The following is an English translation of the Notice of the 172nd Ordinary General Meeting of Shareholders of NEC Corporation (the "Company") to be held on June 22, 2010 (as well as Business Report, the Consolidated Financial Statements, Notes to Consolidated Financial Statements and Non-consolidated Financial Statements with respect to the 172nd Business Period from April 1, 2009 to March 31, 2010, and report on the results of the audit conducted on the Consolidated Financial Statements by Independent Auditors and the Board of Corporate Auditors), EXCEPT for the translation of any instructions on voting rights and the access map for the place of the meeting in the Notice and the Notes to Non-consolidated Financial Statements. This translation includes the Notes to Consolidated Financial Statements, Japanese original of which is provided only through the Company's website (http://www.nec.co.jp).
The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

NEC Corporation

Securities Code 6701

7-1, Shiba 5-chome,
Minato-ku, Tokyo

Kaoru Yano
Chairman of the Board

May 31, 2010

To Our Shareholders:

NOTICE OF THE 172ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

This is to inform you that the Hundred and Seventy-second Ordinary General Meeting of Shareholders (the "Meeting") of NEC Corporation (the "Company") will be held as follows:

1. DATE: June 22, 2010 (Tuesday) at 10:00 a.m. (Japan Standard Time)

2. PLACE: Convention Hall, Second Basement Floor, The Prince Park Tower Tokyo
at 8-1, Shiba Koen 4-chome, Minato-ku, Tokyo

3. AGENDA OF THE MEETING:

MATTERS TO BE REPORTED UPON:
Report on the Business Report, the Consolidated Financial Statements and Financial Statements with respect to the 172nd Business Period from April 1, 2009 to March 31, 2010, and report on the results of the audit conducted on the Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors.

MATTERS TO BE VOTED UPON:
Proposal No. 1: Election of Fifteen Directors
Proposal No. 2: Election of One Corporate Auditor

In the event that the Company finds any correction to be made in the Reference Documents for the Meeting, the Business Report, the Consolidated Financial Statements and the Financial Statements (including Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements), such correction will be notified through the Company's website (http://www.nec.com).

REFERENCE DOCUMENTS FOR THE MEETING

Proposals for the matters to be voted upon and reference matters relating to the proposals:

Proposal No. 1: Election of Fifteen (15) Directors

Upon the close of the Meeting, the term of office as Director of all fifteen Directors will expire. It is proposed that fifteen Directors be elected.

The candidates are as follows:

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
1. Kaoru Yano (February 23, 1944)	April 1966	Joined the Company	87,239
	June 1995	Member of the Board	
	June 1999	Senior Vice President and Member of the Board	
	December 2000	Senior Vice President and Member of the Board, Company Deputy President of NEC Networks	
	April 2002	Senior Vice President and Member of the Board, Company President of NEC Networks	
	October 2002	Executive Vice President and Member of the Board, Company President of NEC Networks	
	April 2003	Executive Vice President and Member of the Board	
	June 2004	Senior Executive Vice President and Member of the Board (Representative Director)	
	April 2006	President (Representative Director)	
	April 2010	Chairman of the Board (Representative Director) (to present)	
2. Nobuhiro Endo (November 8, 1953)	April 1981	Joined the Company	18,218
	July 2005	Senior General Manager, Mobile Network Operations Unit	
	April 2006	Associate Senior Vice President, Executive General Manager, Mobile Network Operations Unit	
	April 2009	Senior Vice President	
	June 2009	Senior Vice President and Member of the Board	
	April 2010	President (Representative Director) (to present)	

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
3. Toshimitsu Iwanami (September 23, 1949)	April 1972 April 2002 June 2003 April 2005 April 2006 June 2007 April 2010	Joined the Company Executive General Manager, 1st Solutions Sales Operations Unit, NEC Solutions President & CEO, NEC Solutions (America), Inc. (currently, NEC Corporation of America) Associate Senior Vice President, Executive General Manager, 2nd Solutions Operations Unit Senior Vice President Senior Vice President and Member of the Board Senior Executive Vice President and Member of the Board (Representative Director) (to present)	45,641
4. Yukihiro Fujiyoshi (July 9, 1949)	April 1972 April 2004 April 2005 April 2006 April 2008 May 2008 June 2009 April 2010	Joined the Company Executive General Manager, Mission Critical Systems Operations Unit Associate Senior Vice President, Executive General Manager, Mission Critical Systems Operations Unit Associate Senior Vice President, Executive General Manager, OMCS Operations Unit Senior Vice President, Executive General Manager, OMCS Operations Unit Senior Vice President Senior Vice President and Member of the Board Senior Executive Vice President and Member of the Board (Representative Director) (to present)	16,218
5. Takao Ono (July 4, 1948)	April 1972 October 2002 April 2004 April 2006 October 2006 April 2007 June 2007 April 2010	Joined the Company General Manager, Corporate Controller Division, Vice President, General Manager, Corporate Finance and IR Division Associate Senior Vice President, General Manager, Corporate Finance and IR Division Associate Senior Vice President, General Manager, Internal Control Division, General Manager, Corporate Finance and IR Division Senior Vice President, General Manager, Corporate Finance and IR Division Senior Vice President and Member of the Board Executive Vice President and Member of the Board (to present)	41,014

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
6. Junji Yasui (January 3, 1951)	April 1973	Joined the Company	21,152
	April 2003	Executive General Manager, Control Systems Operations Unit	
	April 2004	Associate Senior Vice President, Executive General Manager, 3rd Solutions Sales Operations Unit	
	April 2005	Associate Senior Vice President, Executive General Manager, 4th Solutions Operations Unit	
	April 2006	Associate Senior Vice President	
	April 2008	Senior Vice President	
	June 2008	Senior Vice President and Member of the Board	
	April 2010	Executive Vice President and Member of the Board (to present)	
7. Toshio Morikawa (March 3, 1933)	April 1955	Joined Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation, the "Bank")	2,000
	June 1980	Director of the Bank	
	February 1984	Managing Director of the Bank	
	October 1985	Senior Managing Director of the Bank	
	October 1990	Deputy President of the Bank	
	June 1993	President of the Bank	
	June 1997	Chairman of the Board of the Bank	
	June 2000	Member of the Board of the Company (to present)	
	March 2001	Counselor of the Bank	
	June 2002	Advisor (*Tokubetsu Komon)* of the Bank	
	March 2005	Advisor (*Meiyo Komon)* of the Bank (to present)	
	Important Concurrent Positions: Advisor (*Meiyo Komon)*, Sumitomo Mitsui Banking Corporation Outside Director, Taisho Pharmaceutical Co., Ltd. Outside Director, The Royal Hotel, Limited		
8. Yoshinari Hara (April 3, 1943)	April 1967	Joined Daiwa Securities Co., Ltd. ("Daiwa Securities")	0
	June 1991	Director, Daiwa Securities	
	September 1995	Managing Director, Daiwa Securities	
	October 1997	President, Daiwa Securities	
	April 1999	President & CEO, Daiwa Securities Group Inc., President, Daiwa Securities	
	June 2004	Chairman of the Board, Daiwa Securities Group Inc.	
	June 2006	Member of the Board of the Company (to present)	
	June 2008	Chief Corporate Advisor, Daiwa Securities Group Inc. (to present)	
	Important Concurrent Positions: Chief Corporate Advisor, Daiwa Securities Group Inc. Outside Director, Tokyo Stock Exchange Group, Inc. Outside Director, Tokyo Stock Exchange, Inc. Outside Corporate Auditor, KYOCERA Corporation		

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
9. Sawako Nohara (January 16, 1958)	December 1988	Joined Living Science Institute	0
	May 1995	Left Living Science Institute	
	July 1995	Joined InfoCom Research, Inc.	
	April 1996	Senior Researcher, InfoCom Research, Inc.	
	July 1998	Head of the E-Commerce Business Development Group, InfoCom Research, Inc.	
	December 2000	Left InfoCom Research, Inc., Director, IPSe Marketing, Inc.	
	December 2001	President, IPSe Marketing, Inc. (to present)	
	June 2006	Member of the Board of the Company (to present)	
	November 2009	Professor, Keio University Graduate School of Media and Governance (to present)	
	Important Concurrent Position: President, IPSe Marketing, Inc.		
10. Kenji Miyahara (November 5, 1935)	April 1958	Joined Sumitomo Shoji Kaisha, Ltd. (currently, Sumitomo Corporation)	0
	June 1986	Director, Sumitomo Corporation	
	June 1990	Managing Director, Sumitomo Corporation	
	June 1993	Senior Managing Director, Sumitomo Corporation	
	June 1995	Executive Vice President, Sumitomo Corporation	
	June 1996	President and Chief Executive Officer, Sumitomo Corporation	
	June 2001	Chairman of the Board, Sumitomo Corporation	
	June 2007	Member of the Board of the Company (to present), Senior Adviser, Sumitomo Corporation (to present)	
	Important Concurrent Positions: Senior Adviser, Sumitomo Corporation Outside Director, Hitachi, Ltd. Outside Corporate Auditor, Seiko Epson Corporation		

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
11. Hideaki Takahashi (March 22, 1948)	August 1974	Joined NCR Corporation	0
	March 1992	Executive Vice President and Representative Director, NCR Japan, Ltd.	
	December 1997	Senior Vice President, NCR Corporation, Chairman and Representative Director, NCR Japan, Ltd.	
	March 1999	Resigned from Senior Vice President, NCR Corporation, Resigned from Chairman and Representative Director, NCR Japan, Ltd.	
	July 1999	Deputy President, Fuji Xerox Co., Ltd.	
	March 2000	Deputy President and Representative Director, Fuji Xerox Co., Ltd.	
	June 2005	Resigned from Deputy President and Representative Director, Fuji Xerox Co., Ltd.	
	January 2006	Professor, Keio University Graduate School of Media and Governance (to present)	
	June 2007	Member of the Board of the Company (to present)	
	Important Concurrent Positions: Outside Director, Fukuoka Financial Group, Inc.		
12. Toshiyuki Mineno (March 7, 1951)	April 1974	Joined the Company	9,000
	October 2004	Senior General Manager, Mobile Solutions Operations Unit	
	April 2006	Senior General Manager, 2nd Carrier Solutions Operations Unit	
	July 2006	Senior General Manager, International Carrier Solutions Operations Unit	
	April 2007	Associate Senior Vice President	
	April 2009	Senior Vice President (to present)	
13. Takemitsu Kunio (January 5, 1955)	December 1982	Joined the Company	10,000
	April 2001	General Manager, Research Planning Division	
	April 2004	Associate Senior Vice President, Executive General Manager, Central Research Laboratories	
	April 2010	Senior Vice President, Executive General Manager, Smart Energy and Green Business Operations Unit (to present)	
14. Takuji Tomiyama (September 16, 1950)	April 1975	Joined the Company	9,000
	April 2005	General Manager, MC Systems Planning Division	
	April 2006	Associate Senior Vice President, Executive General Manager, Carrier and Media Solutions Operations Unit	
	May 2008	Associate Senior Vice President, Executive General Manager, OMCS Operations Unit	
	April 2010	Senior Vice President (to present)	

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
15. Manabu Kinoshita (May 17, 1954)	April 1978	Joined the Company	6,000
	April 2004	Senior General Manager, 3rd Solutions Sales Operations Unit	
	April 2005	Senior General Manager, 5th Solutions Operations Unit	
	April 2006	Executive General Manager, Distribution and Service Industries Solutions Operations Unit	
	April 2008	Associate Senior Vice President	
	April 2010	Senior Vice President (to present)	

Notes: 1. Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara are candidates for Outside Directors. The Company has nominated them as candidates for Outside Directors expecting that they would sympathize with the NEC Group Corporate Philosophy and act for its implementation with strong will. In addition, they are independent from the Company's management, and they have the following experience and insight:

Toshio Morikawa	A lot of experience and deep insight as management of bank and Outside Director of other companies
Yoshinari Hara	A lot of experience as management of securities corporation and deep insight into capital markets
Sawako Nohara	Wide range of knowledge on the Internet business and perspective of end user featuring consumers and citizens
Kenji Miyahara	A lot of experience and deep insight as management of general trading company including the management of overseas firms
Hideaki Takahashi	A lot of experience as management of global companies and deep insight into IT business

2. The Company has notified the securities exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo on which the Company is listing its shares, of each of Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara, as an independent Director who will have no conflicting interests with the Company's general shareholders, the criteria of which is defined by each of these securities exchanges.

3. In July 2005, Komatsu Ltd. ("Komatsu"), of which Mr. Toshio Morikawa was Outside Director, purchased its own shares of common stock prior to the announcement of the dissolution of Komatsu Finance (Netherlands) B.V., which had ceased its operations, without the recognition that the fact of such dissolution corresponded to material fact (the fact that would affect investment decision by investors) as stipulated in the Securities and Exchange Law (Pre Revision). However, the result of the investigation by Securities and Exchange Surveillance Commission of Japan proved that the dissolution of such subsidiary corresponded to material fact, and that the purchase of its own shares by Komatsu prior to the announcement of such fact was prohibited under the Securities and Exchange Law (Pre Revision). In March 2007, Komatsu was ordered by Financial Services Agency of Japan to pay a surcharge pursuant to the Securities and Exchange Law (Pre Revision). While Mr. Toshio Morikawa had regularly made proposals from the perspective of compliance with laws and regulations, he promoted the enhancement of compliance and internal control system and thorough education of employees to prevent similar incidents through the deliberations at the meeting of the Board of Directors after such incidents were reported.

4. SANYO Electric Co., Ltd. ("SANYO"), of which Mr. Toshio Morikawa was Outside Director, amended its financial results for previous periods from the fiscal year ended March 31, 2001 to the first half of fiscal year ended March 31, 2008 mainly due to the amendment to its accounting procedure of the impairment losses for subsidiaries and affiliates, and filed restatements of Annual Securities Reports ("*Yukashoken Hokokusho*") for the periods from the fiscal year ended March 31, 2003 to the fiscal year ended March 31, 2007 and Semiannual Reports ("*Hanki Hokokusho*") for the periods from the fiscal year ended March 31,

2006 to the fiscal year ended March 31, 2008 with Kanto Local Finance Bureau of Japan in December 2007. With respect to these restatements, SANYO was investigated by Securities and Exchange Surveillance Commission mainly due to material misstatements in such Yukashoken Hokokusho and Hanki Hokokusho, and as a result of that investigation, SANYO was ordered to pay a surcharge by Financial Services Agency in January 2008 because a part of its Hanki Hokokusho for the first half of the fiscal year ended March 31, 2006, in which Mr. Toshio Morikawa was acting as Outside Corporate Auditor, fell under material misstatement. Although Mr. Toshio Morikawa had resigned as Outside Corporate Auditor of SANYO when it restated its previous financial results, he performed his duties as Corporate Auditor appropriately in accordance with laws and regulations through expressing opinions in response to the matters deliberated at meetings of the Board of Corporate Auditors as well as the meetings of the Board of Directors during his tenure of the office.

5. Mr. Toshio Morikawa has served for ten years, Mr. Yoshinari Hara and Ms. Sawako Nohara have served for four years, and, Messrs. Kenji Miyahara and Hideaki Takahashi have served for three years, as Outside Directors of the Company.
6. The Company has entered into agreements with Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Company Law (the "Liabilities Limitation Agreements") pursuant to Article 24 of Articles of Incorporation of the Company. The outline of the Liabilities Limitation Agreements is to limit their liabilities as stipulated in Paragraph 1, Article 423 of the Company Law to the higher amount of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on condition that they perform their duties as Directors in good faith and without gross negligence.
7. Current position in the Company of each candidate who is currently Director of the Company is as described in "4.(1) Name, Position at the Company, Responsibility and Important Concurrent Positions of Directors and Corporate Auditors" of the Business Report (pages 24 through 26).

Proposal No. 2: Election of one Corporate Auditor

Upon the close of the Meeting, the term of office of Mr. Tatsuzo Homma as Corporate Auditor will expire. It is proposed that one Corporate Auditor be elected. The consent of the Board of Corporate Auditors for this Proposal has been obtained.

The candidate is as follows:

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
Ryoji Nakagawa (December 23, 1939)	April 1964	Registered as an Attorney at Law	0
	April 1986	Vice President, The Dai-Ichi Tokyo Bar Association, Executive Governor, Japan Federation of Bar Association	
	April 1997	President, The Dai-Ichi Tokyo Bar Association, Vice President, Japan Federation of Bar Association	
	January 2005	Justice of the Supreme Court	
	December 2009	Retired from Judgeship, Supreme Court, Registered as an Attorney at Law (to present)	
	Important Concurrent Positions: Attorney at Law		

Notes:1. Mr. Ryoji Nakagawa is the candidate for Outside Corporate Auditor. The Company nominated him as the candidate for Outside Corporate Auditor, considering a lot of experience and professional insight as a former justice of the Supreme Court and an attorney at law. Although he has never been involved in management of companies, the Company has judged that he can perform the duties as Outside Corporate Auditor for the reasons described above.

2. The Company considers Mr. Ryoji Nakagawa will be an independent Corporate Auditor who will have no conflicting interests with the Company's general shareholders, the criteria of which is defined by each of securities exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo on which the Company is listing its shares.
3. In case Mr. Ryoji Nakagawa is elected as Corporate Auditor of the Company, the Company will enter into agreement with him to limit his liabilities as stipulated in Paragraph 1, Article 427 of the Company Law (the "Liabilities Limitation Agreement") pursuant to Article 31 of Articles of Incorporation of the Company. The outline of the Liabilities Limitation Agreement is to limit his liabilities as stipulated in Paragraph 1, Article 423 of the Company Law to the higher amount of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on condition that he performs his duties as Corporate Auditor in good faith and without gross negligence.

BUSINESS REPORT

(For the period from April 1, 2009 to March 31, 2010)

1. Review of Operations

(1) Development and Results of Operations of the NEC Group

Overview

The worldwide economy during the fiscal year ended March 31, 2010 ("this Business Period") remained severe overall in the first half, influenced by the financial crisis from the previous fiscal year. The second half, despite continuing high unemployment rates in North America and Europe, began to show signs of recovery through the effects of economic measures taken by governments throughout the world and economic growth driven by expansion in emerging countries, mainly in China.

The Japanese economy exhibited positive signs through inventory adjustments and manufacturing improvement from the recovery of export demand driven mainly by Asian markets in the second half of the fiscal year. However, corporate capital investment restraint due to low corporate earnings, and severe employment and income conditions continued. Consequently the domestic economy has not recovered from the steep economic decline of the second half of the previous fiscal year.

The NEC Group recognized this difficult business environment as an opportunity to strengthen its management framework and implement business structure reform through a fundamental review of its business portfolio and reform of its profit structure.

Firstly, in terms of the business structure reform, in September 2009 the Company decided to merge NEC Electronics Corporation, which is engaged in the semiconductors business, with Renesas Technology Corp. in order to further strengthen its business foundations and technological assets, and increase corporate value through enhanced customer satisfaction. In April 2010, NEC Electronics Corporation merged with Renesas Technology Corp. and changed its business name to Renesas Electronics Corporation. As a result of the merger, NEC Electronics Corporation is no longer a consolidated subsidiary of the Company. Furthermore, the Company took measures in order to improve capital efficiency, including selling shares in affiliate companies that show little prospect of forming synergies within the NEC Group.

Moreover, in September 2009, the Company, Casio Computer Co., Ltd. and Hitachi, Ltd. agreed to integrate the Company's mobile handset businesses with Casio Hitachi Mobile Communications Co., Ltd., a joint venture company between Casio Computer Co., Ltd. and Hitachi, Ltd., and to operate them as a joint venture in order to strengthen mobile handset competitiveness and expand business domestically and abroad. The Company also launched specialized new products and services geared for the cloud computing era, including its "Cloud Platform Suite™," in support of the Company's "C&C Cloud Strategy" that capitalizes on NEC Group's strengths in both the IT and network fields. Furthermore, the Company advanced its preparation for full-scale environment and energy related businesses that are expected to play an important role for future growth. The Company also established a new company in April 2010 that is focused on the lithium-ion battery business which is expected to be a core element of environment and energy related businesses.

In terms of profit structure reform, the Company's fixed costs were reduced by 320.9 billion yen year-on-year due to reduced technology subcontracting costs, outsourcing costs and payroll costs. In order to improve business efficiency and reduce maintenance and operational costs, the Company revised the NEC Group's overall business processes and made progress towards directing the Company's core IT systems into cloud environments. In April 2010, the Company began operating a new accounting system and aims to gradually implement the new system throughout sales and procurement areas.

Furthermore, the Company raised 118.5 billion yen through the issuance of new shares in order to reinforce the financial foundations necessary for carrying out management reforms and promoting growth strategies.

In addition to these policies, the Company announced, and started to take measures to implement, its mid-term growth plan "V2012 -Beyond boundaries, Toward our Vision-," in February 2010, which outlines the Company's growth strategies over the next three years.

The Company recorded consolidated sales of 3,583.1 billion yen for this Business Period, a decrease of 632.5 billion yen (15.0%) year-on-year. This was mainly due to large decreases in sales for the Network Systems business, Electron Devices business and Personal Solutions business.

Regarding profitability, consolidated operating income (loss) improved by 57.1 billion yen year-on-year, for an operating profit of 50.9 billion yen, due to a reduction of selling, general and administrative expenses, in spite of a decrease in gross operating profit from declining sales.

In terms of ordinary income (loss), the Company recorded a profit of 49.4 billion yen, improving by 142.6 billion yen year-on-year, due to improving operating income (loss), a profit from reversal of provision for possible losses related to legal proceedings, etc. and improving equity in earnings (losses) of affiliates as a result of improvement of performance from a portion of affiliated companies accounted for by the equity method.

Income (loss) before income taxes and minority interests was a profit of 55.7 billion yen, a year-on-year improvement of 346.6 billion yen. This was mainly due to a large decrease in business structure improvement expenses and loss on valuation of investment securities.

Net income (loss) improved by 308.1 billion yen year-on-year, to a profit of 11.4 billion yen, due mainly to the improvement of income (loss) before income taxes and minority interests.

Review of Operations by Business Segments and Major Business

The NEC Group's primary business consists of six business segments: IT Services business, IT Products business, Network Systems business, Social Infrastructure business, Personal Solutions business and Electron Devices business. The following are major services and products, and a review of the financial results for each business segment of the NEC Group for this Business Period.

Note: The Company has revised its business segmentation as of April 1, 2009 for the purpose of clarifying business responsibility through the conformation of its organizational structure to the business segmentation and enhancing disclosure of information.

IT Services Business

Major Services and Products
Systems Integration (Systems Construction, Consulting), Maintenance and Support, Outsourcing Services

Sales of the IT Services business for this Business Period amounted to 876.5 billion yen, a decrease of 65.3 billion yen (-6.9%) year-on-year, mainly impacted by corporate IT investment restraint in Japan, despite the steady growth of SI services for distribution businesses and outsourcing services.

Operating income (loss) improved by 3.3 billion yen year-on-year, to an operating income of 59.3 billion yen, mainly owing to a reduction of fixed costs.

IT Products Business

Major Services and Products
Intel-based Servers, Mainframe Computers, UNIX Servers, Supercomputers, Storage Products, Professional Workstations, Computer Software (Operating Systems, Middleware, Application Software)

Sales of the IT Products business for this Business Period amounted to 209.2 billion yen, a decrease of 57.3 billion yen (-21.5%) year-on-year, mainly due to a decrease in large-scale projects as compared to the previous fiscal year and corporate IT investment restraint in Japan.

Operating income (loss) worsened by 22.9 billion yen year-on-year, to an operating loss of 1.1 billion yen, mainly owing to a decrease in sales in spite of the efforts to reduce fixed costs.

Network Systems Business

Major Services and Products
Network Systems for Telecommunications Carriers (Mobile Communications Systems, Fixed-line Communications Systems, etc.), Enterprise Network Systems (IP Telephony Systems, etc.)

Sales of the Network Systems business for this Business Period amounted to 785.9 billion yen, a decrease of 215.9 billion yen (-21.6%) year-on-year, mainly impacted by worldwide investment restraint in systems by communications carriers and other businesses.

Operating income (loss) worsened by 14.0 billion yen year-on-year, to an operating income of 28.0 billion yen, mainly owing to a large decrease in sales in spite of the efforts to reduce fixed costs.

Social Infrastructure Business

Major Services and Products
Broadcasting Systems and Video Equipment, Control Systems, Transportation Systems, Aerospace Systems (Aircraft Traffic Control Systems, Satellites, etc.), Defense Systems (Radar Equipment, etc.), Fire and Disaster Prevention Systems

Sales of the Social Infrastructure business for this Business Period amounted to 316.6 billion yen, a decrease of 23.8 billion yen (-7.0%) year-on-year, mainly impacted by a decrease in large-scale projects in the aerospace and defense fields as compared to the previous fiscal year and capital investment restraint in the commercial broadcasting businesses in the broadcasting field.

Operating income (loss) improved by 14.6 billion yen year-on-year, for an operating income of 22.8 billion yen, mainly owing to a reduction of fixed costs.

Personal Solutions Business

Major Services and Products
Mobile Handsets, Personal Computers, Personal Communication Equipment, Monitors, Projectors, "BIGLOBE" Internet Services

Sales of the Personal Solutions business for this Business Period amounted to 737.9 billion yen, a decrease of 110.7 billion yen (-13.0%) year-on-year, mainly impacted by a decrease in domestic sales for mobile handsets in the mobile terminal field, and corporate IT investment restraint and ongoing price reductions in the personal computer and others field in the first half, despite an increase in sales of personal computers, as well as monitors and projectors for overseas markets in the second half.

Operating income (loss) improved by 32.5 billion yen year-on-year, to an operating income of 19.3 billion yen, mainly owing to the reduction of fixed costs and other expenses as well as improved development efficiency.

Electron Devices Business

Major Services and Products
System LSIs (For Use in Communications Equipment, Computing and Peripheral Products, Consumer Electronics Products, Automotive and Industrial Products), Microcomputers, Discrete Devices, Optical and Microwave Devices, Capacitors, Lithium-ion Batteries, Relays, Piezoelectric Devices, IC Cards, IC Tags, LCDs, Lighting Equipment, Cold Cathode Fluorescent Lamps(CCFL)

Sales of the Electron Devices business for this Business Period amounted to 572.8 billion yen, a decrease of 98.9 billion yen (-14.7%) year-on-year, mainly impacted by a decline in sales in the field of semiconductors, including LSI for consumer electronics, as well as a decline in sales of general purpose devices such as capacitors and liquid crystal displays for industrial use in the field of electronic components and others.

Operating income (loss) improved by 31.0 billion yen year-on-year, to an operating loss of 56.8 billion yen, mainly owing to a reduction in fixed costs.

Others

In the Others segment, sales were 84.4 billion yen, a decrease of 60.5 billion yen (-41.7%) year-on-year, mainly due to reduced sales by the discontinuation of the personal computer business for enterprises in Europe.

Operating income (loss) improved by 5.3 billion yen year-on-year, to an operating income of 11.1 billion yen, mainly due to reduced losses in the personal computer business for enterprises in Europe.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 83.1 billion yen during this Business Period. Major capital expenditures included investment in production lines for advanced semiconductor products and lithium-ion batteries for automobiles, equipment for development of software and networking products, as well as equipment for its "BIGLOBE" Internet services.

(3) Research and Development of the NEC Group

The main achievements in research and development of the NEC Group for this Business Period are as follows:

(i) World Best Evaluation Received in Face Recognition Technology

In recent years, a great deal of attention is devoted to face recognition technologies for recognizing whether a facial image taken by camera or others is that of a specific person.

The Company developed, in addition to the existing methods new face recognition technology that can recognize a facial image more accurately by stably extracting personal characteristics, even under a wide range of conditions variable by capturing situations such as lighting and direction of face. This technology was evaluated as the world best recognition technology in the vender evaluation project (still face image category) carried out by the National Institute of Standards and Technology, commissioned by the U.S. Department of Homeland Security.

This vender evaluation project was carried out with facial images taken anticipating the situations under which face recognition technology is actually utilized. As it covered facial images which were taken by high resolution digital cameras, were compressed for storing in IC chips for passports, and were taken under challenging conditions such as poor lighting and direct sunlight, it was demonstrated that the Company's face recognition technology had high performance.

(ii) Development of Load Forecast and Provisioning Control Technologies for Massive Virtual Machine

The Company developed technologies which enable power-saving control on servers in data-center totally managing tens of thousands of virtual machine thin-clients.

These technologies reduce power consumption in servers by forecasting load change of servers, intensively moving virtual machines on less loaded servers to particular servers, making non-loaded servers on which no virtual machine is working, and then turning off power of the non-loaded servers.

As a result of the demonstration experiment of those technologies that used 60,000 virtual machine thin-clients and 3,000 servers, it was demonstrated there is a possibility that power of approximately 38% of servers can be turned off. It is equivalent to reduction of approximately 35% in terms of power consumption.

Note: A part of this achievement is that of research and development under “Strategic Development of Technology for Efficient Energy Utilization Project 2006-2008” which was carried out based on the consignment by New Energy and Industrial Technology Development Organization (NEDO).

(iii) Successful demonstration of the world-first real-time communication on 100 gigabit Ethernet

As broadband services such as video streaming have been prevailing and expanding in recent years, there is a going need for real-time and long-haul transmission of large-volume data.

The Company developed an optical communication system which enables real-time digital signal processing of 100 gigabit optical signal, and successfully demonstrated in the field trial of Verizon Wireless in the United State the world-first real-time and long-haul transmission of 100 gigabit Ethernet signal which will be the communication standard in next generation. In the future, the Company will further proceed with developments towards practical use of 100 gigabit Ethernet communication.

(4) Financing Activities of the NEC Group

In November 2009, the Company issued 537,500,000 new shares of common stock in the offering both in Japan and overseas (but not in the United States and Canada) for raising funds for investment in development of cloud service platforms and next generation networks, capital expenditures in the environment and energy fields and the repayment of its interest-bearing debt. In connection with the issuance of these new shares, the Company issued additional 37,500,000 shares of common stock by way of third-party allotment in December 2009. With the issue price of 206.12 yen per share for each issuance, the total offering amount was 118.5 billion yen.

(5) Material Reorganization, etc.

(i) In order to develop a management system ensuring quick and agile decision-making and implementation of drastic strategies in the field of the electronic components business in the NEC Group, the Company and NEC TOKIN Corporation, a subsidiary of the Company, conducted as of August 1, 2009 a share exchange making NEC TOKIN Corporation a wholly-owned subsidiary of the Company.

(ii) In order to improve competitive strength in our mobile handset business, as of September 14, 2009, the Company, Casio Computer Co., Ltd. and Hitachi, Ltd. agreed to integrate the mobile handset businesses of the Company and Casio Hitachi Mobile Communications Co., Ltd., a joint venture company of Casio Computer Co., Ltd. and Hitachi, Ltd., and to operate them as a joint venture. Pursuant to this agreement, the Company established NEC CASIO Mobile Communications, Ltd. as a wholly owned subsidiary of the Company as of December 22, 2009, and the Company and NEC CASIO Mobile Communications, Ltd. entered into a company split agreement as of March 24, 2010, and NEC CASIO Mobile Communications, Ltd., and Casio Hitachi Mobile Communications Co., Ltd. entered into a merger agreement as of the same date.

(iii) With respect to NEC Electronics Corporation which is operating semiconductors business, in order to further strengthen its business foundations and technological assets, and increase corporate value through enhanced customer satisfaction, the Company decided to merge NEC Electronics Corporation with Renesas Technology Corp., and as of September 16, 2009, the Company, NEC Electronics Corporation, Renesas Technology Corp., Hitachi, Ltd. and Mitsubishi Electric Corporation entered into an basic integration agreement. Based on this agreement, NEC Electronics Corporation and Renesas Technology Corp. entered into a merger agreement as of December 15, 2009.

(6) Material matters concerning the NEC Group developed after this Business Period

(i) In accordance with the company split agreement described in subsection (ii) of "(5) Material Reorganization, etc.", as of May 1, 2010, the Company transferred its mobile handset business to NEC CASIO Mobile Communications, Ltd. through absorption-type corporate-split. NEC CASIO Mobile Communications, Ltd. plans to merge in Casio Hitachi Mobile Communications Co., Ltd. on June 1, 2010.

(ii) In accordance with the merger agreement described in subsection (iii) of "(5) Material Reorganization, etc.", as of April 1, 2010, NEC Electronics Corporation merged with Renesas Technology Corp. and changed its name to Renesas Electronics Corporation. As of the same date, the Company subscribed the third-party allotment of 56.3 billion yen conducted by Renesas Electronics Corporation. After that third-party allotment, the Company's shareholding ratio of Renesas Electronics Corporation became 34.0% (excluding shares whose voting rights are to be exercised at the instruction of the Company based on the employee pension trust agreement with The Sumitomo Trust and Banking Co., Ltd. (representing 1.5% of the issued shares)).

(7) Challenges to be Addressed by the NEC Group

The NEC Group aims to contribute its customers and society to create an information society friendly to humans and the earth by practicing the “NEC Way“ which systemizes the structure of the NEC Group’s management activities such as NEC Group Corporate Philosophy, NEC Group Vision representing the NEC Group’s desired image of future society and the desired image of group business, NEC Group Core Values representing behavioral principles and values to be shared among employees of the NEC Group, Charter of Corporate Behavior and Code of Conduct .

In February 2010, the NEC Group outlined that it aims to achieve the NEC Group Vision 2017 through customer-driven solutions leveraging our competitive strength in the integration of IT and networks in its mid-term growth plan “V2012 -Beyond boundaries, Toward our Vision-.” The NEC Group strives to accelerate its business activities towards achieving business expansion and profitability improvement through leveraging and integrating its strengths in both the fields of IT and networks based on the mid-term growth plan “V2012.”

In terms of business expansion, the NEC Group will direct its attention towards cloud related businesses, global businesses and new businesses.

In recent years, ICT (information and communication technology) markets have become keenly interested in “virtual IT,” where users gain access to IT services through network connections, rather than directly owning IT assets by themselves. In particular, a great deal of attention is being devoted to cloud services that enable users to be provided necessary services at any time through their own devices by accessing an IT system through the Internet that is located “somewhere” in a network, without even knowing the whereabouts of the service provider’s data center.

In order to expand cloud related businesses by leveraging the movement towards “clouds” and “services,” the NEC Group will focus on the provision of secure cloud services for enterprises, the “Cloud Services business,” and the integration of cloud systems for enterprises or local governments that will provide cloud services to their customers or citizens, the “Cloud System Implementation business.”

For more than 30 years, the NEC Group has advocated “C&C,” the integration of computer and communication technologies, as well as built on its accomplishments by reinforcing its strengths in both the IT and network fields. Furthermore, the NEC Group has promoted the implementation of cloud systems and the use of cloud services throughout the NEC Group itself by integrating the NEC Group’s core IT systems into its data centers, and constructing its platform systems. The NEC Group will capitalize on these accomplishments, technologies and know-how to continue promoting its “C&C Cloud Strategy.”

In terms of global business, the NEC Group will establish a five pole global business structure by establishing companies which play a central role in each of five regions, North America, Latin America, Greater China, APAC (Asia Pacific) and EMEA (Europe/Middle East/Africa) in order to utilize the NEC Group’s worldwide assets, including its customer base and technologies, more effectively, and to promote business expansion with products and services that are specialized for each region. The NEC Group will devote particular attention to the rapidly expanding Asian markets and other emerging markets, while seeking to expand its public safety business, including fingerprint identification, biometrics identification and entry/exit management utilizing the NEC Group’s accomplishments. The NEC Group will accelerate global business expansion by sharing these accomplishments and know-how throughout the NEC Group.

In terms of new business, the NEC Group will combine the NEC Group’s wide range of assets, including products, services and technologies, and create new products and services that satisfy customer needs. In recent years, the environment and energy fields have been drawing greater attention, and the NEC Group is focusing on the business of lithium-ion batteries for automotives together with Nissan Motor Co., Ltd. In the future, the integration of electric storage technologies that are cultivated through the battery business, as well as IT and network technologies are expected to result in the creation of new business fields. Specifically, new business opportunities may include advanced electric power meters (smart meters) with communication or management functions for arrange of facilities, home energy management systems and smart grids featuring optimized electricity distribution. Furthermore, in recent years, multifunction terminals that connect cloud services and users have been drawing greater attention. The NEC Group will make gains throughout domestic and international markets by developing and providing new terminals with a competitive advantage based on the combination of the strengths the NEC Group has cultivated in both the personal computer and mobile phone fields and the synergies of a business merger with Casio Hitachi Mobile Communications Co., Ltd.

In terms of profitability improvement, in order to establish a stable revenue base for supporting future business expansion, the NEC Group will strengthen the essential personnel for international business development, as well as the service staff required for cloud services, by effectively deploying and optimizing human resources.

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

The NEC Group will strive to meet the goals set forth in its mid-term growth plan “V2012” as a milestone towards achieving the NEC Group Vision 2017, “to be a leading global company leveraging the power of innovation to realize and information society friendly to humans and the earth.”

(8) Changes in the Results of Operations and the Financial Position

(i) Changes in the Results of Operations and the Financial Position (Consolidated)

(In billions of yen except per share figures)

Fiscal Year / Indices	Fiscal Year ended March 31, 2007 (169th Business Period)	Fiscal Year ended March 31, 2008 (170th Business Period)	Fiscal Year ended March 31, 2009 (171st Business Period)	Fiscal Year ended March 31, 2010 (172nd Business Period)
Net sales	4,652.6	4,617.2	4,215.6	3,583.1
Ordinary income (loss)	16.3	112.2	(93.2)	49.4
Net income (loss)	9.1	22.7	(296.6)	11.4
Net income (loss) per share (yen)	4.43	11.06	(146.64)	5.04
Total assets	3,731.7	3,526.8	3,075.4	2,937.6
Net assets	1,240.1	1,185.5	785.6	931.9

Note: "Net income (loss) per share" is calculated based on the weighted-average number of shares outstanding during each period. In addition, the Company has adopted *"Accounting standard regarding the net income per share"* (Statement No.2 of Accounting Standards Board of Japan) and *"Implementation Guidance for the application of the accounting standard regarding the net income per share"* (Implementation Guideline No.4 of Accounting Standards Board of Japan).

(ii) Changes in the Results of Operations and the Financial Position (Non-Consolidated)

(In billions of yen except per share figures)

Fiscal Year / Indices	Fiscal Year ended March 31, 2007 (169th Business Period)	Fiscal Year ended March 31, 2008 (170th Business Period)	Fiscal Year ended March 31, 2009 (171st Business Period)	Fiscal Year ended March 31, 2010 (172nd Business Period)
Net sales	2,210.8	2,352.6	2,241.4	1,919.3
Ordinary income (loss)	6.9	53.2	(21.6)	39.9
Net income (loss)	5.6	(9.1)	(474.8)	39.2
Net income (loss) per share (yen)	2.77	(4.51)	(234.44)	17.48
Total assets	2,422.6	2,399.4	2,009.7	1,930.1
Net assets	989.2	938.3	421.2	593.6

Note: "Net income (loss) per share" is calculated based on the weighted-average number of shares outstanding during each period.

(9) Parent Company and Principal Subsidiaries

(i) Parent Company

The Company has no parent company.

(ii) Principal Subsidiaries

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
	(Millions of yen)	(%)	
NEC Personal Products, Ltd.	18,830	100	Development, manufacture, sale and maintenance of personal computers, etc.
NEC Soft, Ltd.	8,669	100	Provision of systems integration services, etc., and development and sale of software
NEC Computertechno, Ltd.	1,200	100	Development, design and manufacture of computers to be sold by the Company
NEC Communication Systems, Ltd.	1,000	100	Development and sale of network systems-related software and equipment
NEC Nexsolutions, Ltd.	815	100	Provision of systems integration services, etc. and sale of computers, etc.
NEC Saitama, Ltd.	200	100	Development and manufacture of mobile handsets and mobile communication base stations to be sold by the Company
NEC TOKIN Corporation	31,990	99.9	Development, manufacture and sale of electronic materials and electronic components
NEC Electronics Corporation	85,955	65.0	Development, manufacture and sale of semiconductors
NEC Networks & System Integration Corporation	13,122	38.4	Design, construction and maintenance of information and communications systems, installation of telecommunications systems and sale of information and communications equipment, etc.

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
NEC Fielding, Ltd.	9,670	37.2	Installation and maintenance of computers and network systems
Nippon Avionics Co., Ltd.	5,145	50.0	Development, manufacture and sale of information systems, electronic devices and electronic components
NEC Mobiling, Ltd.	2,371	51.0	Sale and maintenance of mobile handsets
	(Thousands of U.S. dollars)	(%)	
NEC Corporation of America (U.S.A.)	2,528	100	Regional representative and supervising operation in North America, sale of computers-related equipment and communications equipment, and provision of systems integration services, etc.
	(Thousands of Sterling pound)		
NEC Europe Ltd. (U.K.)	64,721	100	Regional representative and supervising operation in Europe, sale of computers-related equipment and communications equipment, and provision of systems integration services, etc.
	(Thousands of U.S. dollars)		
NEC (China) Co., Ltd. (People's Republic of China)	121,784	100	Regional representative and supervising operation in the People's Republic of China
	(Thousands of Singapore dollars)		
NEC Asia Pte. Ltd. (Singapore)	17,444	100	Regional representative and supervising operation in Southeast Asia, sale of computers-related equipment and communications equipment, and provision of systems integration services, etc.

Notes: 1. The figures for the Company's shareholding ratio of NEC Electronics Corporation, NEC Networks & System Integration Corporation and NEC Fielding, Ltd. shown above do not account for the following shares that were contributed by the Company as part of employee pension trust. The voting rights of such shares will be exercised at the instruction of the Company pursuant to the terms of the trusts indentures.

NEC Electronics Corporation	6,200,000 (5.0%)
NEC Networks & System Integration Corporation	6,400,000 (12.9%)
NEC Fielding, Ltd.	16,300,000 (29.9%)

2. On April 1, 2010, NEC Electronics Corporation merged with Renesas Technology Corp. and changed its name to Renesas Electronics Corporation. As a result of this merger, Runesas Electronics Corporation was excluded from the Company's consolidated subsidiaries. On the same date, the Company subscribed new shares issued by Renesas Electronics Corporation by way of third-party allotment. After that third-party allotment, the Company's shareholding ratio of Renesas Electronics

Corporation became 34.0% (excluding shares whose voting rights are to be exercised at the instruction of the Company based on the employee pension trust agreement with The Sumitomo Trust and Banking Co., Ltd. (representing 1.5% of the issued shares)).

3. On April 1, 2010, NEC Asia Pte. Ltd. changed its name to NEC Asia Pacific Pte. Ltd.

(10) Principal Offices of the NEC Group, etc.

Head Office	Minato-ku, Tokyo
Branch Divisions	Hokkaido Branch Division (Sapporo) Tohoku Branch Division (Sendai) Kanto-Koshinetsu Branch Division (Saitama) Minami-Kanto Branch Division (Yokohama) Tokai Branch Division (Nagoya) Hokuriku Branch Division (Kanazawa) Kansai Branch Division (Osaka) Chu-Shikoku Branch Division (Hiroshima) Kyushu Branch Division (Fukuoka)
Plants	Tamagawa Plant (Kawasaki) Fuchu Plant (Fuchu, Tokyo) Sagamihara Plant (Sagamihara) Abiko Plant (Abiko)
Domestic Manufacturing Center	NEC Computertechno, Ltd. (Kofu) NEC Yamanashi, Ltd. (Otsuki) NEC Personal Products, Ltd. (Yonezawa) NEC Saitama, Ltd. (Kamikawamachi, Kodama-gun, Saitama) NEC Semiconductors Kyushu Yamaguchi, Ltd. (Kumamoto) NEC Semiconductors Yamagata, Ltd. (Tsuruoka)
Overseas Subsidiaries	NEC Corporation of America (U.S.A.) NEC Europe Ltd. (U.K.) NEC (China) Co., Ltd. (People's Republic of China) NEC Asia Pte. Ltd. (Singapore)

Notes: 1. On April 1, 2010, NEC Semiconductors Kyushu Yamaguchi, Ltd. and NEC Semiconductors Yamagata, Ltd. changed their names to Renesas Semiconductor Kyushu Yamaguchi Co., Ltd. and Renesas Yamagata Semiconductor Co., Ltd., respectively. On the same date, both companies were excluded from the Company’s consolidated subsidiaries.

2. On April 1, 2010, NEC Asia Pte. Ltd. changed its name to NEC Asia Pacific Pte. Ltd.

(11) Employees

(i) Employees of the NEC Group

Segment	Number of Employees
IT Services Business	36,886
IT Products Business	4,762
Network Systems Business	25,655
Social Infrastructure Business	9,524
Personal Solutions Business	9,052
Electron Devices Business	37,726
Others	18,753
Total	142,358

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2009	Average Age	Average Years of Employment
24,871	1,425	40.0	15.5

(12) Major Borrowings

(In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	82,052
The Sumitomo Trust and Banking Co., Ltd.	53,176
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	44,096
Mitsubishi UFJ Trust and Banking Corporation	24,305
Mizuho Corporate Bank, Ltd.	18,193

2. Shares and Shareholders of the Company

(1) Total Number of Authorized Shares 7,500,000,000 shares

(2) Total Number of Shares Issued 2,604,732,635 shares
(including treasury stock of 5,321,221 shares)

Note: The number of shares issued increased by 575,000,000 shares in connection with the issuance of new shares during this Business Period

(3) Number of Shareholders 271,737

(4) Major Shareholders (Top 10) (In thousands of shares)

Name of Shareholders	Number of Shares Held	Shareholding Ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	143,099	5.51%
The Master Trust Bank of Japan, Ltd. (Trust Account)	112,057	4.31%
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	59,908	2.30%
SSBT OD05 Omnibus Account China Treaty Clients	47,401	1.82%
Nippon Life Insurance Company	41,977	1.61%
Sumitomo Life Insurance Company	41,000	1.58%
NEC Employee Shareholding Association	40,785	1.57%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	39,451	1.52%
Chase Manhattan Bank GTS Clients Account Escrow	25,139	0.97%
The Dai-ichi Mutual Life Insurance Company	24,568	0.95%

Note: The shareholding ratio is calculated by excluding the number of treasury stock (5,321,221 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio
Japanese government and local government	0.00%
Financial Institutions	29.00%
Securities Companies	2.49%
Other Corporations	4.08%
Foreign Investors	28.05%
Japanese Individuals and Others	36.38%
Total	100%

3. Matters concerning stock acquisition rights, etc. (the "Rights")

(1) The Rights held by the Directors of the Company which were granted as compensation for the performance of their duties

Not applicable.

(2) The Rights granted to the employees of the Company during this Business Period as compensation for the performance of their work

Not applicable.

(3) Other material information concerning the Rights

(i) Stock acquisition rights

As an incentive to promote management highly conscious of shareholder value and to improve the performance of the NEC Group, the Company granted the stock acquisition rights to the Directors and employees of the Company having the important responsibilities, and full-time presidents of the Company's subsidiaries in Japan that play an important role in implementing the business strategies of the NEC Group. The summary of the stock acquisition rights that are in effect as of March 31, 2010 is as follows:

Year of issuance	Number of holders	Number of the Rights	Number of shares to be issued or transferred upon exercise of the Rights	Amount to be paid for exercise of the Rights	Exercise period
April 2004-March 2005	89	138	138,000	756 yen per share	From July 1, 2006 to June 30, 2010
April 2005-March 2006	108	165	165,000	601 yen per share	From July 1, 2007 to June 30, 2011
April 2006-March 2007	130	217	217,000	600 yen per share	From August 1, 2008 to July 31, 2012

(ii) Convertible bonds

The Company issued convertible bonds pursuant to Article 341-2 of the Commercial Code (before amendment on April 1, 2002). The summary of the convertible bonds that are in effect as of March 31, 2010 is as follows:

Name (Date of issuance)	Expiration date of exercise period	Convertible price	Balance of convertible bonds (In millions of yen)
Unsecured 10th Convertible Bonds (April 15,1996)	September 29, 2011	1,250.00 yen	97,669

4. Matters related to Directors and Corporate Auditors

(1) Name, Position at the Company, Responsibility and Important Concurrent Positions of Directors and Corporate Auditors

Name	Position at the Company	Responsibility and Important Concurrent Position
Kaoru Yano	President (Representative Director)	Overall management of execution of the Company's business, and Corporate Auditing
Botaro Hirosaki	Senior Executive Vice President and Member of the Board (Representative Director)	Intellectual Asset R&D and Export & Import Trade Control
Masatoshi Aizawa	Senior Executive Vice President and Member of the Board (Representative Director)	Management Information Systems
Akihito Otake	Executive Vice President and Member of the Board	Personal Solutions/ Important matters relating to MONOZUKURI Industrial Innovation and Standardization, Production Engineering Development, Quality Assurance, Purchasing, Software Purchasing, Solution Elements Purchasing
Toshimitsu Iwanami	Senior Vice President and Member of the Board	Sales
Susumu Otani	Senior Vice President and Member of the Board	Carrier Network
Takao Ono	Senior Vice President and Member of the Board	Internal Control over Financial Reporting, Corporate Controller, Corporate Finance and Sales Business Control
Junji Yasui	Senior Vice President and Member of the Board	Social Infrastructure Solutions and Enterprise Communications Solutions
Yukihiro Fujiyoshi	Senior Vice President and Member of the Board	IT Services
Nobuhiro Endo	Senior Vice President and Member of the Board	Assisting President regarding Corporate Auditing / Important matters relating to Corporate Strategy and Business Development, Corporate Alliance, Affiliated Company, Corporate Communications, Marketing, Human Resources Development, HR Support and Health Cares
Toshio Morikawa	Member of the Board	Advisor, Sumitomo Mitsui Banking Corporation Outside Director, Taisho Pharmaceutical Co., Ltd. Outside Director, The Royal Hotel, Limited
Yoshinari Hara	Member of the Board	Chief Corporate Advisor, Daiwa Securities Group Inc. Outside Director, Tokyo Stock Exchange Group, Inc. Outside Director, Tokyo Stock Exchange, Inc. Outside Corporate Auditor, KYOCERA Corporation
Sawako Nohara	Member of the Board	President, IPSe Marketing, Inc.
Kenji Miyahara	Member of the Board	Senior Adviser, Sumitomo Corporation Outside Director, Hitachi, Ltd. Outside Corporate Auditor, Seiko Epson Corporation
Hideaki Takahashi	Member of the Board	Outside Director, Fukuoka Financial Group, Inc.

Name	Position at the Company	Responsibility and Important Concurrent Position
Konosuke Kashima	Corporate Auditor (full-time)	-
Kenji Seo	Corporate Auditor (full-time)	-
Shinichi Yokoyama	Corporate Auditor	Chairman, Representative Director, Sumitomo Life Insurance Company Outside Corporate Auditor, SHIONOGI & Co., Ltd.
Tatsuzo Homma	Corporate Auditor	Attorney at Law
Satoshi Itoh	Corporate Auditor	Certified Public Accountant Outside Corporate Auditor, Sumitomo Mitsui Financial Group, Inc. Outside Corporate Auditor, Sumitomo Mitsui Banking Corporation

Notes:

1. At the 171st Ordinary General Meeting of Shareholders held on June 22, 2009, Messrs. Yukihiro Fujiyoshi and Nobuhiro Endo were newly elected as Directors of the Company.
2. At the 171st Ordinary General Meeting of Shareholders held on June 22, 2009, Mr. Konosuke Kashima was newly elected as a Corporate Auditor of the Company.
3. Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara are Outside Directors.
4. Messrs. Shinich Yokoyama, Tatsuzo Homma and Satoshi Itoh are Outside Corporate Auditors.
5. The Company has notified the securities exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo on which the Company is listing its shares, of each of Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara, Hideaki Takahashi, Shinichi Yokoyama, Tatsuzo Homma and Satoshi Itoh and Ms. Sawako Nohara, as an independent Director/Corporate Auditor who will have no conflicting interests with the Company's general shareholders, the criteria of which is defined by each of these securities exchanges.
6. Messrs. Kenji Seo and Satoshi Itoh have considerable expertise in finance and accounting as follows:

Kenji Seo	Former General Manager of Corporate Finance and IR Division and Affiliated Company Division of the Company and engagement in financial affairs for many years
Satoshi Itoh	A lot of auditing experience as a Certified Public Accountant for many years

7. The names of Directors and a Corporate Auditor who retired during this Business Period, their position at the time of the retirement and the date and reasons of their retirement are as follows:

Name	Position at the time of retirement	Date of retirement (reason)
Hajime Sasaki	Chairman of the Board	June 22, 2009 (expiration)
Konosuke Kashima	Executive Vice President and Member of the Board	June 22, 2009 (expiration)
Hiroshi Takakuta	Corporate Auditor	June 22, 2009 (expiration)

8. On April 1, 2010, the positions and responsibilities of Directors were changed as follows:

Name	Position after change	Responsibility after change
Kaoru Yano	Chairman of the Board (Representative Director)	Overall management for the operation of fundamental matters of the Company
Nobuhiro Endo	President (Representative Director)	Overall management of execution of the Company's business, and Corporate Auditing
Botaro Hirosaki	Senior Executive Vice President and Member of the Board (Representative Director)	Special assignment by President
Masatoshi Aizawa	Senior Executive Vice President and Member of the Board (Representative Director)	Special assignment by President
Toshimitsu Iwanami	Senior Executive Vice President and Member of the Board (Representative Director)	Assisting President regarding Sales / Automotive Business Promotion and Export & Import Trade Control
Yukihiro Fujiyoshi	Senior Executive Vice President and Member of the Board (Representative Director)	Assisting President regarding Solutions Operations / Management Information Systems, Sales and Service Business Process Management
Akihito Otake	Executive Vice President and Member of the Board	Special assignment by President
Takao Ono	Executive Vice President and Member of the Board	Internal Control over Financial Reporting, Corporate Controller, Corporate Finance and Sales Business Control
Junji Yasui	Executive Vice President and Member of the Board	Carrier Network / Important matters relating to MONOZUKURI Industrial Innovation and Standardization, Production Engineering Development, Quality Assurance, Purchasing, Software Purchasing and Solution Elements Purchasing
Susumu Otani	Senior Vice President and Member of the Board	Special assignment by President

9. The Company has business relationship with Sumitomo Mitsui Banking Corporation such as sales of the Company’s products and provision of services including system construction, operation and maintenance. In addition, the Company has borrowings from Sumitomo Mitsui Banking Corporation.
10. The Company has business relationship with Sumitomo Life Insurance Company such as sales of the Company’s products and provision of services including system construction, operation and maintenance. In addition, the Company has borrowings from Sumitomo Life Insurance Company.
11. The Company has business relationship with Hitachi, Ltd. such as purchase of its products.

(2) Remuneration for Directors and Corporate Auditors

(i) Company Policy on Remuneration

The maximum total amounts of remuneration for Directors and Corporate Auditors are determined by a resolution at the general meeting of shareholders.

The Company has established the Compensation Committee which consists of five members including three outside members (of which one is the chairperson). The Compensation Committee deliberates the remuneration system and the level of remuneration of Directors and reports the results of its deliberations to the Board of Directors.

Remunerations for Directors are determined according to their positions and the distinction of Outside Director or not, and bonuses for Directors are calculated by adding evaluation under certain rules of the contribution to the business results of the Company by their performance during previous fiscal year to the amount prescribed based on their position. No bonuses are paid to Outside Directors.

Remunerations for Corporate Auditors are calculated under certain rules determined by the Board of Corporate Auditors, and no bonuses are paid to Corporate Auditors.

The Company abolished retirement allowance system for Directors and Corporate Auditors at the close of the 168th Ordinary General Meeting of Shareholders held on June 22, 2006.

(ii) Amounts of Remuneration for this Business Period

	Remuneration	
	Headcount	Total Amount (In millions of yen)
Directors (of which Outside Directors)	17 (5)	399 (54)
Corporate Auditors (of which Outside Corporate Auditors)	6 (3)	81 (32)

Notes: 1. The above headcount includes two Directors and one Corporate Auditor who retired at the close of the 171st Ordinary General Meeting of Shareholders held on June 22, 2009.

2. The maximum monthly remuneration for Directors is 65,000,000 yen (approved at the 153rd Ordinary General Meeting of Shareholders held on June, 27, 1991).

3. The maximum monthly remuneration for Corporate Auditors is 12,000,000 yen (approved at the 170th Ordinary General Meeting of Shareholders held on June 23, 2008).

(3) Major Activities of Outside Directors and Outside Corporate Auditors

Name	Major Activities
Toshio Morikawa	He attended all of the 20 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Yoshinari Hara	He attended 18 meetings of the Board of Directors out of 20 meetings held during this Business Period for deliberation, including questions and remarks as appropriate mainly based on a lot of experience and deep insight as management of a company.
Sawako Nohara	She attended all of the 20 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly from a perspective of end user featuring consumers and citizens.
Kenji Miyahara	He attended 16 meetings of the Board of Directors out of 20 meetings held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Hideaki Takahashi	He attended 18 meetings of the Board of Directors out of 20 meetings held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Shinichi Yokoyama	He attended 17 meetings of the Board of Directors out of the 20 meetings, and 14 meetings of the Board of Corporate Auditors out of the15 meetings, both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Tatsuzo Homma	He attended 18 meetings of the Board of Directors out of the 20 meetings, and all of the 15 meetings of the Board of Corporate Auditors, both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as a legal expert.
Satoshi Itoh	He attended 18 meetings of the Board of Directors out of the 20 meetings, and 13 meetings of the Board of Corporate Auditors out of 15 meetings, both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as a financial and accounting expert.

(4) Outline of agreements entered into with Outside Directors and Outside Corporate Auditors to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Company Law

Pursuant to Articles 24 and 31 of the Articles of Incorporation of the Company, the Company entered into agreements with Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara, who are Outside Directors, and Messrs. Shinichi Yokoyama, Tatsuzo Homma and Satoshi Itoh who are Outside Corporate Auditors, to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Company Law. The outline of such agreements is to limit their liabilities as stipulated in Paragraph 1, Article 423 of the Company Law to the higher of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on condition that they perform their duties as Directors or Corporate Auditors in good faith and without gross negligence.

5. Accounting Auditors

(1) Name of the Accounting Auditors

KPMG AZSA & Co.

(2) The Amount of Compensation to the Accounting Auditors

Classification	Amount（In million of yen）
(i) The total fees paid to the Accounting Auditors by the Company as compensation for their duties under the Company Law	680
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,919

Notes: 1. The fees set forth in column (i) above include the fees for audit under the Financial Instruments and Exchange Law and other laws because there are no separate provisions in the audit contract with the Accounting Auditors between the fees for audit under the Company Law and the fees for audit under the Financial Instruments and Exchange Law, and it is impracticable to distinguish between these two types of fees.

2. Of the Company's subsidiaries listed in "1.(9)(ii) Principal Subsidiaries" above, those subject to audit by certified public accountants or audit firm other than the Accounting Auditors are as follows:

Name of Subsidiary	Certified Public Accountant
NEC Electronics Corporation	Ernst & Young ShinNihon LLC
Nippon Avionics Co., Ltd.	Ernst & Young ShinNihon LLC
NEC Corporation of America	KPMG LLP
NEC Europe Ltd.	KPMG LLP
NEC (China) Co., Ltd.	KPMG Huazhen
NEC Asia Pte. Ltd.	KPMG LLP

(3) Non-audit services rendered by the Accounting Auditors

In addition to the work stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law, during this Business Period, the Company engaged the Accounting Auditors for, among others, assessment of implementation of its internal control system regarding operational process for its new core IT systems and advisory service for implementing the International Financial Reporting Standards.

(4) Company Policy regarding dismissal or decision not to reappoint the Accounting Auditors

Subject to the prior consent of the Board of Corporate Auditors, the Board of Directors will propose a dismissal or disapproval of the reappointment of the Accounting Auditors to the shareholders meeting when the situation arises where the Accounting Auditors are no longer able to execute their duties in a proper manner or the Board of Directors decides that it is appropriate to dismiss or disapprove the reappointment of the Accounting Auditors.

6. System and Policy of the Company

(1) System to ensure the properness of operations

The Company has established and operated its internal control system based on the basic policy for implementation of the system of the Company to ensure the properness of operations as provided in Item 6, Paragraph 4 of Article 362 of the Company Law adopted by resolution of the Board of Directors (the "Policy"). The Company assessed the status of the implementation of its internal control system for this Business Period and confirmed that it has established and operated its internal control system properly based on the Policy. A summary of the Policy is as follows:

The Company shall endeavor to establish and operate its internal control system more effectively, through continuous evaluation of the implementation of its internal control system under the Policy as well as taking measures necessary for its improvement, and conducting consistent reviews of the Policy responding to changes in the business environment.

(i) In order to ensure the compliance with the laws and the Company's Articles of Incorporation in the performance of duties by Directors and employees, Directors and corporate officers shall take the lead in practicing NEC Group Charter of Corporate Behavior and NEC Group Code of Conduct that were adopted to establish business ethics standards for the NEC Group and to ensure compliance with laws, regulations, the Articles of Incorporation and its internal rules, and promote thorough understanding on these charter and code within the NEC Group. If any material violation of laws, regulations, Articles of Incorporation or internal rules is found, the Company shall investigate the cause of such violation and formulate and promote preventative measures. In addition, the Company shall prompt the use of "NEC Helpline," a compliance hotline.

(ii) The Company shall properly retain and manage information in accordance with applicable laws, regulations and the Company's internal rules.

(iii) The Company shall implement risk management systems effectively and comprehensively under the consistent policy throughout the Company in accordance with the Company's internal rules. Business divisions shall properly conduct risk control related to their assignment and corporate staff divisions shall support such business divisions' activities. The Company shall deliberate fully on such matters of importance from a perspective of risk management, such as the strategy to control important management risk, and the matters of particular importance shall be reported to the Board of Directors. The internal auditing division shall conduct audits of the enterprise risk management system and the status of implementation of risk management.

(iv) In order to ensure the efficient performance of duties by Directors, the Board of Directors shall delegate its authorities to corporate officers and promote timely decision-making and effective performance of duties. Corporate officers shall, under the direction of the Board of Directors, efficiently conduct businesses in accordance with midterm corporate management goals and budgets.

(v) In order to ensure the proper operation of the NEC Group, the Company shall dispatch Directors and Corporate Auditors to the subsidiaries, conduct routine sharing of information with the subsidiaries, to promote operations in accordance with the NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct, and shall give instructions and assistance to the subsidiaries for the establishment of the systems ensuring compliance with laws, regulations and properness of the operation of business. The internal auditing division shall conduct audits of the subsidiaries through cooperation with their internal auditing sections to ensure their proper operations.

(vi) Internal control over financial reporting of the NEC Group shall be evaluated, maintained and improved in accordance with applicable laws and regulations. From the perspective of proper and efficient operations, the Company shall endeavor to conduct improvement and standardization of business processes, and further strengthen its internal control by utilizing information systems.

(vii) The Company shall assign full-time employees to assist Corporate Auditors in performing their duties. Matters regarding such employees, including performance review, personnel change and disciplinary action, shall be approved by Corporate Auditors.

(viii) Directors and employees shall report to Corporate Auditors on the status of the performance of their duties.

(ix) In order to ensure the effective audit, Corporate Auditors shall exchange information and consult with each other on the status of audits. Furthermore, Corporate Auditors shall periodically receive reports on financial audit from the Accounting Auditors and exchange opinions with them.

(2) Policy on the Control over the Company

The Company believes that the decision as to the person who should control the financial and business policy of the Company shall be made by the shareholders of the Company. However, in the event that a person or entity (the "Proposer") proposes to purchase the substantial number of the shares of the Company with an intent to control the Company or proposes the takeover of the Company, the Company believes it is the responsibilities of the Board of Directors (i) to request the Proposer to provide appropriate information on the reasonableness of the consideration and other conditions of the proposal and the influence such action may have on the management policy and business plan of the Company, (ii) to evaluate the information provided and consider whether such proposal has merit in promoting the corporate value of the Company and the common interest of the shareholders, and (iii) to express the opinion of the Company for purposes of assisting the shareholders to make decisions whether or not to accept the proposal. In addition, the Company believes that according to the circumstances it may be required to negotiate with the Proposer or to present alternative proposals to the shareholders.

Currently, the Company has not adopted a policy of defensive measures that will become effective when a proposal is made by a Proposer. It is the Company’s intention, however, that if (i) the sufficient information is not provided by the Proposer, (ii) the shareholders are not afforded the time sufficient to consider the proposal or (iii) the Company decides that the proposal would have an adverse effect on the corporate value of the Company or the common interest of the shareholders, the Company will decide and implement reasonable countermeasures that are practicable at the time of the proposal and acceptable to the shareholders. Further, the Company may consider the introduction of defensive measures based on the business environment, the market trend, the trends of laws and regulations etc. if it is considered appropriate to do so for purposes of promoting the corporate value of the Company and the common interest of the shareholders.

(3) Policy on the determination of distribution of surplus

As the Company needs to adopt a flexible policy in order to better respond to the rapidly changing business environment, the Company considers, among other factors, the following factors in determining its distribution of surplus: 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.

The Company will pay an annual dividend of 4 yen per share of common stock for the full year ended March 31, 2010.

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

CONSOLIDATED BALANCE SHEET

(As of March 31, 2010)

(In millions of yen)

Account	Amount
Assets	
Current assets	**1,642,965**
Cash and deposits	195,095
Notes and accounts receivable-trade	773,388
Short-term investment securities	136,747
Merchandise and finished goods	109,852
Work in process	121,082
Raw materials and supplies	84,618
Deferred tax assets	93,307
Other	134,900
Allowance for doubtful accounts	(6,024)
Noncurrent assets	**1,294,679**
Property, plant and equipment	**554,051**
Buildings and structures, net	207,535
Machinery and equipment, net	133,018
Tools, furniture and fixtures, net	77,681
Land	91,938
Construction in progress	43,879
Intangible assets	**218,894**
Goodwill	97,458
Software	117,278
Other	4,158
Investments and other assets	**521,734**
Investment securities	151,221
Stocks of subsidiaries and affiliates	89,499
Deferred tax assets	140,829
Other	150,025
Allowance for doubtful accounts	(9,840)
Total assets	**2,937,644**

(In millions of yen)

Account	Amount
Liabilities	
Current liabilities	**1,278,147**
Notes and accounts payable-trade	522,533
Short-term loans payable	69,163
Commercial papers	21,998
Current portion of long-term loans payable	169,507
Current portion of bonds	19,830
Accrued expenses	175,660
Advances received	65,550
Provision for product warranties	27,887
Provision for directors' bonuses	262
Provision for loss on construction contracts and others	14,088
Provision for loss on guarantees	10,985
Provision for business structure improvement	11,602
Provision for contingent loss	10,886
Other	158,196
Noncurrent liabilities	**727,585**
Bonds payable	50,005
Convertible bonds	97,669
Bonds with subscription rights to shares	110,000
Long-term loans payable	158,876
Deferred tax liabilities	8,913
Provision for retirement benefits	237,645
Provision for product warranties	1,566
Provision for loss on repurchase of computers	9,355
Provision for recycling expenses of personal computers	6,537
Provision for business structure improvement	1,139
Provision for contingent loss	11,163
Other	34,717
Total liabilities	**2,005,732**
Net Assets	
Shareholders' equity	**803,552**
Capital stock	**397,199**
Capital surplus	**192,843**
Retained earnings	**216,439**
Treasury stock	**(2,929)**
Valuation and translation adjustments	**(12,648)**
Valuation difference on available-for-sale securities	**10,218**
Deferred gains or losses on hedges	**61**
Foreign currency translation adjustment	**(22,927)**
Subscription rights to shares	**93**
Minority interests	**140,915**
Total net assets	**931,912**
Total liabilities and net assets	**2,937,644**

CONSOLIDATED STATEMENT OF OPERATIONS

(For the fiscal year ended March 31, 2010)

(In millions of yen)

Account	Amount
Net Sales	3,583,148
Cost of sales	2,492,403
Gross profit	**1,090,745**
Selling, general and administrative expenses	1,039,840
Operating income	**50,905**
Non-operating income	56,547
Interest income	1,337
Dividend income	4,152
Reversal of provision for contingent loss	30,853
Equity in earnings of affiliates	7,336
Other	12,869
Non-operating expenses	58,023
Interest expenses	9,736
Retirement benefit expenses	14,441
Loss on abandonment of noncurrent assets	8,249
Provision for contingent loss	6,496
Foreign exchange losses	1,953
Other	17,148
Ordinary income	**49,429**
Extraordinary income	31,511
Gain on sales of subsidiaries and affiliates’ stocks	22,383
Gain on sales of noncurrent assets	4,225
Reversal of provision for loss on guarantees	3,312
Reversal of provision for recycling expenses of personal computers	1,024
Gain on sales of investment securities	537
Gain on reversal of subscription rights to shares	30
Extraordinary loss	25,286
Business structure improvement expenses	10,245
Impairment loss	6,973
Loss on sales of stocks of subsidiaries and affiliates	3,112
Cost of corrective measures for products	2,487
Loss on retirement of noncurrent assets	1,527
Loss on valuation of investment securities	891
Loss on sales of investment securities	39
Loss on sales of noncurrent assets	12
Income before income taxes and minority interests	**55,654**
Income taxes - current	28,577
Income taxes - deferred	12,661
Minority interests in income	2,988
Net income	**11,428**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the fiscal year ended March 31, 2010)

(In millions of yen)

Account	Amount
Shareholders' equity	
Capital stock	
Balance at the end of the previous period	337,940
Change of items during the period	
Issuance of new shares	59,260
Total changes of items during the period	59,260
Balance at the end of the period	397,199
Capital surplus	
Balance at the end of the previous period	464,875
Change of items during the period	
Issuance of new shares	59,260
Deficit disposition	(331,287)
Disposal of treasury stock	(5)
Total changes of items during the period	(272,033)
Balance at the end of the period	192,843
Retained earnings	
Balance at the end of the previous period	(126,276)
Change of items during the period	
Deficit disposition	331,287
Net income	11,428
Total changes of items during the period	342,715
Balance at the end of the period	216,439
Treasury stock	
Balance at the end of the previous period	(2,982)
Change of items during the period	
Purchase of treasury stock	(47)
Disposal of treasury stock	100
Total changes of items during the period	53
Balance at the end of the period	(2,929)
Total shareholders' equity	
Balance at the end of the previous period	673,557
Change of items during the period	
Issuance of new shares	118,519
Deficit disposition	-
Net income	11,428
Purchase of treasury stock	(47)
Disposal of treasury stock	95
Total changes of items during the period	129,995
Balance at the end of the period	803,552

(In millions of yen)

Account	Amount
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the end of the previous period	(6,228)
Change of items during the period	
Net changes of items other than shareholders' equity	16,446
Total changes of items during the period	16,446
Balance at the end of the period	10,218
Deferred gains or losses on hedges	
Balance at the end of the previous period	(120)
Change of items during the period	
Net changes of items other than shareholders' equity	181
Total changes of items during the period	181
Balance at the end of the period	61
Foreign currency translation adjustments	
Balance at the end of the previous period	(25,555)
Change of items during the period	
Net changes of items other than shareholders' equity	2,628
Total changes of items during the period	2,628
Balance at the end of the period	(22,927)
Total valuation and translation adjustments	
Balance at the end of the previous period	(31,903)
Change of items during the period	
Net changes of items other than shareholders' equity	19,255
Total changes of items during the period	19,255
Balance at the end of the period	(12,648)
Subscription rights to shares	
Balance at the end of the previous period	123
Change of items during the period	
Net changes of items other than shareholders' equity	(30)
Total changes of items during the period	(30)
Balance at the end of the period	93
Minority interests	
Balance at the end of the previous period	143,788
Change of items during the period	
Net changes of items other than shareholders' equity	(2,873)
Total changes of items during the period	(2,873)
Balance at the end of the period	140,915

(In millions of yen)

Account	Amount
Total net assets	
Balance at the end of the previous period	785,565
Change of items during the period	
Issuance of new shares	118,519
Deficit disposition	-
Net income	11,428
Purchase of treasury stock	(47)
Disposal of treasury stock	95
Net changes of items other than shareholders’ equity	16,352
Total changes of items during the period	146,347
Balance at the end of the period	931,912

<Reference Document>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(For the fiscal year ended March 31, 2010)

(In millions of yen)

Account	Amount
Net cash provided by (used in) operating activities:	
Income before income taxes and minority interests	55,654
Depreciation and amortization	148,008
Equity in earnings of affiliates	(7,336)
Increase in notes and accounts receivable-trade	(25,246)
Decrease in inventories	63,132
Decrease in notes and accounts payable-trade	(8,582)
Income taxes paid	(29,331)
Others, net	(61,483)
Net cash provided by operating activities	**134,816**
Net cash provided by (used in) investing activities:	
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(75,512)
Purchase of intangible assets	(29,592)
Net proceeds from (payments of) purchases and sales of securities	58,233
Others, net	5,630
Net cash used in investing activities	**(41,241)**
Net cash provided by (used in) financing activities:	
Net proceeds from (payments of) bonds and borrowings	(196,186)
Proceeds from issuance of common stock	118,519
Others, net	(2,741)
Net cash used in financing activities	**(80,408)**
Effect of exchange rate changes on cash and cash equivalents	**110**
Net increase in cash and cash equivalents	**13,277**
Cash and cash equivalents at the beginning of period	**317,271**
Cash and cash equivalents at the end of period	**330,548**

Notes to Consolidated Financial Statements

I Significant Items for Presenting Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 310 companies

Major consolidated subsidiaries

NEC Electronics Corporation, NEC Corporation of America, NEC Personal Products, Ltd., NEC Europe Ltd., NEC (China) Co., Ltd., NEC Networks and System Integration Corporation, NEC TOKIN Corporation, NEC Infrontia Corporation, NEC Fielding, Ltd., Nippon Avionics Co., Ltd., and NEC Mobiling, Ltd.

Change in the scope of consolidation includes additions of 6 and exclusions of 24 subsidiaries. Significant changes were as follows:

Consolidated subsidiaries included in the consolidation scope as a result of acquisitions and incorporation, etc. 6 subsidiaries
NEC CASIO Mobile Communications, Ltd., and others

Consolidated subsidiaries excluded from the consolidation scope as a result of sales and liquidation, etc.
17 subsidiaries
NEC Electric Power Engineering. Ltd., NEC Fabserve Ltd., and others

Subsidiaries excluded from the consolidation scope due to merger
7 subsidiaries as follows:

(Previous)	(New)
NEC TOKIN Corporation NEC TOKIN Techno Service Ltd.	NEC TOKIN Corporation
NEC Tourist, Ltd. NEC Professional Support, Ltd.	NEC Professional Support, Ltd.
NEC Corporation of America NEC Infrontia. Inc.	NEC Corporation of America
NEC System Technology, Ltd. NEC CG Net, Ltd.	NEC System Technology, Ltd.
NEC Tohoku. Ltd. NEC Tohoku Manufacturing Systems, Ltd.	NEC Tohoku. Ltd.
NEC Fielding. Ltd. NEC Infrontia System Service Corporation	NEC Fielding. Ltd.
NEC Planning Research, Ltd. Institute for International Socio-Economic Studies	Institute for International Socio-Economic Studies

2. Items related to application of equity method

(1) Number of companies accounted for by the equity method

There are no subsidiaries accounted for by the equity method instead of consolidation.

Number of affiliated companies accounted for by the equity method 60 companies

Major companies

Keyware Solutions Inc., Nippon Computer System Co., Ltd., South Tokyo Cabletelevision, Inc., Alaxala Networks Corporation, NEC Capital Solutions Limited, Anritsu Corporation, Japan Aviation Electronics Industry, Ltd., Honda Elesys Co., Ltd., NEC SCHOTT Components Corporation, Sincere Corporation, NEC TOPPAN Circuit Solutions, Inc., Shanghai SVA NEC Liquid Crystal Display Co., Ltd., Adcore-Tech Co., Ltd., and Automotive Energy Supply Corporation

3 affiliated companies, including Nippon Electric Glass Co. Ltd. and IMC Corporation, were excluded from the affiliated companies accounted for by the equity method.

(2) There are no unconsolidated subsidiaries and affiliated companies, to which the equity method is not applied.

(3) Names of the companies that were not accounted for as affiliated companies in spite of the voting right that we own between 20/100 and 50/100 based on our account.

Name of the company

Japan Electronic Computer Co., Ltd. (hereinafter referred to as the "JECC")

Reason for not being included in affiliated companies

NEC Corporation ("The Company" hereafter) owns more than 20% of the total number of outstanding stocks of JECC. However, JECC was excluded from affiliated companies, because it is jointly owned and managed by 6 domestic electronic computer manufacturers to promote the data-processing industry.

3. Items related to the fiscal year of consolidated subsidiaries

The fiscal year of consolidated subsidiaries ends on March 31 except for the following subsidiaries:

NEC Brasil S.A., Shougang NEC Electronics Co., Ltd., NEC Argentina S.A., NEC Chile S.A., and 24 other companies

The fiscal year of subsidiaries listed above mainly ends on December 31, and the financial statements as of and for the year ended December 31 were included in the NEC consolidation.

The Company made adjustments for material transactions between the fiscal year of the subsidiaries and the fiscal year of the Company, as needed.

4. Items related to accounting standards

(1) Valuation basis and method of major assets

(a) Marketable and investment securities

Available-for-sale securities

-Securities with market prices

Securities with market prices are valued at the quoted market prices prevailing at fiscal year end. Unrealized gains or losses are included in a component of net assets. The cost of securities sold is determined based on the moving-average cost method.

-Securities without market prices

Moving-average cost method

-Investments in limited partnership, etc.

Based on the latest available financial statements, the investments in limited partnerships were accounted for by the equity method.

(b) Derivatives

Market value method

(c) Inventories

Inventories are stated at the cost method (which writes off the book value of inventories based on decreases in profitability), determined by the following valuation methods:

Valuation method	
Merchandise and finished goods	Custom-made products: Mainly, specific identification method
	Mass produced standard products: Mainly, first-in, first-out method
Work in process	Custom-made products: Mainly, specific identification method
	Mass produced standard products: Mainly, average cost method
Raw materials and supplies	Mainly, first-in, first-out method

(2) Depreciation and amortization method of major noncurrent assets

(a) Property, plant and equipment

Depreciation is computed principally by the declining-balance method

Estimated useful lives are as follows:

Buildings and structures: 7 - 60 years

Machinery and equipment, Tools, furniture and fixtures: 2 - 22 years

Leased assets are depreciated by the declining-balance method over the respective lease periods.

(b) Intangible assets

Software

Software for sale to the market is amortized either based on projected sales volumes or projected sales amounts (Mainly the estimated useful life is within 3 years). Software for internal use is amortized on a straight-line basis over the estimated useful lives of up to 5 years.

Goodwill

Goodwill is amortized on a straight-line basis over the periods within 20 years.

(c) Investments and other assets

Long-term prepaid expenses

Long-term prepaid expenses are amortized on a straight-line basis, or amortized based on the actual sales volume.

(3) Accounting standards for significant reserves

Allowance for doubtful accounts

An allowance for doubtful accounts is provided against potential losses on collection at an amount determined using a historical bad debt ratio for normal receivables, plus an amount individually estimated on the collectibility of receivables that are expected to be uncollectible due to bad financial condition or insolvency.

Provision for product warranties

The Company and its consolidated subsidiaries accrue a provision for product warranties for estimated future warranty costs using the historical ratio of warranty costs to sales, plus an amount individually measured on the incremental costs that are expected to be incurred, in expectation of expenditures for warranty costs after sale of products, or upon delivery of developed software.

Provision for directors’ bonuses

Provision for directors' bonuses is recognized in consolidated financial statements as expected payment amount due to that some domestic subsidiaries provide bonuses to their directors next year.

Provision for loss on construction contracts and others

Provision for loss on construction contracts and others is recognized against future losses resulted from made-to-order software, construction projects and others.

Provision for loss on guarantees

Provision for loss on guarantees is made against losses related to debt guarantees, to which the Company has taken the deterioration of financial conditions of affiliated companies into consideration.

Provision for business structure improvement

The Company provides provision for losses and expenses to be incurred in connection with business structure improvement.

Provision for contingent loss

The amount of expected losses, which is reasonably estimable, considering individual risks with respect to each contingent events, is made by provision for contingent loss against possible expenses related to such as proceedings and matters in litigation.

Provision for retirement benefits or prepaid pension expenses

Provision for retirement benefits or prepaid pension expenses are provided for employees' pension and severance payments based on the estimated retirement benefit obligations and the estimated fair value of plan assets as of this fiscal year end.

Transitional obligation is amortized on a straight-line basis over mainly 15 years.

Prior service costs are amortized on a straight-line basis over the employees' estimated average remaining service periods (mainly 13 years).

Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods (mainly 13 years), starting the following year after incurrence.

Provision for loss on repurchase of computers

The Company provides provision for the estimated losses arising from the repurchase of computers based on the actual loss incurred in the past.

Provision for recycling expenses of personal computers

In accordance with personal computer recycling regulation, certain domestic consolidated subsidiaries provide for estimated recycling costs to be incurred upon collection of household personal computers that were sold, based on volume of shipments and collection ratio.

The Company annually reviews the various rates used in the calculation of the provision based on reports issued by JEITA (Japan Electronics and Information Technology Industries Association) and the actual collection and recycling records of consolidated subsidiaries. The Company records prior year adjustments as extraordinary income, if necessary.

(4) Significant criteria for revenue and expenses recognition

Recognition criteria for completed contract revenue and costs

Percentage-of-completion accounting method was applied to made-to-order software and construction projects that completion percentage can be reasonably measured.

To other construction projects that completion percentage can not be reasonably measured, completed-contract accounting method was applied.

(5) Other significant accounting issues

(a) Standard for converting major foreign assets or liabilities to domestic currency

Foreign currency denominated assets and liabilities are translated into Japanese yen at the current exchange rate prevailing at the fiscal year end. Translation gains and losses are recognized in income. In addition, assets and liabilities of consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rate prevailing at the respective fiscal year ends. Income and expenses are translated into Japanese yen at the average exchange rate of the fiscal year. The translation differences are included in foreign currency translation adjustments and minority interests in net assets.

(b) Accounting for significant hedging activities

Method of hedge accounting

Derivative transactions that are utilized to hedge interest rate risk and foreign exchange risk are measured at fair value at the balance sheet date and the unrealized gains or losses are deferred until the maturity of such derivatives.

Hedging instruments and hedged items

Hedging instruments: Interest rate swaps and foreign exchange forward contracts

Hedged items: Bonds and long-term loans payable, foreign currency debts and credits, forecasted transaction denominated in foreign currency.

The Company's policy for hedging

Derivative transactions are entered into in accordance with "Risk management policy", which is the internal policy of the Company and its consolidated subsidiaries, to offset market fluctuations or to fix the cash flows of the hedged items.

Assessment of hedge effectiveness

The Company assesses the hedge effectiveness by comparing the changes in fair value or the cumulative changes in cash flows of hedging instruments with the corresponding changes of hedged items.

(c) Accounting for Deferred assets

Stock issuance cost is expensed when payment is made.

(d) Accounting for Consumption taxes

Consumption taxes are excluded from each transaction amount and accounted for separately.

(e) Application of consolidated corporate-tax return system

The Company files its tax return under the consolidated corporate-tax return system.

5. Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries are measured at fair value, not including the portion attributable to minority shareholders.

II Changes in significant items for presenting consolidated financial statements

1. Changes in accounting policy

(a) Changes in recognition criteria for completed contract revenue and costs

The “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan (ASBJ) Statement No.15, December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No.18, December 27, 2007) are applied from this fiscal year.

The percentage-of-completion method has been applied to the portion of construction performed through the end of this fiscal year, in those cases where the outcome of performance activity is deemed certain (the estimation for the degree of completion of construction is determined by the percentage of the cost incurred to the estimated total cost) for the made-to-order software and construction projects that commenced on or after April 1, 2009. When the outcome of performance activity is not deemed to be certain, the completed-contract method is applied.

The impact of this change on sales and income is immaterial.

(b) Accounting standard for retirement benefits

The “Partial Amendments to Accounting Standard for Retirement Benefits (Part3)” (Accounting Standards Board of Japan (ASBJ) Statement No.19, July 31, 2008) is applied from this fiscal year.

The change has no impact on income and retirement benefit obligations.

(c) Treatment of foreign exchange forward contract related to foreign currency future transaction

Foreign exchange forward contracts measured at fair value and its valuation difference was previously recognized in income and expense. From this fiscal year, deferred hedge accounting is being applied to a portion of the foreign exchange forward contracts.

This is mainly due to the revision of “Risk management policy” related to foreign exchange forward contracts, and the change resulted from the expectation of sales increase in foreign currencies with future long-term projects. Accordingly, the hedge effect is recorded in the financial statements and periodic income and loss are more properly calculated.

The impact of this change on income is immaterial.

2. Changes in presentation method

The amount of expected losses related to construction contracts and others included in the “Accrued expenses” at the end of the previous fiscal year (9,155 million yen at the end of the previous fiscal year) is included in “Provision for loss on construction contracts and others” at the end of this fiscal year.

III Notes to Consolidated Balance Sheet

1. Assets pledged as and debts secured by collateral

(1) Balances of assets pledged as collateral

	(In millions of yen)
Buildings and structure, net	1,227
Machinery and equipment, net	57
Land	4,674
Others	15
Total	5,973

(2) Amounts of debts secured by collateral

	(In millions of yen)
Short-term loans payable	1,883
Long-term loans payable	350
Others	36
Total	2,269

2. Net presentation of inventories and provision for loss on construction contracts and others

Inventories related to construction contracts and others which is expected to be resulted in a loss are presented at net of provision for loss on construction contracts and others of 11,218 million yen (the sum of following provision for loss on construction contracts and others; 2,709 million yen for merchandise and finished goods, 8,492 million yen for work in process, and 17 million yen for raw materials and supplies).

3. Accumulated depreciation of property, plant and equipment

	(In millions of yen)
Accumulated depreciation	1,732,061

4. Guarantee obligations

Guarantees for bank loans and others

The Company guarantees bank loans of the other companies and others

	(In millions of yen)
Employees	7,118
NT Sales Co., Ltd.	1,230
Others	820
Total	9, 168

Guarantees for residual value of operating leases

	(In millions of yen)
BOT Lease Co., LTD.	3,375
Sumitomo Mitsui Finance and Leasing Company, Limited	2,766
IBJ Leasing Company, Limited	2,419
Others	386
Total	8,946

Important legal proceedings

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 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.

5. Discounted portion of Notes receivable-trade 1,044 million yen

IV Notes to Consolidated Statement of Changes in Net Assets

1. Stocks, issued

Common stock 2,604,732,635 shares

2. Dividends

(1)Payment of dividends

Not applicable

(2) Dividends which recorded date is within this fiscal year and effective date is within the following fiscal year

The Company resolved and declared the matter of payment of dividends for Common Stock at the extraordinary Meeting of Board of Directors held on May 12, 2010, as follows:

(a) Resource of dividend	Retained earnings
(b) Total Dividends	10,398 million yen
(c) Dividends per share	4 yen
(d) Record date	March 31, 2010
(e) Effective date	June 1, 2010

3. Class and number of shares to be issued or acquired upon exercise of the Stock subscription rights (the "Rights") as of March 31, 2010 (Except for the Rights whose exercise period is not coming).

Resolution in June 22, 2004

Number of the Rights		138
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	138,000
Exercise price per share		756 yen
Exercise period		From July 1, 2006 to June 30, 2010

Resolution in June 22, 2005

Number of the Rights		165
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	165,000
Exercise price per share		601 yen
Exercise period		From July 1, 2007 to June 30, 2011

Resolution in June 22, 2006

Number of the Rights		217
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	217,000
Exercise price per share		600 yen
Exercise period		From August 1, 2008 to July 31, 2012

V Notes : Financial Instruments

1. Summary of financial instruments

(1) Policy of financial instruments

NEC group operates its surplus funds by depositing its funds with major banks or investing into short-term financial assets with lower volatility risk. For the purpose of financing long-term capital, NEC group primarily make loans from banks and issue corporate bonds. For the purpose of financing short-term fund, the Company mainly makes loans from banks or issue commercial papers. Derivatives are generally used to hedge the risks further described below, and not for the purpose of speculative investments.

(2) Contents and risks of financial instruments

Receivables from ordinary course of business such as notes and accounts receivable-trade are exposed to credit risk of customers.

Receivables and payables from ordinary course of business denominated in foreign currency are exposed to foreign exchange risk.

Marketable securities and investment securities, excluding financial instruments held for short-term investment, relate to investment activities aimed at strengthening the Company’s operational or financial alliance with the investees. These marketable securities and investment securities are exposed to market risk.

Long-term borrowings, bonds payable and finance lease liabilities are generally made for the purpose of financing capital investments. The latest redemption date of such liabilities is in eight years. These interest-bearing debts with floating interest rate are exposed to interest rate risks.

Derivatives consist of forward exchange contracts, currency options and interest rate swaps. Forward exchange contracts and currency options are used to hedge foreign exchange risk of foreign currency denominated receivables and payables occurred during ordinary course of businesses. Interest rate swaps are used to hedge the effect from interest rate and market value movements for bank loans and corporate bonds issued.

The hedging instruments, hedged items, policies and assessment of effectiveness concerning the hedge accounting is described at 1.4.(5)[Other significant accounting issues] 2.[Accounting for significant hedging activities].

(3) Risk management for financial instruments

<1> Management of credit risk (risk of customer’s default)

NEC and its subsidiaries regularly monitor the financial position of significant customers and manage the due dates and its receivables balance due from each customer to minimize the risk of defaults resulting from deterioration of a customers’ financial position at a periodical basis.

Financial institutions with higher credit capabilities are selected as counterparties while dealing in derivative transactions, deposit transactions and purchase of financial assets for short-term investments in order to reduce the counterparty risk.

<2> Management of market risk (foreign exchange risk, interest rate risk and others)

NEC group manages foreign exchange risk by currency in each due month, and to minimize its risk by utilizing netting settlement of foreign currency receivables and payables, and by utilizing forward exchange contracts and currency options.

Interest rate swap contracts are also used to control interest rate volatility risk in our bank loans and corporate bonds.

Regarding the market price risk of investment securities, NEC group regularly monitors the fair value of such securities as well as financial positions of the issuers (customer enterprises). NEC group also continuously reviews effectiveness of possessing such securities taking into consideration of business relationship with customer enterprises.

NEC group trades derivatives based on the corporate policy which governs risk management, approval, reporting and verification process.

<3>Management of liquidity risk (risk of impracticability to execute payment)

Liquidity risk is managed by frequent update of the cash-flow budget and maintaining level of liquidity represented by current cash balance and unused lines of credit.

(4) Surplus explanation of the fair value of financial instruments

The fair value of a financial instrument is based on the current market price or using reasonable estimates in case of no readily available market price. Such estimates include various underlying factors and assumptions and may subject to change if other reliable assumptions may used for the calculation.

2. Fair value of financial instruments

Fair value and its variance from the balance sheet value at March 31, 2010 are as follows.

(In millions of yen)

	Balance sheet value(*1)	Fair value(*1)	Difference
(1)Cash and deposits	195,095	195,095	-
(2)Notes and accounts receivable-trade	773,388	772,993	△395
(3)Short-term investment securities	136,747	136,747	-
(4)Investment securities	86,405	86,405	-
(5)Notes and accounts payable-trade	(522,533)	(522,533)	-
(6)Short-term loans payable	(69,163)	(69,163)	-
(7)Commercial papers	(21,998)	(21,998)	-
(8)Current portion of long-term loans payable	(169,507)	(169,507)	-
(9)Current portion of bonds	(19,830)	(19,830)	-
(10)Accrued expenses	(175,660)	(175,660)	-
(11)Bonds payable	(50,005)	(51,084)	(1,079)
(12)Convertible bonds	(97,669)	(97,571)	(△98)
(13)Bonds with subscription rights to shares	(110,000)	(107,176)	(△2,824)
(14)Long-term loans payable	(158,876)	(159,495)	(619)
(15)Derivatives	(761)	(761)	-

(*1) Amounts of liabilities are shown in parentheses.

(*2) Derivatives are presented as net amount of assets and liabilities, and amounts in parentheses are liabilities as the results of netting.

Notes:

1. Measurement of fair value of financial instruments and information related to securities and derivatives trade

(1) Cash and deposits

Fair value equals to balance sheet value, since they are to be settled in short term.

(2) Notes and accounts receivable-trade

For which are to be settled in short term, fair value equals to balance sheet value. For others, to be settled in long term, fair value is measured by using discount rate considering credit and other risk.

(3) Short-term investment securities

Fair value equals to balance sheet value, since short-term investment securities mainly consists of CD and commercial papers, which are to be settled in short term.

(4) Investment securities

Fair value equals to price at financial instrument exchange.

(5) Notes and accounts payable-trade,(6) Short-term loans payable,(7) Commercial papers,(8) Current portion of long-term loans payable,(9) Current portion of bonds and (10) Accrued expenses

Fair value equals to balance sheet value, since they are to be settled in short term.

(11) Bonds payable,(12) Convertible bonds and (13) Bonds with subscription rights to shares

Fair value equals to market price.

(14) Long-term loans payable

Fair value is measured by using discount rate to be applied in case of financing same amount with sum of principal and interest.

(15) Derivatives

Fair value of forward exchange contracts are based on forward exchange rate. Fair value of currency swap contracts is present value measured by discounted future cash flow using interest rate as of March 31, 2010.

2. The followings are not included in “(4) Investment securities” table above – because of lack of their available market price and not being able to estimate reasonably their future cash flows:

Unlisted stocks (balance sheet value of 59,837 million yen),

Investment in limited partnerships and similar partnerships under foreign laws (balance sheet value of 4,600 million yen), and others (balance sheet value of 379 million yen).

Ⅵ Notes : Per Share Information

Net assets per share	304.36 yen
Net income per share	5.04 yen

Ⅶ Notes : Material Subsequent Events

1. As part of business structure reform aimed at strengthening business foundations and technological assets, and increasing corporate value through enhanced customer satisfaction, on April 1, 2010, based on the merger agreement reached on December 15, 2009, the Company's consolidating subsidiary (included in electron devices segment and operating mainly semiconductor business), NEC Electronics Corporation merged with Renesas Technology Corp., an entity operating in the semiconductor business, and changed its name to Renesas Electronics Corporation (Renesas EL). As a result of this merger, Renesas EL has become an affiliate applying for the equity method of accounting.

The Company will apply the business combination accounting for shareholders stipulated in the Paragraph 48 of “Accounting Standard for Business Divestitures (Accounting Standards Board of Japan – ASBJ Statement No.7)” after the application of the purchase method of accounting by NEC Electronics Corporation being as an acquirer on this merger transaction.

On April 1, 2010, the Company also subscribed the third-party allotment, new shares issued by Renesas EL, as follows:

Number of new shares subscribed:	61,395,857 shares of common stock
Issue price:	917 yen per share
Aggregated subscription price:	56,300 million yen
Ownership ratio of the Company after the third-party allotment:	34.0 % (see note)

Note: excludes shares whose voting rights is to be exercised at the instruction of the Company based on the employee pension and retirement trust agreement with the Sumitomo Trust and Banking Co. (representing 1.5% of ownership ratio)

2. In order to strengthen competitiveness in mobile handset business on May 1, 2010, based on the corporate split agreement reached on March 24, 2010, the Company transferred its mobile handset business to NEC CASIO Mobile Communications, Ltd. (NEC CASIO) through absorption-type corporate split. NEC CASIO plans to merge in Casio Hitachi Mobile Communications Co., Ltd. on June 1, 2010.

The Company will apply the accounting for consolidation stipulated in the Paragraph 19 of “Accounting Standard for Business Divestitures (ASBJ Statements No.7)” on the transfer transaction of the Company’s mobile handset business to NEC CASIO. The Company plans to apply the business combination accounting for shareholders stipulated in the Paragraph 48 of “Accounting Standard for Business Divestiture (ASBJ Statement No.7)” after the application of the purchase method accounting by NEC CASIO being as an acquirer on the scheduled merger transactions with Casio

Ⅷ Others

1. Lease transactions

Operating leases(lessee)

Obligations under non-cancellable operating leases (In millions of yen)

Due within one year	35,810
Due over one year	80,082
Total	115,892

2. Marketable and investment securities

(1) Available-for-sale securities

(In millions of yen)

	Description	Balance sheet value	Acquisition cost	Unrealized gains (losses)
Securities with balance sheet value exceeding acquisition cost	(1) Stocks	64,145	37,731	26,414
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	-	-	-
	(3) Others	60	22	38
	Sub-total	64,205	37,753	26,452
Securities with balance sheet value not exceeding acquisition cost	(1) Stocks	19,100	24,794	(5,694)
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	1,721	1,899	(178)
	(3) Others	138,126	138,928	(802)
	Sub-total	158,947	165,621	(6,674)
Total		223,152	203,374	19,778

Notes:

The followings are not included in “(1) Available-for-sale securities” table above – because of lack of their available market price and not being able to estimate reasonably for their future cash flows:

Unlisted stocks (balance sheet value of 59,837 million yen),

Investments in limited partnerships and similar partnerships under foreign laws

(balance sheet value of 4,600 million yen), and Others (balance sheet value of 379 million yen).

(2) Available-for-sale securities sold during the fiscal year ended March 31, 2010

(In millions of yen)

Description	Proceeds from sales	Gross realized gains	Gross realized losses
(1) Stocks	16,059	536	39
(2) Bonds			
(a)Governmental and municipal bonds	-	-	-
(b) Corporate bonds	-	-	-
(3) Others	22	1	-
Total	16,081	537	39

(3) Impairment of available-for-sale securities

With regard to stocks included in available-for-sale securities, impairment losses of 891 million yen were recorded in this fiscal year.

3. 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 which cover substantially all employees. Those plans are mainly defined contribution plans and defined benefit 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)

A. Retirement benefit obligations	(1,092,346)
B. Plan assets	695,835
C. Unfunded retirement benefit obligations (A+B)	(396,511)
D. Unrecognized transitional obligation	70,824
E. Unrecognized actuarial gains and losses	239,098
F. Unrecognized prior service costs (reduction in obligations)	(95,030)
G. Net amounts recognized in the consolidated balance sheet (C+D+E+F)	(181,619)
H. Prepaid pension expenses	56,026
I. Provision for retirement benefits (G-H)	(237,645)

Notes: 1. Certain consolidated subsidiaries adopted the simplified method in calculating the retirement benefit obligations.

2. Prepaid pension expenses are included in “Other” of investments and other assets in the consolidated balance sheets.

(3) Retirement benefit expenses

(In millions of yen)

A. Service cost	36,676
B. Interest cost	27,259
C. Expected return on plan assets	(12,472)
D. Amortization of transitional obligation	14,441
E. Amortization of actuarial gains and losses	35,463
F. Amortization of prior service costs	(10,117)
G. Other (Note 2)	7,869
H. Retirement benefit expenses (A+B+C+D+E+F+G)	99,119

Notes: 1. Retirement benefit expenses of consolidated subsidiaries adopting the simplified method are included in “A. Service cost”.

2. “G. Other” represents the amount of premiums paid for defined contribution pension plans.

(4) Basis for calculation of retirement benefit obligations

A. Allocation method for projected retirement benefit cost	Mainly, point basis
B. Discount rate	Mainly, 2.5%
C. Expected rate of return on plan assets	Mainly, 2.5%
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.)
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.)
F. Period for amortization of transitional obligation	Mainly, 15 years

4. Impairment losses on noncurrent assets

(1) Summary of assets or asset groups for which impairment losses were recognized

Use	Type	Location
Assets for business use	Buildings and structures, Machinery and equipment, Tools, furniture and fixtures etc., Intangible assets, and others	Koka City, Shiga Prefecture, and Ina City, Nagano Prefecture
Assets for business use	Buildings and structures, Tools, furniture and fixtures etc., Intangible assets, and others	Minato-ku, Tokyo, Shinagawa-ku, Tokyo, and others
Assets for business use	Buildings and structures, Machinery and equipment, Tools, furniture and fixtures etc., Intangible assets, and others	United States of America
Idle assets	Buildings and structures	Kusatsu City, Shiga Prefecture
Others	Goodwill	-

(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.

(3) Amounts of impairment loss

	(In millions of yen)
Buildings and structures	2,642
Machinery and equipment	1,459
Tools, furniture and fixtures	617
Land	64
Construction in progress	240
Goodwill	753
Software	703
Intangible assets - others	254
Others	241
Total	6,973

(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 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 recognized in extraordinary loss.

5. Deferred income taxes

(1) Breakdown of major factors of deferred tax assets and liabilities

(Deferred tax assets)	(In millions of yen)
Tax loss carry forwards	337,827
Pension and severance expenses	137,175
Accrued expenses and provision for product warranties	54,794
Depreciation	50,215
Loss on devaluation of inventories	40,196
Research and development expenses	17,119
Investments in affiliated companies	12,322
Elimination of unrealized profit through intercompany transactions among consolidated companies	11,916
Loss on devaluation of investment securities	10,845
Provision for contingent loss	8,283
Provision for loss on construction contracts and others	5,667
Provision for business structure improvement	4,910
Provision for loss on repurchase of computers	3,393
Others	62,093
Sub-total	756,755
Less valuation allowance	(445,249)
Total	311,506
(Deferred tax liabilities)	
Gain on transfer of securities to the pension trust	(40,578)
Undistributed earnings of affiliated companies	(9,218)
Unrealized gains on available-for-sale securities	(5,355)
Reserves under special taxation measures law	(484)
Others	(30,684)
Total	(86,319)
Net deferred tax assets	225,187

Note: Net deferred tax assets are included in the consolidated balance sheet as follows: (In millions of yen)

Current assets --- deferred tax assets	93,307
Noncurrent assets--- deferred tax assets	140,829
Current liabilities --- other	(36)
Noncurrent liabilities --- deferred tax liabilities	(8,913)

(2) The reconciliation between the effective tax rate reflected in the consolidated financial statements and the statutory tax rate is summarized as follows:

	(%)
Statutory tax rate	40.5
(Reconciliation)	
Changes in valuation allowance	19.2
Undistributed earnings of affiliated companies	11.3
Amortization of goodwill	7.9
Non-deductible expenses for tax purposes	1.1
Equity in earnings of affiliated companies	(0.3)
Elimination of unrealized profit through intercompany transactions among consolidated companies	(0.4)
Tax rates difference relating to overseas subsidiaries	(5.5)
Others	0.3
Effective tax rate	74.1

BALANCE SHEET

(Non-consolidated)

(As of March 31, 2010)

(In millions of yen)

Account	Amount
Assets	
Current assets	**851,571**
Cash and deposits	54,524
Notes receivable-trade	1,649
Accounts receivable-trade	437,281
Lease receivables	162
Lease investment assets	4,880
Short-term investment securities	60,874
Merchandise and finished goods	40,452
Work in process	50,649
Raw materials and supplies	18,591
Advance payments-trade	22,416
Prepaid expenses	11,101
Deferred tax assets	38,049
Short-term loans receivable to subsidiaries and affiliates	31,902
Accounts receivable-other	77,726
Other	1,429
Allowance for doubtful accounts	(116)
Noncurrent assets	**1,078,562**
Property, plant and equipment	**179,348**
Buildings, net	70,589
Structures, net	3,882
Machinery and equipment, net	14,122
Vehicles, net	161
Tools, furniture and fixtures, net	31,259
Land	47,277
Construction in progress	12,059
Intangible assets	**73,965**
Patent right	1,681
Leasehold right	117
Software	71,928
Right of using facilities	212
Other	26
Investments and other assets	**825,249**
Investment securities	138,693
Stocks of subsidiaries and affiliates	429,855
Investments in capital	378
Long-term loans receivable	222
Long-term loans receivable from employees	49
Long-term loans receivable from subsidiaries and affiliates	54,873
Claims provable in bankruptcy, claims provable in rehabilitation and other	4,938
Long-term prepaid expenses	12,517
Deferred tax assets	54,812
Lease and guarantee deposits	15,752
Prepaid pension cost	98,422
Other	19,099
Allowance for doubtful accounts	(4,360)
Total assets	**1,930,133**

(In millions of yen)

Account	Amount
Liabilities	
Current liabilities	**1,020,390**
Notes payable-trade	88
Accounts payable-trade	415,299
Short-term loans payable	29,000
Commercial papers	21,998
Current portion of long-term loans payable	152,097
Current portion of bonds	19,800
Lease obligations	310
Accounts payable-other	26,440
Accrued expenses	54,217
Income taxes payable	606
Advances received	45,142
Deposits received	176,198
Provision for product warranties	13,775
Provision for loss on construction contracts and others	12,612
Provision for loss on guarantees	29,112
Provision for loss on business of subsidiaries and affiliates	246
Provision for business structure improvement	2,777
Provision for contingent loss	8,112
Other	12,559
Noncurrent liabilities	**316,163**
Bonds payable	50,000
Convertible Bonds	97,669
Long-term loans payable	129,997
Lease obligations	582
Provision for loss on repurchase of computers	9,355
Provision for loss on guarantees	20,836
Provision for contingent loss	2,340
Other	5,383
Total liabilities	**1,336,554**
Net Assets	
Shareholders' equity	**584,002**
Capital stock	**397,199**
Capital surplus	**150,463**
Legal capital surplus	59,260
Other capital surplus	91,203
Retained earnings	**39,205**
Other retained earnings	39,205
Retained earnings brought forward	39,205
Treasury stock	**(2,865)**
Valuation and translation adjustments	**9,537**
Valuation difference on available-for-sale securities	**9,537**
Subscription rights to shares	**41**
Total net assets	**593,580**
Total liabilities and net assets	**1,930,133**

STATEMENT OF OPERATIONS

(Non-consolidated)
(For the fiscal year ended March 31, 2010)

(In millions of yen)

Account	Amount
Net Sales	1,919,301
Cost of sales	1,422,175
Gross profit	**497,125**
Selling, general and administrative expenses	488,561
Operating income	**8,564**
Non-operating income	61,490
Interest income	815
Dividend income	39,302
Reversal of provision for contingent loss	16,773
Foreign exchange income	554
Other	4,046
Non-operating expenses	30,186
Interest expenses	7,505
Retirement benefit expenses	8,241
Provision for contingent loss	2,935
Other	11,505
Ordinary income	**39,868**
Extraordinary income	39,824
Gain on sales of subsidiaries and affiliates' stocks	30,363
Reversal of provision for loss on guarantees	6,652
Gain on sales of noncurrent assets	1,991
Gain on sales of investment securities	408
Gain on transfer of business	396
Gain on reversal of subscription rights to shares	15
Extraordinary loss	54,132
Loss on valuation of stocks of subsidiaries and affiliates	22,816
Provision for loss on guarantees	19,075
Loss on sales of stocks of subsidiaries and affiliates	7,317
Business structure improvement expense	2,487
Loss on retirement of noncurrent assets	877
Impairment loss	837
Loss on valuation of investment securities	425
Loss on business of subsidiaries and affiliates	280
Loss on sales of investment securities	18
Income before income taxes	**25,559**
Income taxes - current	(11,846)
Income taxes - deferred	(1,800)
Net income	**39,205**

STATEMENT OF CHANGES IN NET ASSETS

(Non-consolidated)

(For the fiscal year ended March 31, 2010)

(In millions of yen)

Account	Amount
Shareholders' equity	
Capital stock	
Balance at the end of the previous period	337,940
Change of items during the period	
Issuance of new shares	59,260
Total changes of items during the period	59,260
Balance at the end of the period	397,199
Capital surplus	
Legal capital surplus	
Balance at the end of the previous period	422,496
Change of items during the period	
Issuance of new shares	59,260
Reversal of legal capital surplus	(422,496)
Total changes of items during the period	(363,236)
Balance at the end of the period	59,260
Other capital surplus	
Balance at the end of the previous period	-
Change of items during the period	
Reversal of legal capital surplus	422,496
Deficit disposition	(331,287)
Disposal of treasury stock	(5)
Total changes of items during the period	91,203
Balance at the end of the period	91,203
Total capital surplus	
Balance at the end of the previous period	422,496
Change of items during the period	
Issuance of new shares	59,260
Reversal of legal capital surplus	-
Deficit disposition	(331,287)
Disposal of treasury stock	(5)
Total changes of items during the period	(272,033)
Balance at the end of the period	150,463

(In millions of yen)

Account	Amount
Retained earnings	
Legal retained earnings	
Balance at the end of the previous period	35,615
Change of items during the period	
Reversal of legal retained earnings	(35,615)
Total changes of items during the period	(35,615)
Balance at the end of the period	-
Other retained earnings	
Retained earnings brought forward	
Balance at the end of the previous period	(366,902)
Change of items during the period	
Reversal of legal retained earnings	35,615
Deficit disposition	331,287
Net income	39,205
Total changes of items during the period	406,107
Balance at the end of the period	39,205
Total retained earnings	
Balance at the end of the previous period	(331,287)
Change of items during the period	
Reversal of legal retained earnings	-
Deficit disposition	331,287
Net income	39,205
Total changes of items during the period	370,492
Balance at the end of the period	39,205
Treasury stock	
Balance at the end of the previous period	(2,830)
Change of items during the period	
Purchase of treasury stock	(47)
Disposal of treasury stock	11
Total changes of items during the period	(35)
Balance at the end of the period	(2,865)
Total shareholders' equity	
Balance at the end of the previous period	426,318
Change of items during the period	
Issuance of new shares	118,519
Reversal of legal capital surplus	-
Reversal of legal retained earnings	-
Deficit disposition	-
Net income	39,205
Purchase of treasury stock	(47)
Disposal of treasury stock	6
Total changes of items during the period	157,683
Balance at the end of the period	584,002

(In millions of yen)

Account	Amount
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the end of the previous period	(5,150)
Change of items during the period	
Net changes of items other than shareholders' equity	14,687
Total changes of items during the period	14,687
Balance at the end of the period	9,537
Deferred gains or losses on hedge	
Balance at the end of the previous period	(4)
Change of items during the period	
Net changes of items other than shareholders' equity	4
Total changes of items during the period	4
Balance at the end of the period	-
Total valuation and translation adjustments	
Balance at the end of the previous period	(5,154)
Change of items during the period	
Net changes of items other than shareholders' equity	14,691
Total changes of items during the period	14,691
Balance at the end of the period	9,537
Subscription rights to shares	
Balance at the end of the previous period	56
Change of items during the period	
Net changes of items other than shareholders' equity	(15)
Total changes of items during the period	(15)
Balance at the end of the period	41
Total net assets	
Balance at the end of the previous period	421,220
Change of items during the period	
Issuance of new shares	118,519
Reversal of legal capital surplus	-
Reversal of legal retained earnings	-
Deficit disposition	-
Net income	39,205
Purchase of treasury stock	(47)
Disposal of treasury stock	6
Net changes of items other than shareholders' equity	14,676
Total changes of items during the period	172,359
Balance at the end of the period	593,580

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

Date: May 10, 2010

The Board of Directors
NEC Corporation

KPMG AZSA & Co.

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Hideki Amano (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yasushi Hamada (Seal)
Designated and Engagement Partner
Certified Public Accountant

Masafumi Tanabu (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the CONSOLIDATED BALANCE SHEET, the CONSOLIDATED STATEMENT OF OPERATIONS, the CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS and the related consolidated notes of NEC Corporation (the "Company") as of March 31, 2010 and for the year from April 1, 2009 to March 31, 2010 in accordance with Paragraph 4, Article 444 of the Company Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of NEC Group, which consisted of the Company and consolidated subsidiaries, for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

<Additional information>
As reported in Notes for material subsequent events, on April 1, 2010 the Company's consolidating subsidiary, NEC Electronics Corporation merged with Renesas Technology Corp., and changed its name to Renesas Electronics Corporation. As a result of this merger, Renesas Electronics Corporation has become an affiliate of the Company applying for the equity method of accounting.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

Date: May 10, 2010

The Board of Directors
NEC Corporation

KPMG AZSA & Co.

•

Hideki Amano (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yasushi Hamada (Seal)
Designated and Engagement Partner
Certified Public Accountant

Masafumi Tanabu (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, comprising the BALANCE SHEET, the STATEMENT OF OPERATIONS, the STATEMENT OF CHANGES IN NET ASSETS and the related notes, and its supporting schedules of NEC Corporation (the "Company") as of March 31, 2010 and for the 172nd business year from April 1, 2009 to March 31, 2010 in accordance with Item 1, Paragraph 2 of Article 436 of the Company Law. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

<Additional information>
As reported in Notes for material subsequent events,
1. On April 1, 2010 the Company's consolidating subsidiary, NEC Electronics Corporation merged with Renesas Technology Corp., and changed its name to Renesas Electronics Corporation. As a result of this merger, Renesas Electronics Corporation has become an affiliate of the Company applying for the equity method of accounting.
2. On May 1, 2010, the Company transferred its mobile handset business to NEC CASIO Mobile Communications, Ltd through absorption-type corporate split.
Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

REPORT OF THE BOARD OF CORPORATE AUDITORS

With respect to the performance of duties by the Directors for the 172nd business period from April 1, 2009 to March 31, 2010, the Board of Corporate Auditors has prepared this audit report through deliberation based on the audit reports prepared by the respective Corporate Auditors and hereby reports, as follows:

1. Audit method by Corporate Auditors and the Board of Corporate Auditors and details thereof

The Board of Corporate Auditors has determined, among other things, the auditing policies and plans, received reports regarding the status of conduct of audit and its results from each Corporate Auditor, received reports from Directors, other relevant employees and the Accounting Auditors concerning the performance of their duties, and, when necessary, requested them to provide explanations.

Pursuant to the Code of *Kansayaku* Auditing Standards and in accordance with the auditing policies and plans determined by the Board of Corporate Auditors, each Corporate Auditor has ensured to communicate effectively with Directors, employees including those in the internal auditing division and other relevant personnel, made efforts to collect necessary information and improve auditing environment, attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees and other relevant personnel regarding the performance of their duties, requested them to provided explanations when necessary, examined important authorization documents and associated information, and investigated the operations and financial conditions at the head quarters and other principal offices. Furthermore, we have monitored and verified the contents of resolutions of the Board of Directors regarding the enhancement of system required to be implemented to ensure the proper operations of corporation under Paragraphs 1 and 3, Article 100 of the Regulation for Enforcement of the Company Law of Japan (internal control system) including a system to ensure that the performance of duties by Directors is in compliance with the laws, regulations and the Articles of Incorporation, and the status of the internal control system established and operated according to the said resolutions. With regard to "Policy on the Control over the Company" stated in the business report, we have examined the contents of the said policy considering, among others, the status of deliberation in the Board of Directors. As for the subsidiaries, we have ensured to communicate with the Directors and Corporate Auditors and other personnel of the subsidiaries and to exchange information therewith, and, when necessary, received reports from the subsidiaries with regard to their business. Based on the aforementioned methods, we have examined the business report and supplementary schedules for this business period.

In addition, we have monitored and verified whether the Accounting Auditors were maintaining their independence and properly performing audits, received reports from the Accounting Auditors on the performance of their duties, and, when necessary, requested them to provide explanations. We have also received from the Accounting Auditors a notice confirming that "the systems for ensuring proper performance of duties of the Accounting Auditors" was properly implemented pursuant to the laws and regulations, and standards released by Business Accounting Deliberation Council and others, and, when necessary, requested them to provided explanations. Based on the aforementioned methods, we have examined the non-consolidated financial statements (balance sheet, statement of operations, statement of changes in net assets and notes to non-consolidated financial statements) and supplementary schedules as well as consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets and notes to consolidated financial statements).

2. Results of audit

(1) Audit results concerning the business reports, etc.

a. We confirm that the business report and the supplementary schedules fairly present the conditions of the Company in conformity with applicable laws, regulations and its Articles of Incorporation.

b. We have found no improper acts by Directors in the performance of their duties or any material facts in connection with the performance by Directors of their duties that constitute any violation of applicable laws, regulations or the Articles of Incorporation.

c. We confirm that the contents of the resolution of the Board of Directors on the internal control system of the Company are fair and appropriate. Furthermore, we confirm that the establishment and operation of the internal control system, which are described as appropriate in the business report, are fair and appropriate.

d. We have found no matters that must be pointed out with regards to “Policy on the Control over the Company” stated in the business report.

(2) Audit results concerning non-consolidated financial statements and supplementary schedules

We confirm that the procedures and results of the audit conducted by KMPG AZSA Co., the Accounting Auditors, are fair and appropriate.

(3) Audit results concerning consolidated financial statements

We confirm that the procedures and results of the audit conducted by KPMG AZSA Co., the Accounting Auditors, are fair and appropriate.

May 11, 2010

Board of Corporate Auditors
NEC Corporation

Full-time Corporate Auditor	Konosuke Kashima (Seal)
Full-time Corporate Auditor	Kenji Seo (Seal)
Outside Corporate Auditor	Shinichi Yokoyama (Seal)
Outside Corporate Auditor	Tatsuzo Homma (Seal)
Outside Corporate Auditor	Satoshi Itoh (Seal)