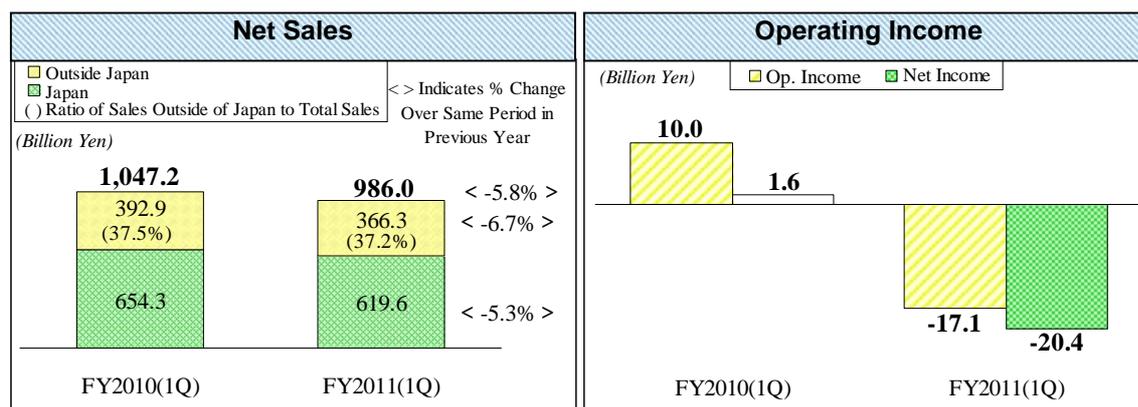


## 2. Profit and Loss

Note: The decline in sales and increased cost are estimated in line with production and sales plans revised as a result of the earthquake for the first quarter of FY2011, and are represented as earthquake impact. 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=81 yen, the approximate Tokyo foreign exchange market rate on June 30, 2011. 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 the first quarter of fiscal 2010 to translate the current period's net sales outside Japan into yen.



Consolidated net sales for the first quarter of fiscal 2011 amounted to 986.0 billion yen (US\$12,173 million), a decline of 5.8% from the first quarter of fiscal 2010.

Sales in Japan fell by 5.3%. In addition to the full restoration of production capacity at the company's manufacturing facilities damaged in the Great East Japan Earthquake taking until April, several of the company's businesses, particularly car audio and navigation equipment, mobile phones, and LSI devices, were adversely impacted by contract, delivery, and inspection delays as well as delays in procuring certain parts and components.

Sales outside of Japan declined 6.7%. Although sales of optical transmission systems in the US increased, overall sales declined due to the impact of the stronger yen and lower sales of electronic components, and car audio and navigation equipment.

Average yen exchange rates for the first quarter of fiscal 2011 against major currencies were 82 yen for the US dollar (representing appreciation of 10 yen from the first quarter of fiscal 2010), 117 yen for the euro (essentially unchanged), and 133 yen for the British pound (appreciation of 4 yen). As a result, the impact of foreign exchange fluctuations, particularly against the US dollar, for the first quarter of fiscal 2011 was to reduce net sales by approximately 17.0 billion yen compared to the first quarter of fiscal 2010. Sales generated outside Japan as a percentage of total sales were 37.2%, a decrease of 0.3 of a percentage point compared to the same period in the previous fiscal year.

Gross profit was 264.5 billion yen, a decline of 23.5 billion yen from the first quarter of fiscal 2010. The decline was attributable to the impact of lower sales prices for mobile phones and the impact of foreign exchange fluctuations on sales of electronic components, in addition to the decline in sales resulting from the impact of the earthquake. The gross profit margin deteriorated by 0.7 of a percentage point compared to the corresponding period of the previous fiscal year, to 26.8%.

Selling, general and administrative expenses amounted to 281.7 billion yen, a year-on-year increase of 3.6 billion yen due to upfront investments in cloud services and network-related areas.

As a result, Fujitsu recorded an operating loss of 17.1 billion yen (US\$211 million), representing a deterioration of 27.1 billion yen compared to the first quarter of fiscal 2010.

In other income and expenses, the company posted a 2.2 billion yen foreign currency translation adjustment loss stemming from the ongoing appreciation of the yen. In addition, the company recorded a 7.5 billion yen loss, primarily overhead expenses incurred during production stoppages due to customer-related issues and the aftershocks in April.

The company reported a consolidated net loss of 20.4 billion yen (US\$252 million) for the first quarter, representing a deterioration of 22.0 billion yen from the first quarter of fiscal 2010.