

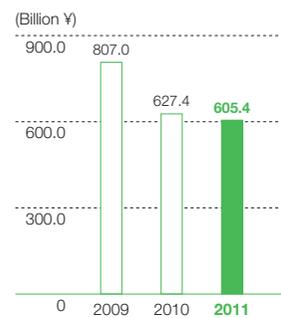
CARRIER NETWORK BUSINESS



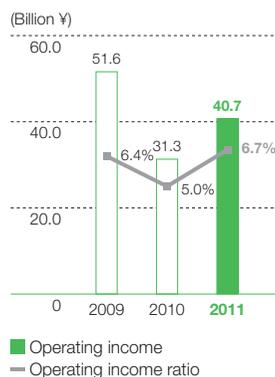
NEC supplies equipment required for network implementation to telecom carriers, along with network control platform systems and operating services. NEC's wealth of experience in large-scale network implementation and strong technical capabilities contribute to the development of highly reliable communications networks.

Shunichiro Tejima
Senior Vice President

SALES



OPERATING INCOME, OPERATING INCOME RATIO



of recovery in the business environment. NEC won large submarine cable system projects linking Japan and various Asian countries, including the Asia Submarine-cable Express system in January 2011 and South-East Asia Japan Cable system in April 2011. Also, femtocell solutions were supplied to telecom carriers in Norway and Russia.

In other areas, cumulative shipments of "PASOLINK," an ultra-compact microwave communications system, reached 1.64 million units in 145 countries as of April 2011. In this field, NEC launched the new "iPASOLINK" Series, which extends its cover from access to metro area. NEC has already received "iPASOLINK" orders from telecom carriers in India, Turkey and other countries.

FISCAL 2011 PERFORMANCE AND MAIN ACCOMPLISHMENTS

Business segment sales decreased 3.5% year on year to ¥605.4 billion. This decrease mainly reflected the impact of exchange rate fluctuations and delays with contractual procedures for submarine cable systems, despite higher domestic sales of wireless communications equipment and of cable television-related systems.

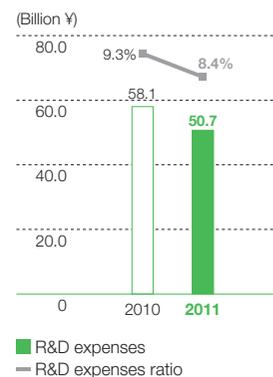
Operating income rose ¥9.4 billion year on year to ¥40.7 billion, mainly due to streamlined costs and higher sales from the second half of the fiscal year.

In fiscal 2011, NEC shipped wireless base stations for NTT DOCOMO, INC.'s new LTE-based mobile phone service Xi™ (read "Crossy"), along with related core networks and Ethernet transmission equipment. NEC also participated in LTE field trial projects with KDDI Corporation, Telefónica Moviles Argentina S.A., a subsidiary of Telefónica S.A. of Spain, and Globe Telecom, Inc. an associate of Singapore Telecommunications Ltd. In this manner, NEC built a solid track record in the latest LTE services both in Japan and overseas. In addition, NEC started to see signs

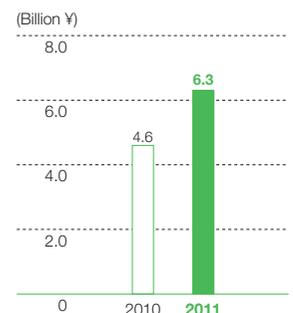
FOR FURTHER GROWTH

Data traffic has been increasing with the rapid uptake of smartphones and growing demand for mobile phones in emerging countries, presenting major business opportunities for NEC. In this environment, NEC is concentrating

R&D EXPENSES, R&D EXPENSES RATIO



CAPITAL EXPENDITURES



business resources in four areas where it can demonstrate its own strengths and high market growth is expected: wireless broadband access, mobile backhaul, submarine cable systems, and services and management. NEC is taking on the challenge of enhancing its position in global markets while driving growth in net sales and earnings.

In wireless broadband access, NEC is striving to ensure the completion of LTE projects currently under way in Japan, and at the same time, working to develop business globally. Specifically, NEC entered into an agreement with Wuhan Research Institute of Post and Telecommunications (WRI), China's leading telecom equipment manufacturer, to cooperate in development, manufacturing, sales and maintenance in the LTE field. In femtocell solutions, NEC has already signed commercial agreements with more than 10 telecom carriers, primarily in Europe. NEC is now actively pitching femtocell solutions in the Middle East, Africa, Asia and other regions.

Mobile backhaul is expected to become an increasingly important infrastructure supporting burgeoning data traffic in step with growing demand for mobile phones in emerging countries. NEC possesses the high-quality wireless transmission technology bar none and conducts efficient manufacturing activities at NEC Network Products, Ltd. (former NEC Wireless Networks, Ltd.), a PASOLINK production site. Harnessing these strengths, NEC will maintain its competitive edge in markets going forward.

In submarine cable systems, data traffic is projected to increase steadily, especially in the Asia-Pacific region. As one of the world's three major submarine cable system providers, NEC is able to comprehensively supply products

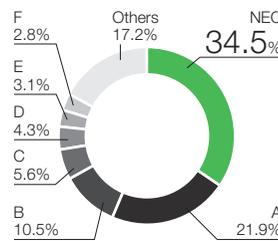


LTE base station



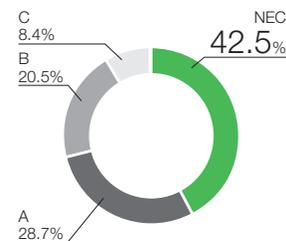
Submarine cable system

CARRIER NETWORK INFRASTRUCTURE MARKET SHARE, JAPAN (MONETARY BASIS)



Source: Gartner *2

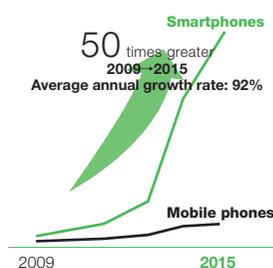
MOBILE CARRIER NETWORK INFRASTRUCTURE MARKET SHARE, JAPAN (MONETARY BASIS)



Source: Gartner *2

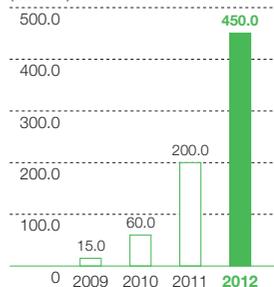
TREND AND OUTLOOK FOR DATA TRAFFIC VOLUME*1

(Traffic volume)



SIZE OF GLOBAL MARKET FOR LTE EQUIPMENT*1

(Billion ¥)



ranging from terminal equipment to submarine repeaters and cables. Leveraging these strengths, NEC will look to seize future business opportunities ahead.

In services and management, NEC will utilize the strengths of NetCracker Technology Corp., which was acquired in 2008. NetCracker has a global customer base, along with strong solution capabilities in consulting, sales and services. Harnessing these strengths, NEC will help telecom carriers to reduce operating costs.

*1 Source: NEC estimates and projections based on data from various market research companies (calendar years).

*2 Source: Gartner "Market Share: Carrier Network Infrastructure, Worldwide, 2010" 22 March 2011 (2010 calendar year)