

Financial Results for Q1 Fiscal Year Ending March 31, 2013

July 31, 2012

NEC Corporation

(<http://www.nec.com/en/global/ir>)

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※ As stated in the July 6, 2012 announcement, “NEC Revises Business Segments,” NEC has revised its business segments from the first quarter of the fiscal year ending March 31, 2013. Figures for the corresponding period of the previous fiscal year have been adjusted in accordance with the new segments



I. Financial Results for Q1, FY13/3

Summary of Financial Results for Q1

- Sales: Decrease due to deconsolidation of consumer PC and LCD module businesses*
- Profit: More than 10B Yen improvement in operating, ordinary and net loss year on year

(Billions of Yen)

	Q1(April to June)		
	FY12/3 Actual	FY13/3 Actual	YoY
Net Sales	669.1	631.5	- 5.6%
Operating Loss	-19.4	-7.9	11.6
Ordinary Loss	-29.6	-12.2	17.5
Net Loss	-29.7	-17.9	11.8
Net Loss per Share (Yen)	-11.43	-6.87	4.56
Free Cash Flow	16.5	26.7	10.1

*increase by approximately 1% excluding the impact of deconsolidation

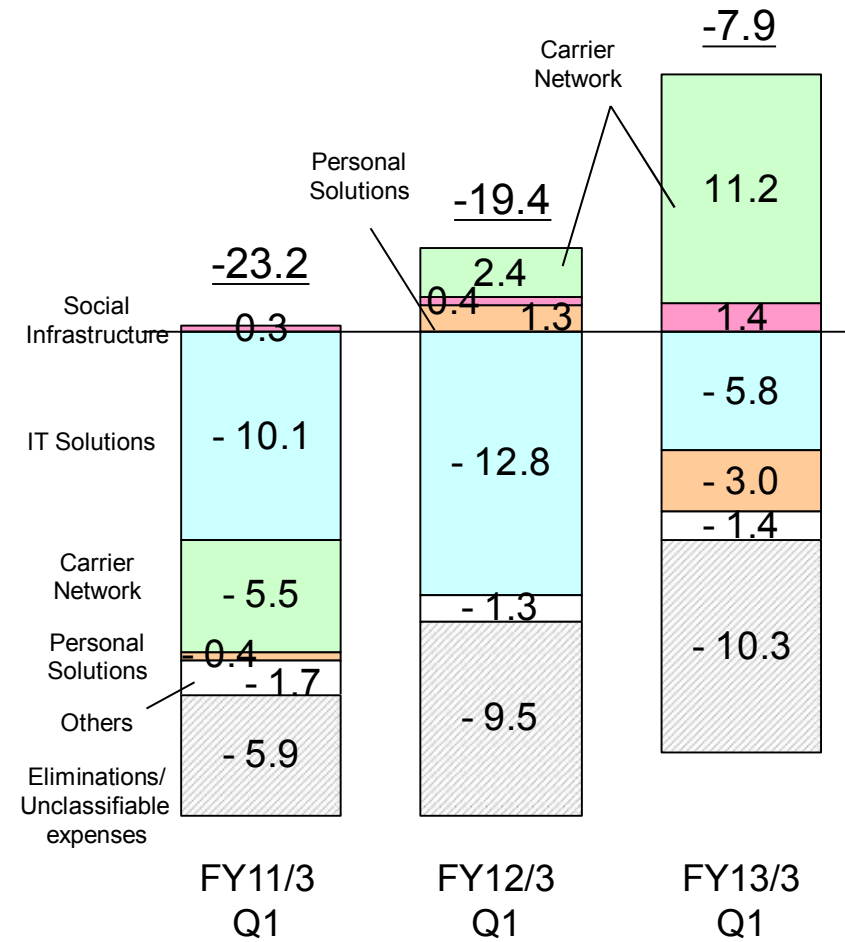
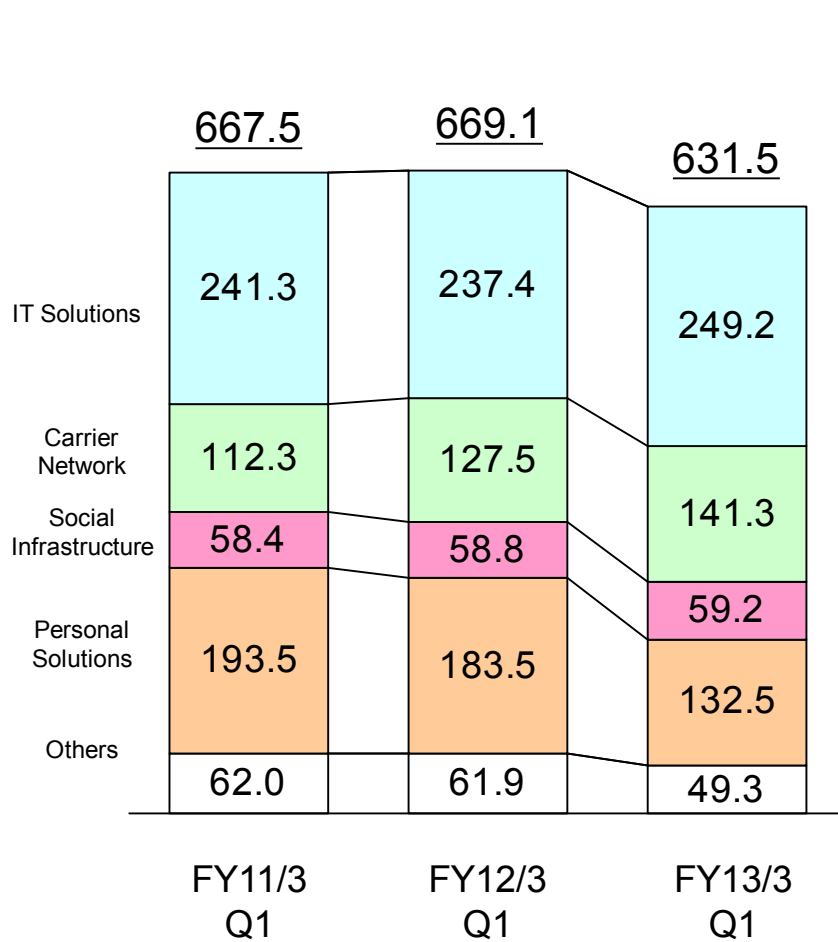
(Ref): Average exchange rate for Q1, FY13/3 1\$= ¥81.25, 1€= ¥106.09

Q1 Results by Segment

(Billions of yen)

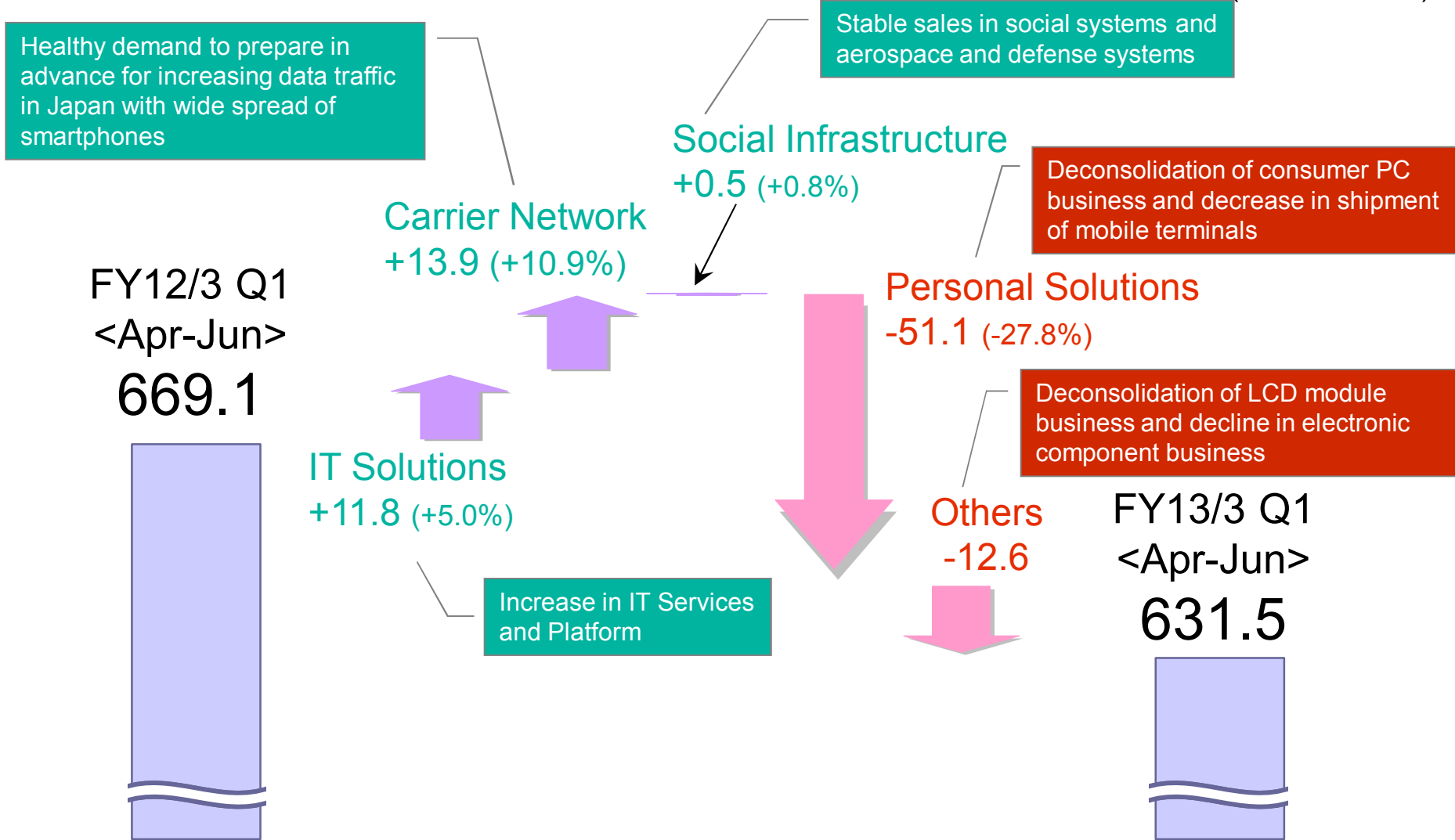
Net Sales

Operating Income/Loss



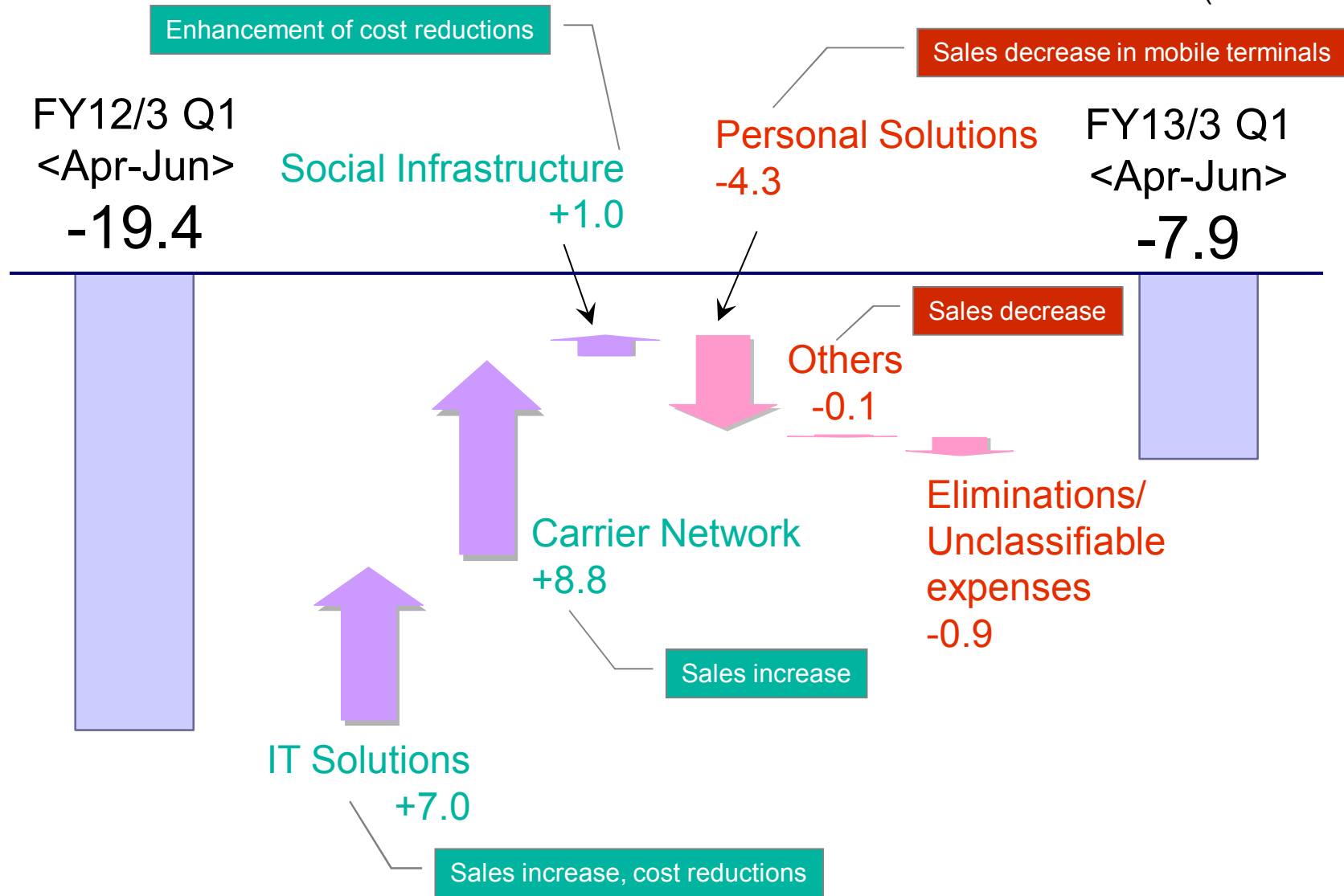
Sales Change (Year on Year)

(Billions of Yen)



Operating Income/Loss Change (Year on Year)

(Billions of Yen)

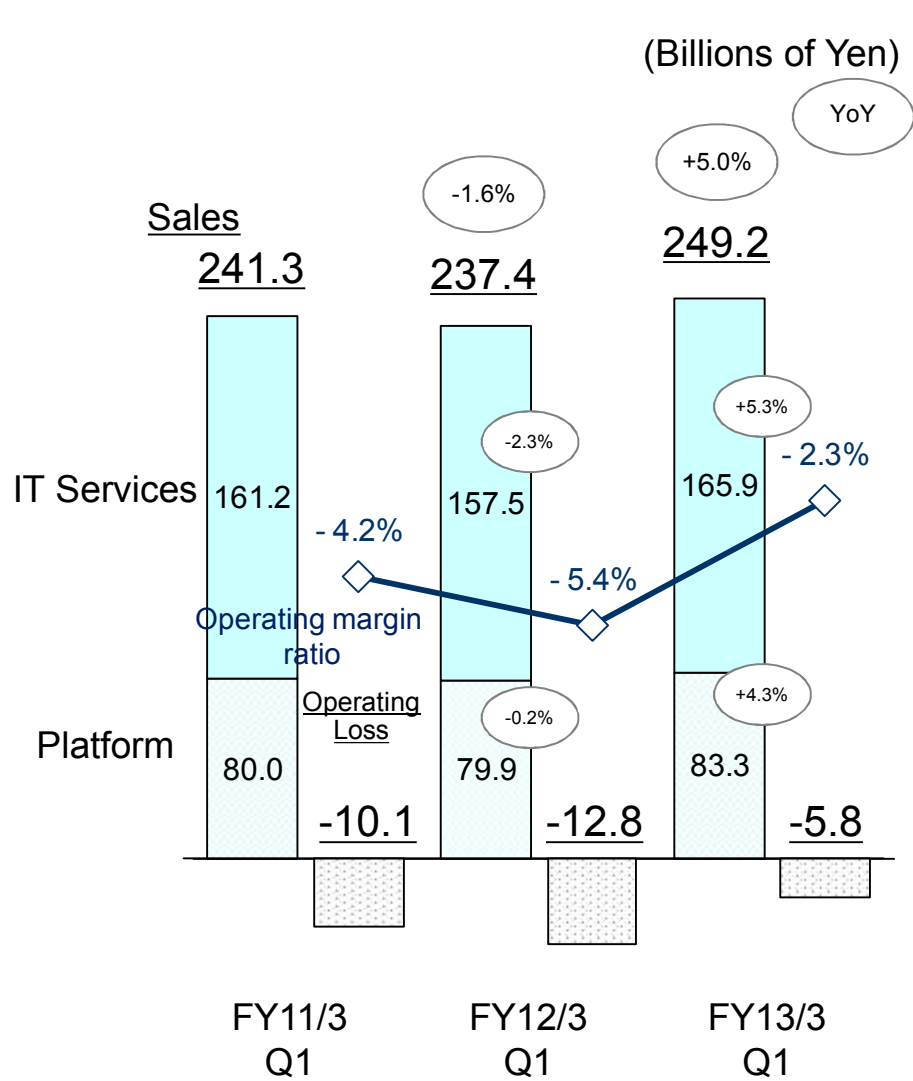


Key Points of Q1 Results by Segment (Year on Year)

IT Solutions	<ul style="list-style-type: none">● Increase due to solid sales in IT services and Platform● Improvement by sales increase and cost reductions
Carrier Network	<ul style="list-style-type: none">● Increase due to healthy demand to prepare in advance for increasing data traffic in Japan with wide spread of smartphones● Higher profits from sales increase
Social Infrastructure	<ul style="list-style-type: none">● Stable sales in social systems and aerospace and defense systems● Increase by enhancing cost reductions while sales was almost flat as previous year
Personal Solutions	<ul style="list-style-type: none">● Decline due to deconsolidation of consumer PC business and decrease in shipment of mobile terminals● Decrease due to sales decrease in mobile terminals
Others	<ul style="list-style-type: none">● Decrease due to deconsolidation of LCD module business and decline in electronic component business● Almost same level year on year by cost reductions despite sales decrease

Note: First bullets refer to changes in sales, second bullets refer to changes in operating income/loss

IT Solutions Business



Billions of Yen (YoY)

Sales 249.2 (+5.0%)

△ IT Services

Solid sales in telecom, manufacturing and retail sectors

△ Platform

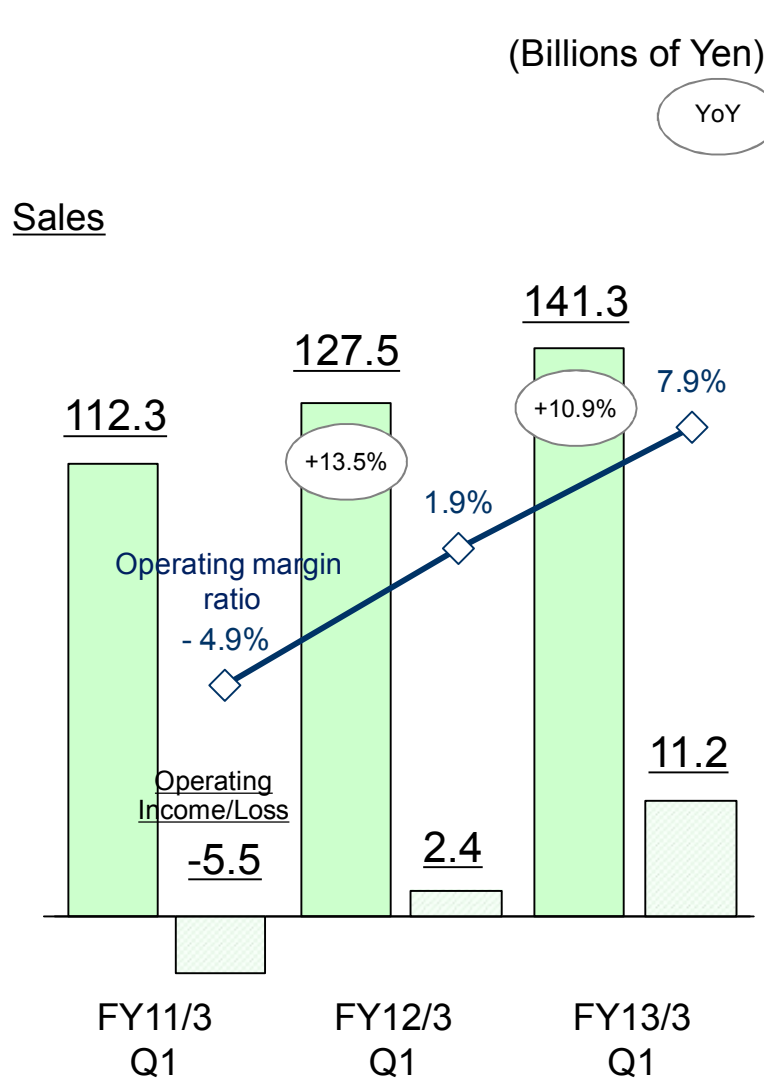
Increase mainly in hardware and enterprise network due to large-scale projects

Operating Loss -5.8 (+7.0)

△ Improve by sales increase and cost reductions



Carrier Network Business



Billions of Yen (YoY)

Sales 141.3 (+10.9%)

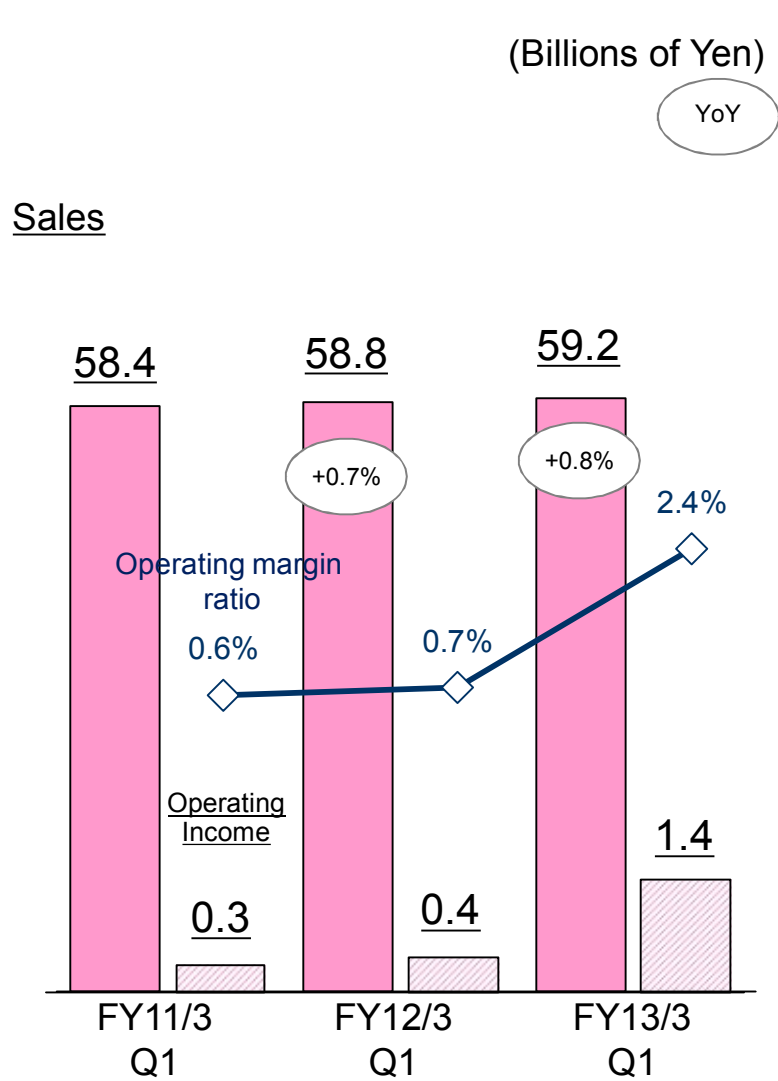
△ Solid sales in Japan due to healthy demand to prepare in advance for increasing data traffic in Japan with wide spread of smartphones

Operating Income 11.2 (+8.8)

△ Improve due to sales increase in Japan



Social Infrastructure Business



Billions of Yen (YoY)

Sales 59.2 (+0.8%)

△ Stable sales in social systems and aerospace and defense systems

Operating Income 1.4 (+1.0)

△ Increase by enhancing cost reductions while sales was almost flat as previous year



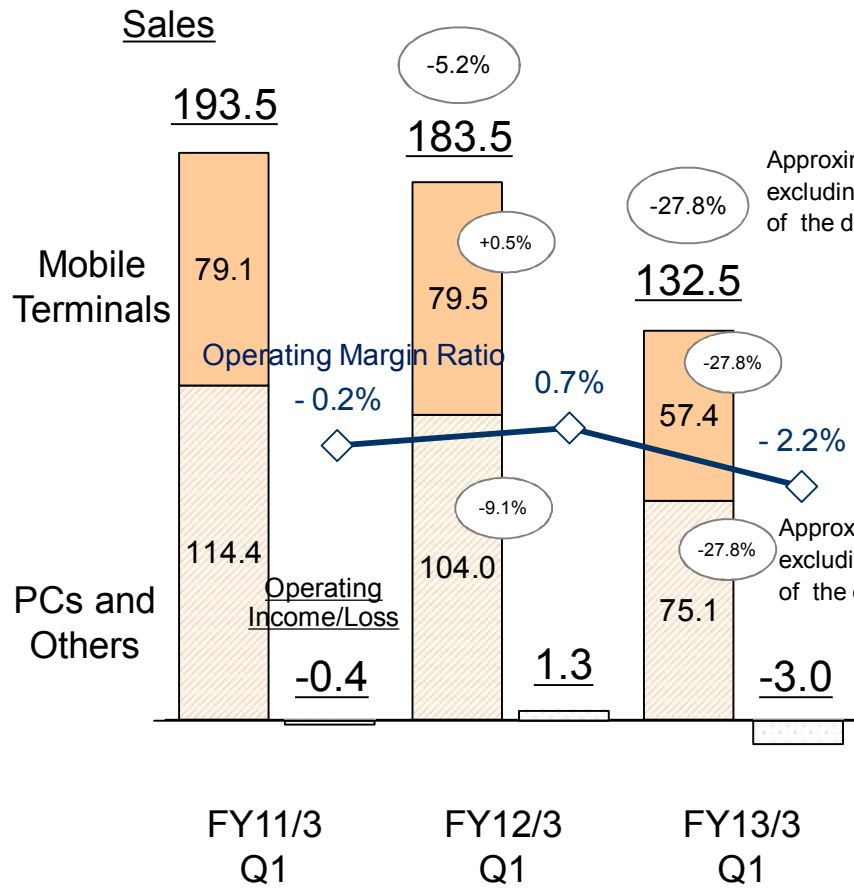
Personal Solutions Business

Billions of Yen (YoY)

(Billions of Yen)

YoY

Sales 132.5 (-27.8%)



▽ Mobile Terminals :
Decline due to decrease in shipment of mobile terminals

▽ PCs and Others :
Decline due to deconsolidation of consumer PC business

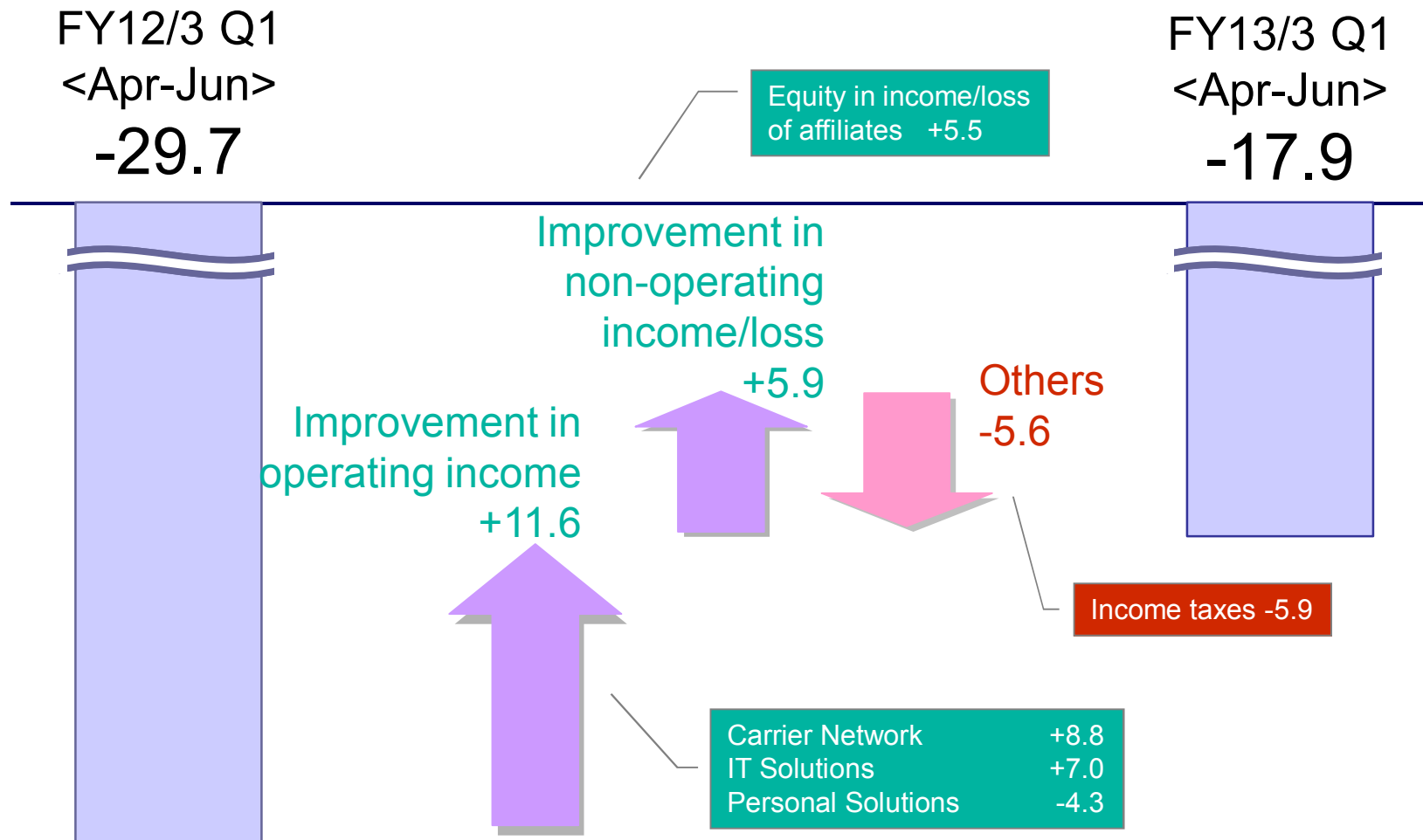
Operating Loss -3.0 (-4.3)

▽ Decrease due to sales decrease in mobile terminals



Net Income/Loss Change (Year on Year)

(Billions of Yen)





II. Summary of Financial Forecasts for 1H, FY13/3

NEC's Management Policy

■ Immediate improvement of macro economy and market environment cannot be expected

■ We will shift to conduct efficient business operations to generate constant profit based on current sales level

→ Execute management reforms to revive the NEC Group

→ Focus investment in the key business areas to establish firm foundation toward growth

“CS No.1” “Global First” “One NEC”

Summary of Financial Forecasts for 1H

(Billions of Yen)

	1H(April to September)			Full Year		
	FY12/3 Actual	FY13/3 Forecasts	YoY	FY12/3 Actual	FY13/3 Forecasts	YoY
Net Sales	1,443.2	1,400.0	- 3.0%	3,036.8	3,150.0	3.7%
Operating Income	6.8	1.0	-5.8	73.7	100.0	26.3
% to Net Sales	0.5%	0.1%		2.4%	3.2%	
Ordinary Income/Loss	-10.4	-16.0	-5.6	42.1	70.0	28.0
% to Net Sales	-	-		1.4%	2.2%	
Net Income/Loss	-11.0	-24.0	-13.0	-110.3	20.0	130.3
% to Net Sales	-	-		-	0.6%	
Net Income/Loss per Share (Yen)	-4.23	-9.24	-5.01	△ 42.44	7.70	50.14

Ref: Assumed exchange rates for FY13/3 1\$=¥75, 1€=¥100

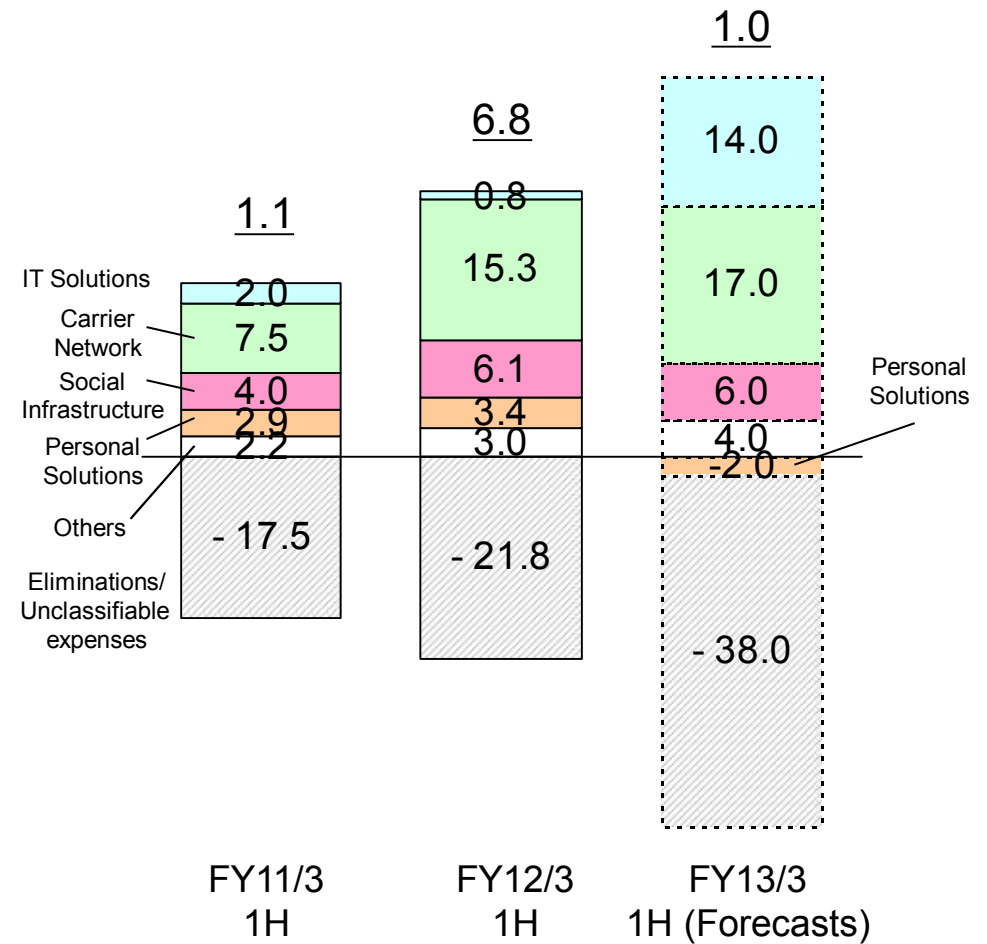
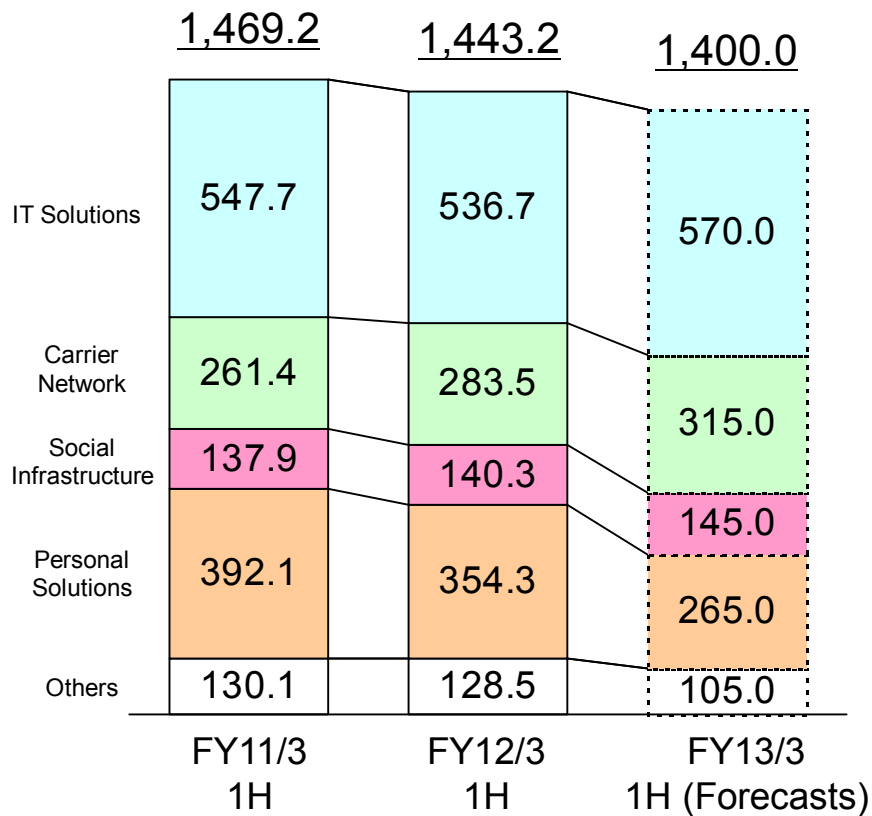
* Forecasts as of July 31, 2012 (Note: Unchanged from 1H and full year forecasts announced on Apr 27)

Financial Forecasts for 1H by Segment

(Billions of Yen)

Net Sales

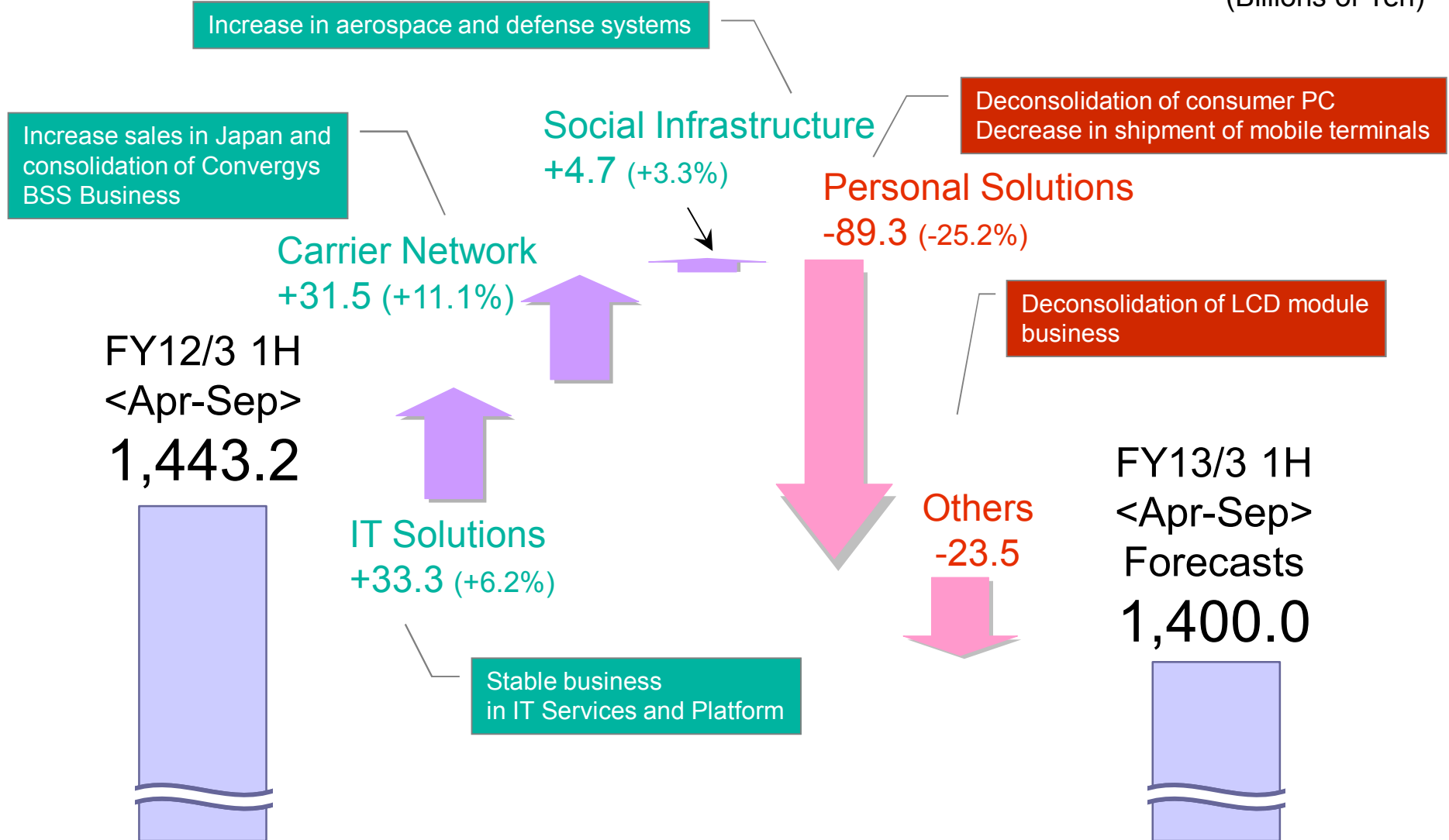
Operating Income/Loss



*Forecasts as of Jul 31, 2012

Sales Change (Year on Year)

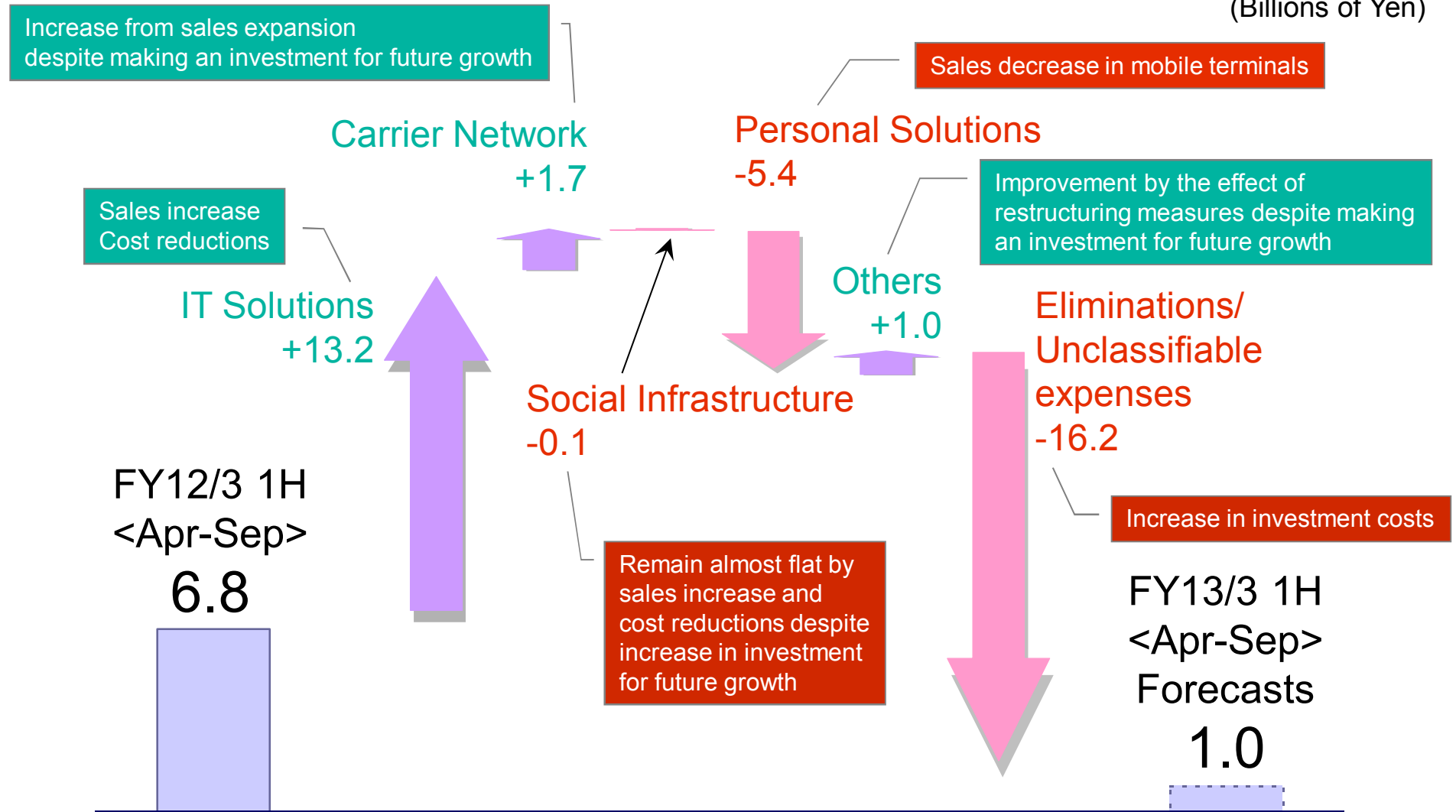
(Billions of Yen)



*Forecasts as of Jul 31, 2012

Operating Income/Loss Change (Year on Year)

(Billions of Yen)



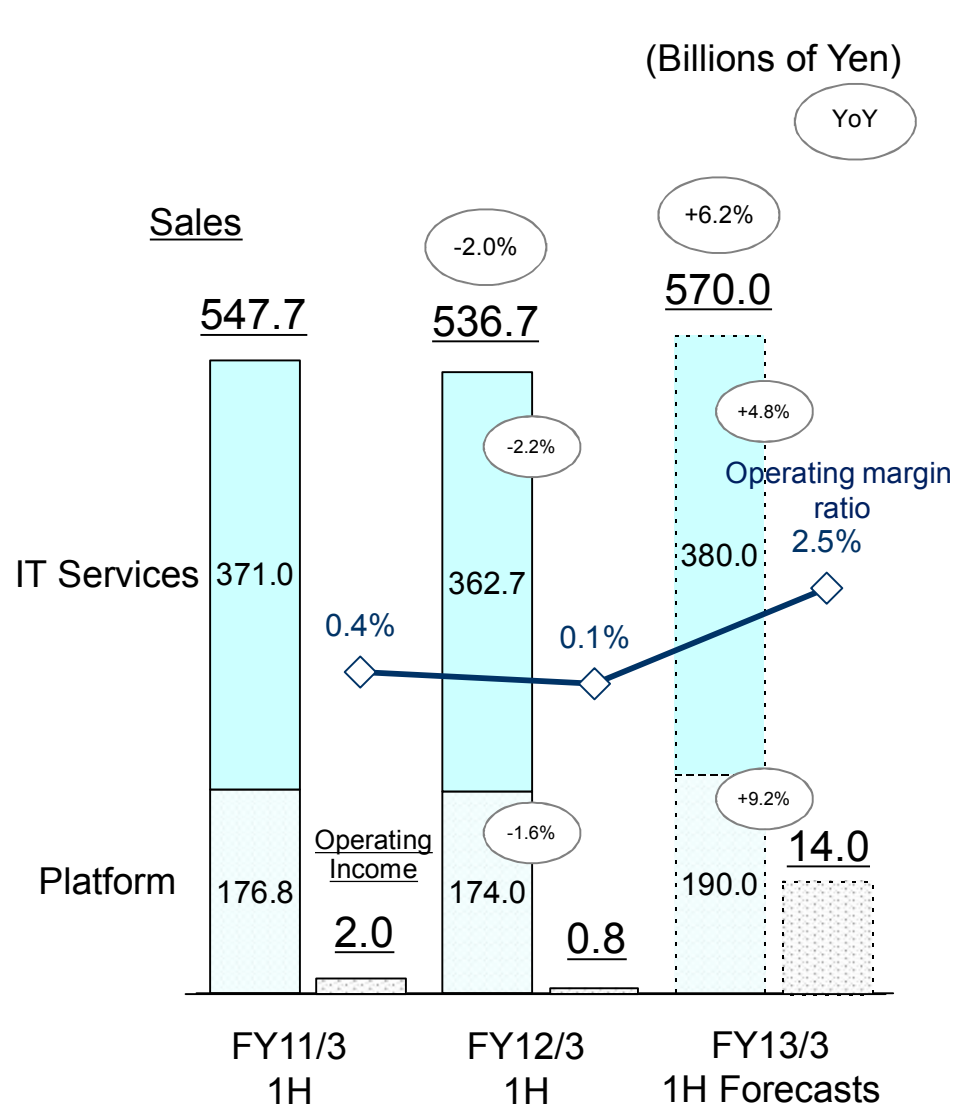
*Forecasts as of Jul 31, 2012

Key Points of 1H, FY13/3 Forecasts by Segment (Year on Year)

IT Solutions	<ul style="list-style-type: none">● Increase due to solid sales in IT services and Platform● Improve by sales increase and cost reductions
Carrier Network	<ul style="list-style-type: none">● Increase due to solid sales in Japan and consolidation of Convergys BSS Business● Increase from sales expansion despite making an investment for future growth
Social Infrastructure	<ul style="list-style-type: none">● Increase in aerospace and defense systems● Remain almost flat by sales increase and cost reductions despite increase in investment for future growth
Personal Solutions	<ul style="list-style-type: none">● Decline due to deconsolidation of consumer PC business and decrease in shipment of mobile terminals● Decrease due to sales decrease in mobile terminal business
Others	<ul style="list-style-type: none">● Decline due to deconsolidation of LCD module business● Improve by the effect of restructuring measures despite making an investment for future growth

Note: First bullets refer to changes in sales, second bullets refer to changes in operating income/loss

IT Solutions Business



Sales 570.0 (+6.2%)

△ IT Services

Increase in telecom sector with continuing strong market demand and IT investment recovery in manufacturing and retail services sectors

△ Platform

Increase mainly in hardware and enterprise network due to large-scale projects

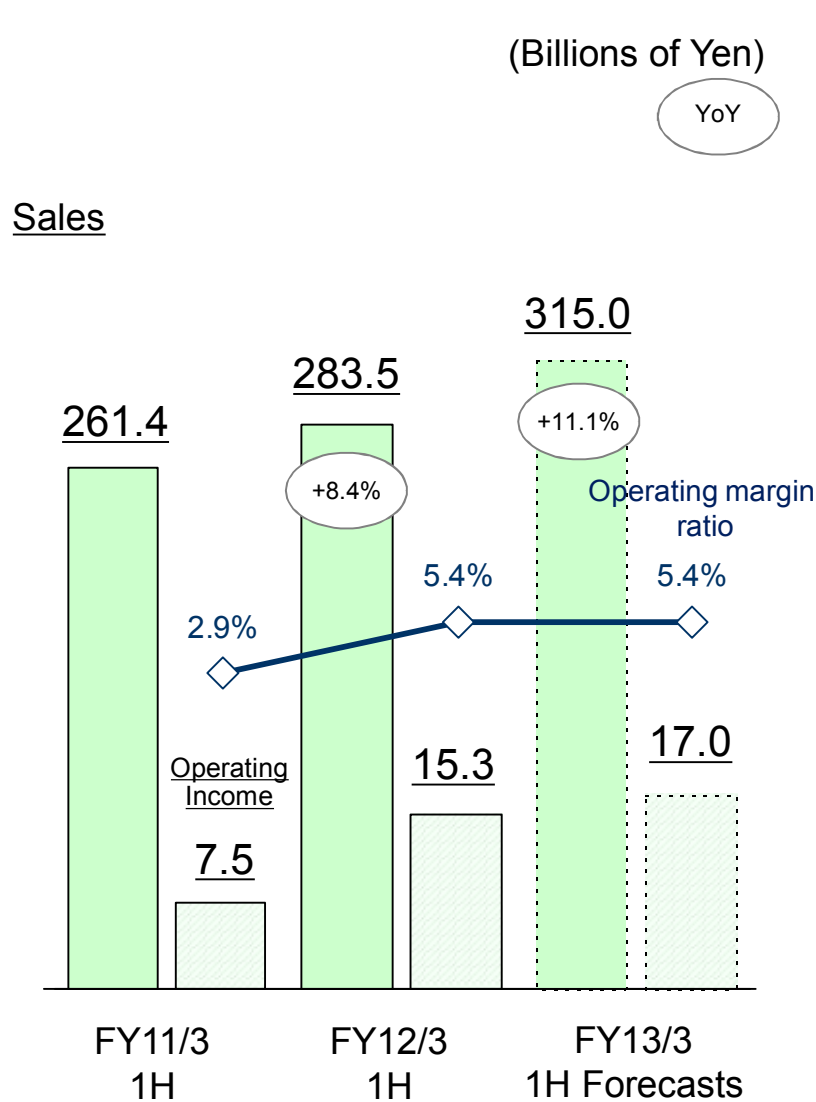
Operating Income 14.0 (+13.2)

△ Increase due to sales expansion and cost reductions



*Forecasts as of Jul 31, 2012

Carrier Network Business



Billions of Yen (YoY)

Sales 315.0 (+11.1%)

- △ Japan: Solid business due to increase in demand from data traffic hikes
- △ Overseas: Increase due to consolidation of Convergys BSS business and sales expansion in submarine cable systems

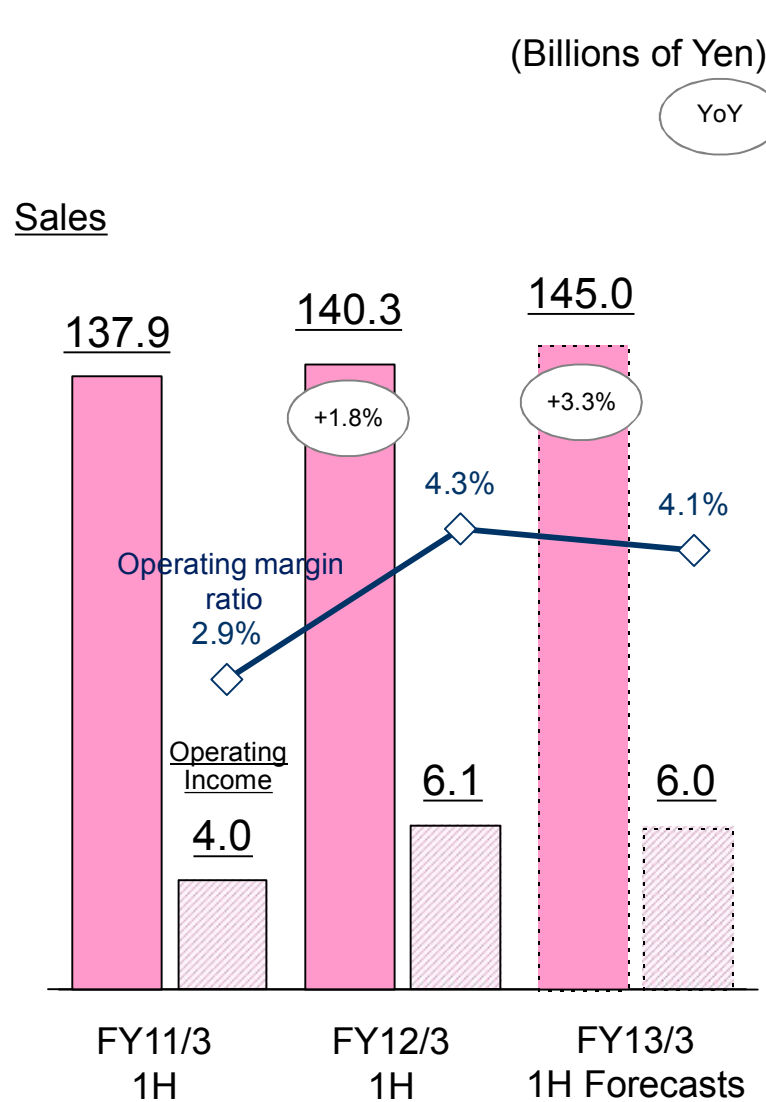
Operating Income 17.0 (+1.7)

- △ Expect to increase from sales expansion despite making an investment for future growth



*Forecasts as of Jul 31, 2012

Social Infrastructure Business



Sales 145.0 (+3.3%)

- △ Slight increase in social systems due to stable sales in fire and disaster prevention
- △ Increase in aerospace and defense systems

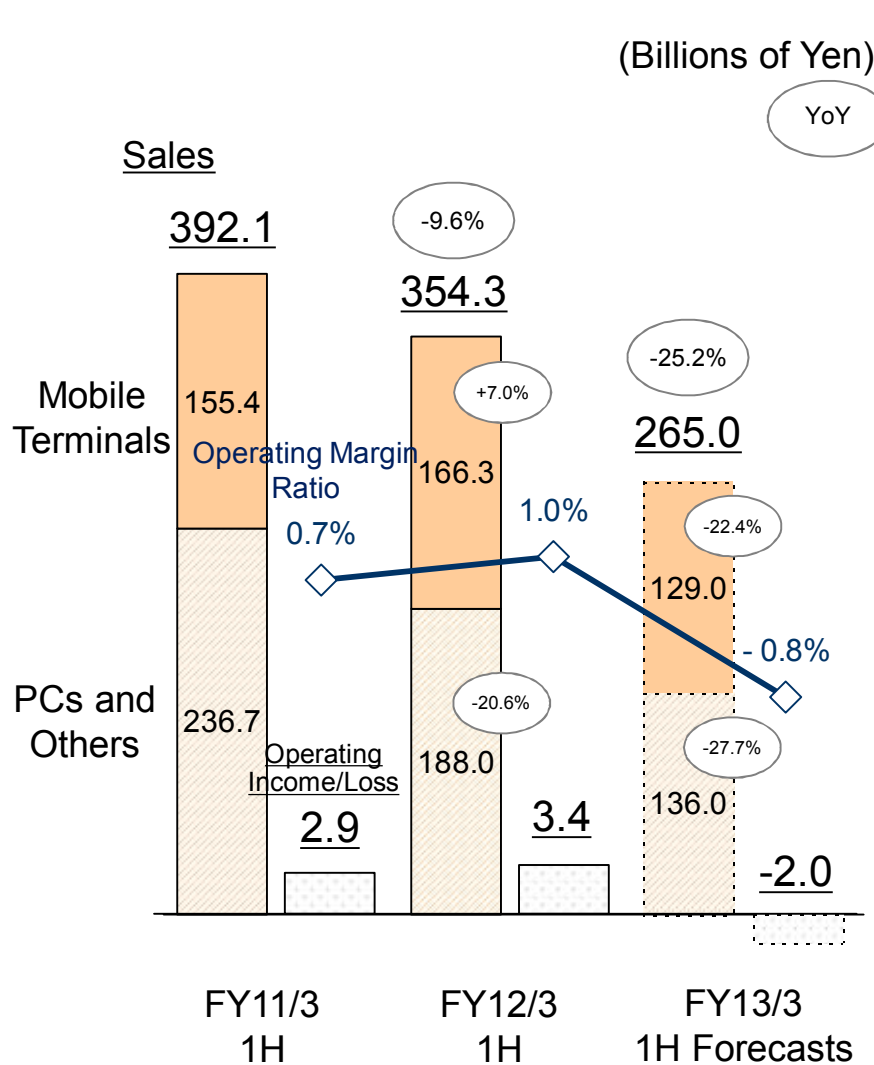
Operating Income 6.0 (-0.1)

- ▽ Remain almost flat by sales increase and cost reductions despite increase in investment for future growth



*Forecasts as of Jul 31, 2012

Personal Solutions Business



Sales **265.0** (-25.2%)

- ▽ Mobile Terminals :
Decline due to decrease in shipment of feature phones in Japan
- ▽ PCs and Others :
Decline due to deconsolidation of consumer PC business and impact of recession in Europe

Operating Loss **-2.0** (-5.4)

- ▽ Decrease due to sales decrease in mobile terminals



*Forecasts as of Jul 31, 2012

Progress on four key businesses

I. IT Services

- Acquired Australia-based CSG IT services business
- Expanded solution menu for growth area
(Big Data consulting services, M2M solution for manufacturing sector)

III. Social Infrastructure

- Successful launch of the water cycle observation satellite "SHIZUKU"
- Delivered digital transmitters for "Mobacas", a new multimedia broadcasting service for smartphones in Japan

II. Carrier Network

- Captured business opportunities arising from data traffic hikes with spread of smartphones and LTE
- Started integrated operations of NetCracker OSS business and Convergys BSS business

IV. Energy

- Reached agreement on supplying lithium-ion battery components to GS Yuasa
- Started shipping small-scale energy storage system

Summary

Results for Q1

- Sales: Increase by approximately 1% year on year excluding the impact of deconsolidation of consumer PC and LCD module businesses
 - Increase in Carrier Network and IT Solutions
(Sales decreased by 5.6% year on year including the impact of deconsolidation)
- Operating loss: Improve by 11.6B Yen year on year
- Stable progress in profit compared to forecasts announced on Apr 27

Forecasts for 1H

- Aim for further improvement mainly in stable segments

**Accelerate measures to achieve forecasts for 1H
and ensure to complete restructuring by the end of September**

Empowered by Innovation

NEC



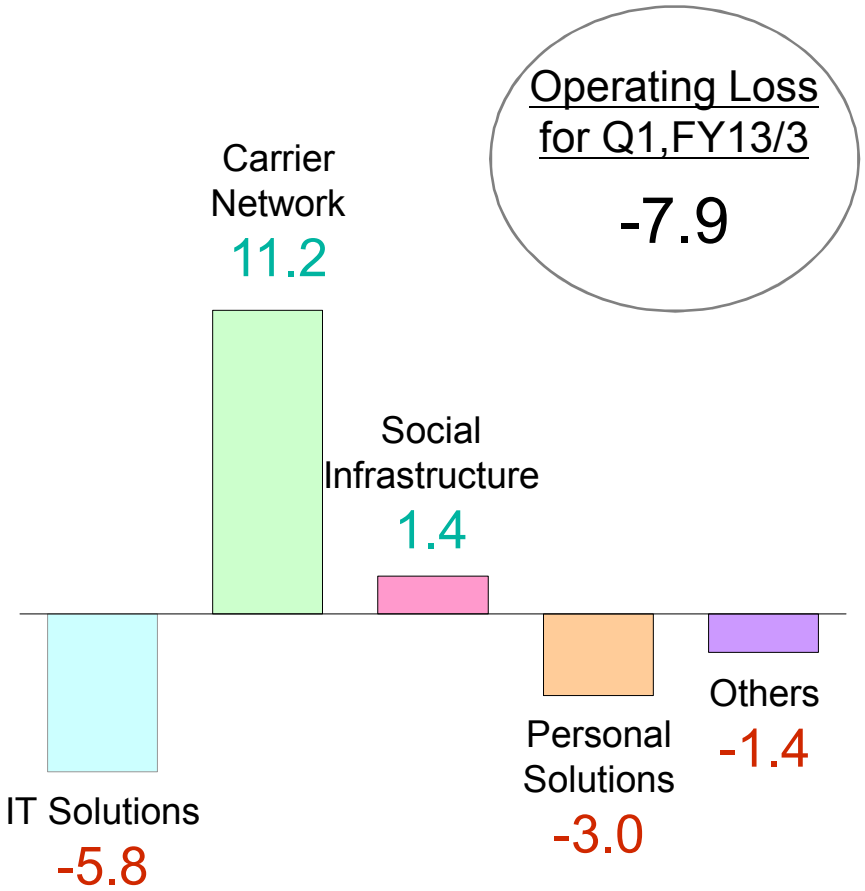
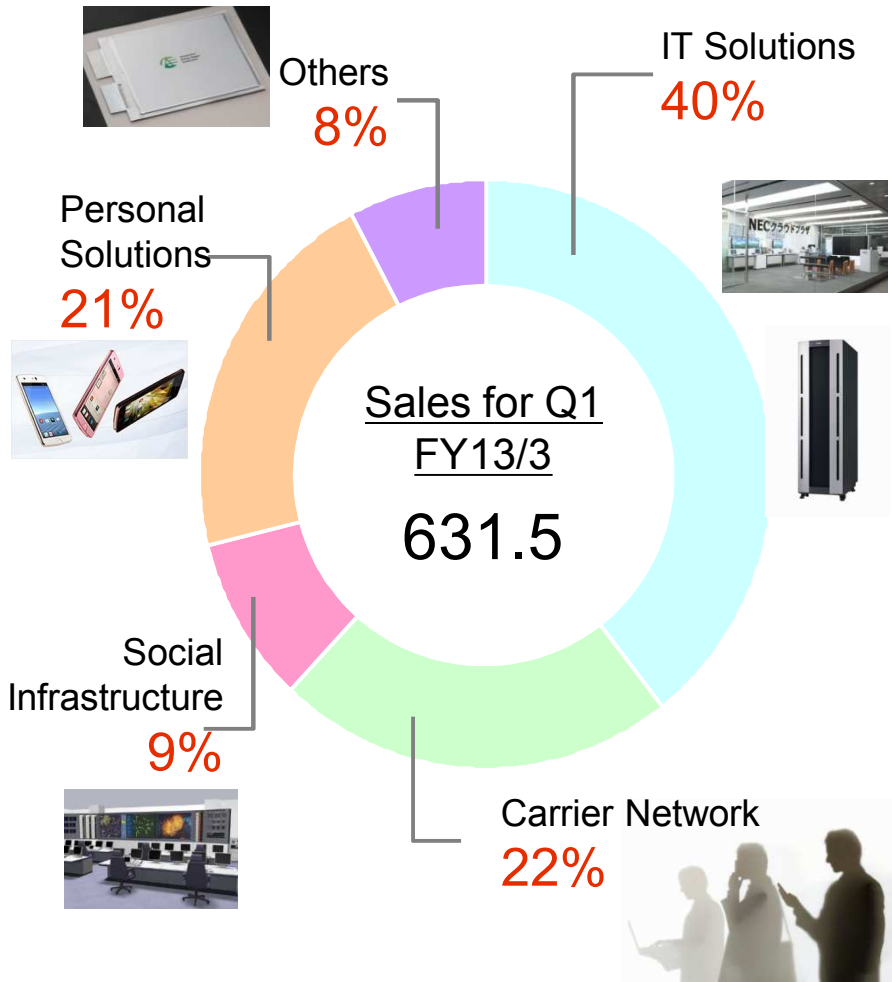
Financial Results for Q1, FY13/3 (Appendix)

Summary of Financial Results for Q1 by Segment

Net Sales

Operating Income/Loss

(Billions of Yen)



Summary of Financial Results for Q1 by Segment

(Billions of Yen)

		Q1(April to June)			
		FY12/3 Actual	FY13/3 Actual	YoY	
IT Solutions	Net Sales	237.4	249.2	5.0%	
	Operating Loss	-12.8	-5.8	7.0	
	% to Net Sales	-	-		
Carrier Network	Net Sales	127.5	141.3	10.9%	
	Operating Income	2.4	11.2	8.8	
	% to Net Sales	1.9%	7.9%		
Social Infrastructure	Net Sales	58.8	59.2	0.8%	
	Operating Income	0.4	1.4	1.0	
	% to Net Sales	0.7%	2.4%		
Personal Solutions	Net Sales	183.5	132.5	- 27.8%	
	Operating Income/Loss	1.3	-3.0	-4.3	
	% to Net Sales	0.7%	-		
Others	Net Sales	61.9	49.3	- 20.4%	
	Operating Loss	-1.3	-1.4	-0.1	
	% to Net Sales	-	-		
Eliminations/ Unclassifiable expenses		Operating Loss	-9.5	-10.3	-0.9
Total	Net Sales	669.1	631.5	- 5.6%	
	Operating Loss	-19.4	-7.9	11.6	
	% to Net Sales	-	-		

Overseas Sales

(Billions of Yen)

		Q1(April to June)		
		FY12/3 Actual	FY13/3 Actual	YoY
Asia	Net Sales	31.0	36.1	16.3%
	To consolidated total sales(%)	4.6%	5.7%	
Europe	Net Sales	24.3	17.8	- 26.9%
	To consolidated total sales(%)	3.6%	2.8%	
Others	Net Sales	59.8	43.6	- 27.1%
	To consolidated total sales(%)	8.9%	6.9%	
Total	Net Sales	115.1	97.4	- 15.4%
	To consolidated total sales(%)	17.2%	15.4%	

Major countries and regions

China, Chinese Taipei, India, Singapore and Indonesia

UK, France, Netherlands, Germany, Italy and Spain

U.S.A

* Sales are classified into country or region based on the locations of customers

Financial Positions

(Billions of Yen)

	End of Mar 2012	End of Jun 2012	Difference from Mar 2012	End of Jun 2011
Total Assets	2,557.6	2,371.7	-185.8	2,465.7
Net Assets	777.6	745.7	-31.9	843.7
Interest-bearing debt	692.7	641.7	-51.0	646.1
Shareholder's Equity	657.0	626.3	-30.7	726.3
Equity ratio(%)	25.7%	26.4%	0.7pt	29.5%
D/E ratio	1.05	1.02	0.03pt	0.89
Net D/E ratio	0.67	0.67	0.00pt	0.63
Balance of cash and cash equivalents	251.8	222.0	-29.8	188.1

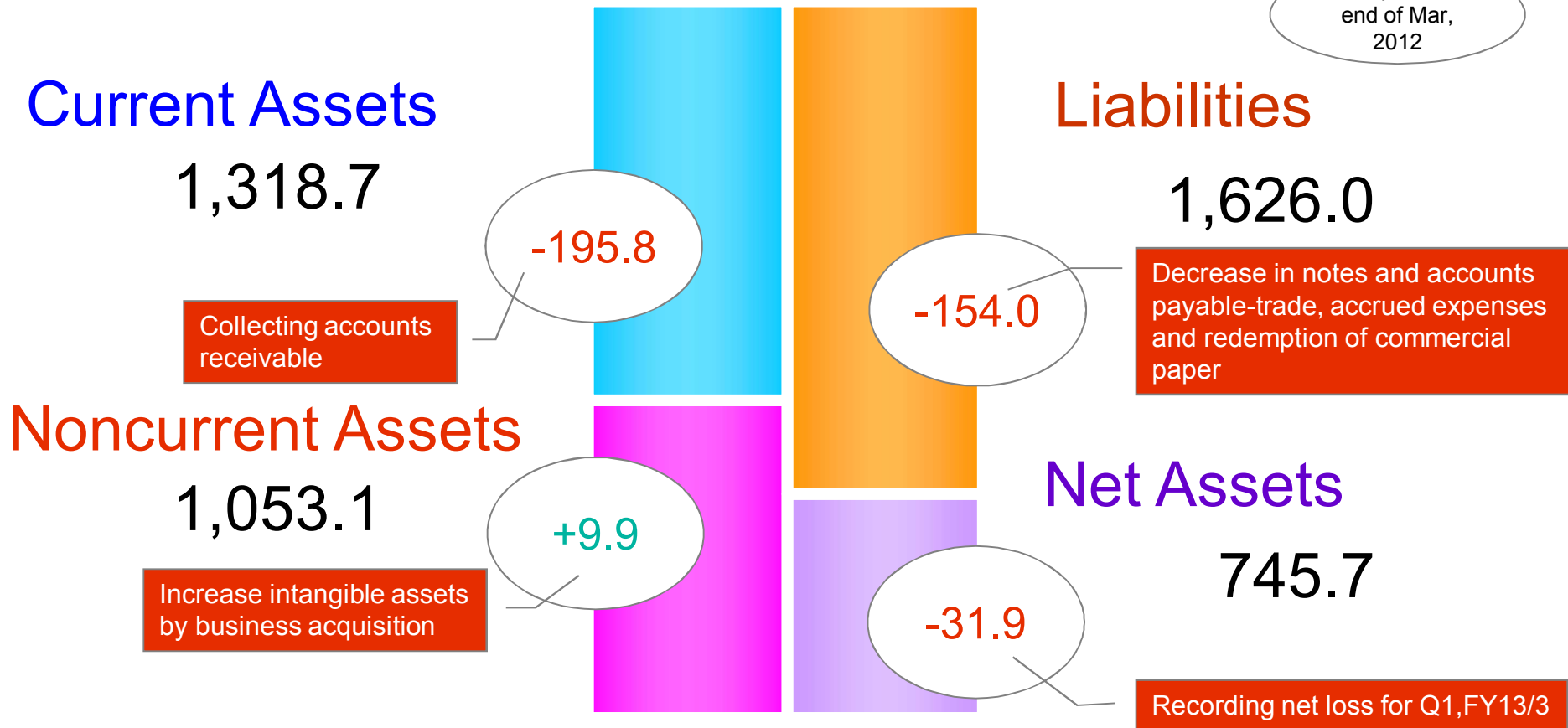
<Ref.> Balance Sheets (At the end of June, 2012)

(Billions of Yen)

<Compared to end of Mar, 2012>
(-185.8)

Total Assets 2,371.7

Compared to
end of Mar,
2012





Financial Forecasts for 1H, FY13/3 (Appendix)

Summary of Financial Forecasts for 1H

(Billions of Yen)

	Q2 (July to September)			1H (April to September)		
	FY12/3 Actual	FY13/3 Forecasts	YoY	FY12/3 Actual	FY13/3 Forecasts	YoY
Net Sales	774.1	768.5	- 0.7%	1,443.2	1,400.0	- 3.0%
Operating Income	26.2	8.9	-17.3	6.8	1.0	-5.8
% to Net Sales	3.4%	1.2%		0.5%	0.1%	
Ordinary Income/Loss	19.2	-3.8	-23.1	-10.4	-16.0	-5.6
% to Net Sales	2.5%	-		-	-	
Net Income/Loss	18.7	-6.1	-24.9	-11.0	-24.0	-13.0
% to Net Sales	2.4%	-		-	-	
Net Income/Loss per Share (Yen)				-4.23	-9.24	-5.01

Ref: Assumed exchange rates for FY13/3 1\$=¥75, 1€=¥100

*Forecasts as of Jul 31, 2012

Summary of Financial Forecasts by Segment

(Billions of Yen)

		Q2 (July to September)			1H (April to September)		
		FY12/3 Actual	FY13/3 Forecasts	YoY	FY12/3 Actual	FY13/3 Forecasts	YoY
IT Solutions	Net Sales	299.3	320.8	7.2%	536.7	570.0	6.2%
	Operating Income	13.6	19.8	6.2	0.8	14.0	13.2
	% to Net Sales	4.5%	6.2%		0.1%	2.5%	
Carrier Network	Net Sales	156.0	173.7	11.3%	283.5	315.0	11.1%
	Operating Income	12.9	5.8	-7.1	15.3	17.0	1.7
	% to Net Sales	8.3%	3.3%		5.4%	5.4%	
Social Infrastructure	Net Sales	81.5	85.8	5.2%	140.3	145.0	3.3%
	Operating Income	5.7	4.6	-1.1	6.1	6.0	-0.1
	% to Net Sales	6.9%	5.4%		4.3%	4.1%	
Personal Solutions	Net Sales	170.8	132.5	-22.4%	354.3	265.0	-25.2%
	Operating Income/Loss	2.1	1.0	-1.1	3.4	-2.0	-5.4
	% to Net Sales	1.2%	0.7%		1.0%	-	
Others	Net Sales	66.5	55.7	-16.3%	128.5	105.0	-18.3%
	Operating Income	4.3	5.4	1.1	3.0	4.0	1.0
	% to Net Sales	6.5%	9.7%		2.4%	3.8%	
Eliminations/ Unclassifiable expenses	Operating Loss	-12.3	-27.7	-15.4	-21.8	-38.0	-16.2
Total	Net Sales	774.1	768.5	-0.7%	1,443.2	1,400.0	-3.0%
	Operating Income	26.2	8.9	-17.3	6.8	1.0	-5.8
	% to Net Sales	3.4%	1.2%		0.5%	0.1%	

*Forecasts as of Jul 31, 2012

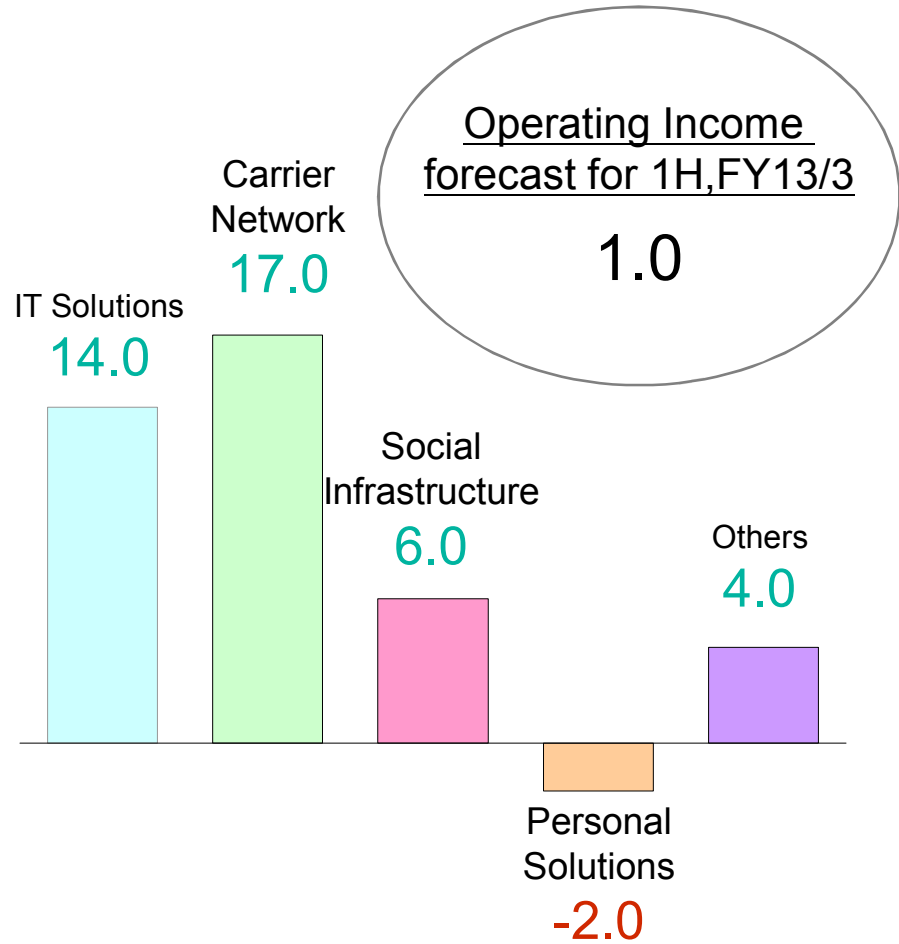
Summary of Financial Forecasts for 1H by Segment

Net Sales



Operating Income/Loss

(Billions of Yen)



*Forecasts as of Jul 31, 2012

Capital Expenditure, Depreciation and R&D expenses

(Billions of Yen)

	FY12/3 Actual	FY13/3 Forecasts	YoY
Capital Expenditure	42.0	50.0	19.1%
Depreciation	53.3	55.0	3.2%
R&D expenses	162.0	170.0	5.0%
To consolidated total sales (%)	5.3%	5.4%	



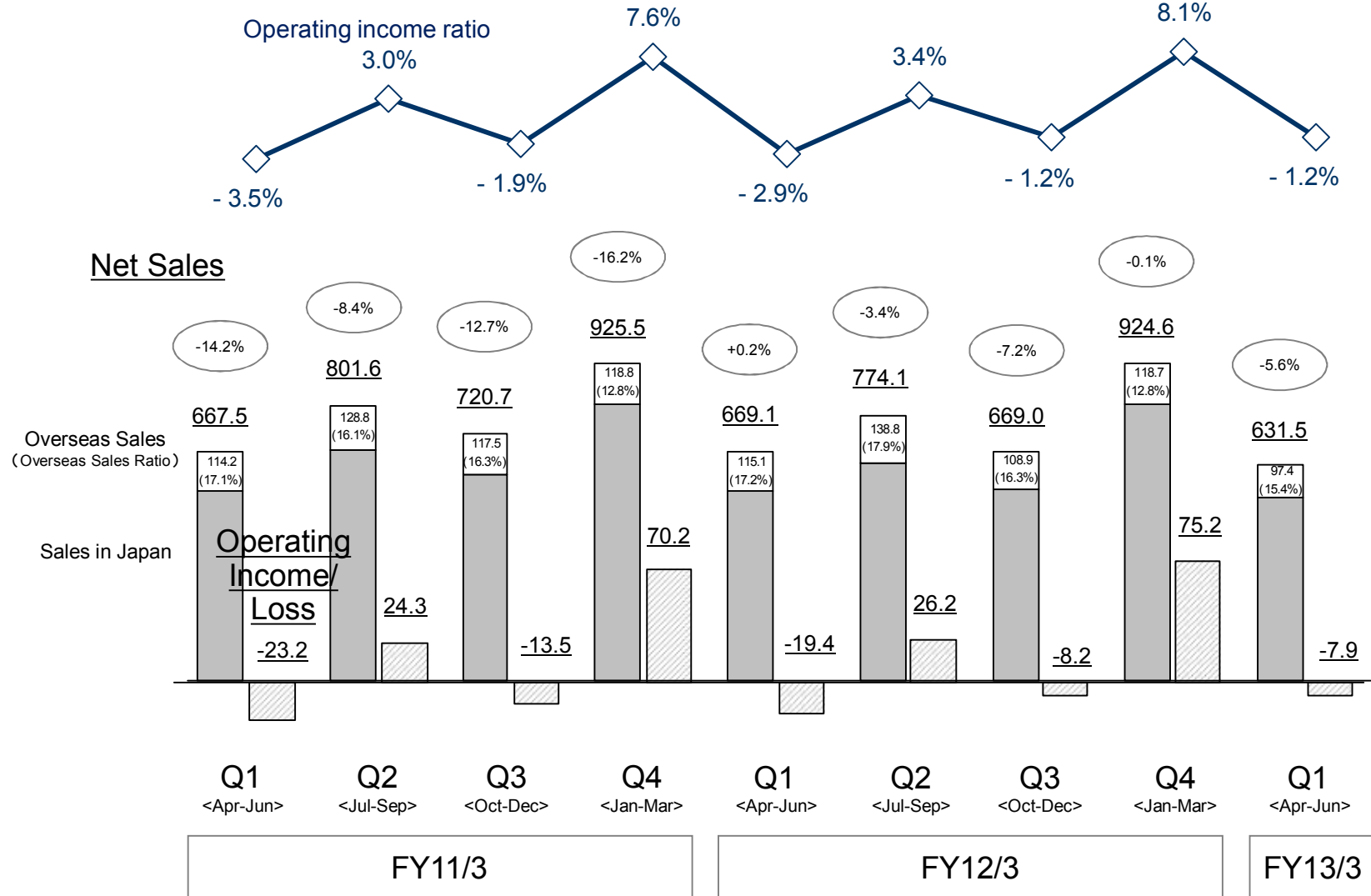
* Forecasts as of July 31, 2012 (Note: Unchanged from forecasts announced on Apr 27)



Reference (Financial data)

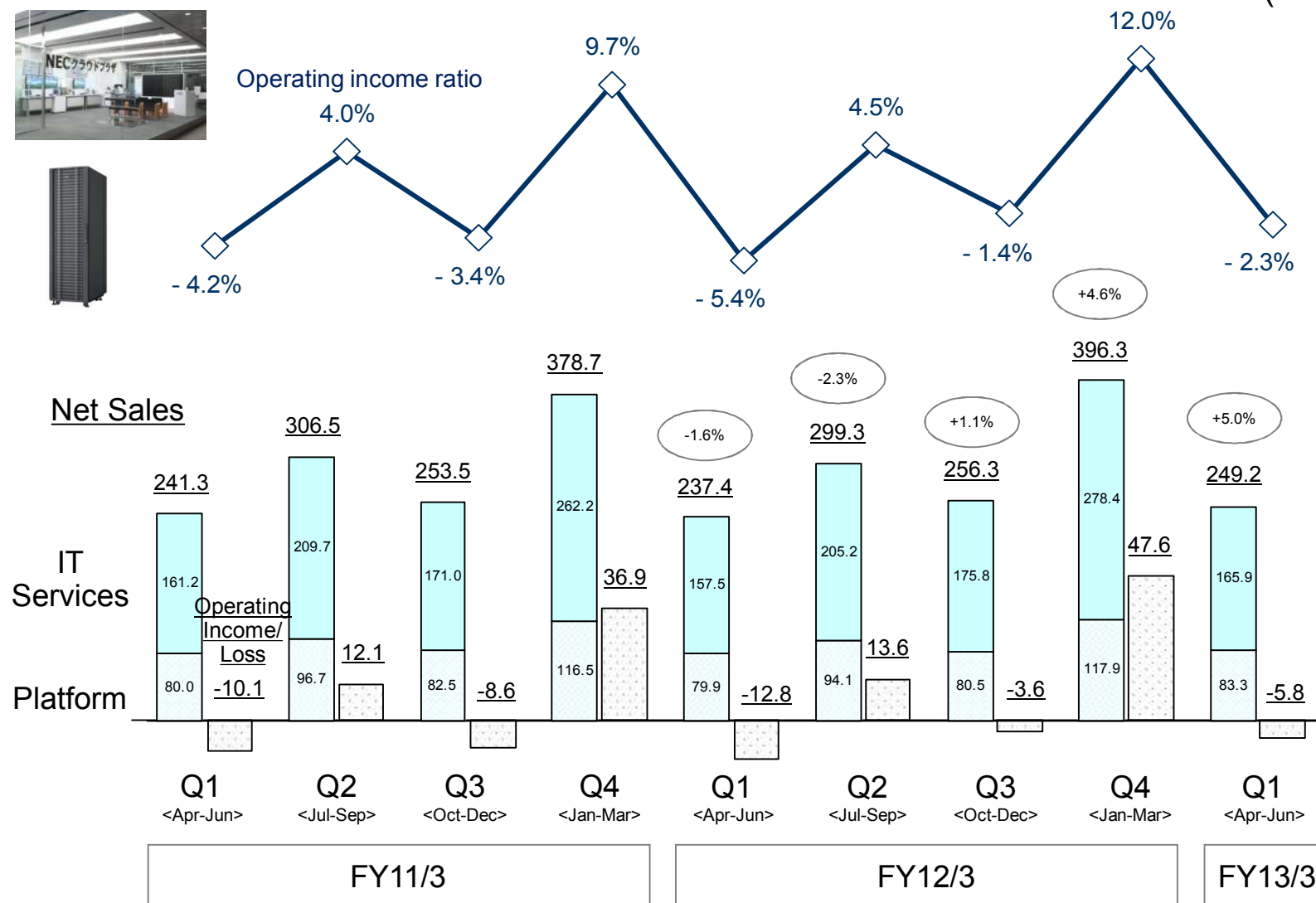
Net Sales, Operating Income/Loss

(Billions of yen)



Sales, Operating Income/Loss (IT Solutions)

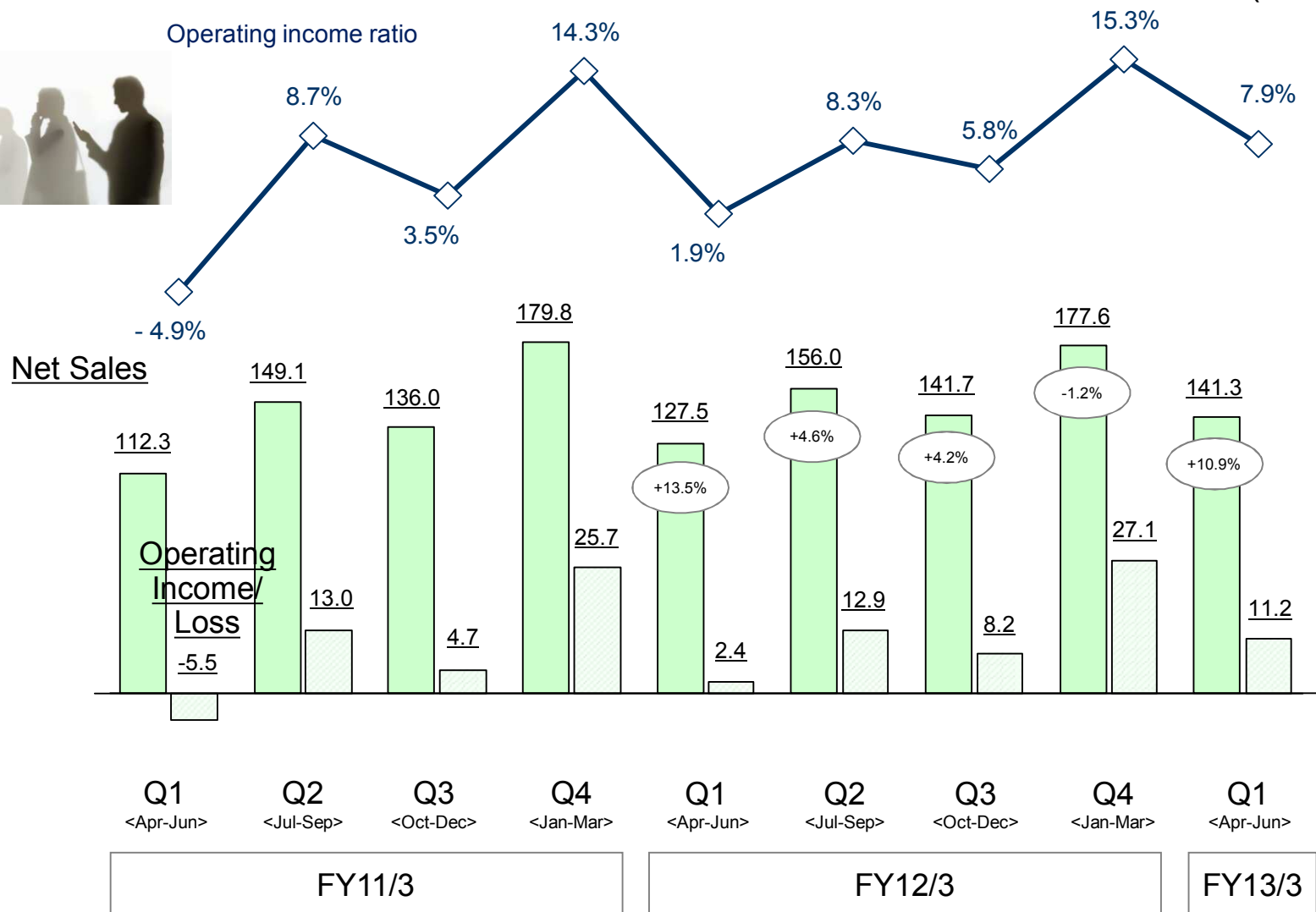
(Billions of yen)



Sales, Operating Income/Loss (Carrier Network)

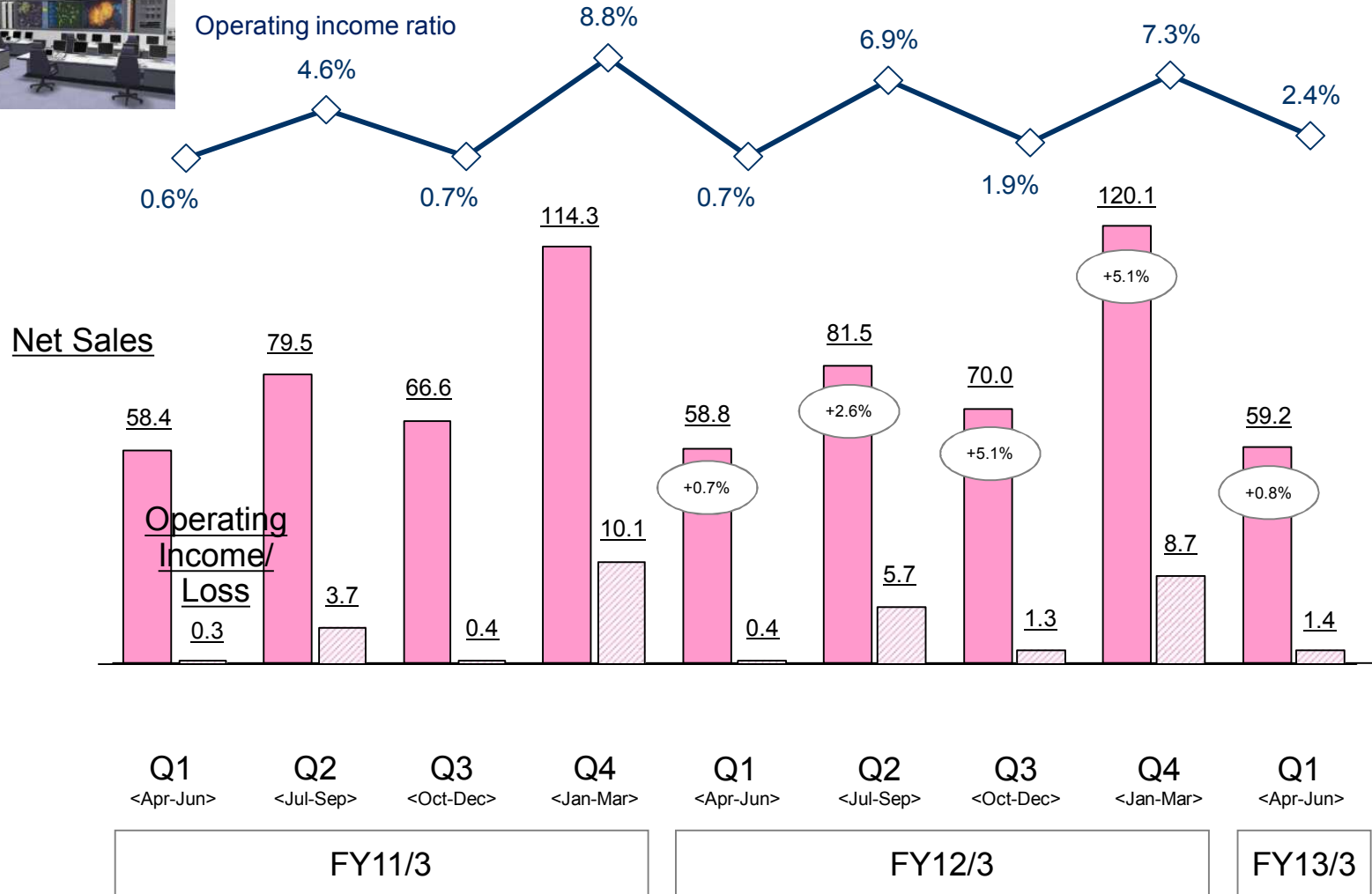
(Billions of yen)

YoY



Sales, Operating Income/Loss (Social Infrastructure)

(Billions of yen)



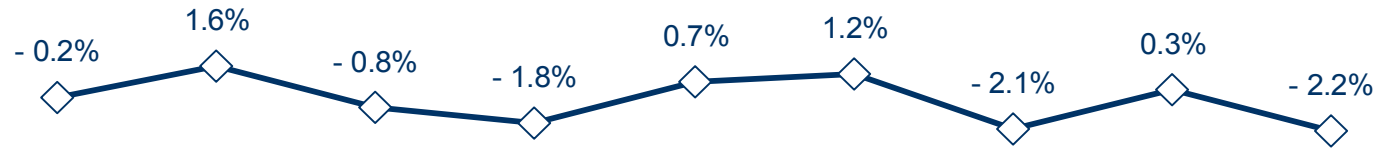
Sales, Operating Income/Loss (Personal Solutions)

(Billions of yen)

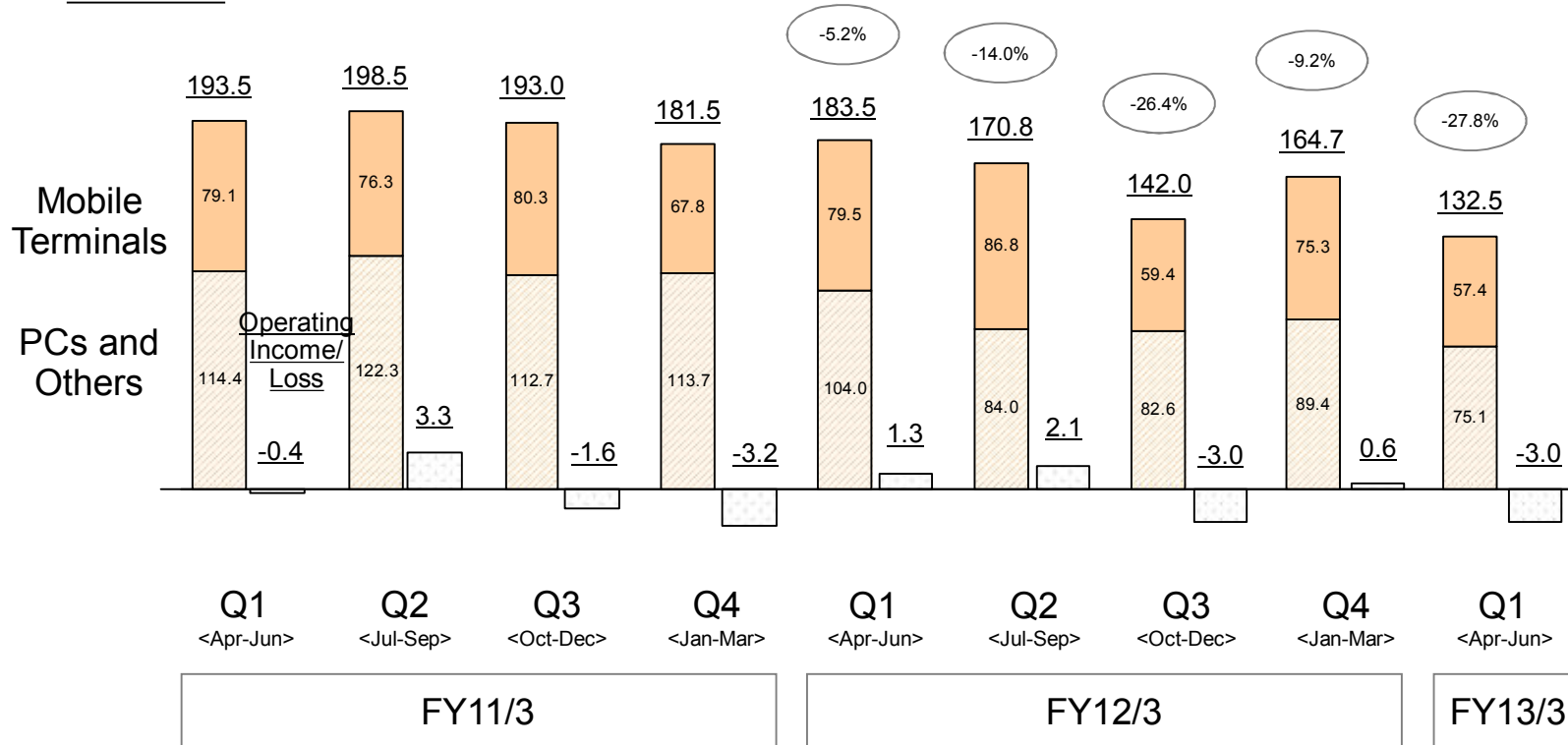
YoY



Operating income ratio

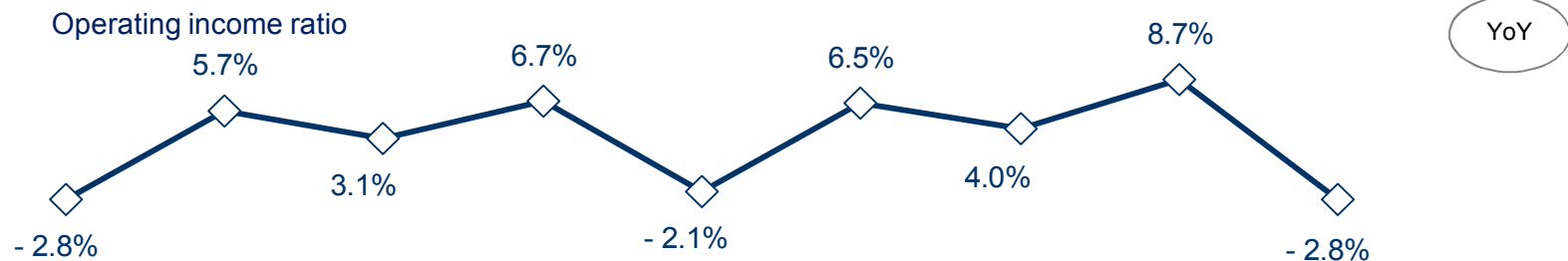


Net Sales



Sales, Operating Income/Loss (Others)

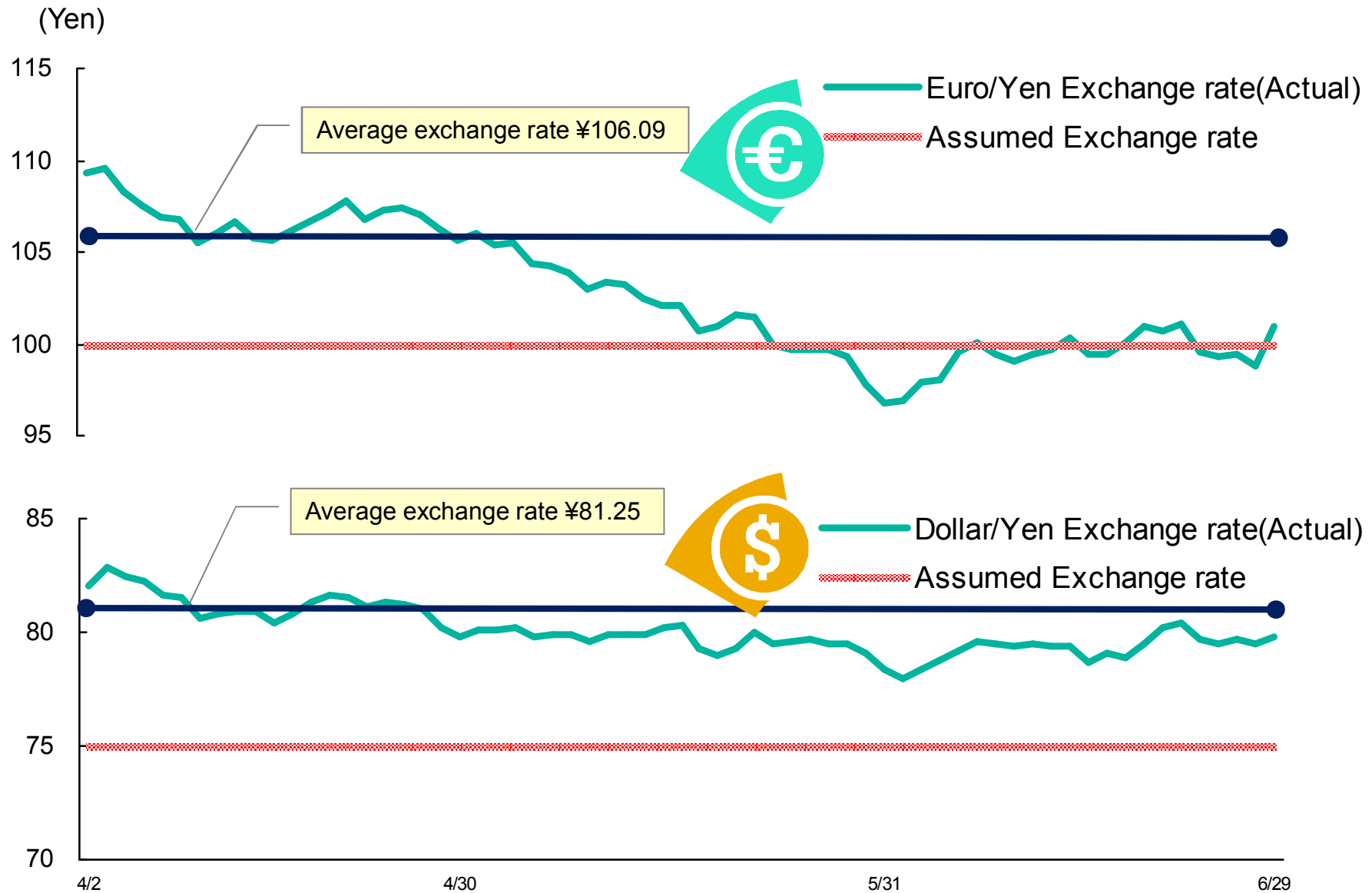
(Billions of yen)



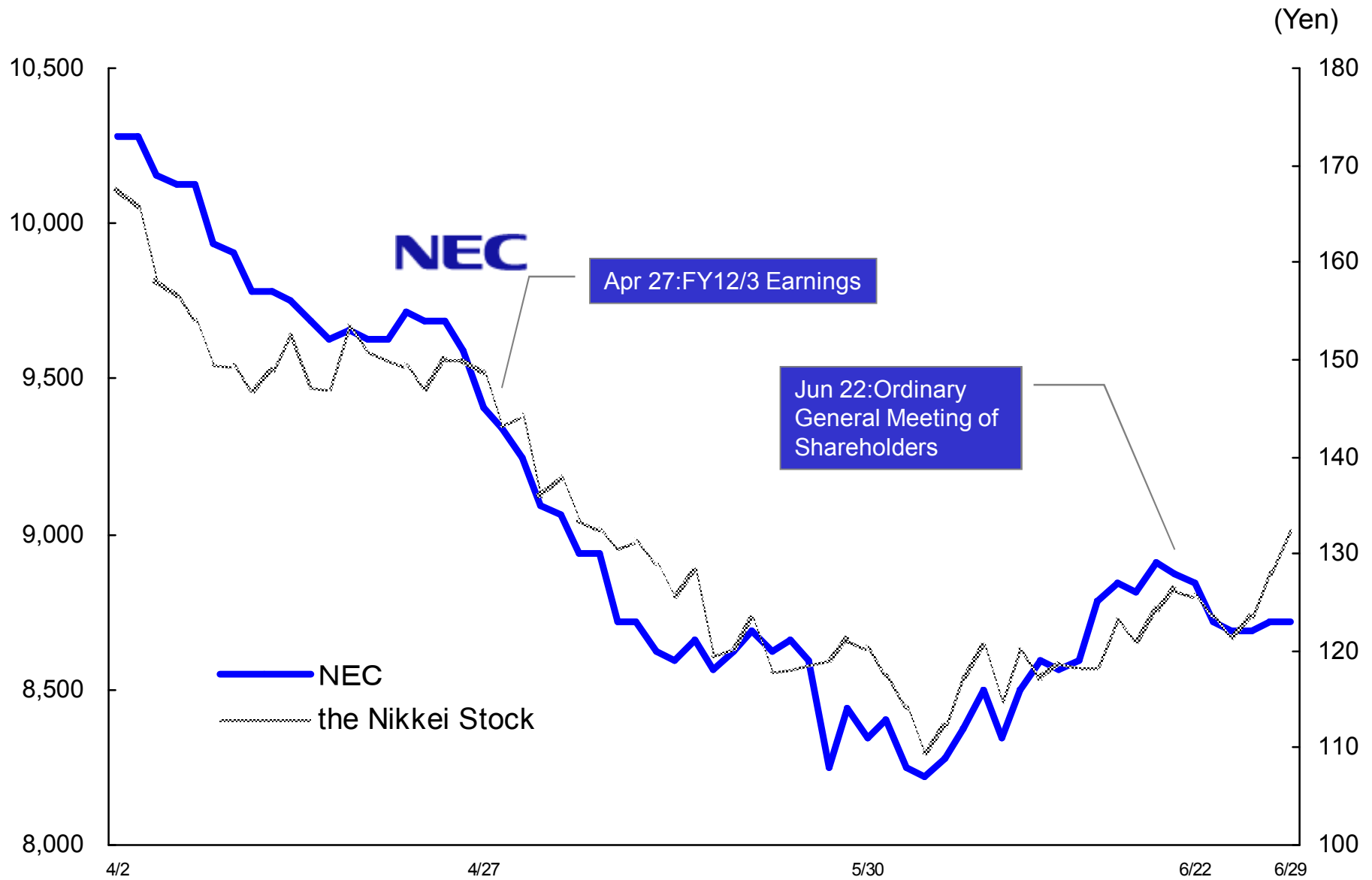
Net Sales



Exchange Rate



Stock Price



CAUTIONARY STATEMENTS:

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The management targets included in this material are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management will strive to achieve through the successful implementation of NEC's business strategies.

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