

NEC to Revise Business Segments

Tokyo, July 21, 2017 – NEC Corporation (NEC; TSE: 6701) announced earlier this year a shift to a new organization structure effective as of April 1, 2017. In line with these structural changes, NEC's business segments will be revised as of its consolidated financial results for the first quarter of the fiscal year ending March 31, 2018, being announced on July 31, 2017.

Please refer to the below attachments for more detail: "New Segment Overview," "Revenue and Profit/Loss by New Segment."

Major revisions

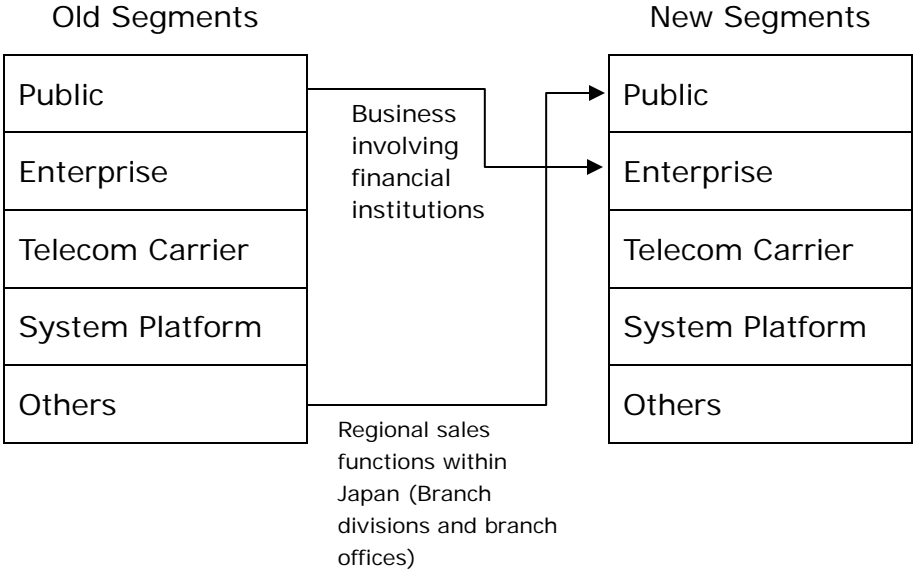
1. Regional sales functions within Japan (Branch divisions and branch offices)

Effective April 1, 2017, NEC established a Public Solutions Business Unit, which handles business involving regional sales functions and regional public entities in Japan, as well as a Public Infrastructure Business Unit, which handles business involving government agencies and companies supporting national and social infrastructures, to reinforce its customer- and market-focused business structure. This enables NEC to expand its new business and further improve the quality and speed of regional proposals in Japan. In accordance with the establishment of these new business units, regional sales functions within Japan previously included under the "Others" segment have been transferred to the "Public" segment. The Public segment is composed of the Public Solutions Business Unit and the Public Infrastructure Business Unit.

2. Business involving financial institutions

Also effective April 1, 2017, NEC transferred business involving financial institutions that previously belonged to the Public Business Unit to the Enterprise Business Unit,

which is responsible for the company's manufacturing, retail and service businesses. This move is aimed at enhancing NEC's lineup of financial settlement and other solutions and boosting investment efficiency by reinforcing collaborations with the retail and service industries in the area of FinTech. In accordance with this transfer, business involving financial institutions previously included under the "Public" segment has been transferred to the "Enterprise" segment.



*In addition to the above reorganization, part of the Business Innovation Unit has been transferred to each segment. In accordance with this, part of the costs previously included under "Adjustment" have been transferred to each segment. Moreover, supervising divisions of some NEC Group companies have also been changed.

New Segment Overview

Segment	Main Customers / Major Products and Services	Organization
Public	<For Public, Healthcare, Government, Media> Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment	Public Solutions Business Unit Public Infrastructure Business Unit
Enterprise	<For Manufacturing, Retail and Services, Finance> Systems Integration (Systems Implementation, Consulting), Maintenance and Support, and Outsourcing / Cloud Services	Enterprise Business Unit
Telecom Carrier	<For Telecom Carriers> Network Infrastructure (Core Network, Mobile Phone Base Stations, Submarine Systems (Submarine Cable Systems, Ocean Observation Systems), Optical Transmission Systems, Routers / Switches, Mobile Backhaul("Pasolink")) Services & Management (Telecom Operations and Management Solutions (TOMS), Services / Solutions)	Telecom Carrier Business Unit
System Platform	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)	System Platform Business Unit
Others	Safety (Biometric Solutions, Surveillance and others) Smart Energy (Electrodes / Energy Storage System) Lighting Equipment	Global Business Unit, System Integration, Services & Engineering Operations Unit and others

(Reference) Examples of solutions of Public and Enterprise segments

- Public: Firefighting Command Systems, Wireless Digital Firefighting and Emergency Equipment, 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
- 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, Business Branch Systems, Insurance and Securities Infrastructure Systems, Insurance and Securities Channel Systems

Revenue and Profit/Loss by New Segment

(Fiscal Year ended March 31, 2016 to Fiscal Year ending March 31, 2018)

(1) Revenue by segment (revenue from customers) Billions of yen

Segment	Fiscal year ended March 31,2016	Fiscal year ended March 31,2017	Fiscal year ending March 31,2018
	Actual	Actual	Forecasts
Public	786.5	766.2	915.0
Enterprise	399.2	408.6	415.0
Telecom Carrier	689.0	600.4	595.0
System Platform	728.6	719.8	685.0
Others	221.5	170.0	190.0
Total	2,824.8	2,665.0	2,800.0

(2) Operating profit(loss) by segment Billions of yen

Segment	Fiscal year ended March 31,2016	Fiscal year ended March 31,2017	Fiscal year ending March 31,2018
	Actual	Actual	Forecasts
Public	53.4	33.2	55.0
Enterprise	29.0	39.7	36.0
Telecom Carrier	45.6	18.1	23.0
System Platform	31.6	29.6	29.0
Others	△ 23.6	△ 20.0	△ 16.0
Adjustment	△ 44.6	△ 58.7	△ 77.0
Total	91.4	41.8	50.0

※ Forecasts by segment as of July 21, 2017

Revenue and Profit/Loss by New Segment (Fiscal Year ended March 31, 2016)(1) Revenue by segment (revenue from customers) Billions of yen

Segment	Fiscal year ended March 31, 2016			
	Q1	Q2	Q3	Q4
Public	143.9	193.6	167.3	281.6
Enterprise	92.2	103.5	95.2	108.3
Telecom Carrier	141.1	183.0	157.2	207.6
System Platform	160.2	187.6	171.0	209.7
Others	49.9	54.6	54.0	63.0
Total	587.3	722.4	644.9	870.3

(2) Operating profit(loss) by segment Billions of yen

Segment	Fiscal year ended March 31, 2016			
	Q1	Q2	Q3	Q4
Public	Δ 2.5	14.9	6.3	34.8
Enterprise	4.5	7.7	6.2	10.6
Telecom Carrier	Δ 2.5	15.0	8.4	24.7
System Platform	4.3	4.9	2.4	20.1
Others	Δ 5.4	0.3	Δ 4.7	Δ 13.8
Adjustment	Δ 6.0	Δ 16.2	Δ 9.8	Δ 12.7
Total	Δ 7.6	26.6	8.7	63.7

Revenue and Profit/Loss by New Segment (Fiscal Year ended March 31, 2017)(1) Revenue by segment (revenue from customers) Billions of yen

Segment		Fiscal year ended March 31, 2017			
		Q1	Q2	Q3	Q4
	Public	120.7	172.8	157.6	315.1
	Enterprise	89.2	114.9	94.7	109.9
	Telecom Carrier	118.7	159.0	138.3	184.4
	System Platform	150.2	189.6	164.3	215.7
	Others	39.9	46.2	38.6	45.4
	Total	518.7	682.4	593.4	870.6

(2) Operating profit(loss) by segment Billions of yen

Segment		Fiscal year ended March 31, 2017			
		Q1	Q2	Q3	Q4
	Public	△ 6.1	14.4	△ 2.9	27.8
	Enterprise	5.7	13.7	7.0	13.3
	Telecom Carrier	△ 7.0	10.9	△ 1.5	15.7
	System Platform	△ 4.6	12.4	△ 0.1	22.0
	Others	△ 7.6	△ 2.1	△ 6.9	△ 3.3
	Adjustment	△ 10.3	△ 15.5	△ 16.4	△ 16.6
	Total	△ 29.9	33.7	△ 20.8	58.9

Cautionary Statement with Respect to Forward-Looking Statements

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the "forward-looking statements"). The forward-looking statements are made based on information currently available to NEC and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- Effects of economic conditions, volatility in the markets generally, and fluctuations in foreign currency exchange and interest rate

- Trends and factors beyond the NEC Group's control and fluctuations in financial conditions and profits of the NEC Group that are caused by external factors

- Risks arising from acquisitions, business combinations and reorganizations, including the possibility that the expected benefits cannot be realized or that the transactions may result in unanticipated adverse consequences

- Developments in the NEC Group's alliances with strategic partners

- Effects of expanding the NEC Group's global business

- Risk that the NEC Group may fail to keep pace with rapid technological developments and changes in customer preferences

- Risk that the NEC Group may lose sales due to problems with the production process or due to its failure to adapt to demand fluctuations

- Defects in products and services

- Shortcomings in material procurement and increases in delivery cost

- Acquisition and protection of intellectual property rights necessary for the operation of business

- Risk that intellectual property licenses owned by third parties cannot be obtained and/or are discontinued

- Risk that the NEC Group may be exposed to unfavorable pricing environment due to intensified competition

- Risk that a major customer changes investment targets, reduces capital investment and/or reduces the value of transactions with the NEC Group

- Risk that the NEC Group may be unable to provide or facilitate payment arrangements (such as vendor financing) to its customers on terms acceptable to them or at all, or risk that the NEC Group's customers are unable to make payments on time, due to the customers' financial difficulties or otherwise

- Risk that the NEC Group may experience a substantial loss of, or an inability to attract, talented personnel

- Risk that the NEC Group's ability to access the commercial paper market or other debt markets are adversely affected due to a downgrade in its credit rating

Risk that the NEC Group may incur large costs and/or liabilities in relation to internal control, legal proceedings, laws and governmental policies, environmental laws and regulations, tax practice, information management, and human rights and working environment

Consequences of natural and fire disasters

Changes in methods, estimates and judgments that the NEC Group uses in applying its accounting policies

Risk that the NEC Group may incur liabilities and losses in relation to its retirement benefit obligations

The forward-looking statements contained in this material are based on information that NEC possesses as of the date hereof. 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 the NEC Group. NEC does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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