

CORPORATE GOVERNANCE

(As of June 22, 2012)

In recognition of the fact that reliable corporate governance is essential to the maximization of corporate value, NEC is committed to strengthening its corporate governance practices through (1) assurance of transparent and sound management, (2) realization of prompt decision making and business execution, (3) clarification of accountability and (4) timely, appropriate and fair disclosure of information.

CORPORATE GOVERNANCE STRUCTURE

NEC has adopted the corporate auditor system of corporate governance, as illustrated in the chart below.

NEC has introduced a corporate officer system to separate management supervision from business execution and implement business operations based on prompt decision-making. This has involved transferring substantial authority for business execution from the Board of Directors to corporate officers. The total number of directors was reduced from 15 to 13 at the Ordinary General Meeting of Shareholders held on June 22, 2011. The total number of directors was further reduced to 11 at the Ordinary General Meeting of Shareholders held on June 22, 2012. NEC has also been strengthening the supervisory functions of the Board of Directors by ensuring that 5 of the 11 directors are outside directors. Furthermore, NEC has been working to improve transparency of personnel matters of directors and corporate auditors and remuneration of directors and corporate officers by making decisions on such matters based on the results of discussions by the Nomination and Compensation Committee. NEC has also put in place personnel and systems to reinforce the functions of the corporate auditor's audit, while encouraging closer

cooperation among NEC's corporate auditors, internal auditing division and accounting auditors.

NEC has formulated a Company-wide strategy for realizing the NEC's Group Vision 2017. To this end, NEC appointed inside directors as chief officers in July 2011 to lead business unit operations and promote business development.

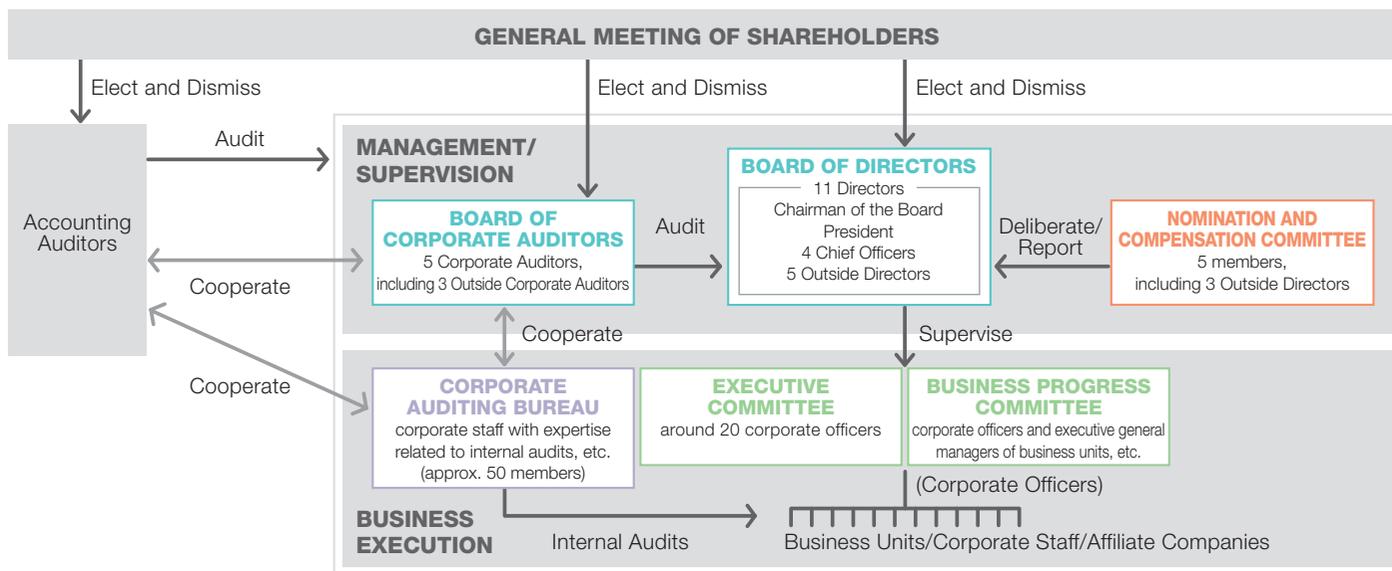
NEC believes that its corporate governance is functioning adequately under the current system described above. Nonetheless, NEC will make continuous improvements to this system in line with changes in the business environment in order to establish an optimal corporate governance system.

<http://www.nec.co.jp/profile/en/governance.html>

INDEPENDENCE OF OUTSIDE DIRECTORS AND OUTSIDE CORPORATE AUDITORS

NEC appoints as outside directors personnel who are independent from the Company's management and who have experience of corporate management and deep insight for the purpose of (i) strengthening the supervisory functions over business execution; (ii) obtaining a broad range of advice on corporate management; and (iii) enhancing accountability for management.

CORPORATE GOVERNANCE STRUCTURE



Aiming to ensure that these roles and functions expected of outside directors are properly fulfilled, NEC has been working to enhance deliberations by the Board of Directors through such means as briefing outside directors in advance on particularly important proposals to be put forward to the meetings of the Board of Directors. NEC also provides support to outside directors in order to facilitate their understanding of the NEC Group, such as by organizing tours of business sites and exhibitions of NEC and its subsidiaries.

Furthermore, since June 2004 the term of directors has been set at one year in order to clarify their responsibility for management every fiscal year.

NEC appoints as outside corporate auditors personnel who are independent from the Company's management and who have the experience and knowledge necessary to conduct audits, in order to ensure that audits are conducted from a neutral and objective perspective.

Major Activities of Outside Directors and Outside Corporate Auditors for Fiscal 2012

Name	Major Activities
Yoshinari Hara	He attended 13 meetings of the Board of Directors out of 14 meetings held during fiscal 2012 and made remarks, including questions and opinions as appropriate, mainly based on his extensive experience and deep insight as a corporate manager.
Sawako Nohara	She attended all of the 14 meetings of the Board of Directors held during fiscal 2012 and made remarks, including questions and opinions as appropriate, mainly from the perspective of end users centered on consumers and citizens.
Kenji Miyahara	He attended 13 meetings of the Board of Directors out of 14 meetings held during fiscal 2012 and made remarks, including questions and opinions as appropriate, mainly based on his extensive experience and deep insight as a corporate manager.
Hideaki Takahashi	He attended 13 meetings of the Board of Directors out of 14 meetings held during fiscal 2012 and made remarks, including questions and opinions as appropriate, mainly based on his extensive experience and deep insight as a corporate manager.
Takeshi Kunibe	After the assumption of office as Director of the Company, he attended 8 meetings of the Board of Directors out of 10 meetings held during fiscal 2012 and made remarks, including questions and opinions as appropriate, mainly based on his extensive experience and deep insight as a bank manager.
Satoshi Itoh	He attended all of the 14 meetings of the Board of Directors, and all of the 14 meetings of the Board of Corporate Auditors, both held during fiscal 2012 and made remarks, including questions and opinions as appropriate, mainly based on his extensive experience and deep insight as a financial and accounting expert.
Ryoji Nakagawa	He attended all of the 14 meetings of the Board of Directors, and all of the 14 meetings of the Board of Corporate Auditors, both held during fiscal 2012, and made remarks, including questions and opinions as appropriate mainly based on his extensive experience and deep insight as a legal expert.
Hideo Yamada	After the assumption of office as Corporate Auditor of the Company, he attended all of the 10 meetings of the Board of Directors, and all of the 11 meetings of the Board of Corporate Auditors, both held during fiscal 2012 and made remarks, including questions and opinions as appropriate mainly based on his deep insight regarding management strategy and expertise in finance and accounting.

REMUNERATION FOR DIRECTORS AND CORPORATE AUDITORS

For the purpose of continuously improving corporate value and strengthening its competitiveness, NEC's basic policy on the remuneration for directors and corporate auditors is to establish a remuneration level and structure appropriate for a global company. This policy is designed to enable NEC to secure excellent human resources while providing additional incentive for directors and corporate auditors to improve the performance of the NEC Group.

Remuneration for directors consists of fixed monthly remuneration and bonuses linked to business results. The fixed monthly remuneration is determined according to their positions and whether they are an outside director or not, to the extent of the maximum amount approved at the General Meeting of Shareholders. The bonuses are calculated by adding an amount determined based on an evaluation of the contribution of their performance to the business results of NEC during the previous fiscal year to a standard amount prescribed based on their position. Given that outside directors are expected to play a leading role in supervision over business execution, no bonuses are paid to outside directors from the viewpoint of ensuring their independence.

Remuneration for corporate auditors is only fixed monthly remuneration and does not include bonuses linked to business results because the responsibility of corporate auditors is to audit the performance of directors. The fixed monthly remuneration is determined according to whether they are a full-time corporate auditor or not, to the extent of the maximum amount approved at the General Meeting of Shareholders.

Regarding the process of determination, remuneration for directors is determined by resolution of the Board of Directors based on the results of deliberations of this remuneration from an objective perspective by the Nomination and Compensation Committee, of which the majority of members are outside members (one of whom is the chairperson). Remuneration for corporate auditors is determined through discussions within the Board of Corporate Auditors.

Bonuses to directors are calculated based on key indicators (net sales, operating income, etc.) of the NEC Group's consolidated business performance for the previous fiscal year.

In order to ensure the objectiveness and properness of remuneration for directors and corporate auditors, the level of the remuneration is determined based on the result of a third party's investigation regarding the remuneration of other companies whose business content and scale are similar to those of the Company.

NEC abolished the retirement allowance system for directors and corporate auditors at the close of the 168th Ordinary General Meeting of Shareholders held on June 22, 2006. In order to promote management focused on creating shareholder value, NEC recommends that inside directors

purchase NEC's shares through the Director and Corporate Auditor Shareholding Association and retain ownership of the shares throughout their terms of office.

AMOUNTS OF REMUNERATION FOR FISCAL 2012

	Fixed remuneration	
	Headcount	Total remuneration
Directors (of which, Outside Directors)	18 (6)	¥383 million (¥59 million)
Corporate Auditors (of which, Outside Corporate Auditors)	7 (4)	¥93 million (¥35 million)

Notes: 1. The above headcount includes 5 directors and 2 corporate auditors who retired at the close of the 173rd Ordinary General Meeting of Shareholders held on June 22, 2011.

2. The maximum monthly remuneration for directors is ¥65,000,000 (approved at the 153rd Ordinary General Meeting of Shareholders held on June 27, 1991).

3. The maximum monthly remuneration for corporate auditors is ¥12,000,000 (approved at the 170th Ordinary General Meeting of Shareholders held on June 23, 2008).

INTERNAL CONTROL SYSTEMS

NEC has established and implemented its internal control system based on the basic policy for maintenance of the system to ensure the properness of the Company's 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"). NEC assessed the status of the implementation of its internal control system for fiscal 2012 and confirmed that it has established and implemented its internal control system properly based on the Policy.

The Basic Policy on Internal Control Systems is disclosed on NEC's corporate website.

[URL http://www.nec.co.jp/profile/en/internalcontrol.html](http://www.nec.co.jp/profile/en/internalcontrol.html)

INFORMATION DISCLOSURE STRUCTURE

NEC recognizes the importance of providing timely, proper and fair disclosure to obtain a fair evaluation of its corporate value from the capital markets. Accordingly, NEC regularly strives to ensure that internal divisions and subsidiaries have a clear understanding of timely disclosure and other rules issued by financial instruments exchanges, while establishing a framework for communication between relevant internal head office divisions and subsidiaries.

Furthermore, NEC holds various events for the news media, analysts and institutional investors. Examples



Presentation for individual investors

include management strategy presentations and quarterly earnings presentations by senior management, as well as business strategy presentations by various responsible managers, including

plant tours. Efforts are also focused on improving disclosure of information on NEC's website, including the disclosure of materials, audio streams and other information issued at presentations and other events, both in Japanese and English, and enhancing investor relations activities on a global scale, including visiting overseas institutional investors. Disclosure to individual investors includes presentations and a website for these investors.

[URL http://www.nec.com/en/global/ir/corporate/disclosure.html](http://www.nec.com/en/global/ir/corporate/disclosure.html)

(Disclosure Policy)

OWNERSHIP OF SHARES

As of March 31, 2012, the number of stocks classified as investment securities held for purposes other than realizing income and capital gain was 457 and the total balance sheet amount of these stocks was ¥144,102 million. The top 10 stocks based on the balance sheet amount (except unlisted stocks) are as follows:

TOP 10 STOCKS BASED ON BALANCE SHEET AMOUNT

Name of stock	Number of shares (Thousands of shares)	As of March 31, 2012	
		Book value (Millions of yen)	Holding purpose
Lenovo Group Limited	281,129	20,791	①
Anritsu Corporation	8,312	9,011	②
Sumitomo Electric Industries, Ltd.	6,914	7,834	③
Sumitomo Mitsui Trust Holdings, Inc.	12,901	3,406	④
MS&AD Insurance Group Holdings, Inc.	1,570	2,668	④
MEIDENSHA CORPORATION	8,730	2,628	③
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	686	2,576	④
Taisho Pharmaceutical Holdings Co., Ltd.	330	2,214	④
Seven Bank, Ltd.	10,000	1,810	③
1st Holdings, Inc.	3,133	1,723	④

Note: Figures less than one thousand are rounded down.

① Due to the background of the establishment of the company as a joint venture with its pertinent group companies

② At the request of the company

③ To maintain and strengthen business relations with the company

④ To maintain and strengthen business relations with the company and its group companies

No stocks classified as investment securities are held for the purposes of realizing income and capital gain.

In fiscal 2012, there was no stock classified as investment securities for which the purpose of holding changed from realizing income and capital gain to another purpose, and vice versa.