## 4. Third-Quarter Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th>Yen (Millions)</th>
<th>3Q FY 2007 (10/1/07~12/31/07)</th>
<th>3Q FY 2006 (10/1/06~12/31/06)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td>1,294,904</td>
<td>1,197,607</td>
<td>+8.1</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td>962,330</td>
<td>906,594</td>
<td>+6.1</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td>332,574</td>
<td>291,013</td>
<td>+14.3</td>
</tr>
<tr>
<td><strong>Selling, general and</strong> administrative expenses**</td>
<td></td>
<td>285,911</td>
<td>283,896</td>
<td>+0.7</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>46,663</td>
<td>7,117</td>
<td>+555.7</td>
</tr>
</tbody>
</table>

**Other income:**

- Interest income: 2,695, 1,259
- Dividend income: 2,153, 2,182
- Equity in earnings of affiliates, net: 2,749, 3,299
- Gain on foreign exchange, net: - , 1,130
- Gain on sales of investment securities*: 2,495, 7,612
- Gain on change in interest**: 72, 2,136
- Others: 3,853, 2,885

**Total other income**: 14,017, 20,503

**Other expenses:**

- Interest expense: 5,974, 4,479
- Loss on foreign exchange, net: 710, -
- Loss on disposal of property, plant and equipment and intangible assets: 1,469, 1,875
- Amortization of unrecognized obligation for retirement benefits: - , 809
- Loss on revaluation of investment securities ***: 19,888, -
- Loss on sales of investment securities: - , 2,275
- Others: 6,161, 6,506

**Total other expenses**: 34,202, 15,944

**Income before income taxes and minority interests**: 26,478, 11,676, +126.8

**Income taxes**: 16,435, 5,983

**Minority interests**: 4,513, 4,531

**Net income**: Y 5,530, 1,162, +375.9

**Notes:**

* Gain on sales of investment securities refers to sales of shares in affiliates.

** Gain on change in interest refers to the conversion of convertible bonds issued by an affiliate (Fujitsu General Limited).

*** Loss on revaluation of investment securities refers principally to a significant decline in the market share price of Spansion Inc. of the U.S.