

October 16, 2001

To whom it may concern

Name of the company Nagase & Co., Ltd
Code No. 8012
Contact to Chief Financial Officer
Makoto Tsuruoka
TEL (03) 3665-3100

Notice on the correction of achievement prospects

Please be kindly advised the correction of the previous achievement prospects announced on May 21, 2001(at the time of the account settlement in March, 2001) as follows on the basis of current operating activities under the business trend now and near future:

Notice

1. Modification of forecasted mid-term achievement prospect in digit March, 2002
(from April 1, 2001 to September 30, 2001)

(1) Consolidated

(Unit: MM yen, %)

	Sales	Ordinary income	Mid-term net income
The forecasted previously announced (A) (Announced on May 21, 2001)	266,000	4,700	2,600
The forecast corrected this time (B)	252,000	1,900	1,400
Up and down (B-A)	△14,000	△2,800	△1,200
Percent change	△5.3	△60.0	△46.2
Actual results of the previous term (Mid-term in March, 2002)	286,245	5,287	2,984

(2) Non-consolidated

(Unit: MM yen, %)

	Sales	Ordinary income	Mid-term net income
The forecast previously announced (A) (Announced on May 21, 2001)	220,000	2,600	1,600
The forecast corrected this time (B)	212,000	800	1,100
Up and down (B-A)	△8,000	△1,800	△500
Percent change	△3.6	△69.2	△31.3
Actual results of the previous term (Mid-term in March, 2002)	248,361	3,226	2,693

2. Correction of the forecasted figures for through-the- term in March 2002 (from April 1, 2001 to March 31, 2002)

(1) Consolidated

(Unit: MM yen, %)

	Sales	Ordinary income	Current term net income
The forecasted the previously announced (A) (Announced on May 21, 2001)	532,000	9,500	5,200
The forecast corrected this time (B)	478,000	3,800	1,500
Up and down (B-A)	△54,000	△5,700	△3,700
Percent change	△10.2	△60.0	△71.2
Actual results of the previous term (in March, 2001)	559,372	10,282	4,945

(2) Non-consolidated

(Unit: MM yen, %)

	Sales	Ordinary income	Current term net income
The forecasted the previously announced (A) (Announced on May 21, 2001)	450,000	5,300	3,300
The forecast corrected this time (B)	400,000	1,200	1,000
Up and down (B-A)	△50,000	△4,100	△2,300
Percent change	△11.1	△77.4	△70.0
Actual results of the previous term (in March, 2001)	481,294	5,697	3,004

3. Reason

① For mid-term

In this mid-term, we have seen down of domestic demand due to business recession, particularly in IT-related area being affected by more influence of market slowdown than originally forecasted and therefore, it seems unavoidable to see down of Sales, Ordinary income and mid-term net income both for consolidated and non-consolidated basis more than we initially expected. For non-consolidated operating income, it is expected to be ¥1.2 bn in the red.

② For through the term

we endeavor to strengthen and upbringing of the businesses based on the mid-term management plan, but it is expected to register lower Sales, Ordinary income and the current term net income than originally estimated due to possibly continue worldwide business slowdown including slump in IT-related business and others. For non-consolidated operating income, it is expected to be ¥1.3 bn in the red.

4. Management rationalization plan

The world economy is now deteriorating day by day and possible market recovery is anticipated to carry over into next year or later. We are also tackling on toward Profit-improvement Company wide including cost saving and others but it is not yet reach at give full effect against deteriorating achievement of this time. Under the circumstances, we have judged it would be the most urgent to improve profit-structure toward fiscal 2002, and decided importation of the following management streamline and cost saving at the Board of Directors meeting held on October 16, 2001: Make a decision with operation of the following management shake-out / measures for expense reduction.

①Concerning cutback of overhead expense

- * Directors' remuneration shall be cut maximum 20%.
- * Managers' year-end allowance shall be cut maximum 20%.
- * Implement substantial reduction of general administrative expenses and selling cost through the promotion of operational reform via increasing business efficiency and rationalization.

For the effect of overhead and other miscellaneous expenses, we anticipate ¥1.4 bn in black as expense saving effect for the second half term on consolidated base. For non-consolidated base, we estimate ¥1.1 bn in black as expense-saving effect for the second half of this year.

②Concerning cutback of employment

- * We look for retiree instrument early retirement program in the second half of this year.
- * In the next 2 years, contain attrition, and reduce 100 personnel (about 10 % of employee).

And by payment of extraordinary retirement payment, we estimate about ¥ 1 ban for extraordinary loss for the term ending March 2002.

We reflect the amount saved by total expense cutback by the implementation of the above management rationalization plan in estimated correction of possible achievements.