

Consolidated Statements of Income and Retained Earnings

NEC CORPORATION AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 1996, 1997 and 1998

	In millions of yen			In thousands of U.S. dollars (Note 3)
	1996	1997	1998	1998
Sales and other income:				
Net sales.....	¥4,397,192	¥4,948,437	¥4,901,122	\$36,850,541
Interest, gain on securities sold, dividends and other (Notes 5 and 15)	30,080	116,435	69,564	523,038
	4,427,272	5,064,872	4,970,686	37,373,579
Costs and expenses:				
Cost of sales.....	2,980,718	3,528,326	3,409,607	25,636,143
Selling, general and administrative (Notes 13 and 14)	1,168,672	1,236,330	1,301,111	9,782,789
Interest	69,793	60,463	61,257	460,579
Other.....	56,771	118,531	107,718	809,910
	4,275,954	4,943,650	4,879,693	36,689,421
Income before income taxes	151,318	121,222	90,993	684,158
Income taxes (Note 9).....	76,376	24,900	48,033	361,150
Income before minority interest and equity in earnings of affiliated companies	74,942	96,322	42,960	323,008
Minority interest in consolidated subsidiary companies	4,029	5,018	2,839	21,346
Income before equity in earnings of affiliated companies	70,913	91,304	40,121	301,662
Equity in earnings of affiliated companies (Note 4)	6,253	277	1,181	8,879
Net income	77,166	91,581	41,302	310,541
Retained earnings:				
Balance at beginning of year	324,704	382,901	455,205	3,422,594
Cash dividends applicable to earnings for the year	(17,000)	(17,118)	(17,573)	(132,128)
Transfer to legal reserve	(1,969)	(2,159)	(2,096)	(15,759)
Balance at end of year	¥ 382,901	¥ 455,205	¥ 476,838	\$ 3,585,248

	Yen			U.S. dollars (Note 3)
	1996	1997	1998	1998
Net income per share of common stock (Note 11):				
Basic.....	¥49.98	¥59.05	¥25.94	\$0.195
Diluted	45.14	51.38	24.05	0.181
Cash dividends per share	¥11.00	¥11.00	¥11.00	\$0.083

The accompanying notes are an integral part of these statements.