

## RELEASE

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## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2014

### Consolidated Financial Results

	<b>Three Months Ended June 30, 2012</b>	<b>Three Months Ended June 30, 2013</b>	<b>Change</b>
	In billions of yen	In billions of yen	%
Net Sales	631.5	640.1	1.4
Operating income (loss)	-7.9	-21.8	-
Ordinary income (loss)	-12.2	-28.2	-
Net income (loss)	-17.9	-21.5	-
	Yen	Yen	Yen
Net income (loss) per share:			
Basic	-6.87	-8.27	-1.40
Diluted	-	-	-

	<b>As of March 31, 2013</b>	<b>As of June 30, 2013</b>	<b>Change</b>
	In billions of yen	In billions of yen	%
Total assets	2,581.0	2,466.1	-4.4
Net assets	836.1	784.7	-6.2

#### (Notes)

Number of consolidated subsidiaries and affiliated companies accounted for by the equity method is as follows:

	<b>As of June 30, 2012</b>	<b>As of June 30, 2013</b>	<b>As of March 31, 2013</b>
Consolidated subsidiaries	292	268	270
Affiliated companies accounted for by the equity method	56	55	53

## 1. Consolidated Business Results

As stated in the July 9, 2013 announcement, “NEC to Revise Business Segments,” NEC has revised its business segments from the first quarter of the fiscal year ending March 31, 2014. Figures for the corresponding period of the previous fiscal year have been restated to conform with the new segments.

### (1) Overview of the first quarter of the fiscal year ending March 31, 2014 (three months ended June 30, 2013)

The worldwide economy during the three months ended June 30, 2013 was characterized by (i) a continuing economic recovery in the United States, mainly due to the steady performance of consumer spending in response to the improving employment situation and the stable corporate sector, as well as (ii) a slow economic recovery in emerging countries, such as China, where economic recovery was sluggish mainly due to inventory adjustments and measures to curb investment by the government.

As for the Japanese economy, although the recovery of capital investment was sluggish, consumer spending steadily grew amid improving consumer confidence attributed to expectations in “Abenomics,” a depreciation of the yen and higher stock prices. Exports slowly recovered, mainly to the United States, and results from price competitiveness slowly appeared due to a depreciation of the yen.

Under this business environment, the NEC Group recorded consolidated net sales of 640.1 billion yen for the three months ended June 30, 2013, an increase of 8.6 billion yen (1.4%) year-on-year. This increase was mainly due to increased sales from the Public business and the Enterprise business.

Regarding profitability, operating income (loss) worsened by 13.9 billion yen year-on-year, to an operating loss of 21.8 billion yen, mainly due to decreased profit from increased investment expenses in growth areas, in addition to decreased sales in the Telecom Carrier business and Others.

In terms of ordinary income (loss), the NEC Group recorded a loss of 28.2 billion yen, declining by 16.0 billion yen year-on-year, mainly due to the worsening of operating income (loss).

Income (loss) before income taxes and minority interests was a loss of 10.6 billion yen, a year-on-year improvement of 3.9 billion yen. This was primarily due to gain on sales of subsidiaries and affiliates' stocks, despite worsened ordinary income (loss).

Net income (loss) for the first quarter was a loss of 21.5 billion yen, a year-on-year worsening of 3.6 billion yen.

(2) Results by main business segment

*Sales by segment (sales to external customers):*

Segments	Three months ended June 30, 2012	Three months ended June 30, 2013	Change
	In billions of yen	In billions of yen	%
<b>Public</b>	114.9	126.6	10.1
<b>Enterprise</b>	50.0	58.7	17.4
<b>Telecom Carrier</b>	155.1	154.0	-0.7
<b>System Platform</b>	163.1	157.7	-3.3
<b>Others</b>	148.4	143.1	-3.5
<b>Total</b>	631.5	640.1	1.4

*Operating income (loss) by segment:*

Segments	Three months ended June 30, 2012	Three months ended June 30, 2013	Change
	In billions of yen	In billions of yen	In billions of yen
<b>Public</b>	0.1	0.4	0.3
<b>Enterprise</b>	-2.7	-2.4	0.2
<b>Telecom Carrier</b>	12.7	5.6	-7.1
<b>System Platform</b>	-1.8	-6.6	-4.8
<b>Others</b>	-3.6	-9.9	-6.2
<b>Adjustment</b>	-12.6	-8.9	3.7
<b>Total</b>	-7.9	-21.8	-13.9

(Note) Amounts in this section “(2) Results by main business segment” are rounded to 0.1 billion yen. Amounts in millions of yen are shown in section “Segment information” of this news release.

(Business segment figures in brackets below denote increases or decreases as compared with the corresponding period of the previous fiscal year.)

#### **Public Business**

<b>Sales:</b>	126.6 billion yen	(10.1%)
<b>Operating Income (Loss):</b>	0.4 billion yen	(0.3 billion yen)

In the Public business, sales were 126.6 billion yen, an increase of 11.7 billion yen (10.1%) year-on-year, mainly due to the steady sales for government offices and public services.

Operating income (loss) improved by 0.3 billion yen year-on-year, to an operating income of 0.4 billion yen, mainly owing to increased sales.

#### **Enterprise Business**

<b>Sales:</b>	58.7 billion yen	(17.4%)
<b>Operating Income (Loss):</b>	- 2.4 billion yen	(0.2 billion yen)

In the Enterprise business, sales were 58.7 billion yen, an increase of 8.7 billion yen (17.4%) year-on-year, mainly due to the steady sales for the distribution and service industries.

Operating income (loss) improved by 0.2 billion yen year-on-year, to an operating loss of 2.4 billion yen, mainly owing to increased sales, despite increased investment expenses in distribution and logistics related infrastructure.

#### **Telecom Carrier Business**

<b>Sales:</b>	154.0 billion yen	(-0.7%)
<b>Operating Income (Loss):</b>	5.6 billion yen	(-7.1 billion yen)

In the Telecom Carrier business, sales were 154.0 billion yen, a decrease of 1.1 billion yen (-0.7%) year-on-year, despite increased international sales of Telecom Operations and Management Solutions (TOMS), mainly due to decreased domestic sales compared to the strong first quarter of the previous fiscal year.

Operating income (loss) worsened by 7.1 billion yen year-on-year, to an operating income of 5.6 billion yen, mainly due to increased investment expenses related to Software-Defined Networking (SDN), a next generation networking technology, and TOMS, in addition to decreased sales.

#### **System Platform Business**

<b>Sales:</b>	157.7 billion yen	(-3.3%)
<b>Operating Income (Loss):</b>	- 6.6 billion yen	(-4.8 billion yen)

In the System Platform business, sales were 157.7 billion yen, a decrease of 5.4 billion yen (-3.3%) year-on-year, mainly due to decreased sales in hardware and enterprise networks when compared to sales for large-scale projects in the first quarter of the previous fiscal year.

Operating income (loss) worsened by 4.8 billion yen year-on-year, to an operating loss of 6.6 billion yen, mainly due to decreased sales.

#### **Others**

<b>Sales:</b>	143.1 billion yen	(-3.5%)
<b>Operating Income (Loss):</b>	- 9.9 billion yen	(-6.2 billion yen)

In Others, sales were 143.1 billion yen, a decrease of 5.2 billion yen (-3.5%) year-on-year, mainly due to a decline in mobile phone shipments and the electronic components business no longer being consolidated from the fourth quarter of the fiscal year ended March 31, 2013.

Operating income (loss) worsened by 6.2 billion yen year-on-year, to an operating loss of 9.9 billion yen, mainly owing to increased expenses for strengthening the structure and development of energy related business, in addition to decreased sales.

## 2. Consolidated Financial Condition

### Analysis of the condition of assets, liabilities, net assets, and cash flows

Total assets were 2,466.1 billion yen as of June 30, 2013, a decrease of 114.8 billion yen as compared with the end of the previous fiscal year. Current assets as of June 30, 2013 decreased by 85.4 billion yen compared with the end of the previous fiscal year to 1,428.4 billion yen, mainly due to the collection of accounts receivable-trade. Noncurrent assets as of June 30, 2013 decreased by 29.4 billion yen compared with the end of the previous fiscal year to 1,037.8 billion yen, mainly due to the progress of depreciation and amortization.

Total liabilities as of June 30, 2013 decreased by 63.4 billion yen compared with the end of the previous fiscal year, to 1,681.4 billion yen. This was mainly due to a decrease in notes and accounts payable-trade and accrued expenses, despite an increase in long-term debt. The balance of interest-bearing debt amounted to 665.5 billion yen, an increase of 62.0 billion yen as compared with the end of the previous fiscal year. The debt-equity ratio as of June 30, 2013 was 0.97 (a worsening of 0.12 points as compared with the end of the previous fiscal year). Yet, the balance of net interest-bearing debt as of June 30, 2013, calculated by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 378.8 billion yen, a decrease of 27.5 billion yen as compared with the end of the previous fiscal year. The net debt-equity ratio as of June 30, 2013 was 0.55 (an improvement of 0.02 points as compared with the end of the previous fiscal year).

Total net assets were 784.7 billion yen as of June 30, 2013, a decrease of 51.4 billion yen as compared with the end of the previous fiscal year, mainly due to net loss for the quarter and a decrease in minority interests.

As a result, the owner's equity as of June 30, 2013 was 683.4 billion yen and owner's equity ratio was 27.7% (an improvement of 0.2 points as compared with the end of the previous fiscal year).

Net cash inflows from operating activities for the three months ended June 30, 2013 were 41.9 billion yen, a worsening of 27.0 billion yen as compared with the same period of the previous fiscal year, mainly due to worsened operating income (loss).

Net cash outflows from investing activities for the three months ended June 30, 2013 were 0.9 billion yen, a decrease of 41.3 billion yen as compared with the same period of the previous fiscal

year, mainly due to decreased outflows for business acquisitions.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) for the three months ended June 30, 2013 totaled a cash inflow of 41.0 billion yen, an increase of 14.3 billion yen year-on-year.

Net cash flows from financing activities for the three months ended June 30, 2013 totaled a cash inflow of 46.5 billion yen, mainly due to financing through hybrid finance (subordinated loan), despite outflow from the redemption of bonds.

As a result, cash and cash equivalents as of June 30, 2013 amounted to 286.7 billion yen, an increase of 89.5 billion yen as compared with the end of the previous fiscal year.

### **3. Consolidated Financial Forecast**

There is no change to the consolidated financial forecasts for the full fiscal year ending March 31, 2014, previously disclosed on April 26, 2013.

### **4. Others**

#### *Application of accounting procedures specific to the preparation of quarterly consolidated financial statements*

Calculation of tax expenses:

After adjustment on individual significant items, tax expenses are calculated by multiplying income before income taxes by effective tax rate, which is estimated reasonably by using tax effect accounting, for the fiscal year including this first quarter.

## CONSOLIDATED QUARTERLY BALANCE SHEETS

(In millions of yen, millions of U.S. dollars)

	March 31, 2013	June 30, 2013	June 30, 2013
<b>Current assets</b>	<b>JPY 1,513,806</b>	<b>JPY 1,428,392</b>	<b>\$ 14,428</b>
Cash and deposits	174,295	167,368	1,690
Notes and accounts receivable-trade	834,052	625,060	6,314
Short-term investment securities	24,666	121,634	1,229
Merchandise and finished goods	93,776	101,172	1,022
Work in process	86,032	114,003	1,151
Raw materials and supplies	62,831	63,527	642
Deferred tax assets	78,761	77,486	783
Other	164,055	162,912	1,645
Allowance for doubtful accounts	(4,662)	(4,770)	(48)
<b>Noncurrent assets</b>	<b>1,067,160</b>	<b>1,037,750</b>	<b>10,483</b>
Property, plant and equipment	294,767	289,349	2,923
Buildings and structures, net	124,283	121,789	1,230
Machinery and equipment, net	25,586	23,952	242
Tools, furniture and fixtures, net	62,695	62,103	627
Land	66,502	65,911	666
Construction in progress	15,701	15,594	158
Intangible assets	233,786	229,046	2,314
Goodwill	93,895	90,517	914
Software	114,088	112,139	1,133
Other	25,803	26,390	267
Investments and other assets	538,607	519,355	5,246
Investment securities	138,139	140,478	1,419
Stocks of subsidiaries and affiliates	92,668	92,885	938
Long-term loans receivable	44,019	43,932	444
Deferred tax assets	97,570	87,573	885
Other	187,065	175,242	1,770
Allowance for doubtful accounts	(20,854)	(20,755)	(210)
<b>Total assets</b>	<b>JPY 2,580,966</b>	<b>JPY 2,466,142</b>	<b>\$ 24,911</b>

(Note)

U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥99 = U.S.\$1 .



## CONSOLIDATED QUARTERLY BALANCE SHEETS (CONTINUED)

(In millions of yen, millions of U.S. dollars)

	March 31, 2013	June 30, 2013	June 30, 2013
<b>Current liabilities</b>	<b>JPY 1,123,656</b>	<b>JPY 948,812</b>	<b>\$ 9,584</b>
Notes and accounts payable-trade	458,724	383,146	3,870
Short-term loans payable	26,590	26,429	267
Commercial papers	29,997	-	-
Current portion of long-term loans payable	73,486	73,965	747
Current portion of bonds payable	70,000	50,000	505
Accrued expenses	169,221	121,833	1,231
Advances received	122,154	140,781	1,422
Provision for product warranties	18,370	17,269	174
Provision for directors' bonuses	335	110	1
Provision for loss on construction contracts and others	17,955	15,355	155
Provision for business structure improvement	3,993	4,096	41
Provision for contingent loss	1,217	2,516	25
Other	131,614	113,312	1,146
<b>Noncurrent liabilities</b>	<b>621,163</b>	<b>732,616</b>	<b>7,400</b>
Bonds payable	160,000	140,000	1,414
Long-term loans payable	237,028	369,145	3,729
Deferred tax liabilities	2,231	2,159	22
Provision for retirement benefits	178,868	177,294	1,791
Provision for product warranties	3,049	3,220	33
Provision for loss on repurchase of computers	5,326	4,848	49
Provision for business structure improvement	750	683	7
Provision for contingent loss	6,641	6,225	63
Other	27,270	29,042	292
<b>Total liabilities</b>	<b>1,744,819</b>	<b>1,681,428</b>	<b>16,984</b>
<b>Shareholders' equity</b>	<b>700,429</b>	<b>668,554</b>	<b>6,753</b>
Capital stock	397,199	397,199	4,012
Capital surplus	148,405	148,404	1,499
Retained earnings	157,771	125,901	1,272
Treasury stock	(2,946)	(2,950)	(30)
<b>Accumulated other comprehensive income</b>	<b>10,237</b>	<b>14,799</b>	<b>150</b>
Valuation difference on available-for-sale securities	18,333	20,958	212
Deferred gains or losses on hedges	(1,076)	(1,075)	(11)
Foreign currency translation adjustment	(7,020)	(5,084)	(51)
<b>Minority interests</b>	<b>125,481</b>	<b>101,361</b>	<b>1,024</b>
<b>Total net assets</b>	<b>836,147</b>	<b>784,714</b>	<b>7,927</b>
<b>Total liabilities and net assets</b>	<b>JPY 2,580,966</b>	<b>JPY 2,466,142</b>	<b>\$ 24,911</b>

**CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS AND CONSOLIDATED  
QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME**

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2012	2013	2013
Net sales	JPY 631,533	JPY 640,146	\$ 6,466
Cost of sales	444,636	455,455	4,600
Gross profit	186,897	184,691	1,866
Selling, general and administrative expenses	194,777	206,504	2,086
Operating loss	(7,880)	(21,813)	(220)
Non-operating income	5,475	5,299	53
Interest income	277	473	5
Dividends income	1,420	2,021	20
Foreign exchange gains	-	749	8
Equity in earnings of affiliates	739	714	7
Other	3,039	1,342	13
Non-operating expenses	9,777	11,653	118
Interest expenses	1,401	2,219	22
Retirement benefit expenses	2,935	2,830	29
Foreign exchange losses	2,748	-	-
Other	2,693	6,604	67
Ordinary loss	(12,182)	(28,167)	(285)
Extraordinary income	4,551	19,189	194
Gain on sales of subsidiaries and affiliates' stocks	11	16,340	165
Gain on sales of investment securities	4,511	2,025	20
Gain on step acquisitions	-	454	5
Gain on transfer of business	-	366	4
Gain on change in equity	-	4	0
Gain on sales of noncurrent assets	25	-	-
Gain on reversal of subscription rights to shares	4	-	-
Extraordinary loss	6,891	1,621	16
Business structure improvement expenses	-	1,183	12
Loss on change in equity	-	242	2
Impairment loss	162	107	1
Loss on valuation of investment securities	289	55	1
Loss on sales of investment securities	-	22	0
Loss on sales of noncurrent assets	-	12	0
Loss on contribution of securities to retirement benefit trust	5,898	-	-
Loss on disaster	367	-	-
Loss on sales of stocks of subsidiaries and affiliates	175	-	-
Loss before income taxes and minority interests	(14,522)	(10,599)	(107)
Income taxes	2,676	10,084	102
Loss before minority interests	(17,198)	(20,683)	(209)
Minority interests in income	662	793	8
Net loss	(JPY 17,860)	(JPY 21,476)	(\$ 217)

CONSOLIDATED QUARTERLY STATEMENTS OF OPERATIONS AND CONSOLIDATED QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

CONSOLIDATED QUARTERLY STATEMENTS OF COMPREHENSIVE INCOME

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2012	2013	2013
Loss before minority interests	(JPY 17,198)	<b>(JPY 20,683)</b>	<b>(\$ 209)</b>
Other comprehensive income	(12,985)	<b>4,751</b>	<b>48</b>
Valuation difference on available-for-sale securities	(9,870)	<b>2,566</b>	<b>26</b>
Deferred gains or losses on hedges	141	<b>(37)</b>	<b>(0)</b>
Foreign currency translation adjustment	(5,622)	<b>1,589</b>	<b>16</b>
Share of other comprehensive income of associates accounted for using equity method	2,366	<b>633</b>	<b>6</b>
Comprehensive income	(JPY 30,183)	<b>(JPY 15,932)</b>	<b>(\$ 161)</b>
Breakdown:			
Comprehensive income attributable to owners of the parent	(JPY 30,702)	<b>(JPY 16,914)</b>	<b>(\$ 171)</b>
Comprehensive income attributable to minority interests	519	<b>982</b>	<b>10</b>

## CONDENSED CONSOLIDATED QUARTERLY STATEMENTS OF CASH FLOWS

(In millions of yen, millions of U.S. dollars)

Three months ended June 30	2012	2013	2013
<b>I . Cash flows from operating activities:</b>			
Loss before income taxes and minority interests	(JPY 14,522)	<b>(JPY 10,599)</b>	<b>(\$ 107)</b>
Depreciation and amortization	20,397	<b>18,329</b>	<b>185</b>
Equity in earnings of affiliates	(739)	<b>(714)</b>	<b>(7)</b>
Loss (gain) on change in equity	-	<b>238</b>	<b>2</b>
Decrease in notes and accounts receivable-trade	204,083	<b>203,555</b>	<b>2,056</b>
Increase in inventories	(51,520)	<b>(41,056)</b>	<b>(415)</b>
Decrease in notes and accounts payable-trade	(69,046)	<b>(68,604)</b>	<b>(693)</b>
Income taxes paid	(15,289)	<b>(17,247)</b>	<b>(174)</b>
Others, net	(4,501)	<b>(42,001)</b>	<b>(424)</b>
<b>Net cash provided by operating activities</b>	<b>68,863</b>	<b>41,901</b>	<b>423</b>
<b>II . Cash flows from investing activities:</b>			
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(9,188)	<b>(6,047)</b>	<b>(61)</b>
Purchase of intangible assets	(3,802)	<b>(2,729)</b>	<b>(28)</b>
Net proceeds from (payments of) purchases and sales of securities	(29,328)	<b>8,342</b>	<b>84</b>
Others, net	144	<b>(442)</b>	<b>(4)</b>
<b>Net cash used in investing activities</b>	<b>(42,174)</b>	<b>(876)</b>	<b>(9)</b>
<b>III . Cash flows from financing activities:</b>			
Net proceeds from (payments of) bonds and borrowings	(51,801)	<b>58,382</b>	<b>590</b>
Cash dividends paid	(1)	<b>(9,644)</b>	<b>(97)</b>
Others, net	(1,727)	<b>(2,278)</b>	<b>(24)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(53,529)</b>	<b>46,460</b>	<b>469</b>
<b>IV . Effect of exchange rate changes on cash and cash equivalents</b>	<b>(2,970)</b>	<b>2,036</b>	<b>21</b>
<b>V . Net increase (decrease) in cash and cash equivalents</b>	<b>(29,810)</b>	<b>89,521</b>	<b>904</b>
<b>VI . Cash and cash equivalents at beginning of period</b>	<b>251,843</b>	<b>197,132</b>	<b>1,991</b>
<b>VII . Cash and cash equivalents at end of period</b>	<b>JPY 222,033</b>	<b>JPY 286,653</b>	<b>\$ 2,895</b>

## SEGMENT INFORMATION

[Segment information]

Information about sales and segment income (loss) by reportable segment

Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
<b>Sales</b>								
1. Sales to customers	114,907	50,043	155,142	163,073	483,165	148,368	—	631,533
2. Intersegment sales and transfers	3,304	609	5,755	16,236	25,904	10,185	(36,089)	—
<b>Total sales</b>	<b>118,211</b>	<b>50,652</b>	<b>160,897</b>	<b>179,309</b>	<b>509,069</b>	<b>158,553</b>	<b>(36,089)</b>	<b>631,533</b>
<b>Segment income (loss) (Operating income (loss))</b>	<b>85</b>	<b>(2,668)</b>	<b>12,680</b>	<b>(1,765)</b>	<b>8,332</b>	<b>(3,620)</b>	<b>(12,592)</b>	<b>(7,880)</b>

Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
<b>Sales</b>								
1. Sales to customers	126,570	58,749	154,018	157,675	497,012	143,134	—	640,146
2. Intersegment sales and transfers	3,173	1,088	5,548	14,285	24,094	10,090	(34,184)	—
<b>Total sales</b>	<b>129,743</b>	<b>59,837</b>	<b>159,566</b>	<b>171,960</b>	<b>521,106</b>	<b>153,224</b>	<b>(34,184)</b>	<b>640,146</b>
<b>Segment income (loss) (Operating income (loss))</b>	<b>350</b>	<b>(2,421)</b>	<b>5,607</b>	<b>(6,558)</b>	<b>(3,022)</b>	<b>(9,852)</b>	<b>(8,939)</b>	<b>(21,813)</b>

Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(In millions of U.S. dollars)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
<b>Sales</b>								
1. Sales to customers	1,278	593	1,556	1,593	5,020	1,446	—	6,466
2. Intersegment sales and transfers	33	11	56	144	244	102	(346)	—
<b>Total sales</b>	<b>1,311</b>	<b>604</b>	<b>1,612</b>	<b>1,737</b>	<b>5,264</b>	<b>1,548</b>	<b>(346)</b>	<b>6,466</b>
<b>Segment income (loss) (Operating income (loss))</b>	<b>4</b>	<b>(25)</b>	<b>57</b>	<b>(66)</b>	<b>(30)</b>	<b>(100)</b>	<b>(90)</b>	<b>(220)</b>

## **SEGMENT INFORMATION (CONTINUED)**

(Notes)

1. From this first quarter, the reportable segment has been changed to four reportable segments, "Public," "Enterprise," "Telecom Carrier" and "System Platform," due to the organizational reform on April 1, 2013. Previously, the reportable segments were "IT Solutions," "Carrier Network," "Social Infrastructure" and "Personal Solutions".

The contents of new reportable segments are as follows:

"Public" mainly renders System Integration, Maintenance and Support, Outsourcing, Cloud Services and System Equipment for Government, Public, Healthcare, Finance and Media.

"Enterprise" mainly renders System Integration, Maintenance and Support, Outsourcing and Cloud Services for Manufacturing, Distribution and Services.

"Telecom Carrier" mainly renders Network Infrastructure, Services and Management for Telecom Carriers.

"System Platform" mainly renders Hardware, Software, Enterprise Networks Solutions and Services (Data Center Infrastructure and Support).

With this change, segment information and related information about geographic areas for the three months ended June 30, 2012 have been reclassified to conform with the three months ended June 30, 2013 presentation.

2. "Others" for the three months ended June 30, 2012 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.), Smartphones, Mobile Phones, Electronic Components and "BIGLOBE" Internet Services, which are not included in reportable segments. "Others" for the three months ended June 30, 2013 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.), Smartphones, Mobile Phones and "BIGLOBE" Internet Services, which are not included in reportable segments.
3. "Adjustment" of segment income (loss) for the three months ended June 30, 2012 includes corporate expenses of (11,033) million yen unallocated to each reportable segment and noncurrent assets related adjustment of 265 million yen, respectively. "Adjustment" of segment income (loss) for the three months ended June 30, 2013 includes corporate expenses of (9,769) million yen ((99) millions of U.S. dollars) unallocated to each reportable segment and noncurrent assets related adjustment of 1,196 million yen (12 millions of U.S. dollars), respectively. The corporate expenses, unallocated to each reportable segment, are mainly both general and administrative expenses incurred at headquarters of NEC (the Company), and research and development expenses.

## SEGMENT INFORMATION (CONTINUED)

[Related information]

Information about geographic areas

Sales

Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
534,100	35,682	41,264	20,487	631,533

Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
<b>519,338</b>	<b>47,531</b>	<b>48,641</b>	<b>24,636</b>	<b>640,146</b>

Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(In millions of U.S. dollars)

Japan	The Americas	Greater China, APAC	EMEA	Total
<b>5,246</b>	<b>480</b>	<b>491</b>	<b>249</b>	<b>6,466</b>

(Notes)

1. Sales are classified into country or region based on the locations of customers.
2. Major regions in segments other than Japan:
  - (1) The Americas: North America and Latin America
  - (2) Greater China, APAC: Greater China and Asia Pacific (Asia, Oceania)
  - (3) EMEA: Europe, Middle East and Africa

Notes: Business Combinations

On June 19, 2013, the Company transferred all of the Company's shares in NEC Mobiling, Ltd., a consolidated subsidiary of the Company, to MX Holdings Co., Ltd., a subsidiary of Marubeni Corporation.

Outline of the transaction is as follows:

1. Outline of the business combination

(1) Company profiles

Acquiring company: MX Holdings Co., Ltd.

Major operation: Operation of mobile business, mainly Sales of mobile phones

Acquired company: NEC Mobiling, Ltd.

Major operation: Sales of network products, After-sales and support services

(2) Reason for the business combination

The Company applied for the tender offer bid implemented from April 30, 2013 to June 12, 2013 by MX Holdings Co., Ltd.

(3) Date of the business combination

June 19, 2013

(4) Overview of transaction including legal form

Transfer of shares in consideration for cash

2. Outline of accounting method

The Company applies accounting procedures stipulated by Articles 35, of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of December 26, 2008).

3. Name of the reportable segment in which the subsidiary was included

"Others"



Notes: Subsequent Events

On July 31, 2013, the Company held a board of directors meeting and resolved that the Company would review the mobile phone handset business operated by NEC CASIO Mobile Communications, Ltd., in order to accelerate its growth strategy focused on the “Social Solutions Business,” which provides advanced social infrastructure capitalizing on information and communications technologies (ICT).

The content of the resolution is as follows:

As of July 31, 2013, the Company is ending the development, manufacturing and sale of smartphones, other than models already on the market. The Company will continue providing maintenance and support services for its existing smartphones. The Company will also continue developing and producing conventional mobile phone handsets. Furthermore, the Company will utilize NEC Saitama, Ltd. for its Social Solutions Business, as well as the production of conventional mobile phone handsets for the Japanese market. Moreover, the Company will continue operating its tablet business.

The Company is in the process of assessing the impact of this resolution on its consolidated financial results for the fiscal year ending March 31, 2014.

**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 (ix) 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.

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.

Finally, NEC cautions you that the statements made in this material are not an offer of securities for sale. Securities may not be offered or sold in any jurisdiction in which required registration is absent or an exemption from registration under the applicable securities laws is not granted.

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