

The following is an English translation of the Notice of the 177th Ordinary General Meeting of Shareholders of NEC Corporation (the “Company”) to be held on June 22, 2015 (including the Business Report, Consolidated Financial Statements, Notes to Consolidated Financial Statements and Non-consolidated Financial Statements with respect to the 177th Business Period from April 1, 2014 to March 31, 2015, and report on the results of the audit on the Consolidated Financial Statements conducted by Independent Auditors and the Audit & Supervisory Board (KANSAYAKU-KAI)), 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, and the Japanese original thereof is provided only through the Company's website (<http://jpn.nec.com/ir>). 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

Nobuhiro Endo
President

May 29, 2015

To Our Shareholders:

NOTICE OF
THE 177TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

1. **DATE:** June 22, 2015 (Monday) at 10:00 a.m. (Japan Standard Time)
2. **PLACE:** Convention Hall, Second Basement Floor, The Prince Park Tower Tokyo
at 8-1, Shiba Koen 4-chome, Minato-ku, Tokyo
3. **AGENDA OF THE MEETING:**

MATTERS TO BE REPORTED UPON:

Report on the Business Report, the Consolidated Financial Statements and Financial Statements of the 177th Business Period from April 1, 2014 to March 31, 2015, and report on the results of the audit conducted on the Consolidated Financial Statements conducted by the Accounting Auditors and the Audit & Supervisory Board (KANSAYAKU-KAI).

MATTERS TO BE VOTED UPON:

- Proposal No. 1: Election of Eleven Directors
Proposal No. 2: Election of One Audit & Supervisory Board Member (KANSAYAKU)
Proposal No. 3: Approval of Payment of Bonuses to Directors

In the event that the Company finds any correction(s) that should 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(s) will be specified through the Company's website (<http://jpn.nec.com/ir>).

REFERENCE DOCUMENTS FOR THE MEETING

Proposed Matters for Voting and reference matters thereof:

Proposal No. 1: Election of Eleven (11) Directors

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

The candidates are as follows:

Name (Date of Birth)		Number of the Company's Shares Held
1. Kaoru Yano (February 23, 1944)	<p>April 1966 Joined the Company</p> <p>June 1995 Member of the Board</p> <p>June 1999 Senior Vice President and Member of the Board</p> <p>December 2000 Senior Vice President and Member of the Board, Company Deputy President of NEC Networks</p> <p>April 2002 Senior Vice President and Member of the Board, Company President of NEC Networks</p> <p>October 2002 Executive Vice President and Member of the Board, Company President of NEC Networks</p> <p>April 2003 Executive Vice President and Member of the Board</p> <p>June 2004 Senior Executive Vice President and Member of the Board (Representative Director)</p> <p>April 2006 President (Representative Director)</p> <p>April 2010 Chairman of the Board (Representative Director)</p> <p>April 2012 Chairman of the Board (to present)</p>	161,000
	<p>Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having been engaged in the management of the Company as President (Representative Director) and as Chairman of the Board (Representative Director). The Company has nominated him as a candidate for Director considering that he is appropriate to promote the reinforcement of NEC Group's corporate governance and to supervise the execution of business.</p>	
2. Nobuhiro Endo (November 8, 1953)	<p>April 1981 Joined the Company</p> <p>July 2005 Senior General Manager, Mobile Network Operations Unit</p> <p>April 2006 Associate Senior Vice President, Executive General Manager, Mobile Network Operations Unit</p> <p>April 2009 Senior Vice President</p> <p>June 2009 Senior Vice President and Member of the Board</p> <p>April 2010 President (Representative Director) (to present)</p>	238,000
	<p>Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of network business and NEC Group's management strategies, and also, having been engaged in the management of the Company since 2010 as President (Representative Director). The Company has nominated him as a candidate for Director considering that he is appropriate to lead the Company to achieve one of</p>	

Name (Date of Birth)		Number of the Company's Shares Held
	its goals to enhance its global competitiveness in Social Solutions business.	

Name (Date of Birth)			Number of the Company's Shares Held
3. Takashi Niino (September 8, 1954)	<p>April 1977</p> <p>April 2004</p> <p>April 2005</p> <p>April 2006</p> <p>April 2008</p> <p>August 2008</p> <p>April 2010</p> <p>June 2011</p> <p>July 2011</p> <p>April 2012</p>	<p>Joined the Company</p> <p>Executive General Manager, 2nd Solutions Sales Operations Unit</p> <p>Senior General Manager, 3rd Solutions Operations Unit</p> <p>Executive General Manager, Financial Solutions Operations Unit</p> <p>Associate Senior Vice President, Executive General Manager, Financial Solutions Operations Unit</p> <p>Associate Senior Vice President</p> <p>Senior Vice President</p> <p>Senior Vice President and Member of the Board</p> <p>Senior Vice President, CSO (Chief Strategy Officer) and Member of the Board</p> <p>Senior Executive Vice President, CSO (Chief Strategy Officer) , CIO (Chief Information Officer) and Member of the Board (Representative Director) (to present)</p>	47,000
<p>Reasons for Nomination of a Candidate:</p> <p>He has extensive experience and sufficient performance records, having had been engaged in the management of financial solutions business, and afterwards, having been in charge of NEC Group's management strategies as Senior Executive Vice President, CSO, CIO and Member of the Board (Representative Director). The Company has nominated him as a candidate for Director considering that he is appropriate to promote the NEC Group's operational reforms, to implement the management strategies and to supervise the Company's business units.</p>			
4. Junji Yasui (January 3, 1951)	<p>April 1973</p> <p>April 2003</p> <p>April 2004</p> <p>April 2005</p> <p>April 2006</p> <p>April 2008</p> <p>June 2008</p> <p>April 2010</p> <p>July 2011</p> <p>April 2012</p>	<p>Joined the Company</p> <p>Executive General Manager, Control Systems Operations Unit</p> <p>Associate Senior Vice President, Executive General Manager, 3rd Solutions Sales Operations Unit</p> <p>Associate Senior Vice President, Executive General Manager, 4th Solutions Operations Unit</p> <p>Associate Senior Vice President</p> <p>Senior Vice President</p> <p>Senior Vice President and Member of the Board</p> <p>Executive Vice President and Member of the Board</p> <p>Executive Vice President, CSCO (Chief Supply Chain Officer) and Member of the Board</p> <p>Senior Executive Vice President, CSCO (Chief Supply Chain Officer) and Member of the Board (Representative Director) (to present)</p>	77,276

Name (Date of Birth)		Number of the Company's Shares Held																
	<p>Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management in a broad range of fields of IT solutions business and network business, and afterwards, having been in charge of NEC Group's supply chain as Senior Executive Vice President, CSCO and Member of the Board (Representative Director). The Company has nominated him as a candidate for Director considering that he is appropriate to improve the quality of products and services and customer satisfaction, to implement the management strategies and to supervise the Company's business units.</p>																	
5. Takaaki Shimizu (September 23, 1954)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">April 1978</td> <td>Joined the Company</td> </tr> <tr> <td style="text-align: center;">April 2003</td> <td>General Manager, 2nd Government Solutions Division</td> </tr> <tr> <td style="text-align: center;">April 2006</td> <td>Executive General Manager, Government Solutions Operations Unit</td> </tr> <tr> <td style="text-align: center;">October 2007</td> <td>Executive General Manager, Government and Public Solutions Operations Unit</td> </tr> <tr> <td style="text-align: center;">April 2010</td> <td>Associate Senior Vice President</td> </tr> <tr> <td style="text-align: center;">July 2011</td> <td>Senior Vice President</td> </tr> <tr> <td style="text-align: center;">April 2013</td> <td>Senior Vice President, CMO (Chief Marketing Officer)</td> </tr> <tr> <td style="text-align: center;">June 2013</td> <td>Senior Vice President (currently, Executive Vice President), CMO (Chief Marketing Officer) and Member of the Board (to present)</td> </tr> </table> <p>Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of the government and public solutions business and IT solutions business, and afterwards, having been in charge of marketing and business innovation strategies as Senior Vice President (currently, Executive Vice President) and CMO. The Company has nominated him as a candidate for Director considering that he is appropriate to implement the business model reforms and the marketing strategies for NEC Group's growth and to supervise the Company's business units.</p>	April 1978	Joined the Company	April 2003	General Manager, 2nd Government Solutions Division	April 2006	Executive General Manager, Government Solutions Operations Unit	October 2007	Executive General Manager, Government and Public Solutions Operations Unit	April 2010	Associate Senior Vice President	July 2011	Senior Vice President	April 2013	Senior Vice President, CMO (Chief Marketing Officer)	June 2013	Senior Vice President (currently, Executive Vice President), CMO (Chief Marketing Officer) and Member of the Board (to present)	27,000
April 1978	Joined the Company																	
April 2003	General Manager, 2nd Government Solutions Division																	
April 2006	Executive General Manager, Government Solutions Operations Unit																	
October 2007	Executive General Manager, Government and Public Solutions Operations Unit																	
April 2010	Associate Senior Vice President																	
July 2011	Senior Vice President																	
April 2013	Senior Vice President, CMO (Chief Marketing Officer)																	
June 2013	Senior Vice President (currently, Executive Vice President), CMO (Chief Marketing Officer) and Member of the Board (to present)																	
6. Isamu Kawashima (February 20, 1959)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: center;">April 1981</td> <td>Joined the Company</td> </tr> <tr> <td style="text-align: center;">April 2009</td> <td>General Manager, Corporate Controller Division</td> </tr> <tr> <td style="text-align: center;">July 2010</td> <td>General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division</td> </tr> <tr> <td style="text-align: center;">June 2011</td> <td>General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division and Member of the Board</td> </tr> <tr> <td style="text-align: center;">July 2011</td> <td>Associate Senior Vice President (currently, Senior Vice President), CFO (Chief Financial Officer) and Member of the Board</td> </tr> <tr> <td style="text-align: center;">April 2015</td> <td>Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (to present)</td> </tr> </table>	April 1981	Joined the Company	April 2009	General Manager, Corporate Controller Division	July 2010	General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division	June 2011	General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division and Member of the Board	July 2011	Associate Senior Vice President (currently, Senior Vice President), CFO (Chief Financial Officer) and Member of the Board	April 2015	Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (to present)	40,000				
April 1981	Joined the Company																	
April 2009	General Manager, Corporate Controller Division																	
July 2010	General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division																	
June 2011	General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division and Member of the Board																	
July 2011	Associate Senior Vice President (currently, Senior Vice President), CFO (Chief Financial Officer) and Member of the Board																	
April 2015	Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (to present)																	

Name (Date of Birth)		Number of the Company's Shares Held														
	<p>Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of accounting and financial affairs at the Company's business units and its overseas subsidiaries, and afterwards, having been in charge of NEC Group's accounting and financial strategies as Senior Vice President (currently, Executive Vice President) and CFO (Chief Financial Officer). The Company has nominated him as a candidate for Director considering that he is appropriate to implement the strategies for NEC Group's business growth and business performance improvement mainly in the fields of accounting and financial affairs and to supervise the Company's business units.</p>															
<p>7. Takeshi Kunibe (March 8, 1954)</p> <p>*Candidate for Outside Director</p>	<table border="1"> <tr> <td data-bbox="497 788 708 824">April 1976</td> <td data-bbox="708 788 1227 853">Joined the Sumitomo Bank Limited (currently, Sumitomo Mitsui Banking Corporation "SMBC")</td> </tr> <tr> <td data-bbox="497 853 708 889">June 2003</td> <td data-bbox="708 853 1227 889">Director, SMBC</td> </tr> <tr> <td data-bbox="497 889 708 925">October 2006</td> <td data-bbox="708 889 1227 925">Managing Director, SMBC</td> </tr> <tr> <td data-bbox="497 925 708 1025">June 2007</td> <td data-bbox="708 925 1227 1025">Director and Member of the Board of Directors, Sumitomo Mitsui Financial Group, Inc. ("SMFG") (to present)</td> </tr> <tr> <td data-bbox="497 1025 708 1099">April 2009</td> <td data-bbox="708 1025 1227 1099">Senior Managing Director and Member of the Board of Directors, SMBC</td> </tr> <tr> <td data-bbox="497 1099 708 1173">April 2011</td> <td data-bbox="708 1099 1227 1173">President and Chief Executive Officer, SMBC (to present)</td> </tr> <tr> <td data-bbox="497 1173 708 1205">June 2011</td> <td data-bbox="708 1173 1227 1205">Member of the Board of the Company (to present)</td> </tr> </table> <p>Important Concurrent Positions: President and Chief Executive Officer, SMBC Director and Member of the Board of Directors, SMFG</p> <p>Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Group Corporate Philosophy and act with strong will to realize the Philosophy, and he has extensive experience and deep insight as management of a bank.</p> <p>Attendance at meeting of the Board of Directors: 12 meetings out of 12 meetings</p>	April 1976	Joined the Sumitomo Bank Limited (currently, Sumitomo Mitsui Banking Corporation "SMBC")	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)	June 2011	Member of the Board of the Company (to present)	0
April 1976	Joined the Sumitomo Bank Limited (currently, Sumitomo Mitsui Banking Corporation "SMBC")															
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)															
June 2011	Member of the Board of the Company (to present)															

Name (Date of Birth)			Number of the Company's Shares Held
8. Hitoshi Ogita (January 1, 1942) *Candidate for Outside Director	April 1965 March 1997 September 1997 March 2000 October 2000 March 2002 September 2002 March 2003 March 2006 March 2010 June 2012 March 2014	Joined Asahi Breweries, Ltd. (currently, Asahi Group Holdings, Ltd.) Director and General Manager of Fukuoka Branch, Asahi Breweries, Ltd. Director and Senior General Manager of Kyushu Regional Headquarters, Asahi Breweries, Ltd. Managing Corporate Officer and Senior General Manager of Kyushu Regional Headquarters, Asahi Breweries, Ltd. Managing Corporate Officer and Senior General Manager of Kanto and Koshinetsu Regional Headquarters, Asahi Breweries, Ltd. Senior Managing Corporate Officer and Senior General Manager of Kanto and Koshinetsu Regional Headquarters, Asahi Breweries, Ltd. Corporate Officer and Vice President, Asahi Soft Drinks, Co., Ltd. President and Representative Director, Asahi Soft Drinks, Co., Ltd. President and Representative Director, Asahi Breweries, Ltd. Chairman of the Board and Representative Director, Asahi Breweries, Ltd. Member of the Board of the Company (to present) Adviser to the Board, Asahi Group Holdings, Ltd. (to present)	10,000
Important Concurrent Positions: Adviser to the Board, Asahi Group Holdings, Ltd. Outside Director, Imperial Hotel, Ltd.			
Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Group Corporate Philosophy and act with strong will to realize the Philosophy, and he has extensive experience and deep insight as management of a manufacturing company.			
Attendance at meeting of the Board of Directors: 12 meetings out of 12 meetings			
9. Kaori Sasaki (May 12, 1959) *Candidate for Outside Director	July 1987 March 2000 June 2012	President and CEO, UNICUL International, Inc. (to present) President and CEO, ewoman, Inc. (to present) Member of the Board of the Company (to present)	0
Important Concurrent Positions: President and CEO, UNICUL International, Inc. President and CEO, ewoman, Inc.			

Name (Date of Birth)		Number of the Company's Shares Held																		
	<p>Reasons for Nomination of a Candidate: The Company has nominated her as a candidate for Outside Director considering that she has superior character, discernment and high ethical standards. In addition, she would sympathize with the NEC Group Corporate Philosophy and act with strong will to realize the Philosophy, and she has wide range of knowledge on marketing and perspective of consumers.</p> <p>Attendance at meeting of the Board of Directors: 11 meetings out of 12 meetings</p>																			
<p>10. Motoyuki Oka (September 15, 1943)</p> <p>*Candidate for Outside Director</p>	<table border="1"> <tr> <td data-bbox="499 689 715 719">April 1966</td> <td data-bbox="715 689 1233 719">Joined Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 719 715 748">June 1994</td> <td data-bbox="715 719 1233 748">Director and General Manager of Iron & Steel Division No.3, Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 748 715 777">April 1997</td> <td data-bbox="715 748 1233 777">Director and General Manager of Planning & Coordination Division, Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 777 715 806">April 1998</td> <td data-bbox="715 777 1233 806">Managing Director and General Manager of Planning & Coordination Division, Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 806 715 835">April 2001</td> <td data-bbox="715 806 1233 835">Senior Managing Director, Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 835 715 864">June 2001</td> <td data-bbox="715 835 1233 864">President and Chief Executive Officer, Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 864 715 893">June 2007</td> <td data-bbox="715 864 1233 893">Chairman of the Board of Directors, Sumitomo Corporation</td> </tr> <tr> <td data-bbox="499 893 715 922">June 2012</td> <td data-bbox="715 893 1233 922">Senior Adviser, Sumitomo Corporation (to present)</td> </tr> <tr> <td data-bbox="499 922 715 952">June 2013</td> <td data-bbox="715 922 1233 952">Member of the Board of the Company (to present)</td> </tr> </table> <p>Important Concurrent Positions: Senior Adviser, Sumitomo Corporation Outside Director, Japan Tobacco Inc.</p> <p>Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Group Corporate Philosophy and act with strong will to realize the Philosophy, and he has extensive experience and deep insight as management of a <u>general trading company including the management of overseas firms.</u></p> <p>Attendance at meeting of the Board of Directors: 10 meetings out of 12 meetings</p>	April 1966	Joined Sumitomo Corporation	June 1994	Director and General Manager of Iron & Steel Division No.3, Sumitomo Corporation	April 1997	Director and General Manager of Planning & Coordination Division, Sumitomo Corporation	April 1998	Managing Director and General Manager of Planning & Coordination Division, Sumitomo Corporation	April 2001	Senior Managing Director, Sumitomo Corporation	June 2001	President and Chief Executive Officer, Sumitomo Corporation	June 2007	Chairman of the Board of Directors, Sumitomo Corporation	June 2012	Senior Adviser, Sumitomo Corporation (to present)	June 2013	Member of the Board of the Company (to present)	0
April 1966	Joined Sumitomo Corporation																			
June 1994	Director and General Manager of Iron & Steel Division No.3, Sumitomo Corporation																			
April 1997	Director and General Manager of Planning & Coordination Division, Sumitomo Corporation																			
April 1998	Managing Director and General Manager of Planning & Coordination Division, Sumitomo Corporation																			
April 2001	Senior Managing Director, Sumitomo Corporation																			
June 2001	President and Chief Executive Officer, Sumitomo Corporation																			
June 2007	Chairman of the Board of Directors, Sumitomo Corporation																			
June 2012	Senior Adviser, Sumitomo Corporation (to present)																			
June 2013	Member of the Board of the Company (to present)																			

Name (Date of Birth)			Number of the Company's Shares Held
11. Kunio Noji (November 17, 1946) *Candidate for Outside Director	April 1969	Joined Komatsu Ltd.	0
	June 1997	Director, Komatsu Ltd.	
	June 2001	Managing Director and President of Production Division and e-Komatsu Technical Center, Komatsu Ltd.	
	April 2003	Director and Senior Executive Officer and President of Construction & Mining Equipment Marketing Division, Komatsu Ltd.	
	April 2005	Director and Senior Executive Officer	
July 2006	Director and Senior Executive Officer and General Manager of KOMATSU Way Division, Komatsu Ltd.		
June 2007	President and CEO, Komatsu Ltd.		
April 2013	Chairman of the Board, Komatsu Ltd. (to present)		
June 2013	Member of the Board of the Company (to present)		
Important Concurrent Positions: Chairman of the Board, Komatsu Ltd. Outside Director, Ricoh Company, Ltd.			
Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Group Corporate Philosophy and act with strong will to realize the Philosophy, and he has extensive experience and deep insight as management of a manufacturing company.			
Attendance at meeting of the Board of Directors: 12 meetings out of 12 meetings			

- Notes: 1. The Company has notified the Tokyo Stock Exchange on which the Company lists its shares, of each of Messrs. Hitoshi Ogita, Motoyuki Oka and Kunio Noji and Ms. Kaori Sasaki as an independent Director.
2. Mr. Takeshi Kunibe has been an Executing Person of SMBC, a major business partner of the Company for the last five years.
3. The Company has business relationship with SMBC of which Mr. Takeshi Kunibe is President and Chief Executive Officer, for the sales of the Company's products and provision of services including system construction, operation and maintenance, and borrowings from SMBC.
4. Mr. Takeshi Kunibe has served for four years, Mr. Hitoshi Ogita and Ms. Kaori Sasaki have served for three years, and Messrs. Motoyuki Oka and Kunio Noji have served for two years as Outside Directors of the Company.
5. The Company has entered into agreements with Messrs. Takeshi Kunibe, Hitoshi Ogita, Motoyuki Oka and Kunio Noji and Ms. Kaori Sasaki, respectively, to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Companies Act (the "Liabilities Limitation Agreements") pursuant to Article 24 of the Company's Articles of Incorporation. The outline of the Liabilities Limitation Agreements is to limit their liabilities as stipulated in Paragraph 1, Article 423 of the Companies Act to the higher amount of 20 million yen or the amount provided in the Companies Act and the Regulation for Enforcement of the Companies Act on the condition that they have performed their duties as Directors in good faith and without gross negligence.
6. The positions and responsibilities in the Company of each proposed Director who is an existing Director,

are described in “3.(1) Name, Position at the Company, Responsibility and Important Concurrent Positions of Directors and Audit & Supervisory Board Members (KANSAYAKU)” of the Business Report (pages 24 to 26).

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member (KANSAYAKU)

Upon the close of the Meeting, the term of office of Mr. Hideo Yamada as Audit & Supervisory Board Member (KANSAYAKU) will expire. It is proposed that one Audit & Supervisory Board Member (KANSAYAKU) be elected. The consent of the Audit & Supervisory Board (KANSAYAKU-KAI) for this Proposal has been obtained.

The candidates are as follows:

Name (Date of Birth)	Brief Employment History	Number of the Company's Shares Held
Takeshi Kikuchi (December 27, 1959) *New candidate *Candidate for Outside Audit & Supervisory Board Member (KANSAYAKU)	April 1992	Registered as an Attorney at Law
	Important Concurrent Positions: Attorney at law	
	Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Audit & Supervisory Board Member (KANSAYAKU) considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Group Corporate Philosophy and act with strong will to realize the Philosophy, and he has a lot of experience and professional insight as an attorney at law in the fields of IT and others. Although he has never been involved in management of companies, the Company has judged that he can perform the duties as Outside Audit & Supervisory Board Member (KANSAYAKU) for the reasons described above.	
0		

- Notes: 1. The Company will notify the Tokyo Stock Exchange of Mr. Takeshi Kikuchi as an independent Audit & Supervisory Board Member (KANSAYAKU).
2. When Mr. Takeshi Kikuchi is elected as a Audit & Supervisory Board Member (KANSAYAKU) of the Company, the Company will enter into agreement with him to limit his liabilities as stipulated in Paragraph 1, Article 427 of the Companies Act (the “Liabilities Limitation Agreement”) pursuant to Article 31 of the Company’s Articles of Incorporation. The outline of the Liabilities Limitation Agreement is to limit his liabilities as stipulated in Paragraph 1, Article 423 of the Companies Act to the higher amount of 20 million yen or the amount provided in the Companies Act and the Regulation for Enforcement of the Companies Act on the condition that he has performed his duty as Audit & Supervisory Board Member (KANSAYAKU) in good faith and without gross negligence.

Proposal No. 3: Approval of Payment of Bonuses to Directors

It is proposed that 72,000,000 yen be paid to the 6 Directors who are not Outside Directors and holding office as of the last day of the 177th Business Period as bonuses for the 177th Business Period in view of the results of operations and other factors.

BUSINESS REPORT

(For the period from April 1, 2014 to March 31, 2015)

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, 2015 was characterized by stable economic performance in the United States, mainly due to continued high stock prices and low interest rates as a result of monetary easing policy, in addition to a stable corporate sector and the steady performance of consumer spending in response to the improving employment situation. In European markets, the United Kingdom's economy performed well and Germany experienced a modest recovery. However, growth slowed throughout France and Southern European countries. Moreover, growth slowed in some emerging countries due to a worldwide decline in demand for resources.

As for the Japanese economy, consumer spending and investment in housing declined owing in part to a rise in the consumption tax rate. Although the corporate sector performed well, capital investment was sluggish. Additionally, there was steady investment in the public sector.

Under this business environment, the NEC Group moved forward to deliver results with efforts supporting the second year of its "Mid-term Management Plan 2015" for transforming NEC into a "Social Value Innovator" based on three management policies consisting of a "Focus on Solutions for Society," a "Focus on Asia, Promotion of Locally-led Business," and the goal to "Stabilize Our Financial Foundation" as part of focusing on performance to achieve growth in 2015, formulating a new brand message of "Orchestrating a brighter world" and seeking to accelerate the company's social solutions business.

In terms of the "Focus on Solutions for Society," NEC promoted activities for commercializing Software-Defined Networking (SDN), a next generation networking technology that ensures both efficiency and security, for domestic and foreign telecommunications carriers and was selected by NTT DOCOMO, INC. as a partner vendor for the development of network virtualization technologies. Moreover, NEC has worked towards carrying out a massive trial of Virtualized Customer Premises Equipment (vCPE) solutions on commercial networks with Telefônica Brasil. Furthermore, NEC has deployed approximately 250 systems that utilize SDN, including systems for hospitals, transportation authorities, local governments, telecommunications carriers and data centers, thereby contributing to the efficient construction and operations of customer networks. Regarding cloud development, NEC promoted sales of its cloud infrastructure service, "NEC Cloud IaaS," which capitalizes on the capabilities of the NEC Kanagawa Data Center to provide cost friendly, high performance, highly reliable services. As for Big Data, NEC delivered a system for monitoring signs of malfunction in large-scale plants for the Chugoku Electric Power Co., Inc. This system detects abnormalities more accurately and faster than existing systems, which enables users to implement maintenance measures prior to the occurrence of a malfunction. Moreover, NEC conducted Proof of Concept (POC) testing of water leakage monitoring services in Texas in the United States, which combine high-precision sensors with the cloud in order to provide low cost water resource management services. Regarding the safety sector, in June 2014, NEC began full operations of its "Cyber Security Factory" established as a base for protecting information assets against cyber attacks. Today, the Cyber Security Factory supports comprehensive information security measures for approximately 100 customers. NEC also provided core technical elements for the INTERPOL Digital Crime Centre established in Singapore in April 2015 by the International Criminal Police Organization (ICPO). As underlying technologies of those safety businesses, NEC's face recognition technology ranked first for the third consecutive time, while its fingerprint identification technology also ranked first in the U.S. National Institute of Standards and Technology (NIST) benchmark test/evaluation. In terms of smart energy business, NEC provided a smart meter communications unit for Tokyo Electric Power Company, Incorporated, and established NEC Energy Solutions in the United States as a foundation for international energy storage solutions business.

Regarding the “Focus on Asia, Promotion of Locally-led Business,” NEC won a succession of large-scale optical submarine cable systems concentrated mainly in the Asia/Pacific Ocean regions. Moreover, NEC expanded its global business areas, including the integration of a public transportation fare system in Dhaka, Bangladesh, the introduction of face recognition technology for an urban monitoring system in Tigre, Argentina, a smart city project for waste collection management services in Santander, Spain and the managed services business in Australia.

Lastly, regarding the goal to “Stabilize Our Financial Foundation,” NEC made NEC Fielding, Ltd. a wholly owned subsidiary and promoted greater efficiency by strengthening and integrating service delivery systems. Moreover, as part of reinforcing its “Solutions for Society”, NEC restructured domestic hardware and software development and production bases as well as began operational reform centering on NEC Management Partner, Ltd. in order to improve operational efficiency and restrain costs.

The NEC Group recorded consolidated net sales of 2,935.5 billion yen for the fiscal year ended March 31, 2015, a decrease of 107.6 billion yen (-3.5%) year-on-year. This decrease was mainly due to decreased sales from Others due to the Internet service business and mobile phone sales business no longer being consolidated, as well as decreased sales from the System Platform business, in spite of increased sales from the Public business.

Regarding profitability, consolidated operating income (loss) improved by 21.9 billion yen year-on-year, to an operating income of 128.1 billion yen, mainly due to increased sales in the Public business and improved mobile phone terminal business.

In terms of consolidated ordinary income (loss), the NEC Group recorded a profit of 112.1 billion yen, improving by 43.0 billion yen year-on-year, mainly due to the improvement of consolidated operating income (loss), in addition to improving equity in earnings of affiliates and foreign exchange gain, and decreased provision for contingent loss.

Consolidated income (loss) before income taxes and minority interests was a profit of 96.7 billion yen, a year-on-year improvement of 12.8 billion yen. This was primarily due to improving consolidated ordinary income (loss), in addition to decreased business structure improvement expenses and decreased impairment loss, despite decreased gain on sales of subsidiaries and affiliates’ stocks.

Consolidated net income (loss) was a profit of 57.3 billion yen, a year-on-year improvement of 23.6 billion yen, mainly due to improved income (loss) before income taxes and minority interests, in addition to acquiring minority shareholder interest from making NEC Fielding, Ltd. a wholly-owned subsidiary.

For the fiscal year ended March 31, 2015, the Company declared an annual dividend of 4 yen per share of common stock.

Review of Operations by Business Segments and Major Business

The NEC Group's primary business consists of four business segments: the Public, Enterprise, Telecom Carrier, and System Platform businesses. The followings are major services and products, and a review of the financial results for each business segment of the NEC Group for this Business Period.

Public Business

Major Services and Products	
●	Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment

Examples of Solutions by Business Sector / Industry
<ul style="list-style-type: none"> ● Government: Social Security and Tax, Fingerprint Identification, Air Traffic Control Systems, Satellite Communications / Earth Observation, Field Communication System ● Public: Local Government Systems, School / Education Systems, Postal Tracking Systems, Fire-fighting Command Systems, Wireless Digital Emergency Firefighting Equipment, Disaster Prevention Radio Systems, Traffic Control Systems, Railroad Communication Systems, Infrastructure Surveillance / Energy Management ● Healthcare: Electric Medical Record Systems, Regional Medical Care Cooperation Systems ● Finance: Bank Settlement Systems, Business Branch Systems ● Media: TV Program Production / News Production / Transmission Systems, Digital Terrestrial TV Transmitters

In the Public business, sales were 821.9 billion yen, an increase of 83.5 billion yen (11.3%) year-on-year, mainly due to the steady sales from government offices and public services.

Operating income (loss) improved by 16.2 billion yen year-on-year, to an operating income of 74.8 billion yen, mainly owing to increased sales.

Enterprise Business

Major Services and Products
<ul style="list-style-type: none"> ● Systems Integration (Systems Implementation, Consulting), Maintenance and Support, and Outsourcing / Cloud Services
Examples of Solutions by Business Sector / Industry
<ul style="list-style-type: none"> ● Manufacturing: Global SCM Systems, Product Lifecycle Management Systems, Production Management Systems, Sales Management Systems ● Retail and Services: Retail Systems for Stores and Head Offices, Logistics Systems

In the Enterprise business, sales were 270.5 billion yen, a decrease of 1.8 billion yen (-0.7%) year-on-year, mainly due to decreased sales from the manufacturing industries.

Operating income (loss) improved by 1.8 billion yen year-on-year, to an operating income of 8.3 billion yen, mainly owing to improved profitability of system integration services.

Telecom Carrier Business

Major Services and Products
<ul style="list-style-type: none"> ● Network Infrastructure for Telecommunications Carriers Optical Transmission Systems, Submarine Cable Systems, Routers / Switches, Mobile Phone Base Stations, Mobile Phone Base Stations, Mobile Backhaul (“Pasolink”) ● Services & Management for Telecommunications Carriers Telecom Operations and Management Solutions (TOMS), Services / Solutions

In the Telecom Carrier business, sales were 740.2 billion yen, an increase of 14.4 billion yen (2.0%) year-on-year, mainly due to increased international sales of submarine cable systems and wireless communication equipment (mobile backhaul).

Operating income (loss) improved by 1.6 billion yen year-on-year, to an operating income of 62.0 billion yen, mainly due to increased sales.

System Platform Business

Major Services and Products
<ul style="list-style-type: none">● Hardware Servers, Mainframes Supercomputers, Storage, Business PCs, Tablet Devices, POS, ATMs, Control Equipment, Wireless LAN Routers, Displays, Projectors● Software Integrated Operation Management, Application Servers, Security , Database Software● Enterprise Network Solutions IP Telephony Systems, WAN / Wireless Access Equipment, LAN Products● Services Data Center Infrastructure, Maintenance and Support

In the System Platform business, sales were 728.9 billion yen, a decrease of 51.9 billion yen (-6.6%) year-on-year, mainly due to decreased sales in hardware.

Operating income (loss) improved by 0.7 billion yen year-on-year, to an operating income of 31.4 billion yen, mainly due to cost efficiency.

Others

Major Services and Products
<ul style="list-style-type: none">● Smart Energy Electrodes, Energy Systems, Energy Management Systems, EV / PHV Charging Infrastructure, Solutions for Utilities● Mobile Phones● Lighting Equipment

In Others, sales were 374.1 billion yen, a decrease of 151.8 billion yen (-28.9%) year-on-year, mainly due to a decline in mobile phone shipments as well as the Internet service business and the mobile phone sales business no longer being consolidated.

Operating income (loss) worsened by 5.4 billion yen year-on-year, to an operating income of 4.0 billion yen, mainly owing to improved mobile phone terminal business.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 37.4 billion yen during this Business Period. Major capital expenditures included investment in equipment related cloud services, equipment for development of software and networking products and equipment for development and production of defense system and satellite system.

(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) The world's first development of technology capable of measuring and estimating internal deterioration of infrastructure based on video images

Road bridges and other types of infrastructure could, not only secure their safety and stability, but also extend their life spans and drastically reduce the maintenance and renewal costs with being identified their internal deterioration before an incident occurs and being reinforced pre-emptively. Such pre-emptive reinforcements of these structures require more frequent inspections and maintenance tests by

hammering and other measures, and therefore reducing the associated maintenance costs is becoming a pressing issue.

The Company has, the first time in the world, developed a unique “object vibration measurement algorithm” capable of quickly and precisely detecting micro-vibrations in structures based on video images of the structure surface and a unique “vibration correlation analysis algorithm” capable of precisely measuring and estimating the extent of deterioration inside structures which would be impossible by sight alone.

This technology will make it possible to detect deteriorating infrastructure at an earlier stage and prioritize repairs more efficiently and contribute to reducing the costs for maintaining and testing these structures. The Company is aiming to commercialize this technology by the end of fiscal year of 2015.

(ii) Development of software technology capable of integrating different types of networks for expanding the use of SDN

With the increase of new telecommunication services and the development of networked social infrastructure services upon the spread of smartphones and other types of high-functional devices, there is a growing need for flexible operation and efficient management of the multiple different types of networks including optical and wireless.

The Company has developed the software technology capable of effortlessly configuring virtual networks that incorporate multiple different types of networks by setting out standard definitions for the configuration information of these networks, restricting the operations required for basic network configuration to just three -aggregation, connection and segmentation- and combining these operations. This technology will make it possible to integrate and manage multiple different types of networks, and will enable service providers and telecommunications carriers to efficiently configure and operate networks while keeping down configuration costs through the flexible combinations of various networks.

In order to strengthen SDN (Software-Defined Networking) business, one of the core areas of its social solution business, the Company continues the research and development on SDN technology in cooperation with various companies, universities and research and development institutions.

Note: A part of this achievement is a result of “Research and Development of Network Virtualization Technology” consigned by the Ministry of Internal Affairs and Communications directly or indirectly through O3 project (i.e. “Open Innovation over Network Platform”, a research and development project consisting of five companies including the Company).

(4) Financing Activities of the NEC Group

There was no material fund procurement by means of issuance of shares or bonds by the NEC Group during this Business Period.

(5) Material Reorganization, etc.

(i) In order to strengthen its energy storage system business, as of May 16, 2014, the Company acquired the grid energy storage and commercial systems business from US-based A123 Systems, LLC, and started operate such business as NEC Energy Solutions, Inc.

(ii) In order to strengthen its service delivery systems for operation and maintenance services in its Social Solutions business, from January 31 to March 17, 2014, the Company carried out a tender offer for the shares of common stock of NEC Fielding, Ltd. and as of July 31, 2014, made the same its wholly-owned subsidiary.

(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” as part of the “NEC Group Vision 2017.”

In the “Mid-term Management Plan 2015” announced in April 2013, the NEC Group put forth mid-term management policies that include (1) the Focus on Solutions for Society, (2) the Focus on Asia, Promotion of “Locally-led” Business, and (3) the goal to Stabilize Our Financial Foundation. The NEC Group is now accelerating efforts towards the establishment of a globally deployable Social Solutions business in order to realize these growth strategies.

(i) Focus on Solutions for Society

The NEC Group is focusing management resources on its Social Solutions business that provides advanced social infrastructure utilizing Information and Communication Technologies (ICT) aiming to contribute to the safety, security, efficiency and equality of society and to accelerate its growth and transformation to a “social value innovator.”

Specifically, the NEC Group is aiming to expand business through investment focused on key areas that include SDN, cloud services, Big Data, safety and energy.

(ii) Focus on Asia, Promotion of “Locally-led” Business

In the NEC Group’s “Mid-term Management Plan 2015,” the NEC Group aims to expand business through strong demand for the advancement of social infrastructure, especially in Asian markets, toward establishment of a foundation for growth and competitiveness on a global scale. The NEC Group also seeks to increase its sensitivity to local needs and to accelerate locally-led business.

Specifically, the NEC Group aims to promote the expansion of business by focusing on growth areas such as safety and the creation of new business models.

(iii) Stabilize Our Financial Foundation

As part of fulfilling the company’s growth strategy, the NEC Group is promoting the strengthening of cost competitiveness, improving its profit structure in order to ensure net income and building towards a financial base that reliably produces free cash flows.

Specifically, the NEC Group integrated the majority of staff and operations from the administrative division of NEC into NEC Management Partner, Ltd. as the pillar of promoting standardization and optimization of business processes that help to improve operational efficiency and restrain costs.

The NEC Group regards compliance as one of the most important management issues and continues its comprehensive observation of compliance. However, in November 2014, the Japan Fair Trade Commission carried out an on-site inspection on suspicions that NEC violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in regard to business dealings for wireless digital emergency firefighting equipment. The NEC Group places great importance on this issue and is fully cooperating with the commission’s investigation. As reported in the preceding fiscal year’s business report, NETCOMSEC Co. Ltd., a consolidated subsidiary of NEC, recorded and billed an excessive amount to Japan’s Ministry of Defense. On 25 June 2014, NETCOMSEC Co. Ltd. returned approximately 7.4 billion yen to the National Treasury and reported measures to prevent a recurrence to the Ministry of Defense. Consequently, the suspension of NETCOMSEC Co. Ltd. from participating in requests for proposals for future contracts with the Ministry of Defense was lifted the same day. The NEC Group makes every effort to closely observe compliance and to continuously establish and implement its internal control system.

The NEC Group will devote its full attention to implementing these measures as part of its efforts to

contribute to the safety, security, efficiency and equality of society and to accelerate its growth and transformation to a “social value innovator.”

(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, 2012 (174th Business Period)	Fiscal Year ended March 31, 2013 (175th Business Period)	Fiscal Year ended March 31, 2014 (176th Business Period)	Fiscal Year ended March 31, 2015 (177th Business Period)
Net sales	3,036.8	3,071.6	3,043.1	2,935.5
Ordinary income (loss)	42.1	92.0	69.2	112.1
Net income (loss)	(110.3)	30.4	33.7	57.3
Net income (loss) per share (yen)	(42.44)	11.71	12.99	22.05
Total assets	2,557.6	2,581.0	2,505.3	2,620.7
Net assets	777.6	836.1	767.7	884.2

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, 2012 (174th Business Period)	Fiscal Year ended March 31, 2013 (175th Business Period)	Fiscal Year ended March 31, 2014 (176th Business Period)	Fiscal Year ended March 31, 2015 (177th Business Period)
Net sales	1,749.2	1,855.3	1,902.4	1,919.6
Ordinary income (loss)	13.1	79.6	46.7	56.0
Net income (loss)	(84.7)	26.5	67.6	55.6
Net income (loss) per share (yen)	(32.57)	10.20	26.02	21.39
Total assets	1,998.9	2,081.8	2,143.7	2,223.6
Net assets	516.2	545.4	617.9	671.3

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 Platforms, Ltd.	10,332	100	Development, manufacture, sale and maintenance of information and communications systems equipment, etc. and provision of systems integration services etc.
NEC Fielding, Ltd.	9,670	67.3	Installation and maintenance of computers and network systems
NEC Solution Innovators, Ltd.	8,669	100	Provision of systems integration services, etc., and development of software
NEC Display Solutions, Ltd.	3,000	100 (0.04)	Development and manufacture of monitors and projectors, and provision of image display solutions
NEC Communication Systems, Ltd.	1,000	100	Development of network systems-related software and equipment
NEC Network Products, Ltd.	400	100	Development, manufacture and maintenance of communications equipment, etc.
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.
Nippon Avionics Co., Ltd.	5,895	53.8	Development, manufacture and sale of information systems, electronic devices and electronic components
	(U.S. dollars)	(%)	
NEC Corporation of America (U.S.A.)	27	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.)	108,134	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.

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
	(Thousands of Singapore dollars)		
NEC Asia Pacific Pte. Ltd. (Singapore)	80,280	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)	162,790	100	Regional representative and supervising operation in Greater China
	(Thousands of Brazilian real)		
NEC Latin America S.A. (Brasil)	214,375	100	Regional representative and supervising operation in Latin America, sale of communications equipment and provision of systems integration services, etc.

- Notes: 1. Parenthetical figures indicate the percentage of shares held indirectly by the Company.
2. The figure for the Company's shareholding ratio of NEC Networks & System Integration Corporation shown above does not account for 6,400,000 (12.9%) 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.
3. On April 1, 2014, NEC Solution Innovators, Ltd. (the former "NEC Soft, Ltd.") merged with NEC System Technologies, Ltd., NEC Software Hokkaido, Ltd., NEC Software Tohoku, Ltd., NEC Software Hokuriku, Ltd., NEC Software Chubu, Ltd. and NEC Software Kyushu, Ltd., and changed its name from NEC Soft, Ltd.
4. On July 1, 2014, NEC Platforms, Ltd. (the former "NEC Infrontia Corporation") merged with NEC Infrontia Tohoku Corporation, NEC Access Technica, Ltd. and NEC Computertechno, Ltd. and succeeded to tape storage business from NEC Embedded Products, Ltd. by the absorption-type company split. And furthermore, NEC Platforms, Ltd. changed its name form NEC Infrontia Corporation.

(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) Chugoku Branch Division (Hiroshima) Shikoku Branch Division (Takamatsu) Kyushu Branch Division (Fukuoka)
Plants	Tamagawa Plant (Kawasaki) Fuchu Plant (Fuchu, Tokyo) Sagamihara Plant (Sagamihara) Abiko Plant (Abiko)
Domestic Manufacturing Center	Nippon Avionics Co., Ltd. (Yokohama) NEC Network and Sensor Systems, Ltd. (Hidaka, etc) NEC Network Products, Ltd. (Fukushima, etc) OCC Corporation (Kitakyushu, etc) NEC Platforms, Ltd. (Kofu, etc) 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 Latin America S.A. (Brasil)

(10) Employees

(i) Employees of the NEC Group

Segment	Number of Employees
Public Business	15,603
Enterprise Business	7,704
Telecom Carrier Business	22,894
System Platform Business	18,972
Others	33,709
Total	98,882

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2014	Average Age	Average Years of Employment
23,982	(255)	42.7	18.5

(11) Major Borrowings (In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	104,417
Sumitomo Mitsui Trust Bank, Limited	64,669
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	44,380
Mizuho Bank, Ltd.	37,629

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 5,852,991 shares)
- (3) **Number of Shareholders** 211,835

(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)	129,161	4.97%
Japan Trustee Services Bank, Ltd. (Trust Account)	105,848	4.07%
NEC Employee Shareholding Association	51,816	1.99%
The Chase Manhattan Bank 385036	47,660	1.83%
Nippon Life Insurance Company	41,977	1.62%
Sumitomo Life Insurance Company	41,000	1.58%
The Bank of New York Mellon SA/NV 10	36,570	1.41%
Credit Suisse Securities (USA) LLC SPCL. For EXCL. BEN	32,679	1.26%
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	32,476	1.25%
State Street Bank West Client – Treaty 505234	32,078	1.23%

Note: The shareholding ratio is calculated by excluding the number of treasury stock (5,852,991 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio
Japanese government and local government	0.00%
Financial Institutions	26.31%
Securities Companies	2.41%
Other Corporations	3.36%
Foreign Investors	36.02%
Japanese Individuals and Others	31.90%
Total	100%

3. Matters related to Audit & Supervisory Board Members (KANSAYAKU)

(1) Name, Position at the Company, Responsibility and Important Concurrent Positions of Directors and Audit & Supervisory Board Members (KANSAYAKU)

Name	Position at the Company	Responsibility and Important Concurrent Position
Kaoru Yano	Chairman of the Board	
Nobuhiro Endo	President (Representative Director)	Overall management of execution of the Company's business, and Corporate Auditing
Takashi Niino	Senior Executive Vice President and Member of the Board (Representative Director)	CSO (Chief Strategy Officer), CIO (Chief Information Officer) Assisting President regarding Corporate Auditing / Corporate Strategy and Corporate Communications / Important matters relating to Business Innovation, Human Resources, General Affairs, Management Information Systems and Business Process Control
Junji Yasui	Senior Executive Vice President and Member of the Board (Representative Director)	CSCO (Chief Supply Chain Officer) Supply Chain Management and Export & Import Trade Control
Takaaki Shimizu	Executive Vice President and Member of the Board	CMO (Chief Marketing Officer) Business Innovation
Isamu Kawashima	Senior Vice President and Member of the Board	CFO (Chief Financial Officer) Corporate Controller, Corporate Finance and Sales Business Control
Takeshi Kunibe	Member of the Board	President and Chief Executive Officer, SMBC Director and Member of the Board of Directors, SMFG
Hitoshi Ogita	Member of the Board	Adviser to the Board, Asahi Group Holdings, Ltd. Outside Director, Imperial Hotel, Ltd.
Kaori Sasaki	Member of the Board	President and CEO, UNICUL International, Inc. President and CEO, ewoman, Inc.
Motoyuki Oka	Member of the Board	Senior Adviser, Sumitomo Corporation Outside Director, Japan Tobacco Inc.
Kunio Noji	Member of the Board	Chairman of the Board, Komatsu Ltd. Outside Director, Ricoh Company, Ltd.

Name	Position at the Company	Responsibility and Important Concurrent Position
Fujio Okada	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Tetsuya Fujioka	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Satoshi Itoh	Audit & Supervisory Board Member (KANSAYAKU)	Certified Public Accountant Outside Audit & Supervisory Board Member (KANSAYAKU), SMFG Outside Audit & Supervisory Board Member (KANSAYAKU), SMBC Outside Audit & Supervisory Board Member (KANSAYAKU), Nisshin Seifun Group Inc.
Hideo Yamada	Audit & Supervisory Board Member (KANSAYAKU)	Professor, Waseda University, Graduate School of Commerce
Kyoko Okumiya	Audit & Supervisory Board Member (KANSAYAKU)	Attorney at Law Outside Director, Morinaga Milk Industry Co., Ltd. Outside Director, DC Co.,Ltd.

Notes:

- At the 176th Ordinary General Meeting of Shareholders held on June 23, 2014, Mr. Tetsuya Fujioka and Ms. Kyoko Okumiya were newly elected as Audit & Supervisory Board Members (KANSAYAKU) of the Company.
- Messrs. Takeshi Kunibe, Hitoshi Ogita, Motoyuki Oka, and Kunio Noji and Ms. Kaori Sasaki are Outside Directors.
- Messrs. Satoshi Itoh, Hideo Yamada and Ms. Kyoko Okumiya are Outside Audit & Supervisory Board Members (KANSAYAKU).
- The Company has notified Tokyo Stock Exchange on which the Company lists its shares, of each of Messrs. Hitoshi Ogita, Motoyuki Oka, Kunio Noji, Satoshi Itoh and Hideo Yamada and Mss. Kaori Sasaki and Kyoko Okumiya, as independent Directors / Audit & Supervisory Board Members (KANSAYAKU).
- Messrs. Tetsuya Fujioka, Satoshi Itoh and Hideo Yamada have considerable expertise in finance and accounting as follows:

Tetsuya Fujioka	Accounting experience for many years and experience as former General Manager of Corporate Finance Division
Satoshi Itoh	Extensive auditing experience as a Certified Public Accountant for many years
Hideo Yamada	Experience in teaching and research at universities in the fields of finance and accounting as an expert in management strategy

- The names of Audit & Supervisory Board Members (KANSAYAKU) 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)
Takao Ono	Audit & Supervisory Board Member (KANSAYAKU)	June 23, 2014 (resignation)
Ryoji Nakagawa	Audit & Supervisory Board Member (KANSAYAKU)	June 23, 2014 (expiration)

7. On April 1, 2015, the positions and responsibilities of Directors were changed as follows:

Name	Position after change	Responsibility after change
Isamu Kawashima	Executive Vice President and Member of the Board	CFO (Chief Financial Officer) Corporate Controller, Corporate Finance and Sales Business Control

8. The Company has business relationship with SMBC for the sales of the Company's products and provision of services including system construction, operation and maintenance, and borrowing from SMBC.

(2) Remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU)

(i) Company Policy on Remuneration

(a) Basic Policy

For the purpose of continuously improving corporate value and strengthening its competitiveness, the Company's basic policy on the remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU) is to set the level and system appropriate for a global company which enables the Company to secure excellent human resources and serves as an incentive to improve performance of the NEC Group.

(b) Remuneration System

1) Remuneration for Directors

Remuneration for Directors consists of fixed monthly remunerations and bonuses linked to the business results.

The fixed monthly remunerations are determined according to the positions of Directors, and the distinction of Outside Director or not, to the extent of the maximum amount approved at the General Meeting of Shareholders.

The bonuses are calculated by, adding to the standard amount determined for each positions of Directors, evaluation, under certain rules, of the contribution by Director to the business results during previous fiscal year. No bonuses are paid to Outside Directors from the viewpoint of securing their independence from the Company because the Company expects that Outside Directors play a leading role in supervision over business execution.

2) Remuneration for Audit & Supervisory Board Members (KANSAYAKU)

Remunerations for Audit & Supervisory Board Members (KANSAYAKU) are only fixed monthly remunerations and do not include bonuses linked to the business results because the responsibility of Audit & Supervisory Board Members (KANSAYAKU) is to audit performance of Directors.

The fixed monthly remunerations are determined for a full-time Audit & Supervisory Board Member (KANSAYAKU) or not, respectively, to the extent of the maximum amount approved at the General Meeting of Shareholders.

(c) Process of Determination

1) Remuneration for Directors

Remuneration for Directors is determined by the resolution of the Board of Directors, based on the results of their deliberation from an objective viewpoint by the Nomination and Compensation Committee, the majority of the members of which are the outside members (one of whom is the chairperson).

2) Remuneration for Audit & Supervisory Board Members (KANSAYAKU)

Remuneration for Audit & Supervisory Board Members (KANSAYAKU) is determined through discussions between Audit & Supervisory Board Members (KANSAYAKU).

(d) Links between Remuneration and the Company's Performance

Directors' Bonuses are calculated according to the certain indexes (Net Sales, Operating Income and others) that the Company considers are important regarding the consolidated business results of the NEC Group during previous fiscal year.

(e) Determination of the Level of Remuneration

In order to ensure objectiveness and properness of the Remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU), the level of the remuneration is determined on the result of the third

party's investigation regarding the remunerations of other companies whose business contents and scale are similar to those of the Company.

(f) Others

- 1) The Company abolished its retirement allowance system for Directors and Audit & Supervisory Board Members (KANSAYAKU) at the close of the 168th Ordinary General Meeting of Shareholders held on June 22, 2006.
- 2) In order to promote a management improving shareholder value, the Company recommends that Directors (except for Outside Directors) purchase the Company's shares through the Director and Audit & Supervisory Board Member (KANSAYAKU) Shareholding Association and keep the shares through the term of office of Directors and Audit & Supervisory Board Members (KANSAYAKU).

(ii) Amounts of Remuneration for this Business Period

	Remuneration		Bonus	
	Headcount	Total Amount (In millions of yen)	Headcount	Total Amount (In millions of yen)
Directors (of which Outside Directors)	11 (5)	354 (60)	6 -	72 -
Audit & Supervisory Board Members (KANSAYAKU) (of which Outside Audit & Supervisory Board Members (KANSAYAKU))	7 (4)	96 (36)	- -	- -

- Notes: 1. The above headcount includes two Audit & Supervisory Board Members (KANSAYAKU) who retired at the close of the 176th Ordinary General Meeting of Shareholders held on June 23, 2014.
2. The total amount of bonus in the table above is to be submitted for approval to the 177th Ordinary General Meeting of Shareholders.
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 Audit & Supervisory Board Members (KANSAYAKU) 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 Audit & Supervisory Board Members (KANSAYAKU)

Name	Major Activities
Takeshi Kunibe	He attended all of the 12 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a bank.
Hitoshi Ogita	He attended all of the 12 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a company.
Kaori Sasaki	She attended 11 meetings of the Board of Directors out of 12 meetings held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on wide range of knowledge on marketing and perspective of consumers.
Motoyuki Oka	He attended 10 meetings of the Board of Directors out of 12 meetings held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a company.
Kunio Noji	He attended all of the 12 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a company.
Satoshi Itoh	He attended 11 meetings of the Board of Directors out of 12 meetings, and all of the 15 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI), both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as a financial and accounting expert.
Hideo Yamada	He attended all of the 12 meetings of the Board of Directors, and all of the 15 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI), both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on deep insight regarding management strategy and expertise in finance and accounting.
Kyoko Okumiya	After the assumption of office as Audit & Supervisory Board Member (KANSAYAKU), she attended all of the 10 meetings of the Board of Directors, and all of the 11 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI), both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on deep insight regarding management strategy and expertise in finance and accounting.

(4) Outline of agreements entered into with Outside Directors and Outside Audit & Supervisory Board Members (KANSAYAKU) to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Companies Act

Pursuant to Articles 24 and 31 of the Articles of Incorporation of the Company, the Company entered into agreements with Messrs. Takeshi Kunibe, Hitoshi Ogita, Motoyuki Oka and Kunio Noji and Ms. Kaori Sasaki, who are Outside Directors, and Messrs. Satoshi Itoh and Hideo Yamada and Ms. Kyoko Okumiya, who are Outside Audit & Supervisory Board Members (KANSAYAKU), to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Companies Act. The outline of such agreements is to limit their liabilities as stipulated in Paragraph 1, Article 423 of the Companies Act to the higher of 20 million yen or the amount provided in the Companies Act and the Regulation for Enforcement of the Companies Act on the condition that they perform their duties as Directors or Audit & Supervisory Board Members (KANSAYAKU) in good faith and without gross negligence.

4. Accounting Auditors

(1) Name of the Accounting Auditors

KPMG AZSA LLC

(2) The Amount of Compensation to the Accounting Auditors

Classification	Amount (In millions of yen)
(i) The total fees paid to the Accounting Auditors by the Company as compensation for their duties under the Companies Act	527
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,504

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 Companies Act and the fees for audit under the Financial Instruments and Exchange Law and other laws, and it is impracticable to distinguish between these two types of fees.

2. Of the Company's subsidiaries listed in "1.(8)(ii) Principal Subsidiaries" above, those subject to audit by certified public accountants or audit firm other than the Accounting Auditors are as follows:

Name of Subsidiary	Certified Public Accountant
NEC Corporation of America	KPMG LLP
NEC Europe Ltd.	KPMG LLP
NEC Asia Pacific Pte. Ltd.	KPMG LLP
NEC (China) Co., Ltd.	KPMG Huazhen
NEC Latin America 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 services in relation to the "Audit Procedures regarding Control Risk of Subcontracted Services" and other advisory services.

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

Subject to the prior consent of Audit & Supervisory Board (KANSAYAKU-KAI), 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.

5. System and Policy of the Company

(1) System to ensure the properness of operations

The Company has established and implemented its internal control system based on the basic policy for maintenance of the system of the Company to ensure the properness of operations as provided in Item 6, Paragraph 4 of Article 362 of the Companies Act 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 implemented its internal control system properly based on the Policy, the summary of which is described below. The Company resolved at the Board of Directors Meeting held on April 28, 2015 that the Policy should be partially amended with effect from May 1, 2015. The Amended Policy in English translation is provided through the Company's website (<http://jpn.nec.com/profile/en/internalcontrol.html>).

The Company shall endeavor to establish and implement 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 implement preventative measures. In addition, the Company shall prompt the use of “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 management 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 audit & supervisory board members (KANSAYAKU) 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 Audit & Supervisory Board Members (KANSAYAKU) in performing their duties. Matters regarding such employees, including performance review, personnel change and disciplinary action, shall be approved by Audit & Supervisory Board Members

(KANSAYAKU).

(ix) Directors and employees shall report to Audit & Supervisory Board Members (KANSAYAKU) on the status of the performance of their duties.

(x) In order to ensure the effective audit, meetings of the Audit & Supervisory Board (KANSAYAKU-KAI) shall be held and Audit & Supervisory Board Members (KANSAYAKU) shall exchange information and consult with each other on the status of audits. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) 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 ultimate 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, in particular 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.

The Company will pay an annual dividend of 4 yen per share of common stock for the full year ended March 31, 2015.

In addition, the Company stipulates in its Articles of Incorporation that it may determine distribution of surplus flexibly through resolutions of the Board of Directors, and that record dates of distribution of surplus shall be March 31 and September 30 of each year.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2015)

(In millions of yen)

Account	Amount
Assets	
<u>Current assets</u>	1,576,785
Cash and deposits	159,764
Notes and accounts receivable-trade	928,367
Short-term investment securities	23,340
Merchandise and finished goods	88,301
Work in process	101,989
Raw materials and supplies	50,856
Deferred tax assets	65,351
Other	163,968
Allowance for doubtful accounts	(5,151)
<u>Noncurrent assets</u>	1,043,867
Property, plant and equipment	338,115
Buildings and structures, net	172,177
Machinery and equipment, net	20,189
Tools, furniture and fixtures, net	67,643
Land	57,787
Construction in progress	20,319
Intangible assets	188,409
Goodwill	66,985
Software	94,194
Other	27,230
Investments and other assets	517,343
Investment securities	157,078
Stocks of subsidiaries and affiliates	90,153
Long-term loans receivable	39,424
Deferred tax assets	85,114
Net defined benefit asset	74,622
Other	75,452
Allowance for doubtful accounts	(4,500)
Total assets	2,620,652

(In millions of yen)

Account	Amount
Liabilities	
<u>Current liabilities</u>	1,069,548
Notes and accounts payable-trade	466,677
Short-term loans payable	28,988
Current portion of long-term loans payable	14,407
Current portion of bonds payable	90,000
Accrued expenses	169,070
Advances received	122,714
Provision for product warranties	17,031
Provision for directors' bonuses	331
Provision for loss on construction contracts and others	5,596
Provision for business structure improvement	8,627
Provision for contingent loss	13,526
Other	132,581
<u>Noncurrent liabilities</u>	666,912
Bonds payable	50,000
Long-term loans payable	332,404
Deferred tax liabilities	2,410
Provision for product warranties	2,943
Provision for loss on repurchase of computers	6,445
Provision for business structure improvement	5,867
Provision for contingent loss	5,480
Net defined benefit liability	228,686
Other	32,677
Total liabilities	1,736,460
Net Assets	
<u>Shareholders' equity</u>	749,889
Capital stock	397,199
Capital surplus	148,694
Retained earnings	207,021
Treasury stock	(3,025)
<u>Accumulated other comprehensive income</u>	73,761
Valuation difference on available-for-sale securities	47,385
Deferred gains or losses on hedges	(271)
Foreign currency translation adjustments	12,795
Remeasurements of defined benefit plans	13,852
<u>Minority interests</u>	60,542
Total net assets	884,192
Total liabilities and net assets	2,620,652

CONSOLIDATED STATEMENT OF OPERATIONS

(For the fiscal year ended March 31, 2015)

(In millions of yen)

Account	Amount
Net sales	2,935,517
Cost of sales	2,039,499
Gross profit	896,018
Selling, general and administrative expenses	767,394
Operating income	128,084
Non-operating income	26,492
Interest income	1,960
Dividends income	3,698
Equity in earnings of affiliates	8,126
Foreign exchange gains	4,468
Subsidy income	2,361
Other	5,879
Non-operating expenses	42,464
Interest expenses	10,066
Retirement benefit expenses	10,357
Provision for contingent loss	5,872
Other	16,169
Ordinary income	112,112
Extraordinary income	7,801
Gain on sales of noncurrent assets	3,276
Gain on sales of investment securities	2,216
Gain on sales of subsidiaries and affiliates' stocks	1,706
Gain on transfer of business	603
Extraordinary loss	23,176
Business structure improvement expenses	11,849
Impairment loss	8,932
Loss on valuation of investment securities	1,044
Loss on sales of noncurrent assets	672
Loss on exchange from business combination	669
Loss on sales of investment securities	10
Income before income taxes and minority interests	96,737
Income taxes	40,812
Income taxes – current	31,868
Income taxes – deferred	8,944
Income before minority interests	55,925
Minority interests in income	(1,377)
Net income	57,302

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(For the fiscal year ended March 31, 2015)

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	397,199	148,402	182,570	(2,976)	725,195
Cumulative effects of changes in accounting policies			(22,458)		(22,458)
Restated balance	397,199	148,402	160,112	(2,976)	702,737
Changes of items during the period					
Dividends from surplus			(10,393)		(10,393)
Net income			57,302		57,302
Purchase of treasury stock				(54)	(54)
Disposal of treasury stock		(2)		5	3
Other		294			294
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	292	46,909	(49)	47,152
Balance at the end of current period	397,199	148,694	207,021	(3,025)	749,889

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	34,292	(1,359)	(1,521)	(60,658)	(29,246)	71,714	767,663
Cumulative effects of changes in accounting policies						(1,608)	(24,066)
Restated balance	34,292	(1,359)	(1,521)	(60,658)	(29,246)	70,106	743,597
Changes of items during the period							
Dividends from surplus							(10,393)
Net income							57,302
Purchase of treasury stock							(54)
Disposal of treasury stock							3
Other							294
Net changes of items other than shareholders' equity	13,093	1,088	14,316	74,510	103,007	(9,564)	93,443
Total changes of items during the period	13,093	1,088	14,316	74,510	103,007	(9,564)	140,595
Balance at the end of current period	47,385	(271)	12,795	13,852	73,761	60,542	884,192

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(For the fiscal year ended March 31, 2015)

(In millions of yen)

Account	Amount
Net cash provided by (used in) operating activities:	
Income before income taxes and minority interests	96,737
Depreciation and amortization	78,717
Equity in earnings of affiliates	(8,126)
Increase in notes and accounts receivable-trade	(74,822)
Increase in inventories	(21,830)
Increase in notes and accounts payable-trade	16,668
Income taxes paid	(34,395)
Others, net	34,968
Net cash provided by operating activities	87,917
Net cash provided by (used in) investing activities:	
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(28,671)
Purchases of intangible assets	(8,974)
Net proceeds from (payments of) purchases and sales of securities	(13,628)
Others, net	3,763
Net cash used in investing activities	(47,510)
Net cash provided by (used in) financing activities:	
Net proceeds from (payments of) bonds and borrowings	(59,333)
Cash dividends paid	(10,358)
Others, net	(2,336)
Net cash used in financing activities	(72,027)
Effect of exchange rate changes on cash and cash equivalents	6,115
Net decrease in cash and cash equivalents	(25,505)
Cash and cash equivalents at beginning of period	206,637
Cash and cash equivalents at end of period	181,132

Notes to Consolidated Financial Statements

I Significant Items for Presenting Consolidated Financial Statements, etc.

1. Scope of consolidation

Number of consolidated subsidiaries 232 companies

Major consolidated subsidiaries

NEC Corporation of America, NEC Europe Ltd., NEC Asia Pacific Pte. Ltd., NEC (China) Co., Ltd., NEC Latin America S.A., Nippon Avionics Co., Ltd., ABeam Consulting Ltd., NEC Networks & System Integration Corporation, and NEC Platforms, Ltd..

Change in the scope of consolidation includes additions of 2 and exclusions of 28 subsidiaries. Significant changes were as follows:

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

2 subsidiaries

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

14 subsidiaries

Subsidiaries excluded from the consolidation scope due to merger:

14 subsidiaries listed below.

(Prior to merger)	(New - after merger)
NEC Infrontia, Corporation. NEC Infrontia Tohoku, Corporation. NEC AccessTechnica, Ltd. NEC Computertechno, Ltd.	NEC Platforms, Ltd.
NEC Soft, Ltd. NEC System Technology, Ltd. NEC Software Kyushu, Ltd. NEC Software Chubu, Ltd. NEC Software Hokkaido, Ltd. NEC Software Tohoku, Ltd. NEC Software Hokuriku, Ltd.	NEC Solution Innovators, Ltd.

And 5 subsidiaries

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 51 companies

Major companies

Keyware Solutions Inc., ALAXALA Networks Corporation, Lenovo NEC Holdings B.V., NEC Capital Solutions Limited, Japan Aviation Electronics Industry, Limited, Nittsu NEC Logistics, Ltd., NEC TOKIN Corporation, Automotive Energy Supply Corporation, HBA Corporation, and Nihon Dengyo Kosaku Co.,Ltd.

1 affiliated company, Nittsu NEC Logistics, Ltd. was newly accounted for by the equity method.

1 affiliated company, Nippon Computer Systems Corporation (currently NCS&A Co.,Ltd.), was 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 rights that The Company owns are between 20/100 and 50/100 based on our account.

Name of the company

JECC Corporation (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 14 companies.

The fiscal year of these 14 subsidiaries 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 by the straight-line 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 straight-line 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 2 years). Software for internal use is amortized on a straight-line basis over the estimated useful lives (Mainly within 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 deterioration in financial condition or insolvency of the debtor.

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 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 estimated 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 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.

(4) Significant criteria for revenue and expenses recognition

Recognition criteria for completed contract revenue and costs

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

For other construction projects where completion percentage cannot be reasonably measured, completed-contract accounting method is 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 the consolidated statement of operations. 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 as of 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 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 retirement benefit

Allocation method for projected retirement benefit cost

With regard to the calculation of retirement benefit obligation, the benefit formula basis method is mainly applied when allocating the projected retirement benefit cost to the current consolidated fiscal year.

Amortization method for Transitional obligation, Prior service costs, and Actuarial gains and losses

Transitional obligation is amortized on a straight-line basis mainly over 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 from the following year after incurred.

(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 Accounting Policy

From the beginning of the fiscal year ended March 31, 2015, the NEC Group has applied paragraph 35 of "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012, hereinafter "Retirement Benefits Standard") and paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015), and changed its calculation methods of retirement benefit obligations and service costs. The attribution method for projected retirement benefits was changed mainly from a point basis to a benefit formula basis and determination of the discount rate was changed to a method that uses several discount rates which are set at the time of each expected retirement benefit payment.

In accordance with the paragraph 37 of "Retirement Benefits Standard", the effect of the change in calculation methods of retirement benefit obligations and service costs arising from initial application has been recognized in retained earnings in the beginning balance of the fiscal year ended March 31, 2015.

As a result, net defined benefit liability increased by 31,981 million yen and retained earnings decreased by 22,458 million yen in the beginning balance of the fiscal year ended March 31, 2015. The impact on operating income, ordinary income, and income before income taxes and minority interests for the fiscal year ended March 31, 2015 was not material. The impact on per share information is shown in the corresponding section.

III Notes to Consolidated Balance Sheet

1. Assets pledged as and debts secured by collateral

(1) Balances - assets pledged as collateral

	(In millions of yen)
Buildings and structures	212
Land	3,579
Others	436
Total	4,227

(2) Balances - debts secured by collateral

	(In millions of yen)
Short-term loans payable	281
Long-term loans payable	200
Others	46
Total	527

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

Inventories related to construction contracts and others which are expected to result in a loss are presented at net of provision for loss on construction contracts and others of 5,468 million yen (the sum of following provision for loss on construction contracts and others; 929 million yen for merchandise and finished goods, 4,532 million yen for work in process, 7 million yen for raw materials and supplies).

3. Accumulated depreciation of property, plant and equipment

	(In millions of yen)
Accumulated depreciation	724,049

4. Contingent liabilities

Guarantees for bank loans and others

The Company guarantees bank loans of the other companies and others

	(In millions of yen)
Automotive Energy Supply Corporation	1,597
Employees	1,020
Others	2,071
Total	4,688

5. Other Contingent liabilities

In November 2013, Japan Post Co., Ltd. brought an action for damages against NEC, based on Article 25 of the Antimonopoly Act, where the grounds for the lawsuit are a breach of the Act regarding the acceptance of order of automatic postal code reading and sorting machines, former Ministry of Posts and Telecommunications (now Japan Post Co., Ltd.) placed in a public tender. The outcome of the legal proceedings is uncertain at this point, and the impact on the consolidated financial condition and results of operations remains unclear.

IV Notes to Consolidated Statement of Changes in Net Assets

1. Stocks, issued

Common stock 2,604,732,635 shares

2. Dividends

(1) Payment of dividends

Resolution	Class of Stock	Total dividends (In millions of yen)	Dividends per share (In yen)	Record Date	Effective Date
Ordinary Meeting of Board of Directors held on April 28, 2014	Common stock	10,396	4	March 31, 2014	June 2, 2014

(2) Dividends with recorded date within this fiscal year and effective date within the following fiscal year:

The Company proposed and resolved the matter of payment of dividends for Common Stock at the ordinary Meeting of Board of Directors held on April 28, 2015.

(a) Resource of dividends	Retained earnings
(b) Total Dividends	10,396 million yen
(c) Dividends per share	4 yen
(d) Record date	March 31, 2015
(e) Effective date	June 1, 2015

V Notes : Financial Instruments

1. Summary of financial instruments

(1) Policy of financial instruments

The 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, the 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 loans receivable are mainly related to affiliated companies.

Long-term borrowings, bonds payable and finance lease liabilities are generally made for the purpose of financing capital investments. The redemption dates of such liabilities are mainly within five years, while the redemption date of the hybrid finance (subordinated loan) executed in May 2013 is the end of June 2073. Although these interest-bearing debts with floating interest rate are exposed to interest rate risks, these are partially hedged using derivatives (interest rate swaps).

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 method (b) Accounting for significant hedging activities.

(3) Risk management for financial instruments

(a) 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.

(b) Management of market risk (foreign exchange risk, interest rate risk and others)

The 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, the NEC Group regularly monitors the fair value of such securities as well as financial positions of the issuers (customer enterprises). The NEC Group also continuously reviews effectiveness of possessing such securities taking into consideration of business relationship with customer enterprises.

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

(c) 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, 2015 are as follows:

(In millions of yen)

	Balance sheet value	Fair value	Difference
(1)Cash and deposits	159,764	159,764	-
(2)Notes and accounts receivable-trade	928,367	927,860	(507)
(3)Short-term investment securities	23,340	23,340	-
(4)Investment securities	126,814	126,814	-
(5)Stocks of subsidiaries and affiliates	54,696	82,872	28,176
(6)Long-term loans receivable	39,424	39,424	-
Total assets	1,332,405	1,360,074	27,669
(1)Notes and accounts payable-trade	466,677	466,677	-
(2)Short-term loans payable	28,988	28,988	-
(3)Current portion of long-term loans payable	14,407	14,407	-
(4)Current portion of bonds payable	90,000	90,000	-
(5)Accrued expenses	169,070	169,070	-
(6)Bonds payable	50,000	50,750	750
(7)Long-term loans payable	332,404	334,245	1,841
Total liabilities	1,151,546	1,154,137	2,591
Derivatives(*1)	(2,620)	(2,620)	-

(*1) Derivatives are presented at net amount of assets and liabilities, and amounts in parentheses represent net liabilities.

Notes:

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

Assets

(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 short term receivable, fair value equals to balance sheet value. For long term receivable, fair value is measured 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 certificate of deposit 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 instruments exchange.

(6) Long-term loans receivable

Fair value equals to balance sheet value, since they are mainly based on floating rate.

Liabilities

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

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

(6) Bonds payable

Fair value equals to market price.

(7) Long-term loans payable

Fair value is measured using discount rate to be applied in case of financing same amount with sum of principal and interest.

Derivatives

Fair value of forward exchange contracts are based on forward exchange rate. Fair value of interest rate swaps are calculated based on the discounted future cash flows using interest rate of the end of this fiscal year.

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:

Classification	Balance sheet value (In millions of yen)
Investment securities Unlisted stocks	24,852
Stocks of subsidiaries and affiliates Unlisted stocks	35,457
Investment in limited partnerships and similar partnerships under foreign laws	5,146
Others	266
Total	65,721

VI Notes : Per Share Information

Net assets per share	316.93 yen
Net income per share	22.05 yen

Notes:

As described in “Changes in Accounting Policy”, the NEC Group has applied “Accounting Standard for Retirement Benefits” and the current consolidated financial statements conform to the transitional treatment as defined in the paragraph 37 of “Accounting Standard for Retirement Benefits”.

As a result, Net assets per share decreased by 7.88 yen at the end of the current consolidated fiscal year.

The impact on Net income per share is immaterial.

VII Notes : Others

1. Lease transactions

Operating leases (lessee)	
Obligations under non-cancellable operating leases	(In millions of yen)
Due within one year	14,437
Due over one year	33,906
<u> Total</u>	<u>48,343</u>

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	110,324	46,767	63,557
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	603	600	3
	(3) Others	107	45	62
	Sub-total	111,034	47,412	63,622
Securities with balance sheet value not exceeding acquisition cost	(1) Stocks	15,354	19,226	(3,872)
	(2) Bonds			
	(a) Governmental and municipal bonds	-	-	-
	(b) Corporate bonds	398	400	(2)
	(3) Others	23,368	23,394	(26)
	Sub-total	39,120	43,020	(3,900)
Total		150,154	90,432	59,722

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 24,852 million yen),

Investments in limited partnerships and similar partnerships under foreign laws

(balance sheet value of 5,146 million yen), and Others (balance sheet value of 266 million yen).

(2) Available-for-sale securities sold during the fiscal year ended March 31, 2015

(In millions of yen)

Description	Proceeds from sales	Gross realized gains	Gross realized losses
(1) Stocks	8,728	2,216	10
(2) Bonds			
(a) Governmental and municipal bonds	-	-	-
(b) Corporate bonds	-	-	-
(3) Others	1	-	-
Total	8,729	2,216	10

(3) Impairment of available-for-sale securities

With regard to stocks included in available-for-sale securities, impairment losses of 1,044 million yen were recorded in this fiscal year.

3. Retirement benefits

(1) Overview of the retirement benefit plans

The Company and its domestic consolidated subsidiaries have the defined benefit type of the corporate pension plans, the defined contribution 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 benefit plans and defined contribution plans.

The Company and certain domestic consolidated subsidiaries apply 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 implement cash-balance plans in the defined benefit pension 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) Defined benefit plans

(a) Reconciliation of changes in Defined benefit obligations

	(In millions of yen)
Defined benefit obligations at beginning of year	959,420
Cumulative effects of changes in accounting policies	34,907
Restated balance	994,327
Service cost	31,818
Interest cost	13,549
Actuarial gains and losses	43,143
Benefits paid	(53,534)
Other	(2,330)
Defined benefit obligations at end of year	1,026,973

Note: Certain consolidated subsidiaries adopted the simplified method.

(b) Reconciliation of changes in Plan assets

	(In millions of yen)
Plan assets at beginning of year	749,367
Expected return on plan assets	14,214
Actuarial gains and losses	125,468
Employer contributions	27,239
Benefits paid	(45,195)
Other	1,816
Plan assets at end of year	872,909

Note: Certain consolidated subsidiaries adopted the simplified method.

(c) Reconciliation between Defined benefit obligations (Plan assets) and amounts of Net defined benefit liability (asset) recognized in the consolidated balance sheet

(In millions of yen)

Defined benefit obligations [funded]	835,110
Plan assets	(872,909)
	(37,799)
Defined benefit obligations [unfunded]	191,863
Net liability (asset) recognized in the consolidated balance sheet	154,064
Net defined benefit liability	228,686
Net defined benefit asset	(74,622)
Net liability (asset) recognized in the consolidated balance sheet	154,064

(d) Retirement benefit expenses

(In millions of yen)

Service cost	31,818
Interest cost	13,549
Expected return on plan assets	(14,214)
Amortization of actuarial gains and losses	22,766
Amortization of prior service costs	(8,939)
Amortization of transitional obligation	10,357
Retirement benefit expenses	55,337

Note: Certain consolidated subsidiaries adopted the simplified method.

(e) Remeasurements of defined benefit plans (in Other comprehensive income)

The breakdown of remeasurements of defined benefit plans in other comprehensive income (before adjusting for tax effects) is as follows:

(In millions of yen)

Prior service cost	(10,194)
Actuarial gains and losses	106,319
Transitional obligation	10,357
Total	106,482

(f) Remeasurements of defined benefit plans (in Accumulated other comprehensive income)

The breakdown of amounts recognized in remeasurements of defined benefit plans in accumulated other comprehensive income (before adjusting for tax effects) is as follows:

(In millions of yen)

Unrecognized prior service cost	(35,204)
Unrecognized actuarial gains and losses	17,565
Total	(17,639)

(g) Plan assets

(i) Percentage by major category of plan assets

Equity securities	47%
Debt securities	41%
Other	12%
Total	100%

Notes: Total plan assets include 15% of contribution of securities to retirement benefit trust in the corporate pension plan.

(ii) Determination procedure of long-term expected rate of return on plan assets

In determining long-term expected rate of return on plan assets, the NEC Group considers the current and projected asset allocations, as well as current and future long-term rate of returns for various categories of the plan assets.

(h) Basis for calculation of actuarial assumptions

(i) Discount rate

Mainly, 1.3%

(ii) Long-term expected rate of return on plan assets

Mainly, 2.5%

Note:

Defined benefit plans include multi-employer pension plans in which certain consolidated subsidiaries participate.

(3) Defined contribution plans

Total defined contribution expense of the Company and its consolidated subsidiaries was 7,566 million yen for the fiscal year ended March 31, 2015.

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	<ul style="list-style-type: none">▪ Tools, furniture and fixtures▪ Software▪ Investments and other assets, and others	Minato-ku, Tokyo, and others
Assets for business use	<ul style="list-style-type: none">▪ Buildings and structures▪ Machinery and equipment▪ Intangible assets, and others	China
Idle assets	<ul style="list-style-type: none">▪ Buildings and structures▪ Land and others	Abiko City, Chiba Prefecture, and others
Others	<ul style="list-style-type: none">▪ Goodwill	—

(2) Background to the recognition of impairment loss

Investments in certain fixed assets for business use and goodwill 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 and its consolidated subsidiaries recognized impairment loss as extraordinary loss.

(3) Amounts of impairment loss

	(In millions of yen)
Buildings and structures	1,994
Machinery and equipment	1,005
Tools, furniture and fixtures	306
Land	198
Construction in progress	5
Goodwill	3,031
Software	1,896
Intangible assets-other	251
Investments and other assets-other	246
<u>Total</u>	<u>8,932</u>

(4) Method for grouping assets

In principle, assets for business use are grouped based on business units and managerial accounting segments.

Idle assets are grouped 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 and goodwill. 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 in case the total of future cash flow is a negative amount.

5. Income taxes

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

(Deferred tax assets)	(In millions of yen)
Net defined benefit liability	117,948
Tax loss carry forwards	78,809
Loss on devaluation of investment securities	67,477
Accrued expenses and provision for product warranties	40,336
Loss on devaluation of inventories	30,019
Depreciation	25,311
Elimination of unrealized profit through intercompany transactions among consolidated companies	6,174
Provision for contingent loss	6,154
Investments in affiliated companies	6,141
Provision for business structure improvement	4,460
Research and development expenses	1,858
Provision for loss on construction contracts and others	1,816
Others	82,784
Sub-total	469,287
Less: valuation allowance	(276,050)
Total	193,237
 (Deferred tax liabilities)	
Undistributed earnings of affiliated companies	(21,843)
Valuation difference on available-for-sale securities	(14,318)
Gain on transfer of securities to the pension trust	(8,400)
Others	(1,801)
Total	(46,362)
Net deferred tax assets	146,875

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

Current assets - deferred tax assets	65,351
Noncurrent assets - deferred tax assets	85,114
Current liabilities - other	(1,180)
Noncurrent liabilities - deferred tax liabilities	(2,410)

- (2) The reconciliation between the effective tax rate reflected in the consolidated financial statements and the statutory tax rate

	(%)
Statutory tax rate	35.5
(Reconciliation)	
Decrease of deferred tax assets due to tax rate changes	11.0
Amortization of goodwill	7.0
Undistributed earnings of affiliated companies	4.0
Equity in losses (earnings) of affiliates	(3.1)
Changes in valuation allowance	(4.0)
Others	(8.2)
Effective tax rate	<u>42.2</u>

- (3) Impact of revisions to the corporate tax rate

Following the promulgation of the law "Partial Amendment of the Corporation Tax Act, etc." (Act No.9 of 2015) and "Partial Amendment of Local Tax Act, etc." (Act No.2 of 2015) in Japan on March 31, 2015, revised corporation tax rate will be imposed from the consolidated fiscal years beginning on or after April 1, 2015.

Accordingly, for temporary differences expected to be reversed in the current fiscal year, the effective tax rate applied to the calculation of deferred tax assets and liabilities in the current consolidated fiscal year, was lowered from 35.5% in the prior fiscal year to 33.0% in the current fiscal year. The rate was also changed to 32.5% for temporary differences expected to be utilized in the fiscal years beginning on or after April 1, 2016.

As a result, the amount of deferred tax assets (the amount remaining after deducting deferred tax liabilities) decreased by 9,722 million yen, while income taxes-deferred recognized in costs increased by 10,660 million yen for the current consolidated fiscal year.

BALANCE SHEET(Non-consolidated)
(As of March 31, 2015)

(In millions of yen)

Account	Amount
Assets	
<u>Current assets</u>	1,073,817
Cash and deposits	48,154
Notes receivable-trade	2,957
Accounts receivable-trade	648,306
Lease investment assets	7,297
Short-term investment securities	20,000
Merchandise and finished goods	33,558
Work in process	50,803
Raw materials and supplies	12,175
Advance payments-trade	53,643
Prepaid expenses	15,337
Deferred tax assets	28,100
Accounts receivable-other	115,864
Other	37,732
Allowance for doubtful accounts	(109)
<u>Noncurrent assets</u>	1,149,751
Property, plant and equipment	235,655
Buildings, net	129,561
Structures, net	3,158
Machinery and equipment, net	8,697
Vehicles, net	269
Tools, furniture and fixtures, net	44,052
Land	38,376
Construction in progress	11,542
Intangible assets	77,033
Patent right	598
Right of using facilities	71
Software	76,214
Other	150
Investments and other assets	837,062
Investment securities	152,137
Stocks of subsidiaries and affiliates	416,716
Investments in capital	254
Long-term loans receivable	13,336
Long-term loans receivable from subsidiaries and affiliates	159,614
Deferred tax assets	21,487
Prepaid pension cost	48,570
Other	28,751
Allowance for doubtful accounts	(3,804)
Total assets	2,223,568

(In millions of yen)

Account	Amount
Liabilities	
<u>Current liabilities</u>	1,029,820
Notes payable-trade	382
Accounts payable-trade	509,855
Current portion of long-term loans payable	7,887
Current portion of bonds payable	90,000
Lease obligations	288
Accounts payable-other	30,621
Accrued expenses	65,317
Income taxes payable	3,911
Advances received	87,979
Deposits received	191,901
Provision for product warranties	9,332
Provision for directors' bonuses	72
Provision for loss on construction contracts and others	4,285
Provision for contingent loss	11,219
Other	16,771
<u>Noncurrent liabilities</u>	522,410
Bonds payable	50,000
Long-term loans payable	324,105
Lease obligations	530
Provision for loss on repurchase of computers	6,445
Provision for loss on guarantees	133,042
Provision for contingent loss	2,378
Asset retirement obligations	1,230
Other	4,679
Total liabilities	1,552,230
Net Assets	
<u>Shareholders' equity</u>	626,588
Capital stock	397,199
Capital surplus	106,020
Legal capital surplus	59,260
Other capital surplus	46,760
Retained earnings	126,353
Legal retained earnings	3,119
Other retained earnings	123,234
Retained earnings brought forward	123,234
Treasury stock	(2,984)
<u>Valuation and translation adjustments</u>	44,750
Valuation difference on available-for-sale securities	45,391
Deferred gains or losses on hedges	(642)
Total net assets	671,338
Total liabilities and net assets	2,223,568

STATEMENT OF OPERATIONS
(Non-consolidated)
(For the fiscal year ended March 31, 2015)

(In millions of yen)

Account	Amount
Net sales	1,919,579
Cost of sales	1,435,522
Gross profit	484,058
Selling, general and administrative expenses	443,068
Operating income	40,989
Non-operating income	43,104
Interest income	2,047
Dividends income	30,240
Foreign exchange gains	7,142
Other	3,675
Non-operating expenses	28,060
Interest expenses	8,696
Retirement benefit expenses	8,282
Provision for contingent loss	4,116
Other	6,966
Ordinary income	56,033
Extraordinary income	10,549
Reversal of provision for loss on guarantees	3,652
Gain on redemption of subsidiaries and affiliates' stocks	2,112
Gain on sales of investment securities	2,032
Gain on sales of noncurrent assets	1,163
Gain on exchange from business combination	667
Gain on sales of subsidiaries and affiliates' stocks	614
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	309
Extraordinary loss	11,508
Provision for loss on guarantees	6,413
Impairment loss	2,964
Provision of allowance for doubtful accounts for subsidiaries and affiliates	946
Loss on sales of noncurrent assets	679
Loss on valuation of investment securities	427
Loss on valuation of stocks of subsidiaries and affiliates	68
Loss on sales of investment securities	10
Income before income taxes	55,074
Income taxes	(517)
Income taxes – current	(1,358)
Income taxes – deferred	841
Net income	55,591

STATEMENT OF CHANGES IN NET ASSETS

(Non-consolidated)

(For the fiscal year ended March 31, 2015)

(In millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
					Retained earnings brought forward	Total retained earnings	
Balance at the beginning of current period	397,199	59,260	46,763	106,022	2,079	81,670	83,750
Cumulative effects of changes in accounting policies						(2,592)	(2,592)
Restated balance	397,199	59,260	46,763	106,022	2,079	79,078	81,158
Changes of items during the period							
Dividends from surplus						(10,396)	(10,396)
Provision of legal retained earnings					1,040	(1,040)	-
Net income						55,591	55,591
Purchase of treasury stock							
Disposal of treasury stock			(2)	(2)			
Total changes of items other than shareholders' equity							
Total changes of items during the period	-	-	(2)	(2)	1,040	44,156	45,195
Balance at the end of current period	397,199	59,260	46,760	106,020	3,119	123,234	126,353

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(2,935)	584,036	35,209	(1,304)	33,905	617,941
Cumulative effects of changes in accounting policies		(2,592)				(2,592)
Restated balance	(2,935)	581,444	35,209	(1,304)	33,905	615,349
Changes of items during the period						
Dividends from surplus		(10,396)				(10,396)
Provision of legal retained earnings		-				-
Net income		55,591				55,591
Purchase of treasury stock	(54)	(54)				(54)
Disposal of treasury stock	5	2				2
Total changes of items other than shareholders' equity			10,182	663	10,845	10,845
Total changes of items during the period	(49)	45,144	10,182	663	10,845	55,989
Balance at the end of current period	(2,984)	626,588	45,391	(642)	44,750	671,338

Independent Auditor's Report

April 24, 2015

The Board of Directors
NEC Corporation

KPMG AZSA LLC

Hiroyuki Sakai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Tanabu (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Eiji Mizutani (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, 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 at March 31, 2015 and for the year from April 1, 2014 to March 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

April 24, 2015

The Board of Directors
NEC Corporation

KPMG AZSA LLC

Hiroyuki Sakai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masafumi Tanabu (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Eiji Mizutani (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the BALANCE SHEET, the STATEMENT OF OPERATIONS, the STATEMENT OF CHANGES IN NET ASSETS and the related notes, and the supplementary schedules of NEC Corporation (the "Company") as at March 31, 2015 and for the 177th year from April 1, 2014 to March 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary 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 financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

REPORT OF THE AUDIT & SUPERVISORY BOARD (KANSAYAKU-KAI)

With respect to the performance of duties by the Directors for the 177th business period from April 1, 2014 to March 31, 2015, the Audit & Supervisory Board (KANSAYAKU-KAI) has prepared this audit report through deliberation based on the audit reports prepared by the respective Audit & Supervisory Board Members (KANSAYAKU) and hereby reports, as follows:

1. Audit method by Audit & Supervisory Board Members (KANSAYAKU) and the Audit & Supervisory Board (KANSAYAKU-KAI) and details thereof

The Audit & Supervisory Board (KANSAYAKU-KAI) has determined, among other things, the auditing policies and plans, received reports regarding the status of conduct of audit and its results from each Audit & Supervisory Board Member (KANSAYAKU), 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 Audit & Supervisory Board (KANSAYAKU-KAI), each Audit & Supervisory Board Member (KANSAYAKU) 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 Companies Act (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. As for the subsidiaries, we have ensured to communicate with the Directors and Audit & Supervisory Board Members (KANSAYAKU) 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, the methods and results of the audit, 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 methods 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 methods and results of the audit conducted by KPMG AZSA LLC the Accounting Auditors, are fair and appropriate.

April 28, 2015

Audit & Supervisory Board (KANSAYAKU-KAI)

NEC Corporation

Full-time Audit & Supervisory Board Member (KANSAYAKU)	Fujio Okada (Seal)
Full-time Audit & Supervisory Board Member (KANSAYAKU)	Tetsuya Fujioka (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Satoshi Itoh (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Hideo Yamada (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kyoko Okumiya (Seal)