

December 2, 2004

NEC System Technologies, Ltd.
Toshihiko Takahashi, President
(Tokyo Stock Exchange, 1st Section;
Code Number 3717)
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Notice on Support for Tender Offer and Agreement to Stock-for-Stock Exchanges

NEC System Technologies, Ltd. (“NECST”) announced today that, pursuant to the resolutions at the meeting of the Board of Directors held on December 2, 2004, it would support for the tender offer (“Tender Offer”) by NEC Corporation (“NEC”) and the subsequent stock-for-stock exchange for shares of NEC for the purpose of taking complete control of NECST

1. Basic Information on NEC (as of September 30, 2004)

- 1) Corporate Name NEC Corporation
- 2) Business IT/Network Solutions business including manufacture and sale of computers, communications equipment and software as well as provision of services related to such products
- 3) Date of Incorporation July 17, 1899
- 4) Head Office 7-1, Shiba 5-chome, Minato-ku, Tokyo
- 5) Representative Akinobu Kanasugi, President
- 6) Stated Capital 337,820 million yen (as of March 31, 2004)
- 7) Major Shareholders and Ownership Ratios

Japan Trustee Services Bank, Ltd. (Trust Account)	5.23%
The Chase Manhattan Bank, N.A. London	4.77%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.96%
Nippon Life Insurance Company	2.13%

8) Relationship with NEC

- Equity Relationship: NEC owns 66.67% of the issued shares of NECST.
- Human Resource Relationship: Directors and employees of NEC concurrently serve as directors (three persons) and corporate auditors (two persons) of NECST.
- Business Relationship: NEC entrusts to NECST software development and technology support services. NEC also sells IT products to NECST.

2. Reasons for and opinion of Tender Offer

Regarding the Tender Offer by NEC for the purpose of acquiring all shares of NECST, NECST discussed during the board of directors' meeting held on December 2, 2004. The meeting judged that this Tender Offer would contribute to the business development of our company and agreed to recommend the offer to the shareholders of NECST.

NEC currently owns 66.7% of the issued shares of NECST. NECST will become a wholly-owned subsidiary of NEC as a result of the Tender Offer. Through the Tender Offer NECST will seek to enhance its core businesses, IT platform software business and systems integration business, and strengthen market competitiveness of NECST. NECST believes the Tender Offer will greatly contribute to the further enhancement of its corporate value.

Through its "select and focus" business strategy, NEC is currently striving to maximize the corporate value of the NEC Group. NEC is positioning the Integrated IT/Network Solutions business and the Semiconductor Solutions business as its core businesses, consolidating into these business areas the NEC Group's management resources including R&D development capabilities, intellectual property assets, software development capabilities and human resources, and further creating business and technological synergy between the two businesses.

As part of the Integrated IT/Network Solutions business, which is one of NEC's core businesses, NECST is competitive in the IT platform software business. NECST serves a wide range of customers, industries and operations from the public sector, including government offices, and municipalities to commercial corporations, responding to a variety of highly sophisticated customer needs. Because NECST conducts one of the core businesses of the NEC Group, NECST has remained consolidated subsidiaries even after they conducted public offerings and were listed on the Tokyo Stock Exchange, 1st Section, in September 2003

However, recent trends of digitalization have spread the use of various types of embedded software ranging from key devices for mobile terminal equipments and automobile control devices to network platform systems to support communication network, which lead to the expansion of the market size and the trend that added value realized by software is the key to success in the market. Further, systems integration business also requires new solutions adopting highly advanced technologies.

In response to these changes in the business environment, NEC has concluded that it is necessary to dynamically reorganize its business structure as well as the management resources related to systems integration services and software developments of the NEC Group including itself and its affiliated companies. As part of this business reorganization, NEC plans to develop NECST into entities with higher profit-earning capacity as the core software development company of the NEC Group and strengthen market competitiveness of NEC's software business.

Developing into an entity with higher profit-earning capacity is our most important business goal, and we consider it absolutely necessary to be able to make quick decisions in order to respond to changes in the market environment as well as to conduct flexible and efficient business measures. We expect to benefit from NEC's software and services business reorganization by utilizing NEC's rich software resources and their sales capability, by dynamically exchanging resources with them in order to respond to the market needs, and by sharing project management capabilities, through which we will expand our business further.

Due to the reasons stated above, although we did consider the fact that it has been only one year and three months since we were first listed in the Tokyo Stock Exchange in September 2003, we concluded that the benefits of the enhanced relationship with NEC will drastically improve market competitiveness of

NECST and greatly contribute to further enhancement of its corporate value, thus decided to recommend the offer to the shareholders of NECST. As a result of prudent reviews based on the share value appraisal conducted by the third-party organization, PwC Advisory Co., Ltd., we concluded that the purchase price is appropriate.

3. Basic Information on Relevant Parties (as of September 30, 2004)

(1) NECST

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| 1) Corporate Name | NEC System Technologies, Ltd. | |
| 2) Business | IT platform software, systems integration services | |
| 3) Date of Incorporation | April 1, 1977 | |
| 4) Head Office | 4-24, Shiromi 1-chome, Chuo-ku, Osaka-shi, Osaka | |
| 5) Representative | Toshihiko Takahashi, President | |
| 6) Stated Capital | 6,796 million yen | |
| 7) Outstanding Shares | 24,478,000 shares | |
| 8) Shareholders' Equity | 38,415 million yen | |
| 9) Total Assets | 61,175 million yen | |
| 10) End of Fiscal Year | March 31 | |
| 11) Number of Employees | 3,652 | |
| 12) Major Customers | NEC Corporation, NEC Soft, Ltd., NEC Personal Products, Ltd., NTT Group, etc. | |
| 13) Major Shareholders and Ownership Ratios | | |
| | NEC Corporation | 66.67% |
| | Japan Trustee Services Bank, Ltd. (Trust Account) | 3.05% |
| | The Master Trust Bank of Japan, Ltd. (Trust Account) | 3.04% |
| | NEC System Technologies, Ltd.
(Employees' Stock Purchase Plan) | 2.58% |
| 14) Main Bank | Sumitomo Mitsui Banking Corporation
The Sumitomo Trust & Banking Co., Ltd. | |
| 15) Relationship with NEC | | |
| Equity Relationship: | NEC owns 66.67% of the issued shares of NECST. | |
| Human Resource Relationship: | Directors and employees of NEC concurrently serve as directors (three persons) and corporate auditors (two persons) of NECST. | |
| Business Relationship: | NEC entrusts to NECST software development and technology support services. NEC also sells IT products to NECST. | |

(2) NEC

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|--------------------------|--|
| 1) Corporate Name | NEC Corporation |
| 2) Business | IT/Network Solutions business including manufacture and sale of computers, communications equipment and software as well as provision of services related to such products |
| 3) Date of Incorporation | July 17, 1899 |
| 4) Head Office | 7-1, Shiba 5-chome, Minato-ku, Tokyo |

5) Representative	Akinobu Kanasugi, President
6) Stated Capital	337,820 million yen
7) Issued Shares	1,929,268,717 shares
8) Shareholders' Equity	909,571 million yen
9) Total Assets	2,444,355 million yen
10) End of Fiscal Year	March 31
11) Number of Employees	23,718
12) Major Customers	NTT Group, governments and other public sector institutions, etc.
13) Major Shareholders and Ownership Ratios	
	Japan Trustee Services Bank, Ltd. (Trust Account) 5.23%
	The Chase Manhattan Bank, N.A. London 4.77%
	The Master Trust Bank of Japan, Ltd. (Trust Account) 3.96%
	Nippon Life Insurance Company 2.13%
14) Main Bank	Sumitomo Mitsui Banking Corporation The Sumitomo Trust & Banking Co., Ltd.

4. The Financial Results of the Most Recent Three Fiscal Years

Fiscal year	NECST			NEC		
	Fiscal Year ended March 31, 2002	Fiscal Year ended March 31, 2003	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2002	Fiscal Year ended March 31, 2003	Fiscal Year ended March 31, 2004
Net sales (million yen)	47,036	70,921	82,192	3,562,371	2,781,436	2,509,114
Operating income (loss) (million yen)	4,186	7,797	9,188	(77,847)	24,890	16,252
Ordinary income (loss) (million yen)	4,017	7,490	8,820	(96,507)	6,119	31,900
Net income (loss) (million yen)	2,453	4,409	5,697	(286,219)	(14,917)	25,253
Net income (loss) per share (yen)	3,780.76	4,408.21	248.70	(172.87)	(9.01)	14.43
Dividend per share (yen)	1,100.00	900.00 7.40(*)	45.00	6.00	-	6.00
Shareholders' equity per share (yen)	13,468.65	18,071.01	1,488.32	444.04	406.26	473.87

(*) Dividend for shares newly issued during Fiscal Year 2003

5. Stock-for-Stock Exchange

On December 2, 2004, NECST and NEC have reached an agreement to the stock-for-stock exchanges, and also agreed that NEC intends to proceed with a stock-for-stock exchange effective on June 1, 2005 in the event it is unable to acquire all of the issued shares of NECST (excluding treasury stock held by NECST). However, the exchange date may be set for a later date if the short-form stock-for-stock exchange procedure is not available to NEC.

In the stock-for-stock exchange, all shares of NECST not previously tendered in the Tender Offer will be exchanged with the shares of NEC and the shareholders of NECST who are allotted one or more shares of NEC will become NEC's shareholders. Further, after the completion of the stock-for-stock exchange, NECST will become a wholly-owned subsidiary of NEC and therefore NECST will be delisted pursuant to the delisting criteria of the Tokyo Stock Exchange. However, depending on the results of the Tender Offer, NECST may be delisted as a result of the Tender Offer.

The share exchange ratio for the stock-for-stock exchange will be determined by the end of February 2005 through discussions between NEC and NECST, taking into full consideration the interests of their shareholders, the tender offer prices and NEC's closing price on the Tokyo Stock Exchange on December 2, 2004, together with the results of valuation, due diligence and other factors. There is no guarantee that the consideration offered in the stock-for-stock exchange (that is, shares of NEC and in case shareholders of NECST who are allotted less than one share of NEC, cash proceeds resulting from the sale of such fractional shares) would be of the same value with the consideration to be received by shareholders tendering shares of NECST (that is, cash) in the Tender Offer. The Tender Offer enable shareholders of NECST by tendering their shares to receive cash consideration earlier than in case where shareholders of NECST receives shares of NEC in the stock-for-stock exchange (or in case shareholders of NECST are allotted less than one share of NEC, cash proceeds resulted from the sale of such fractional shares). Further, dissenting shareholders of NECST, who object to the stock-for-stock exchange at NECST's shareholders' meetings to be convened to approve stock-for-stock exchange agreements, may demand that their shares be purchased by NECST in accordance with the Commercial Code of Japan. The purchase price, however, may not be the same as the Tender Offer price.

The stock-for-stock exchanges will be implemented in accordance with the schedule provided below.

February 2005	Board Meeting to approve execution of the stock-for-stock exchange agreement
	Execution of a stock-for-stock exchange agreement
April 2005	Shareholders' Meeting to approve the stock-for-stock exchange agreement (Note)
June 1, 2005	Effective date of stock-for-stock exchange (Note)
(Note)	If the short-form stock-for-stock exchange procedure is not available to NEC, NEC will also convene a shareholders' meeting to approve the stock-for-stock exchange agreement. In such case, the effective date of stock-for-stock exchange will be set for a later date.
(Note)	For the calculation of the ownership ratio and other items, the figures are rounded off to two decimal places.

[APPENDIX]

Summary of Tender Offer by NEC

- (1) Type of Shares to be Purchased: Common Shares
- (2) Tender Offer Period: From December 6, 2004(Mon) to January 20, 2005(Thu) (46 days)
- (3) Purchase Price: 4,200 yen per share
- (4) Basis for Calculation of Purchase Price:

Purchase Price was determined by taking into consideration various factors including the market price of NECST shares, the financial condition and prospects of NECST, the results of share value appraisal conducted by NEC's advisor (Daiwa Securities SMBC Co., Ltd.), possibilities of decrease in liquidity of NECST shares which will result from the tender offer and the subsequent stock-for-stock exchange. Purchase Price is approximately 20% higher than the average closing price of NECST shares on the Tokyo Stock Exchange, 1st Section during the one-month period ending on December 1, 2004 (3,403 yen), and is 31.7% higher than the closing price on the same date (3,190 yen).

- (5) Total Number of Shares Planned to be Purchased: 8,157,910 shares
Number of Shares Planned to be Purchased: 8,157,910 shares
Number of Shares in Excess of Number of Shares Planned to be Purchased: 0 share
(Note 1) Number of Shares Planned to be Purchased (8,157,910 shares) constitutes 33.33% of the total number of the issued shares of NECST.
(Note 2) Fractional shares less than a unit are also targeted by this tender offer.
(Note 3) NEC will purchase all the shares tendered. However, NEC does not intend to purchase treasury stock owned by NECST. Number of Shares Planned to be Purchased is the number deducting Number of Shares Held Prior to Tender Offer and treasury stock owned by NECST from the issued shares of NECST.
- (6) Changes in Number of Shares Held by NEC
Number of Shares Held Prior to Tender Offer: 16,320,000 shares (Ownership Ratio 66.67%)
Number of Shares Held After Tender Offer: 24,477,910 shares (Ownership Ratio 100%)
(Note 1) Number of Shares Held After Tender Offer is the number of shares NEC will hold in case NEC purchases 8,157,910 shares, which are Total Number of Shares Planned to be Purchased.
(Note 2) The ownership ratio is calculated based on 24,478,000 shares, which are the total number of the issued shares of NECST (as of September 30, 2004).
- (7) Date of Public Notice: December 6, 2004 (Monday)
- (8) TOB Agent: Daiwa Securities SMBC Co., Ltd.
Daiwa Securities Co., Ltd. (Sub-agent of Daiwa Securities SMBC Co., Ltd.)