The following is an English translation of the Notice of the 173rd Ordinary General Meeting of Shareholders of NEC Corporation (the "Company") to be held on June 22, 2011 (as well as Business Report, the Consolidated Financial Statements, Notes to Consolidated Financial Statements and Non-consolidated Financial Statements with respect to the 173rd Business Period from April 1, 2010 to March 31, 2011, and report on the results of the audit conducted on the Consolidated Financial Statements by Independent Auditors and the Board of Corporate Auditors), EXCEPT for the translation of any instructions on voting rights and the access map for the place of the meeting in the Notice and the Notes to Non-consolidated Financial Statements. This translation includes the Notes to Consolidated Financial Statements, Japanese original of which is provided only through the Company's website (http://www.nec.co.jp).
The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

NEC Corporation

Securities Code 6701

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

Kaoru Yano
Chairman of the Board

June 3, 2011

To Our Shareholders:

NOTICE OF THE 173RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

1. DATE: June 22, 2011 (Wednesday) 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 173rd Business Period from April 1, 2010 to March 31, 2011, and report on the results of the audit conducted on the Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors.

MATTERS TO BE VOTED UPON:
Proposal No. 1: Election of Thirteen Directors
Proposal No. 2: Election of Two Corporate Auditors

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

REFERENCE DOCUMENTS FOR THE MEETING

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

Proposal No. 1: Election of Thirteen (13) Directors

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

The candidates are as follows:

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
1. Kaoru Yano (February 23, 1944)	April 1966 June 1995 June 1999 December 2000 April 2002 October 2002 April 2003 June 2004 April 2006 April 2010	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) Chairman of the Board (Representative Director) (to present)	102,000
2. Nobuhiro Endo (November 8, 1953)	April 1981 July 2005 April 2006 April 2009 June 2009 April 2010	Joined the Company Senior General Manager, Mobile Network Operations Unit Associate Senior Vice President, Executive General Manager, Mobile Network Operations Unit Senior Vice President Senior Vice President and Member of the Board President (Representative Director) (to present)	50,000

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
3. Toshimitsu Iwanami (September 23, 1949)	April 1972	Joined the Company	65,212
	April 2002	Executive General Manager, 1st Solutions Sales Operations Unit, NEC Solutions	
	June 2003	President & CEO, NEC Solutions (America), Inc. (currently, NEC Corporation of America)	
	April 2005	Associate Senior Vice President, Executive General Manager, 2nd Solutions Operations Unit	
	April 2006	Senior Vice President	
	June 2007	Senior Vice President and Member of the Board	
	April 2010	Senior Executive Vice President and Member of the Board (Representative Director) (to present)	
4. Yukihiro Fujiyoshi (July 9, 1949)	April 1972	Joined the Company	30,000
	April 2004	Executive General Manager, Mission Critical Systems Operations Unit	
	April 2005	Associate Senior Vice President, Executive General Manager, Mission Critical Systems Operations Unit	
	April 2006	Associate Senior Vice President, Executive General Manager, OMCS Operations Unit	
	April 2008	Senior Vice President, Executive General Manager, OMCS Operations Unit	
	May 2008	Senior Vice President	
	June 2009	Senior Vice President and Member of the Board	
	April 2010	Senior Executive Vice President and Member of the Board (Representative Director) (to present)	
5. Junji Yasui (January 3, 1951)	April 1973	Joined the Company	30,276
	April 2003	Executive General Manager, Control Systems Operations Unit	
	April 2004	Associate Senior Vice President, Executive General Manager, 3rd Solutions Sales Operations Unit	
	April 2005	Associate Senior Vice President, Executive General Manager, 4th Solutions Operations Unit	
	April 2006	Associate Senior Vice President	
	April 2008	Senior Vice President	
	June 2008	Senior Vice President and Member of the Board	
	April 2010	Executive Vice President and Member of the Board (to present)	

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
6. Toshiyuki Mineno (March 7, 1951)	April 1974	Joined the Company	21,000
	October 2004	Senior General Manager, Mobile Solutions Operations Unit	
	April 2006	Senior General Manager, 2nd Carrier Solutions Operations Unit	
	July 2006	Senior General Manager, International Carrier Solutions Operations Unit	
	April 2007	Associate Senior Vice President, President & CEO, NEC Europe, Ltd.	
	April 2009	Senior Vice President	
	June 2010	Senior Vice President and Member of the Board (to present)	
7. Yoshinari Hara (April 3, 1943)	April 1967	Joined Daiwa Securities Co., Ltd. (“Daiwa Securities”)	0
	June 1991	Director, Daiwa Securities	
	September 1995	Managing Director, Daiwa Securities	
	October 1997	President, Daiwa Securities	
	April 1999	President & CEO, Daiwa Securities Group Inc., President, Daiwa Securities	
	June 2004	Chairman of the Board, Daiwa Securities Group Inc.	
	June 2006	Member of the Board of the Company (to present)	
	June 2008	Chief Corporate Advisor, Daiwa Securities Group Inc. (to present)	
	Important Concurrent Positions: Chief Corporate Advisor, Daiwa Securities Group Inc. Outside Director, Tokyo Stock Exchange Group, Inc. Outside Director, Tokyo Stock Exchange, Inc. Outside Corporate Auditor, KYOCERA Corporation		
8. Sawako Nohara (January 16, 1958)	December 1988	Joined Living Science Institute	0
	May 1995	Left Living Science Institute	
	July 1995	Joined InfoCom Research, Inc.	
	April 1996	Senior Researcher, InfoCom Research, Inc.	
	July 1998	Head of the E-Commerce Business Development Group, InfoCom Research, Inc.	
	December 2000	Left InfoCom Research, Inc., Director, IPSe Marketing, Inc.	
	December 2001	President, IPSe Marketing, Inc. (to present)	
	June 2006	Member of the Board of the Company (to present)	
	November 2009	Professor, Keio University Graduate School of Media and Governance (to present)	
	Important Concurrent Position: President, IPSe Marketing, Inc.		

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
9. Kenji Miyahara (November 5, 1935)	April 1958	Joined Sumitomo Shoji Kaisha, Ltd. (currently, Sumitomo Corporation)	0
	June 1986	Director, Sumitomo Corporation	
	June 1990	Managing Director, Sumitomo Corporation	
	June 1993	Senior Managing Director, Sumitomo Corporation	
	June 1995	Executive Vice President, Sumitomo Corporation	
	June 1996	President and Chief Executive Officer, Sumitomo Corporation	
	June 2001	Chairman of the Board, Sumitomo Corporation	
	June 2007	Member of the Board of the Company (to present), Senior Adviser, Sumitomo Corporation	
	June 2010	Honorary Adviser, Sumitomo Corporation (to present)	
	Important Concurrent Positions: Honorary Adviser, Sumitomo Corporation Outside Director, Hitachi, Ltd. Outside Corporate Auditor, Seiko Epson Corporation		
10. Hideaki Takahashi (March 22, 1948)	August 1974	Joined NCR Corporation	0
	March 1992	Executive Vice President and Representative Director, NCR Japan, Ltd.	
	December 1997	Senior Vice President, NCR Corporation, Chairman and Representative Director, NCR Japan, Ltd.	
	March 1999	Resigned from Senior Vice President, NCR Corporation, Resigned from Chairman and Representative Director, NCR Japan, Ltd.	
	July 1999	Deputy President, Fuji Xerox Co., Ltd.	
	March 2000	Deputy President and Representative Director, Fuji Xerox Co., Ltd.	
	June 2005	Resigned from Deputy President and Representative Director, Fuji Xerox Co., Ltd.	
	January 2006	Professor, Keio University Graduate School of Media and Governance (to present)	
	June 2007	Member of the Board of the Company (to present)	
	Important Concurrent Positions: Outside Director, Fukuoka Financial Group, Inc.		

Name (Date of Birth)	Brief Employment History and Important Concurrent Positions		Number of the Company's Shares Held
11. *Takashi Niino (September 8, 1954)	April 1977	Joined the Company	13,000
	April 2004	Executive General Manager, 2nd Solutions Sales Operations Unit	
	April 2005	Senior General Manager, 3rd Solutions Operations Unit	
	April 2006	Executive General Manager, Financial Solutions Operations Unit	
	April 2008	Associate Senior Vice President, Executive General Manager, Financial Solutions Operations Unit	
	August 2008	Associate Senior Vice President	
	April 2010	Senior Vice President (to present)	
	Important Concurrent Positions: Outside Director, Renesas Electronics Corporation		
12. *Isamu Kawashima (February 20, 1959)	April 1981	Joined the Company	1,000
	April 2009	General Manager, Corporate Controller Division	
	July 2010	General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division (to present)	
	Important Cocurrent Positions: Outside Corporate Auditor, NEC Fielding, Ltd.		
13. *Takeshi Kunibe (March 8, 1954)	April 1976	Joined the Sumitomo Bank Limited (currently, Sumitomo Mitsui Banking Corporation, “SMBC”)	0
	June 2003	Director, SMBC	
	October 2006	Managing Director, SMBC	
	June 2007	Director and Member of the Board of Directors, Sumitomo Mitsui Financial Group, Inc.(“SMFG”) (to present)	
	April 2009	Senior Managing Director and Member of the Board of Directors, SMBC	
	April 2011	President and Chief Executive Officer, SMBC (to present)	
	Important Concurrent Positions: President and Chief Executive Officer, SMBC; Director and Member of the Board of Directors, SMFG		

Notes: 1. “*” above shows new candidates of Director of the Company.

2. Messrs. Yoshinari Hara, Kenji Miyahara, Hideaki Takahashi and Takeshi Kunibe 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:

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
Takeshi Kunibe	A lot of experience and deep insight as management of bank

3. The Company has notified the securities exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo on which the Company is listing its shares, of each of Messrs. Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara, as an independent Director who will have no conflicting interests with the Company's general shareholders, the criteria of which is defined by each of these securities exchanges.
4. Mr. Takeshi Kunibe is an Executing Person of Sumitomo Mitsui Banking Corporation ("SMBC"), which is a major business partner of the Company. In addition, he has been an Executing Person of SMBC for this five years.
5. The Company has business relationship with SMBC of which Mr. Takeshi Kunibe is President and Chief Executive Officer, such as sales of the Company's products and provision of services including system construction, operation and maintenance. In addition, the Company has borrowings from SMBC.
6. Mr. Yoshinari Hara and Ms. Sawako Nohara have served for five years, and, Messrs. Kenji Miyahara and Hideaki Takahashi have served for four years, as Outside Directors of the Company.
7. The Company has entered into agreements with Messrs. Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Company Law (the "Liabilities Limitation Agreements") pursuant to Article 24 of Articles of Incorporation of the Company. When Mr. Takeshi Kunibe is elected as Director of the Company, the Company will enter into the Liabilities Limitation Agreement with him. 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, Responsibility and Important Concurrent Positions of Directors and Corporate Auditors" of the Business Report (pages 24 through 25).

Proposal No. 2: Election of two Corporate Auditors

Upon the close of the Meeting, the term of office of Messrs. Kenji Seo and Shinichi Yokoyama as Corporate Auditor will expire. It is proposed that two Corporate Auditors be elected. The consent of the Board of Corporate Auditors for this Proposal has been obtained.

The candidates are as follows:

<table>
<tr><th>Name
(Date of Birth)</th><th colspan="2">Brief Employment History and
Important Concurrent Positions</th><th>Number of the Company's Shares Held</th></tr>
<tr><td rowspan="8">1. *Takao Ono
(July 4, 1948)</td><td>April 1972</td><td>Joined the Company</td><td rowspan="8">60,100</td></tr>
<tr><td>October 2002</td><td>General Manager, Corporate Controller Division</td></tr>
<tr><td>April 2004</td><td>Vice President,
General Manager, Corporate Finance and IR Division</td></tr>
<tr><td>April 2006</td><td>Associate Senior Vice President,
General Manager, Corporate Finance and IR Division</td></tr>
<tr><td>October 2006</td><td>Associate Senior Vice President,
General Manager, Internal Control Division,
General Manager, Corporate Finance and IR Division</td></tr>
<tr><td>April 2007</td><td>Senior Vice President,
General Manager, Corporate Finance and IR Division</td></tr>
<tr><td>June 2007</td><td>Senior Vice President and Member of the Board</td></tr>
<tr><td>April 2010</td><td>Executive Vice President and Member of the Board (to present)</td></tr>
<tr><td rowspan="8">2. *Hideo Yamada
(February 23, 1955)</td><td>April 1978</td><td>Joined Mitsukoshi Ltd.</td><td rowspan="8">0</td></tr>
<tr><td>March 1979</td><td>Left Mitsukoshi Ltd.</td></tr>
<tr><td>April 1981</td><td>Joined Mitsubishi Research Institute Inc.</td></tr>
<tr><td>March 1989</td><td>Left Mitsubishi Research Institute Inc.</td></tr>
<tr><td>April 1989</td><td>Joined Waseda University, Systems Science Institute</td></tr>
<tr><td>April 1997</td><td>Professor, Waseda University, Systems Science Institute</td></tr>
<tr><td>April 2007</td><td>Professor, Waseda University, Graduate School of Commerce (to present)</td></tr>
<tr><td colspan="2">Important Concurrent Positions:
Outside Corporate Auditor, Astellas Pharma Inc.</td></tr>
</table>

Notes: 1. "*" above shows new candidates of Corporate Auditor of the Company.

2. Mr. Hideo Yamada is the candidate for Outside Corporate Auditor. The Company nominated him as the candidate for Outside Corporate Auditor, considering deep insight into management strategy and considerable expertise in finance and accounting. Although he has never been involved in management of companies except as an Outside Corporate Auditor, the Company has judged that he can perform the duties as an Outside Corporate Auditor of the Company for the reasons described above.
3. The Company considers Mr. Hideo Yamada will be an independent Corporate Auditor who will have no conflicting interests with the Company's general shareholders, the criteria of which is defined by each of securities exchanges of Tokyo, Osaka, Nagoya, Fukuoka and Sapporo on which the Company is listing its shares.
4. In case Mr. Hideo Yamada is elected as a Corporate Auditor of the Company, the Company will enter into

agreement with him to limit his liabilities as stipulated in Paragraph 1, Article 427 of the Company Law (the “Liabilities Limitation Agreement”) pursuant to Article 31 of Articles of Incorporation of the Company. The outline of the Liabilities Limitation Agreement is to limit his liabilities as stipulated in Paragraph 1, Article 423 of the Company Law to the higher amount of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on condition that he performs his duties as Corporate Auditor in good faith and without gross negligence.

BUSINESS REPORT

(For the period from April 1, 2010 to March 31, 2011)

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, 2011 ("this Business Period") showed signs of a self sustaining economic recovery as a result of continued expansion in emerging countries such as China and India and the effects of economic measures taken by governments in developed countries, including the United States and Europe, despite continued high unemployment throughout such developed countries, and the emergence of the financial crisis in Europe.

The Japanese economy exhibited positive signs through slow manufacturing improvement from the recovery of export and steady improvement of consumer spending being influenced by economic stimulus packages. However, severe consumer income conditions and employment continued and corporate capital investment have yet to make a full-scale recovery. Furthermore, economic activity was significantly impacted by the damages and accompanying production and distribution disruption, as well as power shortages and other results from the Great East Japan Earthquake of March 2011.

Under this business environment, the NEC Group took measures to implement the company's three key strategic policies - "Promotion of C&C Cloud Strategy," "Global Business Expansion," and "New Business Creation" and strived to strengthen profitability for this first year of its mid-term growth plan, "V2012 -Beyond boundaries, Toward our Vision-."

Firstly, in terms of promoting the company's C&C Cloud strategy, the NEC Group promoted the delivery of cloud services throughout a wide variety of domains, including mission critical services for municipalities, together with the management of resident information and information sharing services between hospitals through the use of the NEC Group's accomplishments in the IT and Network fields as well as its technologies and know-how. Moreover, the NEC Group thoroughly revised its business processes across the entire group as part of improving business efficiency and reducing costs, in addition to advancing activities that concentrate key IT systems for accounting, sales and procurement within a cloud environment. The technology and know-how acquired from the construction and operation of these new systems, which began full operation during this Business Period, will be used for the construction of mission critical systems for customers. Additionally, the NEC Group actively promoted the creation of new business models in cooperation with customers, including the broad expansion of cloud services that combine the NEC Group's cloud technologies with customer business know-how. The NEC Group also took measures to expand data centers as part of strengthening business foundations for the provision of cloud services, in addition to maintaining and optimizing shared IT foundations for service provision. In support of telecommunications carriers, the Company provided the communications infrastructure for NTT DOCOMO, INC.'s launch of "Xi" in December 2010, a high-speed, high-capacity LTE mobile communications service.

Regarding the expansion of global business, the NEC Group promoted business expansion through regional headquarters in North America, Greater China, APAC (Asia Pacific) and EMEA (Europe, Middle East and Africa) that each utilize local leadership and cater to regional characteristics. A regional headquarters was established in Latin America in April 2011 as well, resulting in the establishment of a five pole global business structure. Furthermore, the NEC Group established bases for pooling the necessary technologies and know-how for promoting global business, including the carrier cloud business in support of expanding cloud services for telecommunication carrier subscribers, public safety business, including fingerprint identification, biometrics identification, and entry/exit management, as well as the indoor compact wireless base station (femtocell) business. Collectively, these technologies and know-how will be used to create optimized solutions that meet customer needs and to horizontally develop business throughout the entire NEC Group.

In terms of new business creation, the NEC Group's developments in the environment and energy fields include its promotion of lithium-ion rechargeable batteries for automobiles through a joint venture with

Nissan Motor Co., Ltd., and its verification trials for high-speed recharging systems that are needed for the spread of electric automobiles. Moreover, the NEC Group began activities in support of the future smart grid markets, including the active promotion of verification trials with business partners for large-scale storage systems for electricity distribution, as well as energy management systems that optimize the use of energy for both homes and businesses. In the multifunction terminal domain, the Company began providing Android™ equipped smartphones to the domestic market in Japan and expanded its lineup of tablet devices.

Regarding the strengthening of profitability, in addition to reducing costs, the management system for assessing profitability risks was also reinforced.

On top of these activities, the Company also improved its competitive strength by integrating its mobile phone business with Casio Hitachi Mobile Communications, Co., Ltd. and by reaching a strategic partnership agreement with Lenovo Group Limited in order to unify the two companies' personal computer business.

The Company recorded consolidated sales of 3,115.4 billion yen for this Business Period, a decrease of 467.7 billion yen (13.1%) year-on-year. This was mainly due to NEC Electronics Corporation (currently Renesas Electronics Corporation), which had been engaged in the semiconductors business within the NEC Group, no longer being a consolidated subsidiary of the Company, the delayed recovery of domestic IT investment and the Great East Japan Earthquake.

Regarding profitability, consolidated operating income (loss) improved by 6.9 billion yen year-on-year, for an operating profit of 57.8 billion yen, mainly due to NEC Electronics Corporation, which recorded an operating loss during the previous fiscal year, no longer being a consolidated subsidiary, and improving operating income (loss) from the Platform business, despite worsening operating income (loss) from the IT Services business and Personal Solutions business.

In terms of ordinary income (loss), the Company recorded a profit of 0.04 billion yen, worsening by 49.4 billion yen year-on-year, despite improving operating income (loss), mainly due to equity in losses of affiliates.

Income (loss) before income taxes and minority interests was a loss of 15.7 billion yen, a year-on-year worsening of 71.3 billion yen. This was mainly due to worsening ordinary income (loss) and worsening extraordinary income (loss) from reduced gain on sales of subsidiaries and affiliates' stocks.

Consolidated net income (loss) worsened by 23.9 billion yen year-on-year, to a loss of 12.5 billion yen, due mainly to a worsening of income (loss) before income taxes and minority interests, despite an improvement from reduced income taxes-deferred.

Review of Operations by Business Segments and Major Business

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

Note: The Company conducted the transition to a new organizational structure and revised its business segmentation as of April 1, 2010 for the purpose of the achievement of its mid-term growth plan "V2012." The "Electron Devices" segment was abolished due to its importance reduced by NEC Electronics Corporation (currently Renesas Electronics Corporation), which had been engaged in the semiconductors business within the NEC Group, no longer being a consolidated subsidiary of the Company.

IT Services Business

Major Services and Products
Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing and Cloud Services (Data Center Services, IT Operation Management)

Sales of the IT Services business for this Business Period amounted to 804.2 billion yen, a decrease of 62.1 billion yen (-7.2%) year-on-year, mainly impacted by the delayed recovery of IT investment in Japan and a decline in large-scale projects, despite the steady growth of sales in cloud services and outsourcing.

Operating income (loss) worsened by 31.8 billion yen year-on-year, to an operating income of 21.4 billion yen, mainly owing to reduced sales, worsening profitability from heavy price competition and an increase in non-profitable projects.

Platform Business

Major Services and Products
PC Servers, UNIX Servers, Mainframes, Supercomputers, Storage, ATMs, IP Telephony Systems, WAN and Wireless Access Equipment, LAN Products, Computer Software (Integrated Operation Management, Application Server, Security, Operating System (OS), Database Software)

Sales of the Platform business for this Business Period amounted to 375.8 billion yen, an increase of 2.1 billion yen (+0.6%) year-on-year, mainly due to the steady growth of software sales, despite a decrease in hardware sales, including servers.

Operating income (loss) improved by 10.6 billion yen year-on-year, to an operating income of 8.9 billion yen, mainly owing to an increase in sales and continued cost reductions.

Carrier Network Business

Major Services and Products
Network Infrastructure for Telecommunications Carriers (Backbone Network Systems, Access Network Systems), Services and Management for Telecommunications Carriers (Network Operation Support Systems (OSS), Business Support Systems (BSS), Network Control Platform Systems, Network Service Delivery Platform Systems)

Sales of the Carrier Network business for this Business Period amounted to 605.4 billion yen, a decrease of 22.0 billion yen (-3.5%) year-on-year, mainly due to the influence of exchange rate fluctuation and the delay of contractual procedures for submarine network systems, despite an increase in the sales of wireless communications equipment in domestic markets and cable television related systems.

Operating income (loss) improved by 9.4 billion yen year-on-year, to an operating income of 40.7 billion yen, mainly owing to streamlining costs and increased sales in the second half of this Business Period.

Social Infrastructure Business

Major Services and Products
Broadcasting and Video Distribution Systems (Digital Terrestrial TV Transmitters), Control Systems (Postal and Logistics Automation Systems), Transportation and Public Network Systems (Train Radio Systems), Fire and Disaster Prevention Systems (Fire-fighting Command Systems), Aerospace and Defense Systems (Air Traffic Control Systems, Uncooled Infrared Sensors)

Sales of the Social Infrastructure business for this Business Period amounted to 318.8 billion yen, an increase of 2.2 billion yen (+0.7%) year-on-year, mainly due to the steady growth of the social system field, including transportation systems and fire and disaster prevention systems, despite a decrease in sales in the aerospace and defense systems fields.

Operating income (loss) worsened by 7.1 billion yen year-on-year, for an operating income of 14.6 billion yen, mainly owing to the influence of highly profitable projects from the previous period and increasing costs for strengthening the company's organization of development and sales in the social system field, despite an effort to reduce costs.

Personal Solutions Business

Major Services and Products
Mobile Phones, Smartphones, Personal Computers, Tablet Devices, Mobile Routers and Wireless Routers, "BIGLOBE" Internet Services, Display Solutions (Monitors, Projectors, Public Displays for Digital Signage)

Sales of the Personal Solutions business for this Business Period amounted to 766.5 billion yen, an increase of 28.8 billion yen (+3.9%) year-on-year, mainly due to the integration of the mobile phone business with Casio Hitachi Mobile Communications Co., Ltd. and an increase in sales in display business for overseas markets, despite sluggish sales of mobile phones.

Operating income (loss) worsened by 20.8 billion yen year-on-year, to an operating loss of 1.9 billion yen, mainly owing to sluggish sales of mobile phones and an increase in development costs for new devices, including smartphones and others.

Others

Major Services and Products
Lithium-ion Rechargeable Batteries, Electronic Components, LCD Panels, Lighting Equipment

In the Others segment, sales were 244.7 billion yen, a decrease of 416.6 billion yen (-63.0%) year-on-year, mainly due to NEC Electronics Corporation (currently Renesas Electronics Corporation), which had been engaged in the semiconductor business within the NEC Group, no longer being a consolidated subsidiary of the Company.

Operating income (loss) improved by 52.2 billion yen year-on-year, to an operating income of 7.3 billion yen, mainly due to NEC Electronics Corporation, which recorded an operating loss during the previous fiscal year, no longer being a consolidated subsidiary of the Company.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 52.9 billion yen during this Business Period. Major capital expenditures included investment in production lines for electrodes of lithium-ion rechargeable batteries for automobiles, equipment for development of software and networking products, equipment for development and production of mobile phones, as well as equipment for its "BIGLOBE" Internet services.

(3) Research and Development of the NEC Group

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

(i) Development of Video Content Identification Technology that Detects Illegal Video Copies in a Matter of Seconds

Traditionally, identification of video copies which are illegally posted on the Internet has been made visually or by reading special codes implanted on the original video in advance. These measures, however, have problems that the visual identification takes time and the special codes may disappear when video copies are altered.

The Company has developed a video content identification technology that is able to detect illegal copies of video content in a matter of seconds. By using this technology, a fingerprint (video signature) identifying video contents is generated based on differences in the luminance between certain areas on a frame of video content. The identification of video contents can be made by comparing a video signature of the original video content with that of the target. For example, altered video contents, such as caption overlays, and camera captured copies, which have been regarded as difficult contents to identify, can be easily identified by using this technology.

This technology, due to its high detection rate, was adopted as the MPEG-7 Video signature tool, an international standard for video identification.

(ii) Development of Self Organizing Network Technologies for LTE Networks

Telecommunication through mobile phones is conducted by exchanging signal of electric wave with base stations. Recently, the data traffic of mobile phones has increased and in order to correspond to this, it is necessary to set up small cell base stations in high density as well as macro base stations. In order to keep telecommunication quality in such environment where two kinds of base stations exist together, it is necessary to appropriately configure, in each base station, transmitting power and hand over, a function switching to the nearest base station along with movement of mobile phone terminals.

Currently, these configurations are done manually, and therefore, it is not easy to install a lot of base stations and change the configuration of base stations. The Company developed Self Organizing Network (SON) technologies that automatically recognizes deployment and movement of mobile phone terminals and optimizes the configuration of base stations. By the SON technologies, stable and high-speed telecommunication is easily secured even in dense areas of mobile phone terminals and during high-speed movement.

The Company plans to adopt the SON technologies on the telecommunications equipment for LTE (Long Term Evolution), a next generation's standard for mobile telecommunication which is in the process of commercialization.

(iii) Development of Organic Radical Battery applicable to Next-Generation Ubiquitous Terminals

An organic radical battery is a rechargeable battery which uses organic radical polymer, a form of plastic. Because organic radical polymers assume a soft gel state by adding electrolyte, organic radical batteries using the polymers can be thin and pliant. Furthermore, because the organic radical battery does not contain any heavy metal such as lead and cadmium which has been used in traditional rechargeable batteries, it is expected as an environment friendly rechargeable battery.

The Company has developed the organic radical battery which can maintain nearly full capacity, even after repeated charge-discharge like in commercially available rechargeable lithium-ion batteries, due to anodes featuring carbon material. In addition, a highly conductive new cathode was developed by the Company and, as a result, the output has been improved 1.4 times compared to the organic radical battery announced by the Company in 2009, by which the organic radical battery comes a step closer to practical use in next-generation ubiquitous terminals like highly-functional IC cards.

The series of achievements above were evaluated and the Company won the 10th Green & Sustainable Chemistry Award for Minister of Education, Culture, Sports, Science and Technology in March 2011.

Note: A part of this achievement is that of research and development under “Basic Technology Development for Fiber Materials Having Advanced Functions” sponsored by the Ministry of Economy Trade and Industry and the New Energy and Industrial Technology Development Organization (NEDO).

(4) Financing Activities of the NEC Group

In June 2010, the Company issued unsecured bonds of 100.0 billion yen in Japan, in order to raise required funds for the repayment of loans and the redemption of bonds during this Business Period. Additionally, in December 2010, the Company issued unsecured bonds of 50.0 billion yen in Japan, in order to raise required funds for the redemption of commercial papers during this Business Period.

(5) Material Reorganization, etc.

(i) In order to further strengthen its business foundations and technological assets, and increase corporate value through enhanced customer satisfaction, as of April 1, 2010, NEC Electronics Corporation which operated semiconductors business in the NEC Group merged with Renesas Technology Corp. and changed its name to Renesas Electronics Corporation. Renesas Electronics Corporation is an affiliate of the

Company applying for the equity method of accounting.

(ii) In order to improve competitive strength in our mobile phone business, the Company integrated its mobile phone business with Casio Hitachi Mobile Communications Co., Ltd. As of May 1, 2010, the Company transferred its mobile phone business to NEC CASIO Mobile Communications, Ltd., a subsidiary of the Company, through absorption-type corporate-split and, as of June 1, 2010, NEC CASIO Mobile Communications, Ltd. merged Casio Hitachi Mobile Communications Co., Ltd.

(iii) In order to strengthen its personal computer business, the Company agreed to integrate the personal computer business of NEC Personal Products, Ltd., a wholly-owned subsidiary of the Company, and the personal computer business in Japan of the Lenovo Group Limited and, as of January 27, 2011, the Company and Lenovo Group Limited entered into a business integration agreement.

(iv) As of February 25, 2011, the Company agreed that NEC LCD Technologies Ltd., become a joint venture company with Shenzhen AVIC Optoelectronic Co., Ltd. which is doing an LCD business in China in the TIENMA MICROELECTRONICS group.

(6) Challenges to be Addressed by the NEC Group

The NEC Group aims "to be a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth." in the "NEC Group Vision 2017." In February 2010, the NEC Group outlined in its mid-term growth plan, "V2012 - Beyond boundaries, Toward our Vision -" that it aims to achieve the "NEC Group Vision 2017" through customer-driven solutions leveraging our competitive strength in the integration of IT and networks. During this first year of the mid-term growth plan "V2012", although the NEC Group took measures to implement its key strategic policies in support of "V2012", "Promotion of C&C Cloud Strategy," "Global Business Expansion," and "New Business Creation," the NEC Group was unable to achieve its original targets due to an inability to quickly implement strategies for the construction of a global business structure or the development of new products and services for business expansion.

In the fiscal year ending March 31, 2012, the NEC Group will concentrate on business expansion while also accelerating its efforts to strengthen profitability as part of its mid-term growth plan "V2012" and the succeeding "NEC Group Vision 2017."

In terms of business expansion, the NEC Group will first dedicate itself to three key strategic policies in support of "V2012."

The NEC Group is capitalizing on its strengths in both the IT and Network fields to provide total solutions that include the provision of cloud services for enterprises and local governments, IT platforms for the provision of cloud services, sensors that handle a wide variety of electric information as electronic data, and multifunction terminals. Furthermore, the NEC Group is providing communications infrastructure, including high speed, high capacity mobile communications systems, in anticipation of increased communications demand from the spread of multifunction terminals, such as smartphones and tablet devices. This communications infrastructure will be the platform for the provision of various cloud services.

Looking forward, the NEC Group seeks to leverage its achievements and know-how to enhance its lineup of the most suitable cloud services for a full range of industries, including government offices, manufacturers and distributors, and to drive the expansion of sales. Furthermore, the NEC Group will utilize the technologies and know-how cultivated through the group's internal implementation of cloud services for core IT systems in order to win orders from customers for additional mission critical cloud service development. Moreover, the NEC Group will strengthen its international business coordination in order to expand cloud service sales on a global scale. The NEC Group will drive the promotion of its "C&C Cloud Strategy," including its provision of cloud services for mobile environments, by capitalizing on the NEC Group's wireless technology strengths.

Regarding global business, the NEC Group aims to expand business by executing decisions quickly and effectively, and by promoting operations through the unified regional leadership of five regional headquarters covering North America, Latin America, Greater China, APAC (Asia Pacific) and EMEA (Europe, Middle East, Africa), accelerating the transfer of responsibility to local subsidiaries, localizing the management layer and advancing personnel policies. The NEC Group will devote particular attention to the educational, environmental, energy, medical and public safety fields which are forecast to experience particularly high growth in emerging markets, including Asia.

In terms of new business, the NEC Group aims to increase sales for the business of lithium-ion rechargeable batteries for automobiles together with Nissan Motor Co., Ltd. by strengthening competitive power through expanded production capacity, improved quality, advanced price competitiveness and reduced lead time. Furthermore, the NEC Group is also leveraging these technologies for automobile oriented lithium-ion rechargeable batteries to expand sales outside of the automotive field. Moreover, in the smart grid field, business ties are steadily being formed from the results of verification trials conducted in the fiscal year ended March 31, 2011 for energy management systems for homes and businesses as well as trials for large-scale energy storage systems for energy distribution.

In the area of multifunction terminals, including smartphones and tablet devices, the NEC Group seeks to provide the products utilizing its technologies and know-how to support a wide range of needs while the NEC Group forms additional partnerships in order to further drive the full development of new business.

Additionally, the NEC Group focuses on effectively combining its wide range of assets, including products, services and technologies, in order to create new business opportunities as “One NEC.”

In terms of reinforcing profitability, the NEC Group seeks to reduce non-profitable projects by strengthening the risk management regarding its project profitability as well as its contract conditions. Moreover, the company aims to fully engage in quality control. In order to maximize its profits, the NEC Group will continue to promote cost reductions and to drive the operational efficiency of indirect departments.

To all of those impacted by the Great East Japan Earthquake, the NEC Group is contributing towards ongoing recovery efforts by concentrating its technologies and assets as “One NEC.” Specifically, the NEC Group is utilizing its IT and Network strength to reestablish communications infrastructure, including wireless communications, in preparation for future disasters. The NEC Group is also providing cloud services for local governments that enable the use of information systems through networks, as well as providing cloud services that enable information sharing between hospitals. All of these are part of the NEC Group’s efforts towards the realization of a safe and secure society that uses information and communications technology (ICT) to create an environment where services can be utilized at any time, from any location. The NEC Group leverages its technologies and know-how to contribute to energy policies through lithium-ion rechargeable batteries for automobiles, energy management systems that optimize the energy of homes and businesses and energy conserving products such as an energy conserving server.

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

The NEC Group will devote its full attention to implementing these measures, which target expanded business and reinforced earnings, while on the path to realizing an “information society friendly to humans and the earth.”

(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, 2008 (170th Business Period)	Fiscal Year ended March 31, 2009 (171st Business Period)	Fiscal Year ended March 31, 2010 (172nd Business Period)	Fiscal Year ended March 31, 2011 (173rd Business Period)
Net sales	4,617.2	4,215.6	3,583.1	3,115.4
Ordinary income (loss)	112.2	(93.2)	49.4	0
Net income (loss)	22.7	(296.6)	11.4	(12.5)
Net income (loss) per share (yen)	11.06	(146.64)	5.04	(4.82)
Total assets	3,526.8	3,075.4	2,937.6	2,628.9
Net assets	1,185.5	785.6	931.9	875.4

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

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

(In billions of yen except per share figures)

Fiscal Year / Indices	Fiscal Year ended March 31, 2008 (170th Business Period)	Fiscal Year ended March 31, 2009 (171st Business Period)	Fiscal Year ended March 31, 2010 (172nd Business Period)	Fiscal Year ended March 31, 2011 (173rd Business Period)
Net sales	2,352.6	2,241.4	1,919.3	1,701.6
Ordinary income (loss)	53.2	(21.6)	39.9	(7.8)
Net income (loss)	(9.1)	(474.8)	39.2	11.4
Net income (loss) per share (yen)	(4.51)	(234.44)	17.48	4.40
Total assets	2,399.4	2,009.7	1,930.1	2,005.0
Net assets	938.3	421.2	593.6	589.0

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

(8) Parent Company and Principal Subsidiaries

(i) Parent Company

The Company has no parent company.

(ii) Principal Subsidiaries

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
	(Millions of yen)	(%)	
NEC Personal Products, Ltd.	18,830	100	Development, manufacture, sale and maintenance of personal computers, etc.
NEC Infrontia Corporation	10,332	100	Development, manufacture and sale of communications systems, POS terminals, etc.
NEC Soft, Ltd.	8,669	100	Provision of systems integration services, etc., and development of software
NEC System Technologies, Ltd.	6,796	100	Provision of systems integration services, etc., and development 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 of network systems-related software and equipment
NEC TOKIN Corporation	31,990	99.9	Development, manufacture and sale of electronic materials and electronic components
NEC CASIO Mobile Communications, Ltd.	5,000	70.7	Development, manufacture, sale and maintenance of mobile phones and smartphones
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 phones and smartphones

	(U.S. dollars)	(%)	
NEC Corporation of America (U.S.A.)	25	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.)	65,274	100	Regional representative and supervising operation in Europe, the Middle East and Africa, sale of computers-related equipment and communications equipment, and provision of systems integration services, etc.
	(Thousands of Singapore dollars)		
NEC Asia Pacific Pte. Ltd. (Singapore)	30,882	100	Regional representative and supervising operation in Asia Pacific, 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 Greater China
	(Thousands of Brasil real)		
NEC Brasil S.A. (Brasil)	199,655	100	Sale of communications equipment and provision of systems integration services, etc.

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

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

2. On April 1, 2011, NEC Brasil S.A. changed its name to NEC Latin America S,A. Ltd. and started regional representative and supervising operation in Latin America.

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

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

Notes: On April 1, 2011, NEC Brasil S.A. changed its name to NEC Latin America S,A. Ltd. and started regional representative and supervising operation in Latin America.

(10) Employees

(i) Employees of the NEC Group

Segment	Number of Employees
IT Services Business	35,812
Platform Business	10,158
Carrier Network Business	19,478
Social Infrastructure Business	9,353
Personal Solutions Business	9,517
Others	31,522
Total	115,840

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2010	Average Age	Average Years of Employment
23,935	(936)	40.7	16.1

(11) Major Borrowings

(In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	44,815
The Sumitomo Trust and Banking Co., Ltd.	25,847
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,778
Mitsubishi UFJ Trust and Banking Corporation	8,200
Sumitomo Life Insurance Company	8,109

2. Shares and Shareholders of the Company

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

(2) Total Number of Shares Issued 2,604,732,635 shares (including treasury stock of 5,461,748 shares)

(3) Number of Shareholders 279,583

(4) Major Shareholders (Top 10)

(In thousands of shares)

Name of Shareholders	Number of Shares Held	Shareholding Ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	115,740	4.45%
Japan Trustee Services Bank, Ltd. (Trust Account)	109,153	4.20%
SSBT OD05 Omnibus Account - Treaty Clients	71,632	2.76%
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	50,402	1.94%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	47,029	1.81%
NEC Employee Shareholding Association	46,442	1.79%
Nippon Life Insurance Company	41,977	1.61%
Sumitomo Life Insurance Company	41,000	1.58%
State Street Bank West Client - Treaty	23,413	0.90%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Retrust Account/Sumitomo Electric Industries, Ltd. Employee Pension Trust Account)	22,880	0.88%

Note: The shareholding ratio is calculated by excluding the number of treasury stock (5,461,748 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio
Japanese government and local government	0.00%
Financial Institutions	26.89%
Securities Companies	2.95%
Other Corporations	4.21%
Foreign Investors	25.32%
Japanese Individuals and Others	40.63%
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

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. The summary of the stock acquisition rights that are in effect as of March 31, 2011 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
	Directors	Outside Directors				
April 2006-March 2007	4	3	35	35,000	600 yen per share	From August 1, 2008 to July 31, 2012

(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

Besides the (1) above, the Company granted the stock acquisition rights to the Directors and employees of the Company having the important responsibilities, and full-time presidents of the Company's subsidiaries in Japan that play an important role in implementing the business strategies of the NEC Group. The summary of the stock acquisition rights that are in effect as of March 31, 2011 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 2005-March 2006	90	126	126,000	601 yen per share	From July 1, 2007 to June 30, 2011
April 2006-March 2007	103	139	139,000	600 yen per share	From August 1, 2008 to July 31, 2012

(ii) Convertible bonds

The Company issued convertible bonds pursuant to Article 341-2 of the Commercial Code (before amendment on April 1, 2002). The summary of the convertible bonds that are in effect as of March 31, 2011 is as follows:

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

4. Matters related to Directors and Corporate Auditors

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

Name	Position at the Company	Responsibility and Important Concurrent Position
Kaoru Yano	Chairman of the Board (Representative Director)	Overall management for the operation of fundamental matters of the Company
Nobuhiro Endo	President (Representative Director)	Overall management of execution of the Company's business, and Corporate Auditing
Toshimitsu Iwanami	Senior Executive Vice President and Member of the Board (Representative Director)	Assisting President regarding Sales / Automotive Business Promotion and Export & Import Trade Control
Yukihiro Fujiyoshi	Senior Executive Vice President and Member of the Board (Representative Director)	Assisting President regarding Solutions Operations / Management Information Systems, Sales and Service Business Process Management
Takao Ono	Executive Vice President and Member of the Board	Internal Control over Financial Reporting, Corporate Controller, Corporate Finance and Sales Business Control
Junji Yasui	Executive Vice President and Member of the Board	Carrier Network / Important matters relating to MONOZUKURI Industrial Innovation and Standardization, Production Engineering Development, Quality Assurance, and Purchasing
Toshiyuki Mineno	Senior Vice President and Member of the Board	International Sales
Takemitsu Kunio	Senior Vice President and Member of the Board	Personal Solutions and Intellectual Asset R&D / Executive General Manager, Smart Energy and Green Business Operations Unit
Takuji Tomiyama	Senior Vice President and Member of the Board	IT Services
Manabu Kinoshita	Senior Vice President and Member of the Board	Domestic Sales
Toshio Morikawa	Member of the Board	Advisor, Sumitomo Mitsui Banking Corporation Outside Director, Taisho Pharmaceutical Co., Ltd. Outside Director, The Royal Hotel, Limited
Yoshinari Hara	Member of the Board	Chief Corporate Advisor, Daiwa Securities Group Inc. Outside Director, Tokyo Stock Exchange Group, Inc. Outside Director, Tokyo Stock Exchange, Inc. Outside Corporate Auditor, KYOCERA Corporation
Sawako Nohara	Member of the Board	President, IPSe Marketing, Inc.
Kenji Miyahara	Member of the Board	Honorary Adviser, Sumitomo Corporation Outside Director, Hitachi, Ltd. Outside Corporate Auditor, Seiko Epson Corporation
Hideaki Takahashi	Member of the Board	Outside Director, Fukuoka Financial Group, Inc.

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

Notes: 1. At the 172nd Ordinary General Meeting of Shareholders held on June 22, 2010, Messrs. Toshiyuki Mineno, Takemitsu Kunio, Takuji Tomiyama and Manabu Kinoshita were newly elected as Directors of the Company.

2. At the 172nd Ordinary General Meeting of Shareholders held on June 22, 2010, Mr. Ryoji Nakagawa was newly elected as a Corporate Auditor of the Company.

3. Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara are Outside Directors.

4. Messrs. Shinich Yokoyama, Satoshi Itoh and Ryoji Nakagawa are Outside Corporate Auditors.

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

6. Messrs. Kenji Seo and Satoshi Itoh have considerable expertise in finance and accounting as follows:

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

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

Name	Position at the time of retirement	Date of retirement (reason)
Botaro Hirosaki	Senior Executive Vice President and Member of the Board (Representative Director)	June 22, 2010 (expiration)
Masatoshi Aizawa	Senior Executive Vice President and Member of the Board (Representative Director)	June 22, 2010 (expiration)
Akihito Otake	Executive Vice President and Member of the Board	June 22, 2010 (expiration)
Susumu Otani	Senior Vice President and Member of the Board	June 22, 2010 (expiration)
Tatsuzo homma	Corporate Auditor	June 22, 2010 (expiration)

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

(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 determines remunerations for Directors by the resolution of Board of Directors, based on the result of deliberation by Nomination and Compensation Committee which consists of five members including three Outside Directors (one of which is the chairperson). The Compensation Committee deliberates the remuneration system and the level of remuneration 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)	19 (5)	476 (60)
Corporate Auditors (of which Outside Corporate Auditors)	6 (4)	95 (36)

Notes: 1. The above headcount includes four Directors and one Corporate Auditor who retired at the close of the 172nd Ordinary General Meeting of Shareholders held on June 22, 2010.

2. The Company plans to pay as retirement allowance 6,000,000 yen to one Director and 3,000,000 yen to one Corporate Auditor who will retire at the close of the 173rd Ordinary General Meeting of Shareholders held on June 22, 2011.

3. 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).

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

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

Name	Major Activities
Toshio Morikawa	He attended all of the 14 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Yoshinari Hara	He attended 13 meetings of the Board of Directors out of 14 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.
Sawako Nohara	She attended all of the 14 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly from a perspective of end user featuring consumers and citizens.
Kenji Miyahara	He attended all of the 14 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Hideaki Takahashi	He attended all of the 14 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Shinichi Yokoyama	He attended 13 meetings of the Board of Directors out of the 14 meetings, and 14 meetings of the Board of Corporate Auditors out of the 15 meetings, both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as management of a company.
Satoshi Itoh	He attended 13 meetings of the Board of Directors out of the 14 meetings, and 14 meetings of the Board of Corporate Auditors out of the 15 meetings, both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on a lot of experience and deep insight as a financial and accounting expert.
Ryoji Nakagawa	After the assumption of office as Corporate Auditor of the Company, he attended all of the 11 meetings of the Board of Directors, and all of the 11 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.

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

Pursuant to Articles 24 and 31 of the Articles of Incorporation of the Company, the Company entered into agreements with Messrs. Toshio Morikawa, Yoshinari Hara, Kenji Miyahara and Hideaki Takahashi and Ms. Sawako Nohara, who are Outside Directors, and Messrs. Shinichi Yokoyama, Satoshi Itoh and Ryoji Nakagawa, 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 LLC

Note: As of July 1, 2010, KPMG AZSA & Co. has changed its name to KMPG AZSA LLC in connection with its transformation to a limited liability audit firm.

(2) The Amount of Compensation to the Accounting Auditors

Classification	Amount（In million of yen）
(i) The total fees paid to the Accounting Auditors by the Company as compensation for their duties under the Company Law	650
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,918

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

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

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

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

In addition to the work stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law, during this Business Period, the Company engaged the Accounting Auditors for, among others, advisory service for implementing the International Financial Reporting Standards.

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

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

6. System and Policy of the Company

(1) System to ensure the properness of operations

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

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

(i) In order to ensure the compliance with the laws, regulations 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 NEC Group 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, through cooperation with internal auditing section of subsidiaries, conduct audits of NEC Group's 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, through NEC Group Management Policy, 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. In order to improve soundness and efficiency of management systems in NEC Group, the Company shall dispatch directors and corporate auditors where necessary and decide on a division in charge of supervising each of the subsidiaries, and such division in charge shall exchange information, and consult with such subsidiary regarding matters of importance on business operations. The internal auditing division shall conduct audits of the subsidiaries through cooperation with their internal auditing sections to ensure their proper operations.

(vi) From the perspective of proper and efficient operations of NEC Group, the Company shall endeavor to conduct improvement and standardization of business processes, and further strengthen its internal control by utilizing information systems.

(vii) Internal control over financial reporting of the NEC Group shall be evaluated, maintained and improved in accordance with applicable laws and regulations.

(viii) 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.

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

(x) 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 will not pay any dividend for this Business Period in consideration of the profits earned in this Business Period, the uncertain future business environment and others.

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.

<u>**CONSOLIDATED BALANCE SHEET**</u>

(As of March 31, 2011)

(In millions of yen)

Account	Amount
Assets	
Current assets	**1,442,580**
Cash and deposits	184,662
Notes and accounts receivable-trade	726,355
Short-term investment securities	20,757
Merchandise and finished goods	95,567
Work in process	99,868
Raw materials and supplies	69,308
Deferred tax assets	97,431
Other	153,104
Allowance for doubtful accounts	(4,472)
Noncurrent assets	**1,186,351**
Property, plant and equipment	**341,175**
Buildings and structures, net	146,782
Machinery and equipment, net	43,933
Tools, furniture and fixtures, net	61,862
Land	75,550
Construction in progress	13,048
Intangible assets	**208,202**
Goodwill	88,941
Software	116,169
Other	3,092
Investments and other assets	**636,974**
Investment securities	137,692
Stocks of subsidiaries and affiliates	133,993
Deferred tax assets	174,707
Other	207,848
Allowance for doubtful accounts	(17,266)
Total assets	**2,628,931**

(In millions of yen)

Account	Amount
Liabilities	
<u>Current liabilities</u>	**1,180,528**
Notes and accounts payable-trade	464,529
Short-term loans payable	48,780
Commercial papers	163,978
Current portion of long-term loans payable	13,245
Current portion of convertible bonds	97,669
Accrued expenses	160,559
Advances received	58,437
Provision for product warranties	24,827
Provision for directors' bonuses	266
Provision for loss on construction contracts and others	9,763
Provision for business structure improvement	7,138
Provision for contingent loss	3,989
Other	127,348
<u>Noncurrent liabilities</u>	**572,962**
Bonds payable	200,000
Long-term loans payable	137,846
Deferred tax liabilities	1,125
Provision for retirement benefits	182,022
Provision for product warranties	2,062
Provision for loss on repurchase of computers	7,620
Provision for recycling expenses of personal computers	6,004
Provision for business structure improvement	1,326
Provision for contingent loss	8,810
Other	26,147
Total liabilities	**1,753,490**
Net Assets	
<u>Shareholders' equity</u>	**780,045**
Capital stock	**397,199**
Capital surplus	**192,837**
Retained earnings	**192,943**
Treasury stock	**(2,934)**
<u>Accumulated other comprehensive income</u>	**(22,991)**
Valuation difference on available-for-sale securities	**4,167**
Deferred gains or losses on hedges	**132**
Foreign currency translation adjustment	**(27,290)**
<u>Subscription rights to shares</u>	**33**
<u>Minority interests</u>	**118,354**
Total net assets	**875,441**
Total liabilities and net assets	**2,628,931**

CONSOLIDATED STATEMENT OF OPERATIONS

(For the fiscal year ended March 31, 2011)

(In millions of yen)

Account	Amount
Net Sales	3,115,424
Cost of sales	2,199,973
Gross profit	**915,451**
Selling, general and administrative expenses	857,631
Operating income	**57,820**
Non-operating income	**16,953**
Interest income	1,327
Dividends income	4,118
Other	11,508
Non-operating expenses	**74,732**
Interest expenses	6,614
Equity in losses of affiliates	38,533
Retirement benefit expenses	12,057
Foreign exchange losses	1,488
Other	16,040
Ordinary income	**41**
Extraordinary income	**28,270**
Gain on contribution of securities to retirement benefit trust	19,206
Gain on sales of investment securities	2,492
Gain on sales of subsidiaries and affiliates' stocks	2,299
Reversal of provision for loss on guarantees	1,557
Gain on sales of noncurrent assets	1,266
Reversal of provision for recycling expenses of personal computers	1,193
Gain on transfer of business	249
Gain on reversal of subscription rights to shares	8
Extraordinary loss	**43,998**
Business structure improvement expenses	15,477
Loss on change in equity	5,996
Loss on disaster	5,972
Impairment loss	5,873
Loss on valuation of investment securities	4,319
Cost of corrective measures for products	3,697
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,434
Loss on sales of stocks of subsidiaries and affiliates	1,002
Provision for loss on guarantees	201
Loss on sales of noncurrent assets	19
Loss on sales of investment securities	8
Loss before income taxes and minority interests	**(15,687)**
Income taxes	**(8,796)**
Income taxes – current	27,788
Income taxes – deferred	(36,584)

(In millions of yen)

Account	Amount
Loss before minority interests	**(6,891)**
Minority interests in income	5,627
Net loss	**(12,518)**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the fiscal year ended March 31, 2011)

(In millions of yen)

Account	Amount
Shareholders' equity	
Capital stock	
Balance at the end of the previous period	397,199
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of the period	397,199
Capital surplus	
Balance at the end of the previous period	192,843
Changes of items during the period	
Disposal of treasury stock	(6)
Total changes of items during the period	(6)
Balance at the end of the period	192,837
Retained earnings	
Balance at the end of the previous period	216,439
Changes of items during the period	
Dividends from surplus	(10,395)
Net loss	(12,518)
Change of scope of equity method	(583)
Total changes of items during the period	(23,496)
Balance at the end of the period	192,943
Treasury stock	
Balance at the end of the previous period	(2,929)
Changes of items during the period	
Purchase of treasury stock	(40)
Disposal of treasury stock	12
Change in equity in affiliates accounted for by equity method-treasury stock	23
Total changes of items during the period	(5)
Balance at the end of the period	(2,934)
Total shareholders' equity	
Balance at the end of the previous period	803,552
Changes of items during the period	
Dividends from surplus	(10,395)
Net loss	(12,518)
Purchase of treasury stock	(40)
Disposal of treasury stock	6
Change in equity in affiliates accounted for by equity method-treasury stock	23
Change of scope of equity method	(583)
Total changes of items during the period	(23,507)
Balance at the end of the period	780,045

(In millions of yen)

Account	Amount
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	
Balance at the end of the previous period	10,218
Changes of items during the period	
Net changes of items other than shareholders' equity	(6,051)
Total changes of items during the period	(6,051)
Balance at the end of the period	4,167
Deferred gains or losses on hedges	
Balance at the end of the previous period	61
Changes of items during the period	
Net changes of items other than shareholders' equity	71
Total changes of items during the period	71
Balance at the end of the period	132
Foreign currency translation adjustments	
Balance at the end of the previous period	(22,927)
Changes of items during the period	
Net changes of items other than shareholders' equity	(4,363)
Total changes of items during the period	(4,363)
Balance at the end of the period	(27,290)
Total accumulated other comprehensive income	
Balance at the end of the previous period	(12,648)
Changes of items during the period	
Net changes of items other than shareholders' equity	(10,343)
Total changes of items during the period	(10,343)
Balance at the end of the period	(22,991)
Subscription rights to shares	
Balance at the end of the previous period	93
Changes of items during the period	
Net changes of items other than shareholders' equity	(60)
Total changes of items during the period	(60)
Balance at the end of the period	33
Minority interests	
Balance at the end of the previous period	140,915
Changes of items during the period	
Net changes of items other than shareholders' equity	(22,561)
Total changes of items during the period	(22,561)
Balance at the end of the period	118,354

(In millions of yen)

Account	Amount
Total net assets	
Balance at the end of the previous period	931,912
Changes of items during the period	
Dividends from surplus	(10,395)
Net loss	(12,518)
Purchase of treasury stock	(40)
Disposal of treasury stock	6
Change in equity in affiliates accounted for by equity method-treasury stock	23
Change of scope of equity method	(583)
Net changes of items other than shareholders’ equity	(32,964)
Total changes of items during the period	(56,471)
Balance at the end of the period	875,441

<Reference Document>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(For the fiscal year ended March 31, 2011)

(In millions of yen)

Account	Amount
Net cash provided by (used in) operating activities:	
Loss before income taxes and minority interests	(15,687)
Depreciation and amortization	90,614
Equity in losses of affiliates	38,533
Loss on change in equity	5,996
Increase in notes and accounts receivable-trade	(478)
Decrease in inventories	3,349
Decrease in notes and accounts payable-trade	(10,380)
Income taxes paid	(27,399)
Others, net	(50,888)
Net cash provided by operating activities	33,660
Net cash provided by (used in) investing activities:	
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(53,812)
Purchase of intangible assets	(29,471)
Net proceeds from (payments of) purchases and sales of securities	(57,721)
Others, net	(5,240)
Net cash used in investing activities	(146,244)
Net cash provided by (used in) financing activities:	
Net proceeds from (payments of) bonds and borrowings	84,985
Cash dividends paid	(10,396)
Others, net	(1,514)
Net cash provided by financing activities	73,075
Effect of exchange rate changes on cash and cash equivalents	(4,073)
Net decrease in cash and cash equivalents	(43,582)
Cash and cash equivalents at beginning of period	330,548
Decrease in cash and cash equivalents resulting from change of scope of consolidation	(92,787)
Increase in cash and cash equivalents resulting from merger	9,700
Cash and cash equivalents at end of period	203,879

Notes to Consolidated Financial Statements

I Significant Items for Presenting Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries 283 companies

Major consolidated subsidiaries

NEC Corporation of America, NEC Europe Ltd., NEC Asia Pacific Pte. Ltd., NEC Brasil S.A., NEC (China) Co., Ltd., NEC Fielding, Ltd., NEC Infrontia Corporation, NEC Networks & System Integration Corporation, Nippon Avionics Co., Ltd., NEC Personal Products, Ltd., NEC CASIO Mobile Communications, Ltd., NEC Mobiling, Ltd., and NEC TOKIN Corporation

Change in the scope of consolidation includes additions of 8 and exclusions of 35 subsidiaries. Significant changes were as follows:

Consolidated subsidiaries included in the consolidation scope as a result of acquisitions and incorporation, etc.
8 subsidiaries
Major companies
NEC Energy Devices, Ltd., and others

Consolidated subsidiaries excluded from the consolidation scope as a result of sales and liquidation, etc.
10 subsidiaries
Major companies
SGI Japan, Ltd., NEC Total Integration Service Inc., and others

Consolidated subsidiaries excluded from the consolidation scope as a result of decline in shareholding ratio.
1 subsidiary
Major company
NEC Electronics Corporation *

Consolidated subsidiaries excluded from the consolidation scope as a result of excluding NEC Electronics Corporation from the consolidation scope.
18 subsidiaries
Major companies
NEC Semiconductors Kyushu Yamaguchi, Ltd., NEC Semiconductors Kansai, Ltd.,
NEC Semiconductors Yamagata, Ltd., NEC Micro Systems, Ltd., NEC Electronics (Europe) GmbH,
NEC Electronics Hong Kong Limited, NEC Electronics America, Inc.,
NEC Semiconductors (Malaysia) Sdn. Bhd., NEC Semiconductors Singapore Pte. Ltd.,
NEC Electronics Taiwan Ltd., NEC Electronics Singapore Pte. Ltd., Shougang NEC Electronics Co.,Ltd.,
NEC Electronics Shanghai, Ltd., NEC Electronics (China) Co., Ltd., and others

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

(Previous)	(New)
NEC Microwave Tube, Ltd. Toyo Radio Systems Co.,Ltd. TOTSU DENSHI CO.,LTD. NETCOMSEC Co. Ltd.	NETCOMSEC Co. Ltd.
TOKIN MACHINERY CORPORATION NEC TOKIN Corporation	NEC TOKIN Corporation
Closed Joint Stock Company NEC Infocommunications Closed Joint Stock Company NEC Neva Communications Systems	Closed Joint Stock Company NEC Neva Communications Systems

(Previous)	(New)
Niteo Partners, Inc. NEC Corporation of America	NEC Corporation of America

* NEC Electronics Corporation merged with Renesas Technology Corp., and changed its name to Renesas Electronics Corporation on April 1, 2010.

2. Items related to application of equity method

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

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

Number of affiliated companies accounted for by the equity method 55 companies

Major companies

Renesas Electronics Corporation, Keyware Solutions Inc., Nippon Computer Systems Corporation, SOUTH TOKYO CABLETELEVISION INC., ALAXALA Networks Corporation, NEC Capital Solutions Limited, Japan Aviation Electronics Industry, Limited, Honda Elesys Co., Ltd., NEC SCHOTT Components Corporation, Sincere Corporation, NEC TOPPAN Circuit Solutions, Inc., Adcore-Tech Co., Ltd., and Automotive Energy Supply Corporation

1 affiliated company, Renesas Electronics Corporation was newly accounted for by the equity method.

6 affiliated companies, including Anritsu Corporation, Kakoi Electro Corp. and Shanghai SVA NEC Liquid Crystal Display Co., Ltd. were excluded from the affiliated companies accounted for by the equity method.

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

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

Name of the company

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

Reason for not being included in affiliated companies

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

3. Items related to the fiscal year of consolidated subsidiaries

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

NEC Brasil S.A., and 21 other companies

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

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

4. Items related to accounting standards

(1) Valuation basis and method of major assets

(a) Marketable and investment securities

Available-for-sale securities

-Securities with market prices

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

-Securities without market prices

Moving-average cost method

-Investments in limited partnership, etc.

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

(b) Derivatives

Market value method

(c) Inventories

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

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

(2) Depreciation and amortization method of major noncurrent assets

(a) Property, plant and equipment

Depreciation is computed principally by the declining-balance method

Estimated useful lives are as follows:

Buildings and structures: 7 - 60 years

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

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

(b) Intangible assets

Software

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

Goodwill

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

(c) Investments and other assets

Long-term prepaid expenses

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

(3) Accounting standards for significant reserves

Allowance for doubtful accounts

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

Provision for product warranties

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

Provision for directors' bonuses

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

Provision for loss on construction contracts and others

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

Provision for business structure improvement

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

Provision for contingent loss

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

Provision for retirement benefits or prepaid pension expenses

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

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

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

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

Provision for loss on repurchase of computers

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

Provision for recycling expenses of personal computers

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

The Company annually reviews the various rates used in the calculation of the provision based on reports issued by JEITA (Japan Electronics and Information Technology Industries Association) and the actual collection and recycling records of consolidated subsidiaries.

The Company records prior year adjustments as extraordinary income, if necessary.

(4) Significant criteria for revenue and expenses recognition

Recognition criteria for completed contract revenue and costs

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

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

The estimation for the degree of completion of construction is determined by the percentage of the cost incurred to the estimated total cost.

(5) Other significant accounting method

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

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

(b) Accounting for significant hedging activities

Method of hedge accounting

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

Hedging instruments and hedged items

Hedging instruments: Interest rate swaps and foreign exchange forward contracts

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

The Company’s policy for hedging

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

Assessment of hedge effectiveness

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

(c) Accounting for Deferred assets

Bond issuance cost is expensed when payment is made.

(d) Accounting for Consumption taxes

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

(e) Application of consolidated corporate-tax return system

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

II Changes in significant items for presenting consolidated financial statements

1. Changes in accounting policy

(a) Application of “Accounting Standard for Asset Retirement Obligations”

From this fiscal year, NEC Corporation and its consolidated subsidiaries (“the Group”) applies the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 18 of March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 of March 31, 2008).

Although the impact of this change on operating income (loss) and ordinary income (loss) is immaterial, 1,434 million yen is recorded loss on adjustment for changes of accounting standard for asset retirement obligations as extraordinary loss.

(b) Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From this fiscal year, the Group applies the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24 of March 10, 2008).

This change has no impact on income (loss).

(c) Application of “Accounting Standard for Business Combinations” and others

From this fiscal year, the Group applies the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 of December 26, 2008), the “Partial amendments to Accounting Standard for Research and Development Costs” (ASBJ Statement No.23 of December 26, 2008), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 of December 26, 2008), the “Revised Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 of December 26, 2008), and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10 of December 26, 2008).

Regarding the valuation of assets and liabilities of the Company’s consolidated subsidiaries, the Company changed the valuation method of minority interests from Partial-fair value method to Full fair value method with this adoption.

These changes have no impact on income (loss).

2. Changes in presentation method

(a) Loss before minority interests

From this fiscal year, the Group applies the “Cabinet office Ordinance Partially Revising Regulations on Terminology, Form and Preparation of Financial Statements” (Cabinet Office Ordinance No.5, March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements”(ASBJ Statement No.22, December 26, 2008). As a result, “Loss before minority interest” is presented for the fiscal year ended March 31, 2011 on the consolidated financial statements.

(b) Reversal of provision for contingent loss

“Reversal of provision for contingent loss” had been separately presented for the fiscal year ended March 31, 2010, but it is included in “Other” in non-operating income for the fiscal year ended March 31, 2011 because the amount is less than 10 percent of total of non-operating income. The amount of “Reversal of provision for contingent loss” in “Other” of non-operating income for the fiscal year ended March 31, 2011 was 1,668 million yen.

(c) Provision for contingent loss

“Provision for contingent loss” had been separately presented for the fiscal year ended March 31, 2010, but it is included in “Other” in non-operating expenses for the fiscal year ended March 31, 2011 because the amount is less than 10 percent of 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, 2011 was 1,367 million yen.

(d) Loss on abandonment of noncurrent assets

"Loss on abandonment of noncurrent assets" had been separately presented for the fiscal year ended March 31, 2010, but it is included in "Other" in non-operating expenses for the fiscal year ended March 31, 2011 because the amount is less than 10 percent of total of non-operating expenses. The amount of "Loss on abandonment of noncurrent assets" in "Other" of non-operating expenses for the fiscal year ended March 31, 2011 was 4,071 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	1,172
Machinery and equipment, net	32
Land	4,796
Others	10
Total	6,010

(2) Amounts of debts secured by collateral

	(In millions of yen)
Short-term loans payable	2,051
Long-term loans payable	350
Others	83
Total	2,484

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

Inventories related to construction contracts and others which is expected to be resulted in a loss are presented at net of provision for loss on construction contracts and others of 7,048 million yen (the sum of following provision for loss on construction contracts and others; 2,448 million yen for merchandise and finished goods, 4,558 million yen for work in process, and 42 million yen for raw materials and supplies).

3. Accumulated depreciation of property, plant and equipment

	(In millions of yen)
Accumulated depreciation	838,310

4. Guarantee obligations

Guarantees for bank loans and others

The Company guarantees bank loans of the other companies and others

	(In millions of yen)
Renesas Electronics Corporation	10,210
Automotive Energy Supply Corporation	7,047
Employees	5,074
Others	929
Total	23,260

5. Discounted portion of Notes receivable-trade 1,341 million yen

IV Notes to Consolidated Statement of Changes in Net Assets

1. Stocks, issued

Common stock	2,604,732,635 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 12, 2010	Common stock	10,398	4	March 31, 2010	June 1, 2010

3. Class and number of shares to be issued or acquired upon exercise of the Stock subscription rights (the "Rights") as of March 31, 2011 (Except for the Rights whose exercise period is not coming).

Resolution in June 22, 2005

Number of the Rights	126
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock 126,000
Exercise price per share	601 yen
Exercise period	From July 1, 2007 to June 30, 2011

Resolution in June 22, 2006

Number of the Rights	174
Class and number of shares to be issued or acquired upon exercise of the Rights	Common Stock 174,000
Exercise price per share	600 yen
Exercise period	From August 1, 2008 to July 31, 2012

V　Notes : Financial Instruments

1. Summary of financial instruments

(1) Policy of financial instruments

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

(2) Contents and risks of financial instruments

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

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

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

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

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

The hedging instruments, hedged items, policies and assessment of effectiveness concerning the hedge accounting are described at I 4.(5)[Other significant accounting issues] (b).[Accounting for significant hedging activities].

(3) Risk management for financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

2. Fair value of financial instruments

Fair value and its variance from the balance sheet value at March 31, 2011 are as follows.

(In millions of yen)

	Balance sheet value	Fair value	Difference
(1)Cash and deposits	184,662	184,662	-
(2)Notes and accounts receivable-trade	726,355	725,974	(381)
(3)Short-term investment securities	20,757	20,757	-
(4)Investment securities	79,220	79,220	-
(5)Stocks of subsidiaries and affiliates	89,286	74,958	(14,328)
Total assets	1,100,280	1,085,571	(14,709)
(1)Notes and accounts payable-trade	464,529	464,529	-
(2)Short-term loans payable	48,780	48,780	-
(3)Commercial papers	163,978	163,978	-
(4)Current portion of long-term loans payable	13,245	13,245	-
(5)Current portion of convertible bonds	97,669	97,669	-
(6)Accrued expenses	160,559	160,559	-
(7)Bonds payable	200,000	200,914	914
(8)Long-term loans payable	137,846	138,526	680
Total liabilities	1,286,606	1,288,200	1,594
Derivatives(*1)	228	228	-

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

Notes:

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

<u>Assets</u>

(1) Cash and deposits

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

(2) Notes and accounts receivable-trade

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

(3) Short-term investment securities

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

(4) Investment securities and (5) Stocks of subsidiaries and affiliates

Fair value equals to price at financial instrument exchange.

<u>Liabilities</u>

(1) Notes and accounts payable-trade,(2) Short-term loans payable,(3) Commercial papers,(4) Current portion of long-term loans payable,(5) Current portion of convertible bonds and (6) Accrued expenses

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

(7) Bonds payable
Fair value equals to market price.

(8) Long-term loans payable
Fair value is measured by using discount rate to be applied in case of financing same amount with sum of principal and interest.

<u>Derivatives</u>
Fair value of forward exchange contracts are based on forward exchange rate.

2. The followings are not included in “(4) Investment securities” or “(5) Stocks of subsidiaries and affiliates” table above – due to lack of their available market price and not being able to estimate the future cash flows reasonably :

	Balance sheet value (In millions of yen)
Investment securities Unlisted stocks	53,565
Stocks of subsidiaries and affiliates Unlisted stocks	44,707
Investment in limited partnerships and similar partnerships under foreign laws	4,577
Others	330
Total	103,179

Ⅵ Notes : Per Share Information

Net assets per share	291.35 yen
Net loss per share	(4.82) yen

Ⅶ Others

1. Lease transactions

Operating leases(lessee)

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

Due within one year	18,310
Due over one year	43,291
Total	61,601

2. Marketable and Investment Securities

(1) Available-for-sale securities

(In millions of yen)

	Description	Balance sheet value	Acquisition cost	Unrealized gains (losses)
Securities with balance sheet value exceeding acquisition cost	(1) Stocks	49,253	29,160	20,093
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	-	-	-
	(3) Others	55	19	36
	Sub-total	49,308	29,179	20,129
Securities with balance sheet value not exceeding acquisition cost	(1) Stocks	27,047	35,462	(8,415)
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	812	1,000	(188)
	(3) Others	22,810	23,832	(1,022)
	Sub-total	50,669	60,294	(9,625)
Total		99,977	89,473	10,504

Notes:

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

Unlisted stocks (balance sheet value of 53,565 million yen),

Investments in limited partnerships and similar partnerships under foreign laws (balance sheet value of 4,577 million yen), and Others (balance sheet value of 330 million yen).

(2) Available-for-sale securities sold during the fiscal year ended March 31, 2011

(In millions of yen)

Description	Proceeds from sales	Gross realized gains	Gross realized losses
(1) Stocks	3,753	2,492	8
(2) Bonds			
(a)Governmental and municipal bonds	-	-	-
(b) Corporate bonds	-	-	-
(3) Others	75	-	-
Total	3,828	2,492	8

(3) Impairment of available-for-sale securities

With regard to stocks included in available-for-sale securities, impairment losses of 4,319 million yen were recorded in this fiscal year.

(4) Change in the classification of securities

We changed classification of the stocks of Anritsu Corporation etc., heretofore considered as stock of affiliated companies, to available-for-sale securities from the fiscal year ended March 31, 2011.

As a result, Investment securities increased by 5,301 million yen, and Valuation difference on available-for-sale securities increased by 1,470 million yen.

3. Retirement benefits

(1) Overview of the retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, which include the defined benefit pension plans, the tax-qualified pension plans and the lump-sum severance payment plans. Additional retirement benefits are paid in certain circumstances. Most of overseas consolidated subsidiaries have various types of pension benefit plans which cover substantially all employees. Those plans are mainly defined contribution plans and defined benefit plans.

The NEC Welfare Pension Fund, established by the Company and certain domestic consolidated subsidiaries, received approval from the Minister of Health, Labor and Welfare with respect to its application for exemption from the benefit obligation related to future employee services under the substitutional portion of the pension fund in September 2002 and the portion related to past services in December 2003. Following the approval, the Company and certain domestic consolidated subsidiaries implemented the defined benefit pension plan and terminated the welfare pension fund plans.

After the fiscal year ended March 31, 2004, the Company and certain domestic consolidated subsidiaries implemented point-based plans, under which benefits are calculated based on accumulated points allocated to employees according to their class of positions and evaluations.

The Company and certain domestic consolidated subsidiaries terminated their welfare pension fund plans and tax-qualified pension plans and implemented cash-balance plans. Under these plans, benefits are calculated based on both accumulated points allocated to employees according to their class of positions and accumulated interest points recalculated based on the market interest rates.

(2) Retirement benefit obligations

(In millions of yen)

A. Retirement benefit obligations	(939,852)
B. Plan assets	671,609
C. Unfunded retirement benefit obligations (A+B)	(268,243)
D. Unrecognized transitional obligation	46,826
E. Unrecognized actuarial gains and losses	228,333
F. Unrecognized prior service costs (reduction in obligations)	(75,481)
G. Net amounts recognized in the consolidated balance sheet (C+D+E+F)	(68,565)
H. Prepaid pension expenses	113,457
I. Provision for retirement benefits (G-H)	(182,022)

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

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

(3) Retirement benefit expenses

(In millions of yen)

A. Service cost	31,158
B. Interest cost	23,318
C. Expected return on plan assets	(12,187)
D. Amortization of transitional obligation	12,057
E. Amortization of actuarial gains and losses	21,351
F. Amortization of prior service costs	(9,187)
G. Other (Note 2)	6,068
H. Retirement benefit expenses (A+B+C+D+E+F+G)	72,578

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

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

(4) Basis for calculation of retirement benefit obligations

A. Allocation method for projected retirement benefit cost	Mainly, point basis
B. Discount rate	Mainly, 2.5%
C. Expected rate of return on plan assets	Mainly, 2.5%
D. Period for amortization of prior service costs	Mainly, 13 years (Prior service costs are amortized on a straight-line basis over certain years within employees' average remaining service periods as incurred.)
E. Period for amortization of actuarial gains and losses	Mainly, 13 years (Actuarial gains and losses are amortized on a straight-line basis over certain years within employees' average remaining service periods, starting from the following year after incurred.)
F. Period for amortization of transitional obligation	Mainly, 15 years

4. Impairment losses on noncurrent assets

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

Use	Type	Location
Assets for business use	Buildings and structures, Machinery and equipment, Tools and fixtures etc., Construction in progress	China
Assets for business use	Tools and fixtures etc., Construction in progress, and others	Kawasaki City, Kanagawa Prefecture, and others
Idle assets	Land, Construction in progress, Software, and others	Minato-ku, Tokyo, Utsunomiya City Tochigi Prefecture, and others
Idle assets	Machinery and equipment, Tools and fixtures etc., Construction in progress	Shimoniikawa County, Toyama Prefecture, Shiroishi City, Miyagi Prefecture, and others

(2) Background to the recognition of impairment loss

Investments in certain fixed assets for business use were not expected to be recoverable due to lower profitability of assets for business use and market value declines of idle assets.

Therefore the Company groups recognized impairment loss as extraordinary loss.

(3) Amounts of impairment loss

	(In millions of yen)
Buildings and structures	863
Machinery and equipment	1,827
Tools, furniture and fixtures	208
Land	342
Construction in progress	1,192
Software	1,130
Intangible assets - others	4
Others	307
Total	5,873

(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.

5. Business Combinations

On April 1, 2010, the Company's consolidated subsidiary, NEC Electronics Corporation merged with Renesas Technology Corp., and changed its name to Renesas Electronics Corporation (Renesas EL). As a result of this merger, Renesas EL has become an affiliate applying for the equity method of accounting. Outline of the merger is as follows.

Outline of the business combination
Company profiles
Surviving company: NEC Electronics Corporation
Major operation: R&D, manufacture, sale and servicing of semiconductor devices mainly on system LSIs

Merged company: Renesas Technology Corp.
Major operation: Development, design, manufacture, sale and servicing of SoC products such as MCUs, logic devices and analog devices; discrete semiconductor products; and memory products such as SRAM

Reason for the business combination
In order to strengthen their business foundations and technological assets, while increasing corporate value through enhanced customer satisfaction

Date of the business combination
April 1, 2010

Legal form of the business combination
Merger by absorption with NEC Electronics Corporation as surviving company
(Name of the new company: Renesas Electronics Corporation)

Outline of accounting method
The company applies the purchase method to the business combination with NEC Electronics Corporation as acquiring company and the accounting procedures stipulated by Articles 48, of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of December 26, 2008).

6. Income taxes

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

(Deferred tax assets)	(In millions of yen)
Tax loss carry forwards	237,252
Pension and severance expenses	122,290
Accrued expenses and product warranty liabilities	49,265
Depreciation	38,951
Loss on devaluation of inventories	32,674
Elimination of unrealized profit through intercompany transactions among consolidated companies	11,743
Investments in affiliated companies	11,519
Loss on devaluation of investment securities	8,136
Provision for contingent loss	4,770
Provision for loss on construction contracts and others	3,932
Provision for business structure improvement	3,230
Provision for loss on repurchase of computers	2,789
Research and development expenses	2,532
Others	60,604
Sub-total	589,687
Less: valuation allowance	(282,045)
Total	307,642
(Deferred tax liabilities)	
Gain on transfer of securities to the pension trust	(22,037)
Undistributed earnings of affiliated companies	(3,970)
Unrealized gains on available-for-sale securities	(944)
Reserves under special taxation measures law	(59)
Others	(9,649)
Total	(36,659)
Net deferred tax assets	270,983

Note: Net deferred tax assets are included in the consolidated balance sheet as follows:

Current assets --- deferred tax assets	97,431
Noncurrent assets--- deferred tax assets	174,707
Current liabilities --- others	(30)
Noncurrent liabilities --- deferred tax liabilities	(1,125)

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

	(%)
Statutory tax rate	(40.5)
(Reconciliation)	
Equity in earnings(losses) of affiliated companies	98.6
Changes in valuation allowance	58.3
Amortization of goodwill	33.5
Tax rates difference relating to overseas subsidiaries	5.2
Non-deductible expenses for tax purposes	5.0
Undistributed earnings of affiliated companies	(17.4)
Retirement benefit trust	(105.9)
Gain(loss) on change in equity	(118.7)
Others	25.8
Effective tax rate	(56.1)

BALANCE SHEET

(Non-consolidated)

(As of March 31, 2011)

(In millions of yen)

Account	Amount
Assets	
Current assets	**883,309**
Cash and deposits	85,739
Notes receivable-trade	2,239
Accounts receivable-trade	448,412
Lease investment assets	3,933
Short-term investment securities	6,000
Merchandise and finished goods	32,942
Work in process	51,300
Raw materials and supplies	16,013
Advance payments-trade	24,343
Prepaid expenses	9,541
Deferred tax assets	27,700
Short-term loans receivable to subsidiaries and affiliates	79,207
Accounts receivable-other	95,046
Other	1,774
Allowance for doubtful accounts	(880)
Noncurrent assets	**1,121,661**
Property, plant and equipment	**179,536**
Buildings, net	80,442
Structures, net	3,874
Machinery and equipment, net	10,565
Vehicles, net	212
Tools, furniture and fixtures, net	32,353
Land	46,533
Construction in progress	5,556
Intangible assets	**84,496**
Patent right	719
Leasehold right	117
Software	83,464
Right of using facilities	167
Other	28
Investments and other assets	**857,629**
Investment securities	127,354
Stocks of subsidiaries and affiliates	439,799
Investments in capital	303
Long-term loans receivable	130
Long-term loans receivable from employees	50
Long-term loans receivable from subsidiaries and affiliates	34,668
Claims provable in bankruptcy, claims provable in rehabilitation and other	13,316
Long-term prepaid expenses	9,960
Deferred tax assets	71,559
Lease and guarantee deposits	13,768
Prepaid pension cost	156,363
Other	3,790
Allowance for doubtful accounts	(13,432)
Total assets	**2,004,970**

(In millions of yen)

Account	Amount
Liabilities	
Current liabilities	**1,051,727**
Notes payable-trade	69
Accounts payable-trade	417,318
Short-term loans payable	10,000
Commercial papers	163,978
Current portion of long-term loans payable	2,749
Current portion of convertible bonds	97,669
Lease obligations	313
Accounts payable-other	27,591
Accrued expenses	55,243
Income taxes payable	1,102
Advances received	43,265
Deposits received	184,233
Provision for product warranties	8,273
Provision for loss on construction contracts and others	7,625
Provision for loss on guarantees	18,086
Provision for business structure improvement	282
Provision for contingent loss	2,962
Other	10,968
Noncurrent liabilities	**364,215**
Bonds payable	200,000
Long-term loans payable	127,248
Lease obligations	845
Provision for loss on repurchase of computers	7,620
Provision for loss on guarantees	21,657
Provision for contingent loss	1,844
Asset retirement obligations	238
Other	4,763
Total liabilities	**1,415,942**
Net Assets	
Shareholders' equity	**584,996**
Capital stock	**397,199**
Capital surplus	**150,457**
Legal capital surplus	59,260
Other capital surplus	91,197
Retained earnings	**40,233**
Legal retained earnings	1,040
Other retained earnings	39,193
Retained earnings brought forward	39,193
Treasury stock	**(2,893)**
Valuation and translation adjustments	**3,999**
Valuation difference on available-for-sale securities	**3,999**
Subscription rights to shares	**33**
Total net assets	**589,028**
Total liabilities and net assets	**2,004,970**

STATEMENT OF OPERATIONS

(Non-consolidated)
(For the fiscal year ended March 31, 2011)

(In millions of yen)

Account	Amount
Net Sales	1,701,596
Cost of sales	1,298,515
Gross profit	**403,081**
Selling, general and administrative expenses	425,666
Operating loss	**(22,585)**
Non-operating income	**44,636**
Interest income	575
Dividends income	39,499
Foreign exchange income	609
Other	3,952
Non-operating expenses	**29,825**
Interest expenses	5,529
Retirement benefit expenses	13,566
Other	10,731
Ordinary loss	**(7,774)**
Extraordinary income	**29,887**
Gain on contribution of securities to retirement benefit trust	17,984
Reversal of provision for loss on guarantees	7,909
Gain on sales of subsidiaries and affiliates' stocks	2,252
Gain on sales of investment securities	1,690
Gain on sales of noncurrent assets	44
Gain on reversal of subscription rights to shares	8
Extraordinary loss	**23,869**
Provision for loss on guarantees	9,939
Loss on valuation of investment securities	4,213
Business structure improvement expenses	3,648
Impairment loss	2,162
Loss on disaster	1,673
Loss on valuation of stocks of subsidiaries and affiliates	1,398
Loss on sales of stocks of subsidiaries and affiliates	564
Loss on adjustment for changes of accounting standard for asset retirement obligations	213
Loss on sales of noncurrent assets	51
Loss on sales of investment securities	8
Loss before income taxes	**(1,756)**
Income taxes	**(13,181)**
Income taxes - current	(10,681)
Income taxes - deferred	(2,500)
Net income	**11,425**

<u>**STATEMENT OF CHANGES IN NET ASSETS**</u>

<u>(Non-consolidated)</u>

<u>(For the fiscal year ended March 31, 2011)</u>

(In millions of yen)

Account	Amount
Shareholders' equity	
Capital stock	
Balance at the end of the previous period	397,199
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of the period	397,199
Capital surplus	
Legal capital surplus	
Balance at the end of the previous period	59,260
Changes of items during the period	
Total changes of items during the period	-
Balance at the end of the period	59,260
Other capital surplus	
Balance at the end of the previous period	91,203
Changes of items during the period	
Disposal of treasury stock	(6)
Total changes of items during the period	(6)
Balance at the end of the period	91,197
Total capital surplus	
Balance at the end of the previous period	150,463
Changes of items during the period	
Disposal of treasury stock	(6)
Total changes of items during the period	(6)
Balance at the end of the period	150,457

(In millions of yen)

Account	Amount
Retained earnings	
Legal retained earnings	
Balance at the end of the previous period	-
Changes of items during the period	
Provision of legal retained earnings	1,040
Total changes of items during the period	1,040
Balance at the end of the period	1,040
Other retained earnings	
Retained earnings brought forward	
Balance at the end of the previous period	39,205
Changes of items during the period	
Dividends from surplus	(10,398)
Provision of legal retained earnings	(1,040)
Net income	11,425
Total changes of items during the period	(12)
Balance at the end of the period	39,193
Total retained earnings	
Balance at the end of the previous period	39,205
Changes of items during the period	
Dividends from surplus	(10,398)
Provision of legal retained earnings	-
Net income	11,425
Total changes of items during the period	1,028
Balance at the end of the period	40,233
Treasury stock	
Balance at the end of the previous period	(2,865)
Changes of items during the period	
Purchase of treasury stock	(40)
Disposal of treasury stock	12
Total changes of items during the period	(28)
Balance at the end of the period	(2,893)
Total shareholders' equity	
Balance at the end of the previous period	584,002
Changes of items during the period	
Dividends from surplus	(10,398)
Provision of legal retained earnings	-
Net income	11,425
Purchase of treasury stock	(40)
Disposal of treasury stock	6
Total changes of items during the period	994
Balance at the end of the period	584,996

(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	9,537
Changes of items during the period	
Net changes of items other than shareholders' equity	(5,537)
Total changes of items during the period	(5,537)
Balance at the end of the period	3,999
Total valuation and translation adjustments	
Balance at the end of the previous period	9,537
Changes of items during the period	
Net changes of items other than shareholders' equity	(5,537)
Total changes of items during the period	(5,537)
Balance at the end of the period	3,999
Subscription rights to shares	
Balance at the end of the previous period	41
Changes 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	33
Total net assets	
Balance at the end of the previous period	593,580
Changes of items during the period	
Dividends from surplus	(10,398)
Provision of legal retained earnings	-
Net income	11,425
Purchase of treasury stock	(40)
Disposal of treasury stock	6
Net changes of items other than shareholders' equity	(5,546)
Total changes of items during the period	(4,552)
Balance at the end of the period	589,028

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

Independent Auditors' Report

Date: May 5, 2011

The Board of Directors
NEC Corporation

KPMG AZSA LLC

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Hideki Amano (Seal)
Designated Limited Liability Partner
Certified Public Accountant

Yasushi Hamada (Seal)
Designated Limited Liability Partner
Certified Public Accountant

Masafumi Tanabu (Seal)
Designated Limited Liability 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 notes of NEC Corporation (the "Company") as of March 31, 2011 and for the year from April 1, 2010 to March 31, 2011 in accordance with Article 444(4) of the Corporate 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 5, 2011

The Board of Directors
NEC Corporation

KPMG AZSA LLC

.

Hideki Amano (Seal)
Designated Limited Liability Partner
Certified Public Accountant

Yasushi Hamada (Seal)
Designated Limited Liability Partner
Certified Public Accountant

Masafumi Tanabu (Seal)
Designated Limited Liability 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, 2011 and for the 173rd business year from April 1, 2010 to March 31, 2011 in accordance with Article 436(2)(i) of the Corporate 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 173rd business period from April 1, 2010 to March 31, 2011, 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 provide explanations when necessary, examined important authorization documents and associated information, and investigated the operations and financial conditions at the headquarters and other principal offices. Furthermore, we have monitored and verified the contents of resolutions of the Board of Directors regarding the enhancement of system required to be implemented to ensure the proper operations of corporation under Paragraphs 1 and 3, Article 100 of the Regulation for Enforcement of the Company Law (internal control system) including a system to ensure that the performance of duties by Directors is in compliance with the laws, regulations and the Articles of Incorporation, and the status of the internal control system established and operated according to the said resolutions. With regard to "Policy on the Control over the Company" stated in the business report, we have examined the contents of the said policy considering, among others, the status of deliberation in the Board of Directors. As for the subsidiaries, we have ensured to communicate with the Directors and Corporate Auditors and other personnel of the subsidiaries and to exchange information therewith, and, when necessary, received reports from the subsidiaries with regard to their business. Based on the aforementioned methods, we have examined the business report and supplementary schedules for this business period.

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

2. Results of audit

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

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

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

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

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

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

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

May 6, 2011

Board of Corporate Auditors
NEC Corporation

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