

Consolidated Financial Results for the Fiscal Year ended March 2009 (FY2008)

May 22, 2009

NEC Networks & Systems Integration Corporation

1. Financial Results for FY2008
2. Financial Forecast for FY2009

- Improved profitability and **achieved record profit** by enhancing and accelerating management innovation activities
- Sales decreased due to market downturn

Net sales: ¥249.1 billion (-3.5%)

Gross margin: 14.2% (improved by 0.4 points)

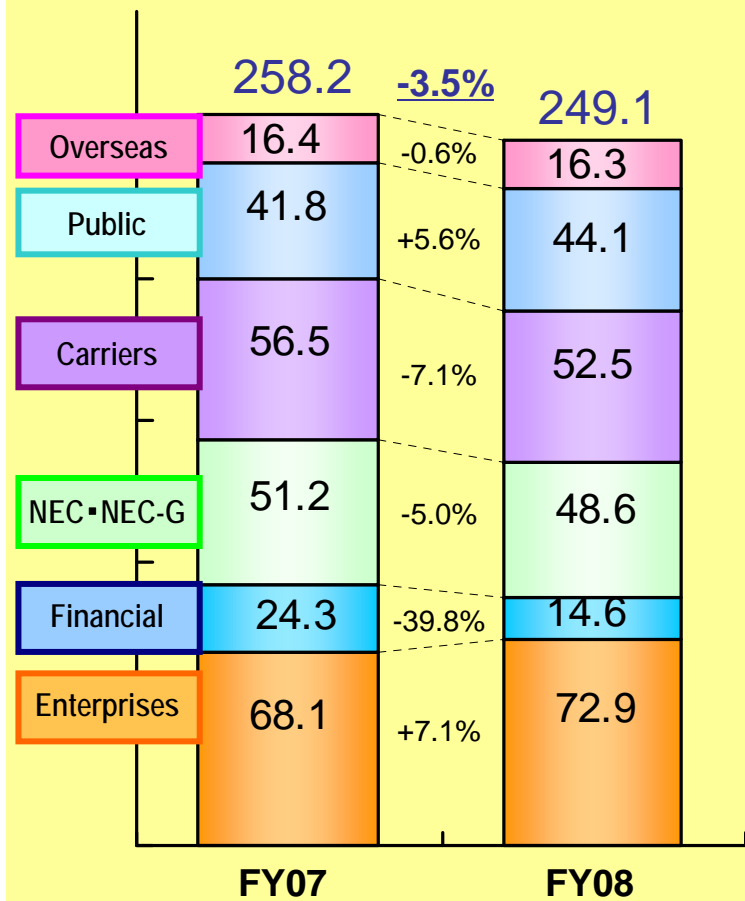
Operating Income: ¥11.0 billion (+2.1%)
[Operating margin] [4.4%] (improved by 0.2 points)

ROE : 7.7% (improved by 0.7 points)

FY2008 Sales by Market

- Sales to enterprises and public sector increased with enhanced marketing activities
- Sales to financial industry and telecom carriers decreased due to postponed investment and peak-out of large-scale investment, respectively

Billions of yen



Overseas Ongoing telecom infrastructure projects in Saudi Arabia and Asia

Public Increased sales to municipalities for local information networks, disaster prevention networks, etc.

Carriers Steady NGN related business (approx. ¥16 bn. +30%)
Decrease following peak-out of large investment by mobile carriers

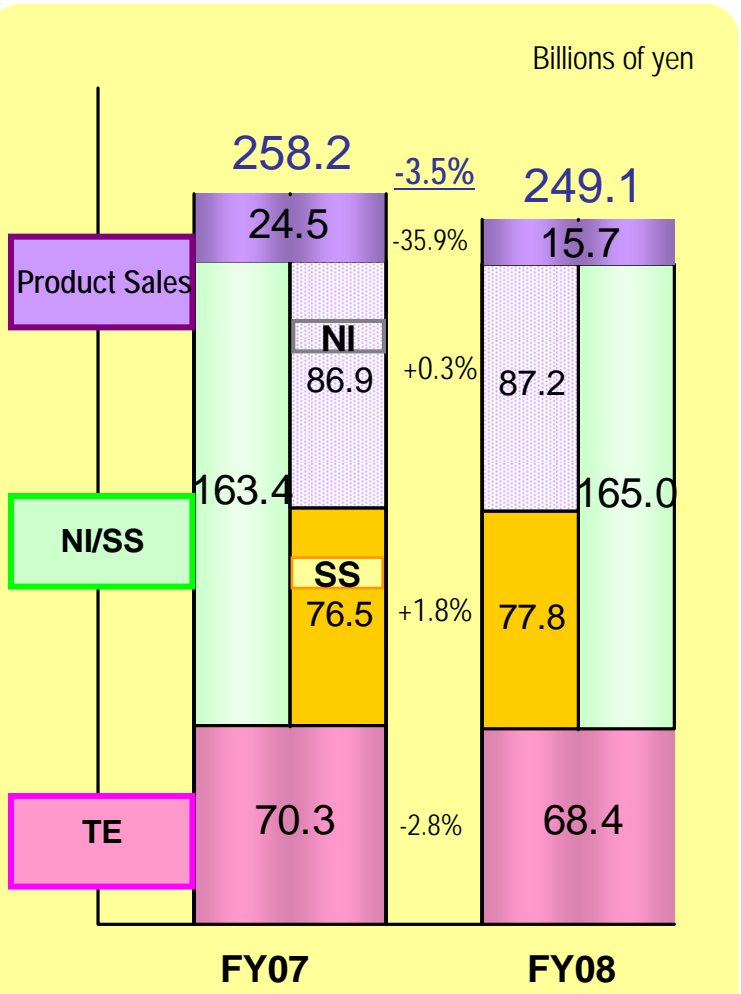
Financial Large drop from postponements due to financial crisis

Enterprises

- Strengthened proposals for customers focusing on office innovation solution EmpoweredOffice (EO) (EO sales: approx. ¥8.5 bn. +20%)
- Support Service business steadily increased
- Business expansion though M&A (Nichiwa)

FY2008 Sales by Segment

- NI/SS business expanded amid worsening business conditions
- Large decrease in Product Sales business due to postponed investment in financial industry



Product Sales Large decrease in sales to financial industry due to impact of financial crisis

NI/SS **NI:** Sales to telecom carriers and financial industry decreased with peak-out of investment but sales to enterprises increased with proposals for customers focusing on EmpoweredOffice

SS: Increased sales to telecom carriers/enterprises by enhancing operations with reinforced marketing and promotion of infrastructure

TE Increased sales to municipalities/public service companies
 Active investment for resolution of digital-divide, digital terrestrial broadcasting and local broadband network
 Construction of mobile base stations decreased

*NI: Network Integration, SS: Support Services, TE: Telecommunications Engineering

■ Increased sales to enterprises with activities to offer proposals for customers

- Shifted focus of proposals from independent systems to total office innovation
- Enhanced promotional activities such as exhibitions and conferences
- Rapid response to changing needs due to worsening business conditions
(Proposals to reduce costs, extend life of existing systems, etc.)

Achieved No .1 ranking as
"Preferred SI-er to use" and "Active SI-er"
(survey by IT-Pro magazine)



■ Focused on Support Services business with appeal based on safety and security

- Enhanced marketing based on appeal of operating cost reduction and robust security
- Enhanced support capabilities to promote support-services infrastructures



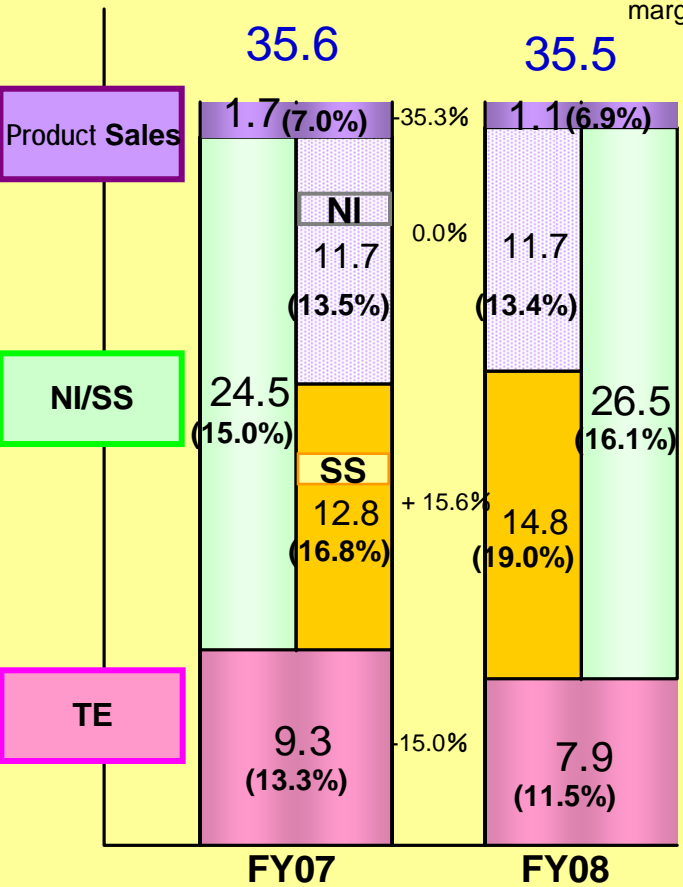
Accelerated response by nTOCs (Network Total Operation Centers), pDOC (Parts Delivery Operation Center)
Area coverage where maintenance parts can be delivered within one hour: 20% increase from the end of
March 2008

FY2008 Gross Profit by Segment

- Improved profitability with management innovation (process innovation/enhanced management), enhanced SS infrastructure

Gross Profit by Segment

Billions of yen
() = Gross margin



Product Sales Smaller margins due to sales decrease and price reductions

NI/SS Increase due to production process innovation

NI: Promoted efficiency with Total SI Center

SS: - Reinforced business by promoting infrastructures (nTOCs, pDOC, SiDC*)
- Expanded in new areas such as carriers' and broadcasters' markets

TE - Smaller margin for mobile base station construction
- Insufficient speed of management innovation activities

*S-iDC (Strategic Data Center): NESIC's data center

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Trends by industry market

Public: Upgrades of local information networks and disaster prevention/fire station networks to be accelerated by supplementary budget

Carriers: Mobile: Continued installation of base stations, with some variation among carriers.

Fixed-line: NGN infrastructure investment reaches a stable stage

Financials: Continued restrained investment due to financial crisis

Enterprises: Continued restrained investment forecast. Firm demand for cost reductions and reduced operating costs expected.

Steady infrastructure investment by public service companies.



Even with severe market conditions for enterprises, there will be business opportunities in the area of cost reductions and reducing operating costs. Telecom engineering for municipalities and public service companies will be steady overall.

◇ Forecast of Results

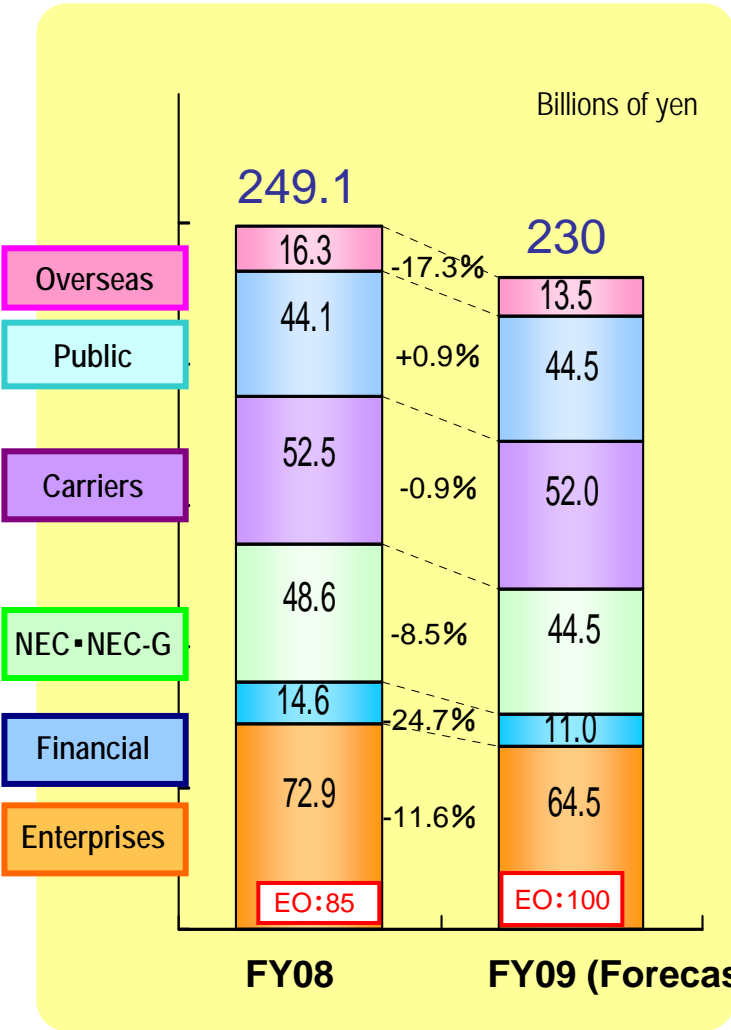
Net Sales: ¥230 billion (-7.7% YoY)
Gross Margin: 14.5% (improvement of 0.3 points)
Operating Income: ¥9.2 billion (operating margin 4.0%)

◇ Management Policy

1. Focus on promising markets in response to environmental changes
 - Public: Reinforce project execution capability
 - Enterprises: Incorporate customer needs (cost reduction, etc.)
2. Strengthen corporate soundness by accelerating management innovation
 - Improve gross margin, maintain 4% operating margin, even with negative growth
3. Reinforce strategic business areas for medium-to-long-term growth
 1. Enterprises: Reinforce high value-added businesses
 2. Public: Focus on growth markets

FY2009 Sales Forecast by Market

- Forecast decrease in sales to financial industry and enterprises due to worsening environment
- Expand local information network business for municipalities with enhanced business structure



Overseas - Weak infrastructure investment

Public - Expanded sales to municipalities
 - Supplementary budget to stimulate municipalities market (local information networks, disaster prevention/ fire stations networks, etc.) .

Carriers - Decrease in backbone network related sales
 - Slight increase in mobile base station-related construction (3G + WiMAX)

Financial - Continued restrained/postponed investment

Enterprises - Forecast decrease due to restrained investment resulting from worsening environment
 - Reinforce EmpoweredOffice business
 - Increase in infrastructure sales to public service companies (electric power, railways, broadcasting, etc.)

*Forecast as of May 12, 2009

Public market: Reinforce project execution capability

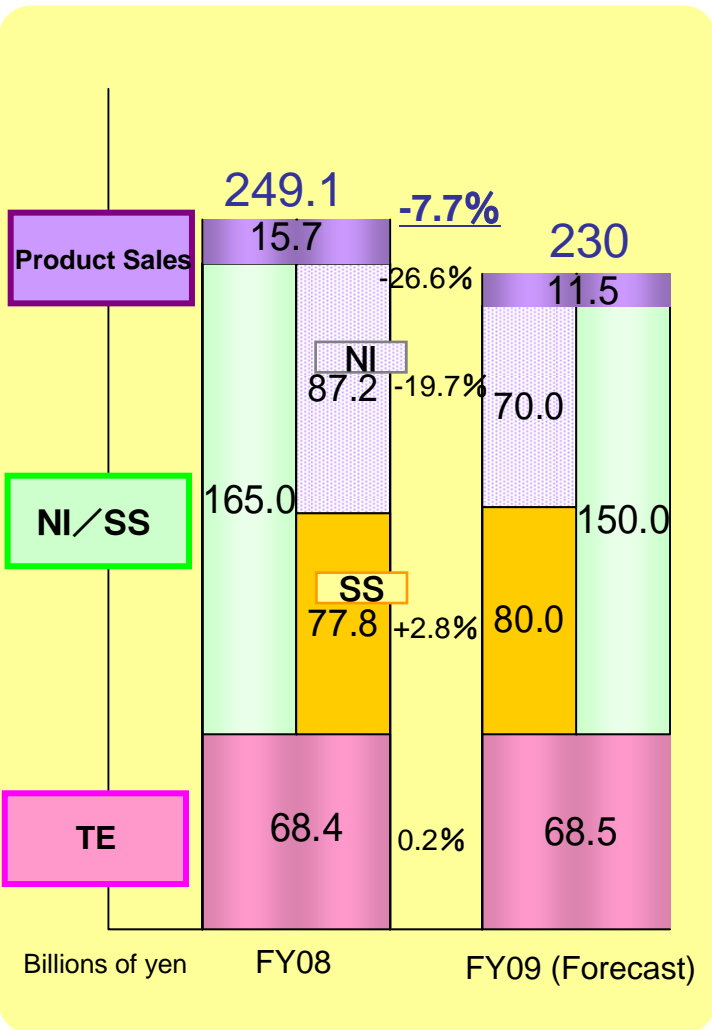
- Manage projects flexibly on a cross-divisional basis companywide
(build a flexible framework according to number/scale of projects in each region)
- Concentrate resources on expanding business for municipalities, which will receive economic stimulus

Enterprises market: Incorporate customer needs (cost reduction, etc.)

- Actively offer EmpoweredOffice solutions
- Introduce solutions to weather the recession
 - > Expand solutions/services menu in areas with high customer needs for cost reductions, reduced operating costs, etc.

FY2009 Sales Forecast by Segment

- NI & Product Sales to decrease due to restrained investment by enterprises and financial industry
- SS business to increase sales to telecom carriers and enterprises



Product Sales Decrease due to restrained investment by enterprises and financial industry, etc.

NI/SS
NI: Restrained investment by financial industry and enterprises
 Decrease in business related to telecom carriers' backbone networks

SS: Increase in sales by maintaining business for carriers and reinforcing marketing activities and service menu for enterprises.

TE Sales to municipalities and public service companies to expand. Steady construction of mobile base stations. Decrease in construction of facilities for enterprises and overseas business.

*Forecasts as of May 12, 2009

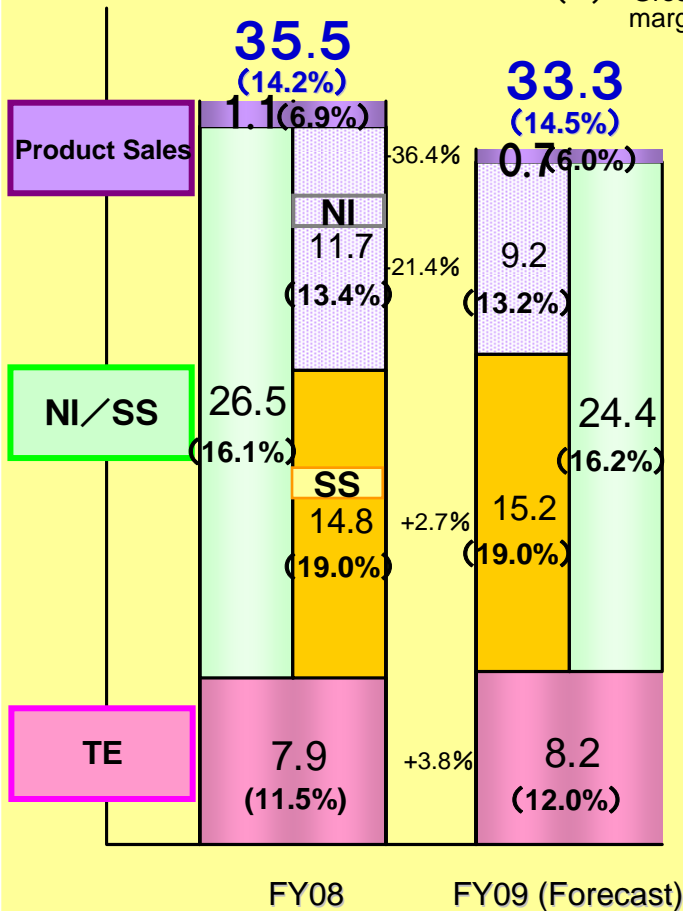
FY2009 Gross Profit Forecast

- Strengthen Corporate Soundness by Accelerating Management Innovation-

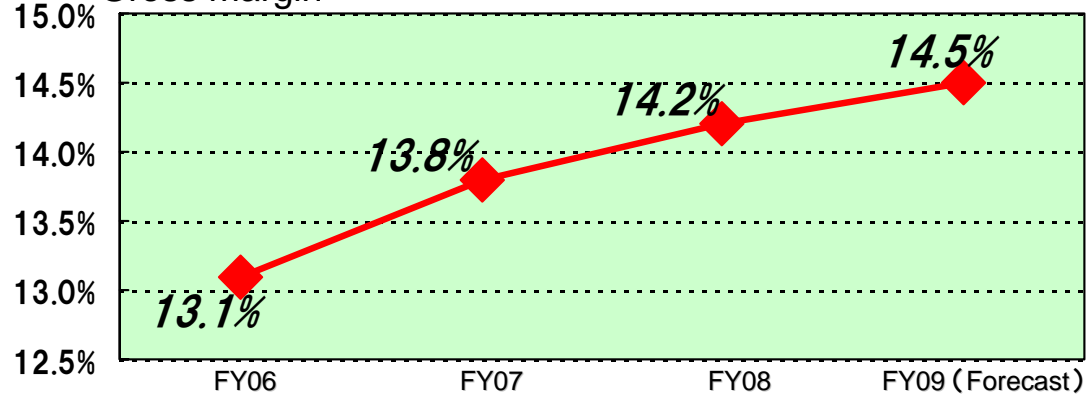
- Increase gross profit of SS and TE businesses
- Aim to improve total company gross margin and strengthen corporate soundness by promoting management innovation activities

Gross Profit by Segment

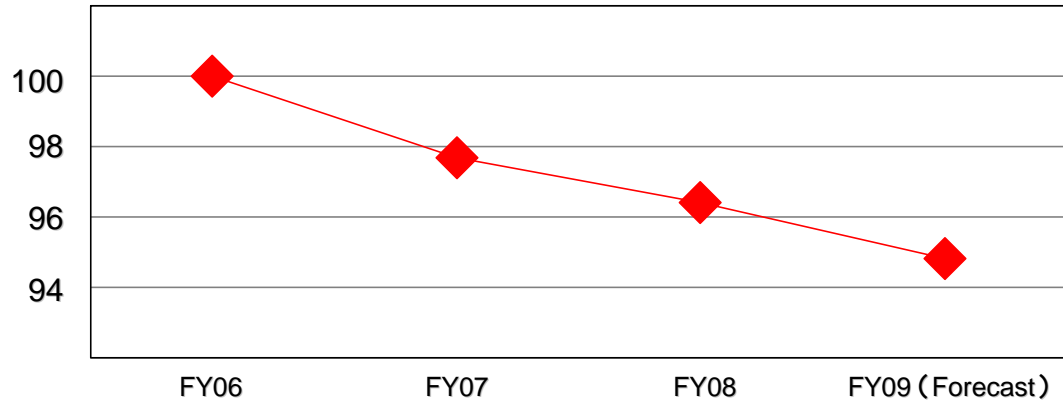
Billions of yen
() = Gross margin



Gross margin



SG&A expenses (FY06=100)



Note: Forecast as of May 12, 2009

Reinforce high value-added business for enterprises (EmpoweredOffice)

1. Use ICT technology as a core competitive strength to enhance total office production, leading to office activation

- Strengthen consulting capabilities to design better workplaces
- Add design aptitude as well as ICT and facilities
- > Office Design Center was opened in April 2009



2. Enhance eco-business to conserve energy, reduce CO₂, etc.

- Promote an in-house model office for EmpoweredOffice
- Handle from consulting to facility renewal and operation

→Effect of EO introduction in-house:

Power consumption -10%, paper usage -15%



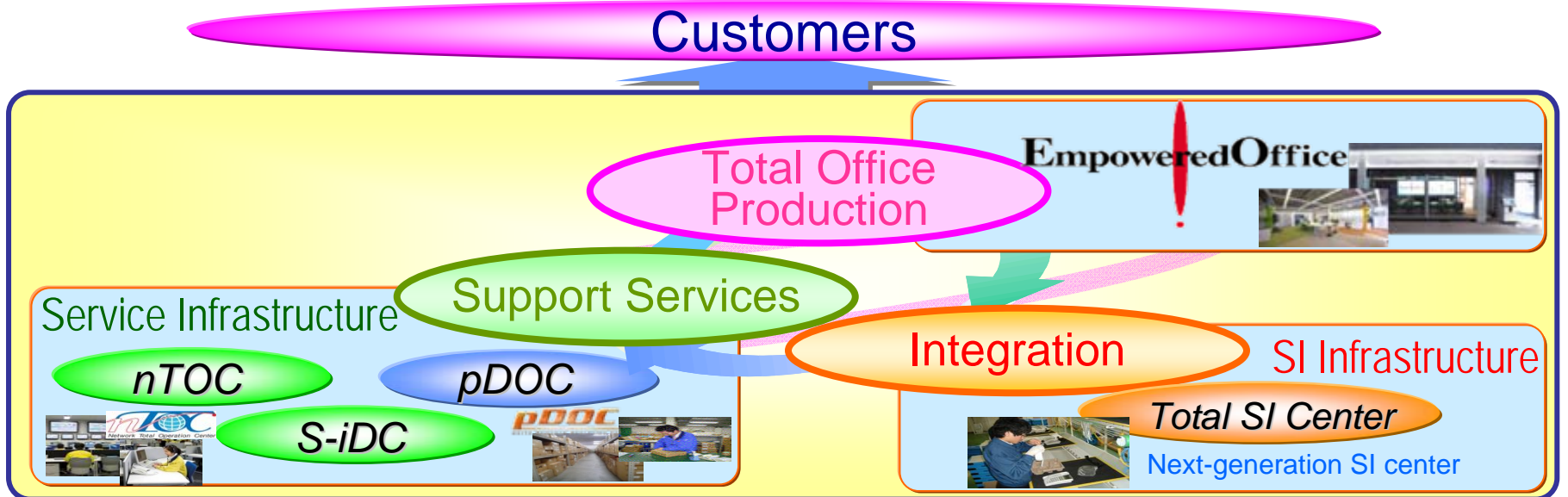
Office display showing power consumption in real time

3. Strengthen Support Services

- Propose support services more proactively
- Promote LCM* business by further deepening relations with customers

Enhance value chain by coordinating SI (flow business) and Support Services (stock business) to expand business

Change to NEXT VALUE Sier



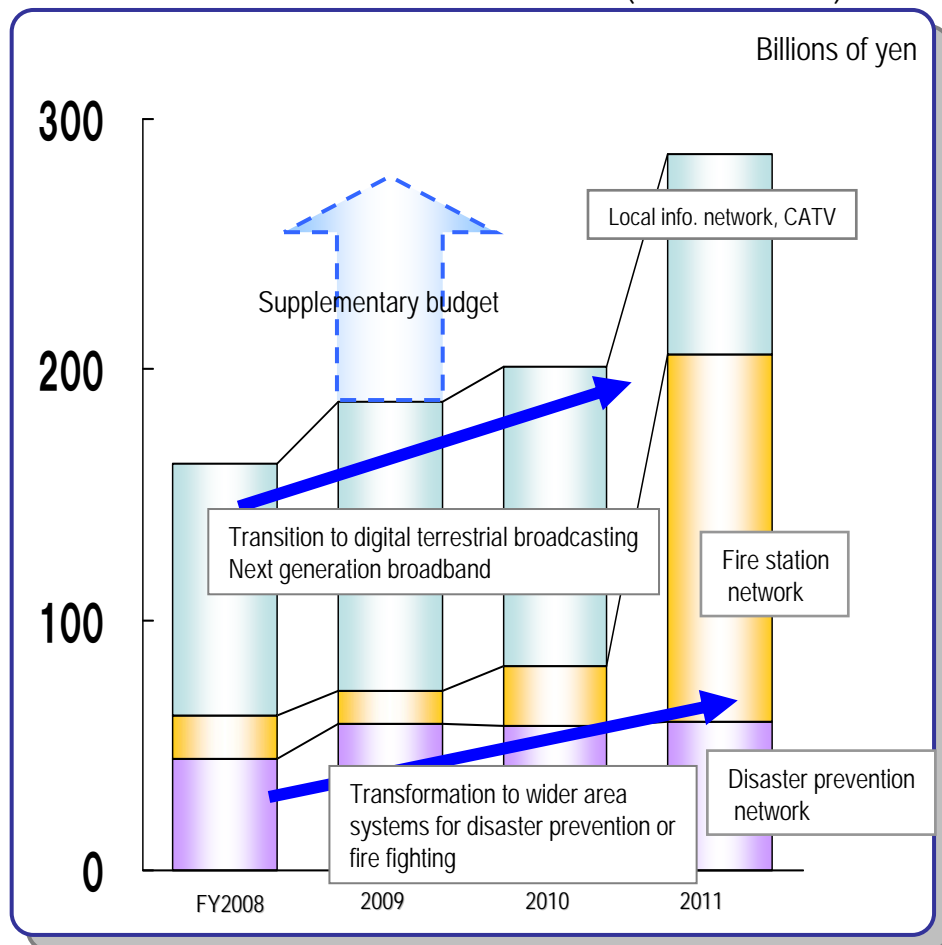
* LCM (Life Cycle Management): A service that helps customers reduce complicated administration with support for optimal operation at every stage from IT device and network system introduction to operation and maintenance, disposal, software renewal, anti-virus, etc.

Public customers: Focus on growth markets

Market trend: Growth in investment through government economic stimulus for local areas

Market size

(NESIC estimates)



Priority

- Enhance nationwide construction framework
- Project management
- Secure technicians, personnel development

Local info. network, CATV

- Investment to peak in 2010
- Usage of ICT to expand

Share target
15%+
11%

Focus on projects in supplementary budget (CATV)

Fire station network

- Construction of wider area firefighting systems to start from 2010
- Full introduction of wireless digital fire network

Share target
30%+
24%

Disaster prevention network

- Steady demand for wider-area disaster prevention systems after municipal mergers
- Diversification of notification measures resulting from easing of regulations

Share target
5%+
3%

(NESIC estimates)

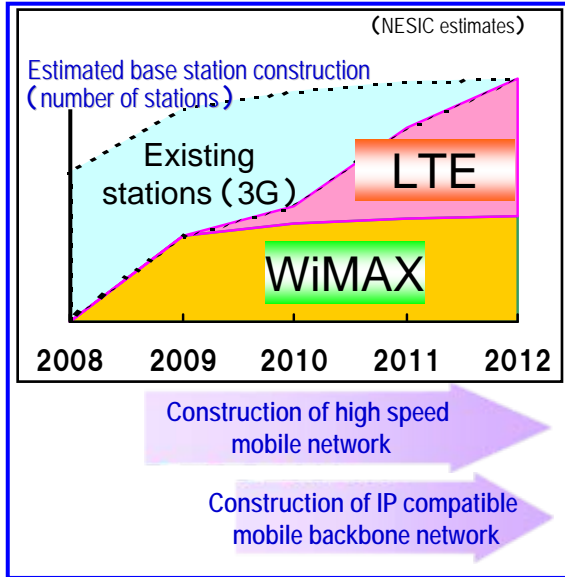
Market trend (Telecommunications carriers):

Next-generation and advanced networks to expand steadily (full-scale expansion from 2010)

Mobile

Full-scale construction of advanced network from 2010

Backbone network also to be IP compatible



Mobile

Base stations

- ◆ Strengthen nationwide framework
- ◆ Enhance indoor engineering capabilities
- ◆ Expand new business fields

Target **TOP5**

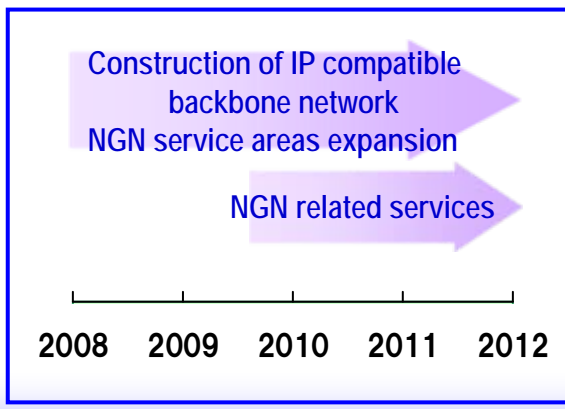
Priorities:

- Enhance new business fields including design of base station allocation
- Strengthen construction personnel

Fixed-line

Construction of NGN expands steadily

Expansion of related services (SaaS, IP-TV, etc.)



Fixed-line

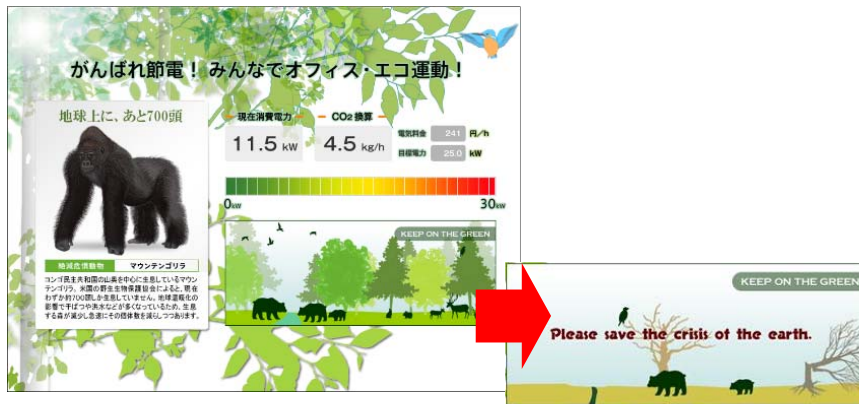
- ◆ Enhance SI & software development capability
- ◆ Strengthen technologies for migration to NGN
- ◆ Expand support services business

Priorities:

- Expand new business fields such as network design
- Strengthen nationwide maintenance framework

Environmental measures

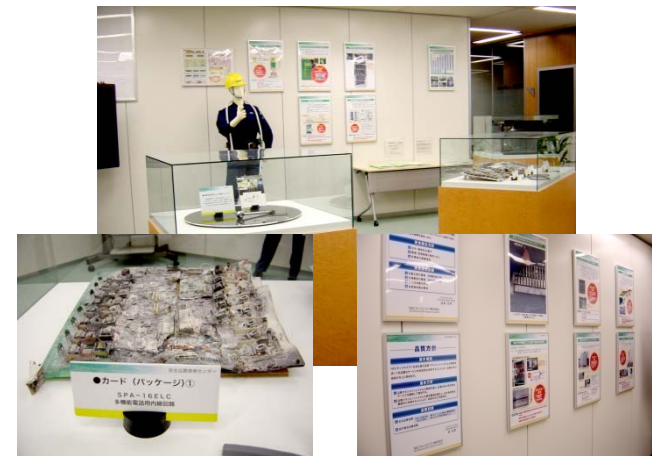
Visualization of electricity consumption in office ~ Conditions of animals and plants in large display at the office change depending on electricity consumption



In-house practice and verification of our solution
(Electricity consumption down 10%, paper volume reduced 15%)

Pursuit of safety and quality

Improved sense of safety & quality through visualization ~ Established "Safety and Quality Edification Center" in the head office



Exhibition of information on past accidents and real devices broken at the accidents

Forecast of Dividends for FY2009

	Cash dividends per share of common stock (planned)		
		Interim	Year-end
FY2009 (ending March 2010)	22.00 yen	11.00 yen	11.00 yen

Note: Dividend forecast as of May 12, 2009

[Reference] Dividends for FY2008

	Cash dividends per share of common stock		
		Interim	Year-end
FY2008 (ended March 2009)	22.00 yen	11.00 yen	11.00 yen

Severe market conditions are forecast to continue in FY2009.

With net sales forecast to decrease, NEC Networks & System Integration Corporation will focus on building a more robust business that emphasizes profitability, which will lead to medium-to-long-term growth.