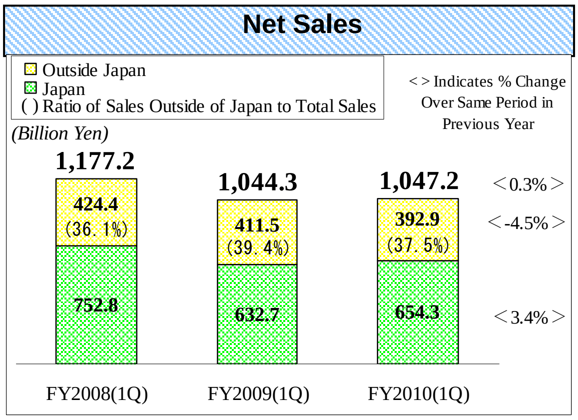
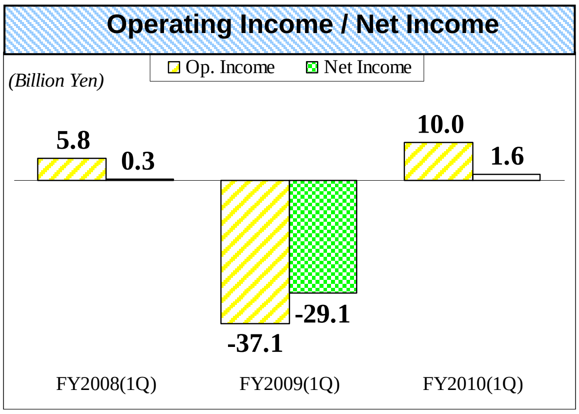
3. Profit and Loss

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=88 yen, the approximate Tokyo foreign exchange market rate on June 30, 2010. Figures for and comparisons to prior reporting periods are provided only for reference. The impact of exchange rate fluctuation has been calculated by using the average US dollar, euro and British pound exchange rates for the first quarter of fiscal 2009 to translate the current period's net sales outside Japan into yen.





Consolidated net sales for the first quarter of fiscal 2010 were 1,047.2 billion yen (US$11,900 million), essentially unchanged from the first quarter of fiscal 2009. Excluding the impact of the transfer of the hard disk drive (HDD) business and the impact of exchange rate fluctuations, sales increased by 7%.

Sales in Japan increased by 3.4%. Sales of PCs, car audio and navigation systems, LSI devices, electronic components, and network products to telecommunications carriers all grew. Sales of systems integration services were flat with the previous year amid continued corporate spending restraints.

Sales outside Japan decreased by 4.5%. Excluding the impact of the transfer of the HDD business and exchange rate fluctuations, however, sales increased by 12%. The overall market recovery led to an increase in sales of LSI devices, electronic components, and car audio and navigation systems, while sales of optical transmission systems in North America also increased. Sales generated outside Japan as a percentage of total sales were 37.5%, a decrease of 1.9 percentage points compared to the same period last year as a result of the transfer of the HDD business and the impact of exchange rate fluctuations.

Gross profit increased by 31.5 billion yen. This was a result of higher revenues of LSI devices and electronic components, lower depreciation and other fixed overhead costs in the company's LSI device business, and the completion last year of the amortization of unrecognized obligation for retirement benefits of subsidiaries in Japan in accordance with a change in accounting standards implemented in fiscal 2000. The gross profit margin increased 2.9 percentage points compared to last year's first quarter, to 27.5%, as a result of the transfer of the loss-generating HDD business as well as the impact of structural reforms in the LSI device business and various cost reduction measures.

Selling, general, and administrative expenses declined by 15.6 billion yen compared to the first quarter of fiscal 2009. The lower expenses were mainly the result of the one-time charges incurred in the first quarter of last fiscal year for converting Fujitsu Technology Solutions

(Holding) B.V. into a consolidated subsidiary, the completion last year of the amortization of goodwill incurred as a result of the 1990 acquisition of ICL (present-day Fujitsu Services Holdings PLC), and the transfer of the HDD business.

As a result, operating income was 10.0 billion yen (US$114 million), an improvement of 47.1 billion yen compared to the first quarter of fiscal 2009. Although first-quarter sales were roughly on par with last year's first quarter, in which the company posted an operating loss of 37.1 billion yen, the benefits of continuing structural reforms enabled the company to return to profitability, and the level of operating income in the first quarter exceeded that of the first quarter of fiscal 2008, prior to the financial crisis.

In other income and expenses, the loss on foreign exchange increased due to the yen's appreciation. The company recognized other income from the negative goodwill generated from the conversion of PFU Limited into a wholly owned subsidiary. In accordance with the adoption of the accounting standards for asset retirement obligations, for the initial year of the application of the standard, depreciation and interest expenses for the past fiscal year were recognized as a loss on adjustment for changes of accounting standard, and an impairment loss was also recognized for real estate assets that are expected to be sold.

The company reported consolidated net income of 1.6 billion yen (US$18 million), representing an improvement of 30.8 billion yen compared to the first quarter of fiscal 2009.