

Financial Results for Q1 Fiscal Year Ending March 31, 2015

July 30, 2014

NEC Corporation

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

I . Financial Results for Q1, FY15/3

II . Financial Forecasts for FY15/3

- Financial Results for Q1, FY15/3 (Appendix)
- Financial Forecasts for FY15/3 (Appendix)
- Reference (Financial data)

I . Financial Results for Q1, FY15/3

Summary of Financial Results for Q1

Higher income with lower sales compared to the previous year.
Losses shrank slightly more than expected.

(Sales increased by approx. 3% based on existing core business)

(Billions of Yen)

	Q1 <April to June>		
	FY14/3 Actual	FY15/3 Actual	YoY
Net Sales	640.1	598.7	- 6.5%
Operating Loss	-21.8	-7.1	+14.8
% to Net Sales	-3.4%	-1.2%	
Ordinary Loss	-28.2	-10.0	+18.2
% to Net Sales	-4.4%	-1.7%	
Net Loss	-21.5	-10.1	+11.4
% to Net Sales	-3.4%	-1.7%	
Free Cash Flow	41.0	53.3	+12.3

Note: Average exchange rates for Q1 of FY15/3 \$1= ¥102.22, €1= ¥140.95

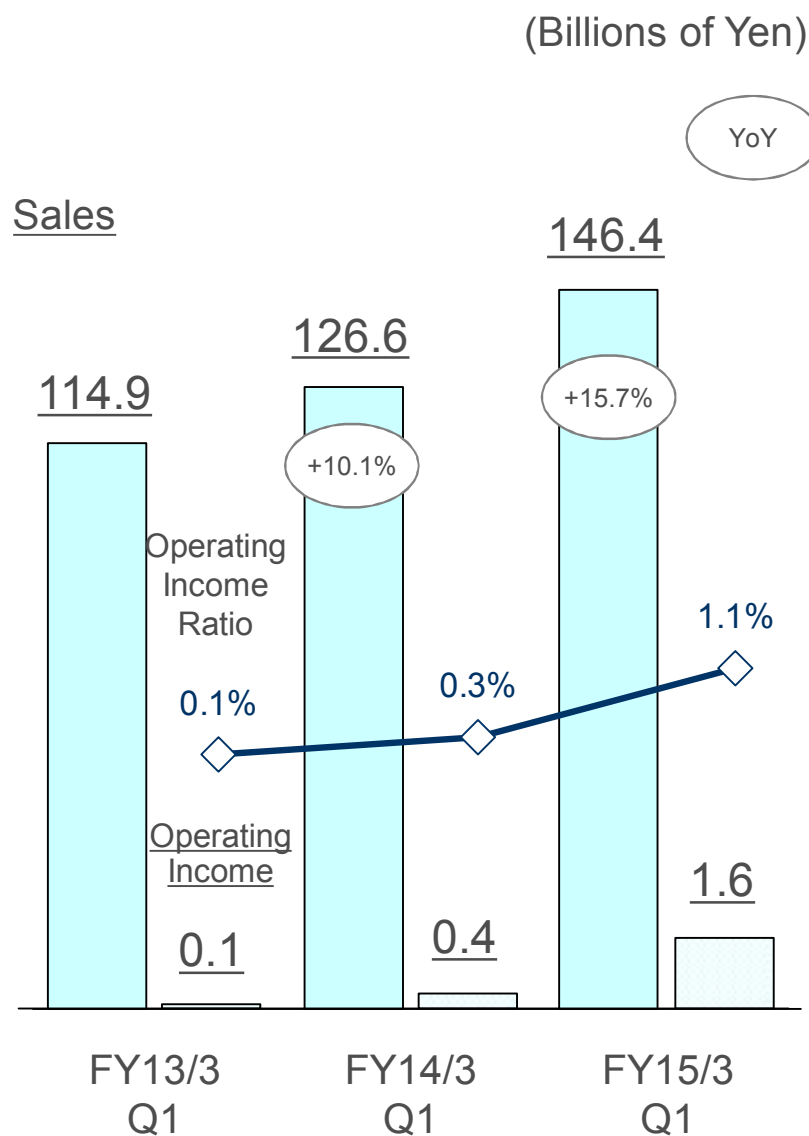
Q1 Results by Segment

(Billions of Yen)

		Q1 <April to June>		
		FY14/3 Actual	FY15/3 Actual	YoY
Public	Net Sales	126.6	146.4	+15.7%
	Operating Income	0.4	1.6	+1.3
	% to Net Sales	0.3%	1.1%	
Enterprise	Net Sales	58.7	54.4	- 7.4%
	Operating Loss	- 2.4	- 1.8	+0.6
	% to Net Sales	-4.1%	-3.3%	
Telecom Carrier	Net Sales	154.0	151.0	- 2.0%
	Operating Income	5.6	4.3	- 1.3
	% to Net Sales	3.6%	2.9%	
System Platform	Net Sales	157.7	166.9	+5.9%
	Operating Income/Loss	- 6.6	2.5	+9.1
	% to Net Sales	-4.2%	1.5%	
Others	Net Sales	143.1	80.0	- 44.1%
	Operating Loss	- 9.9	- 4.9	+5.0
	% to Net Sales	-6.9%	-6.1%	
Adjustment	Operating Loss	- 8.9	- 8.9	+0.1
Total	Net Sales	640.1	598.7	- 6.5%
	Operating Loss	- 21.8	- 7.1	+14.8
	% to Net Sales	-3.4%	-1.2%	

Public Business

Billions of Yen (YoY)



Sales 146.4 (+15.7%)

△ Increased due to steady sales from the government and public areas

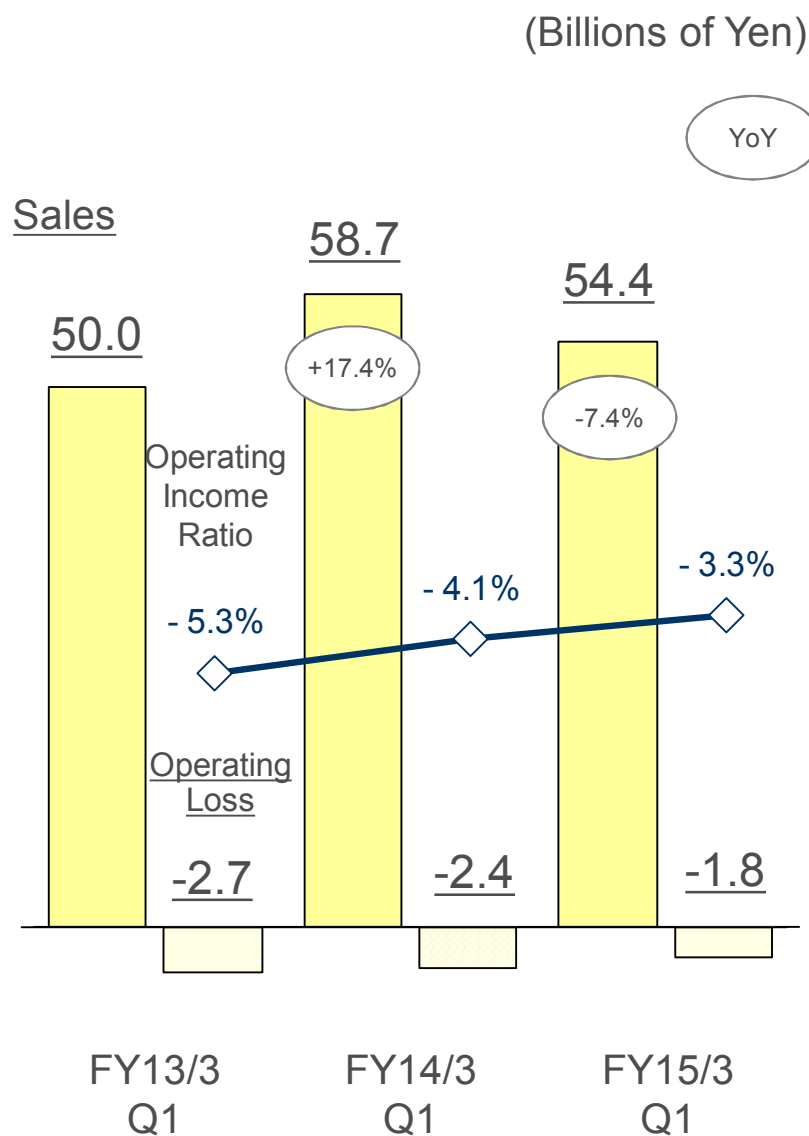
Operating Income 1.6 (+1.3)

△ Improved due to sales increase



Enterprise Business

Billions of Yen (YoY)



Sales 54.4 (-7.4%)

▽ Decreased in manufacturing industries. Retail and services industries remain flat

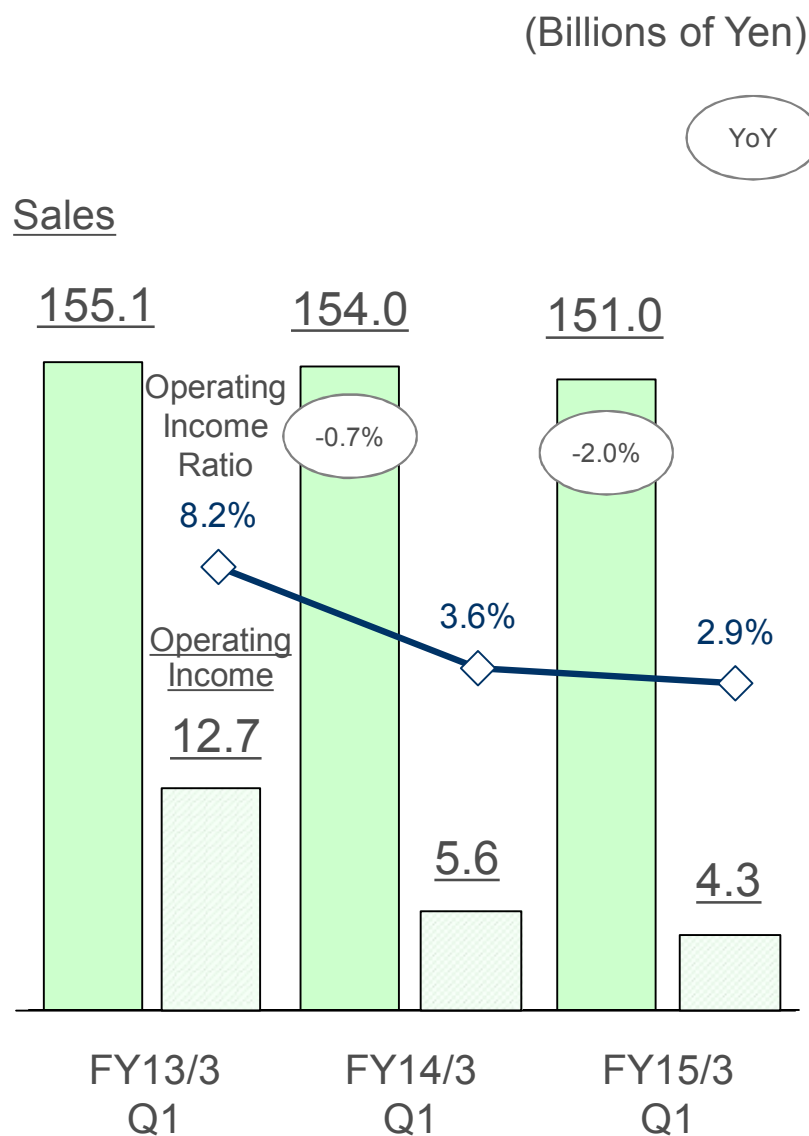
Operating Loss -1.8 (+0.6)

△ Improved due to cost efficiency despite sales decrease



Telecom Carrier Business

Billions of Yen (YoY)



Sales 151.0 (-2.0%)

▽ Decreased in Japan and submarine cable systems, despite increase in mobile backhaul and TOMS

Operating Income 4.3 (-1.3)

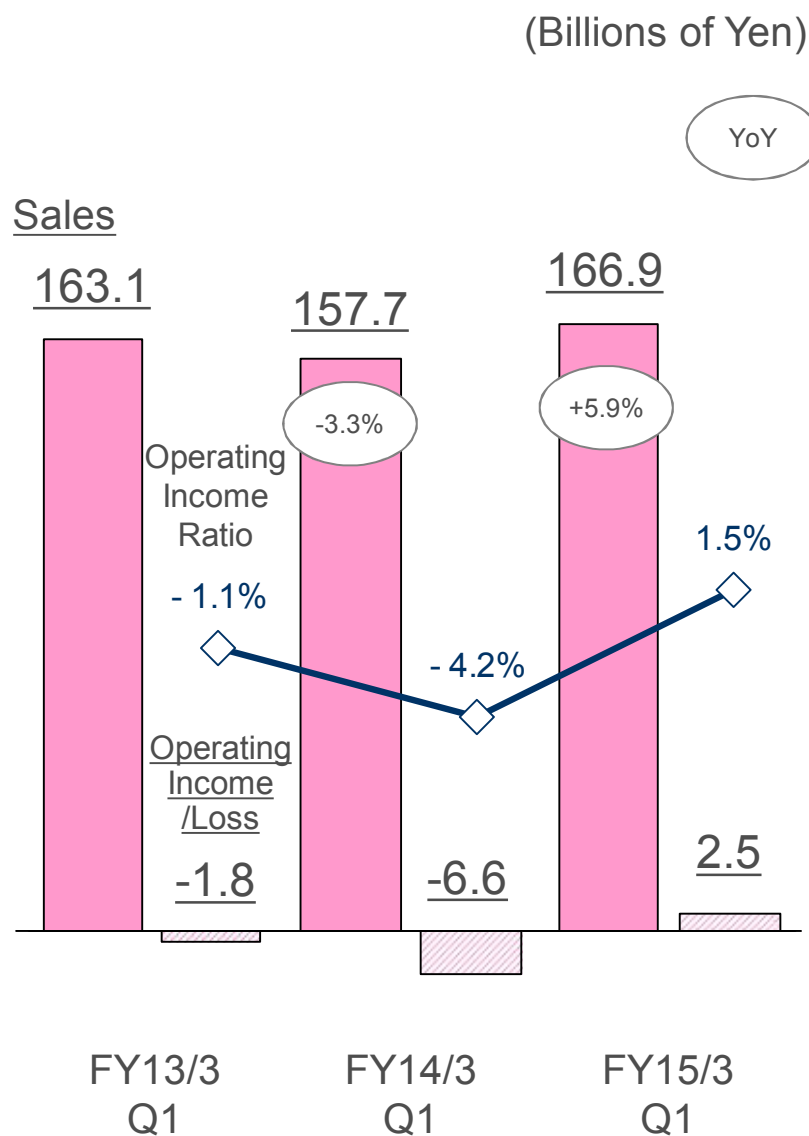
▽ Decreased due to a sales decline

TOMS : Telecom Operations and Management Solutions



System Platform Business

Billions of Yen (YoY)



Sales 166.9 (+5.9%)

△ Increased mainly in hardware such as servers and business PCs

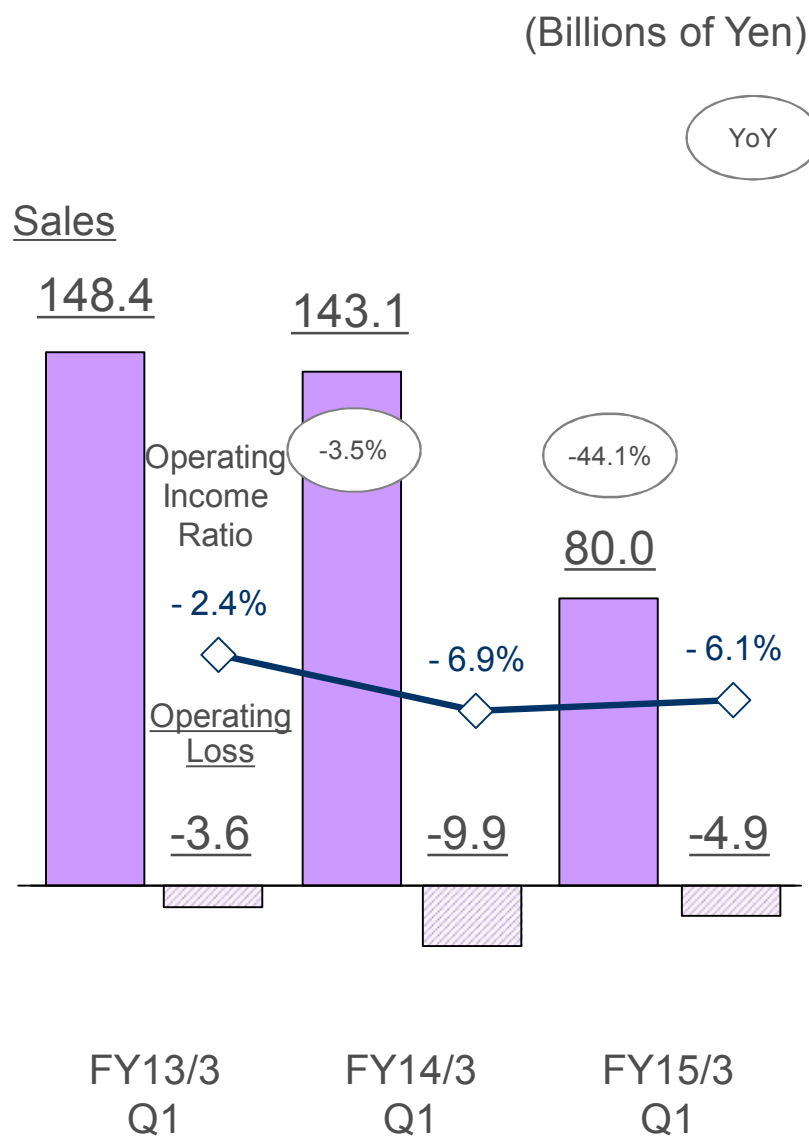
Operating Income 2.5 (+9.1)

△ Turned to the black due to sales increase and improved profitability with better IT investment environment



Others

Billions of Yen (YoY)



Sales 80.0 (-44.1%)

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

Operating Loss -4.9 (+5.0)

△ Improved due to recovery of mobile phone business despite impact from deconsolidation of businesses

Net Loss Change (Year on Year)

(Billions of Yen)

FY14/3 Q1
<Apr-Jun>
-21.5

FY15/3 Q1
<Apr-Jun>
-10.1

Subsidy income	+2.0
Equity in earnings of affiliates	+0.8

Improvement in non-operating
income/loss +3.4

Improvement in
operating loss
+14.8

Others
-6.8

Gain on sales of subsidiaries and affiliates' stocks	-16.3
Gain on sales of investment securities	-1.8
Income taxes	+10.5

System Platform	+9.1
Others	+5.0
Public	+1.3
Enterprise	+0.6
Adjustment	+0.1
Telecom Carrier	-1.3

Notable Actions and Outcomes

SDN related projects

SDN

- Awarded SDN implementation by West Nippon Expressway Company Limited, Nagoya City University Hospital, etc.
- Successfully conducted joint verification tests of mobile core network virtualization with NTT DOCOMO, INC.

SDN : Software-Defined Networking

Big Data related projects

BIG
DATA

- Delivered a system for monitoring signs of malfunction in large-scale plants for the Chugoku Electric Power CO., Inc.
- Achieved the highest performance evaluation in the Face Recognition vendor test by the U.S. National Institute of Standards and Technology (NIST) for the third consecutive time

Established NEC Energy Solutions, Inc.

(Completed the acquisition of A123 Energy Solutions)

NETCOMSEC Co. Ltd made a repayment to the Japan Ministry of Defense

(approx. 7.4 billion yen)

- Allowance recorded in the previous fiscal year and no impact on FY15/3 income forecast

* Forecasts as of July 30, 2014

II . Financial Forecasts for FY15/3

NEC's Management Policy for FY15/3

Market forecasts

- The Japanese economy is expected to grow moderately into the second half of the fiscal year (In terms of the world economy, a recovery is expected in Europe and the U.S. , while emerging markets are expected to have moderate growth)
 - IT investment in Japan is expected to see a steady growth in fields such as system integration and outsourcing
 - Public : Expansion in investment related to social infrastructure such as continuous strong demand for digital wireless fire prevention systems and an increase in investment by Japan's central and local governments for the national ID number system in the public field
 - Telecom Carrier : Global expansion in investment for LTE related projects and the TOMS / SDN market
 - Energy : Rechargeable battery market to be stimulated by government subsidies

Business strategy

- Execute strategic investment in focused areas for growth
- Expand GSD business, improve the profitability of international business, drive cost reduction initiatives•••

“CS No.1” “Global First” “One NEC”

※ GSD : Global Safety Division
CS : Customer Satisfaction

Summary of Financial Forecasts for FY15/3

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

(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%	
Net Income per share (Yen)	12.99	13.47	+0.48

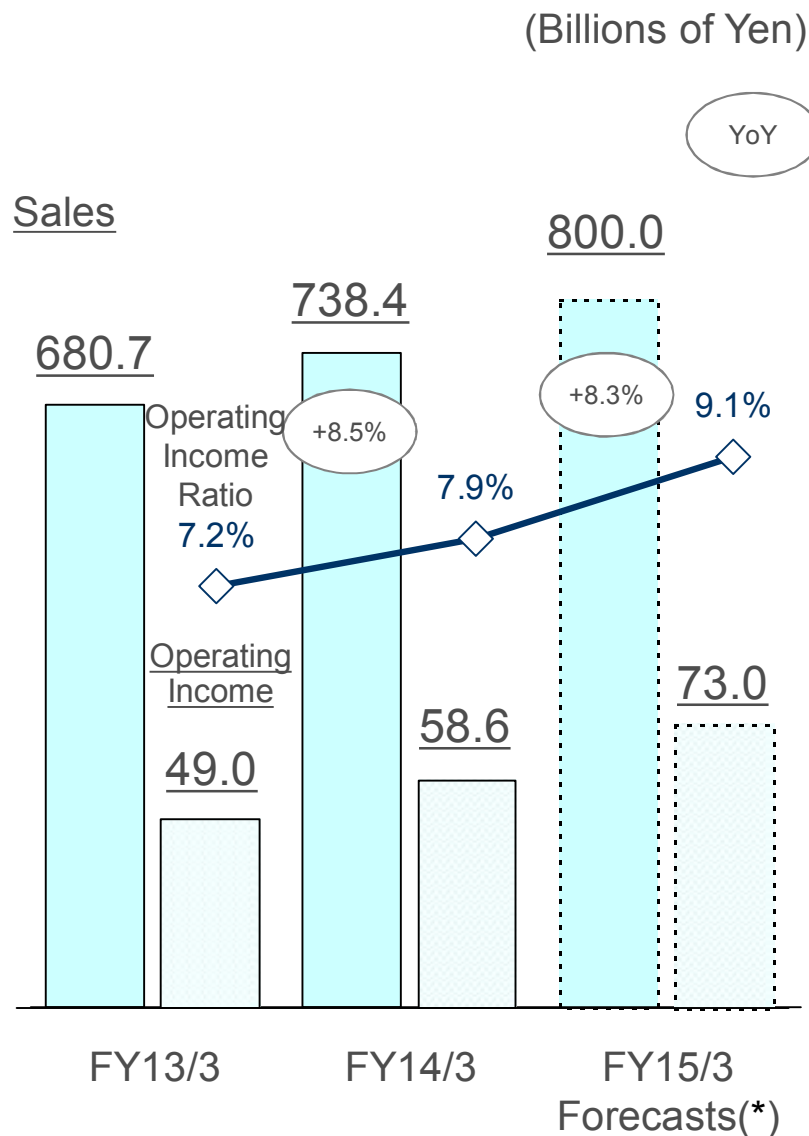
		Full Year		
		FY14/3 Actual	FY15/3 Forecasts	YoY
Public	Net Sales	738.4	800.0	+8.3%
	Operating Income	58.6	73.0	+14.4
	% to Net Sales	7.9%	9.1%	
Enterprise	Net Sales	272.3	275.0	+1.0%
	Operating Income	6.5	9.0	+2.5
	% to Net Sales	2.4%	3.3%	
Telecom Carrier	Net Sales	725.8	770.0	+6.1%
	Operating Income	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 FY15/3 \$1=¥100, €1=¥130

《Note》 1H, FY14/3 Actual : Net Sales 1,383.1 / Operating Income 0.4 billion yen

* Forecasts as of July 30, 2014

Billions of Yen (YoY)



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)

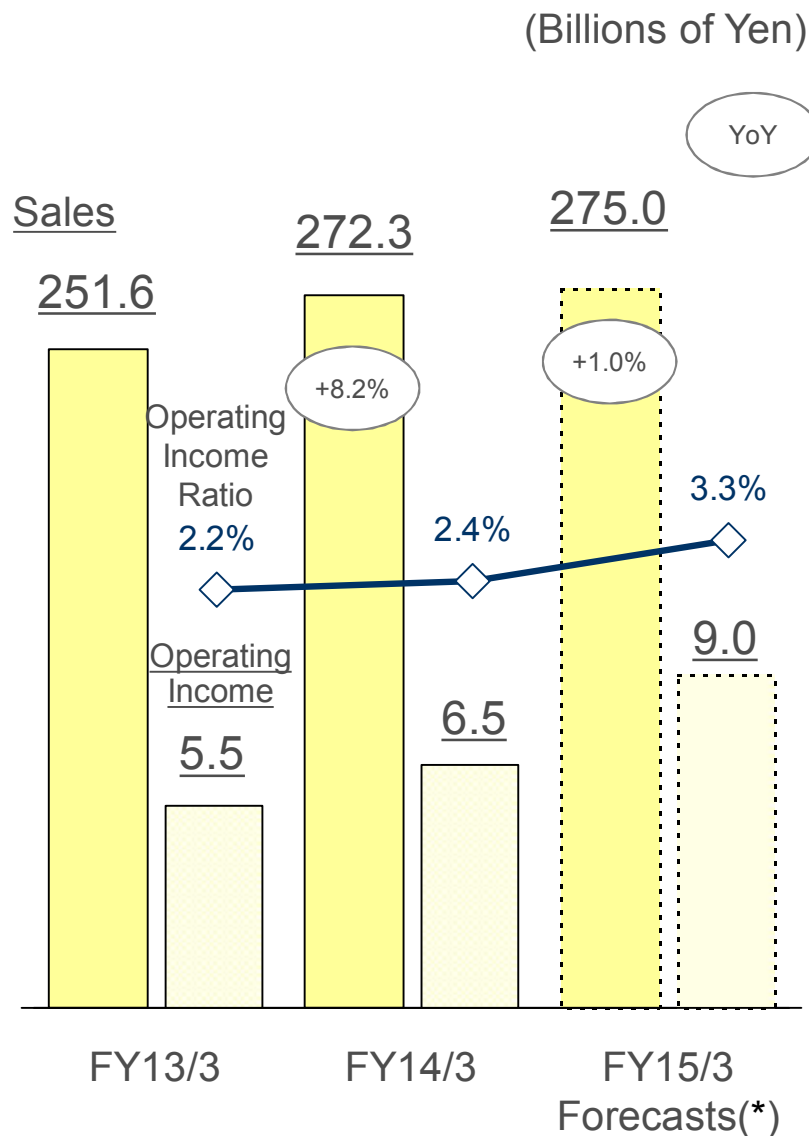
△ Improve due to sales increase, cost reductions and a decrease in loss making projects



《Note》 1H, FY14/3 Actual : Net Sales 303.3 / Operating Income 14.5 billion yen

* Forecasts as of July 30, 2014

Billions of Yen (YoY)



Sales 275.0 (+1.0%)

△ Increase due to steady sales from manufacturing industries

Operating Income 9.0 (+2.5)

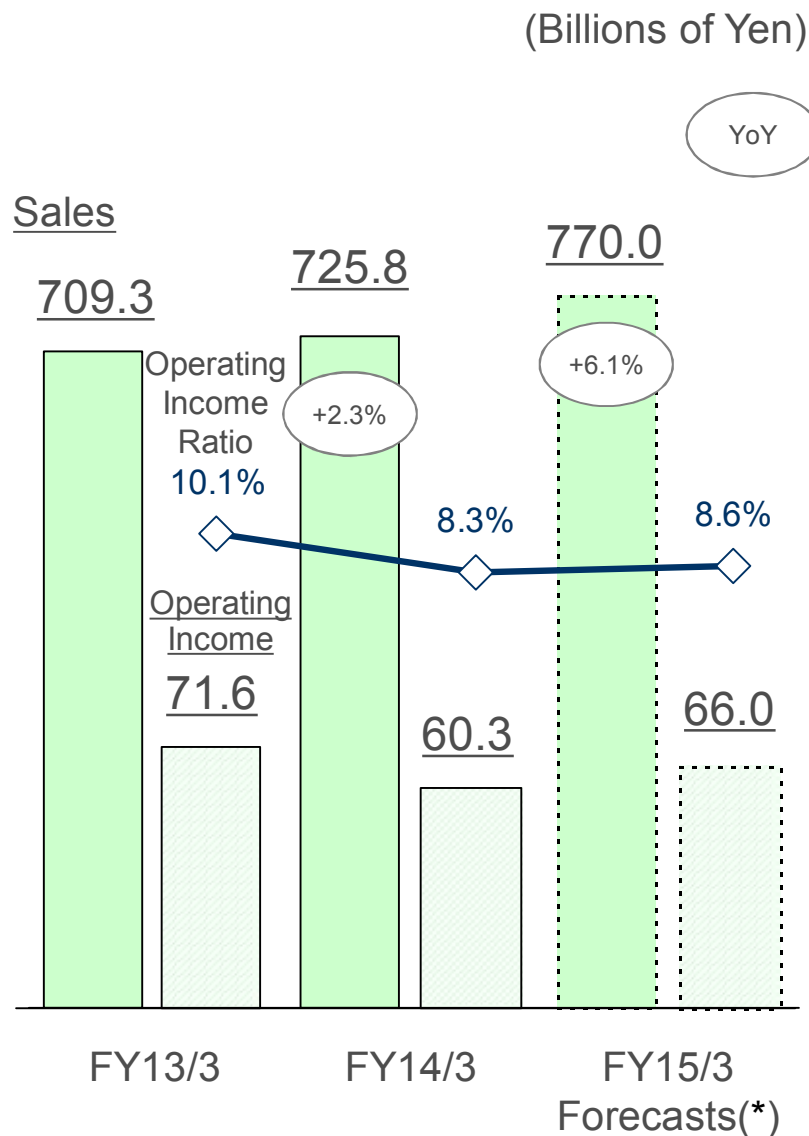
△ Improve due to sales increase



《Note》 1H, FY14/3 Actual : Net Sales 130.1 / Operating Income 0.7 billion yen

* Forecasts as of July 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%)

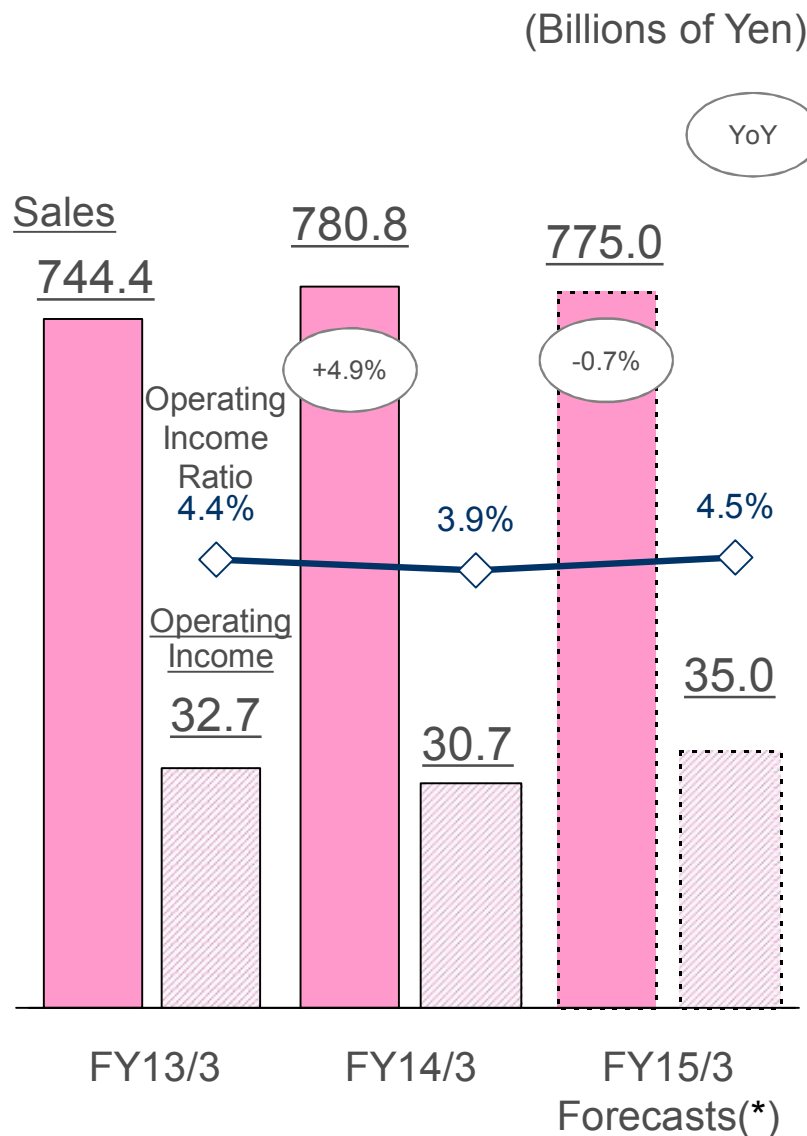
- △ Improve due to sales increase mainly in international business



《Note》 1H, FY14/3 Actual : Net Sales 334.0 / Operating Income 19.4 billion yen

* Forecasts as of July 30, 2014

Billions of Yen (YoY)



Sales 775.0 (-0.7%)

- ▽ Decrease due to declining business PCs, despite an increase in IT demand, such as servers and software

Operating Income 35.0 (+4.3)

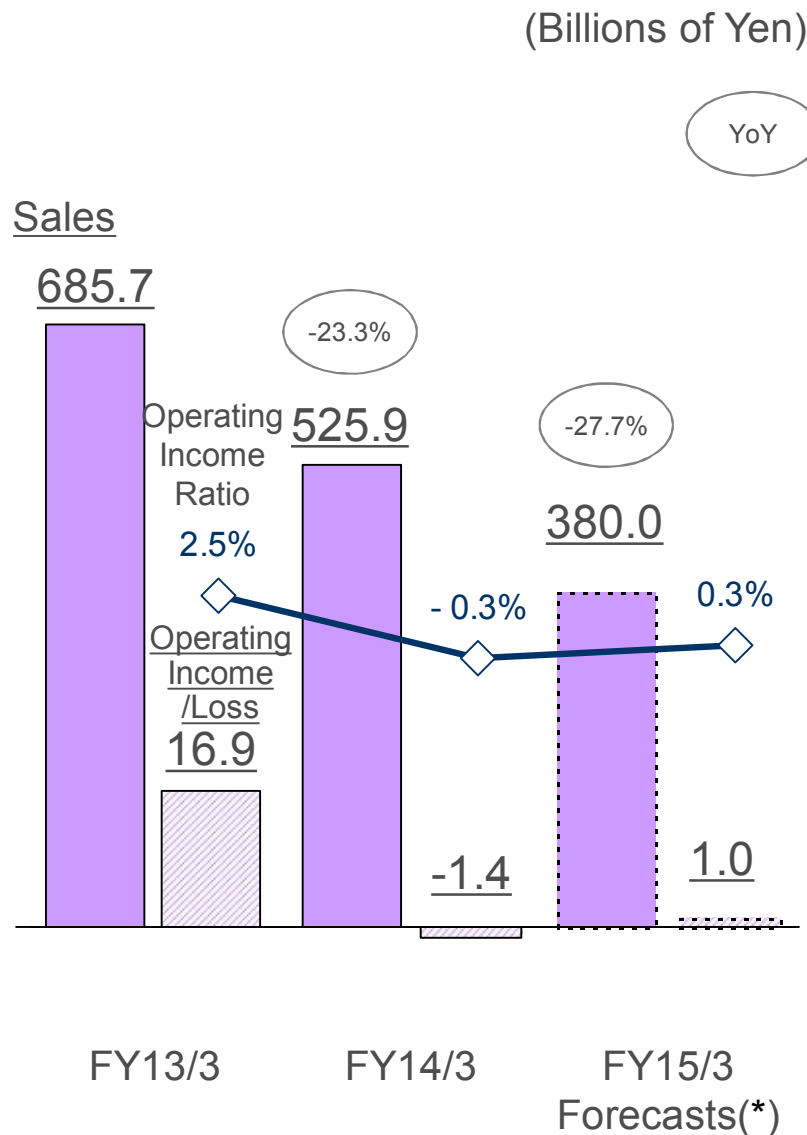
- △ Improve from integration with NEC Fielding, Ltd. and sales increase in servers and software



《Note》 1H, FY14/3 Actual : Net Sales 350.7 / Operating Income 1.8 billion yen

* Forecasts as of July 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)

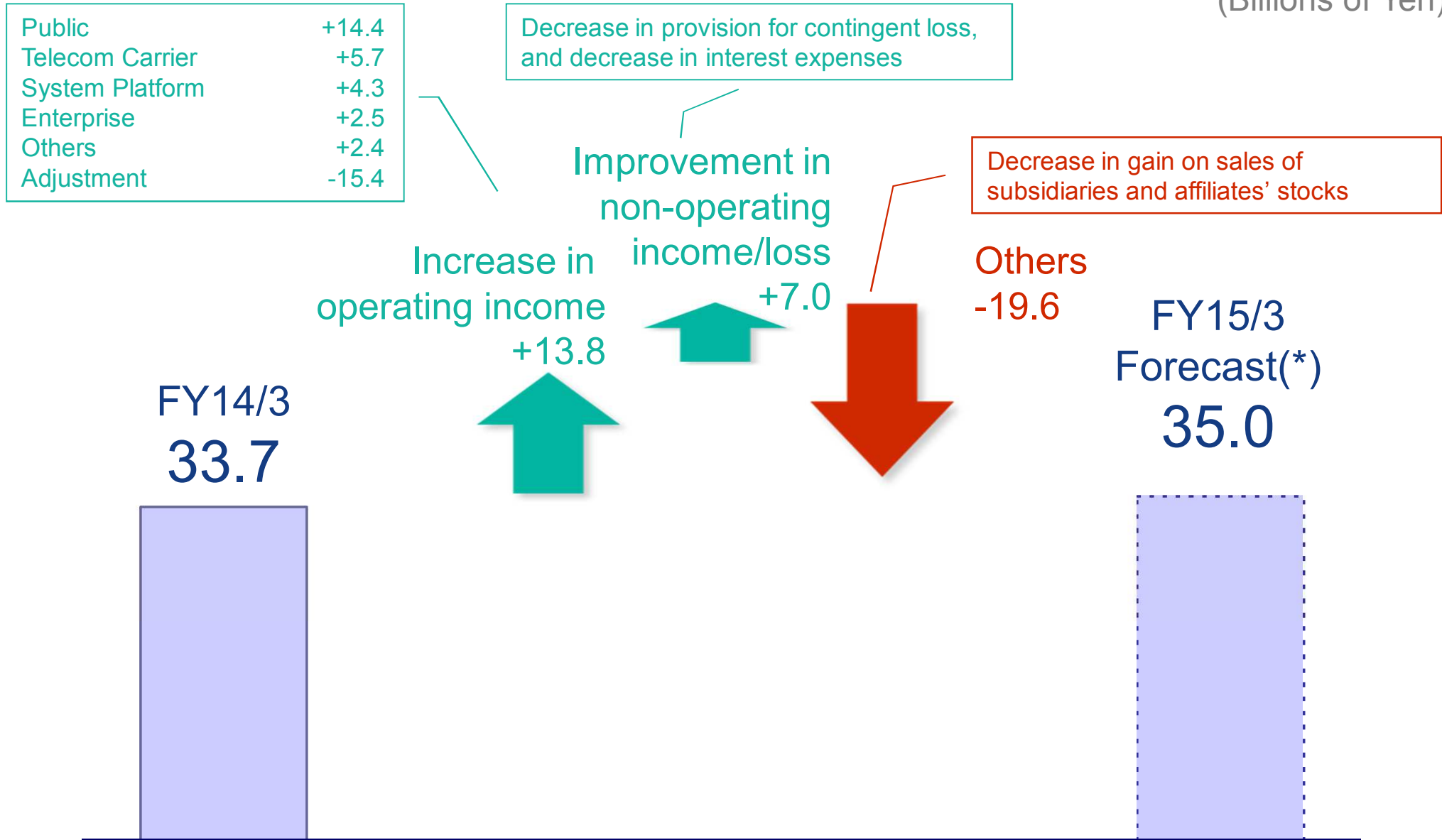
△ Improve due to improvement of the mobile phone business and energy business, despite impact from deconsolidating businesses

《Note》 1H, FY14/3 Actual : Net Sales 264.9 / Operating Loss 11.8 billion yen

* Forecasts as of July 30, 2014

Net Income Change (Year on Year)

(Billions of Yen)



* Forecasts as of July 30, 2014

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

(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



Achieving the goals for FY15/3 is a necessary step for realization of the Mid-term Management Plan 2015

Accomplish the full-year forecasts for the third consecutive year and assure stable dividends

* Forecasts as of July 30, 2014

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

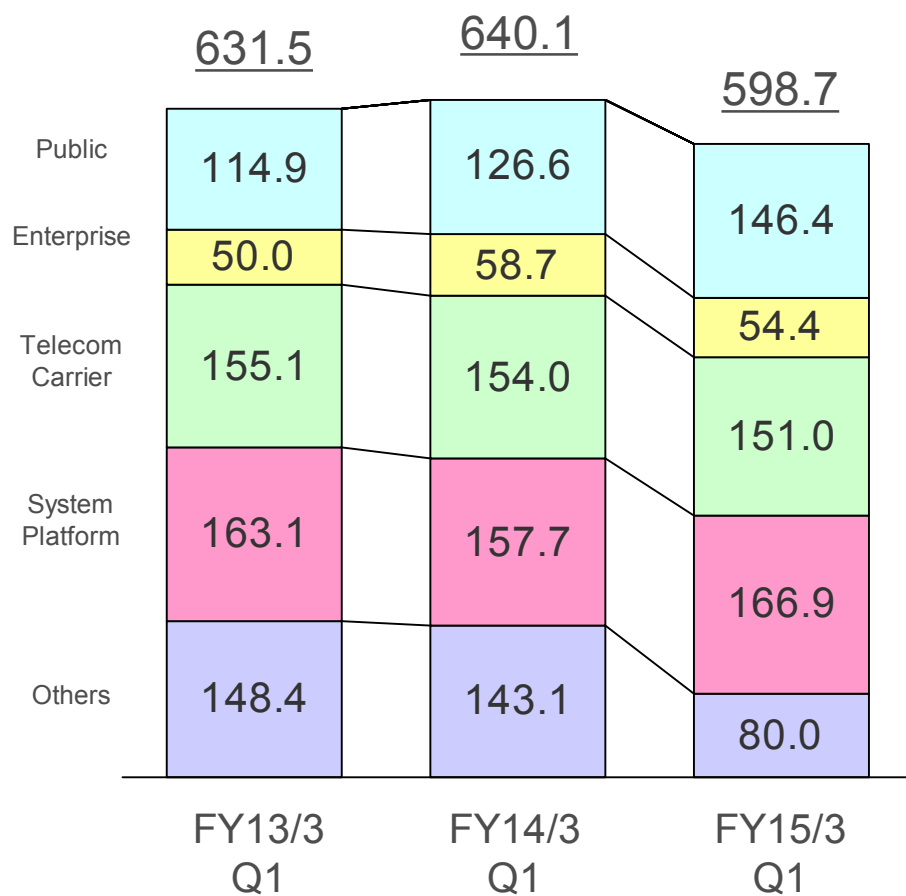
NEC

Financial Results for Q1, FY15/3 (Appendix)

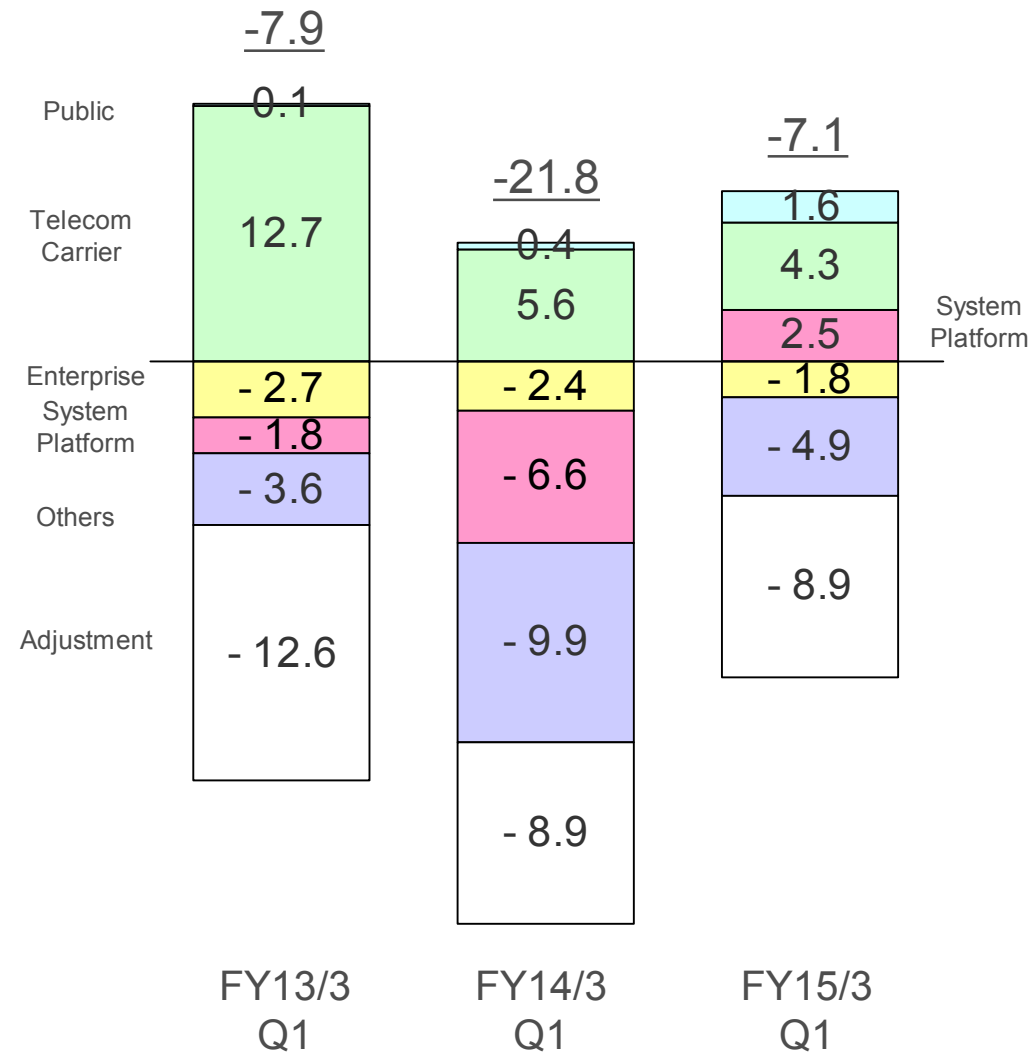
Results for Q1 by Segment (three-year transition)

(Billions of Yen)

Net Sales



Operating Income/Loss

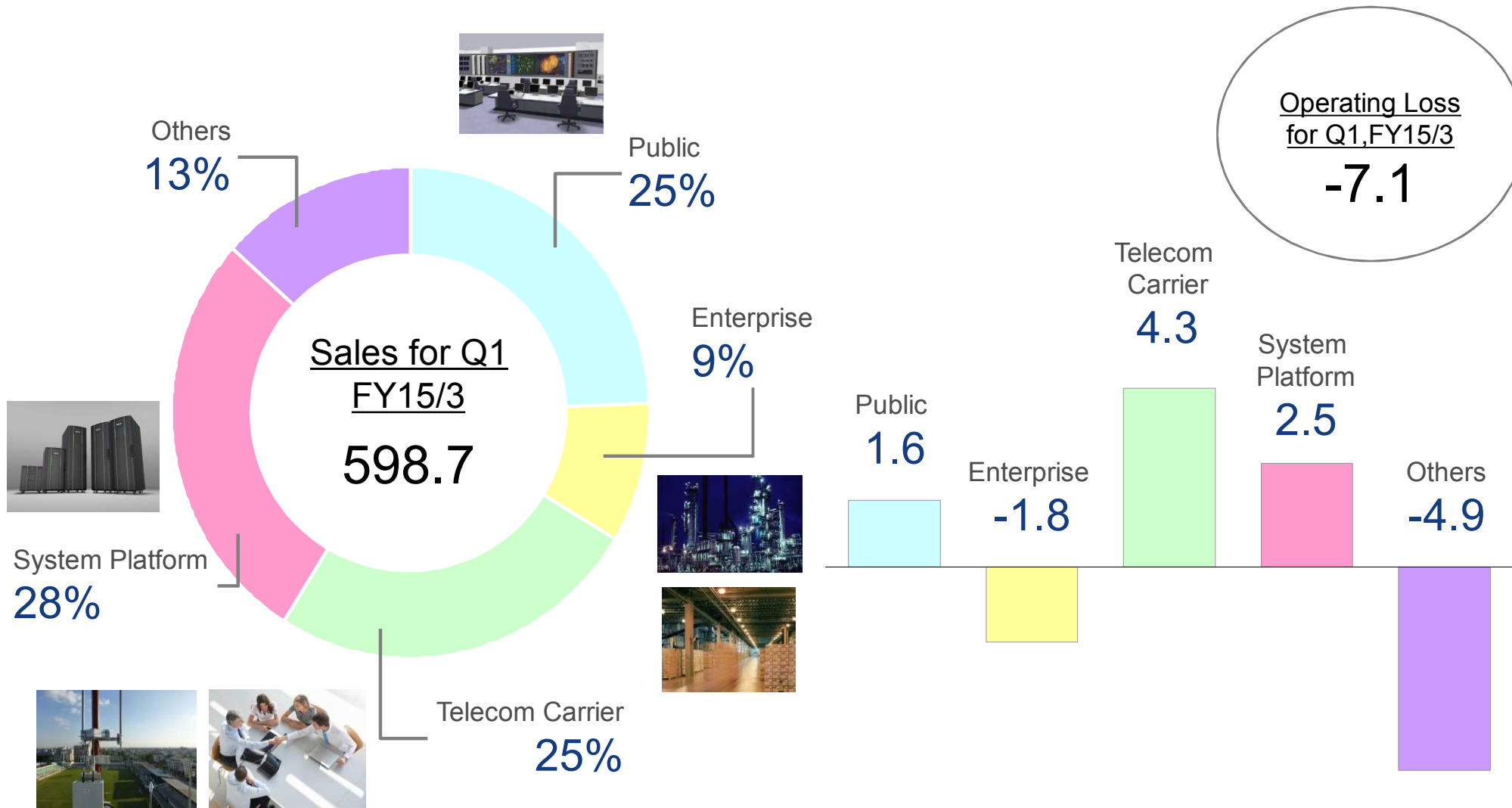


Financial Results for Q1 by Segment

(Billions of Yen)

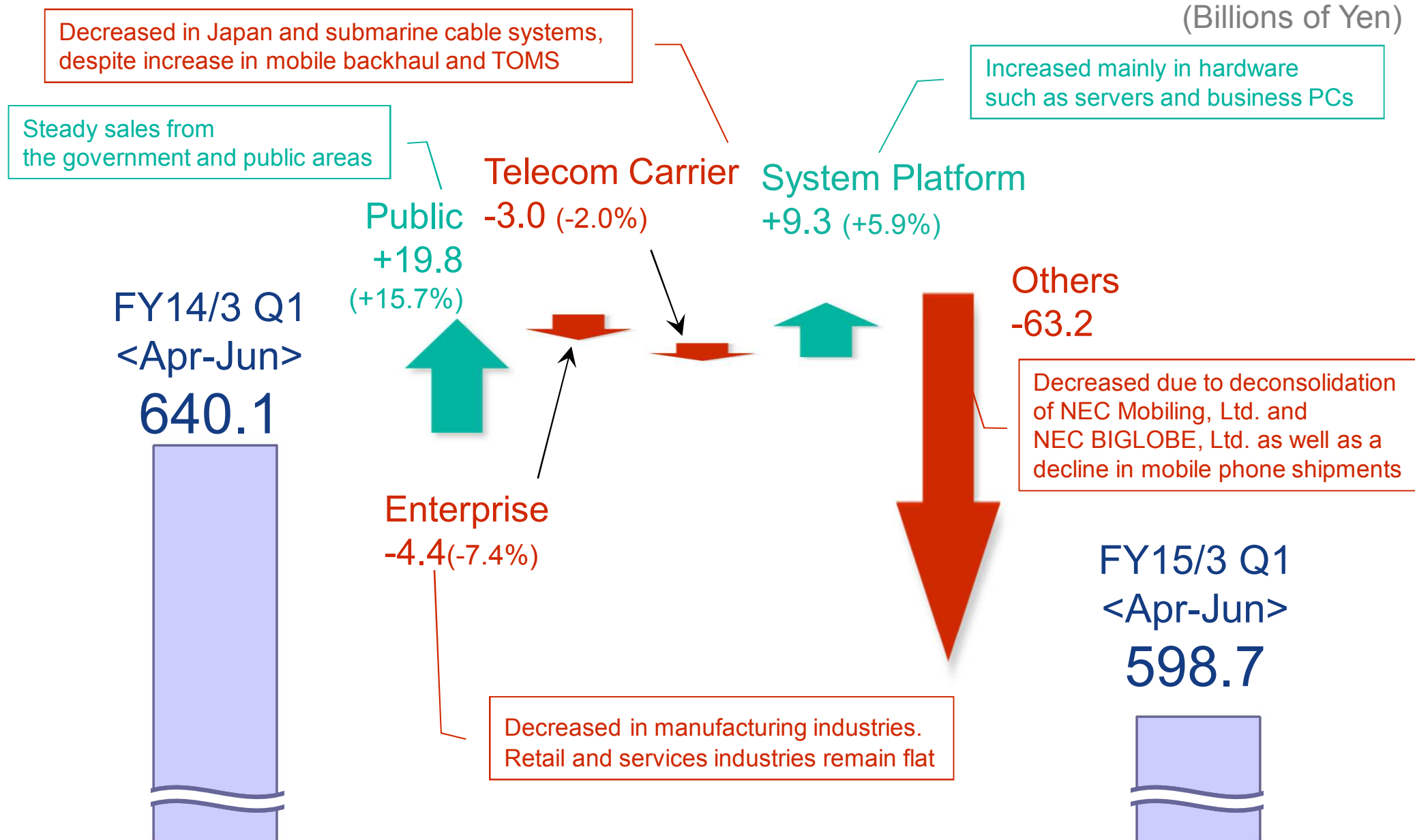
Net Sales

Operating Income/Loss



Sales Change (Year on Year)

(Billions of Yen)

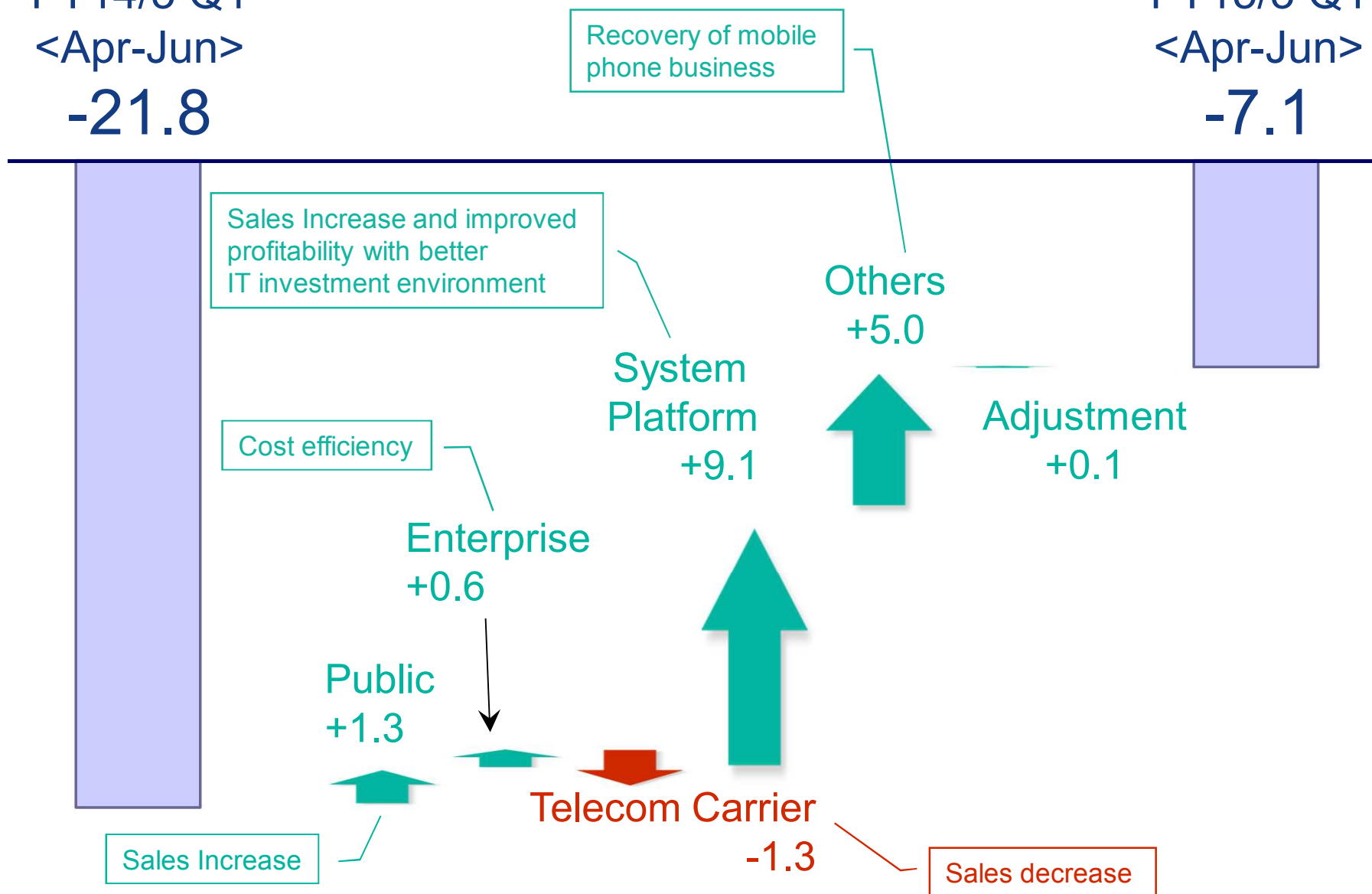


Operating Loss Change (Year on Year)

(Billions of Yen)

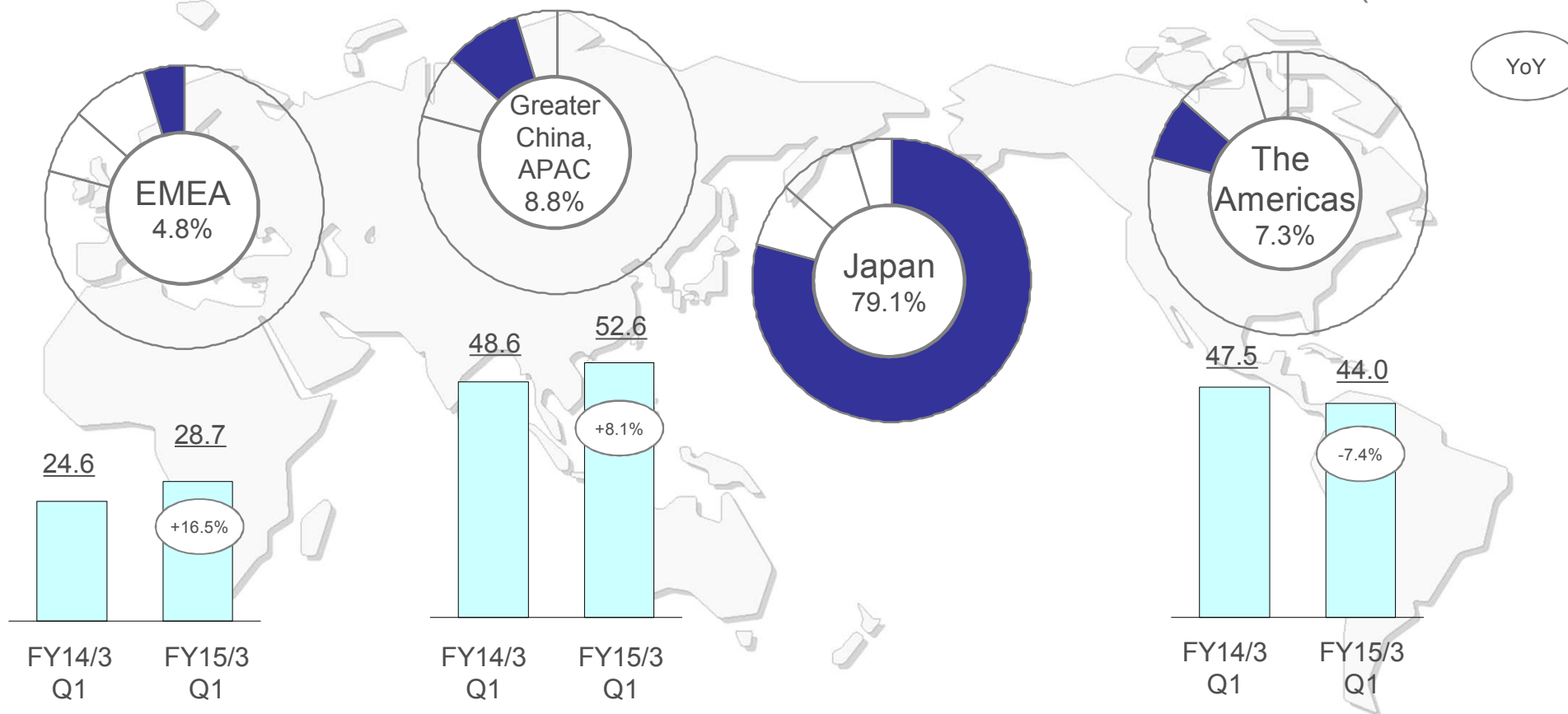
FY14/3 Q1
<Apr-Jun>
-21.8

FY15/3 Q1
<Apr-Jun>
-7.1



International Sales

(Billions of Yen)



	Q1 <April to June>		
	FY14/3 Actual	FY15/3 Actual	YoY
International sales	120.8	125.3	+3.7%
% to Net Sales	18.9%	20.9%	

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

Financial Position Data

(Billions of Yen)

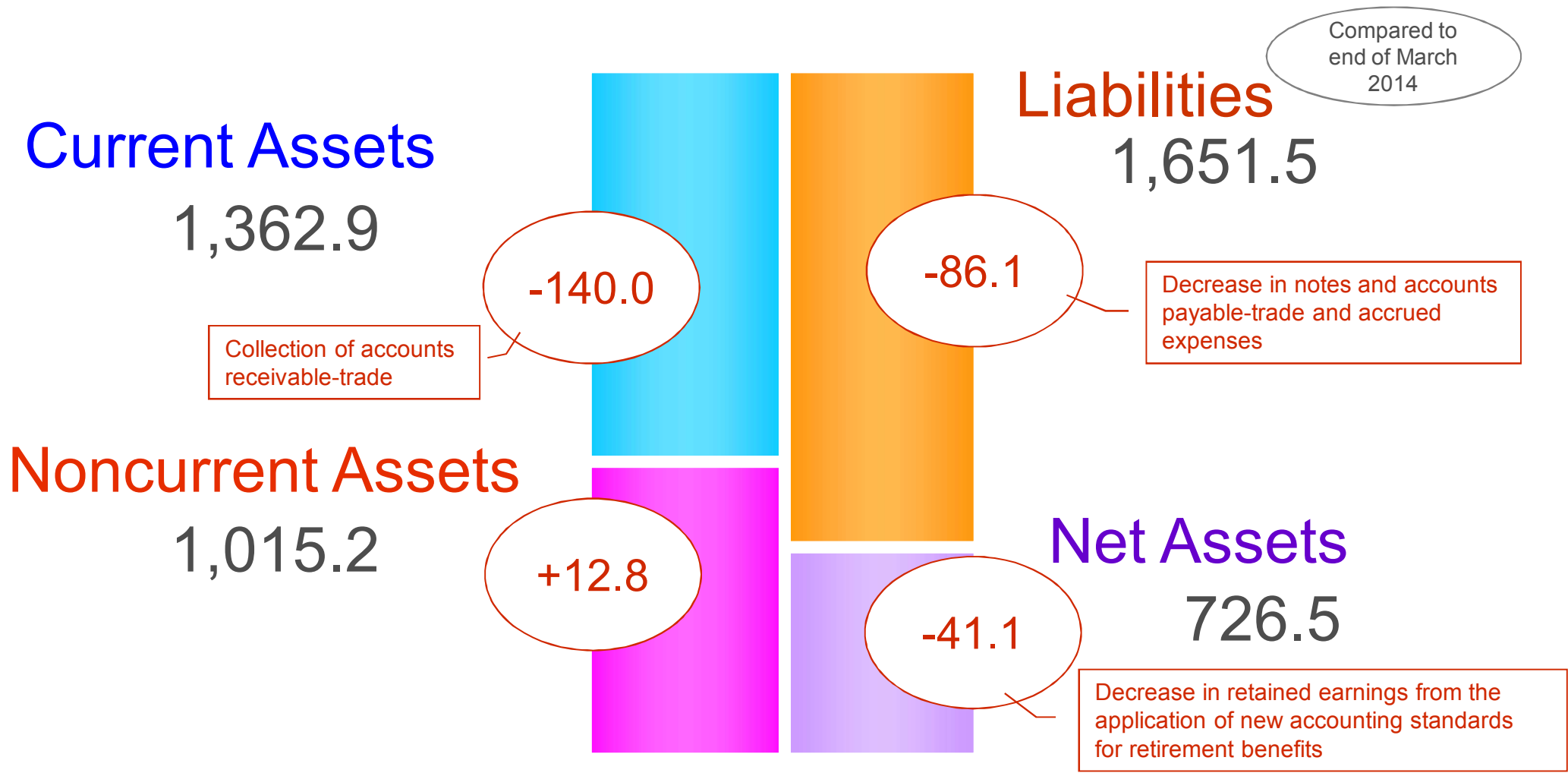
	End of March 2014	End of June 2014	Difference from March 2014	End of June 2013
Total Assets	2,505.3	2,378.1	-127.2	2,466.1
Net Assets	767.7	726.5	-41.1	784.7
Interest-bearing debt	575.2	554.1	-21.1	665.5
Shareholders' Equity	695.9	657.3	-38.6	683.4
Equity ratio(%)	27.8%	27.6%	- 0.2pt	27.7%
D/E ratio (times)	0.83	0.84	- 0.01pt	0.97
Net D/E ratio (times)	0.53	0.50	+0.03pt	0.55
Cash and cash equivalents	206.6	226.4	+19.7	286.7

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

(Billions of Yen)

<Compared to end of March 2014>

Total Assets 2,378.1 (-127.2)

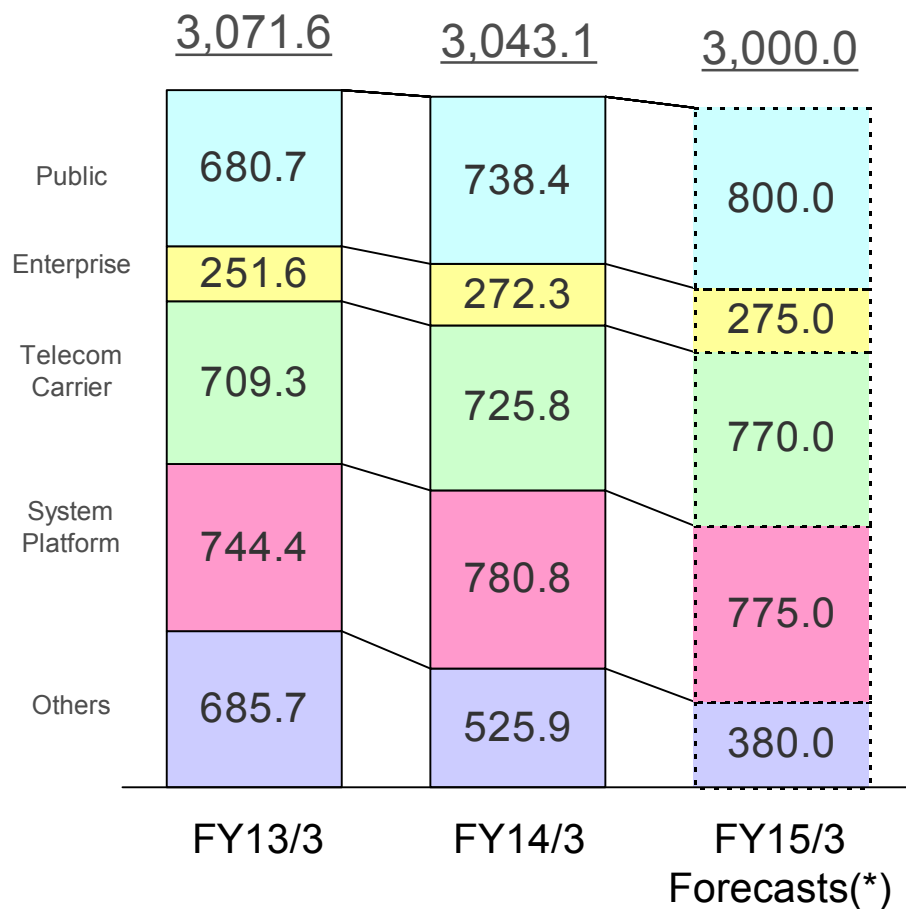


Financial Forecasts for FY15/3 (Appendix)

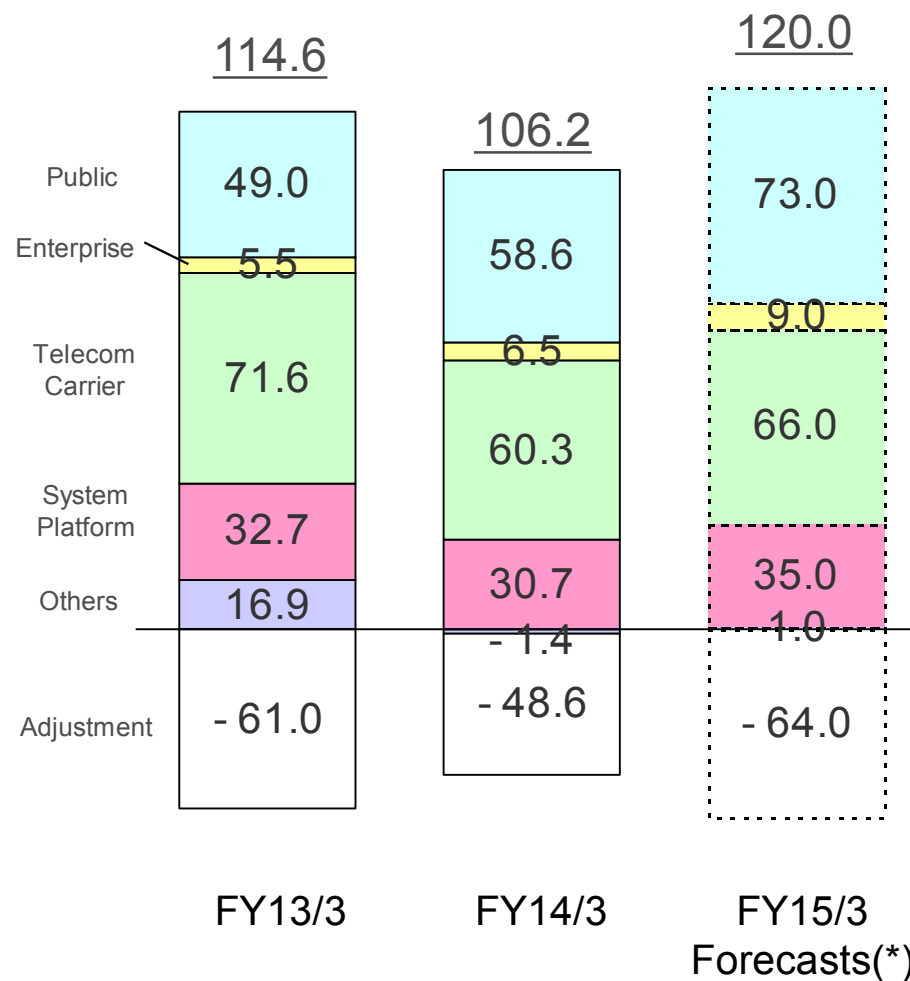
Financial Forecasts for FY15/3 by Segment (three-year transition)

(Billions of Yen)

Net Sales



Operating Income/Loss



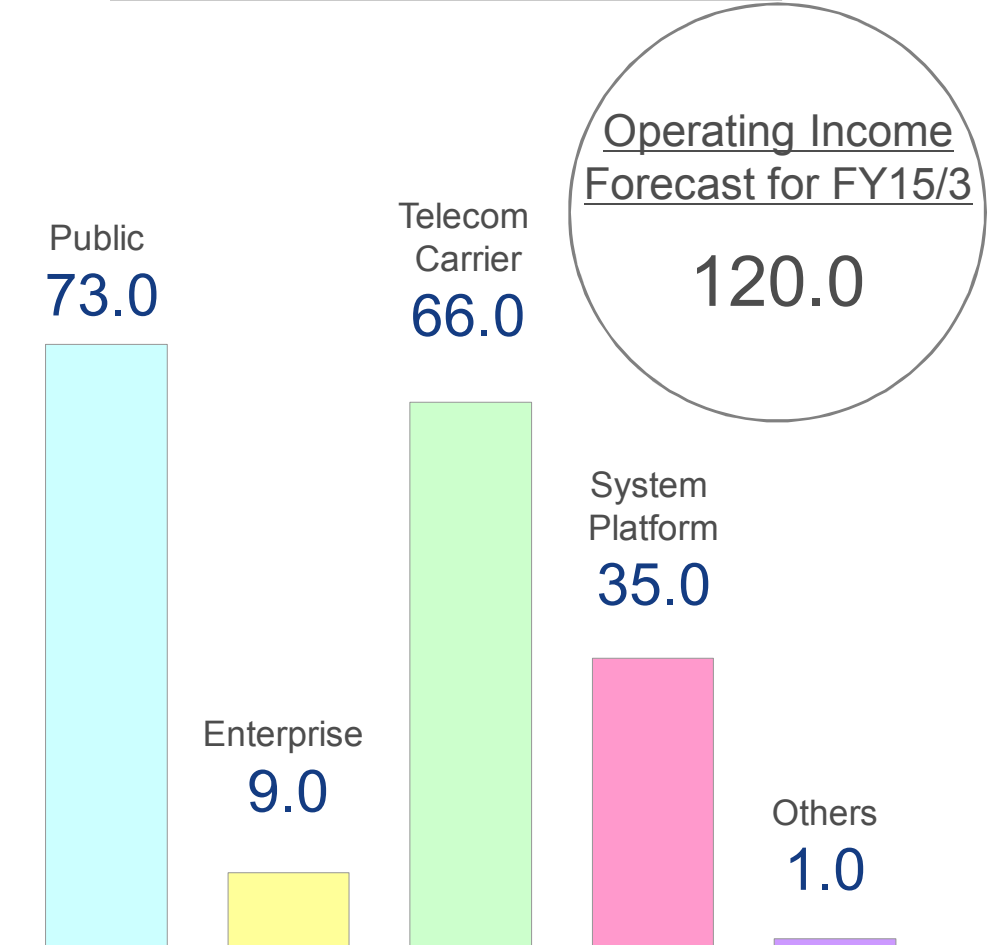
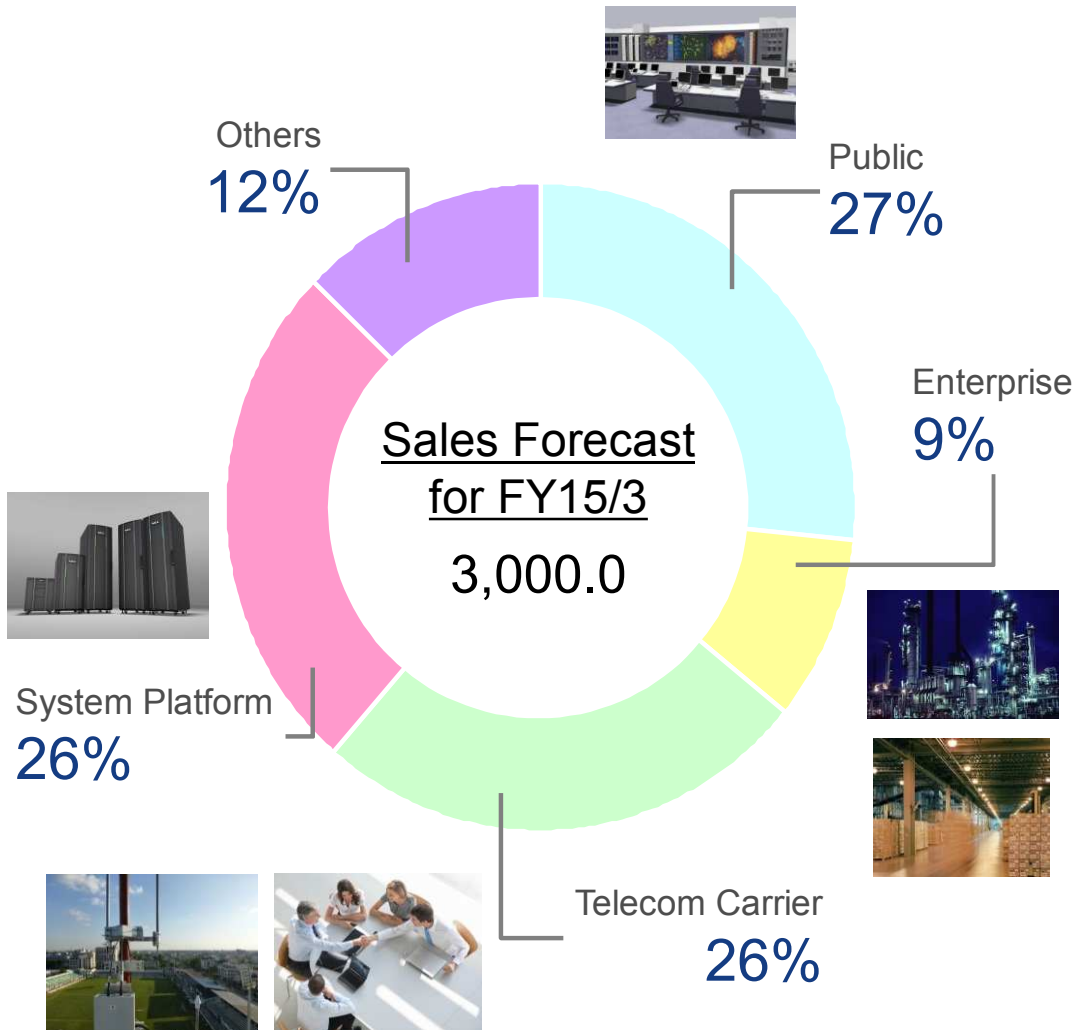
* Forecasts as of July 30, 2014

Financial Forecasts for FY15/3 by Segment

(Billions of Yen)

Net Sales

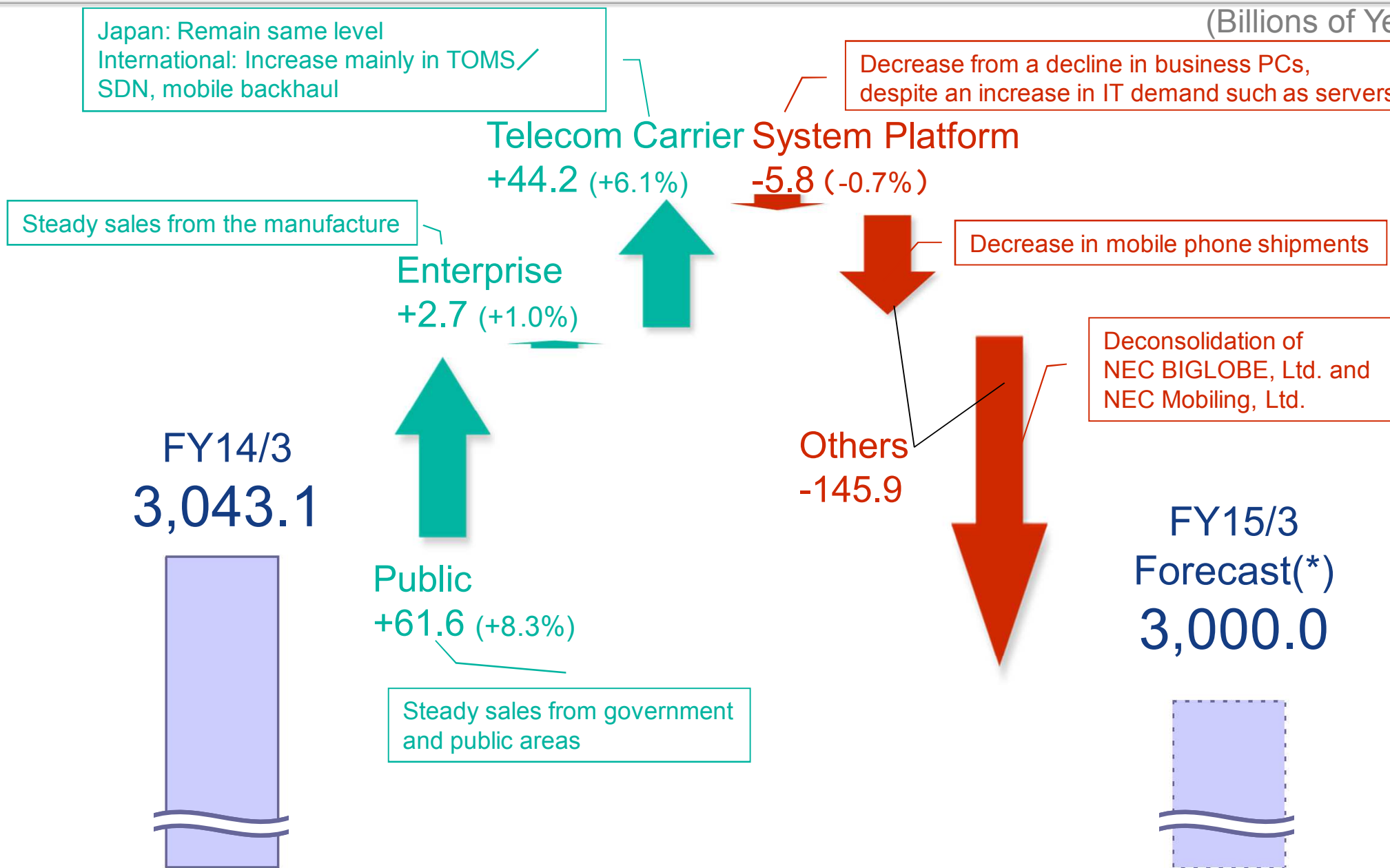
Operating Income



* Forecasts as of July 30, 2014

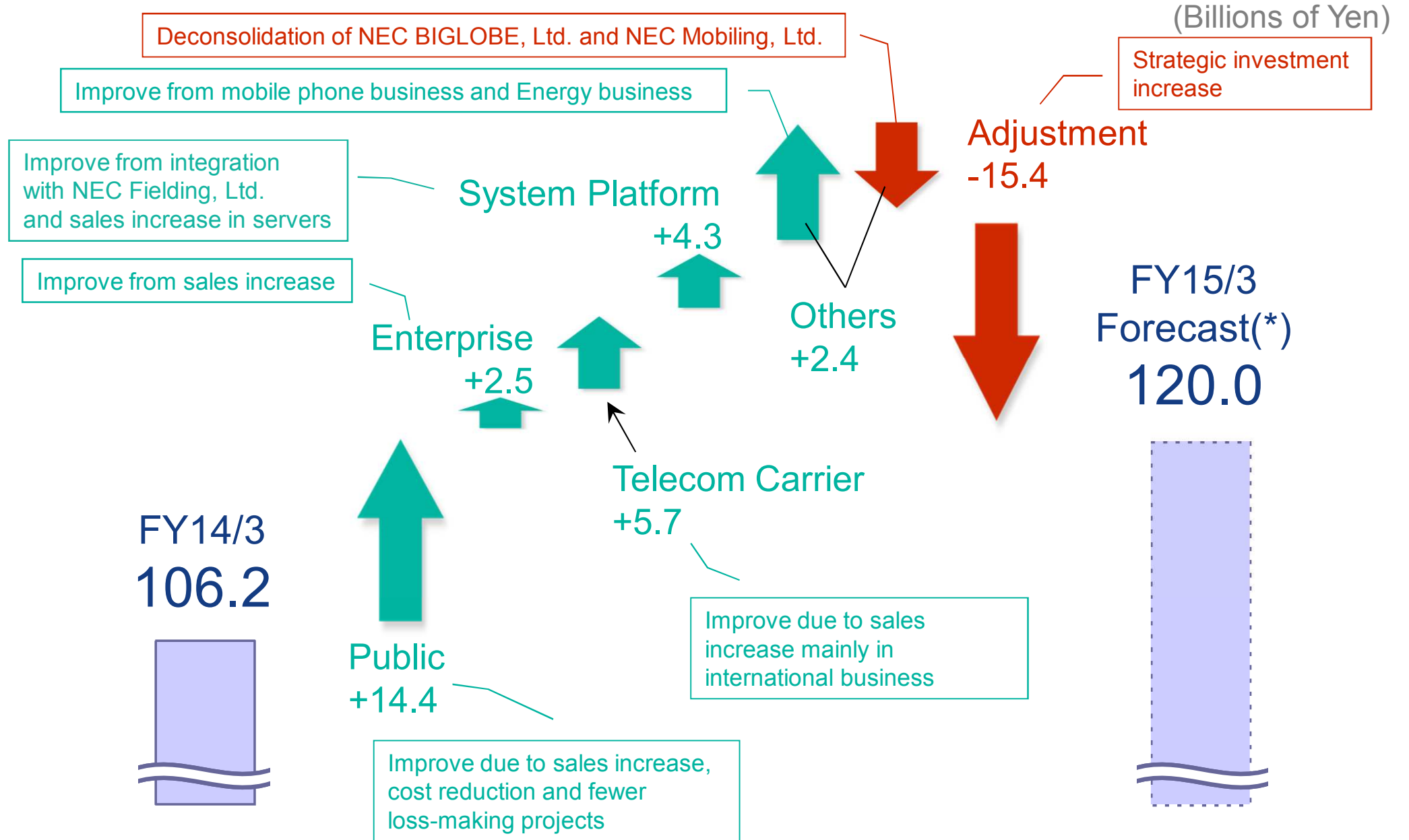
Sales Change (Year on Year)

(Billions of Yen)



* Forecasts as of July 30, 2014

Operating Income Change (Year on Year)



* Forecasts as of July 30, 2014

Capital Expenditure, Depreciation and R&D expenses

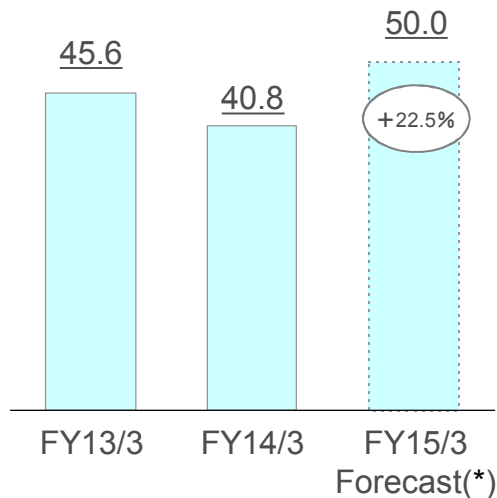
(Billions of Yen)

	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%	

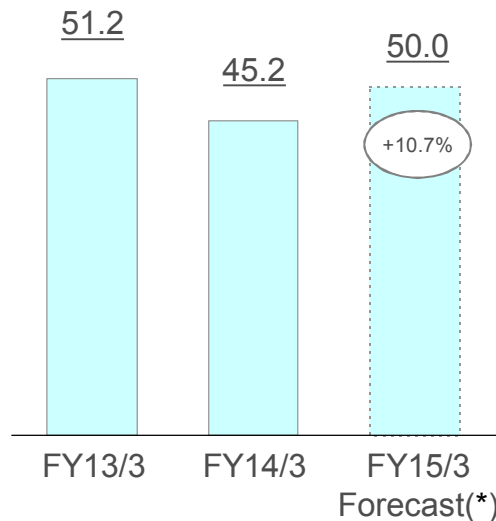
* Not including acquisition of trust beneficiary rights



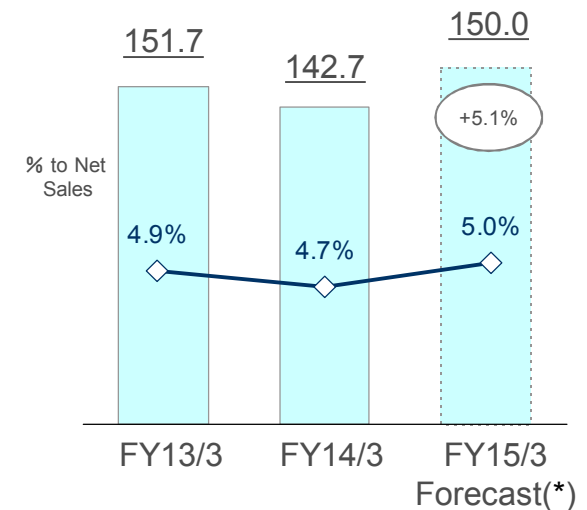
Capital Expenditure



Depreciation



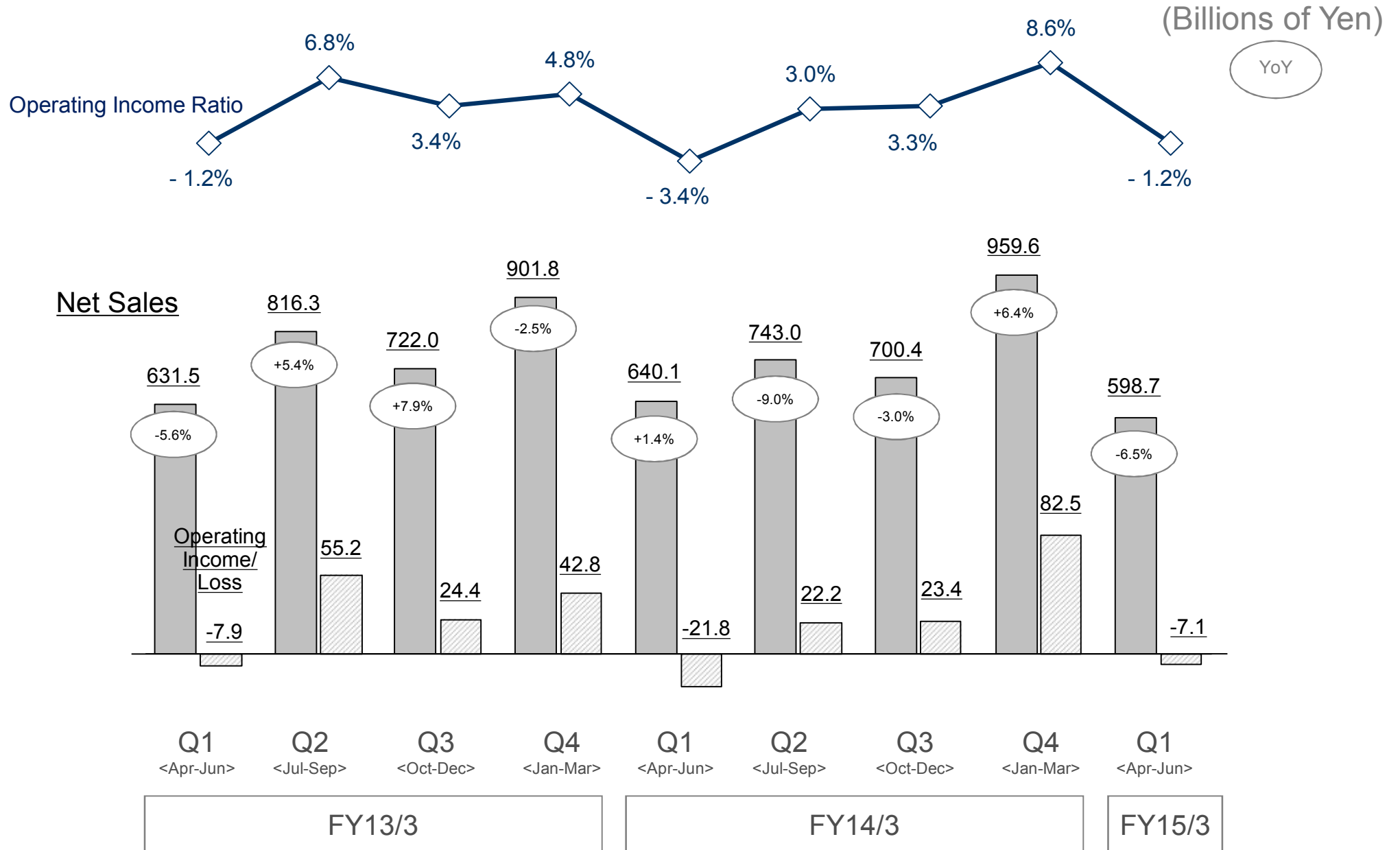
R&D expenses



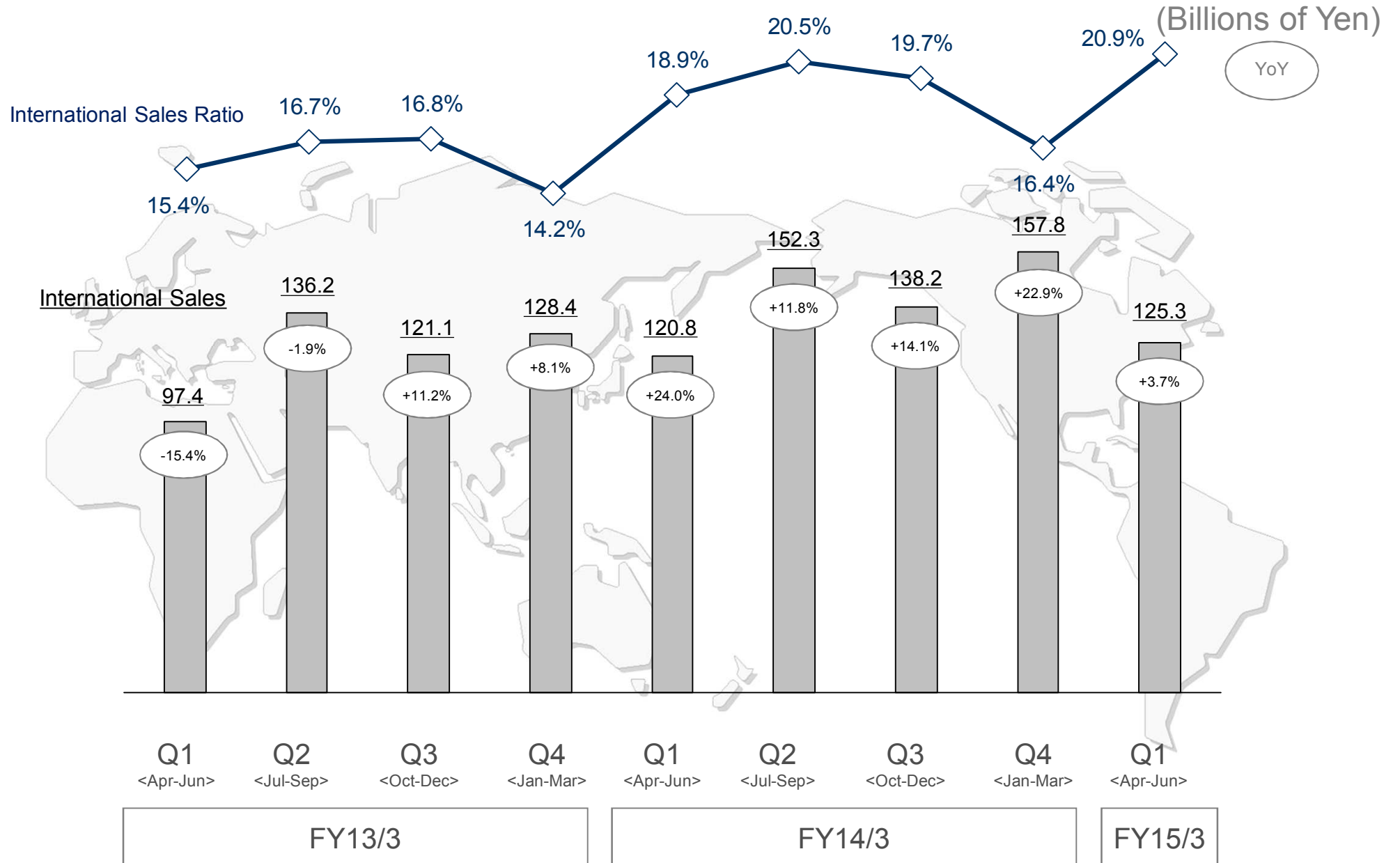
* Forecasts as of July 30, 2014

Reference (Financial data)

Net Sales, Operating Income/Loss



International Sales

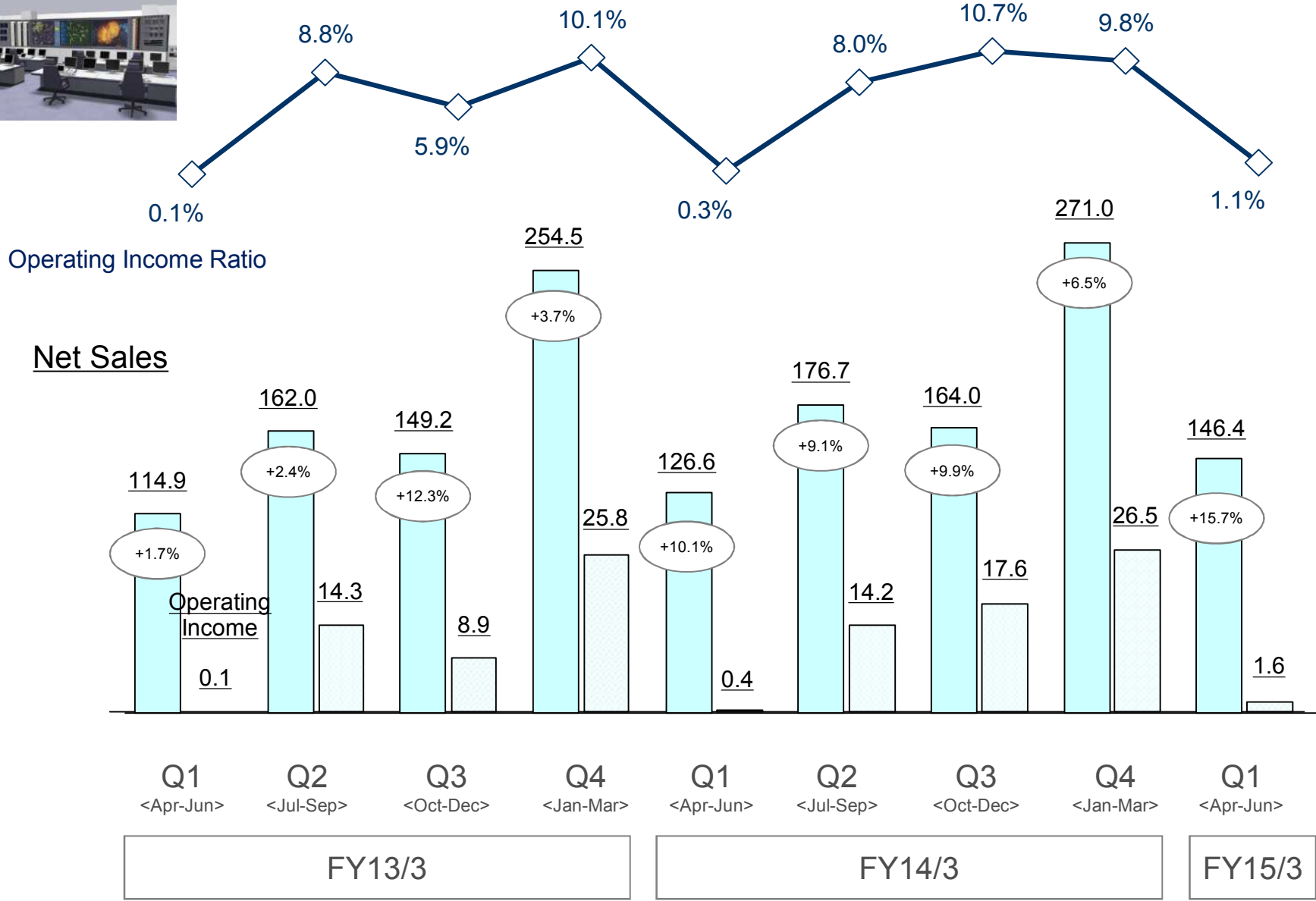


Sales, Operating Income (Public)

(Billions of Yen)



YoY

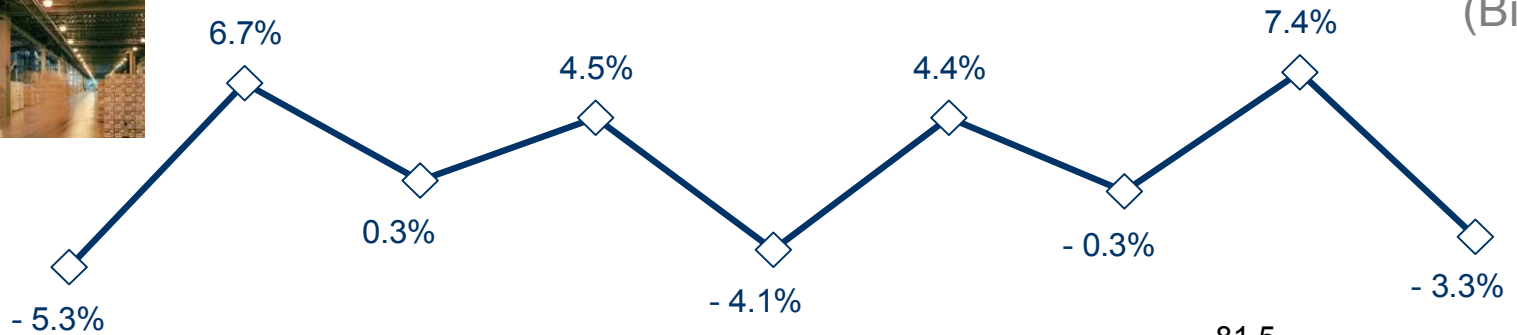


Sales, Operating Income/Loss (Enterprise)



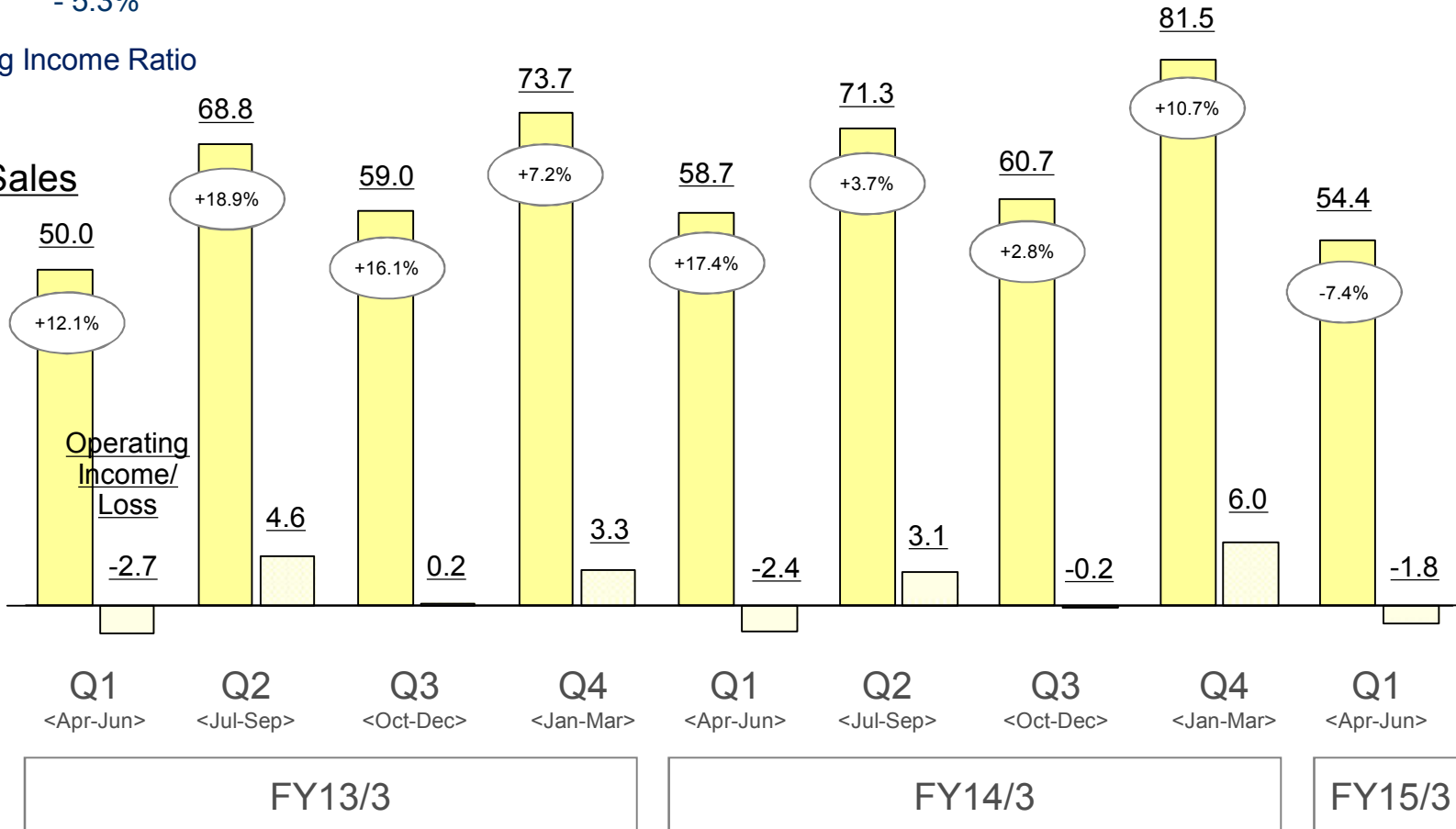
(Billions of Yen)

YoY



Operating Income Ratio

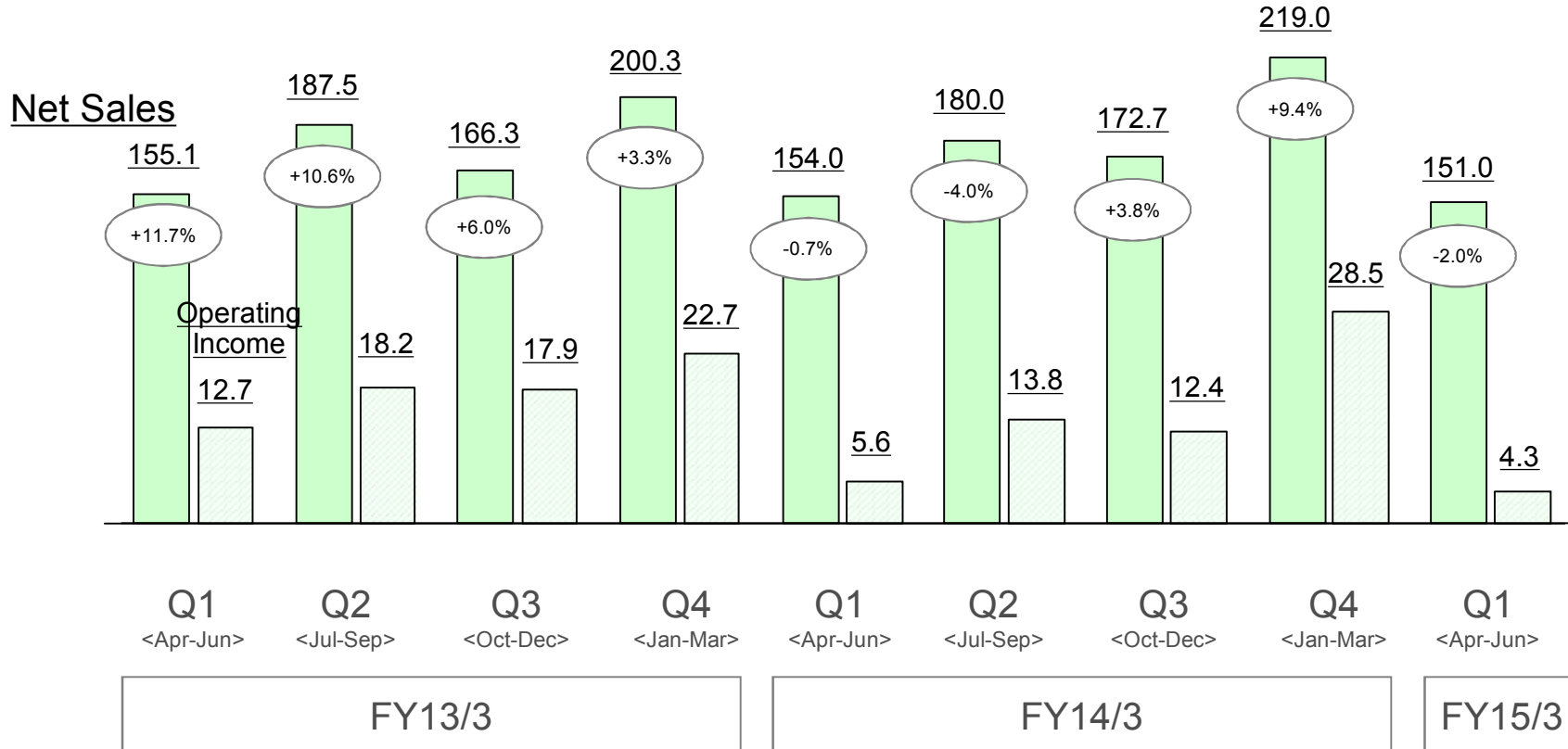
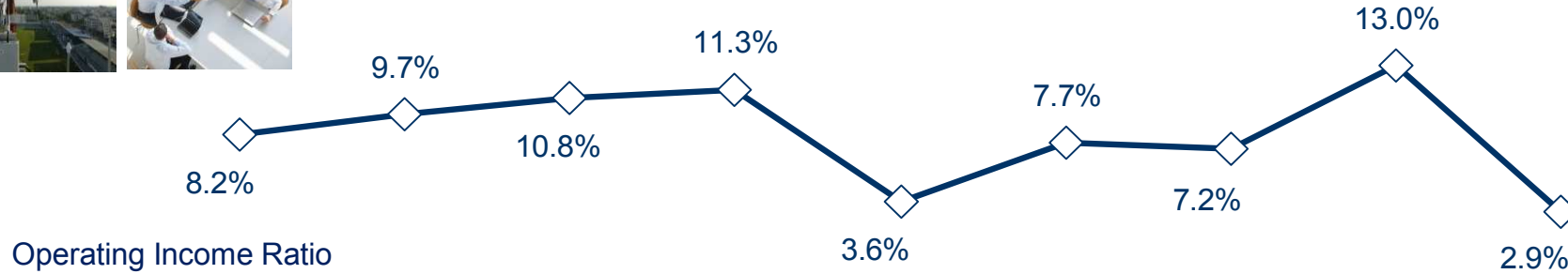
Net Sales



Sales, Operating Income (Telecom Carrier)

(Billions of Yen)

YoY

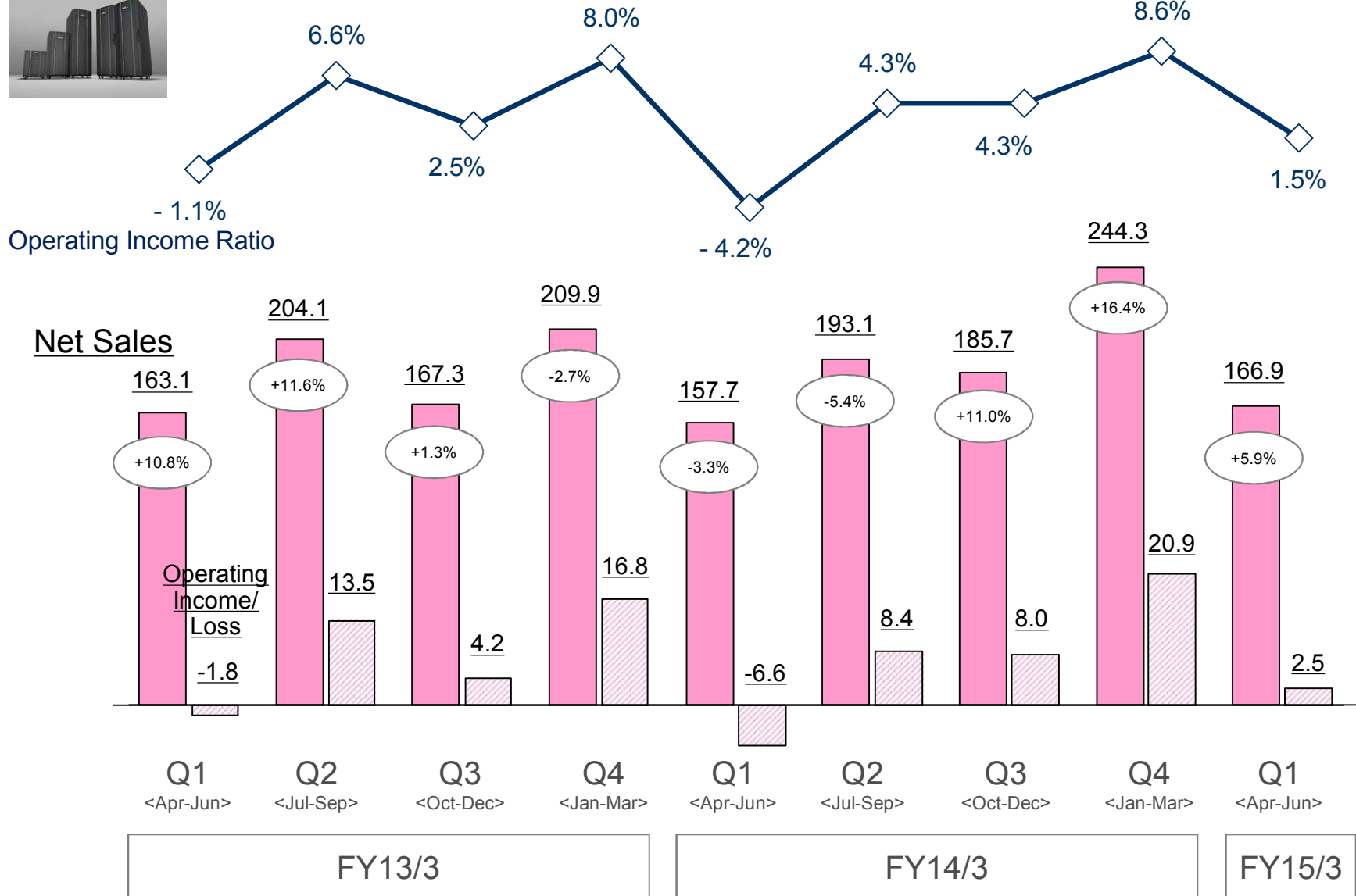


Sales, Operating Income/Loss (System Platform)

(Billions of Yen)



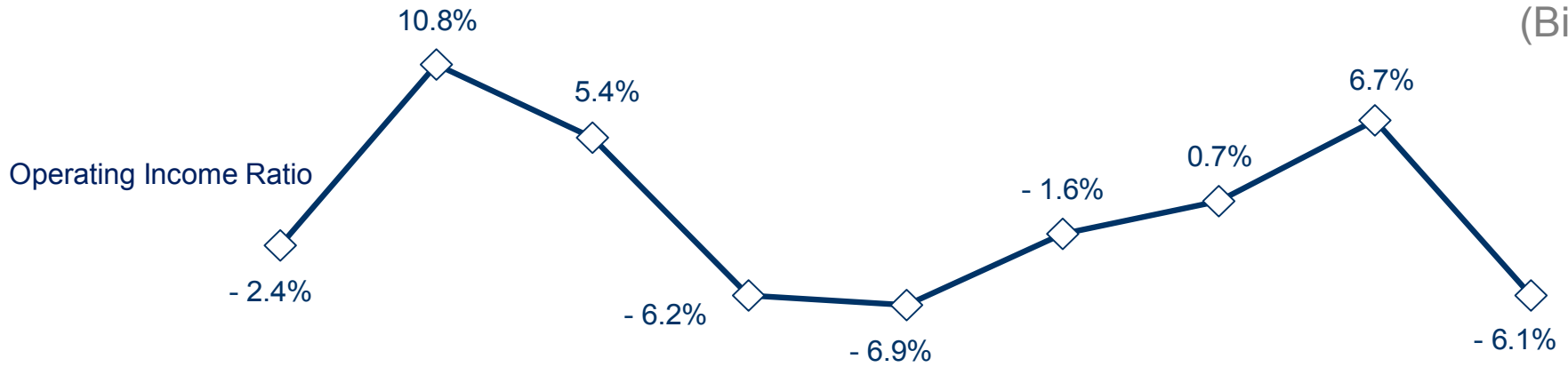
YoY



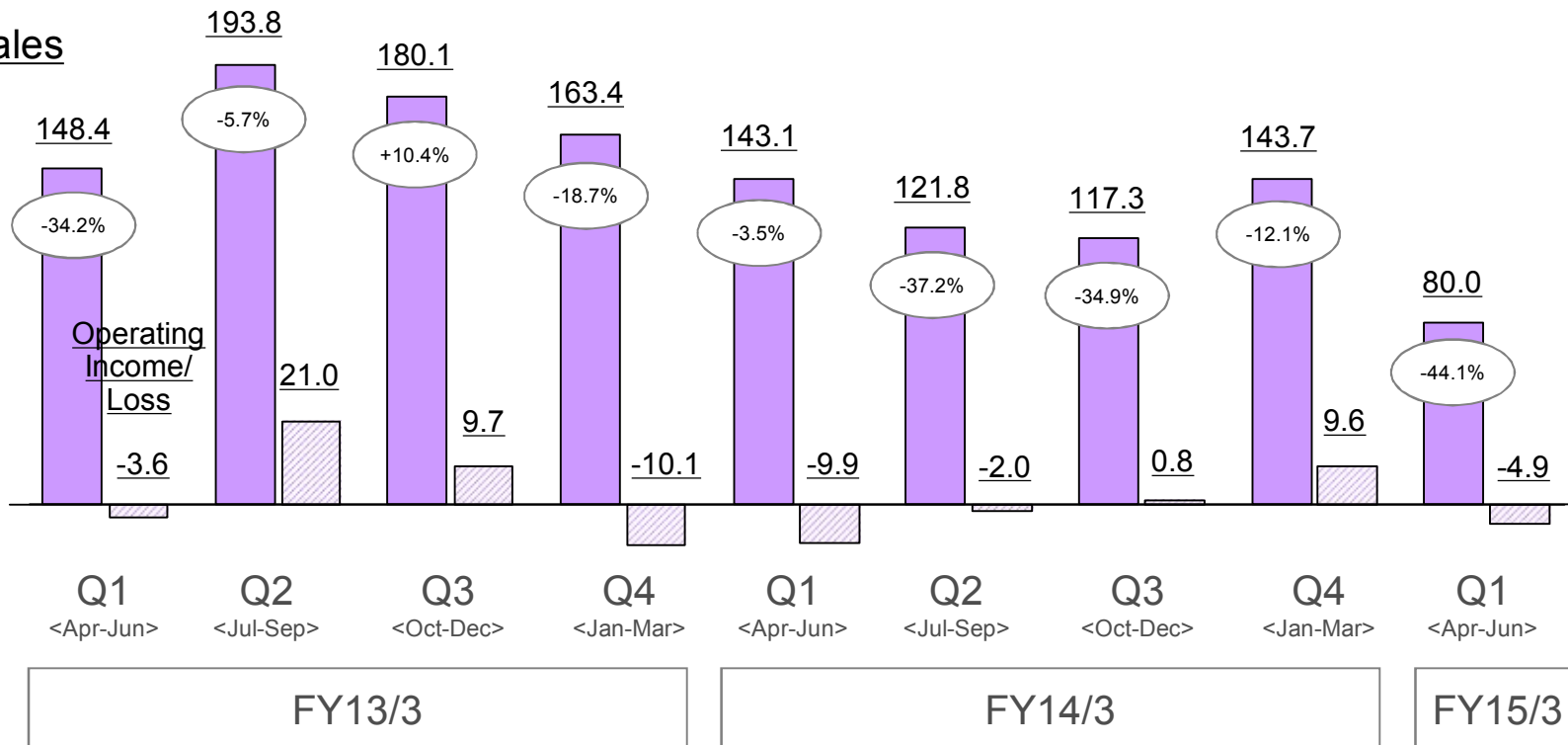
Sales, Operating Income/Loss (Others)

(Billions of Yen)

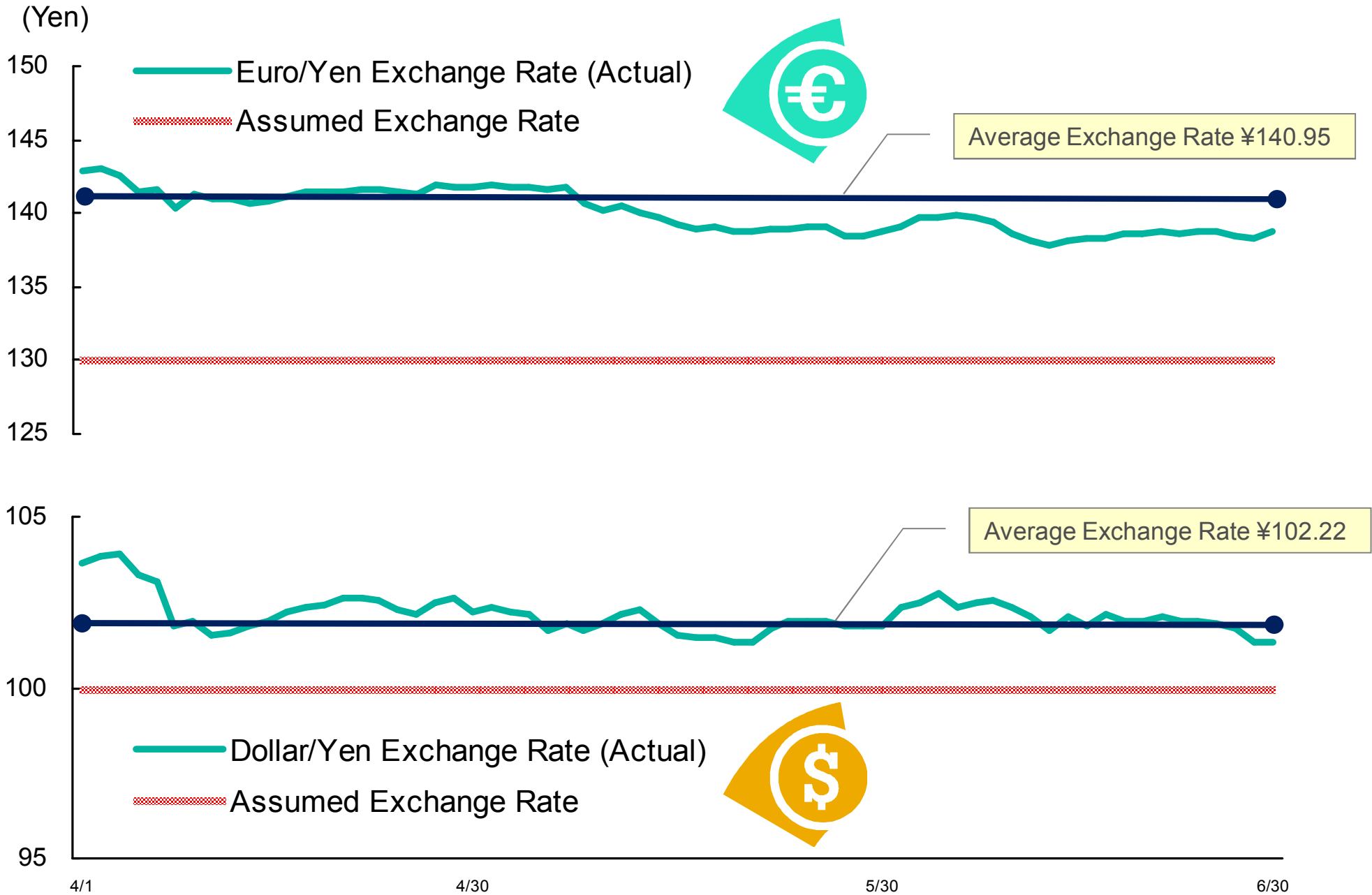
YoY



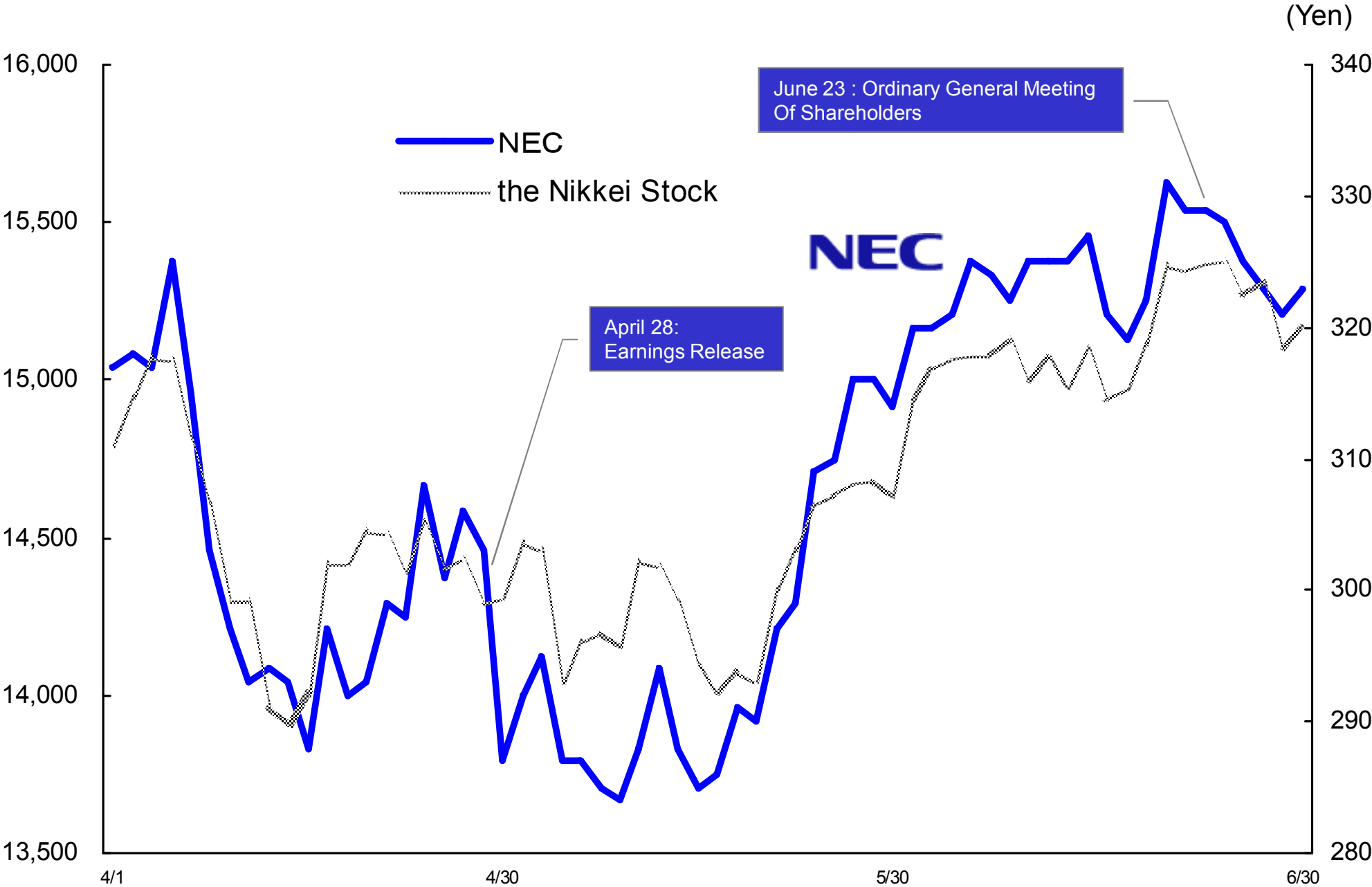
Net Sales



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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