

Acquisition of the BSS Business Segment of U.S. based Convergys

-Strengthening Global Expansion of
Software Services for Carriers-

March 22, 2012
President Nobuhiro Endo

NEC Management Policy and Detail on Today's Announcement

- Focus on business that will create consistent cash flow
- Management of four main businesses

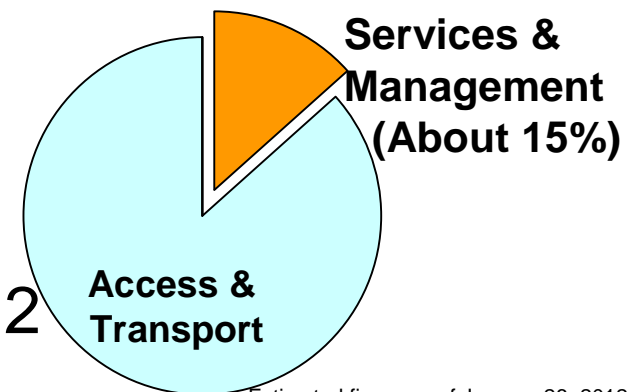
IT Service/Carrier Network/Social Infrastructure/Energy



Global expansion of Services & Management

- Acquired NetCracker in 2008
- Today, NEC has decided to acquire the BSS business of Convergys
 - Signed SPA
 - Acquisition price of about \$450M
 - Expect to complete by 2Q of CY2012

FY2012 Sales Plan for the Carrier Network Business Unit



Estimated figure as of January 26, 2012

1. Acquisition Goals and Background

Carrier Investment Trends

- In order to increase revenue and cost-effectiveness, carriers are increasing capital investment into service and management areas

Service & Management Positioning

Service & Management

Carrier Cloud

Network Service

Infrastructure



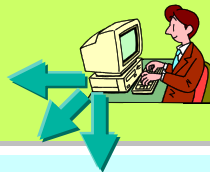
SaaS, IaaS,
PaaS

M2M, SDP

Exchange System
SIP Server
IMS

OSS / BSS

NetCracker
Transforming the Service Layer™

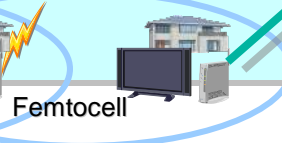
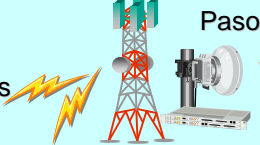


Access & Transport

Submarine System



Base station for Mobile Phones
(3G, LTE)



Femtocell

Core/Metro
network

Pasolink

Router/
Switch

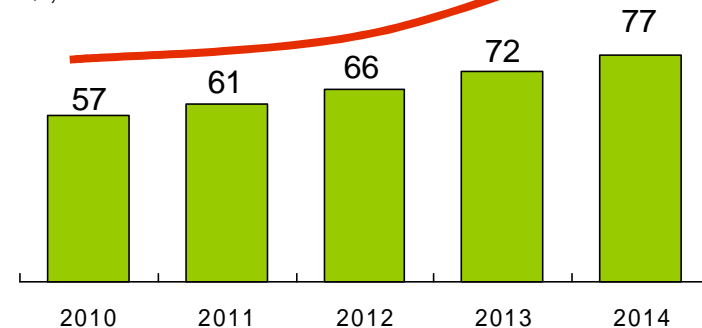


Facility Investment Trend

Service & Management

CAGR 8%

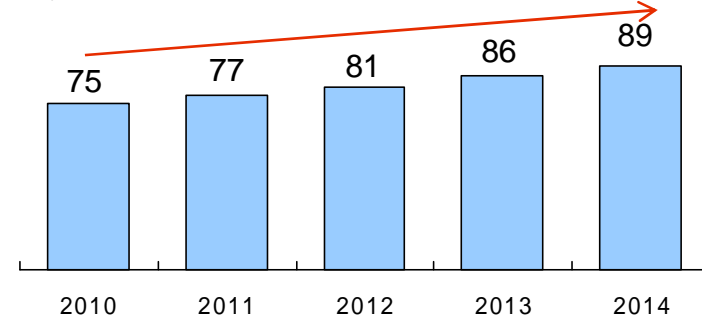
(B \$)



Access & Transport

CAGR 4%

(B \$)

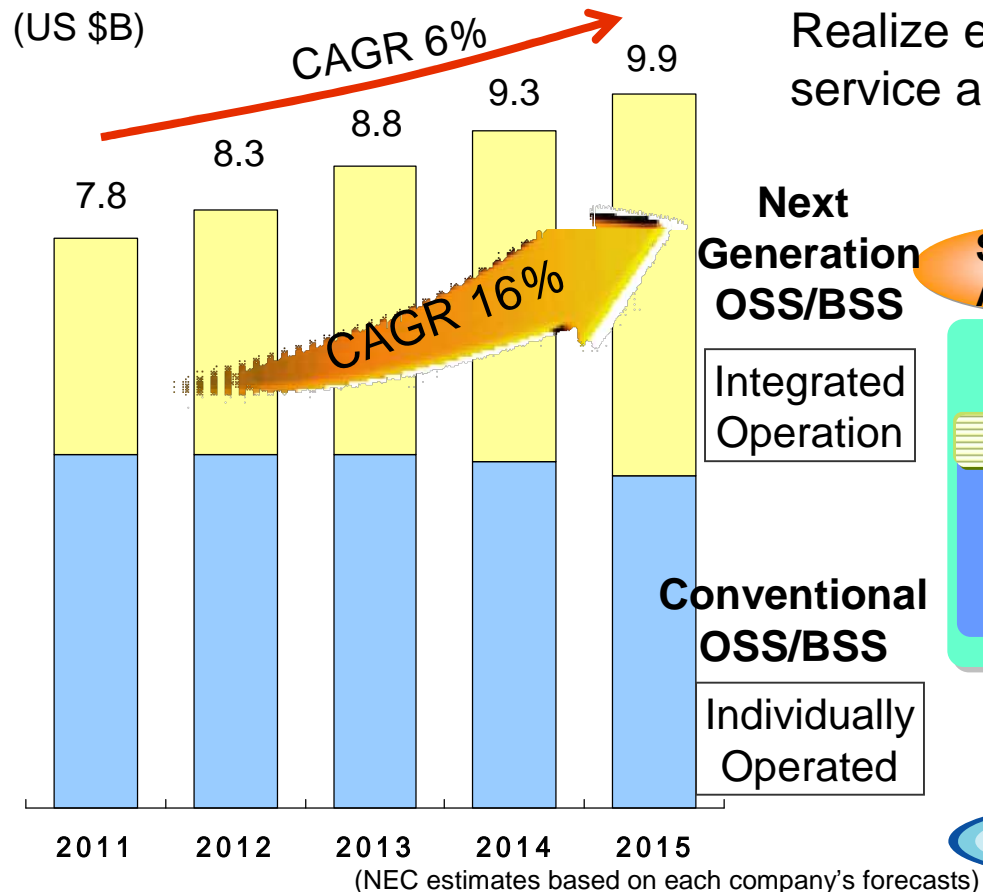


(NEC estimates based on each company's forecasts)

OSS/BSS Trends

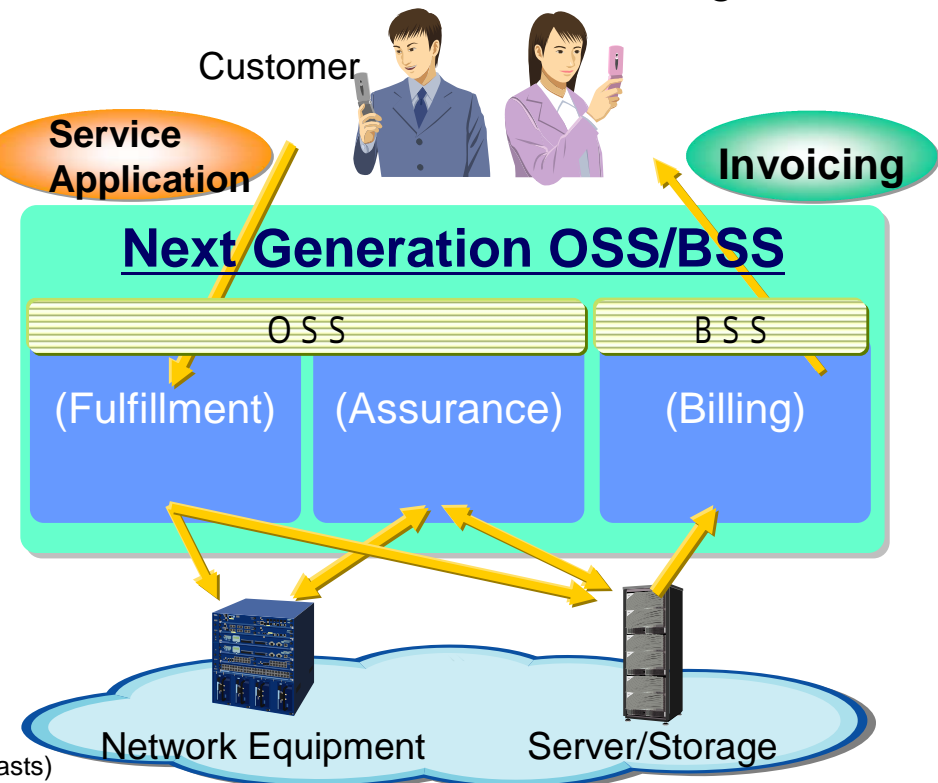
- Carriers continuously increasing investment in OSS/BSS
- Growing need for next generation OSS/BSS that improve services and cost-effectiveness

OSS/BSS Market Trend



Need for Next Generation OSS/BSS

Realize end to end processing of customer service, service activation and customer invoicing



Acquisition of NetCracker to Strengthen OSS Business in 2008

Outline of NetCracker

NetCracker®

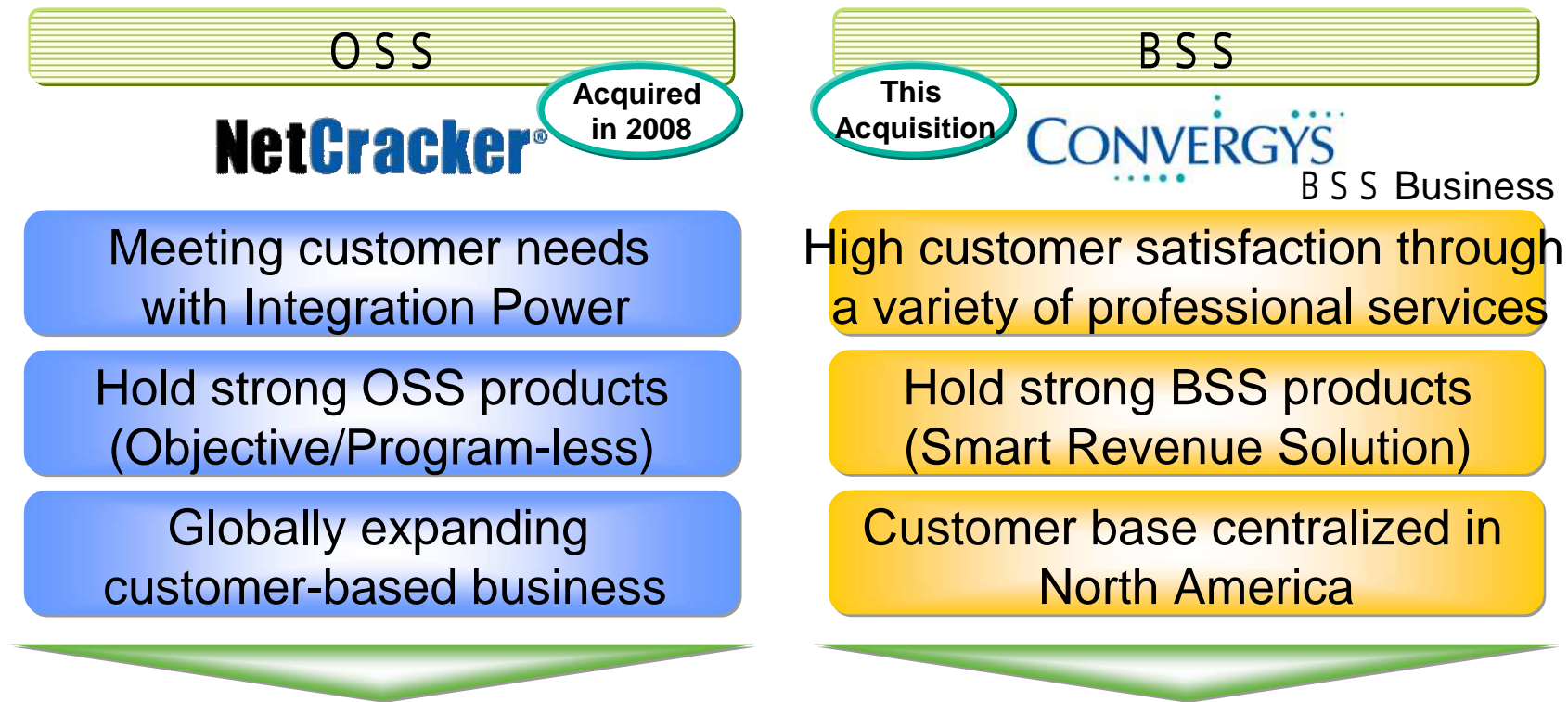
- Name : NetCracker Technology Corporation
- Established : Oct 1993 → Acquired by NEC (June 2008)
- Business Area: Consulting R&D and provision of professional service of OSS to communication service provider
- Headquarters: Massachusetts, USA
- CEO : Andrew Feinberg

Status since the acquisition

- CAGR 20% growth and double digit profit
- No.3 in OSS (Fulfillment) market (Share 9%)
- Strong relationship with Global Tier 1 customer management
- Increased customer base from 50 to 70

Acquisition Goals

- Integrate Convergys' BSS business segment with NetCracker
 - ➔ Obtain opportunities in the growing OSS/BSS market

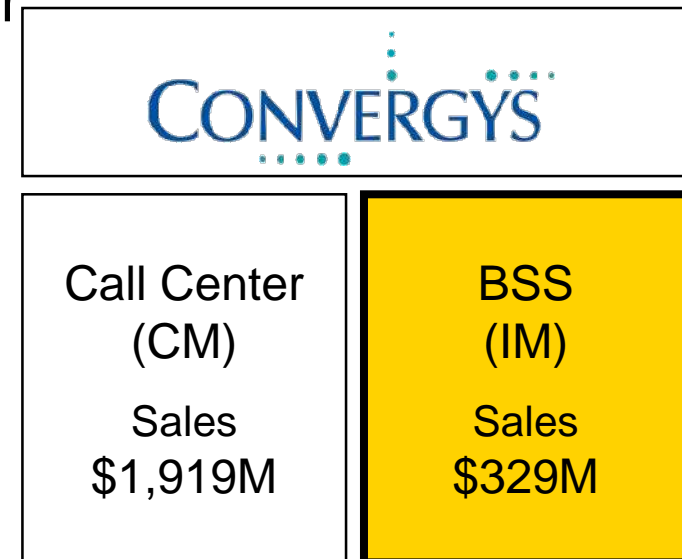


Globally Offering Top Class Next Generation OSS/BSS

2. Convergys' BSS Business Outline

Convergys' BSS Business Outline (1)

- Name : Convergys Information Management Group Inc.
Information Management (BSS Business)
- Established: 1983
- Business Area: Covers BSS area including Billing
- Headquarters: Cincinnati, Ohio
- Research: India, United Kingdom, other
- President: Robert Lento
- Employee: 2,500 (approximate)
- Sales: \$329M (2011)
- Profit/Loss: \$37M (2011)

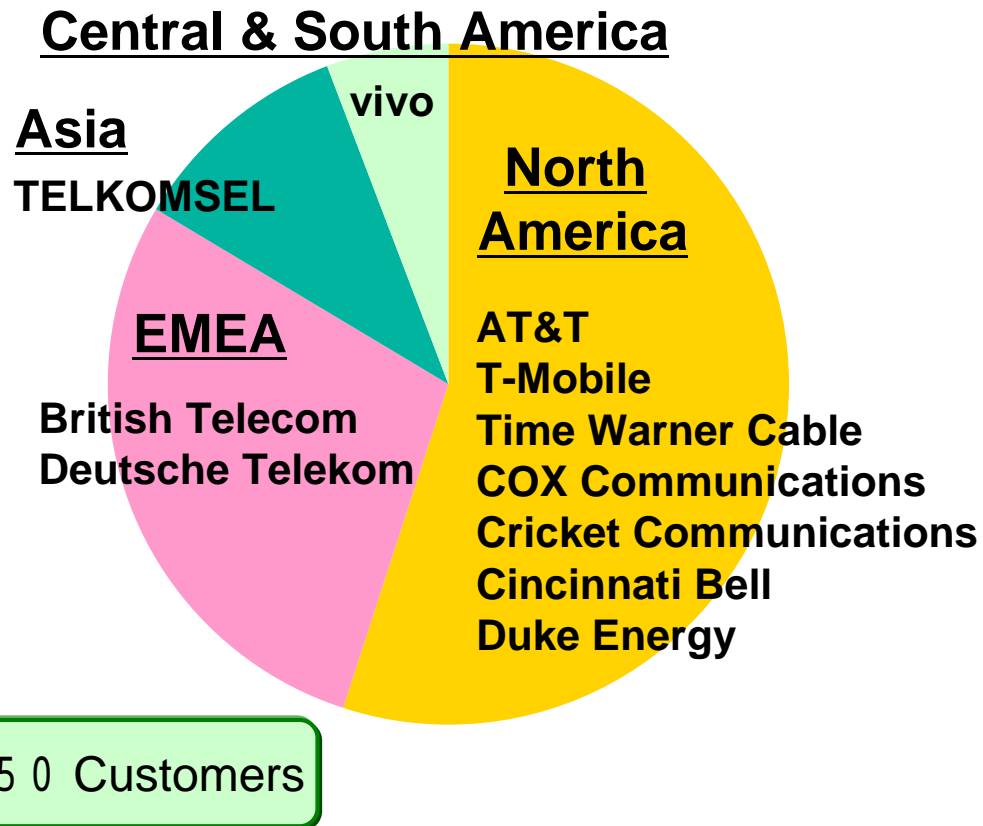


Current Acquisition

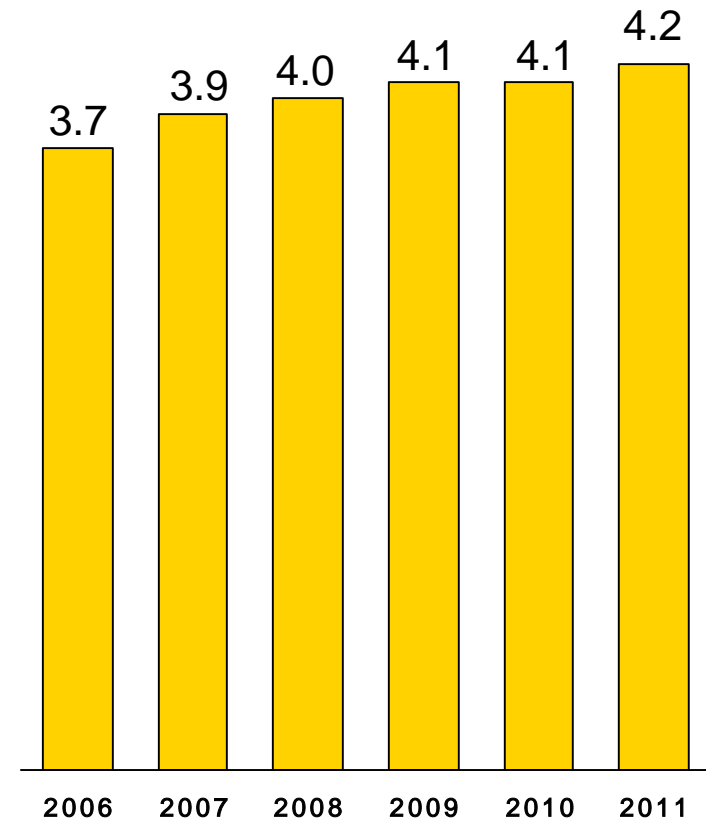
Convergys' BSS Business Outline (2)

- Customer base of 150 companies and high management operation skill

Sales by Region / Main Customer
(2010)



Changes of Customer Satisfaction
(maximum 5points)



Source: Convergys

3. Post-Acquisition Business Development

Post-Acquisition Business Expansion



Expand customer base through cross sales

- Selling BSS to NetCracker customers, OSS to Convergys customers

Establish next generation OSS/BSS

- Investment in integrated development of OSS/BSS products and new customer acquisition

Create service solutions utilizing NEC assets

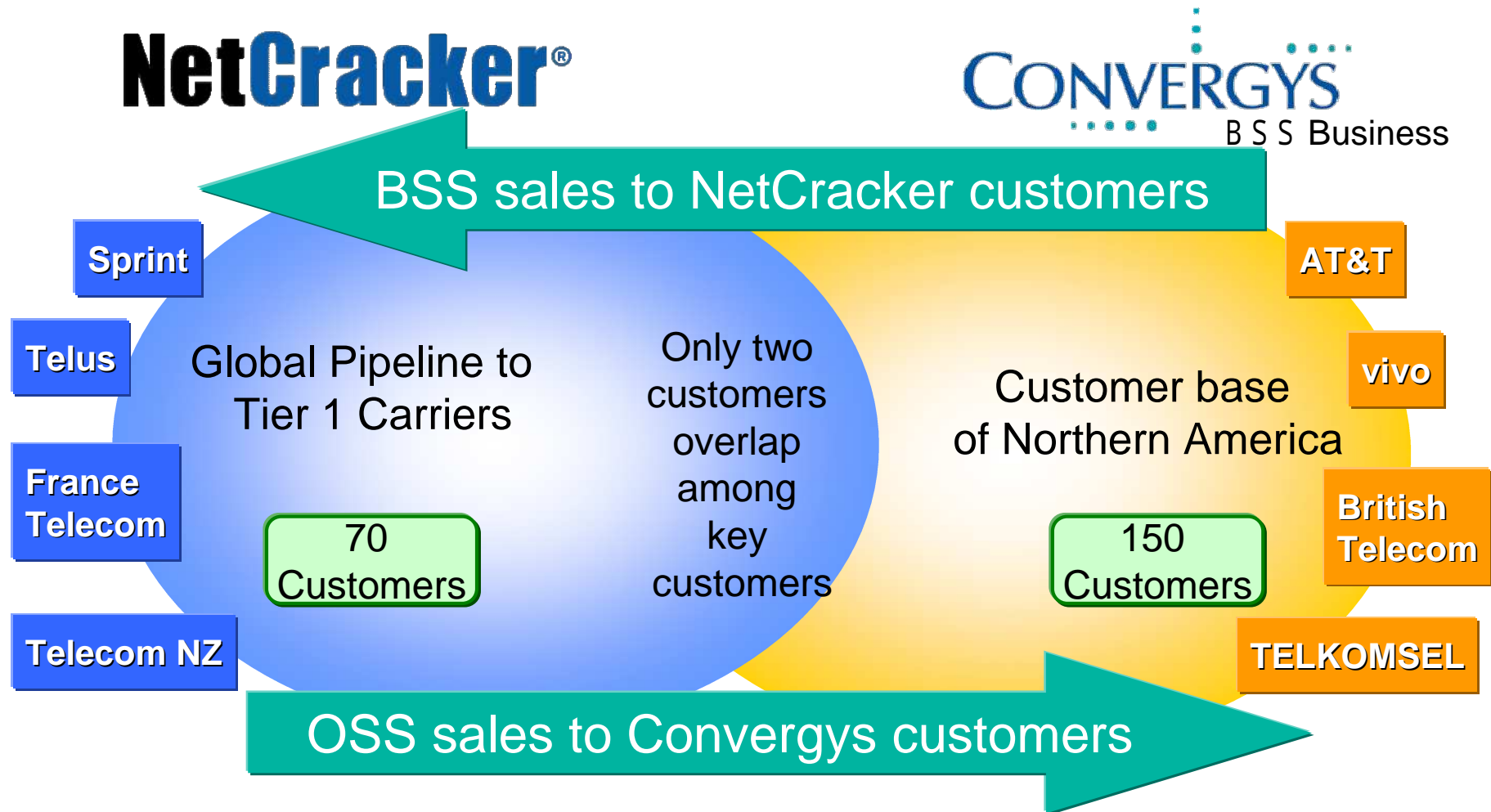
- M2M, Smartphone service, Carrier Cloud and others

Optimizing the allocation & maximizing the use of global offices for sales, SE, SI and development

- Strengthening the global solution structure and promoting the most appropriate development locations as One NEC

Expand Customer Base through Cross Sales

- Maximizing OSS/BSS sales through a customer base of 220 companies



Establishment of Next Generation OSS/BSS

- Investment in development that integrates both companies' assets
- Cultivate new customers with a strong need for integrated solutions

NetCracker®

- Single Platform
- Program-free service changes
- Wide variety of products (Network equipment/applications/services)

Integrated GUI for order management and rating management

OSS

BSS

Unification of rating data base

Integration of billing information interface

CONVERGYS

B S S Business

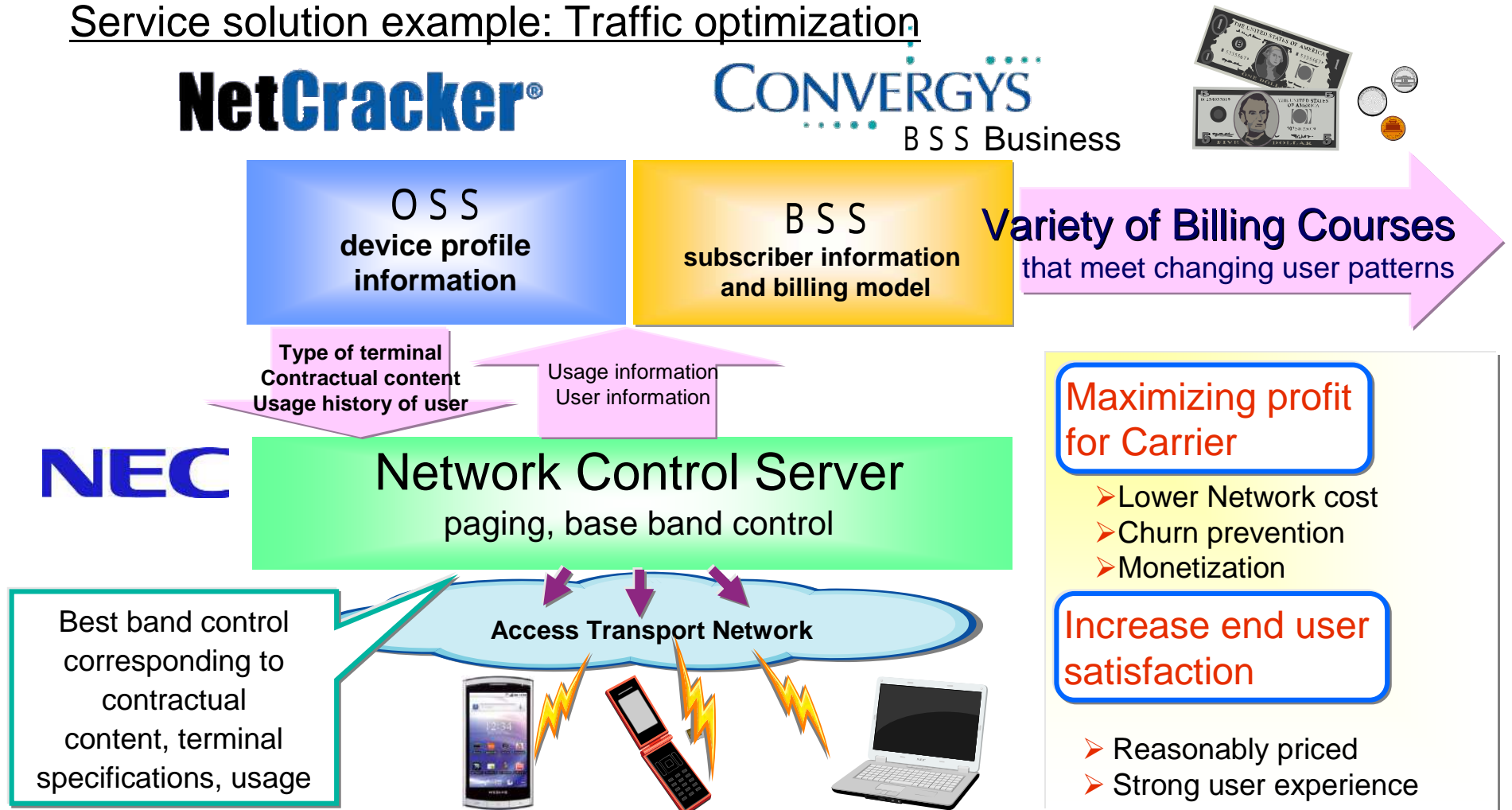
- Single Data Base
- High speed billing engine
- Compatible with a variety of billing models, vertical market models

Integrated assets from both companies

Create Service Solutions Utilizing NEC Assets

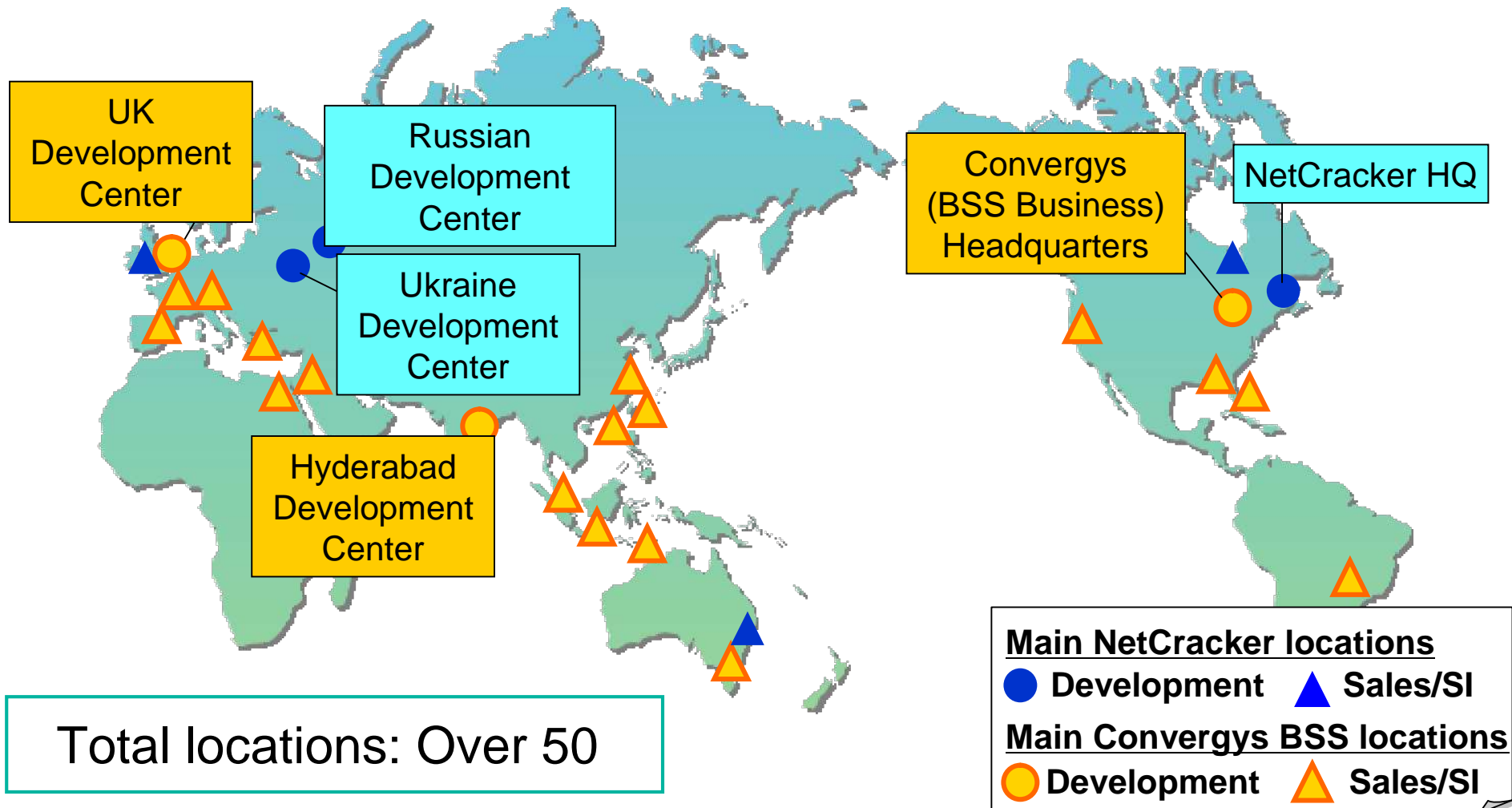
- Maximizing carrier profits through links between NEC's network service solutions and next generation OSS/BSS

Service solution example: Traffic optimization



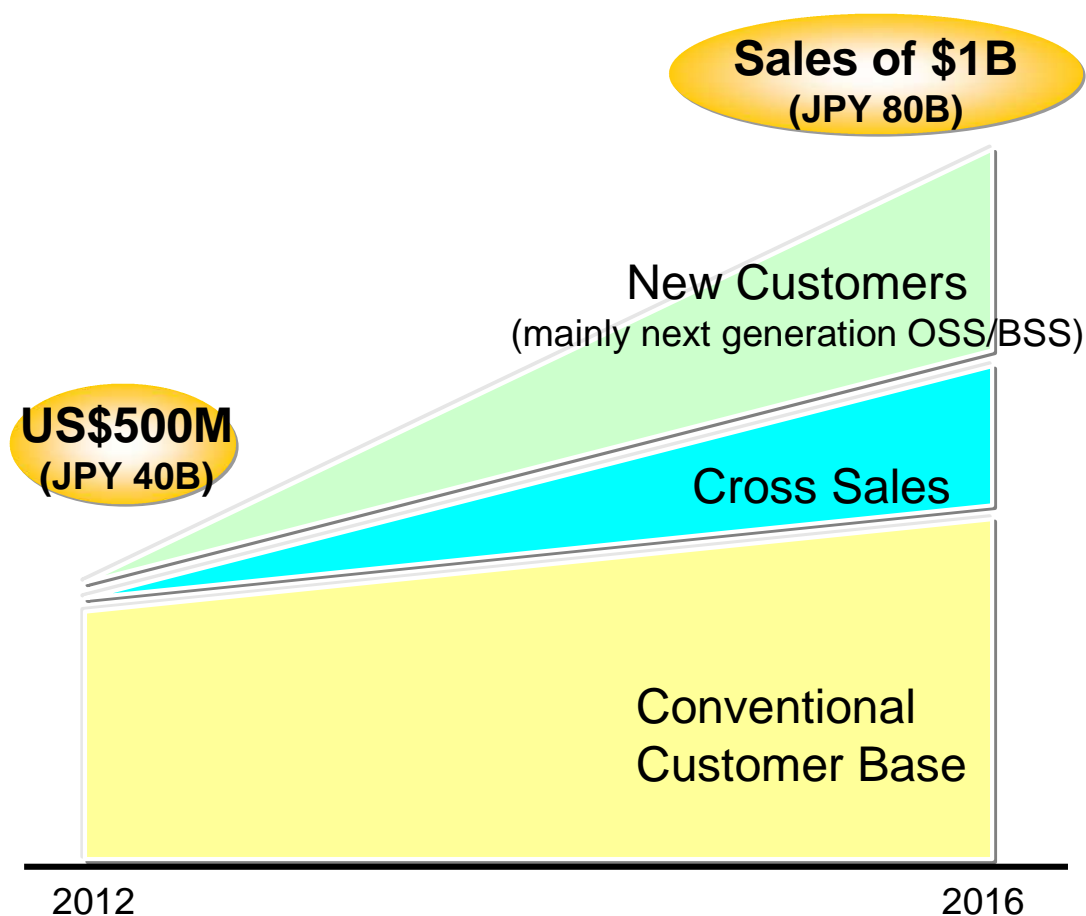
Optimizing the location & maximizing the use of global offices for sales, SE, SI and development

- Strengthening the solution delivery structure (Sales/SE/SI) as one NEC
- Promote the most effective local development on a global scale



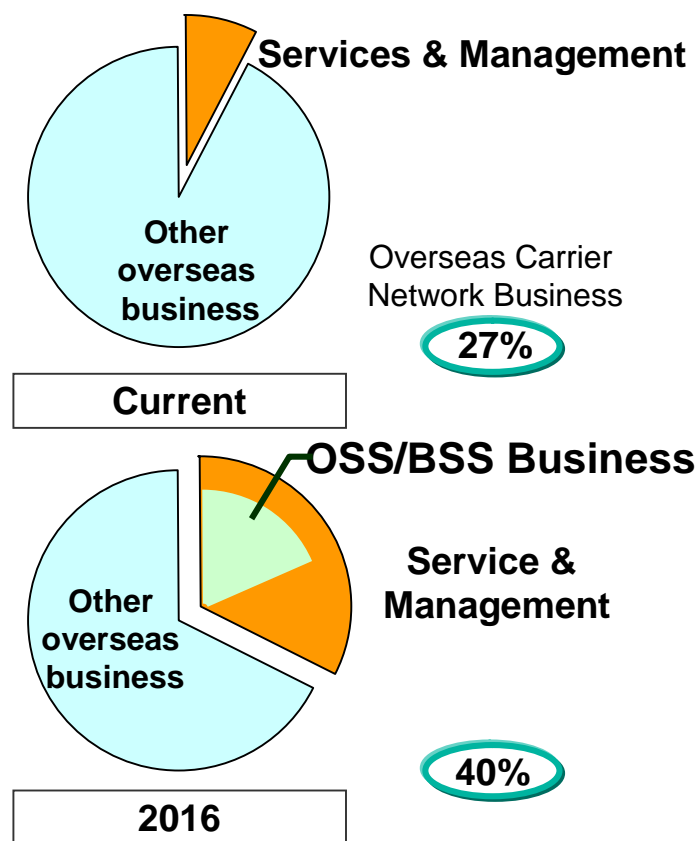
Business Goals

- Establish a 10% global share, US\$1B OSS/BSS business
- Further expand business with new solutions utilizing NEC assets



*Calculated at JPY 80/US\$

Ratio of overseas sales within the Carrier Network Business Unit



Estimate as of March 22, 2012

NEC Global Vision 2017

“To be a leading global company leveraging the power of innovation to realize an information society friendly to people and the earth”



Empowered by Innovation

NEC

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