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***** For immediate use October 30, 2008

Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2009

Consolidated Financial Results

	Six Months Ended September 30, 2008	Six Months Ended September 30, 2007	Change
	In billions of yen	In billions of yen	%
Sales	2,127.8	2,140.6	-0.6
Operating income	13.4	27.4	-51.2
Ordinary income	7.0	9.8	-28.3
Net income (loss)	1.8	(4.7)	—
	yen	yen	yen
Net income (loss) per share:			
Basic	0.83	(2.43)	3.26
Diluted	0.76	—	—

	As of September 30, 2008	As of March 31, 2008	Change
	In billions of yen	In billions of yen	%
Total assets	3,433.6	3,526.8	-2.6
Net assets	1,166.8	1,185.5	-1.6

(Notes)

Number of consolidated subsidiaries and affiliated companies accounted for by the equity method is as follows:

	As of September 30, 2008	As of September 30, 2007	As of March 31, 2008
Consolidated subsidiaries	332	339	334
Affiliated companies accounted for by the equity method	67	68	66

1. Consolidated Business Results

(1) Overview of the first half of the fiscal year ending March 31, 2009 (six months ended September 30, 2008)

Worldwide economic conditions during the six months ended September 30, 2008, despite sustained high economic growth in China and other emerging countries, slowed down mainly in developed countries, such as the U.S. and Europe, due to the surfacing financial crisis triggered by the subprime mortgage loan crisis in the U.S., in addition to the rapidly rising prices of crude oil and raw materials.

In terms of the Japanese economy, concerns over the economy's direction have been fueled by the continuing turmoil of financial markets, as well as by reduced growth in capital expenditures and consumer spending due to decreasing exports, and a rapid increase in prices of crude oil and raw materials.

Amid this business environment, the NEC Group recorded consolidated sales of 2,127.8 billion yen for the first half, a decrease of 12.8 billion yen (0.6%) year-on-year. Although sales in the area of Mobile Terminals in the Mobile/Personal Solutions business increased due to an increase of the total number of mobile handset shipments, the overall sales decrease is mainly due to a decrease of sales in the Network Systems area in the IT/Network Solutions business, as well as sales in the Electron Devices business.

Regarding profitability, operating income decreased 14.0 billion yen year-on-year (51.2%), to 13.4 billion yen. Despite improved cost percentages, the decrease in operating profit is mainly due to an increase in selling, general and administrative expenses caused by increased development expenses.

In terms of ordinary income, despite an improvement in non-operating income from equity in earnings of affiliates, a decrease in operating income caused NEC to record a decrease of 2.8 billion yen year-on-year (28.3%), to 7.0 billion yen.

Income before income taxes and minority interest was 14.9 billion yen for the first half, a year-on-year increase of 5.3 billion yen (56.0%). The effects from gains on business transfers recorded over the same period during the previous fiscal year were offset by an increase in extraordinary gains such as gains on the sale of subsidiary and affiliate stock, and a decrease in extraordinary losses, such as the costs of corrective measures for products. NEC also recorded net income of 1.8 billion yen, a year-on-year improvement of 6.5 billion yen.

(2) Results by business segment (including inter-segment transactions and profit/loss figures)

Sales and operating income of NEC's main segments were as follows (figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year):

IT/Network Solutions Business

Sales: 1,276.3 billion yen (+0.2%)
Operating Income: 33.4 billion yen (-1.8 billion yen)

Sales by subsegment (including inter-segment transactions)

Subsegment	Six Months Ended September 30, 2008	Six Months Ended September 30, 2007	Change
	In billions of yen	In billions of yen	%
IT Services/System Integration	375.4	364.8	+2.9
IT Products	271.5	257.4	+5.5
Network Systems	492.2	514.3	-4.3
Social Infrastructure	137.2	137.6	-0.3
Total	1,276.3	1,274.1	+0.2

Sales of the IT/Network Solutions business for the six months ended September 30, 2008 amounted to 1,276.3 billion yen, an increase of 2.2 billion yen (0.2%) year-on-year.

Sales by subsegment were as follows:

Demand increased for nearly all sectors, excluding financial services, in the area of IT Services/SI, for an improvement of 2.9% year-on-year, to 375.4 billion yen. An increase in shipments of servers and storage for backbone systems resulted in a 5.5% sales rise year-on-year in the area of IT Products, to 271.5 billion yen. However, in the area of Network Systems, sales fell by 4.3% to 492.2 billion yen as a result of the completion of a round of investment in systems by domestic mobile telecom carriers and the effect of exchange rate fluctuations on systems for telecom carriers abroad.

Despite an increase in operating income owing to an increase of sales in highly profitable products in the area of IT Products, a drop in sales in the area of Network Systems contributed to an operating income decrease of 1.8 billion yen (5.1%) year-on-year, to 33.4 billion yen.

Mobile/Personal Solutions Business

(figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year)

Sales: 430.9 billion yen (+4.7%)
Operating Income (Loss): -1.1 billion yen (-9.2 billion yen)

Sales by subsegment (including intersegment transactions)

Subsegment	Six Months Ended September 30, 2008	Six Months Ended September 30, 2007	Change
	In billions of yen	In billions of yen	%
Mobile Terminals	181.2	150.4	+20.5
Personal Solutions	249.7	261.3	-4.4
Total	430.9	411.7	+4.7

Sales of the Mobile/Personal Solutions business for the six months ended September 30, 2008 were 430.9 billion yen, an increase of 19.2 billion yen (4.7%) year-on-year.

Sales by Subsegment were as follows:

In the area of Mobile Terminals, sales were 181.2 billion yen, an increase of 20.5% year-on-year from shipment growth and product appeal, despite an otherwise contracting mobile market. In the area of Personal Solutions, a year-on-year decrease of 4.4%, to 249.7 billion yen was recorded.

Operating results worsened by 9.2 billion yen year-on-year, for a loss of 1.1 billion yen, mainly due to an increase of the development expenses for diversified models of mobile handsets, and worsening business conditions for overseas personal computer business in the Personal Solutions area.

Electron Devices Business

(figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year)

Sales: 396.8 billion yen (-5.7%)
Operating Income: 0.4 billion yen (-1.0 billion yen)

Sales by subsegment (including intersegment transactions)

Subsegment	Six Months Ended September 30, 2008	Six Months Ended September 30, 2007	Change
	In billions of yen	In billions of yen	%
Semiconductors	333.6	351.0	-5.0
Electronic Components and Others	63.2	69.6	-9.2
Total	396.8	420.6	-5.7

Sales of the Electron Devices business for the six months ended September 30, 2008 decreased by 23.8 billion yen (5.7%) year-on-year, to 396.8 billion yen.

Sales by subsegment were as follows:

In the area of Semiconductors, sales fell to 333.6 billion yen, a 5.0% decrease year-on-year, due to declining sales of semiconductors for communications devices, as well as transistors and diodes. In the area of Electronic Components and Others, sales decreased in electronic components, as well as small-sized consumer LCDs, by 9.2% year-on-year, to 63.2 billion yen.

Operating income decreased by 1.0 billion yen year-on-year, to 0.4 billion yen, mainly owing to reduced sales of Semiconductors and electronic components.

Note

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 Differences that arise as a result of adjustment to Japan GAAP are included in the area of Electronic Components and Others.

*year-on-year rates are described as reference information

2. Consolidated Financial Condition

Analysis of condition of assets, liabilities, net assets, and cash flow

Total assets were 3,433.6 billion yen as of September 30, 2008, a decrease of 93.2 billion yen as compared with the end of the previous fiscal year. Current assets as of September 30, 2008 decreased by 113.1 billion yen compared with the end of the previous fiscal year, to 1,835.7 billion yen, largely due to the collection of notes and accounts receivable, trade. Due to an increase in deferred tax assets, noncurrent assets increased by 19.9 billion yen compared with the end of the previous fiscal year, to 1,597.9 billion yen, despite a decrease in unrealized gain on investment securities caused by declining stock prices.

In terms of total liabilities, the payment of accounts payable, trade contributed to a 74.5 billion yen reduction in total liabilities as compared with the end of the previous fiscal year, to 2,266.8 billion yen, despite an increase in interest-bearing debt related mostly to the issuance of commercial papers. The balance of interest-bearing debt was increased by 56.2 billion yen compared with the end of the previous fiscal year, to 857.0 billion yen. The debt-equity ratio as of September 30, 2008 was 0.87 (a worsening of 0.07 points as compared with the end of the previous fiscal year).

The balance of interest-bearing debt (net) as of September 30, 2008, obtained by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 504.2 billion yen, an increase of 78.2 billion yen as compared with the end of the previous fiscal year. Net debt-equity ratio as of September 30, 2008 was 0.51 (a worsening of 0.09 points as compared with the end of the previous fiscal year).

Decreases in the valuation difference on available-for-sale securities brought total net assets as of September 30, 2008 to 1,166.8 billion yen, a decrease of 18.7 billion yen as compared with the end of the previous fiscal year. As a result, owner's equity ratio as of September 30, 2008 was 28.6% (an improvement of 0.1 point as compared with the end of the previous fiscal year).

Net cash flows from operating activities for the six months ended September 30, 2008 was a cash inflow of 20.5 billion yen, a decrease of 40.2 billion yen over the same period of the previous fiscal year, due largely to a worsening of operating capital.

Net cash flows from investing activities for the six months ended September 30, 2008 was a cash outflow of 80.1 billion yen, a cash outflow increase of 5.3 billion yen over the same period of the

previous fiscal year. While these figures reflect an increase in cash from the sale of investment securities, this was due to proceeds from a transfer of business recorded in the same period of the previous fiscal year.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities for the six months ended September 30, 2008) totaled a cash outflow of 59.6 billion yen, a cash outflow increase of 45.5 billion yen as compared with the corresponding period of the previous fiscal year.

Although net cash flows from financing activities for the six months ended September 30, 2008 reflect the redemption of bonds and the payment of dividends, fundraising through the issuance of commercial papers and bonds resulted in a cash inflow of 38.3 billion yen. As a result, cash and cash equivalents as of September 30, 2008 amounted to 352.9 billion yen, a decrease of 22.0 billion yen as compared with the end of the previous fiscal year.

3. Consolidated Financial Forecast

There is no change to the forecast for the fiscal year ending March 31, 2009, previously disclosed on October 22, 2008.

4. Others

(1) Significant changes in the scope of consolidation

There is no significant change in the scope of consolidation for this period.

(2) Application of simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements

(a) Simplified accounting procedures

Valuation of inventories

Inventories at the end of this period are calculated using a reasonable method based on actual inventories at the end of the previous fiscal year, instead of based on an actual physical

inventory.

Calculation of fixed asset depreciation

For the assets depreciated using the declining balance method, depreciation expenses applicable to the fiscal year are allocated to this period on a pro-rata basis.

- (b) Accounting procedures specific to the preparation of quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated, after adjustment on individual significant items, by multiplying income before income taxes for this period by a reasonably estimated effective tax rate for income before income taxes for the fiscal year of this period, while applying tax effect accounting.

Deferred tax expense is included in income taxes.

(3) Changes in accounting principles and procedures as well as presentation methods related to the preparation of quarterly consolidated financial statements

- (a) Application of “Accounting Standards for Quarterly Financial Reporting”

The “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statements No.12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) are applied from this fiscal year. Quarterly financial statements are prepared in accordance with “Rules for Quarterly Consolidated Financial Statements”

- (b) Valuation standard and method changes for major assets

Adoption of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9, July 5, 2006) from the first quarter has changed the valuation basis for inventories from the lower-of-cost-or-market method to the cost method (which writes off the book value of inventories based on decreases in profitability). The change has no impact on income.

- (c) Depreciation method changes for major depreciable assets

NEC and its subsidiaries had formerly adopted the declining balance method as their depreciation method for property, plant and equipment that is used for outsourcing or other businesses which earn regular income. However, they have adopted the straight line method beginning from the first quarter because the importance of these businesses is increasing and this change clarifies the connection between related revenue and depreciation expenses. The impact of the change on income is immaterial.

(Additional information)

Useful life of tangible fixed assets

NEC and its domestic subsidiaries have changed the length of useful life for a portion of tangible fixed assets in accordance with the revised Corporation Tax Law from the first quarter. The impact of the change on income is immaterial.

(d) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No.18, May 17, 2006) is applied from the first quarter and necessary modifications have been made for consolidation. The impact of the change on income is immaterial.

CONSOLIDATED QUARTERLY BALANCE SHEETS

(In millions of yen, millions of U.S.dollars)

	September 30, 2008	September 30, 2007	Increase (Decrease)	March 31, 2008	Increase (Decrease)	September 30, 2008
Current assets	JPY 1,835,716	JPY 1,921,893	(JPY 86,177)	JPY 1,948,814	(JPY 113,098)	\$17,318
Cash and deposits	244,240	234,790	9,450	247,447	(3,207)	2,305
Notes and accounts receivable-trade	721,461	727,323	(5,862)	853,773	(132,312)	6,806
Short-term investment securities	108,895	169,517	(60,622)	127,908	(19,013)	1,027
Inventories	521,007	534,515	(13,508)	457,493	63,514	4,915
Deferred tax assets	116,011	118,280	(2,269)	120,956	(4,945)	1,094
Other	129,762	144,957	(15,195)	147,150	(17,388)	1,224
Allowance for doubtful accounts	(5,660)	(7,489)	1,829	(5,913)	253	(53)
Noncurrent assets	1,597,880	1,676,612	(78,732)	1,577,981	19,899	15,074
Property, plant and equipment	634,621	671,379	(36,758)	640,747	(6,126)	5,987
Buildings and structures	223,247	233,086	(9,839)	227,522	(4,275)	2,106
Machinery and equipment	178,603	197,170	(18,567)	180,866	(2,263)	1,685
Tools, furniture and fixtures	105,166	110,383	(5,217)	108,174	(3,008)	992
Land	93,858	90,435	3,423	89,224	4,634	885
Construction in progress	33,747	40,305	(6,558)	34,961	(1,214)	319
Intangible assets	228,327	225,224	3,103	222,635	5,692	2,154
Goodwill	94,564	95,641	(1,077)	93,525	1,039	892
Software	128,678	123,415	5,263	123,841	4,837	1,214
Other	5,085	6,168	(1,083)	5,269	(184)	48
Investments and other assets	734,932	780,009	(45,077)	714,599	20,333	6,933
Investment securities	171,201	221,007	(49,806)	185,614	(14,413)	1,615
Stocks of subsidiaries and affiliates	228,109	223,795	4,314	223,478	4,631	2,152
Deferred tax assets	146,477	164,930	(18,453)	131,465	15,012	1,382
Other	197,802	187,802	10,000	183,264	14,538	1,866
Allowance for doubtful accounts	(8,657)	(17,525)	8,868	(9,222)	565	(82)
Total assets	JPY 3,433,596	JPY 3,598,505	(JPY 164,909)	JPY 3,526,795	(JPY 93,199)	\$32,392

(Notes)

US dollar amounts are translated from yen, for convenience only, at the rate of US\$1 = 106 yen.

Cash and cash equivalents in CONSOLIDATED STATEMENTS OF CASH FLOWS are calculated as follows.

(In millions of yen, millions of U.S.dollars)

Cash and deposits	JPY 244,240	JPY 234,790	JPY 9,450	JPY 247,447	(JPY 3,207)	\$2,305
Short-term investment securities	108,895	169,517	(60,622)	127,908	(19,013)	1,027
Time deposits and short-term investment securities with maturities of more than three months	(283)	(546)	263	(517)	234	(3)
Cash and cash equivalents	JPY 352,852	JPY 403,761	(JPY 50,909)	JPY 374,838	(JPY 21,986)	\$3,329

CONSOLIDATED QUARTERLY BALANCE SHEETS (CONTINUED)

(In millions of yen, millions of U.S.dollars)

	September 30, 2008	September 30, 2007	Increase (Decrease)	March 31, 2008	Increase (Decrease)	September 30, 2008
Current liabilities	JPY 1,437,219	JPY 1,601,856	(JPY 164,637)	JPY 1,549,306	(JPY 112,087)	\$13,559
Notes and accounts payable-trade	607,575	683,235	(75,660)	700,797	(93,222)	5,732
Short-term loans payable	108,180	80,124	28,056	89,632	18,548	1,021
Commercial papers	156,848	149,881	6,967	80,955	75,893	1,480
Current portion of long-term loans payable	19,394	37,101	(17,707)	23,907	(4,513)	183
Current portion of bonds	34,080	104,055	(69,975)	89,250	(55,170)	322
Accrued expenses	259,963	273,260	(13,297)	274,044	(14,081)	2,452
Advances received	76,094	70,002	6,092	67,924	8,170	718
Provision for directors' bonuses	380	344	36	488	(108)	4
Provision for product warranties	33,221	39,621	(6,400)	40,032	(6,811)	313
Other	141,484	164,233	(22,749)	182,277	(40,793)	1,334
Noncurrent liabilities	829,605	778,608	50,997	791,968	37,637	7,826
Bonds payable	385,219	369,216	16,003	353,784	31,435	3,634
Long-term loans payable	118,622	87,865	30,757	121,249	(2,627)	1,119
Deferred tax liabilities	13,766	13,919	(153)	14,031	(265)	130
Provision for retirement benefits	230,078	224,093	5,985	224,143	5,935	2,171
Provision for loss on repurchase of computers	12,224	14,925	(2,701)	12,496	(272)	115
Provision for product warranties	2,212	1,793	419	918	1,294	21
Provision for recycling expenses of personal computers	6,236	5,183	1,053	5,726	510	59
Other	61,248	61,614	(366)	59,621	1,627	577
Total liabilities	2,266,824	2,380,464	(113,640)	2,341,274	(74,450)	21,385
Shareholders' equity	971,969	959,701	12,268	978,973	(7,004)	9,170
Capital stock	337,940	337,939	1	337,940	-	3,188
Capital surplus	464,875	464,876	(1)	464,875	-	4,386
Retained earnings	172,470	160,155	12,315	179,391	(6,921)	1,627
Treasury stock	(3,316)	(3,269)	(47)	(3,233)	(83)	(31)
Valuation and translation adjustments	11,755	60,759	(49,004)	25,248	(13,493)	111
Valuation difference on available-for-sale securities	17,586	51,029	(33,443)	29,898	(12,312)	166
Deferred gains or losses on hedges	26	(225)	251	(283)	309	0
Foreign currency translation adjustment	(5,857)	9,955	(15,812)	(4,367)	(1,490)	(55)
Subscription rights to shares	123	98	25	115	8	1
Minority interests	182,925	197,483	(14,558)	181,185	1,740	1,725
Total net assets	1,166,772	1,218,041	(51,269)	1,185,521	(18,749)	11,007
Total liabilities and net assets	JPY 3,433,596	JPY 3,598,505	(JPY 164,909)	JPY 3,526,795	(JPY 93,199)	\$32,392
Interest-bearing debt	JPY 857,026	JPY 870,336	(JPY 13,310)	JPY 800,843	JPY 56,183	\$8,085
Net interest-bearing debt (* I)	504,174	466,575	37,599	426,005	78,169	4,756
Owner's equity (* II)	983,724	1,020,460	(36,736)	1,004,221	(20,497)	9,280
Owner's equity ratio (%) (* III)	28.6	28.4	0.2	28.5	0.1	
Shareholders' equity ratio (%) (* III)	28.3	26.7	1.6	27.8	0.5	
Debt-equity ratio (times) (* IV)	0.87	0.85	0.02	0.80	0.07	
Net debt-equity ratio (times) (* IV)	0.51	0.46	0.05	0.42	0.09	

(Notes)

* I Net interest-bearing debt is interest-bearing debt less cash and cash equivalents.

* II Owner's equity is total net assets less subscription rights to shares and minority interests.

* III Owner's equity ratio is owner's equity divided by total assets. Shareholders' equity ratio is shareholders' equity divided by total assets.

* IV Debt-equity ratio and net debt-equity ratio are interest-bearing debt and net interest-bearing debt divided by owner's equity, respectively.

CONSOLIDATED QUARTERLY STATEMENTS OF INCOME

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2008	% of sales	2007	% of sales	Increase (Decrease)	2008
Net sales	JPY 2,127,800	100.0	JPY 2,140,593	100.0	(JPY 12,793)	\$20,074
Cost of sales	1,444,023	67.9	1,457,974	68.1	(13,951)	13,623
Gross profit	683,777	32.1	682,619	31.9	1,158	6,451
Selling, general and administrative expenses	670,385	31.5	655,183	30.6	15,202	6,324
Operating income	13,392	0.6	27,436	1.3	(14,044)	127
Non-operating income	15,723	0.7	14,028	0.7	1,695	148
Interest income	3,507		4,626		(1,119)	33
Dividends income	1,905		2,036		(131)	18
Equity in earnings of affiliates	4,042		-		4,042	38
Foreign exchange gains	687		-		687	6
Other	5,582		7,366		(1,784)	53
Non-operating expenses	22,114	1.0	31,696	1.5	(9,582)	209
Interest expenses	5,793		7,614		(1,821)	55
Retirement benefit expenses	6,925		6,911		14	65
Loss on abandonment of noncurrent assets	2,749		4,532		(1,783)	26
Foreign exchange losses	-		3,655		(3,655)	-
Equity in losses of affiliates	-		8		(8)	-
Other	6,647		8,976		(2,329)	63
Ordinary income	7,001	0.3	9,768	0.5	(2,767)	66
Extraordinary income	10,960	0.5	8,482	0.3	2,478	103
Gain on sales of subsidiaries and affiliates' stocks	7,506		159		7,347	71
Gain on sales of investment securities	3,445		1,917		1,528	32
Gain on sales of noncurrent assets	9		1,340		(1,331)	0
Gain on transfer of business	-		3,216		(3,216)	-
Gain on change in equity	-		926		(926)	-
Reversal of provision for recycling expenses of personal computers	-		924		(924)	-
Extraordinary loss	3,086	0.1	8,714	0.4	(5,628)	29
Loss on valuation of investment securities	1,035		1,208		(173)	10
Business structure improvement expenses	804		2,736		(1,932)	8
Cost of corrective measures for products	662		2,823		(2,161)	6
Impairment loss	374		529		(155)	3
Loss on retirement of noncurrent assets	210		1,010		(800)	2
Loss on sales of investment securities	1		-		1	0
Loss on sales of stocks of subsidiaries and affiliates	-		408		(408)	-
Income before income taxes and minority interests	14,875	0.7	9,536	0.4	5,339	140
Income taxes	9,709	0.4	15,900	0.7	(6,191)	91
Minority interests in income (loss)	3,406	0.2	(1,617)	(0.1)	5,023	32
Net income (loss)	JPY 1,760	0.1	(JPY 4,747)	(0.2)	JPY 6,507	\$17

CONSOLIDATED QUARTERLY STATEMENTS OF INCOME

(In millions of yen, millions of U.S. dollars)

Three months ended September 30	2008	% of sales	2007	% of sales	Increase (Decrease)	2008
Net sales	JPY 1,126,558	100.0	JPY 1,132,792	100.0	(JPY 6,234)	\$10,628
Cost of sales	772,327	68.6	776,403	68.5	(4,076)	7,286
Gross profit	354,231	31.4	356,389	31.5	(2,158)	3,342
Selling, general and administrative expenses	344,948	30.6	340,284	30.1	4,664	3,254
Operating income	9,283	0.8	16,105	1.4	(6,822)	88
Non-operating income	7,471	0.7	7,733	0.7	(262)	70
Interest income	1,742		2,549		(807)	16
Dividends income	563		507		56	5
Equity in earnings of affiliates	2,384		2,666		(282)	22
Other	2,782		2,011		771	27
Non-operating expenses	16,803	1.5	22,310	2.0	(5,507)	158
Interest expenses	2,548		3,761		(1,213)	24
Retirement benefit expenses	3,473		3,476		(3)	33
Loss on abandonment of noncurrent assets	2,363		3,947		(1,584)	22
Foreign exchange losses	4,122		6,129		(2,007)	39
Other	4,297		4,997		(700)	40
Ordinary income (loss)	(49)	0.0	1,528	0.1	(1,577)	0
Extraordinary income	8,456	0.7	2,686	0.3	5,770	79
Gain on sales of subsidiaries and affiliates' stocks	7,506		-		7,506	70
Gain on sales of investment securities	950		617		333	9
Gain on change in equity	-		926		(926)	-
Reversal of provision for recycling expenses of personal computers	-		924		(924)	-
Gain on sales of noncurrent assets	-		251		(251)	-
Gain on transfer of business	-		(32)		32	-
Extraordinary loss	2,543	0.2	6,712	0.6	(4,169)	24
Loss on valuation of investment securities	760		1,020		(260)	7
Business structure improvement expenses	713		2,736		(2,023)	7
Cost of corrective measures for products	662		1,210		(548)	6
Impairment loss	269		529		(260)	3
Loss on retirement of noncurrent assets	138		1,010		(872)	1
Loss on sales of investment securities	1		-		1	0
Loss on sales of stocks of subsidiaries and affiliates	-		207		(207)	-
Income (loss) before income taxes and minority interests	5,864	0.5	(2,498)	(0.2)	8,362	55
Income taxes	1,565	0.1	5,075	0.5	(3,510)	15
Minority interests in income (loss)	3,022	0.3	(1,853)	(0.2)	4,875	28
Net income (loss)	JPY 1,277	0.1	(JPY 5,720)	(0.5)	JPY 6,997	\$12

CONDENSED CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(In millions of yen, millions of U.S. dollars)

Six months ended September 30	2008	2007	Increase (Decrease)	2008
I . Net cash provided by (used in) operating activities:				
Income before income taxes and minority interests	JPY 14,875	JPY 9,536	JPY 5,339	\$140
Depreciation and amortization	86,585	92,732	(6,147)	817
Equity in (earnings) losses of affiliates	(4,042)	8	(4,050)	(38)
Decrease (increase) in notes and accounts receivable-trade	138,088	146,850	(8,762)	1,303
Decrease (increase) in inventories	(66,482)	(45,630)	(20,852)	(627)
Increase (decrease) in notes and accounts payable-trade	(98,452)	(103,789)	5,337	(929)
Income taxes paid	(23,767)	(22,325)	(1,442)	(224)
Other, net	(26,278)	(16,667)	(9,611)	(248)
Net cash provided by (used in) operating activities	20,527	60,715	(40,188)	194
II . Net cash provided by (used in) investment activities:				
Net proceeds from (payment of) purchases and sales of property, plant and equipment	(53,399)	(54,048)	649	(504)
Purchase of intangible assets	(20,723)	(18,090)	(2,633)	(196)
Net proceeds from (payment of) purchases and sales of securities	(5,594)	(11,672)	6,078	(53)
Other, net	(386)	9,027	(9,413)	(3)
Net cash provided by (used in) investment activities	(80,102)	(74,783)	(5,319)	(756)
III . Net cash provided by (used in) financing activities :				
Net increase (decrease) in bonds and loans	48,598	257	48,341	458
Cash dividends paid	(8,047)	(8,087)	40	(76)
Other, net	(2,216)	(1,146)	(1,070)	(20)
Net cash provided by (used in) financing activities	38,335	(8,976)	47,311	362
IV . Effect of exchange rate change on cash and cash equivalents	(746)	3,436	(4,182)	(7)
V . Net increase (decrease) in cash and cash equivalents	(21,986)	(19,608)	(2,378)	(207)
VI . Cash and cash equivalents at beginning of period	374,838	423,369	(48,531)	3,536
VII . Cash and cash equivalents at end of period	JPY 352,852	JPY 403,761	(JPY 50,909)	\$3,329
Free cash flows (I + II)	(JPY 59,575)	(JPY 14,068)	(JPY 45,507)	\$(562)

SEGMENT INFORMATION

[Business segment information]

Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(In millions of yen)

	IT/Network Solutions Business	Mobile/Personal Solutions Business	Electron Devices Business	Others	Total before Eliminations/Corporate	Eliminations/Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	1,231,512	366,343	382,596	147,349	2,127,800	—	2,127,800
2. Intersegment sales and transfers	44,792	64,541	14,213	71,799	195,345	(195,345)	—
Total sales	1,276,304	430,884	396,809	219,148	2,323,145	(195,345)	2,127,800
Operating income (loss)	33,373	(1,149)	353	3,379	35,956	(22,564)	13,392

Six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(In millions of yen)

	IT/Network Solutions Business	Mobile/Personal Solutions Business	Electron Devices Business	Others	Total before Eliminations/Corporate	Eliminations/Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	1,225,967	334,214	399,200	181,212	2,140,593	—	2,140,593
2. Intersegment sales and transfers	48,164	77,514	21,415	69,379	216,472	(216,472)	—
Total sales	1,274,131	411,728	420,615	250,591	2,357,065	(216,472)	2,140,593
Operating income (loss)	35,155	8,085	1,388	5,613	50,241	(22,805)	27,436

Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(In millions of U.S. dollars)

	IT/Network Solutions Business	Mobile/Personal Solutions Business	Electron Devices Business	Others	Total before Eliminations/Corporate	Eliminations/Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	11,618	3,456	3,609	1,391	20,074	—	20,074
2. Intersegment sales and transfers	423	609	134	676	1,842	(1,842)	—
Total sales	12,041	4,065	3,743	2,067	21,916	(1,842)	20,074
Operating income (loss)	315	(11)	3	32	339	(213)	126

(Notes)

- The business segments are defined based on similarity of types, characteristics, and affinity of sales market of products and services.
- Major services and products for each business segment

IT/Network Solutions Business	System Construction, Consulting, Outsourcing, Support (Maintenance), Servers, Storage products, Professional workstations, Business PCs, IT software, Enterprise network systems, Network systems for telecommunication carriers, Broadcast video systems, Control systems, Aerospace/Defense systems
Mobile/Personal Solutions Business	Mobile handsets, Personal computers, Personal communication devices, BIGLOBE
Electron Devices Business	System LSI and other semiconductors, Electronic components, LCD modules
Others	Lighting Equipment Business, Logistics Business, Projector Business, Display Business

- Changes in accounting policies

(Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008))

Valuation standard and method changes for major assets

The "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) is applied from this period.

The change has no impact on each of the business segment information.

Depreciation method changes for major depreciable assets

The straight line method has been adopted beginning from this period as depreciation method for property, plant and equipment that is used for outsourcing or other businesses which earn regular income, while the declining balance method had been formerly adopted.

There is little effect on each of the business segment information.

Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

(ASBJ Practical Issues Task Force No.18, May 17, 2006) is applied from this period.

There is little effect on each of the business segment information.

(Six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007))

None

SEGMENT INFORMATION

[Business segment information]

Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008)

(In millions of yen)

	IT/Network Solutions Business	Mobile/Personal Solutions Business	Electron Devices Business	Others	Total before Eliminations/Corporate	Eliminations/Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	686,191	171,747	193,117	75,503	1,126,558	—	1,126,558
2. Intersegment sales and transfers	25,048	32,860	6,311	40,062	104,281	(104,281)	—
Total sales	711,239	204,607	199,428	115,565	1,230,839	(104,281)	1,126,558
Operating income (loss)	25,630	(6,973)	557	4,442	23,656	(14,373)	9,283

Three months ended September 30, 2007 (From July 1, 2007 to September 30, 2007)

(In millions of yen)

	IT/Network Solutions Business	Mobile/Personal Solutions Business	Electron Devices Business	Others	Total before Eliminations/Corporate	Eliminations/Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	674,848	156,278	205,404	96,262	1,132,792	—	1,132,792
2. Intersegment sales and transfers	26,818	44,178	9,296	37,299	117,591	(117,591)	—
Total sales	701,666	200,456	214,700	133,561	1,250,383	(117,591)	1,132,792
Operating income (loss)	19,571	(1,530)	5,761	4,455	28,257	(12,152)	16,105

Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008)

(In millions of U.S. dollars)

	IT/Network Solutions Business	Mobile/Personal Solutions Business	Electron Devices Business	Others	Total before Eliminations/Corporate	Eliminations/Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	6,474	1,620	1,822	712	10,628	—	10,628
2. Intersegment sales and transfers	236	310	59	379	984	(984)	—
Total sales	6,710	1,930	1,881	1,091	11,612	(984)	10,628
Operating income (loss)	242	(66)	5	42	223	(135)	88

(Notes)

1 The business segments are defined based on similarity of types, characteristics, and affinity of sales market of products and services.

2 Major services and products for each business segment

IT/Network Solutions Business	System Construction, Consulting, Outsourcing, Support (Maintenance), Servers, Storage products, Professional workstations, Business PCs, IT software, Enterprise network systems, Network systems for telecommunication carriers, Broadcast video systems, Control systems, Aerospace/Defense systems
Mobile/Personal Solutions Business	Mobile handsets, Personal computers, Personal communication devices, BIGLOBE
Electron Devices Business	System LSI and other semiconductors, Electronic components, LCD modules
Others	Lighting Equipment Business, Logistics Business, Projector Business, Display Business

3 Changes in accounting policies

(Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008))

Valuation standard and method changes for major assets

The "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) is applied from this period.

The change has no impact on each of the business segment information.

Depreciation method changes for major depreciable assets

The straight line method has been adopted beginning from this period as depreciation method for property, plant and equipment that is used for outsourcing or other businesses which earn regular income, while the declining balance method had been formerly adopted.

There is little effect on each of the business segment information.

Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

(ASBJ Practical Issues Task Force No.18, May 17, 2006) is applied from this period.

There is little effect on each of the business segment information.

(Three months ended September 30, 2007 (From July 1, 2007 to September 30, 2007))

None

SEGMENT INFORMATION (CONTINUED)

[Geographical segment]

Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(In millions of yen)

	Japan	Asia	Europe	Others	Total before Eliminations/ Corporate	Eliminations/ Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	1,713,918	137,363	140,335	136,184	2,127,800	—	2,127,800
2. Intersegment sales and transfers	210,920	83,292	4,924	12,876	312,012	(312,012)	—
Total sales	1,924,838	220,655	145,259	149,060	2,439,812	(312,012)	2,127,800
Operating income (loss)	34,482	7,691	(1,496)	(4,415)	36,262	(22,870)	13,392

Six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(In millions of yen)

	Japan	Asia	Europe	Others	Total before Eliminations/ Corporate	Eliminations/ Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	1,700,932	135,218	141,352	163,091	2,140,593	—	2,140,593
2. Intersegment sales and transfers	217,643	92,904	5,373	13,756	329,676	(329,676)	—
Total sales	1,918,575	228,122	146,725	176,847	2,470,269	(329,676)	2,140,593
Operating income (loss)	49,968	6,709	370	(5,201)	51,846	(24,410)	27,436

Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(In millions of U.S. dollars)

	Japan	Asia	Europe	Others	Total before Eliminations/ Corporate	Eliminations/ Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	16,169	1,296	1,324	1,285	20,074	—	20,074
2. Intersegment sales and transfers	1,990	786	46	121	2,943	(2,943)	—
Total sales	18,159	2,082	1,370	1,406	23,017	(2,943)	20,074
Operating income (loss)	325	73	(14)	(42)	342	(216)	126

(Notes)

1 Geographical distances are considered in classification of country or region.

2 Major countries and regions in segments other than Japan

(1) Asia ...China, Chinese Taipei, India, Singapore and Indonesia

(2) Europe...U.K., France, the Netherlands, Germany, Italy and Spain

(3) Others ...U.S.A.

3 Changes in accounting policies

(Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008))

Valuation standard and method changes for major assets

The "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) is applied from this period.

The change has no impact on each of the business segment information.

Depreciation method changes for major depreciable assets

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There is little effect on each of the business segment information.

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There is little effect on each of the business segment information.

(Six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007))

None

SEGMENT INFORMATION (CONTINUED)

[Geographical segment]

Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008) (In millions of yen)

	Japan	Asia	Europe	Others	Total before Eliminations/ Corporate	Eliminations/ Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	907,683	76,508	74,349	68,018	1,126,558	—	1,126,558
2. Intersegment sales and transfers	114,100	44,531	3,315	7,489	169,435	(169,435)	—
Total sales	1,021,783	121,039	77,664	75,507	1,295,993	(169,435)	1,126,558
Operating income (loss)	22,062	4,816	516	(1,700)	25,694	(16,411)	9,283

Three months ended September 30, 2007 (From July 1, 2007 to September 30, 2007) (In millions of yen)

	Japan	Asia	Europe	Others	Total before Eliminations/ Corporate	Eliminations/ Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	899,358	71,502	76,289	85,643	1,132,792	—	1,132,792
2. Intersegment sales and transfers	120,128	50,668	3,603	7,364	181,763	(181,763)	—
Total sales	1,019,486	122,170	79,892	93,007	1,314,555	(181,763)	1,132,792
Operating income (loss)	32,472	4,374	(281)	(528)	36,037	(19,932)	16,105

Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008) (In millions of U.S. dollars)

	Japan	Asia	Europe	Others	Total before Eliminations/ Corporate	Eliminations/ Corporate	Consolidated total
Sales and Operating Income							
1. Sales to customers	8,563	722	701	642	10,628	—	10,628
2. Intersegment sales and transfers	1,076	420	32	70	1,598	(1,598)	—
Total sales	9,639	1,142	733	712	12,226	(1,598)	10,628
Operating income (loss)	208	45	5	(16)	242	(154)	88

(Notes)

1 Geographical distances are considered in classification of country or region.

2 Major countries and regions in segments other than Japan

(1) Asia ...China, Chinese Taipei, India, Singapore and Indonesia

(2) Europe...U.K., France, the Netherlands, Germany, Italy and Spain

(3) Others ...U.S.A.

3 Changes in accounting policies

(Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008))

Valuation standard and method changes for major assets

The "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) is applied from this period.

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There is little effect on each of the business segment information.

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(ASBJ Practical Issues Task Force No.18, May 17, 2006) is applied from this period.

There is little effect on each of the business segment information.

(Three months ended September 30, 2007 (From July 1, 2007 to September 30, 2007))

None

SEGMENT INFORMATION (CONTINUED)

[Overseas sales]

Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(In millions of yen)

	Asia	Europe	Others	Total
Overseas sales	213,659	153,930	167,000	534,589
Consolidated sales	—	—	—	2,127,800
Percentage of overseas sales to consolidated sales (%)	10.0	7.2	7.9	25.1

Six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(In millions of yen)

	Asia	Europe	Others	Total
Overseas sales	244,304	157,521	186,079	587,904
Consolidated sales	—	—	—	2,140,593
Percentage of overseas sales to consolidated sales (%)	11.4	7.4	8.7	27.5

Six months ended September 30, 2008 (From April 1, 2008 to September 30, 2008)

(In millions of U.S. dollars)

	Asia	Europe	Others	Total
Overseas sales	2,016	1,452	1,575	5,043
Consolidated sales	—	—	—	20,074

(Notes)

- 1 Geographical distances are considered in classification of country or region.
- 2 Major countries and regions in segments other than Japan
 - (1) Asia ...China, Chinese Taipei, India, Singapore and Indonesia
 - (2) Europe...U.K., France, the Netherlands, Germany, Italy and Spain
 - (3) Others ...U.S.A.
- 3 Overseas sales represent sales to countries and regions outside of Japan.

SEGMENT INFORMATION (CONTINUED)

[Overseas sales]

Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008)

(In millions of yen)

	Asia	Europe	Others	Total
Overseas sales	117,816	85,517	81,952	285,285
Consolidated sales	—	—	—	1,126,558
Percentage of overseas sales to consolidated sales (%)	10.5	7.6	7.2	25.3

Three months ended September 30, 2007 (From July 1, 2007 to September 30, 2007)

(In millions of yen)

	Asia	Europe	Others	Total
Overseas sales	128,991	85,513	96,396	310,900
Consolidated sales	—	—	—	1,132,792
Percentage of overseas sales to consolidated sales (%)	11.4	7.5	8.5	27.4

Three months ended September 30, 2008 (From July 1, 2008 to September 30, 2008)

(In millions of U.S. dollars)

	Asia	Europe	Others	Total
Overseas sales	1,111	807	773	2,691
Consolidated sales	—	—	—	10,628

(Notes)

- 1 Geographical distances are considered in classification of country or region.
- 2 Major countries and regions in segments other than Japan
 - (1) Asia ...China, Chinese Taipei, India, Singapore and Indonesia
 - (2) Europe...U.K., France, the Netherlands, Germany, Italy and Spain
 - (3) Others ...U.S.A.
- 3 Overseas sales represent sales to countries and regions outside of Japan.

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 Director of the Kanto Finance Bureau, and in reports to shareholders and other communications. NEC is relying on certain safe-harbors for forward-looking statements 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) the impact of unfavorable conditions or developments, including share price declines, in the equity markets which may result in losses from devaluation of listed securities held by NEC, and (iv) impact of any regulatory action or legal proceeding against NEC. 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. Securities may not be offered or sold in any jurisdiction in which required registration is absent or an exemption from registration under the applicable securities laws is not granted.