

September 11, 2008

Notice of Revisions to Business Forecasts

Cybozu, Inc. has revised its first half business forecasts for the year ending January 2009 (February 1, 2008 through January 31, 2009) in view of recent trends in operating results. These forecasts replace the forecasts that were announced in March 11, 2008. Details are as follows.

1. Revisions to first half consolidated business forecasts for the year ending January 2009 (February 1, 2008 through January 31, 2009)

(Million yen, %)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A)	3,900	350	320	140
Revised forecast (B)	4,800	560	530	180
Increase/decrease (B-A)	900	210	210	40
Percentage change (%)	23.1%	60.0%	65.6%	28.6%
(Reference)				
Previous results (1 st half of Jan. 2008)	5,847	451	433	25

2. Revisions to first half non-consolidated business forecasts for the year ending January 2009 (February 1, 2008 through January 31, 2009)

(Million yen, %)

	Net sales	Operating income	Ordinary income	Net income
Previous forecast (A)	2,100	450	450	270
Revised forecast (B)	2,120	670	680	280
Increase/decrease (B-A)	20	220	230	10
Percentage change (%)	1.0%	48.9%	51.1%	3.7%
(Reference)				
Previous results (1 st half of Jan. 2008)	2,007	691	692	155

3. Reasons for Revision:

First-half non-consolidated sales are now likely to be 2,120 million yen, exceeding the previous forecast by about 20 million yen. Sales rose as the lower-than-expected sales of "Easy Series" and the "Garoon Series" new licenses, were offset by strong sales related to the renewal of service licenses to existing customers. Robust sales of "Remote Service" licenses also contributed to total sales. "Remote Service" enables users to safely connect to the Internet while within the intranet.

Supported by higher sales and the postponement of the recognition of a large portion of marketing and sales promotion expenses to the second half of the year, ordinary income is now expected to exceed our first-half forecast by 230 million yen and reach 680 million yen. We have undertaken conservative evaluations of loans receivable and have set aside 150 million yen as a provision for doubtful receivables. In view of these factors, first-half

net income is now expected to increase by only 10 million yen to 280 million yen.

Consolidated net sales are now expected to increase by 900 million yen compared with the previous forecast to 4,800 million yen (an 18% decline compared with the previous first-half) mainly because the group restructuring that had been planned for the first half of the year has been postponed. The year-on-year decrease in sales is the net result of the exclusion of two consolidated subsidiaries, Cross Head Co., Ltd. and Okinawa Cross Head Co., Ltd., from the consolidation, and the inclusion of that Feedpath, inc. limited into equity-method affiliates.

The gross margin rose from about 58% to 65% compared to the same period a year earlier as the above three subsidiaries were excluded from the consolidation.

Additionally, with regards to consolidated ordinary income, while the performance of our consolidated subsidiaries was largely on target, ordinary income exceeded the previous forecast by 210 million yen to 530 million yen (a 22% increase compared to the same period a year earlier) due in a large part to higher-than-expected non-consolidated earnings. The provision of allowance for doubtful receivables at the parent company did not affect consolidated ordinary income.

Interim net income exceeded the previous forecast by 40 million yen, to reach 180 million yen (an increase of 620% compared to the same period a year earlier). Recovery in the performance of consolidated subsidiaries mainly contributed to the year-on-year increase in net income.

Although we have revised our first-half non-consolidated and consolidated business forecasts as mentioned above, we are not revising our full-year non-consolidated and consolidated forecasts due to concerns over deterioration of business performance in view of the current operating environment.

The first-half business results are scheduled to be released on September 12th.

(Note) Forecasts regarding future performance are based on information available to management at the time this report was prepared. Investors are advised to refrain from making decisions or investments solely based upon the above forecasts. The forecasts embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of reasons.