

NEC's Mobile Terminals Business

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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.

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(Notes)

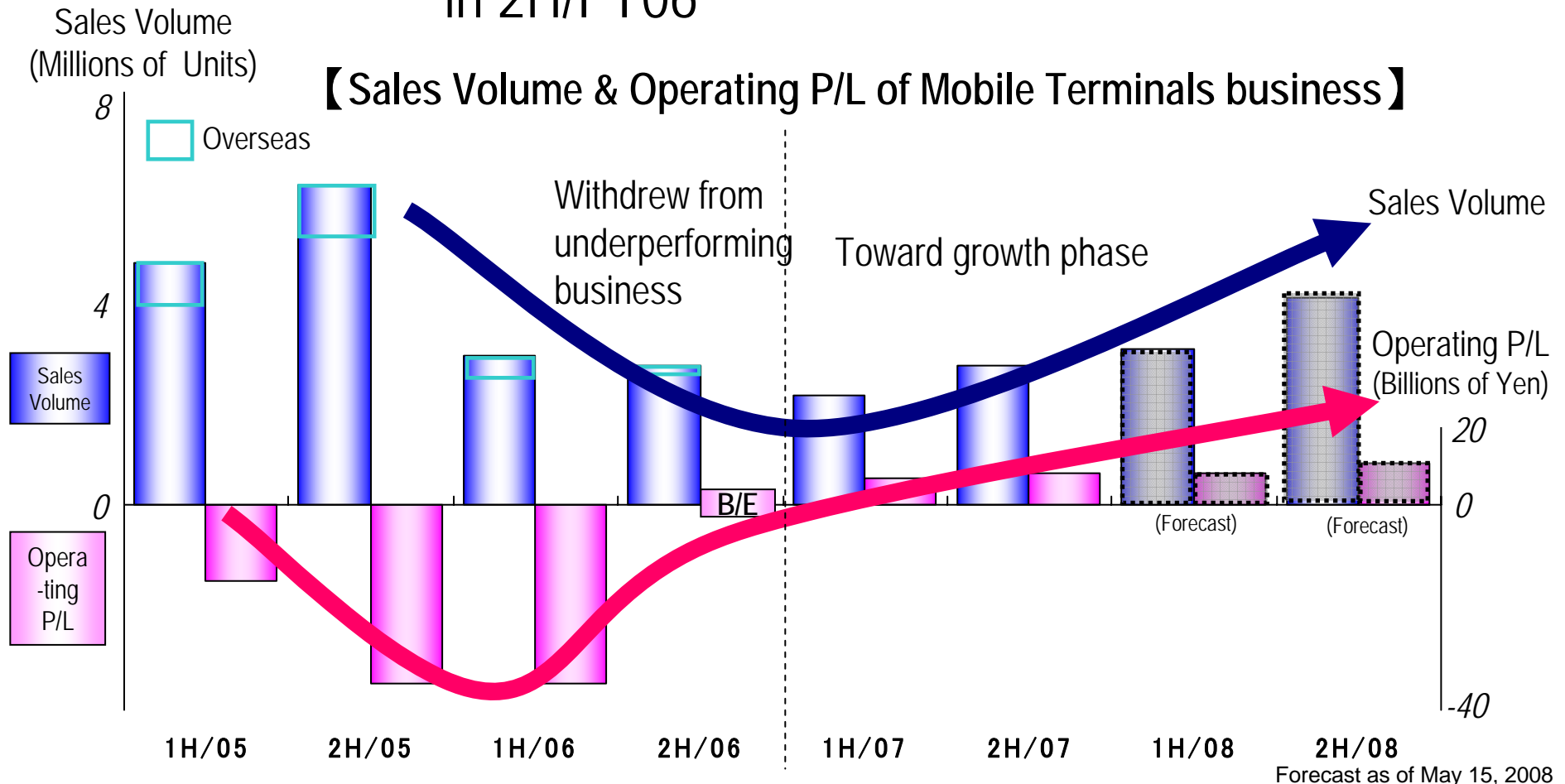
NEC prepares its consolidated financial statements in accordance with accounting principles generally accepted in Japan ("Japan GAAP").

FY2007=FY ended March 2008, FY2008=FY ending March 2009 and so on.

FY08 Business Plan

Current Status of Mobile Terminal Business

- Sales Volume: Returning to growth after bottoming out
- Operating P/L: Maintaining profitability since breaking even in 2H/FY06



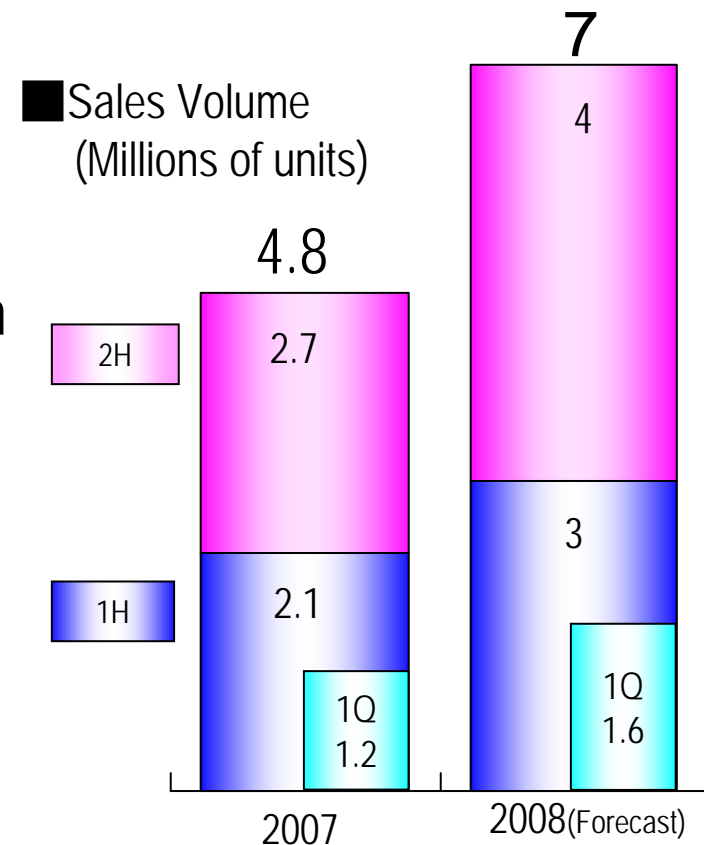
Business Strategies

● Drive further top-line growth

- ▶ Enhance product lineup for NTT DoCoMo and increase our share of sales
- ▶ Begin supply of NEC terminals to SOFTBANK MOBILE (Release in July)
- ▶ Promote business with partners

● Strengthen profit structure

- ▶ Enhance development capabilities through common software development
- ▶ Reduce material costs by using more common parts
- ▶ Maximize earning opportunities through strong supply chain management



FY08 Product Enhancement

- Introduce more than twice as many models than FY07

- ▶ Aiming to increase sales volume and market share with a diverse lineup

1H/FY07: 2 models

2H/FY07: 4 models

1H/FY08: 8 models

- 1H/FY08 Enhancement measures

- ▶ Excellence in design, functionality and CMF
- ▶ Unwavering pursuit of user friendliness
- ▶ Better Internet compatibility in anticipation of the NGN era

*CMF: Colors, Materials and Finish

Models Announced in 1H/FY08

- Pursue excellence in designs, functionality and CMF

- Greater functionality

- More fashionable & stylish

- Collaboration with name brands

N906i μ
Thinnest in 906 series with full functionality



N906i
One-seg handset with 5.2M pixel camera



N906i μ
Collaboration with Samantha Tavasara on 906i μ



N706i
Collaboration with Francfranc on slim one-seg handset



821N
Fashionable design & slim one-seg handset for women



820N
Stylish & slim one-seg handset



821N GLA
Collaboration with GLAMOUROUS magazine on 821N GLA



For NTT DoCoMo

For SOFTBANK MOBILE

- Unwavering pursuit of user friendliness

- Propose products to a broad range of customers based on Universal Design principles that make products more user friendly

N706ie
User friendly handset (large display, easy to open, etc.)



- Better Internet capability in anticipation of the NGN era

- Advanced HSDPA / W-LAN dual handset for realizing personal FMC

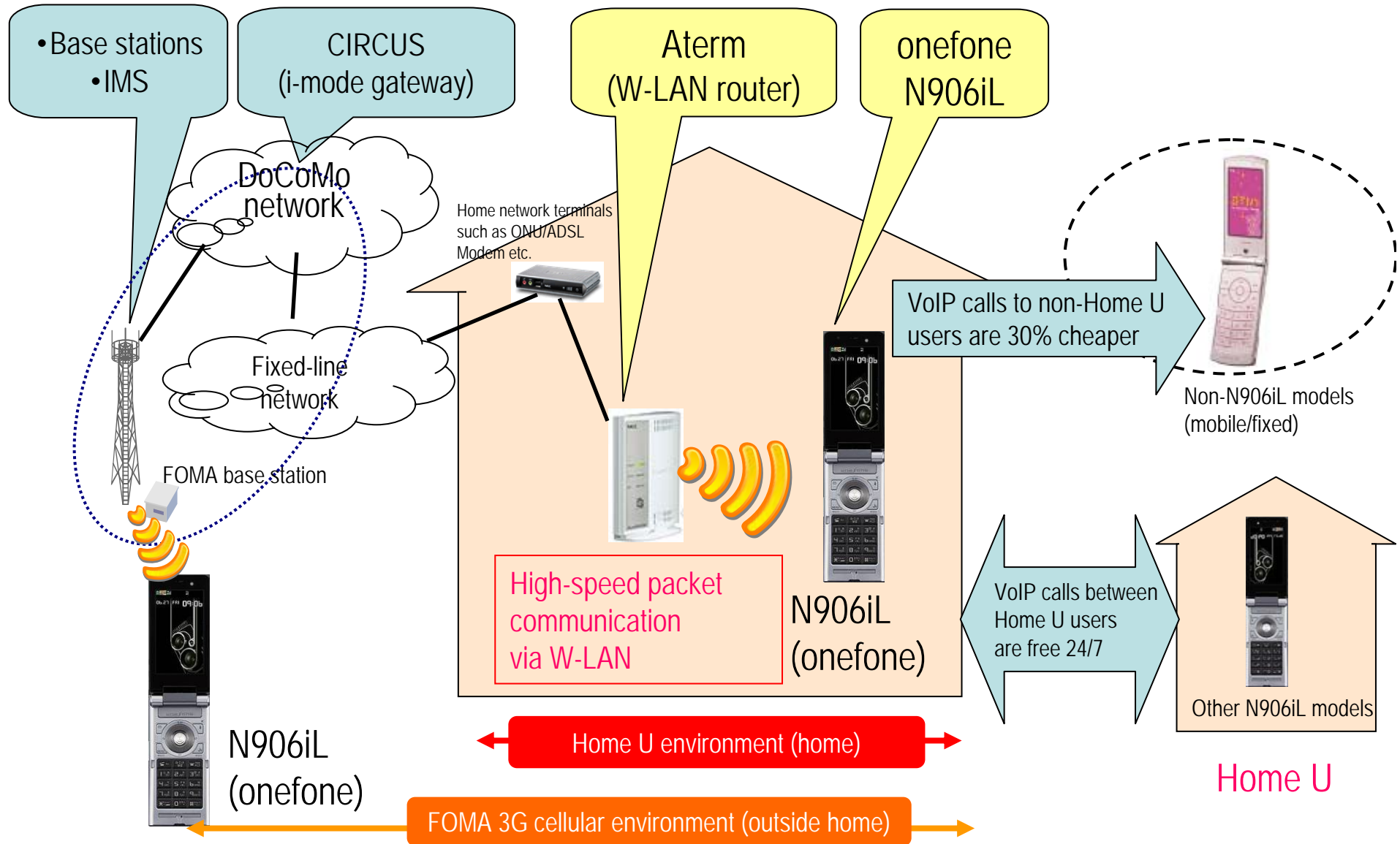
N906iL
NGN handset with W-LAN for realizing personal FMC



*CMF: Colors, Materials and Finish

N906iL (onefone): W-LAN Dual Handset for Realizing Personal FMC

NTT DoCoMo's Home U Service: Backed by NEC's Collective Strengths



U can change.

Measures for Enhancing Development Capabilities



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Measures for Enhancing Development Capabilities

● Software development

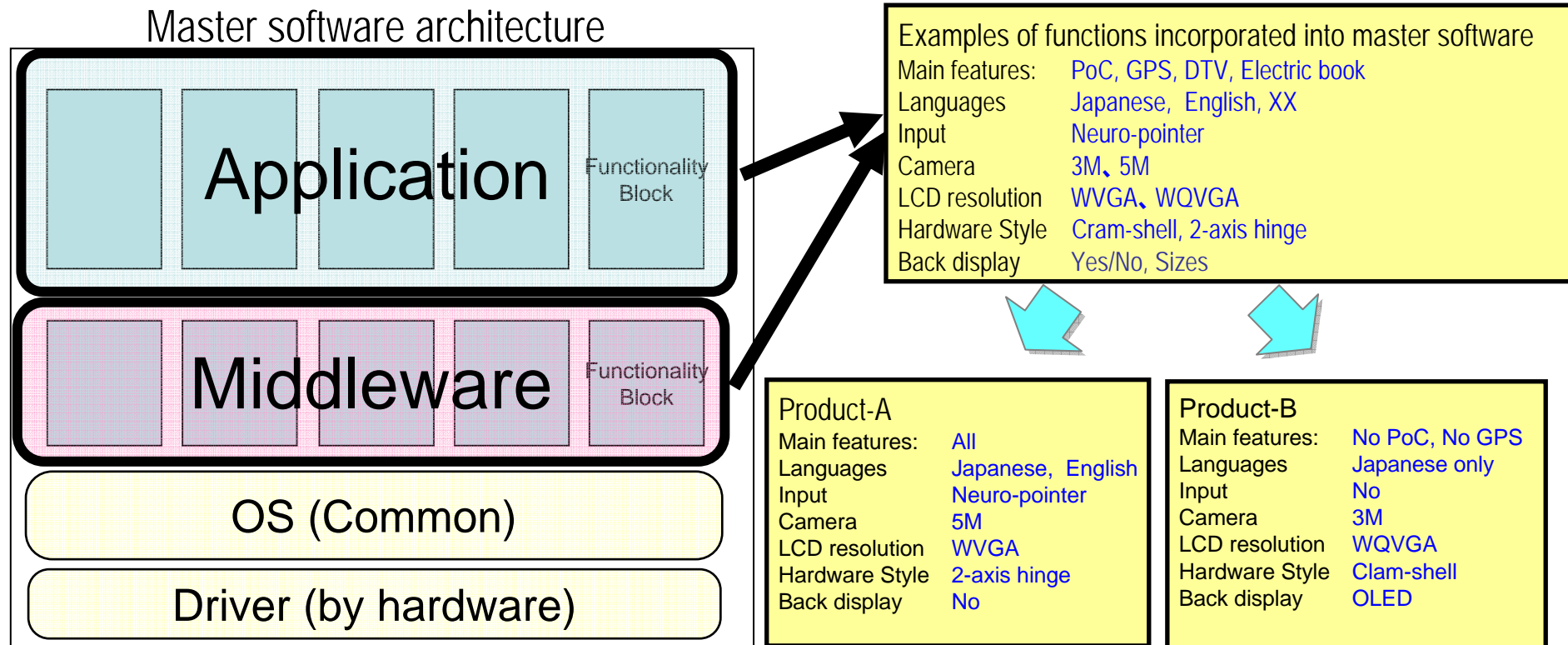
- ▶ Enhance software platform based on Linux
- ▶ Develop and assess derivative models more efficiently through process improvements
 - ⇒ Shorten development/assessment period through master software incorporating specifications for multiple models

● Hardware development

- ▶ Upfront development of a reference model as the basis for new models
- ▶ Establish specialized development processes for derivative models
- ▶ Reinforce common parts and cost management

Software Development (Master Software)

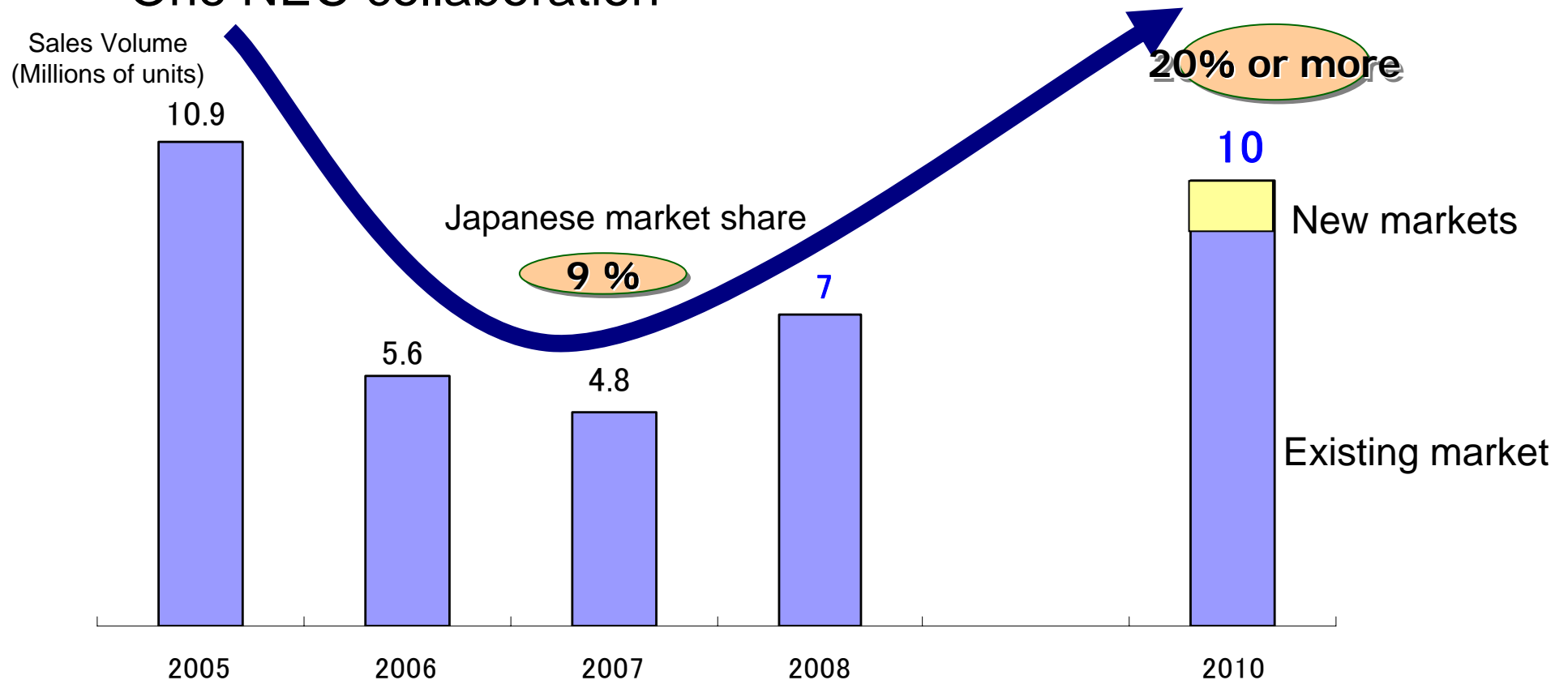
- Advanced development of master software and application to models
 - ▶ Design software architecture for flexible adoption/removal of functions for each product
 - ▶ Conduct efficient development by selecting modules and picking out software for each commercial model as needed



Medium-term Growth Target

Drive Further Top-line Growth

- Capture a top share of the existing mobile handset market
- Create new value and markets through the One NEC collaboration



Note: Figures for 2005 and 2006 include overseas mobile handset sales volumes.

U can change.

Measures to Drive Top-line Growth

<Actions in existing markets>

● Meet diversifying user needs

Strive to make NGN/Internet access handsets even more user friendly

- ▶ Enhance product design and collaboration functions
- ▶ New form factors – enable easy one-hand mobile handset operation, depending on application, in order to realize more user friendly formats
- ▶ Next Generation User Interface (UI)
 - Develop MI engine and Adopt widget technologies

※MI engine: Mobile Intelligent engine

Provides optimal user interfaces, functionality and services by learning each user's behavior and mobile-handset operating characteristics

<Actions in new markets>

● Drive further advancement in personal FMC

(Seamless radio access technologies)

● Create new value through collaboration between PC/Mobile Handsets/Services (BIGLOBE)

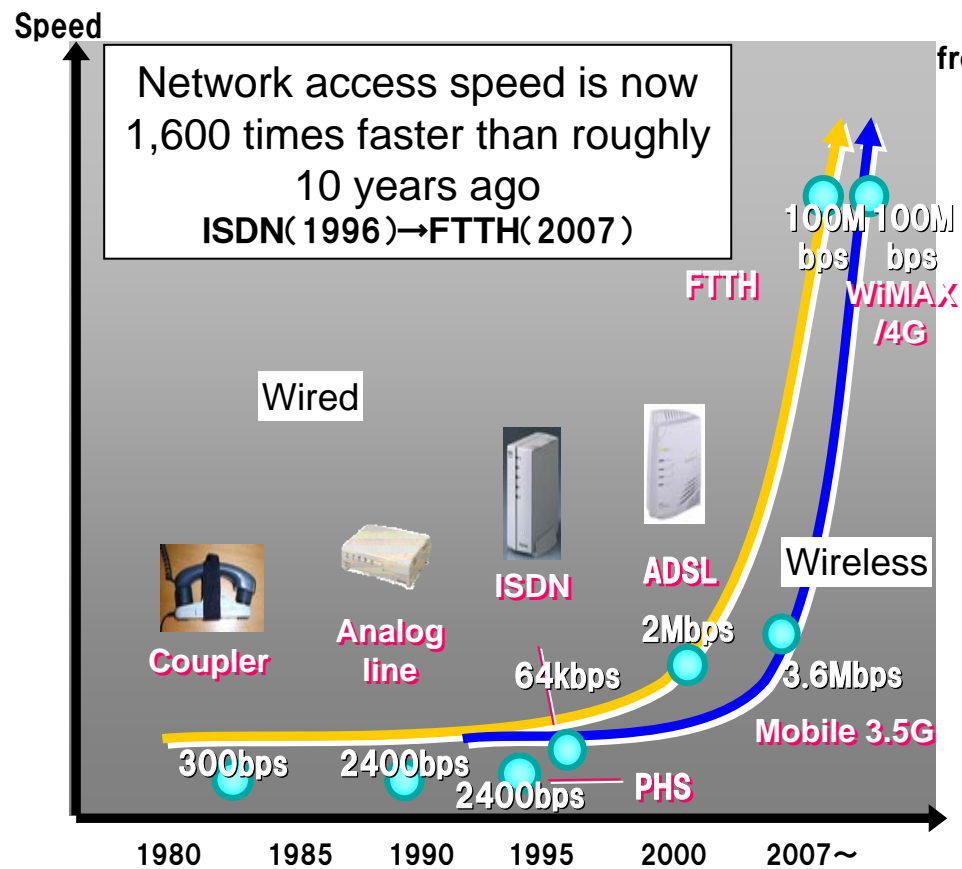
NEC's Future Direction

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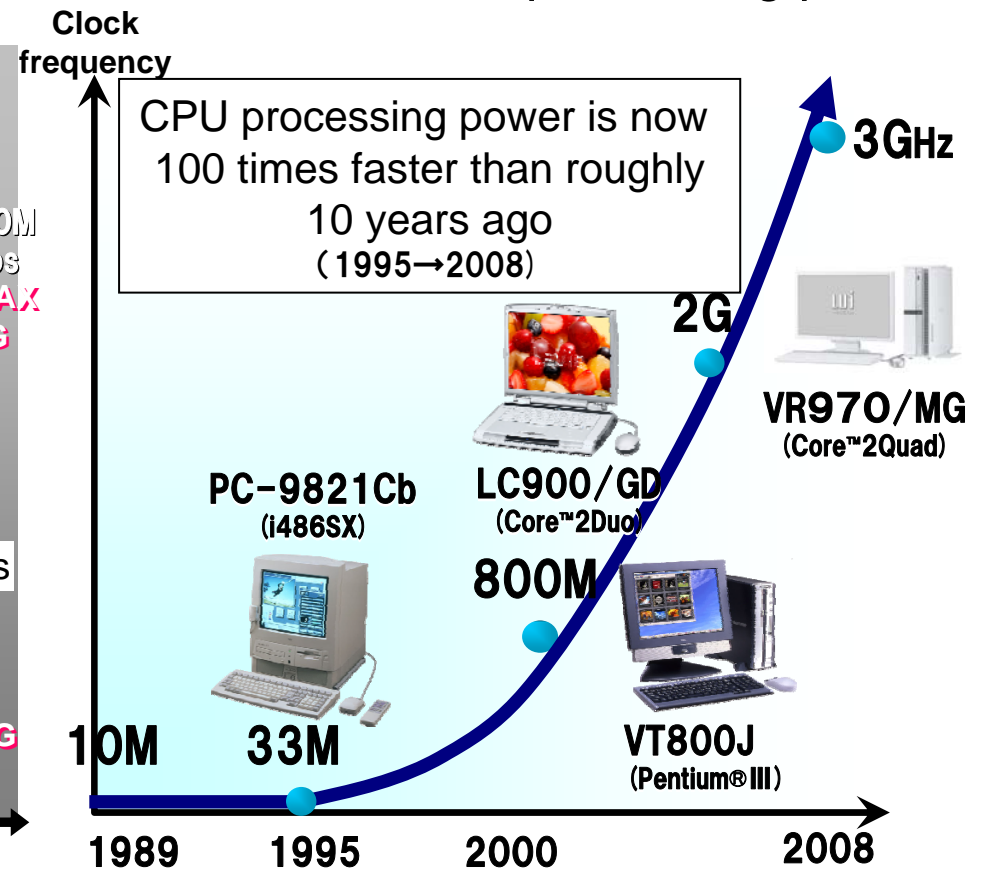
Change in Market Conditions①: Advancement in Information and Communications Technologies

- Expansion of network infrastructure and increases in CPU processing power are expected to continue going forward

Expansion of network infrastructure

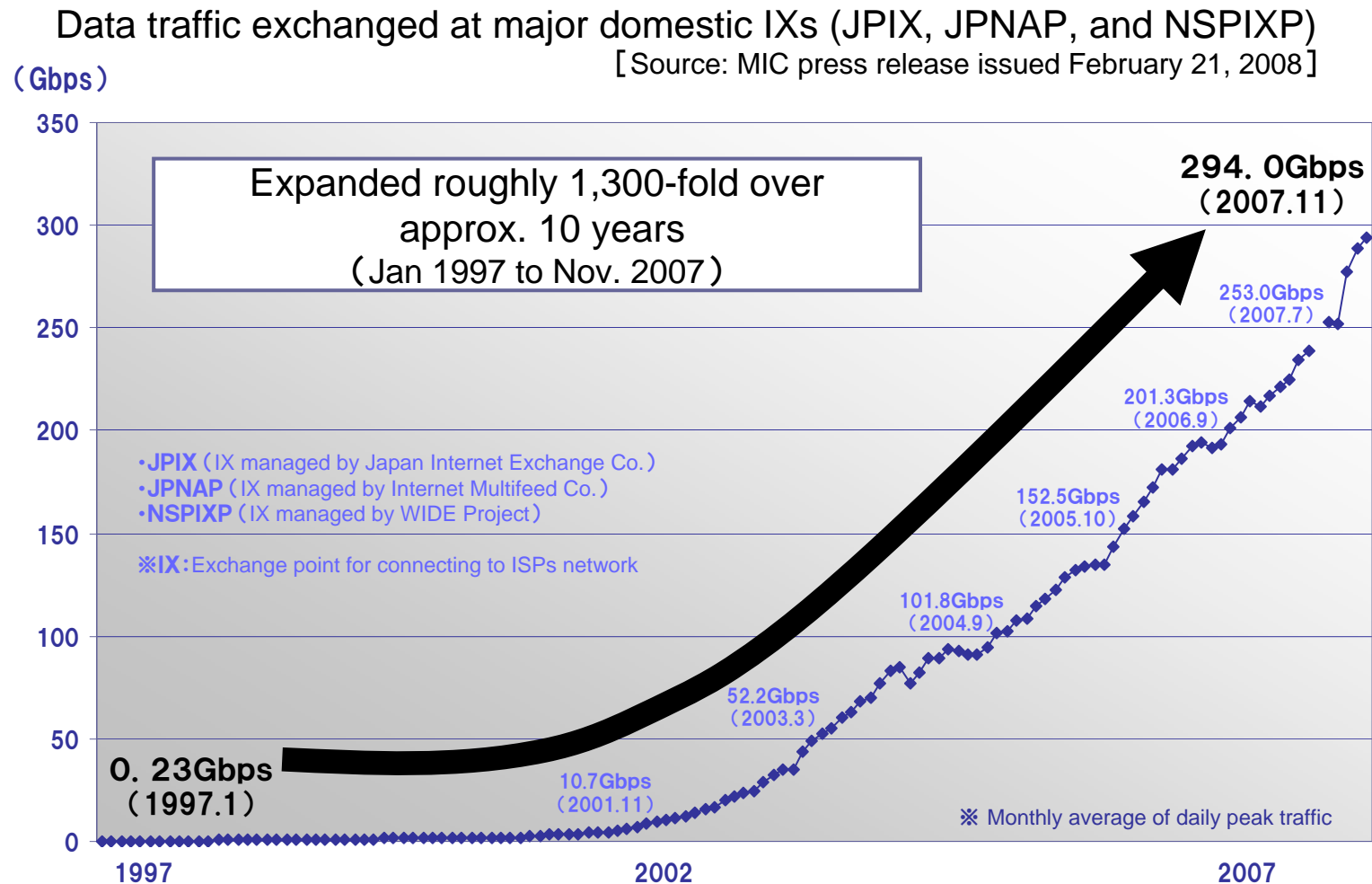


Increases in CPU processing power



Changes in Market Conditions②: Rapid Increase in Data Traffic

- Rapid increase in data traffic due to the emergence of rich content



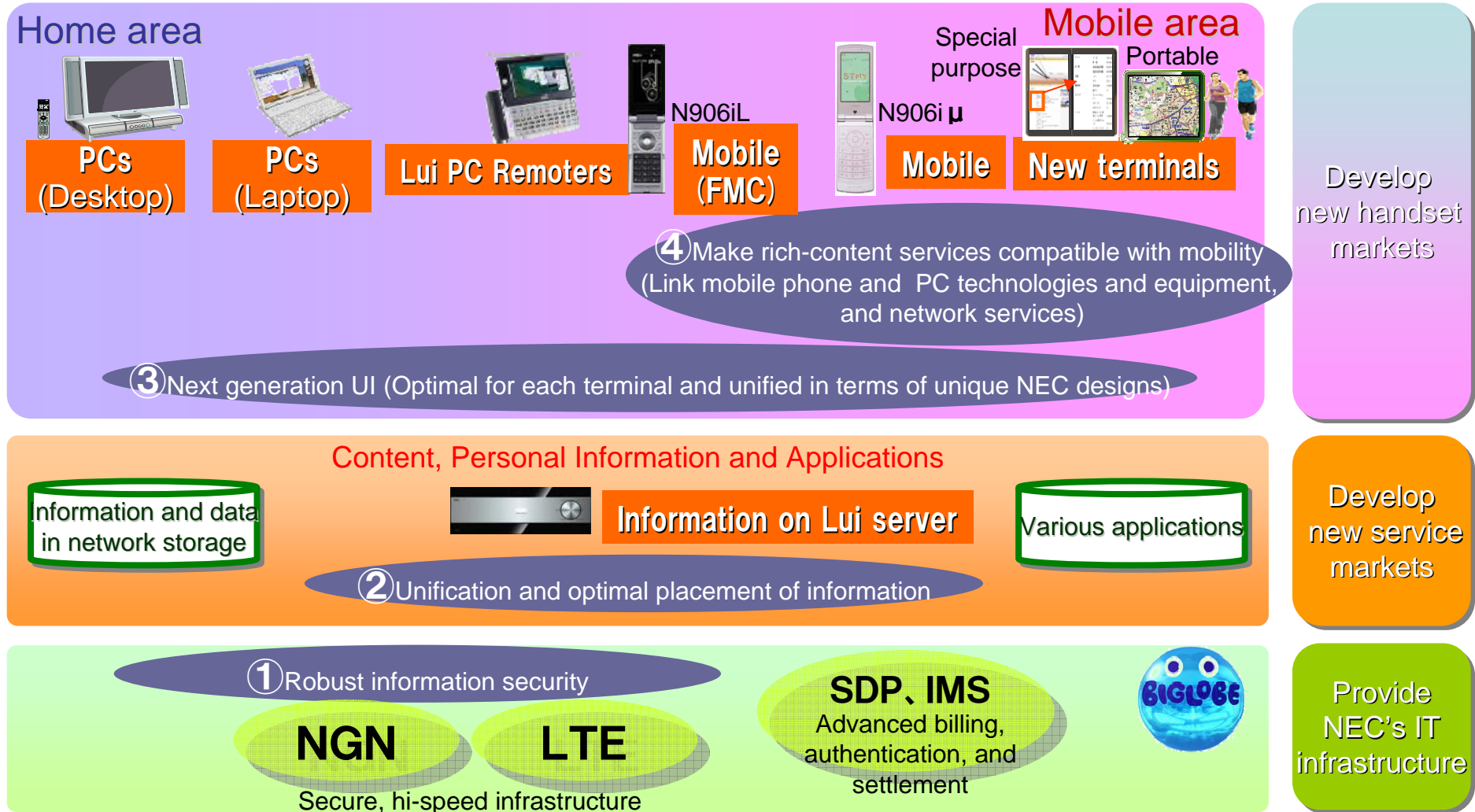
Addressing User needs:
Providing an Information Environment Friendly to Consumers

Consumers want:

- ① To use network service reliably and securely
- ② To use information freely wherever it may be stored
- ③ To use information intuitively via easy-to-use handsets
- ④ To use rich content services anytime, anyplace

“One NEC” Value Proposition: To Provide an Information Environment Friendly to People

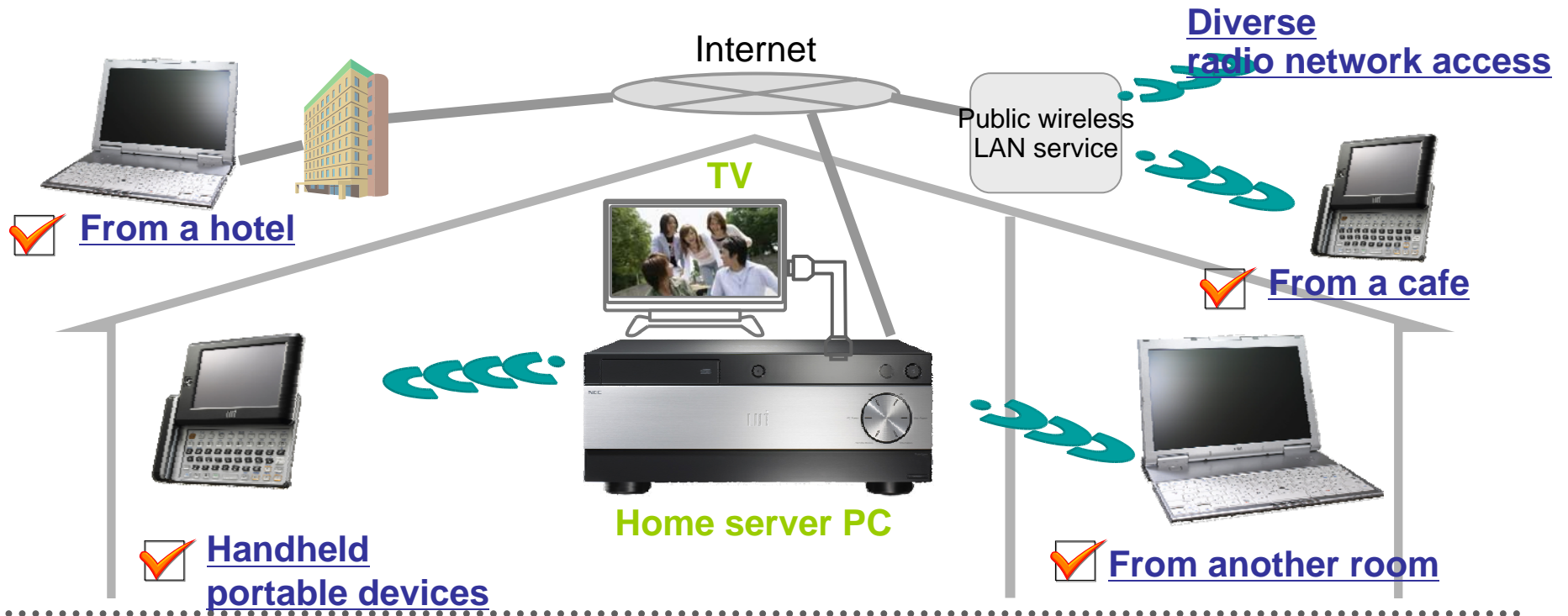
- Realize an information environment where users can access the information and applications they need immediately, easily, securely and anywhere



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Make Rich Content Services Compatible with Mobility through Lui's "PC on Demand" Function

Enable remote use of home server PC over a home network or the Internet via a small, lightweight PC remoter



《Unique NEC technologies》

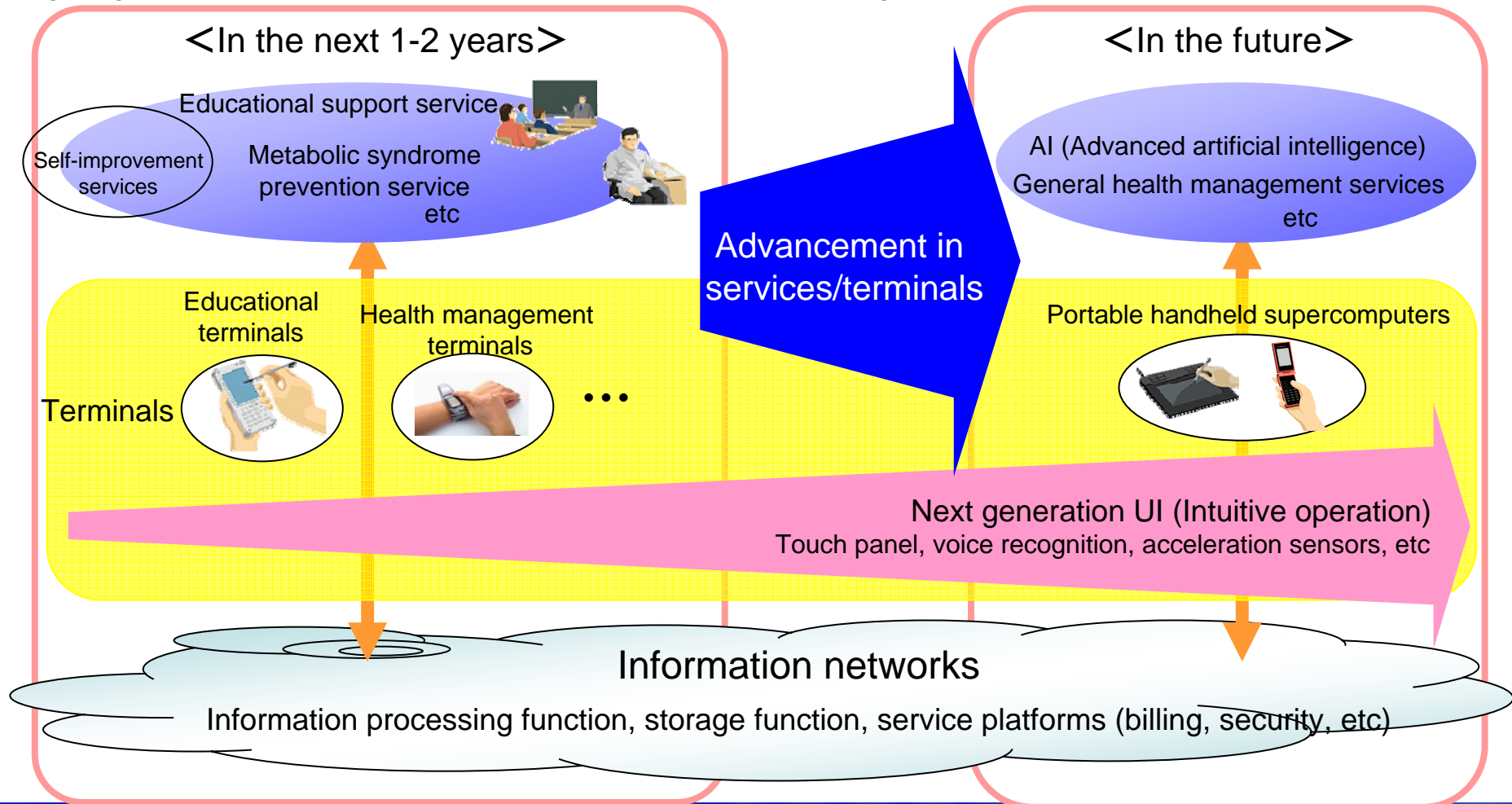
Remote screen technology

Enable more user friendly and secure remote access through the dedicated image compression LSI "Remote screen engine" and the proprietary "Safe connect" VPN

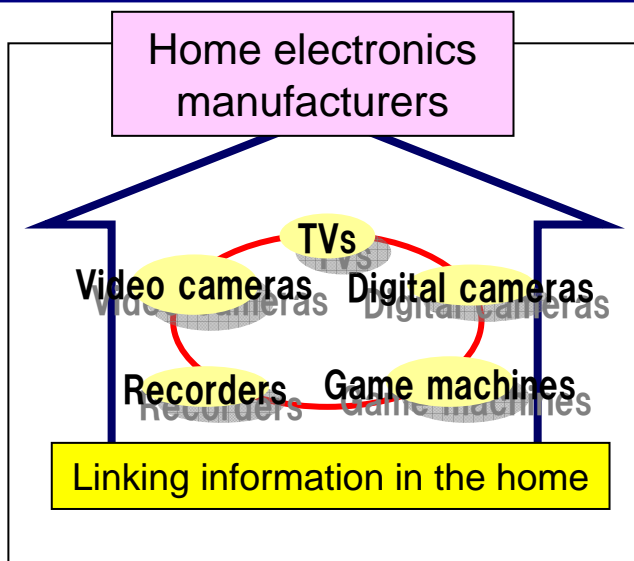
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Example of a New Value Proposition: Supporting Individual Experiences

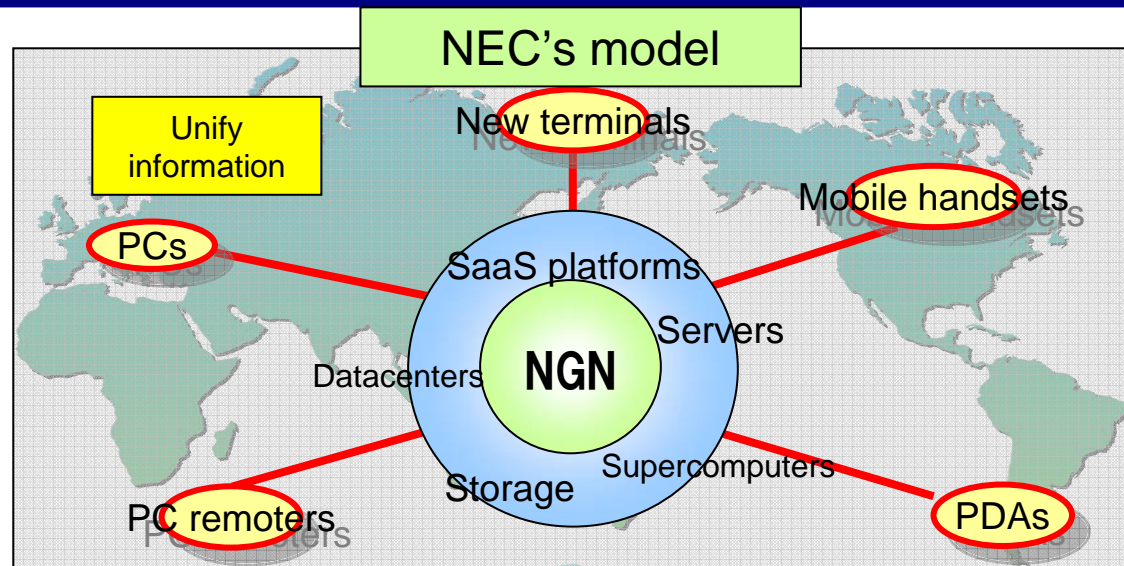
- Support individuals by unifying terminals (network coordination/next generation UI) and services
- Enable even more advanced support by enhancing network coordination/next generation UI going forward (Provide AI-level support with processing power on par with supercomputers)



New Lifestyle Proposal for the Ubiquitous Networking Era



Linking information in the home
(photographs, videos, etc)



Access information as needed
over networks from any terminal

People friendly

- Eliminate the digital divide
- Make rich content services compatible with mobility
- Next generation UIs (people friendly)
- Unify information
- Provide safety and security

NEC's businesses

New handset markets

New service markets

Various content, personal information and applications

New infrastructure

Security, network, billing/authentication and settlement

NEC's attractive range of products for 2008 will help us to reach a new stage of growth.