

#### 4. Financial Results for the First Nine Months of Fiscal 2006

##### Profit and Loss

	First 9 Months of FY 2006 (Billion Yen)	% Change from First 9 Months of FY 2005
Net Sales	3,559.9	7.4%
Japan	2,231.8	2.4%
Overseas	1,328.1	17.1%

	First 9 Months of FY 2006	Change from First 9 Months of FY 2005 (Billion Yen)
Operating Income	57.7	-2.4

Consolidated net sales for the first nine months of fiscal 2006 were 3,559.9 billion yen (US\$29,915 million), an increase of 7.4% over the comparable period last year. Sales in Japan increased 2.4% over the previous year, as lower sales of mobile phone base stations and PCs were offset by solid sales trends in the services business as well as higher sales of logic LSI devices and electronic components. Overseas sales increased by 17.1%, driven by higher sales of services in the UK and North America as well as higher sales of HDDs, optical transmission systems, UNIX servers, and electronic components.

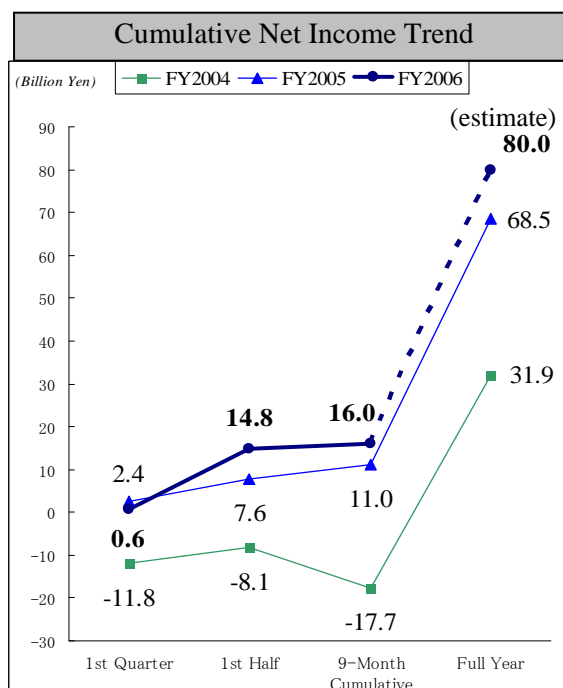
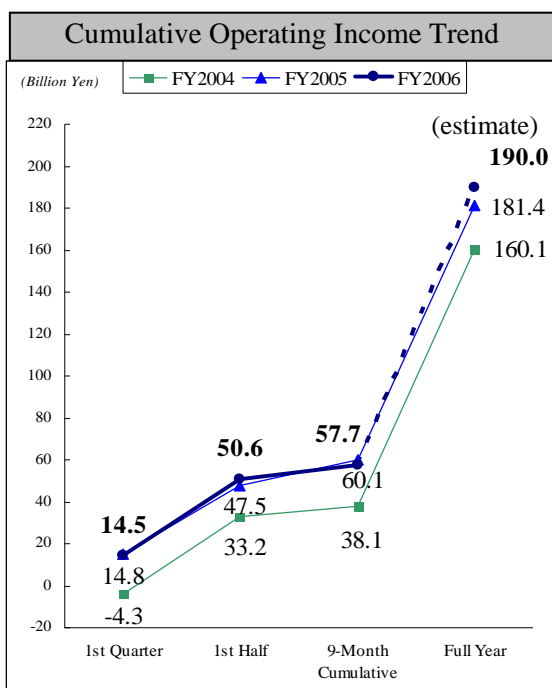
Consolidated operating income was 57.7 billion yen (US\$485 million), a decrease of 2.4 billion yen from the same period in fiscal 2005. While gross profit increased by 42.7 billion yen, selling, general and administrative expenses increased by 45.1 billion yen.

Higher sales in our services business and other areas had a positive impact on profitability. However, consumers postponed purchases prior to the launch of Windows Vista, and there was deterioration in market conditions for logic LSI devices, resulting from intensified price competition in the field of digital home appliances. Moreover, there was intensified price competition globally in such areas as HDDs and optical transmission systems. On the other hand, we made continued progress in generating cost efficiencies through our manufacturing innovation efforts, as well as initiatives to improve systems development efficiency. Selling, general and administrative expenses increased as a result of the expanded scale of our business overseas and strategic upfront investments.

In other income (expenses), in addition to a reduction in the amortization of unrecognized obligation for retirement benefits, there was an increase in investment gains under net equity in earnings of affiliated companies and, as a result of a reduction in interest-bearing loans, an improvement in net interest expenses.

In conjunction with the initial public offering of consolidated subsidiary NIFTY Corporation, we posted a gain on the sale of marketable securities and a gain on the change in interest, and we also posted a loss on the sale of marketable securities from the sale of a portion of our shareholdings in Spansion Inc.

Consolidated net income for the first nine months of fiscal 2006 was 16.0 billion yen (US\$135 million), an increase of 4.9 billion yen over the comparable period in the previous year.



### Summary of Cash Flows

	(Billion Yen)					
	FY 2006			Change from FY 2005		
	First Half	Third Quarter	First 9 Months	First Half	Third Quarter	First 9 Months
Cash flows from operating activities	184.0	-79.7	104.2	41.0	-86.3	-45.3
Cash flows from investing activities	-119.0	-52.9	-171.9	-14.8	-14.2	-29.0
Free cash flow	65.0	-132.7	-67.6	26.2	-100.6	-74.4
Cash flows from financing activities	-73.5	-41.2	-114.7	-58.3	31.7	-26.6

### Regarding the Impact of Non-Trading Days at the End of the First Half of Fiscal 2006

Impact  
(Billion Yen)

Cash flows from operating activities	75.2
Cash flows from investing activities	21.4
Free cash flow	96.7

In the first-half fiscal 2006 financial results announcement on October 26, 2006, it was stated that payments on trade and other payables would be pushed into the third quarter because there were non-trading days that coincided with the end of the first-half period. This would result in an impact of approximately 80.0 billion yen, approximately 60.0 billion yen in relation to cash flows from operating activities and a further 20.0 billion yen in relation to cash flows from investing activities. After a careful examination of all debts and credits, however, it was determined that the total impact was 96.7 billion yen, 75.2 billion yen on operating cash flows and 21.4 billion yen on investing cash flows.

First-half fiscal 2006 cash flows from operating activities increased by 41.0 billion yen compared with the first half of fiscal 2005. Outflows during the period effectively increased by 18.2 billion yen if the 75.2 billion yen impact on operating cash flows resulting from the non-trading days at the end of the first half and the gain of 15.9 billion yen from settlement of litigation are excluded.