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***** For immediate use January 28, 2016

Consolidated Financial Results for the Nine Months Ended December 31, 2015

Consolidated Financial Results

	Nine Months ended December 31, 2014	Nine Months ended December 31, 2015	Change
	In billions of yen	In billions of yen	%
Net Sales	2,002.0	1,949.1	-2.6
Operating income (loss)	35.6	18.3	-48.7
Ordinary income (loss)	36.4	15.2	-58.1
Net income (loss)	22.8	0.3	-98.5
	Yen	Yen	Yen
Net income (loss) per share:			
Basic	8.76	0.13	-8.63
Diluted	-	-	-

	Three Months ended December 31, 2014	Three Months ended December 31, 2015	Change
	In billions of yen	In billions of yen	%
Net Sales	677.2	641.0	-5.4
Operating income (loss)	14.1	4.9	-65.1
Ordinary income (loss)	19.7	3.8	-80.5
Net income (loss)	10.3	0.1	-98.8
	Yen	Yen	Yen
Net income (loss) per share:			
Basic	3.97	0.05	-3.92
Diluted	-	-	-

	As of March 31, 2015	As of December 31, 2015	Change
	In billions of yen	In billions of yen	%
Total assets	2,620.7	2,497.4	-4.7
Net assets	884.2	867.7	-1.9

(Notes)

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

	As of December 31, 2014	As of December 31, 2015	As of March 31, 2015
Consolidated subsidiaries	234	227	232
Affiliated companies accounted for by the equity method	51	52	51

1. Consolidated Business Results

(1) Overview of the third quarter of the fiscal year ending March 31, 2016 (nine months ended December 31, 2015)

The worldwide economy during the nine months ended December 31, 2015 was characterized overall by a very slow pace of growth, mainly owing to sluggish growth in emerging markets, particularly in China, Russia and Brazil, despite steady performance in the United States, Europe and other industrialized nations.

As for the Japanese economy, despite the influences from the rise in the consumption tax rate having run their course, owing to production activities centering on consumer spending and the manufacturing industry, the economy remained flat overall.

Under this business environment, the NEC Group recorded consolidated net sales of 1,949.1 billion yen for the nine months ended December 31, 2015, a decrease of 52.9 billion yen (-2.6%) year-on-year. This decrease was mainly due to decreased sales in the Public business and Telecom Carrier business and decreased sales from logistics services in Others no longer being consolidated, despite increased sales from the Enterprise business.

Regarding profitability, operating income (loss) worsened by 17.4 billion yen year-on-year, to an operating income of 18.3 billion yen, mainly due to decreased sales in the Public business and the Telecom Carrier business, despite increased sales in the Enterprise business.

In terms of ordinary income (loss), the NEC Group recorded an income of 15.2 billion yen, worsening by 21.1 billion yen year-on-year, despite reduced retirement benefit expenses, mainly due to worsening operating income (loss) and foreign exchange gain (loss).

Income (loss) before income taxes was an income of 20.7 billion yen, a year-on-year worsening of 15.8 billion yen. This was primarily due to worsening ordinary income (loss), despite increased gain on sales of investment securities.

Profit (loss) attributable to owners of the parent for the nine months ended December 31, 2015 was an income of 0.3 billion yen, a year-on-year worsening of 22.4 billion yen, primarily due to the acquisition of non-controlling interests from making NEC Fielding, Ltd. a wholly-owned subsidiary during the same period of the previous fiscal year and worsening income (loss) before income taxes.

(2) Results by main business segment

Sales by segment (sales to external customers):

Segments	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change
	In billions of yen	In billions of yen	%
Public	525.9	495.6	-5.8
Enterprise	187.9	217.7	15.9
Telecom Carrier	503.3	486.7	-3.3
System Platform	515.9	518.7	0.6
Others	269.1	230.3	-14.4
Total	2,002.0	1,949.1	-2.6

Operating income (loss) by segment:

Segments	Nine months ended December 31, 2014	Nine months ended December 31, 2015	Change
	In billions of yen	In billions of yen	In billions of yen
Public	37.7	22.4	-15.3
Enterprise	2.8	12.6	9.8
Telecom Carrier	25.4	16.4	-9.0
System Platform	13.1	13.1	0.0
Others	-5.9	-11.2	-5.4
Adjustment	-37.5	-35.1	2.4
Total	35.6	18.3	-17.4

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 "Notes: 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

Sales:	495.6 billion yen	(-5.8%)
Operating Income (Loss):	22.4 billion yen	(-15.3 billion yen)

In the Public business, sales were 495.6 billion yen, a decrease of 30.3 billion yen (-5.8%) year-on-year, mainly due to decreased sales for government offices and public services from the large-scale projects from the same period of the previous fiscal year.

Operating income (loss) worsened by 15.3 billion yen year-on-year, to an operating income of 22.4 billion yen, mainly owing to decreased sales and increased costs for reinforcing sales promotion activities.

Enterprise Business

Sales:	217.7 billion yen	(15.9%)
Operating Income (Loss):	12.6 billion yen	(9.8 billion yen)

In the Enterprise business, sales were 217.7 billion yen, an increase of 29.9 billion yen (15.9%) year-on-year, mainly due to the increased sales from large-scale projects for the logistics/services sector and manufacturing industries.

Operating income (loss) improved by 9.8 billion yen year-on-year, to an operating income of 12.6 billion yen, mainly owing to increased sales and the improved profitability of system construction services.

Telecom Carrier Business

Sales:	486.7 billion yen	(-3.3%)
Operating Income (Loss):	16.4 billion yen	(-9.0 billion yen)

In the Telecom Carrier business, sales were 486.7 billion yen, a decrease of 16.6 billion yen (-3.3%) year-on-year, mainly due to decreased domestic sales, despite increased international sales of submarine cable systems and Telecom Operations and Management Solutions (TOMS).

Operating income (loss) worsened by 9.0 billion yen year-on-year, to an operating income of 16.4 billion yen, mainly due to decreased sales.

System Platform Business

Sales:	518.7 billion yen	(0.6%)
Operating Income (Loss):	13.1 billion yen	(0.0 billion yen)

In the System Platform business, sales were 518.7 billion yen, an increase of 2.9 billion yen (0.6%) year-on-year, mainly due to the increased sales of hardware.

Operating income (loss) remained at almost the same level year-on-year, for an operating income of 13.1 billion yen.

Others

Sales:	230.3 billion yen	(-14.4%)
Operating Income (Loss):	-11.2 billion yen	(-5.4 billion yen)

In Others, sales were 230.3 billion yen, a decrease of 38.8 billion yen (-14.4%) year-on-year, mainly due to a decline in mobile phone shipments, decreased Smart Energy business, as well as the logistics services no longer being consolidated.

Operating income (loss) worsened by 5.4 billion yen year-on-year, to an operating loss of 11.2 billion yen, mainly owing to decreased sales.

2. Consolidated Financial Condition

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

Total assets were 2,497.4 billion yen as of December 31, 2015, a decrease of 123.2 billion yen as compared with the end of the previous fiscal year. Current assets as of December 31, 2015 decreased by 104.3 billion yen compared with the end of the previous fiscal year to 1,472.4 billion yen, mainly due to the collection of accounts receivable-trade. Noncurrent assets as of December 31, 2015 decreased by 18.9 billion yen compared with the end of the previous fiscal year to 1,025.0 billion yen.

Total liabilities as of December 31, 2015 decreased by 106.7 billion yen compared with the end of the previous fiscal year, to 1,629.7 billion yen. This was mainly due to a decrease in notes and accounts payable-trade and accrued expenses. The balance of interest-bearing debt amounted to 574.2 billion yen, an increase of 53.4 billion yen as compared with the end of the previous fiscal year. The debt-equity ratio as of December 31, 2015 was 0.71 (a worsening of 0.08 points as compared with the end of the previous fiscal year). The balance of net interest-bearing debt as of December 31, 2015, calculated by offsetting the balance of interest-bearing debt with the balance of cash and cash equivalents, amounted to 402.5 billion yen, an increase of 62.8 billion yen as compared with the end of the previous fiscal year. The net debt-equity ratio as of December 31, 2015 was 0.50 (a worsening of 0.09 points as compared with the end of the previous fiscal year).

Total net assets were 867.7 billion yen as of December 31, 2015, a decrease of 16.5 billion yen as compared with the end of the previous fiscal year, mainly due to a decrease associated with the payment of dividends and a decrease in foreign currency translation adjustment accounts.

As a result, the owner's equity (total net assets less non-controlling interests) as of December 31, 2015 was 807.2 billion yen, and the owner's equity ratio was 32.3% (an improvement of 0.9 points as compared with the end of the previous fiscal year).

Net cash outflows from operating activities for the nine months ended December 31, 2015 were 22.1 billion yen, an improvement of 11.3 billion yen as compared with the same period of the previous fiscal year, mainly due to improved working capital.

Net cash outflows from investing activities for the nine months ended December 31, 2015 were 26.9 billion yen, a decrease of 15.4 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 nine months ended December 31, 2015 totaled a cash outflow of 49.0 billion yen, an improvement of 26.7 billion yen year-on-year.

Net cash flows from financing activities for the nine months ended December 31, 2015 totaled a cash inflow of 41.8 billion yen, mainly due to the procurement of capital from the issuance of commercial papers and bonds, despite the outflow from the redemption of bonds and the payment of dividends.

As a result, cash and cash equivalents as of December 31, 2015 amounted to 171.7 billion yen, a decrease of 9.4 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, 2016, as previously disclosed on October 29, 2015.

4. Others

(1) 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 using tax effect accounting, for the fiscal year including this third quarter.

(2) Changes to accounting policies, changes in financial estimates and restatements

Application of "Accounting Standard for Business Combinations" and other applicable standards.

From the beginning of the fiscal year ending March 31, 2016, the NEC Group has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and other applicable standards. As a result, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to record as capital surplus, and the method of recording acquisition-related costs has been changed to recognize as period expenses for the fiscal year in which they are incurred. Furthermore, for business combinations that are carried out on or after the beginning of this first quarter, the accounting method has been changed to an adjusted acquisition cost allocation updated from the tentative accounting treatment and is reflected in the quarterly consolidated financial statements for the quarter period in which the business combination occurs. In addition, the change in the presentation method of net income (loss) and minority interests to non-controlling interests have been applied from the beginning of this first quarter. To reflect these changes, consolidated quarterly statements of operations and consolidated balance sheets for the previous fiscal year have been reclassified.

Also from this first quarter, disbursements for acquisitions or proceeds from sales of shares of subsidiaries without change of scope of consolidation have been presented in cash flows from financing activities, and cash out flows from acquisition related costs for acquisitions of shares of subsidiaries with change of scope of consolidation and cash out flows from acquisition or sale related costs for shares of subsidiaries without change of scope of consolidation have been presented in cash flows from operating activities on consolidated quarterly statements of cash flows.

Application of the Accounting Standard for Business Combinations and other applicable standards is in line with the transitional measures that are provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures, and is effective from the beginning of this first quarter.

As a result, there is no significant impact on operating income (loss), ordinary income (loss), and income (loss) before income taxes for the nine months ended December 31, 2015 and there is no significant impact on capital surplus for the period ended December 31, 2015.

Consolidated Quarterly Balance Sheets

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

	March 31, 2015	December 31, 2015	December 31, 2015
Current assets	JPY 1,576,785	JPY 1,472,437	\$ 12,270
Cash and deposits	159,764	149,726	1,248
Notes and accounts receivable-trade	928,367	768,100	6,401
Short-term investment securities	23,340	23,760	198
Merchandise and finished goods	88,301	96,146	801
Work in process	101,989	157,455	1,312
Raw materials and supplies	50,856	59,383	495
Deferred tax assets	65,351	64,909	541
Other	163,968	160,996	1,341
Allowance for doubtful accounts	(5,151)	(8,038)	(67)
Noncurrent assets	1,043,867	1,024,992	8,542
Property, plant and equipment	338,115	332,644	2,772
Buildings and structures, net	172,177	168,698	1,406
Machinery and equipment, net	20,189	21,550	180
Tools, furniture and fixtures, net	67,643	65,127	543
Land	57,787	57,451	479
Construction in progress	20,319	19,818	164
Intangible assets	188,409	172,132	1,435
Goodwill	66,985	56,558	471
Software	94,194	91,213	760
Other	27,230	24,361	204
Investments and other assets	517,343	520,216	4,335
Investment securities	157,078	154,060	1,284
Stocks of subsidiaries and affiliates	90,153	97,973	816
Long-term loans receivable	39,424	38,083	317
Deferred tax assets	85,114	80,988	675
Net defined benefit asset	74,622	81,157	676
Other	75,452	72,354	604
Allowance for doubtful accounts	(4,500)	(4,399)	(37)
Total assets	JPY 2,620,652	JPY 2,497,429	\$ 20,812

Note:

U.S. dollar amounts are translated from yen, for convenience of the reader, at the rate of ¥120 = U.S.\$1 .

Consolidated Quarterly Balance Sheets (Continued)

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

	March 31, 2015	December 31, 2015	December 31, 2015
Current liabilities	JPY 1,069,548	JPY 951,649	\$ 7,930
Notes and accounts payable-trade	466,677	383,293	3,194
Short-term loans payable	28,988	65,156	543
Commercial papers	-	63,997	533
Current portion of long-term loans payable	14,407	32,837	274
Current portion of bonds payable	90,000	10,000	83
Accrued expenses	169,070	124,766	1,040
Advances received	122,714	125,444	1,045
Provision for product warranties	17,031	14,816	123
Provision for directors' bonuses	331	184	2
Provision for loss on construction contracts and others	5,596	5,182	43
Provision for business structure improvement	8,627	3,547	30
Provision for contingent loss	13,526	10,169	85
Other	132,581	112,258	935
Noncurrent liabilities	666,912	678,096	5,651
Bonds payable	50,000	90,000	750
Long-term loans payable	332,404	307,058	2,559
Deferred tax liabilities	2,410	2,376	20
Provision for product warranties	2,943	2,890	24
Provision for loss on repurchase of computers	6,445	4,975	41
Provision for business structure improvement	5,867	4,390	37
Provision for contingent loss	5,480	5,077	42
Net defined benefit liability	228,686	229,308	1,911
Other	32,677	32,022	267
Total liabilities	1,736,460	1,629,745	13,581
Shareholders' equity	749,889	740,159	6,168
Capital stock	397,199	397,199	3,310
Capital surplus	148,694	149,035	1,242
Retained earnings	207,021	196,997	1,642
Treasury stock	(3,025)	(3,072)	(26)
Accumulated other comprehensive income	73,761	67,050	559
Valuation difference on available-for-sale securities	47,385	46,295	386
Deferred gains or losses on hedges	(271)	(823)	(7)
Foreign currency translation adjustments	12,795	5,994	50
Remeasurements of defined benefit plans	13,852	15,584	130
Non-controlling interests	60,542	60,475	504
Total net assets	884,192	867,684	7,231
Total liabilities and net assets	JPY 2,620,652	JPY 2,497,429	\$ 20,812

**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)

Nine months ended December 31	2014	2015	2015
Net sales	JPY 2,002,024	JPY 1,949,096	\$ 16,243
Cost of sales	1,401,929	1,377,455	11,479
Gross profit	600,095	571,641	4,764
Selling, general and administrative expenses	564,458	553,376	4,612
Operating income	35,637	18,265	152
Non-operating income	24,946	16,468	137
Interest income	1,350	1,301	11
Dividends income	2,825	3,533	29
Equity in earnings of affiliates	6,916	6,791	57
Foreign exchange gains	7,111	-	-
Other	6,744	4,843	40
Non-operating expenses	24,200	19,492	162
Interest expenses	7,436	7,368	61
Foreign exchange losses	-	2,382	20
Retirement benefit expenses	8,456	-	-
Other	8,308	9,742	81
Ordinary income	36,383	15,241	127
Extraordinary income	4,715	5,829	49
Gain on sales of investment securities	2,084	4,747	40
Gain on sales of subsidiaries and affiliates' stocks	1,357	637	5
Gain on sales of noncurrent assets	1,250	445	4
Gain on transfer of business	24	-	-
Extraordinary loss	4,526	321	3
Impairment loss	966	289	3
Loss on valuation of investment securities	22	32	0
Business structure improvement expenses	2,859	-	-
Loss on exchange from business combination	669	-	-
Loss on sales of investment securities	10	-	-
Income before income taxes	36,572	20,749	173
Income taxes	18,040	17,541	146
Profit (loss)	18,532	3,208	27
Profit (loss) attributable to non-controlling interests	(4,231)	2,866	24
Profit (loss) attributable to owners of the parent	JPY 22,763	JPY 342	\$ 3

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)

Nine months ended December 31	2014	2015	2015
Profit (loss)	JPY 18,532	JPY 3,208	\$ 27
Other comprehensive income (loss)	38,365	(6,434)	(54)
Valuation difference on available-for-sale securities	4,797	(951)	(8)
Deferred gains or losses on hedges	606	145	1
Foreign currency translation adjustments	15,016	(5,972)	(50)
Remeasurements of defined benefit plans	13,624	2,258	19
Share of other comprehensive income of associates accounted for using equity method	4,322	(1,914)	(16)
Comprehensive income (loss)	JPY 56,897	(JPY3,226)	(\$ 27)

Breakdown:

Comprehensive income (loss) attributable to owners of the parent	JPY 58,602	(JPY 6,369)	(\$ 53)
Comprehensive income (loss) attributable to non-controlling interests	(1,705)	3,143	26

Condensed Consolidated Quarterly Statements of Cash Flows

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

Nine months ended December 31	2014	2015	2015
I. Cash flows from operating activities:			
Income before income taxes	JPY 36,572	JPY 20,749	\$ 173
Depreciation and amortization	59,403	56,551	471
Equity in earnings of affiliates	(6,916)	(6,791)	(57)
Decrease in notes and accounts receivable-trade	77,002	157,080	1,309
Increase in inventories	(92,156)	(74,378)	(620)
Decrease in notes and accounts payable-trade	(42,269)	(79,904)	(666)
Income taxes paid	(26,560)	(21,849)	(182)
Others, net	(38,441)	(73,551)	(612)
Net cash used in operating activities	(33,365)	(22,093)	(184)
II. Cash flows from investing activities:			
Net proceeds from (payments of) acquisitions and sales of property, plant and equipment	(30,704)	(25,460)	(212)
Purchase of intangible assets	(5,945)	(6,438)	(54)
Net proceeds from (payments of) purchases and sales of securities	(8,637)	3,116	26
Others, net	2,945	1,859	16
Net cash used in investing activities	(42,341)	(26,923)	(224)
III. Cash flows from financing activities:			
Net proceeds from (payments of) bonds and borrowings	54,101	54,439	454
Cash dividends paid	(10,352)	(10,362)	(86)
Others, net	(2,326)	(2,271)	(20)
Net cash provided by financing activities	41,423	41,806	348
IV. Effect of exchange rate changes on cash and cash equivalents	8,187	(2,174)	(18)
V. Net decrease in cash and cash equivalents	(26,096)	(9,384)	(78)
VI. Cash and cash equivalents at beginning of period	206,637	181,132	1,509
VII. Cash and cash equivalents at end of period	JPY 180,541	JPY 171,748	\$ 1,431

Segment Information

[Segment information]

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

Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	525,923	187,872	503,283	515,882	1,732,960	269,064	-	2,002,024
2. Intersegment Sales and transfers	29,015	3,257	15,310	48,805	96,387	25,645	(122,032)	-
Total sales	554,938	191,129	518,593	564,687	1,829,347	294,709	(122,032)	2,002,024
Segment income (loss) (Operating income (loss))	37,698	2,805	25,379	13,090	78,972	(5,864)	(37,471)	35,637

Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	495,637	217,730	486,711	518,748	1,718,826	230,270	-	1,949,096
2. Intersegment Sales and transfers	27,322	4,919	17,233	52,053	101,527	12,703	(114,230)	-
Total sales	522,959	222,649	503,944	570,801	1,820,353	242,973	(114,230)	1,949,096
Segment income (loss) (Operating income (loss))	22,424	12,647	16,401	13,093	64,565	(11,231)	(35,069)	18,265

Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(In millions of U.S. dollars)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	4,130	1,815	4,056	4,323	14,324	1,919	-	16,243
2. Intersegment Sales and transfers	228	41	143	434	846	106	(952)	-
Total sales	4,358	1,856	4,199	4,757	15,170	2,025	(952)	16,243
Segment income (loss) (Operating income (loss))	187	105	137	109	538	(94)	(292)	152

Segment Information(Continued)

Notes:

1. "Others" for the nine months ended December 31, 2014 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.), Mobile Phones, which are not included in reportable segments. "Others" for the nine months ended December 31, 2015 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.) and Mobile Phones, which are not included in reportable segments.
2. "Adjustment" of segment income (loss) for the nine months ended December 31, 2014 includes corporate expenses of (31,898) million yen and noncurrent assets related adjustment of (944) million yen, unallocated to each reportable segment. "Adjustment" of segment income (loss) for the nine months ended December 31, 2015 includes corporate expenses of (31,703) million yen ((264) million U.S. dollars) and noncurrent assets related adjustment of 174 million yen (1 million U.S. dollars), unallocated to each reportable segment. The corporate expenses, unallocated to each reportable segment, are mainly general and administrative expenses incurred at headquarters of NEC, and research and development expenses.

[Related information]

Information about geographic areas

Sales

Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
1,582,973	149,362	171,797	97,892	2,002,024

Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
1,502,541	152,741	192,063	101,751	1,949,096

Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(In millions of U.S. dollars)

Japan	The Americas	Greater China, APAC	EMEA	Total
12,521	1,273	1,601	848	16,243

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

[THREE MONTHS PERIOD INFORMATION]

1. Consolidated Business Results

(1) Overview of the third quarter of the fiscal year ending March 31, 2016 (three months ended December 31, 2015)

The NEC Group recorded consolidated net sales of 641.0 billion yen for the three months ended December 31, 2015, a decrease of 36.2 billion yen (-5.4%) year-on-year. This was mainly due to decreased sales in the Public business and Telecom Carrier business and logistics services in Others no longer being consolidated, despite increased sales in the Enterprise business.

Regarding profitability, operating income (loss) worsened by 9.2 billion yen year-on-year, to an operating income of 4.9 billion yen, mainly due to decreased sales.

In terms of ordinary income (loss), the NEC Group recorded a profit of 3.8 billion yen, declining by 15.8 billion yen year-on-year, mainly due to worsening of foreign exchange gain (loss), in addition to the worsening of operating income (loss), despite reduced retirement benefit expenses.

Income (loss) before income taxes was a profit of 8.6 billion yen, a year-on-year worsening of 12.6 billion yen, mainly due to worsening of ordinary income (loss), despite increased gain on sales of investment securities.

Profit (loss) attributable to owners of the parent for the three months ended December 31, 2015 was a profit of 0.1 billion yen, a year-on-year worsening of 10.2 billion yen, mainly due to worsening of income (loss) before income taxes.

(2) Results by main business segment

Sales by segment (sales to external customers):

Segments	Three months ended December 31, 2014	Three months ended December 31, 2015	Change
	In billions of yen	In billions of yen	%
Public	181.4	161.0	-11.3
Enterprise	61.2	71.1	16.2
Telecom Carrier	170.8	159.2	-6.8
System Platform	170.5	170.9	0.3
Others	93.3	78.7	-15.6
Total	677.2	641.0	-5.4

Operating income (loss) by segment:

Segments	Three months ended December 31, 2014	Three months ended December 31, 2015	Change
	In billions of yen	In billions of yen	In billions of yen
Public	15.8	9.9	-6.0
Enterprise	0.5	3.6	3.1
Telecom Carrier	8.8	6.1	-2.6
System Platform	4.4	2.4	-2.0
Others	-3.1	-6.9	-3.7
Adjustment	-12.3	-10.3	2.0
Total	14.1	4.9	-9.2

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 "Notes: 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

Sales:	161.0 billion yen	(-11.3%)
Operating Income (Loss):	9.9 billion yen	(-6.0 billion yen)

In the Public business, sales were 161.0 billion yen, a decrease of 20.4 billion yen (-11.3%) year-on-year, mainly due to decreased sales for government offices and public services from the large-scale projects from the same period of the previous fiscal year.

Operating income (loss) worsened by 6.0 billion yen year-on-year, to an operating income of 9.9 billion yen, mainly owing to decreased sales.

Enterprise Business

Sales:	71.1 billion yen	(16.2%)
Operating Income (Loss):	3.6 billion yen	(3.1 billion yen)

In the Enterprise business, sales were 71.1 billion yen, an increase of 9.9 billion yen (16.2%) year-on-year, mainly due to the increased sales from large-scale projects for the logistics/services sector and manufacturing industries.

Operating income (loss) improved by 3.1 billion yen year-on-year, to an operating income of 3.6 billion yen, mainly owing to increased sales and the improved profitability of system construction services.

Telecom Carrier Business

Sales:	159.2 billion yen	(-6.8%)
Operating Income (Loss):	6.1 billion yen	(-2.6 billion yen)

In the Telecom Carrier business, sales were 159.2 billion yen, a decrease of 11.6 billion yen (-6.8%) year-on-year, mainly due to decreased domestic sales, despite increased international sales of submarine cable systems.

Operating income (loss) worsened by 2.6 billion yen year-on-year, to an operating income of 6.1 billion yen, mainly due to decreased sales.

System Platform Business

Sales:	170.9 billion yen	(0.3%)
Operating Income (Loss):	2.4 billion yen	(-2.0 billion yen)

In the System Platform business, sales were 170.9 billion yen, an increase of 0.5 billion yen (0.3%) year-on-year, mainly due to the increased sales of hardware.

Operating income (loss) worsened by 2.0 billion yen year-on-year, to an operating income of 2.4 billion yen, mainly due to a worsening project mix.

Others

Sales:	78.7 billion yen	(-15.6%)
Operating Income (Loss):	-6.9 billion yen	(-3.7 billion yen)

In Others, sales were 78.7 billion yen, a decrease of 14.6 billion yen (-15.6%) year-on-year, mainly due to a decline in mobile phone shipments, decreased Smart Energy business, as well as the logistics services no longer being consolidated.

Operating income (loss) worsened by 3.7 billion yen year-on-year, to an operating loss of 6.9 billion yen, mainly owing to decreased sales.

[THREE MONTHS PERIOD INFORMATION]
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 December 31	2014	2015	2015
Net sales	JPY 677,200	JPY 640,964	\$ 5,341
Cost of sales	472,807	454,067	3,784
Gross profit	204,393	186,897	1,557
Selling, general and administrative expenses	190,276	181,971	1,516
Operating income	14,117	4,926	41
Non-operating income	13,457	4,381	37
Interest income	399	380	3
Dividends income	1,255	1,757	15
Equity in earnings of affiliates	3,743	1,180	10
Foreign exchange gains	6,656	-	-
Other	1,404	1,064	9
Non-operating expenses	7,890	5,471	46
Interest expenses	2,452	2,482	21
Foreign exchange losses	-	621	5
Retirement benefit expenses	2,813	-	-
Other	2,625	2,368	20
Ordinary income	19,684	3,836	32
Extraordinary income	3,205	4,897	41
Gain on sales of investment securities	598	4,408	37
Gain on sales of subsidiaries and affiliates' stocks	1,357	489	4
Gain on sales of noncurrent assets	1,250	-	-
Extraordinary loss	1,735	165	2
Impairment loss	569	165	2
Business structure improvement expenses	1,156	-	-
Loss on sales of investment securities	10	-	-
Income before income taxes	21,154	8,568	71
Income taxes	8,744	7,035	58
Profit (loss)	12,410	1,533	13
Profit (loss) attributable to non-controlling interests	2,102	1,409	12
Profit (loss) attributable to owners of the parent	JPY 10,308	JPY 124	\$ 1

Note:

U.S. dollar amounts are translated from yen, for convenience of the reader, at the rate of ¥120 = U.S.\$1 .

[THREE MONTHS PERIOD INFORMATION]
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 December 31	2014	2015	2015
Profit (loss)	JPY 12,410	JPY 1,533	\$ 13
Other comprehensive income	16,333	7,271	60
Valuation difference on available-for-sale securities	(584)	6,490	54
Deferred gains or losses on hedges	(18)	87	1
Foreign currency translation adjustments	9,191	(788)	(7)
Remeasurements of defined benefit plans	4,815	1,301	11
Share of other comprehensive income of associates accounted for using equity method	2,929	181	1
Comprehensive income	JPY 28,743	JPY 8,804	\$ 73
Breakdown:			
Comprehensive income attributable to owners of the parent	JPY 26,209	JPY 7,130	\$ 59
Comprehensive income attributable to non-controlling interests	2,534	1,674	14

[THREE MONTHS PERIOD INFORMATION]

Segment Information

[Segment information]

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

Three months ended December 31, 2014 (From October 1, 2014 to December 31, 2014)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	181,433	61,200	170,825	170,457	583,915	93,285	-	677,200
2. Intersegment Sales and transfers	10,130	981	4,711	13,955	29,777	8,930	(38,707)	-
Total sales	191,563	62,181	175,536	184,412	613,692	102,215	(38,707)	677,200
Segment income (loss) (Operating income (loss))	15,830	547	8,772	4,368	29,517	(3,144)	(12,256)	14,117

Three months ended December 31, 2015 (From October 1, 2015 to December 31, 2015)

(In millions of yen)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	161,018	71,109	159,199	170,931	562,257	78,707	-	640,964
2. Intersegment Sales and transfers	9,413	1,633	5,713	16,514	33,273	4,506	(37,779)	-
Total sales	170,431	72,742	164,912	187,445	595,530	83,213	(37,779)	640,964
Segment income (loss) (Operating income (loss))	9,858	3,647	6,141	2,404	22,050	(6,859)	(10,265)	4,926

Three months ended December 31, 2015 (From October 1, 2015 to December 31, 2015)

(In millions of U.S. dollars)

	Reportable Segments					Others	Adjustment	Consolidated total
	Public	Enterprise	Telecom Carrier	System Platform	Total			
Sales								
1. Sales to customers	1,342	592	1,327	1,424	4,685	656	-	5,341
2. Intersegment Sales and transfers	78	14	47	138	277	38	(315)	-
Total sales	1,420	606	1,374	1,562	4,962	694	(315)	5,341
Segment income (loss) (Operating income (loss))	82	31	51	20	184	(57)	(86)	41

[THREE MONTHS PERIOD INFORMATION]

Notes:

1. "Others" for the three months ended December 31, 2014 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.), Mobile Phones, which are not included in reportable segments. "Others" for the three months ended December 31, 2015 represents businesses such as Smart Energy (Electrodes/Energy Storage System, Solutions for Utilities, etc.) and Mobile Phones, which are not included in reportable segments.
2. "Adjustment" of segment income (loss) for the three months ended December 31, 2014 includes corporate expenses of (9,459) million yen and noncurrent assets related adjustment of (488) million yen, unallocated to each reportable segment. "Adjustment" of segment income (loss) for the three months ended December 31, 2015 includes corporate expenses of (7,739) million yen ((64) million U.S. dollars) and noncurrent assets related adjustment of (101) million yen ((1) million U.S. dollars), unallocated to each reportable segment. The corporate expenses, unallocated to each reportable segment, are mainly general and administrative expenses incurred at headquarters of NEC, and research and development expenses.

Segment Information(Continued)

[Related information]

Information about geographic areas

Sales

Three months ended December 31, 2014 (From October 1, 2014 to December 31, 2014)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
534,586	52,431	56,220	33,963	677,200

Three months ended December 31, 2015 (From October 1, 2015 to December 31, 2015)

(In millions of yen)

Japan	The Americas	Greater China, APAC	EMEA	Total
492,382	49,212	62,854	36,516	640,964

Three months ended December 31, 2015 (From October 1, 2015 to December 31, 2015)

(In millions of U.S. dollars)

Japan	The Americas	Greater China, APAC	EMEA	Total
4,103	410	524	304	5,341

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

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.

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