

CORPORATE GOVERNANCE

(As of June 24, 2013)

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.

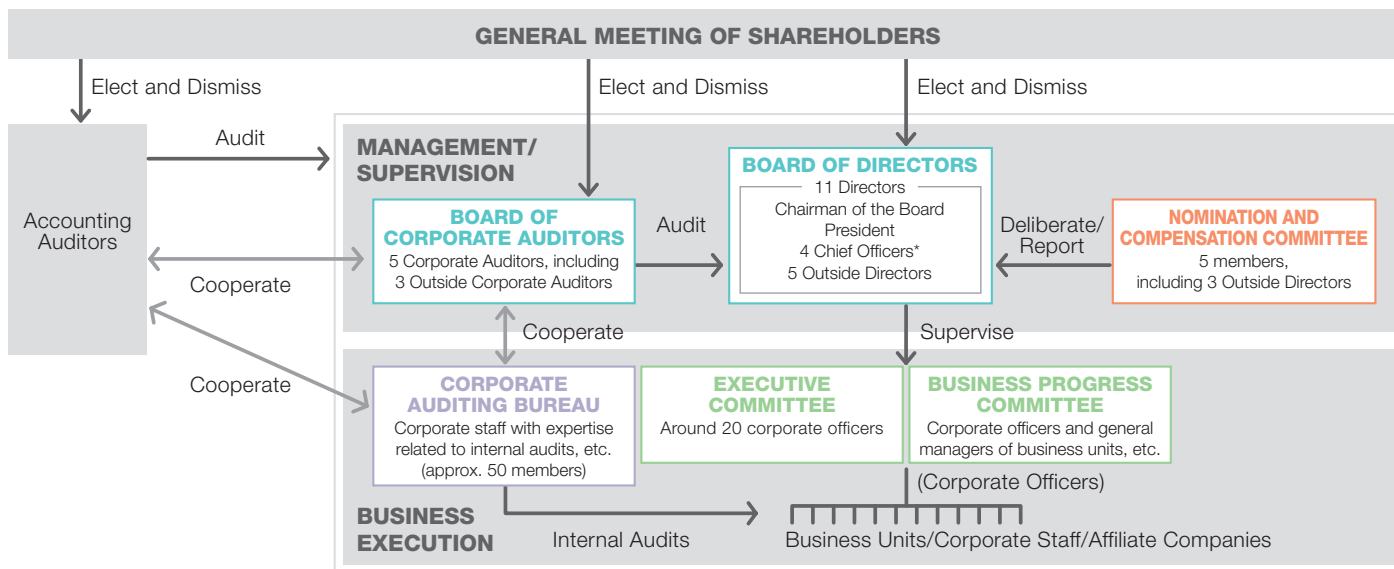
Corporate Governance Structure

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 13 to 11 at the Ordinary General Meeting of Shareholders held on June 22, 2012. NEC has also strengthened 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.

<http://jpn.nec.com/profile/en/governance.html>



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

Independence of Outside Directors and Outside Corporate Auditors

NEC appoints outside directors primarily 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. Also NEC appoints outside corporate auditors to conduct audits from a neutral and objective perspective. NEC appoints outside directors and outside corporate auditors based on consideration of the following factors: candidates who possess outstanding personal character and knowledge, as well as high ethical standards; candidates who

sympathize with the NEC Group Corporate Philosophy, and are able to act with strong will to achieve it; and candidates who possess the experience, knowledge and other qualifications shown on the table on the following page. The Board of Directors is structured so as to ensure the independence of the outside directors, while the independence of each outside corporate auditor is ensured. The independence of these officers is determined based on criteria for independence stipulated by the Tokyo Stock Exchange. 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.

REASON FOR APPOINTMENT OF OUTSIDE DIRECTORS AND OUTSIDE CORPORATE AUDITORS AND ATTENDANCE AT MEETINGS

Position	Name	Reason for appointment	Attendance at meetings in fiscal 2013 (times)	
			Board of Directors	Board of Corporate Auditors
Outside Directors	Takeshi Kunibe	Extensive experience and deep insight as a bank manager	12/14	—
	Hitoshi Ogita	Extensive experience and deep insight in management of a manufacturing company	11/12	—
	Kaori Sasaki	Wide range of knowledge on marketing and perspective of consumers	10/12	—
	Motoyuki Oka	Extensive experience and deep insight in management of a general trading company, including the management of overseas firms	Inaugurated in June 2013	
	Kunio Noji	Extensive experience and deep insight in management of a manufacturing company		
Outside Corporate Auditors	Satoshi Itoh	Extensive audit experience and specialized financial and accounting knowledge as a certified public accountant over many years	12/14	15/15
	Ryoji Nakagawa	Extensive experience and deep insight as a former Supreme Court judge and a lawyer	14/14	15/15
	Hideo Yamada	Experience in teaching and research in the fields of corporate finance and accounting at universities and other institutions as an expert in corporate management strategy	14/14	15/15

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 is determined by resolution of the Board of Directors based on the results of deliberations

of this remuneration by the Nomination and Compensation Committee, of which the majority of members are outside members. Remuneration for corporate auditors is determined through discussions within the Board of 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, in order to ensure the objectiveness and properness of remuneration for directors and corporate auditors.

COMPOSITION OF REMUNERATION FOR DIRECTORS AND CORPORATE AUDITORS

Remuneration type	Determination process
Monthly remuneration (fixed)	Determined according to position to the extent of the maximum amount approved at the General Meeting of Shareholders.
Bonus (linked to the business results)*	Calculated by adding an amount determined based on key indicators (net sales, operating income, etc.) of the NEC Group's consolidated business performance for the previous fiscal year to a standard amount prescribed based on position.

* Remuneration for outside directors and corporate auditors is only fixed monthly remuneration and does not include bonuses linked to business results.

Internal Control Systems

NEC has established and implemented its internal control systems based on the basic policy for maintenance of the systems to ensure the properness of the Company's operations as provided in the Company Law (the "Policy"). NEC assessed the status of the implementation of its internal control system for fiscal 2013 and confirmed that it has

AMOUNTS OF REMUNERATION FOR FISCAL 2013

	Fixed remuneration		Bonus	
	Headcount	Total remuneration	Headcount	Total remuneration
Directors (of which, Outside Directors)	15 (7)	¥266 million (¥ 54 million)	6 —	¥93 million —
Corporate Auditors (of which, Outside Corporate Auditors)	5 (3)	¥ 80 million (¥ 32 million)	— —	— —

Notes: 1. The above headcount includes 4 directors who retired at the close of the 174th Ordinary General Meeting of Shareholders held on June 22, 2012.
2. The total amount of bonus in the table above was approved at the 175th Ordinary General Meeting of Shareholders.
3. The maximum monthly remuneration for directors is ¥65,000,000 (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 (approved at the 170th Ordinary General Meeting of Shareholders held on June 23, 2008).

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.

<http://jpn.nec.com/profile/en/internalcontrol.html>

For details on internal control activities (risk management and compliance), please refer to page 41.