

**Explanation of Results for
Six-Month Period to
Sept. 30, 2002**

Oct. 23, 2002

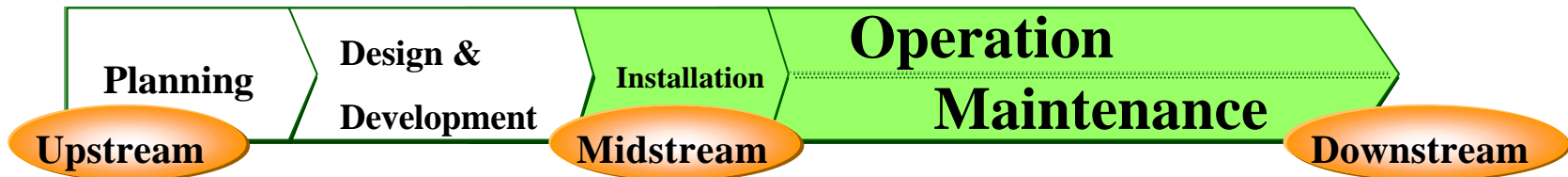
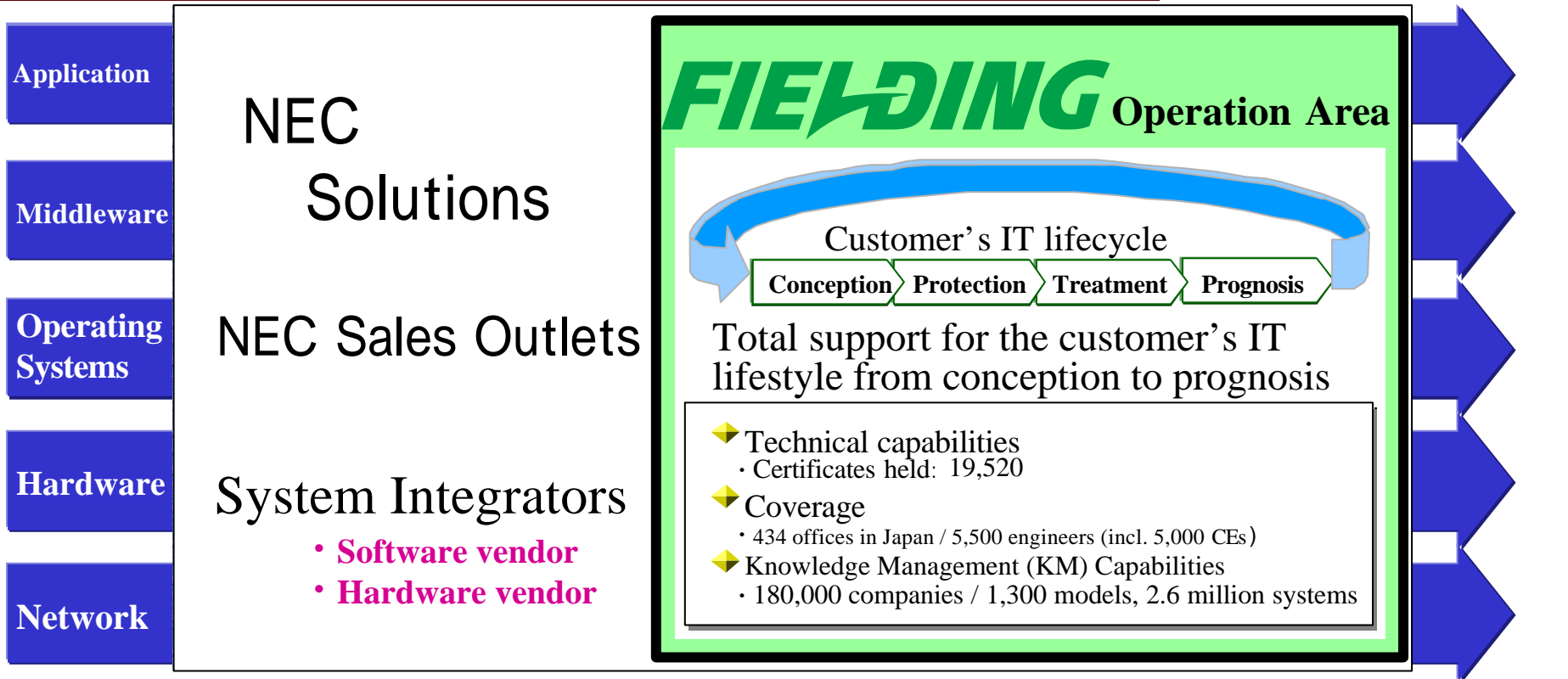
NEC Fielding Ltd.

Profile

- ① Name NEC Fielding Ltd.
- ① Description of Business IT Support Services
- ① President Takashi Torii
- ① Capital 9,670 million yen (As of Sept. 2002)
- ① Net Sales 227,200 million yen (Year ended March 2002)
- ① Employees 6,968 (As of March 2002)
- ① Sales/
Service offices 434 offices in Japan
23 offices overseas (14 countries) (As of March 2002)
- ① Head Office 4-28, Mita 1-chome, Minato-ku, Tokyo

Areas of Operation

Follow-up support services after IT system installation



Index

1 . Management topics

2 . Performance / Highlights for the six months
to September 30, 2002

3 . Outlook for year ending Mar. 2003
and future business strategy

1. Management topics (No. 1 in 3 Areas)

June 17

➔ **Rated No. 1 in CS Evaluation**

1 in CS

➔ Results of 7th Nikkei Computer CS Survey

Sept. 18

➔ **Listed on First Section of
Tokyo Stock Exchange**

1 Company

➔ Code 2322, Service Industry, Market Capitalization 118,000 mil. yen (Sept. 18 closing base)

Oct. 1

➔ **Received 2002 Minister of Economy, Trade and Industry Award as a Company
Contributing to the Promotion of Information Technologies**

1 in IT service
industry

➔ Development of service process integration support systems ranging from computer failure to recovery support

2. Results for Six Months to Sept. 30, 2002

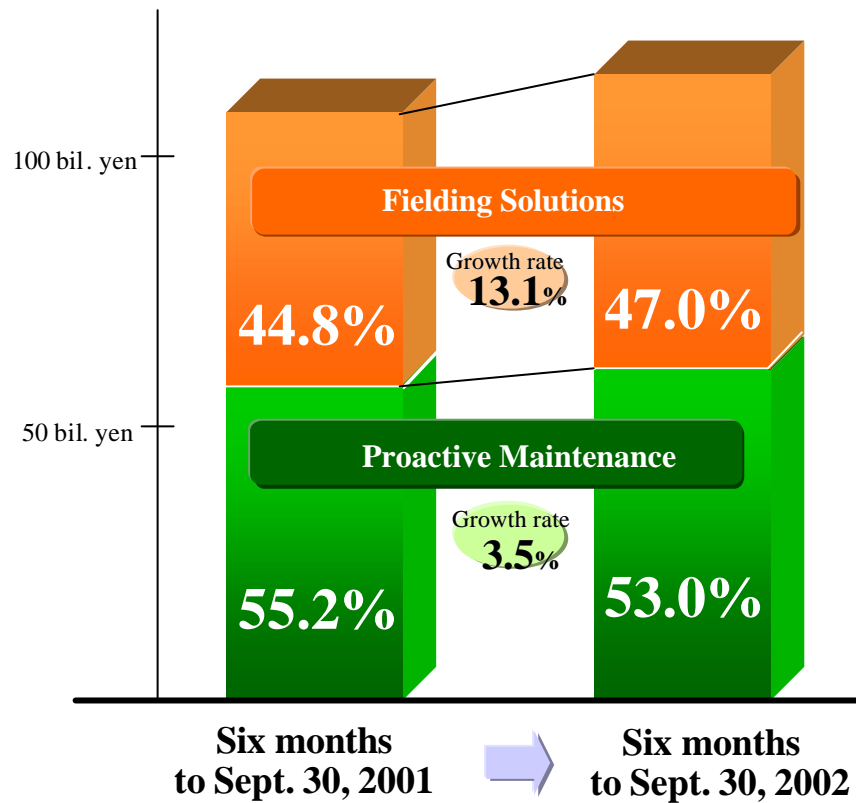
Unit: millions of yen

Main management indexes	Consolidated		Non-consolidated			
	Six Months to Sept. 30, 2002		Six Months to Sept. 30, 2002		Change from year before	
		Sales ratio		Sales ratio	Difference	Growth rate
↘Sales	115,871	-	115,112	-	+7,623	7.1%
↘Operating income	7,681	6.6%	7,673	6.7%	+4,199	120.9%
↘Ordinary income	7,622	6.6%	7,613	6.6%	+4,156	120.3%
↘Current net income	4,492	3.9%	4,487	3.9%	+2,735	156.2%
↘Free cash flow	4,851	-	-	-	-	-
↘Net income per share (yen)	-	-	186.24	-	+106.61	133.9%
↘Dividend per share (yen)	-	-	15.00	-	+12.50	500.0%
↘Total assets	115,699	-	113,907	-	+6,703	6.3%
↘Shareholders' equity	38,692	-	38,690	-	+26,968	230.1%
↘Shareholders' equity ratio	33.4%	-	34.0%	-	+23.0pt	-

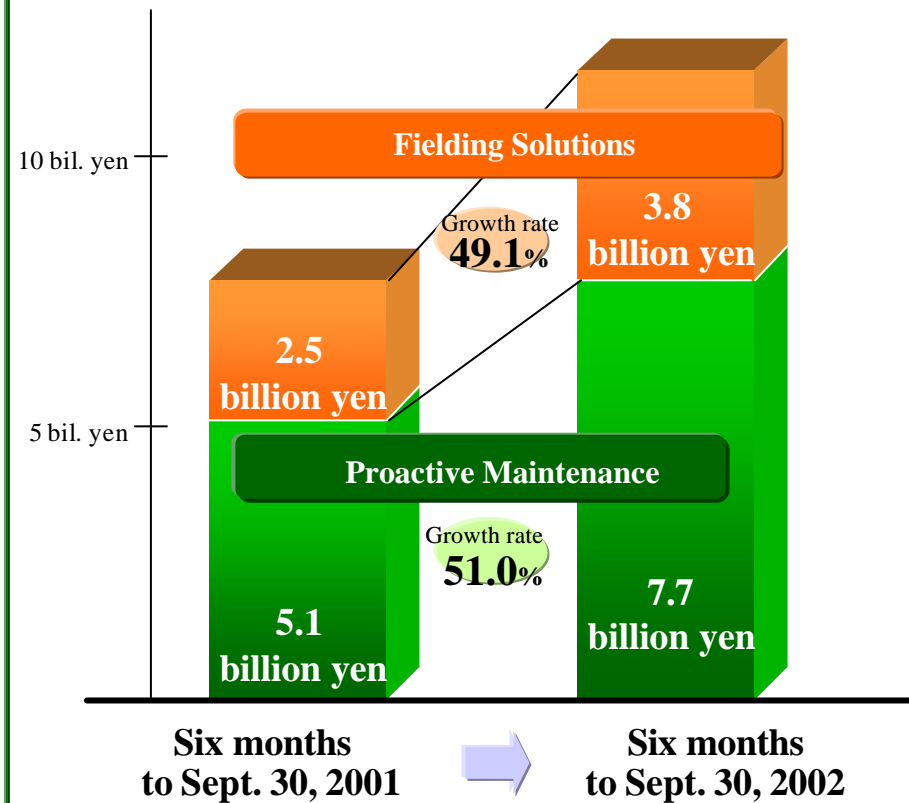
On June 18, 2002, the Company carried out a 10 for 1 stock split. The per share data above is split adjusted from the beginning of the period (April 1, 2001).

2. Segmented Component Ratios (Consolidated)

Sales component ratio



Operating income component ratio




Operating income figures before deduction of common costs.

Segment sales and operating income for the six months to Sept. 30, 2001 are shown using deemed values.

2. Highlights for Six-Month Period to Sept. 30, 2002 (Non-consolidated)

Customer Satisfaction

Results of activities



 **7th Nikkei
Computer
CS Survey** **No. 1 in the
industry**

Key activities

- ◆ Acquired 2000 ISO9000 (May)
- ◆ Acquired Privacy Mark (Sept.)
- ◆ Continued company-wide horizontal development of 72 service quality management items
Problem response capabilities / disclosure of service targets to customers

Growth

Results of activities

 **Gross sales growth rate** **7.1%**
 **Fielding Solutions
sales growth rate** **11.5%**
(consolidated: 13.1%)

Key activities

- ◆ Strengthened sales capabilities through customer-oriented organization (establishment of Corporate Services Department) (July: 169 members)
- ◆ Secured growth of solutions business through investments in hosting/housing services (July: FIELDING i Solution Saitama)
- ◆ Market entry of IT Service Packaging Products (July: 10 menus)

2. Highlights for Six-Month Period to Sept. 30, 2002 (Non-consolidated)

Profitability

Results of activities

	Six months to Sept. 2001	Six months to Sept. 2002
Operating income ratio		
→ Increase from year before	3.2%	→ 6.7%

Key activities

- Reduced costs 5% by continuing low-cost work activities (a total 7.2 billion yen reduction)
- Structural reforms in Personal Operations Integration/Relocation of PC repair offices to Gunma Prefecture

Efficiency

Results of activities

	Six months to Sept. 2001	Six months to Sept. 2002
Total assets		
→ Ordinary income ratio	3.2%	→ 6.9%

Key activities

- Improvements in inventory assets Integration of equipment bases, SCM activities (26.4 billion yen; down 1 billion yen from year before)
- Improved profitability (ordinary income 2.2X previous year and improved asset efficiency)
- Total asset turnover rate 1.00 times (same period the year before)
1.05 times (current term)

Ordinary income ÷ ((total of assets at end of each month from Mar. 2002 to end of current term) ÷ 7)

3. Outlook for Year Ending March 2003 (Consolidated)

Main management indexes

Unit: millions of yen

	Year Ended March 31, 2002		Outlook for year ending March 2003		Change from year before	
		Sales Ratio		Sales Ratio	Difference	Growth rate
↘Sales	227,266	-	244,100	-	+16,833	7.4%
↘Operating income	10,659	4.7%	13,800	5.7%	+3,140	29.5%
↘Ordinary income	10,466	4.6%	13,600	5.6%	+3,133	29.9%
↘Current net income	5,672	2.5%	7,500	3.1%	+1,827	32.2%
↘Total assets	117,712	-	122,000	-	+4,288	3.6%
↘Shareholders' equity	18,530	-	41,291	-	+22,761	122.8%
↘Shareholders' equity ratio	15.7%	-	33.8%	-	+18.1pt	-
↘Total asset to ordinary income ratio	9.7%	-	11.7%	-	+2.0pt	-
↘Shareholders' equity to net income ratio	53.0%	-	24.8%	-	28.2pt	-

3. Future Business Strategy

➤ NEC Fielding's Target Markets

Follow-up support services in the IT Service Market

➤ Segment-specific business developments

Proactive Maintenance



Profitability

Fielding Solutions



Growth

➤ Business investments that support continued high growth

Prior investment of funds procured through listing, aimed at growth of business

3. Future Business Strategy

NEC Fielding's Target Markets

Target markets for IT services		
Source: IT Service Markets in Japan (Gartner Dataquest, June 2002)	Mar. '03 Market scale (trillion yen)	Mar. '03 Mar. '04 Avg. annual growth
Hardware Maintenance/Support	1.52	0.9%
Software Maintenance/Support	0.46	10.5%
Application Management	0.23	13.2%
Helpdesk Management	0.05	3.8%
Business Process Management	0.52	8.5%
Operation Services	1.55	11.4%
System Expansion Services	0.17	3.6%
Education/Training	0.24	6.6%
IT Consulting Services	0.38	5.2%
Total	5.14	6.9%

FIELDING			
Segment	Main Service Menu		
Proactive Maintenance Operations Mar. '02 Mar. '04 Avg. annual growth 1%	Hardware Maintenance Contract Maintenance / Total Maintenance / Multi-vendor maintenance	System Support	
	Software Maintenance		Software Support
Fielding Solutions Operations Mar. '02 Mar. '04 Ave. annual growth 15%	Helpdesk	Operation Services	
	Business Recovery	Hosting	
	Construction of operating service, monitoring system	Server/Network Monitoring	Security
	Installation/expansion Support	Improve PC Value	Pre-installation
	IT Education	Dispatching Instructors	Training
	Network Probing	Wireless Network Simulations	Network Construction
Mar. '02 Mar. '04 Avg. annual growth 7.5%			

3. Future Business Strategy

Segment-specific Business Developments

Proactive Maintenance Operations

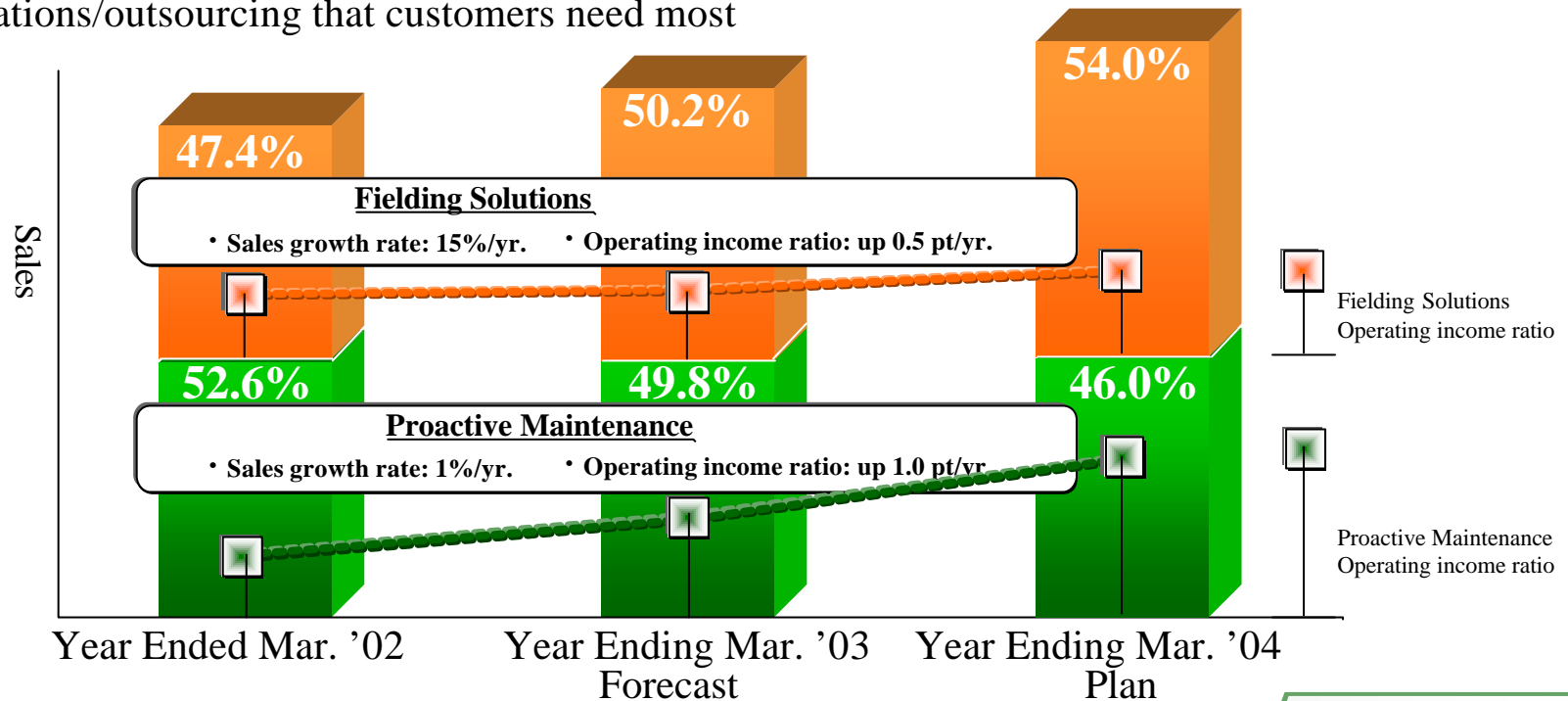
Securing Profits

- Improving maintenance methods through tool development and improving CS/securing profits through continued low-cost activities

Fielding Solutions Operations

Achieving High Growth

- Achieving high growth through capital investments in response to operations/outsourcing that customers need most



White figures in graph show component ratios

3. Future Business Strategy

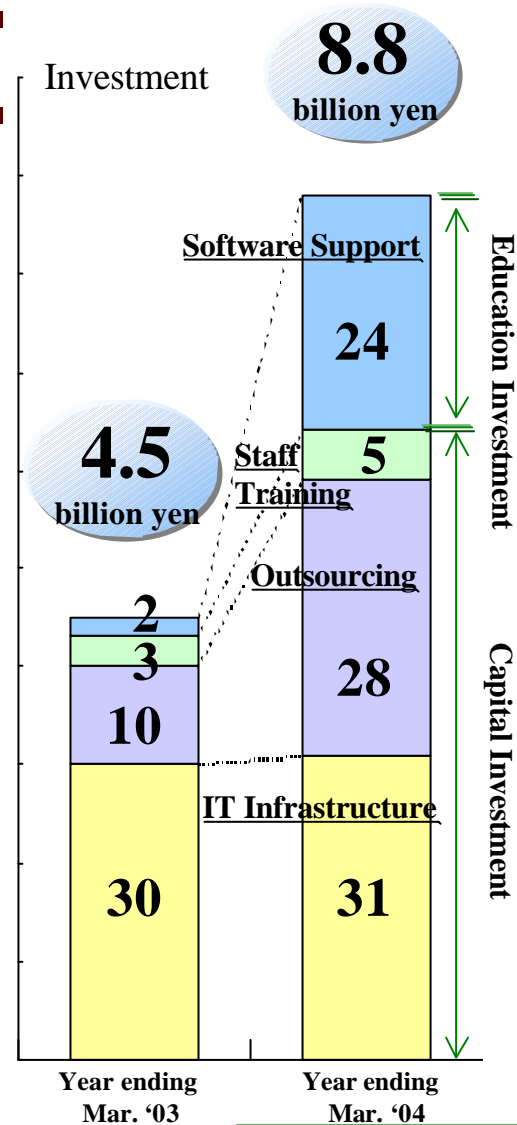
Prior investment aimed at businesses that support continued high growth

Education investment

- Training software support staff

Capital investment

- Improving personnel training facilities
 - Construction of verification and testing systems
 - Construction of remote education facilities
- Improving outsourcing facilities
 - Increasing hosting/housing sales
- Expanding the IT infrastructure
 - Constructing information management systems to support speed management
 - Constructing CRM systems to strengthen sales capabilities



Caution regarding these materials

Forecasts relating to future trends, performance, etc., among the strategies, plans, and other information contained in these materials are not historical facts, and therefore include elements of uncertainty. Actual performance may differ significantly from these forecasts depending on certain factors.

Factors that may affect actual performance include, but are not limited to, economic conditions within NEC Fielding's business, social trends, and the relative competitive strength of services and other products offered by NEC Fielding as determined by changes in demand.

Reference: Results for Six Months to Sept. 30, 2002 (Consolidated)

Main management indexes

Unit: millions of yen

	Six Months to Sept. 30, 2001		Six Months to Sept. 30, 2002		Change from year before	
		Sales ratio		Sales ratio	Difference	Growth rate
↘Sales	-	-	115,871	-	-	-
↘Operating income	-	-	7,681	6.6%	-	-
↘Ordinary income	-	-	7,622	6.6%	-	-
↘Current net income	-	-	4,492	3.9%	-	-
↘Free cash flow	-	-	4,851	-	-	-
↘Total assets	-	-	115,699	-	-	-
↘Shareholders' equity	-	-	38,692	-	-	-
↘Shareholders' equity ratio	-	-	33.4%	-	-	-

(Note) NEC Fielding had no consolidated subsidiaries during the six months to Sept. 30, 2001, so there are no performance values or comparisons listed from the year before.

Reference: Results for Six Months to Sept. 30, 2002 (Non-consolidated)

Unit: millions of yen

Main management indexes	Six Months to Sept. 30, 2001		Six Months to Sept. 30, 2002		Change from year before	
		Sales ratio		Sales ratio	Difference	Growth rate
↘Sales	107,489	-	115,112	-	+7,623	7.1%
↘Operating income	3,474	3.2%	7,673	6.7%	+4,199	120.9%
↘Ordinary income	3,456	3.2%	7,613	6.6%	+4,156	120.3%
↘Current net income	1,751	1.6%	4,487	3.9%	+2,735	156.2%
↘Net income per share (yen)	79.63	-	186.24	-	+106.61	133.9%
↘Dividend per share (yen)	2.50	-	15.00	-	+12.50	500.0%
↘Total assets	107,203	-	113,907	-	+6,703	6.3%
↘Shareholders' equity	11,722	-	38,690	-	+26,968	230.1%
↘Shareholders' equity ratio	10.9%	-	34.0%	-	+23.0pt	-

On June 18, 2002, the Company carried out a 10 for 1 stock split. The per share data above is split adjusted from the beginning of the period (April 1, 2001).

Reference: Forecast for Year Ending March 2003 (Non-consolidated)

Unit: millions of yen

Main management indexes	Year ended March 31, 2002		Outlook for year ending Mar. 2003		Change from year before	
		Sales Ratio		Sales Ratio	Difference	Growth rate
↘Sales	227,266	-	243,000	-	+15,733	6.9%
↘Operating income	10,659	4.7%	13,700	5.6%	+3,040	28.5%
↘Ordinary income	10,466	4.6%	13,500	5.6%	+3,033	29.0%
↘Current net income	5,672	2.5%	7,450	3.1%	+1,777	31.3%
↘Net income per share (yen)	256.44	-	291.45	-	+35.01	13.7%
↘Dividend per share (yen)	5.00	-	30.00	-	+25.00	500.0%
↘Total assets	114,904	-	120,500	-	+5,596	4.9%
↘Shareholders' equity	18,531	-	41,244	-	+22,713	122.6%
↘Shareholders' equity ratio	16.1%	-	34.2%	-	+18.1pt	-
↘Total asset to ordinary income ratio	9.7%	-	12.0%	-	+2.3pt	-
↘Shareholders' equity to net income ratio	53.0%	-	24.5%	-	28.5pt	-

On June 18, 2002, the Company carried out a 10 for 1 stock split. The per share data above is split adjusted from the beginning of the period (April 1, 2001).