NEWS RELEASE

Empowered by Innovation NEC

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***** For immediate use May 12, 2009

Full Year Consolidated Financial Results for the Fiscal Year Ended March 31, 2009

Consolidated Financial Results

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2008	Change
	In billions of yen	In billions of yen	%
Net sales	4,215.6	4,617.2	-8.7
Operating income (loss)	-6.2	156.8	-
Ordinary income (loss)	-93.2	112.2	-
Net income (loss)	-296.6	22.7	-
	yen	yen	yen
Net income per share:			
Basic	-146.64	11.06	-157.7
Diluted	-	10.64	-
	In billions of yen	In billions of yen	%
Total assets	3,075.4	3,526.8	-12.8
Number of employees	143,327	152,922	-

(Notes)

1. **Number of consolidated subsidiaries and affiliated companies accounted for by the equity method is as follows:**

	As of March 31, 2009	As of March 31, 2008
Consolidated subsidiaries	**328**	**334**
Affiliated companies accounted for by the equity method	**63**	**66**

1. Consolidated Business Results

(1) Overview of the fiscal year ended March 31, 2009 and outlook for the fiscal year ending March 31, 2010

The worldwide economy during the fiscal year ended March 31, 2009 exhibited rapid increases in the cost of oil and resources in the first half, however the growth of emerging economic countries such as China and India resulted in low levels of worldwide economic growth. Despite the growth in the first half, the financial crisis in the U.S. and European countries negatively impacted the real economy in the second half and resulted in a significant economic downturn.

The Japanese economy also slowed down rapidly in the second half of the fiscal year as a result of the turmoil of financial markets in the U.S. and European countries. The Japanese economic downturn was impacted by a sudden decrease in exports, which caused corporate earnings to decline, and growing uncertainty about the direction of the economy, which caused capital expenditures to rapidly decline, and deterioration of the employment environment and fall of stock prices, which caused consumer spending to significantly decrease.

Amid this business environment, in April 2008 the NEC Group jointly adopted the "NEC Group Vision 2017," which represents the NEC Group's desired image of group business ten years in the future. "NEC Group Values" of shared behavioral principles and values that are necessary to realize the company's vision were also established in order to stimulate further growth and development towards the next generation.

Furthermore, the NEC Group undertook the following efforts to enhance growth and improve profitability during the fiscal year ended March 31, 2009.

In order to improve growth, NEC focused on network systems as a primary business and construction of next generation networks (NGN) geared towards telecommunications carriers. Moreover, NEC's global business was strengthened through the proactive M&A of NetCracker Technology Corp. in the United States, which holds exceptional know-how of operations support systems for communications carriers, and the acquisition of management authority over OCC Corporation, a leading submarine cable maker. Additionally, NEC's ultra compact microwave communications system, PASOLINK, has maintained its top worldwide market share for two years in a row (2007 and 2008 calendar years) supporting mobile phone carrier' communications networks. In terms of the environmental and energy fields, Nissan Motor Co., Ltd. and NEC Tokin Corporation jointly established a new company that specializes in high efficiency lithium-ion batteries in pursuit of activities that support the development of an "Information society friendly to humans and the earth."

In order to improve profitability, NEC has implemented sweeping new business processes and IT reforms, including manufacturing renovations and staffing adjustments for the system integration field. In Addition, the NEC Group made extensive efforts to improve expense efficiency and reduce costs. Moreover, in the face of the ongoing business slump and intensifying competition, NEC has decided to withdraw from the overseas personal computer business. NEC has also been deeply involved in the recovery of NEC Electronics and NEC Tokin, whose performance has declined due to rapid market deterioration of the electron device field.

NEC recorded consolidated sales of 4,215.6 billion yen for the fiscal year ended March 31, 2009, a decrease of 401.6 billion yen (8.7%) year-on-year. Despite an increase in first half sales for the Mobile/Personal Solutions business, due to an increase in mobile telephone shipments, the rapid economic decline and subsequent decrease in demand during the second half, particularly in the Electron Device business, resulted in sales declines throughout all business segments.

Regarding profitability, operating income decreased 163.0 billion yen year-on-year, for an operating loss of 6.2 billion yen, due to a decrease in consolidated sales in spite of a reduction in selling, general and administrative expenses.

In terms of ordinary income, NEC recorded a decrease of 205.4 billion yen year-on-year, for a loss of 93.2 billion yen. This is a result of worsening operating losses, in addition to an allowance for possible losses related to legal proceedings and worsening equity losses from affiliates due to declining performance from a portion of affiliated companies accounted for by the equity method.

Loss before income taxes and minority interests was 291.0 billion yen, a year-on-year decrease of 384.6 billion yen. The loss is largely due to a recorded loss on revaluation of investments in securities and business structure improvement expenses related to the Electron Devices business.

Corporate income taxes, including current and deferred portion, was 35.3 billion yen.

Additionally, the ratio of “corporate income taxes” to “income (loss) before income taxes and minority interests” was -12.1%. There is a difference between the amount of this ratio and that of effective statutory tax rate, mainly due to the write-off of a portion of deferred tax assets with no prospect for recovery.

Minority interests in income declined 18.4 billion yen, for a loss of 29.6 billion yen. This is largely due to the worsening performance of an NEC subsidiary, NEC Electronics Corporation.

Due to the above, NEC recorded a consolidated net loss of 296.6 billion yen, a year-on-year decrease of 319.3 billion yen.

Although continuation of the worldwide economic downturn is a challenging environment for measuring future business conditions, consolidated sales of 3,730 billion yen, a year-on-year decrease of 11.5%, are projected for the fiscal year ending March 31, 2010. NEC anticipates operating income of 100 billion yen for the same period, an increase of 106.2 billion yen as compared with the fiscal year ended March 31, 2009, through exhaustive expense reduction, including fixed costs, as well as elimination of non-profitable business in order to strengthen the business structure of the NEC Group. NEC also expects 10 billion yen of net income for the same period.

Consolidated	Target for fiscal year ending March 31, 2010	Comparison with fiscal year ended March 31, 2009
	In billions of yen	
Sales	3,730.0	(11.5%)
Operating income	100.0	+106.2 billion yen
Ordinary income	60.0	+153.2 billion yen
Net income	10.0	+306.6 billion yen

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

Sales and operating income of NEC's main segments were as follows:

IT/Network Solutions Business

(figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year)

Sales:	2,723.9 billion yen	(-5.0%)
Operating Income:	124.9 billion yen	(-35.8 billion yen)

Sales by Subsegment (including inter-segment transactions)

Subsegment	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2008	Change
	In billions of yen	In billions of yen	%
IT Services/System Integration	824.5	832.5	-1.0
IT Products	574.0	606.8	-5.4
Network Systems	1,004.6	1,086.0	-7.5
Social Infrastructure	320.8	340.9	-5.9
Total	2,723.9	2,866.2	-5.0

Sales of the IT/Network Solutions business for the fiscal year ended March 31, 2009 amounted to 2,723.9 billion yen, a decrease of 142.2 billion yen (5.0%) year-on-year.

Sales by Subsegment were as follows:

In the area of IT Services/System Integration, sales of 824.5 billion yen, a decrease of 1.0% year-on-year, were impacted by the worsening domestic economy and slowing investment. Due to a reduction in business oriented personal computers and server shipments, as well as slowing investment, sales in the area of IT Products declined to 574.0 billion yen, a 5.4% decrease year-on-year. In the area of Network Systems, sales fell by 7.5% to 1,004.6 billion yen as a result of the completion of a round of investment in systems by domestic mobile telecom carriers and the effect of slowing investment in systems by corporations. Due to a reduction in large scale projects, a decrease in sales of 5.9% year-on-year took place in the area of Social Infrastructure, amounting to 320.8 billion yen.

Operating income decreased by 35.8 billion yen (22.3%) year-on-year, to 124.9 billion yen, owing to the decrease in sales and exchange rate fluctuations in the area of Network Systems.

Mobile/Personal Solutions Business

(figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year)

Sales:	810.3 billion yen	(-7.2%)
Operating Income (Loss):	-7.9 billion yen	(-31.1 billion yen)

Sales by Subsegment (including inter-segment transactions)

Subsegment	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2008	Change
	In billions of yen	In billions of yen	%
Mobile Terminals	348.1	340.3	+2.3
Personal Solutions	462.2	532.6	-13.2
Total	810.3	872.9	-7.2

Sales of the Mobile/Personal Solutions business for the fiscal year ended March 31, 2009 were 810.3 billion yen, a decrease of 62.5 billion yen (7.2%) year-on-year.

Sales by Subsegment were as follows:

In the area of Mobile Terminals, sales were 348.1 billion yen, an increase of 2.3% year-on-year, due to shipment growth by an expanded variety of products and product appeal, despite the overall shrinking of the mobile handset market in Japan. In the area of Personal Solutions, a year-on-year decrease of 13.2%, to 462.2 billion yen was recorded due to a sales decrease of personal computers as a result of a downturn in the overseas market and a slowdown in investments by domestic companies.

Operating results worsened by 31.1 billion yen year-on-year, for a loss of 7.9 billion yen, mainly due to an increase in expenses for diversified models of mobile handsets in order to expand sales and an increase of research and development investment for future business in the Mobile Terminals area, in addition to intensifying domestic price competition and worsening business conditions for overseas personal computer business in the Personal Solutions area.

Electron Devices Business

(figures in brackets denote increases or decreases as compared with the corresponding period of the previous fiscal year)

Sales:	652.8 billion yen	(-21.4%)
Operating Income (Loss):	-79.3 billion yen	(-86.7 billion yen)

Sales by Subsegment (including inter-segment transactions)

Subsegment	**Fiscal Year Ended March 31, 2009**	**Fiscal Year Ended March 31, 2008**	**Change**
	In billions of yen	In billions of yen	%
Semiconductors	546.5	687.7	-20.5
Electronic Components and Others	106.3	143.2	-25.8
Total	652.8	830.9	-21.4

Sales of the Electron Devices business for the fiscal year ended March 31, 2009 decreased by 178.1 billion yen (21.4%) year-on-year, to 652.8 billion yen.

Sales by Subsegment were as follows:

In the area of Semiconductors, sales fell to 546.5 billion yen, a 20.5% decrease year-on-year, due to declining demand of semiconductors across all fields, including semiconductors for computers, computer peripherals and automobiles as well as general-purpose devices such as discrete products. In the area of Electronic Components and Others, sales decreases in electronic components and liquid crystal displays resulted in a sales decline of 25.8% year-on-year, to 106.3 billion yen.

Operating income decreased by 86.7 billion yen year-on-year, for an operating loss of 79.3 billion yen, due to decreased sales across all sectors.

Note

The results for the area of Semiconductors are the official public figures of NEC Electronics Corporation, which are prepared in accordance with U.S. GAAP. The differences that arise as a result of adjustment to Japan GAAP are included in the area of Electronic Components and Others.

2. Consolidated Financial Condition

① *Analysis of condition of assets, liabilities, net assets, and cash flow*

Total assets were 3,075.4 billion yen as of March 31, 2009, a decrease of 451.4 billion yen as compared with the end of the previous fiscal year. Current assets as of March 31, 2009 decreased by 277.7 billion yen compared with the end of the previous fiscal year, largely due to decreases in notes and accounts receivable-trade of 107 billion yen and inventory of 79.1 billion yen respectively. Noncurrent assets decreased by 173.7 billion yen compared with the end of the previous fiscal year, due to property, plant and equipment decreasing by 59.7 billion yen as a result of capital expenditure reductions and a decrease in investments and other assets of 115.4 billion yen mainly due to a decrease from revaluation of investment securities.

Total liabilities decreased by 51.5 billion yen as compared with the end of the previous fiscal year, to 2,289.8 billion yen, largely due to a 171.5 billion yen decrease in notes and accounts payable-trade, despite an increase in interest bearing debt of 124.3 billion yen mainly due to an increase of long-term loans payable. The debt-equity ratio as of March 31, 2009 was 1.44 (a worsening of 0.64 points as compared with the end of the previous fiscal year). The balance of net interest-bearing debt as of March 31, 2009, obtained by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 607.9 billion yen, an increase of 181.9 billion yen as compared with the end of the previous fiscal year. Net debt-equity ratio as of March 31, 2009 was 0.95 (a worsening of 0.53 points as compared with the end of the previous fiscal year).

In addition to a net loss for the fiscal year ended March 31, 2009 and a deficit on retained earnings, decreases in the valuation difference on available-for-sale securities and minority interests resulted in total net assets as of March 31, 2009 of 785.6 billion yen, a decrease of 400 billion yen as compared with the end of the previous fiscal year. As a result, owner's equity ratio as of March 31, 2009 was 20.9% (a worsening of 7.6 points as compared with the end of the previous fiscal year).

Net cash flows from operating activities for the fiscal year ended March 31, 2009 was a cash inflow of 27.4 billion yen, a decrease of 164.9 billion yen year-on-year due to worsening income before income taxes and minority interests, despite improvement in working capital.

Net cash flows from investing activities for the fiscal year ended March 31, 2009 was a cash outflow of 173.2 billion yen, a worsening of 37.4 billion yen over the previous fiscal year due to an increase in outflows from the purchase of investment securities.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) for the fiscal year ended March 31, 2009 totaled a cash outflow of 145.8 billion yen, a worsening of 202.4 billion yen as compared with the previous fiscal year.

Although net cash flows from financing activities for the fiscal year ended March 31, 2009 reflect the redemption of bonds and the payment of dividends, fund-raising including the issuance of commercial papers, bonds and long-term loans, resulted in a cash inflow of 102.2 billion yen. As a result, cash and cash equivalents as of March 31, 2009 amounted to 317.3 billion yen, a decrease of 57.6 billion yen as compared with the end of the previous fiscal year.

② *Changes in cash flow related indices*

	Year ended March 31, 2007	**Year ended March 31, 2008**	**Year ended March 31, 2009**
Owner's equity ratio	27.8%	28.5%	20.9%
Owner's equity ratio on market value basis	34.3%	21.8%	17.4%
Cash flow to interest-bearing debt ratio	3.8 times	4.3 times	31.5 times
Interest coverage ratio	14.7 times	13.1 times	2.2 times

Calculation methods for the above indices:

Owner's equity ratio:
Owner's equity at the end of each fiscal year / total assets at the end of each fiscal year

Owner's equity ratio on market value basis:
Aggregated market value of owner's equity at the end of each fiscal year / total assets at the end of each fiscal year

Cash flow to interest-baring debt ratio:
Average balance of interest-bearing debt / cash flows from operating activities

* Average balance of interest-bearing debt = (balance of interest-bearing debt at the beginning of the fiscal year + balance of interest-bearing debt at the end of the fiscal year) /2

Interest coverage ratio:
Cash flows from operating activities / interest expenses

* The above indices are calculated using consolidated financial figures.
** Aggregated market value of owner's equity is calculated using the outstanding number of shares excluding treasury stock.

3. Fundamental Policy on Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2009 and the Fiscal Year Ending March 31, 2010

As NEC needs to adopt a flexible policy in order to better respond to the rapidly changing business environment, NEC considers, among other factors, the following factors in determining its cash dividends: the profits earned in the relevant fiscal period; the financial outlook for the following fiscal periods, the dividend payout ratio, and the internal demand for funds such as capital expenditures.

Regrettably, NEC will not pay an annual dividend for the full year ended March 31, 2009 in consideration of net loss and the deficit of shareholder equity.

NEC plans to pay an annual dividend of 4 yen per share (interim dividend of 0 yen per share) of common stock for the full year ending March 31, 2010.

In addition, NEC stipulates in its Articles of Incorporation that it may determine distribution of surplus dividends flexibly through resolutions of the Board of Directors, and that record dates of distribution of surplus dividends shall be March 31 and September 30, as in the past.

4. Risk Factors

The NEC Group's business is subject to many risks. The principal risks affecting the NEC Group’s business are described briefly below.

① Risk related to the NEC Group’s industry

<1> Intense competition

The NEC Group is subject to intense competition in many of the markets in which it operates from various competitors, ranging from large multinational corporations to relatively small, rapidly growing, and highly specialized companies. The entrance of additional competitors into the markets in which the NEC Group operates increases the risk that the NEC Group's products and services will become subject to intense price competition. If the NEC Group fails to respond to intense competition, its revenue may suffer adverse effects.

<2> Risk related to production process

The computers, communications, semiconductors, and other markets in which the NEC Group operates are characterized by the introduction of products with short life cycles in a rapidly changing technological environment. Production processes are highly complex, require advanced and costly equipment, and must continuously be modified to improve yields and performance. Production impediment and ineffective productivity may lead yields lower and interrupt production. If production is interrupted by defects, malfunctions or other failures of manufacturing facilities, the NEC Group may not be able to shift production to other facilities quickly, and customers may purchase products from other suppliers. The shortage of manufacturing capacity for some products could adversely affect the NEC Group’s ability to compete. The resulting reductions in revenues and damage to customer relationships could be significant. In addition, during downturns, customers generally do not order products as far in advance of the scheduled shipment date as they do when the industry is operating closer to capacity, making it difficult to forecast production levels and revenues

<3> Risk related to semiconductor business

The market for semiconductors has a highly cyclical nature called a “silicon cycle,” and suffers downturns from time to time. Downturns are characterized by diminished demand, excess inventories, and accelerated erosion of prices. Although the NEC Group operates its business while carefully monitoring the cycle of the market, a downswing in the silicon cycle may have adverse effects on its operating results.

The cyclical nature of the semiconductor market is due partly to periods of production overcapacity. In recent years, semiconductor companies, including specialist semiconductor foundries, have added significant capacity, primarily in Asia. As a consequence, semiconductor production capacity may periodically exceed the demand for semiconductor products, exerting downward pressure on selling prices and reducing its revenues.

<4> Risk related to retention of personnel

Like all technology companies, the NEC Group must compete for talented employees to develop its products, services, and solutions in a market where the demand for such individuals exceeds the number of qualified candidates. As a result, the NEC Group's human resources organization focuses significant efforts on attracting and retaining individuals in key technology positions. If it experiences a substantial loss of, or an inability to attract, talented personnel, the NEC Group may experience difficulty in meeting its business objectives.

<5> Influence of economic conditions

The NEC Group’s business is highly dependent on the Japanese market. Sales to customers in Japan accounted for 75.0% of its total group sales in the fiscal year ended March 31, 2008 and 77.8% in the fiscal year ended March 31, 2009. The Japanese economy is currently sluggish due to a sudden decrease in exports caused capital expenditure to decline and consumer spendings also significantly decreased due to deterioration of the employment environment as the result of negative impact of the financial crises in the US and European countries. If this weakness in the Japanese economy continues, there could be a significant impact on the NEC Group's financial results. The NEC Group also depends on markets outside Japan, and its financial results are therefore subject to negative economic developments in foreign countries.

<6> Laws and Government Policies

In many of the countries and regions in which the NEC Group operates, its business is subject to various risks associated with unexpected regulatory changes and application of laws, and uncertainty in their applications by government authorities, in addition to uncertainty relating to governmental legal liabilities. Substantial changes in the regulatory or legal environments in which the NEC Group operates could adversely affect its business, operating results, and financial condition.

Changes in Japanese and international telecommunications regulations and tariffs, including those related to Internet-related businesses and technologies, could affect the sales of the NEC Group's products or services, and this could adversely affect its business, operating results, and financial condition.

Operations of the NEC Group are subject to many environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use and handling of hazardous substances, waste disposal, chemical substances in products, product recycling, and soil and ground water contamination. In addition, the NEC Group faces risks of environmental liability in its current, historical, and future manufacturing activities. Costs associated with future stricter environmental compliance or preventative measures against environmental disruption and global warming could adversely affect its business, operating results, and financial condition.

<7> Defects in products and services

There is a risk that defects may occur in the NEC Group's products and services. Many of its products and services are used in “mission critical” situations and occurrence of these defects could make the NEC Group liable for damages caused by these defects. Negative publicity concerning such defects could discourage customers from purchasing the NEC Group's products and services. It could hurt the NEC Group's business, operating results, and financial condition.

<8> Risk related to foreign currency exchange, interest rate and stock price

Foreign exchange rate fluctuations may negatively impact the NEC Group’s business, operating results, and financial condition although the NEC Group takes various measures to reduce or avoid risks of foreign exchange rate fluctuations. Changes in exchange rates can affect the yen value of the NEC Group's equity investments, monetary assets and liabilities arising from business transactions in foreign currencies. These changes can also affect the costs and sales proceeds of products or services that are denominated in foreign currencies.

The NEC Group is also exposed to risks of interest rate fluctuations. While the NEC Group takes various measures to avoid such risks, such fluctuations may increase its operational costs, reduce the value of its financial assets, or increase the value of its liabilities.

In addition, stock market fluctuations may negatively impact the NEC Group’s business, operating results, and financial condition. Decline in stock market prices may cause the NEC Group to post loss from revaluation of holding stock and adversely affect the return on pension assets.

② Risk related to the NEC Group’s business

<1> Technological advances and response to customer needs

The markets for the products and services that the NEC Group offers are characterized by rapidly changing technology, evolving technical standards, changes in customer preferences, and the frequent introduction of new products and services. The development and commercialization of new technologies and the introduction of new products and services will often make existing products and services obsolete or unmarketable.

If the NEC Group fails to keep up with rapid technological changes and changes in customer needs, and to offer and support products and services (including new products and new services) in response to such changes, the NEC Group's business, operating results and financial condition may be adversely affected. In addition, the development process could be lengthier than originally planned, and require the NEC Group to commit many more resources. Furthermore, technology and standards may change while the NEC Group is in a development stage, rendering the NEC Group's products obsolete or uncompetitive before their introduction to the market.

The products of the NEC Group, some of which contains both hardware and software, may contain undetected errors, which may be discovered after their introduction and shipment and by which the NEC Group may be pursued its liabilities for damages caused in its customers. In addition, the NEC Group may encounter difficulties incorporating its technologies into its products in accordance with its customers' expectations, which in turn may negatively affect its customer relationships, reputation, and revenues.

<2> Finance and profit fluctuations

Any quarterly or yearly operating results of the NEC Group are not necessarily indicative of results expected in future periods. Operating results of the NEC Group have historically been, and are expected to continue to be, subject to quarterly and yearly fluctuations as a result of a wide variety of factors, including the introduction and market acceptance of new technologies, products, and services; variations in product costs, the mix of products sold; the scale and timing of customer orders which in turn will often depend on the success of customers' businesses or specific products and services; the impact of acquired businesses and technologies; manufacturing capacity and lead times; and fixed costs.

There are other trends and factors beyond the control of the NEC Group which may affect the NEC Group's operations, and make it difficult to predict operating results for a particular period, include the following:

- Adverse changes in conditions in the markets of the products and services that the NEC Group offers;
- Governmental decisions regarding the development and deployment of communications and technology infrastructure, including the timing and scale of governmental expenditures in these areas;
- Timing and scale of capital expenditures by customers of the NEC Group;
- Inventory practices of the NEC Group's customers;
- Conditions in the broader IT and communications markets or in the Japanese or global economies;
- Changes in governmental regulation or intervention affecting communications, data networking, or the Internet;
- Conditions in the public and private equity and debt markets; and
- Adverse changes in the credit quality of customers and suppliers of the NEC Group.

These trends and factors could have a material adverse effect on the business, operating results, and financial condition of the NEC Group.

<3> Risk related to expansion of overseas businesses

The NEC Group implements various measures for expanding its business in markets outside of Japan. In these markets, the NEC Group faces barriers in the form of long-standing relationships between its potential overseas customers and their local suppliers, and regulations to protect local suppliers. In addition, pursuing international growth opportunities may require the NEC Group to make significant investments long before the NEC Group realizes returns on the investments, if any. Increased investments may result in expenses growing at a faster rate than revenues. The NEC Group's overseas projects and investments, particularly in China, could be adversely affected by:
- exchange controls;
- changes in restrictions on foreign investment;
- changes in export and import restrictions or changes in the tax system or rate of taxation; and
- economic, social, and political risks.

Due to the above factors, the NEC Group may not succeed in expanding its business in international markets, thereby adversely affecting its business growth prospects and results of operations.

<4> Risk related to the intellectual property rights of the NEC Group

The NEC Group greatly depends on the its ability to obtain patents, copyrights, and other intellectual property rights covering its products, services, business models, and design and manufacturing processes. While the NEC Group owns many patents, copyrights and other intellectual property as its rights, such intellectual property rights may become invalid or be avoided, and the NEC Group's advantage in intellectual property is not always guaranteed. In addition, registration and maintenance fee of the patents or other intellectual property require significant expenses.

In addition, the protection afforded by the NEC Group's intellectual property rights, such as patents, and copyrights, may be undercut by rapid changes in technologies in the industries in which the NEC Group operates. Similarly, there can be no assurance that NEC Group's technology will be sufficiently broad to protect the NEC Group from any future claims alleged by third parties. Effective protection of intellectual property rights including trade secrets may be unavailable or limited in some countries, and the NEC Group's trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors, and other persons. In addition, there may be cases of blatant disregard of the NEC Group's intellectual property rights, in which inferior, pirated products damage its brand image. Alleging a claim for infringement of the NEC Group's patents, copyrights and other intellectual rights may require significant financial and management resourced. In addition, there may be cases in which inferior, pirated products infringing the NEC Group's intellectual property rights damage NEC's brand image.

<5>Risks related to intellectual property licenses owned by third parties

Some of the NEC Group's products designed to include software and patents licensed from third parties are manufactured and sold. Necessary license may be unavailable to the NEC Group, or be made available to the NEC Group only on unfavorable terms and conditions. In such cases, it may adversely affect the operating results of the NEC Group.

<6> Legal proceedings

From time to time, the NEC Group companies are involved in various lawsuits and legal proceedings, including intellectual property infringement claims. Due to the existence of a large number of intellectual property rights in the fields of the NEC Group and the rapid rate of issuance of new intellectual property rights, it is difficult to completely determine in advance whether a product or any of its components may infringe upon the intellectual property rights of others. Whether or not intellectual property infringement claims against the NEC Group companies have merit, significant financial and management resources may be required to defend the NEC Group from such claims. If an intellectual property infringement claim by a third party is successful, the business, operating results and financial condition of the NEC Group could be adversely affected.

The NEC group may also from time to time become involved in various lawsuits and legal proceedings other than intellectual property infringement claims.

NEC Electronics America, Inc., a consolidated subsidiary of NEC, has settled a number of class action civil antitrust lawsuits from direct DRAM purchasers seeking damages for alleged antitrust violations in the DRAM industry, but is still in litigations or in settlement negotiations with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc has also been named as one of the defendants in a number of class action civil antitrust lawsuits from indirect DRAM purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the United States. NEC group companies are also fully cooperating with, and providing information to, the European Commission in its investigation of potential violations of European competition laws in the DRAM industry. The European Commission may impose fines on one or more companies in the NEC group should they be found liable as a result of the investigation by the European Commission.

The NEC group has been subject to the investigations in connection with potential violation of the antimonopoly laws (antitrust laws, competition laws) in the TFT LCD display industry conducted by the Japan Fair Trade Commission, the U.S. Department of Justice, the European Commission, and the Korea Fair Trade Commission and the Competition Bureau of Canada.

In Canada some companies in the NEC group are named defendants in several class action lawsuits seeking damages for alleged violations of antitrust laws in the TFT LCD display industry.

While the investigations conducted by the U.S. Department of Justice, the European Commission and the Korea Fair Trade Commission in connection with potential violation of the antimonopoly laws (antitrust laws, competition laws) in the SRAM industry have been closed, some companies in the NEC Group are named defendant in a number of class action lawsuits in the United States and

Canada, seeking damages for alleged violations of antitrust laws in the SRAM industry.

Although at this moment, no conclusions have been reached related to these investigations conducted by these authorities and related lawsuits, the NEC Group has provided an accrual in a reasonably estimated amount of potential losses in connection with these legal proceedings.

Furthermore, in a lawsuit seeking for the revocation of the Fair Trade Commission’s trial decision that had ordered an exclusion treatment in the suspected violation of the antimonopoly law regarding general competitive bidding for automatic postal code reading machinery by the former General Post Office (Japan Post), the Tokyo High Court dismissed the Company’s request for the revocation, and consequently, the Company has made an appeal and a petition for acceptance of final appeal to the Supreme Court. No conclusion has been reached related to the lawsuit at this moment. In addition, trial proceedings regarding payment of the surcharge to the Commission are still in the process.

It is difficult to foresee the results of legal actions and proceedings currently involving the NEC Group or of those which may arise in the future, and an adverse result in these matters could have a significant negative effect on the NEC Group's business, performance, or financial condition.

In addition, any legal or administrative proceedings which we are subject to could require the significant involvement of senior management of the NEC Group, and may divert management attention from the NEC Group's business and operations.

<7> Risk related to natural and fire disasters

If any of the NEC Group's facilities and buildings were to suffer catastrophic damage from earthquakes or other natural disasters and fire accidents, it could disrupt the NEC Group's operations and delay production and shipments, which would in turn bring about reduced revenue, and result in large losses and expenses to repair or replace the facilities. Spread of unknown infectious disease such as new type of influenza affects operation of the NEC Group’s business. In addition, under the circumstances where network and information systems become more important to operating activities of the NEC Group, network and information system shutdowns caused by unforeseen events such as power outages, natural disasters, terrorist attack, hardware or software defects, computer viruses, and computer hacking pose increasing risks. The NEC Group takes precautions such as enhancing earthquake safety of its main facilities, conducting emergency frill and duplicating information system and formulates the business continuity plan (BCP) for dealing with the emergency. In the event that the NEC Group's network and information systems were to suffer a shutdown due to unexpected disasters, such events could also disrupt its operations, productions, shipments and revenue, and result in large expenditures necessary to repair or replace such network and information systems

<8> Risk related to material procurement

The NEC Group’s manufacturing operations depend on obtaining deliveries of raw materials, components, equipment, and other supplies in a timely manner. Because the products that the NEC Group purchases are often complex or specialized, it may be difficult for the NEC Group to substitute one supplier for another or one product for another, as some products are only available from a limited number of suppliers or a single supplier. Delays or interruptions in the supply of products to the NEC Group or unexpected increases in industry demands could result in shortages of essential materials. The NEC Group’s results of operations would suffer if the NEC Group could not obtain adequate delivery of these supplies in a timely manner, or if the NEC Group had to pay significantly more for them. In addition, the possibility of defective raw materials, components, equipment, or other supplies could adversely affect the reliability and reputation of the NEC Group’s products.

<9> Alliance with strategic partners

The NEC Group has entered into long-term strategic alliances with leading industry participants, both to develop new technologies and products, and to manufacture existing and new products. If strategic partners of the NEC Group encounter financial or other business difficulties, or if their strategic objectives change, they may no longer be willing or able to participate in these strategic alliances. The NEC Group's business and operating results could be diversely affected if the NEC Group was unable to continue one or more of its strategic alliances.

<10> Risk related to potential acquisitions and investments

From time to time, the NEC Group takes advantage of opportunities to expand its business through acquisitions and investments. Any acquisition that the NEC Group pursues exposes it to the risk that it might be unable to integrate new businesses with its culture and strategies. The NEC Group also cannot be certain that it will be able to retain the customers of a business that it acquires or key employees. Furthermore, the NEC Group may not be able to achieve the benefits that it expects from a particular acquisition. The NEC Group's business, operating results, and financial condition may suffer if it fails to coordinate its resources effectively to manage both its existing businesses and any businesses it may acquire.

<11> Dependence on the NTT Group

The NEC Group derived approximately 11.2% of its net sales in the fiscal year ended March 31, 2009 from the NTT Group (Nippon telegraph AND Telephone Corporation and its affiliates including NTT DoCoMo, Inc.). If the NTT Group were to reduce its level of capital expenditures or current procurement from the NEC Group, its business, operating results and financial condition may be adversely affected. In addition, the NEC Group's business may be adversely affected if the NTT Group began to manufacture products that the NEC Group supplies or acquired a competitor of the NEC Group.

<12> Risk related to customers' financial difficulties

The NEC Group sometimes provides vendor financing to its customers, or provides guarantees to banks or trading companies that have provided vendor financing. In addition, many of the NEC Group's customers purchase products and services from the NEC Group on payment terms that provide for deferred payment. If the NEC Group's customers, to whom the NEC Group has extended or guaranteed vendor financing, or from whom it has substantial accounts receivable, encounter financial difficulties, its business, operating results, and financial condition could be adversely affected.

<13> Risk related to retirement benefit obligations

Retirement benefit obligations and prepaid pension expenses recognized by the NEC Group are calculated based on the premise of actuarial calculation such as discount rate and expected return on plan assets. It could negatively affect NEC Group’s business, earnings and financial conditions that retirement benefit obligations will increase if there is a discrepancy between the premise and result on actuarial calculation due to lower interest rates or declines of stock market.

<14> Risk related to deferred tax assets

The NEC Group currently has deferred tax assets resulting from net operating loss carry forwards and deductible temporary differences, both of which will reduce taxable income in the future.

In the event of a deterioration in market conditions or results of operations, in which NEC determines that all or part of such deferred tax assets are unlikely to be realized, an adjustment to deferred tax assets may be made and the NEC Group’s income could be decreased for the period of adjustment.

<15> Risk related to information management

The NEC Group possesses a voluminous amount of personal information and confidential information in connection with the operation of its business. There is always a possibility that such information may be leaked or improperly accessed and subsequently misused, and if such an event occurs, it could negatively affect the NEC Group's reputation, consume significant financial resources to resolve the situation, and lower the NEC Group's brand value, thereby hurting the NEC Group's operating results.

<16> Risk related to internal controls

The NEC Group has designed and presently implements internal control systems for all group operations in line with the basic policy on internal control systems resolved by the Board of Directors. However, the internal control systems in place can not fully prevent error or fraudulent behavior on the part of NEC Group employees. The internal control systems may not effectively function in case of an error in judgment or the negligence of employees, or because of collusion between multiple employees. In addition, it may not be able to effectively deal with changes in business environment inconceivable when the systems were established or non-routine transactions.. Furthermore, the NEC Group is taking action to guarantee the accuracy of its financial reporting by strengthening its internal controls with expanding documentation of the business process and implementing stronger internal auditing. However, the NEC Group may discover possible fraudulent acts such as false financial reporting or embezzlement, or mistakes resulting, for example, from insufficient implementation of internal controls related to financial reporting. Such events would require adjustments to financial statements and could decrease the NEC Group’s profit. Despite making every effort to continually improve and standardize the business process from the perspective of ensuring properness of operations and greater efficiency, since the NEC Group operates in a diverse range of countries and regions and adopts varying business processes, it may be therefore hard to design and establish a common business process, and as a result efforts to further improve and standardize the business process may incur significant management and human resources and considerable costs. There is also the possibility that the established business process may not function effectively.

<17> Risk related to past consolidated financial statements

As disclosed in September 2007, NEC was not able to complete an additional analysis required by U.S. GAAP standards including SOP 97-2 relating to revenue recognition of maintenance and support services provided as part of multiple-element contracts, because it was unable to gather data for the audit, under U.S. Public Company Accounting Oversight Board standards, of NEC's consolidated financial statements to be filed with the U.S. Securities and Exchange Commission (SEC) for the fiscal year ended March 31, 2006. As a result, NEC wasl not be able to file its Form 20-F annual reports with the SEC for the financial periods for fiscal years ended on and after March 31, 2006. In addition, NEC's U.S. GAAP consolidated financial statements previously filed with or submitted to the SEC for all financial periods for fiscal years ended on and after March 31, 2000 should no longer be relied upon. Further, because of the complexities involved in determining the adjustments required to restate its U.S GAAP results, NEC has concluded that a restatement is not practicable. On October, 2007 the NASDAQ Stock Market LLC announced that it delists NEC's American Depositary Receipts. In June, 2008, NEC entered into a settlement agreement with the SEC and as part of the settlement, the SEC issued a cease and desist order which stipulates that (a) NEC shall cease and desist from the violations of certain clauses of the U.S. Securities and Exchange Act of 1934 (Act) because the SEC found that certain actions by NEC (including the failure to file the Annual Reports) violated certain provisions of the Act, and (b) the registration under the Act of securities issued by NEC shall be revoked. NEC has not admitted or denied the findings by the SEC set forth in the order. No surcharge or other forms of monetary payment is required under the order. However, as a result of such order, the NEC Group may have the difficulty in raising funds in the overseas capital market. In addition, shareholders and investors may bring civil actions for damages for the violation of the Act and an adverse result in such claims could have a significant negative effect on the NEC Group's business, performance or financial condition.

Management Policy

1. Fundamental Management Policy

Based on the NEC Group Corporate Philosophy, "NEC strives through 'C & C' to help advance societies worldwide towards deeper mutual understanding and the fulfillment of human potential." The NEC Group aims to become a global company by contributing to the development of an information society through "C&C," the integration of Computers (Information Technology) and Communications (Telecommunication Technology).

To pursue this philosophy, the NEC Group jointly adopted the "NEC Group Vision 2017," which represents the NEC Group's desired image of group business ten years in the future, as well as the "NEC Group Values" of shared behavioral principles and values that are necessary to realize the company's vision.

NEC Group Vision 2017：
"To be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth"

The NEC Group aims to lead the world in realizing an information society that is people and earth friendly, where information and communication technology help people as an integral part of their lives, and act in harmony with the global environment through innovation that unites the powers of intelligence, expertise and technology inside and outside the NEC Group.

NEC Group Core Values：
"Passion for Innovation," "Self-help," "Collaboration," "Better Products, Better Services"

The NEC Group will strive to provide satisfaction and inspiration for our customers through the efforts of self-reliant individuals, motivated by a "passion for innovation," that work as part of a team to continuously pursue the provision of better products and services. This mentality of "Better Products, Better Services"- not settling for less than the best - has been shared among employees since the establishment of the NEC Group. The NEC Group aims to pursue its Corporate Philosophy and realize the Group Vision through actions based on the Values that have been passed down and fostered over the 100-year history of the NEC Group.

Finally, the NEC Group aims for sustained growth for society and business through efforts to increase its corporate value by centering management on the NEC Group Corporate Philosophy, NEC Group Vision, and Core Values, and striving to bring satisfaction to all of its stakeholders, including shareholders, customers, and employees alike.

2. Management Indicator Goal's

The NEC Group aims to realize certain operating results as a leading global corporate group, and attaches paramount importance to ROE as a management indicator for expanding profitability. Although the NEC Group posted a net loss in the fiscal year ended March 31, 2009, the NEC Group will aim for further ROE improvements by achieving positive income and by the promotion of management restructuring.

3. Middle and Long Term Management Strategy / Challenges to be Addressed by the NEC Group

Based on the NEC Group Corporate Philosophy and the "NEC Group Vision 2017," the NEC Group aims to capitalize on innovation to deliver an information society friendly to humans and the earth. As "One NEC," the NEC Group will provide total solutions that capitalize on the NEC Group's world-class technological competence in each of the NEC Group's business fields. The NEC Group anticipates that challenging business conditions will continue due to the worldwide economic recession stemming from the financial crisis in the U.S. and European countries. The NEC Group views the current strict economic environment as an opportunity to steadily implement structural reform that will strengthen group companies' profitability and managerial organization, as the group strives to reform its business and profit structure.

In terms of business structure reform, the NEC Group will be reassessing its business portfolio, and accelerating the selection and concentration of group business, towards the realization of "an information society friendly to humans and the earth."

In the IT/Network Solutions business, the NEC Group will work to strengthen service business geared for the cloud computing era. Cloud computing is a mechanism that allows users to obtain necessary services at any time through devices such as personal computers and portable information devices that use the Internet to access systems that are located "somewhere" in the network. In order to create this mechanism, a variety of hardware and software that deliver sophisticated automation and virtualization as well as integrated operations are required. The NEC Group utilizes its expertise in both the IT and Network fields to provide new services adapted for the cloud computing era utilizing a concentration of the NEC Group's technologies and consulting knowhow, system integration, operations, maintenance, support, and outsourcing into one business unit. Moreover, in order to globally drive the expansion of these kinds of service businesses, the NEC Group will actively explore M&A possibilities, in addition to last year's acquisition of NetCracker Technology Corp. in the U.S., which secure and strengthen business resources complementing NEC Group capabilities, such as a stable customer base, operational management skill and data center know-how. Furthermore, the NEC Group also aims to deliver its homegrown know-how of advanced IT network systems on a global scale.

In the Mobile/Personal Solutions business, the NEC Group leverages synergies between a wide variety of businesses such as mobile handsets, personal computers and Internet services, "BIGLOBE," to create integrated products such as a new generation of information communication devices and services, and strives to create new personal solutions towards a ubiquitously networked society that enables the exchange of information anywhere, anytime.

In the environment / energy field, the NEC Group's latest business domain, the NEC Group has focused a great deal of attention on lithium-ion batteries for automobiles. In the middle to long-term range, the NEC Group will capitalize on its strengths to provide environmental and energy related businesses that address the growing importance of environmental issues such as electricity conservation and carbon dioxide reduction, as this new business field is expected to become a source of future growth.

In the semiconductor area of the Electron Devices business, in April 2009, NEC agreed to enter into negotiations to integrate the business operations of NEC Electronics Corporation and Renesas Technology Corp. NEC will negotiate to create of an integrated company with globally competitive strengths by reinforcing management foundations and technological strength.

Regarding other unprofitable businesses, careful consideration will be taken for a full range of options in order to improve the NEC Group's capital efficiency and to expeditiously and flexibly decide and implement the company's fundamental strategies.

In terms of profit structure reform, the NEC Group strives to change the group's overall operational processing structure into a “simple” form that corresponds with “global standards,” and streamlines group-wide organization by eliminating the group’s internally overlapping functions, as well as effectively distributes personnel, which will enable agile management as “One NEC.”

In January 2009, the NEC Group announced the staff reduction of more than 20,000, including personnel of outsourced contractors. The internal production of formerly outsourced projects is currently proceeding and the active reduction of a full range of fixed expenses will continue.

Furthermore, in addition to business structure reform, in order to eliminate unprofitable NEC Group business, the group aims to improve profitability by strengthening its ability to respond to customer demands in profitable businesses.

Additionally, starting with comprehensive compliance, the NEC Group will continue its ongoing maintenance of internal control systems as well as concentrating on the reinforcement of consolidated operational management.

By implementing these measures mentioned above, the NEC Group is aiming to expand its business and improve group profitability, and to emerge after the current worldwide recession as a leading global organization.

CONSOLIDATED BALANCE SHEETS

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

		March 31, 2009		March 31, 2008	**March 31, 2009**
Current assets		**JPY 1,671,092**		JPY 1,948,814	**$16,879**
Cash and deposits		**226,601**		247,447	**2,289**
Notes and accounts receivable-trade	*5	**746,731**	*5,6	853,773	**7,543**
Short-term investment securities		**91,434**		127,908	**924**
Merchandise and finished goods		**139,724**		194,528	**1,411**
Work in process		**151,789**		181,785	**1,533**
Raw materials and supplies		**86,853**		81,180	**877**
Deferred tax assets		**99,657**		120,956	**1,007**
Other		**134,254**		147,150	**1,355**
Allowance for doubtful accounts		**(5,951)**		(5,913)	**(60)**
Noncurrent assets		**1,404,286**		1,577,981	**14,185**
Property, plant and equipment		**581,031**		640,747	**5,869**
Buildings and structures	*1,2	**218,983**	*1,2	227,522	**2,212**
Machinery and equipment	*1,2	**143,269**	*1,2	180,866	**1,447**
Tools, furniture and fixtures	*1	**93,881**	*1	108,174	**948**
Land	*2	**91,523**	*2	89,224	**924**
Construction in progress		**33,375**		34,961	**338**
Intangible assets		**224,102**		222,635	**2,264**
Goodwill		**93,365**		93,525	**943**
Software		**125,918**		123,841	**1,272**
Other		**4,819**		5,269	**49**
Investments and other assets		**599,153**		714,599	**6,052**
Investment securities		**143,361**		185,614	**1,448**
Stocks of subsidiaries and affiliates	*3	**131,119**	*3	223,478	**1,324**
Deferred tax assets		**150,676**		131,465	**1,522**
Other		**183,469**		183,264	**1,854**
Allowance for doubtful accounts		**(9,472)**		(9,222)	**(96)**
Total assets		**JPY 3,075,378**		JPY 3,526,795	**$31,064**

(Note)

U.S. dollar amounts are translated from yen, for convenience only, at the rate of 1 U.S.dollar = 99 yen.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

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

		March 31, 2009		March 31, 2008	March 31, 2009
Current liabilities		JPY 1,383,568		JPY 1,549,306	$13,975
Notes and accounts payable-trade		529,258		700,797	5,346
Short-term loans payable	*2	57,202	*2	89,632	578
Commercial papers		115,930		80,955	1,171
Current portion of long-term loans payable	*2	11,968	*2	23,907	121
Current portion of bonds		118,780		89,250	1,200
Accrued expenses		209,253		262,186	2,114
Advances received		58,701		67,924	593
Provision for directors' bonuses		302		488	3
Provision for product warranties		42,119		40,032	425
Provision for business structure improvement		28,528		-	288
Provision for contingent loss		39,377		11,858	398
Other		172,150		182,277	1,738
Noncurrent liabilities		906,245		791,968	9,154
Bonds payable		69,835		38,615	705
Convertible bonds		97,669		197,669	987
Bonds with subscription rights to shares		110,000		117,500	1,111
Long-term loans payable	*2	315,753	*2	121,249	3,189
Deferred tax liabilities		8,712		14,031	88
Provision for retirement benefits		224,378		224,143	2,266
Provision for loss on repurchase of computers		10,234		12,496	103
Provision for product warranties		1,798		918	18
Provision for recycling expenses of personal computers		6,790		5,726	69
Provision for contingent loss		12,244		18,409	124
Provision for loss on guarantees		14,608		-	148
Other		34,224		41,212	346
Total liabilities		2,289,813		2,341,274	23,129
Shareholders' equity		673,557		978,973	6,804
Capital stock		337,940		337,940	3,414
Capital surplus		464,875		464,875	4,696
Retained earnings		(126,276)		179,391	(1,276)
Treasury stock		(2,982)		(3,233)	(30)
Valuation and translation adjustments		(31,903)		25,248	(322)
Valuation difference on available-for-sale securities		(6,228)		29,898	(63)
Deferred gains or losses on hedges		(120)		(283)	(1)
Foreign currency translation adjustment		(25,555)		(4,367)	(258)
Subscription rights to shares		123		115	1
Minority interests		143,788		181,185	1,452
Total net assets		785,565		1,185,521	7,935
Total liabilities and net assets		JPY 3,075,378		JPY 3,526,795	$31,064

CONSOLIDATED STATEMENTS OF OPERATIONS

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

Fiscal year ended March 31		2009		2008	2009
Net sales		JPY 4,215,603		JPY 4,617,153	$42,582
Cost of sales		2,929,567		3,142,844	29,592
Gross profit		1,286,036		1,474,309	12,990
Selling, general and administrative expenses		1,292,237		1,317,544	13,053
Operating income (loss)		(6,201)		156,765	(63)
Non-operating income		20,311		29,853	205
Interest income		5,560		8,694	56
Dividends income		3,039		3,654	31
Equity in earnings of affiliates		-		1,003	-
Other		11,712		16,502	118
Non-operating expenses		107,281		74,378	1,083
Interest expenses		12,578		14,724	127
Provision for contingent loss		30,365		-	307
Retirement benefit expenses		14,791		13,850	149
Equity in losses of affiliates		12,647		-	128
Foreign exchange losses		10,952		17,872	110
Loss on abandonment of noncurrent assets		9,590		9,243	97
Compensation for damage and Settlement package expenses		-		2,142	-
Other		16,358		16,547	165
Ordinary income (loss)		(93,171)		112,240	(941)
Extraordinary income		20,631		12,126	208
Gain on sales of subsidiaries and affiliates' stocks	*1	16,209	*1	480	164
Gain on sales of investment securities		3,957		3,320	40
Gain on sales of noncurrent assets	*2	465	*2	1,423	4
Gain on transfer of business		-	*3	3,547	-
Reversal of allowance for doubtful accounts		-	*4	1,499	-
Gain on change in equity		-	*5	933	-
Reversal of provision for recycling expenses of personal computers		-		924	-
Extraordinary loss		218,430		30,748	2,206
Business structure improvement expenses	*6	87,362	*6	14,567	882
Loss on valuation of investment securities	*7	78,759	*7	3,798	796
Impairment loss	*8	30,487	*8	4,555	308
Provision for loss on guarantees		14,608		-	147
Cost of corrective measures for products	*9	5,312	*9	4,420	54
Loss on sales of stocks of subsidiaries and affiliates	*10	1,706	*10	408	17
Loss on retirement of noncurrent assets	*11	117	*11	2,396	1
Loss on sales of investment securities		79		4	1
Loss on change in equity		-	*12	600	-
Income (loss) before income taxes and minority interests		(290,970)		93,618	(2,939)
Income taxes - current		30,196		38,791	305
Income taxes - deffered		5,107		43,364	51
Minority interests in loss		(29,627)		(11,218)	(299)
Net income (loss)		(JPY 296,646)		JPY 22,681	$(2,996)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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

Fiscal year ended March 31	2009	2008	2009
Shareholders' Equity			
Capital Stock			
Balance at the end of the previous period	JPY 337,940	JPY 337,822	$3,414
Changes of items during the period			
Conversion of Convertible bond-type bonds with subscription rights to shares	-	117	-
Total changes of items during the period	-	117	-
Balance at the end of the period	337,940	337,940	3,414
Capital surplus			
Balance at the end of the previous period	464,875	464,838	4,696
Changes of items during the period			
Conversion of Convertible bond-type bonds with subscription rights to shares	-	117	-
Disposal of treasury stock	-	(81)	-
Total changes of items during the period	-	36	-
Balance at the end of the period	464,875	464,875	4,696
Retained earnings			
Balance at the end of the previous period	179,391	173,003	1,812
Changes of items during the period			
Dividends from surplus	(8,101)	(16,202)	(82)
Net income (loss)	(296,646)	22,681	(2,996)
Disposal of treasury stock	(921)	(91)	(9)
Total changes of items during the period	(305,667)	6,388	(3,088)
Balance at the end of the period	(126,276)	179,391	(1,276)
Treasury stock			
Balance at the end of the previous period	(3,233)	(3,225)	(33)
Changes of items during the period			
Purchase of treasury stock	(900)	(281)	(9)
Disposal of treasury stock	1,151	273	12
Total changes of items during the period	251	(8)	3
Balance at the end of the period	(2,982)	(3,233)	(30)
Total shareholders' equity			
Balance at the end of the previous period	978,973	972,438	9,889
Changes of items during the period			
Conversion of Convertible bond-type bonds with subscription rights to shares	-	234	-
Dividends from surplus	(8,101)	(16,202)	(82)
Net income (loss)	(296,646)	22,681	(2,996)
Purchase of treasury stock	(900)	(281)	(9)
Disposal of treasury stock	229	101	2
Total changes of items during the period	(305,416)	6,535	(3,085)
Balance at the end of the period	JPY 673,557	JPY 978,973	$6,804

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS(CONTINUED)

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

Fiscal year ended March 31	2009	2008	2009
Valuation and translation adjustments			
Valuation difference on available-for-sale securities			
Balance at the end of the previous period	JPY 29,898	JPY 57,706	$302
Changes of items during the period			
Net changes of items other than shareholders' equity	(36,126)	(27,808)	(365)
Total changes of items during the period	(36,126)	(27,808)	(365)
Balance at the end of the period	(6,228)	29,898	(63)
Deferred gains or losses on hedges			
Balance at the end of the previous period	(283)	(143)	(3)
Changes of items during the period			
Net changes of items other than shareholders' equity	163	(140)	2
Total changes of items during the period	163	(140)	2
Balance at the end of the period	(120)	(283)	(1)
Foreign currency translation adjustment			
Balance at the end of the previous period	(4,367)	8,807	(44)
Changes of items during the period			
Net changes of items other than shareholders' equity	(21,188)	(13,174)	(214)
Total changes of items during the period	(21,188)	(13,174)	(214)
Balance at the end of the period	(25,555)	(4,367)	(258)
Total Valuation and translation adjustments			
Balance at the end of the previous period	25,248	66,370	255
Changes of items during the period			
Net changes of items other than shareholders' equity	(57,151)	(41,122)	(577)
Total changes of items during the period	(57,151)	(41,122)	(577)
Balance at the end of the period	(31,903)	25,248	(322)
Subscription rights to shares			
Balance at the end of the previous period	115	81	1
Changes of items during the period			
Net changes of items other than shareholders' equity	8	34	-
Total changes of items during the period	8	34	-
Balance at the end of the period	123	115	1
Minority Interests			
Balance at the end of the previous period	181,185	201,234	1,830
Changes of items during the period			
Net changes of items other than shareholders' equity	(37,397)	(20,049)	(378)
Total changes of items during the period	(37,397)	(20,049)	(378)
Balance at the end of the period	143,788	181,185	1,452
Total Net Assets			
Balance at the end of the previous period	1,185,521	1,240,123	11,975
Changes of items during the period			
Conversion of Convertible bond-type bonds with subscription rights to shares	-	234	-
Dividends from surplus	(8,101)	(16,202)	(82)
Net income (loss)	(296,646)	22,681	(2,996)
Purchase of treasury stock	(900)	(281)	(9)
Disposal of treasury stock	229	101	2
Net changes of items other than shareholders' equity	(94,540)	(61,137)	(955)
Total changes of items during the period	(399,956)	(54,602)	(4,040)
Balance at the end of the period	JPY 785,565	JPY 1,185,521	$7,935

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Fiscal year ended March 31		2009		2008	2009
Ⅰ. Net cash provided by (used in) operating activities:					
Income (loss) before income taxes and minority interests		**(JPY 290,970)**		JPY 93,618	**($2,939)**
Depreciation and amortization		**174,311**		192,658	**1,761**
Equity in (earnings) losses of affiliates		**12,647**		(1,003)	**128**
Gain on change in equity		**-**		(333)	**-**
Decrease in notes and accounts receivable-trade		**105,458**		8,047	**1,065**
Decrease in inventories		**70,408**		20,942	**711**
Decrease in notes and accounts payable-trade		**(170,129)**		(82,171)	**(1,718)**
Income taxes paid		**(37,206)**		(36,328)	**(376)**
Others, net		**162,840**		(3,128)	**1,644**
Net cash provided by (used in) operating activities		**27,359**		192,302	**276**
Ⅱ. Net cash provided by (used in) investing activities:					
Net proceeds from (payment of) acquisitions and sales of property, plant and equipment		**(95,850)**		(94,069)	**(968)**
Purchase of intangible assets		**(39,376)**		(36,689)	**(398)**
Net proceeds from (payment of) purchases and sales of securities		**(38,039)**		(14,371)	**(384)**
Others, net		**98**		9,369	**1**
Net cash provided by (used in) investing activities		**(173,167)**		(135,760)	**(1,749)**
Ⅲ. Net cash provided by (used in) financing activities:					
Net proceeds from (payment of) bonds and borrowings		**113,777**		(82,123)	**1,149**
Cash dividends paid		**(8,167)**		(16,176)	**(82)**
Others, net		**(3,455)**		(2,405)	**(35)**
Net cash provided by (used in) financing activities		**102,155**		(100,704)	**1,032**
Ⅳ. Effect of exchange rate changes on cash and cash equivalents		**(13,914)**		(4,369)	**(140)**
Ⅴ. Net increase (decrease) in cash and cash equivalents		**(57,567)**		(48,531)	**(581)**
Ⅵ. Cash and cash equivalents at beginning of period		**374,838**		423,369	**3,786**
Ⅶ. Cash and cash equivalents at end of period	*1	**JPY 317,271**	*1	JPY 374,838	**$3,205**

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(In millions of yen)

Items	Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009	
*1. Accumulated depreciation of property, plant and equipment		1,791,098		1,771,769
*2. Assets pledged as and debt secured by collateral				
Balances of assets pledged as collateral	Buildings and structures	2,673	Buildings and structures	1,767
	Machinery and equipment	117	Machinery and equipment	831
	Land	5,812	Land	10,071
	Others	39	Others	394
	Total	8,641	Total	13,063
Amounts of debt secured by collateral	Short-term loans payable	1,878	Short-term loans payable	2,052
	Long-term loans payable	1,690	Long-term loans payable	1,999
	Others	139	Others	182
	Total	3,707	Total	4,233
*3. Notes with relate to non-consolidated subsidiaries and affiliates	The investment amount for the jointly-controlled company included in investments in affiliated companies	3,082	The investment amount for the jointly-controlled company included in investments in affiliated companies	4,640
*4. Contingent liabilities Guarantees for bank loans and others	Shanghai SVA NEC Liquid Crystal Display	16,638	Employees	8,842
	Employees	10,735	NT Sales Co., Ltd.	1,230
	Sony NEC Optiarc	3,552	Others	179
	NT Sales Co., Ltd.	1,510	Total	10,251
	Others	501		
	Total	32,936		

Items	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
Guarantees for residual value of operating leases	Sumitomo Mitsui Finance and Leasing Company, Limited 19,502 BOT LEASE CO., LTD. 3,810 IBJ Leasing Company, Limited 1,348 Others 390 Total 25,050	Sumitomo Mitsui Finance and Leasing Company, Limited 19,963 BOT LEASE CO., LTD. 3,684 IBJ Leasing Company, Limited 995 Others 386 Total 25,028
Others	NEC Electronics America, Inc., a consolidated subsidiary of the Company, has settled a number of class action civil antitrust lawsuits from direct DRAM purchasers seeking damages for alleged antitrust violations in the DRAM industry, but is still in litigations or in settlement negotiations with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc. has also been named as one of the defendants in a number of class action civil antitrust lawsuits from indirect DRAM purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the United States. NEC group companies are also fully cooperating with, and providing information to, the European Commission in its investigation of potential violations of European Competition Laws in the DRAM industry. Although the outcome of the aforementioned civil lawsuits and settlement negotiations in the United States and investigation by the European Commission is not known at this time, the NEC Group has provided an accrual in a reasonably estimated amount of potential losses in connection with the civil lawsuits and settlement negotiations with customers in the United States.	NEC Electronics America, Inc., a consolidated subsidiary of the Company, has settled a number of class action civil antitrust lawsuits from direct DRAM purchasers seeking damages for alleged antitrust violations in the DRAM industry, but is still in litigations or in settlement negotiations with several customers who have opted out of such class action lawsuits. NEC Electronics America, Inc. has also been named as one of the defendants in a number of class action civil antitrust lawsuits from indirect DRAM purchasers (customers who had purchased products containing DRAM), as well as a number of antitrust lawsuits filed by the Attorneys General of numerous states in the United States. NEC group companies are also fully cooperating with, and providing information to, the European Commission in its investigation of potential violations of European Competition Laws in the DRAM industry. The European Commission may impose fines on one or more companies in the NEC group should they be found liable as a result of the investigation by the European Commission. Although the outcome of the aforementioned proceedings is not known at this time, the NEC group has provided an accrual in a reasonably estimated amount of potential losses thereafter.

Items	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
*5. Notes receivable-trade, discounted	680	314
*6. Notes receivable-trade, endorsed	30	—

Notes to Consolidated Statements of Income

(In millions of yen)

Items	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
*1. Gain on sales of subsidiaries and affiliates' stocks	Mainly due to sales of stocks of Imation Corporation and NT Sales Co., Ltd.	Mainly due to sales of stocks of Sony NEC Optiarc Inc.and Pilot Gateway Ltd.
*2. Gain on sales of noncurrent assets	Due to sales of land, etc.	Due to sales of land.
*3. Gain on transfer of business	Mainly due to the disposal of assets following the liquidations of electron device business and IT/Network solutions business in Europe.	―――
*4. Reversal of allowance for doubtful accounts	Due to the reversal of allowance for doubtful accounts with the sales of claims provable in bankruptcy, claims provable in rehabilitation and other	―――
*5. Gain on change in equity	Mainly due to changes in interests from the new stock issuance to designated third party shareholders conducted by Shanghai SVA NEC Liquid Crystal Display.	―――
*6. Business structure improvement expenses	Expenses mainly for early retirement of employees and disposal of assets of Electron Device business, and dismissal of employees following the liquidations of IT/Network solutions business in Europe.	Expenses mainly for early retirement of employees and disposal of assets of Electron Device business, and dismissal of employees following the liquidations of Mobile/Personal solutions business outside of Japan.
*7. Loss on valuation of investment securities	Impairment loss recognized mainly for investment securities.	Same as on the left.
*8. Impairment loss	(1) Summary of assets and asset	(1) Summary of assets and asset

<table>
<tr><th>Items</th><th>Fiscal year ended
March 31, 2008
(From April 1, 2007
to March 31, 2008)</th><th>Fiscal year ended
March 31, 2009
(From April 1, 2008
to March 31, 2009)</th></tr>
<tr><td></td><td>groups for which impairment losses were recognized.
<table>
<tr><th>Use</th><th>Type</th><th>Location</th></tr>
<tr><td>Assets for business use</td><td>・ Buildings and structures, ・ Tools and fixtures etc.
・ Intangible assets,
and others</td><td>Minato-ku, Tokyo, Shinagawa-ku, Tokyo, and others</td></tr>
<tr><td>Idle assets</td><td>・Buildings and structures,
・Land,
and others</td><td>Sagamihara City, Kanagawa Prefecture, Abiko City, Chiba Prefecture, Sapporo City, Hokkaido and others</td></tr>
<tr><td>Idle assets</td><td>・Land
・Machinery and equipment,
・Tools and fixtures etc.</td><td>Shiroishi City, Miyagi Prefecture and others</td></tr>
<tr><td>Idle assets</td><td>・Buildings and structures,
・Machinery and equipment</td><td>Otsuki City, Yamanashi Prefecture</td></tr>
</table>
(2)
Background to the recognition of impairment loss.

Investments in certain fixed assets were not expected to be recoverable due to lower profitability of assets for business use and market value declines of idle assets.
Therefore the Company groups recognized impairment loss as extraordinary loss.</td>
<td>groups for which impairment losses were recognized.
<table>
<tr><th>Use</th><th>Type</th><th>Location</th></tr>
<tr><td>Assets for business use</td><td>Intangible assets,
and others</td><td>United States of America</td></tr>
<tr><td>Assets for business use</td><td>・ Buildings and structures,
・ Machinery and equipment,
・ Tools and fixtures etc.
・ Intangible assets,
and others</td><td>Ashigara-kami County, Kanagawa Prefecture,
and others</td></tr>
<tr><td>Assets for business use</td><td>・ Buildings and structures,
・ Tools and fixtures etc.
・ Intangible assets,
and others</td><td>Minato-ku, Tokyo, Shinagawa-ku, Tokyo, and others</td></tr>
<tr><td>Idle assets</td><td>Land
and others</td><td>Oita City, Oita Prefecture and others</td></tr>
<tr><td>Others</td><td>Goodwill</td><td>—</td></tr>
</table>
(2)
Background to the recognition of impairment loss.

Investments in certain fixed assets for business use and goodwill were not expected to be recoverable due to lower profitability of assets for business use and market value declines of idle assets.
Therefore the Company groups recognized impairment loss as extraordinary loss.</td></tr>
</table>

Items	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
	(3) Amounts of impairment loss Buildings and structures 914 Machinery and equipment 137 Tools, furniture and fixtures 685 Land 531 Construction in progress 65 Goodwill 565 Software 431 Intangible assets-other 524 Investments and other assets-other 703 Total 4,555 (4) Method for grouping assets In principle, the Company groups assets for business use based on its business units and managerial accounting segments. The Company groups idle assets into a single asset group. (5) Measurement of recoverable amounts The higher of the net realizable value and value in use is used for the recoverable amounts of fixed assets for business use. Net realizable value is used for the recoverable amounts of idle assets. Net realizable value is estimated based on the assessed value for property tax purposes, etc. The value in use is assessed at 1 yen because the total of future cash flow is a negative amount.	(3) Amounts of impairment loss Buildings and structures 536 Machinery and equipment 592 Tools, furniture and fixtures 844 Land 148 Construction in progress 704 Goodwill 24,621 Software 2,899 Intangible assets-other 143 Total 30,487 (4) Method for grouping assets Same as on the left. (5) Measurement of recoverable amounts The higher of the net realizable value and value in use is used for the recoverable amounts of fixed assets for business use. Net realizable value is used for the recoverable amounts of idle assets. Net realizable value is estimated based on the assessed value for list of land prices, etc. The value in use is assessed at 1 yen because the total of future cash flow is a negative amount. For the subsidiaries in United States of America, impairment loss under local GAAP is

Items	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
		recognized in extraordinary loss.
*9. Cost of corrective measures for products	Mainly cost of corrective measures for defective products and substitution of products.	Same as on the left.
*10. Loss on sales of stocks of subsidiaries and affiliates	Mainly due to sales of stocks of AUTHENTIC, Ltd	Mainly due to sales of stocks of Media Exchange, Inc.
*11. Loss on retirement of noncurrent assets	Rebuilding expenses and cost in Tamagawa Plant and Fuchu Plant.	Mainly due to rebuilding expenses and cost in Sagamihara Plant.
*12. Loss on change in equity	Mainly due to changes in interests from the new share issuance to designated third party shareholders conducted by Nippon Electric Glass.	―――

Notes to Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

1. Stocks, issued

(In thousands of shares)

Class of stock	Number of shares as of March 31, 2007	Increase	Decrease	Number of shares as of March 31, 2008
Common stock	2,029,555	178	-	2,029,733

Reasons for the change

Reason for the increase in number of shares is as follows

Increase due to the conversion of convertible bonds 178 thousand shares

2. Dividends

(1) Payment of dividends

Resolution	Class of stock	Total dividends (In millions of yen)	Dividends per share (In yen)	Record date	Effective date
Extraordinary Meeting of Board of Directors held on May 21, 2007	Common stock	8,104	4	March 31, 2007	June 7, 2007
Extraordinary Meeting of Board of Directors held on November 14, 2007	Common stock	8,104	4	September 30, 2007	December 3, 2007

(2) Dividends whose record dates are within this fiscal year and effective dates are within the following fiscal year

Resolution	Class of stock	Resource of dividend	Total dividends (In millions of yen)	Dividends per share (In yen)	Record date	Effective date
Extraordinary Meeting of Board of Directors held on May 15, 2008	Common stock	Retained earnings	8,104	4	March 31, 2008	June 2, 2008

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

1. Stocks, issued

(In thousands of shares)

Class of stock	Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009
Common stock	2,029,733	-	-	2,029,733

Reasons for the change

Not applicable

2. Dividends

Payment of dividends

Resolution	Class of stock	Total dividends (In millions of yen)	Dividends per share (In yen)	Record date	Effective date
Extraordinary Meeting of Board of Directors held on May 15, 2008	Common stock	8,104	4	March 31, 2008	June 2, 2008

Notes to Consolidated Statements of Cash Flows

(In millions of yen)

Items	Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009	
*1. Relationship with the balance of cash and cash equivalents and the amount of accounts recorded consolidated balance sheet	Cash and deposits	247,447	Cash and deposits	226,601
	Short-term investment securities	127,908	Short-term investment securities	91,434
	Time deposits and Marketable securities with maturities of more than three months	(517)	Time deposits and Marketable securities with maturities of more than three months	(764)
	Cash and cash equivalents	374,838	Cash and cash equivalents	317,271

Notes with relate to Segment Information

Business Segment Information

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(In millions of yen)

	IT/ Network Solutions Business	Mobile/ Personal Solutions Business	Electron Devices Business	Others	Total Before Eliminations / Corporate	Eliminations /Corporate	Consolidated Total
I Net Sales and Operating Income							
Net Sales							
(1) Sales to customers	2,766,425	707,910	792,399	350,419	4,617,153	—	4,617,153
(2) Intersegment sales and transfers	99,745	164,951	38,451	137,508	440,655	(440,655)	—
Total sales	2,866,170	872,861	830,850	487,927	5,057,808	(440,655)	4,617,153
Operating expenses	2,705,546	849,684	823,496	476,171	4,854,897	(394,509)	4,460,388
Operating income	160,624	23,177	7,354	11,756	202,911	(46,146)	156,765

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(In millions of yen)

	IT/ Network Solutions Business	Mobile/ Personal Solutions Business	Electron Devices Business	Others	Total Before Eliminations / Corporate	Eliminations /Corporate	Consolidated Total
I Net Sales and Operating Income							
Net Sales							
(1) Sales to customers	2,639,345	690,942	625,202	260,114	4,215,603	—	4,215,603
(2) Intersegment sales and transfers	84,604	119,396	27,557	136,328	367,885	(367,885)	—
Total sales	2,723,949	810,338	652,759	396,442	4,583,488	(367,885)	4,215,603
Operating expenses	2,599,086	818,260	732,076	399,910	4,549,332	(327,528)	4,221,804
Operating income (loss)	124,863	(7,922)	(79,317)	(3,468)	34,156	(40,357)	(6,201)

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(In millions of U.S. dollars; 1 U.S. dollar = 99 yen)

	IT/ Network Solutions Business	Mobile/ Personal Solutions Business	Electron Devices Business	Others	Total Before Eliminations / Corporate	Eliminations /Corporate	Consolidated Total
I Net Sales and Operating Income							
Net Sales							
(1) Sales to customers	26,660	6,979	6,315	2,628	42,582	—	42,582
(2) Intersegment sales and transfers	855	1,206	279	1,376	3,716	(3,716)	—
Total sales	27,515	8,185	6,594	4,004	46,298	(3,716)	42,582
Operating expenses	26,254	8,265	7,395	4,039	45,953	(3,308)	42,645
Operating income (loss)	1,261	(80)	(801)	(35)	345	(408)	(63)

Notes:

1 The business segments are defined based on similarity of types, characteristics, and affinity of sales market of products and services.

2 Major services and products for each business segment

IT/Network Solutions Business・・・・・・System construction, consulting, outsourcing, support (maintenance), servers, storage products, professional workstations, business PCs, IT software, enterprise network systems, network systems for telecommunication carriers, broadcast video systems, control systems, aerospace/defense systems

Mobile/Personal Solutions Business・・・Mobile handsets, personal computers, personal communication devices, BIGLOBE

Electron Devices Business・・・・・・・・System LSI and other semiconductors, electronic components, LCD modules

Others・・・・・・・・・・・・・・・・・Lighting Equipment Business, Logistics Business, Projector Business, Display Business

3 Unallocable operating expenses included in "Eliminations/ Corporate" for the fiscal year ended March 31, 2009 and 2008 are 39,851 million yen and 46,576 million yen, respectively. Main components of such expenses are both general and administrative expenses incurred at headquarters of the Company and research and development expenses.

Geographical Segments Information

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(In millions of yen)

	Japan	Asia	Europe	Others	Total	Eliminations /Corporate	Consolidated total
I Net Sales and Operating Income Net Sales							
(1) Sales to customers	3,741,586	265,833	291,435	318,299	4,617,153	—	4,617,153
(2) Intersegment sales and transfers	425,513	183,263	13,380	25,556	647,712	(647,712)	—
Total sales	4,167,099	449,096	304,815	343,855	5,264,865	(647,712)	4,617,153
Operating expenses	3,974,170	434,662	304,407	347,545	5,060,784	(600,396)	4,460,388
Operating income (loss)	192,929	14,434	408	(3,690)	204,081	(47,316)	156,765

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(In millions of yen)

	Japan	Asia	Europe	Others	Total	Eliminations /Corporate	Consolidated total
I Net Sales and Operating Income Net Sales							
(1) Sales to customers	3,510,197	229,357	228,566	247,483	4,215,603	—	4,215,603
(2) Intersegment sales and transfers	333,529	140,562	9,475	20,770	504,336	(504,336)	—
Total sales	3,843,726	369,919	238,041	268,253	4,719,939	(504,336)	4,215,603
Operating expenses	3,799,150	362,808	243,837	286,411	4,692,206	(470,402)	4,221,804
Operating income (loss)	44,576	7,111	(5,796)	(18,158)	27,733	(33,934)	(6,201)

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(In millions of U.S. dollars; 1 U.S. dollar = 99 yen)

	Japan	Asia	Europe	Others	Total	Eliminations /Corporate	Consolidated total
I Net Sales and Operating Income Net Sales							
(1) Sales to customers	35,457	2,317	2,309	2,499	42,582	—	42,582
(2) Intersegment sales and transfers	3,369	1,420	95	210	5,094	(5,094)	—
Total sales	38,826	3,737	2,404	2,709	47,676	(5,094)	42,582
Operating expenses	38,376	3,665	2,463	2,892	47,396	(4,751)	42,645
Operating income (loss)	450	72	(59)	(183)	280	(343)	(63)

Notes:

1 Geographical distances are considered in classification of country or region.

2 Major countries and regions in segments other than Japan.

(1) Asia China, Chinese Taipei, India, Singapore, and Indonesia

(2) Europe U.K., France, the Netherlands, Germany, Italy, and Spain

(3) Others U.S.A.

3 Unallocable operating expenses included in "Eliminations/ Corporate" for the fiscal year ended March 31, 2009 and 2008 are 39,851 million yen and 46,576 million yen, respectively. Main components of such expenses are both general and administrative expenses incurred at the headquarters of the Company and research and development expenses.

Overseas sales

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(In millions of yen)

	Asia	Europe	Others	Total
I Overseas sales	458,719	325,582	371,448	1,155,749
II Consolidated sales	—	—	—	4,617,153
III Percentage of overseas sales to consolidated sales(%)	9.9	7.1	8.0	25.0

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(In millions of yen)

	Asia	Europe	Others	Total
I Overseas sales	374,288	260,155	300,026	934,469
II Consolidated sales	—	—	—	4,215,603
III Percentage of overseas sales to consolidated sales(%)	8.9	6.2	7.1	22.2

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(In millions of U.S. dollars; 1 U.S. dollar = 99 yen)

	Asia	Europe	Others	Total
I Overseas sales	3,781	2,628	3,030	9,439
II Consolidated sales	—	—	—	42,582

Notes:

1 Geographical distances are considered in classification of country or region.

2 Major countries and regions in segments other than Japan.

(1) Asia China, Chinese Taipei, India, Singapore, and Indonesia

(2) Europe U.K., France, the Netherlands, Germany, Italy, and Spain

(3) Others U.S.A.

3 Overseas sales represent sales of the Company and its consolidated subsidiaries to countries and regions outside of Japan.

Notes with relate to Lease Transactions

1. Finance Leases (lessee):
Except those in which the title of leased property will be transferred to the lessee

i) Type of lease asset:
Primarily related to production facilities for Electrical equipment (machinery and equipment) and outsourcing-related equipment (machinery and equipment, tools, and furniture and fixtures).

ii) Method of depreciation:
Other than outsourcing-related equipment, declining-balance method in which the useful life is assumed to be the lease period. Straight-line method is applicable for outsourcing-related equipment.

2. Operating Leases (lessee):
Future minimum lease obligations under non-cancellable operating leases

(In millions of yen)

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)		Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	
Operating leases (The Company as lessee) Obligations under non-cancellable operating leases		Operating leases (The Company as lessee) Obligations under non-cancellable operating leases	
Due within one year	44,884	Due within one year	41,839
Due over one year	129,965	Due over one year	95,866
Total	174,849	Total	137,705

Notes with relate to Income Taxes

(In millions of yen)

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008))

1.

Breakdown of major factors of deferred tax assets and liabilities

(Deferred tax assets)	
Tax loss carry forwards	182,682
Pension and severance expenses	110,188
Investments in affiliated companies	75,917
Accrued expenses and product warranty liabilities	72,946
Depreciation	46,817
Loss on devaluation of inventories	36,048
Loss on devaluation of investment securities	18,455
Research and development expenses	18,001
Elimination of unrealized profit through intercompany transactions among consolidated companies	12,504
Provision for loss on repurchase of computers	4,237
Others	57,669
Sub-total	635,464
Less valuation allowance	(233,240)
Total	402,224
(Deferred tax liabilities)	
Gain on transfer of securities to the pension trust	(47,592)
Securities reversed from the pension trust	(40,875)
Undistributed earnings of affiliated companies	(32,854)
Unrealized gains on available-for-sale securities	(11,335)
Reserves under special taxation measures law	(1,410)
Others	(30,512)
Total	(164,578)
Net deferred tax assets	237,646

Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

1.

Breakdown of major factors of deferred tax assets and liabilities

(Deferred tax assets)	
Tax loss carry forwards	244,882
Pension and severance expenses	118,099
Investments in affiliated companies	76,564
Accrued expenses and product warranty liabilities	61,724
Depreciation	54,474
Loss on devaluation of inventories	49,485
Provision for contingent loss	18,819
Research and development expenses	16,962
Loss on devaluation of investment securities	12,128
Elimination of unrealized profit through intercompany transactions among consolidated companies	12,083
Provision for business structure improvement	10,295
Provision for loss on repurchase of computers	3,650
Others	86,853
Sub-total	766,018
Less valuation allowance	(432,706)
Total	333,312
(Deferred tax liabilities)	
Gain on transfer of securities to the pension trust	(42,988)
Securities reversed from the pension trust	(10,444)
Undistributed earnings of affiliated companies	(5,681)
Reserves under special taxation measures law	(1,132)
Unrealized gains on available-for-sale securities	(257)
Others	(31,298)
Total	(91,800)
Net deferred tax assets	241,512

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008))	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
Note: Net deferred tax assets are included in the consolidated balance sheet as follows. Current assets -deferred tax assets 120,956 Noncurrent assets -deferred tax assets 131,465 Current liabilities -Others (744) Noncurrent liabilities -deferred tax liabilities (14,031) 2. The reconciliation between the actual tax rate reflected in the consolidated financial statements and the effective statutory tax rate is summarized as follows: Effective statutory tax rate 40.5% (Reconciliation) Changes in valuation allowance 36.9 Undistributed earnings of affiliated companies 8.7 Non-deductible expenses for tax purposes 4.5 Amortization of goodwill 3.2 Elimination of unrealized profit through intercompany transactions among consolidated companies 2.3 Equity in earnings of affiliated companies (1.3) Tax rates difference relating to overseas subsidiaries (4.0) Others (3.0) Actual tax rate 87.8%	Note: Net deferred tax assets are included in the consolidated balance sheet as follows. Current assets -deferred tax assets 99,657 Noncurrent assets -deferred tax assets 150,676 Current liabilities -Others (109) Noncurrent liabilities -deferred tax liabilities (8,712) 2. The reconciliation between the actual tax rate reflected in the consolidated financial statements and the effective statutory tax rate is summarized as follows: Effective statutory tax rate (40.5)% (Reconciliation) Changes in valuation allowance 55.8 Amortization of goodwill 5.0 Tax rates difference relating to overseas subsidiaries 1.6 Non-deductible expenses for tax purposes 1.2 Equity in earnings(losses) of affiliated companies (0.5) Elimination of unrealized profit through intercompany transactions among consolidated companies (0.7) Undistributed earnings of affiliated companies (9.3) Others (0.5) Actual tax rate 12.1%

Notes with relate to Marketable and Investment Securities

Fiscal year ended March 31, 2008

1. Available-for-sale securities with the quoted market prices (As of March 31, 2008)

(In millions of yen)

	Description	Acquisition cost	Balance sheet value	Unrealized gains (losses)
Securities with balance sheet value exceeding acquisition cost	(1) Stocks	51,908	96,905	44,997
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	-	-	-
	(3) Others	24	66	42
	Sub-total	51,932	96,971	45,039
Securities with balance sheet value not exceeding acquisition cost	(1) Stocks	15,528	12,229	(3,299)
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	1,500	1,395	(105)
	(3) Others	3,406	3,151	(255)
	Sub-total	20,434	16,775	(3,659)
Total		72,366	113,746	41,380

2. Available-for-sale securities sold during the fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

(In millions of yen)

Proceeds from sales	Gross realized gains	Gross realized losses
16,732	3,320	4

3. Balance sheet value of major securities without the market prices (As of March 31, 2008)

(In millions of yen)

	Balance sheet value
Available-for-sale securities	
1. Stocks	63,081
2. Bonds	1,018
3. Investments in limited partnerships and similar partnerships under foreign laws	7,395
4. Certificates of deposit	83,400
5. Commercial papers	31,617
6. MMF	12,592

4. Redemption schedule of available-for-sale securities with fixed maturities (As of March 31, 2008)

(In millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
(a) Bonds				
Governmental and municipal bonds	-	-	-	-
Corporate bonds	-	1,518	-	895
Commercial Papers	31,617	-	-	-
(b) Others	299	-	-	-
Total	31,916	1,518	-	895

Fiscal year ended March 31, 2009

1. Available-for-sale securities with the quoted market prices (As of March 31, 2009)

(In millions of yen)

	Description	Acquisition cost	Balance sheet value	Unrealized gains (losses)
Securities with balance sheet value exceeding acquisition cost	(1) Stocks	15,704	28,673	12,969
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	-	-	-
	(3) Others	24	42	18
	Sub-total	15,728	28,715	12,987
Securities with balance sheet value not exceeding acquisition cost	(1) Stocks	46,741	33,031	(13,710)
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	1,502	1,348	(154)
	(3) Others	3,148	2,232	(916)
	Sub-total	51,391	36,611	(14,780)
Total		67,119	65,326	(1,793)

2. Available-for-sale securities sold during the fiscal year ended March 31, 2009
(From April 1, 2008 to March 31, 2009)

(In millions of yen)

Proceeds from sales	Gross realized gains	Gross realized losses
6,933	3,957	79

3. Balance sheet value of major securities without the market prices (As of March 31, 2009)

(In millions of yen)

	Balance sheet value
Available-for-sale securities	
1. Stocks	71,048
2. Bonds	931
3. Investments in limited partnerships and similar partnerships under foreign laws	6,167
4. Certificates of deposit	76,721
5. Commercial papers	12,578
6. MMF	1,645

4. Redemption schedule of available-for-sale securities with fixed maturities (As of March 31, 2009)

(In millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
(a) Bonds				
Governmental and municipal bonds	-	-	-	-
Corporate bonds	490	933	-	856
Commercial Papers	12,578	-	-	-
(b) Others	-	-	-	-
Total	13,068	933	-	856

Notes with relate to Accounting for Retirement Benefits

1 . Overview of the retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, which include the defined benefit pension plans, the tax-qualified pension plans and the lump-sum severance payment plans. Additional retirement benefits are paid in certain circumstances.
Most of overseas consolidated subsidiaries have various types of pension benefit plans that cover substantially all employees. These plans are mainly defined benefit plans and defined contribution plans.

The NEC Welfare Pension Fund, established by the Company and certain domestic consolidated subsidiaries, received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the benefit obligation related to future employee services under the substitutional portion of the pension fund in September 2002 and the portion related to past services in December 2003. Following the approval, the Company and certain domestic consolidated subsidiaries implemented the defined benefit pension plan and terminated the welfare pension fund plans.

After the fiscal year ended March 31, 2004, the Company and certain domestic consolidated subsidiaries implemented point-based plans, under which benefits are calculated based on accumulated points allocated to employees according to their class of positions and evaluations.

The Company and certain domestic consolidated subsidiaries terminated their welfare pension fund plans and tax-qualified pension plans and implemented cash-balance plans. Under these plans, benefits are calculated based on both accumulated points allocated to employees according to their class of positions and accumulated interest points recalculated based on the market interest rates.

2． Retirement benefit obligations

(In millions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009
A. Retirement benefit obligations	(1,094,915)	(1,080,526)
B. Plan assets	730,595	586,154
C. Unfunded retirement benefit obligations (A+B)	(364,320)	(494,372)
D. Unrecognized transitional obligation	101,794	85,194
E. Unrecognized actuarial gains and losses	229,811	367,669
F. Unrecognized prior service costs (reduction in obligations)	(104,977)	(104,466)
G. Net amounts recognized in the consolidated balance sheet (C+D+E+F)	(137,692)	(145,975)
H. Prepaid pension expenses	86,451	78,403
I. Liabilities for retirement benefits (G-H)	(224,143)	(224,378)

Note: Certain consolidated subsidiaries adopted the simplified method in calculating the retirement benefit obligations.

3． Retirement benefit expenses

(In millions of yen)

	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
A. Service cost	40,413	38,155
B. Interest cost	26,765	26,821
C. Expected return on plan assets	(16,643)	(15,110)
D. Amortization of transitional obligation	14,635	14,791
E. Amortization of actuarial gains and losses	7,122	19,379
F. Amortization of prior service costs	(9,880)	(9,551)
G. Other (Note 2)	7,424	10,406
H.Retirement benefit expenses (A+B+C+D+E+F+G)	69,836	84,891

Notes:
1. Retirement benefit expenses of consolidated subsidiaries adopting the simplified method are included in “A. Service cost”.
2. "G. Other” is the amount of premiums paid for defined contribution pension plans.
3. In addition to the above retirement benefit expenses, premium on retirement benefits was recognized as “Business structure improvement expenses” in extraordinary loss, in the amount of 22,198 million yen for the year ended March 31, 2009.

4. Basis for calculation of retirement benefit obligations

	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
A. Allocation method for projected retirement benefit cost	Mainly, point basis	Same as on the left
B. Discount rate	Mainly, 2.5%	Same as on the left
C. Expected rate of return on plan assets	Mainly, 2.5%	Same as on the left
D. Period for amortization of prior service costs	Mainly, 13 years (Prior service costs are amortized on a straight-line basis over certain years within employees' average remaining service periods as incurred.)	Same as on the left
E. Period for amortization of actuarial gains and losses	Mainly, 13 years (Actuarial gains and losses are amortized on a straight-line basis over certain years within employees' average remaining service periods, starting from the following year after incurred.)	Same as on the left
F. Period for amortization of transitional obligation	Mainly, 15 years	Same as on the left

Notes with relate to Per Share Information

(In yen)

Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)		Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)	
Net assets per share	495.96	Net assets per share	317.11
Basic net income per share	11.06	Basic net loss per share	△146.64
Diluted net income per share	10.64	Diluted net income per share	—

Notes: 1 Diluted net income per share in the fiscal year ended March 31, 2009 is not described due to the net loss per share, although dilutive shares exist.

2 The basis for calculating net income(loss) per share was as follows.

	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
Net income (loss) per share		
Net income (loss) (In millions of yen)	22,681	△296,646
Amounts not attributable to common shareholders (In millions of yen)	287	143
(Participating convertible securities included in the above)	(287)	(143)
Net income (loss) attributable to common stock (In millions of yen)	22,394	△296,789
The average number of common stocks outstanding during the fiscal year (In thousands of shares)	2,024,893	2,023,970
Diluted net income per share		
Adjustments to net income (In millions of yen)	581	—
Increased number of common stocks (In thousands of shares)	133,795	—
(convertible bonds included in the above)	(133,795)	—

	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
Summary of equity instruments which were not included in the basis for calculating diluted net income per share as they are anti-dilutive	(a) Convertible bonds — (b) Bonds with stock subscription rights issued by consolidated subsidiaries Euro-yen zero coupon convertible bonds with stock subscription rights due in 2011 subject to certain covenants which were issued by NEC Electronics (face value of 110,000 million yen) Euro-yen convertible bonds with stock subscription rights due in 2010 which were issued by NEC TOKIN (face value of 15,000 million yen) (c) Stock subscription rights 5 kinds of stock subscription rights (the number of stock subscription rights is 1,073 units) Treasury stock for stock options in accordance with Articles 210-2 of the former Commercial Code of Japan (the number of common stock is 62,000) *1 Stock subscription right issued by NEC Electronics (the number of stock subscription rights is 720 units) Stock subscription right issued by NEC Electronics (the number of stock	(a) Convertible bonds 10th unsecured convertible bonds (face value of 100,000 million yen) Euro-yen convertible bonds due in 2010 (face value of 100,000 million yen) (b) Bonds with stock subscription rights issued by consolidated subsidiaries Euro-yen zero coupon convertible bonds with stock subscription rights due in 2011 subject to certain covenants which were issued by NEC Electronics (face value of 110,000 million yen) (c) Stock subscription rights 4 kinds of stock subscription rights (the number of stock subscription rights is 789 units) Stock subscription right issued by NEC Electronics (the number of stock subscription rights is 720 units)

	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
	subscription rights is 2,320 units) *2	

*1 Expired by March 31, 2008.
*2 Expired by March 31, 2008.

2. The basis for calculating net assets per share was as follows.

	Fiscal year ended March 31, 2008 (From April 1, 2007 to March 31, 2008)	Fiscal year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)
Net assets per share		
Total net assets (In millions of yen)	1,185,521	785,565
Amounts deducted from total net assets (In millions of yen)	181,300	143,911
(stock subscription rights included in the above)	(115)	(123)
(Minority interests included in the above)	(181,185)	(143,788)
Net assets at the year end attributable to common stock (In millions of yen)	1,004,221	641,654
Number of common stocks at the year end to calculate net assets per share (In thousands of shares)	2,024,786	2,023,446

Material subsequent events

NEC Corporation, NEC Electronics Corporation (hereafter NEC Electronics), Renesas Technology Corp. (hereafter Renesas), Hitachi, Ltd. and Mitsubishi Electric Corporation agreed on April 27, 2009 to enter into negotiations to integrate business operations at NEC Electronics and Renesas.

The preconditions for future negotiations are to integrate business operations targeting on April 1, 2010, and to maintain the listing of the new company's shares.

To ensure fairness and equitability, the ownership ratio of the integrated company will be decided before the conclusion of the integration contract through negotiations between NEC Electronics and Renesas, based on scheduled due diligence.

The new company will announce the company name, the location of its headquarters, the corporate representative, the board members, capitalization, total assets, and financial forecasts following the integration.