

Networking is the foundation of today's information technology industry. We provide a broad range of value-added, network-based solutions to help our customers – from individuals to large corporations – achieve their goals. In so doing, we are well positioned to consolidate our leadership in the global IT industry as we enter the 21st century.

Fiscal 1997 Results

Despite adverse economic conditions in Japan and Asia, consolidated net sales for fiscal 1997 rose 11% to ¥4,985.3 billion, a record high. By geographical area, domestic sales were up 2%, while overseas sales jumped 31% to ¥1,757.0 billion, rising from 30% to 35% of total sales. Operating income increased 5% to ¥211.2 billion. However, exchange losses due to currency declines in Asia, plus amortization of goodwill-related expenses incident to the Amdahl acquisition, combined to limit net income to ¥5.5 billion.

Looking Ahead: Building Our Global Solutions Business

Fujitsu's broad lineup of competitive products – from large-scale and midrange servers to personal computers, peripherals, software and services – and strong customer focus enable us to offer comprehensive business solutions in a wide range of industries. And in order to meet the needs of customers doing business in an increasingly global marketplace, we have been expanding our overseas operations and working to increase synergy among them. As a result of these efforts, overseas markets have grown to account for 35% of overall consolidated sales.

Long active as a solutions provider in the Asia/Oceania region, our 1990 acquisition of ICL helped us to extend our reach to Europe as well. Likewise, by making long-time partner Amdahl Corporation a full-fledged member of the Fujitsu Group last September, we made clear our intention to build our solutions business in North America, the largest IT market in the world. Having marketed products based on Fujitsu technologies for more than 25 years, Amdahl has recently been moving forcefully into services and software, which now account for about two-thirds of its business. Tak-



Tadashi Sekizawa, Chairman (right)
Naoyuki Akikusa, President (left)

ing advantage of this expertise and Amdahl's impressive customer base, including numerous Fortune 100 companies, and by marshalling the extensive resources of the entire Fujitsu Group, we are determined to be the world's leading IT solutions company on a worldwide basis.

To achieve this goal, we will pursue a strategy that aims to leverage the combined resources of the Fujitsu Group while relying on local operations to provide the customized, market-sensitive attention that their customers require. In this regard, Fujitsu will concentrate on the Japanese and Asian markets, while Amdahl and ICL will take

the lead in North America and Europe, respectively. Supporting these efforts are Fujitsu's abundant know-how and solid track record in constructing sophisticated, large-scale systems, as well as the talents of the Group's 52,000 highly qualified services and software personnel around the world. These strengths, together with our comprehensive capabilities in the development and manufacture of computers, communications systems and electronic devices, enable us to offer our customers optimal solutions of uncompromising quality.

Leveraging Our Strength in Network Technology

Increasingly, networking is playing a vital role in creating such solutions. Fujitsu has long been at the forefront of network technology, developing and deploying advanced optical transmission and digital switching systems that have contributed to the communications infrastructures of countries around the world. In the United States, where network implementation is furthest advanced, Fujitsu is a market leader in the high-speed optical transmission field. Our track record also includes furnishing ATM switching systems for the North Carolina Information

Highway, the world's first commercial broadband ISDN network. We will continue to be a leader in the construction of global communications infrastructure by providing the most advanced and reliable optical transmission, switching and mobile communications systems. At the same time, backed by our know-how in communications technology and network management, we will move further into the LAN and WAN fields, working to more fully integrate computer and communications technologies in order to offer CTI and other solutions that meet a wide variety of customer needs.

Fujitsu will continue to pursue the development of key electronic devices essential to creating competitive products. This includes emphasizing research and development in system LSI and other leading-edge technologies, as well as strengthening our world-leading market shares in flash memories and compound semiconductors used in mobile information and communications equipment.

“Reliability and Creativity” and “What Mankind Can Dream, Technology Can Achieve” have been Fujitsu's corporate mottoes for many years. In the spirit of these slogans, we will continue to stress research and development and to seek original and creative ways of utilizing our current technology to realize the dreams of tomorrow. By maintaining an unwavering focus on the customer and staying ahead of the pack in anticipating market needs, we can offer optimal solutions that will enable us to enhance the trust of our customers and secure our leadership position in the global IT industry.

Financial Targets

Fujitsu is committed to achieving greater growth and profitability by providing solutions that anticipate market needs and by aggressively pursuing worldwide business development. We use global standard indicators, such as return on equity (ROE) and free cash flows, to measure management efficiency. In fiscal 1997 we experienced a decline in ROE,

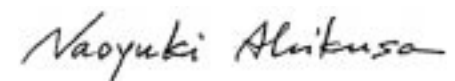
attributable to the drop in DRAM prices and amortization of goodwill and restructuring costs associated with the Amdahl acquisition. However, by pushing to commercialize high value-added products in the electronic devices field and other measures, we are actively working to make our business and management more efficient. Through these efforts, and by concentrating our resources in growth fields, we will resolutely pursue our previously stated goal of achieving 10% ROE by fiscal 2000.

Fujitsu aims at nothing less than being the world's leading IT company in terms of growth and profitability. We thank our shareholders for their ongoing support and encouragement in this endeavor.

July, 1998



Tadashi Sekizawa, Chairman



Naoyuki Akikusa, President