

# Financial Results for Fiscal Year Ended March 31, 2012

April 27, 2012

NEC Corporation

(<http://www.nec.co.jp/ir/en>)

# Index

I. Financial Results for FY12/3

II. Progress on Restructuring

III. Management Policy for FY13/3

- <Ref> Revision of Business Segments
- Financial Results for FY12/3 (Appendix)
- Financial Forecasts for FY13/3 (Appendix)
- Reference (Financial data)



# I. Financial Results for FY12/3

# Summary of Financial Results for FY12/3

Exceeded operating income forecast while sales fell short

(Billions of Yen)

	FY11/3 Actual	FY12/3 Actual	YoY	Difference from Jan 26
Net Sales	3,115.4	3,036.8	- 2.5%	-63.2
Operating Income	57.8	73.7	15.9	3.7
% to Net Sales	1.9%	2.4%		
Ordinary Income	0.0	42.1	42.0	7.1
% to Net Sales	0.0%	1.4%		
Net Loss	-12.5	-110.3	-97.7	-10.3
% to Net Sales	-	-		
FCF	-112.6	34.2	146.7	34.2

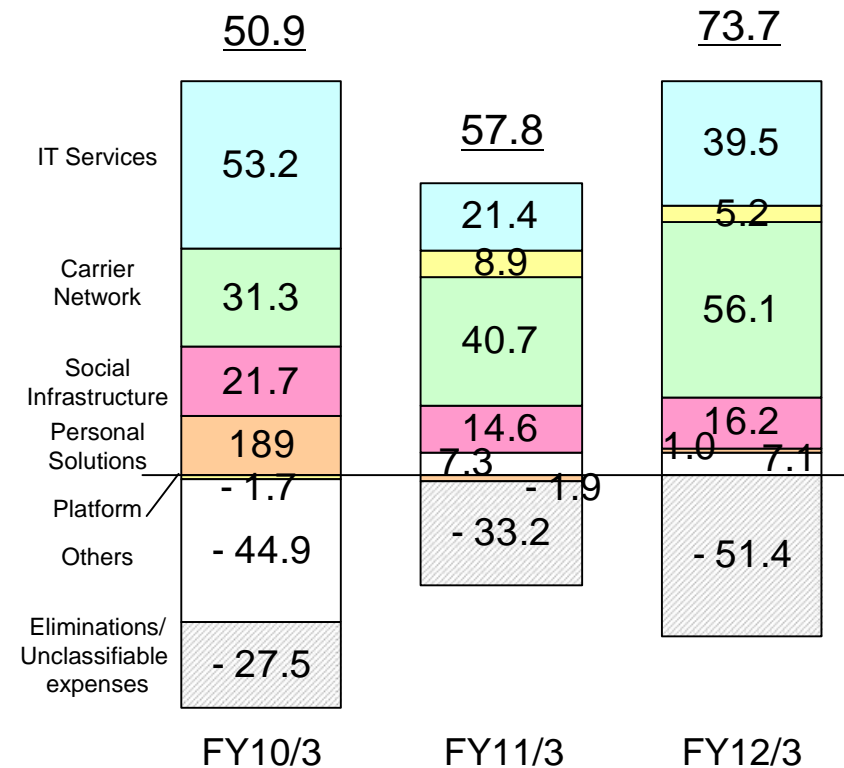
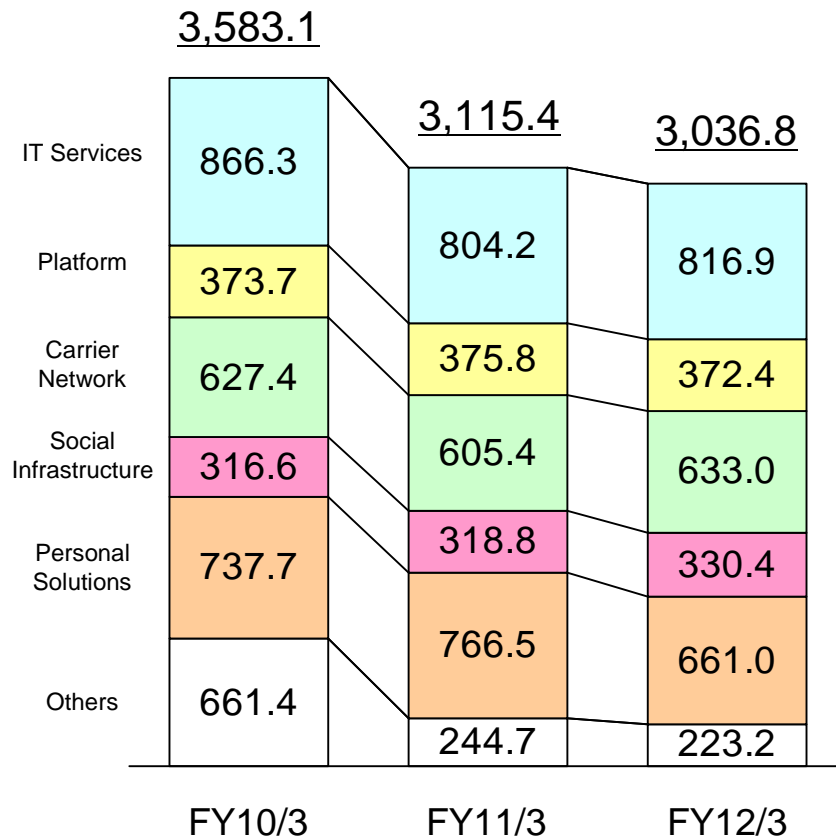
(Ref): Average exchange rate for FY12/3 1\$= ¥79.03, 1€= ¥109.43  
(Average exchange rate for FY11/3 1\$= ¥86.45, 1€=¥113.83)

# Results for FY12/3 by Segment

(Billions of yen)

## Net Sales

## Operating Income/Loss

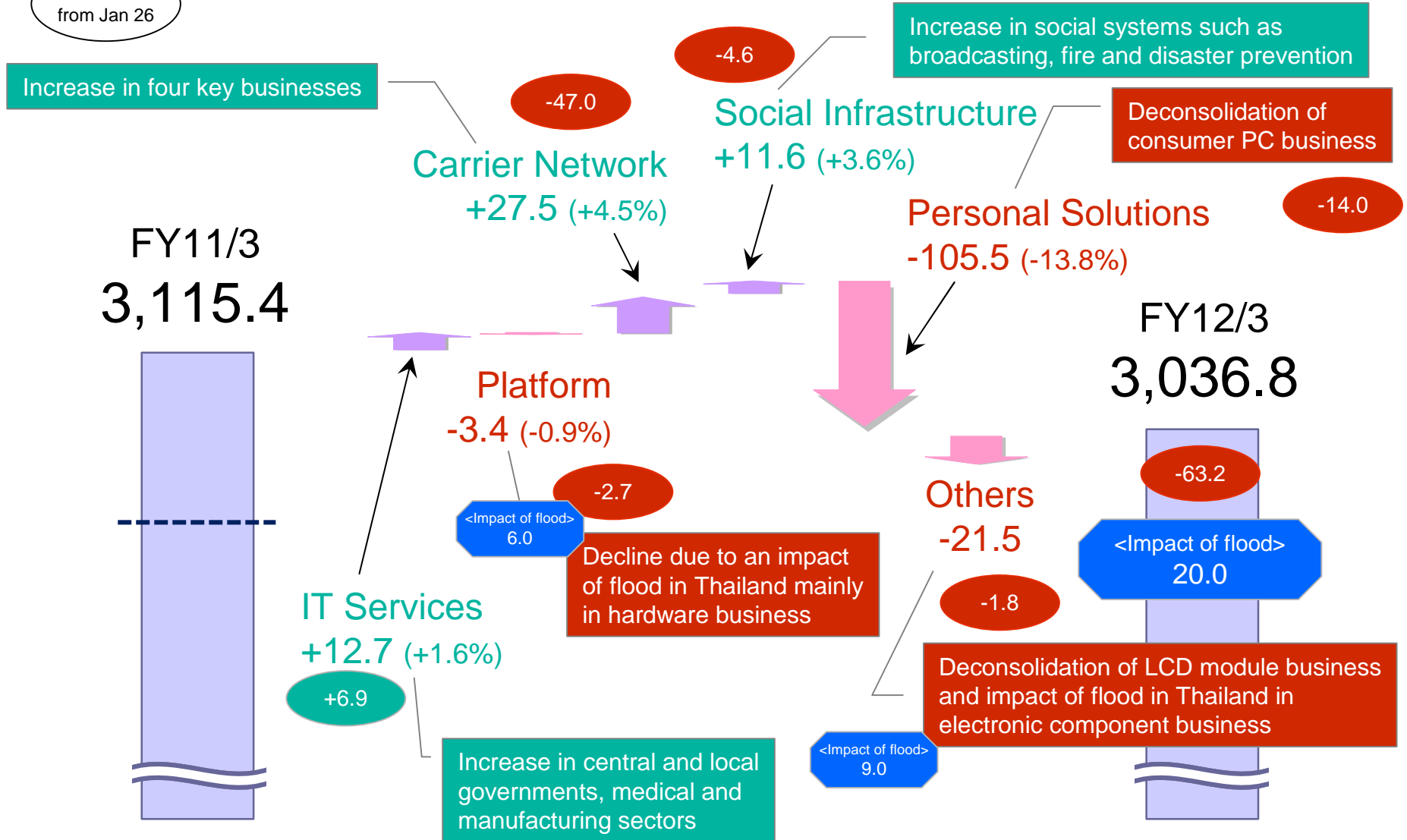


# Sales Change (Year on Year)

Results  
FY12/3

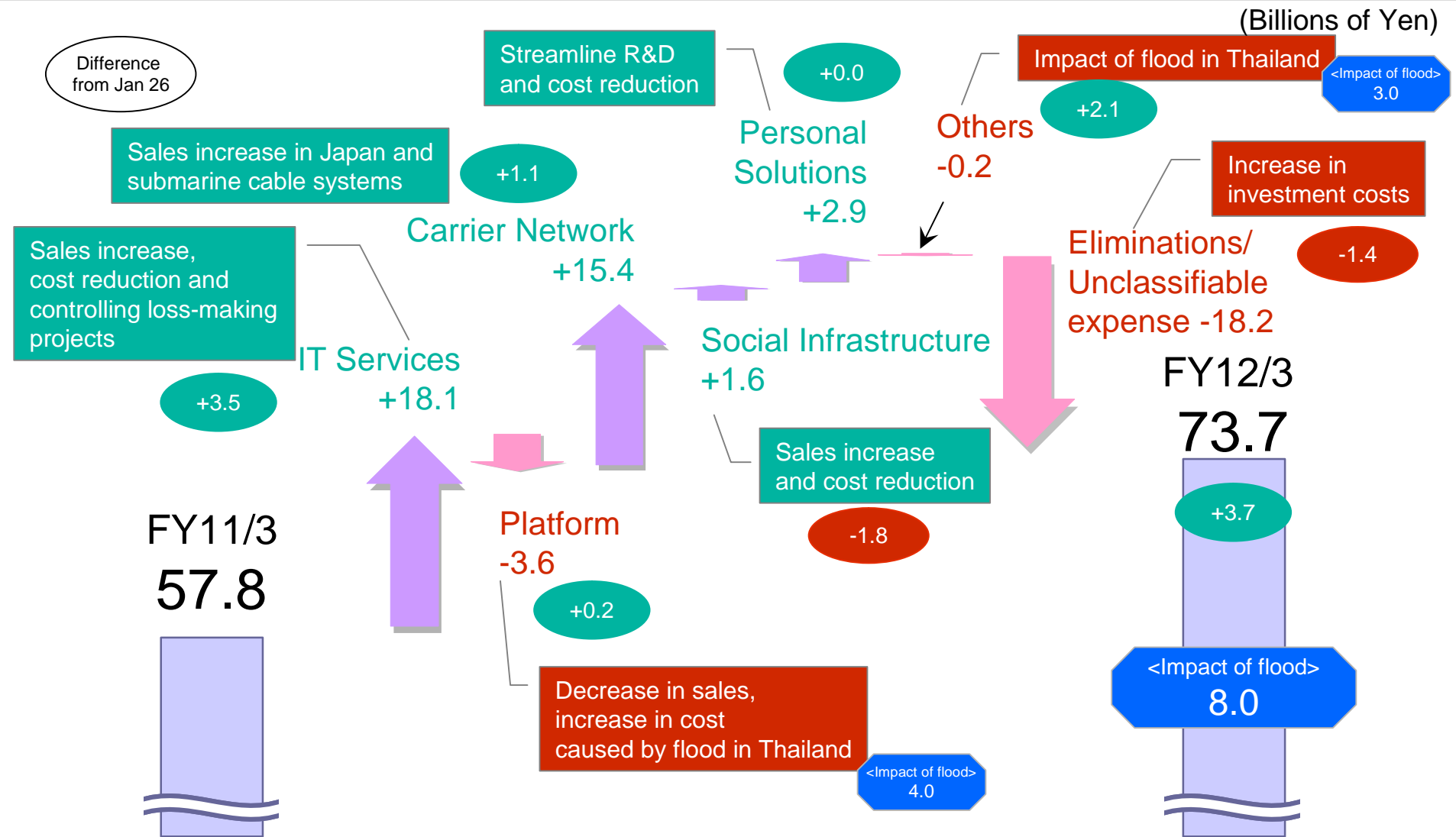
(Billions of Yen)

Difference  
from Jan 26



# Operating Income/Loss Change (Year on Year)

Results  
FY12/3



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

IT Services	<ul style="list-style-type: none"><li>● Increase in central and local governments, medical and manufacturing sectors</li><li>● Improvement by sales increase, cost reduction and controlling loss-making projects</li></ul>
Platform	<ul style="list-style-type: none"><li>● Decline due to an impact of flood in Thailand mainly in hardware business</li><li>● Decrease due to a drop in sales and increase in cost caused by flood in Thailand</li></ul>
Carrier Network	<ul style="list-style-type: none"><li>● Increase in four key business areas (WBA, MBH, submarine cable systems and service &amp; management)</li><li>● Higher profits from solid sales in Japan and submarine cable systems</li></ul>
Social Infrastructure	<ul style="list-style-type: none"><li>● Increase in social systems such as broadcasting, fire and disaster prevention</li><li>● Improvement due to sales increase in social systems and cost reductions</li></ul>
Personal Solutions	<ul style="list-style-type: none"><li>● Decrease due to deconsolidation of consumer PC business</li><li>● Improvement due to streamlining R&amp;D expenses and cost reductions</li></ul>
Others	<ul style="list-style-type: none"><li>● Decrease due to deconsolidation of LCD module business and impact of flood in Thailand in electronic component business</li><li>● Decrease due to an impact of flood in Thailand despite cost efficiency measures</li></ul>

WBA : Wireless Broadband Access (LTE, Femtocell etc)

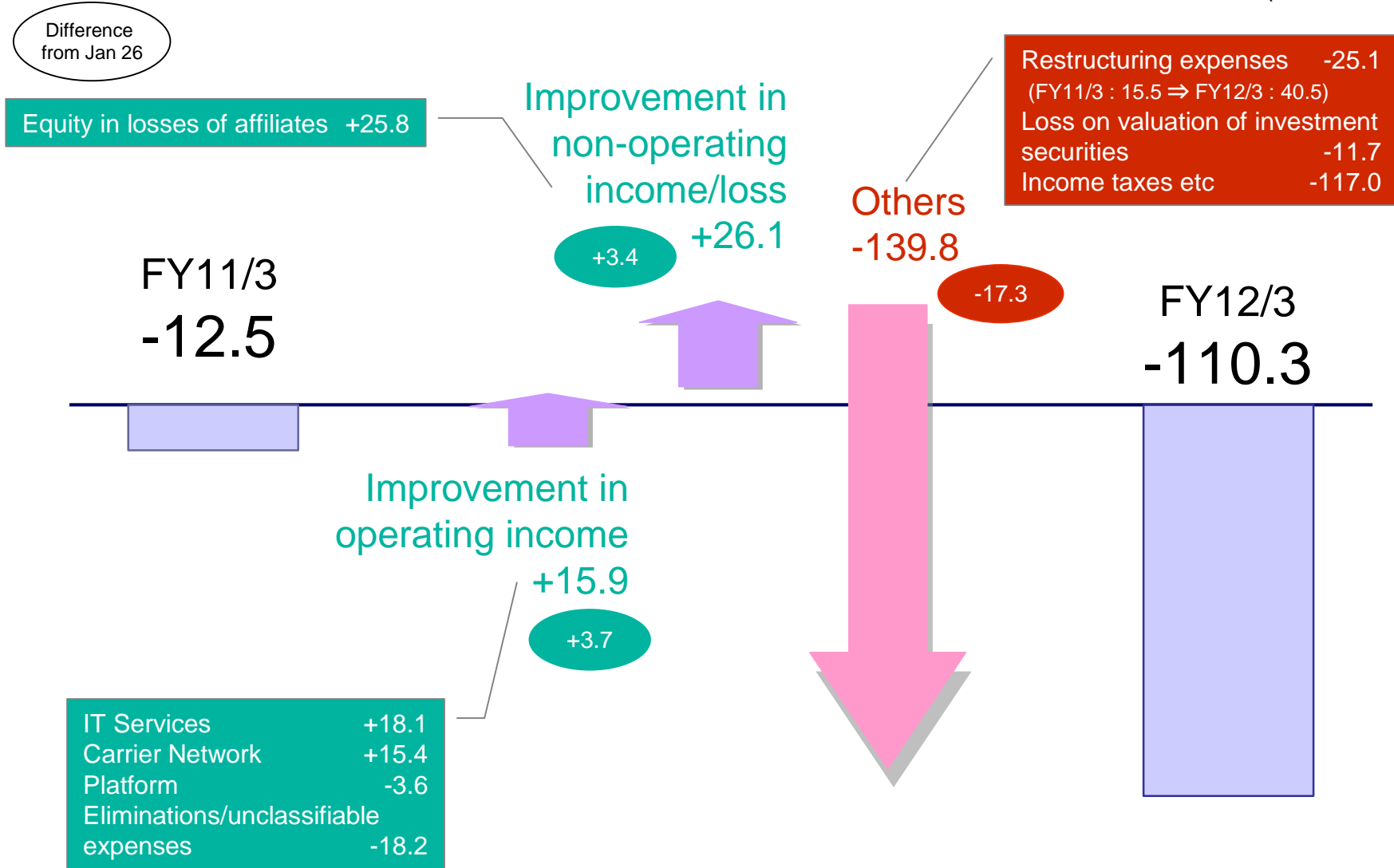
MBH : Mobile Backhaul

Note: First bullet refer to changes in sales, second bullet refer to changes in operating income/loss



# Net Income/Loss Change (Year on Year)

(Billions of Yen)



# Challenges

## Revised Downward Initial Forecasts for FY12/3 Net Loss and No Dividend for the second consecutive year

- Lack of competitiveness in smartphones  
Mobile Terminal Shipment for FY/12/3 :  
7.4 million units (forecast as of May 2011) → 4.2 million units (result)
- Worsened business performance in Platform and Electronic components due to flood in Thailand  
Decreased by 20.0B Yen Sales and 8.0B Yen Operating Income
- Revised 70.0B Yen Deferred Tax Assets
- Posted 40.5B Yen Restructuring Expenses in Extraordinary Loss

## Formulate Next Mid-Term Growth Plan

- Focus on growth drivers such as 3 key segments (IT Services, Carrier Network, and Social Infrastructure) and energy business  
→ Create framework starting from 1H FY13/3  
Continue to focus on key areas such as cloud, global and new businesses



## II. Progress on Restructuring

# NEC's Management Policy

■ Immediate improvement of macro economy and market environment cannot be expected

■ We will shift to conduct efficient business operations to generate constant profit based on current sales level

→ Execute management reforms to revive the NEC Group

→ Focus investment in the key business areas to establish firm foundation toward growth

**“CS NO.1” “Global First” “One NEC”**

# Summary of Management Reforms (announced on Jan 26)

---

## Implementation of restructuring measures and reforms to generate cash flow as a business entity

- Change to business structure with high profitability
  - Restructuring in businesses that require immediate reform
  - 10,000 Headcount reduction
    - Japan:7,000 (incl. external resources)
    - Overseas:3,000 (in accordance with the review of manufacturing operations)
- Reforms to generate cash flow as a business entity
  - Focus on IT Services, Carrier Network and Social Infrastructure leveraging our competitive advantage
  - Establish vertically integrated business structure in energy business

\*Forecasts as of Jan 26, 2012

# Progress on Business Restructuring

## Mobile Terminal

<Effect of Restructuring>  
+11.0B Yen

- Utilize offshore JDM (Joint Design Manufacturer) <2H FY13/3>
- Streamline resources for development and manufacturing operations  
<by Sep>

## Platform

<Effect of Restructuring>  
+6.0B Yen

- Streamline administrative staff divisions, hardware development and manufacturing <by Sep>

## NEC TOKIN

- Restructuring of capacitor business (Establish new plant in Thailand)
  - Headcount reduction  
Overseas : 2,700 <already reduced in February>
  - Capital and business alliance with KEMET Corporation of U.S.  
<announced in Mar>  
NEC Tokin will be an equity method company from Q2 of FY13/3

\*Forecasts as of Apr 27, 2012

# Progress on Expenses Restructuring

<Effect of Restructuring>  
+40.0B Yen

Restructuring

1. Business Restructuring

2. Streamline Corporate staffs <by Sep>

<Effect of Restructuring>  
+20.0B Yen

\* under discussion  
with labor union

3. Reduction of External Resources <by Sep>

<Effect of Restructuring>  
+4.0B Yen

4. Immediate Cost Reductions <Effect of Restructuring>  
+16.0B Yen

- Reduction of monthly salary at all levels of employees in Japan
  - Top management : 40%-10% reduction <from Feb- >
  - Middle management : 7%-5% reduction <from Apr- >
  - Employees : 4% reduction <from Apr to Dec>
- Reducing overtime charges to legal standard
- Suspension of subsidizing welfare programs and for "Health and Welfare Foundation"(1 year)

\*Forecasts as of Apr 27, 2012



**III. Management Policy for FY13/3**



# Summary of Financial Forecasts for FY13/3

- Focus on restructuring and global business expansion in 3 key segments and energy business

(Billions of Yen)

	1H(April to September)			Full Year		
	FY12/3 Actual	FY13/3 Forecasts(*)	YoY	FY12/3 Actual	FY13/3 Forecasts(*)	YoY
Net Sales	1,443.2	1,400.0	- 3.0%	3,036.8	3,150.0	3.7%
Operating Income	6.8	1.0	-5.8	73.7	100.0	26.3
% to Net Sales	0.5%	0.1%		2.4%	3.2%	
Ordinary Income/Loss	-10.4	-16.0	-5.6	42.1	70.0	28.0
% to Net Sales	-	-		1.4%	2.2%	
Net Income/Loss	-11.0	-24.0	-13.0	-110.3	20.0	130.3
% to Net Sales	-	-		-	0.6%	
Net Income/Loss per Share (Yen)	-4.23	-9.24	-5.01	-42.44	7.70	50.14

Note: Average exchange rates for FY13/3: 1\$= ¥75, 1€= ¥100

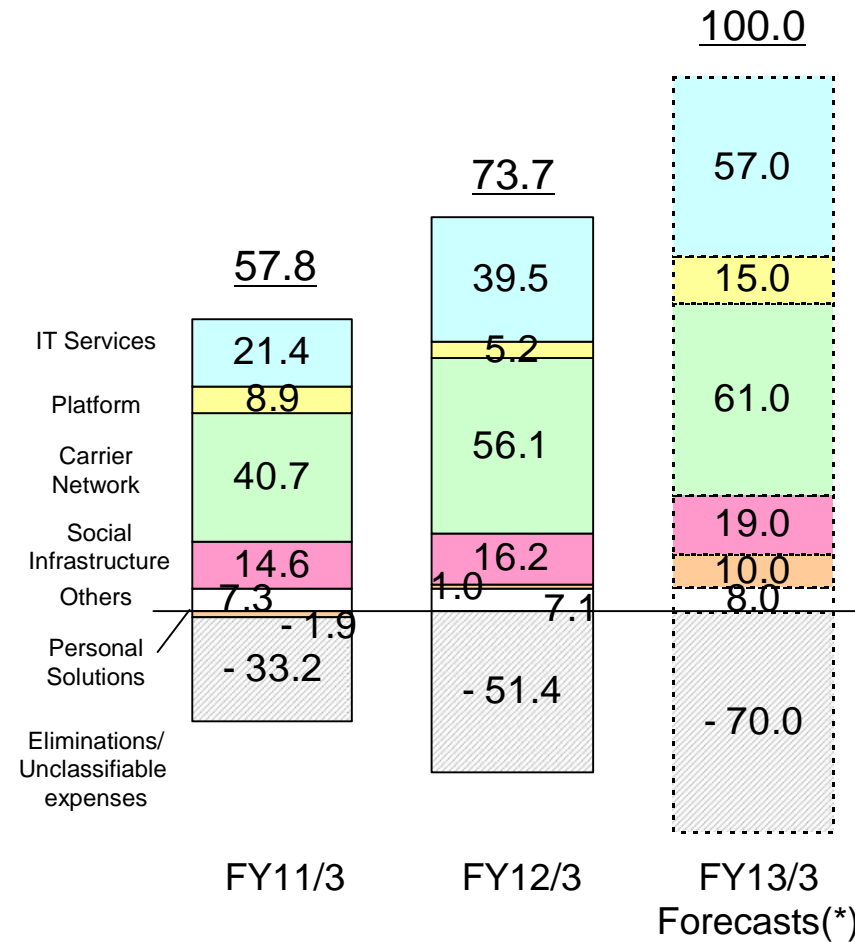
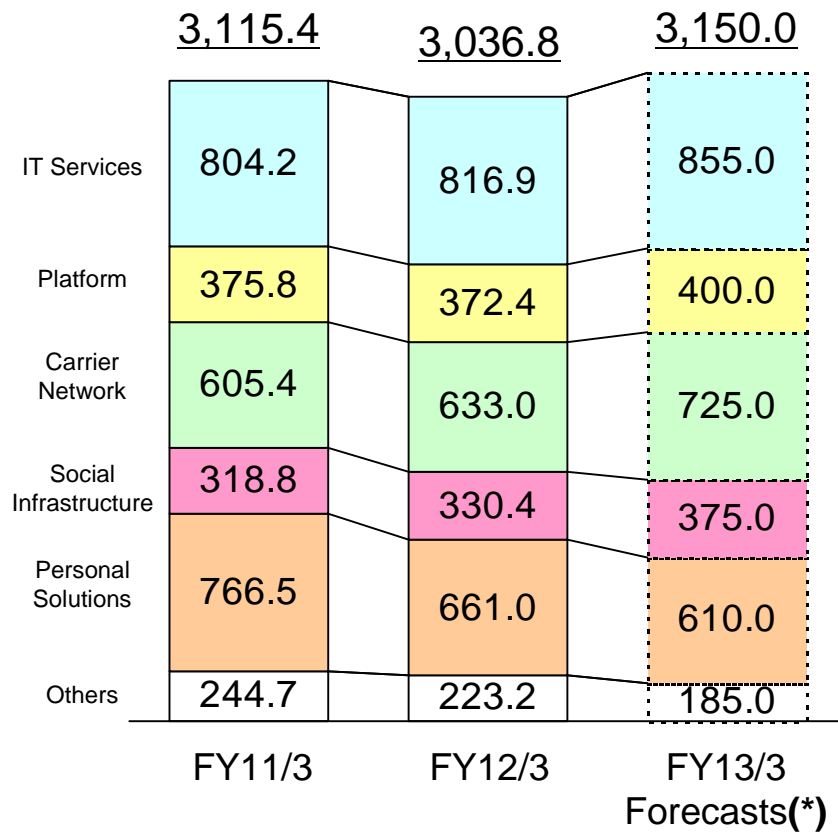
\*Forecasts as of Apr 27, 2012

# Financial Forecasts for FY13/3 by Segment

(Billions of yen)

Net Sales

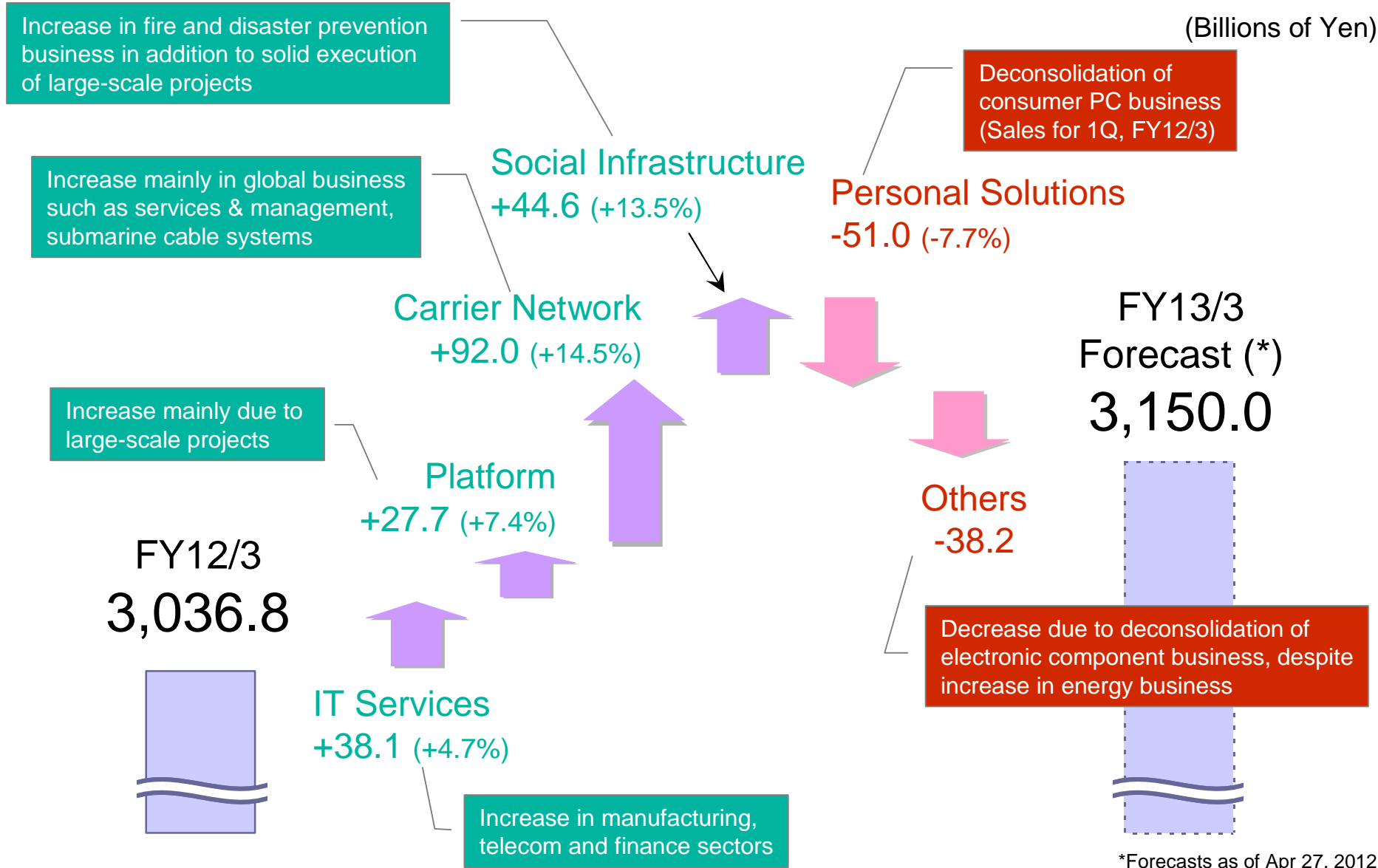
Operating Income/Loss



\*Forecasts as of Apr 27, 2012

# Sales Change (Year on Year)

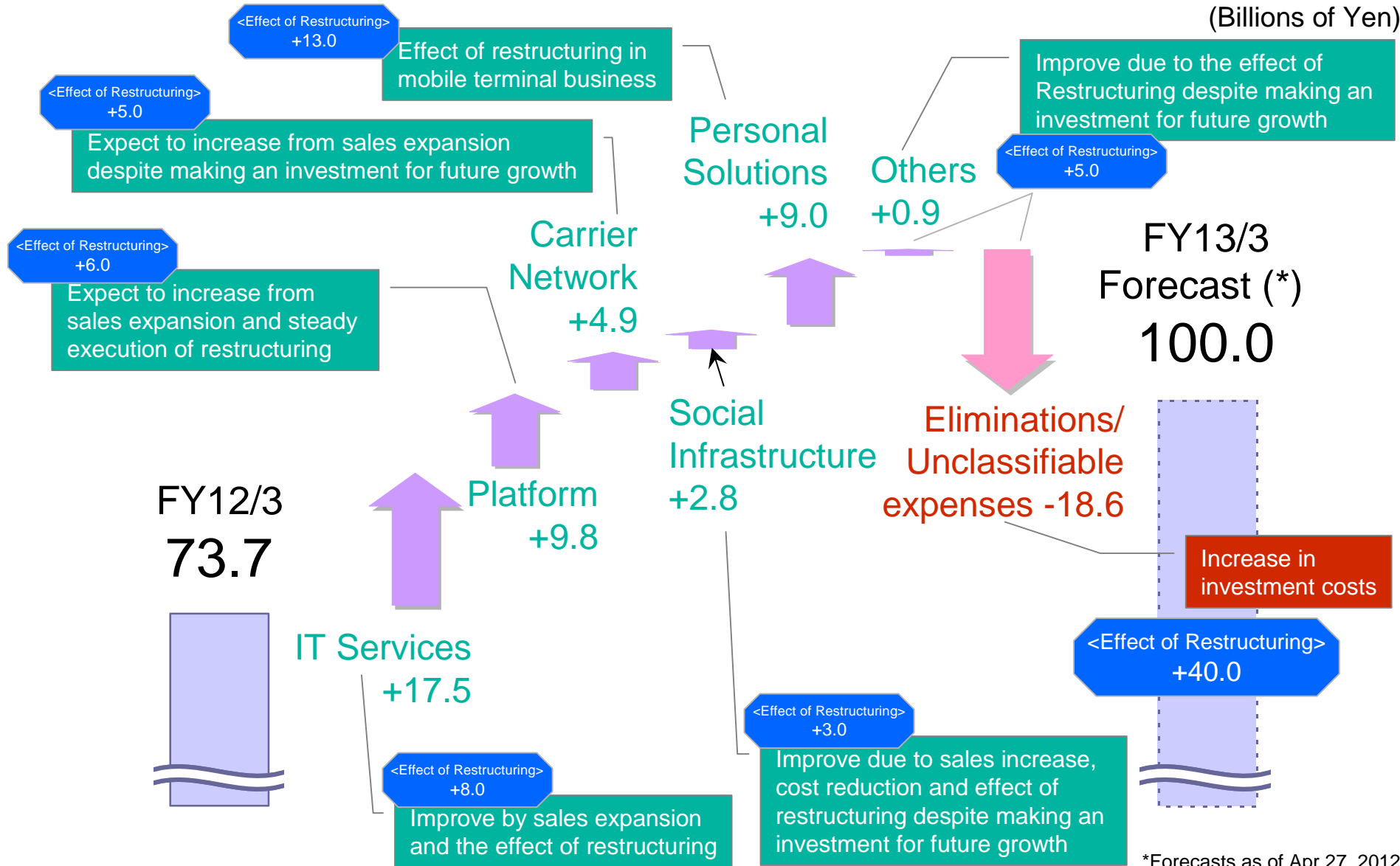
(Billions of Yen)



\*Forecasts as of Apr 27, 2012

# Operating Income/Loss Change (Year on Year)

(Billions of Yen)



\*Forecasts as of Apr 27, 2012

# Key Points of FY13/3 Forecasts by Segment (Year on Year)

IT Services	<ul style="list-style-type: none"> <li>● Increase in manufacturing, telecom and finance sectors</li> <li>● Improve by sales expansion and the effect of restructuring</li> </ul>
Platform	<ul style="list-style-type: none"> <li>● Increase mainly due to large-scale projects</li> <li>● Expect to increase from sales expansion and steady execution of restructuring</li> </ul>
Carrier Network	<ul style="list-style-type: none"> <li>● Increase mainly in global business such as services &amp; management, submarine cable systems</li> <li>● Expect to increase from sales expansion despite making an investment for future growth</li> </ul>
Social Infrastructure	<ul style="list-style-type: none"> <li>● Increase in fire/disaster prevention business and solid execution of large-scale projects</li> <li>● Improve due to sales increase, cost reduction and effect of restructuring despite making an investment for future growth</li> </ul>
Personal Solutions	<ul style="list-style-type: none"> <li>● Decrease due to deconsolidation of consumer PC business</li> <li>● Improve due to the effect of restructuring mainly in mobile terminal business</li> </ul>
Others	<ul style="list-style-type: none"> <li>● Decrease due to deconsolidation of electronic component business, despite increase in energy business</li> <li>● Improve due to the effect of restructuring despite making an investment for future growths</li> </ul>

Note: First bullet refer to changes in sales, second bullet refer to changes in operating income/loss

# Focus investment in key business areas

## Expansion of Global Business in Carrier Network

- Acquisition of BSS business of U.S. based Convergys

<Announced in March, To be completed by 1Q of FY13/3>

CONVERGYS

## Expansion of Energy Business

- Sales launch of home energy storage system

<Announced in March>

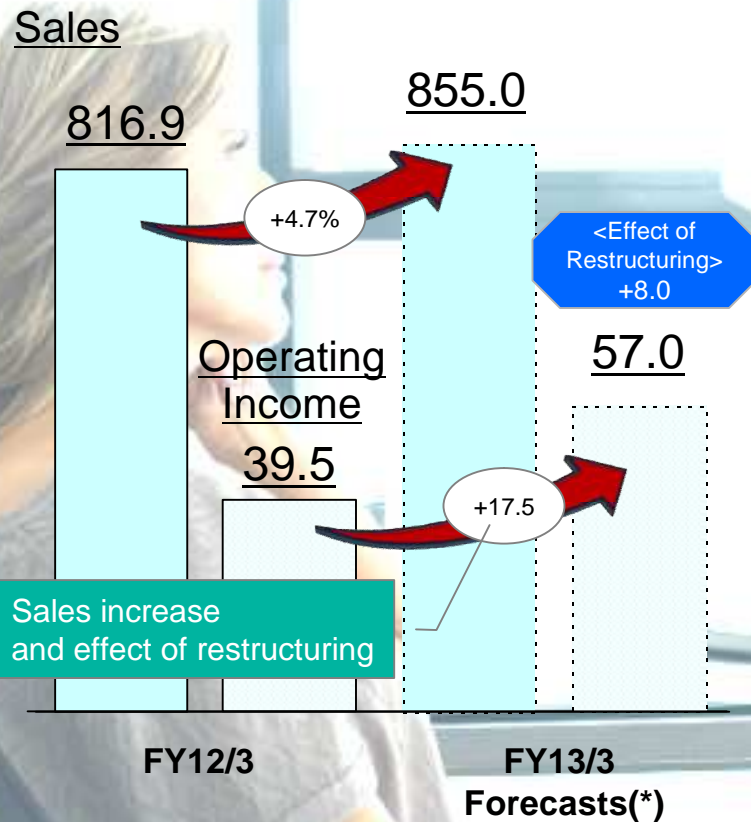


**Execute 20 billion yen investment  
to strengthen business incubation,  
global business, and energy business**

\*Forecasts as of Apr 27, 2012

(Billions of Yen)

YoY



## Key measures in FY13/3

### Increase Order and Sales

- Focus on strong market demand areas
  - Smartphone related business, realignment of financial sector and large-scale-renewal projects and participation in National projects (National ID)
- Accelerate shift to service business
  - Private cloud, cloud services for particular sectors (SaaS), cloud work-style transformation (alliance with Microsoft)
- Expand new businesses
  - M2M, Big Data Solutions
- Capture business opportunities of active Japanese companies in overseas
  - Mainly in Greater China, APAC
- Expand global business leveraging our competitive technologies
  - Public Safety, POS for Global market

### Investment for future growth

- Expand cloud services
- Enhance advanced technologies
  - Cloud, Big Data, "Smart" Devices Solutions
- Strengthen global business

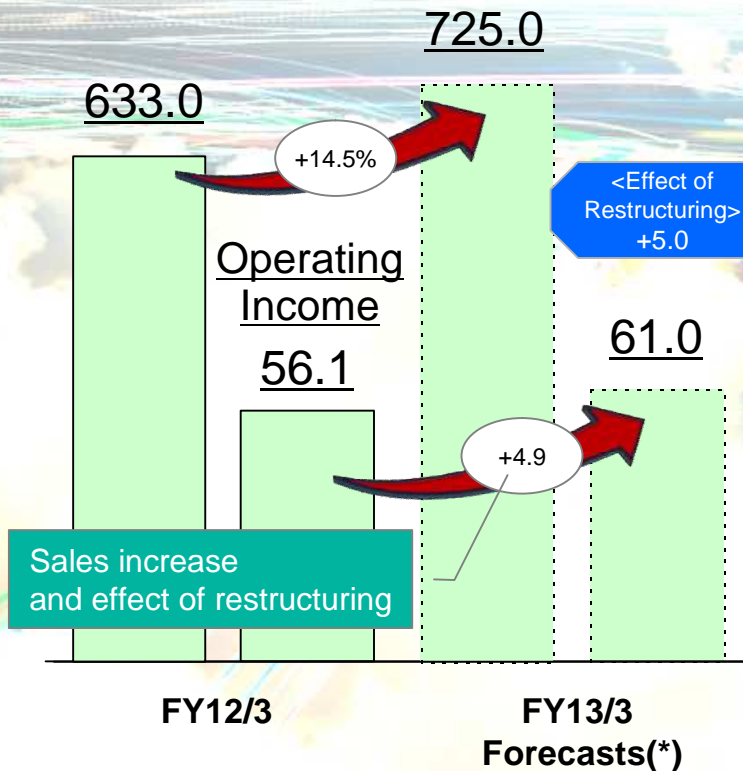
\*Forecasts as of Apr 27, 2012

# Carrier Network Business

(Billions of Yen)

YoY

Sales



## Key Measures in FY13/3

- Capture business opportunities accelerated by increasing use of smartphones
- Expand global business
  - Wireless Broadband Access
    - LTE : cultivate global market through partnerships
  - Mobile Backhaul
    - Enhance product and provide total solution
  - Submarine Cable Systems
    - Solid execution of large scale projects and earthquake observation system
  - Services & Management
    - Reinforce business by acquisition of BSS Business of Convergys
- Increase investment for future growth
  - Services & Management (next generation OSS/BSS, cloud services) and LTE for global telecom carriers, OpenFlow

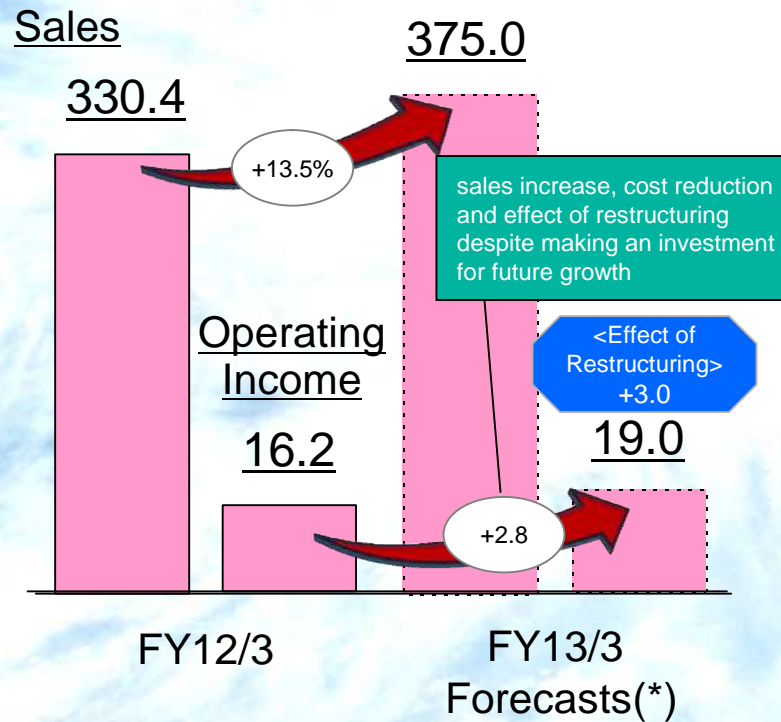
\*Forecasts as of Apr 27, 2012



# Social Infrastructure Business

(Billions of Yen)

YoY



## Key Measures in FY13/3

### Capture business opportunities

- Secure stable operation by solid business execution
  - Widening of fire prevention systems, and digitization of wireless communications networks
  - 2nd generation ETC
  - Aerospace and large-scale defense systems

### Expand global and new business

- Expand business leveraging our group assets
  - Safety, Space, disaster prevention
  - In-vehicle systems, logistics & transportation, energy

### Reinforce business

- Business execution focused on profitability
  - Reform design process, Project management, focus investment for development

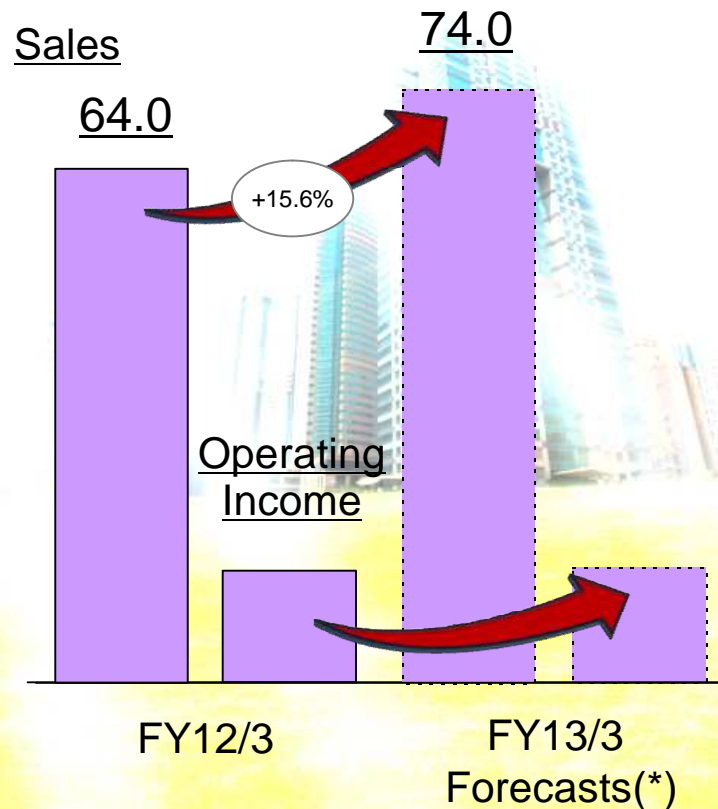
\*Forecasts as of Apr 27, 2012

(Billions of Yen)

## Smart Energy Business

(\*) Incl. Energy related business in Carrier Network Business

YoY



## Key Measures in FY13/3

### Reinforce business

- Early establishment of Smart Energy Business framework integrating development, production and sales
- Secure sales and profits from Energy Utility Business(\*) and Electrode Business for EV
- Accelerate new business
  - Energy Storage System, Smart Meter, HEMS, Cloud Services for EV infrastructure etc

### Measures for mid-term growth

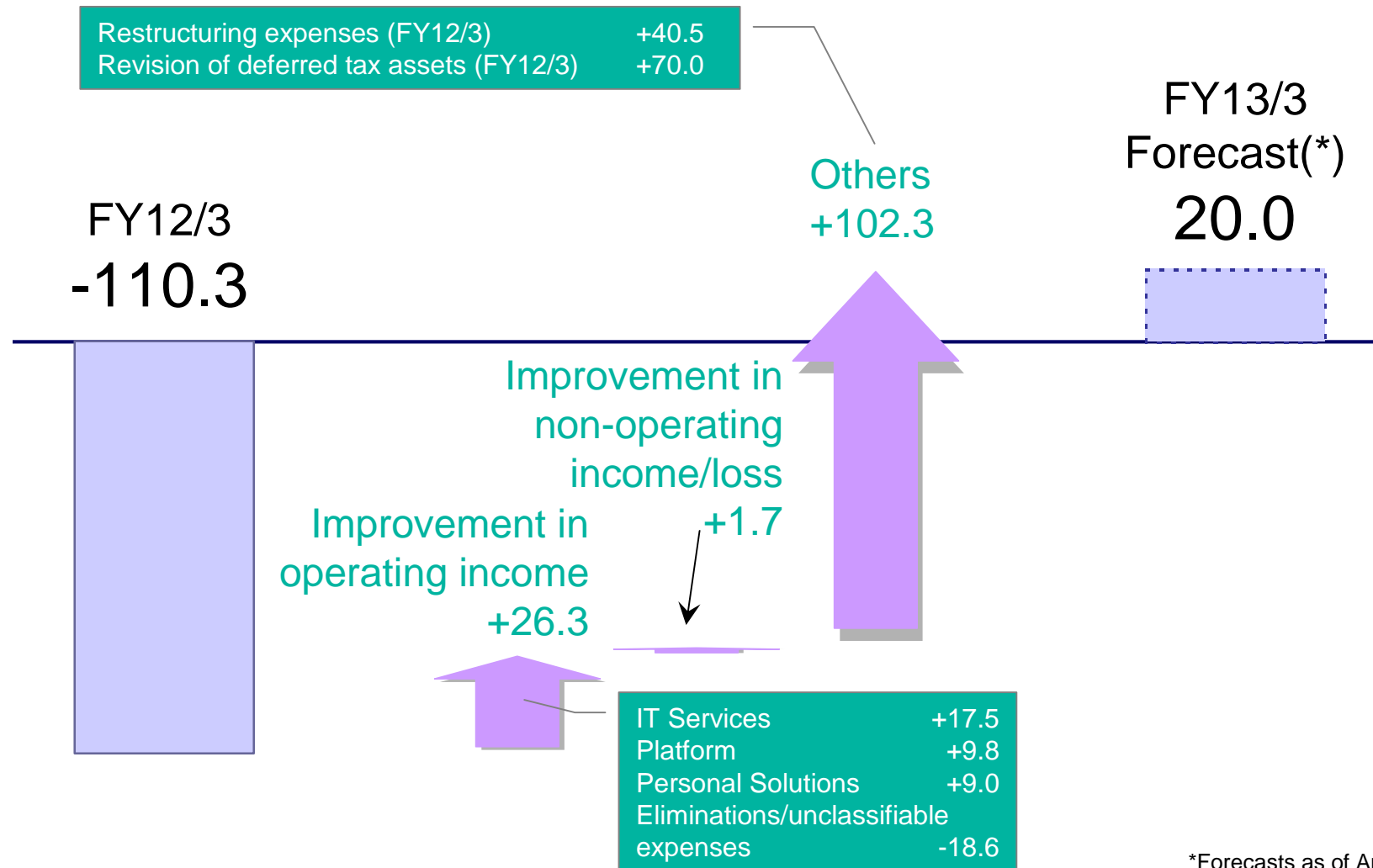
- Expansion of global business
  - Market entry through various field trials with customers and governments in each regions
  - Accelerate business development through partnerships
- Deployment of energy service business
  - Expand service business from product business
  - Establish globally competitive business scheme

Energy Utility Business(\*) : Transferred from Carrier Network Business

\*Forecasts as of Apr 27, 2012

# Net Income/Loss Change (Year on Year)

(Billions of Yen)



\*Forecasts as of Apr 27, 2012

# Summary

- Immediate improvement of macro economy and market environment cannot be expected
- We will shift to conduct efficient business operations to generate constant profit based on current sales level
  - Execute management reforms to revive the NEC Group
  - Focus investment in the key business areas to establish firm foundation toward growth

**Achieve 100 billion yen operating income,  
20 billion yen net income to resume dividend payments  
through execution of restructuring, and focus on generating cash flow**

\*Forecasts as of Apr 27, 2012

Empowered by Innovation

**NEC**



<Ref> Revision of Business Segments

# Revision of business segments

Revise business segments partially in accordance with organizational change from April, 2012

- Integrate business segments of IT Services and Platform in order to enable more agile business execution

Accelerate to provide competitive cloud services and establish cloud business platform

- Establish vertically integrated business structure in energy business by gathering energy related resources

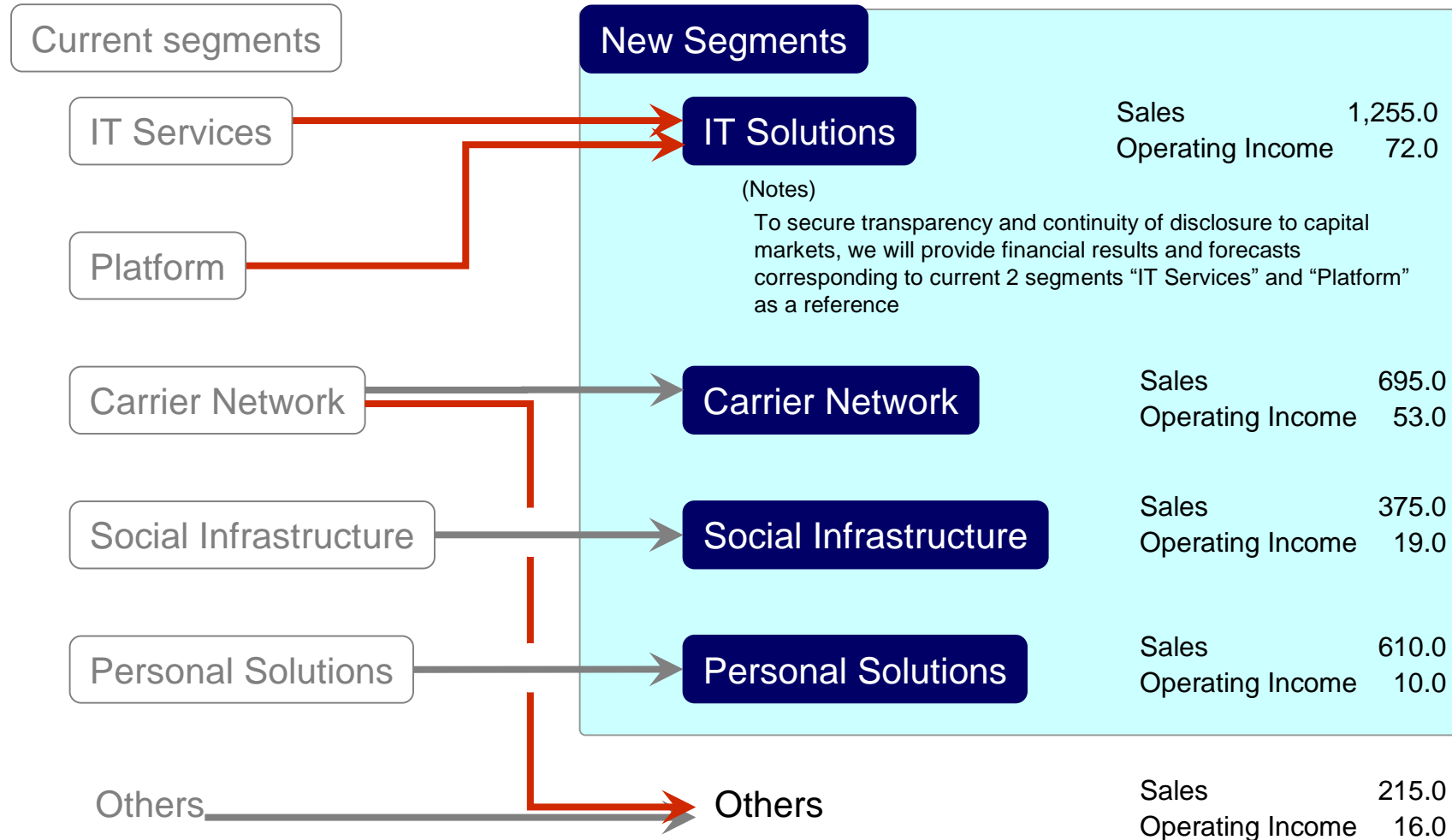
(Establish Smart Energy Business Operations Unit)

In addition to the above, reduction of divisions mainly in IT Services, Carrier Network and Corporate Staff (YOY -14%)

- Minimum of 30 billion yen annual sales per division
- Corporate staff : Reduced the number of divisions to 23 from 30 by integrating similar and related functions to reduce SGA and improve operational efficiency

# 《Ref.》 New and Current Segments

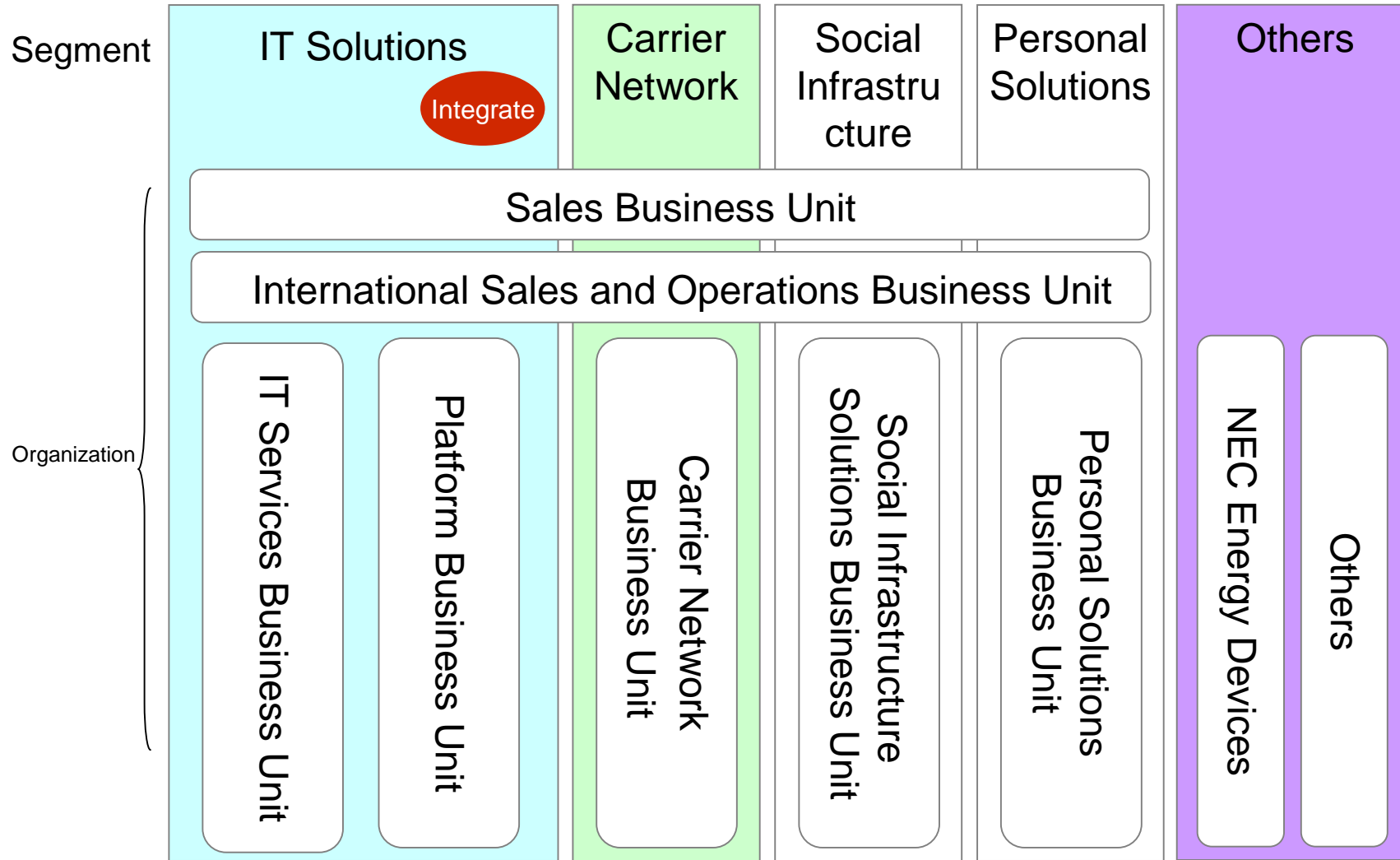
(Billions of Yen)



\*Forecasts as of Apr 27, 2012



# 《Ref.》 New Segments and Organization





Financial Results for FY12/3 (Appendix)

# Summary of Financial Results for FY12/3

(Billions of Yen)

	Q4(January to March)			Full Year			Difference from Jan 26
	FY11/3 Actual	FY12/3 Actual	YoY	FY11/3 Actual	FY12/3 Actual	YoY	
Net Sales	925.5	924.6	- 0.1%	3,115.4	3,036.8	- 2.5%	-63.2
Operating Income	70.2	75.2	4.9	57.8	73.7	15.9	3.7
% to Net Sales	7.6%	8.1%		1.9%	2.4%		
Ordinary Income	49.3	64.0	14.8	0.0	42.1	42.0	7.1
% to Net Sales	5.3%	6.9%		0.0%	1.4%		
Net Income/Loss	41.1	-12.7	-53.8	-12.5	-110.3	-97.7	-10.3
% to Net Sales	4.4%	-		-	-		
FCF	81.9	98.8	16.9	-112.6	34.2	146.7	34.2

(Ref): Average exchange rate for Q4(Jan-Mar) of FY12/3 1\$= ¥77.77, 1€= ¥101.84

Average exchange rate for FY12/3 1\$= ¥79.03, 1€= ¥109.43

(Assumed exchange rate for Q4 of FY12/3 1\$=¥75, 1€=¥100)

# Results for FY12/3 by Segment

Results  
FY12/3

(Billions of Yen)

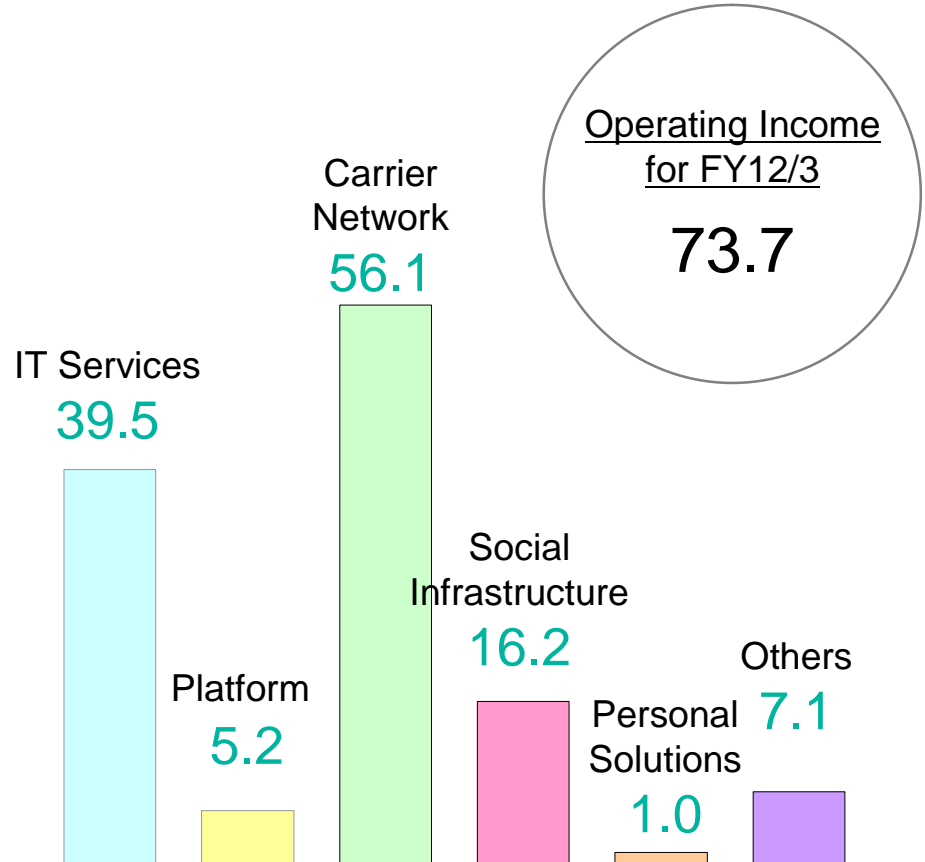
		Q4(January to March)			Full Year			Difference from Jan 26
		FY11/3 Actual	FY12/3 Actual	YoY	FY11/3 Actual	FY12/3 Actual	YoY	
IT Services	Net Sales	262.2	278.4	6.2%	804.2	816.9	1.6%	6.9
	Operating Income	24.5	35.2	10.7	21.4	39.5	18.1	3.5
	% to Net Sales	9.3%	12.7%		2.7%	4.8%		
Platform	Net Sales	116.5	117.9	1.2%	375.8	372.4	- 0.9%	-2.7
	Operating Income	12.4	12.4	-0.1	8.9	5.2	-3.6	0.2
	% to Net Sales	10.7%	10.5%		2.4%	1.4%		
Carrier Network	Net Sales	188.7	190.5	0.9%	605.4	633.0	4.5%	-47.0
	Operating Income	27.9	31.5	3.5	40.7	56.1	15.4	1.1
	% to Net Sales	14.8%	16.5%		6.7%	8.9%		
Social Infrastructure	Net Sales	114.3	120.1	5.1%	318.8	330.4	3.6%	-4.6
	Operating Income	10.1	8.7	-1.4	14.6	16.2	1.6	-1.8
	% to Net Sales	8.8%	7.3%		4.6%	4.9%		
Personal Solutions	Net Sales	181.5	164.7	- 9.2%	766.5	661.0	- 13.8%	-14.0
	Operating Income/Loss	-3.2	0.6	3.7	-1.9	1.0	2.9	0.0
	% to Net Sales	-	0.3%		-	0.2%		
Others	Net Sales	62.3	53.1	- 14.8%	244.7	223.2	- 8.8%	-1.8
	Operating Income	2.9	2.0	-1.0	7.3	7.1	-0.2	2.1
	% to Net Sales	4.7%	3.7%		3.0%	3.2%		
Eliminations/ Unclassifiable expenses	Operating Loss	-4.5	-15.2	-10.7	-33.2	-51.4	-18.2	-1.4
Total	Net Sales	925.5	924.6	- 0.1%	3,115.4	3,036.8	- 2.5%	-63.2
	Operating Income	70.2	75.2	4.9	57.8	73.7	15.9	3.7
	% to Net Sales	7.6%	8.1%		1.9%	2.4%		

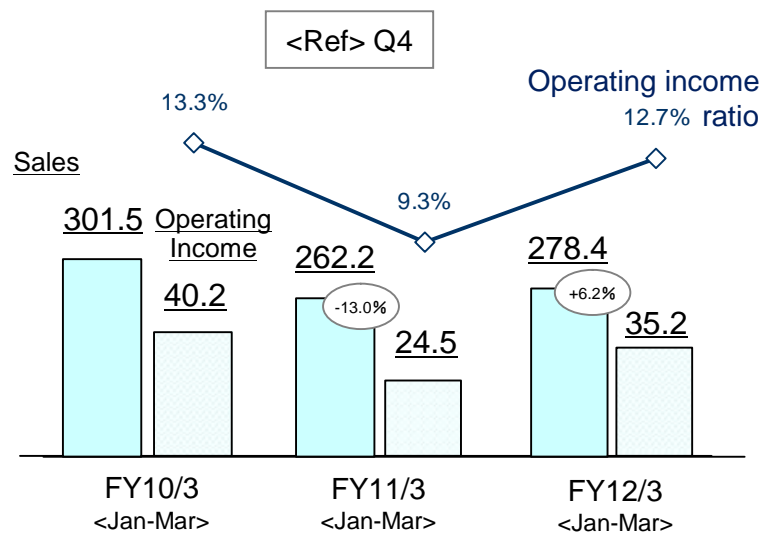
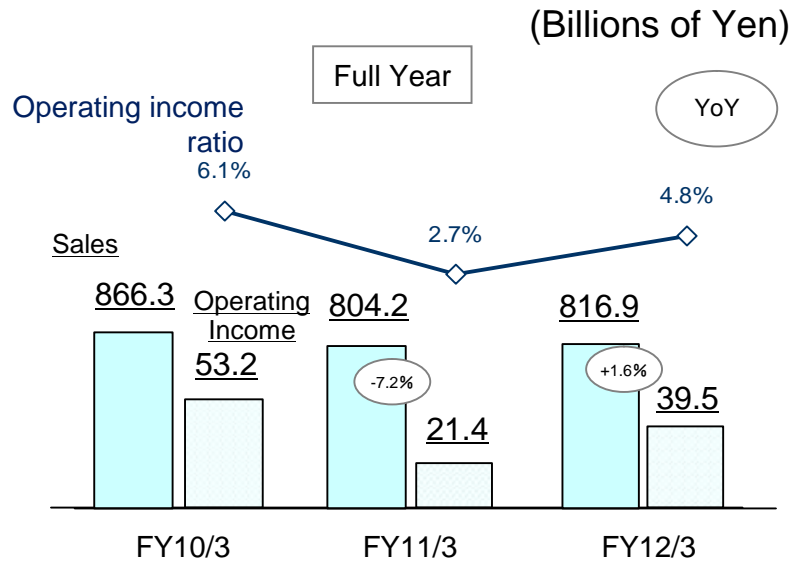
# Summary of Financial Results for FY12/3 by Segment

## Net Sales

## Operating Income/Loss

(Billions of Yen)



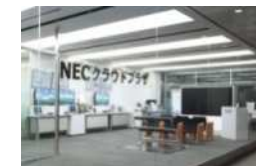


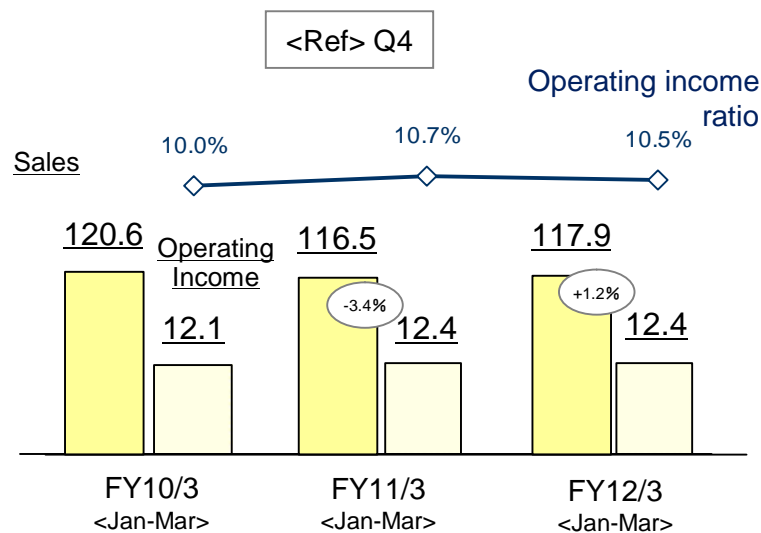
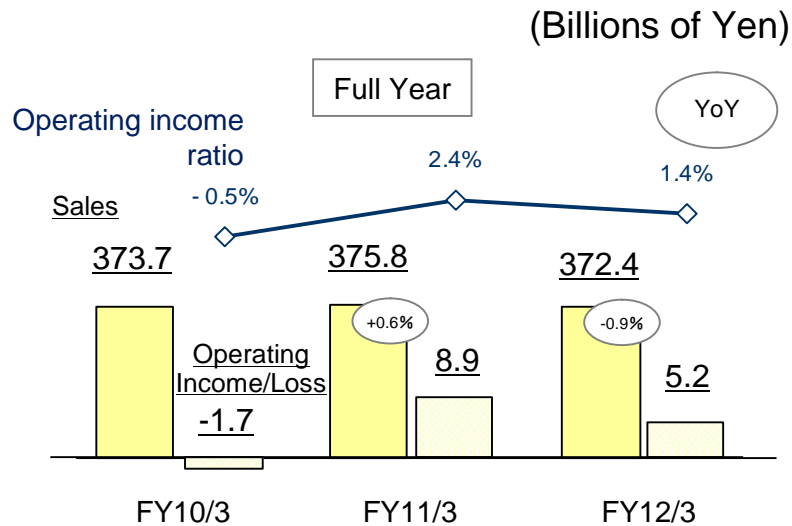
**Sales 816.9 (+1.6%)**

△ Secured large scale projects in central governments and business opportunities from investment recovery in manufacturing, demand involving law amendments and introducing electronic health record systems in medical services

**Operating Income 39.5 (+18.1)**

△ Improve by sales increase and controlling loss-making projects, higher productivity and quality such as enhancement of services delivery efficiency





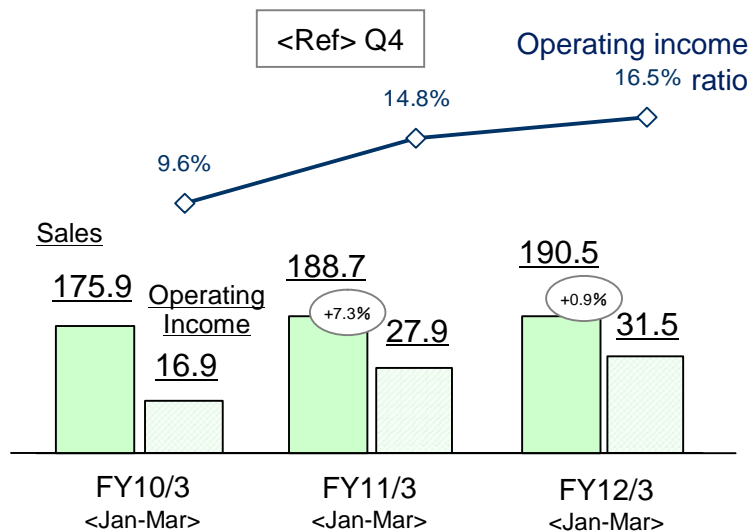
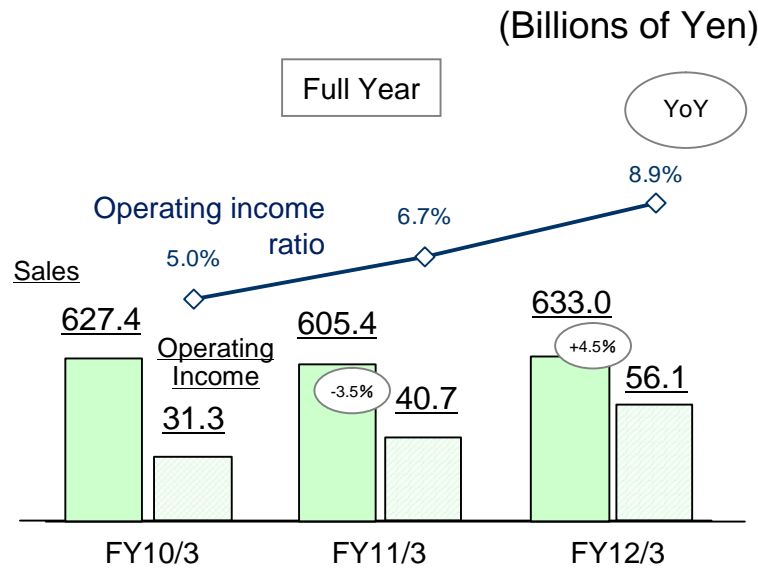
## Sales 372.4 (-0.9%)

- △ Software  
Increase in operation management software such as virtualization, cloud computing platform
- ▽ Hardware  
Decline due to an impact of flood in Thailand
- △ Enterprise Network  
Increase due to large-scale projects in Japan despite negative impact of flood in Thailand

## Operating Income 5.2 (-3.6%)

- ▽ Decrease due to a drop in sales and increase in cost caused by flood in Thailand





**Sales** 633.0 (+4.5%)

- △ Solid business in Japan due to increase in demand from data traffic hikes
- △ Submarine cable systems: Increase due to solid execution of large scale projects
- △ Mobile backhaul (PASOLINK): increase mainly in Russia and Latin America, with new full-IP PASOLINK products

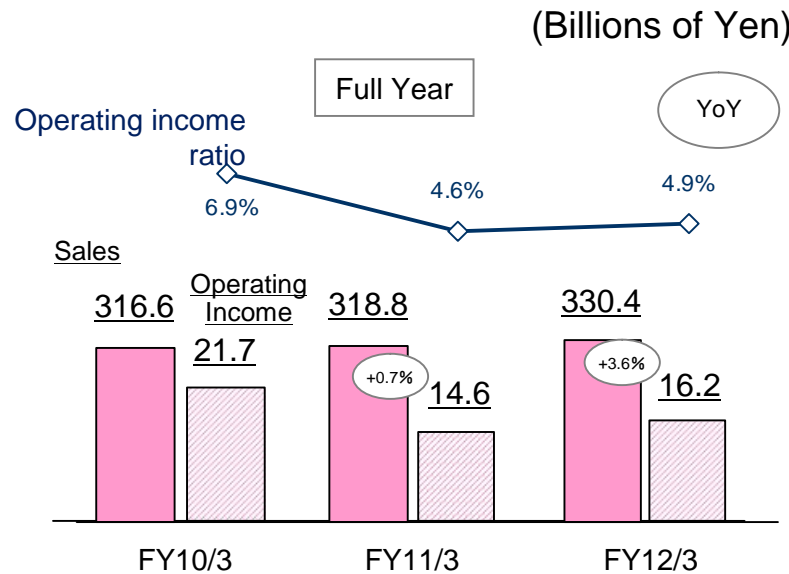
**Operating Income** 56.1 (+15.4)

- △ Higher profits from solid sales in Japan and submarine cable systems





# Social Infrastructure Business

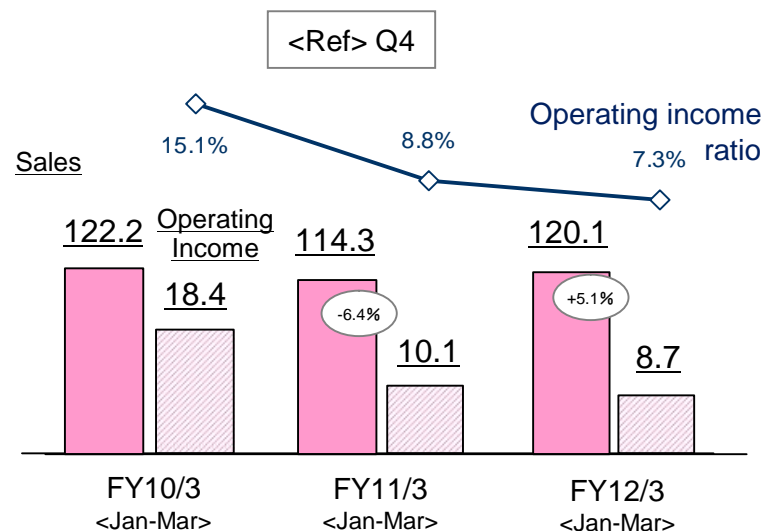


**Sales** 330.4 (+3.6%)

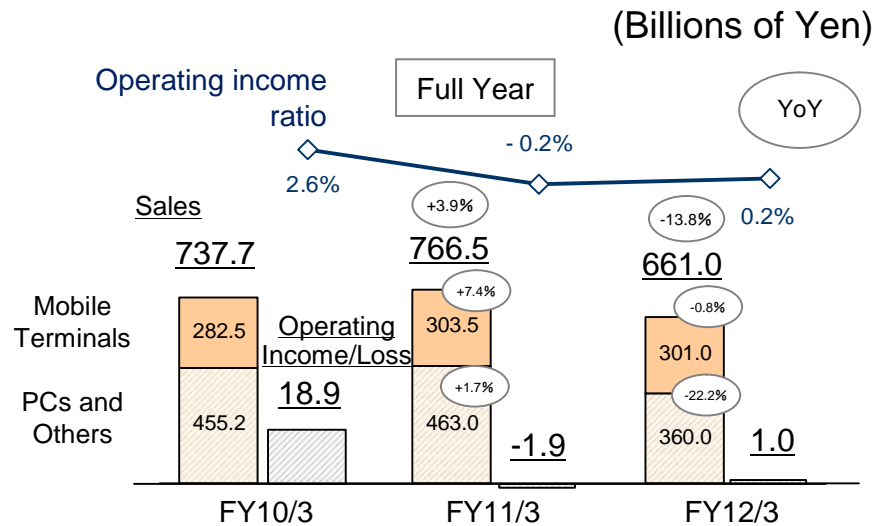
△ Increase in social systems such as broadcasting, fire and disaster prevention, despite decrease in aerospace and defense systems

**Operating Income** 16.2 (+1.6)

△ Improve profits due to sales increase in social systems and enhancement of cost reductions

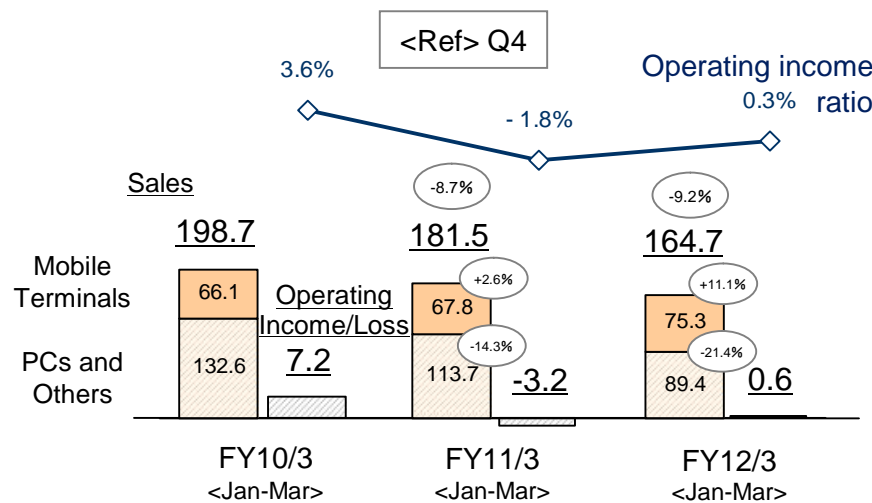


# Personal Solutions Business



**Sales** 661.0 (-13.8%)

- ▽ Mobile Terminals : Slight decrease due to decrease in mobile terminal shipment
- ▽ PCs and Others : Decrease due to the deconsolidation of consumer PCs



**Operating Income** 1.0 (+2.9)

- △ Improved by streamlining R&D activities and enhancing cost reductions



# Financial Position Data

(Billions of Yen)

	End of Mar 2011	End of Mar 2012	Difference from Mar 2011
Total Assets	2,628.9	2,557.6	-71.4
Net Assets	875.4	777.6	-97.8
Interest-bearing debt	675.8	692.7	16.9
Shareholder's Equity	757.1	657.0	-100.1
Equity ratio(%)	28.8%	25.7%	- 3.1pt
D/E ratio	0.89	1.05	- 0.16pt
Net D/E ratio	0.62	0.67	- 0.05pt
Balance of cash and cash equivalents	203.9	251.8	48.0

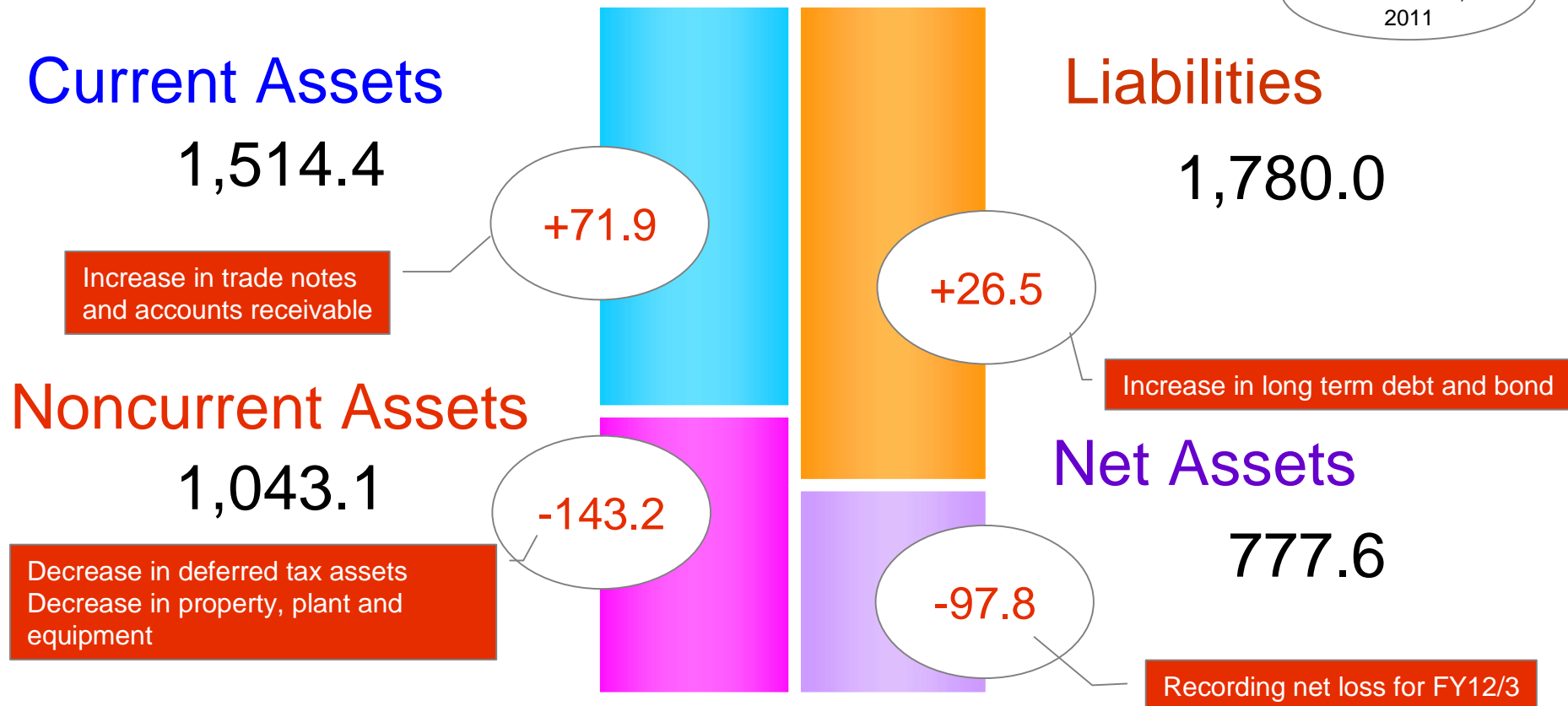
# <Ref.> Balance Sheets (At the end of Mar, 2012)

(Billions of Yen)

<Compared to end of Mar, 2011>  
(-71.4)

**Total Assets 2,557.6**

Compared to  
end of Mar,  
2011



# Capital Expenditure, Depreciation and R&D expenses

(Billions of yen)

	FY11/3 Actual	FY12/3 Actual	YoY	Difference from Jan 26	FY13/3 Forecasts	YoY
Capital Expenditure	52.9	42.0	- 20.6%	-28.0	50.0	19.1%
Depreciation	62.1	53.3	- 14.2%	-6.7	55.0	3.2%
R&D expenses	176.5	162.0	- 8.2%	-3.0	170.0	5.0%
To consolidated total sales (%)	5.7%	5.3%			5.4%	



\*Forecasts as of Apr 27, 2012


# Overseas sales

(Billions of Yen)

		Q4 <January to March>			Full Year			Major countries and regions
		FY11/3 Actual	FY12/3 Actual	YoY	FY11/3 Actual	FY12/3 Actual	YoY	
Asia	Net Sales	38.9	40.2	3.4%	158.5	153.0	- 3.5%	China,Chinese Taipei,India, Singapore and Indonesia
	To consolidated total sales( %)	4.2%	4.4%		5.1%	5.0%		
Europe	Net Sales	29.7	21.8	- 26.4%	109.8	104.4	- 4.9%	UK,France,Netherlands, Germany,Italy and Spain
	To consolidated total sales( %)	3.2%	2.4%		3.5%	3.4%		
Others	Net Sales	50.2	56.6	12.8%	211.1	224.1	6.2%	U.S.A
	To consolidated total sales( %)	5.4%	6.1%		6.8%	7.4%		
Total	Net Sales	118.8	118.7	- 0.1%	479.3	481.5	0.4%	
	To consolidated total sales( %)	12.8%	12.8%		15.4%	15.9%		

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

# Measures and achievements in Cloud Business

- 
- Digital Signage System for UNIQLO
  - Accounting system for COOKPAD Inc.
  - Cloud services of Internet reservation data exchange for HOTEL CENTURY SOUTHERN TOWER
  - SaaS-based e-ticket issuance and authentication services for Entertainment Plus Inc.
  - Indirect material procurement services for Cecile Co., Ltd.
  - Collaboration with Nepon in Agriculture ICT Cloud
  - Global Accounting System for SANDEN Corporation
  - Content chemical Management Solution Complying with the REACH Regulations for YASKAWA ELECTRIC CORPORATION
  - Health Management System for Seiko Epson Corp
  - Collaboration with Mitsubishi Electronic Corporation in cloud service business for manufacturing management systems
  - Alliance with OBAYASHI CORPORATION and GRAPHISOFT SE in Smart BIM Cloud
  - Financial accounting cloud services for 10 cities in Kanagawa
  - Unified communication system for Ishigaki City and Taketomi town in Okinawa
  - Library System in Maebashi City and Yamato City
  - Education Information Cloud for education committee in Hiroshima City
  - Private Cloud for Tokai Univ.
  - Hybrid Cloud for Tokushima Univ.
  - SaaS-based electric medical records system for Tamashima Daiichi Hospital in Kurashiki City, Okayama
  - Shipping LTE base stations for KDDI
  - Launch M2M Solution "CONNEXIVE"
  - Launch services from Data Center in Kansai
  - Launch services from Data Center in Hokkaido



# Measures and achievements in Global Business



- Collaboration with Royal Philips Electronics on digital pathology systems
  - Provide Swiss Post with the Latest Mail Processing Systems
  - Femtocell systems for Kuwait Zain
- NetCracker acquired activation business from India Subex
- Launch production of PASOLINK in India
- Partnership with India Trimax on cloud services
- Establish NEC Mobile Network Excellence Center in India
- Established NEC Africa Ltd.
- Launched SaaS business application store with Mobile TeleSystems OJSC
- Collaboration with Neusoft Corporation on cloud services
- Transport Management System for logistics company in China
- Collaboration with Jointown Pharmaceutical Group on Medical logistics solution
- Alliance with Korea's Shinsegae and NICE for Cloud Services Analyzing Customer Information
- SaaS cloud service for the Amata Industrial Estate, Thailand
- Collaboration with Singapore STEE on cloud services
- Deployed advanced postal automation system in Malaysia
- POS system for Alfamart, one of Indonesia's retailers
- Asia Pacific Gateway (Submarine Cable System)
- South-East Asia Japan Cable system
- Maldives' domestic submarine cable system
- iPASOLINK : Secured orders of more than 110,000 units from 100 operators in 55 countries
- Digital Signage System for UNIQLO
- Collaboration with Cisco to build commercial LTE Networks
- Acquisition of the BSS business of U.S. based Convergys
- Programmable Flow for Genesis Hosting
- Participated in Smart City development in Brazil
- Established NEC Latin America S.A.
- Acquire Global View S.A. in Argentina
- SaaS-based cloud services in Argentina with Telefónica





# Measures and achievements in Smart Energy Business

New business



EV Charging Infrastructure



Electric Vehicle



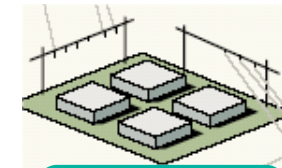
Smart House



Store



BEMS(\*)



Power Supply Side

- Launched cloud supported home energy storage system
  - Co-development of intelligent distribution panel with Seven-Eleven Japan Co.,Ltd.
  - Development and field trials of distributed energy management and control system technology using storage batteries with ORIX Corporation
  - Launched ultra low power magnetic sensors for water and gas meters
  - Launched Home Energy Management System (HEMS)
  - Began demonstration project for Battery and Charger Integration Systems for next generation service stations as part of Yokohama City's "Yokohama Smart City Project"
  - Developed new technology which doubles life of manganese Li-ion rechargeable battery
  - Develop new power grid to introduce renewable energy easily with Tokyo Univ. and the National Institute of Advanced Industrial Science and Technology
- Strategic partnership with Enel Distribuzione on the development of Next-Generation Smart Grid system
- Survey the deployment of energy management technologies for mobile phone base stations in India
- Basic research to realize green township in Malaysia
- Feasibility study of smart community for overseas market in Indonesia
- Set up "Smart City Promotion Office"
- Participated in "Smart City Project"
- Participated in Smart City development in Brazil



BEMS (\*) : Building Energy Management System



Financial Forecasts for FY13/3 (Appendix)

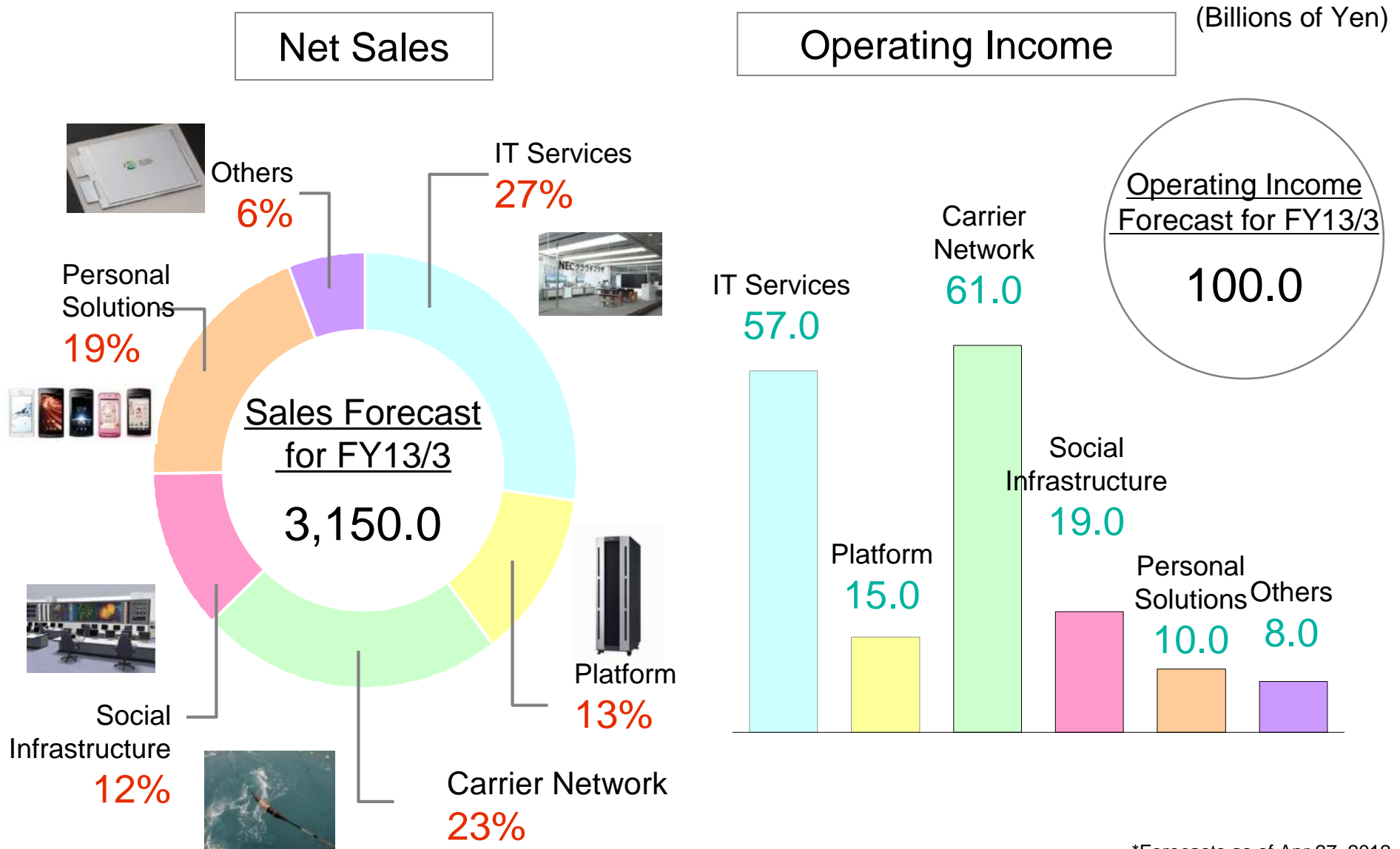
# Summary of Financial Forecasts for FY13/3

(Billions of Yen)

		1H <April to September>			Full Year		
		FY12/3 Actual	FY13/3 Forecasts(*)	YoY	FY12/3 Actual	FY13/3 Forecasts(*)	YoY
IT Services	Net Sales	362.7	380.0	4.8%	816.9	855.0	4.7%
	Operating Income	3.0	14.0	11.0	39.5	57.0	17.5
	% to Net Sales	0.8%	3.7%		4.8%	6.7%	
Platform	Net Sales	174.0	190.0	9.2%	372.4	400.0	7.4%
	Operating Income/Loss	-2.2	0.0	2.2	5.2	15.0	9.8
	% to Net Sales	-	0.0%		1.4%	3.8%	
Carrier Network	Net Sales	294.2	330.0	12.2%	633.0	725.0	14.5%
	Operating Income	15.3	19.0	3.7	56.1	61.0	4.9
	% to Net Sales	5.2%	5.8%		8.9%	8.4%	
Social Infrastructure	Net Sales	140.3	145.0	3.3%	330.4	375.0	13.5%
	Operating Income	6.1	6.0	-0.1	16.2	19.0	2.8
	% to Net Sales	4.3%	4.1%		4.9%	5.1%	
Personal Solutions	Net Sales	354.3	265.0	- 25.2%	661.0	610.0	- 7.7%
	Operating Income/Loss	3.4	-2.0	-5.4	1.0	10.0	9.0
	% to Net Sales	1.0%	-		0.2%	1.6%	
Others	Net Sales	117.8	90.0	- 23.6%	223.2	185.0	- 17.1%
	Operating Income	3.5	2.0	-1.5	7.1	8.0	0.9
	% to Net Sales	3.0%	2.2%		3.2%	4.3%	
Eliminations/ Unclassifiable expenses	Operating Loss	-22.3	-38.0	-15.7	-51.4	-70.0	-18.6
Total	Net Sales	1,443.2	1,400.0	- 3.0%	3,036.8	3,150.0	3.7%
	Operating Income	6.8	1.0	-5.8	73.7	100.0	26.3
	% to Net Sales	0.5%	0.1%		2.4%	3.2%	

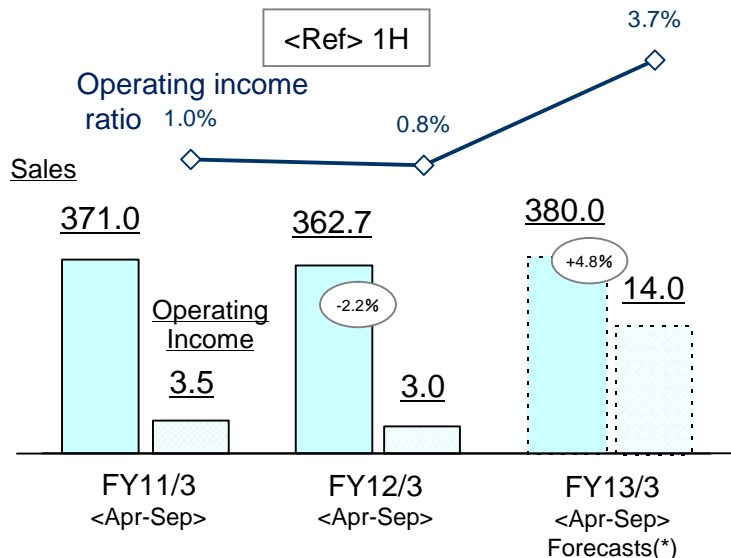
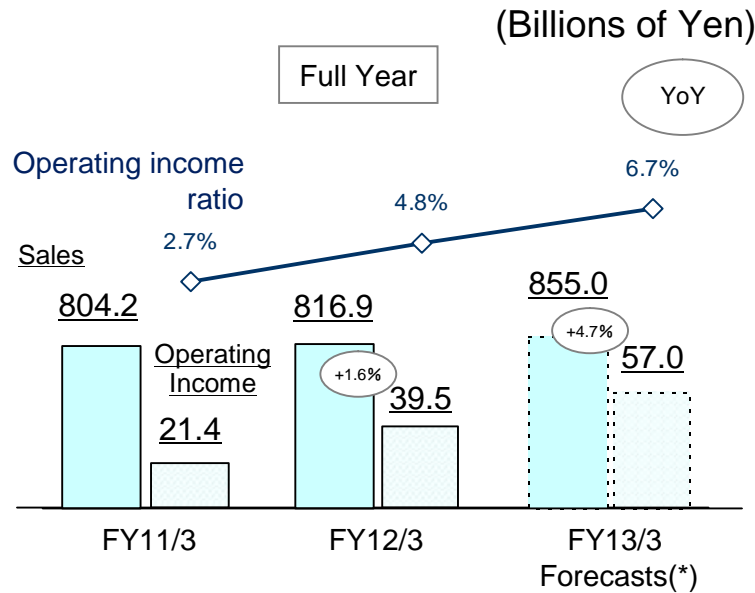
\*Forecasts as of Apr 27, 2012

# Summary of Financial Forecasts for FY13/3 by Segment



\*Forecasts as of Apr 27, 2012

# IT Services Business



**Sales 855.0 (+4.7%)**

- △ Secure business opportunities such as smartphone related investment, realignment of financial sector and overseas advance of Japanese companies
- △ Expand new business such as M2M and Big Data Solutions

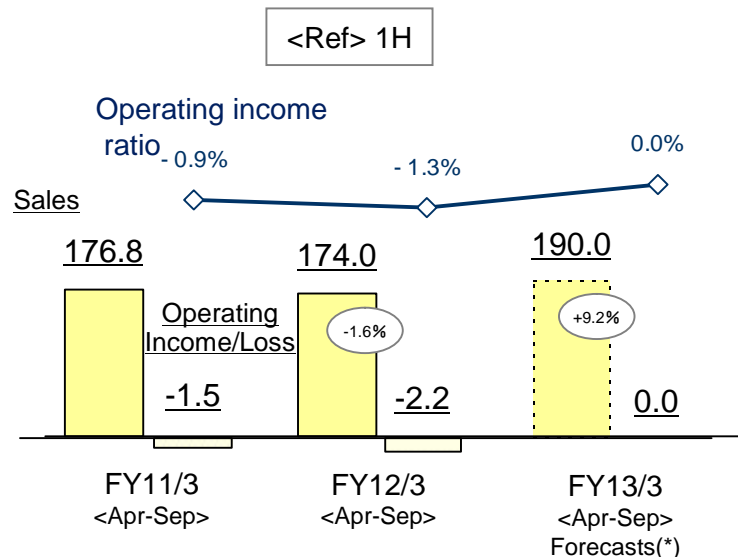
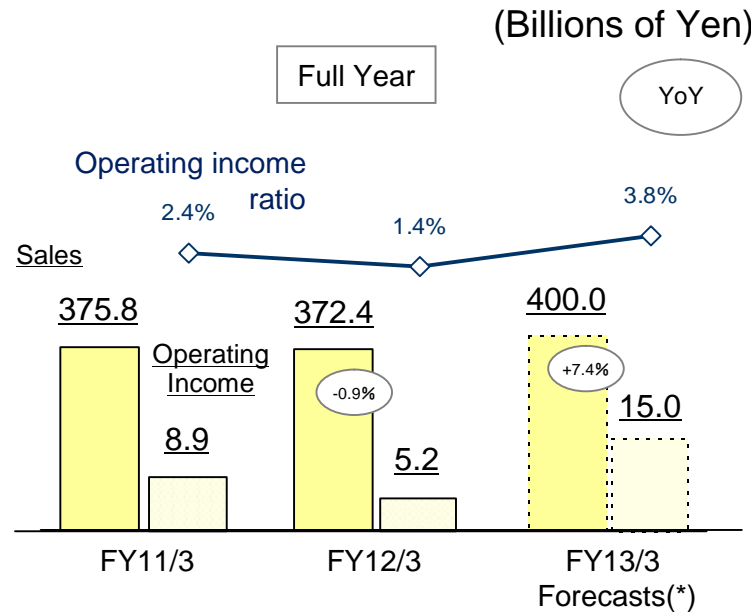
**Operating Income 57.0 (+17.5%)**

- △ Improve by sales expansion and the effect of restructuring
- △ Make an investment in cloud, global and new business



\*Forecasts as of Apr 27, 2012

# Platform Business



**Sales** 400.0 (+7.4%)

△ Software

Aim to increase by expanding sales operation management software mainly for data centers and products for cloud/big-data

△ Hardware

Expect to increase sales by focusing on products for energy saving and BCP

△ Enterprise Network

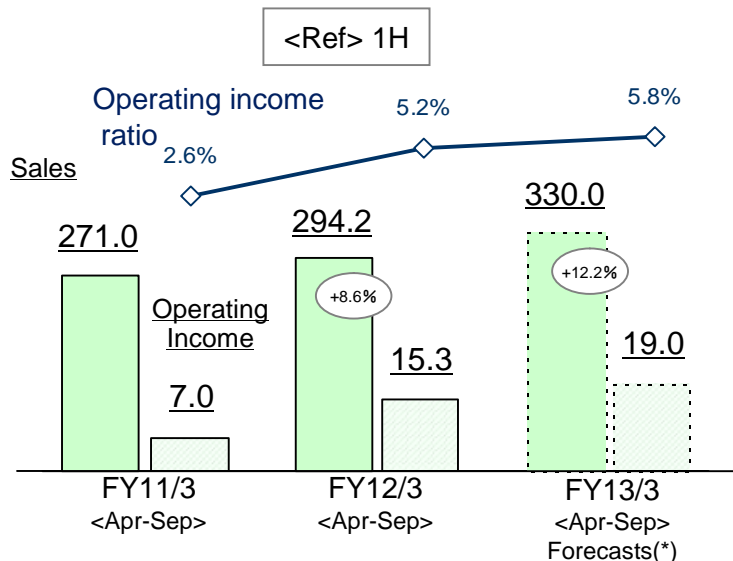
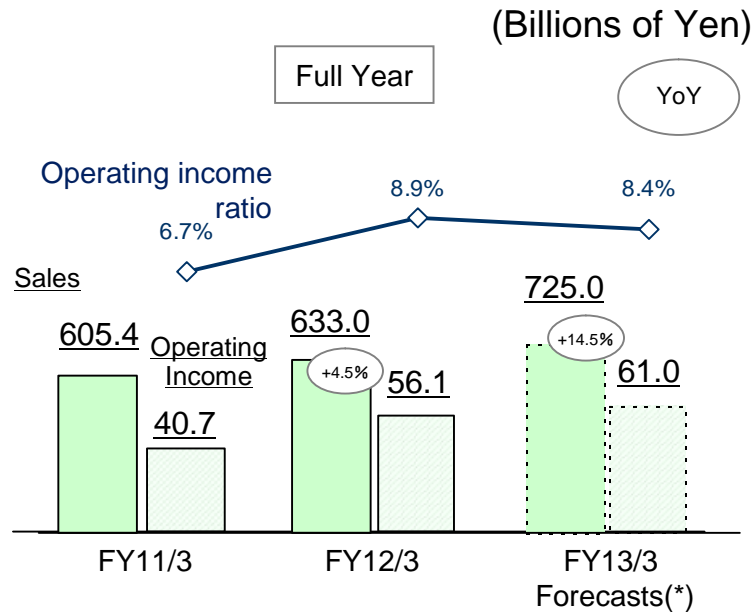
Expect to increase sales with solution for work-style innovation and datacenters, in addition to the solid execution of large scale projects

**Operating Income** 15.0 (+9.8)

△ Expect to increase profits from sales expansion and steady execution of restructuring

\*Forecasts as of Apr 27, 2012

# Carrier Network Business



**Sales** 725.0 (+14.5%)

- △ Achieve additional sales growth in Japan by capturing business opportunities arising from data traffic hikes
- △ Attain sales increase by expansion of services & management business and solid execution of large scale projects in submarine cable systems

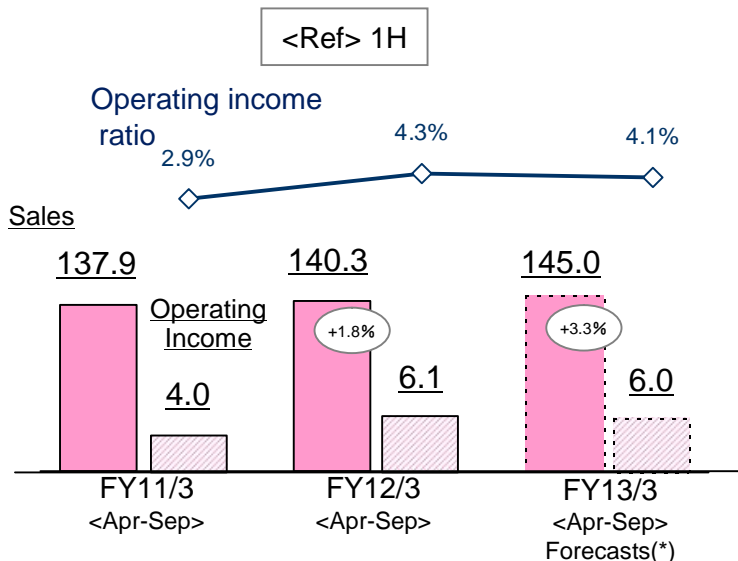
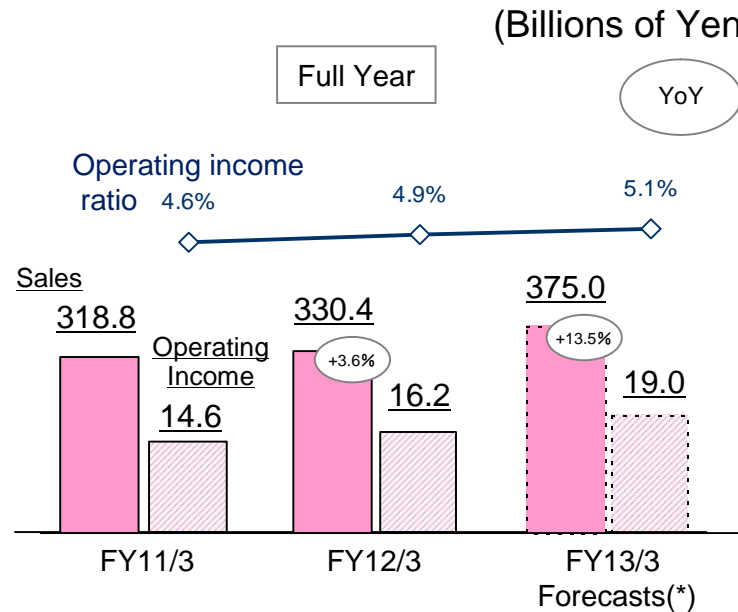
**Operating Income** 61.0 (+4.9)

- △ Expect to increase profits from sales expansion despite making an investment for future growth



\*Forecasts as of Apr 27, 2012

# Social Infrastructure Business



**Sales** 375.0 (+13.5%)

- △ Aiming to increase in aerospace and defense systems
- ▷ Social systems will be same level as the previous year due to sales increase in fire and disaster prevention systems offset by decrease in demand of broadcasting system

**Operating Income** 19.0(+2.8)

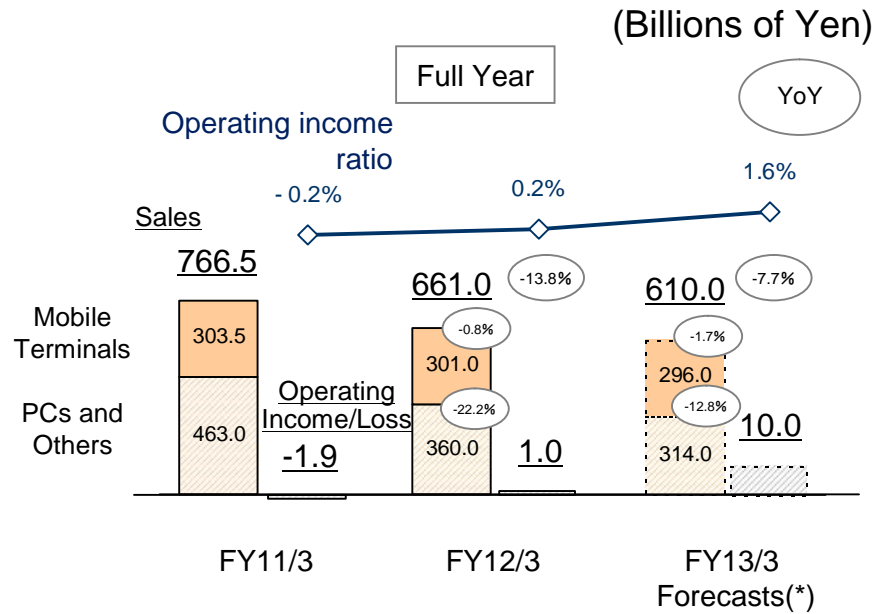
- △ Improve due to sales increase, cost reduction and effect of restructuring despite making an investment for future growth



\*Forecasts as of Apr 27, 2012

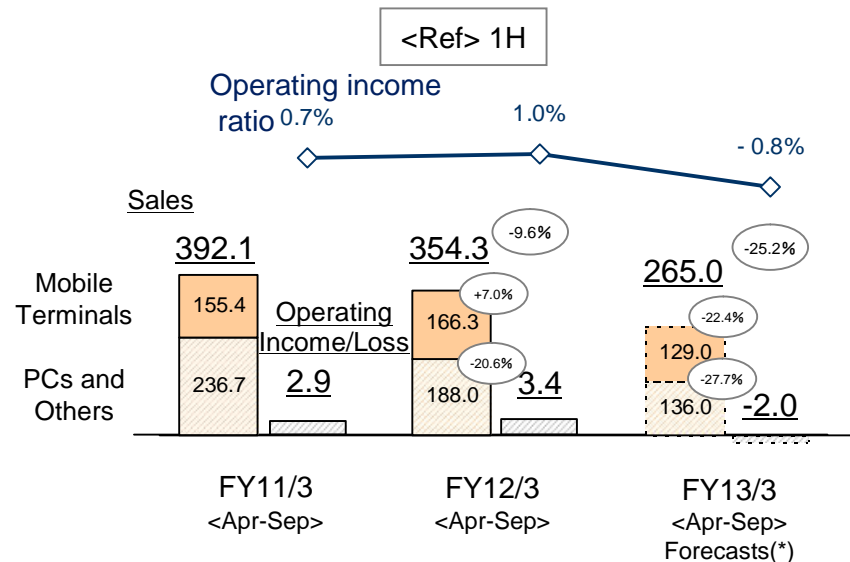


# Personal Solutions Business



**Sales** 610.0 (-7.7%)

- ▽ Mobile Terminals :  
Slight decrease due to price decline and changes in product mix despite shipment increase
- ▽ PCs and Others :  
Decrease due to the deconsolidation of consumer PCs



**Operating Income** 10.0 (+9.0)

- △ Improve due to the effect of restructuring in mobile terminal business despite sales decrease

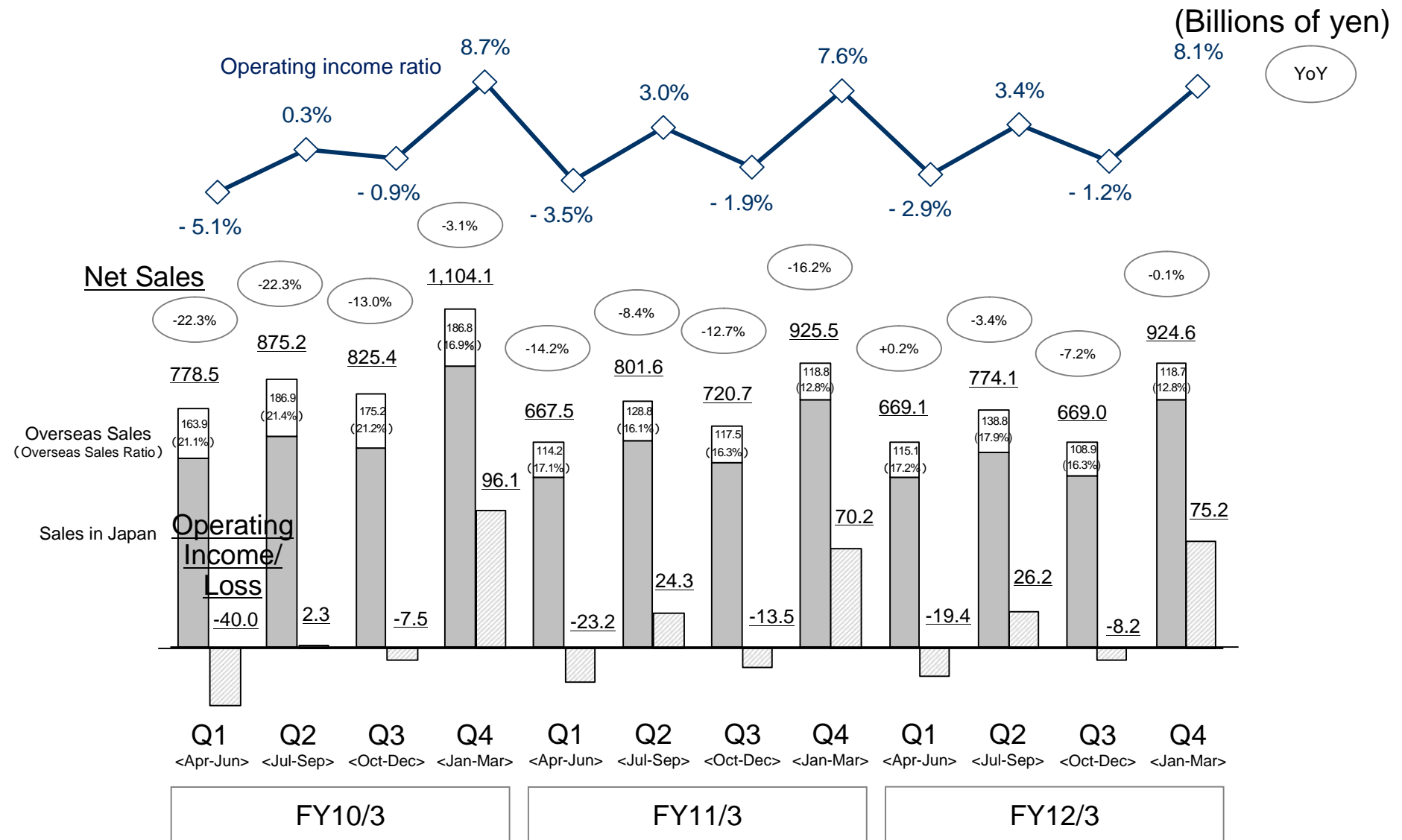


\*Forecasts as of Apr 27, 2012

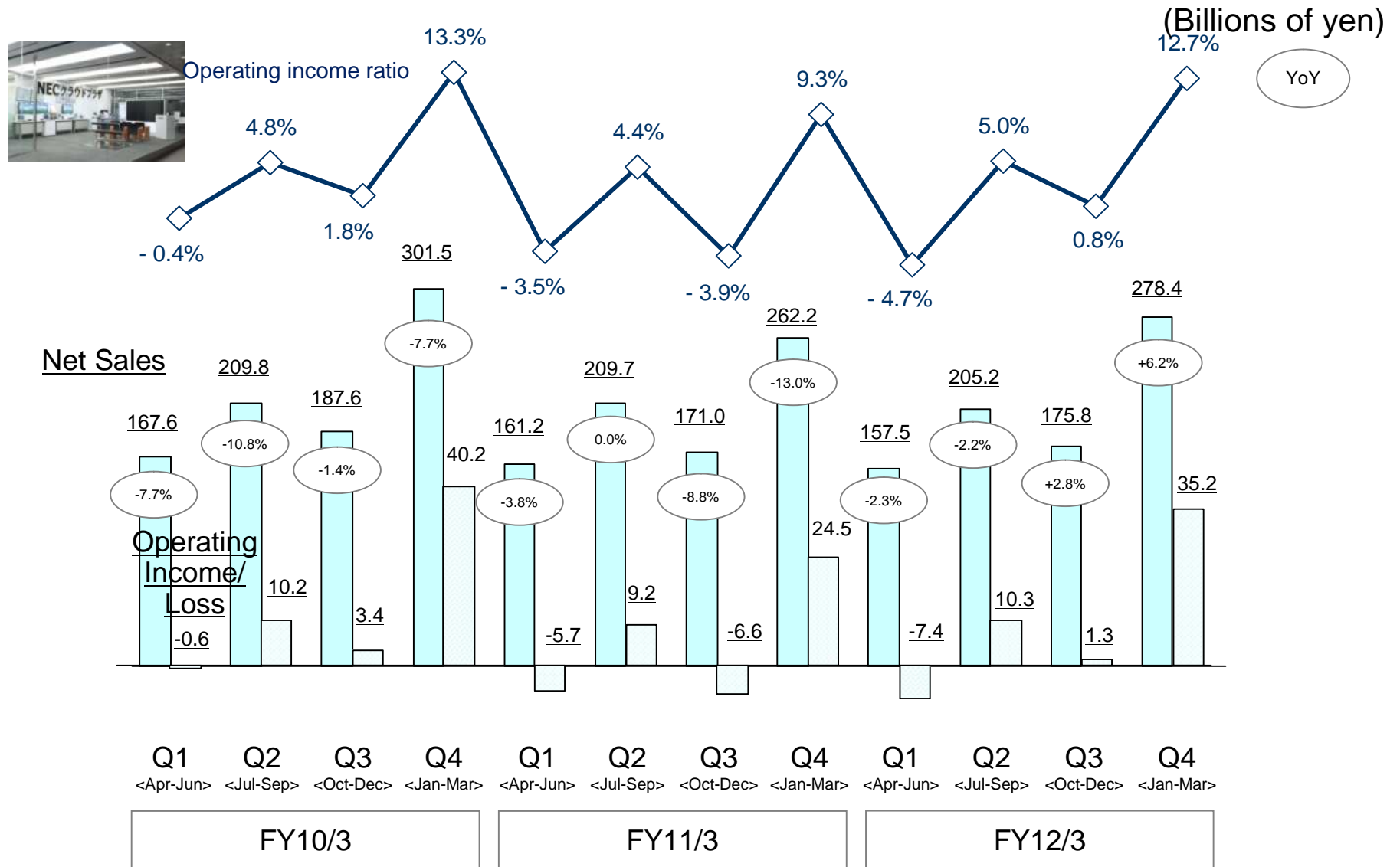


Reference (Financial data)

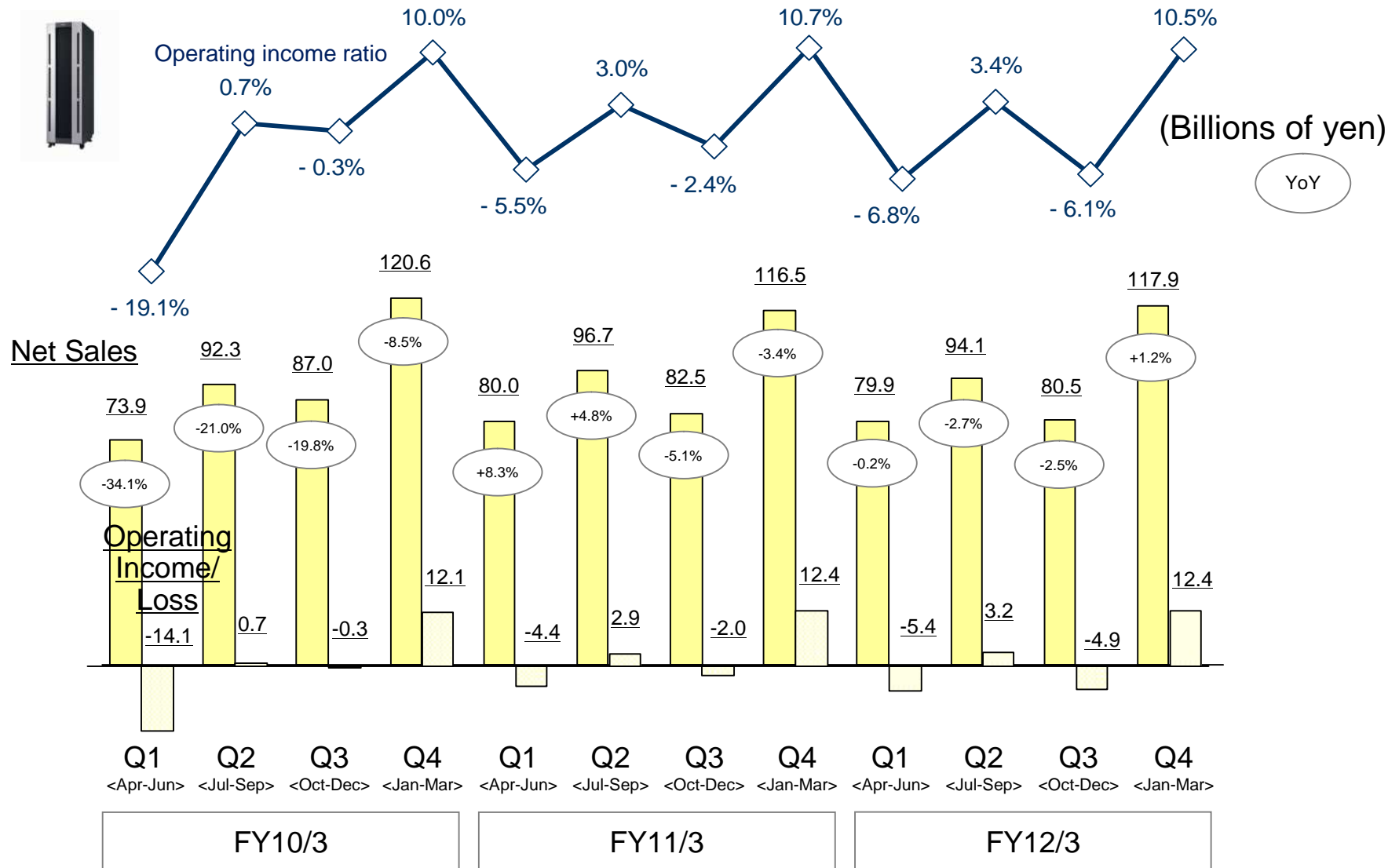
# Net Sales, Operating Income/Loss



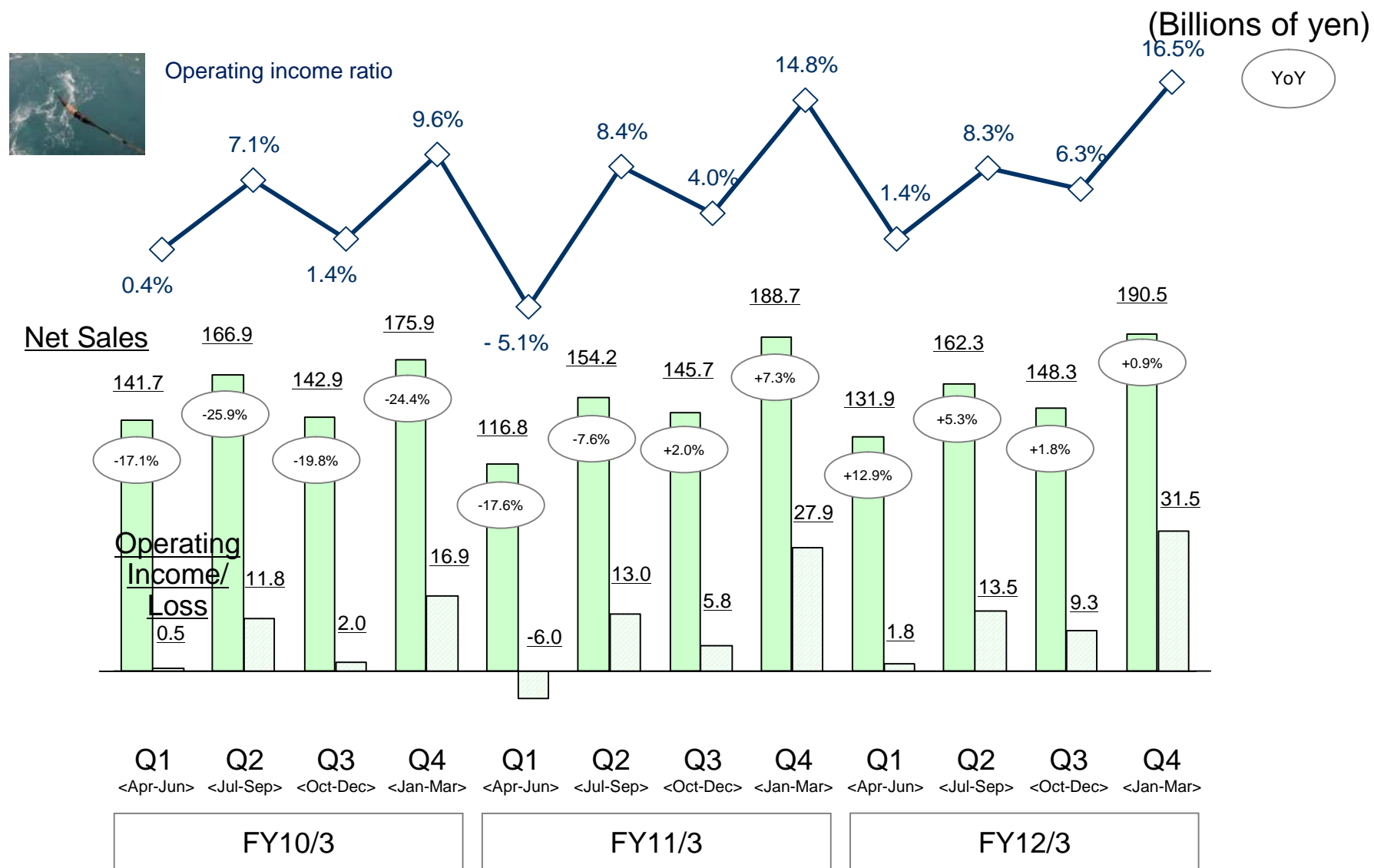
# Sales, Operating Income/Loss (IT Services)



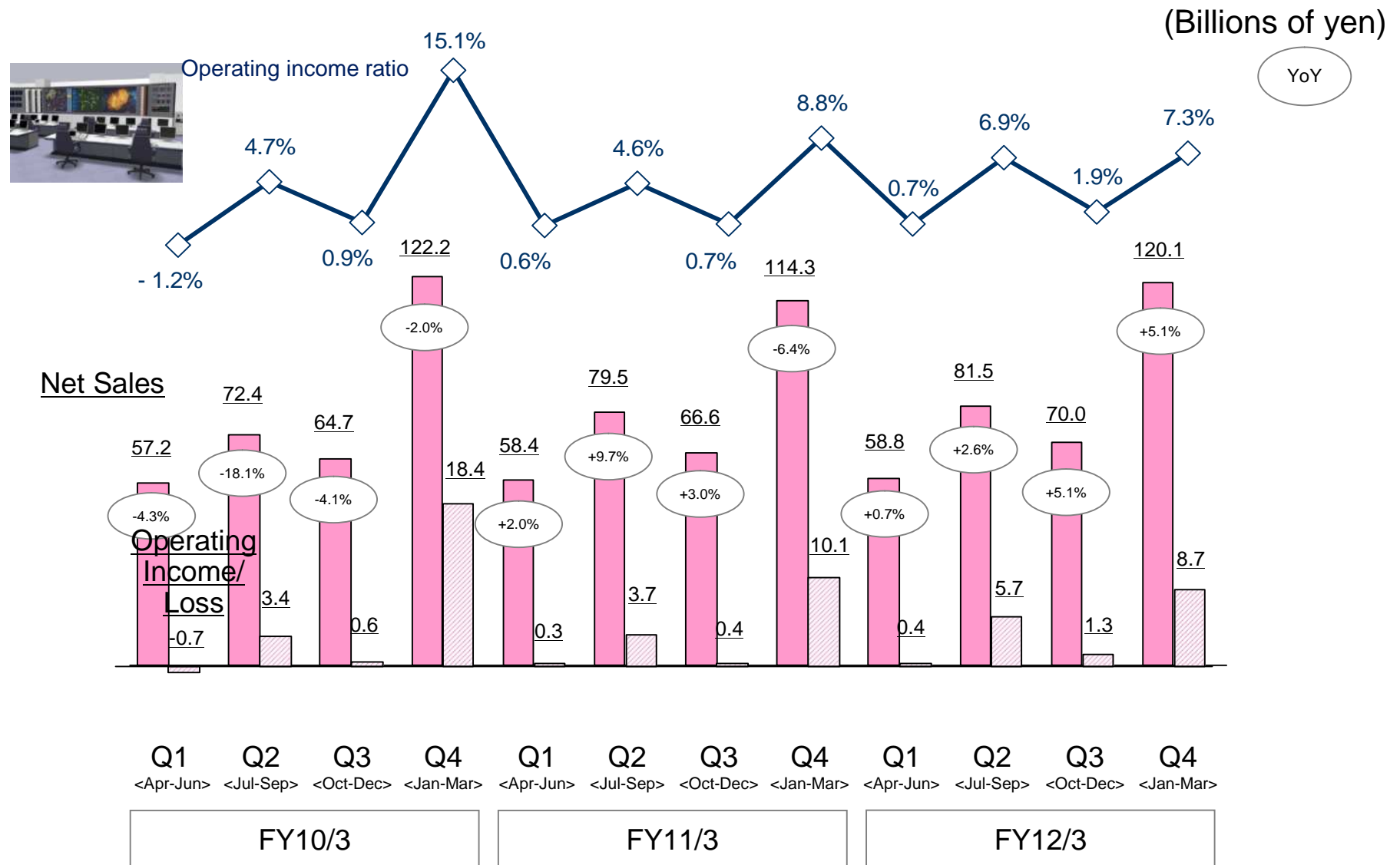
# Sales, Operating Income/Loss (Platform)



# Sales, Operating Income/Loss (Carrier Network)



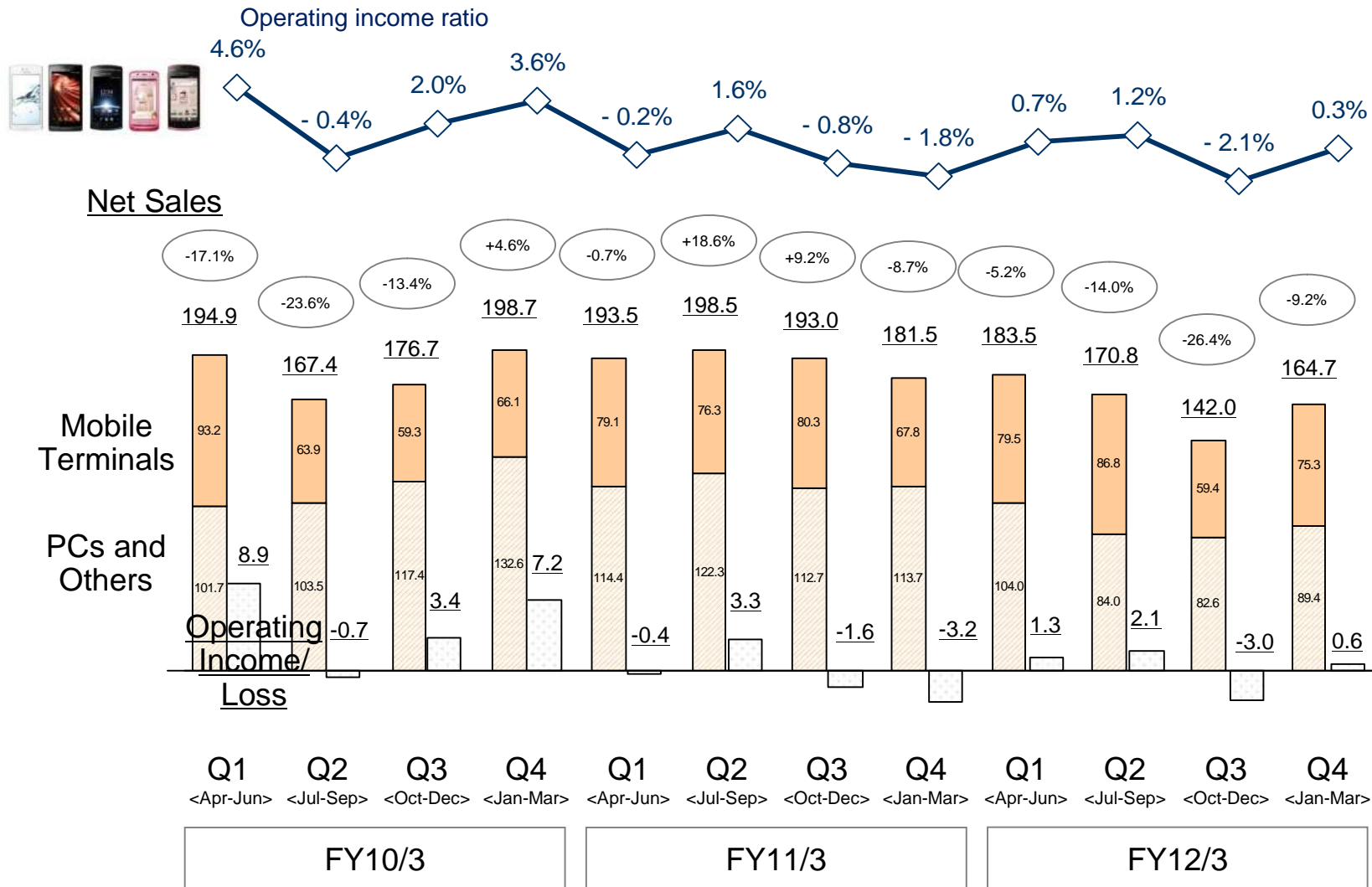
# Sales, Operating Income/Loss (Social Infrastructure)



# Sales, Operating Income/Loss (Personal Solutions)

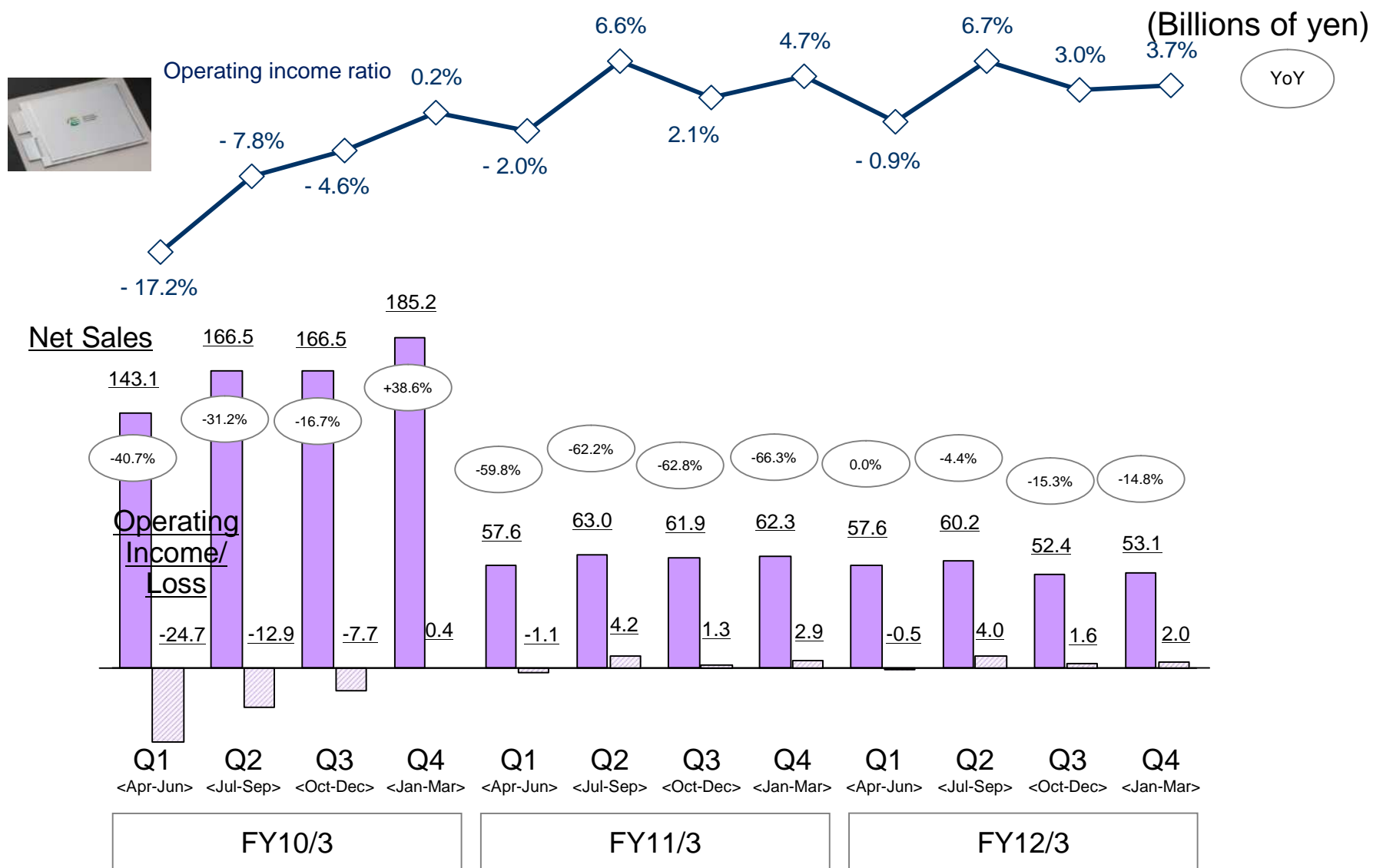
(Billions of yen)

YoY

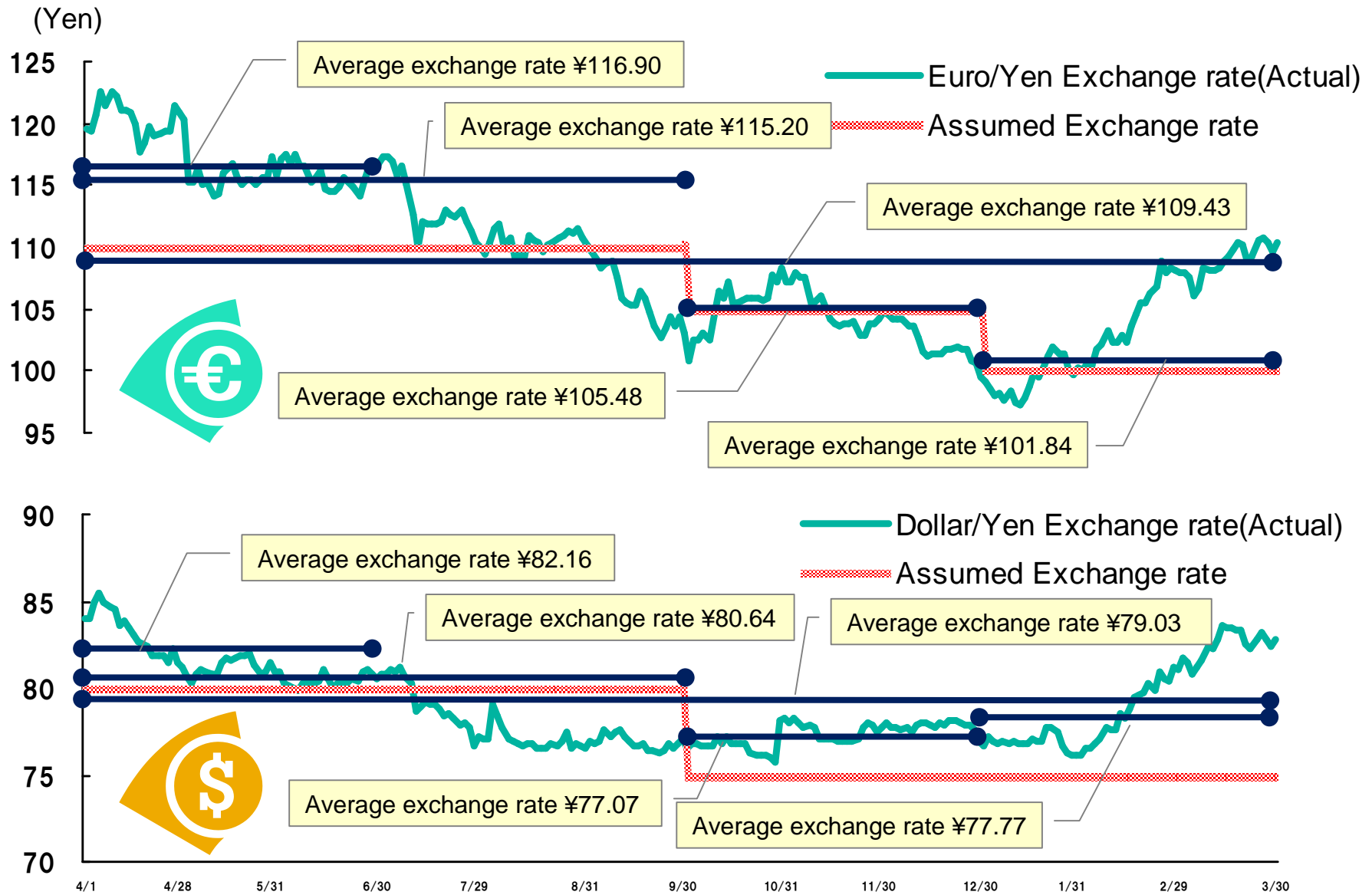




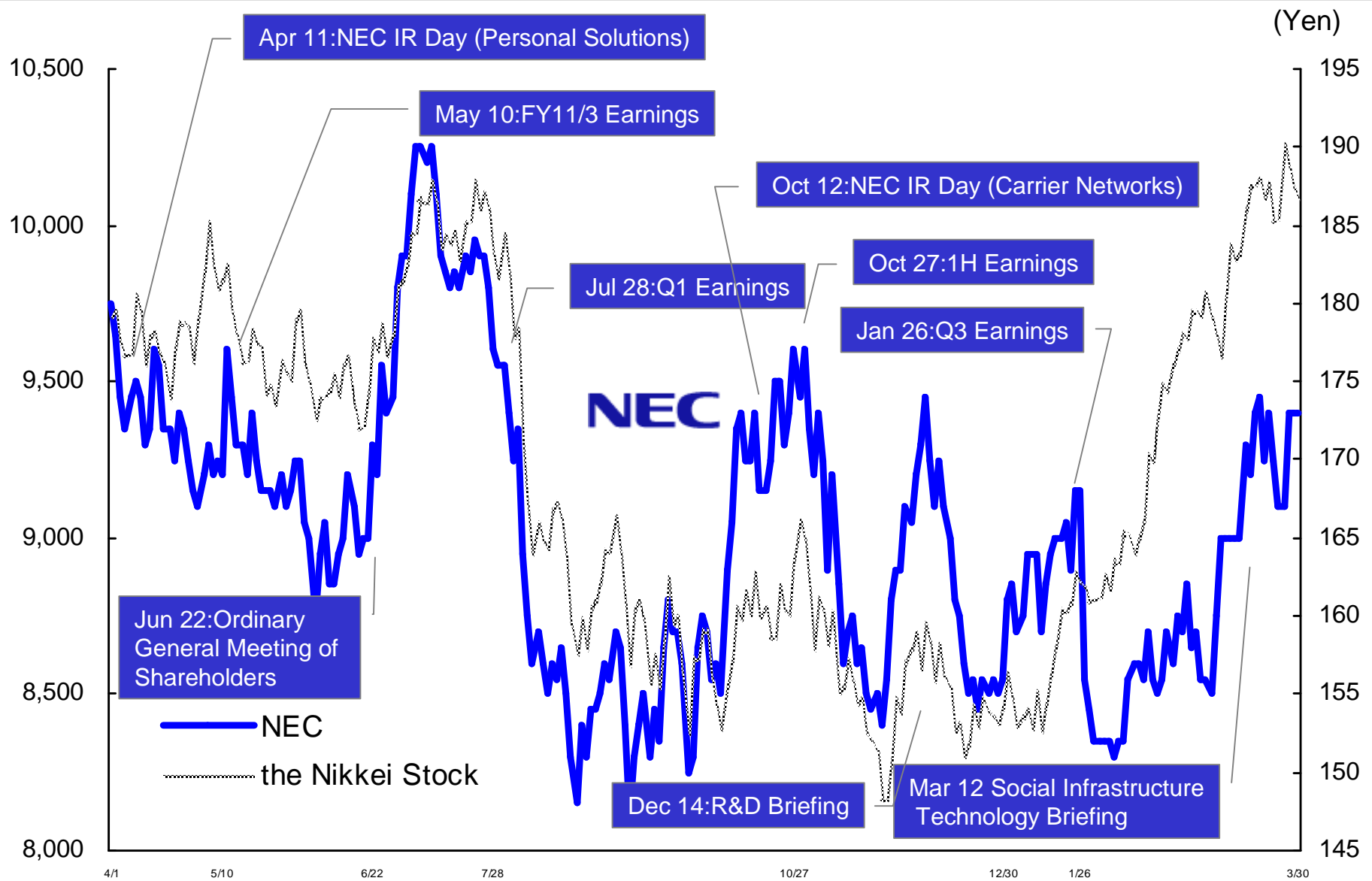
# Sales, Operating Income/Loss (Others)



# Exchange Rate



# Stock Price



**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.