

Financial Results for 1H FY09/3

(First Half of the Fiscal Year Ending March 31, 2009)

October 30, 2008

NEC Corporation

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

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1. Overview of Financial Results

Summary of Results for 1H/ Forecast for FY09/3

(Billions of Yen)

	1H Result			Full Year		
	FY08/3	FY09/3	YoY	FY08/3	FY09/3 Forecast	YoY
Net Sales	2,140.6	2,127.8	-0.6%	4,617.2	4,600	-0.4%
Operating Income	27.4	13.4	-14.0	156.8	120	-36.8
to Sales(%)	1.3%	0.6%		3.4%	2.6%	
Ordinary Income	9.8	7.0	-2.8	112.2	95	-17.2
to Sales(%)	0.5%	0.3%		2.4%	2.1%	
Net Income	-4.7	1.8	6.5	22.7	15	-7.7
to Sales(%)	-	0.1%		0.5%	0.3%	
Net Income per share (yen)	-2.43	0.83	3.26	11.06	7.41	-3.65

(Ref) : Average exchange rate for 1H/FY09.3 1\$=approx.¥106, 1 Euro=approx.¥163 / Assumption of exchange rate for 2H/FY09.3 1\$=¥105, 1 Euro=¥140

※ Forecast as of October 30, 2008

Overview of Results for 1H/FY09.3

- **Net Sales 2,127.8 (yoy -0.6%)** (Billions of Yen)
 - ▽ Decline in Electron Devices (yoy -5.7%)
 - ▽ Decline in Network Systems (yoy -4.3%) and Personal Solutions (yoy -4.4%)
 - △ Steady growth in Mobile Terminals (yoy +20.5%), IT Products (yoy +5.5%), and IT Service/SI (yoy +2.9%)

- **Operating Income 13.4 (yoy -14)**
 - ▽ Decline in Network Systems (yoy approx.-14) and Mobile/Personal Solutions (yoy -9.2)
 - △ Substantial increase in IT Products (yoy approx. +16)

(Declining sales offset by cost reduction, SGA increased due to increase in R&D expenses)

- **Ordinary Income 7 (yoy -2.8)**
 - ▽ Decline in operating income
 - △ Improvement in non-operating income (Improvement in equity method investment profits)

- **Net Income 1.8 (yoy +6.5)**
 - △ Increase in special gains (Profit on sales of affiliated companies)
 - △ Decline in special loss (e.g. Cost for production failures)

<Ref.> Other Financial Data

(Billions of Yen)

	1H Result			Full Year		
	FY08/3	FY09/3	YoY	FY08/3	FY09/3 Forecast	YoY
Total Assets	3,598.5	3,433.6	-164.9	3,526.8		
Net Assets	1,218.0	1,166.8	-51	1,185.5		
Interest-bearing debt	870.3	857.0	-13	800.8		
Net Assets equity capital ratio(%)	1,020.5 28.4%	983.7 28.6%	-37 0.2pt	1,004.2 28.5%		
D/E ratio	0.85	0.87	- 0.02pt	0.80		
FCF	-14.1	-59.6	-45.5	56.5	0	-56.5

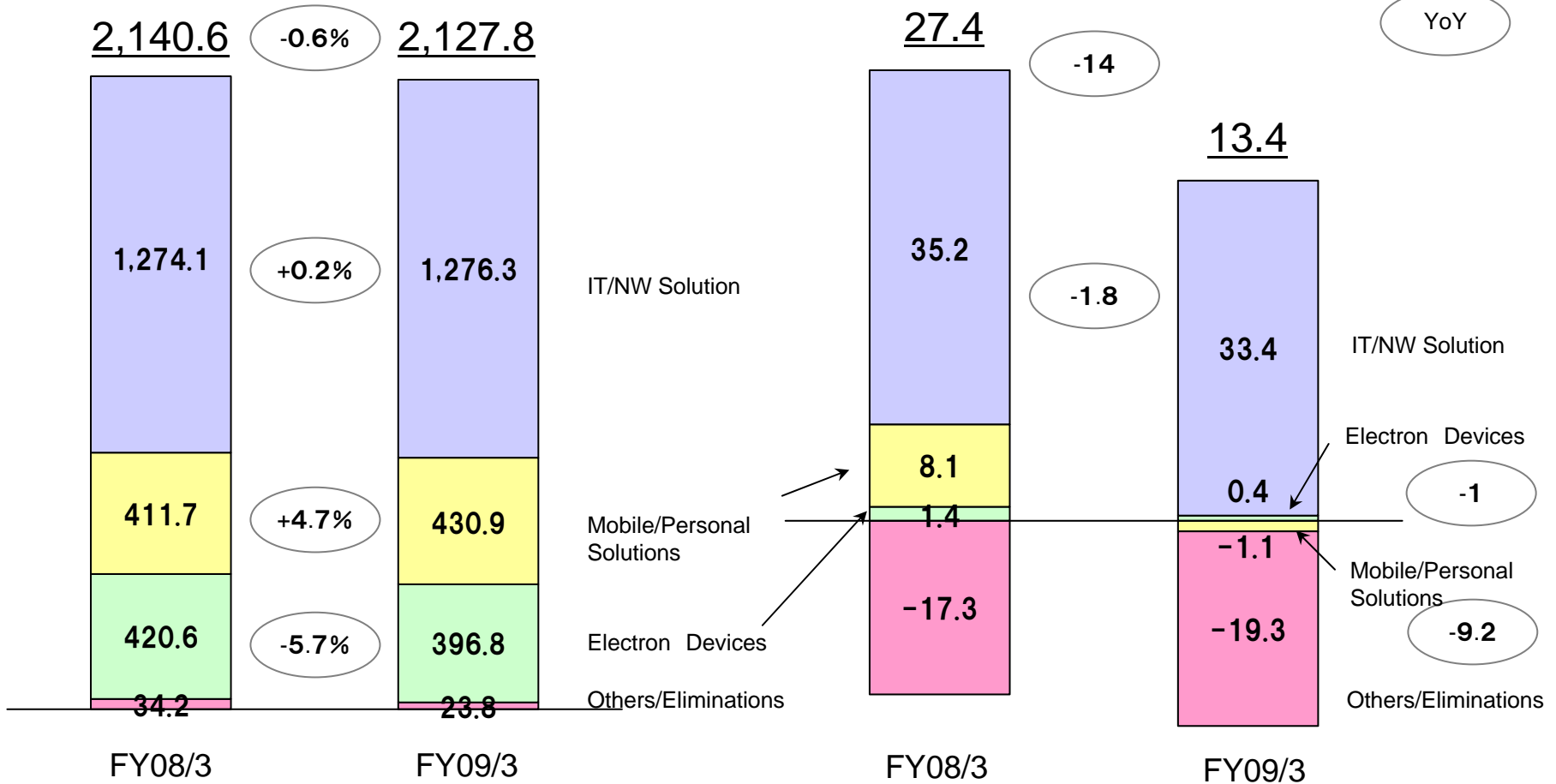
※ Forecast as of October 30, 2008

2. Segment Information (1H Results)

Results by Segment

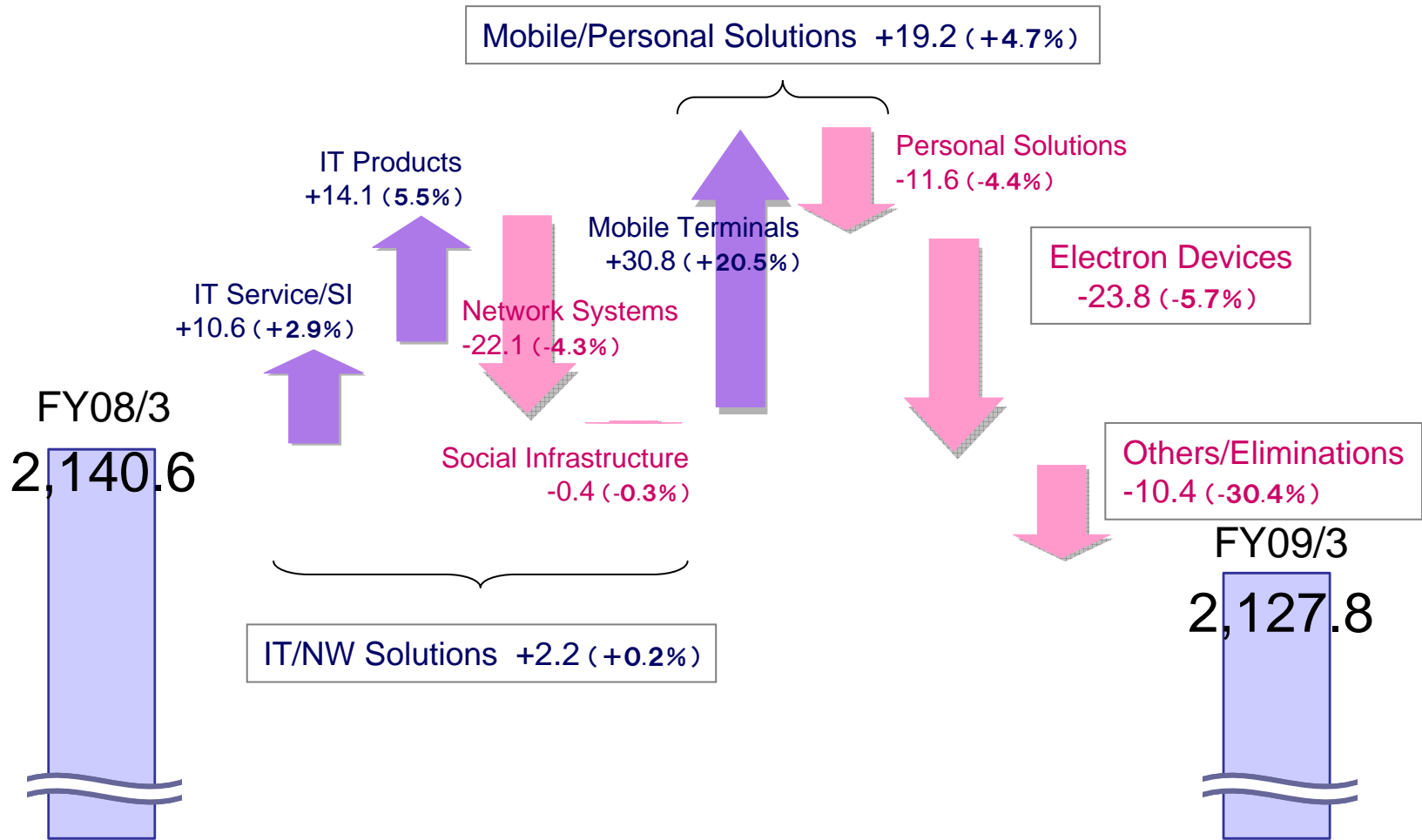
Net Sales

Operating Income/Loss (Billions of Yen)



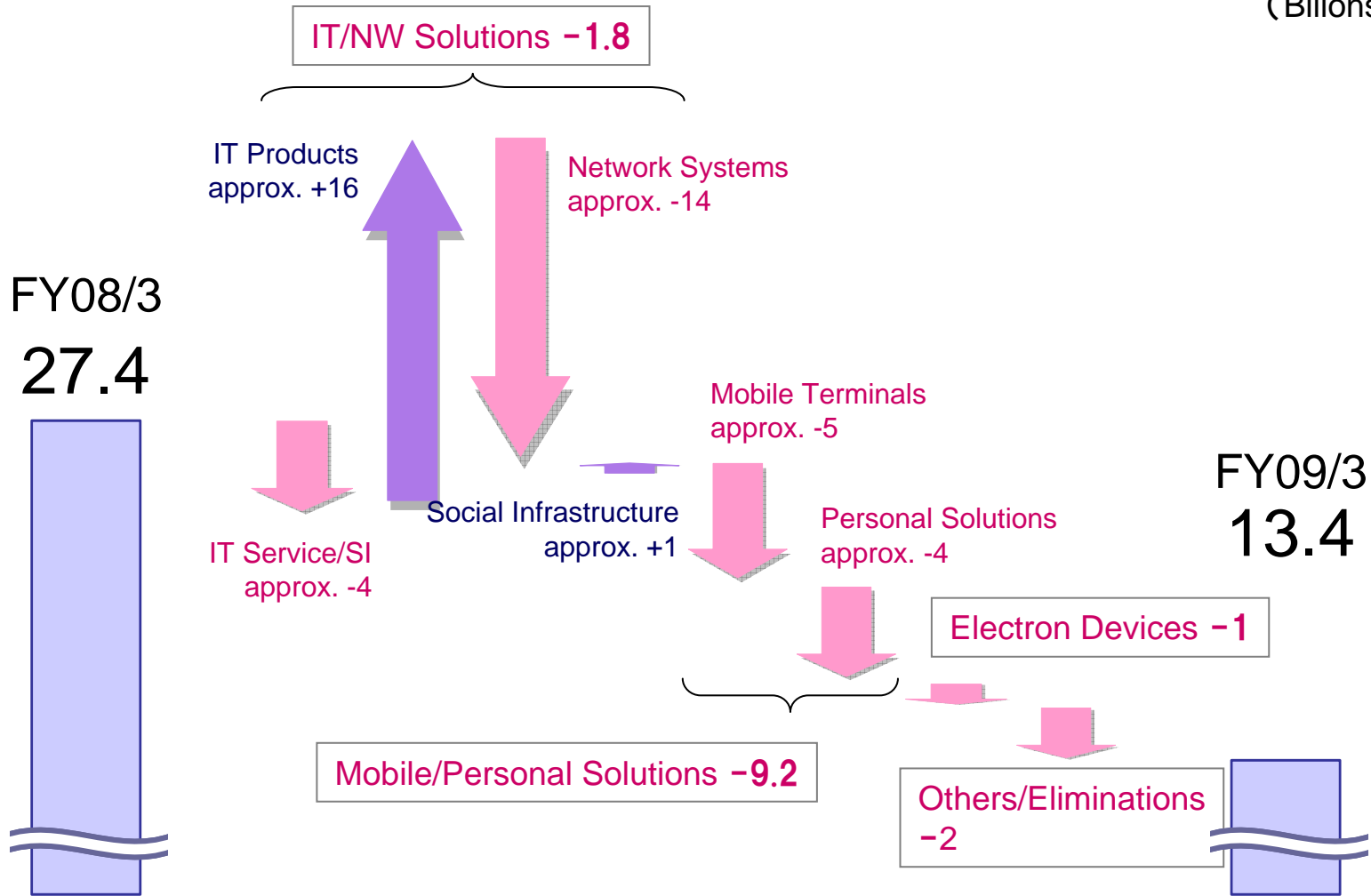
Sales Change (yoy)

(Billions of Yen)



Operating Income Change (yoy)

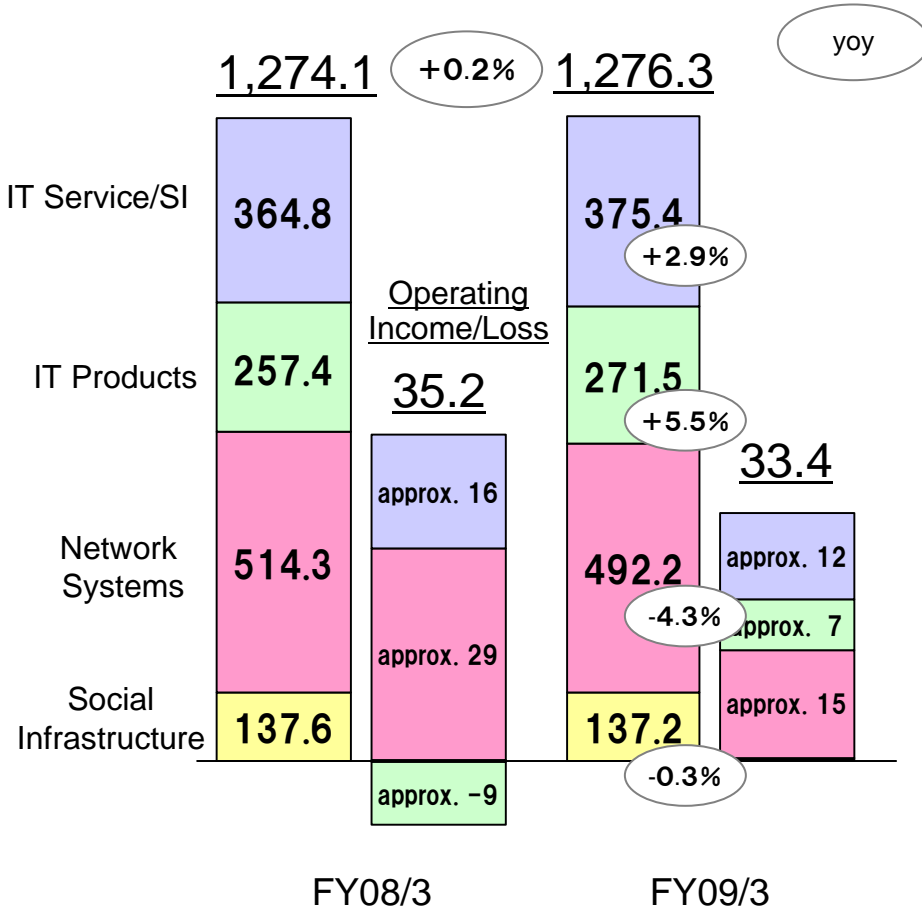
(Billions of Yen)



IT/NW Solutions Business

(Billions of Yen)

Sales



● Sales: 1,276.3 (+0.2%)

- △ IT Service/SI: Steady sales in almost all sectors
- △ IT Products: Favorable sales in servers and storage for core systems
- ▽ Network Systems: Decrease due to the weaker Yen and low level of investments by domestic mobile operators following previous rounds of investment
- ▷ Social Infrastructure: Almost flat

● Operating Income/Loss: 33.4 (-1.8)

- ▽ Network Systems: Sales decrease compounded by R&D expense increases
- △ IT Products: Increase in profit due to the sales growth of high margin products

Numbers in () represent differences from the same period last year

1H Topics

● IT Products

- ▶ Energy-saving data center server, “ECO CENTER,” awarded the “Minister of Economy, Trade and Industry Award” in Green IT 2008



Energy-Saving Server
“ECO CENTER”

● Network Systems

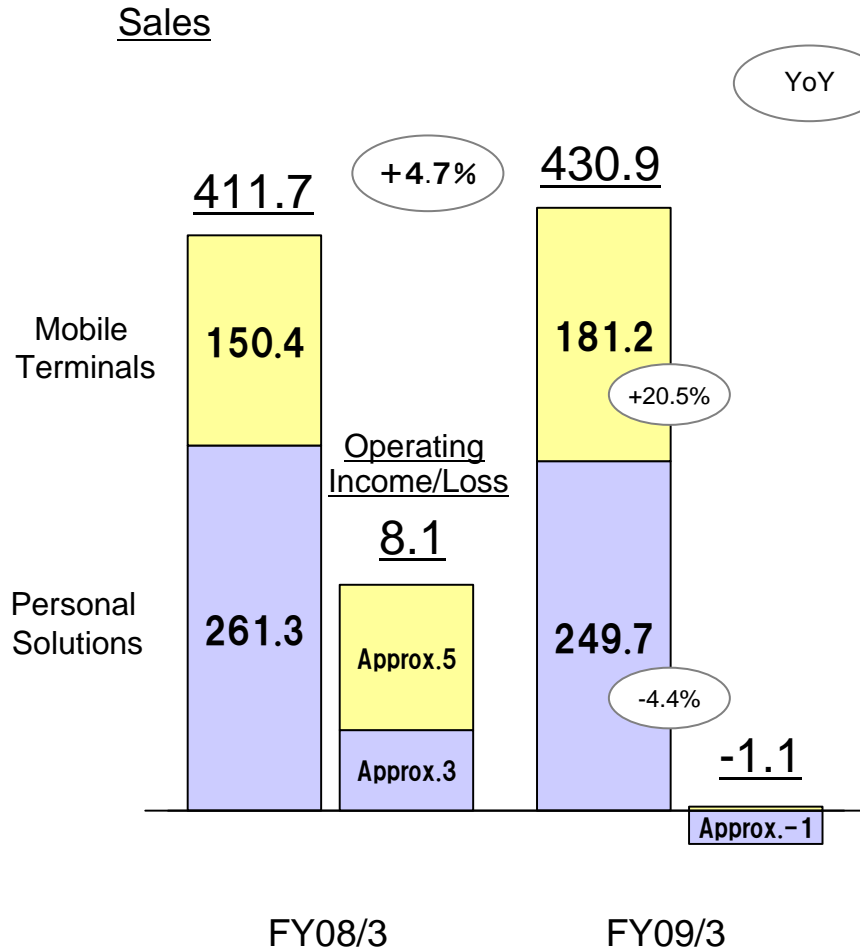
- ▶ NEC chosen to supply Core Systems supporting NTT DOCOMO’s Next Generation Mobile Phone Network, Super 3G
- ▶ NEC secures mobile backhaul IP migration project with Indonesia’s Indosat
- ▶ NEC selected to provide Mobile WiMAX for Thailand’s Crown Prince Hospital Foundation
- ▶ NEC to acquire NetCracker, a leader in Operations Support Systems, which strengthens global software business for telecommunication operators
- ▶ NEC and Sumitomo Electric to acquire leading submarine cable manufacturer, OCC



Submarine optical repeater and
look of laying into the ocean

Mobile/Personal Solutions Business

(Billions of Yen)



● Sales: 430.9 (+4.7%)

△ Mobile Terminals:

Unit shipments increase by more than 30% YoY (2.1M units => 2.8M units)

NEC share increased nearly 20% in a shrinking market

*Share of shipment in Japan 8.4% (No.5 in 1H/08.3)
=> 12.9% (No.3 in 2H/09.3) (Source: MM Research Institute)

▽ Personal Solutions:

Domestic PC Shipments stay level (1,265K units)

Overseas PC and other businesses (e.g. communication terminals) decrease

● Operating Income/Loss: -1.1 (-9.2)

▽ Mobile Terminals:

Decrease due to increased development cost for a variety of models and new market entry costs

▽ Personal Solutions:

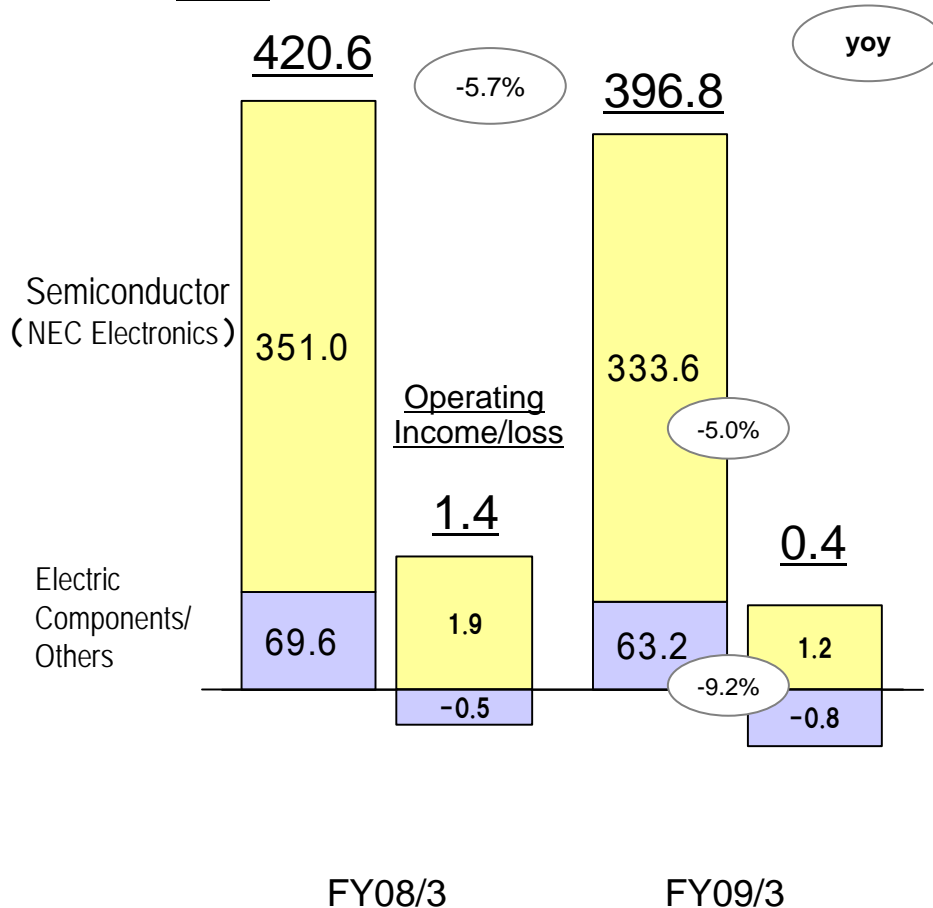
Decrease due to overseas PC business and declining sales in non-PC businesses

* () indicates year on year

Electron Devices Business

(Billions of Yen)

Sales



● Sales: 396.8 (-5.7%)

- ▽ Semiconductors :
Decrease in communications products, diodes, transistors .etc
- ▽ Electric Components/Others :
Decrease in components and small size LCD displays for consumer products

● Operating Income/Loss: 0.4 (-1)

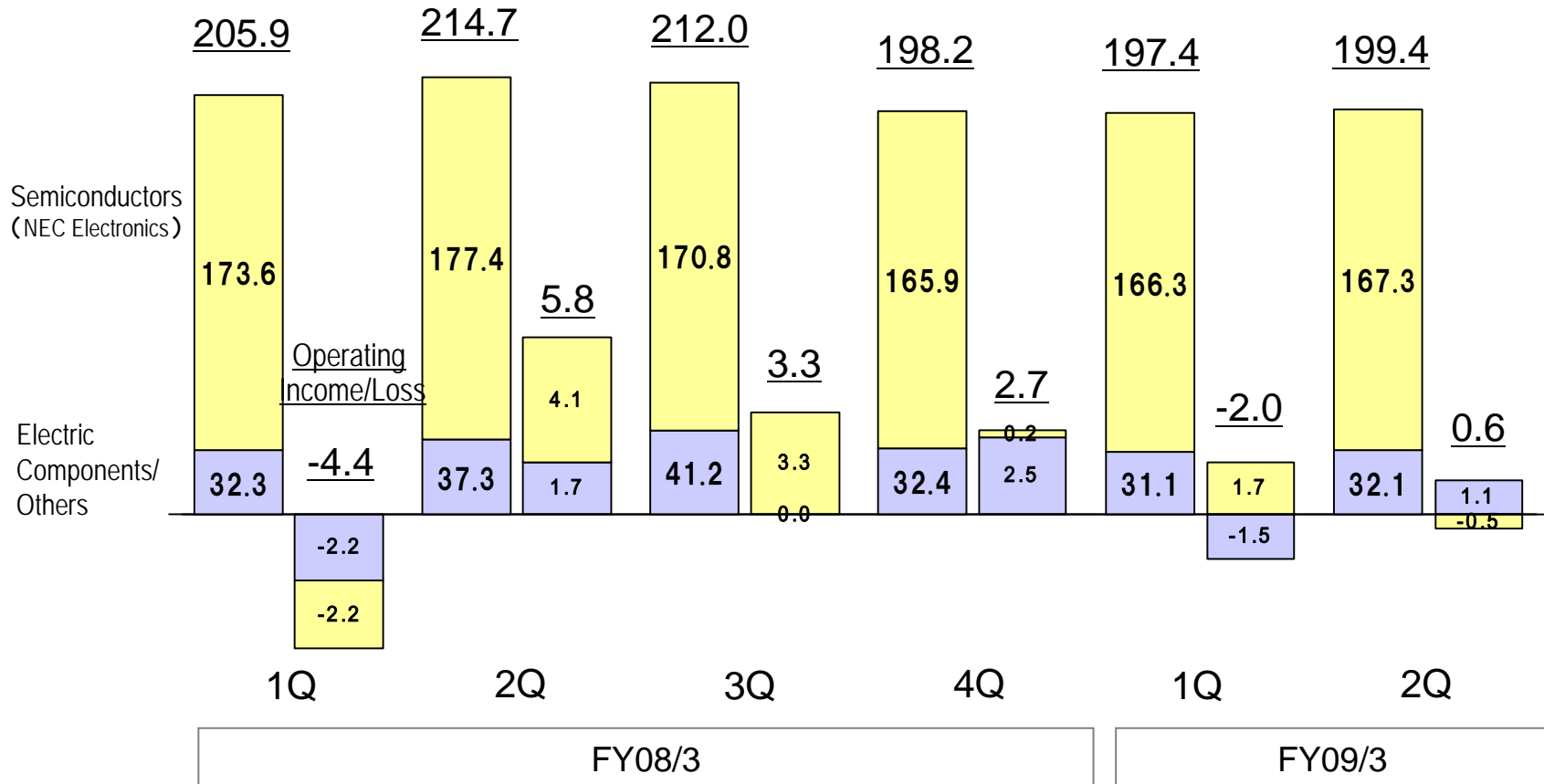
- ▽ Semiconductors :
Sales decrease
- ▽ Electric Components/Others :
Sales decrease

*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.

Ref. Quarterly Performance

(Billions of Yen)

Sales



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3. Earnings Forecast for FY09/3

Forecast Overview for FY09.3

(Billions of Yen)

● Net Sales 4,600 (yoy -0.4%)

- ▽ Decline in Electron Devices (yoy -5.5%)
- ▽ Decline in Network Systems (yoy -2.4%)
- △ Substantial increase in Mobile Terminals (yoy +11.7%)
- △ Steady growth in IT Service/SI (yoy +3.3%) and IT Products (yoy +2.2%)

● Operating Income 120 (yoy -36.8)

- ▽ Decline in Network Systems (yoy approx. -28)
- ▽ Decline in Personal Solutions (yoy approx. -9)
- ▽ Decline in Electron Devices (yoy -7.4)
- △ Steady growth in IT Service/SI (yoy +7) and IT Products (yoy +6)

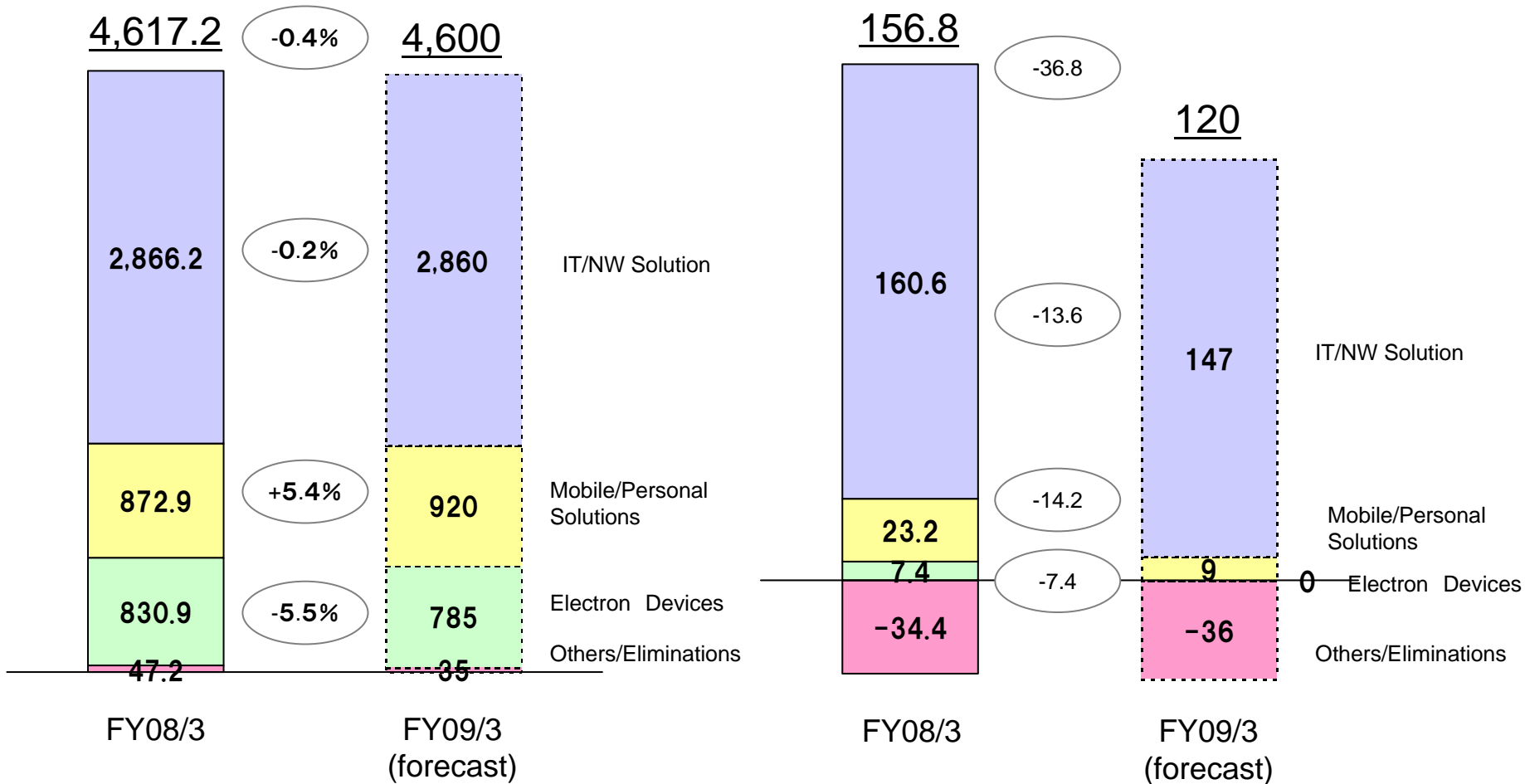
Full Year Forecast by Segment

Net Sales

Operating Income/Loss

(Billions of Yen)

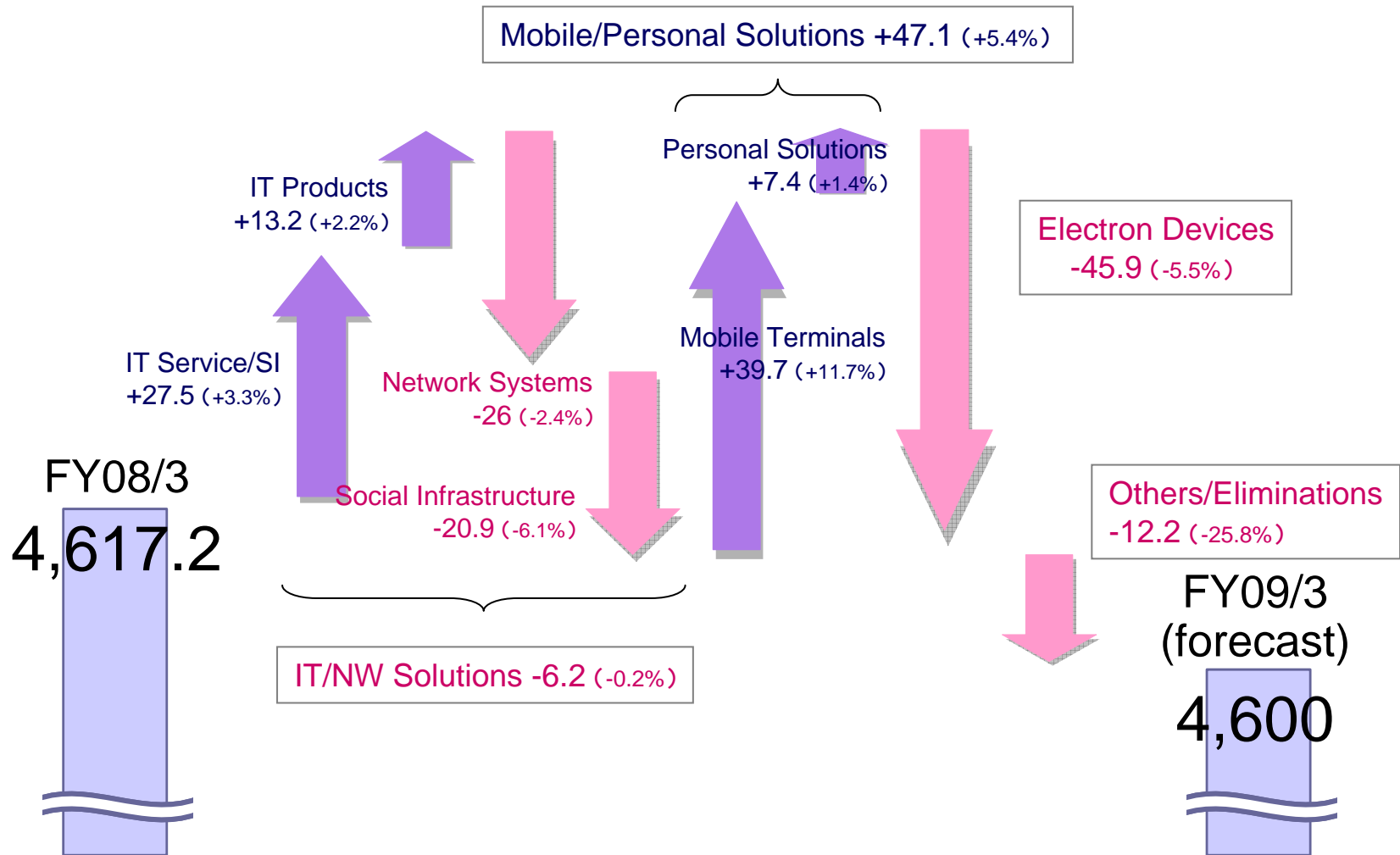
yoy



※ Forecast as of October 30, 2008

Sales Change (yoy forecast)

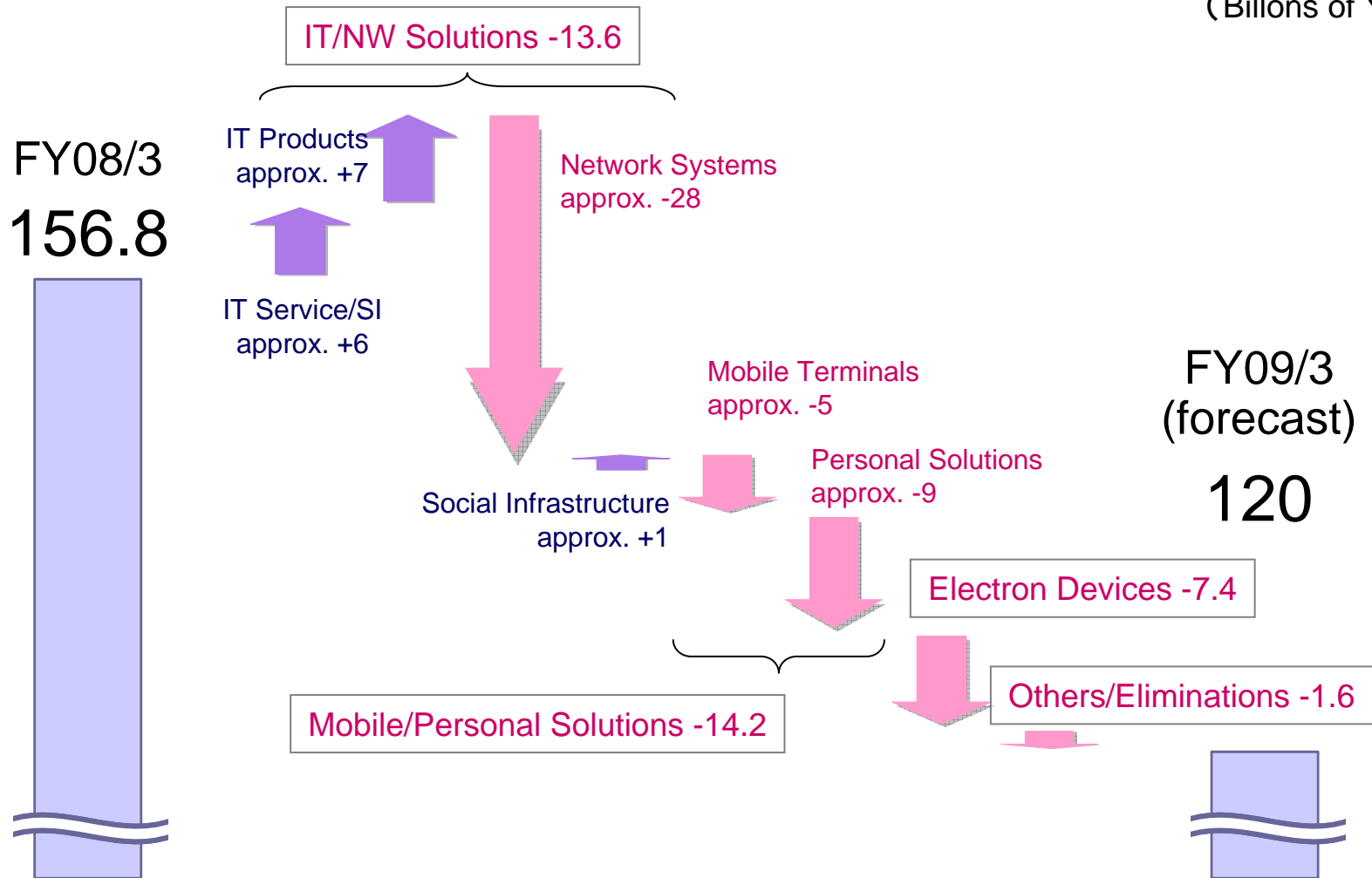
(Billions of Yen)



※ Forecast as of October 30, 2008

Operating Income Change (yoy forecast)

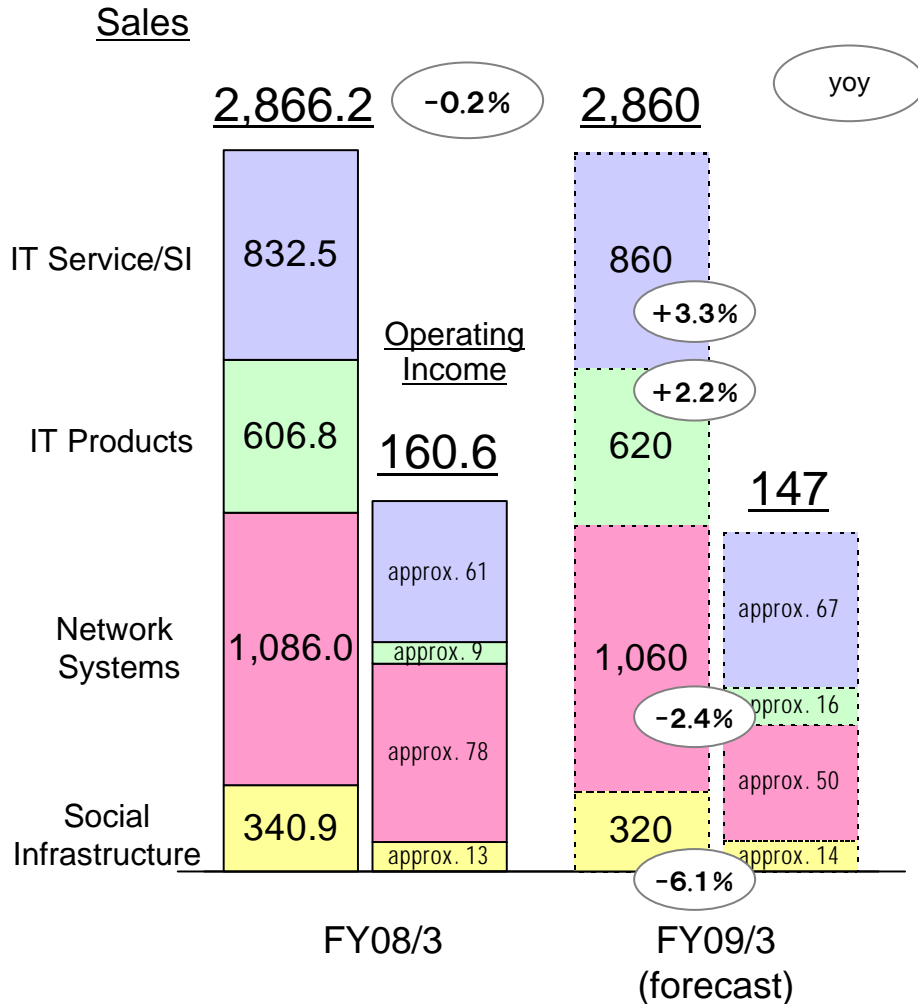
(Billions of Yen)



※ Forecast as of October 30, 2008

IT/NW Solutions Business

(Billions of Yen)



● Sales: 2,860 (-0.2%)

- △ IT Services/SI:
 - Sequentially steady IT investment except in the financial sector
 - Steady progress; especially in security, compliance and streamlining management
- △ IT Products:
 - Continuing favorable conditions in core servers from the latest period
- ▷ Network Systems:
 - Japan - Steady NGN related business, cutbacks in CAPEX by mobile operators
 - Overseas - Increase in sales from submarine cable project, and steady sales of PASOLINK
- ▽ Social Infrastructure:
 - Decrease in number of major projects







● Operating Income: 147 (-13.6)

- ▽ Network Systems:
 - Sales decline, exchange rate impact and increasing R&D expenses
- △ IT Products:
 - Increasing profit accompanies products with greater margins
- △ IT Services/SI:
 - Sales increase and "SI innovation" enhance profitability

* Forecast as of October 30, 2008

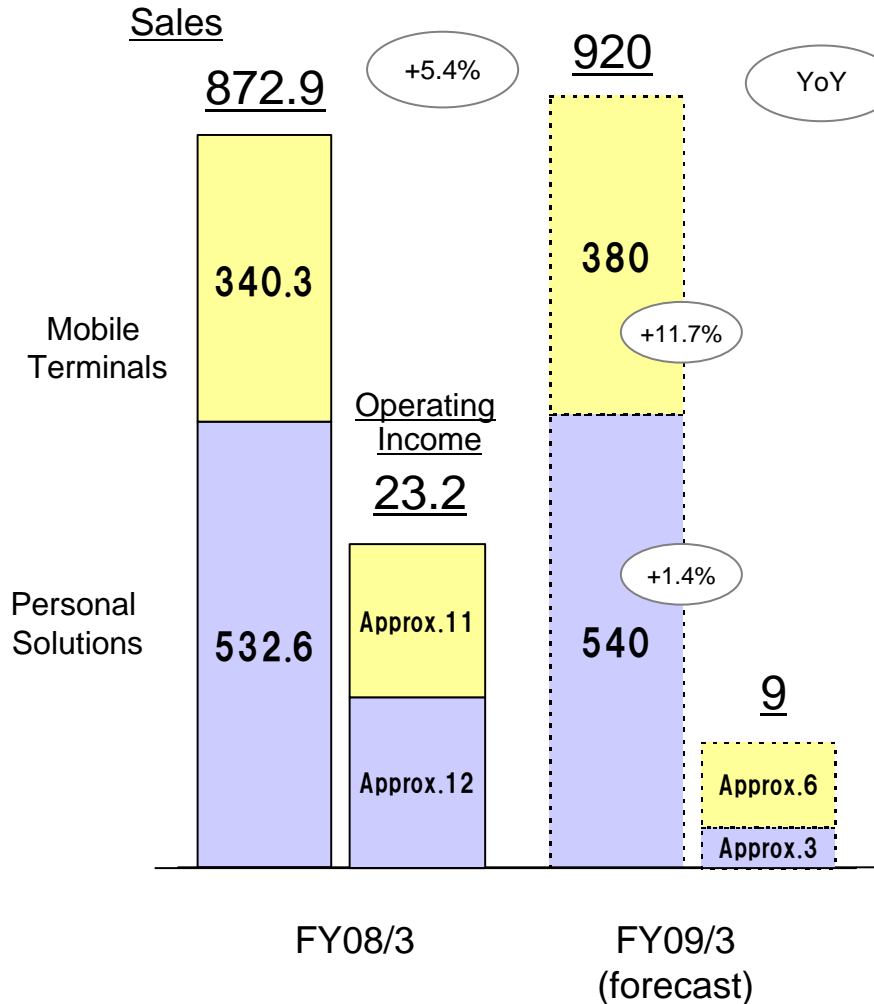
SI Business Trends by Sector

(IT Service / SI, IT Products)

Sector	Sales forecast (year on year)	Background and NEC Approach
Government		Strict budgetary conditions. Concentrate on mission-critical systems, super computers for research organizations, and new business acquisition in electronic and next generation services.
Public sector /Medical		<ul style="list-style-type: none"> • Medical system reform related business peaked-out. • Despite strict budgets, revived demand for mission-critical systems. Expand sales of GPRIME, NEC's public sector solution.
Finance		<ul style="list-style-type: none"> • Securities companies largely freezing new business • Local bank and insurer business also remains sluggish
Telecom/ Media		NEC focuses on widening its delivery area ; NGN, digital signage ,etc
Manufacture		<ul style="list-style-type: none"> • Despite investment constraints due to the slumping economy, NEC focuses on security, compliance .etc – which remain in demand.
Retail/ Service		<ul style="list-style-type: none"> • Additionally, NEC aims to expand orders from growth markets; e-commerce, electric money, SaaS ,etc

Mobile/Personal Solutions Business

(Billions of Yen)



● **Sales: 920 (+5.4%)**

△ Mobile Terminals:

Target 20% shipment and share increase by introducing competitive models (4.8M units => 5.8M units)

△ Personal Solutions:

Expecting sales increases from the Internet service, BIGLOBE etc.
Target domestic PC shipment increases (2,670K units => 2,750K units)

● **Operating Income: 9 (-14.2)**

▽ Mobile Terminals:

Decrease due to development costs for a variety of models and new market entry expenses mainly in 1H

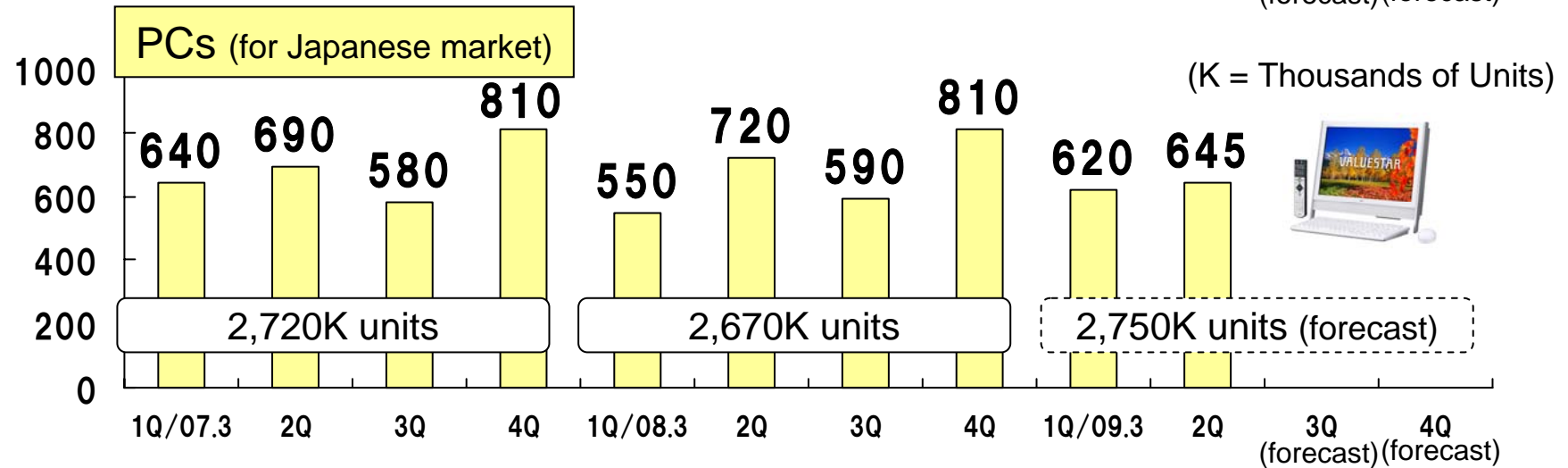
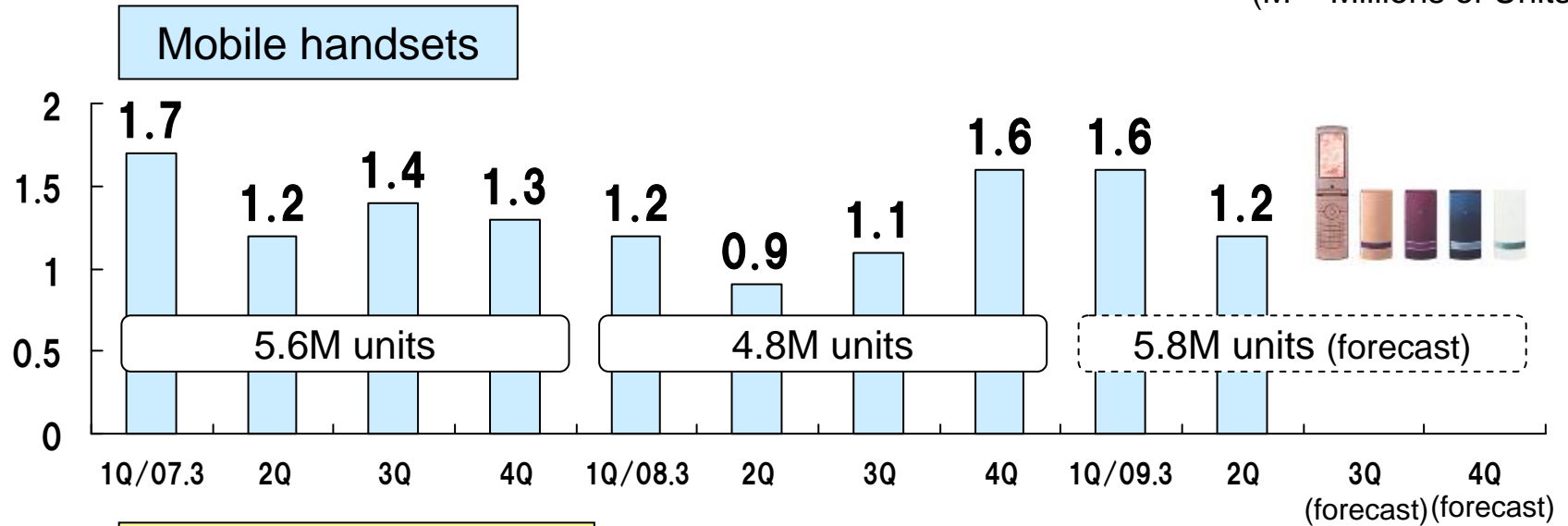
▽ Personal Solutions:

Decreasing due to overseas PC and other non-PC business

* Forecast as of October 30, 2008

Shipment of Mobile Handsets & PCs

(M = Millions of Units)

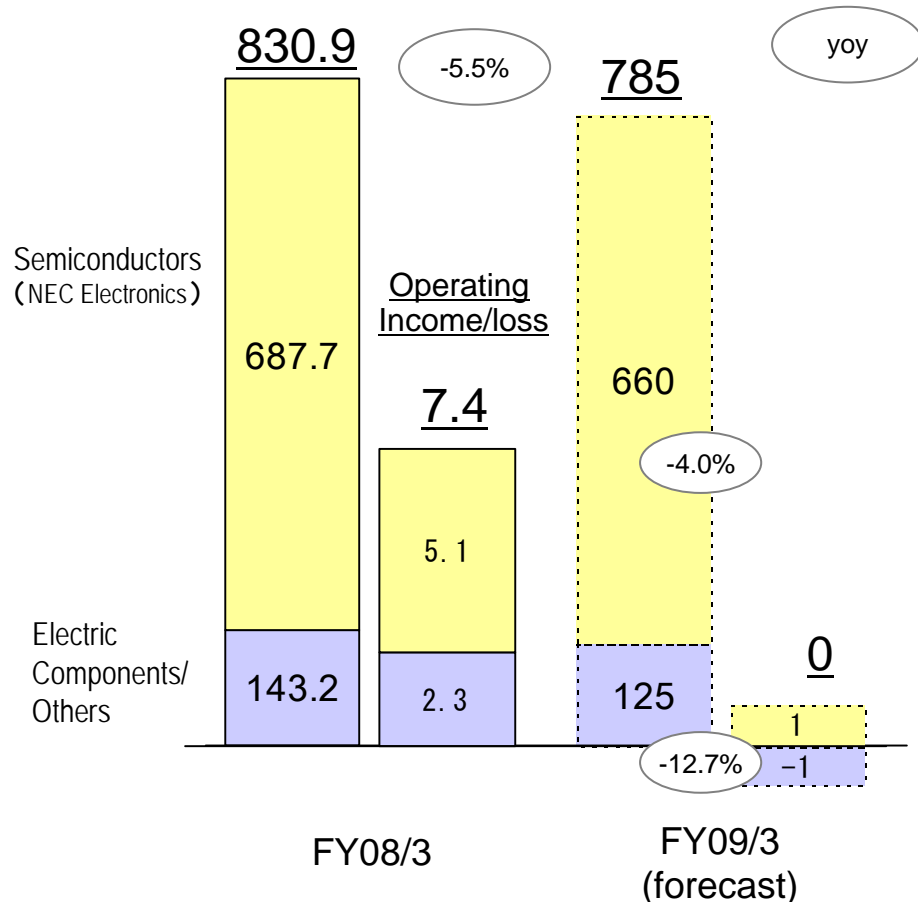


* Forecast as of October 30, 2008

Electron Device Business

(Billions of yen)

Sales



● Sales: 785 (-5.5%)

▽ Semiconductors :

Decrease in multi-purpose products, SoC will increase for digital AV products such as "EMMA," etc.

▽ Electric Components/Others :

Decrease in components and small size LCD displays for consumer products

● Operating Income/Loss: 0 (-7.4)

▽ Semiconductors :

Ensure profits through cost cutting - accelerate realignment of production

▽ Electric Components/Others :

Drop in sales

*Forecasts as of October 30, 2008

*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.

4. Current Dividends

Revised Dividend Outlook for 1H/Full Year

The dividend outlook (*) published in NEC's revised financial forecasts on October 22, 2008 has been changed as follows: "Dividends for the first half of the fiscal year ending March 31, 2009 shall be deferred and dividends for the full fiscal year remain undetermined."

(*) Interim dividend: 4.00 yen per share, full-year dividend (includes interim dividend): 8.00 yen per share

● About the Revision (change from the 10/22 announcement)

- ▶ As stock markets have recently undergone sharp declines, NEC's risk of loss from securities holdings has rapidly increased and lead to the company's decision to defer issuing first half dividends.
- ▶ Dividends for the full fiscal year have not been determined at this time. Plans will be announced following careful observation of stock movements.

* Financial forecasts from the 10/22 announcement remain unchanged

※ Forecast as of October 30, 2008

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NEC