



Update

President Akikusa's New Year's Address to the Fujitsu Group

January 9, 2001

Mr. Naoyuki Akikusa, President of Fujitsu, recently provided the following Address to Fujitsu employees worldwide to start off the new year.

This Address was strictly limited to internal personnel only, but I believe there are several very interesting points about technology and the future that you may find thought-provoking as well as useful as you brief your customers and prospects about the future of your dealership operations and your partnership with Fujitsu. I'm happy to say that we were able to get permission to reprint it here for your use in its entirety.

To Your Success,

Tony

Tony van Seventer
Director: Supermarket Systems

This document and information are supplied to Fujitsu-ICL personnel and third parties to assist them in doing business with Fujitsu-ICL. They are not to be used or distributed for any other purpose.

Fujitsu-ICL endeavors to ensure that the information in this document is correct and fairly stated, but does not accept liability for any error or omission.

JANUARY 4, 2001

A Happy New Year to everyone. Even though there is not going to be any sudden major change, the start of a new millennium makes it feel like a new beginning, and I hope everyone in the Fujitsu Group will share this feeling of excitement regarding the fresh challenges that await us.

I believe the 21st century will be a period in which information technology truly blossoms. It should also be a period of substantial progress for biotechnology, nanotechnology and other key technological fields that support IT. At the same time, we must pay close attention to people's needs and ways of life. The new century is one in which great emphasis will be placed on education, religion and other matters of the heart and mind. It will be even more important to pursue a new relationship between technology and people. I believe we are entering a completely new phase in which economic and IT advancement will compress "time and distance" even more intensely on a global level. In many ways, I feel we are truly at a major turning point. Amidst this great transition, we at Fujitsu can play a very important leadership role. I believe that the 21st century will be even brighter and more abundant. As we mark the beginning of the new century, I hope everyone in the Fujitsu Group will share a sense of pride and tremendous responsibility as we seek to lead the transition to an even brighter future.

BUSINESS PROSPECTS IN 2001

I believe that the overall business environment for Fujitsu this year is moving in a positive direction. In the first place, there are no major negative factors, such as last year's Y2K problem. Although many macro-economic problems still remain in Japan, I don't believe that a recession is at hand. Personal consumption is healthier than before, and corporate IT investment is likely to increase as companies regain profitability. In particular, we believe that large companies will engage in full-fledged IT investment this year, spurred in part by the Japanese government's policy of promoting IT.

Even in North America, despite talk about an economic downturn and a slowdown among dot-com firms, I'm inclined to believe that steady growth will replace the over-valued stock market and dot-com fever of recent years. As for Asia, while the economic situation varies from country to country, the economic crisis is firmly in the past, and the prospects are encouraging. In particular, Internet-related markets are growing rapidly. Steady growth can also be expected in Europe, as companies there boost IT spending to increase competitiveness vis-a-vis American counterparts.

As the Internet moves to the next level of development with the expansion of broadband access, "always on" connection, and mobile applications, we anticipate that many new business opportunities will arise out of changing relationships with our customers, who potentially could be our partners in building extensive global outsourcing and marketplace solutions. IT is being embraced in every corner of the world and every walk of life. While there may be a few causes for concern, these can be overcome, and I believe 2001 should be a fruitful year.

OUR BUSINESS DIRECTION

The Fujitsu Group is transforming itself and creating a unique model under the banner of "Everything on the Internet" - our business strategy for the new era. In order to beat the global competition in today's fast-changing IT industry, we have undertaken an extensive reorganization of our business areas, changed our management and sales practices, and repositioned our brand.

More specifically, since the year before last, we have been boldly pursuing "selection and concentration" of our business areas. First, we undertook a major shift of focus in our electronic devices business to high-value-added products such as system LSI, compound semiconductors and flash memories. In the platforms business, we have moved toward open platforms, including UNIX servers and open file systems, and we have been concentrating on new telecommunications infrastructure such as photonic transmission and IMT2000 (3G mobile). In services, we have worked to expand our business in new fields like Internet solutions and outsourcing. In so doing, I think we have made our objectives quite clear. We have also embarked on a restructuring of our North American and European operations and sales practices. In addition, we have promoted the Fujitsu brand by making it common to all group companies and initiating a worldwide campaign to increase its value.

It goes without saying that speed is an essential element of winning in today's global competition. We will have to pursue our objectives with utmost speed, while at the same time continuing to advance "selection and concentration" and restructuring our operations still more.

INVINCIBLE TECHNOLOGY

Strong technology and products must remain the foundation of the Fujitsu Group. Although we are of course expanding our solutions business, the group's greatest value lies in our strength in providing solutions and products based on cutting-edge technology. In the future, technology will become more and more complicated, detailed, and high-function. On the other hand, we need to provide an environment in which anyone can use IT. This will require high-level operating technologies and solutions, and indeed will play to our strengths. We will continue to invest in R&D and rise to the challenge of creating these technologies. Moreover, we will work to ensure that this investment is well reflected in our business results. It is my belief that maintaining an invincible technological edge over our competitors will ensure us a high growth rate and good profitability in the years to come.

AIMING HIGH AND LOOKING BEYOND THE HORIZON

I'd like to stress that all Fujitsu employees should aim high and look beyond the horizon. In the IT industry, changes in customer relationships, market situations and technologies are extremely fast. They will escape us unless we look beyond the horizon to see what's coming next. It is essential to aim high and not be limited by what competitors may be doing. This applies not only to product function and performance but also to quality, cost, delivery time, sales volume and so on. Without aiming high, we cannot give birth to true excellence, whether in products or innovative services and business models.

THE CHALLENGE OF CREATING NEW WAYS OF MAKING THINGS

One of the premises for giving shape to our lofty goals is the need to take on the challenge of creating new ways of making things. Simply put, our challenge is to make good products more cheaply and speedily. Making things does not only mean actual production; it includes the entire flow of activities from planning, design and product development through to delivery and the end-to-end services that ensure customer satisfaction. And it naturally covers not only hardware products but also software and systems integration. We need to pursue the best manufacturing methodology through constant restructuring of production facilities, organizations and training. In addition, full use of IT, including the Internet, is indispensable for every process - from supply chain management and CAD to simulation, R&D and quality control.

I should add that creating new ways of making things will be possible only if we all share the same goals with regard to delivery time, quality and profitability. If every member of our team is committed to carry out his or her business function with tenacity and determination, IT itself will also be enlivened.

LIMITLESS POSSIBILITIES

The Fujitsu Group has adopted "The Possibilities are Infinite" as its motto for the new IT era. This strongly conveys the message that we are working together with our customers to unleash the limitless possibilities of IT. In the spirit of creating a brighter more abundant society in the 21st century - the century, one might say, of IT - I would like to join with all of you in welcoming the New Year.