

## **Notice Regarding Signing of Exchange Offer Agreement**

**Tokyo, May 17, 2004** – Fujitsu Limited (“Fujitsu”) and Fujitsu Support and Service Inc. (“Fsas”) today announced that, in accordance with decisions taken by their respective boards of directors, they have signed an agreement for an exchange of shares whereby Fsas will become a wholly owned subsidiary of Fujitsu. Pending ratification of the exchange offer agreement at Fsas' Annual Shareholders' Meeting, scheduled to be held June 29, 2004, the exchange of shares is expected to take place on October 1, 2004. In accordance with Section 358 (simple share exchange) of the Commercial Code of Japan, there are no plans to submit the agreement for approval at Fujitsu's Annual Shareholders' Meeting.

### **1. Objectives of Making Fsas a Wholly Owned Subsidiary through Exchange of Shares**

Information technology has become commonplace in business activities as well as in society and daily life, and the convenience it provides is rapidly expanding in diverse fields. Along with the increasing sophistication of IT usage, IT is becoming more and more crucial to customers' businesses. Accordingly, customers are increasingly looking for comprehensive solutions spanning the entire IT system lifecycle from partners who can demonstrate a deep understanding of their overall business and operating environment, and with whom they can establish long-term relationships based on trust.

In order to enhance full IT lifecycle support to its customers, Fujitsu has been working to realign its business structure to one that is simple and straightforward from the customer's standpoint. Measures to date have included bringing together its systems engineering and sales organizations to create customer-centric teams and designating systems engineer liaisons for specific customers. Going forward, through actions such as the following, the company intends to further integrate its sales and systems engineering units and reform its business structure – including group companies – to enhance the customer-centric nature of its organization.

- (1) Create a simple and straightforward organizational structure from the customer's point of view.
- (2) Consolidate the point of contact with the customer.
- (3) Clarify functions and responsibilities within the Fujitsu Group.
- (4) Unify IT infrastructure and promote information sharing across the group.

The decisions today by the boards of Fujitsu and Fsas to make Fsas a wholly owned subsidiary of Fujitsu represent one step in this process. Through this realignment, Fujitsu will enhance its systems support business and pursue further business expansion leveraging the area of operational services, for which strong growth is expected.

Through consolidation and integration of both companies' resources, Fujitsu will strive to make its systems support and operational services organizational structure easier to understand from the customer's perspective and improve service quality and efficiency. In addition, through the integration and optimal alignment of resources within the group and further strengthening of links between companies, Fujitsu aims to expand its high value-added business covering the operational portion of the IT system lifecycle.

Through the efforts announced today, Fujitsu believes that it will be able to improve the quality of its services, as well as its responsiveness in meeting customers' changing IT needs, which are being impacted by rapid shifts in their businesses.

## 2. Details Regarding Exchange of Shares

### (1) Calendar

May 17, 2004	Ratification of exchange offer agreement by boards of directors Signing of exchange offer agreement
May 18, 2004	Exchange offer notification (Fujitsu)
June 29, 2004*	Ratification of exchange offer agreement at Fsas Annual Shareholders' Meeting
October 1, 2004*	Date of share transfer
Late Nov., 2004*	Issuance of stock certificates

\* Planned

### (2) Share Exchange Ratio

	Fujitsu Limited (Parent Company)	Fsas (Wholly Owned Subsidiary)
Share Exchange Ratio	1	2.72

Note:

#### 1. Share Allocation Ratio

An allocation of 2.72 shares of Fujitsu Limited common stock will be issued for 1 share of Fsas common stock. However, Fujitsu's shareholding of 32 million shares of Fsas common stock will not be exchanged.

#### 2. Basis for Determining Share Exchange Ratio

The share exchange ratio was agreed upon through discussions between Fujitsu and Fsas, based on analyses provided by Nikko Citigroup Limited, the financial advisor for Fujitsu, and KPMG Corporate Finance K.K., the financial advisor for Fsas.

#### 3. Third Parties' Determination Regarding Share Exchange Ratio and the Basis for and Methods of Calculation

1. Nikko Citigroup calculated the share exchange ratio through consideration of methods such as market price analysis, discounted cash flow analysis, and comparable transaction premiums analysis.
2. KPMG Corporate Finance K.K. based its calculations on methods including market price analysis and discounted cash flow analysis.

#### 4. Number of New Shares to Be Issued by Fujitsu in Conjunction with Exchange of Shares

Fujitsu will issue 68,054,400 shares of its common stock.

#### 5. Dividend Calculation Date

The dividends payable on the new shares to be issued upon the share exchange will be calculated from October 1, 2004.

### 3. Summary Information on Companies Exchanging Shares

(As of March 31, 2004)

(1) Trade Name	Fujitsu Limited (company becoming wholly owning parent company)	Fujitsu Support and Service Inc. (company becoming wholly owned subsidiary)
(2) Principal Lines of Business	Development, manufacture, sales and service of products in the fields of Software and Services, Information Processing, Telecommunications Equipment and Electronic Devices	Planning, design, deployment, construction, operation, and maintenance of information systems
(3) Date of Incorporation	June 1935	March 1989
(4) Registered Head Office	Kawasaki City, Kanagawa	Shinagawa-ku, Tokyo
(5) Representative	Hiroaki Kurokawa, President	Tatsuhiko Ohtaki, President
(6) Capitalization	324,624 million yen	9,401 million yen
(7) Shares Issued	2,001,962,672 shares	57,020,000 shares
(8) Shareholders' Equity	934,603 million yen	52,623 million yen
(9) Total Assets	3,022,975 million yen	124,264 million yen
(10) Fiscal Year-End	March 31	March 31
(11) Employees	34,836	4,380
(12) Major Customers	Governmental entities, telecommunication carriers, manufacturers, distributors, and financial institutions	Fujitsu Limited, Fujitsu Group companies, financial institutions, governmental entities and municipalities
(13) Principal Shareholders and Ownership as of March 31, 2004	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) 8.00%</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account) 6.68%</p> <p>Fuji Electric Holdings Co., Ltd. 3.90%</p> <p>Mizuho Trust &amp; Banking Co., Ltd. Retirement Benefit Trust (for Fuji Electric Systems Co., Ltd.) 3.04%</p> <p>The Chase Manhattan Bank NA London 2.75%</p>	<p>Fujitsu Limited 56.13%</p> <p>Japan Trustee Services Bank, Ltd. 3.98%</p> <p>Trust &amp; Custody Services Bank, Ltd. 2.54%</p> <p>The Master Trust Bank of Japan, Ltd. 2.33%</p> <p>Fsas Employee Stock Ownership 1.92%</p>
(14) Major Banks	Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi, Ltd.	Mizuho Bank, Ltd.
(15) Relationship Between the Parties	Capital	Fujitsu Owns 56.30% of Fsas' outstanding shares, including indirect holdings.
	Personnel	Two of Fujitsu's directors/employees also serve as Fsas directors.
	Business	31.4% (7.13 billion yen for the year ended March 31, 2004) of Fsas' revenues are generated from business with Fujitsu

(billion yen, except for per share data)

(16) Financial Results for the Three Most Recent Fiscal Years						
	Fujitsu Limited			Fujitsu Support and Service Inc.		
Fiscal Year Ended	March 2002	March 2003	March 2004	March 2002	March 2003	March 2004
Net Sales	3,034.4	2,695.0	2,788.5	209.5	207.5	227.1
Operating Income (Loss)	(54.6)	21.8	32.9	9.8	9.9	9.0
Recurring Profit (Loss)	(81.5)	3.0	38.3	8.4	8.5	7.7
Net Income (Loss)	(265.1)	(175.0)	17.0	4.2	4.3	6.4
Net Income (Loss) per Share [Yen]	(133.74)	(87.48)	8.49	74.11	75.12	111.11
Annual Dividend per Share [Yen]	5	0	3	15	10	10
Shareholders' Equity per Share [Yen]	479.40	385.49	467.18	778.26	828.22	939.30

#### 4. Situation Following Share Exchange

##### (1) Capitalization

Fujitsu's capitalization will not increase as a result of the share exchange. (Fujitsu's capitalization as of March 31, 2004, was 324,624 million yen.) All net assets acquired through the share exchange will be allocated to capital reserves.

##### (2) Impact on Financial Results

As Fsas is already a consolidated subsidiary of Fujitsu, the share exchange is not expected to have a substantial immediate effect on consolidated operating results.

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