

Consolidated Statements of Income and Retained Earnings

NEC CORPORATION AND CONSOLIDATED SUBSIDIARIES
Six months ended September 30, 1996, 1997 and 1998

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

	In millions of yen			In thousands of U.S. dollars
	1996	1997	1998	1998
Sales and other income:				
Net sales	¥2,242,541	¥2,371,610	¥2,113,093	\$15,424,037
Interest, gain on securities sold, dividends and other	35,170	23,874	35,747	260,927
	2,277,711	2,395,484	2,148,840	15,684,964
Costs and expenses:				
Cost of sales	1,547,410	1,626,679	1,490,420	10,878,978
Selling, general and administrative	602,760	638,132	607,379	4,433,424
Interest	30,848	29,507	26,324	192,146
Other	35,747	35,946	49,261	359,569
	2,216,765	2,330,264	2,173,384	15,864,117
Income (loss) before income taxes	60,946	65,220	(24,544)	(179,153)
Income taxes	29,862	30,464	(648)	(4,730)
Income (loss) before minority interest and equity in earnings of affiliated companies	31,084	34,756	(23,896)	(174,423)
Minority interest in consolidated subsidiary companies	597	1,084	(1,464)	(10,686)
Income (loss) before equity in earnings of affiliated companies	30,487	33,672	(22,432)	(163,737)
Equity in earnings of affiliated companies	724	2,091	2,700	19,708
Net income (loss)	31,211	35,763	(19,732)	(144,029)
Retained earnings:				
Balance at beginning of year	382,901	455,388	476,838	3,480,569
Cash dividends	(8,508)	(8,611)	(8,792)	(64,175)
Transfer to legal reserve	(905)	(839)	(734)	(5,358)
Balance at end of period	¥ 404,699	¥ 481,701	¥ 447,580	\$ 3,267,007