

Empowered by Innovation

NEC

Financial Results for 1H FY08/3

(First Half of Fiscal Year Ending March 31, 2008)

November 14, 2007

NEC Corporation

(<http://www.nec.co.jp/ir/en/>)

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(Notes)

NEC changed the accounting principles for preparing its consolidated financial statements from accounting principles generally accepted in the U.S. ("U.S. GAAP"), to accounting principles generally accepted in Japan ("Japan GAAP") from the first half of the fiscal year ended March 31, 2007.

I. Overview of Financial Results

Executive Summary

1st Half

Steady progress made toward full year target

- Sales: ¥2,140.6 Billion (- 4% YoY)
- Operating Income: ¥27.4 Billion (+ ¥19.9 Billion YoY)
 - Mobile Terminals and Semiconductors businesses achieved profitability
- Achieved ¥80 Billion in NGN business sales in line with target

Full Year

Committed to achieve operating income target of ¥130 Bil.

- No change to full year target due to uncertain market conditions in 2H
 - There are both strong and weak areas in each business
- Execution of strategic measures to accelerate future growth
 - ¥10 Billion of strategic expenses to be reallocated to IT/NW Solutions

Financial Summary (Overview)

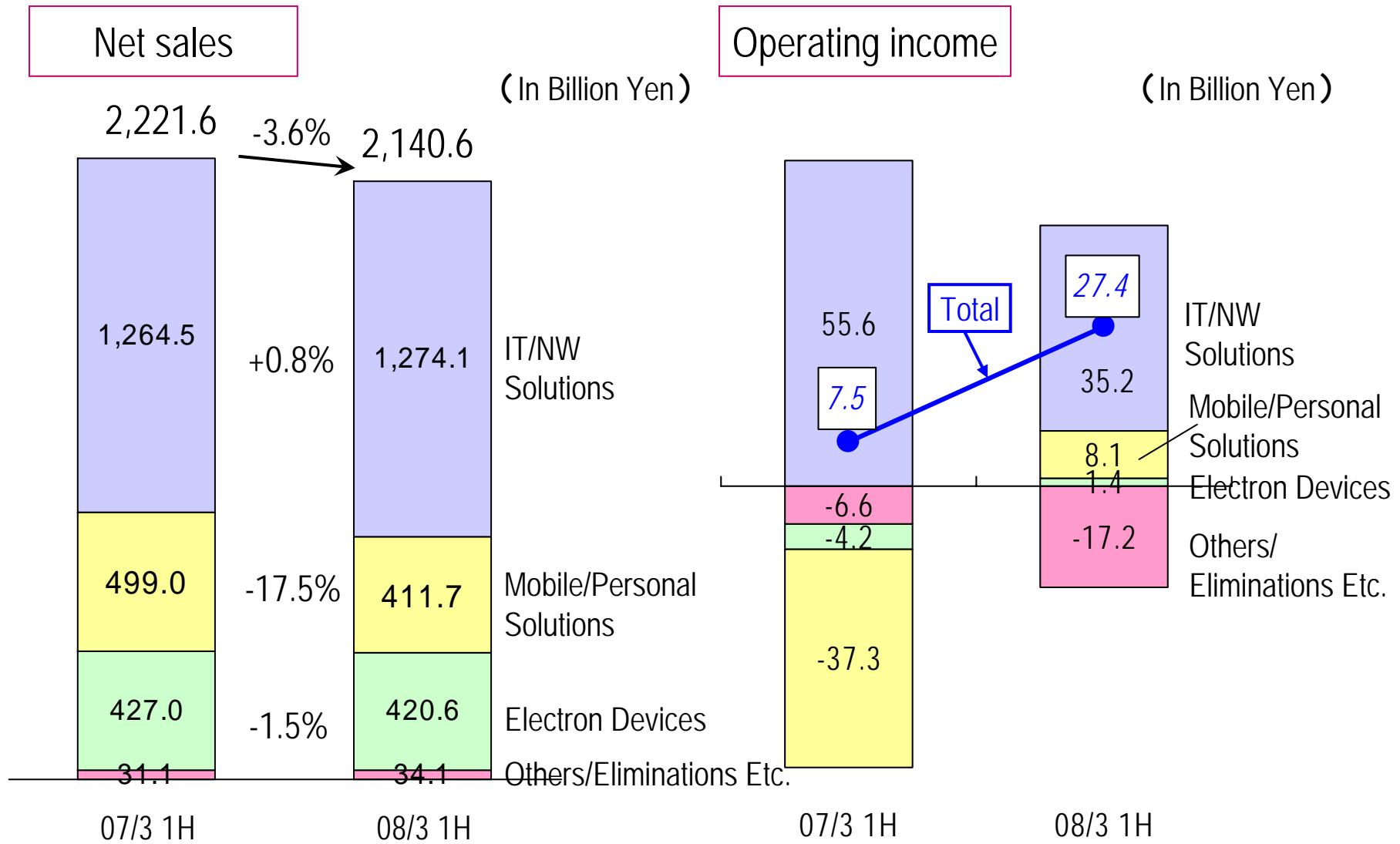
(In Billion Yen)

	1H			Full Year		
	FY07/3 Actual	FY08/3 Actual	YOY	FY07/3 Actual	FY08/3 Forecast	YOY
Net sales	2,221.6	2,140.6	- 3.6%	4,652.6	4,700	+ 1%
Operating income <i>(% to Net sales)</i>	7.5 <i>0.3%</i>	27.4 <i>1.3%</i>	+19.9	70.0 <i>1.5%</i>	130 <i>2.8%</i>	+60
Ordinary income	-11.8	9.8	+21.6	16.3	80	+64
Net income <i>(% to Net sales)</i>	-9.9 <i>-</i>	-4.7 <i>-</i>	+5.2	9.1 <i>0.2%</i>	30 <i>0.6%</i>	+21
Net income per share (yen)	-4.94	-2.43	+2.51	4.43	14.81	+10.38

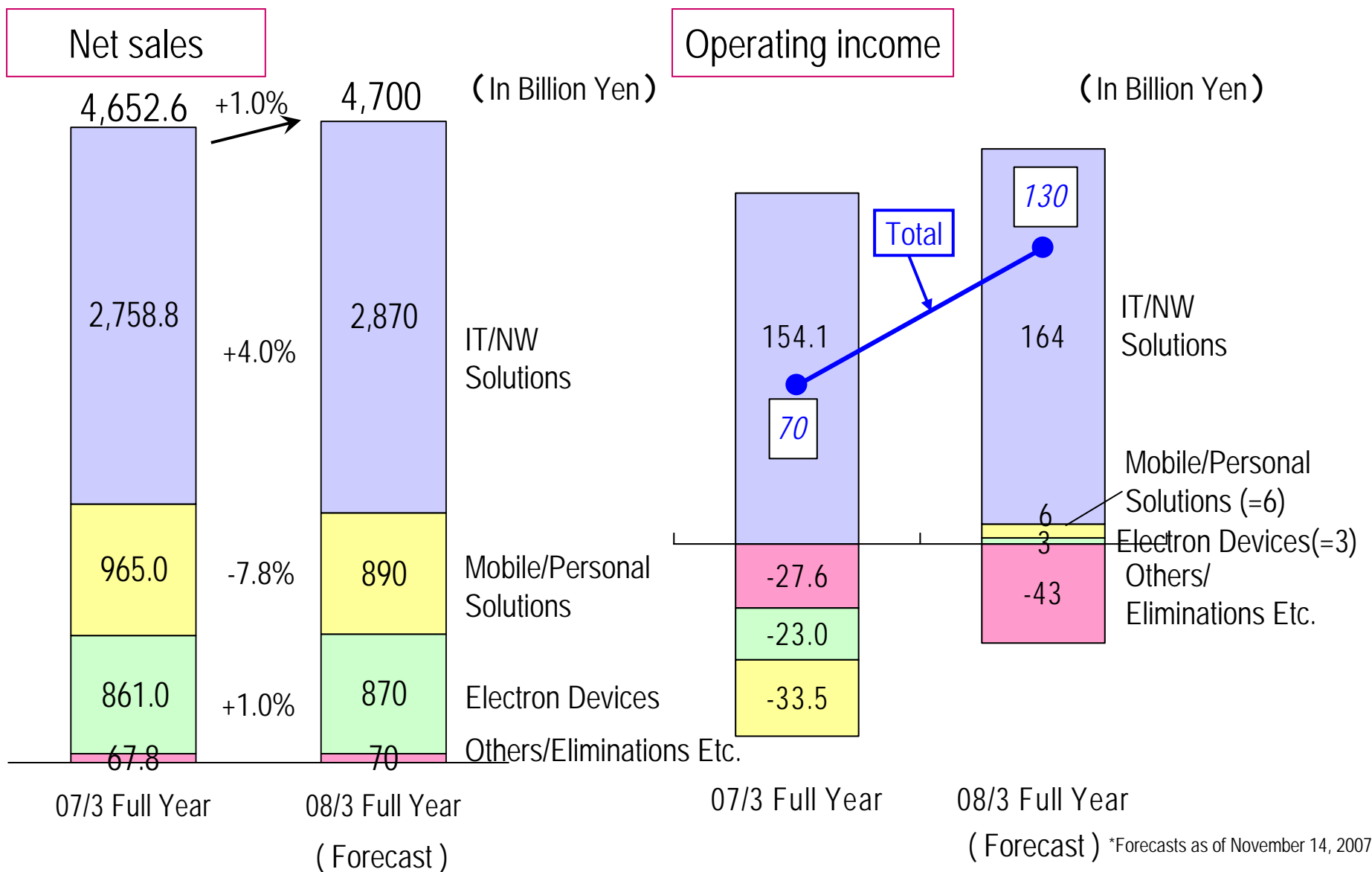
*Forecasts as of November 14, 2007

II. Segment Information

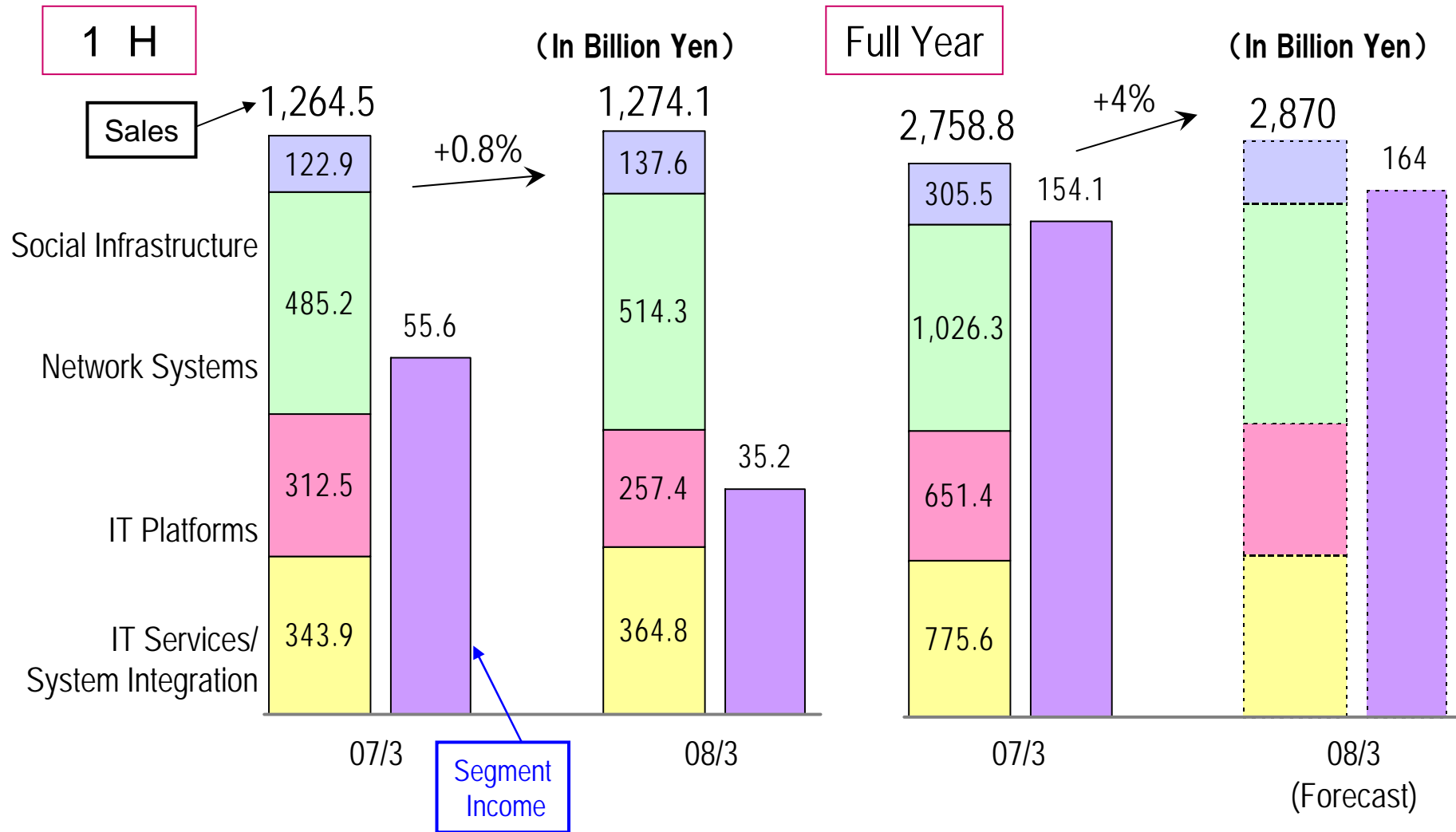
1H Financial Performance by Segment



Full Year Financial Forecast by Segment



IT/Network Solutions Business



*Forecasts as of November 14, 2007

IT/Network Solutions Business

■ IT Services/System Integration:

- ◇1H: Steady growth in most areas (central government, finance sector etc.), accompanying business expansion.
Improved profitability by enhancement of SI process, outsourcing costs and reduction of expenses.
- ◇2H: Aim for a 1% improvement in profit YoY by outperforming market growth of products such as service platforms and enhanced efficiency.



■ IT Platforms:

- ◇1H: Stagnant sales and profit due to severe price pressure, transfer of DVD sales business, and low-demand season
Marketed powerful new machines
Grid storage (commercialization of "HYDRAsTOR" product) - Released in Sept.
World's fastest vector supercomputer "SX-9" - Released in Oct.
- ◇2H: Plan to recover earning by sales growth
 - Increase shipments with SI, against the background of steady IT investment.
 - Expand sales based on product differentiation.



IT/Network Solutions Business

■ Network Systems

◆ Business for communication service providers:

- ◇1H: Reduced investment by communication service providers as compared with 1H in previous fiscal year when there was strong investment for MNP
Sustained growth of Pasolink sales (YoY approx. +70%),
and cumulative overseas shipment volumes surpassed 600,000 units
World's largest submarine cable system AAG (Asia America Gateway) is currently under construction.
- ◇2H: Start of NTT's NGN commercial service in some regions from Mar. '08
Strengthen efforts for business expansion in Japan and overseas



The Peninsula Tokyo

"N902iL" for all guest rooms and employees

Full IP-network infrastructure by SIP servers

◆ Business for enterprises:

- ◇1H: Acquired large projects (e.g. The Peninsula Tokyo)
- ◇2H: Strengthen unified communications field by introducing new products in the global market



IT/NW Solutions Business

■ Social Infrastructure

- ◇ 1H: Reduced investment in digital terrestrial TV broadcasting systems
- Increased sales in the Aerospace and Defense Systems field

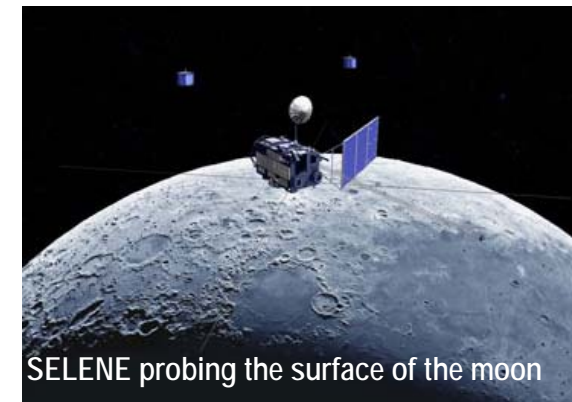
Focus will shift to visual solutions after the digital terrestrial era

HIGHLIGHT

The successful launch of lunar orbit explorer "KAGUYA (SELENE)"

NEC coordinated the project as a prime contractor
SELENE is now in a specific lunar orbital
and will start steady observation after mid. December

External view of SELENE



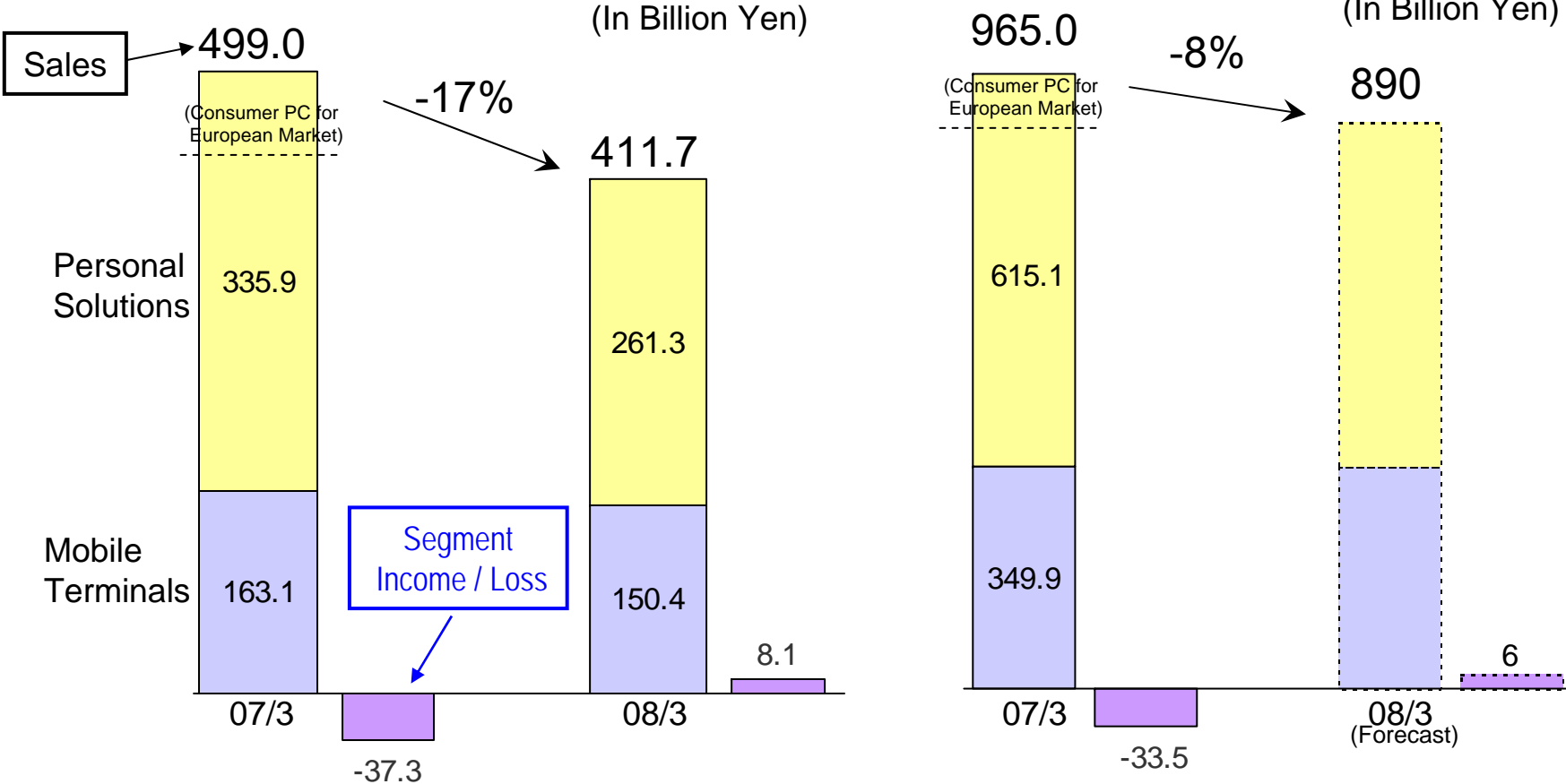
SELENE probing the surface of the moon

Photo: "SELEnological and Engineering Explorer (SELENE)" Courtesy of JAXA

Mobile/Personal Solutions Business

1 H

Full Year



*Forecasts as of November 14, 2007

Mobile/Personal Solutions Business

■ Mobile Terminals:

- ◇ 1H: Shipped 2.1 million units in 1H (Down 30% from the same period last year due to withdrawal from the overseas market)
 - Delay in recovery of market share despite strengthening products by further diversification of handsets
- ◇ 2H: Target sales of approximately 2.5 million handsets
 - Aim to increase both shipments and market share through more attractive new handsets



N905i

- 5.2M pixel camera with image stabilizer
- Enjoyable DTV with 3-inch full-wide VGA & "Yamaha Sound"



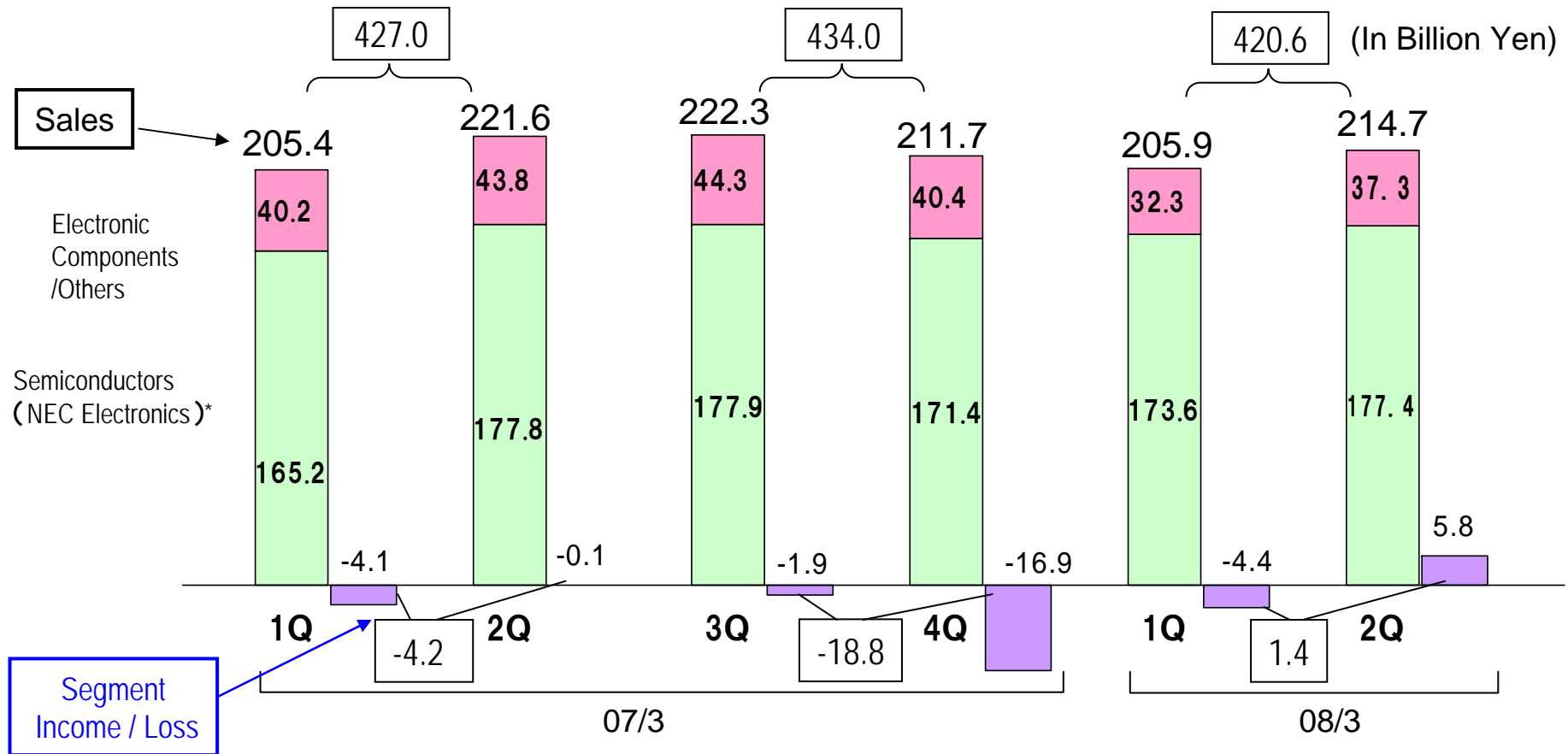
N905i μ

- 12.9mm, thinnest FOMA 9x model
- 3 inch full-wide VGA
- "Yamaha Sound"
- Elegant and stylish design

■ Personal Solutions:

- ◇ 1H: Sales decreased due to the impact of the sale of the consumer PC business in Europe
Maintained steady profitability through cost reduction
- ◇ 2H: Maintain the No.1 share in the Japanese PC market and aim to achieve the same number of PC shipments as last year

Electron Devices Business



(In Billion Yen)	07/3				08/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating Profit in Semiconductor area	-5.8	-1.2	-3.8	-17.8	-2.2	4.1

*The results for the area of Semiconductors are the official public figures of NEC Electronics Corporation, which are prepared in accordance with U.S. GAAP. The difference that arises as a result of the adjustment to Japan GAAP is included in Electronic Components and Others.

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