Financial Results for FY2008
(Fiscal year ended March 2009)

May 12, 2009

NEC Corporation

(http://www.nec.co.jp/ir/en)
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I. Summary of Financial Results for FY2008
II. Full Year Financial Forecast for FY2009
III. Progress of Management Reforms

《Ref.》About segment exchange

Financial Results for FY2008 (supplementary note)
I. Summary of Financial Results for FY2008
### Summary of Financial Results for FY2008

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY08/3 Actual</th>
<th>FY09/3 Actual</th>
<th>YOY</th>
<th>Difference from Jan. 30 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>4,617.2</td>
<td>4,215.6</td>
<td>-8.7%</td>
<td>15.6</td>
</tr>
<tr>
<td><strong>Operating Income/Loss</strong></td>
<td>156.8</td>
<td>-6.2</td>
<td>-163.0</td>
<td>23.8</td>
</tr>
<tr>
<td>% to Net Sales</td>
<td>3.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary Income/Loss</strong></td>
<td>112.2</td>
<td>-93.2</td>
<td>-205.4</td>
<td>-3.2</td>
</tr>
<tr>
<td>% to Net Sales</td>
<td>2.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>22.7</td>
<td>-296.6</td>
<td>-319.3</td>
<td>-6.6</td>
</tr>
<tr>
<td>% to Net Sales</td>
<td>0.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>56.5</td>
<td>-145.8</td>
<td>-202.4</td>
<td>44.2</td>
</tr>
</tbody>
</table>

(Ref) Average exchange rate for FY09.3  
1$=¥101.08  €1=¥146.20
Results by Segment

### Net Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solutions</td>
<td>2,866.2</td>
<td>2,723.9</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>872.9</td>
<td>810.3</td>
<td>-7.2%</td>
</tr>
</tbody>
</table>
| Electron Devices         | 830.9   | 652.8   | -21.4%
| Others/Eliminations      | 47.3    | 28.6    | -21.4%

**Total:** 4,617.2 (FY08/3) 4,215.6 (FY09/3) -8.7%

### Operating Income/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solutions</td>
<td>160.6</td>
<td>124.9</td>
<td>-21.4%</td>
</tr>
</tbody>
</table>
| Mobile/Personal Solutions| -34.4   | -79.3   | -21.4%
| Electron Devices         | 23.2    | 7.4     | -7.2%
| Others/Eliminations      | -35.8   | -7.9    | -5.0%

**Total:** 156.8 (FY08/3) -6.2 (FY09/3)
Sales Change (Year on Year)

 FY08/3 4,617.2

<table>
<thead>
<tr>
<th>Category</th>
<th>FY08/3</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network Systems</td>
<td>-81.4</td>
<td>-7.5%</td>
<td></td>
</tr>
<tr>
<td>IT Products</td>
<td>-32.8</td>
<td>-5.4%</td>
<td></td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>-20.1</td>
<td>-5.9%</td>
<td></td>
</tr>
<tr>
<td>IT Service/SI</td>
<td>-8.0</td>
<td>-1.0%</td>
<td></td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>-70.4</td>
<td>-13.2%</td>
<td></td>
</tr>
<tr>
<td>Mobile Terminals</td>
<td>7.8</td>
<td>+2.3%</td>
<td></td>
</tr>
<tr>
<td>Semiconductors (NEC Electronics)</td>
<td>-141.3</td>
<td>-20.5%</td>
<td></td>
</tr>
<tr>
<td>Electric Components/ Others</td>
<td>-36.8</td>
<td>-25.8%</td>
<td></td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>-62.5</td>
<td>-7.2%</td>
<td></td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-178.1</td>
<td>-21.4%</td>
<td></td>
</tr>
<tr>
<td>IT/NW Solutions</td>
<td>-142.2</td>
<td>-5.0%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-18.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

 FY09/3 4,215.6

(Billions of Yen)
Operating Income Change (Year on Year)

(Billions of Yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electron Devices</td>
<td>156.8</td>
<td>-86.7</td>
</tr>
<tr>
<td>IT/NW Solutions</td>
<td></td>
<td>-35.8</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td></td>
<td>-31.1</td>
</tr>
<tr>
<td>Network Systems</td>
<td></td>
<td>-35.0</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td></td>
<td>-7.0</td>
</tr>
<tr>
<td>IT Service/SI</td>
<td></td>
<td>-2.0</td>
</tr>
<tr>
<td>IT Products</td>
<td></td>
<td>+9.0</td>
</tr>
<tr>
<td>Mobile Terminals</td>
<td></td>
<td>-16.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td></td>
<td>-15.0</td>
</tr>
<tr>
<td>Semiconductors (NEC Electronics)</td>
<td></td>
<td>-73.4</td>
</tr>
<tr>
<td>Electric Components/ Others</td>
<td></td>
<td>-13.3</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>-9.4</td>
</tr>
</tbody>
</table>

FY09/3: -6.2
Net Income Change (Year on Year)

FY08/3: 22.7
FY09/3: -296.6

Operating Income/loss decrease: -163.0
Non-operating Income/loss decrease: -42.4
Extraordinary Income/loss decrease: -179.2
Provision for loss
Equity in earnings of affiliates: -13.7
Tax, minority equity: +65.3

Loss on valuation of investment expenses: -75.0
Business structure improvement expenses: -72.8
Impairment loss: -25.9
Provision for loss on guarantees: -14.6
Tasks and Results by Segment

【IT/NW Solutions】: Decreased Network Systems earnings power
- Next Generation Network (NGN) production business enlarged
- Execution of M&A to enlarge global business
  - Acquisition of software corporation NetCracker in the US. Acquired management rights to optical sea cable maker OCC
- Pasolink holds No.1 market share 2007-2008
- Strengthen IT Service business centered on next generation Data Centers
  - Electric power saving server, Operational management standards, SaaS business systems

【Mobile/Personal Solutions】: Lowering the break even point
- Stop losses by withdrawing from the overseas PC business
- Increase the share of mobile handsets in Japan

【Electron Devices】: Large-scale losses from the rapidly declining market
- Structural reforms for business recovery in NEC Electronics, NEC TOKIN
- Resolution to develop automobile batteries through a joint venture with Nissan Motor Co.
II. Forecasts for FY2009
(Fiscal Year ending March 2010)
Management Policy for FY2009

- **Reinforced earnings structure reform**
  - Drastic reduction of expenses including fixed costs
  - Extermination of unprofitable business / Improve profitability of healthy business

- **Business portfolio reform toward further growth**
  - Accelerate ‘Selection and Concentration’ of group businesses through business portfolio reform
  - Innovate businesses toward next term of growth

Realize earnings structure reform and business portfolio reform together

Achieve 100 billion yen operating profit and restore net profit

※ Forecast as of May 12, 2009
## Summary of Forecast for FY10/3

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY09/3 Actual</th>
<th>FY10/3 Forecast</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>4,215.6</td>
<td>3,730</td>
<td>-11.5%</td>
</tr>
<tr>
<td><strong>Operating Income/Loss</strong></td>
<td>-6.2</td>
<td>100</td>
<td>106.2</td>
</tr>
<tr>
<td>To net sales(%)</td>
<td>-</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary Income/Loss</strong></td>
<td>-93.2</td>
<td>60</td>
<td>153.2</td>
</tr>
<tr>
<td>To net sales(%)</td>
<td>-</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income/Loss</strong></td>
<td>-296.6</td>
<td>10</td>
<td>306.6</td>
</tr>
<tr>
<td>To net sales(%)</td>
<td>-</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income per share(yen)</strong></td>
<td>-146.64</td>
<td>4.94</td>
<td>151.58</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>-145.8</td>
<td>0</td>
<td>145.8</td>
</tr>
</tbody>
</table>

(Ref): Assumption of exchange rate for FY10.3  
1$=¥90, 1€=¥120

※ Forecast as of May 12, 2009
Key Point to Achieve FY2009 Forecast

- **Complete reduction of all expenses**
  - Implement a strong cost structure that is suitable for decreasing sales

- **Extermination of unprofitable business and increase profitability of healthy business**
  - Extermination of unprofitable business
    - Further reduction of fixed costs towards a conclusive turnaround by NEC Electronics
    - Restore profitability of NEC Tokin through its restructuring
    - Structural reform of NEC LCD Technologies
    - Exit from overseas PC business and improve profitability of domestic PC business
  - Increase profitability of positive business through enhancement of customer relationships

※ Forecast as of May 12, 2009
Full Year Forecast by Segment

Net Sales

Operating Income/Loss

(Billions of yen)

FY09/3  FY10/3 (forecast)

Net Sales

IT/NW Solutions

Mobile/Personal Solutions

Electron Devices

Others/Eliminations

FY09/3  FY10/3 (forecast)

Operating Income/Loss

IT/NW Solutions

Mobile/Personal Solutions

Electron Devices

Others/Eliminations

※ Forecast as of May 12, 2009
Sales Change (Year on Year)

(Forecast as of May 12, 2009)

FY09/3

4,215.6

FY10/3

3,730

-273.9 (-10.1%)

IT/NW Solutions

-100.3 (-12.4%)

Mobile/Personal Solutions

-102.8 (-15.7%)

Electron Devices

-53.1 (-15.3%)

Personal Solutions

-54.0 (-9.4%)

IT Products

-44.5 (-5.4%)

IT Services/SI

-36.3 (-34.1%)

Electric components/others

-47.2 (-10.2%)

Mobile Terminals

-66.5 (-12.2%)

Semiconductors (NEC Electronics)

-40.8 (-12.7%)

Social Infrastructure

※ Forecast as of May 12, 2009

Network Systems

-134.6 (-13.4%)

IT Products

-54.0 (-9.4%)

IT Services/SI

-44.5 (-5.4%)

Social Infrastructure

-40.8 (-12.7%)
Operating Income Change (Year on Year)

FY09/3
-6.2

FY10/3
(Forecast)

Electron Devices
+74.3

Mobile Terminals approx.+18.0
Personal Solutions approx. +4.0

Mobile/Personal Solutions
+21.9

Semiconductors (NEC Electronics) +68.4
Electric components/others +5.9

Others
+9.8

IT/NW Solutions +0.1

Social Infrastructure approx. +4.0
Network Systems approx. +3.0
IT Services/SI 0
IT Products approx. -7.0

※ Forecast as of May 12, 2009

※ Forecast as of May 12, 2009

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Empowered by Innovation
**Sales:** 2,450 (-10.1%)

- **IT Service/SI:**
  - Expected decline in sales due to downturn of IT investment
  - Strengthen cloud oriented service business etc.

- **IT products:**
  - Ongoing severe global competition
  - Accelerate new ECO product development by concentrating IT/NW technologies

- **Network systems:**
  - Expected sales decrease due to cutbacks in CAPEX
  - Steady in NGN related business

**Operating Income** 125 (+0.1)

- **IT Service/SI:**
  - Further optimization of development resource allocation

- **IT products:**
  - Expected to keep a certain margin by profitability reform

- **Network systems:**
  - Improve profitability through enhancement of project management and cost reduction in enterprise network business

※ Forecast as of May 12, 2009
SI Business Trends by Sector

(1T Service/SI, IT Products)

- Maintain profitability through SI innovation and drastic cost reduction during an expected sales decrease
- Expansion of services and global business towards further growth in the future

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sales forecast (year on year)</th>
<th>Background and NEC Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>▼</td>
<td>IT related budget will be flat or slightly decrease yoy. Economic measures (IT related) to meet budget. Expansion of global business by utilizing our core competencies such as fingerprint identification systems and immigration management systems.</td>
</tr>
<tr>
<td>Public sector /Medical</td>
<td>▶</td>
<td>Deep investment from cost reduction and workplace streamlining demand even as local governments cut back on budgets due to declining tax revenues. Medical sector is unaffected by the economic downturn. Focus on service businesses such as ASP.</td>
</tr>
<tr>
<td>Finance</td>
<td>▶</td>
<td>Stagnation of IT investment especially in the securities industry. Possibility of business chances from the merger of financial groups. Promote service related business and expand business of co-operation systems.</td>
</tr>
<tr>
<td>Telecom/ Media</td>
<td>▶</td>
<td>Continuous trends of CAPEX cutbacks. New business market expands such as digital signage and archiving. Expand data center business and global business.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>▼</td>
<td>Significant reduction of IT investment. Focus on existing areas of deep investment demand such as environment, compliance, and cost reduction areas through server consolidation. Promote global business mainly in SAP related business.</td>
</tr>
<tr>
<td>Retail/ Service</td>
<td>▶</td>
<td>Downward trend of IT investment due to slowdown in consumption. Continuous investment exists in CRM and personnel reduction area. Expand global business by offering solutions for convenience stores.</td>
</tr>
</tbody>
</table>

※ Forecasts as of May 12, 2009. Arrows in figure represent year on year
## Network System Business Trends

- Expected sales decrease due to cutbacks in CAPEX of carriers and enterprises.
- Improve profitability through enhancement of project management and cost reduction in business for enterprises.

<table>
<thead>
<tr>
<th></th>
<th>Sales forecast (year on year)</th>
<th>Business situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Telecom Carriers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed line (in Japan)</td>
<td>![Upward Arrow]</td>
<td>Steady sales of switch/router and optical transmission systems with NGN area expansion.</td>
</tr>
<tr>
<td>Wireless (in Japan)</td>
<td>![Downward Arrow]</td>
<td>Expected sales decrease due to CAPEX cutbacks of mobile operators.</td>
</tr>
<tr>
<td>Fixed line (overseas)</td>
<td>![Downward Arrow]</td>
<td>Expected sales decrease such as optical telecommunication systems. Steady sales in submarine cable systems.</td>
</tr>
<tr>
<td>Wireless (overseas)</td>
<td>![Downward Arrow]</td>
<td>Expected sales decrease by decline of base station shipment. Decrease in sales of PASOLINK due to CAPEX cutbacks, however maintain flat in unit basis.</td>
</tr>
</tbody>
</table>

| **Business for Enterprises** | ![Downward Arrow] | Expected sales decrease due to continuous CAPEX cutbacks especially in overseas market (North America, Europe) |

※ Forecasts as of May 12, 2009. Arrows in figure represent year on year

Operating Income: +3 (Billions of Yen) yoy
Mobile/Personal Solutions Business

Sales 710 (-12.4%)

Mobile Terminals:
Handset market is in a downward trend in Japan
Aim to expand market share by maintaining the same shipment levels as the previous year (5 million units)

Personal Solutions:
Decrease in sales due to withdrawal from overseas business and further price competition in the Japanese PC market

Operating Income 14 (+21.9)

Mobile terminals:
Aim for a turnaround by decreasing development and other costs

Personal Solutions:
Aim for a turnaround by withdrawal from overseas PC business, cutting costs (including operation costs)

※ Forecast as of May 12, 2009
Continuation of severe conditions in the Japanese market (Market size forecast: 33M units in FY2009, -8% yoy)

Aim to expand market share by maintaining same level of shipments as last year (5M units)

Improve profitability by reforming earnings structure and reducing the break-even point
  ▶ Maximize the use of master development effect
  ▶ Execution of thorough cost reduction

※ Forecast as of May 12, 2009
Personal Solution Business Trends

- **Earnings reform of domestic PC business**
  - Increase in-house development, and further streamline development and manufacturing costs

- **Support of new market development**
  - Formed a “New business development group” from April 1, to create synergies between the PC and mobile handsets
    - Launch of new business in the fusion of PCs and mobile handsets
    - Developing new products for the smart phone market
    - Plan to launch new devices for specific markets through cooperation with NEC’s solution team

Aim to create new business models which include next generation information terminals and services

※ Forecast as of May 12, 2009

09 Forecast

Expected FY09 shipment

Over 2.5 million units

(same level as the previous year)
Electron Device Business

Sales 550 (-15.7%)
- Semiconductors:
  Drop in sales in all products such as SoC, MCU, and discrete products
- Electric Components/Others:
  Forecast for continuous severe market conditions
  Large decline of sales, growth in demand not expected

Operating Loss -5 (+74.3)
- Semiconductors:
  Expected to achieve break-even through drastic cost reduction even in decline of gross profit via sales drop
- Electric Components/Others:
  Improve by structure reform in the electric components area

*The results for the area of Semiconductors are the official public figures of NEC Electronics Corporation, which are prepared in accordance with U.S. GAAP. The difference that arises as a result of the adjustment to Japan GAAP is included in Electronic Components and Others.

※ Forecast as of May 12, 2009
Net Income Change (Year on Year)

(Billions of yen)

**FY09/3**
-296.6

**FY10/3**
(Forecast)
10

- **Increase of operating profit**
  +106.2

- **Improvement of nonoperating profit and loss**
  +47.0

- **Others**
  +153.4

- **Losses related to litigation in the previous year**

- **Electron Devices**
  +74.3

- **Mobile/personals**
  +21.9

- **Decrease of impairment loss on securities**
- **Decrease of restructuring costs**

※ Forecast as of May 12, 2009
### Capital Expenditures and Others

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY08/3 Actual</th>
<th>FY09/3 Actual</th>
<th>YoY</th>
<th>FY10/3 Forecast</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures</td>
<td>122.6</td>
<td>103.1</td>
<td>-15.9%</td>
<td>100</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>147.8</td>
<td>133.6</td>
<td>-9.6%</td>
<td>110</td>
<td>-17.7%</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>352.2</td>
<td>346.5</td>
<td>-1.6%</td>
<td>280</td>
<td>-19.2%</td>
</tr>
</tbody>
</table>

#### Capital Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>FY10/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solutions</td>
<td>23.9</td>
<td>10.0</td>
<td>17.0</td>
</tr>
<tr>
<td>Mobile/Personal</td>
<td>11.6</td>
<td>7.4</td>
<td>7.0</td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electron Devices</td>
<td>71.1</td>
<td>64.2</td>
<td>56.0</td>
</tr>
<tr>
<td></td>
<td>20.0</td>
<td>19.9</td>
<td>18.4</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>16.0</td>
<td>9.7</td>
<td>20.0</td>
</tr>
</tbody>
</table>

#### Depreciation

<table>
<thead>
<tr>
<th></th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>FY10/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.0</td>
<td>14.5</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>40.2</td>
<td>12.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>37.0</td>
<td>45.8</td>
<td>30.0</td>
</tr>
<tr>
<td></td>
<td>32.1</td>
<td>48.0</td>
<td>27.0</td>
</tr>
</tbody>
</table>

#### R&D expenses

<table>
<thead>
<tr>
<th></th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>FY10/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>156.5</td>
<td>162.5</td>
<td>128.0</td>
</tr>
<tr>
<td></td>
<td>117.8</td>
<td>113.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>95.0</td>
<td>30.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>28.5</td>
<td>27.0</td>
<td></td>
</tr>
</tbody>
</table>

※ Forecast as of May 12, 2009
## Summary of Non-Consolidated Financial Forecast

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY09/3 Actual</th>
<th>YoY</th>
<th>Difference from Jan. 30 forecast</th>
<th>FY10/3 Forecast</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>2,241.4</td>
<td>-4.7%</td>
<td>-18.6</td>
<td>2,020</td>
<td>-9.9%</td>
</tr>
<tr>
<td><strong>Operating Income/Loss</strong></td>
<td>-1.2</td>
<td>-49.6</td>
<td>18.8</td>
<td>33</td>
<td>34.2</td>
</tr>
<tr>
<td><strong>Ordinary Income/Loss</strong></td>
<td>-21.6</td>
<td>-74.8</td>
<td>3.4</td>
<td>35</td>
<td>56.6</td>
</tr>
<tr>
<td><strong>Net Income/Loss</strong></td>
<td>-474.8</td>
<td>-465.6</td>
<td>15.2</td>
<td>20</td>
<td>494.8</td>
</tr>
</tbody>
</table>

NEC plans to pay dividends of 4 yen per share in FY10/3 (Interim 0/ Year end 4)

※ Forecasts as of May 12, 2009
III. Management Reforms for the Next Term
## Progress of Business Portfolio Reform

### Business Portfolio Reform

<table>
<thead>
<tr>
<th>Business Portfolio</th>
<th>Direction on Jan. 30th 2009</th>
<th>Status (After Jan. 30th 2009)</th>
</tr>
</thead>
</table>
| NEC Electronics                        | Further restructuring to improve profitability                                            | • Business merger with Renesas technology (Apr. 27th 09)  
<NEC Electronics becomes an equity method affiliate>                                                                                                                                                                     |
| NEC TOKIN                              | Selection & concentration for capital efficiency                                           | • Transfer the read switch business (Mar. 26th 09)  
• Institute early retirement (Apr. 24th)  
• Sign agreement to make NEC TOKIN a wholly owned NEC subsidiary through a stock swap (May 8th)                                                                                                                     |
| NEC LCD Technologies                   | Selection & concentration for capital efficiency                                           | • Strengthening management foundation with structural reforms (Mar. 4th 09)  
- close Kagoshima plant, merging manufacture to Akita                                                                                                                                                                 |
| Environment and energy business        | Focus as a new core area                                                                   | • Create business through establishing a Smart Energy and Green Business Development Division (Feb. 25th 09)                                                                                                                   |
| Personal solutions                     | Drastic measures for overseas PC business                                                  | • Withdraw from European commercial PC business (Feb. 5th 09)  
• Withdraw from Asian PC business (Mar. 27th 09)                                                                                                                                                                      |

※ Forecast as of May 12, 2009
Integrate Business Operations with Renesas

- NEC Electronics and Renesas technology agreed to start discussing terms to integrate business operations

- The preconditions for holding future negotiations are to integrate business operations on April 1, 2010, and to maintain public listing for the new company.
  - Each company will promote structural reforms which are determined step by step, and improve management foundations
  - Through integration and structural reform the companies bring about synergies and enhance earnings power through a new company aiming to build a “strong specialized semiconductor producer” that can maintain stable profit despite market changes

※ These conditions are undefined: the ownership ratio of the integrated company, the company name, the location of its headquarters, the corporate representative, the board members, capitalization, total assets, and financial forecasts shall be determined following the integration.

(NEC Electronics and Renesas plan to sign an agreement at the end of July, 2009 to integrate their business operations.)

With 3 product families; the microcomputer, system LSI, and discrete products
The world’s 3rd largest semiconductor company will be established

※ Announced Apl.27 2009
Towards persevering and reconstructing the semiconductor business, NEC electronics continues carrying out reform. Recognizing the current severe business conditions, NEC decided the best option was to dramatically reform the semiconductor field through business integration.

《Revised portfolio of NEC Group》
Semiconductor business significantly impacts the NEC Group’s consolidated financial results, shift to unconsolidated subsidiary
(expect synergies as a strategic partner)

※ As of May 12, 2009
Enhancement of the Services Business

- Cloud computing service platform (announced on Apr. 23th)
- Supporting system life cycle management from business process reform to system deployment, operations and maintenance
  - Provide customers with infrastructure systems as a service ahead of the competition
  - Services supporting mission critical tasks for a variety of businesses, prepare delivery model separately
  - Provide business model consulting based on NEC’s experience with business process reform

Mid-term target on service business: Over 500 billion yen in sales

※ Forecast as of May 12, 2009
“C&C Cloud” Concept & Strategy

- IT (centralized) + network (distributed) = “C&C cloud”
- NEC promotes “C&C cloud” through alliance partners

Evolution on IT (centralized)

Private cloud
(Integration intra-firm)

Social cloud
(Services for official foundation)

Carrier cloud
(Service for next generation networks)

NEC’s business assets
- Practices with trusted customers
- Terminals ~NGN~Servers
- Edge technologies & providers

Evolution on network (distributed unevenly)

Service Platform for cloud system

Alliance Partner Assets
- Global delivery
- Streamline OPEX

“C&C cloud”
~ Improve global business and expand service business ~
Established “Smart Energy and Green Business Development Division” on Apr.2009

【Short-term target】
▶ Focus on lithium-ion battery for automobiles

【Target in middle to long-term】
▶ Create business which takes advantage of NEC Group strengths (for non-automobiles)
▶ Capitalize on new environment or energy solutions to solve problems of growing importance, including electric power conservation and reduction of CO2 emissions.

Promote business plans as a new growth engine for the NEC Group.

Mid-term business plan: Over 100 billion yen in sales

※ Forecast as of May 12, 2009
## Progress of Profitability Reform

### Reinforced earnings structure reform

<table>
<thead>
<tr>
<th>measures</th>
<th>Status (After Jan.30th.2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New admin systems/maintain organization control</td>
<td>• Build the NEC Group by revising the stance of affiliate companies</td>
</tr>
<tr>
<td></td>
<td>• Decrease business/staff department by removing overlapping company functions</td>
</tr>
<tr>
<td></td>
<td>(Decrease the number of departments on the operation level by 20%)</td>
</tr>
<tr>
<td>Reduction of SG&amp;A, procurement costs, outsourcing cost. etc</td>
<td>• Enhance cost control (shift overtime rate to legal standard, freeze subsidy fee for</td>
</tr>
<tr>
<td></td>
<td>affiliated company benefit packages, cut day wage on business trips, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Keep a lid on development costs, enlarge in-house-manufacture/off-shore</td>
</tr>
<tr>
<td></td>
<td>development, reinforce central purchasing</td>
</tr>
<tr>
<td>Reduction of compensation for officers and managers</td>
<td>• 【Compensation for officers】 Cut 50-25% per year</td>
</tr>
<tr>
<td></td>
<td>• 【Payment for managers】 Cut 7-5% per month (From April)</td>
</tr>
<tr>
<td>NEC Group work force reduced by over 20,000</td>
<td>• 9,984 persons in NEC TOKIN (domestic 984, overseas 9,000)</td>
</tr>
<tr>
<td></td>
<td>• 1,200 persons in NEC Electronics</td>
</tr>
<tr>
<td></td>
<td>• 690 persons in overseas PC business</td>
</tr>
<tr>
<td></td>
<td>• 590 persons in LCD business</td>
</tr>
<tr>
<td></td>
<td>• Planned work force reduction of over 20,000, including outsourced staff</td>
</tr>
<tr>
<td></td>
<td>reductions due to renewed in-house manufacturing.</td>
</tr>
</tbody>
</table>

※ As of May 12, 2009
All-out Reduction of Costs

Reduce fixed costs by 270 billion yen (yoy)

<table>
<thead>
<tr>
<th>Business segment</th>
<th>Reducing fixed cost (Billions of yen)</th>
<th>(Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/network solution</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Mobile/personal solution</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Electron device</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>270</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost item</th>
<th>Reducing fixed cost (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor cost</td>
<td>72</td>
</tr>
<tr>
<td>Outsourcing engineering, consignment of activities</td>
<td>124</td>
</tr>
<tr>
<td>Depreciation, lease, etc</td>
<td>28</td>
</tr>
<tr>
<td>Other</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>270</strong></td>
</tr>
</tbody>
</table>

※ Forecast as of May 12, 2009
Summary

- Reinforced earnings structure reform
- Reinforced business structure for growth

Realization of NEC Group Core Values

Aim to meet the earnings forecast for FY09, reinforce the selection & concentration of business in order to support the next phase of growth

Seeking the NEC Group Vision 2017
Empowered by Innovation

NEC
《Ref.》 New Segments
The Aim for New Segments

- **Improvements in Accountability for Disclosed Information**
  - Conform to management’s structure for disclosed segments
    - Specify business responsibility

- **Fulfilling Disclosed Information**
  - Break up the disclosed segments and sub segments
    - Break up from 3 segments to 6 segments by raising previous sub-segments of “IT/NW Solutions” segment into new segments

**Linked Organizational Reform from Apr. 1, 2009**

- In mid-July (before announcement of financial results for 1Q of FY10/3) NEC will disclose past results (full year, half year and quarter-results of FY08/3 and 09/3) with full year forecast for FY10/3
## New and Previous Segments

### Previous segments
- IT/NW Solutions
- Mobile/Personal Solutions
- Electron Devices
- Others

### New Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Service</td>
<td>896.0</td>
<td>50.0</td>
</tr>
<tr>
<td>IT Products</td>
<td>215.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Network Systems</td>
<td>870.0</td>
<td>48.0</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>302.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>773.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>576.0</td>
<td>-5.0</td>
</tr>
<tr>
<td>Others</td>
<td>98.0</td>
<td>-34.0</td>
</tr>
</tbody>
</table>

※ Forecast as of May 12, 2009
New Segments and Corporate Organization

Segment
- IT Service
- IT Products
- Network Systems
- Social Infrastructure
- Personal Solutions
- Electron Devices

Organization
- IT Services Business Unit
- IT Platform Business Unit
- Carrier Network Business Unit
- Enterprise Communications Operations Unit
- Social Infrastructure Solutions Business Unit
- Personal Solutions Business Unit
- NEC Electronics
- NEC TOKIN
- Others
Strengthens Management Structure to Improve Profitability and Drive New Growth

- Streamlining the organization and strengthening company-wide business process innovation
  - Structural reduction to a new streamlined organization of 7 business units, 1 business support unit, and corporate staff
    (Reduced the number of departments by approximately 20%)
- Strengthening sales operations
  - Establish satisfactory progress of customers and improve proposal technique and sales operations by establishment of Sales Business Unit
  - Accelerate business growth on a global scale by establishment of International Sales and Operations Business Unit
- Creating a framework for new solutions that accelerate growth
  - Strengthening business structures that support the cloud computing era by establishment IT Services Business Unit
  - Strengthened new personal solutions business for a ubiquitously networking society by the unification of mobile terminal and PC businesses etc.
  - Promoted innovative new services by the establishment of a Smart Energy and Green Business Development Division

*Informed Feb. 25, 2009*
(Appendix)

Financial Results for FY2008
(Fiscal Year ended March 2009)
## Summary of FY2008 Results

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>4Q Result</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY08/3</td>
<td>FY09/3</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>Net Sales</td>
<td>1,424.3</td>
<td>1,139.5</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>113.3</td>
<td>5.2</td>
</tr>
<tr>
<td>(% to Net Sales)</td>
<td>8.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Ordinary Income/Loss</td>
<td>92.9</td>
<td>-50.4</td>
</tr>
<tr>
<td>(% to Net Sales)</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>Net Income/Loss</td>
<td>32.7</td>
<td>-167.6</td>
</tr>
<tr>
<td>(% to Net Sales)</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>FCF</td>
<td>193.2</td>
<td>52.0</td>
</tr>
</tbody>
</table>

(Ref): Average exchange rate for 4Q/FY09.3 1$= ¥91.91, 1€= ¥119.73
Average exchange rate for FY09.3 1$= ¥101.08, 1€= ¥146.20
(Assumption of exchange rate for 4Q/FY09.3 1$=¥90, 1€=¥120)
FY08/3 Results Overview

- **Net Sales**: 4,215.6 (yoy -8.7%)
  - ▽ Electron Devices (yoy -21.4%, -178.1), Network Systems (yoy -7.5%, -81.4), Personal Solution (yoy -13.2%, -70.4) decreased
  - △ Mobile Terminals (yoy +2.3%, +7.8) increased

- **Operating Loss**: -6.2 (yoy -163.0)
  - ▽ Electron Devices (yoy -86.7), Network Systems (yoy approx. -35.0), Mobile/Personal Solutions (yoy -31.1) decreased
  - (Gross operating profit decreased due to the drop of net sales despite a decrease in general administrative and selling expenses)

- **Ordinary Loss**: -93.2 (yoy -205.4)
  - ▽ Operating income decline
  - ▽ The provision for a loss possibility from a disputed item, the adding up of the investment loss by the share method

- **Net Income**: -296.6 (yoy -319.3)
  - ▽ Increased extraordinary loss
    - (Restructuring cost for Electron Devices, loss on revaluation of investments in securities)
  - ▽ Liquidation of the deferred tax assets which we couldn’t expect to collect
### Other Financial Data

<table>
<thead>
<tr>
<th></th>
<th>08/3</th>
<th>09/3</th>
<th>YoY</th>
<th>08/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>3,526.8</td>
<td>3,075.4</td>
<td>-451.4</td>
<td>3,396.1</td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,185.5</td>
<td>785.6</td>
<td>-400.0</td>
<td>982.4</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>800.8</td>
<td>925.2</td>
<td>124.3</td>
<td>1,058.9</td>
</tr>
<tr>
<td>Shareholder's Equity</td>
<td>1,004.2</td>
<td>6,417</td>
<td>-362.6</td>
<td>816.5</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>28.5%</td>
<td>20.9%</td>
<td>-7.6pt</td>
<td>24.0%</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>0.80</td>
<td>1.44</td>
<td>-0.64pt</td>
<td>1.30</td>
</tr>
<tr>
<td>Net D/E ratio</td>
<td>0.42</td>
<td>0.95</td>
<td>-0.53pt</td>
<td>0.81</td>
</tr>
</tbody>
</table>
### Results by Segment

#### Net Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile/Personal Solutions</td>
<td>872.9</td>
<td>830.9</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>47.3</td>
<td>28.6</td>
</tr>
<tr>
<td>IT/NW Solutions</td>
<td>2,866.2</td>
<td>2,723.9</td>
</tr>
<tr>
<td>Total</td>
<td>4,617.2</td>
<td>4,215.6</td>
</tr>
</tbody>
</table>

#### Operating Income/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile/Personal Solutions</td>
<td>23.2</td>
<td>7.4</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-34.4</td>
<td>-7.9</td>
</tr>
<tr>
<td>IT/NW Solutions</td>
<td>160.6</td>
<td>124.9</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>-163.0</td>
<td>-79.3</td>
</tr>
<tr>
<td>Total</td>
<td>156.8</td>
<td>-6.2</td>
</tr>
</tbody>
</table>

(Billions of Yen)
IT/NW Solutions Business

Net Sales 2,723.9 (-5.0%)

- IT Service/SI:
  Decreased by rapid slowdown of IT investment
  Sales for government entities are stable, but there is an influence from investment freezes in some industries

- IT Products:
  Decreased mainly on business PCs and servers by the decline of the investment environment

- Network Systems:
  NGN related businesses are stable, but as a whole, it has decreased due to a break of investment by domestic mobile carriers and a reduction of enterprise investment for networks

Operating Profit 124.9 (-35.8)

- IT Service/SI:
  Maintaining an equal profitability as the previous year by improving productivity through SI innovation under a severe business environment

- IT Products:
  In spite of a sales decrease, profits increased overall due to the sales increase of high profit products

- Network Systems:
  Profits decline from decreasing sales and appreciation of the yen

* ( ) indicates year on year
Mobile/Personal Solutions Business

**4Q**

<table>
<thead>
<tr>
<th></th>
<th>FY08/3</th>
<th>FY09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>255.7</td>
<td>180.1</td>
</tr>
<tr>
<td>Mobile Terminals</td>
<td>101.9</td>
<td>75.1</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>153.9</td>
<td>104.9</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>12.7</td>
<td>-26.3%</td>
</tr>
<tr>
<td>YoY</td>
<td>-29.6%</td>
<td></td>
</tr>
</tbody>
</table>

**Full Year**

<table>
<thead>
<tr>
<th></th>
<th>FY08/3</th>
<th>FY09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>872.9</td>
<td>810.3</td>
</tr>
<tr>
<td>Mobile Terminals</td>
<td>340.3</td>
<td>23.2</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>532.6</td>
<td>462.2</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>75.1</td>
<td>-13.2%</td>
</tr>
<tr>
<td>YoY</td>
<td>-7.2%</td>
<td></td>
</tr>
</tbody>
</table>

(Billions of Yen)

08 Results

© NEC Corporation 2009
Empowered by Innovation
Mobile/Personal Solutions Business

- **Net Sales** 810.3 (-7.2%)
  - **Mobile Terminals**
    - Domestic market had shrunk about 30% in comparison with the last year.
    - NEC increased shipment by competitive new products.
  - **Personal Solutions**
    - Large decrease by reduction of enterprise investment for PCs in Japan and environmental degradation of overseas PC market.

- **Operating Loss** -7.9 (-31.1)
  - **Mobile Terminals**
    - Profits decreased due to the increase of development expenses for launching a variety of models and the development investment for the future.
  - **Personal Solutions**
    - Profits decreased due to the intense price competition in the Japanese PC market and the decline of the overseas PC business.

* ( ) indicates year on year.
Electron Device Business

**4Q**

- **Net Sales**
  - Semiconductors (NEC Electronics): 165.9 (FY08/3) to 100.1 (FY09/3)
  - Electric Components/Others: 32.3 (FY08/3) to 14.5 (FY09/3)
  - FY08/3: 198.2, YoY -49.5%
  - FY09/3: 100.1, YoY -20.5%

- **Operating Income/Loss**
  - Semiconductors (NEC Electronics): 2.7 (FY08/3) to 59.5 (FY09/3)
  - Electric Components/Others: 0.2 (FY08/3) to -5.3 (FY09/3)
  - FY08/3: 18.4, YoY -53.4%
  - FY09/3: 54.2, YoY -79.3%

**Full Year**

- **Net Sales**
  - Semiconductors (NEC Electronics): 687.7 (FY08/3) to 546.5 (FY09/3)
  - Electric Components/Others: 143.2 (FY08/3) to 106.3 (FY09/3)
  - FY08/3: 830.9, YoY -48.4%
  - FY09/3: 652.8, YoY -20.5%

**YoY**

- FY08/3: 546.5 (FY08/3) to 652.8 (FY09/3)
- FY09/3: 106.3 (FY08/3) to 143.2 (FY09/3)

*The results for the area of Semiconductors are the official public figures of NEC Electronics Corporation, which are prepared in accordance with U.S. GAAP. The difference that arises as a result of the adjustment to Japan GAAP is included in Electronic Components and Others.*
Electron Device Business

Net Sales 652.8 (-21.4%)

- Semiconductors:
  Sales decreased largely due to the rapid deterioration of semiconductor demand
  (general-purpose products like discrete devices, LSIs for computer and peripheral equipment, cars, and industrial instrument)

- Electric Components/Others:
  Sales decreased largely due to customer’s rapid adjustment of products and inventory, which was caused by the market stagnation after 3Q
  (general-purpose products like capacitors and LCD for industry markets)

Operating Loss -79.3 (-86.7)

- Semiconductors:
  Accelerated cost cutting unable to overcome decreasing sales

- Electric Components/Others:
  Impacted by rapid fall of sales and the currency exchange

* ( ) indicates year on year
Ref. Quarterly Performance

(Electron Device Business)

(Billions of Yen)

Net Sales

Semiconductors (NEC Electronics)

Electric Components/Others

Operating Income/Loss

1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q

205.9 214.7 212.0 198.2 197.4 199.4 155.9 100.1

32.3 37.3 41.2 32.3 32.1 28.6 127.3 85.6

-4.4 -2.2 5.8 1.7 0.3 2.5 31.1 32.1

4.1 1.7 0.2 1.1 -1.5 -0.5 -20.2 -20.2

-2.2 1.7 0.3 -2.2 -16.2 -4.0

-22.2 1.7 0.3 -2.2 -16.2 -4.0

-53.4 -59.5

*The results for the area of Semiconductors are the official public figures of NEC Electronics Corporation, which are prepared in accordance with U.S. GAAP. The difference that arises as a result of the adjustment to Japan GAAP is included in Electronic Components and Others.
Sales Change (from Jan. 30 Forecast)

Jan. 30 Forecast 4,200.0

Actual 4,215.6

Electron Devices +12.8

Mobile/Personal Solutions +0.3

IT Products -16.0
IT Service/SI -15.5
Network Systems +4.6
Social Infrastructure +0.8

IT/NW Solutions -26.1

Others +28.6

Eliminations/Corporate +32.2
Others -3.6

Electronic Components And Others +21.3
Semiconductors (NECEL) -8.5

Mobile Terminals +18.1
Personal Solutions -17.8
Operating Income Change (from Jan. 30 forecast)

Jan. 30 Forecast

Mobile/Personal Solutions  +0.1

Electron Devices  -2.3

IT/NW Solutions  +13.9

Actual

Mobile Terminals  approx. -2.0
Personal Solutions  approx. +2.0

Semiconductors (NECEL)  -13.4
Electronic Components And Others  +11.1

Others  +12.1

Eliminations/Corporate  approx. +7.0
Others  approx. +5.0

Network Systems  approx. +8.0
IT Products  approx. +7.0
IT Service/SI  approx. +1.0
Social Infrastructure  approx. -2.0
**Net Income Change** (from Jan. 30 forecast)

(Billions of yen)

Jan. 30 Forecast

-290.0

Actual

-296.6

- **Business performance Increases** +23.8

- **Non-operating expense Increases** -27.0

- **Others** +3.4

- **IT/NW Solutions** +13.9

- **Others + Eliminations/Corporate** +12.1

- **Provision for loss increase etc.**

- **Tax expense decline**
## Ref. Segment Information

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<th>FY09/3</th>
<th>FY10/3</th>
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* Forecast as of May 12, 2009*