciation	8,420
Advanced depreciation	641
General reserve	<u>138,942</u>
<b>Total</b>	<b>¥ 12,343</b>
<b>To be appropriated as follows:</b>	
<b>Reserve for:</b>	
Software development	2,300
<b>Earnings to be carried forward</b> .....	<b>¥ 10,043</b>

*Notes*

Financial information in this report is based on the separate Japanese version prepared in accordance with generally accepted Japanese accounting principles. Some of the information in the Japanese version has been summarized here for clearer understanding and not all the information has necessarily been translated. This English version may not conform to U.S. or other non-Japanese accounting principles and has not been audited. If you wish to confirm the integrity of the information, please refer to the Japanese version as the definitive document.

**(Supplementary Information)****Summary of Consolidated Results***Billions of yen, except where stated*

	FY1999	FY2000	FY2001	FY2002
Net sales	¥5,255.1	¥5,484.4	¥5,006.9	¥4,617.5
Services and Software	1,969.0	2,014.3	2,085.8	2,025.7
Platforms	2,384.1	2,349.8	2,015.2	1,612.0
Electronic Devices	568.1	759.7	546.5	618.6
Financing	113.0	107.2	114.4	119.2
Other Operations	220.6	253.2	244.8	241.8
Overseas total (included in net sales)	1,902.2	1,894.1	1,546.0	1,336.9
Operating income (loss)	149.9	244.0	(74.4)	100.4
Ordinary profit (loss)	70.1	189.7	(157.1)	12.3
Net income (loss)	42.7	8.5	(382.5)	(122.0)
Net income (loss) per share (yen)	22.10	4.33	(192.98)	(61.29)
Total assets	5,019.7	5,200.0	4,595.8	4,225.3
Net assets	1,176.5	1,214.3	853.7	702.3
Shareholders' equity per share (yen)	599.37	614.18	426.52	350.84

*Notes:*

1. All fractions of monetary units (billions of yen) have been rounded down.
2. Basic earnings (loss) per share is calculated on weighted average number of shares of common stock outstanding during each period.
3. Shareholders' equity per share is calculated based on the number of shares of common stock outstanding at the end of each period.
4. Effective this period, in determining "shareholders' equity per share" and "net income per share," we apply the "Accounting Standard for Net Income Per Share" (Corporate Accounting Standard #2) and the "Corporate Accounting Standard Applicable Guideline for Net Income Per Share" (Corporate Accounting Standard Applicable Guideline #4).
5. For purpose of comparison, figures for previous period have been restated to reflect composition for respective business segments in FY 2002.

## (TRANSLATION FOR REFERENCE ONLY)

*Billions of yen*

		FY1999	FY2000	FY2001	FY2002
<b>Services &amp; Software</b>	<b>Net sales</b>				
	Unaffiliated customers	¥1,969.0	¥2,014.3	¥2,085.8	¥2,025.7
	Intersegment	69.8	61.9	52.7	72.1
	Total	¥2,038.8	¥2,076.2	¥2,138.6	¥2,097.9
	<b>Operating income</b>	¥140.1	¥128.7	¥157.8	¥176.5
[As % of sales]	[6.9%]	[6.2%]	[7.4%]	[8.4%]	
<b>Platforms</b>	<b>Net sales</b>				
	Unaffiliated customers	¥2,384.1	¥2,349.8	¥2,015.2	¥1,612.0
	Intersegment	291.8	254.5	240.4	231.2
	Total	¥2,676.0	¥2,604.3	¥2,255.6	¥1,843.2
	<b>Operating income</b>	¥50.7	¥56.5	¥(57.5)	¥0.9
[As % of sales]	[1.9%]	[2.2%]	[-2.6%]	[0.1%]	
<b>Electronic Devices</b>	<b>Net sales</b>				
	Unaffiliated customers	¥568.1	¥759.7	¥546.5	¥618.6
	Intersegment	148.3	149.2	91.0	68.8
	Total	¥716.5	¥908.9	¥637.5	¥687.4
	<b>Operating income (loss)</b>	¥20.1	¥113.4	¥(109.3)	¥(31.6)
[As % of sales]	[2.8%]	[12.5%]	[-17.1%]	[-4.6%]	
<b>Financing</b>	<b>Net sales</b>				
	Unaffiliated customers	¥113.0	¥107.2	¥114.4	¥119.2
	Intersegment	6.4	7.8	9.4	9.1
	Total	¥119.5	¥115.1	¥123.9	¥128.4
	<b>Operating income</b>	¥3.0	¥3.4	¥4.2	¥4.3
[As % of sales]	[2.5%]	[3.0%]	[3.4%]	[3.4%]	
<b>Other Operations</b>	<b>Net sales</b>				
	Unaffiliated customers	¥220.6	¥253.2	¥244.8	¥241.8
	Intersegment	125.6	128.2	126.7	137.0
	Total	¥346.3	¥381.4	¥371.5	¥378.9
	<b>Operating income (loss)</b>	¥3.4	¥8.1	¥0.2	¥10.0
[As % of sales]	[1.0%]	[2.1%]	[0.1%]	[2.6%]	
<b>Elimination &amp; Corporate</b>	<b>Net sales</b>	¥(642.1)	¥(601.7)	¥(520.3)	¥(518.4)
	<b>Operating income</b>	¥(67.6)	¥(66.2)	¥(69.8)	¥(59.7)
<b>Total</b>	<b>Net sales</b>				
	Unaffiliated customers	¥5,255.1	¥5,484.4	¥5,006.9	¥4,617.5
	Intersegment	—	—	—	—
	Total	¥5,255.1	¥5,484.4	¥5,006.9	¥4,617.5
	<b>Operating income (loss)</b>	¥149.9	¥244.0	¥(74.4)	¥100.4
[As % of sales]	[2.9%]	[4.4%]	[-1.5%]	[2.2%]	



**Consolidated Balance Sheet (Unaudited)**

(As of March 31,2003)

<b>Assets</b>	<i>Millions of yen</i>
<b>Current assets:</b>	
Cash and cash equivalents and short-term investments .....	¥ 283,985
Receivables, trade .....	840,408
Inventories .....	595,984
Other current assets .....	<u>351,263</u>
<b>Total current assets</b> .....	<u>2,071,640</u>
<b>Investments and long-term loans</b> .....	901,587
<b>Property, plant and equipment less accumulated depreciation</b> .....	990,552
<b>Intangible assets</b> .....	<u>261,582</u>
.....	<u>4,225,361</u>
<b>Liabilities, minority interests and shareholders' equity</b>	
<b>Current liabilities:</b>	
Short-term borrowings and current portion of long-term debt .....	506,091
Payables, trade .....	716,842
Other current liabilities .....	<u>542,291</u>
<b>Total current liabilities</b> .....	<u>1,765,224</u>
<b>Long-term liabilities:</b>	
Long-term debt .....	1,257,678
Other long-term liabilities .....	<u>285,513</u>
.....	<u>1,543,191</u>
<b>Minority interests</b> .....	<u>214,556</u>
<b>Shareholders' equity:</b>	
Common stock.....	324,624
Capital surplus .....	519,720
Retained earnings .....	(60,718)
Unrealized gains on securities and land.....	6,090
Foreign currency translation adjustments .....	(86,517)
Treasury stock .....	<u>(809)</u>
<b>Total shareholders' equity</b> .....	<u>702,390</u>
	<u>¥ 4,225,361</u>

**Consolidated Statement of Income (Unaudited)**

(Year ended March 31, 2003)

*Millions of yen*

<b>Net sales</b> .....	¥4,617,580
<b>Operating costs and expenses:</b>	
Cost of goods sold .....	3,328,261
Selling, general and administrative expenses .....	<u>1,188,892</u>
.....	<u>4,517,153</u>
<b>Operating income (loss)</b> .....	100,427
<b>Other income (expenses):</b>	
Net interest.....	(21,418)
Equity in earnings of affiliated companies, net .....	570
Amortization of unrecognized obligation for retirement benefits .....	(43,901)
Restructuring charges .....	(151,486)
Cost of corrective measures for products .....	(30,600)
Loss on devaluation of marketable securities .....	(21,802)
Gain on sales of marketable securities.....	29,362
Gain on business transfer.....	14,536
Other, net .....	<u>(23,294)</u>
.....	<u>(248,033)</u>
<b>Income (loss) before income taxes and minority interests</b> .....	(147,606)
<b>Income taxes</b> .....	(28,789)
<b>Minority interests</b> .....	<u>(3,249)</u>
<b>Net income (loss)</b> .....	<u>¥(122,066)</u>

## Environmental Accounting

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

### Cost–Benefit Trend

	FY 2000			FY 2001			FY 2002		
	Fujitsu	Consolidated subsidiaries	Total	Fujitsu	Consolidated subsidiaries	Total	Fujitsu	Consolidated subsidiaries	Total
Cost	8.2	10.9	19.1	7.7	11.0	18.7	7.9	11.0	18.9
Benefit	11.1	13.5	24.6	12.3	12.0	24.3	8.8	12.2	21.0

### Itemization of Fiscal Year 2002 Results \*1

		(Billion Yen)		
Cost	Item	Fujitsu	Major subsidiaries	Total
<b>Business Area Cost</b>				
Pollution Prevention Cost	Costs of preventing air/water pollution (fees for water treatment utilities) and soil contamination and other activities	3.0	3.1	6.1
Global Environmental Conservation Cost	Costs incurred through energy-saving measures, plus costs of measures to combat global warming	0.9	1.9	2.8
Resource Circulation Cost	Costs of waste reduction and disposal, plus costs of efficient resource usage measures, such as water conservation and rainwater use	1.2	2.5	3.7
<b>Upstream/Downstream Cost</b>	Costs of lowering upstream/downstream environmental burden of manufacturing and service activities (recycling/re-use costs for waste products and packaging, costs of Green Procurement, etc.)	0.2	0.7	0.9
<b>Administration Cost</b>	Management-related environmental protection costs (personnel expenses for environmental promotion activities, costs of gaining/maintaining ISO14001 certification, costs of measuring environmental burden, etc.)	2.1	1.6	3.7
<b>R&amp;D/Solutions Business Cost</b>	Environmental protection costs for R&D activities and costs associated with environmental solutions business (design/development costs for Green Products and environmental technologies, environmental solutions business costs)	0.3	1.1	1.4
<b>Social Activity Cost</b>	Environmental protection costs of social activities (costs of greenification programs, environmental report production and environmental publicity)	0.0	0.0	0.0

<b>Environmental Remediation Cost</b>	Costs of environmental clean-up operations (costs of eliminating soil/groundwater contamination, environmental compensation, etc.)	0.2	0.1	0.3
<b>Total</b>		<u>7.9</u>	<u>11.0</u>	<u>18.9</u>

		(Billion Yen)		
Effect	Item	Fujitsu	Major subsidiaries	Total
<b>Business Area Effect</b>				
Pollution Prevention Effect	Savings from avoiding losses*2 from plant closure due to failure to observe environmental laws and regulations, plus contribution of environmental protection activities to the value added*3 by manufacturing activities	3.8	4.9	8.7
Global Environmental Conservation Effect	Cost savings from reductions in consumption of electricity, oil and gas	1.6	1.0	2.6
Resource Circulation Effect	Cost savings from reductions and effective use of waste	1.4	4.2	5.6
<b>Upstream/Downstream Effect</b>	Sales value of recycled and re-used products	0.0	1.0	1.0
<b>Administration Effect</b>	Efficiency improvements due to ISO14001 systems, effects of in-house employee training, value of corporate image enhancement from environment-related publicity	0.4	0.4	0.8
<b>R&amp;D/Solutions Business Effect</b>	Sales contribution of Green Products, other eco-friendly products and environmental solutions business	1.0	0.5	1.5
<b>Environmental Remediation Effect</b>	Savings from avoiding compensation payments to residents for groundwater and soil contamination*4	0.6	0.2	0.8
<b>Total</b>		<u>8.8</u>	<u>12.2</u>	<u>21.0</u>

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

\*2 Savings from avoiding losses: Value added/Days of operation x Days lost

\*3 Contribution of environmental protection activities in relation to value added: Value added x Maintenance and management costs to facilities related to environmental protection/Total generated cost

\*4 Estimate of savings from risk avoidance, assuming such instances arise

\*5 Third Party Audits

Fujitsu's fiscal 2002 environmental accounting results are made public following a third party audit 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, is released separately.

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

### Information

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

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

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