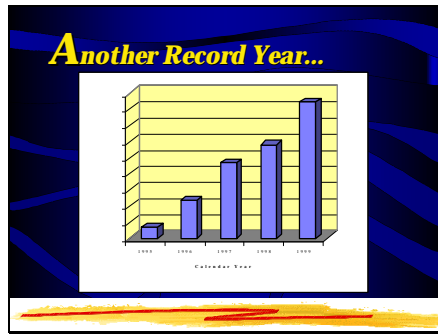


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ISS45 had another record year for the fiscal year ending at the end of March 2000, the Dealer business and ISS45 posted record sales and the largest growth to date.

Fujitsu-ICL is now more successful in the supermarket business than any previous time including the heyday of Datachecker and DTS in the 80s. ISS45 has been shipping, for example, more systems per month than the highest volume periods for the **combined** S18 and DTS 500 systems.

In addition, despite NCR's head start of several years, ISS45 passed ScanMaster in the Dealer/Independent installed base in North America. In total installations, ISS45 enjoys approximately a 2-1 advantage in sales.

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ISS45 and Fujitsu-ICL continues to enjoy great success with the nation's largest wholesalers. But ISS45 has also been successful in some of North America's largest chains, an area where only IBM has had success in the last decade.

Furthermore, Fujitsu-ICL's accelerating e-Commerce business and Corema CRM propositions continue to gain strength. Safeway's Corema system, constructed and managed by Fujitsu-ICL, for example, now services 100 million transactions per week and ranks as the single largest Customer Relationship Management system on earth. Other Fujitsu-ICL accounts, such as Staples, rely on Fujitsu-ICL for virtual out-sourcing of their entire implementation, rollout and maintenance of Information Technology.

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Fujitsu purchased ICL in the early 90s. To combine resources, ICL operated both ICL and Fujitsu's retail

history of the company as one of the big-suppliers of retail IT both here and around the world.

ICL Retail Systems in North America, despite its success, was still under the control of highly

ICL's focus on its local and European issues may be hampering growth American group.

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As a result, the North American part of ICL is being purchased from ICL directly by Fujitsu and been promoted. Fujitsu-ICL Systems Inc. now reports directly to the board of Fujitsu as one of Fujitsu's many IT companies worldwide.

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-
- ❖ World's Third-Largest IT Group (\$55B)
 - Information Processing (65%)
 - Telecommunications (17%)
 - Electronic Devices (14%)
 - ❖ \$4+ Billion Annual R&D Investment
 - ❖ 188,000 People in over 100 Countries
 - ❖ 500 Companies
 - ❖ Owns Amdahl, 100% of Fujitsu-ICL, 100% of ICL

Regarding Fujitsu itself, it is one of the world's largest information technology companies. Fujitsu has owned 100% of ICL for several years, and will now directly own 100% of Fujitsu-ICL in North America.

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Fujitsu intends to greatly increase its overall revenues from North America. While already a very large company already by North American standards at \$5.5 Billion, it is as large as Sun or Oracle North America still represents about 10% of Fujitsu revenues, and the growth of US revenue is a primary Fujitsu goal and a critical building block in its drive to take the worldwide #2 spot from Hewlett-Packard and eventually gain the #1 position from IBM.

Here are a number of Fujitsu's North American businesses. Fujitsu-ICL Systems Inc. is one of the largest, and plays a critical role in Fujitsu's Western Hemisphere growth strategy.

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Fujitsu offered Fujitsu-ICL Systems the opportunity to reorganize as we felt necessary in order to achieve that growth. Under our longtime President, Austen Mulinder, a new organization was constructed to organize Fujitsu-ICL's operations under a business model strategy.

This means the group responsible for Retail Systems now has complete end-to-end control of those systems with a business model around solutions.

Meanwhile, the eBusiness and CRM solutions business works around a completely different risk, growth and service model, unhampered by the P&L requirements in other areas of the business.

Finally, another group is responsible for managing Global systems, used by ICL companies worldwide and contracted to provide these products and services. Legacy products are also managed by this group, enabling the other parts of the company to operate without the burden of the necessary development-oriented business model and its necessary operating staff.

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In order to ensure this growth, Fujitsu has an advertising plan spanning two years and over \$400 Million. This campaign has already started, and you will start to see these media placements in the World Series, following up with many major sporting events in the near future. Heavy emphasis will also be placed in the area of news and current affairs.

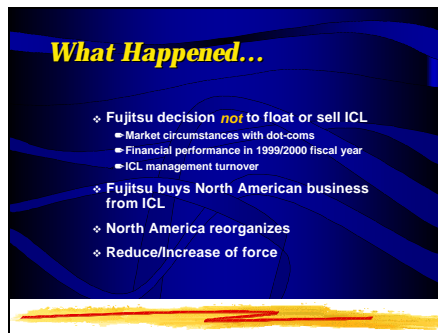
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Online, Trade and traditional Business/News media are also in the plan. Fujitsu's full-page advertisements in the Wall Street Journal have already attracted a great deal of attention.

This heavy advertising campaign will increase brand awareness, make it easier to sell Fujitsu-ICL products, and clearly underscores the importance of the North American market to Fujitsu. As one comment indicated, this isn't exactly the behavior of a company leaving the market

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So what has all the rumor mill been about? What has really happened?

Well, first Fujitsu made a clear decision NOT to sell ICL, spin it off, or float ICL on the market. ICL in Europe remains central to Fujitsu's growth plans in the European Union, and is in fact Fujitsu's central entrée into that critical world market.

Fujitsu had intended to float a portion of ICL on the London Stock Exchange in order to raise cash for growth by acquisition. With the volatility in the dot-com business however (where ICL was becoming increasingly positioned with its strength in the eCommerce sector) and the lower revenues from the Year-2000 Hangover Fujitsu made the determination that it could not currently gain sufficient value for the portion of ICL it would sell on the open market and decided to retain 100% internal ownership. For obvious financial and compensation

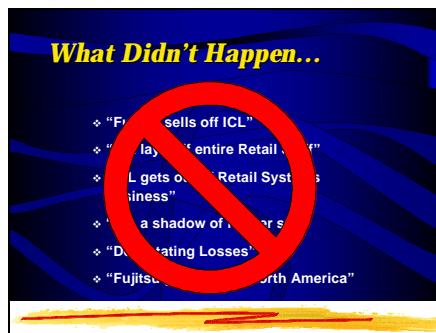
reasons, this decision had the immediate impact, however, of upper management turnover.

As part of a global strategy, Fujitsu also made the determination that ICL in Europe, and Fujitsu-ICL in North America would operate more efficiently and grow faster if both were allowed to operate independently of each other. North America's reorganization followed immediately, as did a simultaneous reduction and increase of staff in Fujitsu-ICL in North America.

In the past three months, headcount in legacy and discontinued areas of the business have been reduced, while strategic areas of Retail and e-CRM have more than offset these losses. In fact, Fujitsu-ICL has a larger staff than three months ago.

With the success of ISS45 and the Dealer program, for example, Fujitsu-ICL expects to double its staff to continue sales and customer growth and if possible accelerate it.

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But it is not unusual for competitors to take advantage of such changes. Although it is always disappointing, it is unfortunately to be expected that customers and prospects will be showered with dire predictions and stories of devastation and calamity.

For example, the Year-2000 Hangover forced North American sales downward compared to a tremendously successful and profitable prior year. Rather than remain profitable by laying off large numbers of critical staff, Fujitsu-ICL took the position that economic conditions always change, but people are the single most critical long-term asset. Fujitsu-ICL expects this investment to pay off handsomely as the IT business returns to high levels of sales and activity.

Here are some of the more outrageous statements reported in the marketplace. One particular write-up from a UK publication has been widely circulated by competitors in North America. An interview has been conducted with this journal, and it has agreed to correct the story in its next issue. In addition another competing company here has been contacted by Fujitsu-ICL's legal department, and its Senior Vice President of Retail immediately agreed to take appropriate action to keep its employees from making such false and misleading statements.

Hopefully, the market will quickly return to above-board competitive behavior.

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Fujitsu-ICL is now far better positioned to thrive than in the past.

First, the company is now operated by long-time senior management who understand the North American market and are experienced and knowledgeable in its operation. Austen Mulinder, for example, will remain as ICL's President while Executive Vice President Ron Omohundro a veteran champion of the Dealer channel will operate the Retail Products Business. Fujitsu has provided this management with a free hand to pursue growth and its chartered mission, while offering Fujitsu's resources, financial power and worldwide branding to draw upon setting Fujitsu-ICL truly a class apart from its competition.

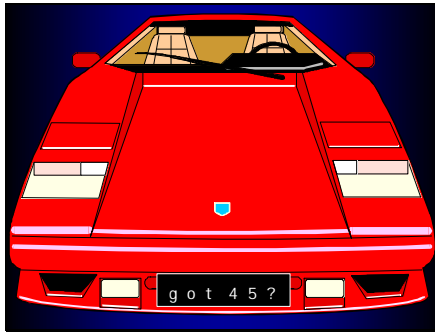
Fujitsu-ICL in North America has also been able to organize the Retail Products business into a single entity reporting to Mr. Omohundro. Not only is all product development now centralized, but Direct and Dealer sales are now combined as is the entire shipping, staging and integration operation in Foothill Ranch, CA. Finally, the Managed Services organization is now a part of this end-to-end operation instead of being a separate company as in the past.

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This reorganization will position Fujitsu-ICL to continue its long history of success in North America and the great new products brought to our customers. We expect to put a lot more firsts up on the wall to add to these examples, and we will continue to drive the industry forward with the most useful, reliable and powerful retail systems the world has seen.

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