

Consolidated Balance Sheets

NEC CORPORATION AND CONSOLIDATED SUBSIDIARIES
September 30, 1997 and 1998

The statements are subject to year-end adjustments and audit.

	In millions of yen		In thousands of U.S. dollars
	1997	1998	1998
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 373,305	¥ 214,136	\$ 1,563,036
Marketable securities	96,975	116,674	851,635
Notes and accounts receivable, trade	990,414	1,004,009	7,328,533
Allowance for doubtful notes and accounts	(20,441)	(8,974)	(65,504)
Inventories	971,105	973,097	7,102,898
Income tax prepayments	29,534	43,759	319,409
Prepaid expenses and other current assets	131,611	73,368	535,533
Total current assets	2,572,503	2,416,069	17,635,540
Long-term receivables and investments:			
Marketable securities	165,059	177,477	1,295,453
Investments and advances—			
Affiliated companies	220,465	292,275	2,133,394
Other	159,559	151,782	1,107,898
Long-term receivables, trade	43,288	36,728	268,088
	588,371	658,262	4,804,833
Property, plant and equipment:			
Land	106,495	112,879	823,934
Buildings	896,636	950,215	6,935,876
Machinery and equipment	2,349,330	2,473,577	18,055,306
Construction in progress	101,626	123,259	899,701
	3,454,087	3,659,930	26,714,817
Accumulated depreciation	(2,078,149)	(2,261,487)	(16,507,204)
	1,375,938	1,398,443	10,207,613
Other assets:			
Income tax prepayments	68,860	98,755	720,839
Other	207,855	290,785	2,122,518
	276,715	389,540	2,843,357
	<u>¥4,813,527</u>	<u>¥4,862,314</u>	<u>\$35,491,343</u>

Note: Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," has not been adopted by the Company. If SFAS No. 115 had been implemented, shareholders' equity as of September 30, 1998, would have increased ¥19,141 million (\$139,715 thousand).

LIABILITIES AND SHAREHOLDERS' EQUITY	In millions of yen		In thousands of U.S. dollars
	1997	1998	1998
Current liabilities:			
Short-term borrowings	¥ 700,729	¥ 718,813	\$ 5,246,810
Current portion of long-term debt	210,942	220,573	1,610,022
Notes and accounts payable, trade	916,681	783,773	5,720,971
Employees' savings deposits	844	714	5,212
Other current liabilities	463,535	399,897	2,918,956
Total current liabilities	2,292,731	2,123,770	15,501,971
Long-term liabilities:			
Long-term debt	1,042,186	1,355,544	9,894,482
Accrued pension and severance costs	216,675	243,117	1,774,577
Other accruals	146,971	21,785	159,014
	1,405,832	1,620,446	11,828,073
Minority shareholders' equity in consolidated subsidiaries	67,608	68,111	497,160
Shareholders' equity:			
Common stock, ¥50 par value—			
Authorized — 3,200,000,000 shares			
Issued 1997—1,597,023,999 shares	215,533	—	—
1998—1,598,538,791 shares	—	216,310	1,578,905
Additional paid-in capital	330,435	331,188	2,417,431
Legal reserve	32,828	34,815	254,124
Retained earnings	481,701	447,580	3,267,007
Cumulative translation adjustments	(13,133)	20,097	146,694
	1,047,364	1,049,990	7,664,161
Treasury stock, at cost—			
1997—4,985 shares	(8)	—	—
1998—3,223 shares	—	(3)	(22)
	1,047,356	1,049,987	7,664,139
	<u>¥4,813,527</u>	<u>¥4,862,314</u>	<u>\$35,491,343</u>