

Financial Results for 3Q FY06/3 (Third Quarter of Fiscal Year Ending March 2006)

January 26, 2006

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).

Executive Summary

As of Jan. 26, 2006

Challenges at NEC

- Implement growth strategies for IT/Network solution businesses
- Turn-around underperforming businesses

3Q Results:

Achieved planned target for the quarter

4Q :

Making all-out effort to achieve financial forecast

Financial Summary (Overview)

As of Jan. 26, 2006

(Billion Yen)	FY05/3	FY06/3		FY06/3	
	3Q	3Q		Full Year	
	Actual	Actual	YoY	Forecast	YoY
Net sales	1,115.6	1,144.7	+3%	4,930	+2%
Operating income	20.6	19.0	-1.7	100	-31.2
(% to Net sales)	1.9%	1.7%		2.0%	
Income before income taxes	27.5	24.0	-3.5	90	-25.7
Net income	39.4	20.8	-18.6	60	-7.9
(% to Net sales)	3.5%	1.8%		1.2%	
EPS: Basic (in Yen)	20.23	10.43	-9.80		

(* Forecast remains unchanged from forecast as of Oct 27,2005)

Financial Summary by Segment

As of Jan. 26, 2006

(Billion Yen)		3Q			Full Year	
		FY05/3	FY06/3		FY06/3	
		Actual	Actual	YoY	Forecast	YoY
IT Solutions	Net sales	493.4	512.3	4%	2,200	3%
	Profit/Loss	26.0	16.8	- 9.2	115	+ 12.7
	(to sales)	5.3%	3.3%		5.2%	
Network Solutions	Net sales	434.9	408.3	-6%	1,830	-3%
	Profit/Loss	6.9	13.2	+ 6.3	50	+ 23.5
	(to sales)	1.6%	3.2%		2.7%	
Electron Devices	Net sales	204.9	207.5	1%	790	-9%
	Profit/Loss	2.1	-2.8	- 5.0	-28	- 65.2
	(to sales)	1.0%	-1.3%		-3.5%	
Others/Eliminations etc.	Net sales	-17.6	16.6	-	110	-
	Profit/Loss	-14.4	-8.2	-	-37	-
	(to sales)	-	-		-	
Total	Net sales	1,115.6	1,144.7	3%	4,930	2%
	Profit/Loss	20.6	19.0	- 1.7	100	- 31.2
	(to sales)	1.8%	1.7%		2.0%	

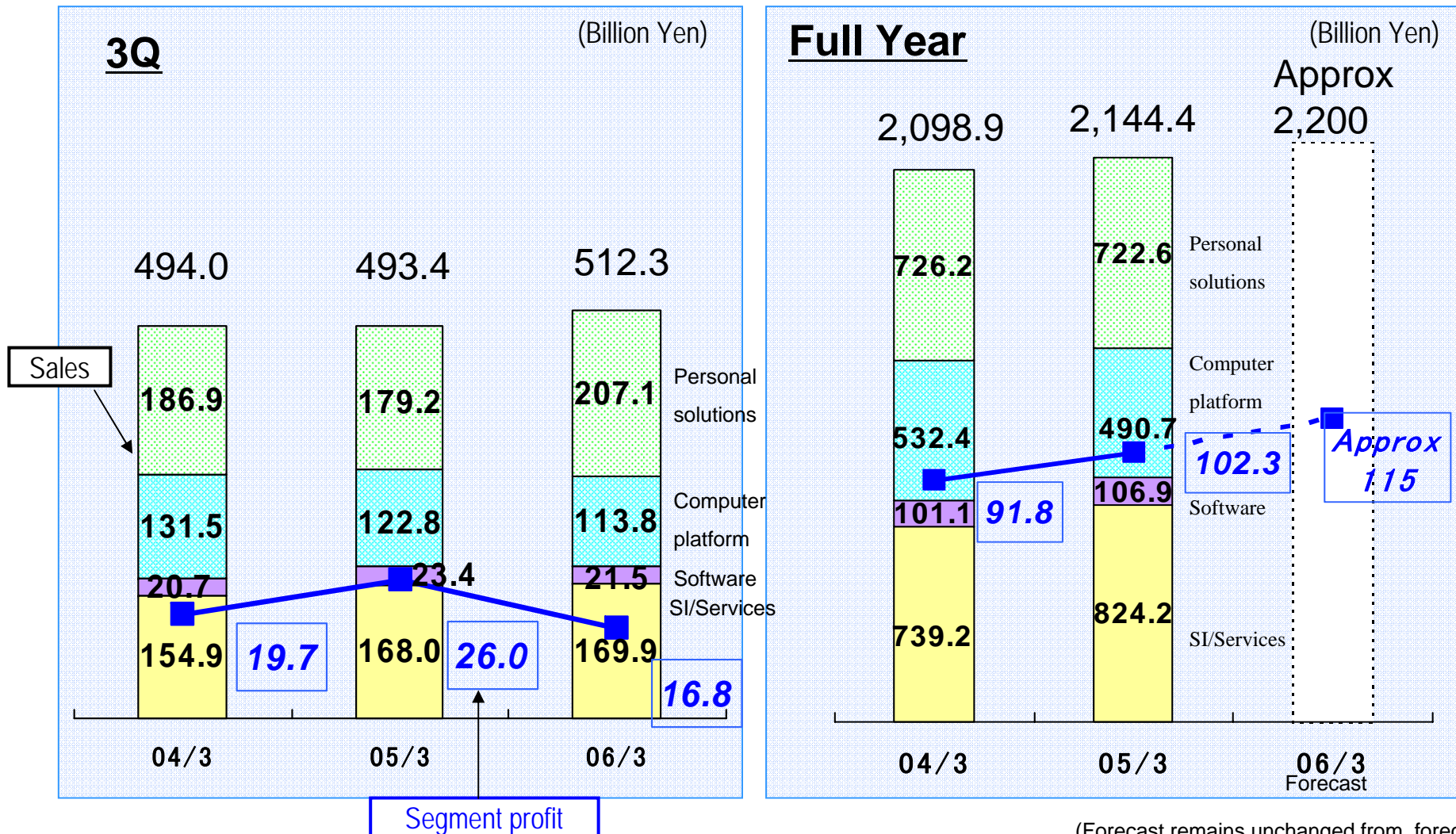
(* Forecast remains unchanged from forecast as of Oct 27,2005)

IT Solutions Business

As of Jan. 26, 2006

3Q: Sales grew steadily

Full year: Sales and profit are expected to increase Y o Y as planned



(Forecast remains unchanged from forecast as of Oct 27, 2005)

■ SI/Services grew steadily

- ◆ 3Q : Secured profit as planned despite the pressure of price erosion.
- ◆ Full year : Strive to achieve the forecasted target (operating profit margin : 9%)
 - Reinforce project management
 - Realize positive effects from acquisition of NES/NECST
 - Leverage strategic alliance with ABeam consulting

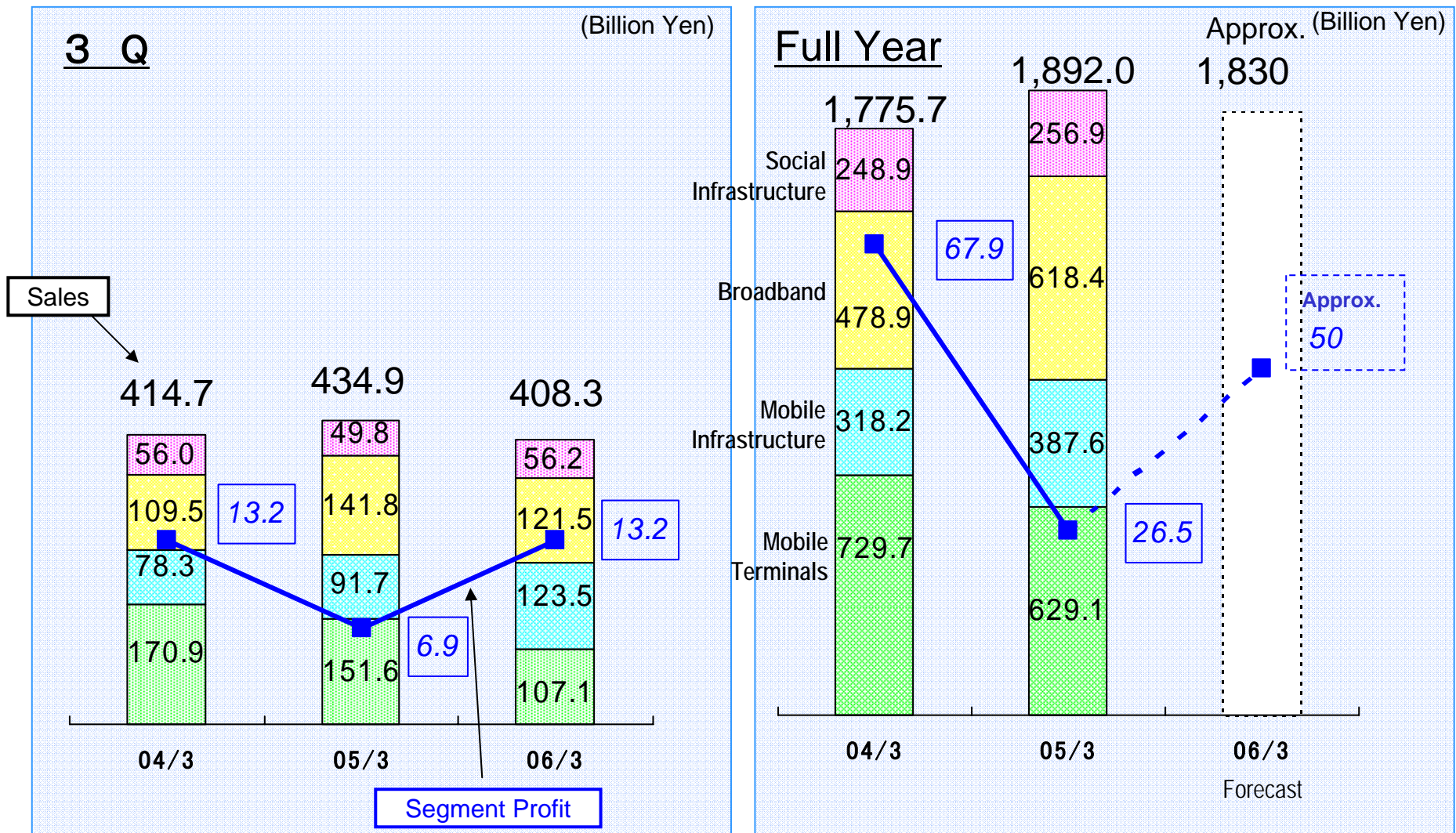
■ Platform products sustaining SI secured profit steadily

- ◆ 3Q
 - IA servers : Steady unit growth
 - Cost reduction contributed to securing of profit
- ◆ Measures
 - Continue to enhance value-added servers (i.e. blade, space saving, water cooled servers)
 - Provide platform-optimized solutions (i.e. Consolidation of servers)
 - Further cost reduction

Network Solutions Business

As of Jan. 26, 2006

~Profit doubled: Mobile Infrastructure covered the decrease in Mobile Terminals ~



(* Forecast remains unchanged from forecast as of Oct 27, 2005)

Network Solutions Business

As of Jan. 26, 2006

■ Mobile Terminals : Sales progressed as projected, loss due to restructuring costs in China

Shipment volume in 3Q approx.3.1 m units (YoY flat both in Japan and overseas)

-Japan : Market on a recovery trend since 1H

Announced new models to strengthen product lineup

-Overseas : Shifting to mobile solutions business with emphasis on profitability
Planning to clean up channel inventory in China during this FY

■ Mobile infrastructure : Robust performance in Japan and Overseas

-Japan : Favorable growth of communication service provider investments
towards further service improvements

-Overseas: Continuing sales growth of 3G base stations and PASOLINK

■ Broadband business : Continuing steady performance

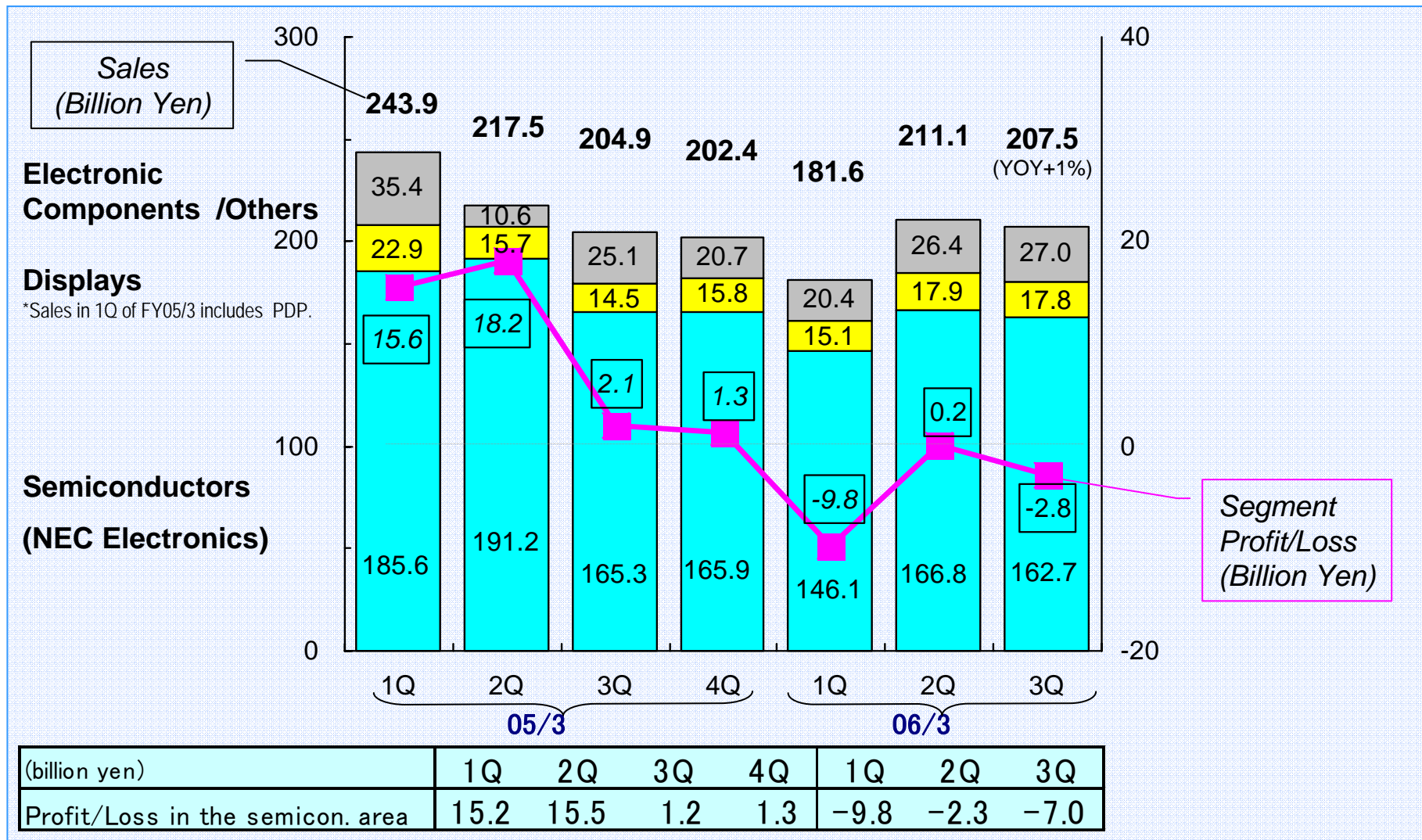
-Business with communication service providers : Subscriber increase sustaining
the continuous growth of optical access networking systems

-Business with enterprises : Sales of UNIVERGE solutions increased favorably,
responding to strong demand for security solutions etc.

Electron Devices Business

As of Jan. 26, 2006

3Q results: Semiconductor sales were almost equivalent to that of the 2Q.



■ Semiconductor Solutions Business:

◇ 3Q results:

Sales (YoY -2%)

- Increased in LCD driver ICs, and semiconductors for digital AV equipment
- Decreased in system LSIs and system memory for mobile handsets in Japan, etc...

Profit/loss (YoY ¥ -8.2 bil.)

- Profit dropped due to the decline in net sales and price erosion
- Increased R&D expense to secure future revenue growth

◇ Joint development of 45nm process technology with Toshiba

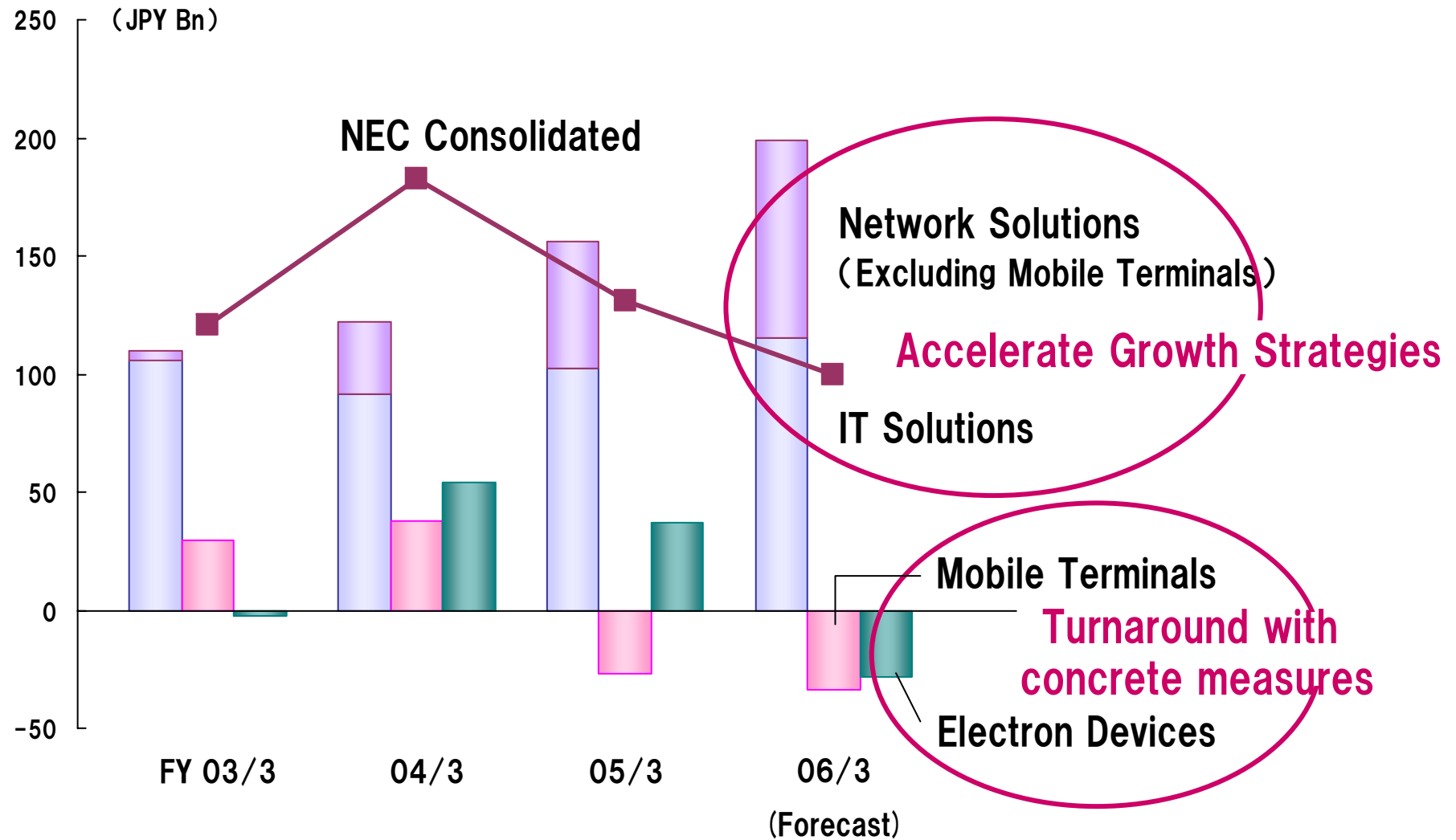
◇ EMM Architecture technology in various products

◇ Integration of optical and microwave device business

■ LCDs, electronic components: Stable Sales/profit

In Conclusion

As of Jan. 26, 2006



Note: "NEC Consolidated" includes "Others", "Eliminations / Unallocated Corporate Expenses"

※ Forecasts as of January 26, 2006

Empowered by Innovation

NEC

Key Points from BS/CF

As of Jan. 26, 2006

(Billion Yen)	<u>03/12</u>	<u>04/12</u>	<u>05/12</u>	<u>05/3</u>
Total Assets	4,284.2	4,014.0	4,011.9	3,940.7
(Turnover)	(1.14)	(1.21)	(1.20)	(1.23)
Inventories	719.5	680.5	631.4	528.9
(Turnover Days)	(54days)	(51days)	(48days)	(40days)
Interest-Bearing Debt	1,284.9	1,260.9	1,123.4	1,156.2
(D/E Ratio) <Times>	(2.2)	(1.6)	(1.2)	(1.4)
Net Interest-Bearing Debt	837.2	790.7	664.7	661.9
(Net D/E Ratio)<Times>	(1.4)	(1.0)	(0.7)	(0.8)
Shareholders' Equity	582.2	772.4	928.5	794.3
(Shareholders' Equity Ratio)	(14%)	(19%)	(23%)	(20%)

	03/1-3Q	04/1-3Q	05/1-3Q
FCF	25.0	-118.2	-135

* "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"

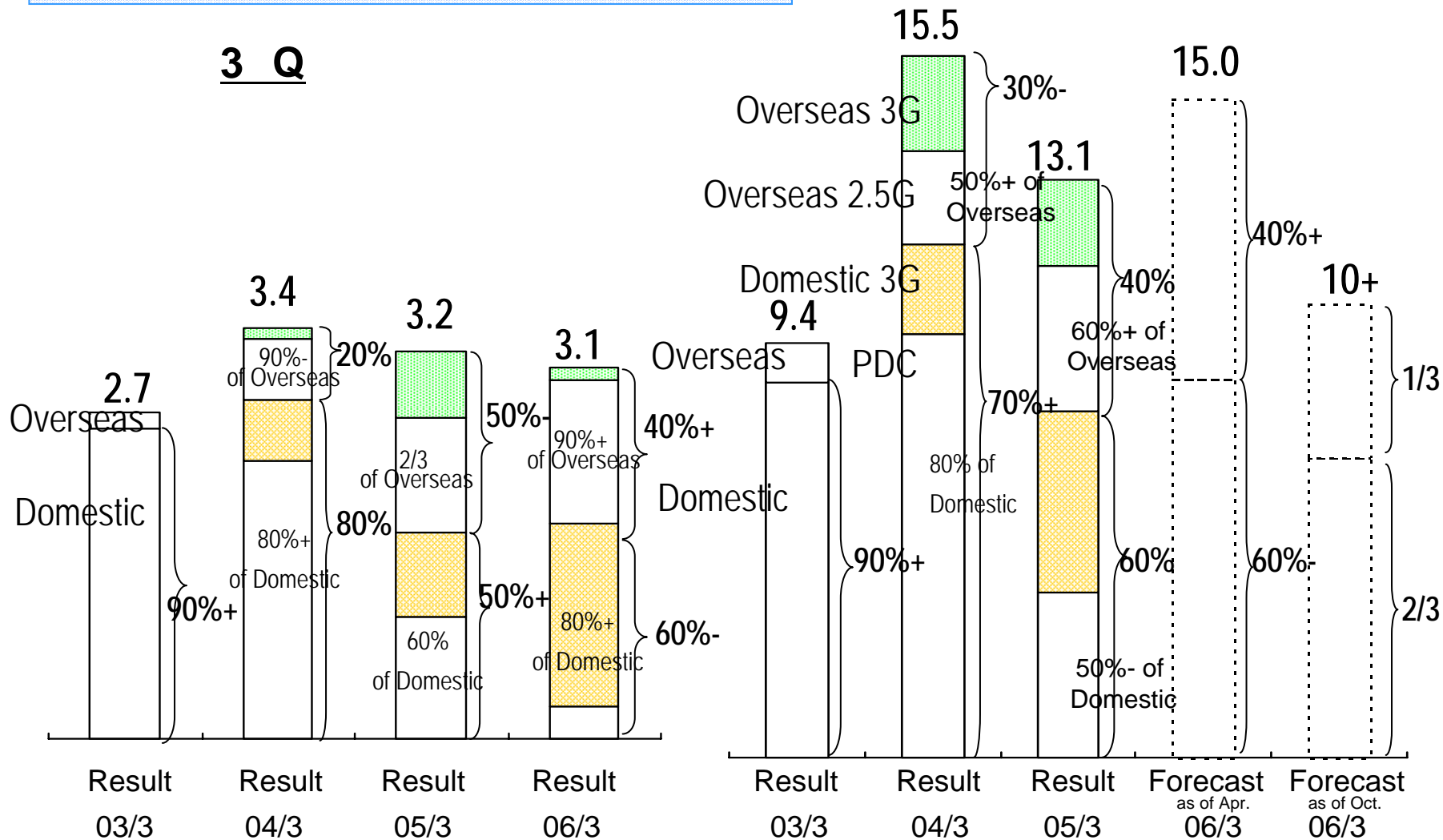
Sales of Mobile Terminals

As of Jan. 26, 2006

Shipment volumes of mobile terminals (m units)

Full Year

3 Q



(* Forecast remains unchanged from forecast as of Oct 27, 2005)