

5. FY 2005 Earnings Projections

Consolidated net sales and profits for the third quarter exceeded the projections announced in October 2005. Along with continued steady progress in the services business in Japan and overseas, this was attributable to favorable performance reflecting recovery in markets for network products, PCs, mobile phones, LSI devices and certain electronic components.

Although third-quarter results exceeded our earlier projections, at this time we are maintaining unchanged the forecasts issued last October with respect to full-year fiscal 2005 consolidated net sales, operating income and net income.

Uncertainties remain in our system products and services business in Japan, due to the concentration of sales and customer acceptances at the end of the fiscal year. Amongst these, we are now carefully examining such matters as the degree of certainty with respect to confirming server-related sales, for which profits are highly concentrated at the end of the fiscal period, as well as the impact in Services of the concentration of customer acceptances in the fourth quarter, despite progress in the spreading revenue and income recognition throughout the year through the application of the percentage-of-completion method. In addition, we are working to assess the impact of the anticipated weaker yen and earlier seasonal launch dates on our PC business, as well as demand and profitability for LSI devices, electronic components, HDDs and other products currently enjoying favorable conditions.

Although the overall full-year consolidated sales forecast remains unchanged, we anticipate higher than previously forecast sales in the Device Solutions segment due to strength in certain electronic components. In regard to operating income, as well, although the overall full-year forecast is not changed, we anticipate greater than previously forecast income in Device Solutions from the higher projected sales, but lower than forecast income in System Platforms due to the impact of intensifying competition in System Products both in Japan and overseas.

	FY 2005 (Forecast)	Change Since October Announcement	(Billion Yen) FY 2004 (Actual Results)
Net Sales	4,800.0	-	4,762.7
Operating Income	175.0	-	160.1
Net Income	50.0	-	31.9

Note: 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 high-technology markets (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