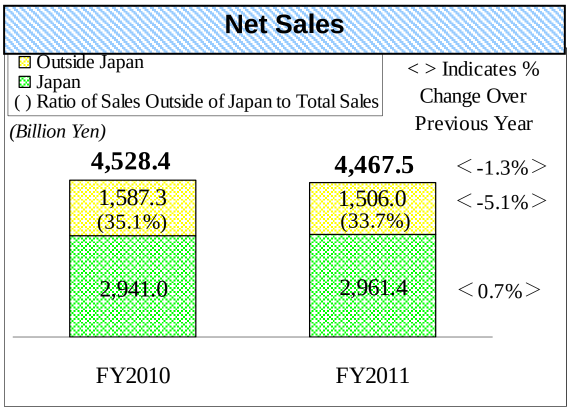
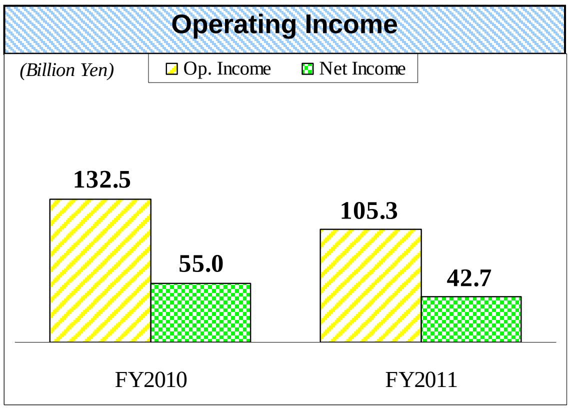
2. Profit and Loss

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=82 yen, the approximate Tokyo foreign exchange market rate on March 31, 2012. Figures for and comparisons to prior reporting periods are provided only for reference. The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for fiscal 2010 to translate the current period's net sales outside Japan into yen.





Consolidated net sales for fiscal 2011 were 4,467.5 billion yen (US$54,482 million), a decline of 1.3% from fiscal 2010. Excluding the impact of foreign exchange fluctuations, however, sales were on par with the prior fiscal year.

Net sales in Japan were essentially unchanged from the previous fiscal year. Sales of car audio and navigation systems, as well as LSI devices, were negatively affected by customer-side production adjustments as a result of the floods in Thailand. In addition, sales of LSI devices and electronic components were hit by weak demand, and server-related sales were lower as a result of fewer large-scale systems deals. The spreading popularity of smartphones, however, boosted sales of network products, such as mobile phone base stations, and sales of mobile phones, themselves.

Sales outside of Japan fell by 5.1%. Excluding the impact of foreign exchange fluctuations, however, sales were on par with the prior fiscal year. Sales of UNIX servers in Europe and North America and sales of electronic components declined, although sales of PCs rose, particularly in emerging market countries in the EMEA region.

Although the trend of yen appreciation leveled off during the fourth quarter, for fiscal 2011 the average yen exchange rates against major currencies were 79 yen for the US dollar (representing yen appreciation of 7 yen), 109 yen for the euro (appreciation of 4 yen), and 126 yen for the British pound (appreciation of 7 yen) compared with fiscal 2010. As a result, the impact of foreign exchange fluctuations for fiscal 2011 was to reduce net sales by approximately 80.0 billion yen compared to fiscal 2010. Sales generated outside Japan as a percentage of total sales were 33.7%, a decrease of 1.4 percentage points compared to the previous fiscal year.

Gross profit was 1,235.4 billion yen, a decline of 22.0 billion yen from fiscal 2010. The decline was mainly attributable to lower sales of LSI devices and electronic components. The gross profit margin was 27.7%, essentially unchanged from the previous fiscal year.

Selling, general and administrative expenses amounted to 1,130.1 billion yen, rising 5.2 billion yen from fiscal 2010. The increase was the result of upfront development investments in cloud services and network-related areas.

As a result of the above factors, Fujitsu recorded operating income of 105.3 billion yen (US$1,284 million), representing a decrease of 27.2 billion yen compared to fiscal 2010. The operating income margin was 2.4%, a decline of 0.5 of a percentage point from the previous fiscal year.

In other income and expenses, Fujitsu recorded 15.1 billion yen in restructuring expenses and 7.5 billion yen in disaster-related losses. Restructuring expenses included 5.9 billion yen in losses stemming from the plant disposal and one-time costs associated with the transfer of employees arising from the decision to transfer the Iwate Plant in the LSI devices business to DENSO CORPORATION, 5.2 billion yen in expenses for reassigning employees as a result of the restructuring of the production operations in Japan for car audio and navigation systems, and 3.9 billion yen in expenses related to streamlining services businesses, mainly in Europe and North America. The disaster-related losses were incurred in the first quarter and stemmed from damages to plants incurred in the aftershocks of the Great East Japan Earthquake and overhead expenses incurred during production stoppages due to customer-related issues.

Income before taxes and minority interests amounted to 66.7 billion yen, a year-on-year decline of 35.5 billion yen. Fujitsu recorded 29.9 billion yen in taxes, falling 18.1 billion yen from fiscal 2010. The ratio of taxes to income before taxes and minority interests fell from 47% in fiscal 2010 to 45% in fiscal 2011. Although tax code revisions raised income tax expenses due to the reversal of deferred tax assets, the overall effective tax rate declined as the liquidation of a subsidiary in Europe and a stock transfer executed in line with group reorganization had the effect of lowering tax expenses. Fujitsu posted a loss of 5.9 billion yen from minority interests, representing a deterioration of 4.9 billion yen from the previous fiscal year, as a result of the worsening financial performance of the car audio and navigation equipment joint venture and the listed components subsidiary.

Fujitsu reported consolidated net income of 42.7 billion yen (US$521 million), representing a decrease of 12.3 billion yen from fiscal 2010.

Comprehensive income was 34.3 billion yen (US$418 million), with a 2.4 billion yen loss recorded in other comprehensive income, primarily as a result of a 3.0 billion yen foreign currency translation adjustment loss stemming from the ongoing appreciation of the yen.

Statement of Comprehensive Income (Billion Yen)

	FY 2011	FY 2010
Income before minority interests	36.7	54.0
Other comprehensive income	-2.4	-15.2
Unrealized gain and loss on securities, net of taxes	0	-2.4
Foreign currency translation adjustment	-3.0	-11.9
Share of other comprehensive income of associates accounted for using equity method	0.5	-0.8
Comprehensive income	34.3	38.7

Comparison to Consolidated Earnings Projections Announced in January 2012

In comparison to the consolidated earnings projections for fiscal 2011 announced in January 2012, net sales fell short by 22.4 billion yen, while operating income rose by 5.3 billion yen. This was achieved by cost cutting measures and streamlining efforts that offset the persistently cautious stance taken by customers with regard to investments, both in and outside of Japan. Net income rose above projections by 7.7 billion yen, in line with the increase in operating income.