

8. FY 2006 Earnings Projections

In fiscal year 2006 we will strive to the best of our abilities to continue last year's efforts to pursue the challenges outlined earlier under "Medium-Term Business Strategy and Priority Tasks."

Moreover, to help ensure success in these efforts, we intend to consistently take the lead in growth markets, build a sound business structure that is not significantly affected by changes in economic conditions, and continuously strive to increase revenue and profits. This is the thinking behind our projections for 2006, which are outlined below.

We plan to achieve consolidated net sales of 5,200.0 billion yen in fiscal 2006, an 8.5% increase over fiscal 2005, through further expansion of our overseas business, aided in part by new product introductions, as well as aggressive efforts to capitalize on resurgent IT investment in Japan. In addition, during fiscal 2006 we will further expand our manufacturing innovation activities throughout the Group in a relentless effort to improve efficiency. In Technology Solutions, we are putting great emphasis on making our organization more efficient by carrying out reforms to optimize responsiveness to customers, as well as continuing our efforts to boost profitability both inside and outside Japan. In Ubiquitous Product Solutions and Device Solutions, in addition to working to improve operational efficiency, we plan to boost investment in future growth areas in response to the more competitive environment, and therefore operating income growth in these two segments is expected to be relatively flat. Overall, however, we are projecting consolidated operating income to increase to 190.0 billion yen.

In addition to increased operating income, as a result of factors including lower net interest expenses stemming from the reduction in interest-bearing loans, as well as the dissolution of the amortization of unrecognized obligation for retirement benefits, we are projecting further improvements in other income (expenses). Net income is projected at 80.0 billion yen.

Going forward, while working to strengthen earnings capacity and ensuring our ability to generate cash flow, we intend to exercise flexibility in directing profits and cash into future-oriented investment that will better enable us to respond to challenges and opportunities and thereby create a virtuous cycle of strong growth.

(Billion Yen)

	First-Half			Full-Year		
	FY 2005 (Actual)	FY 2006 (Forecast)	Change	FY 2005 (Actual)	FY 2006 (Forecast)	Change
Net Sales	2,192.3	2,350.0	7.2%	4,791.4	5,200.0	8.5%
Operating Income	47.5	20.0	-58.0%	181.4	190.0	4.7%
Net Income	7.6	0	-100.0%	68.5	80.0	16.7%

Quarterly Breakdown of First Half Net Sales and Operating Income

(Billion Yen)

	First-Quarter			Second-Quarter		
	FY 2005 (Actual)	FY 2006 (Forecast)	Change	FY 2005 (Actual)	FY 2006 (Forecast)	Change
Net Sales	1,026.3	1,100.0	7.2%	1,165.9	1,250.0	7.2%
Operating Income	14.8	0	-100.0%	32.7	20.0	-39.0%

* 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 in Japan, North America and Europe)*
- Rapid changes in the high-technology market (particularly semiconductors, PCs, mobile phones, etc.)*
- Fluctuations in 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 the procurement of parts and components*
- Changes in competitive relationships relating to collaborations, alliances and technical provisions*
- Potential emergence of unprofitable projects*
- Changes in accounting policies*

Forecast for FY 2006 Consolidated Business Segment Information

(1) Net Sales* and Operating Income

		Yen (billions)			Change vs. FY05 (%)
		FY 2004 (Actual)	FY 2005 (Actual)	FY 2006 (Forecast)	
Technology Solutions					
Japan	Y	2,157.6	2,092.2	2,150.0	+2.8
Overseas		776.7	891.6	1,030.0	+15.5
Total	Y	2,934.4	2,983.9	3,180.0	+6.6
Operating Income	Y	142.0	164.2	185.0	+12.7
[Operating Income Margin]		[4.8%]	[5.5%]	[5.8%]	
<i>System Platforms</i>					
Operating Income		45.1	26.2	25.0	-4.9
[Operating Income Margin]		[6.2%]	[3.7%]	[3.3%]	
<i>Services</i>					
Operating Income		96.8	137.9	160.0	+16.0
[Operating Income Margin]		[4.4%]	[6.1%]	[6.6%]	
Ubiquitous Product Solutions					
Japan		733.0	700.8	730.0	+4.2
Overseas		298.3	359.0	430.0	+19.8
Total		1,031.4	1,059.9	1,160.0	+9.4
Operating Income		31.3	34.4	30.0	-12.9
[Operating Income Margin]		[3.0%]	[3.3%]	[2.6%]	
Device Solutions					
Japan		474.8	399.0	460.0	+15.3
Overseas		319.9	308.4	350.0	+13.5
Total		794.7	707.5	810.0	+14.5
Operating Income		32.5	33.3	35.0	+5.1
[Operating Income Margin]		[4.1%]	[4.7%]	[4.3%]	
Other Operations					
Japan		297.4	336.5	350.0	+4.0
Overseas		79.7	110.8	120.0	+8.3
Total		377.2	447.3	470.0	+5.1
Operating Income		9.0	7.7	10.0	+29.7
[Operating Income Margin]		[2.4%]	[1.7%]	[2.1%]	
Elimination					
Sales		(375.0)	(407.3)	(420.0)	-
Operating Income		(54.8)	(58.2)	(70.0)	-
Total					
Japan	Y	3,340.6	3,199.8	3,360.0	+5.0
Overseas		1,422.0	1,591.5	1,840.0	+15.6
Total	Y	4,762.7	4,791.4	5,200.0	+8.5
Operating Income	Y	160.1	181.4	190.0	+4.7
[Operating Income Margin]		[3.4%]	[3.8%]	[3.7%]	

* Includes intersegment sales

(2) Net Sales* by Principal Products and Services

		Yen (billions)			Change vs. FY05 (%)
		FY 2004 (Actual)	FY 2005 (Actual)	FY 2006 (Forecast)	
Technology Solutions					
System Products	Y	380.1	354.2	380.0	+7.3
Network Products		353.8	363.4	370.0	+1.8
<i>System Platforms</i>		734.0	717.6	750.0	+4.5
Solutions / SI		1,002.6	1,020.4	1,090.0	+6.8
Infrastructure Services		976.1	1,037.2	1,120.0	+8.0
Others		221.5	208.5	220.0	+5.5
<i>Services</i>		2,200.4	2,266.2	2,430.0	+7.2
Total	Y	2,934.4	2,983.9	3,180.0	+6.6
Ubiquitous Product Solutions					
PCs / Mobile Phones		776.1	756.6	800.0	+5.7
Hard Disk Drives		235.5	285.4	340.0	+19.1
Others		19.7	17.8	20.0	+11.8
Total		1,031.4	1,059.9	1,160.0	+9.4
Device Solutions					
LSI Devices	Y	468.2	460.1	510.0	+10.8
Electronic Components, Others		326.5	247.4	300.0	+21.2
Total	Y	794.7	707.5	810.0	+14.5

* Includes intersegment sales