

# Financial Results for 1H Fiscal Year Ending March 31, 2016

October 29, 2015

NEC Corporation

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

# Index

I . Financial Results for 1H, FY16/3

II . Financial Forecasts for FY16/3

III . Formulation of New Mid-term Management Plan

Financial Results for 1H, FY16/3 (Appendix)

Financial Forecasts for FY16/3 (Appendix)

Reference (Financial data)

\* Net income/loss (actual or forecast) for fiscal year ending March 31, 2016 refers to profit/loss attributable to owners of the parent for the same period

# I . Financial Results for 1H, FY16/3

## Net Sales

YoY **-1.3%**

### Decreased slightly year on year

- Decrease in Others due to deconsolidation, despite significant increase in Enterprise business

## Operating Income

YoY **-8.2B Yen**

### Decreased year on year

- Decrease in Public and Telecom Carrier business despite increase in Enterprise and System Platform business

## Net Income

YoY **-12.2B Yen**

### Decreased year on year, remained breakeven

- Recorded approx. 8.0B Yen profit in the previous fiscal year through the acquisition of non-controlling interests from making NEC Fielding, Ltd. a wholly-owned subsidiary

(Billions of Yen)

	Q2<July to September>			1H<April to September>		
	FY15/3 Actual	FY16/3 Actual	YoY	FY15/3 Actual	FY16/3 Actual	YoY
Net Sales	726.1	721.5	- 0.6%	1,324.8	1,308.1	- 1.3%
Operating Income	28.6	23.4	-5.2	21.5	13.3	-8.2
% to Net Sales	3.9%	3.2%		1.6%	1.0%	
Ordinary Income	26.7	19.1	-7.6	16.7	11.4	-5.3
% to Net Sales	3.7%	2.7%		1.3%	0.9%	
Net Income	22.6	10.2	-12.3	12.5	0.2	-12.2
% to Net Sales	3.1%	1.4%		0.9%	0.0%	
Free Cash Flow	-66.7	-71.6	-4.9	-13.4	9.4	+22.7

Note: Average exchange rates for 1H of FY16/3 \$1= ¥121.82 €1= ¥134.3  
 (Assumed exchange rates for FY16/3 as of July 30, 2015 \$1=¥115, €1=¥130)  
 Average exchange rates for 1H of FY15/3 \$1= ¥102.24 €1= ¥139.44

(Billions of Yen)

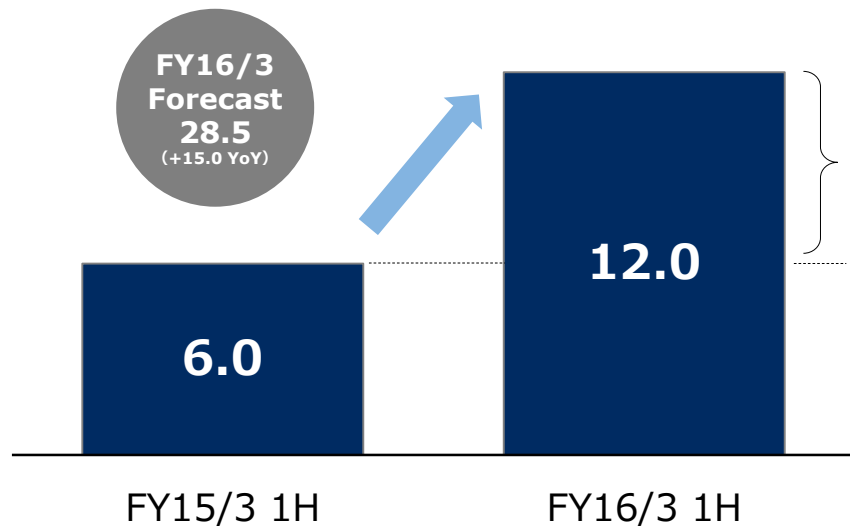
		Q2<July to September>			1H<April to September>		
		FY15/3 Actual	FY16/3 Actual	YoY	FY15/3 Actual	FY16/3 Actual	YoY
Public	Net Sales	198.1	189.2	-4.5%	344.5	334.6	-2.9%
	Operating Income	20.3	13.1	-7.2	21.9	12.6	-9.3
	% to Net Sales	10.2%	6.9%		6.3%	3.8%	
Enterprise	Net Sales	72.3	78.4	+8.4%	126.7	146.6	+15.7%
	Operating Income	4.0	6.2	+2.2	2.3	9.0	+6.7
	% to Net Sales	5.6%	7.9%		1.8%	6.1%	
Telecom Carrier	Net Sales	181.5	184.9	+1.9%	332.5	327.5	-1.5%
	Operating Income	12.3	13.6	+1.3	16.6	10.3	-6.3
	% to Net Sales	6.8%	7.3%		5.0%	3.1%	
System Platform	Net Sales	178.5	187.6	+5.1%	345.4	347.8	+0.7%
	Operating Income	6.2	5.8	-0.4	8.7	10.7	+2.0
	% to Net Sales	3.5%	3.1%		2.5%	3.1%	
Others	Net Sales	95.8	81.5	-14.9%	175.8	151.6	-13.8%
	Operating Income/Loss	2.2	2.6	+0.4	-2.7	-4.4	-1.7
	% to Net Sales	2.3%	3.2%		-1.5%	-2.9%	
Adjustment	Operating Loss	-16.3	-17.9	-1.5	-25.2	-24.8	+0.4
Total	Net Sales	726.1	721.5	-0.6%	1,324.8	1,308.1	-1.3%
	Operating Income	28.6	23.4	-5.2	21.5	13.3	-8.2
	% to Net Sales	3.9%	3.2%		1.6%	1.0%	

Invested 12.0B Yen in 1H, an increase of 6.0B Yen YoY

Incremental spending in SDN, Big Data, Cyber Security

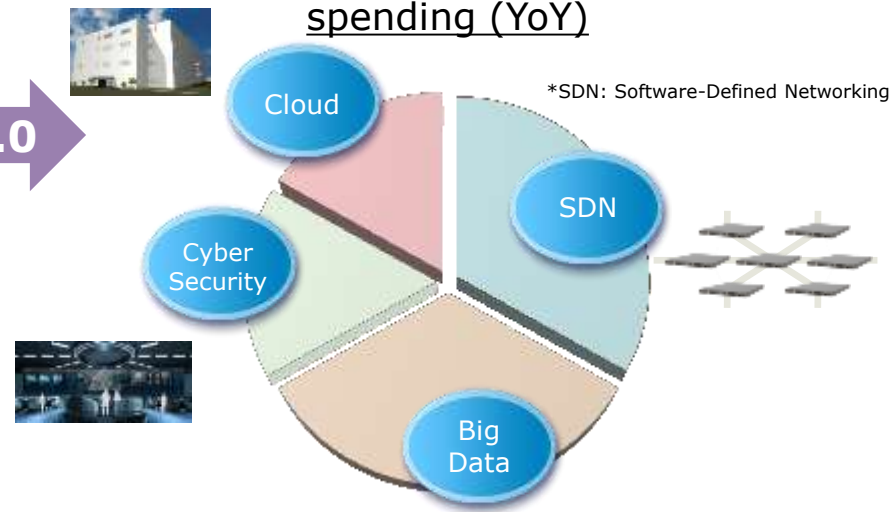
(Billions of Yen)

## Strategic Investment



+6.0

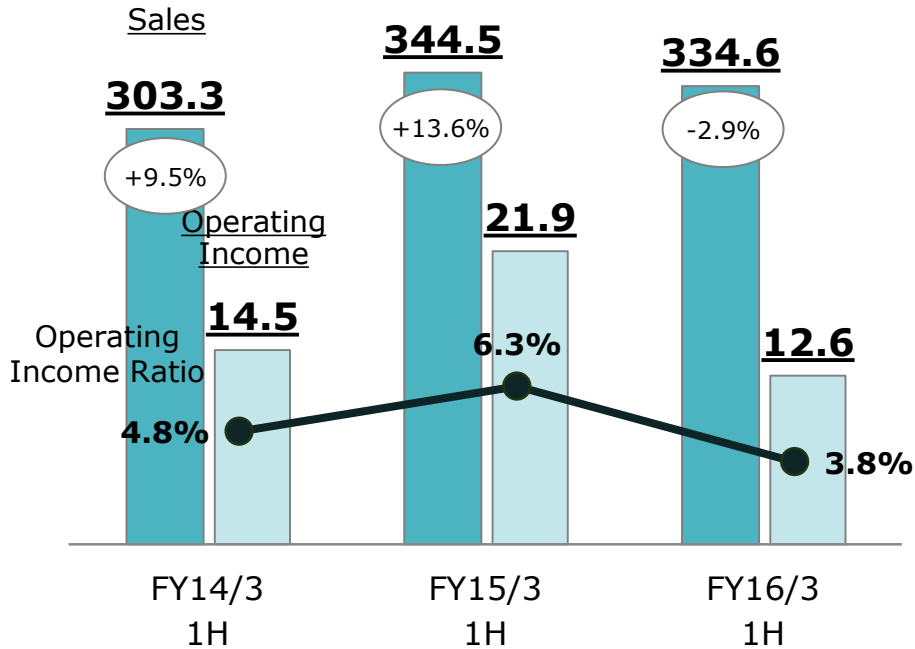
## Breakdown of incremental spending (YoY)



\*Forecasts as of October 29, 2015

(Billions of Yen)

Billions of Yen (YoY)



## Sales 334.6 (-2.9%)

- Sales for central government decreased due to decline in large projects in the last fiscal year
- Sales for local governments performed well due to higher demand for My Number projects

## Operating Income 12.6 (-9.3)

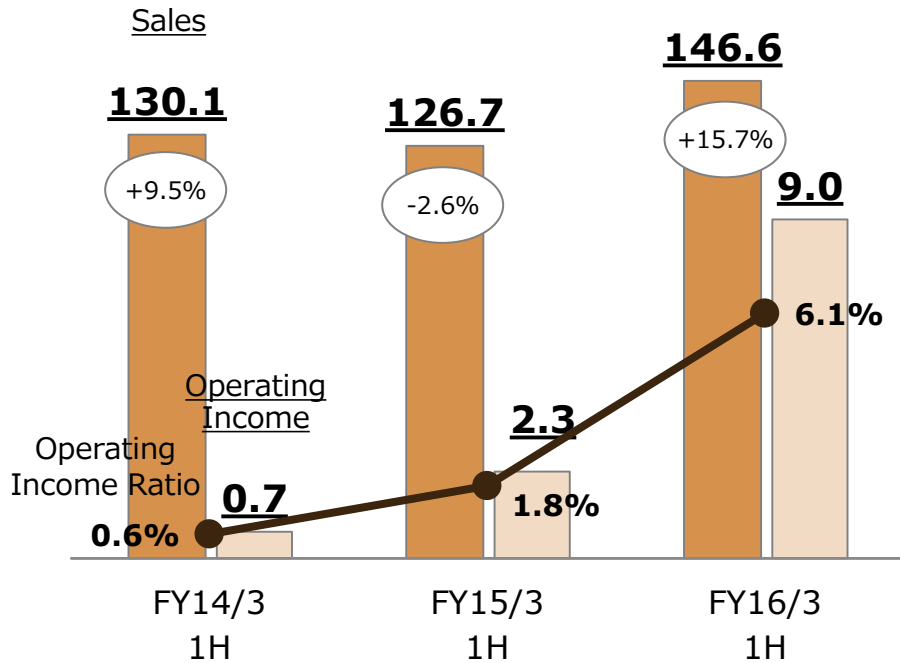
- Decreased due to a sales decrease, increase in costs to reinforce operations and loss making projects





(Billions of Yen)

Billions of Yen (YoY)



## Sales 146.6 (+15.7%)

- Increased due to large projects in manufacturing, as well as retail and services

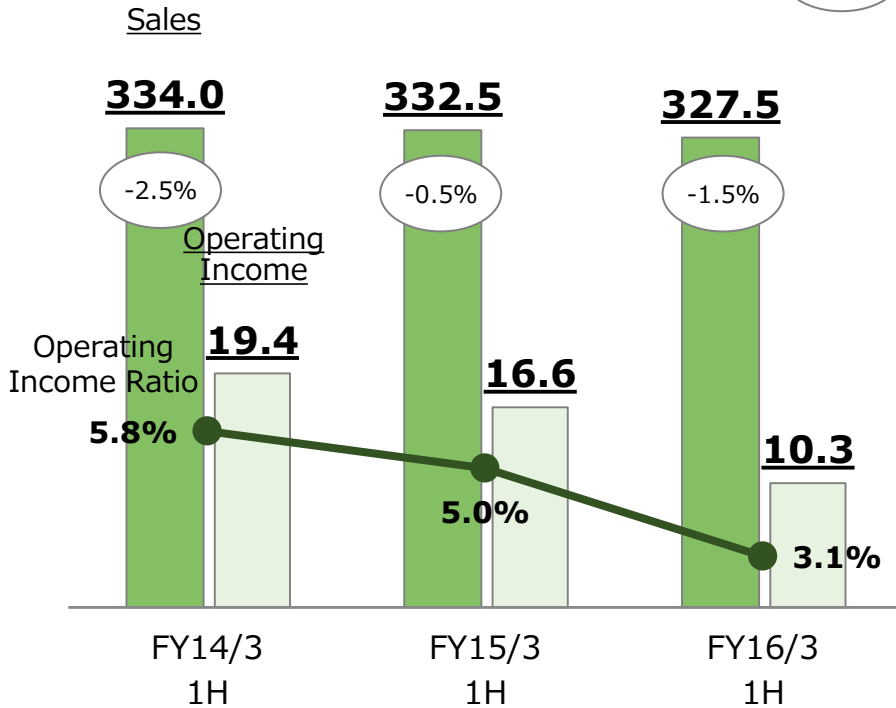
## Operating Income 9.0 (+6.7)

- Improved due to a sales increase and higher profitability in system construction services



(Billions of Yen)

Billions of Yen (YoY)



**Sales** 327.5 (-1.5%)

- Decreased in Japan
- International sales increased in submarine cable systems and TOMS

**Operating Income** 10.3 (-6.3)

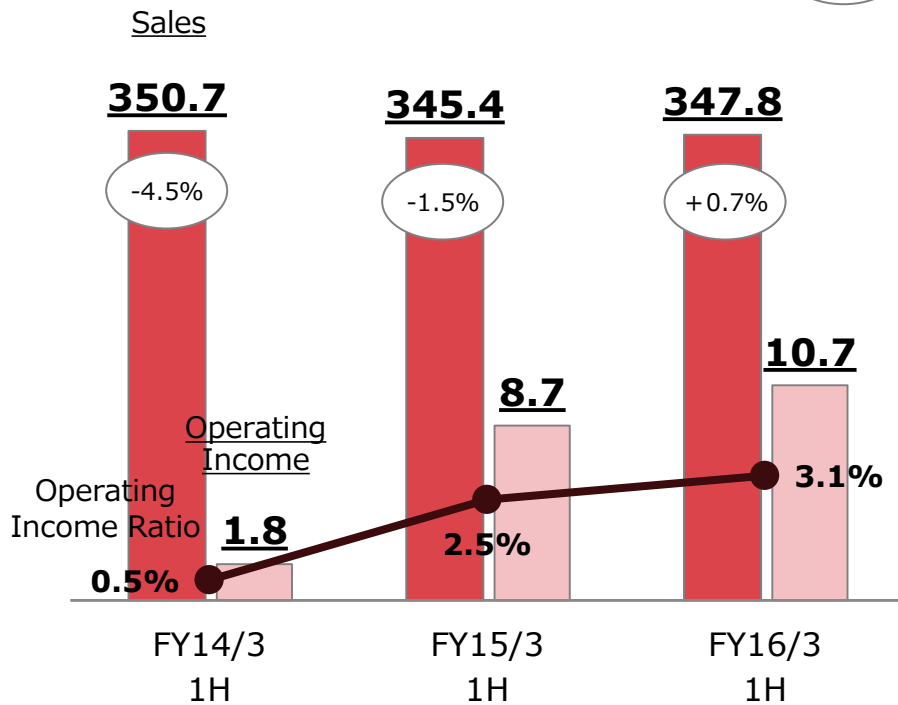
- Decreased due to a sales decrease

\*TOMS: Telecom Operations & Management Solutions



(Billions of Yen)

Billions of Yen (YoY)



**Sales** 347.8 (+0.7%)

- Increased due to solid performance of servers, despite a decrease in business PCs

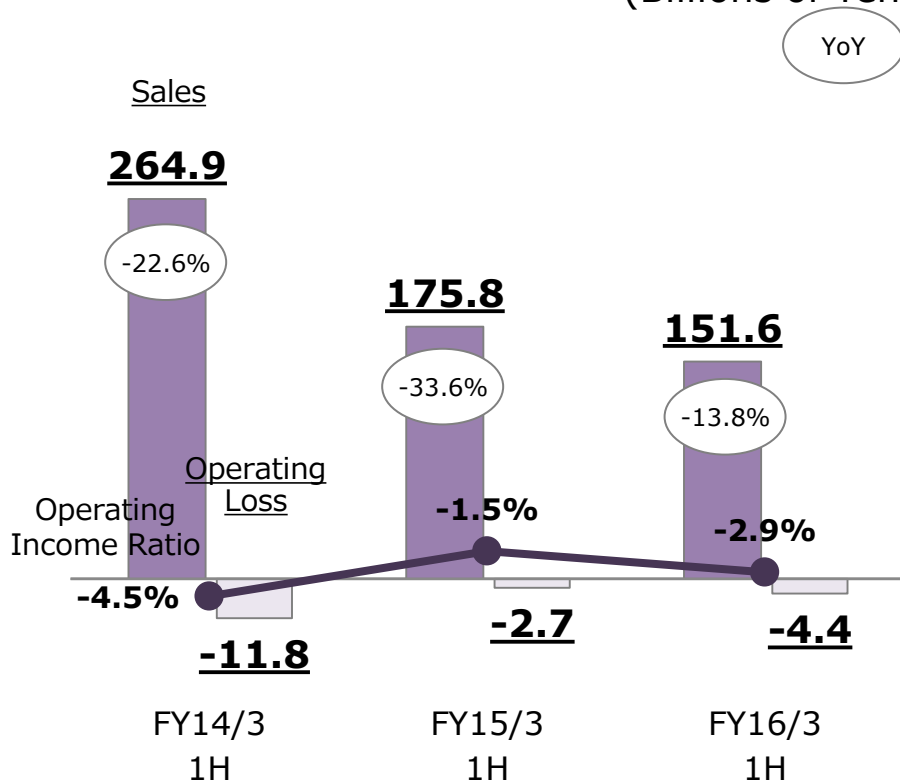
**Operating Income** 10.7 (+2.0)

- Improved due to a sales increase and higher profitability mainly in hardware



(Billions of Yen)

Billions of Yen (YoY)



**Sales** 151.6 (-13.8%)

- Decreased due to deconsolidation of logistics business and a decrease in the mobile handsets business

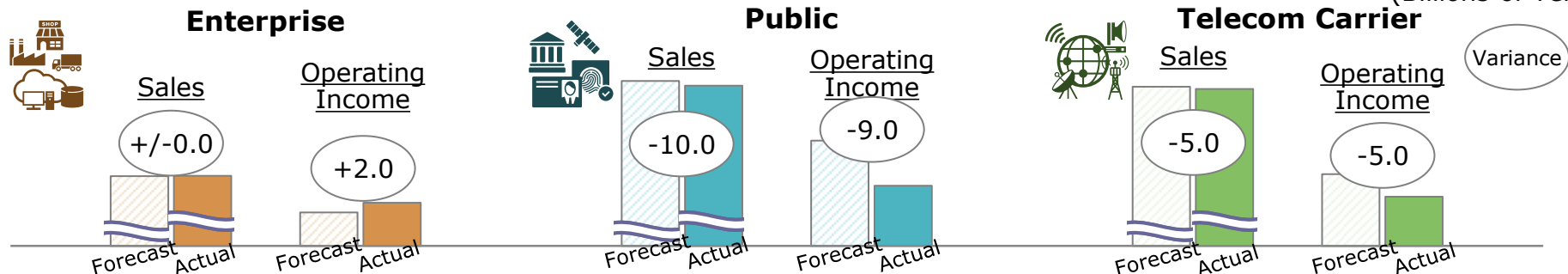
**Operating Loss** -4.4 (-1.7)

- Decreased due to a sales decrease



Full year forecasts unchanged while some projects were pushed forward and costs were front loaded

(Billions of Yen)



## Sales

- Maintained good momentum both in manufacturing and retail/service industries

## Operating Income

- Outperformed forecast due to higher profitability in system construction services  
Expect to outperform full year forecast

## Sales

- Missed forecast as projects were pushed forward in aviation/space and defense business

## Operating Income

- Missed forecast due to sales decrease, as well as front loaded business reinforcement costs in Space and Smart water business and loss making projects

## Sales

- Missed forecast as projects were pushed forward in mobile backhaul international business and implementation services in Japan

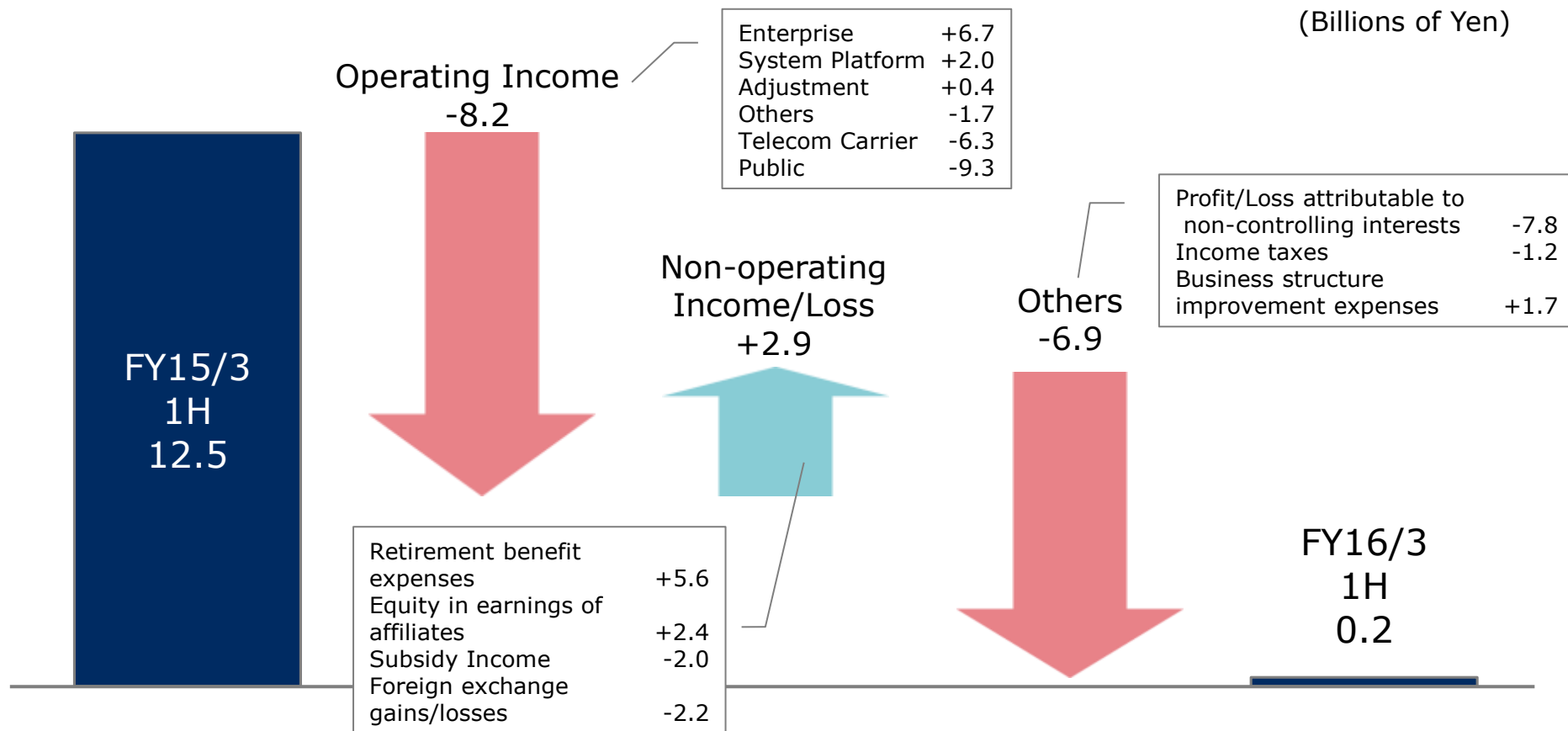
## Operating Income

- Missed forecast due to sales decrease, as well as front loaded development costs and marketing expenses in mobile backhaul

\*Forecasts as of July 30, 2015

# Net Income Change (Year on Year)

1H Results



## II. Financial Forecasts for FY16/3

## Increase sales and profits, achieve 65.0 billion yen in net income

(Billions of Yen)

	Full Year		
	FY15/3 Actual	FY16/3 Forecasts	YoY
Net Sales	2,935.5	3,100.0	+ 5.6%
Operating Income	128.1	135.0	+ 6.9
% to Net Sales	4.4%	4.4%	
Ordinary Income	112.1	120.0	+ 7.9
% to Net Sales	3.8%	3.9%	
Net Income	57.3	65.0	+ 7.7
% to Net Sales	2.0%	2.1%	
Free Cash Flows	40.4	80.0	+ 39.6

(Billions of Yen)

		Full Year		
		FY15/3 Actual	FY16/3 Forecasts	YoY
Public	Net Sales	821.9	865.0	+ 5.2%
	Operating Income	74.8	86.0	+ 11.2
	% to Net Sales	9.1%	9.9%	
Enterprise	Net Sales	270.5	290.0	+ 7.2%
	Operating Income	8.3	11.0	+ 2.7
	% to Net Sales	3.1%	3.8%	
Telecom Carrier	Net Sales	740.2	780.0	+ 5.4%
	Operating Income	62.0	64.0	+ 2.0
	% to Net Sales	8.4%	8.2%	
System Platform	Net Sales	728.9	760.0	+ 4.3%
	Operating Income	31.4	33.0	+ 1.6
	% to Net Sales	4.3%	4.3%	
Others	Net Sales	374.1	405.0	+ 8.2%
	Operating Income	4.0	4.0	0.0
	% to Net Sales	1.1%	1.0%	
Adjustment	Operating Loss	- 52.4	- 63.0	- 10.6
Total	Net Sales	2,935.5	3,100.0	+ 5.6%
	Operating Income	128.1	135.0	+ 6.9
	% to Net Sales	4.4%	4.4%	

Note1: Assumed exchange rates for 2H16/3 \$1=¥115, €1=¥130

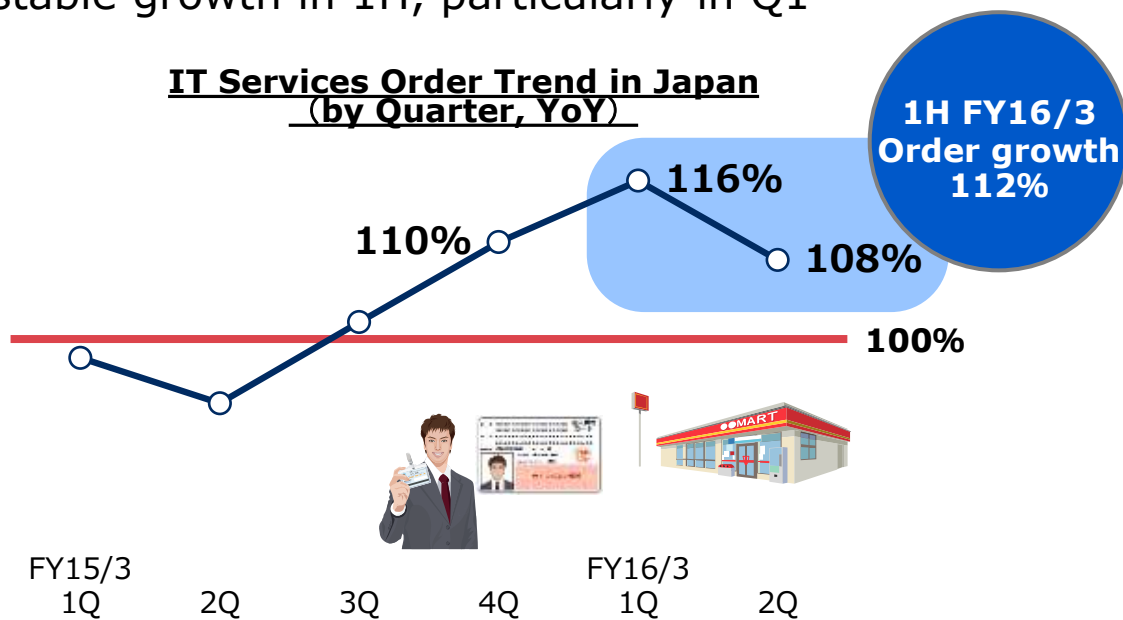
\*Forecasts as of October 29, 2015 (Unchanged from July 30 forecasts)



# IT Investment Environment in Japan

The order trend for IT investment in services and hardware in Japan remains strong

- IT services in Japan show stable growth from Q4, FY15/3, particularly in the public, retail and services areas
- PC servers show stable growth in 1H, particularly in Q1

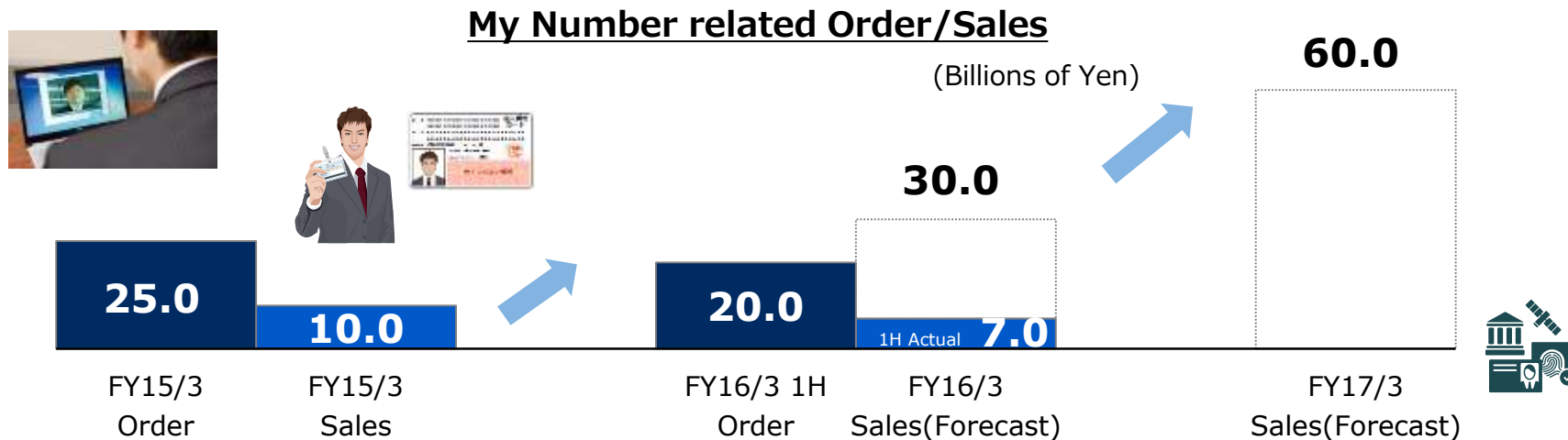


# My Number Related Business Update

Aim to attain 100Bil Yen in infrastructure development (FY15/3 – FY17/3 total)  
-Revised the target up from 70Bil Yen, considering stable order intake (including security)

Booked order of 20B Yen to hit full year target of 15B Yen  
Expect further order intake

Secured face recognition order relating to the issuance of My Number for all municipalities nationwide

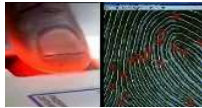


\*Forecasts as of October 29, 2015

# Safety/Cyber Security Business Update

## Aim to achieve growth through the Global Safety Division and Cyber Security

- Promote “Locally-led” business through the Global Safety Division
- Deploy total value of NEC with the most advanced engineering, information and technology as well as system implementation capability for cyber security



### Japan, Greater China, APAC

- Provide security monitoring service for more than 800 organizations under 100 entities in Japan
- Implement new AFIS\* for the Philippine National Police
- Provide face recognition solution for Northern Territory Police Force, Australia
- Collaborate with Id-SIRTII/CC, an agency under the Indonesian Ministry of Communication & Information Technology, for cyber security

### The Americas

- Provide face recognition solution for Arizona Department of Transportation
- Provide face recognition systems for customs at 14 international airports in Brazil
- Provide security solutions for the port of Açú, Rio de Janeiro, Brazil
- Conducted trials of landslide simulation technology in Rio de Janeiro, Brazil

\*AFIS: Automated Fingerprint Identification System

## Expanding proposals and verification tests for global carriers with more than 40 projects

Aim to become one of the top global technology solution vendors leveraging strengths such as technological leadership in virtualization, collaborating with TOMS products, SDN/NFV solutions (vEPC/vMVNO/vCPE), contributions to the open standard eco-system and partnerships

### EMEA

#### Swisscom AG

- Partnership in SDN/NFV

#### Portugal Telecom

- Successful trial of vCPE

#### Etisalat

- Successful trial of vCPE

### Japan, Greater China, APAC

#### NTT DOCOMO, Inc.

- Selected as partner for development of NFV

#### KDDI R&D Labs

- Joined trials of SDN/NFV

#### KT Corporation

- Partnership for 5G network and SDN/NFV

### The Americas

#### Telefónica Brasil S.A.

- Massive vCPE trial using commercial network

\* NFV: Network Functions Virtualization  
vEPC: virtualized Evolved Packet Core  
vMVNO: virtualized Mobile Virtual Network Operator  
vCPE: virtualized Customer Premises Equipment



\*Case studies listed from press releases after January 2015

# III. Formulation of New Mid-term Management Plan

## Achievements

### Focus on Solutions for Society

- Business model evolution (One to Many), Seized opportunities from political initiatives (e.g. My Number), Strengthened core technology in focal areas, Decisions based on portfolio management

### Creation of a foundation for global growth

- Created foundation for “locally-led” solutions (e.g. Establishment of Global Safety Division)

### Stabilize financial foundation

- Improved ROE, Stable dividend, Improved balance sheets, Optimized profit structure by minimizing loss

## Next Steps

### Strengthen global competitiveness

- Expand business in focal areas and international markets, Build a corporate culture of creating business models
- Business Process Optimization, Reduce costs related to quality issues, Enhance group management

### Customer Satisfaction

- Thorough compliance activity

Mid-term Management Plan 2015:  
Ensure credibility and create a foundation for future growth



New Mid-term Plan: Achieve growth and establish international business infrastructure in focal areas

## Maintain the fundamental policy of the Mid-term Plan 2015

- Set clear action plans considering outcomes and lessons from MTP 2015, and complete outstanding action items

## Important points to achieve growth

- Becoming a value provider
- Strengthening the financial base (improve OP margin)
- Reinforcing global competitiveness (set clear focus in international business)
- Establishing the most effective corporate culture (Education System)

Establish a business infrastructure with a clear definition of focus areas under the “One to Many” strategy

Business Area	Discussion Point
Safety	Discuss “locally-led” business model mainly in surveillance and cyber security
Smart Water	Enter the market with water leak detection and water pipe deterioration diagnosis solutions leveraging sensor technology. Expand to smart water/smart city business
Retail	Deploy unique solutions attained through Japanese convenience store chain business to global markets
Network	Support and contribute to telecom carriers gaining higher revenue and optimizing their costs through NEC’s unique solution leveraging SDN and TOMS expertise



Changing the way of operations for the 100K members of the NEC Group, designating NEC Management Partners, Ltd(NMP) as a core force  
-250 personnel shifted to growth areas to maximize outward efforts

	Progress	Next Steps
Integrate back-office management	<ul style="list-style-type: none"> <li>● Shifted back-office functions of NEC Corporation (1,700 personnel) to NMP</li> </ul>	<ul style="list-style-type: none"> <li>● Aggregate All NMP functions in Tamagawa business facilities (from Nov 2015)</li> <li>● Consolidate back-office functions of subsidiaries (from Apr 2016)</li> </ul>
Business Process Optimization	<ul style="list-style-type: none"> <li>● Moved common IT assets to NMP for optimization</li> <li>● Launched activity to optimize internal management meetings</li> </ul>	<ul style="list-style-type: none"> <li>● Detect and eliminate unnecessary procedures and build standard business processes</li> <li>● Apply standard business processes to whole NEC Group</li> </ul>

# Thorough Compliance Activity

Ensure a deep corporate culture of ethics and compliance throughout the entire NEC Group

## Top management's message to share the compliance policy

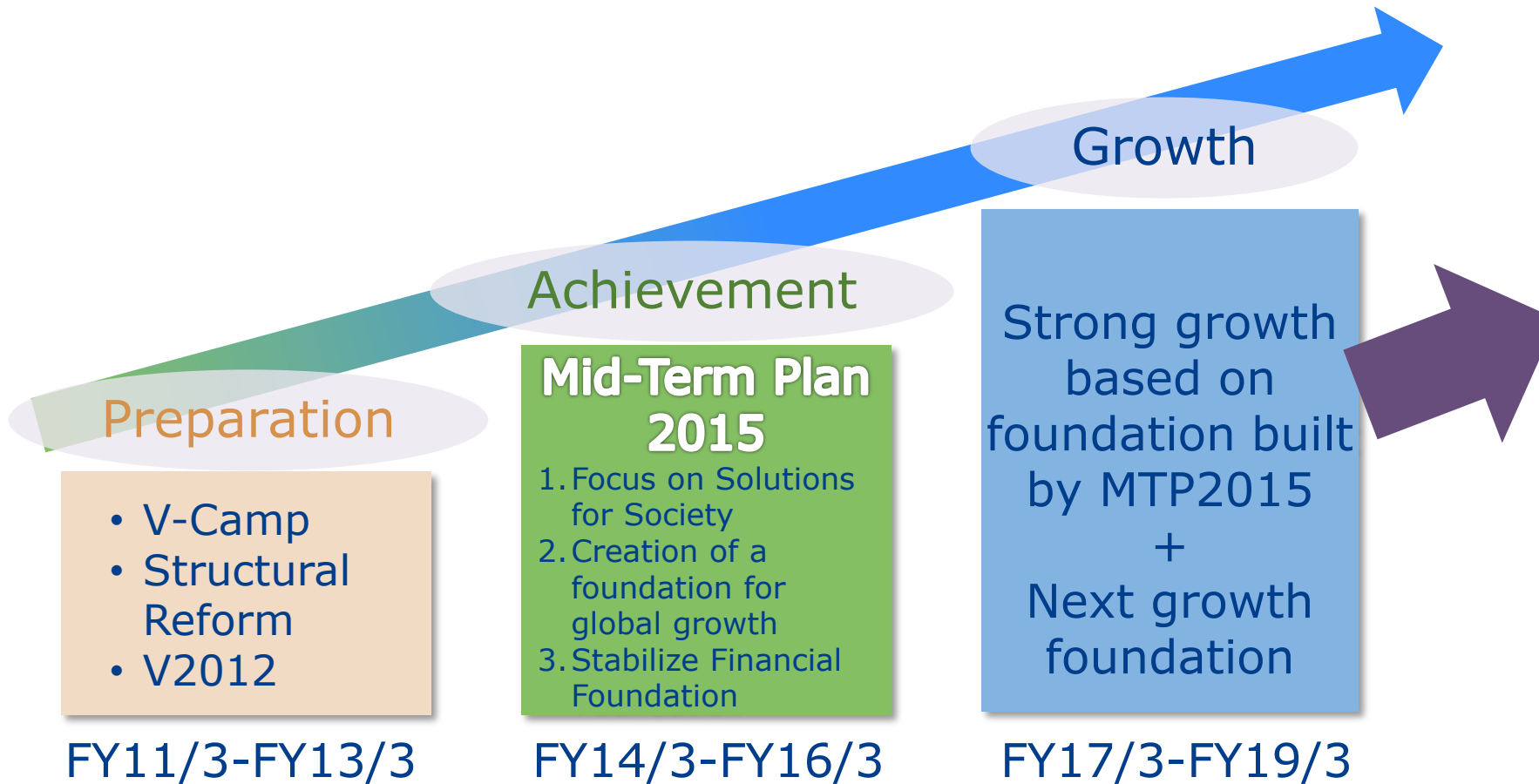
- Continuous messages from executive members and division heads, in their own words, addressing the importance of ethics and compliance as a top priority


## Enhance educational activities for ethics and compliance

- Enhance the variety and depth of compliance education
- Offer opportunities for workers to review actions on their own

## Reinforce internal rules and organizations

- Continuous review of internal rules and organizations to reduce compliance risk
- Review and advisory process by a third party



A group of people are silhouetted against a bright sunset or sunrise over the ocean. They are standing on a beach, holding hands and raising their arms in a celebratory gesture. The scene is filled with a warm, golden light from the low sun, creating a sense of achievement and joy.

NEC aims to achieve full-year forecasts for a fourth consecutive year and intends to increase its dividend.

We demonstrate the NEC Group's capability to make solid contributions to society in the final year of our three-year Mid-term Management Plan 2015

\*Forecasts as of October 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.

 **Orchestrating** a brighter world

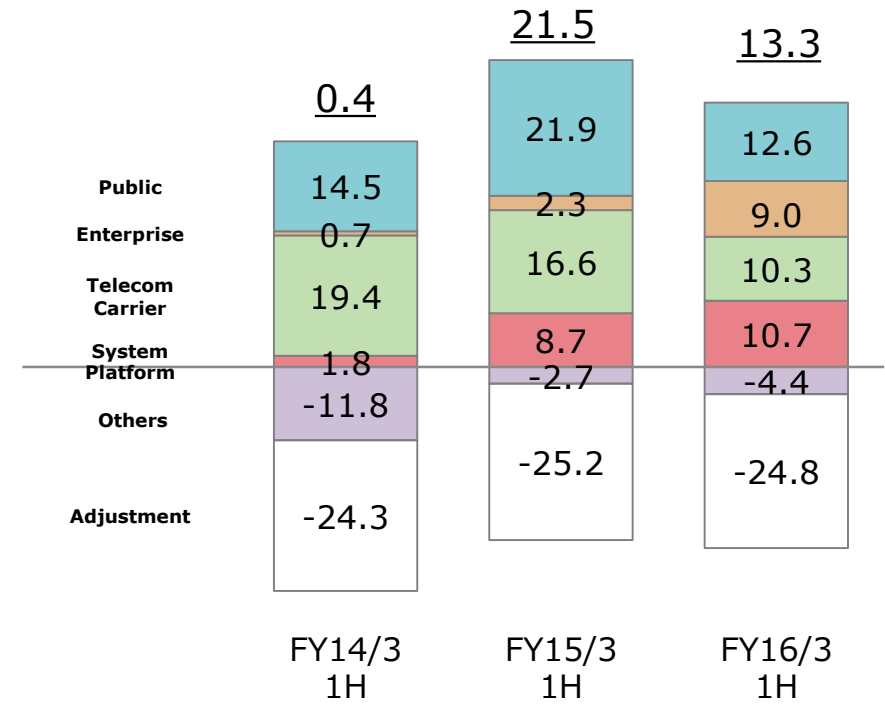
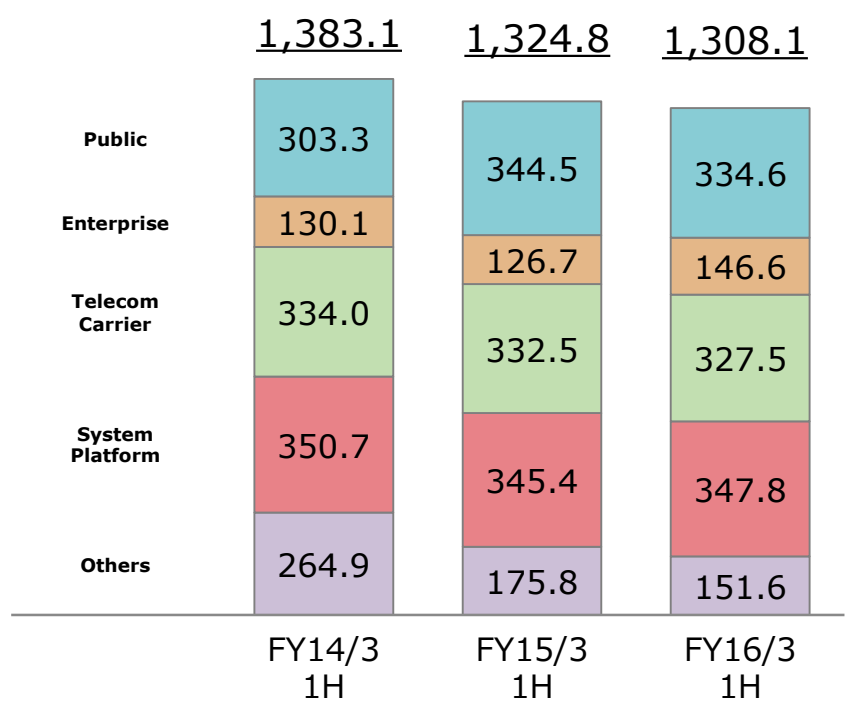
**NEC**

# Financial Results for 1H, FY16/3 (Appendix)

(Billions of Yen)

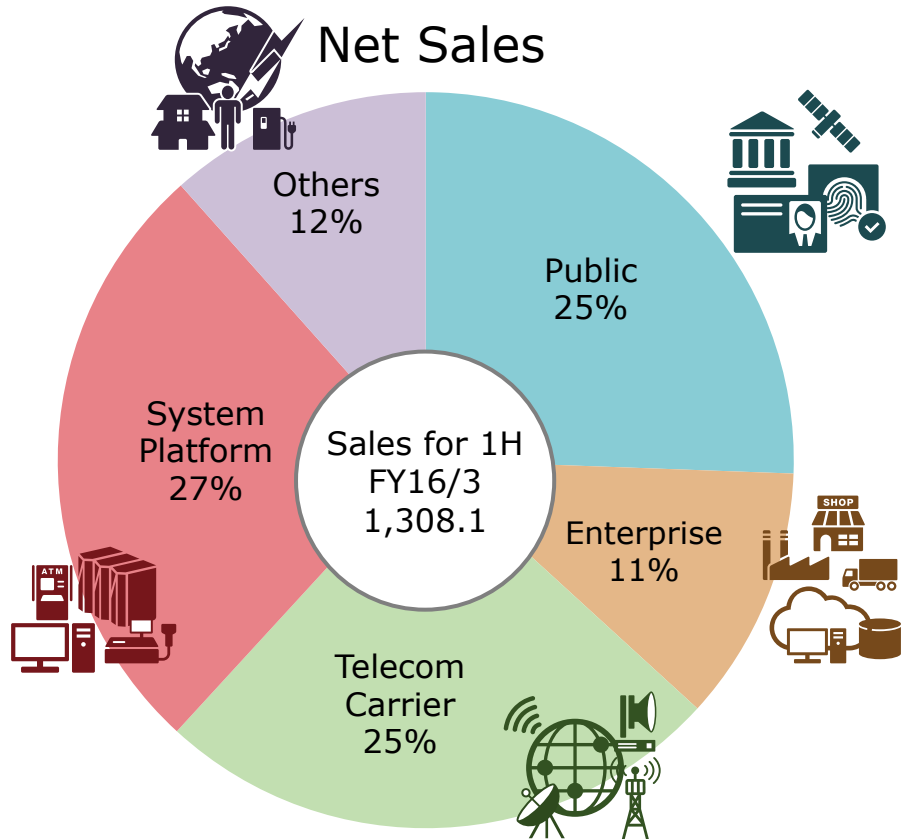
### Net Sales

### Operating Income/Loss

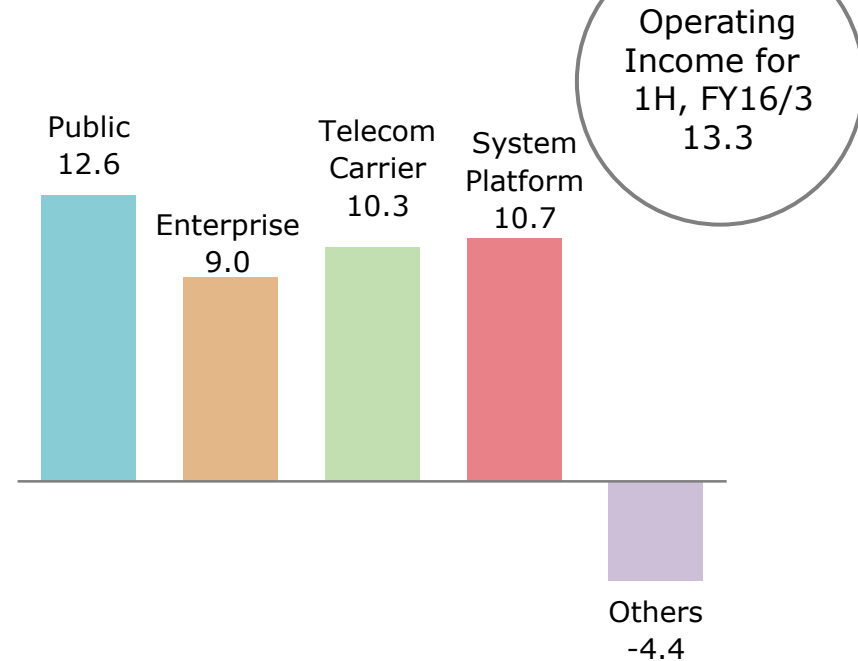




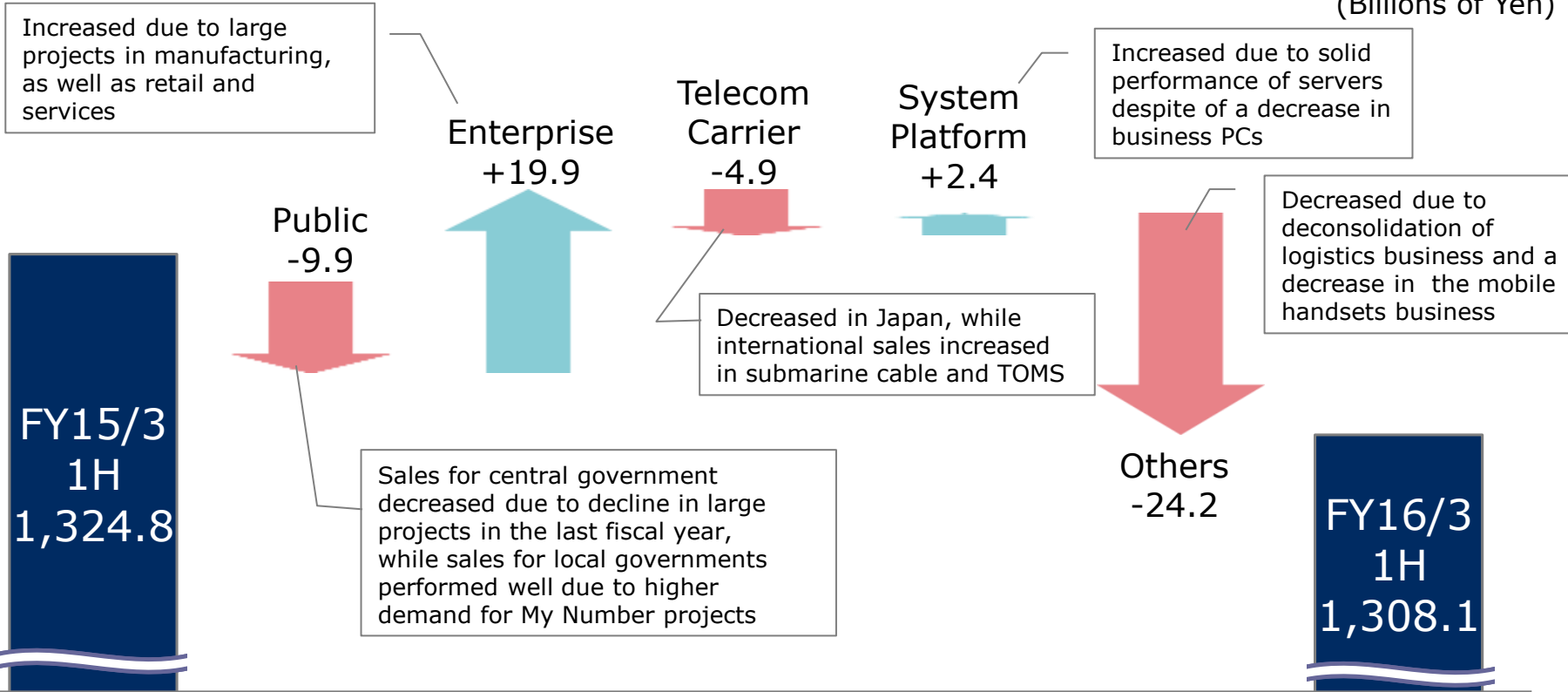
(Billions of Yen)



## Operating Income/Loss



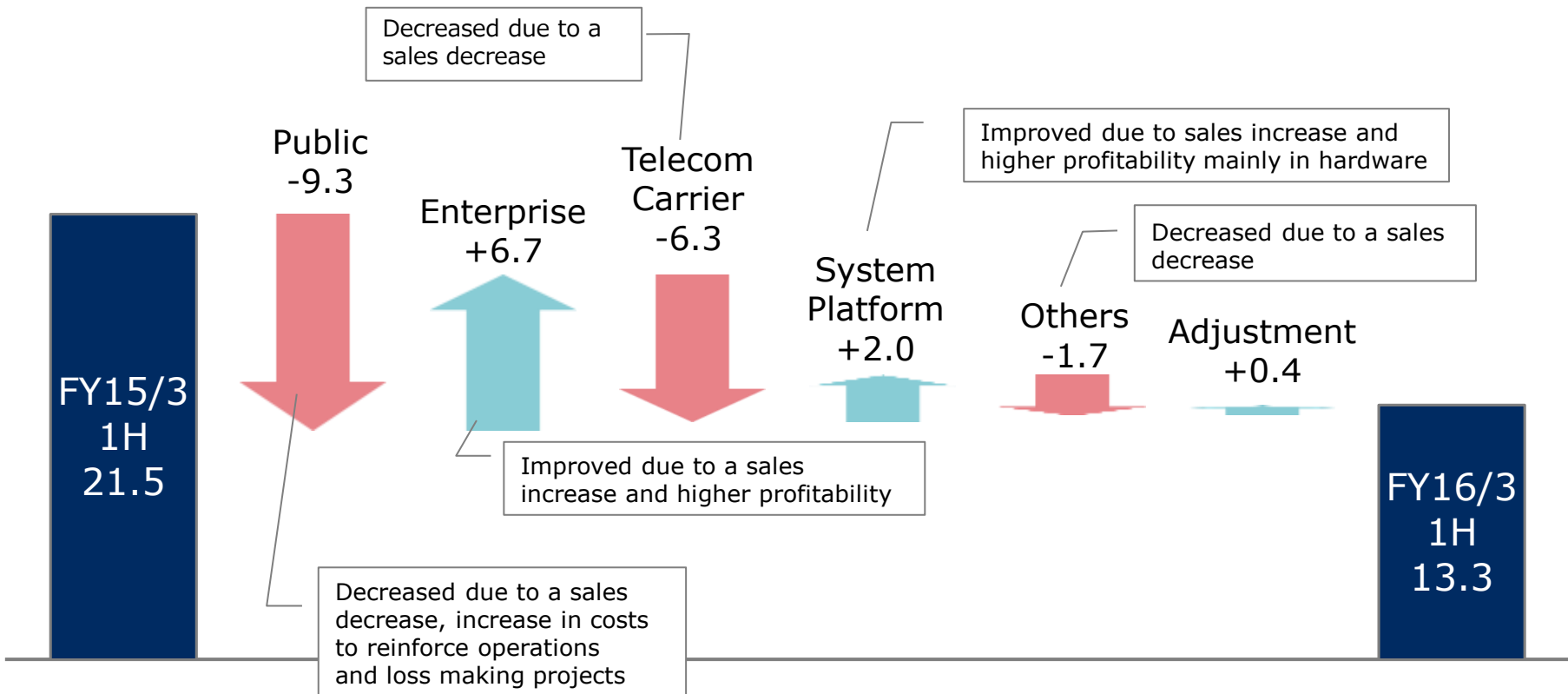
(Billions of Yen)



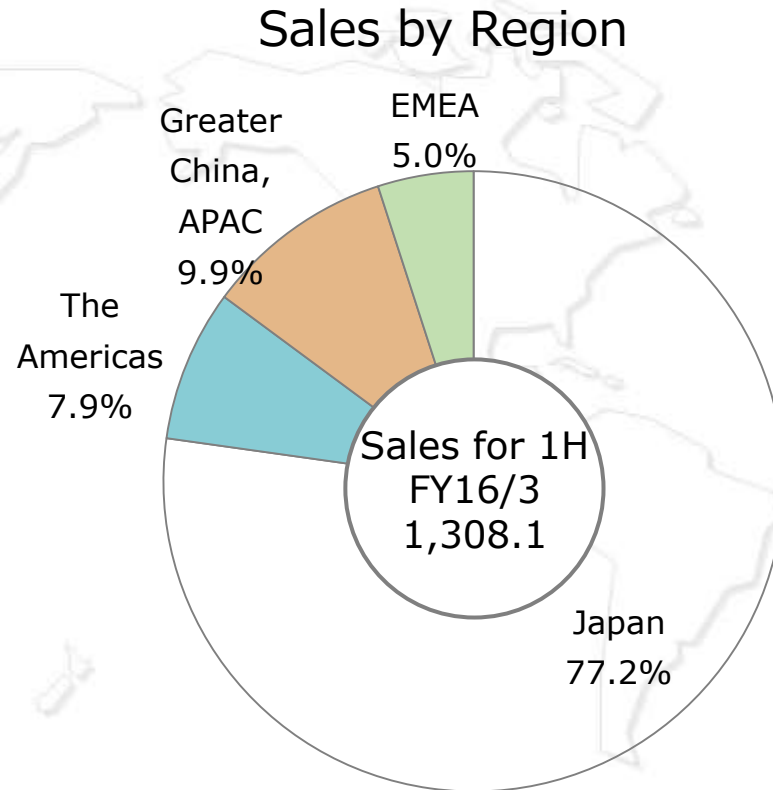
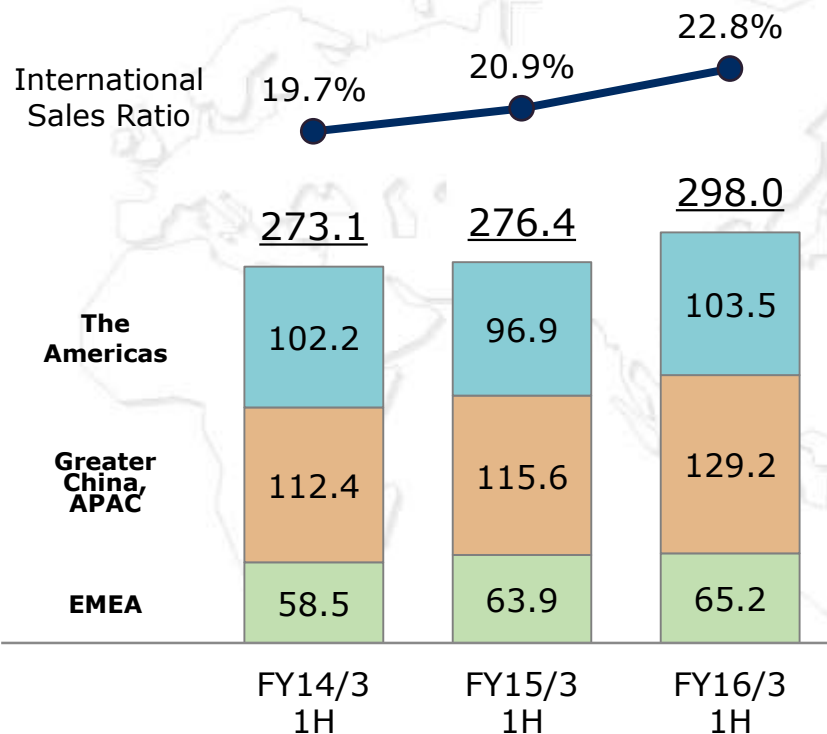
# Operating Income Change (Year on Year)

1H Results

(Billions of Yen)



(Billions of Yen)



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

(Billions of Yen)

	End of March 2015	End of Sep 2015	Difference from end of March 2015	End of Sep 2014
Total assets	2,620.7	2,465.5	- 155.1	2,447.7
Net assets	884.2	861.1	- 23.1	757.9
Interest-bearing debt	520.8	530.8	+ 10.0	570.6
Shareholders' equity	823.7	800.1	- 23.6	695.8
Equity ratio (%)	31.4%	32.5%	+ 1.1pt	28.4%
D/E ratio (times)	0.63	0.66	-0.03pt	0.82
Net D/E ratio (times)	0.41	0.43	-0.02pt	0.57
Cash and cash equivalents	181.1	188.5	+ 7.3	176.0

(Billions of Yen)

Compared to  
end of March  
2015

Current Assets  
1,441.1

Liabilities  
1,604.4

Collection of  
accounts  
receivable-trade

-135.7

-132.0

Total Assets  
2,465.5

(-155.1 compared to  
end of March 2015)

Decrease in trade notes and  
accounts payable-trade, and  
accrued expenses

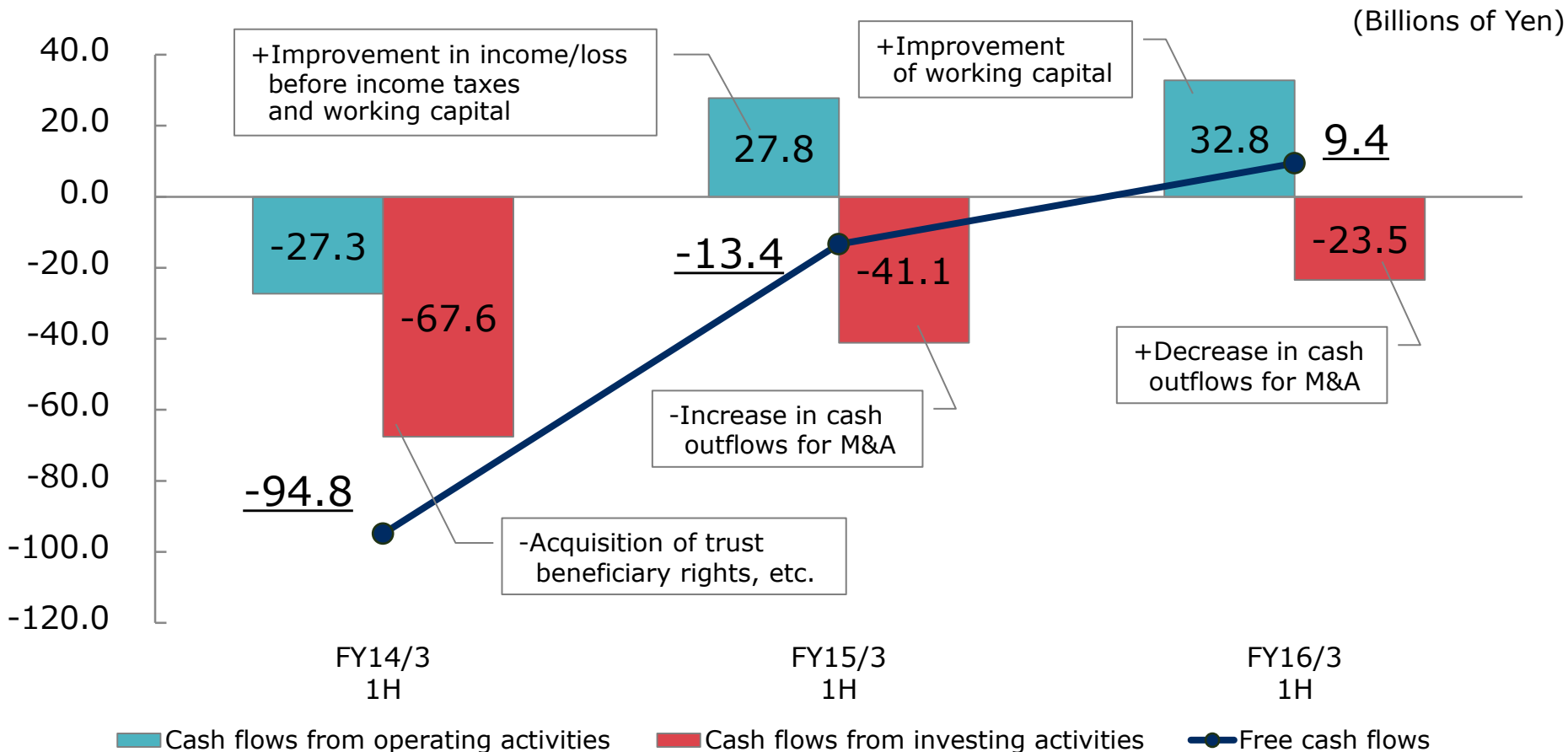
Dividends paid, and  
a decrease in the valuation  
difference on available-for-  
sale securities due to  
declining stock prices

Noncurrent Assets  
1,024.4

-19.4

-23.1

Net Assets  
861.1



Number of customer wins in international markets and focus areas such as SDN, Safety/Cyber Security, etc.

### SDN

- Collaborated with Swisscom AG in SDN/NFV
- Collaborated with Portugal Telecom to test CPE virtualization for residential markets
- Participated in SDN/NFV trials at KDDI R&D Labs
- Collaborated with KT on 5G network and SDN/NFV
- Conducted trials successfully with Telefónica on vCPE for business solutions
- Conducted trials successfully with Etisalat on vCPE



### Big Data

- Provided Sumitomo Mitsui Banking Corp. with system that automatically analyzes customer feedback
- Conducted water leak detection trial for the City of Arlington, Texas
- Enhanced "Fingerprint of Things" technology for commercial deployment to identify counterfeit products for Ergobaby's baby carriers.

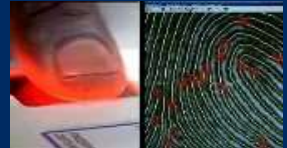




Number of customer wins in international markets and focus areas such as SDN, Safety/Cyber Security, etc.

## Safety/Cyber Security

- Selected to provide face recognition system for terminals to access My Number by Kosshu City, Japan
- Selected to provide face recognition system for the issuance of My Number for all municipalities nationwide
- Selected to provide face recognition systems for customs at 14 international airports in Brazil
- Implemented new Automated Fingerprint Identification System (AFIS) for the Philippine National Police
- Selected by Arizona Department of Transportation to provide face recognition solution
- Selected to provide face recognition solution for Northern Territory Police Force, Australia
- Collaborated with Id-SIRTII/CC, an agency under the Indonesian Ministry of Communication & Information Technology, in the area of cyber security
- Selected to provide security solutions for the port of Açu, Rio de Janeiro, Brazil
- Conducted trials of landslide simulations in Rio de Janeiro, Brazil



### Customer wins in new business areas, in addition to Telecom Carrier business

#### Telecom Carrier

\*OSS: Operation Support System

- Selected to supply end-to-end OSS\* transformation for Indosat, Indonesia
- Selected to supply additional OSS for Maxcom, Mexico
- Selected to supply "SKR1M" submarine cable system to connect between Peninsular Malaysia and Borneo Island
- Signed a global agreement with Telenor to deliver transport network solutions
- Selected to provide all outdoor ultra-compact microwave radio systems from Turkcell for LTE services



#### New Business Promotion

- Invested in XON, an ICT company based in South Africa
- Signed an MOU with the government of Andhra Pradesh, India to collaborate on safe city development
- Selected to build telecommunications and security systems for a large-scale oil refinery in Kuwait
- Signed an MOU with Colas, a Bouygues Group company, on the development of efficient mobility and car sharing
- Selected to provide ICT infrastructure for the aquatics center under construction in Rio de Janeiro, Brazil

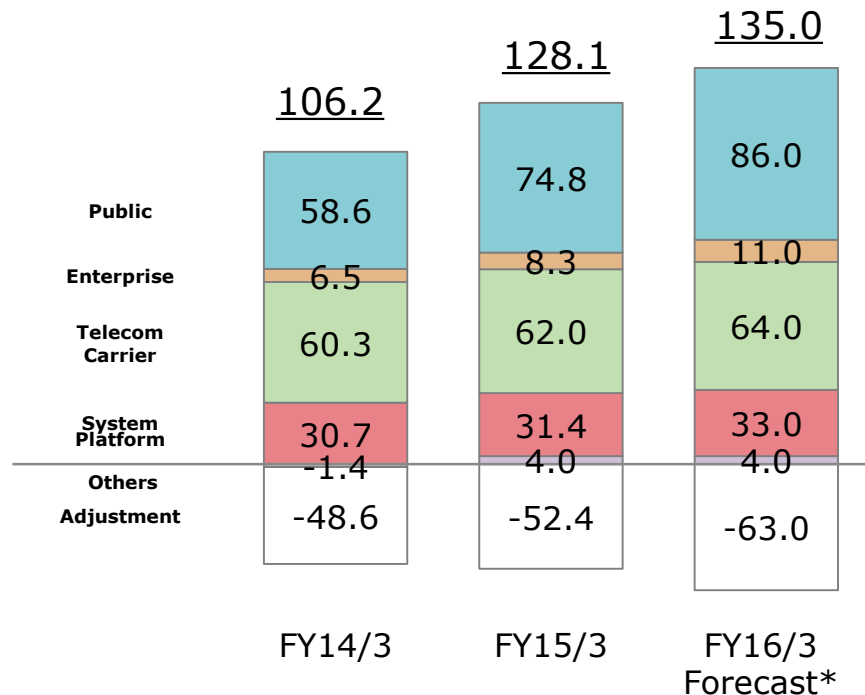
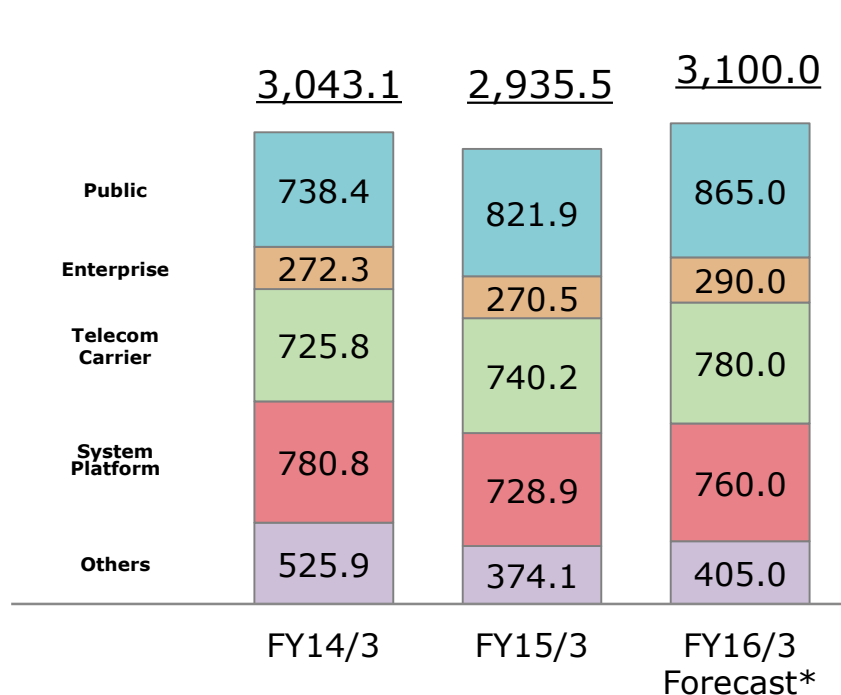


# Financial Forecasts for FY16/3 (Appendix)

(Billions of Yen)

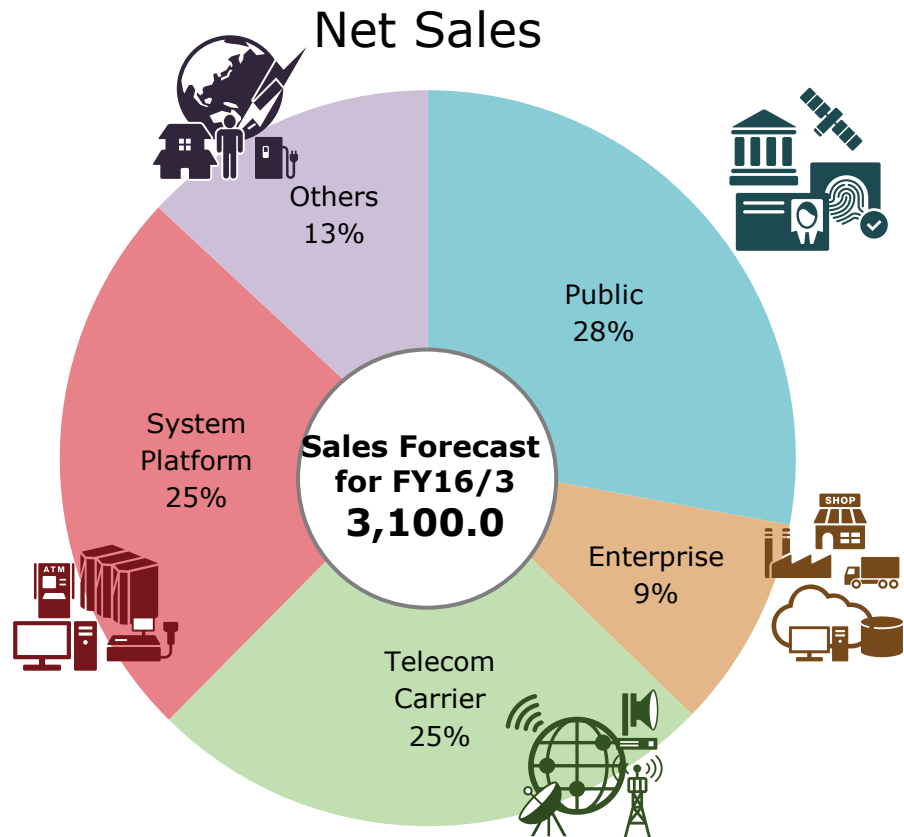
## Net Sales

## Operating Income/Loss

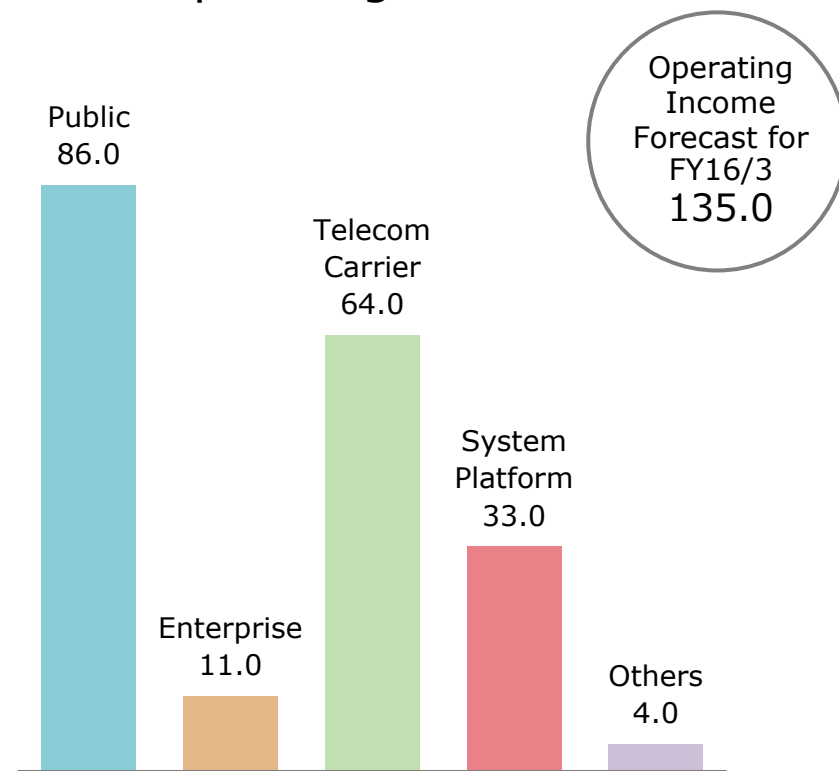


\* Forecasts as of October 29, 2015

(Billions of Yen)



## Operating Income

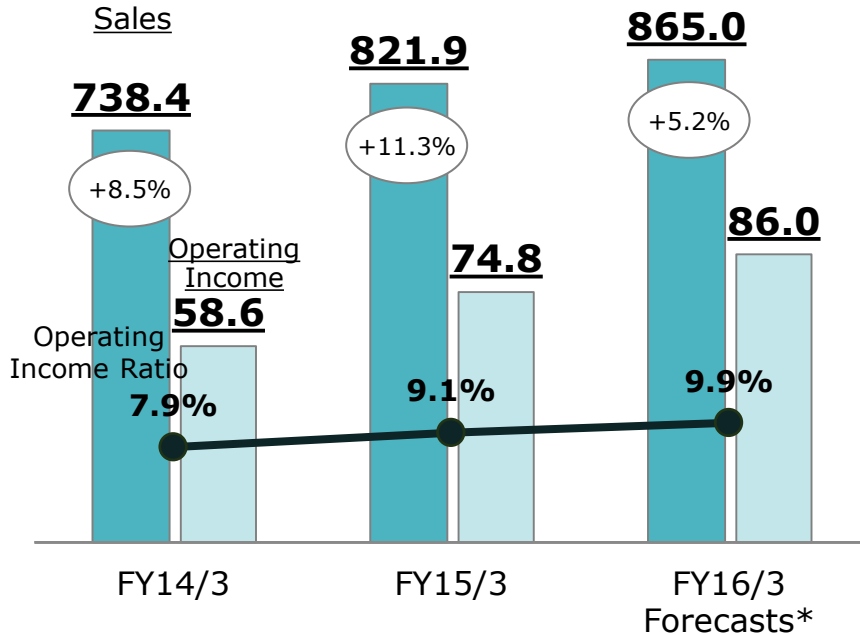


\* Forecasts as of October 29, 2015

(Billions of Yen)

Billions of Yen (YoY)

YoY



**Sales** 865.0 (+5.2%)

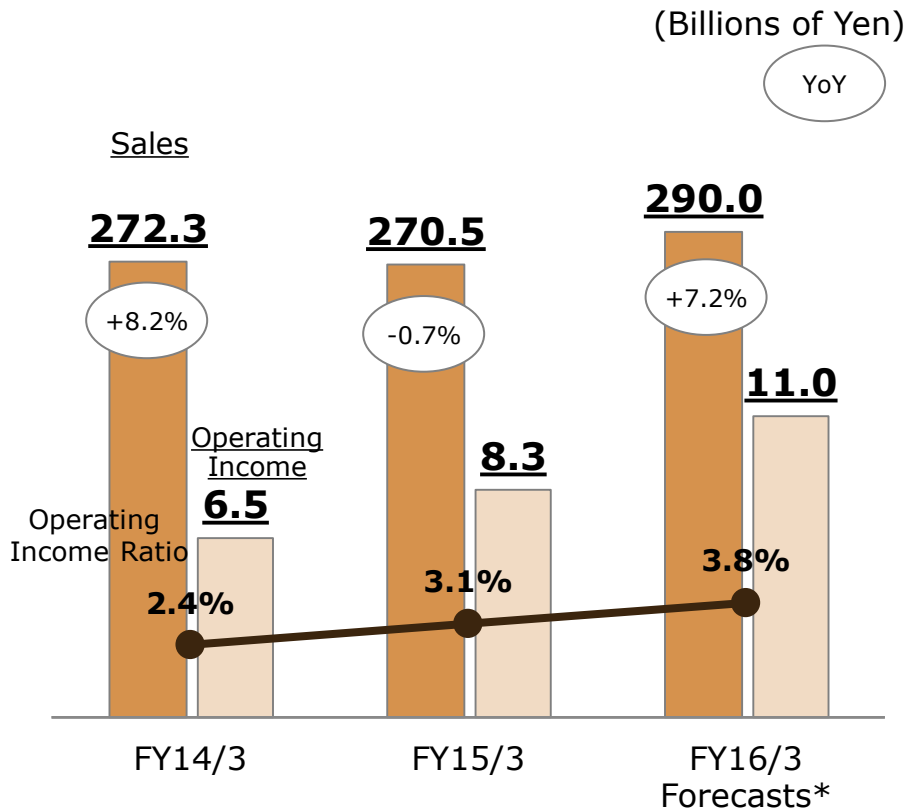
- Increase mainly in the public areas

**Operating Income** 86.0 (+11.2%)

- Improve due to sales increase, cost reduction and a decrease in loss making projects



\*Forecasts as of October 29, 2015



**Sales** 290.0 (+7.2%)

- Increase in manufacturing, retail and service industries

**Operating Income** 11.0 (+2.7)

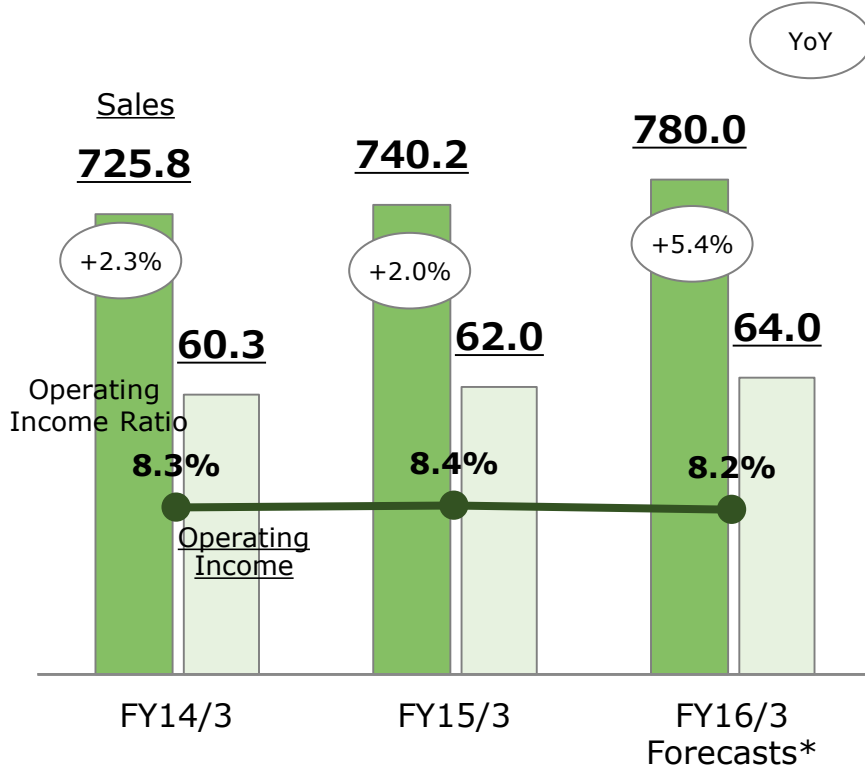
- Improve due to sales increase and better profitability



\*Forecasts as of October 29, 2015

(Billions of Yen)

Billions of Yen (YoY)



**Sales** 780.0 (+5.4%)

- Japan: Slightly decrease
- International: Increase in mobile backhaul, TOMS and submarine cable systems

**Operating Income** 64.0 (+2.0)

- Improve due to sales increase mainly in international businesses

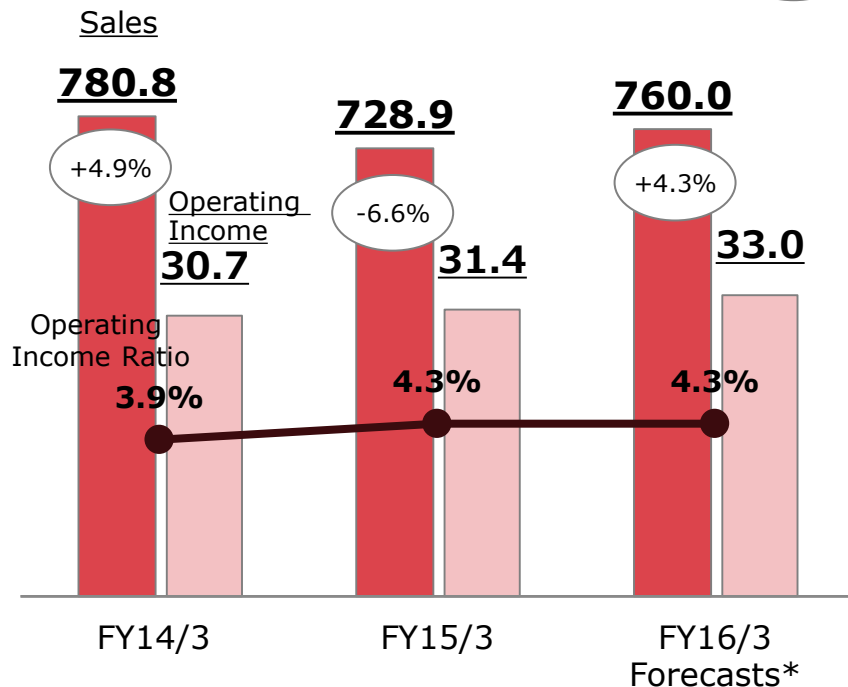


\*Forecasts as of October 29, 2015



(Billions of Yen)

Billions of Yen (YoY)



**Sales** 760.0 (+4.3%)

- Increase in solution platform including servers, network and software

**Operating Income** 33.0 (+1.6)

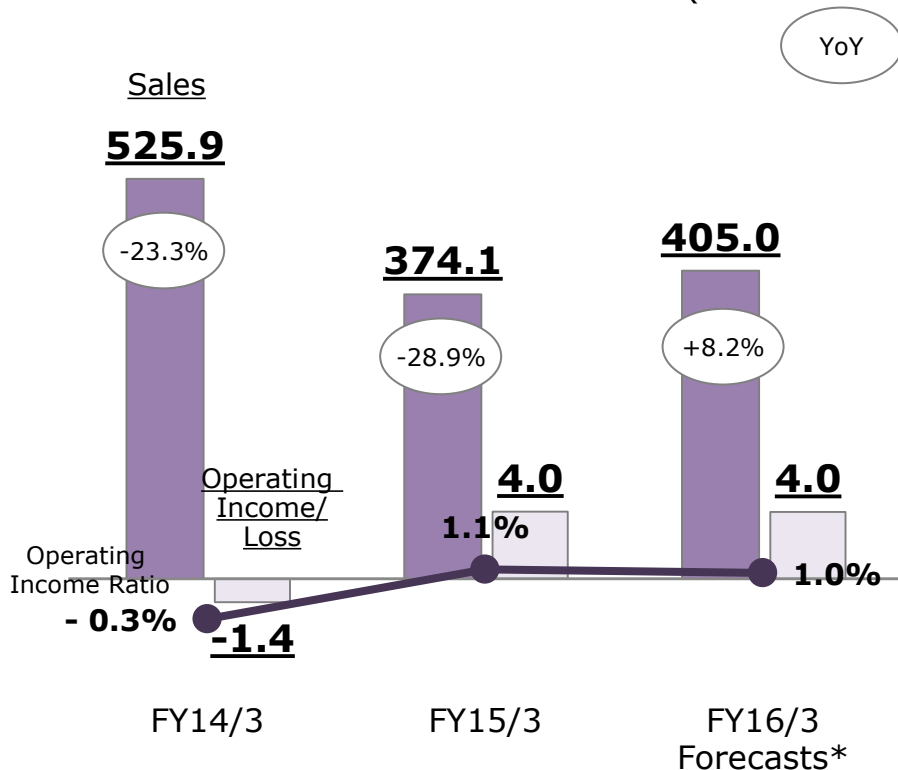
- Improve due to sales increase and cost reduction



\*Forecasts as of October 29, 2015

(Billions of Yen)

Billions of Yen (YoY)



**Sales** 405.0 (+8.2%)

- Increase in energy business while sales for mobile handsets decrease

**Operating Income** 4.0 (+/-0.0)

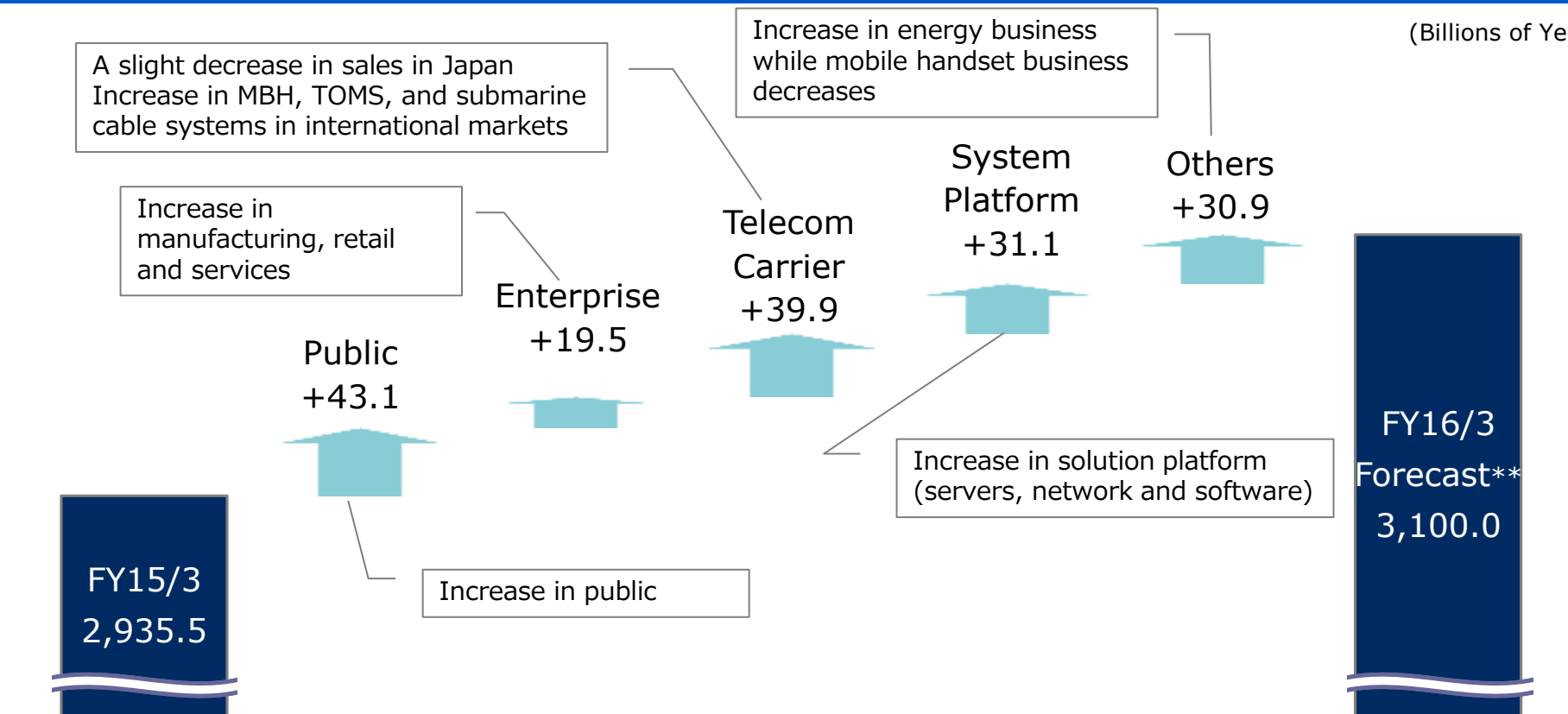
- Remain flat with a profitability improvement in energy business offsetting one-time patents-related income for FY15/3



\*Forecasts as of October 29, 2015

# Sales Change (Year on Year)

(Billions of Yen)



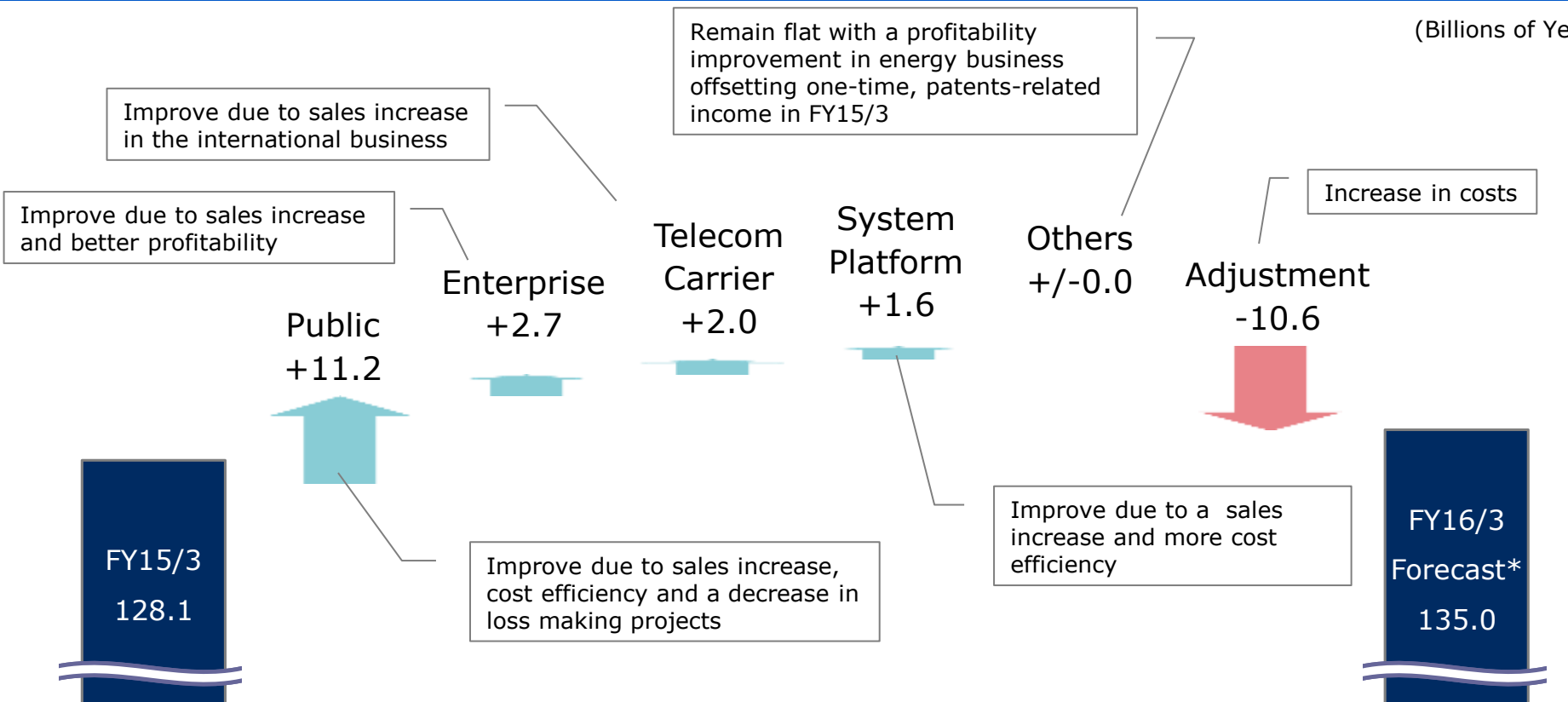
\*MBH: Mobile Backhaul

\*\*Forecast as of October 29, 2015

# Operating Income Change (Year on Year)

Forecasts  
FY16/3

(Billions of Yen)

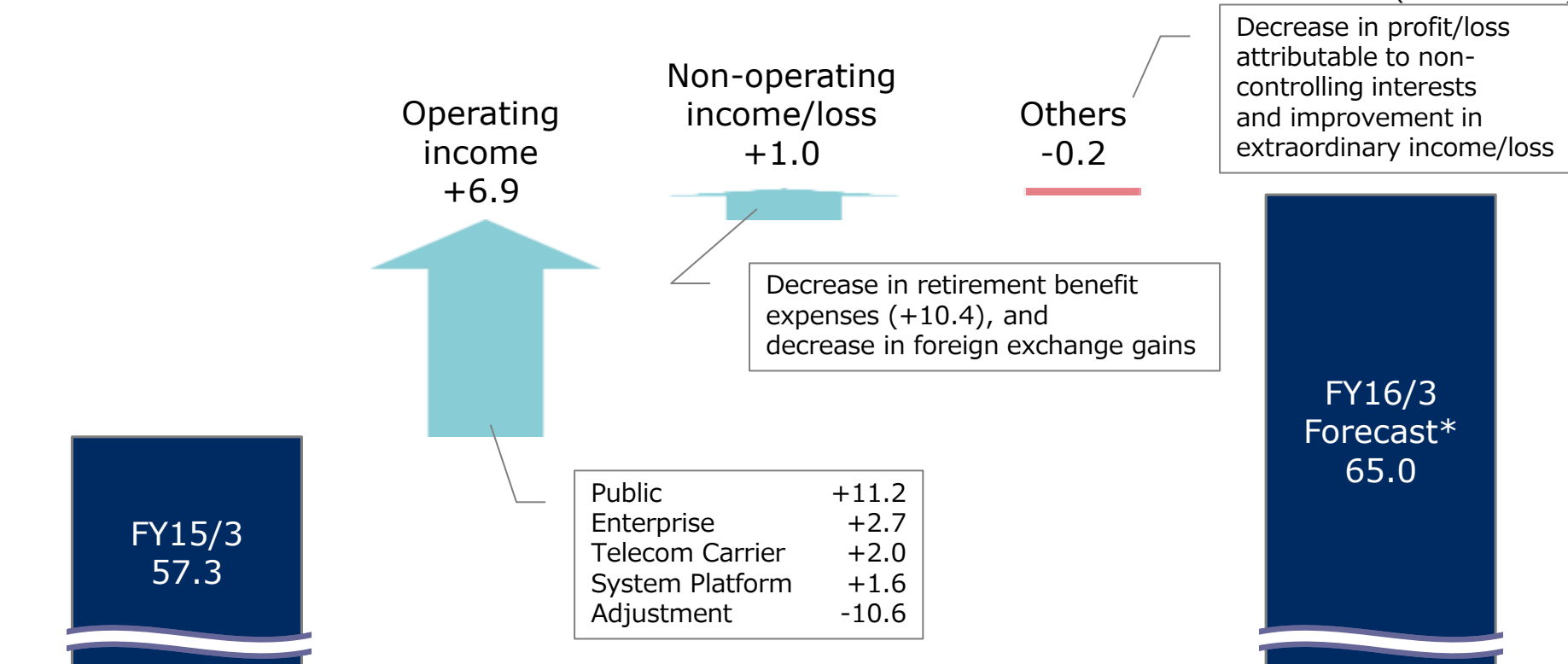


\*Forecast as of October 29, 2015

# Net Income Change (Year on Year)

Forecasts  
FY16/3

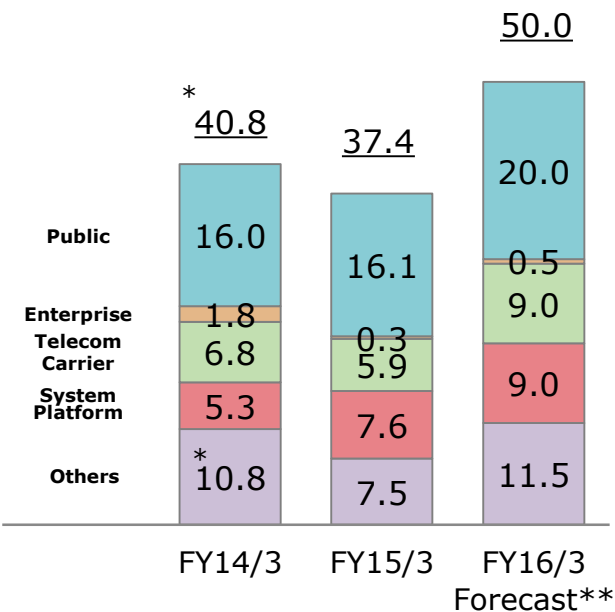
(Billions of Yen)



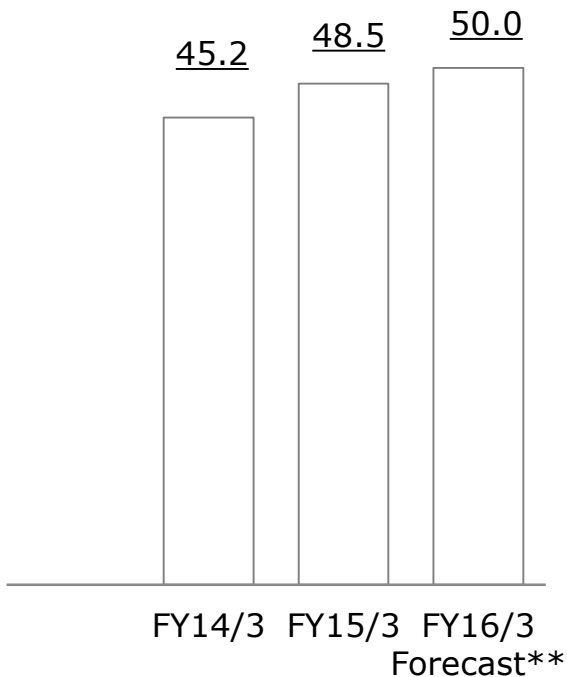
\*Forecast as of October 29, 2015

(Billions of Yen)

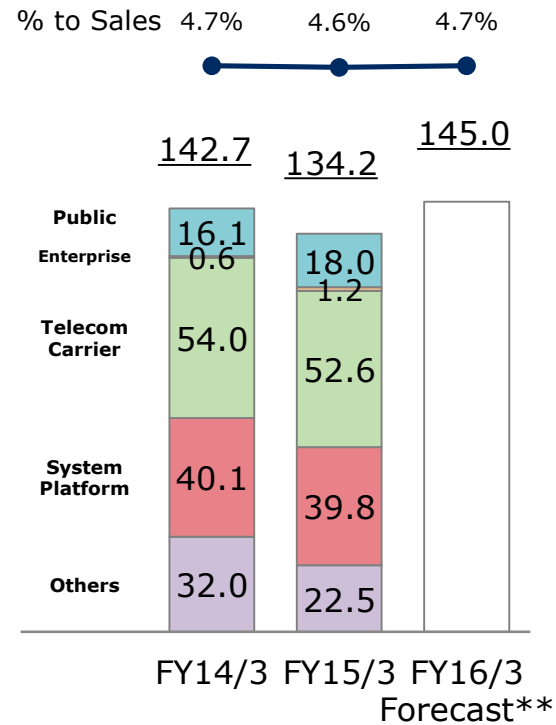
## Capital Expenditure



## Depreciation



## R&D Expenses



\*Not including acquisition of trust beneficiary rights

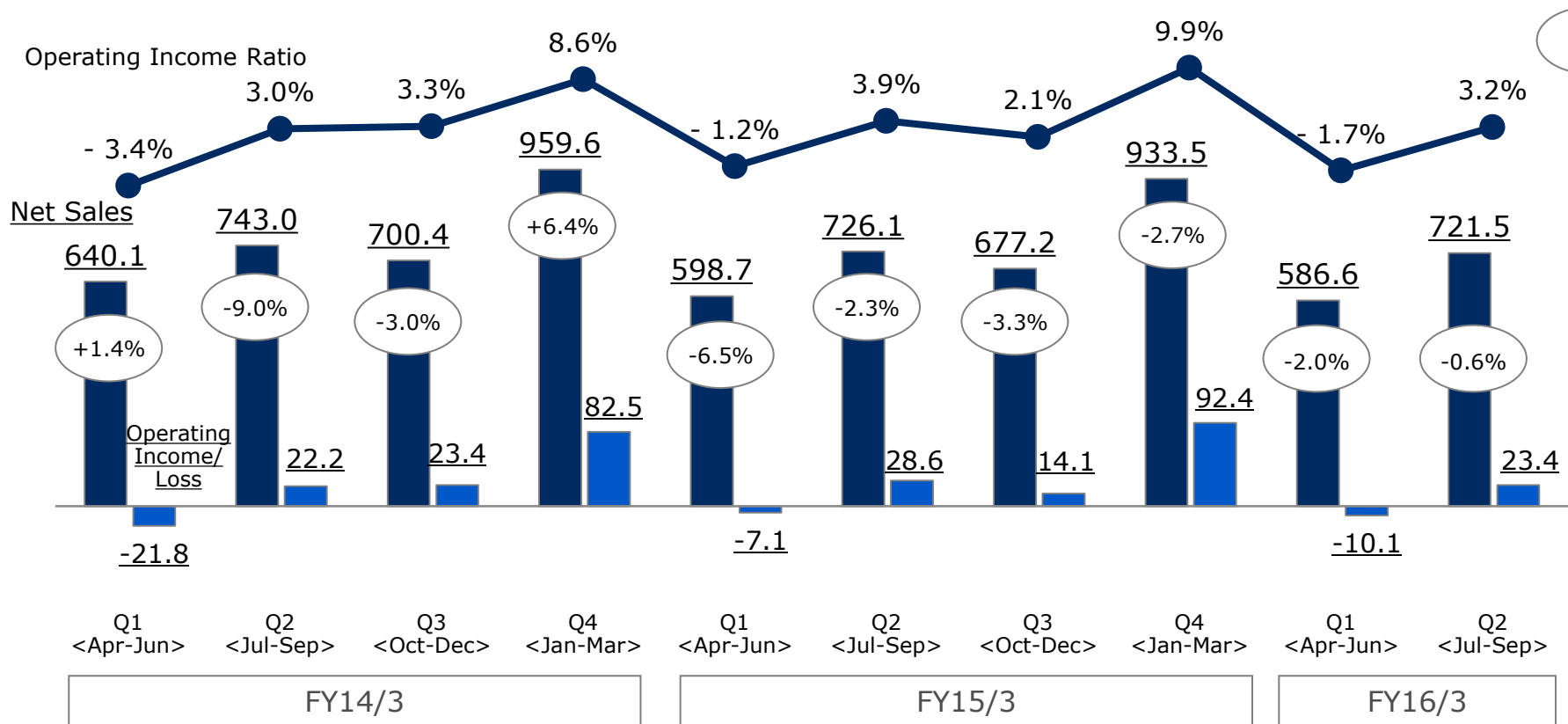
\*\*Forecasts as of October 29, 2015

# Reference (Financial data)



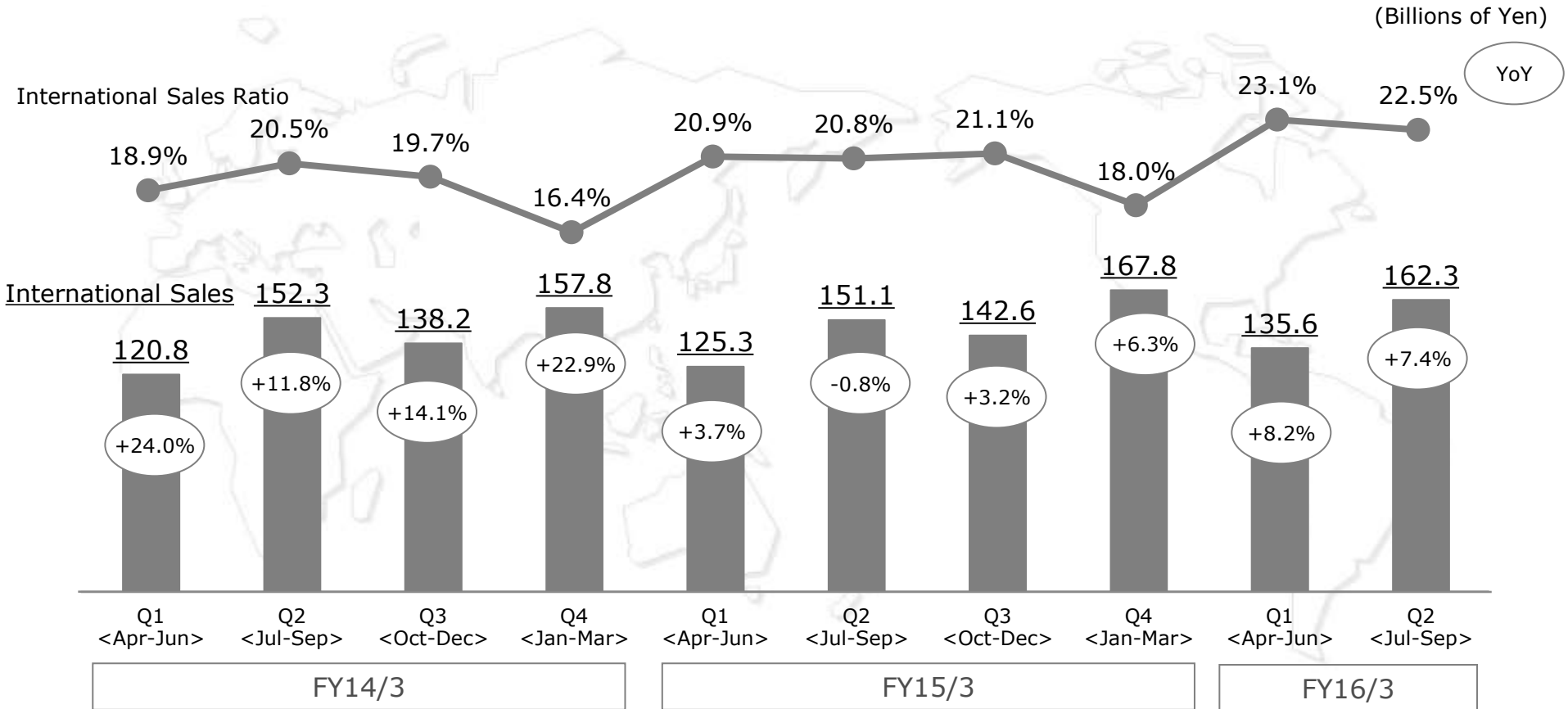
# Net Sales, Operating Income/Loss

(Billions of Yen)





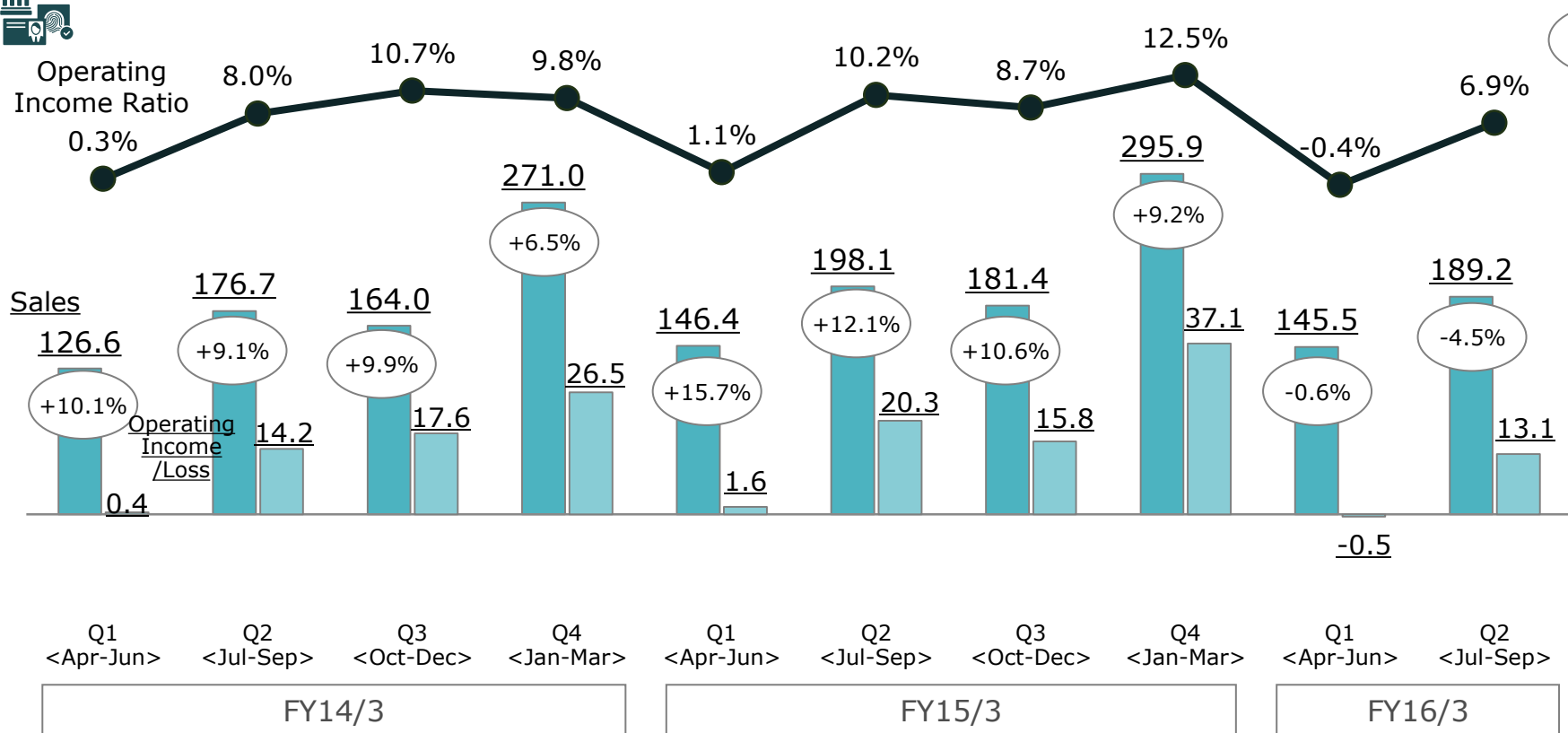
# International Sales



# Sales, Operating Income/Loss (Public)

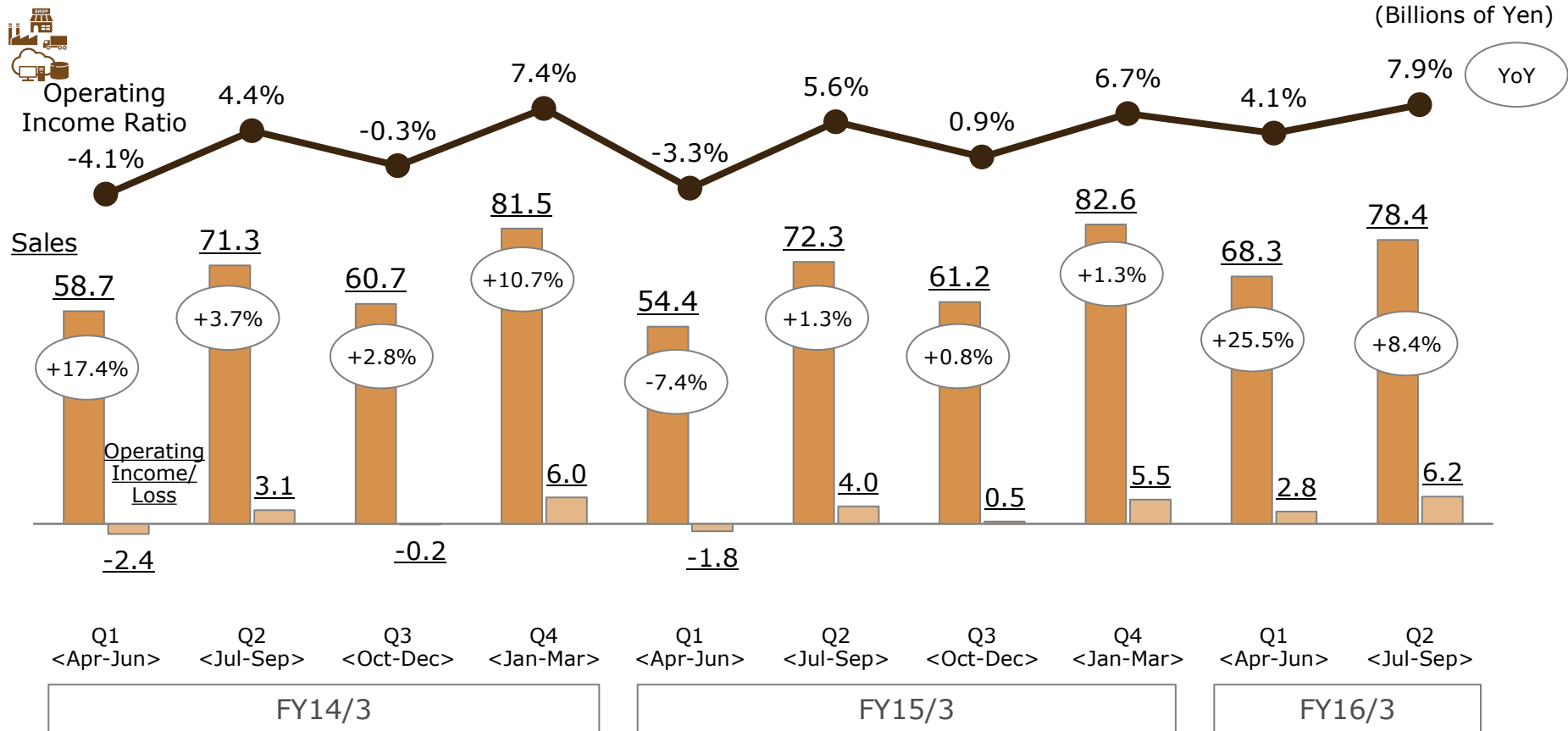


(Billions of Yen)

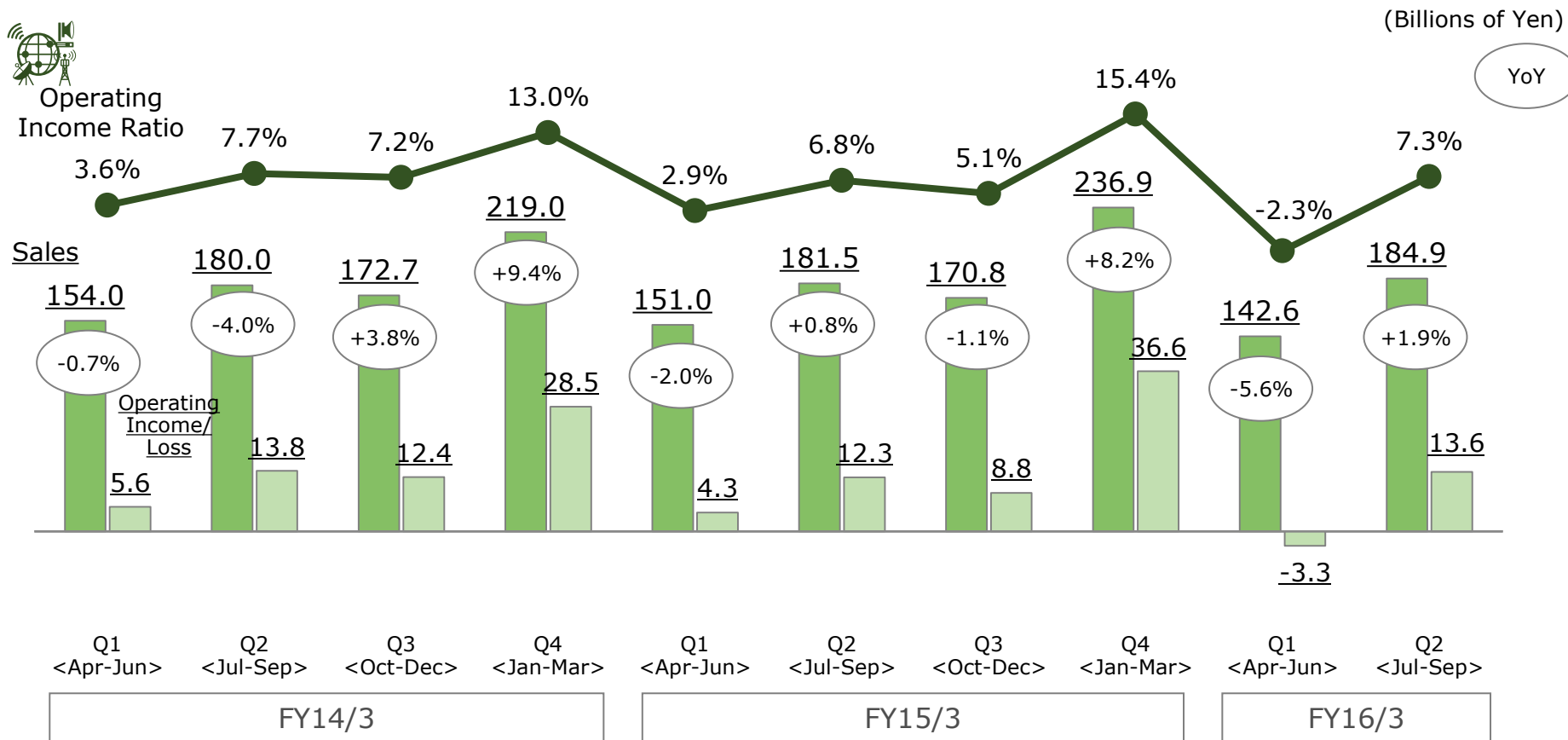


YoY

# Sales, Operating Income/Loss (Enterprise)

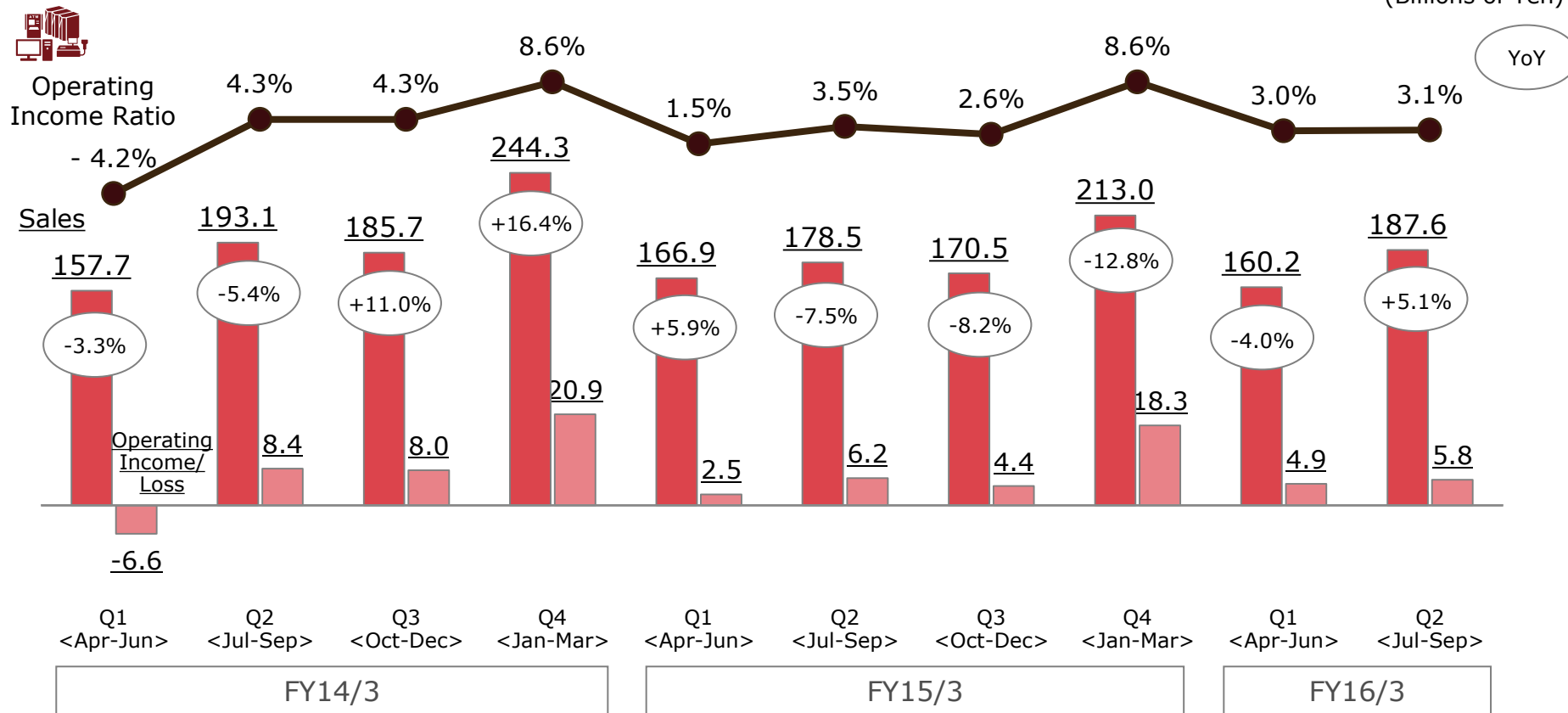


# Sales, Operating Income (Telecom Carrier)



# Sales, Operating Income/Loss (System Platform)

(Billions of Yen)

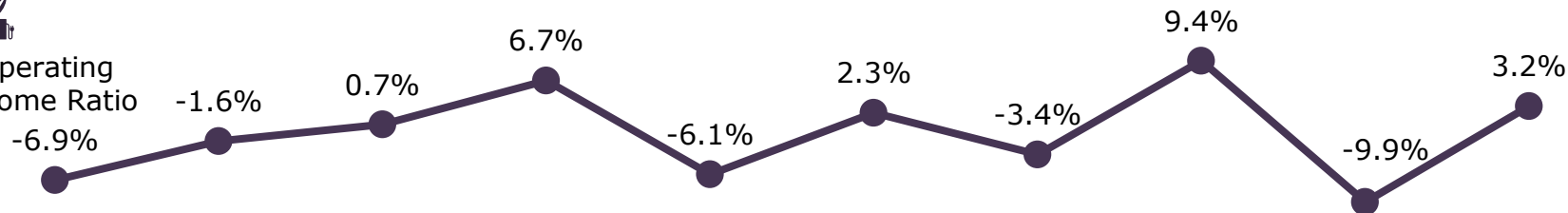


# Sales, Operating Income/Loss (Others)

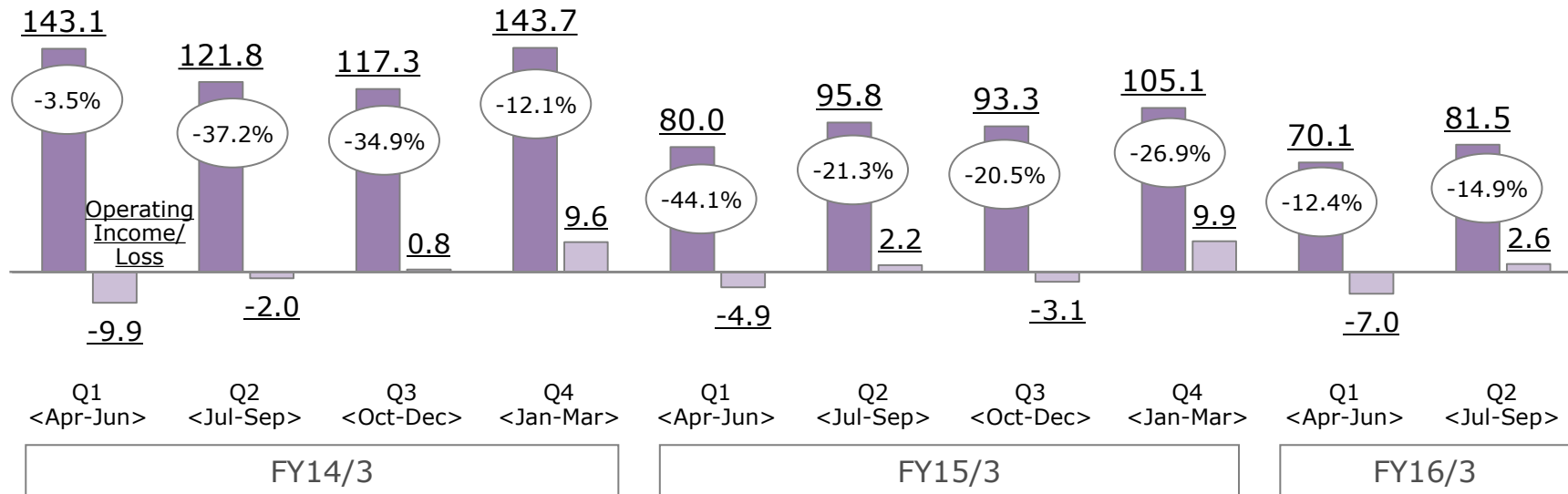


(Billions of Yen)

Operating  
Income Ratio



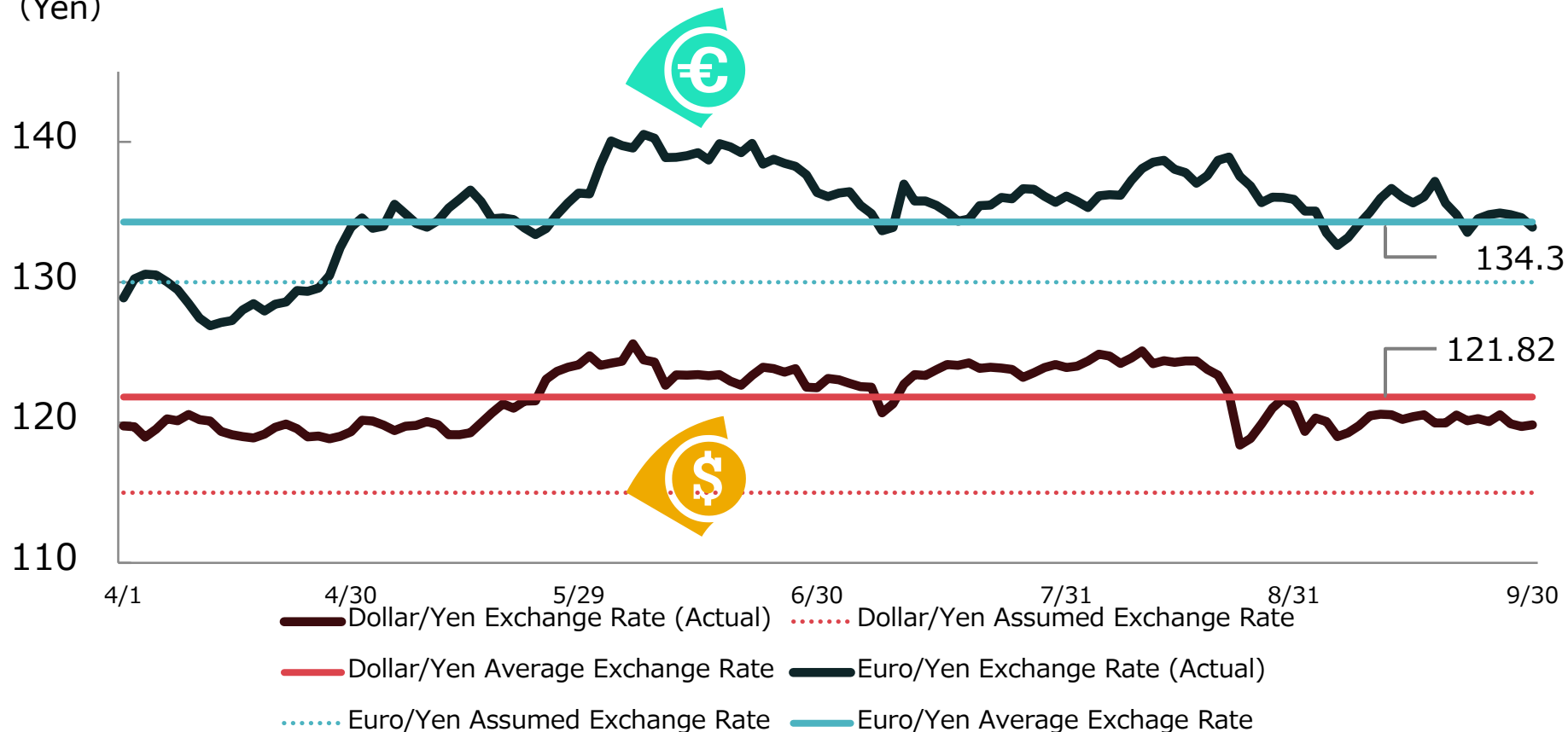
Sales



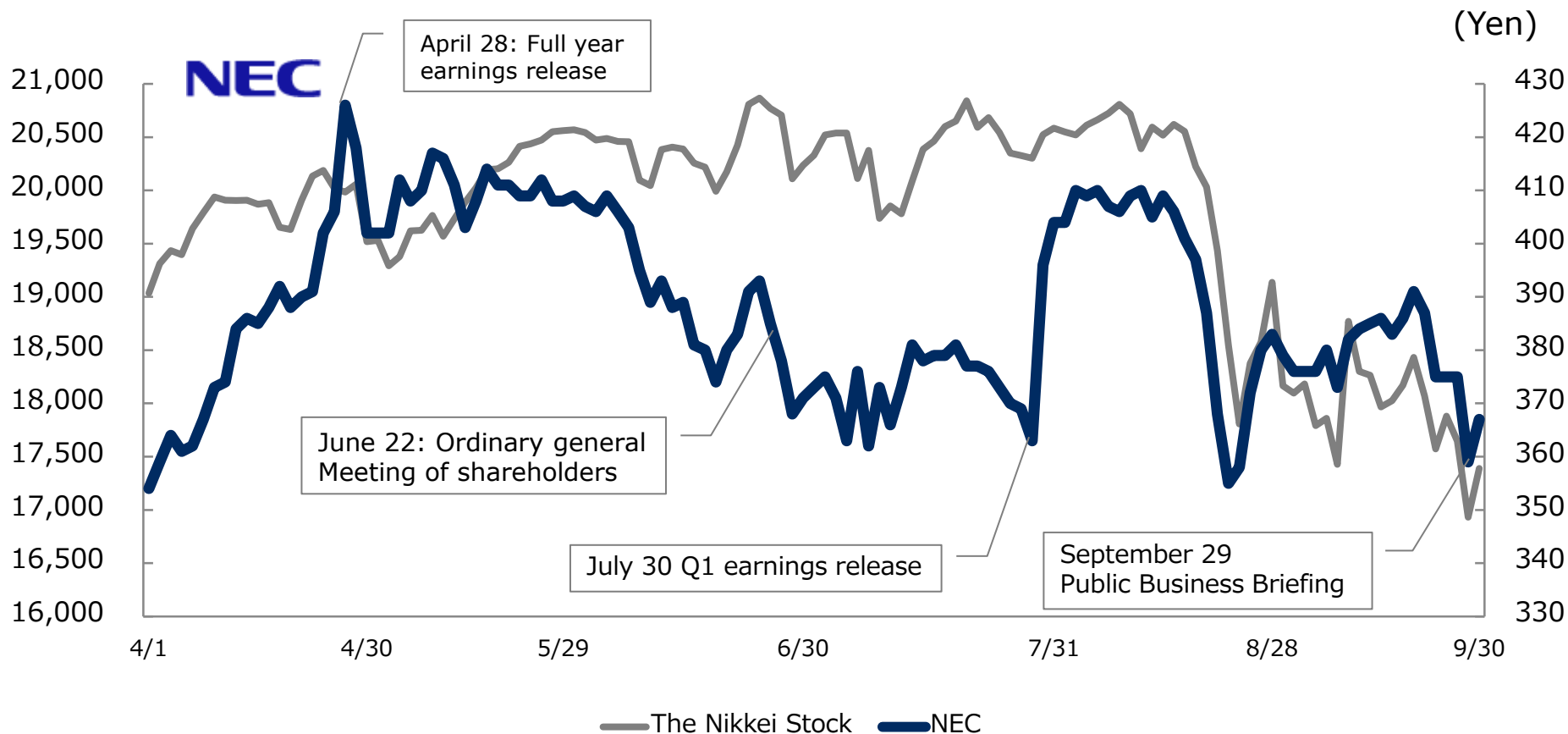
YoY

# Exchange Rate

(Yen)



# 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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Note: The consolidated financial statements in this presentation have been prepared in conformity with the Japanese GAAP. In this presentation, the accounting periods of the fiscal years for March 31, 2014 and 15 were referred as FY14/3 and FY15/3 respectively. Any other fiscal years would be referred similarly.