

Financial Results for Q3 Fiscal Year Ending March 31, 2015

January 29, 2015

NEC Corporation

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

I. Financial Results for Q3, FY15/3

II. Financial Forecasts for FY15/3

- Financial Results for Q3, FY15/3 (Appendix)
- Financial Forecasts for FY15/3 (Appendix)
- Reference (Financial data)

I. Financial Results for Q3, FY15/3

Summary of Financial Results for Q3

9 months cumulative profit improved significantly

- 9 months cumulative sales of existing business increased by approx. 2%

(Billions of Yen)

	Q3 <October to December>			9 months <April to December>		
	FY14/3 Actual	FY15/3 Actual	YoY	FY14/3 Actual	FY15/3 Actual	YoY
Net Sales	700.4	677.2	- 3.3%	2,083.5	2,002.0	- 3.9%
Operating Income	23.4	14.1	- 9.2	23.7	35.6	+ 11.9
% to Net Sales	3.3%	2.1%		1.1%	1.8%	
Ordinary Income	20.0	19.7	- 0.3	5.5	36.4	+ 30.9
% to Net Sales	2.9%	2.9%		0.3%	1.8%	
Net Income/Loss	11.1	10.3	- 0.8	-15.1	22.8	+ 37.8
% to Net Sales	1.6%	1.5%		-0.7%	1.1%	
Free Cash Flow	0.8	-62.4	- 63.1	-94.1	-75.7	+ 18.4

Note: Average exchange rates for Q3 (October to December) of FY15/3: 1\$= ¥110.42, 1€= ¥140.08
 Average exchange rates for 9 months (April to December) of FY15/3: 1\$= ¥104.97, 1€= ¥139.65
 (Assumed exchange rates for 2H of FY15/3 as of October 30, 2014: 1\$= ¥105, 1€= ¥135)
 Average exchange rates for Q3 (October to December) of FY14/3: 1\$= ¥99.04, 1€= ¥133.58
 Average exchange rates for 9 months (April to December) of FY14/3: 1\$= ¥98.42, 1€= ¥130.15

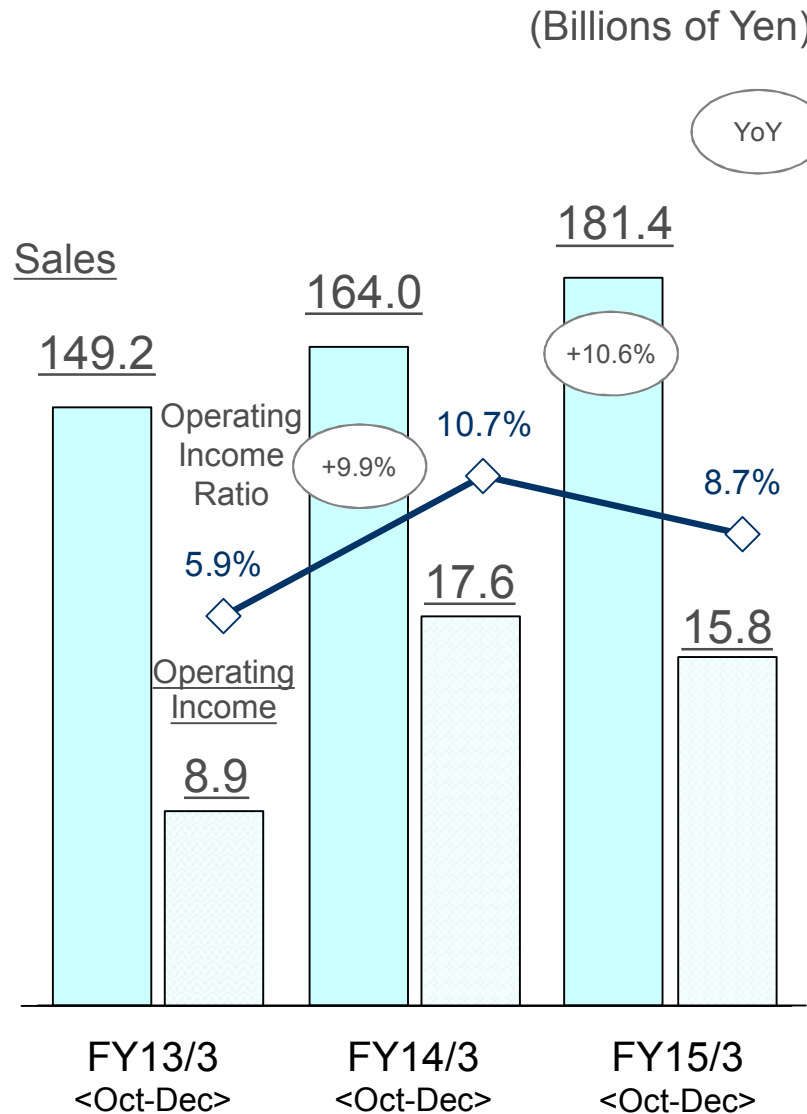
Summary for Q3 Results by Segment

(Billions of Yen)

		Q3 <October to December>			9 months <April to December>		
		FY14/3 Actual	FY15/3 Actual	YoY	FY14/3 Actual	FY15/3 Actual	YoY
Public	Net Sales	164.0	181.4	+ 10.6%	467.3	525.9	+ 12.5%
	Operating Income	17.6	15.8	- 1.8	32.1	37.7	+ 5.6
	% to Net Sales	10.7%	8.7%		6.9%	7.2%	
Enterprise	Net Sales	60.7	61.2	+ 0.8%	190.8	187.9	- 1.5%
	Operating Income/Loss	-0.2	0.5	+ 0.7	0.5	2.8	+ 2.3
	% to Net Sales	-0.3%	0.9%		0.3%	1.5%	
Telecom Carrier	Net Sales	172.7	170.8	- 1.1%	506.7	503.3	- 0.7%
	Operating Income	12.4	8.8	- 3.6	31.8	25.4	- 6.4
	% to Net Sales	7.2%	5.1%		6.3%	5.0%	
System Platform	Net Sales	185.7	170.5	- 8.2%	536.4	515.9	- 3.8%
	Operating Income	8.0	4.4	- 3.6	9.8	13.1	+ 3.3
	% to Net Sales	4.3%	2.6%		1.8%	2.5%	
Others	Net Sales	117.3	93.3	- 20.5%	382.2	269.1	- 29.6%
	Operating Income/Loss	0.8	-3.1	- 4.0	-11.0	-5.9	+ 5.1
	% to Net Sales	0.7%	-3.4%		-2.9%	-2.2%	
Adjustment	Operating Loss	-15.2	-12.3	+ 3.0	-39.5	-37.5	+ 2.0
Total	Net Sales	700.4	677.2	- 3.3%	2,083.5	2,002.0	- 3.9%
	Operating Income	23.4	14.1	- 9.2	23.7	35.6	+ 11.9
	% to Net Sales	3.3%	2.1%		1.1%	1.8%	

Public Business

Billions of Yen (YoY)



Sales 181.4 (+10.6%)

△ Increased due to steady sales from the public area

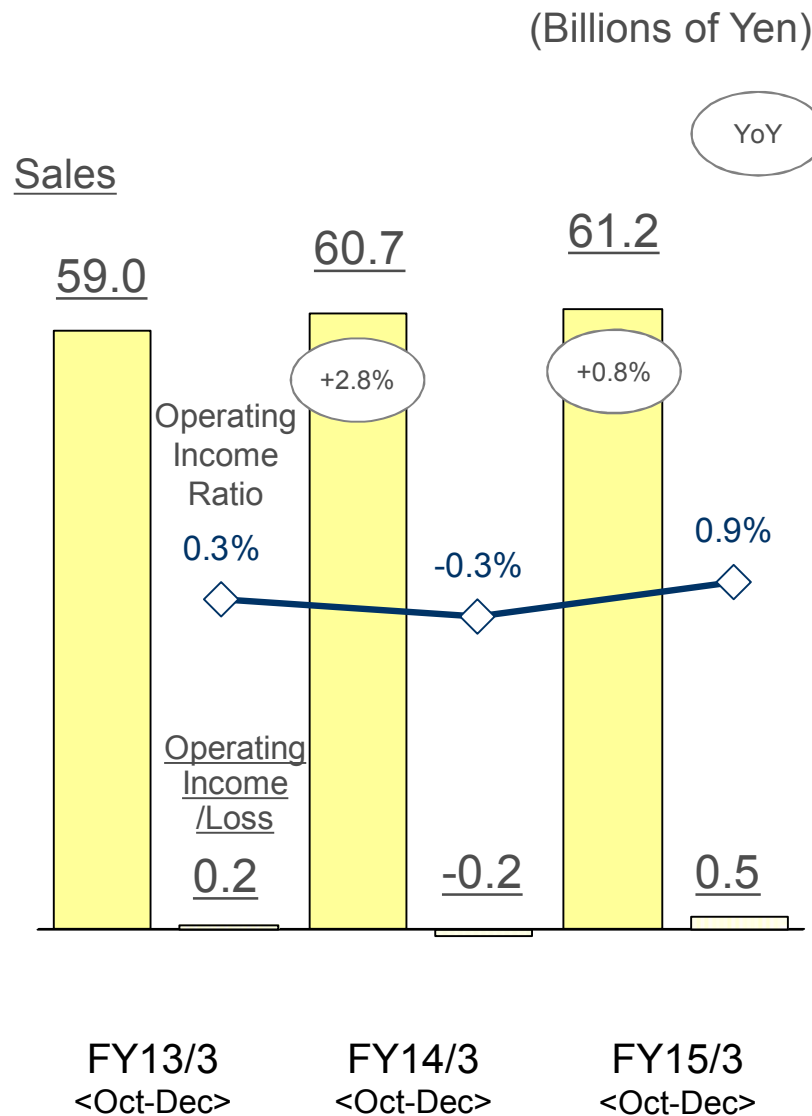
Operating Income 15.8 (-1.8)

▽ Decreased compared to the last fiscal year when there were high profit projects



Enterprise Business

Billions of Yen (YoY)



Sales 61.2 (+0.8%)

△ Increased for the retail and services industries

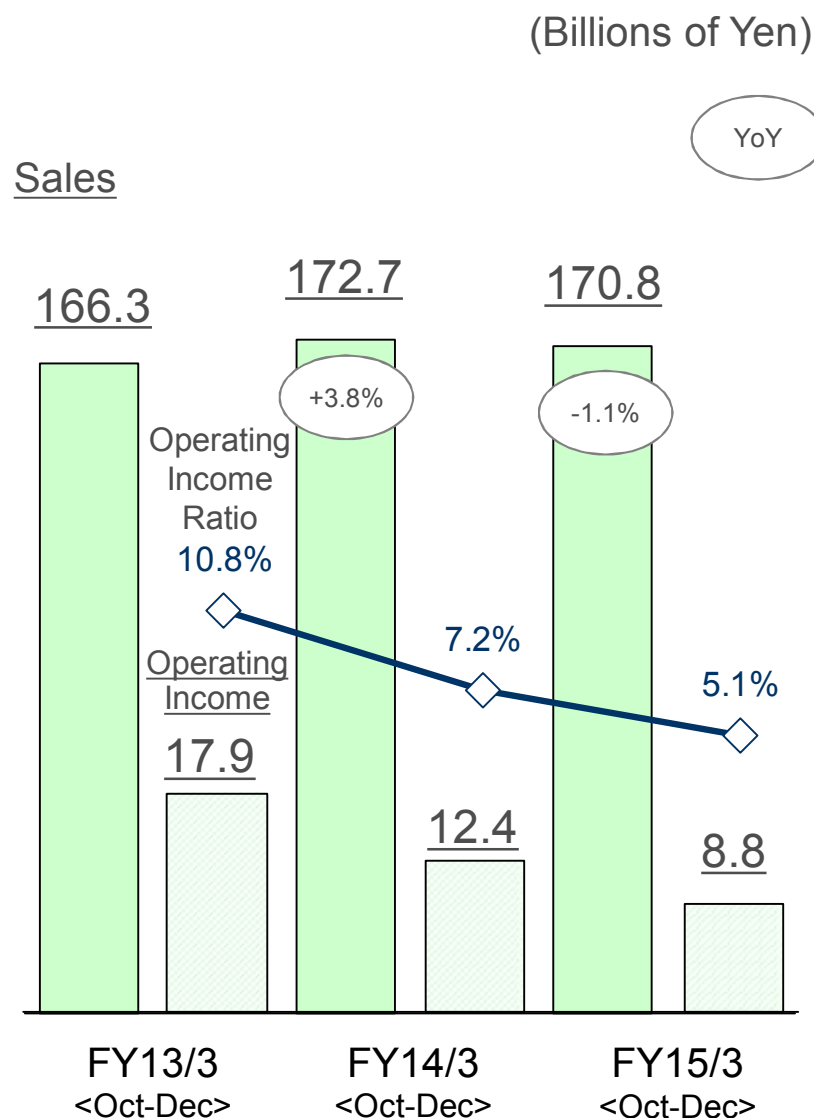
Operating Income 0.5 (+0.7)

△ Improved from sales increase and higher cost efficiency



Telecom Carrier Business

Billions of Yen (YoY)



Sales 170.8 (-1.1%)

- ▽ Almost flat in Japan and international sales
- △ Remained solid for TOMS and submarine cable systems

Operating Income 8.8 (-3.6)

- ▽ Decreased from an increase in SDN related investments, etc.

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

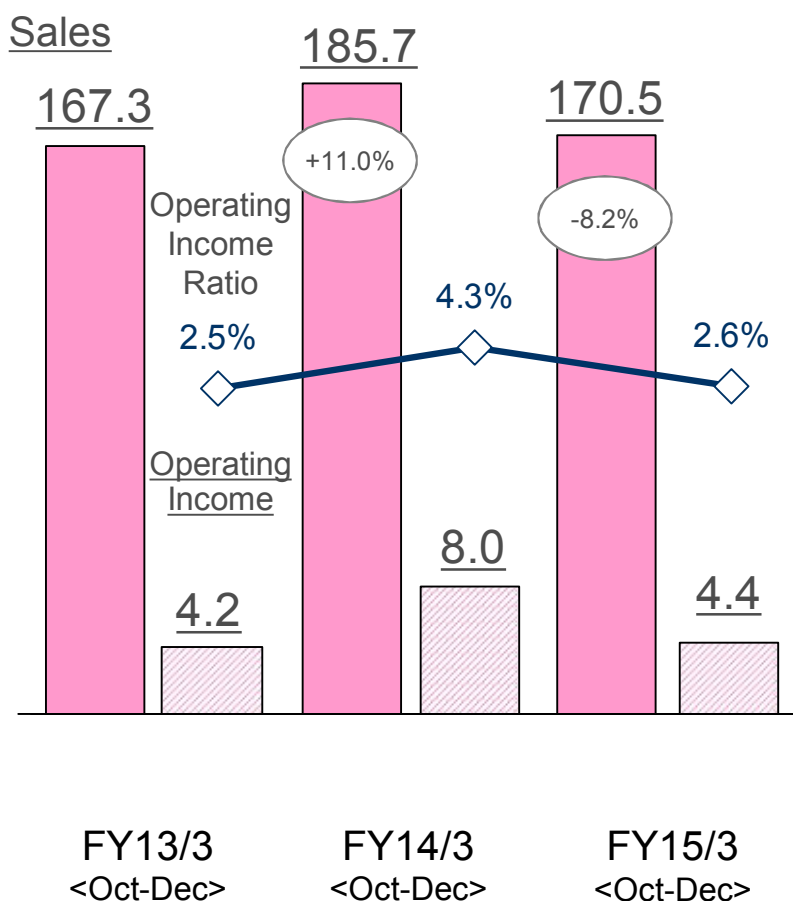


System Platform Business

Billions of Yen (YoY)

(Billions of Yen)

YoY



Sales 170.5 (-8.2%)

▽ Decreased in business PCs and other hardware

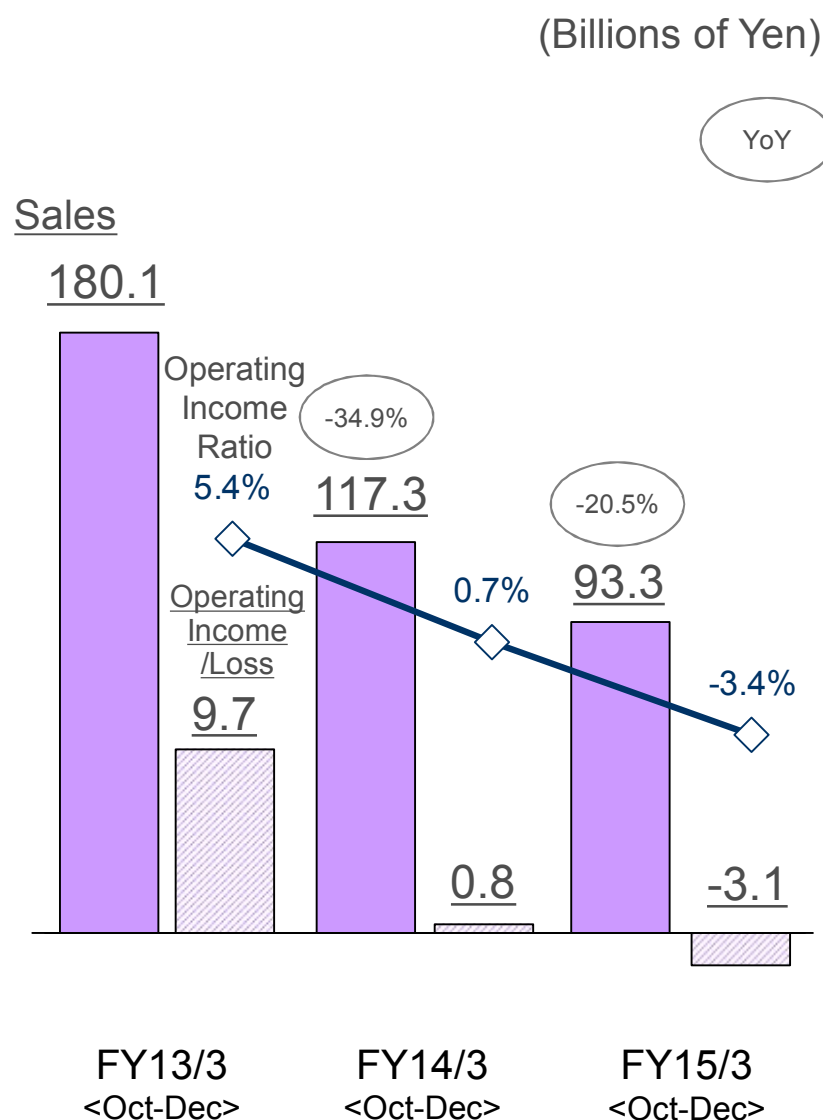
Operating Income 4.4 (-3.6)

▽ Decreased from sales decline and yen depreciation



Others

Billions of Yen (YoY)



Sales 93.3 (-20.5%)

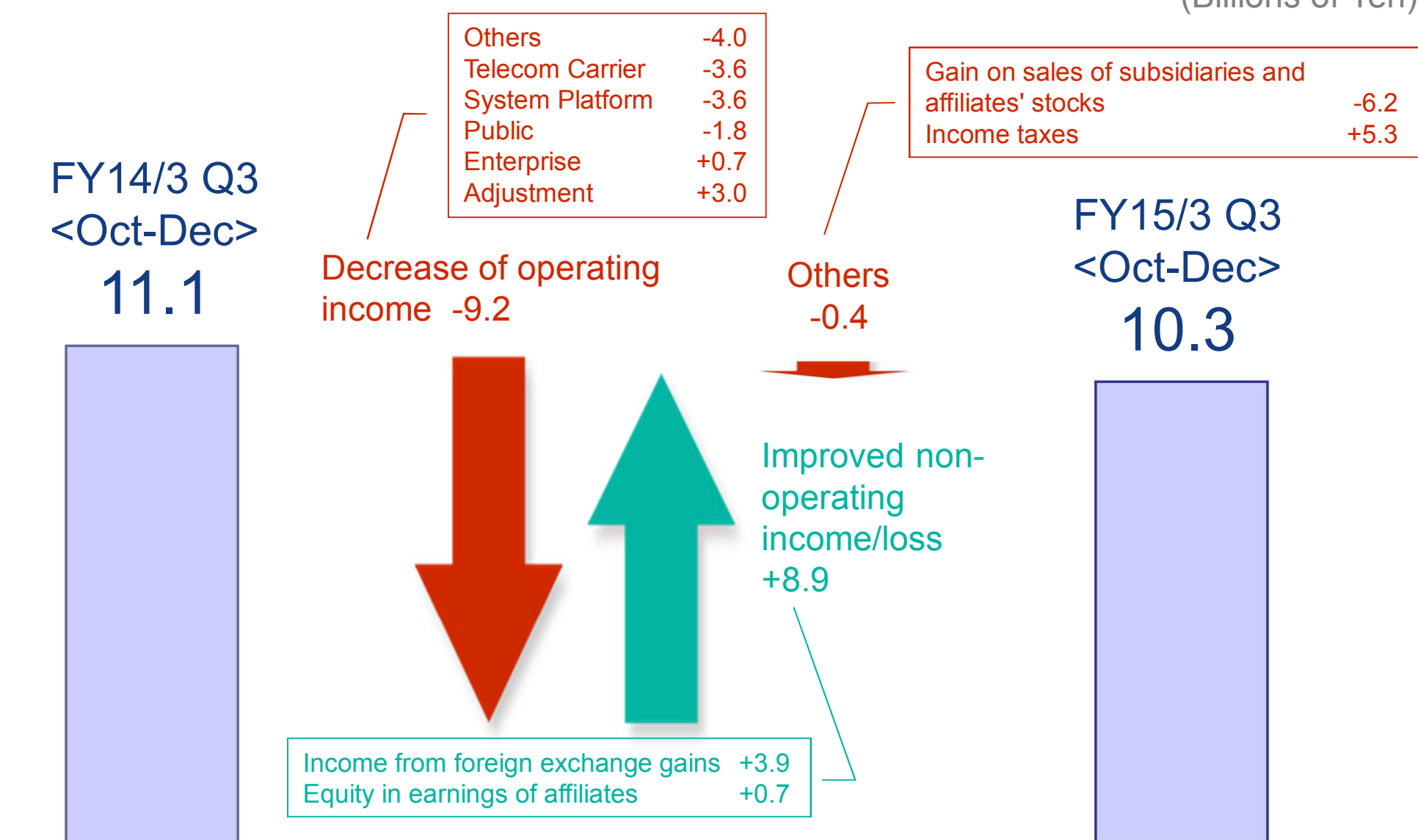
▽ Decreased due to deconsolidation of NEC BIGLOBE, Ltd., etc.

Operating Loss -3.1 (-4.0)

▽ Decreased due to deconsolidation of business, etc.

Net Income Change (October to December / Year on Year)

(Billions of Yen)



Notable Actions and Outcomes-1/2

SDN

- Applied SDN to develop the network for the new town building of Nishihara Town in Okinawa Prefecture, Japan
- Began commercial deployment of vMVNO solutions for a MVNO in Japan
- Cooperating with KT Corp., a major telecommunication service provider in South Korea

BIG DATA

- Cooperating with Texas State University in a social infrastructure project including water management



Safety

- Delivered face recognition solutions to Lemon Tree Hotels in India
- Delivered ID verification system to Tapirs Corp. using face recognition technologies

vMVNO: Virtualized MVNO
MVNO : Mobile Virtual Network Operator

Notable Actions and Outcomes- 2/2

Expanding Global Business

- Won a contract as a system supplier for the world's first South Atlantic Cable System
- Signed MOU with the Singapore Economic Development Board to collaborate on cyber security, smart energy, health care and IoT
- Won TOMS contract from Optus, an integrated telecommunications service provider in Australia
- Won an end-user computing contract from the Northern Territory Government of Australia
- Set up ICT rooms at schools and community centers in Colombia



IoT : Internet of Things

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% with existing core businesses)

(Billions of Yen)

	Q4 <January to March>			Full Year			Difference from October 30
	FY14/3 Actual	FY15/3 Forecasts	YoY	FY14/3 Actual	FY15/3 Forecasts	YoY	
Net Sales	959.6	998.0	+ 4.0%	3,043.1	3,000.0	- 1.4%	0.0
Operating Income	82.5	84.4	+ 1.9	106.2	120.0	+ 13.8	0.0
% to Net Sales	8.6%	8.5%		3.5%	4.0%		
Ordinary Income	63.7	53.6	- 10.0	69.2	90.0	+ 20.8	0.0
% to Net Sales	6.6%	5.4%		2.3%	3.0%		
Net Income	48.8	12.2	- 36.6	33.7	35.0	+ 1.3	0.0
% to Net Sales	5.1%	1.2%		1.1%	1.2%		

Note: Assumed exchange rates for Q4, FY15/3 1\$=¥115, 1€=¥140

* Forecasts as of January 29, 2015

Financial Forecasts for FY15/3 by Segment

(Billions of Yen)

		Q4 <January to March>			Full Year			Difference from October 30
		FY14/3 Actual	FY15/3 Forecasts	YoY	FY14/3 Actual	FY15/3 Forecasts	YoY	
Public	Net Sales	271.0	274.1	+ 1.1%	738.4	800.0	+ 8.3%	0.0
	Operating Income	26.5	35.3	+ 8.8	58.6	73.0	+ 14.4	0.0
	% to Net Sales	9.8%	12.9%		7.9%	9.1%		
Enterprise	Net Sales	81.5	87.1	+ 6.9%	272.3	275.0	+ 1.0%	0.0
	Operating Income	6.0	6.2	+ 0.2	6.5	9.0	+ 2.5	0.0
	% to Net Sales	7.4%	7.1%		2.4%	3.3%		
Telecom Carrier	Net Sales	219.0	266.7	+ 21.8%	725.8	770.0	+ 6.1%	0.0
	Operating Income	28.5	40.6	+ 12.1	60.3	66.0	+ 5.7	0.0
	% to Net Sales	13.0%	15.2%		8.3%	8.6%		
System Platform	Net Sales	244.3	259.1	+ 6.1%	780.8	775.0	- 0.7%	0.0
	Operating Income	20.9	21.9	+ 1.0	30.7	35.0	+ 4.3	0.0
	% to Net Sales	8.6%	8.5%		3.9%	4.5%		
Others	Net Sales	143.7	110.9	- 22.8%	525.9	380.0	- 27.7%	0.0
	Operating Income/Loss	9.6	6.9	- 2.7	-1.4	1.0	+ 2.4	0.0
	% to Net Sales	6.7%	6.2%		-0.3%	0.3%		
Adjustment	Operating Loss	-9.1	-26.5	- 17.5	-48.6	-64.0	- 15.4	0.0
Total	Net Sales	959.6	998.0	+ 4.0%	3,043.1	3,000.0	- 1.4%	0.0
	Operating Income	82.5	84.4	+ 1.9	106.2	120.0	+ 13.8	0.0
	% to Net Sales	8.6%	8.5%		3.5%	4.0%		

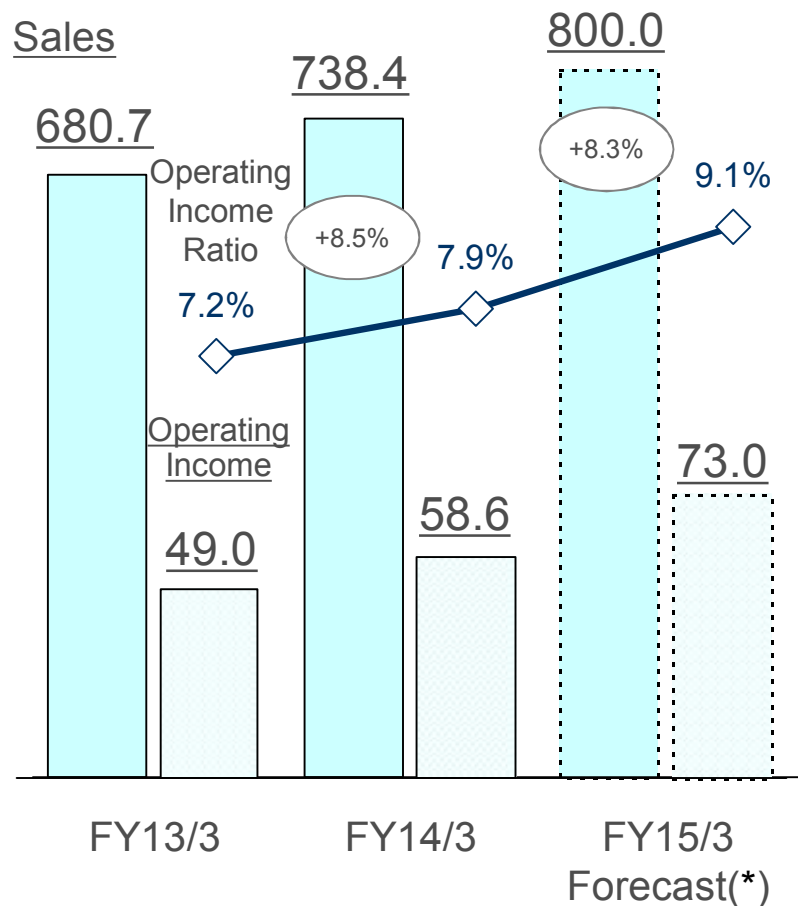
* Forecasts as of January 29, 2015

Public Business

Billions of Yen (YoY)

(Billions of Yen)

YoY



Sales 800.0 (+8.3%)

△ Increase due to steady sales mainly from government and public areas

Operating Income 73.0 (+14.4)

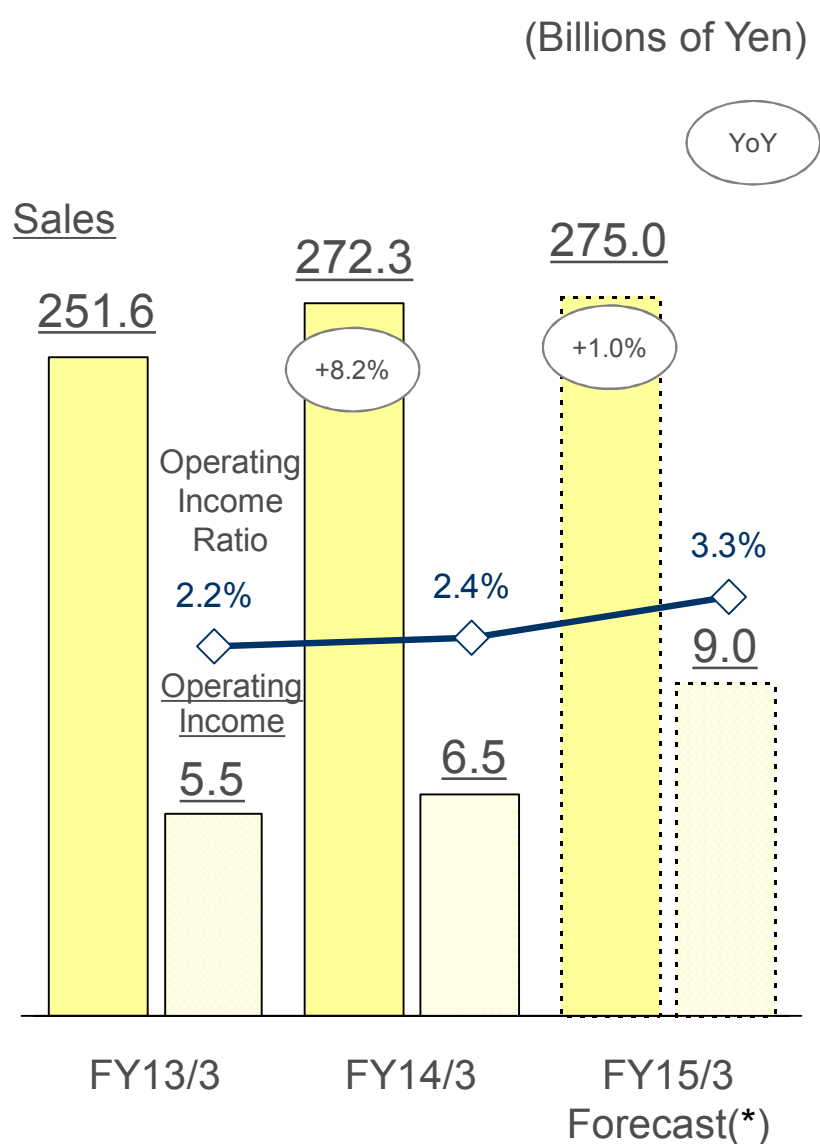
△ Improve due to sales increase, cost reductions and fewer loss-making projects



* Forecasts as of January 29, 2015

Enterprise Business

Billions of Yen (YoY)



Sales 275.0 (+1.0%)

△ Increase due to steady sales from the retail and services industries

Operating Income 9.0 (+2.5)

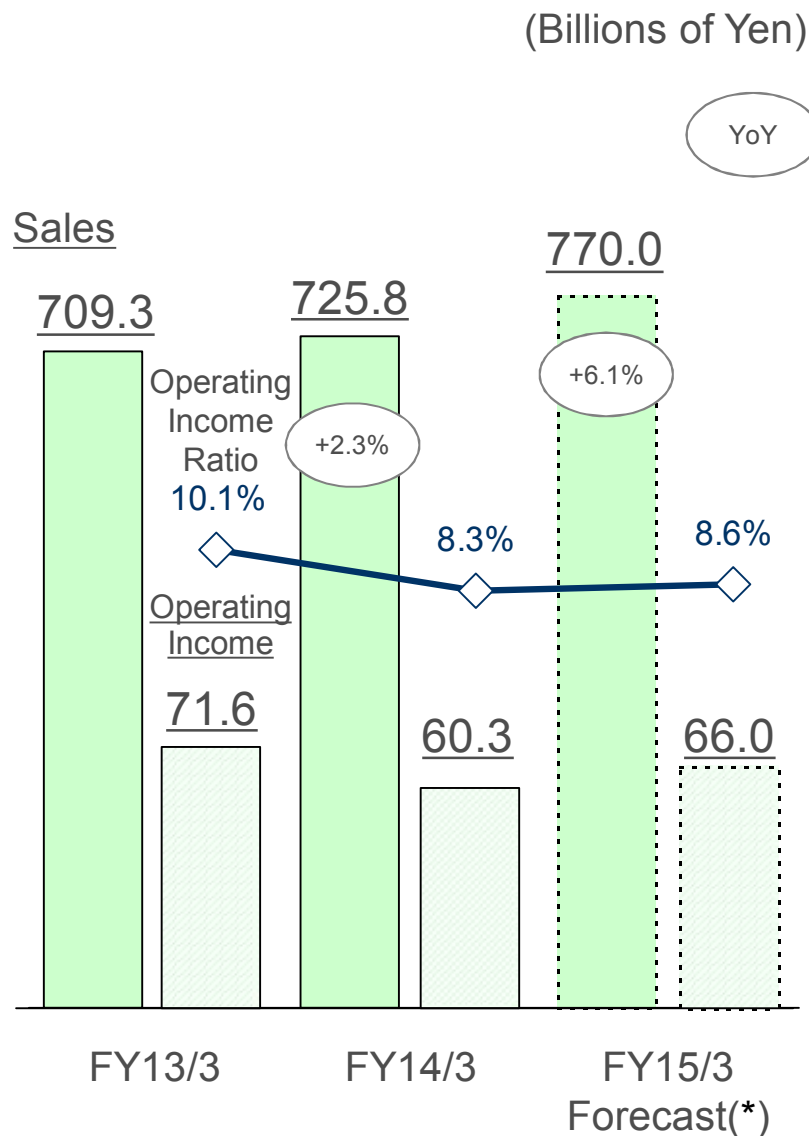
△ Improve due to sales increase and higher cost efficiency



* Forecasts as of January 29, 2015

Telecom Carrier Business

Billions of Yen (YoY)



Sales 770.0 (+6.1%)

- △ Japan: Remain flat
- △ International: Increase in TOMS, mobile backhaul and submarine cable systems

Operating Income 66.0 (+5.7)

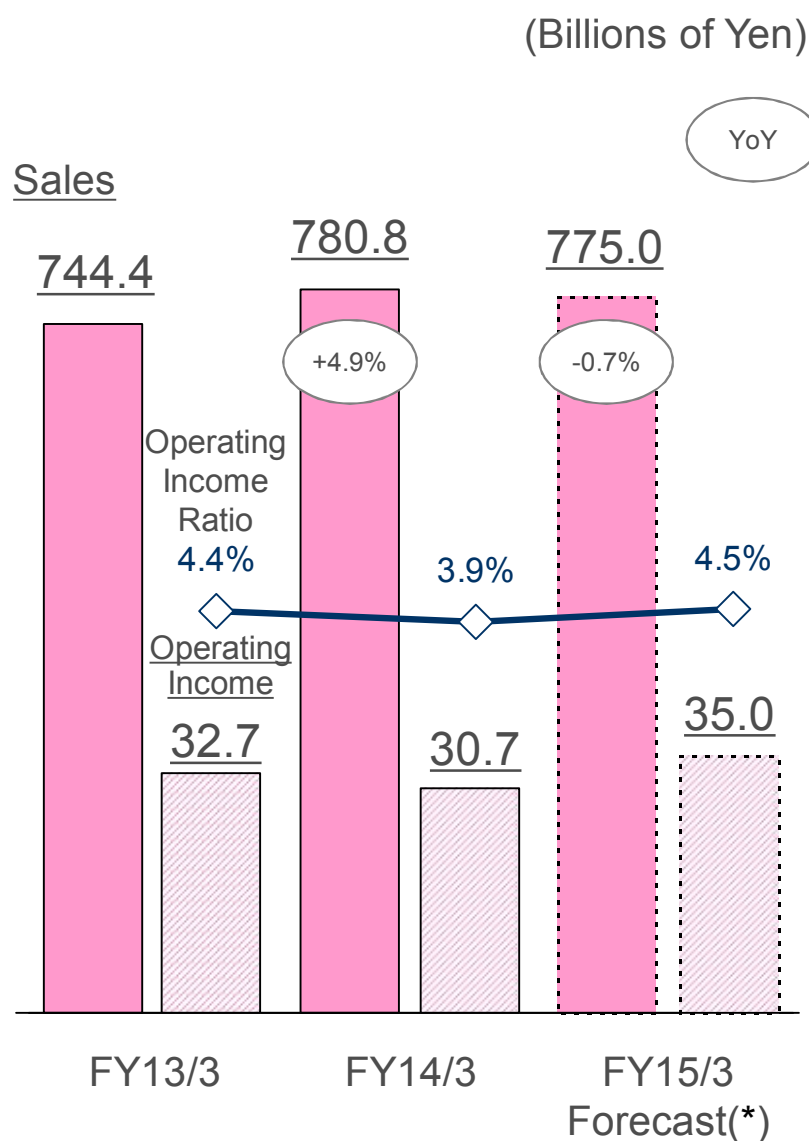
- △ Improve due to sales increase from international businesses



* Forecasts as of January 29, 2015

System Platform Business

Billions of Yen (YoY)



Sales 775.0 (-0.7%)

▽ Decrease due to decline in business PCs while servers and software increase

Operating Income 35.0 (+4.3)

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



* Forecasts as of January 29, 2015

Others

Billions of Yen (YoY)

(Billions of Yen)

YoY

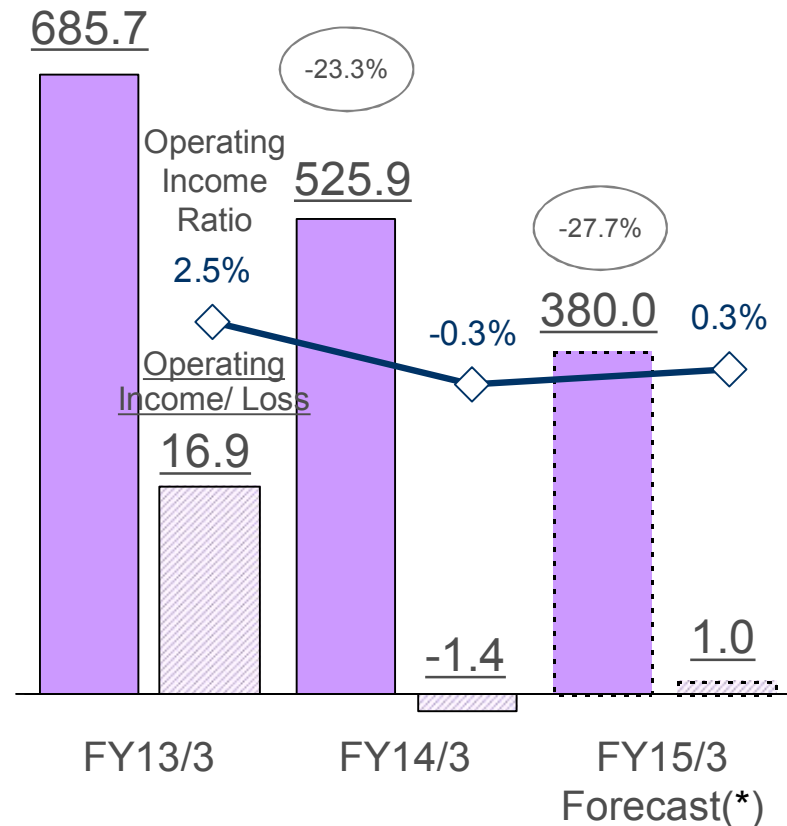
Sales 380.0 (-27.7%)

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

Operating Income 1.0 (+2.4)

△ Increase due to improvement in mobile phones and energy business, despite impact from deconsolidation of some businesses

Sales

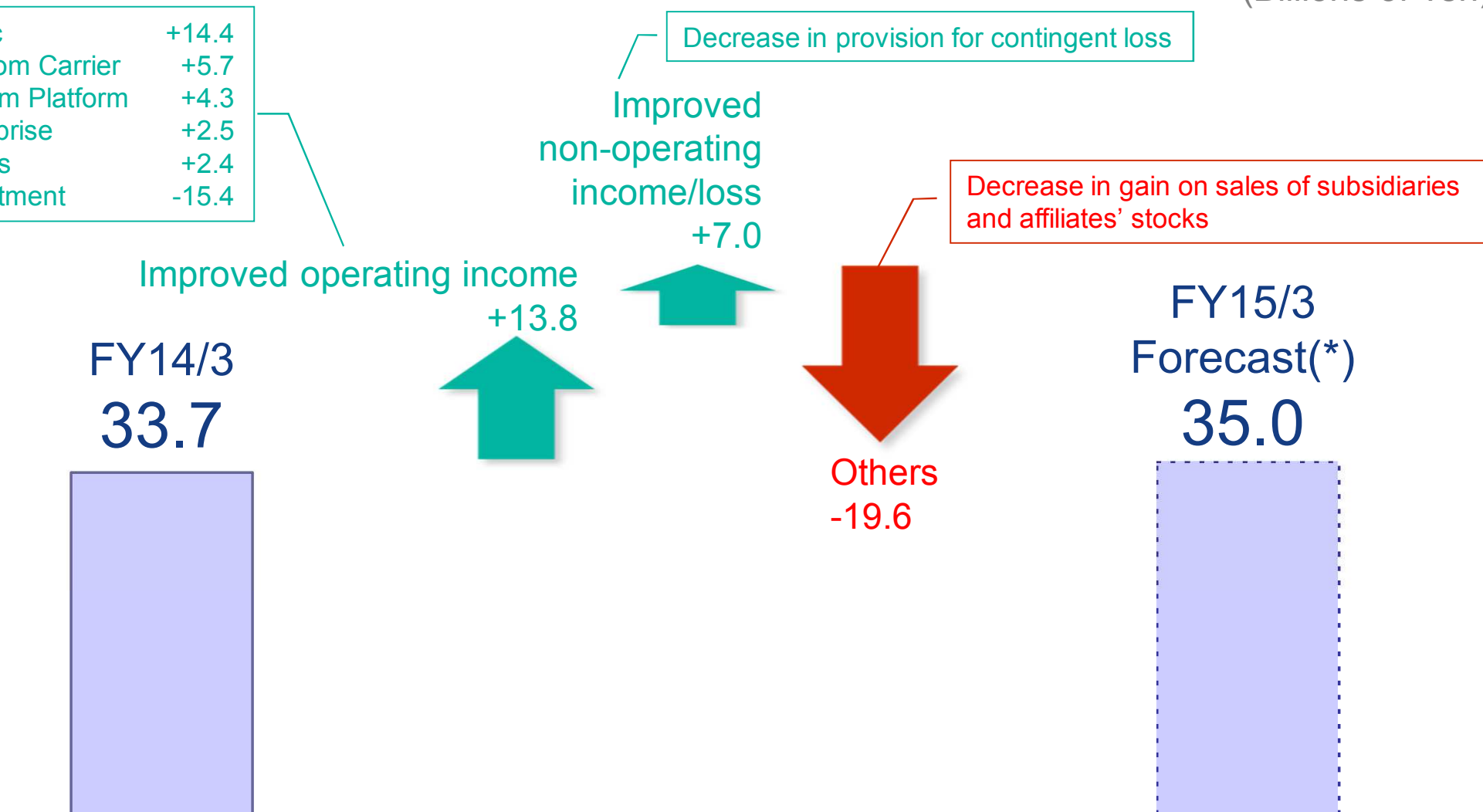


* Forecasts as of January 29, 2015

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



* Forecasts as of January 29, 2015



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

We will work to close FY2015/3 successfully and achieve the Mid-term Management Plan 2015

* Forecasts as of January 29, 2015

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.



Empowered by Innovation

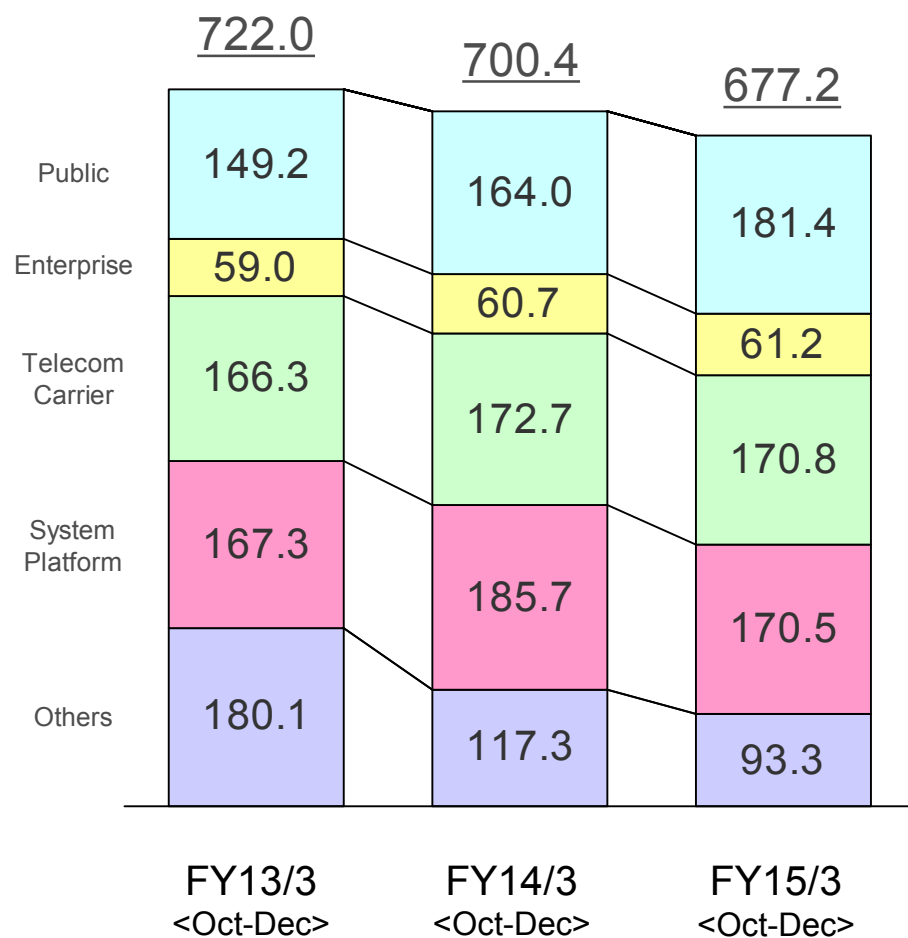
NEC

Financial Results for Q3, FY15/3 (Appendix)

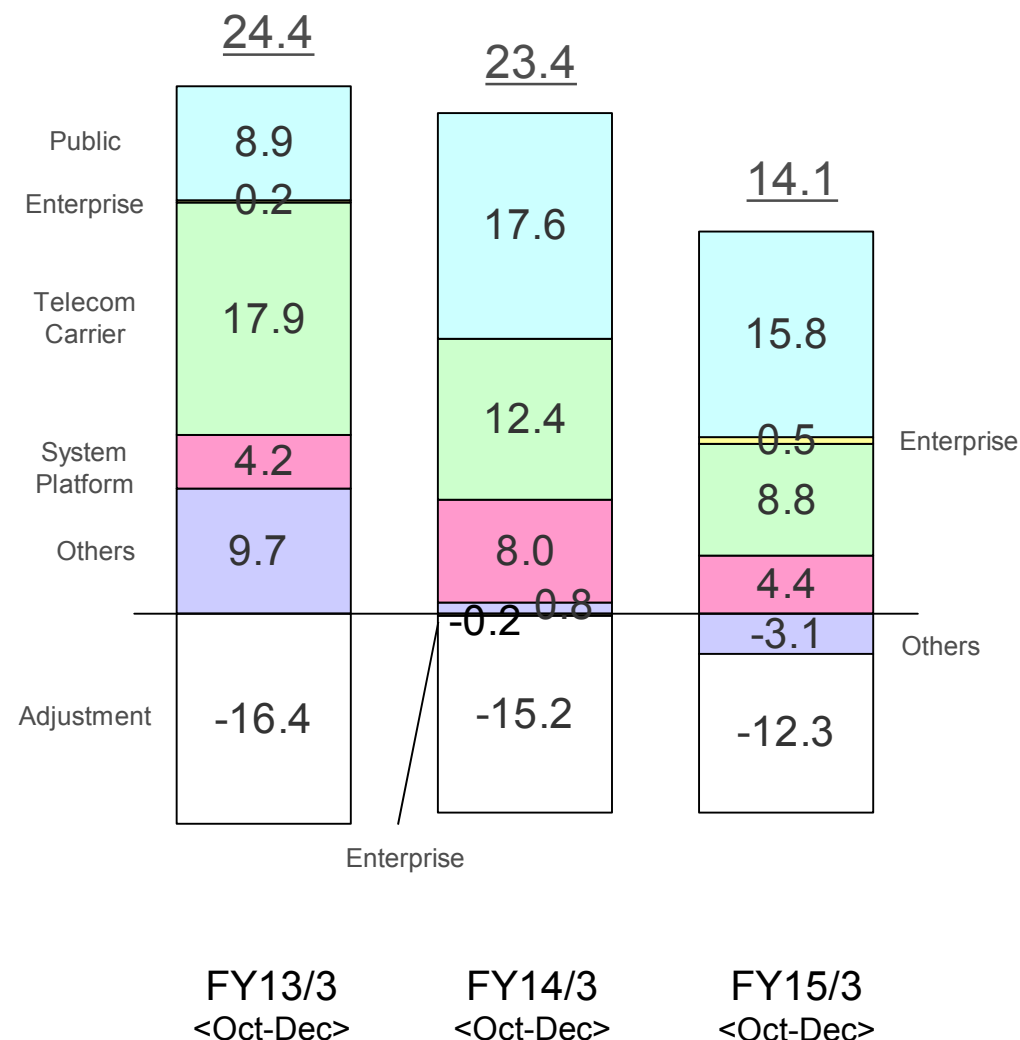
Results for Q3 by Segment (three-year transition)

(Billions of Yen)

Net Sales



Operating Income/Loss

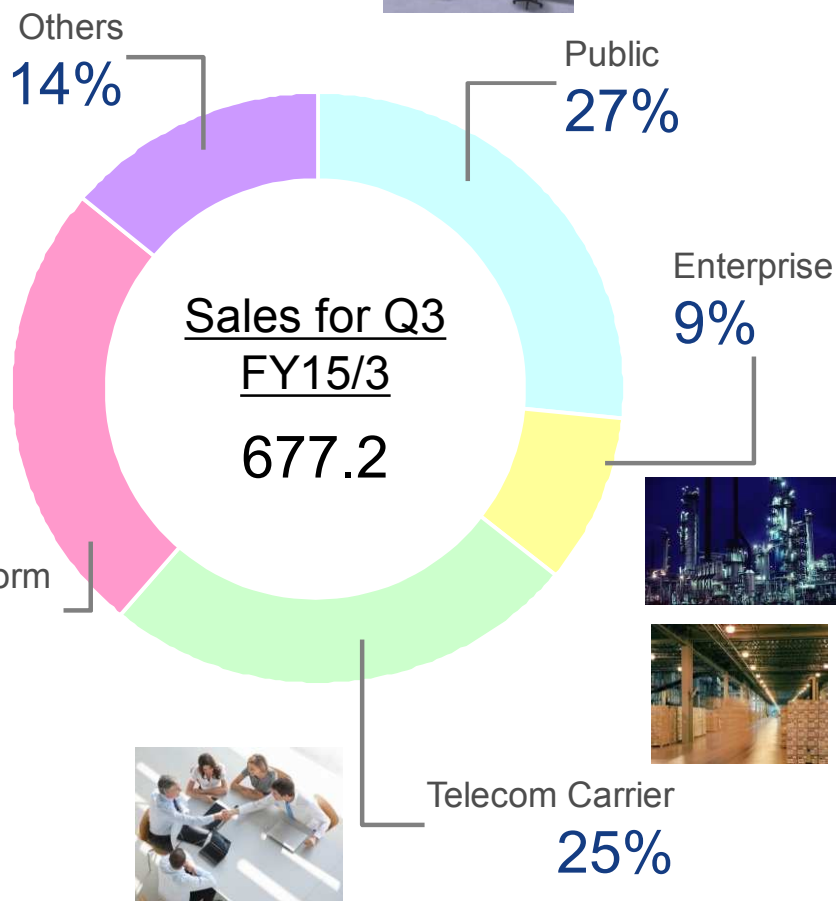


Financial Results for Q3 by Segment

(Billions of Yen)

Net Sales

Operating Income/Loss



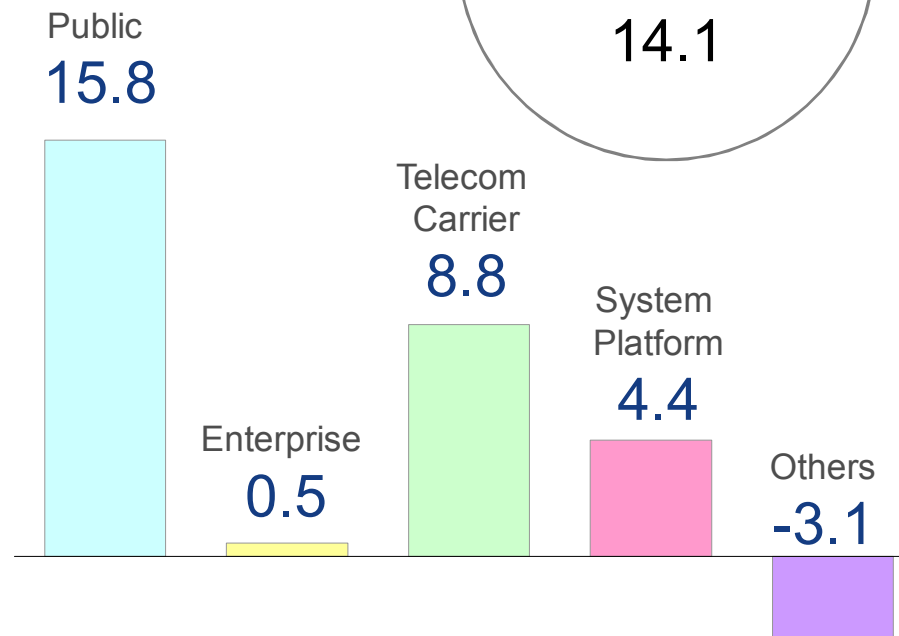
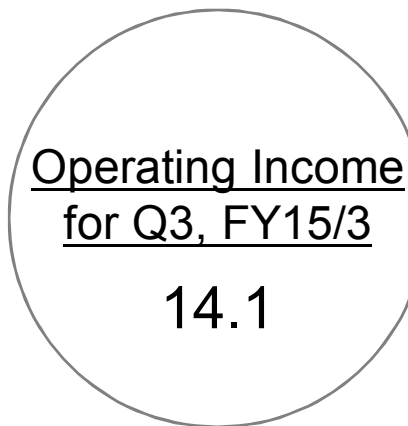
System Platform
25%



Telecom Carrier
25%

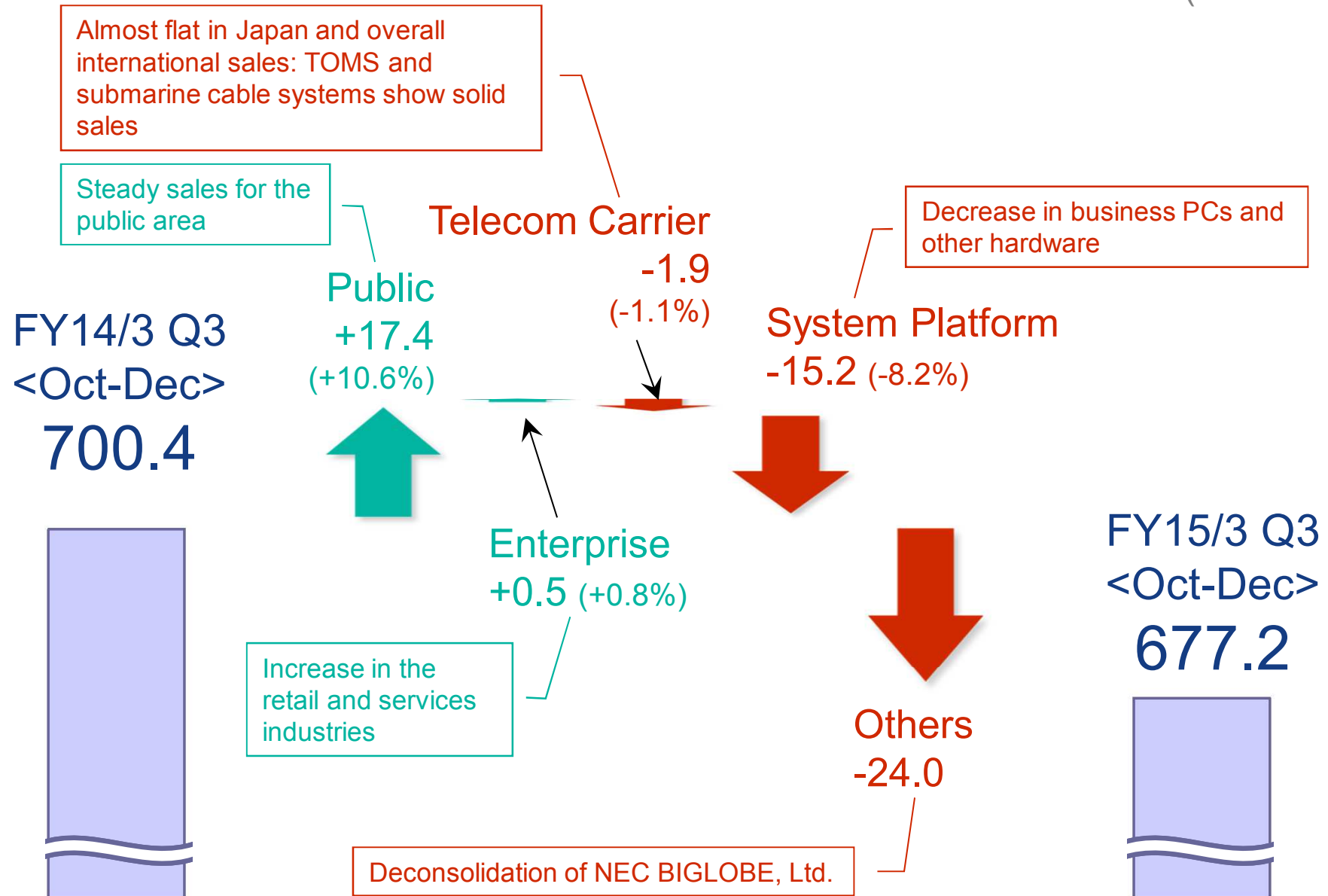


Enterprise
9%



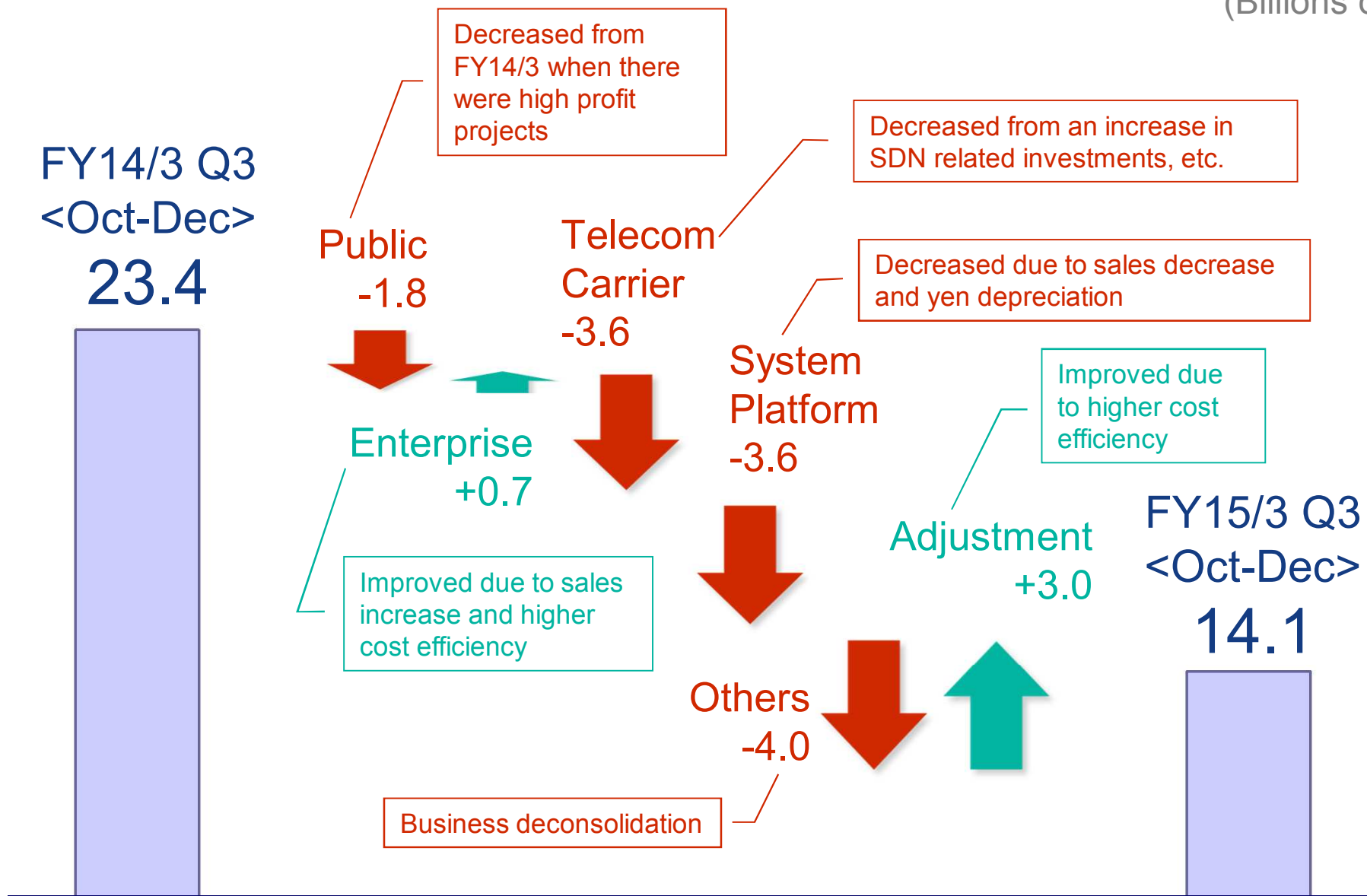
Sales Change (Year on Year)

(Billions of Yen)



Operating Income Change (Year on Year)

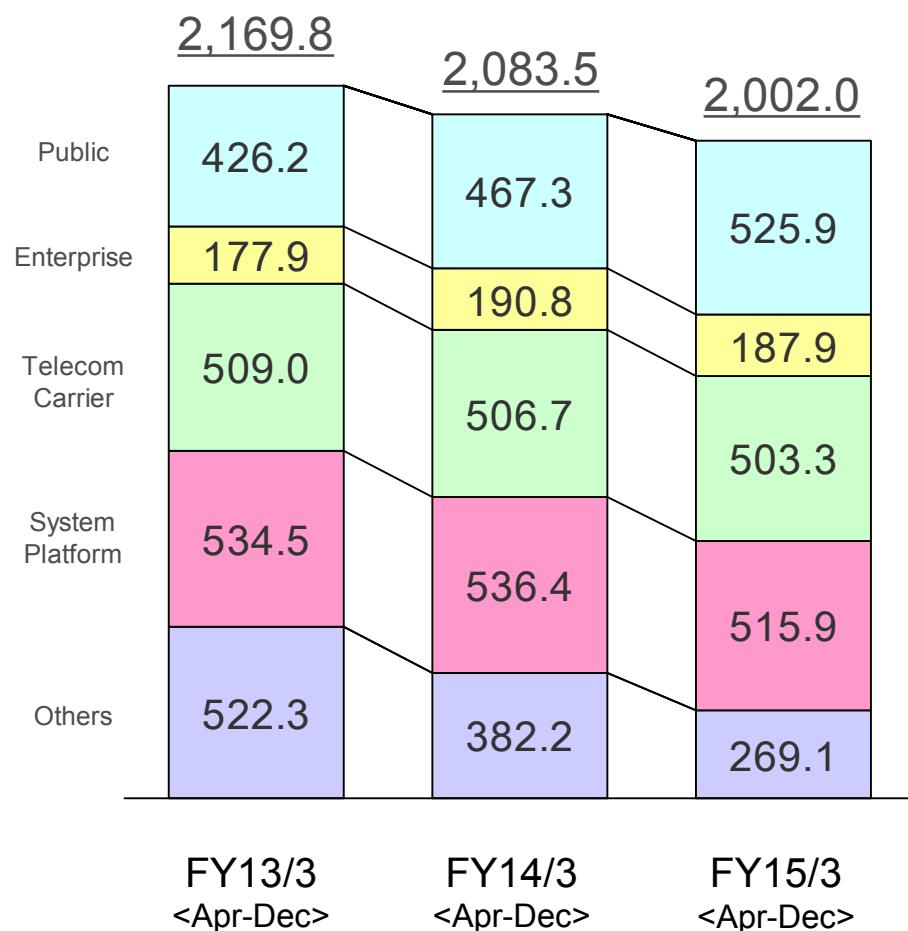
(Billions of Yen)



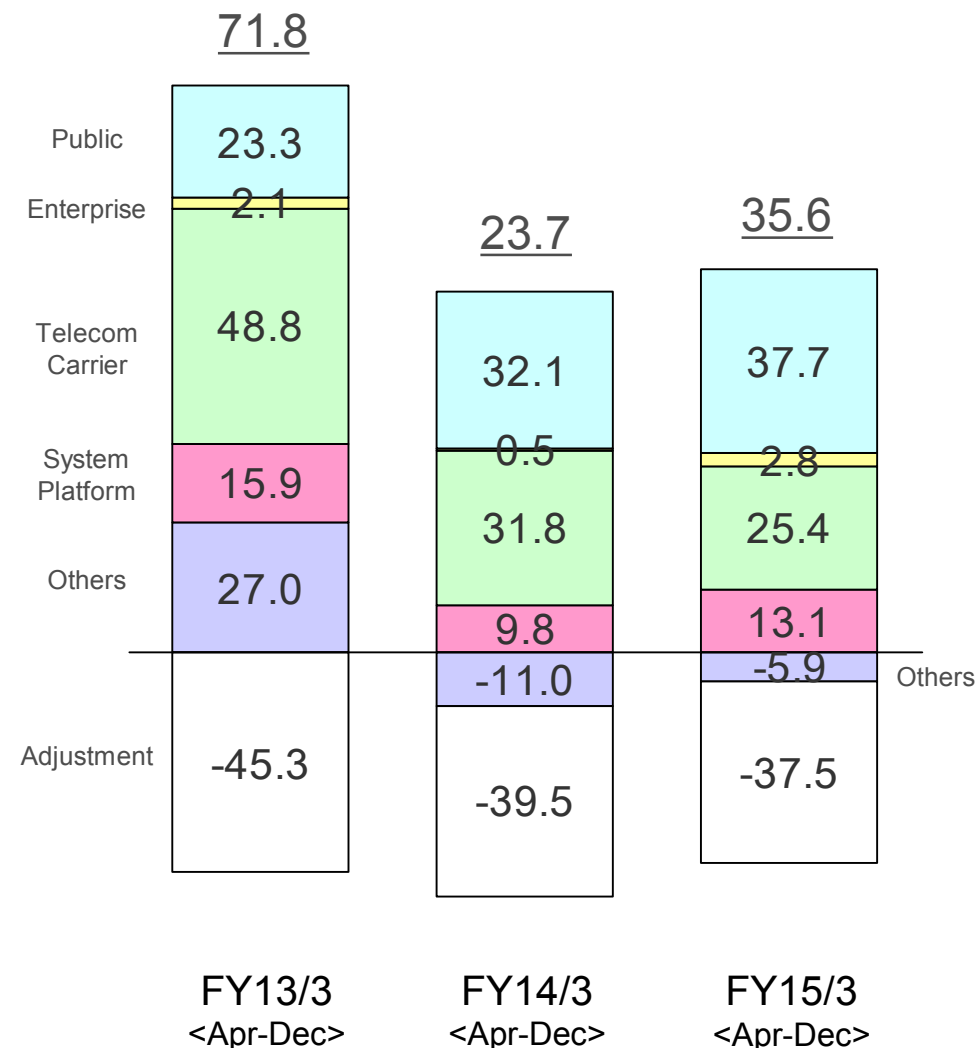
Results for 9 Months by Segment (three-year transition)

(Billions of Yen)

Net Sales



Operating Income/Loss

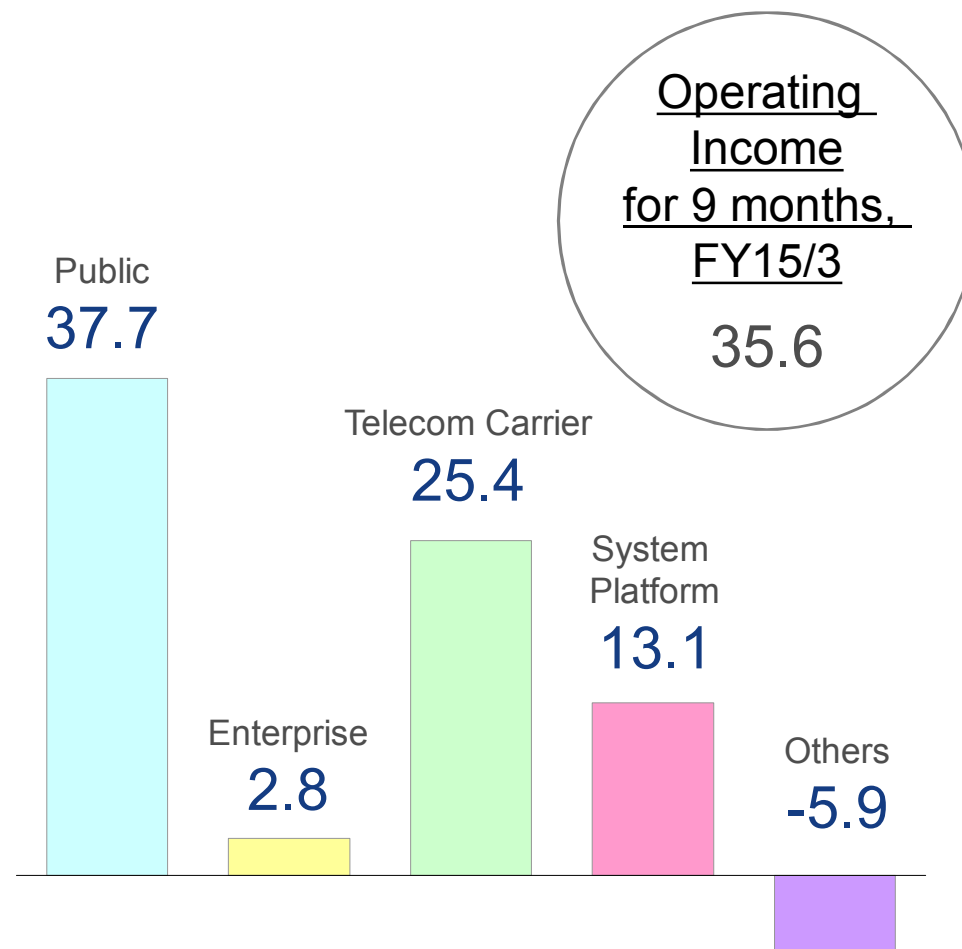
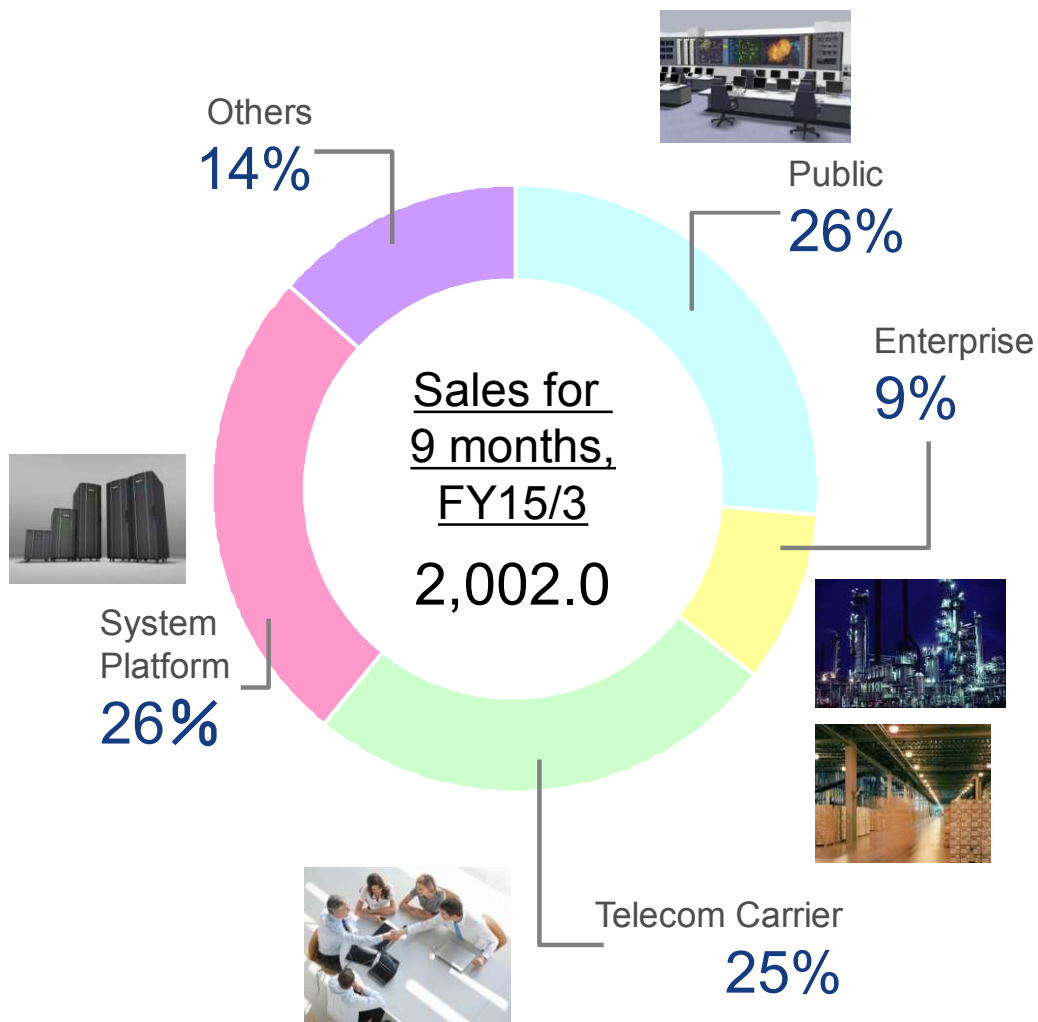


Financial Results for 9 Months by Segment

(Billions of Yen)

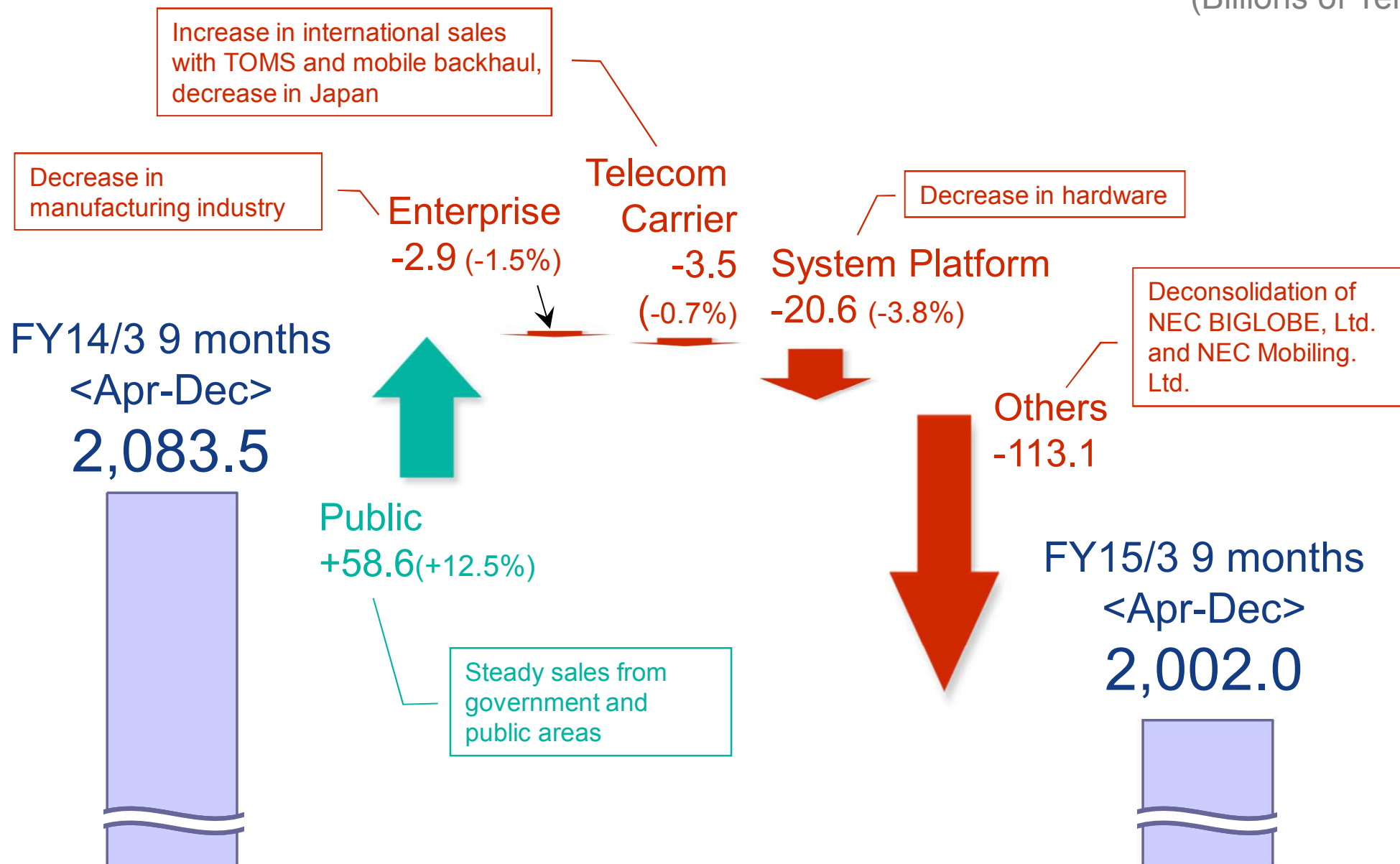
Net Sales

Operating Income/Loss



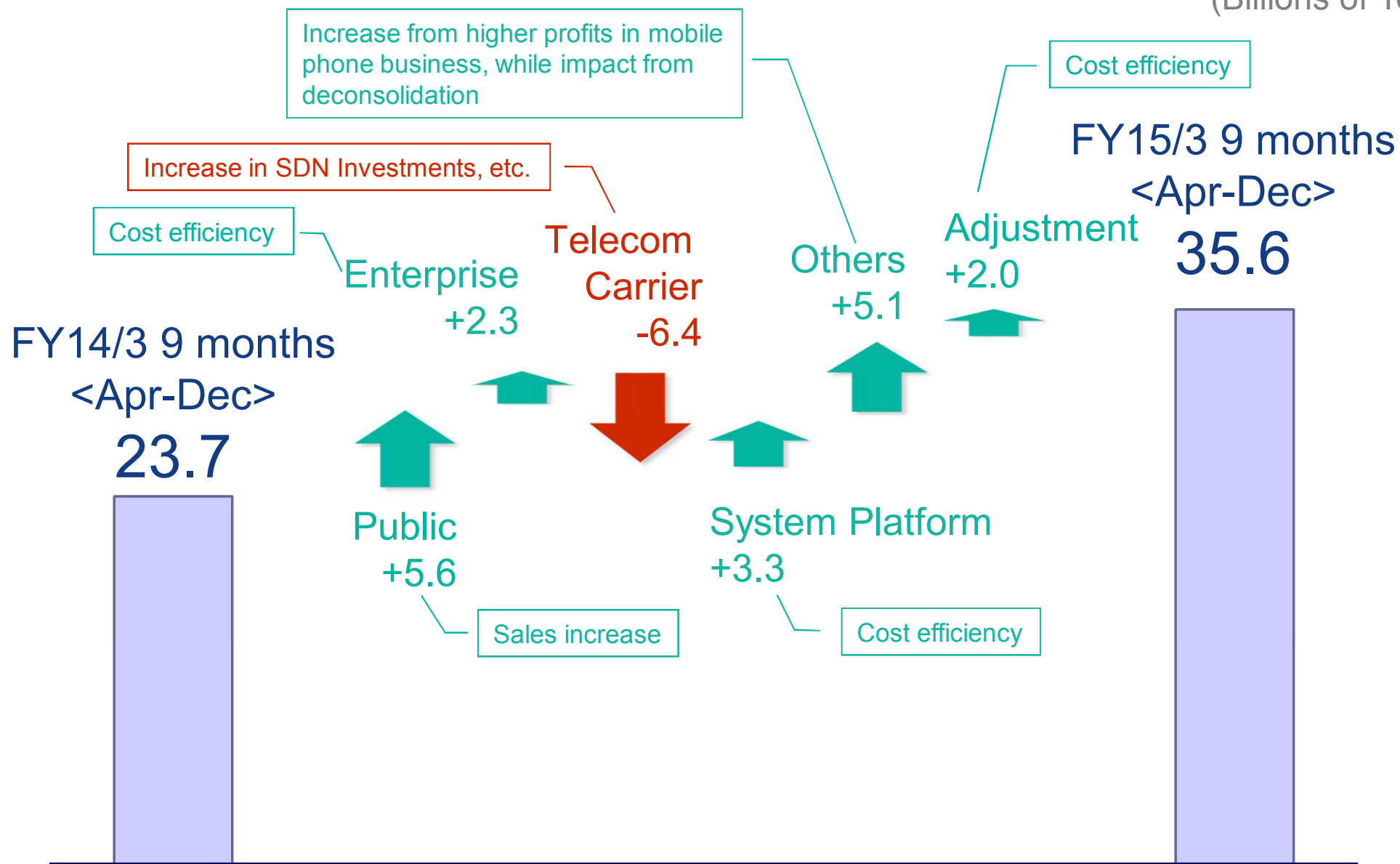
Sales Change (April to December / Year on Year)

(Billions of Yen)



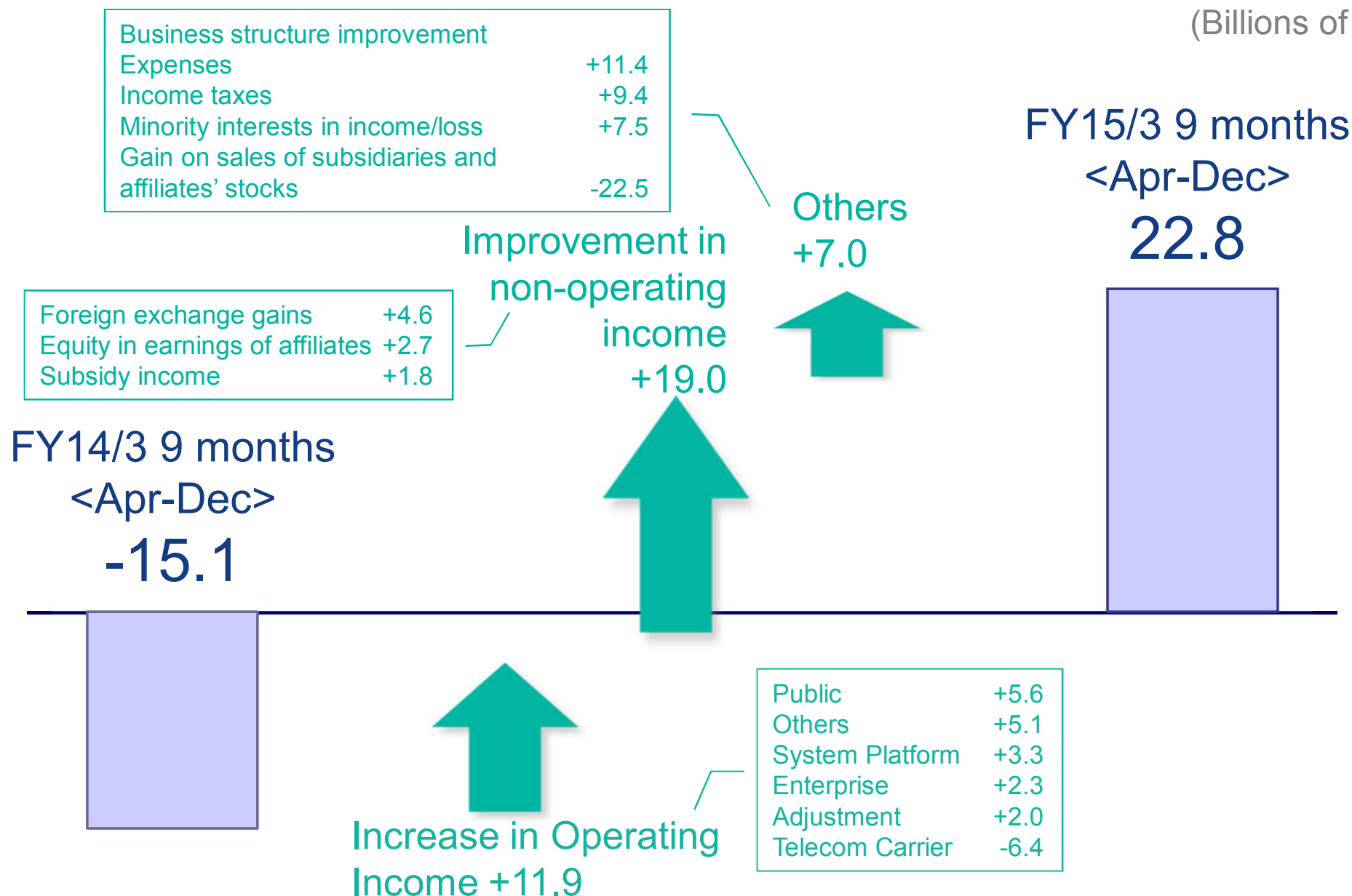
Operating Income Change (April to December / Year on Year)

(Billions of Yen)



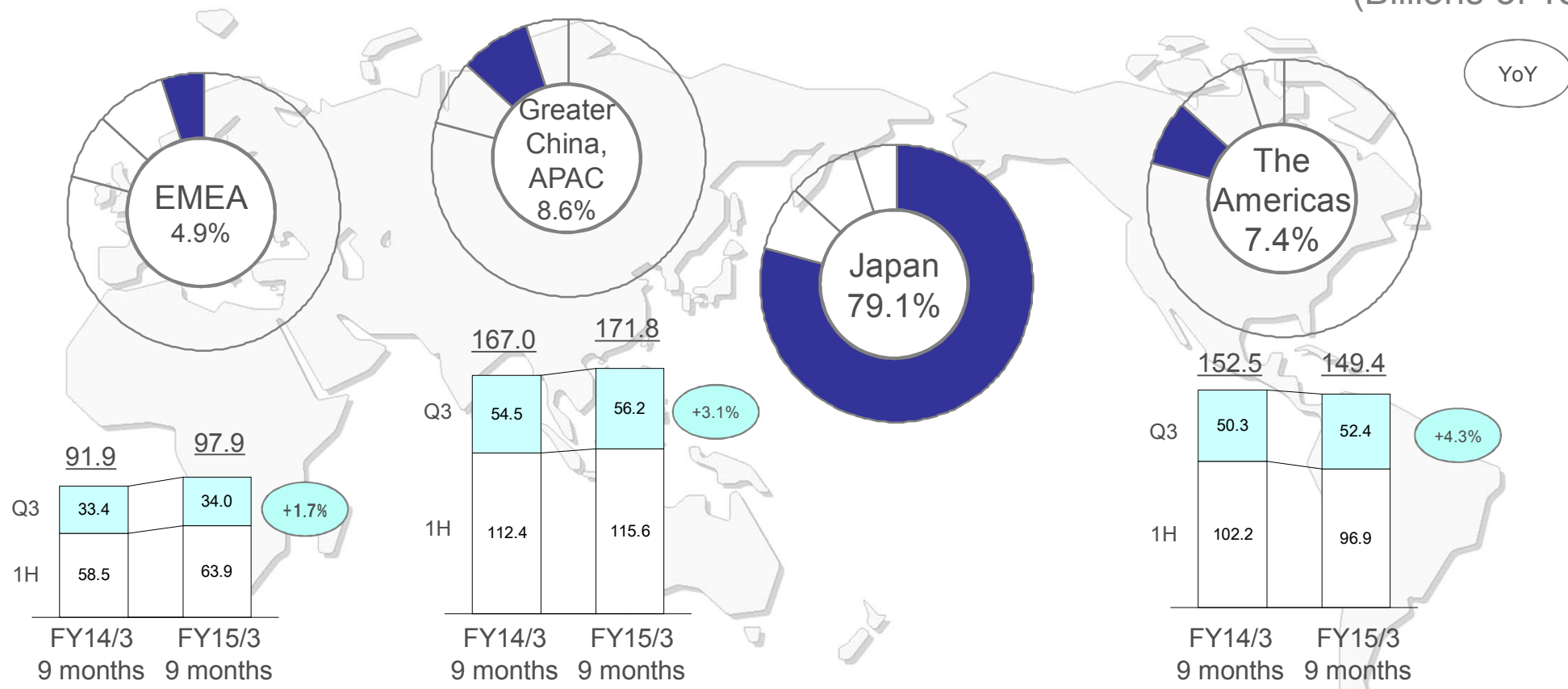
Net Income/Loss Change (April to December / Year on Year)

(Billions of Yen)



International Sales

(Billions of Yen)



	Q3 <October to December>			9 months <April to December>		
	FY14/3 Actual	FY15/3 Actual	YoY	FY14/3 Actual	FY15/3 Actual	YoY
International sales	138.2	142.6	+ 3.2%	411.3	419.1	+ 1.9%
% to Net Sales	19.7%	21.1%		19.7%	20.9%	

* Sales are classified by country or region based on customer locations.
The rates of circle graphs are calculated by 9 months.

Financial Position Data

(Billions of Yen)

	End of March 2014	End of December 2014	Difference from March 2014	End of December 2013
Total Assets	2,505.3	2,534.9	+ 29.5	2,541.9
Net Assets	767.7	783.0	+ 15.3	817.1
Interest-bearing debt	575.2	636.4	+ 61.3	686.2
Shareholders' Equity	695.9	722.0	+ 26.0	712.3
Equity ratio(%)	27.8%	28.5%	+ 0.7pt	28.0%
D/E ratio (times)	0.83	0.88	- 0.05pt	0.96
Net D/E ratio (times)	0.53	0.63	- 0.10pt	0.72
Balance of cash and cash equivalents	206.6	180.5	- 26.1	170.2

<Ref.> Balance Sheet (At the end of December, 2014)

(Billions of Yen)

<Compared to end of March 2014>
(+29.5)

Total Assets 2,534.9

Compared to
end of March
2014

Current Assets

1,511.4

+8.5

Increase in inventories while collection
of accounts receivable-trade

Liabilities

1,751.9

+14.2

Noncurrent Assets

1,023.5

+21.1

Increase in stocks of subsidiaries and
affiliates

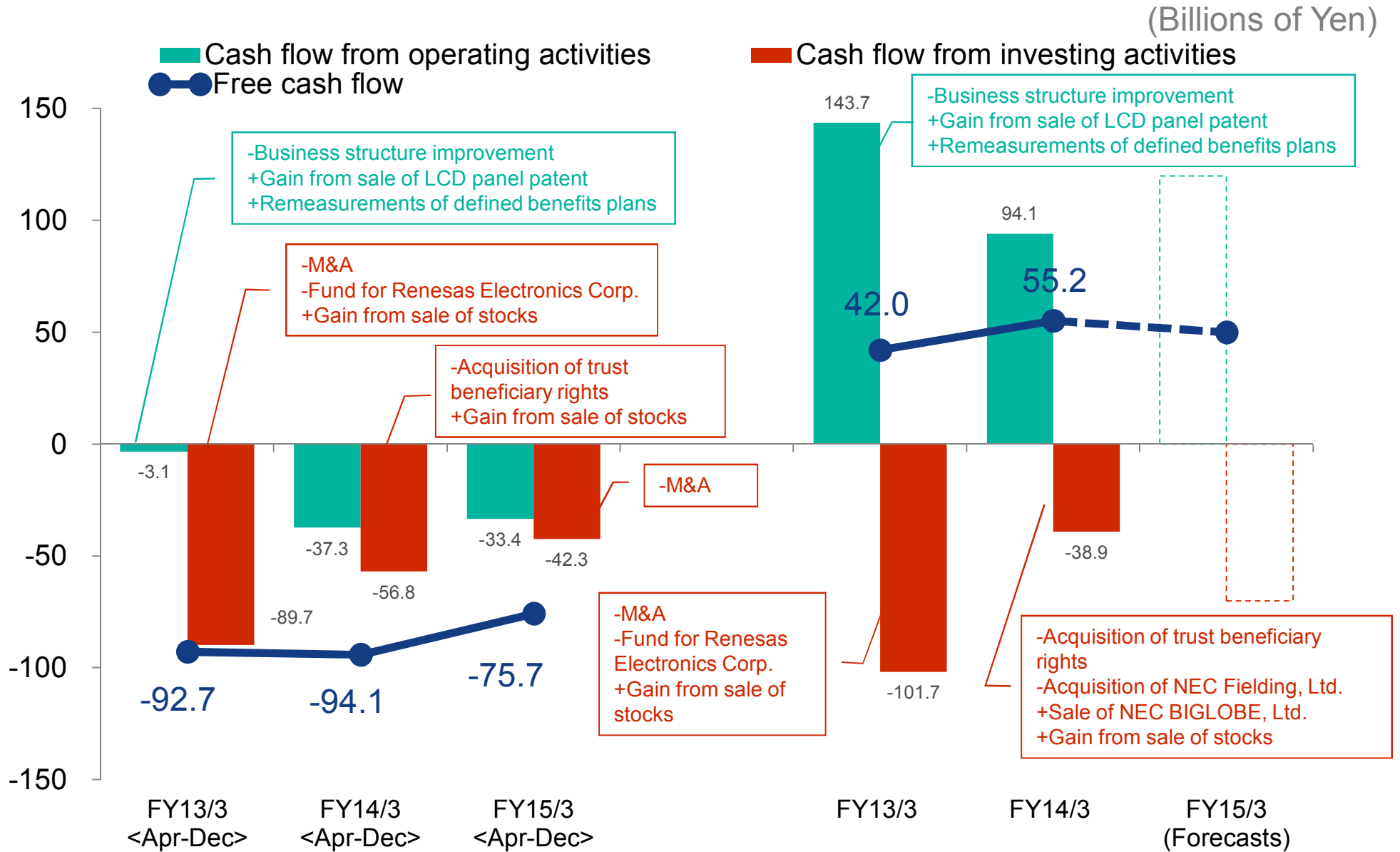
Net Assets

783.0

+15.3

Increase in net profit

Free Cash Flow



* Forecasts as of January 29, 2015

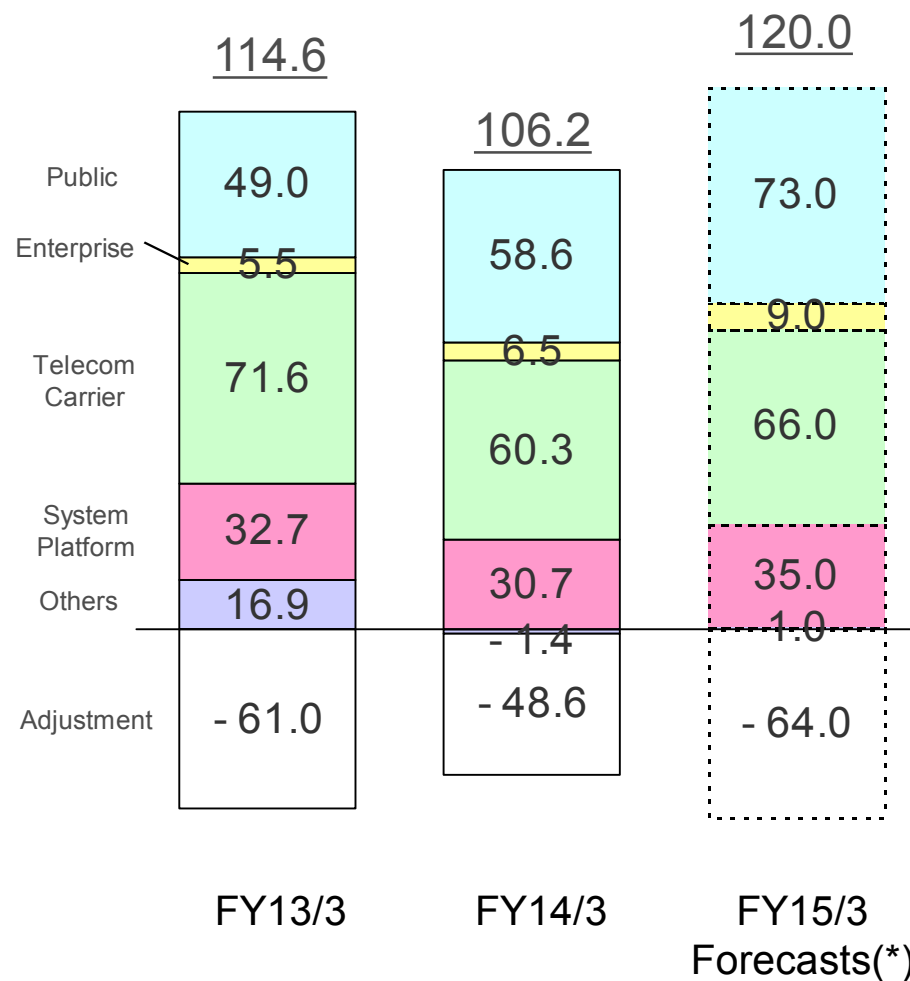
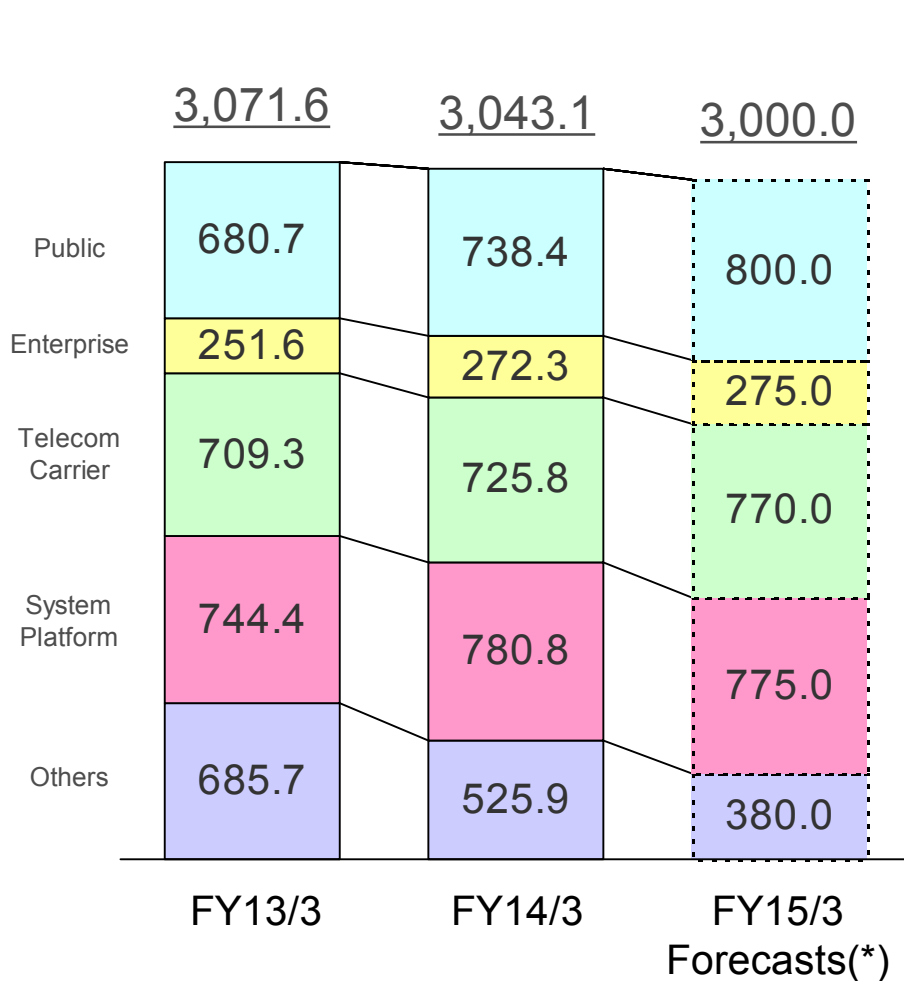
Financial Forecasts for FY15/3 (Appendix)

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

(Billions of Yen)

Net Sales

Operating Income/Loss



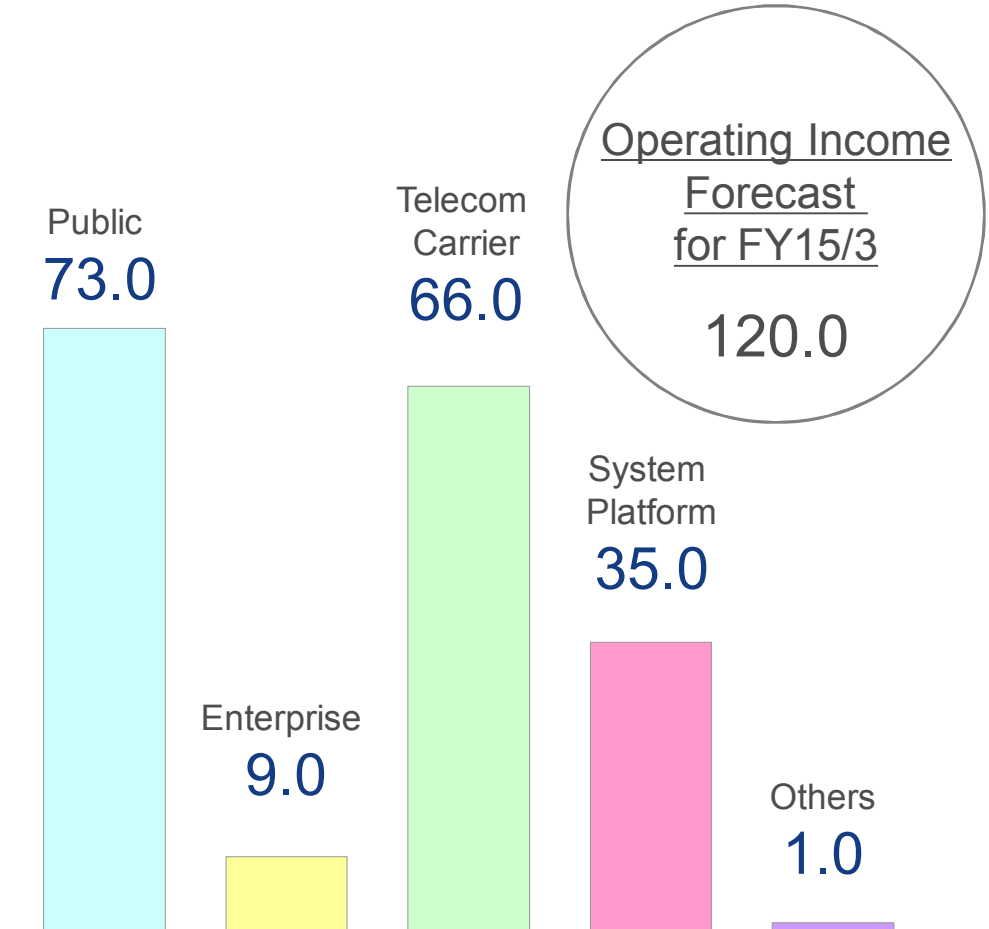
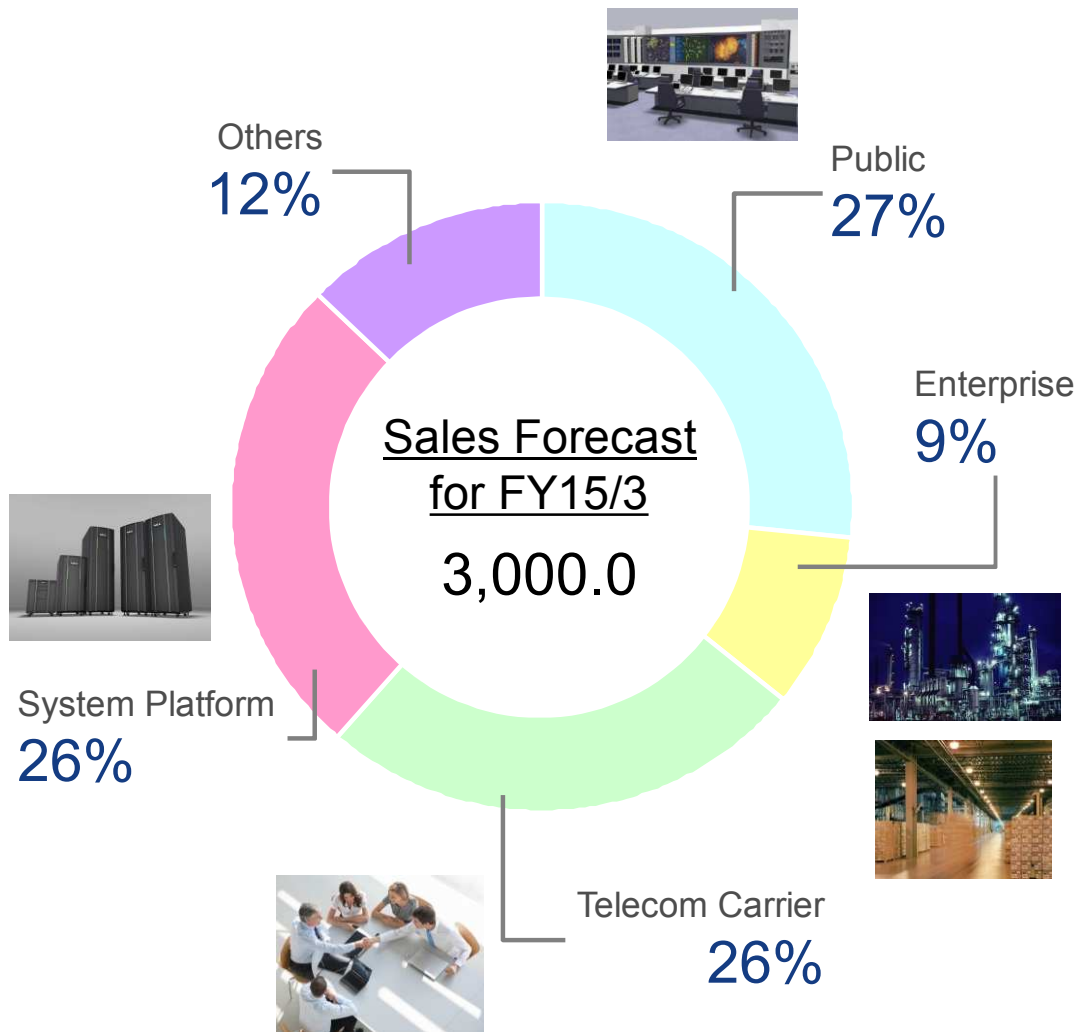
* Forecasts as of January 29, 2015

Financial Forecasts for FY15/3 by Segment

(Billions of Yen)

Net Sales

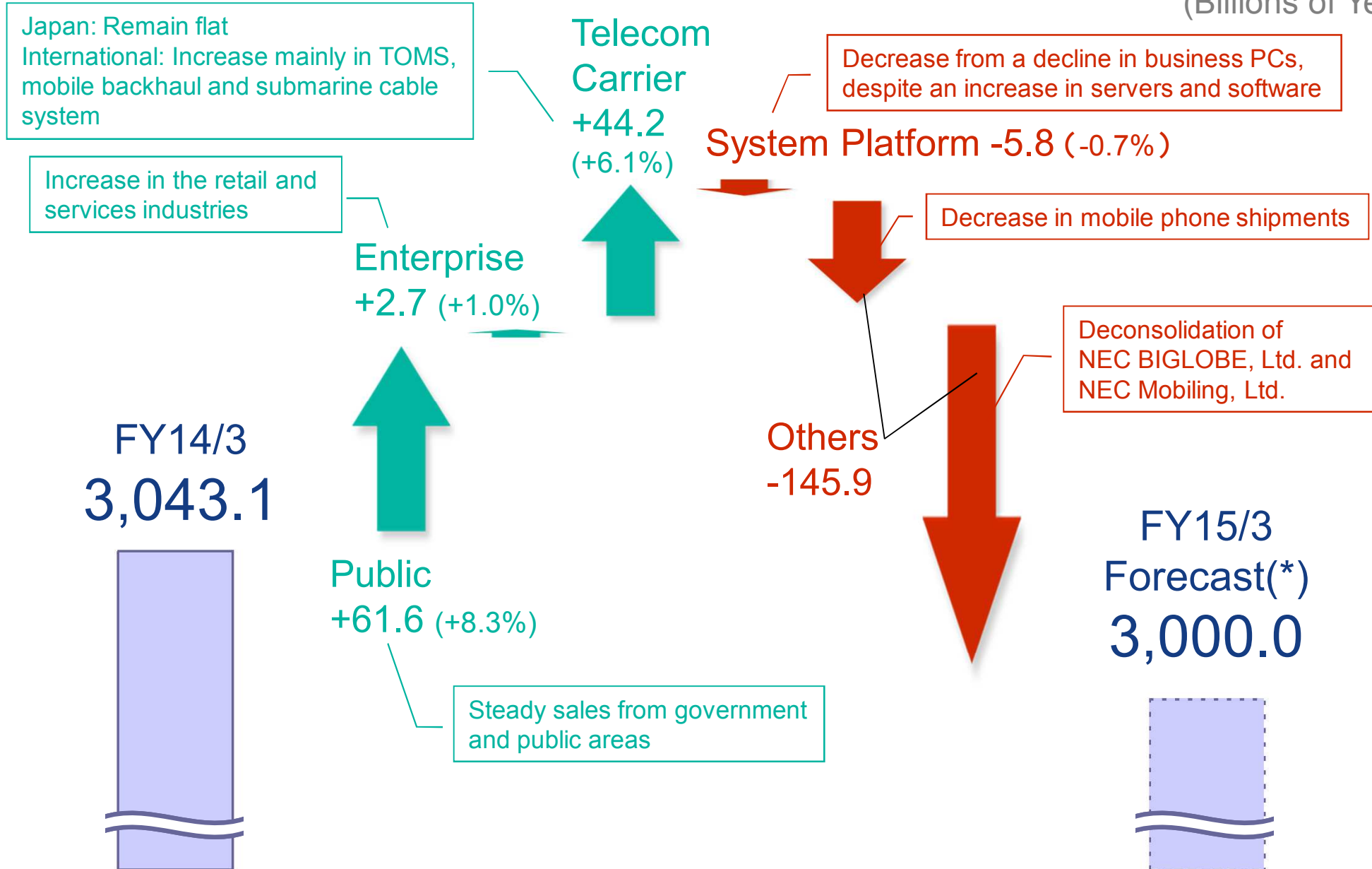
Operating Income



* Forecasts as of January 29, 2015

Sales Change (Year on Year)

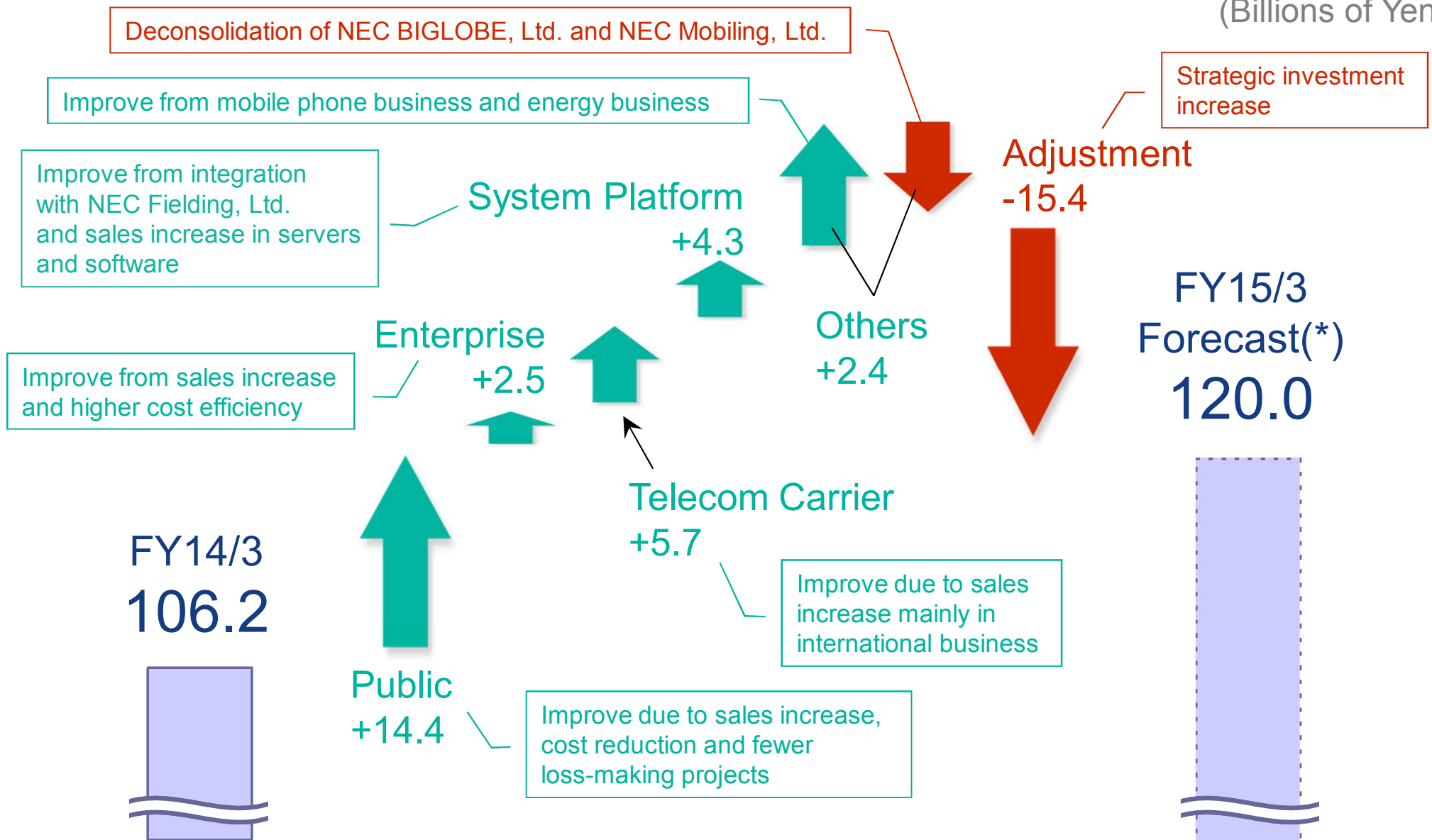
(Billions of Yen)



* Forecasts as of January 29, 2015

Operating Income Change (Year on Year)

(Billions of Yen)



* Forecasts as of January 29, 2015

Capital Expenditure, Depreciation and R&D Expenses

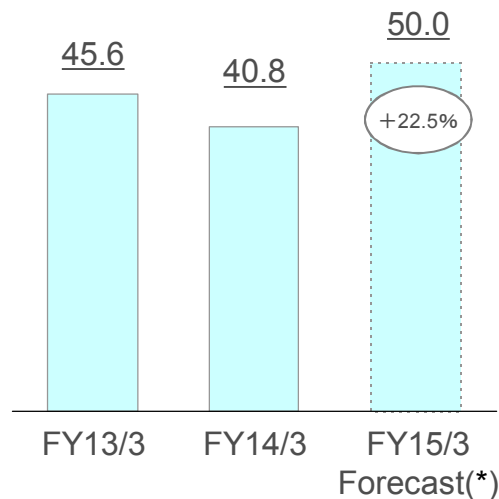
(Billions of Yen)

	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%	

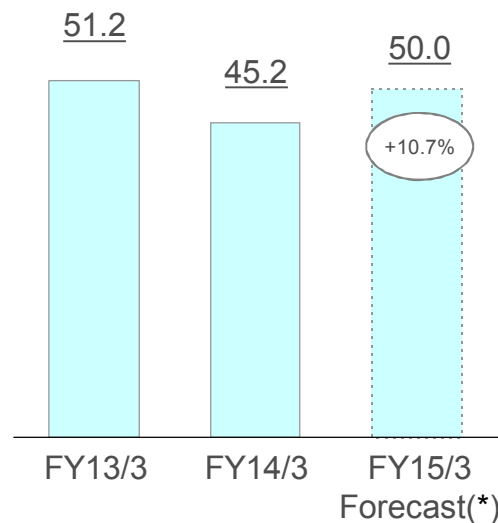
* Not including acquisition of trust beneficiary rights



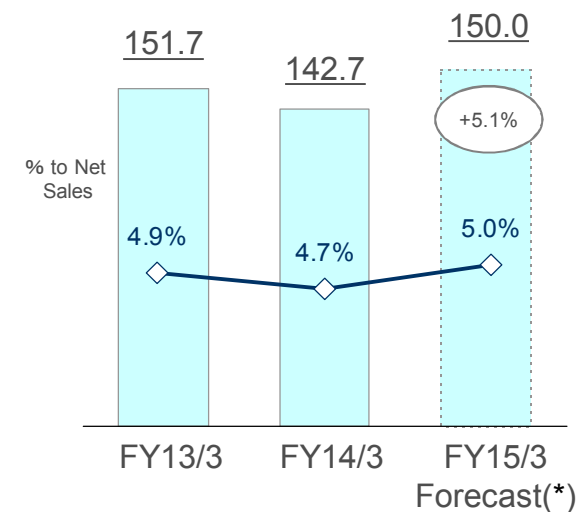
Capital Expenditure



Depreciation



R&D expenses



* Forecasts as of January 29, 2015

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

As released on July 30, 2014

(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)

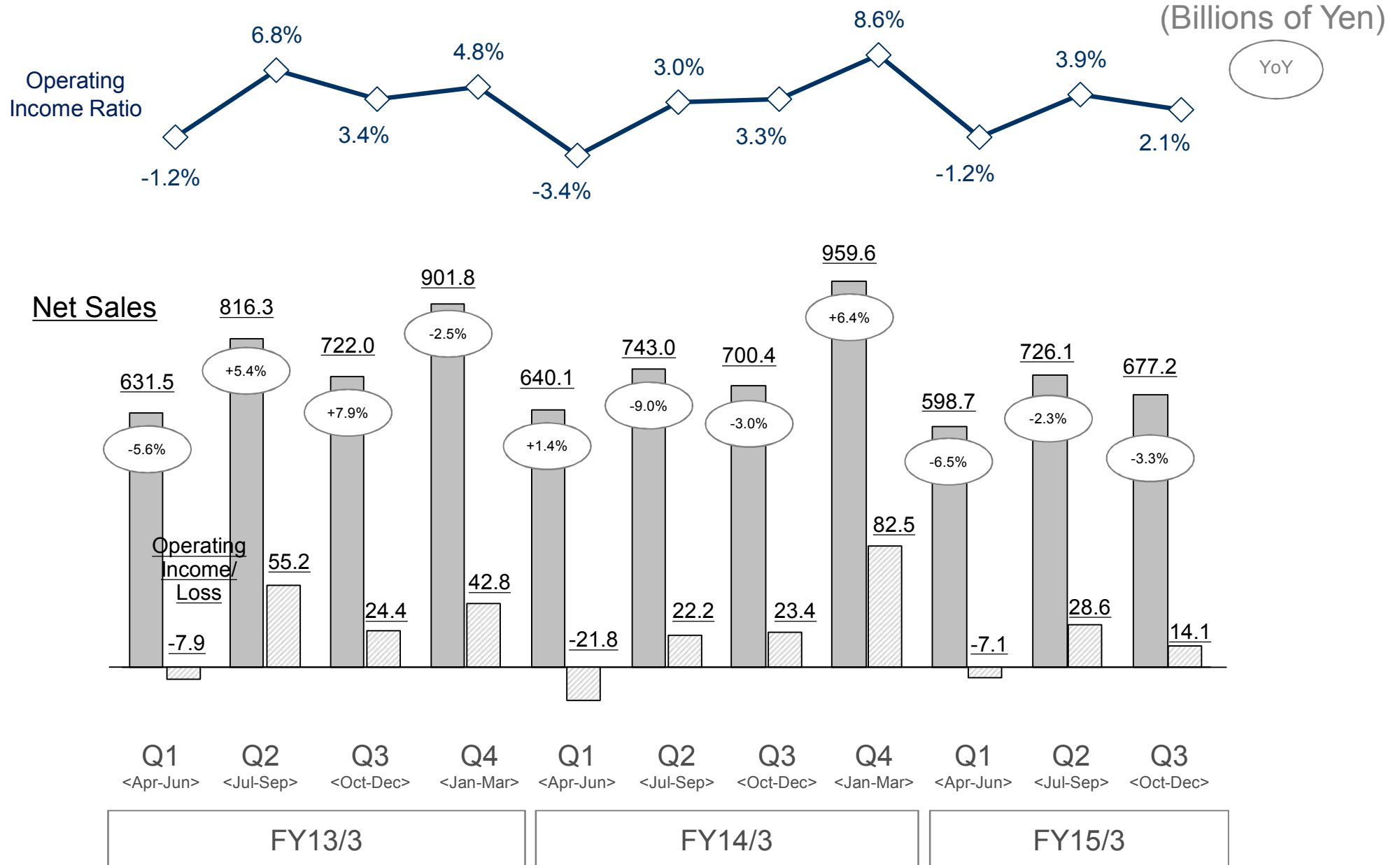
	FY15/3 Full Year		
	Amortization of unrecognized obligation for pension	Amortization of Goodwill	Total
Operating Income	14.0	18.0	-
Non-Operating Income / Loss	10.4		-
Net Income	19.0	18.0	37.0

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

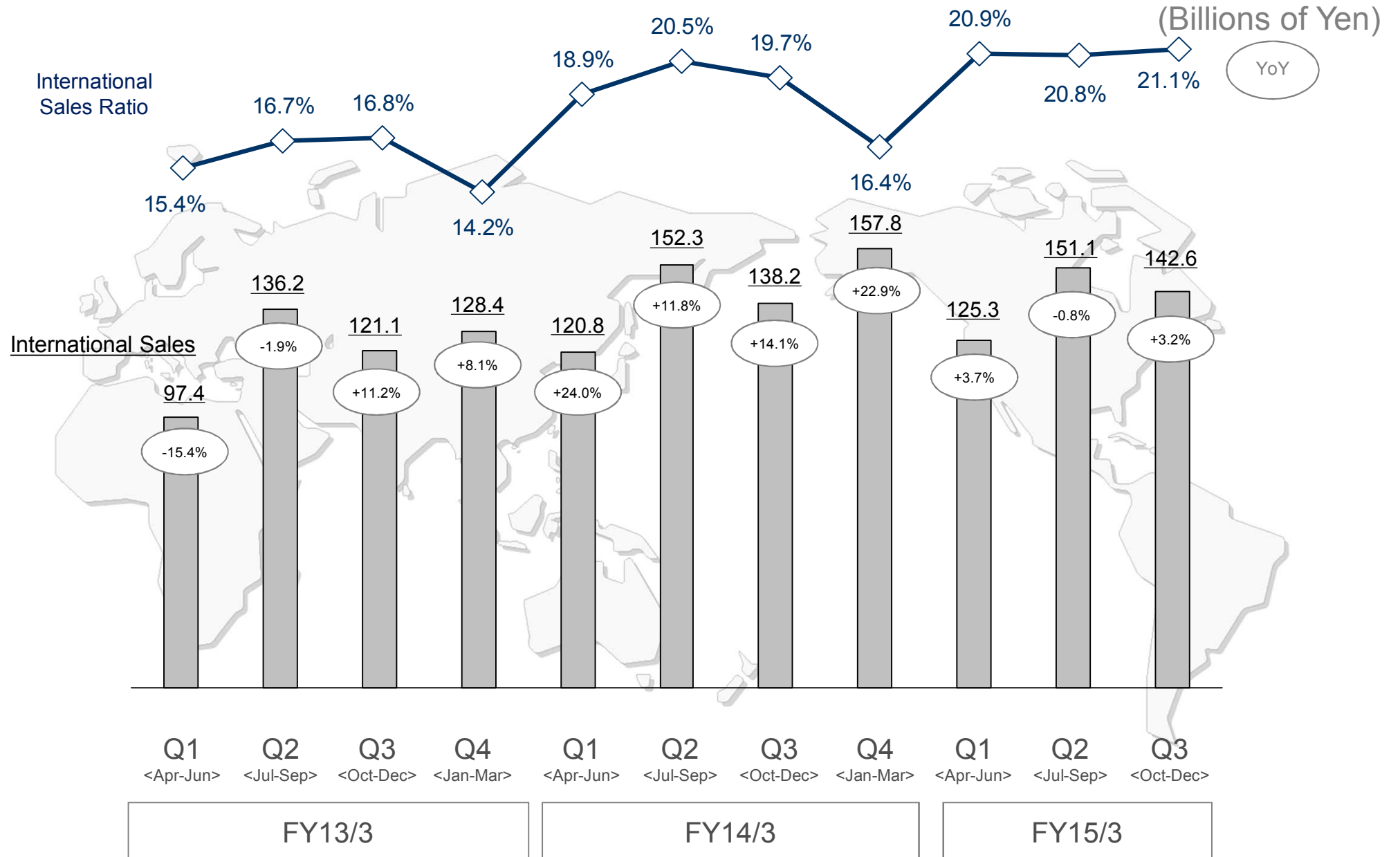
* Forecasts as of July 30, 2014

Reference (Financial data)

Net Sales, Operating Income/Loss



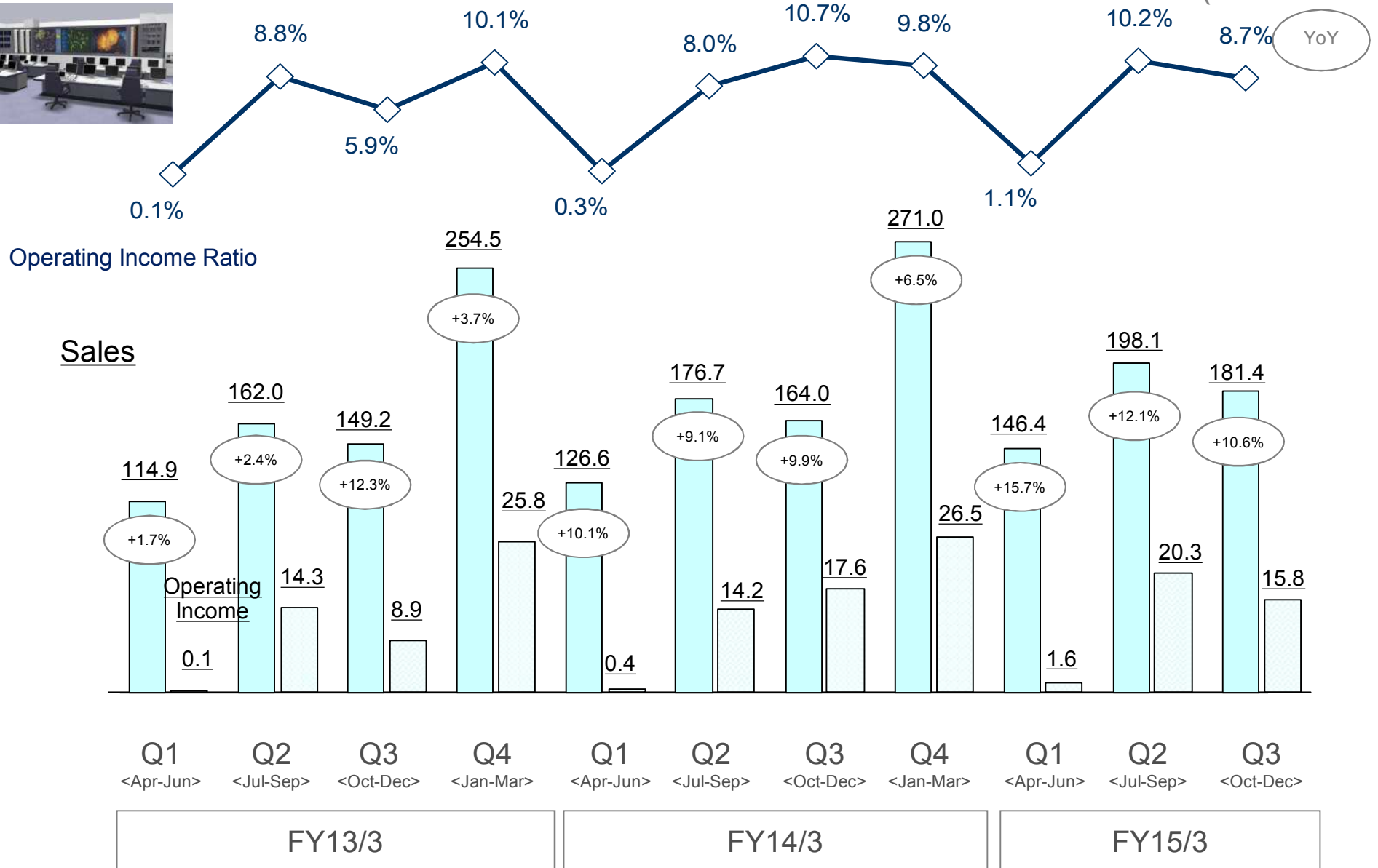
International Sales



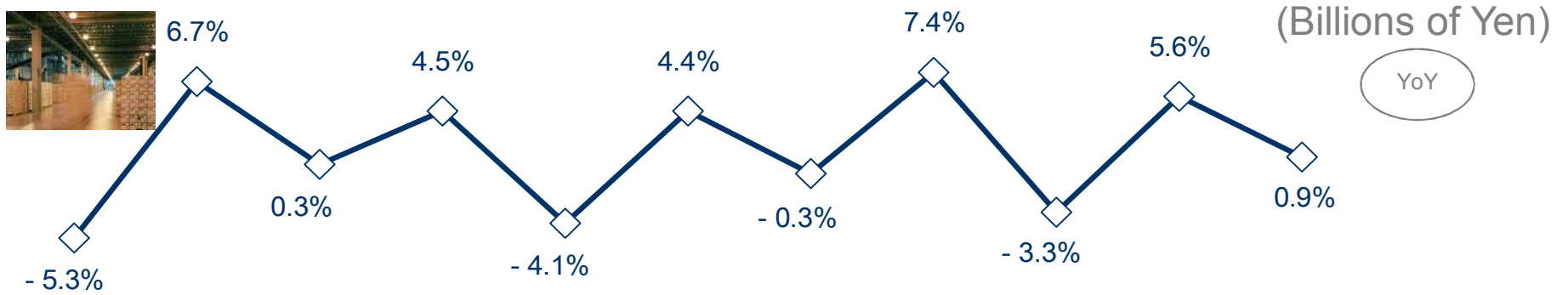
Sales, Operating Income (Public)



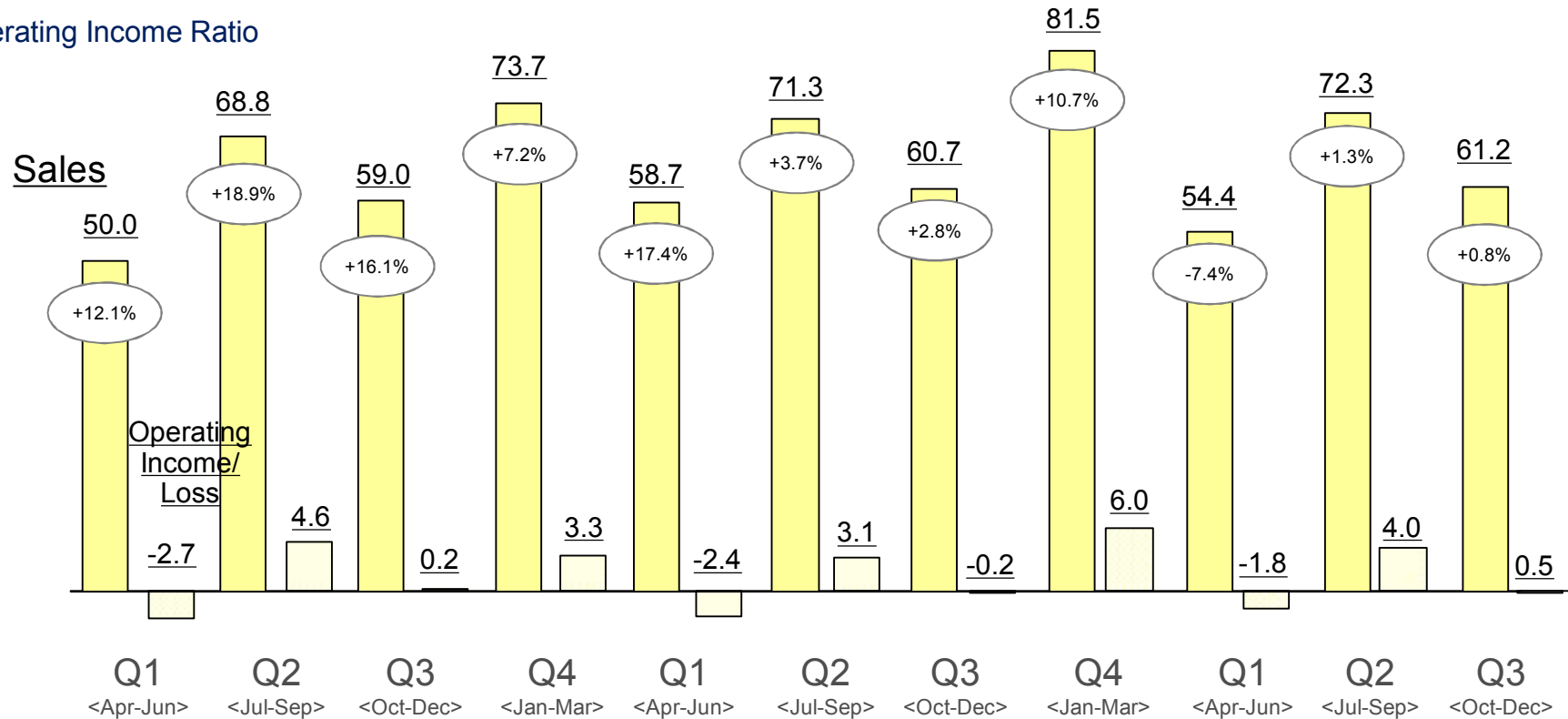
(Billions of Yen)



Sales, Operating Income/Loss (Enterprise)



Operating Income Ratio



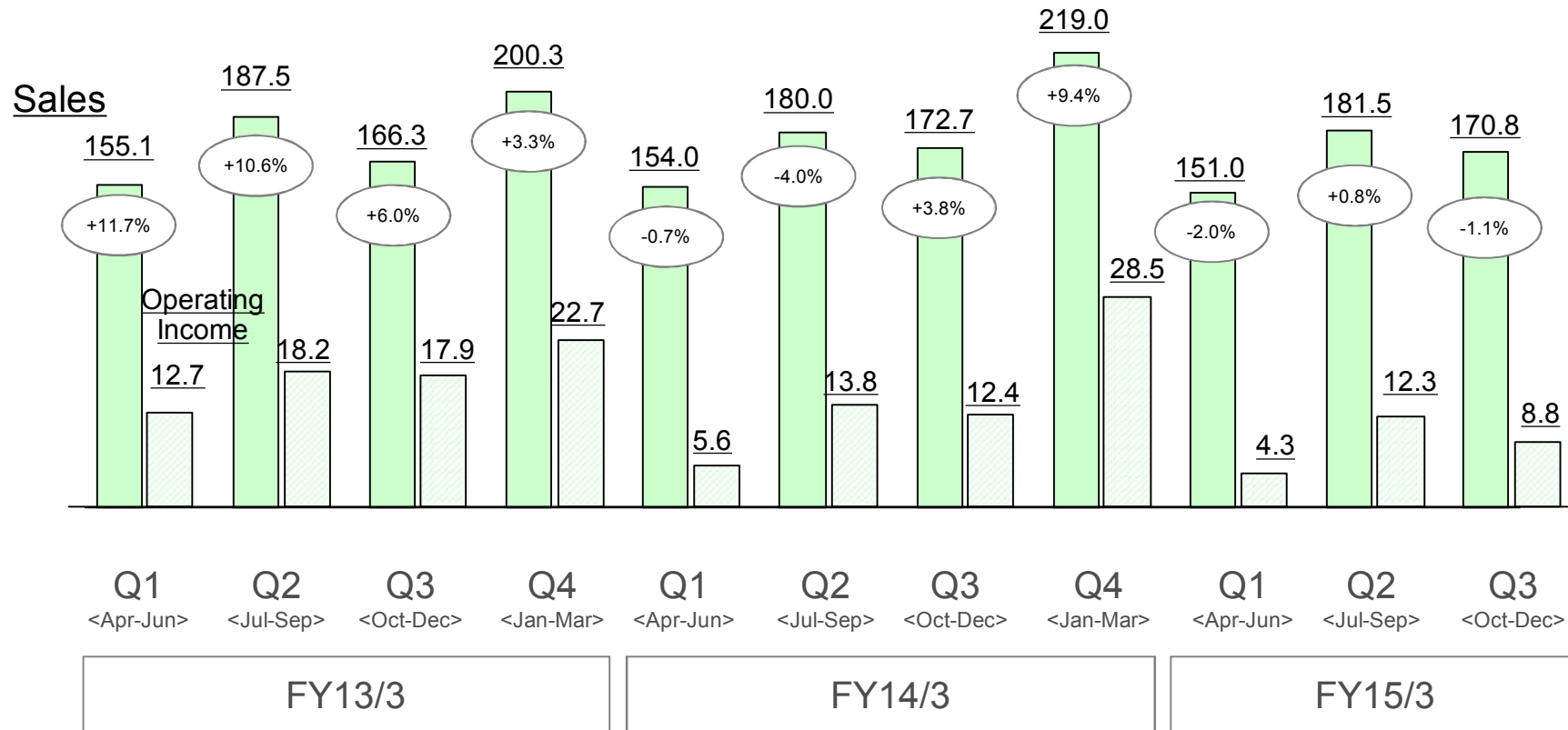
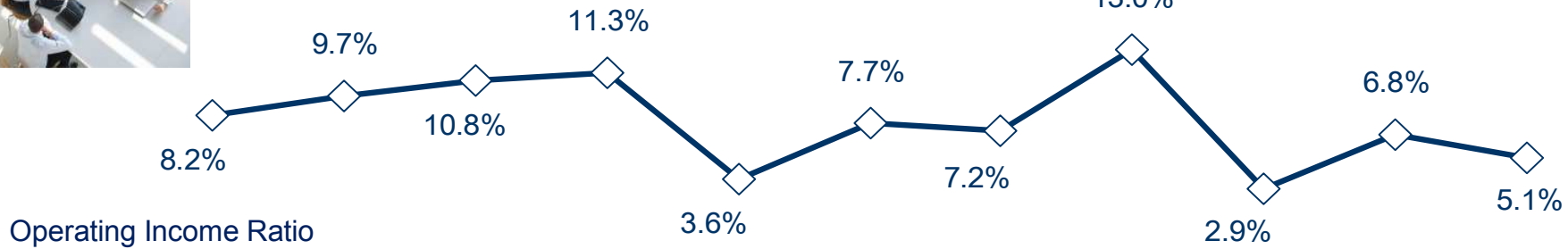
FY13/3				FY14/3				FY15/3			
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Sales, Operating Income (Telecom Carrier)

(Billions of Yen)



YoY

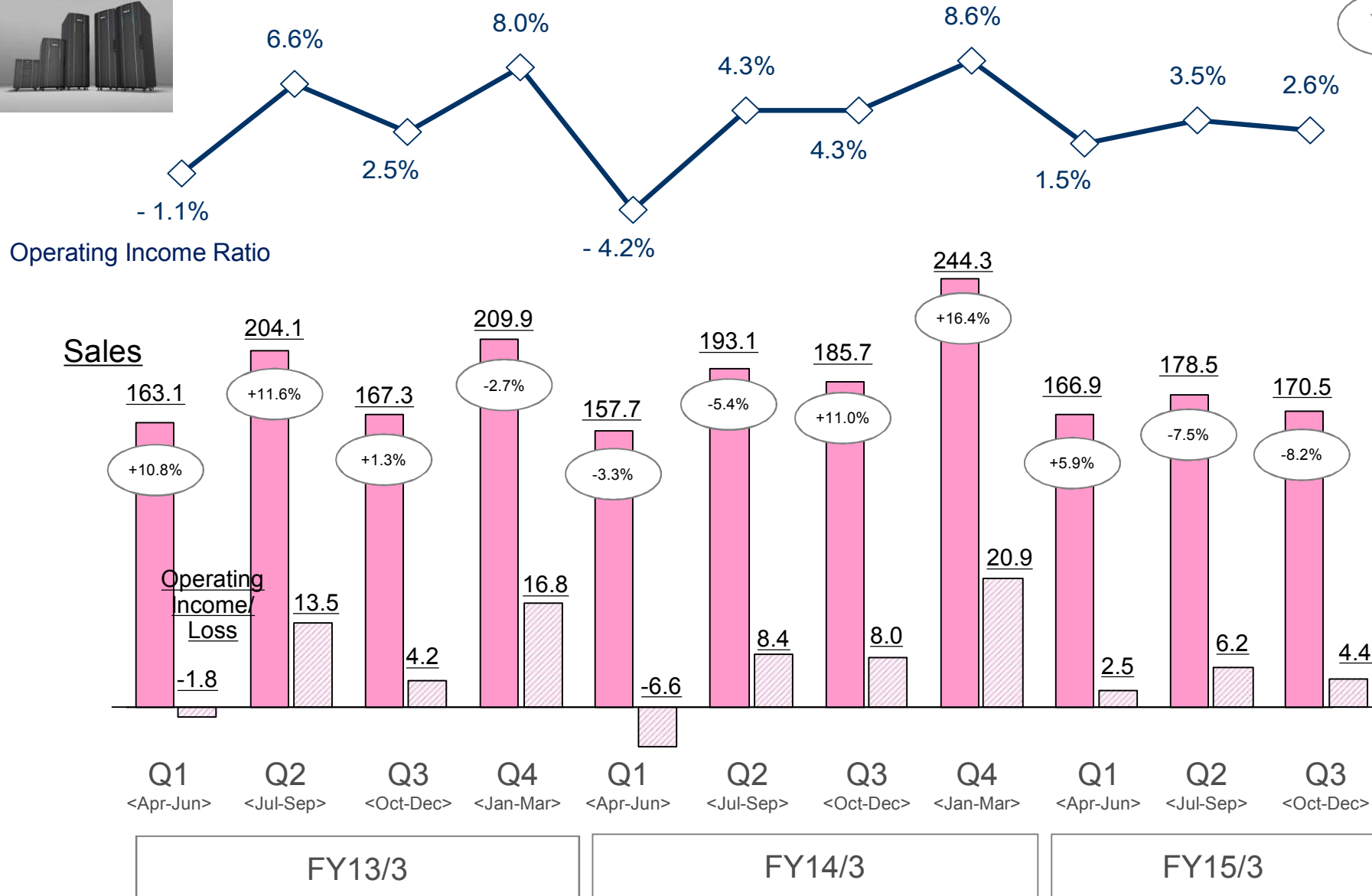


Sales, Operating Income/Loss (System Platform)

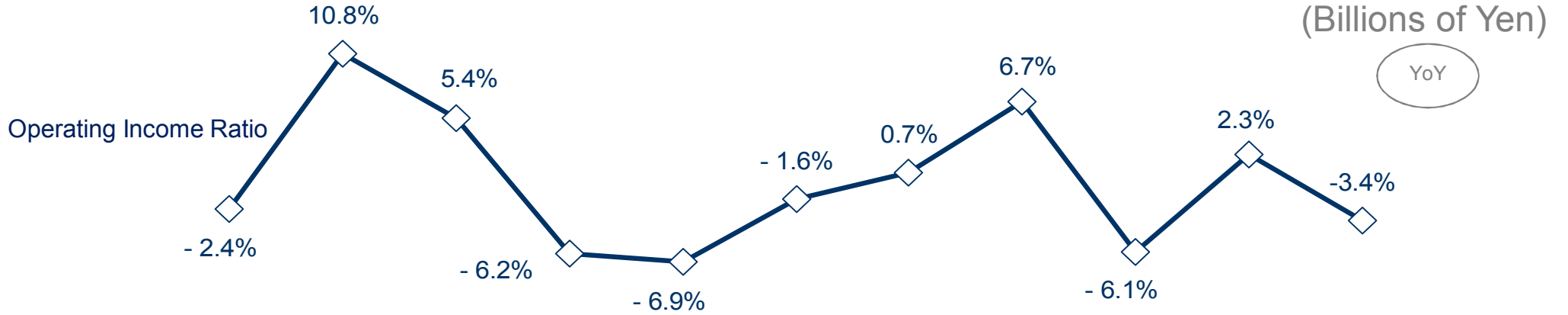


(Billions of Yen)

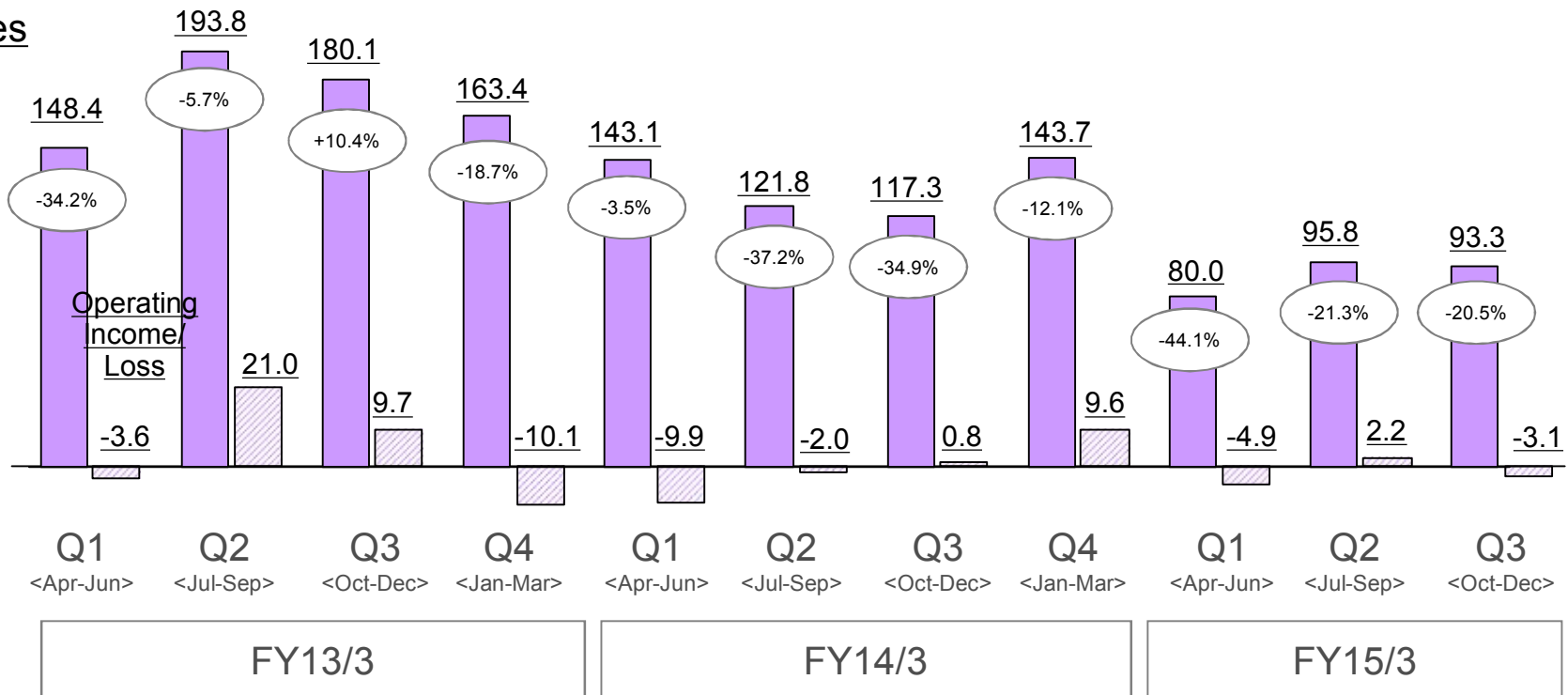
YoY



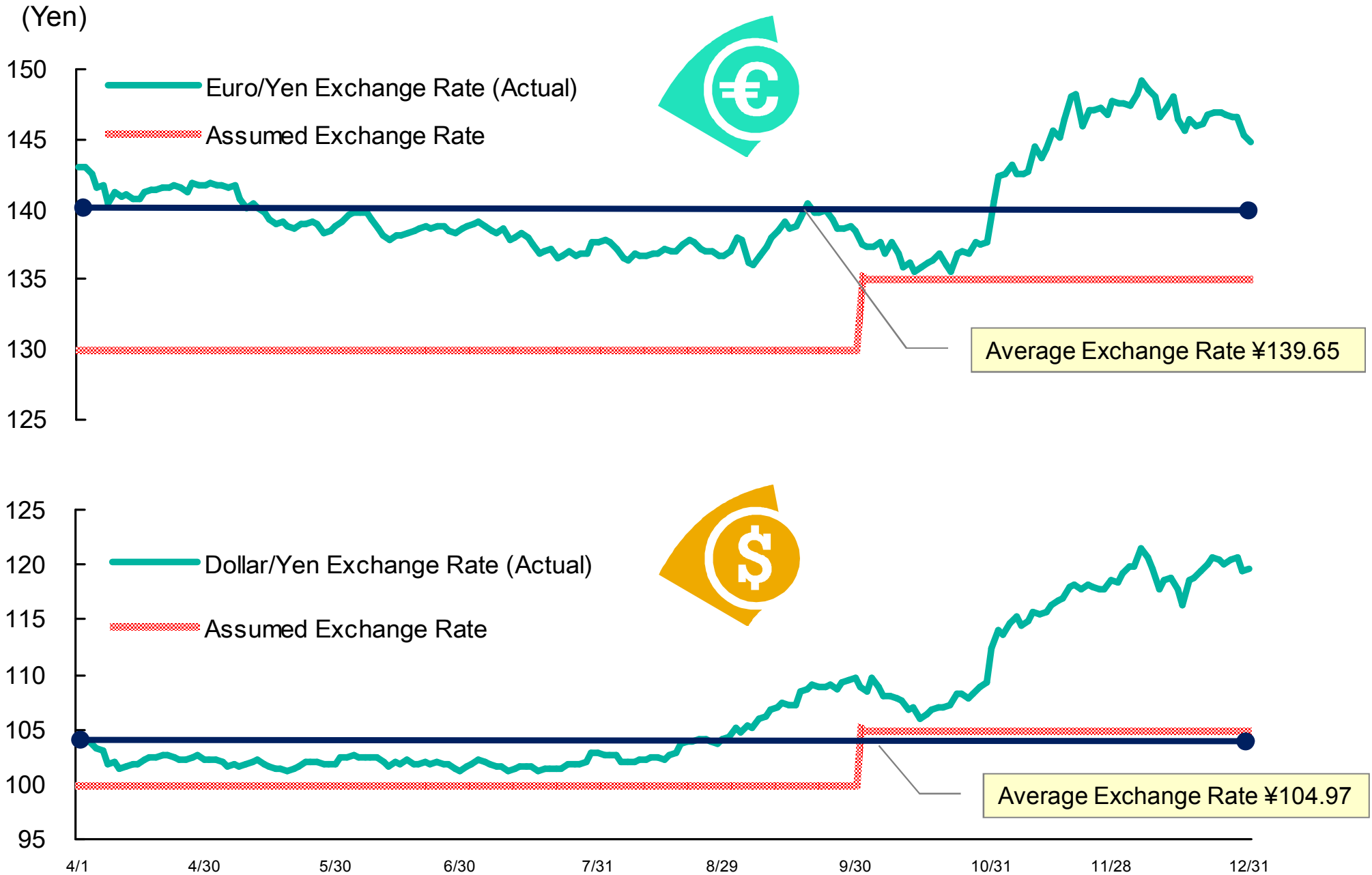
Sales, Operating Income/Loss (Others)



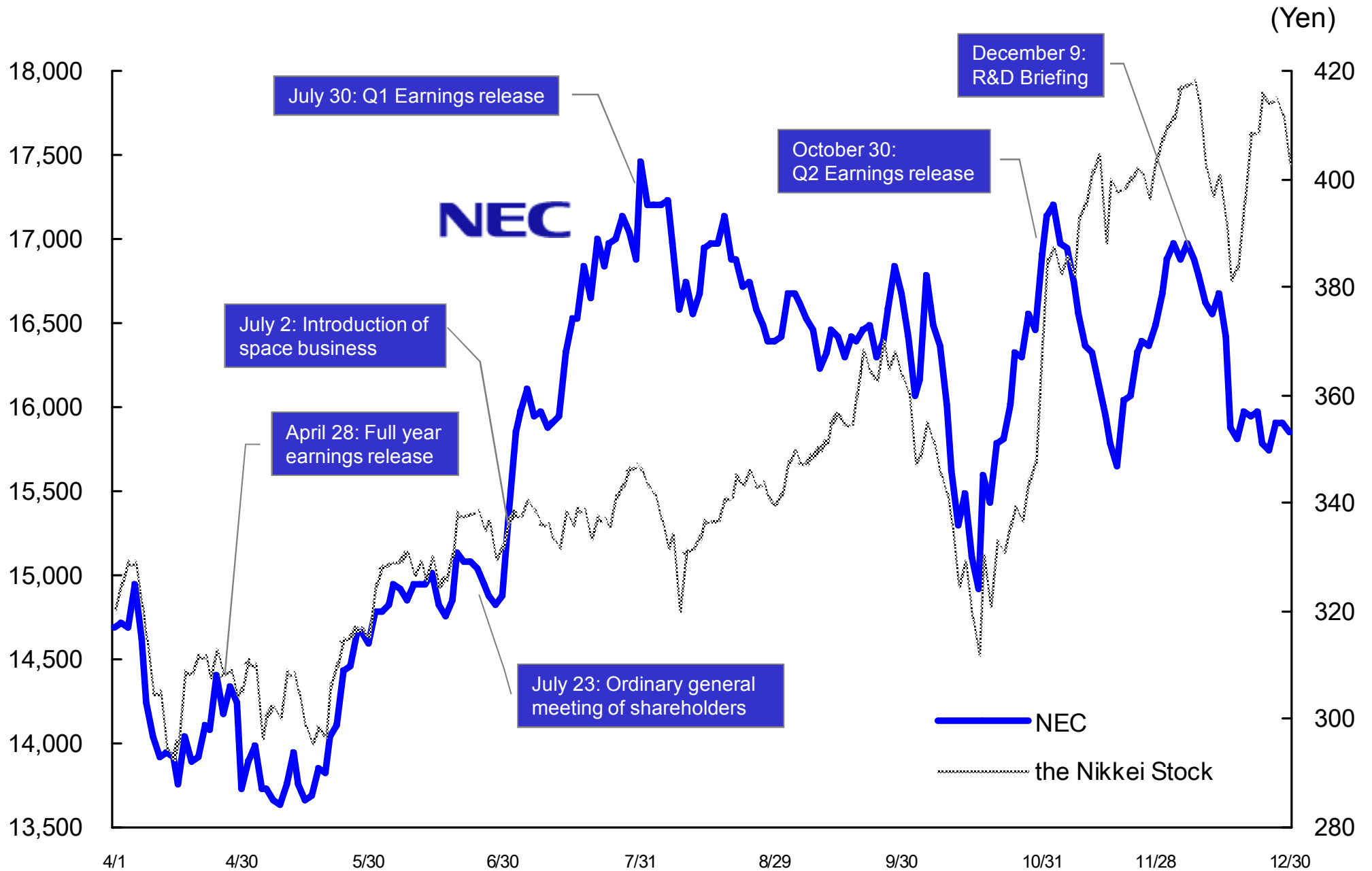
Sales



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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