

FY08/3 First Quarter (April-June) Q&A

1. How does the company analyze the first quarter financial results compared with the estimates at the beginning of the quarter?

- A. Semiconductor sales for the first quarter were slightly better than expected, in the amount of 165 billion yen, a 3% increase from the previous quarter. This is due to increased sales of LSIs for game consoles and LCD driver ICs for large panels. We recorded operating loss of 2.2 billion yen, which was also slightly better than expected. The operating loss improved from the previous quarter by 15.6 billion yen, and this is mainly due to semiconductor sales increase and cost reductions. We recorded income before income taxes, after 9 quarters of loss before income taxes. This is mainly due to gains on the sale of the photomask business.

2. What is the outlook for the second quarter financial results?

- A. We estimate semiconductor sales to increase in the second quarter by mid-single digit percentage points from the first quarter. Although the sales of Communications application is expected to remain stagnant, other applications are likely to increase in sales, especially in Computing and Peripherals and Consumer Electronics applications. We aim to attain operating profits for the second quarter, supported by an increase in sales.

3. Since the financial results were better than expected, is the company more confident in achieving its goal in returning operating profits for the fiscal year?

- A. The current business conditions are going well, however, the semiconductor market conditions especially in the latter half of the fiscal year remain uncertain, we did not change the financial forecasts for both mid-term and full-year. We aim to attain operating profits for the second quarter, but we remain cautious and we will continue to concentrate on implementing measures announced at Management Policy on Feb. 22, 2007.

4. Are there any changes to 70 billion yen CAPEX estimated to be spent for the full year? What are the fab utilization rates for the first quarter and for the second quarter going forward?

- A. There is no change made to 70 billion yen of the CAPEX plans. The first quarter utilization rates were about 85% (quarter average). Production adjustments occurred in the previous quarter led to lower-than-average utilization rates up until mid-May, however, the utilization rates have been improving since then. The second quarter utilization rates are expected to be at about 90%.