

## 7. FY 2010 Consolidated Earnings Projections

Driven by growth in China and other emerging markets, the global economy is experiencing a moderate recovery. The corporate sector is expected to lead a mild rebound of the US economy, as production activities expand and corporate earnings continue to recover, but uncertainties are rising over economic conditions in Europe, as delays in responding to the financial crisis have led to a contraction in credit. Japan's economy continues to recover, led by growth in exports, primarily to Asia, as well as a mild recovery in capital investments, but the pace of the recovery is expected to moderate towards the end of the year as a result of a decline in public sector spending.

With respect to ICT investment, in addition to an expansion in the use of datacenter services, there are signs of a rebound primarily in the field of hardware, such as digital home appliances and automobiles, but the field of software development is expected to be adversely impacted by spending constraints through the first half of fiscal 2010, with a rebound in demand delayed until the second half of the fiscal year.

Taking the overall business environment into consideration, financial projections for fiscal 2010 are being revised as follows.

Net sales for the first half of fiscal 2010 have been revised to 2,180.0 billion yen, representing a decrease of 20.0 billion yen compared to the forecast at the start of the fiscal year. This revision is a result of a change in anticipated exchange rates from the second quarter of the fiscal year due to yen appreciation against the euro and British pound stemming from the impact of financial instability in Europe. On the other hand, operating income for the first half of fiscal 2010 has been revised upward to 35.0 billion yen, a 10.0 billion yen increase. This increase reflects a strong growth trend for sales of network products as well as electronic components. It is also expected that revisions to exchange rates will only have a limited impact on first-half operating income. For the same reason, the projection for first-half net income has been revised upward by 10.0 billion yen.

The fiscal 2010 full-year sales projection remains at 4,800.0 billion yen, no change from the forecast at the start of the fiscal year. Although exchange rate revisions are anticipated to result in an approximately 50.0 billion yen decrease in sales, the planned integration of the mobile phone business with Toshiba Corporation in the second half of the fiscal year is expected to result in approximately 50.0 billion yen of additional sales. There have been no changes made to full-year projections for operating income and net income. Although the company has upwardly revised its projections for the first half of fiscal 2010, it has decided not to revise its full-year projections because of uncertainties surrounding a recovery in ICT demand in the second half of the fiscal year, particularly in such areas as hardware products and systems integration, in which both sales and income tend to be concentrated toward the end of the fiscal year, and the risks associated with US dollar exchange rate fluctuations.

**FY 2010 First-Half Consolidated Forecast**

(Billion Yen)

	Fiscal 2009 First-Half Results	Fiscal 2010 First-Half Forecast	Change vs. April 2010 Forecast	Change vs. First-Half FY 2009	
					Change (%)
Net Sales	2,186.6	2,180.0	-20.0	-6.6	-0.3
Operating Income	-18.2	35.0	10.0	53.2	-
Net Income	43.2	15.0	10.0	-28.2	-65.3

**FY 2010 Full-Year Consolidated Forecast**

(Billion Yen)

	Fiscal 2009 Full-Year Results	Fiscal 2010 Full-Year Forecast	Change vs. April 2010 Forecast	Change vs. FY 2009	
					Change (%)
Net Sales	4,679.5	4,800.0	-	120.4	2.6
Operating Income	94.3	185.0	-	90.6	96.0
Net Income	93.0	95.0	-	1.9	2.1