

## FY 2005 Third-Quarter Financial Results

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## Part I: Financial Tables

### 1. Summary of FY 2005 Third-Quarter Consolidated Results

#### a. Summary of Consolidated Statements of Operations

		Yen (millions)		
		3Q FY 2005 (10/1/05~12/31/05)	3Q FY 2004 (10/1/04~12/31/04)	Change (%)
Net sales	Y	1,121,442	1,043,648	+7.5
Operating income		12,591	4,827	+160.8
Income (Loss) before income taxes and minority interests		(5,013)	(15,500)	-
Net income	Y	3,367	(9,570)	-

#### b. Net Sales by Business Segment (including intersegment)

		Yen (millions)		
		3Q FY 2005 (10/1/05~12/31/05)	3Q FY 2004 (10/1/04~12/31/04)	Change (%)
Technology Solutions	Y	669,304	613,267	+9.1
Ubiquitous Product Solutions		254,949	240,796	+5.9
Device Solutions		182,634	182,824	-0.1
Other Operations		108,786	91,014	+19.5
Elimination		(94,231)	(84,253)	-
Total	Y	1,121,442	1,043,648	+7.5

#### c. Summary of Consolidated Financial Condition

		Yen (millions) (except per share data)		
		December 31 2005	December 31 2004	March 31 2005
Total assets	Y	3,631,995	3,574,686	3,640,198
Shareholders' equity		845,982	853,041	856,990
Shareholders' equity ratio		23.3 %	23.9 %	23.5 %
Shareholders' equity per share	Y	409.13	412.50	414.18

#### d. Summary of Consolidated Statements of Cash Flows

		Yen (millions)	
		3Q FY 2005 (10/1/05~12/31/05)	3Q FY 2004 (10/1/04~12/31/04)
Cash flows from operating activities	Y	6,589	33,111
Cash flows from investing activities		(38,670)	(42,130)
Cash flows from financing activities		(72,975)	12,474
Cash and cash equivalents at end of period	Y	375,493	215,327

**2. Summary of FY 2005 Nine-Month Consolidated Results**  
**(For nine months ended December 31)**

**a. Summary of Consolidated Statements of Operations**

		Yen (millions) (except per share data)		
		2005	2004	
		(4/1/05~12/31/05)	(4/1/04~12/31/04)	Change (%)
<b>Net sales</b>	<b>Y</b>	<b>3,313,774</b>	3,263,707	+1.5
<b>Operating income</b>		<b>60,166</b>	38,112	+57.9
<b>Income (Loss) before income taxes and minority interests</b>		<b>24,821</b>	(13,587)	-
<b>Net income (loss)</b>		<b>11,033</b>	(17,731)	-
<b>Net income (loss) per common share:</b>				
<b>Basic</b>	<b>Y</b>	<b>5.34</b>	(8.77)	-
<b>Diluted</b>		<b>4.75</b>	-	-

**b. Net Sales by Business Segment (including intersegment)**

		Yen (millions)		
		2005	2004	
		(4/1/05~12/31/05)	(4/1/04~12/31/04)	Change (%)
<b>Technology Solutions</b>	<b>Y</b>	<b>2,013,384</b>	1,927,165	+4.5
<b>Ubiquitous Product Solutions</b>		<b>753,404</b>	722,461	+4.3
<b>Device Solutions</b>		<b>518,681</b>	609,015	-14.8
<b>Other Operations</b>		<b>319,599</b>	276,562	+15.6
<b>Elimination</b>		<b>(291,294)</b>	(271,496)	-
<b>Total</b>	<b>Y</b>	<b>3,313,774</b>	3,263,707	+1.5

**C. Summary of Consolidated Statements of Cash Flows**

		Yen (millions)		
		2005	2004	FY 2004
		(4/1/05~12/31/05)	(4/1/04~12/31/04)	Full Year
<b>Cash flows from operating activities</b>	<b>Y</b>	<b>149,628</b>	83,307	277,232
<b>Cash flows from investing activities</b>		<b>(142,863)</b>	(97,805)	(15,129)
<b>Cash flows from financing activities</b>		<b>(88,154)</b>	(172,336)	(212,034)
<b>Cash and cash equivalents at end of period</b>		<b>375,493</b>	215,327	454,516

**3. Consolidated Earnings Forecast for FY 2005**  
**(April 1, 2005 - March 31, 2006)**

	Yen (billions) <u>(except per share data)</u>	
	<b>FY 2005 Full Year (Forecast)</b>	Change (%) FY04 to FY05
Net sales	<b>Y 4,800.0</b>	+0.8
Operating income	<b>175.0</b>	+9.2
Net income	<b>50.0</b>	+56.7
Net income per common share	<b>Y 24.18</b>	+56.8

## 4. Third-Quarter Consolidated Statements of Operations

	Y	Yen (millions)		Change (%)
		3Q FY 2005 (10/1/05~12/31/05)	3Q FY 2004 (10/1/04~12/31/04)	
<b>Net sales</b>	Y	<b>1,121,442</b>	1,043,648	+7.5
<b>Operating costs and expenses:</b>				
Cost of sales		<b>840,963</b>	775,785	+8.4
Selling, general and administrative expenses		<b>267,888</b>	263,036	+1.8
		<b>1,108,851</b>	<b>1,038,821</b>	
<b>Operating income</b>		<b>12,591</b>	4,827	+160.8
<b>Other income (expenses):</b>				
Net interest*		<b>(2,467)</b>	(2,295)	
Equity in earnings of affiliated companies, net		<b>552</b>	665	
Amortization of unrecognized obligation for retirement benefits		<b>(5,260)</b>	(9,792)	
Gain on sales of marketable securities		-	1,006	
Loss on change in interest**		<b>(8,413)</b>	-	
Restructuring charges		-	(2,244)	
Other, net		<b>(2,016)</b>	(7,667)	
		<b>(17,604)</b>	<b>(20,327)</b>	-
<b>Income (Loss) before income taxes and minority interests</b>		<b>(5,013)</b>	(15,500)	-
<b>Income taxes</b>		<b>(10,952)</b>	(4,513)	
<b>Minority interests</b>		<b>(2,572)</b>	1,417	
<b>Net income (loss)</b>	Y	<b>3,367</b>	<b>(9,570)</b>	-

Notes:

\* Net interest consists of interest income, dividend income and interest charges.

\*\* Loss on change in interest refers to loss relating to allocation of new shares of affiliate to third parties.

## 5. Third-Quarter Consolidated Business Segment Information

### a. Net Sales\* and Operating Income

		Yen (millions)			
		3Q FY 2005 (10/1/05~12/31/05)	3Q FY 2004 (10/1/04~12/31/04)	Change (%)	
<b>Technology Solutions</b>	Japan	Y 443,126	418,159	+6.0	
	Overseas	226,178	195,108	+15.9	
	Total	669,304	613,267	+9.1	
	Operating Income (loss)	9,009	12,256	-26.5	
	[Operating Income Margin]	[1.3%]	[2.0%]		
	<i>System Platforms</i>				
	Operating Income	(10,244)	1,735	-	
	[Operating Income Margin]	[(6.8%)]	[1.2%]		
	<i>Services</i>				
	Operating Income	19,253	10,521	+83.0	
[Operating Income Margin]	[3.7%]	[2.3%]			
<b>Ubiquitous Product Solutions</b>	Japan	159,326	159,049	+0.2	
	Overseas	95,623	81,747	+17.0	
	Total	254,949	240,796	+5.9	
	Operating Income	5,922	4,673	+26.7	
[Operating Income Margin]	[2.3%]	[1.9%]			
<b>Device Solutions</b>	Japan	100,324	113,149	-11.3	
	Overseas	82,310	69,675	+18.1	
	Total	182,634	182,824	-0.1	
	Operating Income	9,458	347	-	
[Operating Income Margin]	[5.2%]	[0.2%]			
<b>Other Operations</b>	Japan	80,714	71,713	+12.6	
	Overseas	28,072	19,301	+45.4	
	Total	108,786	91,014	+19.5	
	Operating Income	2,260	1,580	+43.0	
[Operating Income Margin]	[2.1%]	[1.7%]			
<b>Elimination</b>	Sales	(94,231)	(84,253)	-	
	Operating Income	(14,058)	(14,029)	-	
<b>Total</b>	Japan	Y 709,840	692,556	+2.5	
	Overseas	411,602	351,092	+17.2	
	Total	1,121,442	1,043,648	+7.5	
	Operating Income	12,591	4,827	+160.8	
[Operating Income Margin]	[1.1%]	[0.5%]			

\* Includes intersegment sales

## b. Net Sales\* by Principal Products and Services

		Yen (millions)		
		<b>3Q FY 2005</b>	<b>3Q FY 2004</b>	<b>Change (%)</b>
		<b>(10/1/05~12/31/05)</b>	<b>(10/1/04~12/31/04)</b>	
<b>Technology Solutions</b>				
	System Products	Y <b>71,744</b>	74,891	-4.2
	Network Products	<b>77,868</b>	74,294	+4.8
	<i>System Platforms</i>	<b>149,612</b>	149,185	+0.3
	Solutions / SI	<b>225,101</b>	197,684	+13.9
	Infrastructure Services	<b>254,784</b>	229,883	+10.8
	Others	<b>39,807</b>	36,515	+9.0
	<i>Services</i>	<b>519,692</b>	464,082	+12.0
	Total	<b>669,304</b>	613,267	+9.1
<b>Ubiquitous Product Solutions</b>				
	PCs / Mobile Phones	<b>178,555</b>	172,458	+3.5
	Hard Disk Drives	<b>73,019</b>	63,285	+15.4
	Others	<b>3,375</b>	5,053	-33.2
	Total	<b>254,949</b>	240,796	+5.9
<b>Device Solutions</b>				
	LSI Devices	<b>117,000</b>	106,300	+10.1
	Electronic Components, Others	<b>65,634</b>	76,524	-14.2
	Total	Y <b>182,634</b>	182,824	-0.1

\* Includes intersegment sales

## 6. Third-Quarter Consolidated Balance Sheets

	Yen (millions)		Change (Million Yen)
	December 31 2005	September 30 2005	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents and short-term investments	Y 376,875	481,973	-105,098
Receivables, trade	761,632	684,441	+77,191
Inventories	482,467	448,298	+34,169
Other current assets	203,260	208,487	-5,227
<b>Total current assets</b>	<b>1,824,234</b>	<b>1,823,199</b>	<b>+1,035</b>
<b>Investments and long-term loans</b>	<b>835,300</b>	<b>800,457</b>	<b>+34,843</b>
<b>Property, plant and equipment less accumulated depreciation</b>	<b>758,600</b>	<b>770,283</b>	<b>-11,683</b>
<b>Intangible assets</b>	<b>213,861</b>	<b>217,978</b>	<b>-4,117</b>
<b>Total assets</b>	<b>Y 3,631,995</b>	<b>3,611,917</b>	<b>+20,078</b>
<b>Liabilities, minority interests and shareholders' equity</b>			
<b>Current liabilities:</b>			
Short-term borrowings and current portion of long-term debt	Y 334,396	335,403	-1,007
Payables, trade	671,229	609,977	+61,252
Other current liabilities	527,606	524,478	+3,128
<b>Total current liabilities</b>	<b>1,533,231</b>	<b>1,469,858</b>	<b>+63,373</b>
<b>Long-term liabilities:</b>			
Long-term debt	699,345	753,143	-53,798
Other long-term liabilities	385,679	404,107	-18,428
<b>Total long-term liabilities</b>	<b>1,085,024</b>	<b>1,157,250</b>	<b>-72,226</b>
<b>Minority interests</b>	<b>167,758</b>	<b>165,747</b>	<b>+2,011</b>
<b>Shareholders' equity:</b>			
Common stock	324,625	324,625	-
Capital surplus	498,016	498,013	+3
Retained earnings (Deficit)	(94,660)	(92,281)	-2,379
Unrealized gains on securities and revaluation surplus on land	169,618	143,896	+25,722
Foreign currency translation adjustments	(50,269)	(53,997)	+3,728
Treasury stock	(1,348)	(1,194)	-154
<b>Total shareholders' equity</b>	<b>845,982</b>	<b>819,062</b>	<b>+26,920</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>Y 3,631,995</b>	<b>3,611,917</b>	<b>+20,078</b>
<b>Ending balance of interest-bearing loans</b>	<b>Y 1,033,741</b>	<b>1,088,546</b>	<b>-54,805</b>
<b>D/E ratio</b>	<b>1.22</b>	<b>1.33</b>	<b>-0.11</b>



## 7. Third-Quarter Consolidated Statements of Cash Flows

	Yen (millions)		Change (Million Yen)
	3Q FY 2005 (10/1/05~12/31/05)	3Q FY 2004 (10/1/04~12/31/04)	
<b>1. Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	Y (5,013)	(15,500)	+10,487
Depreciation and amortization	62,467	56,299	+6,168
Increase (decrease) in provisions	752	(655)	+1,407
Equity in earnings of affiliates, net	(552)	(665)	+113
Disposal of property, plant and equipment	3,602	2,228	+1,374
(Increase) decrease in receivables, trade	(69,148)	62,402	-131,550
(Increase) decrease in inventories	(31,851)	(45,719)	+13,868
Increase (decrease) in payables, trade	54,380	12,285	+42,095
Other, net	(8,048)	(37,564)	+29,516
Net cash provided by (used in) operating activities	6,589	33,111	-26,522
<b>2. Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(39,728)	(41,357)	+1,629
(Increase) decrease in investments	165	4,094	-3,929
Other, net	893	(4,867)	+5,760
Net cash provided by (used in) investing activities	(38,670)	(42,130)	+3,460
<b>1+2 [ Free Cash Flow ]</b>	<b>(32,081)</b>	<b>(9,019)</b>	<b>-23,062</b>
<b>3. Cash flows from financing activities:</b>			
Increase (decrease) in bonds, notes, short-term borrowings and long-term debt	(56,986)	25,365	-82,351
Dividends paid	(6,204)	(6,001)	-203
Other, net	(9,785)	(6,890)	-2,895
Net cash provided by (used in) financing activities	(72,975)	12,474	-85,449
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,830</b>	<b>(988)</b>	<b>+2,818</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>(103,226)</b>	<b>2,467</b>	<b>-105,693</b>
<b>6. Cash and cash equivalents at beginning of period</b>	<b>478,719</b>	<b>212,860</b>	<b>+265,859</b>
<b>7. Cash and cash equivalents at end of period</b>	<b>Y 375,493</b>	<b>215,327</b>	<b>+160,166</b>

**8. Nine-Month Consolidated Statements of Operations**  
**(For nine months ended December 31)**

	Yen (millions)		Change (%)
	2005	2004	
	(4/1/05~12/31/05)	(4/1/04~12/31/04)	
<b>Net sales</b>	<b>Y 3,313,774</b>	3,263,707	+1.5
<b>Operating costs and expenses:</b>			
Cost of Sales	2,448,105	2,408,702	+1.6
Selling, general and administrative expenses	805,503	816,893	-1.4
	<u>3,253,608</u>	<u>3,225,595</u>	
<b>Operating income</b>	<b>60,166</b>	38,112	+57.9
<b>Other income (expenses):</b>			
Net interest*	(6,028)	(6,649)	
Equity in earnings of affiliated companies, net	(4,260)	5,189	
Amortization of unrecognized obligation for retirement benefits	(23,342)	(29,487)	
Settlement gain**	15,957	-	
Gain on business transfer***	3,455	-	
Gain on sales of marketable securities	-	3,491	
Loss on change in interest****	(8,413)	-	
Restructuring charges*****	(5,474)	(6,843)	
Other, net	(7,240)	(17,400)	
	<u>(35,345)</u>	<u>(51,699)</u>	-
<b>Income (loss) before income taxes and minority interests</b>	<b>24,821</b>	(13,587)	-
<b>Income taxes</b>	<b>6,460</b>	(833)	
<b>Minority interests</b>	<b>(7,328)</b>	(4,977)	
<b>Net income (loss)</b>	<b>Y <u>11,033</u></b>	<u>(17,731)</u>	-

Notes:

\* Net interest consists of interest income, dividend income and interest charges.

\*\* Settlement gain is related to reconciliation of HDD litigation.

\*\*\* Gain on business transfer refers to the transfer of LCD panel operations.

\*\*\*\* Loss on change in interest refers to loss relating to allocation of new shares of affiliate to third parties.

\*\*\*\*\* Restructuring charges are related to expenses for restructuring to improve business profitability and asset efficiency, realignment of business locations, etc.

## 9. Nine-Month Consolidated Business Segment Information

(For nine months ended December 31)

### a. Net Sales\* and Operating Income

		Yen (millions)			
		2005 (4/1/05~12/31/05)	2004 (4/1/04~12/31/04)	Change (%)	
<b>Technology Solutions</b>	Japan	Y 1,393,178	1,374,784	+1.3	
	Overseas	620,206	552,381	+12.3	
	Total	<u>2,013,384</u>	<u>1,927,165</u>	+4.5	
	Operating Income	51,922	31,151	+66.7	
	[Operating Income Margin]	[2.6%]	[1.6%]		
	<i>System Platforms</i>				
	Operating Income (Loss)	(6,687)	6,860	-	
	[Operating Income Margin]	[(1.4%)]	[1.4%]		
	<i>Services</i>				
	Operating Income	58,609	24,291	+141.3	
[Operating Income Margin]	[3.8%]	[1.7%]			
<b>Ubiquitous Product Solutions</b>	Japan	488,269	505,402	-3.4	
	Overseas	265,135	217,059	+22.1	
	Total	<u>753,404</u>	<u>722,461</u>	+4.3	
	Operating Income	22,530	8,094	+178.4	
[Operating Income Margin]	[3.0%]	[1.1%]			
<b>Device Solutions</b>	Japan	291,091	365,023	-20.3	
	Overseas	227,590	243,992	-6.7	
	Total	<u>518,681</u>	<u>609,015</u>	-14.8	
	Operating Income	23,944	34,924	-31.4	
[Operating Income Margin]	[4.6%]	[5.7%]			
<b>Other Operations</b>	Japan	242,092	218,789	+10.7	
	Overseas	77,507	57,773	+34.2	
	Total	<u>319,599</u>	<u>276,562</u>	+15.6	
	Operating Income	4,357	5,262	-17.2	
[Operating Income Margin]	[1.4%]	[1.9%]			
<b>Elimination</b>	Sales	(291,294)	(271,496)	-	
	Operating Income	(42,587)	(41,319)	-	
<b>Total</b>	Japan	Y 2,179,730	2,230,616	-2.3	
	Overseas	1,134,044	1,033,091	+9.8	
	Total	<u>3,313,774</u>	<u>3,263,707</u>	+1.5	
	Operating Income	60,166	38,112	+57.9	
[Operating Income Margin]	[1.8%]	[1.2%]			

\* Includes intersegment sales

**b. Net Sales\* by Principal Products and Services**  
**(For nine months ended December 31)**

		Yen (millions)		
		<b>2005</b>	2004	Change (%)
		<b>(4/1/05~12/31/05)</b>	(4/1/04~12/31/04)	
<b>Technology Solutions</b>				
	System Products	Y 227,894	232,304	-1.9
	Network Products	254,375	242,460	+4.9
	<i>System Platforms</i>	482,269	474,764	+1.6
	Solutions / SI	682,654	635,752	+7.4
	Infrastructure Services	727,377	685,861	+6.1
	Others	121,084	130,788	-7.4
	<i>Services</i>	1,531,115	1,452,401	+5.4
	Total	2,013,384	1,927,165	+4.5
<b>Ubiquitous Product Solutions</b>				
	PCs / Mobile Phones	530,725	535,428	-0.9
	Hard Disk Drives	209,883	171,665	+22.3
	Others	12,796	15,368	-16.7
	Total	753,404	722,461	+4.3
<b>Device Solutions</b>				
	LSI Devices	336,300	352,300	-4.5
	Electronic Components, Others	182,381	256,715	-29.0
	Total	Y 518,681	609,015	-14.8

\* Includes intersegment sales

**10. Nine-Month Consolidated Statements of Cash Flows**  
**(For nine months ended December 31)**

	Yen (millions)		Change (Million Yen)
	2005 (4/1/05~12/31/05)	2004 (4/1/04~12/31/04)	
<b>1. Cash flows from operating activities:</b>			
Income (loss) before income taxes and minority interests	Y 24,821	(13,587)	+38,408
Depreciation and amortization	175,061	169,806	+5,255
Increase (decrease) in provisions	(12,188)	(4,546)	-7,642
Equity in earnings of affiliates, net	4,260	(5,189)	+9,449
Disposal of property, plant and equipment	13,536	12,822	+714
(Increase) decrease in receivables, trade	124,395	175,832	-51,437
(Increase) decrease in inventories	(70,903)	(102,174)	+31,271
Increase (decrease) in payables, trade	(60,275)	(101,343)	+41,068
Other, net	(49,079)	(48,314)	-765
Net cash provided by (used in) operating activities	<u>149,628</u>	<u>83,307</u>	<u>+66,321</u>
<b>2. Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(167,432)	(102,277)	-65,155
(Increase) decrease in investments	(24,672)	15,186	-39,858
Other, net	49,241	(10,714)	+59,955
Net cash provided by (used in) investing activities	<u>(142,863)</u>	<u>(97,805)</u>	<u>-45,058</u>
<b>1+2 [ Free Cash Flow ]</b>	<u>6,765</u>	<u>(14,498)</u>	<u>+21,263</u>
<b>3. Cash flows from financing activities:</b>			
Increase (decrease) in bonds, notes, short-term borrowings and long-term debt	(51,994)	(131,241)	+79,247
Dividends paid	(12,408)	(12,001)	-407
Other, net	(23,752)	(29,094)	+5,342
Net cash provided by (used in) financing activities	<u>(88,154)</u>	<u>(172,336)</u>	<u>+84,182</u>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<u>2,366</u>	<u>322</u>	<u>+2,044</u>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<u>(79,023)</u>	<u>(186,512)</u>	<u>+107,489</u>
<b>6. Cash and cash equivalents at beginning of period</b>	<u>454,516</u>	<u>413,826</u>	<u>+40,690</u>
<b>7. Cash and cash equivalents of deconsolidated subsidiaries</b>	<u>-</u>	<u>(11,987)</u>	<u>+11,987</u>
<b>8. Cash and cash equivalents at end of period</b>	<u>375,493</u>	<u>215,327</u>	<u>+160,166</u>
Y			

## Part II. Explanation of Financial Results

### 1. Overview

#### Business Environment

There was an overall trend toward stability in the business environment in which we operated in the third quarter. Although impacted by soaring crude oil prices worldwide, there was stable growth in the global economy, driven by robust expansion in the United States and China. In the Japanese economy as well, increased corporate earnings and a recovery in consumer spending have supported gradual, though not buoyant, growth.

IT investment outside Japan has continued to show strength, led primarily by global corporations. While such investment has lacked vigor in Japan, there has been increasing IT investment activity on the part of some corporations seeking to maintain their future competitiveness. Particularly in fields such as telecommunications and finance, where IT supports mission-critical operations, there has been a marked inclination toward greater IT investment. Moreover, with respect to system requirements, in addition to stability and reliability there has been increasing demand for higher levels of system scalability and, along with this, a rapid expansion of security-related needs. At the same time, with intensifying global competition in the IT market, the business environment in which the Fujitsu Group operates remains severe.

Today, with IT playing an increasingly vital role as basic infrastructure for society and corporations, stable system operation is a greater concern than ever before. We have a renewed awareness of the great responsibility that Fujitsu bears in supporting the important infrastructure of our customers. Based on this common awareness, all Fujitsu employees are striving to ensure that our customers' systems are operating on a stable basis and to further solidify their trust in us. Committed to earning our customers' trust as a true partner in the management and operation of their businesses, we will unceasingly strive to provide more efficient solutions based on top-caliber technology and high-level services.

#### Third-Quarter Summary

(Billion Yen)

	<b>Third Quarter FY 2005</b> <i>10/1/05-12/31/05</i>	Third Quarter FY 2004 <i>10/1/04-12/31/04</i>	Change
Net Sales (% change vs. same period in prior fiscal year)	1,121.4 (7.5%)	1,043.6 (-2.3%)	77.7
Operating Income (Operating Income Margin)	12.5 (1.1%)	4.8 (0.5%)	7.7 (0.6%)
Net Income	3.3	-9.5	12.9

*Change excluding  
impact of change in  
accounting policies  
and restructuring*

(7.0%)

## Nine-Month Cumulative Summary

(Billion Yen)

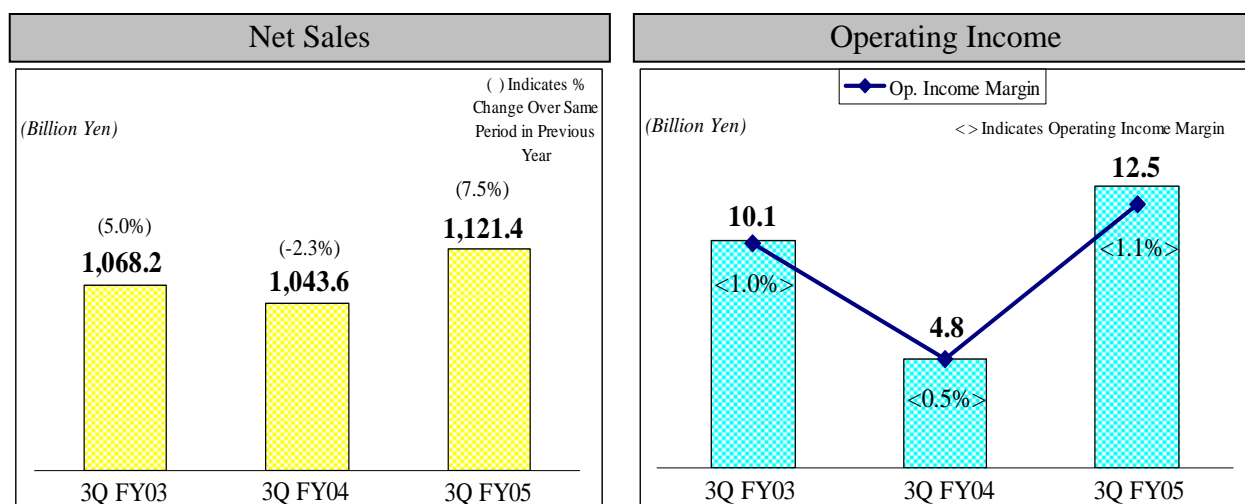
	First 9 Months FY 2005 4/1/05-12/31/05	First 9 Months FY 2004 4/1/04-12/31/04	Change
Net Sales	3,313.7	3,263.7	50.0
(% change vs. same period in prior fiscal year)	(1.5%)	(1.7%)	
Operating Income	60.1	38.1	22.0
(Operating Income Margin)	(1.8%)	(1.2%)	(0.6%)
Net Income	11.0	-17.7	28.7

*Change excluding  
impact of change in  
accounting policies  
and restructuring*

(2.2%)

## 2. FY 2005 Third-Quarter Financial Results

### Profit and Loss



*Note: Throughout these explanatory materials, yen figures are converted to U.S. dollars for convenience only at a uniform rate of \$1 = 118 yen, which was the approximate Tokyo foreign exchange market rate at December 31, 2005.*

Consolidated net sales for the third quarter were 1,121.4 billion yen (US\$9,504 million), up 7.5% compared to the third quarter of fiscal 2004. Excluding the impact of the change in accounting policies from this fiscal year and last year's transfer of our flat panel display businesses, net sales increased by 7.0%. In Japan, excluding the impact of the change in accounting policies, sales of solutions and systems integration services were approximately the same as in last year's third quarter. Although continued strong demand boosted sales of network products, servers and other system products posted lower sales. Outside Japan, however, sales of outsourcing services in the UK remained strong, and there were significantly higher sales of UNIX servers, PCs, hard disk drives (HDDs), and LSI devices.

Consolidated operating income was 12.5 billion yen (US\$107 million), an improvement of 7.7 billion yen over the third quarter of the previous fiscal year. The operating income margin for the quarter was 1.1%, a 0.6 percentage point improvement over the previous year. Excluding the impact of the change in accounting policies, results were roughly even with the prior year. The

Device Solutions segment posted higher income due in part to increased demand for LSI devices and continued strong results for certain electronic components, as well as the restructuring of the flat panel display business. Operating income in Ubiquitous Product Solutions as well as the Services sub-segment of Technology Solutions increased, but profits declined in the System Platforms sub-segment, particularly for servers and storage systems.

In other income (expenses), revisions to Fujitsu's pension system resulted in a 4.5 billion yen reduction in amortization of unrecognized obligation for retirement benefits, and there was a 5.0 billion yen improvement from foreign currency transaction gains.

In December 2005, Spansion Inc., our Flash memory business joint venture with Advanced Micro Devices, Inc. (AMD) (in which Fujitsu's ownership interest was 40%), issued new shares in conjunction with an initial public offering. Because of the resulting change in ownership interest, we posted a loss of 8.4 billion yen. Following the public offering, Fujitsu's ownership share in Spansion is 25.2%, while 37.9% is held by AMD and 36.9% by other shareholders.

Consolidated net income for the third quarter was 3.3 billion yen (US\$29 million), an improvement of 12.9 billion yen over the third quarter of fiscal 2004.

### Impact of Change in Accounting Policies

		(Billion Yen)			
	Third Quarter FY 2005	First 9 Months FY 2005	Adoption of Percentage-of-Completion Method in Japan <sup>1</sup>	Recording of Unrecognized Pension Obligation by UK Subsidiaries <sup>2</sup>	Adoption of IFRS by Fujitsu Services (excluding pension impact) <sup>3</sup>
Net Sales	26.3	57.4	53.7	-	3.7
Operating Income	8.9	15.3	8.3	3.8	3.2

*Note 1: For the full year, the projected impact on sales is 20.0 billion yen, and on operating income, 2.0 billion yen.*

*Note 2: For the full year, the projected impact on operating income is 5.1 billion yen.*

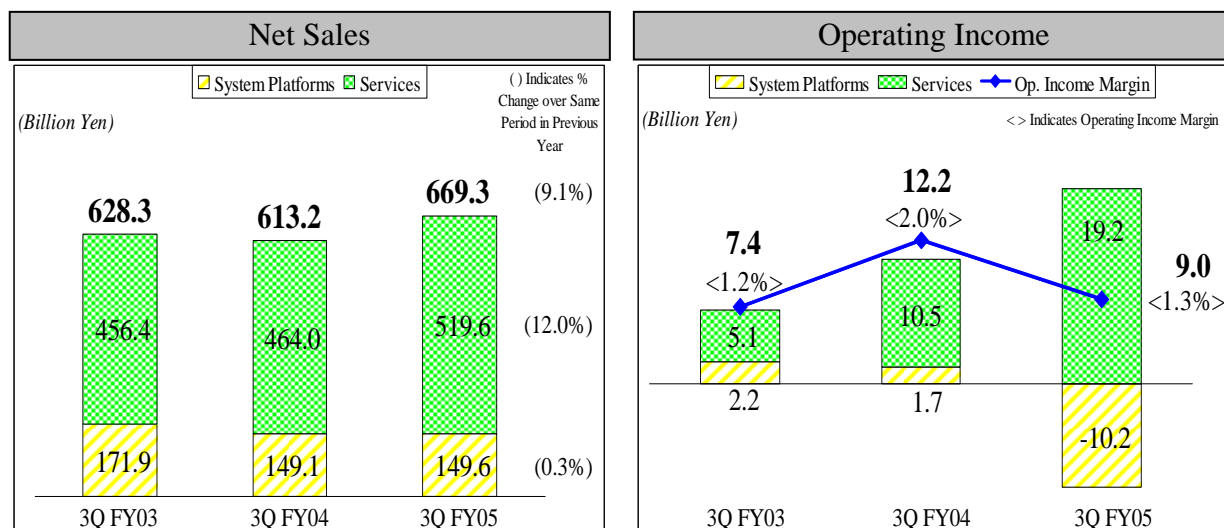
*Note 3: The impact on results for the full year is still being calculated.*



## Results by Business Segment

Information on consolidated net sales (including intersegment sales) and operating income for the third quarter broken out by business segment is presented below.

### 1) Technology Solutions



Consolidated net sales in this segment were 669.3 billion yen (US\$5,672 million), up 9.1% over the same period in fiscal 2004. Excluding the impact of applying the percentage-of-completion method, revenue increased by 4.8%. In Japan, network products continued to sell strongly, but server-related sales were sluggish. Excluding the impact of applying the percentage-of-completion method, Japan sales were roughly even with the third quarter of the previous year. Outside Japan, along with expanded sales of UNIX servers, sales of outsourcing services in the UK grew strongly.

Operating income for the segment was 9.0 billion yen (US\$76 million), a decline of 3.2 billion yen compared to the third quarter of last year. In the System Platforms sub-segment, in addition to an intensifying competitive environment for server-related products, costs associated with development of next-generation products were brought forward, contributing to a drop in operating income. In the Services sub-segment, despite strong results from our outsourcing business in the UK, when excluding the impact of applying percentage-of-completion method and other changes in accounting policies, operating income was relatively unchanged compared to the previous year.

#### (1) System Platforms

Net sales in the System Platforms sub-segment were 149.6 billion yen (US\$1,268 million), approximately the same as in the third quarter of fiscal 2004. In System Products, overseas sales of UNIX servers expanded, but in Japan competition continued to intensify, resulting in lower sales, despite a recovery in IT spending in some industries and regions. In Network Products, revenue increased on the continued strong performance of mobile communications base stations and optical transmission systems.

	Third Quarter FY 2005 (Billion Yen)	% Change from 3Q FY 2004
Net Sales	149.6	0.3%
Japan	105.7	-2.9%
Overseas	43.8	8.8%

System Platforms posted an operating loss of 10.2 billion yen (US\$87 million). In addition to intensified competition accompanying expansion of overseas sales, and sluggish sales in Japan, development expenses for next-generation models of mobile communications base stations, optical transmission systems, and server-related products were brought forward, contributing to an 11.9 billion yen decrease in operating income for the quarter.

In November 2005, we signed a global Technology Alliance Agreement with Electronic Data Systems Corporation (EDS) of the US. Under this agreement, Fujitsu PRIMEQUEST servers, which combine the reliability of mainframes with the economy of open servers, are to be incorporated in EDS's solutions offerings. EDS solutions incorporating Fujitsu products will be made available in the US, and subsequently around the world.

**(2) Services**

Net sales in the Services sub-segment were 519.6 billion yen (US\$4,404 million), up 12.0% over the same period a year earlier. Excluding the impact of applying the percentage-of-completion method, sales increased by 6.3%. In Japan, Solutions/SI sales were relatively unchanged, but continued strong performance of outsourcing business in the UK resulted in double-digit overseas sales growth

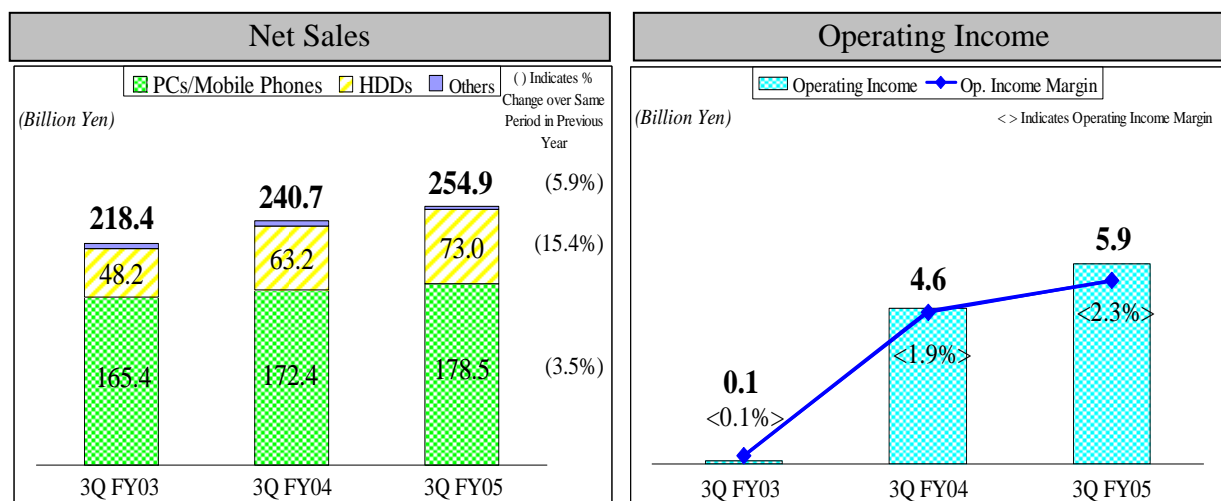
for the Services sub-segment.

	Third Quarter FY 2005 (Billion Yen)	% Change from 3Q FY 2004	<i>Change excluding impact of change in accounting policies</i>
Net Sales	519.6	12.0%	6.3%
Japan	337.3	9.1%	1.5%
Overseas	182.3	17.8%	16.0%

Operating income for Services was 19.2 billion yen (US\$163 million), an improvement of 8.7 billion yen over the same period last year. Excluding the impact of applying the percentage-of-completion method and other accounting policy changes, operating income was relatively unchanged. Although there was higher revenue from our outsourcing business in the UK, in Japan certain projects booked during the third quarter had high cost/sales ratios.

In December 2005 we launched a business collaboration with Cisco Systems, Inc. to improve the reliability and manageability of network switches. This agreement builds on an earlier strategic alliance with Cisco, announced in December 2004, focusing on routers and switches, under which we have been providing hardware since May 2005. With this newest collaboration, we will provide preventative maintenance solutions in the Japanese market that combine both companies' network infrastructure technologies with our expertise in network management and operations.

## 2) Ubiquitous Product Solutions



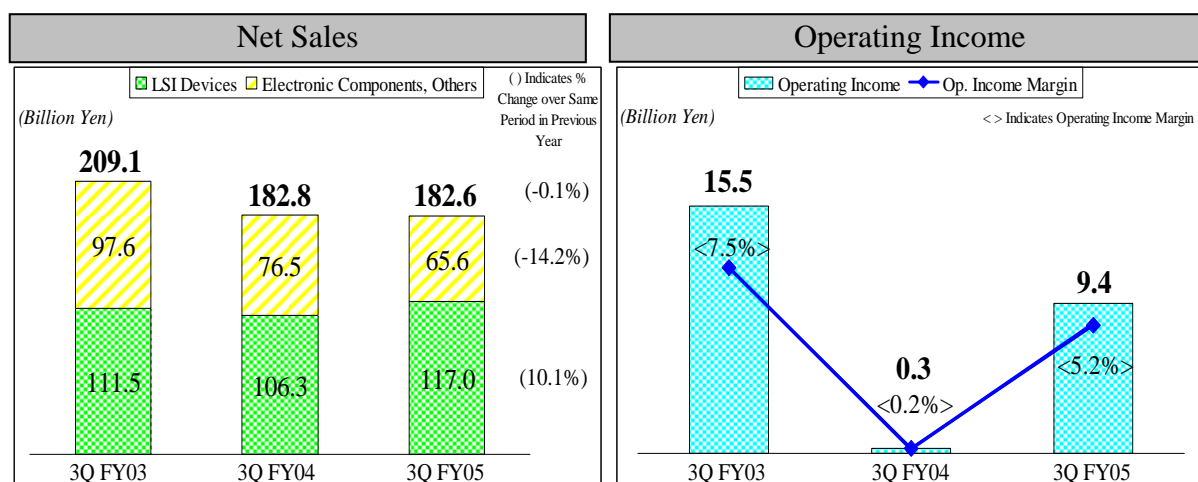
Consolidated net sales in this segment were 254.9 billion yen (US\$2,161 million), up 5.9% over the third quarter of the previous year. Although the intensity of competition in the PC market in Japan has been increasing, we were able to post higher revenue by moving up the launch date of our Spring 2006 models and because of higher unit volumes, particularly for consumer-oriented products. Overseas, sales of both PCs and HDDs were robust, resulting in double-digit growth.

	Third Quarter FY 2005 (Billion Yen)	% Change from 3Q FY 2004
Net Sales	254.9	5.9%
Japan	159.3	0.2%
Overseas	95.6	17.0%

Operating income for the segment was 5.9 billion yen (US\$50 million), up 1.2 billion yen from the third quarter of the previous year. Although the weak value of the yen increased the cost of procuring parts, enhanced manufacturing innovation initiatives yielded cost savings and quality improvements. These measures, plus the impact of higher revenue from HDDs, enabled us to maintain overall profit at roughly the same level as last year, when excluding the impact of changes in accounting policies.

To strengthen our HDD business, we are expanding our line of 2.5" HDD products and entering the market for 1.8" HDDs, which are key components of mobile equipment. Until now, we have focused on 2.5" HDDs for mobile PCs and 3.5" HDDs for servers, and succeeded in increasing sales volume by leveraging our strengths in advanced technology and high quality. Now we plan to further increase our worldwide competitive capability by allocating resources in a well-balanced manner to growth markets.

### 3) Device Solutions



Net sales in Device Solutions were 182.6 billion yen (US\$1,548 million), roughly even with the third quarter of the previous year. Excluding the impact of the transfer of our flat-panel display businesses, sales on a continuing operations basis increased by 12.8%. Quarterly sales in the LSI Devices sub-segment increased on a year-over-year basis for the first time in five quarters, spurred by strong sales of products for mobile phones and digital consumer appliances. Outside Japan, we achieved double-digit sales growth.

	Third Quarter FY 2005 (Billion Yen)	% Change from 3Q FY 2004	Change excluding impact of restructuring
Net Sales	182.6	-0.1%	12.8%
Japan	100.3	-11.3%	1.7%
Overseas	82.3	18.1%	31.4%

Operating income for Device Solutions was 9.4 billion yen (US\$80 million), up 9.1 billion yen over the third quarter of the previous year. Despite higher sales in LSI Devices, operating income was impacted by start-up expenses associated with the new 300mm wafer fab at our Mie Plant, which started volume production in September 2005. Certain electronic components continued to post strong results, and with the absence of losses from the flat panel display business that characterized earnings in the third quarter of fiscal 2004, overall operating income for the segment increased significantly on a year-over-year basis.

In November 2005, we signed an agreement with S3 Graphics Co., Ltd. of the US to handle contract production of that company's new high-performance graphics processor at our Mie Plant using 90nm process technology.

In order to meet the increasing demand for semiconductors made with advanced fabrication processes, in January 2006 we announced our decision to construct a second 300mm wafer production facility at our Mie Plant (Building No. 2). We seek to serve as a partner to our customers and contribute to their success by providing a wide range of optimized solutions, including high-performance products based on cutting-edge technologies.

In December 2005, Spansion Inc., our Flash memory business joint venture with AMD, issued new shares in conjunction with its initial public offering. Following the public offering, Fujitsu's ownership share in Spansion is 25.2%, while 37.9% is held by AMD and 36.9% by other shareholders.

### 3. Financial Condition

#### Assets, Liabilities and Shareholders' Equity

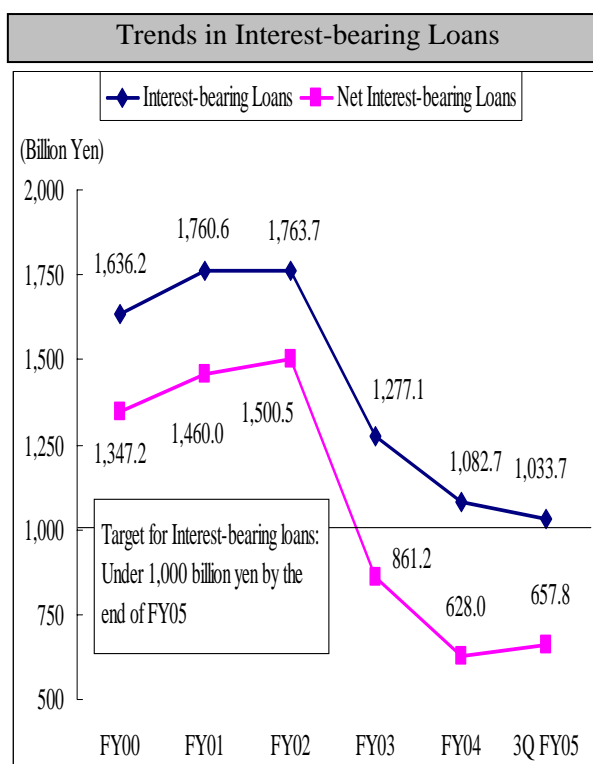
	Third Quarter FY 2005	Change from End of First Half FY 2005	Change from Third Quarter FY 2004	(Billion Yen) Third Quarter FY 2004
Total assets	3,631.9	20.0	57.3	3,574.6
Interest-bearing loans (Net interest-bearing loans)	1,033.7 (657.8)	-54.8 (49.5)	-113.4 (-272.0)	1,147.1 (929.8)
Shareholders' equity	845.9	26.9	-7.0	853.0
D/E ratio (Net D/E ratio)	1.22 (0.78)	-0.11 (0.04)	-0.12 (-0.31)	1.34 (1.09)

Total assets at the end of the third quarter were 3,631.9 billion yen, an increase of 20.0 billion yen from the close of the fiscal first-half period at the end of September.

Total current assets were 1,824.2 billion yen, relatively unchanged compared to the close of the first half. Although cash and cash equivalents decreased, primarily as a result of debt repayments, trade receivables increased as a result of growth in third-quarter sales, and inventories increased in preparation for the concentration of sales that typifies the fourth quarter. Total fixed assets increased to 1,807.7 billion yen, an increase of 19.0 billion yen compared to the end of the first half, resulting from an increase in market value of marketable securities.

Total liabilities were 2,618.2 billion yen, a decrease of 8.8 billion yen compared to the close of the first half. While trade payables increased in preparation for concentrated sales in the fourth quarter, liabilities decreased because of debt repayments. As a result of these repayments, interest-bearing loans totaled 1,033.7 billion yen, a decrease of 54.8 billion yen.

Total shareholders' equity was 845.9 billion yen, an increase of 26.9 billion yen compared to the end of September. The increase was the result of the net profit posted for the period as well as to an increase in unrealized gains on securities resulting from an increase in market value of marketable securities. As a result, the shareholders' equity ratio was 23.3% and the D/E ratio was 1.22, an improvement of 0.11 compared to the close of the first half.



## Summary of Cash Flows

(Billion Yen)

	Third Quarter FY 2005	Change from Third Quarter FY 2004	First 9 months FY 2005	Change from First 9 months FY 2004
Cash flows from operating activities	6.5	-26.5	149.6	66.3
Cash flows from investing activities	-38.6	3.4	-142.8	-45.0
Free cash flow	-32.0	-23.0	6.7	21.2

Net cash provided by operating activities in the third quarter was 6.5 billion yen, a decrease of 26.5 billion yen compared with the same period in the preceding fiscal year. Because, compared to the previous fiscal year, sales have been more evenly distributed throughout the year, and because there has been an increase in overseas sales, which tend to have faster payment terms, the balance of trade receivables during the first half of the fiscal year declined as payments were collected, and the amount of payments received during the third quarter decreased. For the first nine months of the year, improved profitability and more efficient inventory management have led to an increase in operating cash flows of 66.3 billion yen compared to the same period in fiscal 2004.

Net cash used in investing activities was 38.6 billion yen, roughly even with the same period in the prior fiscal year. This was primarily for capital expenditures.

Free cash flow, the sum of operating and investment cash flows, was negative 32.0 billion yen, a deterioration of 23.0 billion yen compared to the same period in fiscal 2004.

Net cash used in financing activities was 72.9 billion yen, primarily attributable to debt repayments.

The balance of total cash and cash equivalents at the end of the third quarter was 375.4 billion yen, a decrease of 103.2 billion yen from the end of the first half.

## 4. Financial Results for the First Nine Months of Fiscal 2005

### Profit and Loss

	First 9 Months of FY 2005 (Billion Yen)	% Change from 3Q FY 2004
Net Sales	3,313.7	1.5%
Japan	2,179.7	-2.3%
Overseas	1,134.0	9.8%

*Change excluding impact  
of changes in accounting  
policies and restructuring*

2.2%  
-2.7%  
12.9%

	First 9 Months of FY 2005	Change from Same Period Last Year
Operating Income	60.1	22.0

(Billion Yen)

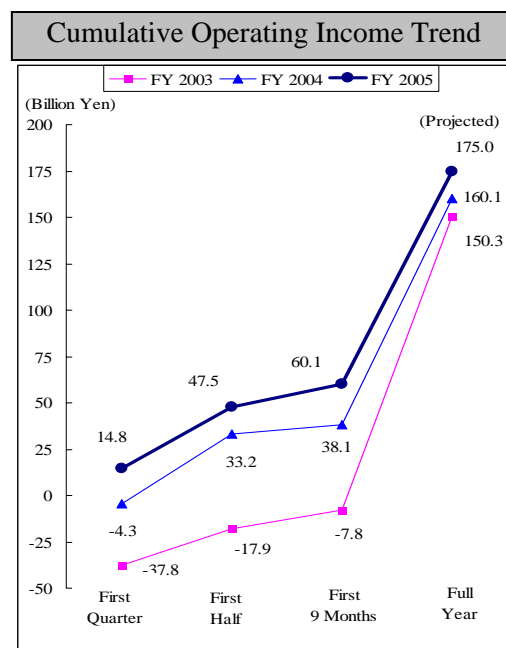
Consolidated net sales for the first nine months of fiscal 2005 were 3,313.7 billion yen (US\$28,083 million). Excluding the impact of changes in accounting policies and restructuring, this represented an increase in sales of 2.2% compared to the first nine months of fiscal 2004.

In addition to stagnant market conditions for semiconductors in the first half of the period, as well as the comparative effect with the previous year, in which there was demand for systems handling newly issued Japanese banknotes, domestic sales in Solutions/SI and System Products in the first nine months of fiscal 2005 were sluggish. Outside Japan, however, in addition to higher sales of servers and HDDs, sales of outsourcing services in the UK and optical transmission systems in North America both increased significantly on a year-over-year basis.

Consolidated operating income was 60.1 billion yen (US\$510 million), an increase of 22.0 billion yen from the same period of the previous year. Excluding the impact of changes in accounting policies, the increase was 6.7 billion yen.

Profitability declined on a year-over-year basis in System Platforms, which saw intensified competition in Japan and overseas markets, as well as in LSI Devices, due to weakness in the semiconductor market during the first half of the period and start-up expenses associated with the new 300mm wafer fab. On the other hand, operating income in Services significantly increased as a result of success in preventing project losses in our solutions/SI business and strong results from outsourcing services in the UK. Likewise, Ubiquitous Product Solutions also posted significantly higher income as a result of cost savings and quality improvements from manufacturing reforms as well as higher earnings from HDDs. As a result of these factors, the overall operating income margin improved by 0.6 percentage points, to 1.8%.

In other income (expenses), there was a reduction in amortization of unrecognized obligations for retirement benefits as a result of pension system revisions. There was also an improvement resulting from currency transaction gains.



We posted a 15.9 billion yen gain on the settlement of litigation relating to HDDs, and a gain of 3.4 billion yen associated with the transfer of our LCD business. We also posted a loss on change in ownership interest of 8.4 billion yen in conjunction with the initial public offering of an affiliated company (Spansion Inc.), and a loss of 5.4 billion yen on restructuring expenses.

As a result, we reported consolidated net income of 11.0 billion yen (US\$94 million) for the first nine months of fiscal 2005, an improvement of 28.7 billion yen over the first nine months of the previous fiscal year.



## 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.

	<b>FY 2005 (Forecast)</b>	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

## Part III: Supplementary Information

### 1. Consolidated Business Segment Information

(1) Net Sales\* and Operating Income

		Yen (billions)		Change (Billion Yen)	Yen (billions)		Change (%) FY04 to Revised FY05
		FY 2005 (Forecast)			FY 2004		
		Previous*	Revised**		(Actual)	Revised FY05	
<b>Technology Solutions</b>							
Japan	Y	2,160.0	<b>2,150.0</b>	-10.0	2,157.6	-0.4	
Overseas		860.0	<b>870.0</b>	+10.0	776.7	+12.0	
Total	Y	3,020.0	<b>3,020.0</b>	-	2,934.4	+2.9	
Operating Income	Y	180.0	<b>175.0</b>	-5.0	142.0	+23.2	
[Operating Income Margin]		[6.0%]	<b>[5.8%]</b>		[4.8%]		
<i>System Platforms</i>							
Operating Income		40.0	<b>35.0</b>	-5.0	45.1	-22.5	
[Operating Income Margin]		[5.6%]	<b>[4.9%]</b>		[6.2%]		
<i>Services</i>							
Operating Income		140.0	<b>140.0</b>	-	96.8	+44.5	
[Operating Income Margin]		[6.1%]	<b>[6.1%]</b>		[4.4%]		
<b>Ubiquitous Product Solutions</b>							
Japan		700.0	<b>700.0</b>	-	733.0	-4.5	
Overseas		350.0	<b>350.0</b>	-	298.3	+17.3	
Total		1,050.0	<b>1,050.0</b>	-	1,031.4	+1.8	
Operating Income		25.0	<b>25.0</b>	-	31.3	-20.2	
[Operating Income Margin]		[2.4%]	<b>[2.4%]</b>		[3.0%]		
<b>Device Solutions</b>							
Japan		390.0	<b>390.0</b>	-	474.8	-17.9	
Overseas		290.0	<b>300.0</b>	+10.0	319.9	-6.2	
Total		680.0	<b>690.0</b>	+10.0	794.7	-13.2	
Operating Income		20.0	<b>25.0</b>	+5.0	32.5	-23.3	
[Operating Income Margin]		[2.9%]	<b>[3.6%]</b>		[4.1%]		
<b>Other Operations</b>							
Japan		310.0	<b>310.0</b>	-	297.4	+4.2	
Overseas		100.0	<b>100.0</b>	-	79.7	+25.4	
Total		410.0	<b>410.0</b>	-	377.2	+8.7	
Operating Income		10.0	<b>10.0</b>	-	9.0	+10.5	
[Operating Income Margin]		[2.4%]	<b>[2.4%]</b>		[2.4%]		
<b>Elimination</b>							
Sales		(360.0)	<b>(370.0)</b>	-10.0	(375.0)	-	
Operating Income		(60.0)	<b>(60.0)</b>	-	(54.8)	-	
<b>Total</b>							
Japan		3,250.0	<b>3,240.0</b>	-10.0	3,340.6	-3.0	
Overseas		1,550.0	<b>1,560.0</b>	+10.0	1,422.0	+9.7	
Total		4,800.0	<b>4,800.0</b>	-	4,762.7	+0.8	
Operating Income	Y	175.0	<b>175.0</b>	-	160.1	+9.2	
[Operating Income Margin]		[3.6%]	<b>[3.6%]</b>		[3.4%]		

\* Includes intersegment sales

\*\*Previous forecast as of October 27, 2005

(2) Net Sales\* by Principal Products and Services

	Yen (billions) FY 2005 (Forecast)		Change (Billion Yen)	Yen (billions) FY 2004	
	Previous*	Revised		(Actual)	Change (%)
<b>Technology Solutions</b>					
System Products	Y 370.0	<b>350.0</b>	-20.0	380.1	-7.9
Network Products	340.0	<b>360.0</b>	+20.0	353.8	+1.7
<i>System Platforms</i>	710.0	<b>710.0</b>	-	734.0	-3.3
Solutions / SI	1,025.0	<b>1,025.0</b>	-	1,002.6	+2.2
Infrastructure Services	1,070.0	<b>1,070.0</b>	-	976.1	+9.6
Others	215.0	<b>215.0</b>	-	221.5	-3.0
<i>Services</i>	2,310.0	<b>2,310.0</b>	-	2,200.4	+5.0
Total	3,020.0	<b>3,020.0</b>	-	2,934.4	+2.9
<b>Ubiquitous Product Solutions</b>					
PCs / Mobile Phones	750.0	<b>750.0</b>	-	776.1	-3.4
Hard Disk Drives	280.0	<b>280.0</b>	-	235.5	+18.9
Others	20.0	<b>20.0</b>	-	19.7	+1.3
Total	1,050.0	<b>1,050.0</b>	-	1,031.4	+1.8
<b>Device Solutions</b>					
LSI Devices	450.0	<b>450.0</b>	-	468.2	-3.9
Electronic Components, Others	Y 230.0	<b>240.0</b>	+10.0	326.5	-26.5
Total	680.0	<b>690.0</b>	+10.0	794.7	-13.2

\* Includes intersegment sales

\*\*Previous forecast as of October 27, 2005

## 2. R&D Expenses

	Yen (billions)		Change	Yen (billions)
	FY 2005 (Forecast)			FY 2004
	Previous*	Revised	(Billion Yen)	(Actual)
	245.0	<b>245.0</b>	-	240.2
As % of sales	5.1%	<b>5.1%</b>	-	5.0%

## 3. Capital Expenditures, Depreciation

		Yen (billions)		Change	Yen (billions)
		FY 2005 (Forecast)			FY 2004
		Previous*	Revised	(Billion Yen)	(Actual)
<b>Capital Expenditures</b>					
Technology Solutions	Y	110.0	<b>110.0</b>	-	65.8
Ubiquitous Product Solutions		20.0	<b>20.0</b>	-	17.2
Device Solutions		110.0	<b>110.0</b>	-	76.1
Corporate and others		20.0	<b>20.0</b>	-	22.0
Total	Y	260.0	<b>260.0</b>	-	181.4
Japan		200.0	<b>200.0</b>	-	142.3
Overseas		60.0	<b>60.0</b>	-	39.0
<b>Depreciation</b>		190.0	<b>190.0</b>	-	169.9

## 4. Cash Flows

		FY 2005 (Forecast)		Change	(Billion Yen) FY 2004
		Previous*	Revised		
(A) Cash flows from operating activities	Y	350.0	<b>350.0</b>	-	277.2
[Net income]		[50.0]	<b>[50.0]</b>	-	[31.9]
[Depreciation **]		[260.0]	<b>[260.0]</b>	-	[232.1]
[Others]		[40.0]	<b>[40.0]</b>	-	[13.2]
(B) Cash flows from investing activities		(250.0)	<b>(250.0)</b>	-	(15.1)
(C) Free cash flow (A)+(B)		100.0	<b>100.0</b>	-	262.1
(D) Cash flows from financing activities		(120.0)	<b>(150.0)</b>	-30.0	(212.0)
(E) Total (C)+(D)	Y	(20.0)	<b>(50.0)</b>	-30.0	50.0

## 5. Exchange Rates

Forecast Average Rates for

4th Quarter of FY 2005			Change
Previous*	Revised		
\$1=105 yen	<b>\$1=115 yen</b>		+10 yen

## 6. PC Shipments

				(Million Units)
FY 2005 (Forecast)				
Previous*	Revised	Change		FY 2004
8.00	<b>8.00</b>	-		7.44

## 7. Mobile Phone Shipments

				(Million Units)
FY 2005 (Forecast)				
Previous*	Revised	Change		FY 2004
3.10	<b>3.50</b>	0.4		3.49

## 8. HDD Production

				(Million Units)
FY 2005 (Forecast)				
Previous*	Revised	Change		FY 2004
26.00	<b>26.00</b>	-		19.34

\*Previous forecast as of October 27, 2005

\*\* Including amortization of goodwill