

## 5. FY 2004 Earnings Projections

During the first quarter, against a backdrop of worldwide IT market growth centered on digital audio-visual equipment and mobile phones, signs began to emerge of renewed growth in corporate IT spending both in Japan and overseas. Compared to targets set at the beginning of the fiscal year, actual results for the quarter, particularly in our electronic devices-related businesses, exceeded expectations. Thanks to factors such as next month's broadcast of the Athens Olympics, we expect demand for IT to remain strong for the time being.

Following the second quarter, however, there are a number of uncertain elements that could impact business conditions. For example, a shift in the supply/demand balance for semiconductors and displays could push prices down, market competition in the field of mobile phones in Japan and elsewhere in Asia could intensify, and there are concerns about the impact a monetary tightening in the US could have on the global economy. On the other hand, we expect to be able to stem the slip in profitability since last year in our Software & Services business segment.

Based on the foregoing, at this time we maintain the half-year and full-year earnings projections for fiscal 2004 that we made at the beginning of the fiscal year. They are as follows:

<b><u>Half Year</u></b>	(Billion Yen)		
	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>Change</u></b>
Net Sales	2,141.9	<b>2,250.0</b>	+ 5.0%
Operating Income (Loss)	(17.9)	<b>10.0</b>	--
Net Income (Loss)	(58.5)	<b>(25.0)</b>	--

<b><u>Full Year</u></b>	(Billion Yen)		
	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>Change</u></b>
Net Sales	4,766.8	<b>4,950.0</b>	+ 3.8%
Operating Income (Loss)	150.3	<b>200.0</b>	+ 33.0%
Net Income (Loss)	49.7	<b>70.0</b>	+ 40.8%

\* These materials may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors:

- General economic and market conditions in key markets (particularly Japan, North America and Europe)
- Rapid change in the high-technology market (particularly semiconductors, PCs, etc.)
- Fluctuations in currency exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technical provisions
- Potential emergence of unprofitable projects