

# Financial Results for Fiscal Year Ended March 31, 2011

May 10, 2011  
NEC Corporation  
(<http://www.nec.co.jp/ir/en>)

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- Mid-term Growth Plan “V2012” Progress
- Reference (Financial data)

# Impact of the Great East Japan Earthquake

- All quake-stricken manufacturing facilities\* restarted on 23<sup>rd</sup> Mar
  - Expanding production and securing supply systems



**NEC Network Products**  
(former NEC Wireless Networks)  
《Fukushima, Fukushima Pref.》



**NEC Network Products**  
(former NEC Tohoku)  
《Ichinoseki, Iwate Pref.》



\* NEC Network Products (Headquarters, Ichinoseki Plant), NEC Infrontia Tohoku, NEC Tokin

# I. Financial Results for FY11/3

# Summary of Financial Results for FY11/3

- Operating profit was in line with the previous forecasts
- However, net loss was recorded due to larger investment loss from the equity method

(Billions of Yen)

	FY10/3 Actual	FY11/3 Actual	YoY	Difference from February 25 Forecasts
Net Sales	3,583.1	3,115.4	-13.1%	-84.6
Operating Income	50.9	57.8	6.9	-2.2
% to Net Sales	1.4%	1.9%		
Ordinary Income	49.4	0.0	-49.4	-10.0
% to Net Sales	1.4%	0.0%		
Net Income/Loss	11.4	-12.5	-23.9	-12.5
% to Net Sales	0.3%	-		
Net Income/Loss per Share (Yen)	5.04	-4.82	-9.86	-4.82
Free Cash Flow	93.6	-112.6	-206.2	

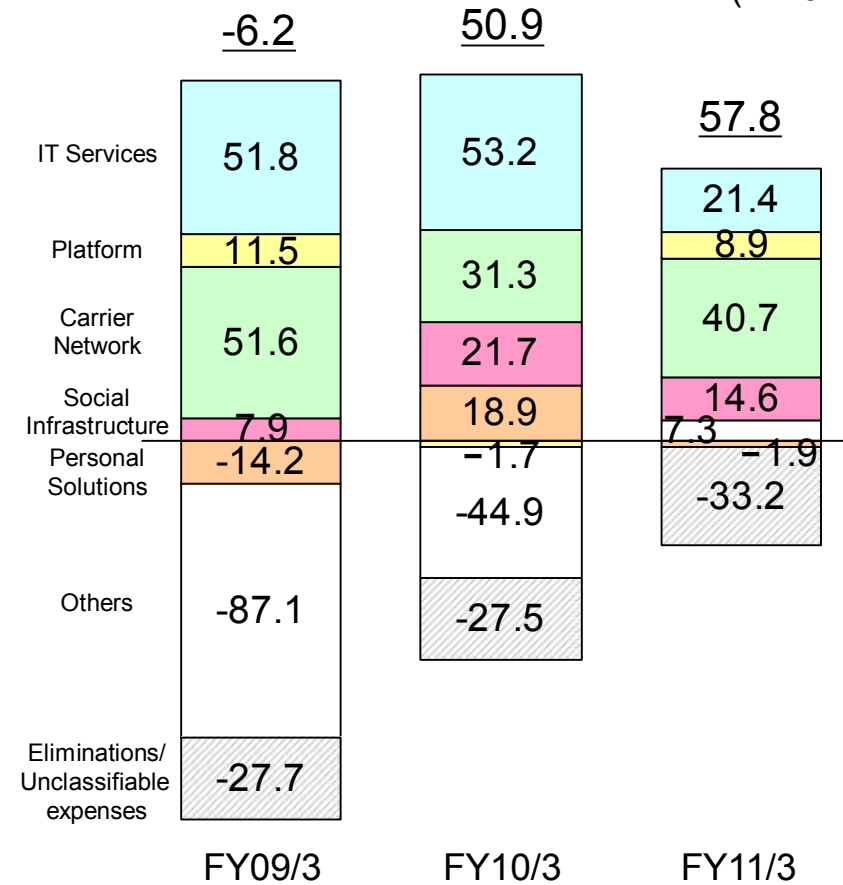
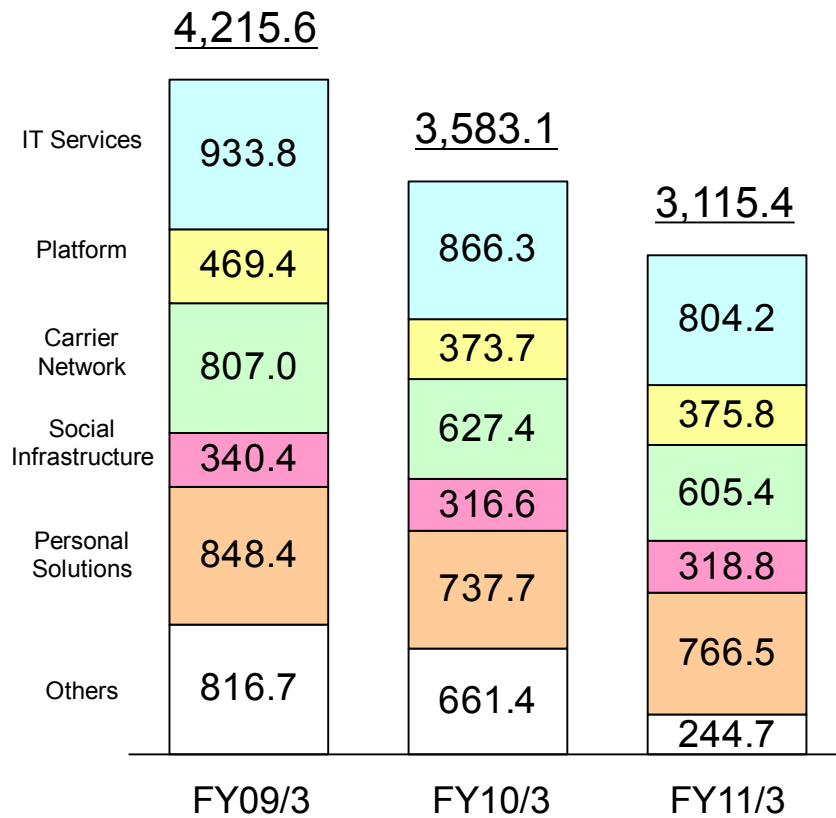
Note: Average exchange rates for FY11/3: 1\$= ¥86.45, 1€= ¥113.83

# Results for FY11/3 by Segment

## Net Sales

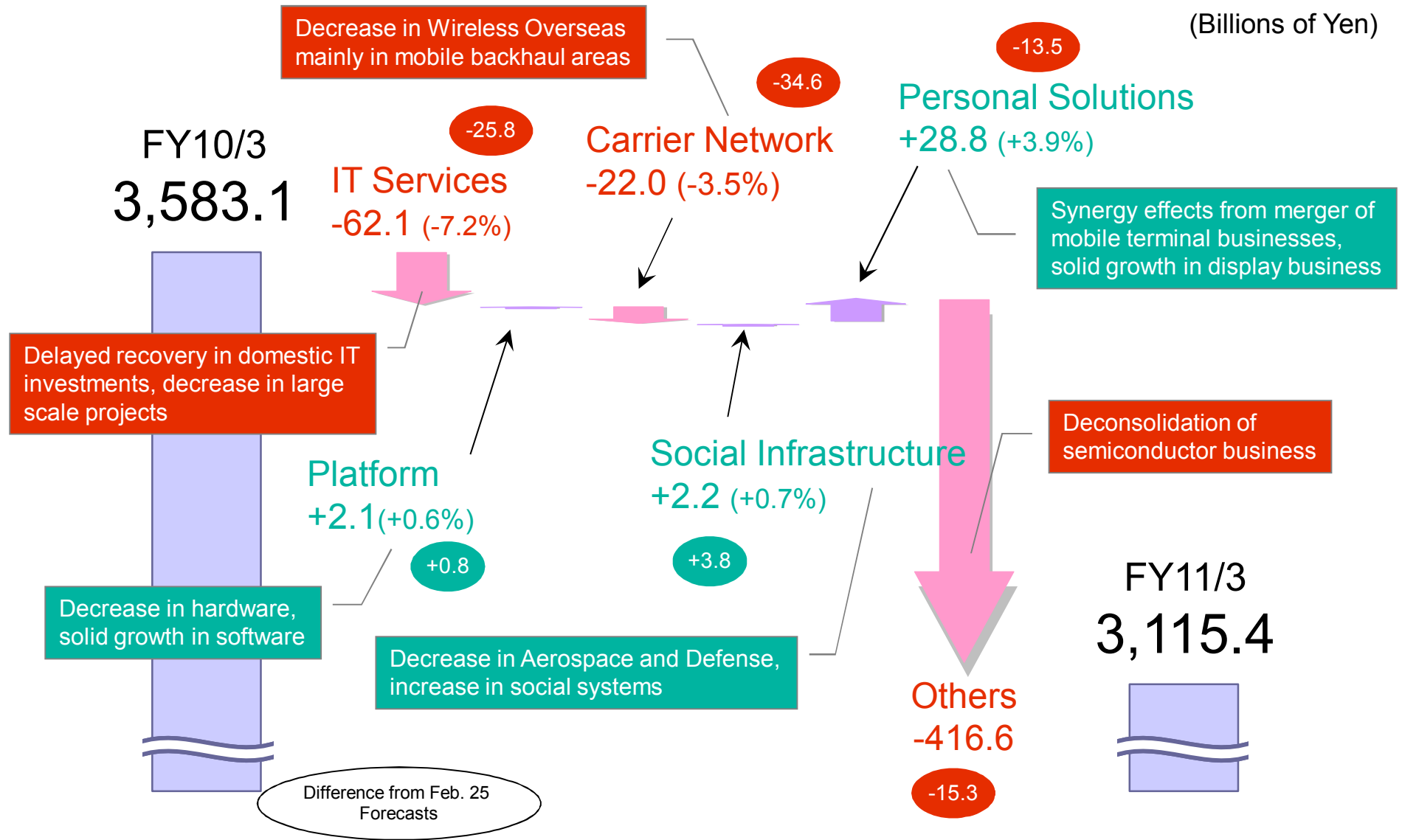
## Operating Income/Loss

(Billions of Yen)



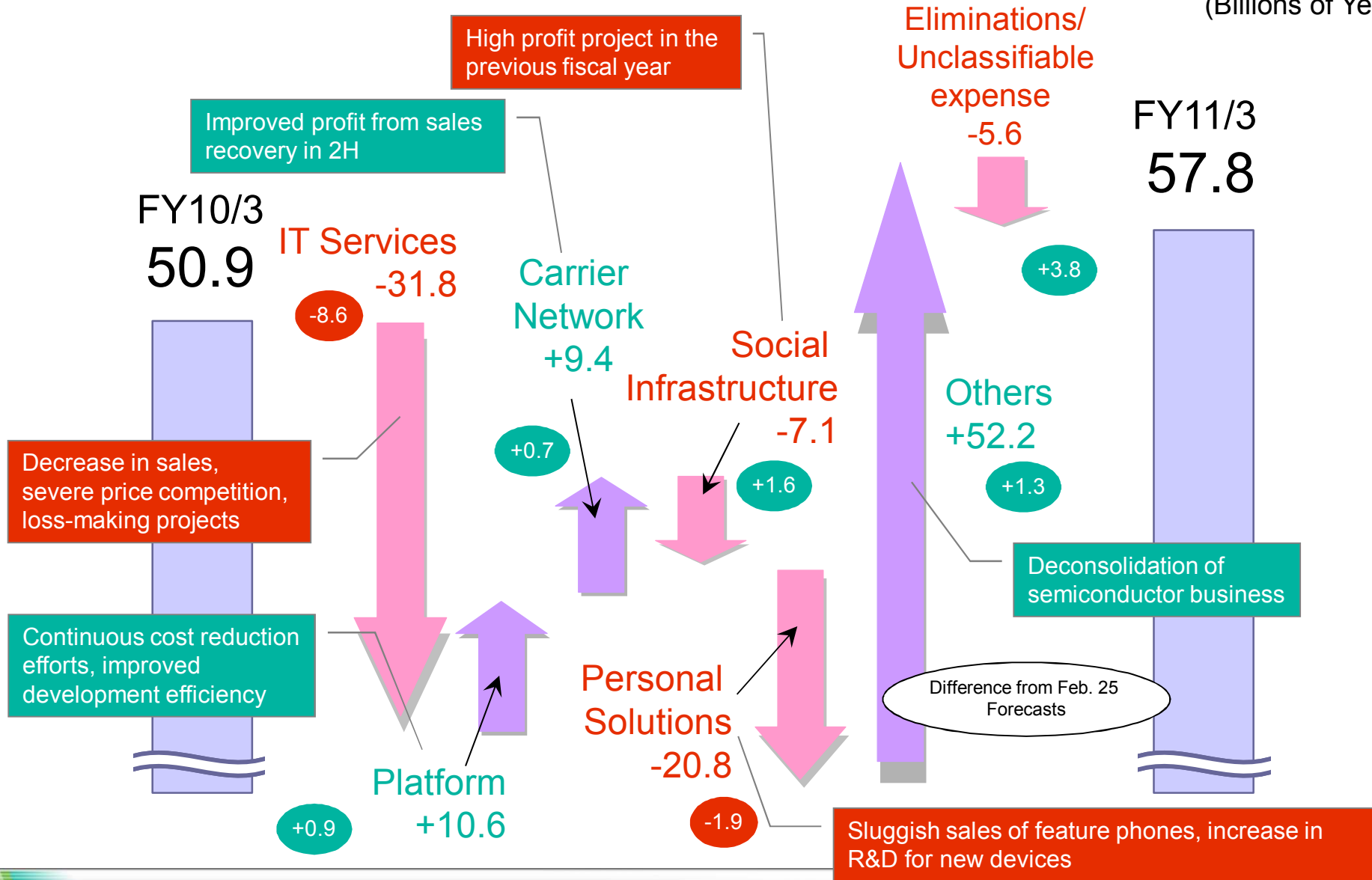
# Sales Change (Year on Year)

(Billions of Yen)



# Operating Income Change (Year on Year)

(Billions of Yen)





# Key Points of FY11/3 Results by Segment (Year on Year)

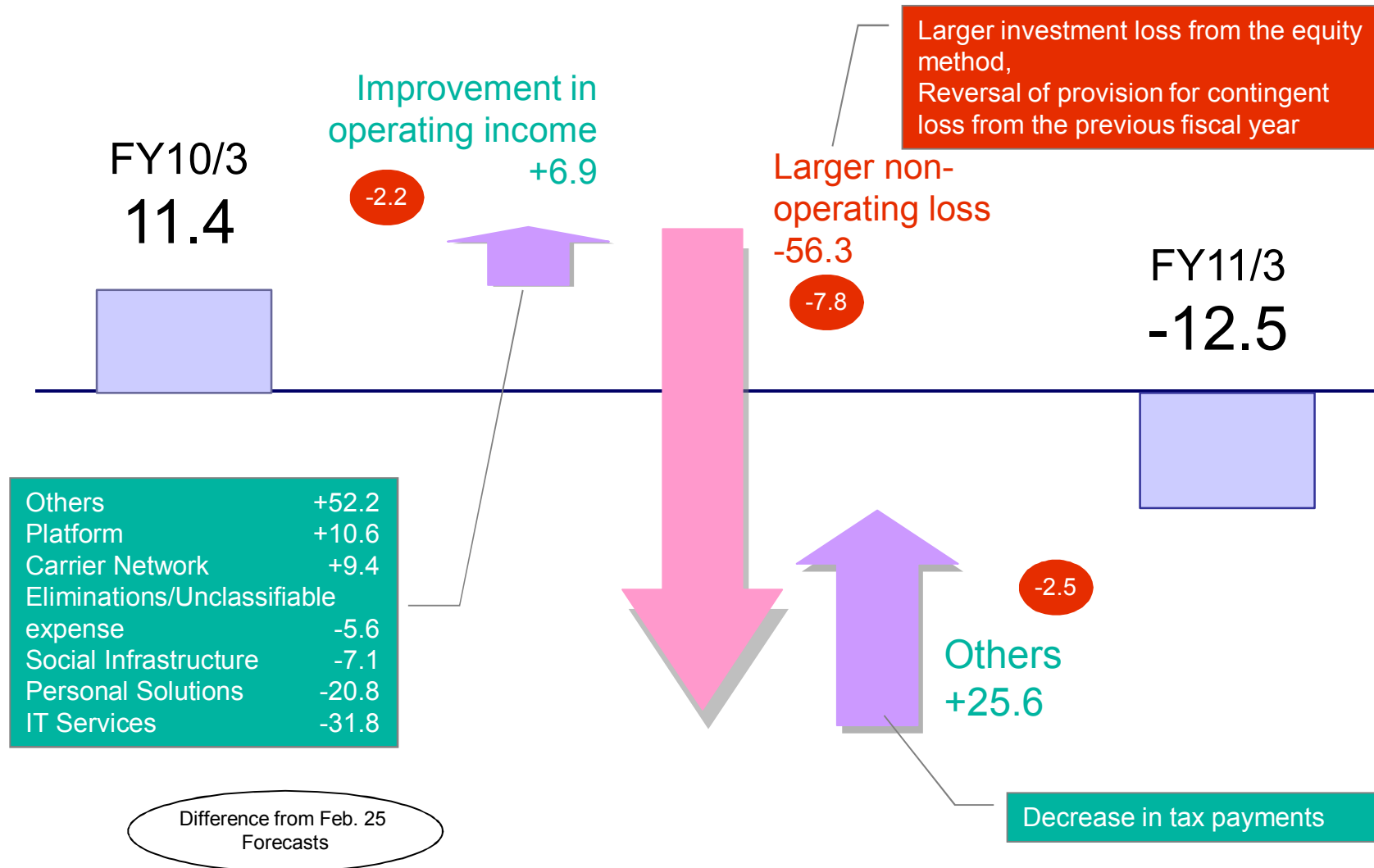
IT Services	<ul style="list-style-type: none"> <li>● <u>Delayed recovery in domestic IT investments, decrease in large scale projects</u></li> <li>● <u>Lower profits due to decrease in sales, severe price competition, loss-making projects</u></li> </ul>	✓
Platform	<ul style="list-style-type: none"> <li>● Increase in sales due to solid growth in software, despite decrease in hardware</li> <li>● Higher profits from continuous cost reduction efforts and improved development efficiency</li> </ul>	
Carrier Network	<ul style="list-style-type: none"> <li>● Decrease in sales due to decrease in wireless overseas, mainly in mobile backhaul areas</li> <li>● Higher profits from sales recovery in 2H (WBA*, submarine cable systems)</li> </ul>	✓
Social Infrastructure	<ul style="list-style-type: none"> <li>● Flat sales due to increase in social systems, offset by a decrease in aerospace and defense</li> <li>● Lower profit compared with the previous fiscal year with high profit projects</li> </ul>	
Personal Solutions	<ul style="list-style-type: none"> <li>● Increase in sales due to synergy effects from merger of mobile terminal business and solid growth for display</li> <li>● Stagnant sales of feature phones and larger R&amp;D for new devices</li> </ul>	✓
Others	<ul style="list-style-type: none"> <li>● Decrease in sales due to deconsolidation of semiconductor business</li> <li>● Higher profits from deconsolidation of loss making semiconductor business</li> </ul>	

\* WBS: Wireless Broadband Access, including LTE and femtocell

Note: First bullets in the tables refer to changes in sales, second bullets refer to changes in profits

# Net Income/Loss Change (Year on Year)

(Billions of Yen)



# Challenges and Accomplishments

Challenging performance with downward revisions on year-start forecasts, net loss and passed dividends

- Slower than estimated recovery in domestic IT investments, lower profitability in IT services
- Stagnant investments among global telecom carriers
- Sluggish sales of feature phones, and slow entry to smartphones

Measures to reinforce business competitiveness

- Announcement of strategic alliance with Lenovo Group in PC business



Challenges to tackle V2012 focus areas, “Implementation of C&C Cloud Services”, “Expansion of Global Businesses” and “Creation of New Businesses”, with speed

## II. Management Policy for FY12/3

# Management Policy for FY12/3

## Creating and gaining new business opportunities to expand global businesses

- Provide total solutions, leveraging NEC's strengths in cloud services
- Accelerate global business expansion through collaboration with partners in emerging countries
- Create new businesses which will follow batteries and new devices

## Improving quality and enhancing cost efficiency to maximize profits

- Implement cost reduction measures and control quality related expenses
- Slash selling and general administrative expenses by enhancing back-office efficiency

**One NEC to promote “outward” and “inward” efforts, and realize operating profit target\* of 90B yen, and net profit target\* of 15B yen through operation with speed**

\*Forecasts as of May 10, 2011

# Summary of Financial Forecast for FY12/3

(Billions of Yen)

	FY11/3 Actual	FY12/3 Forecast(*)	YoY
Net Sales	3,115.4	3,300.0	5.9%
Operating Income	57.8	90.0	32.2
% to Net Sales	1.9%	2.7%	
Ordinary Income	0.0	55.0	55.0
% to Net Sales	0.0%	1.7%	
Net Income/Loss	-12.5	15.0	27.5
% to Net Sales	-	0.5%	
Net Income/Loss per Share(yen)	-4.82	5.77	10.59
Free Cash Flow	-112.6	0.0	112.6

Note: Assumed exchange rates for FY12/3 1\$=¥80, 1€=¥110

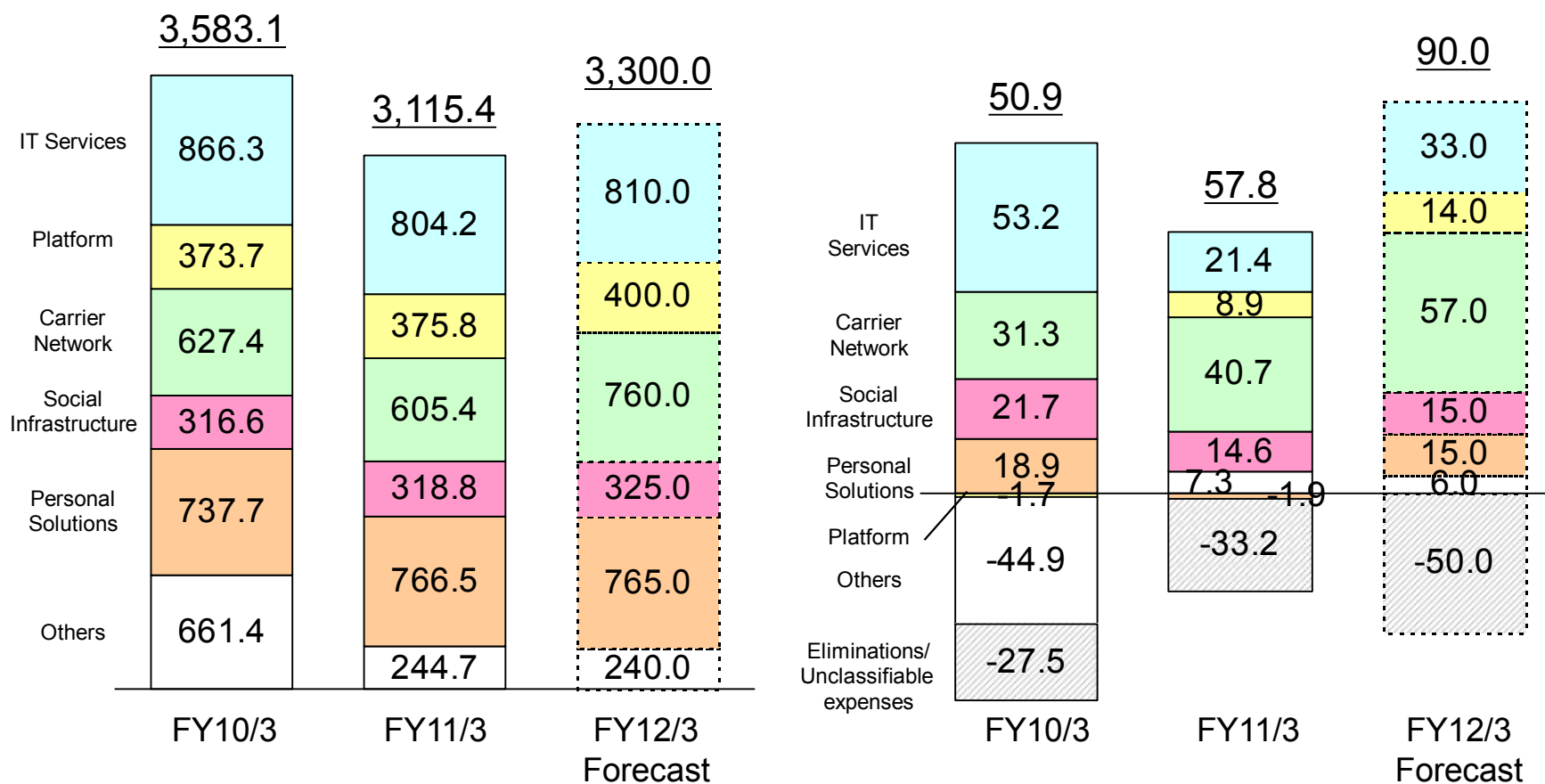
\*Forecasts as of May 10, 2011

# Financial Forecasts for FY12/3 by Segment

## Net Sales

## Operating Income/Loss

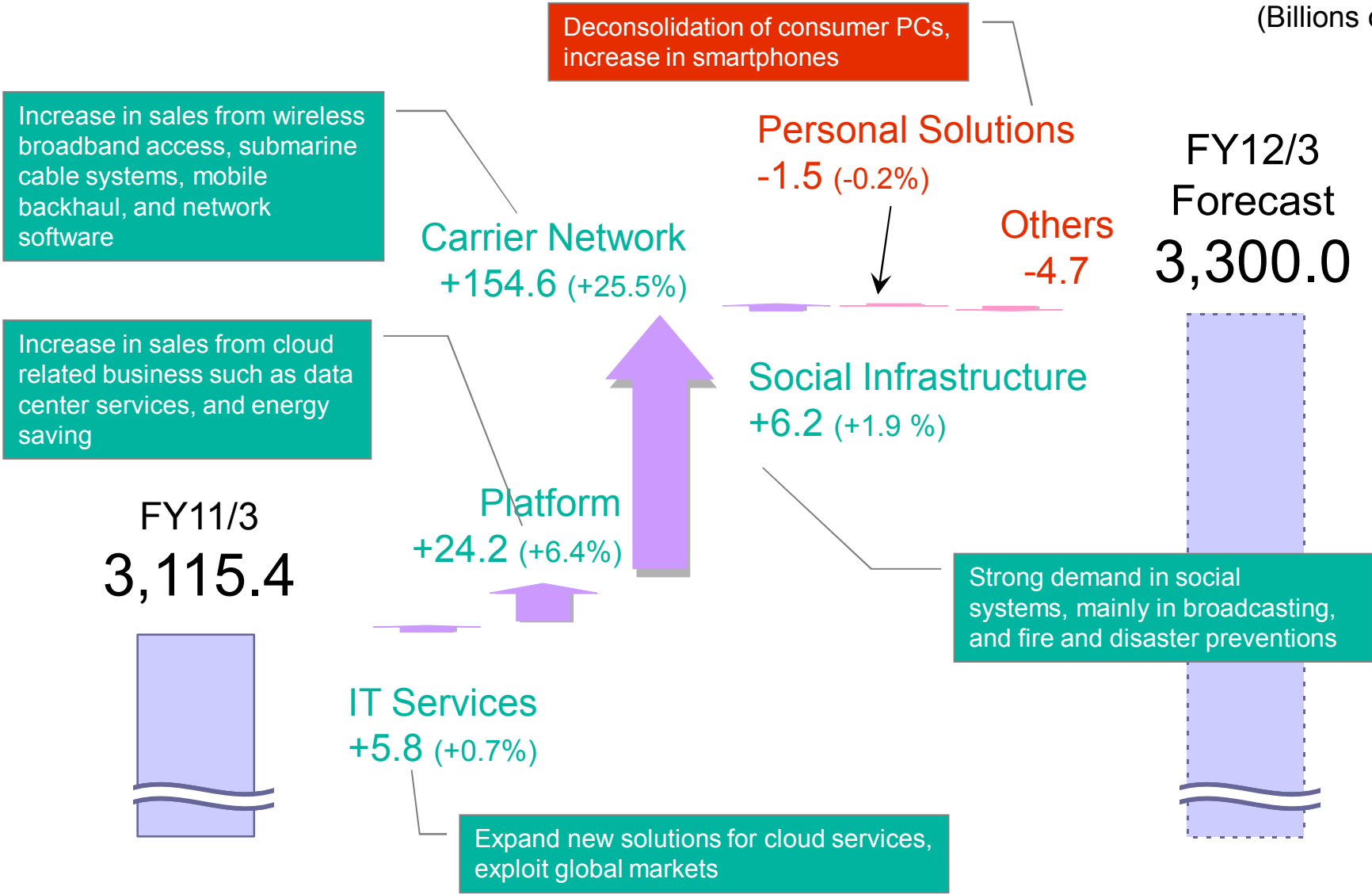
(Billions of Yen)



\*Forecasts as of May 10, 2011

# Sales Change (Year on Year)

(Billions of Yen)

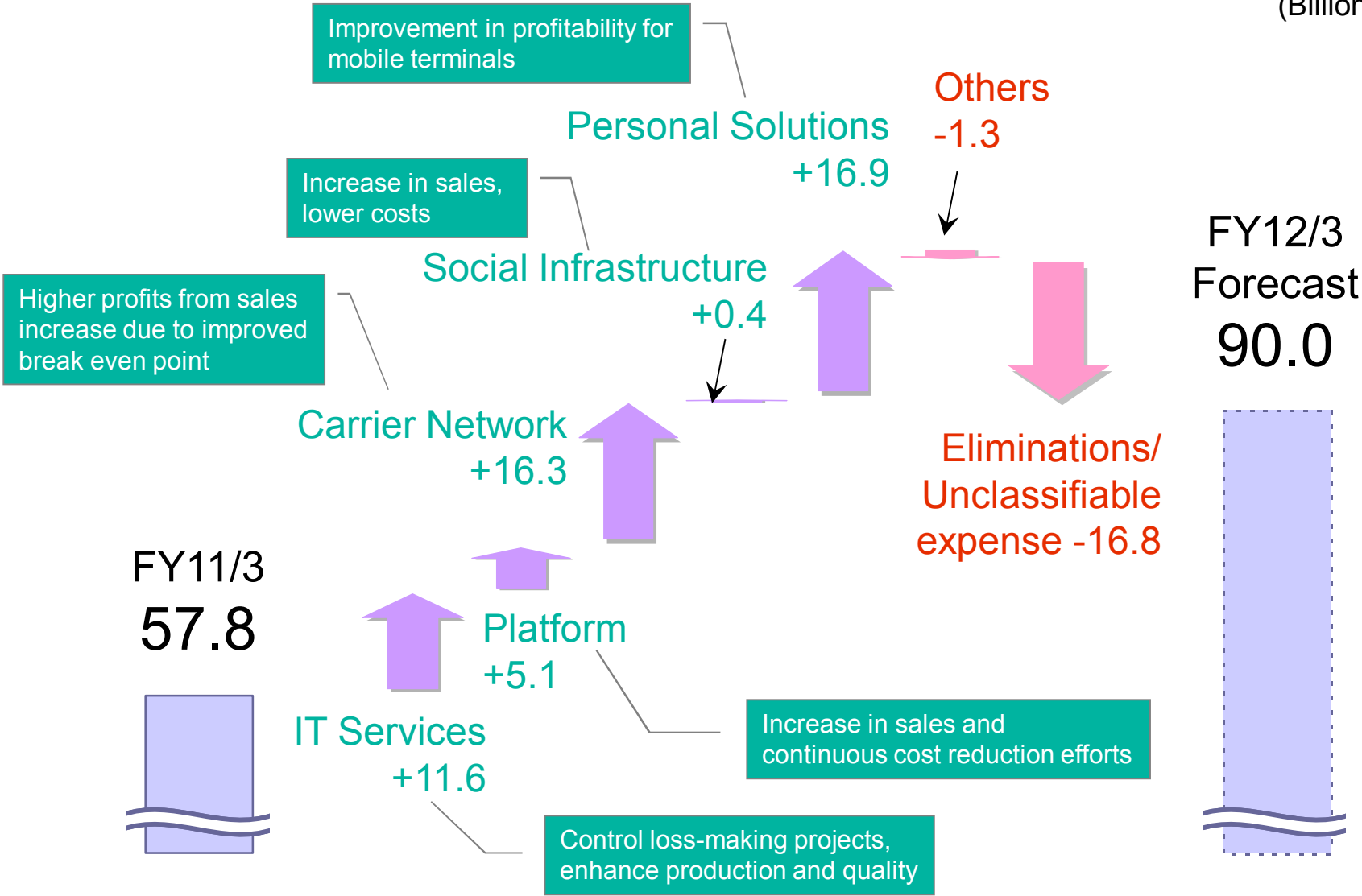


\*Forecasts as of May 10, 2011



# Operating Income Change (Year on Year)

(Billions of Yen)



\*Forecasts as of May 10, 2011

# Key Points of FY12/3 Outlook by Segment (Year on Year)

IT Services	<ul style="list-style-type: none"> <li>● Reinforce new cloud solutions, sales expansion in global businesses</li> <li>● <u>Improve profits by controlling loss-making projects and enhancing production and quality</u></li> </ul>
Platform	<ul style="list-style-type: none"> <li>● Increase in sales from cloud related business such as datacenter services, and energy saving</li> <li>● Higher profits from sales increase and continuous cost reduction efforts</li> </ul>
Carrier Network	<ul style="list-style-type: none"> <li>● <u>Increase in sales from WBA*, submarine cable systems, mobile backhaul and network software</u></li> <li>● <u>Higher profits from sales increase due to improved break even point</u></li> </ul>
Social Infrastructure	<ul style="list-style-type: none"> <li>● Increase in sales for social systems including broadcasting, and fire and disaster preventions</li> <li>● Higher sales from sales increase and lower costs</li> </ul>
Personal Solution	<ul style="list-style-type: none"> <li>● Flat sales from increase in smartphones, offset by deconsolidation of consumer PC business</li> <li>● <u>Higher profits from improved profitability for mobile terminals</u></li> </ul>
Others	<ul style="list-style-type: none"> <li>● Decrease in sales from deconsolidation of LCD module business, despite expansion of battery business</li> <li>● Lower profits from sales decrease</li> </ul>

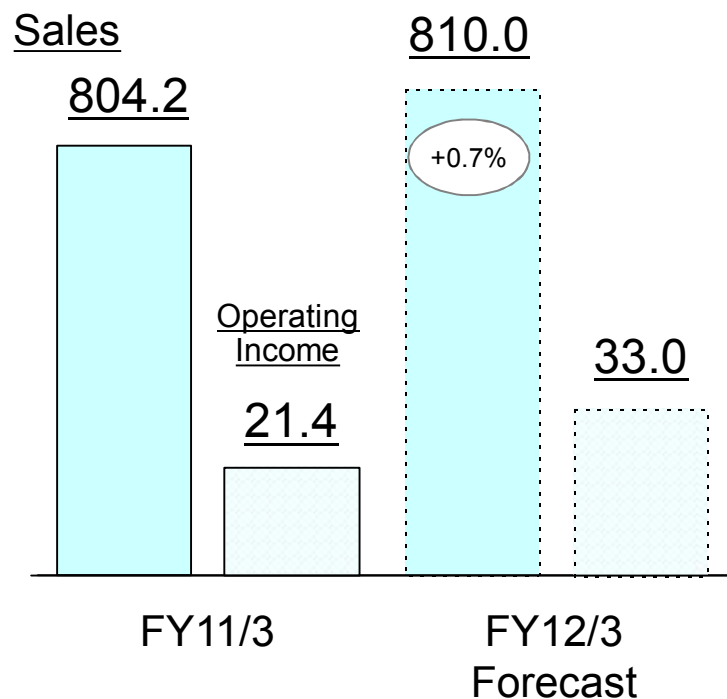
\* WBS: Wireless Broadband Access, including LTE and femtocell

Note: First bullets in the tables refer to changes in sales, second bullets refer to changes in profits

# IT Services Business

(Billions of Yen)

YoY



\*Forecasts as of May 10, 2011

## FY12/3 Key Measures

### Expand Sales

- Expansion of cloud services
  - Core systems by industry
  - Create new services by collaborating with customers
  - Provide one stop solution for mid to small businesses
- Proposal for Disaster Recovery solutions
  - Review BCP, Datacenter services, Telework, Sharing-type business services, wide-range cooperation between local governments and medical services, Review Global SCM
- Development of global businesses
  - Expand competitive solutions in 5 regions (Public Safety, Healthcare, Signage, POS etc)
  - Support Japanese company with IFRS and enhancing group governance

### Improve Profitability

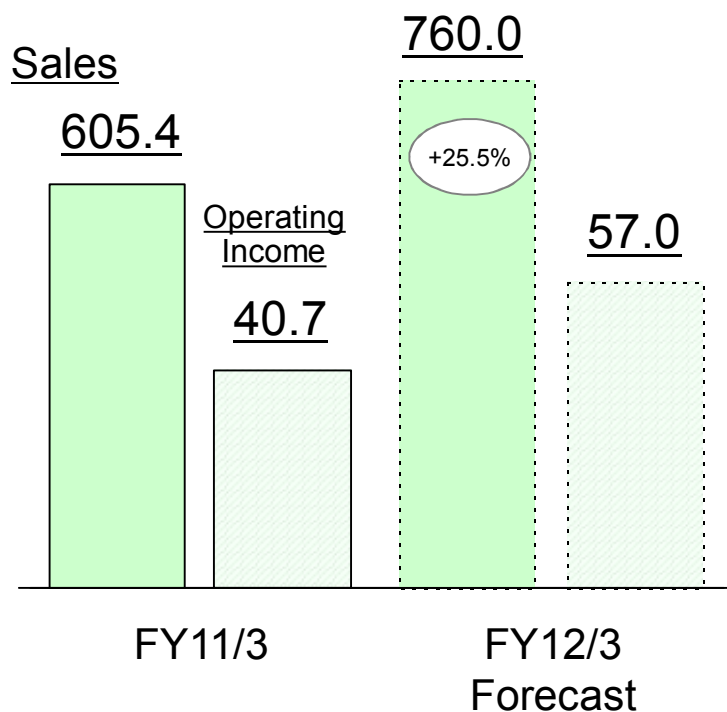
- Control loss-making projects
- Enhance SI innovation and service delivery (utilizing SW factory)

# Carrier Network Business

(Billions of Yen)



YoY



## FY12/3 Key Measures

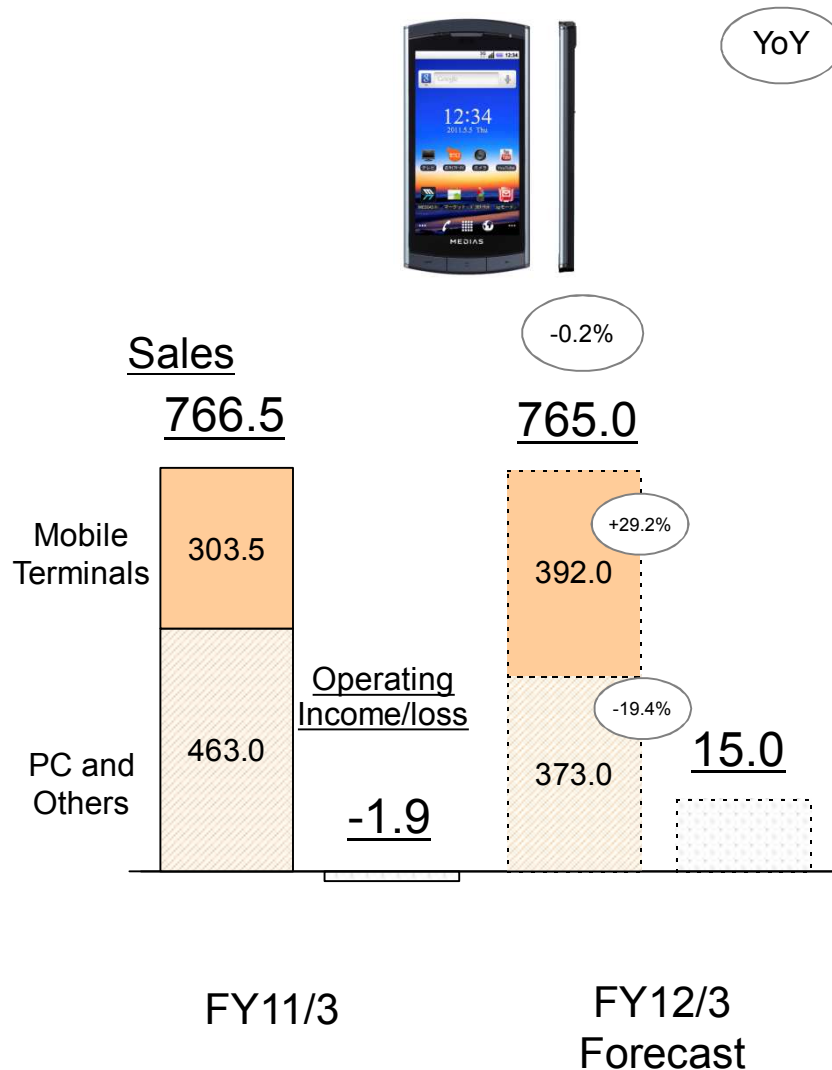
- Sales expansion of new products released in FY11/3 and solid execution of projects already in hand
  - LTE, iPASOLINK, Femtocell
  - Submarine cable system projects
- Winning end-to-end business opportunities from data traffic expansion
  - Wireless broadband access, mobile backhaul, network software, submarine cable systems
- Creation and early launch of new businesses
  - M2M, smartphone solutions, energy
  - Cloud services for telecom carriers

M2M: Machine to machine

\*Forecasts as of May 10, 2011

# Personal Solutions Business

(Billions of Yen)



## FY12/3 Key Measures

### Business expansion

- Business expansion of smartphones
  - Stronger and competitive product lines with thin and toughness technology, cost competitiveness with global model development, business development of smartphone business in Japan and overseas by regionalization approach
- Starting up of tablet device business
  - Provide competitive tablet devices coupled with services

### Improve profitability

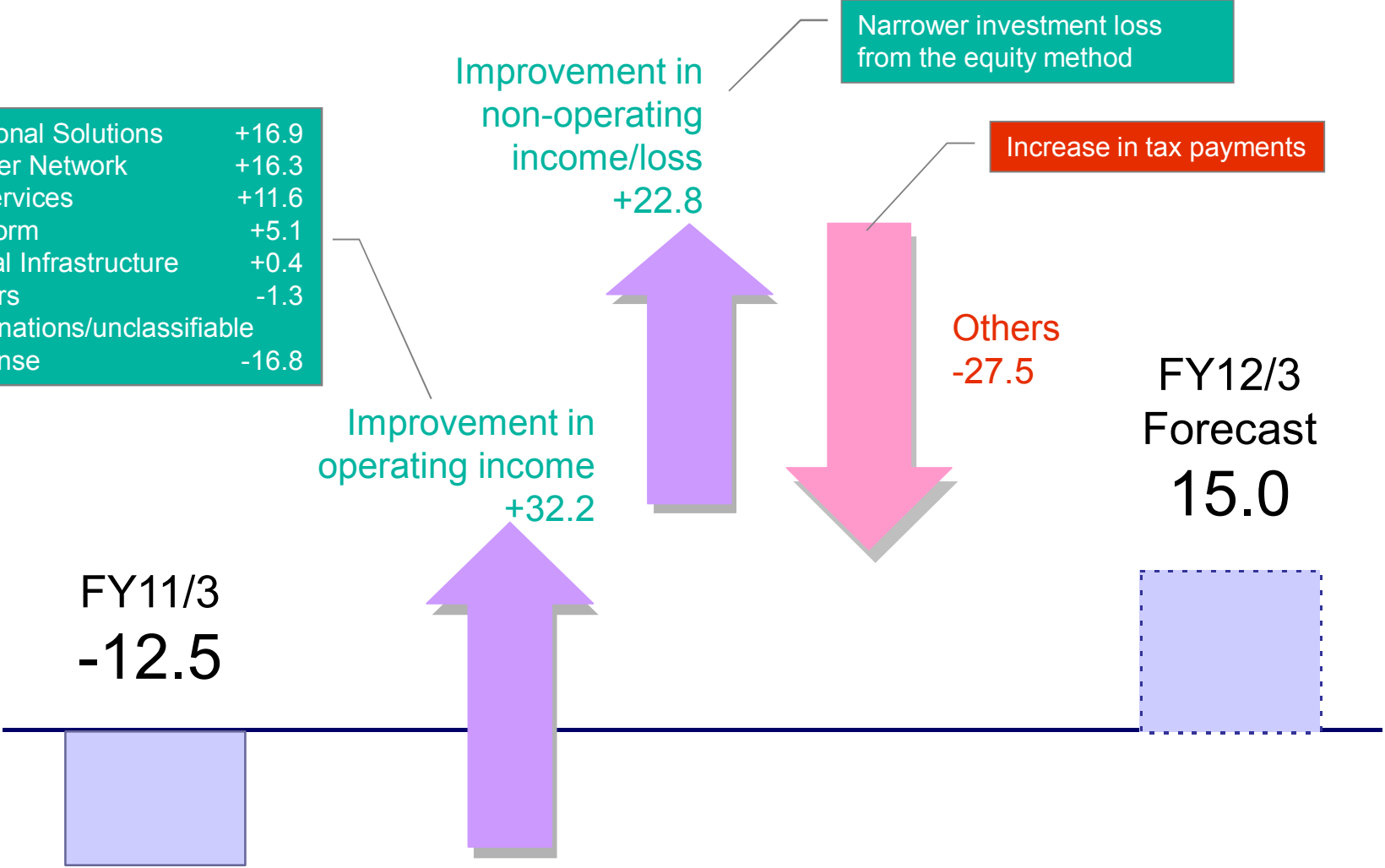
- Increase overall sales
- Reduce costs and streamline development in mobile terminals

\*Forecasts as of May 10, 2011

# Net Income/Loss Change (Year on Year)

(Billions of Yen)

Personal Solutions	+16.9
Carrier Network	+16.3
IT Services	+11.6
Platform	+5.1
Social Infrastructure	+0.4
Others	-1.3
Eliminations/unclassifiable expense	-16.8



\*Forecasts as of May 10, 2011

# III. Measures for Mid-term Growth Plan V2012

# FY12/3 Business Environment

## Smartphone boom

Mobile terminals



## ● Traffic upsurge

Carrier Network



- High value added services/spread of corresponding applications

Explosive increase of data processing  
in cloud computing due to digitalized information

Platform



- Stronger needs for “collecting”, “processing”, and “visualization” of information

- Creation of new businesses across industry sectors by using analyzed data

Realize “Any place, Any time”, “Real time” cloud services via cloud devices, connecting people and material goods in cloud computing



IT Services

Personal Solutions

Social Infrastructure





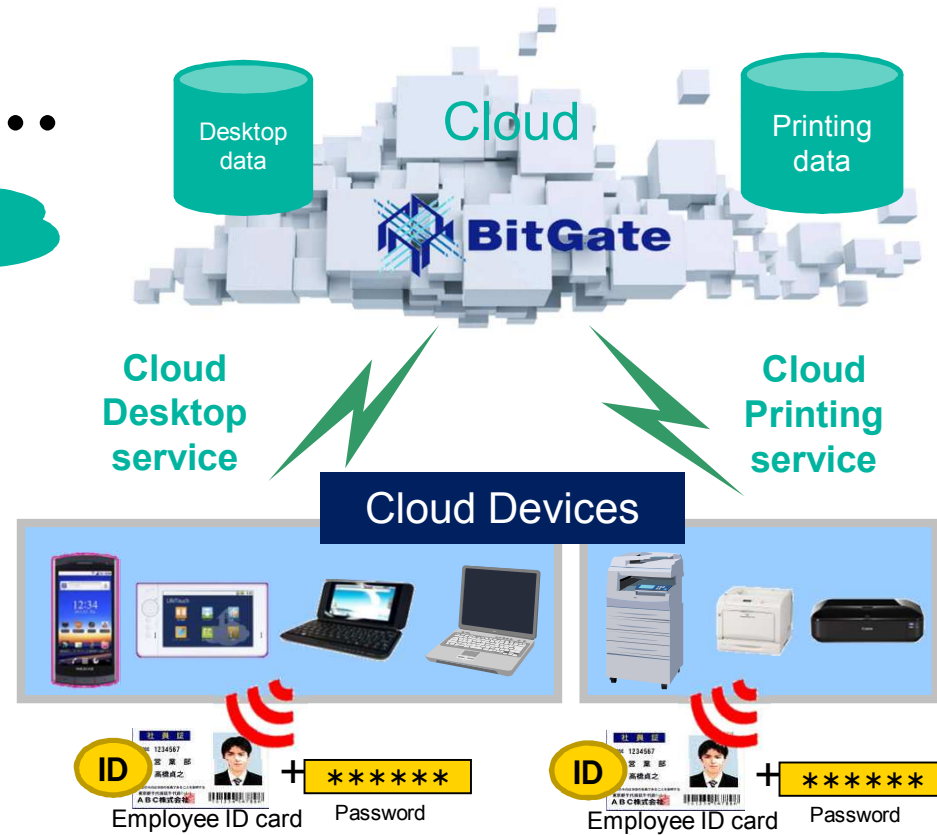
# Further Development in Cloud Services

Deliver “Mobile Cloud Services” with RFID and “Cloud Work Style” with cloud services, connected everywhere via Cloud Devices

## Mobile Cloud Services



## C&C Cloud Work Style



# Development of new devices and vertical integration business

## Offer tablet devices to support various needs by enhancing NEC's unique "Only One" products and all-purpose products

- Business status\* : Approximately 200 cases under negotiation, focusing on five areas



Market	Industry	Proposed solutions and services
e-books /Newspaper	Publishing/Printing/Book store/Carrier	E-books/Newspaper service
Education	Learning, Coaching school, school	E-learning
Electric Power/Houses	Power, energy/houses, housing	HEMS/Home electronics/Home security
Distribution /Retail	Mail order/Department store/Supermarket	Net-shopping/Coupon/Catalog
Living support	Medical/Health/Local governments/CATV	Photo frame/Remote monitoring/Healthcare/Remote medical care

\*As of May 10, 2011

# Expansion of smartphones by using NEC's strengths

- Expand global business leveraging NEC's own thin and light technology and toughness technology from CHMC



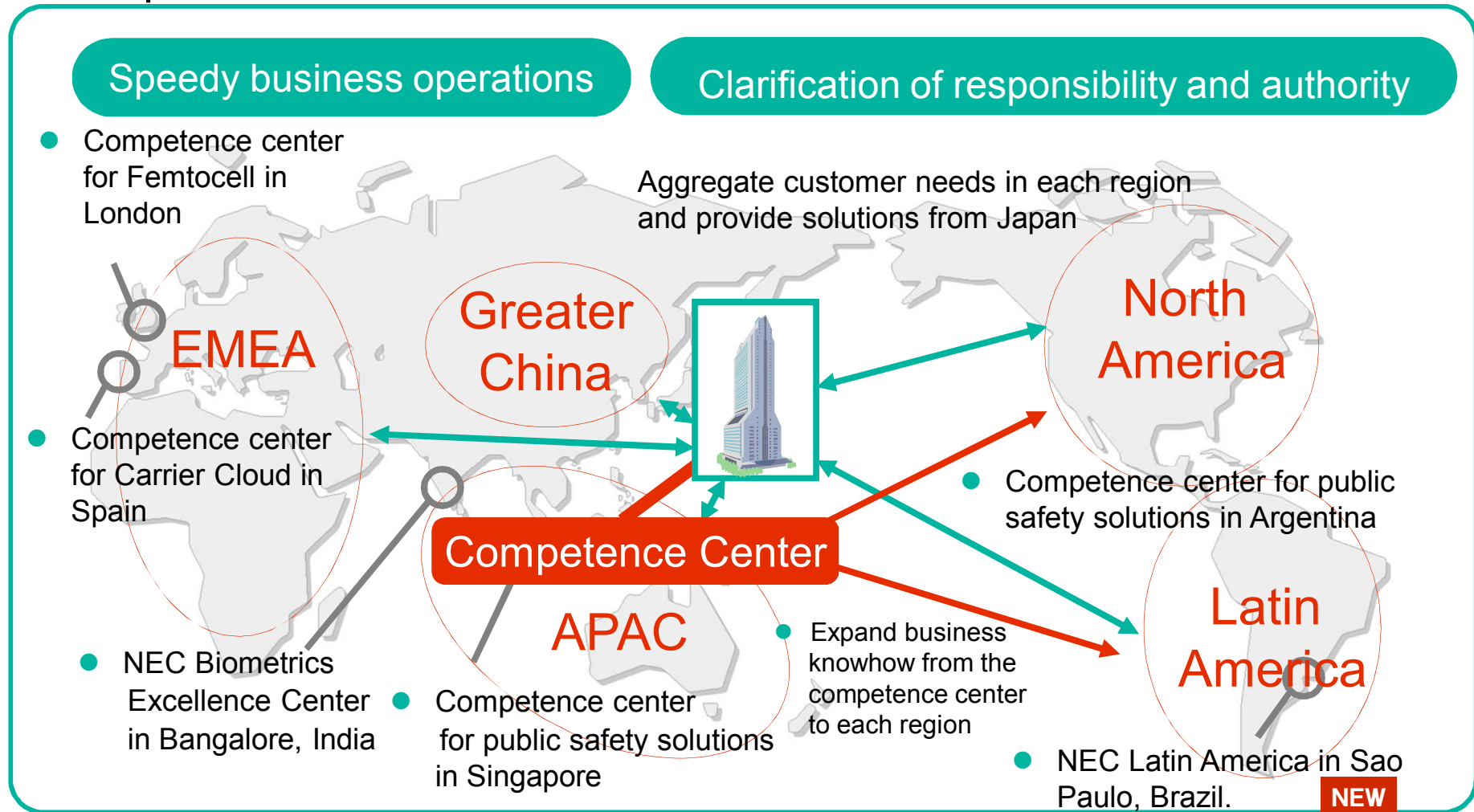
## Steps to expand global businesses

First step (-FY2012)	Enter global market with competitive differentiated products (slimness, toughness, and waterproofed)
Second step (FY2012-)	Expand business in the global market with volume

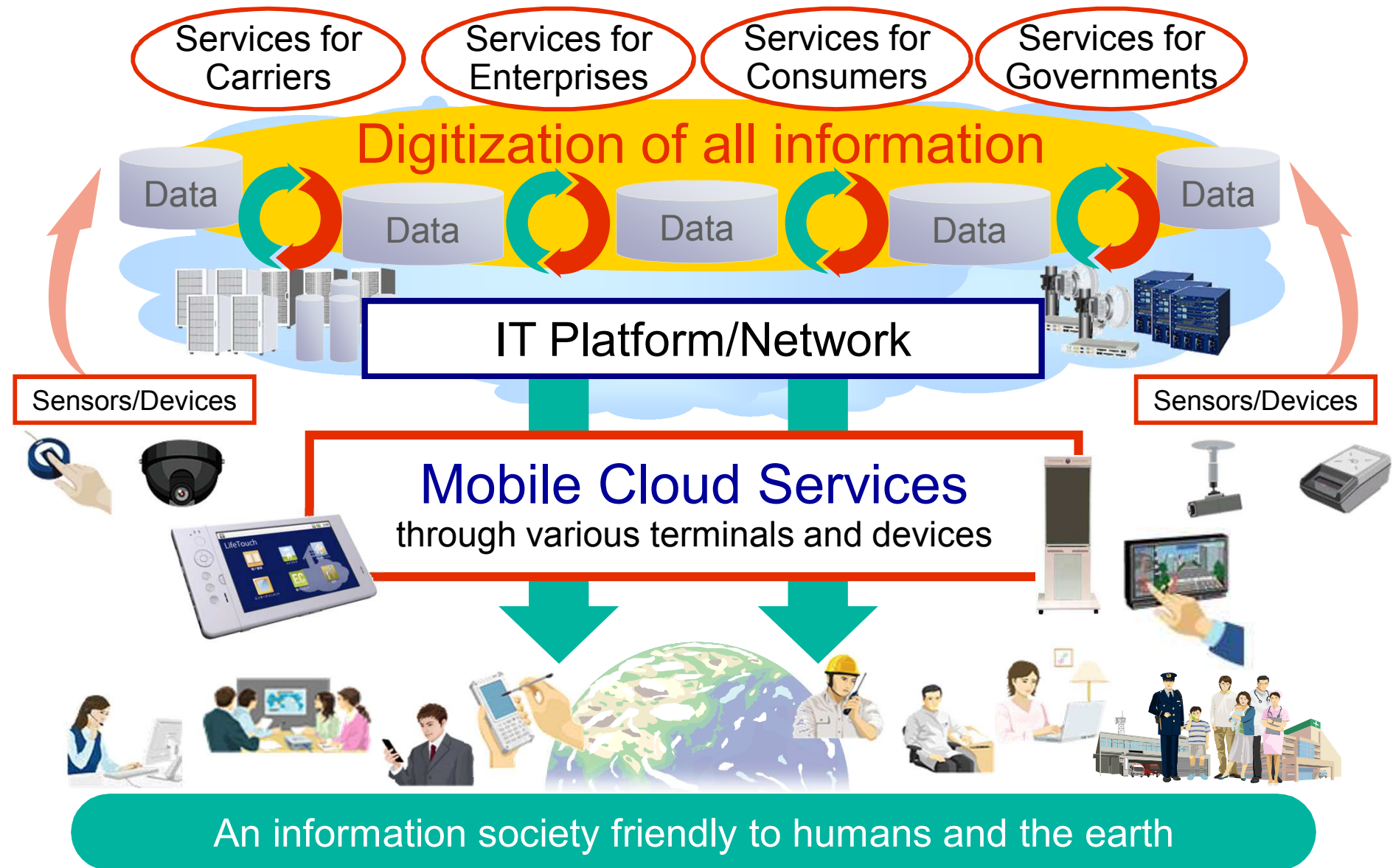
CHMC: Casio Hitachi Mobile Communications

# Accelerating efforts with One NEC formation in 5 regions

Established new regional headquarters for Latin America in Brazil on April 2011



# The world of "C&C Cloud"



# Summary of FY12/3 Objectives

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- Noting that FY12/3 results will affect the outcome of V2012 mid-term growth plan,

  - operate with speed and intensity

- Challenge to create and gain new business opportunities toward global business expansion



- Reinforce business structure to maximize profits

**To achieve and overcome FY12/3 targets\***  
(Operating profit target 90B yen, net profit target 15B yen)

\*Forecasts as of May 10, 2011

# Efforts to Accelerate Post-quake Reconstruction

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■ NEC Group is aspired to carry out actions

“To realize an information society friendly to humans and the earth”



## Disaster Recovery PJ

Support continuance of businesses through NEC's IT platforms, network, solutions including sensors and devices, and cloud services

## Energy Recovery PJ

Contribute to energy saving measures through NEC's battery, energy management, and knowhow of energy saving products

NEC Group is dedicated to realize a “safe and secure”, “energy-efficient” society, by working with our customers, through ICT technology and C&C cloud.



Empowered by Innovation

**NEC**



# Financial Results for FY11/3 (Appendix)

# Summary of Financial Results for FY11/3

(Billions of Yen)

	Q4(January to March)			Full Year			Difference from Feb 25
	FY10/3 Actual	FY11/3 Actual	YoY	FY10/3 Actual	FY11/3 Actual	YoY	
Net Sales	1,104.1	925.5	- 16.2%	3,583.1	3,115.4	- 13.1%	-84.6
Operating Income	96.1	70.2	-25.9	50.9	57.8	6.9	-2.2
% to Net Sales	8.7%	7.6%		1.4%	1.9%		
Ordinary Income	105.7	49.3	-56.5	49.4	0.0	-49.4	-10.0
% to Net Sales	9.6%	5.3%		1.4%	0.0%		
Net Income/Loss	64.6	41.1	-23.6	11.4	-12.5	-23.9	-12.5
% to Net Sales	5.9%	4.4%		0.3%	-		
Net Income/Loss per Share(yen)				5.04	-4.82	-9.86	-4.82
Free Cash Flow	168.5	81.9	-86.6	93.6	-112.6	-206.2	

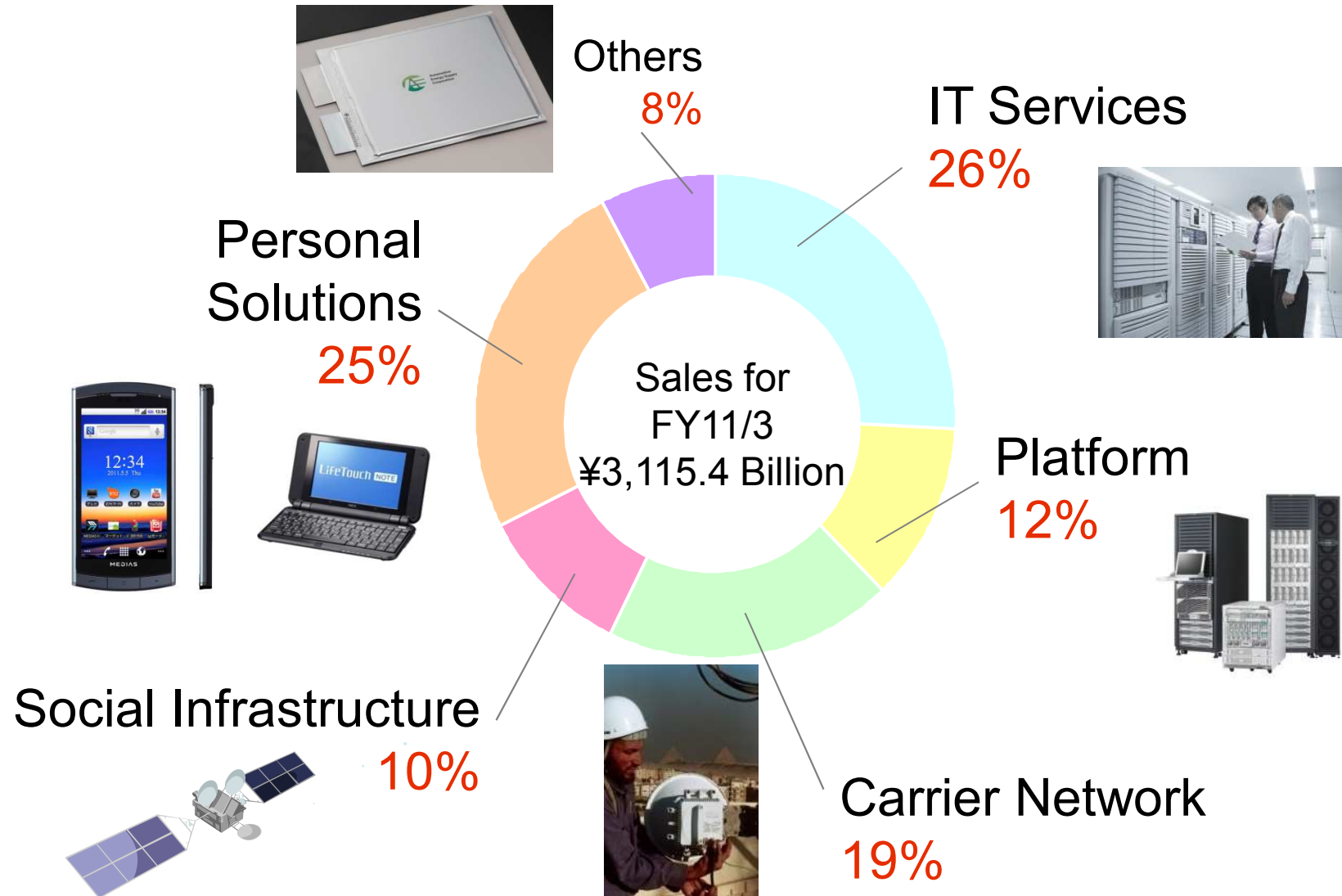
(Ref): Average exchange rate for Q4(Jan-Mar) of FY11/3 1\$= ¥82.88, 1€= ¥111.13  
Average exchange rate for full year of FY11/3 1\$= ¥86.45, 1€= ¥113.83  
(Assumed exchange rate for Q4 of FY11/3 1\$=¥80, 1€=¥110)

# Results for FY11/3 by Segment

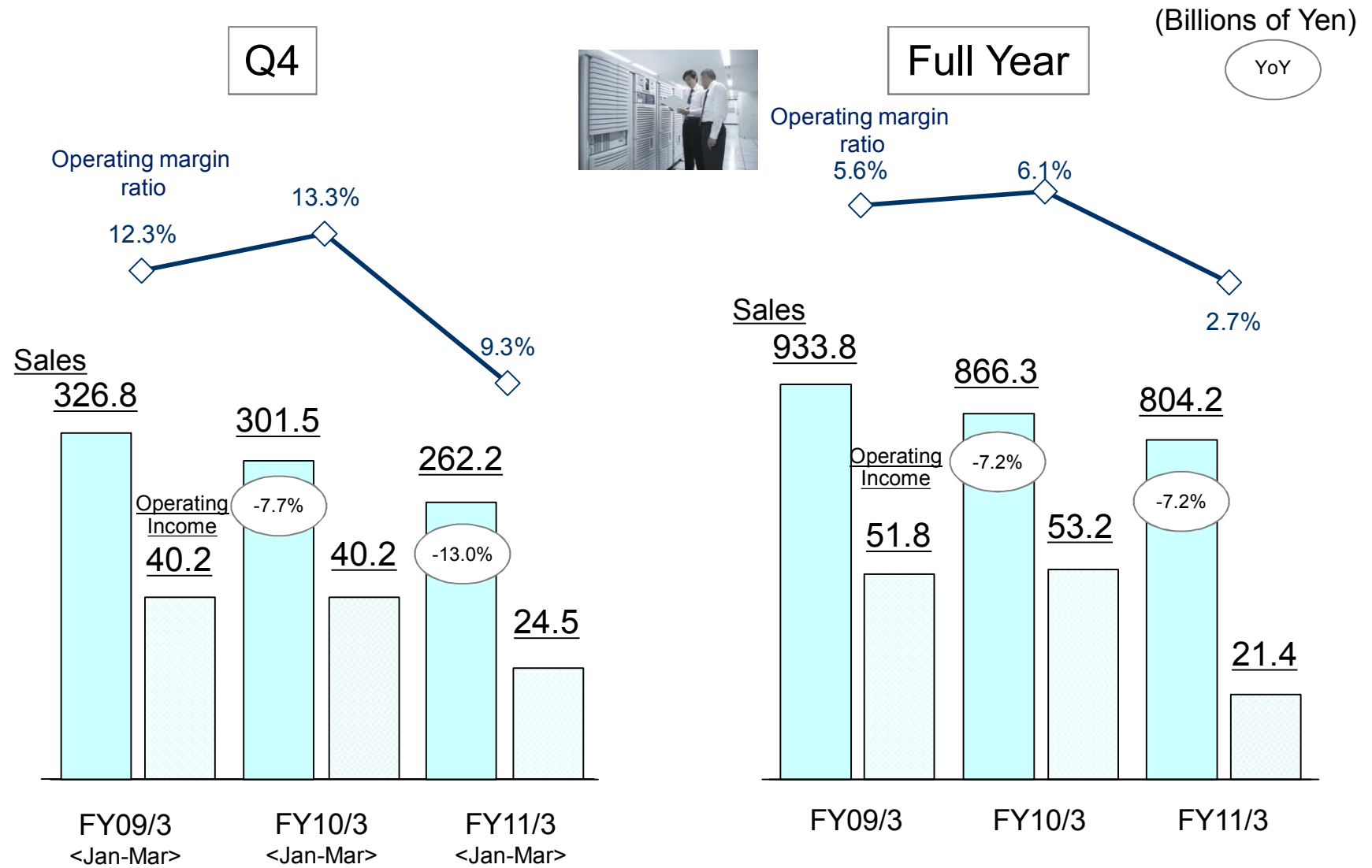
(Billions of Yen)

		Q4(January to March)			Full Year			Difference from Feb 25
		FY10/3 Actual	FY11/3 Actual	YoY	FY10/3 Actual	FY11/3 Actual	YoY	
IT Services	Net Sales	301.5	262.2	- 13.0%	866.3	804.2	- 7.2%	-25.8
	Operating Income	40.2	24.5	-15.7	53.2	21.4	-31.8	-8.6
	% to Net Sales	13.3%	9.3%		6.1%	2.7%		
Platform	Net Sales	120.6	116.5	- 3.4%	373.7	375.8	0.6%	0.8
	Operating Income/Loss	12.1	12.4	0.4	-1.7	8.9	10.6	0.9
	% to Net Sales	10.0%	10.7%		-	2.4%		
Carrier Network	Net Sales	175.9	188.7	7.3%	627.4	605.4	- 3.5%	-34.6
	Operating Income	16.9	27.9	11.0	31.3	40.7	9.4	0.7
	% to Net Sales	9.6%	14.8%		5.0%	6.7%		
Social Infrastructure	Net Sales	122.2	114.3	- 6.4%	316.6	318.8	0.7%	3.8
	Operating Income	18.4	10.1	-8.3	21.7	14.6	-7.1	1.6
	% to Net Sales	15.1%	8.8%		6.9%	4.6%		
Personal Solutions	Net Sales	198.7	181.5	- 8.7%	737.7	766.5	3.9%	-13.5
	Operating Income/Loss	7.2	-3.2	-10.4	18.9	-1.9	-20.8	-1.9
	% to Net Sales	3.6%	-		2.6%	-		
Others	Net Sales	185.2	62.3	- 66.3%	661.4	244.7	- 63.0%	-15.3
	Operating Income/Loss	0.4	2.9	2.6	-44.9	7.3	52.2	1.3
	% to Net Sales	0.2%	4.7%		-	3.0%		
Eliminations/ Unclassifiable expenses	Operating Income/Loss	0.9	-4.5	-5.4	-27.5	-33.2	-5.6	3.8
Total	Net Sales	1,104.1	925.5	- 16.2%	3,583.1	3,115.4	- 13.1%	-84.6
	Operating Income	96.1	70.2	-25.9	50.9	57.8	6.9	-2.2
	% to Net Sales	8.7%	7.6%		1.4%	1.9%		

# Sales Proportion By Segment



# IT Services Business



# IT Services Business

**Sales** (YoY)  
**804.2** (Billions of Yen)  
**(-7.2%)**

▽ SI Services :

Decrease due to delay in the recovery of IT investments in Japan and decrease in large-scale overseas projects, despite making efforts to propose solutions to expand customers' sales and solve business challenges

▷ Outsourcing/ Support Services :

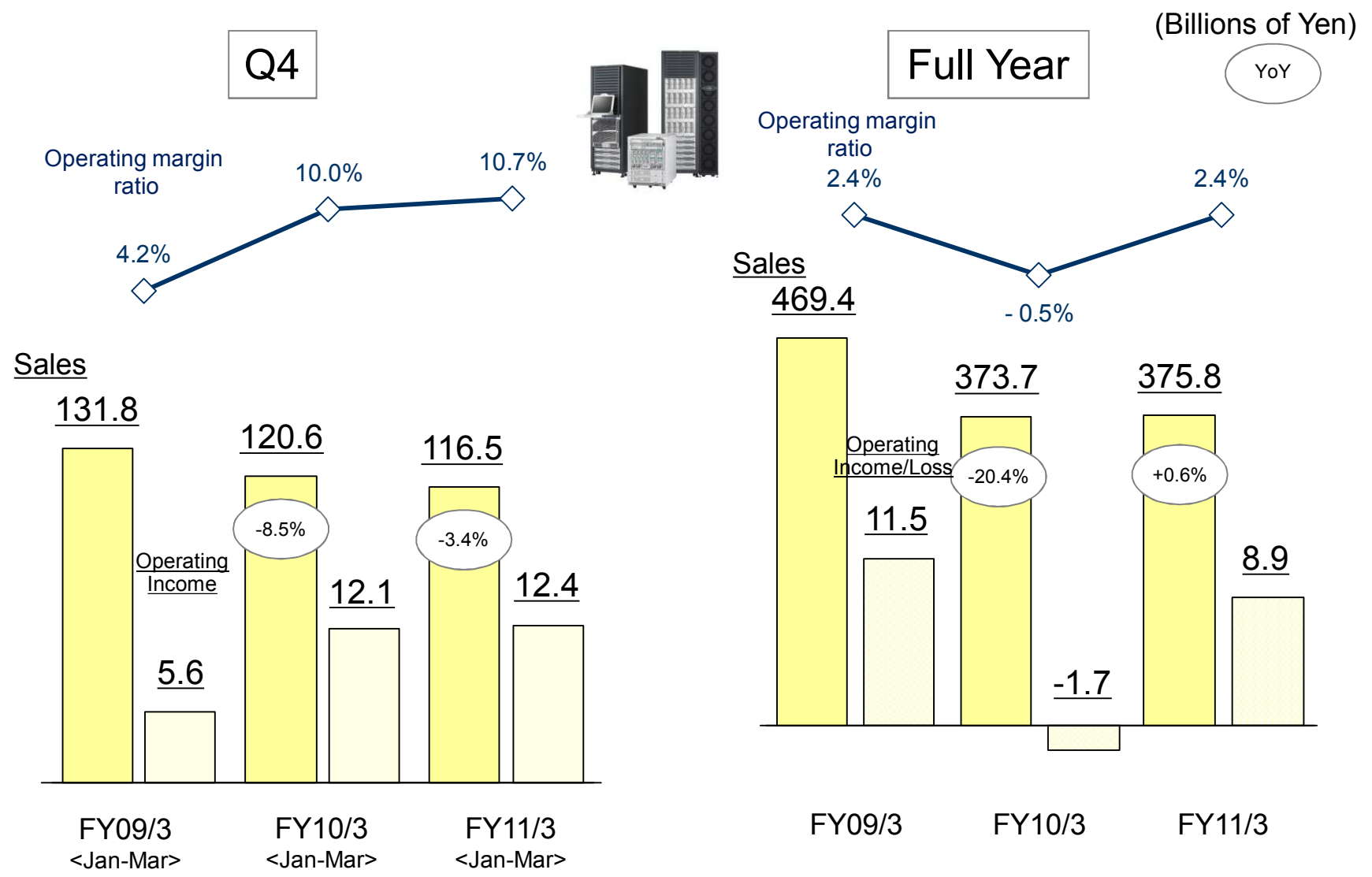
Stable sales by expanding SaaS menu and the cloud services business

**Operating Income** **21.4** **(-31.8)**

▽ Decline due to sales decrease, an increase in investment for expanding service/global businesses and loss-making projects



# Platform Business



# Platform Business

**Sales** 375.8 <sup>(YoY)</sup> (+0.6%) (Billions of Yen)

△ Software :

Increase in system integration through virtualization, and cloud computing platform for enterprise, government and datacenter

▽ Hardware :

Decline due to downward trend in system renewal cycles, despite an increase in UNIX servers and IA servers

▷ Enterprise Network :

Remain flat from the previous year by focusing on areas where customers invest aggressively (e.g. cost savings solutions) and accomplishment of large scale projects, despite exchange rate fluctuations

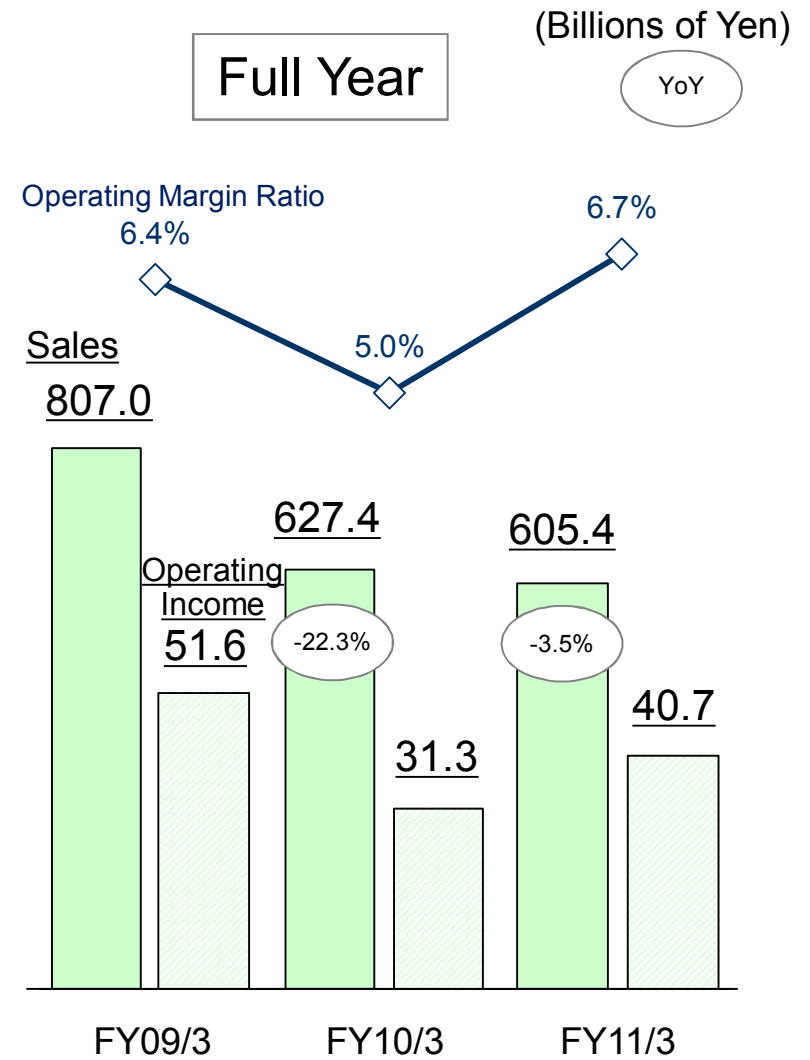
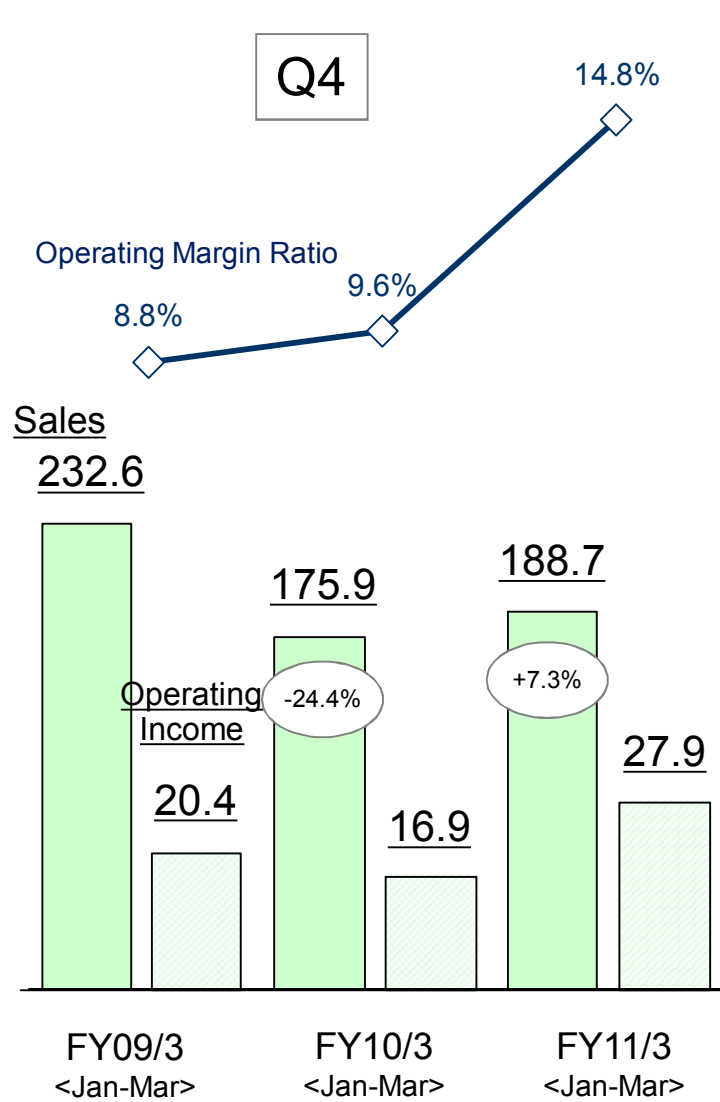
**Operating Income** 8.9 (+10.6)

△ Turn a profit due to continual cost reduction efforts and improvement of development efficiency





# Carrier Network Business



# Carrier Network Business

**Sales** (Billions of Yen)  
605.4 <sup>(YoY)</sup> (-3.5%)

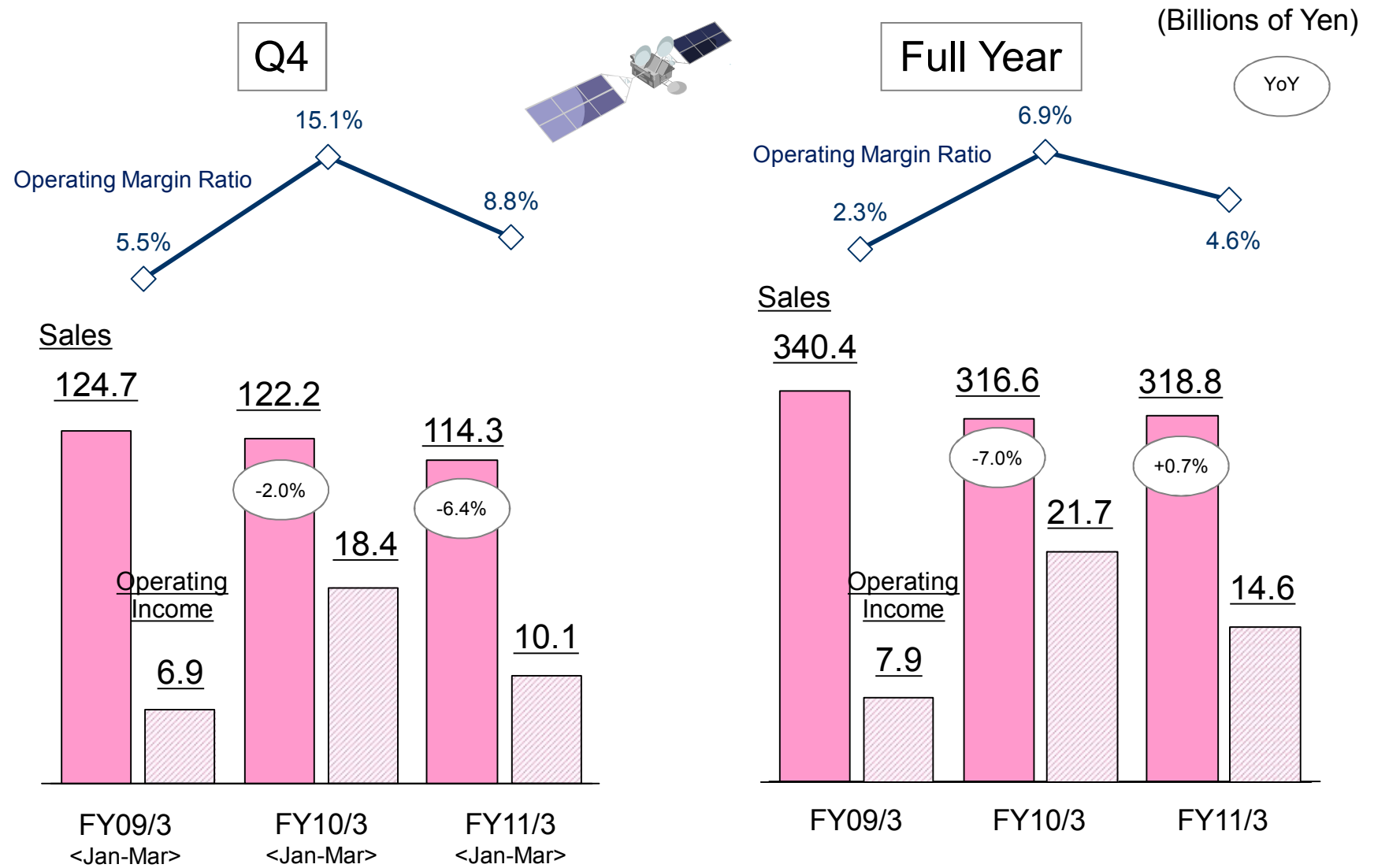
- △ Increase in sales in Japan, due to CATV projects with supplementary budgets and sales expansion in wireless broadband access businesses for LTE and Femtocell
- ▽ Delay of some submarine cable system projects in hand to next term
- ▽ Decrease in sales due to exchange rate fluctuations and slower recovery in markets, despite introduction of new full-IP PASOLINK products

**Operating Income** 40.7 (+9.4)

- △ Sales and profits turned upward in 2H, leading to increase in overall sales and profits for the full year



# Social Infrastructure Business



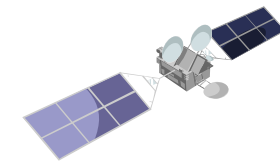
# Social Infrastructure Business

**Sales** 318.8 <sup>(YoY)</sup> (+0.7%) (Billions of Yen)

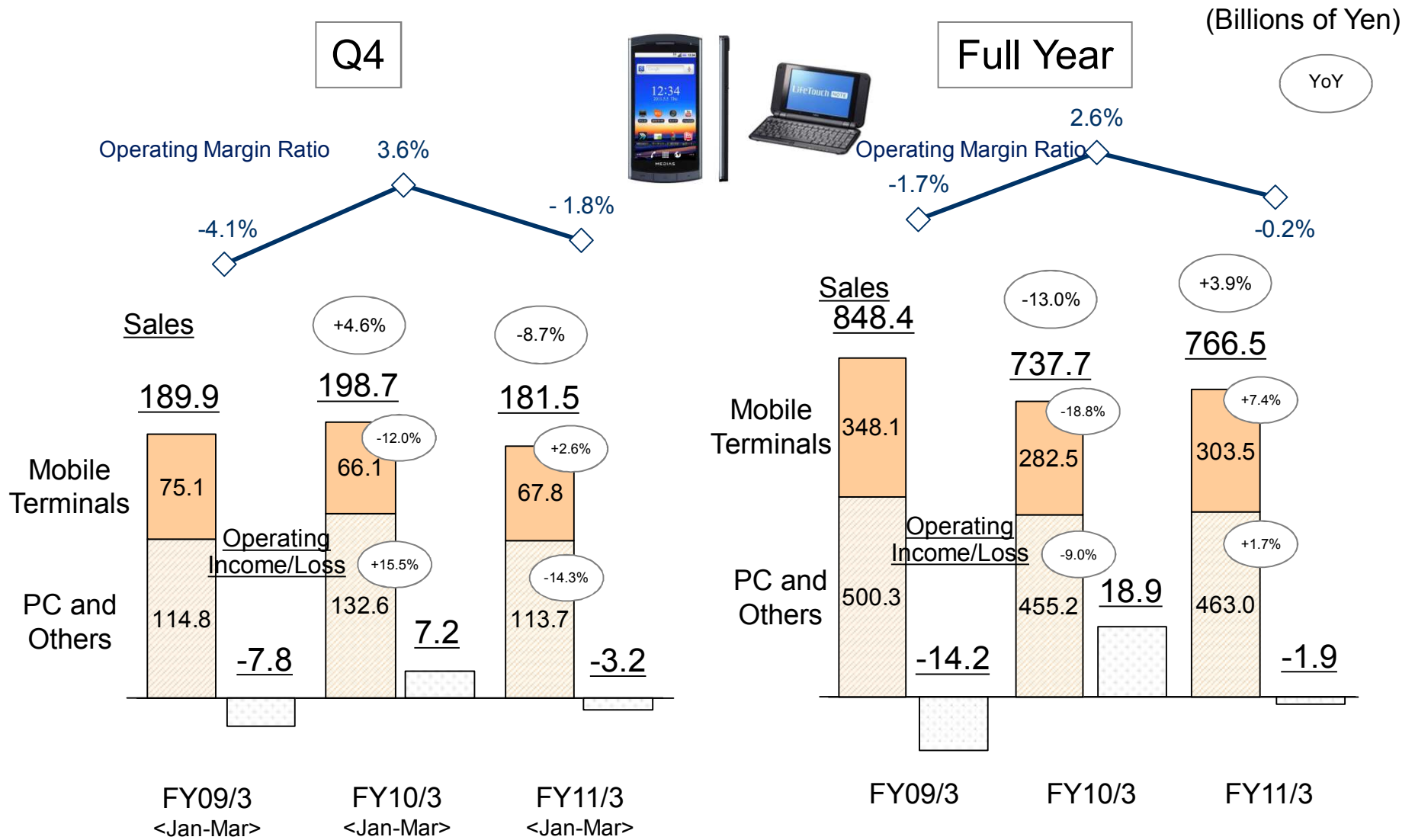
- △ Remain flat from the previous year due to an increase in social systems such as transportation and fire prevention offset by a decrease in aerospace and defense systems

**Operating Income** 14.6 (-7.1)

- ▽ Decrease from the previous year, where there were high profit projects, and an increase in initial costs for strengthening framework despite enhancing cost reduction activities such as project management



# Personal Solutions Business



# Personal Solutions Business

**Sales** 766.5 <sup>(YoY)</sup> (+3.9%) (Billions of Yen)

△ Mobile Terminals :

Increase due to synergy effects from business integration, despite sluggish sales of feature phones

△ PC and Others :

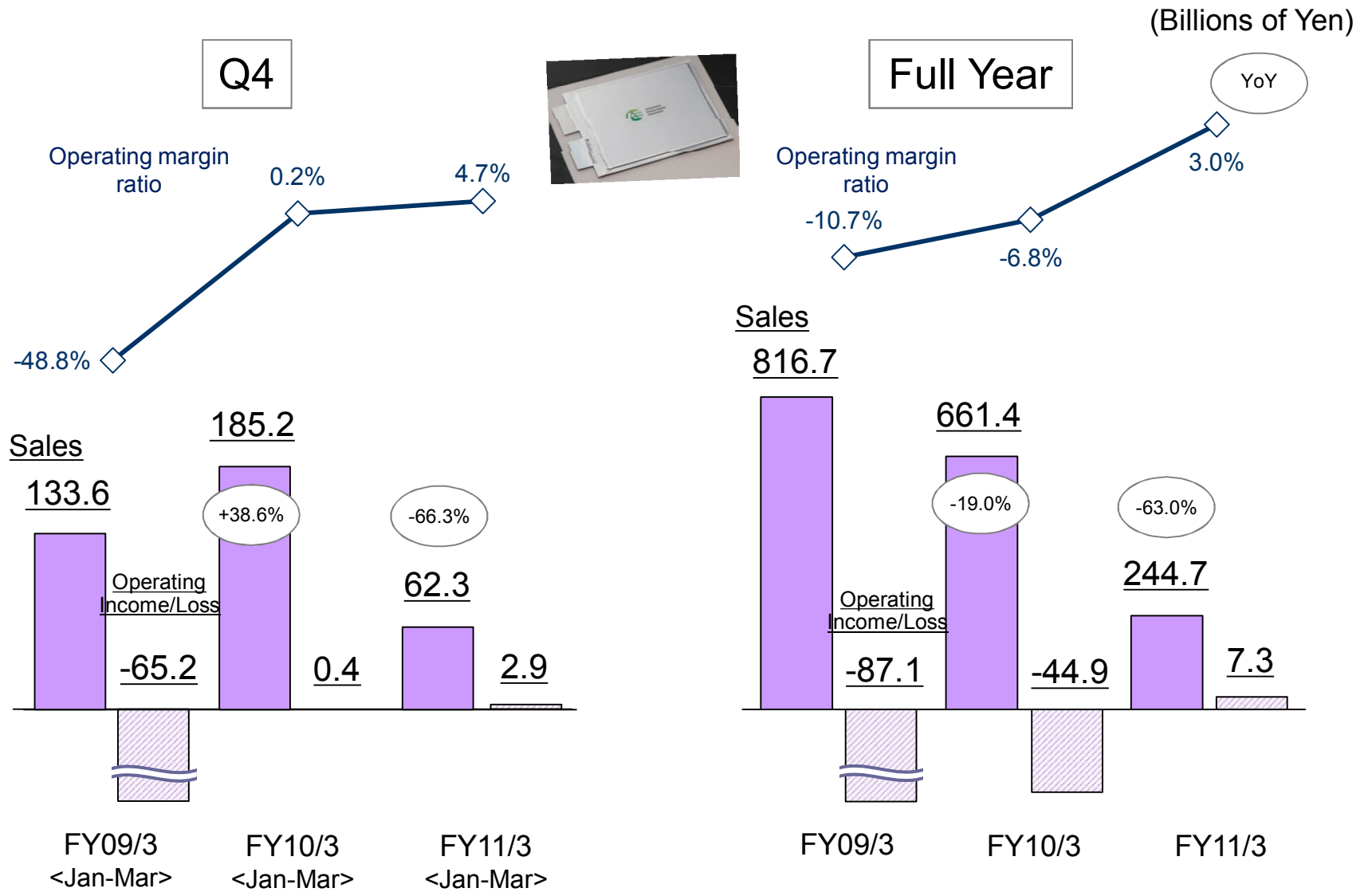
Increase from overseas business, such as public displays and digital cinema projectors, despite lower sales from price declines in PCs

**Operating Loss** -1.9 (-20.8)

▽ Decrease due to higher development costs for smartphones and new devices, in addition to sluggish sales of feature phones



# Others



# Others

(Billions of Yen)

**Sales** 244.7 <sup>(YoY)</sup> (-63.0%)

- ▽ Decrease due to deconsolidation of  
NEC Electronics (current Renesas Electronics)

**Operating Income** 7.3 (+52.2)

- △ Improve due to deconsolidation of NEC Electronics  
(current Renesas Electronics) which recorded operating loss  
in the previous year



## &lt;Ref.&gt; Financial Positions

(Billions of Yen)

	End of Mar 2010	End of Mar 2011	Difference from Mar 2010
Total Assets	2,937.6	2,628.9	-308.7
Net Assets	931.9	875.4	-56.5
Interest-bearing debt	729.5	675.8	-53.8
Shareholder's Equity	790.9	757.1	-33.9
Equity ratio(%)	26.9%	28.8%	1.9pt
D/E ratio	0.92	0.89	0.03pt
Net D/E ratio	0.50	0.62	- 0.12pt
Balance of cash and cash equivalents	330.5	203.9	-126.7

# <Ref.> Capital Expenditures and Others

(Billions of Yen)

	FY10/3 Actual	FY11/3 Actual	YoY	Difference from Feb 25	FY12/3 Forecast	YoY
Capial Expenditure	83.1	52.9	- 36.4%	-22.2	80.0	51.4%
Depreciation	111.2	62.1	- 44.2%	-12.9	65.0	4.7%
R&D expenses	276.0	176.5	- 36.0%	-23.5	185.0	4.8%

(Billions of Yen)

	FY10/3 Q4 Actual	FY11/3 Q4 Actual	YoY
R&D expenses	68.5	39.8	-41.9%

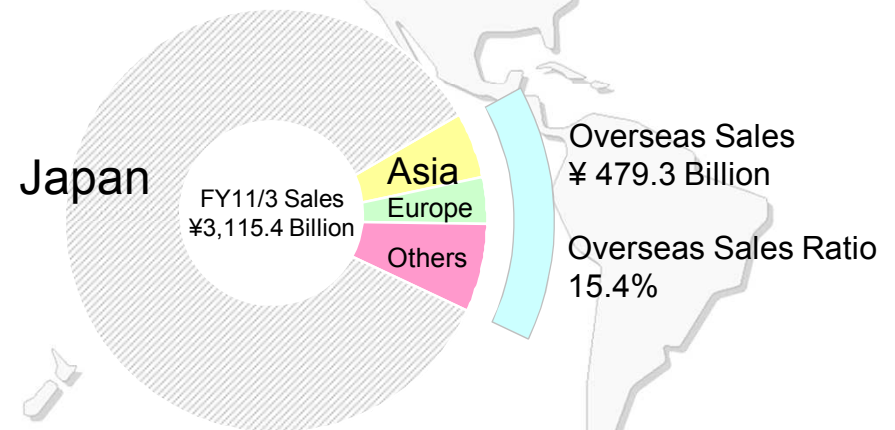


\*Forecasts as of May 10, 2011

# <Ref.> Overseas sales

(Billions of Yen)

		Q4(January to March)			Full Year			Major countries and regions
		FY10/3 Actual	FY11/3 Actual	YoY	FY10/3 Actual	FY11/3 Actual	YoY	
Asia	Net Sales	84.3	38.9	- 53.8%	321.8	158.5	- 50.8%	China,Chinese Taipei,India, Singapore and Indonesia
	To consolidated total sales( %)	7.6%	4.2%		9.0%	5.1%		
Europe	Net Sales	41.7	29.7	- 28.8%	164.7	109.8	- 33.3%	UK,France,Netherlands, Germany,Italy and Spain
	To consolidated total sales( %)	3.8%	3.2%		4.6%	3.5%		
Others	Net Sales	60.9	50.2	- 17.5%	226.4	211.1	- 6.8%	U.S.A
	To consolidated total sales( %)	5.5%	5.4%		6.3%	6.8%		
Total	Net Sales	186.8	118.8	- 36.4%	712.9	479.3	- 32.8%	
	To consolidated total sales( %)	16.9%	12.8%		19.9%	15.4%		



\* Sales, based on customer locations, are classified by country or region

# Financial Forecasts for FY12/3 (Appendix)

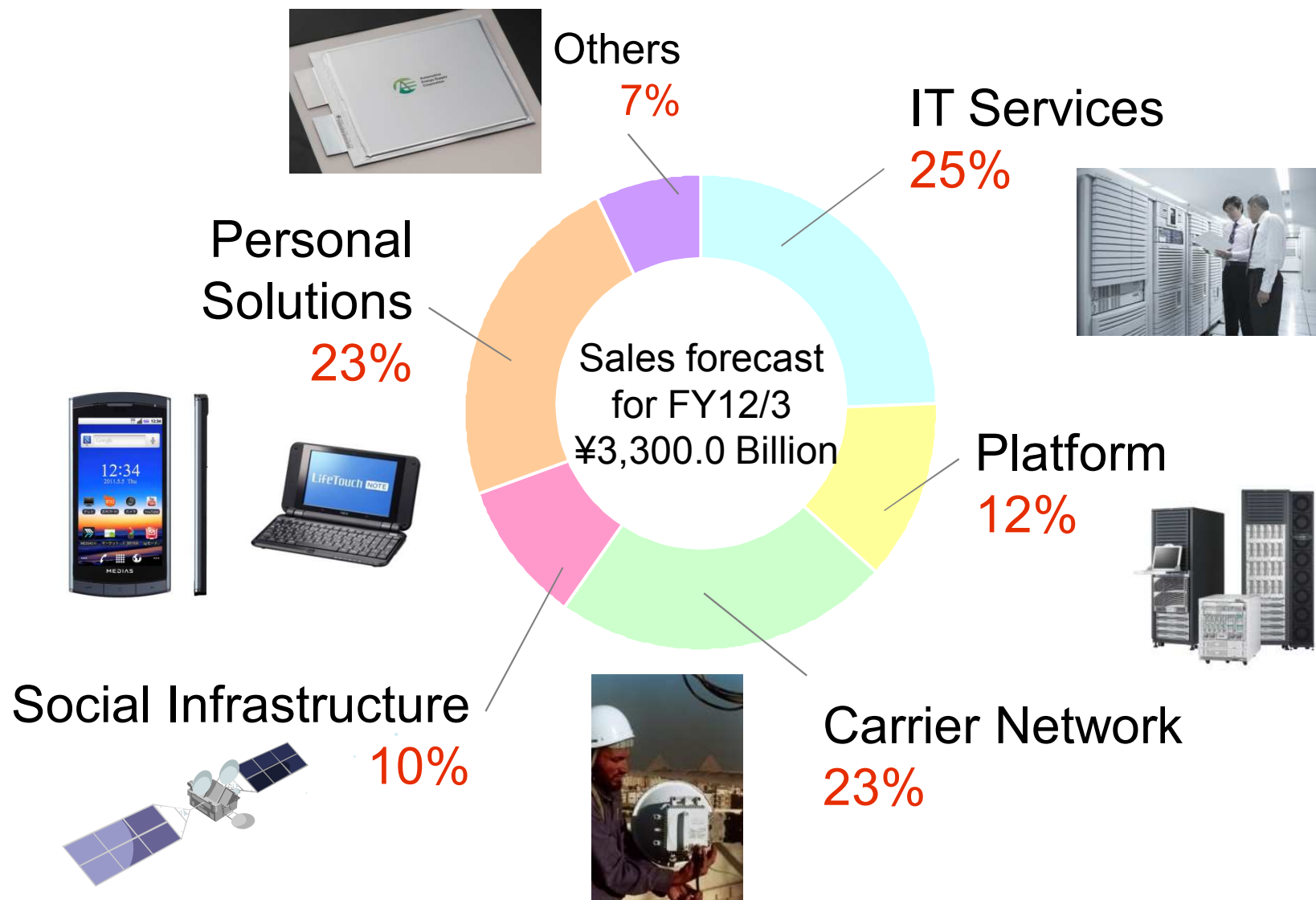
# Summary of Financial Forecasts for FY12/3 by Segment

(Billions of Yen)

		Full Year		
		FY11/3 Actual	FY12/3 Forecast(*)	YoY
IT Services	Net Sales	804.2	810.0	0.7%
	Operating Income	21.4	33.0	11.6
	% to Net Sales	2.7%	4.1%	
Platform	Net Sales	375.8	400.0	6.4%
	Operating Income	8.9	14.0	5.1
	% to Net Sales	2.4%	3.5%	
Carrier Network	Net Sales	605.4	760.0	25.5%
	Operating Income	40.7	57.0	16.3
	% to Net Sales	6.7%	7.5%	
Social Infrastructure	Net Sales	318.8	325.0	1.9%
	Operating Income	14.6	15.0	0.4
	% to Net Sales	4.6%	4.6%	
Personal Solutions	Net Sales	766.5	765.0	- 0.2%
	Operating Income/Loss	-1.9	15.0	16.9
	% to Net Sales	-	2.0%	
Others	Net Sales	244.7	240.0	- 1.9%
	Operating Income	7.3	6.0	-1.3
	% to Net Sales	3.0%	2.5%	
Eliminations/ Unclassifiable expenses	Operating Loss	-33.2	-50.0	-16.8
Total	Net Sales	3,115.4	3,300.0	5.9%
	Operating Income	57.8	90.0	32.2
	% to Net Sales	1.9%	2.7%	

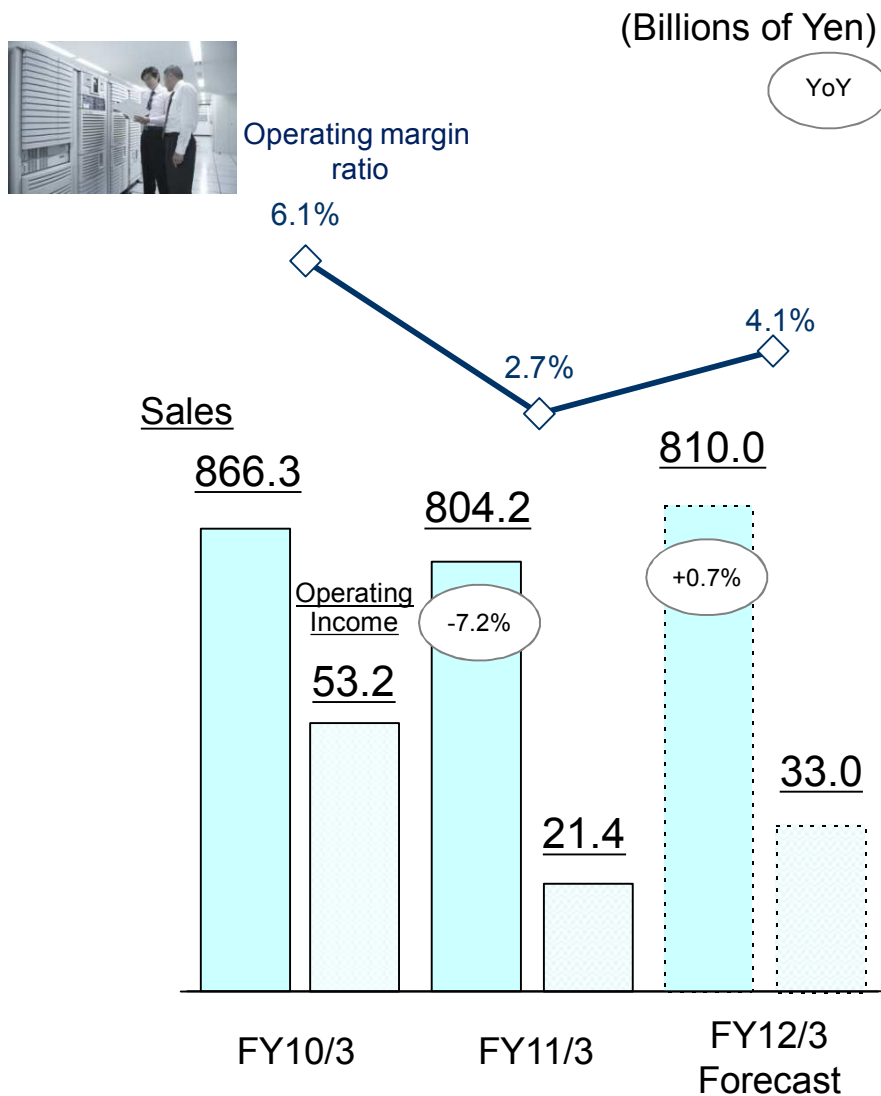
\*Forecasts as of May 10, 2011

# Sales Proportion Forecast By Segment



\*Forecasts as of May 10, 2011

# IT Services Business



**Sales** 810.0 (+0.7%)

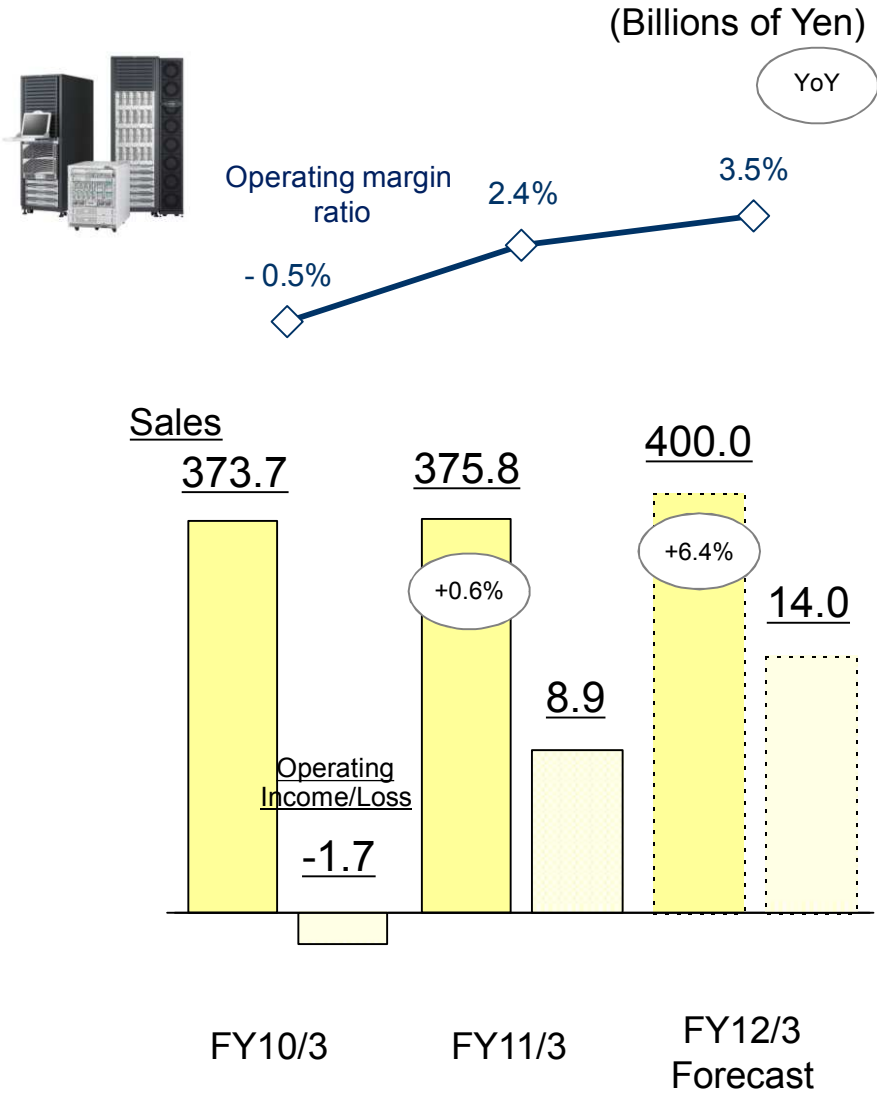
- ▽ Outlook for IT investments in Japan is unclear
- △ Aim to increase with disaster recovery solutions and global business, in addition to proposals to expand customers' sales and raise business efficiency

**Operating Income** 33.0 (+11.6)

- △ Aim to increase profit by controlling loss-making projects, and enhancing SI innovation and service delivery

\*Forecasts as of May 10, 2011

# Platform Business



## Sales 400.0 (+6.4%)

- △ Software :  
Expect to increase sales in server integration, virtualization and cloud computing platform by focusing on continual demands on datacenter
- △ Hardware :  
Aim to increase sales by focusing on the products which meet the needs for datacenters and energy saving
- △ Enterprise Network :  
Aim to increase sales by deploying office solutions worldwide, which contribute to energy saving and innovative work styles for customers

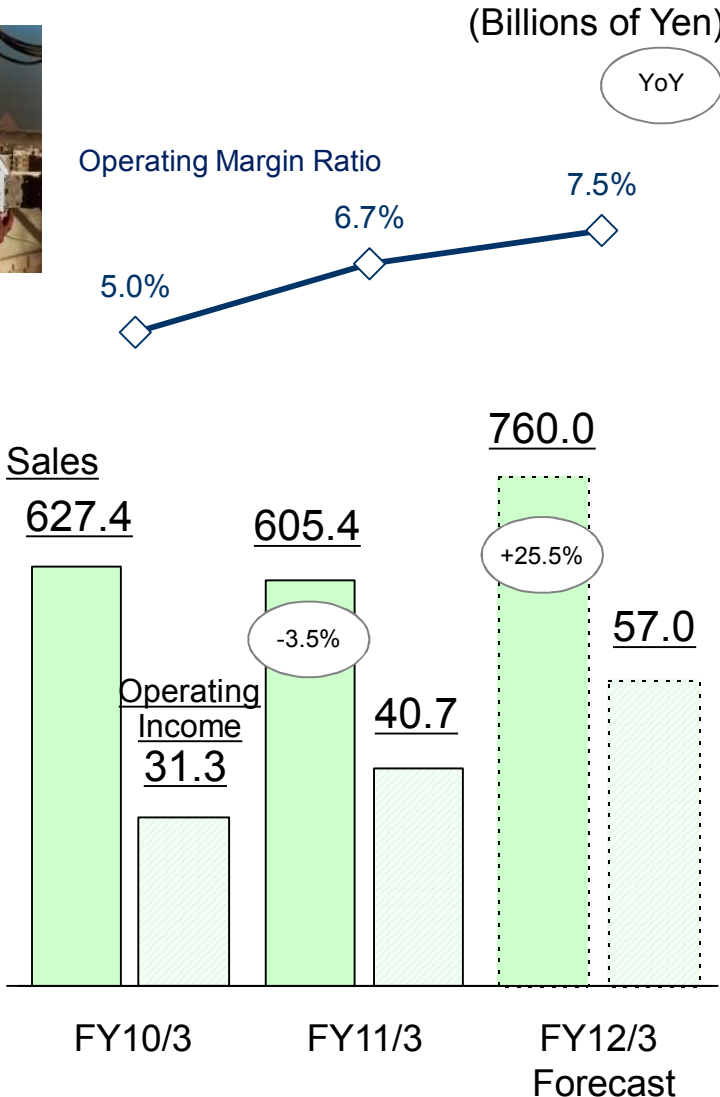
## Operating Income 14.0 (+5.1)

- △ Expect to improve through sales increase and continual cost reductions

\*Forecasts as of May 10, 2011



# Carrier Network Business



## Sales 760.0 (+25.5%)

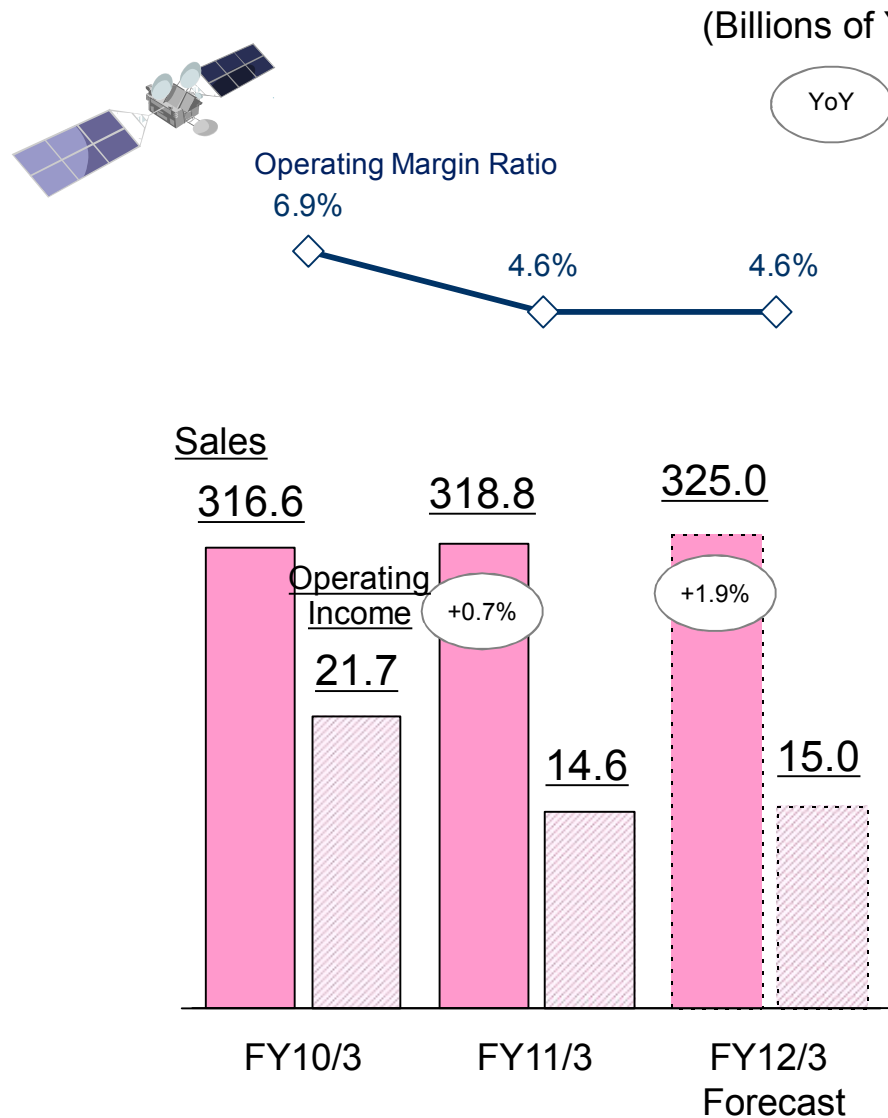
- △ Focus on wireless broadband access, network software, and new businesses in energy related areas in Japan
- △ Aim to increase by submarine cable systems through solid execution of large scale projects in hand
- △ Aim to expand sales in India, Latin America, Middle East, Russia with new full-IP PASOLINK products

## Operating Income 57.0 (+16.3)

- △ Anticipate higher profits from an increase in sales in Japan, and sales recovery of submarine cable systems and PASOLINK

\*Forecasts as of May 10, 2011

# Social Infrastructure Business



**Sales 325.0 (+1.9%)**

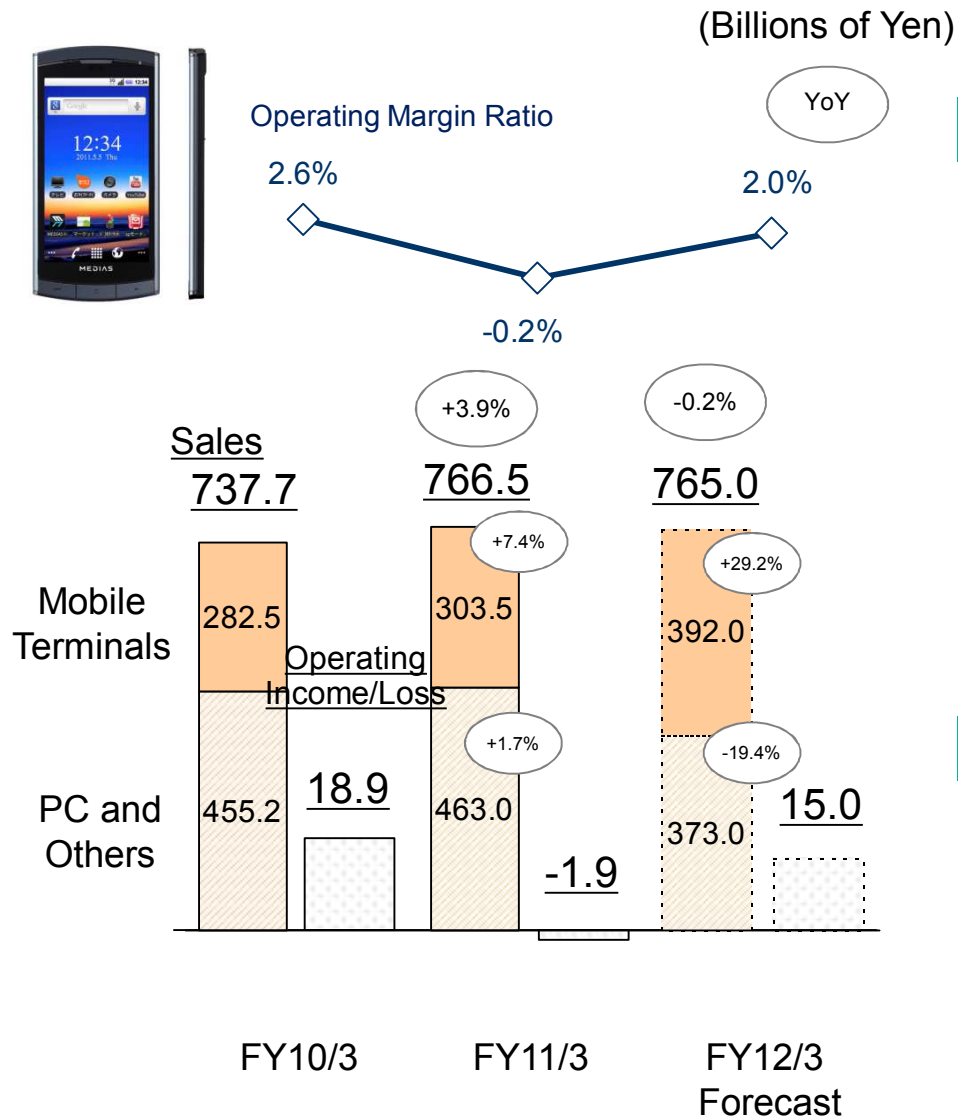
△ Expect to increase due to an increase in social systems such as broadcast, fire and disaster preventions, despite a decrease in aerospace and defense systems

**Operating Income 15.0 (+0.4)**

△ Expect higher profits due to sales increase and cost reductions

\*Forecasts as of May 10, 2011

# Personal Solutions Business



**Sales** 765.0 (-0.2%)

△ Mobile Terminals :

Expect to increase by launching full-scale smartphone business in Japan and overseas

▽ PC and Others :

Expect decrease due to the deconsolidation of consumer PCs

**Operating Income** 15.0 (+16.9)

△ Expect higher profits due to sales increase in mobile terminals from shift to smartphones, and improvements in cost performance from slashing fixed costs, expenses and enhanced R&D efficiency.

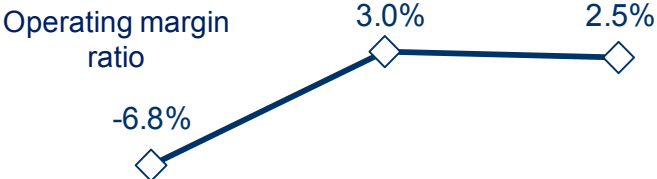
\*Forecasts as of May 10, 2011

# Others



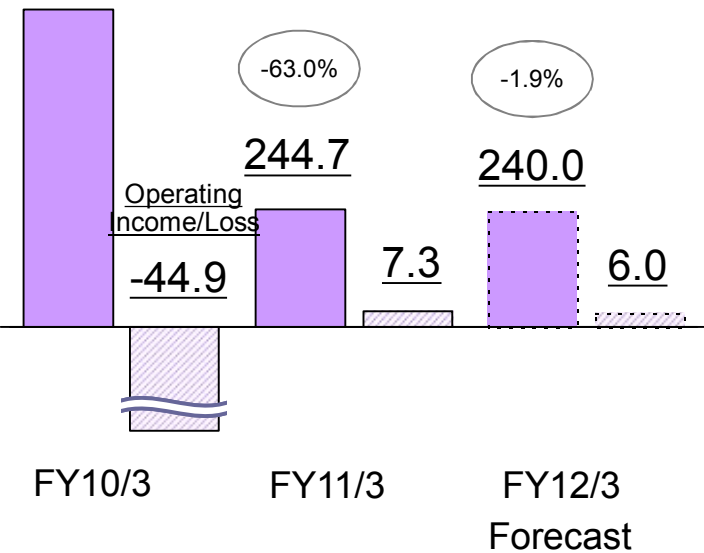
(Billions of Yen)

YoY



Sales

661.4



Sales 240.0 (-1.9%)

- ▽ Decrease from deconsolidation of NEC LCD Technologies
- △ Expand business of Lithium-ion rechargeable batteries for automotive application





Operating Income 6.0 (-1.3)

- ▽ Expect a slight decline due to a decrease in sales

\*Forecasts as of May 10, 2011

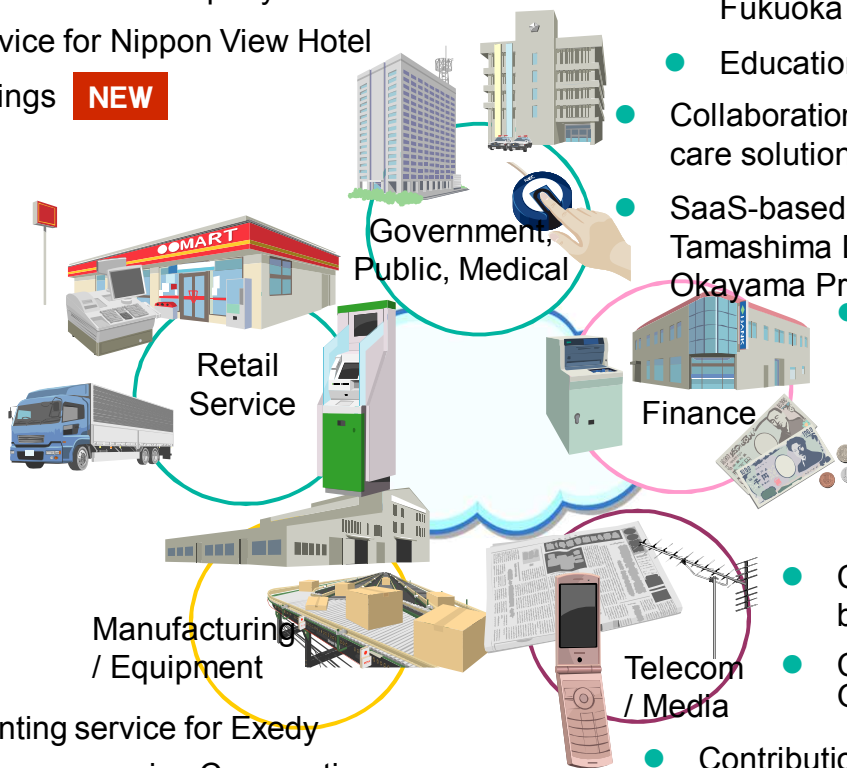
# Mid-term Growth Plan “V2012” Progress

# Progress in Focus Areas

Focus Areas	Main Accomplishments and Efforts in FY11/3
<p>Cloud</p>	<p><u>Japan</u></p> <ul style="list-style-type: none"> <li>● Core business operations in focus domains, new businesses with customers, rich service menu for mid to small businesses/organizations, establish and introduce preceding business track records</li> <li>● Provide total solution for LTE services</li> </ul>  <p><u>Global</u></p> <ul style="list-style-type: none"> <li>● Reinforce operation framework for global business expansion</li> </ul>
<p>Global</p>	<ul style="list-style-type: none"> <li>● Establish new regional headquarters for Latin America</li> <li>● Set up competence centers in key business</li> </ul> 
<p>New Businesses</p>	<p><u>Batteries</u></p> <ul style="list-style-type: none"> <li>● Launch mass production of lithium-ion rechargeable batteries for automotives</li> <li>● Participation in various field trials for smartgrid</li> </ul>  <p><u>Devices</u></p> <ul style="list-style-type: none"> <li>● Launch smartphones and tablet devices</li> </ul> 

# Cloud Business Activities / Achievements

- Ticketless service for Shiki Theatre Company
- Integrated hotel cloud service for Nippon View Hotel
- CRM Cloud for Sugi Holdings **NEW**
- Financial accounting cloud service for 10 cities, Yamanashi Pref. **NEW**
- Core system on cloud service for 7 cities, Nara Pref. **NEW**
- Core system on cloud service for 3 cities Kasuya, Fukuoka Pref.
- Education cloud for Sennan-city, Osaka Pref.
- Collaboration with Sanyo on a regional medical care solution
- SaaS-based electric medical records system for Tamashima Daiichi Hospital in Kurashiki-city, Okayama Pref. **NEW**
- Collaboration with Sumitomo Life Insurance Company on cloud service
- Private cloud for Sumitomo Mitsui Banking **NEW**
- Collaboration with Telefonica on cloud business in Latin America
- Collaboration with South Korea's Shinsegae Group in digital signage
- Contributions to NTT DOCOMO's LTE-based mobile phone service, "Xi™" **NEW**
- Participation in KDDI's field trial of LTE **NEW**
- Collaboration with KDDI on mobile cloud service **NEW**
- Cloud oriented accounting service for Exedy
- Integrated Construction companies Cooperation on Core infrastructure services
- Cooperation with Sumitomo Forestry, SaaS for the housing industry

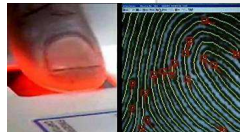


**NEW** (Added after Q2 of FY11/3 financial announcement)



# Global Business Activities / Achievements

- Mail Processing Systems for Norway Post
  - CFCR in Netherlands
  - Transmitter for digital broadcasting in Bulgaria
  - SaaS services for Telefonica
  - Visa information systems  
Fingerprint identification system for Ministry of Foreign Affairs of Greece
  - Collaboration with Neusoft for Cloud services
  - Medical solutions for Hospital in Chongqing
  - RFID Temperature Traceability System for Jointown Pharmaceutical Group
  - POS system for the Guangzhou Baiyun International Airport
  - IP Telephony system for InterContinental Hotels & Resorts Shanghai EXPO
  - IP based telephone and IPTV system solutions for Mandarin Oriental, Macau
  - Collaborate on LTE infrastructure business with WRI of China
  - Global information system for Shiseido
  - Collaboration with SAP on cloud service
  - Collaboration with SomaLogic in aptamer related business
  - Collaboration with Intel and Microsoft in digital signage
  - Cloud Computing Based Education System for Argentina 's San Juan Province Ministry of Education
  - Medical equipments location management of system for Albert Einstein Hospital
- NEW** (Added after Q2 of FY11/3 financial announcement)

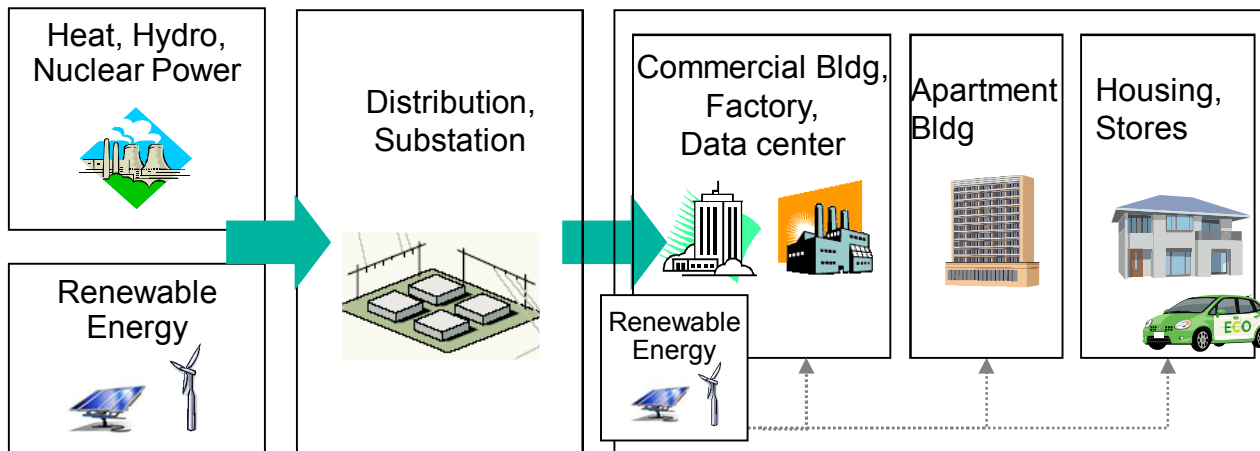


CFCR: Culler Facer Cancelling and Revenue protection system



# New Business Activities (Battery, Smart Grid)

**NEW** (Added after Q2 of FY11/3 financial announcement)



## Activities in ICT

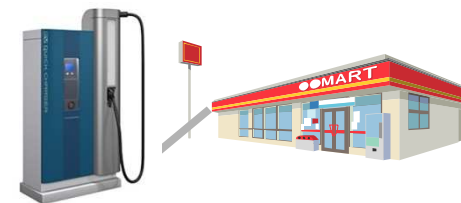
- Start field trial of transfer blocking system for distributed power with Chugoku Electric Power
- Form a business partnership with SEKISUI CHEMICAL CO.,LTD in the field of Smart House **NEW**
- Promote Membership-based Charging Service for EV **NEW**
- Start EV car sharing field trial with driving information **NEW**

## Activities in Power Storage

- Works with Electric Power Research Institute (EPRI) to test large-scale electricity storage system using NEC's Lithium-ion rechargeable battery
- Agreed to Co-operate with Enel Distribuzione on Next-Generation Smart Grid and Smart Cities **NEW**
- Joint development of a Building Energy Management Systems using lithium-ion rechargeable batteries with Meidensha

## Activities in EV

### <EV Infrastructure> Commercial Facilities (convenience stores, gas stations, etc)



### Rapid chargers

- Rapid charge trials in the United States (Oregon)
- Rapid charge trials with ENEOS and others

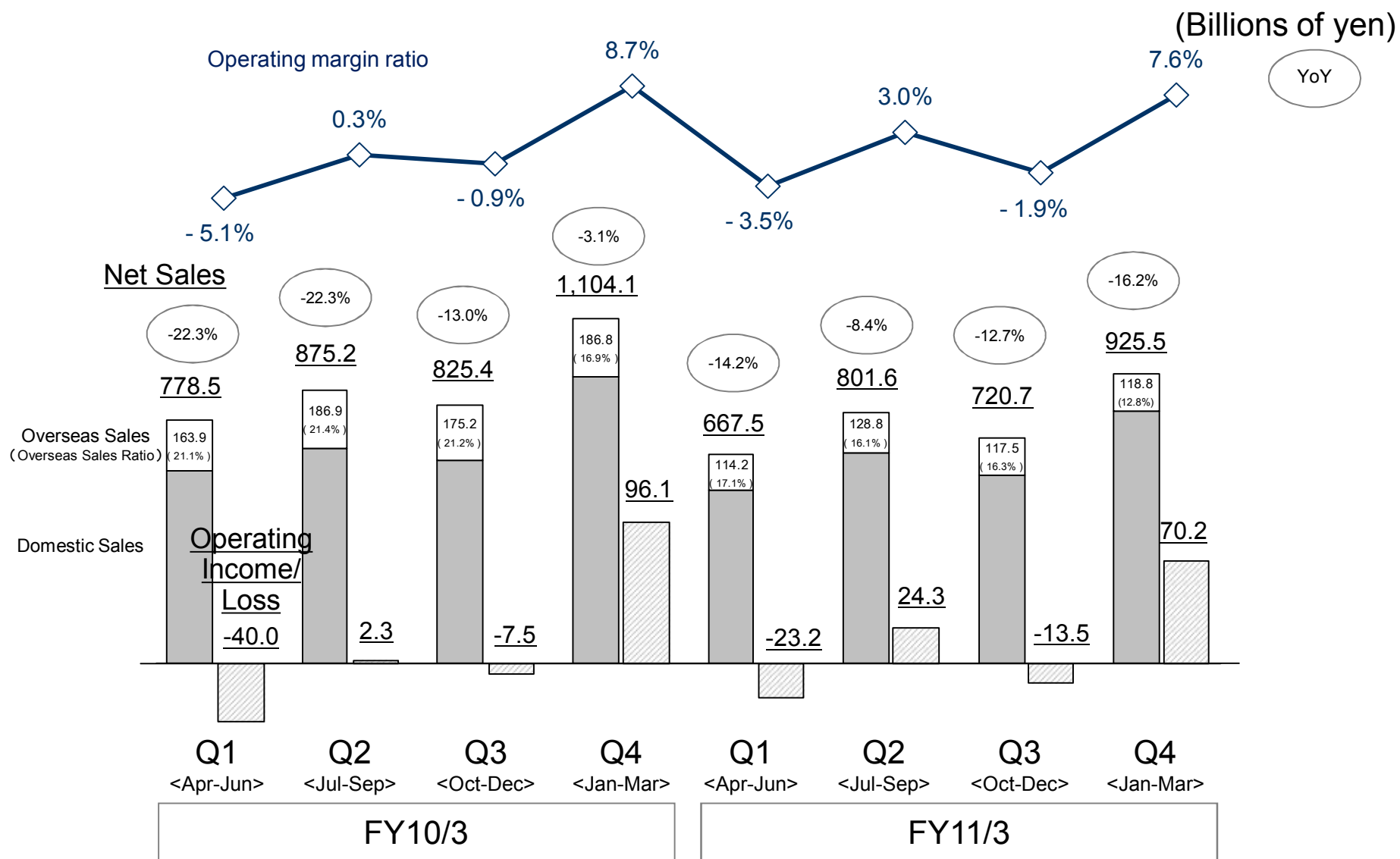


### Electric vehicles

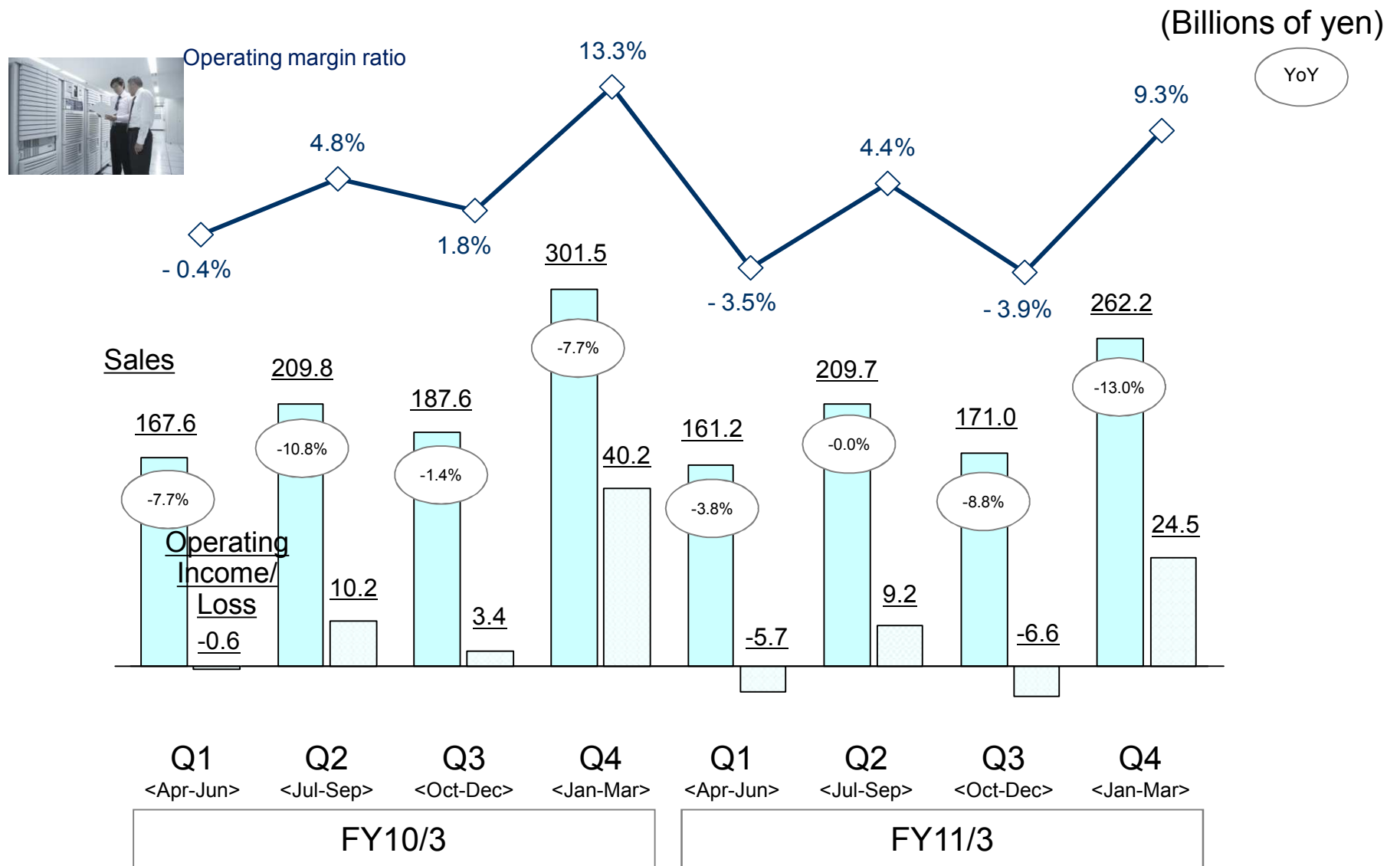
- Electrodes for automotive lithium-ion rechargeable batteries are in mass production

Reference (Financial data)

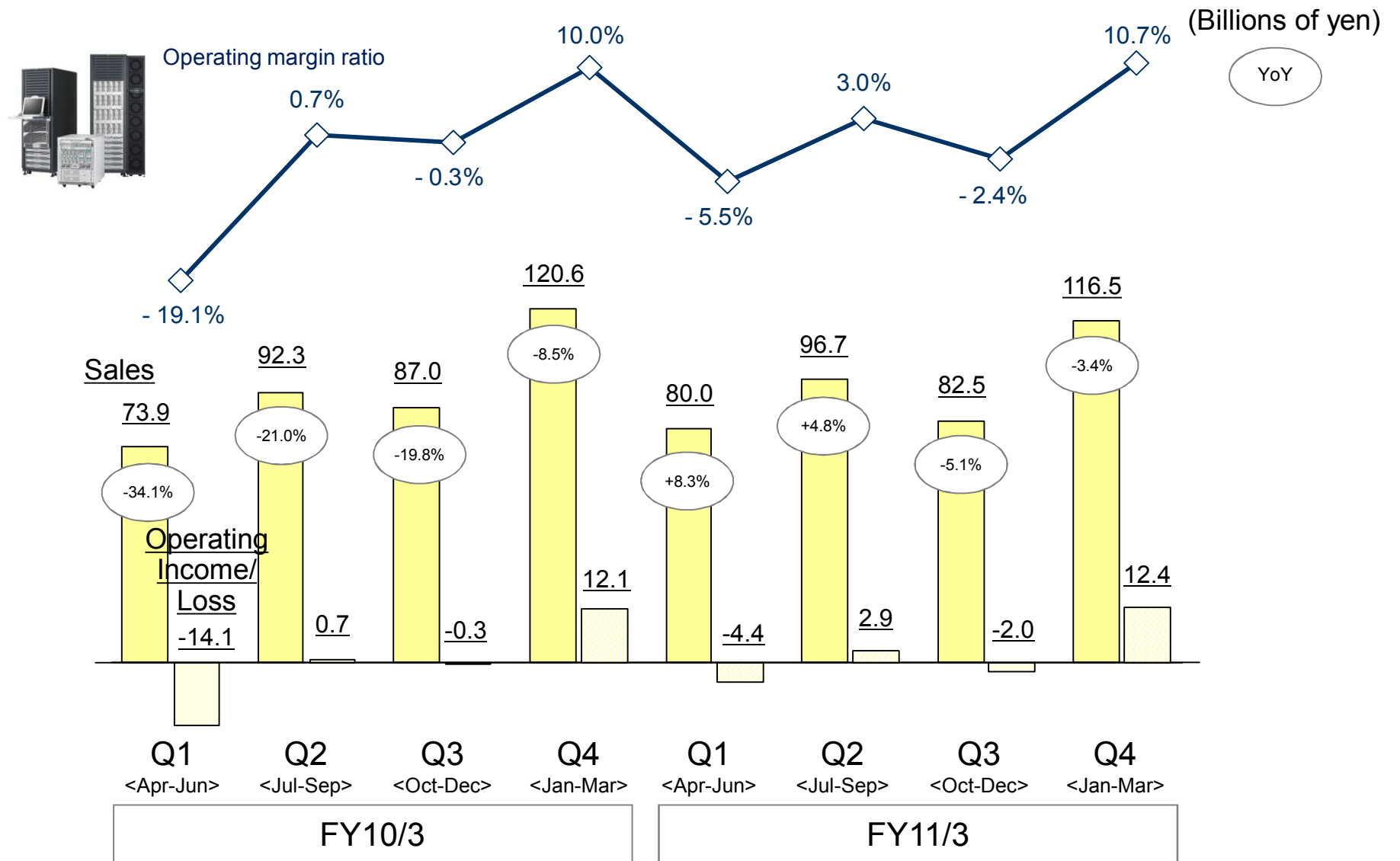
# Net Sales, Operating Income/Loss



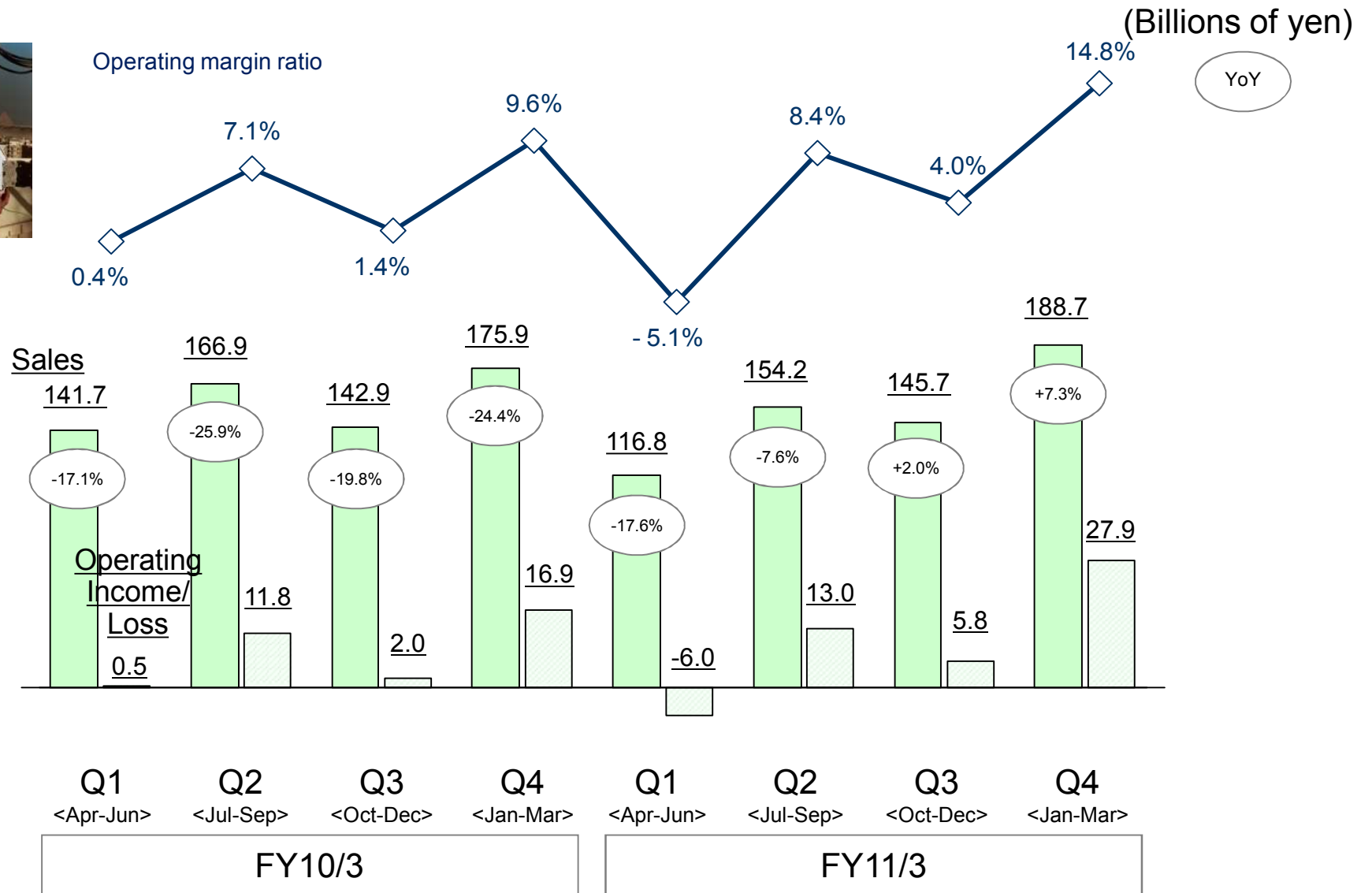
# Sales, Operating Income/Loss (IT Services)



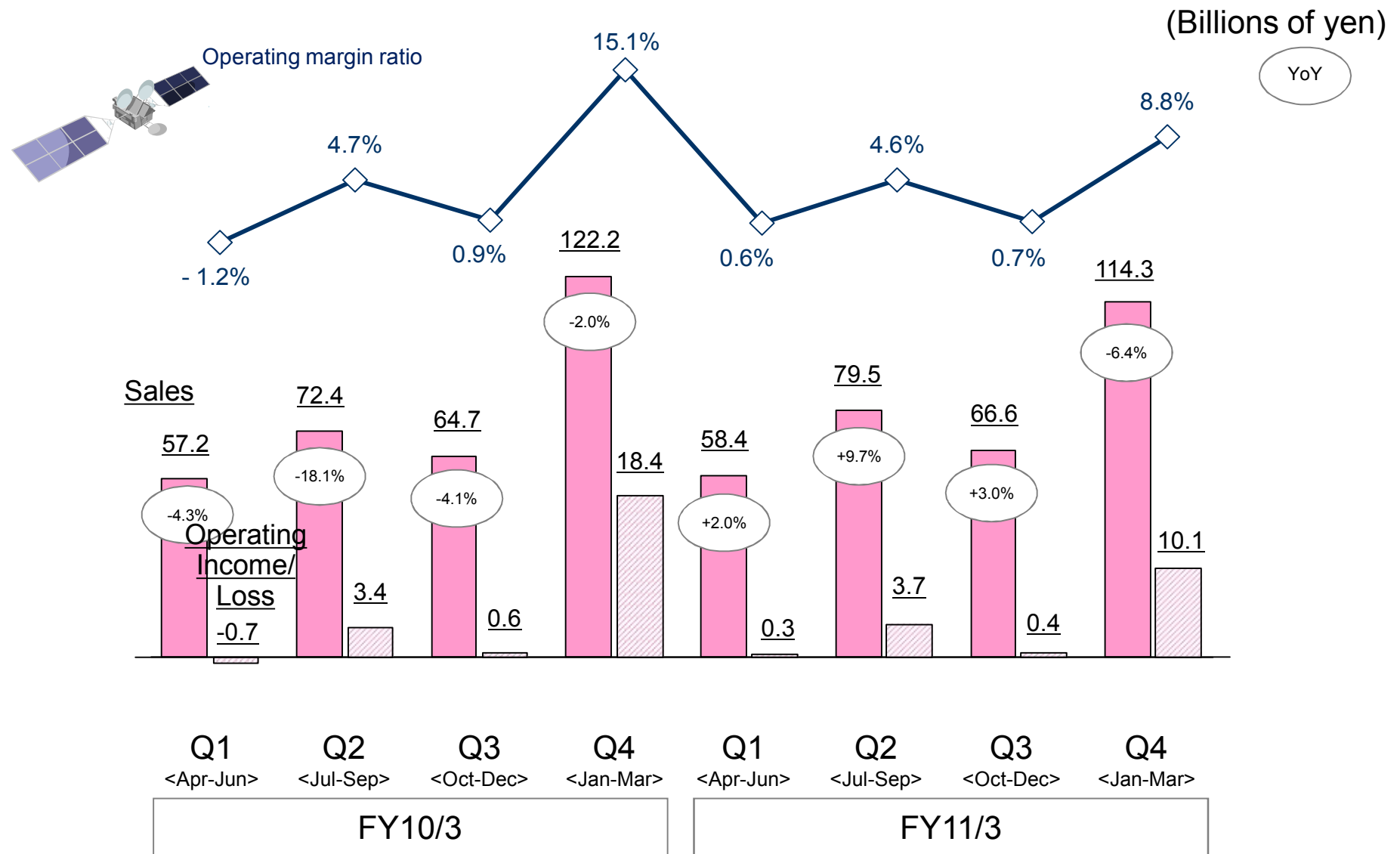
# Sales, Operating Income/Loss (Platform)



# Sales, Operating Income/Loss (Carrier Network)

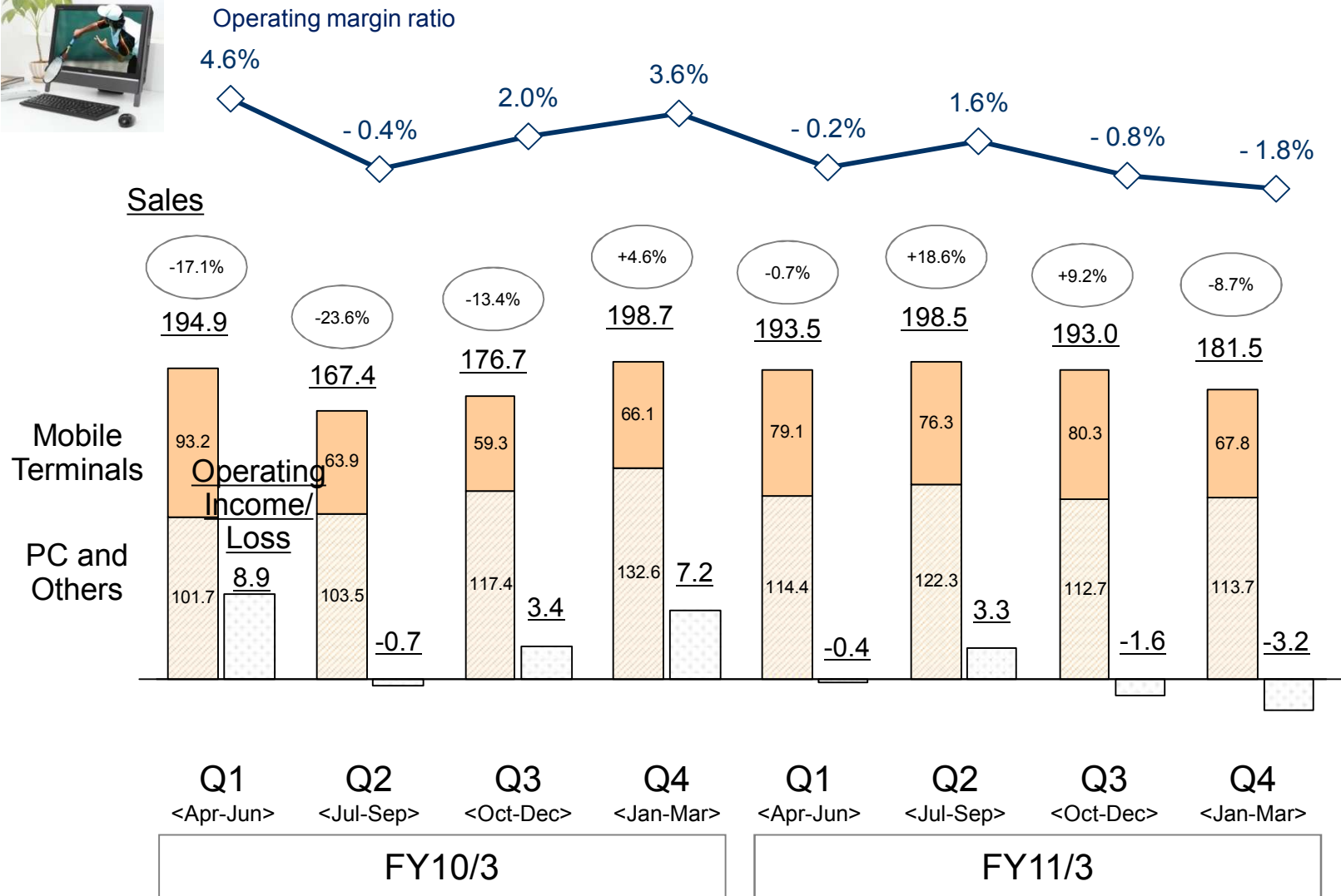


# Sales, Operating Income/Loss (Social Infrastructure)



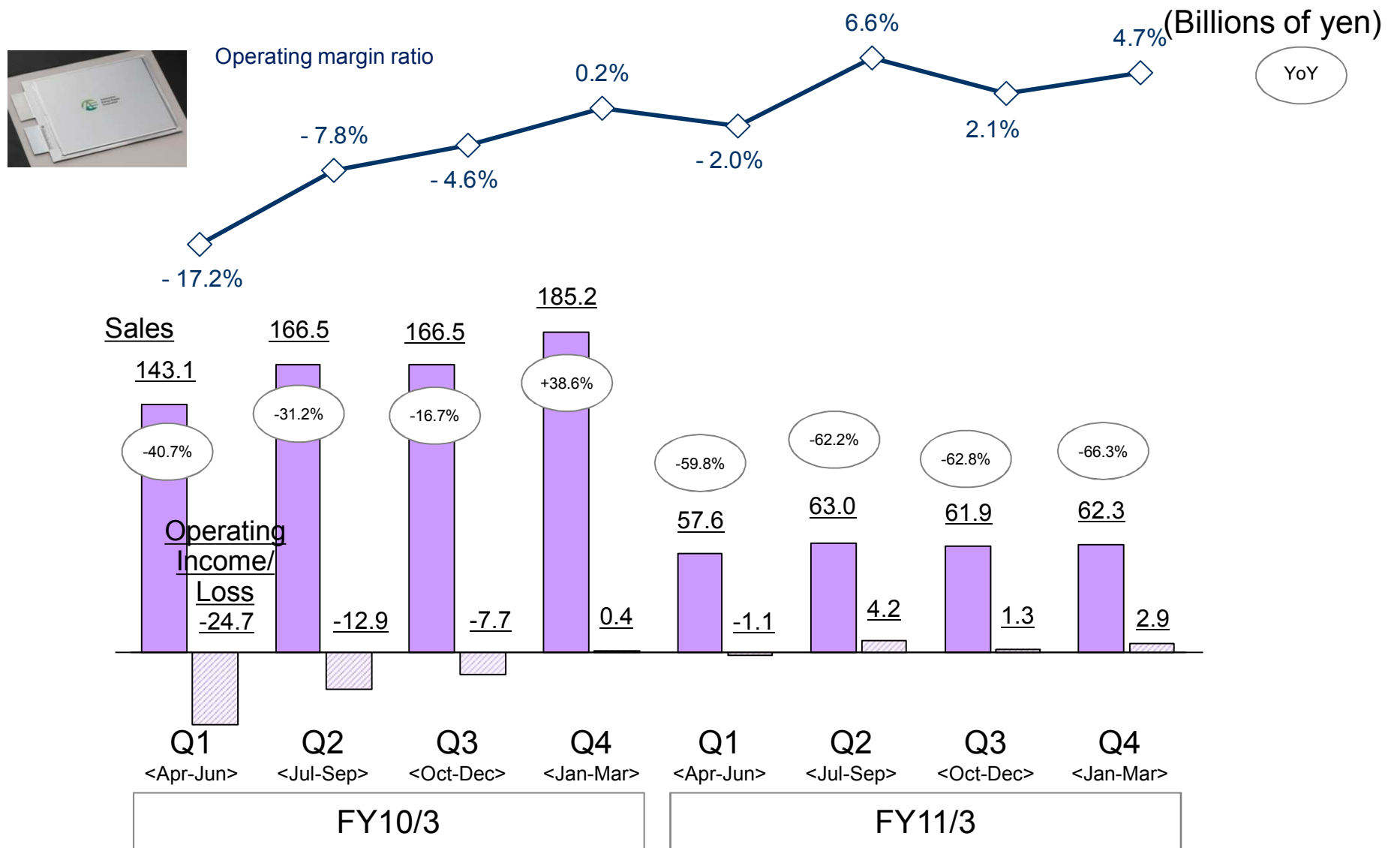
# Sales, Operating Income/Loss (Personal Solutions)

(Billions of yen)

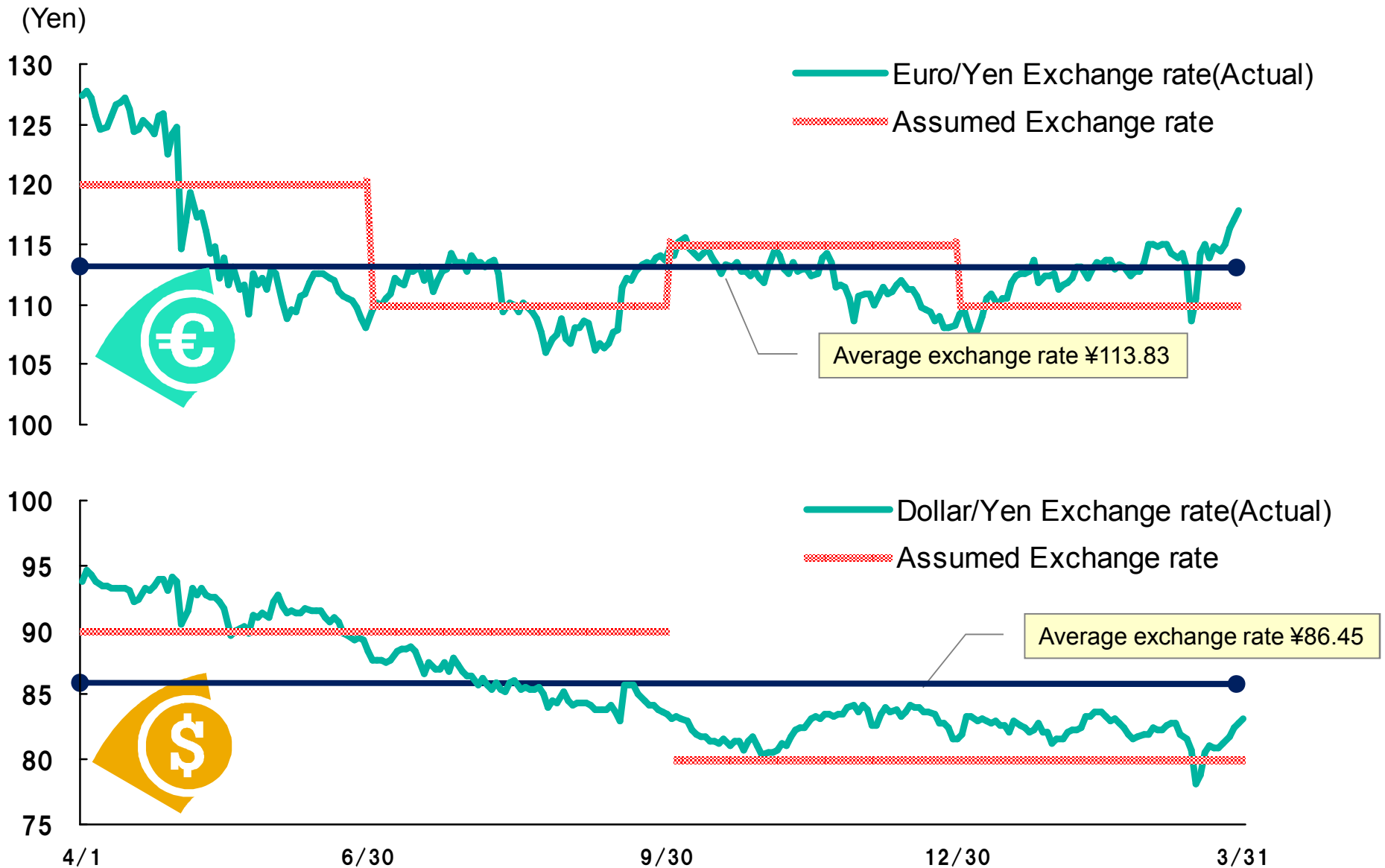




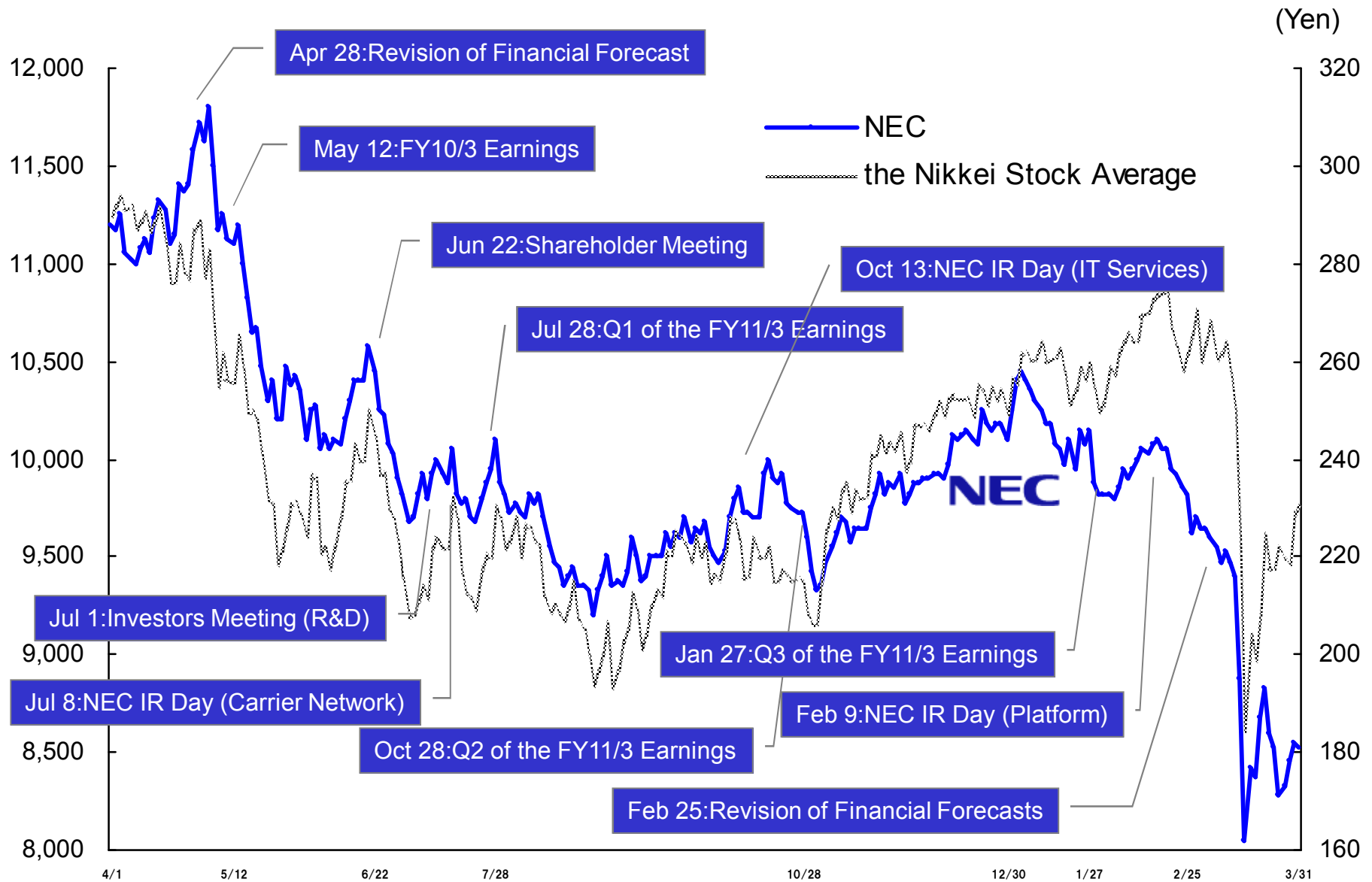
# Sales, Operating Income/Loss (Others)



# Exchange Rate



# Stock Price



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