NEWS RELEASE

Empowered by Innovation NEC

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Consolidated Financial Results for the Nine Months Ended December 31, 2010

Consolidated Financial Results

	Nine Months Ended December 31, 2010	Nine Months Ended December 31, 2009	Change
	In billions of yen	In billions of yen	%
Sales	2,189.9	2,479.1	-11.7
Operating income (loss)	-12.4	-45.2	—
Ordinary income (loss)	-49.2	-56.3	—
Net income (loss)	-53.6	-53.2	—
	yen	yen	yen
Net income (loss) per share:			
Basic	-20.62	-24.97	4.35
Diluted	—	—	—

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Change
	In billions of yen	In billions of yen	%
Sales	720.7	825.4	-12.7
Operating income (loss)	-13.5	-7.5	—
Ordinary income (loss)	-27.0	-6.4	—
Net income (loss)	-26.5	-9.6	—
	yen	yen	yen
Net income (loss) per share:			
Basic	-10.21	-4.18	-6.03
Diluted	—	—	—

	As of December 31, 2010	As of March 31, 2010	Change
	In billions of yen	In billions of yen	%
Total assets	2,613.3	2,937.6	-11.0
Net assets	827.5	931.9	-11.2

(Notes)

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

	As of December 31, 2010	As of December 31, 2009	As of March 31, 2010
Consolidated subsidiaries	**284**	**317**	**310**
Affiliated companies accounted for by the equity method	**59**	**62**	**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 third quarter of the fiscal year ending March 31, 2011 (three months ended December 31, 2010)

The worldwide economy during the three months ended December 31, 2010 slowly recovered as a result of expansion in emerging countries, mainly in regions of Asia, including China and India, as well as increased consumer spending in the United States, while the economic recovery was deterred by, among others, continued high unemployment and Europe’s ongoing budget deficit problems.

The Japanese economy exhibited a shift towards sluggish exports and manufacturing, as well as a trend towards lower levels of capital investment growth, which slowed the momentum of the country’s economic recovery. In terms of consumer spending, a full-scale recovery was held back due to consumer spending being influenced by economic stimulus packages, as well as continuing severe income and employment environments.

Under this business environment, NEC recorded consolidated sales of 720.7 billion yen for the three months ended December 31, 2010, a decrease of 104.6 billion yen (-12.7%) 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 in the IT Services business.

Regarding profitability, operating income (loss) worsened by 6.0 billion yen year-on-year, for an operating loss of 13.5 billion yen, despite an improvement 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. This is mainly due to reduced sales in the IT Services business as a result of the delayed recovery of IT investment in Japan.

In terms of ordinary income (loss), NEC recorded a loss of 27.0 billion yen, worsening by

20.5 billion yen year-on-year, due to worsening operating income (loss) and investment loss from a portion of affiliated companies accounted for by the equity method.

Income (loss) before income taxes and minority interests for the three months ended December 31, 2010 was a loss of 28.7 billion yen, a year-on-year worsening of 20.7 billion yen.

Net income (loss) for the three months ended December 31, 2010 worsened by 16.9 billion yen year-on-year, to a loss of 26.5 billion yen.

NEC recorded consolidated sales of 2,189.9 billion yen for the nine months ended December 31, 2010, year-on-year for a decline of 11.7%, mainly due to NEC Electronics Corporation no longer being a consolidated subsidiary. Regarding profitability, operating income (loss) improved by 32.8 billion yen year-on-year for the nine months ended December 31, 2010, for an operating loss of 12.4 billion yen. In terms of ordinary income (loss), an improvement of 7.1 billion yen year-on-year was recorded, for an ordinary loss of 49.2 billion yen. Income (loss) before income taxes and minority interests was a loss of 72.2 billion yen, a year-on-year increase in losses of 11.5 billion yen. NEC also recorded a net loss of 53.6 billion yen, a year-on-year worsening of 0.4 billion yen.

(2) Results by main business segment

Sales by segment (sales to external customers):

Segment	Three months ended December 31, 2010	Three months ended December 31, 2009	Change
	In billions of yen	In billions of yen	%
IT Services	171.0	187.6	-8.8
Platform	82.5	87.0	-5.1
Carrier Network	145.7	142.9	2.0
Social Infrastructure	66.6	64.7	3.0
Personal Solutions	193.0	176.7	9.2
Others	61.9	166.5	-62.8
Total	720.7	825.4	-12.7

Operating income or loss by segment

Segment	Three months ended December 31, 2010	Three months ended December 31, 2009	Change
	In billions of yen	In billions of yen	In billions of yen
IT Services	-6.6	3.4	-10.0
Platform	-2.0	-0.3	-1.7
Carrier Network	5.8	2.0	3.8
Social Infrastructure	0.4	0.6	-0.1
Personal Solutions	-1.6	3.4	-5.1
Others	1.3	-7.7	9.0
Adjustment	-10.9	-9.0	-1.9
Total	-13.5	-7.5	-6.0

(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:	171.0 billion yen	(-8.8%)
Operating Income (Loss):	-6.6 billion yen	(-10.0 billion yen)

In the IT Services business, sales were 171.0 billion yen, a decrease of 16.5 billion yen (-8.8%) year-on-year, mainly impacted by the delayed recovery of IT investment in Japan, despite the steady growth of sales in SI services and outsourcing services to manufacturing businesses and others.

Operating income (loss) worsened by 10.0 billion yen year-on-year, to an operating loss of 6.6 billion yen, mainly owing to reduced sales and an increase in cloud-related investment.

Platform Business

Sales:	82.5 billion yen	(-5.1%)
Operating Income (Loss):	-2.0 billion yen	(-1.7 billion yen)

In the Platform business, sales were 82.5 billion yen, a decrease of 4.4 billion yen (-5.1%) year-on-year, mainly due to a decrease in hardware sales, including servers, despite the steady growth of software sales.

Operating income (loss) worsened by 1.7 billion yen year-on-year, to an operating loss of 2.0 billion yen, mainly owing to reduced sales.

Carrier Network Business

Sales:	145.7 billion yen	(+2.0%)
Operating Income (Loss):	5.8 billion yen	(+3.8 billion yen)

In the Carrier Network business, sales were 145.7 billion yen, an increase of 2.8 billion yen (+2.0%) year-on-year, mainly due to an increase in the sales of cable television related systems and electrical power / energy field systems, despite a decline in sales of wireless communications equipment in overseas markets.

Operating income (loss) improved by 3.8 billion yen year-on-year, to an operating income of 5.8 billion yen, mainly owing to an increase in sales and streamlining costs.

Social Infrastructure Business

Sales:	66.6 billion yen	(+3.0%)
Operating Income (Loss):	0.4 billion yen	(-0.1 billion yen)

In the Social Infrastructure business, sales were 66.6 billion yen, an increase of 1.9 billion yen (+3.0%) 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) was nearly the same year-on-year, for an operating income of 0.4 billion yen.

Personal Solutions Business

Sales:	193.0 billion yen	(+9.2%)
Operating Income (Loss):	-1.6 billion yen	(-5.1 billion yen)

In the Personal Solutions business, sales were 193.0 billion yen, an increase of 16.3 billion yen (+9.2%) year-on-year, mainly due to the integration of the mobile phone business with Casio Hitachi Mobile Communications Co., Ltd., despite a decrease in the sales of personal computers.

Operating income (loss) worsened by 5.1 billion yen year-on-year, to an operating loss of 1.6 billion yen, mainly due to sluggish sales of existing mobile handsets and an increase in development costs for new devices, including smartphones and others.

Others

Sales:	61.9 billion yen	(-62.8%)
Operating Income (Loss):	1.3 billion yen	(+9.0 billion yen)

In Others, sales were 61.9 billion yen, a decrease of 104.7 billion yen (-62.8%) year-on-year, mainly 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 9.0 billion yen year-on-year, to an operating income of 1.3 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.

Note

Regarding consolidated business results of the first quarter and the second quarter of the fiscal year ending March 31, 2011, please refer to the “Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2011” disclosed on July 28, 2010 and the “Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2011” disclosed on October 28, 2010.

2. Consolidated Financial Condition

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

Total assets were 2,613.3 billion yen as of December 31, 2010, a decrease of 324.4 billion yen as compared with the end of the previous fiscal year. Current assets as of December 31, 2010 decreased by 223.7 billion yen compared with the end of the previous fiscal year to 1,419.3 billion yen and noncurrent assets as of December 31, 2010 decreased by 100.7 billion yen compared with the end of the previous fiscal year to 1,194.0 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 December 31, 2010 decreased by 220.0 billion yen compared with the end of the previous fiscal year, to 1,785.8 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 commercial papers and bonds. The balance of interest-bearing debt decreased by 2.7 billion yen compared with the end of the previous fiscal year, to 726.8 billion yen. The debt-equity ratio as of December 31, 2010 was 1.02 (a worsening of 0.10 points as compared with the end of the previous fiscal year). The balance of net interest-bearing debt as of December 31, 2010, obtained by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 555.2 billion yen, an increase of 156.2 billion yen as compared with the end of the previous fiscal year. The net debt-equity ratio as of December 31, 2010 was 0.78 (a worsening of 0.28 points as compared with the end of the previous fiscal year).

Total net assets were 827.5 billion yen as of December 31, 2010, a decrease of 104.4 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 December 31, 2010 was 709.8 billion yen and owner's equity ratio was 27.2% (an improvement of 0.3 points as compared with the end of the previous fiscal year).

Net cash flows from operating activities for the nine months ended December 31, 2010 was a cash outflow of 65.2 billion yen, a worsening of 72.4 billion yen year-on-year, mainly due to an increase in working capital.

Net cash flows from investing activities for the nine months ended December 31, 2010 was a cash outflow of 129.3 billion yen, an outflow increase of 47.2 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 nine months ended December 31, 2010 totaled a cash outflow of 194.5 billion yen, an outflow increase of 119.6 billion yen year-on-year.

Net cash flows from financing activities for the nine months ended December 31, 2010 totaled a cash inflow of 124.0 billion yen, mainly due to financing from the issuance of commercial papers and bonds, despite the payment of long-term loans payable.

As a result, cash and cash equivalents decreased by 75.9 billion yen as compared with the end of the previous fiscal year. Cash and cash equivalents as of December 31, 2010 amounted to 171.6 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 consolidated financial forecasts for the fiscal year ending March 31, 2011, previously disclosed on October 28, 2010.

4. Others

(1) *Significant changes in the scope of consolidation*

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

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

(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 third quarter.

Deferred tax expense is included in income taxes.

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

(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 nine months ended December 31, 2010 and for the three months ended December 31, 2010 on the consolidated financial statements.

CONSOLIDATED QUARTERLY BALANCE SHEETS

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

	December 31, 2010	March 31, 2010	December 31, 2010
Current assets	JPY 1,419,288	JPY 1,642,965	$17,308
Cash and deposits	137,746	195,095	1,680
Notes and accounts receivable-trade	670,296	773,388	8,174
Short-term investment securities	36,620	136,747	447
Merchandise and finished goods	124,158	109,852	1,514
Work in process	150,160	121,082	1,831
Raw materials and supplies	72,566	84,618	885
Deferred tax assets	95,851	93,307	1,169
Other	137,856	134,900	1,681
Allowance for doubtful accounts	(5,965)	(6,024)	(73)
Noncurrent assets	1,193,978	1,294,679	14,561
Property, plant and equipment	344,594	554,051	4,202
Buildings and structures, net	149,312	207,535	1,821
Machinery and equipment, net	47,270	133,018	576
Tools, furniture and fixtures, net	60,947	77,681	743
Land	76,428	91,938	932
Construction in progress	10,637	43,879	130
Intangible assets	207,356	218,894	2,529
Goodwill	91,792	97,458	1,119
Software	112,759	117,278	1,375
Other	2,805	4,158	35
Investments and other assets	642,028	521,734	7,830
Investment securities	134,265	151,221	1,637
Stocks of subsidiaries and affiliates	202,613	89,499	2,471
Deferred tax assets	180,667	140,829	2,203
Other	141,105	150,025	1,722
Allowance for doubtful accounts	(16,622)	(9,840)	(203)
Total assets	JPY 2,613,266	JPY 2,937,644	$31,869

(Note)

U.S. dollar amounts are translated from yen, for convenience only, at the rate of US$1 = 82 yen.

CONSOLIDATED QUARTERLY BALANCE SHEETS (CONTINUED)

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

	December 31, 2010	March 31, 2010	**December 31, 2010**
Current liabilities	**JPY 1,205,567**	JPY 1,278,147	**$14,702**
Notes and accounts payable-trade	**463,441**	522,533	**5,652**
Short-term loans payable	**56,952**	69,163	**695**
Commercial papers	**192,964**	21,998	**2,353**
Current portion of long-term loans payable	**18,759**	169,507	**229**
Current portion of bonds	**97,669**	19,830	**1,191**
Accrued expenses	**132,243**	175,660	**1,613**
Advances received	**73,975**	65,550	**902**
Provision for product warranties	**24,495**	27,887	**299**
Provision for directors' bonuses	**273**	262	**3**
Provision for loss on construction contracts and others	**12,319**	14,088	**150**
Provision for loss on guarantees	**-**	10,985	**-**
Provision for business structure improvement	**3,384**	11,602	**41**
Provision for contingent loss	**3,687**	10,886	**45**
Other	**125,406**	158,196	**1,529**
Noncurrent liabilities	**580,206**	727,585	**7,076**
Bonds payable	**200,000**	257,674	**2,439**
Long-term loans payable	**144,555**	158,876	**1,763**
Deferred tax liabilities	**1,542**	8,913	**19**
Provision for retirement benefits	**181,072**	237,645	**2,208**
Provision for product warranties	**1,832**	1,566	**22**
Provision for loss on repurchase of computers	**7,627**	9,355	**93**
Provision for recycling expenses of personal computers	**6,378**	6,537	**78**
Provision for business structure improvement	**1,443**	1,139	**18**
Provision for contingent loss	**9,068**	11,163	**111**
Other	**26,689**	34,717	**325**
Total liabilities	**1,785,773**	2,005,732	**21,778**
Shareholders' equity	**739,211**	803,552	**9,015**
Capital stock	**397,199**	397,199	**4,844**
Capital surplus	**192,838**	192,843	**2,352**
Retained earnings	**152,127**	216,439	**1,855**
Treasury stock	**(2,953)**	(2,929)	**(36)**
Valuation and translation adjustments	**(29,372)**	(12,648)	**(358)**
Valuation difference on available-for-sale securities	**3,153**	10,218	**38**
Deferred gains or losses on hedges	**(77)**	61	**(1)**
Foreign currency translation adjustment	**(32,448)**	(22,927)	**(395)**
Subscription rights to shares	**33**	93	**0**
Minority interests	**117,621**	140,915	**1,434**
Total net assets	**827,493**	931,912	**10,091**
Total liabilities and net assets	**JPY 2,613,266**	JPY 2,937,644	**$31,869**

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

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

Nine months ended December 31	2009	2010	2010
Net sales	JPY 2,479,052	**JPY 2,189,884**	**$26,706**
Cost of sales	1,744,009	**1,555,954**	**18,975**
Gross profit	735,043	**633,930**	**7,731**
Selling, general and administrative expenses	780,274	**646,324**	**7,882**
Operating loss	(45,231)	**(12,394)**	**(151)**
Non-operating income	21,972	**11,976**	**146**
Interest income	953	**909**	**11**
Dividends income	3,084	**3,022**	**37**
Equity in earnings of affiliates	4,673	**-**	**-**
Reversal of provision for contingent loss	4,441	**-**	**-**
Other	8,821	**8,045**	**98**
Non-operating expenses	33,042	**48,807**	**595**
Interest expenses	7,628	**5,050**	**62**
Equity in losses of affiliates	-	**20,819**	**254**
Retirement benefit expenses	10,811	**9,041**	**110**
Foreign exchange losses	2,008	**2,743**	**33**
Loss on abandonment of noncurrent assets	4,567	**-**	**-**
Other	8,028	**11,154**	**136**
Ordinary loss	(56,301)	**(49,225)**	**(600)**
Extraordinary income	4,527	**6,141**	**75**
Reversal of provision for loss on guarantees	-	**1,557**	**19**
Gain on sales of subsidiaries and affiliates' stocks	1,819	**1,322**	**16**
Gain on sales of investment securities	414	**1,215**	**15**
Gain on sales of noncurrent assets	1,595	**1,152**	**14**
Reversal of provision for recycling expenses of personal computers	670	**713**	**9**
Gain on transfer of business	-	**174**	**2**
Gain on reversal of subscription rights to shares	29	**8**	**0**
Extraordinary loss	8,897	**29,087**	**355**
Business structure improvement expenses	2,701	**10,818**	**132**
Loss on change in equity	-	**5,996**	**73**
Loss on valuation of investment securities	593	**4,959**	**61**
Cost of corrective measures for products	1,518	**3,390**	**41**
Impairment loss	793	**1,921**	**23**
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	**1,434**	**17**
Loss on sales of stocks of subsidiaries and affiliates	2,563	**368**	**5**
Provision for loss on guarantees	418	**201**	**3**
Loss on retirement of noncurrent assets	309	**-**	**-**
Loss on sales of investment securities	2	**-**	**-**
Loss before income taxes and minority interests	(60,671)	**(72,171)**	**(880)**
Income taxes	4,677	**(22,407)**	**(273)**
Loss before minority interests	-	**(49,764)**	**(607)**
Minority interests in income (loss)	(12,145)	**3,809**	**46**
Net loss	JPY (53,203)	**JPY (53,573)**	**$(653)**

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

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

Three months ended December 31	2009	2010	2010
Net sales	JPY 825,359	JPY 720,724	$8,789
Cost of sales	580,643	516,510	6,299
Gross profit	244,716	204,214	2,490
Selling, general and administrative expenses	252,244	217,693	2,654
Operating loss	(7,528)	(13,479)	(164)
Non-operating income	12,146	3,245	39
Interest income	242	315	4
Dividends income	557	689	8
Reversal of provision for contingent loss	4,441	718	9
Equity in earnings of affiliates	3,617	-	-
Other	3,289	1,523	18
Non-operating expenses	11,027	16,718	204
Interest expenses	2,703	1,550	19
Equity in losses of affiliates	-	6,094	74
Retirement benefit expenses	3,601	3,015	37
Foreign exchange losses	814	483	6
Loss on abandonment of noncurrent assets	1,723	-	-
Other	2,186	5,576	68
Ordinary loss	(6,409)	(26,952)	(329)
Extraordinary income	2,106	3,488	43
Gain on sales of subsidiaries and affiliates' stocks	1,811	1,270	16
Gain on sales of noncurrent assets	-	1,152	14
Reversal of provision for recycling expenses of personal computers	-	713	9
Gain on sales of investment securities	295	352	4
Gain on reversal of subscription rights to shares	-	1	0
Extraordinary loss	3,712	5,221	64
Loss on valuation of investment securities	308	1,758	21
Cost of corrective measures for products	120	1,715	21
Business structure improvement expenses	775	1,458	18
Provision for loss on guarantees	125	201	3
Impairment loss	18	89	1
Loss on sales of stocks of subsidiaries and affiliates	2,366	-	-
Loss before income taxes and minority interests	(8,015)	(28,685)	(350)
Income taxes	3,562	(3,008)	(37)
Loss before minority interests	-	(25,677)	(313)
Minority interests in income (loss)	(1,968)	854	11
Net loss	JPY (9,609)	JPY (26,531)	$(324)

CONDENSED CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

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

Nine months ended December 31	2009	**2010**	**2010**
Ⅰ. Cash flows from operating activities:			
Loss before income taxes and minority interests	JPY (60,671)	**JPY (72,171)**	**$(880)**
Depreciation and amortization	110,474	**66,123**	**806**
Equity in (earnings) losses of affiliates	(4,673)	**20,819**	**254**
Loss on change in equity	-	**5,996**	**73**
Decrease in notes and accounts receivable-trade	105,215	**55,664**	**679**
Increase in inventories	(49,978)	**(79,529)**	**(970)**
Decrease in notes and accounts payable-trade	(19,128)	**(11,971)**	**(146)**
Income taxes paid	(27,928)	**(23,829)**	**(291)**
Others, net	(46,131)	**(26,288)**	**(320)**
Net cash provided by (used in) operating activities	7,180	**(65,186)**	**(795)**
Ⅱ. Cash flows from investing activities:			
Net proceeds from (payment of) acquisitions and sales of property, plant and equipment	(55,291)	**(40,934)**	**(499)**
Purchase of intangible assets	(23,175)	**(22,994)**	**(280)**
Net proceeds from (payment of) purchases and sales of securities	(8,833)	**(57,121)**	**(697)**
Others, net	5,188	**(8,271)**	**(101)**
Net cash used in investing activities	(82,111)	**(129,320)**	**(1,577)**
Ⅲ. Cash flows from financing activities:			
Net proceeds from (payment of) bonds and borrowings	(92,407)	**135,857**	**1,657**
Proceeds from issuance of common stock	118,519	**-**	**-**
Cash dividends paid	(37)	**(10,362)**	**(126)**
Others, net	(2,672)	**(1,510)**	**(19)**
Net cash provided by financing activities	23,403	**123,985**	**1,512**
Ⅳ. Effect of exchange rate changes on cash and cash equivalents	(308)	**(5,357)**	**(65)**
Ⅴ. Net decrease in cash and cash equivalents	(51,836)	**(75,878)**	**(925)**
Ⅵ. Cash and cash equivalents at beginning of period	317,271	**330,548**	**4,031**
Ⅶ. Decrease in cash and cash equivalents resulting from change of scope of consolidation	-	**(92,787)**	**(1,132)**
Ⅷ. Increase in cash and cash equivalents resulting from merger	-	**9,700**	**118**
Ⅸ. Cash and cash equivalents at end of period	JPY 265,435	**JPY 171,583**	**$2,092**

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

Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 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	**541,991**	**259,281**	**416,686**	**204,478**	**585,051**	**2,007,487**	**182,397**	**—**	**2,189,884**
2. Intersegment sales and transfers	**34,640**	**33,460**	**22,159**	**10,657**	**32,982**	**133,898**	**52,975**	**(186,873)**	**—**
Total sales	**576,631**	**292,741**	**438,845**	**215,135**	**618,033**	**2,141,385**	**235,372**	**(186,873)**	**2,189,884**
Segment income (loss) (Operating income (loss))	**(3,060)**	**(3,532)**	**12,821**	**4,466**	**1,266**	**11,961**	**4,346**	**(28,701)**	**(12,394)**

Nine months ended December 31, 2009 (From April 1, 2009 to December 31, 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	564,897	253,148	451,462	194,384	539,039	2,002,930	476,122	—	2,479,052
2. Intersegment sales and transfers	36,813	45,557	22,674	12,227	38,586	155,857	73,474	(229,331)	—
Total sales	601,710	298,705	474,136	206,611	577,625	2,158,787	549,596	(229,331)	2,479,052
Segment income (loss) (Operating income (loss))	12,976	(13,762)	14,406	3,262	11,648	28,530	(45,289)	(28,472)	(45,231)

Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 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	**6,610**	**3,162**	**5,081**	**2,494**	**7,135**	**24,482**	**2,224**	**—**	**26,706**
2. Intersegment sales and transfers	**422**	**408**	**271**	**129**	**402**	**1,632**	**646**	**(2,278)**	**—**
Total sales	**7,032**	**3,570**	**5,352**	**2,623**	**7,537**	**26,114**	**2,870**	**(2,278)**	**26,706**
Segment income (loss) (Operating income (loss))	**(37)**	**(43)**	**156**	**55**	**15**	**146**	**53**	**(350)**	**(151)**

SEGMENT INFORMATION (CONTINUED)

Three months ended December 31, 2010 (From October 1, 2010 to December 31, 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	171,010	82,520	145,714	66,618	192,989	658,851	61,873	－	720,724
2. Intersegment sales and transfers	11,609	10,990	8,326	3,442	11,096	45,463	17,829	(63,292)	－
Total sales	182,619	93,510	154,040	70,060	204,085	704,314	79,702	(63,292)	720,724
Segment income (loss) (Operating income (loss))	(6,603)	(1,996)	5,848	444	(1,630)	(3,937)	1,310	(10,852)	(13,479)

Three months ended December 31, 2009 (From October 1, 2009 to December 31, 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	187,558	86,952	142,887	64,707	176,706	658,810	166,549	－	825,359
2. Intersegment sales and transfers	11,175	13,273	7,082	4,208	12,711	48,449	22,438	(70,887)	－
Total sales	198,733	100,225	149,969	68,915	189,417	707,259	188,987	(70,887)	825,359
Segment income (loss) (Operating income (loss))	3,420	(303)	2,034	556	3,446	9,153	(7,707)	(8,974)	(7,528)

Three months ended December 31, 2010 (From October 1, 2010 to December 31, 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	2,086	1,006	1,777	812	2,354	8,035	754	－	8,789
2. Intersegment sales and transfers	141	134	102	42	135	554	218	(772)	－
Total sales	2,227	1,140	1,879	854	2,489	8,589	972	(772)	8,789
Segment income (loss) (Operating income (loss))	(80)	(24)	71	5	(20)	(48)	16	(132)	(164)

(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 nine months ended December 31, 2009 and the three months ended December 31, 2009 have been reclassified in a manner used for the nine months ended December 31, 2010 and the three months ended December 31, 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 (27,907) million yen ((340) millions of U.S. dollars) unallocated to each reported segment and noncurrent assets related adjustment of 2,739 million yen (33 millions of U.S. dollars) for the nine months ended December 31, 2010. And "Adjustment" of segment income (loss) includes corporate expenses of (9,044) million yen ((110) millions of U.S. dollars) unallocated to each reported segment and noncurrent assets related adjustment of 586 million yen (7 millions of U.S. dollars) for the three months ended December 31, 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

Nine months ended December 31, 2010 (From April 1, 2010 to December 31, 2010)

(In millions of yen)

Japan	Asia	Europe	Others	Total
1,829,324	**119,533**	**80,124**	**160,903**	**2,189,884**

(In millions of U.S. dollars)

Japan	Asia	Europe	Others	Total
22,309	**1,458**	**977**	**1,962**	**26,706**

Three months ended December 31, 2010 (From October 1, 2010 to December 31, 2010)

(In millions of yen)

Japan	Asia	Europe	Others	Total
603,191	**36,396**	**29,661**	**51,476**	**720,724**

(In millions of U.S. dollars)

Japan	Asia	Europe	Others	Total
7,356	**444**	**362**	**627**	**8,789**

(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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