

Financial Results for 1H FY07/3 **(First Half of Fiscal Year Ending March 31, 2007)**

November 21, 2006

NEC Corporation

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

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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 U.S. Securities and Exchange Commission, and in reports to shareholders and other communications. The U.S. Private Securities Litigation Reform Act of 1995 contains, and other applicable laws may contain, a safe-harbor for forward-looking statements, on which NEC relies 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," 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, and (vii) movement of currency exchange rates, particularly the rate between the yen and the U.S. dollar. 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. The securities may not be offered or sold in any jurisdiction in which registration is required absent registration or an exemption from registration under the applicable securities laws. For example, any public offering of securities to be made in the United States must be registered under the U.S. Securities Act of 1933 and made by means of an English language prospectus that contains detailed information about NEC and management, as well as NEC's financial statements.

(Notes)

NEC has changed the accounting principles for preparing its consolidated financial statements from accounting principles generally accepted in the U.S., or U.S. GAAP, to accounting principles generally accepted in Japan, or Japan GAAP. Results for the first half of the fiscal year ended March 31, 2006 have been presented under Japan GAAP for comparison purposes.

Free cash flows equals the sum of Cash flows from operating activities plus Cash flows from investing activities.

Owners' equity is total net assets less share subscription rights and minority interests.

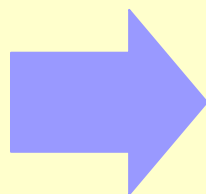
D/E ratio is interest-bearing debt divided by owners' equity.

Owners' equity ratio is owners' equity divided by total assets.

NEC to Adopt Japan GAAP for Consolidated Financial Statements (Announced Oct. 24)

- NEC has changed the accounting principles for preparing its consolidated financial statements ^{*1} to Japan GAAP.

Until and including
1Q of FY 07/3
U.S. GAAP ^{*2}



Effective for 1H and thereafter
(including quarterly results)
Japan GAAP ^{*3}

- Purpose: Timely disclosure of first half and subsequent results and filing of “Hanki Houkokusho ” (semi-annual securities report) by due date.

NEC plans to continue to prepare its annual report on form 20-F including financial statements prepared under U.S. GAAP.

*1: Consolidated financial statements including B/S,P/L, and C/F statement, which will be reported on “Yukashoken Houkokusho”, “Hanki Houkokusho”, and “Jigyo Houkokusho” and other financial reports required under the Securities and Exchange Law of Japan and the Company Law of Japan. “Kessan Tansin” will also be reported on a Japan GAAP basis.

*2: Accounting principles generally accepted in the United States of America.

*3: Accounting principles generally accepted in Japan.

1. Financial Overview

Executive Summary

■ 1H Results (Period ended September 30, 2006; Japan GAAP)

Sales: ¥2,227.6 billion (2% decrease YoY)

Operating Income: ¥6.1 billion (¥1.1 billion increase YoY)

- ~The profit increase in other businesses YoY more than offset the decrease in mobile terminals.
- ~ Profit did not meet previously announced forecasts*1 due to the start of booking warranty cost reservation of about ¥10 bill. for system products although the decrease of mobile terminals was to some degree compensated for by other businesses

■ Full Year Forecasts (Fiscal year ending March 31, 2007; Japan GAAP)

Sales: ¥4,680 billion (5% decrease YoY)

Operating Income: ¥100 billion (¥27 billion increase YoY)

- ~Target profit increase by improvement in semiconductors, network systems etc.
- ~The profit target was revised downward from the previous forecasts*1 by about ¥10 bill. due to a new policy of booking warranty cost reserve for system products although the decrease of mobile terminals are expected to be compensated for by some degree by network systems and other businesses

*1 "Previous forecasts" represents figures as of July 27, which were changed to a Japan GAAP basis from a U.S.GAAP basis.

*Actual figures are unaudited.

*Full year forecasts are as of November 21.

(For reference only)

Progress of Our Business Under U.S.GAAP

1H estimation and full year outlook are disclosed for reference purpose only. The figures are based on the opening balance and the equivalent accounting practices and policies reported in the “Yukashoken Houkokusho” filed on June 22. As announced on September 28, NEC is delaying the filing with the U.S. Securities and Exchange Commission of its annual report on Form 20-F for the fiscal year, because of the time required to complete the analysis of vendor specific objective evidence (“VSOE”) of the relative fair value of maintenance and support services. Pending completion of that analysis, it is unclear whether the financial results to be reported in the Form 20-F will be the same as the figures already reported. No assurance can be given at this time that they will not be different.

(For reference only) On U.S. GAAP basis

- According to our estimation we believe 1H operating income was below our July forecast by around 10%.
- We have not changed the full year operating income target set at the beginning of the FY considering the achievement in 1H and the outlook in 2H.

FY07/3 First Half Results Summary (Japan GAAP)

(In Billions of Yen)	FY06/3	FY07/3	First Half	FY07/3
	First Half Actual *1	Actual *1	YOY	Previous Forecast *2
Net Sales	2,283.8	2,227.6	-2.5%	2,290
Operating Profit	5.0	6.1	+1.1	18
Ratio to Net Sales	0.2%	0.3%		0.8%
Ordinary Income	-19.3	-13.5	+5.8	-1
Net income	-1.5	-7.4	-5.9	-2
Ratio to net sales	-0.1%	-0.3%		
EPS (Basic) in yen	-0.75	-3.69	-2.94	
Free Cash Flows	6.1	37.6	+31.5	
Total Assets	3,748.1	3,691.8	-56.3	
Owners' Equity	1,017.6	1,035.0	+17.4	
Interest-bearing Debt	1,035.2	877.2	158.0cut	
D/E Ratio (times)	1.02	0.85	0.17cut	
Owners' Equity Ratio	27.1%	28.0%	+0.9%	

*1 Actual figures are unaudited. FY06/3 first half results are newly restated in accordance with Japan GAAP.

*2 "Previous forecasts" represent figures as of July 27, which were changed from a U.S. GAAP basis to a Japan GAAP basis.

FY07/3 Full Year Forecasts Summary (Japan GAAP)

(In Billions of Yen)

	FY07/3	Full Year			Full Year
	First Half Actual *1	06/3 Actual*1	07/3 Forecast	YOY	07/3 Previous Forecast *2
Net Sales	2,227.6	4,929.8	4,680	-5.1%	4,980
Operating Profit	6.1	72.8	100	+27.2	110
Ratio to Net Sales	0.3%	1.5%	2.1%		0.8%
Ordinary Income	-13.5	17.3	40	+22.7	50
Net income	-7.4	-5.1	18	+23.1	23
Ratio to net sales	-0.4%	-0.1%	0.4%		0.5%
EPS (Basic) in yen	-3.69	-2.58			
Free Cash Flows	37.6	143.6			
Total Assets	3,691.8	3,816.5			
Owners' Equity	1,035.0	1,031.0			
Interest-bearing Debt	877.2	935.1			
D/E Ratio (times)	0.85	0.91			
Owners' Equity Ratio	28.0%	27.0%			

*1 Actual figures are unaudited.

*2 "Previous forecasts" represent figures as of July 27, which were changed from a U.S. GAAP basis to a Japan GAAP basis.

*Forecasts as of November 21, 2006

FY07/3 Financial Summary by Segment (Japan GAAP)

(Billion Yen)		07/3				07/3 Previous Forecast	
		First Half Actual	YOY	Full Year Forecast	YOY	1st Half Forecast	Full Year Forecast
IT/Network Solutions	Net sales	1,270.4	+2%	2,800	+1%	1,288	2,790
	Profit/Loss (to sales)	57.8 4.5%	+ 9.0	184 6.6%	+ 6.8	68 5.3%	180 6.5%
Mobile/Personal Solutions	Net sales	499.2	-14%	945	-24%	543	1,225
	Profit/Loss (to sales)	-41.0 -8.2%	- 24.1	-54 -5.7%	+ 2.3	-33 -6.1%	-40 -3.3%
Electron Devices	Net sales	427.0	+7%	865	+6%	434	890
	Profit/Loss (to sales)	-2.5 -0.6%	+ 9.1	0 0.0%	+ 30.9	-2 -0.3%	8 0.9%
Others/Eliminations etc.	Net sales	31.0	-	70	-	25	75
	Profit/Loss (to sales)	-8.2 -	+ 7.2	-30 -	- 12.8	-16 -	-38 -
Total	Net sales	2,227.6	-2%	4,680	-5%	2,290	4,980
	Profit/Loss (to sales)	6.1 0.3%	+ 1.1	100 2.1%	+ 27.2	18 0.8%	110 2.2%

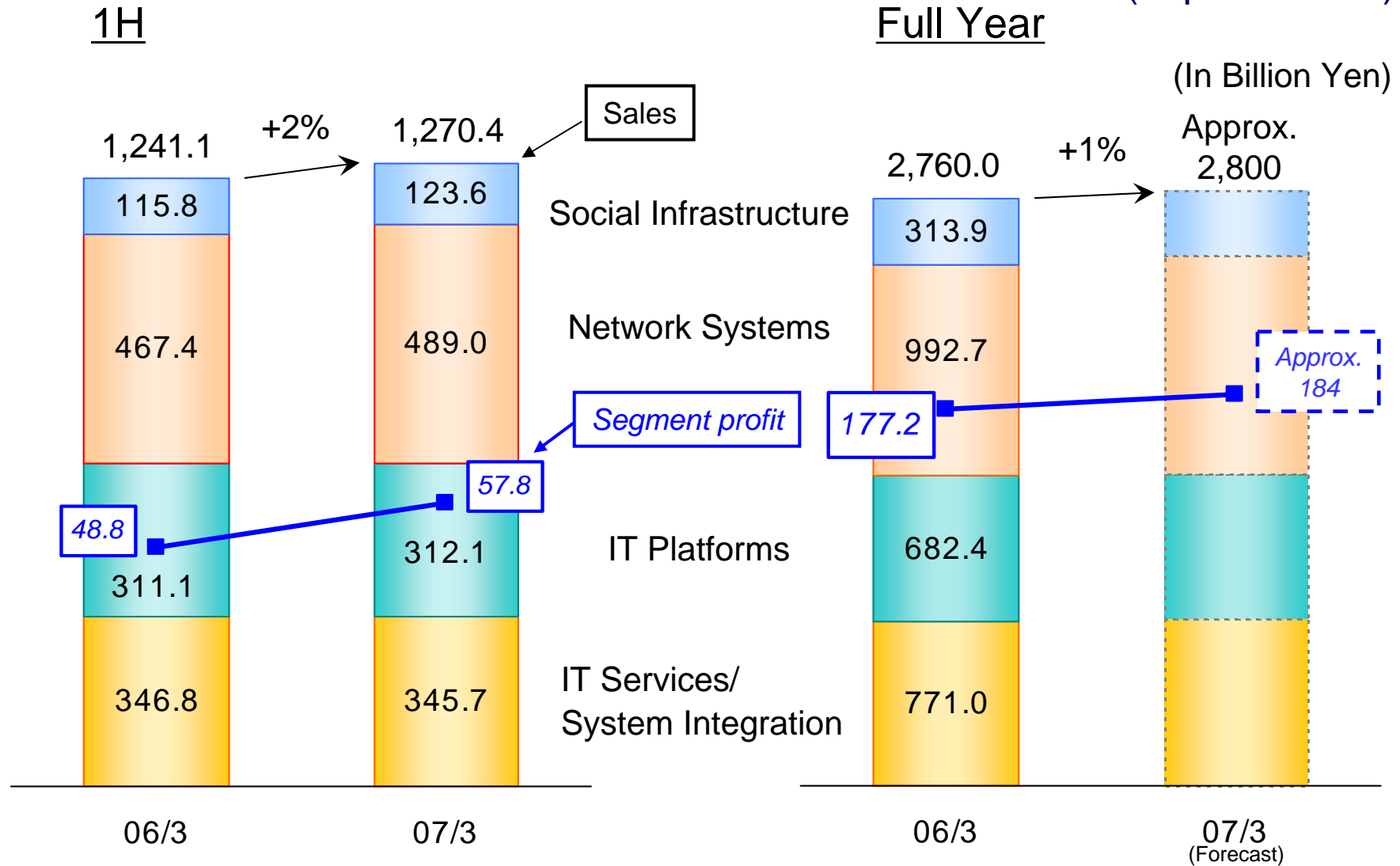
* Actual figures are unaudited.

*Forecasts as of November 21, 2006

2. Segment Information

IT/Network Solutions Business 1

(Japan GAAP)



*Forecasts as of November 21, 2006

IT/Network Solutions Business 2

■ IT Services/System Integration

- ◇ 1H : Secured profit as planned through subcontractor cost reductions and reinforcement of project management
- ◇ 2H : Expecting steady increase in sales with market recovery
 - Strategic IT investment in the area of finance and distribution business
 - Service Platform for telecommunication carriers

Aim to increase profitability through the positive outcome of process innovation in system integration

■ IT Platforms

- ◇ 1H : Growth in sales and profit on target, Introduced platform concept of “REAL IT PLATFORM”
Maintained No. 1 share in domestic server market
- ◇ 2H: Aim to focus on launching products with unique features based on distinct concepts
e.g.) SIGMABLADE, SigmaSystemCenter, Thin-Client systems



IT/Network Solutions Business 3

■ Network Systems

- ◇ 1H: Favorable growth in carrier network business
 - Domestic : Sales driven by aggressive investment by the carriers to keep & gain subscribers with the introduction of Mobile Number Portability
 - Overseas : Continuous steady growth in PASOLINK, mainly in Russia and Asia
- ◇ 2H: Focus to win NGN related orders from the carriers
 - Strengthen solution business for enterprises
 - Security solutions, Network outsourcing, etc

■ Social Infrastructure

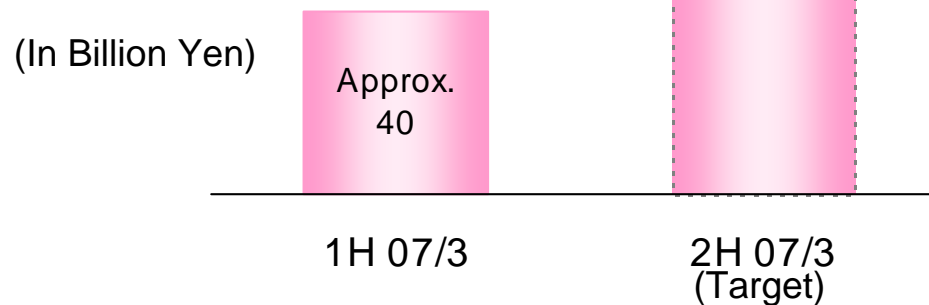
- ◇ 1H: Steady increase in shipment and profit, lead by digital terrestrial TV broadcasting system and its sub-core systems

IT/Network Solutions Business 4

■ Promising start of NGN-related business

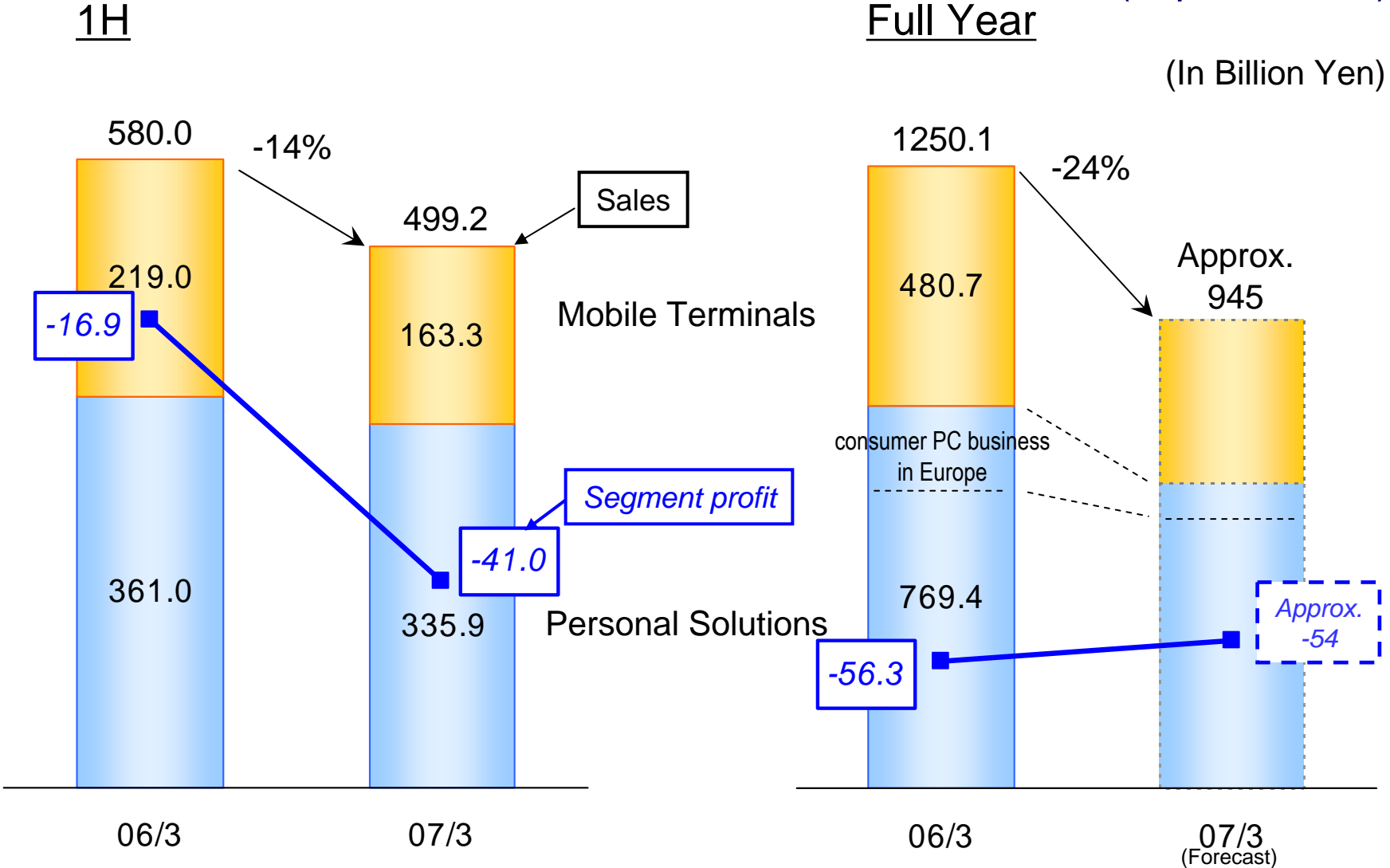
- ◇ Gained orders for NGN-related systems and products from carriers
 - Implemented service platform system for NTT DoCoMo's mobile credit payment service (Released on July 25, 2006)
 - Won order for world's first Multimedia Domain (MMD) from KDDI for their Ultra-3G (Released on Nov 1, 2006)
 - Won order for core products for NTT's NGN field trial (Released on Nov 14, 2006)
- ◇ Introducing competitive products for NGN
 - Launched "NC7000", software for network service platform (Released on Sept 27, 2006)

< NGN-related orders >
Aim to achieve order of
over 100 billion yen (full year)



Mobile Terminals / Personal Solutions Business 1

(Japan GAAP)



*Forecasts as of November 21, 2006

Mobile Terminals / Personal Solutions Business 2

■ Personal Solution

➤ 1H results:

- Japan: achieved profits
- Overseas: completed the sale of consumer PC business (Packard Bell) in Europe (announced Oct.16,2006)

➤ 2H forecasts:

- Expecting 4Q~ shipment growth following the release of Windows Vista
- Reduce component costs, reduce support/maintenance costs by improving product quality

■ Mobile Terminals

➤ 1H results:

Shipment 2.9 million units (approx.40% down YoY)

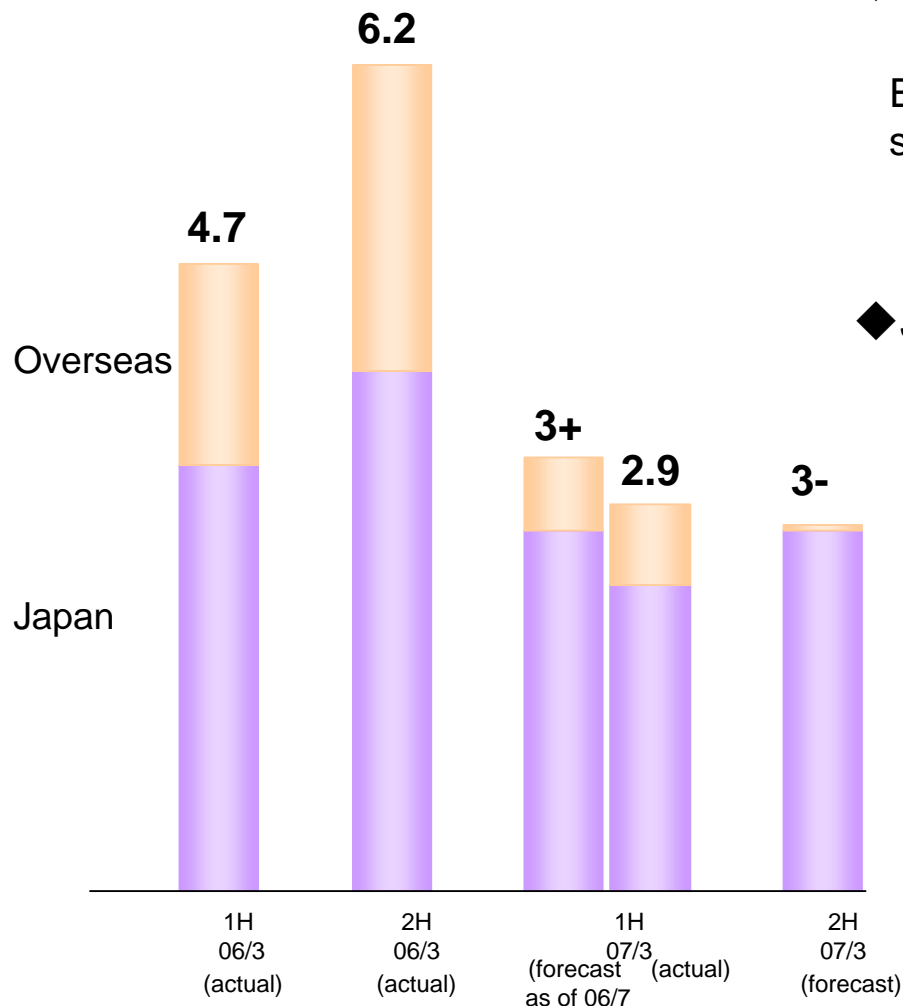
- Japan: Unit shipments dropped approx.30% as the market condition became more severe than expected
- Overseas: Europe - Stopped launch of new models
China - Shipment dropped to approx. 40% due to focus-down of models

➤ 2H forecasts:

- Japan: Increase shipments by producing more competitive models
- Overseas: China – suspend launch of new models for the time being, expect small number of shipments

Mobile Terminals Business (1)

Unit Sales Trend (million units)



◆ Overseas: Restructure operations, get ready for 3.5G and beyond
Europe: have stopped 2.5G new models, and streamlined local operations

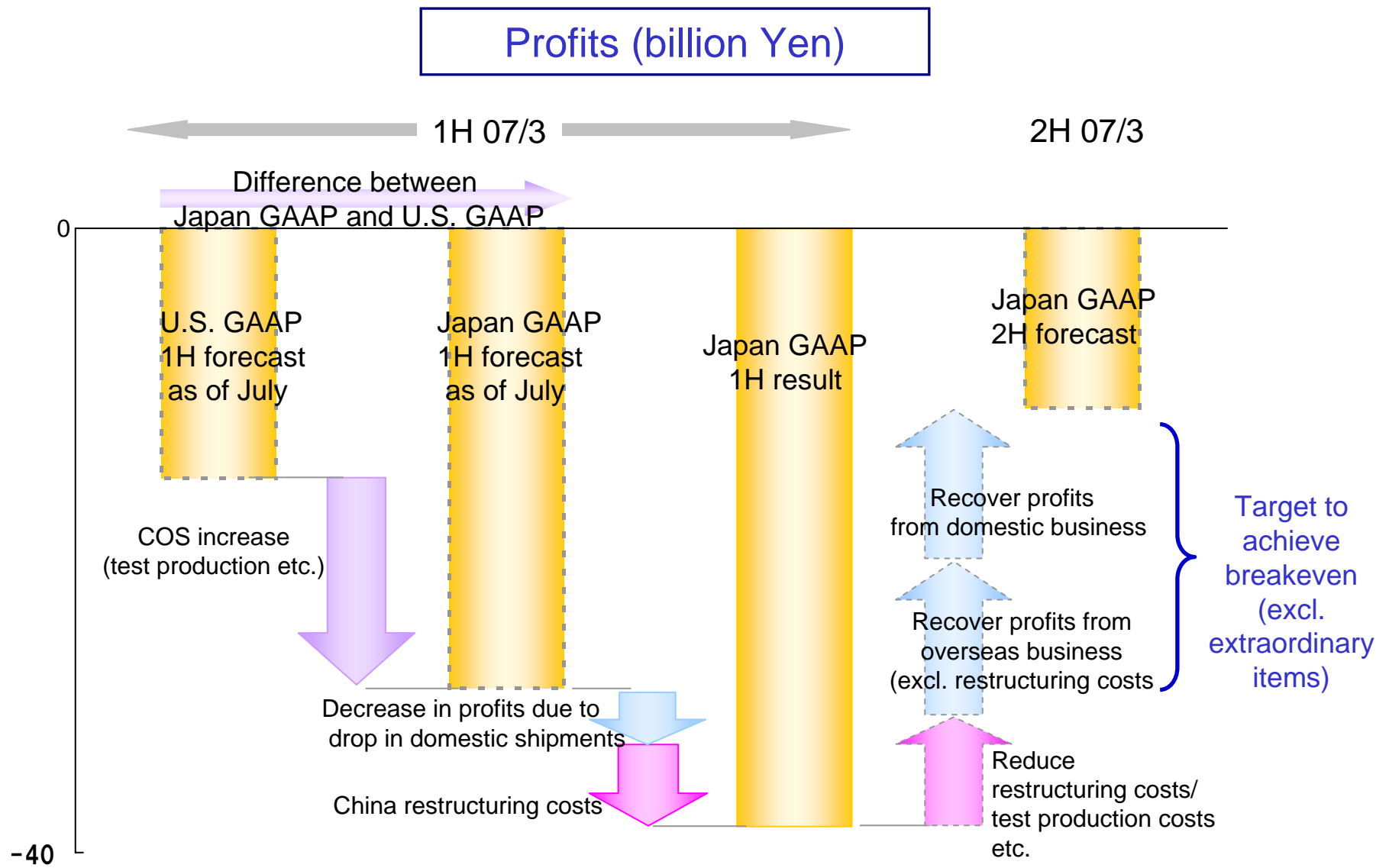
- China: complete business restructuring by 07/3

◆ Japan: Reinforce product competitiveness, and recover market share

- Smooth image retrieval on high-resolution display
 - N903i: highest resolution display (VGA+) among FOMA models
- Small, light-weight and slim models
 - Simpure N1: min. weight among FOMA models
 - 705N : slim model for SoftBank
- Advanced functions
 - N902iL: wireless LAN dual, enforced security function
- High-speed (HSDPA)
 - N902ix: enabled high-speed content download

*Forecast as of November 21, 2006

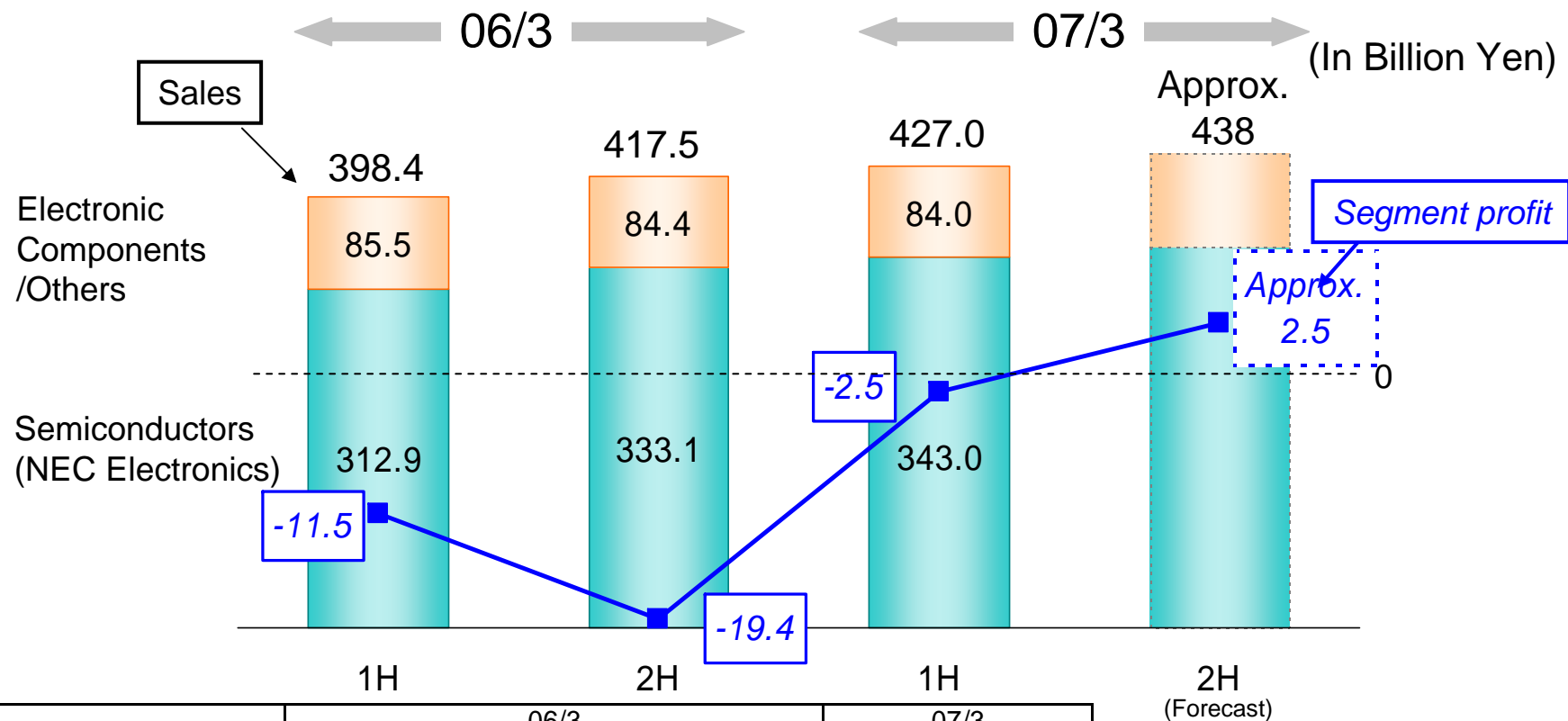
Mobile Terminals Business (2)



*forecast as of November 21, 2006

Electron Devices Business 1

(Japan GAAP)



(in Billion Yen)	06/3				07/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Operating Profit in Semiconductor area (NEC Electronics)	-9.8	-2.3	-7.0	-16.6	-5.8	-1.1

Please note that the operating results of Semiconductor area discussed in these slides are presented using NEC Electronics' reported amount which is in accordance with U.S.GAAP. The difference to reclassify to Japan GAAP is included in electronic components and others.

*Forecasts as of November 21, 2006

Electron Devices Business 2

■ Semiconductors (NEC Electronics)

- ◇ 1H: Recovery both in sales and profit from FY05/2H
 - Sales increase mainly in discretetes, multi-purpose MCUs and LCD drivers for small panels
 - Slowdown in DBB LSIs for mobile handsets and LCD drivers for large panels, for the Auto MCUs.
- ◇ 2H forecasts: Planning 4% increase in semiconductors sales from 1H
 - Expect sales growth lead by volume shipments of SoCs for a new game console and market recovery in DBB LSIs for mobile handsets and LCD drivers for large panels
 - Plan to achieve break-even in operating P/L by increased sales, reduced costs and higher in-house production rate
- ◇ Full year forecasts:
Revised downward considering re-evaluation of demand forecast and risks



NEC to support NEC Electronics' business recovery by cooperation
in sales activities, embedded solutions and management of software development process

■ Electronic components and others

- ◇ 1H: Good results continued under the expanding market condition

III. Impact of Difference between Japan GAAP and US GAAP on NEC's Financial Results

Impact of Japan GAAP Adoption 1 (P/L)

Financial results of the fiscal year ended March 31, 2006 are based on those reported in the “Yukashoken Houkokusho” filed on June 22. 1st half financial results of the fiscal year ended March 31, 2006 are based on the opening balance and the equivalent accounting practices and policies reported in the “Yukashoken Houkokusho” filed on June 22. As announced on September 28, NEC is delaying the filing with the U.S. Securities and Exchange Commission of its annual report on Form 20-F for the fiscal year, because of the time required to complete the analysis of vendor specific objective evidence (“VSOE”) of the relative fair value of maintenance and support services. Pending completion of that analysis, it is unclear whether the financial results to be reported in the Form 20-F will be the same as the figures already reported. No assurance can be given at this time that they will not be different.

	FY06/3			FY06/3		
	First Half		Difference from as reported under US GAAP	Full Year		Difference from as reported under US GAAP
(billion yen)	Japan GAAP			Japan GAAP		
Net Sales	2,283.8	+69.4	Discontinued Business+, Gross+, Sales Incentives+, Percentage-to-completion+, Others	4,929.8	+104.9	Gross+, Discontinued Business+, Sales Incentives+, Percentage-to-completion+, Others
Operating Profit	5.0	▲ 17.0	Development Cost-, Pension+, Goodwill-, Others	72.8	▲ 22.6	Development Cost-, Pension+, Goodwill-, Others
Income before Income Taxes	8.1	▲ 15.8	Discontinued Business+, Development Cost-, Pension-, Goodwill-, Others	52.4	▲ 30.9	Discontinued Business+, Development Cost-, Pension-, Goodwill-, Others
Net Income	-1.5	▲ 21.5	Development Cost-, Pension-, Goodwill-, Others	-5.1	▲ 17.2	Development Cost-, Pension-, Goodwill-, Others

Impact of Japan GAAP Adoption 2 (B/S)

Financial results of the fiscal year ended March 31, 2006 are based on those reported in the “Yukashoken Houkokusho” filed on June 22. 1st half financial results of the fiscal year ended March 31, 2006 are based on the opening balance and the equivalent accounting practices and policies reported in the “Yukashoken Houkokusho” filed on June 22. As announced on September 28, NEC is delaying the filing with the U.S. Securities and Exchange Commission of its annual report on Form 20-F for the fiscal year, because of the time required to complete the analysis of vendor specific objective evidence (“VSOE”) of the relative fair value of maintenance and support services. Pending completion of that analysis, it is unclear whether the financial results to be reported in the Form 20-F will be the same as the figures already reported. No assurance can be given at this time that they will not be different.

	FY06/3			FY06/3		
	First Half Japan GAAP		Difference from as reported under US GAAAP	Full Year Japan GAAP		Difference from as reported under US GAAAP
(billion yen)						
Total Asset	3,748.1	▲ 99.3	Pension-, Vacation Accruals-, Others	3,816.5	▲ 68.6	Pension-, Vacation Accruals-, Others
Inventories	564.7	+41.1	Development Cost+, Others	493.1	+32.0	Development Cost+, Others
Total Liabilities	2,501.1	▲ 305.5	Pension-, Vacation Accruals-, Others	2,568.5	▲ 224.5	Pension-, Vacation Accruals-, Others
Owners' Equity *	1,017.6	+185.3	Pension+, Vacation Accruals+, Others	1,031.0	+140.1	Pension+, Vacation Accruals+, Others

* Owners' equity under Japan GAAP is total net assets less share subscription rights and minority interests.

Impact of Japan GAAP Adoption 3 (by segment)

Financial results of the fiscal year ended March 31, 2006 are based on those reported in the “Yukashoken Houkokusho” filed on June 22. 1st half financial results of the fiscal year ended March 31, 2006 are based on the opening balance and the equivalent accounting practices and policies reported in the “Yukashoken Houkokusho” filed on June 22. As announced on September 28, NEC is delaying the filing with the U.S. Securities and Exchange Commission of its annual report on Form 20-F for the fiscal year, because of the time required to complete the analysis of vendor specific objective evidence (“VSOE”) of the relative fair value of maintenance and support services. Pending completion of that analysis, it is unclear whether the financial results to be reported in the Form 20-F will be the same as the figures already reported. No assurance can be given at this time that they will not be different.

Sales including intersegment sales	FY06/3 First Half	
	Japan GAAP	Difference from as reported on U.S.GAAP
IT/NW Solution	1,241.1	+5.8 Percentage-to-completion+, Others
Mobile/Personal Solution	580.0	+20.3 Gross+, Sales Incentives+, Others
Electron Devices	398.4	+4.7 Others
Others	64.3	+38.6 Discontinued business+, Others
Total	2,283.8	+69.4

FY06/3 Full Year	
Japan GAAP	Difference from U.S.GAAP
2,760.0	+9.8 Percentage-to-completion+, Others
1,250.1	+36.5 Gross+, Sales Incentives+, Others
815.9	+7.5 Others
103.8	+51.1 Discontinued business+, Others
4,929.8	+104.9

Operating income	FY06/3 First Half	
	Japan GAAP	Difference from as reported on U.S.GAAP
IT/NW Solution	48.8	▲ 7.3 Goodwill-, others
Mobile/Personal Solution	-16.9	▲ 11.2 Cost of sales-, Others
Electron Devices	-11.5	▲ 2.0 Cost of sales-, Others
Others	-15.4	+3.5 Discontinued business+, Others
Total	5.0	▲ 17.0

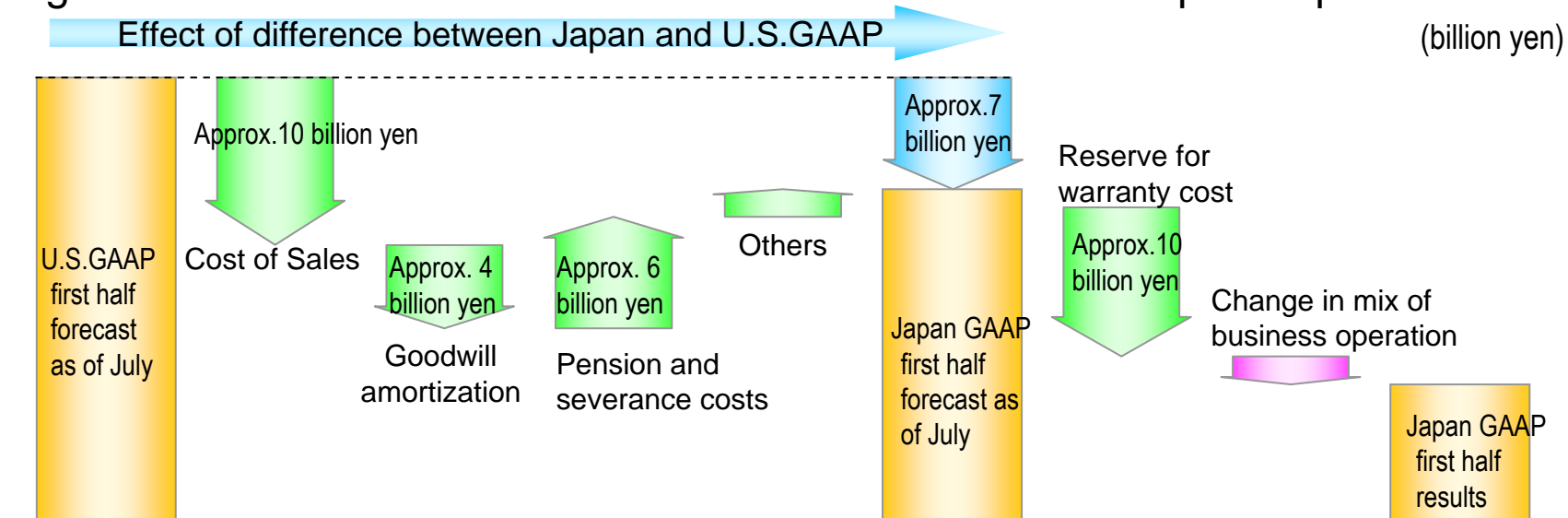
FY06/3 Full Year	
Japan GAAP	Difference from U.S.GAAP
177.2	▲ 0.1 Goodwill-, Cost of Sales+, Others
-56.3	▲ 27.2 Cost of sales-, Others
-30.9	▲ 5.4 Cost of sales-, Pension+, Others
-17.2	+10.1 Discontinued business+, Others
72.8	▲ 22.6

"+" represents increase and "-" represents decrease in the balance

Changes from Previously Announced Forecast

(FY07/3 First half Operating Income)

Essential difference between Japan and U.S.GAAP consists of difference in timing of allocation of income and expenses. On a cumulative basis, there are no significant differences. Decreases/increases are seen in a specific period.



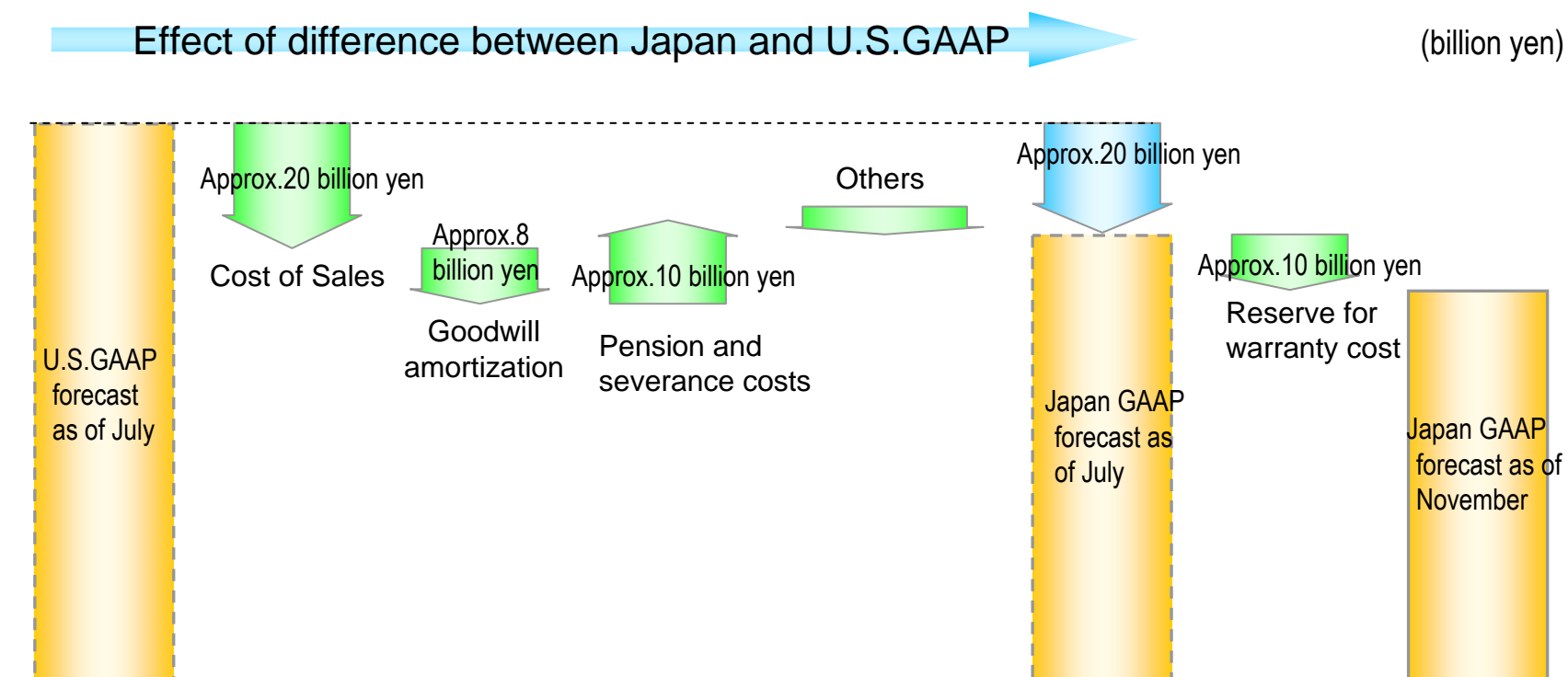
Reserve for warranty cost

We reasonably estimated possible future expenses for rectification of defects in our IT/NW Solution products and systems other than mass-produced products and started recording provisions for such expenses as product warranty liabilities or other this fiscal year on a Japan GAAP basis. On a U.S.GAAP basis, we have already recorded such expenses and this year's amount is net of reversal and reserve for this year. (in accordance with Japanese accounting standard committee's report for the practical adoption of No.17 regarding software transactions. Effective from FY08/3 and early adoption permissible.)

1H estimation is disclosed for reference purpose only. The figures are based on the opening balance and the equivalent accounting practices and policies reported in the "Yukashoken Houkokusho" filed on June 22. As announced on September 28, NEC is delaying the filing with the U.S. Securities and Exchange Commission of its annual report on Form 20-F for the fiscal year, because of the time required to complete the analysis of vendor specific objective evidence ("VSOE") of the relative fair value of maintenance and support services. Pending completion of that analysis, it is unclear whether the financial results to be reported in the Form 20-F will be the same as the figures already reported. No assurance can be given at this time that they will not be different.

Changes from Previously Announced Forecast

(FY07/3 Full Year Forecast for Operating Income)



*Forecasts as of November 21, 2006

Full year estimation is disclosed for reference purpose only. The figures are based on the opening balance and the equivalent accounting practices and policies reported in the "Yukashoken Houkokusho" filed on June 22. As announced on September 28, NEC is delaying the filing with the U.S. Securities and Exchange Commission of its annual report on Form 20-F for the fiscal year, because of the time required to complete the analysis of vendor specific objective evidence ("VSOE") of the relative fair value of maintenance and support services. Pending completion of that analysis, it is unclear whether the financial results to be reported in the Form 20-F will be the same as the figures already reported. No assurance can be given at this time that they will not be different.

Empowered by Innovation

NEC