

MID-TERM MANAGEMENT PLAN 2015

In April 2013, we announced NEC's "Mid-term Management Plan 2015" covering the three-year period to March 2016. Under the plan, we will focus on "Solutions for Society" that leverage information and communications technologies (ICT) to deliver advanced social infrastructure as part of contributing to the creation of a society that is safe, secure, efficient and fair. We also aim to expand our business over the medium to long term and improve profitability based on the plan.

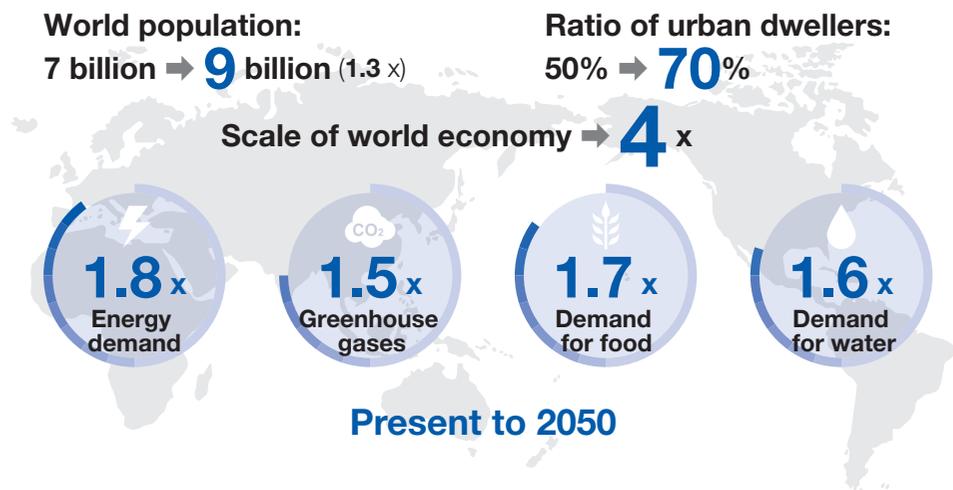
Market Environment Outlook and Long-term Prospects

Whilst the government's economic policies are expected to revitalize the Japanese ICT market, stimulating demand for consumer goods in particular, slow growth in NEC's domestic market is unavoidable over this three-year period because more time is required for public investment and corporate capital spending to recover. Overseas, although prospects remain uncertain in European markets amid sluggish economic growth, we expect strong economic growth to continue in emerging markets.

In terms of the long-term perspective to 2050, the global population is forecast to increase from 7 billion to 9 billion. As this happens, the ratio of urban dwellers is projected to rise from 50% to 70% as

urbanization progresses. The shift to city living will boost demand for energy, food, water and resources faster than population growth, which will contribute to rapid economic growth. Emerging markets and developing countries will drive the expansion of the world economy, rivaling the economic scale of the developed world by about 2032. By 2050, the global economy is expected to be four times the size it is today. However, rapid economic growth is also expected to create social issues related to urbanization and population increases. Innovative social infrastructure will be needed to enable people to lead safe and secure lives while making efficient use of resources. In this way, efficient social infrastructure to sustain population increase mainly in cities will become increasingly vital if humanity is to build a sustainable society.

The Future World Economy



(*Prepared by NEC based on materials published by the UN, FAO, OECD, PWC, IMF, etc.)

Outline of Mid-term Management Plan 2015

In line with these market conditions and the long-term outlook, we have formulated the following three plan policies for the period to March 2016 to

tap aggressively into demand for advanced social infrastructure using ICT.

The first is to "focus on Solutions for Society." Based on extensive discussions at management

Mid-term Management Policy

(1) Focus on Solutions for Society

Transformation into a “Social Value Innovator”

- Focus management resources on businesses that advance social infrastructure through ICT
- Create new business models with the understanding that social problems provide an opportunity for growth

(2) Focus on Asia, Promotion of “Locally-led” Businesses

Create a foundation for growth as a company able to compete globally

- Focus on emerging and developing countries, in particular in Asia
- Realize increased sensitivity to local needs, increased business speed

(3) Stabilize Our Financial Foundation

- Enhance cost competitiveness
- Create an earnings structure that produces operating income of ¥150 billion and free cash flows of ¥100 billion
- Use hybrid finance to ensure financial reserve

Quickly achieve an operating income ratio of **5%** and an overseas sales ratio of **25%**

level during the formulation of “Mid-term Management Plan 2015” about which business domains offered the greatest opportunity to grow and contribute by leveraging the potential of the NEC Group, we have decided to focus management resources on businesses that will create more efficient and highly advanced social infrastructure through ICT, particularly in emerging markets. We will transform NEC into a “Social Value Innovator,” creating internal growth by focusing on business activities that develop solutions to key social issues including energy management. Our belief is that creating new value in this way will support a society that is safe, secure, efficient and fair for everyone.

The second policy is to “focus on Asia” while also “promoting locally led businesses.” We plan to maintain a strong presence in Japan, which still accounts for about 84% of sales, but recognize the need to create a foundation for growth so that we can compete globally. We aim to expand our business in emerging and developing countries in

Asia, where there is strong demand for advanced social infrastructure, while creating a framework to support increased sensitivity to local needs as a means of supporting the rapid development of locally led businesses. This stronger base of overseas operations will be a platform to support our global expansion over the long term.

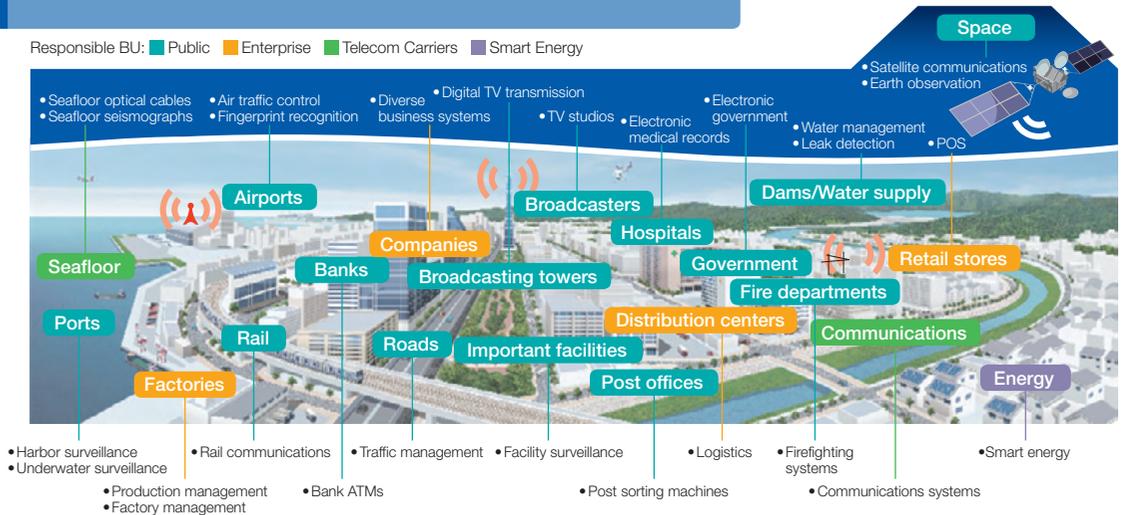
The third policy is to “stabilize NEC’s financial foundation.” To support global growth, we plan to enhance cost competitiveness while reinforcing the earnings base to increase net income and create annual free cash flows (FCF) of at least ¥100 billion. We are also using hybrid finance to bolster our financial reserves and make NEC financially strong enough to cope with changing market conditions.

Based on these policies, we have set plan targets for the fiscal year ending March 2016 of ¥3,200 billion in net sales, ¥150 billion in operating income, ¥60 billion in net income, ¥100 billion in FCF, and ROE of 10%. In addition, we aim to achieve an operating income ratio of 5% and overseas sales ratio of 25% as quickly as possible.

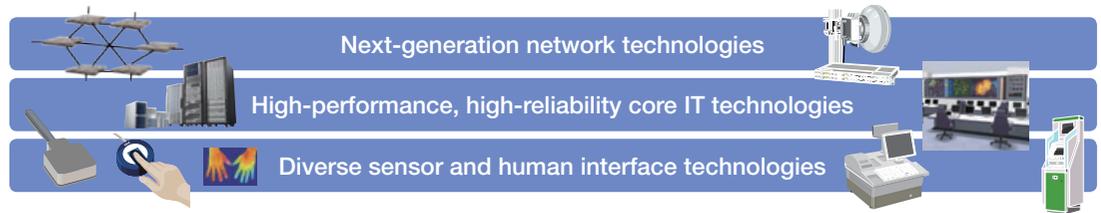
Fiscal 2013 Results and Fiscal 2016 Management Targets

(Billion ¥)	FY2013/3 Results	FY2016/3 Targets
Net sales	3,071.6	3,200.0
Operating income	114.6	150.0
Net income	30.4	60.0
Free cash flows	42.0	100.0
ROE	4.5%	10%

NEC's Solutions for Society



NEC ICT supporting social infrastructure and systems



Management Strategy

NEC's three concrete strategies in line with its mid-term management policy are as follows:

(1) Focus on Solutions for Society

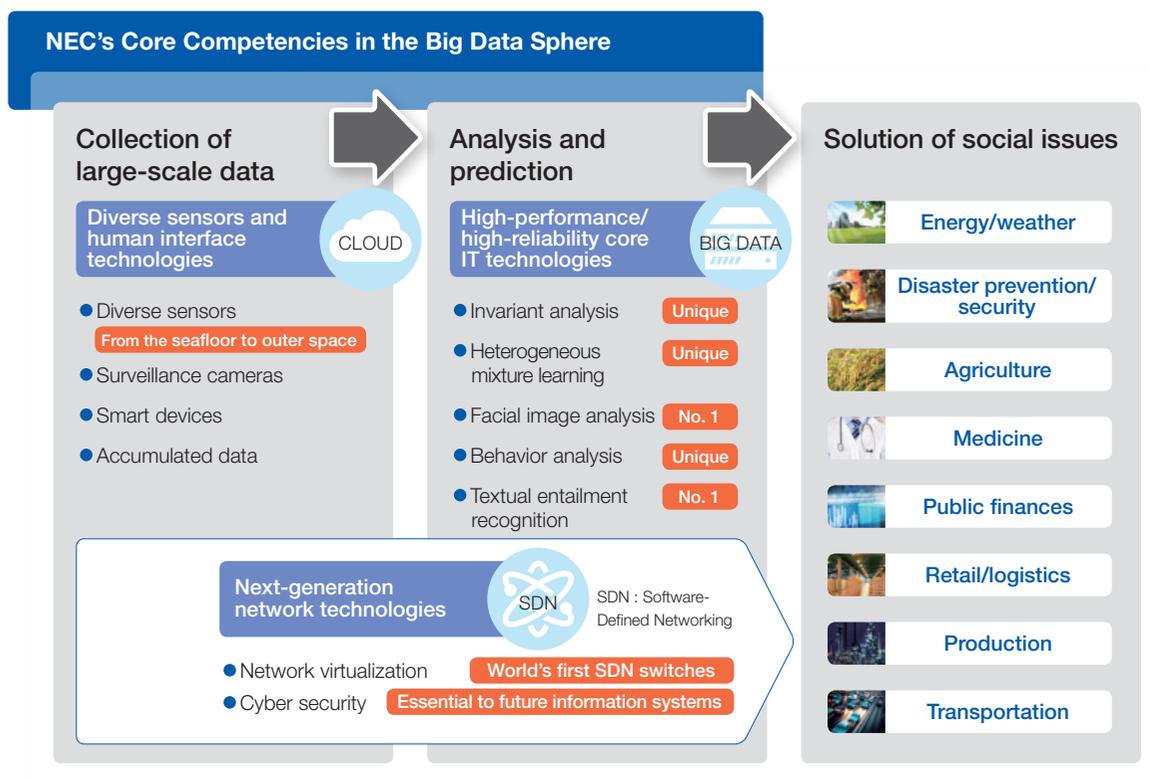
NEC already supplies many types of advanced ICT-based social infrastructure, including traffic management, firefighting and disaster prevention systems, water resource management systems, seafloor seismographs and systems for electronic medical records. These systems are designed using our range of original sensing, next-generation networking and IT platform technologies, which operate in environments ranging from the seafloor to outer space. While much of this infrastructure is not readily visible to consumers, it nonetheless plays an essential role in modern everyday life.

The value delivered by this social infrastructure will become more advanced in the future as the information used by these systems increases in volume and complexity, taking society into the

increasingly important domain of so-called "Big Data." NEC possesses many original and highly competitive ICT assets in this domain, including advanced sensing, human interface and cloud technologies for gathering data; advanced IT platform technologies for high-performance analysis of the data collected; next-generation network technologies such as SDN to support the transmission of huge quantities of data; and technology related to cyber security, a social issue that has recently gained prominence. Our aim is to fully leverage our ICT assets to help address a range of social issues and create new value.

Yet this wide range of social issues cannot be addressed using our ICT assets alone. As a result, we plan to promote increased partnering with firms in other sectors and open innovation. By also collaborating more closely with financial institutions, we aim to make NEC more competitive and to deliver enhanced value to customers.

Below we look in more detail at the "Solutions for



Society” across business domains.

Within “Solutions for Society” businesses, our aim is to generate sales of approximately ¥1,400 billion in the fiscal year ending March 2016 from operations in the Public, Enterprise and Smart Energy domains, which would represent an increase of approximately ¥300 billion from the fiscal year ended March 2013, mainly from smart energy and safety applications. Going forward, as demand for advanced social infrastructure continues to grow worldwide, we will make NEC more competitive and develop new markets by seeking to integrate products and technologies within social infrastructure and smart energy operations with the NEC Group’s SI and services expertise and a wide range of customer bases.

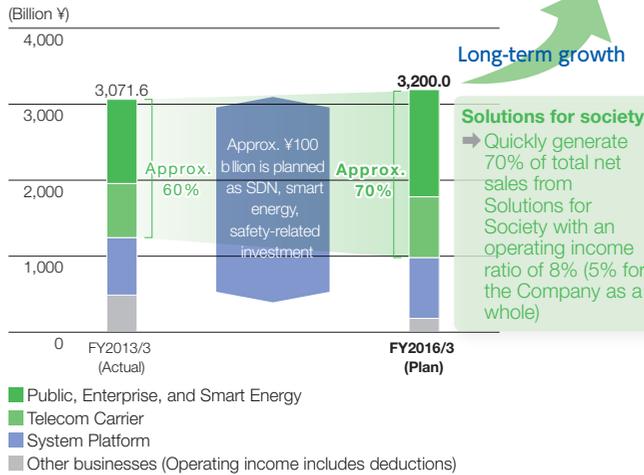
In the Telecom Carrier domain, a critical goal is to steadily seize business opportunities arising from the changes in business environment facing carriers due to rapid growth in data traffic and changes in services and applications as a result of the spread of smartphones, tablets and other smart devices. In response, we are expanding in the Telecom Operations & Management Solutions (TOMS) area based on the strong global track record of Group

subsidiary, U.S.-based NetCracker Technology Corp., while also building a stronger presence in the field of SDN as a way of helping carriers achieve greater cost efficiencies using network virtualization technology. We plan to develop related solutions capabilities by integrating IT and network technologies. In SDN, in particular, discussions with experts in the field in Europe and the U.S. suggest that this concept is now close to mainstream acceptance. By steadily taking advantage of these business opportunities, we aim to grow sales in this domain to approximately ¥800 billion in the fiscal year ending March 2016.

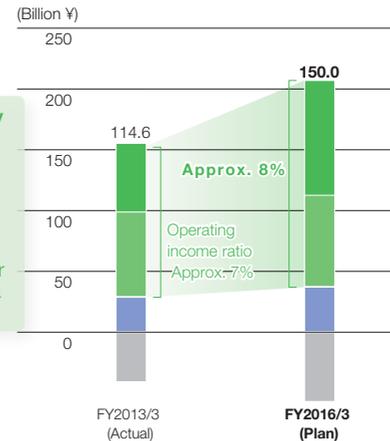
In the System Platform domain, our focus is on providing platforms to support “Solutions for Society” based on the delivery of bundles that contain all of the specialized terminals, software and infrastructure services required by corporate users, including server and storage applications. Higher cost competitiveness and product quality are essential to remain globally competitive in this sector. In addition, the trend is shifting from sales of discrete products toward the delivery of vertically integrated solution platforms. We will make NEC more competitive by driving this transformation. We

Long-term Growth and Profitability with Solutions for Society as the Driving Force

NET SALES



OPERATING INCOME



* Projected figures are as of April 26, 2013. Fiscal 2013 figures of Solutions for Society are approx.

are also focusing on the enhancement of partnering and the expansion of OEM sales to support the growth in global sales volumes. Based on these initiatives, our aim is to increase sales in this domain to approximately ¥800 billion in the fiscal year ending March 2016.

By focusing on developing businesses based on “Solutions for Society,” we plan to expand the scale of our operations and improve profitability over the long term. In the fiscal year ended March 2013, sales from existing Solutions for Society were roughly ¥1,800 billion, or 60% of total consolidated

net sales. Our aim is for this figure to rise to around 70% in the fiscal year ending March 2016, with these operations providing a reliable base of earnings to help us achieve a 5% consolidated operating income ratio. We also plan to invest about ¥100 billion during the three-year plan period in the critical sectors of SDN, smart energy and safety, since our forecast is for these markets to enter a full-fledged expansion phase after this three-year plan period. These areas are positioned to be a key source of NEC’s long-term growth.

Smart Energy Business Activities

Demand for energy is expected to increase in step with population growth going forward. NEC is focusing on the smart energy business to solve this social issue by efficiently utilizing resources. In fiscal 2013, the NEC Group began mass production of small-scale energy storage systems for homes at NEC Computertechno, Ltd.’s Kofu factory. In addition, the NEC Group received an order from Italian company Enel Distribuzione S.p.A. to provide a 2 MWh lithium-ion energy storage system for field trials. This is one of the highest capacity systems in Europe of its type. In these and other ways, the NEC

Group steadily pressed forward with initiatives aimed squarely at future business expansion. Furthermore, in April 2013, NEC established ONE Energy Corporation with ORIX Corporation and EPCO Co., Ltd. The new company has begun to provide energy services for homes by renting out energy storage systems.

Under “Mid-term Management Plan 2015,” we plan to focus on Solutions for Society. In addition to the above activities, we are pursuing efforts to integrate our strong storage battery technology and ICT to create new energy service businesses. By using ICT

to build frameworks for operating storage batteries and other energy components, we will work to develop solutions to enable self-sufficient, decentralized and diversified supplies of energy as part of contributing to a more robust energy infrastructure.

Going forward, we remain focused on expanding NEC’s smart energy business by developing better solutions through alliances with major partners in Japan and overseas, together with the development of related sales channels.

(2) Focus on Asia, Promotion of “Locally-led” Businesses

One of the goals of the Mid-term Growth Plan “V2012” formulated by NEC in February 2010 was to achieve significant growth in sales outside Japan. Our operations in emerging markets did expand over the course of the plan, but the goal of growing significantly faster than the market was not achieved. In light of this, rather than targeting a certain level of growth in global terms, the “Mid-term Management Plan 2015” strategic goals for overseas development are (1) to focus on Solutions for Society in Asia, a region projected to grow significantly as urbanization continues, and where we have already established a business base in sectors such as safety and value in the NEC brand, and (2) to focus on reinforcing and promoting locally led businesses with wider regional development potential that address specific local needs, based on the creation of common platforms.

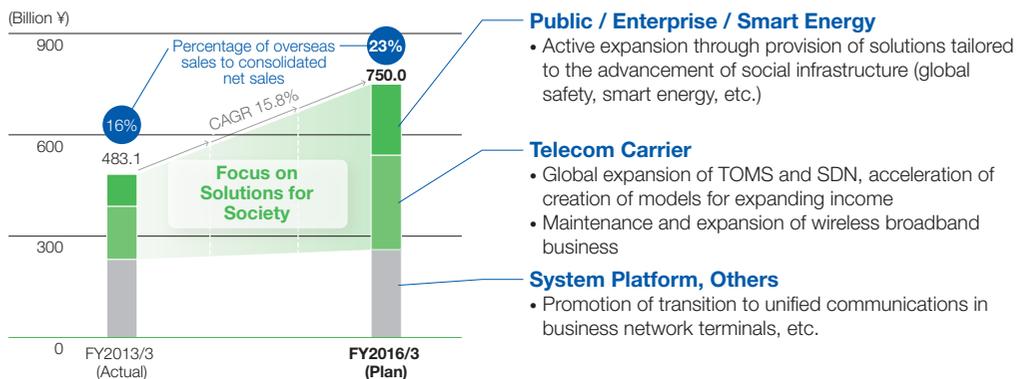
The focus on Asia was selected as one of the axes of the global development of Solutions for Society because markets across the region are growing rapidly and demand for more advanced social infrastructure is strong. Moreover, NEC has competitive local subsidiaries in the region. We plan to expand our business in Asia by targeting

urbanization-driven demand growth in domains such as safety and smart energy. In the safety domain, we are focusing on social ID solutions using biometrics such as fingerprint recognition, an area where NEC has established a track record in Asia already. Other areas of business development include surveillance systems for important buildings, cyber security, and overseas marketing of disaster prevention systems previously developed for the Japanese market. In the area of cyber security, which has become an essential component of IT systems, we have sought to boost our competitiveness based on close collaboration with INTERPOL and the acquisition of Cyber Defense Institute, Inc. In the area of smart energy, we are focusing on creating new energy services by combining ICT with storage battery technology, where NEC has specific strengths. By partnering with companies with significant expertise in these fields, we aim to cater to increasing demand for solutions in Asia and the rest of the world.

In developed countries, we are shifting from a product export model to new business structures and models. A specific area of focus is TOMS and SDN for telecom carriers, both of which are expected to be long-term market growth drivers. As a global leader in this area, we are leveraging our

Focus on Solutions for Society, Quickly Generate 25% Overseas Sales Ratio

OVERSEAS SALES



(1) Focus on Asia
(Emerging/developing countries)

(2) Promotion of “locally-led” businesses

* Projected figures are as of April 26, 2013

technical advantages to work with partners such as Spanish carrier Telefónica S.A. on the development of SDN solutions. Going forward, through the early commercialization of business, we aim to establish a leading position in solutions to help improve the operating efficiency of carriers.

As part of strengthening and promoting locally led businesses, we are shifting to a system based on each regional headquarters taking the lead in assessing local requirements for advanced social infrastructure to enable a faster market response from development to marketing. Over the long term, our aim is for each regional headquarters to act independently and provide mutual support for business development using local strengths. In April 2013, to support this business model, we created the Global Safety Division (GSD) based in

Singapore. The NEC Group's first divisional headquarters established outside Japan, the GSD will function as a control base for our global business development in the safety field. We already have a strong track record in Singapore and have established customer channels in areas such as fingerprint and facial recognition and video surveillance. Besides driving the development of our strengths in these areas, the GSD will also oversee development of common solutions in regions outside Asia and provide assistance for safety-related development projects worldwide.

NEC's overseas sales in the fiscal year ended March 2013 were ¥483.1 billion. Based on these initiatives, we aim to increase overseas sales to ¥750 billion in the fiscal year ending March 2016, in the process raising the overseas sales ratio to 25%.

SDN Will Revolutionize Networks

Under "Mid-term Management Plan 2015," NEC is focused on development of Software-Defined Networking (SDN), a new concept that is set to revolutionize conventional network technology.

SDN uses software to enable flexible control of network structure and function. This allows carriers and corporate customers to make more efficient use of systems and networks that have increased in scale, complexity and diversity, which consequently leads to lower capital spending as well as reduced running and maintenance costs. Another benefit of SDN is the greater ease of

allocating network resources in an emergency, enabling a carrier to assign priorities to the use of services such as telephony, email, music and video. Moreover, it can also help automate the process of expanding or modifying the network, something that has traditionally required human labor. This promises to reduce the time needed to provide new services substantially. Together these benefits provide new value that cannot be realized through conventional network set-ups, while also boosting customers' competitiveness.

NEC began R&D in 2008 on network

control technologies for realizing SDN based on the "OpenFlow" standard. Having launched the world-first UNIVERGE PF Series for datacenters and corporate applications in 2011, NEC is a global leader in this particular field. Going forward, we plan to build on our technical expertise by expanding our presence to include products and services for carriers. We plan to grow this business aggressively by using our IT and network assets to start providing full solutions as well as discrete products.

(3) Stabilize the Financial Foundation

If we are to implement successfully the growth strategies outlined above based on NEC focusing on Solutions for Society alongside global development, it is essential that we reinforce our cost competitiveness further. We have striven to reduce the cost base for every NEC product and service on a continuous basis. In the year under review, we also undertook structural reforms aimed at improving earnings. Going forward, we plan to broaden the scope of efforts to ensure success in a fiercely competitive global marketplace. We aim to reinforce procurement capabilities and optimize our production by upgrading our global supply chain management (SCM) set-up. We will also make greater use of offshore resources, especially in China and India, rationalize shared costs across the NEC Group and seek to enhance project management and quality management. Overall, we

plan to reduce costs by ¥30 billion through this program by the fiscal year ending March 2016.

After the significant net loss that NEC recorded last year, one of the most critical issues we face is to strengthen our financial base. This basically means boosting net income and increasing cash flow. In terms of the latter, we plan to increase earnings steadily. We are also focused on compressing the number of days in the cash conversion cycle (CCC) so that we can increase the efficiency of working capital across the entire NEC Group. The aim is to construct a stable earnings base that generates at least ¥100 billion in annual free cash flows. In May 2013, we issued ¥130 billion in hybrid finance to bolster our financial reserves against unexpected developments and to provide more funds for investing in target domains such as SDN and smart energy.



Conclusion

NEC has more than a century of experience and expertise. We formulated “Mid-term Management Plan 2015” based on the idea that this three-year period would help construct the base for the company’s next 100 years of growth. Our goal in these three years is to transform NEC into a “Social

Value Innovator” capable of contributing to society over the next century. This will entail cultivating a strong internal culture of value creation for the benefit of society, which in turn will help NEC to grow and become more profitable. We ask our shareholders for their continued understanding and support.