

Press Release - Media Contact: Joseph Jasper/Akiko Shikimori TEL: +81-3-3798-6511

***** For immediate use October 27, 2011

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2012

Consolidated Financial Results

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011	Change
	In billions of yen	In billions of yen	%
Net Sales	1,469.2	1,443.2	-1.8
Operating income (loss)	1.1	6.8	525.7
Ordinary income (loss)	-22.3	-10.4	-
Net income (loss)	-27.0	-11.0	-
	Yen	Yen	Yen
Net income (loss) per share:			
Basic	-10.42	-4.23	6.19
Diluted	-	-	-

	As of March 31, 2011	As of September 30, 2011	Change
	In billions of yen	In billions of yen	%
Total assets	2,628.9	2,450.6	-6.8
Net assets	875.4	853.9	-2.5

(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, 2011	As of March 31, 2011
Consolidated subsidiaries	286	272	283
Affiliated companies accounted for by the equity method	60	55	55

1. Consolidated Business Results

(1) Overview of the first half of the fiscal year ending March 31, 2012 (six months ended September 30, 2011)

The worldwide economy during the six months ended September 30, 2011 was characterized by the deteriorating consumer and investor sentiment in developed countries, including the United States and Europe, caused by the financial market turmoil related to the financial crisis in Europe. In emerging countries, growth rates were slowed down mainly by decelerating exports to developed countries and rising interest rates in order to control inflation.

The Japanese economy continued to recover from the slump caused by the Great East Japan Earthquake of March 2011. The manufacturing field, which was heavily impacted by the disaster, moved rapidly towards recovery, mainly in the automotive segment. Capital expenditures experienced a slight improvement due to disaster recovery demand and consumer spending also showed a trend towards recovery. On the other hand, the recovery of exports was impacted by the high value of the yen and the economic slowdown overseas.

Under this business environment, NEC recorded consolidated sales of 1,443.2 billion yen for the six months ended September 30, 2011, a decrease of 26.0 billion yen (-1.8%) year-on-year. This decrease was mainly due to reduced sales from the Personal Solutions business and the IT Services business, in spite of increased sales from the Carrier Network business.

Regarding profitability, consolidated operating income (loss) improved by 5.7 billion yen year-on-year, to an operating income of 6.8 billion yen, mainly due to an improved cost percentage and streamlined selling, general and administrative expenses.

In terms of ordinary income (loss), NEC recorded a loss of 10.4 billion yen, improving by 11.9 billion yen year-on-year, mainly due to improved operating income (loss) and reduced equity in losses of affiliates.

Income (loss) before income taxes and minority interests for the first half was a loss of 4.9 billion yen, a year-on-year improvement of 38.5 billion yen. This was mainly due to improved ordinary income (loss) as well as improved extraordinary income from the gain on sales of subsidiaries and affiliates' stocks.

Net income (loss) for the first half was a loss of 11.0 billion yen, a year-on-year improvement of 16.1 billion yen.

(2) Results by main business segment

Sales by segment (sales to external customers):

Segments	Six months ended September 30, 2010	Six months ended September 30, 2011	Change
	In billions of yen	In billions of yen	%
IT Services	371.0	362.7	-2.2
Platform	176.8	174.0	-1.6
Carrier Network	271.0	294.2	8.6
Social Infrastructure	137.9	140.3	1.8
Personal Solutions	392.1	354.3	-9.6
Others	120.5	117.8	-2.3
Total	1,469.2	1,443.2	-1.8

Operating income or loss by segment:

Segments	Six months ended September 30, 2010	Six months ended September 30, 2011	Change
	In billions of yen	In billions of yen	In billions of yen
IT Services	3.5	3.0	-0.6
Platform	-1.5	-2.2	-0.7
Carrier Network	7.0	15.3	8.3
Social Infrastructure	4.0	6.1	2.1
Personal Solutions	2.9	3.4	0.5
Others	3.0	3.5	0.5
Adjustment	-17.8	-22.3	-4.5
Total	1.1	6.8	5.7

(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:	362.7 billion yen	(-2.2%)
Operating Income (Loss):	3.0 billion yen	(-0.6 billion yen)

In the IT Services business, sales were 362.7 billion yen, a decrease of 8.3 billion yen (-2.2%) year-on-year, mainly impacted by decreased sales for the retail and telecommunications businesses, despite the steady growth of sales for local government offices and medical institutions.

Operating income (loss) worsened by 0.6 billion yen year-on-year, to an operating income of 3.0 billion yen, mainly owing to decreased sales, despite progress in reducing costs.

Platform Business

Sales:	174.0 billion yen	(-1.6%)
Operating Income (Loss):	- 2.2 billion yen	(-0.7 billion yen)

In the Platform business, sales were 174.0 billion yen, a decrease of 2.8 billion yen (-1.6%) year-on-year, mainly due to a decrease in hardware sales, despite the steady growth of software and enterprise network sales.

Operating income (loss) worsened by 0.7 billion yen year-on-year, to an operating loss of 2.2 billion yen, mainly owing to a decrease in sales.

Carrier Network Business

Sales:	294.2 billion yen	(8.6%)
Operating Income (Loss):	15.3 billion yen	(8.3 billion yen)

In the Carrier Network business, sales were 294.2 billion yen, an increase of 23.2 billion yen (8.6%) year-on-year, mainly due to an increase in sales of submarine network systems and wireless communications equipment.

Operating income (loss) improved by 8.3 billion yen year-on-year, to an operating income of 15.3 billion yen, mainly owing to an increase in sales.

Social Infrastructure Business

Sales:	140.3 billion yen	(1.8%)
Operating Income (Loss):	6.1 billion yen	(2.1 billion yen)

In the Social Infrastructure business, sales were 140.3 billion yen, an increase of 2.5 billion yen (1.8%) year-on-year, mainly due to the steady growth of the social system field, including sales of broadcast and fire and disaster prevention systems, despite a decrease in sales in the aerospace and defense systems fields.

Operating income (loss) improved by 2.1 billion yen year-on-year, to an operating income of 6.1 billion yen, mainly owing to an increase in sales and a reduction in costs.

Personal Solutions Business

Sales:	354.3 billion yen	(-9.6%)
Operating Income (Loss):	3.4 billion yen	(0.5 billion yen)

In the Personal Solutions business, sales were 354.3 billion yen, a decrease of 37.8 billion yen (-9.6%) year-on-year, mainly due to the personal computer business for private users no longer being consolidated starting from this second quarter.

Operating income (loss) improved by 0.5 billion yen year-on-year, to an operating income of 3.4 billion yen, mainly due to streamlined mobile phone development.

Others

Sales:	117.8 billion yen	(-2.3%)
Operating Income (Loss):	3.5 billion yen	(0.5 billion yen)

In Others, sales were 117.8 billion yen, a decrease of 2.8 billion yen (-2.3%) year-on-year, mainly due to the panel business for LCD displays no longer being consolidated starting from this second quarter.

Operating income (loss) improved by 0.5 billion yen year-on-year, to an operating income of 3.5 billion yen, mainly due to streamlined costs, despite a decrease in sales.

2. Consolidated Financial Condition

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

Total assets were 2,450.6 billion yen as of September 30, 2011, a decrease of 178.3 billion yen as compared with the end of the previous fiscal year. Current assets as of September 30, 2011 decreased by 143.4 billion yen compared with the end of the previous fiscal year to 1,299.2 billion yen, mainly due to a decrease in notes and accounts receivable-trade. Noncurrent assets as of September 30, 2011 decreased by 34.9 billion yen compared with the end of the previous fiscal year to 1,151.4 billion yen, mainly due to the continued depreciation of property, plant and equipment, as well as a decrease in stocks of subsidiaries and affiliates from equity in losses of affiliates.

Total liabilities as of September 30, 2011 decreased by 156.8 billion yen compared with the end of the previous fiscal year, to 1,596.7 billion yen. This was mainly due to the redemption of convertible bonds and a decrease in notes and accounts payable-trade. The balance of interest-bearing debt amounted to 647.0 billion yen, a decrease of 28.8 billion yen as compared with the end of the previous fiscal year. The debt-equity ratio as of September 30, 2011 was 0.88 (an improvement of 0.01 points compared with the end of the previous fiscal year). The balance of net interest-bearing debt as of September 30, 2011, calculated by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 468.4 billion yen, a decrease of 3.5 billion yen as compared with the end of the previous fiscal year. The net debt-equity ratio as of September 30, 2011 was 0.64 (a worsening of 0.02 points as compared with the end of the previous fiscal year).

Total net assets were 853.9 billion yen as of September 30, 2011, a decrease of 21.5 billion yen as compared with the end of the previous fiscal year, mainly due to recording net losses.

As a result, the owner's equity as of September 30, 2011 was 734.2 billion yen and owner's equity ratio was 30.0% (an improvement of 1.2 points as compared with the end of the previous fiscal year).

Net cash inflows from operating activities for the six months ended September 30, 2011 were 31.5 billion yen, an increase of 21.7 billion yen as compared with the same period of the previous fiscal year, mainly due to an improvement in loss before income taxes and minority interests.

Net cash outflows from investing activities for the six months ended September 30, 2011 were 22.3 billion yen, a decrease of 90.4 billion yen as compared with the same period of the previous fiscal

year, mainly due to decreased outflows from the purchase of stocks of subsidiaries and affiliates and the purchase of property, plant and equipment.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) for the six months ended September 30, 2011 totaled a cash inflow of 9.2 billion yen, an improvement of 112.0 billion yen year-on-year.

Net cash flows from financing activities for the six months ended September 30, 2011 totaled a cash outflow of 30.8 billion yen, mainly due to the redemption of convertible bonds despite financing from the issuance of commercial papers and bonds.

As a result, cash and cash equivalents as of September 30, 2011 amounted to 178.6 billion yen, a decrease of 25.3 billion yen as compared with the end of the previous fiscal year.

3. Consolidated Financial Forecast

As challenging business conditions continue, NEC forecasts sales of 3,250 billion yen, 50 billion yen less than the previous forecast due to a decrease in sales mainly from the Personal Solutions business, Platform business and Carrier Network business.

There is no change to the financial forecasts for operating income (loss), ordinary income (loss) or net income (loss) for the fiscal year ending March 31, 2012, mainly due to reduced costs and streamlined costs.

Consolidated financial forecasts for the fiscal year ending March 31, 2012
(April 1, 2011 to March 31, 2012)

(In billions of yen)

	Sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Previous Forecast (A) (announced July 28, 2011)	3,300.0	90.0	55.0	15.0
Revised Forecast (B)	3,250.0	90.0	55.0	15.0
Difference (B) - (A)	-50.0	—	—	—
Change (%)	-1.5	—	—	—
Results for the fiscal year ended March 31, 2011	3,115.4	57.8	0.0	-12.5

4. Others

(1) Application of 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.

(2) Changes to accounting policies, changes in financial estimates and restatements

<Change in the depreciation method for property, plant and equipment and useful lives>

From the three-month period ended June 30, 2011, NEC Corporation (the “Company”) and its consolidated subsidiaries changed the depreciation method and revised the useful lives of a portion of assets based on actual utilization.

In prior periods, the Company and its consolidated subsidiaries depreciated property, plant and equipment with the declining-balance method. From the three-month period ended June 30, 2011, the Company and its consolidated subsidiaries uniformly adopted straight-line depreciation over the estimated useful lives of the assets.

The reason for this change is due to a shift in business conditions that includes the exclusion of NEC’s semiconductor business from consolidation and a stronger business focus towards services where stable long-term revenues can be expected, such as “Cloud Computing Services.” This shift in business conditions resulted in an increase in the ratio of assets more suitably depreciated by the straight-line method, which enables depreciation costs to be equally allocated over its useful lives.

Compared to the previous method of accounting, the impacts of these changes and revisions on income (loss) and segment information are immaterial.

CONSOLIDATED QUARTERLY BALANCE SHEETS

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

	March 31, 2011	September 30, 2011	September 30, 2011
Current assets	JPY 1,442,580	JPY 1,299,189	\$ 16,873
Cash and deposits	184,662	142,823	1,855
Notes and accounts receivable-trade	726,355	623,389	8,096
Short-term investment securities	20,757	38,056	494
Merchandise and finished goods	95,567	100,849	1,310
Work in process	99,868	113,372	1,472
Raw materials and supplies	69,308	68,109	885
Deferred tax assets	97,431	82,106	1,066
Other	153,104	135,026	1,754
Allowance for doubtful accounts	(4,472)	(4,541)	(59)
Noncurrent assets	1,186,351	1,151,403	14,953
Property, plant and equipment	341,175	325,022	4,221
Buildings and structures, net	146,782	138,908	1,804
Machinery and equipment, net	43,933	41,748	542
Tools, furniture and fixtures, net	61,862	59,746	776
Land	75,550	73,152	950
Construction in progress	13,048	11,468	149
Intangible assets	208,202	207,989	2,701
Goodwill	88,941	83,564	1,085
Software	116,169	120,984	1,571
Other	3,092	3,441	45
Investments and other assets	636,974	618,392	8,031
Investment securities	137,692	140,490	1,825
Stocks of subsidiaries and affiliates	133,993	124,309	1,614
Deferred tax assets	174,707	184,822	2,400
Other	207,848	185,815	2,413
Allowance for doubtful accounts	(17,266)	(17,044)	(221)
Total assets	JPY 2,628,931	JPY 2,450,592	\$ 31,826

(Note)

U.S. dollar amounts are translated from yen, for convenience only, at the rate of US\$1 = 77 yen.

CONSOLIDATED QUARTERLY BALANCE SHEETS (CONTINUED)

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

	March 31, 2011	September 30, 2011	September 30, 2011
Current liabilities	JPY 1,180,528	JPY 1,036,507	\$ 13,461
Notes and accounts payable-trade	464,529	406,934	5,285
Short-term loans payable	48,780	20,372	265
Commercial papers	163,978	236,967	3,077
Current portion of long-term loans payable	13,245	38,411	499
Current portion of convertible bonds	97,669	-	-
Accrued expenses	160,559	151,104	1,962
Advances received	58,437	60,148	781
Provision for product warranties	24,827	22,489	292
Provision for directors' bonuses	266	280	4
Provision for loss on construction contracts and others	9,763	8,236	107
Provision for business structure improvement	7,138	1,833	24
Provision for contingent loss	3,989	2,990	39
Other	127,348	86,743	1,126
Noncurrent liabilities	572,962	560,189	7,275
Bonds payable	200,000	230,000	2,987
Long-term loans payable	137,846	109,896	1,427
Deferred tax liabilities	1,125	1,218	16
Provision for retirement benefits	182,022	179,029	2,325
Provision for product warranties	2,062	1,723	22
Provision for loss on repurchase of computers	7,620	6,886	89
Provision for business structure improvement	1,326	902	12
Provision for contingent loss	8,810	8,012	104
Other	32,151	22,523	293
Total liabilities	1,753,490	1,596,696	20,736
Shareholders' equity	780,045	769,059	9,988
Capital stock	397,199	397,199	5,159
Capital surplus	192,837	192,835	2,504
Retained earnings	192,943	181,961	2,363
Treasury stock	(2,934)	(2,936)	(38)
Accumulated other comprehensive income	(22,991)	(34,828)	(452)
Valuation difference on available-for-sale securities	4,167	2,605	34
Deferred gains or losses on hedges	132	81	1
Foreign currency translation adjustment	(27,290)	(37,514)	(487)
Subscription rights to shares	33	26	0
Minority interests	118,354	119,639	1,554
Total net assets	875,441	853,896	11,090
Total liabilities and net assets	JPY 2,628,931	JPY 2,450,592	\$ 31,826

**CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS AND CONSOLIDATED
QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME**

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

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

Six months ended September 30	2010	2011	2011
Net sales	JPY 1,469,160	JPY 1,443,205	\$ 18,743
Cost of sales	1,039,444	1,014,074	13,170
Gross profit	429,716	429,131	5,573
Selling, general and administrative expenses	428,631	422,342	5,485
Operating income	1,085	6,789	88
Non-operating income	8,971	10,252	133
Interest income	594	983	13
Dividends income	2,333	2,543	33
Other	6,044	6,726	87
Non-operating expenses	32,329	27,447	356
Interest expenses	3,500	2,933	38
Retirement benefit expenses	6,026	5,959	77
Equity in losses of affiliates	14,725	5,189	67
Foreign exchange losses	2,260	4,047	53
Other	5,818	9,319	121
Ordinary loss	(22,273)	(10,406)	(135)
Extraordinary income	2,653	15,613	203
Gain on sales of subsidiaries and affiliates' stocks	52	15,035	195
Gain on sales of investment securities	863	526	7
Gain on sales of noncurrent assets	-	27	1
Gain on change in equity	-	18	0
Gain on reversal of subscription rights to shares	7	7	0
Reversal of provision for loss on guarantees	1,557	-	-
Gain on transfer of business	174	-	-
Extraordinary loss	23,866	10,148	132
Loss on valuation of investment securities	3,201	8,264	108
Business structure improvement expenses	9,360	640	8
Impairment loss	1,832	620	8
Relocation expenses	-	539	7
Loss on sales of stocks of subsidiaries and affiliates	368	60	1
Loss on sales of noncurrent assets	-	24	0
Loss on sales of investment securities	-	1	0
Loss on change in equity	5,996	-	-
Cost of corrective measures for products	1,675	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,434	-	-
Loss before income taxes and minority interests	(43,486)	(4,941)	(64)
Income taxes	(19,399)	2,748	36
Loss before minority interests	(24,087)	(7,689)	(100)
Minority interests in income	2,955	3,293	43
Net loss	(JPY 27,042)	(JPY 10,982)	(\$ 143)

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS AND CONSOLIDATED QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

CONSOLIDATED QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME

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

Six months ended September 30	2010	2011	2011
Loss before minority interests	(JPY 24,087)	(JPY 7,689)	(\$ 100)
Other comprehensive income	(14,783)	(12,117)	(157)
Valuation difference on available-for-sale securities	(10,714)	(1,866)	(24)
Deferred gains or losses on hedges	(240)	30	0
Foreign currency translation adjustment	2,258	(8,181)	(106)
Share of other comprehensive income of associates accounted for using equity method	(6,087)	(2,100)	(27)
Comprehensive income	(JPY 38,870)	(JPY 19,806)	(\$ 257)
Breakdown:			
Comprehensive income attributable to owners of the parent	(JPY 44,746)	(JPY 22,819)	(\$ 296)
Comprehensive income attributable to minority interests	5,876	3,013	39

CONDENSED CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

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

Six months ended September 30	2010	2011	2011
I . Cash flows from operating activities:			
Loss before income taxes and minority interests	(JPY 43,486)	(JPY 4,941)	(\$ 64)
Depreciation and amortization	41,552	44,125	573
Equity in losses of affiliates	14,725	5,189	67
Loss (gain) on change in equity	5,996	(18)	(0)
Decrease in notes and accounts receivable-trade	89,907	92,669	1,203
Increase in inventories	(31,903)	(35,380)	(459)
Decrease in notes and accounts payable-trade	(44,231)	(27,695)	(360)
Income taxes paid	(14,700)	(13,342)	(173)
Others, net	(7,992)	(29,081)	(378)
Net cash provided by operating activities	9,868	31,526	409
II . Cash flows from investing activities:			
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(31,725)	(16,975)	(220)
Purchase of intangible assets	(15,900)	(9,506)	(123)
Net proceeds from (payments of) purchases and sales of securities	(59,101)	2,792	36
Others, net	(5,944)	1,374	17
Net cash used in investing activities	(112,670)	(22,315)	(290)
III . Cash flows from financing activities:			
Net proceeds from (payments of) bonds and borrowings	28,746	(29,267)	(380)
Cash dividends paid	(10,350)	(35)	(0)
Others, net	24	(1,496)	(20)
Net cash provided by (used in) financing activities	18,420	(30,798)	(400)
IV . Effect of exchange rate changes on cash and cash equivalents	(4,251)	(3,683)	(47)
V . Net decrease in cash and cash equivalents	(88,633)	(25,270)	(328)
VI . Cash and cash equivalents at beginning of period	330,548	203,879	2,648
VII . Decrease in cash and cash equivalents resulting from change of scope of consolidation	(92,787)	-	-
VIII . Increase in cash and cash equivalents resulting from merger	9,700	-	-
IX . Cash and cash equivalents at end of period	JPY 158,828	JPY 178,609	\$ 2,320

SEGMENT INFORMATION

[Segment information]

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, 2011 (From April 1, 2011 to September 30, 2011)

(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	362,709	173,954	294,179	140,310	354,294	1,325,446	117,759	—	1,443,205
2. Intersegment sales and transfers	20,765	20,304	13,676	6,254	19,650	80,649	33,242	(113,891)	—
Total sales	383,474	194,258	307,855	146,564	373,944	1,406,095	151,001	(113,891)	1,443,205
Segment income (loss)									
(Operating income (loss))	2,968	(2,214)	15,308	6,098	3,429	25,589	3,542	(22,342)	6,789

Six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)

(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	4,711	2,259	3,821	1,822	4,601	17,214	1,529	—	18,743
2. Intersegment sales and transfers	269	264	177	81	255	1,046	432	(1,478)	—
Total sales	4,980	2,523	3,998	1,903	4,856	18,260	1,961	(1,478)	18,743
Segment income (loss)									
(Operating income (loss))	39	(29)	199	79	45	333	46	(291)	88

(Notes)

- "Others" for six months ended September 30, 2010 represents businesses such as Lithium-ion Rechargeable Batteries, Electronic Components, LCD Panels and Lighting Equipment, which are not included in reported segments. "Others" for six months ended September 30, 2011 represents businesses such as Lithium-ion Rechargeable Batteries, Electronic Components and Lighting Equipment, which are not included in reported segments.
- "Adjustment" of segment income (loss) for six months ended September 30, 2010 includes corporate expenses of (18,863) million yen unallocated to each reported segment and noncurrent assets related adjustment of 2,153 million yen, respectively. "Adjustment" of segment income (loss) for six months ended September 30, 2011 includes corporate expenses of (21,910) million yen ((285) millions of U.S. dollars) unallocated to each reported segment and noncurrent assets related adjustment of 1,603 million yen (21 millions of U.S. dollars), respectively. 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

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

Sales (In millions of yen)

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

Six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)

Sales (In millions of yen)

Japan	Asia	Europe	Others	Total
1,189,297	79,739	55,782	118,387	1,443,205

Six months ended September 30, 2011 (From April 1, 2011 to September 30, 2011)

Sales (In millions of U.S. dollars)

Japan	Asia	Europe	Others	Total
15,445	1,036	724	1,538	18,743

(Note)

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

BUSINESS COMBINATION

On July 1, 2011, in order to strengthen its personal computer business, the Company divided personal computer business of NEC Personal Products, Ltd. (currently NEC Embedded Products, Ltd.) and established NEC Personal Computers, Ltd. by means of company split. On the same day, the Company transferred all the shares of NEC Personal Computers, Ltd. to Lenovo NEC Holdings B.V. and 49% shares in Lenovo NEC Holdings B.V. were allotted to the Company. As a result, Lenovo NEC Holdings B.V. has become an affiliate of the Company accounted for by the equity method.

Outline of the transaction is as follows.

(1) Outline of the business combination

Name of the business: personal computer business

Major operation: Development, manufacture, sale and related business of personal computers

(2) Reason for the business combination

Strengthening of personal computer business

(3) Date of the business combination

July 1, 2011

(4) Legal form of the business combination

a. Incorporation-type company split, in which NEC Personal Products, Ltd. was the splitting company and NEC Personal Computers, Ltd. that was newly incorporated was the succeeding company.

b. Transfer of all the shares of NEC Personal Computers, Ltd. from the Company to Lenovo NEC Holdings B.V. and allotment of 49% shares of Lenovo NEC Holdings B.V.

(5) Outline of accounting method

The Company applies accounting procedures stipulated by Articles 45, of the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008) to acquisition of shares of Lenovo NEC Holdings B.V. accounted for by the equity method.

(6) Name of the reported segment in which the subsidiary was included

Personal Solutions business

[THREE MONTHS PERIOD INFORMATION]
CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS AND CONSOLIDATED
QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

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

Three months ended September 30	2010	2011	2011
Net sales	JPY 801,619	JPY 774,090	\$ 10,053
Cost of sales	563,619	538,494	6,993
Gross profit	238,000	235,596	3,060
Selling, general and administrative expenses	213,684	209,367	2,719
Operating income	24,316	26,229	341
Non-operating income	4,470	5,413	70
Interest income	318	450	6
Dividends income	1,306	1,264	16
Foreign exchange gains	61	-	-
Other	2,785	3,699	48
Non-operating expenses	10,598	12,401	161
Interest expenses	1,738	1,492	19
Foreign exchange losses	-	3,332	43
Retirement benefit expenses	3,012	2,946	38
Equity in losses of affiliates	2,837	473	6
Other	3,011	4,158	55
Ordinary income	18,188	19,241	250
Extraordinary income	1,861	15,462	201
Gain on sales of subsidiaries and affiliates' stocks	52	14,922	194
Gain on sales of investment securities	114	513	7
Gain on sales of noncurrent assets	-	27	0
Reversal of provision for loss on guarantees	1,695	-	-
Extraordinary loss	12,075	7,685	100
Loss on valuation of investment securities	1,630	6,718	87
Relocation expenses	-	539	7
Business structure improvement expenses	6,776	262	4
Impairment loss	1,626	84	1
Loss on sales of stocks of subsidiaries and affiliates	368	57	1
Loss on sales of noncurrent assets	-	24	0
Loss on sales of investment securities	-	1	0
Cost of corrective measures for products	1,675	-	-
Income before income taxes and minority interests	7,974	27,018	351
Income taxes	(10,227)	5,936	77
Income before minority interests	18,201	21,082	274
Minority interests in income	2,101	2,361	31
Net income	JPY 16,100	JPY 18,721	\$ 243

[THREE MONTHS PERIOD INFORMATION]**CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS AND CONSOLIDATED QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)****CONSOLIDATED QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME****(In millions of yen, millions of U.S. dollars)**

Three months ended September 30	2010	2011	2011
Income before minority interests	JPY 18,201	JPY 21,082	\$ 274
Other comprehensive income	(6,051)	(10,993)	(143)
Valuation difference on available-for-sale securities	(2,907)	(2,855)	(37)
Deferred gains or losses on hedges	(59)	90	1
Foreign currency translation adjustment	(2,004)	(6,702)	(87)
Share of other comprehensive income of associates accounted for using equity method	(1,081)	(1,526)	(20)
Comprehensive income	JPY 12,150	JPY 10,089	\$ 131
Breakdown:			
Comprehensive income attributable to owners of the parent	JPY 10,159	JPY 7,957	\$ 103
Comprehensive income attributable to minority interests	1,991	2,132	28

[THREE MONTHS PERIOD INFORMATION]

SEGMENT INFORMATION

[Segment information]

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

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, 2011 (From July 1, 2011 to September 30, 2011) (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	205,202	94,069	162,323	81,533	170,754	713,881	60,209	—	774,090
2. Intersegment sales and transfers	9,266	10,454	6,831	3,775	8,825	39,151	16,381	(55,532)	—
Total sales	214,468	104,523	169,154	85,308	179,579	753,032	76,590	(55,532)	774,090
Segment income (loss) (Operating income (loss))	10,349	3,209	13,512	5,665	2,090	34,825	4,037	(12,633)	26,229

Three months ended September 30, 2011 (From July 1, 2011 to September 30, 2011) (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	2,665	1,222	2,108	1,059	2,218	9,272	781	—	10,053
2. Intersegment sales and transfers	120	135	89	49	114	507	214	(721)	—
Total sales	2,785	1,357	2,197	1,108	2,332	9,779	995	(721)	10,053
Segment income (loss) (Operating income (loss))	134	42	175	74	27	452	52	(163)	341

(Notes)

- "Others" for three months ended September 30, 2010 represents businesses such as Lithium-ion Rechargeable Batteries, Electronic Components, LCD Panels and Lighting Equipment, which are not included in reported segments. "Others" for three months ended September 30, 2011 represents businesses such as Lithium-ion Rechargeable Batteries, Electronic Components and Lighting Equipment, which are not included in reported segments.
- "Adjustment" of segment income (loss) for three months ended September 30, 2010 includes corporate expenses of (11,512) million yen unallocated to each reported segment and noncurrent assets related adjustment of 573 million yen, respectively. "Adjustment" of segment income (loss) for three months ended September 30, 2011 includes corporate expenses of (11,936) million yen ((155) millions of U.S. dollars) unallocated to each reported segment and noncurrent assets related adjustment of 379 million yen (5 millions of U.S. dollars), respectively. 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.

[THREE MONTHS PERIOD INFORMATION]

SEGMENT INFORMATION (CONTINUED)

[Related information]

Information about geographic areas

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

Sales (In millions of yen)

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

Three months ended September 30, 2011 (From July 1, 2011 to September 30, 2011)

Sales (In millions of yen)

Japan	Asia	Europe	Others	Total
635,309	48,735	31,483	58,563	774,090

Three months ended September 30, 2011 (From July 1, 2011 to September 30, 2011)

Sales (In millions of U.S. dollars)

Japan	Asia	Europe	Others	Total
8,251	633	409	760	10,053

(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.
