

This is a translation of the Notice of the 180th Ordinary General Meeting of Shareholders of NEC Corporation, and is provided for reference purposes only without any warranty as to its accuracy, completeness of the information, or otherwise. Please note that this translation does not include the translation of the information on exercising voting rights, Notes to Non-consolidated Financial Statements and some other information contained in the Japanese original. In the event of any discrepancy between the Japanese original and this translation, the original shall prevail.

NEC Corporation

Securities Code 6701

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

Nobuhiro Endo
Chairman of the Board
(Representative Director)

May 31, 2018

To Our Shareholders:

**NOTICE OF
THE 180TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

This is to inform you that the 180th Ordinary General Meeting of Shareholders (the “Meeting”) of NEC Corporation (the “Company”) will be held as follows:

- 1. DATE:** June 25, 2018 (Monday) at 10:00 a.m. (Japan Standard Time)
(entry begins at 9:00 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 the Non-Consolidated Financial Statements of the 180th business period from April 1, 2017 to March 31, 2018 (“Business Period”), and report on the results of the audit 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 (11) Directors
Proposal No. 2: Election of Two (2) Audit & Supervisory Board Members (KANSAYAKU)
Proposal No. 3: Approval of Payment of Bonuses to Directors

- No souvenirs will be provided. Your understanding would be appreciated.
- 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 Non-consolidated 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.

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 (11) Directors will expire. It is proposed that eleven (11) Directors be elected.

The candidates were deliberated by the Nomination and Compensation Committee, which consists of five (5) members including three (3) Outside Directors, and approved by the Board of Directors.

The candidates are as follows:

(As of May 31, 2018)

No.	Name	Position and Responsibility at the Company	Attendance at Meeting of the Board of Directors	Year served as a Director (Upon the close of the Meeting)
1	Nobuhiro Endo	Chairman of the Board (Representative Director) Company's Management Policy and important matters relating to building NEC Group's culture and Research and Development Member of the Nomination and Compensation Committee	13 out of 13 meetings	9 years
2	Takashi Niino	President (Representative Director) CEO (Chief Executive Officer) Management of the Company's business, Corporate Auditing and Export & Import Trade Control Member of the Nomination and Compensation Committee	13 out of 13 meetings	7 years
3	Takayuki Morita	Senior Executive Vice President and Member of the Board (Representative Director) Special assignment by President relating to the Company's business strategy and Corporate Alliance	13 out of 13 meetings	2 years
4	Katsumi Emura	Executive Vice President and Member of the Board CTO (Chief Technology Officer) Intellectual Properties / Important matters relating to technology innovation strategy	13 out of 13 meetings	2 years
5	Hajime Matsukura	Executive Vice President and Member of the Board CSO (Chief Strategy Officer) and CHRO (Chief Human Resources Officer) Corporate Strategy, Corporate Communications, Human Resources Development, General Affairs and External Relations / Important matters relating to NEC Group Culture Transformation	11 out of 11 meetings	1 year
6	Norihiko Ishiguro *New candidate	Senior Executive Vice President Global business strategy/ Important matters relating to External Relations	-	-
7	Takeshi Kunibe *Candidate for Outside Director	Member of the Board Member of the Nomination and Compensation Committee	11 out of 13 meetings	7 years

No.	Name	Position and Responsibility at the Company	Attendance at Meeting of the Board of Directors	Year served as a Director (Upon the close of the Meeting)
8	Motoyuki Oka *Candidate for Outside Director	Member of the Board Member of the Nomination and Compensation Committee	13 out of 13 meetings	5 years
9	Kunio Noji *Candidate for Outside Director	Member of the Board	12 out of 13 meetings	5 years
10	Kaoru Seto *New candidate *Candidate for Outside Director		-	-
11	Noriko Iki *New candidate *Candidate for Outside Director		-	-

Notes: Members of the Nomination and Compensation Committee are above four (4) members, Messrs. Nobuhiro Endo, Takashi Niino, Takeshi Kunibe and Motoyuki Oka, and Mr. Hitoshi Ogita, who is an Outside Director and the chairman of the committee. Mr. Hitoshi Ogita will retire upon the close of the Meeting.

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
1. Nobuhiro Endo (November 8, 1953) * Member of the Nomination and Compensation Committee	April 1981 July 2005 April 2006 April 2009 June 2009 April 2010 April 2016	Joined the Company Senior General Manager, Mobile Network Operations Unit Senior Vice President, Executive General Manager, Mobile Network Operations Unit Executive Vice President Executive Vice President and Member of the Board President (Representative Director) Chairman of the Board (Representative Director) (to present)	33,200
	Important Concurrent Positions: Outside Director, JAPAN POST INSURANCE Co., Ltd. Outside Director, SEIKO HOLDINGS CORPORATION		

Name (Date of Birth)	Brief Employment History	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 network business and NEC Group's management strategies, and also, having been engaged in the management of the Company as President (Representative Director) since 2010 and as Chairman of the Board (Representative Director) since April 2016. The Company has nominated him as a candidate for Director considering that he is appropriate to manage external affairs as a representative of the Company, and to promote the reinforcement of NEC Group's corporate governance by advancing Research and Development and building culture which will be the basis of sustainable growth for NEC Group.</p> <p>Attendance at Meeting of the Board of Directors: 13 out of 13 meetings Attendance rate: 100%</p>																							
<p>2. Takashi Niino (September 8, 1954)</p> <p>* Member of the Nomination and Compensation Committee</p>	<table border="1"> <tr> <td data-bbox="513 862 719 891">April 1977</td> <td data-bbox="719 862 1248 891">Joined the Company</td> </tr> <tr> <td data-bbox="513 898 719 927">April 2004</td> <td data-bbox="719 898 1248 958">Executive General Manager, 2nd Solutions Sales Operations Unit</td> </tr> <tr> <td data-bbox="513 965 719 994">April 2005</td> <td data-bbox="719 965 1248 1025">Senior General Manager, 3rd Solutions Operations Unit</td> </tr> <tr> <td data-bbox="513 1032 719 1061">April 2006</td> <td data-bbox="719 1032 1248 1093">Executive General Manager, Financial Solutions Operations Unit</td> </tr> <tr> <td data-bbox="513 1099 719 1128">April 2008</td> <td data-bbox="719 1099 1248 1198">Senior Vice President, Executive General Manager, Financial Solutions Operations Unit</td> </tr> <tr> <td data-bbox="513 1205 719 1234">August 2008</td> <td data-bbox="719 1205 1248 1234">Senior Vice President</td> </tr> <tr> <td data-bbox="513 1240 719 1270">April 2010</td> <td data-bbox="719 1240 1248 1270">Executive Vice President</td> </tr> <tr> <td data-bbox="513 1276 719 1305">June 2011</td> <td data-bbox="719 1276 1248 1305">Executive Vice President and Member of the Board</td> </tr> <tr> <td data-bbox="513 1312 719 1341">July 2011</td> <td data-bbox="719 1312 1248 1373">Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board</td> </tr> <tr> <td data-bbox="513 1379 719 1408">April 2012</td> <td data-bbox="719 1379 1248 1478">Senior Executive Vice President, CSO (Chief Strategy Officer) , CIO (Chief Information Officer) and Member of the Board (Representative Director)</td> </tr> <tr> <td data-bbox="513 1485 719 1514">April 2016</td> <td data-bbox="719 1485 1248 1545">President (Representative Director) and CEO (Chief Executive Officer) (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 financial solutions business and NEC Group's management strategies as Senior Executive Vice President, CSO, CIO and Member of the Board (Representative Director), and afterwards, having been engaged in the management of the Company as President (Representative Director) and CEO. The Company has nominated him as a candidate for Director considering that he is appropriate to lead the Company's revenue growth by enhancing Social Solutions business and global business, and promoting NEC Group's operational reforms.</p>	April 1977	Joined the Company	April 2004	Executive General Manager, 2nd Solutions Sales Operations Unit	April 2005	Senior General Manager, 3rd Solutions Operations Unit	April 2006	Executive General Manager, Financial Solutions Operations Unit	April 2008	Senior Vice President, Executive General Manager, Financial Solutions Operations Unit	August 2008	Senior Vice President	April 2010	Executive Vice President	June 2011	Executive Vice President and Member of the Board	July 2011	Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board	April 2012	Senior Executive Vice President, CSO (Chief Strategy Officer) , CIO (Chief Information Officer) and Member of the Board (Representative Director)	April 2016	President (Representative Director) and CEO (Chief Executive Officer) (to present)	6,500
April 1977	Joined the Company																							
April 2004	Executive General Manager, 2nd Solutions Sales Operations Unit																							
April 2005	Senior General Manager, 3rd Solutions Operations Unit																							
April 2006	Executive General Manager, Financial Solutions Operations Unit																							
April 2008	Senior Vice President, Executive General Manager, Financial Solutions Operations Unit																							
August 2008	Senior Vice President																							
April 2010	Executive Vice President																							
June 2011	Executive Vice President and Member of the Board																							
July 2011	Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board																							
April 2012	Senior Executive Vice President, CSO (Chief Strategy Officer) , CIO (Chief Information Officer) and Member of the Board (Representative Director)																							
April 2016	President (Representative Director) and CEO (Chief Executive Officer) (to present)																							

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
	Attendance at Meeting of the Board of Directors: 13 out of 13 meetings Attendance rate: 100%		
3. Takayuki Morita (February 5, 1960)	<p>April 1983</p> <p>April 2002</p> <p>April 2006</p> <p>April 2008</p> <p>July 2011</p> <p>April 2016</p> <p>June 2016</p> <p>April 2018</p>	<p>Joined the Company</p> <p>General Manager, Business Development Division</p> <p>Senior Vice President and Executive General Manager, Corporate Business Development Unit</p> <p>Senior Vice President</p> <p>Executive Vice President</p> <p>Executive Vice President and CGO (Chief Global Officer)</p> <p>Executive Vice President, CGO (Chief Global Officer) and Member of the Board</p> <p>Senior Executive Vice President and Member of the Board (Representative Director) (to present)</p>	1,700
Important Concurrent Positions: Director, Japan Aviation Electronics Industry, Limited Outside Director, Hua Hong Semiconductor Limited			
Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of the Company's M&A and NEC Group's global business, and also, having had been in charge of global business strategies as Executive Vice President, CGO and Member of the Board, and afterword having served as Senior Executive Vice President and Member of the Board (Representative Director) since April 2018. The Company has nominated him as a candidate for Director considering that he is appropriate to implement strategies for enhancing NEC Group's business and its revenue growth and to supervise the Company's business units.			
Attendance at Meeting of the Board of Directors: 13 out of 13 meetings Attendance rate: 100%			
4. Katsumi Emura (December 20, 1957)	<p>April 1982</p> <p>April 2004</p> <p>April 2007</p> <p>April 2010</p> <p>April 2013</p> <p>April 2016</p> <p>June 2016</p>	<p>Joined the Company</p> <p>General Manager, Research Planning Division</p> <p>Executive General Manager, Intellectual Asset Management Unit</p> <p>Senior Vice President and Executive General Manager, Central Research Laboratories</p> <p>Senior Vice President</p> <p>Executive Vice President and CTO (Chief Technology Officer)</p> <p>Executive Vice President, CTO (Chief Technology Officer) and Member of the Board (to present)</p>	2,900

Name (Date of Birth)	Brief Employment History	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 intellectual properties and Research and Development, and afterwards, having been in charge of NEC Group's technology strategies as Executive Vice President, CTO and Member of the Board. The Company has nominated him as a candidate for Director considering that he is appropriate to implement Research and Development and technology strategies for NEC Group's growth and to supervise the Company's business units.</p> <p>Attendance at Meeting of the Board of Directors: 13 out of 13 meetings Attendance rate: 100%</p>																	
5.Hajime Matsukura (December 12, 1961)	<table border="1" data-bbox="512 754 1249 1234"> <tr> <td data-bbox="512 754 719 786">April 1985</td> <td data-bbox="719 754 1249 786">Joined the Company</td> </tr> <tr> <td data-bbox="512 786 719 817">April 2005</td> <td data-bbox="719 786 1249 817">General Manager, Marketing Planning Division</td> </tr> <tr> <td data-bbox="512 817 719 887">April 2006</td> <td data-bbox="719 817 1249 887">Assistant Executive General Manager, Business Development Unit</td> </tr> <tr> <td data-bbox="512 887 719 918">April 2008</td> <td data-bbox="719 887 1249 918">General Manager, Corporate Strategy Division</td> </tr> <tr> <td data-bbox="512 918 719 987">April 2014</td> <td data-bbox="719 918 1249 987">Senior Vice President and president (Representative Director) of NEC Management Partner, Ltd.</td> </tr> <tr> <td data-bbox="512 987 719 1057">April 2017</td> <td data-bbox="719 987 1249 1057">Executive Vice President and CSO (Chief Strategy Officer)</td> </tr> <tr> <td data-bbox="512 1057 719 1126">June 2017</td> <td data-bbox="719 1057 1249 1126">Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board</td> </tr> <tr> <td data-bbox="512 1126 719 1234">April 2018</td> <td data-bbox="719 1126 1249 1234">Executive Vice President, CSO (Chief Strategy Officer), CHRO (Chief Human Resources Officer) and Member of the Board</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 corporate strategies at the Company's corporate departments and in NEC Group's operational reform as President (Representative Director) of NEC Management Partner, Ltd. and afterwards, having been in charge of NEC Group's corporate strategies as Executive Vice President, CSO, CHRO and Member of the Board. The Company has nominated him as a candidate for Director considering that he is appropriate to implement the strategies for NEC Group's growth and to supervise the Company's business units.</p> <p>Attendance at Meeting of the Board of Directors: 11 out of 11 meetings Attendance rate: 100%</p>	April 1985	Joined the Company	April 2005	General Manager, Marketing Planning Division	April 2006	Assistant Executive General Manager, Business Development Unit	April 2008	General Manager, Corporate Strategy Division	April 2014	Senior Vice President and president (Representative Director) of NEC Management Partner, Ltd.	April 2017	Executive Vice President and CSO (Chief Strategy Officer)	June 2017	Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board	April 2018	Executive Vice President, CSO (Chief Strategy Officer), CHRO (Chief Human Resources Officer) and Member of the Board	1,000
April 1985	Joined the Company																	
April 2005	General Manager, Marketing Planning Division																	
April 2006	Assistant Executive General Manager, Business Development Unit																	
April 2008	General Manager, Corporate Strategy Division																	
April 2014	Senior Vice President and president (Representative Director) of NEC Management Partner, Ltd.																	
April 2017	Executive Vice President and CSO (Chief Strategy Officer)																	
June 2017	Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board																	
April 2018	Executive Vice President, CSO (Chief Strategy Officer), CHRO (Chief Human Resources Officer) and Member of the Board																	

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
6. Norihiko Ishiguro (May 3, 1957) *New candidate	April 1980 July 2009 August 2011 June 2013 July 2015 November 2015 August 2016 October 2016	Joined Ministry of International Trade and Industry Director-General, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry Director-General, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry Vice Minister for International Affairs, Ministry of Economy, Trade and Industry Retired from Ministry of Economy, Trade and Industry Adviser, Tokio Marine & Nichido Fire Insurance Co., Ltd. Advisor, the Company Senior Executive Vice President (to present)	400
Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records relating to an industrial policy and a trade policy through working at Ministry of Economy, Trade and Industry, and afterwards, he has been in charge of global business strategies and external relations as Senior Executive Vice President since October 2016. The Company has nominated him as a candidate for Director considering that he is appropriate to make use of his wide-ranging knowledge acquired by his business and administrative experience for expanding Social Solutions business worldwide and to supervise the Company's business units.			
7. Takeshi Kunibe (March 8, 1954) *Candidate for Outside Director * Member of the Nomination and Compensation Committee	April 1976 June 2003 October 2006 June 2007 April 2009 April 2011 June 2011 April 2017 June 2017	Joined the Sumitomo Bank Limited (currently, Sumitomo Mitsui Banking Corporation “SMBC”) Executive Officer, SMBC Managing Executive Officer, SMBC Director, Sumitomo Mitsui Financial Group, Inc. (“SMFG”) Director and Senior Managing Executive Officer, SMBC President and Chief Executive Officer, SMBC Member of the Board of the Company (to present) President and Group Chief Executive Officer, SMFG Director President and Group Chief Executive Officer, SMFG (to present)	0
Important Concurrent Positions: Director President and Group Chief Executive Officer, SMFG			
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.			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
	Notice relating to Independence of Candidate for Outside Director: • Mr. Takeshi Kunibe had been an Executing Person of SMBC, a major business partner of the Company, until April 1, 2017. The Company has business relationship with SMBC of which he was President and Chief Executive Officer, for sales of the Company's products, provision of services including system construction, operation and maintenance and borrowings from SMBC.		
	Attendance at Meeting of the Board of Directors: 11 out of 13 meetings Attendance rate: 85%		
8. Motoyuki Oka (September 15, 1943) *Candidate for Outside Director * Member of the Nomination and Compensation Committee	April 1966 June 1994 April 1997 April 1998 April 2001 June 2001 June 2007 June 2012 June 2013 April 2018	Joined Sumitomo Corporation Director and General Manager of Iron & Steel Division No.3, Sumitomo Corporation Director and General Manager of Planning & Coordination Division, Sumitomo Corporation Managing Director and General Manager of Planning & Coordination Division, Sumitomo Corporation Senior Managing Director, Sumitomo Corporation President and Chief Executive Officer, Sumitomo Corporation Chairman of the Board of Directors, Sumitomo Corporation Senior Adviser, Sumitomo Corporation Member of the Board of the Company (to present) Honorary Adviser, Sumitomo Corporation (to present)	0
	Important Concurrent Positions: Honorary Adviser, Sumitomo Corporation		
	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 general trading company including the management of overseas firms.		
	Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange on which the Company lists its shares, of him as an independent Director. • The total amount of transactions between Sumitomo Corporation, where he serves as Honorary Adviser, and the Company is less than 1% compared with the Net Sales of either party for the past 3 fiscal years.		
	Attendance at Meeting of the Board of Directors: 13 out of 13 meetings Attendance rate: 100%		

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
9. 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 (Representative Director), Komatsu Ltd.		
June 2013	Member of the Board of the Company (to present)		
April 2016	Chairman of the Board, Komatsu Ltd. (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.			
Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none"> • The Company has notified the Tokyo Stock Exchange on which the Company lists its shares, of him as an independent Director. • The total amount of transactions between Komatsu Ltd. , where he serves as Chairman of the Board, and the Company is less than 1% compared with the Net Sales of either party for the past 3 fiscal years. 			
Attendance at Meeting of the Board of Directors: 12 out of 13 meetings Attendance rate: 92%			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
10. Kaoru Seto (November 16, 1947) *New candidate *Candidate for Outside Director	April 1970	Joined Yamato Transport Co., Ltd. (currently, Yamato Holdings, Co., Ltd.)	0
	June 1999	Director of the Board and Regional President of Kansai Region, Yamato Transport Co., Ltd.	
	June 2003	Director of the Board and General Manager of HR Department at Headquarters, Yamato Transport Co., Ltd.	
	June 2004	Member of the Board and Managing Executive Officer, Yamato Transport Co., Ltd.	
	November 2005	Managing Executive Officer, Yamato Holdings, Co., Ltd.	
June 2006	Representative Director, President and Executive Officer, Yamato Holdings, Co., Ltd.		
April 2011	Representative Director and Chairman, Yamato Holdings, Co., Ltd.		
April 2015	Director Adviser, Yamato Holdings, Co., Ltd.		
June 2016	Adviser, Yamato Holdings, Co., Ltd. (to present)		
Important Concurrent Positions: Adviser, Yamato Holdings, Co., Ltd. Outside Director, RICOH LEASING 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 logistics service company.			
Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none"> • The Company has notified the Tokyo Stock Exchange on which the Company lists its shares, of him as an independent Director. • There is no contractual relationship between Yamato Holdings, Co., Ltd. , where he serves as Adviser, and the Company for the past 3 fiscal years. 			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
11. Noriko Iki (March 21, 1956) *New candidate *Candidate for Outside Director	April 1979	Joined the Ministry of Labour	0
	July 2009	Director-General, Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare	
	July 2010	Research Director, Japan Institute for Labour Policy and Training	
April 2011	Senior Research Director, Japan Institute for Labour Policy and Training	September 2012	Director-General, Tokyo Labour Bureau, Ministry of Health, Labour and Welfare
April 2014	Ambassador Extraordinary and Plenipotentiary to Brunei Darussalam, Ministry of Foreign Affairs	July 2017	Retired from Ministry of Foreign Affairs
March 2018	Director, Japan Institute for Women's Empowerment & Diversity Management (to present)	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 extensive experience and deep insight relating to administrative and diplomatic area. Although she has never been involved in management of companies, the Company has judged that she can perform the duties as Outside Director for the reasons described above.	
Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange on which the Company lists its shares, of her as an independent Director.			

Notes: The Company has entered into agreements with Messrs. Takeshi Kunibe, Motoyuki Oka and Kunio Noji to limit their liabilities as stipulated in Paragraph 1, Article 427 of the Company Law (the “Liabilities Limitation Agreements”) pursuant to Article 24 of the Company’s Articles of Incorporation. When Mr. Kaoru Seto and Ms. Noriko Iki are elected as Directors of the Company, the Company will enter into the Liabilities Limitation Agreements with them. The outline of the Liabilities Limitation Agreements is to limit their liabilities as stipulated in Paragraph 1, Article 423 of the Company Law to the higher amount of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on the condition that they perform their duties as Directors in good faith and without gross negligence.

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

Upon the close of the Meeting, the term of office of Mr. Tetsuya Fujioka and Ms. Kyoko Okumiya as Audit & Supervisory Board Member (KANSAYAKU) will expire. It is proposed that two (2) Audit & Supervisory Board Members (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
1. Isamu Kawashima (February 20, 1959) *New candidate	April 1981 April 2009 July 2010 June 2011 July 2011 April 2015 April 2017	Joined the Company General Manager, Corporate Controller Division General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division General Manager, Corporate Controller Division, General Manager, Internal Control over Finance Reporting Division and Member of the Board Senior Vice President, CFO (Chief Financial Officer) and Member of the Board Executive Vice President, CFO (Chief Financial Officer) and Member of the Board Executive Vice President (Representative Director), CFO (Chief Financial Officer) and Member of the Board (to present)	5,800
	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 corporate departments, its business units and its overseas subsidiaries, and afterwards, having been in charge of NEC Group's accounting and financial strategies as Executive Vice President and CFO. The Company has nominated him as a candidate for Audit & Supervisory Board Member (KANSAYAKU) considering that he is appropriate to audit and supervise the execution of Directors by his extensive experience and knowledge.		
2. Taeko Ishii (May 7, 1956) *New candidate *Candidate for Outside Audit & Supervisory Board Member (KANSAYAKU)	April 1986	Registered as an Attorney at Law (to present)	0
	Important Concurrent Positions: Attorney at Law		
	Reasons for Nomination of a Candidate: The Company has nominated her as a candidate for Outside Audit & Supervisory Board Member (KANSAYAKU) 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 a lot of experience and professional insight as an attorney at law in the fields of personnel affairs, labor and others. Although she has never been involved in management of companies, the Company has judged that she can perform the duties as Outside Audit & Supervisory Board Member (KANSAYAKU) for the reasons described above.		
	Notice relating to Independence of Candidate for Outside Audit & Supervisory Board Member (KANSAYAKU) : <ul style="list-style-type: none"> • The Company has notified the Tokyo Stock Exchange on which the Company lists its shares, of her as an independent Audit & Supervisory Board Member (KANSAYAKU). • There is no contractual relationship concerning advisory services or other legal services between Ohta & Ishii Law Firm, where Ms. Taeko Ishii has belonged as Attorney at law, and the Company for past 3 fiscal years. 		

Notes: When Ms. Taeko Ishii is elected as an Audit & Supervisory Board Member (KANSAYAKU) of the Company, the Company will enter into agreement with her to limit her 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 her 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 she has performed her duty as Audit & Supervisory Board Member (KANSAYAKU) in good faith and without gross negligence.

(Reference: "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members"):

The Company declares that an Outside Director and an Outside Audit & Supervisory Board Member who is not fallen under any of the following description is independent of the Company.

1. Presently or at any time within the past three years, any of his or her relative within the second degree of relationship holds or held a position equal to or higher than a general manager at the Company or the Company's Group subsidiary
2. Presently or at any time within the past three years, the person is or was a person executing the operations ("executing person") of a major business partner*1, or any of his or her relative within the second degree of relationship is or was an executing person at a major business partner (if such a person holds or held a position equal to or higher than a position equivalent of a general manager at the Company)
3. In any one of the past three fiscal years, the person or any of his or her relative within the second degree of relationship has received financial compensation of 10 million yen or more (excluding remuneration for Directors or Audit & Supervisory Board Members) from the Company
4. Presently or at any time within the past three years, the person or any of his or her relative within the second degree of relationship has belonged to the Accounting Auditors of the Company
5. Presently or at any time within the past three years, the person or any of his or her relative within the second degree of relationship has been an executing person of an organization that has received a significant amount of donation from the Company*2

*1 Major business partner:

1. A business partner with the total amount of transactions with the Company (consideration for offering products/services and procurements) exceeding 2% of sales of the Company or such business partner; or,
2. A business partner to whom the Company owes the average annual amount exceeding 2% of total assets of the Company

*2 Organization that has received a significant amount of donation from the Company:

An organization that has received from the Company a significant amount of donation exceeding the greater of 10 million yen, or 2% of the gross income of such organization, in any one of the past three fiscal years

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

It is proposed that 113,200,000 yen be paid to the 6 Directors who are not Outside Directors and holding office as of the last day of the 180th Business Period as bonuses for the 180th Business Period in view of the results of operations and other factors.

The total amount of bonuses for the 180th Business Period were deliberated by the Nomination and Compensation Committee, which consists of five (5) members including three (3) Outside Directors, and approved by the Board of Directors.

Notes: The Company didn't pay bonuses for the 179th business period to Directors.

BUSINESS REPORT

(For the period from April 1, 2017 to March 31, 2018)

1. Review of Operations

(1) Development and Results of Operations of the NEC Group

Overview

The overall growth for the worldwide economy for this Business Period improved moderately due to such factors as reduced political risks in Europe and other regions and the stable price of natural resources.

The Japanese economy achieved steady growth due to robust capital investment in an environment marked by equipment and labor shortages, in addition to growth in consumer spending under a favorable employment environment.

Under this business environment, the NEC Group continuously focused on Solutions for Society, working on the management policies of an "Earnings structure rebuilding plan" and "Returning to growth" outlined in the "Mid-term Management Plan 2018" announced in April 2016.

In terms of the "Earnings structure rebuilding plan," the NEC Group carried out business structural reforms in the energy business. The Company decided to withdraw from the electrode business through the sale of all shares of NEC Energy Devices, Ltd. as well as those of Automotive Energy Supply Corporation. The Company also ceased development and production in the compact energy storage business.

Regarding "Returning to growth," the NEC Group took measures for (1) Business growth in the domestic market, leveraging strengths in artificial intelligence (AI), biometric authentication, security and network services, and (2) Expansion in the safety business for international markets.

Specifically, the Company implemented measures for business growth that utilize the NEC Group's technologies in order to take advantage of a turning point in the domestic market.

The measures include;

- The start of collaboration with Sumitomo Electric Industries, Ltd. in the mobility business, including planning and development of automotive components, by capitalizing on AI and Internet of Things (IoT) technologies
- The completion of test demonstrations with Japan Airlines Co., Ltd. in the use of AI to automate purchase prediction analysis of airline tickets
- The technical verification with National Cancer Center Japan in the use of AI to support real-time diagnosis of the early signs of colorectal cancer during endoscopies

Regarding international markets, the NEC Group provided a facial recognition system in the United Kingdom (UK) for the South Wales Police, who deployed CCTV cameras mounted on police vehicles that were used for real-time verification in locating persons of interest on pre-determined watch lists, including criminals, suspects, and vulnerable individuals. The system's deployment for the final of the UEFA Champions League helped to ensure the safe operation of a major sports event. Also, the NEC Group participated in pilots to test facial recognition at major airports in the United States, such as Dulles International Airport, identifying out-bound passengers at boarding gates, to ensure stronger security and efficient boarding procedures. The NEC Group's facial recognition technology contributes further to promote the safety and security of society through its adoption as an advanced surveillance system for major cities across the country of Georgia. In addition, the Company acquired UK-based IT services company Northgate Public Services Limited (NPS), aiming to accelerate the expansion of its international safety business. With NPS' strong customer base in the British police and government organizations, the Company expects to create synergies through its latest technologies, such as biometric authentication systems, AI and video analysis.

The NEC Group recorded consolidated revenue of 2,844.4 billion yen for this Business Period, an increase of 179.4 billion yen (6.7%) year-on-year. This increase was mainly due to increased sales in the Public Business.

Regarding profitability, operating profit (loss) improved by 22.0 billion yen year-on-year, to an operating profit of 63.9 billion yen, mainly due to an increase in consolidated revenue.

Income (loss) before income taxes was a profit of 86.9 billion yen, a year-on-year increase of 18.9 billion yen.

Net profit (loss) attributable to owners of the parent was a profit of 45.9 billion yen, an increase of 18.6 billion yen year-on-year, primarily due to the improvement of income (loss) before income taxes.

For this Business Period, the Company declared an annual dividend of 60 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.

*In line with the shift to a new organization structure effective as of April 1, 2017, the Company has revised its business segments from the first quarter of this Business Period. Especially, regional sales functions within Japan previously included under the Others have been transferred to the Public Business and business involving financial institutions previously included under the Public Business has been transferred to the Enterprise Business. Figures for the previous fiscal year have been restated to conform with the new segments.

Public Business

Major Services and Products
<ul style="list-style-type: none"> ● 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"> ● Public: Firefighting and Disaster Prevention Systems, Traffic Control Systems, Railroad Communication Systems, Local Government Systems ● Healthcare: Electric Medical Record Systems, Regional Healthcare Information Network ● Government: Social Security and Tax Systems, Fingerprint Identification Systems, Air Traffic Control Systems, Satellite Communications / Earth Observation, Field Communication Systems, School / Education Systems, Postal Tracking Systems, Infrastructure Surveillance / Energy Management ● Media: TV Program Production / News Production / Transmission Systems, Digital TV Transmitters

In the Public Business, revenue was 939.1 billion yen, an increase of 172.9 billion yen (22.6%) year-on-year, mainly due to Japan Aviation Electronics Industry, Limited becoming a consolidated subsidiary from the fourth quarter of the previous fiscal year, despite decreased sales from firefighting and disaster prevention systems.

Operating profit (loss) improved by 21.3 billion yen year-on-year, to an operating profit of 54.4 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 Management Systems● Finance: Bank Settlement Systems, Bank Business Branch Systems, Insurance and Securities Infrastructure Systems, Insurance and Securities Channel Systems

In the Enterprise Business, revenue was 408.7 billion yen, almost remaining flat year-on-year.

Operating profit (loss) worsened by 4.0 billion yen year-on-year, to an operating profit of 35.7 billion yen, mainly owing to increased investments in the IoT area.

Telecom Carrier Business

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

In the Telecom Carrier Business, revenue was 579.7 billion yen, a decrease of 20.6 billion yen (-3.4%) year-on-year, mainly due to decreased international sales in mobile backhaul and the submarine systems area, as well as decreased sales due to sluggish capital investment by domestic telecommunications carriers, despite increased international sales in Telecom Operations and Management Solutions (TOMS).

Operating profit (loss) worsened by 16.0 billion yen year-on-year, to an operating profit of 2.0 billion yen, mainly due to decreased sales as well as recorded business structure improvement expenses internationally.

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, revenue was 714.3 billion yen, a decrease of 5.5 billion yen (-0.8%) year-on-year, mainly due to decreased sales in maintenance services.

Operating profit (loss) improved by 1.8 billion yen year-on-year, to an operating profit of 31.4 billion yen, mainly owing to cost efficiency.

Others

Major Services and Products
<ul style="list-style-type: none">● Biometric Solutions (such as Face Recognition, Fingerprint Identification), Surveillance● Electrodes / Energy Storage● Lighting Equipment

In the Others, revenue was 202.6 billion yen, an increase of 32.6 billion yen (19.2%) year-on-year, mainly due to increased sales in the international safety business.

Operating profit (loss) improved by 8.1 billion yen year-on-year, to an operating loss of 11.9 billion yen, mainly owing to increased sales and cost efficiency.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 45.4 billion yen during this Business Period. Major capital expenditures include investment in equipment for development and production of defense system and satellite system, equipment related cloud services and equipment for development of software and networking products.

(3) Research and Development of the NEC Group

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

(i) Development of data processing technology for machine learning suitable for vector computers

Recently, machine learning technology, one of AI-based approaches, is being used more widely for analysis and prediction using large-scale data. Large-scale data analysis using machine learning technology is generally conducted by means of distributed processing using open-source middleware in a hardware environment featuring multiple connected servers known as a cluster. However, expanding data volumes have caused issues such as delays in obtaining analysis results due to insufficient processing capacity and mounting costs due to the need for large numbers of servers.

The Company has addressed these issues by developing a data processing technology for machine learning suitable for vector computers. This technology makes full use of the outstanding performance of vector computers, which have unrivaled high performance in expansive and complex calculations, developed by the Company over many years, and enables processing speeds over 50 times faster than conventional general machine learning processing methods. Furthermore, in conjunction with this, the Company has developed a middleware to efficiently execute this technology. These advances enable rapid processing of statistical machine learning used in web advertisement posting optimization and recommendations, text analysis and other applications, allowing timely use of the analysis results, and further, enable low-cost analysis by minimizing the server configuration, making it accessible to a wide range of users.

Applying this technology to the Company's vector computer "SX-Aurora TSUBASA," which allows flexible system configurations, enables large scale data analysis by machine learning to be conducted easily.

(ii) Development of blockchain technology enabling over 100,000 transactions per second

Blockchain is a system in which multiple participants record and share data over the Internet, and its salient feature is that it allows the sharing of unfalsified data without passing through a trusted organization or central server. Currently, blockchain technology is being used to process virtual currencies such as bitcoin and is also attracting attention as a means for secure information sharing. Blockchain technology is actively being tested in a wide range of applications throughout the world. On the other hand, the bitcoin blockchain, which is freely available to anyone, is considered to have a performance limit of recording seven transactions per second, and even blockchains with participant restrictions experience a marked drop-off in performance when the number of participant nodes exceeds a few tens of nodes. Blockchains use a consensus building algorithm between participant nodes, and it was such algorithm that causes the performance issue. A further

issue relates to privacy, since all participants are able to view all records.

The Company has developed high performance software in terms of both speed and stability that is equipped with a consensus building algorithm for blockchain capable of recording performance in excess of 100,000 transactions per second in a large-scale connection environment with around 200 participant nodes in the transaction recording, and that is able to control and limit the scope for disclosing the transaction recordings. This development will help to accelerate full-scale use of blockchain technology in business applications such as securities transactions, trade transactions, energy transactions, supply chains and official document management.

(4) Financing Activities of the NEC Group

In July 2017, the Company issued unsecured bonds of 100.0 billion yen in Japan in order to raise funds for the redemption of bonds and the repayment of loans.

(5) Material Reorganization, etc.

- (i) In order to accelerate the expansion of its international safety business, the Company acquired UK-based IT services company Northgate Public Services Limited on January 31, 2018. As a result of the acquisition, Northgate Public Services Limited became a consolidated subsidiary of the Company
- (ii) In order to further expand its social solutions business in the African region, NEC Europe Ltd. made an additional acquisition of the common shares of XON Holdings Proprietary Limited, an equity method affiliate of the Company, on February 1, 2018, and the percentage of NEC Europe Ltd.'s voting rights reached 59.1%. As a result, XON Holdings Proprietary Limited became a consolidated subsidiary of the Company and changed its name to NEC XON Holdings Proprietary Limited.

(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.”

Under the “Mid-term Management Plan 2018” announced in April 2016, the NEC Group worked on (1) Earnings structure rebuilding plan and (2) Returning to growth. In measures for the Earnings structure rebuilding plan, the Company made steady progress overall on reforming underperforming businesses and unprofitable projects, business process optimization projects, and optimization of development and manufacturing functions. However, with regard to measures for the Returning to growth, existing businesses underperformed significantly, making it difficult to realistically achieve the operating profit target of 150 billion yen for the fiscal year ending March 31, 2019.

Based on this situation, the NEC Group proceeded to formulate a new management plan. In January 2018, the NEC Group established the “Mid-term Management Plan 2020” consisting of (1) Reform of profit structure, (2) Achievement of growth, and (3) Restructuring of execution capabilities. The NEC Group is certain that major reforms need to be made now in order to build a foundation for the NEC Group's next 100 years. With this in mind, executives and employees will strive as one to realize the “Mid-term Management Plan 2020.”

(i) Reform of profit structure

The NEC Group will implement fundamental profit structure reforms, including reduction of fixed costs, aiming to realize the investments needed to return to growth. Specifically, the NEC Group will reduce fixed costs, including personnel expenses, by conducting structural reforms domestically in back office function and the hardware business area, as well as improving efficiency of fixed property costs and other costs. The NEC Group will also restructure the telecom carrier business and the energy business. In the telecom carrier business, the NEC Group will strengthen software and services while improving its profitability in the network infrastructure domain. In the energy business, the NEC Group will continue to focus on the energy SI (service integration) business to improve the profitability. Factories in Japan will be streamlined by reorganizing and integrating the factories of NEC Platforms, Ltd.

(ii) Achievement of growth

The NEC Group will aim to grow by leveraging its biometric and AI technologies to realize “NEC Safer Cities.” Through “NEC Safer Cities,” the NEC Group works on in order to realize safety, security, efficiency, and equality for all people and an abundant society by providing solutions for Public Safety, Digital Government, Smart Transportation, and other services.

The NEC Group has set “NEC Safer Cities” as an engine for growth and will aim to become a category leader in Public Safety, Digital Government, and other services in Japan and overseas. The NEC Group will also continue to accelerate M&As to expand its business in these areas.

Furthermore, the NEC Group will also aim to grow in the fields of “The formation of a sustainable, smart supply chain,” and “The realization of safe and comfortable connected cars,” with a primary focus in Japan by using its strengths. At the same time, the NEC Group will transform into a business model that provides services by leveraging partnerships, including customers, in order to solve social challenges.

(iii) Restructuring of execution capabilities

The NEC Group considers restructuring of execution capabilities as a vital step to promote the reform of its profitability and achievement of growth. The NEC Group is working to reinforce business development capabilities and to realize an organization with the capacity to carry out actions to completion. In terms of reinforcement of business development capabilities, by breaking away from the self-sufficiency mindset, development of solutions via co-operation in collaborations with partners, and strengthening relations with various stakeholders such as government, international institutions and standardization bodies, the NEC Group will realize creation of new social value beyond existing frameworks. Next, to realize an organization with the capacity to carry out actions to completion, the NEC Group will define the management’s responsibilities and authorities more clearly and introduce mechanism to strengthen management’s commitment to results. At the same time, the NEC Group will introduce an evaluation and compensation system for NEC Group employees to encourage innovative actions and challenges. In these ways, the NEC Group will restructure to enable employees to maximize their capabilities. Furthermore, the NEC Group will actively hire and appoint human resources with diverse talents into executives and other positions in order to quickly respond to market changes and challenges.

Through these measures, the NEC Group aims to achieve revenue of 3,000 billion yen, an operating profit ratio of 5%, net profit of 90 billion yen, free cash flows of 100 billion yen, and ROE (Return On Equity) of 10% for the fiscal year ending March 31, 2021.

Moreover, the NEC Group recognizes that ensuring compliance in all of its operations is essential to continuing to exist as a good corporate citizen in society. The NEC Group will continue working to promote compliance.

The NEC Group will give consideration to ESG (Environmental, Social and Governance) issues, and leverage its strengths in technology to contribute to the achievement of the United Nations’ Sustainable Development Goals (SDGs).

(7) Changes in the Results of Operations and the Financial Position

(i) Changes in the Results of Operations and the Financial Position (Consolidated)

(IFRS)		(In billions of yen except per share figures)		
Fiscal Year		Fiscal Year ended	Fiscal Year ended	Fiscal Year ended
Indices		March 31, 2016	March 31, 2017	March 31, 2018
		(178th Business Period)	(179th Business Period)	(180th Business Period)
Revenue		2,824.8	2,665.0	2,844.4
Operating Profit (loss)		91.4	41.8	63.9
Income (loss) before income taxes		86.6	68.1	86.9
Net profit (loss) attributable to owners of the parent		75.9	27.3	45.9
Basic earnings per share (yen)		29.22	10.51	176.54
Total assets		2,528.9	2,684.0	2,821.4
Equity attributable to owners of the parent		769.8	854.3	880.8

(Japanese accounting standards)		(In billions of yen except per share figures)	
Fiscal Year		Fiscal Year ended	Fiscal Year ended
Indices		March 31, 2015	March 31, 2016
		(177th Business Period)	(178th Business Period)
Net sales		2,935.5	2,821.2
Ordinary income (loss)		112.1	82.7
Profit (loss) attributable to owners of the parent		57.3	68.7
Net income (loss) per share (yen)		22.05	26.45
Total assets		2,620.7	2,493.4
Net assets		884.2	852.5

- Note: 1. From the 179th business period, the NEC Group adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements pursuant to Article 120(1) of the Ordinance on Company Accounting. Figures for the 178th business period are also presented in accordance with IFRS.
2. "Basic earnings per share" is adopted *International Accounting Standard (IAS) 33 regarding "Earnings per Share"* and calculated based on the weighted-average number of shares outstanding during each period.
3. "Net income (loss) per share" is 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) and calculated based on the weighted-average number of shares outstanding during each period.
4. The Company implemented share consolidation with a ratio of 10 shares of common share to 1 share as of October 1, 2017. The above Basic earnings per share is calculated assuming that the share consolidation was carried out at the beginning of this Business Period.

(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, 2015 (177th Business Period)	Fiscal Year ended March 31, 2016 (178th Business Period)	Fiscal Year ended March 31, 2017 (179th Business Period)	Fiscal Year ended March 31, 2018 (180th Business Period)
Net sales	1,919.6	1,820.1	1,679.4	1,574.4
Ordinary income (loss)	56.0	28.6	0.7	13.3
Net income (loss)	55.6	42.1	9.5	34.0
Net income (loss) per share (yen)	21.39	16.18	3.65	130.71
Total assets	2,223.6	2,069.8	1,988.0	2,057.1
Net assets	671.3	692.6	702.2	718.9

Note: 1. "Net income (loss) per share" is calculated based on the weighted-average number of shares outstanding during each period.

2. The Company implemented share consolidation with a ratio of 10 shares of common share to 1 share as of October 1, 2017. The above Net income (loss) per share is calculated assuming that the share consolidation was carried out at the beginning of this Business 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
	(In 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	100	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 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.
Japan Aviation Electronics Industry, Limited	10,690	35.2	Manufacture and sale of connectors and electronic devices for avionics and aerospace
Nippon Avionics Co., Ltd.	5,895	72.4	Development, manufacture and sale of information systems, electronic devices and electronic components

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
	(In 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.
	(In thousands of Sterling pound)		
NEC Europe Ltd. (U.K.)	146,507	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.
	(In 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.
	(In thousands of U.S. dollars)		
NEC (China) Co., Ltd. (People's Republic of China)	171,255	100	Regional representative and supervising operation in Greater China
	(In thousands of Brazilian real)		
NEC Latin America S.A. (Brazil)	328,282	100	Regional representative and supervising operation in Latin America, sale of communications equipment, and provision of systems integration services etc.

- Notes:
1. The figure for the Company's shareholding ratio of NEC Networks & System Integration Corporation shown above does not include 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.
 2. The figure for the Company's shareholding ratio of Japan Aviation Electronics Industry, Limited shown above does not include 13,800,000 (15.0%) 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, 2017, NEC Platforms, Ltd. merged with NEC Network Products, Ltd., NEC Yamanashi, Ltd. and NEC Engineering, Ltd. and succeeded to development business of network infrastructure devices from NEC Communication Systems, Ltd. by the absorption-type company split.
 4. NEC Solution Innovators, Ltd. merged with NEC Informatec Systems, Ltd. on April 1, 2017.
 5. The figure for the Company's shareholding ratio of Nippon Avionics Co., Ltd. shown above includes the number of non-voting preferred stock held by the Company, and the Company's voting rights ratio to Nippon Avionics Co., Ltd. is 50.3 %.

(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	Japan Aviation Electronics Industry, Limited (Akishima, etc.) NEC Network and Sensor Systems, Ltd. (Hidaka, etc.) OCC Corporation (Kitakyushu, etc.) NEC Platforms, Ltd. (Kofu, etc.)
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	26,239
Enterprise Business	9,323
Telecom Carrier Business	19,523
System Platform Business	21,215
Others	33,090
Total	109,390

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2017	Average Age	Average Years of Employment
21,010	(434)	43.4	19.0

(11) Major Borrowings (In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	99,557
Sumitomo Mitsui Trust Bank, Limited	55,780
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	40,211
Mizuho Bank, Ltd.	32,918

Note: The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. as of April 1, 2018.

2. Matters related to the Company's stock

- (1) **Total Number of Authorized Shares** 750,000,000 shares
- (2) **Total Number of Shares Issued** 260,473,263 shares
(including treasury stock of 630,032 shares)
- (3) **Number of Shareholders** 176,576

(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)	13,625	5.24
Japan Trustee Services Bank, Ltd. (Trust Account)	12,780	4.92
Nomura International (Hong Kong) Limited – Unclaimed Client Account	7,814	3.01
Bnymansv As Agent / Clients Lux Ucits Non Treaty 1	7,425	2.86
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	7,193	2.77
Sumitomo Life Insurance Company	5,600	2.16
NEC Employee Shareholding Association	5,177	1.99
Japan Trustee Services Bank, Ltd. (Trust Account No.5)	4,944	1.90
State Street Bank West Client – Treaty 505234	4,890	1.88
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	4,323	1.66

Note: The shareholding ratio is calculated by excluding the number of treasury stock (630,032 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio (%)
Japanese government and local governments	0.00
Financial Institutions	30.19
Securities Companies	3.69
Other Companies	3.52
Foreign Investors	35.44
Japanese Individuals and Others	27.16
Total	100

(6) Other important matters related to the Company's stock

(i) On October 1, 2017, the Company changed the number of shares per share unit from 1,000 shares to 100 shares and carried out a share consolidation of the Company shares with a ratio of 10 shares of the Company share to 1 share.

(ii) The Company introduced a performance-based stock compensation plan for Directors (excluding Outside Directors) in accordance with a resolution of the Board of Directors meeting held on April 27, 2017 and a resolution of the 179th Ordinary General Meeting of Shareholders held on June 22, 2017.

As of March 31, 2018, a total of 16,700 of the Company shares are held in a trust account related to a share settlement trust whose beneficiaries are eligible Directors under the plan.

(iii) The Company has introduced a performance-based stock compensation plan for corporate officers of the Company in accordance with a resolution of the Board of Directors meeting held on April 27, 2017.

As of March 31, 2018, a total of 48,900 of the Company shares are held in a trust account related to a share settlement trust whose beneficiaries are eligible corporate officers under the plan.

3. Matters related to Directors and 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
Nobuhiro Endo	Chairman of the Board (Representative Director)	Company's Management Policy and important matters relating to building NEC Group's culture and Research and Development Outside Director, JAPAN POST INSURANCE Co., Ltd. Outside Director, SEIKO HOLDINGS CORPORATION
Takashi Niino	President (Representative Director)	CEO (Chief Executive Officer) Management of the Company's business, Corporate Auditing and Export & Import Trade Control
Isamu Kawashima	Executive Vice President and Member of the Board (Representative Director)	CFO (Chief Financial Officer) Corporate Controller and Corporate Finance
Takayuki Morita	Executive Vice President and Member of the Board	CGO (Chief Global Officer) Corporate Alliance and important matters relating to Global Business Strategy and Global External Affairs Director, Japan Aviation Electronics Industry, Limited Outside Director, Hua Hong Semiconductor Limited
Katsumi Emura	Executive Vice President and Member of the Board	CTO (Chief Technology Officer) Intellectual Properties
Hajime Matsukura	Executive Vice President and Member of the Board	CSO (Chief Strategy Officer) Corporate Strategy, Corporate Communications, External Relations and ESS
Takeshi Kunibe	Member of the Board	Director President and Group Chief Executive Officer, SMFG
Hitoshi Ogita	Member of the Board	Adviser to the Board, Asahi Group Holdings, Ltd. Outside Director, Japan Exchange Group, Inc. Outside Director, Imperial Hotel, Ltd.

Name	Position at the Company	Responsibility and Important Concurrent Position
Kaori Sasaki	Member of the Board	President and CEO, UNICUL International, Inc. President and CEO, ewoman, Inc. Outside Director, KOBAYASHI Pharmaceutical Co., Ltd. Outside Director, AGP Corporation
Motoyuki Oka	Member of the Board	Senior Adviser, Sumitomo Corporation
Kunio Noji	Member of the Board	Chairman of the Board, Komatsu Ltd. Outside Director, Ricoh Company, Ltd.
Tetsuya Fujioka	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Hajime Kinoshita	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Kyoko Okumiya	Audit & Supervisory Board Member (KANSAYAKU)	Attorney at Law Outside Director, Morinaga Milk Industry Co., Ltd.
Takeshi Kikuchi	Audit & Supervisory Board Member (KANSAYAKU)	Attorney at Law
Kazuyasu Yamada	Audit & Supervisory Board Member (KANSAYAKU)	Certified Public Accountant

Notes:

- At the 179th Ordinary General Meeting of Shareholders held on June 22, 2017, Mr. Hajime Matsukura was newly elected as Director of the Company.
- At the 179th Ordinary General Meeting of Shareholders held on June 22, 2017, Mr. Hajime Kinoshita was newly elected as Audit & Supervisory Board Member (KANSAYAKU) of the Company.
- Messrs. Takeshi Kunibe, Hitoshi Ogita, Motoyuki Oka and Kunio Noji and Ms. Kaori Sasaki are Outside Directors.
- Ms. Kyoko Okumiya and Messrs. Takeshi Kikuchi and Kazuyasu Yamada 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, Takeshi Kikuchi and Kazuyasu Yamada and Mss. Kaori Sasaki and Kyoko Okumiya, as independent Directors / Audit & Supervisory Board Members (KANSAYAKU).
- Messrs. Tetsuya Fujioka and Kazuyasu Yamada have considerable expertise in finance and accounting as follows:

Tetsuya Fujioka Accounting experience for many years and experience as General Manager of Corporate Finance Division

Kazuyasu Yamada Extensive auditing experience as a Certified Public Accountant for many years

- The names of Director and Audit & Supervisory Board Member (KANSAYAKU) who retired during this Business Period, their position at the time of the retirement and the date and reasons of the retirement are as follows:

Name	Position at the time of retirement	Date of retirement (reason)
Takaaki Shimizu	Executive Vice President and Member of the Board	June 22, 2017 (expiration)
Fujio Okada	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	June 22, 2017 (expiration)

8. On or after April 1, 2018, the positions and responsibilities of Directors were changed as follows:

Name	Position after change	Responsibility after change	Date of change
Takayuki Morita	Senior Executive Vice President and Member of the Board (Representative Director)	Special assignment by President relating to the Company's business strategy and Corporate Alliance Director, Japan Aviation Electronics Industry, Limited Outside Director, Hua Hong Semiconductor Limited	April 1
Katsumi Emura	Executive Vice President and Member of the Board	CTO (Chief Technology Officer) Intellectual Properties / Important matters relating to technology innovation strategy	April 1
Hajime Matsukura	Executive Vice President and Member of the Board	CSO (Chief Strategy Officer) and CHRO (Chief Human Resources Officer) Corporate Strategy, Corporate Communications, Human Resources Development, General Affairs and External Relations	April 1
		CSO (Chief Strategy Officer) and CHRO (Chief Human Resources Officer) Corporate Strategy, Corporate Communications, Human Resources Development, General Affairs and External Relations / Important matters relating to NEC Group Culture Transformation	April 16
Motoyuki Oka	Member of the Board	Honorary Adviser, Sumitomo Corporation	April 1

(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 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 performance-linked bonuses as short term incentive and performance-linked stock compensation as mid- and long-term incentive.

The fixed monthly remunerations

The fixed monthly remunerations are determined according to the positions of Directors and the distinction between Inside Director and Outside Director, to the extent of the maximum amount approved at the General Meeting of Shareholders.

The bonuses

The bonuses are calculated by, adding to the standard amount determined for each position 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.

The stock compensation

The Company shares will be granted after the expiry of period of Mid-term Management Plan in accordance with the Directors' titles and the level of the achievement of Mid-term Management Plan.

(*) 1 No Company shares are granted 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 A certain specific portion of the Company shares will be sold on the stock market and cash instead of the shares will be paid in consideration of tax payment at the time of granting shares.

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

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

The fixed monthly remunerations are determined depending on whether he or she is a full-time Audit & Supervisory Board Member or not, 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 Outside Directors (one of whom is the chairperson).

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

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

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

The bonuses

Directors' bonuses are calculated according to the certain indexes (revenue, operating profit and others) that the Company considers are important regarding the consolidated business results of the NEC Group during previous fiscal year.

The stock compensation

The stock compensation is calculated using the following formula.

<Calculation formula>

“Number of granting shares based on the applicable Directors' titles” (*1) x “Performance-based allotment rate” (*2)

*1: “basic compensation” x “multiplying factors for titles of the applicable Directors (#1)” /

“average value of closing price of the Company shares on the Tokyo Stock Exchange in the fiscal year immediately preceding the evaluation period”

(#1) multiplying factors for titles of the applicable Directors

Chairman of the Board, President, Senior Executive Vice President
and Member of the Board 25%
Executive Vice President and Member of the Board 20%
Senior Vice President and Member of the Board 15%

*2: the level of the achievement of consolidated revenue in the period of Mid-term Management Plan at the time of granting shares x 35% + the level of the achievement of consolidated operating profit in the period of Mid-term Management Plan at the time of granting shares x 35% + the level of the achievement of consolidated ROE in the final fiscal year of Mid-term Management Plan at the time of granting shares x 30%

(e) Determination of the Level of Remuneration

In order to ensure objectiveness and properness of the remuneration for Directors and Audit & Supervisory Board Members, 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) In order to promote a management improving shareholder value, the Company recommends that Directors (except for Outside Directors) purchase the Company shares through the Director and Audit & Supervisory Board Member Shareholding Association and keep the shares through the term of office of Directors and Audit & Supervisory Board Members.
- 2) The stock compensation is performance-linked remuneration described in Article 34 (1) of Corporation Tax Act, and "the defined amount" described in Article 34 (1) (iii) (a) 1 of Corporation Tax Act is up to a total of 200,000,000 yen for the three fiscal years. However, the initial evaluation period for evaluation is from the date of the start of the stock compensation plan to March 31, 2019.
- 3) The Company abolished its retirement allowance system for Directors and Audit & Supervisory Board Members at the close of the 168th Ordinary General Meeting of Shareholders held on June 22, 2006.

(ii) Amounts of Remuneration for this Business Period

	Remuneration		Bonus		Stock Compensation	
	Headcount	Total Amount (In millions of yen)	Headcount	Total Amount (In millions of yen)	Headcount	Cost posting relating to the Stock Compensation
Directors (of which Outside Directors)	12 (5)	341 (60)	6 (-)	113 (-)	6 (-)	26 (-)
Audit & Supervisory Board Members (KANSAYAKU) (of which Outside Audit & Supervisory Board Members (KANSAYAKU))	6 (3)	96 (36)	- (-)	- (-)	- (-)	- (-)

- Notes: 1. The above headcount of remuneration includes one Director and one Audit & Supervisory Board Member (KANSAYAKU) who retired at the close of the 179th Ordinary General Meeting of Shareholders held on June 22, 2017.
2. The above total amount of bonus is to be submitted for approval to the 180th Ordinary General Meeting of Shareholders.
3. The above cost posting relating to the stock compensation is the value posted during this Business Period.

4. 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).
5. 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 11 meetings of the 13 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 13 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 all of the 13 meetings of the Board of Directors 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 all of the 13 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.
Kunio Noji	He attended 12 meetings of the 13 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.
Kyoko Okumiya	She attended all of the 13 meetings of the Board of Directors, and all of the 16 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 a lot of experience and deep insight as a legal expert.
Takeshi Kikuchi	He attended all of the 13 meetings of the Board of Directors, and all of the 16 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 a lot of experience and deep insight as a legal expert.
Kazuyasu Yamada	He attended all of the 13 meetings of the Board of Directors, and all of the 16 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 a lot of experience and deep insight as a financial and accounting expert.

(4) Outline of agreements entered into with Outside Directors and Outside Audit & Supervisory Board Members (KANSAYAKU) to limit their liabilities as stipulated in Article 427 (1) 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 Ms. Kyoko Okumiya and Messrs. Takeshi Kikuchi and Kazuyasu Yamada who are Outside Audit & Supervisory Board Members (KANSAYAKU), to limit their liabilities as stipulated in Article 427 (1) of the Companies Act. The outline of such agreements is to limit their liabilities as stipulated in Article 423 (1) 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	557
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,431

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. The Audit & Supervisory Board (KANSAYAKU-KAI) has received necessary information and reports from the Directors, relevant divisions and the Accounting Auditors. In addition, the Audit & Supervisory Board (KANSAYAKU-KAI) has evaluated the adequacy of the audit plans, the calculation basis of the estimated fees for audit and other conditions including the audit result of the Accounting Auditors for the previous fiscal year. As a result, the Audit & Supervisory Board (KANSAYAKU-KAI) has made the agreement stipulated in Article 399(1) of the Companies Act regarding the remuneration to the Accounting Auditors.

3. 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	Audit Firm
Japan Aviation Electronics Industry, Limited	Ernst & Young ShinNihon LLC
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 Article 2(1) 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

If the Accounting Auditors are found to correspond to any of the items of Article 340(1) of the Companies Act, the Audit & Supervisory Board (KANSAYAKU-KAI) shall be entitled to dismiss the Accounting Auditors subject to the consent of all Audit & Supervisory Board Members (KANSAYAKU), in which case the Audit & Supervisory Board Member (KANSAYAKU) appointed by the Audit & Supervisory Board (KANSAYAKU-KAI) reports on the fact that said Accounting Auditors have been dismissed and the reason for dismissal, at the first shareholders meeting held after such dismissal. The Audit & Supervisory Board (KANSAYAKU-KAI) will determine the contents of a proposal for a dismissal or disapproval of the reappointment of the Accounting Auditors to be submitted to the shareholders meeting when the situation arises where the Accounting Auditors are no longer able to execute their duties in a proper manner and the Audit & Supervisory Board (KANSAYAKU-KAI) decides that it is appropriate to change the Accounting Auditors, or the Audit & Supervisory Board (KANSAYAKU-KAI) decides that it is appropriate to change the Accounting Auditors in order to improve properness or efficiency of the audit by the Accounting Auditors.

5. System and Policy of the Company

(1) System to ensure the properness of operations and outline of the status of the implementation of such system

(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(vi) of Article 362(4) of the Companies Act adopted by resolution of the Board of Directors (the “Policy”). English translation of the Policy is provided through the Company’s website (<https://jpn.nec.com/profile/en/internalcontrol.html>), and the summary of which is described below.

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, the 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 the Company’s internal reporting system, the “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 conduct audits of NEC Group’s enterprise risk management system and the status of implementation of risk management, directly or through cooperation with internal auditing sections of subsidiaries if they have such sections.

(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 the 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 receive reports from such subsidiary regarding matters of importance on business operations, and give instructions and assistance to the subsidiary

so that it shall properly conduct risk controls. The internal auditing division shall conduct audits of the subsidiaries to ensure their proper operations, directly or through cooperation with internal auditing sections of subsidiaries if they have such sections. The Audit & Supervisory Board Members (KANSAYAKU) of the Company shall cooperate with audit & supervisory board members (KANSAYAKU) of the subsidiaries by exchanging their opinions on the audit and other measures.

(vi) From the perspective of proper and efficient operations of the 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. In addition, the Company shall give instructions to the directors, audit & supervisory board members (KANSAYAKU) and employees of the subsidiaries so that they shall report to Audit & Supervisory Board Members (KANSAYAKU) of the Company 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.

(Outline of the status of the implementation of system to ensure the properness of operations)

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. In the process of doing so, the Company has exchanged opinions with Audit & Supervisory Board Members (KANSAYAKU) regarding the status of establishment and implementation of the internal control system. The main initiatives conducted in this Business Period are as follows.

With regard to the compliance, having been recognized for having violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in 2016 and 2017, the Company established “NEC Compliance Day” as a day for reconfirming the importance of compliance for all NEC Group employees. In conjunction with “NEC Compliance Day,” the Company’s President, CCO (Chief Compliance Officer), general managers in charge of every business unit, and Presidents of the Company’s consolidated subsidiaries in Japan all provided messages to reinforce the importance of ethics in economic activities and to ensure compliance across the board. Of these, the Company surveyed the penetration of the messages provided by the general managers of the Company’s business unit among their team members and provided feedback to the general managers based on the survey results in an effort to improve compliance awareness between both supervisors and team members. Along with “NEC Compliance Day,” the Company held workplace meetings on the theme of “fraudulent accounting” to foster an awareness of compliance at every workplace. In compliance education, the Company held face-to-face training on the details of the actions that were recognized as violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the lessons learned through this experience (held approximately 140 times in the NEC Group) in addition to web-based training the Company

runs in every year. In its internal audits, the Company conducted special audits relating to fraudulent accounting and violations of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in addition to the audits in each organization that have been conducted to date. The Company's internal reporting system, the "Compliance Hotline," has now reached an internal recognition rate of 96.9% and was used for 118 matters during this Business Period by virtue of continuous efforts to promote the system. The internal auditing division or other relevant divisions in the Company investigated such internal reports and took the necessary measures in response, depending on the details.

With regard to the risk management, the Risk Control and Compliance Committee and the Executive Committee deliberated on and selected fraudulent accounting, violation of competition laws, and violation of the Construction Business Act as priority risks to be addressed by the NEC Group (certain risks to be addressed in the NEC Group-wide priority in consideration of the impacts on the NEC Group business and the necessity of new measures). After formulating and implementing countermeasures, the results were reported to the Board of Directors.

With regard to the efficiency of performance of duties, the Company took steps to accelerate its decision-making process by delegating some of the judgment authority of the President to chief officers and others, as well as expanding and clarifying their roles, authority and responsibility.

With regard to the group management, the Company revised the NEC Group Management Policy, which sets out the NEC Group's group management, and the NEC Way (the NEC Group's shared philosophy), which was revised in April 2017, was reflected in it. For internal audits of overseas subsidiaries, the NEC Group established an internal audit system using external experts and started audits under this new system in July 2017.

With regard to the audit by Audit & Supervisory Board Members (KANSAYAKU), Audit & Supervisory Board Members (KANSAYAKU) receive reports on the status of the execution of their duties from Directors and employees of the Company and its subsidiaries. In addition, Audit & Supervisory Board Members (KANSAYAKU) also periodically receive reports from the internal auditing division regarding the status of operation of the "Compliance Hotline" internal reporting system and the internal reporting systems at subsidiaries. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports on financial audit from the Accounting Auditors and exchange opinions with them. They also strive to maintain close links with the Accounting Auditors and the internal auditing division by holding periodically meetings 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 the particular 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.

(3) Policy on the determination of distribution of surplus dividends

The Company's commitment to shareholder returns includes comprehensive consideration for the profit status of each period in addition to future capital requirements and the execution of business operations with an emphasis on capital efficiency, while regarding investment in growth areas and the enhancement of its financial base as being tied to the creation of long-term corporate value.

Although the profit (loss) attributable to owners of the parent for the fiscal year ended March 31, 2018 was more than its plan, in consideration of capital requirements for achieving the "Mid-term Management Plan 2020," the Company declared an annual dividend of 60 yen per share of common stock, the same value as announced at the beginning of the fiscal year.

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

Consolidated Statement of Financial Position

(As of March 31, 2018)

(Millions of yen)

Account	Amount
Assets	
Current Assets	
Cash and cash equivalents	346,025
Trade and other receivables	931,231
Inventories	220,254
Other financial assets	6,350
Other current assets	112,543
Subtotal	1,616,403
Assets held for sale	23,932
Total current assets	1,640,335
Non-current assets	
Property, plant and equipment, net	399,590
Goodwill	103,967
Intangible assets	156,248
Investments accounted for using the equity method	67,747
Other financial assets	245,852
Deferred tax assets	142,402
Other non-current assets	65,210
Total non-current assets	1,181,016
Total assets	2,821,351

(Millions of yen)

Account	Amount
Liabilities and equity	
Liabilities	
Current liabilities	
Trade and other payables	512,115
Bonds and borrowings	139,687
Accruals	171,434
Other financial liabilities	9,835
Accrued income taxes	13,844
Provisions	45,621
Other current liabilities	158,840
Subtotal	1,051,376
Liabilities directly associated with assets held for sale	11,689
Total current liabilities	1,063,065
Non-current liabilities	
Bonds and borrowings	376,383
Other financial liabilities	9,118
Defined benefit liabilities	275,326
Provisions	13,754
Other non-current liabilities	29,420
Total non-current liabilities	704,001
Total liabilities	1,767,066
Equity	
Share capital	397,199
Share premium	138,704
Retained earnings	265,879
Treasury shares	(3,364)
Other components of equity	82,415
Total equity attributable to owners of the parent	880,833
Non-controlling interests	173,452
Total equity	1,054,285
Total liabilities and equity	2,821,351

Consolidated Statement of Profit or Loss

(For the fiscal year ended March 31, 2018)

(Millions of yen)

Account	Amount
Revenue	2,844,447
Cost of sales	2,046,853
Gross profit	797,594
Selling, general and administrative expenses	729,855
Other operating loss	(3,889)
Operating Profit	63,850
Financial income	29,553
Financial costs	11,568
Share of profit of entities accounted for using the equity method	5,106
Income before income taxes	86,941
Income taxes	26,784
Net profit	60,157
Net profit attributable to	
Owners of the parent	45,870
Non-controlling interests	14,287
	60,157
Earnings per share attributable to owners of the parent	
Basic earnings per share (yen)	176.54
Diluted earnings per share (yen)	176.54

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2018)

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2017	397,199	147,879	235,601	(3,101)	76,686	854,264	161,802	1,016,066
Net profit	-	-	45,870	-	-	45,870	14,287	60,157
Other comprehensive income	-	-	-	-	5,729	5,729	1,105	6,834
Total Comprehensive income	-	-	45,870	-	5,729	51,599	15,392	66,991
Purchase of treasury shares	-	-	-	(271)	-	(271)	-	(271)
Disposal of treasury shares	-	(5)	-	8	-	3	-	3
Cash dividends	-	-	(15,592)	-	-	(15,592)	(4,258)	(19,850)
Put option, written over shares held by a non-controlling interest shareholder	-	(2,113)	-	-	-	(2,113)	-	(2,113)
Changes in interests in subsidiaries	-	(7,057)	-	-	-	(7,057)	516	(6,541)
Total transactions with owners of the parent	-	(9,175)	(15,592)	(263)	-	(25,030)	(3,742)	(28,772)
As of March 31, 2018	397,199	138,704	265,879	(3,364)	82,415	880,833	173,452	1,054,285

<Reference>

Consolidated Statement of Other Comprehensive Income (Unaudited)

(For the fiscal year ended March 31, 2018)

(Millions of yen)

Account	Amount
Net profit	60,157
Other comprehensive income, net of tax	
Items that will not be reclassified to profit or loss	
Remeasurements of defined benefit plan	3,368
Share of other comprehensive income of associates	10
Total items that will not be reclassified to profit or loss	3,378
Items that may be reclassified subsequently to profit or loss	
Exchange differences on translating foreign operations	(6,434)
Cash flow hedges	(92)
Available-for-sale financial assets	8,462
Share of other comprehensive income of associates	1,520
Total items that may be reclassified subsequently to profit or loss	3,456
Total other comprehensive income, net of tax	6,834
Total comprehensive income	66,991
Total comprehensive income attributable to	
Owners of the parent	51,599
Non-controlling interests	15,392
Total	66,991

<Reference>

Consolidated Statement of Cash Flows (Unaudited)

(For the fiscal year ended March 31, 2018)

(Millions of yen)

Account	Amount
Cash flows from operating activities	
Income before income taxes	86,941
Depreciation and amortization	96,037
Impairment loss	1,530
Increase (decrease) in provisions	(7,450)
Financial income	(29,553)
Financial costs	11,568
Share of (profit) loss of entities accounted for using the equity method	(5,106)
Decrease (increase) in trade and other receivables	12,244
Decrease (increase) in inventories	(16,115)
Increase (decrease) in trade and other payables	17,036
Others, net	(16,701)
Subtotal	150,431
Interest and dividends received	6,076
Interest paid	(5,764)
Income taxes paid	(20,762)
Net cash provided by operating activities	129,981
Cash flows from investing activities	
Purchases of property, plant and equipment	(43,253)
Proceeds from sales of property, plant and equipment	6,334
Acquisitions of intangible assets	(10,134)
Purchases of available-for-sale financial assets	(2,336)
Proceeds from sales of available-for-sale financial assets	12,442
Purchases of shares of newly consolidated subsidiaries	(23,110)
Acquisitions of subsidiaries, net of cash acquired	5
Proceeds from sales of shares of subsidiaries	228
Purchases of investments in affiliated companies	(471)
Proceeds from sales of investments in affiliated companies	21,997
Proceeds from collection of loans receivable	25,466
Others, net	(1,399)
Net cash used in investing activities	(14,231)

(Millions of yen)

Account	Amount
Cash flows from financing activities	
Increase (decrease) in short-term borrowings, net	8,214
Proceeds from long-term borrowings	11,512
Repayments of long-term borrowings	(65,864)
Proceeds from issuance of bonds	100,000
Redemption of bonds	(40,000)
Dividends paid	(15,586)
Dividends paid to non-controlling interests	(4,258)
Others, net	(1,257)
Net cash used in financing activities	(7,239)
Effect of exchange rate changes on cash and cash equivalents	(2,447)
Net increase (decrease) in cash and cash equivalents	106,064
Cash and cash equivalents, at beginning of period	239,970
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	(9)
Cash and cash equivalents, at end of period	346,025

Notes to Consolidated Financial Statements

I Notes to Significant Items for Presenting Consolidated Financial Statements

1. NEC Corporation (“the Company” or “NEC” hereafter) prepares its consolidated financial statements in accordance with the provisions of the second sentence of Article 120-1 of the Ordinance on Company Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

2. Scope of consolidation

Number of consolidated subsidiaries 303 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., Japan Aviation Electronics Industry, Limited, 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 76 and exclusions of 11 subsidiaries. Significant changes were as follows:

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

76 subsidiaries

Consolidated subsidiaries excluded from the consolidation scope as a result of sales and liquidation:
4 subsidiaries

Subsidiaries excluded from the consolidation scope due to merger:

7 subsidiaries

3. Items related to application of equity method

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

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

Number of affiliated companies accounted for using the equity method 54 companies

Major companies

Lenovo NEC Holdings, B.V., NEC Capital Solutions Limited and Nittsu NEC Logistics, Ltd.

5 affiliated companies were newly accounted for using the equity method.

6 affiliated companies were excluded from the affiliated companies accounted for using the equity method.

(2) The assets and liabilities of Automotive Energy Supply Corporation are classified into a disposal group held for sale. Thus Automotive Energy Supply Corporation is excluded from application of the equity method from this consolidated fiscal year.

(3) Names of the companies that were not accounted for as affiliated companies while the Company holds between 20/100 and 50/100 of the voting rights.

Name of the company

JECC Corporation ("JECC" hereafter)

Reason for not being included in affiliated companies

The Company owns more than 20% of the total number of issued shares in JECC Corporation. However, JECC Corporation is excluded from affiliated companies as it is a special company managed under the joint investment of six Japanese computer manufacturing companies for the purpose of promoting the information processing industry.

4. Items related to the fiscal year of consolidated subsidiaries

Fiscal year of consolidated subsidiaries ends on March 31 except for 11 companies.

Fiscal year of these 11 subsidiaries mainly ends on December 31, and financial statements as of and for the year ended December 31 were included in the NEC Group's consolidation.

The Company made adjustments for those material transactions occurred between December 31 and March 31 when considered necessary.

5. Significant accounting policies

(1) Valuation standards and methods for assets

(a) Financial assets

(i) Non-derivative financial assets

Loans and receivables

They are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Impairment losses are recognized in profit or loss.

Available-for-sale Financial Assets

They are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at fair value at the reporting date. Resulting gains and losses are recognized in other comprehensive income with the exception of impairment losses and foreign exchange differences on monetary financial assets. When certain financial asset is derecognized or determined to be impaired, gain or loss accumulated in other comprehensive income is reclassified to profit or loss.

(ii) Derivative Financial Instruments

Derivatives are initially and subsequently measured at fair value.

Derivatives to which Hedge Accounting is not Applied

When a derivative is not designated as a hedging instrument in accordance with the criteria for hedge accounting, any changes in the fair value of the derivative are recognized in profit or loss.

Derivatives to which Hedge Accounting is Applied

Cash Flow Hedges

The effective portion of changes in the fair value of a derivative is recognized in other comprehensive income and any ineffective portion of changes in the fair value is immediately recognized in profit or loss.

The amount accumulated in other comprehensive income is reclassified to profit or loss in the same period during which the cash flows of the hedged item affect profit or loss.

(b) Non-financial assets

(i) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories of items that are interchangeable is measured by the first-in first-out method or the periodic average method, whereas the cost of inventories of items that are not interchangeable is measured by the specific identification of cost.

Cost of inventories comprises all costs of purchase, costs of production, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Costs of finished goods and goods in process include a proper allocation of production overheads that are based on the normal capacity of the production facilities.

(ii) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(iii) Intangible Assets

Goodwill

Goodwill arising from the acquisition of a subsidiary is recognized in intangible assets and is measured at cost less accumulated impairment losses.

Software and Other Intangible Assets

Software and other intangible assets are measured at cost less accumulated depreciation and accumulated impairment losses.

(iv) Impairment

Non-financial assets other than inventories and deferred tax assets are assessed for indications of impairment at the end of each reporting period. If there are any indications that an asset or cash generating unit (CGU) (or a group of CGUs) may be impaired, the recoverable amount of such asset is estimated. An asset or CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at the same time each year for the level of CGU (a group of CGUs), and they are also tested for impairment whenever there is any indication of impairment.

(2) Depreciation method for assets

(a) Property, Plant and Equipment

Depreciation is recognized in profit or loss mainly on a straight-line basis over the estimated useful lives as described below.

Useful lives of major property, plant and equipment are as follows:

Buildings and structures	7-60 years
Machinery and equipment, and tools and fixtures	2-22 years

Leased assets are depreciated by the straight-line method over the shorter of the lease term or the economic useful life of the leased asset.

(b) Intangible Assets

Software held for sale is amortized based on the expected sales volume over the expected effective period (mainly within two years).

If the amortization method does not reflect the pattern of consumption of the expected future benefits from the asset, it is amortized on a straight-line basis over the remaining useful life.

Software for internal use is amortized on a straight-line basis over the expected useful period (mainly three to five years).

Other intangible assets are amortized from the date when the asset is available for use over the estimated useful lives, such as a contract period, using the method which reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

(3) Recognition criteria for provisions

A provision is recognized if the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and a reliable estimate can be made of the amount of the obligation.

(4) Revenue recognition criteria for construction contracts and customized software

For construction contracts and customized software, when the outcome of the construction contract can be reliably estimated, contract revenue is recognized based on the stage of completion. The stage of completion is primarily determined using the cost-to-cost method.

For construction contracts in which the outcome cannot be reliably estimated, contract revenue is recognized only to the extent of contract costs incurred that are probable to be recoverable, and contract costs are recognized as expenses in the period they are incurred.

(5) Other significant principles for the preparation of consolidated financial statements

(a) Defined Benefit Plans

Actuarial gains and losses arising from the plans are recognized in other comprehensive income and not reclassified to retained earnings and others in subsequent periods.

(b) Accounting for consumption taxes

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

(c) Application of consolidated corporate-tax return system

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

II Notes to Consolidated Statement of Financial Position

1. Assets pledged as and debt secured by collateral

Balances - assets pledged as collateral consisted of the following:

(Millions of yen)

Items	Amount
Buildings and structures, net	151
Land	3,417
Others	703
Total	4,271

Balances - debt secured by collateral consisted of the following:

(Millions of yen)

Items	Amount
Short-term loans payable	487
Others	48
Total	535

2. Assets measured at net of provision for impairment of trade and other receivables

The amount of provision for impairment recognized as a deduction from the gross carrying amount of trade and other receivables consisted of the following:

(Millions of yen)

Items	Amount
Current assets	8,064
Non-current assets	3,730
Total	11,794

3. 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. The amounts of provision for loss on construction contracts and others which are presented at net amount of correspondent inventories are as follows:

(Millions of yen)

Items	Amount
Merchandise and finished goods	184
Work in process	20,318
Total	20,502

4. Accumulated depreciation of property, plant and equipment is as follows:

(Millions of yen)

Items	Amount
Accumulated depreciation of property, plant and equipment	887,977

5. Contingent liabilities

Guarantees for bank loans and others consisted of the following:

(Millions of yen)

Items	Amount
Employees	205
Affiliates/Others	711
Total	916

6. Disposal Group Held for Sale

NEC determined to transfer all shares of NEC Energy Devices, Ltd. ("NEC Energy Devices"), a wholly owned subsidiary of NEC, to GSR Capital ("GSR"), a private investment fund on December 4, 2017. This transfer of the NEC Energy Devices shares to GSR is scheduled to be executed on the same day as the transfer of Automotive Energy Supply Corporation ("AESC") shares to GSR by Nissan Motor Co., Ltd.

With this determination of the transfer shares, the assets and liabilities of NEC Energy Devices and AESC are classified into a disposal group held for sale. This disposal group is measured by the carrying amount because the fair value is greater than that of the carrying amount. The disposal group consists of the following assets and liabilities as of March 31, 2018.

(Millions of yen)

Items	Amount
Cash and cash equivalents	9
Trade and other receivables	11,416
Inventories	1,025
Property, plant and equipment, net	10,277
Other assets	1,205
Total assets	23,932

(Millions of yen)

Items	Amount
Trade and other payables	8,761
Other liabilities	2,928
Total liabilities	11,689

III Notes to Consolidated Statement of Changes in Equity

1. Stocks, issued

Ordinary shares 260,473,263 shares

2. Dividends

(1) Payment of dividends

Resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Record date	Effective date
April 27, 2017 Board of Directors	Ordinary shares	15,592	6	March 31, 2017	June 1, 2017

(2) Dividend for which the record date is within this fiscal year, but the effective date is in the following fiscal year

The Company proposed and resolved the matter of payment of dividends for Ordinary shares at the ordinary Meeting of Board of Directors held on April 27, 2018.

(a) Resource of dividends	Retained earnings
(b) Total dividends	15,591 million yen
(c) Dividends per share	60 yen
(d) Record date	March 31, 2018
(e) Effective date	June 1, 2018

IV Notes: Financial Instruments

1. Summary of financial instruments

(1) Capital management

The NEC Group (the "Group" hereafter) focuses on the business operation for emphasizing capital efficiency and The Group invests to growth sectors and enhance capital base so as to create long-term corporate value of the Group. The Group manages net D/E ratio for enhancing capital base.

(2) Financial risk management

The Group operates its business in various countries and jurisdictions, and as such, it has exposure to credit risk, liquidity risk, and market risk (mainly represented by interest rate risk and currency risk). The Group conducts risk management to minimize the effect of these financial risks on its financial position and performance.

a. Credit risk

Credit risk is a risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit exposure.

The Group is monitoring the financial position and past due balances of customers in order to minimize the risk of default resulting from deterioration of customers' financial position. Further, if

necessary, preventative measures are taken by holding collateral or by other means. Financial institutions with higher credit capabilities are selected as counterparties while dealing in derivative transactions, deposit transactions, and the purchase of financial assets for short-term investments in order to reduce the counterparty risk.

b. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach of managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due. The Group periodically updates forecasts of its future cash-flows aiming to maintain the level of its cash and cash equivalents and the unused balance of commitment line-of-credit at an amount in excess of expected cash outflows on financial liabilities required conducting its business.

c. Market risk

(i) Interest rate risk

Interest bearing debts with floating interest rates, including long-term borrowings, are exposed to interest rate risk. The Group may use interest rate swaps as hedges of the variability in cash flows attributable to interest-rate risk.

(ii) Foreign currency risk

The Group operates its business globally, and is exposed to the risk of fluctuation in foreign exchange rates. The Group mitigates foreign currency risk by offsetting trade receivables and payables denominated in foreign currencies and conducting hedge transactions using forward exchange contracts or foreign currency option contracts.

(iii) Equity price risk

The Group holds listed equity instruments of parties with which the Group has a business relationship, and therefore, is exposed to the risk of fluctuation in prices of equity instruments. The equity instruments are held for if the Group determines that it will contribute to the increase of the mid- to long-term corporate value of the Group after comprehensive consideration of its management strategy, the relationships with business partners and other circumstances. For equity instruments, the Group examines the rationale of the major cross-shareholdings, taking into consideration the returns from such cross-shareholdings.

(3) Fair value of financial assets and liabilities

(Millions of yen)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Current portion of bonds	-	-
Bonds	149,600	150,560
Long-term borrowings	226,783	228,081

The financial instruments whose fair value is determined to be close or equal to the carrying amount are excluded from the chart above. The financial instruments regularly measured at fair value but equal to the carrying amount are also excluded from the chart above.

Basis of the fair value measurement for financial instruments

(Cash and cash equivalents, trade and other receivables, trade and other payables, and accruals)

The fair value is determined as equal or close to the carrying amount since they are to be settled in a short term.

(Other financial assets and other financial liabilities)

The fair value of loans is calculated by discounting estimated future cash flows to the present value based on an interest rate that takes into account the remaining period to the maturity date and credit risk.

Available-for-sale financial assets are categorized as financial assets whose fair value is measured through other comprehensive income. The fair value of listed equity instruments is determined using a quoted market price at an exchange. The fair value of unquoted equity instruments is determined by using comparable company valuation multiples and other appropriate valuation techniques.

Among the fair value of derivative assets and liabilities, forward exchange contracts is determined using quoted forward exchange rates at the end of the fiscal year, while interest rate swaps is calculated as the present value of the estimated future cash flows based on the interest rate at the end of the reporting period.

The fair value of lease obligation is calculated as the present value of the estimated future cash flows based on the expected interest rate of which a similar new lease agreement were entered into.

(Bonds and borrowings)

The fair value of short-term borrowings is determined as the carrying amount as the two are effectively the same since they are to be settled in a short term.

The fair value of long-term borrowings is calculated as the present value of the estimated future cash flows, based on the expected interest rate of which a similar new borrowing were made. The fair value of the current portion of bonds is determined as the face value since they are to be settled in a short term. For the non-current portion of bonds, the fair value is determined as the quoted market price.

V Notes: Per Share Data

Equity attributable to owners of the parent per share	3,390.80 yen
Basic earnings per share	176.54 yen
Diluted earnings per share	176.54 yen

Note: The Company implemented share consolidation with a ratio of 10 shares of common share to 1 share as of October 1, 2017. The above per share data is calculated assuming that the share consolidation were carried out at the beginning of FY 2017 (April 1, 2017).

VI Notes: Business Combinations

Business combination of a subsidiary

NEC has acquired UK-based IT services company Northgate Public Services Limited (“NPS”), accelerating the expansion of its international safety business. NEC has bought NPS, for making NPS a consolidated subsidiary of NEC, from private equity firm Cinven. A summary of this transaction is as follows:

Summary of the business combination

Name of the acquired company and its business

- (i) Name: Northgate Public Services, Limited
- (ii) Type of Business: Development and sales of software

Main reason for the business combination

To accelerate the expansion of NEC group's international safety business

Date of the business combination

January 31, 2018

Voting rights acquired

On the acquisition date:	90.00%
After the acquisition date until the fiscal year ended March 31, 2018	10.00%

Consideration for the acquisition

(Millions of yen)

Item	Amount
Cash and cash equivalents	23,252
Contingent consideration	4,311
Total	27,563

Contingent consideration in a business combination is measured based on specific performance indicators of an acquiree. Accordingly, NEC recognized unpaid acquisition cost of 4,311 million yen, estimating acquiree's potentials for achieving the indicators. NEC may be charged for the related future payment up to 40 million pounds as ceiling.

Consideration for the acquisition includes 25,430 million yen as the purchase price of acquiree's receivables, in addition to acquiree's stock price.

Acquisition-related costs

Outsourcing service expenses and other expenses related to the share acquisition of 1,006 million yen were recorded in "Selling, general and administrative expenses" in the consolidated statement of profit or loss as the acquisition-related costs for the business combination.

Fair value of assets acquired and liabilities assumed at the acquisition date

(Millions of yen)

Item	Amount
Current assets	
Cash and cash equivalents	1,047
Trade receivables	4,899
Others	76
Non-current assets	
Property, plant and equipment	729
Intangible assets	28,330
Others	3,119
Total assets	38,200
Current liabilities	
Trade payables	1,408
Others	6,603
Non-current liabilities	
Financial liabilities	41,848
Others	9,500
Total liabilities	59,359
Equity	(21,159)

Some of the amounts above are provisional fair value calculated based on reasonable information available at the time of issuance of this annual report because the allocation of the acquisition costs has not been completed.

Goodwill arising on acquisition

(Millions of yen)

Item	Amount
Consideration for the acquisition	27,563
Non-controlling interests	(5,604)
Fair value of identifiable net assets acquired by the NEC Group	21,159
Goodwill arising on acquisition	43,118

Non-controlling interests are measured by the percentage of interests owned by non-controlling shareholders to the fair value of identifiable net assets of the acquired company. Goodwill mainly reflects excess earnings power and synergies with existing businesses. Entire goodwill is not expected to be deductible for tax purposes.

Impact on the NEC Group's performance

Revenue and net profit (loss) of the acquired company that incurred after the acquisition date recorded in the Company's consolidated statement of profit or loss were 2,734 million yen of revenue and 810 million yen of net loss.

Assuming that this business combination had taken place at the beginning of the fiscal year ended March 31, 2018, the NEC Group's total revenue and its net profit (loss) in the consolidated statement of profit or loss would be 2,863,042 million yen of revenue and 56,696 million yen of net profit (non-audited information).

BALANCE SHEET

(Non-consolidated: Japanese GAAP)

(As of March 31, 2018)

(Millions of yen)

Account	Amount
Assets	
<u>Current assets</u>	1,019,288
Cash and deposits	27,107
Notes receivable-trade	3,803
Accounts receivable-trade	496,834
Lease investment assets	5,859
Short-term investment securities	139,000
Merchandise and finished goods	27,378
Work in process	60,515
Raw materials and supplies	9,292
Advance payments-trade	53,689
Prepaid expenses	19,327
Deferred tax assets	38,731
Accounts receivable-other	109,599
Other	28,190
Allowance for doubtful accounts	(37)
<u>Non-current assets</u>	1,037,793
Property, plant and equipment	222,702
Buildings, net	124,949
Structures, net	3,056
Machinery and equipment, net	8,456
Vehicles, net	241
Tools, furniture and fixtures, net	38,707
Land	37,484
Construction in progress	9,809
Intangible assets	54,341
Patent right	874
Right of using facilities	128
Software	53,249
Other	91
Investments and other assets	760,750
Investment securities	156,621
Stocks of subsidiaries and affiliates	468,936
Investments in capital	256
Long-term loans receivable	78
Long-term loans receivable from subsidiaries and affiliates	38,655
Deferred tax assets	11,019
Prepaid pension cost	58,790
Other	35,452
Allowance for doubtful accounts	(9,057)
Total assets	2,057,081

(Millions of yen)

Account	Amount
Liabilities	
<u>Current liabilities</u>	912,395
Notes payable-trade	241
Accounts payable-trade	414,972
Current portion of long-term loans payable	68,213
Lease obligations	303
Accounts payable-other	28,293
Accrued expenses	53,394
Income taxes payable	150
Advances received	106,146
Deposits received	206,364
Provision for product warranties	7,018
Provision for directors' bonuses	113
Provision for loss on construction contracts and others	10,632
Provision for business structure improvement	670
Provision for contingent loss	9,239
Other	6,647
<u>Non-current liabilities</u>	425,774
Bonds payable	150,000
Long-term loans payable	216,313
Lease obligations	959
Provision for retirement benefits	3,556
Provision for product warranties	1,272
Provision for loss on repurchase of computers	1,430
Provision for loss on guarantees	44,138
Provision for business structure improvement	1,294
Provision for contingent loss	2,133
Asset retirement obligations	1,246
Other	3,433
Total liabilities	1,338,170
Net Assets	
<u>Shareholders' equity</u>	670,172
Capital stock	397,199
Capital surplus	106,011
Legal capital surplus	59,260
Other capital surplus	46,752
Retained earnings	170,284
Legal retained earnings	7,277
Other retained earnings	163,007
Retained earnings brought forward	163,007
Treasury stock	(3,323)
<u>Valuation and translation adjustments</u>	48,739
Valuation difference on available-for-sale securities	48,835
Deferred gains or losses on hedges	(96)
Total net assets	718,911
Total liabilities and net assets	2,057,081

STATEMENT OF OPERATIONS

(Non-consolidated: Japanese GAAP)

(For the fiscal year ended March 31, 2018)

(Millions of yen)

Account	Amount
Net sales	1,574,370
Cost of sales	1,216,889
Gross profit	357,481
Selling, general and administrative expenses	389,503
Operating income	(32,022)
Non-operating income	60,964
Interest income	1,231
Dividends income	50,692
Other	9,041
Non-operating expenses	15,613
Interest expenses	3,847
Settlement package and compensation for damage	2,277
Foreign exchange losses	1,718
Other	7,771
Ordinary income	13,329
Extraordinary income	27,609
Gain on sales of subsidiaries and affiliates' stocks	18,431
Gain on sales of investment securities	8,248
Gain on sales of non-current assets	878
Reversal of provision for loss on guarantees	52
Extraordinary loss	20,132
Loss on valuation of stocks of subsidiaries and affiliates	9,225
Provision of allowance for doubtful accounts for subsidiaries and affiliates	5,765
Provision for loss on guarantees	4,884
Impairment loss	203
Loss on valuation of investment securities	34
Loss on sales of investment securities	21
Income before income taxes	20,806
Income taxes	(13,157)
Income taxes – current	(18,343)
Income taxes – deferred	5,186
Net income	33,963

STATEMENT OF CHANGES IN NET ASSETS

(Non-consolidated: Japanese GAAP)

(For the fiscal year ended March 31, 2018)

(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		
Balance at the beginning of current period	397,199	59,260	46,756	106,016	5,718	146,196	151,914
Changes of items during the period							
Dividends from surplus	-	-	-	-	-	(15,592)	(15,592)
Provision of legal retained earnings	-	-	-	-	1,559	(1,559)	-
Net income	-	-	-	-	-	33,963	33,963
Purchase of treasury stock	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	(5)	(5)	-	-	-
Total changes of items other than shareholders' equity	-	-	-	-	-	-	-
Total changes of items during the period	-	-	(5)	(5)	1,559	16,811	18,371
Balance at the end of current period	397,199	59,260	46,752	106,011	7,277	163,007	170,284

	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	(3,060)	652,069	50,136	(34)	50,101	702,171
Changes of items during the period						
Dividends from surplus	-	(15,592)	-	-	-	(15,592)
Provision of legal retained earnings	-	-	-	-	-	-
Net income	-	33,963	-	-	-	33,963
Purchase of treasury stock	(271)	(271)	-	-	-	(271)
Disposal of treasury stock	8	3	-	-	-	3
Total changes of items other than shareholders' equity	-	-	(1,300)	(62)	(1,362)	(1,362)
Total changes of items during the period	(263)	18,103	(1,300)	(62)	(1,362)	16,740
Balance at the end of current period	(3,323)	670,172	48,835	(96)	48,739	718,911

Independent Auditor's Report

April 25, 2018

The Board of Directors
NEC Corporation

KPMG AZSA LLC

Tetsuzo Hamajima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Kondo (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshiaki Hasegawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the CONSOLIDATED FINANCIAL POSITION, the CONSOLIDATED STATEMENT OF PROFIT OR LOSS, the CONSOLIDATED STATEMENT OF CHANGES IN EQUITY and the related notes of NEC Corporation (the "Company") as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 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 the second sentence of Article 120-1 of the Ordinance of Companies Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, 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 judgment, 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 the second sentence of Article 120-1 of the Ordinance on Companies Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

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 25, 2018

The Board of Directors
NEC Corporation

KPMG AZSA LLC

Tetsuzo Hamajima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Kondo (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshiaki Hasegawa (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, 2018 and for the 180th year from April 1, 2017 to March 31, 2018 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 180th business period from April 1, 2017 to March 31, 2018, 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

(1) The Audit & Supervisory Board (KANSAYAKU-KAI) has determined, among other things, the auditing policies and auditing 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.

(2) Pursuant to the Code of *Kansayaku* Auditing Standards and in accordance with the auditing policies and auditing 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, and performed audit in the way hereinafter prescribed:

(i) each Audit & Supervisory Board Member (KANSAYAKU) has 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. 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;

(ii) each Audit & Supervisory Board Member (KANSAYAKU) has 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 corporate group consisting of the Company and its subsidiary corporations under Article 100(1) and (3) 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;

(iii) With regard to “Policy on the Control over the Company” stated in the business report, each Audit & Supervisory Board Member (KANSAYAKU) has examined the statement of the said policy; and

(iv) each Audit & Supervisory Board Member (KANSAYAKU) has 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 business report and its supplementary schedules, the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) as well as the non-consolidated financial statements (balance sheet, statement of operations, statement of changes in net assets and notes to non-consolidated financial statements) and its supplementary schedules.

2. Results of audit

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

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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 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.

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

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

April 27, 2018

Audit & Supervisory Board (KANSAYAKU-KAI)
NEC Corporation

Full-time Audit & Supervisory Board Member (KANSAYAKU)	Tetsuya Fujioka (Seal)
Full-time Audit & Supervisory Board Member (KANSAYAKU)	Hajime Kinoshita (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kyoko Okumiya (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Takeshi Kikuchi (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kazuyasu Yamada (Seal)