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## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2007

### I. Consolidated Financial Results

	Three months ended June 30, 2006	Three months ended June 30, 2005 (Restated)	Change
	In billions of yen	In billions of yen	%
Net sales	1,018.4	992.8	+2.6
Operating income (loss)	14.7	(9.9)	-
Income (loss) from continuing operations before income taxes	12.9	(15.8)	-
Net income (loss)	11.5	(5.3)	-
	Yen	Yen	Yen
Net income (loss) per share:			
Basic	5.47	(2.74)	-
Diluted	5.12	(2.74)	-

	As of June 30, 2006	As of March 31, 2006	Change
	In billions of yen	In billions of yen	%
Total assets	3,725.3	3,895.8	-4.4
Shareholders' equity	905.9	890.9	+1.7

#### (Notes)

1. The consolidated financial statements of NEC are prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.
2. "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 accounting 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 those of 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 operating income (loss).

3. The number of consolidated subsidiaries and affiliated companies accounted for by the equity method is as follows:

	<b>As of June 30, 2006</b>	<b>As of March 31, 2006</b>	<b>As of June 30, 2005 (Restated)</b>
Consolidated subsidiaries	372	356	318
Affiliated companies accounted for by the equity method	69	68	68

4. In accordance with U.S. GAAP, a part of the consolidated financial information for the three months ended June 30, 2005 related to certain operations that were discontinued during the fiscal year ended March 31, 2006 has been reclassified.
5. The consolidated financial results for the three months ended June 30, 2005 have been revised from those already announced, and restated based on U.S. GAAP.
6. NEC changed its business segments from the three months ended June 30, 2006 in accordance with the reorganization of the company structure that became effective on April 1, 2006. The consolidated financial results for the three months ended June 30, 2005 have been reclassified in accordance with the new business segments.

## II. Business Results

### <1> Overview of the first quarter of the fiscal year ending March 31, 2007 (three months ended June 30, 2006)

There was stable growth in the global economy during the three months ended June 30, 2006, mainly due to an increase in capital expenditures in the U.S., amid sustained continuous high growth in China, in addition to continuous economic expansion in Asia and Europe. There was also steady growth in the Japanese economy due to continuous steady growth in domestic consumption, amid firm growth in exports, mostly due to an increase in capital expenditures against the background of an improvement in business results and a moderate recovery in personal consumption arising from an improvement in personal income and employment environments.

Amid this business environment, the consolidated net sales for the three months ended June 30, 2006 were 1,018.4 billion yen, an increase of 25.5 billion yen (2.6%) as compared with the corresponding period of the previous fiscal year. This was due to an increase in sales in semiconductors, digital terrestrial broadcasting systems in Japan and network systems for communication service providers, despite a decrease in sales of mobile handsets.

Operating income was 14.7 billion yen, an improvement of 24.6 billion yen as compared with the corresponding period of the previous fiscal year. This was due to an increase in sales and an improvement in the ratio of cost of sales, despite an increase in selling, general and administrative expenses owing to an increase in research and development costs.

Income from continuing operations before income taxes (note\*) amounted to 12.9 billion yen, an improvement of 28.7 billion yen as compared with the corresponding period of the previous fiscal year. This was due to an improvement in operating income in addition to

gain on transfer of marketable securities to the pension trust recognized in the corresponding period of the previous fiscal year.

Net income for the three months ended June 30, 2006 was 11.5 billion yen, an improvement of 16.8 billion yen as compared with the corresponding period of the previous fiscal year. This was due to an improvement in income from continuing operations before income taxes in addition to an improvement in equity in earnings (losses) of affiliated companies.

Note\*

In accordance with U.S. GAAP, NEC has stated net income from continued operations before income taxes for the three months ended June 30, 2005 separately from consolidated net income from discontinued operations, in order to reflect the transfer of shares of NEC Machinery Corporation and Anelva Corporation that took place during the fiscal year ended March 31, 2006 and to make a net income comparison with the three months ended June 30, 2006 on an equivalent basis.

<2> Results by business segments (including inter-segment transactions and profit/loss figures)

Sales and segment profit of NEC's main segments were as follows (figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year):

**IT/Network Solutions Business**

Sales:	556.9 billion yen (+7.5%)
Segment profit:	27.6 billion yen (+20.0 billion yen)

Sales for the IT/Network Solutions Business for the three months ended June 30, 2006 amounted to 556.9 billion yen, an increase of 7.5% as compared with the corresponding

period of the previous fiscal year. This was due to steady sales in the area of Network Systems and Social Infrastructure.

Net sales by products and services were as follows:

In the area of IT Services/System Integration, sales amounted to 146.2 billion yen, an increase of 3.5% as compared with the corresponding period of the previous fiscal year owing to the influence of a recovery trend in domestic IT investment. In the area of IT Platforms, sales were in line with those of the corresponding period of the previous fiscal year and amounted to 122.8 billion yen. In the area of Network Systems, sales amounted to 229.3 billion yen, an increase of 10.3% as compared with the corresponding period of the previous fiscal year. This was due to an increase in sales to communication service providers such as overseas wireless systems. In the area of Social Infrastructure, sales rose by 26.6% as compared with the corresponding period of the previous fiscal year, amounting to 58.6 billion yen, owing mainly to steady sales in digital terrestrial broadcasting systems in the Japanese market.

Regarding profitability, segment profit was 27.6 billion yen, an increase of 20.0 billion yen as compared with the corresponding period of the previous fiscal year. This was mainly due to increased sales in the area of Network Systems.

#### **Mobile/Personal Solutions Business**

Sales:	238.3 billion yen (-15.1%)
Segment loss:	10.1 billion yen (a worsening of 14.4 billion yen)

Sales for the Mobile/Personal Solutions business for the three months ended June 30, 2006 were 238.3 billion yen, a decrease of 15.1% as compared with the corresponding period of the previous fiscal year.

Net sales by products and services were as follows:

In the area of Mobile Terminals, sales amounted to 79.1 billion yen, a decrease of 30.6% as compared with the corresponding period of the previous fiscal year. This was due to a decrease in sales in the domestic market and shrinking of overseas business. In the area of Personal Solutions, sales amounted to 159.2 billion yen, a decrease of 4.6% as compared with the corresponding period of the previous fiscal year. This was due to stagnant growth in the consumer personal computers market in Japan.

Segment loss amounted to 10.1 billion yen, a worsening of 14.4 billion yen as compared with the corresponding period of the previous fiscal year. This was principally due to the effect of a decrease in sales of mobile handsets in the domestic market.

### **Electron Devices Business**

Sales: 204.0 billion yen (+12.4%)

Segment loss: 2.4 billion yen (an improvement of 7.3 billion yen)

Sales for the Electron Devices business for the three months ended June 30, 2006 were 204.0 billion yen, an increase of 12.4% as compared with the corresponding period of the previous fiscal year.

Net sales by products and services were as follows:

In the area of Semiconductors, sales were 165.2 billion yen, an increase of 13.1% as compared with the corresponding period of the previous fiscal year. This was due to an increase in sales in many product areas, including liquid crystal display (“LCD”) driver integrated circuits (“ICs”) and microcontrollers that are used in a diverse range of products, owing to expansion in the semiconductor market. In the area of Electronic Components and Others, due to expansion in the electronic components market, sales amounted to 38.8 billion yen, an increase of 9.3% as compared with the corresponding period of the previous fiscal year.

Segment loss was 2.4 billion yen, an improvement of 7.3 billion yen as compared with the corresponding period of the previous fiscal year. This was due to an increase in sales of semiconductors and electronic components.

<3> Cash flows

Net cash used in operating activities during the three months ended June 30, 2006 was 27.1 billion yen, an improvement of 42.4 billion yen as compared with the corresponding period of the previous fiscal year. This was mainly due to an increase in cash inflows from notes and accounts receivable as compared with the corresponding period of the previous fiscal year.

Net cash used in investment activities was 42.1 billion yen, an improvement of 7.4 billion yen as compared with the corresponding period of the previous fiscal year. This was mainly due to an increase in gain on the sales of fixed assets as compared with the corresponding period of the previous fiscal year. As a result, free cash flows (the total of cash flows from operating activities and cash flows from investing activities) were cash outflows of 69.1 billion yen, an improvement of 49.7 billion yen as compared with the corresponding period of the previous fiscal year.

Net cash provided by financing activities, despite the dividend payment, amounted to 30.4 billion yen due to the issuance of commercial paper. As a result, cash and cash equivalents amounted to 417.6 billion yen, a decrease of 38.4 billion yen as compared with the end of the previous fiscal year ended March 31, 2006.

The balance of interest-bearing debt amounted to 1,005.8 billion yen, a decrease of 212.6 billion yen as compared with the end of the corresponding period of the previous fiscal year.

Debt-equity ratio was 1.11 (an improvement of 0.44 points as compared with the end of the corresponding period of the previous fiscal year).

The balance of interest-bearing debt (net), obtained by offsetting the balance of interest bearing debt with the balance of cash and cash equivalents, amounted to 588.2 billion yen, a decrease of 210.1 billion yen as compared with the end of the corresponding period of the previous fiscal year. Net debt-equity ratio was 0.65 (an improvement of 0.37 points as compared with the end of the corresponding period of the previous fiscal year).

<4> Financial forecast

Regarding the financial forecast for the fiscal year ending March 31, 2007, there is no change from the forecast announced on May 11, 2006.

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## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2006	(% of net sales)	2005	(% of net sales)	Increase (Decrease)	2006
Net sales	<b>JPY 1,018,374</b>	<b>(100.0)</b>	JPY 992,847	(100.0)	JPY 25,527	<b>\$8,855</b>
Cost of sales	<b>721,114</b>	<b>(70.8)</b>	725,841	(73.1)	(4,727)	<b>6,270</b>
Selling, general and administrative expenses	<b>282,561</b>	<b>(27.8)</b>	276,877	(27.9)	5,684	<b>2,457</b>
Operating income (loss)	<b>14,699</b>	<b>(1.4)</b>	(9,871)	(-1.0)	24,570	<b>128</b>
Non-operating income	<b>9,972</b>	<b>(1.0)</b>	4,696	(0.5)	5,276	<b>87</b>
Interest and dividends	<b>3,204</b>		2,431		773	<b>28</b>
Other	<b>6,768</b>		2,265		4,503	<b>59</b>
Non-operating expenses	<b>11,738</b>	<b>(1.1)</b>	10,610	(1.1)	1,128	<b>103</b>
Interest	<b>3,921</b>		4,175		(254)	<b>34</b>
Other	<b>7,817</b>		6,435		1,382	<b>69</b>
Income (loss) from continuing operations before income taxes	<b>12,933</b>	<b>(1.3)</b>	(15,785)	(-1.6)	28,718	<b>112</b>
Provision for income taxes	<b>7,113</b>	<b>(0.7)</b>	(8,445)	(-0.8)	15,558	<b>61</b>
Minority interest in income (loss) of consolidated subsidiaries	<b>(198)</b>	<b>(0.0)</b>	(1,133)	(-0.1)	935	<b>(2)</b>
Equity in earnings (losses) of affiliated companies	<b>5,439</b>	<b>(0.5)</b>	562	(0.1)	4,877	<b>47</b>
Income (loss) from continuing operations	<b>11,457</b>	<b>(1.1)</b>	(5,645)	(-0.6)	17,102	<b>100</b>
Income from discontinued operations, net of tax	-	-	323	(0.1)	(323)	-
Net income (loss)	<b>JPY 11,457</b>	<b>(1.1)</b>	(JPY 5,322)	(-0.5)	JPY 16,779	<b>\$100</b>

(Notes)

\*US dollar amounts are translated from yen, for convenience only, at the rate of US\$1 = 115 yen.

\*Comprehensive income (loss), adds net income to change in accumulated other comprehensive income (loss), were 8,308 million yen (loss) and 1,744 million yen (income) for the three months ended June 30, 2006 and 2005, respectively. Accumulated other comprehensive income (loss) includes foreign currency translation adjustments, minimum pension liability adjustment, unrealized gains (losses) on marketable securities and unrealized gains (losses) on derivative financial instruments.

\*In accordance with U.S. GAAP, a part of the consolidated financial information for the three months ended June 30, 2005 related to certain operations that were discontinued during the fiscal year ended March 31, 2006 has been reclassified.

\*The consolidated financial results for the three months ended June 30, 2005 have been revised from those already announced, and restated based on U.S. GAAP.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions of yen, millions of U.S.dollars)

	June 30, 2006 (Unaudited)	June 30, 2005 (Unaudited)	Increase (Decrease)	March 31, 2006	Increase (Decrease)	June 30, 2006 (Unaudited)
<b>Current assets</b>	<b>JPY 1,926,208</b>	JPY 1,934,589	(JPY 8,381)	JPY 2,106,753	(JPY 180,545)	<b>\$16,750</b>
Cash and cash equivalents	417,574	420,041	(2,467)	455,932	(38,358)	3,631
Notes and accounts receivable, trade	773,842	757,408	16,434	997,050	(223,208)	6,729
Inventories	518,776	553,453	(34,677)	461,095	57,681	4,511
Other current assets	216,016	203,687	12,329	192,676	23,340	1,879
<b>Long-term assets</b>	<b>1,799,052</b>	1,917,651	(118,599)	1,789,029	10,023	<b>15,644</b>
Long-term receivables, trade	13,349	11,591	1,758	11,633	1,716	116
Investments and advances	437,411	416,570	20,841	453,459	(16,048)	3,804
Property, plant and equipment	698,724	731,764	(33,040)	691,779	6,945	6,076
Other assets	649,568	757,726	(108,158)	632,158	17,410	5,648
<b>Total assets</b>	<b>JPY 3,725,260</b>	JPY 3,852,240	(JPY 126,980)	JPY 3,895,782	(JPY 170,522)	<b>\$32,394</b>
<b>Current liabilities</b>	<b>JPY 1,598,913</b>	JPY 1,583,177	JPY 15,736	JPY 1,721,250	(JPY 122,337)	<b>\$13,903</b>
Short-term borrowings and current portion of long-term debt	415,505	423,533	(8,028)	322,380	93,125	3,613
Notes and accounts payable, trade	718,190	709,017	9,173	865,573	(147,383)	6,245
Other current liabilities	465,218	450,627	14,591	533,297	(68,079)	4,045
<b>Long-term liabilities</b>	<b>1,022,078</b>	1,277,087	(255,009)	1,082,460	(60,382)	<b>8,888</b>
Long-term debt	590,284	794,854	(204,570)	644,151	(53,867)	5,133
Accrued pension and severance costs	365,745	438,084	(72,339)	368,109	(2,364)	3,180
Other	66,049	44,149	21,900	70,200	(4,151)	575
Minority shareholders' equity in consolidated subsidiaries	198,325	207,867	(9,542)	201,192	(2,867)	1,725
<b>Total shareholders' equity</b>	<b>905,944</b>	784,109	121,835	890,880	15,064	<b>7,878</b>
Common stock	337,821	337,820	1	337,821	-	2,938
Additional paid-in capital	524,800	501,124	23,676	500,819	23,981	4,563
Retained earnings	85,994	69,035	16,959	74,537	11,457	748
Accumulated other comprehensive income (loss)	(39,193)	(120,801)	81,608	(19,428)	(19,765)	(341)
Treasury stock	(3,478)	(3,069)	(409)	(2,869)	(609)	(30)
<b>Total liabilities and shareholders' equity</b>	<b>JPY 3,725,260</b>	JPY 3,852,240	(JPY 126,980)	JPY 3,895,782	(JPY 170,522)	<b>\$32,394</b>
Interest-bearing debt (*1)	JPY 1,005,789	JPY 1,218,387	(JPY 212,598)	JPY 966,531	JPY 39,258	\$8,746
Net interest-bearing debt (*2)	588,215	798,346	(210,131)	510,599	77,616	5,115
Shareholders' equity ratio (%) (*3)	24.3	20.4	3.9	22.9	1.4	
Debt-equity ratio (times) (*4)	1.11	1.55	(0.44)	1.08	0.03	
Net debt-equity ratio (times) (*4)	0.65	1.02	(0.37)	0.57	0.08	
<b>Accumulated other comprehensive income (loss) breakdown:</b>						
Foreign currency translation adjustments	(JPY 6,160)	(JPY 11,074)	JPY 4,914	JPY 1,567	(JPY 7,727)	(\$54)
Minimum pension liability adjustment	(91,695)	(137,212)	45,517	(90,581)	(1,114)	(797)
Unrealized gains (losses) on marketable securities	59,679	29,011	30,668	70,676	(10,997)	519
Unrealized gains (losses) on derivative financial instruments	(1,017)	(1,526)	509	(1,090)	73	(9)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(JPY 39,193)</b>	(JPY 120,801)	JPY 81,608	(JPY 19,428)	(JPY 19,765)	<b>(\$341)</b>

### (Notes)

\*1 Interest-bearing debt is the sum of short-term borrowings, current portion of long-term debt and long-term debt.

\*2 Net interest-bearing debt is interest-bearing debt less cash and cash equivalents.

\*3 Shareholders' equity ratio is shareholders' equity divided by total assets.

\*4 Debt-equity ratio and net debt-equity ratio are interest-bearing debt and net interest-bearing debt divided by shareholders' equity, respectively.

\* The consolidated financial results for the three months ended June 30, 2005 have been revised from those already announced, and restated based on U.S. GAAP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS(UNAUDITED)

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2006	2005	Increase (Decrease)	2006
<b>I. Cash flows from operating activities:</b>				
Net income (loss)	JPY 11,457	(JPY 5,322)	JPY 16,779	\$100
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	59,318	68,353	(9,035)	516
Equity in earnings of affiliated companies, net of dividends	(4,621)	(69)	(4,552)	(40)
Decrease in notes and accounts receivable	226,257	160,338	65,919	1,967
Increase in inventories	(58,205)	(64,155)	5,950	(506)
Decrease in notes and accounts payable	(158,201)	(131,475)	(26,726)	(1,376)
Other, net	(103,078)	(97,108)	(5,970)	(896)
Net cash used by operating activities	(27,073)	(69,438)	42,365	(235)
<b>II. Cash flows from investing activities:</b>				
Proceeds from sales of fixed assets	20,384	13,648	6,736	177
Additions to fixed assets	(56,039)	(53,304)	(2,735)	(487)
Proceeds from sales of marketable securities	1,761	228	1,533	15
Purchase of marketable securities	(964)	(38)	(926)	(8)
Other, net	(7,216)	(9,988)	2,772	(63)
Net cash used in investing activities	(42,074)	(49,454)	7,380	(366)
Free cash flows ( I + II )	(69,147)	(118,892)	49,745	(601)
<b>III. Cash flows from financing activities:</b>				
Net proceeds of bonds and borrowings	34,221	40,775	(6,554)	298
Proceeds from stock issuances by subsidiaries	1,686	-	1,686	15
Dividends paid	(5,493)	(5,324)	(169)	(48)
Other, net	(62)	(34)	(28)	(1)
Net cash provided in financing activities	30,352	35,417	(5,065)	264
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>437</b>	<b>887</b>	<b>(450)</b>	<b>3</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(38,358)</b>	<b>(82,588)</b>	<b>44,230</b>	<b>(334)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>455,932</b>	<b>502,629</b>	<b>(46,697)</b>	<b>3,965</b>
<b>Cash and cash equivalents at end of period</b>	<b>JPY 417,574</b>	<b>JPY 420,041</b>	<b>(JPY 2,467)</b>	<b>\$3,631</b>

(Note)

\*The consolidated financial results for the three months ended June 30, 2005 have been revised from those already announced, and restated based on U.S. GAAP.

## SEGMENT INFORMATION (UNAUDITED)

### Business Segment Information

(1) Net Sales (Including internal sales to other segments)

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2006	(% of total)	% change	2005	(% of total)	2006
IT/Network Solutions Business	JPY 556,854	(54.7)	+7.5	JPY 518,102	(52.2)	\$4,842
Mobile/Personal Solutions Business	238,312	(23.4)	-15.1	280,773	(28.3)	2,072
Electron Devices Business	204,027	(20.0)	+12.4	181,570	(18.3)	1,774
Others	124,852	(12.3)	+6.7	117,015	(11.8)	1,086
Eliminations	(105,671)	(-10.4)	-	(104,613)	(-10.6)	(919)
Consolidated total	JPY 1,018,374	(100.0)	+2.6	JPY 992,847	(100.0)	\$8,855

(2) Segment Profit or Loss

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2006	(% of profit on sales)	Increase (Decrease)	2005	(% of profit on sales)	2006
IT/Network Solutions Business	JPY 27,602	(5.0)	JPY 19,977	JPY 7,625	(1.5)	\$240
Mobile/Personal Solutions Business	(10,090)	(-4.2)	(14,409)	4,319	(1.5)	(88)
Electron Devices Business	(2,374)	(-1.2)	7,347	(9,721)	(-5.4)	(21)
Others	9,998	(8.0)	13,517	(3,519)	(-3.0)	87
Eliminations	(1,715)	-	(870)	(845)	-	(15)
Unallocated corporate expenses*	(8,722)	-	(992)	(7,730)	-	(75)
	14,699	(1.4)	24,570	(9,871)	(-1.0)	128
Other income	9,972		5,276	4,696		87
Other expenses	(11,738)		(1,128)	(10,610)		(103)
Consolidated income from continuing operations before income taxes	JPY 12,933		JPY 28,718	(JPY 15,785)		\$112

(Notes)

\* Unallocated corporate expenses include general corporate expenses and research and development expenses at NEC Corporation which are not allocated to any business segment.

\* In accordance with U.S. GAAP, a part of the consolidated financial information for the three months ended June 30, 2005 related to certain operations that were discontinued during the fiscal year ended March 31, 2006 has been reclassified.

\* The consolidated financial results for the three months ended June 30, 2005 have been revised from those already announced, and restated based on U.S. GAAP.

\* NEC changed its business segments as of the consolidated financial results for the three months ended June 30, 2006 in accordance with the reorganization of the company structure that became effective on April 1, 2006. The consolidated financial results for the first quarter of the fiscal year ended March 31, 2006 have been revised and reclassified in accordance with the new business segments.

## (3) Net Sales to External Customers

(In billions of yen, millions of U.S. dollars)

Three months ended June 30	2006	2005	% change	2006
IT/Network Solutions Business	<b>JPY 537.9</b>	JPY 499.4	+7.7	<b>\$4,677</b>
Domestic	<b>424.3</b>	399.9	+6.1	<b>3,690</b>
Overseas	<b>113.6</b>	99.5	+14.2	<b>987</b>
Mobile/Personal Solutions Business	<b>200.1</b>	243.9	-18.0	<b>1,740</b>
Domestic	<b>150.0</b>	192.6	-22.1	<b>1,305</b>
Overseas	<b>50.1</b>	51.3	-2.6	<b>435</b>
Electron Devices Business	<b>197.2</b>	170.6	+15.6	<b>1,715</b>
Domestic	<b>96.8</b>	89.3	+8.4	<b>842</b>
Overseas	<b>100.4</b>	81.3	+23.6	<b>873</b>
Others	<b>83.2</b>	78.9	+5.4	<b>723</b>
Domestic	<b>41.2</b>	39.4	+4.2	<b>357</b>
Overseas	<b>42.0</b>	39.5	+6.5	<b>366</b>
Consolidated total	<b>JPY 1,018.4</b>	JPY 992.8	+2.6	<b>\$8,855</b>
Domestic	<b>712.3</b>	721.2	-1.2	<b>6,194</b>
Overseas	<b>306.1</b>	271.6	+12.7	<b>2,661</b>

## (4) Net Sales by Products and Services (Including internal sales to other segments)

(In billions of yen, millions of U.S. dollars)

Three months ended June 30	2006	2005	% change	2006
IT/Network Solutions Business	<b>JPY 556.9</b>	JPY 518.1	+7.5	<b>\$4,842</b>
IT Services/System Integration	<b>146.2</b>	141.2	+3.5	<b>1,271</b>
IT Platforms	<b>122.8</b>	122.7	+0.1	<b>1,068</b>
Network Systems	<b>229.3</b>	207.9	+10.3	<b>1,994</b>
Social Infrastructure	<b>58.6</b>	46.3	+26.6	<b>509</b>
Mobile/Personal Solutions Business	<b>JPY 238.3</b>	JPY 280.8	-15.1	<b>\$2,072</b>
Mobile Terminals	<b>79.1</b>	113.9	-30.6	<b>688</b>
Personal Solutions	<b>159.2</b>	166.9	-4.6	<b>1,384</b>
Electron Devices Business	<b>JPY 204.0</b>	JPY 181.6	+12.4	<b>\$1,774</b>
Semiconductors	<b>165.2</b>	146.1	+13.1	<b>1,437</b>
Electronic Components and Others	<b>38.8</b>	35.5	+9.3	<b>337</b>

(Notes)

\* In accordance with U.S. GAAP, a part of the consolidated financial information for the three months ended June 30, 2005 related to certain operations that were discontinued during the fiscal year ended March 31, 2006 has been reclassified.

\* The consolidated financial results for the three months ended June 30, 2005 have been revised from those already announced, and restated based on U.S. GAAP.

\* NEC changed its business segments as of the consolidated financial results for the three months ended June 30, 2006 in accordance with the reorganization of the company structure that became effective on April 1, 2006. The consolidated financial results for the first quarter of the fiscal year ended March 31, 2006 have been revised and reclassified in accordance with the new business segments.

**(Note)**

"Operating income" set forth above is a measure commonly used by other Japanese companies that report their financial results in accordance with generally accepted accounting financial reporting practices in Japan. "Operating income" 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 before income taxes" or "net income" as determined in accordance with U.S. GAAP. Please refer to the condensed consolidated statement of operations for the calculation of the operating income.

**CAUTIONARY STATEMENTS:**

**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," "aims," 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.

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