Financial Results for 1H for the Fiscal Year Ending March 31, 2010

October 29, 2009
NEC Corporation
(http://www.nec.co.jp/ir/en)
To be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth

NEC Group Vision 2017
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III. Progress of Management Reforms
   - Unconsolidation of the semiconductor business
   - Expansion & profitability improvement for the Personal Solutions business
   - “C&C Cloud Strategy” towards further growth of IT/Network solutions
I. Financial Results for 1H
Summary of Financial Results for 1H

Kept original plan for 1H results both in sales and income/loss

2Q turnaround in operating profit
(Operating Income/loss improved in several segments except Electron Devices)

(Billons of yen)

<table>
<thead>
<tr>
<th></th>
<th>Forecast as of July 30 (A)</th>
<th>1H Actual (B)</th>
<th>Difference (B-A)</th>
<th>1H FY09/3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,650.0</td>
<td>1,653.7</td>
<td>3.7</td>
<td>2,127.8</td>
<td>-22.3%</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>-40.0</td>
<td>-37.7</td>
<td>2.3</td>
<td>13.4</td>
<td>-51.1</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-31.0</td>
<td>-42.6</td>
<td>-11.6</td>
<td>-0.6</td>
<td>-42.0</td>
</tr>
<tr>
<td>Ordinary Income/Loss</td>
<td>-62.0</td>
<td>-49.9</td>
<td>12.1</td>
<td>7.0</td>
<td>-56.9</td>
</tr>
<tr>
<td>Net Income/Loss</td>
<td>-50.0</td>
<td>-43.6</td>
<td>6.4</td>
<td>1.8</td>
<td>-45.4</td>
</tr>
</tbody>
</table>

(Ref): Average exchange rate for 1H of FY10/3  1$=¥96.56, 1€=¥132.26
(Assumed exchange rate as of July 30 for FY10/3  1$=¥90, 1€=¥120)
Results by Segment for 1H

### Net Sales

<table>
<thead>
<tr>
<th></th>
<th>FY08/3 1H</th>
<th>FY09/3 1H</th>
<th>FY10/3 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>406.7</td>
<td>420.9</td>
<td>1,650.0</td>
</tr>
<tr>
<td>IT Products</td>
<td>110.5</td>
<td>126.3</td>
<td></td>
</tr>
<tr>
<td>Network Systems</td>
<td>508.2</td>
<td>494.9</td>
<td>390.0</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>149.9</td>
<td>148.2</td>
<td>80.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>442.9</td>
<td>454.5</td>
<td>125.0</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>430.7</td>
<td>410.4</td>
<td>355.0</td>
</tr>
<tr>
<td>Others</td>
<td>91.8</td>
<td>72.7</td>
<td>40.0</td>
</tr>
</tbody>
</table>

### Operating Income/Loss

<table>
<thead>
<tr>
<th></th>
<th>FY08/3 1H</th>
<th>FY09/3 1H</th>
<th>FY10/3 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>12.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Systems</td>
<td>24.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>8.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eliminations/ Unclassifiable expenses</td>
<td>-4.2</td>
<td>-19.3</td>
<td>-21.4</td>
</tr>
</tbody>
</table>

(Billions of Yen)
**Sales Change** (From previous forecast as of July 30)

<table>
<thead>
<tr>
<th>Segment</th>
<th>7/30 1H forecast</th>
<th>FY10/3 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>-7.5</td>
<td></td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>+7.4</td>
<td></td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>+4.7</td>
<td></td>
</tr>
<tr>
<td>Network Systems</td>
<td>-6.9</td>
<td></td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-1.4</td>
<td></td>
</tr>
<tr>
<td>IT Products</td>
<td>+8.6</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-1.1</td>
<td></td>
</tr>
</tbody>
</table>

(Billions of Yen)
Operating Income/Loss Change (From previous forecast as of July 30)

(Billions of Yen)

7/30 1H forecast
-40.0

FY10/3 1H
-37.7

Social Infrastructure

IT Services
+5.5

IT Products
-3.3

Network Systems
-4.2

Electron Devices
-11.6

Personal Solutions
+6.9

Others
+2.1

Eliminations/
Unclassifiable expenses
+5.3
### Fixed Cost Reduction Progress in 1H

**Reduced 149.2 billion yen year on year principally in labor cost**
(Progressed by 55%)

<table>
<thead>
<tr>
<th>Segment</th>
<th>1H Reduction (Progress)</th>
<th>Reducing fixed costs (Annual plan)</th>
<th>Cost Item</th>
<th>1H Reduction (Progress)</th>
<th>Reducing fixed costs (Annual plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services, IT Products, Network Systems, Social Infrastructure</td>
<td>54.8 (52%)</td>
<td>105.0</td>
<td>Labor Cost</td>
<td>52.5 (73%)</td>
<td>72.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>19.1 (64%)</td>
<td>30.0</td>
<td>Outsourcing engineering, consignment of activities</td>
<td>54.5 (44%)</td>
<td>124.0</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>66.6 (56%)</td>
<td>118.0</td>
<td>Depreciation, lease, etc.</td>
<td>16.8 (60%)</td>
<td>28.0</td>
</tr>
<tr>
<td>Others</td>
<td>8.7 (51%)</td>
<td>17.0</td>
<td>IT expenses, sales promotion and advertisement, etc.</td>
<td>25.4 (55%)</td>
<td>46.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>149.2 (55%)</td>
<td>270.0</td>
<td><strong>Total</strong></td>
<td>149.2 (55%)</td>
<td>270.0</td>
</tr>
</tbody>
</table>

*Annual plan as of May 12, 2009*
II. Financial Forecast for FY10/3
## Revised Forecast

### Revised consolidated forecast of FY10/3 with the downturn of the Electron Devices business

(Aim to improve operating income/loss over the previous forecast from July 30, not including the Electron Devices business)

<table>
<thead>
<tr>
<th></th>
<th>Forecast as of July 30 (A)</th>
<th>Revised forecast (B)</th>
<th>Difference (B-A)</th>
<th>Actual as FY09/3</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>3,730.0</td>
<td>3,660.0</td>
<td>-70.0</td>
<td>4,215.6</td>
<td>-13.2%</td>
</tr>
<tr>
<td><strong>Operating Income/Loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electron Devices</td>
<td>100.0</td>
<td>60.0</td>
<td>-40.0</td>
<td>-6.2</td>
<td>66.2</td>
</tr>
<tr>
<td></td>
<td>-5.0</td>
<td>-51.0</td>
<td>-46.0</td>
<td>-87.8</td>
<td>36.8</td>
</tr>
<tr>
<td><strong>Ordinary Income/Loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60.0</td>
<td>40.0</td>
<td>-20.0</td>
<td>-93.2</td>
<td>133.2</td>
</tr>
<tr>
<td><strong>Net Income/Loss</strong></td>
<td>10.0</td>
<td>10.0</td>
<td>0</td>
<td>-296.6</td>
<td>306.6</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009*
Financial Forecast Summary for the Full Year by Segment

Net Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>FY10/3 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>960.5</td>
<td>941.8</td>
<td>3,730.0</td>
</tr>
<tr>
<td>IT Products</td>
<td>251.9</td>
<td>266.5</td>
<td>891.0</td>
</tr>
<tr>
<td>Network Systems</td>
<td>1,066.8</td>
<td>1,001.8</td>
<td>215.0</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>365.5</td>
<td>340.4</td>
<td>870.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>930.8</td>
<td>848.6</td>
<td>304.0</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>860.0</td>
<td>773.0</td>
<td>582.0</td>
</tr>
<tr>
<td>Others</td>
<td>181.7</td>
<td>144.8</td>
<td>95.0</td>
</tr>
</tbody>
</table>

Operating Income/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>FY10/3 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>65.9</td>
<td>81.0</td>
<td>3,730.0</td>
</tr>
<tr>
<td>IT Products</td>
<td>-6.2</td>
<td>56.0</td>
<td>891.0</td>
</tr>
<tr>
<td>Network Systems</td>
<td>69.0</td>
<td>50.0</td>
<td>215.0</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>14.4</td>
<td>14.0</td>
<td>870.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>17.6</td>
<td>42.0</td>
<td>304.0</td>
</tr>
<tr>
<td>Others</td>
<td>8.4</td>
<td>8.2</td>
<td>81.0</td>
</tr>
<tr>
<td>Eliminations/ Unclassifiable expenses</td>
<td>-41.3</td>
<td>-13.2</td>
<td>-37.0</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009
Sales Change (From previous forecast as of July 30)

<table>
<thead>
<tr>
<th>Category</th>
<th>Forecast (Billions of Yen)</th>
<th>Change from Previous Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services, IT Products</td>
<td>±0</td>
<td></td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-20.0</td>
<td></td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>+5.0</td>
<td></td>
</tr>
<tr>
<td>Network Systems</td>
<td>-20.0</td>
<td></td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>-34.0</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-1.0</td>
<td></td>
</tr>
<tr>
<td>FY10/3 (Forecast)</td>
<td>3,660.0</td>
<td></td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009
Operating Income/Loss Change (From previous forecast as of July 30)

7/30 full year forecast
100.0

Electron Devices
-46

IT Services
+6

IT Products
-9

Social Infrastructure
+2

Network Systems ±0

Personal Solutions
+1

Eliminations/Unclassifiable expenses
+3

Others +3

FY10/3 (Forecast)
60.0

* Forecast as of October 29, 2009
Additional Fixed Cost Reduction

Aim to reduce 290 billion yen year on year. An additional 20 billion reduction from the original plan

(Billions of Yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Amount of Increase</th>
<th>Reducing fixed costs (Annual plan)</th>
<th>Cost Item</th>
<th>Amount of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services, IT Products, Network Systems, Social Infrastructure</td>
<td>+14.0</td>
<td>119.0</td>
<td>Labor Cost</td>
<td>+6.0</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>+3.0</td>
<td>33.0</td>
<td>Outsourcing engineering, consignment of activities</td>
<td>+5.0</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>+1.0</td>
<td>119.0</td>
<td>Depreciation, lease etc.</td>
<td>+5.0</td>
</tr>
<tr>
<td>Others</td>
<td>+2.0</td>
<td>19.0</td>
<td>IT expenses, sales promotion and advertisement, etc.</td>
<td>+4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>+20.0</strong></td>
<td><strong>290.0</strong></td>
<td><strong>Total</strong></td>
<td><strong>+20.0</strong></td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009

*Forecast as of October 29, 2009*
Summary

The semiconductor business will not achieve our original plan, but it will improve significantly year on year

- Semiconductor business down from the original plan, but covered by other 1H segments
- Rapid recovery of the semiconductor business not expected as severe market conditions continue for 2H
  • Strengthen profitability improvement activities further

Business expansion and profitability improvement in stable business areas other than the semiconductor business

- Top line growth by enforcement of sales and focusing on the customer
- Accelerate cost reduction and improvement of thorough project management

Complete fixed cost reduction plan of 290 billion yen

Aim to achieve further improvement over the revised forecast

* Forecast as of October 29, 2009
III. Progress of Management Reforms
Management Challenges for NEC

1. Business Restructuring – business portfolio reform -

- Unconsolidation of semiconductor business (Announced on Sep. 16)
- Expansion and profitability improvement of Personal Solutions Business (Announced on Sep. 14)
- “C&C Cloud Strategy” toward further growth of IT/Network Solutions

2. Earnings structure reforms – establishing leaner earnings structure -

- Further fixed cost reduction 270 ⇒ 290 billion yen (report quarterly progress)

* Forecast as of October 29, 2009
Unconsolidation of Semiconductor Business

- Unconsolidate NEC Electronics from next fiscal year (FY11/3) (NEC’s shareholding ratio declines from 70% to 35%*) * Voting share basis
  - Reallocate management resources to IT/NW solutions business
  - The integrated company after business integration will be a business partner of NEC that brings technological synergy to NEC’s core businesses

Strengthen financial structures through improved profitability, stabilization and lower CAPEX

* Forecast as of October 29, 2009
NEC Electronics and Renesas reached a definitive agreement on business integration
< Name of integrated company: Renesas Electronics Corporation (Tentative name) >

- Decided that business integration with Renesas is the best way to fundamentally rebuild our semiconductor structure and expand business as a leading global company in the current economic conditions
- NEC, Hitachi and Mitsubishi will provide economic assistance for strengthening the financial base of the integrated company

Establishment of the world’s 3\textsuperscript{rd} largest semiconductor company in April 2010
- Will have 3 major product groups, MCUs (World’s No.1), SoCs and Discrete products -

※ Announced on Sep. 16, 2009
Management policy for the future

- Focus on service terminals as a new client interface in the cloud computing era

Past Approach

- Withdrawal from unprofitable overseas PC business (Europe, Asia) (including the “Other” segment from the current segment structure)
- Secure PC share and expand mobile handset share in the Japanese market
- R&D cost reduction by developing a master platform for mobile handsets
- Thorough cost reduction
- Business expansion through collaboration with other companies in the shrinking Japanese mobile handset market (Announced on Sep. 14)

Make every effort to achieve lower BEP and improve the profitability of existing business
Aim to create new business through the fusion of mobile handsets and PCs in the next fiscal year

※ Forecast as of October 29, 2009
Integrate NEC’s mobile terminals business with Casio Hitachi Mobile Communications

< Name of integrated company: NEC CASIO Mobile Communications, Ltd. >
(Integrate in April 2010. Capital increase planned to take place by the end of June 2010. Share holding ratio of NEC will be 70.74% after the capital increase)

- Realize integrated synergies from sales expansion, material procurement, product support etc.
- Enhance R&D through co-utilizing technological assets, know-how and resources
- Establish higher competitiveness by strengthening business foundations in Japan and overseas

Establish strong position in the Japanese market and expand business globally

※ Announced on Sep. 14, 2009
“C&C Cloud Strategy” towards further growth of IT/Network Solutions
4 Competencies and 3 Target Markets

3 Target markets
- Enterprise
- Telecom Carrier
- Social infrastructure

Main business
- Cloud service business
- Cloud system implementation business

4 focused technology themes
- IT/NW common platform
- Mission critical & real-time
- Ubiquitous device technology
- Green technology
IT/Network Common Platform (PF)

- Market features become similar due to expansion of Data Centers (DC)/Networks (NW) in IT markets and telecom operator IT services
- PF becomes similar due to expansion of common server areas and software based core network equipment
- Establish a common IT/Network platform ahead of competitors

Transition of solutions

Cloud service expansion → Similar market

- On-premise Outsourcing
- Virtualization of NW
- Wider DC
- Utilize of DC
- NetOp+DC
- Service desk
- IT service expansion*

* Examples of IT services
  - Video streaming for consumers
  - Unified Communication
  - E-commerce settlement

Transition of equipment architecture

Common server/software area expansion → Similar platform

- Mainframes
- Core
  - Ultra-high reliability
- Ultra-high reliability
- Front
- High performance
- High reliability
- Control Plane
- Software based
- Server/software area Expansion

- Servers
- Signaling
- Core Network
- Off-the-shelf for common use
- Video streaming for consumers
- Unified Communication
- E-commerce settlement
Proven Record in Mission-Critical Systems

Realized open system architecture operation in the 1990’s and completed a wide variety of projects

Ahead of market in cutting-edge architecture for mission-critical systems

Will take leading initiative in the implementation of cloud systems that realize 99.9999% reliability

- NTT DOCOMO
  - 75,000/sec super parallel processing
  - JAVA based core system implementation
  - 30 second system switchover

- Real-Time Billing
  - 20-30 thousand/sec PSA* event processing

- Shinko Securities**
  - 60,000 job transactions per day
  - Disaster recovery via 3 automatic centers

- Mobile Computing

- Web Computing

- Client and Servers

- Open Architecture Banking Systems

- Carrier Network Systems

* PSA…Parallel Streaming Architecture
** Current Mizuho Securities
Ubiquitous Device Technologies

- Rapidly commercialized multi-frequency RFID reader/writer
- Launched ID processing platform service “BitGate” and its demonstration site

Featured at “Cloud-plaza” showroom

NEC Data Center

ID processing software
(high-speed event procession)

 Variety of terminals

Client

Multi-frequency RFID reader/writer

Commercialize world’s first product

BitGate (ID processing platform service)

Cloud terminals

Thin Client

New Client

RFID

Fingerprint identification

Infrared ray sensors

Barcode

Wireless sensor

GPS

Life logs

Company A

Company B

Company C

Company D

Company X
Green Technologies (Environment and Energy)

Differentiation through innovative earth-friendly products and services

The NEC group carries out investment, production and supply of essential EV electrodes

Business expansion through fusion with IT/NW

Datacenters that consume lower electric power

Contribute to JV with NISSAN with battery and mass production technologies

Batteries for automobiles by advanced electrode

IT/NW technologies
High capacity battery technologies

Car-to-car communication system prototype

Electric power efficiency
Integration of environmental and information systems

Batteries for automobiles strengthened by electrode

Technologies for road-to-car/car-to-car communication systems

Batteries for automobiles

Energy management system

ITS (Intelligent Transportation System)

Energy management system

Integration of environmental and information systems

Differentiation through innovative earth-friendly products and services

The NEC group carries out investment, production and supply of essential EV electrodes

Business expansion through fusion with IT/NW

Datacenters that consume lower electric power

Contribute to JV with NISSAN with battery and mass production technologies

Batteries for automobiles by advanced electrode

IT/NW technologies
High capacity battery technologies

Car-to-car communication system prototype

Electric power efficiency
Integration of environmental and information systems

Batteries for automobiles strengthened by electrode

Technologies for road-to-car/car-to-car communication systems

Batteries for automobiles
Cloud Services for Enterprises

Provide a variety of application services for each sector/operation
Each package applications will be provided by SaaS via PaaS “RIACUBE/SP”
Provide world’s first technology development and demonstration through our research and results in collaboration with Stanford University
Provide integrated services for a 3rd party public cloud through managed cloud services

NEC’s cloud services

Service by industry
Common Service

PaaS “RIACUBE/SP”

Next generation IT platform for cloud computing
REAL IT PLATFORM

Next generation IT platform for cloud computing

Announced on Oct. 8

World’s first demo
World’s first technology
Revamping core IT systems by implementing cloud oriented service platforms for NEC group systems
(Plan to begin with accounting department in parallel with former systems from January 2010)

Reduce more than 20% of TCO (Total Cost of Ownership) and enhance management efficiency
Progression Towards a Cloud System for the Needs of System Consolidation/Standardization

Reduce customer TCO as they shift to a “Cloud environment” through renewal of their IT systems

Already won specific projects (Taisho Pharmaceutical, Tokio Marine & Nichido Fire Insurance, Kirin Brewery)

- Won full-outsourcing contract from Taisho Pharmaceutical
- Integration/Standardization
- Operation outsourcing
- Shared system in group companies
- Won a product management system order from Kirin Brewery
- Virtualization of client
- Cloud services
- SaaS
- PaaS
- DaaS*

* Desktop as a Service

Growth of security management cost, etc.

Centralized in Datacenter

Distributed and complicated

Office equipment

Information systems

Won a 30,000 thin-client system order from Tokio Marine & Nichido Fire Insurance

Won full-outsourcing contract from Taisho Pharmaceutical

Integration/Standardization

Operation outsourcing

Shared system in group companies

Won a product management system order from Kirin Brewery

Virtualization of client
Implement Cloud System for Global Telecom Carriers

- Provide IT/Network integrated operation management systems for global data centers
- Provide NGN and next generation mobile infrastructure that supports cloud environments for telecom carriers
- Realize 1 virtual system by integrating data centers → IT/Network integrated operation management

Orders received: LTE for KDDI, WiMAX for UQ communications

* Information Technology Infrastructure Library (ITIL)
Providing Cloud Service System for Global Telecom Carriers

Telecom carriers’ “Services for enterprises” shift towards a new stage
NEC is in an advanced position as a business development partner for global telecom carriers

Carriers Network services for enterprises
(Private Network services)

Carriers IT services for enterprises
(Business support)

Next generation IT/NW integrated service
(Cloud services)

VPN
Wide area Ethernet
IP-VPN
Thin Client
TV Conference
Remote Office

SaaS
Carrier DC

Network Services
Carrier Network

Won an SaaS project from Telefonica

Resolves overlapping investment in equipment
Resolves network congestion
Reduce OPEX by 50%*

* NEC’s estimation by model-case
Business Potential of Cloud Services for Social Infrastructure

Renewal of systems which support public infrastructure services towards an efficient, low-carbon society

Featured at “Cloud-plaza” showroom

Optimized continually for individuals’ benefit
Mass-customized service which supports real society

Reduction of CO2 emission

Intelligent services for realizing the safety of society

Cloud services for social infrastructure

- Medical
- Nursing
- Care
- Food
- Education
- Government
- etc.

- Anticrime
- Transportation
- Maintenance of infrastructure in local society
- Logistics
- Communication
- etc.

- Finance

- Water
- Electric power
- Disaster
- Agriculture
- Environment
- etc.

- Smart grid
  - Automatic meter reading system
  - Decentralized power system
  - Interactive power distribution system
  - Electrode (LiB) and storage system

- Won election system in Bolivia
- Won national ID system in South Africa
- IC ticket system
- Immigration management e-date
- Car number reading system
- Green/Eco service for improving the relationship between nature and people

Optimize individual’s quality of life

Improved continually for individuals’ benefit
Mass-customized service which supports real society

Intelligent services for realizing the safety of society

- Integrated security (Integrated Biometric identification system, Video monitoring and Gate control)
- Local medical linkage service
- etc.
Toward Realizing an Intelligent Social Infrastructure

**Complicated “Global system”**

Customized by systems
Whole global systems are a complicated hierarchical structure

Enterprises
Complicated system linkage

**Optimized “Global system”**

Aim to realize intelligent social infrastructure that traces the time based flow of “People,” “Objects,” “Money” and “Business”

Information Infrastructure

Server, Storage, Client terminals etc.

Network, Service etc.

Sensor network, Location information, Transport information etc.

IT/NW common platform

Intelligent social infrastructure

Information infrastructure which autonomously traces changes of environment/social information

Environmental information

Location
Transportation
Weather

Social Information

Human
Object
Money

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Green IT – CO2 Reduction through Our Own Practices

Reduced CO2 emissions by 60% by implementing cloud system

Operated dozens of systems separately

Emission: 5,000 tons/year

Energy efficiency dramatically improved by centralization

Emission: 2,000 tons/year

Cloud service

Common AP platform

Conventional systems

Back-office system

Private cloud system

Operated dozens of systems separately

Emission: 2,000 tons/year

Energy efficiency dramatically improved by centralization

Emission: 765 tons/year

Cloud service

Private cloud system

Emission: 364 tons/year

Centralize client processing

PCs in the office

PCs in the office

Replaced PCs with thin client systems (DaaS*)

* Desktop as a Service
Contribute to the Earth Environment through “C&C Cloud Strategy”

**Green “of” IT**
- Reduce CO2 emissions through implementation of earth-friendly IT systems
- Reduce our customers' CO2 emissions through expansion of cloud business

**Green “by” IT**
- Reduce CO2 emissions through implementing IT systems that enable earth-friendly business activities

Accelerate the “C&C Cloud Strategy” to realize the NEC Group Vision 2017

To be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth
Empowered by Innovation

NEC
Financial results for the 1H of the fiscal year ending March 31, 2009 (appendix)
### Summary of Financial Results for 1H

<table>
<thead>
<tr>
<th></th>
<th>1st Half</th>
<th>Difference from 7/30 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09/3 Actual</td>
<td>FY10/3 Actual</td>
<td>YoY</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>2,127.8</td>
<td>1,653.7</td>
</tr>
<tr>
<td><strong>Operating Income/Loss To net sales (%)</strong></td>
<td>13.4</td>
<td>-37.7</td>
</tr>
<tr>
<td><strong>Ordinary Income/Loss To Net sales (%)</strong></td>
<td>7.0</td>
<td>-49.9</td>
</tr>
<tr>
<td><strong>Net Income/Loss To Net sales (%)</strong></td>
<td>1.8</td>
<td>-43.6</td>
</tr>
<tr>
<td><strong>Net Income/Loss per Share (Yen)</strong></td>
<td>0.83</td>
<td>-21.60</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>-59.6</td>
<td>-53.8</td>
</tr>
</tbody>
</table>

### Net Sales
- Declined in all segments due to weakened demand from the downturn of the economy

### Operating Loss
- Gross operating profit declined despite the reduction of SG&A

### Ordinary Income
- Greater operating loss, investment loss on equity method, decline of interest revenue

### Net Loss
- Increased loss due to increase of ordinary loss

(Ref) : Average exchange rate for 1H of FY10/3 1$=¥96.56, 1€=¥132.26
(Assumed exchange rate for FY10/3 as of July 30 1$=¥90, 1€=120)
Sales Change (Year on Year)

FY09/3 1H
2,127.8

- IT Services  -38.4 (-9.1%)
- IT Products  -37.8 (-29.9%)
- Network Systems  -111.8 (-22.6%)
- Social Infrastructure  -18.5 (-12.5%)
- Personal Solutions  -92.1 (-20.3%)
- Electron Devices  -141.8 (-34.6%)

FY10/3 1H
1,653.7

- Others  -33.7
Operating Income/Loss Change (Year on Year)

(Billions of Yen)

FY09/3 1H
13.4

FY10/3 1H
-37.7

IT Services
+0.2

IT Products
-23.5

Personal Solutions
+9.5

Network Systems
-5.9

Social Infrastructure
+2.3

Electron Devices
-42.0

Others
+2.7

Eliminations/
Unclassifiable expenses
+5.6
Net Income/Loss Change (Year on Year) (Billions of Yen)

FY09/3 1H
1.8

- Deterioration of operating loss -51.1

- Electron Devices -42.0
- IT Products -23.5
- Network System -5.9

- Deterioration of non-operating loss -5.8

- Others +11.5

- Decrease equity in net income of affiliates, Interest revenue etc

FY10/3 1H
-43.6

- Taxes and Minority interests
## Results by Segment for 1H

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3 Actual</th>
<th>FY10/3 Actual</th>
<th>YOY</th>
<th>Difference from 7/30 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IT Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>420.9</td>
<td>382.5</td>
<td>-9.1%</td>
<td>-7.5</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>10.3</td>
<td>10.5</td>
<td>0.2</td>
<td>5.5</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>2.4%</td>
<td>2.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IT Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>126.3</td>
<td>88.6</td>
<td>-29.9%</td>
<td>8.6</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>11.2</td>
<td>-12.3</td>
<td>-23.5</td>
<td>-3.3</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>8.8%</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Network Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>494.9</td>
<td>383.1</td>
<td>-22.6%</td>
<td>-6.9</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>14.7</td>
<td>8.8</td>
<td>-5.9</td>
<td>-4.2</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>3.0%</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>148.2</td>
<td>129.7</td>
<td>-12.5%</td>
<td>4.7</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>0.3</td>
<td>2.7</td>
<td>2.3</td>
<td>1.7</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>0.2%</td>
<td>2.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personal Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>454.5</td>
<td>362.4</td>
<td>-20.3%</td>
<td>7.4</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>-1.5</td>
<td>7.9</td>
<td>9.5</td>
<td>6.9</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>-</td>
<td>2.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Electron Devices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>410.4</td>
<td>268.6</td>
<td>-34.6%</td>
<td>-1.4</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>-0.6</td>
<td>-42.6</td>
<td>-42.0</td>
<td>-11.6</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>-</td>
<td>-2.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>72.7</td>
<td>38.9</td>
<td>-46.4%</td>
<td>-1.1</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>0.5</td>
<td>3.1</td>
<td>2.7</td>
<td>2.1</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>0.6%</td>
<td>8.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eliminations/Unallocated expenses</td>
<td>-21.4</td>
<td>-15.7</td>
<td>5.6</td>
<td>5.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,127.8</td>
<td>1,653.7</td>
<td>-22.3%</td>
<td>3.7</td>
</tr>
<tr>
<td>Sales</td>
<td>13.4</td>
<td>-37.7</td>
<td>-51.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>0.6%</td>
<td>-</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Sales
- Decrease in all segments from previous year
- Electron Devices (-141.8), Network Systems (-111.8), Personal Solutions (-92.1) decreased significantly

### Operating Income/Loss
- Electron device decreased significantly
- Personal Solutions, Social Infrastructure and IT Services improved
IT Services Business

Sales 382.5 (-9.1%)

- SI services:
  Declined through IT investment restraint
  Sales to Government, Public and Retail sectors were stable

- Outsourcing/Support services:
  Relatively stable in outsourcing services

Operating Income 10.5 (+0.2)

- Despite decrease of sales, kept same level profit as previous year by fixed cost reduction activities

<table>
<thead>
<tr>
<th>Sales (Billions of Yen)</th>
<th>FY08/3 1H</th>
<th>406.7</th>
<th>FY09/3 1H</th>
<th>420.9</th>
<th>FY10/3 1H</th>
<th>382.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY Difference</td>
<td>+3.5%</td>
<td>12.7</td>
<td>Forecast as of 7/30</td>
<td>10.3</td>
<td>-9.1%</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Difference from 7/30 forecast: Sales -7.5 Operating Income +5.5
IT Products Business

Sales 88.6 (-29.9%)

- Software:
  Decreased general restraining of IT investment of customer

- Servers:
  Decreased due to loss of large project from the same period of the previous year

- Others:
  Decreased by suspension of big demand of professional workstation for financial industries

Operating Loss -12.3 (-23.5)

- Fell due to sales decrease, accompanying with declining of big business

Difference from 7/30 forecast: Sales +8.6 Operating Loss -3.3
Network Systems Business

Sales 383.1 (-22.6%)

✓ Business for Telecom Carriers
Sales decreased due to reduced investment by Japanese mobile carriers, CAPEX cutbacks from overseas carriers and the appreciating yen

✓ Business for Enterprises
Sales decreased both in Japan and overseas markets due to continuous CAPEX cutbacks related to the global financial crisis

Operating Income 8.8 (-5.9)

✓ Fell due to sales decreases, and the appreciating yen

Difference from 7/30 forecast: Sales -6.9 Operating Income -4.2
Social Infrastructure Business

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY08/3 1H</th>
<th>FY09/3 1H (Forecast as of 7/30)</th>
<th>FY10/3 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>149.9</td>
<td>148.2 (-1.1%)</td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>125.0</td>
<td></td>
<td>2.7</td>
</tr>
</tbody>
</table>

- **Sales 129.7 (-12.5%)**
  - Broadcast and Control systems:
    - Sales decreased due to the investment restraint by Commercial TV operators in the broadcast area.
  - Aerospace and Defense:
    - Sales decreased due to loss of large project from the same period of the previous year.

- **Operating Income 2.7 (+2.3)**
  - Improved by cost reduction activities.

Difference from 7/30 forecast: Sales +4.7 Operating Income +1.7
Personal Solutions Business

Sales 362.4 (-20.3%)

- Mobile Terminals:
  Sales decreased due to the shrinking handset market in Japan

- PC and Others:
  Sales decreased due to CAPEX cutbacks from enterprises and the drop of the unit price

Operating Income 7.9 (+9.5)

- Turnaround by improvement of development efficiency and reduction of fixed costs etc.

Difference from 7/30 forecast: Sales +7.4  Operating Income +6.9
<Mobile Handset / PC Shipments>

**Mobile Handsets**

<table>
<thead>
<tr>
<th>10/08.3</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>10/09.3</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>10/10.3</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.8M</td>
<td>1.2</td>
<td>0.9</td>
<td>1.1</td>
<td>1.6</td>
<td>1.6</td>
<td></td>
<td></td>
<td>1.0</td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PCs (for the Japanese market)**

<table>
<thead>
<tr>
<th>10/08.3</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>10/09.3</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>10/10.3</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,670K</td>
<td>550</td>
<td>720</td>
<td>590</td>
<td>810</td>
<td>620</td>
<td>645</td>
<td>620</td>
<td>615</td>
<td>500</td>
<td>580</td>
<td></td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009

(M = Millions of Units)

(K = Thousands of units)
Electron Devices Business

Sales 268.6 (-34.6%)

▶ Semiconductors (NEC Electronics):
Drop in the sale of products for computer, peripheral equipment, auto and industrial instrument

▶ Electric Components/Others:
Drop in the sale of general components like capacitors and industrial LCD

Operating Loss -42.6 (-42.0)

▶ Semiconductors (NEC Electronics):
Decreased due to large decrease in sales

▶ Electric Components/Others:
Decreased due to large decrease in sales

Difference from 7/30 forecast: Sales -1.4 Operating Loss -11.6
< Financial Results for NEC Electronics >

Sales

FY09/3

1Q  | 166.3
3Q  | 167.3
4Q  | 127.3

FY10/3

1Q  | 85.5
2Q  | 118.5

Operating Income/Loss

1Q  | 1.7
3Q  | -0.5
4Q  | -16.2

* 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.
### Other Financial Data

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>09/3</th>
<th>09/9</th>
<th>Difference from 09/3</th>
<th>08/9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>3,075.4</td>
<td>2,898.4</td>
<td>-177.0</td>
<td>3,433.6</td>
</tr>
<tr>
<td>Net Assets</td>
<td>785.6</td>
<td>736.0</td>
<td>-49.5</td>
<td>1,166.8</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>925.2</td>
<td>929.8</td>
<td>4.7</td>
<td>857.0</td>
</tr>
<tr>
<td>Shareholder's Equity</td>
<td>641.7</td>
<td>606.6</td>
<td>-35.0</td>
<td>983.7</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>20.9%</td>
<td>20.9%</td>
<td>0.0%</td>
<td>28.6%</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>1.44</td>
<td>1.53</td>
<td>-0.09pt</td>
<td>0.87</td>
</tr>
<tr>
<td>Net D/E ratio</td>
<td>0.95</td>
<td>1.10</td>
<td>-0.15pt</td>
<td>0.51</td>
</tr>
</tbody>
</table>
## 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>
<th>Difference from 7/30 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capial Expenditure</td>
<td>122.6</td>
<td>103.1</td>
<td>-15.9%</td>
<td>96.0</td>
<td>-6.9%</td>
<td>-4.0</td>
</tr>
<tr>
<td>Depreciations</td>
<td>147.8</td>
<td>133.6</td>
<td>-9.6%</td>
<td>108.0</td>
<td>-19.2%</td>
<td>-2.0</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>352.2</td>
<td>346.5</td>
<td>-1.6%</td>
<td>280.0</td>
<td>-19.2%</td>
<td>-</td>
</tr>
</tbody>
</table>

### (Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY09/3 1H Actual</th>
<th>YoY</th>
<th>FY10/3 1H Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D expenses</td>
<td>182.1</td>
<td>5.7%</td>
<td>143.0</td>
<td>-21.4%</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009*
### Geographical Segments Information

#### (Billions of Yen)

<table>
<thead>
<tr>
<th>Major countries and regions</th>
<th>FY09/03 Actual</th>
<th>FY10/3 Actual</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,713.9</td>
<td>1,386.5</td>
<td>-19.1%</td>
</tr>
<tr>
<td>Operating income/loss</td>
<td>34.5</td>
<td>-16.6</td>
<td>-51.1%</td>
</tr>
<tr>
<td>% Operating income</td>
<td>2.0%</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>ASIA</td>
<td>137.4</td>
<td>99.6</td>
<td>-27.5%</td>
</tr>
<tr>
<td>Operating income</td>
<td>7.7</td>
<td>3.5</td>
<td>-4.2%</td>
</tr>
<tr>
<td>% Operating income</td>
<td>5.6%</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>140.3</td>
<td>74.3</td>
<td>-47.0%</td>
</tr>
<tr>
<td>Operating income/loss</td>
<td>-1.5</td>
<td>-0.9</td>
<td>0.6%</td>
</tr>
<tr>
<td>% Operating income</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>136.2</td>
<td>93.2</td>
<td>-31.6%</td>
</tr>
<tr>
<td>Operating income/loss</td>
<td>-4.4</td>
<td>-4.8</td>
<td>-0.4%</td>
</tr>
<tr>
<td>% Operating income</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Eliminations/Others</td>
<td>-22.9</td>
<td>-18.9</td>
<td>4.0%</td>
</tr>
<tr>
<td>Operating income/loss</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated Total</strong></td>
<td><strong>2,127.8</strong></td>
<td><strong>1,653.7</strong></td>
<td><strong>-22.3%</strong></td>
</tr>
<tr>
<td>Operating income/loss</td>
<td><strong>13.4</strong></td>
<td><strong>-37.7</strong></td>
<td><strong>-51.1%</strong></td>
</tr>
<tr>
<td>% Operating income</td>
<td><strong>0.6%</strong></td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

* Geographical distances are considered in classification of country or region
* Total sales represents sales to outside customers
## Overseas sales

(Billions of Yen)

<table>
<thead>
<tr>
<th>Major countries and regions</th>
<th>1st Half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY09/03 Actual</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>213.7</td>
</tr>
<tr>
<td>Net sales</td>
<td>10.0%</td>
</tr>
<tr>
<td>To consolidated total (%)</td>
<td></td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>153.9</td>
</tr>
<tr>
<td>Net sales</td>
<td>7.2%</td>
</tr>
<tr>
<td>To consolidated total (%)</td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>167.0</td>
</tr>
<tr>
<td>Net sales</td>
<td>7.9%</td>
</tr>
<tr>
<td>To consolidated total (%)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>534.6</td>
</tr>
<tr>
<td>Net sales</td>
<td>25.1%</td>
</tr>
<tr>
<td>To consolidated total (%)</td>
<td></td>
</tr>
</tbody>
</table>

* Geographical distances are considered in classification of country or region

* Overseas sales represent sales of the Company and its consolidated subsidiaries to countries and regions outside of Japan
Full year forecast for FY10/3 (appendix)
### Summary of Financial Forecast for 2H/Full Year

**Note:** Forecast as of October 29, 2009

#### (Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>2nd Half</th>
<th>Full Year</th>
<th>Difference from 7/30 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY09/3 Actual</td>
<td>FY09/3 Forecast</td>
<td>FY10/3 Actual</td>
</tr>
<tr>
<td>Net Sales</td>
<td>2,087.8</td>
<td>2,006.3</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>-19.6</td>
<td>97.7</td>
<td>117.3</td>
</tr>
<tr>
<td>to Sales (%)</td>
<td>-4.9%</td>
<td>-1.6%</td>
<td></td>
</tr>
<tr>
<td>Ordinary Income/Loss</td>
<td>-100.2</td>
<td>89.9</td>
<td>190.1</td>
</tr>
<tr>
<td>to Sales (%)</td>
<td>-4.5%</td>
<td>-1.1%</td>
<td></td>
</tr>
<tr>
<td>Net Income/Loss</td>
<td>-298.4</td>
<td>53.6</td>
<td>352.0</td>
</tr>
<tr>
<td>to Sales (%)</td>
<td>-2.7%</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>Net Income per Share (yen)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCF</td>
<td>-86.2</td>
<td>53.8</td>
<td>140.0</td>
</tr>
</tbody>
</table>

(Ref): Assumed exchange rate for 2H of FY10/3 1$=¥90, 1€=¥130
Sales Change (Year on Year)

(Billions of Yen)

FY09/3

4,215.6

IT Services -50.8 (-5.4%)
IT Products -51.5 (-19.3%)
Network Systems -151.8 (-15.2%)
Social Infrastructure -31.4 (-9.2%)
Personal Solutions -109.6 (-12.9%)
Electron Devices -109.6 (-16.3%)
Others -50.8

FY10/3 (Forecast)

3,660.0

* Forecast as of October 29, 2009
Operating Income/Loss Change (Year on Year)

<table>
<thead>
<tr>
<th>FY09/3</th>
<th>FY10/3 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>±0.0</td>
</tr>
<tr>
<td>IT Products</td>
<td>-16.8</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>+36.8</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>+28.2</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>+6.8</td>
</tr>
<tr>
<td>Network Systems</td>
<td>+6.0</td>
</tr>
<tr>
<td>FY09/3 Full Year Forecast</td>
<td>-6.2</td>
</tr>
<tr>
<td>FY10/3 Full Year Forecast</td>
<td>60.0</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009
Net Income/Loss Change (Year on Year)

FY09/3 -296.6

- Losses related to litigation in the previous year
- Decrease of Loss on valuation of investment expenses and business structure improvement expenses

FY10/3 (Forecast) 10.0

- Improvement of operating income/loss +66.2
- Improvement of non-operating income/loss +67.0
- Others +173.4
- Electron Devices +36.8
- Personal Solutions +28.2

* Forecast as of October 29, 2009
### Summary of Financial Forecast for 2H/Full Year by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>2nd Half FY09/3 &amp; FY10/3</th>
<th>Full Year FY09/3 &amp; FY10/3</th>
<th>Difference from 7/30 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Forecast</td>
<td>YoY</td>
</tr>
<tr>
<td><strong>IT Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>521.0</td>
<td>508.5</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>45.8</td>
<td>45.5</td>
<td>-0.2</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>8.8%</td>
<td>9.0%</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>IT Products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>140.2</td>
<td>126.4</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>10.6</td>
<td>17.3</td>
<td>6.7</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>7.6%</td>
<td>13.7%</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>Network Systems</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>507.0</td>
<td>466.9</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>27.3</td>
<td>39.2</td>
<td>11.9</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>5.4%</td>
<td>8.4%</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Social Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>192.2</td>
<td>179.3</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>7.9</td>
<td>12.3</td>
<td>4.5</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>4.1%</td>
<td>6.9%</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Personal Solutions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>394.1</td>
<td>376.6</td>
<td>-4.4%</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>-11.7</td>
<td>7.1</td>
<td>18.8</td>
</tr>
<tr>
<td><strong>Electron Devices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>261.3</td>
<td>293.4</td>
<td>12.3%</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>-87.3</td>
<td>-8.4</td>
<td>78.9</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>-1.9%</td>
<td>-</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>72.2</td>
<td>55.1</td>
<td>-23.7%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>5.3</td>
<td>2.9</td>
<td>-2.4</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>7.3%</td>
<td>5.3%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Eliminations/Unclassifiable expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Loss</td>
<td>-17.4</td>
<td>-18.3</td>
<td>-0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>2,087.8</td>
<td>2,006.3</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Operating Income/Loss</td>
<td>-19.6</td>
<td>97.7</td>
<td>117.3</td>
</tr>
<tr>
<td>OP Margin (%)</td>
<td>-4.9%</td>
<td>-</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009
IT Services Business

2H

Sales

- FY08/3 2H: 553.8
- FY09/3 2H: 521.0 (Forecast as of 7/30)
- FY10/3 2H (Forecast): 508.5

Operating Income

- FY08/3 2H: 53.2
- FY09/3 2H: 45.8
- FY10/3 2H (Forecast): 45.0

Full Year

Sales

- FY08/3: 960.5
- FY09/3: 941.8 (Forecast as of 7/30)
- FY10/3 (Forecast): 891.0

Operating Income

- FY08/3: 65.9
- FY09/3: 56.0 (Forecast as of 7/30)
- FY10/3 (Forecast): 56.0

* Forecast as of October 29, 2009
IT Services Business

Sales 891.0 (-5.4%)

- SI services:
  - Decline through IT investment restraint
  - Stable in Retail/Service sector

- Outsourcing/Support services:
  - Decline in sales due to severe market conditions
  - Aim to maintain stable sales of outsourcing business

Operating Income 56.0 (+0.0)

- Aim same income level as previous year by thorough cost reduction, reinforcement of the project management and expansion of using offshore resource

* Forecast as of October 29, 2009
## IT Services Business Trends by Sector

- Continuous trend of severe IT investment restraint
- Ensure profitability reform through execution of SI innovation and cost reduction

<table>
<thead>
<tr>
<th>Sector</th>
<th>Business situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Trend of IT related budget is invisible because of the government change. Meanwhile, competition is inclined to tighten by the increase of newcomer. Focus to secure an order of this year’s initial budget.</td>
</tr>
<tr>
<td>Public/Medical</td>
<td>Demand for core system reconstruction is solid, but there are anxieties about impact of government change, declining tax revenues, tough competition due to the increase of newcomer. Focus on proposals of core system reconstruction, accommodation of administrative and financial reform by offering our core solution “GPRIME” for local governments.</td>
</tr>
<tr>
<td>Finance</td>
<td>Finance sector indexes are continuously improving, and IT investment seems ceasing to fall. Promote service business such as integration of systems which contribute to cost reduction.</td>
</tr>
<tr>
<td>Telecom/Media</td>
<td>Continuing trend of IT investment restraint in both Telecom and Media sector. Some of the project postponed. Strengthen new business including cloud service for global carriers and digital signage.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>There are some investment in emerging countries, though IT investment restraint is still continuing. Strengthen proposals of “Cloud-oriented service platform solution” reflected from reforming NEC’s IT system and ERP “EXPLANNER” for SMB market.</td>
</tr>
<tr>
<td>Retail/Service</td>
<td>Stable demand for core system reconstruction which supports the launch of new business, and accommodation of expanding internet market. Strengthen new service proposal such as SaaS type EC system “NeoSarf/EC” for large scale organization etc.</td>
</tr>
</tbody>
</table>

---

* Sales: YoY -5.4%
* Operating Income: YoY ±0

* Forecast as of October 29, 2009
IT Products Business

<table>
<thead>
<tr>
<th>Sales</th>
<th>2H</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08/3 2H</td>
<td>141.5</td>
<td>251.9</td>
</tr>
<tr>
<td>FY09/3 2H</td>
<td>140.2</td>
<td>266.5</td>
</tr>
<tr>
<td>FY10/3 2H (Forecast)</td>
<td>-9.8%</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>12.3</td>
<td>21.8</td>
</tr>
<tr>
<td>Sales</td>
<td>23.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>10.6</td>
<td>8.1</td>
</tr>
<tr>
<td>Sales</td>
<td>135.0</td>
<td>215.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>17.3</td>
<td>5.0</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009

(Billions of Yen)
IT Products Business

Sales 215.0 (-19.3%)

- **Software:**
  Decline through IT investment restraint

- **Servers:**
  Decrease significantly mainly due to loss of large mainframe project from the same period of the previous year
  Aim to expand sales of thin-client systems and security products

- **Others:**
  Drop in sales, due to the round of the large demand of professional workstation for financial industries

Operating Income 5.0 (-16.8)

- Greater loss due to sales drop and loss of large project from the same period of the previous year

* Forecast as of October 29, 2009
Network Systems Business

2H

Sales

- FY08/3 2H: 558.7
- FY09/3 2H: 507.0 (-9.3%)
- Forecast as of 7/30: 480.0
- Operating Income: 44.2
- FY10/3 2H (Forecast): 39.2

Operating Income

- FY08/3 2H: 27.3
- FY09/3 2H: 35.0
- FY10/3 2H (Forecast): 39.2

Full Year

Sales

- FY08/3: 1,066.8
- FY09/3: 1,001.8
- Forecast as of 7/30: 870.0
- Forecast as of October 29, 2009: 850.0

Operating Income

- FY08/3: 69.0
- FY09/3: 42.0
- FY10/3 (Forecast): 48.0

YoY

- FY08/3 2H: -6.1%
- FY09/3 2H: -7.9%
- FY08/3: -6.1%
- FY09/3: -15.2%

* Forecast as of October 29, 2009
Network Systems Business

Sales 850.0 (-15.2%)

- Business for Telecom Carriers:
  - Reduced investment by Japanese mobile carriers
  - In overseas market, CAPEX cutbacks by carriers and continuous impact of the appreciating yen

- Business for Enterprises:
  - Decrease both in Japan and overseas market due to continuous CAPEX cutbacks related to the global financial crisis

Operating Income 48.0 (+6.0)

- Aim to profit increase by fixed cost reduction even as sales decrease

* Forecast as of October 29, 2009
Network Systems Business Trends

- Expect sales decrease due to cutbacks in CAPEX by carriers and enterprises both in Japan and overseas.
- Aim to profit increase by fixed cost reduction.

<table>
<thead>
<tr>
<th>Business for</th>
<th>Business situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom Carriers</td>
<td></td>
</tr>
<tr>
<td>Fixed line (in Japan)</td>
<td>Steady. Try to spur investment to carriers</td>
</tr>
<tr>
<td>Wireless (in Japan)</td>
<td>Expect sales decrease due to reduced investment by mobile carriers. Try to spur investment to carriers</td>
</tr>
<tr>
<td>Fixed line (overseas)</td>
<td>Expect sales decrease due to cutbacks in CAPEX. As for submarine cable system, try to secure orders for the booming demand.</td>
</tr>
<tr>
<td>Wireless (overseas)</td>
<td>Expect sales decrease due to cutbacks in CAPEX etc. Try to get steadfast customer bases in overseas market with new business such as LTE, WiMAX, Femto cell etc.</td>
</tr>
<tr>
<td>Business for Enterprises</td>
<td>Expect sales decrease due to cutbacks in CAPEX both in Japan and overseas. Try to expand sales by strengthening the approach to the customers.</td>
</tr>
</tbody>
</table>

Sales: YoY -15.2%
Operating Income: YoY +6.0 billion Yen

* Forecast as of October 29, 2009

Continuous impact of the appreciating yen
Social Infrastructure Business

Sales

2H

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
<th>Operating Income (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08/3 2H</td>
<td>215.7</td>
<td>15.5</td>
</tr>
<tr>
<td>FY09/3 2H</td>
<td>192.2</td>
<td>7.9</td>
</tr>
<tr>
<td>FY10/3 2H (Forecast)</td>
<td>179.0</td>
<td>12.0</td>
</tr>
<tr>
<td>FY10/3 2H (Forecast)</td>
<td>179.3</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Operating Income YoY:
- 2H FY08/3: -10.9%
- 2H FY09/3: -6.7%

Full Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of Yen)</th>
<th>Operating Income (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08/3</td>
<td>365.5</td>
<td>14.4</td>
</tr>
<tr>
<td>FY09/3</td>
<td>340.4</td>
<td>8.2</td>
</tr>
<tr>
<td>FY10/3 (Forecast)</td>
<td>304.0</td>
<td>13.0</td>
</tr>
<tr>
<td>FY10/3 (Forecast)</td>
<td>309.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

Operating Income YoY:
- Full Year FY08/3: -6.9%
- Full Year FY09/3: -9.2%

* Forecast as of October 29, 2009
Social Infrastructure Business

Sales 309.0 (-9.2%)

Broadcast and Control system / Aerospace and Defense:
Decrease due to loss of large project from the previous year, downturn in economy, CAPEX cutbacks and the appreciating yen. Treat the order from revised budget steadily. Strengthen existing business such as broadcast, postal and satellite system. Cultivate new market in emerging countries.

Operating Income 15.0 (+6.8)

Improvement by reducing costs and SG&A.
Aim for high margin projects, especially in overseas markets, with profitability as a top priority.

* Forecast as of October 29, 2009
Personal Solutions Business

### 2H

<table>
<thead>
<tr>
<th></th>
<th>Sales (Billions of Yen)</th>
<th>Operating Income/Loss (Billions of Yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Terminals</td>
<td>FY08/3 2H: 189.9</td>
<td>Forecast as of 7/30: 166.9</td>
<td>-19.2%</td>
</tr>
<tr>
<td></td>
<td>FY09/3 2H: 394.1</td>
<td>Forecast as of 7/30: 227.2</td>
<td>-11.7%</td>
</tr>
<tr>
<td></td>
<td>FY10/3 2H (Forecast): 487.9</td>
<td>Forecast as of 7/30: 268.0</td>
<td>-4.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forecast as of 7/30: 238.7</td>
<td></td>
</tr>
<tr>
<td>PC and Others</td>
<td>FY08/3 2H: 298.0</td>
<td>Forecast as of 7/30: 227.2</td>
<td>-11.7%</td>
</tr>
<tr>
<td></td>
<td>FY09/3 2H: 348.1</td>
<td>Forecast as of 7/30: 166.9</td>
<td>-17.4%</td>
</tr>
<tr>
<td></td>
<td>FY10/3 2H (Forecast): 590.5</td>
<td>Forecast as of 7/30: 500.5</td>
<td>+5.1%</td>
</tr>
</tbody>
</table>

### Full Year

<table>
<thead>
<tr>
<th></th>
<th>Sales (Billions of Yen)</th>
<th>Operating Income/Loss (Billions of Yen)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Terminals</td>
<td>FY08/3: 340.3</td>
<td>Forecast as of 7/30: 295.0</td>
<td>-8.8%</td>
</tr>
<tr>
<td></td>
<td>FY09/3: 348.1</td>
<td>Forecast as of 7/30: 295.0</td>
<td>-11.3%</td>
</tr>
<tr>
<td></td>
<td>FY10/3 (Forecast): 739.0</td>
<td>Forecast as of 7/30: 444.0</td>
<td>-12.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forecast as of 7/30: 773.0</td>
<td></td>
</tr>
<tr>
<td>PC and Others</td>
<td>FY08/3: 590.5</td>
<td>Forecast as of 7/30: 500.5</td>
<td>-15.3%</td>
</tr>
<tr>
<td></td>
<td>FY09/3: 17.6</td>
<td>Forecast as of 7/30: 14.0</td>
<td>-13.2%</td>
</tr>
<tr>
<td></td>
<td>FY10/3 (Forecast): 418.0</td>
<td>Forecast as of 7/30: 15.0</td>
<td>+13.0%</td>
</tr>
</tbody>
</table>

* Forecast as of October 29, 2009
Personal Solutions Business

Sales 739.0 (-12.9%)

- Mobile Terminals:
  Decrease due to shipment declines caused by shrinking handset market in Japan

- PC and Others:
  Decrease due to the CAPEX cutbacks from enterprises and the drop of the unit price

Operating Income 15.0 (+28.2)

\[ \Delta \] Expect turnaround by fixed cost reduction, even as shipments declines and the product mix changes

* Forecast as of October 29, 2009
Mobile Terminals

- The 1H market was in line with our original estimation
- 2H will be more severe than 1H
- Made the downward revision about the shipment volumes of this year (from 5.0M to 4.5M). However, aim to secure profitability by improvement of development efficiency and fixed cost reduction etc.

PCs

- Japanese market shrunk during 1H due to the sales for enterprises decreased
- Recovery trend in 2H
- Full year market will be the same level as last year
- Aim to maintain original shipment targets by the demand creation from Windows 7 in consumer market which is favorable due to the expansion of “Net book.”

* Forecast as of October 29, 2009
# Electron Devices Business

## Sales

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales (Billions of Yen)</th>
<th>Operating Income/Loss (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY08/3 2H</strong></td>
<td>429.3</td>
<td>-87.3</td>
</tr>
<tr>
<td><strong>FY09/3 2H</strong></td>
<td>261.3</td>
<td>-26.0</td>
</tr>
<tr>
<td><strong>FY10/3 2H (Forecast)</strong></td>
<td>293.4</td>
<td>-8.4</td>
</tr>
</tbody>
</table>

### FY08/3 2H
- **Sales**: 429.3 (Billions of Yen)
- **Operating Income/Loss**: -87.3 (Billions of Yen)

### FY09/3 2H
- **Sales**: 261.3 (Billions of Yen)
- **Operating Income/Loss**: -26.0 (Billions of Yen)

### FY10/3 2H (Forecast)
- **Sales**: 293.4 (Billions of Yen)
- **Operating Income/Loss**: -8.4 (Billions of Yen)

---

## Full Year

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales (Billions of Yen)</th>
<th>Operating Income/Loss (Billions of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY08/3</strong></td>
<td>860.0</td>
<td>-87.8</td>
</tr>
<tr>
<td><strong>FY09/3</strong></td>
<td>671.6</td>
<td>-5.0</td>
</tr>
<tr>
<td><strong>FY10/3 (Forecast)</strong></td>
<td>562.0</td>
<td>-51.0</td>
</tr>
</tbody>
</table>

### FY08/3
- **Sales**: 860.0 (Billions of Yen)
- **Operating Income/Loss**: -87.8 (Billions of Yen)

### FY09/3
- **Sales**: 671.6 (Billions of Yen)
- **Operating Income/Loss**: -5.0 (Billions of Yen)

### FY10/3 (Forecast)
- **Sales**: 562.0 (Billions of Yen)
- **Operating Income/Loss**: -51.0 (Billions of Yen)

*Forecast as of October 29, 2009*
Electron Devices Business

Sales 562.0 (-16.3%)

- Semiconductors:
  Drop in sales in all products such as SoC, MCU and discrete products

- Electric Components/Others:
  Expect decrease in sales due to the continuation of customer’s reduction of CAPEX yet signs of demand growth exists in some area

Operating Loss -51.0 (+36.8)

- Semiconductors:
  Expect to improve by fixed cost reductions in severe market conditions

- Electric Components/Others:
  Expect to improve by steady execution of structure reform

* Forecast as of October 29, 2009