

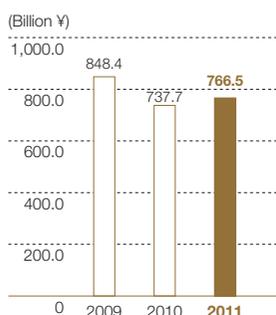
# PERSONAL SOLUTIONS BUSINESS



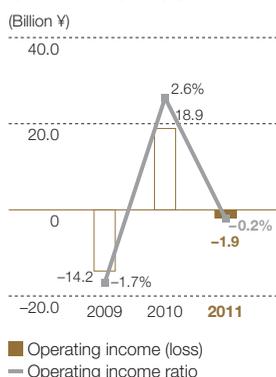
NEC supplies individuals and enterprises with smartphones, mobile phones, personal computers, Internet services, display solutions and other products. It is also engaged in the creation of new terminal devices that serve as interfaces between cloud computing and users, and services that add value to such terminals. Harnessing cutting-edge technology, NEC develops products and services that are simple and convenient for everyone.

**Takemitsu Kunio**  
Senior Vice President

## SALES



## OPERATING INCOME (LOSS), OPERATING INCOME RATIO



when users leave their seats, and a model that displays changes in PC power consumption. As a result, NEC's PCs held on to the top share of the Japanese market\*2.

NEC also introduced Android™-based tablet devices such as the Cloud Communicator LT-W, which features operability equivalent to a PC using a built-in keyboard.

Moreover, in fiscal 2011, NEC agreed to a strategic partnership with Lenovo Group Limited in order to drive growth in the PC business through a more powerful market position, enhanced product portfolio and expanded distribution channels.

## FISCAL 2011 PERFORMANCE AND MAIN ACCOMPLISHMENTS

Business segment sales increased 3.9% year on year to ¥766.5 billion. This increase was mainly due to the business integration with Casio Hitachi Mobile Communications Co., Ltd. and an increase in sales in the overseas display solutions business, despite sluggish mobile phone sales.

The segment posted an operating loss of ¥1.9 billion, a change of ¥20.8 billion from operating income in the previous year. This was mainly due to weak sales of mobile phones and increased development expenses for smartphones and other new devices.

In fiscal 2011, NEC launched the MEDIAS N-04C smartphone in the Japanese market. This model features the world's thinnest\*1 7.7 mm profile—it weighs an ultra-light 105 g—and is equipped with multiple convenient functions.

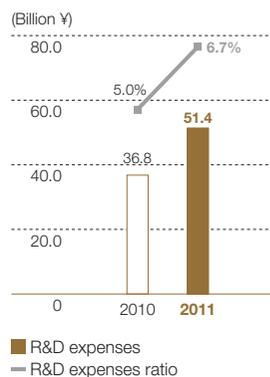
Furthermore, NEC launched a notebook PC for individual customers with new features like a high audio-quality YAMAHA sound system and 3D display functionality. NEC also unveiled an energy-efficient PC model for enterprises featuring a function that automatically turns off monitors

## FOR FURTHER GROWTH

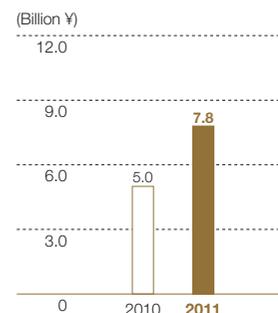
Looking ahead, NEC will focus on achieving global business expansion with smartphones, promote new businesses for tablet devices, and develop leaner operations.

In the mobile phone business, NEC will strive to expand business by supplying models that combine NEC's proprietary thin-profile and lightweight technologies with Casio Hitachi Mobile Communications' water-proof, dust-proof and shock-resistant technologies to customers.

## R&D EXPENSES, R&D EXPENSES RATIO



## CAPITAL EXPENDITURES



\*1 Among 3G mobile phones, as of February 24, 2011 (Source: NEC CASIO Mobile Communications, Ltd. research)

In smartphones, which are projected to rapidly penetrate global markets, NEC will concentrate on enhancing its product lineup, price competitiveness and regional product penetration.

First, NEC will enhance its product lineup by strengthening ties with developers and manufacturers of operating systems and chipsets that are commonly used in smartphones, and incorporate cutting-edge technology from each company as early as possible.

Next, NEC will enhance price competitiveness by increasing volume shipments per model through development of global base models. Each global model will be customized according to the needs of each region, underpinning NEC's global business expansion. In addition, NEC will apply production expertise developed in Japan to outsourced production overseas, in order to sharpen its cost competitiveness.

Finally, NEC intends to increase regional product penetration. To this end, NEC will expand business globally by stationing marketing personnel in each local market. NEC first aims to expand its presence in the North American market, and then steadily make inroads into Europe and emerging countries.

As with smartphones, tablet devices are tipped for substantial market growth going forward. In this market, NEC will offer thin, lightweight tablet devices, as well as provide vertical solutions from networks, service platforms to devices.

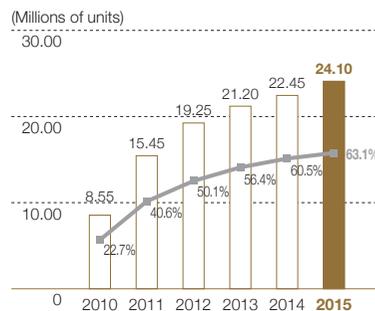
NEC will also respond to the needs of business customers who provide various services in fields such as electronic books, educational services, electric power and housing by offering distinctive product lineups featuring dual-screen tablet devices and other product innovations.

DOCOMO smartphone  
MEDIAS N-04C



Cloud communicator  
LT-W

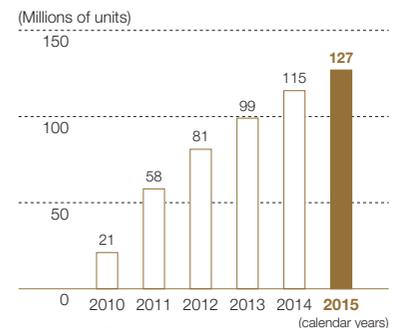
### TREND AND OUTLOOK FOR SMARTPHONE SALES VOLUME AND SHARE IN JAPAN



Source: Research by MM Research Institute, Ltd.  
Note: Fiscal 2010 is the period ended March 31, 2011

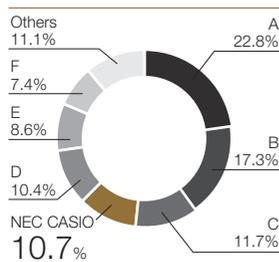
■ Smartphone sales volume  
— Share of smartphone sales volume

### TREND AND OUTLOOK FOR WORLDWIDE TABLET SALES VOLUME



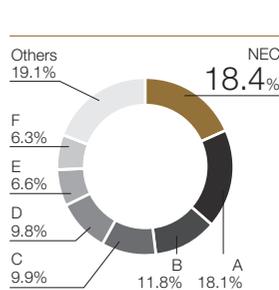
Source: NEC projections

### SHARE OF MOBILE PHONE VOLUME SHIPMENTS IN JAPAN



Source: Research by MM Research Institute, Ltd.

### SHARE OF PC VOLUME SHIPMENTS IN JAPAN



Source: IDC Japan \*2

Note: Period is from April 1, 2010 to March 31, 2011

Business expansion will also be driven by tablet devices sales through telecom carriers, large-scale retailers and other channels.

In addition to these measures, NEC aims to develop leaner operations through continuous efforts to enhance its quality and responsiveness to market developments by bolstering manufacturing capabilities at production centers in Japan.

\*2 Based on fiscal 2010 sales volume ranking  
Source: IDC Japan, Japan Personal Computing Quarterly Model Analysis, 2011Q1