

# Financial Results for FY2009 (Fiscal year ended March 2010)

May 12, 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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- II. Management Policy for FY2010

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# I. Summary of Financial Results for FY2009

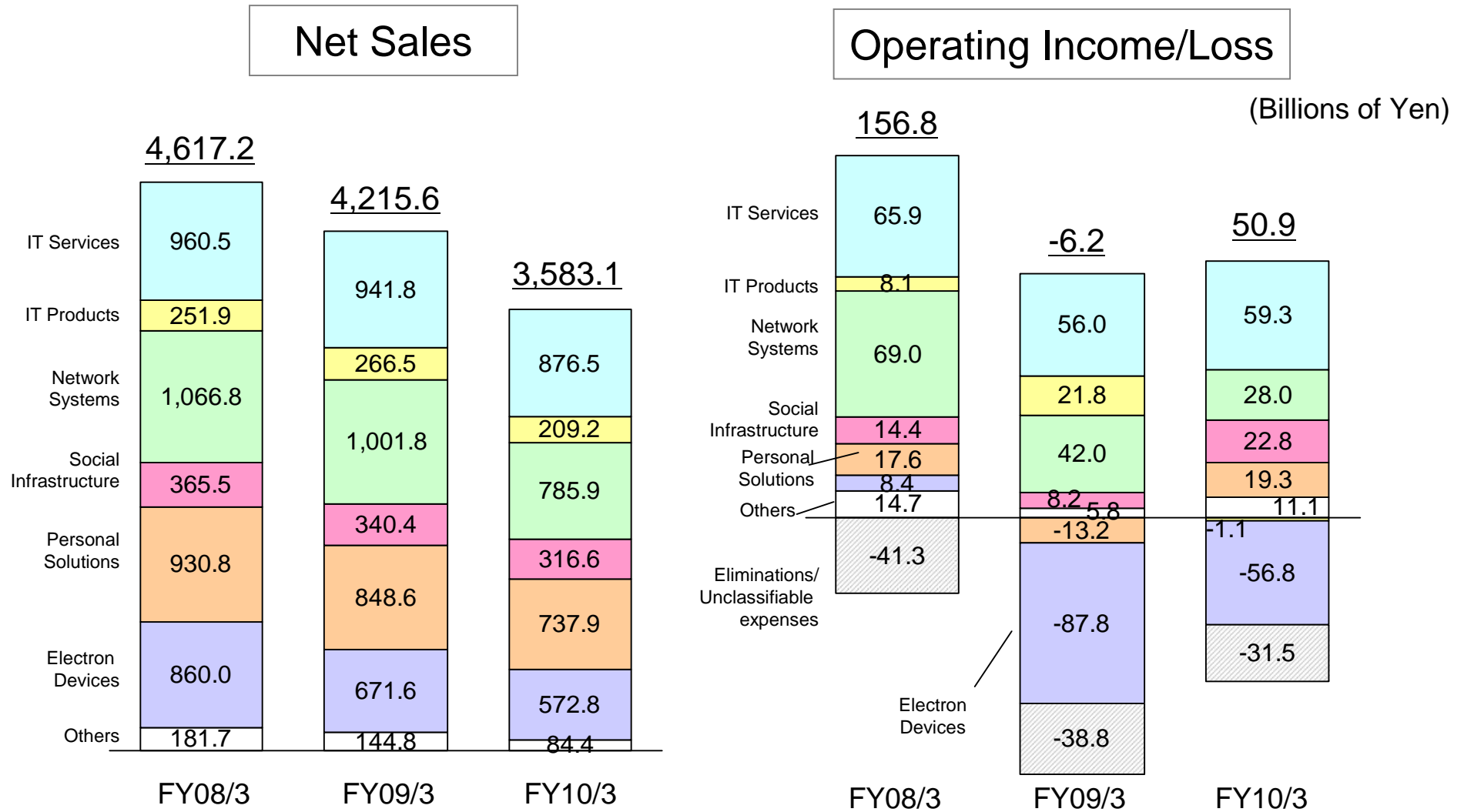
# Summary of Financial Results for FY2009

(Billions of Yen)

	FY09/3 Actual	FY10/3 Actual	YoY	Difference from Jan 28 forecast
Net Sales	4,215.6	3,583.1	-15.0%	-76.9
Operating Income/Loss % to Net Sales	-6.2 -	50.9 1.4%	57.1	-9.1
Ordinary Income/Loss % to Net Sales	-93.2 -	49.4 1.4%	142.6	9.4
Net Income/Loss % to Net Sales	-296.6 -	11.4 0.3%	308.1	1.4
Net Income/Loss per share(Yen)	-146.64	5.04	151.68	0.58
Free Cash Flow	-145.8	93.6	239.4	93.6

(Ref) Average exchange rate for FY10/3 1\$=¥93.47 €1=¥131.53

# Financial Results for FY2009 by Segment



# Fixed Cost Reduction in FY2009

Achieved a fixed cost reduction of 320.9 billion yen year on year  
(111 % compared with the forecast)

(Billions of Yen)

Segment	FY09 Actual (compared with the forecast)	Reducing fixed costs (forecast)	Cost Item	FY09 Actual (compared with the forecast)	Reducing fixed costs (forecast)
IT Services, IT Products, Network Systems, Social Infrastructure	144.7 (122%)	119.0	Labor Cost	80.6 (103%)	78.0
Personal Solutions	36.3 (110%)	33.0	Outsourcing engineering, consignment of activities	148.3 (115%)	129.0
Electron Devices	119.0 (100%)	119.0	Depreciation, leases, etc.	33.0 (100%)	33.0
Others	20.9 (110%)	19.0	IT expenses, sales promotion and advertisement, etc.	59.0 (118%)	50.0
<b>Total</b>	<b>320.9 (111%)</b>	<b>290.0</b>	<b>Total</b>	<b>320.9 (111%)</b>	<b>290.0</b>

# Achievements and Challenges

## Business structure reform: Business portfolio revision

- Business integration with Renesas Technology in the semiconductor business (Deconsolidation from FY2010)
- Strengthened mobile terminal business
- Reduced stakes in NEC Glass Components, Ltd. and Nippon Electric Glass Co., Ltd.

## Earnings structure reform: Conversion toward a leaner earnings structure

- Achieved a fixed cost reduction of 320.9 billion yen year on year

New share offering strengthens financial foundations and helps realize future growth strategy

Fell short of our forecast in operating income.

Net income of 11.4 billion yen exceeded our forecast (10 billion yen)

Achieved annual dividend at the rate of 4 yen per share

## Formulated Mid-term growth plan “V2012”

- Expand global business, cloud business, new business

our challenge is  
“execution”



## II. Management Policy for FY2010

# 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 Solution)

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 May 12, 2010

# Summary of Financial Forecast for FY2010

(Billions of Yen)

	FY10/3 Actual	FY11/3 Forecast	YoY
Net Sales	3,583.1	3,300.0	-7.9%
Operating Income	50.9	100.0	49.1
% to Net Sales	1.4%	3.0%	
Ordinary Income	49.4	70.0	20.6
% to Net Sales	1.4%	2.1%	
Net Income	11.4	15.0	3.6
% to Net Sales	0.3%	0.5%	
Net Income per share (Yen)	5.04	5.77	0.73
Free Cash Flow	93.6	-50.0	-143.6

(Ref): Assumption of exchange rate for FY11/3 1\$=¥90, 1€=¥120

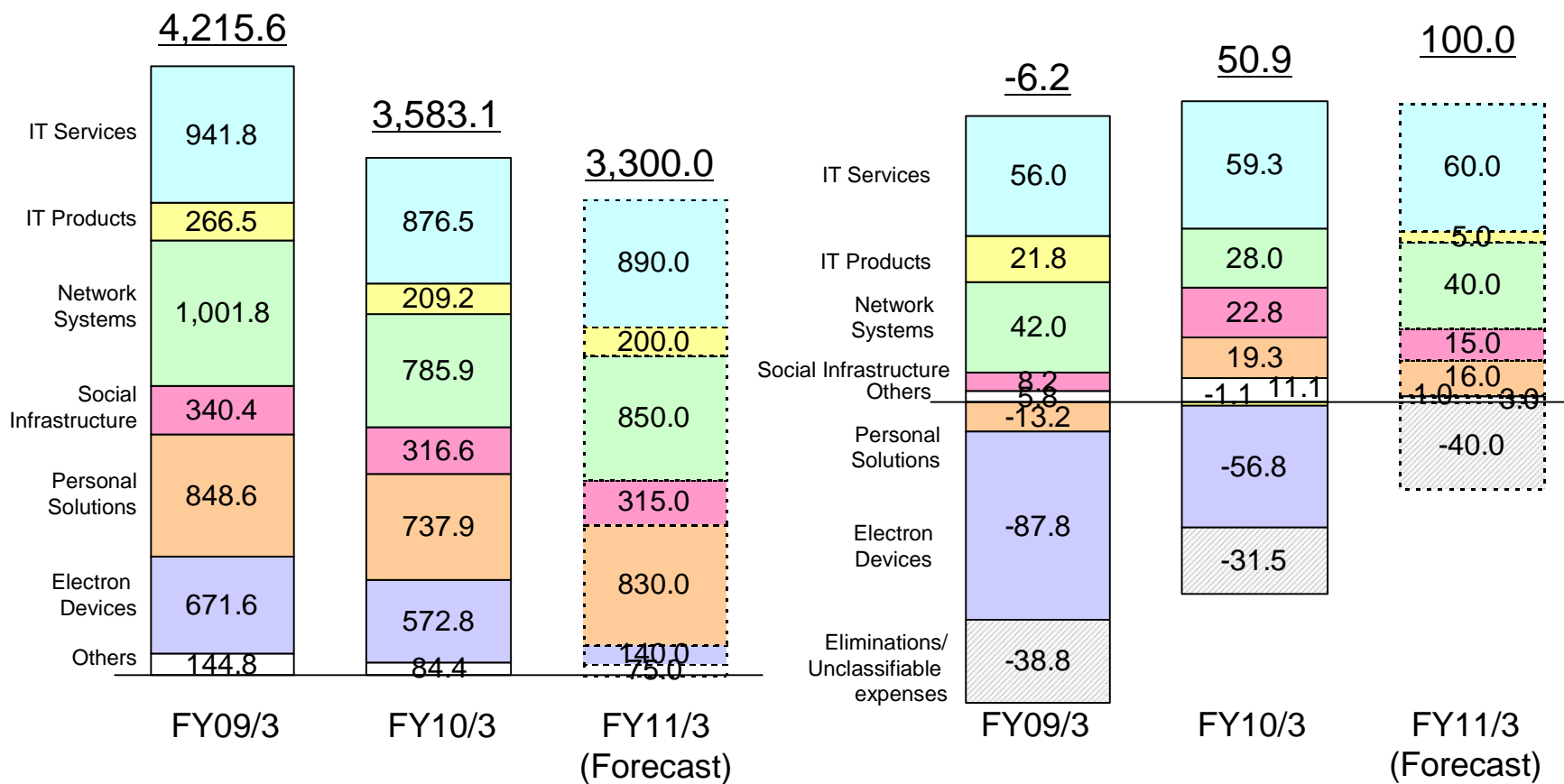
\* Forecast as of May 12, 2010

# Financial Forecast for FY2010 by Segment

## Net Sales

## Operating Income/Loss

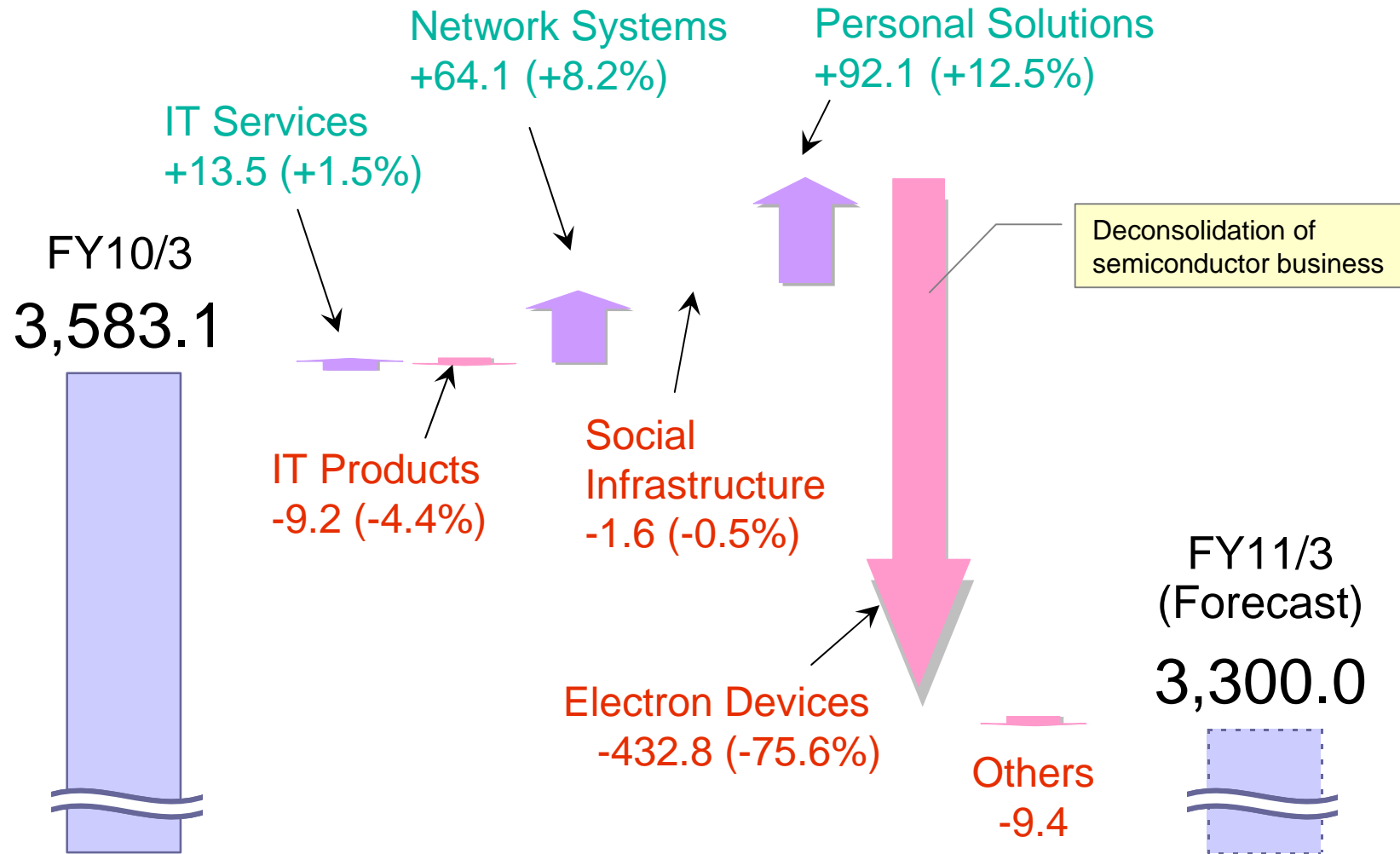
(Billions of Yen)



\* Forecast as of May 12, 2010

# Sales Change (Year on Year)

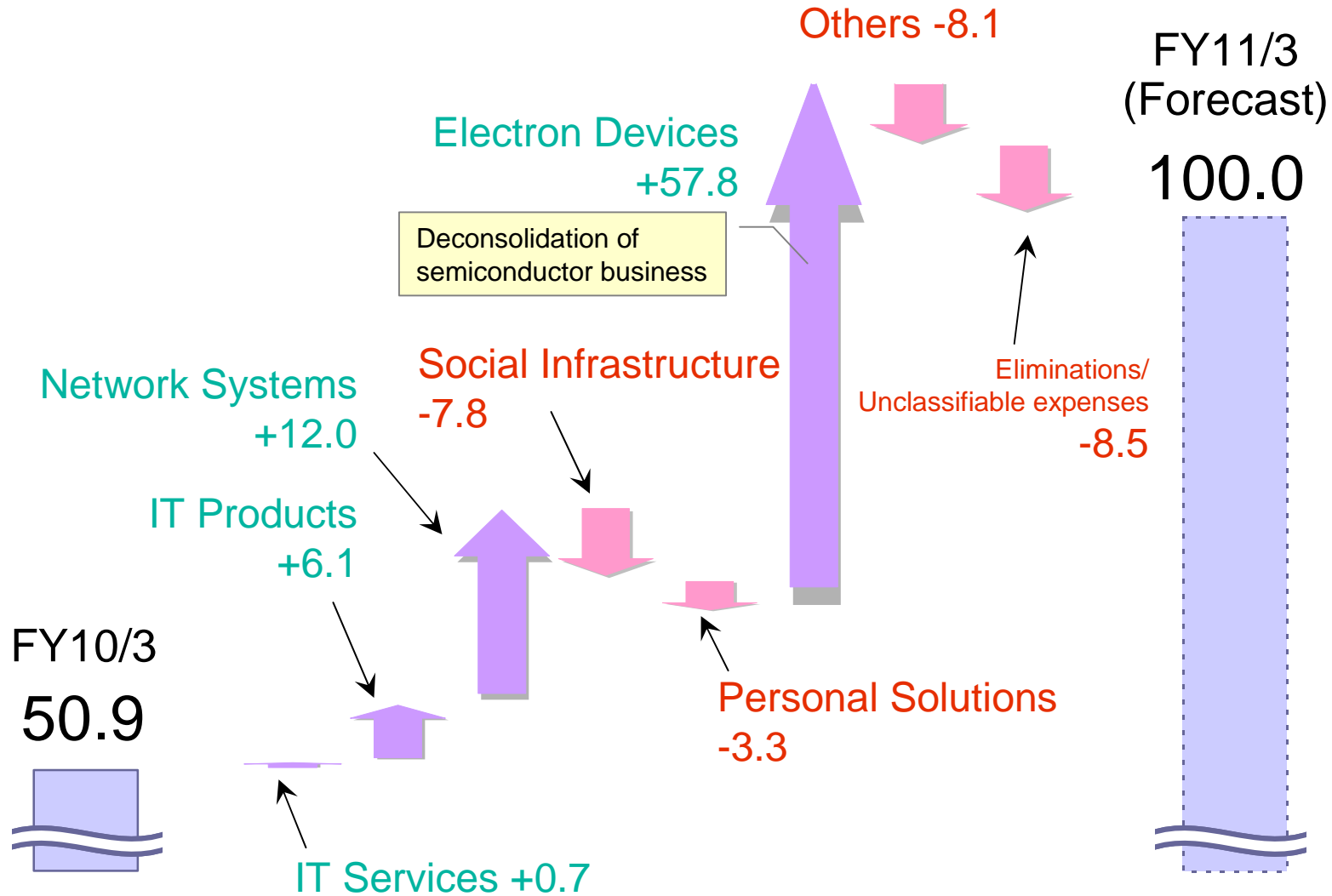
(Billions of Yen)



\* Forecast as of May 12, 2010

# Operating Income Change (Year on Year)

(Billions of Yen)



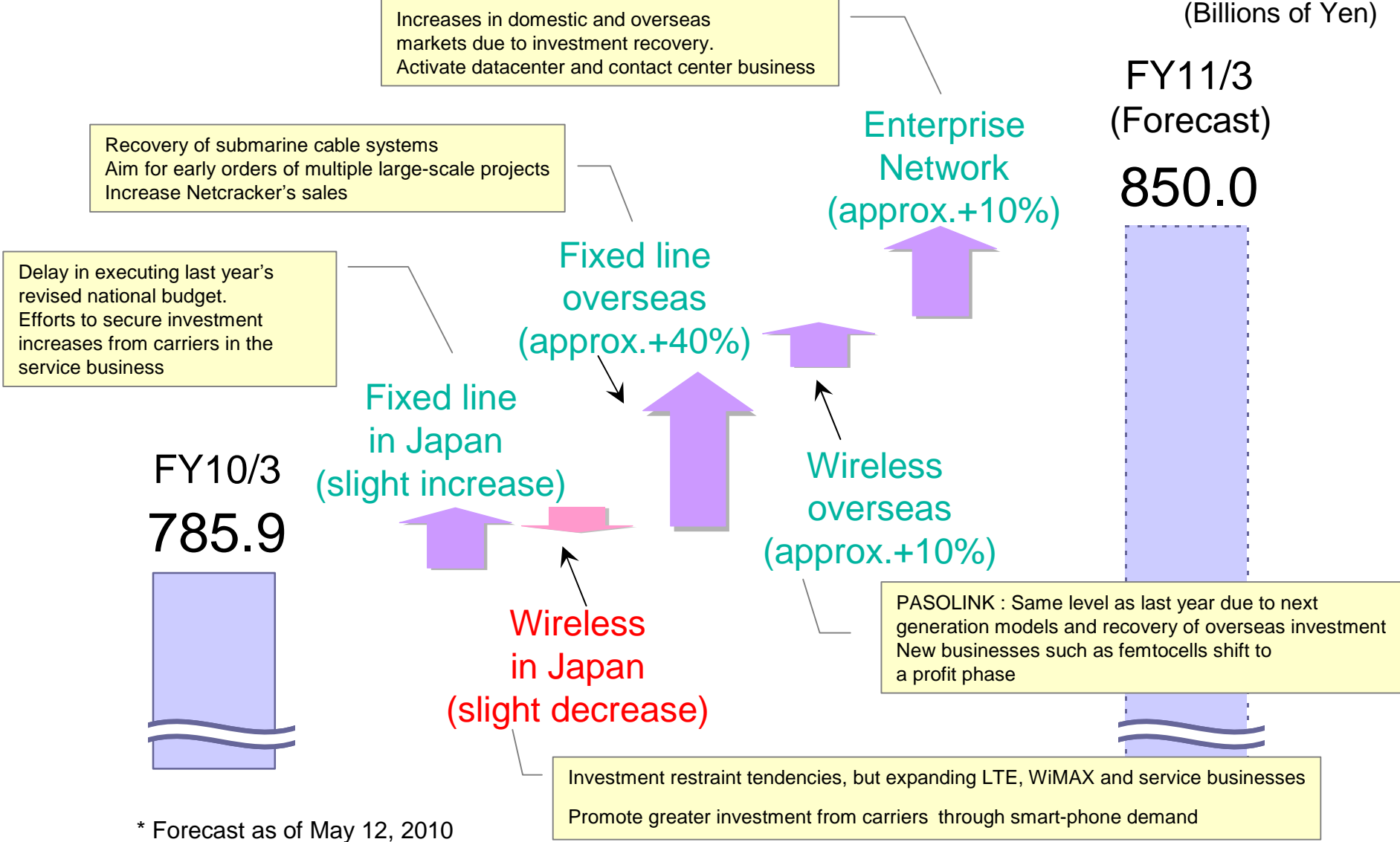
\* Forecast as of May 12, 2010

# Key Points for Achieving the FY2010 Forecast

 <p>IT Services</p>	<ul style="list-style-type: none"> <li>Promote the services business and global business, create new business, expand SI business</li> <li>Improve profitability through innovation in the SI business</li> </ul>
 <p>IT Products (Platform)</p>	<ul style="list-style-type: none"> <li>Create competitive products by aggregating IT/NW products, solutions and technologies</li> <li>Improve business processes and common operations efficiency by centralizing resources</li> </ul>
 <p>Network Systems (Carrier Network)</p>	<ul style="list-style-type: none"> <li>Expand new business (LTE, WiMAX, Femto, Service PF)</li> <li>Recovery of core global business (Pasolink, submarine cable) Create business for the future</li> <li>Maintain and strengthen a leaner earnings structure</li> </ul>
<p>Social Infrastructure</p>	<ul style="list-style-type: none"> <li>Enter growing markets (e.g. digitalization), expand market share</li> <li>Improve profitability by enhancing PJ management and cost reduction</li> </ul>
<p>Personal Solutions</p>	<ul style="list-style-type: none"> <li>Create new business for growth</li> <li>Thorough implementation of low cost operations globally</li> </ul>
<p>Smart Energy and Green</p>	<ul style="list-style-type: none"> <li>Full-scale deployment of automotive lithium-ion battery business</li> <li>Create new business focusing on Smart Grids</li> </ul>

# 1. Network Systems Business (Sales YOY)

(Billions of Yen)

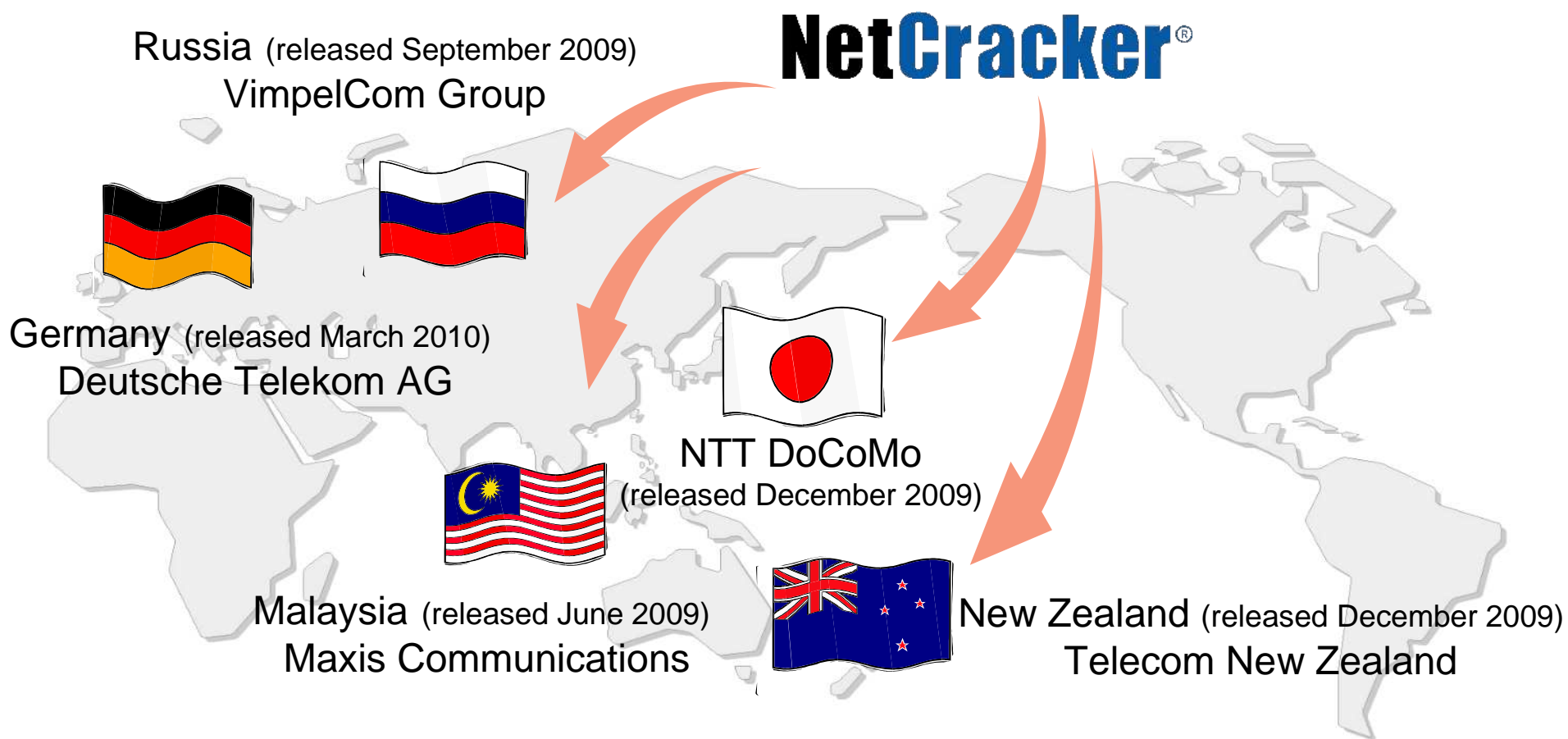


\* Forecast as of May 12, 2010



# Expand Platform Implementation for Telecom Carriers

Won operations support systems for carriers from major domestic and overseas carriers



# NEC's PASOLINK Secures Top Global Market Share Three Years Running

Global

Ship to leading telecom carriers throughout 140 countries  
Cumulative Shipment of 1.44 million units (As of the end of March 2010)

- Demand increasing from the rapid growth of global mobile phone markets such as Asia, the Middle and Near East, South America and Africa.

FY2010: Maintain and improve competitiveness by launching next generation models, in addition to an overseas carrier investment recovery



Execute the C&C cloud strategy by utilizing global customer base and technical assets of “PASOLINK”

The industry's top global market share for 2009: Sky Light Research

# Expansion of Next-Generation Wireless Broadband

Next-Generation Wireless Broadband is expected to expand along with the infrastructure to create new services for carriers Business opportunity for NEC

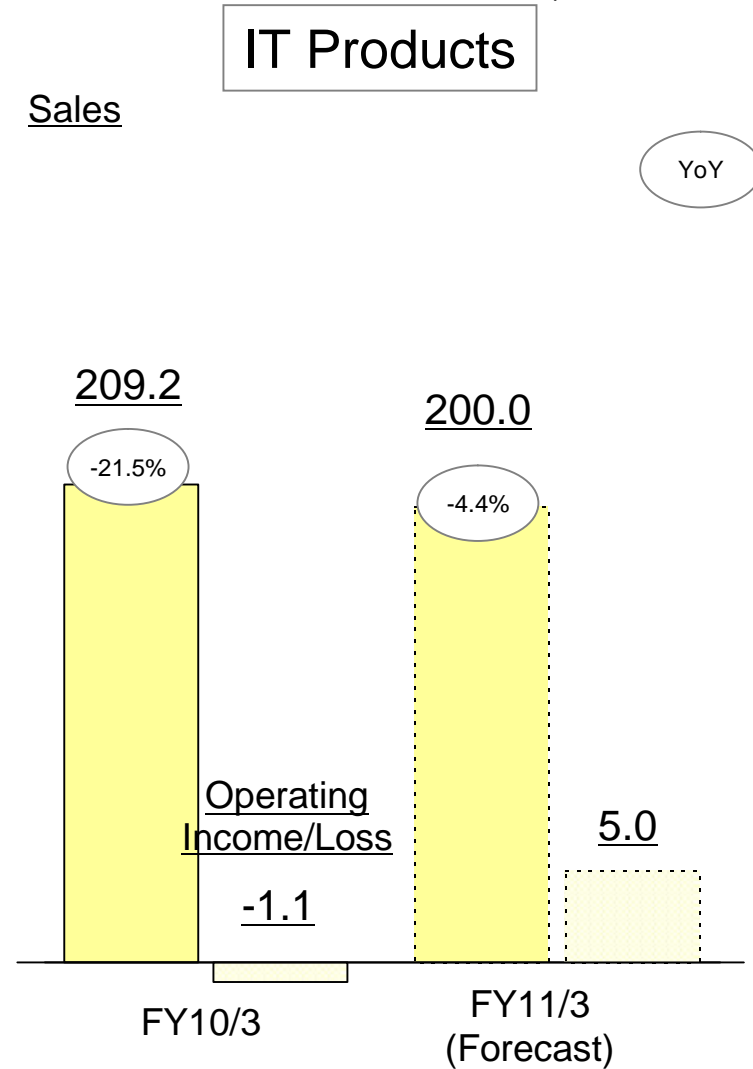
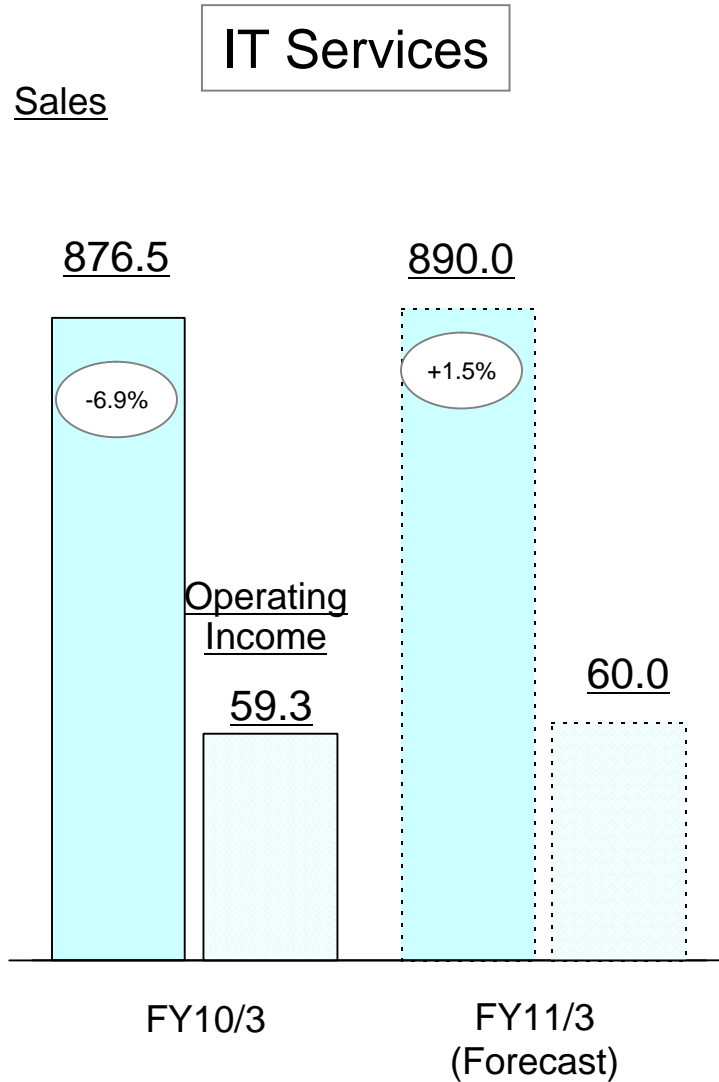
domain	Carriers/ overview	
LTE	NTT DoCoMo	NEC Selected as a vendor for NTT DOCOMO's LTE base stations, core network equipment and related switch products.
	KDDI	Selected as a vendor for KDDI's LTE base stations
	Telefonica	Selected as a vendor for trials with Europe's largest carrier, Telefonica, who develops services in more than 20 countries in Europe and Latin America. Demonstration experiments successfully carried out
	Singtel	Selected as a vendor for trials with Singtel (the largest carrier in Southeast Asia)
WiMAX	UQ Communications	WiMAX base station for UQ communications operation starts
Femtocell <small>(small cellular base station designed for use in a home or small business )</small>	SFR(France)	Deliver systems for the country's first commercial femtocell service
	Telecom Denmark	Carry out trials for Telecom Denmark
	Network Norway	NEC begins technical inspection on femtocell service with Network Norway

Overseas

Overseas

# 2. IT Services / IT Products

(Billions of Yen)



\* Forecast as of May 12, 2010

# Our measures in IT Services by industry sector

- Promote services business, global business and create new business in tandem with expansion of SI business

Sector	Business situation
Government	Focusing on Projects of Government IT budget Promote proposals to create new business
Public/Medical	Focusing on core system reconstruction proposals, and accommodating administrative and financial reform by offering our core solution "GPRIME" for local governments
Finance	Promote service proposals such as system integration that contribute to cost reductions. Strengthen sales of the next-generation store-terminal 'NAVUTE'
Telecom/Media	Strengthen new business including cloud services for global carriers and digital signage
Manufacturing	Strengthen proposals for "Cloud-oriented service platform solutions" as reflected in the reform of NEC's IT system
Retail/Service	Strengthen new service proposals in the EC, CRM areas and global business with POS sales

# Cloud Services Activities / Customers

## Cloud services for municipal governments

- Commercialized 'GPRIME for SaaS' that offers core IT systems by SaaS for municipal governments
  - Business negotiations with 40 municipal governments and putting know-how of the Okitama-area of Yamagata prefecture to practical use

## Cloud services for core systems

- Accepted a cloud service order for a core system from "EXEDY Corporation," a major automotive parts company
  - Offered cloud oriented accounting services that capitalize on the experience of implementing NEC's core systems
  - Realized system linkage with the production management system NEC implemented
- Accepted orders for consulting on cloud oriented accounting services from 2 major manufacturing companies
- Approximately 10 companies are considering the adoption of cloud services for core systems
- Began offering SaaS-type ERP services, "Explanner for SaaS," from last December and already accepted orders from a major hotel and food manufacturing company

# Fingerprint Identification System Competence Center

Established an “NEC Biometrics Excellence Center” in Bangalore, India

support other regions as well as APAC

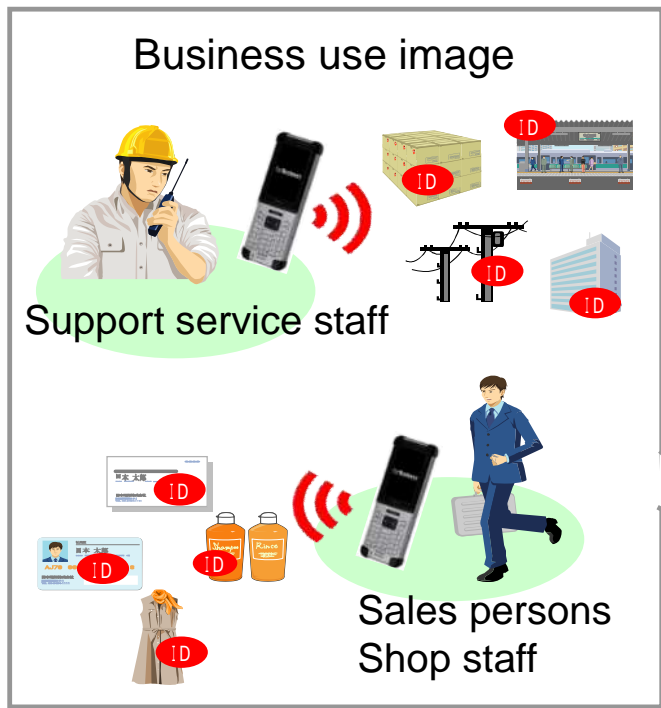


## Business development in Latin America

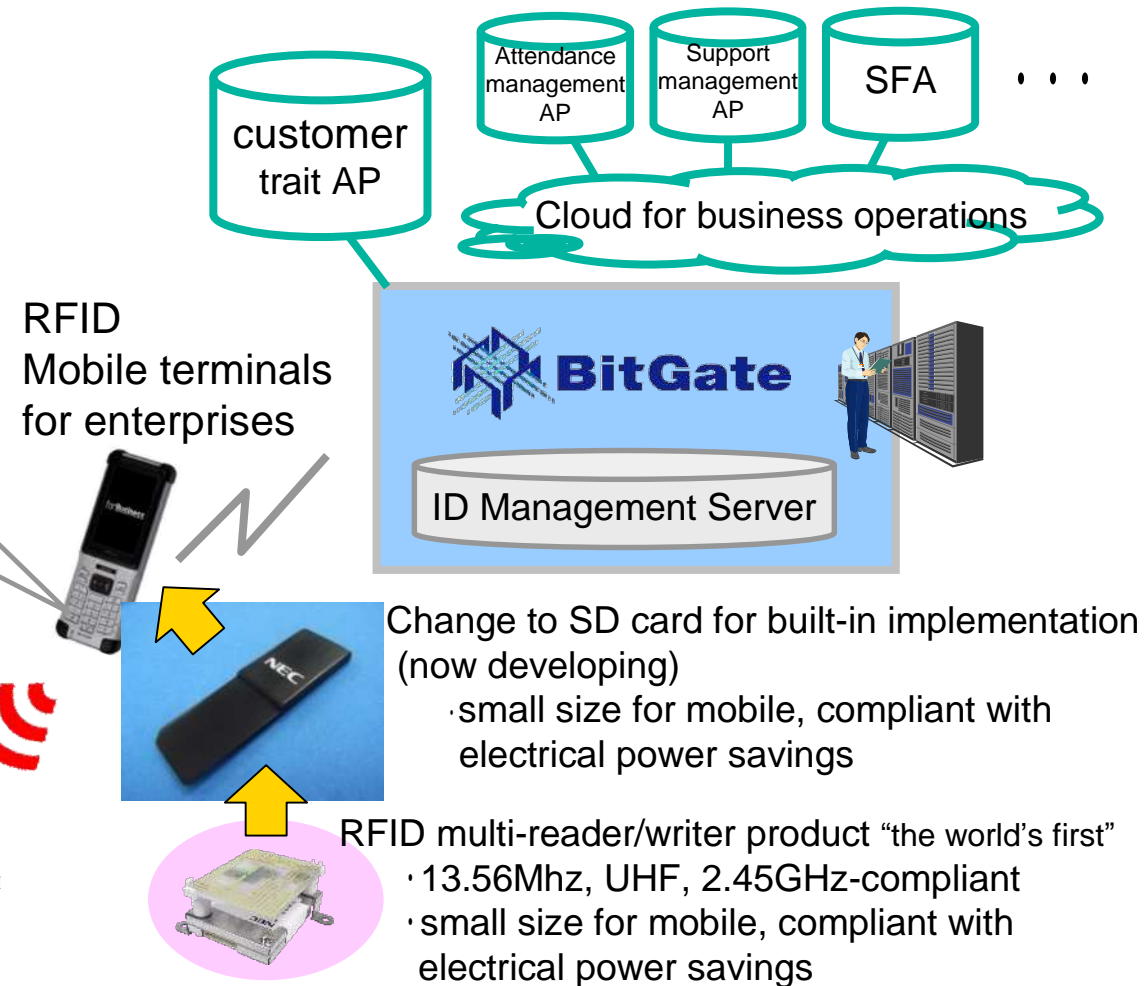
- NEC Argentina expands fingerprint identification solutions in Latin America as the competence center.
- Already delivered the systems for citizen ID system and police etc in 10 countries in Latin America.
- Delivered 7 fingerprint identification systems in FY2009.
  - e.g.) system to avoid double registration of voters for presidential elections in Bolivia
  - system for corrections facilities in Colombia
- Currently being implementing the systems for citizen ID management in Brasilia state

# Commercialization of Mobile Cloud Services

- Planned commercialization in FY2010, joint development with KDDI
- Provide a variety of mobile phone applications for RFID businesses that are used with the swipe of a hand



Possible to read and write major RFID tags (IC card: only ID parts)





### 3. Expand Mobile Terminal Business

#### Plan to Integrate NEC CASIO Mobile Communications and Casio Hitachi Mobile Communications in June 2010

- The corporate spin-off between NEC and NEC CASIO Mobile Communications took place on May 1, 2010.

#### Shipment volume plan: 7.5M (worldwide)

- Domestic: Continuously strengthen business operations and aim for No.1 market share in FY2012
- Overseas: Gradual launch of new business



\* Forecast as of May 12, 2010

## 4. Establish a Smart Energy and Green Business formation

Established a “Smart Energy and Green Business Operations Unit” under direct corporate control to promote Smart Energy and Green business

- Established “Smart Energy and Green Business Development Division” and “Smart Energy Products Division” under the “Smart Energy and Green Business Operations Unit”



- Promote the electrode component business for the expected growth of the automotive lithium-ion battery market
- Create new business such as the battery business for non-automotive use or smart grid business based on storage battery technology

Established NEC Energy Devices, Ltd. on April 1, 2010

- Started the installation and test manufacture of production equipment in NEC Sagamihara Plant  
Launched smoothly in terms of both of quality and yield ratio for the mass-production

## 5. Strengthen the Formation of Global Business

### Strengthen the formation of business in Asia Pacific

- NEC Asia became NEC Asia Pacific and oversees 15 sales companies in 9 countries(\*)
  - Established a competence center for security solutions utilizing biometric identification

### Strengthen business formation in EMEA (Europe, Middle and Near East, Africa)

- Turned NEC Philips (Enterprise NW Solutions) into a wholly-owned subsidiary under NEC Europe
  - Company name changed to “NEC Unified Solutions”  
Strengthened IT/NW business formation in the region by utilizing their customer base (5,000 companies)
- Established “European Cloud Competence Center” to promote cloud business for Telecom Carriers

### Strengthen regional sales formation of the International Sales and Operations Business Unit

- Established the “Greater China and Asia Pacific Sales Division” and the “Americas and EMEA Sales Division” to strengthen sales capabilities in each region

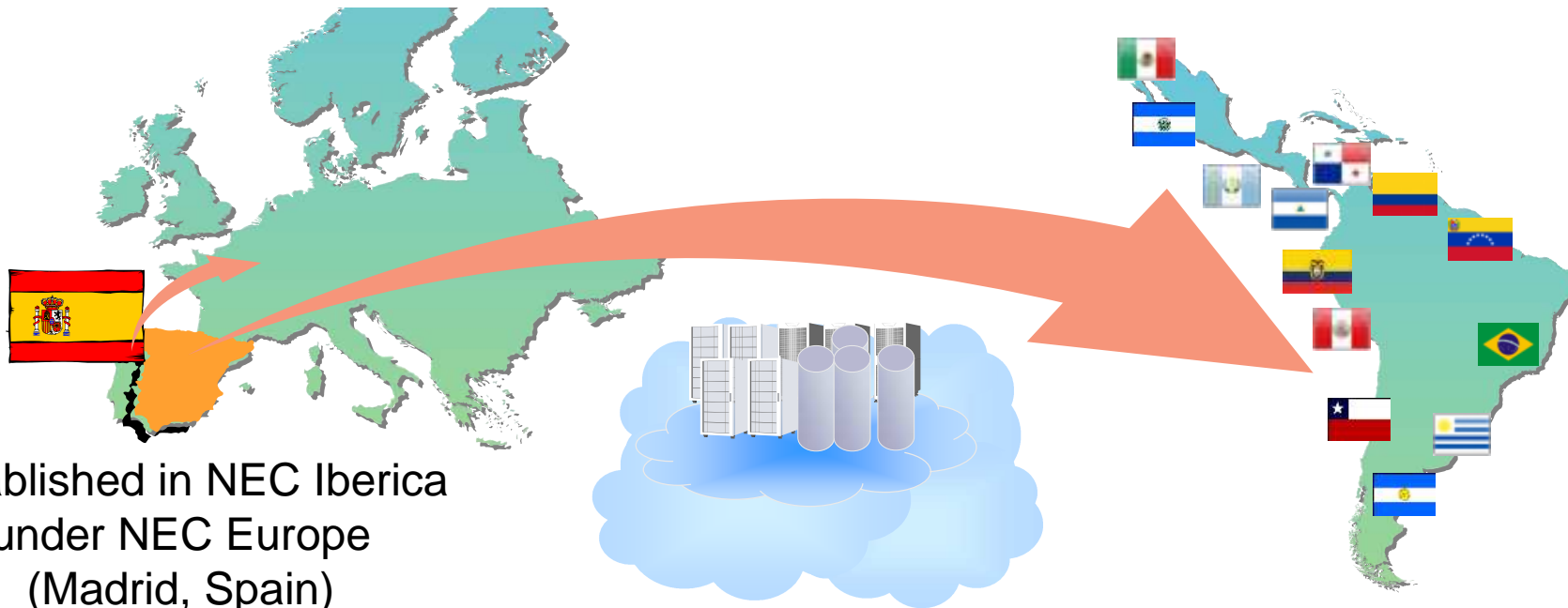
(\*) Singapore, Malaysia, Vietnam, Thailand, Indonesia, Philippines, India, Australia, New Zealand

# Cloud Solution Competence Center for Telecom Carriers

Established “European Cloud Competence Center” in Europe to promote cloud business for Telecom Carriers

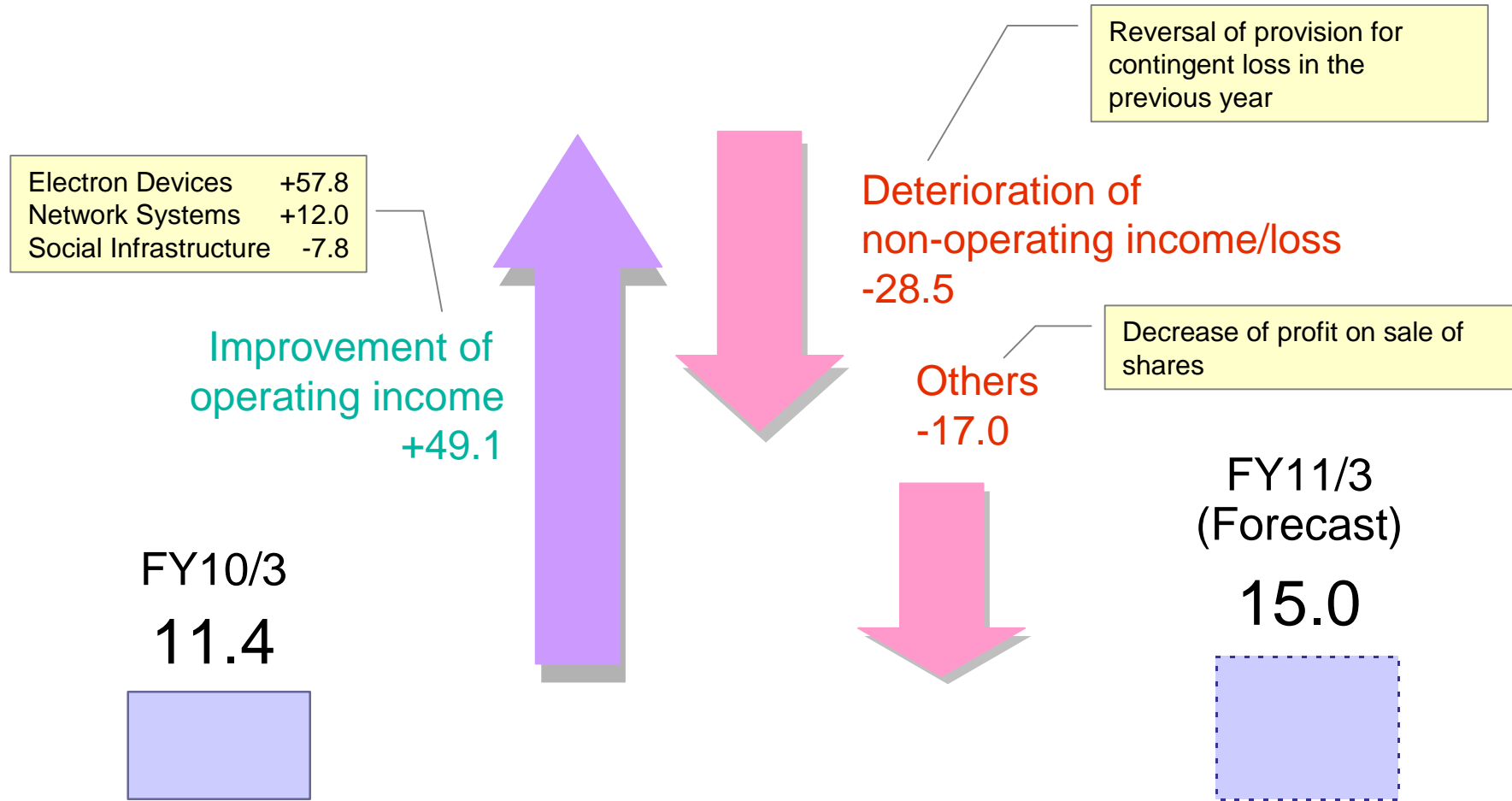
- Utilize the center to expand business for Telecom Carriers in Latin America and other regions in addition to Europe

- NEC selected by Telefonica Spain to provide SaaS (July 2009)
- NEC and Telefonica agreed to jointly promote cloud business in Latin America (Feb 2010)



# Net Income Change (Year on Year)

(Billions of Yen)



\* Forecast as of May 12, 2010

# Two essential efforts for business operation

Balance of two essential efforts; 1) “Outward efforts” and 2) “Inward efforts,” will enable solid business operation for a company

## “Outward efforts”

Strive to increase “top line” sales through consistent pursuit of “Global Best”

- Strengthen marketing capabilities through understanding the needs of our customers worldwide
- Gain profit through contribution to our customers in the global market

### 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

## “Inward efforts”

Challenge to improve efficiency of business operation

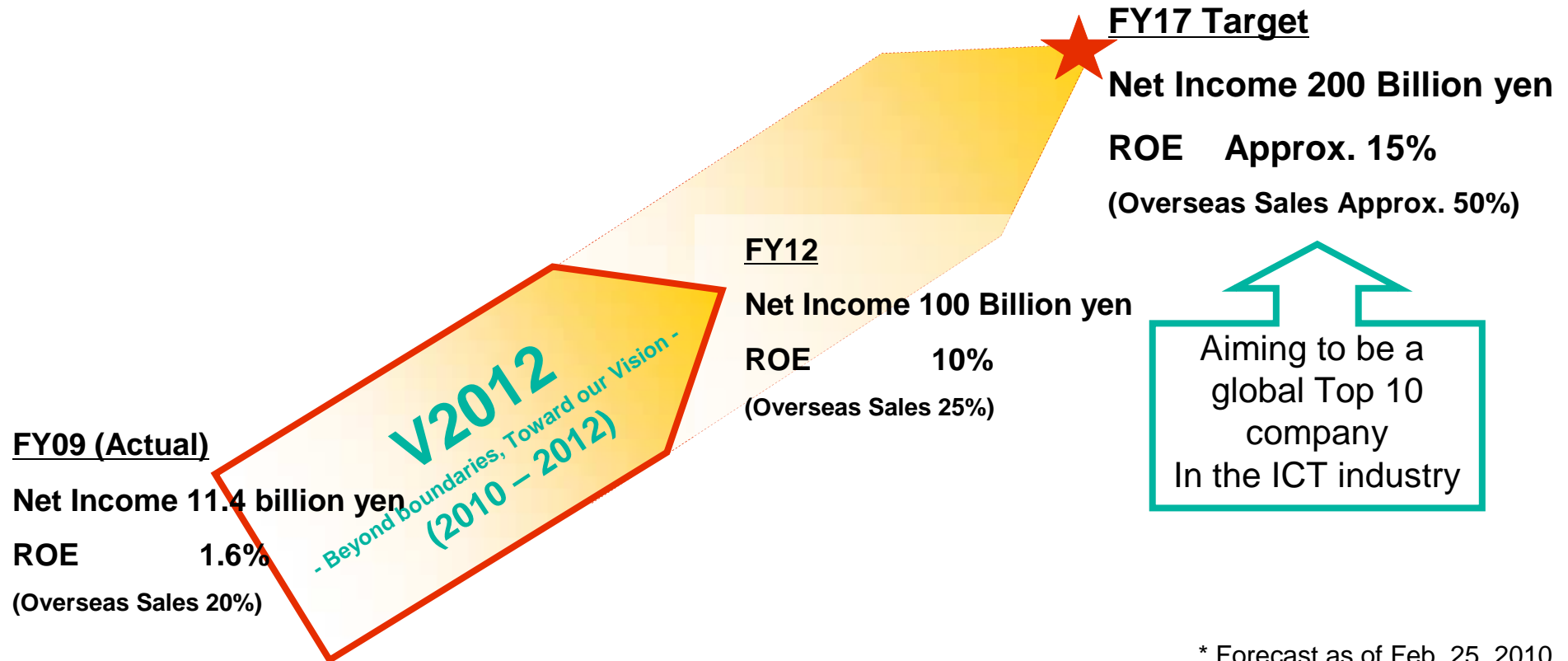
- Achieve leaner, competitive profit structure by thorough efficiency and business process reforms



# 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



\* Forecast as of Feb. 25, 2010

*“Where there is **a will**,  
there is **a way**.”*



Empowered by Innovation

**NEC**

<Ref.> Segment Change

# Segment Change Goals

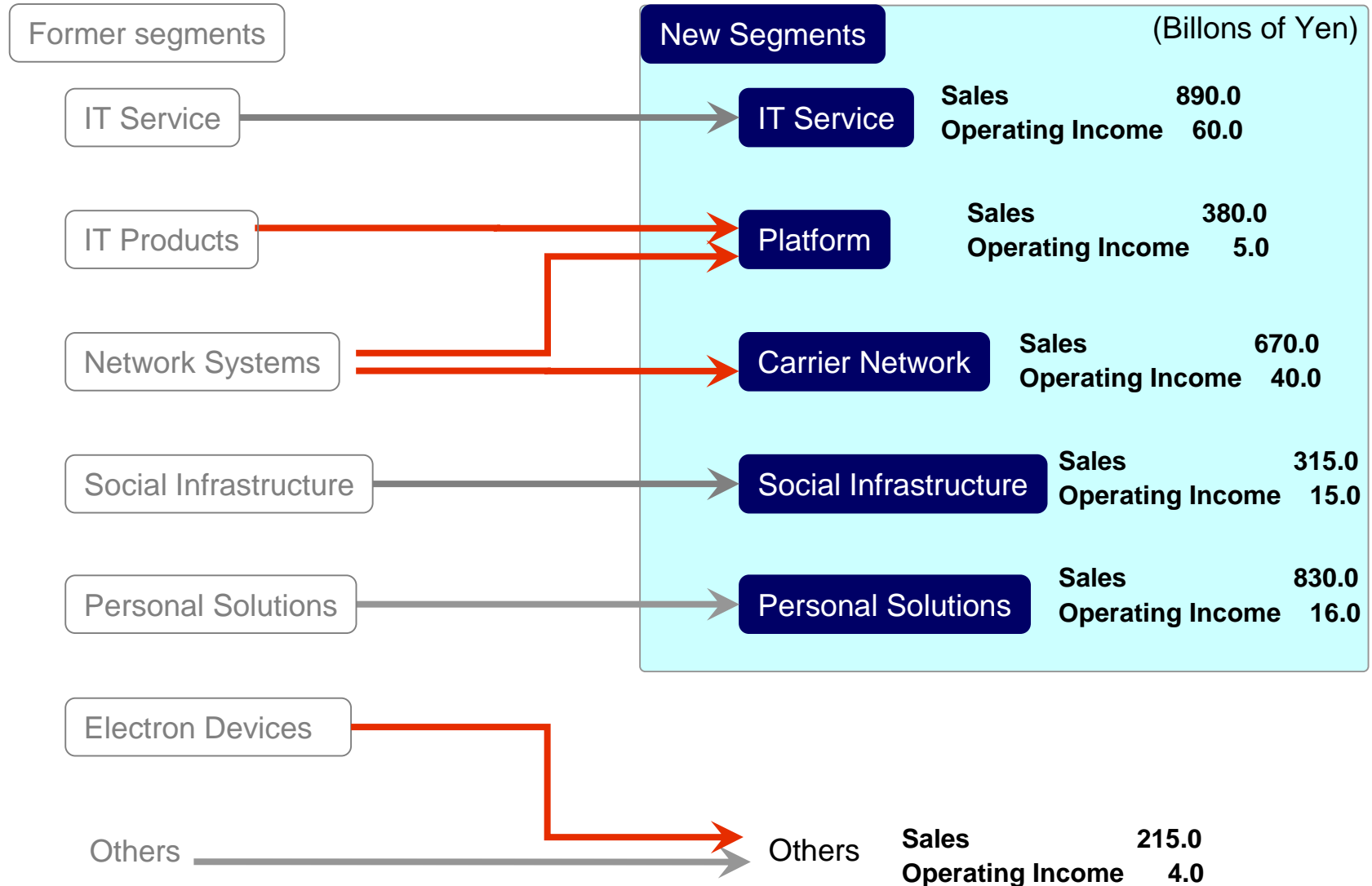
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## Compliance with the "management approach" (new accounting standards) applied from FY2010

### Partial segment reorganization

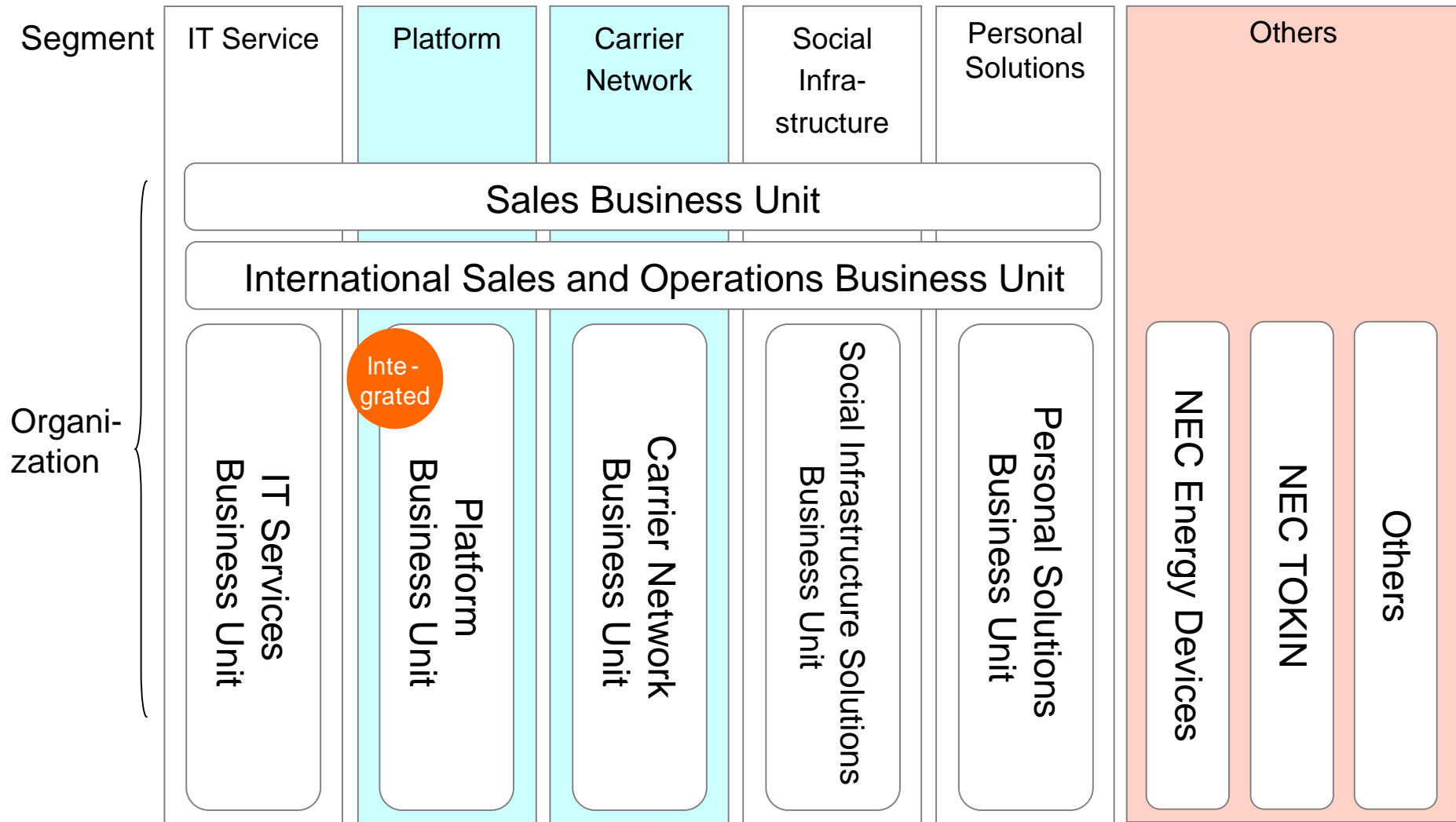
- The “IT product” segment became the “Platform” segment along with the Platform Business Unit being formed by merging the IT Platform Business Unit and Enterprise Communications Solutions Operations Unit.
- After the deconsolidation of the semiconductor business, “Electron Devices” becomes less than 10% of consolidated sales.  
NEC abolished this segment and non-semiconductor business added up into “Others.”

# <Ref.> New and Former Segments



\* Forecast as of May 12, 2010

# <Ref.> New Segments and Organization



# <Ref.> Overview and Aims of Organizational Reform

## Expansion of the IT and Network solutions business

### -Establishment of a Platform Business Unit-

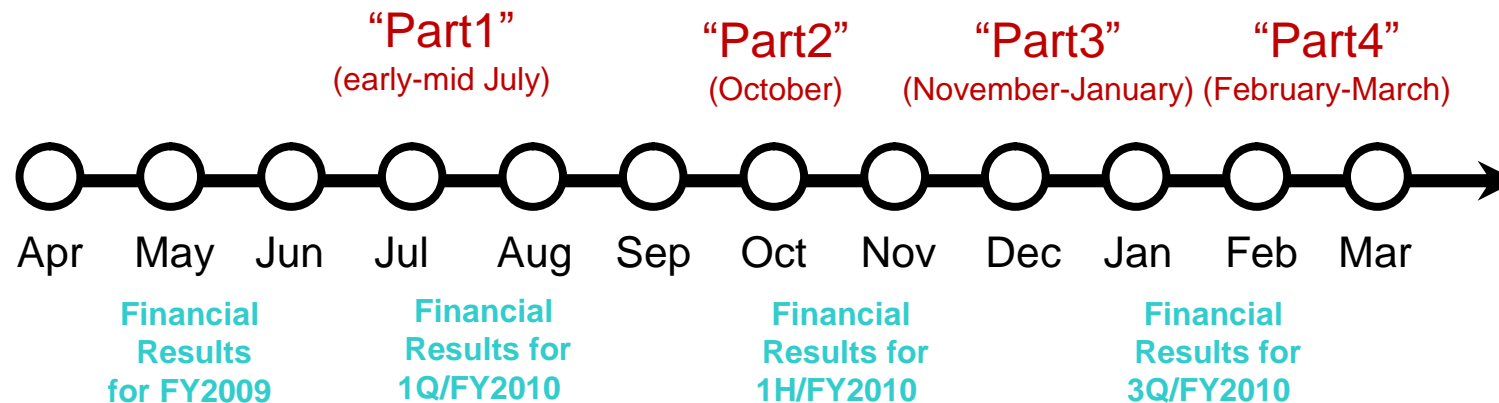
- In order to expand the business related to "C&C Cloud Strategy," the Platform Business Unit was formed by merging the IT Platform Business Unit and Enterprise Communications Solutions Operations Unit.
- By merging the IT platform business and enterprise communications business, cloud computing infrastructure is combined into a single business unit and NEC can efficiently provide globally competitive products and software that integrate IT and networks.
- Furthermore, NEC focuses the development of an integrated IT and network platform, integrated IT and network operations management / monitoring systems along with Carrier Network Business Unit

\* announced on Feb 25, 2010

# Plans for hosting “Business Update meetings”

- In FY2010 as the first year of V2012, we plan to hold quarterly business update meetings (“NEC IR Day”) hosted by the Business Unit heads
- This aims to periodically provide information of “global business” “cloud business” and “new business” as the NEC Group

## FY2010 NEC Business update meetings (NEC IR Day)



\*Note: we will report and update the progress of “V2012” in the announcement of 1st half /full year financial statements

# Financial Results for FY2009 (appendix)



# Summary of Financial Results for 4Q and Full Year

(Billions of Yen)

	4Q(January to March)			Full Year			Difference from Jan 28
	FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Actual	YoY	
Net Sales	1,139.5	1,104.1	-3.1%	4,215.6	3,583.1	-15.0%	-76.9
Operating Income/Loss % to Net Sales	5.2 0.5%	96.1 8.7%	91.0	-6.2 -	50.9 1.4%	57.1	-9.1
Ordinary Income/Loss % to Net Sales	-50.4 -	105.7 9.6%	156.1	-93.2 -	49.4 1.4%	142.6	9.4
Net Income/Loss % to Net Sales	-167.6 -	64.6 5.9%	232.3	-296.6 -	11.4 0.3%	308.1	1.4
Net Income/Loss per share(Yen)				-146.64	5.04	151.68	0.58
Free Cash Flow	52.0	168.5	116.5	-145.8	93.6	239.4	93.6

(Ref): Average exchange rate for 4Q of FY10/3 1\$= ¥90.38, 1€= ¥128.29

Average exchange rate for FY10/3 1\$= ¥93.47, 1€= ¥131.53

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

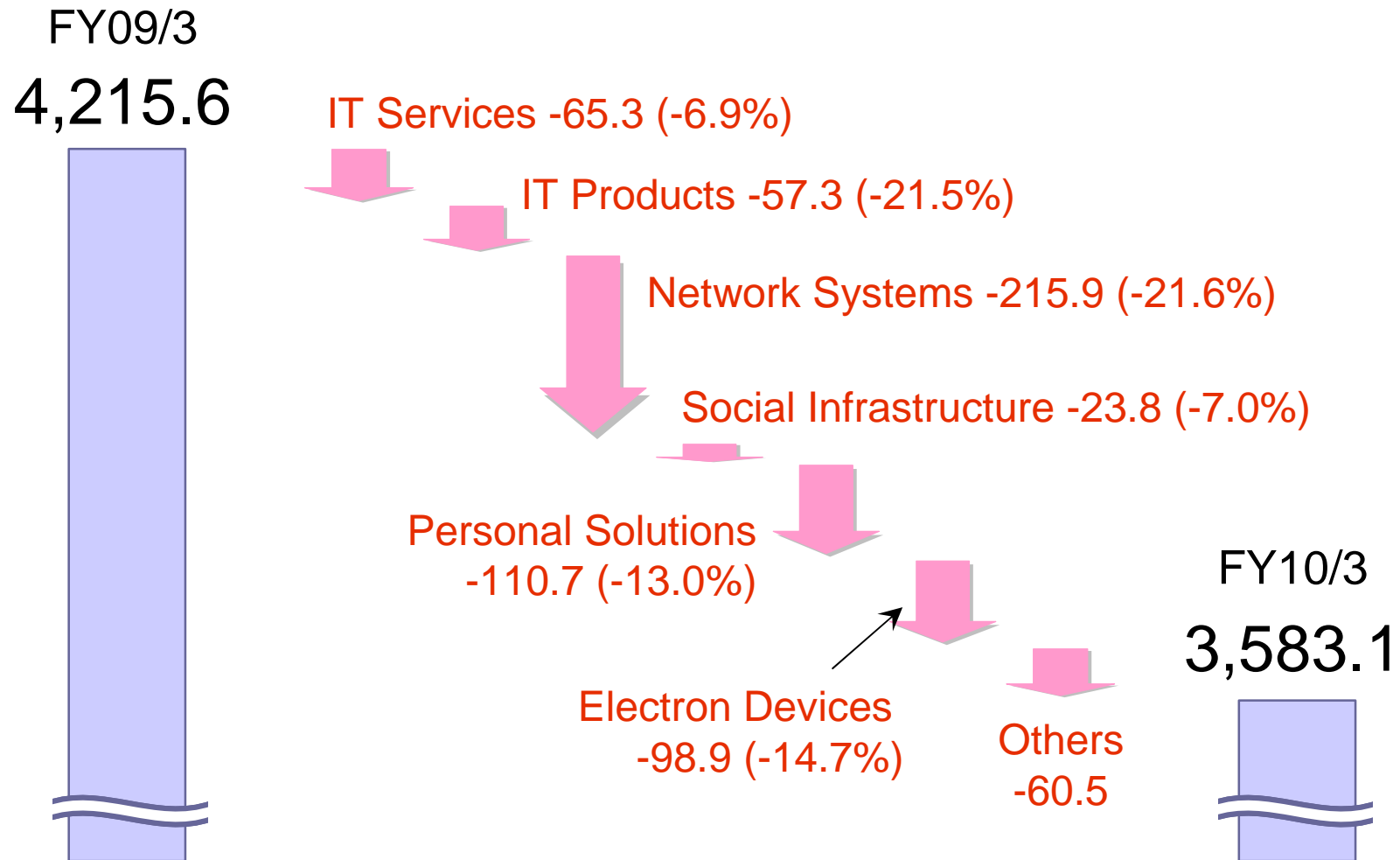
# Results by Segment for 4Q and Full Year

(Billions of Yen)

		4Q(January to March)			Full Year			Difference from Jan 28
		FY09/3 Actual	FY10/3 Actual	YoY	FY09/3 Actual	FY10/3 Actual	YoY	
IT Services	Net Sales	328.8	304.1	-7.5%	941.8	876.5	-6.9%	-14.5
	Operating Income	44.2	45.2	1.0	56.0	59.3	3.3	3.3
	To Net Sales(%)	13.4%	14.9%		5.9%	6.8%		
IT Products	Net Sales	75.1	70.9	-5.5%	266.5	209.2	-21.5%	-5.8
	Operating Income/Loss	8.5	9.9	1.4	21.8	-1.1	-22.9	-6.1
	To Net Sales(%)	11.4%	14.0%		8.2%	-		
Network Systems	Net Sales	287.3	224.1	-22.0%	1,001.8	785.9	-21.6%	-64.1
	Operating Income	20.6	19.8	-0.8	42.0	28.0	-14.0	-15.0
	To Net Sales(%)	7.2%	8.9%		4.2%	3.6%		
Social Infrastructure	Net Sales	124.7	122.2	-2.0%	340.4	316.6	-7.0%	7.6
	Operating Income	7.5	20.4	12.9	8.2	22.8	14.6	5.8
	To Net Sales(%)	6.0%	16.7%		2.4%	7.2%		
Personal Solutions	Net Sales	190.0	198.8	4.6%	848.6	737.9	-13.0%	-1.1
	Operating Income/Loss	-6.9	8.1	15.0	-13.2	19.3	32.5	4.3
	To Net Sales(%)	-	4.1%		-	2.6%		
Electron Devices	Net Sales	103.8	159.5	53.7%	671.6	572.8	-14.7%	10.8
	Operating Income/Loss	-62.6	-4.0	58.6	-87.8	-56.8	31.0	-5.8
	To Net Sales(%)	-	-		-	-		
Others	Net Sales	29.8	24.5	-17.9%	144.8	84.4	-41.7%	-9.6
	Operating Income	2.3	5.4	3.2	5.8	11.1	5.3	4.1
	To Net Sales(%)	7.6%	22.2%		4.0%	13.1%		
Elimination/Unclassifiable expenses	Operating Income/Loss	-8.4	-8.8	-0.4	-38.8	-31.5	7.3	0.5
Total	Net Sales	1,139.5	1,104.1	-3.1%	4,215.6	3,583.1	-15.0%	-76.9
	Operating Income/Loss	5.2	96.1	91.0	-6.2	50.9	57.1	-9.1
	To Net Sales(%)	0.5%	8.7%		-	1.4%		

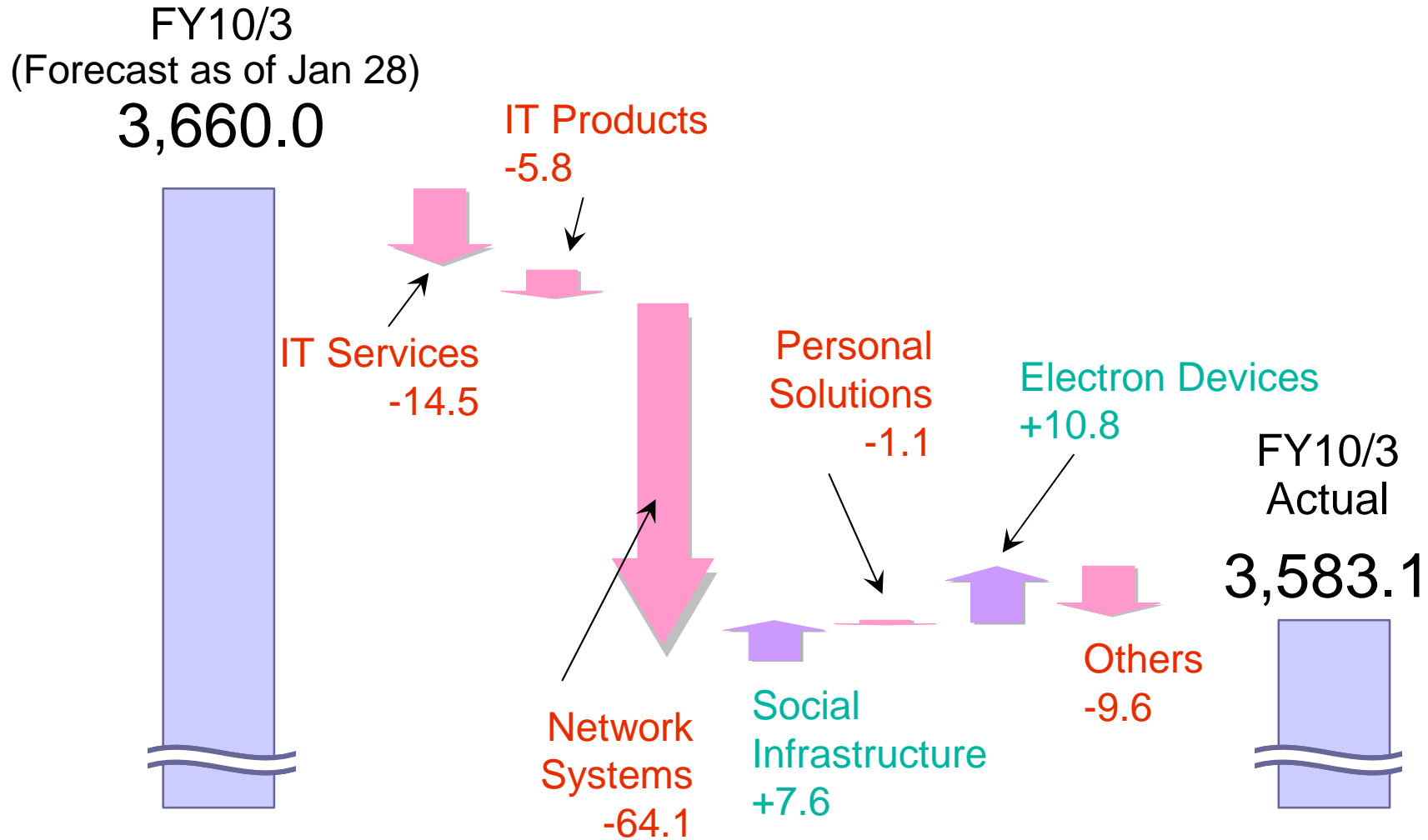
# Sales Change (Year on Year)

(Billions of Yen)



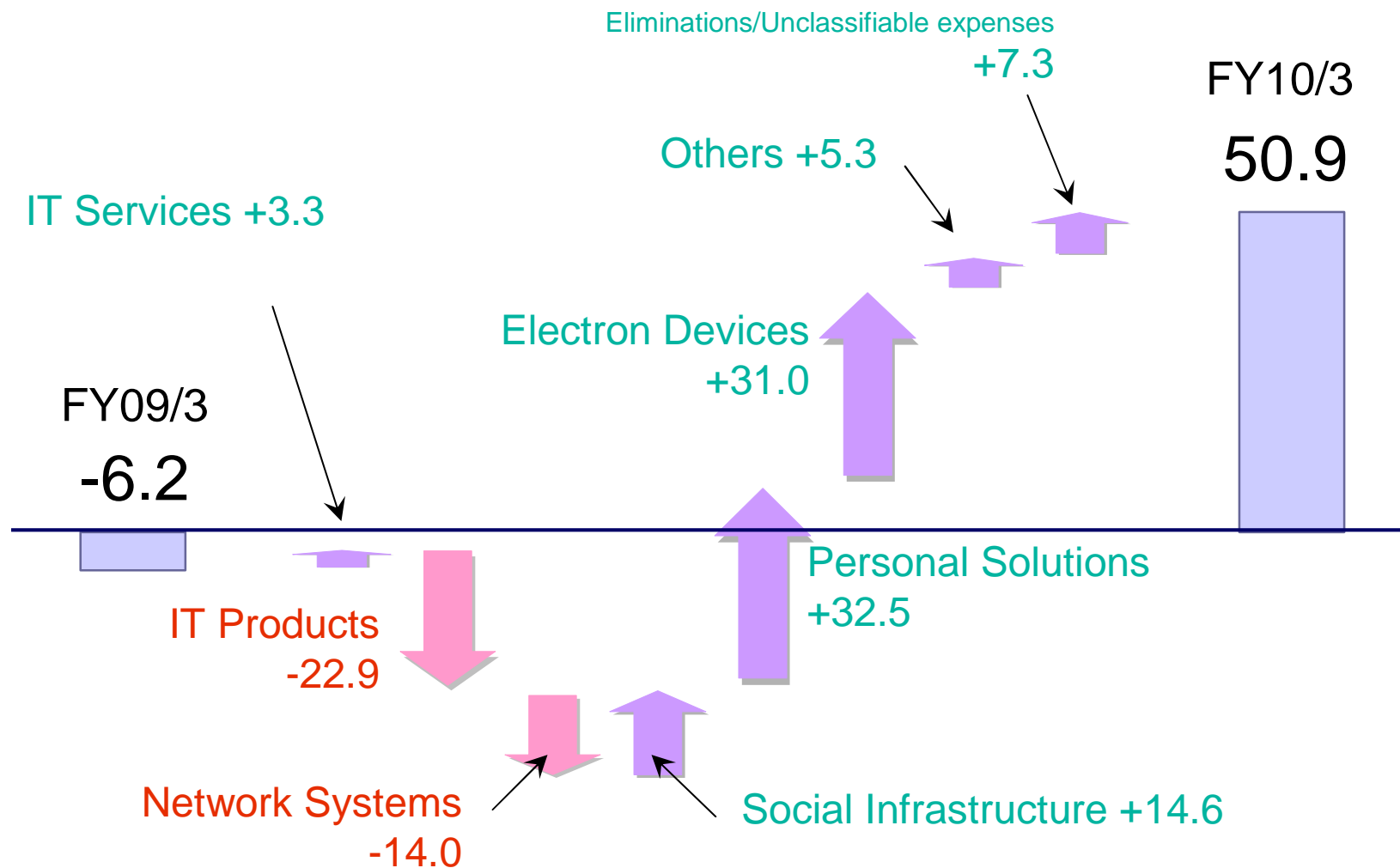
# Sales Change (From previous forecast as of Jan 28)

(Billions of Yen)



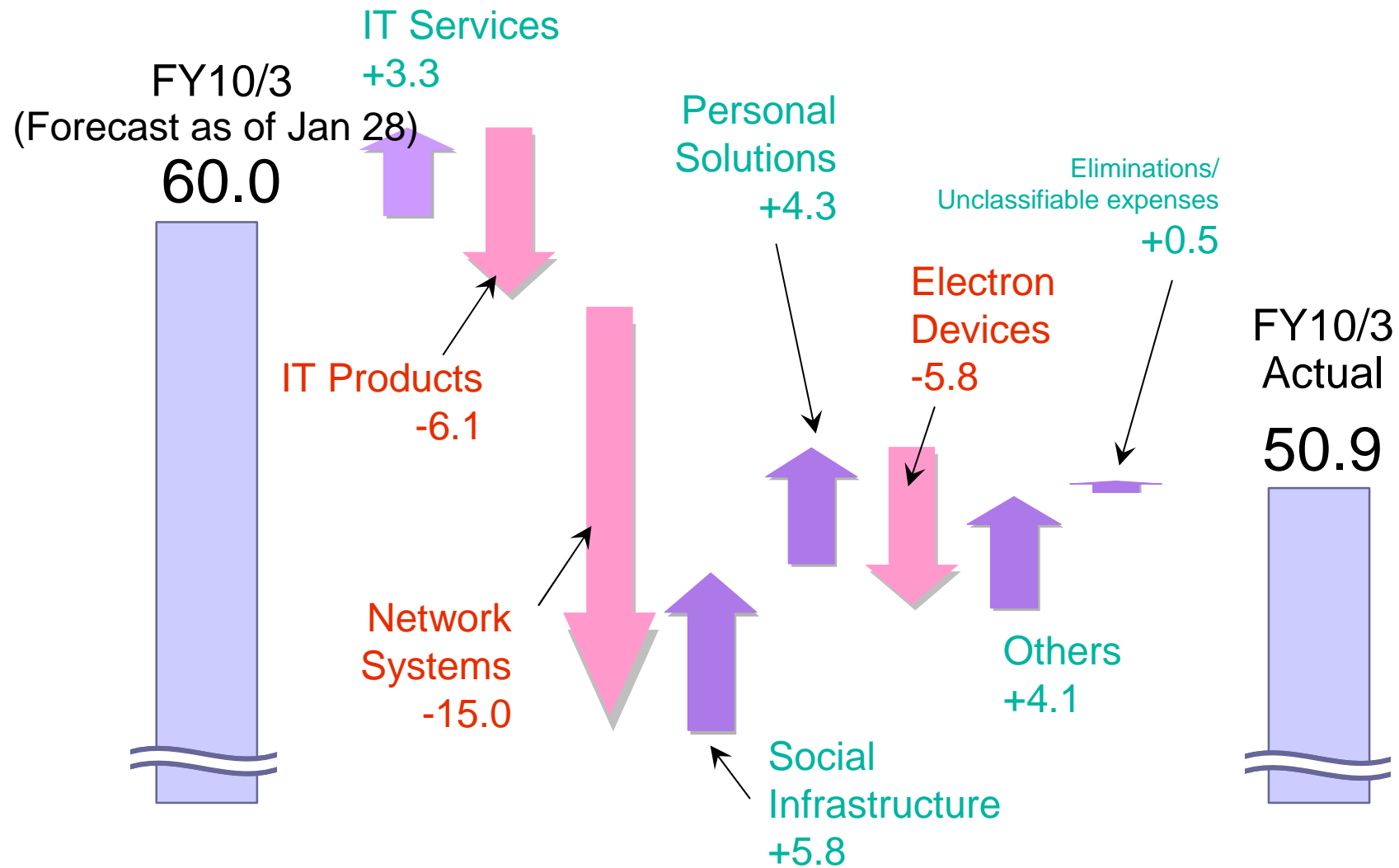
# Operating Income/Loss Change (Year on Year)

(Billions of Yen)



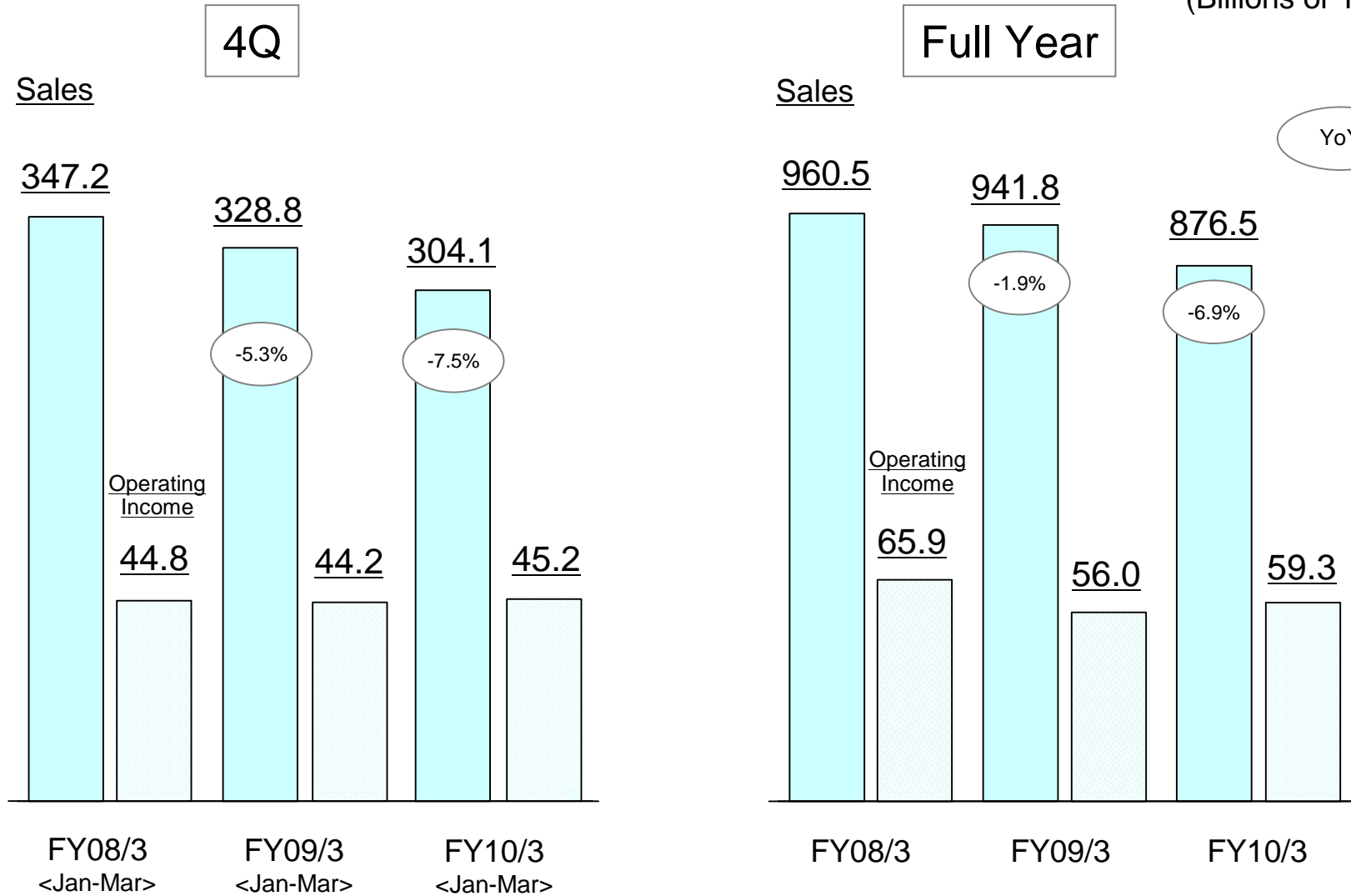
# Operating Income/Loss Change (From previous forecast as of Jan 28)

(Billions of Yen)



# IT Services Business

(Billions of Yen)



# IT Services Business

(Billions of Yen)

**Sales** 876.5 (-6.9%)

▽ SI Services:

Declined due to IT investment restraint

Stable sales in the Retail sector

▽ Outsourcing/Support services:

Declined due to severe market conditions

Stable sales of outsourcing business

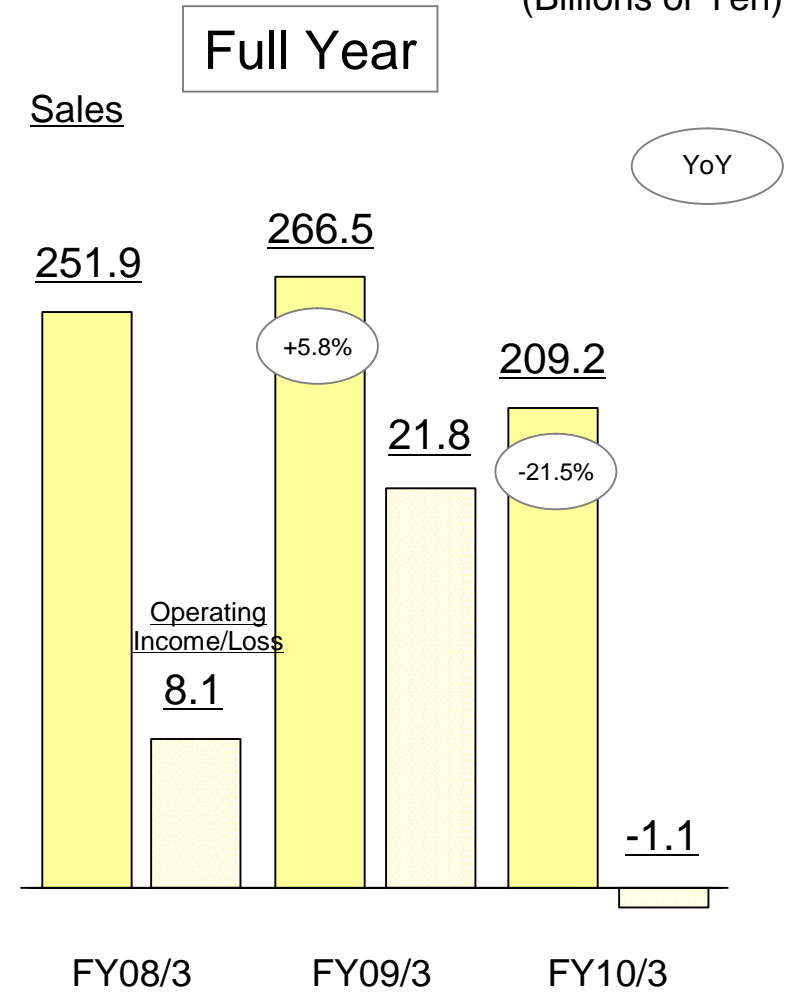
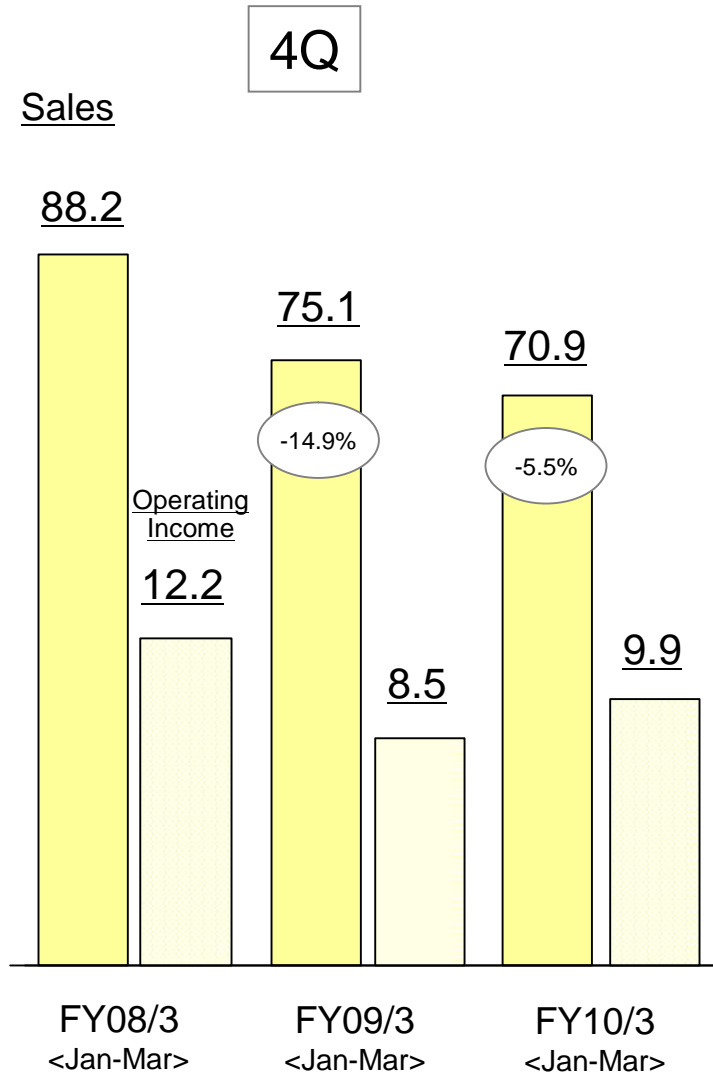
**Operating income** 59.3 (+3.3)

△ Despite a sales decrease, increased in profit due to thorough fixed cost reductions



# IT Products Business

(Billions of Yen)



(Billions of Yen)

**Sales** 209.2 (-21.5%)

▽ Software:

Declined due to IT investment restraint

▽ Servers:

Declined due to fewer large-scale projects than the previous year

Stable demand for thin-client systems in the Finance and Public sectors

▽ Others:

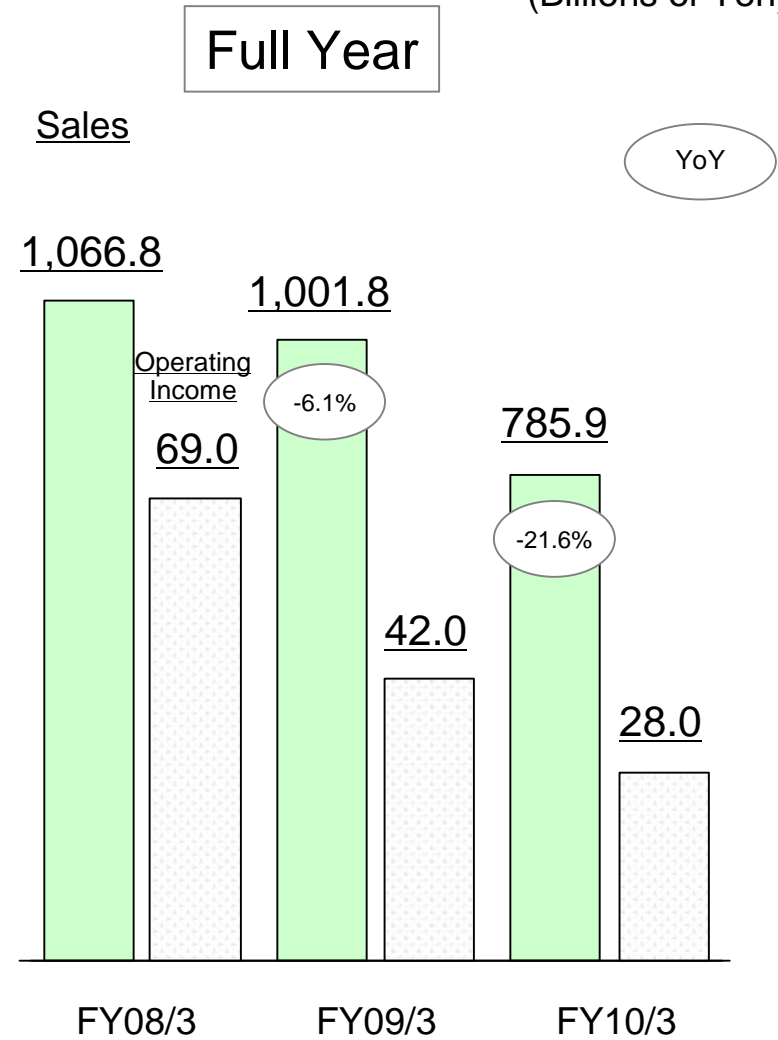
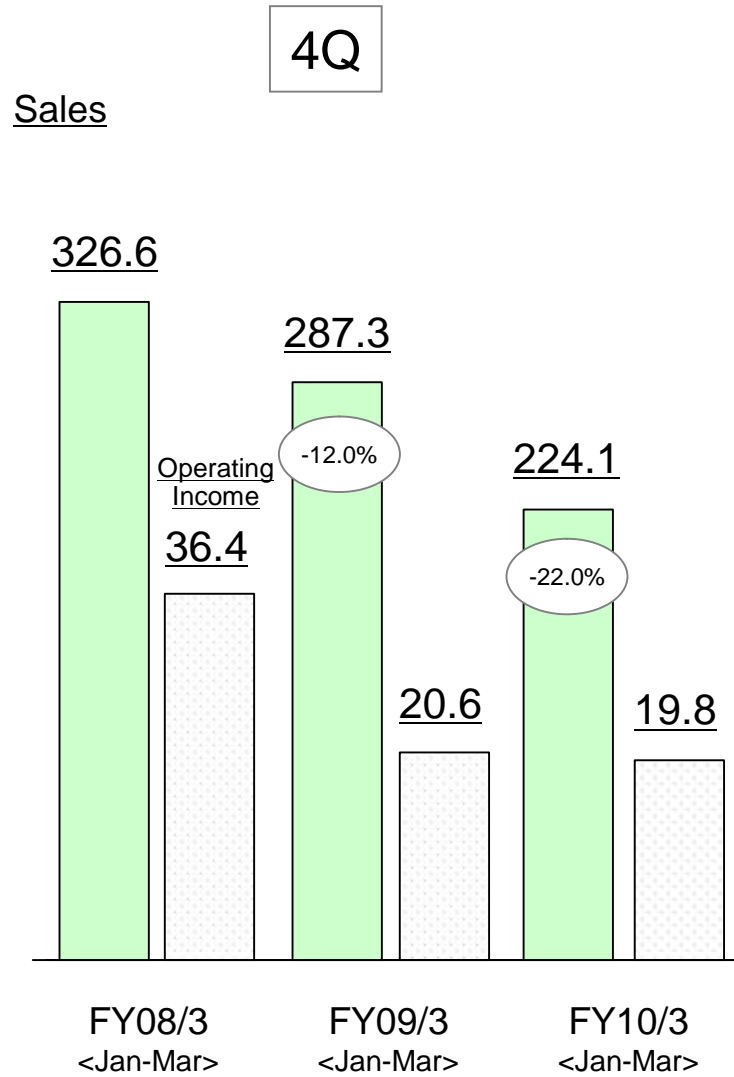
Declined due to lower demand for professional workstations from the financial industry

**Operating Loss** -1.1 (-22.9)

▽ Declined significantly due to fewer large-scale projects of mainframe than the previous year and a market trend shifting to low-priced products

# Network Systems Business

(Billions of Yen)



(Billions of Yen)

**Sales** 785.9 (-21.6%)

▽ Business for Telecom Carriers:

Reduced investment by Japanese mobile carriers

Overseas market: declined due to CAPEX cutbacks by carriers  
and the impact of the appreciating yen

▽ Enterprise Network:

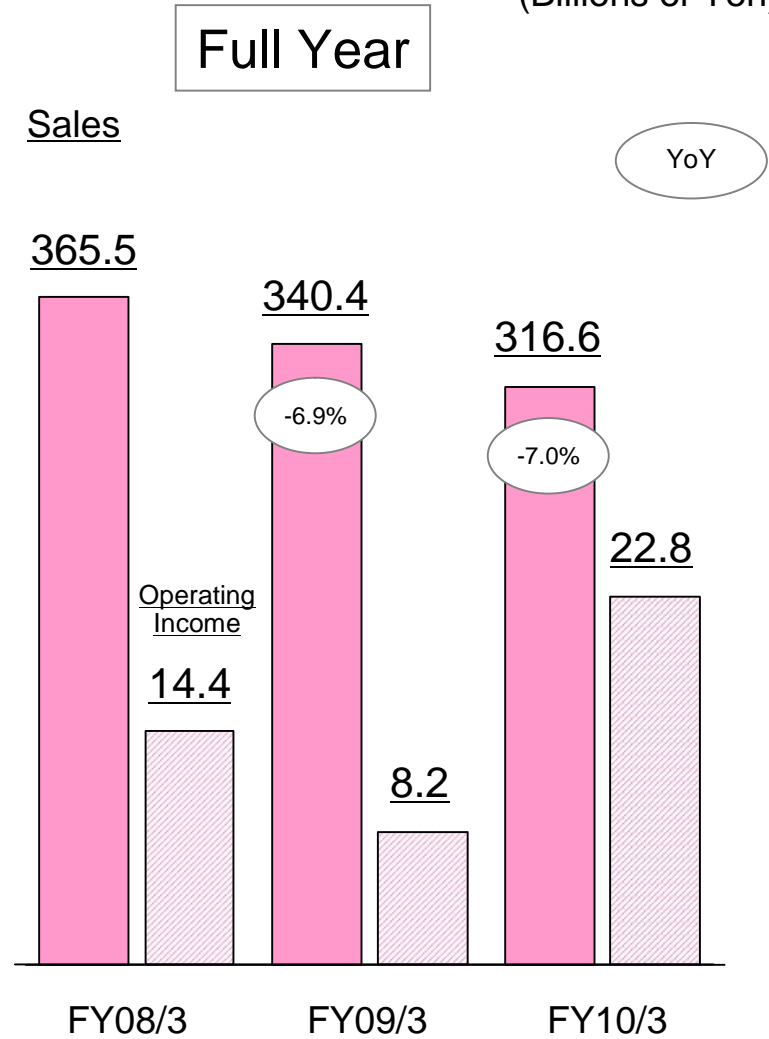
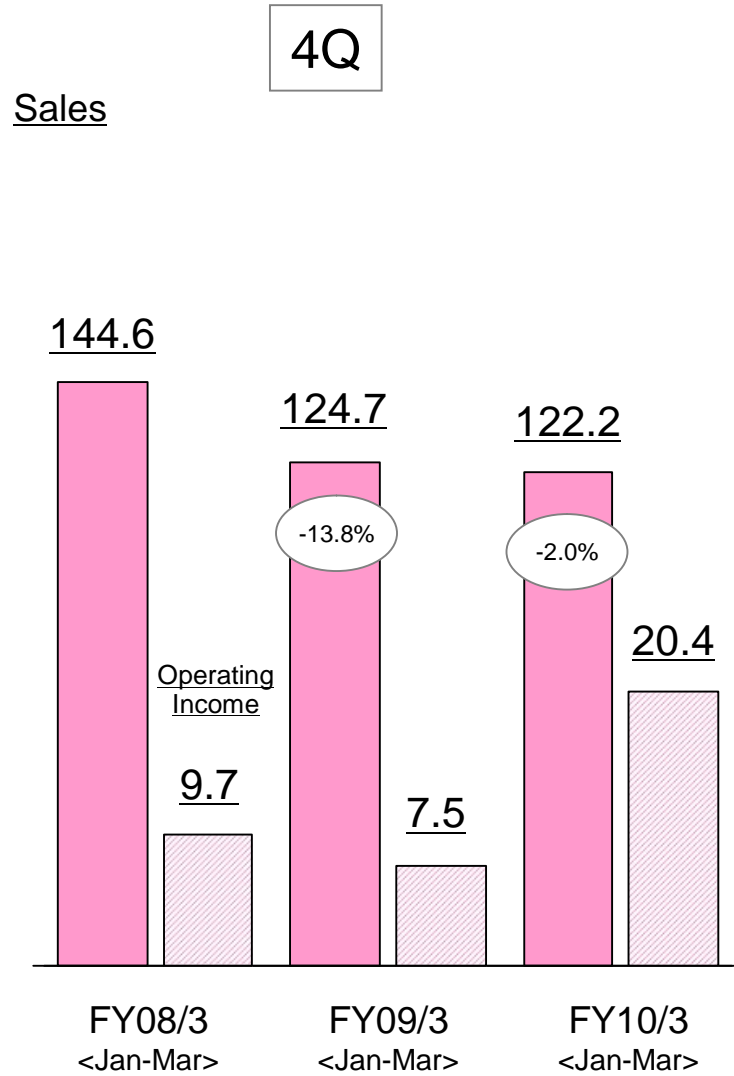
Declined both in Japan and overseas markets due to continuous CAPEX  
cutbacks

**Operating Income** 28.0 (-14.0)

▽ Declined due to sales decreases, despite fixed cost reductions

# Social Infrastructure Business

(Billions of Yen)



# Social Infrastructure Business

(Billions of Yen)

**Sales** 316.6 (-7.0%)

▽ Broadcast and Control systems / Aerospace and Defense :

Declined due to fewer large-scale projects and investment restraint related to the declining economy (the end of term plan was exceeded due to revised budget items and the steady sales of control terminals)

**Operating Income** 22.8 (+14.6)

△ Improvement due to cost and SG&A reductions through enhanced project management and fixed cost reductions



# Personal Solutions Business

(Billions of Yen)

**Sales** 737.9 (-13.0%)

▽ Mobile Terminals:

Declined due to the tough competition in shrinking markets and the launch of fewer models

▽ PC and Others:

Declined due to significant drop in the 1st half

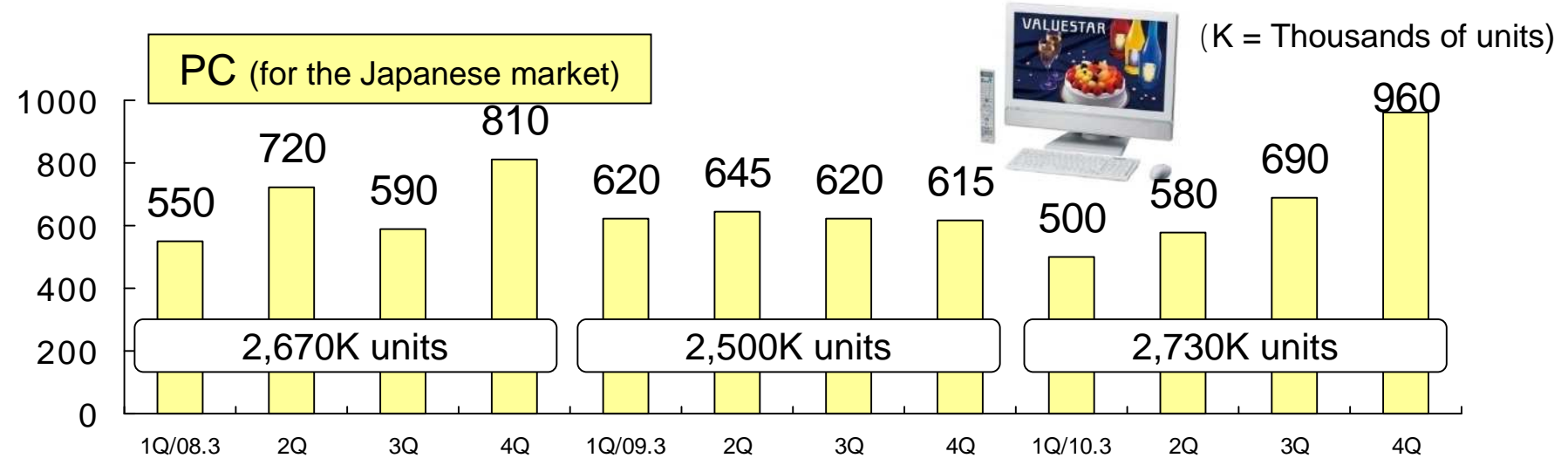
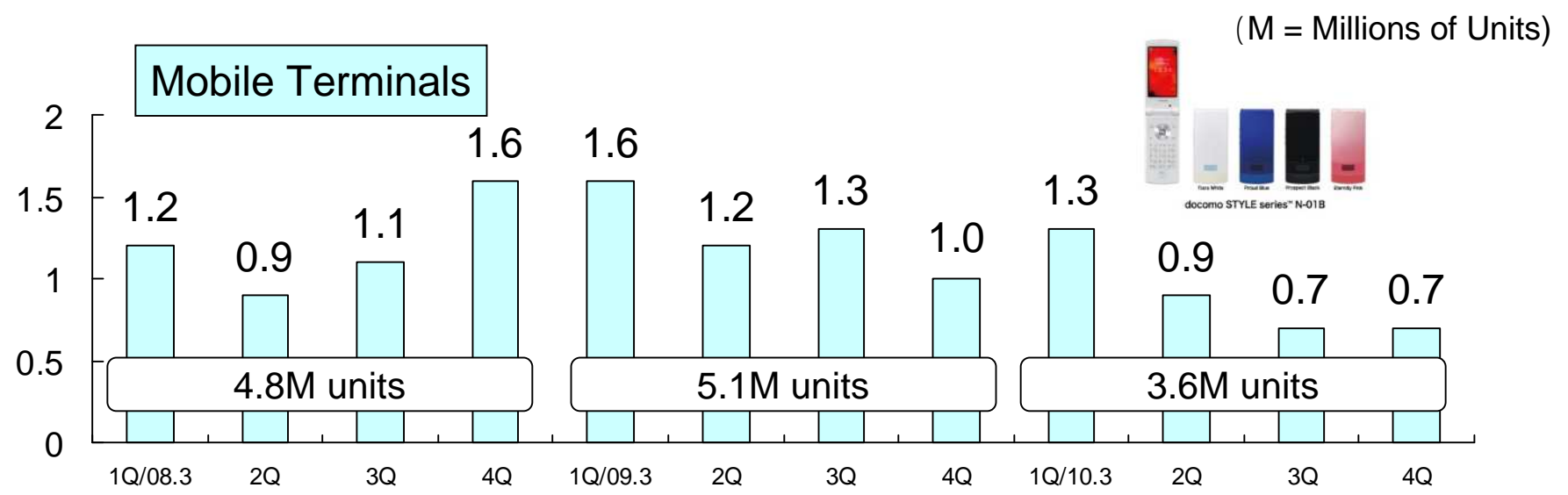
In the 2nd half, increased due to signs of upward momentum for enterprise and personal

**Operating Income** 19.3 (+32.5)

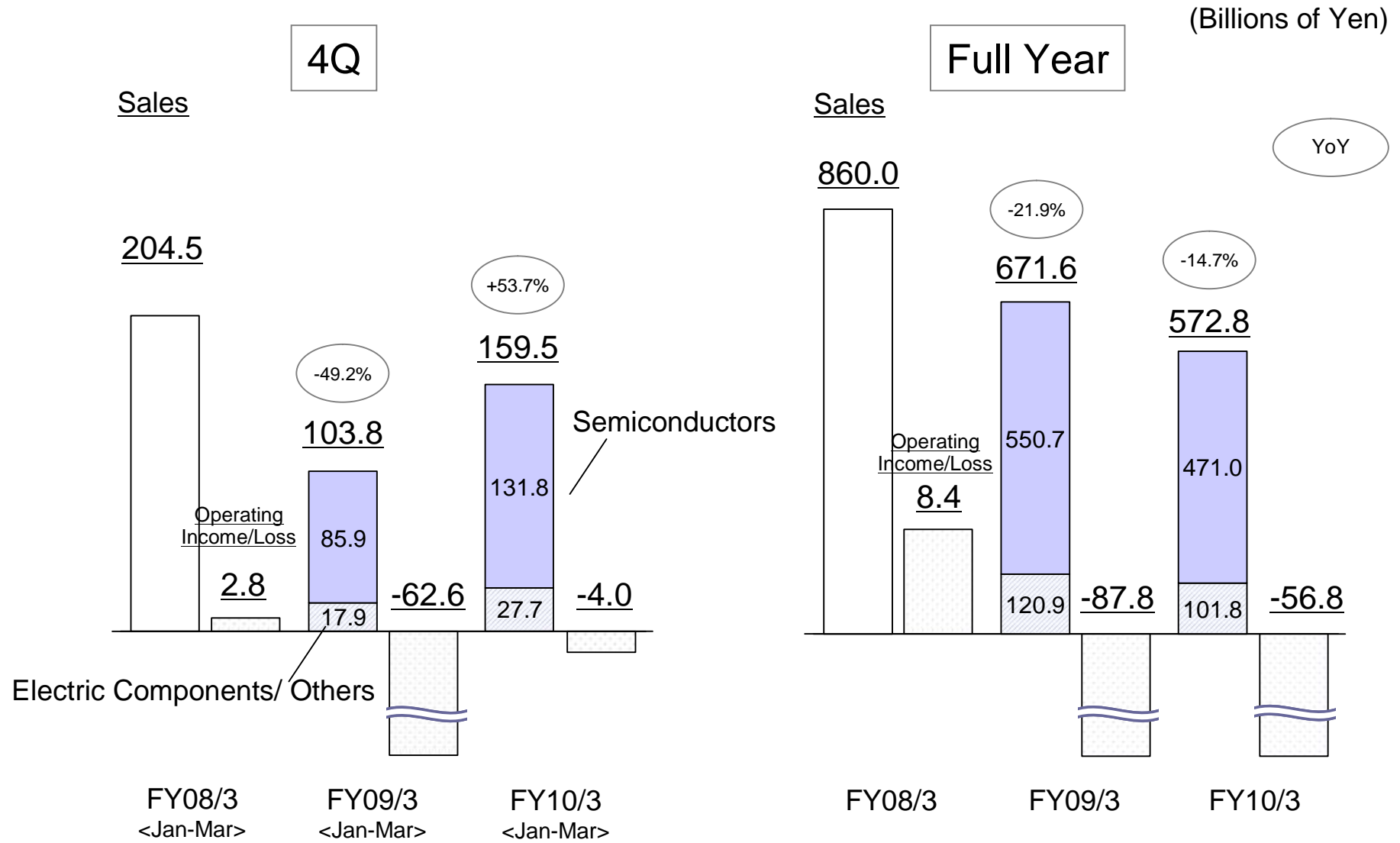
△ Mobile Terminals and PC and Others both turned to profit due to fixed cost reductions and the promotion of development efficiency



# < Mobile Terminals / PC Shipments >



# Electron Devices Business



# Electron Devices Business

(Billions of Yen)

**Sales** 572.8 (-14.7%)

▽ Semiconductors:

Declined due to decrease of SoC for consumer electronics equipments  
Increased in MCU for cars and general-purposes

▽ Electric Components/ Others:

Decreased due to customers' adjustment of inventory and production as well as CAPEX reductions  
Signs of growing demand indicated in certain areas

**Operating Loss** -56.8 (+31.0)

△ Semiconductors:

Improved through fixed cost reductions under severe market conditions

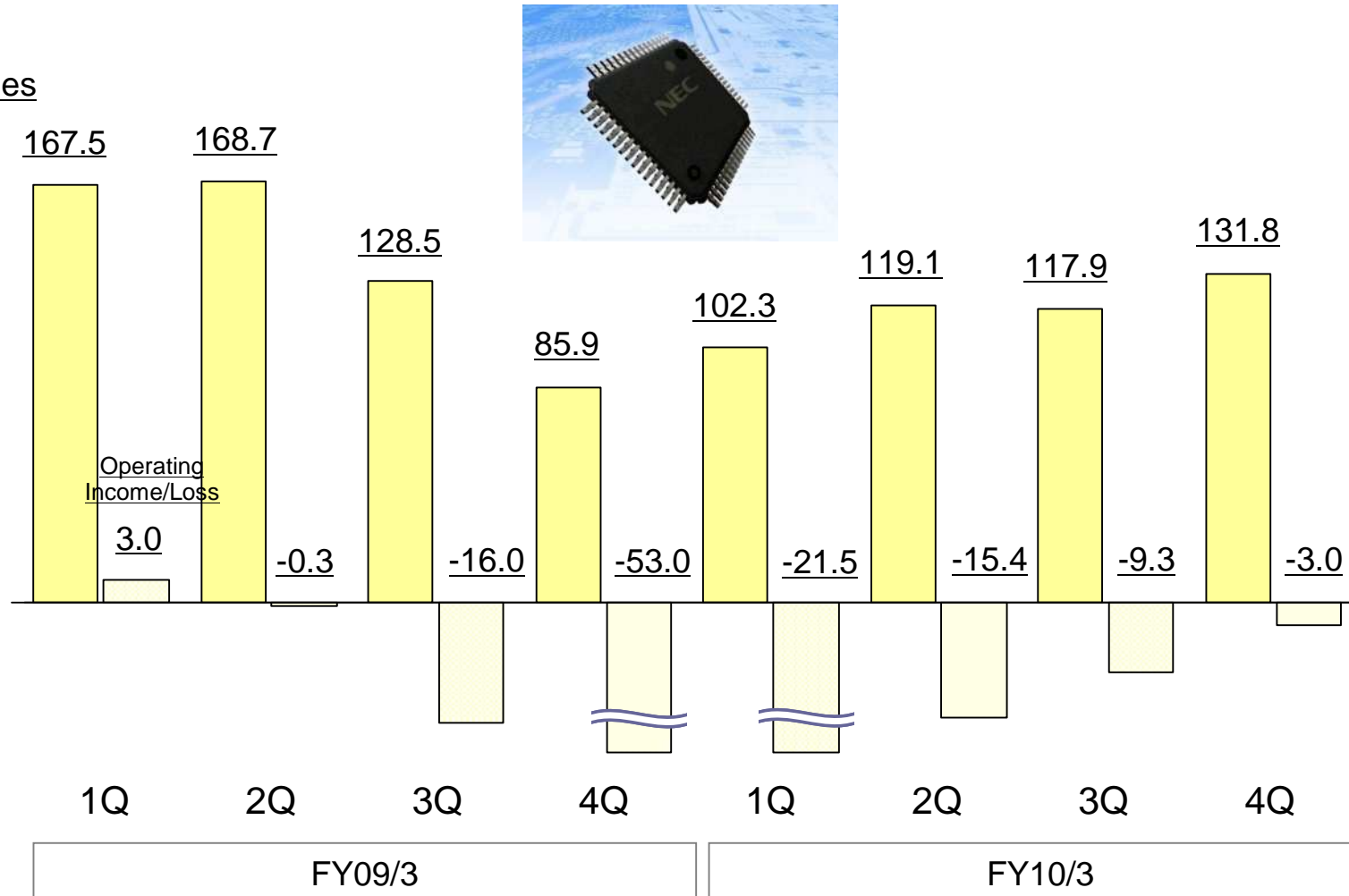
△ Electric Components/ Others:

Improved significantly through steady implementation of structure reform

# < Financial Results for NEC Electronics >

(Billions of Yen)

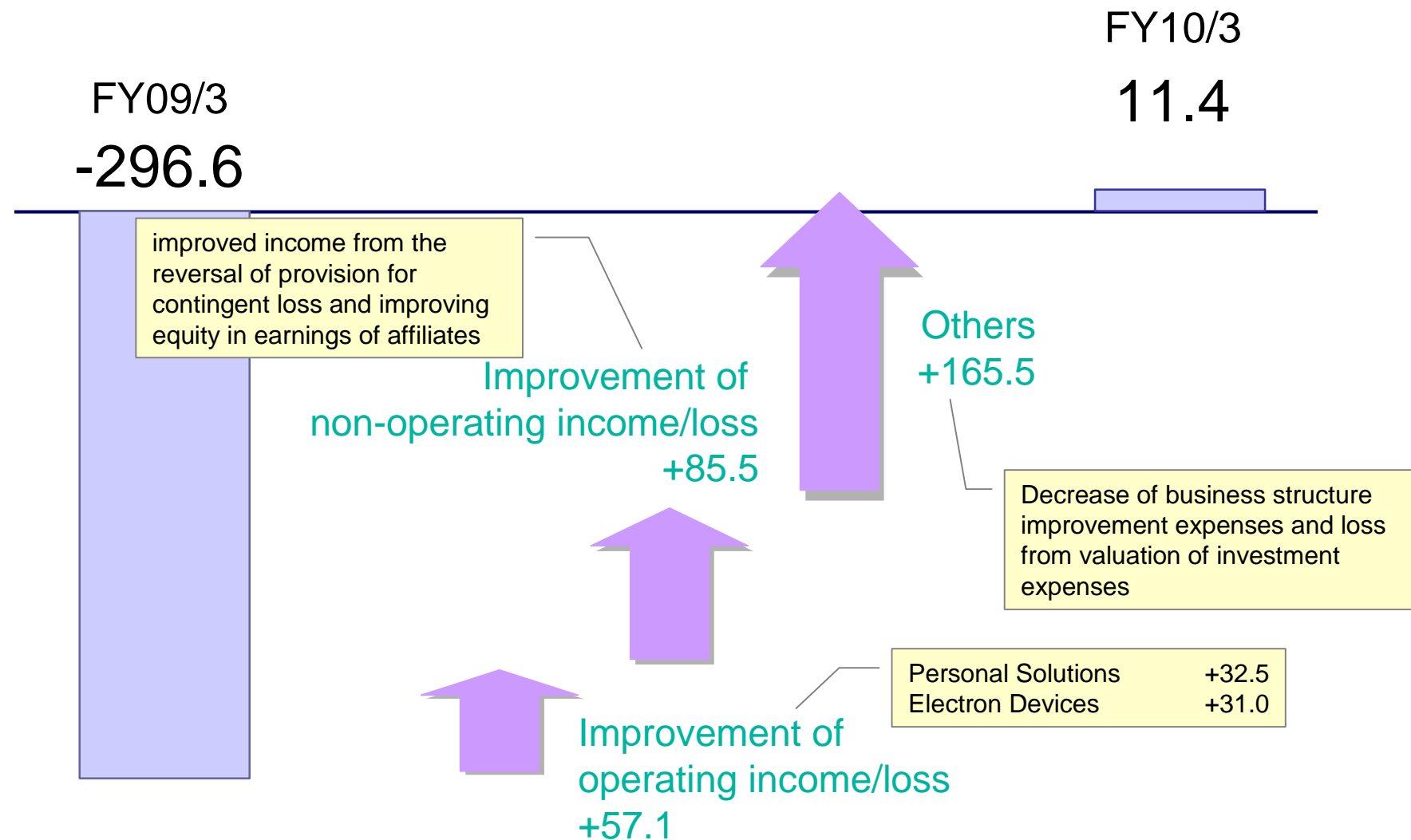
Sales



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

# Net Income/Loss Change (Year on Year)

(Billions of Yen)



# <Ref.> Financial Position Data

(Billions of Yen)

	09/3	10/3	Difference from 09/3
Total Assets	3,075.4	2,937.6	-137.7
Net Assets	785.6	931.9	146.3
Interest-bearing debt	925.2	729.5	-195.6
Shareholder's Equity	641.7	790.9	149.3
Equity ratio(%)	20.9%	26.9%	6.0pt
D/E ratio	1.44	0.92	0.52pt
Net D/E ratio	0.95	0.50	0.45pt

# <Ref.> Capital Expenditures and Others

(Billions of Yen)

	FY09/3 Actual	FY10/3 Actual	YoY	Difference from Jan 28	FY11/3 Forecast	YoY
Capial Expenditure	103.1	83.1	-19.4%	-12.9	75.0	-9.7%
Depreciations	133.6	111.2	-16.8%	3.2	75.0	-32.6%
R&D expenses	346.5	276.0	-20.3%	-4.0	200.0	-27.5%

(Billions of Yen)

	FY09/3 4Q Actual	YoY	FY10/3 4Q Actual	YoY
R&D expenses	81.4	-	68.5	-15.8%



\* Forecast as of May 12, 2010

# <Ref.> Geographical Segments Information

(Billions of Yen)

		FY09/3 Actual	FY10/3 Actual	YoY
Japan	Net Sales	3,510.2	3,022.6	-13.9%
	Operating income to Net Sales(%)	44.6 1.3%	77.2 2.6%	32.6
Asia	Net Sales	229.4	207.2	-9.7%
	Operating income to Net Sales(%)	7.1 3.1%	11.2 5.4%	4.1
Europe	Net Sales	228.6	155.8	-31.8%
	Operating income/loss to Net Sales(%)	-5.8 -	0.0 0.0%	5.8
Others	Net Sales	247.5	197.5	-20.2%
	Operating income/loss to Net Sales(%)	-18.2 -	-3.3 -	14.9
Eliminations/Others	Operating income/loss	-33.9	-34.3	-0.3
Total	Net Sales	4,215.6	3,583.1	-15.0%
	Operating income/loss to Net Sales(%)	-6.2 -	50.9 1.4%	57.1

Major countries/regions



\* Geographical information determines the classification of a country or region  
 \* Net Sales represents sales for outside customers



# <Ref.> Overseas sales

(Billions of Yen)

		FY09/3 Actual	FY10/3 Actual	YoY
Asia	Net Sales	374.3	321.8	-14.0%
	To consolidated total (%)	8.9%	9.0%	
Europe	Net Sales	260.2	164.7	-36.7%
	To consolidated total (%)	6.2%	4.6%	
Others	Net Sales	300.0	226.4	-24.5%
	To consolidated total (%)	7.1%	6.3%	
Total	Net Sales	934.5	712.9	-23.7%
	To consolidated total (%)	22.2%	19.9%	

Major countries and regions

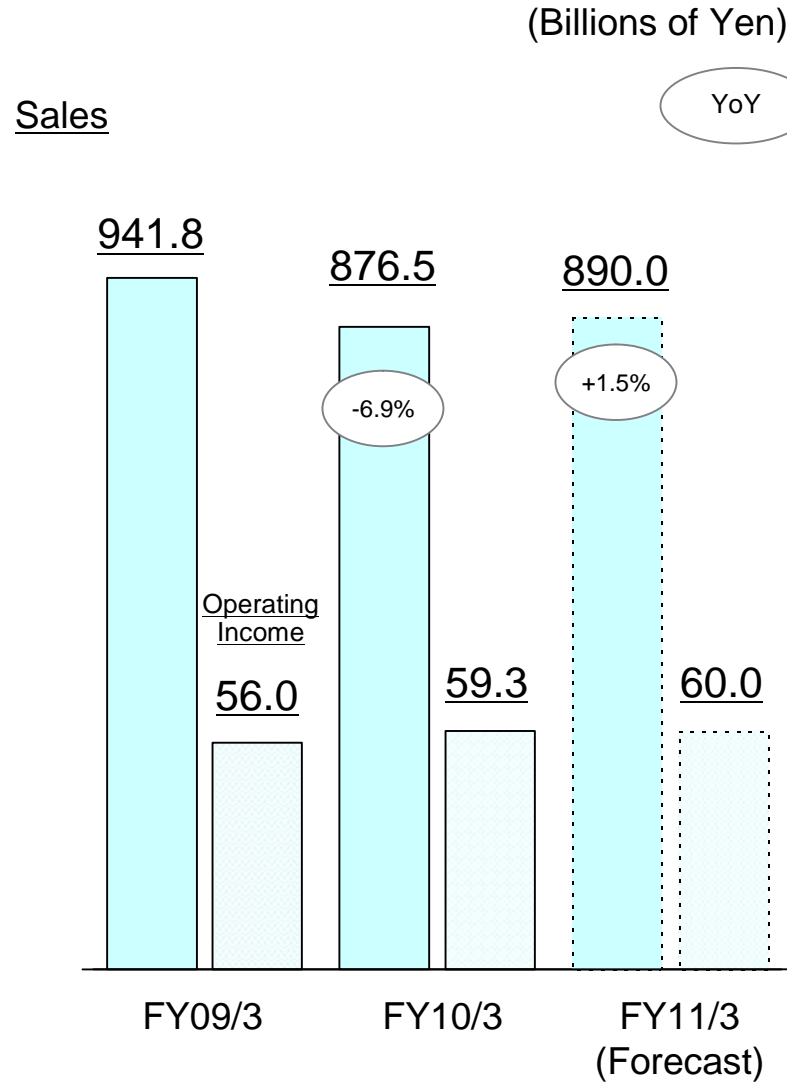
China, Chinese Taipei, India, Singapore and Indonesia

UK, France, Netherlands, Germany, Italy and Spain

U.S.A

\* Geographical information determines the classification of a country or region  
 \* Overseas sales represent sales of the Company and its consolidated subsidiaries to countries and regions outside of Japan

# Financial Forecast for FY2010 (appendix)



**Sales 890.0 (+1.5%)**

△ SI Services:

Aim a steady increase through customers' investment for their future growth

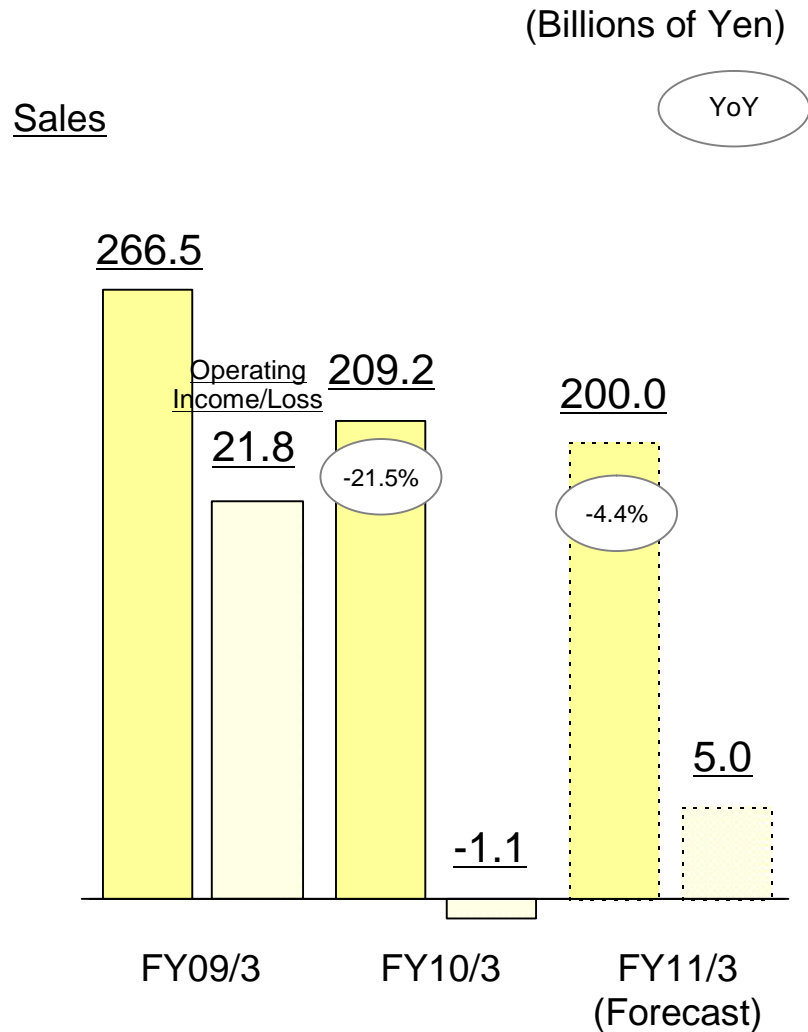
△ Outsourcing/Support Services:

Aim a steady increase through "cloud-oriented services" that NEC has refined through revamping its own core system and expanding its SaaS menu

**Operating Income 60.0 (+0.7)**

△ Ensure profitability through implementing SI innovation

\* Forecast as of May 12, 2010



Sales 200.0 (-4.4%)

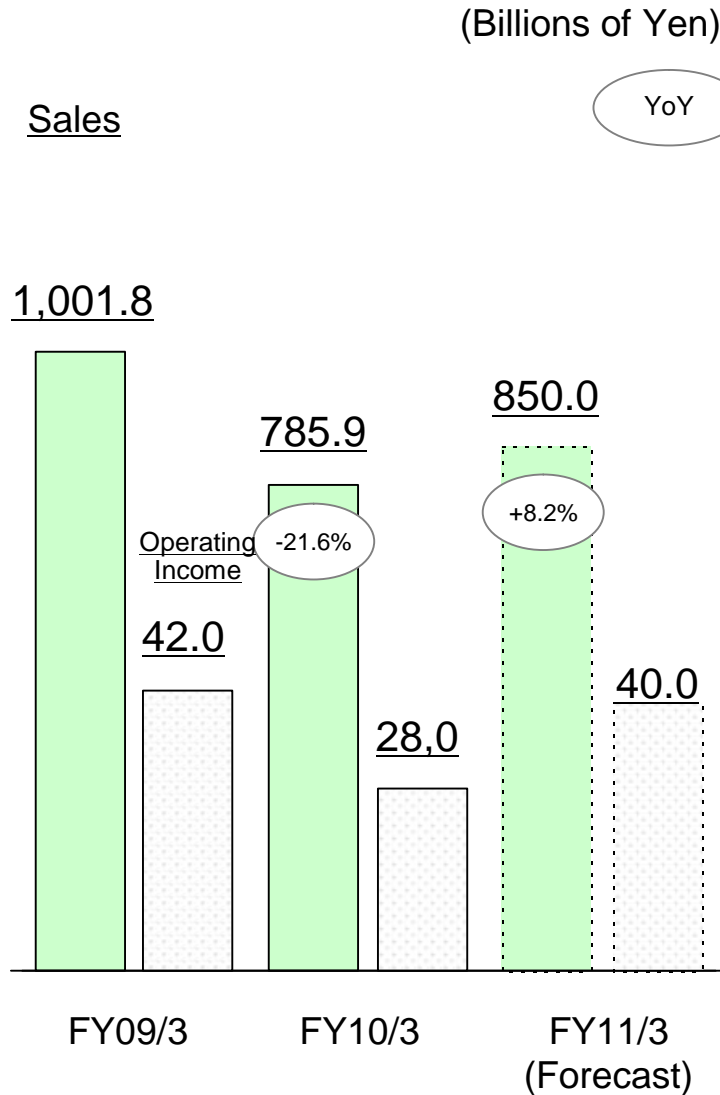
- △ Software:
  - Aim to increase sales by focusing on system unification through virtualization and cloud compliant datacenter business
- ▽ Servers:
  - Decline due to the shift to low-priced products
  - Expect to increase in Thin-client systems, IA servers and peripherals
- ▽ Others:
  - Decline due to lower demand for professional workstations from the financial industry
  - Promote sales of professional workstations for the retail industry

Operating Income 5.0 (+6.1)

- △ Aim to turn to profit by continual cost reduction

\* Forecast as of May 12, 2010

# Network Systems Business



**Sales 850.0 (+8.2%)**

△ Business for Telecom Carriers:

Domestic: same level as last year

Overseas: increase by investment recovery from Telecom carriers

△ Enterprise Network:

Increase both in Japan and overseas markets due to investment recovery

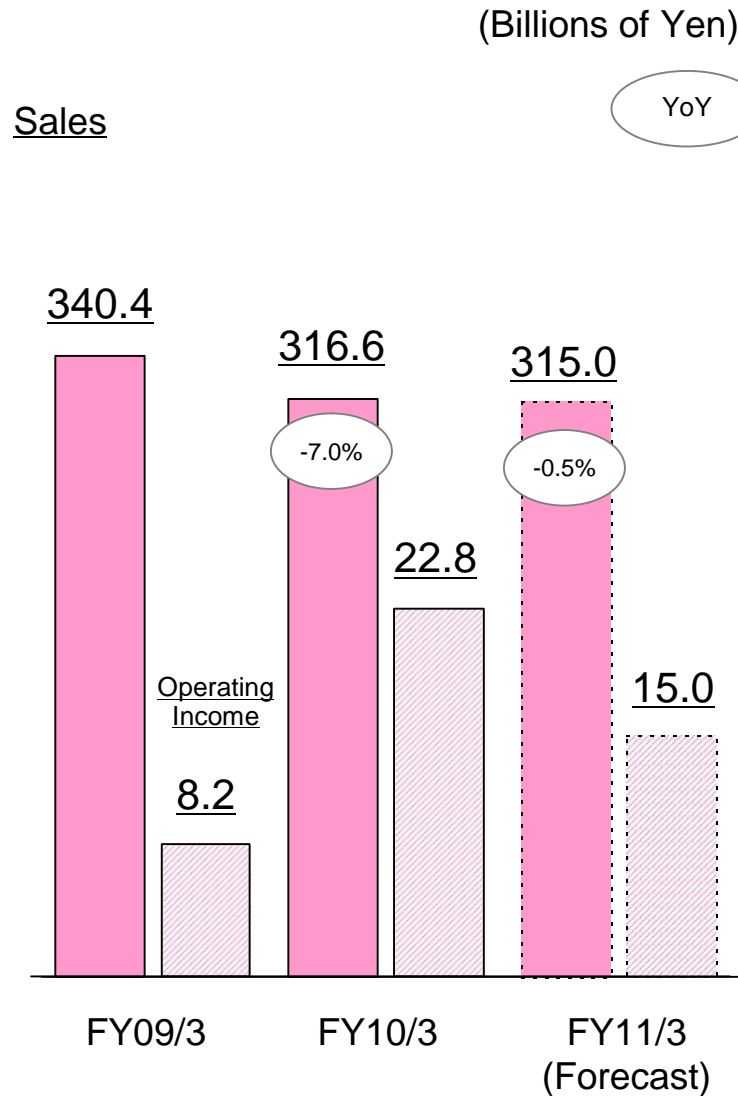
**Operating Income 40.0 (+12.0)**

△ Increase from revenue improvement

Maintain fixed costs and development efficiency

\* Forecast as of May 12, 2010

# Social Infrastructure Business



**Sales** 315.0 (-0.5%)

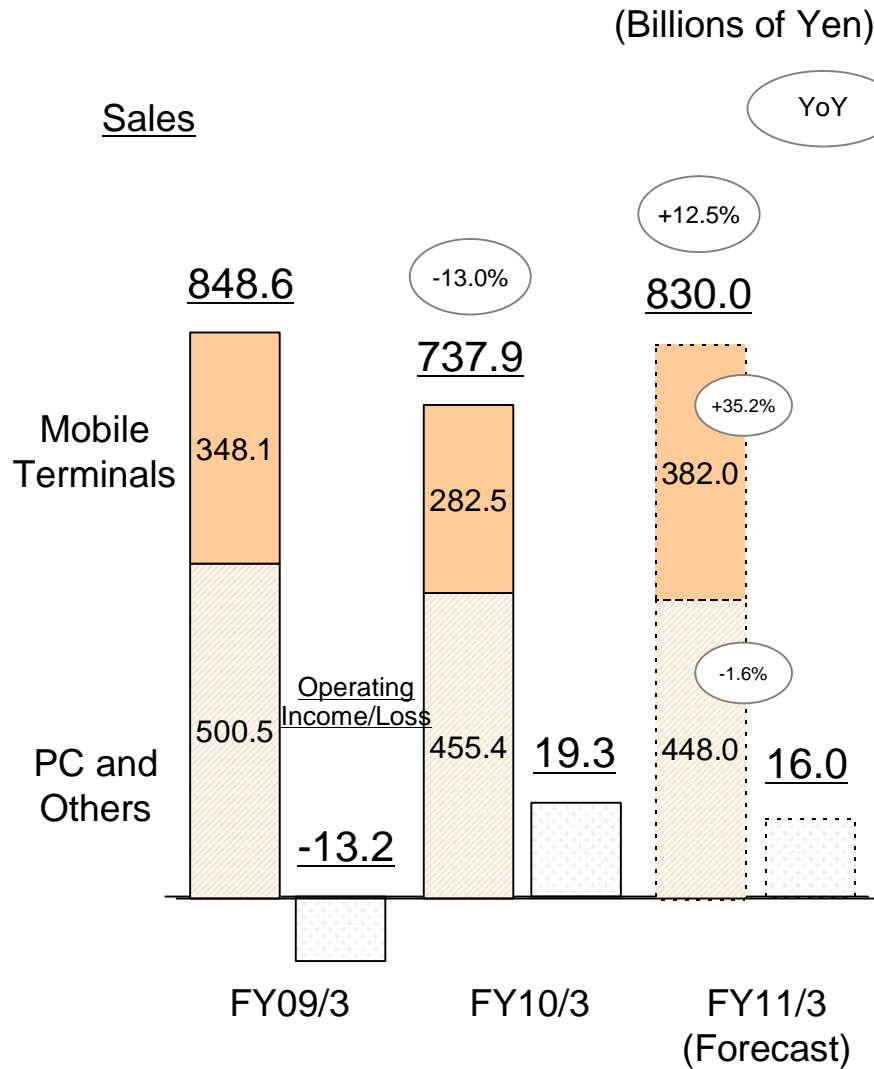
- ▽ Same level as last year by promoting solutions for firefighting and broadcasting under the severe national budget conditions

**Operating Income** 15.0 (-7.8)

- ▽ Expect to decrease due to product mix change and strategic investment for the uptake of growing domains such as digitalization projects

\* Forecast as of May 12, 2010

# Personal Solutions Business



**Sales** 830.0 (+12.5%)

△ Mobile terminals:

Increase due to the integration of the mobile terminals business

Shipment of 7.5 million units worldwide



▽ PC and Others

Remain nearly flat due to steady display business for overseas and internet service provider business (NEC BIGLOBE), despite the drop of unit prices

**Operating Income** 16.0 (-3.3)

▽ Expect to decline due to the development cost of new devices

\* Forecast as of May 12, 2010

	Overall condition
<p>Mobile Terminals</p>  <p>docomo STYLE series™ N-01B</p>	<p>Domestic market is expected to decline slightly due to severe market conditions continuously</p> <p>Expect to Increase sales due to the integration of the mobile terminal business</p> <p>Shipment of 7.5 million units planned worldwide</p>
<p>PC and Others</p> 	<p>Domestic PC market is expected to remain steady</p> <p>Shipment of approximately 2.6 million units planned (expect to increase excluding “School New Deal” policy)</p> <p>Display business for overseas markets and internet service provider business (NEC BIGLOBE) expect to be steady</p> <p>Developing new devices with open-source OS, aiming to launch in the 2nd half</p>

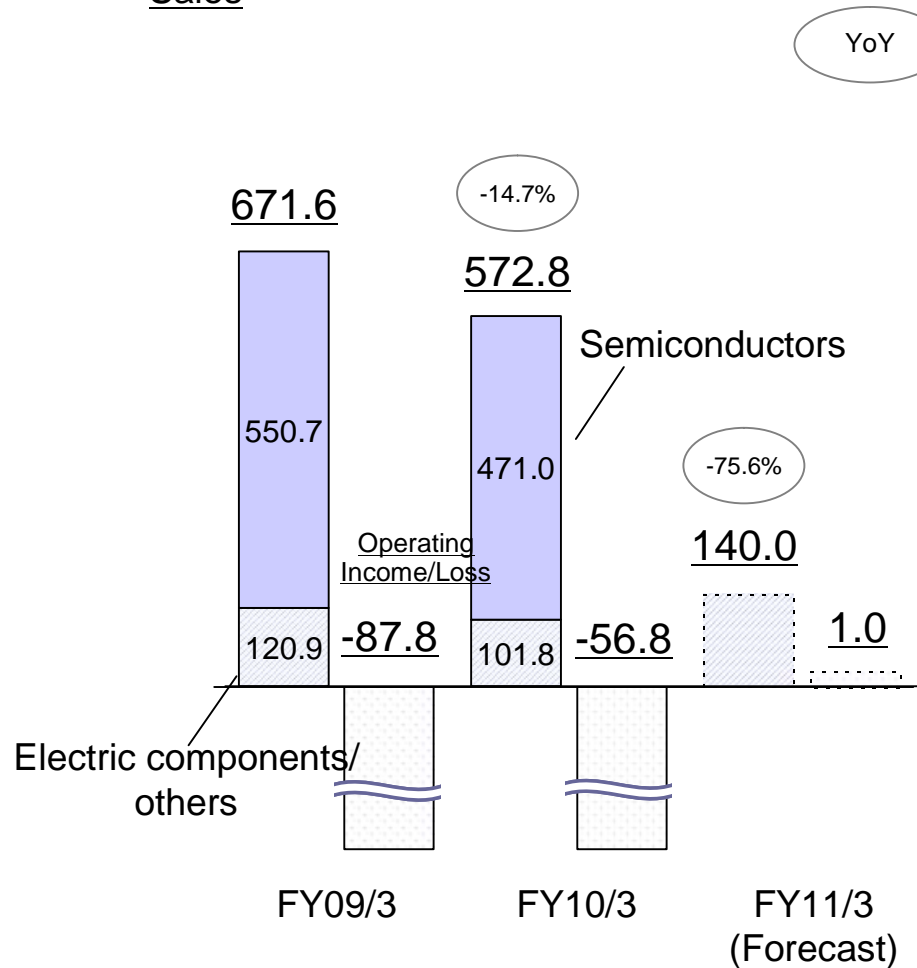
\* Forecast as of May 12, 2010



# Electron Devices Business

(Billions of Yen)

## Sales



**Sales 140.0 (-75.6%)**

- ▽ Expect to decline significantly due to the deconsolidation of the semiconductor business from FY2010
- \* Sales for “Electric components/ others” includes an elimination of intra-group sales from the semiconductor business until FY2009

**Operating Income 1.0 (+57.8)**

- △ Expect to improve significantly due to the deconsolidation of the semiconductor business from FY2010
- △ Expect to improve through steady implementation of structural reform

\* Forecast as of May 12, 2010

# <Ref.> Financial Forecast for 1H and Full Year by Segment

(Billions of Yen)

		1H <April to September>			Full Year		
		FY10/3 Actual	FY11/3 Forecast	YoY	FY10/3 Actual	FY11/3 Forecast	YoY
IT Services	Net Sales	382.5	380.0	-0.7%	876.5	890.0	1.5%
	Operating Income	10.5	12.0	1.5	59.3	60.0	0.7
	to Net Sales(%)	2.7%	3.2%		6.8%	6.7%	
IT Products	Net Sales	88.6	95.0	7.3%	209.2	200.0	-4.4%
	Operating Income/Loss	-12.3	-4.0	8.3	-1.1	5.0	6.1
	to Net Sales(%)	-	-		-	2.5%	
Network Systems	Net Sales	383.1	390.0	1.8%	785.9	850.0	8.2%
	Operating Income	8.8	12.0	3.2	28.0	40.0	12.0
	to Net Sales(%)	2.3%	3.1%		3.6%	4.7%	
Social Infrastructure	Net Sales	129.7	135.0	4.1%	316.6	315.0	-0.5%
	Operating Income	2.7	3.0	0.3	22.8	15.0	-7.8
	to Net Sales(%)	2.0%	2.2%		7.2%	4.8%	
Personal Solutions	Net Sales	362.4	400.0	10.4%	737.9	830.0	12.5%
	Operating Income	7.9	4.0	-3.9	19.3	16.0	-3.3
	to Net Sales(%)	2.2%	1.0%		2.6%	1.9%	
Electron Devices	Net Sales	268.6	70.0	-73.9%	572.8	140.0	-75.6%
	Operating Income/Loss	-42.6	-1.0	41.6	-56.8	1.0	57.8
	to Net Sales(%)	-	-		-	0.7%	
Others	Net Sales	38.9	30.0	-22.9%	84.4	75.0	-11.1%
	Operating Income	3.1	1.0	-2.1	11.1	3.0	-8.1
	to Net Sales(%)	8.0%	3.3%		13.1%	4.0%	
Elimination/Unclassifiable expenses	Operating Income/Loss	-15.7	-22.0	-6.3	-31.5	-40.0	-8.5
Total	Net Sales	1,653.7	1,500.0	-9.3%	3,583.1	3,300.0	-7.9%
	Operating Income/Loss	-37.7	5.0	42.7	50.9	100.0	49.1
	to Net Sales(%)	-	0.3%		1.4%	3.0%	

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