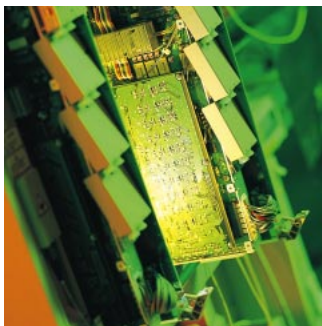
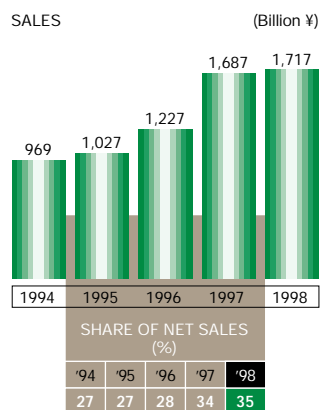


Fiscal 1998

INFORMATION/COMMUNICATIONS SYSTEMS OPERATIONS

Communications Systems and Equipment

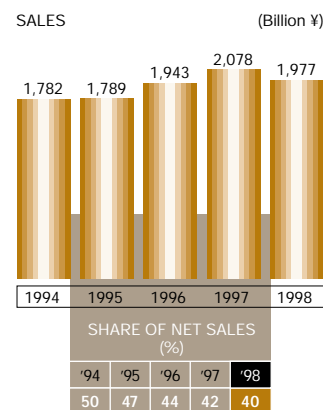
Sales of communications systems and equipment increased 2 percent, to ¥1,717.3 billion (\$12,912 million). While sales of mobile communications systems were weak in Japan, growth in NEC's domestic cellular handset sales was encouraging. Overseas sales were favorable, particularly of switching systems.



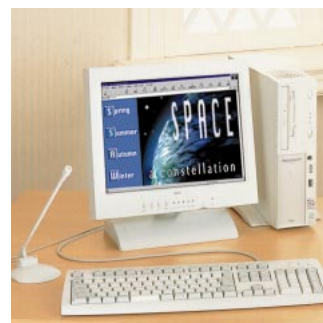
- Digital central office switching systems ■ Mobile communications systems ■ Digital PBXs ■ Packet switching systems ■ Network management systems ■ Intelligent network systems ■ Fiber-optic transmission systems ■ Fiber-optic submarine cable systems ■ CATV systems ■ Teleconferencing systems ■ Routers ■ Hubs ■ Data modems ■ Microwave communications systems ■ Satellite communications systems (satellite-mounted and ground support communications equipment) ■ Television and radio broadcast equipment ■ Video and studio equipment ■ Aircraft and space electronic equipment ■ Satellites ■ Rocket guidance and control equipment ■ Radio navigation and radar equipment ■ Defense electronic systems ■ Cellular phones ■ PHS terminals ■ Pagers ■ Facsimile equipment ■ Key telephone systems ■ ISDN terminals ■ Installation and maintenance of communications systems

Computers and Industrial Electronic Systems

Sales of computers and industrial electronic systems were down 5 percent, to ¥1,977.2 billion (\$14,866 million). Although both the software and systems integration business and the server business enjoyed strong growth, PC sales fell sharply due to a stagnant domestic market.



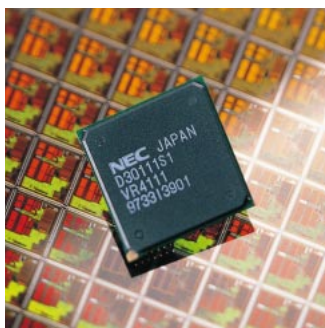
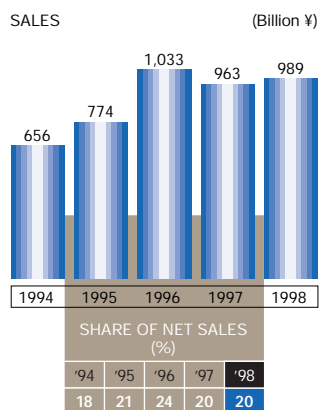
- PCs ■ Mainframe computers ■ Servers ■ Workstations ■ Supercomputers ■ Terminal equipment ■ Word processors ■ Monitors ■ Printers ■ CD-ROM drives ■ Hard disk drives ■ Optical disk players ■ CAD/CAM and CAE systems ■ Automated fingerprint identification systems ■ Medical electronic equipment ■ Telemetry and remote control systems ■ Postal automation systems ■ Communications network control systems ■ Building automation systems ■ Educational electronic equipment ■ Computerized numerical control equipment ■ YAG laser equipment ■ Underwater ultrasonic application equipment ■ Semiconductor manufacturing equipment and vacuum equipment ■ Measuring and testing systems ■ Car electronic products ■ Software products ■ Systems integration services ■ Maintenance of computers and related equipment ■ VAN information services ■ Internet services



at a Glance

ELECTRON DEVICES OPERATIONS

Sales of electron devices were ¥988.8 billion (\$7,434 million), up 3 percent. The increasing digitization of electronic equipment supported higher sales of microcomputers and other system LSIs. Despite growing demand for dynamic random access memories (DRAMs), a deterioration in prices caused memory sales to decline. Sales of color liquid crystal displays (LCDs), primarily for use in PC monitors, rose.

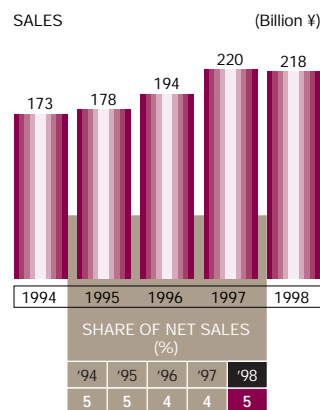


- Memories ■ Microcomputers ■ Gate arrays ■ Cell-based ICs
- Linear ICs ■ Charge-coupled devices ■ Transistors ■ Gallium arsenide transistors and ICs ■ Diodes ■ Optical semiconductor devices ■ Hybrid ICs ■ TFT color LCDs ■ Color display tubes
- Electroluminescent lights ■ Capacitors ■ Printed wiring boards
- Relays ■ Hermetic seals ■ Electron tubes ■ Gas lasers
- Electrical connectors ■ Color plasma display panels

OTHERS

Sales of others decreased 1 percent, to ¥217.9 billion (\$1,638 million).

NEC has ceased the production of conventional TVs and repositioned its TV business, focusing on high-value-added TVs with its digital technologies. The first product that has emerged from this new approach is InterRakuTV, a high-resolution, wide-screen TV with a built-in hard disk drive, which makes Internet browsing and sending e-mail as easy as watching TV.



In the area of projectors, NEC launched the XL-3500, a high-resolution digital light processing projector that boasts a brightness of 3,500 ANSI lumens and high picture quality, making it ideal for use in large meeting halls.

Color PDPs represent a core technology for NEC's multimedia business. In October 1997, NEC announced the world's first 50-inch plasma TV with a wide aspect ratio, utilizing its newly developed color PDP with exceptional picture quality. In addition, NEC introduced a 42-inch plasma TV in Japan and a 42-inch PDP monitor internationally, each of which is 10mm thinner than previous models, and at 89mm, is the world's thinnest in its class. NEC remains dedicated to developing new products for the multimedia age.



- Color TVs (HDTVs, Internet TVs, Plasma TVs) ■ Video projectors
- DBS receivers ■ VCRs ■ Video game units ■ Home appliances
- Lighting products ■ Cleaners