

PERSONAL SOLUTIONS BUSINESS



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Senior Vice President

NEC supplies smartphones, mobile phones, Internet services, personal computers for enterprises, 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.

FISCAL 2012 PERFORMANCE AND MAIN ACCOMPLISHMENTS

Business segment sales decreased 13.8% year on year to ¥661.0 billion. This decrease mainly reflected the deconsolidation of the PC business for individual customers from the second quarter, following the establishment of a joint venture with Lenovo Group Limited. Another factor was the negative impact of sluggish mobile phone sales.

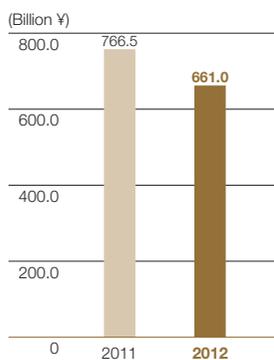
The segment posted operating income of ¥1.0 billion, an improvement of ¥2.9 billion from the operating loss recorded in the previous fiscal year. This improvement was mainly due to more efficient spending of development expenses and cost reductions.

In fiscal 2012, NEC concentrated its efforts in the mobile phone business on the shift to smartphones and global business expansion. In Japan, NEC put a smartphone supply structure in place for Japan's three major telecom carriers by launching "MEDIAS"^{*1} brand smartphones for KDDI Corporation and SOFTBANK MOBILE Corp., following a launch for NTT DOCOMO, INC. In addition,

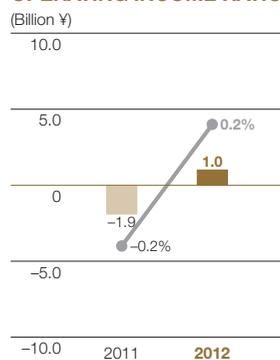
NEC rolled out the DOCOMO smartphone "docomo NEXT series MEDIAS LTE N-04D" that is compatible with the next-generation LTE-based mobile phone service Xi^{TM*2} (read "crossy"). Overseas, NEC began shipping mobile phone products to the Chinese and Thai markets, after commencing shipments to Verizon Wireless of the U.S. However, the competitive landscape intensified drastically in Japan due to the entry of overseas mobile phone vendors into the domestic market. As a result, NEC's mobile phone sales volume fell far short of its initial target, and also decreased in year-on-year terms.

In tablet devices, NEC was the industry's first to launch a tablet device for a telecom carrier, with the rollout of DOCOMO tablet "MEDIAS TAB N-06D". This model features a 7-inch high-definition LCD that can be used to view the "NOTTV"^{TM**3} broadcasting service for smartphone users. For enterprises, NEC launched "Cloud Communicator LT-B", a tablet device optimal for business use, such as sales activities at stores and offices, as well as outside the office. Furthermore, Sumitomo Life Insurance Company has

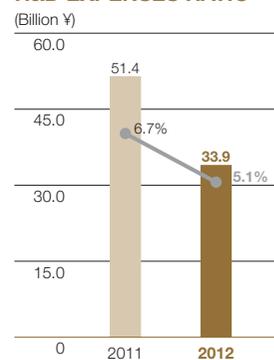
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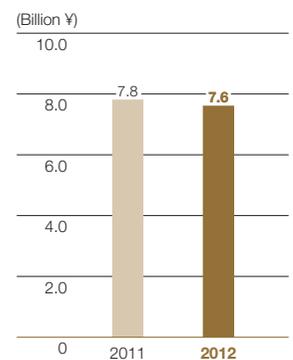
OPERATING INCOME (LOSS), OPERATING INCOME RATIO



R&D EXPENSES, R&D EXPENSES RATIO



CAPITAL EXPENDITURES



^{*1} MEDIAS is a trademark of NEC CASIO Mobile Communications, Ltd.

^{*2} Xi (crossy) is a trademark or registered trademark of NTT DOCOMO, INC. in Japan and/or other countries.

^{*3} NOTTV is a trademark of mmbi, Inc.

chosen to use 40,000 NEC tablet PCs based on Windows® and compatible with the LTE service as new handheld devices for sales representatives. Through these activities, NEC was endeavoring to expand its product lineup.

FOR FURTHER GROWTH

As the Japanese market goes through a dramatic transformation, NEC's mobile phone business has seen sluggish growth in mobile phone sales volume, due to a lack of competitiveness in smartphones and delays in developing business globally. In response, NEC will implement far-reaching structural reforms aimed at restoring sound operations. In tablet devices, NEC must accelerate efforts to open up new markets. Going forward, NEC will strive to develop leaner operations to solve these issues, while working to expand business.

In the mobile phone business, NEC will first step up its collaborative development with overseas Joint Design Manufacturers (JDMs), together with the outsourcing of production to overseas JDMs. This will enable NEC to streamline its development and production operations in Japan, while maintaining and increasing its competitiveness.

Next, NEC will strive to develop mobile phones that fully harness its edge in thin and lightweight technologies as well as water-proof, dust-proof, and shock-resistant technologies. NEC will focus on developing appealing products, including foldable, dual-screen models. These efforts will be directed at improving the competitiveness of NEC mobile phones. Also, NEC will strive to enhance various services and links with the cloud-based services, in



DOCOMO smartphone
"docomo with series MEDIAS X N-07D"

addition to improving mobile phones themselves, in an effort to further increase its competitiveness.

In addition to these measures, NEC plans to launch products that fit the needs of mobile phone carriers, by catering to regional and customer characteristics. Business will be expanded mainly in North America, but also in the countries of Latin America and the APAC (Asia-Pacific) region.

In tablet devices, NEC will launch models for individual customers, while expanding the product lineup for telecom carriers and enterprises. Tablet devices offer prospects for a broad range of uses. Examples include devices to operate and display information about households including HEMS, as well as for e-books and educational services. In fact, NEC has already built up a track record in implementing tablet devices at cable TV providers, educational institutes, and financial institutions. Overseas, NEC will strengthen its hand in the mobile cloud solution business in China. Building on its track record, NEC aims to steadily expand business worldwide.



"MEDIAS TAB N-06D" is a waterproof tablet customers can use to watch "NOTTV™"



Tablet device
"Cloud Communicator LT-B"