

Fiscal Year 2010 First Quarter Earnings Presentation Q&A

Key:

- : Question
- : NEC's answer

* Fiscal Year 2009: Year ended March 31, 2010 Fiscal Year 2010: Year ending March 31, 2011

Results and plans by business segments

•How much were the differences between actual and expectation by segment in the first quarter?

→Net sales was about ¥10 billion less than expected mainly in the Carrier Network Business.

The operating loss was about ¥5 billion better than expected.

It was because the Platform Business and the Social Infrastructure Business and others were more than expected although the Carrier Network Business was less than expected.

•Why was the Carrier Network Business less than expected?

→It was due to the sales decrease of submarine cable systems and PASOLINK*.

In the field of submarine cable systems, we are near signing contracts for some new projects. In the field of PASOLINK, we will enhance our competitiveness by launching new products in the second quarter.

•How was the financial impact of the integration of the mobile terminal business with Casio Hitachi Mobile Communications Co., Ltd. in the first quarter?

Are there any negative impacts by this integration?

→Casio Hitachi Mobile Communications Co., Ltd. was integrated on June 1st. Therefore, the impact of integration for one-month had little impact on our operating profit/loss.

→Though the integration costs for office relocation and others were caused since this first quarter, our forecast has already factored in these costs.

•How was the order situation of IT Service Business in the first quarter? (Year on Year)

→Orders increased in finance sector and manufacturing sector. On the other hand, it declined in public/medical sector and retail sector due to the decrease of large-scale projects.

- There is the concern of sinking into a double-dip recession in manufacturing sector also backed by the appreciating yen, though IT service market is improving.

Can you achieve the full year target?

- The semiconductor business (high-export-ratio) was deconsolidated from Fiscal Year 2010, there is little impact of the appreciating yen on our financial performance. Under the market recovery momentum, we assume our industry will be little affected by the recession. We aim to achieve the full-year target by further improving cost efficiency.

Global Business

- How is the progress of the global business expansion announced in the Mid-term Growth Plan V2012?

- The overseas sales ratio excluding semiconductor business was approximately 16% in Fiscal Year 2009. It was approximately 17% in this first quarter, and we expect to expand to approximately 20% in Fiscal Year 2010 (full year). As we have enhanced global business structure in five regions mentioned in our Mid-term Growth Plan V2012, we believe it will begin to gain effect from now on.

Others

- What is the loss on change in equity of ¥6 billion in extraordinary loss?

- As BPS (book-value per share) of Renesas Electronics Corporation changed by the evaluation for assets related to them, we booked the difference from our equity in this first quarter.

- * PASOLINK: It is the product name for a point-to-point, ultra-small microwave communication system produced by NEC. Access lines among mobile BTS (Base Transceiver Stations) are the largest source of demand for this product.