

(Reference)

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Revision of Financial Results Forecast for the Fiscal Year Ending March 31, 2004

Nihon Unisys, Ltd. revised today the previous forecast for consolidated and non-consolidated financial forecasts for the fiscal year ending March 31, 2004, which had been announced on October 31, 2004.

1. Forecast for consolidated financial results for the year ending March 31, 2004 (April 1, 2003 ~ March 31, 2004)

(Millions of yen, %)

	Net Sales	Operating Income	Recurring Profit	Net Income
Previous Forecast (A) (Announced on October 31, 2003)	324,000	9,000	9,800	4,900
Revised Forecast (B)	312,000	3,000	3,900	3,600
Variance (B-A)	(12,000)	(6,000)	(5,900)	(1,300)
Variance (%)	(3.7)	(66.7)	(60.2)	(26.5)
(Reference) Results for the year ended March 31, 2003	308,838	8,835	9,014	8,346

Note) As a result of an exemption from future pension obligation of the governmental program, extraordinary gain of ¥7,798 million was recognized in the year ended March 31, 2003.

2. Forecast for non-consolidated financial results for the year ending March 31, 2004 (April 1, 2003 ~ March 31, 2004)

(Millions of yen, %)

	Net Sales	Operating Income (Loss)	Recurring Profit	Net Income
Previous Forecast (A) (Announced on October 31, 2003)	264,000	3,700	6,900	4,100
Revised Forecast (B)	252,000	(2,200)	1,100	4,200
Variance (B-A)	(12,000)	(5,900)	(5,800)	100
Variance (%)	(4.5)	-	(84.1)	2.4
(Reference) Results for the year ended March 31, 2003	259,598	4,723	5,689	6,282

Note) As a result of an exemption from future pension obligation of the governmental program, extraordinary gain of ¥6,674 million was recognized in the year ended March 31, 2003.

3. Reasons for the revision of the forecast

(1) Forecast for consolidated financial results for the year ending March 31, 2004

Being affected by slow recovery of IT spending by corporate customers, our annual financial targets will not be achieved. Also, because of cost increase due to occurrence of non-profitable system development projects, we will be unable to reach the forecast released on October 31, 2003 neither.

Although there are some signs of recovery in services business, it will take some time to contribute to increase of sales. At this point, we project ¥312,000 million of full-year net sales on a consolidated basis (up 1.0% from a year ago), which is lower than the previous forecast by ¥12,000 million.

Due to non-achievement of net sales target and afore-mentioned cost increase, etc., operating income and recurring profit will be ¥3,000 million (down 66.0% from a year ago) and ¥3,900 million (down 56.7%) respectively.

In the third quarter, the company booked extraordinary gain on sales of ex-Akasaka headquarters property. Meanwhile, we are planning to book extraordinary loss of ¥5,900 million in the fourth quarter for the revision of the pension system. As a result, net income will be ¥3,600 million (down 56.9%).

As for non-profitable system services, all projected losses will be expensed this fiscal year so as to eliminate impacts to occur next term. Also, in order to avoid recurrence of cost overrun problems, we intend to improve project management capability reinforcing supporting formation while holding proposal/project review committee at earlier stage. In addition, so as to improve cost structure further, we intend to continue to reduce fixed costs like office expenses, personnel cost including net periodic benefit costs and so on.

Our sales activities (including informal orders) are apparently on the increase especially in the financial and distribution industries, which will contribute to growth of earnings. Besides, we are reinforcing our capability in upstream business areas so as to energize sales approaches in that area and grow services business.

(2) Forecast for non-consolidated financial results for the year ending March 31, 2004

Forecast for non-consolidated financial results was also revised under the same reason as stated above.

* The above forecast is based on judgments, assumptions and information available as of today, and is subject to changes as a result of material changes that might occur in future.