

December 2, 2004

NEC Soft, Ltd
Kenji Ikehara, President
(Tokyo Stock Exchange, 1st Section;
Code Number 4774)
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Notice on Agreement to NEC Corporation's Tender Offer for Shares of NEC Soft, Ltd.
and Execution of Memorandum for Stock-for-Stock Exchange

NEC Soft Ltd. ("NEC SOFT") announced today that, pursuant to the resolutions at the meeting of the Board of Directors held on December 2, 2004, it has agreed to the tender offer of NEC Corporation (Tokyo Stock Exchange, 1st Section; Code Number 6701) ("NEC") for the shares of NEC SOFT, and has executed a memorandum with NEC for subsequent stock-for-stock exchange in order for NEC to take complete control of NEC SOFT.

1. Summary of 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) 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% |
| | Sumitomo Life Insurance Company 2.13% |
| 8) Relationship with NEC | |
| Equity Relationship: | NEC owns 37.13% of the issued shares of NEC SOFT.
(Note) |
| Human Resource Relationship: | Directors and employees of NEC concurrently serve as directors (three persons) and a corporate auditor (one person) of NEC SOFT. |
| Business Relationship: | NEC entrusts to NEC SOFT software development and technology support services. NEC also sells information IT products to NEC SOFT. |

(Note) As for common shares issued by NEC SOFT which NEC has contributed as trust assets of pension and severance payments trust to The Sumitomo Trust & Banking Co., Ltd. (which are currently owned by Japan Trustee Services Bank Ltd. (Re-trust of The Sumitomo Trust & Banking Co., Ltd. / NEC Corporation Pension and Severance Payments Trust Account) and for which NEC reserves the right to instruct the exercise of voting rights), NEC plans to terminate a relevant part of the trust agreement on the pension and severance payments trust effective December 3, 2004, and will receive such shares from The Sumitomo Trust & Banking Co., Ltd. As a result, NEC's ownership ratio at the time of commencement of the tender offer (as of December 6, 2004) will be 61.57%.

2. Reason for Agreement to NEC's Tender Offer

NEC SOFT evaluated NEC's planned tender offer for the shares of NEC SOFT to be initiated to make NEC SOFT, a wholly-owned subsidiary of NEC, and pursuant to the resolutions at the meeting of the Board of Directors held on December 2, 2004, NEC SOFT has concluded that the planned tender offer will greatly contribute to further enhancement of the business of NEC SOFT, and has agreed to the tender offer.

NEC is a shareholder of NEC SOFT who owns 37.13% of the issued shares of NEC SOFT. Because NEC SOFT conducts one of the core businesses of the NEC Group, NEC has continued to hold a majority in voting rights with respect to NEC SOFT even after NEC SOFT conducted public offering and was listed on the Tokyo Stock Exchange, 1st Section, in July 2000. After NEC contributed part of common shares issued by NEC SOFT as trust assets of pension and severance payments trust, NEC has reserved the right to instruct the exercise of voting rights for such shares in order for NEC SOFT to remain NEC's consolidated subsidiary.

NEC's tender offer is initiated for the purpose of making NEC SOFT, a wholly-owned subsidiary of NEC. NEC SOFT believes that the tender offer will greatly strengthen the systems integration business of NEC SOFT and its market competitiveness, and will contribute to further enhancement of the corporate value of NEC SOFT.

Since it conducted public offering and was listed on the Tokyo Stock Exchange, NEC SOFT has strived to strengthen its management structure and quality by adopting a "matrix" business management to provide best solutions combining "industrial sector specific solutions" and "technological theme specific solutions"; merging with NEC Software Niigata, Ltd., NEC Software Nagano, Ltd. and NEC Software Shizuoka, Ltd; reorganizing NEC Soft Okinawa, Ltd. as a wholly owned subsidiary of NEC SOFT; establishing a new subsidiary, VALWAY 121 Net, Ltd. to provide CRM total solutions; creating new R&D organization, VALWAY Technology Center to conduct research activities in "bioinformatics" field and other pioneering areas; and introducing a "balanced score card" management system to strengthen strategic planning function and objective performance review. During these years NEC SOFT has expanded its systems integration services by offering total solutions to its clients covering a wide range of consulting services for systems introduction, systems integration, systems operation and maintenance. NEC

SOFT has also steadily expanded its software package business, security software business and software development business for “ubiquitous” network and computing applications.

As part of the Integrated IT/Network Solutions business, which is one of NEC’s core businesses, NEC SOFT is competitive in the systems integration services business by combining best software and best hardware with advanced technologies and providing highly reliable IT systems and related services. NEC SOFT also has the largest system engineer resources within NEC Group. Major customers of NEC SOFT range from public sector to mobile communications industry and various private sector enterprises.

In order to further enhance its business competitiveness, NEC SOFT needs to expand its business and products which can provide higher value to its customers, conduct constant cost reductions and quality improvements for software products, and retain highly specialized and skilled work force which is the most valuable asset to NEC SOFT. As the integration of the IT market and the networks market has advanced due to the shift in technology towards IP (Internet Protocol) based network infrastructure in the communication network area, new open-source technologies including operating systems such as Linux, have permeated into the market, the development of mobile terminal equipments requires more sophisticated mobile technologies, and the need for systems integration services that provide highly-reliable mission-critical systems with such advanced technologies has grown recently. 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 of the NEC Group including NEC SOFT. As part of this business reorganization, NEC plans to develop NEC SOFT into an entity with higher profit-earning capacity as the core systems integration services company of the NEC Group and strengthen market competitiveness of NEC’s software business.

Developing NEC SOFT into an entity with higher profit-earning capacity through the reorganization will greatly contribute to the further enhancement of NEC SOFT corporate value. This reorganization will also enable a more prompt decision-making process and provide increased flexibility and efficiency in management policy implementation. The enhancement of NEC SOFT corporate value will also contribute to enhancement of corporate value of the entire NEC Group.

As to the purchase price in NEC’s tender offer, NEC SOFT has carefully studied the results of share value appraisal of NEC SOFT conducted by a third party advisor (PwC Advisory Co., Ltd.), and has concluded that the purchase price in the tender offer is reasonable.

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

(1) NEC SOFT

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| 1) Corporate Name | NEC Soft, Ltd. |
| 2) Business | Systems integration services, system services, software developments, and sale of package software and IT products |
| 3) Date of Incorporation | September 9, 1975 |
| 4) Head Office | 18-6, Shinkiba 1-chome, Koto-ku, Tokyo |
| 5) Representative | Kenji, Ikehara, President |

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|---|---|--------|
| 6) Stated Capital | 8,668 million yen | |
| 7) Issued Shares | 40,089,040 shares | |
| 8) Shareholders' Equity | 48,875 million yen | |
| 9) Total Assets | 78,785 million yen | |
| 10) End of Fiscal Year | March 31 | |
| 11) Number of Employees | 5,286 | |
| 12) Major Customers | NEC Group, private sector institutions in the manufacturing industry and the retail industry, etc. | |
| 13) Major Shareholders and Ownership Ratios | | |
| | NEC Corporation | 37.13% |
| | Japan Trustee Services Bank, Ltd.
(Re-trust of The Sumitomo Trust & Banking Co., Ltd. / NEC Corporation Pension and Severance Payments Trust Account) (Note) | 24.45% |
| | The Master Trust Bank of Japan, Ltd. (Trust Account) | 4.54% |
| | Japan Trustee Services Bank, Ltd. (Trust Account) | 3.71% |
| 14) Main Bank | Sumitomo Mitsui Banking Corporation
The Sumitomo Trust & Banking Co., Ltd. | |
| 15) Relationship with NEC | | |
| Equity Relationship: | NEC owns 37.13% of the issued shares of NEC SOFT.
(Note) | |
| Human Resource Relationship: | Directors and employees of NEC concurrently serve as directors (three persons) and a corporate auditor (one person) of NEC SOFT. | |
| Business Relationship: | NEC entrusts to NEC SOFT software development and technology support services. NEC also sells information IT products to NEC SOFT. | |

(Note) As for common shares issued by NEC SOFT which NEC has contributed as trust assets of pension and severance payments trust to The Sumitomo Trust & Banking Co., Ltd. (which are currently owned by Japan Trustee Services Bank Ltd. (Re-trust of The Sumitomo Trust & Banking Co., Ltd. / NEC Corporation Pension and Severance Payments Trust Account) and for which NEC reserves the right to instruct the exercise of voting rights), NEC plans to terminate a relevant part of the trust agreement on the pension and severance payments trust effective December 3, 2004, and will receive such shares from The Sumitomo Trust & Banking Co., Ltd. As a result, NEC's ownership ratio at the time of commencement of the tender offer (as of December 6, 2004) will be 61.57%.

(2) NEC

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| 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	NEC SOFT			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)	91,725	110,600	117,282	3,562,371	2,781,436	2,509,114
Operating income (loss) (million yen)	9,207	10,644	5,951	(77,847)	24,890	16,252
Ordinary income (loss) (million yen)	8,773	10,319	5,803	(96,507)	6,119	31,900
Net income (loss) (million yen)	4,825	6,100	3,001	(286,219)	(14,917)	25,253
Net income (loss) per share (yen)	243.57	151.61	74.32	(172.87)	(9.01)	14.43
Dividend per share (yen)	30.00	30.00	30.00	6.00	-	6.00
Shareholders' equity per share (yen)	2,009.31	1,144.19	1,187.92	444.04	406.26	473.87

5. Stock-for-Stock Exchange

NEC SOFT and NEC have executed a memorandum dated December 2, 2004 for stock-for-stock exchange whereby the parties have agreed that in the event NEC is unable to acquire all of the issued shares of NEC SOFT (excluding treasury stock held by NEC SOFT), the parties will proceed with a stock-for-stock exchange effective on June 1, 2005 to make NEC SOFT, a wholly-owned subsidiary of NEC. 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 NEC SOFT not previously tendered in this tender offer will be exchanged with the shares of NEC, and the shareholders of NEC SOFT who are allotted one or more shares of NEC will become NEC's shareholders. Further, after the completion of the stock-for-stock exchange, NEC SOFT will become a wholly-owned subsidiary of NEC and therefore NEC SOFT will be delisted pursuant to the delisting criteria of the Tokyo Stock Exchange. However, depending on the results of the tender offer, NEC SOFT 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 SOFT and NEC, taking into full consideration the interests of their shareholders, the tender offer price 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 NEC SOFT 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 NEC SOFT (that is, cash) in the tender offer. The tender offer enables shareholders of NEC SOFT by tendering their shares to receive cash consideration earlier than in case where shareholders of NEC SOFT receive shares of NEC in the stock-for-stock exchange (or in case shareholders of NEC SOFT are allotted less than one share of NEC, cash proceeds resulted from the sale of such fractional shares). Further, dissenting shareholders of NEC SOFT, who object to the stock-for-stock exchange at shareholders' meeting of NEC SOFT to be convened to approve stock-for-stock exchange agreement, may demand that their shares be purchased by NEC SOFT 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 exchange 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 (NEC SOFT) (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.

(For Reference Purpose Only)

Summary of NEC's Tender Offer

- (1) Type of Shares to be Purchased: Common Shares
- (2) Tender Offer Period: From December 6, 2004 (Monday) to January 20, 2005 (Thursday) (46 days)
- (3) Purchase Price: 3,200 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 NEC SOFT shares, the financial condition and prospects of NEC SOFT, the results of share value appraisal conducted by NEC's advisor (Daiwa Securities SMBC Co., Ltd.), possibilities of decrease in liquidity of NEC SOFT 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 NEC SOFT shares on the Tokyo Stock Exchange, 1st Section, during the one-month period ending on December 1, 2004 (2,657 yen), and is 23.8% higher than the closing price on the same date (2,585 yen)

- (5) Total Number of Shares Planned to be Purchased: 15,404,340 shares
Number of Shares Planned to be Purchased: 15,404,340 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 (15,404,340 shares) constitutes 38.43% of the total number of the issued shares of NEC SOFT.
(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 NEC SOFT. Number of Shares Planned to be Purchased is the number deducting Number of Shares Held Prior to Tender Offer and treasury stock owned by NEC SOFT from the issued shares of NEC SOFT.
- (6) Changes in Number of Shares Held by NEC
Number of Shares Held Prior to Tender Offer: 24,684,600 shares (Ownership Ratio 61.57%)
Number of Shares Held After Tender Offer: 40,088,940 shares (Ownership Ratio 100%)
(Note 1) Number of Shares Held Prior to Tender Offer includes the number of shares held in trust by The Sumitomo Trust & Banking Co., Ltd. (shares owned in the name of Japan Trustee Services Bank, Ltd. (Re-trust of The Sumitomo Trust & Banking Co., Ltd. / NEC Corporation Pension and Severance Payments Trust Account for which NEC reserves the right to instruct the exercise of voting rights) to be transferred to NEC on December 3, 2004.
(Note 2) Number of Shares Held After Tender Offer is the number of shares NEC will hold in case NEC purchases 15,404,340 shares, which are Total Number of Shares Planned to be Purchased.
(Note 3) The ownership ratio is calculated based on 40,089,040 shares, which are the total number of the issued shares of NEC SOFT (as of September 30, 2004).
- (7) Date of Public Notification: December 6, 2004 (Monday)

(8) TOB Agent:

Daiwa Securities SMBC Co., Ltd.

Daiwa Securities Co., Ltd. (Note)

(Note) Daiwa Securities Co., Ltd. is a sub-agent of Daiwa Securities SMBC Co., Ltd.