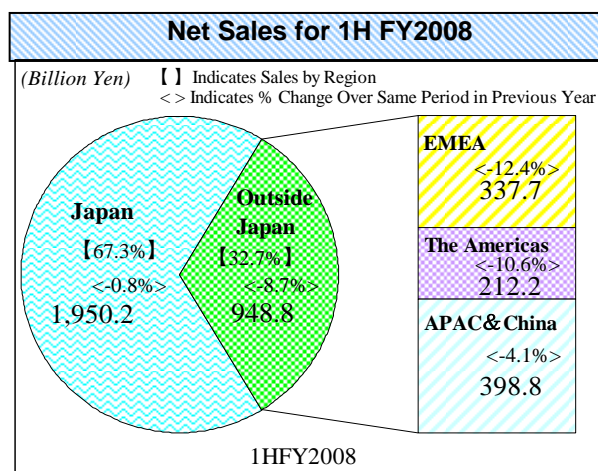


4. Results by Geographic Segment



Operating Income (Billion Yen)

	First Half FY 2008	Change vs. 1H FY 2007	Second Quarter FY 2008	Change vs. 2Q FY 2007
Japan	62.0 [3.2%]	5.4 [0.3%]	42.1 [4.1%]	-5.3 [-0.4%]
Outside Japan	6.8 [0.7%]	-9.6 [-0.9%]	6.4 [1.3%]	-3.9 [-0.6%]
EMEA	0.2 [0.1%]	-4.3 [-1.1%]	1.6 [1.0%]	-1.9 [-0.8%]
The Americas	1.4 [0.7%]	-3.5 [-1.4%]	0.5 [0.5%]	-2.6 [-2.0%]
APAC & China	5.1 [1.3%]	-1.8 [-0.4%]	4.3 [2.1%]	0.6 [0.5%]

Note: Numbers inside brackets indicate operating income margin.

In Japan, net sales for the first half were 1,950.2 billion yen (US\$18,752 million), a decline of 0.8 percent compared with the first half of fiscal 2007. While first-quarter sales increased by 2.5%, second-quarter sales declined by 3.7%. Sales of systems integration services, mobile phone base stations, and routers to telecom carriers increased in both the first and second quarters over the same periods the previous year, but sales of PCs began declining in the first quarter, while mobile phones and logic LSI devices posted significant sales declines in the second quarter. Operating income was 62.0 billion yen (US\$597 million), an increase of 5.4 billion yen compared with the same period in fiscal 2007. Despite lower sales of such products as mobile phones and logic LSI devices, the benefit of higher sales and improved cost efficiencies in our systems integration and higher mobile phone base station sales contributed to the overall growth in operating income.

Net sales outside Japan were 948.8 billion yen (US\$9,124 million), an 8.7% decrease from the same period of the previous fiscal year. Excluding the impact of yen appreciation, however, sales were roughly flat with the first half of 2007. Operating income was 6.8 billion yen (US\$65 million), a decrease of 9.6 billion yen from the same period of the previous fiscal year.

Net sales in EMEA were 337.7 billion yen (US\$3,248 million), a decrease of 12.4% from the same period of the previous fiscal year. Excluding the impact of yen appreciation, sales were roughly flat with the first half of fiscal 2007. Sales of optical transmission systems declined, but sales in our Services business increased, primarily to private-sector customers in continental Europe. EMEA operating income was 0.2 billion yen (US\$2 million). There was an operating loss of 1.4 billion yen in the first quarter, but a turnaround in the second quarter resulted in an operating profit for the first half. Nevertheless, operating income declined by 4.3 billion yen compared to the first half of fiscal 2007. Although losses stemming from the burden of development expenses related to next-generation networks decreased, profitability declined as a result of higher upfront costs in our Services business related to strengthening and expanding our business with private-sector customers.

Net sales in the Americas were 212.2 billion yen (US\$2,041 million), a 10.6% decrease from the same period in the prior fiscal year. Excluding the impact of yen appreciation, however, the level of sales was more or less unchanged. In the products business, sales of UNIX servers and

HDDs were stagnant, but sales of optical transmission equipment increased. Services sales were weaker in the second quarter as a result of deteriorating market conditions, but were on par with fiscal 2007 on a half-year basis. Operating income was 1.4 billion yen (US\$14 million), a decrease of 3.5 billion yen compared with the previous fiscal year's first half, reflecting the impact of increased development costs for next-generation networks as well as higher expenses related to marketing activity for new contracts in the Services business.

In APAC and China, net sales were 398.8 billion yen (US\$3,835 million), a decrease of 4.1% compared to the corresponding period in the previous fiscal year. Excluding the impact of yen appreciation, sales decreased by 3%. Operating income was 5.1 billion yen (US\$49 million), a decrease of 1.8 billion yen from last year's first half. The decline in profitability was the result of increasingly severe competition in HDDs and electronic components as well as higher selling, general and administrative expenses associated with the expansion of our Services business.