NEWS RELEASE

Empowered by Innovation NEC

Press Release - Media Contact: Joseph Jasper/Makoto Miyakawa TEL: +81-3-3798-6511

***** For immediate use July 31, 2008

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

Consolidated Financial Results

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Change
	In billions of yen	In billions of yen	%
Sales	1,001.2	1,007.8	-0.7
Operating income	4.1	11.3	-63.7
Ordinary income	7.1	8.2	-14.4
Net income	0.5	1.0	-50.4
	yen	yen	yen
Net income per share:			
Basic	0.21	0.41	-0.20
Diluted	0.21	0.40	-0.19

	As of June 30, 2008	As of March 31, 2008	Change
	In billions of yen	In billions of yen	%
Total assets	3,397.4	3,526.8	-3.7
Net assets	1,187.1	1,185.5	+0.1

(Notes)

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

	As of June 30, 2008	As of June 30, 2007	As of March 31, 2008
Consolidated subsidiaries	332	338	334
Affiliated companies accounted for by the equity method	67	68	66

1. Consolidated Business Results

(1) Overview of the first quarter of the fiscal year ending March 31, 2009 (three months ended June 30, 2008)

Worldwide economic conditions overall showed continuous gradual expansion during the three months ended June 30, 2008, thanks to the sustained high economic growth in China and other emerging countries, despite a slowdown mainly in developed countries, such as the U.S. and European countries, due to worsening conditions in the housing sector as well as the 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 triggered by the subprime mortgage loan crisis in the U.S., as well as by reduced growth in capital expenditure and consumer spending due to the rapid increase in prices of crude oil and raw materials.

Amid this business environment, the NEC Group recorded consolidated sales of 1,001.2 billion yen for the first quarter, a decrease of 6.6 billion yen (0.7%) 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/NW Solutions business, as well as sales in the Electron Devices business.

Regarding profitability, operating income decreased 7.2 billion yen year-on-year, to 4.1 billion yen. Despite an increase in gross profit due to improved cost percentages, the overall decrease is mainly due to an increase in selling, general and administrative expenses caused by increased development expenses.

In terms of non-operating income, the NEC group recorded an improvement of 6.0 billion yen year-on-year, mainly due to an increase in equity in earnings of affiliates. However, a decline in operating income caused ordinary income to decrease by 1.2 billion yen year-on-year to 7.1 billion yen.

Income before income taxes and minority interest was 9.0 billion yen for the first quarter, a year-on-year decrease of 3.0 billion yen. The decline is largely attributable to the decrease in extraordinary gains, mainly due to the effect of gain on business transfers recorded over the same period during the previous fiscal year. Net income also underwent a year-on-year decline of 0.5 billion yen, to 0.5 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:	565.1 billion yen	(-1.3%)
Operating Income:	7.7 billion yen	(-7.8 billion yen)

Sales by subsegment (including inter-segment transactions)

Subsegment	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Change
	In billions of yen	In billions of yen	%
IT Services/System Integration	164.3	159.9	+2.8
IT Products	125.0	111.4	+12.2
Network Systems	221.0	247.4	-10.7
Social Infrastructure	54.8	53.8	+1.9
Total	565.1	572.5	-1.3

Sales of the IT/Network Solutions business for the three months ended June 30, 2008 amounted to 565.1 billion yen, a decrease of 7.4 billion yen (1.3%) year-on-year.

Sales by Subsegments were as follows:
In the area of IT Services/SI, sales increased by 2.8% year-on-year, to 164.3 billion yen. This was due to good sales to local governments, telecom carriers and the manufacturing industry. An increase in shipments of servers and storage for backbone systems resulted in a 12.2% sales rise year-on-year in the area of IT Products, to 125.0 billion yen. In the area of Social Infrastructure, sales also increased by 1.9% year-on-year, to 54.8 billion yen. However, in the area of Network Systems, sales fell by 10.7% to 221.0 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 7.8 billion yen (50.3%) year-on-year, to 7.7 billion yen.

Mobile/Personal Solutions Business

Sales:	226.3 billion yen	(+7.1%)
Operating Income:	5.8 billion yen	(-3.8 billion yen)

Sales by subsegment (including intersegment transactions)

Subsegment	**Three Months Ended June 30, 2008**	**Three Months Ended June 30, 2007**	**Change**
	In billions of yen	In billions of yen	%
Mobile Terminals	105.8	84.0	+26.0
Personal Solutions	120.5	127.3	-5.3
Total	226.3	211.3	+7.1

Sales of Mobile/Personal Solutions business for the three months ended June 30, 2008 were 226.3 billion yen, an increase of 15.0 billion yen (7.1%) year-on-year.

Sales by Subsegments were as follows:
In the area of Mobile Terminals, sales were 105.8 billion yen, an increase of 26.0% year-on-year from shipment growth. In the area of Personal Solutions, although the domestic personal computer business continued steady growth, a downturn in the overseas personal computer business and other business resulted in a year-on-year decrease of 5.3%, to 120.5 billion yen.

Despite a shipment increase in the area of Mobile Terminals, operating income decreased by 3.8 billion yen (39.4%) year-on-year, to 5.8 billion yen, mainly due to an increase of the development expenses for diversified models of mobile handsets, and increased competition in the area of Personal Solutions.

Electron Devices Business

Sales:	197.4 billion yen	(-4.1%)
Operating Loss:	0.2 billion yen	(Improvement of 4.2 billion yen)

Sales by subsegment (including intersegment transactions)

Subsegment	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Change
	In billions of yen	In billions of yen	%
Semiconductors	166.3	173.6	-4.2
Electronic Components and Others	31.1	32.3	-3.7
Total	197.4	205.9	-4.1

Sales of Electron Devices business for the three months ended June 30, 2008 decreased by 8.5 billion yen (4.1%) year-on-year, to 197.4 billion yen.

Sales by subsegments were as follows:
In the area of Semiconductors, despite an increase in sales of semiconductors for automobiles and computer peripherals, sales fell to 166.3 billion yen, a 4.2% decrease year-on-year, due to a decline in sales of semiconductors for communications devices and household electronics appliances. In the area of Electronic Components and Others, sales decreased in electronic components, as well as small-sized LCDs, by 3.7% year-on-year, to 31.1 billion yen.

Operating loss was improved by 4.2 billion yen, to 0.2 billion yen, mainly owing to reduced research and development expenses as well as improved cost percentage in the area of Semiconductors.

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.

2. Consolidated Financial Condition

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

Total assets were 3,397.4 billion yen as of June 30, 2008, a decrease of 129.4 billion yen as compared with the end of the previous fiscal year. Current assets as of June 30, 2008 decreased by 132.4 billion yen compared with the end of the previous fiscal year, to 1,816.4 billion yen, largely due to the recovery of notes and accounts receivable, trade. Despite a reduction of 13.3 billion yen in tangible fixed assets due to the streamlining of capital expenditure, noncurrent assets increased by 3.0 billion yen due to an increase of 17.0 billion yen in investments and other assets, including an unrealized gain on investment securities.

Total liabilities as of June 30, 2008 were reduced by 131.0 billion yen as compared with the end of the previous fiscal year, to 2,210.3 billion yen. The reduction is mainly attributable to the decrease of 69.8 billion yen in notes and accounts payable, trade, in addition to a reduction of 59.1 billion yen in accrued expenses. The balance of interest-bearing debt was reduced by 15.6 billion yen compared with the end of the previous fiscal year, to 785.2 billion yen, largely through the redemption of bonds. The debt-equity ratio as of June 30, 2008 was 0.78 (an improvement of 0.02 points as compared with the end of the previous fiscal year).

The balance of interest-bearing debt (net) as of June 30, 2008, obtained by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 435.3 billion yen, an increase of 9.2 billion yen as compared with the end of the previous fiscal year. Net debt-equity ratio as of June 30, 2008 was 0.43 (a worsening of 0.01 points as compared with the end of the previous fiscal year).

Although retained earnings experienced a decline, increases in valuation differences on available-for-sale securities and foreign currency translation adjustments brought total net assets as of June 30, 2008 to 1,187.1 billion yen, an increase of 1.6 billion yen as compared with the end of the previous fiscal year. As a result, owner’s equity ratio as of June 30, 2008 was 29.6% (an improvement of 1.1 point as compared with the end of the previous fiscal year).

Net cash flows from operating activities for the three months ended June 30, 2008 was a cash inflow of 36.5 billion yen, an increase of 34.7 billion yen over the same period of the previous fiscal year. This change is largely associated with the improvement of operating capital, particularly a decrease in cash used in payments of accounts payable, trade.

Net cash flows from investing activities for the three months ended June 30, 2008 was a cash outflow of 38.6 billion yen, a cash outflow increase of 12.5 billion yen over the same period of the previous fiscal year. This was mainly due to an increase in cash used for the acquisition of investment securities and the fact that the figures in the same period of the previous fiscal year reflected proceeds from a transfer of business.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities for the three months ended June 30, 2008) totaled a cash outflow of 2.0 billion yen, an increase of 22.2 billion yen as compared with the corresponding period of the previous fiscal year.

Net cash flows from financing activities for the three months ended June 30, 2008 was a cash outflow of 24.0 billion yen, due mainly to the redemption of bonds and the payment of dividends. As a result, cash and cash equivalents as of June 30, 2008 amounted to 350.0 billion yen, a decrease of 24.9 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 May 15, 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 this period 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 this period 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 this period. 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 this period 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)

	June 30, 2008	June 30, 2007	Increase (Decrease)	March 31, 2008	Increase (Decrease)	**June 30, 2008**
Current assets	**JPY 1,816,366**	JPY 1,903,952	(JPY 87,586)	JPY 1,948,814	(JPY 132,448)	**$17,136**
Cash and deposits	**234,202**	333,376	(JPY 99,174)	247,447	(13,245)	**2,210**
Notes and accounts receivable-trade	**684,032**	706,766	(22,734)	853,773	(169,741)	**6,453**
Short-term investment securities	**116,076**	69,264	46,812	127,908	(11,832)	**1,095**
Inventories	**544,340**	545,617	(1,277)	457,493	86,847	**5,135**
Deferred tax assets	**120,220**	114,656	5,564	120,956	(736)	**1,134**
Other	**123,518**	143,742	(20,224)	147,150	(23,632)	**1,166**
Allowance for doubtful accounts	**(6,022)**	(9,469)	3,447	(5,913)	(109)	**(57)**
Noncurrent assets	**1,580,989**	1,679,417	(98,428)	1,577,981	3,008	**14,915**
Property, plant and equipment	**627,460**	676,005	(48,545)	640,747	(13,287)	**5,919**
Buildings and structures	**225,546**	236,513	(10,967)	227,522	(1,976)	**2,128**
Machinery and equipment	**184,556**	210,394	(25,838)	180,866	3,690	**1,741**
Tools, furniture and fixtures	**104,466**	103,970	496	108,174	(3,708)	**986**
Land	**89,365**	91,004	(1,639)	89,224	141	**843**
Construction in progress	**23,527**	34,124	(10,597)	34,961	(11,434)	**221**
Intangible assets	**221,917**	218,575	3,342	222,635	(718)	**2,094**
Goodwill	**91,690**	87,551	4,139	93,525	(1,835)	**865**
Software	**124,654**	122,794	1,860	123,841	813	**1,176**
Other	**5,573**	8,230	(2,657)	5,269	304	**53**
Investments and other assets	**731,612**	784,837	(53,225)	714,599	17,013	**6,902**
Investment securities	**197,818**	242,069	(44,251)	185,614	12,204	**1,866**
Stocks of subsidiaries and affiliates	**224,647**	220,974	3,673	223,478	1,169	**2,119**
Deferred tax assets	**126,788**	152,740	(25,952)	131,465	(4,677)	**1,196**
Other	**191,485**	186,120	5,365	183,264	8,221	**1,807**
Allowance for doubtful accounts	**(9,126)**	(17,066)	7,940	(9,222)	96	**(86)**
Total assets	**JPY 3,397,355**	JPY 3,583,369	(JPY 186,014)	JPY 3,526,795	(JPY 129,440)	**$32,051**

(Note)

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 234,202**	JPY 333,376	(JPY 99,174)	JPY 247,447	(JPY 13,245)	**$2,210**
Short-term investment securities	**116,076**	69,264	46,812	127,908	(11,832)	**1,095**
Time deposits and short-term investment securities with maturities of more than three months	**(293)**	(523)	230	(517)	224	**(3)**
Cash and cash equivalents	**JPY 349,985**	JPY 402,117	(JPY 52,132)	JPY 374,838	(JPY 24,853)	**$3,302**

CONSOLIDATED QUARTERLY BALANCE SHEETS (CONTINUED)

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

	June 30, 2008	June 30, 2007	Increase (Decrease)	March 31, 2008	Increase (Decrease)	**June 30, 2008**
Current liabilities	**JPY 1,431,947**	JPY 1,576,878	(JPY 144,931)	JPY 1,549,306	(JPY 117,359)	**$13,509**
Notes and accounts payable-trade	**630,989**	672,284	(41,295)	700,797	(69,808)	**5,953**
Short-term loans payable	**78,111**	114,735	(36,624)	89,632	(11,521)	**737**
Commercial papers	**129,885**	159,794	(29,909)	80,955	48,930	**1,225**
Current portion of long-term loans payable	**22,287**	40,793	(18,506)	23,907	(1,620)	**210**
Current portion of bonds	**64,130**	74,255	(10,125)	89,250	(25,120)	**605**
Accrued expenses	**214,962**	225,936	(10,974)	274,044	(59,082)	**2,028**
Advances received	**93,102**	80,033	13,069	67,924	25,178	**878**
Provision for directors' bonuses	**192**	118	74	488	(296)	**2**
Provision for product warranties	**36,723**	36,433	290	40,032	(3,309)	**346**
Other	**161,566**	172,497	(10,931)	182,277	(20,711)	**1,525**
Noncurrent liabilities	**778,337**	756,850	21,487	791,968	(13,631)	**7,343**
Bonds payable	**335,269**	399,271	(64,002)	353,784	(18,515)	**3,163**
Long-term loans payable	**119,716**	40,164	79,552	121,249	(1,533)	**1,129**
Deferred tax liabilities	**15,193**	12,807	2,386	14,031	1,162	**143**
Provision for retirement benefits	**228,313**	219,769	8,544	224,143	4,170	**2,154**
Provision for loss on repurchase of computers	**12,423**	15,247	(2,824)	12,496	(73)	**117**
Provision for product warranties	**1,921**	2,163	(242)	918	1,003	**18**
Provision for recycling expenses of personal computers	**5,990**	5,902	88	5,726	264	**57**
Other	**59,512**	61,527	(2,015)	59,621	(109)	**562**
Total liabilities	**2,210,284**	2,333,728	(123,444)	2,341,274	(130,990)	**20,852**
Shareholders' equity	**971,297**	965,451	5,846	978,973	(7,676)	**9,163**
Capital stock	**337,940**	337,936	4	337,940	-	**3,188**
Capital surplus	**464,875**	464,925	(50)	464,875	-	**4,386**
Retained earnings	**171,732**	165,874	5,858	179,391	(7,659)	**1,620**
Treasury stock	**(3,250)**	(3,284)	34	(3,233)	(17)	**(31)**
Valuation and translation adjustments	**34,445**	80,283	(45,838)	25,248	9,197	**325**
Valuation difference on available-for-sale securities	**34,758**	62,325	(27,567)	29,898	4,860	**328**
Deferred gains or losses on hedges	**81**	296	(215)	(283)	364	**1**
Foreign currency translation adjustment	**(394)**	17,662	(18,056)	(4,367)	3,973	**(4)**
Subscription rights to shares	**123**	90	33	115	8	**1**
Minority interests	**181,206**	203,817	(22,611)	181,185	21	**1,710**
Total net assets	**1,187,071**	1,249,641	(62,570)	1,185,521	1,550	**11,199**
Total liabilities and net assets	**JPY 3,397,355**	JPY 3,583,369	(JPY 186,014)	JPY 3,526,795	(JPY 129,440)	**$32,051**

Interest-bearing debt	**JPY 785,238**	JPY 869,482	(JPY 84,244)	JPY 800,843	(JPY 15,605)	**$7,408**
Net interest-bearing debt (*Ⅰ)	**435,253**	467,365	(32,112)	426,005	9,248	**4,106**
Owner's equity (*Ⅱ)	**1,005,742**	1,045,734	(39,992)	1,004,221	1,521	**9,488**
Owner's equity ratio (%) (*Ⅲ)	**29.6**	29.2	0.4	28.5	1.1	
Shareholders' equity ratio (%) (*Ⅲ)	**28.6**	26.9	1.7	27.8	0.8	
Debt-equity ratio (times) (*Ⅳ)	**0.78**	0.83	(0.05)	0.80	(0.02)	
Net debt-equity ratio (times) (*Ⅳ)	**0.43**	0.45	(0.02)	0.42	0.01	

(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)

Three months ended June 30	2008	% of sales	2007	% of sales	Increase (Decrease)	2008
Sales	JPY 1,001,242	100.0	JPY 1,007,801	100.0	(JPY 6,559)	$9,446
Cost of sales	671,696	67.1	681,571	67.6	(9,875)	6,337
Gross profit	329,546	32.9	326,230	32.4	3,316	3,109
Selling, general and administrative expenses	325,437	32.5	314,899	31.3	10,538	3,070
Operating income	4,109	0.4	11,331	1.1	(7,222)	39
Non-operating income	12,374	1.2	11,435	1.1	939	117
Interest income	1,765		2,077		(312)	17
Dividends income	1,342		1,529		(187)	13
Foreign exchange gains	4,809		2,474		2,335	45
Equity in earnings of affiliates	1,658		-		1,658	16
Other	2,800		5,355		(2,555)	26
Non-operating expenses	9,433	0.9	14,526	1.4	(5,093)	89
Interest expenses	3,245		3,853		(608)	31
Retirement benefit expenses	3,452		3,435		17	33
Equity in losses of affiliates	-		2,674		(2,674)	-
Other	2,736		4,564		(1,828)	25
Ordinary income	7,050	0.7	8,240	0.8	(1,190)	67
Extraordinary income	2,504	0.3	5,796	0.6	(3,292)	24
Gain on sales of investment securities	2,495		1,300		1,195	24
Gain on sales of noncurrent assets	9		1,089		(1,080)	0
Gain on transfer of business	-		3,248		(3,248)	-
Gain on sales of stocks of subsidiaries and affiliates	-		159		(159)	-
Extraordinary loss	543	0.1	2,002	0.2	(1,459)	6
Loss on valuation of investment securities	275		188		87	3
Impairment loss	105		-		105	1
Business structure improvement expenses	91		-		91	1
Loss on retirement of noncurrent assets	72		-		72	1
Cost of corrective measures for products	-		1,613		(1,613)	-
Loss on sales of stocks of subsidiaries and affiliates	-		201		(201)	-
Income before income taxes and minority interests	9,011	0.9	12,034	1.2	(3,023)	85
Income taxes	8,144	0.9	10,825	1.1	(2,681)	77
Minority interests in income	384	0.0	236	0.0	148	3
Net income	JPY 483	0.0	JPY 973	0.1	(JPY 490)	$5

CONDENSED CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

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

Three months ended June 30	2008	2007	Increase (Decrease)	2008
Ⅰ. Net cash provided by (used in) operating activities:				
Income before income taxes and minority interests	**JPY 9,011**	JPY 12,034	(JPY 3,023)	**$85**
Depreciation and amortization	**43,352**	44,586	(1,234)	**409**
Equity in (earnings) losses of affiliates	**(1,658)**	2,674	(4,332)	**(16)**
Decrease (increase) in notes and accounts receivable-trade	**176,826**	172,404	4,422	**1,668**
Decrease (increase) in inventories	**(87,884)**	(53,200)	(34,684)	**(829)**
Increase (decrease) in notes and accounts payable-trade	**(72,282)**	(116,309)	44,027	**(682)**
Income taxes paid	**(23,084)**	(18,949)	(4,135)	**(218)**
Other, net	**(7,748)**	(41,392)	33,644	**(72)**
Net cash provided by (used in) operating activities	**36,533**	1,848	34,685	**345**
Ⅱ. Net cash provided by (used in) investment activities:				
Net proceeds from (payment of) purchases and sales of property, plant and equipment	**(23,254)**	(24,228)	974	**(219)**
Purchase of intangible assets	**(10,176)**	(9,869)	(307)	**(96)**
Net proceeds from (payment of) purchases and sales of securities	**(3,904)**	(598)	(3,306)	**(37)**
Other, net	**(1,218)**	8,595	(9,813)	**(12)**
Net cash provided by (used in) investment activities	**(38,552)**	(26,100)	(12,452)	**(364)**
Ⅲ. Net cash provided by (used in) financing activities :				
Net increase (decrease) in bonds and loans	**(15,248)**	6,451	(21,699)	**(144)**
Cash dividends paid	**(7,199)**	(7,307)	108	**(68)**
Other, net	**(1,582)**	(1,101)	(481)	**(15)**
Net cash provided by (used in) financing activities	**(24,029)**	(1,957)	(22,072)	**(227)**
Ⅳ. Effect of exchange rate change on cash and cash equivalents	**1,195**	4,957	(3,762)	**12**
Ⅴ. Net increase (decrease) in cash and cash equivalents	**(24,853)**	(21,252)	(3,601)	**(234)**
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 349,985**	JPY 402,117	(JPY 52,132)	**$3,302**

Free cash flows （Ⅰ+Ⅱ）	**(JPY 2,019)**	(JPY 24,252)	JPY 22,233	**$(19)**

SEGMENT INFORMATION

[Business segment information]

Three months ended June 30, 2008 (From April 1, 2008 to June 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	**545,321**	**194,596**	**189,479**	**71,846**	**1,001,242**	**—**	**1,001,242**
2. Intersegment sales and transfers	**19,744**	**31,681**	**7,902**	**31,737**	**91,064**	**(91,064)**	**—**
Total sales	**565,065**	**226,277**	**197,381**	**103,583**	**1,092,306**	**(91,064)**	**1,001,242**
Operating income (loss)	**7,743**	**5,824**	**(204)**	**(1,063)**	**12,300**	**(8,191)**	**4,109**

Three months ended June 30, 2007 (From April 1, 2007 to June 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	551,119	177,936	193,796	84,950	1,007,801	—	1,007,801
2. Intersegment sales and transfers	21,346	33,336	12,119	32,080	98,881	(98,881)	—
Total sales	572,465	211,272	205,915	117,030	1,106,682	(98,881)	1,007,801
Operating income (loss)	15,584	9,615	(4,373)	1,158	21,984	(10,653)	11,331

Three months ended June 30, 2008 (From April 1, 2008 to June 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	**5,145**	**1,836**	**1,788**	**677**	**9,446**	**—**	**9,446**
2. Intersegment sales and transfers	**186**	**299**	**74**	**300**	**859**	**(859)**	**—**
Total sales	**5,331**	**2,135**	**1,862**	**977**	**10,305**	**(859)**	**9,446**
Operating income (loss)	**73**	**55**	**(2)**	**(10)**	**116**	**(77)**	**39**

(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 June 30, 2008 (From April 1, 2008 to June 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 June 30, 2007 (From April 1, 2007 to June 30, 2007))

None

SEGMENT INFORMATION (CONTINUED)

[Geographical segment]

Three months ended June 30, 2008 (From April 1, 2008 to June 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	**806,235**	**60,855**	**65,986**	**68,166**	**1,001,242**	**—**	**1,001,242**
2. Intersegment sales and transfers	**96,820**	**38,761**	**1,609**	**5,387**	**142,577**	**(142,577)**	**—**
Total sales	**903,055**	**99,616**	**67,595**	**73,553**	**1,143,819**	**(142,577)**	**1,001,242**
Operating income (loss)	**12,420**	**2,875**	**(2,012)**	**(2,715)**	**10,568**	**(6,459)**	**4,109**

Three months ended June 30, 2007 (From April 1, 2007 to June 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	801,574	63,716	65,063	77,448	1,007,801	—	1,007,801
2. Intersegment sales and transfers	97,515	42,236	1,770	6,392	147,913	(147,913)	—
Total sales	899,089	105,952	66,833	83,840	1,155,714	(147,913)	1,007,801
Operating income (loss)	17,496	2,335	651	(4,673)	15,809	(4,478)	11,331

Three months ended June 30, 2008 (From April 1, 2008 to June 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	**7,606**	**574**	**623**	**643**	**9,446**	**—**	**9,446**
2. Intersegment sales and transfers	**913**	**366**	**15**	**51**	**1,345**	**(1,345)**	**—**
Total sales	**8,519**	**940**	**638**	**694**	**10,791**	**(1,345)**	**9,446**
Operating income (loss)	**117**	**27**	**(19)**	**(25)**	**100**	**(61)**	**39**

(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 Unallocable operating expenses are included in "Eliminations / Corporate " starting from this period, whereas the same had been included in "Japan" previously. This change is made in order to be in consistent with the method of disclosing Business segment information.

Unallocable operating expense for the three months ended June 30, 2007 is ¥8,868 million.

The main components of such expenses are both general and administrative expenses incurred at the headquarter and research and development expenses.

4 Changes in accounting policies

(Three months ended June 30, 2008 (From April 1, 2008 to June 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 June 30, 2007 (From April 1, 2007 to June 30, 2007))

None

SEGMENT INFORMATION (CONTINUED)

[Overseas sales]

Three months ended June 30, 2008 (From April 1, 2008 to June 30, 2008) (In millions of yen)

	Asia	Europe	Others	Total
Overseas sales	**95,843**	**68,413**	**85,048**	**249,304**
Consolidated sales	**—**	**—**	**—**	**1,001,242**
Percentage of overseas sales to consolidated sales (%)	**9.6**	**6.8**	**8.5**	**24.9**

Three months ended June 30, 2007 (From April 1, 2007 to June 30, 2007) (In millions of yen)

	Asia	Europe	Others	Total
Overseas sales	115,313	72,008	89,683	277,004
Consolidated sales	—	—	—	1,007,801
Percentage of overseas sales to consolidated sales (%)	11.4	7.1	9.0	27.5

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

	Asia	Europe	Others	Total
Overseas sales	**904**	**645**	**803**	**2,352**
Consolidated sales	**—**	**—**	**—**	**9,446**

(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, and (viii) 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. Absent registration or an exemption from registration under the applicable securities laws, securities may not be offered or sold in any jurisdiction in which registration is required.

###