NEWS RELEASE

Empowered by Innovation NEC

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***** For immediate use October 28, 2010

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2011

Consolidated Financial Results

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2009	Change
	In billions of yen	In billions of yen	%
Net Sales	1,469.2	1,653.7	-11.2
Operating income (loss)	1.1	-37.7	—
Ordinary income (loss)	-22.3	-49.9	—
Net income (loss)	-27.0	-43.6	—
	yen	yen	yen
Net income (loss) per share:			
Basic	-10.42	-21.60	11.18
Diluted	—	—	—

	As of September 30, 2010	As of March 31, 2010	Change
	In billions of yen	In billions of yen	%
Total assets	2,522.1	2,937.6	-14.1
Net assets	853.8	931.9	-8.4

(Notes)

Number of consolidated subsidiaries and affiliated companies accounted for by the equity method is as follows:

	As of September 30, 2010	As of September 30, 2009	As of March 31, 2010
Consolidated subsidiaries	**286**	**319**	**310**
Affiliated companies accounted for by the equity method	**60**	**63**	**60**

1. Consolidated Business Results

As stated in the July 6, 2010 announcement, “NEC to Revise its Business Segments,” NEC has revised its business segments from the first quarter of the fiscal year ending March 31, 2011. Figures for the corresponding period of the previous fiscal year have been adjusted in accordance with the new segments.

(1) Overview of the first half of the fiscal year ending March 31, 2011 (six months ended September 30, 2010)

The worldwide economy during the six months ended September 30, 2010 slowly continued to recover, driven by expansion in emerging countries, including China, and the recovery in developed countries, including the United States and Europe, which were aided by the effects from economic stimulus packages by governments. However, the speed of recovery declined in the latter period due to, among others, the fading effects of economic stimulus packages by governments in developed countries, including the United States and Europe.

The Japanese economy exhibited positive signs through increased exports and improved manufacturing. However, the speed of recovery in exports showed signs of decline that indicate the economy remains short of a self-sustaining recovery in the latter period. Although in terms of consumer spending, the effects from economic stimulus packages by governments resulted in a mild recovery, severe income and employment environments continued.

Under this business environment, NEC recorded consolidated sales of 1,469.2 billion yen for the six months ended September 30, 2010, a decrease of 184.5 billion yen (-11.2%) year-on-year. This decrease was mainly due to NEC Electronics Corporation (currently Renesas Electronics Corporation), which had been engaged in the semiconductor business within the NEC Group, no longer being a consolidated subsidiary of NEC, as well as reduced sales from the Carrier Network business.

Regarding profitability, consolidated operating income (loss) improved by 38.8 billion yen year-on-year, for an operating income of 1.1 billion yen, due to NEC Electronics Corporation, which recorded an operating loss during the same period of the previous fiscal year, no longer being a consolidated subsidiary.

In terms of ordinary income (loss), NEC recorded a loss of 22.3 billion yen, improving by 27.6 billion yen year-on-year, due to improved operating income (loss), despite investment loss from a portion of affiliated companies accounted for by the equity method.

Income (loss) before income taxes and minority interests for the first half was a loss of 43.5 billion yen, a year-on-year improvement of 9.2 billion yen. This was mainly due to improved ordinary income (loss), despite extraordinary loss that was recorded from business structure improvement expenses and loss on changes in equity that were realized through the restructuring of the semiconductor business.

Net income (loss) for the first half improved by 16.6 billion yen year-on-year, to a loss of 27.0 billion yen.

(2) Results by main business segment

Sales by segment (sales to external customers):

Segment	Six months ended September 30, 2010	Six months ended September 30, 2009	Change
	In billions of yen	In billions of yen	%
IT Services	371.0	377.3	-1.7
Platform	176.8	166.2	6.4
Carrier Network	271.0	308.6	-12.2
Social Infrastructure	137.9	129.7	6.3
Personal Solutions	392.1	362.3	8.2
Others	120.5	309.6	-61.1
Total	1,469.2	1,653.7	-11.2

Operating income or loss by segment

Segment	Six months ended September 30, 2010	Six months ended September 30, 2009	Change
	In billions of yen	In billions of yen	In billions of yen
IT Services	3.5	9.6	-6.0
Platform	-1.5	-13.5	11.9
Carrier Network	7.0	12.4	-5.4
Social Infrastructure	4.0	2.7	1.3
Personal Solutions	2.9	8.2	-5.3
Others	3.0	-37.6	40.6
Adjustment	-17.8	-19.5	1.6
Total	1.1	-37.7	38.8

(Note) Amounts in this section "(2) Results by main business segment" are rounded to 0.1 billion yen. Amounts in millions of yen are shown in section "Segment Information."

(Business segment figures in brackets below denote increases or decreases as compared with the corresponding period of the previous fiscal year.)

IT Services Business

Sales:	371.0 billion yen	(-1.7%)
Operating Income (Loss):	3.5 billion yen	(-6.0 billion yen)

In the IT Services business, sales were 371.0 billion yen, a decrease of 6.4 billion yen (-1.7%) year-on-year, mainly impacted by the delayed recovery of overall IT investment in Japan, despite improving sales in SI services and outsourcing services to, among others, financial and manufacturing businesses.

Operating income (loss) worsened by 6.0 billion yen year-on-year, to an operating income of 3.5 billion yen, mainly owing to reduced sales and an increase in investment for expansion of service related business and global business.

Platform Business

Sales:	176.8 billion yen	(+6.4%)
Operating Income (Loss):	-1.5 billion yen	(+11.9 billion yen)

In the Platform business, sales were 176.8 billion yen, an increase of 10.6 billion yen (+6.4%) year-on-year, mainly due to steady growth of software and enterprise networks.

Operating income (loss) improved by 11.9 billion yen year-on-year, to an operating loss of 1.5 billion yen, mainly owing to increased sales and continued cost reductions.

Carrier Network Business

Sales:	271.0 billion yen	(-12.2%)
Operating Income (Loss):	7.0 billion yen	(-5.4 billion yen)

In the Carrier Network business, sales were 271.0 billion yen, a decrease of 37.6 billion yen (-12.2%) year-on-year, mainly impacted by a decline in sales of wireless communications equipment in overseas markets and the delay of contractual procedures in relation to submarine network systems.

Operating income (loss) worsened by 5.4 billion yen year-on-year, to an operating income of 7.0 billion yen, mainly owing to a decrease in overseas sales, despite cost reductions.

Social Infrastructure Business

Sales:	137.9 billion yen	(+6.3%)
Operating Income (Loss):	4.0 billion yen	(+1.3 billion yen)

In the Social Infrastructure business, sales were 137.9 billion yen, an increase of 8.2 billion yen (+6.3%) year-on-year, mainly due to the steady growth of the social system field, including transportation systems, and fire and disaster prevention systems.

Operating income (loss) improved by 1.3 billion yen year-on-year, to an operating income of 4.0 billion yen, mainly owing to increased sales and a reduction of costs.

Personal Solutions Business

Sales:	392.1 billion yen	(+8.2%)
Operating Income (Loss):	2.9 billion yen	(-5.3 billion yen)

In the Personal Solutions business, sales were 392.1 billion yen, an increase of 29.7 billion yen (+8.2%) year-on-year, mainly impacted by increased sales of personal computers, despite a decrease in sales for mobile handsets due to fierce competition in the mobile terminal field.

Operating income (loss) worsened by 5.3 billion yen year-on-year, to an operating income of 2.9 billion yen, mainly due to a decrease in mobile handset sales.

Others

Sales:	120.5 billion yen	(-61.1%)
Operating Income (Loss):	3.0 billion yen	(+40.6 billion yen)

In Others, sales were 120.5 billion yen, a decrease of 189.0 billion yen (-61.1%) year-on-year, mainly impacted due to NEC Electronics Corporation, which had been engaged in the semiconductor business within the NEC Group, no longer being a consolidated subsidiary of NEC.

Operating income (loss) improved by 40.6 billion yen year-on-year, to an operating income of 3.0 billion yen, mainly due to NEC Electronics Corporation, which recorded an operating loss during the same period of the previous fiscal year, no longer being a consolidated subsidiary of NEC.

2. Consolidated Financial Condition

Analysis of condition of assets, liabilities, net assets, and cash flow

Total assets were 2,522.1 billion yen as of September 30, 2010, a decrease of 415.5 billion yen as compared with the end of the previous fiscal year. Current assets as of September 30, 2010 decreased by 320.4 billion yen compared with the end of the previous fiscal year to 1,322.6 billion yen and noncurrent assets as of September 30, 2010 decreased by 95.1 billion yen compared with the end of the previous fiscal year to 1,199.5 billion yen, mainly due to a decrease in accounts receivable, inventory and property, plant and equipment as a result of NEC Electronics Corporation no longer being a consolidated subsidiary, despite investment in Renesas Electronics Corporation, which became an affiliate company accounted for by the equity method, being recorded in "stocks of subsidiaries and affiliates."

Total liabilities as of September 30, 2010 decreased by 337.4 billion yen compared with the end of the previous fiscal year, to 1,668.4 billion yen. This was mainly due to a decrease in accounts payable-trade liabilities and accrued expenses as a result of NEC Electronics Corporation no longer being a consolidated subsidiary, despite the issuance of bonds totaling 100.0 billion yen. The balance of interest-bearing debt decreased by 110.9 billion yen compared with the end of the previous fiscal year, to 618.6 billion yen. The debt-equity ratio as of September 30, 2010 was 0.84 (an improvement of 0.08 points as compared with the end of the previous fiscal year). The balance of net interest-bearing debt as of September 30, 2010, obtained by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 459.8 billion yen, an increase of 60.8 billion yen as compared with the end of the previous fiscal year. The net debt-equity ratio as of September 30, 2010 was 0.63 (a worsening of 0.13 points as compared with the end of the previous fiscal year).

Total net assets were 853.8 billion yen as of September 30, 2010, a decrease of 78.2 billion yen as compared with the end of the previous fiscal year, mainly as a result of recording net losses and a decrease in minority interests.

As a result, the owner's equity as of September 30, 2010 was 735.4 billion yen and owner's equity ratio was 29.2% (an improvement of 2.3 points as compared with the end of the previous fiscal year).

Net cash flows from operating activities for the six months ended September 30, 2010 was a cash inflow of 9.9 billion yen, an improvement of 9.2 billion yen year-on-year, mainly due to an improvement in loss before income taxes and minority interests.

Net cash flows from investing activities for the six months ended September 30, 2010 was a cash outflow of 112.7 billion yen, an outflow increase of 58.1 billion yen year-on-year, mainly due to increased outflows from the purchase of stocks of subsidiaries and affiliates.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) for the six months ended September 30, 2010 totaled a cash outflow of 102.8 billion yen, an outflow increase of 49.0 billion yen year-on-year.

Net cash flows from financing activities for the six months ended September 30, 2010 totaled a cash inflow of 18.4 billion yen, mainly due to financing from the issuance of bonds, despite the payment of long-term loans payable.

As a result, cash and cash equivalents decreased by 88.6 billion yen as compared with the end of the previous fiscal year. Cash and cash equivalents as of September 30, 2010 amounted to 158.8 billion yen due to an additional decrease of 83.1 billion yen resulting from change of the scope of consolidation and others.

3. Consolidated Financial Forecast

There is no change to the financial forecasts for sales and operating income (loss) for the fiscal year ending March 31, 2011. However, NEC forecasts ordinary income of 55.0 billion yen, 15.0 billion yen less than the previous forecast due to equity in losses of Renesas Electronics Corporation, an affiliate company accounted for by the equity method.

NEC expects net income to remain 15.0 billion yen due to increased extraordinary income from asset reorganization and others, despite worsening of ordinary income (loss).

Consolidated financial forecasts for the fiscal year ending March 31, 2011

(April 1, 2010 to March 31, 2011)

(In billions of yen)

	Sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Previous Forecast (A) (announced as of July 28, 2010)	3,300.0	100.0	70.0	15.0
Revised Forecast (B)	3,300.0	100.0	55.0	15.0
Difference (B) - (A)	―	―	-15.0	―
Change (%)	―	―	-21.4	―
Results for the fiscal year ended March 31, 2010	3,583.1	50.9	49.4	11.4

4. Others

(1) <u>Significant changes in the scope of consolidation</u>

There is no significant change in the scope of consolidation for this period.

(2) *<u>Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements</u>*

(a) Simplified accounting procedures

Valuation method of inventories:

The amounts of inventories are calculated by reasonable method, without physical inventory procedure, based on inventories at the end of the previous fiscal year.

Calculation of fixed asset depreciation:

For the assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are allocated to this period on a pro-rata basis.

(b) Accounting procedures specific to the preparation of quarterly consolidated financial statements

Calculation of tax expenses:

After adjustment on individual significant items, tax expenses are calculated by multiplying income before income taxes by effective tax rate, which is estimated reasonably by using tax effect accounting, for the fiscal year including this second quarter.

Deferred tax expense is included in income taxes.

(3) *<u>Changes in accounting principles and procedures as well as presentation methods related to the preparation of quarterly consolidated financial statements</u>*

(a) Application of "Accounting Standard for Asset Retirement Obligations"

From the first quarter of the fiscal year ending March 31, 2011, NEC Corporation and its consolidated subsidiaries ("the Group") applies the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008).

Although the impact of this change on operating income (loss), ordinary income (loss) and segment information is immaterial, 1,434 million yen is recorded loss on adjustment for changes of accounting standard for asset retirement obligations as extraordinary loss.

(b) Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the first quarter of the fiscal year ending March 31, 2011, the Group applies the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 of March 10, 2008).
This change has no impact on income (loss) and segment information.

(c) Application of “Accounting Standard for Business Combinations” and others
From the first quarter of the fiscal year ending March 31, 2011, the Group applies the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No.23 of December 26, 2008), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of December 26, 2008), and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 of December 26, 2008).
Regarding the valuation of assets and liabilities of the Company’s consolidated subsidiaries, the Company changed the valuation method of minority interests from Partial-fair value method to Full fair value method with this adoption.
These changes have no impact on income(loss) and segment information.

Changes in presentation method

The Group applies the “Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008) from the first quarter of the fiscal year ending March 31, 2011. As a result, “Loss before minority interests” is presented for the six months ended September 30, 2010 and “Income before minority interests” is presented for the three months ended September 30, 2010 on the consolidated financial statements.

CONSOLIDATED QUARTERLY BALANCE SHEETS

(In millions of yen, millions of U.S.dollars)

	September 30, 2010	March 31, 2010	September 30, 2010
Current assets	**JPY 1,322,572**	JPY 1,642,965	**$15,745**
Cash and deposits	**129,527**	195,095	**1,542**
Notes and accounts receivable-trade	**637,800**	773,388	**7,593**
Short-term investment securities	**31,884**	136,747	**380**
Merchandise and finished goods	**112,998**	109,852	**1,345**
Work in process	**120,155**	121,082	**1,430**
Raw materials and supplies	**67,377**	84,618	**802**
Deferred tax assets	**93,959**	93,307	**1,119**
Other	**134,851**	134,900	**1,605**
Allowance for doubtful accounts	**(5,979)**	(6,024)	**(71)**
Noncurrent assets	**1,199,548**	1,294,679	**14,280**
Property, plant and equipment	**350,314**	554,051	**4,170**
Buildings and structures, net	**150,699**	207,535	**1,794**
Machinery and equipment, net	**44,781**	133,018	**533**
Tools, furniture and fixtures, net	**62,205**	77,681	**741**
Land	**76,799**	91,938	**914**
Construction in progress	**15,830**	43,879	**188**
Intangible assets	**208,225**	218,894	**2,479**
Goodwill	**93,377**	97,458	**1,112**
Software	**112,154**	117,278	**1,335**
Other	**2,694**	4,158	**32**
Investments and other assets	**641,009**	521,734	**7,631**
Investment securities	**132,035**	151,221	**1,572**
Stocks of subsidiaries and affiliates	**209,437**	89,499	**2,493**
Deferred tax assets	**174,296**	140,829	**2,075**
Other	**133,526**	150,025	**1,590**
Allowance for doubtful accounts	**(8,285)**	(9,840)	**(99)**
Total assets	**JPY 2,522,120**	JPY 2,937,644	**$30,025**

(Note)

U.S. dollar amounts are translated from yen, for convenience only, at the rate of US$1 = 84 yen.

CONSOLIDATED QUARTERLY BALANCE SHEETS (CONTINUED)

(In millions of yen, millions of U.S.dollars)

	September 30, 2010	March 31, 2010	September 30, 2010
Current liabilities	**JPY 1,137,073**	JPY 1,278,147	**$13,536**
Notes and accounts payable-trade	**432,138**	522,533	**5,145**
Short-term loans payable	**30,115**	69,163	**359**
Commercial papers	**47,996**	21,998	**571**
Current portion of long-term loans payable	**130,482**	169,507	**1,553**
Current portion of bonds	**97,689**	19,830	**1,163**
Accrued expenses	**153,336**	175,660	**1,825**
Advances received	**66,023**	65,550	**786**
Provision for product warranties	**25,144**	27,887	**299**
Provision for directors' bonuses	**307**	262	**4**
Provision for loss on construction contracts and others	**11,310**	14,088	**135**
Provision for loss on guarantees	**8,855**	10,985	**105**
Provision for business structure improvement	**9,431**	11,602	**112**
Provision for contingent loss	**6,932**	10,886	**83**
Other	**117,315**	158,196	**1,396**
Noncurrent liabilities	**531,291**	727,585	**6,325**
Bonds payable	**150,000**	257,674	**1,786**
Long-term loans payable	**145,606**	158,876	**1,733**
Deferred tax liabilities	**1,620**	8,913	**19**
Provision for retirement benefits	**179,771**	237,645	**2,140**
Provision for product warranties	**1,914**	1,566	**23**
Provision for loss on repurchase of computers	**7,867**	9,355	**94**
Provision for recycling expenses of personal computers	**6,941**	6,537	**83**
Provision for business structure improvement	**1,492**	1,139	**18**
Provision for contingent loss	**9,875**	11,163	**118**
Other	**26,205**	34,717	**311**
Total liabilities	**1,668,364**	2,005,732	**19,861**
Shareholders' equity	**765,762**	803,552	**9,117**
Capital stock	**397,199**	397,199	**4,729**
Capital surplus	**192,839**	192,843	**2,296**
Retained earnings	**178,658**	216,439	**2,127**
Treasury stock	**(2,934)**	(2,929)	**(35)**
Valuation and translation adjustments	**(30,352)**	(12,648)	**(361)**
Valuation difference on available-for-sale securities	**(667)**	10,218	**(8)**
Deferred gains or losses on hedges	**(183)**	61	**(2)**
Foreign currency translation adjustment	**(29,502)**	(22,927)	**(351)**
Subscription rights to shares	**34**	93	**0**
Minority interests	**118,312**	140,915	**1,408**
Total net assets	**853,756**	931,912	**10,164**
Total liabilities and net assets	**JPY 2,522,120**	JPY 2,937,644	**$30,025**

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2009	2010	2010
Net sales	JPY 1,653,693	**JPY 1,469,160**	**$17,490**
Cost of sales	1,163,366	**1,039,444**	**12,374**
Gross profit	490,327	**429,716**	**5,116**
Selling, general and administrative expenses	528,030	**428,631**	**5,103**
Operating income (loss)	(37,703)	**1,085**	**13**
Non-operating income	9,826	**8,971**	**107**
Interest income	711	**594**	**7**
Dividends income	2,527	**2,333**	**28**
Equity in earnings of affiliates	1,056	**-**	**-**
Other	5,532	**6,044**	**72**
Non-operating expenses	22,015	**32,329**	**385**
Interest expenses	4,925	**3,500**	**42**
Equity in losses of affiliates	-	**14,725**	**175**
Retirement benefit expenses	7,210	**6,026**	**72**
Foreign exchange losses	1,194	**2,260**	**27**
Loss on abandonment of noncurrent assets	2,844	**-**	**-**
Other	5,842	**5,818**	**69**
Ordinary loss	(49,892)	**(22,273)**	**(265)**
Extraordinary income	2,421	**2,653**	**31**
Reversal of provision for loss on guarantees	-	**1,557**	**18**
Gain on sales of investment securities	119	**863**	**10**
Gain on transfer of business	-	**174**	**2**
Gain on sales of subsidiaries and affiliates' stocks	8	**52**	**1**
Gain on reversal of subscription rights to shares	29	**7**	**0**
Gain on sales of noncurrent assets	1,595	**-**	**-**
Reversal of provision for recycling expenses of personal computers	670	**-**	**-**
Extraordinary loss	5,185	**23,866**	**284**
Business structure improvement expenses	1,926	**9,360**	**112**
Loss on change in equity	-	**5,996**	**71**
Loss on valuation of investment securities	285	**3,201**	**38**
Impairment loss	775	**1,832**	**22**
Cost of corrective measures for products	1,398	**1,675**	**20**
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	**1,434**	**17**
Loss on sales of stocks of subsidiaries and affiliates	197	**368**	**4**
Loss on retirement of noncurrent assets	309	**-**	**-**
Provision for loss on guarantees	293	**-**	**-**
Loss on sales of investment securities	2	**-**	**-**
Loss before income taxes and minority interests	(52,656)	**(43,486)**	**(518)**
Income taxes	1,115	**(19,399)**	**(231)**
Loss before minority interests	-	**(24,087)**	**(287)**
Minority interests in income (loss)	(10,177)	**2,955**	**35**
Net loss	(JPY 43,594)	**(JPY 27,042)**	**$(322)**

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

(In millions of yen, millions of U.S. dollars)

Three months ended September 30	2009	**2010**	**2010**
Net sales	JPY 875,228	**JPY 801,619**	**$9,543**
Cost of sales	609,101	**563,619**	**6,710**
Gross profit	266,127	**238,000**	**2,833**
Selling, general and administrative expenses	263,783	**213,684**	**2,544**
Operating income	2,344	**24,316**	**289**
Non-operating income	6,164	**4,470**	**54**
Interest income	152	**318**	**4**
Dividends income	1,343	**1,306**	**16**
Foreign exchange gains	-	**61**	**1**
Equity in earnings of affiliates	2,422	**-**	**-**
Other	2,247	**2,785**	**33**
Non-operating expenses	13,368	**10,598**	**126**
Interest expenses	2,106	**1,738**	**21**
Retirement benefit expenses	3,604	**3,012**	**36**
Equity in losses of affiliates	-	**2,837**	**34**
Loss on abandonment of noncurrent assets	2,261	**-**	**-**
Foreign exchange losses	1,457	**-**	**-**
Other	3,940	**3,011**	**35**
Ordinary income (loss)	(4,860)	**18,188**	**217**
Extraordinary income	820	**1,861**	**22**
Reversal of provision for loss on guarantees	-	**1,695**	**20**
Gain on sales of investment securities	113	**114**	**1**
Gain on sales of subsidiaries and affiliates' stocks	8	**52**	**1**
Reversal of provision for recycling expenses of personal computers	670	**-**	**-**
Gain on reversal of subscription rights to shares	29	**-**	**-**
Extraordinary loss	3,823	**12,075**	**144**
Business structure improvement expenses	1,337	**6,776**	**81**
Cost of corrective measures for products	1,398	**1,675**	**20**
Loss on valuation of investment securities	209	**1,630**	**20**
Impairment loss	528	**1,626**	**19**
Loss on sales of stocks of subsidiaries and affiliates	70	**368**	**4**
Provision for loss on guarantees	279	**-**	**-**
Loss on sales of investment securities	2	**-**	**-**
Income (loss) before income taxes and minority interests	(7,863)	**7,974**	**95**
Income taxes	4,776	**(10,227)**	**(122)**
Income before minority interests	-	**18,201**	**217**
Minority interests in income (loss)	(2,888)	**2,101**	**25**
Net Income (loss)	(JPY 9,751)	**JPY 16,100**	**$192**

CONDENSED CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2009	2010	2010
Ⅰ. Cash flows from operating activities:			
Loss before income taxes and minority interests	(JPY 52,656)	**(JPY 43,486)**	**($518)**
Depreciation and amortization	70,481	**41,552**	**495**
Equity in (earnings) losses of affiliates	(1,056)	**14,725**	**175**
Loss on change in equity	-	**5,996**	**71**
Decrease in notes and accounts receivable-trade	127,684	**89,907**	**1,070**
Increase in inventories	(15,555)	**(31,903)**	**(380)**
Decrease in notes and accounts payable-trade	(67,176)	**(44,231)**	**(527)**
Income taxes paid	(17,447)	**(14,700)**	**(175)**
Others, net	(43,567)	**(7,992)**	**(94)**
Net cash provided by operating activities	708	**9,868**	**117**
Ⅱ. Cash flows from investing activities:			
Net proceeds from (payment of) acquisitions and sales of property, plant and equipment	(37,073)	**(31,725)**	**(378)**
Purchase of intangible assets	(15,426)	**(15,900)**	**(189)**
Net proceeds from (payment of) purchases and sales of securities	(6,997)	**(59,101)**	**(704)**
Others, net	4,966	**(5,944)**	**(70)**
Net cash used in investing activities	(54,530)	**(112,670)**	**(1,341)**
Ⅲ. Cash flows from financing activities:			
Net proceeds from (payment of) bonds and borrowings	4,320	**28,746**	**342**
Cash dividends paid	(33)	**(10,350)**	**(123)**
Others, net	(1,359)	**24**	**0**
Net cash provided by financing activities	2,928	**18,420**	**219**
Ⅳ. Effect of exchange rate changes on cash and cash equivalents	(911)	**(4,251)**	**(50)**
Ⅴ. Net decrease in cash and cash equivalents	(51,805)	**(88,633)**	**(1,055)**
Ⅵ. Cash and cash equivalents at beginning of period	317,271	**330,548**	**3,935**
Ⅶ. Decrease in cash and cash equivalents resulting from change of scope of consolidation	-	**(92,787)**	**(1,105)**
Ⅷ. Increase in cash and cash equivalents resulting from merger	-	**9,700**	**116**
Ⅸ. Cash and cash equivalents at end of period	JPY 265,466	**JPY 158,828**	**$1,891**

SEGMENT INFORMATION

[Segment information]

From the first quarter of fiscal year ending March 31, 2011, the Group applies the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17 of March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 of March 21, 2008).

1. Outline of reported segments

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results. The Company has its business units identified by products and services. Each business unit plans its comprehensive domestic and overseas strategy for its products and services, and operates its business activities.

Therefore, the Company consists of its business units, identified by products and services, that are five reported segments of "IT Services Business", "Platform Business", "Carrier Network Business", "Social Infrastructure Business" and "Personal Solutions Business".

The contents of each reported segment are as follows:

IT Services Business

This reported segment mainly renders Systems Integration (Systems Construction, Consulting) services, Maintenance and Support services and Outsourcing services for governments and enterprises.

Platform Business

This reported segment manufactures and sells Intel-based Servers, Mainframe Computers, UNIX Servers, Supercomputers, Storage Products, Professional Workstations, Computer Software (Operating Systems, Middleware, Application Software) and Enterprise Network Systems (IP Telephony Systems, etc.).

Carrier Network Business

This reported segment manufactures and sells Network Systems for Telecommunication Carriers (Mobile Communications Systems and Fixed-line Communication Systems, etc.).

Social Infrastructure Business

This reported segment manufactures and sells Broadcasting Systems and Video Equipment, Control Systems, Transportation Systems, Aerospace Systems (Air Traffic Control Systems, Satellite, etc.), Defense Systems (Radar Equipment, etc.) and Fire and Disaster Prevention Systems.

Personal Solutions Business

This reported segment manufactures and sells Mobile Handsets, Personal Computers, Personal Communication Equipment, Monitors and Projectors, and renders “BIGLOBE” Internet Services.

SEGMENT INFORMATION (CONTINUED)

2. Information about sales and segment income (loss) by reported segments

Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)

(In millions of yen)

	Reported Segments						Others	Adjustment	Consolidated total
	IT Services	Platform	Carrier Network	Social Infrastructure	Personal Solutions	Total			
Sales									
1. Sales to customers	**370,981**	**176,761**	**270,972**	**137,860**	**392,062**	**1,348,636**	**120,524**	**—**	**1,469,160**
2. Intersegment sales and transfers	**23,031**	**22,470**	**13,833**	**7,215**	**21,886**	**88,435**	**35,146**	**(123,581)**	**—**
Total sales	**394,012**	**199,231**	**284,805**	**145,075**	**413,948**	**1,437,071**	**155,670**	**(123,581)**	**1,469,160**
Segment income (loss) (Operating income (loss))	**3,543**	**(1,536)**	**6,973**	**4,022**	**2,896**	**15,898**	**3,036**	**(17,849)**	**1,085**

Six months ended September 30, 2009 (From April 1, 2009 to September 30, 2009)

(In millions of yen)

	Reported Segments						Others	Adjustment	Consolidated total
	IT Services	Platform	Carrier Network	Social Infrastructure	Personal Solutions	Total			
Sales									
1. Sales to customers	377,339	166,196	308,575	129,677	362,333	1,344,120	309,573	—	1,653,693
2. Intersegment sales and transfers	25,638	32,284	15,592	8,019	25,875	107,408	51,036	(158,444)	—
Total sales	402,977	198,480	324,167	137,696	388,208	1,451,528	360,609	(158,444)	1,653,693
Segment income (loss) (Operating income (loss))	9,556	(13,459)	12,372	2,706	8,202	19,377	(37,582)	(19,498)	(37,703)

Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)

(In millions of U.S. dollars)

	Reported Segments						Others	Adjustment	Consolidated total
	IT Services	Platform	Carrier Network	Social Infrastructure	Personal Solutions	Total			
Sales									
1. Sales to customers	**4,416**	**2,104**	**3,226**	**1,641**	**4,668**	**16,055**	**1,435**	**—**	**17,490**
2. Intersegment sales and transfers	**275**	**268**	**164**	**86**	**260**	**1,053**	**418**	**(1,471)**	**—**
Total sales	**4,691**	**2,372**	**3,390**	**1,727**	**4,928**	**17,108**	**1,853**	**(1,471)**	**17,490**
Segment income (loss) (Operating income (loss))	**42**	**(18)**	**83**	**48**	**34**	**189**	**36**	**(212)**	**13**

SEGMENT INFORMATION (CONTINUED)

Three months ended September 30, 2010 (From July 1, 2010 to September 30, 2010)

(In millions of yen)

	Reported Segments						Others	Adjustment	Consolidated total
	IT Services	Platform	Carrier Network	Social Infrastructure	Personal Solutions	Total			
Sales									
1. Sales to customers	**209,746**	**96,717**	**154,206**	**79,468**	**198,525**	**738,662**	**62,957**	**—**	**801,619**
2. Intersegment sales and transfers	**13,032**	**12,788**	**7,895**	**4,367**	**12,092**	**50,174**	**18,772**	**(68,946)**	**—**
Total sales	**222,778**	**109,505**	**162,101**	**83,835**	**210,617**	**788,836**	**81,729**	**(68,946)**	**801,619**
Segment income (loss) (Operating income (loss))	**9,234**	**2,872**	**12,961**	**3,674**	**3,270**	**32,011**	**4,168**	**(11,863)**	**24,316**

Three months ended September 30, 2009 (From July 1, 2009 to September 30, 2009)

(In millions of yen)

	Reported Segments						Others	Adjustment	Consolidated total
	IT Services	Platform	Carrier Network	Social Infrastructure	Personal Solutions	Total			
Sales									
1. Sales to customers	209,758	92,261	166,909	72,431	167,394	708,753	166,475	—	875,228
2. Intersegment sales and transfers	13,336	18,507	8,138	4,670	13,522	58,173	25,510	(83,683)	—
Total sales	223,094	110,768	175,047	77,101	180,916	766,926	191,985	(83,683)	875,228
Segment income (loss) (Operating income (loss))	10,156	674	11,823	3,390	(724)	25,319	(12,922)	(10,053)	2,344

Three months ended September 30, 2010 (From July 1, 2010 to September 30, 2010)

(In millions of U.S. dollars)

	Reported Segments						Others	Adjustment	Consolidated total
	IT Services	Platform	Carrier Network	Social Infrastructure	Personal Solutions	Total			
Sales									
1. Sales to customers	**2,497**	**1,151**	**1,836**	**946**	**2,364**	**8,794**	**749**	**—**	**9,543**
2. Intersegment sales and transfers	**155**	**153**	**94**	**52**	**143**	**597**	**224**	**(821)**	**—**
Total sales	**2,652**	**1,304**	**1,930**	**998**	**2,507**	**9,391**	**973**	**(821)**	**9,543**
Segment income (loss) (Operating income (loss))	**110**	**34**	**154**	**44**	**39**	**381**	**50**	**(142)**	**289**

(Notes)

1. From the first quarter of fiscal year ending March 31, 2011, the reported segment has been changed to five reported segments, which are composed of “IT Services”, “Platform”, “Carrier Network”, “Social Infrastructure” and “Personal Solutions”, due to the organizational reform. In this change, segment information for the six months ended September 30, 2009 and the three months ended September 30, 2009 have been reclassified in a manner used for the six months ended September 30, 2010 and the three months ended September 30, 2010. "Others" represents businesses such as Lithium-ion Batteries, Capacitors, LCD Panels and Lighting Equipment, which are not included in reported segments. "Others" also includes the former "Electron Devices Business", which has become immaterial since NEC Electronics was no longer a consolidated subsidiary in this period.
2. "Adjustment" of segment income (loss) includes corporate expenses of (18,863) million yen ((225) millions of U.S. dollars) unallocated to each reported segment and noncurrent assets related adjustment of 2,153 million yen (26 millions of U.S. dollars) for the six months ended September 30, 2010. And "Adjustment" of segment income (loss) includes corporate expenses of (11,512) million yen ((137) millions of U.S. dollars) unallocated to each reported segment and noncurrent assets related adjustment of 573 million yen (7 millions of U.S. dollars) for the three months ended September 30, 2010. The corporate expenses, unallocated to each reported segment, are mainly both general and administrative expenses incurred at headquarters of the Company, and research and development expenses.

SEGMENT INFORMATION (CONTINUED)

[Related information]

Information about geographic areas

Sales

Six months ended September 30, 2010 (From April 1, 2010 to September 30, 2010)

(In millions of yen)

Japan	Asia	Europe	Others	Total
1,226,133	**83,137**	**50,463**	**109,427**	**1,469,160**

(In millions of U.S. dollars)

Japan	Asia	Europe	Others	Total
14,597	**990**	**601**	**1,302**	**17,490**

Three months ended September 30, 2010 (From July 1, 2010 to September 30, 2010)

(In millions of yen)

Japan	Asia	Europe	Others	Total
672,791	**44,977**	**26,433**	**57,418**	**801,619**

(In millions of U.S. dollars)

Japan	Asia	Europe	Others	Total
8,009	**535**	**315**	**684**	**9,543**

(Note)

Sales, based on the locations of customers, are classified by country or region.

CAUTIONARY STATEMENTS:

This material contains forward-looking statements pertaining to strategies, financial targets, technology, products and services, and business performance of NEC Corporation and its consolidated subsidiaries (collectively "NEC"). Written forward-looking statements may appear in other documents that NEC files with stock exchanges or regulatory authorities, such as the Director of the Kanto Finance Bureau, and in reports to shareholders and other communications. NEC is relying on certain safe-harbors for forward-looking statements in making these disclosures. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "targets," "aims," or "anticipates," or the negative of those words, or other comparable words or phrases. You can also identify forward-looking statements by discussions of strategy, beliefs, plans, targets, or intentions. Forward-looking statements necessarily depend on currently available assumptions, data, or methods that may be incorrect or imprecise and NEC may not be able to realize the results expected by them. You should not place undue reliance on forward-looking statements, which reflect NEC's analysis and expectations only. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Among the factors that could cause actual results to differ materially from such statements include (i) global economic conditions and general economic conditions in NEC's markets, (ii) fluctuating demand for, and competitive pricing pressure on, NEC's products and services, (iii) NEC's ability to continue to win acceptance of NEC's products and services in highly competitive markets, (iv) NEC's ability to expand into foreign markets, such as China, (v) regulatory change and uncertainty and potential legal liability relating to NEC's business and operations, (vi) NEC's ability to restructure, or otherwise adjust, its operations to reflect changing market conditions, (vii) movement of currency exchange rates, particularly the rate between the yen and the U.S. dollar, (viii) the impact of unfavorable conditions or developments, including share price declines, in the equity markets which may result in losses from devaluation of listed securities held by NEC, and (ix) impact of any regulatory action or legal proceeding against NEC. Any forward-looking statements speak only as of the date on which they are made. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect NEC. NEC does not undertake any obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events, or otherwise.

The management targets included in this material are not projections, and do not represent management’s current estimates of future performance. Rather, they represent targets that management will strive to achieve through the successful implementation of NEC’s business strategies.

Finally, NEC cautions you that the statements made in this material are not an offer of securities for sale. Securities may not be offered or sold in any jurisdiction in which required registration is absent or an exemption from registration under the applicable securities laws is not granted.

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