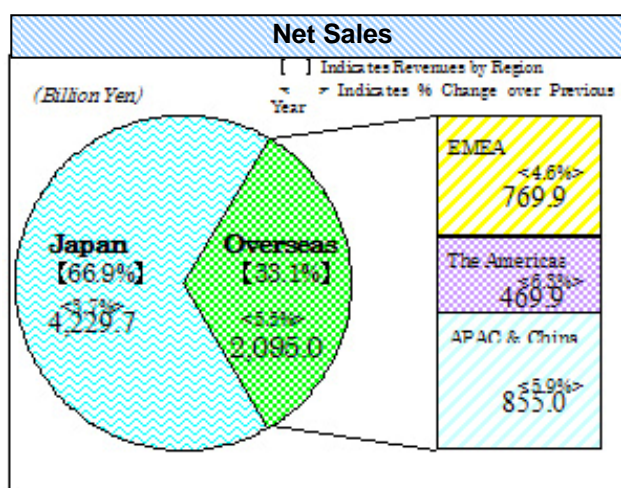


4. Results by Geographic Segment



Operating Income

(Billion Yen)

	FY 2007	FY 2006	Change from FY 2006
Japan	240.9 [5.7%]	191.8 [4.7%]	49.0 [1.0%]
Overseas	24.8 [1.2%]	44.2 [2.2%]	-19.4 [-1.0%]
EMEA	0.7 [0.1%]	24.1 [3.3%]	-23.4 [-3.2%]
The Americas	9.2 [2.0%]	8.4 [1.9%]	0.7 [0.1%]
APAC & China	14.8 [1.7%]	11.6 [1.4%]	3.1 [0.3%]

Notes: Numbers inside brackets indicate operating income margin.

In accordance with changes in accounting policies implemented in fiscal 2007, operating income for Japan was reduced by 0.8 billion yen. The impact on other geographic segments is insignificant.

In Japan, net sales were 4,229.7 billion yen (US\$42,297 million), an increase of 3.7% over fiscal 2006. Lower sales of mobile phone base stations and other products were outweighed by higher sales of services, PCs, mobile phones, and advanced technology logic devices. Operating income was 240.9 billion yen (US\$2,409 million), up 49.0 billion yen over fiscal 2006. Despite intensified price competition in HDDs for notebook PCs and lower sales of mobile phone base stations, operating income increased as a result of the contribution from higher sales and increased efficiency in the services, server, and PC businesses due to cost-cutting initiatives.

Net sales outside of Japan increased by 5.5% over the prior year, with higher sales in all three geographic segments. The scale of the Services business increased through acquisitions as well as strong performance in existing operations. In spite of the contribution of higher sales, operating income was 24.8 billion yen (US\$248 million), a year-on-year decrease of 19.4 billion yen due largely to a provision to cover a loss from an unprofitable project in the UK and higher goodwill amortization costs in relation to acquisitions in the Services business.

In EMEA, net sales were 769.9 billion yen (US\$7,699 million), representing a 4.6% year-on-year increase. Growth was centered in Germany and Scandinavia, where acquisitions in Services expanded the scale of business. Operating income was 0.7 billion yen (US\$7 million), a decrease of 23.4 billion yen compared to the previous fiscal year. Despite the contribution of higher sales, operating income decreased as a result of such factors as a provision to cover a loss from an unprofitable project in the UK, higher goodwill amortization costs in relation to acquisitions in the Services business, as well as increased strategic, up-front investments for optical transmission system development and other next-generation network equipment.

In the Americas, net sales were 469.9 billion yen (US\$4,699 million), up 6.3% over fiscal 2006. Higher sales of optical transmission systems, servers, HDDs, and notebook PCs contributed to the overall increase in sales. Operating income was 9.2 billion yen (US\$92 million), roughly on par with the previous year's results. Despite higher development costs for next-generation networks and increased marketing expenses related to the launch of IA servers, operating income increased as a result of as higher sales as well as cost-cutting in the retail solutions business.

In APAC & China, net sales were 855.0 billion yen (US\$8,550 million), a 5.9% increase over the same period last year. Due in part to an acquisition in Oceania, the Services business expanded, and HDD manufacturing subsidiaries also increased sales. Operating income was 14.8 billion yen (US\$148 million), an increase of 3.1 billion yen compared to fiscal 2006, primarily as a result of the contribution of higher sales.