

## Report of Independent Auditors

May 31, 2006

TO: The Board of Directors  
NEC Corporation (the "Company")

Ernst & Young Shin Nihon  
Engagement partner and CPA Sadahiko Yoshimura (Seal)  
Engagement partner and CPA Kazuya Oki (Seal)

We have audited the consolidated balance sheet as of March 31, 2006 and the consolidated statement of operations for the fiscal year ended March 31, 2006, of the Company pursuant to Paragraph 3 of Article 19-2 of the Law for Special Exceptions to the Commercial Code of Japan Concerning Audit, etc. of Kabushiki-kaisha. The consolidated balance sheet and the consolidated statement of operations are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated balance sheet and the consolidated statement of operations based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we obtain reasonable assurance about whether the consolidated balance sheet and the consolidated statement of operations are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated balance sheet and the consolidated statement of operations. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation in the consolidated balance sheet and the consolidated statement of operations. We believe that our audit has provided a reasonable basis for our opinion. Such audit procedures also include those audit procedures applied to the Company's subsidiaries or the Company's consolidated subsidiaries as we considered necessary in the circumstances.

As a result of our audit, in our opinion, the consolidated balance sheet and the consolidated statement of operations as described above present fairly the financial position and the results of operations of the NEC group, which consists of the Company and its consolidated subsidiaries, etc., in conformity with applicable laws and the Company's Articles of Incorporation.

As described in Principles for preparation of the consolidated balance sheet and the consolidated statement of operations, 2. Changes in accounting polices, the Company adopted FASB Interpretation No.47, Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No.143, from this 168th Business Period. This change is appropriate because the change in accounting policies is pursuant to a new accounting standard.

As described in the business report, the Company made NEC Infrontia Corporation its wholly-owned subsidiary by a stock-for-stock exchange.

### **Additional Information:**

As described in Principles for preparation of the consolidated balance sheet and the consolidated statement of operations, the Company received a comment letter dated April 28, 2006 from the U.S. Securities and Exchange Commission ("SEC") and submitted a response letter on May 19, 2006 to SEC.

Neither our firm nor we have an interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

**REPORT OF THE BOARD OF CORPORATE AUDITORS ON  
THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF OPERATIONS**

We, the Board of Corporate Auditors, received reports from each Corporate Auditor on the method and results of the audit concerning the consolidated balance sheet as of March 31, 2006 and the consolidated statement of operations for the fiscal year ended March 31, 2006 and upon deliberation prepared this report. We hereby report as follows:

1. Outline of audit method by Corporate Auditors

In accordance with auditing principles and auditing plans determined by the Board of Corporate Auditors, each Corporate Auditor received reports and explanations from Directors and Independent Auditors on the consolidated balance sheet and the consolidated statement of operations, and, when necessary, visited the Company's consolidated and other subsidiaries to receive reports on their accounting, and also inspected operations and the state of assets.

2. Results of audit

- (1) The procedures and results of the audit conducted by Ernst & Young Shin Nihon, the Independent Auditors, are fair and appropriate.
- (2) Upon the investigation of the Company's consolidated and other subsidiaries, we have found no matters that must be reported with regard to the consolidated balance sheet and the consolidated statement of operations.

Financial information for the previous fiscal years is restated mainly due to the false transactions carried out by an employee of a subsidiary of the Company announced in March, 2006, and the partial reclassification regarding discontinued operations.

June 7, 2006

Corporate Auditor (Full-time)	Shigeo Matsumoto (Seal)
Corporate Auditor (Full-time)	Hiroshi Takakuta (Seal)
Corporate Auditor	Tsuneo Kabe (Seal)
Corporate Auditor	Shinichi Yokoyama (Seal)
Corporate Auditor	Muneo Shigematsu (Seal)

Note: Messrs. Tsuneo Kabe, Shinichi Yokoyama and Muneo Shigematsu are outside corporate auditors stipulated in Paragraph 1, Article 18 of the Law For Special Exceptions to the Commercial Code of Japan Concerning Audit, etc. of Kabushiki-kaisha.