

Financial Results for Q1 Fiscal Year Ending March 31, 2012

July 28, 2011

NEC Corporation

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

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I. Financial Results for Q1, FY12/3

Summary of Financial Results for Q1, FY12/3

Sales and profits improved year on year

- Carrier Network and Personal Solutions retained operating profit

(Billions of Yen)

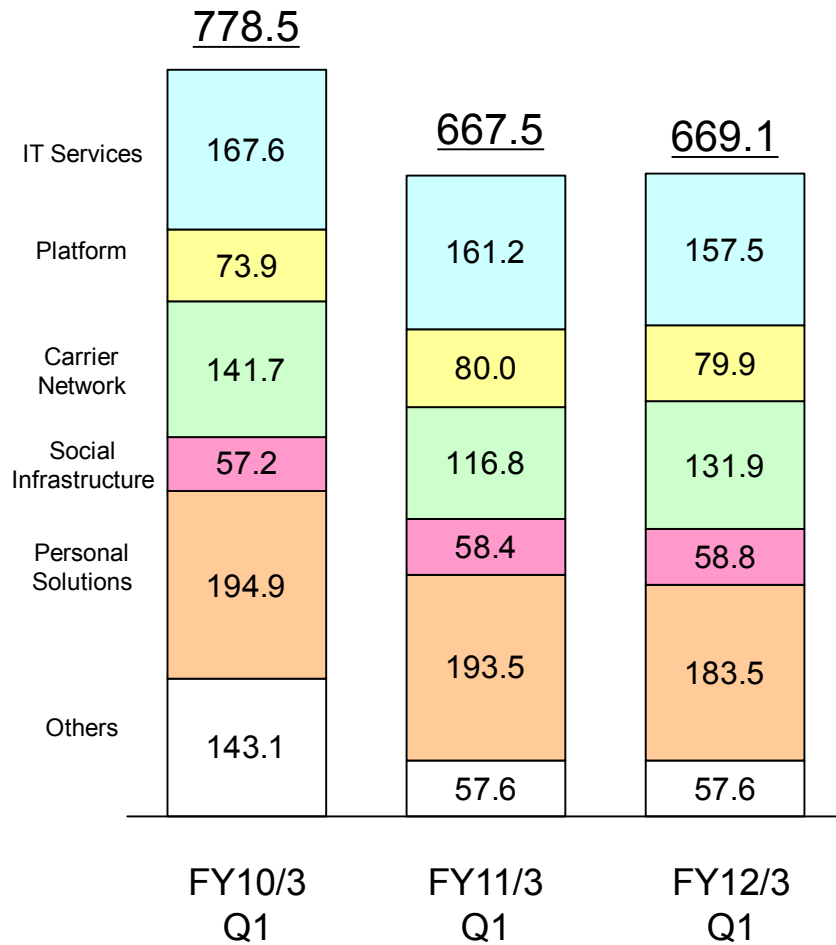
| | Q1 (Apr-Jun) | | |
|--------------------------|------------------|------------------|------|
| | FY11/3 Actual | FY12/3 Actual | YoY |
| Net Sales | 667.5 | 669.1 | 0.2% |
| Operating Loss | -23.2 | -19.4 | 3.8 |
| % to Net Sales | - | - | |
| Ordinary Loss | -40.5 | -29.6 | 10.8 |
| % to Net Sales | - | - | |
| Net Loss | -43.1 | -29.7 | 13.4 |
| % to Net Sales | - | - | |
| Net Loss Per Share (Yen) | -16.61 | -11.43 | 5.18 |
| Free Cash Flow | -42.2 | 16.5 | 58.8 |

Note: Average exchange rates for Q1, FY12/3: 1\$= ¥82.16, 1€= ¥116.90

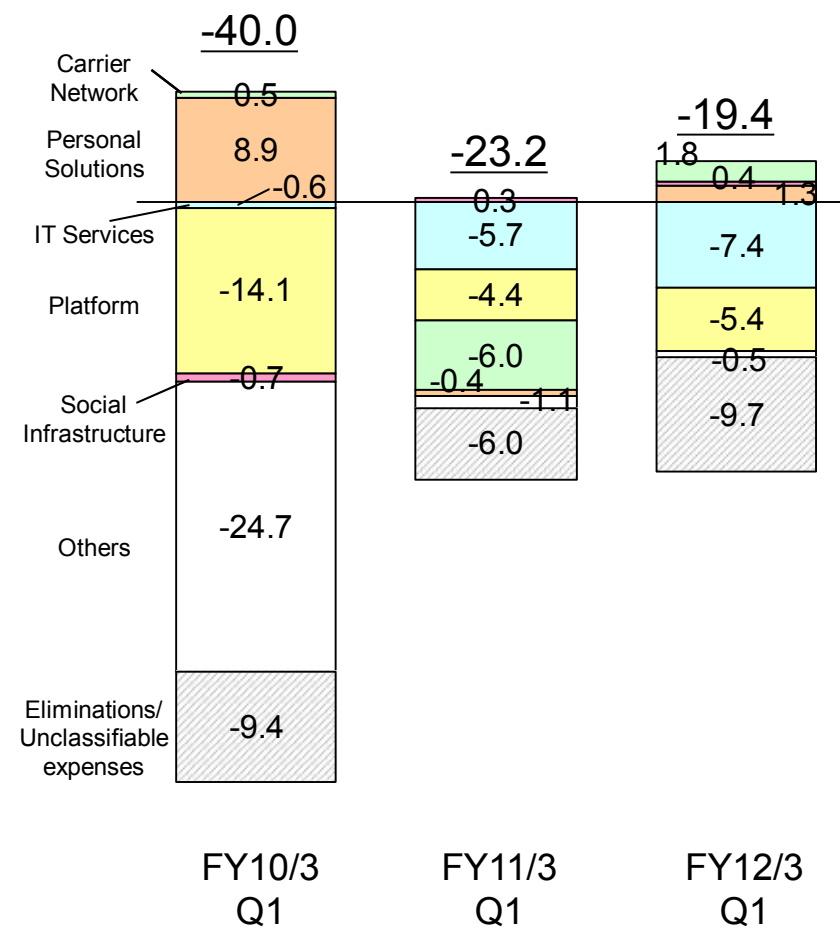
Q1 Results by Segment

(Billions of Yen)

Net Sales

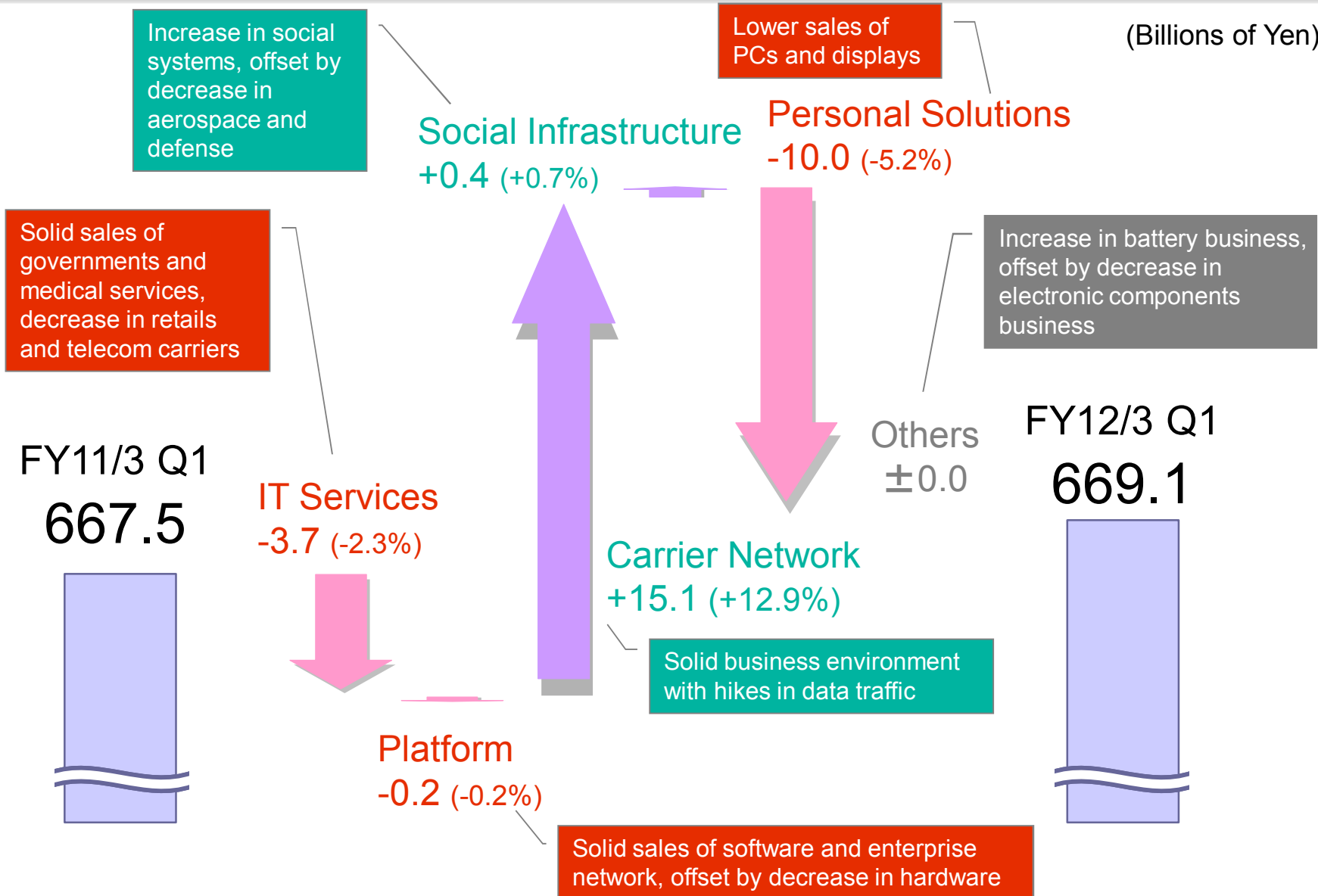


Operating Income/Loss



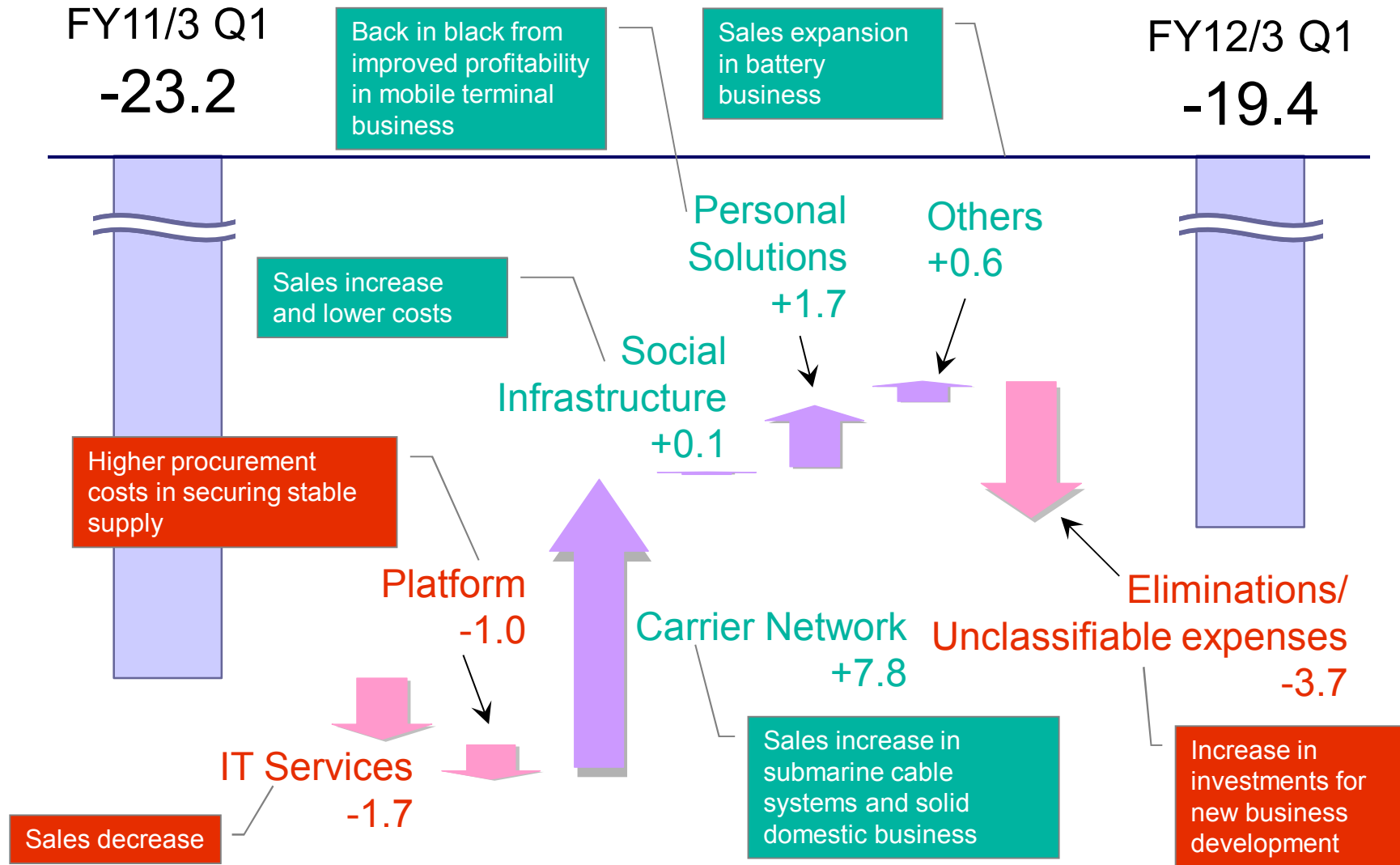
Sales Change (Year on Year)

(Billions of Yen)





Operating Loss Change (Year on Year)

(Billions of Yen)



Key Points of Q1, FY12/3 Results by Segment (Year on Year)

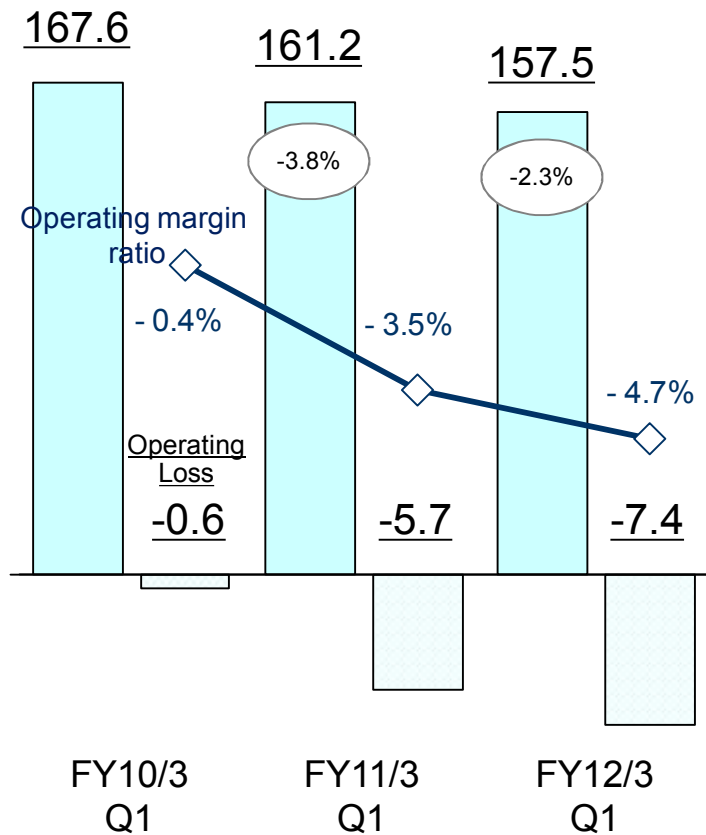
| | |
|-----------------------|--|
| IT Services | <ul style="list-style-type: none"> ● Decrease from retails and telecom carrier, while local and central governments and medical services are solid ● Lower profits due to decreased sales |
| Platform | <ul style="list-style-type: none"> ● Flat sales due to solid software and enterprise network, offset by decrease in hardware ● Lower profits from higher procurement costs in securing stable supply |
| Carrier Network | <ul style="list-style-type: none"> ● Increase from solid business environment backed by hikes in data traffic ● Higher profits from large projects for submarine cable systems and solid growth in domestic business  |
| Social Infrastructure | <ul style="list-style-type: none"> ● Flat sales due to increase in social systems, offset by decrease in aerospace and defense ● Higher profits from sales increase and lower costs |
| Personal Solutions | <ul style="list-style-type: none"> ● Decrease due to lower sales of PCs and displays ● Back in black with improved profitability in mobile terminal business  |
| Others | <ul style="list-style-type: none"> ● Flat sales from increase in battery business, offset by decrease in electronic components business ● Higher profits from sales expansion in battery business |

Note: First bullets refer to changes in sales, second bullets refer to changes in operating income/loss

(Billions of Yen)

YoY

Sales



Sales **157.5** (-2.3%)

▽ Decrease in retails and telecom carriers, despite stable sales in local and central governments and medical services

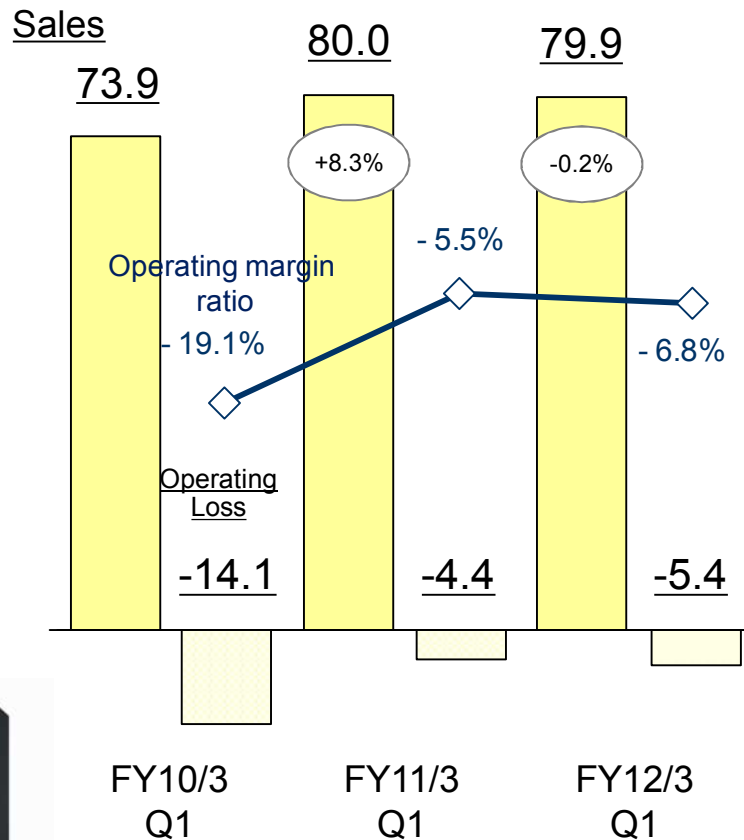
Operating Loss **-7.4** (-1.7)

▽ Decline due to sales decrease, despite cost reduction



(Billions of Yen)

YoY



Sales 79.9 (-0.2%)

△ Software :

Increase in operation management software such as server integration, virtualization and cloud computing platform backed by steady demand for data centers

▽ Hardware :

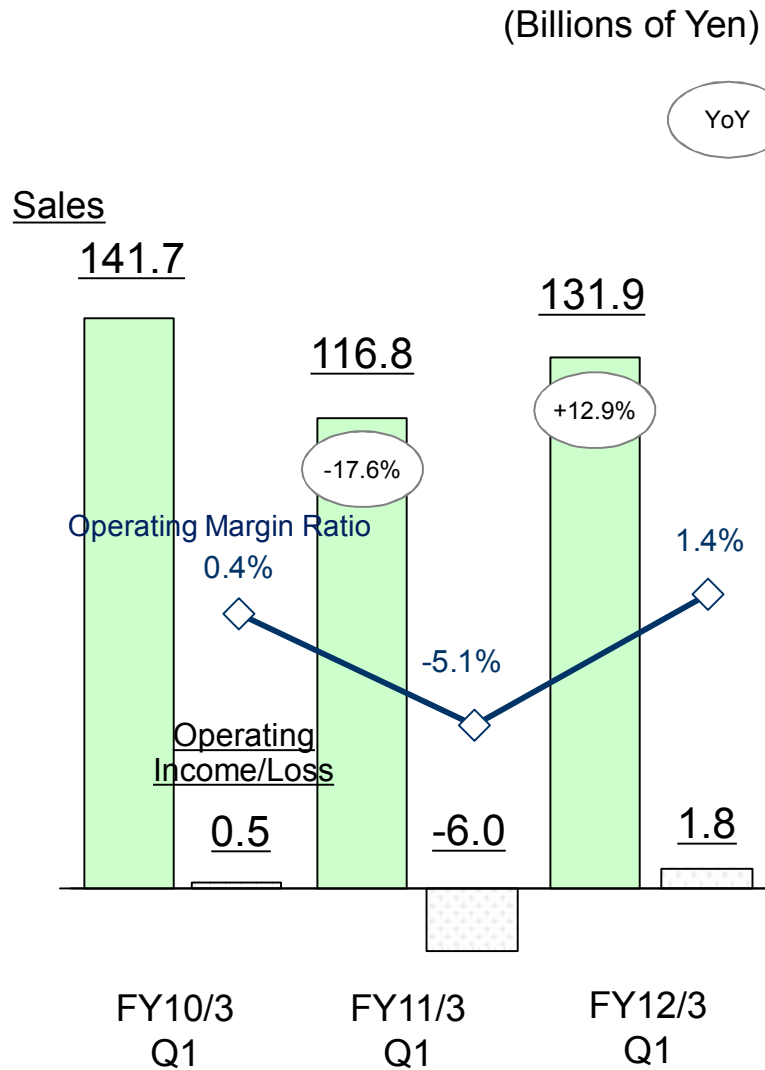
Decline due to a decrease in large-scale projects, despite the steady demands for data centers

△ Enterprise Network :

Increase by winning a large project

Operating Loss -5.4 (-1.0)

▽ Decrease due to an increase in procurement costs for stable product supply



Sales 131.9 (+12.9%)

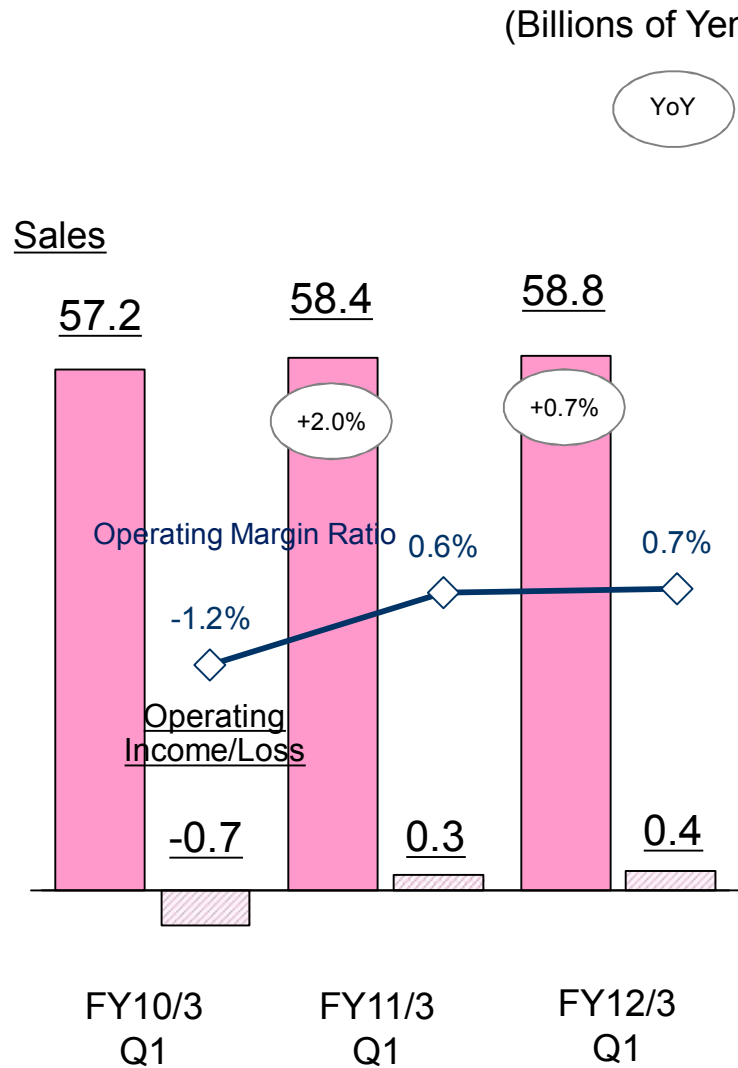
- △ Increase in sales in Japan, due to launch of LTE market and CATV projects with national supplementary budget
- △ Increase in sales of submarine cable systems, due to steady executing of large projects
- △ Recover sales of mobile backhaul (PASOLINK)

Operating Income 1.8 (+7.8)

- △ Back in black from increase in sales in Japan and sales recovery in submarine cable systems



Social Infrastructure Business



Sales 58.8 (+0.7%)

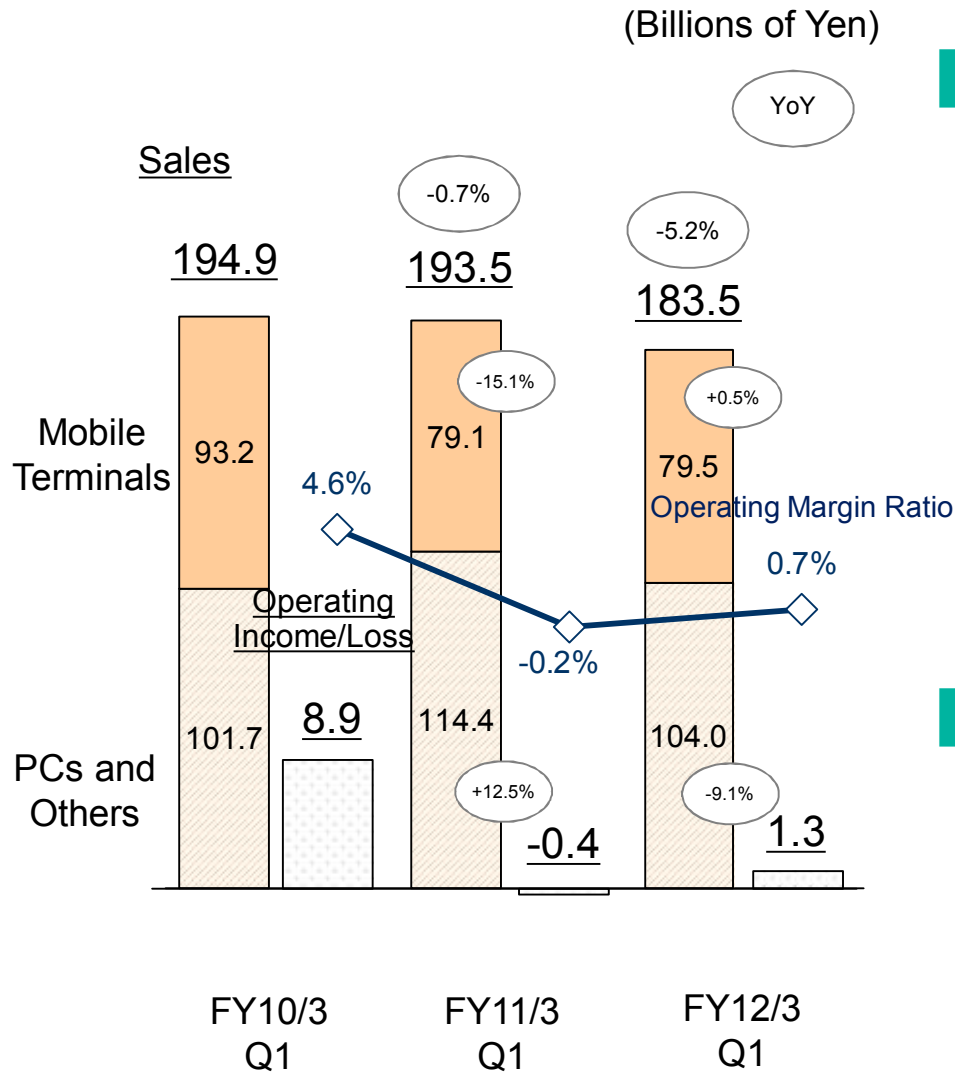
△ Remain flat due to an increase in social systems such as broadcasting and fire and disaster prevention, offset by a decrease in aerospace and defense systems

Operating Income 0.4 (+0.1)

△ Improve due to sales increases and cost reduction



Personal Solutions Business



Sales 183.5 (-5.2%)

△ Mobile Terminals :
Remain flat due to an increase in shipment with the full-scale development of smartphones worldwide, while the shift to smartphones led to price erosion

▽ PCs and Others :
Decrease due to currency impact in display business, a rebound from digital cinema upsurge in the previous year, and price erosions of PCs

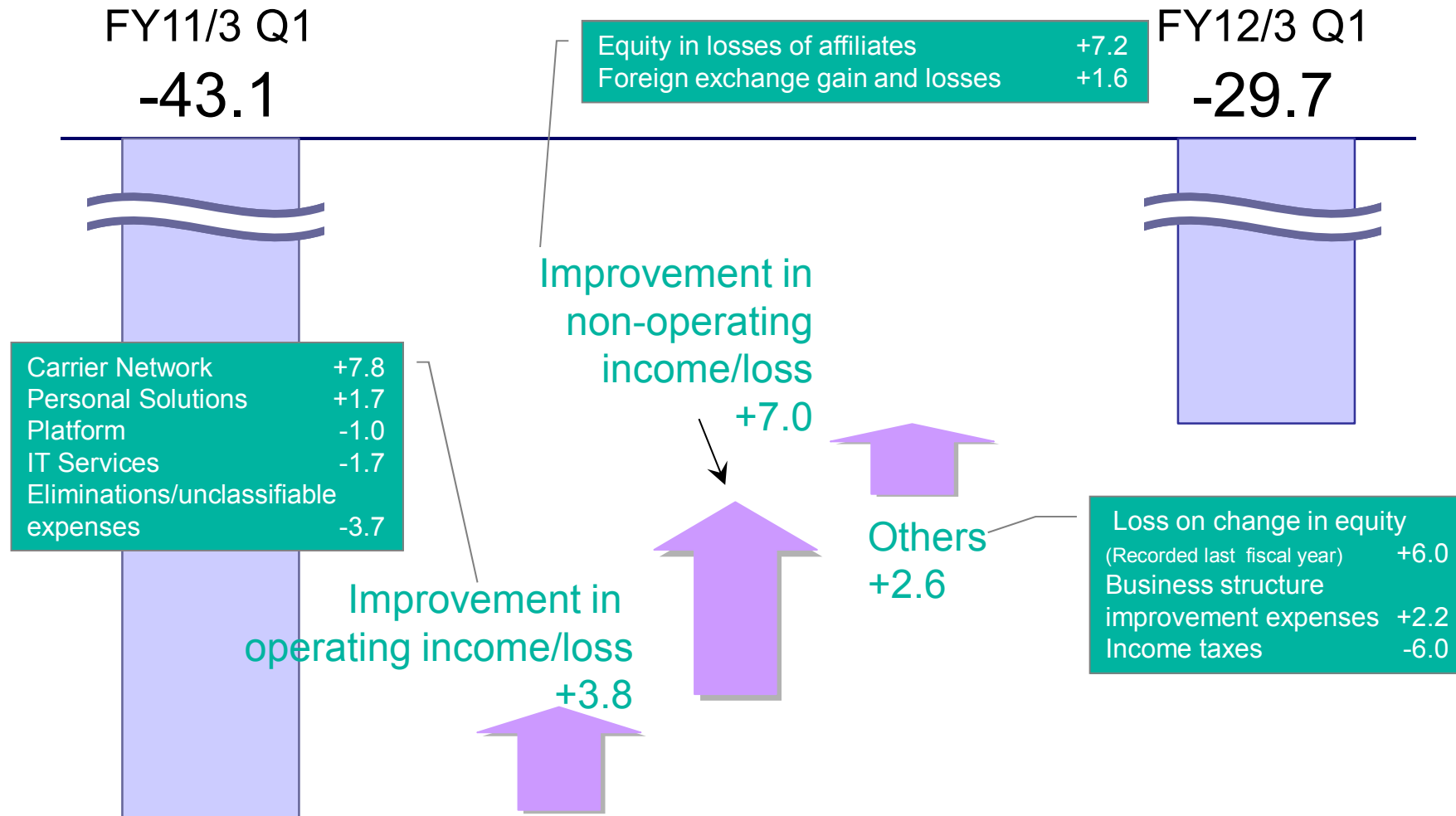
Operating Income 1.3 (+1.7)

△ Back in black from improved profitability of Mobile terminals due to an increase in shipment and enhanced development costs



Net Loss Change (Year on Year)

(Billions of Yen)



II. Summary of Financial Forecasts for 1H, FY12/3

Summary of Financial Forecasts

(Billions of Yen)

| | 1st Half (Apr-Sep) | | | Full Year | | |
|--------------------------------|--------------------|---------------------|------|------------------|---------------------|-------|
| | FY11/3 Actual | FY12/3 Forecasts | YoY | FY11/3 Actual | FY12/3 Forecasts | YoY |
| Net Sales | 1,469.2 | 1,490.0 | 1.4% | 3,115.4 | 3,300.0 | 5.9% |
| Operating Income/Loss | 1.1 | 0.0 | -1.1 | 57.8 | 90.0 | 32.2 |
| % to Net Sales | 0.1% | 0.0% | | 1.9% | 2.7% | |
| Ordinary Income/Loss | -22.3 | -20.0 | 2.3 | 0.0 | 55.0 | 55.0 |
| % to Net Sales | - | - | | 0.0% | 1.7% | |
| Net Income/Loss | -27.0 | -15.0 | 12.0 | -12.5 | 15.0 | 27.5 |
| % to Net Sales | - | - | | - | 0.5% | |
| Net Income/Loss per Share(yen) | -10.42 | -5.77 | 4.65 | -4.82 | 5.77 | 10.59 |
| Free Cash Flow | | | | -112.6 | 0.0 | 112.6 |

Note: Assumed exchange rates for FY12/3 1\$=¥80, 1€=¥110

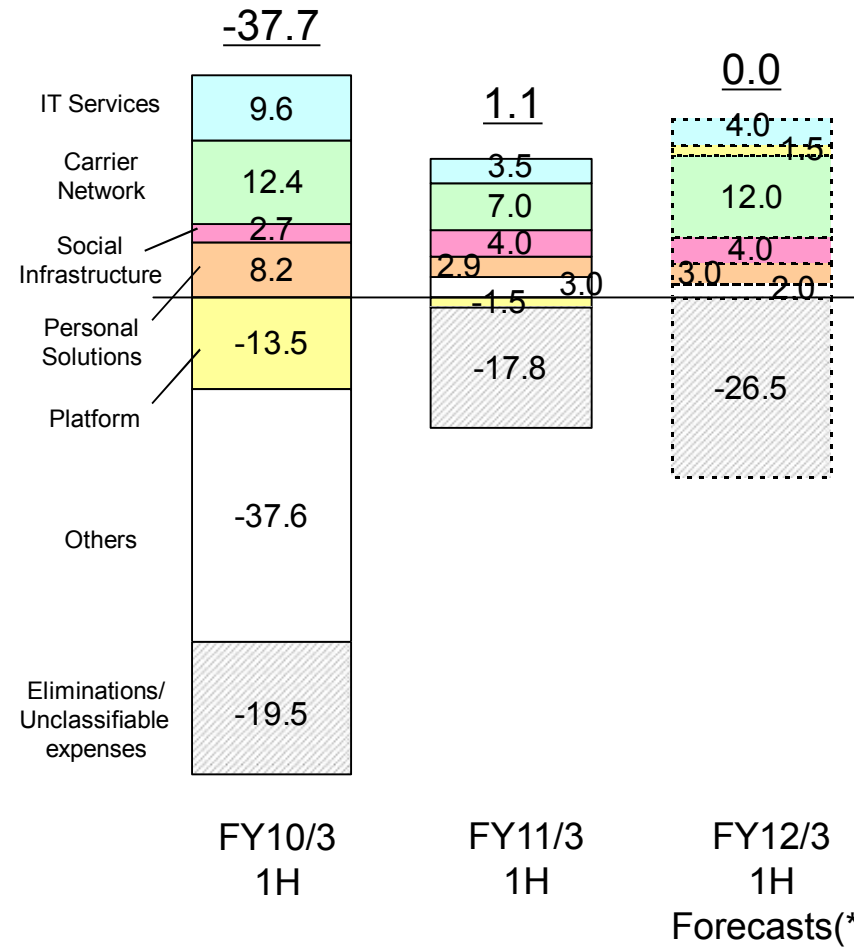
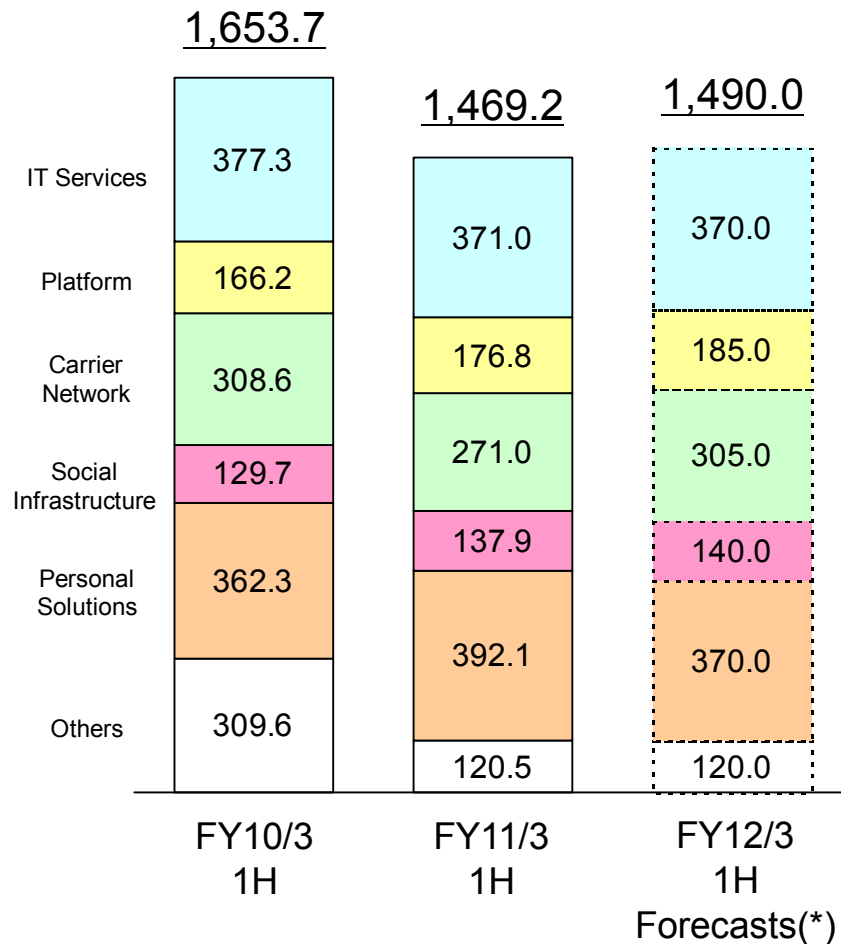
* Forecasts as of July 28, 2011 (Note: Unchanged from full year forecasts announced on May 10)

Financial Forecasts for 1H, FY12/3 by Segment

(Billions of Yen)

Net Sales

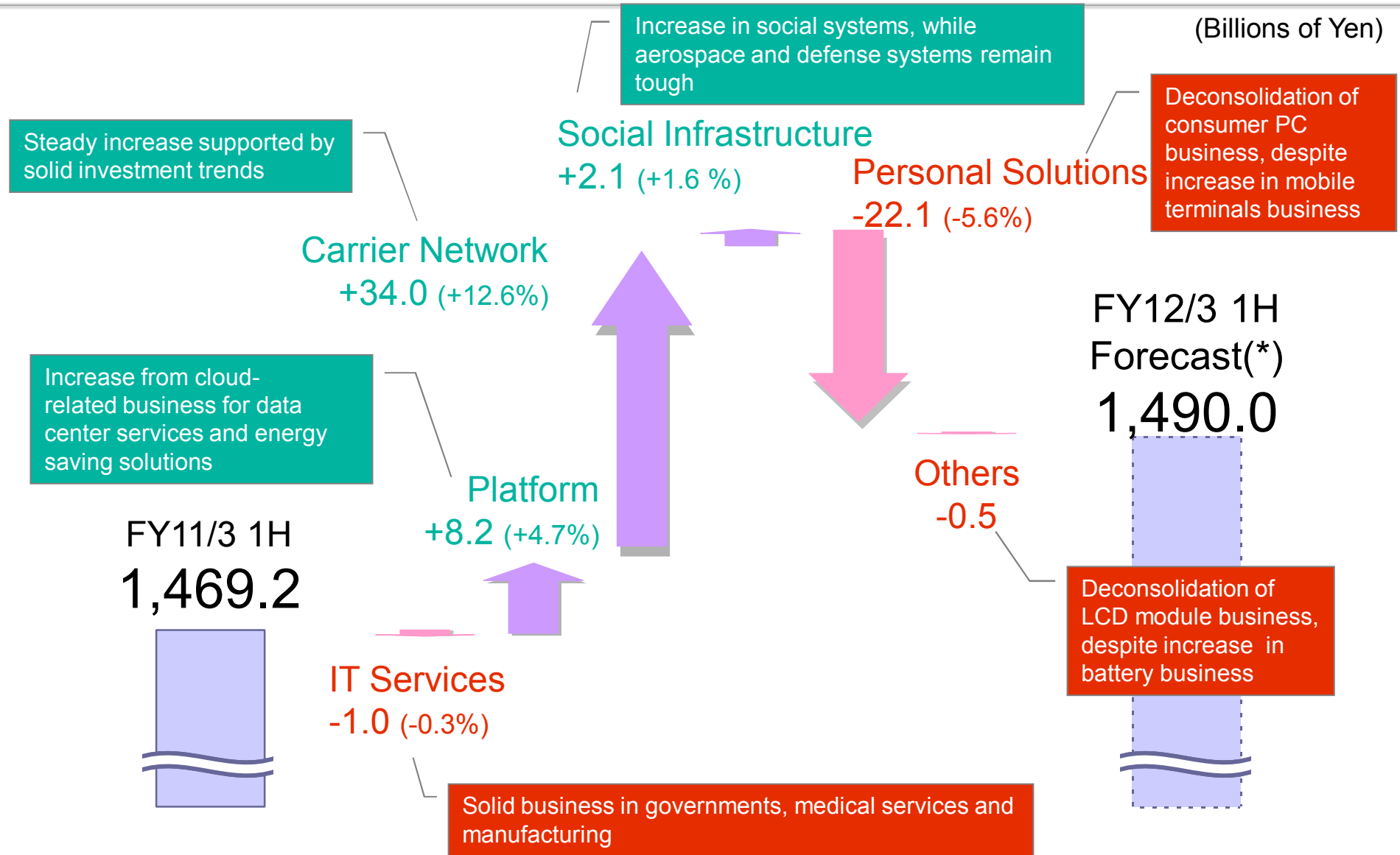
Operating Income/Loss



*Forecasts as of July 28, 2011

Sales Change (Year on Year)

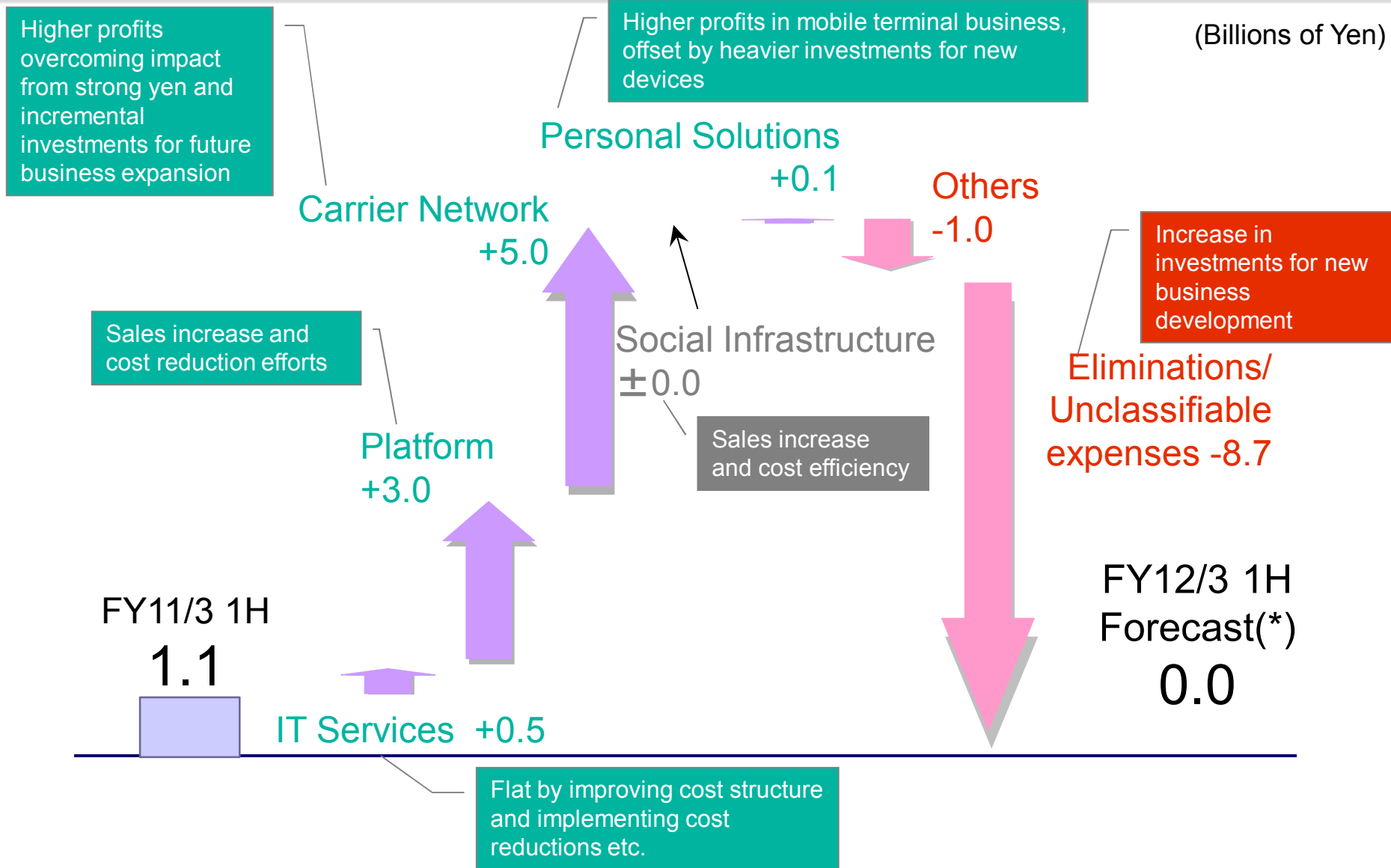
(Billions of Yen)



*Forecasts as of July 28, 2011

Operating Income Change (Year on Year)

(Billions of Yen)



*Forecast as of July 28, 2011

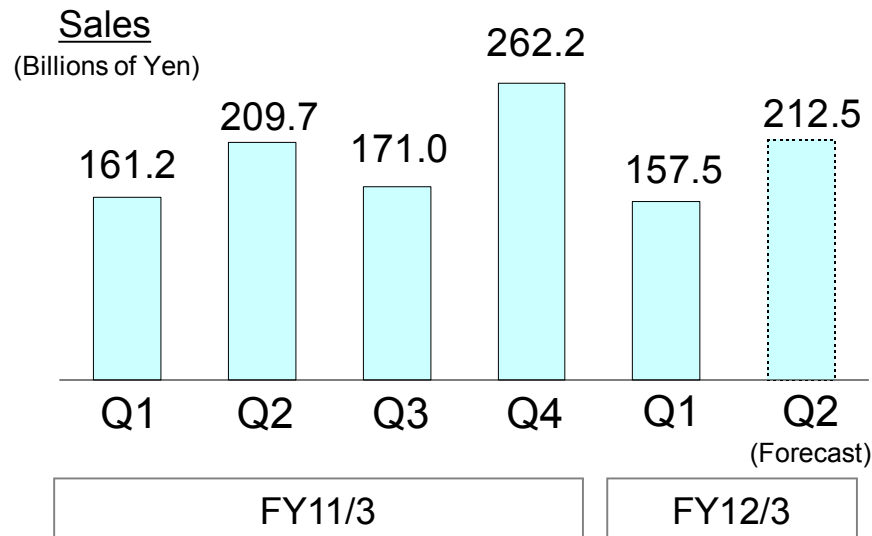
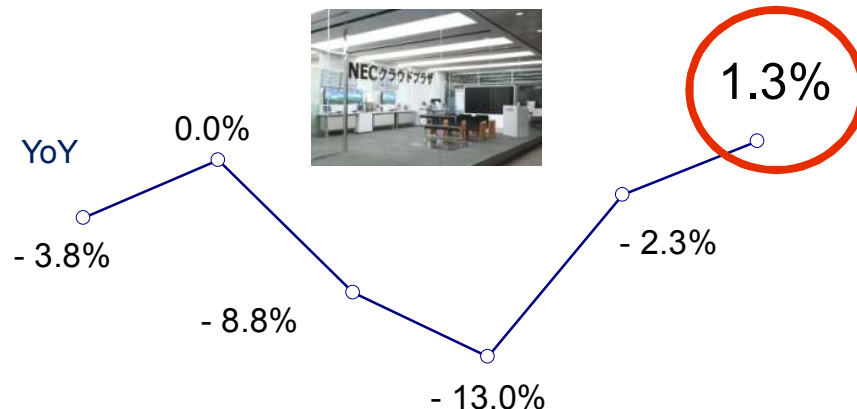
Key Points of 1H, FY12/3 Forecasts by Segment (Year on Year)

| | |
|-----------------------|--|
| IT Services | <ul style="list-style-type: none"> ● Secure steady sales from solid business in central and local governments, medical services and manufacturing ● Remain flat by improving cost structure and implementing cost reductions |
| Platform | <ul style="list-style-type: none"> ● Increase cloud-related services for data centers and energy saving solutions ● Higher profits from sale increase and cost efficiency |
| Carrier Network | <ul style="list-style-type: none"> ● Steady increase supported by solid telecom carrier investment trends ● Higher profits overcoming impact from strong yen and incremental investments for future business expansion |
| Social Infrastructure | <ul style="list-style-type: none"> ● Secure steady sales from increase in social systems, while aerospace and defense remain tough ● Aim for higher profits with sales increase and cost efficiency |
| Personal Solutions | <ul style="list-style-type: none"> ● Decrease due to deconsolidation of consumer PC business, despite increase in mobile terminal business ● Remain flat from higher profits for mobile terminal business, offset by heavier investments for new devices |
| Others | <ul style="list-style-type: none"> ● Remain flat due to deconsolidation of LCD module business, despite increase in battery business ● Remain flat from the previous fiscal year |

Note: First bullets refer to changes in sales, second bullets refer to changes in operating income/loss

IT Services Business

Quarterly sales trend



Outlook for IT investments in Japan

- △ Less stagnant than expected, even with an extensive impact from the earthquake
- ▷ Pick up from 2nd half and full-recovery from next fiscal year

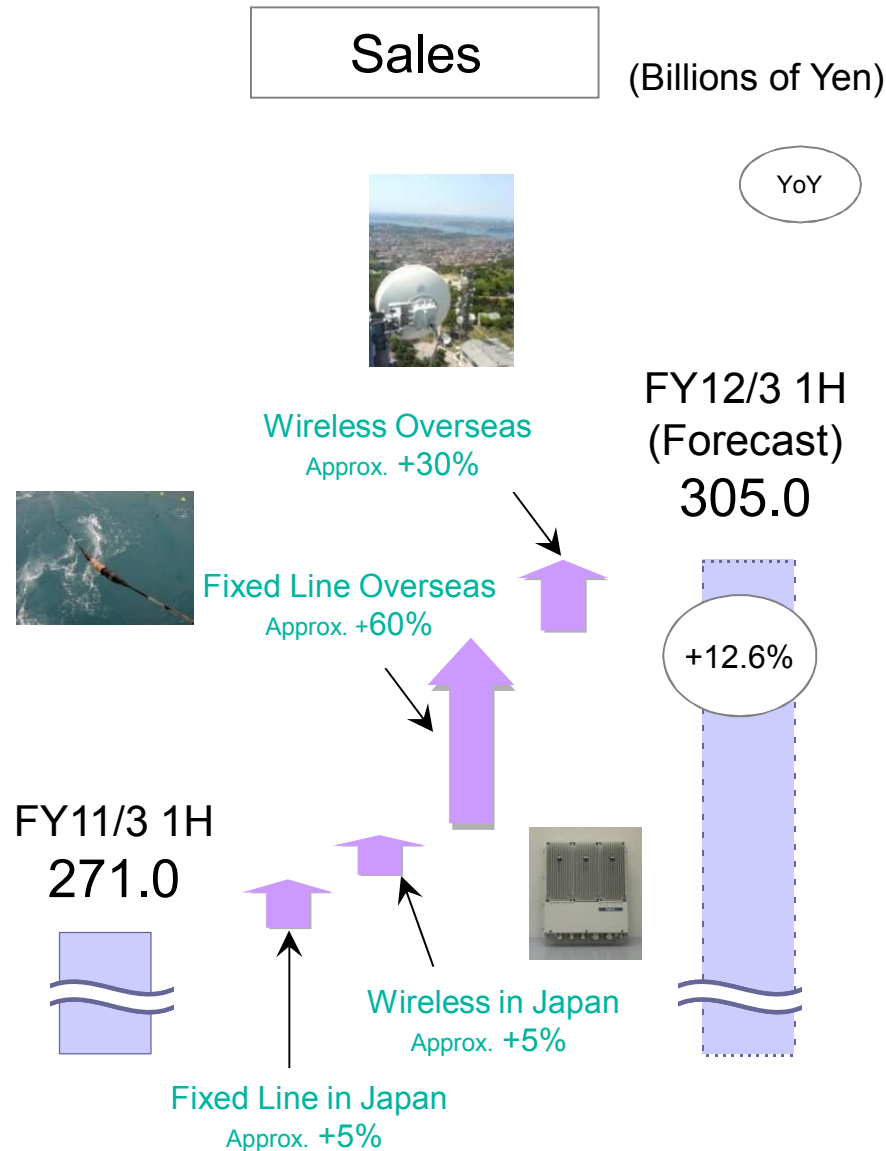
Order situation

- △ Stable in local and central governments, medical services and manufacturing sectors

Measures for expanding sales

- △ Cloud services/Outsourcing
 - Established a new data center in Kansai
 - Launched “Contents Delivery Cloud Services”
- △ Global Business
 - Reinforce business structure in Greater China and Asia Pacific with a strategic approach to Japanese originated company
 - Start to provide cloud services in China from JV with Neusoft Corporation

*Forecasts as of Jul 28, 2011



Telecom Carrier Investment Trends in Japan

- △ Solid investments responsive to hikes in data traffic due to explosive spread of smartphones

LTE Business

- △ Projects in Japan are in progress accordingly to beginning-of-year schedule

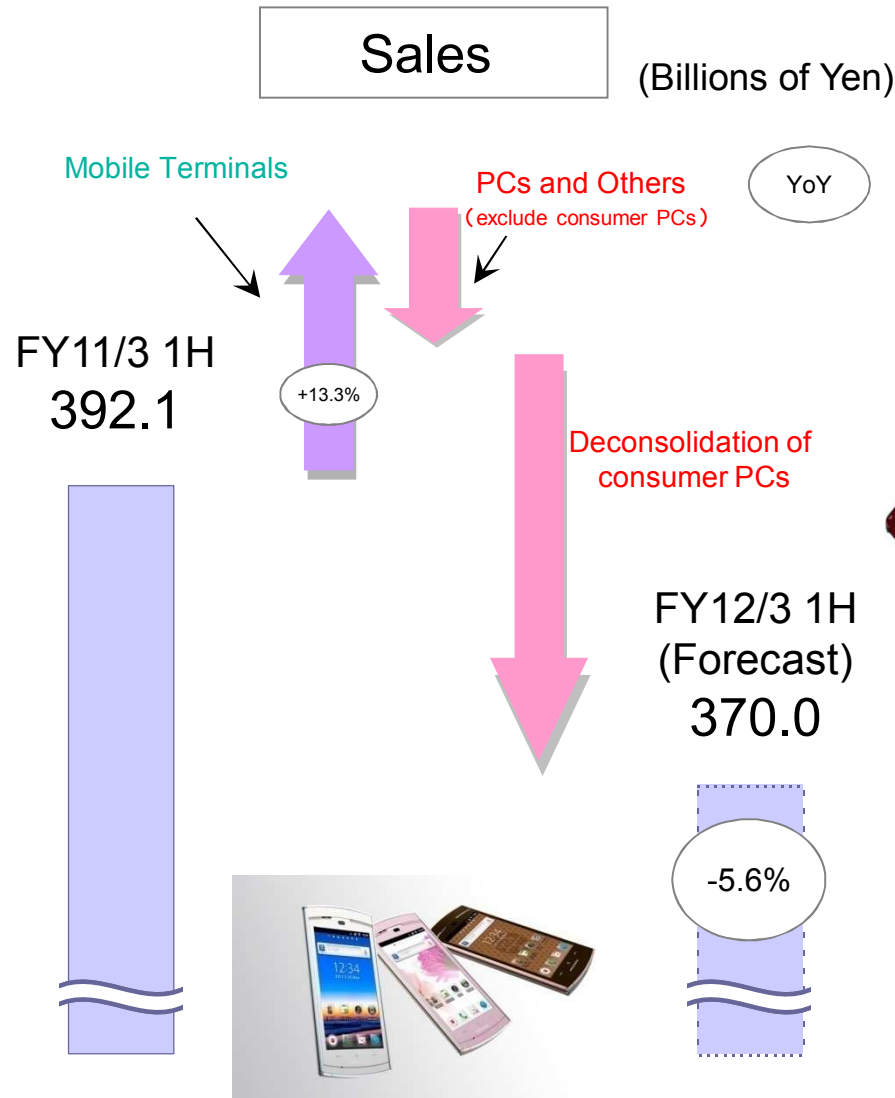
Submarine Cable System Business

- △ Projected increase in sales from solid execution of large projects

Mobile Backhaul (PASOLINK) Business

- △ Sales expansion in Russia, Middle East and Latin America

*Forecast as of Jul 28, 2011



Mobile Terminals

△ Full-scale deployment of smartphones in Japan and overseas utilizing thin, lightweight and toughness technologies



- NTT DOCOMO
MEDIAS N-04C (Released on March 15th)

- Verizon Wireless
CASIO G'z One COMMANDO™ (Released on April 28th)



- NTT DOCOMO
MEDIAS WP N-06C (Released on June 24th)

- KDDI, Okinawa Cellular
G'z One IS11CA (Released on July 14th)

PCs and Others

▽ Decrease due to the deconsolidation of consumer PCs

Operating Income

△ Same level as the previous year due to improvement in earnings of Mobile Terminals, despite increase development costs for new devices

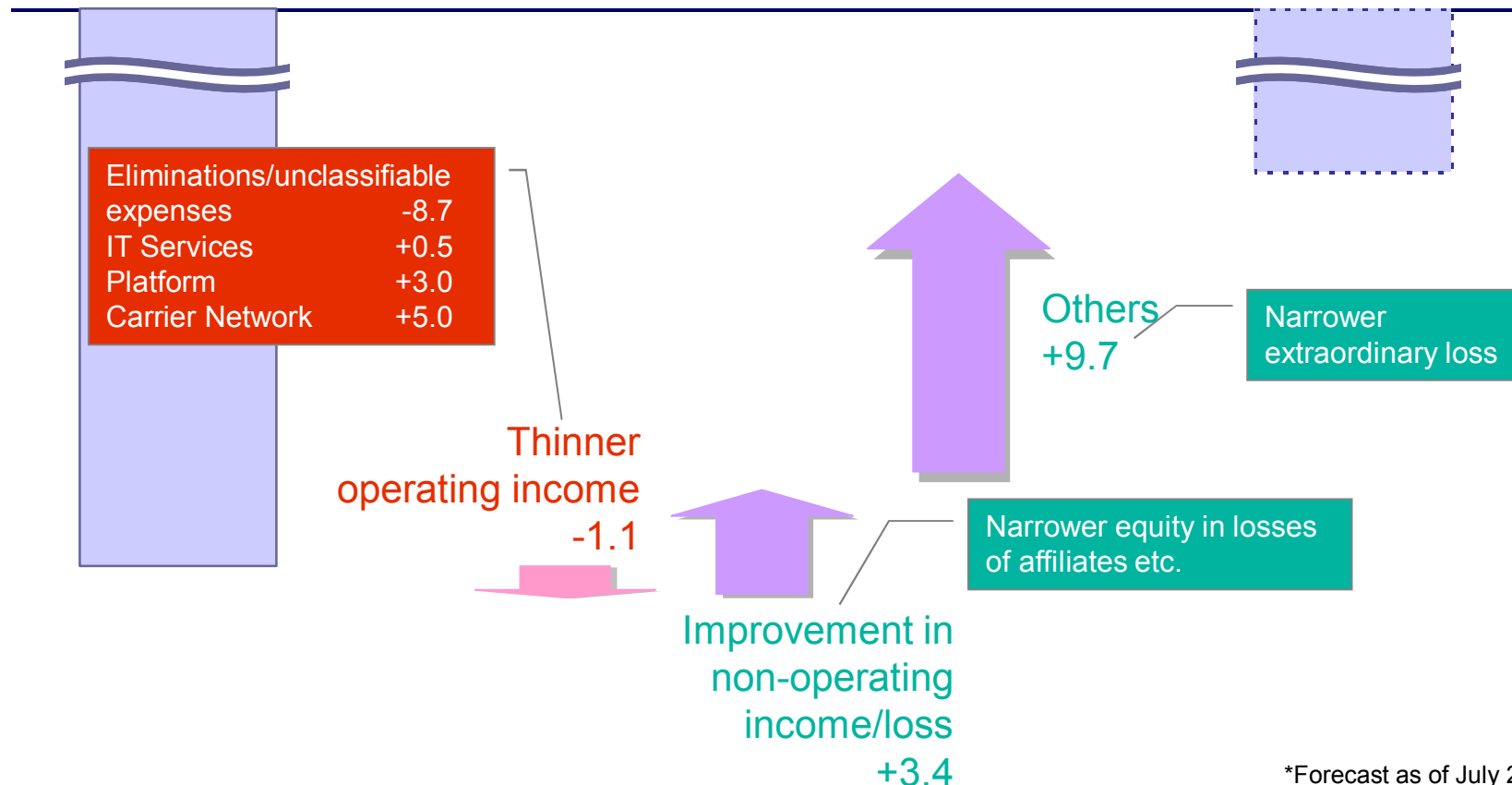
*Forecast as of July 28, 2011

Net Loss Change (Year on Year)

(Billions of Yen)

FY11/3 1H
-27.0

FY12/3 1H
Forecast(*)
-15.0



*Forecast as of July 28, 2011

Summary

FY12/3 Q1 Financial Results

- Steady sales (+0.2% year on year)
 - Increase in sales of Carrier Network, despite sales decrease in Personal Solutions and IT Services
- Improved Operating Profitability (+3.8 billion yen year on year)
 - Retained profits in Carrier Network and Personal Solutions
- In line with the Company estimates

FY12/3 First Half Financial Forecasts

- Aim to expand sales and profits towards the full-scale recovery in the second half of the fiscal year

Accelerate speedy operation and achieve first half and full year financial targets

Empowered by Innovation

NEC

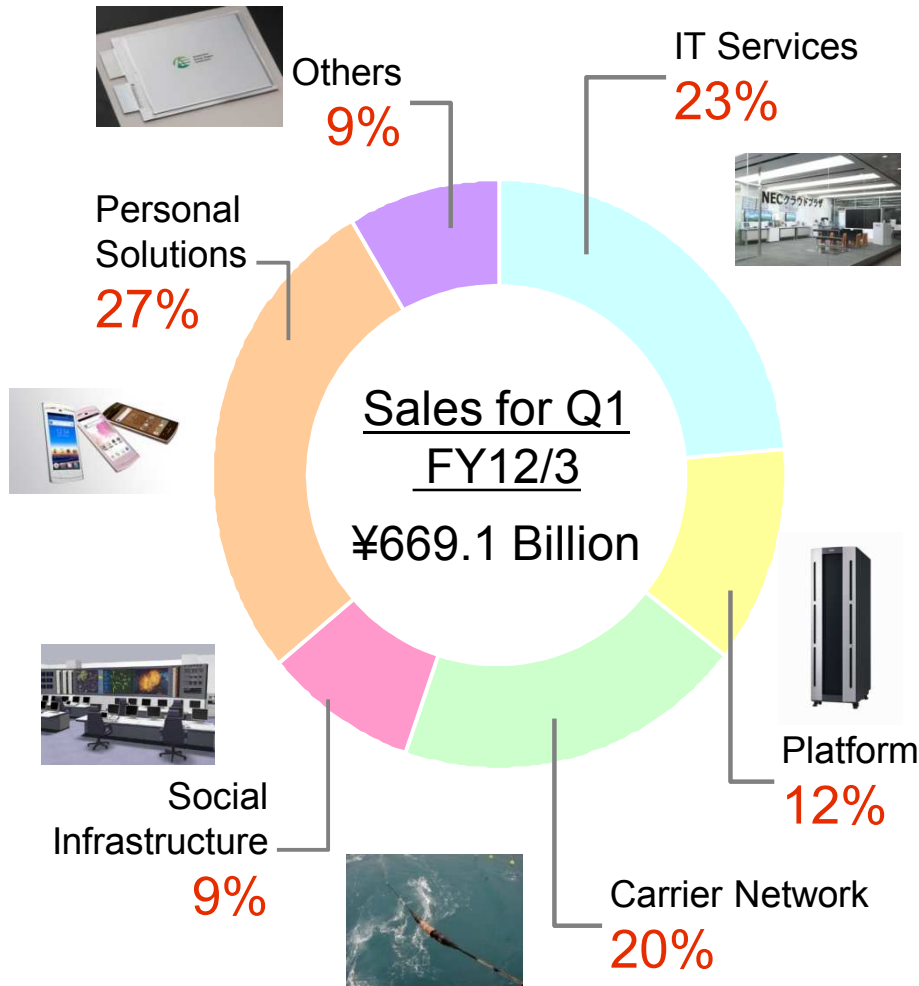
Financial Results for Q1, FY12/3 (Appendix)

Summary of Financial Results for Q1 by Segment

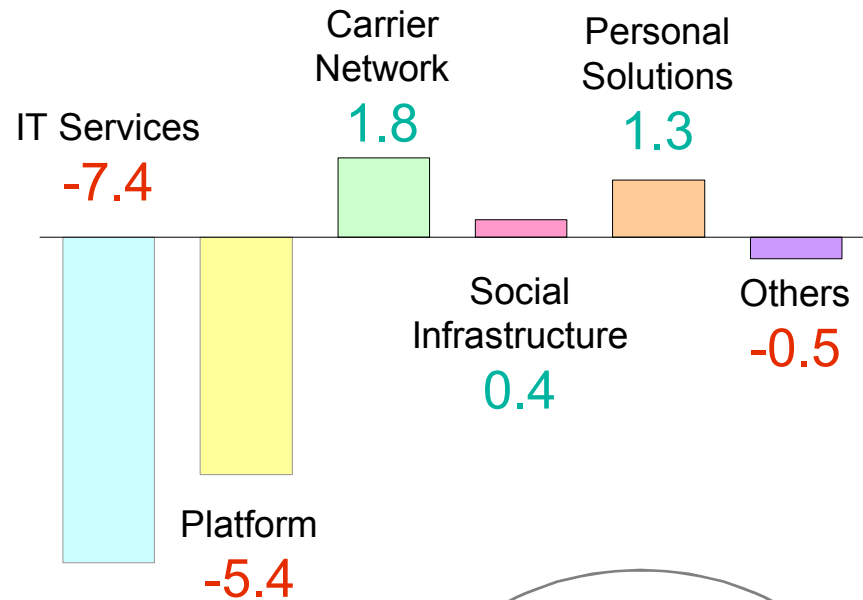
Q1 Results

(Billions of Yen)

Net Sales



Operating Income/Loss



Operating Loss for Q1, FY12/3
¥ -19.4 Billion

Summary of Financial Results for Q1 by Segment

(Billions of Yen)

| | | Q1 <Apr-Jun> | | |
|--|-----------------------|------------------|------------------|-------|
| | | FY11/3 Actual | FY12/3 Actual | YoY |
| IT Services | Net Sales | 161.2 | 157.5 | -2.3% |
| | Operating Loss | -5.7 | -7.4 | -1.7 |
| | % to Net Sales | - | - | |
| Platform | Net Sales | 80.0 | 79.9 | -0.2% |
| | Operating Loss | -4.4 | -5.4 | -1.0 |
| | % to Net Sales | - | - | |
| Carrier Network | Net Sales | 116.8 | 131.9 | 12.9% |
| | Operating Income/Loss | -6.0 | 1.8 | 7.8 |
| | % to Net Sales | - | 1.4% | |
| Social Infrastructure | Net Sales | 58.4 | 58.8 | 0.7% |
| | Operating Income | 0.3 | 0.4 | 0.1 |
| | % to Net Sales | 0.6% | 0.7% | |
| Personal Solutions | Net Sales | 193.5 | 183.5 | -5.2% |
| | Operating Income/Loss | -0.4 | 1.3 | 1.7 |
| | % to Net Sales | - | 0.7% | |
| Others | Net Sales | 57.6 | 57.6 | 0.0% |
| | Operating Loss | -1.1 | -0.5 | 0.6 |
| | % to Net Sales | - | - | |
| Eliminations/ Unclassifiable expenses | Operating Loss | -6.0 | -9.7 | -3.7 |
| Total | Net Sales | 667.5 | 669.1 | 0.2% |
| | Operating Loss | -23.2 | -19.4 | 3.8 |
| | % to Net Sales | - | - | |

Overseas Sales

(Billions of Yen)

| | | Q1 <Apr-Jun> | | | <u>Major countries and regions</u> |
|--------|----------------------------------|------------------|------------------|--------|--|
| | | FY11/3 Actual | FY12/3 Actual | YoY | |
| Asia | Net Sales | 38.2 | 31.0 | -18.8% | China, Chinese Taipei, India, Singapore and Indonesia |
| | To consolidated total sales(%) | 5.7% | 4.6% | | |
| Europe | Net Sales | 24.0 | 24.3 | 1.1% | UK, France, Netherlands, Germany, Italy and Spain |
| | To consolidated total sales(%) | 3.6% | 3.6% | | |
| Others | Net Sales | 52.0 | 59.8 | 15.0% | U.S.A |
| | To consolidated total sales(%) | 7.8% | 8.9% | | |
| Total | Net Sales | 114.2 | 115.1 | 0.8% | |
| | To consolidated total sales(%) | 17.1% | 17.2% | | |

* Sales, based on customer locations, are classified by country or region

Financial Positions

(Billions of Yen)

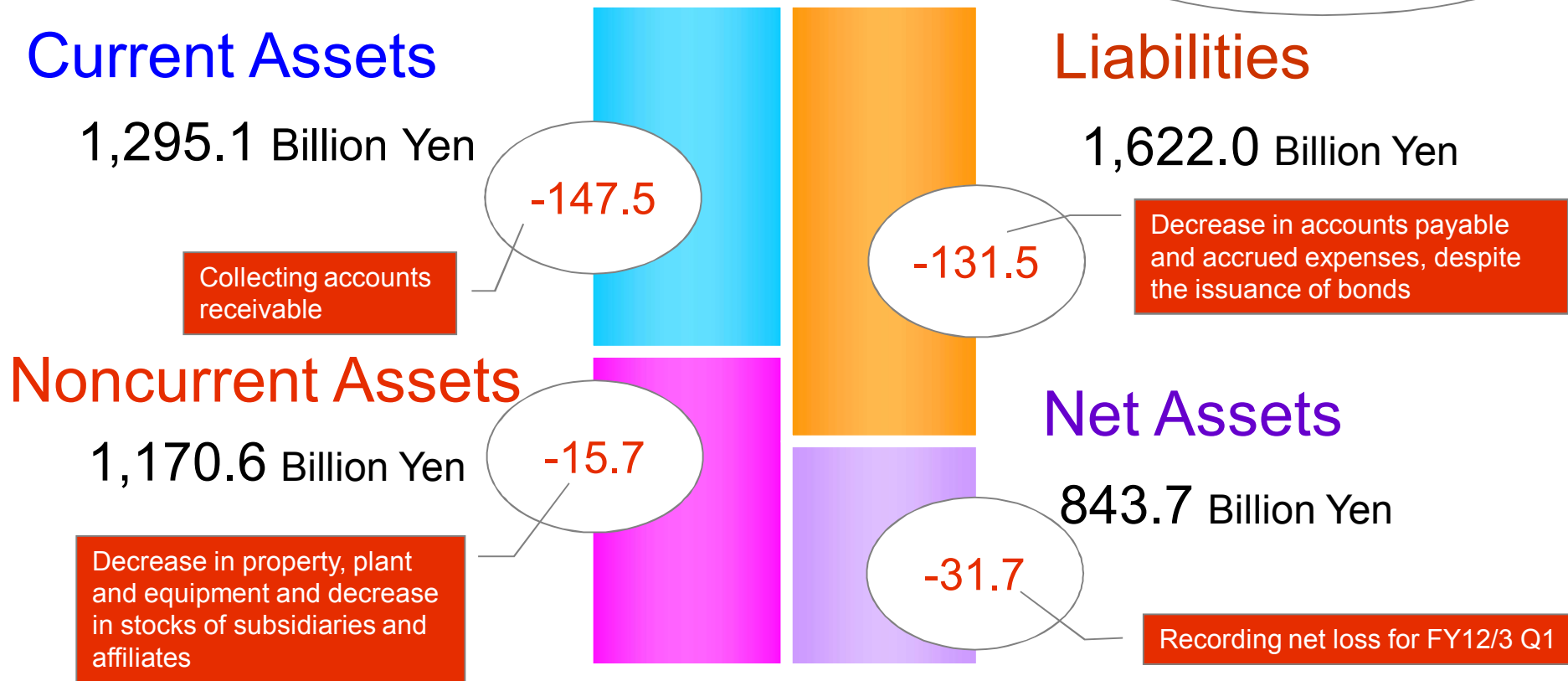
| | End of Mar 2011 | End of Jun 2011 | Difference from Mar 2011 | End of Jun 2010 |
|---|--------------------|--------------------|--------------------------------|--------------------|
| Total Assets | 2,628.9 | 2,465.7 | -163.2 | 2,510.8 |
| Net Assets | 875.4 | 843.7 | -31.7 | 843.3 |
| Interest-bearing debt | 675.8 | 646.1 | -29.7 | 623.1 |
| Shareholder's Equity | 757.1 | 726.3 | -30.8 | 725.6 |
| Equity ratio(%) | 28.8% | 29.5% | 0.7pt | 28.9% |
| D/E ratio | 0.89 | 0.89 | 0.00pt | 0.86 |
| Net D/E ratio | 0.62 | 0.63 | -0.01pt | 0.55 |
| Balance of cash and cash equivalents | 203.9 | 188.1 | -15.8 | 227.1 |

<Ref.> Balance Sheets (At end of June, 2011)

<Compared to end of March, 2011>

Total Assets 2,465.7 Billion Yen (-163.2 Billion yen)

Compared with balance sheets at end of March, 2011



<Ref.> C&C Cloud Strategy

- New SaaS cloud services for the Amata Industrial Estate, Thailand
- Accounting cloud services for Cookpad, Inc.
- Launched “Contents Delivery Cloud Services”
- Established a joint venture with Neusoft Corporation to expand cloud service business in China
- Established Kansai Daini Data Center as a core center in the Kansai region of Japan
- Entered collaboration with Mitsubishi Electronic Corporation in cloud service business for manufacturing management systems
- Acquired Jicoux Datasystems Inc
- Developed M2M service platform
- Financial accounting cloud services for 11 cities in Kanagawa Prefecture, Japan
- Developed prototype systems for “C&C Cloud Work-style” for a safe, secure virtual office environment any place, any devices
- SaaS-based electric medical records system, “MegaOakSR for Saas” for Tamashima Daiichi Hospital in Kurashiki City, Okayama Prefecture, Japan

<Ref.> Global Business Expansion

- New SaaS cloud services for the Amata Industrial Estate, Thailand

- TWINPOS G5 selected by Alfamart, one of Indonesia's leading retailers

- Established a joint venture with Neusoft Corporation to expand cloud service business in China

- Deployed advanced postal automation system in Malaysia

- Provides Swiss Post with the latest mail processing systems

- Selected by Kuwait's leading telecom carrier for femtocell systems

- Entered collaboration with Royal Philips Electronics in digital pathology systems

- Selected for a supplier in the submarine cable systems project, SJC, connecting South East Asia and Japan

- Won contract to supply Maldives' domestic submarine cable system

- Established NEC Latin America S.A., as a new regional headquarters



<Ref.> New Business Development

- Launched new smartphones
- Began shipment of a dual-screen Cloud Communicator LT-W



- Launched power storage systems for homes
- Co-established the HEMS (Home Energy Management System) alliance
- Participated in smart city development in Brazil
- Selected with Meidensha Corporation and Sharp Corporation by METI (Ministry of Economy, Trade and Industry) Japan for a global smart community related project
- Entered collaboration with Enel Distribuzione on next-generation smart grid and smart cities

Financial Forecasts for 1H, FY12/3 (Appendix)

Summary of Financial Forecasts for 1H

(Billions of Yen)

| | Q2 <Jul-Sep> | | | 1st Half <Apr-Sep> | | |
|-------------------------|------------------|---------------------|------|--------------------|---------------------|------|
| | FY11/3 Actual | FY12/3 Forecasts | YoY | FY11/3 Actual | FY12/3 Forecasts | YoY |
| Net Sales | 801.6 | 820.9 | 2.4% | 1,469.2 | 1,490.0 | 1.4% |
| Operating Income/Loss | 24.3 | 19.4 | -4.9 | 1.1 | 0.0 | -1.1 |
| % to Net Sales | 3.0% | 2.4% | | 0.1% | 0.0% | |
| Ordinary Income/Loss | 18.2 | 9.6 | -8.5 | -22.3 | -20.0 | 2.3 |
| % to Net Sales | 2.3% | 1.2% | | - | - | |
| Net Income/Loss | 16.1 | 14.7 | -1.4 | -27.0 | -15.0 | 12.0 |
| % to Net Sales | 2.0% | 1.8% | | - | - | |
| Net Loss per Share(yen) | | | | -10.42 | -5.77 | 4.65 |

Note: Assumed exchange rates for FY12/3 1\$=¥80, 1€=¥110

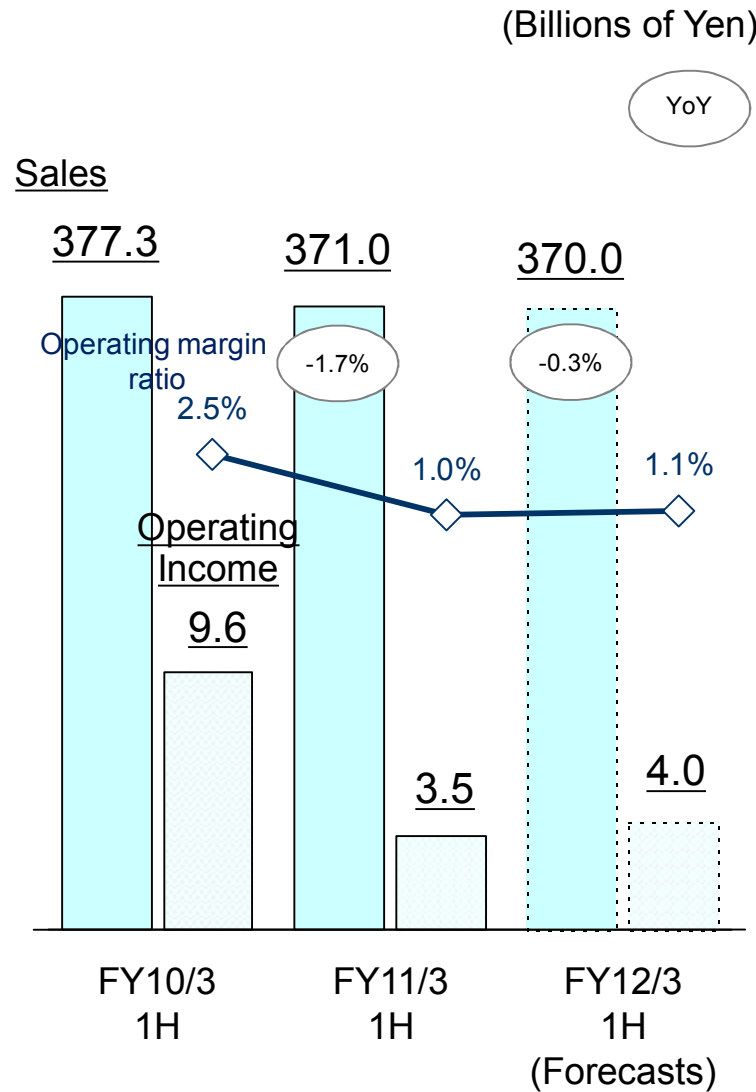
*Forecasts as of Jul 28, 2011

Summary of Financial Forecasts by Segment

(Billions of Yen)

| | | Q2 <Jul-Sep> | | | 1st Half <Apr-Sep> | | |
|--|-----------------------|------------------|---------------------|-------|--------------------|---------------------|-------|
| | | FY11/3 Actual | FY12/3 Forecasts | YoY | FY11/3 Actual | FY12/3 Forecasts | YoY |
| IT Services | Net Sales | 209.7 | 212.5 | 1.3% | 371.0 | 370.0 | -0.3% |
| | Operating Income | 9.2 | 11.4 | 2.1 | 3.5 | 4.0 | 0.5 |
| | % to Net Sales | 4.4% | 5.4% | | 1.0% | 1.1% | |
| Platform | Net Sales | 96.7 | 105.1 | 8.7% | 176.8 | 185.0 | 4.7% |
| | Operating Income/Loss | 2.9 | 6.9 | 4.1 | -1.5 | 1.5 | 3.0 |
| | % to Net Sales | 3.0% | 6.6% | | - | 0.8% | |
| Carrier Network | Net Sales | 154.2 | 173.1 | 12.3% | 271.0 | 305.0 | 12.6% |
| | Operating Income | 13.0 | 10.2 | -2.8 | 7.0 | 12.0 | 5.0 |
| | % to Net Sales | 8.4% | 5.9% | | 2.6% | 3.9% | |
| Social Infrastructure | Net Sales | 79.5 | 81.2 | 2.2% | 137.9 | 140.0 | 1.6% |
| | Operating Income | 3.7 | 3.6 | -0.1 | 4.0 | 4.0 | 0.0 |
| | % to Net Sales | 4.6% | 4.4% | | 2.9% | 2.9% | |
| Personal Solutions | Net Sales | 198.5 | 186.5 | -6.1% | 392.1 | 370.0 | -5.6% |
| | Operating Income | 3.3 | 1.7 | -1.6 | 2.9 | 3.0 | 0.1 |
| | % to Net Sales | 1.6% | 0.9% | | 0.7% | 0.8% | |
| Others | Net Sales | 63.0 | 62.5 | -0.8% | 120.5 | 120.0 | -0.4% |
| | Operating Income | 4.2 | 2.5 | -1.7 | 3.0 | 2.0 | -1.0 |
| | % to Net Sales | 6.6% | 4.0% | | 2.5% | 1.7% | |
| Eliminations/ Unclassifiable expenses | Operating Loss | -11.9 | -16.8 | -4.9 | -17.8 | -26.5 | -8.7 |
| Total | Net Sales | 801.6 | 820.9 | 2.4% | 1,469.2 | 1,490.0 | 1.4% |
| | Operating Income | 24.3 | 19.4 | -4.9 | 1.1 | 0.0 | -1.1 |
| | % to Net Sales | 3.0% | 2.4% | | 0.1% | 0.0% | |

*Forecasts as of Jul 28, 2011



Sales 370.0 (-0.3%)

- ▶ Aim to increase in Q2 and secure 1st half sales year on year, in local and central governments, medical services and manufacturing, where orders are stable
- △ Focus on disaster recovery solutions and global business, in addition to proposals to expand customers' sales and raise business efficiency

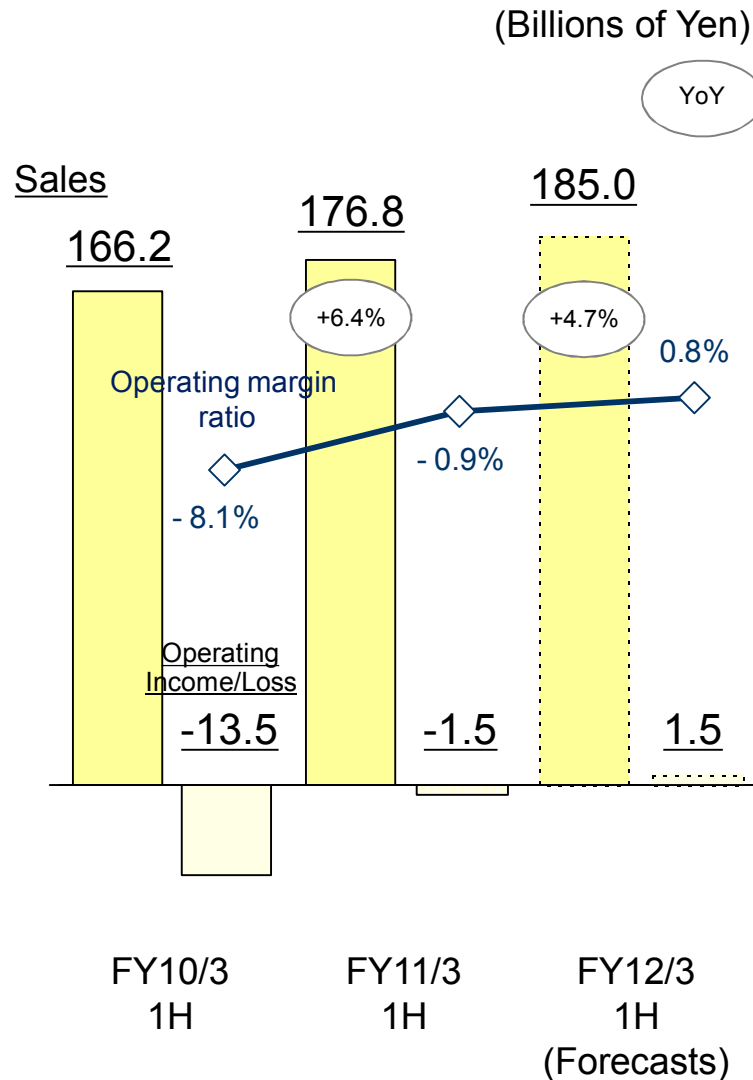
Operating Income 4.0 (+0.5)

- △ Aim to maintain profit by improving cost structure and implementing cost reduction



*Forecasts as of Jul 28, 2011

Platform Business



Sales 185.0 (+4.7%)

△ Software :

Expect to increase sales of virtualization and cloud computing platform for data centers, including BCP solutions

△ Hardware :

Aim to increase sales by responding to continual demand for data centers and focusing on energy saving products

△ Enterprise Network :

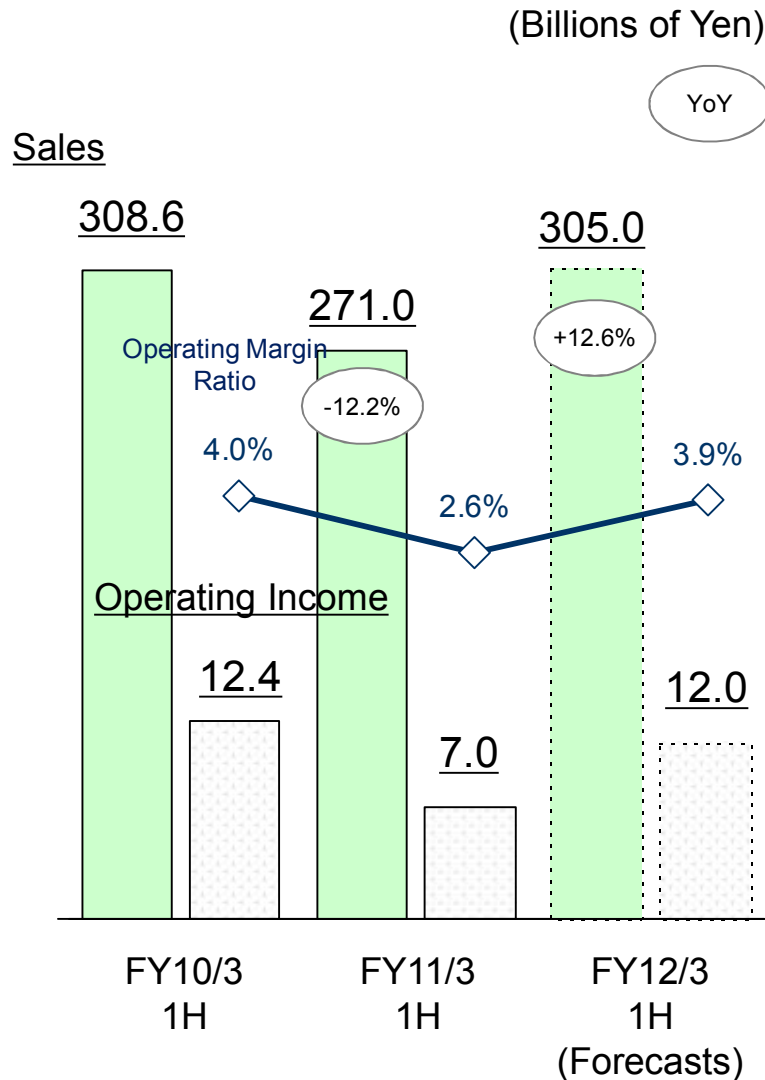
Aim to increase sales by deploying office solutions worldwide, which contribute to energy saving and innovative work styles for customers

Operating Income 1.5 (+3.0)

△ Expect to improve through sales increase and enhanced cost efficiency



*Forecasts as of July 28, 2011



Sales 305.0 (+12.6%)

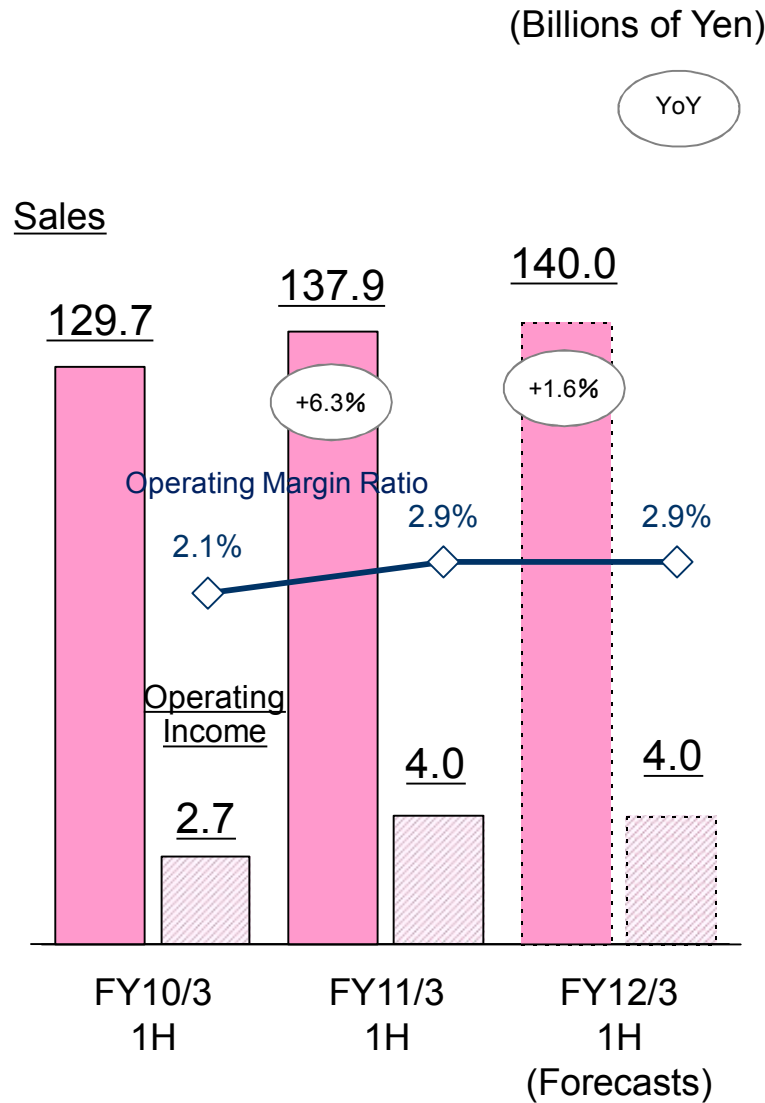
- △ Focus on sales expansion of LTE and service platform in Japan
- △ Execute large projects for submarine cable systems and sales expansion for mobile backhaul (PASOLINK) overseas

Operating Income 12.0 (+5.0)

- △ Aim to increase by securing business opportunities arising from data traffic upsurge and sales increase from submarine cable systems, despite strong yen



*Forecasts as of Jul 28, 2011



Sales 140.0 (+1.6%)

△ Expect to maintain flat due to an increase in social systems such as broadcasting, fire and disaster prevention, offset by decrease in aerospace and defense systems

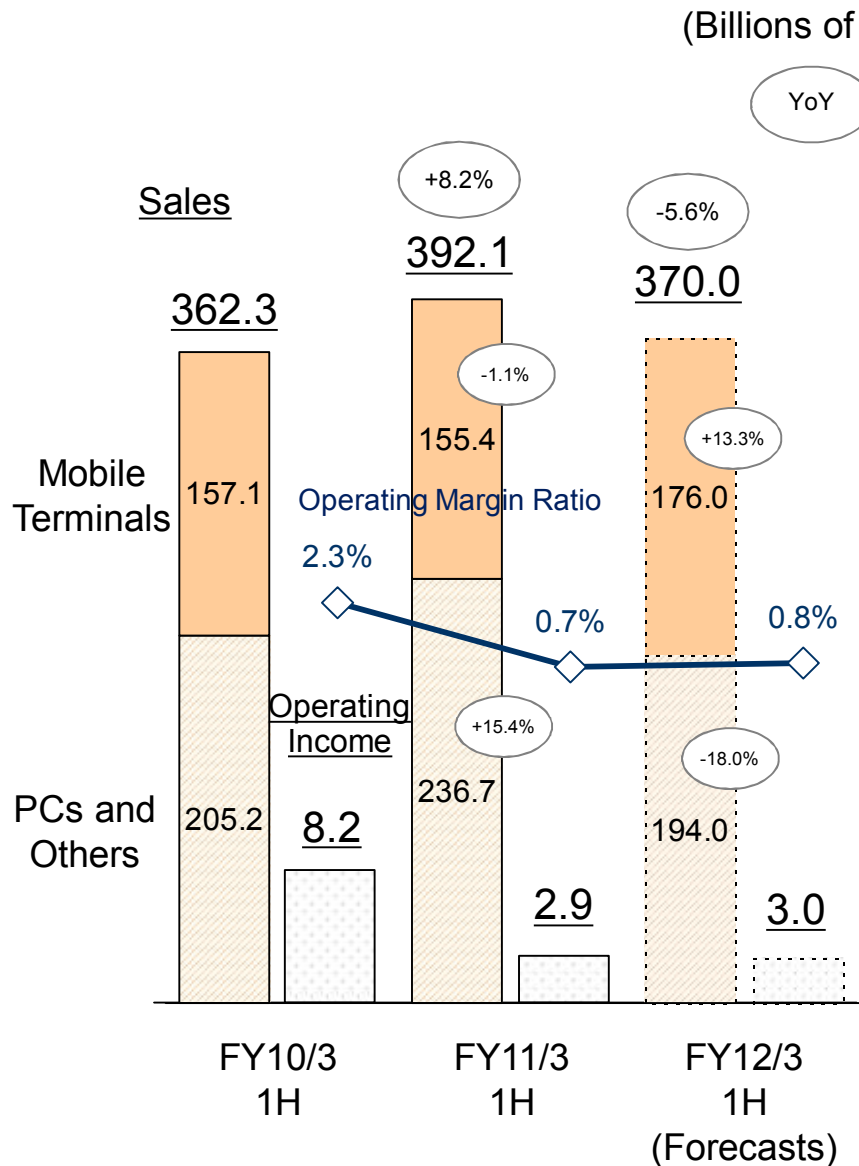
Operating Income 4.0 (±0.0)

△ Aim to increase by sales expansion and cost reductions



*Forecasts as of July 28, 2011

Personal Solutions Business



Sales 370.0 (-5.6%)

△ Mobile Terminals :
Expect to increase due to an increase in shipments of smartphones worldwide

▽ PCs and Others :
Expect to decrease due to the deconsolidation of consumer PCs

Operating Income 3.0 (+0.1)

△ Expect to remain flat due to profit improvement in Mobile Terminals by shipment increase, offset by increase in development costs to enrich lineup of new devices



*Forecasts as of July 28, 2011

Capital Expenditure, Depreciation and R&D expenses

(Billions of Yen)

| | FY11/3 Actual | FY12/3 Forecasts | YoY |
|---------------------------------|------------------|---------------------|-------|
| Capital Expenditure | 52.9 | 80.0 | 51.4% |
| Depreciation | 62.1 | 65.0 | 4.7% |
| R&D expenses | 176.5 | 185.0 | 4.8% |
| To consolidated total sales (%) | 5.7% | 5.6% | |



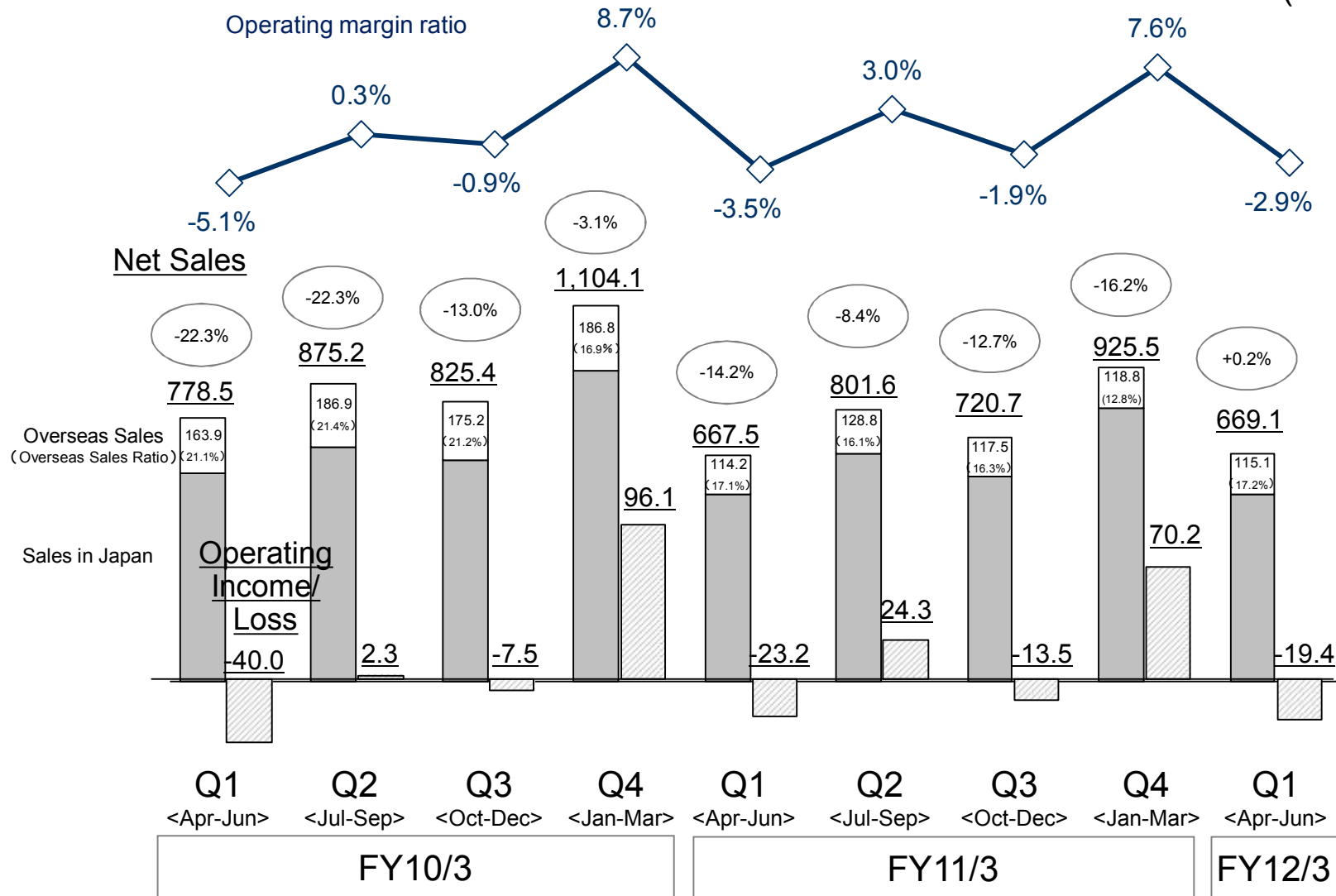
Note: Unchanged from full year forecasts announced on May 10

Reference (Financial data)

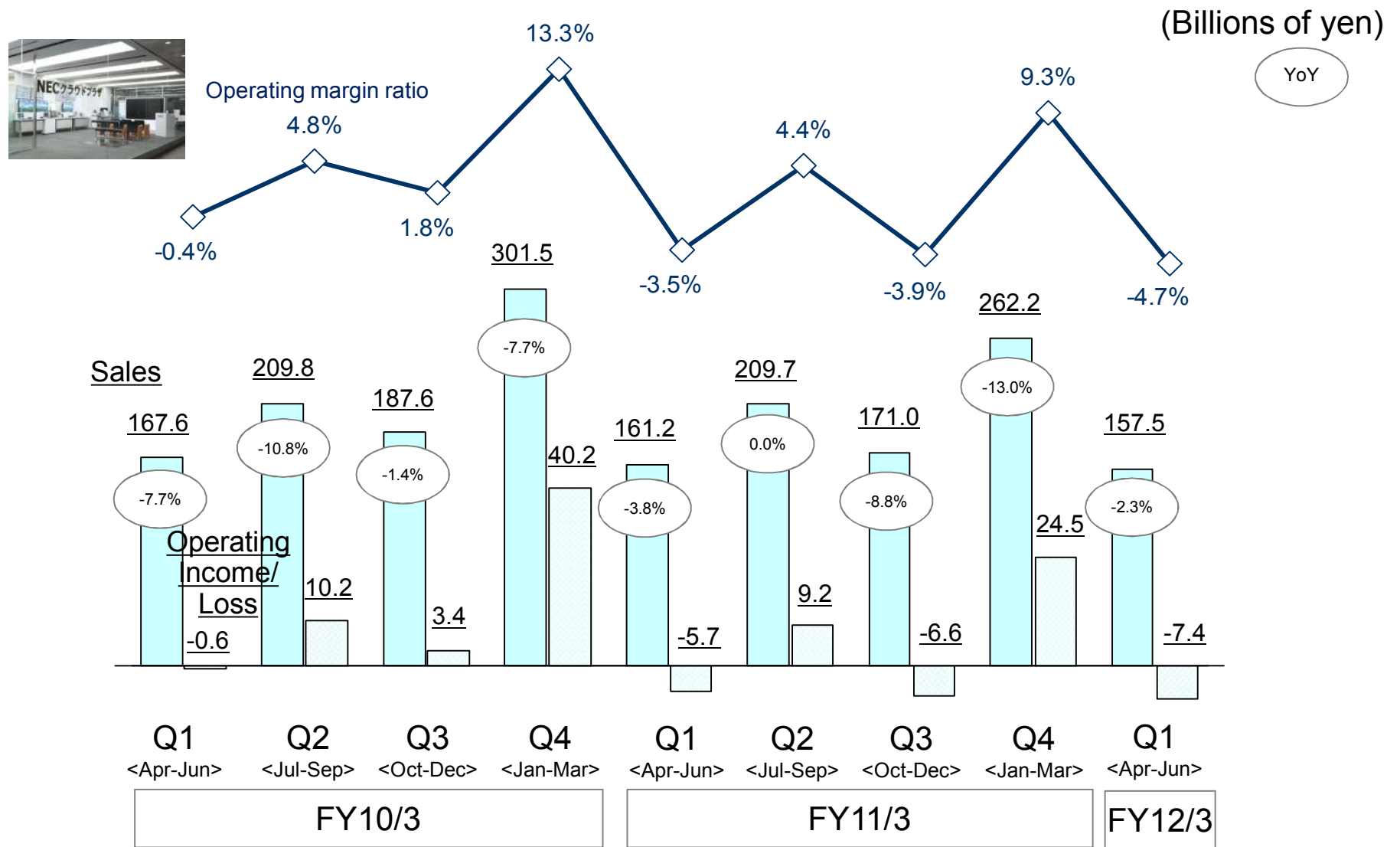
Net Sales, Operating Income/Loss

(Billions of yen)

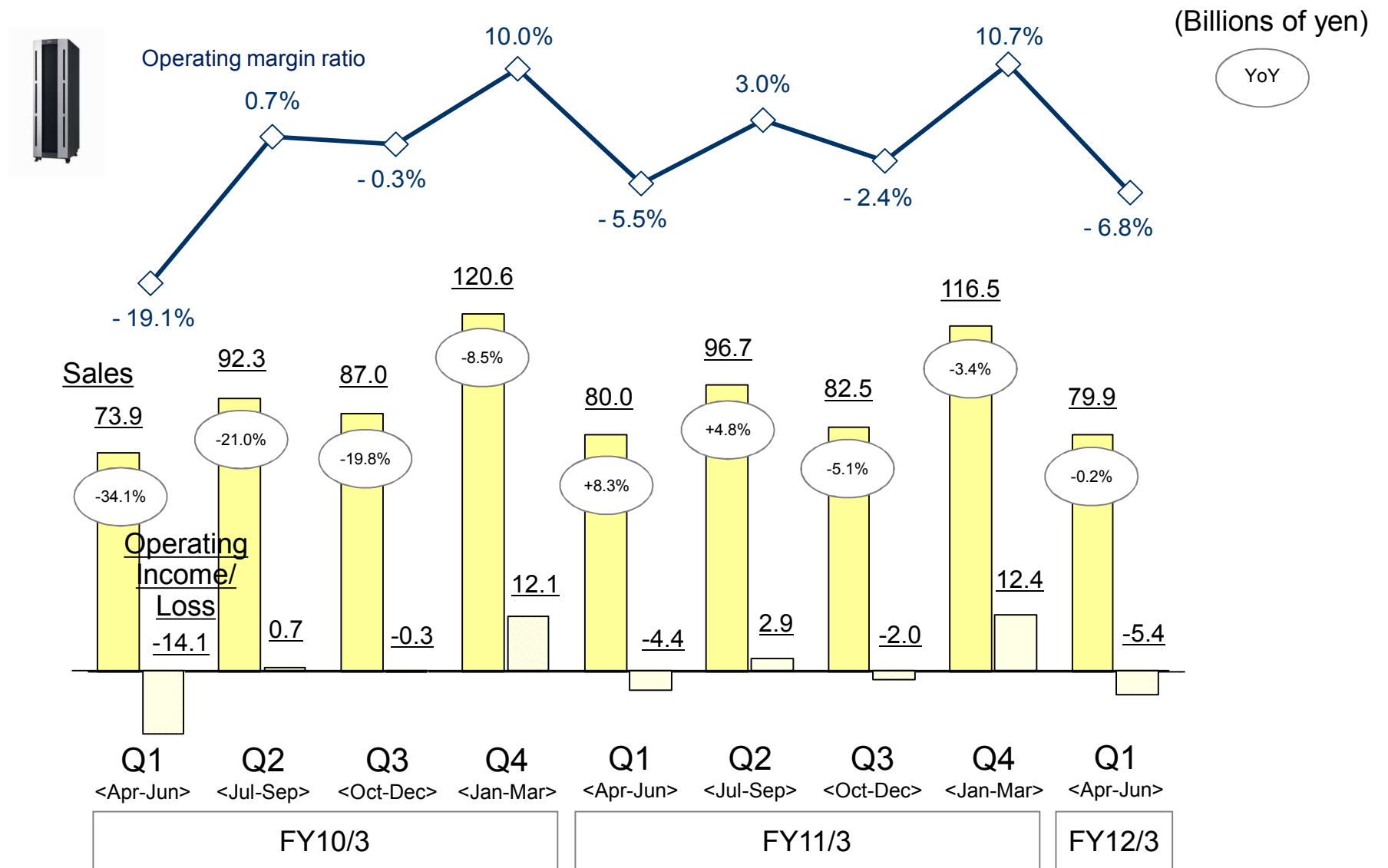
YoY



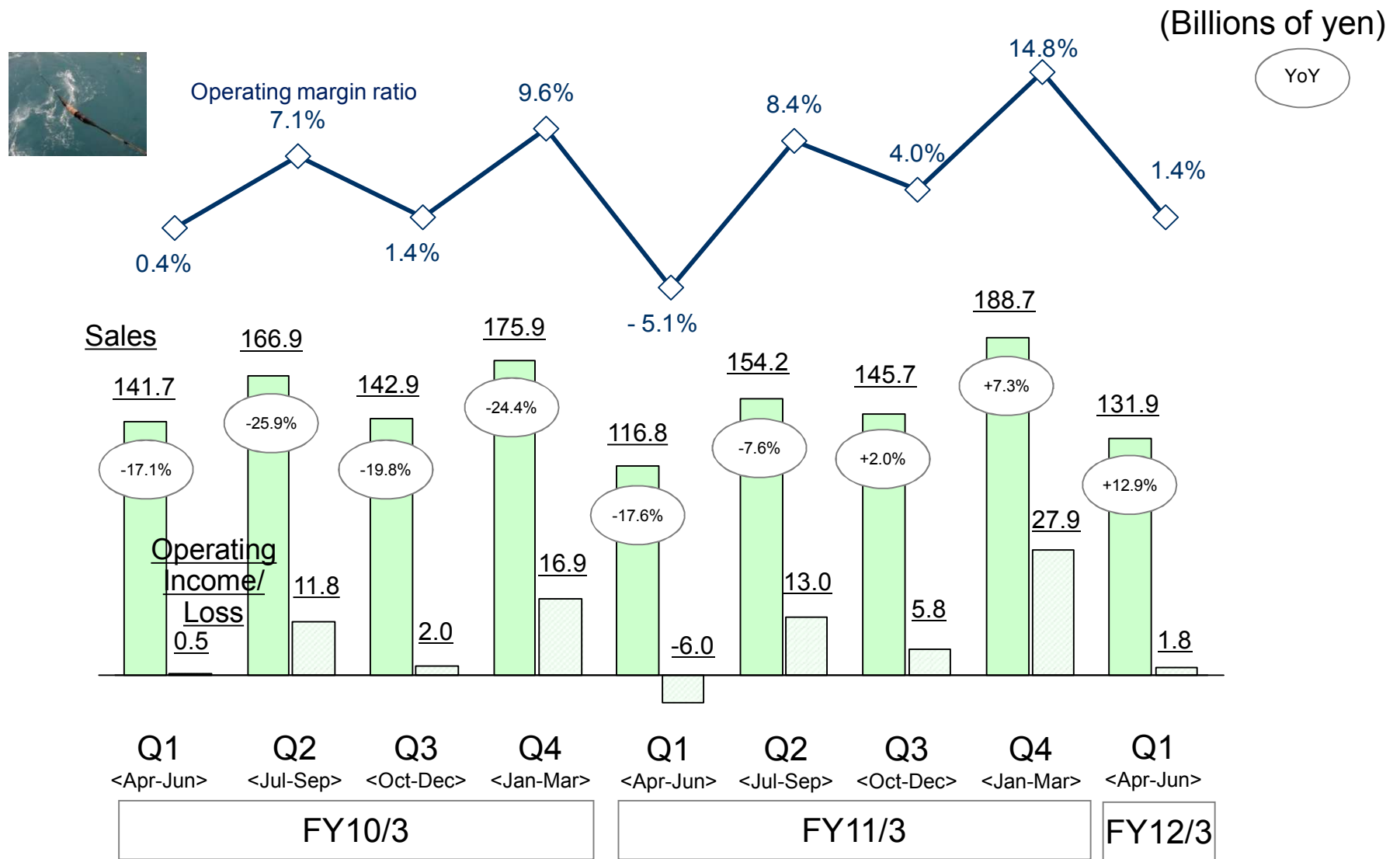
Sales, Operating Income/Loss (IT Services)



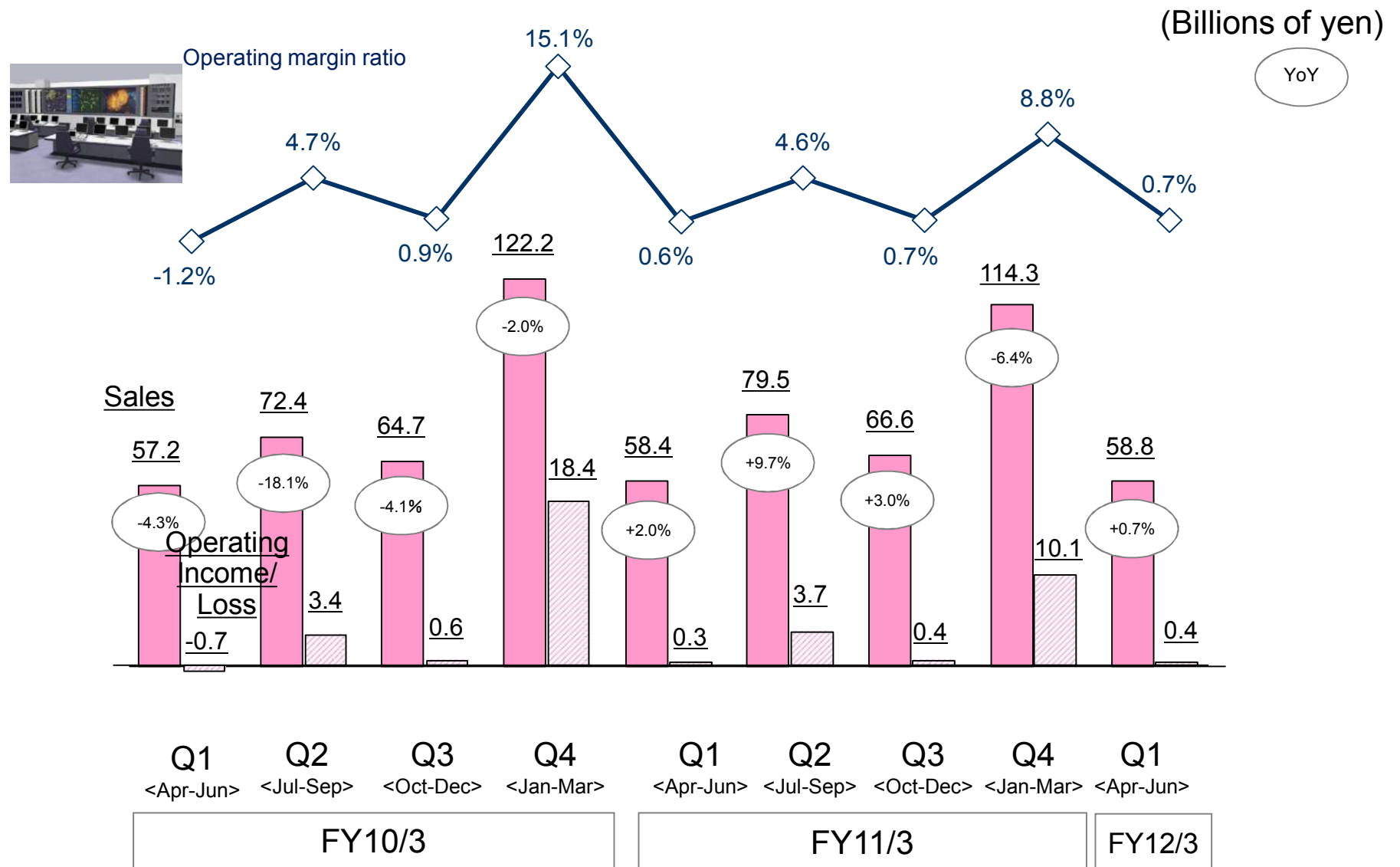
Sales, Operating Income/Loss (Platform)



Sales, Operating Income/Loss (Carrier Network)

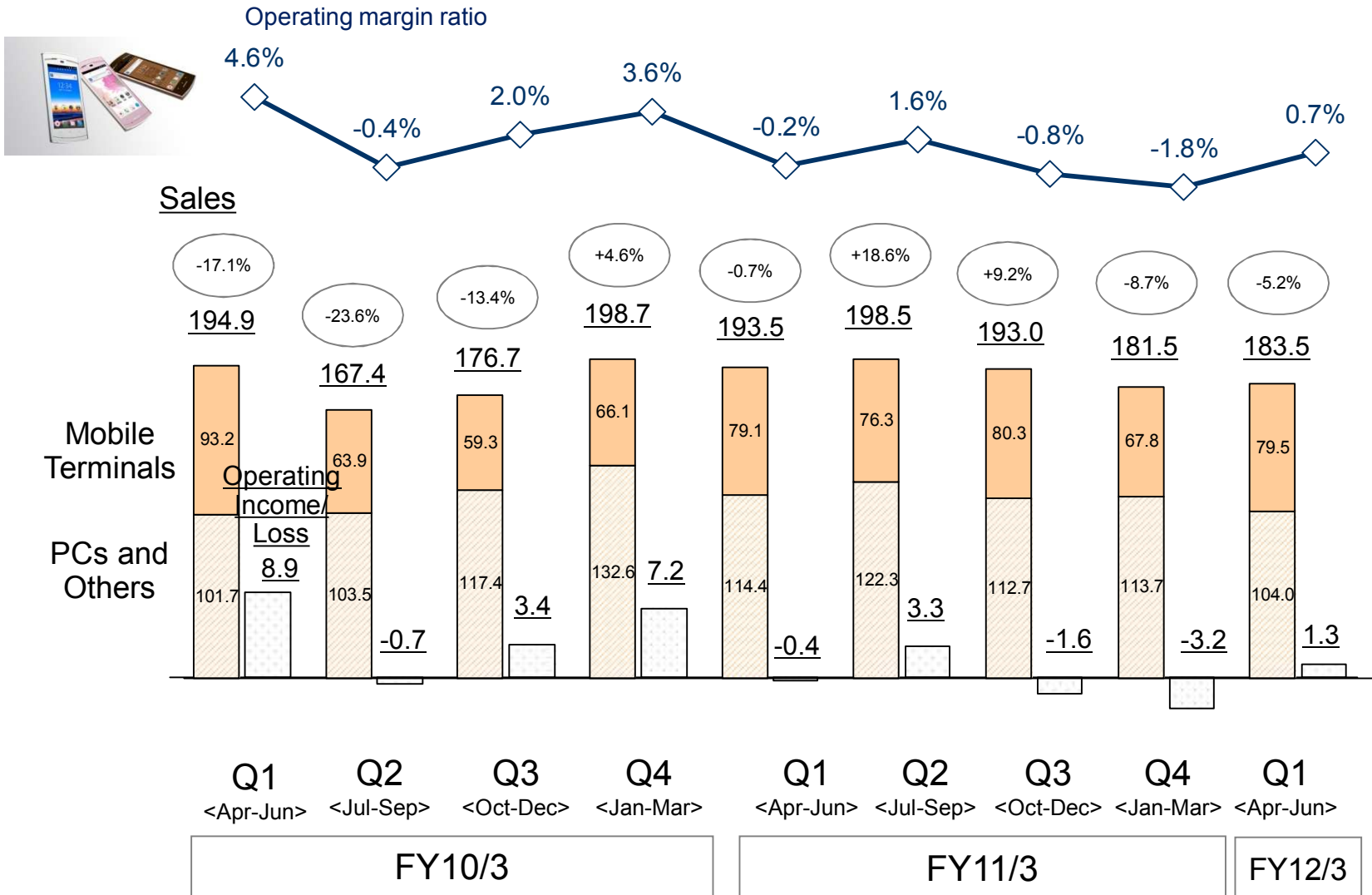


Sales, Operating Income/Loss (Social Infrastructure)

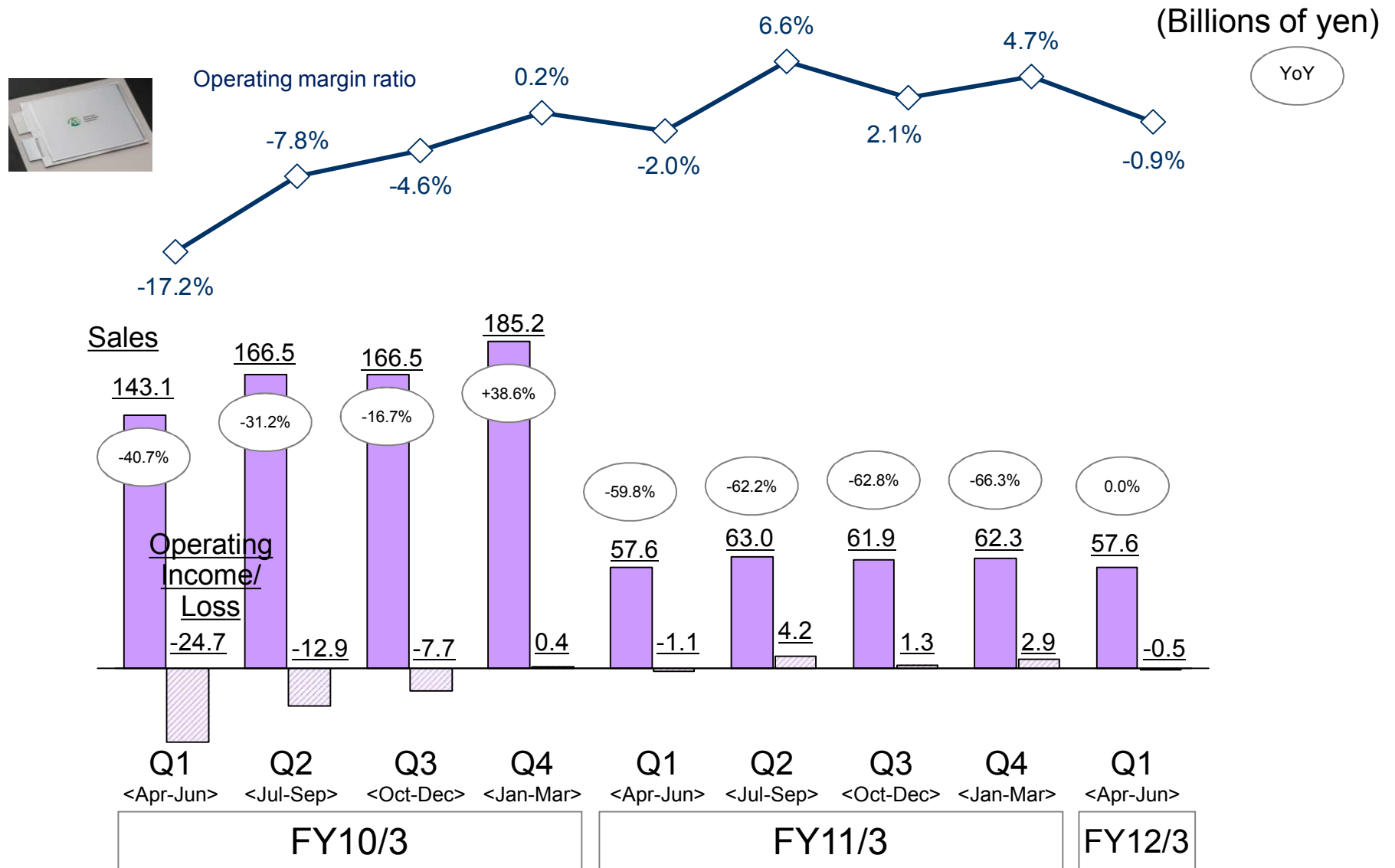


Sales, Operating Income/Loss (Personal Solutions)

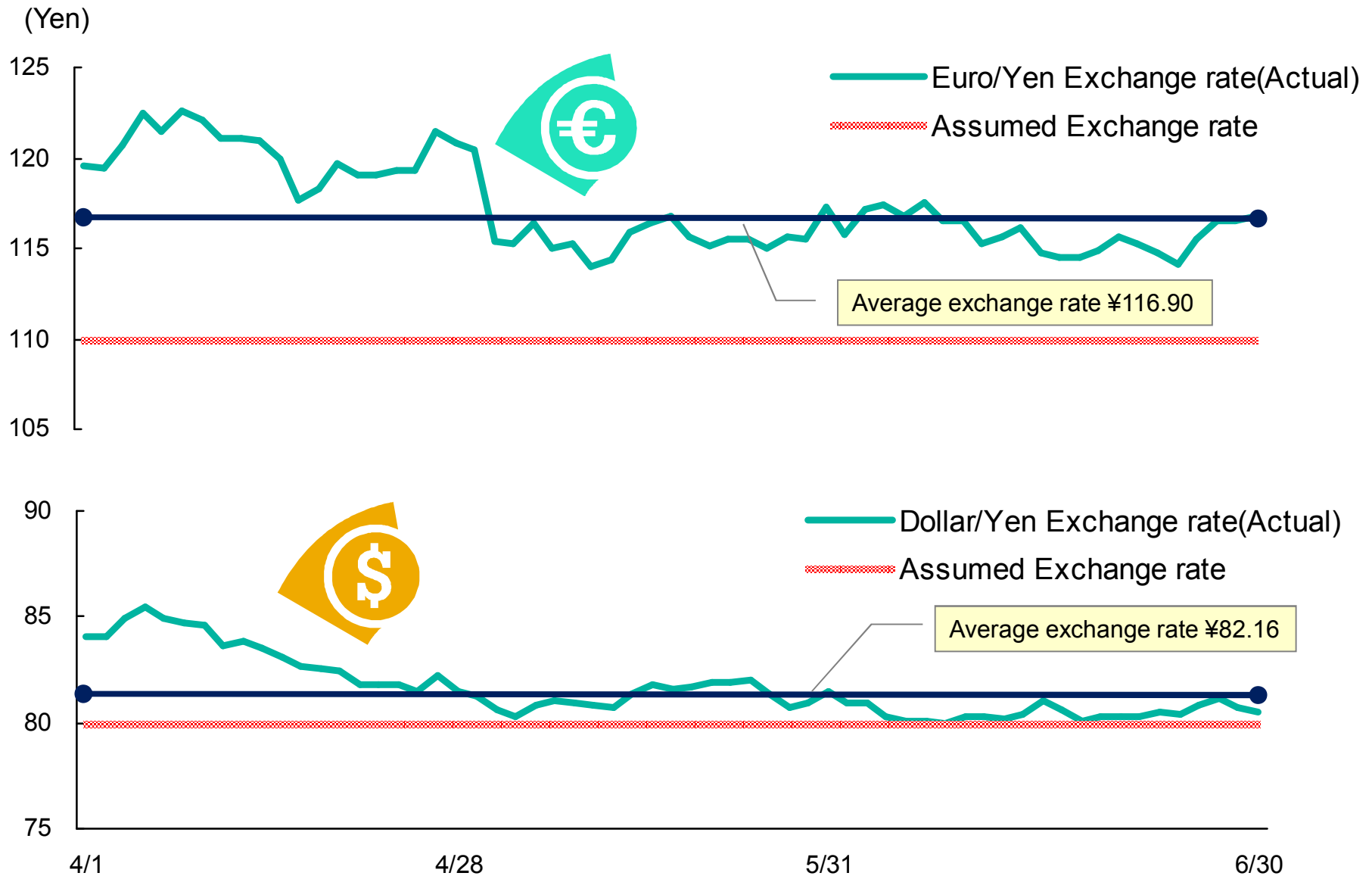
(Billions of yen)



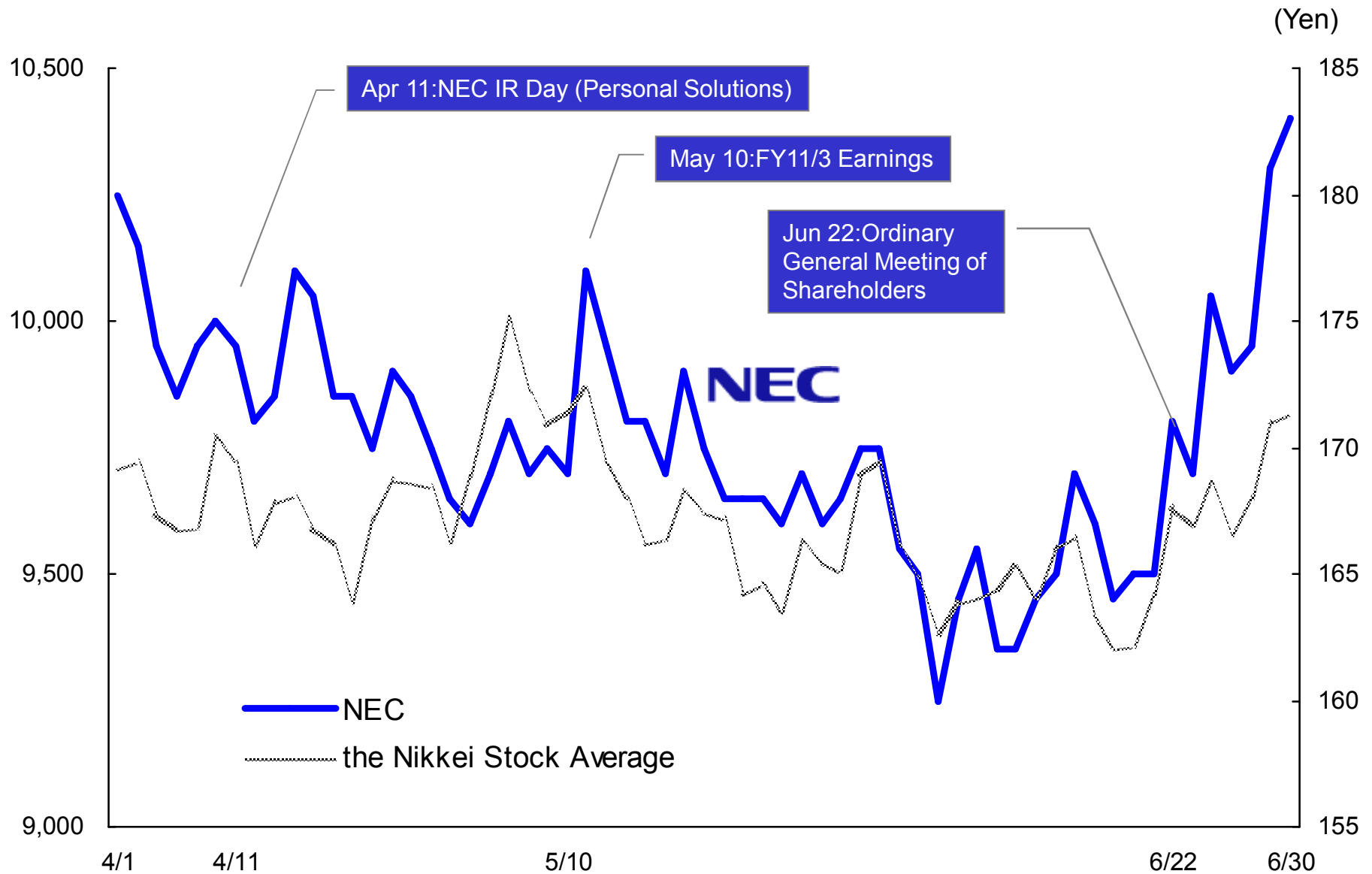
Sales, Operating Income/Loss (Others)



Exchange Rate



Stock Price



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