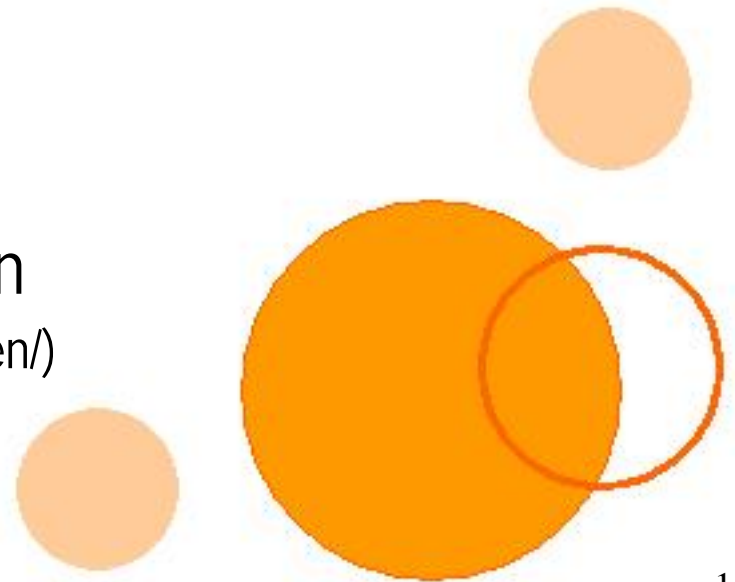


Financial Results for the 1Q FY06/3

(First Quarter of Fiscal Year ending March 2006)

July 28, 2005
NEC Corporation
(<http://www.nec.co.jp/ir/en/>)



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(Note)

(1) "Operating income (loss)" set forth above is a measure commonly used by other Japanese companies that report their financial results in accordance with generally accepted financial reporting practices in Japan. "Operating income (loss)" is calculated by deducting cost of sales and selling, general and administrative expenses from net sales. Management believes this measure is useful to investors in comparing NEC's results of operations to other Japanese companies. This measure, however, should not be construed as an alternative to "income (loss) before income taxes" or "net income (loss)" as determined in accordance with U.S. GAAP. Please refer to the condensed consolidated statement of operations for the calculation of the operating income (loss).

(2) i-mode is a registered trademark of NTT DoCoMo, Inc.

Executive Summary

Management Issues for FY 06/3 :

Steady implementation of the ongoing measures for turnaround
and additional measures to further enhance growth

1Q/OP:

Exceeded the forecast

- Steady IT / NW Solutions businesses
- Flagging Semiconductors business

1H/OP:

Expect to achieve ¥15bn target, enhancing
NEC Group-wide management efforts

- Execute growth strategy of Solutions businesses
- Steady improvement of Mobile Terminals business
- Strengthen value chain of NEC group

As of July 28, 2005

Financial Summary

(Billion Yen)	FY05/3	FY06/3			
	1Q Actual	1Q Actual	YOY	1st half Forecast	YOY
Net sales	1,056.2	1,000.9	-5.2%	2,250	-2.3%
Operating income (% to Net sales)	16.5 1.6%	-21.1 -2.1%	-37.6	15 0.7%	-44.3
Income before income taxes	40.4	-28.9	-69.3	28	-43.9
Net income (% to Net sales)	20.9 2.0%	-11.0 -1.1%	-31.9	14 0.6%	-11.2
EPS: Basic (in Yen)	10.87	-5.66	-16.53		
Free cash flow*	-129.2	-119.2	+10.0		
Interest-bearing debt	1,283.1	1,199.4	83.7cut		
Net interest-bearing debt	810.3	786.2	24.1cut		
D/E ratio (times)	1.8	1.4	0.4cut		
Net D/E ratio(times)	1.1	0.9	0.2cut		
Shareholders' equity ratio	18.1%	21.9%	+ 3.8%		

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

Key Points from Balance Sheet

(Billion Yen)	<u>03/6</u>	<u>04/6</u>	<u>05/6</u>	<u>05/3</u>
Total Assets	3,983.4	3,974.4	3,805.4	3,940.7
(Turnover)	(1.18)	(1.24)	(1.26)	(1.23)
Inventories	636.3	669.5	584.4	528.9
(Turnover Days)	(49days)	(50days)	(44days)	(40days)
Interest-Bearing Debt	1,508.2	1,283.1	1,199.4	1,156.2
(D/E Ratio) <Times>	(4.0)	(1.8)	(1.4)	(1.5)
Net Interest-Bearing Debt	1,167.7	810.3	786.2	661.9
(Net D/E Ratio)<Times>	(3.1)	(1.1)	(0.9)	(0.8)
Shareholders' Equity	378.6	721.2	831.8	794.3
(Shareholders' Equity Ratio)	(9.5%)	(18.1%)	(21.9%)	(20%)

* "Total Assets Turnover" and "Inventories Turnover Days" are calculated by end-of-the-term and previous 12 months basis.

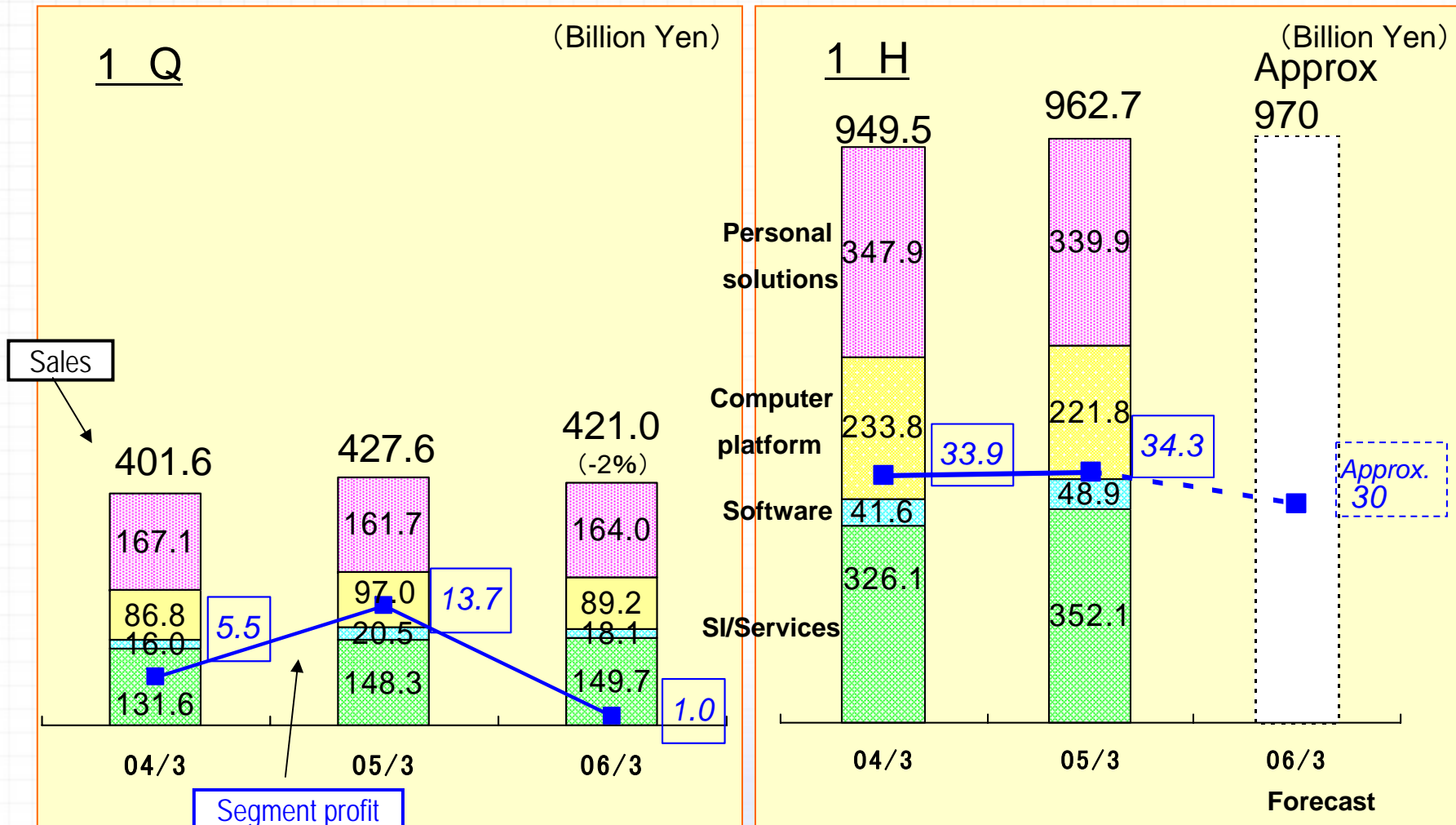
**Net D/E Ratio = D/E Ratio - "Cash and cash equivalents"

Financial Results by Segment

(Billion Yen)		1Q			1st half			
		FY05/3	FY06/3		FY05/3	FY06/3		
		Actual	Actual	YOY	Actual	Forecast	YOY	as of April
IT Solutions	Net sales	427.6	421.0	-1.5%	962.7	970	0.8%	970
	Profit/Loss	13.7	1.0	- 12.7	34.3	30	- 4.3	30
	(to sales)	3.2%	0.2%		3.6%	3.1%		3.1%
Network Solutions	Net sales	400.7	379.4	-5.3%	899.9	840	-6.7%	840
	Profit/Loss	10.9	3.1	- 7.8	18.2	10	- 8.2	10
	(to sales)	2.7%	0.8%		2.0%	1.2%		1.2%
Electron Devices	Net sales	243.9	181.6	-25.5%	461.4	395	-14.4%	420
	Profit/Loss	15.6	-9.8	- 25.4	33.8	-8	- 41.8	4
	(to sales)	6.4%	-5.4%		7.3%	-2.0%		1.0%
Others/Eliminations etc.	Net sales	-16.0	18.9	-	-20.8	45	-	20
	Profit/Loss	-23.7	-15.4	-	-27.0	-17	-	-29
	(to sales)	-	-		-	-		-
Total	Net sales	1,056.2	1,000.9	-5.2%	2,303.2	2,250	-2.3%	2,250
	Profit/Loss	16.5	-21.1	- 37.6	59.3	15	- 44.3	15
	(to sales)	1.6%	-2.1%		2.6%	0.7%		0.7%

IT Solutions Business

-1Q: Sales were almost flat YoY. Maintained segment profit, which was better than expected, although it decreased YoY



IT Solutions Business

■ SI/Services

- Japanese market remains severe
- Strive to achieve our original forecast by enhancing market creation and project management capabilities

■ Computer platform

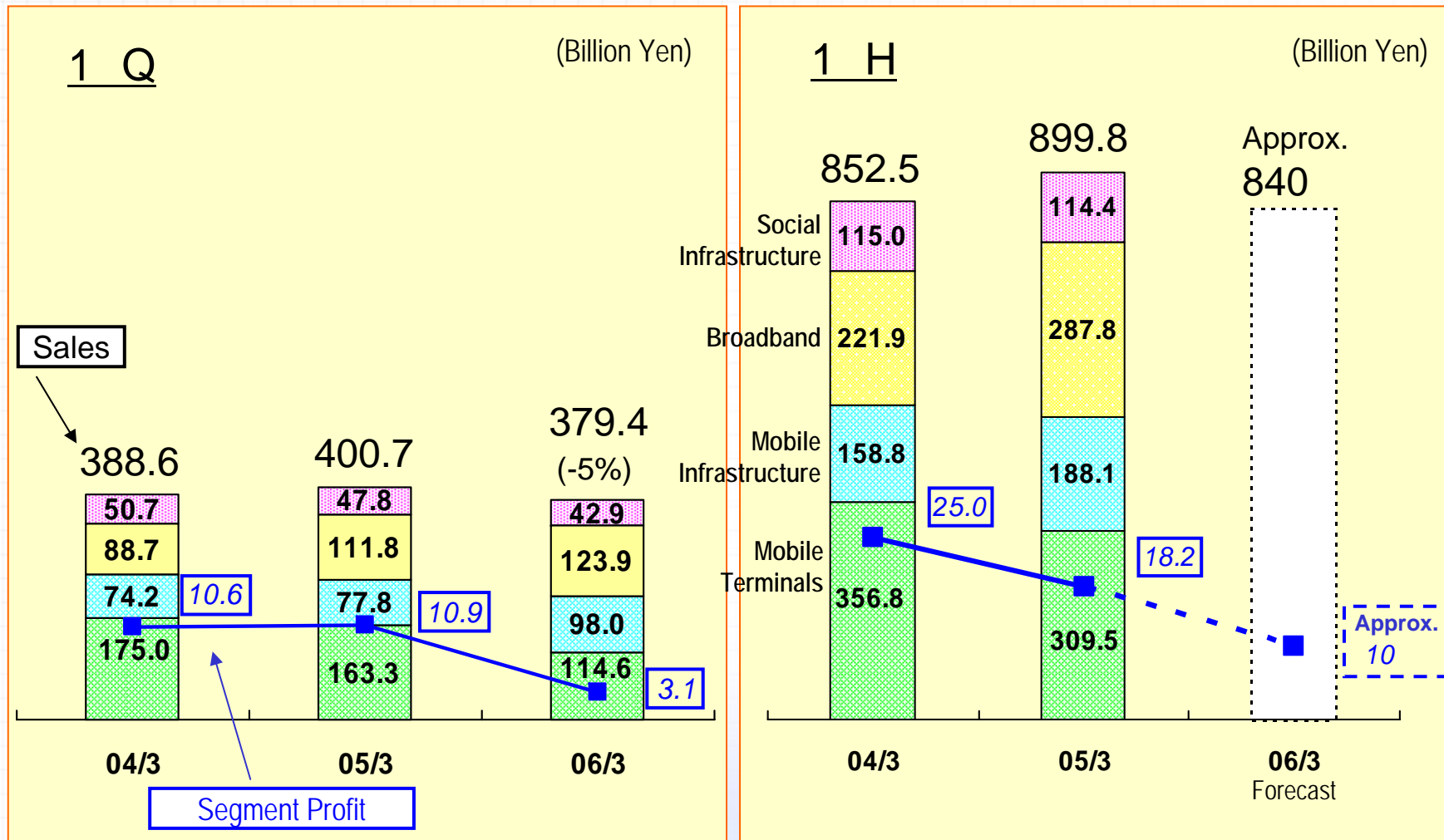
- Posted a slight loss due to seasonal factor, but better than originally anticipated
- Aim to absorb price decline impact with stable unit sales growth and cost reduction

■ Personal solutions

- Secured profit in Q1 driven by unit sales growth in Japanese market and cost reduction

Network Solutions Business

- 1Q segment profits exceeded forecast, although declined YoY -



Network Solutions Business

■ Broadband business : robustly expanded mainly in Japanese market

- Communication service providers :
Accelerated demand for optical access networking systems etc.
and expanded the sales ahead of schedule
- Enterprises : Increased the sales of UNIVERGE solutions favorably

■ Mobile infrastructure : growth continued during FY1Q

- Japan : Investments for service improvements increased
- Overseas : Sales of 3G base stations and PASOLINK exceeded our plan

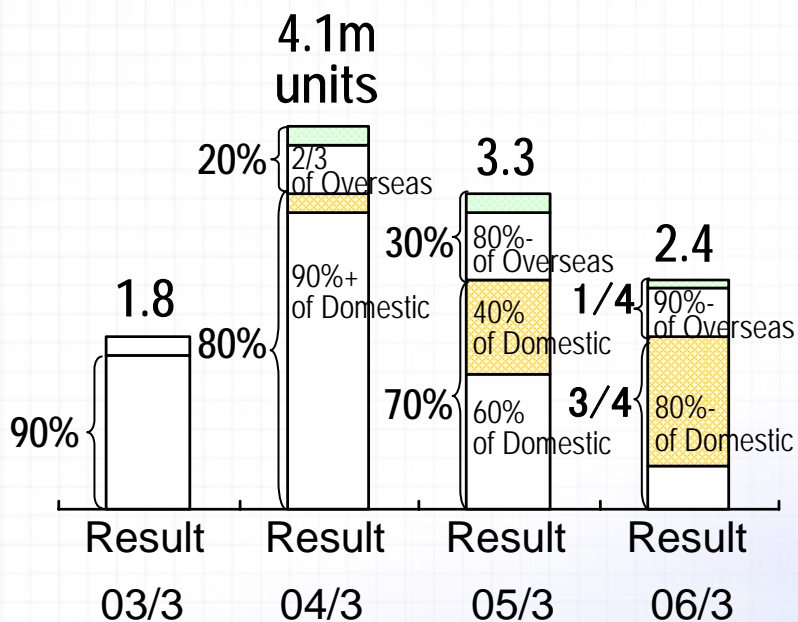
■ Mobile Terminals : Sales dropped YoY, loss within scope of plan

- 1Q Shipment 2.4m units (approx. 30% decrease YoY)
- Japan : - Sales of 3G handsets could not fully offset decrease in PDC sales
 - N901iS(launched June 24th) shipment growing in line w. plan
 - Overseas : - Launched 3G i-mode handsets
employing outsourced platform (June)
 - 2.5G handsets struggling due to price erosion etc.

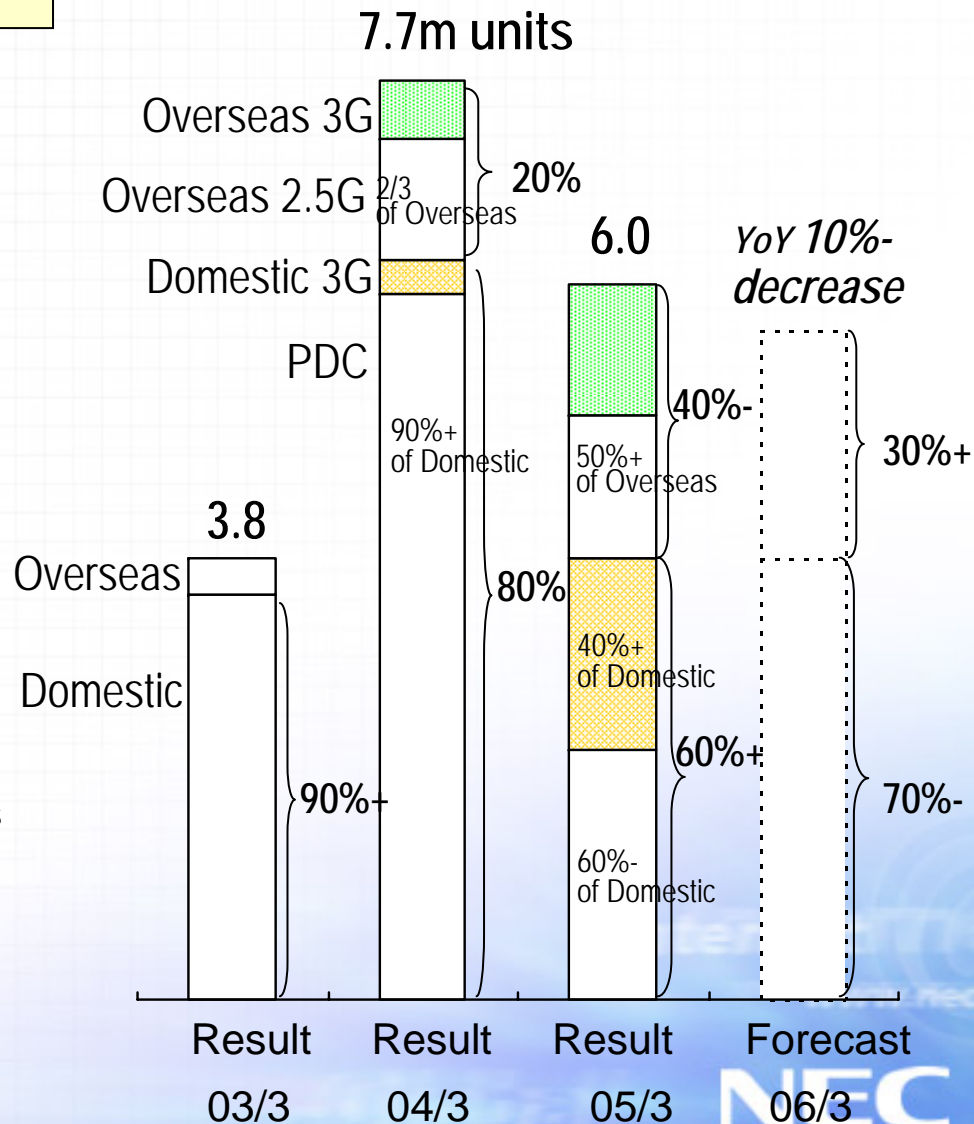
Sales of Mobile Terminals

Shipment volumes of mobile terminals

1 Q



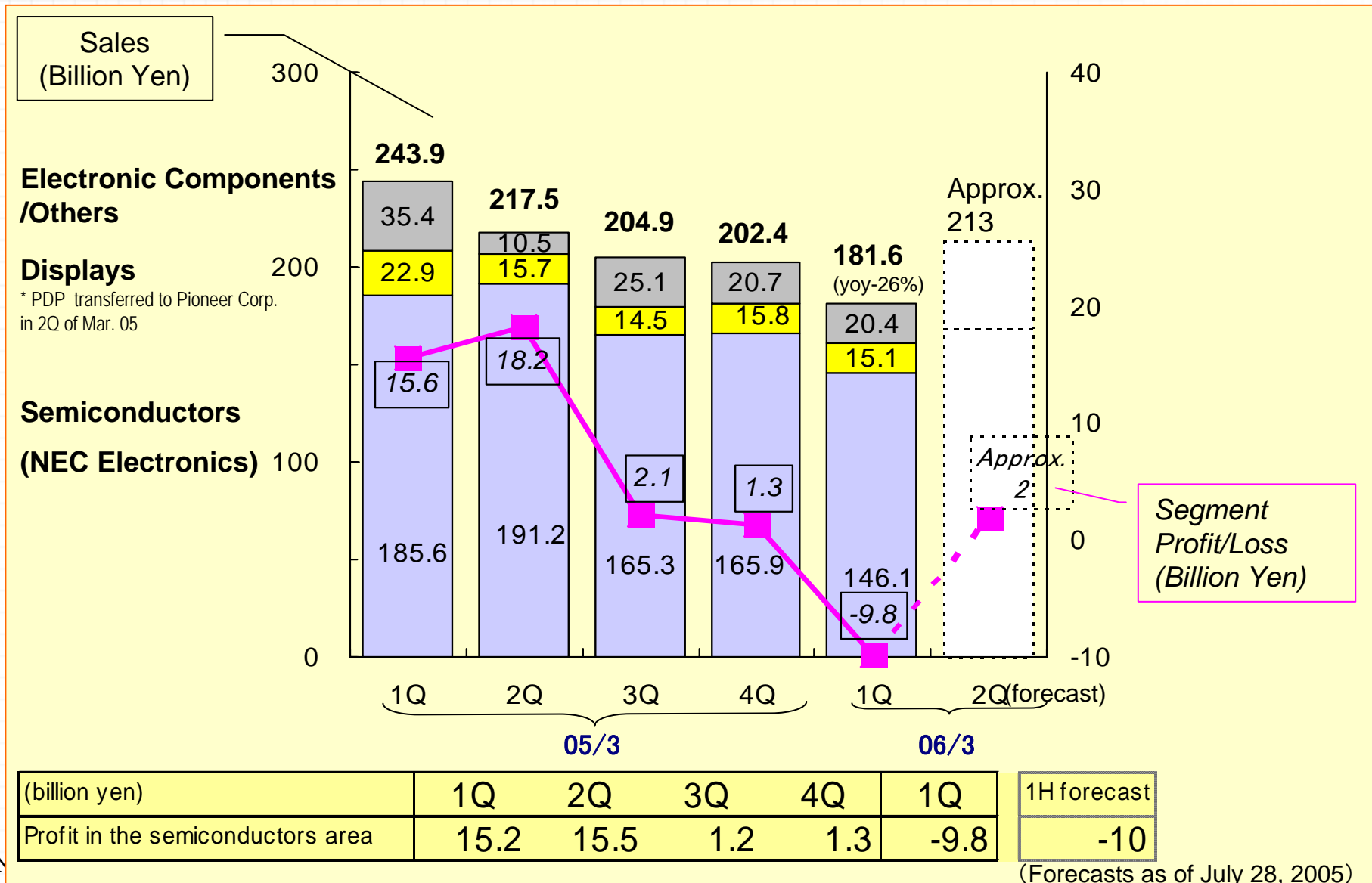
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Electron Devices Business

As of July 28, 2005

- FY06/3 1Q result: Profit decreased due to sequential sales decline in the semiconductors area -



Electron Devices Business

■ Semiconductor Solutions business:

- Demand is unsteady even after the easing of customers' inventory adjustments. No visible signs of recovery.
- 1Q results (compared to 4Q of FY05/3):
 - Sales of general-purpose microcontrollers and system LSIs for mobile handsets declined.
 - Sales of semiconductors for digital AV equipment were solid.
- Aim to improve profitability by implementing the mid-term growth strategy focusing on sales increase.

■ Color LCDs, electronic components:

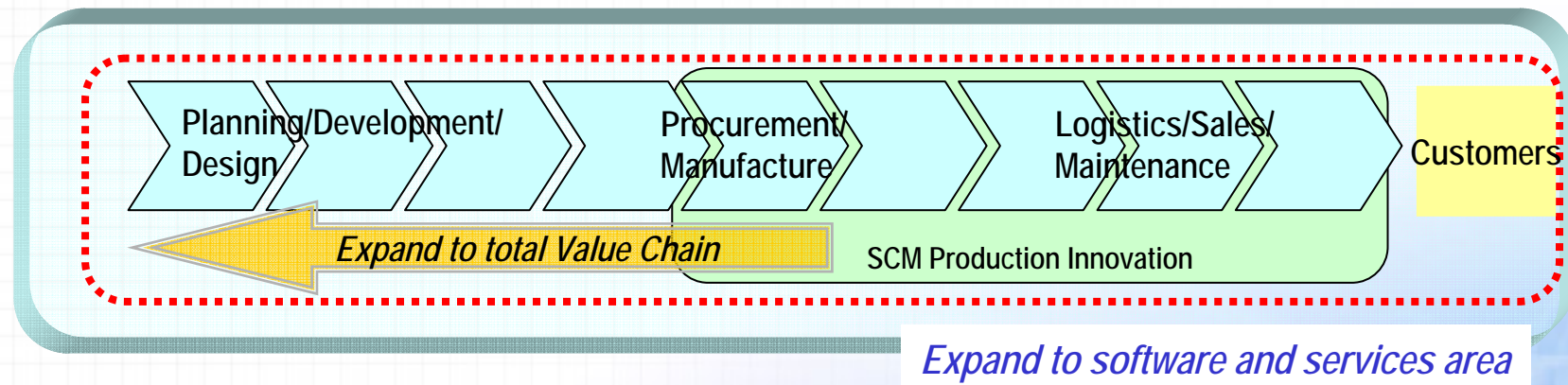
-1Q results : Sales continued to be stable.

Toward FY06/3 target (Full FY OP: ¥150 billion)

Cost Reduction through Total Process Transformation

◇ Focus Areas for FY06/3

- Reduce total material costs
- Capture/secure added value within NEC group
- Reform software/services business structure in order to enhance profitability
- Expand Production Innovation to total Value Chain



=> Set up "MONOZUKURI Innovation Unit"
in order to strengthen NEC Group's Value Chain (15th Jul, 2005)

Empowered by Innovation

NEC