

The following is an English translation of the Notice of the 171st Ordinary General Meeting of Shareholders of NEC Corporation (the "Company") to be held on June 22, 2009 (as well as Business Report, the Consolidated Financial Statements, Notes to Consolidated Financial Statements and Non-consolidated Financial Statements with respect to the 171st Business Period from April 1, 2008 to March 31, 2009, 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
President

May 29, 2009

To Our Shareholders:

**NOTICE OF
THE 171ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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

1. **DATE:** June 22, 2009 (Monday) 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 171st Business Period from April 1, 2008 to March 31, 2009, 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: Reduction of Legal Capital Surplus and Legal Retained Earnings and Appropriation of Surplus
- Proposal No. 2: Partial Amendments of Articles of Incorporation
- Proposal No. 3: Election of Fifteen Directors
- Proposal No. 4: 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: Reduction of Legal Capital Surplus and Legal Retained Earnings and Appropriation of Surplus

The Company has a deficit of 366,902,144,254 yen in retained surplus brought forward as of March 31, 2009, due to a significant net loss recorded in the fiscal year ended March 31, 2009. In order to dissolve the deficit in earned surplus carried forward as well as to ensure flexibility and agility in capital strategies, it is proposed that legal capital surplus and legal retained earnings be reduced and surplus be appropriated.

Details of the proposal are as follows:

1. Reduction of Legal Capital Surplus and Legal Retained Earnings

In accordance with the Paragraph 1, Article 448 of the Company Law, the Company reduces the entire amount of its legal capital surplus and legal retained earnings as of March 31, 2009 and transfers them into other capital surplus and retained surplus brought forward, respectively.

(1) Amounts of legal capital surplus and legal retained earnings to be decreased

Legal capital surplus	422,495,506,916 yen
Legal retained earnings	35,615,033,371 yen

(2) Amounts of other capital surplus and retained surplus brought forward to be increased

Other capital surplus	422,495,506,916 yen
Retained surplus brought forward	35,615,033,371 yen

2. Details of Appropriation of Surplus

As a result of the above, the Company will have a deficit of 331,287,110,883 yen in retained surplus brought forward. In order to dissolve the remaining deficit in retained surplus brought forward, the Company reduces a part of other capital surplus in an amount of 331,287,110,883 yen and transfer it into retained surplus brought forward in accordance with the Article 452 of the Company Law.

(1) Amount of surplus to be decreased

Other capital surplus	331,287,110,883 yen of 422,495,506,916 yen
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(2) Amount of surplus to be increased

Retained surplus brought forward	331,287,110,883 yen
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3. Effective Date

July 30, 2009 (planned)

Proposal No. 2: Partial Amendments to the Articles of Incorporation

As a result of the enforcement of the "Law for Partial Amendments to the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlement of Trades of Stocks and Other Securities" (Law No.88 of 2004) (the "Streamlining Settlement Law") on January 5, 2009, all the shares of publicly listed companies including the Company have been subject to the new book-entry transfer system in accordance with "Law Concerning Transfer of Bonds and Shares, Etc."(Law No.75 of 2001) (the "dematerialization of share certificates"), it is proposed that the Articles of Incorporation of the Company be amended, in part, as follows:

1. Reasons for Amendments

- (1) In accordance with Paragraph 1, Article 6 of the Supplementary Provisions of the Streamlining Settlement Law, the provisions of Paragraph 1, Article 8 of the Articles of Incorporation of the Company (Issuance of Share Certificates) has been deemed abolished, and accordingly, the provision for not issuing any certificates for shares constituting less than one full unit has become void. Therefore, the provisions of Article 8 of the current Articles of Incorporation are proposed to be deleted and Article 9 and the subsequent Articles are proposed to be renumbered reflecting the deletion of the current Article 8.
- (2) Due to the abolishment of the "Law on Custody and Book-Entry Transfer of Share Certificates and Other Securities" (Law No.30 of 1984) in accordance with the Article 2 of the Supplementary Provisions of the Streamlining Settlement Law, all words regarding beneficial shareholders and the register of beneficial shareholders are proposed to be deleted.
- (3) In spite of the abolishment of system for registration of lost share certificate upon the dematerialization of share certificates, the register of lost share certificates of the Company shall be prepared and made to be available for inspection for a period until the date on which one year has passed from the day following the day of the enforcement of the Streamlining Settlement Law. Accordingly, the necessary provisional measures are proposed to be provided for in the Supplementary Provisions of the Articles of Incorporation.

2. Proposed Amendments

The Articles of Incorporation of the Company are proposed to be amended as follows:

(Underlined are the amended parts)

Current Text	Proposed Amendment
<p><u>Article 8.</u> (Issuance of Share Certificates)</p> <p><u>1. The Company shall issue share certificates representing its issued shares.</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, the Company shall not issue any certificates for shares constituting less than one full unit, except as provided for in the Share Handling Regulations of the Company.</u></p>	<p><i>[Deleted]</i></p>

Current Text	Proposed Amendment
<p><u>Article 9.</u> (Request by a Shareholder for Sale of Shares Less Than One Unit)</p> <p>A shareholder (<u>including a beneficial shareholder; hereinafter the same interpretation being applicable</u>) who holds shares less than one unit may request the Company to sell to him/her such number of shares as, together with the shares less than one unit held by him/her, would constitute one unit of shares.</p>	<p><u>Article 8.</u> (Request by a Shareholder for Sale of Shares Less Than One Unit)</p> <p>A shareholder who holds shares less than one unit may request the Company to sell to him/her such number of shares as, together with the shares less than one unit held by him/her, would constitute one unit of shares.</p>
<p><u>Article 10.</u> [Omitted] <u>Article 11.</u> [Omitted]</p>	<p><u>Article 9.</u> [Not amended] <u>Article 10.</u> [Not amended]</p>
<p><u>Article 12.</u> (Administrator of Shareholders' Register)</p> <p>1. The Company shall appoint an Administrator of Shareholders' Register of the Company.</p> <p>2. [Omitted]</p> <p>3. The Administrator of Shareholders' Register shall prepare and maintain the Register of Shareholders (<u>including the Register of Beneficial Shareholders; hereinafter the same interpretation being applicable</u>), the Register of Stock Acquisition Rights <u>and the Register of Lost Share Certificates of the Company</u>, and shall handle other business pertaining to the Register of Shareholders, the Register of Stock Acquisition Rights <u>and the Register of Lost Share Certificates</u>, and no such businesses shall be handled by the Company.</p>	<p><u>Article 11.</u> (Administrator of Shareholders' Register)</p> <p>1. The Company shall appoint an Administrator of Shareholders' Register of the Company.</p> <p>2. [Not amended]</p> <p>3. The Administrator of Shareholders' Register shall prepare and maintain the Register of Shareholders <u>and</u> the Register of Stock Acquisition Rights, and shall handle other business pertaining to the Register of Shareholders <u>and</u> the Register of Stock Acquisition Rights, and no such businesses shall be handled by the Company.</p>
<p><u>Article 13.</u> [Omitted] to <u>Article 37.</u> [Omitted]</p>	<p><u>Article 12.</u> [Not amended] to <u>Article 36.</u> [Not amended]</p>
<p>Supplementary Provisions</p> <p>Article 1. In the case where all convertible debentures issued by the Company not later than March 31st, 2002 are either converted or redeemed, <u>Article 36</u> along with this provision shall be deleted, and <u>Article 37</u> shall be renumbered as <u>Article 36</u>.</p> <p>[New Article]</p> <p>[New Article]</p>	<p>Supplementary Provisions</p> <p>Article 1. In the case where all convertible debentures issued by the Company not later than March 31st, 2002 are either converted or redeemed, <u>Article 35</u> along with this provision shall be deleted, and <u>Article 36</u> shall be renumbered as <u>Article 35</u>.</p> <p><u>Article 2.</u> <u>The Administrator of Shareholders' Register shall prepare and maintain the Register of Lost Share Certificates of the Company and handle other business pertaining to the Register of Lost Share Certificates, and no such businesses shall be handled by the Company.</u></p> <p><u>Article 3.</u> <u>The preceding Article and this Article shall be valid until January 5th, 2010 and shall be deleted as of January 6th, 2010.</u></p>

Proposal No. 3: 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 Representative Status in Other Companies or Entities		Number of the Company's Shares Held
1. Kaoru Yano (February 23, 1944)	April 1966 June 1995 June 1999 December 2000 April 2002 October 2002 April 2003 June 2004 April 2006	Joined the Company Member of the Board Senior Vice President and Member of the Board Senior Vice President and Member of the Board, Company Deputy President of NEC Networks Senior Vice President and Member of the Board, Company President of NEC Networks Executive Vice President and Member of the Board, Company President of NEC Networks Executive Vice President and Member of the Board Senior Executive Vice President and Member of the Board (Representative Director) President (Representative Director) (to present)	64,507
2. Botaro Hirosaki (November 1, 1946)	April 1970 June 2001 April 2003 April 2004 April 2006 June 2007 April 2008	Joined the Company Associate Senior Vice President, Executive General Manager, Optical Network Operations Unit, NEC Networks Associate Senior Vice President, Executive General Manager, Intellectual Asset Operations Unit Senior Vice President, Executive General Manager, Intellectual Asset Operations Unit Executive Vice President Executive Vice President and Member of the Board Senior Executive Vice President and Member of the Board (Representative Director) (to present)	37,427
3. Masatoshi Aizawa (September 20, 1946)	June 1972 April 2002 April 2003 April 2004 April 2006 June 2006 April 2008	Joined the Company Associate Senior Vice President, Executive General Manager, Mission Critical Systems Operations Unit, NEC Solutions Associate Senior Vice President Senior Vice President Executive Vice President Executive Vice President and Member of the Board Senior Executive Vice President and Member of the Board (Representative Director) (to present)	32,174

Name (Date of Birth)	Brief Employment History and Representative Status in Other Companies or Entities		Number of the Company's Shares Held
4. Akihito Otake (March 21, 1947)	April 1971 April 2003 July 2003 April 2005 April 2007 June 2007	Joined the Company Executive General Manager, 2nd Computers Operations Unit Associate Senior Vice President, Executive General Manager, 2nd Computers Operations Unit Senior Vice President Executive Vice President Executive Vice President and Member of the Board (to present)	31,556
5. Toshimitsu Iwanami (September 23, 1949)	April 1972 April 2002 June 2003 April 2005 April 2006 June 2007	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 (to present)	27,456
6. Susumu Otani (April 30, 1949)	April 1972 April 2001 April 2002 April 2003 April 2006 April 2007 June 2008	Joined the Company Senior General Manager, Mobile Terminals Operations Unit, NEC Networks Associate Senior Vice President, Executive General Manager, Mobile Terminals Operations Unit, NEC Networks Associate Senior Vice President, Executive General Manager, Mobile Terminals Operations Unit Associate Senior Vice President Senior Vice President Senior Vice President and Member of the Board (to present)	13,010

Name (Date of Birth)	Brief Employment History and Representative Status in Other Companies or Entities		Number of the Company's Shares Held
7. Takao Ono (July 4, 1948)	<p>April 1972</p> <p>October 2002</p> <p>April 2004</p> <p>April 2006</p> <p>October 2006</p> <p>April 2007</p> <p>June 2007</p>	<p>Joined the Company</p> <p>General Manager, Corporate Controller Division,</p> <p>Vice President,</p> <p>General Manager, Corporate Finance and IR Division</p> <p>Associate Senior Vice President,</p> <p>General Manager, Corporate Finance and IR Division</p> <p>Associate Senior Vice President,</p> <p>General Manager, Internal Control Division,</p> <p>General Manager, Corporate Finance and IR Division</p> <p>Senior Vice President,</p> <p>General Manager, Corporate Finance and IR Division</p> <p>Senior Vice President and Member of the Board (to present)</p>	22,829
8. Junji Yasui (January 3, 1951)	<p>April 1973</p> <p>April 2003</p> <p>April 2004</p> <p>April 2005</p> <p>April 2006</p> <p>April 2008</p> <p>June 2008</p>	<p>Joined the Company</p> <p>Executive General Manager, Control Systems Operations Unit</p> <p>Associate Senior Vice President,</p> <p>Executive General Manager, 3rd Solutions Sales Operations Unit</p> <p>Associate Senior Vice President,</p> <p>Executive General Manager, 4th Solutions Operations Unit</p> <p>Associate Senior Vice President</p> <p>Senior Vice President</p> <p>Senior Vice President and Member of the Board (to present)</p>	12,060
9. Toshio Morikawa (March 3, 1933)	<p>April 1955</p> <p>June 1980</p> <p>February 1984</p> <p>October 1985</p> <p>October 1990</p> <p>June 1993</p> <p>June 1997</p> <p>June 2000</p> <p>March 2001</p> <p>June 2002</p> <p>March 2005</p>	<p>Joined Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation, the "Bank")</p> <p>Director of the Bank</p> <p>Managing Director of the Bank</p> <p>Senior Managing Director of the Bank</p> <p>Deputy President of the Bank</p> <p>President of the Bank</p> <p>Chairman of the Board of the Bank</p> <p>Member of the Board of the Company (to present)</p> <p>Counselor of the Bank</p> <p>Advisor (<i>Tokubetsu Komon</i>) of the Bank</p> <p>Advisor (<i>Meiyo Komon</i>) of the Bank (to present)</p>	2,000
10. Yoshinari Hara (April 3, 1943)	<p>April 1967</p> <p>June 1991</p> <p>September 1995</p> <p>October 1997</p> <p>April 1999</p>	<p>Joined Daiwa Securities Co., Ltd. ("Daiwa Securities")</p> <p>Director of Daiwa Securities</p> <p>Managing Director of Daiwa Securities</p> <p>President of Daiwa Securities</p> <p>President & CEO, Daiwa Securities Group Inc.,</p>	0

Name (Date of Birth)	Brief Employment History and Representative Status in Other Companies or Entities		Number of the Company's Shares Held
	June 2004 June 2006 June 2008	President of Daiwa Securities Chairman of the Board, Daiwa Securities Group Inc. Member of the Board of the Company Chief Corporate Advisor, Daiwa Securities Group Inc. (to present)	
11. Sawako Nohara (January 16, 1958)	December 1988 May 1995 July 1995 April 1996 July 1998 December 2000 December 2001 June 2006	Joined Living Science Institute Left Living Science Institute Joined InfoCom Research, Inc. Senior Researcher of InfoCom Research, Inc. Head of the E-Commerce Business Development Group of InfoCom Research, Inc. Left InfoCom Research, Inc., Director of IPSe Marketing, Inc. President of IPSe Marketing, Inc. (to present) Member of the Board of the Company (to present)	0
	Representative Status in Other Companies or Entities: President of IPSe Marketing, Inc.		
12. Kenji Miyahara (November 5, 1935)	April 1958 June 1986 June 1990 June 1993 June 1995 June 1996 June 2001 June 2007	Joined Sumitomo Shoji Kaisha, Ltd. (currently, Sumitomo Corporation) Director, Sumitomo Corporation Managing Director, Sumitomo Corporation Senior Managing Director, Sumitomo Corporation Executive Vice President, Sumitomo Corporation President and Chief Executive Officer, Sumitomo Corporation Chairman of the Board, Sumitomo Corporation Member of the Board of the Company (to present), Senior Adviser, Sumitomo Corporation (to present)	0
13. Hideaki Takahashi (March 22, 1948)	August 1974 March 1992 December 1997 March 1999 July 1999 March 2000 June 2005 January 2006 June 2007	Joined NCR Corporation Executive Vice President and Representative Director, NCR Japan, Ltd. Senior Vice President, NCR Corporation, Chairman and Representative Director, NCR Japan, Ltd. Resigned from Senior Vice President, NCR Corporation, Resigned from Chairman and Representative Director, NCR Japan, Ltd. Deputy President, Fuji Xerox Co., Ltd. Deputy President and Representative Director, Fuji Xerox Co., Ltd. Resigned from Deputy President and Representative Director, Fuji Xerox Co., Ltd. Professor, Keio University Graduate School of Media and Governance (to present) Member of the Board of the Company (to present)	0

Name (Date of Birth)	Brief Employment History and Representative Status in Other Companies or Entities		Number of the Company's Shares Held
14. Yukihiro Fujiyoshi (July 9, 1949)	April 1972 April 2004 April 2005 April 2006 April 2008 May 2008	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 (to present)	5,000
15. Nobuhiro Endou (November 8, 1953)	April 1981 July 2005 April 2006 April 2009	Joined the Company Senior General Manager, Mobile Network Operations Unit Associate Senior Vice President, Executive General Manager, Mobile Network Operations Unit Senior Vice President (to present)	7,000

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 is required to file with the U.S. Securities and Exchange Commission ("SEC") its annual report as an issuer of ADRs pursuant to the U.S. Securities and Exchange Act of 1934. However, the Company has been unable to file with the SEC of its annual report for the fiscal year ended March 31, 2006 and thereafter because the Company was not able to complete further analysis to support its revenue recognition required during the audit procedure of its consolidated financial statements for fiscal year ended March, 31 2006, and the Company made a public announcement to that effect on September 21, 2007. In June 2008, the Company entered into a settlement agreement with the SEC and as part of the settlement, the SEC issued a cease and desist order which stipulates that (a) the Company shall cease and desist from the violations of certain clauses of the U.S. Securities and Exchange Act of 1934 which the SEC found that the Company violated, and (b) the registration under the U.S. Securities and Exchange Act of 1934 of securities issued by the Company shall be revoked. Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara have respectively, regularly expressed their opinions from the perspective of securing properness of financial reporting, strengthening its compliance system including disclosure and its risk management system, etc at meetings of the Board of Directors, and upon receipt of reports on the abovementioned event, deliberated, among other things, the future preventive measures and disclosure policies, and made varied proposals and remarks to strengthen further its internal control system.
3. In February 2005, Komatsu Ltd. ("Komatsu"), of which Mr. Toshio Morikawa was Outside Director, uncovered that there were fraudulent acts such as the acquisition of vehicle inspection certificate by underreporting the weight of forty one (41) road/rail vehicles sold by Komatsu for the period from February 1994 to September 2003. In April 2006, Komatsu were levied a fine for the reason that such acquisition of vehicle inspection certificate of twelve (12) road/rail vehicles during the period from March 2001 to March 2003 violated the Road Trucking Vehicle Law . Furthermore, in July 2005, Komatsu 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 is a relative within the three degrees of kinship of an employee of The Bank of Tokyo-Mitsubishi UFJ, Ltd. which is a major business partner of the Company.
6. Mr. Toshio Morikawa has served for nine years, Mr. Yoshinari Hara and Ms. Sawako Nohara have served for three years, and, Messrs. Kenji Miyahara and Hideaki Takahashi have served for two years, as Outside Directors of the Company.
7. 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 25 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.
8. 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 and Responsibility or Representative Status in Other Companies or Entities of Directors and Corporate Auditors" of Business Report (pages 22 through 24).

Proposal No. 4: Election of one Corporate Auditor

Upon the close of the Meeting, the term of office of Mr. Hiroshi Takakuta 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 Representative Status in Other Companies or Entities		Number of the Company's Shares Held
Konosuke Kashima (January 30, 1946)	April 1969	Joined the Company	35,249
	October 1998	General Manager, C&C Systems Group Planning Division	
	April 2000	Associate Senior Vice President, General Manager, Company Planning Office, NEC Solutions	
	October 2002	Senior Vice President, General Manager, Company Planning Office, NEC Solutions	
	April 2003	Senior Vice President, General Manager, Corporate Planning Division	
	April 2004	Senior Vice President	
	June 2004	Senior Vice President and Member of the Board	
	April 2007	Executive Vice President and Member of the Board (to present)	

BUSINESS REPORT

(For the period from April 1, 2008 to March 31, 2009)

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, 2009 (“this Business Period”) continued gradual growth as a whole in the first half, based on the high growth of emerging economic countries such as China and India, while price of resources such as crude oil rose. However, the financial crisis in the U.S. and European countries seriously affected the real economy in the second half, which resulted in a significant economic downturn. The Japanese economic downturn was due to declined corporate earnings as a result of a sudden decrease in exports, rapidly declined capital expenditures caused by growing uncertainty about the direction of the economy, as well as significantly decreased consumer spendings caused by deterioration of the employment environment and fall of stock prices.

Amid this business environment, in order to stimulate further growth and development towards the next generation, in April 2008, the NEC Group jointly adopted the “NEC Group Vision 2017,” which represents the NEC Group’s desired image of group business ten years in the future. “NEC Group Values” of shared behavioral principles and values that are necessary to realize the company’s vision were also established at the same time, which have been shared and familiarized in the NEC Group.

Furthermore, the NEC Group undertook the following efforts to enhance growth and improve profitability during this Business Period.

In order to enhance growth, the Company focused on network systems as a primary business and strived to expand construction business of next generation networks (NGN) geared towards telecommunications carriers. Moreover, in order to strengthen the Company’s global business, the Company proactively conducted mergers and acquisitions such as acquisition of NetCracker Technology Corp. in the U.S., which holds exceptional know-how of operations support systems for communications carriers, and acquisition of management authority over OCC Corporation, a submarine cable maker. Additionally, the Company’s ultra compact microwave communications system, PASOLINK®, has maintained its top worldwide market share for two years in a row (2007 and 2008 calendar years) which is utilized in communications networks of mobile communication carriers. In terms of the environmental and energy fields, it was determined that the commercialization of high efficiency lithium-ion batteries for automotives will be conducted by the joint venture company established by the Company, Nissan Motor Co., Ltd. and NEC Tokin Corporation, by which the Company promoted the activities aimed at the realization of an “information society friendly to humans and the earth.”

In order to improve profitability, the Company has implemented production innovation activities in the area of system integration and company-wide business process innovation and information technology innovation including administrative staff. In addition, the NEC Group made extensive efforts to improve expenses efficiency and reduce costs. Moreover, the Company decided to withdraw from the overseas personal computer business in the face of the ongoing business slump by intensifying competition. The Company focused on the recovery of business performance of NEC Electronics Corporation and NEC Tokin Corporation in the Electron Devices business, whose business results had declined due to rapid market deterioration.

The Company recorded consolidated sales of 4,215.6 billion yen for this Business Period, a decrease of 401.6 billion yen (8.7%) year-on-year. Despite an increase in sales in the Mobile/Personal Solutions business in the first half, due to an increase in mobile handset shipments, the rapid economic decline and subsequent decrease in demand during the second half, resulted in sales declines throughout all business segments, particularly in the Electron Devices business.

Regarding profitability, consolidated operating income decreased 163.0 billion yen year-on-year, for an operating loss of 6.2 billion yen, due to a decrease in gross profit by a decrease in consolidated sales in spite of efforts on a reduction in selling, general and administrative expenses.

In terms of consolidated ordinary income, the Company recorded a decrease of 205.4 billion yen year-on-year, for a loss of 93.2 billion yen. This is a result of worsening operating losses, in addition to an allowance for possible losses related to legal proceedings and worsening equity in losses from affiliated companies due to poor performance of part of affiliated companies accounted for by the equity method.

Loss before income taxes and minority interests was 291.0 billion yen, a year-on-year decrease of 384.6 billion yen. The loss is largely due to recorded loss on devaluation of investments securities and restructuring changes in the Electron Devices business.

The Company recorded a consolidated net loss of 296.6 billion yen, a year-on-year decrease of 319.3 billion yen.

Review of Operations by Business Segments and Major Business

The NEC Group's primary business consists of three business segments: IT/Network Solutions business, Mobile/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.

IT/Network Solutions Business

Subsegment	Major Services and Products
IT Services/System Integration	Systems Integration (Systems Construction, Consulting), Maintenance and Support, Outsourcing Services
IT Products	Intel-based Servers, Mainframe Computers, UNIX Servers, Supercomputers, Storage Products, Business PCs, Professional Workstations, Computer Software (Operating Systems, Middleware, Application Software)
Network Systems	Network Systems for Telecommunications Carriers (Mobile Communications Systems, Fixed-line Communications Systems, etc.), Enterprise Network Systems (IP Telephony Systems, etc.)
Social Infrastructure	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 IT/Network Solutions business for this Business Period amounted to 2,723.9 billion yen (including inter segment transactions), a decrease of 142.2 billion yen (5.0%) year-on-year.

With regard to sales by subsegments, in the area of IT Services/System Integration, sales decreased year-on-year, impacted by slowing investment in worsening domestic economy and slowing investment. Due to a reduction in shipments of business personal computers and servers, as well as the effect of slowing investment, sales in the area of IT Products decreased year-on-year. In the area of Network Systems, sales decreased year-on-year as a result of the completion of a round of investment in systems by domestic mobile communications carriers and the effect of slowing investment in systems by enterprises. In addition, sales in the area of Social Infrastructure decreased due to a reduction in large scale projects.

Operating income decreased by 35.8 billion yen (22.3%) year-on-year, to 124.9 billion yen, owing to the decrease in sales and exchange rate fluctuations in the area of Network Systems.

Mobile/Personal Solutions Business

Subsegment	Major Services and Products
Mobile Terminals	Mobile Handsets
Personal Solutions	PCs, Personal Communication Equipment, "BIGLOBE" Internet Services

Sales of the Mobile/Personal Solutions business for this Business Period were 810.3 billion yen, a decrease of 62.5 billion yen (7.2%) year-on-year.

With regard to sales by subsegments, in the area of Mobile Terminals, sales increased year-on-year, owing to a shipment growth by an expanded variety of products and a strengthen of product appeal, despite the overall shrinking of the mobile handset market in Japan. In the area of Personal Solutions, sales decreased year-on-year due to a sales decrease of personal computers as a result of a downturn in the overseas market and a slowdown in investments by domestic companies.

Operating results of the Mobile/Personal Solutions business worsened by 31.1 billion yen year-on-year, for a loss of 7.9 billion yen, mainly due to an increase in development expenses for diversified models of mobile handsets in order to expand sales and for future business in the Mobile Terminals area, as well as intensifying price competition in domestic market and worsening overseas business conditions in the Personal Solutions area.

Electron Devices Business

Subsegment	Major Services and Products
Semiconductors	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
Electronic Components & Others	LCDs, Capacitors, Lithium-ion Rechargeable Batteries, Piezoelectric Devices, Relays, IC Cards, IC Tags

Sales of the Electron Devices business for this Business Period amounted to 652.8 billion yen (including inter segment transactions), a decrease of 178.1 billion yen (21.4%) year-on-year.

With regard to sales by subsegments, in the area of Semiconductors, sales fell year-on-year in semiconductors for computing and peripheral products and automotive and industrial products as well as general-purpose devices such as discrete products. In the area of Electronic Components and Others, sales decreased year-on-year in general-purpose components such as capacitors and liquid crystal displays for industries.

Operating income of the Electron Devices business decreased by 86.7 billion yen year-on-year, for an operating loss of 79.3 billion yen, due to largely decreased sales.

Others

Sales of the Others segment, which mainly consists of the manufacture and sale of monitors and LCD projectors, were 396.4 billion yen, a decrease of 91.5 billion yen (18.7%) year-on-year.

Operating income decreased by 15.2 billion yen year-on-year, for an operating loss of 3.5 billion yen, owing to a decrease in sales.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 103.1 billion yen during this Business Period. Major capital expenditures included investment in production lines for advanced semiconductor products, equipment for development of software and NGN-related products, as well as equipment for its "BIGLOBE" Internet services.

(3) Financing Activities of the NEC Group

In September 2008, the Company issued unsecured bonds of 50.0 billion yen in Japan, in order to raise required funds for the bond redemptions during this Business Period. Other than the above, there was no material fund procurement by means of issuance of shares or bonds by the NEC Group during this Business Period.

(4) Material Reorganization, etc.

(i) In order to stably procure submarine cables which are essential for the construction of submarine fiber-optic networks, in July 2008, the Company, together with Sumitomo Electric Industries Ltd., acquired entire shares of OCC Holdings, the parent company of OCC Corporation, which manufactures and sells a variety of communication cables, especially fiber-optic submarine cables.

(ii) In order to strengthen its software/service business for communications carriers and expand global business, in October 2008, the Company acquired entire shares of NetCracker Technology Corp. in the U.S., which develops and sells operation support systems for communications carriers.

(iii) 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, came to a decision in January 2009 to conduct a share exchange making NEC TOKIN Corporation a wholly-owned subsidiary of the Company, while also NEC TOKIN Corporation issued new shares in February 2009 by a private placement to the Company in the aggregate amount of 38 billion yen for the purpose of infusing capital for restructuring charges and working capital of NEC TOKIN Corporation, and the Company subscribed the same.

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

In accordance with the decision described in subsection (iii) of “(4) Material Reorganization, etc.”, the Company entered into a share exchange agreement with NEC TOKIN Corporation as of May 8, 2009 under which the share exchange will take place on August 1, 2009.

(6) Challenges to be Addressed by the NEC Group

Based on the NEC Group Corporate Philosophy and the “NEC Group Vision 2017,” the NEC Group aims to capitalize on innovation to deliver an information society friendly to humans and the earth. As “One NEC,” the NEC Group will provide total solutions gathering together NEC Group’s world-class technological competence in each of the NEC Group’s business fields.

The NEC Group anticipates that severe business conditions will continue due to the worldwide economic recession stemming from the financial crisis in the U.S. and European countries. The NEC Group views the current strict environment as an opportunity to strengthen the group business and financial position and will steadily strive for business structure reform and profit structure reform of the NEC Group.

In terms of business structure reform, the NEC Group will be reassessing the group business portfolio, and accelerating the selection and concentration of group business, towards the realization of an “information society friendly to humans and the earth”.

In the IT/Network Solutions business, the NEC Group will work to strengthen service business geared for the cloud computing era. Cloud computing is a mechanism that allows users to obtain necessary services at any time through devices such as personal computers and portable information devices that use the Internet to access systems that are located “somewhere” in the network. In order to create this mechanism, it is required to provide a variety of hardware and software which realizes a sophisticated automation and virtualization, and also to provide integrated operations thereof. The NEC Group utilizes its expertise in the both fields of IT and network to provide new services adapted for the cloud computing era through a concentration of NEC Group’s technologies and know-how of consulting, system integration, operation, maintenance and support, and outsourcing into one business unit. The NEC Group is proceeding with the complete reform of its core IT systems. By constructing the core IT systems which integrate and concentrate the group-internal systems related to sales, accounting and purchasing into a data center, cloud computing-oriented services will be provided to the group companies including the Company. Based on the technologies and know-how to be obtained by this reform, the NEC Group will develop a wide variety of cloud computing-oriented service businesses. Moreover, in order to globally drive the expansion of these kinds of service businesses in addition to last year’s acquisition of NetCracker Technology Corp. in the U.S., the NEC Group will actively explore the possibilities of mergers and acquisitions, which secure and strengthen business resources complementing NEC Group capabilities, such as a stable customer base, skill and know-how of data center operational management. Furthermore, the NEC Group also aims to deliver its homegrown know-how of advanced IT network systems on a global scale.

In the Mobile/Personal Solutions business, the NEC Group leverages synergies between a wide variety of businesses such as mobile handsets, personal computers and Internet services “BIGLOBE,” to create integrated products such as a new generation of information communication devices and services, and strives to create new personal solutions toward a ubiquitously networked society that enables the exchange of information anywhere, anytime.

In the environment/energy field, the NEC Group’s latest business domain, the NEC Group has focused on a great deal of attention on lithium-ion batteries business for automobiles. In the middle to long-term range, the NEC Group will utilizing its strengths, create environmental and energy related businesses that address the growing importance of environmental issues such as electricity conservation and carbon dioxide reduction and make those businesses a source of future growth.

In the semiconductor area of the Electron Devices business, in April 2009, it was agreed to enter into negotiations to integrate the business operations of NEC Electronics Corporation and Renesas Technology Corp. Such negotiations will be done to create an integrated company with globally competitive strengths by reinforcing management foundations and technological strength. With respect to other unprofitable businesses, carefully considering a full range of options, the NEC Group will expeditiously and flexibly decide and implement its fundamental strategies in order to improve the capital efficiency of the NEC Group.

In terms of profit structure reform, by changing the NEC Group’s overall operational processing structure into a “simple” form that corresponds with “global standards,” and completely reforming its core IT systems so that those will adapt to the changed operational structure, the NEC Group will move forward with streamlining operations and reducing costs of maintenance and operation of IT systems. In addition, by streamlining the group-wide organization by thoroughly eliminating the group’s internally overlapping functions, and effectively distributing personnel, the NEC Group will achieve agile management as “One NEC”.

In January 2009, the NEC Group announced the staff reduction of more than 20,000 people as a target, including personnel of outsourced contractors. While the internal production of formerly outsourced projects is currently proceeding, the NEC group will continue to make efforts on the thorough reduction of a full range of expenses including fixed cost.

Furthermore, while the NEC Group is aiming to eliminate unprofitable NEC Group businesses in the NEC Group through execution of the business structure reform, the NEC Group strives to improve profitability by strengthening its ability to respond to customer demands in profitable businesses.

Additionally, the NEC Group will focus on reinforcing consolidated group management by continuous efforts to strengthen group-wide internal control system through, among others, ensuring thorough compliance.

By implementing these measures mentioned above, the NEC Group is aiming to expand its business and improve its profitability in order for the NEC Group to emerge in the new world after the current worldwide recession as a leading global company.

(7) 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, 2006 (168th Business Period)	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)
Net sales	4,930.0	4,652.6	4,617.2	4,215.6
Ordinary income (loss)	15.0	16.3	112.2	(932)
Net income (loss)	(10.1)	9.1	22.7	(296.6)
Net income (loss) per share (yen)	(5.26)	4.43	11.06	(146.64)
Total assets	3,802.8	3,731.7	3,526.8	3,075.4
Net assets	1,029.8	1,240.1	1,185.5	785.6

- Notes: 1. "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).
2. In calculating net assets, the Company has adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 of Accounting Standards Board of Japan) and "Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Guidance No.8 of Accounting Standards Board of Japan), effective from the fiscal year ended March 31, 2007.
3. The Company has applied "Practical Solution on Revenue Recognition of Software" (PITF Report No.17) effective from the fiscal year ended March 31, 2007 and accrued estimated amounts based on historical repair expenses ratios and estimated amounts individually measured on the incremental repair expenses that are expected to be incurred, in expectation for repair expenses for defects after delivery of products to customers.

(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, 2006 (168th Business Period)	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)
Net sales	2,370.7	2,210.8	2,352.6	2,241.4
Ordinary income (loss)	27.5	6.9	53.2	(21.6)
Net income (loss)	41.8	5.6	(9.1)	(474.8)
Net income (loss) per share (yen)	21.11	2.77	(4.51)	(234.44)
Total assets	2,458.4	2,422.6	2,399.4	2,009.7
Net assets	1,004.8	989.2	938.3	421.2

Notes: 1. In reporting figures above, fractions less than hundred-million yen are discarded in the fiscal year ended March 31, 2006 and rounded off to the nearest hundred-million yen in the fiscal year ended March 31, 2007 through the fiscal year ended March 31, 2009.

2. "Net income (loss) per share" is calculated based on the weighted-average number of shares outstanding during each fiscal year.

3. In calculating net assets, the Company has adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 of Accounting Standards Board of Japan) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Guidance No.8 of Accounting Standards Board of Japan), effective from the fiscal year ended March 31, 2007.

4. The Company has applied "Practical Solution on Revenue Recognition of Software" (PITF Report No.17) effective from the fiscal year ended March 31, 2007 and accrued estimated amounts based on historical repair expenses ratios and estimated amounts individually measured on the incremental repair expenses that are expected to be incurred, in expectation for repair expenses for defects after delivery of products to customers.

(8) Parent Company and Principal Subsidiaries**(i) Parent Company**

The Company has no parent company.

(ii) Principal Subsidiaries

Name of Subsidiary	Capital	Percentage of Shares Held	Main Business
	(Millions of yen)	(%)	
NEC Personal Products, Ltd.	18,830	100	Development, manufacture, sale and maintenance of personal computers, etc.
NEC Soft, Ltd.	8,668	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

Name of Subsidiary	Capital	Percentage of Shares Held	Main Business
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 Electronics Corporation	85,955	65.0	Development, manufacture and sale of semiconductors
NEC TOKIN Corporation	31,990	74.5 (0.2)	Development, manufacture and sale of electronic materials and electronic components
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.
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.)	3,376	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)	13,794	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. Parenthetical figures indicate the percentage of shares held indirectly by the Company.
2. The figures for the percentage of shares held of NEC Electronics Corporation, NEC TOKIN 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 and its subsidiaries as part of employee pension trust. The voting rights of such shares will be exercised at the instruction of the Company and its subsidiaries pursuant to the terms of the trusts indentures.

	Company	Subsidiaries
NEC Electronics Corporation	6,200,000 (5.0%)	-
NEC TOKIN Corporation	12,700,000 (4.8%)	772,000 (0.3%)
NEC Networks & System Integration Corporation	6,400,000 (12.9%)	-
NEC Fielding, Ltd.	16,300,000 (29.9%)	-

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

Head Office	Minato-ku, Tokyo
Branch Divisions	Hokkaido Branch Division (Sapporo) Tohoku Branch Division (Sendai) Kanto-Shinetsu Branch Division (Saitama) Tokyo Branch Division (Minato-ku, Tokyo) Kanagawa Branch Division (Yokohama) Shizuoka Branch Division (Shizuoka) Chubu Branch Division (Nagoya) Hokuriku Branch Division (Kanazawa) Kansai Branch Division (Osaka) Chugoku Branch Division (Hiroshima) Shikoku Branch Division (Takamatsu) 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 Saitama, Ltd. (Kamikawamachi, Kodama-gun, Saitama) NEC Personal Products, Ltd. (Yonezawa) NEC Semiconductors Yamagata, Ltd. (Tsuruoka) NEC Semiconductors Kyushu Yamaguchi, Ltd. (Kumamoto)
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)

Note: As of April 1, 2009, Branch Divisions above were reorganized as follows;

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)

(10) Employees**(i) Employees of the NEC Group**

Subsegment	Number of Employees
IT/Network Solutions Business	81,701
Mobile/Personal Solutions Business	8,409
Electron Devices Business	35,954
Others	17,263
Total	143,327

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2008	Average Age	Average Years of Employment
23,446	387	39.8	15.6

(11) Major Borrowings

(In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	79,211
The Sumitomo Trust & Banking Co., Ltd.	57,070
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	42,118
Mizuho Corporate Bank, Ltd.	40,991

2. Shares and Shareholders of the Company**(1) Total Number of Authorized Shares** 7,500,000,000 shares**(2) Total Number of Shares Issued** 2,029,732,635 shares**(3) Number of Shareholders** 244,521**(4) Major Shareholders (Top 10)**

(In thousands of shares)

Name of Shareholders	Number of Shares Held	Percentage of Shares Held
Japan Trustee Services Bank, Ltd. (Trust Account No.4G)	110,032	5.42%
Japan Trustee Services Bank, Ltd. (Trust Account)	94,658	4.66%
The Master Trust Bank of Japan, Ltd. (Trust Account)	73,824	3.64%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	47,041	2.32%
Nippon Life Insurance Company	41,977	2.07%
Sumitomo Life Insurance Company	41,000	2.02%
NEC Employee Shareholding Association	36,999	1.82%
The Bank of New York Mellon as Depository Bank for Depository Receipt Holders	26,287	1.30%
The Dai-ichi Mutual Life Insurance Company	24,568	1.21%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Retrust Account/Sumitomo Corporation Employee Pension Trust Account)	23,299	1.15%

(5) Classification of Shareholders

Classification of Shareholders	Percentage of Shares Held
Japanese government and local government	0.00%
Financial Institutions	30.37%
Securities Companies	1.04%
Other Corporations	4.63%
Foreign Investors	25.90%
Japanese Individuals and Others	38.06%
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 chairpersons and 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, 2009 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 2003-March 2004	82	125	125,000	769 yen per share	From July 1, 2005 to June 30, 2009
April 2004-March 2005	107	171	171,000	801 yen per share	From July 1, 2006 to June 30, 2010
April 2005-March 2006	128	199	199,000	637 yen per share	From July 1, 2007 to June 30, 2011
April 2006-March 2007	171	294	294,000	636 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, 2009 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	1,326.00 yen	97,669
Euro Yen Convertible Bonds due 2010 (December 10, 2001)	March 17, 2010	1,664.10 yen	100,000

4. Matters related to Directors and Corporate Auditors**(1) Name, Position at the Company and Responsibility or Representative Status in Other Company or Entities of Directors and Corporate Auditors**

Name	Position at the Company	Responsibility or Representative Status in Other Companies or Entities
Hajime Sasaki	Chairman of the Board	Chairman, Japanese Standards Association
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, Export & Import Trade Control, and important matters relating to International Business Promotion
Masatoshi Aizawa	Senior Executive Vice President and Member of the Board (Representative Director)	Global Solutions Business Promotion and Management Information Systems
Konosuke Kashima	Executive Vice President and Member of the Board	Assisting President regarding Corporate Auditing/ Corporate Communications/ Important matters relating to Corporate Strategy and Business Development, Corporate Alliance, Affiliated Company, Human Resources Development, HR Support and Health Care and General Affairs
Akihito Otake	Executive Vice President and Member of the Board	Mobile Terminals and Personal Solutions
Toshimitsu Iwanami	Senior Vice President and Member of the Board	Domestic Sales and Marketing
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 and Corporate Finance
Junji Yasui	Senior Vice President and Member of the Board	Enterprise Solutions
Toshio Morikawa	Member of the Board	Advisor, Sumitomo Mitsui Banking Corporation
Yoshinari Hara	Member of the Board	Chief Corporate Advisor, Daiwa Securities Group Inc.
Sawako Nohara	Member of the Board	President, IPSe Marketing, Inc.
Kenji Miyahara	Member of the Board	Senior Adviser, Sumitomo Corporation

Name	Position at the Company	Responsibility or Representative Status in Other Companies or Entities
Hideaki Takahashi	Member of the Board	Professor, Keio University Graduate School of Media and Governance
Hiroshi Takakuta	Corporate Auditor (full-time)	-
Kenji Seo	Corporate Auditor (full-time)	-
Shinichi Yokoyama	Corporate Auditor	Chairman, Representative Director, Sumitomo Life Insurance Company
Tatsuzo Homma	Corporate Auditor	Attorney at Law
Satoshi Itoh	Corporate Auditor	Certified Public Accountant

- Notes:
- At the 170th Ordinary General Meeting of Shareholders held on June 23, 2008, Messrs. Susumu Otani and Junji Yauai were newly elected as Directors of the Company.
 - At the 170th Ordinary General Meeting of Shareholders held on June 23, 2008, Mr. Satoshi Itoh was newly elected as a Corporate Auditor of the Company.
 - Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara are Outside Directors.
 - Messrs. Shinich Yokoyama, Tatsuzo Homma and Satoshi Itoh are Outside Corporate Auditors.
 - 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

- 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)
Kazumasa Fujie	Senior Executive Vice President and Member of the Board (Representative Director)	June 23, 2008 (expiration)
Saburo Takizawa	Executive Vice President and Member of the Board	June 23, 2008 (expiration)
Tsutomu Nakamura	Senior Vice President and Member of the Board	June 23, 2008 (expiration)
Muneo Shigematsu	Corporate Auditor	June 23, 2008 (expiration)

- On April 1, 2009, the positions and responsibilities of Directors were changed as follows:

Name	Position after change	Responsibility after change
Botaro Hiroasaki	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
Konosuke Kashima	Executive Vice President and Member of the Board	Special assignment by President

Name	Position after change	Responsibility after change
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
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

8. In addition to the above, important concurrent positions held by Directors are as follows:

Name	Concurrent Position	Name of Concurrent Company
Hajime Sasaki	Outside Director	Teijin Limited
	Outside Director	Komatsu Ltd.

Note: Important concurrent positions held by Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara, Hideaki Takahashi and Shinichi Yokoyama are as described in "(3) (i) Important concurrent positions held by Outside Directors and an Outside Corporate Auditor (the concurrent positions as Directors involved in execution of operations, Corporate Executive Officers, Outside Directors or Outside Corporate Auditors of other companies)".

Mr. Hajime Sasaki retired the Outside Director of Teijin Limited on June 20, 2008 and the Outside Director of Komatsu Ltd. on June 24, 2008

(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)	18 (5)	503 (59)
Corporate Auditors (of which Outside Corporate Auditors)	6 (4)	94 (35)

Notes: 1. The above Headcount includes three Directors and one Corporate Auditor (Outside Corporate Auditor) who retired at the close of the 170th Ordinary General Meeting of Shareholders held on June 23, 2008.

2. In addition to the above remuneration, the Company paid as retirement allowance 19,500,000 yen to three Directors and 2,000,000 yen to one Corporate Auditor who retired at the close of the 170th Ordinary General Meeting of Shareholders held on June 23, 2008.

3. The Company plans to pay as retirement allowance 154,000,000 yen to two Directors and 1,800,000 yen to one Corporate Auditor who will retire at the close of the 171st Ordinary General Meeting of Shareholders to be held on June 22, 2009.

4. As described in “(i) Company Policy on Remuneration” above, 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. At the same Meeting, it was resolved that the payment of retirement allowance in recognition of services by the Directors and Corporate Auditors to the Company during their terms of offices as Directors or Corporate Auditors up to the close of such Meeting. The payments of retirement allowance described 2 and 3 above are pursuant to this resolution.

5. 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).

6. 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) Matters related to Outside Directors and Outside Corporate Auditors**(i) Important concurrent positions held by Outside Directors and an Outside Corporate Auditor (the concurrent positions as Directors involved in execution of operations, Corporate Executive Officers, Outside Directors or Outside Corporate Auditors of other companies)**

Name	Concurrent Position	Name of Other Companies
Toshio Morikawa	Outside Director	Komatsu Ltd.
	Outside Director	Taisho Pharmaceutical Co., Ltd.
	Outside Director	The Royal Hotel, Limited
Yoshinari Hara	Outside Director	Tokyo Stock Exchange Group, Inc.
	Outside Director	Tokyo Stock Exchange, Inc.
Sawako Nohara	Representative Director	IPSe Marketing, Inc.
Kenji Miyahara	Outside Director	Hitachi, Ltd.
	Outside Corporate Auditor	Seiko Epson Corporation
Hideaki Takahashi	Outside Director	Fukuoka Financial Group, Inc.
Shinichi Yokoyama	Representative Director	Sumitomo Life Insurance Company
	Outside Corporate Auditor	Shionogi & Co., Ltd.

Notes: 1. Mr. Toshio Morikawa retired the Outside Director of Komatsu Ltd. on June 24, 2008.

2. The Company has continuous business relationship with Sumitomo Life Insurance Company such as sales of the Company’s products and provision of services including, without limitation, system construction, operation and maintenance. In addition, the Company has long-term borrowings from Sumitomo Life Insurance Company.

3. Mr. Toshio Morikawa is a relative within the three degrees of kinship of an employee of The Bank of Tokyo-Mitsubishi UFJ, Ltd. which is a major business partner of the Company.

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

Name	Major Activities
Toshio Morikawa	He attended 15 meetings of the Board of Directors out of 17 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.
Yoshinari Hara	He attended 16 meetings of the Board of Directors out of 17 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 16 meetings of the Board of Directors out of 17 meetings 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 14 meetings of the Board of Directors out of 17 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 16 meetings of the Board of Directors out of 17 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 16 meetings of the Board of Directors out of the 17 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 management of a company.
Tatsuzo Homma	He attended all of the 17 meetings of the Board of Directors, 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	After the assumption of office as Corporate Auditor of the Company, he attended 11 meetings of the Board of Directors out of the 13 meetings, and 10 meetings of the Board of Corporate Auditors out of 11 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.

Note: Outline of Action of Outside Directors and Outside Corporate Auditors regarding Non-Filing of Annual Reports with the SEC.

The Company is required to file with the SEC its annual report as an issuer of ADRs pursuant to the U.S. Securities and Exchange Act of 1934. However, the Company has been unable to file with the SEC of its annual report for the fiscal year ended March 31, 2006 and thereafter because the Company was not able to complete further analysis to support its revenue recognition required during the audit procedure of its consolidated financial statements for fiscal year ended March 31 2006, and the Company made a public announcement to that effect on September 21, 2007. In June 2008, the Company entered into a settlement agreement with the SEC and as part of the settlement, the SEC issued a cease and desist order which stipulates that (a) the Company shall cease and desist from the violations of certain clauses of the U.S. Securities and Exchange Act of 1934 which the SEC found that the Company violated, and (b) the registration under the U.S. Securities and Exchange Act of 1934 of securities issued by the Company shall be revoked. Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara have, at meetings of the Board of Directors, and Messrs. Shinichi Yokoyama, Tatsuzo Homma and Satoshi Itoh have, at meetings of the Board of Corporate Auditors as well as meetings of the Board of Directors, respectively, regularly expressed their opinions from the perspective of view of securing properness of financial reporting, strengthening its compliance system including disclosure and its risk management system, etc, and upon receipt of reports on the abovementioned event, deliberated, among other things, the future preventive measures and disclosure policies, and made varied proposals and remarks to strengthen further its internal control system.

(iii) 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 25 and 32 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.

Ernst & Young ShinNihon

- Notes: 1. Ernst & Young ShinNihon retired Accounting Auditors at the close of the 170th Ordinary General Meeting of Shareholders held on June 23, 2008, and KPMG AZSA & Co. was newly elected as Accounting Auditors.
2. As of July 1, 2009, Ernst & Young ShinNihon became a limited liability audit firm and changed its name to Ernst & Young ShinNihon LLC.

(2) The Amount of Compensation to the Accounting Auditors

Classification	KPMG AZSA & Co. (In million of yen)	Ernst & Young ShinNihon (In millions of yen)
(i) The total fees paid to the Accounting Auditors by the Company as compensation for their duties under the Company Law	793	
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,877	556

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.(8)(ii) Principal Subsidiaries" above, those subject to audit by certified public accountants or audit firm other than KPMG AZSA & Co. 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 London
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 KPMG AZSA & Co. for, among others, "Assessment of Control Risk of Consignment" (Auditing Standard Committee Report No.18), and engaged Ernst & Young ShinNihon for the audit of the Company's consolidated financial statements in English.

(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 shareholder's 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 following is a summary of 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 Company shall endeavor to establish and operate its internal control system more effectively, through continuous evaluation of the implementation of the internal control system under this policy as well as taking measures necessary for its improvement, and conducting consistent reviews of this basic 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.

Regrettably, the Company determined not to pay an annual dividend for this Business Period in consideration of net loss and the deficit of shareholders' equity.

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, 2009)

(In millions of yen)

Account	Amount
Assets	
<u>Current assets</u>	1,671,092
Cash and deposits	226,601
Notes and accounts receivable-trade	746,731
Short-term investment securities	91,434
Merchandise and finished goods	139,724
Work in process	151,789
Raw materials and supplies	86,853
Deferred tax assets	99,657
Other	134,254
Allowance for doubtful accounts	(5,951)
<u>Noncurrent assets</u>	1,404,286
Property, plant and equipment	581,031
Buildings and structures, net	218,983
Machinery and equipment, net	143,269
Tools, furniture and fixtures, net	93,881
Land	91,523
Construction in progress	33,375
Intangible assets	224,102
Goodwill	93,365
Software	125,918
Other	4,819
Investments and other assets	599,153
Investment securities	143,361
Stocks of subsidiaries and affiliates	131,119
Deferred tax assets	150,676
Other	183,469
Allowance for doubtful accounts	(9,472)
Total assets	3,075,378

(In millions of yen)

Account	Amount
Liabilities	
<u>Current liabilities</u>	1,383,568
Notes and accounts payable-trade	529,258
Short-term loans payable	57,202
Commercial papers	115,930
Current portion of long-term loans payable	11,968
Current portion of bonds	118,780
Accrued expenses	209,253
Advances received	58,701
Provision for directors' bonuses	302
Provision for product warranties	42,119
Provision for business structure improvement	28,528
Provision for contingent loss	39,377
Other	172,150
<u>Noncurrent liabilities</u>	906,245
Bonds payable	69,835
Convertible bonds	97,669
Bonds with subscription rights to shares	110,000
Long-term loans payable	315,753
Deferred tax liabilities	8,712
Provision for retirement benefits	224,378
Provision for loss on repurchase of computers	10,234
Provision for product warranties	1,798
Provision for recycling expenses of personal computers	6,790
Provision for contingent loss	12,244
Provision for loss on guarantees	14,608
Other	34,224
Total liabilities	2,289,813
Net Assets	
<u>Shareholders' equity</u>	673,557
Capital stock	337,940
Capital surplus	464,875
Retained earnings	(126,276)
Treasury stock	(2,982)
<u>Valuation and translation adjustments</u>	(31,903)
Valuation difference on available-for-sale securities	(6,228)
Deferred gains or losses on hedges	(120)
Foreign currency translation adjustment	(25,555)
<u>Subscription rights to shares</u>	123
<u>Minority interests</u>	143,788
Total net assets	785,565
Total liabilities and net assets	3,075,378

CONSOLIDATED STATEMENT OF OPERATIONS

(For the fiscal year ended March 31, 2009)

(In millions of yen)

Account	Amount
Net Sales	4,215,603
Cost of sales	2,929,567
Gross profit	1,286,036
Selling, general and administrative expenses	1,292,237
Operating loss	(6,201)
Non-operating income	20,311
Interest income	5,560
Dividend income	3,039
Other	11,712
Non-operating expenses	107,281
Interest expenses	12,578
Provision for contingent loss	30,365
Retirement benefit expenses	14,791
Equity in losses of affiliates	12,647
Foreign exchange losses	10,952
Loss on abandonment of noncurrent assets	9,590
Other	16,358
Ordinary loss	(93,171)
Extraordinary income	20,631
Gain on sales of subsidiaries and affiliates' stocks	16,209
Gain on sales of investment securities	3,957
Gain on sales of noncurrent assets	465
Extraordinary loss	218,430
Business structure improvement expenses	87,362
Loss on valuation of investments securities	78,759
Impairment loss	30,487
Provision for loss on guarantees	14,608
Cost of corrective measures for products	5,312
Loss on sales of stocks of subsidiaries and affiliates	1,706
Loss on retirement of noncurrent assets	117
Loss on sales of investment securities	79
Loss before income taxes and minority interests	(290,970)
Income taxes - current	30,196
Income taxes - deferred	5,107
Minority interests in loss	(29,627)
Net loss	(296,646)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the fiscal year ended March 31, 2009)

(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	
Total changes of items during the period	-
Balance at the end of the period	337,940
Capital surplus	
Balance at the end of the previous period	464,875
Change of items during the period	
Total changes of items during the period	-
Balance at the end of the period	464,875
Retained earnings	
Balance at the end of the previous period	179,391
Change of items during the period	
Dividends from surplus	(8,101)
Net loss	(296,646)
Disposal of treasury stock	(921)
Total changes of items during the period	(305,667)
Balance at the end of the period	(126,276)
Treasury stock	
Balance at the end of the previous period	(3,233)
Change of items during the period	
Purchase of treasury stock	(900)
Disposal of treasury stock	1,151
Total changes of items during the period	251
Balance at the end of the period	(2,982)
Total shareholders' equity	
Balance at the end of the previous period	978,973
Change of items during the period	
Dividends from surplus	(8,101)
Net loss	(296,646)
Purchase of treasury stock	(900)
Disposal of treasury stock	229
Total changes of items during the period	(305,416)
Balance at the end of the period	673,557

(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	29,898
Change of items during the period	
Net changes of items other than shareholders' equity	(36,126)
Total changes of items during the period	(36,126)
Balance at the end of the period	(6,228)
Deferred gains or losses on hedges	
Balance at the end of the previous period	(283)
Change of items during the period	
Net changes of items other than shareholders' equity	163
Total changes of items during the period	163
Balance at the end of the period	(120)
Foreign currency translation adjustments	
Balance at the end of the previous period	(4,367)
Change of items during the period	
Net changes of items other than shareholders' equity	(21,188)
Total changes of items during the period	(21,188)
Balance at the end of the period	(25,555)
Total valuation and translation adjustments	
Balance at the end of the previous period	25,248
Change of items during the period	
Net changes of items other than shareholders' equity	(57,151)
Total changes of items during the period	(57,151)
Balance at the end of the period	(31,903)
Subscription rights to shares	
Balance at the end of the previous period	115
Change of items during the period	
Net changes of items other than shareholders' equity	8
Total changes of items during the period	8
Balance at the end of the period	123
Minority interests	
Balance at the end of the previous period	181,185
Change of items during the period	
Net changes of items other than shareholders' equity	(37,397)
Total changes of items during the period	(37,397)
Balance at the end of the period	143,788

(In millions of yen)

Account	Amount
Total net assets	
Balance at the end of the previous period	1,185,521
Change of items during the period	
Dividends from surplus	(8,101)
Net loss	(296,646)
Purchase of treasury stock	(900)
Disposal of treasury stock	229
Net changes of items other than shareholders' equity	(94,540)
Total changes of items during the period	(399,956)
Balance at the end of the period	785,565

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(For the fiscal year ended March 31, 2009)

(In millions of yen)

Account	Amount
Net cash provided by (used in) operating activities:	
Loss before income taxes and minority interests	(290,970)
Depreciation and amortization	174,311
Equity in losses of affiliates	12,647
Decrease in notes and accounts receivable-trade	105,458
Decrease in inventories	70,408
Decrease in notes and accounts payable-trade	(170,129)
Income taxes paid	(37,206)
Others, net	162,840
Net cash provided by operating activities	27,359
Net cash provided by (used in) investing activities:	
Net proceeds from (payment of) acquisitions and sales of property, plant and equipment	(95,850)
Purchase of intangible assets	(39,376)
Net proceeds from (payments of) purchases and sales of securities	(38,039)
Others, net	98
Net cash used in investing activities	(173,167)
Net cash provided by (used in) financing activities:	
Net proceeds from (payments of) bonds and borrowings	113,777
Cash dividends paid	(8,167)
Others, net	(3,455)
Net cash provided by financing activities	102,155
Effect of exchange rate changes on cash and cash equivalents	(13,914)
Net decrease in cash and cash equivalents	(57,567)
Cash and cash equivalents at the beginning of period	374,838
Cash and cash equivalents at the end of period	317,271

Notes to Consolidated Financial Statements

I Significant Items for Presenting Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 328 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., NEC Mobiling, Ltd.

Change in the scope of consolidation includes additions of 16 and exclusions of 22 subsidiaries. Significant changes were as follows:

Consolidated subsidiaries included in the consolidation scope as a result of acquisitions and incorporation, etc. 16 subsidiaries

NICHIWA Co., NEC Network Engineering Europe Kft., OCC Corporation, NetCracker Technology Corporation, Others

Consolidated subsidiaries excluded from the consolidation scope as a result of sales and liquidation, etc. 12 subsidiaries

Subsidiaries excluded from the consolidation scope due to merger

10 subsidiaries

(Previous)	(New)
NEC Fukui, Ltd. NEC Kansai, Ltd.	NEC Semiconductors Kansai, Ltd.
NEC Semicon Package Solutions, Ltd. NEC Yamaguchi, Ltd. NEC Kyushu, Ltd.	NEC Semiconductors Kyushu Yamaguchi, Ltd.
NEC Solutions Brasil S.A. Telcel do Brasil Ltda. NEC do Brasil S.A.	NEC Brasil S.A.
NEC TOKIN Logistics Inc. NEC Logistics, Ltd.	NEC Logistics, Ltd.
NEC PLEOMART, Ltd. NEC Open Procurement, Ltd. NEC Factory Engineering, Ltd.	NEC Purchasing Service, Ltd.
NEC Design, Ltd. NEC Media Products, Ltd.	NEC Design & Promotion, Ltd.
NEC FiberOptech Inc. NEC Corporation of America	NEC Corporation of America

2. Items related to application of equity method

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

There are no non-consolidated subsidiaries accounted for by the equity method.

Number of affiliated companies accounted for by the equity method 63 companies

Major companies

Keyware Solutions Inc., Nippon Computer System Co., Ltd., South Tokyo Cabletelevision, Inc., Alaxala Networks Corporation, NEC Capital Solutions Limited, Nippon Electric Glass Co., Ltd., 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.

3 affiliated companies, including Han Consulting (China) Ltd. and Seven Internet Lab. Co.,Ltd., were newly accounted for by the equity method. 6 affiliated companies, including Sony NEC Optiarc Inc., were excluded from the affiliated companies accounted for by the equity method.

(2) There are no non-consolidated subsidiaries and affiliated companies in 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. ("JECC")

Reason for which is not included in affiliated companies

The Company 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 ends of consolidated subsidiaries

The fiscal year ends of consolidated subsidiaries are 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 28 other companies

The fiscal year of subsidiaries listed above is mainly ended 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 ends of the subsidiaries and the fiscal year end 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.

(Additional information)

Effective from this fiscal year, the Company and its domestic consolidated subsidiaries have changed their useful lives in accordance with the corporation tax law as amended.

The effect of this change in statement of operations is immaterial.

(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 valid period of 3 years or less). Software for internal use is amortized on a straight-line basis over the estimated useful lives of 5 years at maximum.

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 directors' bonuses

Some domestic consolidated subsidiaries provide a provision for directors' bonuses in the amount which is attributable to this fiscal year, out of the estimated amount to be paid during following fiscal years.

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 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.

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 estimated 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 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.

(4) Other significant accounting issues

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.

Accounting for significant hedging activities

(a) Method of hedge accounting

Derivative transactions that are utilized to hedge interest rate 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.

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Bonds and long-term loans payable

(c) 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.

(d) 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.

Consumption taxes

Consumption taxes are separately accounted for by excluding them from each transaction amount.

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) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) is applied from this fiscal year and necessary modifications have been made for consolidation.

The impact of the change on income is immaterial.

(b) Valuation standard and method changes for inventories

Adoption of the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 5, 2006) from this fiscal year has changed the valuation basis for inventories from the lower-of-cost-or-market method to the cost method (which writes off the book value of inventories based on decreases in profitability). The change has no impact on income.

(c) Depreciation method changes for the property, plant and equipment

The Company and its domestic consolidated subsidiaries had formerly adopted the declining balance method as their depreciation method for the property, plant and equipment that is used for outsourcing or other businesses which earn regular income.

However, they have adopted the straight line method beginning from this fiscal year because the importance of these businesses is increasing and this change clarifies the connection between related revenue and depreciation expenses. The impact of the change on income is immaterial.

2. Changes in presentation method

- (a) In accordance with the "Cabinet Office Ordinance in Order to Reform the Part of the Regulations regarding Language, Format and Method of Preparation of Financial Statements and Other Statutory Reports, and that of Other Regulations (Cabinet Office Ordinance No.50, August 7, 2008), "Inventories" presented in the financial statements as of March 31, 2008 are classified into "Merchandise and finished goods", "Work in process" and "Raw materials and supplies" in the fiscal year ended March 31, 2009. The amounts of "Merchandise and finished goods", "Work in process" and "Raw materials and supplies", included in "Inventories" in the financial statements as of the fiscal year ended March 31, 2008, were 194,528 million yen, 181,785 million yen and 81,180 million yen, respectively.
- (b) "Provision for contingent loss" in Consolidated Balance Sheet has been presented in "accrued expenses" of current liabilities and "other" of noncurrent liabilities until the fiscal year ended March 31, 2008, but it is separately presented in the fiscal year ended March 31, 2009 due to gain in importance. The balances of "provision for contingent loss" included in "accrued expenses" of current liabilities and "other" of noncurrent liabilities as of March 31, 2008 were 11,858 million yen and 18,409 million yen respectively.
- (c) "Settlement and compensation loss" in non-operating expenses has been separately presented for the fiscal year ended March 31, 2008, but it is presented including "other" in non-operating expenses because the amount for the fiscal year ended March 31, 2009 accounts for less or equal 10/100 in total of non-operating expenses. The amount of "Settlement and compensation loss" in "other" of non-operating expenses for the fiscal year ended March 31, 2009 is 3,270 million yen.
- (d) "Provision for contingent loss" in Consolidated Statement of Operations has been presented in "other" of non-operating expenses until March 31, 2008, but it is separately presented for the fiscal year ended March 31, 2009 because the amount accounts for more than 10/100 in total of non-operating expenses. The amount of "provision for contingent loss" in "other" of non-operating expenses for the fiscal year ended March 31, 2008 was 2,155 million yen.

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	1,767
Machinery and equipment, net	831
Land	10,071
Others	394
<hr/>	
Total	13,063

(2) Amounts of debts secured by collateral

	(In millions of yen)
Short-term loans payable	2,052
Long-term loans payable	1,999
Others	182
<hr/>	
Total	4,233

2. Accumulated depreciation of property, plant and equipment

	(In millions of yen)
Accumulated depreciation	1,771,769

3. Guarantee obligations

Guarantees for bank loans and others

The Company guarantees bank loans of the other company and others

	(In millions of yen)
Employees	8,842
NT Sales Co., Ltd.	1,230
Others	179
<hr/>	
Total	10,251

Guarantees for residual value of operating leases

	(In millions of yen)
Sumitomo Mitsui Finance and Leasing Company, Limited	19,963
BOT Lease Co., LTD.	3,684
IBJ Leasing Company, Limited	995
Others	386
<hr/>	
Total	25,028

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 litigations or 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.

4. Notes receivable-trade, discounted 314 million yen

IV Notes to Consolidated Statement of Changes in Net Assets

1. Stocks, issued
Common stock 2,029,732,635 shares

2. Dividends
Payment of dividends

Resolution	Class of Stock	Total dividends (In millions of yen)	Dividends per share (In yen)	Record Date	Effective Date
Extraordinary Meeting of Board of Directors held on May 15, 2008	Common stock	8,104	4	March 31, 2008	June 2, 2008

3. Class and Number of shares to be issued or acquired upon exercise of the Stock acquisition rights (the "Rights") as of March 31, 2009 (Except for the Rights whose exercise period is not coming).

Resolution in June 19, 2003

Number of the Rights		125
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	125,000
Exercise price per share		769 yen
Exercise period		From July 1, 2005 to June 30, 2009

Resolution in June 22, 2004

Number of the Rights		171
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	171,000
Exercise price per share		801 yen
Exercise period		From July 1, 2006 to June 30, 2010

Resolution in June 22, 2005

Number of the Rights		199
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	199,000
Exercise price per share		637 yen
Exercise period		From July 1, 2007 to June 30, 2011

Resolution in June 22, 2006

Number of the Rights		294
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock	294,000
Exercise price per share		636 yen
Exercise period		From August 1, 2008 to July 31, 2012

V Notes with relate to per share information

Net assets per share	317.11 yen
Net loss per share	(146.64) yen

Notes with related to material subsequent events

The Company, NEC Electronics Corporation (“NEC Electronics”), Renesas Technology Corp. (“Renesas”), Hitachi, Ltd. and Mitsubishi Electric Corporation agreed on April 27, 2009 to enter into negotiations to integrate business operations at NEC Electronics and Renesas.

The preconditions for future negotiations are to integrate business operations targeting on April 1, 2010, and to maintain public listing for the integrated company. To ensure fairness and equitability, the ownership ratio of the integrated company will be decided before the conclusion of the integration contract through negotiations between NEC Electronics and Renesas, based on scheduled due diligence. The integrated company will announce the company name, the location of its headquarters, the corporate representative, the board members, capitalization, total assets, and financial forecasts following the integration.

Others

1. Lease transactions

Operating leases

(The company as lessee)

Obligations under non-cancellable operating leases	(In millions of yen)
Due within one year	41,839
Due over one year	95,866
Total	137,705

2. Marketable and investment securities

(1) Available-for-sale securities with the quoted market prices

(In millions of yen)

	Description	Acquisition cost	Balance sheet value	Unrealized gains (losses)
Securities with balance sheet value exceeding acquisition cost	(1) Stocks	15,704	28,673	12,969
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	-	-	-
	(3) Others	24	42	18
	Sub-total	15,728	28,715	12,987
Securities with balance sheet value not exceeding acquisition cost	(1) Stocks	46,741	33,031	(13,710)
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	1,502	1,348	(154)
	(3) Others	3,148	2,232	(916)
	Sub-total	51,391	36,611	(14,780)
Total		67,119	65,326	(1,793)

(2) Available-for-sale securities sold during the fiscal year ended March 31, 2009

(In millions of yen)

Proceeds from sales	Gross realized gains	Gross realized losses
6,933	3,957	79

(3) Detailed description of major securities without the market prices and their balance sheet value

(In millions of yen)

	Balance sheet value
Available-for-sale securities	
1. Stocks	71,048
2. Bonds	931
3. Investments in limited partnerships and similar partnerships under foreign laws	6,167
4. Certificates of deposit	76,721
5. Commercial Papers	12,578
6. MMF	1,645

(4) Redemption schedule of available-for-sale securities with fixed maturities

(In millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
1. Bonds				
Governmental and municipal bonds	-	-	-	-
Corporate bonds	490	933	-	856
Commercial papers	12,578	-	-	-
2. Others	-	-	-	-
Total	13,068	933	-	856

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 that cover substantially all employees. These plans are mainly defined benefit plans and defined contribution 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	(1,080,526)
B. Plan assets	586,154
C. Unfunded retirement benefit obligations (A+B)	(494,372)
D. Unrecognized transitional obligation	85,194
E. Unrecognized actuarial gains and losses	367,669
F. Unrecognized prior service costs (reduction in obligations)	(104,466)
G. Net amounts recognized in the consolidated balance sheet (C+D+E+F)	(145,975)
H. Prepaid pension expenses	78,403
I. Provision for retirement benefits (G-H)	(224,378)

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

(3) Retirement benefit expenses

(In millions of yen)

A. Service cost	38,155
B. Interest cost	26,821
C. Expected return on plan assets	(15,110)
D. Amortization of transitional obligation	14,791
E. Amortization of actuarial gains and losses	19,379
F. Amortization of prior service costs	(9,551)
G. Other (Note 2)	10,406
H. Retirement benefit expenses (A+B+C+D+E+F+G)	84,891

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

2. "G. Other" is the amount of premiums paid for defined contribution pension plans.

3. In addition to the above retirement benefit expenses, premium on retirement benefits was recognized as "Business structure improvement expenses" in extraordinary loss, in the amount of 22,198 million yen for the year ended March 31, 2009.

(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 and asset groups for which impairment losses were recognized

Use	Type	Location
Assets for business use	Intangible assets, and others	United States of America
Assets for business use	Buildings and structures, Machinery and equipment, Tools, furniture and fixtures, Intangible assets, and others	Ashigara Kami-gun, Kanagawa Prefecture, and others
Assets for business use	Buildings and structures, Tools, furniture and fixtures, Intangible assets, and others	Minato-ku, Tokyo, Shinagawa-ku, Tokyo, and others
Idle assets	Land and others	Oita-shi, Oita Prefecture and others
Others	Goodwill	-

(2) Background to the recognition of impairment loss

Investments in certain fixed assets were not expected to be recoverable due to lower profitability of assets for business use and goodwill 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	536
Machinery and equipment	592
Tools, furniture and fixtures	844
Land	148
Construction in progress	704
Goodwill	24,621
Software	2,899
Intangible assets - others	143
Total	30,487

(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	244,882
Pension and severance expenses	118,099
Investments in affiliated companies	76,564
Accrued expenses and provision for product warranties	61,724
Depreciation	54,474
Loss on devaluation of inventories	49,485
Provision for contingent loss	18,819
Research and development expenses	16,962
Loss on devaluation of investment securities	12,128
Elimination of unrealized profit through intercompany transactions among consolidated companies	12,083
Provision for business structure improvement	10,295
Provision for loss on repurchase of computers	3,650
Others	86,853
Sub-total	766,018
Less valuation allowance	(432,706)
Total	333,312
(Deferred tax liabilities)	
Gain on transfer of securities to the pension trust	(42,988)
Securities reversed from the pension trust	(10,444)
Undistributed earnings of affiliated companies	(5,681)
Reserves under special taxation measures law	(1,132)
Valuation difference on available-for-sale securities	(257)
Others	(31,298)
Total	(91,800)
Net deferred tax assets	241,512

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

Current assets --- Deferred tax assets	99,657
Noncurrent assets--- Deferred tax assets	150,676
Current liabilities --- Other	(109)
Noncurrent liabilities --- Deferred tax liabilities	(8,712)

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

	(%)
Effective statutory tax rate	(40.5)
(Reconciliation)	
Changes in valuation allowance	55.8
Amortization of goodwill	5.0
Tax rates difference relating to overseas subsidiaries	1.6
Non-deductible expenses for tax purposes	1.2
Equity in losses of affiliated companies	(0.5)
Elimination of unrealized profit through intercompany transactions among consolidated companies	(0.7)
Undistributed earnings of affiliated companies	(9.3)
Others	(0.5)
Actual tax rate	12.1

BALANCE SHEET
(Non-consolidated)
(As of March 31, 2009)

(In millions of yen)

Account	Amount
Assets	
<u>Current assets</u>	876,113
Cash and deposits	65,782
Notes receivable-trade	3,619
Accounts receivable-trade	436,799
Lease investment assets	5,789
Short-term investment securities	30,000
Merchandise and finished goods	54,320
Work in process	67,466
Raw materials and supplies	19,177
Advance payments-trade	19,649
Prepaid expenses	10,148
Deferred tax assets	37,502
Short-term loans receivable to subsidiaries and affiliates	36,860
Accounts receivable-other	88,315
Other	908
Allowance for doubtful accounts	(219)
<u>Noncurrent assets</u>	1,133,588
Property, plant and equipment	185,775
Buildings, net	71,581
Structures, net	4,126
Machinery and equipment, net	16,101
Vehicles, net	109
Tools, furniture and fixtures, net	35,716
Land	47,497
Construction in progress	10,647
Intangible assets	69,203
Patent right	66
Leasehold right	117
Software	68,760
Right of using facilities	259
Other	1
Investments and other assets	878,609
Investment securities	130,002
Stocks of subsidiaries and affiliates	486,315
Investments in capital	378
Long-term loans receivable	5,221
Long-term loans receivable from employees	73
Long-term loans receivable from subsidiaries and affiliates	47,363
Claims provable in bankruptcy, claims provable in rehabilitation and other	5,624
Long-term prepaid expenses	15,153
Deferred tax assets	58,500
Lease and guarantee deposits	15,647
Prepaid pension cost	123,486
Other	11,467
Allowance for doubtful accounts	(20,621)
Total assets	2,009,701

(In millions of yen)

Account	Amount
Liabilities	
<u>Current liabilities</u>	1,080,866
Notes payable-trade	211
Accounts payable-trade	462,217
Short-term loans payable	29,600
Commercial papers	115,930
Current portion of long-term loans payable	1,834
Current portion of bonds	118,500
Lease obligations	120
Accounts payable-other	33,261
Accrued expenses	67,688
Income taxes payable	1,968
Advances received	36,389
Deposits received	146,198
Provision for product warranties	21,602
Provision for loss on business of subsidiaries and affiliates	1,280
Provision for contingent loss	27,466
Other	16,600
<u>Noncurrent liabilities</u>	507,614
Bonds payable	69,800
Convertible Bonds	97,669
Long-term loans payable	282,095
Lease obligations	339
Provision for loss on repurchase of computers	10,234
Provision for loss on guarantees	41,038
Provision for loss on business of subsidiaries and affiliates	334
Provision for contingent loss	970
Other	5,135
Total liabilities	1,588,480
Net Assets	
<u>Shareholders' equity</u>	426,318
Capital stock	337,940
Capital surplus	422,496
Legal capital surplus	422,496
Retained earnings	(331,287)
Legal retained earnings	35,615
Other retained earnings	(366,902)
Retained earnings brought forward	(366,902)
Treasury stock	(2,830)
<u>Valuation and translation adjustments</u>	(5,154)
Valuation difference on available-for-sale securities	(5,150)
Deferred gains or losses on hedges	(4)
<u>Subscription rights to shares</u>	56
Total net assets	421,220
Total liabilities and net assets	2,009,701

STATEMENT OF OPERATIONS
(Non-consolidated)
(For the fiscal year ended March 31, 2009)

(In millions of yen)

Account	Amount
Net Sales	2,241,447
Cost of sales	1,622,667
Gross profit	618,780
Selling, general and administrative expenses	619,985
Operating loss	(1,205)
Non-operating income	36,234
Interest income	1,342
Dividend income	30,775
Other	4,116
Non-operating expenses	56,620
Interest expenses	9,941
Provision for contingent loss	19,823
Retirement benefit expenses	8,241
Foreign exchange losses	7,366
Other	11,248
Ordinary loss	(21,591)
Extraordinary income	19,655
Gain on sales of subsidiaries and affiliates' stocks	10,835
Reversal of provision for loss on guarantees	4,485
Gain on sales of investment securities	3,307
Reversal of allowance for doubtful accounts	1,005
Gain on sale of noncurrent assets	23
Extraordinary loss	462,781
Loss on valuation of stocks of subsidiaries and affiliates	400,682
Provision for loss on guarantees	38,991
Provision of allowance for doubtful accounts for subsidiaries and affiliates	13,600
Loss on valuation of investment securities	5,060
Impairment loss	2,436
Loss on business of subsidiaries and affiliates	1,614
Loss on redemption of investment securities	188
Loss on retirement of noncurrent assets	117
Loss on sales of stocks of subsidiaries and affiliates	41
Loss on sales of investment securities	30
Cost of corrective measures for products	22
Loss before income taxes	(464,717)
Income taxes - current	(13,356)
Income taxes - deferred	23,400
Net loss	(474,761)

STATEMENT OF CHANGES IN NET ASSETS

(Non-consolidated)

(For the fiscal year ended March 31, 2009)

(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	
Total changes of items during the period	-
Balance at the end of the period	337,940
Capital surplus	
Legal capital surplus	
Balance at the end of the previous period	422,496
Change of items during the period	
Total changes of items during the period	-
Balance at the end of the period	422,496
Total capital surplus	
Balance at the end of the previous period	422,496
Change of items during the period	
Total changes of items during the period	-
Balance at the end of the period	422,496
Retained earnings	
Legal retained earnings	
Balance at the end of the previous period	35,615
Change of items during the period	
Total changes of items during the period	-
Balance at the end of the period	35,615
Other retained earnings	
Retained earnings brought forward	
Balance at the end of the previous period	116,884
Change of items during the period	
Dividends from surplus	(8,104)
Net loss	(474,761)
Disposal of treasury stock	(921)
Total changes of items during the period	(483,786)
Balance at the end of the period	(366,902)
Total retained earnings	
Balance at the end of the previous period	152,499
Change of items during the period	
Dividends from surplus	(8,104)
Net loss	(474,761)
Disposal of treasury stock	(921)
Total changes of items during the period	(483,786)
Balance at the end of the period	(331,287)

Account	Amount
Treasury stock	
Balance at the end of the previous period	(3,085)
Change of items during the period	
Purchase of treasury stock	(896)
Disposal of treasury stock	1,151
Total changes of items during the period	255
Balance at the end of the period	(2,830)
Total shareholders' equity	
Balance at the end of the previous period	909,850
Change of items during the period	
Dividends from surplus	(8,104)
Net loss	(474,761)
Purchase of treasury stock	(896)
Disposal of treasury stock	229
Total changes of items during the period	(483,531)
Balance at the end of the period	426,318

(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	28,552
Change of items during the period	
Net changes of items other than shareholders' equity	(33,703)
Total changes of items during the period	(33,703)
Balance at the end of the period	(5,150)
Deferred gains or losses on hedge	
Balance at the end of the previous period	(132)
Change of items during the period	
Net changes of items other than shareholders' equity	129
Total changes of items during the period	129
Balance at the end of the period	(4)
Total valuation and translation adjustments	
Balance at the end of the previous period	28,420
Change of items during the period	
Net changes of items other than shareholders' equity	(33,574)
Total changes of items during the period	(33,574)
Balance at the end of the period	(5,154)
Subscription rights to shares	
Balance at the end of the previous period	56
Change of items during the period	
Total changes of items during the period	-
Balance at the end of the period	56
Total net assets	
Balance at the end of the previous period	938,326
Change of items during the period	
Dividends from surplus	(8,104)
Net loss	(474,761)
Purchase of treasury stock	(896)
Disposal of treasury stock	229
Net changes of items other than shareholders' equity	(33,574)
Total changes of items during the period	(517,106)
Balance at the end of the period	421,220

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

Independent Auditors' Report

Date: May 8, 2009

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 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, 2009 and for the year from April 1, 2008 to March 31, 2009 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.

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 8, 2009

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, 2009 and for the 171th business year from April 1, 2008 to March 31, 2009 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.

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 171st business period from April 1, 2008 to March 31, 2009, 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 systems 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 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 system (internal control system) implemented 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 is fair and appropriate. Furthermore, we found no matters that must be pointed out

with regard to the performance of duties by Directors in relation to the internal control system of the Company.

- 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 KPMG 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, 2009

Board of Corporate Auditors
NEC Corporation

Full-time Corporate Auditor	Hiroshi Takakuta (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)