

October 29, 2009

**Earnings Presentation Q&A
for the First Half of Fiscal 2009, the Year Ending March 2010**

Key:

- : Question
- : NEC's answer

*“Previous forecasts” refers to forecasts announced on July 30, 2009 (at the first-quarter earnings presentation).

*Fiscal 2009: Year ending March 31, 2010

Fiscal 2010: Year ending March 31, 2011

Questioner A

•How much additional investment will NEC make in the new company to be formed through the integration of NEC Electronics Corporation and Renesas Technologies Corporation?

→The definitive agreement to integrate business operations at NEC Electronics and Renesas Technologies contains a provision allowing the new integrated company to decide the amount of additional capital increase depending on the first-half performance of NEC Electronics. Consequently, the amount of investment assigned to NEC has now increased by just over ¥6 billion from the initially estimated ¥50 billion. There will be no further change in this amount going forward. From fiscal 2010, the new semiconductor company will be run independently, and the respective parent companies will not provide any additional financial assistance to the new company.

•Why did the full-year non-operating income (loss) forecast improve from the previously forecast by ¥20 billion?

→The first-half non-operating income (loss) was around ¥10.0 billion better than previously forecast mainly because of improvements in interest expenses and several other accounts. Based on continued projected improvement in these accounts in the second half of fiscal 2009, we expect our full-year non-operating income (loss) forecast to improve by around ¥20 billion relative to the previous forecast.

Questioner B

•What is the status of progress with revamping NEC's core IT system based on a cloud computing model? By around how much do you expect this system to reduce costs?

→Collective benefits across NEC Group companies are expected to emerge in the areas of accounting, purchasing, and sales. The accounting system was completed on September 30, and we are currently at the systems testing phase. The new system will be operated in parallel with the existing system using actual data starting from January 2010, with the switch to the new system planned for April 2010. Development of sales and purchasing systems is six months behind the timetable for developing the accounting system. However, development has been brought forward around six months earlier than initially planned one year ago.

→ In fiscal 2009, IT-related expenses will be reduced by more than ¥20 billion from the previous fiscal year.

•Could you please explain your approach to the lithium-ion battery business for automotive applications? Do you plan to make additional investments in this business going forward?

→In this business, NEC will invest in, produce and supply essential electric vehicle electrodes. The main battery packages will be produced by Automotive Energy Supply Corporation, a joint venture between Nissan Motor Co., Ltd. and NEC. NEC has a 49% equity interest in the joint venture.

→The production of NEC electrodes will be concentrated in Japan for the time being. We plan to enhance our technologies and facilities to bring down costs.

→We are already making the capital investments needed to meet all of our requirements for the time being. We don't expect any further large increase in the amount of investment.

•What is the latest on the status of the PASOLINK business?

→Projected PASOLINK sales for fiscal 2009 are expected to fall short of the previous forecast based mainly on expectations of intensifying competition and a drop in prices. However, we believe that NEC still remains competitive in this area, and the PASOLINK business remains a centerpiece of our overseas communications business.

•How will your balance sheet change in fiscal 2010 and beyond as a result of the deconsolidation of NEC Electronics?

→Our financial base will be strengthened by the resulting improvement in the owner's equity ratio and debt-equity ratio.

Questioner C

•The full-year segment net sales forecast for the IT Services Business has not been changed. Is there any risk of underperformance?

→We had set a conservative net sales forecast for the IT Services Business, with our previous forecast assuming a 5.4% year-on-year drop in net sales. IT Services Business sales have been largely in line with this forecast.

•NEC's net income forecast for fiscal 2009 has not changed from the

previous forecast, remaining at ¥10 billion overall. What are your assumptions behind this forecast?

→ Operating income is expected to deteriorate by ¥40 billion relative to the previous forecast. However, the full-year net income forecast has not been changed because of improvements of ¥20 billion in both non-operating income (loss) and extraordinary income (loss). The projected improvement in extraordinary income (loss) is based on the reorganization of unwanted assets and a reduction in extraordinary losses.

• Does the recent change in the Japanese administration pose a risk to NEC's performance?

→ With moves afoot to suspend the implementation of the government's supplementary budget, we will continue to monitor the situation carefully. There will be some impact at the level of individual projects, but we don't expect any substantial impact on earnings. Even though the supplementary budget is revised, this will not eliminate the need for truly important projects, and we understand there are quite a few of these.