

Financial Results for 3Q of FY10/3 and Full Year Financial Forecast

January 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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III. Management Reform Progress

- Execution of equity finance to realize growth strategy
- Business restructuring
- Acceleration of “C&C Cloud Strategy”

I. Financial Results for 3Q

Summary of Financial Results for 3Q

(Billions of Yen)

	3Q(October to December)			9 Months total of FY10/3		
	FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Actual	YoY
Net Sales	948.3	825.4	- 13.0%	3,076.1	2,479.1	- 19.4%
Operating Income/Loss To Net Sales(%)	-24.8 -	-7.5 -	17.2	-11.4 -	-45.2 -	-33.9
Ordinary Income/Loss To Net Sales(%)	-49.8 -	-6.4 -	43.3	-42.8 -	-56.3 -	-13.5
Net Income/Loss To Net Sales(%)	-130.8 -	-9.6 -	121.2	-129.0 -	-53.2 -	75.8
Net Income/Loss per Share(Yen)	-64.62	-4.18	60.44	-63.77	-24.97	38.80
FCF	-138.2	-21.1	117.1	-197.8	-74.9	122.8

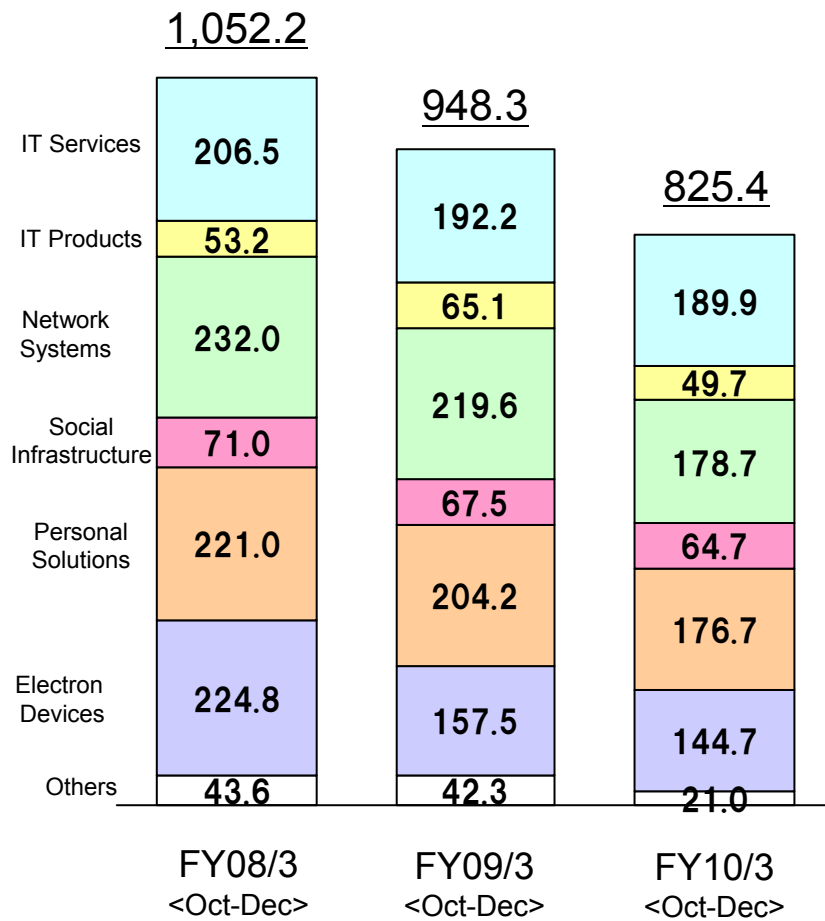
(Ref): Average exchange rate for 3Q of FY10/3 1\$= ¥90.37, 1€= ¥133.31

Average exchange rate for 9 month total of FY10/3 1\$= ¥94.50, 1€= ¥132.61

(Assumed exchange rate for 3Q of FY10/3 1\$=¥90, 1€=¥130)

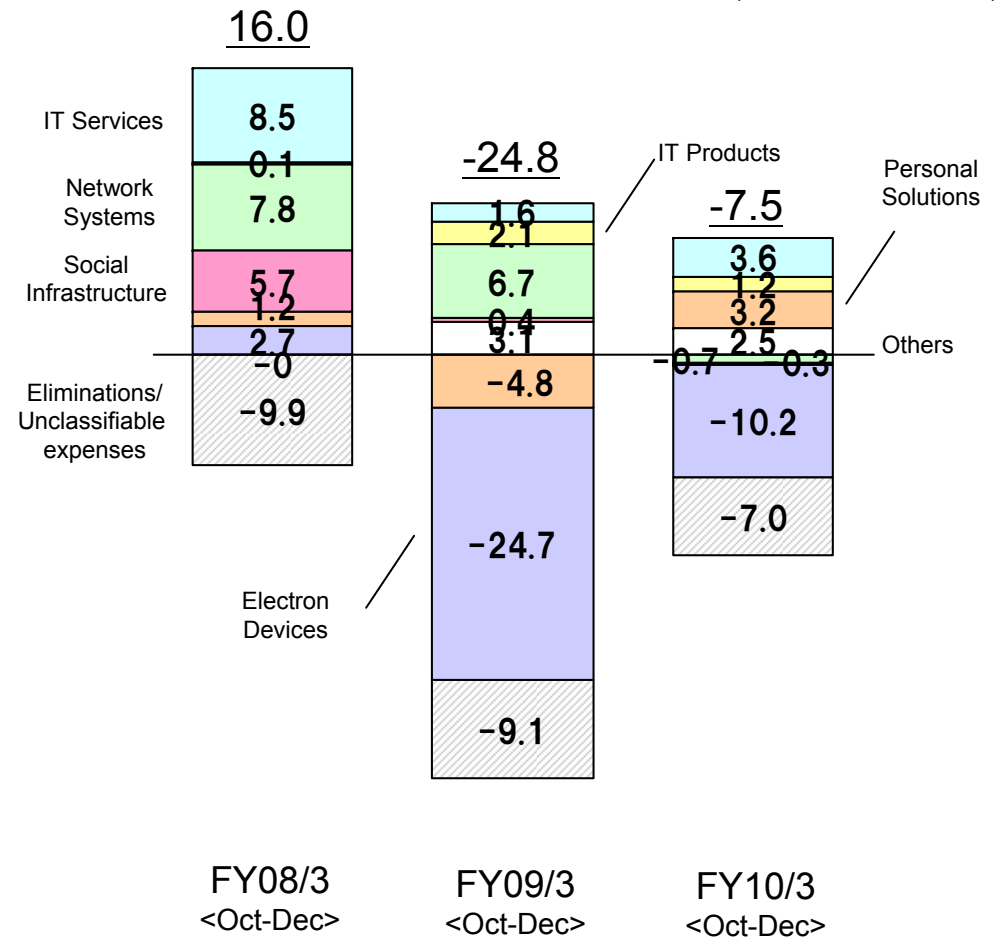
Results by Segment for 3Q

Net Sales



Operating Income/Loss

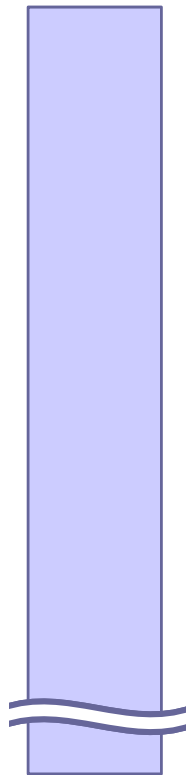
(Billions of Yen)



Sales Change (Year on Year)

FY09/3 3Q
< Oct. to Dec. >

948.3



(Billions of Yen)

IT Services -2.3(-1.2%)

IT Products -15.4(-23.6%)

Network Systems -40.9(-18.6%)

Social Infrastructure -2.8(-4.1%)

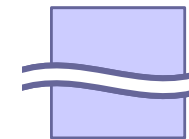
Personal Solutions
-27.4(-13.4%)

Electron Devices
-12.8(-8.1%)

Others
-21.4

FY10/3 3Q
< Oct. to Dec. >

825.4



Operating Income/Loss Change (Year on Year)

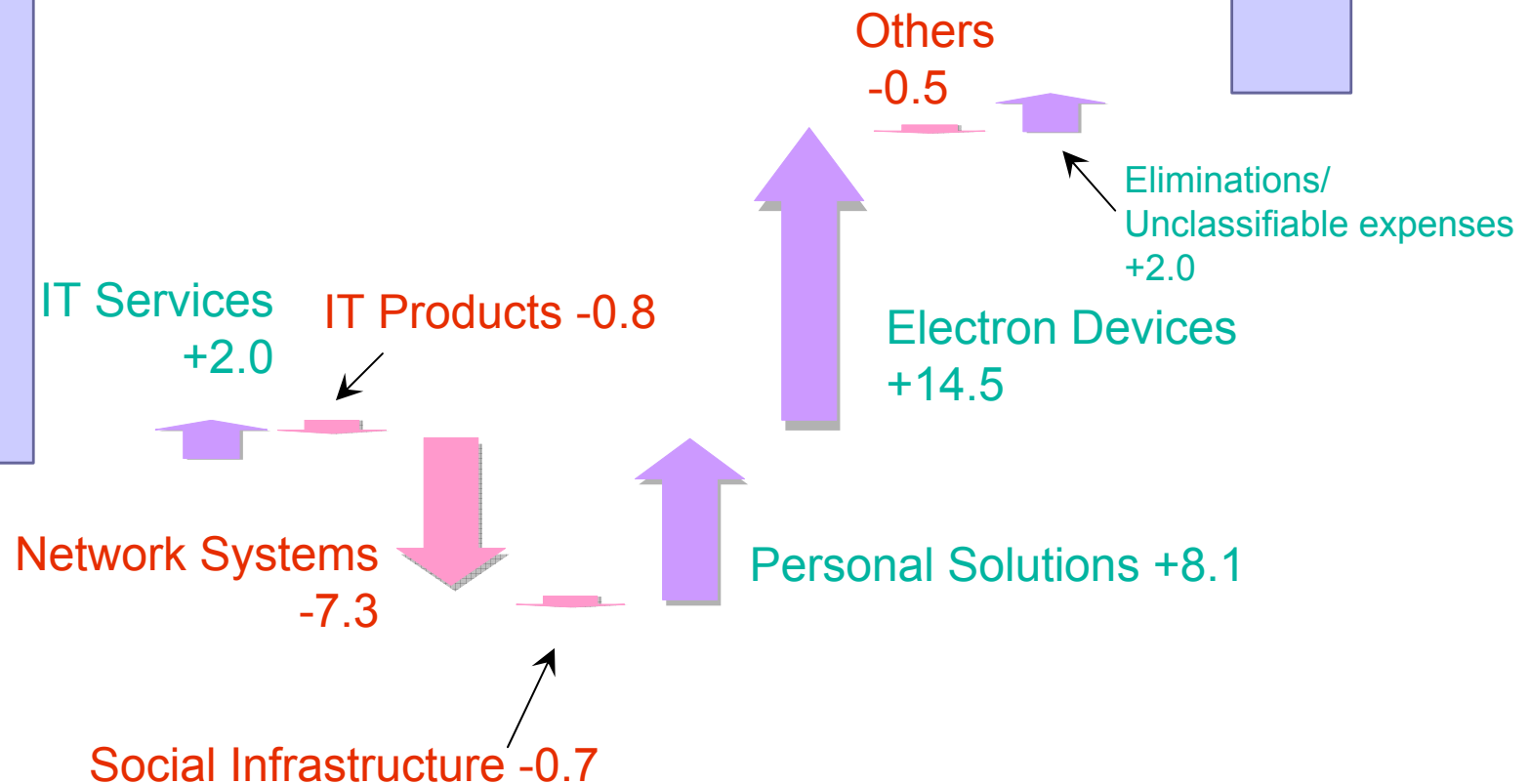
(Billions of Yen)

FY09/3 3Q
< Oct. to Dec. >

-24.8

FY10/3 3Q
< Oct. to Dec. >

-7.5



Fixed Cost Reduction Progress in 3Q

Reduced 241.3 billion yen year on year; principally in labor cost
(Progressed by 83%)

(Billions of Yen)

Segment	9 months total reduction (Progress)	Reducing fixed costs (Annual plan)	Cost Item	9 months total reduction (Progress)	Reducing fixed costs (Annual plan)
IT Services, IT Products, Network Systems, Social Infrastructure	100.4 (84%)	119.0	Labor Cost	75.2 (96%)	78.0
Personal Solutions	27.8 (84%)	33.0	Outsourcing engineering, consignment of activities	105.1 (81%)	129.0
Electron Devices	NECEL 75.0 97.4 (82%)	NECEL 90.0 119.0	Depreciation, lease, etc.	23.2 (70%)	33.0
Others	15.7 (83%)	19.0	IT expenses, sales promotion and advertisement, etc.	37.8 (76%)	50.0
Total	241.3 (83%)	290.0	Total	241.3 (83%)	290.0

* Forecast as of Jan. 28, 2010

Net Income/Loss Change (Year on Year)

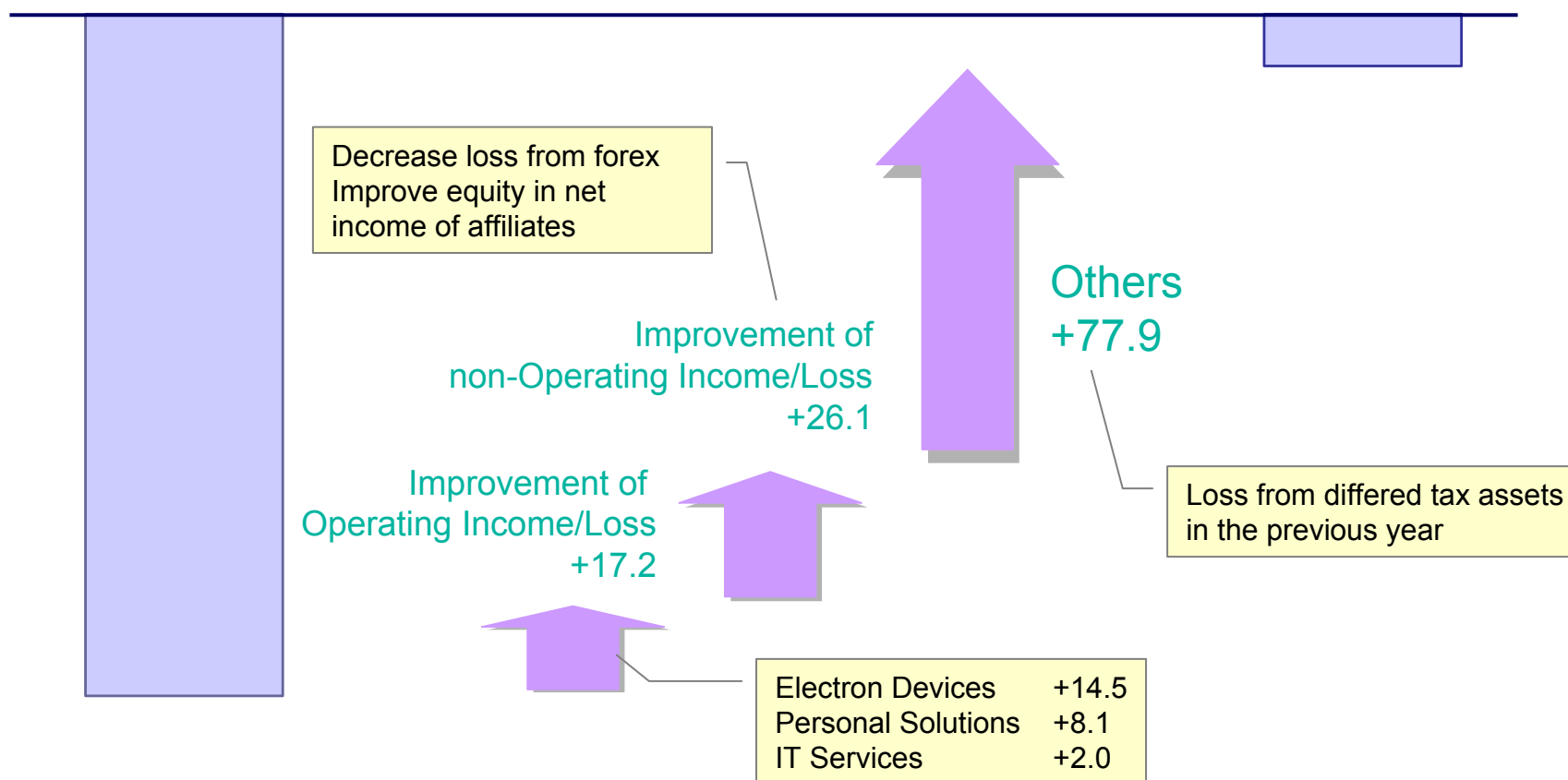
(Billions of Yen)

FY09/3 3Q
< Oct. to Dec. >

-130.8

FY10/3 3Q
< Oct. to Dec. >

-9.6



II. Financial Forecast for FY10/3

Summary of Financial Forecast for Full Year

Full Year
Forecast

(Billions of Yen)

	9 Months Total			Full Year			Difference from Oct. 29 forecast
	FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Forecast	YoY	
Net Sales	3,076.1	2,479.1	-19.4%	4,215.6	3,660.0	-13.2%	0
Operating Income/Loss to Sales(%)	-11.4 -	-45.2 -	-33.9	-6.2 -	60.0 1.6%	66.2	0
Ordinary Income/Loss to Sales(%)	-42.8 -	-56.3 -	-13.5	-93.2 -	40.0 1.1%	133.2	0
Net Income/Loss to Sales(%)	-129.0 -	-53.2 -	75.8	-296.6 -	10.0 0.3%	306.6	0
Net Income per Share(yen)	-63.77	-24.97	38.80	-146.64	4.46	151.10	-0.48
FCF	-197.8	-74.9	122.8	-145.8	0.0	145.8	0

(Ref): Assumed exchange rate for 4Q of FY10/3 1\$=¥90, 1€=¥130

* Forecast as of Jan. 28, 2010

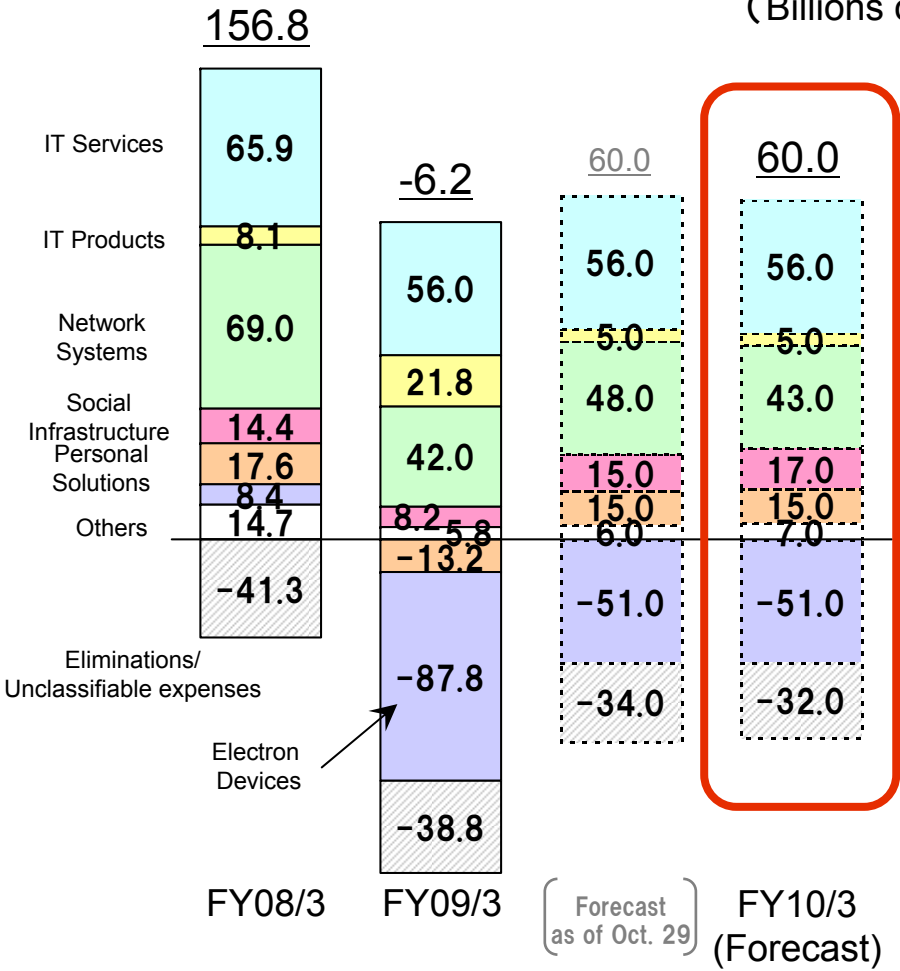
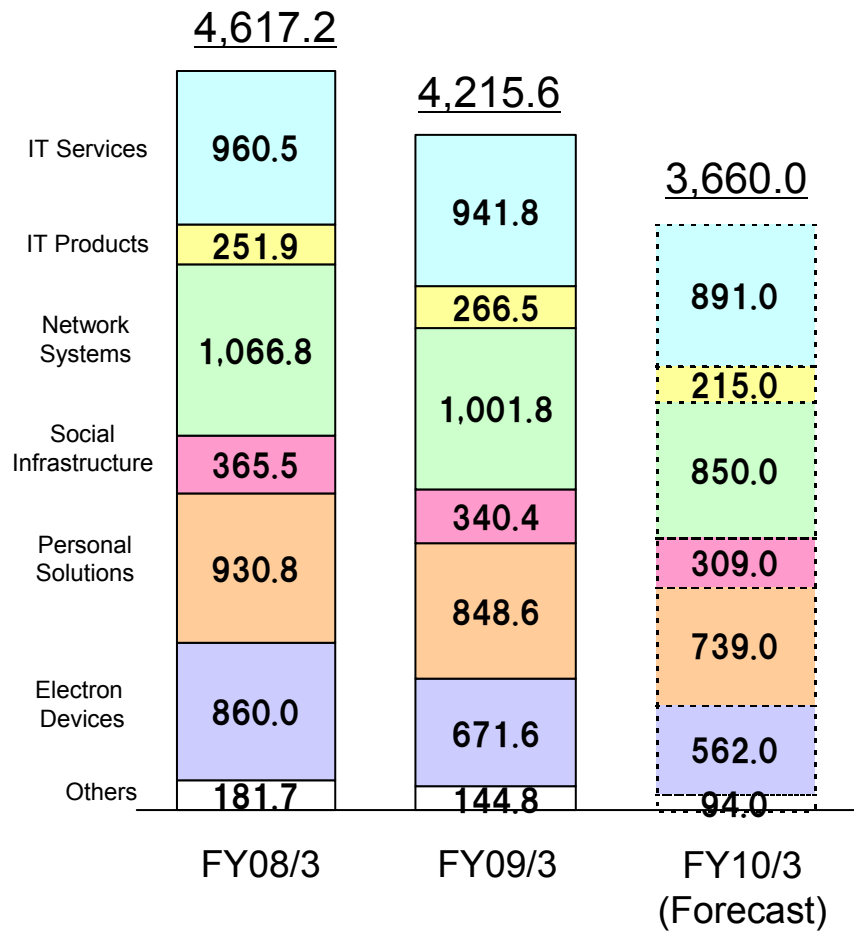
Financial Forecast Summary for the Full Year by Segment

Full Year Forecast

Net Sales

Operating Income/Loss

(Billions of Yen)



Forecast as of Oct. 29
 * Forecast as of Jan. 28, 2010

Summary of Financial Forecast for Full Year by Segment

(Billions of Yen)

		9 Months Total			Full Year			Difference from 10/29 forecast
		FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Forecast	YoY	
IT Services	Sales	613.0	572.4	-6.6%	941.8	891.0	-5.4%	0
	Operating Income	11.9	14.1	2.2	56.0	56.0	0.0	0
	OP Margin(%)	1.9%	2.5%		5.9%	6.3%		
IT Products	Sales	191.4	138.3	-27.8%	266.5	215.0	-19.3%	0
	Operating Income/Loss	13.2	-11.1	-24.3	21.8	5.0	-16.8	0
	OP Margin(%)	6.9%	-		8.2%	2.3%		
Network Systems	Sales	714.5	561.8	-21.4%	1,001.8	850.0	-15.2%	0
	Operating Income	21.3	8.1	-13.2	42.0	43.0	1.0	-5.0
	OP Margin(%)	3.0%	1.4%		4.2%	5.1%		
Social Infrastructure	Sales	215.7	194.4	-9.9%	340.4	309.0	-9.2%	0
	Operating Income	0.7	2.3	1.6	8.2	17.0	8.8	2.0
	OP Margin(%)	0.3%	1.2%		2.4%	5.5%		
Personal Solutions	Sales	658.7	539.1	-18.2%	848.6	739.0	-12.9%	0
	Operating Income/Loss	-6.4	11.2	17.5	-13.2	15.0	28.2	0
	OP Margin(%)	-	2.1%		-	2.0%		
Electron Devices	Sales	567.9	413.2	-27.2%	671.6	562.0	-16.3%	0
	Operating Loss	-25.2	-52.8	-27.6	-87.8	-51.0	36.8	0
	OP Margin(%)	-	-		-	-		
Others	Sales	115.0	59.9	-47.9%	144.8	94.0	-35.1%	0
	Operating Income	3.5	5.6	2.1	5.8	7.0	1.2	1.0
	OP Margin(%)	3.1%	9.4%		4.0%	7.4%		
Eliminations/Unclassifiable expense	Operating Loss	-30.4	-22.7	7.7	-38.8	-32.0	6.8	2.0
Total	Sales	3,076.1	2,479.1	-19.4%	4,215.6	3,660.0	-13.2%	0
	Operating Income/Loss	-11.4	-45.2	-33.9	-6.2	60.0	66.2	0
	OP Margin(%)	-	-		-	1.6%		

* Forecast as of Jan. 28, 2010

Business Trend Summary by Segment

(Operating income/loss change from previous forecast)

Full Year
Forecast

▽ Network Systems

- Severe market conditions; especially overseas
(Downward revision by 5 billion yen)



△ Social Infrastructure, Others, Eliminations/Unclassifiable expenses

- Revised due to positive 3Q trends
(Upward revision by 5 billion yen)



-5.0

+5.0

<Strengthen 4Q activities>

- ✓ Efficiency of R&D expenses, and reduce hardware development costs
- ✓ Thorough cost reduction in all activities

▷ IT Services, Personal Solutions are almost in line with forecast

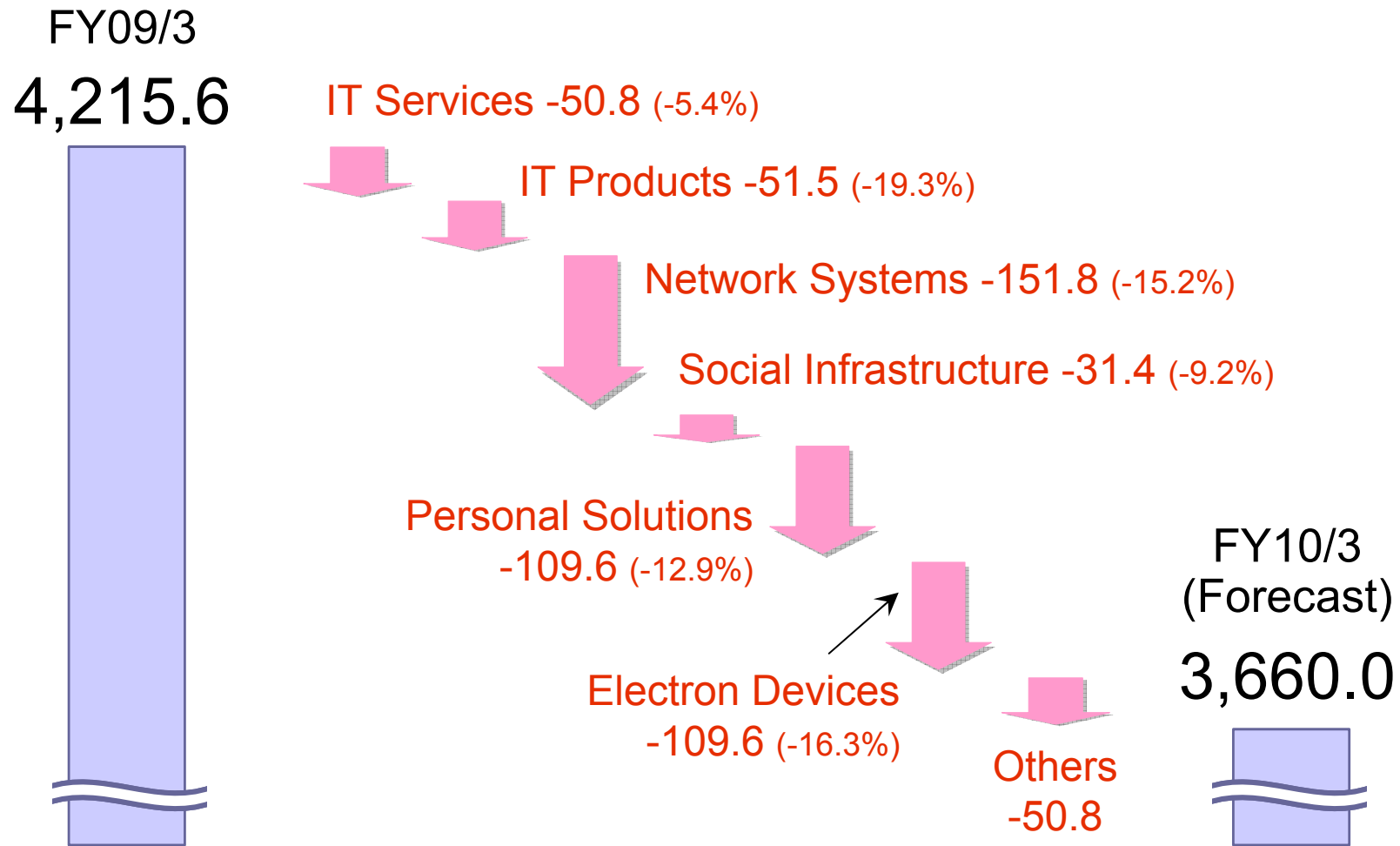
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Unchanged full year forecast while trends vary per segment

* Forecast as of Jan. 28, 2010

Sales Change (Year on Year)

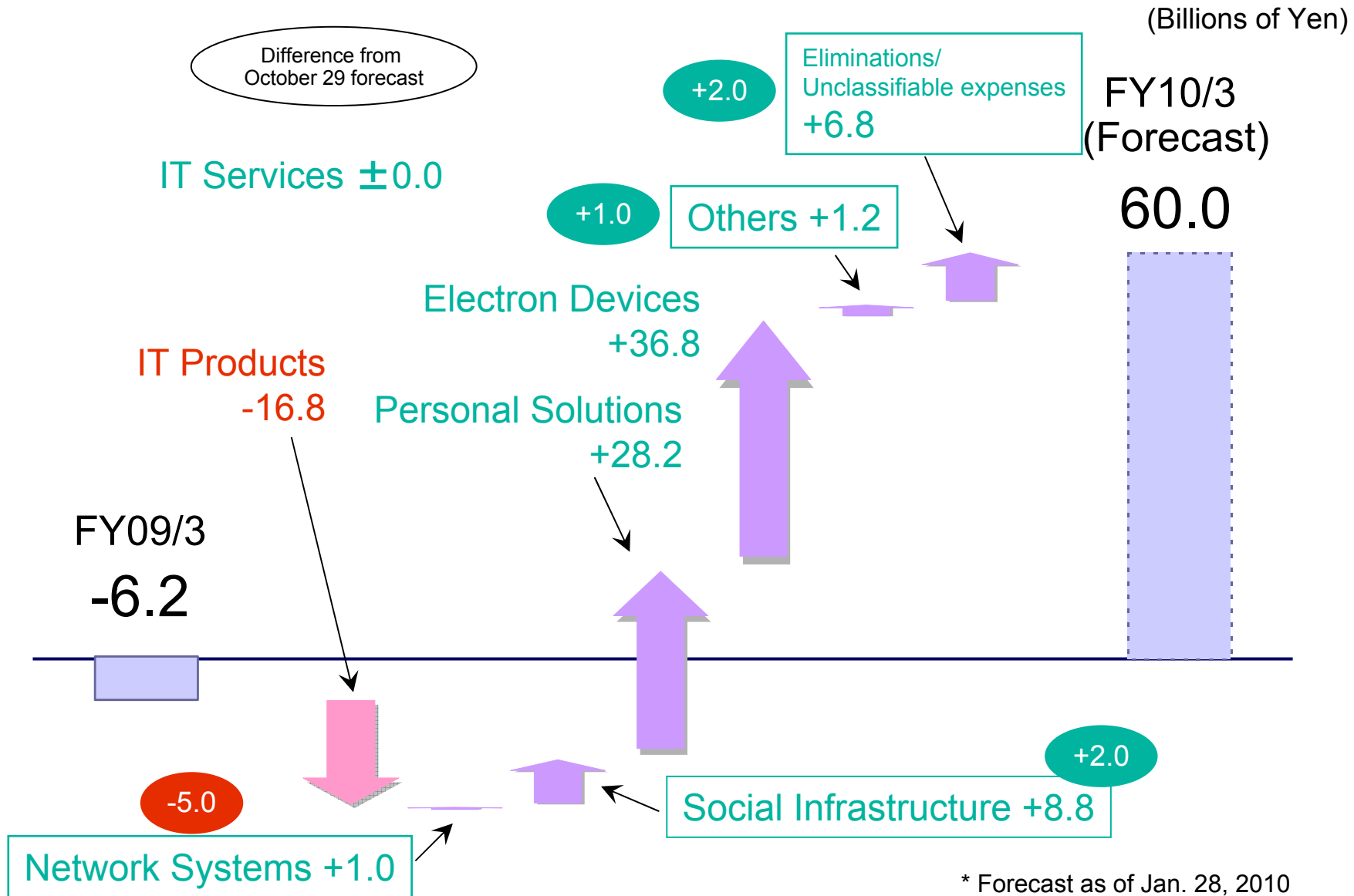
(Billions of Yen)



* Forecast as of Jan. 28, 2010

Operating Income/Loss Change (Year on Year)

Full Year Forecast

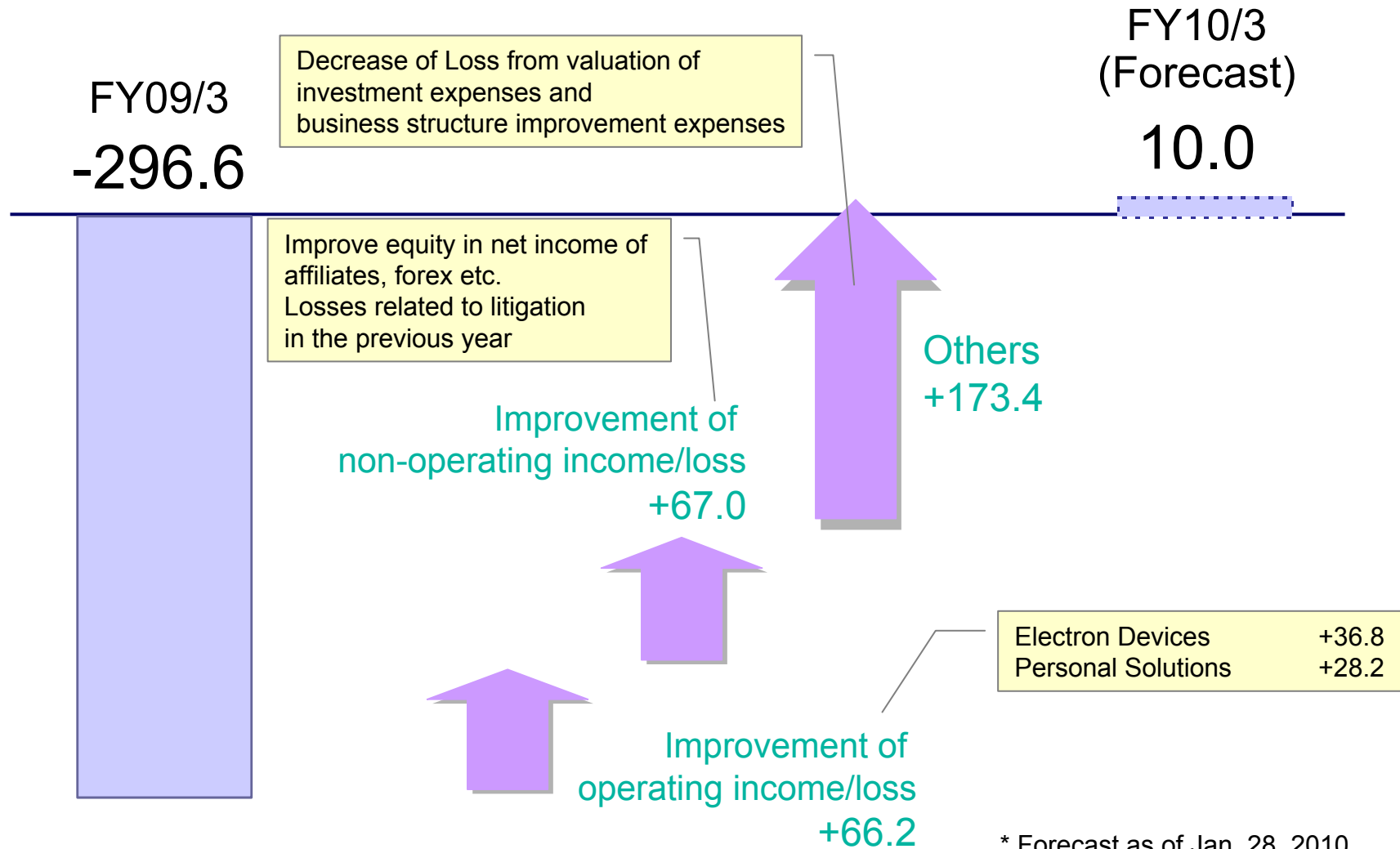


* Forecast as of Jan. 28, 2010

Net Income/Loss Change (Year on Year)

Full Year Forecast

(Billions of Yen)



III. Management Reform Progress

Execution of Equity Finance to Realize Growth Strategy

Funded 118.5 billion Yen* through execution of equity finance

- Issued new shares: 575 million shares (Diluted 28.3%)
 - Primary shares (537.5 million shares) ... Payment closed 11/26
 - Issuance of new shares by third-party allotment (37.5 million shares) ...
Payment closed 12/24
- Offering price: 215 Yen per share
- Amount to be paid: 206.12 Yen per share
- Use of proceeds: Investment for growth of the “C&C Cloud”
 - Investment in the development of cloud service platforms <40 billion Yen>
 - Investment in the development of Next Generation Networks (NGNs) <20 billion Yen>
 - Capital expenditures in the green technology area <20 billion Yen>
 - (Remainder: Repayment of a portion of debt)

**Offering strengthens financial foundations and
helps realize future growth strategy**
~ Improve equity capital ratio to 24.4% and D/E ratio to 1.16 times ~

* Amount of funds raised = Number of newly issued shares × Amount to be paid

<Ref.> Financial Position Data

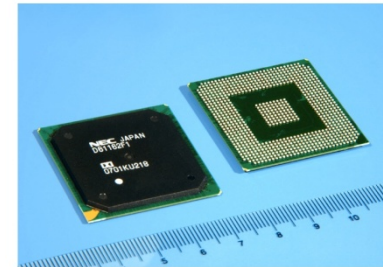
(Billions of Yen)

	09/3	09/12	Difference from 09/3	08/12
Total Assets	3,075.4	2,938.3	-137.0	3,396.1
Net Assets	785.6	844.1	58.5	982.4
Interest-bearing debt	925.2	833.2	-91.9	1,058.9
Shareholder's Equity	641.7	718.0	76.4	816.5
Equity ratio (%)	20.9%	24.4%	3.5pt	24.0%
D/E ratio	1.44	1.16	0.28pt	1.30
Net D/E ratio	0.95	0.79	0.16pt	0.81

Business Restructuring

NEC Electronics and Renesas reached a definitive agreement on business integration

- Signed a definitive agreement of business integration which takes effect from April 1, 2010 (planned)
(Announced December 15, 2009)



Establish NEC CASIO Mobile Communications

- Established NEC CASIO Mobile Communications on December 22, 2009 in preparation for the integration of the business functions of NEC's mobile terminal operations unit and Casio Hitachi Mobile Communications
(Announced December 21, 2009)

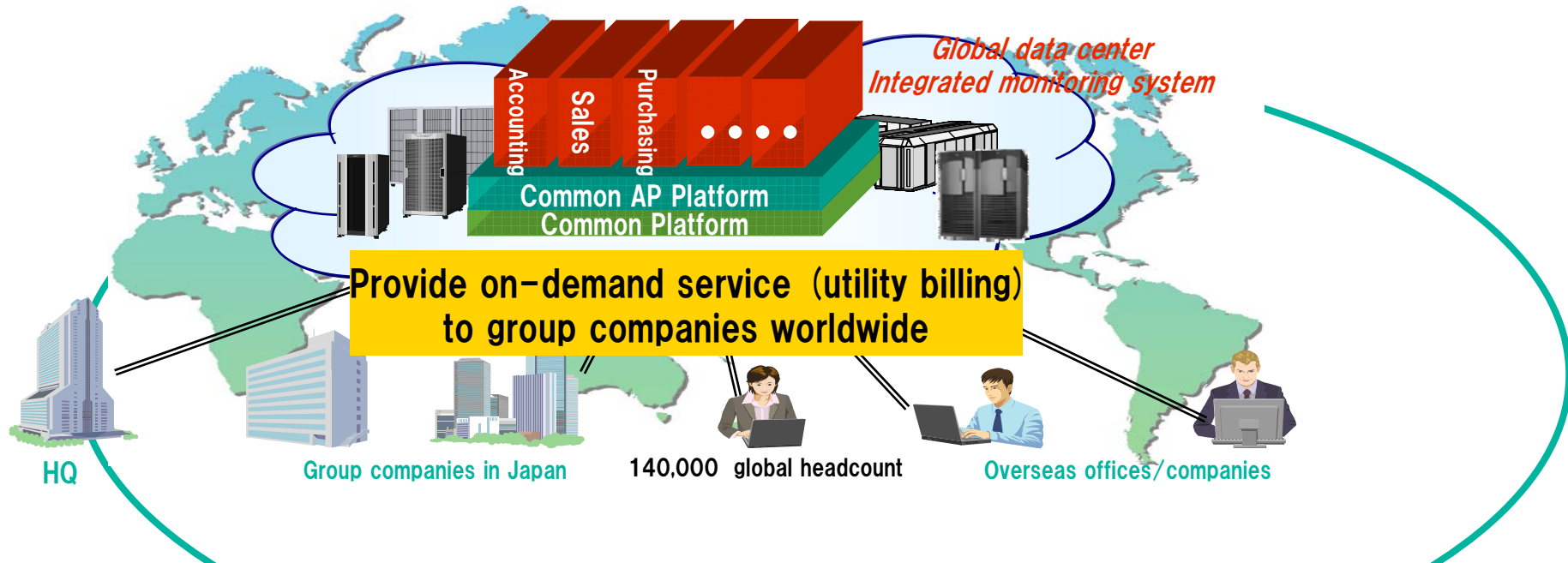


Steady progress for the new business structure
in the next fiscal year

Acceleration of the “C&C Cloud Strategy”

Practice “Cloud system implementation” through revamping NEC’s own core system

- New management system (global standard system) started operation from January, 2010 which realizes cloud service in accounting areas



Provide “C&C Cloud” solutions to customers based on our own practices

Summary

Actual 3Q results follow almost in line with our original plan

Aim to meet the earnings forecast for FY10/3

- 60 billion yen operating profit, 10 billion yen net profit, and resumption of dividend
 - Cover Network Systems decline through other segments

Completion of management reforms

- Earnings structure reform - Conversion toward leaner earnings structure -
 - Fixed cost reduction of 290 billion yen
- Business structure reform - Business portfolio revision -
 - Deconsolidation of semiconductor business and strengthening mobile handset business

Acceleration of “C&C Cloud Strategy” toward mid-term growth

Make every effort of NEC group to sales expansion and thorough cost reduction

* Forecast as of Jan. 28, 2010

Empowered by Innovation

NEC

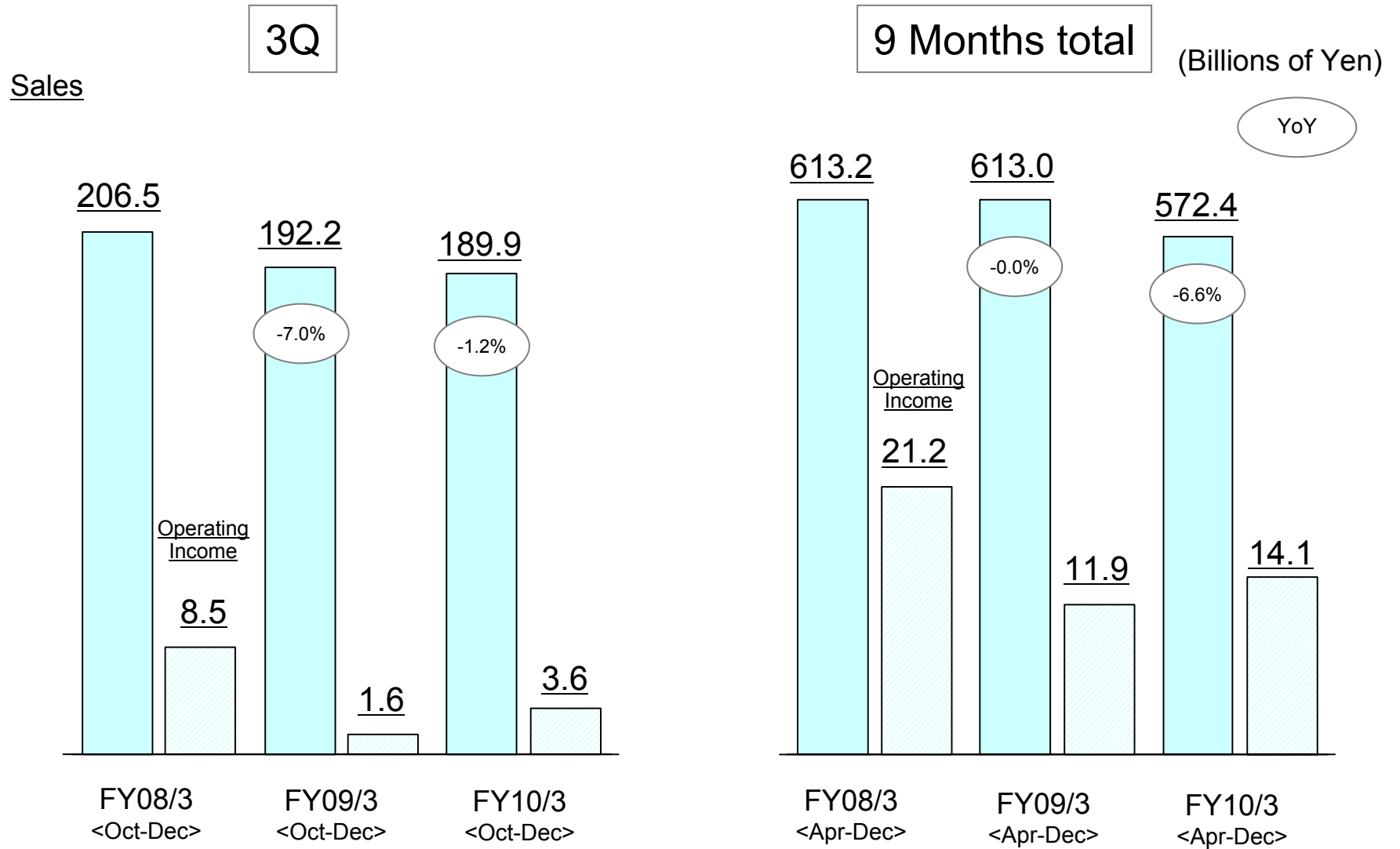
Financial results for the 3Q of the fiscal
year ending March 31, 2010
(appendix)

Results by Segment for 3Q

(Billions of Yen)

		3Q(October to December)			9 Months total		
		FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Actual	YoY
IT Services	Net Sales	192.2	189.9	- 1.2%	613.0	572.4	- 6.6%
	Operating Income	1.6	3.6	2.0	11.9	14.1	2.2
	To Net Sales(%)	0.8%	1.9%		1.9%	2.5%	
IT Products	Net Sales	65.1	49.7	- 23.6%	191.4	138.3	- 27.8%
	Operating Income/Loss	2.1	1.2	-0.8	13.2	-11.1	-24.3
	To Net Sales(%)	3.2%	2.5%		6.9%	-	
Network Systems	Net Sales	219.6	178.7	- 18.6%	714.5	561.8	- 21.4%
	Operating Income/Loss	6.7	-0.7	-7.3	21.3	8.1	-13.2
	To Net Sales(%)	3.0%	-		3.0%	1.4%	
Social Infrastructure	Net Sales	67.5	64.7	- 4.1%	215.7	194.4	- 9.9%
	Operating Income/Loss	0.4	-0.3	-0.7	0.7	2.3	1.6
	To Net Sales(%)	0.6%	-		0.3%	1.2%	
Personal Solutions	Net Sales	204.2	176.7	- 13.4%	658.7	539.1	- 18.2%
	Operating Income/Loss	-4.8	3.2	8.1	-6.4	11.2	17.5
	To Net Sales(%)	-	1.8%		-	2.1%	
Electron Devices	Net Sales	157.5	144.7	- 8.1%	567.9	413.2	- 27.2%
	Operating Income/Loss	-24.7	-10.2	14.5	-25.2	-52.8	-27.6
	To Net Sales(%)	-	-		-	-	
Others	Net Sales	42.3	21.0	- 50.5%	115.0	59.9	- 47.9%
	Operating Income/Loss	3.1	2.5	-0.5	3.5	5.6	2.1
	To Net Sales(%)	7.2%	12.0%		3.1%	9.4%	
Elimination/Unclassifiable expenses	Operating Loss	-9.1	-7.0	2.0	-30.4	-22.7	7.7
Total	Net Sales	948.3	825.4	- 13.0%	3,076.1	2,479.1	- 19.4%
	Operating Income/Loss	-24.8	-7.5	17.2	-11.4	-45.2	-33.9
	To Net Sales(%)	-	-		-	-	

IT Services Business



IT Services Business

(Billions of Yen)

Sales 189.9 (-1.2%)

▶ SI services:

Secured same level of sales as previous year through stable sales in the Government, Retail/Service sector

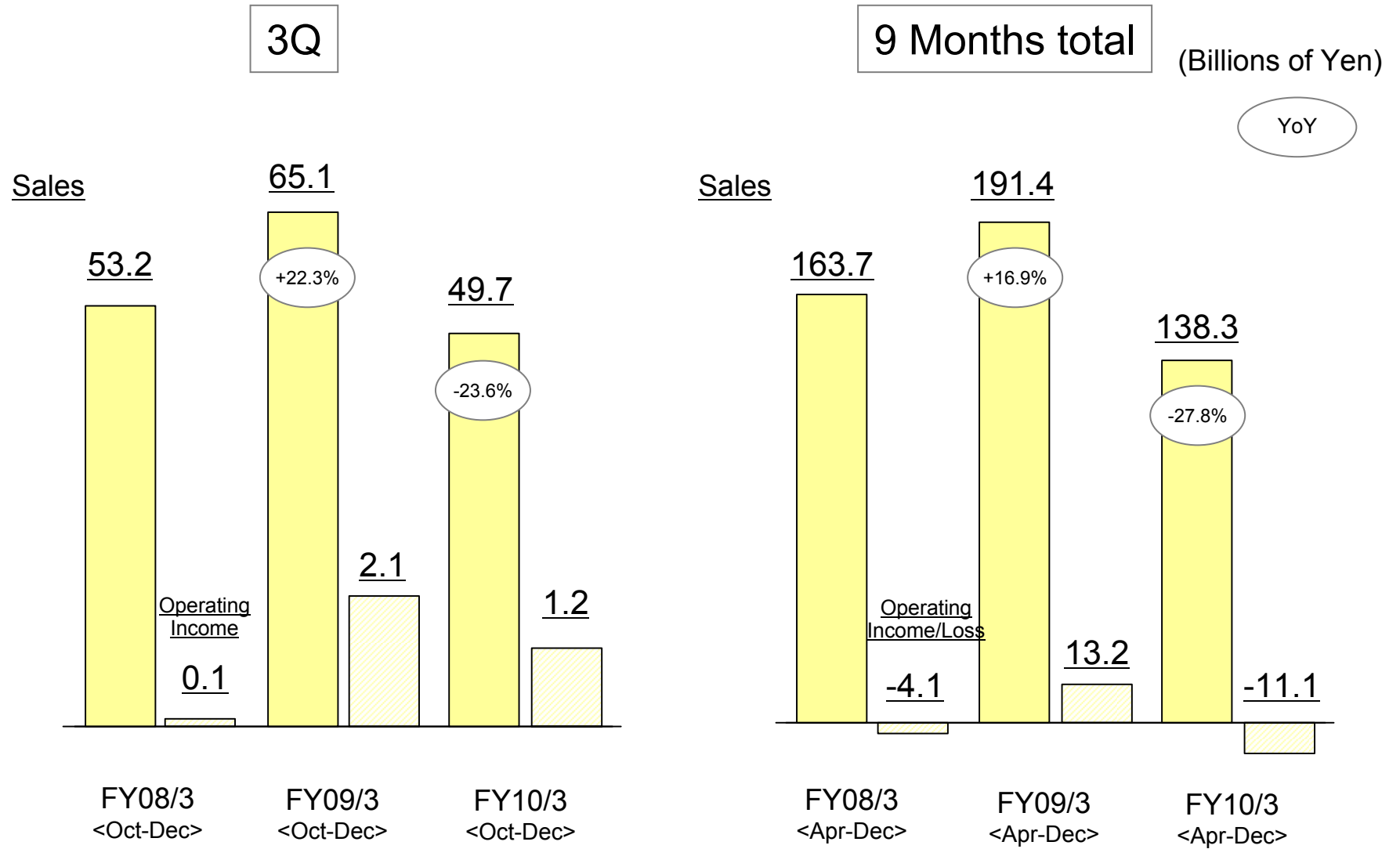
▽ Outsourcing/Support services:

Decline in sales of support services due to severe market conditions

Operating Income 3.6 (+2.0)

△ Improved from previous year by thorough fixed cost reduction

IT Products Business



IT Products Business

(Billions of Yen)

Sales 49.7 (-23.6%)

▽ Software:

Decreased from continuous general restraining of IT investment by customer

▽ Servers:

Decreased largely due to loss of large project from the same period of the previous year

Sales of thin-client and IA servers increased

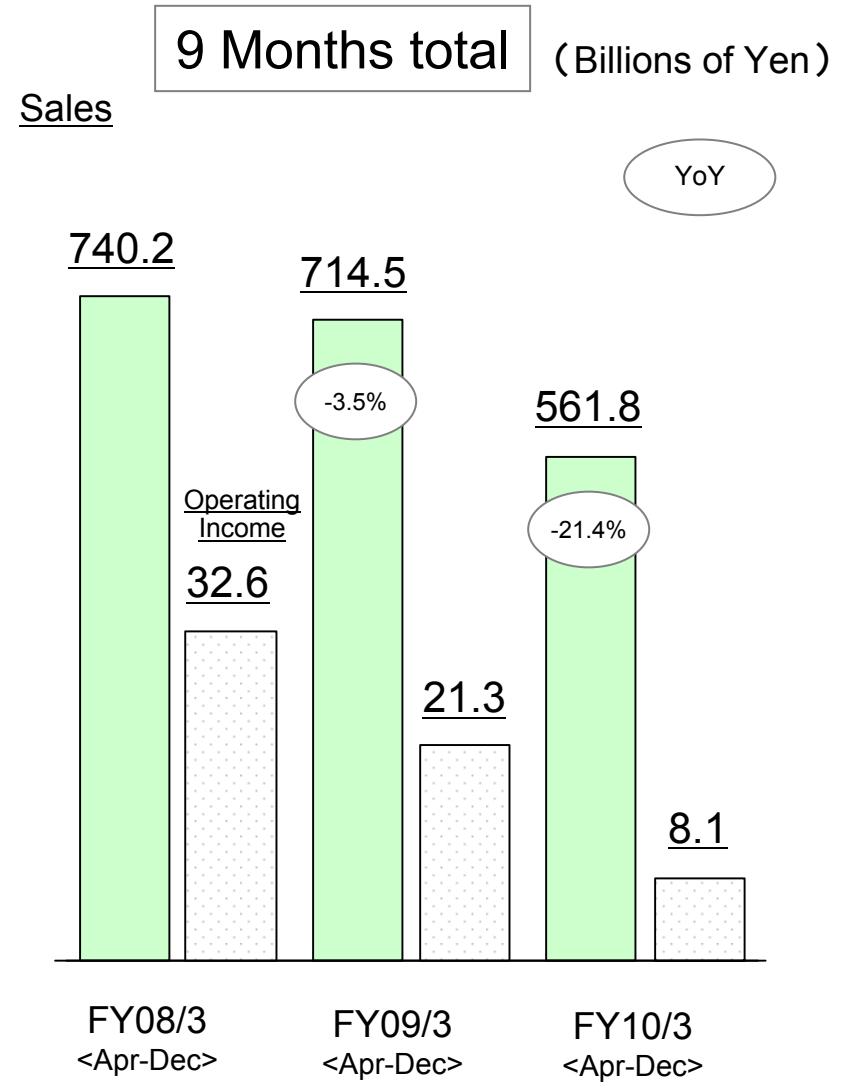
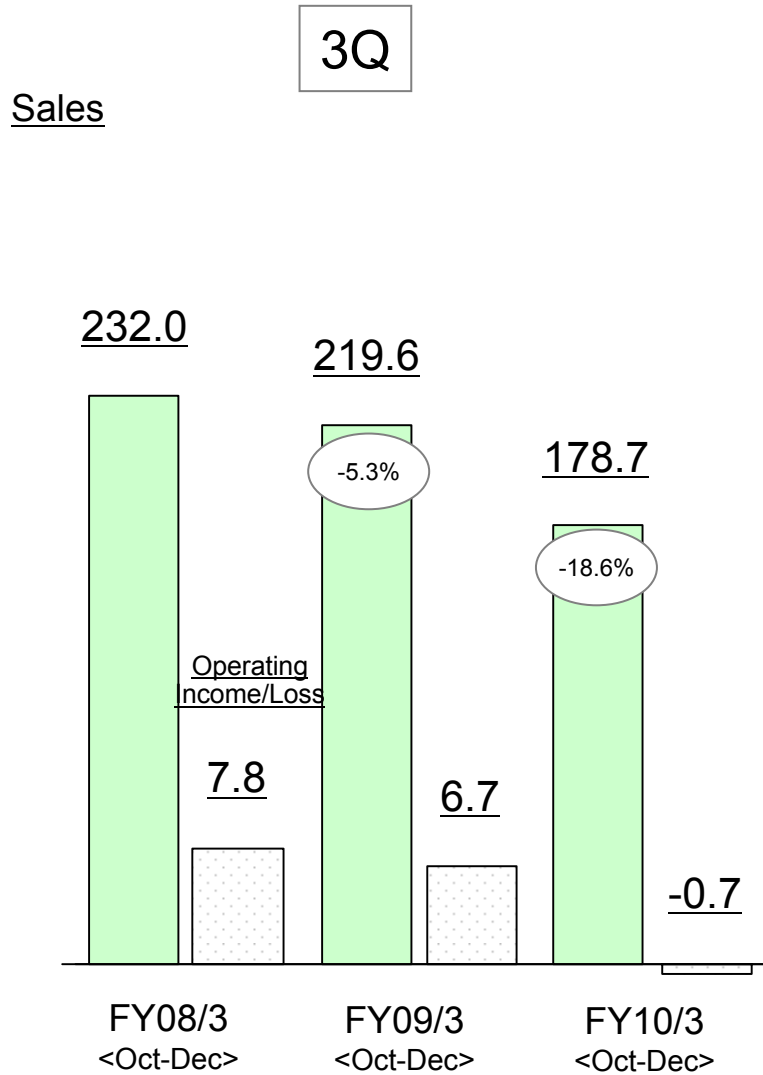
▽ Others:

Decreased from continuous suspension of demand from financial industries for professional workstation

Operating Income 1.2 (-0.8)

▽ Return to the black, decline due to the decrease of large project

Network Systems Business



Network Systems Business

(Billions of Yen)

Sales 178.7 (-18.6%)

▽ Business for Telecom Carriers:

In overseas market, CAPEX cutbacks by carriers and continuous impact of the appreciating yen

Decrease in submarine cable system sales due to small projects taking place this year, but steadily accepting orders

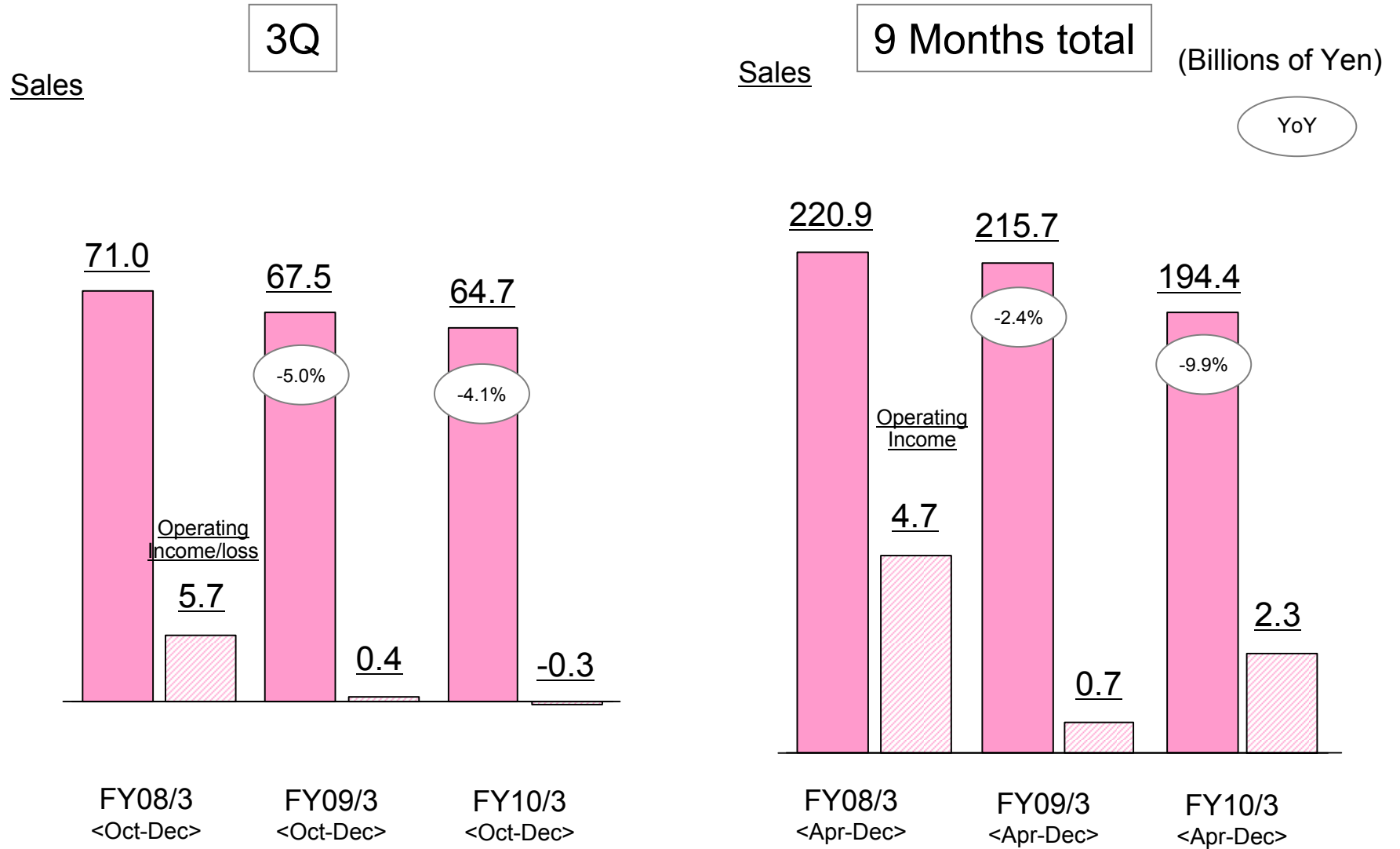
▽ Business for Enterprises:

Decrease both in Japan and overseas markets due to continuous CAPEX cutbacks related to the global financial crisis

Operating Loss -0.7 (-7.3)

▽ Decrease because of sales decreases, despite fixed cost reductions

Social Infrastructure Business



Social Infrastructure Business

(Billions of Yen)

Sales 64.7 (-4.1%)

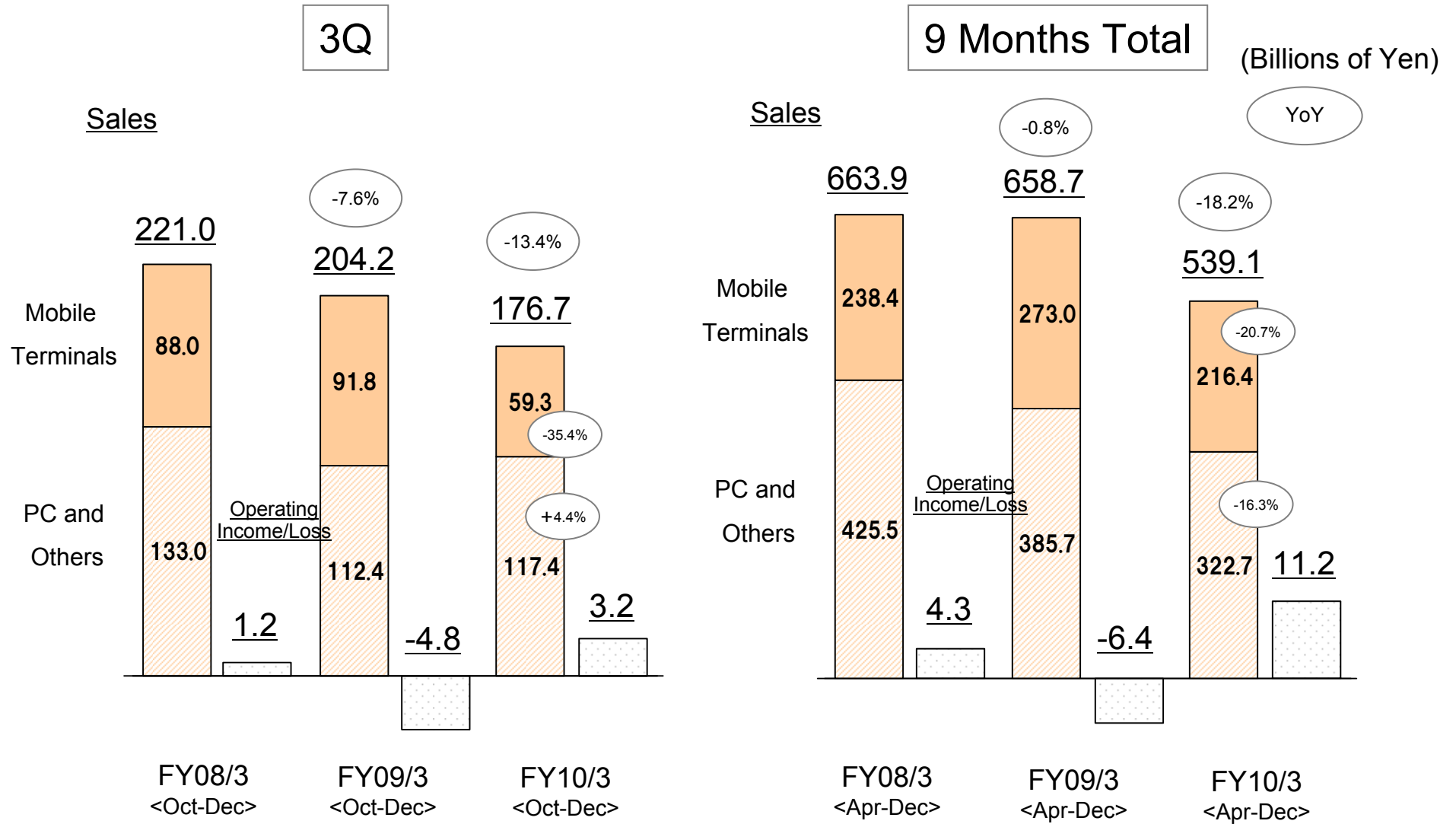
▽ Broadcast and Control systems / Aerospace and Defense :

Sales decreased due to loss of large projects and investment restraint related to the declining economy

Operating Loss -0.3 (-0.7)

▽ Decrease because of sales decline, despite reductions of fixed cost and SG&A

Personal Solutions Business



Personal Solutions Business

(Billions of Yen)

Sales 176.7 (-13.4%)

▽ Mobile Terminals :

Sales decreased due to a difference in shipment schedules for new products (FY09/3 Nov. → FY10/3 Dec.) and a declining number of models

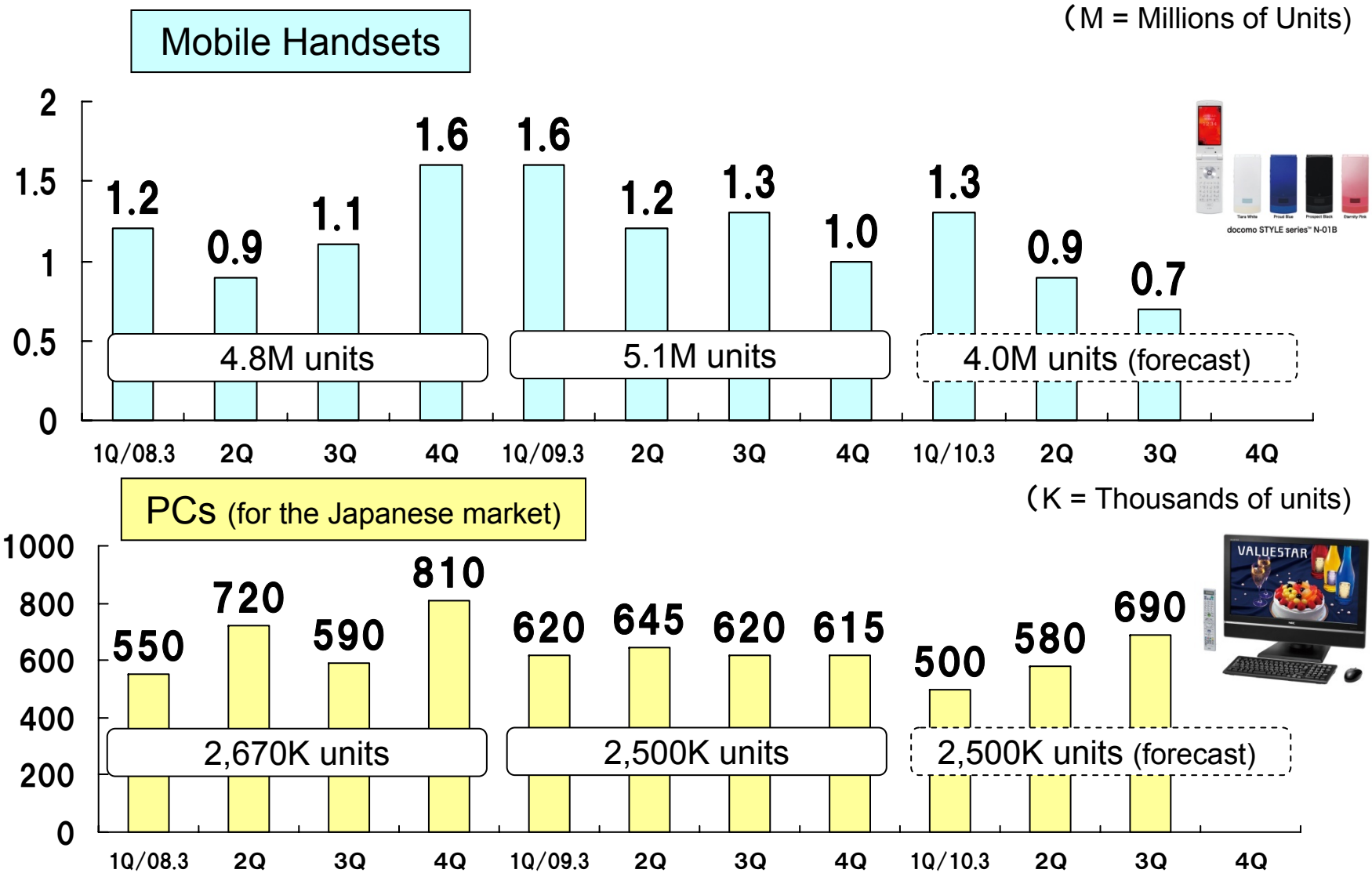
△ PC and Others:

Sales increased due to growth in the number of units and an improving product mix

Operating Income 3.2 (+8.1)

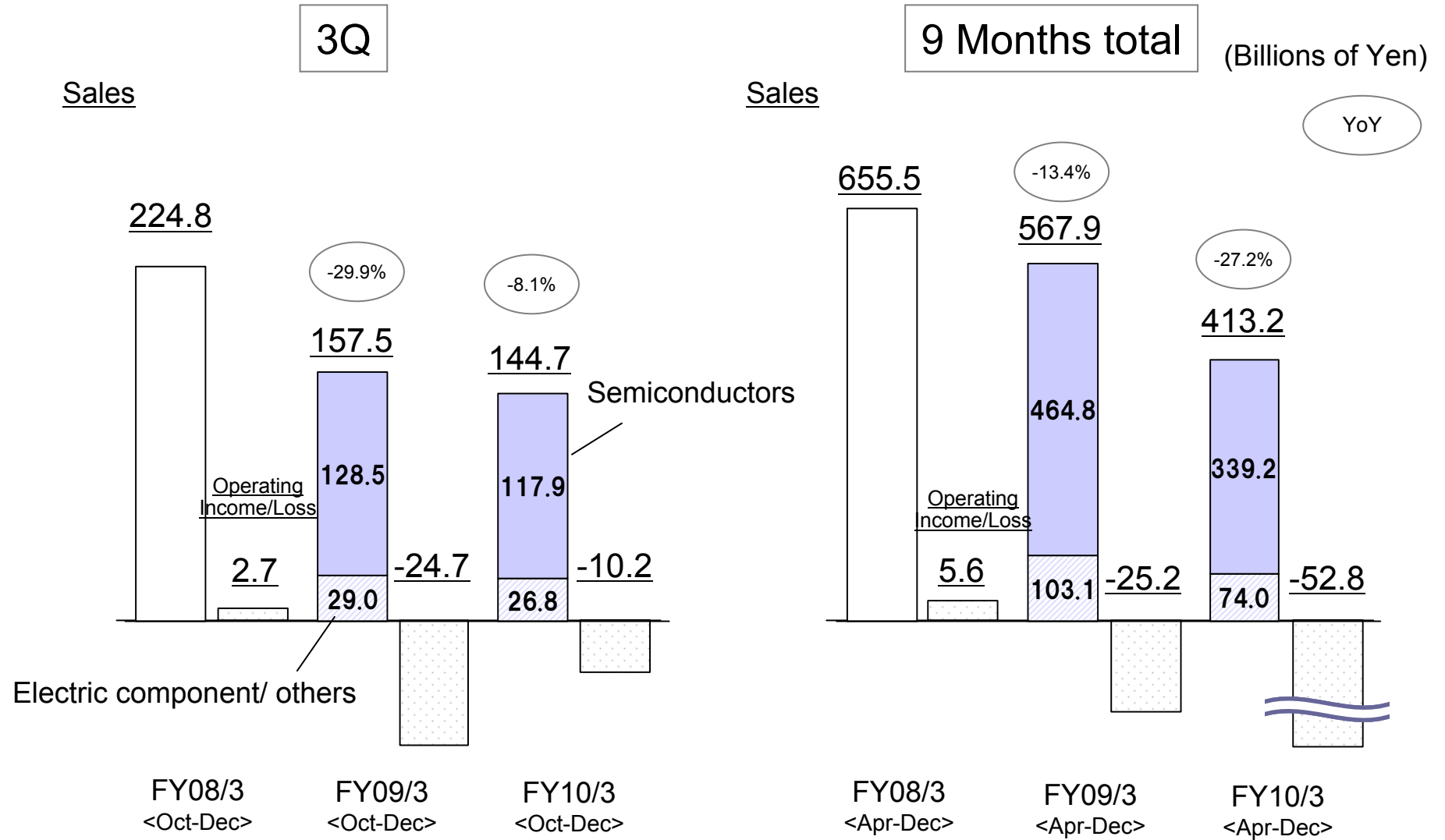
△ Mobile Terminals and PC and Others both turn to profit due to reduced fixed costs/overall costs and improved development efficiency

< Mobile Handset / PC Shipments >



* Forecast as of January 28, 2010

Electron Devices Business



Electron Devices Business

(Billions of Yen)

Sales 144.7 (-8.1%)

▽ Semiconductors:

Drop in LSI sales for household electronic appliances

Increase in microcomputer sales for cars and general-purposes

▽ Electric Components/Others:

Drop in the sales of general components like capacitors and industrial LCD

Operating Loss -10.2 (+14.5)

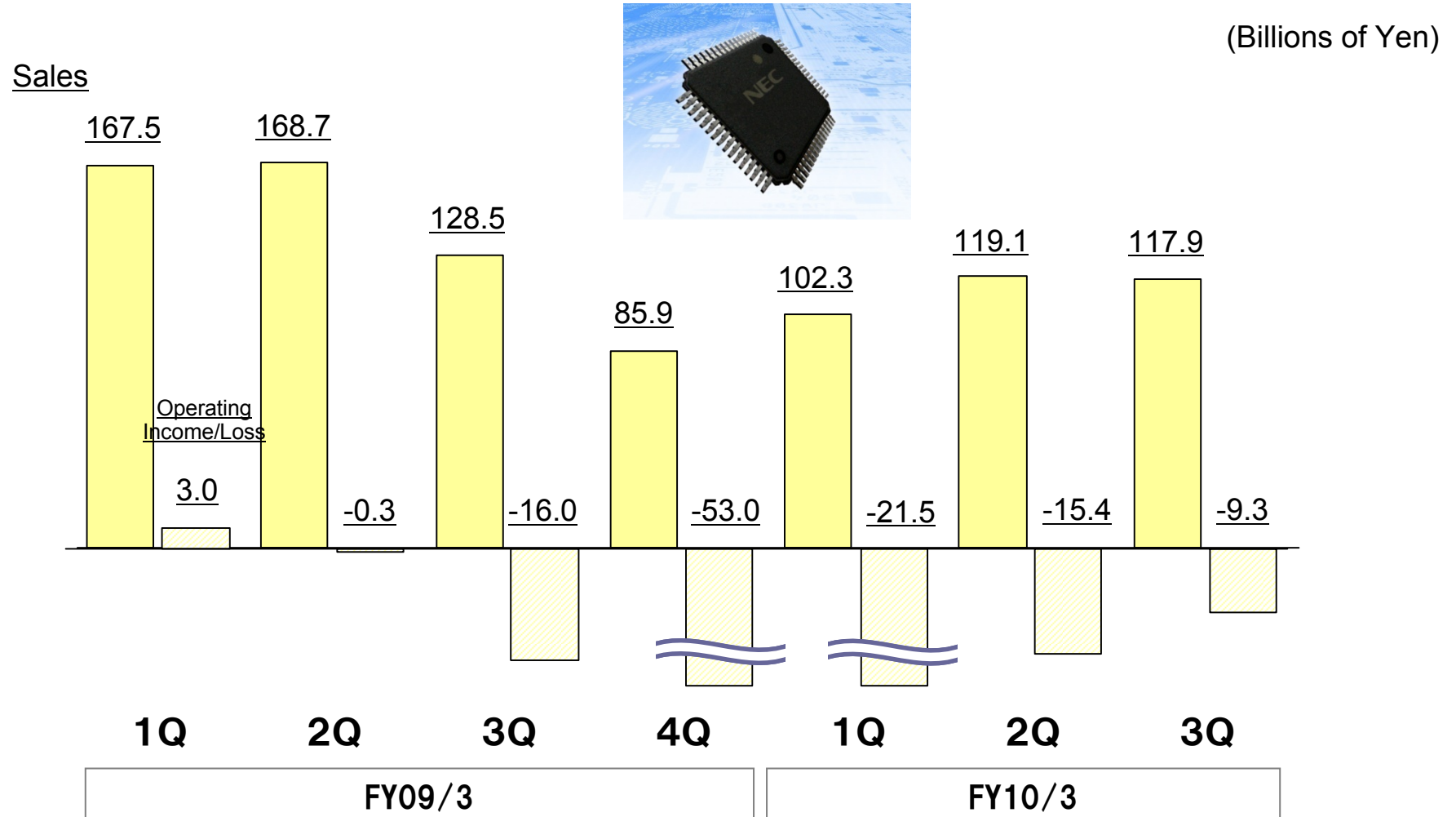
△ Semiconductors:

Improvement due to fixed cost reduction

△ Electric Components/Others:

Improvement due to fixed cost reduction

< Financial Results for NEC Electronics >



* The results for the area of Semiconductors are the official public figures of NEC Electronics Corporation, which are prepared in accordance with Japanese GAAP.

<Ref.> Capital Expenditures and Others

(Billions of Yen)

	FY08/3 Actual	FY09/3 Actual	YoY	FY10/3 Forecast	YoY	Difference from Oct. 29
Capital Expenditure	122.6	103.1	- 15.9%	96.0	- 6.9%	-
Depreciations	147.8	133.6	- 9.6%	108.0	- 19.2%	-
R&D expenses	352.2	346.5	- 1.6%	280.0	- 19.2%	-

(Billions of Yen)

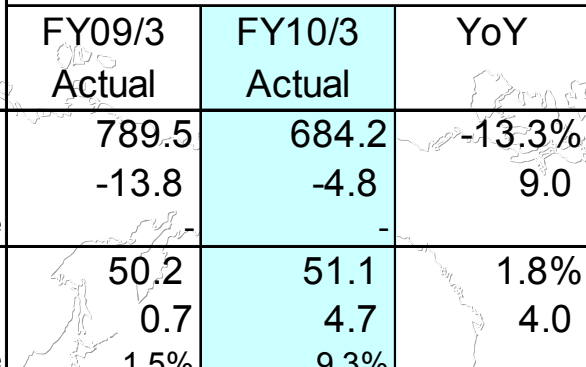
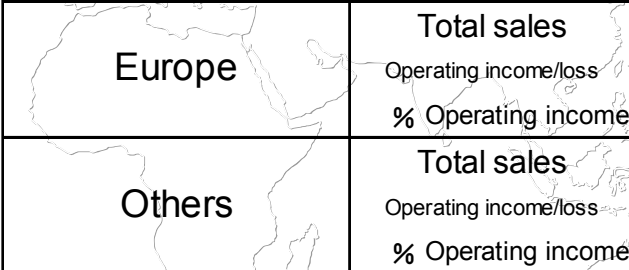
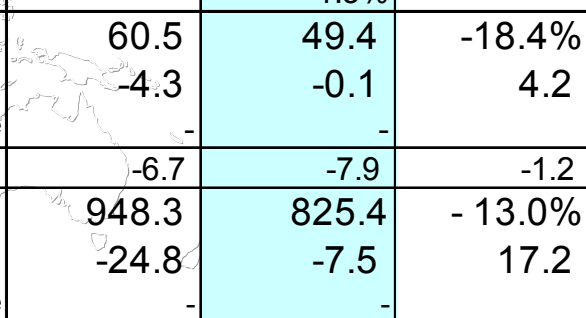
	FY09/3 3Q Actual	YoY	FY10/3 3Q Actual	YoY
R&D expenses	83.0	-	64.4	-22.4%



* Forecast as of Jan. 28, 2010

<Ref.> Geographical Segments Information

(Billions of Yen)

		3Q (October to December)			Major countries and regions	
		FY09/3 Actual	FY10/3 Actual	YoY		
Japan	Total sales	789.5	684.2	-13.3%	 China, Chinese Taipei, India, Singapore and Indonesia	
	Operating income/loss	-13.8	-4.8	9.0		
	% Operating income	-	-	-		
ASIA	Total sales	50.2	51.1	1.8%		
	Operating income	0.7	4.7	4.0		
	% Operating income	1.5%	9.3%	-		
Europe	Total sales	48.2	40.7	-15.5%	 U.K., France, the Netherlands, Germany, Italy and Spain	
	Operating income/loss	-0.7	0.5	1.2		
	% Operating income	-	1.3%	-		
Others	Total sales	60.5	49.4	-18.4%		 U.S.A
	Operating income/loss	-4.3	-0.1	4.2		
	% Operating income	-	-	-		
Eliminations/Others		Operating income/loss	-6.7	-7.9	-1.2	
Consolidated Total	Total sales	948.3	825.4	- 13.0%		
	Operating income/loss	-24.8	-7.5	17.2		
	% Operating income	-	-	-		

* Geographical distances are considered in classification of country or region

* Total sales represents sales to outside customers

<Ref.> Overseas sales

(Billions of Yen)

		3Q (October to December)		
		FY09/3 Actual	FY10/3 Actual	YoY
Asia	Net sales	89.6	80.0	-10.7%
	To consolidated total (%)	9.4%	9.7%	
Europe	Net sales	59.3	41.3	-30.3%
	To consolidated total (%)	6.3%	5.0%	
Others	Net sales	74.0	53.9	-27.2%
	To consolidated total (%)	7.8%	6.5%	
Total	Net sales	222.9	175.2	-21.4%
	To consolidated total (%)	23.5%	21.2%	

Major countries and regions

China, Chinese Taipei, India, Singapore and Indonesia

U.K., France, the Netherlands, Germany, Italy and Spain

U.S.A

* 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)

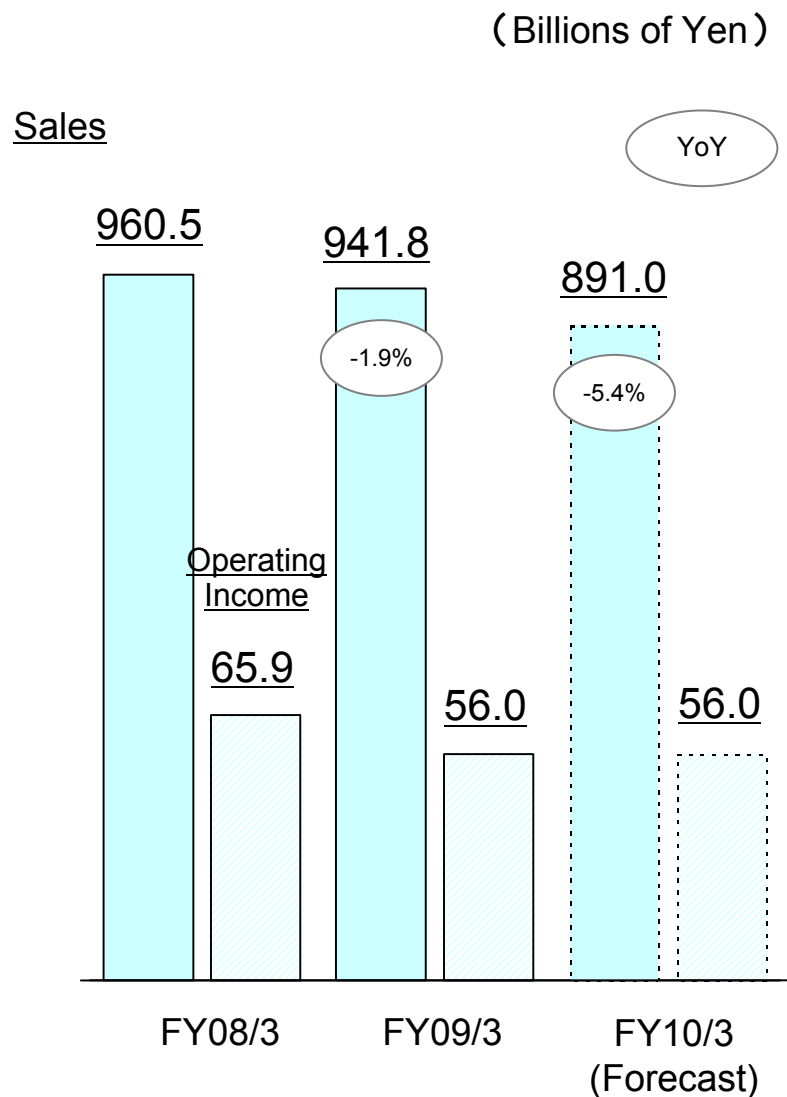
Summary of Financial Forecast for Full Year by Segment

(Billions of Yen)

		9 Months Total			Full Year			Difference from 10/29 forecast
		FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Forecast	YoY	
IT Services	Sales	613.0	572.4	-6.6%	941.8	891.0	-5.4%	0
	Operating Income	11.9	14.1	2.2	56.0	56.0	0.0	0
	OP Margin(%)	1.9%	2.5%		5.9%	6.3%		
IT Products	Sales	191.4	138.3	-27.8%	266.5	215.0	-19.3%	0
	Operating Income/Loss	13.2	-11.1	-24.3	21.8	5.0	-16.8	0
	OP Margin(%)	6.9%	-		8.2%	2.3%		
Network Systems	Sales	714.5	561.8	-21.4%	1,001.8	850.0	-15.2%	0
	Operating Income	21.3	8.1	-13.2	42.0	43.0	1.0	-5.0
	OP Margin(%)	3.0%	1.4%		4.2%	5.1%		
Social Infrastructure	Sales	215.7	194.4	-9.9%	340.4	309.0	-9.2%	0
	Operating Income	0.7	2.3	1.6	8.2	17.0	8.8	2.0
	OP Margin(%)	0.3%	1.2%		2.4%	5.5%		
Personal Solutions	Sales	658.7	539.1	-18.2%	848.6	739.0	-12.9%	0
	Operating Income/Loss	-6.4	11.2	17.5	-13.2	15.0	28.2	0
	OP Margin(%)	-	2.1%		-	2.0%		
Electron Devices	Sales	567.9	413.2	-27.2%	671.6	562.0	-16.3%	0
	Operating Loss	-25.2	-52.8	-27.6	-87.8	-51.0	36.8	0
	OP Margin(%)	-	-		-	-		
Others	Sales	115.0	59.9	-47.9%	144.8	94.0	-35.1%	0
	Operating Income	3.5	5.6	2.1	5.8	7.0	1.2	1.0
	OP Margin(%)	3.1%	9.4%		4.0%	7.4%		
Eliminations/Unclassifiable expense	Operating Loss	-30.4	-22.7	7.7	-38.8	-32.0	6.8	2.0
Total	Sales	3,076.1	2,479.1	-19.4%	4,215.6	3,660.0	-13.2%	0
	Operating Income/Loss	-11.4	-45.2	-33.9	-6.2	60.0	66.2	0
	OP Margin(%)	-	-		-	1.6%		

* Forecast as of Jan. 28, 2010

IT Services Business



Sales 891.0 (-5.4%)

- ▽ SI Service:
 - Decline from IT investment restraint
 - Sales to Retail sector is stable
- ▽ Outsourcing/Support service:
 - Decline in sales due to severe market conditions
 - Aim to maintain stable outsourcing business sales

Operating Income 56.0 (±0)

- ▷ Despite a sales decrease, the same level of profit as the previous year will be maintained by fixed cost reductions, project management and the use of overseas resources

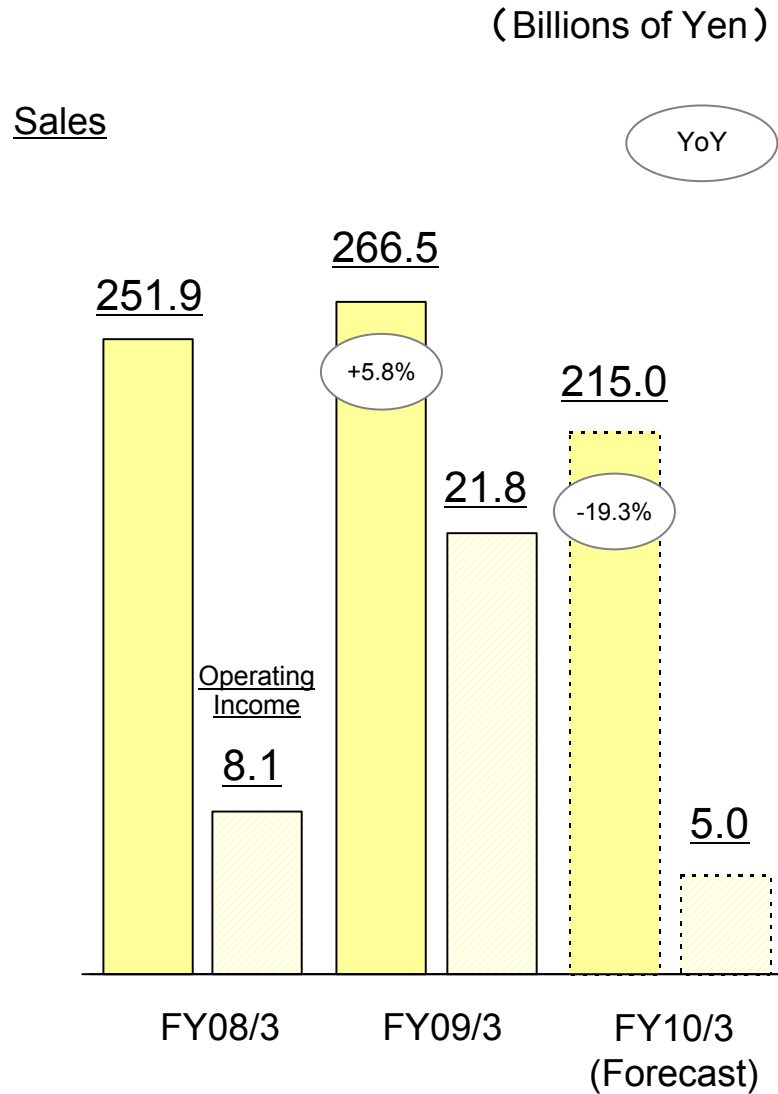
* Forecast as of Jan. 28, 2010

IT Services Business Trends by Sector

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

Sector	Business situation
Government	Focuses on secure its orders of this year's initial/extra budget while in cutbacks trend of IT related budget. Competition is inclined to tighten by the increase of newcomer.
Public/Medical	New IT investment tends to be revised/postponed due to lower tax revenues. Steady progress of reconstructing core systems which have clear ROI benefit. Focusing on core system reconstruction proposals, and accommodation of administrative and financial reform by offering our core solution "GPRIME" for local governments.
Finance	More time needed for a full recovery, though finance sector indexes are continuously improving and IT investment has bottomed out. Promote service businesses such as system integration that contribute to cost reductions.
Telecom/Media	Continuing trend of IT investment restraint in both the Telecom and Media sector. Some projects postponed. Strengthen new business including cloud service for global carriers and digital signage.
Manufacturing	There is some investment in emerging economies, though IT investment restraint is still continuing. Strengthen "Cloud-oriented service platform solution" proposals as reflected in the reform of NEC's IT system and ERP "EXPLANNER" for the SMB market.
Retail/Service	Stable demand for reconstruction of core systems that support the launch of new business, and an expanding internet market. Strengthen new service proposals, such as SaaS EC systems similar to "NeoSarf/EC" for large scale organizations etc.

* Forecast as of Jan. 28, 2010



Sales 215.0 (-19.3%)

▽ Software:

Decline due to IT investment restraint

▽ Servers:

Decrease due to loss of large project from the previous year.

Stable demand of thin-client systems in the Government and Public sectors

▽ Others:

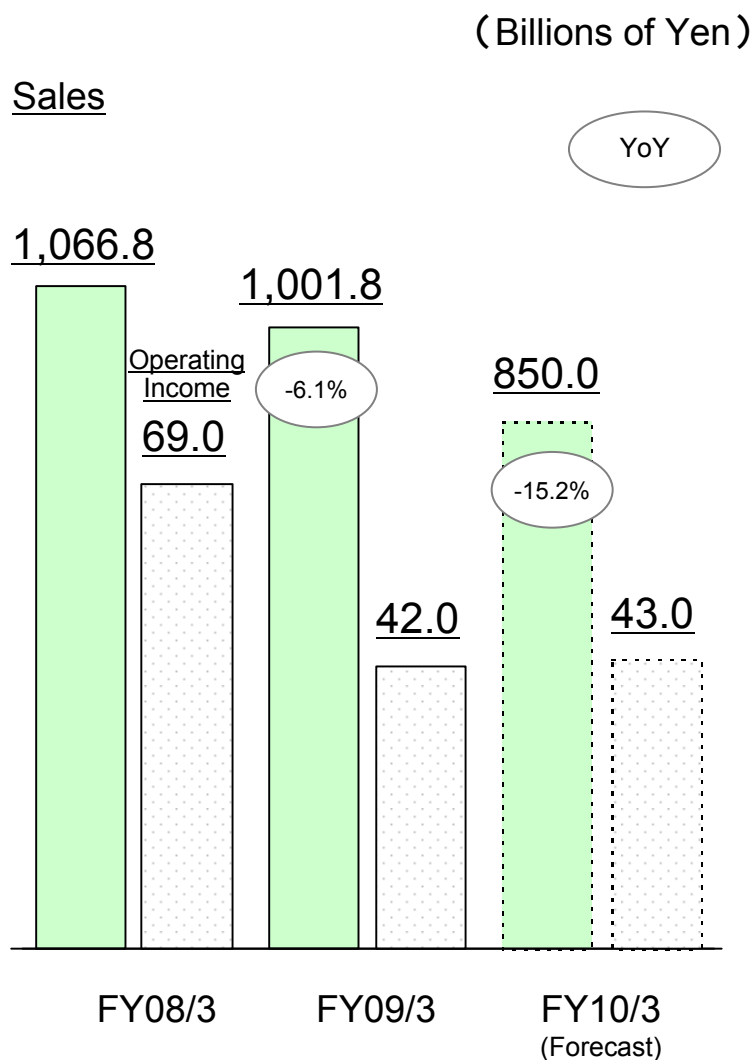
Drop in sales, due to lower demand for professional workstations from the financial industry

Operating Income 5.0 (-16.8)

▽ Loss due to sales decrease and loss of large project from the previous year
Aim to improve by further cost reduction

* Forecast as of Jan. 28, 2010

Network Systems Business



Sales 850.0 (-15.2%)

- ▽ Business for Telecom Carriers:
 - Reduced investment by Japanese mobile carriers
 - Overseas market; CAPEX cutbacks by carriers and continued impact of the appreciating yen

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

Operating Income 43.0 (+1.0)

- △ Aim same income level as previous year through fixed cost reductions, despite decreasing sales

* Forecast as of January 28, 2010

Network Systems Business Trends

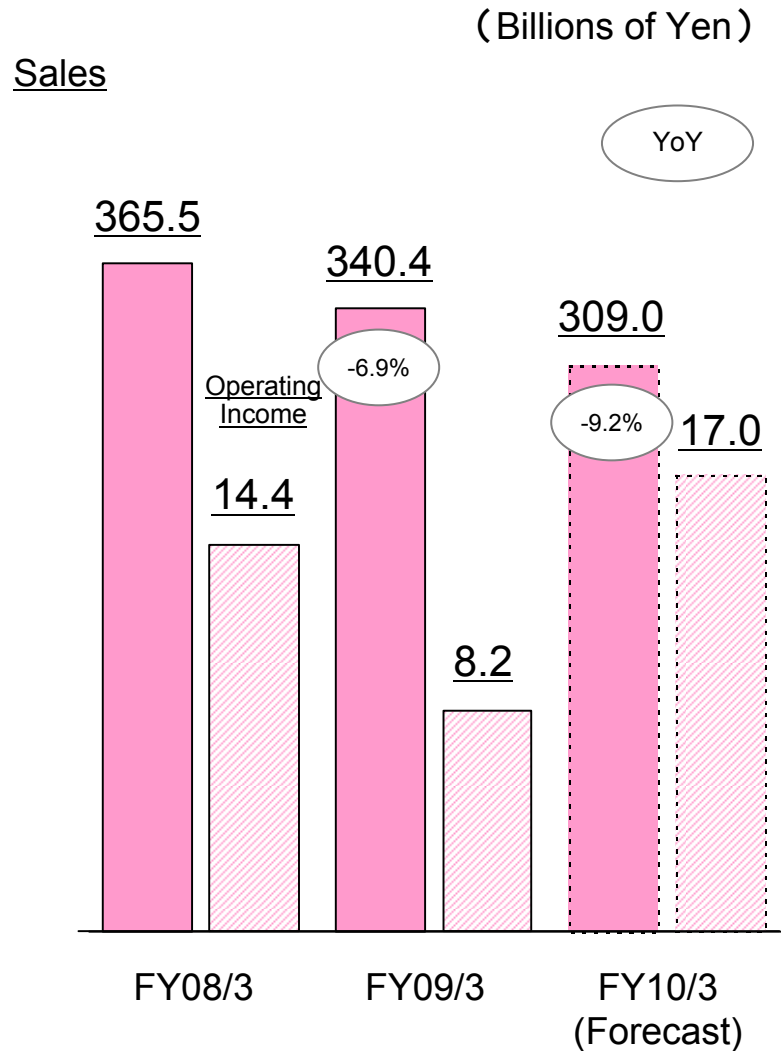
- Expect sales decrease due to cutbacks in CAPEX by carriers and enterprises both in Japan and overseas
- Aim same income level as previous year by reducing fixed cost

		Business situation
Business for Telecom Carriers	Fixed line (in Japan)	Steady Try to spur carrier investment
	Wireless (in Japan)	Expect sales decrease due to reduced investment by mobile carriers Try to spur carrier investment
	Fixed line (overseas)	Expect sales decrease due to cutbacks in CAPEX Try to secure submarine cable system orders
	Wireless (overseas)	Expect sales decrease due to cutbacks in CAPEX etc. Try to secure loyal customer bases in overseas market with new business such as LTE, WiMAX, Femto cell etc.
Business for Enterprises		Expect sales decrease due to cutbacks in CAPEX both in Japan and overseas. Try to expand sales by strengthening the approach to customers

Continuous impact of the appreciating yen

* Forecast as of January 28, 2010

Social Infrastructure Business



Sales 309.0 (-9.2%)

▽ Broadcast and Control systems / Aerospace and Defense :

Decrease due to loss of large project and investment restraint related to the economic downturn

Steady performance for revised budget items and control terminals

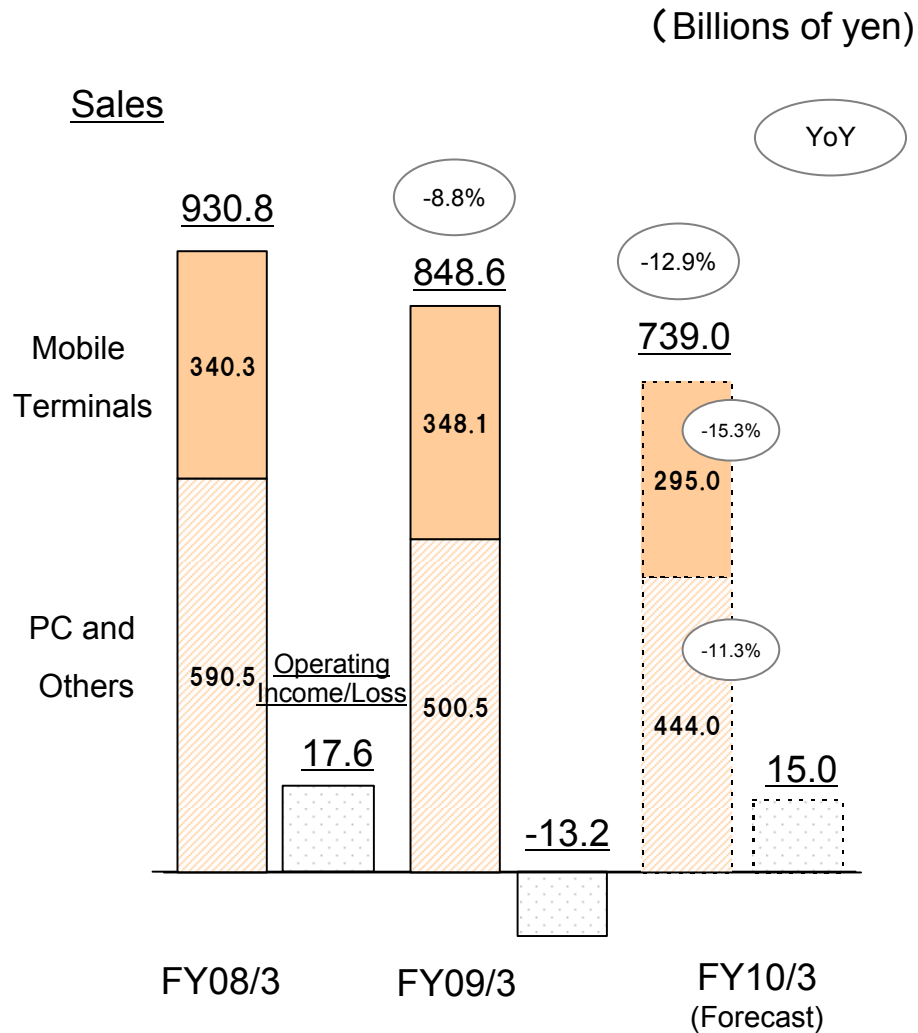
Operating Income 17.0 (+8.8)

△ Improvement by reducing costs and SG&A

* Forecast as of January 28, 2010

Personal Solutions Business

Full Year Forecast



Sales 739.0 (-12.9%)

- ▽ Mobile Terminals :
Decrease due to shipment declines caused by the shrinking handset market in Japan
- ▽ PC and Others:
Decrease due to the CAPEX cutbacks from enterprises and the drop of unit prices

Operating Income 15.0 (+28.2)

- △ Expect turnaround by reducing fixed costs, even as shipments decline and the product mix changes

* Forecast as of January 28, 2010

Mobile Terminals

- The 2H domestic market will be at the same level as 1H
- Downward revision for this year's shipment volumes (from 4.5M to 4M)

However, aim to secure profitability by improving development efficiency, reducing fixed costs etc.



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PCs

- Recovery trend in 3Q domestic market, positive growth expected in 2H
- Aim to maintain original shipment targets from demand created in the consumer market for Windows 7 and the “School New Deal” policy

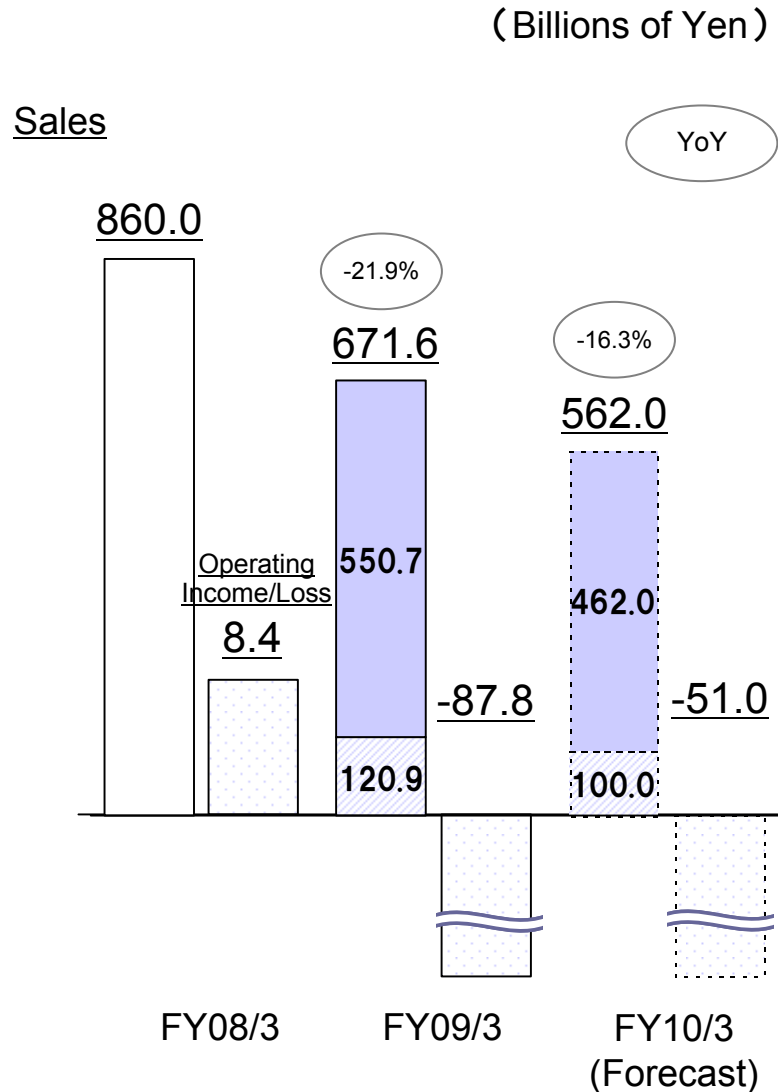


LaVie L
Applicable to 64bit OS

* Forecast as of January 28, 2010

Electron Devices Business

Full Year Forecast



Sales 562.0 (-16.3%)

▽ Semiconductors:

Drop in all product sales such as SoC, MCU and discrete products

▽ Electric Components/Others:

Expect sales decrease due to continued customer CAPEX reductions. Yet, signs of growing demand exist in some areas

Operating Loss -51.0 (+36.8)

△ Semiconductors:

Expect to improve through fixed cost reductions in severe market conditions

△ Electric Components/Others

Expect to improve through steady implementation of structure reform

* Forecast as of Jan. 28, 2010