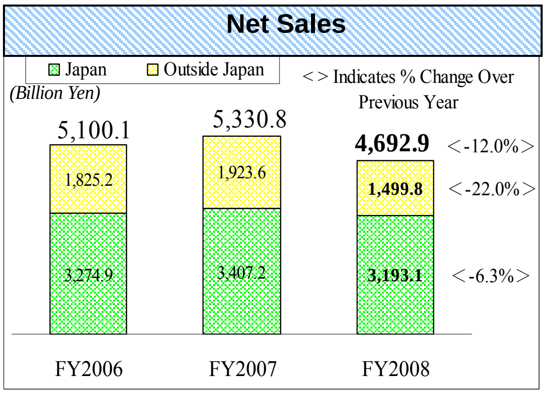
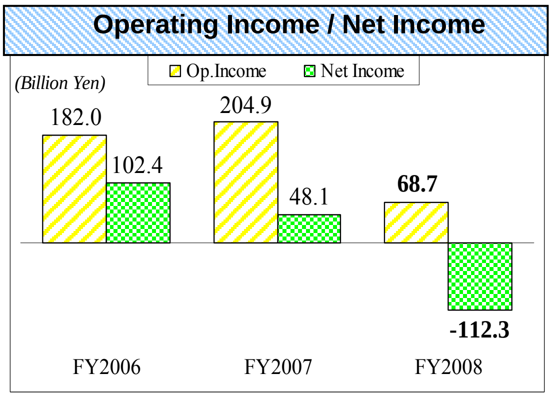
(2) Profit and Loss

Note: In these explanatory materials, the yen figures for net sales, operating income, and other figures are converted into US$ amounts, for reference purposes, at a rate of $1=98 yen, the approximate Tokyo foreign exchange market rate on March 31, 2009. Figures for and comparisons to prior reporting periods are provided only for reference. Figures representing the percentage increase or decrease in net sales excluding the impact of exchange rate movements are calculated by taking the average exchange rates in fiscal 2007 for the US dollar, euro, British pound, Australian dollar, Korean won, and other currencies, applying them to foreign currency-denominated sales in fiscal 2008, and comparing the results to sales in fiscal 2007.





Consolidated net sales for fiscal 2008 were 4,692.9 billion yen (US$47,888 million), representing a decline of 12% compared to fiscal 2007. Excluding the negative impact of the yen's appreciation, net sales decreased by 6%. Sales in Japan declined by 6.3%. Although the Technology Solutions segment's sales in Japan were roughly unchanged from the previous fiscal year as a result of underlying strength in services, the rapid deterioration in economic conditions since the start of the fiscal third quarter led to lower sales of logic LSI devices, electronic components, and PCs. Sales of mobile phones in Japan declined as a result of longer handset upgrade cycles. Sales outside Japan declined by 22%. Excluding the impact of exchange rate movements, sales outside Japan declined by 6%. Services sales outside Japan increased, primarily because of higher sales to private-sector customers on the European continent, while sales of UNIX servers and PCs in the US and Europe were dragged down by the economic downturn, and sales of hard disk drives (HDDs) and electronic components also declined.

Consolidated operating income was 68.7 billion yen (US$702 million), a decline of 136.2 billion yen compared to fiscal 2007. Despite the benefit of both higher sales and greater cost efficiencies in the Services business in Japan, gross profit decreased by 169.8 billion yen compared to the same period in the previous year due to lower sales of logic LSI devices, electronic components, PCs, and mobile phones. The gross profit margin was 25.6%, essentially unchanged from the previous year. Although profitability in areas such as logic LSI devices, mobile phones, and HDDs decreased, declining sales of low-margin products, such as electronic components as well as consumer products, resulted in the overall profit margin remaining essentially unchanged.

Selling, general, and administrative expenses declined by 33.6 billion yen, as higher upfront strategic investments, particularly in Technology Solutions, and higher amortization costs for unrecognized retirement benefit obligations as a result of lower performance on pension assets in the previous fiscal year were offset by the favorable impact of the yen's appreciation on expenses denominated in other currencies.

In other income and expenses, despite the continued strength of the yen until the third quarter, a weakening of the yen in the fourth quarter resulted in lower foreign exchange losses over the previous year. Losses on the disposal of property, plant, and equipment were also lower. There was, however, a sharp deterioration in equity in earnings of affiliates because of higher losses from restructuring initiatives and poorer performances from our PC and server sales joint venture in Europe and a component-manufacturing affiliate.

Among one-time gains and losses, there was a 3.4 billion yen gain on sales of shares in a cable television company and other investment securities. There were, however, impairment losses of 58.9 billion yen on property, plant, and equipment, business restructuring expenses of 54.1 billion yen, and valuation losses of 18.7 billion yen on the sharp price decline on listed securities. The impairment losses primarily stemmed from our LSI business. We have revised downward the expected future return of the operation's assets in light of the decline in profitability, and we have decided to shift our business model and outsource the production of 40nm generation advanced logic devices to outside foundries. Accordingly, we have posted an impairment loss for the buildings and equipment of the Mie Plant's Fab No. 2 300mm wafer production facility because of the change in future usage plans. The restructuring expenses relate to the reorganization of our HDD business, disposal expenses from LSI manufacturing equipment to be scrapped in fiscal 2009 as a result of business reorganization, and expenses stemming from restructuring in the electronic components business as well as operations outside of Japan.

Fujitsu posted a consolidated net loss of 112.3 billion yen (US$1,147 million) for fiscal 2008, representing a deterioration of 160.4 billion yen compared to fiscal 2007. As a result of the large loss recorded in equity in earnings of affiliates and widening losses in unprofitable subsidiaries not eligible for deferred taxes, despite recording a loss before income taxes and minority interests, the tax burden was relatively high.