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)

<table>
<thead>
<tr>
<th></th>
<th>1H Result</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY08/3</td>
<td>FY09/3</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>2,140.6</td>
<td>2,127.8</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>27.4</td>
<td>13.4</td>
</tr>
<tr>
<td>to Sales(%)</td>
<td>1.3%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>9.8</td>
<td>7.0</td>
</tr>
<tr>
<td>to Sales(%)</td>
<td>0.5%</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>-4.7</td>
<td>1.8</td>
</tr>
<tr>
<td>to Sales(%)</td>
<td>-</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Net Income per share (yen)</strong></td>
<td>-2.43</td>
<td>0.83</td>
</tr>
</tbody>
</table>

(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%) (Billons 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)
## Other Financial Data

(Billions of Yen)

<table>
<thead>
<tr>
<th></th>
<th>1H Result</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY08/3</td>
<td>FY09/3</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,598.5</td>
<td>3,433.6</td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,218.0</td>
<td>1,166.8</td>
</tr>
<tr>
<td>Interest-bearing</td>
<td>870.3</td>
<td>857.0</td>
</tr>
<tr>
<td>debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,020.5</td>
<td>983.7</td>
</tr>
<tr>
<td>equity capital ratio(%)</td>
<td>28.4%</td>
<td>28.6%</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>0.85</td>
<td>0.87</td>
</tr>
<tr>
<td>FCF</td>
<td>-14.1</td>
<td>-59.6</td>
</tr>
</tbody>
</table>

※ Forecast as of October 30, 2008
2. Segment Information
(1H Results)
Results by Segment

Net Sales

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solution</td>
<td>1,274.1</td>
<td>1,276.3</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>411.7</td>
<td>430.9</td>
<td>+4.7%</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>420.6</td>
<td>396.8</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>34.2</td>
<td>23.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,140.6</td>
<td>2,127.8</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

Operating Income/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solution</td>
<td>35.2</td>
<td>33.4</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>8.1</td>
<td>1.4</td>
<td>-19.3%</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-17.3</td>
<td>-19.3</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>-1.1</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27.4</td>
<td>13.4</td>
<td>-14%</td>
</tr>
</tbody>
</table>

YoY

Net Sales: -9.2%
Operating Income/Loss: -14%
Sales Change (yoy)

(Billions of Yen)

- Mobile/Personal Solutions: +19.2 (+4.7%)
- IT Products: +14.1 (5.5%)
- IT Service/SI: +10.6 (+2.9%)
- Mobile Terminals: +30.8 (+20.5%)
- Personal Solutions: -11.6 (-4.4%)
- Social Infrastructure: -0.4 (-0.3%)
- Network Systems: -22.1 (-4.3%)
- Electron Devices: -23.8 (-5.7%)
- Others/Eliminations: -10.4 (-30.4%)

FY08/3: 2,140.6
FY09/3: 2,127.8
Operating Income Change (yoy)

(Billons of Yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Change (Billons of Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solutions</td>
<td>-1.8</td>
</tr>
<tr>
<td>IT Products</td>
<td>approx. +16</td>
</tr>
<tr>
<td>Network Systems</td>
<td>approx. -14</td>
</tr>
<tr>
<td>Mobile Terminals</td>
<td>approx. -5</td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>approx. +1</td>
</tr>
<tr>
<td>Personal Solutions</td>
<td>approx. -4</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-1</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>-9.2</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>-2</td>
</tr>
<tr>
<td>IT Service/SI</td>
<td>approx. -4</td>
</tr>
</tbody>
</table>

FY08/3: 27.4
FY09/3: 13.4

1H Results
IT/NW Solutions Business

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

● 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
Mobile/Persoal Solutions Business

**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

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY08/3</th>
<th>FY09/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q</td>
<td>205.9</td>
<td>197.4</td>
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<tr>
<td>2Q</td>
<td>214.7</td>
<td>199.4</td>
</tr>
<tr>
<td>3Q</td>
<td>212.0</td>
<td></td>
</tr>
<tr>
<td>4Q</td>
<td>198.2</td>
<td></td>
</tr>
</tbody>
</table>

Semiconductors (NEC Electronics)

- 1Q: 173.6
- 2Q: 177.4
- 3Q: 170.8
- 4Q: 165.9

Electric Components/Others

- 1Q: 32.3
- 2Q: 37.3
- 3Q: 41.2
- 4Q: 32.4

Operating Income/Loss

- 1Q: -4.4
- 2Q: 5.8
- 3Q: 3.3
- 4Q: 2.7

Operating Income/Loss

- 1Q: -2.2
- 2Q: 1.7

*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.
3. Earnings Forecast for FY09/3
Forecast Overview for FY09.3

- **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

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solution</td>
<td>2,866.2</td>
<td>2,860</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>872.9</td>
<td>920</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>830.9</td>
<td>785</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>47.2</td>
<td>35</td>
</tr>
</tbody>
</table>

Operating Income/Loss

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT/NW Solution</td>
<td>156.8</td>
<td>147</td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>23.2</td>
<td>9</td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-34.4</td>
<td>-36</td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>-7.4</td>
<td>0</td>
</tr>
</tbody>
</table>

※ Forecast as of October 30, 2008
Sales Change (yoy forecast)

(Billons of Yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY08/3</th>
<th>FY09/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Products</td>
<td>+13.2</td>
<td></td>
</tr>
<tr>
<td>IT Service/SI</td>
<td>+27.5</td>
<td></td>
</tr>
<tr>
<td>Network Systems</td>
<td>-26</td>
<td></td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>-20.9</td>
<td></td>
</tr>
<tr>
<td>IT/NW Solutions</td>
<td>-6.2</td>
<td></td>
</tr>
</tbody>
</table>
| Mobile/
  Personal Solutions     | +47.1  |                   |
| Mobile Terminals           | +39.7  |                   |
| Personal Solutions         | +7.4   |                   |
| Mobile/Personal Solutions  | +47.1  |                   |
| Social Infrastructure      | -20.9  |                   |
| Network Systems            | -26    |                   |
| IT/NW Solutions            | -6.2   |                   |
| Mobile/Personal Solutions  | +47.1  |                   |
| Mobile Terminals           | +39.7  |                   |
| Personal Solutions         | +7.4   |                   |
| Mobile/Personal Solutions  | +47.1  |                   |
| Mobile Terminals           | +39.7  |                   |
| Personal Solutions         | +7.4   |                   |
| Mobile/Personal Solutions  | +47.1  |                   |
| Mobile Terminals           | +39.7  |                   |
| Personal Solutions         | +7.4   |                   |

※ Forecast as of October 30, 2008

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Operating Income Change (yoy forecast)

(Forecast as of October 30, 2008)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY08/3</th>
<th>FY09/3 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Products</td>
<td>approx. +7</td>
<td></td>
</tr>
<tr>
<td>Network Systems</td>
<td>approx. -28</td>
<td></td>
</tr>
<tr>
<td>IT Service/IT</td>
<td>approx. +6</td>
<td></td>
</tr>
<tr>
<td>Mobile Terminals</td>
<td>approx. -5</td>
<td></td>
</tr>
<tr>
<td>Social Infrastructure</td>
<td>approx. +1</td>
<td></td>
</tr>
<tr>
<td>Mobile/Personal Solutions</td>
<td>-14.2</td>
<td></td>
</tr>
<tr>
<td>Electron Devices</td>
<td>-7.4</td>
<td></td>
</tr>
<tr>
<td>Others/Eliminations</td>
<td>-1.6</td>
<td></td>
</tr>
<tr>
<td>IT/NW Solutions</td>
<td>-13.6</td>
<td></td>
</tr>
</tbody>
</table>

(Billions of Yen)
## IT/NW Solutions Business

### 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 )

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sales forecast (year on year)</th>
<th>Background and NEC Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>✶</td>
<td>Strict budgetary conditions. Concentrate on mission-critical systems, super computers for research organizations, and new business acquisition in electronic and next generation services.</td>
</tr>
</tbody>
</table>
| Public sector /Medical      | ✶                             | • 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                     | ✶                             | • 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                 | ✶                             | • Despite investment constraints due to the slumping economy, NEC focuses on security, compliance, etc – which remain in demand.  
• Additionally, NEC aims to expand orders from growth markets; e-commerce, electric money, SaaS, etc |
| Retail/ Service             | ✶                             |  |

Full year forecast

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Mobile/Personal Solutions Business

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
Shipments of Mobile Handsets & PCs

Mobile handsets

- 1Q/07.3: 1.7M units
- 2Q: 1.2M units
- 3Q: 1.4M units
- 4Q: 1.3M units
- 1Q/08.3: 1.2M units
- 2Q: 0.9M units
- 3Q: 1.1M units
- 4Q: 1.6M units
- 1Q/09.3: 1.6M units
- 2Q: 1.2M units

5.6M units (forecast)

PCs (for Japanese market)

- 1Q/07.3: 640K units
- 2Q: 690K units
- 3Q: 580K units
- 4Q: 810K units
- 1Q/08.3: 550K units
- 2Q: 720K units
- 3Q: 590K units
- 4Q: 810K units
- 1Q/09.3: 620K units
- 2Q: 645K units

2,720K units
2,670K units
2,750K units (forecast)

(M = Millions of Units)
(K = Thousands of Units)

* Forecast as of October 30, 2008

Full year forecast
Electron Device Business

(Billions of yen)

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 Electric 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