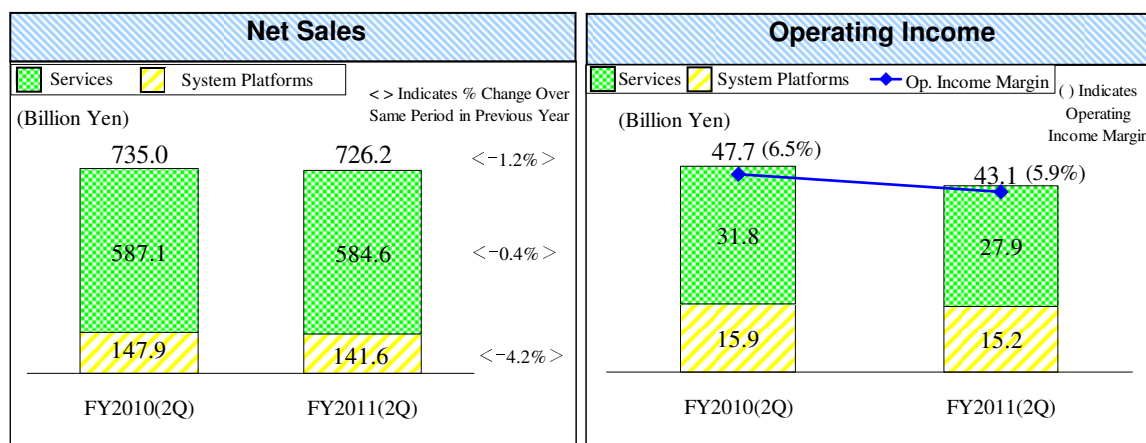


3. Results by Business Segment

Information on fiscal 2011 second-quarter consolidated net sales (including intersegment sales) and operating income broken out by business segment is presented as follows.

Technology Solutions



Consolidated net sales in the Technology Solutions segment amounted to 726.2 billion yen (US\$9,431 million), down 1.2% from the second quarter of fiscal 2010. Sales in Japan fell by 2.2%. Although sales of mobile phone base stations for LTE* services increased, server-related sales declined because of fewer large-scale systems deals compared to the second quarter of fiscal 2010, and sales of network services also declined. In system integration services, although there were fewer large-scale systems deals compared to the second quarter of fiscal 2010, sales as a whole were essentially unchanged. Sales outside Japan were also on par with the same period of the previous fiscal year. Excluding the impact of exchange rate fluctuations, however, sales increased by 5%. Although there was a decline in North American sales of UNIX servers, sales of infrastructure services grew in Australia and Nordic regions.

(Billion Yen)		
	Second Quarter FY 2011	Change vs. 2Q FY 2010
Net Sales	726.2	-1.2%
Japan	471.9	-2.2%
Outside Japan	254.3	0.7%
Operating Income	43.1	-4.5

The segment posted operating income of 43.1 billion yen (US\$560 million), a decrease of 4.5 billion yen compared to the second quarter of fiscal 2010. In Japan, despite the positive impact of higher sales of mobile phone base stations and cost reductions in the x86 server business, income declined due to lower system integration services and server-related sales, as the result of fewer large-scale systems deals, as well as upfront investments in cloud services and networking. Outside Japan, operating income increased due to improved performance in European sales of infrastructure services.

(*) Long Term Evolution (LTE): A next-generation high-speed data communications standard that further improves on the 3G mobile phone data communications standard.

(1) Services

Net sales in the Services sub-segment amounted to 584.6 billion yen (US\$7,592 million), essentially unchanged from the same period a year earlier. In Japan, sales declined 2%. Sales of outsourcing services grew steadily, but sales of network services declined. For systems integration services, although there were signs of a recovery in some sectors, such as manufacturing and healthcare-related sectors, there were fewer public sector

and other large-scale systems deals, and sales as a whole were essentially unchanged. Sales outside Japan increased 2.4%. Excluding the impact of currency fluctuations, sales increased by 6%. Fiscal austerity policies hit sales in the UK, and business in the Americas underperformed, but sales in Australia and Nordic regions increased.

Operating income for the Services sub-segment was 27.9 billion yen (US\$362 million), a decrease of 3.9 billion yen compared to the same period of fiscal 2010. In Japan, income declined due to the impact of fewer large-scale systems deals and continued upfront investments related to cloud services. Outside Japan, although business in the Americas was sluggish, operating income increased overall because of improved profitability in the company's private sector business in Europe.

(Billion Yen)

	Second Quarter FY 2011	Change vs. 2Q FY 2010
Net Sales	584.6	-0.4%
Japan	369.8	-2.0%
Outside Japan	214.7	2.4%
Operating Income	27.9	-3.9

(2) System Platforms

Net sales in the System Platforms sub-segment were 141.6 billion yen (US\$1,839 million), a decrease of 4.2% from the corresponding period of fiscal 2010. In Japan, sales declined 2.8%. Against a backdrop of higher network traffic volumes on account of the spread of smartphones, there were higher sales of mobile phone base stations for LTE services, but sales of servers and storage systems declined. This was in part due to a decline in the number of large-scale systems deals for the

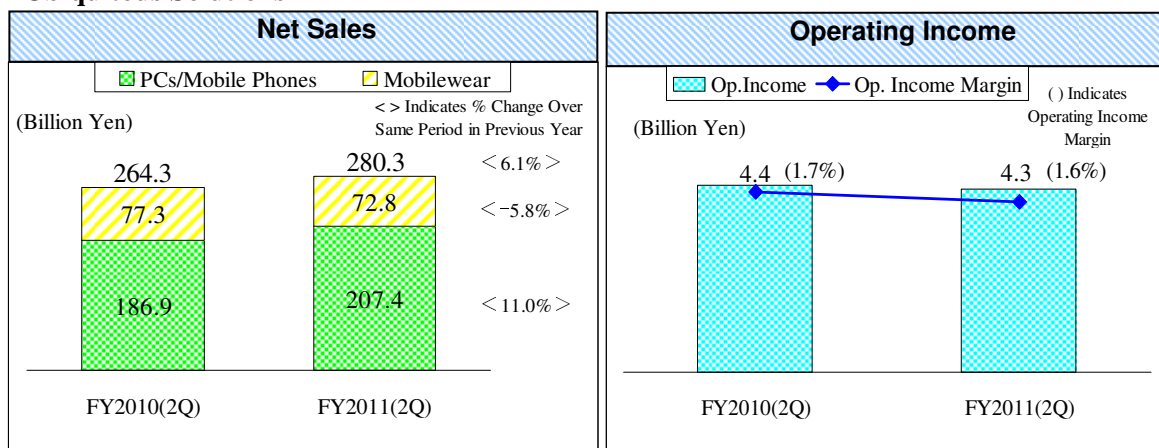
financial services sector and public sector compared to the same period in the previous fiscal year. Sales outside Japan declined 7.7%. Excluding the impact of currency fluctuations, sales decreased by 1%. Lower sales were also recorded for UNIX servers in North America.

(Billion Yen)

	Second Quarter FY 2011	Change vs. 2Q FY 2010
Net Sales	141.6	-4.2%
Japan	102.0	-2.8%
Outside Japan	39.5	-7.7%
Operating Income	15.2	-0.6

Operating income for the System Platforms sub-segment was 15.2 billion yen (US\$197 million), a decline of 0.6 billion yen compared to the corresponding period of fiscal 2010. In Japan, despite the negative impact of lower sales of servers and storage equipment, operating income increased due to the effects of higher sales of mobile phone base stations and cost reductions in the x86 server business. Outside Japan, although income in the x86 server business improved due to cost reductions, operating income declined on the impact of lower sales of UNIX servers and higher upfront investments, primarily in networking technologies.

Ubiquitous Solutions



Net sales in the Ubiquitous Solutions segment were 280.3 billion yen (US\$3,640 million), an increase of 6.1% compared to the same period in fiscal 2010. Sales in Japan increased 5.2%. Sales of PCs were essentially unchanged from the second quarter of fiscal 2010. Unit sales increased as lower prices in the consumer market sparked demand for replacement purchases, however, sales in enterprise market decreased on account of a delayed recovery in demand.

	(Billion Yen)	
	Second Quarter FY 2011	Change vs. 2Q FY 2010
Net Sales	280.3	6.1%
Japan	208.6	5.2%
Outside Japan	71.6	8.6%
Operating Income	4.3	-0

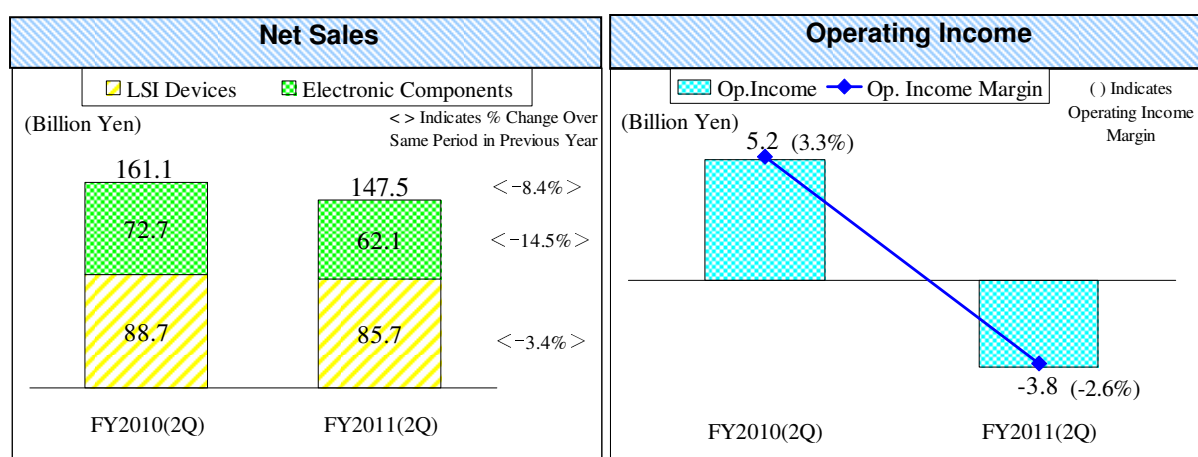
In the mobile phone business, sales increased as a result of the positive impact of the merger with Toshiba Corporation's mobile phone business beginning in October of fiscal 2010, as well as growth in the market for smartphones*. Sales of the mobilewear sub-segment's car audio and navigation systems declined, despite a pickup in automobile production starting in the first quarter, because of the impact of unfavorable comparisons with the second quarter of fiscal 2010, when last-minute demand was boosted prior to the expiration of the government's eco-car subsidy program. Sales outside Japan increased 8.6%. Unit sales of PCs increased, particularly in Europe. Sales of mobilewear devices also increased due to the impact of the normalization of automobile production outside Japan, which had been temporarily interrupted following the earthquake.

Operating income for Ubiquitous Solutions was 4.3 billion yen (US\$56 million), essentially unchanged from the second quarter of fiscal 2010. In Japan, despite the positive impact of cost reductions in PC operations against a backdrop of yen appreciation, income was negatively impacted by the trend towards lower sales prices for feature phones** and higher smartphone development costs in the mobile phone business. Those factors, in combination with the impact of a decline in mobilewear sales, caused operating income to decline. Outside Japan, although mobilewear was on par with the same period of the previous year, the PC business improved thanks to higher unit sales and the lower cost of parts procurement, driven by the weak US dollar, thereby resulting in an overall increase in operating income.

(*) Smartphone: A mobile handset equipped with personal digital assistant (PDA) functionality that can be freely customized like a PC.

(**) Feature phone: A standard mobile handset categorized differently than a smartphone.

Device Solutions



Note: LSI devices sales include intrasegment sales to the electronic components business

Net sales in Device Solutions amounted to 147.5 billion yen (US\$1,916 million), a decline of 8.4% compared to the second quarter of fiscal 2010. Sales in Japan declined 2.7%. LSI devices experienced lower demand for applications in digital audio-visual equipment, feature phones, and servers. In electronic components as well, sales of semiconductor packages were sluggish. Sales outside Japan declined 15.7%. Even excluding the impact of exchange rate fluctuations, sales declined 9.0%. Despite higher demand for applications in smartphones, sales of LSI devices outside Japan remained essentially unchanged from the second quarter of fiscal 2010 on lower sales for digital audio-visual applications. Sales of electronic components outside Japan declined on lower sales of semiconductor packages and batteries, primarily to markets in Asia.

	(Billion Yen)	
	Second Quarter FY 2011	Change vs. 2Q FY 2010
Net Sales	147.5	-8.4%
Japan	88.2	-2.7%
Outside Japan	59.2	-15.7%
Operating Income	-3.8	-9.0%

The Device Solutions segment recorded an operating loss of 3.8 billion yen (US\$49 million), representing a deterioration of 9 billion yen from the second quarter of fiscal 2010. Compared to the first quarter of fiscal 2011, net loss widened. In Japan, operating income from LSI devices declined due to the impact of lower sales and decline in the capacity utilization rates of production lines because of lower demand. Operating income from electronic components in Japan declined as efforts to generate cost efficiencies were unable to compensate for the impact of lower sales. Outside Japan, operating income from both LSI devices and electronic components declined because of yen appreciation and the impact of lower demand.