

11. FY 2007 Full-Year Consolidated Earnings Projections

In the first half of fiscal 2007, our consolidated net sales and operating income exceeded the projected levels we announced in July. We were able to achieve these results because of the strong performance of our services business, both in Japan and outside Japan, sales growth in PCs and mobile phones, advance demand for server-related equipment, in addition to our efforts to generate cost efficiencies.

In our services business, which continues to perform well, we will continue our aggressive global expansion initiatives. While the performance of our network products business continues to be adversely affected by a shift in the focus of customer investment spending as well as the weight of upfront development investments, the launch of new UNIX server models in our system products business has contributed to an overall recovery trend in our System Platforms sub-segment. In HDDs, while there are signs that declines in market prices are beginning to level off, the key to raising our market share will be to achieve stable, high-volume production of new products. In LSI devices, while inventory adjustments on the part of customers have run their course, the recovery in demand continues to lag.

Regarding projections for fiscal 2007 full-year consolidated earnings, we have not changed the forecast we issued on October 22. Although first-half operating income was higher than we projected, it is still below the level we achieved in the first half of fiscal 2006. A number of uncertainties remain regarding our System Platforms business, for which both sales and operating income tend to be concentrated in the fourth quarter. There are also lingering uncertainties regarding demand trends for HDDs, logic LSI devices, and other products.

While we are not changing our overall consolidated net sales projection for fiscal 2007, for Technology Solutions, we are lowering our projections for network products due to a slow recovery in demand, but raising the projection for infrastructure services due to a positive impact from currency translations. We are also raising our projection for net sales in the Ubiquitous Product Solutions segment, which benefited from strong first-half performance in PCs and mobile phones. In line with these revisions in our segment sales projections, we are lowering our projection for operating income in our Technology Solutions segment, and raising our operating income projection for the Ubiquitous Product Solutions segment.

We will continue to make every effort to meet the earnings targets set at the start of the fiscal year.

FY 2007 Consolidated Forecast

(Billions Yen)

	FY 2006 (Actual)	FY 2007 (Forecast)	Change vs. July 2007 Forecast (vs. Oct. 22, 2007)
Net sales	5,100.1	5,400.0	-
Operating income	182.0	195.0	-
Net income	102.4	65.0	-

Quarterly Figures for Net Sales and Operating Income

(Billions Yen)

		First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Actual)	Fourth Quarter (Actual)
FY 2006	Net sales	1,102.8	1,259.4	1,197.6	1,540.2
	Op. income	14.5	36.0	7.1	124.3

		First Quarter (Actual)	Second Quarter (Actual)	Third Quarter (Forecast)	Fourth Quarter (Forecast)
FY 2007	Net sales	1,166.8	1,346.3	1,300.0	1,586.8
	Op. income	2.9	40.9	20.0	131.0

Change vs. FY06	Op. income	-11.6	4.9	12.8	6.7
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Forecast for FY 2007 Consolidated Business Segment Information

(1) Net Sales* and Operating Income

		Yen (Billions)			FY 2006 (Actual)	Change (%) FY 2006 to Revised FY 2007
		FY 2007 (Forecast)				
		Previous**	Revised***	Change		
Technology Solutions						
Japan	Y	2,150.0	2,130.0	-20.0	2,087.7	+2.0
Overseas		1,150.0	1,170.0	+20.0	1,069.3	+9.4
Total		3,300.0	3,300.0	-	3,157.0	+4.5
Operating income:						
System Platforms		15.0	10.0	-5.0	7.5	+33.3
[Operating income margin]		[2.1%]	[1.4%]		[1.1%]	
Services		165.0	165.0	-	156.1	+5.7
[Operating income margin]		[6.4%]	[6.4%]		[6.4%]	
Total operating income		180.0	175.0	-5.0	163.6	+7.0
[Operating income margin]		[5.5%]	[5.3%]		[5.2%]	
Ubiquitous Product Solutions						
Japan		740.0	760.0	+20.0	710.1	+7.0
Overseas		460.0	450.0	-10.0	408.1	+10.2
Total		1,200.0	1,210.0	+10.0	1,118.3	+8.2
Operating income		35.0	40.0	+5.0	41.6	-4.0
[Operating income margin]		[2.9%]	[3.3%]		[3.7%]	
Device Solutions						
Japan		500.0	500.0	-	457.0	+9.4
Overseas		320.0	320.0	-	305.6	+4.7
Total		820.0	820.0	-	762.6	+7.5
Operating income		35.0	35.0	-	19.0	+84.1
[Operating income margin]		[4.3%]	[4.3%]		[2.5%]	
Other Operations						
Japan		370.0	360.0	-10.0	349.9	+2.9
Overseas		150.0	150.0	-	140.4	+6.8
Total		520.0	510.0	-10.0	490.3	+4.0
Operating income		10.0	10.0	-	10.5	-5.3
[Operating income margin]		[1.9%]	[2.0%]		[2.2%]	
Elimination						
Sales		(440.0)	(440.0)	-	(428.2)	-
Operating income		(65.0)	(65.0)	-	(52.7)	-
Total						
Japan		3,430.0	3,420.0	-10.0	3,274.9	+4.4
Overseas		1,970.0	1,980.0	+10.0	1,825.2	+8.5
Total		5,400.0	5,400.0	-	5,100.1	+5.9
Operating income	Y	195.0	195.0	-	182.0	+7.1
[Operating income margin]		[3.6%]	[3.6%]		[3.6%]	

Notes:

* Includes intersegment sales.

** Previous forecast as of July 26, 2007.

*** Revised forecast as of November 22, 2007.

(2) Net Sales* by Principal Products and Services

	Yen (Billions)			FY 2006 (Actual)	Change (%) FY 2006 to Revised FY 2007
	FY 2007 (Forecast)				
	Previous**	Revised***	Change		
Technology Solutions					
System Platforms:					
System Products	Y 370.0	370.0	-	355.3	+4.1
Network Products	360.0	340.0	-20.0	348.4	-2.4
	<u>730.0</u>	<u>710.0</u>	-20.0	<u>703.7</u>	<u>+0.9</u>
Services:					
Solutions / SI	1,240.0	1,240.0	-	1,091.0	+13.7
Infrastructure Services	1,240.0	1,260.0	+20.0	1,164.8	+8.2
Others	90.0	90.0	-	197.3	-54.4
	<u>2,570.0</u>	<u>2,590.0</u>	+20.0	<u>2,453.2</u>	<u>+5.6</u>
Total	<u>3,300.0</u>	<u>3,300.0</u>	-	<u>3,157.0</u>	<u>+4.5</u>
Ubiquitous Product Solutions					
PCs / Mobile Phones	800.0	820.0	+20.0	768.6	+6.7
Hard Disk Drives	380.0	370.0	-10.0	329.8	+12.2
Others	20.0	20.0	-	19.8	+0.8
Total	<u>1,200.0</u>	<u>1,210.0</u>	+10.0	<u>1,118.3</u>	<u>+8.2</u>
Device Solutions					
LSI Devices	530.0	530.0	-	473.5	+11.9
Electronic Components, Others	290.0	290.0	-	289.1	+0.3
Total	<u>Y 820.0</u>	<u>820.0</u>	-	<u>762.6</u>	<u>+7.5</u>

Notes:

* Includes intersegment sales.

** Previous forecast as of July 26, 2007.

*** Revised forecast as of November 22, 2007.