

Financial Results for the 1H of the Fiscal Year Ending March 31, 2011

October 28, 2010
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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- Expansion Global Business
- Expansion New Business

I. Financial Results for 1H

Summary of Financial Results for 1H

Moved into the black in operating income

- Improved dramatically year on year and compared to the forecast as of Jul 28, despite net loss

(Billions of Yen)

	2nd Quarter <Jul - Sep>			1st Half <Apr - Sep>			Difference from Jul 28
	FY10/3 Actual	FY11/3 Actual	YoY	FY10/3 Actual	FY11/3 Actual	YoY	
Net Sales	875.2	801.6	-8.4%	1,653.7	1,469.2	-11.2%	-30.8
Operating Income/Loss	2.3	24.3	22.0	-37.7	1.1	38.8	-3.9
% to Net Sales	0.3%	3.0%		-	0.1%		
Ordinary Income/Loss	-4.9	18.2	23.0	-49.9	-22.3	27.6	-2.3
% to Net Sales	-	2.3%		-	-		
Net Income/Loss	-9.8	16.1	25.9	-43.6	-27.0	16.6	9.0
% to Net Sales	-	2.0%		-	-		
Free Cash Flow	-6.4	-60.6	-54.2	-53.8	-102.8	-49.0	

(Ref): Average exchange rate for 1H of FY11/3 1\$= ¥89.96, 1€= ¥116.01

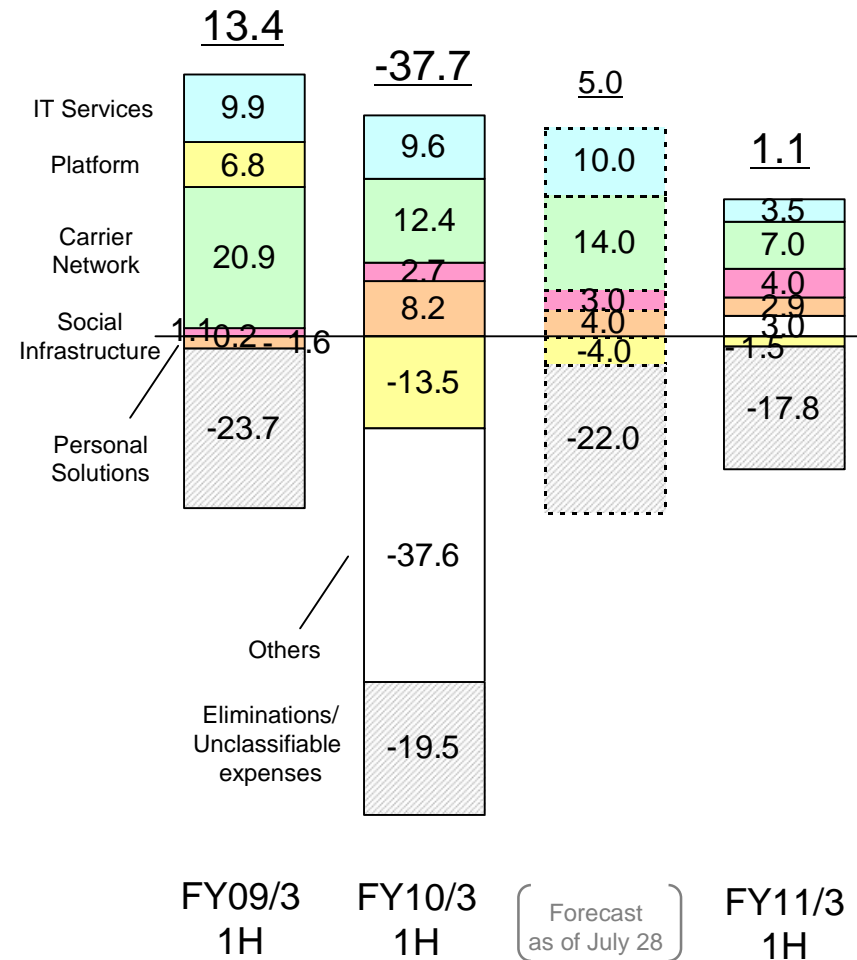
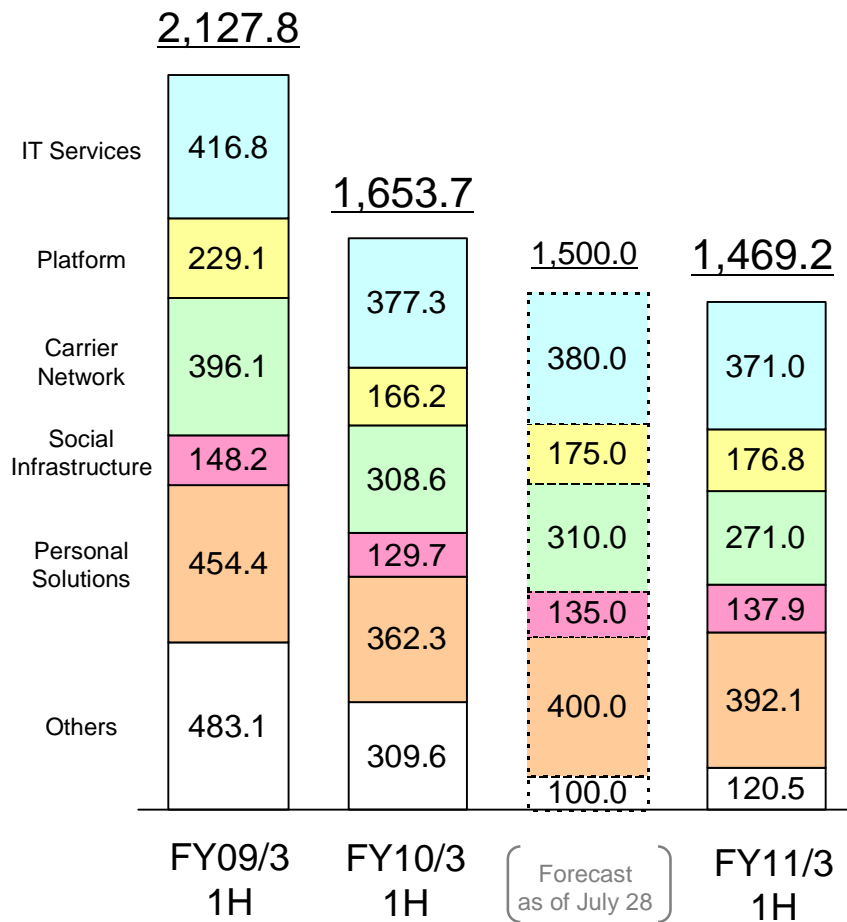
(Assumed exchange rate as of July 28 for FY11/3 1\$=¥90, 1€=¥110)

Results for 1H by Segment

(Billions of yen)

Net Sales

Operating Income/Loss



Summary of Financial Results for 1H by Segment

(Billions of Yen)

		2nd Quarter <Jul - Sep>			1st Half <Apr - Sep>			Difference from Jul 28
		FY10/3 Actual	FY11/3 Actual	YoY	FY10/3 Actual	FY11/3 Actual	YoY	
IT Services	Net Sales	209.8	209.7	-0.0%	377.3	371.0	-1.7%	-9.0
	Operating Income	10.2	9.2	-0.9	9.6	3.5	-6.0	-6.5
	% to Net Sales	4.8%	4.4%		2.5%	1.0%		
Platform	Net Sales	92.3	96.7	4.8%	166.2	176.8	6.4%	1.8
	Operating Income/Loss	0.7	2.9	2.2	-13.5	-1.5	11.9	2.5
	% to Net Sales	0.7%	3.0%		-	-		
Carrier Network	Net Sales	166.9	154.2	-7.6%	308.6	271.0	-12.2%	-39.0
	Operating Income	11.8	13.0	1.1	12.4	7.0	-5.4	-7.0
	% to Net Sales	7.1%	8.4%		4.0%	2.6%		
Social Infrastructure	Net Sales	72.4	79.5	9.7%	129.7	137.9	6.3%	2.9
	Operating Income	3.4	3.7	0.3	2.7	4.0	1.3	1.0
	% to Net Sales	4.7%	4.6%		2.1%	2.9%		
Personal Solutions	Net Sales	167.4	198.5	18.6%	362.3	392.1	8.2%	-7.9
	Operating Income/Loss	-0.7	3.3	4.0	8.2	2.9	-5.3	-1.1
	% to Net Sales	-	1.6%		2.3%	0.7%		
Others	Net Sales	166.5	63.0	-62.2%	309.6	120.5	-61.1%	20.5
	Operating Income/Loss	-12.9	4.2	17.1	-37.6	3.0	40.6	3.0
	% to Net Sales	-	6.6%		-	2.5%		
Eliminations/ Unclassifiable expenses	Operating Loss	-10.1	-11.9	-1.8	-19.5	-17.8	1.6	4.2
Total	Net Sales	875.2	801.6	-8.4%	1,653.7	1,469.2	-11.2%	-30.8
	Operating Income/Loss	2.3	24.3	22.0	-37.7	1.1	38.8	-3.9
	% to Net Sales	0.3%	3.0%		-	0.1%		

Key Points of 1H Results by Segment (Difference from July 28)

IT Services	<ul style="list-style-type: none">● <u>Delay in the recovery of domestic IT investment</u> ✓● Fell short of operating profit target due to the decrease in sales under tough price competition
Platform	<ul style="list-style-type: none">● Measures to realize the IT and network integration strategy● Achieved profit target due to the improvement of business processes by centralizing resources
Carrier Network	<ul style="list-style-type: none">● <u>Fell short in overseas sales (PASOLINK, submarine cable systems)</u> ✓● Fell short in operating profit due to the decrease in sales, despite the improvement of cost efficiency
Social Infrastructure	<ul style="list-style-type: none">● Won large orders in the social system business● Achieved profit target by enhancing project management and cost reductions
Personal Solutions	<ul style="list-style-type: none">● <u>Sluggish sales in the mobile terminal business under tough competition</u> ✓● Fell slightly short in profit due to sluggish sales, despite cost reductions
Others	<ul style="list-style-type: none">● Reduced staff cost and others

Achievements and Challenges in 1H

Net income exceeded the original plan
although operating income and ordinary income fell short
(Sales were almost flat year on year excluding the former NEC Electronics)

- Operating income for 2Q was profitable in all segments **Achievements**
 - Operating income for 1H was profitable in all segments except Platform (Platform in 1H : operating loss -1.5 billion yen, improvement by 11.9 billion yen year on year)
 - Both sales and operating income fell short in Carrier Network, IT Services and Personal Solutions **Challenges**
- Achieved a net income surplus in 2Q (16.1 billion yen) **Achievements**
 - Absorbed the equity in losses of Renesas Electronics, an equity method affiliate

Significant progress in cloud business, global business and new business, which are key areas for achieving V2012 **Achievements**

II. Financial Forecast for FY11/3

Business Operation Policy for FY2010

FY2010 is the first year toward achieving “V2012”

V2012 is a program for personal and organizational innovation

In order for FY2010 to successfully move towards V2012, we need to be vigilant in our observation and improvement of 3 mid-term growth plan measures

Expand Global business in 5 regions

Expand Cloud business (integrated IT/NW Solutions)

Expand New business
(e.g.) automotive battery business, new personal devices etc.

Aim for 100 billion yen in operating income
and 15 billion yen in net income

* Forecast as of Oct 28, 2010

Summary of Financial Forecast for 2H/Full Year

(Billions of Yen)

	2nd Half <Oct - Mar>			Full Year			Difference from Jul 28
	FY10/3 Actual	FY11/3 Forecast(*)	YoY	FY10/3 Actual	FY11/3 Forecast(*)	YoY	
Net Sales	1,929.5	1,830.8	-5.1%	3,583.1	3,300.0	-7.9%	0.0
Operating Income % to Net Sales	88.6 4.6%	98.9 5.4%	10.3	50.9 1.4%	100.0 3.0%	49.1	0.0
Ordinary Income % to Net Sales	99.3 5.1%	77.3 4.2%	-22.0	49.4 1.4%	55.0 1.7%	5.6	-15.0
Net Income % to Net Sales	55.0 2.9%	42.0 2.3%	-13.0	11.4 0.3%	15.0 0.5%	3.6	0.0
Net Income per share(Yen)				5.04	5.77	0.73	0.00
Free Cash Flow	147.4	52.8	-94.6	93.6	-50.0	-143.6	0.0

(Ref): Assumed exchange rate for 2H of FY11/3 1\$=¥80, 1€=¥115

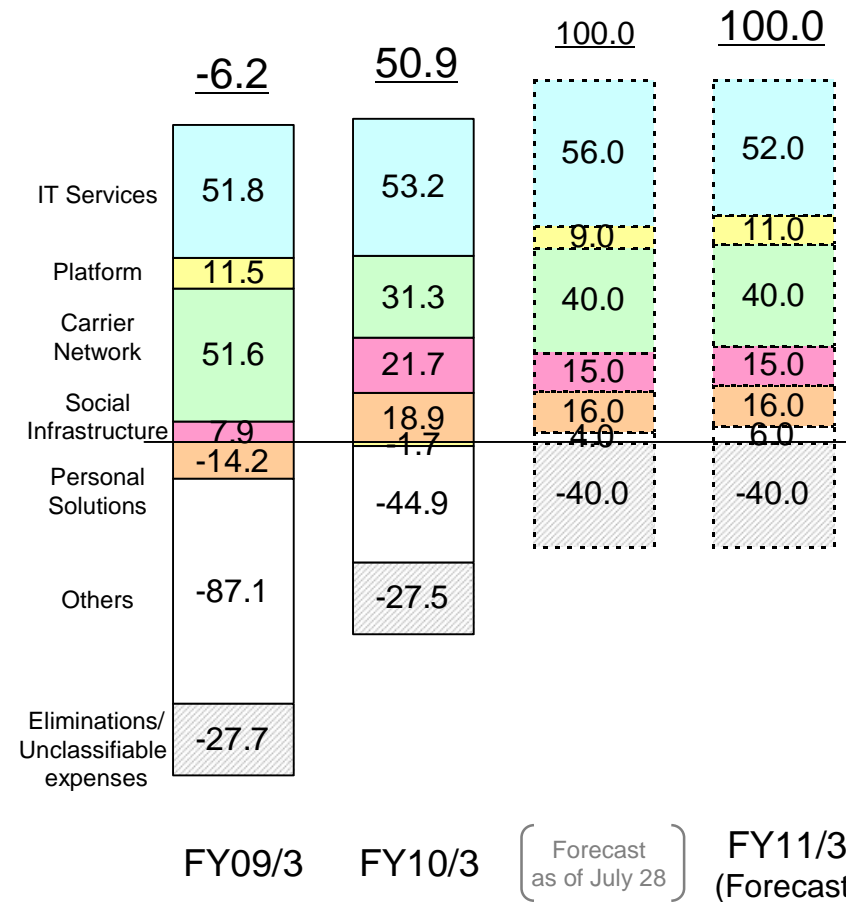
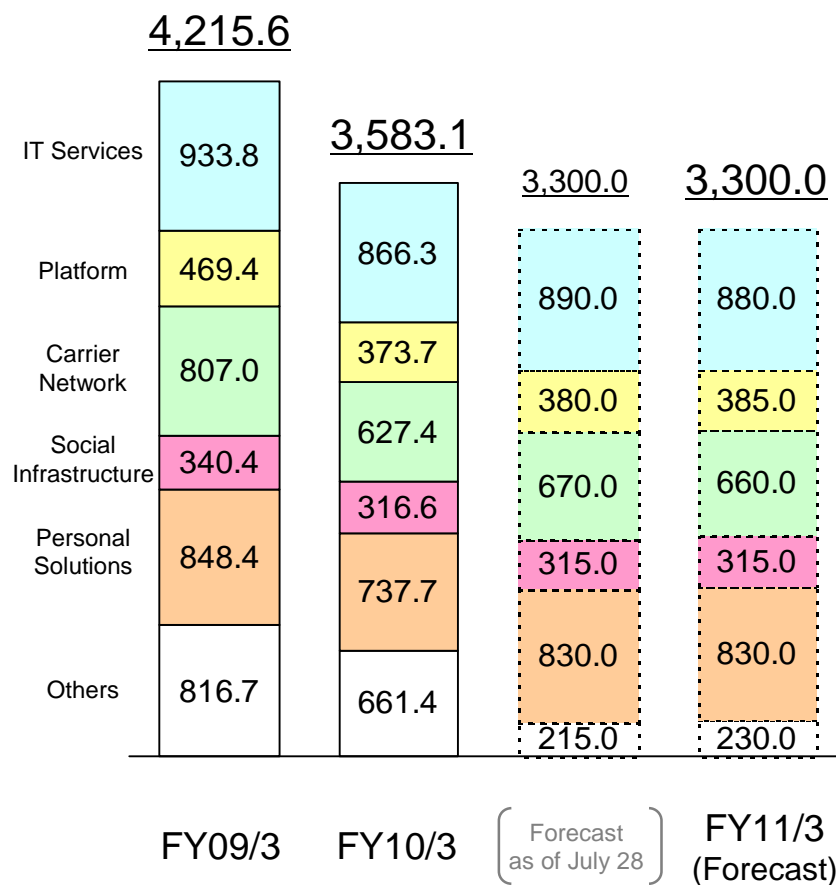
* Forecast as of Oct 28, 2010

Financial Forecast for Full Year by Segment

(Billions of yen)

Net Sales

Operating Income/Loss



* Forecast as of Oct 28, 2010

Summary of Financial Forecast by Segment

(Billions of Yen)

		2nd Half <Oct - Mar>			Full Year			Difference from Jul 28
		FY10/3 Actual	FY11/3 Forecast(*)	YoY	FY10/3 Actual	FY11/3 Forecast(*)	YoY	
IT Services	Net Sales	489.0	509.0	4.1%	866.3	880.0	1.6%	-10.0
	Operating Income	43.6	48.5	4.8	53.2	52.0	-1.2	-4.0
	% to Net Sales	8.9%	9.5%		6.1%	5.9%		
Platform	Net Sales	207.5	208.2	0.3%	373.7	385.0	3.0%	5.0
	Operating Income/Loss	11.8	12.5	0.8	-1.7	11.0	12.7	2.0
	% to Net Sales	5.7%	6.0%		-	2.9%		
Carrier Network	Net Sales	318.8	389.0	22.0%	627.4	660.0	5.2%	-10.0
	Operating Income	19.0	33.0	14.1	31.3	40.0	8.7	0.0
	% to Net Sales	5.9%	8.5%		5.0%	6.1%		
Social Infrastructure	Net Sales	186.9	177.1	-5.2%	316.6	315.0	-0.5%	0.0
	Operating Income	19.0	11.0	-8.0	21.7	15.0	-6.7	0.0
	% to Net Sales	10.2%	6.2%		6.9%	4.8%		
Personal Solutions	Net Sales	375.4	437.9	16.7%	737.7	830.0	12.5%	0.0
	Operating Income	10.7	13.1	2.5	18.9	16.0	-2.9	0.0
	% to Net Sales	2.8%	3.0%		2.6%	1.9%		
Others	Net Sales	351.8	109.5	-68.9%	661.4	230.0	-65.2%	15.0
	Operating Income/Loss	-7.3	3.0	10.3	-44.9	6.0	50.9	2.0
	% to Net Sales	-	2.7%		-	2.6%		
Eliminations/ Unclassifiable expenses	Operating Loss	-8.0	-22.2	-14.1	-27.5	-40.0	-12.5	0.0
Total	Net Sales	1,929.5	1,830.8	-5.1%	3,583.1	3,300.0	-7.9%	0.0
	Operating Income	88.6	98.9	10.3	50.9	100.0	49.1	0.0
	% to Net Sales	4.6%	5.4%		1.4%	3.0%		

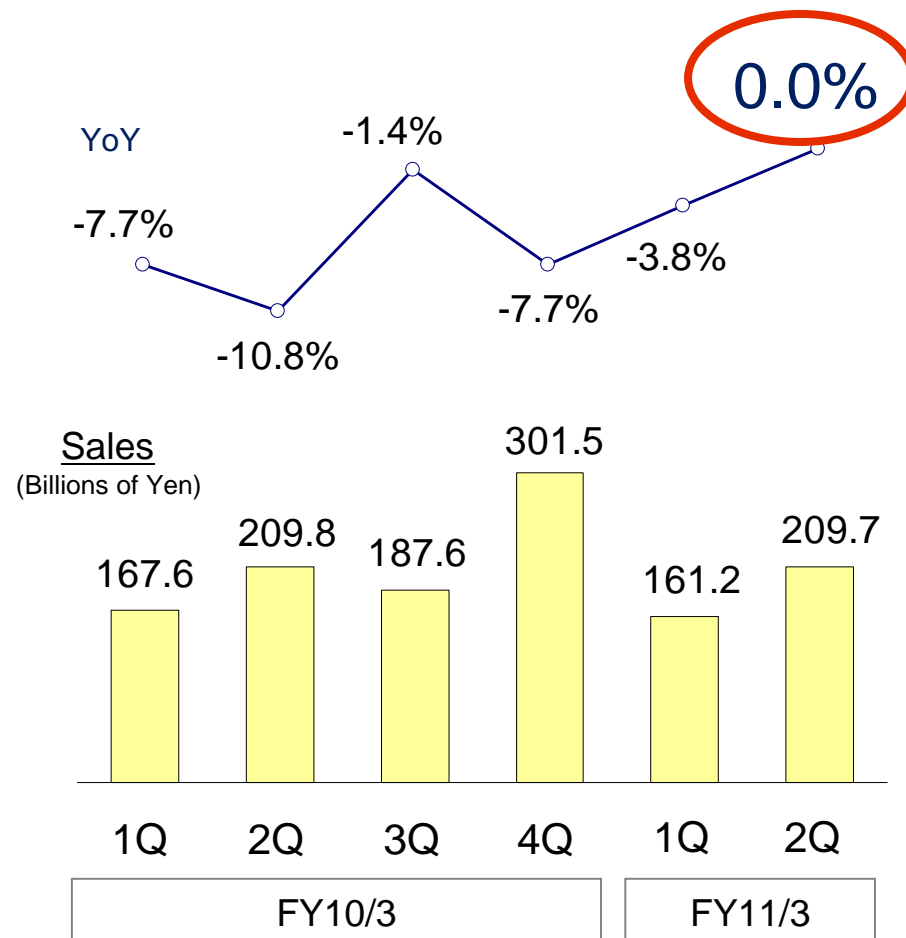
* Forecast as of Oct 28, 2010

Key Points in 2H for Achieving FY2010 Forecast

IT Services	<ul style="list-style-type: none">● <u>Increase sales by focusing on proposals to solve customers' business challenges, although the outlook of IT investment is unclear</u> ✓● Strengthen a leaner earnings structure through SI Innovation (improve gross profit margin, reduce costs)
Platform	<ul style="list-style-type: none">● Expand sales through proposal with both IT and networks● Maintain profitability through continual cost reductions and improved product quality
Carrier Network	<ul style="list-style-type: none">● <u>Expand sales in four key business areas, secure existing business areas</u> ✓● Maintain and strengthen a leaner earnings structure
Social Infrastructure	<ul style="list-style-type: none">● Enter into growing markets (e.g. digitalization projects), expand market share● Improve profitability by enhancing PJ management and cost reduction
Personal Solutions	<ul style="list-style-type: none">● <u>Launch smartphones for overseas markets, new devices and vertically integrated business</u> ✓● Thorough implementation of low cost operations
Smart Energy and Green Business	<ul style="list-style-type: none">● Full-scale deployment of automotive lithium-ion rechargeable battery business● Create new business focusing on Smart Grids

Key Measures for 2H in IT Services Business

Quarterly sales trend



Increase sales by focusing on proposals that solve customers' business challenges, though the outlook of IT investment is unclear

Cloud services business

- Deployment of advanced mission critical services
 - Cloud-oriented accounting service (negotiating with more than 50 companies)
 - Win and strengthen cloud business for certain industries (public, medical, finance etc.)
- Expand SaaS solutions for SMEs by cooperating with partners

Global business

- Strengthen existing business
 - Expand Public Safety business
 - Capture the investment from Japanese companies in emerging countries
- Further development of new business
 - Services for global telecom carriers, POS, Medical/Healthcare, Public

IT Services Business Situation by Sector

Focus on improving sectors such as finance and manufacturing, though the outlook of IT investment is unclear

Sector	Key focus area
Government	<ul style="list-style-type: none"> Win large scale projects, “New Growth Strategy” and economic policy related business Further expansion of public safety business based on superior biometrics technology
Public/Medical	<ul style="list-style-type: none"> Expand market share by proposing to restructure mission critical systems, including utilization of cloud technology Further development of new business by the cooperation with global partners
Finance	<ul style="list-style-type: none"> Propose large scale services such as systems designed for joint use. Strengthen sales of the next-generation store terminals Further expansion of global business centered on Asia (e.g. SWIFT(*1) connecting service)
Telecom/Media	<ul style="list-style-type: none"> Horizontal deployment of cloud business for global telecom carriers. Win large scale projects in Digital signage Strengthen proposals for mission critical systems for domestic telecom carriers and broadcasters
Manufacturing	<ul style="list-style-type: none"> Expand cloud-oriented accounting services, further expand SaaS service menus for certain industries Expand business in Greater China and APAC by focusing on local businesses in addition to business with Japanese companies abroad
Retail/Service	<ul style="list-style-type: none"> Expand service businesses such as the NeoSarf series and integrated cloud services for the hotel industry Develop global markets by launching POS systems

*1 Common network for interbank cash transfer, settlement etc.

Key Measures for 2H in Carrier Network Business

Expand sales in 4 key business areas and secure existing areas

- Business expansion in Mobile Backhaul and Submarine Cable Systems
- Seek business opportunities backed by increases in data traffic

4 Key Business Areas	Market Trends	Key Measures
Wireless Broadband Access	<ul style="list-style-type: none"> ● Increase data traffic ● Widespread use of Smartphones ● Expect investment for entering into mobile broadcasting 	<ul style="list-style-type: none"> ✓ Secure execution of LTE in Japan, WiMAX and Femtocell Develop projects in overseas markets
Mobile Backhaul	<ul style="list-style-type: none"> ● Increase 3G demand in India ● Invest in emerging countries 	<ul style="list-style-type: none"> ✓ Increase sales by launching new models of PASOLINK
Submarine Cable System	<ul style="list-style-type: none"> ● Continual increase in cable line demand ● Examination of several new projects underway 	<ul style="list-style-type: none"> ✓ Sign the contract for a large scale project that has been delayed as soon as possible
Service & Management	<ul style="list-style-type: none"> ● Increased demand for reduced OPEX ● Increased demand for value added services 	<ul style="list-style-type: none"> ✓ Expand NetCracker business and accelerate the creation of synergies with NetCracker ✓ Win and execute Service platform projects that contribute to increased ARPU

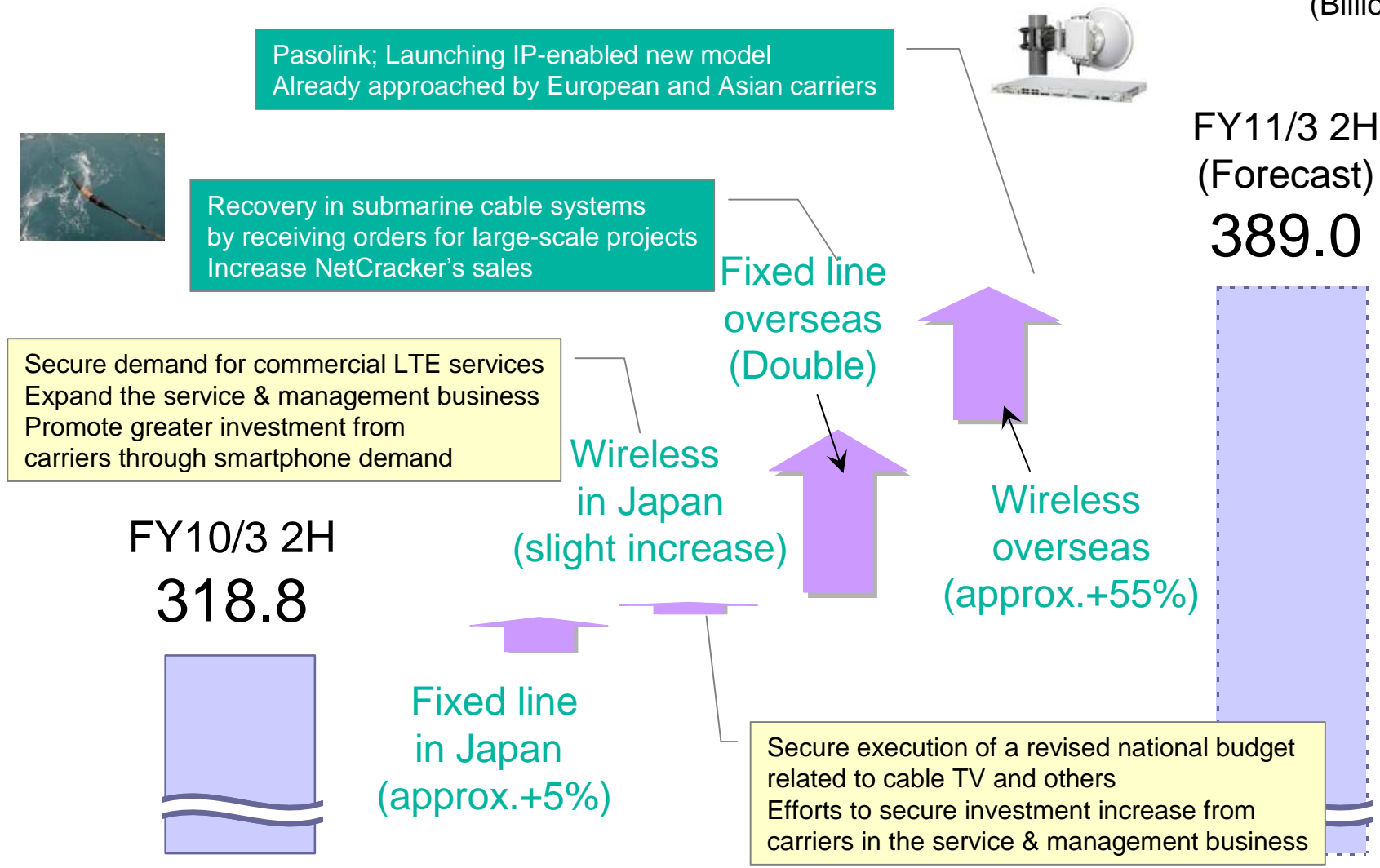
recovery

ARPU: Average Revenue per User

Carrier Network Business

Forecast

(Billions of Yen)



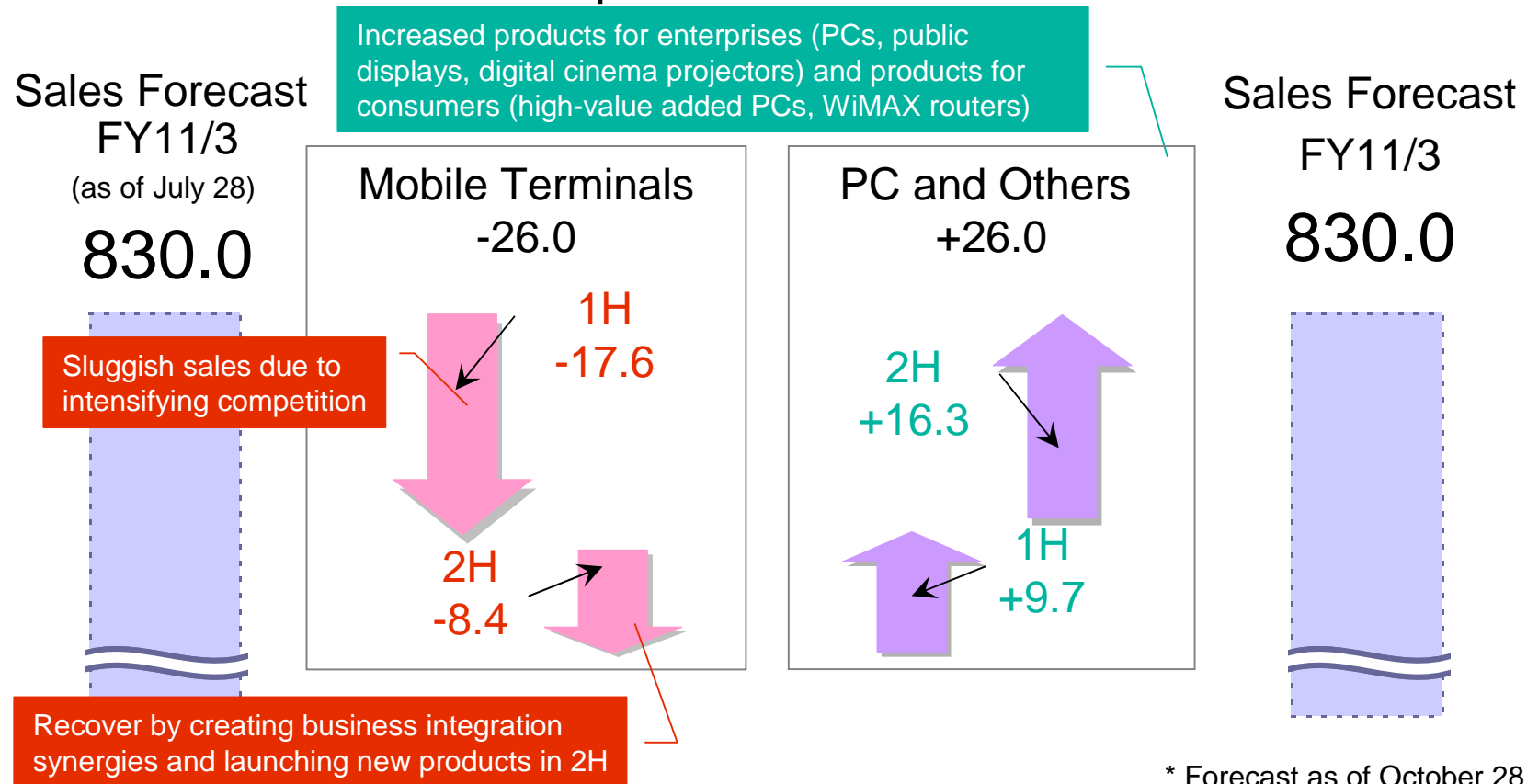
* Forecast as of October 28, 2010

Personal Solutions Business

(Billions of Yen)

Expect solid sales of PC and Others to offset the decrease in Mobile Terminals

- Plan to launch android-based smartphone for overseas markets in FY11/3 and for the Japanese market in 1H FY12/3

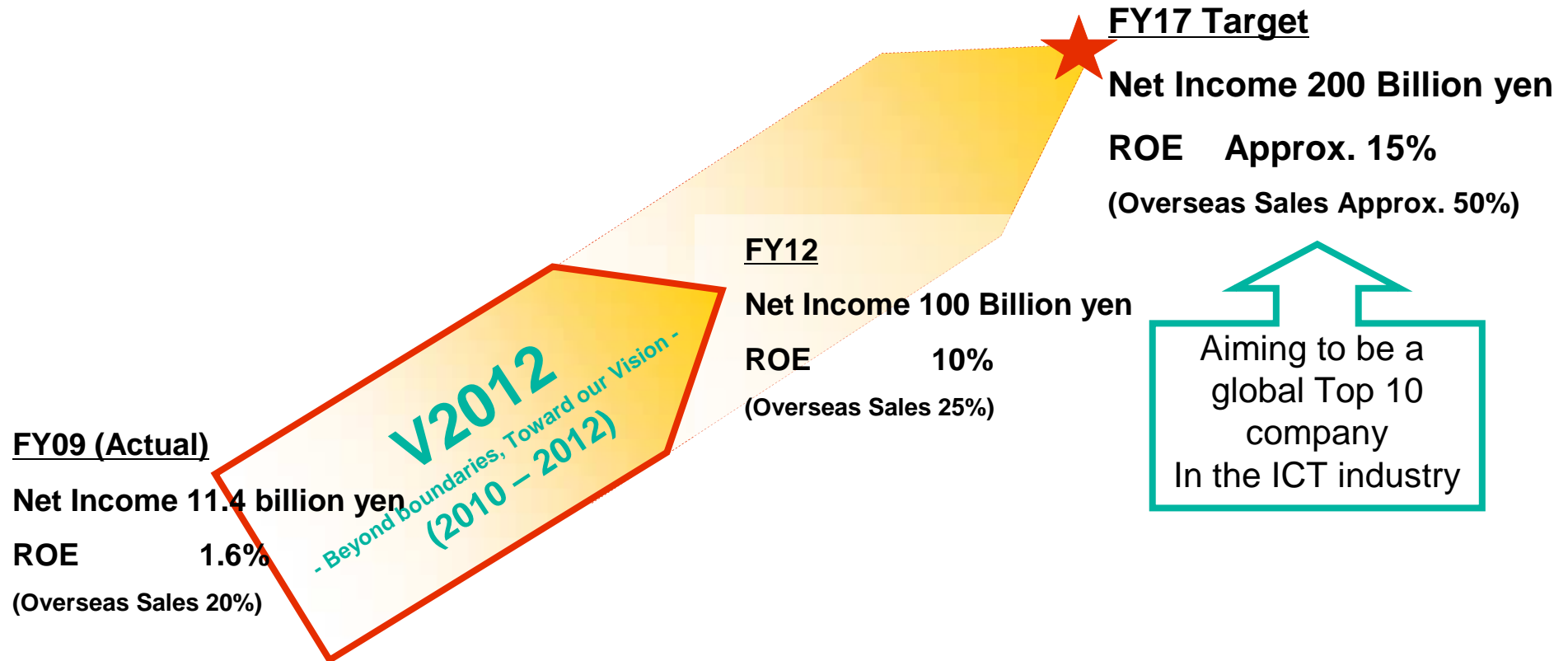


III. Progress of Mid-term Growth Plan "V2012"

NEC Group Vision 2017 and V2012

“V2012” is a milestone for achieving the NEC Group Vision 2017

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



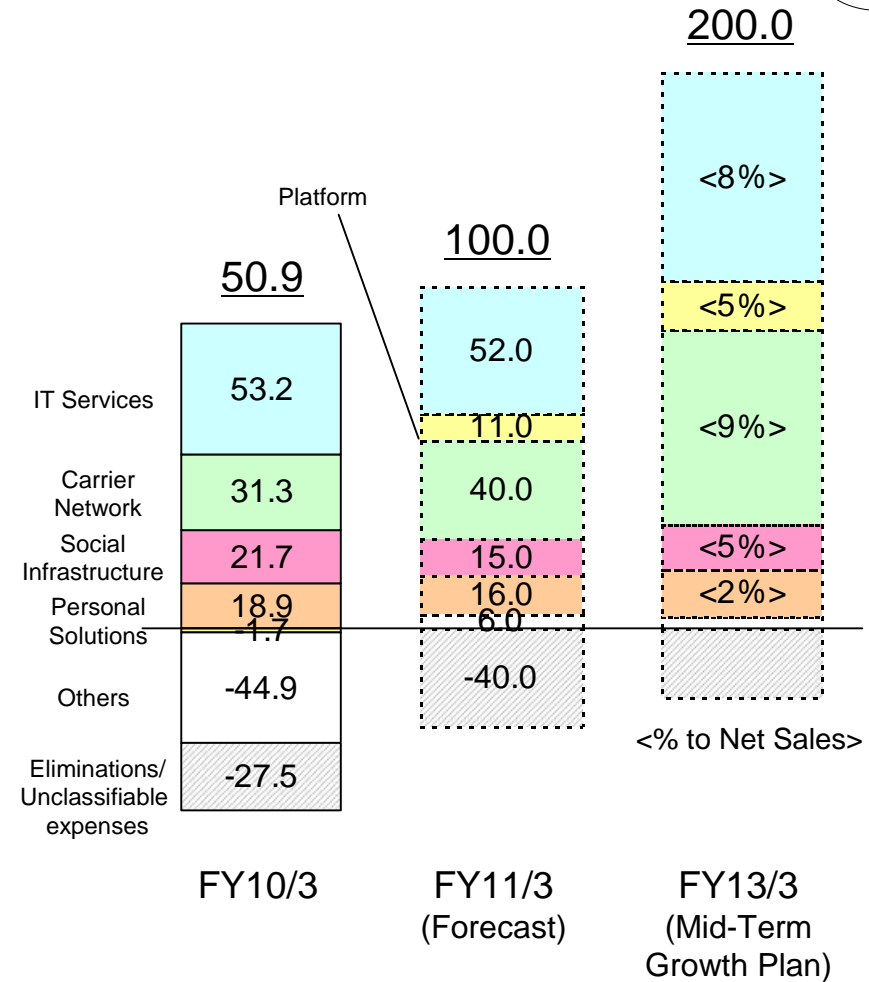
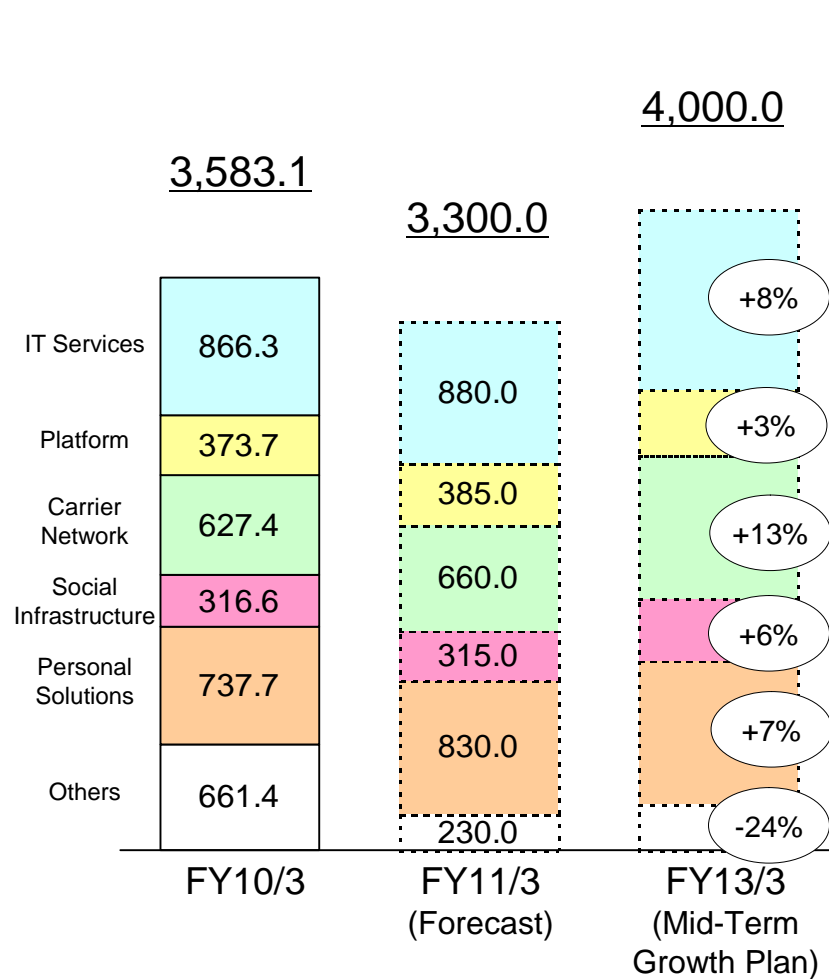
Ref: Mid-Term Growth Plan by Segment (New Segment Basis)

(Billions of yen)

Net Sales

Operating Income/Loss

09-12
CAGR



* Forecast as of Oct 28, 2010

Key Business areas and FY2010 target for achieving V2012

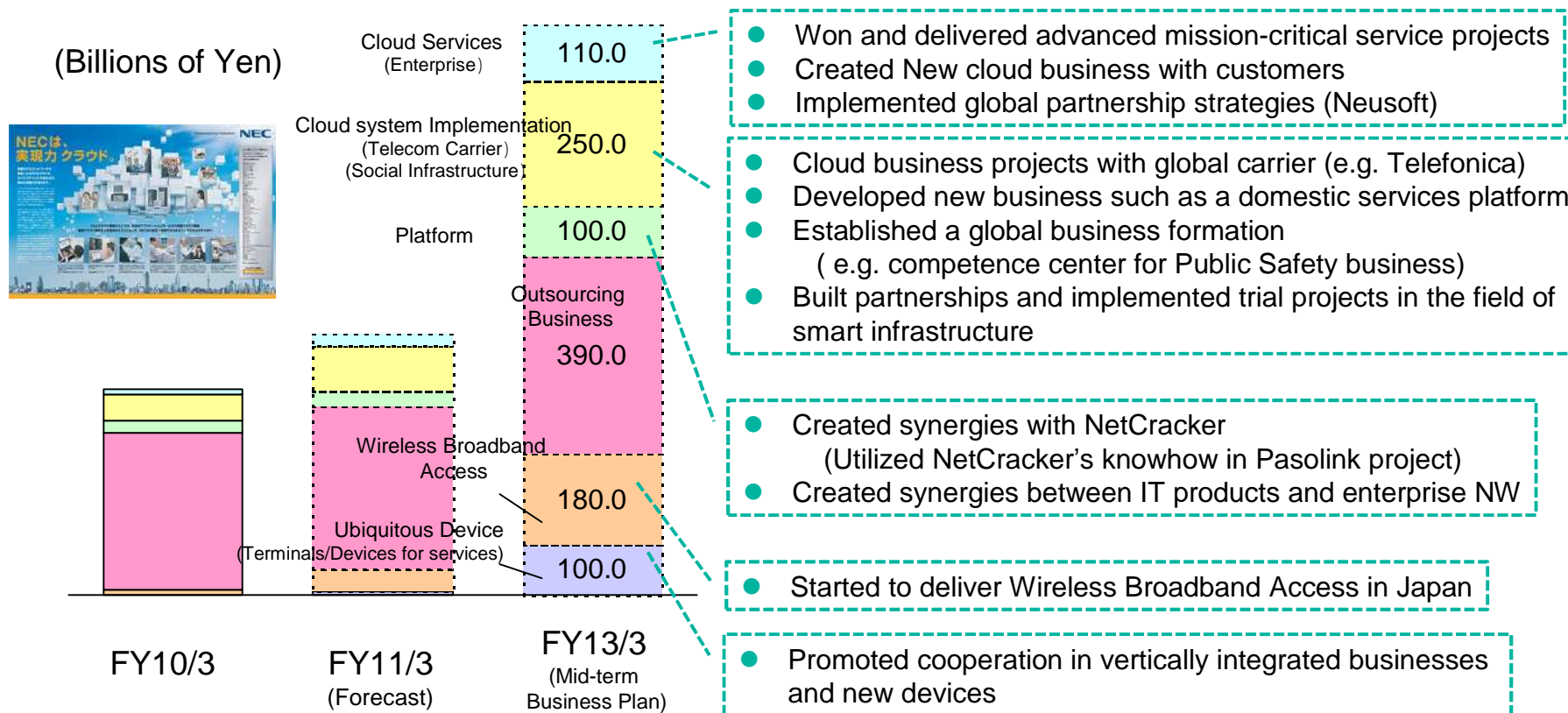
Key Business areas	FY2010 Target	Progress
Cloud	<p><In Japan></p> <ul style="list-style-type: none"> ● Make a concrete plan to implement the C&C cloud strategy, including social and career clouds ● Win and implement advanced projects and clarify a service business model 	
	<p><Overseas></p> <ul style="list-style-type: none"> ● Establish business formation to expand global cloud business, Build relationships with customers through demonstrations/trials Secure solid industry positioning 	
Global	<ul style="list-style-type: none"> ● Establish a 5 region structure and competence centers for growth ● Clarify key business areas, the strategy for each region, and build up business achievements 	
New business	<p><Battery></p> <ul style="list-style-type: none"> ● Start mass production of automotive electrode ● Secure solid market position and find partners in the field of Smart infrastructure 	
	<p><Devices></p> <ul style="list-style-type: none"> ● Create business models through customer partnerships 	

Progress of “C&C cloud strategy” related business

Aim for 1 trillion yen in sales with “C&C Cloud Strategy” related business

- Target 500 billion yen in FY2010

<Major achievements in each area>



- Won and delivered advanced mission-critical service projects
- Created New cloud business with customers
- Implemented global partnership strategies (Neusoft)

- Cloud business projects with global carrier (e.g. Telefonica)
- Developed new business such as a domestic services platform
- Established a global business formation (e.g. competence center for Public Safety business)
- Built partnerships and implemented trial projects in the field of smart infrastructure

- Created synergies with NetCracker (Utilized NetCracker’s knowhow in Pasolink project)
- Created synergies between IT products and enterprise NW

- Started to deliver Wireless Broadband Access in Japan

- Promoted cooperation in vertically integrated businesses and new devices

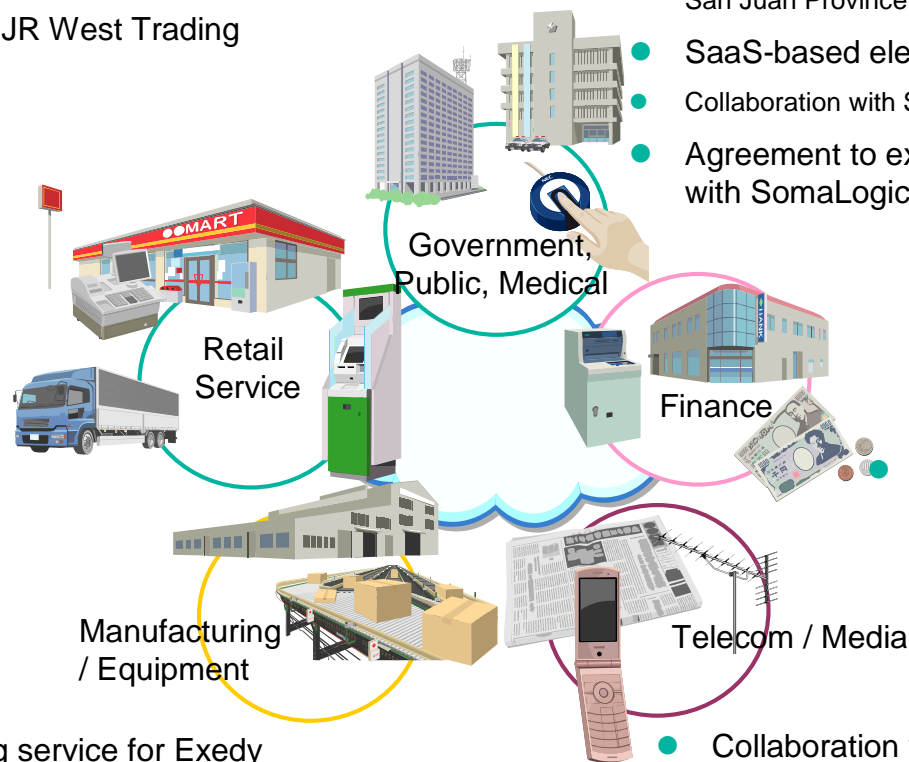
* Forecast as of October 28, 2010

Cloud Business Activities / Achievements

- Ticketless service for Shiki Theatre Company
- Integrated hotel cloud service for Nippon View Hotel
- Procurement system for JR West Trading



- Mission critical cloud for 3 cities Kasuya, Fukuoka Pref.
- Education cloud for Sennan-city, Osaka Pref.
- Cloud computing based education system for Argentina's San Juan Province Ministry of Education
- SaaS-based electric medical records system
- Collaboration with Sanyo on a regional medical care solution
- Agreement to explore aptamer related business with SomaLogic



Collaboration with Sumitomo Life Insurance Company on cloud service for asset management

- Cloud oriented accounting service for Exedy
- Integrated Construction companies Cooperation on Core infrastructure services
- Cooperation with Sumitomo Forestry, SaaS for the housing industry
- Mobile cloud verification trial with Epson Sales Japan
- Obligato III (cloud-ready)

- Collaboration with Telefonica on cloud business in Central and South America
- Established NEC Europe Cloud Competence center
- Collaboration with South Korea's Shinsegae Group in digital signage
- Release of the iPASOLINK series

Acceleration of C&C Cloud Strategy

Established “Cloud Business Strategy Office”

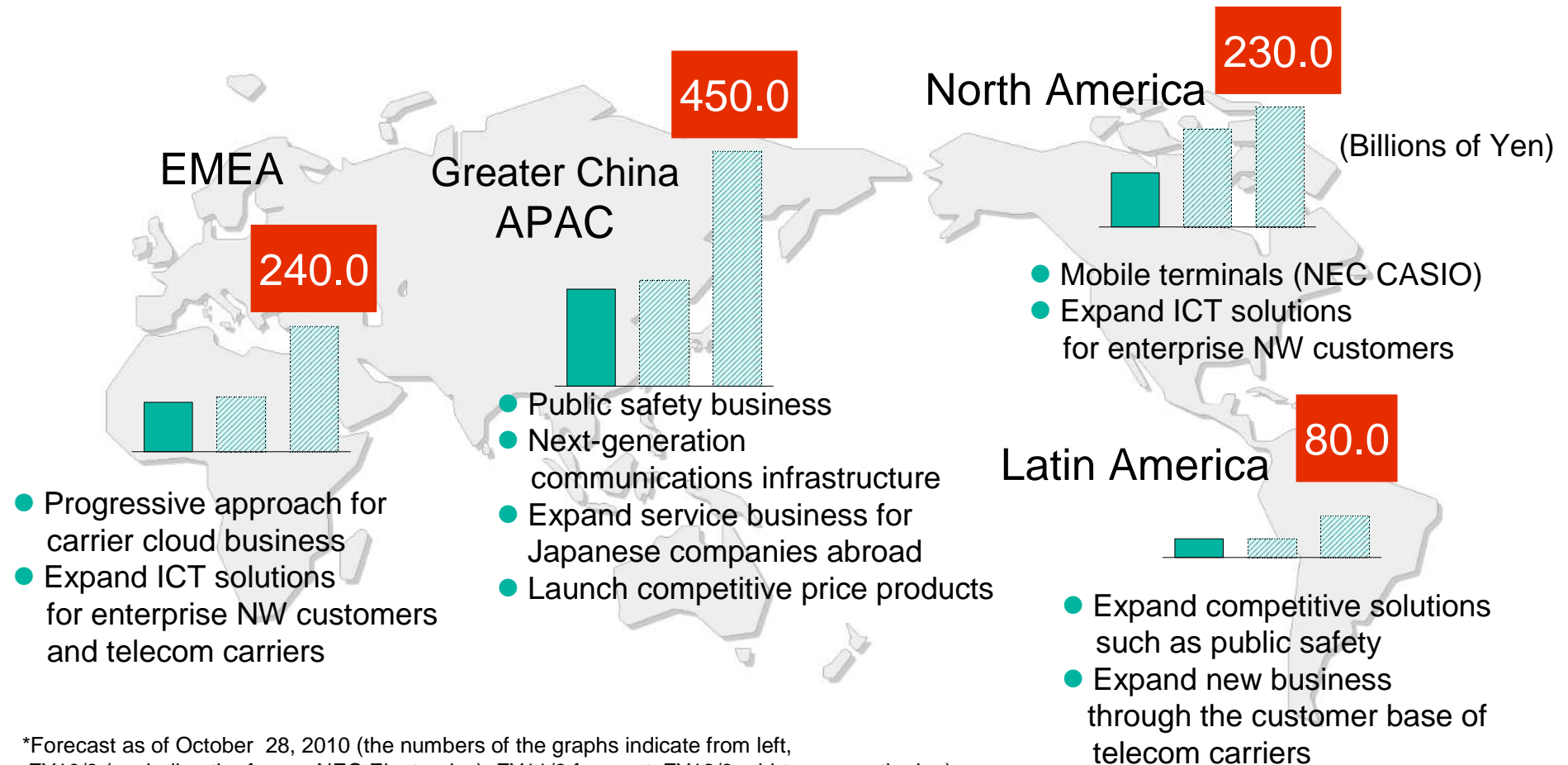
- Develop a service business model through project demonstrations
- Promote cloud business by quick responses to company-wide issues
 - Accelerate the commercialization of the cloud in the field of Public infrastructure
 - New infrastructure
e.g. Smart City, Smart Grid, Public Safety, intelligent buildings, transportation, and public services
 - Cloud services collaborating with new infrastructure
e.g. health care, central and local government, education, transportation and others



Progress of “Global Business Expansion”

Aim for 1 trillion yen in overseas sales (25% of total sales)

- Aim for 560 billion yen, approx. 17% of total sales in FY 11/3



*Forecast as of October 28, 2010 (the numbers of the graphs indicate from left, FY10/3 (excluding the former NEC Electronics), FY11/3 forecast, FY12/3 mid-term growth plan)

One NEC formation in 5 regions

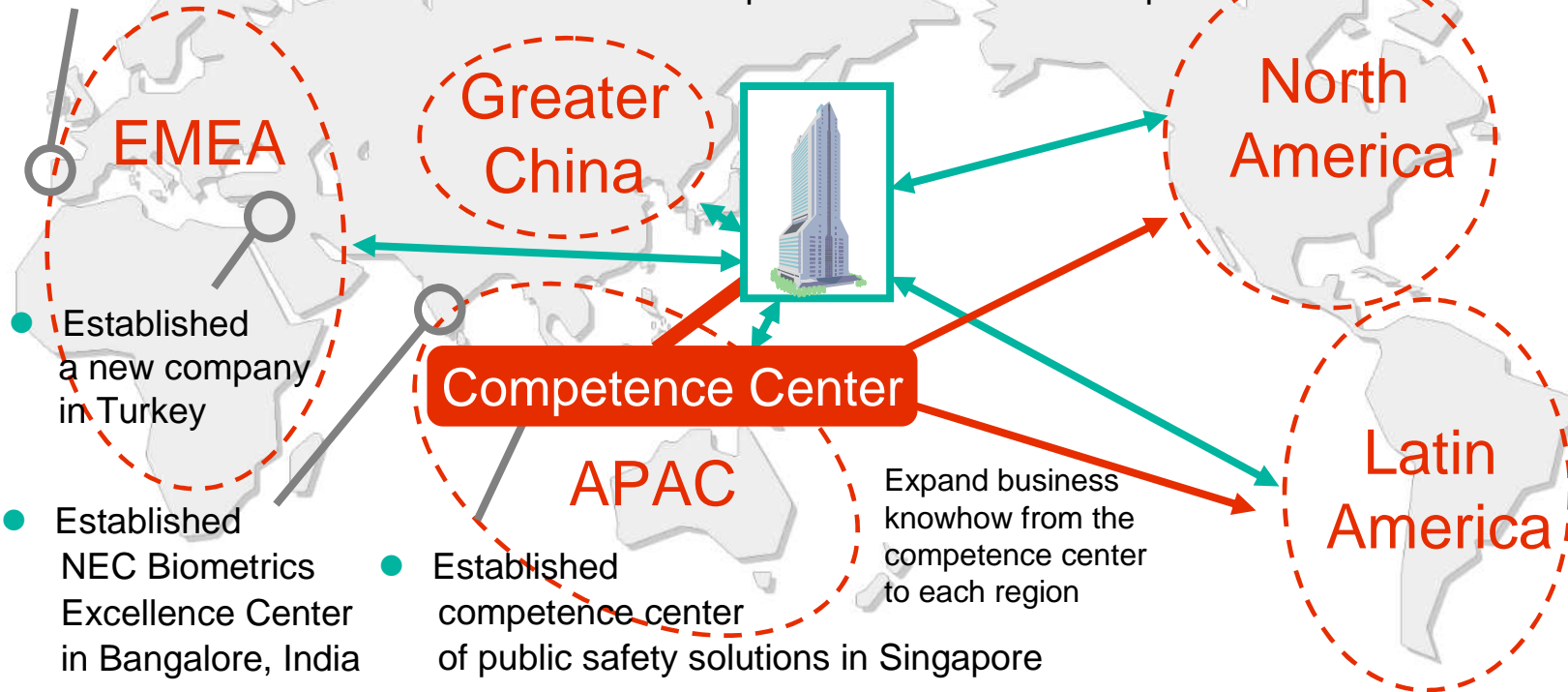
- The One NEC formation was already established in 4 regions
- The One NEC formation in 5 regions will be completed by next April

Speedy business operations

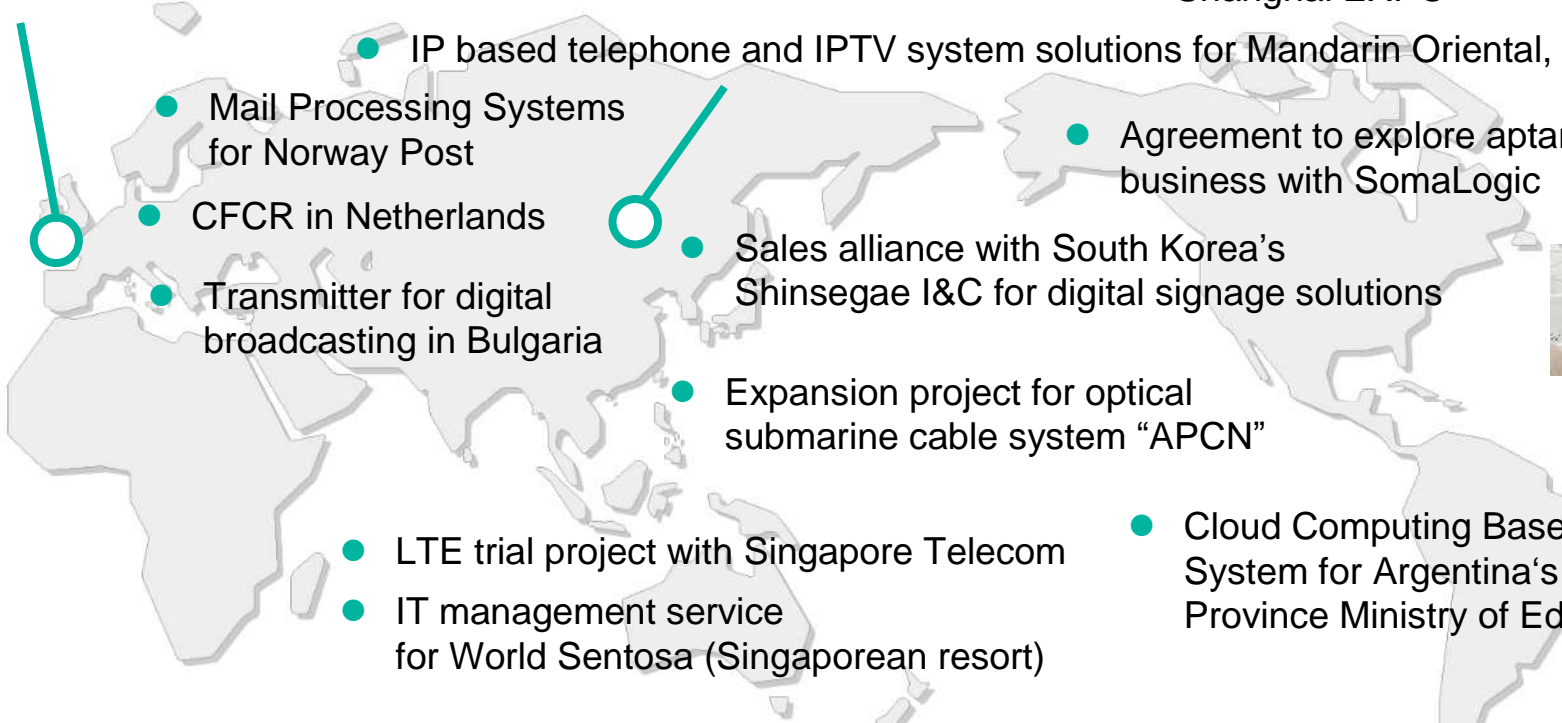
Clarification of responsibility and authority

- Established NEC European Cloud Competence Center

Aggregate the customer needs in each region and provide solutions from Japan



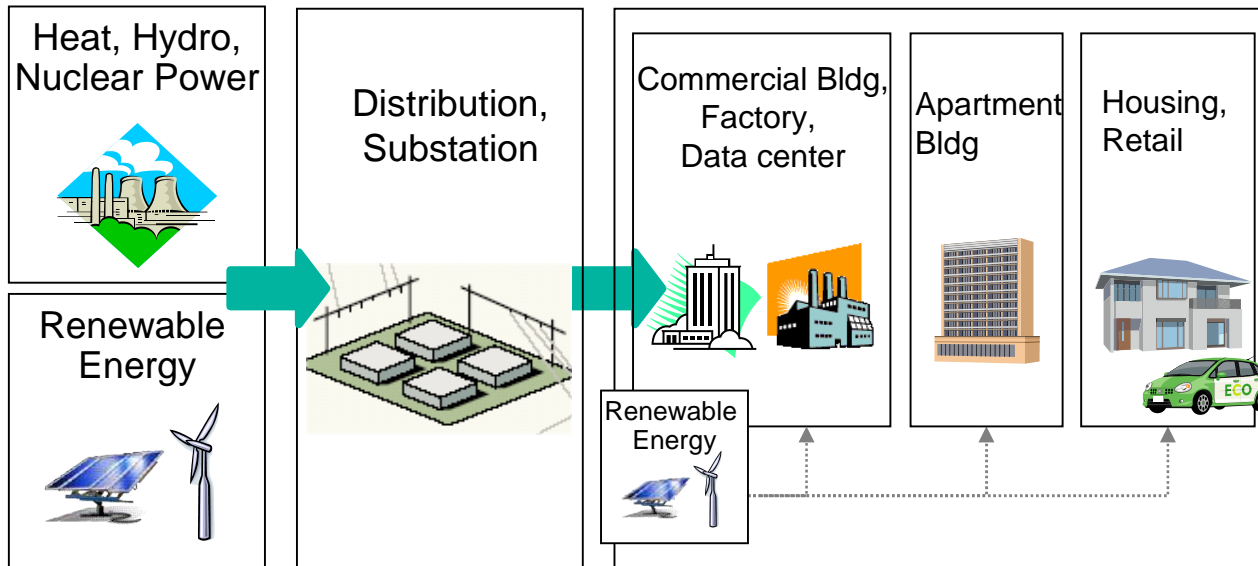
Global Business Activities / Achievements



- Telefonica SaaS service in, VDI
- Collaboration with Neusoft for Cloud services
- Start to provide medical solutions
- RFID Temperature Traceability System for Jointown Pharmaceutical Group
- POS system for the Guangzhou Baiyun International Airport
- IP Telephony system for InterContinental Hotels & Resorts Shanghai EXPO
- IP based telephone and IPTV system solutions for Mandarin Oriental, Macau
- Mail Processing Systems for Norway Post
- CFRCR in Netherlands
- Transmitter for digital broadcasting in Bulgaria
- Sales alliance with South Korea's Shinsegae I&C for digital signage solutions
- Expansion project for optical submarine cable system "APCN"
- Agreement to explore aptamer related business with SomaLogic
- LTE trial project with Singapore Telecom
- IT management service for World Sentosa (Singaporean resort)
- Cloud Computing Based Education System for Argentina's San Juan Province Ministry of Education

VDI: Virtual Desktop Infrastructure
CFRCR: Culler Facer Cancelling and Revenue protection system

New Business Activities (Battery, Smart Grid)



Activities in ICT

- Started field trial of transfer blocking system for distributed power with the Chugoku Electric Power Co., Inc.
- Formed a business partnership with Sekisui Chemical Co., Ltd. in the smart house field

Activities in Storage

- Works with Electric Power Research Institute (EPRI) to test large-scale electricity storage system using NEC's Lithium-ion rechargeable battery
- Joint development of a Building Energy Management Systems using lithium-ion rechargeable batteries with Meidensha Corporation

Activities in EV

**<EV Infrastructure>
Commercial Facilities**
(convenience stores, gas stations, etc)

Rapid chargers

- Rapid charge trials in the United States (Oregon)
- Rapid charge trials with ENEOS and others

Electric vehicles

- Electrodes for automotive lithium-ion rechargeable batteries are in mass production

New devices and vertically integrated services

Commercialize new devices and vertically integrate services by approaching and cooperating with major potential customers



Begin shipping new devices in 2010

Next Actions for Achieving V2012

Reducing the obstacles to business achievement, making a concrete plan to implement measures and accelerating the speed of execution

Cloud

- Investment in expanding cloud business
- Promote data center and Platform strategies
- Launch CODC (Cloud oriented data center) business
- Horizontal expansion of carrier cloud business
- Entry into overseas markets with Wireless Broadband Access

Global

- Promote partnerships
- Enhance global development systems, human resources and marketing

New Business

<Battery>

- Expand production capabilities to meet growing demand
- Accelerate to develop new business in the field of Smart Grid

<Devices>

- Additional concrete examples of vertically integrated businesses

Summary

To achieve the financial forecast

- “Outward efforts”
Strive to increase “top line” sales by capturing market opportunities
- “Inward efforts”
Improve gross profit ratio and efficiency of business operations

Accelerate the implementation of concrete measures in the key areas for achieving V2012

- Build up concrete results step by step in the cloud business, global business and new business
- Focus on developing new business for future growth

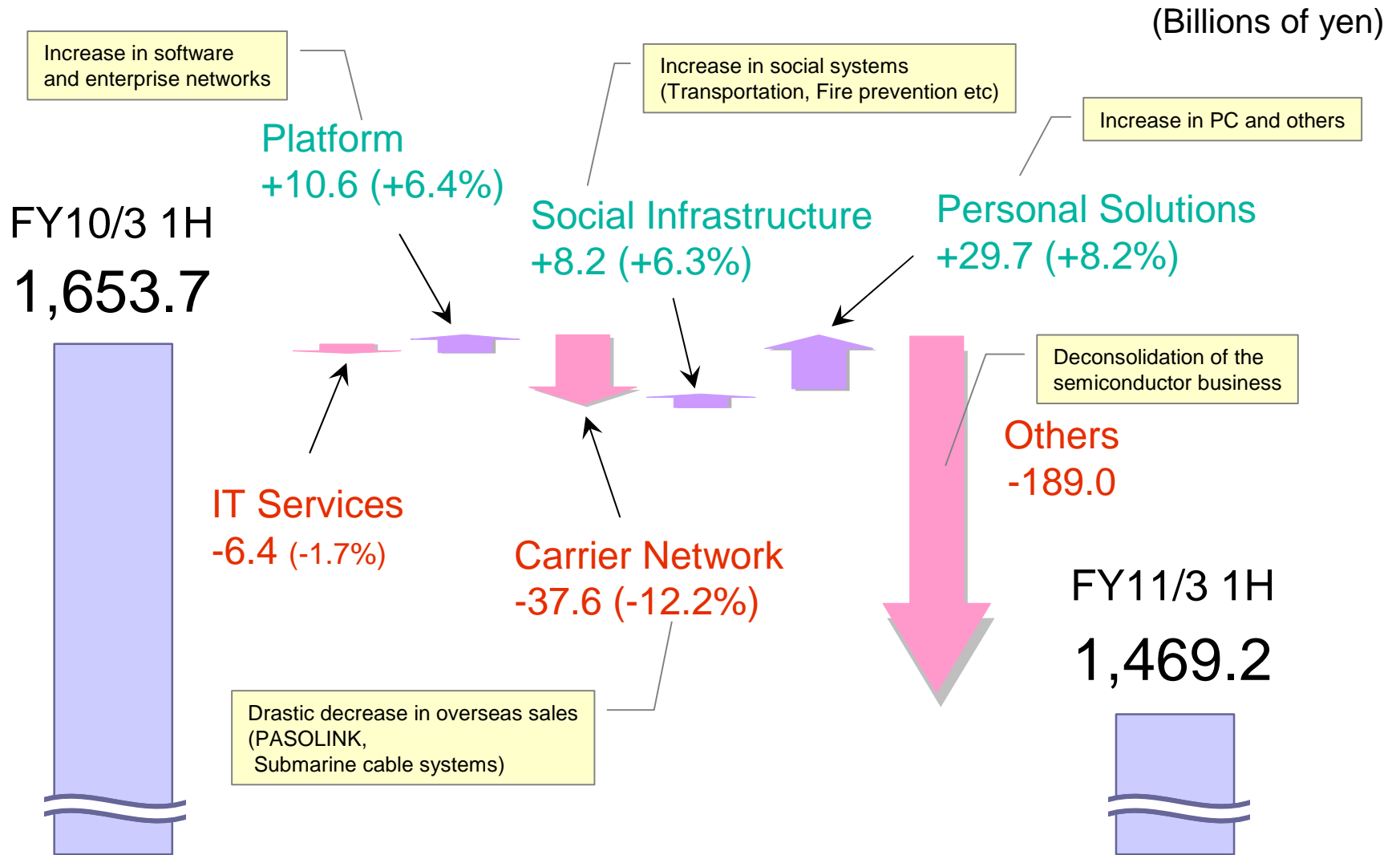
**Implement speedy business operations
for achieving the FY11/3 forecast as the first year of V2012**

Empowered by Innovation

NEC

Financial Results for the 1H of the Fiscal Year
Ending March 31, 2011 (appendix)

Sales Change (Year on Year)

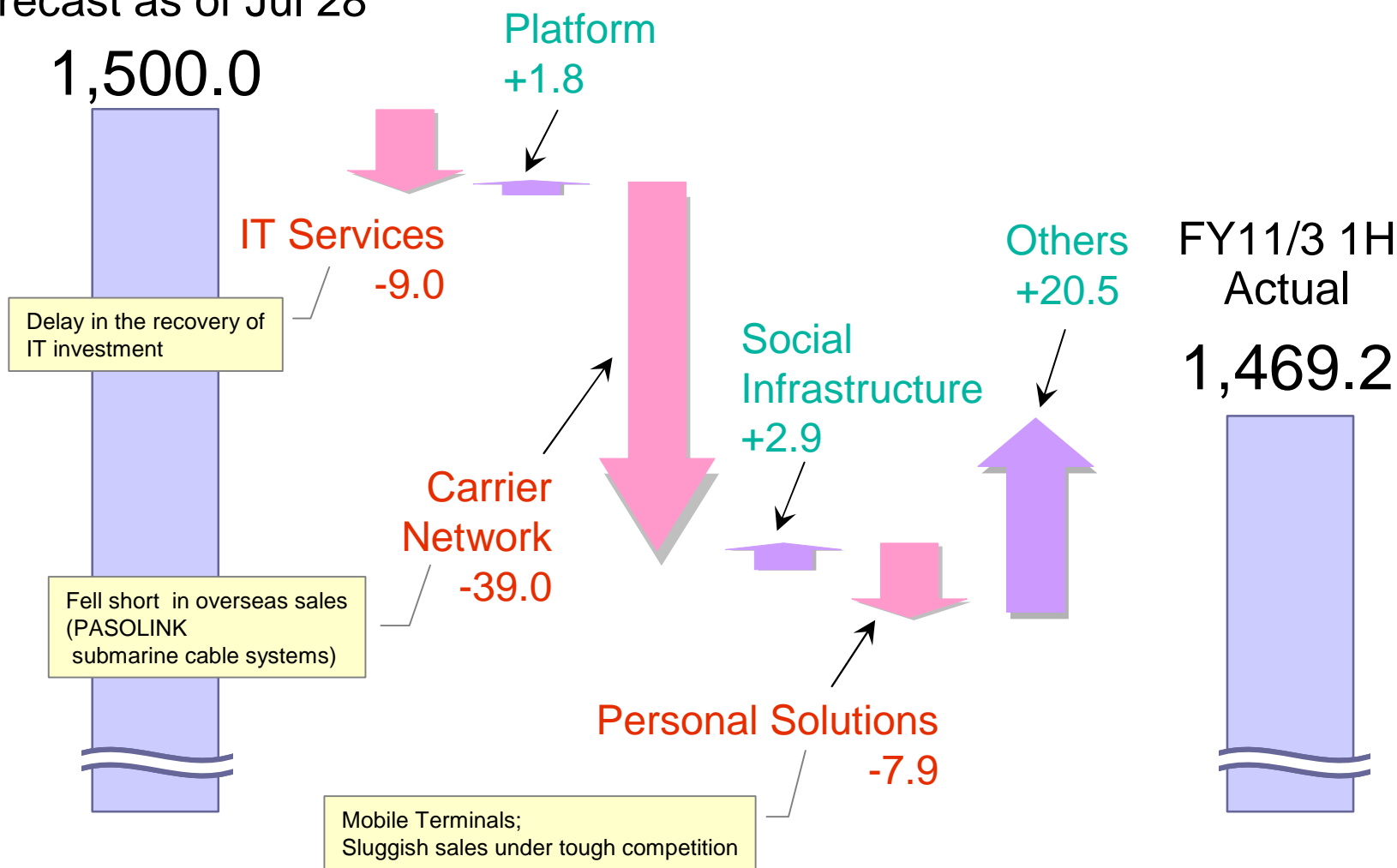


Sales Change (Difference from Jul 28)

(Billions of yen)

FY11/3 1H
Forecast as of Jul 28

1,500.0

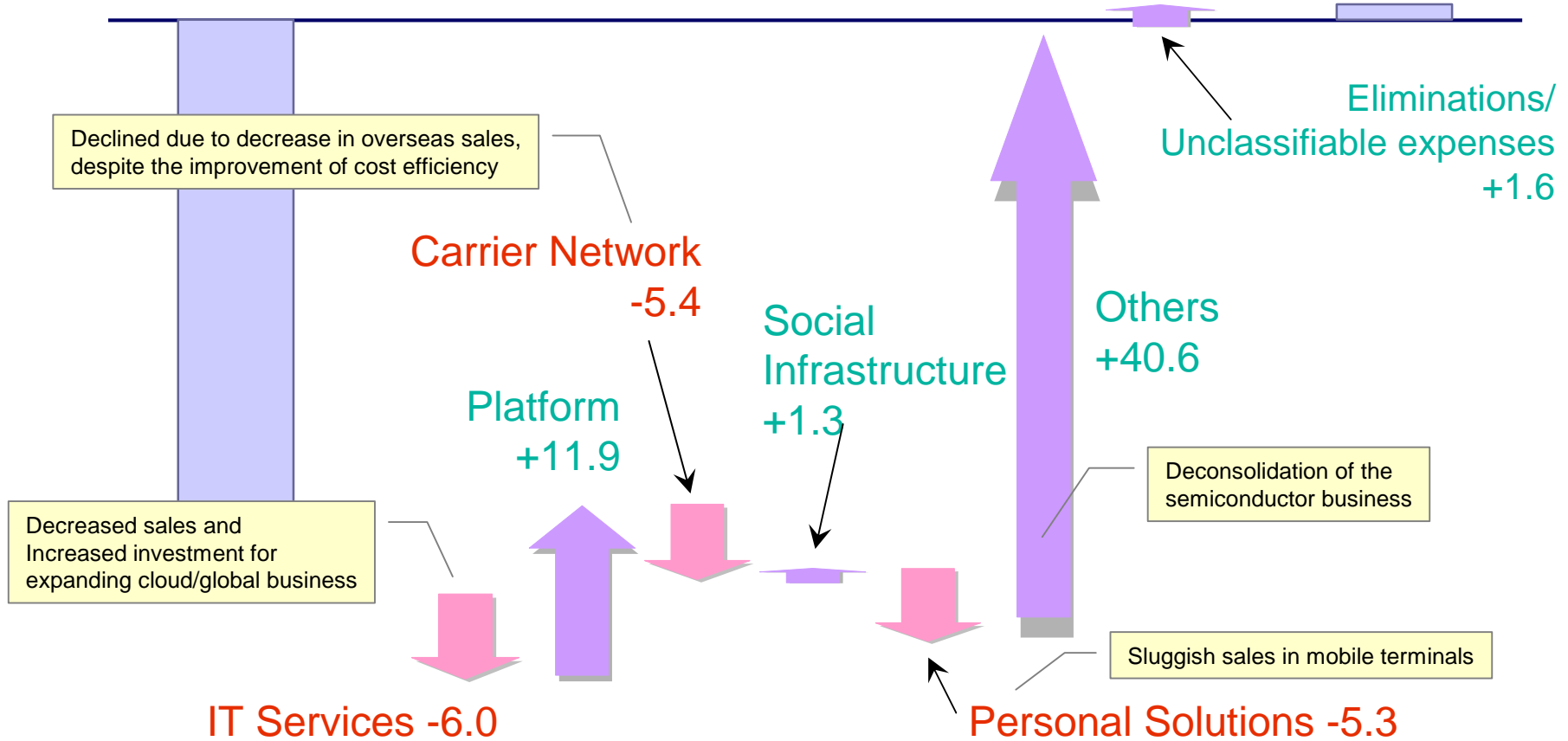


Operating Income/Loss Change (Year on Year)

(Billions of yen)

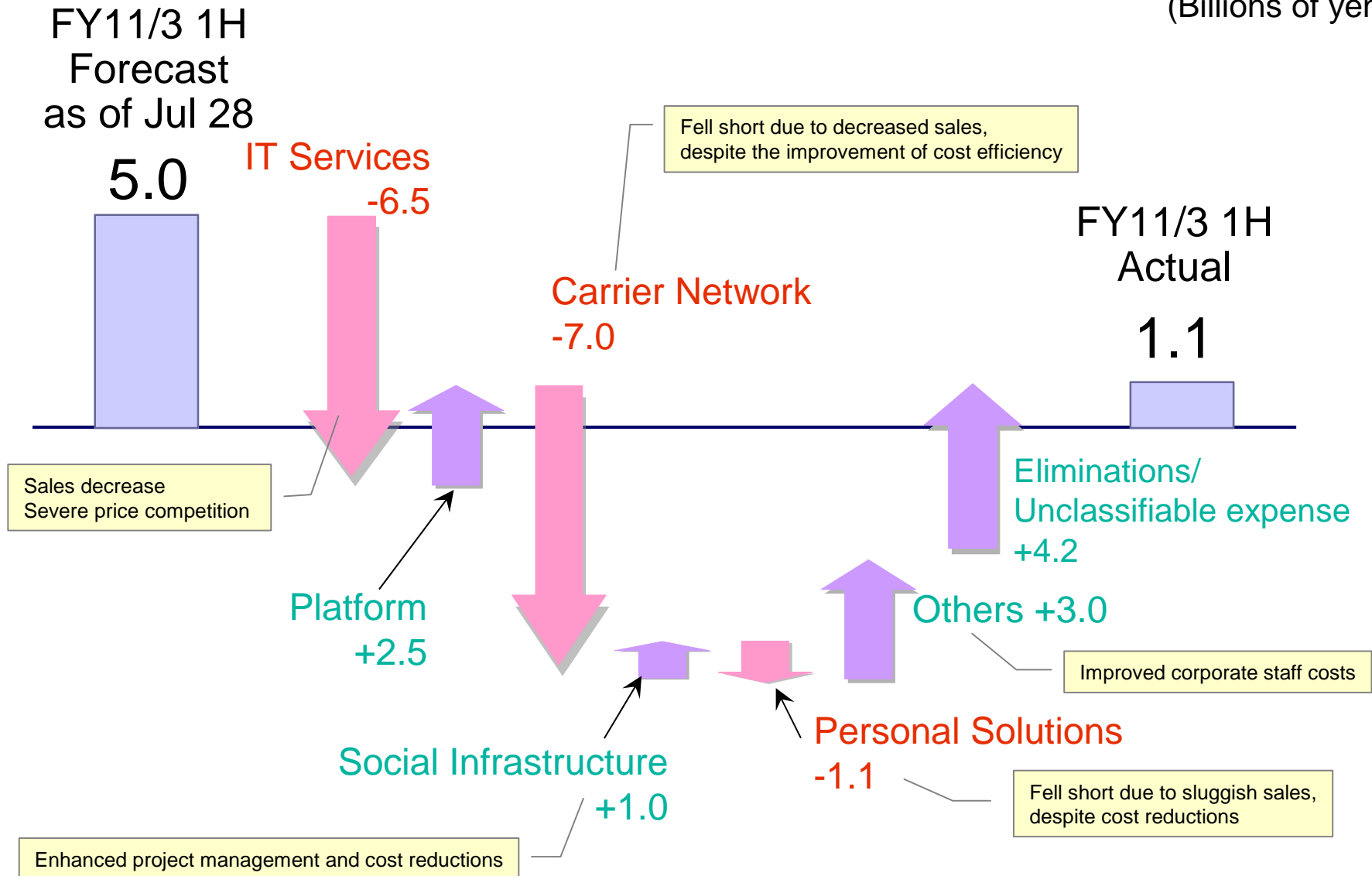
FY10/3 1H
-37.7

FY11/3 1H
1.1



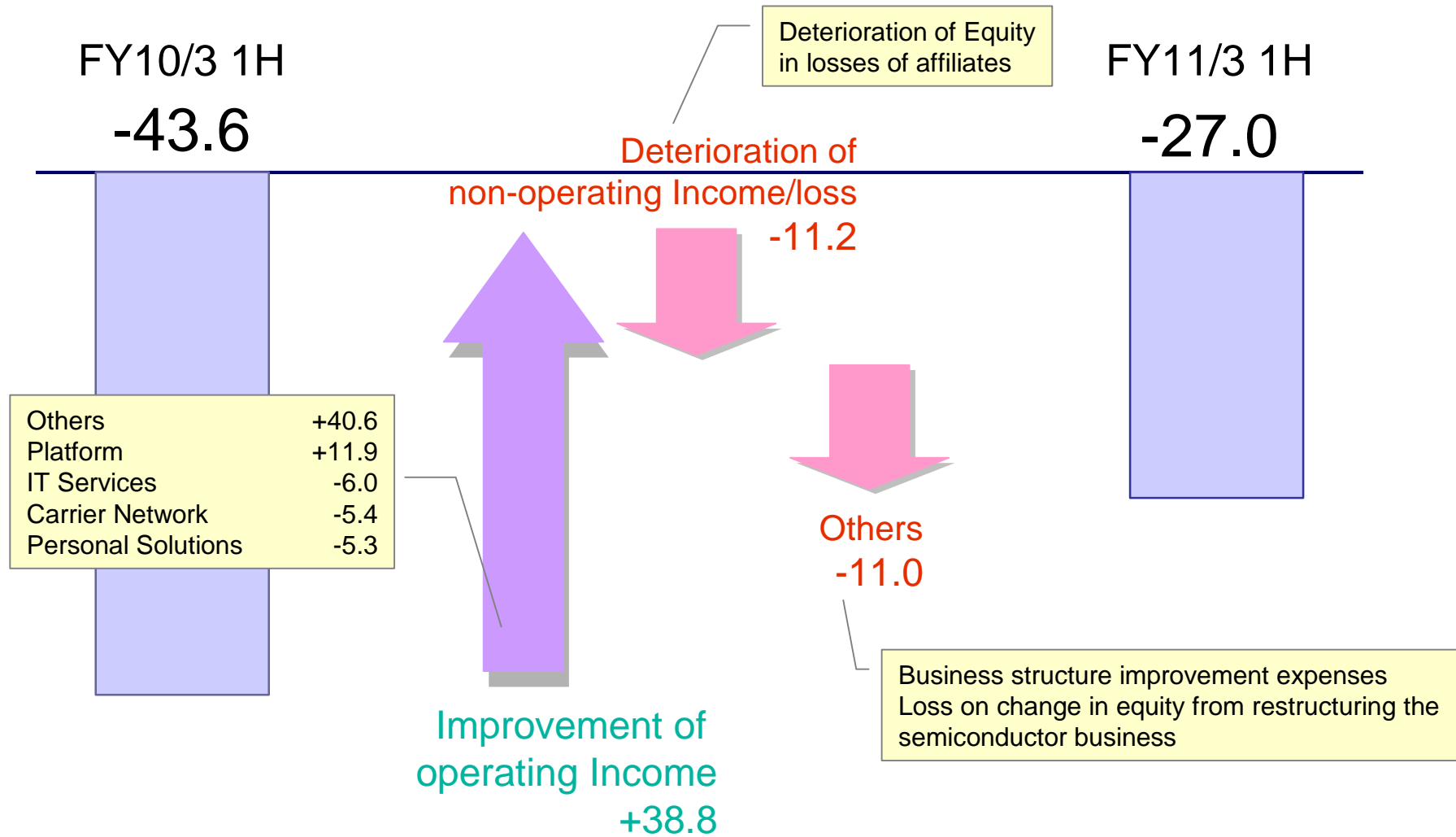
Operating Income/Loss Change (Difference from Jul 28)

(Billions of yen)



Net Loss Change (Year on Year)

(Billions of yen)

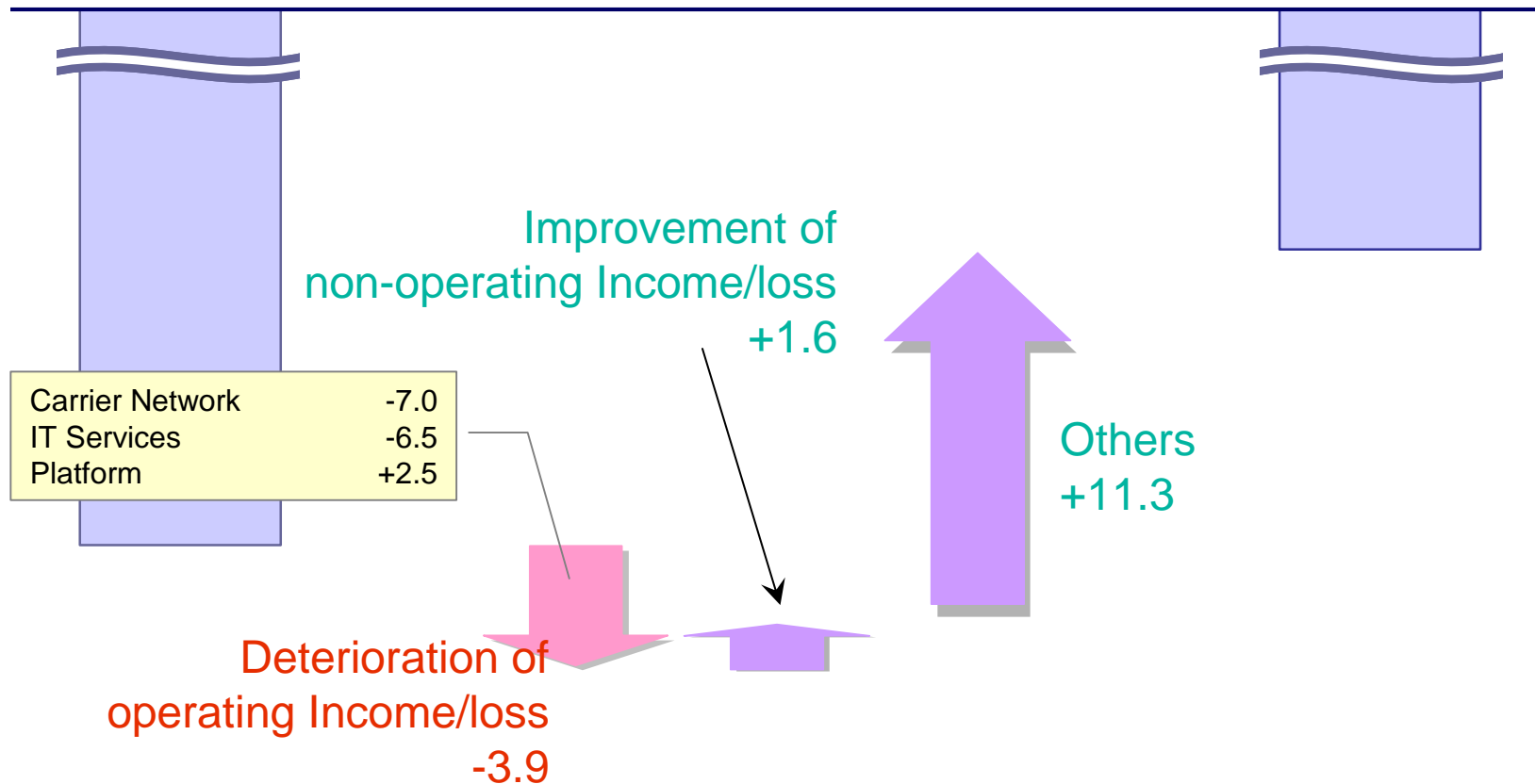


Net Loss Change (Difference from Jul 28)

(Billions of yen)

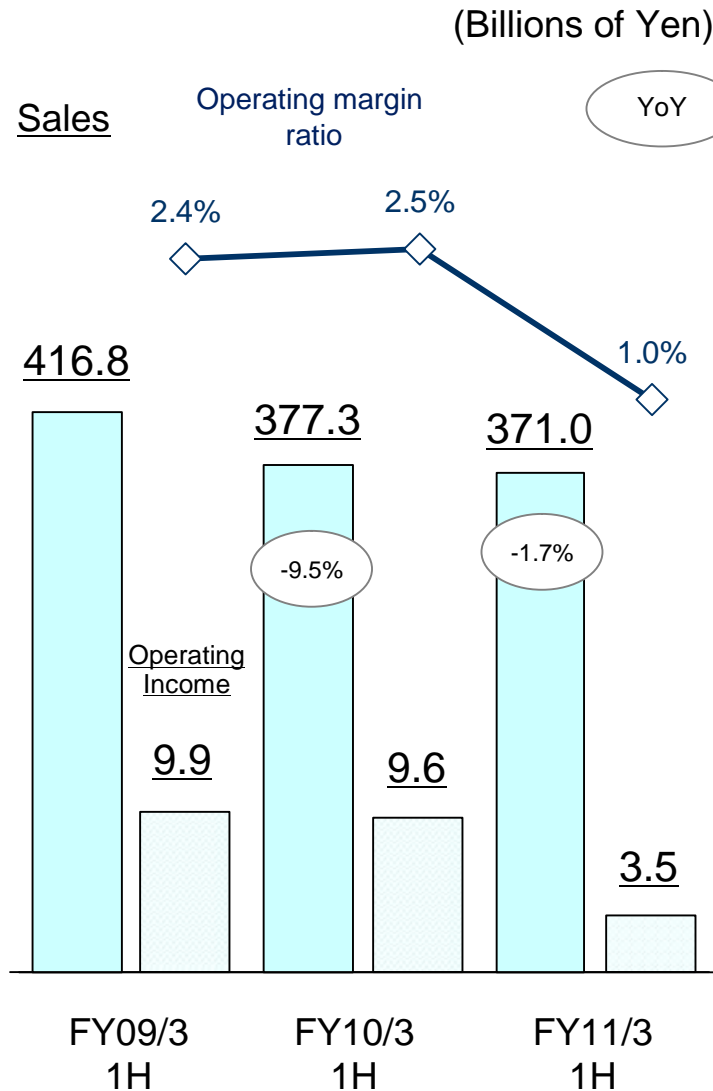
FY11/3 1H
Forecast
as of Jul 28
-36.0

FY11/3 1H
Actual
-27.0



Results by Segment

IT Services Business



Sales 371.0 (-1.7%)

▽ SI Services :

Declined due to the delay in the recovery of IT investment

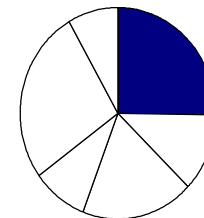
△ Outsourcing/Support Services :

Declined in support services
Stable sales in the cloud service business and outsourcing business

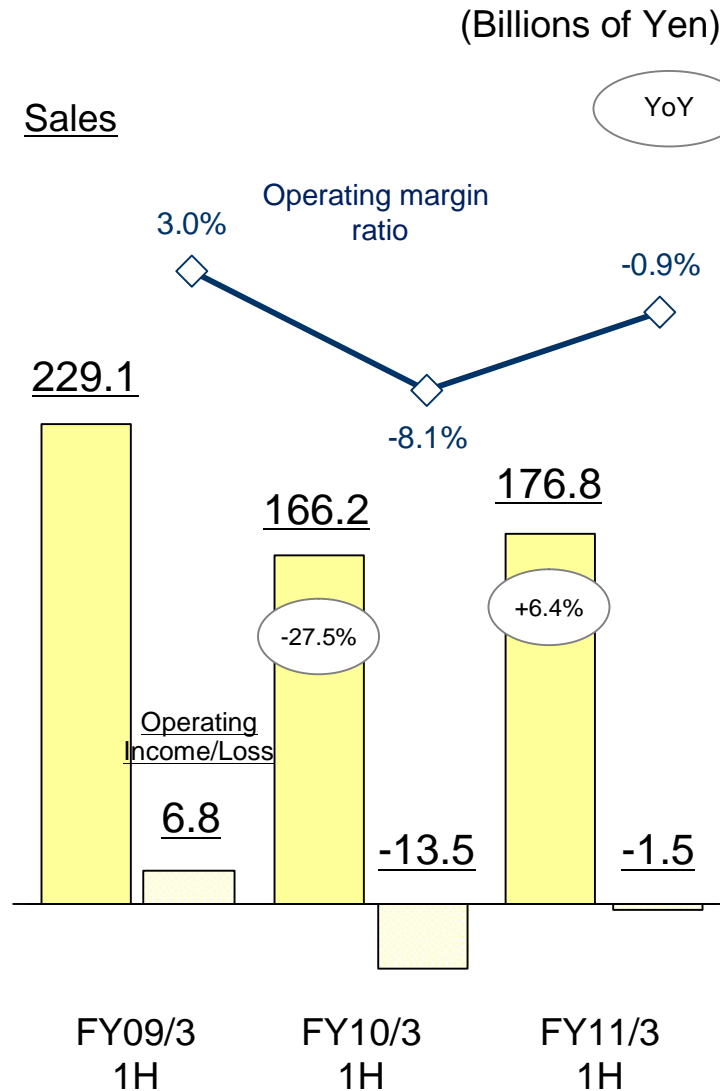
Operating Income 3.5 (-6.0)

▽ Declined due to a decrease in sales and the increase in investment for expanding service/global business

Proportion of sales (FY11/3 1H)
25%



Platform Business

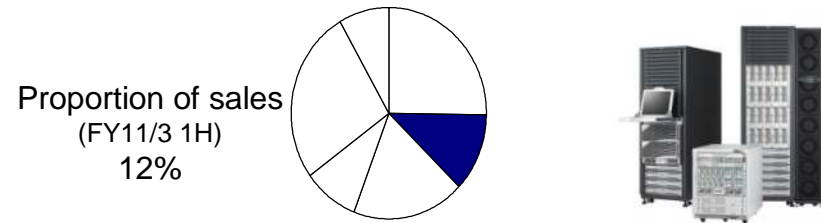


Sales 176.8 (+6.4%)

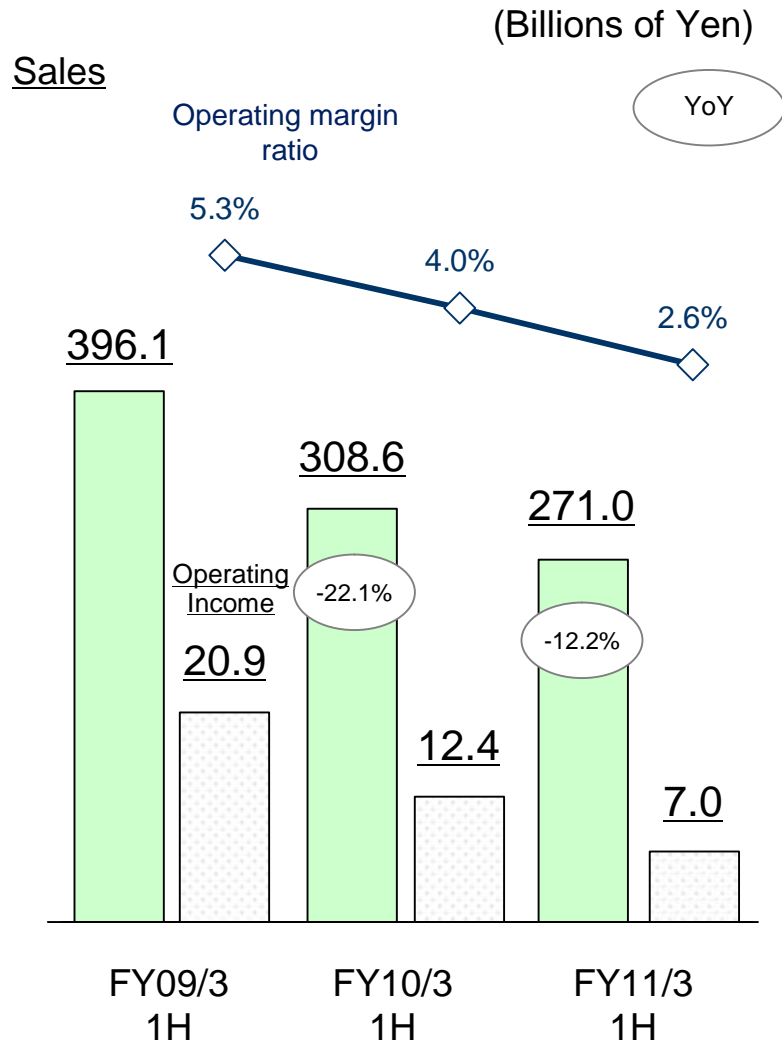
- △ Software :
Increased in system integration through virtualization, operational management and security for compliance
- ▷ Hardware :
Remained at the same level as the previous year due to winning a large project for UNIX servers and steady sales in IA servers
- △ Enterprise Network :
Increased due to the gradual recovery of investment in domestic and overseas markets

Operating Loss -1.5 (+11.9)

- △ Significant improvement due to increased sales and continual cost reductions



Carrier Network Business



Sales 271.0 (-12.2%)

▶ Japan:

Same level as last year:

Increased in wireless business due to CAPEX backed by increasing data traffic, despite decreases in fixed line business due to peak out NGN investment

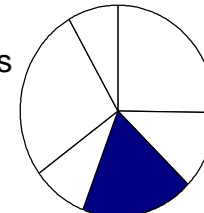
▽ Overseas :

Declined due to the delay in the signing of a submarine cable system contract and a decrease in Pasolink sales

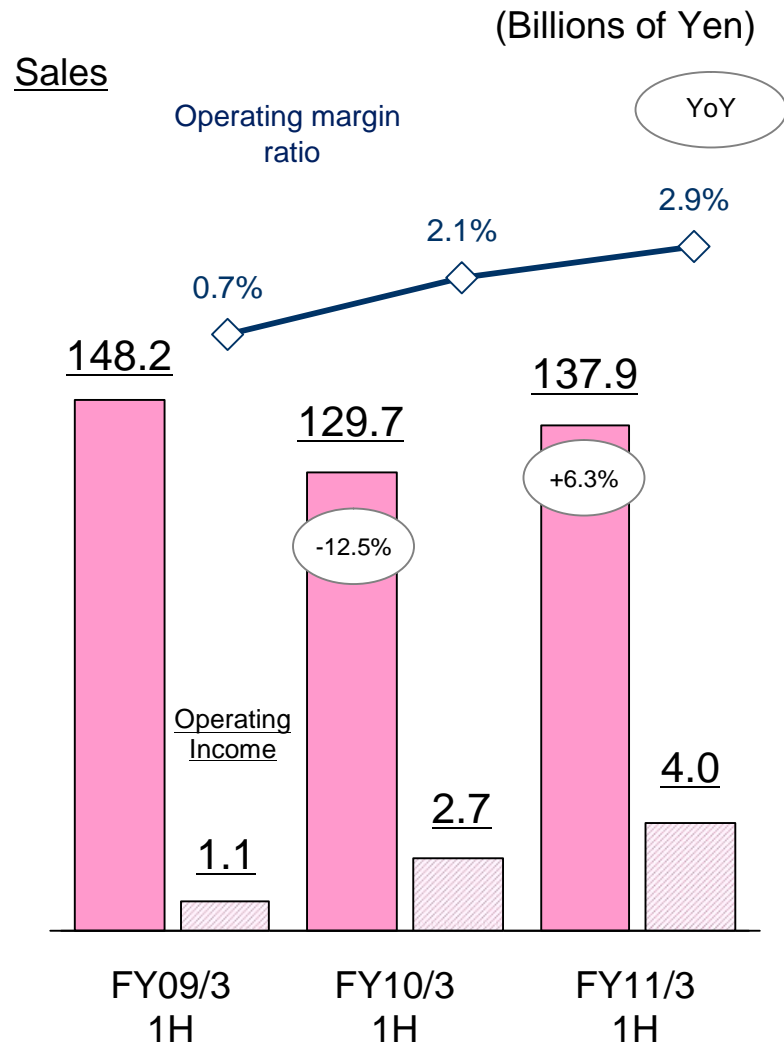
Operating Income 7.0 (-5.4)

▽ Declined due to an overseas sales decrease, despite enhancing cost reduction activities

Proportion of sales (FY11/3 1H) 18%



Social Infrastructure Business



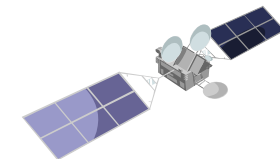
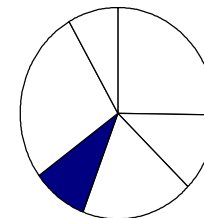
Sales 137.9 (+6.3%)

△ Increased in social systems such as transportation and fire prevention

Operating Income 4.0 (+1.3)

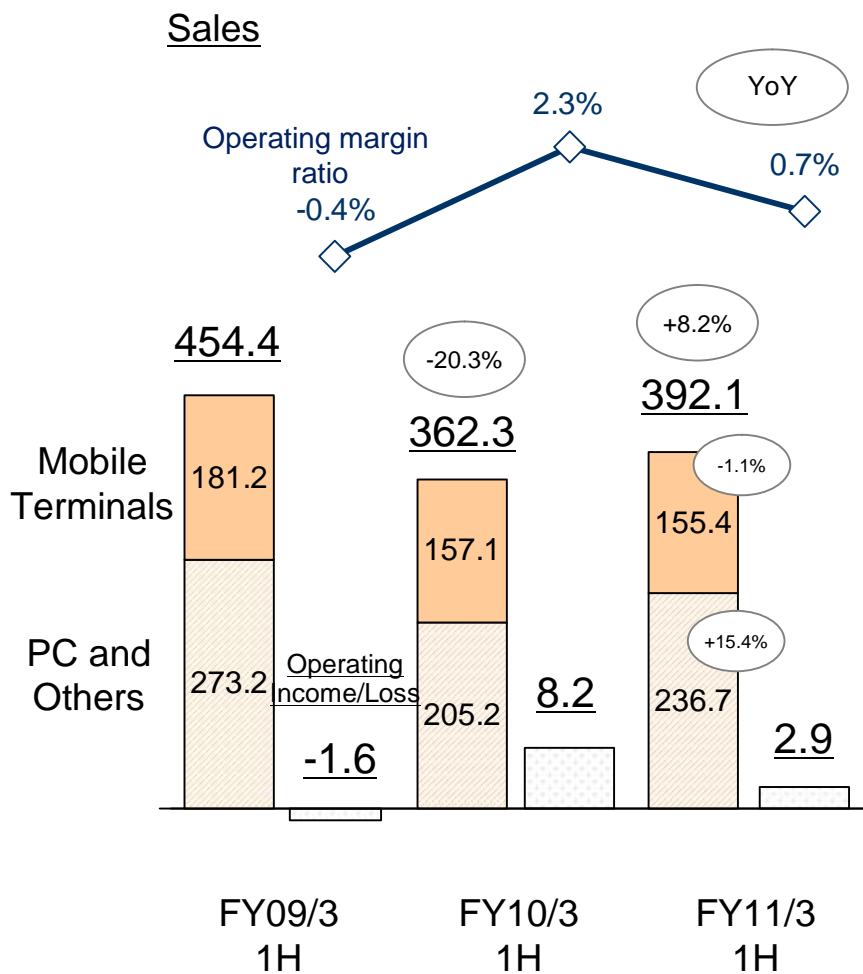
△ Improved due to a sales increase and cost reduction activities by enhancing project cost management

Proportion of sales (FY11/3 1H) 9%



Personal Solutions Business

(Billions of Yen)



Sales 392.1 (+8.2%)

▽ Mobile terminals:

Decreased slightly due to intensifying competition

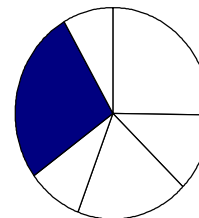
▽ PC and Others

Increased in products for enterprises (PCs, public displays, digital cinema projectors) and consumers (high-value added PCs, WiMAX routers)

Operating Income 2.9 (-5.3)

▽ Decreased due to sluggish Mobile Terminal sales

Proportion of sales (FY11/3 1H) 27%



<Ref.> Financial Position Data

(Billions of Yen)

	End of Mar 2010	End of Sep 2010	Difference from Mar 2010
Total Assets	2,937.6	2,522.1	-415.5
Net Assets	931.9	853.8	-78.2
Interest-bearing debt	729.5	618.6	-110.9
Shareholder's Equity	790.9	735.4	-55.5
Equity ratio(%)	26.9%	29.2%	2.3pt
D/E ratio	0.92	0.84	0.08pt
Net D/E ratio	0.50	0.63	-0.13pt

<Ref.> Capital Expenditures and Others

(Billions of Yen)

	FY09/3 Actual	FY10/3 Actual	YoY	FY11/3 Forecast	YoY	Difference from Jul 28
Capital Expenditure	103.1	83.1	-19.4%	75.0	-9.7%	0.0
Depreciations	133.6	111.2	-16.8%	75.0	-32.6%	0.0
R&D expenses	346.5	276.0	-20.3%	200.0	-27.5%	0.0

(Billions of Yen)

	FY10/3 1H Actual	YoY	FY11/3 1H Actual	YoY
R&D expenses	143.0	-21.4%	90.8	-36.5%



* Forecast as of Oct 28, 2010

<Ref.> Overseas sales

(Billions of Yen)

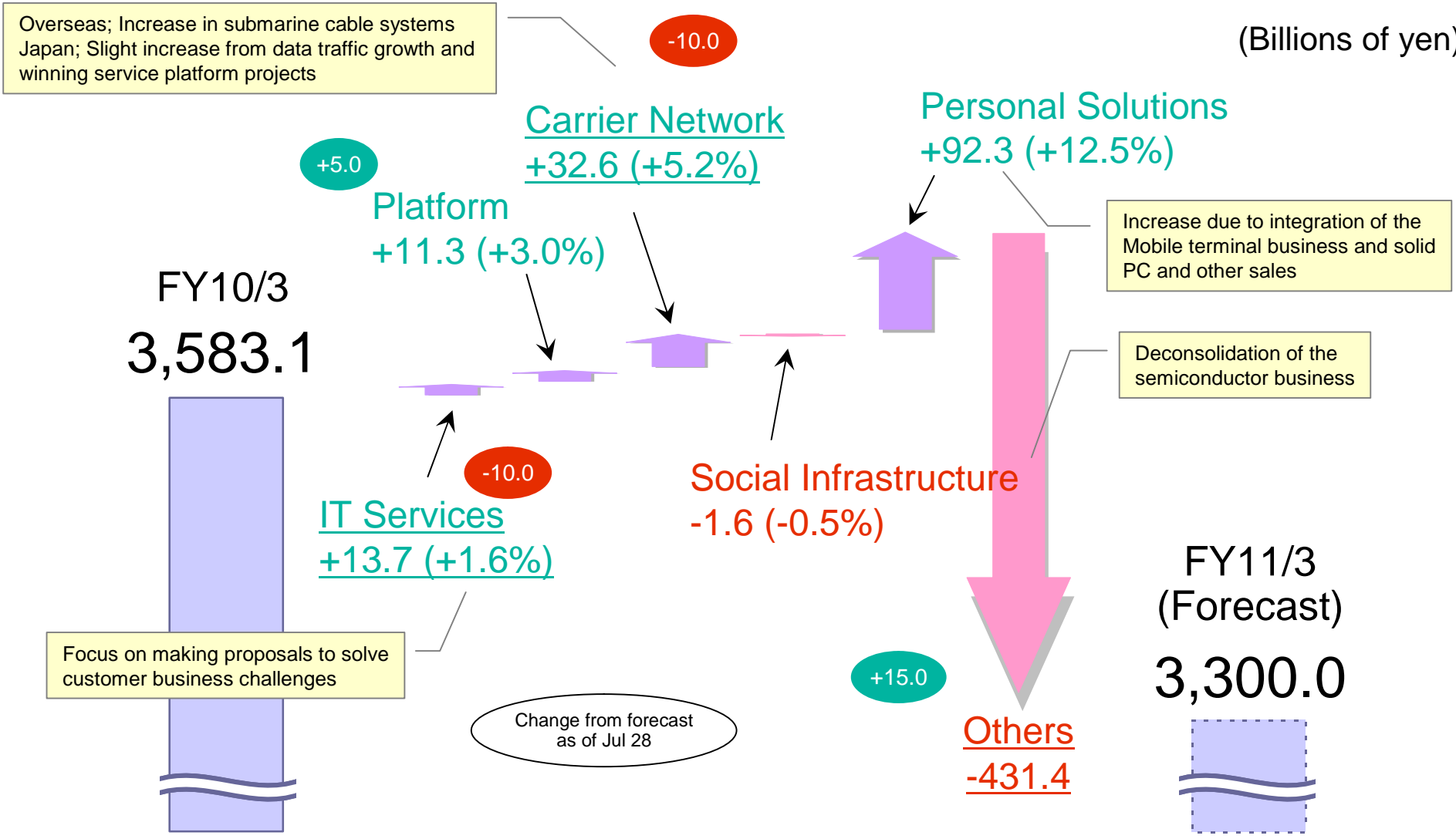
		1st Half <Apr - Sep>			Major countries and regions
		FY10/3 Actual	FY11/3 Actual	YoY	
Asia	Net Sales	157.5	83.1	-47.2%	China, Chinese Taipei, India, Singapore and Indonesia
	To consolidated total sales (%)	9.5%	5.7%		
Europe	Net Sales	81.7	50.5	-38.2%	UK, France, Netherlands, Germany, Italy and Spain
	To consolidated total sales (%)	4.9%	3.4%		
Others	Net Sales	111.7	109.4	-2.0%	U.S.A
	To consolidated total sales (%)	6.8%	7.4%		
Total	Net Sales	350.9	243.0	-30.7%	
	To consolidated total sales (%)	21.2%	16.5%		

* Sales, based on the location of customers, are classified by country or region

Full Year Forecast for FY11/3 (appendix)

Sales Change (Year on Year)

(Billions of yen)

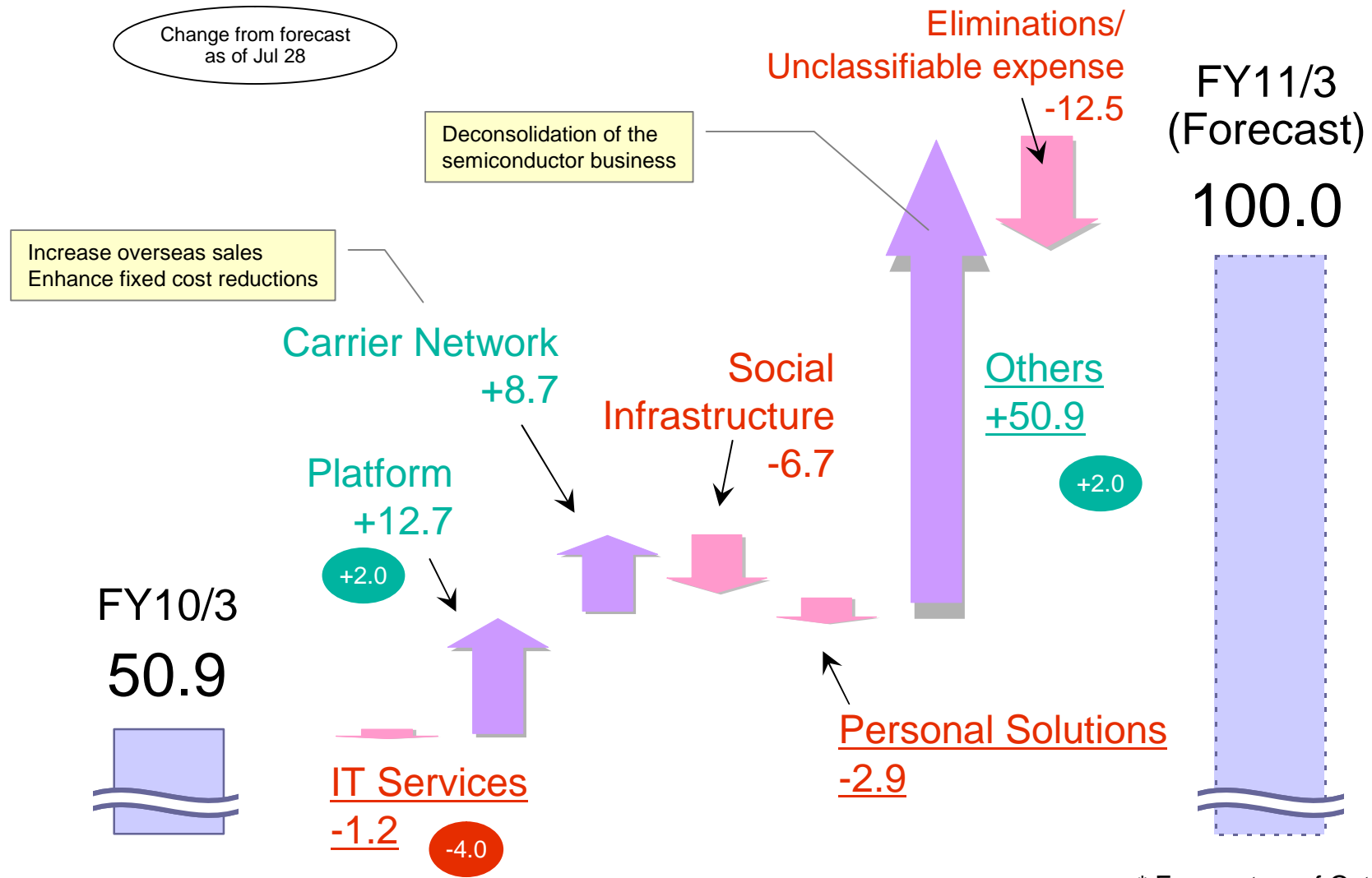


* Forecast as of Oct 28, 2010

Operating Income/Loss Change (Year on Year)

Forecast

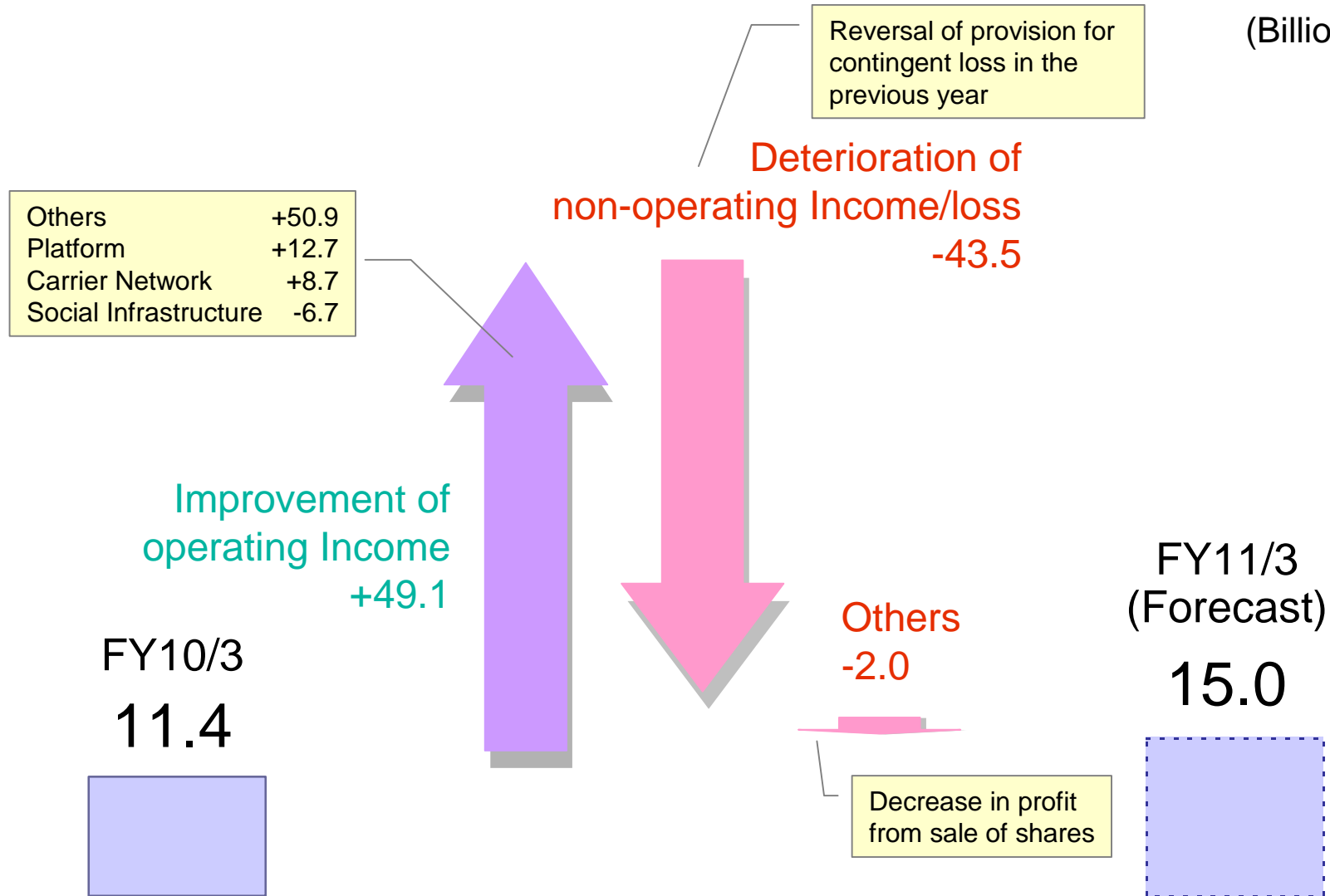
(Billions of yen)



* Forecast as of Oct 28, 2010

Net Income Change (Year on Year)

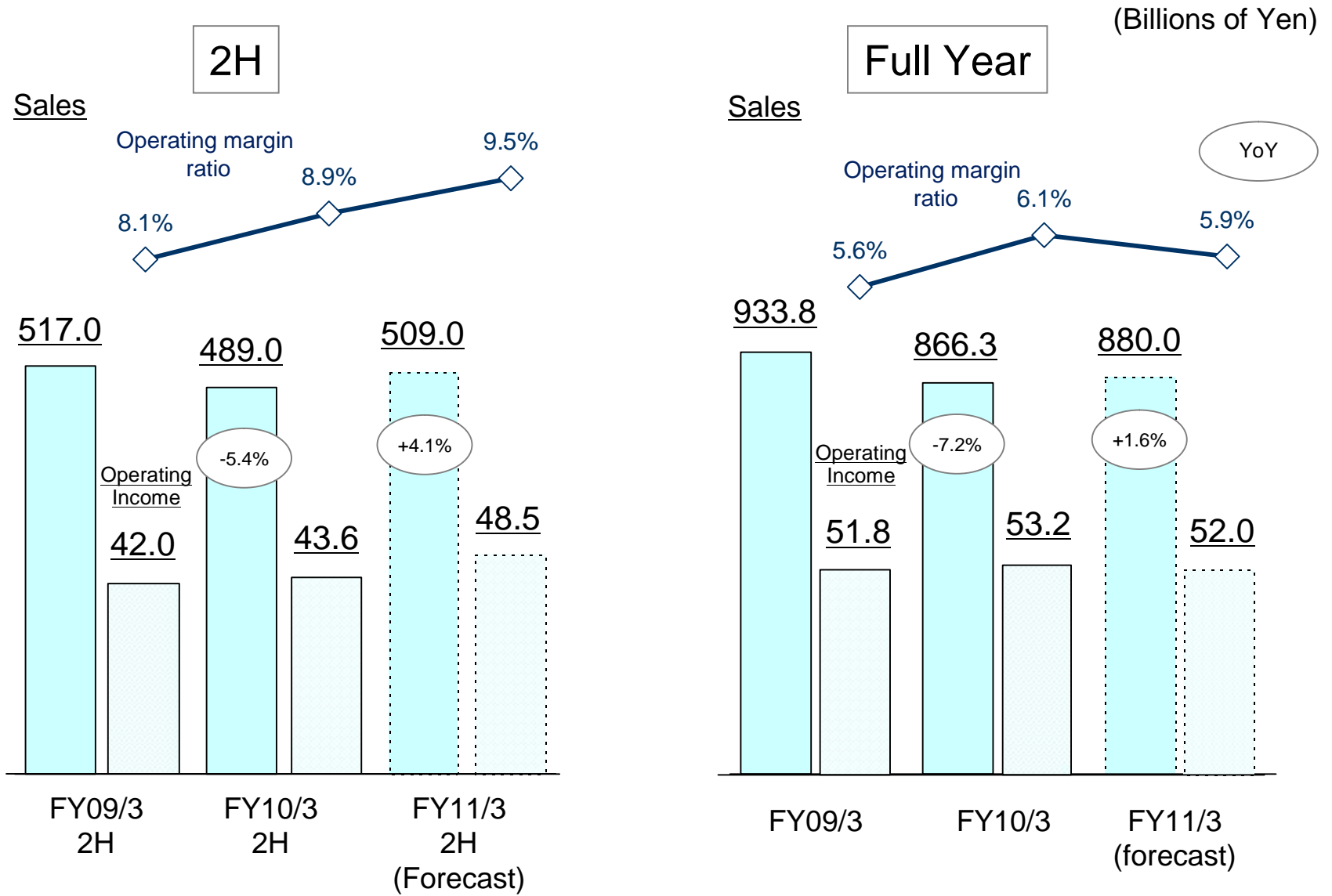
(Billions of yen)



* Forecast as of Oct 28, 2010

Forecast by Segment

IT Services Business



* Forecast as of Oct 28, 2010

(Billions of Yen)

Sales 880.0 (+1.6%)

-10.0

Change from forecast
as of July 28

△ SI Services :

Aim to increase by focusing on proposals to solve customer business challenges, although the outlook of IT investment is unclear

△ Outsourcing/Support Services :

Aim for a steady increase through deployment of “cloud-oriented services” and the expansion of SaaS solution menus

Operating Income 52.0 (-1.2)

-4.0

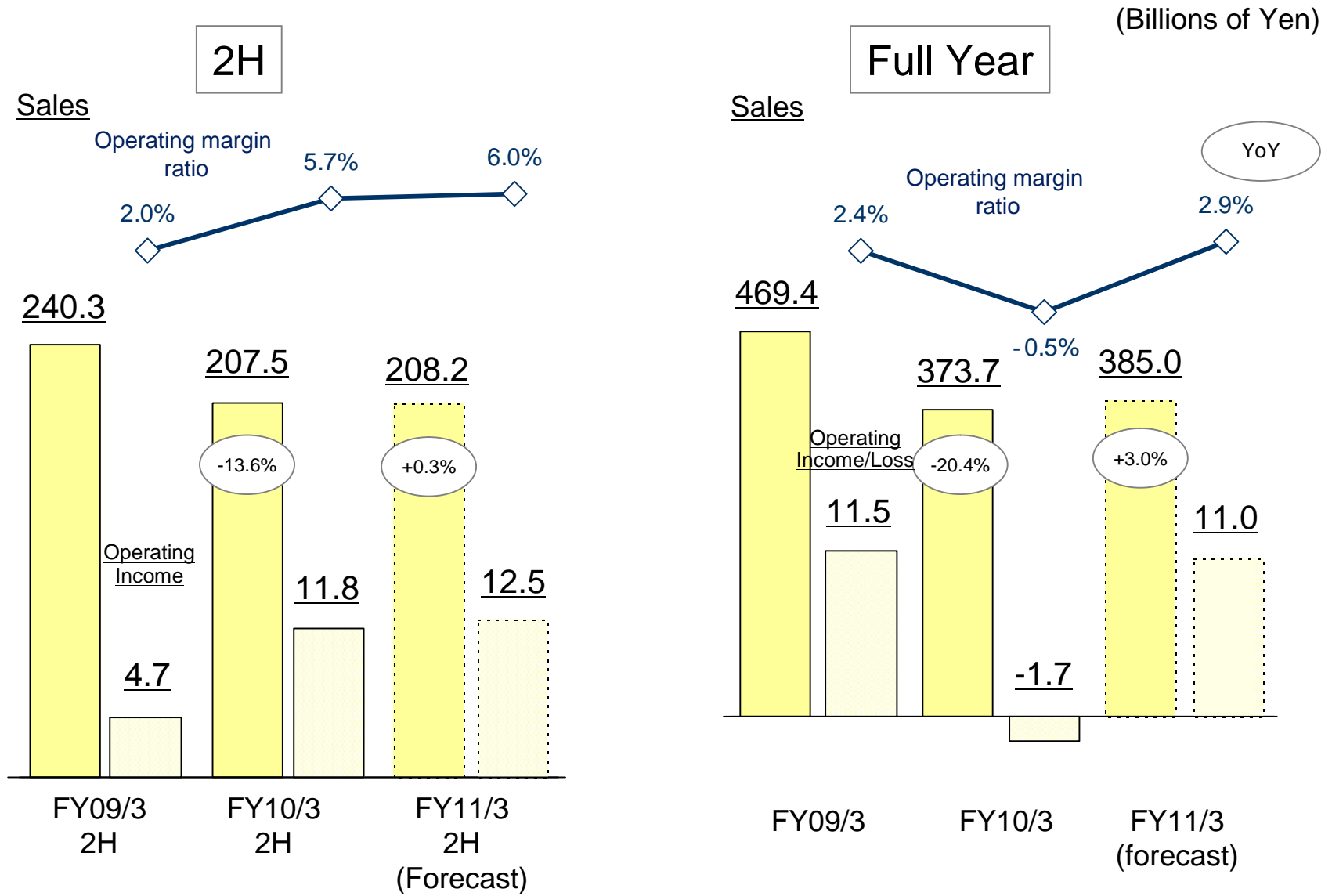
- ▽ Expect to maintain nearly the same level as the previous year by enhancing SI innovation and thorough cost reductions, although investment for future growth will increase



* Forecast as of Oct 28, 2010

Platform Business

Forecast



* Forecast as of Oct 28, 2010

(Billions of Yen)

Sales 385.0 (+3.0%)

+5.0

Change from forecast
as of July 28

△ Software :

Aim to increase by focusing on growing markets, such as system integration through virtualization and cloud compliant datacenter business

▽ Hardware :

Expect a decline due to the shift to low-price products, despite an increase in IA servers and Thin-client systems

△ Enterprise Network :

Aim to increase by focusing on areas where customers invest aggressively e.g. cost reduction, global sales expansion

Operating Income 11.0 (+12.7)

+2.0

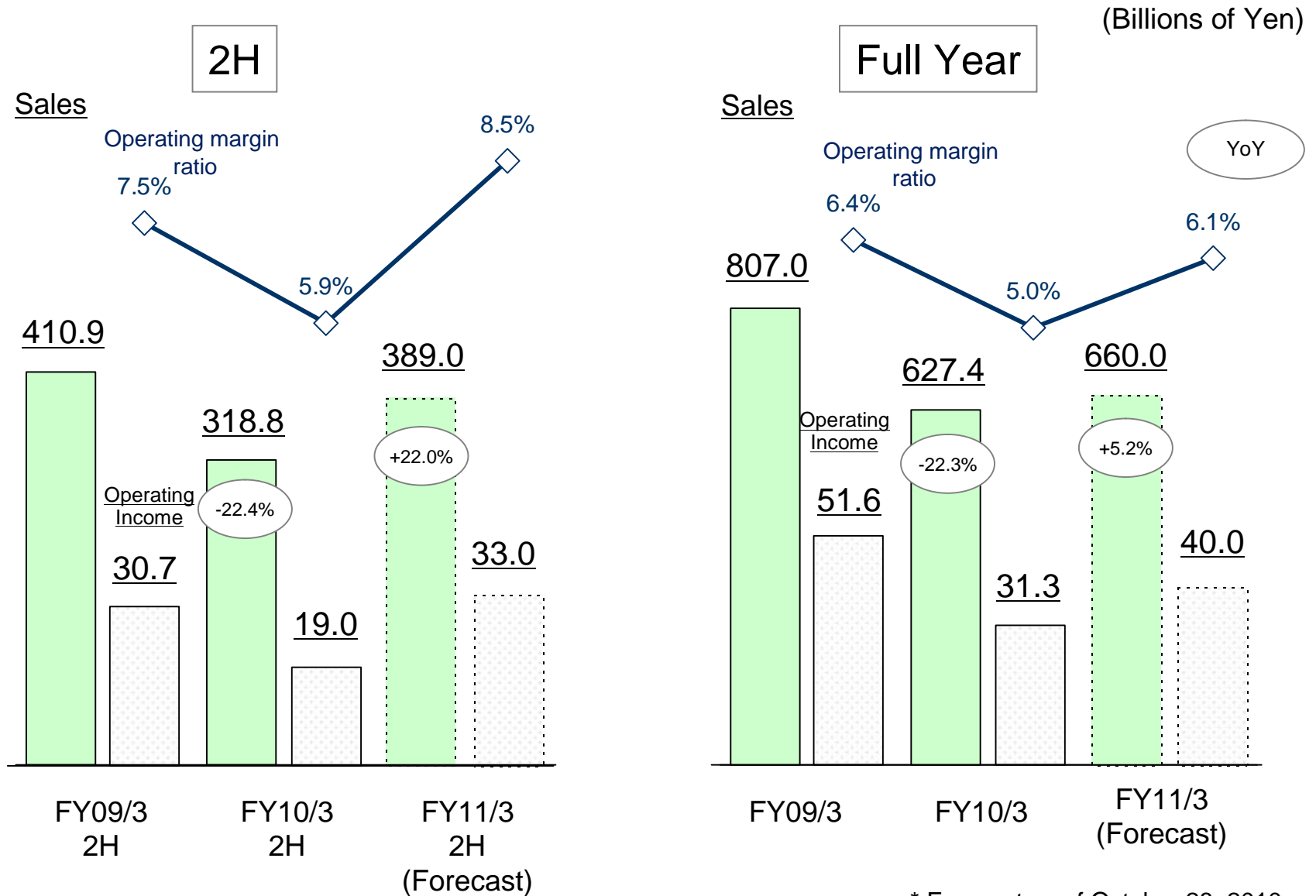
△ Expect to improve significantly through an increase in sales and continual cost reductions



* Forecast as of Oct 28, 2010

Carrier Network Business

Forecast



* Forecast as of October 28, 2010

Carrier Network Business

Sales 660.0 (+5.2%)

-10.0

Change from
forecast
as of Jul 28

- △ In Japan;
 - Focus on business opportunities supported by increased data traffic from the rapid spread of smartphones
 - Secure and execute service platform projects
- △ Aim to increase through orders for large-scale Submarine Cable System projects
- ▷ PASOLINK: Expect the same level as last year by launching new IP-enabled products

Operating Income 40.0 (+8.7)

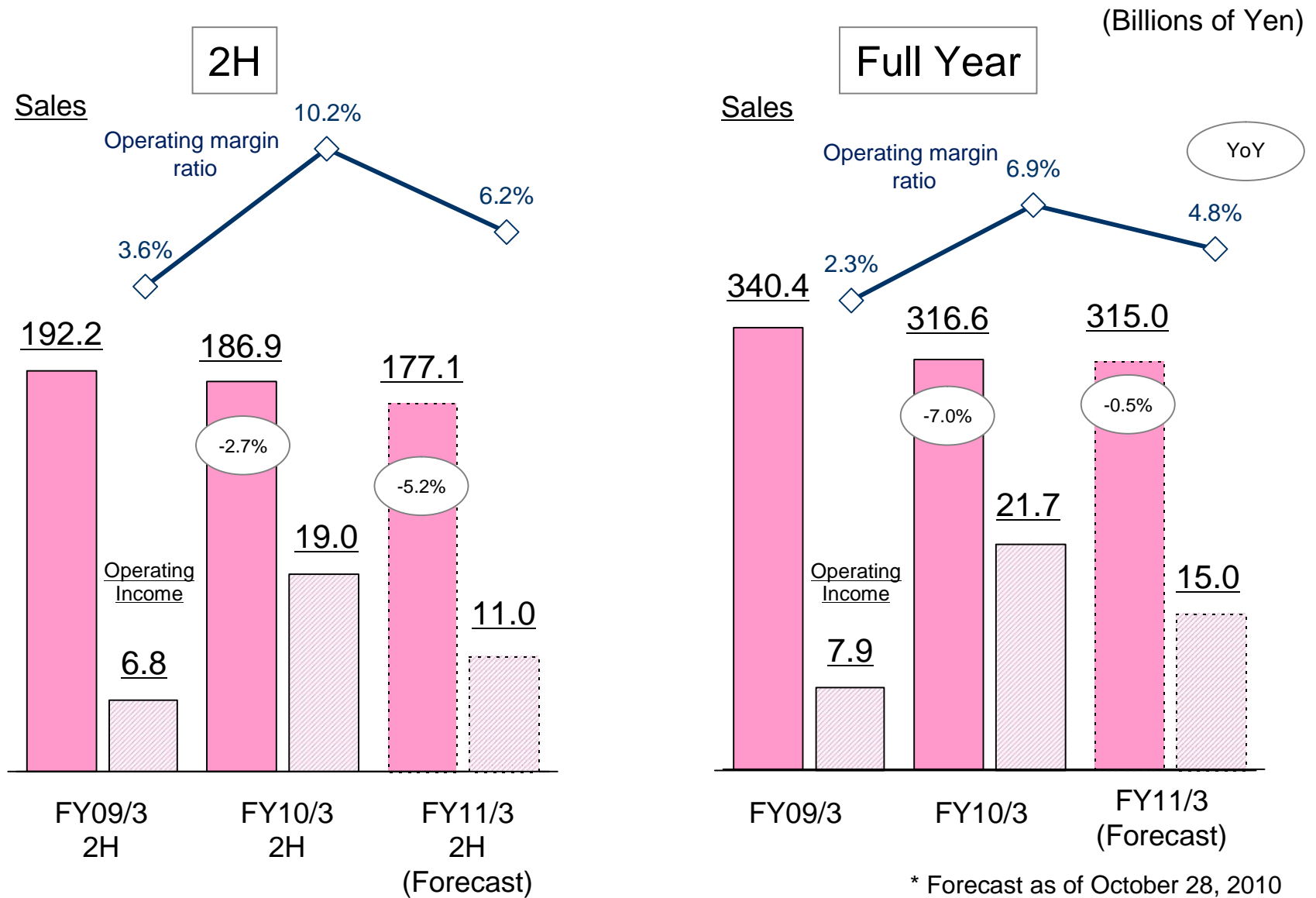
- △ Aim to increase profit from the recovery of overseas sales and enhancing fixed cost reductions



* Forecast as of October 28, 2010

Social Infrastructure Business

Forecast



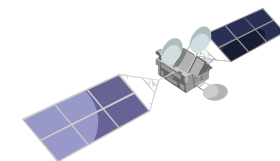
Social Infrastructure Business

Sales 315.0 (-0.5%)

- ▶ Expect same level as last year due to an increase in social systems field projects such as transportation and fire prevention, despite the severe situation in aerospace and defense systems

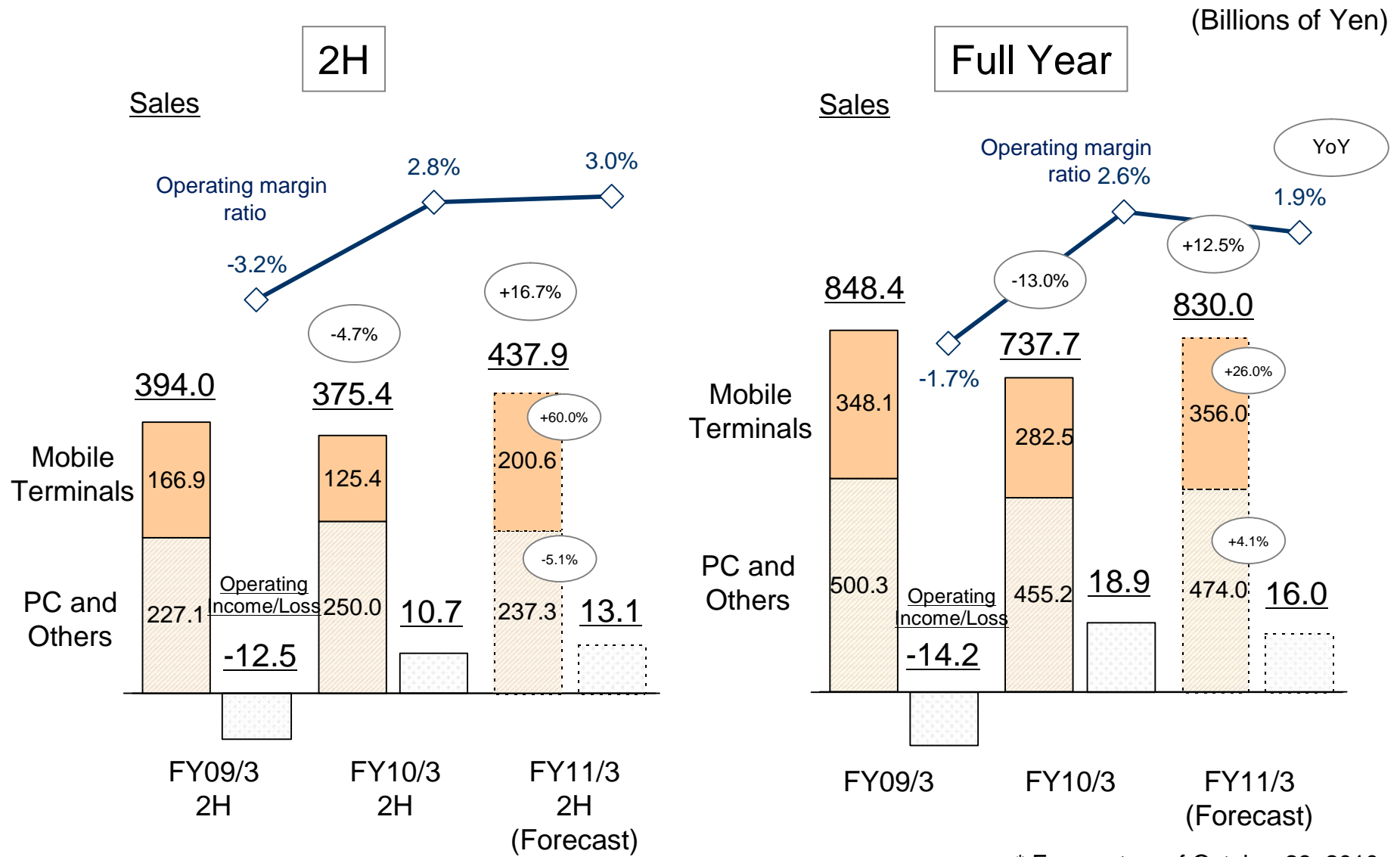
Operating Income 15.0 (-6.7)

- ▽ Expect a decline due to a decrease in profitable projects compared with the previous year, despite enhancing cost reduction activities such as project cost management



* Forecast as of October 28, 2010

Personal Solutions Business



* Forecast as of October 28, 2010

Personal Solutions Business

Sales 830.0 (+12.5%)

△ Mobile Terminals :

Expect an increase due to the business integration of Mobile Terminals and the launch of new products in 2H

△ PC and Others :

Expect an increase in products for enterprises (PCs, public displays, digital cinema projectors) backed by a market revival and an increase in products for consumers (high-value added PCs, WiMAX routers) backed by steady demand

Operating Income 16.0 (-2.9)

▽ Expect a decrease due to an increase in development costs for new devices such as LifeTouch and smartphones, despite the improvement of fixed cost reductions and development efficiency



* Forecast as of October 28, 2010

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