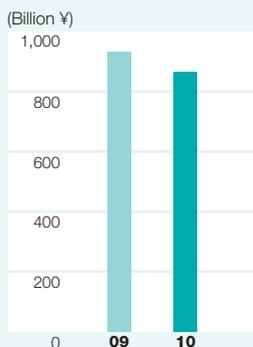
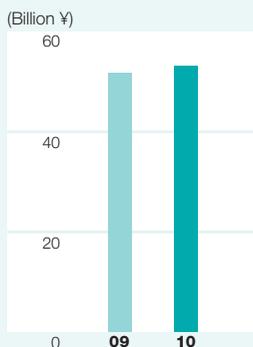


PERFORMANCE BY SEGMENT

SALES



OPERATING INCOME



NEC Cloud Plaza

IT SERVICES BUSINESS

FISCAL 2010 PERFORMANCE AND MAIN ACCOMPLISHMENTS

Business segment sales declined 7% year on year to ¥866.3 billion. This was mainly due to restrained IT investment by Japanese companies, despite steady growth in SI services for the retail sector and outsourcing services.

Operating income improved ¥1.4 billion year on year to ¥53.2 billion, mainly due to fixed cost reductions.

In fiscal 2010, NEC implemented concrete measures in our key areas of the “Cloud Service” and “Cloud System Implementation” businesses. As a result, in Japan, NEC will provide the global accounting system to EXEDY Corporation, a major automotive parts company. This global accounting system is one of EXEDY’s next-generation core IT systems, and will be provided as a cloud-oriented accounting service utilizing NEC’s expertise in implementing proprietary core IT systems. Together with an automotive parts production management system developed by NEC, it is scheduled to start operations from the end of 2011.

Overseas, NEC has reached a basic agreement with the Telefónica Group on cooperation in a broad range of cloud businesses. NEC developed the service platform for the Telefónica Group to provide various SaaS*¹-based applications to small and medium-sized enterprises primarily in Spain. Furthermore, in February 2010, NEC and Telefónica Group agreed to expand these cloud businesses into the Latin American countries.

FOR FURTHER GROWTH

In order to speed up consolidated business management, improve operating efficiency and reduce TCO*², NEC is working to consolidate its core IT systems into a cloud computing environment in tandem with a review of business processes. NEC Cloud Plaza was opened to showcase examples of the core system reformation and for customers to actually experience SaaS-based services. Utilizing this facility, NEC will propose and expand cloud-related business.

In addition, we established the NEC Biometrics Excellence Center in Bangalore, India to expand overseas biometrics identification solutions such as fingerprinting. Also, the European Cloud Competence Center was established in Spain to promote cloud businesses for telecom carriers. With these facilities, we aim to expand the overseas businesses, taking full advantage of both our service business expertise in IT, and our global business expertise in networks.

In other areas, NEC is engaged in the development of new mobile cloud services with KDDI Corporation, using SDIO*³ card-compatible RFID multi-reader/writers embedded in mobile handsets. In this manner, NEC is actively working to create and expand new businesses.

*¹ Software as a Service

*² Total Cost of Ownership

*³ Secure Digital Input/Output