

Public Business Briefing

March 13, 2014

NEC Corporation
Executive Vice President
Tomonori Nishimura

1. Public Business Overview

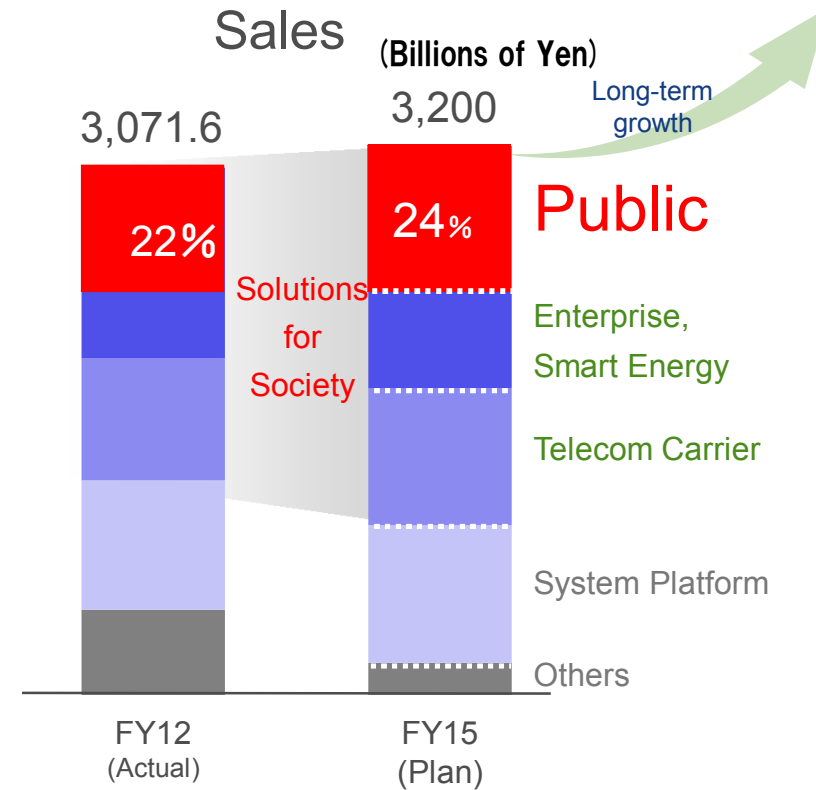
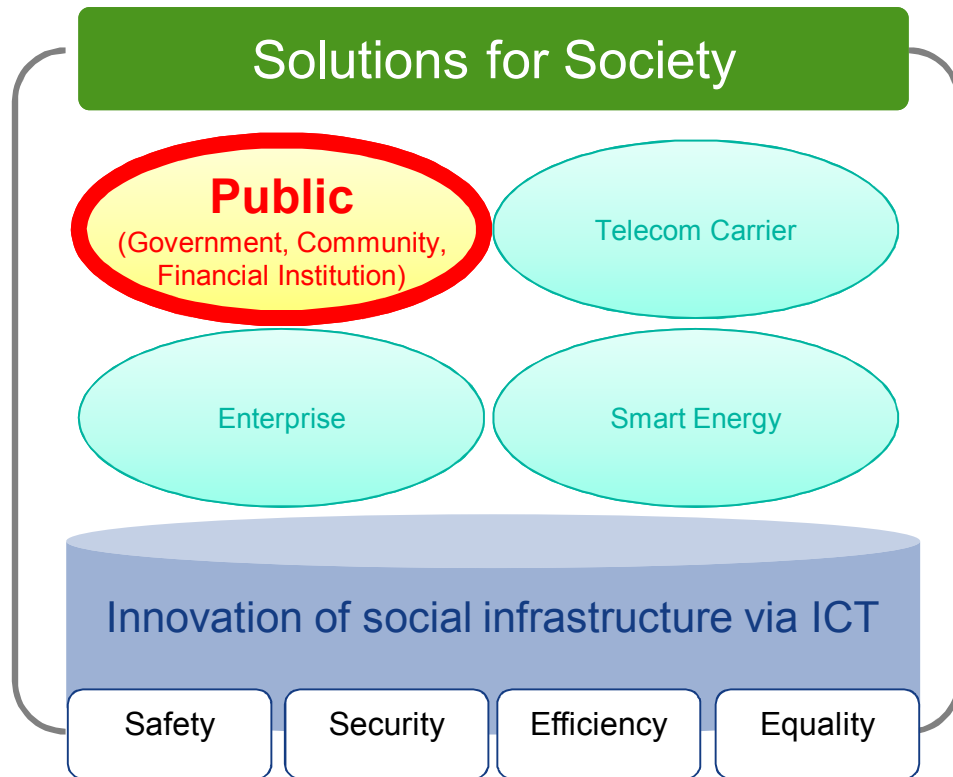
2. Medium- and long-term initiatives towards growth

3. Mid-Term Management Plan 2015

1. The NEC Mid-term Management Plan 2015



Focus on Solutions for Society
Transformation into a social value innovator



*Forecasts as of April 26, 2013

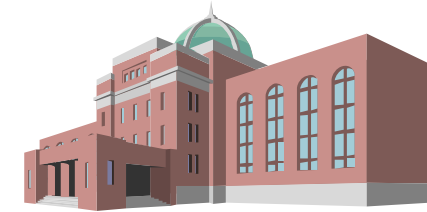
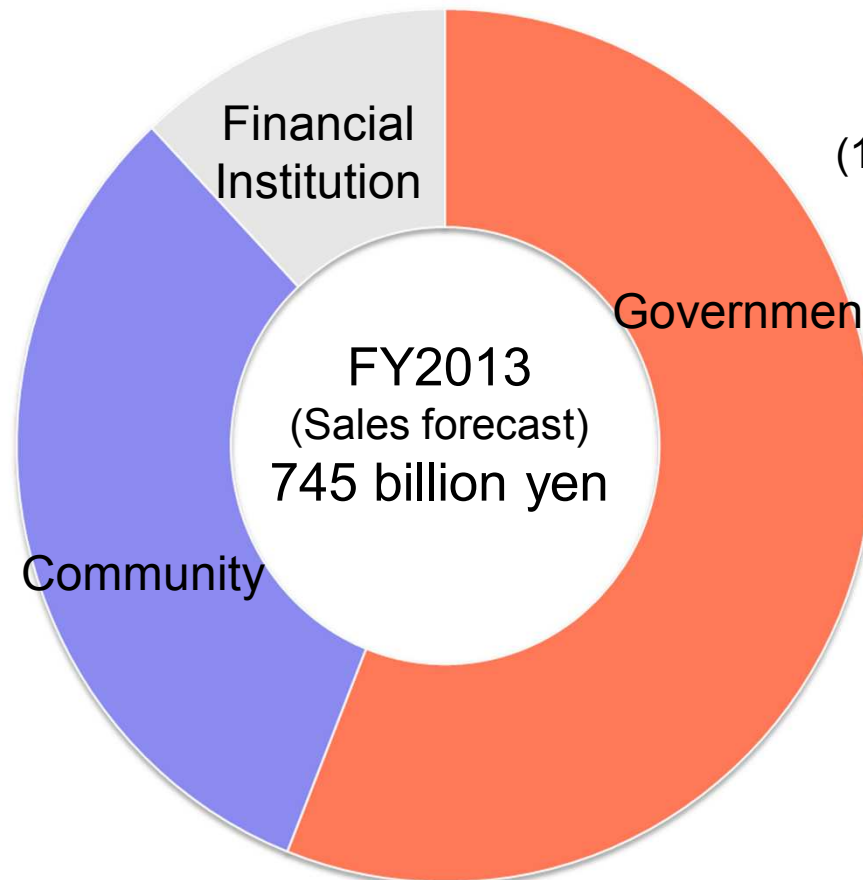
1-1. Public Business Sales Composition



(4)Transportation, water



(5)Media



(1)Administrative services



(2)Defense

*Source: :JGSDF homepage



(3)Public safety

Government: Central government and related agencies, national universities, etc.
 Community: Municipalities, expressway companies, water utilities, media, medical institutions, etc.
 Financial Institution: Banking, insurance, securities, etc.

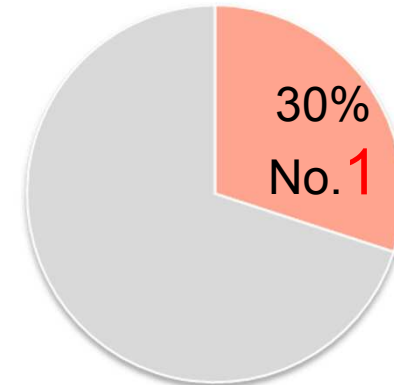
*Forecasts as of January 30, 2014

1-3. (1) Administrative Services

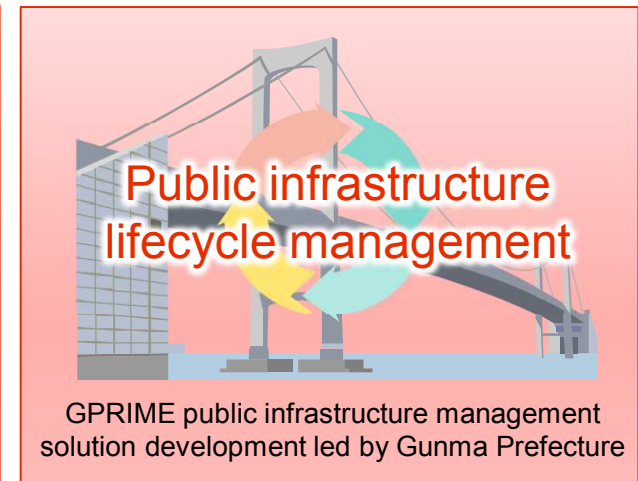
Critical administrative support systems for central and local government agencies

- Main systems
 - Social security and tax systems
 - Cyber attack analysis, Cyber response training
 - Solutions for local public governments “GPRIME” (resident information, internal management, process support, etc.)
- Strength: Established trust
 - Extensive system integration track record
 - Accumulated experience in providing quality services
 - Accumulation of customer operations knowhow
 - Many years of initiatives in advanced areas

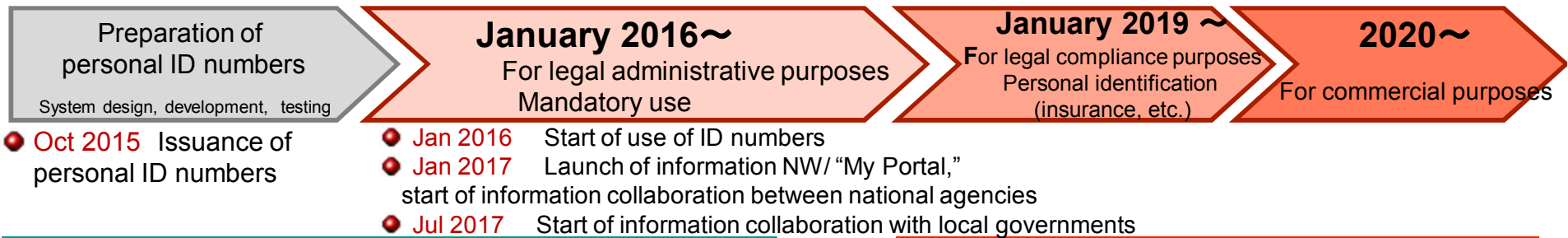
Cloud services for municipalities (Japan)



*Based on NEC data
(Total no. of contracted local governments as of end of FY2012)



1-3. (1) Initiatives in market related to national ID number system



Extensive track record in building ID systems

- Resident information systems for local governments
- National ID systems integration outside Japan
- Regional healthcare collaboration using electronic medical record information and ID system
- Integrated consumer credit card services

Operating structure to reinforce offerings geared at maximized use of ID systems

- "National ID Business Promotion Department"
Promotion of the national ID business for government and municipalities, expansion to healthcare, finance, and private sector, and new business innovation

Develop offerings for private sector

New business offerings backed by track record

- Promote expansion of national ID utilization to private enterprises and organizations
 - Initiatives into new businesses through big data utilization



1-3. (2) Defense

Contribution to national security through development of advanced technologies

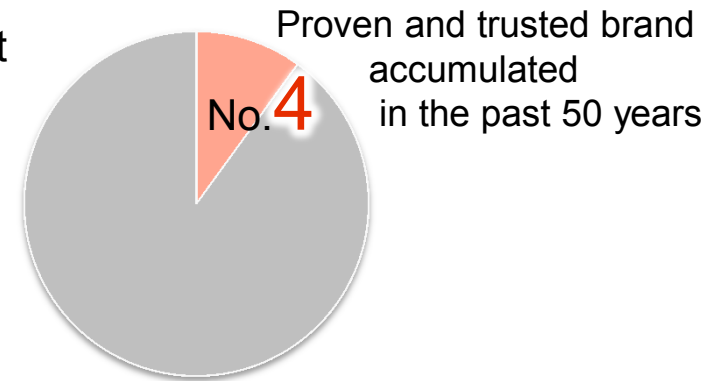
● Main systems

- Field communication systems
- Japan Aerospace Defense Ground Environment
- Underwater warfare systems

● Strength: Advanced technologies

- Software-defined radio technologies
- Air Control and Warning technologies
- Underwater acoustic processing technologies

Ministry of Defense supplier



*Volume of sales to Ministry of Defense from 2008 to 2012

Voice radio SW Data radio SW

Field communication systems

Integrated communication SW Next-generation network SW

Software-defined radio system

Delivery of "Field Communication System" to Ground Self-Defense Force

図表Ⅲ-1-2-2 BMD整備構想・運用構想 (イメージ図)

Japan Aerospace Defense Ground Environment

Source; Defense of Japan 2009

Sonars for Helicopter Acoustic processing systems for patrol plane

Underwater warfare systems

SONO-Buoy

1-3. (3) Public Safety

The world's most advanced safety solutions for domestic and international market

● Main systems

- Automated fingerprint identification system (AFIS)
- Fire prevention digital radio / command systems
- Earth observation satellites

● Strength: Advanced technologies

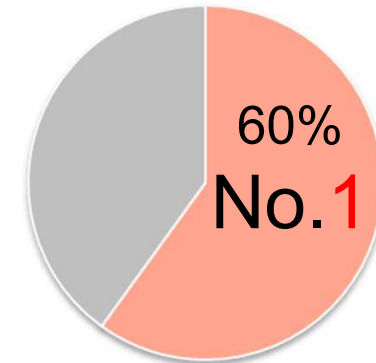
- Pattern recognition technologies
- Software-defined radio technologies
- High-resolution optical sensor technologies

World's No. 1* Biometric technologies
 More than 500 systems deployed
 in more than 40 countries around the world
 In the past 30 years.



*Based on National Institute of Standards and Technology (NIST) benchmarks

Sizeable market share in
 fire prevention systems
 (Japan)



*NEC data (2010 to end of FY2103, based on Sales)

Biometrics

U.S. Western Identification Network(WIN):
 Use of NEC's AFIS in multi-state NW collaboration

Fire prevention systems

Chiba prefecture:
 Integrated firefighting and emergency digital radio system and firefighting command network system

Earth observation

"ASNARO", compact earth observation satellite, to be launched in 2014

ASNARO ; Advanced Satellite with New system Architecture for Observation (METI project)

1-3. (4) Transportation, water

Realization of smooth operations of transportation and water infrastructures

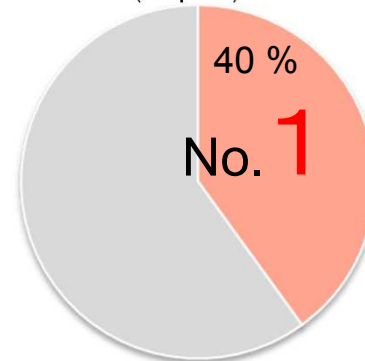
● Main systems

- Air traffic control systems
- Road traffic control systems
- Railway communication systems
- Dam/river remote control systems

● Strength: technologies

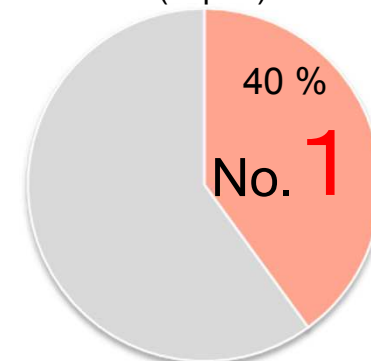
- Sensor (radar) technologies
- Big data processing technologies
- Wireless network technologies

Road traffic control systems
(Japan)



*Based on NEC data (Total no. of installations as of end of FY2012)

Railway communication systems
(Japan)



*Based on NEC data (Sales as of end of FY2012)



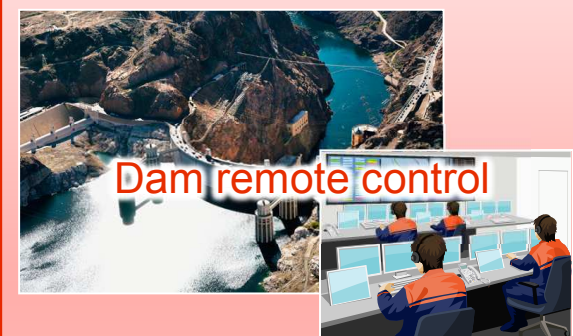
Air traffic control

Integration and operation of air traffic control centers throughout Japan



Road traffic control

Traffic control system for Shin-Tomei Expressway



Dam remote control

Integration and operation of remote surveillance systems for dams and rivers

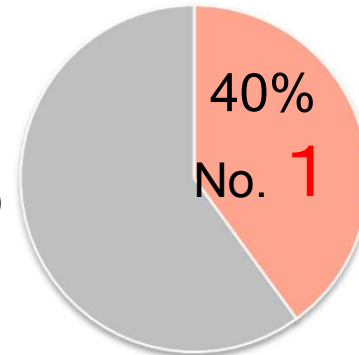
1-3. (5) Media

Products and systems that realize high quality images with high reliability

- Main systems and equipment
 - Broadcast management systems
 - Transmitters and repeaters for TV, radio broadcasting
 - TV program production, reporting, and transmission systems
(Video servers, high-sensitivity cameras, CODEC)
- Strength: Advanced technologies
 - High-efficiency power amplification technologies
 - Ultra-high definition compression technologies (4K/8K)

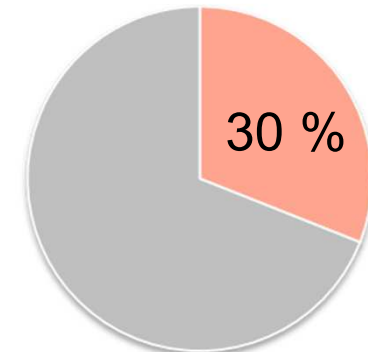
High quality video with 8x to 16x more data volume than that of full Hi-vision

Broadcast management system
(Japan)



*Based on NEC data (Total no. of supplied companies as of end of FY2012)

Digital TV transmitters
(Worldwide)



*Based on NEC data (Total no. of supplied systems as of end of FY2012)



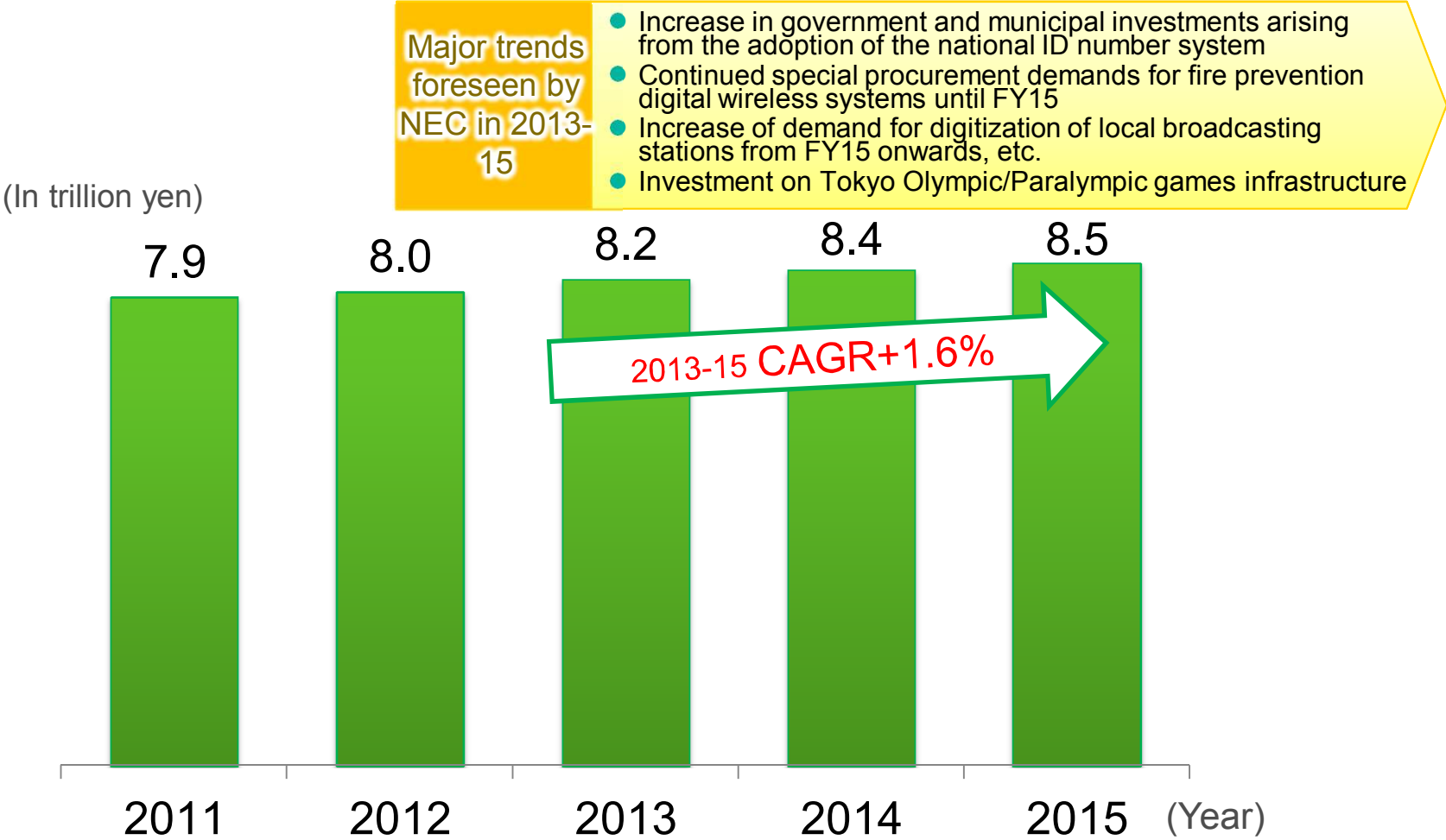
*High Efficiency Video Coding



TOKYO SKYTREE and SKYTREE are registered trademarks of TOBU RAILWAY CO., LTD. & TOBU TOWER SKYTREE CO., LTD.

1-4. Market Outlook in Japan

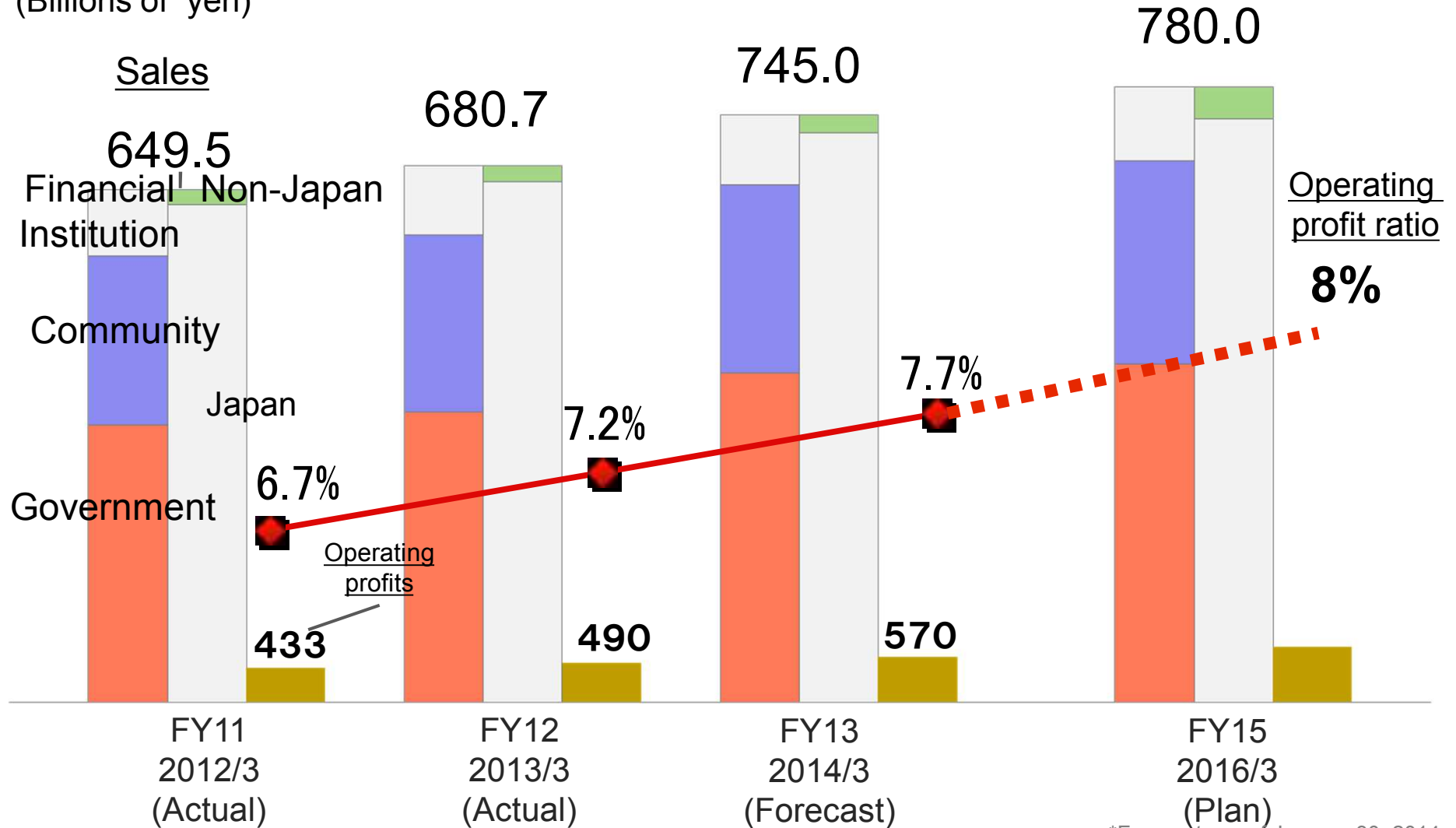
Growth of target market in Japan



Source: Prepared by NEC based on "Gartner, Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2011-2017, 4Q13 Update"
(Total for Banking, Broadcasting and Cable, Health Insurance (payer), Higher Education, Hospital, Insurance (other than health), Local & Regional Government, National & International (excluding Telecom Services segment))

1-5. Public Business Future Outlook

(Billions of yen)



*Forecasts as of January 30, 2014

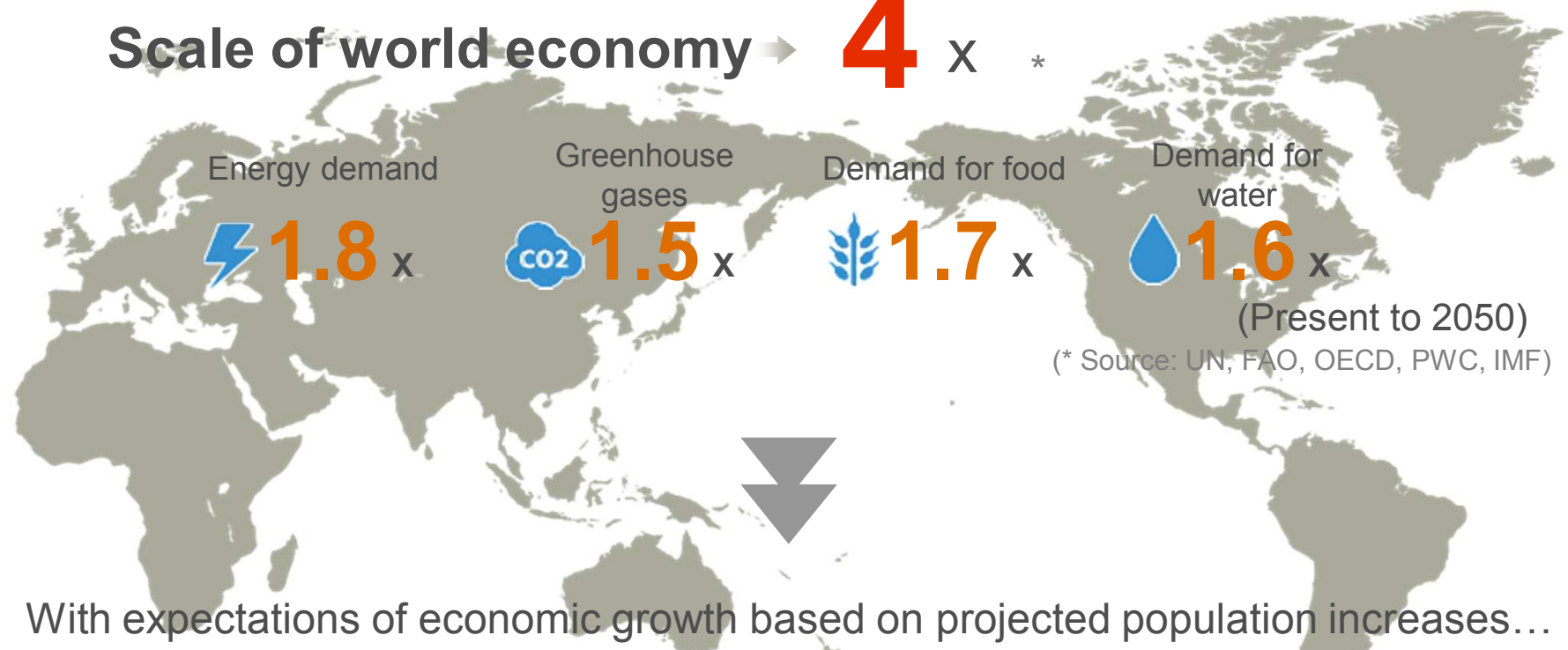
Contents

1. Public Business Overview
2. Medium- and long-term initiatives
towards growth
3. Mid-Term Management Plan 2015

2. Issues facing the world

World population: 7 billion → **9** billion (1.3 X) Ratio of urban dwellers: 50% → **70** %

Scale of world economy → **4** X *



With expectations of economic growth based on projected population increases...

New Solutions for Society will be required to make it possible to lead safe and secure lives and make efficient use of resources.

2-1. Surging social infrastructure investments

Investments to the tune of several hundreds of trillions of yen a year primarily in emerging countries

- ✓ Developed countries: Expansion in investments on diagnosis of deterioration and preventive maintenance
- ✓ Emerging countries: High social infrastructure demands due to urbanization

Changes in scale of social infrastructure market (Trillions of yen)




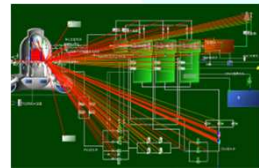

	2007	2020	Growth rate
Transportation	43	59	+37%
Water	36	72	+100%
Communications	300	600	+100%
Urban development and industrial parks	230	360	+57%



Source: Transportation: NEC estimates from JETRO, OECD data

Water, communications, urban development/industrial parks: Prepared by BayCurrent Consulting from METI and other data sources.

2-2. Focus on the following social infrastructure domains in public business:

<p>(1)Transportation</p>	<ul style="list-style-type: none"> •Airports •Roads •Railways •Quasi-Zenith Satellite System 	
<p>(2)Water</p>	<ul style="list-style-type: none"> •Water and sewage •Water management 	
<p>(3)Communications</p>	<ul style="list-style-type: none"> •Disaster-tolerant wireless network •Disaster prevention 	
<p>(4)Urban development/ industrial parks</p>	<p>Monitoring of system failure signs</p>	
<p>(5)Cyber security</p>		

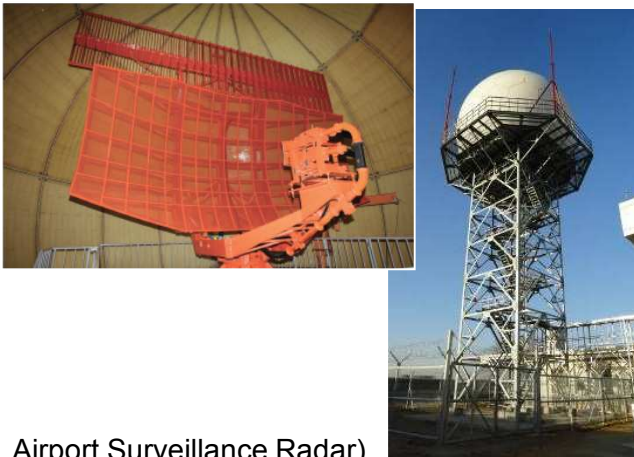
2-2.(1) Airports: Air traffic control radar

Commercialization of price competitive air traffic control radars

Air traffic control radar

Life cycle cost reduction through energy-saving-type radars

- Reduce transmission power by positioning transmitters/receivers directly under antennas.
- Shift to server- and IP-based operations and utilize energy-saving type products.

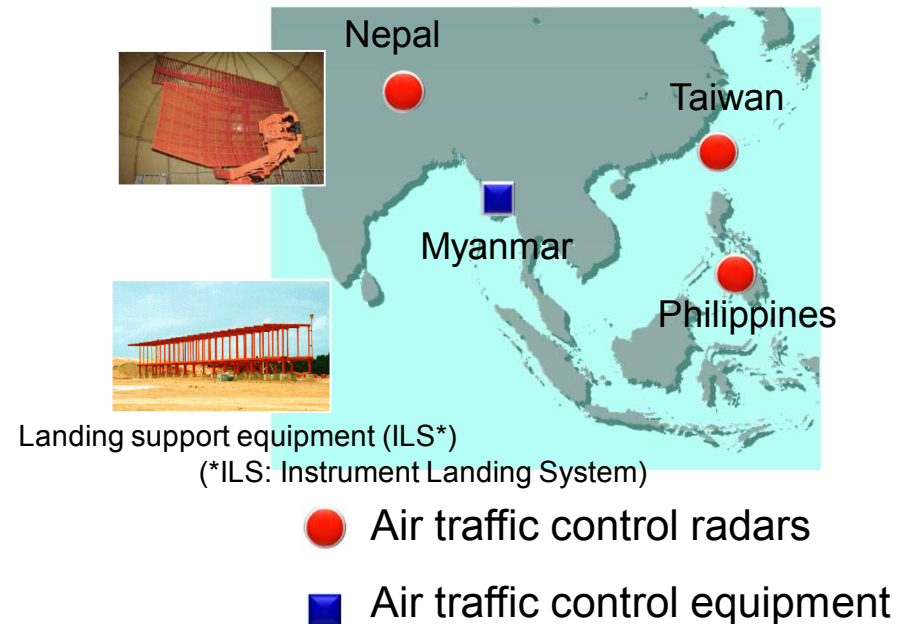


(ASR: Airport Surveillance Radar)

(SSR: Secondary Surveillance Radar)

Orders in ASEAN countries

- Orders in Taiwan, Philippines, and Nepal
- Expansion of business in ASEAN, including for air traffic control equipment



2-2. (1) Total Airport Solution

Total airport solutions that are better optimized by ICT



Optimize flow of people, things, and aircraft
(High quality proposal)

Customer needs for enhanced efficiency and security

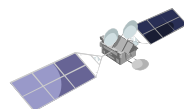
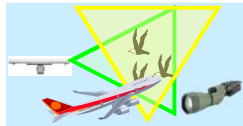
NEC's extensive assets related to airports

International track record

Air traffic control

Airport and related facilities

Stadium ICT in Brazil



Bird detection radar

Satellite navigation enhancement system

Landing support equipment

Facial recognition security gate

Flight information system



NEC's strength
Competitive air traffic control radars

2-2. (1) Major global expansion efforts in roads and railways domain

Rollout of deployment experience in transportation systems to ASEAN countries



[Roads]

- Road traffic control systems
- ETC system, etc.



[Railways]

- Railways wireless network
- Monitoring network for stations and coaches, etc.

2-2. (1) Location Based Services (LBS) through Quasi-Zenith Satellite System

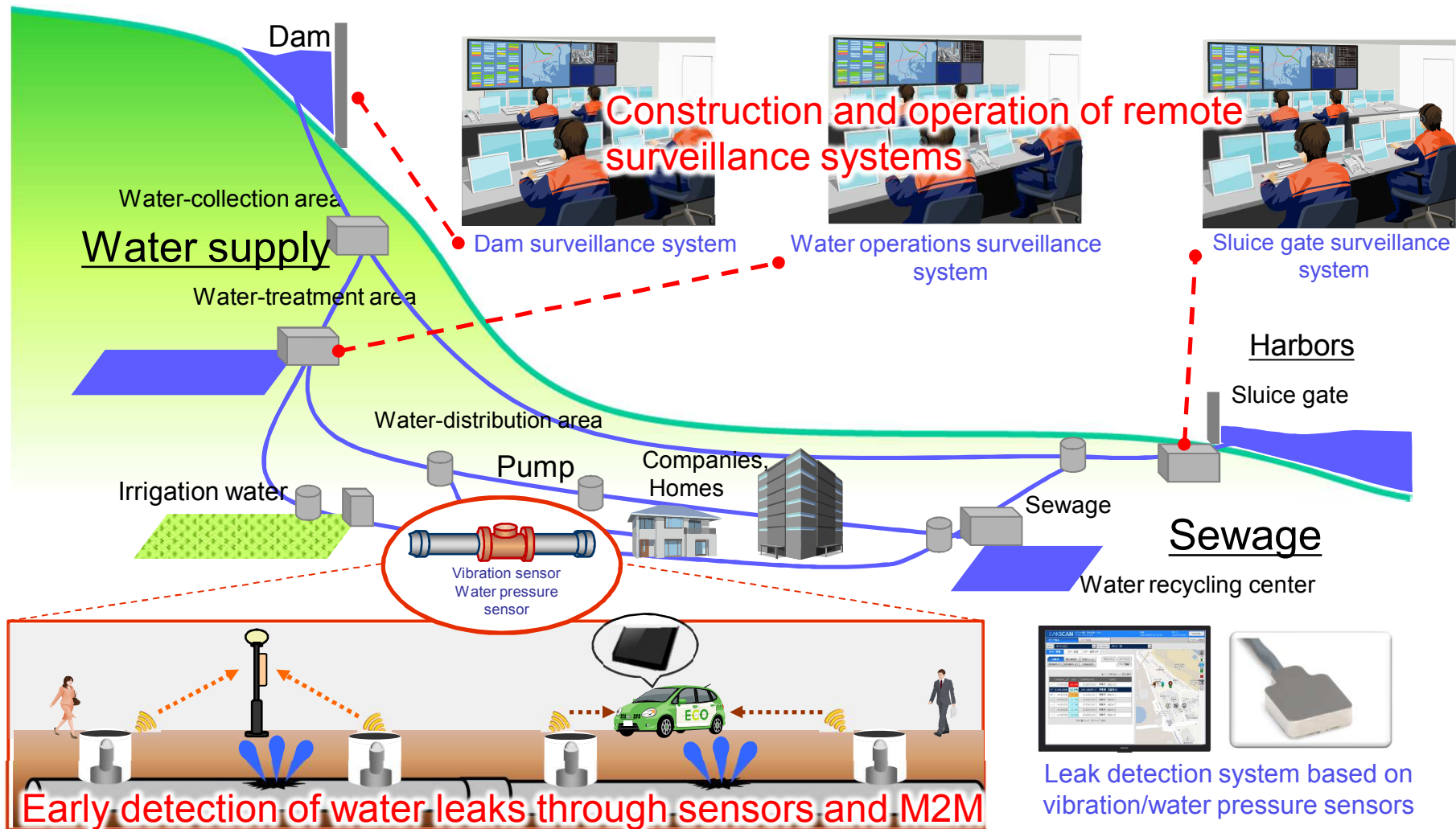
Expanding the scope of value and contribution by leveraging external assets and structures

- Providing total management services ranging from development to long-term operation, including financing as the representative of special purpose company
- Contributing to the boosting of Japan's presence with the aim of keeping the land, sea, and air of the Asia Pacific region safe and secure



2-2. (2) Total Management of Water Resources

Remote surveillance of entire system from dams to sluice gates, water leak detection using sensors, and other solutions.



※M2M: Machine to Machine

2-2. (2) Total Management of Water Resources

Collaboration with partners, and creation of new water management values through the use of ICT.

Partnerships

- Joint research with Imperial College London on smart water management

Imperial College London

Sensing and modeling technologies



NEC

Demand forecasting and other superior analysis technologies



- Collaboration with GUTERMANN, a Swiss company specializing in water leak detection

Superior leak detection using vibration analysis technology

Joint research with water suppliers

Efficient operations

- Joint water management field trials with British water companies and Imperial College

British water companies

Pipe deterioration levels, water pressure, and other water pipe network data

- Sewage pipe inspection robot

Field tests using actual sewage pipes



(Japan Sewage Works Agency, Funabashi City)

- Water leak detection field trials

Ongoing “third-sector” field trials using water pipe network of local governments.

2-2. (3) Disaster-tolerant Wireless Network Infrastructure

Realization of highly reliable networks that enable connectivity anytime, anywhere.

Ad hoc network technology

Autonomous network construction

Automatically construct networks between devices even without base stations



Software-defined radio technology

Communication between multiple transmission systems

Switch using software and enable communication between networks that use different transmission systems (defense, fire department, municipalities, etc.)



Software-defined radio OS technology

Multi-device support

Provide advanced response to disasters through voice communications, positional information, and transmission of pictures and other information from disaster areas



Full IP Network QoS technology

Adoption in important networks

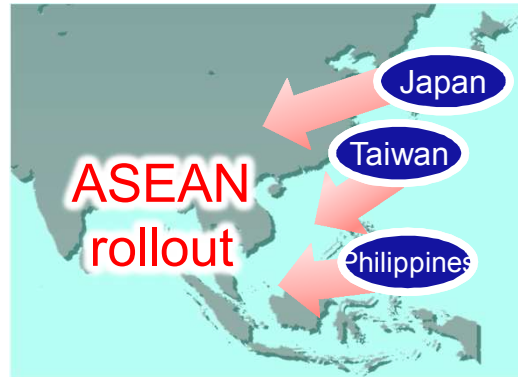
Guarantee exactness of delay time and ensure transmission capacity through technologies for choosing the best transmission routes and for prioritized processing.



2-2. (3) Disaster prevention systems using disaster-resistant social infrastructures

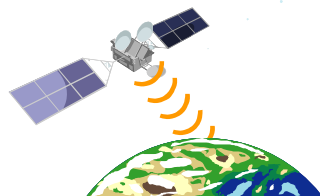
Contribution to disaster prevention and mitigation measures in ASEAN and emerging countries

- Promotion of locally led development and SI in response to local needs



- Deployment of experience in wide-area response
- Development of solutions from advanced technologies through case studies and field trials

NEC's extensive assets related to disaster prevention



Satellites



Earthquake Early Warning



NEC's strength

Software-defined radio technologies

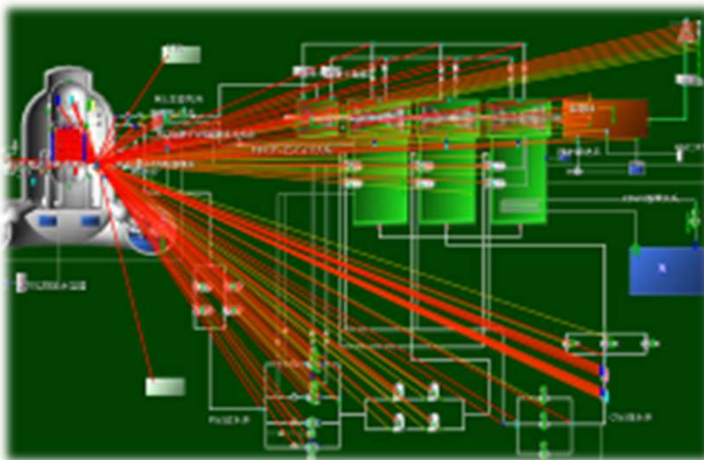
Overseas track record

- Taiwan: Disaster and emergency information cloud system
- Philippines: Wide-area disaster prevention system
- Development of car-to-car communications system "LinkBird-MX", based on ETSI

ETSI: European Telecommunications Standards Institute

2-2. (4) Monitoring of failure signs of city infrastructures

Utilization of invariant analysis technology and confirmation of effectiveness of “Large-scale plant failure sign monitoring system” at Shimane Nuclear Power Station.



Real-time

- 3500 sensors installed per plant
- 100 data items per sensor per second

Advanced analysis

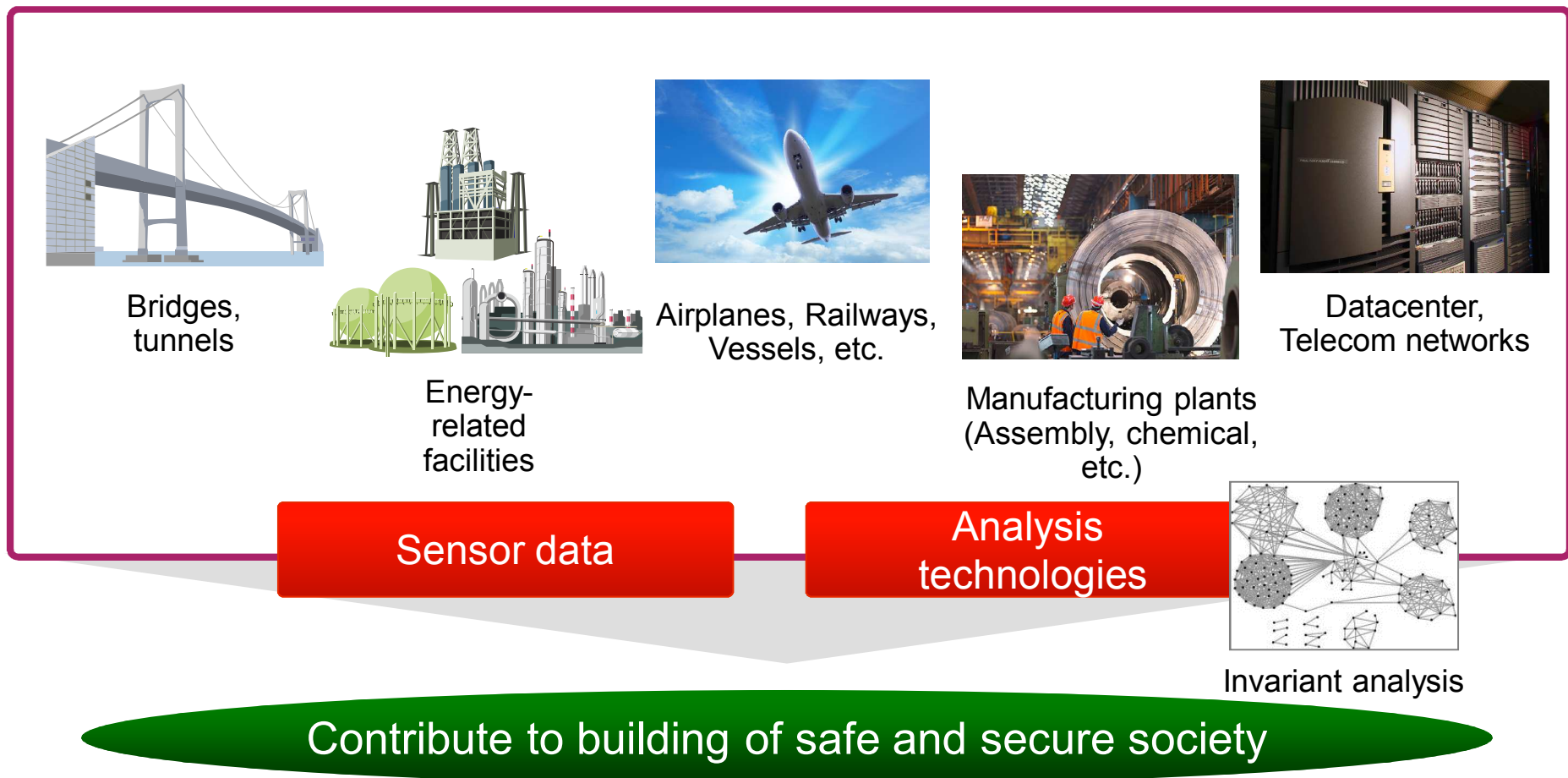
- Discover “unusual events” from 3500 x 3499 sensor correlations.

On-site knowhow

- Improve accuracy of failure sign monitoring through close collaboration between customer’s power plant operation experts and NEC’s analysts.

2-2. (4) Application domains of failure-sign monitoring in city infrastructures

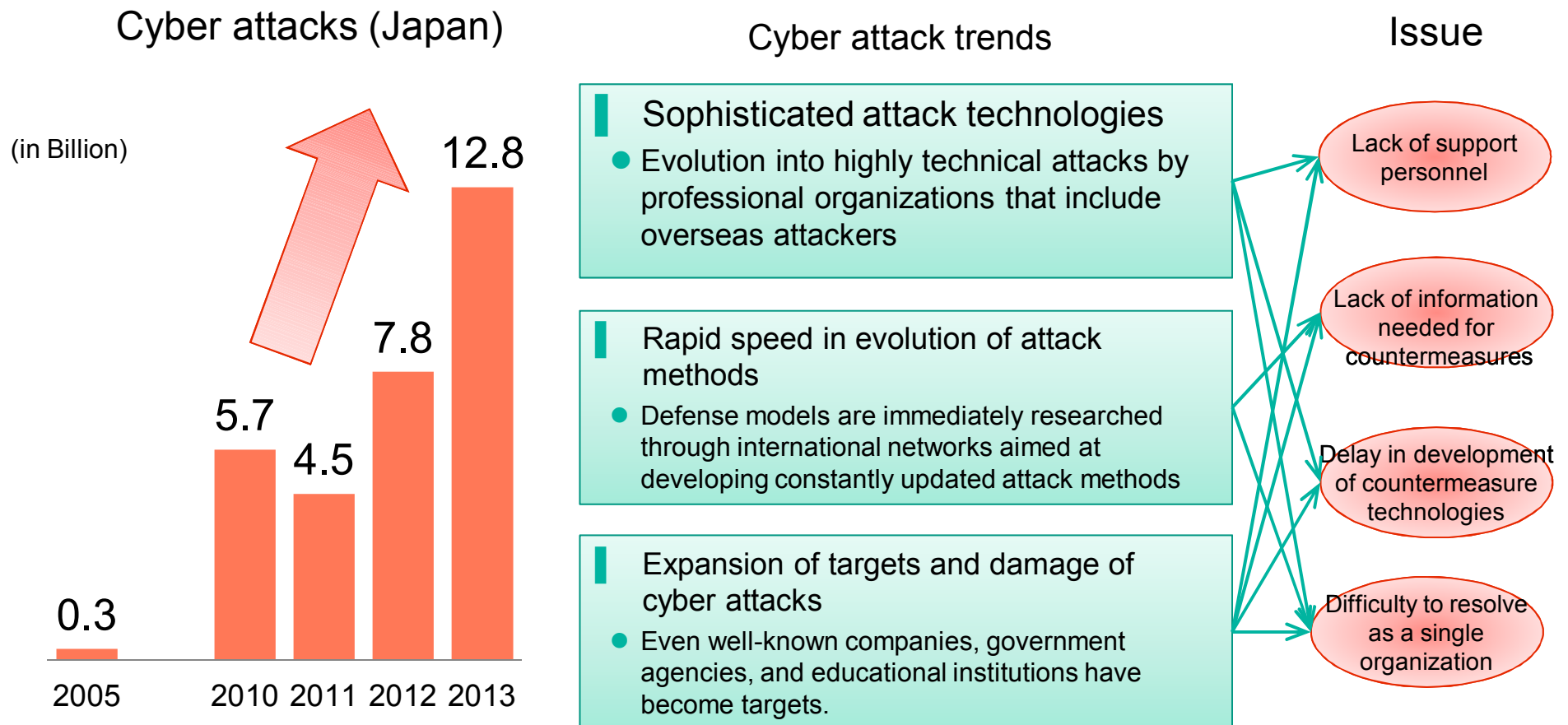
Detection of failure and anomalies in social infrastructures that have high economic and social impact



2-2. (5) Increasing incidence and sophistication of cyber attacks

Cyber attacks to Japan increased to approximately 1.6 times in the last year.

Attacks have become globalized, specialized, and sophisticated, calling for responses that go beyond organizational boundaries.



Source: Feb. 11, 2014, Nihon Keizai Shimbun of the Morning Edition [Report From Kyodo News Service]

2-2. (5) Cyber Security

Support to cyber attack countermeasures of government agencies and enterprises with technologies nurtured in the national security domain, such as technologies for surveillance and control and for constructing highly secure networks.

Reinforcement of organizational structure

- Establishment of Division in Singapore, launch of Safer Cities strategy
- Establishment of Cyber Security Strategy Office
- Acquisition of Cyber Defense Institute
- Acquisition of joint management rights of Infosec, etc.

Establishment of “Cyber Security Factory” in End of May, 2014 (plan)



Highly trained and knowledgeable experts

Information sharing beyond organizational boundaries

State-of-the-art cyber attack countermeasures

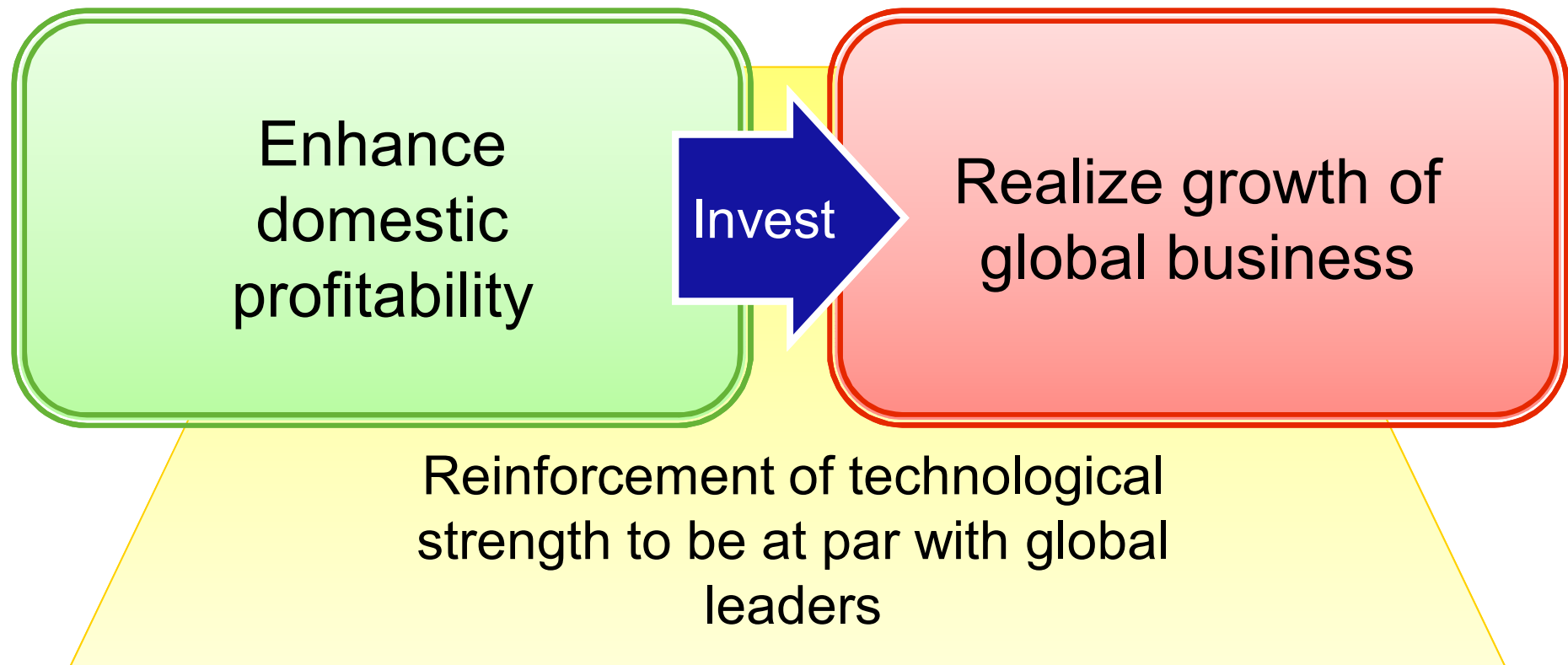
Countermeasures across all organizations
(Training)

Contents

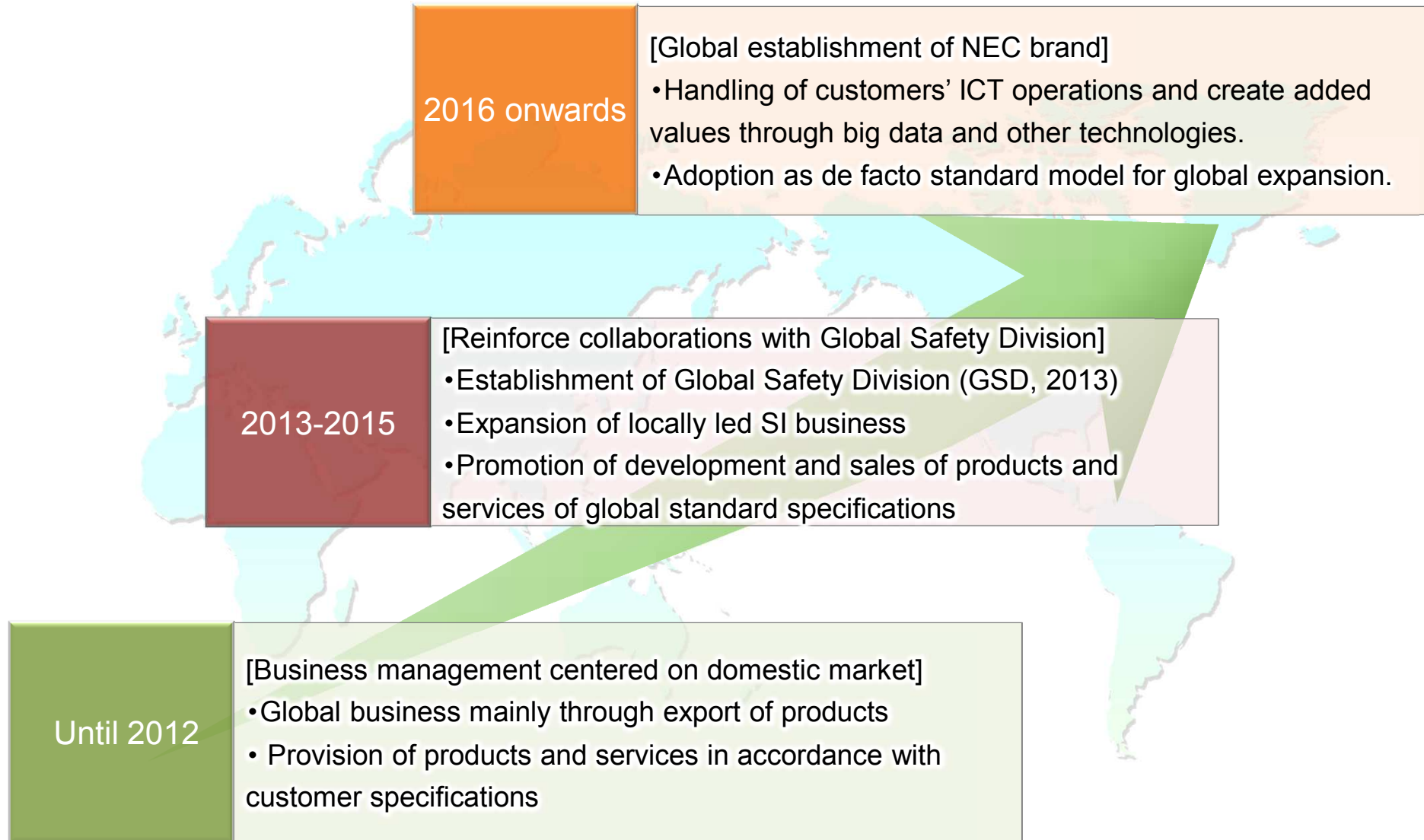
1. Public Business Overview
2. Medium- and long-term initiatives
towards growth
3. Mid-term Management Plan 2015

3. Medium- and long-term initiatives towards growth

■ Aim for global growth under a stable domestic business infrastructure

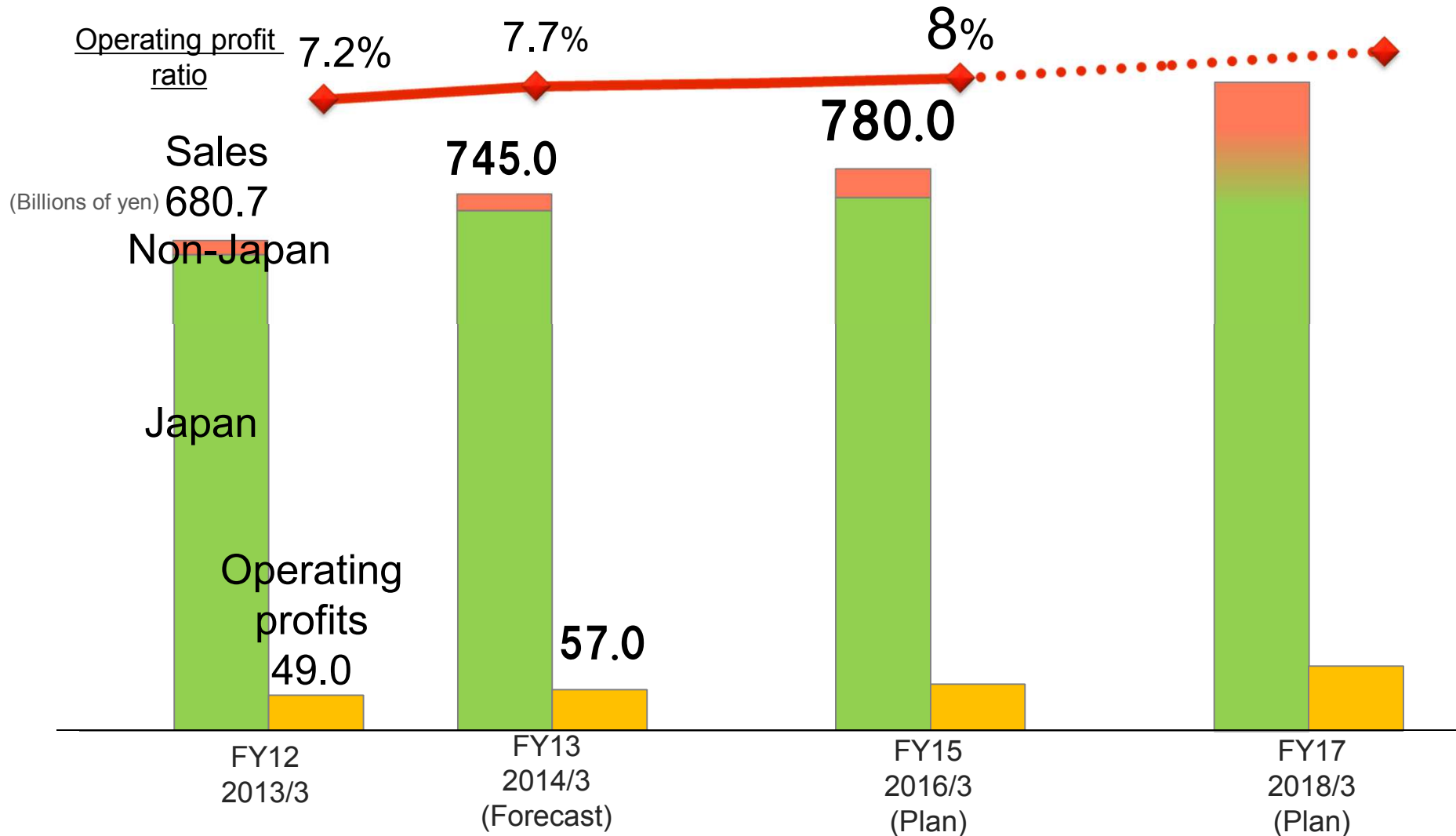


3-1. Public Business Direction



3-2. Mid-term Management Plan 2015

FY2015: 780 billion yen sales, 8% operating profit ratio



*Forecasts as of January 30, 2014

Empowered by Innovation

NEC

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. You should not place undue reliance on forward-looking statements, which reflect NEC's analysis and expectations only. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Among the factors that could cause actual results to differ materially from such statements include (i) global economic conditions and general economic conditions in NEC's markets, (ii) fluctuating demand for, and competitive pricing pressure on, NEC's products and services, (iii) NEC's ability to continue to win acceptance of NEC's products and services in highly competitive markets, (iv) NEC's ability to expand into foreign markets, such as China, (v) regulatory change and uncertainty and potential legal liability relating to NEC's business and operations, (vi) NEC's ability to restructure, or otherwise adjust, its operations to reflect changing market conditions, (vii) movement of currency exchange rates, particularly the rate between the yen and the U.S. dollar, (viii) the impact of unfavorable conditions or developments, including share price declines, in the equity markets which may result in losses from devaluation of listed securities held by NEC, and (iv) impact of any regulatory action or legal proceeding against NEC. Any forward-looking statements speak only as of the date on which they are made. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect NEC. NEC does not undertake any obligation to update or revise any of the forward-looking statements, whether as a result of new information, future events, or otherwise.

The management targets included in this material are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management will strive to achieve through the successful implementation of NEC's business strategies.

Finally, NEC cautions you that the statements made in this material are not an offer of securities for sale. Securities may not be offered or sold in any jurisdiction in which required registration is absent or an exemption from registration under the applicable securities laws is not granted.