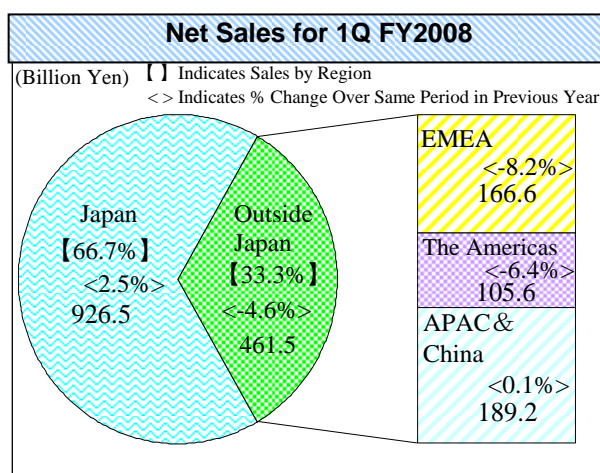


4. Results by Geographic Segment



In Japan, net sales were 926.5 billion yen (US\$8,741 million), a 2.5% increase compared to the same quarter in the prior fiscal year. A decline in sales of mobile phones and Flash memory devices was outweighed by strong sales of systems integration and outsourcing services as well as mobile phone base stations. Operating income was 19.9 billion yen (US\$188 million), an increase of 10.8 billion yen compared with the same period in fiscal 2007. Despite lower operating income from such products as

mobile phones and electronic components, the benefit of higher sales in our systems integration and mobile phone base station businesses as well as improved cost efficiencies contributed to significant growth in operating income.

Net sales outside Japan were 461.5 billion yen (US\$4,355 million), a 4.6% decrease from the previous fiscal year. Excluding the impact of yen appreciation, however, sales increased by 4%. Operating income was 0.3 billion yen (US\$3 million), a decrease of 5.7 billion yen from the same quarter of the previous year.

Net sales in EMEA were 166.6 billion yen (US\$1,572 million), a decrease of 8.2% from the same period of the previous fiscal year. Excluding the impact of yen appreciation, however, sales increased by 5%. Sales of Services expanded to private-sector customers, particularly in continental Europe. EMEA recognized an operating loss of 1.4 billion yen (US\$13 million), a decline of 2.3 billion yen from the same period in fiscal 2007. Although our optical transmission systems business improved, the improvement was not enough to absorb the continued burden of development expenses related to next-generation networks as well as goodwill amortization expenses related to the services business. In addition, higher upfront costs related to the private-sector Services business also deteriorated profitability.

Net sales in the Americas were 105.6 billion yen (US\$997 million), a 6.4% decrease from the same period in the prior fiscal year. Excluding the impact of yen appreciation, however, sales increased by 6%. While sales of UNIX servers decreased, sales of optical transmission systems increased. Despite a sluggish business environment, Services sales grew as a result of acquisitions in fiscal 2007. Operating income was 0.9 billion yen (US\$9 million), a decrease of 0.8 billion yen compared with the previous fiscal year's first quarter, reflecting the impact of increased development costs for next-generation networks.

In APAC and China, net sales were 189.2 billion yen (US\$1,786 million), roughly equivalent to results for the corresponding period in the previous fiscal year. Excluding the impact of yen

Operating Income			(Billion Yen)
	First Quarter FY 2008	First Quarter FY 2007	Change vs. 1Q FY 2007
Japan	19.9 [2.2%]	9.1 [1.0%]	10.8 [1.2%]
Outside Japan	0.3 [0.1%]	6.0 [1.3%]	- 5.7 [-1.2%]
EMEA	-1.4 [-0.8%]	0.9 [0.5%]	-2.3 [-1.3%]
The Americas	0.9 [0.9%]	1.8 [1.6%]	-0.8 [-0.7%]
APAC & China	0.7 [0.4%]	3.2 [1.7%]	-2.4 [-1.3%]

Note: Numbers inside brackets indicate operating income margin.

appreciation, however, sales increased by 2%. Operating income was 0.7 billion yen (US\$7 million), a decrease of 2.4 billion yen from last year's first quarter. The decline in profitability was the result of slow progress in generating cost efficiencies at local production bases and higher selling, general and administrative expenses associated with the expansion of our Services business.