

FY2015-2017

Mid-term Management Plan for the Nihon Unisys Group



December 1, 2014
Shigeru Kurokawa
President & CEO

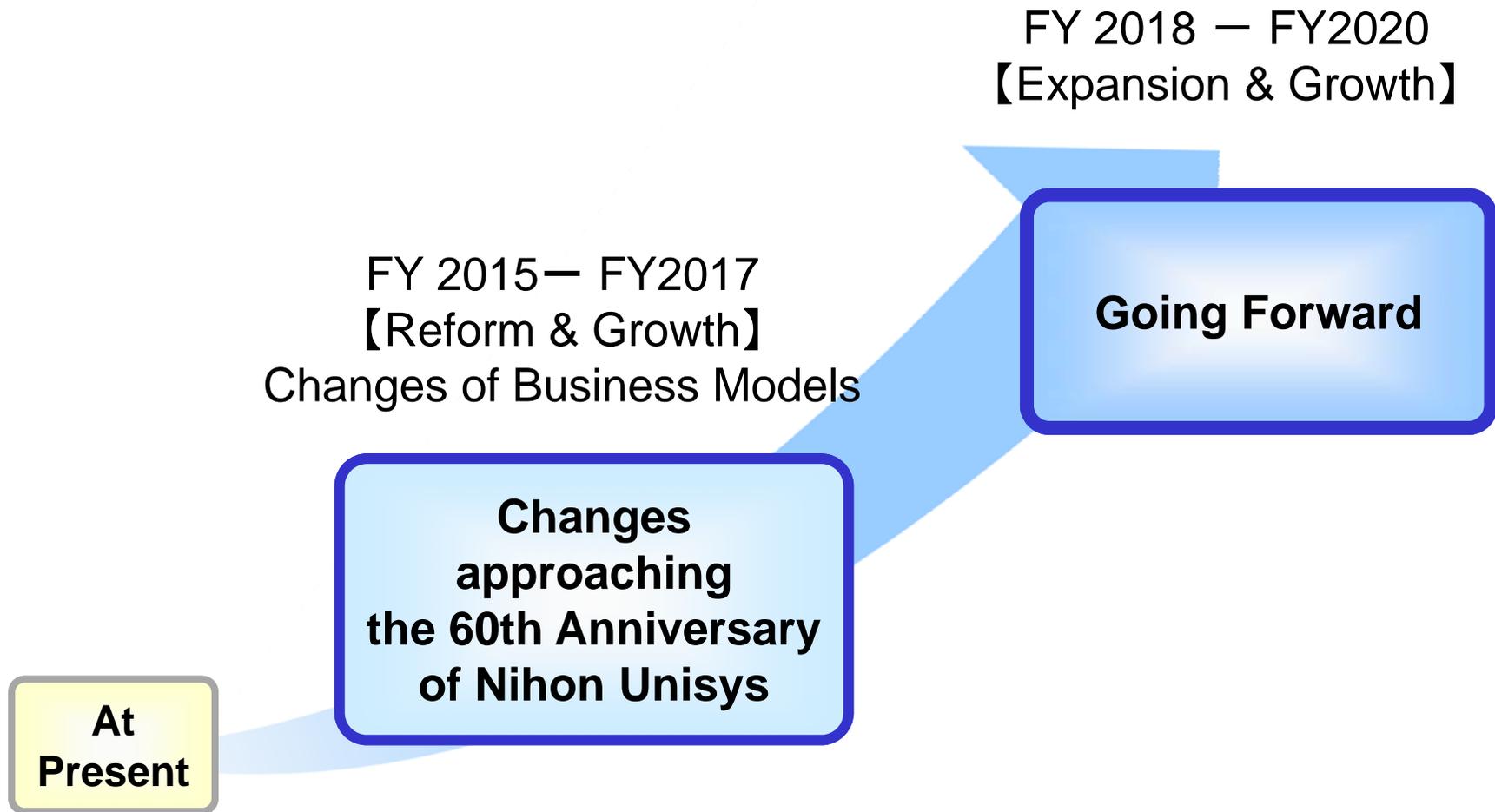
Contents

1. Reforms towards FY2020
2. Need for Reforms
3. External Market Environments
4. Initiative Achievements
5. Our New Position
6. Our Vision towards 2020
7. Growth Strategies
8. Strategic Policies
9. Growth Prediction
10. Capital Efficiency and Shareholder Returns

1. Reforms towards FY2020

The 3 years from FY2015 through to FY2017 are for reforms.

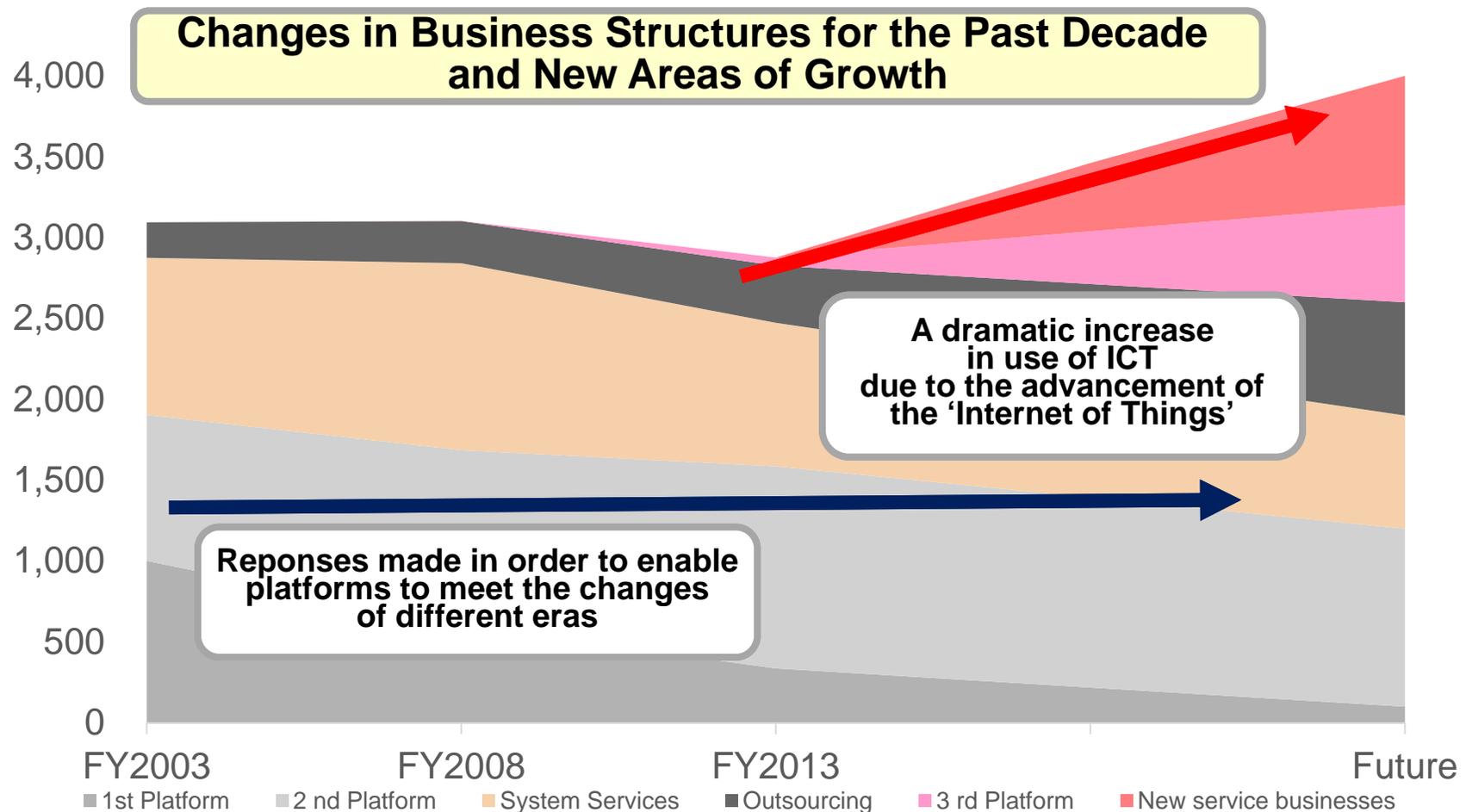
**We will push through reforms unrelentingly
in order to establish a new position towards FY 2020.**



2. Need for Reforms

Changes in Business Environments

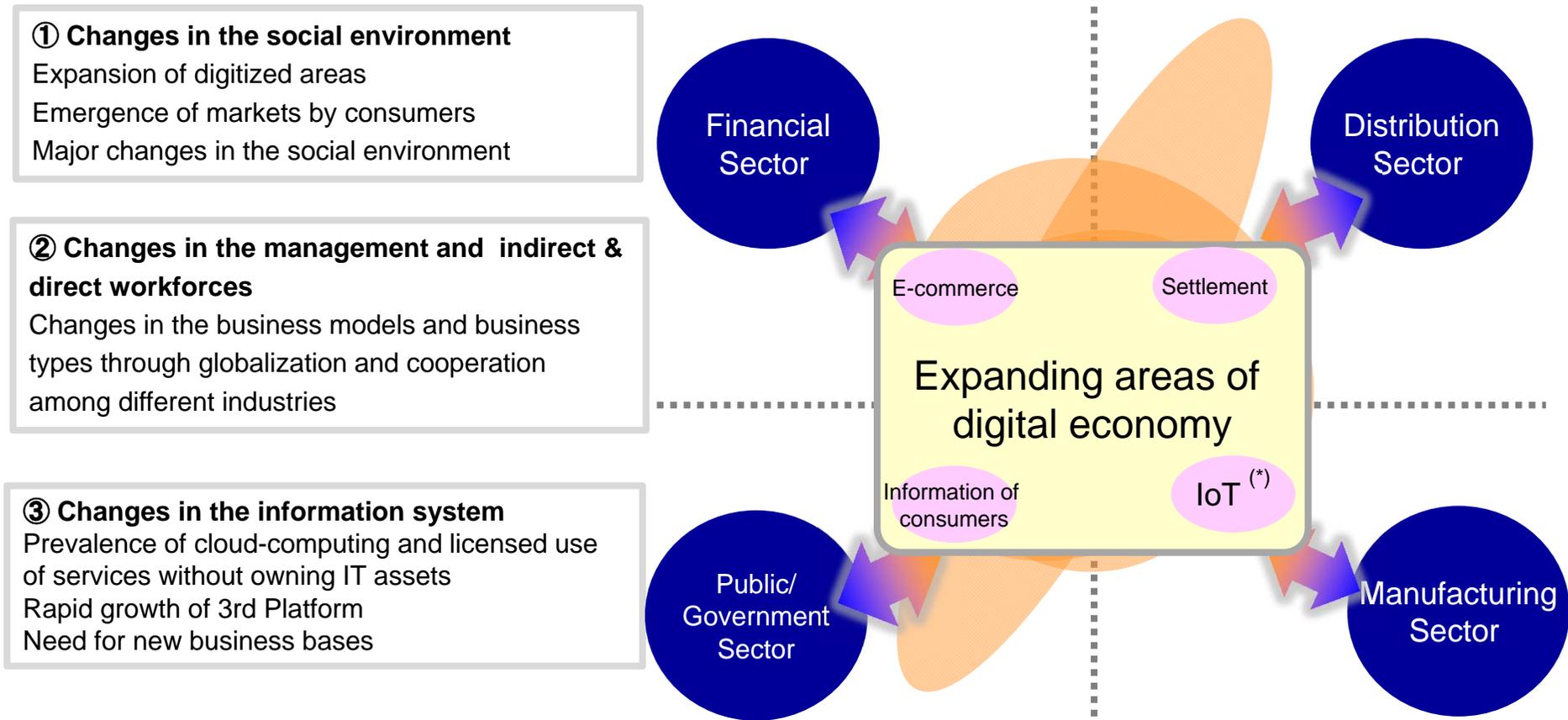
We've been providing optimum services enabled by responding to changes in platforms for the past 10 years. We expect a rapid expansion of digital business in the future, and will challenge ourselves in taking on new business opportunities.



3. External Market Environments

New Areas of Growth and Areas of Reform

Changes are necessary as new markets emerge due to the enhanced use of cloud, social media and IoT by consumers; businesses are created beyond the existing divisions of industries; and traditional areas of information systems are assimilated with new areas.

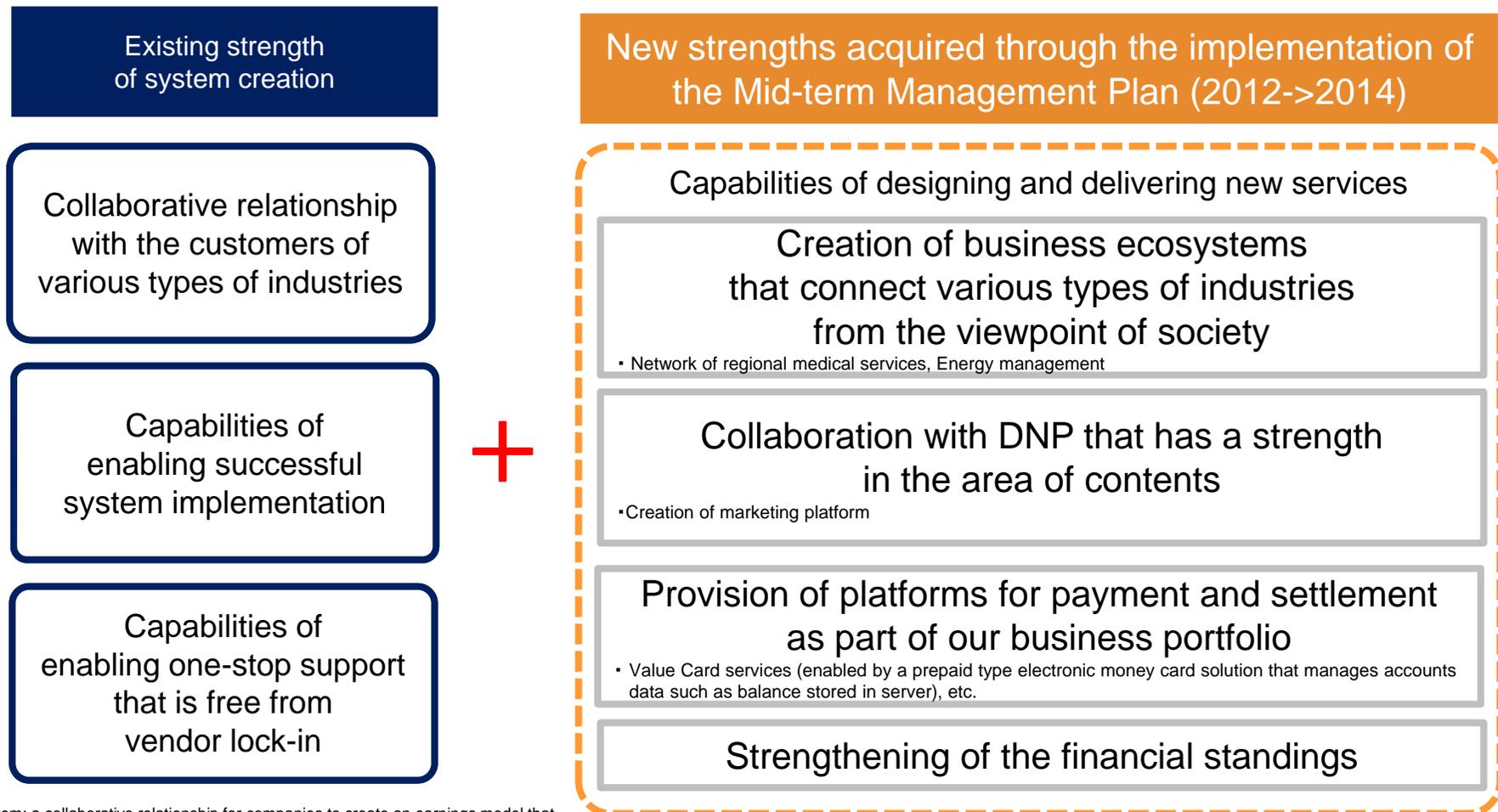


Internet of Things: interconnection of various things within the Internet infrastructure

4. Initiative Achievements

Enhancement of Strengths

Our initiatives of social infrastructure and co-creation businesses have enabled cross-industry and cross-sectoral services capable of coping with the changes in the external environment. We will further enhance these achievements as our new strengths.

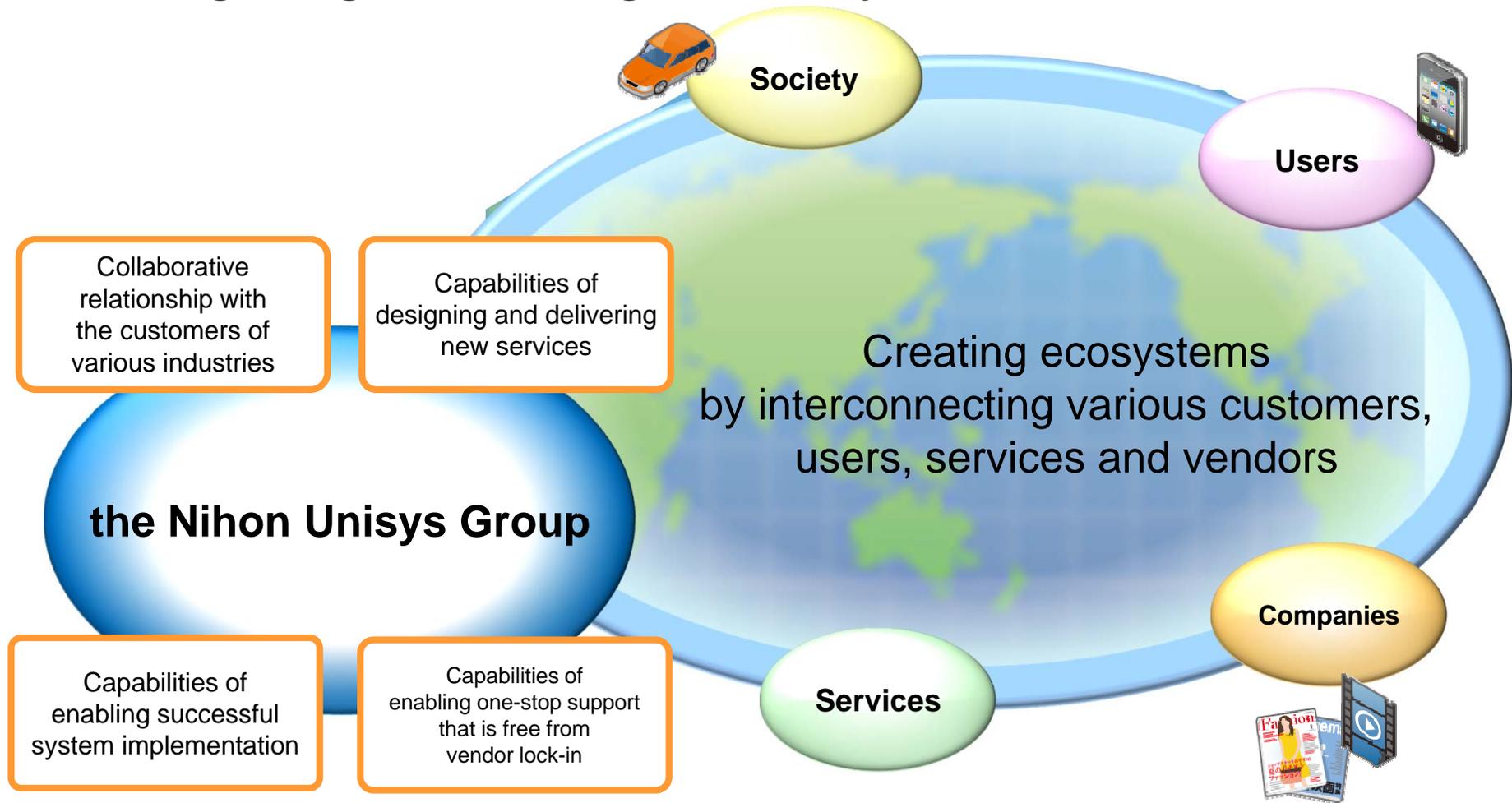


* Ecosystem: a collaborative relationship for companies to create an earnings model that will enable them to cooperate mutually and link their business resources and strengths beyond the boundaries of individual industries

5. Our New Position

We will reform and change ourselves to a position where we can make a difference based on our strengths.

Providing new schemes that connect various types of industries in the growing area of the digital economy



* Ecosystem: a collaborative relationship for companies to create an earnings model that will enable them to cooperate mutually and link their business resources and strengths beyond the boundaries of individual industries

6. Our Vision towards 2020

Our Vision for the Mid-term Management Plan

**Mobilize services based on interconnected businesses.
Build our future through ICT advances.**

The era of new reform has come.

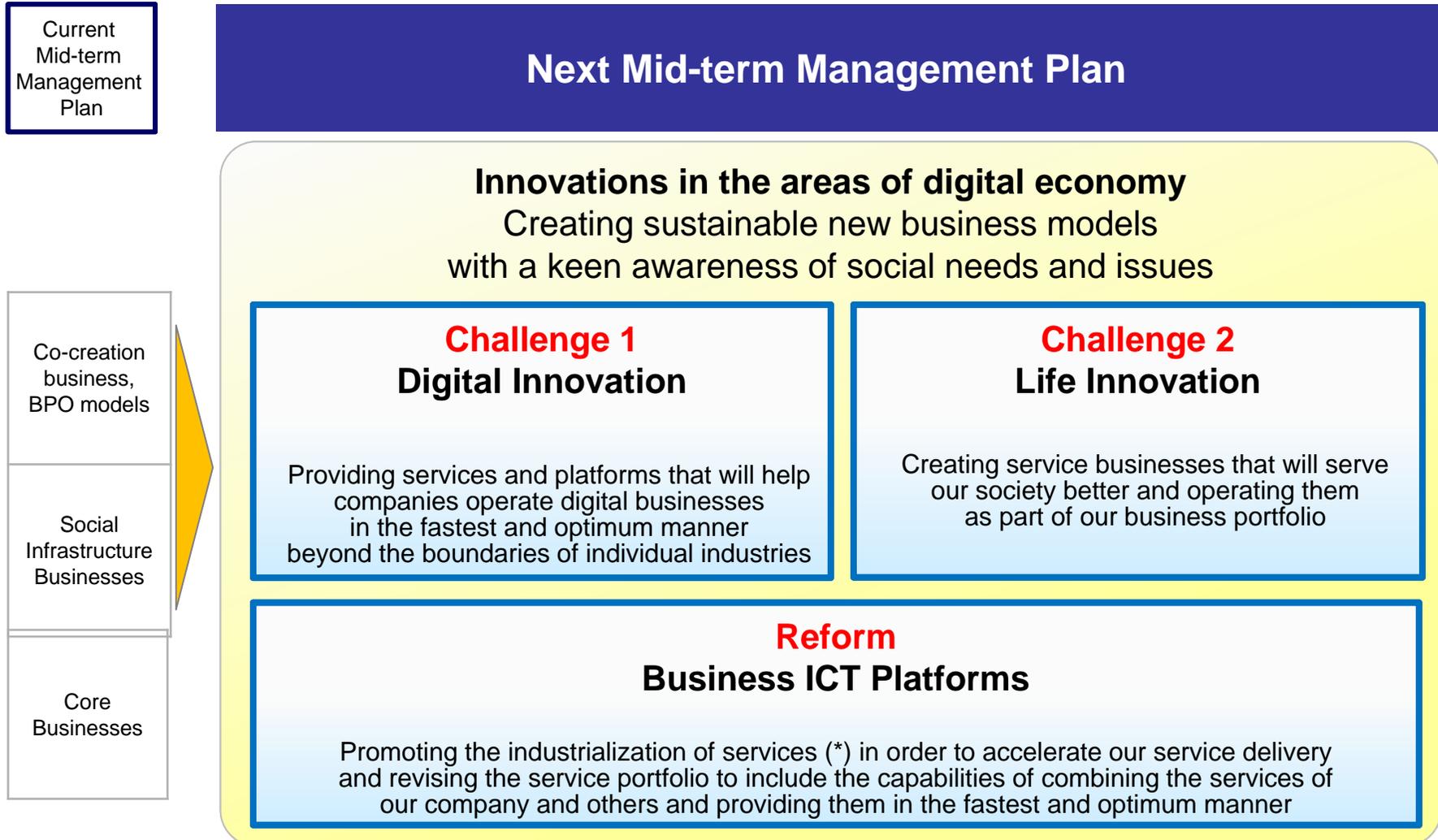
We have created and integrated numerous solutions together with customers of various industries on the basis of accumulated ICT experience and expertise.

We will integrate services using our accumulated wisdom, start and develop ICT businesses, and proactively envisage new forms of cooperation in business in a more inter-connected world enabled by the 'Internet of Things'.

The Nihon Unisys Group will take the initiative in creating unparalleled bases for delivering innovative services till they become the norm.

7. Growth Strategies

We will take on the challenge of achieving a sustainable growth in the growing markets by pushing through reforms.



* Industrialization of services: efficient provision of services through automation, standardization and componentization

8. Strategic Policies

Implementation of 5 measures for reform

Challenge 1 Digital Innovation

Providing services and platforms that will help companies operate digital businesses in the fastest and optimum manner beyond the boundaries of individual industries

Challenge 2 Life Innovation

Creating service businesses that will serve our society better and operating them as part of our business portfolio
Short- to Mid- Term: creation of business ecosystems
Mid- to Long-Term: promotion of services businesses through the next-generation technologies

Reform Business ICT Platforms

Promoting the industrialization of services (*) in order to accelerate our service delivery, and revising the service portfolio to include the capabilities of combining the services of our company and others and providing them in the fastest and optimum manner

Reform of Corporate Culture/ Strengthening of Human Resources Capabilities

Reforming the corporate culture to foster innovation and encouraging employees to create new business models

Investment Strategies

Focusing on the investments in the categories of Challenges and Reform as well as Strengthening of Human Resources Capabilities

- Industrialization of services: efficient provision of services through automation, standardization and componentization
- Ecosystem: a collaborative relationship for companies to create an earnings model that will enable them to cooperate mutually and link their business resources and strengths beyond the boundaries of individual industries

8. Strategic Policy : Challenge 1 Digital Innovation

Provision of services and platforms

We will aim to expand our businesses through services and platforms that will provide new business models to users in the growing area of the digital economy.

Growth Prediction

	FY 2014 (Forecast)	FY 2017 (Target)	Through to FY2020
Net Sales	¥13.0 billion	¥30.0 billion	Further Growth

Measures

Providing services and platforms that will help companies operate digital businesses in the fastest and optimum manner beyond the boundaries of individual industries

【Collaboration with DNP and Other Companies of Different Industries】

Creating schemes for providing our services in the areas relating to digital signage, contents, payment & settlement, and e-commerce through collaboration between the Nihon Unisys group (that has 3,000 companies of the system services) and other companies such as DNP (that has 40, 000 companies of their contents services)

【Service Portfolio】

▪Creating a portfolio of user-centric marketing services and services for optimizing contact points, through the use of experience and expertise acquired in operating payment & settlement service businesses and e-commerce sites

(Examples) Value Card services (enabled by a prepaid type electronic money card solution that manages accounts data such as balance stored in server), Marketing services for Milano-expo, Creation of e-commerce system

【Operation of Platforms】

Operating platforms where IoT is enabled through data analysis and integration, and connecting cloud computing and smart devices, based on our accumulated expertise of business-critical platform operation

(Examples) Marketing platforms, Platform for mission-critical core system

8. Strategic Policy : Challenge 2 Life Innovation

We will create new businesses capable of solving social issues.

We will combine our advantageous solutions from the viewpoint of users and provide them in new types of solutions. Further, we will enhance the diversity of the combined solutions through the use of next-generation technologies.

Growth Prediction	FY 2014 (Forecast)	FY 2017 (Target)	Through to FY 2020
Net Sales	¥2.0billion	¥10.0 billion	Further Growth

Creating service businesses that will serve our society better and operating them as part of our business portfolio

Measures

【 Short- to Mid- Term 】
 Creation of business ecosystems

- Creating user-centric services from the viewpoint of communities, which consist of our services and those provided by other companies that are combined through the use of our solutions and systems

(Examples) NEXT U's Vision, Network for collaborative regional medical services, BEMS/MEMS/TEMS, smart oasis®

【Mid-to Long-Term】
 Promotion of services businesses through the use of the next-generation technologies

- Creating innovative services from the community-oriented perspective and under the concept of Smart Healthy City by taking the initiative in the early attempts of using the next-generation technologies

(Examples) Sensor technologies, Refrigeration technology (CAS, Cells Alive System)

【Re-use of Acquired Expertise in New Businesses】

- Re-using expertise acquired in the efforts of launching and operating service businesses

8. Strategic Policy : Reform

Business ICT Platforms

Structural reform, Emphasis on a speed for service delivery, Strengthening of service businesses

We will accelerate our service deliveries by reforming the delivery process and also strengthen our service portfolio to include the capabilities of dealing with cloud computing and IoT.

Growth Prediction		FY 2014 (Forecast)	FY 2017 (Target)	Through to FY 2020
	Net Sales	¥270.0 billion	¥280.0 billion	Retention & Further Growth
Measures	Promoting the industrialization of services (*) in order to accelerate our service delivery and revising the service portfolio to include the capabilities of combining the services of our company and others and providing them in the fastest and optimum manner			
	<p>【Renovation of service portfolio and process of service delivery】</p> <ul style="list-style-type: none"> ▪ Promoting industrialization of our services by componentizing, standardizing and automating our assets of applications and knowledge ▪ Revising our portfolio of services to be more capable of dealing with various types of devices, adopting new development methods and making full use of the services of our company and others ▪ Reorganizing the functions of our Group companies and integrating the arrangements of services for from system development to system operation 	<p>【Approaches toward Cloud First】</p> <ul style="list-style-type: none"> ▪ Strengthening capability of providing our cloud federation services and expanding the service portfolio ▪ Developing platforms where the process of service creation breaks free from the constraint of cloud provider lock-in 	<p>【Enhanced IoT Approaches】</p> <ul style="list-style-type: none"> ▪ Further strengthening the capabilities of UNIADDEX, and developing service models and delivery processes capable of dealing with various types of IoT digital devices 	

* Industrialization of services: efficient provision of services through automation, standardization and componentization

8. Strategic Policy : Reform of Corporate Culture/ Strengthening of Human Resources Capabilities

Cultivation of reform-minded workforce and implementation of systemic reform

We will create a vigorous organization through systemic reforms for raising awareness of all employees.

Growth Prediction		FY 2014 (Forecast)	FY 2017 (Target)	Through to FY 2020
	Cultivation of human resources	—	Development of 300 reform-minded leaders	Further Increase
	Number of Employees (*)	8,000 people	7,500 people	—
	SGA Ratio (excluding R&D Costs)	18%	15%	—

Reforming the corporate culture to foster innovation and encouraging employees to create new business models

Materials

【Intensified cultivation of human resources】

- Implementing leadership programs such as coaching that will develop self reform-minded personnel
- Promoting young employees
- Renewing training schemes in order to promote skills development

【Reforms of Work Styles】

- Aiming at a 30% improvement in productivity of all employees that will enable activities for creating new business models
 - Aiming at a 90% paid-time-off (PTO) utilization rate
 - Developing work environments suitable to various work styles

【Systemic Reforms】

- Evaluation system that will encourage the creation of new business models and also explicitly identify where the responsibilities of businesses lie

【Reduction of Costs】

- Drastically reviewing business processes of the entire Group in order to eliminate wastes and further standardize business processes for further cost reduction

(*) excluding the employees of USOL Vietnam

8. Strategic Policy: Investment Strategies

Investment in stimulating growth, promoting structural reforms, and strengthening human resources capabilities

We will make investments for growth: further investments in developing the skills of employees; and proactive upfront investments in the service businesses, our future revenue base.

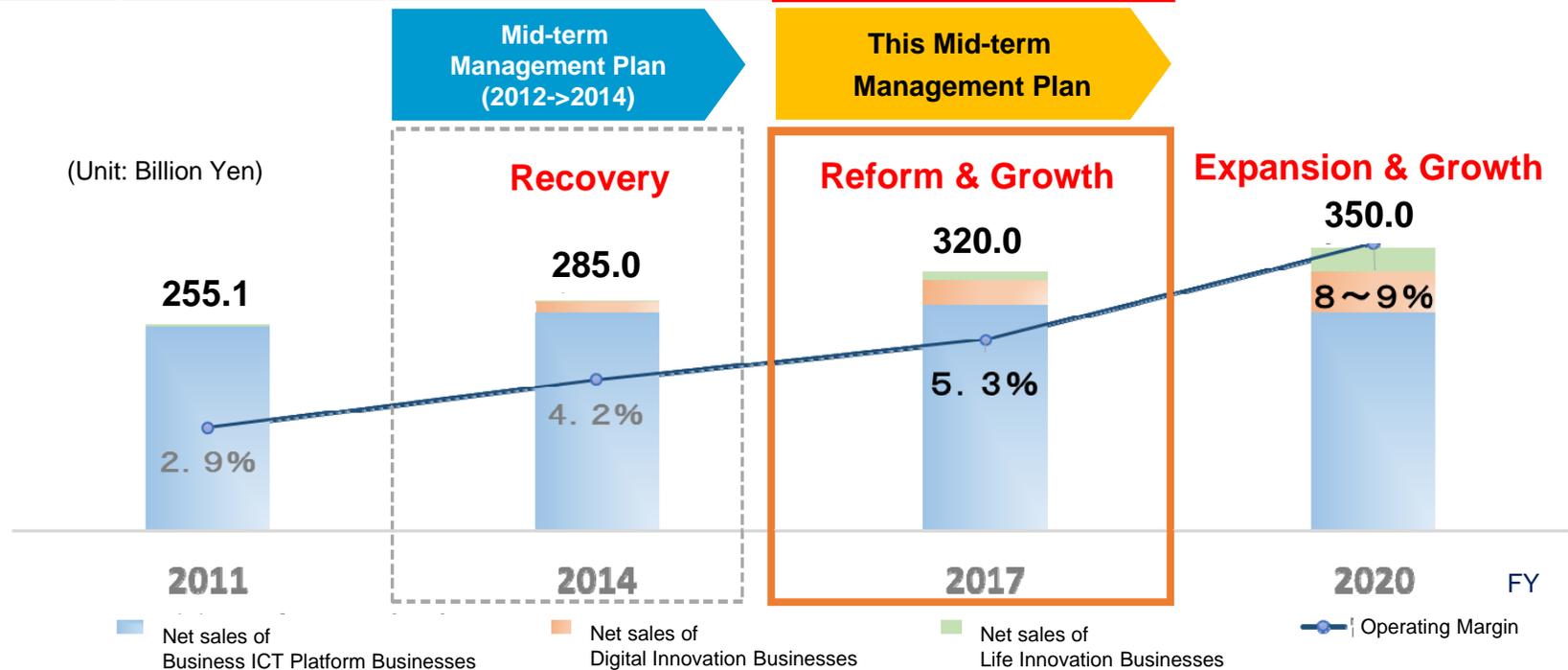
<u>Areas of Investment</u>	Investment in Technology and Solutions	Investment in Outsourcing Business/ Capital Investment	Business Investment	
Challenge 1 Digital Innovation	<ul style="list-style-type: none"> Enhancement of marketing services 	<ul style="list-style-type: none"> Creation and provision of service platforms 	<ul style="list-style-type: none"> Investments in digital business 	Increase in the investments 
Challenge 2 Life Innovation	<ul style="list-style-type: none"> Further investments in the research of social issues and technologies Enhancement of regional solution services 	—	<ul style="list-style-type: none"> Further investments in the businesses that will be created through the use of next-generation technologies 	Mid-to Long- Term Investments 
Reform Business ICT Platform	<ul style="list-style-type: none"> Further investments in the technologies such as cloud, IoT and Big Data as well as the new methods of development 	<ul style="list-style-type: none"> Further investments in the businesses of SaaS solution and outsourcing that will become our future strength 	—	Selection and concentration 
Investments in Workforce Development	<ul style="list-style-type: none"> Investments in the efforts by all employees for creating new business models and also in skills development 	—	—	Increase in the investments 

9. Growth Prediction

We will establish a highly-profitable structure in 3 years by pushing through the reforms.

We will carry out reforms of our business models in 3 years in order to achieve further growth.

	FY2011 Actual	FY2014 Forecast	FY 2017 Target
Net Sales	¥255.1 billion	¥285.0 billion	¥320.0 billion
Operating Income	¥7.3 billion	¥12.0 billion	¥17.0 billion
Operating Margin	2.9%	4.2%	5.3%



10. Capital Efficiency and Shareholder Returns

Towards a company capable of earning high and stable profits

<Capital Efficiency>

Stable achievement of 11% - 13% ROE
(with the FY2020 ROE target of 15% or more)

<Shareholder Returns>

Enhancing shareholder returns
by targeting a dividend payout ratio of approximately 30%

U&U

Users & Unisys

UNISYS

(Note)

Forecasts in this document rely on judgments and assumptions based on information available at present, and are subject to changes in risks, uncertainties, economy and other factors that could cause actual results to be different from expectations. Thus, the certainty of these forecasts is not guaranteed by our Group.

Also, the information is subject to change without prior notice in future.

Information in this document is intended to provide further understanding of Nihon Unisys, Ltd. and is not intended to solicit investment.

This document includes the reference information that has not been audited.

The amounts herein expressed in units of billion yen have been rounded at the first decimal point.

This Company shall not be held responsible for any damages whatsoever incurred as a result of utilizing the information provided in this document.