

Business Update

May 28, 2008
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President
NEC Corporation

Cautionary Statement

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 U.S. Securities and Exchange Commission, and in reports to shareholders and other communications. The U.S. Private Securities Litigation Reform Act of 1995 contains, and other applicable laws may contain, a safe-harbor for forward-looking statements, on which NEC relies 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) impact of NEC's announcement that its previously issued financial statements may not be relied upon and inability to prepare the financial statements for inclusion in the 2006 Form 20-F and to restate historical financial statements, and (ix) uncertainty relating to the ongoing informal inquiry by the SEC. 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. The securities may not be offered or sold in any jurisdiction in which registration is required absent registration or an exemption from registration under the applicable securities laws. For example, any public offering of securities to be made in the United States must be registered under the U.S. Securities Act of 1933 and made by means of an English language prospectus that contains detailed information about NEC and management, as well as NEC's financial statements.

(Notes)

NEC prepares its consolidated financial statements in accordance with accounting principles generally accepted in Japan ("Japan GAAP").
FY2007=FY ended March 2008, FY2008=FY ending March 2009 and so on.

Agenda

I. Financial Results FY2007

II. Business Operation Strategy for FY2008

(1) Achieve JPY 170Bn Operating Profit Forecast

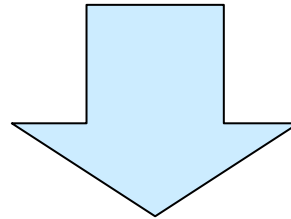
(2) Create New Growth Targeting an ROE above 10%

I. Financial Results FY2007

Looking back on FY2007

Management Objectives for FY2007 (from Business Update meeting in July)

- Rebuild Semiconductor business for mid-term growth
- Ensure profitability of mobile terminal business and reinforce competitive product offering
- Set breakdown plan of growth strategy centered on NGN
- Enhance corporate-wide measures to realize further growth



Results

- Successful turnaround of Semiconductor and Mobile Terminal Businesses
- Operating Profit and Net Profit both doubled compared to last FY
- Strengthened our Internal Control and Corporate Governance Structure

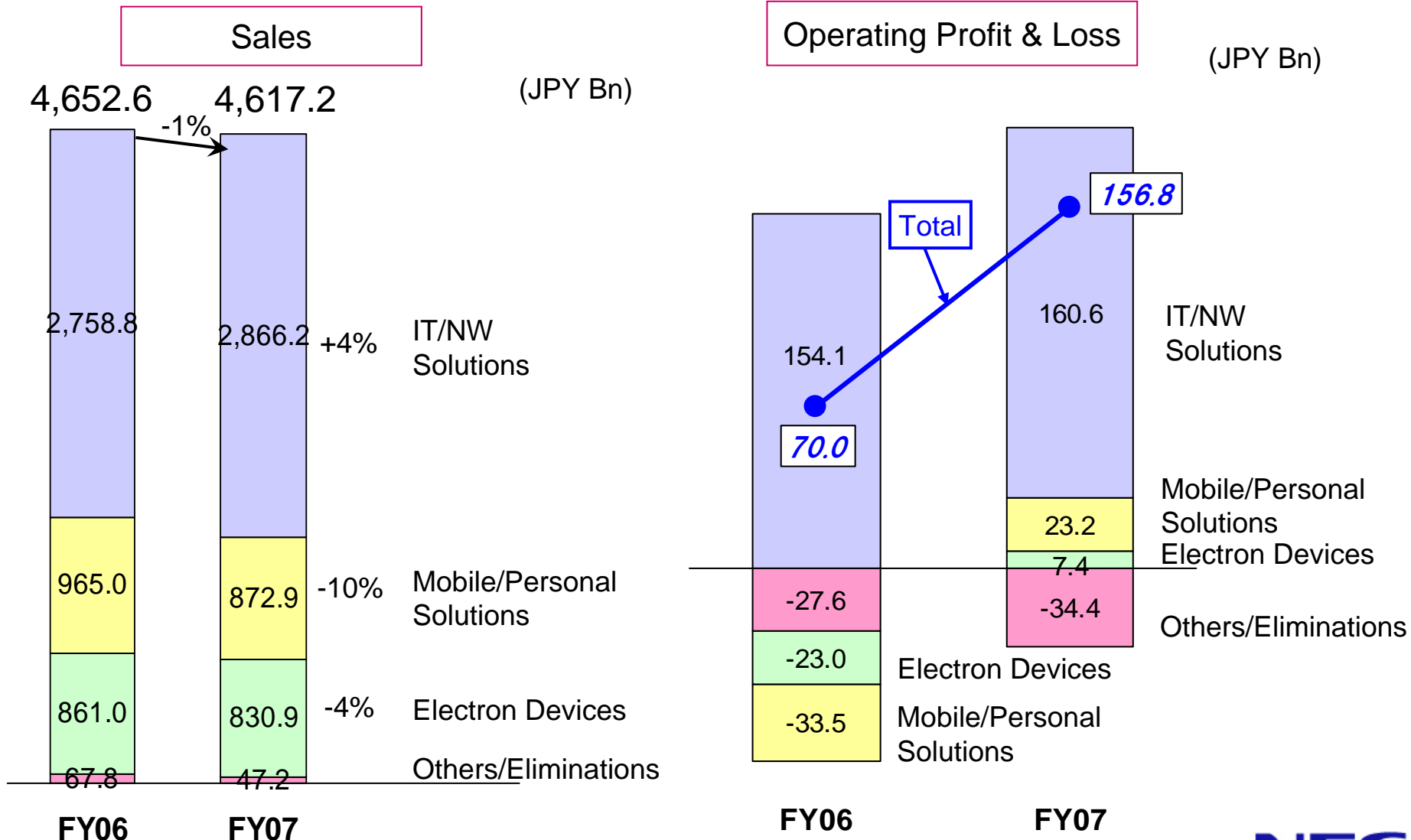
Overview of FY2007 Results

(JPY Bn)

	FY06	FY07	YoY
Sales	4,653	4,617	- 0.8%
Operating Profit	70	157	+87
(Operating Margin)	(1.5%)	(3.4%)	
Ordinary Profit	16	112	+96
Net Profit	9	23	+14
(Net Profit Margin)	(0.2%)	(0.5%)	
EPS (JPY)	4.43	11.06	+6.63

Financial Results by Segment

➤ Achieved profit in all Business Segments in FY2007



Achievements by Segment

< IT/NW Solutions >

- NGN related business sales doubled YoY
FY2006 : around 90Bn → FY2007: around 200Bn
- Promotion of strategic global partnerships
Alcatel-Lucent, SAP, cooperation on Service Platform
- Strengthened Enterprise Network business
Acquisition of US Sphere to strengthen software
- Achieved #1 global market share in Pasolink (Yearly. Source: Sky Light Research)
- Executed company-wide strategic investments leading to growth

< Mobile/Personal Solutions >

- Turnaround of Mobile Business
FY06 → FY07 Profit improvement of about JPY 46Bn
- Announced “Lui” solutions creating new market opportunities

< Electron Devices >

- Achieved operating targets
FY06: -23Bn → FY07: 7.4Bn improvement of +30.4

II. Business Operation Strategy for FY2008

1. Achieve JPY 170Bn Operating Profit Forecast

- Assure growth in each business segment
- Establish solid profit structure

2. Create New Growth Targeting an ROE above 10%

- Execute growth measures to realize NEC Group Vision

1. Achieve JPY 170Bn Operating Profit Forecast

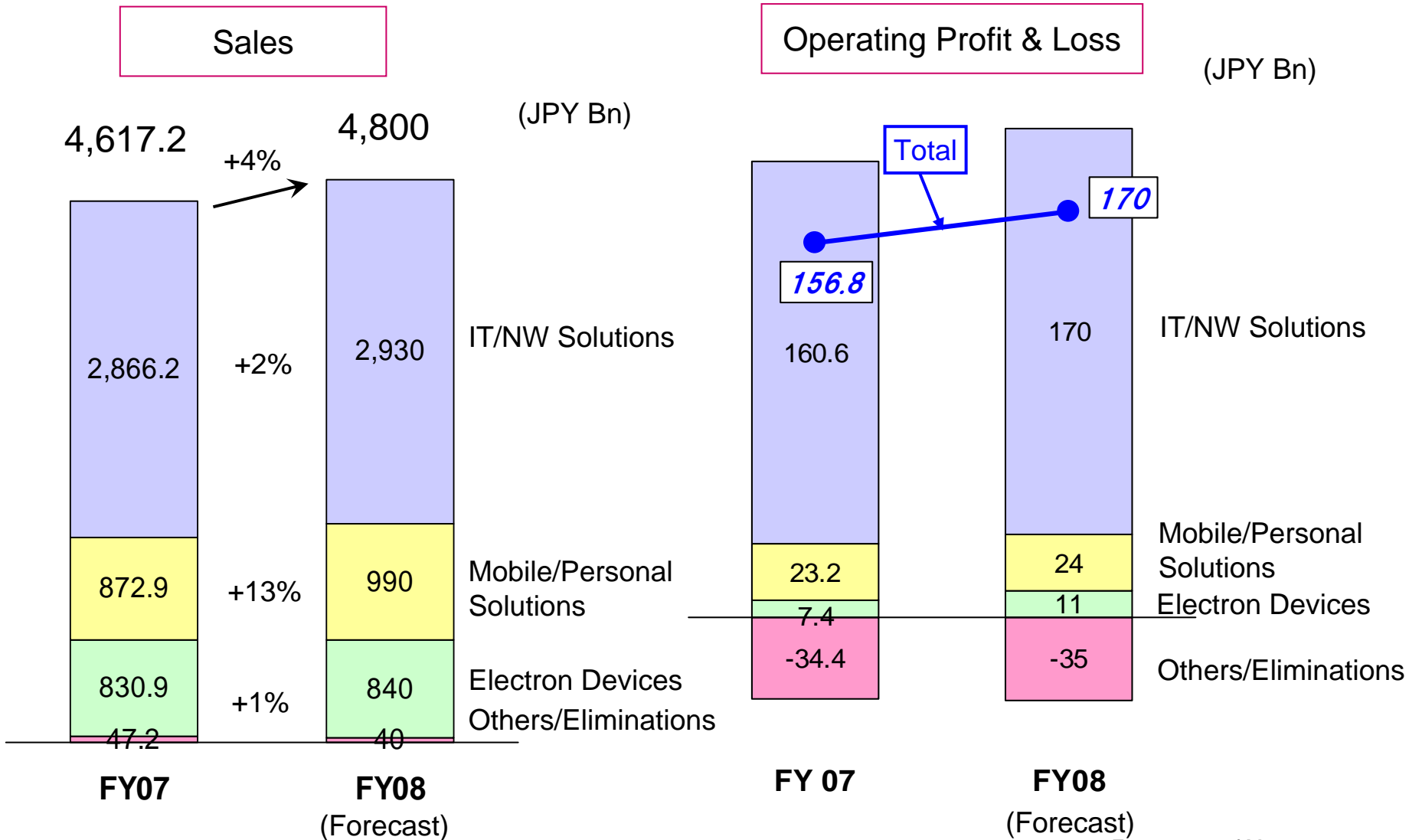
Overview of FY2008 Forecasts

(Unit: JPY Bn)

	FY07	FY08 Forecast	YoY	1H FY08 Forecast
Sales	4,617	4,800	+ 4%	2,150
Operating Profit	157	170	+13	30
(Operating Margin)	(3.4%)	(3.5%)		(1.4%)
Ordinary Profit	112	135	+23	12
Net Profit	23	35	+12	-4
(Net Profit Margin)	(0.5%)	(0.7%)		(-0.2%)

Forecast as of May 15, 2008

FY2008 Forecast by Segment



Forecast as of May 15, 2008

Empowered by Innovation



Key Factors toward achieving FY2008 Target

● Focus on Growth :

- NGN and Global Businesses driven by Network Systems
- Mobile Terminals Business

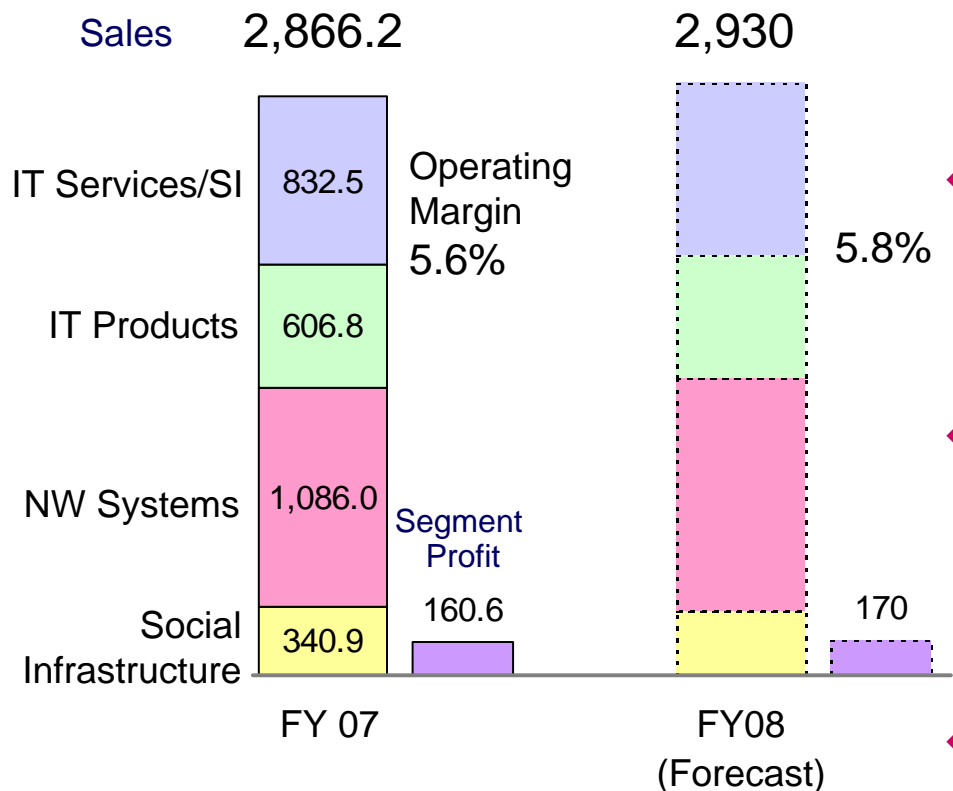
● Focus on Profitability :

- Improvement of IT Services business operating margin
- Assure profitability of in Mobile Terminals and Electron Devices businesses

(1) IT/NW Solutions Business

Accelerating growth through NGN

(JPY Bn)



Forecast as of May 15, 2008

◆ IT Services / SI

- Improve profitability through continued SI production innovation
- Increase revenue by expanding Service Platform business

◆ IT Products

- Growth from unique products and software (REAL IT COOL PROJECT/ Thin client)
- Strengthen & Expand global business

◆ Network Systems

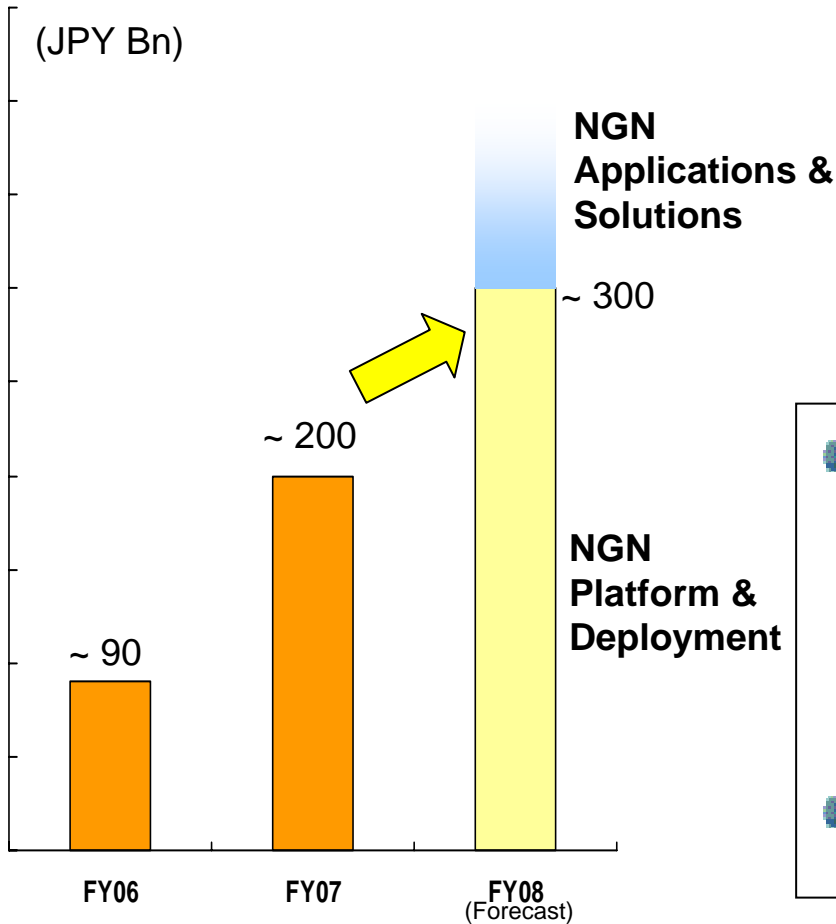
- Expand NGN business in Japan and increase profitability
- Expand wireless broadband business
- Expand global business

◆ Social Infrastructure

- Focus on video solutions and security solutions

Accelerating growth through NGN

Sales in NGN related business



Forecast as of May 15, 2008

< Recent Trends in NGN >

Japan

- NTT commercial service launch (end of March)
→ Expand services to Consumer / Enterprise market

Overseas

- Global market growth in NGN and wireless broadband
- Investment demand driven by 3G expansion



- Accelerate global expansion and materialize results from partnerships
 - Alcatel-Lucent
 - SAP
 - Service Platform Business
- Expand NGN Applications & Solutions

Business Expansion through Partnerships

Alcatel-Lucent

Expand global business and promote product collaboration through joint development, cross-selling and cooperation in solutions business

Materialize successful results
In FY2008

- Joint R&D
 - Establish LTE JV, to jointly develop LTE products for the global market
 - In discussion for joint R&D on next-generation transport technology and others
- Cross-selling, further cooperation in solutions business
 - In discussion for collaborations in mutually complementary areas such as Optical, IP, mobile, IMS and others

SAP

- Established “SAP Global Competence Center” in April (Wardorf, Germany)
 - Operational tests of low-power consumption platform that will realize “REAL IT COOL PROJECT”
 - Inter-operability tests of data center platform with SAP Solution
 - Joint development of SOA-based services and other solutions

Expanding our Global Business

Dynamically drive growth with strong, competitive businesses

● **Pasolink** → Leverage on NEC's competitive strength as growth driver

➤ **Achieved #1 global market share in 2007 (30.1% Market Share)**

- Supply Record in 131 countries
- Our Competitive Edge
 - Technology : Superior reliability with mobile technology
 - Superior solution capabilities and customer support system
 - Streamlined manufacturing, reduction of lead-time through enabled by global SCM System, superior quality, lower failure rate than competitors

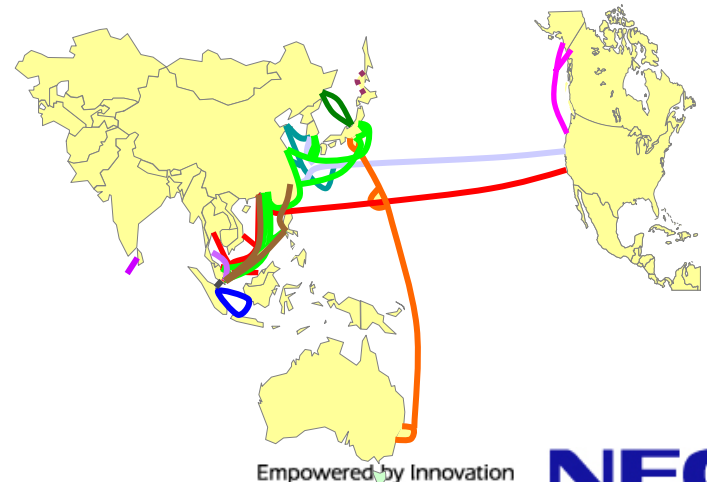
➤ **Expanding Sales in India, Europe, Middle-East and Africa**

● **Submarine Cables**

➤ **Building new backbone network in the Indian Ocean and Middle-East, in addition to Asia Pacific region**

e.g. Jakarta – Singapore

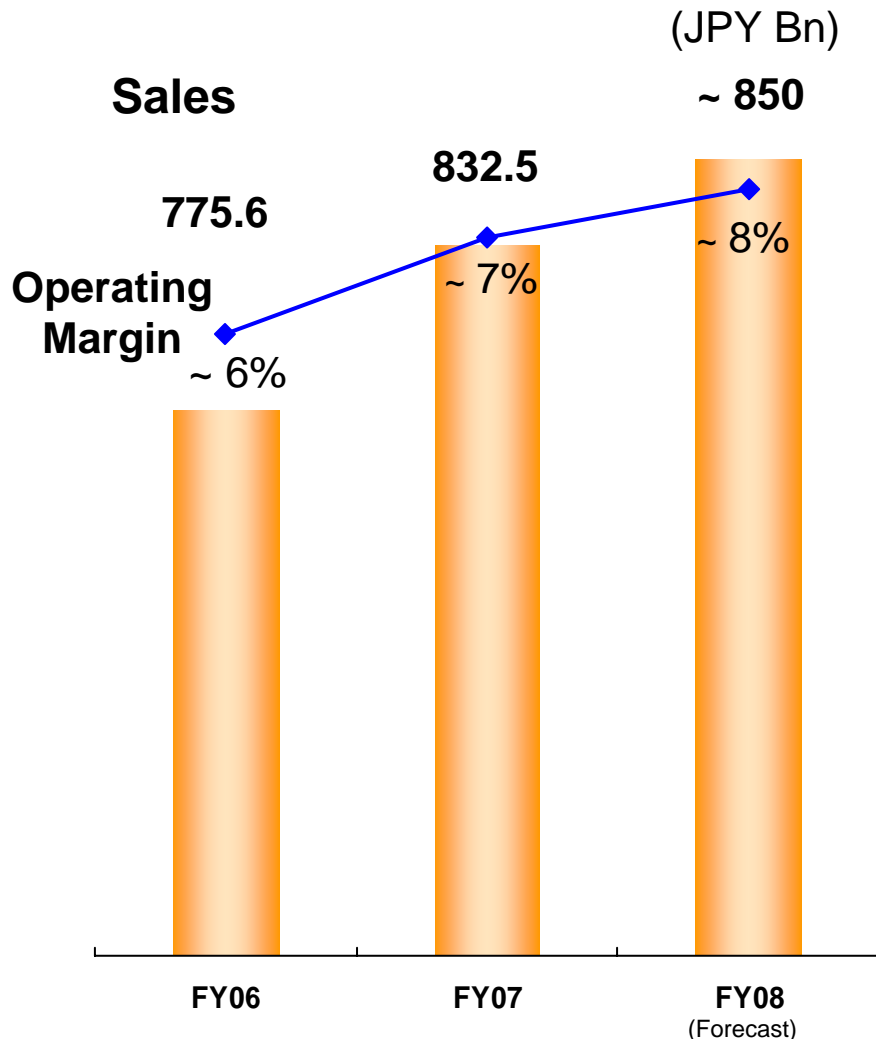
(optical Submarine fiber cable deal of 1,300Km)



Empowered by Innovation

NEC

Improvement of IT Services Business Operating Margin



◆ Achievements of SI Innovation

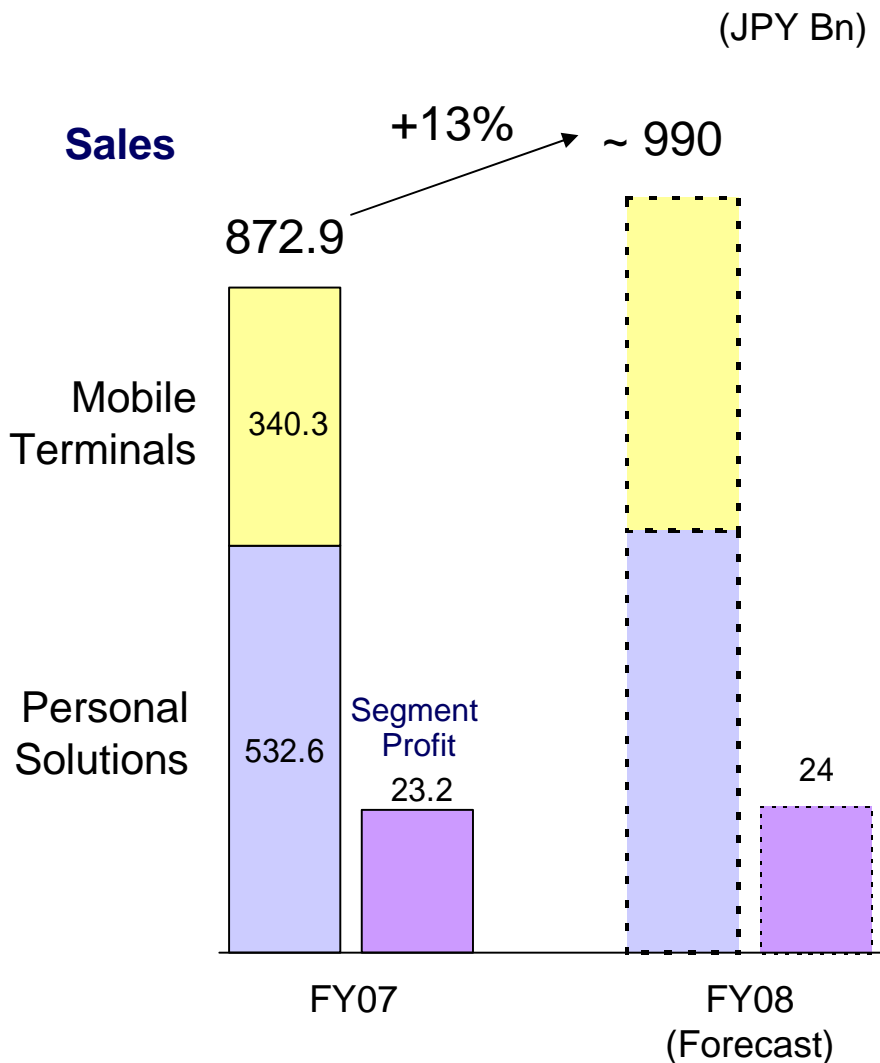
- Expand innovations in Hardware production to SW and SI
- Implement software component and system development standardization

◆ Focus more on Project Management

- “Prevent” unprofitable projects rather than “eradicate”
- Foster highly skilled system engineers and project management capabilities
- Propose solutions from upper process approach
(in collaboration with Abeam Consulting)

◆ Expand outsourcing business

(2) Mobile/Personal Solutions business



Forecast as of May 15, 2008

◆ Mobile Terminals

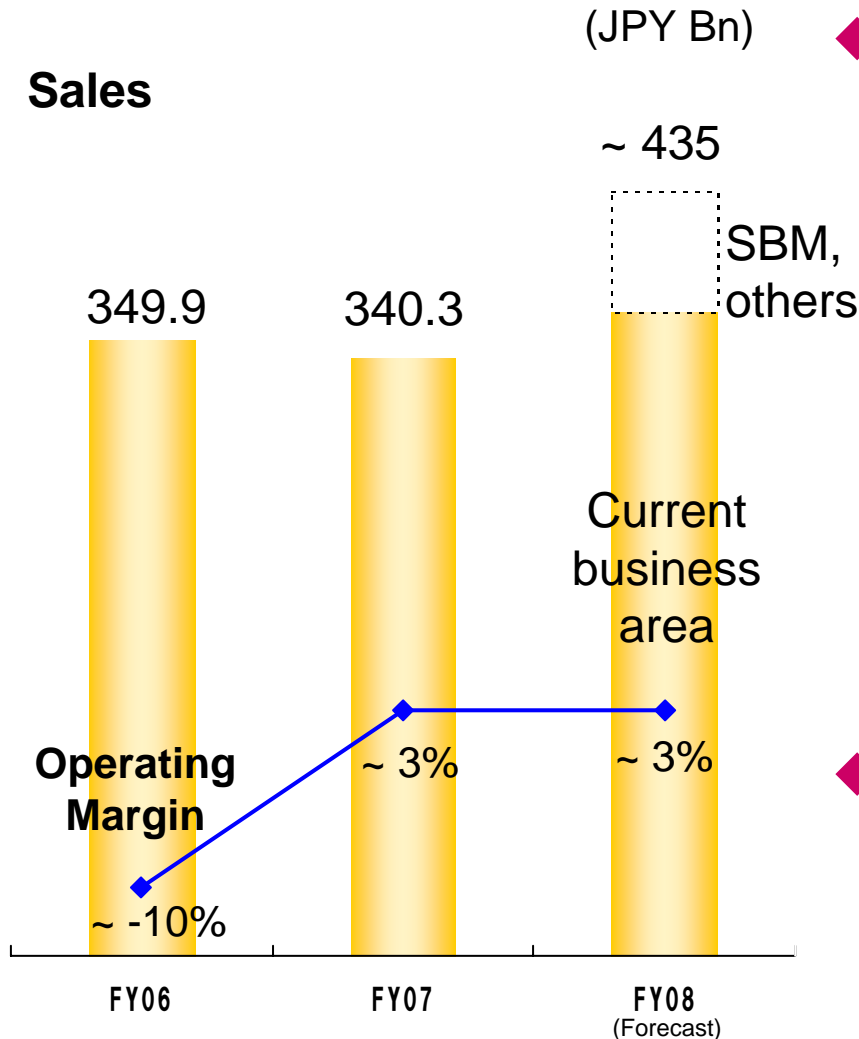
- Towards growth from turnaround
- Stronger cost management

◆ Personal Solutions

- Product differentiation with “Lui”
- Provide terminals for ubiquitous networks

Mobile Terminals Business

Challenge towards re-growth and sustained profits



◆ Challenge towards re-growth

- Expand market share with compelling product line-up



- Expand sales to Softbank Mobile

◆ Stronger cost management ensuring sustained profits

- Minimize R&D costs by sharing terminal development assets

Evolution of Mobile Terminals

Provide user-friendly & leading-edge products

SPEED

N904i **N905i** **N906i** **N906iL**



HSDPA 3.6M **5M Camera+ Face RecognitionAF Speed UI+GSM Quick Search** **5M Camera+ Smile Face Shutter Desktop Info** **+W-LAN**

ホームU※

※DoCoMo Service Name

Richer

N903i **N904i** **N906i μ**



regionally limited edition - collaboration with STNY

collaboration with STNY

STNY by Samantha Thavasa

FOMA N903i

Collaboration with Stefano Giovanni

STNY by Samantha Thavasa

Transmission Speed, Quick UI, Browser

“Timely Collaboration” tailor-cut to your lifestyle

SUPER THIN

N905i μ **N906i μ**



90xSeries Thinnest Handset 12.9mm

90xSeries Thinnest Handset 12.9mm (+ Mobile TV Function “One Seg”)

World's Thinnest μ Brand

Comfortable

N702iD **N703iD** **N705i** **N706i**



Collaboration with Art Director Kashiwa Sato

amadana Collaboration “One-Seg” + GSM

Francfranc Collaboration “One-Seg” + GSM

N703i μ **N704i μ** **N705i μ**

Thinnest Handset 11.4mm

Thinnest Handset 11.4mm

Thinnest Handset 9.8mm



STAMINA

FOMA handset Longest Standby time



Ease-of-use

N706ie

Commitment to ease-of-use



Strengthening low-power consumption technologies

(3) Electron Devices Business

Sales

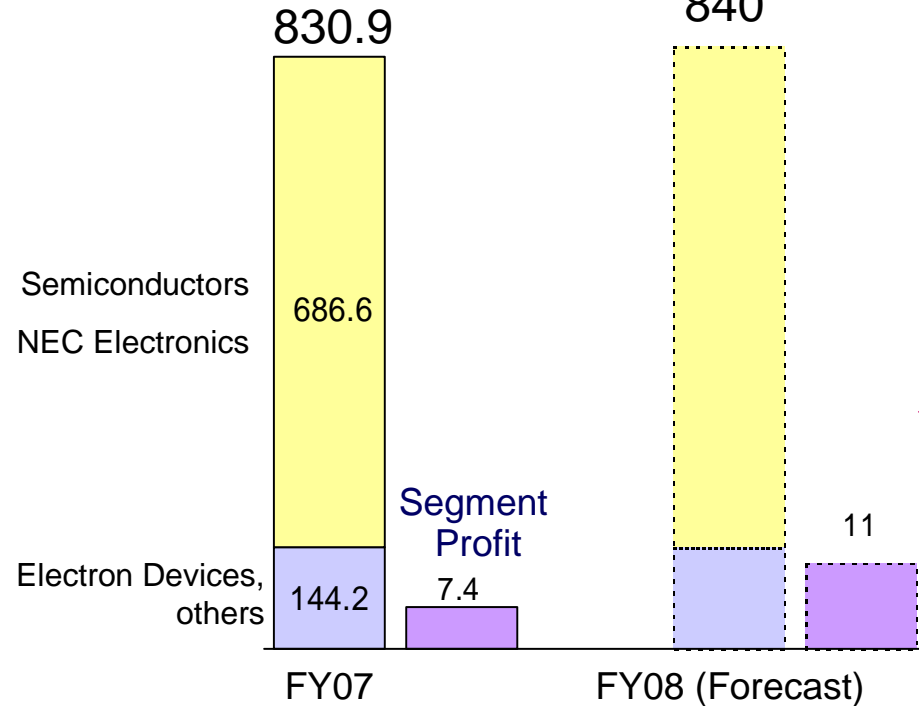
(JPY Bn)

◆ Semiconductors (NEC Electronics)

- Realize positive net profit by further improvement in management efficiency
- Focused investments toward mid-term growth
(in Automotives, Digital consumer appliances)

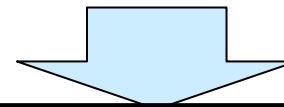
◆ Other Electron Devices (NEC Tokin)

- Expand laminate batteries business
- Expand growth centering on core capacitor business
- Re-build rectangular battery business



(JPY Bn)	FY07 Actual	FY08 Forecast
Semiconductor Business Operating Profit (NEC Electronics)	5.1	10

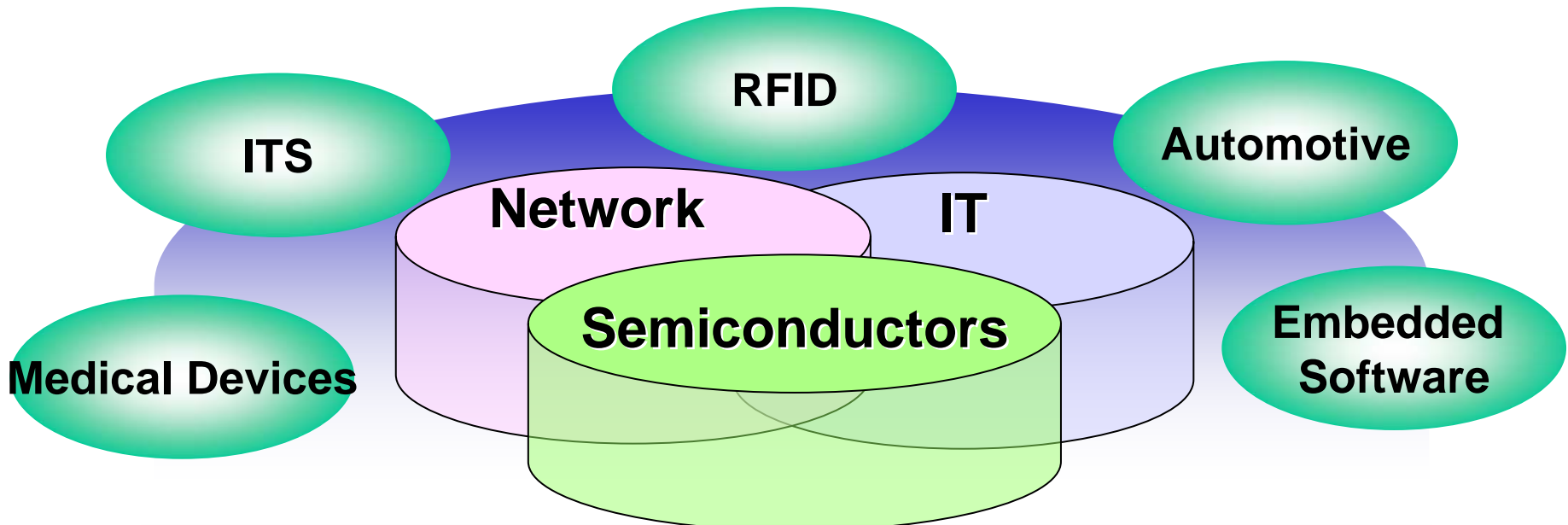
Forecast as of May 15, 2008



Establish as stable revenue base for NEC Group

The Semiconductor Business within NEC Group

Receive orders from large business accounts through joint collaborative efforts of NEC, NECEL and other group companies



- Provide total solutions for the ubiquitous networking era
From product development to system implementation
(e.g. Provide comprehensive solution from RFID tags to systems)

- Cross-selling between customer base within NEC Group
Joint approach to large clients
(Electronics manufacturers, Game console manufacturers)

(4) Establish solid profit structure

● Cost reduction measures

Corporate DNA of NEC : Hardware / Software manufacturing technologies

- ▶ Centralized, concentrated purchase in group companies
- ▶ Expand usage of overseas resources

● Reform in resource structures

Respond to market trend for globalization and service focused business

- ▶ Strengthen global workforce including overseas subsidiaries
- ▶ Shift resources to service business (→Re-allocation of resources, including subsidiaries)

● Review business operation processes

Compliance and maintaining the speed of business

- ▶ Standardization and simplification of IT system and business processes

2. Create New Growth targeting an ROE above 10%

NEC Group Vision 2017

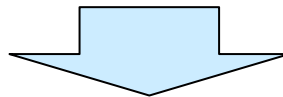
To be a **leading global company**⁽¹⁾
leveraging the **power of innovation**⁽²⁾
to realize an information society
friendly to humans and the earth⁽³⁾

(Announced in April, 2008)

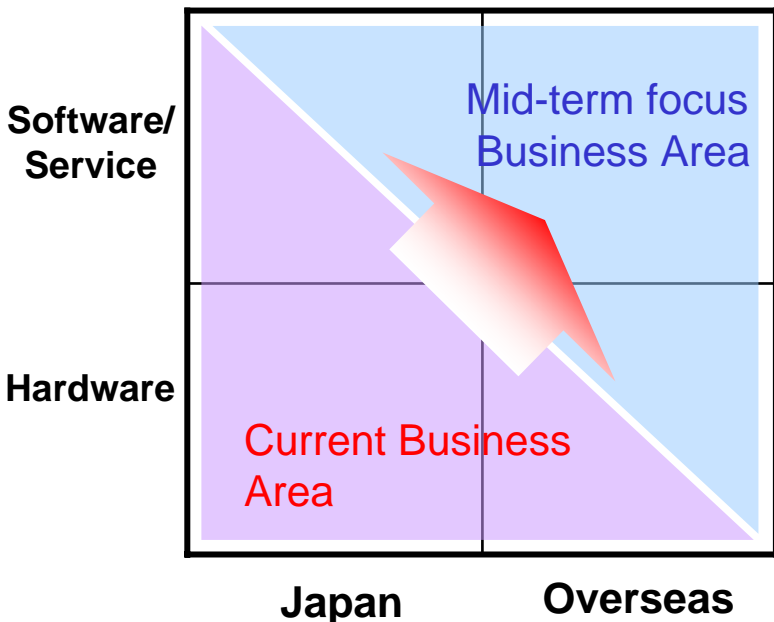
(1) Towards a leading global company

Market / Competitive Environment

- Maturing Japanese market and growth in overseas markets (in BRICS, Natural Resource-rich countries)
- Global expansion of NGN and Broadband wireless
- Consolidation of vendors driven by commoditization of transport-layer



Expand IT/Network business to Global Market & Software/Service areas

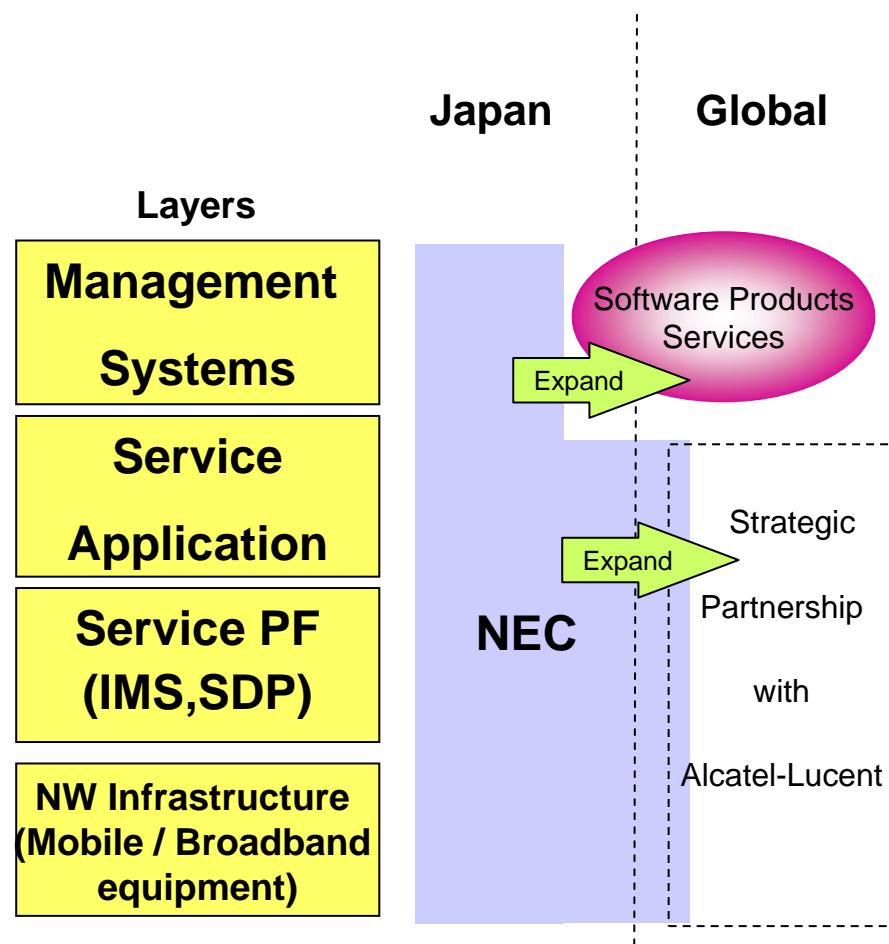


- **Streamlining** Product and Business Portfolio
 - Concentrate on globally competitive products in hardware
 - Global expansion of software business
- **Expansion of Global Business**
 - Strengthen global sales and system engineer organizations
 - Expand business through partnerships

Reinforce carrier business in the global market

Leverage the know-how and expertise gained from NGN market in Japan to the global market

- Network infrastructure, service platforms and service application businesses
 - Fortify strategic partnership with Alcatel-Lucent
- Management Systems
 - Strengthen partnerships with overseas software vendors



Initiatives in the Emerging Markets

- **Expand Products and Solutions leveraging NEC's strengths**

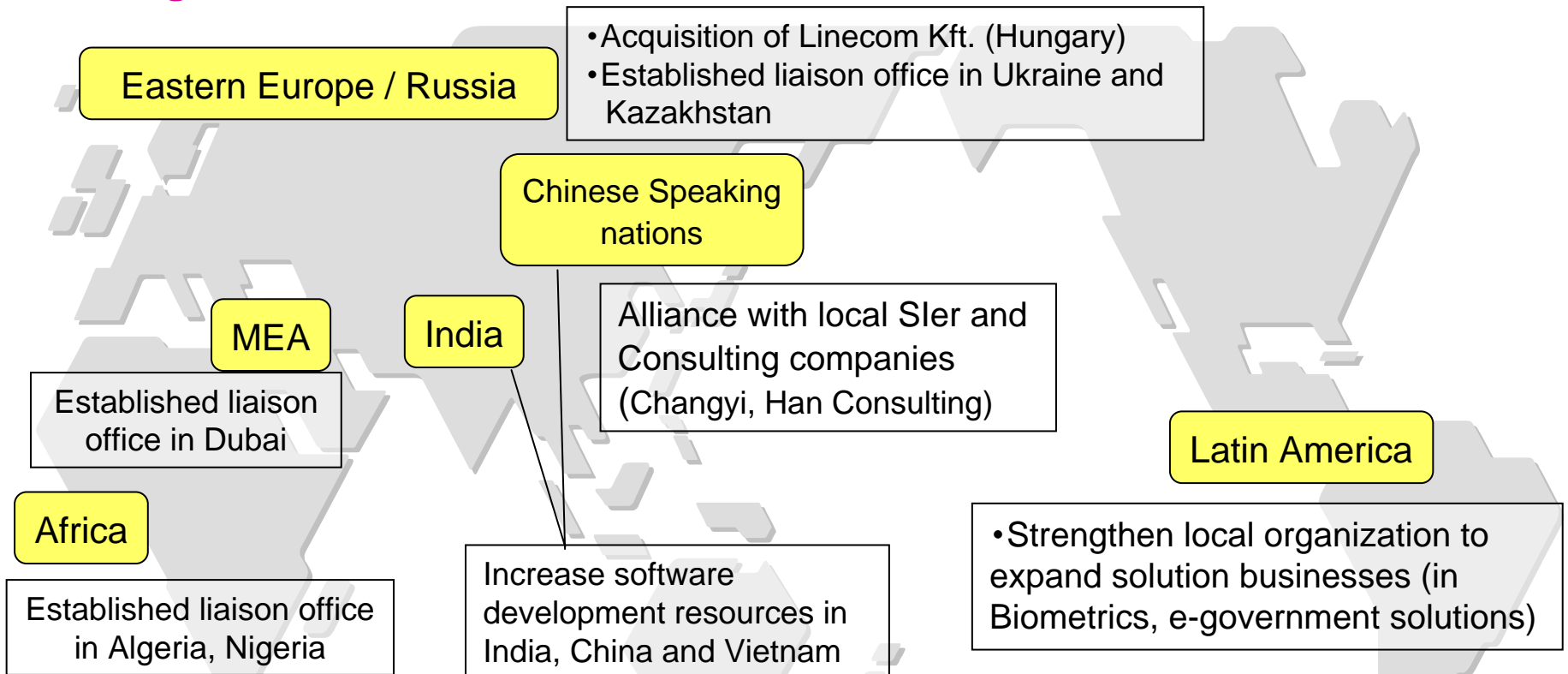
e.g. National identification system for the Republic of South Africa
IT Infrastructure for Indian City Development Project

- **Expand local Solutions Business**

(Greater China, Latin America)

- **Strengthen Overseas R&D Resources** (in India, China, Vietnam)

- Increase investments
- Increase personnel for global market

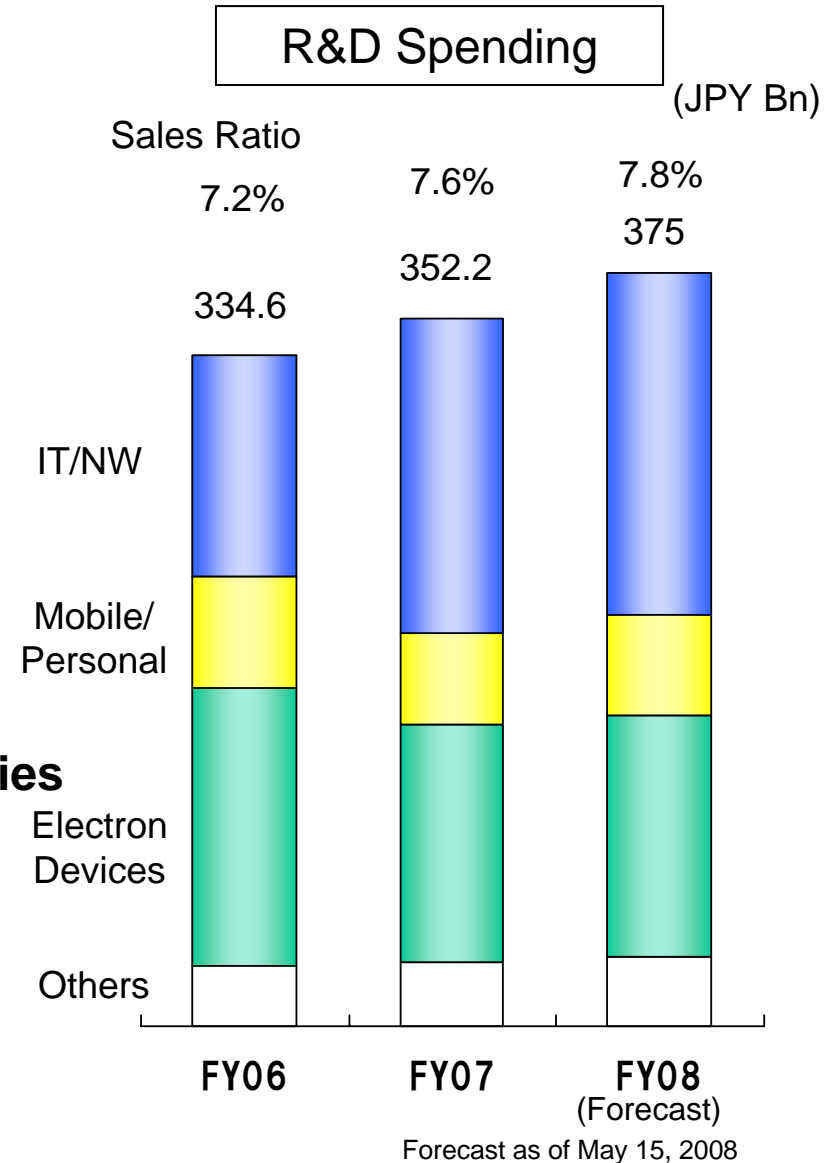


(2) Innovation Efforts

- **Strategic investments focused on IT/Network Solutions to accelerate mid-term business growth**

Focus Areas

- **Network Systems for NGN**
 - Wireless Broadband (LTE, WiMAX)
 - Service Platform, NGN Applications
 - UC Core
- **Development of cutting edge technologies**
 - REAL IT COOL
 - Next-generation supercomputers
- **Develop Services and Products in new growth markets**



Develop Products and Services in New Growth Markets

Convergence of
IT + Network + Device
Technologies

Cutting-edge solutions
in business area with
solid customer base

IPTV

RFID Solutions

Multi-Biometrics

REAL IT COOL
Data Center

Multi Reader/Writer



Multimode Identification system
using Fingerprint + Vein Authentication



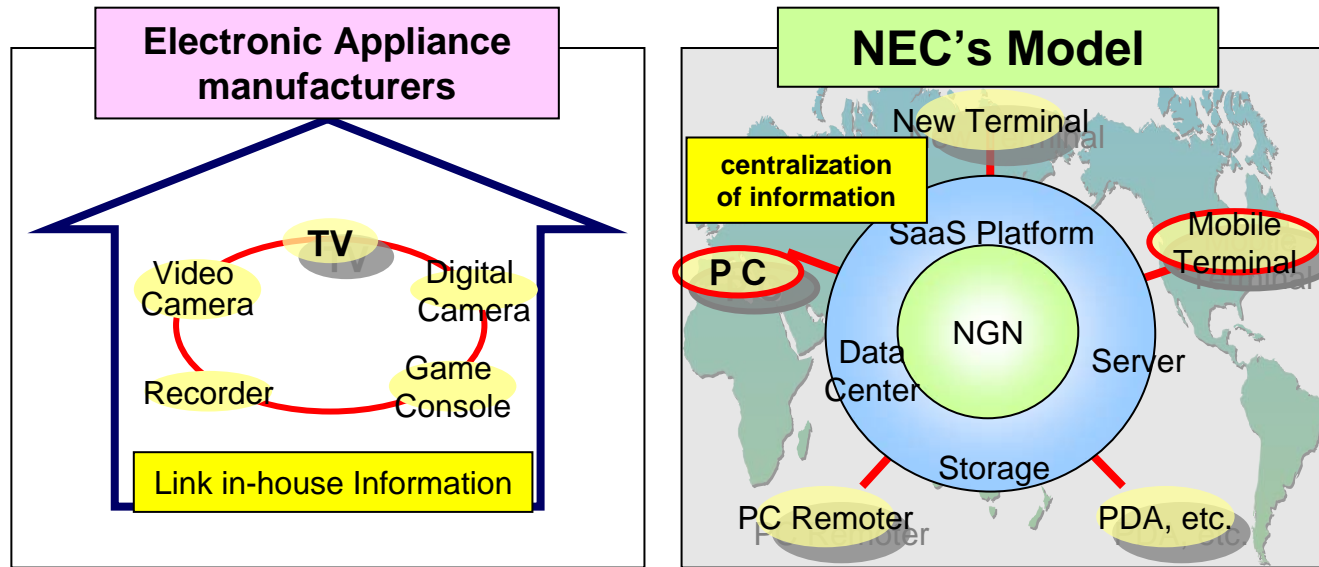
ITS



Mobile/PC
convergence solutions

(3) Towards an information society friendly to humans and the earth

Create new lifestyles with mobile/PC convergence



Link in-house Information
(Pictures, Videos, etc.)

Centralize Information over the network
→ Access any information from any device

Friendly to humans

1. Eliminate the Digital Divide
2. Provide both rich services and mobility
3. Centralization of information
4. Reliable, secure solution

NEC's Business

- ▶ New Handset market
- ▶ New Service Market
Contents, personal information, Application
- ▶ Provide New Infrastructures
Security, Network, Billing, Identification

Focus on "Environment" in business

● NEC Environmental Management Vision 2010 (formulated in 2003)

1. Reduce CO2 emission in offices and manufacturing sites
2. Reduce CO2 emission by providing low power consumption devices
3. Contribute to reduce CO2 of our clients and societies with our solutions

Friendly to the earth

PCs

- Eco-polyca
- Water-cooling

Cell phones

- Power-saving chips

Next-generation Earth Simulator

Thin client system

REAL IT COOL PROJECT

Environment friendly solutions for enterprises

Lithium-ion batteries (Mobile, Automotive)

Established JV with Nissan (AESC)*
Commercialization of High Performance Li-Ion Battery (Announced on May 19th)

Single Core

Multicore CPU

Multi Core

Low-power device

Lunar Explorer "Kaguya"

Advanced Land Observing Satellite "Daichi"

Courtesy of JAXA

Empowered by Innovation

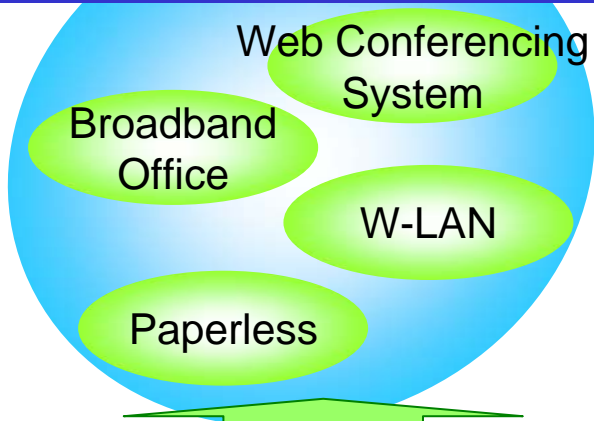


Provide Eco-Outsourcing Services

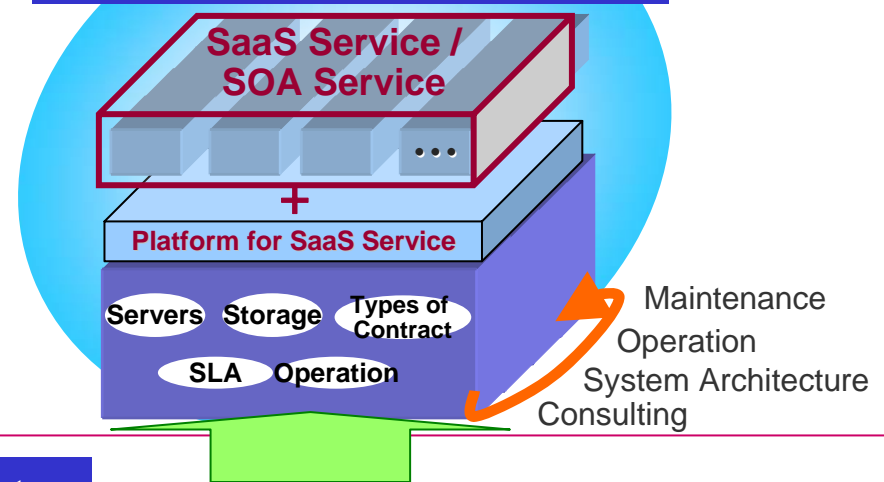
Reduction of CO2 emission is moving to “offices”, from plants & homes

Aim to provide eco-centric services (including outsourcing) in all value chain from front office to back office, leveraged by NEC's extensive know-how and product portfolio

Next-generation Broadband Office



Next-generation Data Center



×

NEC's low-power consumption products

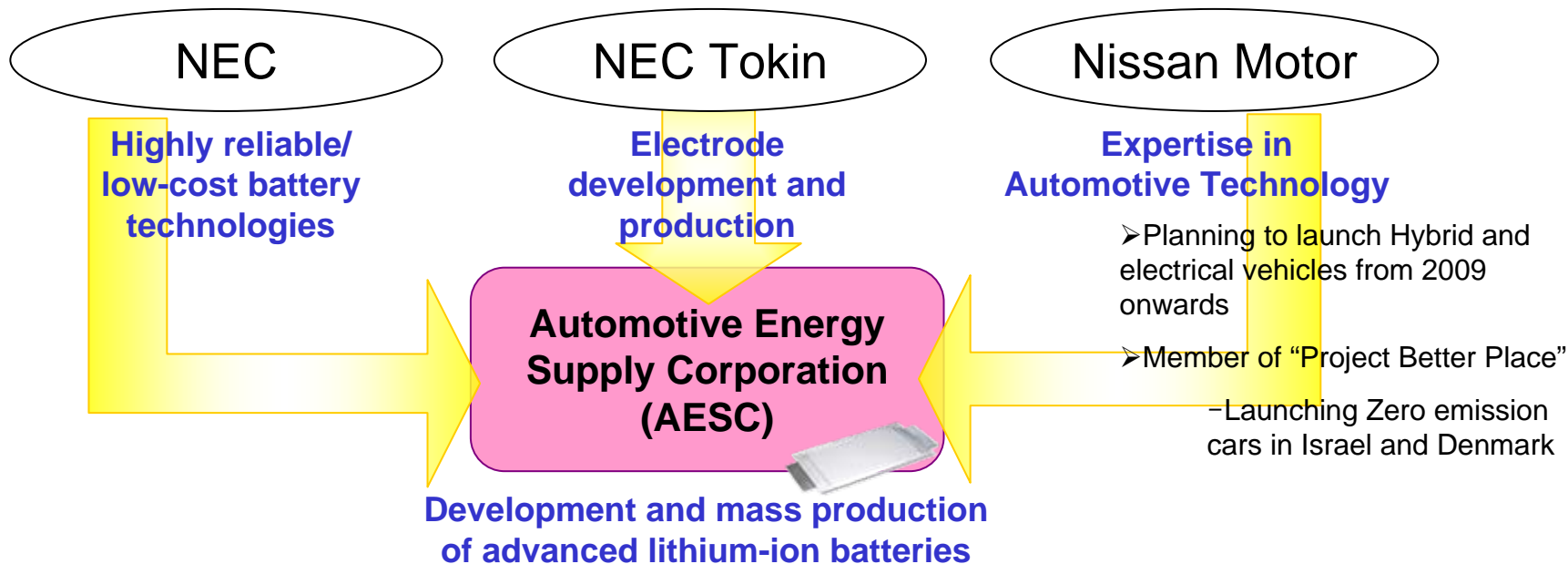


Establishment of Battery Joint Venture with Nissan

Formed a joint venture between NEC Group and Nissan to commercialize automotive batteries

Background & Market Environment

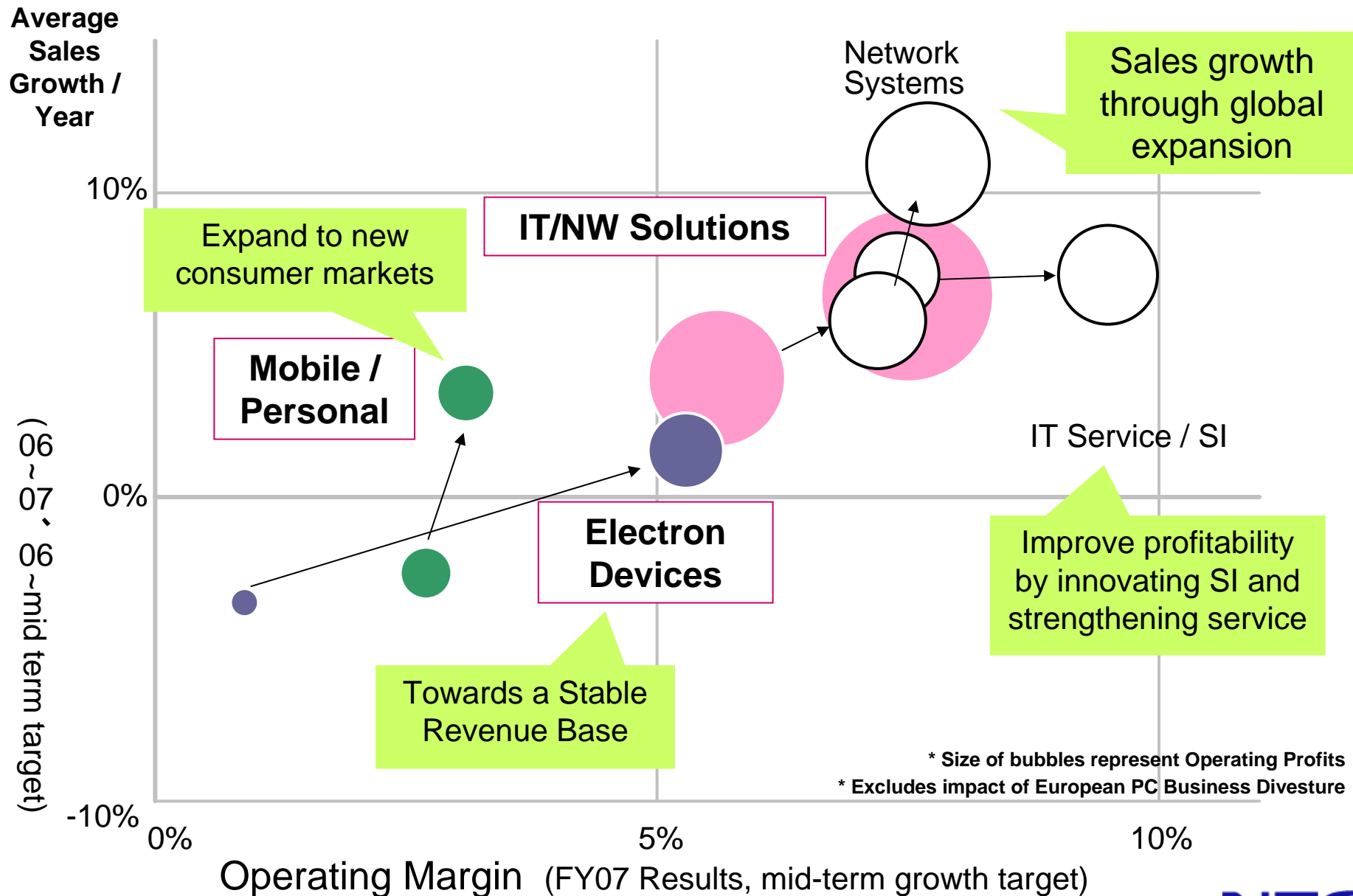
- ◆ Global trend towards more strict CO2 emission regulations
e.g. ZEV Regulation in California, Israel's' electrical vehicle project
- ◆ Increase in demand for eco-cars due to sharp rise in oil price



< Competitive Advantages >

- Delivers twice the electric power compared to conventional nickel-metal hydride batteries
- Demonstrates high-performance of more than 100,000 km

(5) Towards an ROE above 10% (Portfolio Image)



Empowered by Innovation

NEC