

Financial Results for 1H Fiscal Year Ending March 31, 2015

October 30, 2014

NEC Corporation

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

I . Financial Results for 1H, FY15/3

II . Financial Forecasts for FY15/3

III . Progress on Mid-term Management Plan 2015

<Supplementary information>

- Financial Results for 1H, FY15/3 (Appendix)
- Financial Forecasts for FY15/3 (Appendix)
- Reference (Financial data)

I . Financial Results for 1H, FY15/3

Summary of Financial Results for 1H

Net Sales

YoY -4.2%

- Decreased year on year.
Sales of existing core businesses increased by approx. 3%
 - Significant increase in Public business
 - Decreased in Others due to deconsolidation of businesses

Operating Income

YoY +21.1B Yen

- Attained substantial increase year on year
 - Mobile phone business turned to the black
 - Improved profitability in Public and System Platform business

Net Income/Loss

YoY +38.6B Yen

- Improved due to larger operating income and smaller extraordinary loss
 - A decrease in business structure improvement expenses (Recorded extraordinary loss of approx.11.0 billion yen for mobile phone business in the previous year)

Summary of Financial Results for 1H

(Billions of Yen)

	Q2 <July to September>			1H <April to September>		
	FY14/3 Actual	FY15/3 Actual	YoY	FY14/3 Actual	FY15/3 Actual	YoY
Net Sales	743.0	726.1	- 2.3%	1,383.1	1,324.8	- 4.2%
Operating Income	22.2	28.6	+ 6.4	0.4	21.5	+ 21.1
% to Net Sales	3.0%	3.9%		0.0%	1.6%	
Ordinary Income/Loss	13.6	26.7	+ 13.1	-14.5	16.7	+ 31.2
% to Net Sales	1.8%	3.7%		-1.1%	1.3%	
Net Income/Loss	-4.7	22.6	+ 27.2	-26.2	12.5	+ 38.6
% to Net Sales	-0.6%	3.1%		-1.9%	0.9%	
Free Cash Flow	-135.9	-66.7	+ 69.2	-94.8	-13.4	+ 81.5

Note: Average exchange rates for 1H, FY15/3: \$1= ¥102.24, €1= ¥139.44

(Assumed exchange rates for FY15/3 as of July 30, 2014: \$1 = ¥100, €1= ¥130)

Average exchange rates for 1H, FY14/3: \$1= ¥98.11, €1= ¥128.43

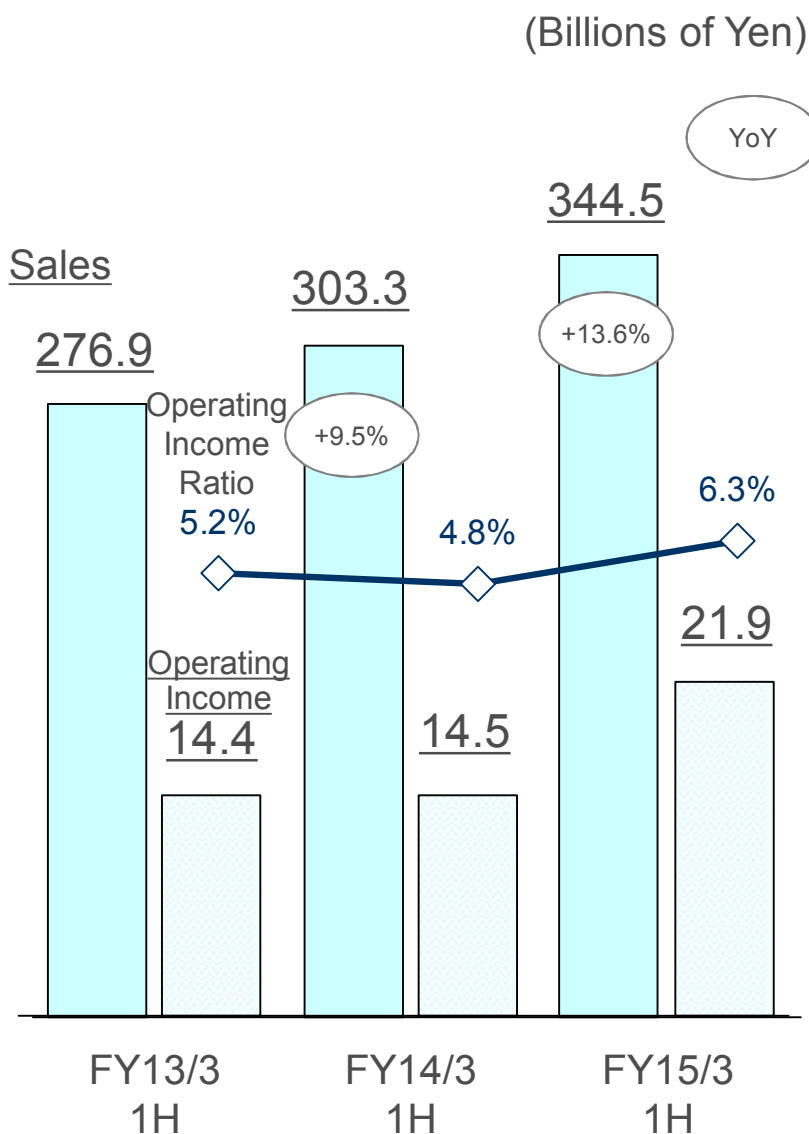
1H Results by Segment

(Billions of Yen)

		Q2 <July to September>			1H <April to September>		
		FY14/3 Actual	FY15/3 Actual	YoY	FY14/3 Actual	FY15/3 Actual	YoY
Public	Net Sales	176.7	198.1	+ 12.1%	303.3	344.5	+ 13.6%
	Operating Income	14.2	20.3	+6.1	14.5	21.9	+7.3
	% to Net Sales	8.0%	10.2%		4.8%	6.3%	
Enterprise	Net Sales	71.3	72.3	+ 1.3%	130.1	126.7	- 2.6%
	Operating Income	3.1	4.0	+0.9	0.7	2.3	+1.5
	% to Net Sales	4.4%	5.6%		0.6%	1.8%	
Telecom Carrier	Net Sales	180.0	181.5	+ 0.8%	334.0	332.5	- 0.5%
	Operating Income	13.8	12.3	-1.5	19.4	16.6	-2.8
	% to Net Sales	7.7%	6.8%		5.8%	5.0%	
System Platform	Net Sales	193.1	178.5	- 7.5%	350.7	345.4	- 1.5%
	Operating Income	8.4	6.2	-2.2	1.8	8.7	+6.9
	% to Net Sales	4.3%	3.5%		0.5%	2.5%	
Others	Net Sales	121.8	95.8	- 21.3%	264.9	175.8	- 33.6%
	Operating Income/Loss	-2.0	2.2	+4.1	-11.8	-2.7	+9.1
	% to Net Sales	-1.6%	2.3%		-4.5%	-1.5%	
Adjustment	Operating Loss	-15.3	-16.3	-1.0	-24.3	-25.2	-0.9
Total	Net Sales	743.0	726.1	- 2.3%	1,383.1	1,324.8	- 4.2%
	Operating Income	22.2	28.6	+6.4	0.4	21.5	+21.1
	% to Net Sales	3.0%	3.9%		0.0%	1.6%	

Public Business

Billions of Yen (YoY)



Sales 344.5 (+13.6%)

△ Increased from solid sales for government and public areas

Operating Income 21.9 (+7.3)

△ Increased due to sales increase

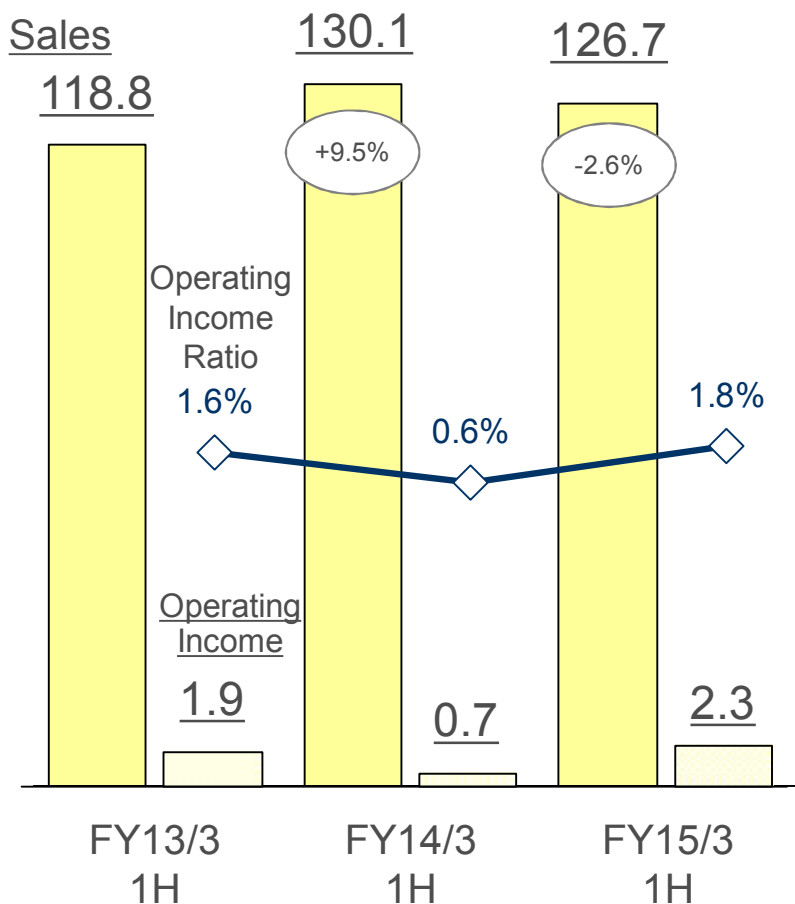


Enterprise Business

Billions of Yen (YoY)

(Billions of Yen)

YoY



Sales 126.7 (-2.6%)

▽ Decreased in the retail and services industries

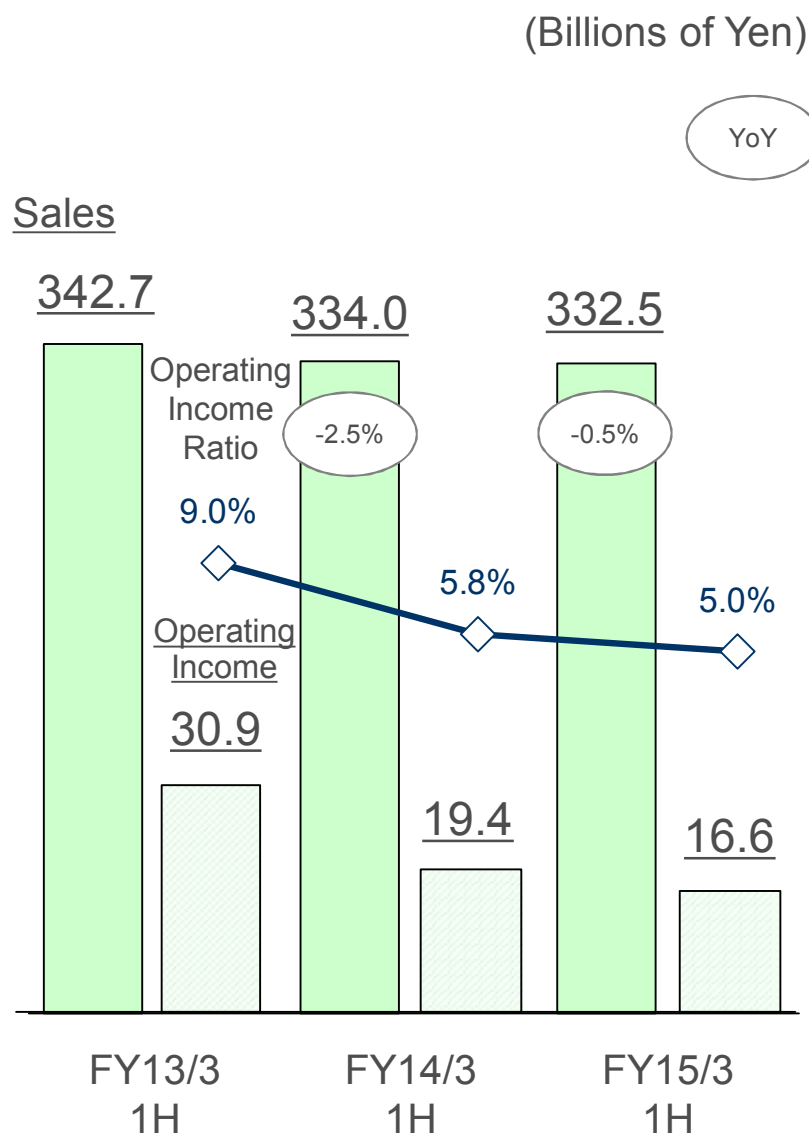
Operating Income 2.3 (+1.5)

△ Improved due to higher cost efficiency, despite sales decrease



Telecom Carrier Business

Billions of Yen (YoY)



Sales 332.5 (-0.5%)

▽ Decreased in Japan, despite an increase in international business mainly in mobile backhaul and TOMS

Operating Income 16.6 (-2.8)

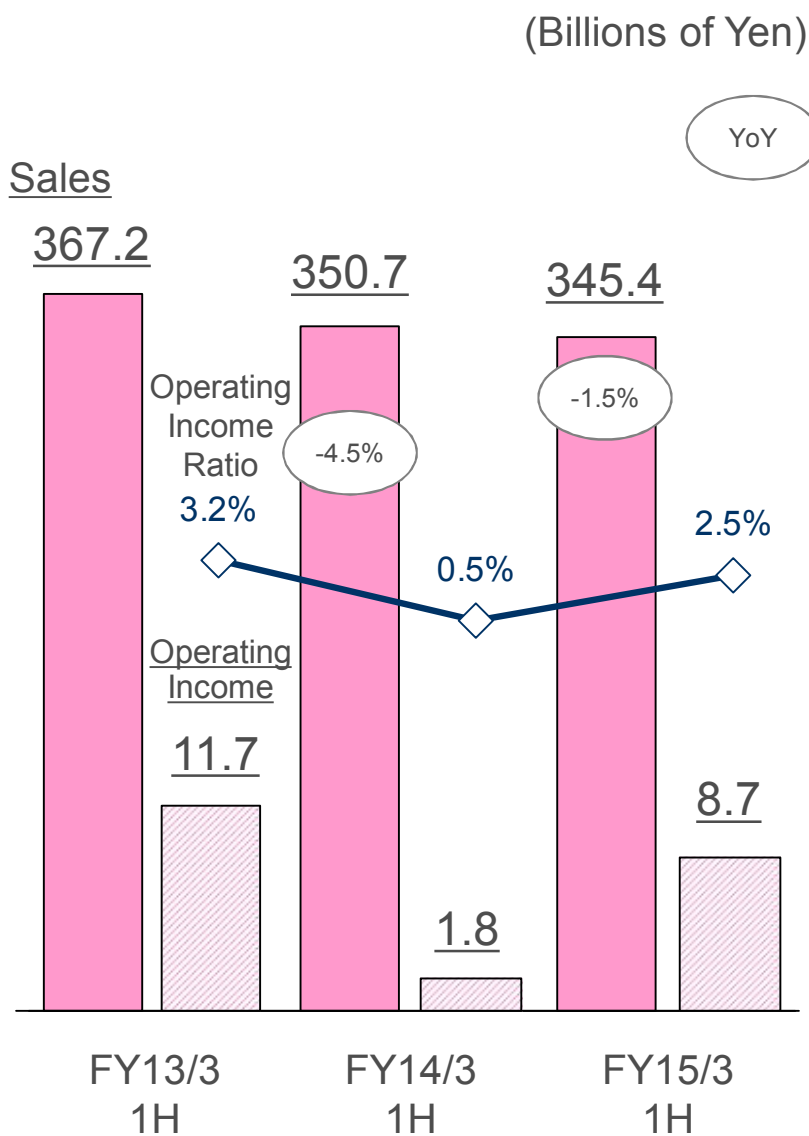
▽ Decreased due to accelerated investment in SDN

TOMS: Telecom Operations and Management Solutions
SDN: Software-Defined Networking



System Platform Business

Billions of Yen (YoY)



Sales 345.4 (-1.5%)

▽ Decreased due to a decline in enterprise network

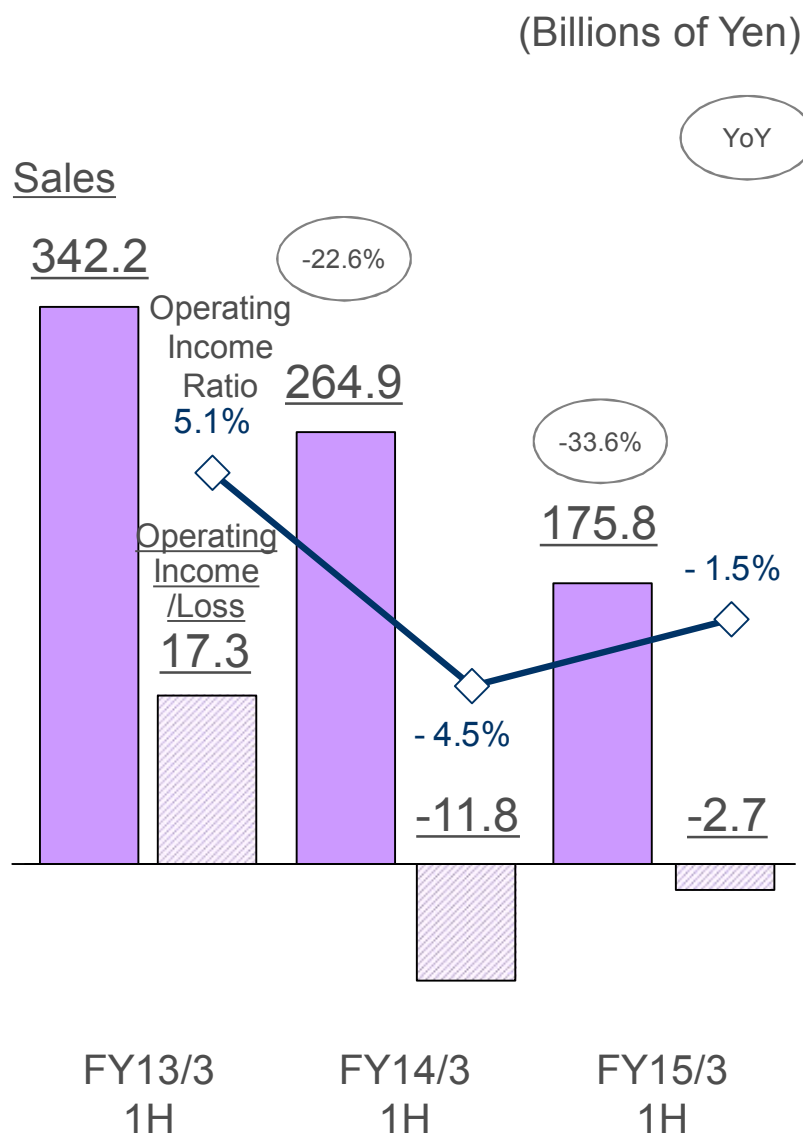
Operating Income 8.7 (+6.9)

△ Increased due to improved profitability and higher cost efficiency, despite sales decrease



Others

Billions of Yen (YoY)



Sales 175.8 (-33.6%)

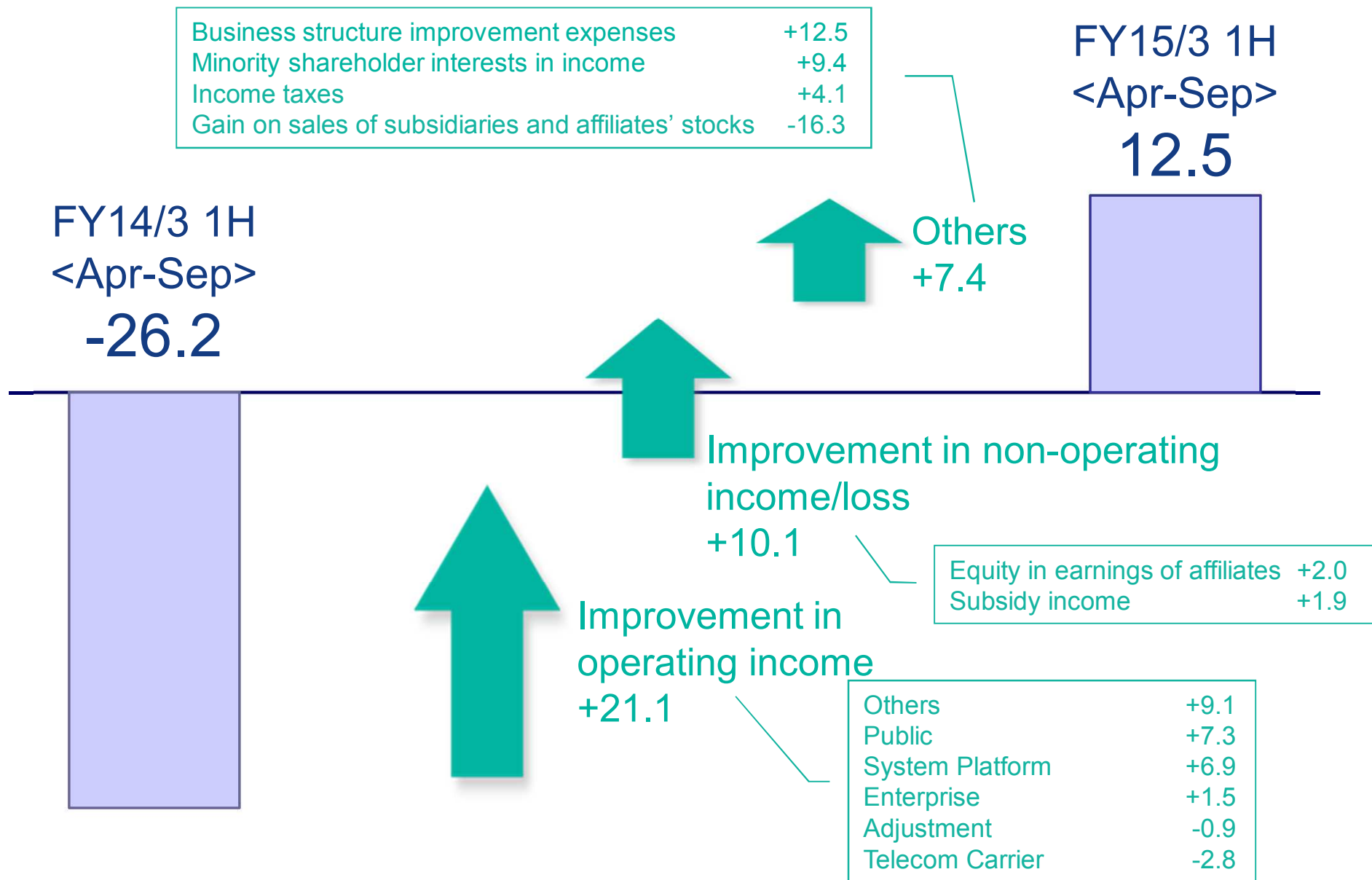
▽ Decreased due to deconsolidation of NEC BIGLOBE, Ltd. and NEC Mobiling, Ltd. as well as a decline in mobile phone shipments

Operating Loss -2.7 (+9.1)

△ Improved due to better profitability in mobile phone business, despite impact of deconsolidation of businesses

Net Income/Loss Change (Year on Year)

(Billions of Yen)



II . Financial Forecasts for FY15/3

Summary of Financial Forecasts for FY15/3

Attain 120 billion yen in operating income
(Sales increase by approx. 4% based on existing core businesses)

(Billions of Yen)

	Full Year		
	FY14/3 Actual	FY15/3 Forecasts	YoY
Net Sales	3,043.1	3,000.0	- 1.4%
Operating Income	106.2	120.0	+13.8
% to Net Sales	3.5%	4.0%	
Ordinary Income	69.2	90.0	+20.8
% to Net Sales	2.3%	3.0%	
Net Income	33.7	35.0	+1.3
% to Net Sales	1.1%	1.2%	

		Full Year		
		FY14/3 Actual	FY15/3 Forecasts	YoY
Public	Net Sales	738.4	800.0	+8.3%
	Operating Income	58.6	73.0	+14.4
	% to Net Sales	7.9%	9.1%	
Enterprise	Net Sales	272.3	275.0	+1.0%
	Operating Income	6.5	9.0	+2.5
	% to Net Sales	2.4%	3.3%	
Telecom Carrier	Net Sales	725.8	770.0	+6.1%
	Operating Income	60.3	66.0	+5.7
	% to Net Sales	8.3%	8.6%	
System Platform	Net Sales	780.8	775.0	-0.7%
	Operating Income	30.7	35.0	+4.3
	% to Net Sales	3.9%	4.5%	
Others	Net Sales	525.9	380.0	-27.7%
	Operating Income/Loss	-1.4	1.0	+2.4
	% to Net Sales	-0.3%	0.3%	
Adjustment	Operating Loss	-48.6	-64.0	-15.4
Total	Net Sales	3,043.1	3,000.0	-1.4%
	Operating Income	106.2	120.0	+13.8
	% to Net Sales	3.5%	4.0%	

Note: Assumed exchange rates for 2H, FY15/3 \$1=¥105, €1=¥135

* Forecasts as of October 30, 2014

III. Progress on Mid-term Management Plan 2015

Mid-term Management Policy

(1) Focus on Solutions for Society

→ Transformation into a social value innovator

- Focusing of management resources on businesses that advance social infrastructure through ICT
- Create new business models with the understanding that social problems provide an opportunity for growth

(2) Focus on Asia, promotion of “locally-led” business

→ Creation of a foundation for growth as a company able to compete globally

- Focus on emerging and developing countries, particularly in Asia
- Realization of increased sensitivity to local needs, increased business speed

(3) Stabilize our financial foundation

- Enhanced cost competitiveness
- Creation of an earnings structure that produces operating income of 150 billion yen and free cash flow of 100 billion yen
- Hybrid finance to ensure financial reserve



Achieve 5% in operating margin and 25% in international sales ratio

* Forecasts as of April 26, 2013

Achievements in 1H of FY15/3 and Next Steps

Achievements

- Developed new growth drivers
 - Focused on TOMS/SDN, Big data, Cloud, Safety
- Established infrastructure for global growth
 - Established global business frameworks for energy business
 - Secured large-scale projects
- Improved financial structure
 - Completed procedures to make NEC Fielding, Ltd. a wholly owned subsidiary
 - Improved free cash flows through “CCC (Cash Conversion Cycle) initiatives”

Next Steps

- Accelerate growth plans
 - Materialize “shrink-to-grow scenario” for the next 100 years
- Further improve profitability
 - Minimize loss-making projects
 - Transform into a globally competitive company

Advancing SDN Business

For Telecom Carriers

- Expanding proposals and verification tests by partnering with global carriers for the full-scale commercialization of SDN (approx. 20 projects)
 - Successfully tested mobile core network virtualization in a multivendor environment with NTT DOCOMO, INC. and conducted testing with all of the participating companies
- Advancing vCPE project with Telefónica
 - Joint demo shown at *SDN & OpenFlow World Congress 2014*
- Integrating TOMS with SDN by leveraging NetCracker's advanced technologies

For Enterprises / Public Sector and Data Centers

- Expanding number of projects by capturing growing demand (approx. 200 systems)
 - Recently awarded: West Nippon Expressway Company Limited, Nagoya City University Hospital

Next Step

Accelerate measures to commercialize SDN for Telecom Carriers

Progressing Public / Enterprise Business

Undertook verification tests and expanded NEC's track record of "Solutions for Society"

● Big data

- Delivered a system for monitoring signs of malfunction in large-scale plants for Chugoku Electric Power CO., Inc.
- Launched "Water Leakage Detection Solution" to quickly and accurately detect leaks in water supply systems

● Cloud

- Commenced delivery of "NEC Cloud IaaS," a cloud platform service
 - Remote monitoring and maintenance system platform for multi-story parking garages operated by IHI Transport Machinery Co., Ltd.
 - "Common IT platform" for Sumitomo Life Insurance Company
 - Operation system platform for Meiji Fresh Network Co., Ltd.



NEC Kanagawa data center

● Safety

- Launched "Cyber Security Factory" in support of measures against cyber attacks
- Awarded No.1 results in the face recognition and fingerprint matching technology benchmark test organized by the U.S. National Institute of Standards and Technology

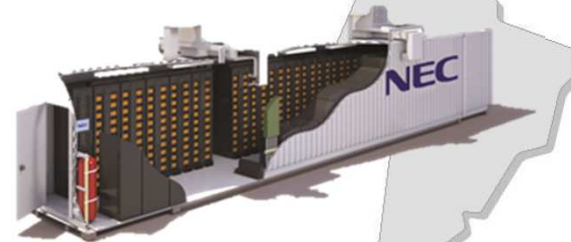
Next Step

Focus on advanced ICT-based social infrastructure

Launching Energy Business

Established global business frameworks for smart energy business

- Launched NEC Energy Solutions, Inc. (Headquartered in the United States (Massachusetts) as a wholly owned subsidiary)
 - Delivered lithium-ion battery storage system to ENEL Distribuzione, the largest power supply company in Italy
 - Delivered lithium-ion battery storage system to Northern Powergrid, a prominent electric utility company in the U.K.
 - Began verification tests to introduce energy management systems for mobile base stations in India



Next Step

Accelerate global market development

Expanding Global Business

Telecom Carrier

- Awarded large-scale projects in submarine cable systems

- Trans-Pacific cable system “FASTER” connecting Japan and the United States
- “SEA-US” cable system connecting Southeast Asia and the United States
- A submarine cable system connecting Thailand and Hong Kong



- Order receipt for microwave backbone and access projects from Zamtel in Zambia



Expanding Global Business

New business areas

● Smart city

- Develop a smart waste collection solution for the city of Santander in Spain

● Transportation and logistics

- Implement transportation fare systems for the city of Dhaka in Bangladesh

● Managed services

- Support centralized processing for Australian Department of Defence
- Deliver network managed services for the government of South Australia



● Water leakage detection solution

- Conduct verification tests in North America

● Satellite

- Cooperate with the Mexican Space Agency in satellite development



● Face recognition

- Introduce face recognition technology to urban monitoring systems for City of Tigre in Argentina



Rebuilding a New Corporate Culture

- Announced a corporate key message to promote “Solutions for Society”
- Establish a process for “One to Many” businesses

\Orchestrating a brighter world



NEC brings together and integrates technology and expertise to create the ICT-enabled society of tomorrow.

We collaborate closely with partners and customers around the world, orchestrating each project to ensure all its parts are fine-tuned to local needs.

Every day, our innovative solutions for society contribute to greater safety, security, efficiency and equality, and enable people to live brighter lives.



**Achieving the goals for FY15/3 is
a necessary step to achieve
the Mid-term Management Plan 2015**

**NEC aims to achieve its full-year
forecasts for the third consecutive
year and assure stable dividends**

* Forecasts as of October 30, 2014

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Empowered by Innovation

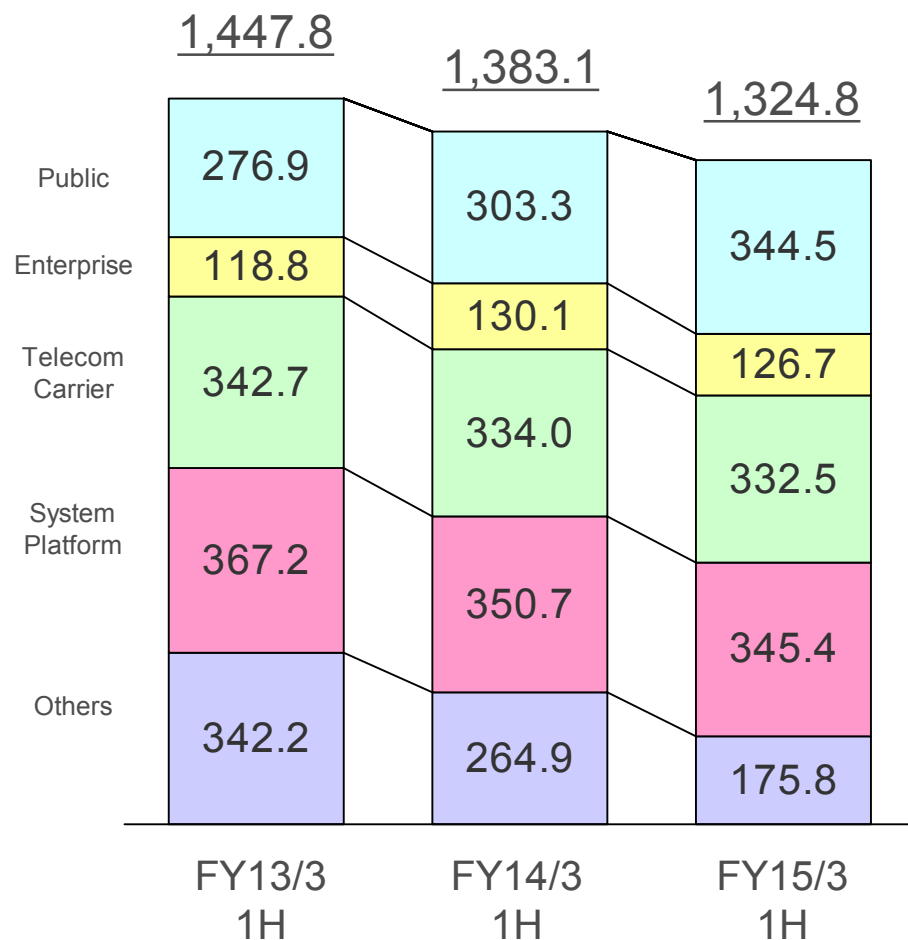
NEC

Financial Results for 1H, FY15/3 (Appendix)

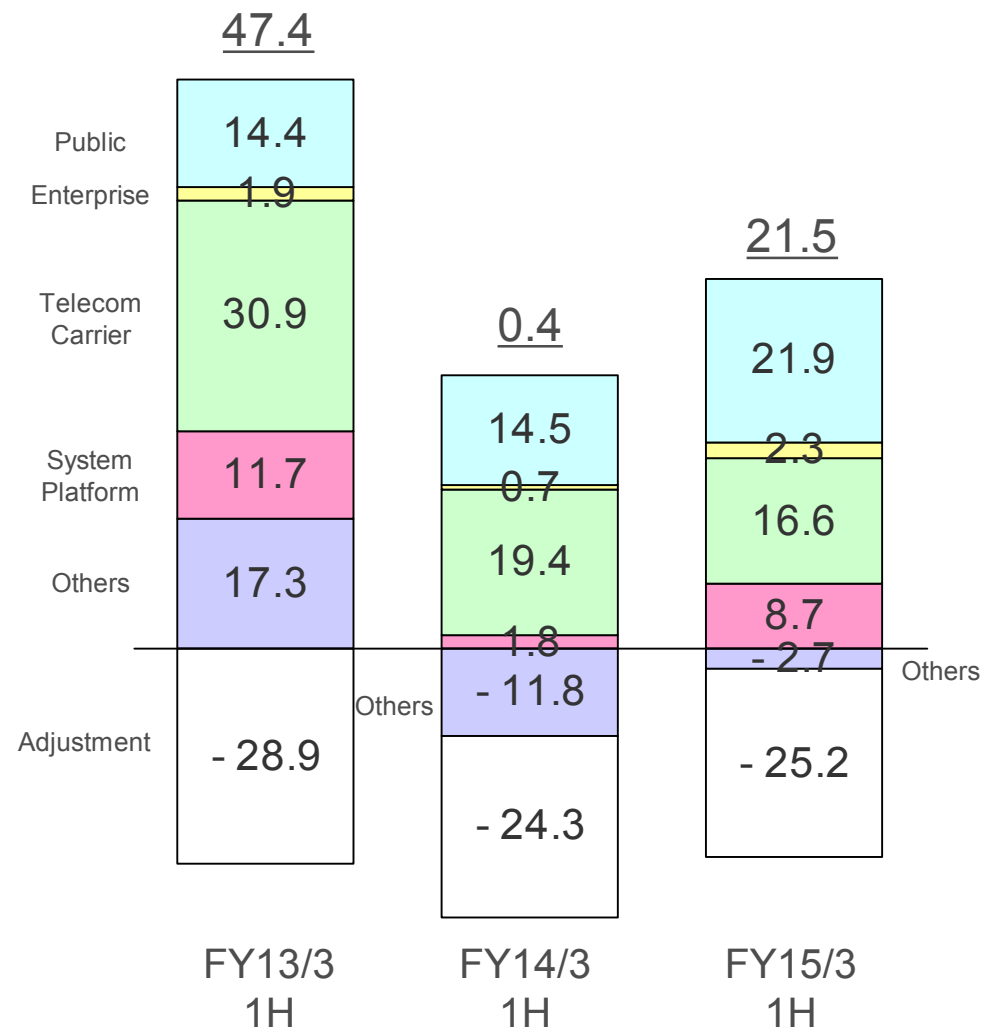
Results for 1H by Segment (three-year transition)

(Billions of Yen)

Net Sales



Operating Income/Loss

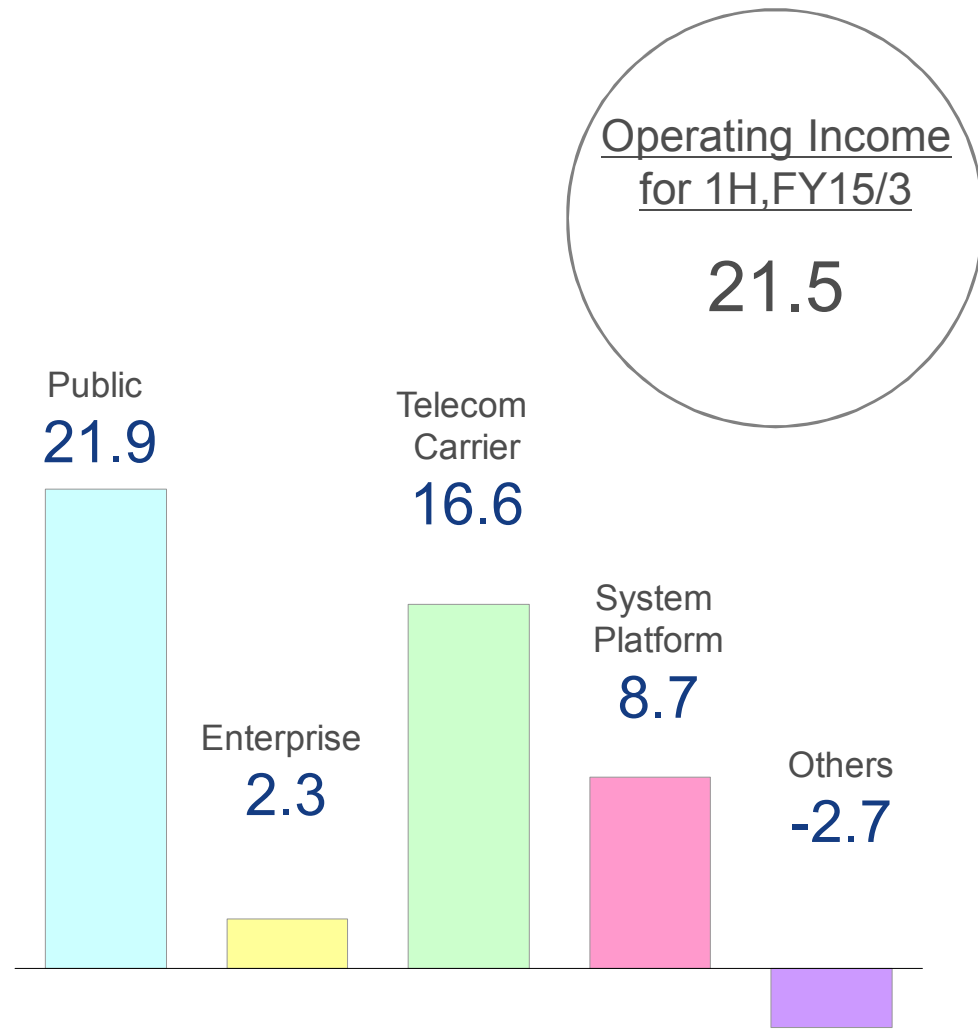
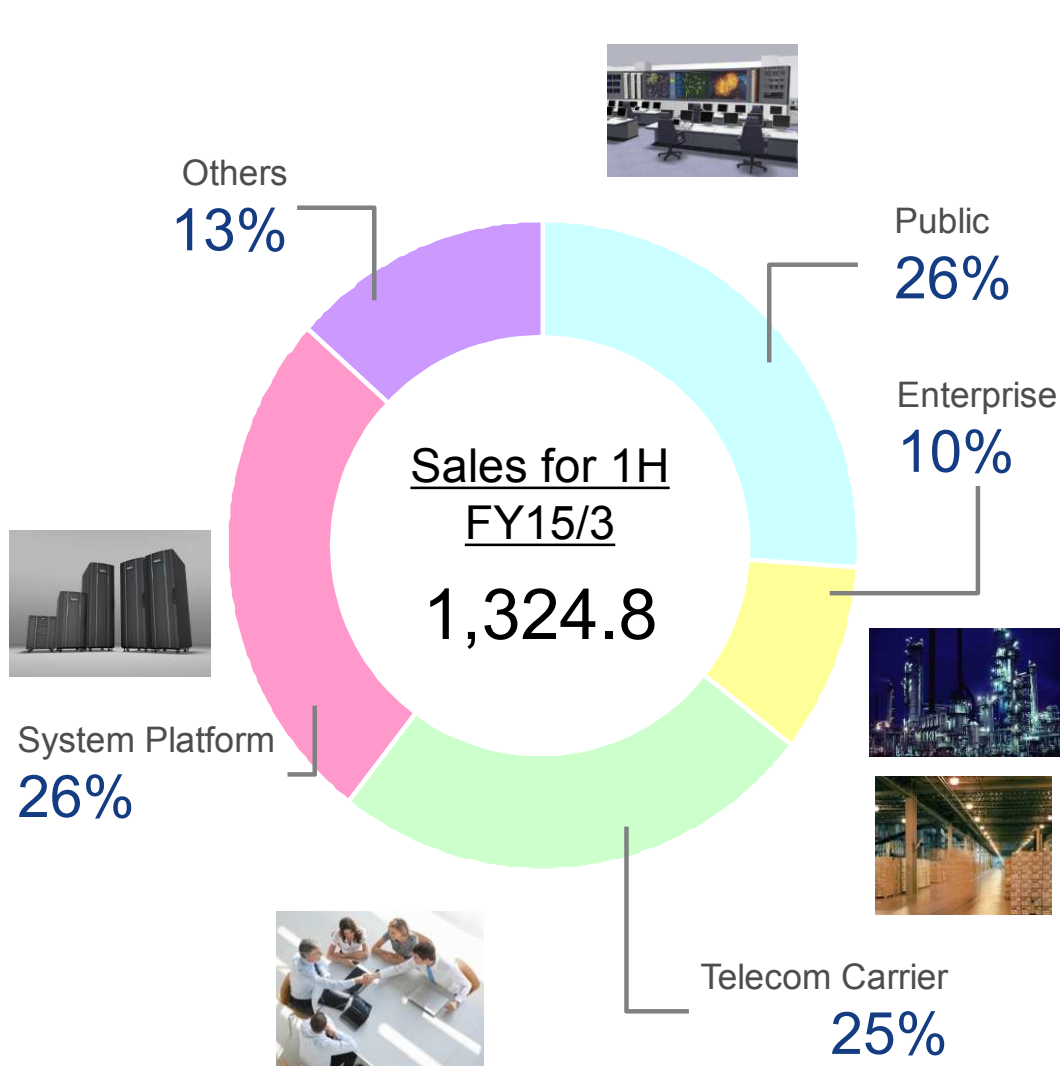


Summary of Financial Results for 1H by Segment

(Billions of Yen)

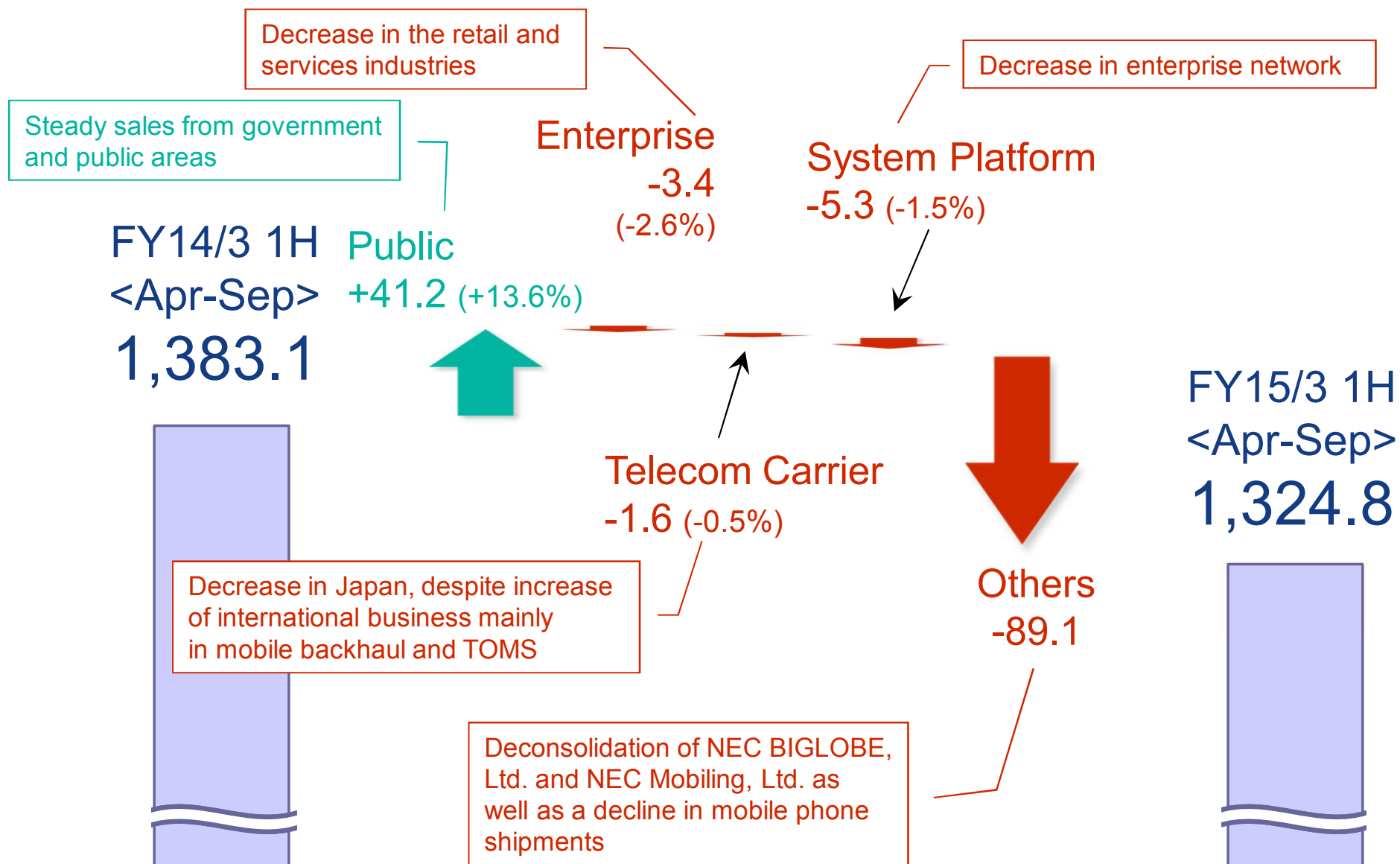
Net Sales

Operating Income/Loss



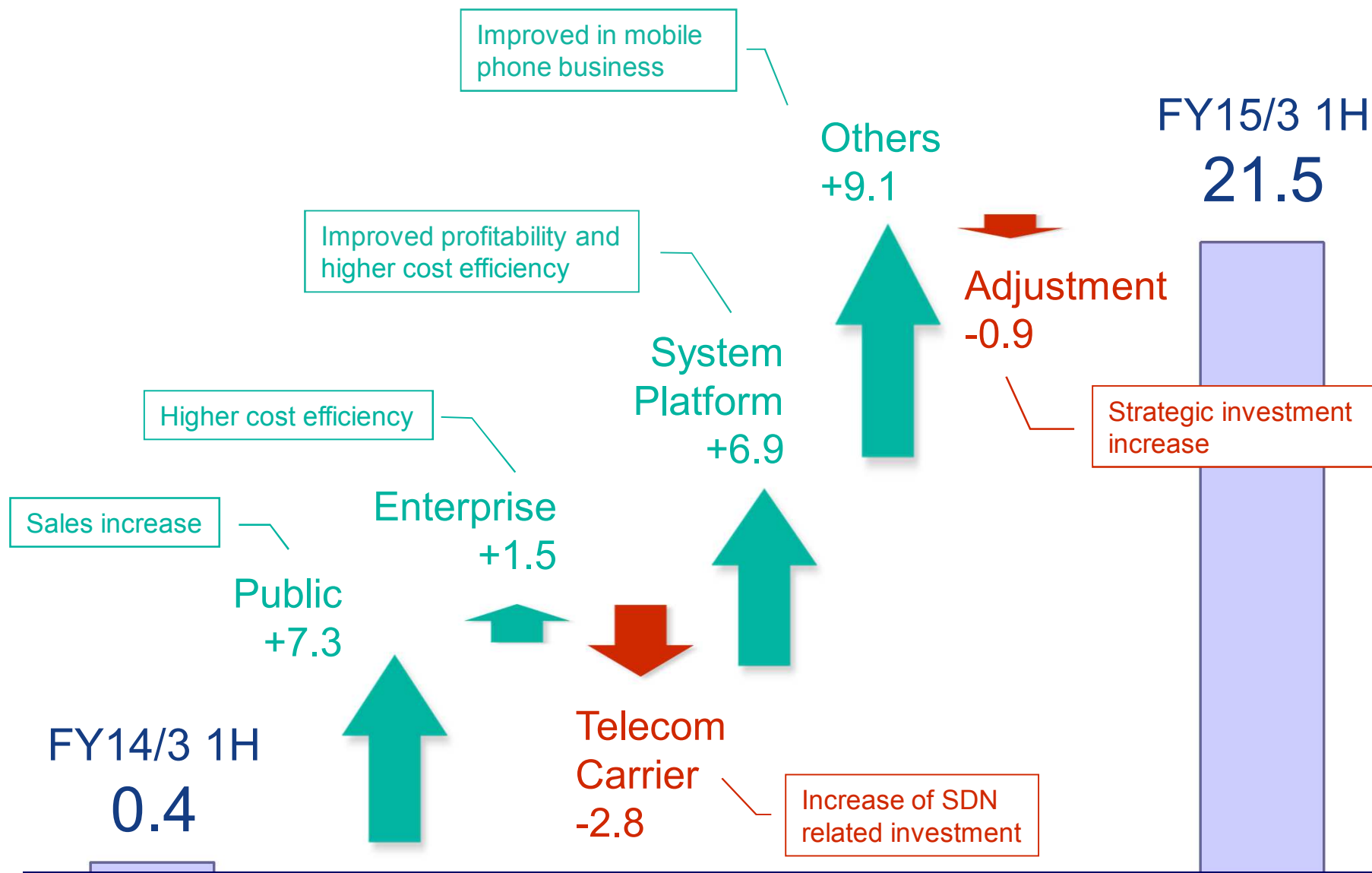
Sales Change (Year on Year)

(Billions of Yen)



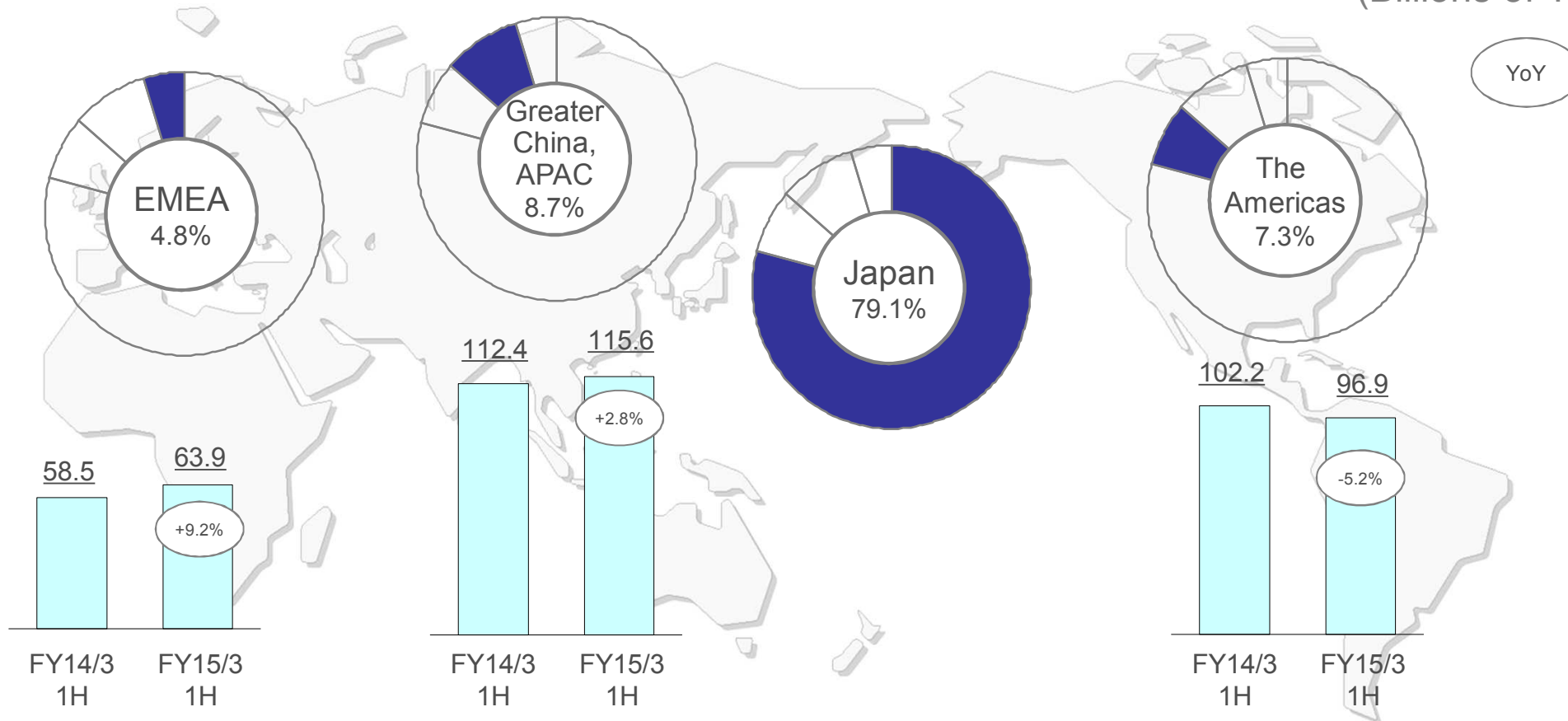
Operating Income Change (Year on Year)

(Billions of Yen)



International Sales

(Billions of Yen)



	1H <April to September>		
	FY14/3 Actual	FY15/3 Actual	YoY
International sales	273.1	276.4	+1.2%
% to Net Sales	19.7%	20.9%	

* Sales are classified by country or region based on customer locations

Financial Position Data

(Billions of Yen)

	End of Mar 2014	End of Sep 2014	Difference from Mar 2014	End of Sep 2013
Total Assets	2,505.3	2,447.7	- 57.6	2,478.3
Net Assets	767.7	757.9	- 9.8	787.8
Interest-bearing debt	575.2	570.6	- 4.6	688.7
Shareholders' Equity	695.9	695.8	- 0.2	684.1
Equity ratio(%)	27.8%	28.4%	+ 0.6pt	27.6%
D/E ratio (times)	0.83	0.82	+ 0.01pt	1.01
Net D/E ratio (times)	0.53	0.57	- 0.04pt	0.75
Balance of cash and cash equivalents	206.6	176.0	- 30.6	174.0

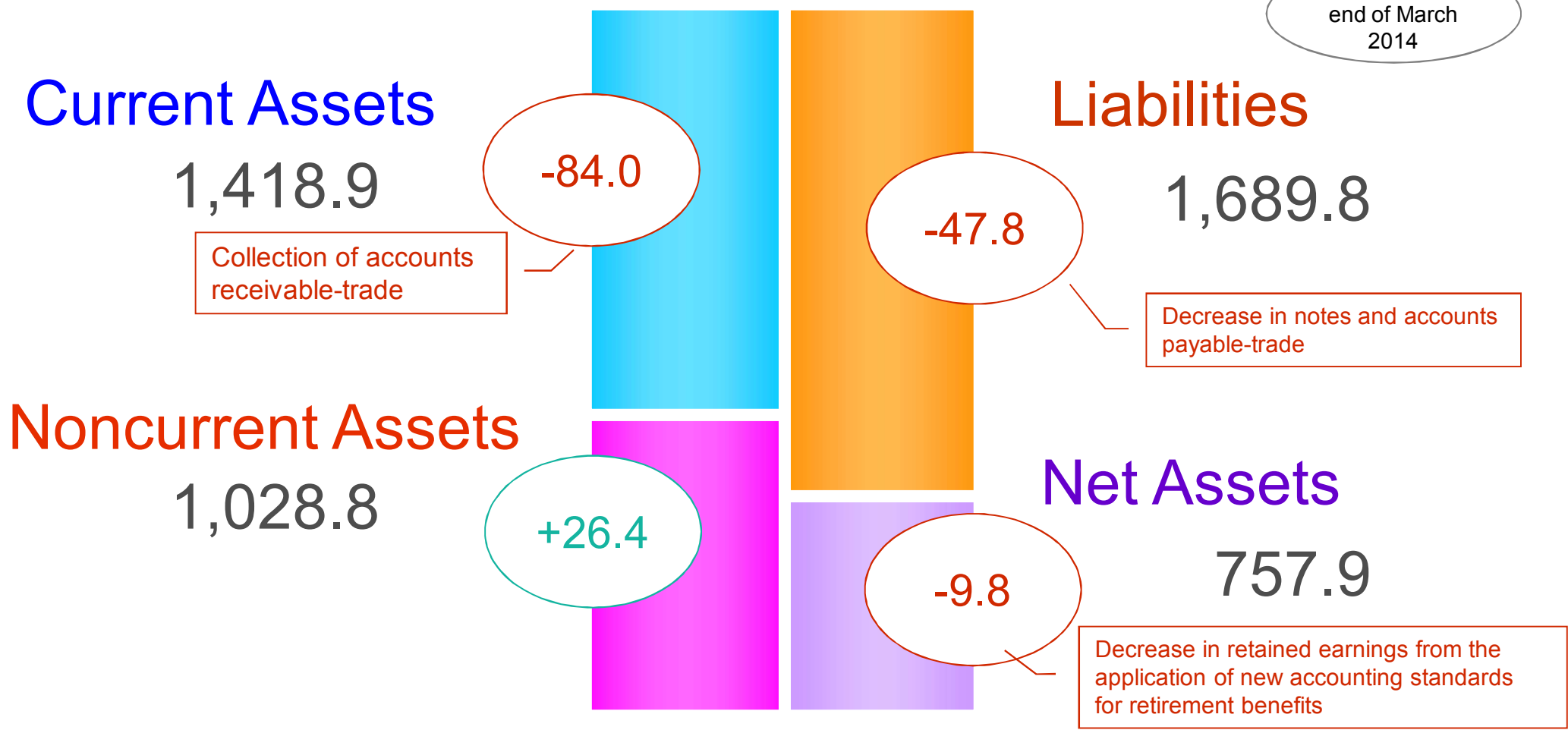
<Ref.> Balance Sheets (At the end of September, 2014)

(Billions of Yen)

<Compared to end of March 2014>

Total Assets 2,447.7 (-57.6)

Compared to
end of March
2014



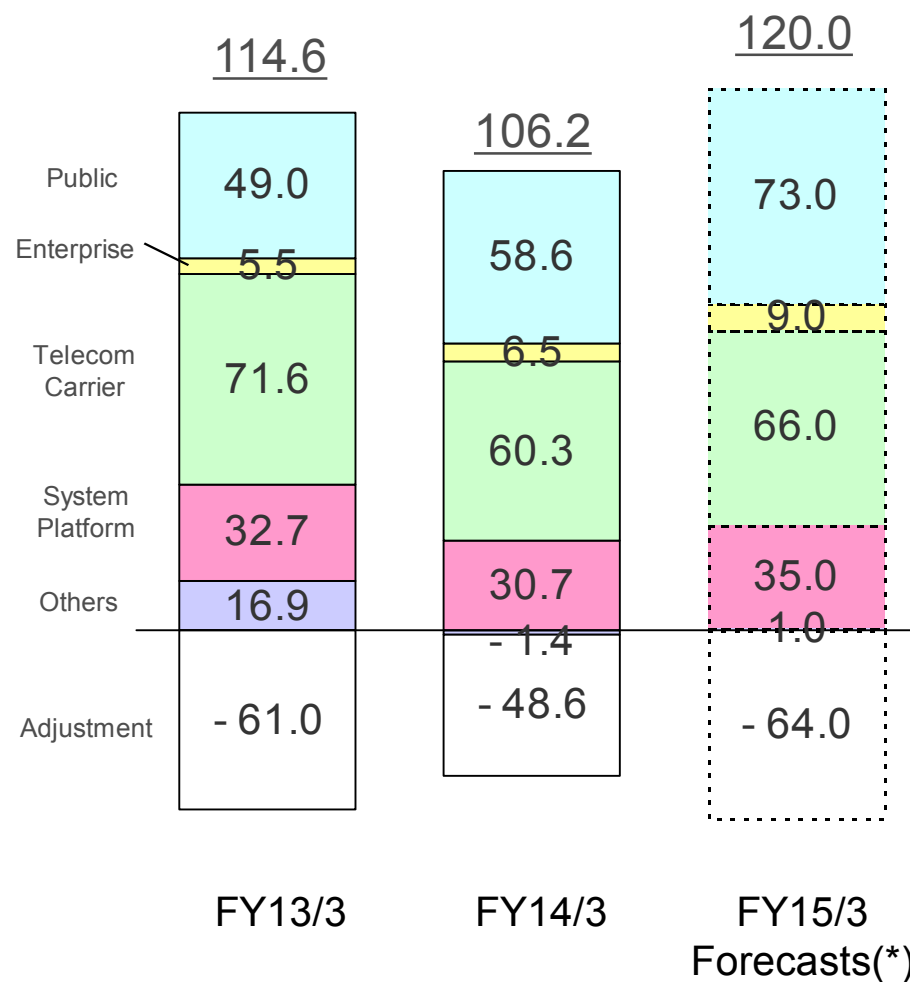
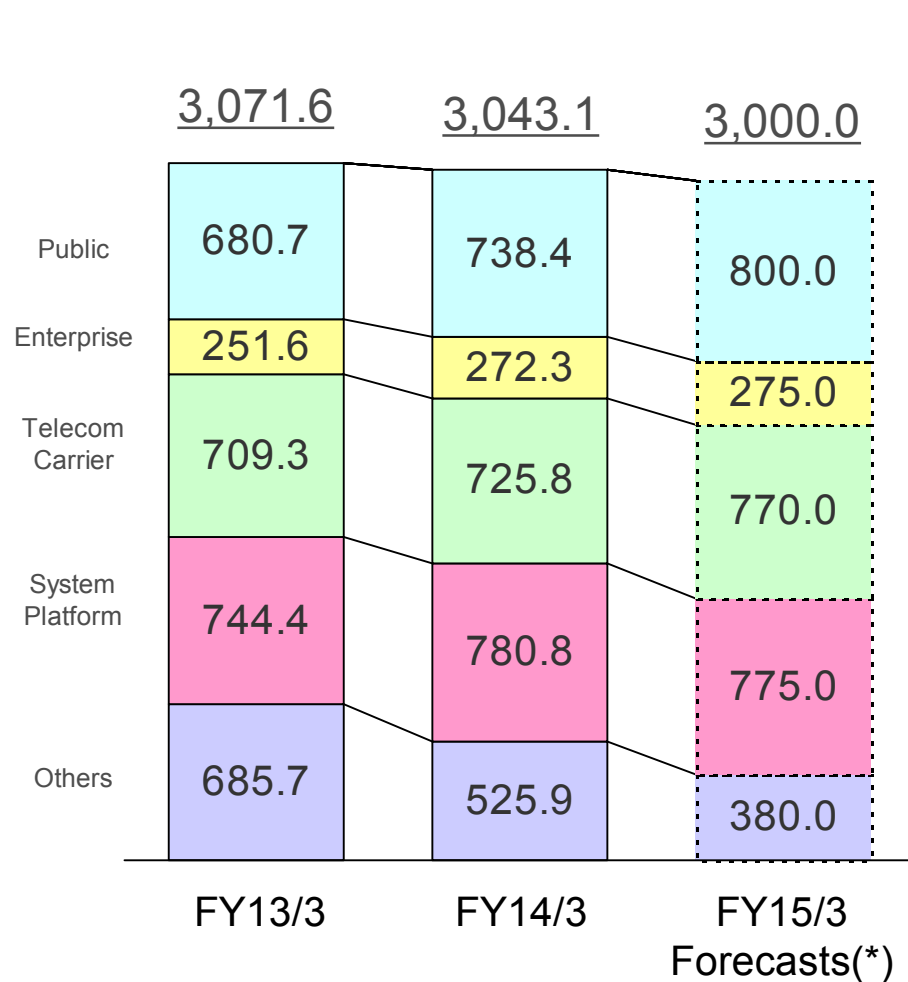
Financial Forecasts for FY15/3 (Appendix)

Financial Forecasts for FY15/3 by Segment (three-year transition)

(Billions of Yen)

Net Sales

Operating Income/Loss



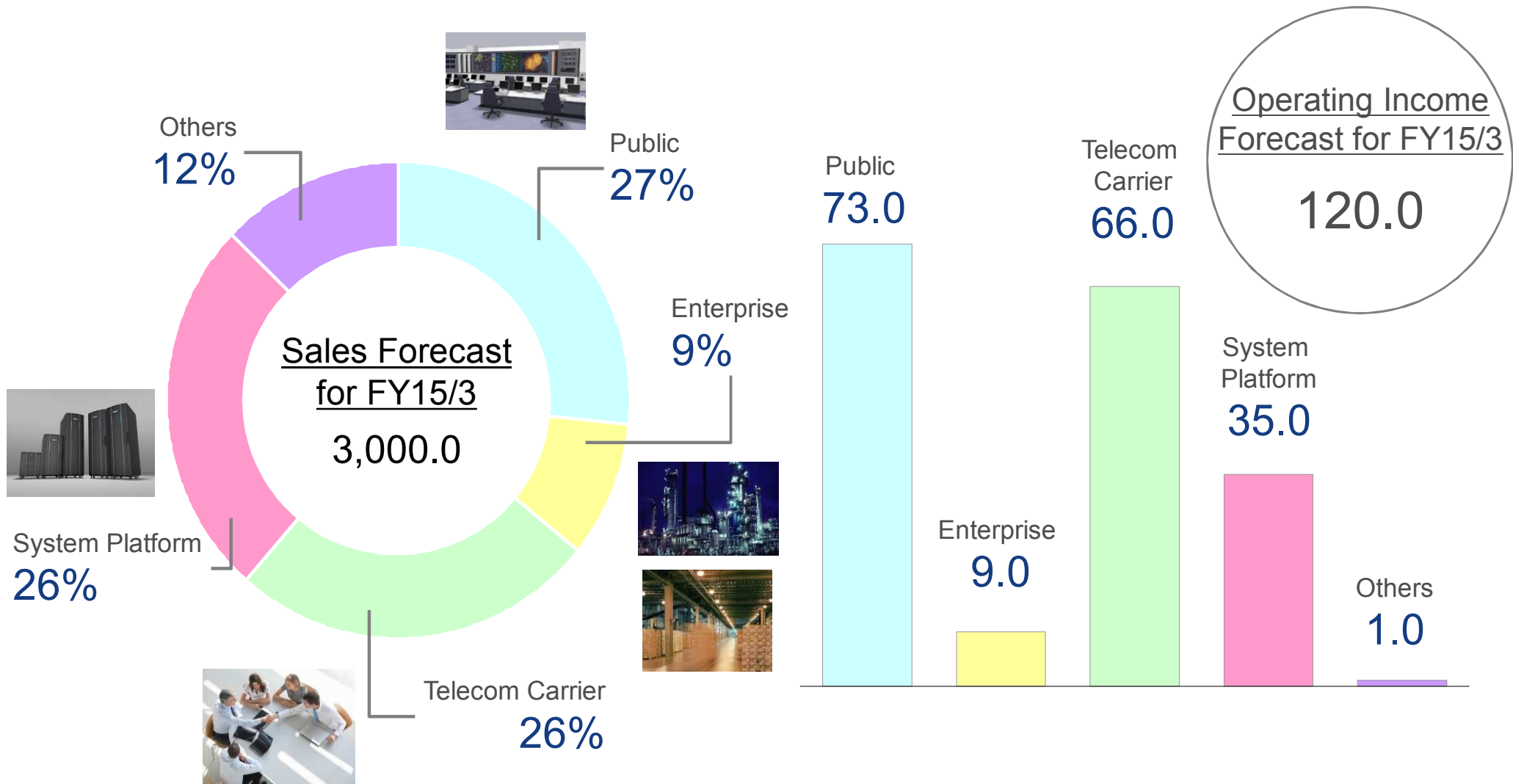
* Forecasts as of October 30, 2014

Financial Forecasts for FY15/3 by Segment

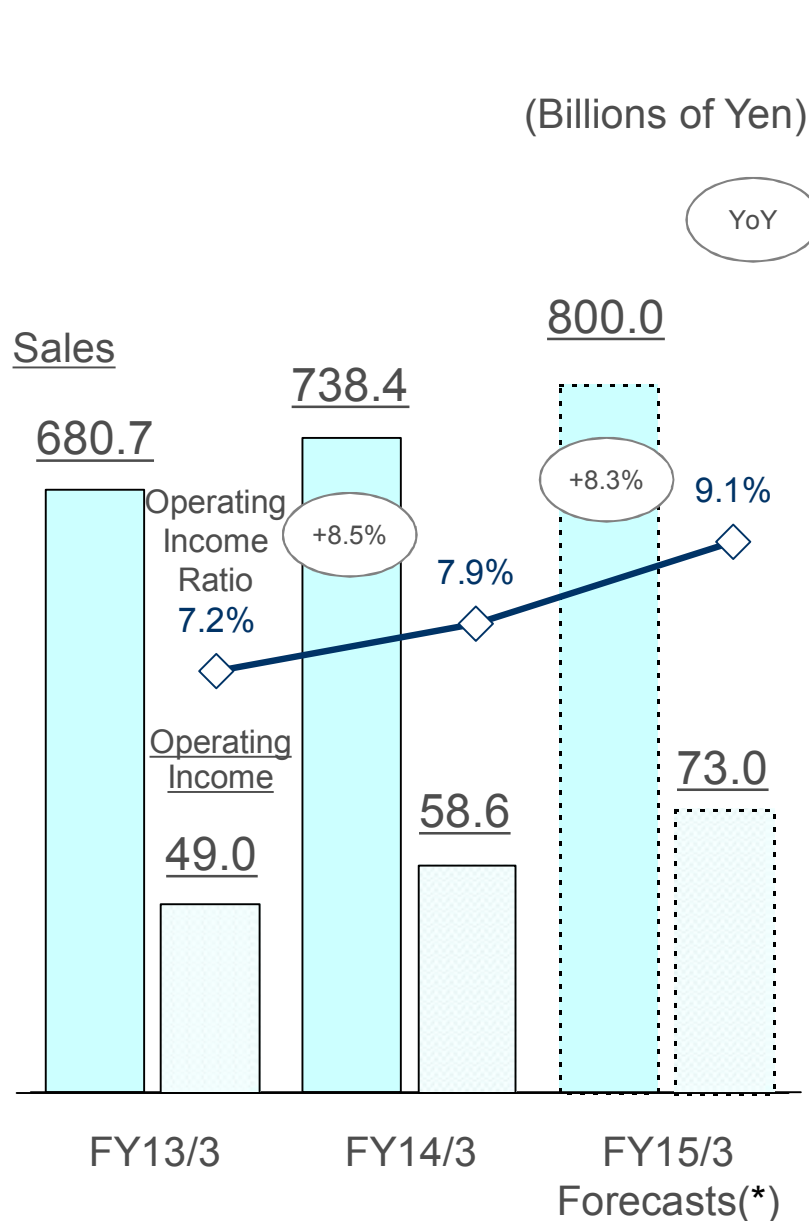
(Billions of Yen)

Net Sales

Operating Income



* Forecasts as of October 30, 2014



Sales 800.0 (+8.3%)

△ Increase due to steady sales mainly from the government and public areas such as fire prevention systems and the national ID number system

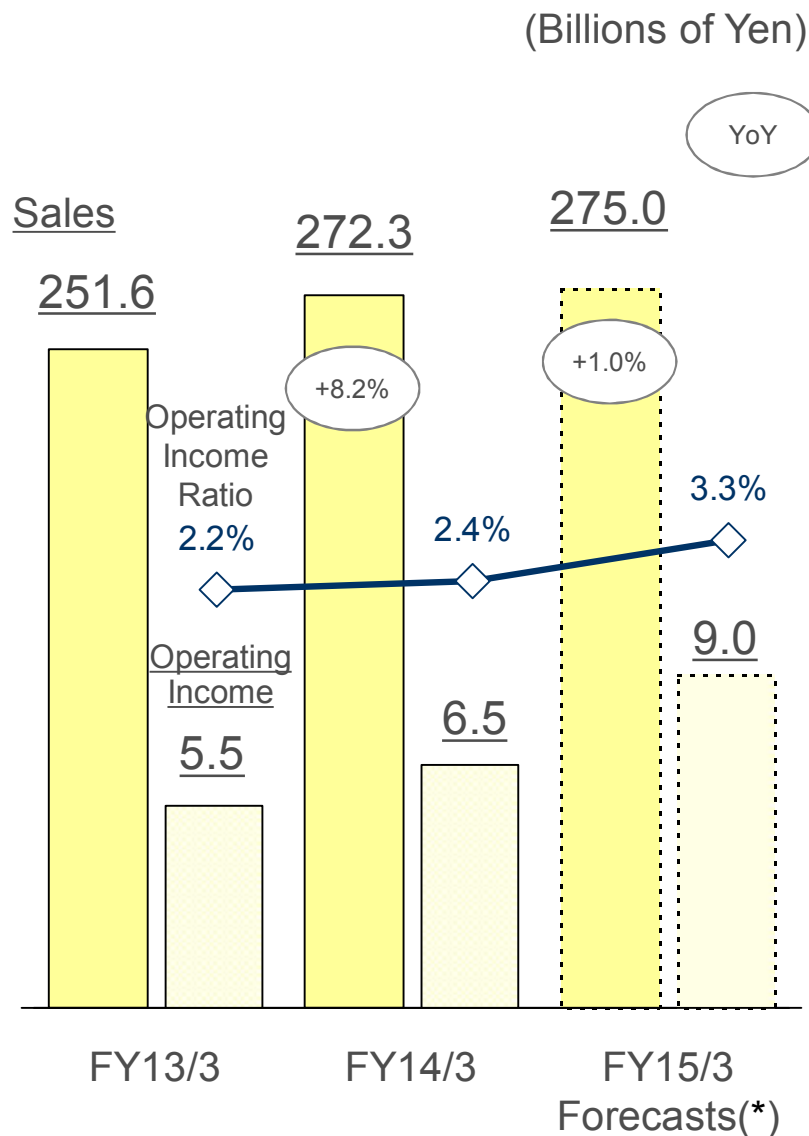
Operating Income 73.0 (+14.4)

△ Improve due to sales increase, cost reductions and a decrease in loss making projects



* Forecasts as of October 30, 2014

Billions of Yen (YoY)



Sales 275.0 (+1.0%)

△ Increase in the retail and services industries

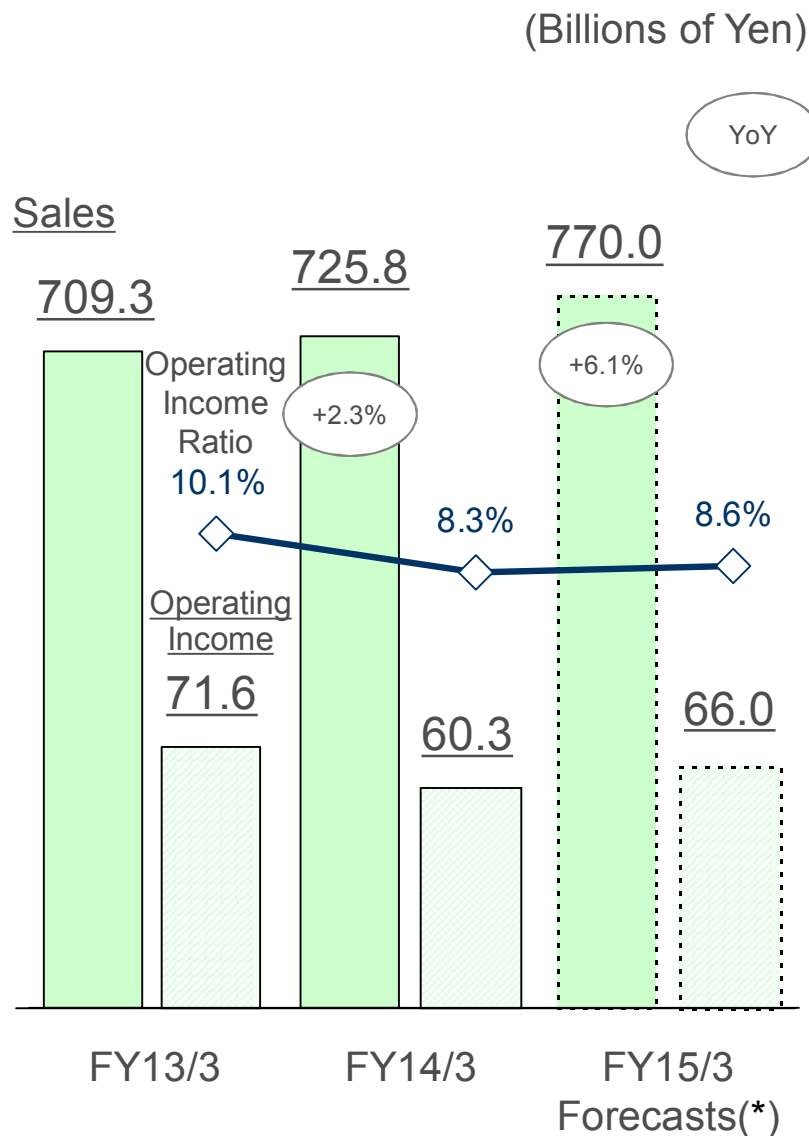
Operating Income 9.0 (+2.5)

△ Improve due to sales increase and higher cost efficiency



* Forecasts as of October 30, 2014

Billions of Yen (YoY)



Sales 770.0 (+6.1%)

- △ Japan: Remain flat
- △ International: Increase mainly in focus areas such as TOMS / SDN, in addition to mobile backhaul

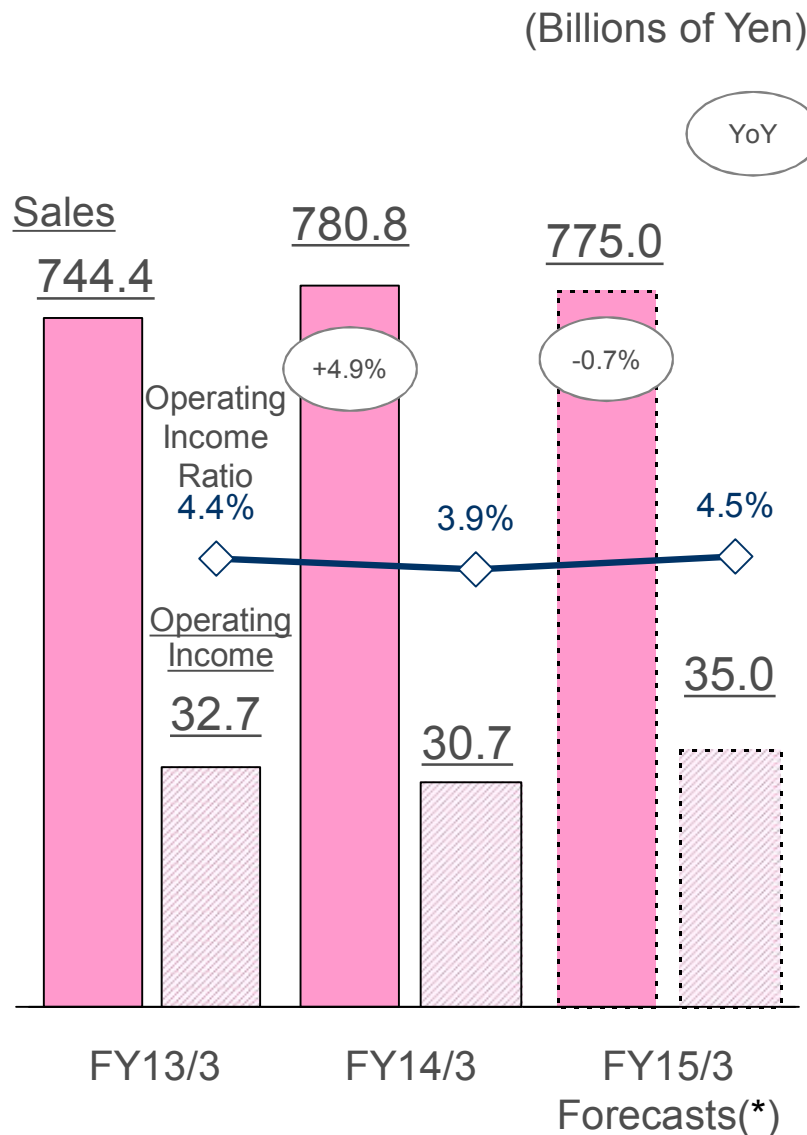
Operating Income 66.0 (+5.7)

- △ Improve due to sales increase mainly in international business



* Forecasts as of October 30, 2014

Billions of Yen (YoY)



Sales 775.0 (-0.7%)

- ▽ Decrease due to declining business PCs, despite continuation of IT demand, such as servers and software

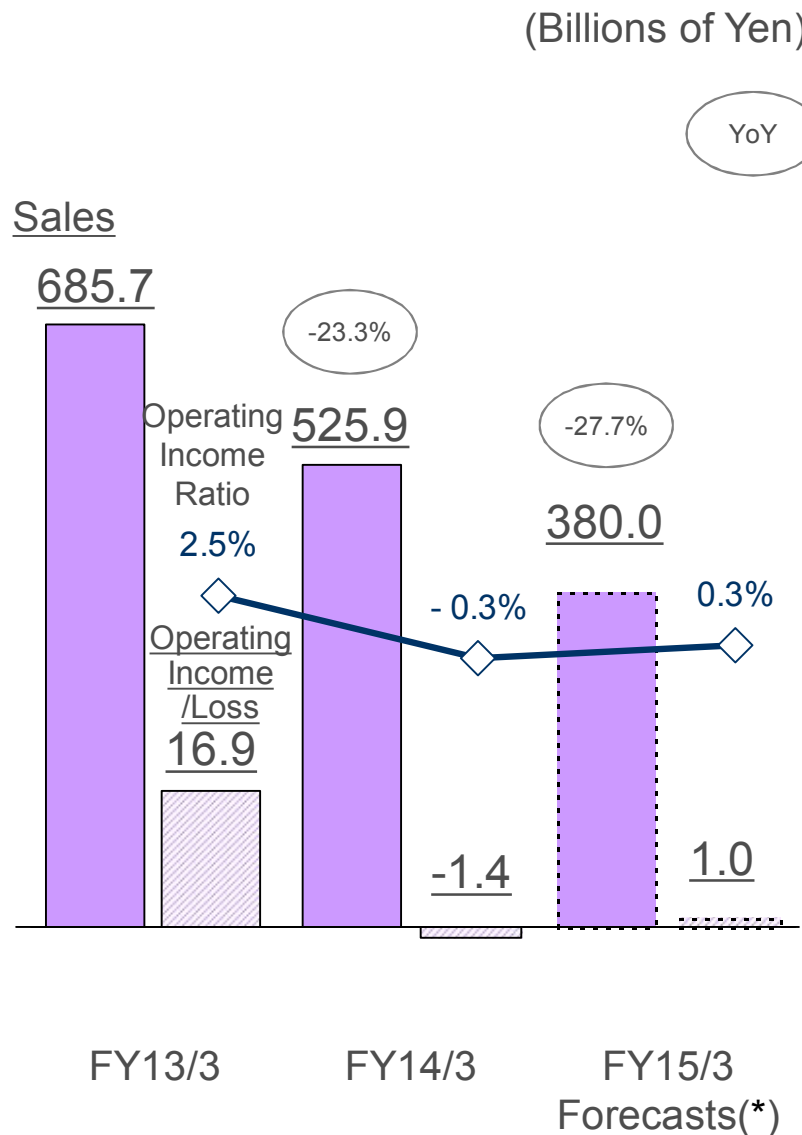
Operating Income 35.0 (+4.3)

- △ Improve from integration with NEC Fielding, Ltd. and sales increase in servers and software



* Forecasts as of October 30, 2014

Billions of Yen (YoY)



Sales 380.0 (-27.7%)

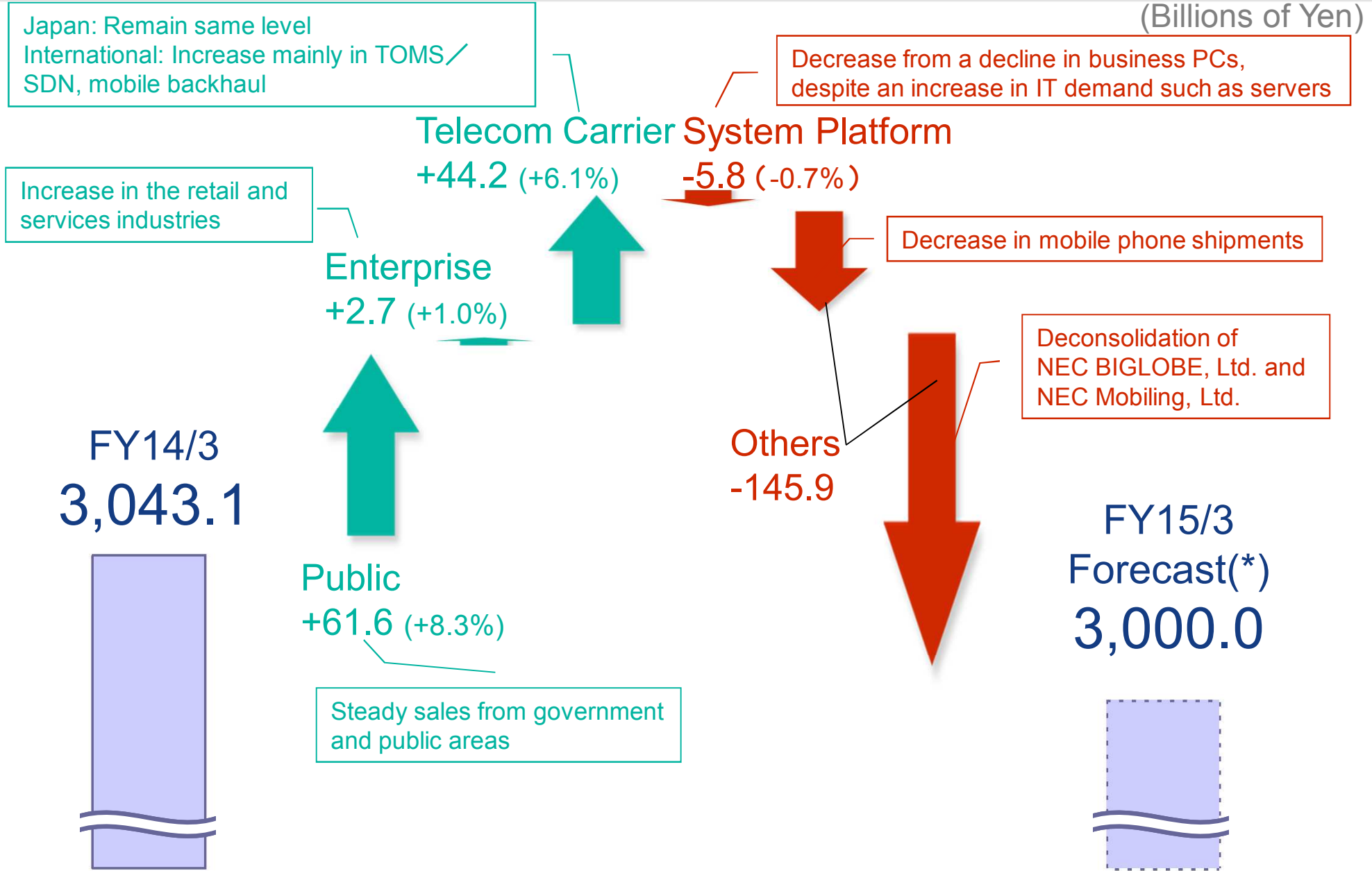
▽ Decrease due to deconsolidation following sale of stock of NEC BIGLOBE, Ltd. , etc.

Operating Income 1.0 (+2.4)

△ Improve due to improvement of the mobile phone business and energy business, despite impact from deconsolidating businesses

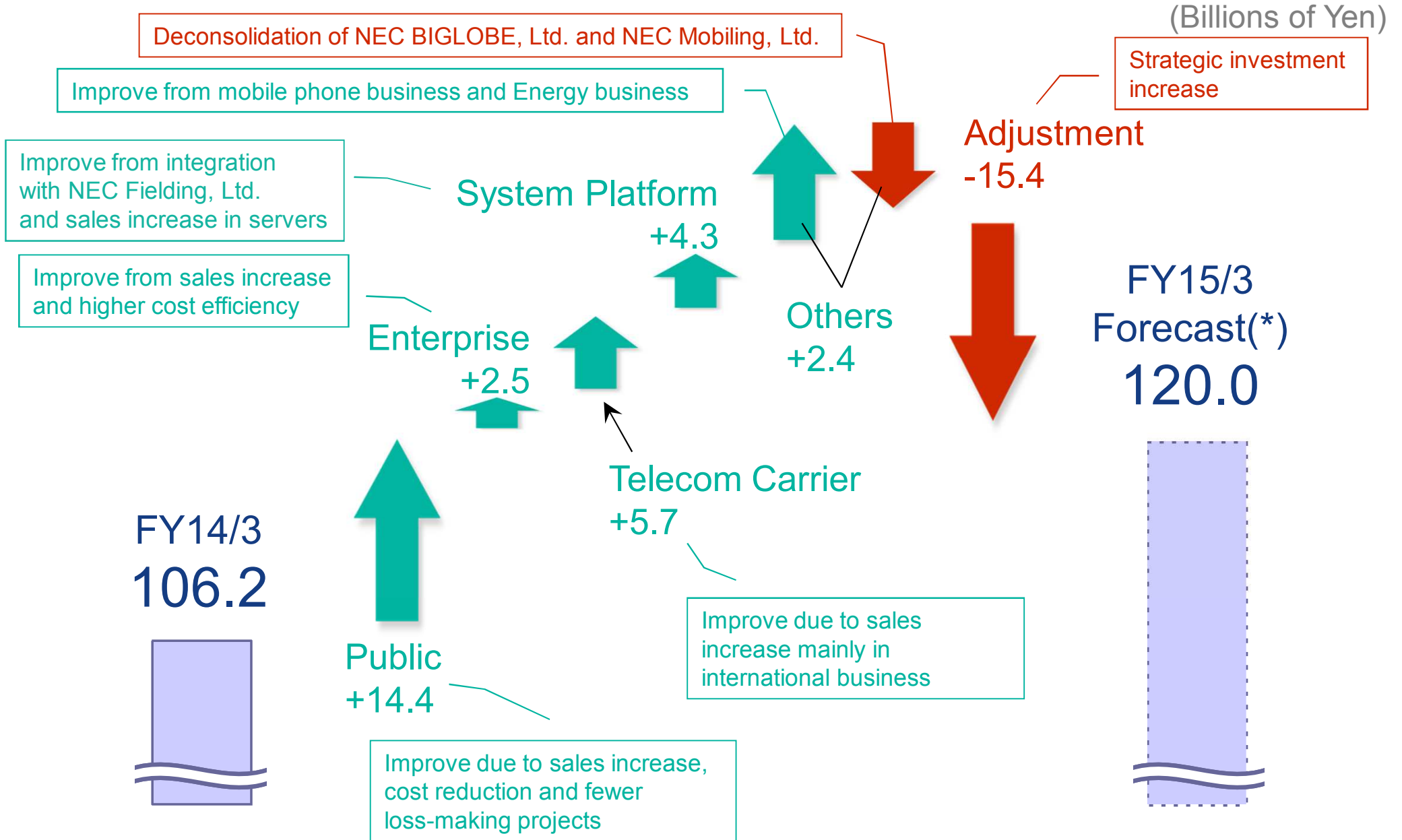
* Forecasts as of October 30, 2014

Sales Change (Year on Year)



* Forecasts as of October 30, 2014

Operating Income Change (Year on Year)



* Forecasts as of October 30, 2014

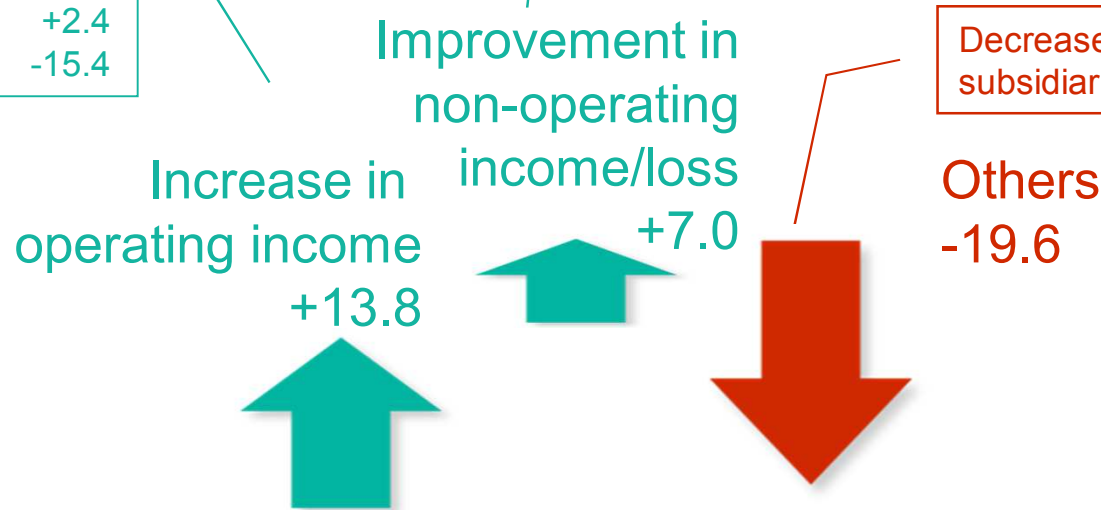
Net Income Change (Year on Year)

(Billions of Yen)

Public	+14.4
Telecom Carrier	+5.7
System Platform	+4.3
Enterprise	+2.5
Others	+2.4
Adjustment	-15.4

Decrease in provision for contingent loss, and decrease in interest expenses

Decrease in gain on sales of subsidiaries and affiliates' stocks



FY14/3
33.7

FY15/3
Forecast(*)
35.0

* Forecasts as of October 30, 2014

Capital Expenditure, Depreciation and R&D Expenses

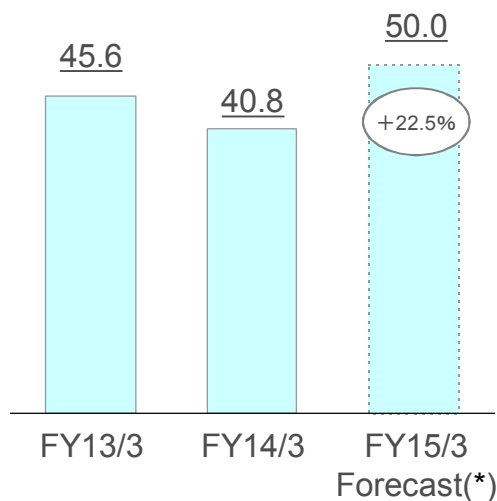
(Billions of Yen)

	FY13/3 Actual	FY14/3 Actual	FY15/3 Forecasts	YoY
Capital Expenditure	45.6	* 40.8	50.0	+22.5%
Depreciation	51.2	45.2	50.0	+10.7%
R&D expenses	151.7	142.7	150.0	+5.1%
% to Net Sales	4.9%	4.7%	5.0%	

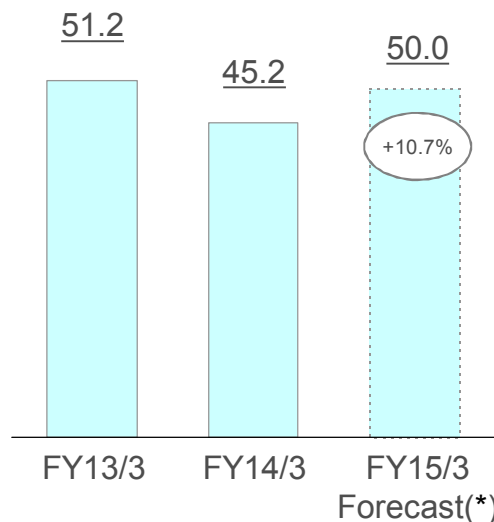
* Not including acquisition of trust beneficiary rights



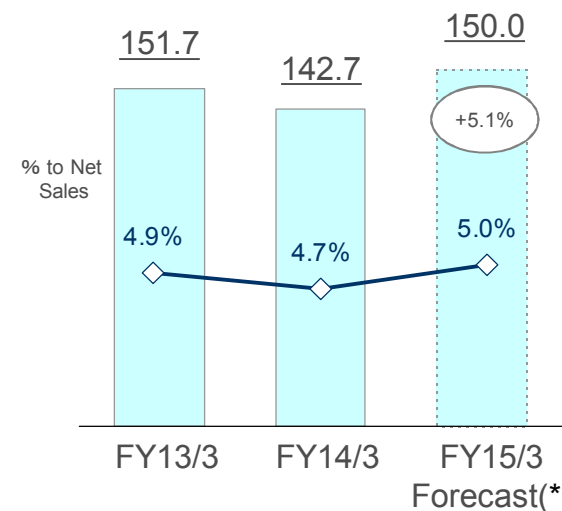
Capital Expenditure



Depreciation



R&D expenses



* Forecasts as of October 30, 2014

<Ref.> Major differences between IFRS and J-GAAP

Released at Q1 Financial Announcement

(Note) The following figures are calculated to estimate differences in the amounts for pension expenses and goodwill, the two major items which differ in IFRS and J-GAAP, for the FY15/3 financial outlook if IFRS is applied. These differences in the amounts are calculated based on assumptions as of the date on which they were made. Furthermore, the differences in the two accounting methods are not limited to these two major items. Notably, they are not audited by the accounting auditors and NEC does not undertake any obligation to update or revise the figures as the circumstances change.

These estimated figures are disclosed voluntarily as references for investors only. NEC has NOT made a decision to adopt IFRS at the present, and continues to disclose materials required by the regulations in J-GAAP.

(Billions of Yen)

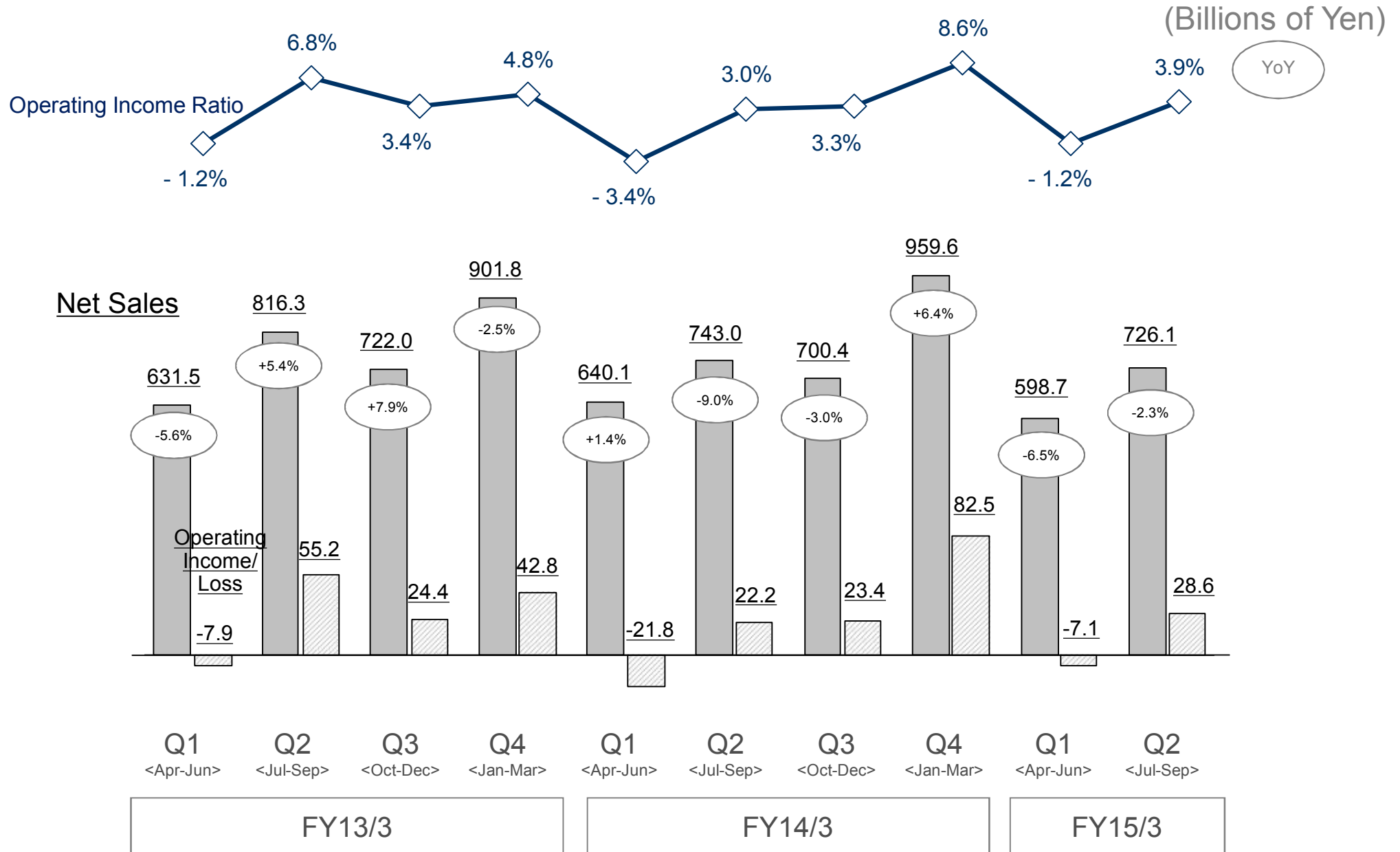
	FY15/3 Full Year		
	Amortization of unrecognized obligation for pension	Amortization of Goodwill	Total
Operating Income	14.0	18.0	-
Non-Operating Income / Loss	10.4		-
Net Income	19.0	18.0	37.0

* In calculating pension cost by IFRS, actuarial gains or losses in pension expenses are not amortized nor is goodwill amortized annually.

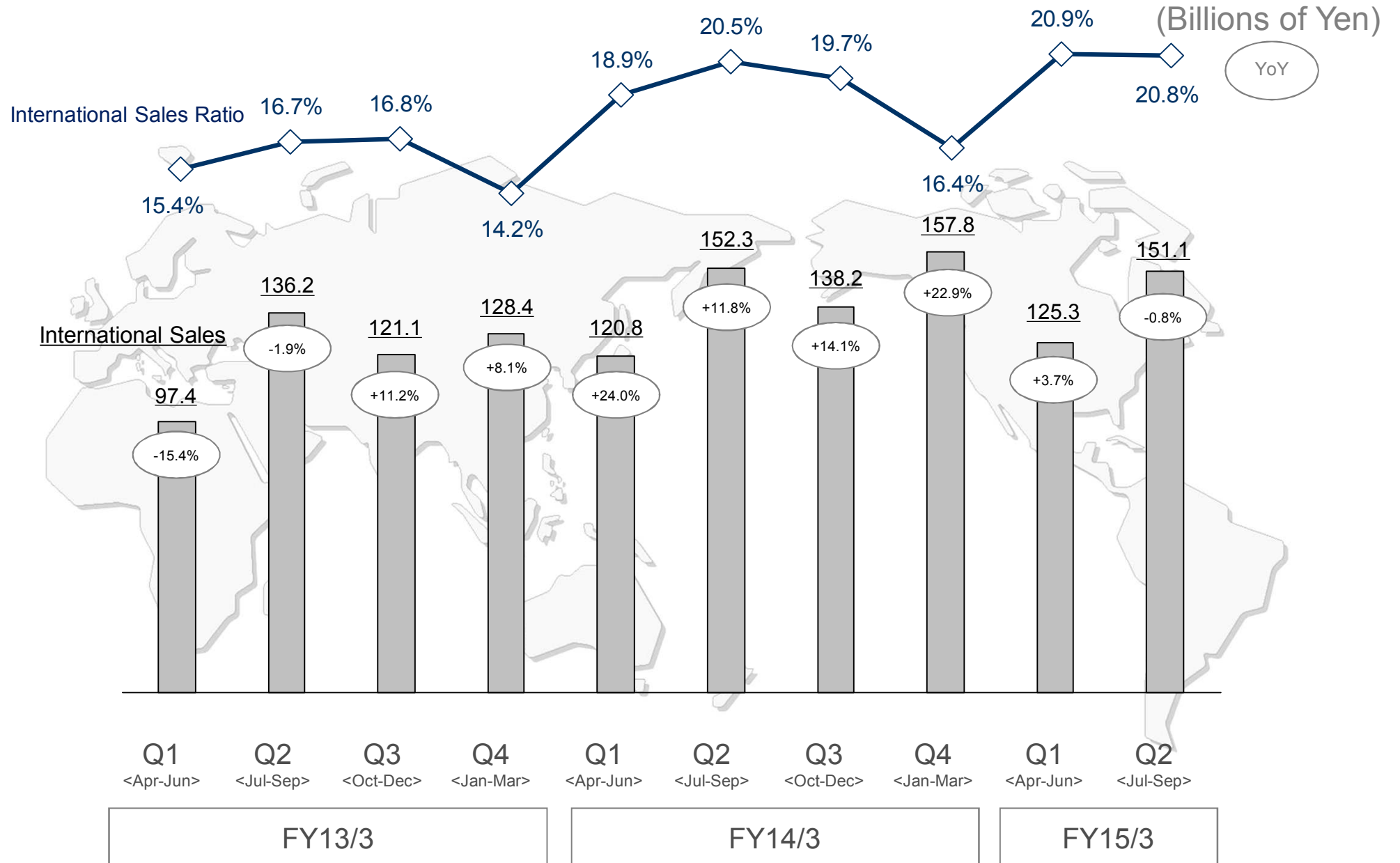
* Forecasts as of July 30, 2014

Reference (Financial data)

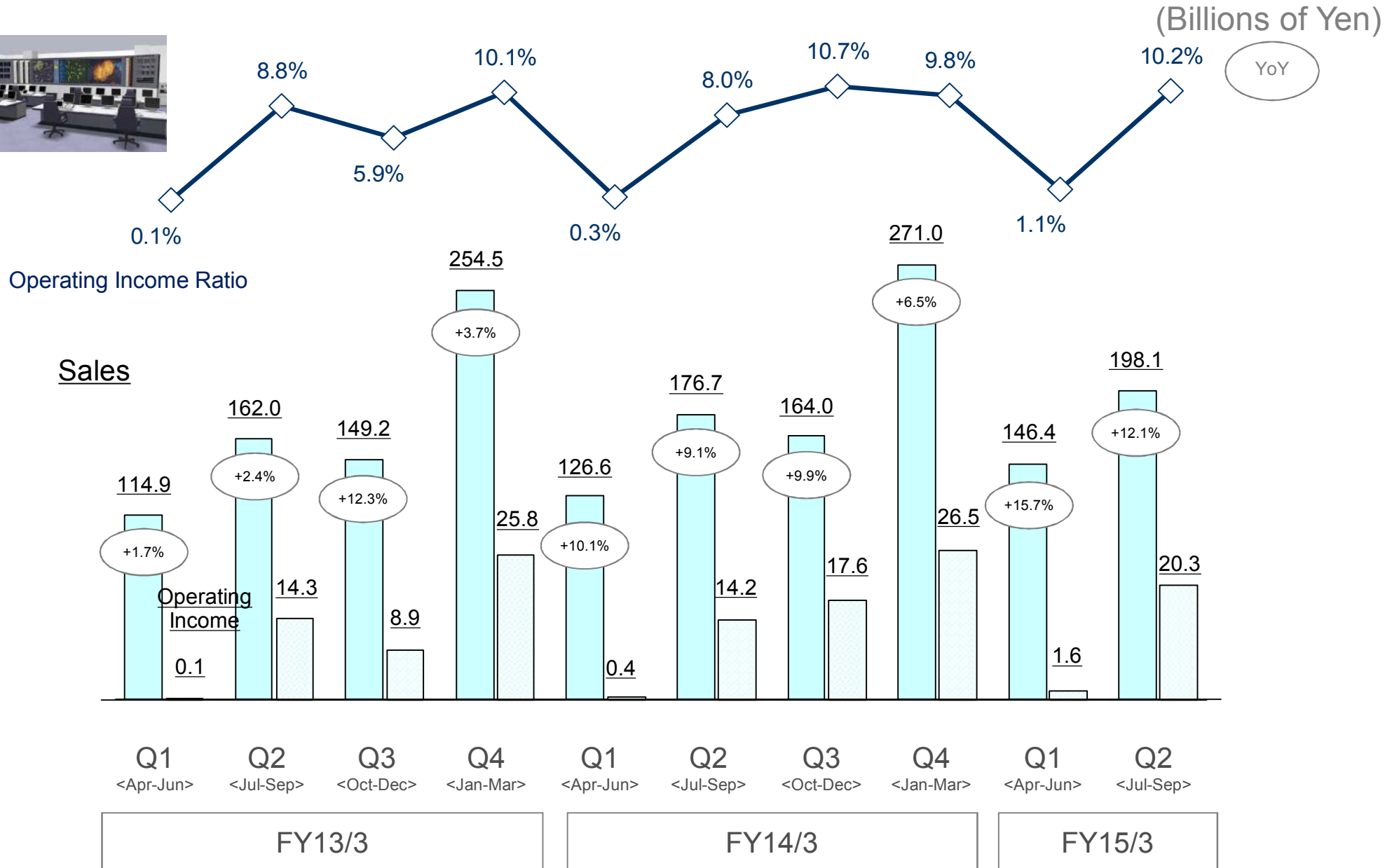
Net Sales, Operating Income/Loss



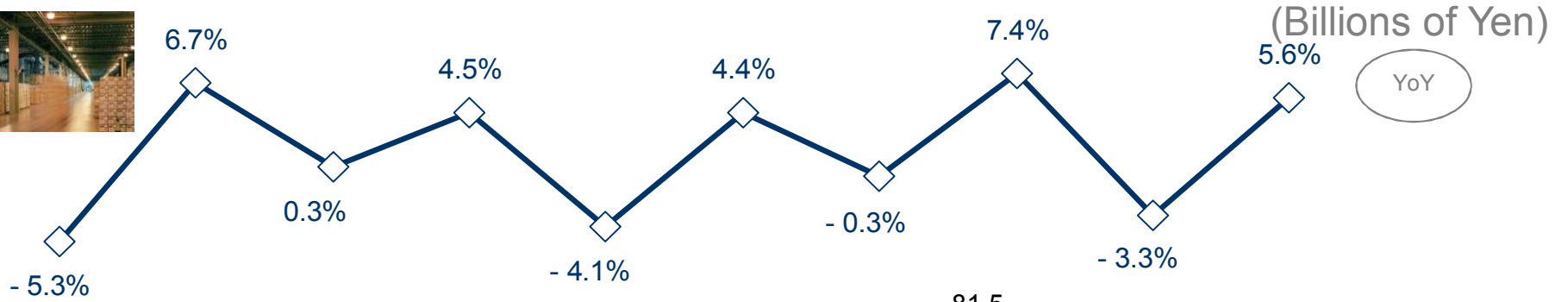
International Sales



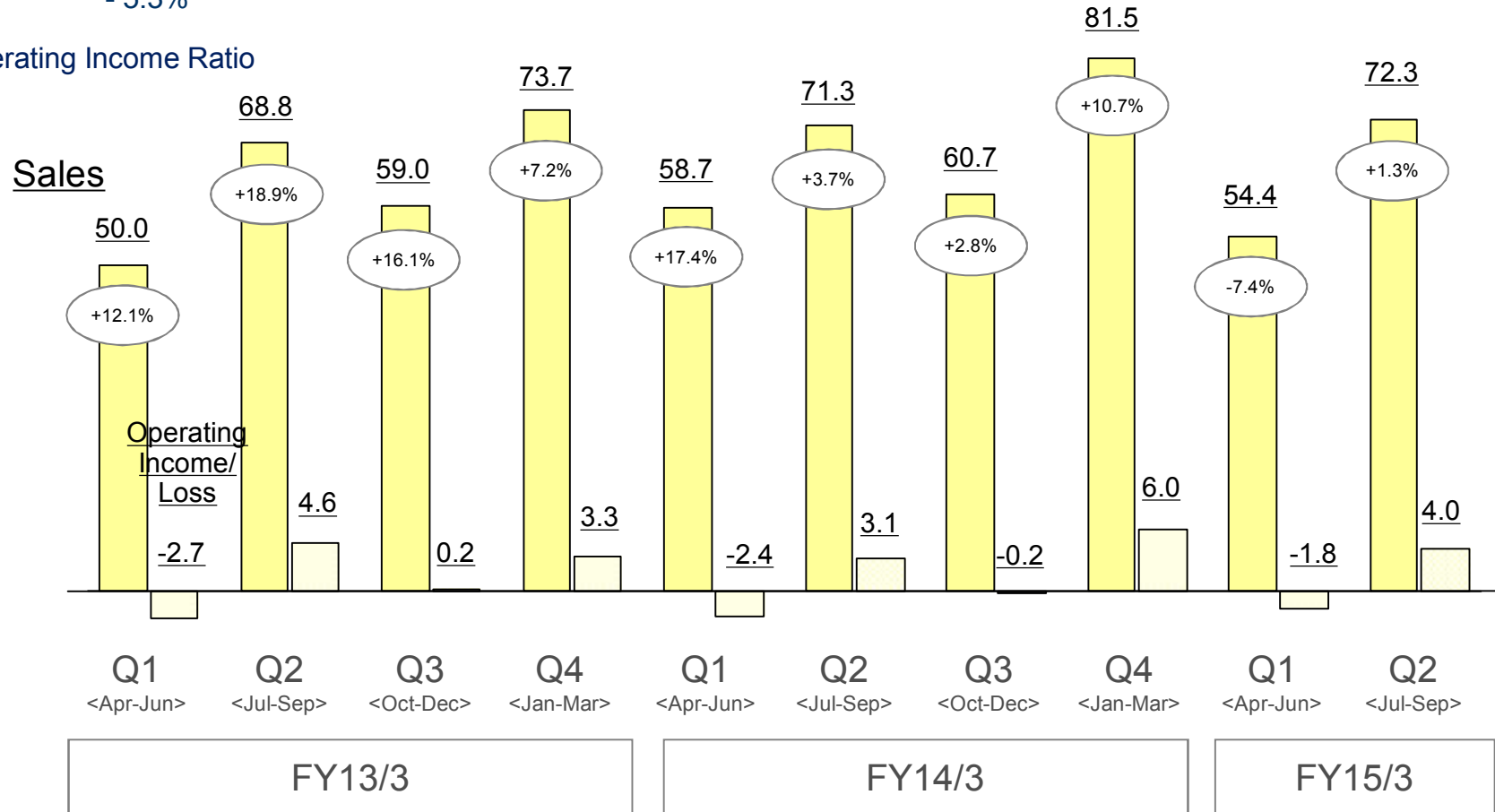
Sales, Operating Income (Public)



Sales, Operating Income/Loss (Enterprise)



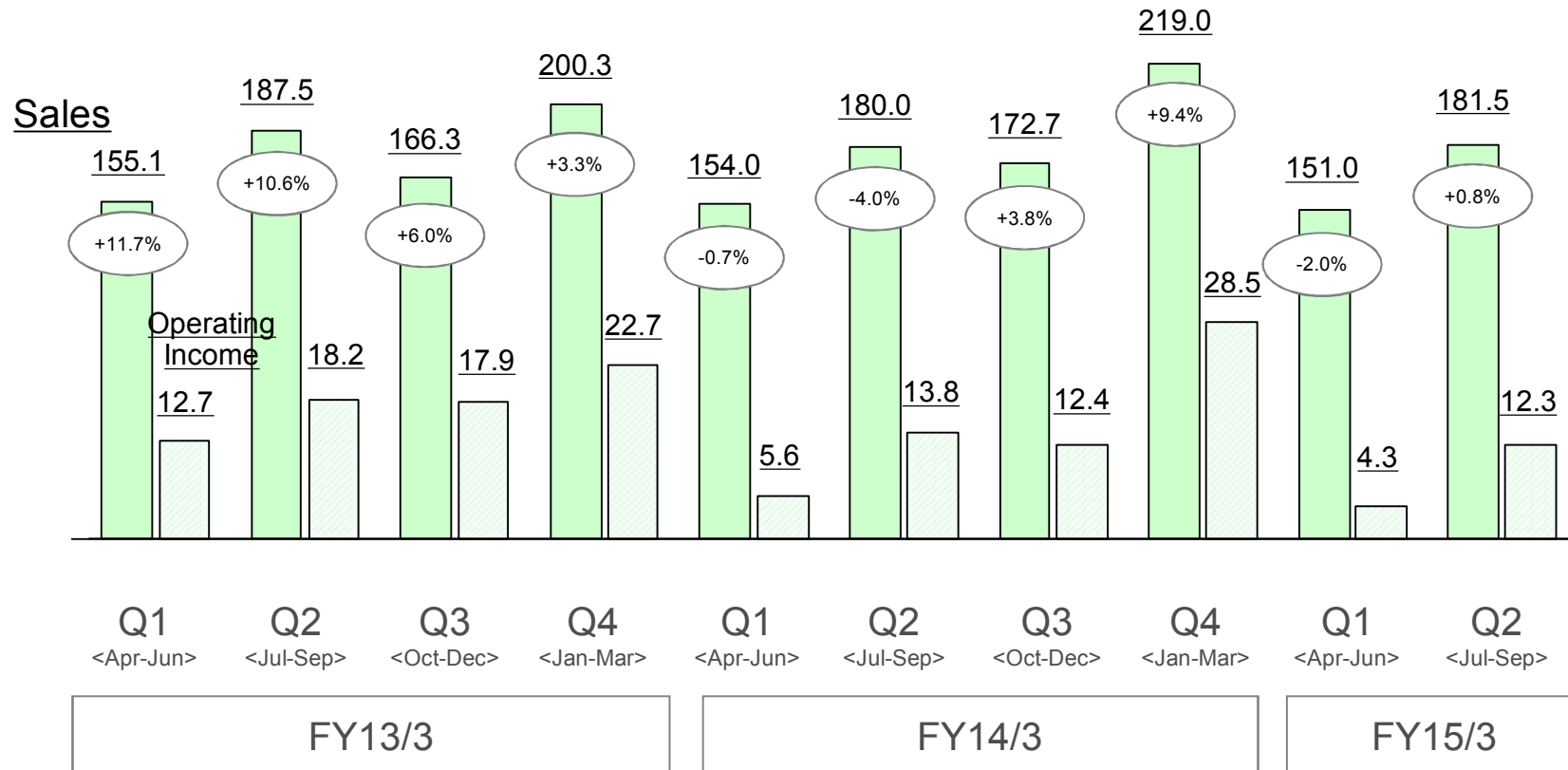
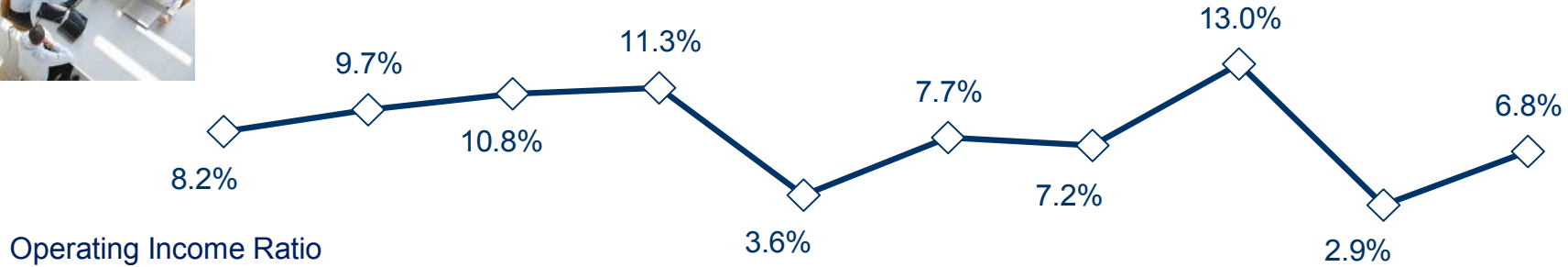
Operating Income Ratio



Sales, Operating Income (Telecom Carrier)

(Billions of Yen)

YoY

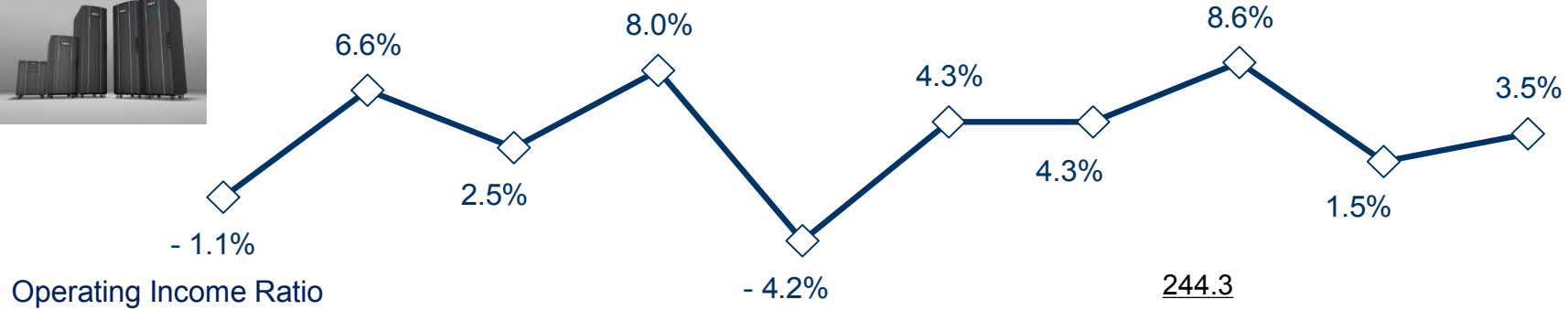


Sales, Operating Income/Loss (System Platform)

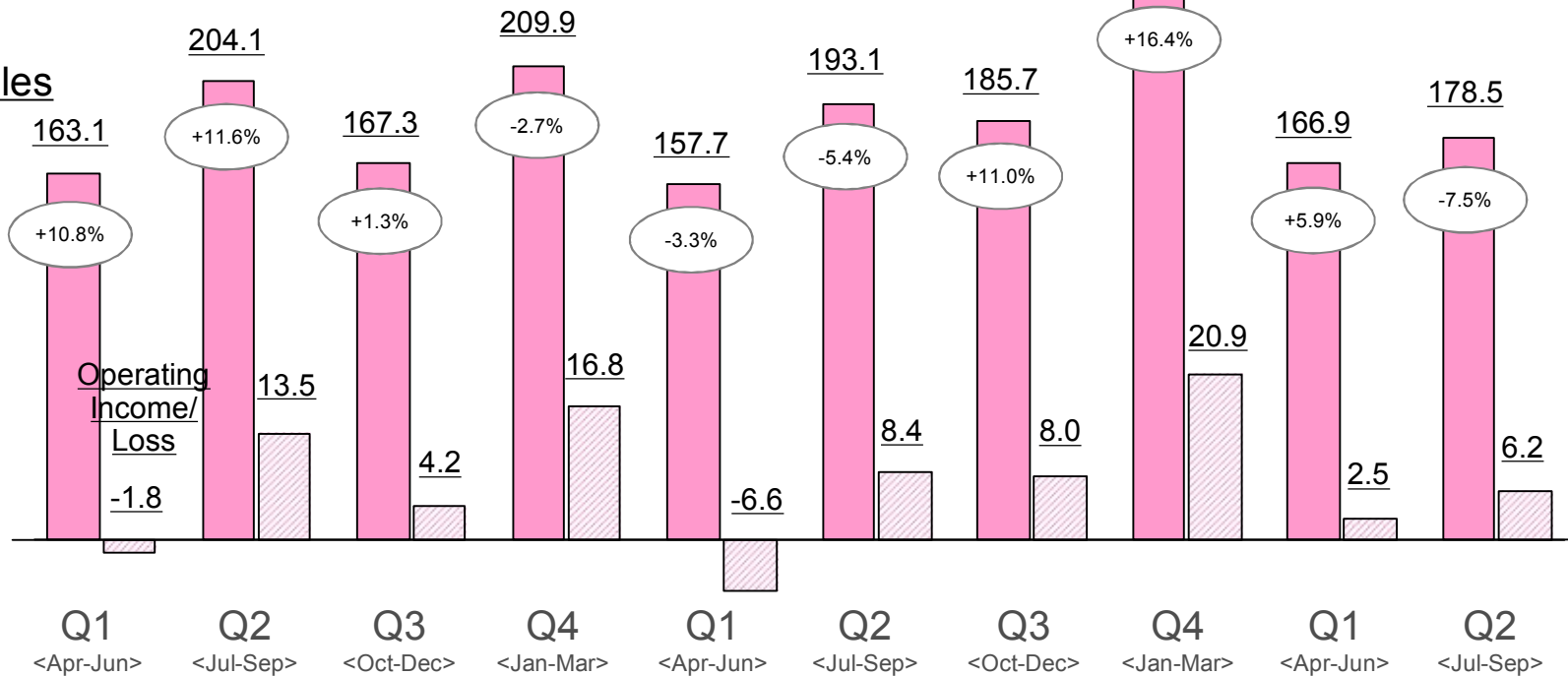
(Billions of Yen)



YoY



Sales

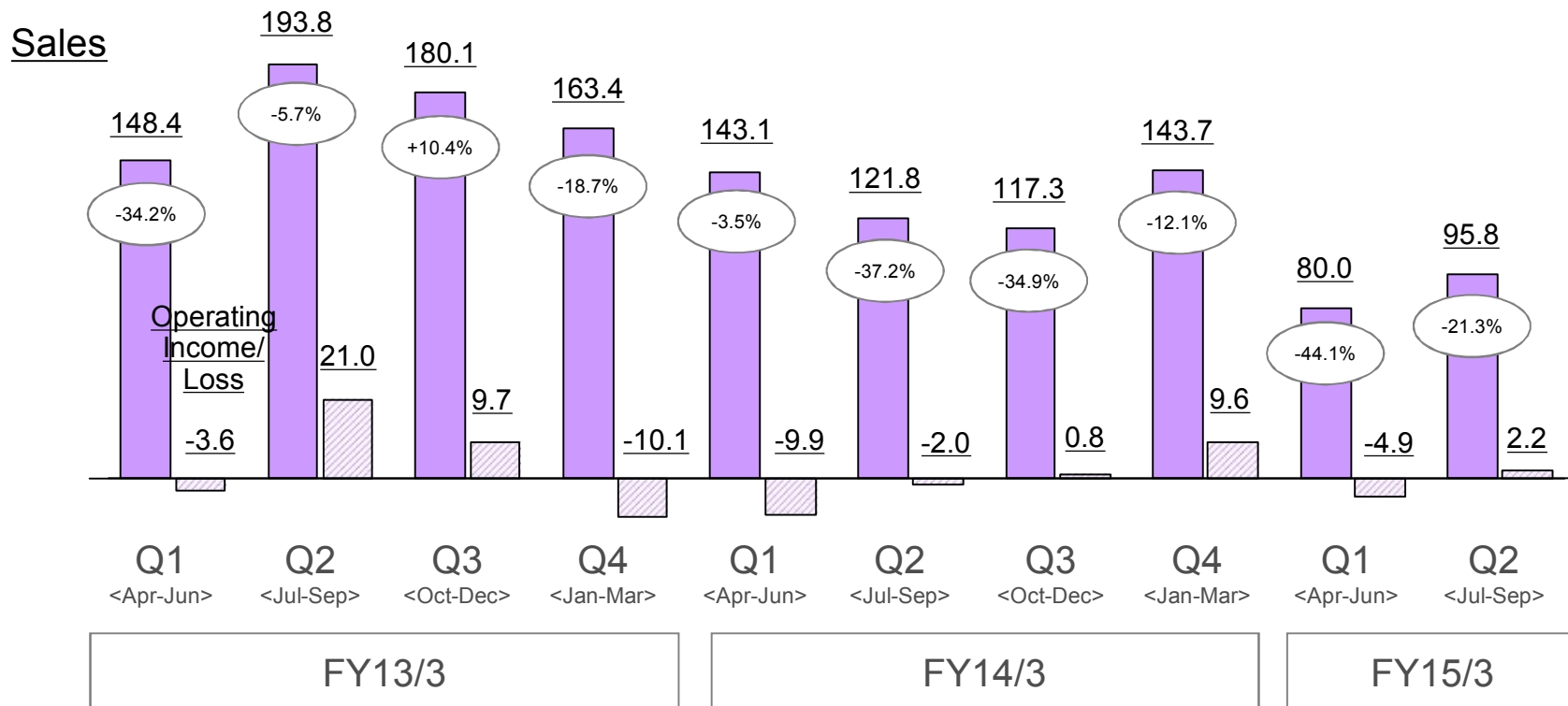
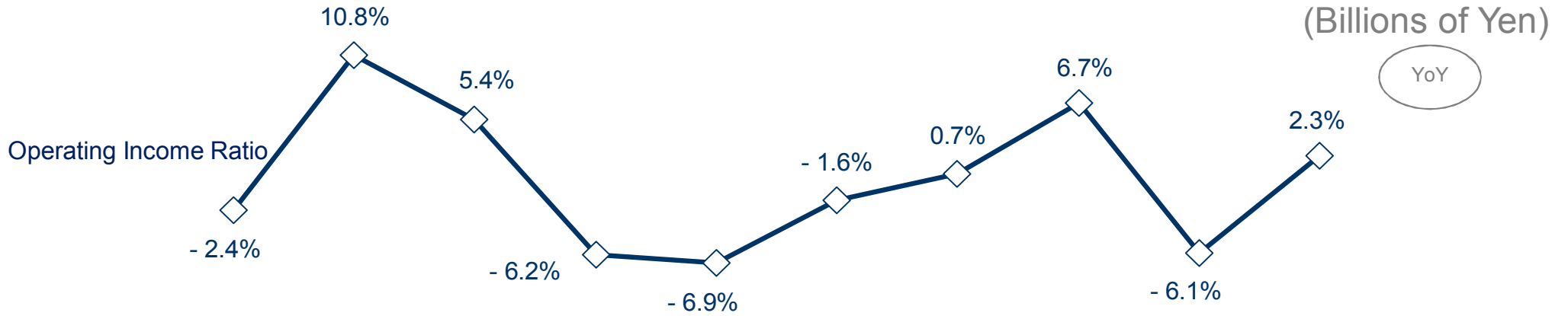


FY13/3

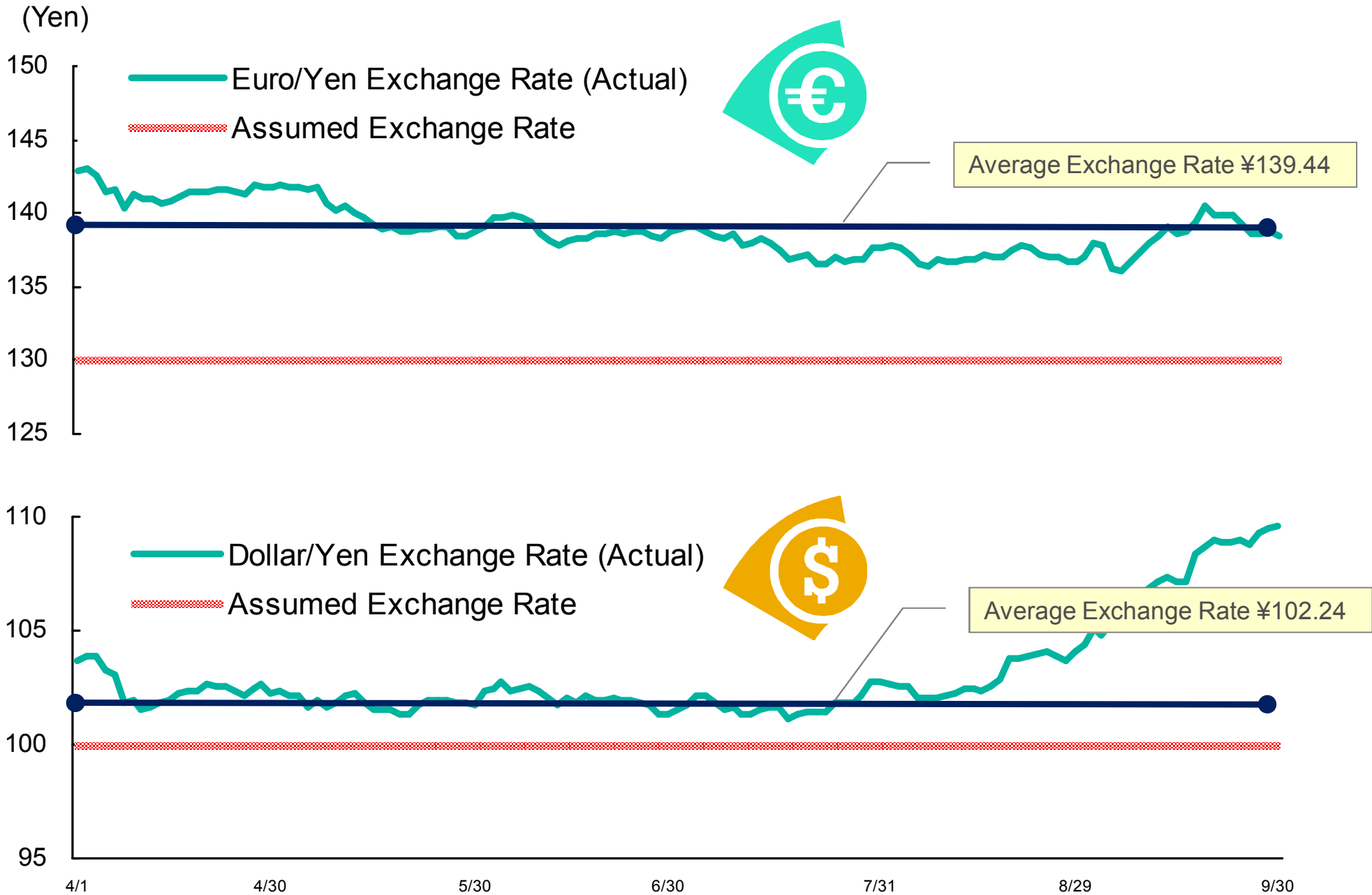
FY14/3

FY15/3

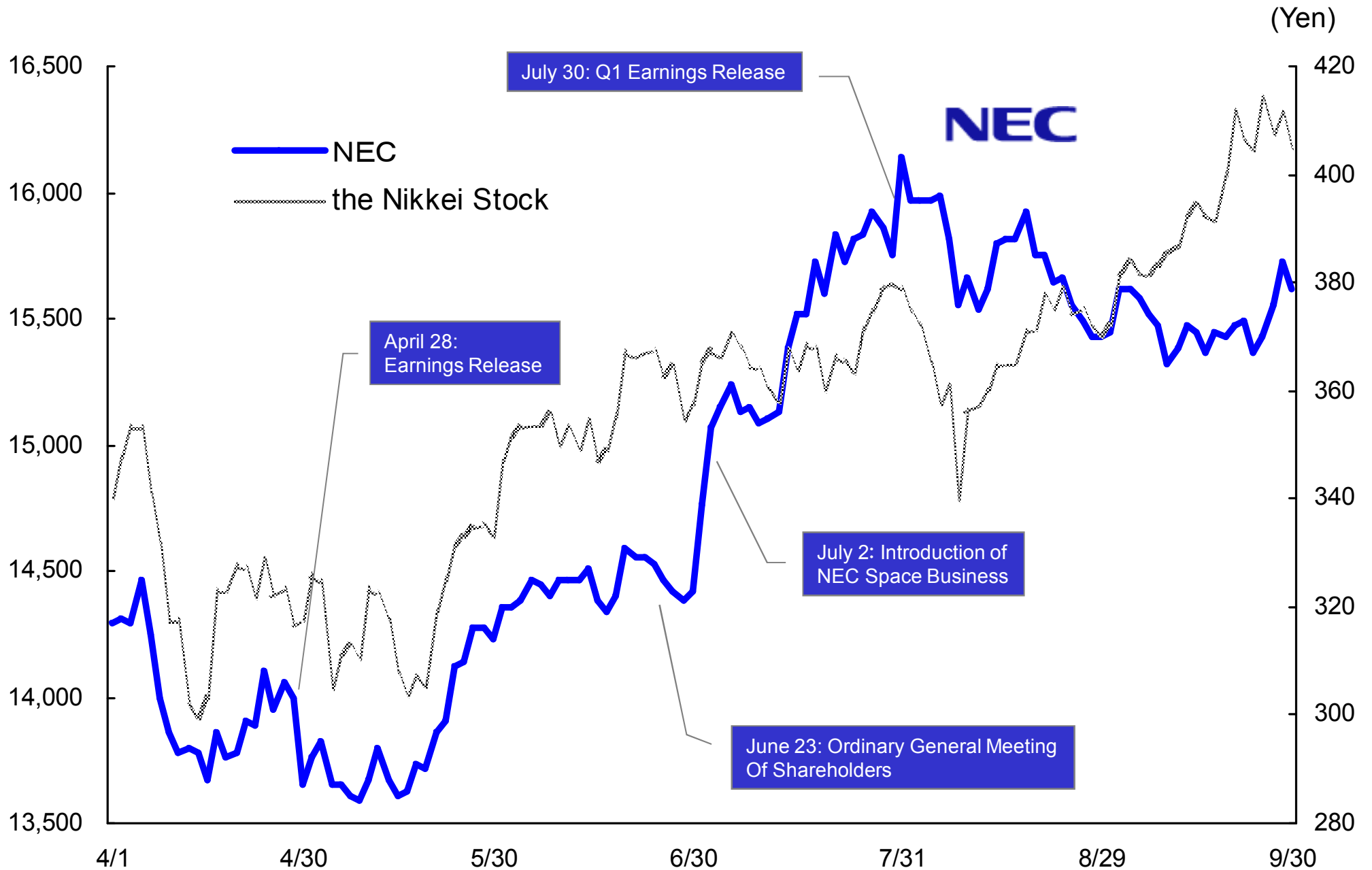
Sales, Operating Income/Loss (Others)



Exchange Rate



Stock Price



CAUTIONARY STATEMENTS:

This material contains forward-looking statements pertaining to strategies, financial targets, technology, products and services, and business performance of NEC Corporation and its consolidated subsidiaries (collectively "NEC"). Written forward-looking statements may appear in other documents that NEC files with stock exchanges or regulatory authorities, such as the Director of the Kanto Finance Bureau, and in reports to shareholders and other communications. NEC is relying on certain safe-harbors for forward-looking statements in making these disclosures. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "targets," "aims," or "anticipates," or the negative of those words, or other comparable words or phrases. You can also identify forward-looking statements by discussions of strategy, beliefs, plans, targets, or intentions. Forward-looking statements necessarily depend on currently available assumptions, data, or methods that may be incorrect or imprecise and NEC may not be able to realize the results expected by them. You should not place undue reliance on forward-looking statements, which reflect NEC's analysis and expectations only. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Among the factors that could cause actual results to differ materially from such statements include (i) global economic conditions and general economic conditions in NEC's markets, (ii) fluctuating demand for, and competitive pricing pressure on, NEC's products and services, (iii) NEC's ability to continue to win acceptance of NEC's products and services in highly competitive markets, (iv) NEC's ability to expand into foreign markets, such as China, (v) regulatory change and uncertainty and potential legal liability relating to NEC's business and operations, (vi) NEC's ability to restructure, or otherwise adjust, its operations to reflect changing market conditions, (vii) movement of currency exchange rates, particularly the rate between the yen and the U.S. dollar, (viii) the impact of unfavorable conditions or developments, including share price declines, in the equity markets which may result in losses from devaluation of listed securities held by NEC, and (iv) impact of any regulatory action or legal proceeding against NEC. Any forward-looking statements speak only as of the date on which they are made. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect NEC. NEC does not undertake any obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events, or otherwise.

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