

Financial Results for the 1H for the FY2009 Ending March 2010

November 5, 2009

NEC Networks & System Integration Corporation



I. Financial Results for the 1H/FY2009

Financial Summary of 1H/FY2009

YOY: Sales and profit decreased but gross margin improved due to accelerated management innovation.

Vs. forecasts: Although sales were below forecast, orders were as projected.

=> Priority areas were steady;

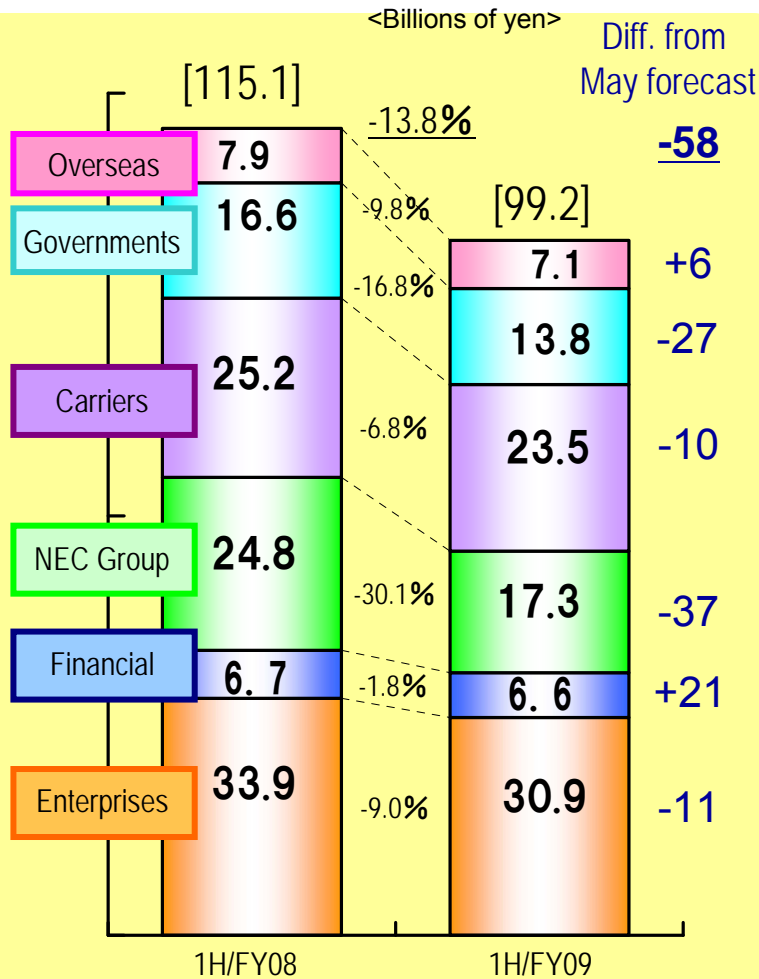
-Orders from local governments were strong

-Although NEC Group business decreased, support services business for financial and other enterprises was steady

Accelerated management innovation raised profits above forecasts

(Billions of yen)	1H/FY2008	1H/FY2009	Year on Year	Original Forecasts
Order Receipts	125.8	109.9	-12.6%	110.0
Sales	115.1	99.2	-13.8%	105.0
Gross Profit (GP)	16.0	14.7	-1.3	
<i>(Gross Margin)</i>	<i>13.9%</i>	<i>14.8%</i>	<i>+0.9pt</i>	
Operating Income	4.14	3.24	-0.90	3.0
<i>(to Sales)</i>	<i>3.6%</i>	<i>3.3%</i>	<i>-0.3pt</i>	<i>2.9%</i>
Ordinary Income	4.44	3.33	-1.11	3.0
Net Income	2.48	1.92	-0.56	1.65
<i>(to Sales)</i>	<i>2.2%</i>	<i>1.9%</i>	<i>-0.2pt</i>	<i>1.6%</i>

1H/FY2009 Sales by Market



Overseas

- Telecommunication Engineering sales in Saudi Arabia and Asia decreased

Government

- Impact of large projects in the 1H of FY2008
- Slow period for sales to local governments

Telecom Carriers

- Sales decreased due to reduced capex by some carriers
- NGN-related support service business increased

NEC Group

- Carrier system-related business decreased
- NEC group internal network operation business decreased

Financial Companies

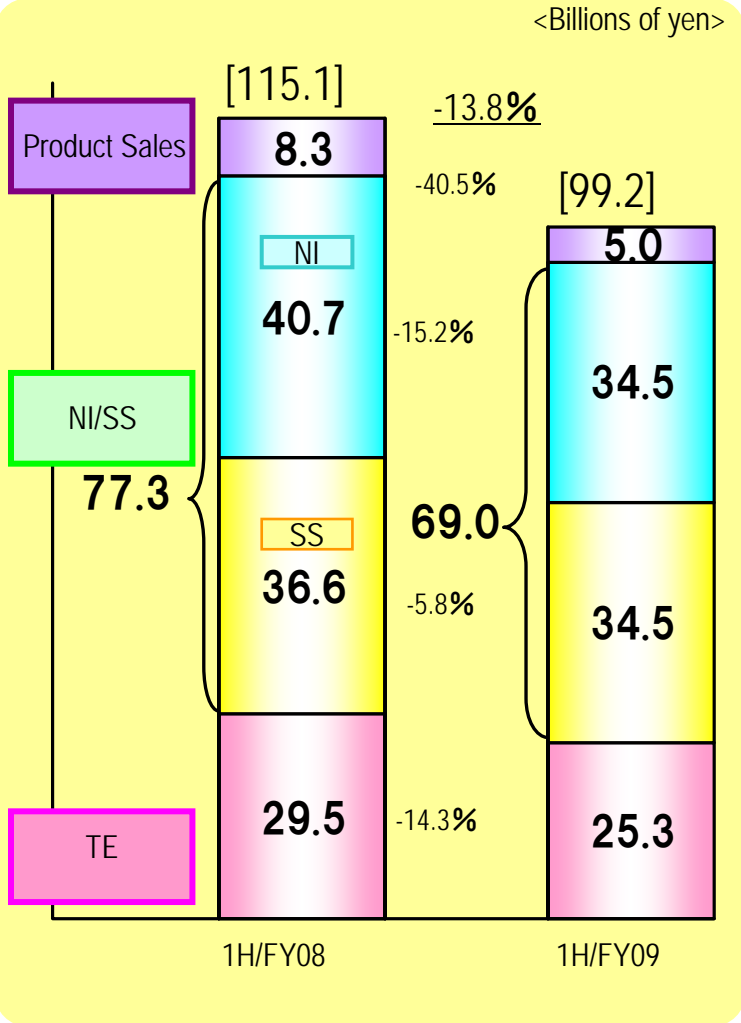
- Although sales to certain banks increased, sales to securities/insurance companies decreased due to continued investment restraint

Enterprises

- Sales decreased, mainly to manufacturing, distribution and service sectors
- ⇒ Built up small projects such as cost reduction centered on EO*
- Sales to public utilities such as power and broadcasting companies were steady

*EO: EmpoweredOffice (NESIC's original total office solution including Information and Communication Technology (ICT) and office design to promote innovative work styles)

1H/FY2009 Sales by Segment



Product Sales Sales to most markets decreased due to investment restraint

NI/SS **NI:** Sales to most markets decreased, centered on manufacturers and NEC group

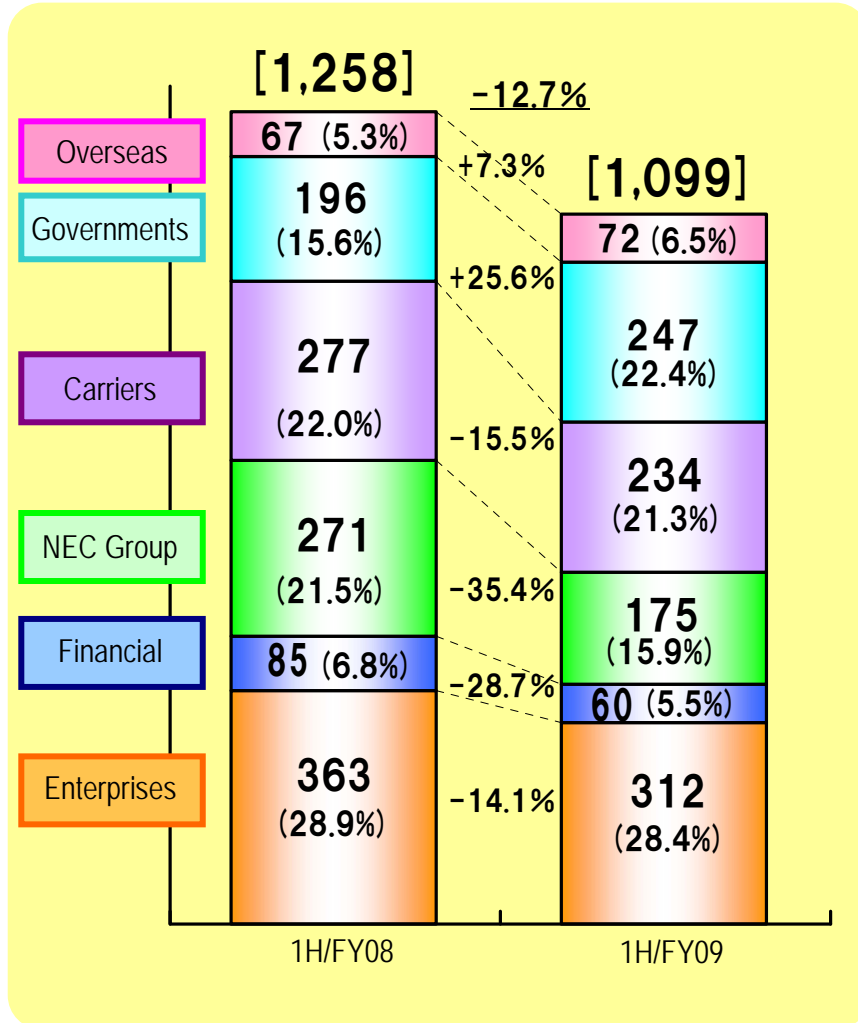
SS: Although sales to financial companies and other enterprises increased, internal network operation for the NEC group and SS for governments decreased

TE Government sales decreased (Orders increased)
Overseas business in Asia and Saudi Arabia decreased
Mobile base station installation for telecom carriers decreased

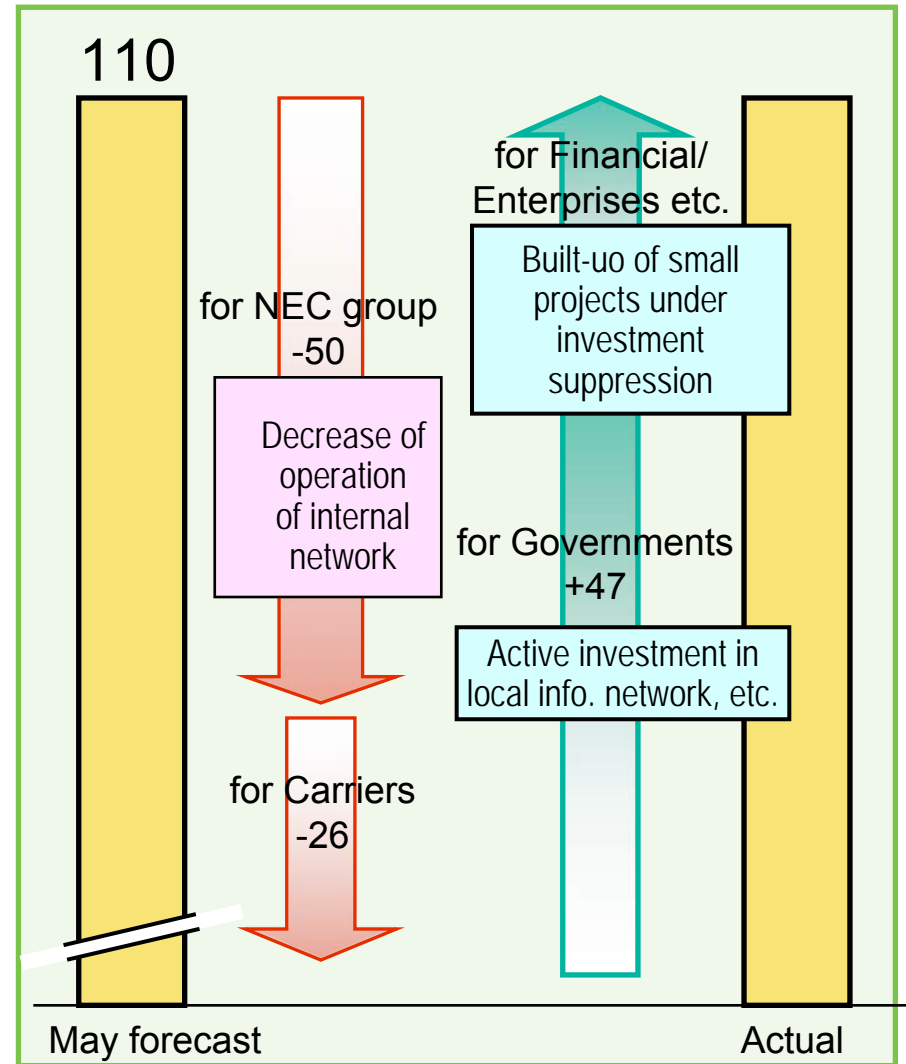
1H/FY2009 Orders by Market

Year on Year

<Billions of yen>



Change from May forecast

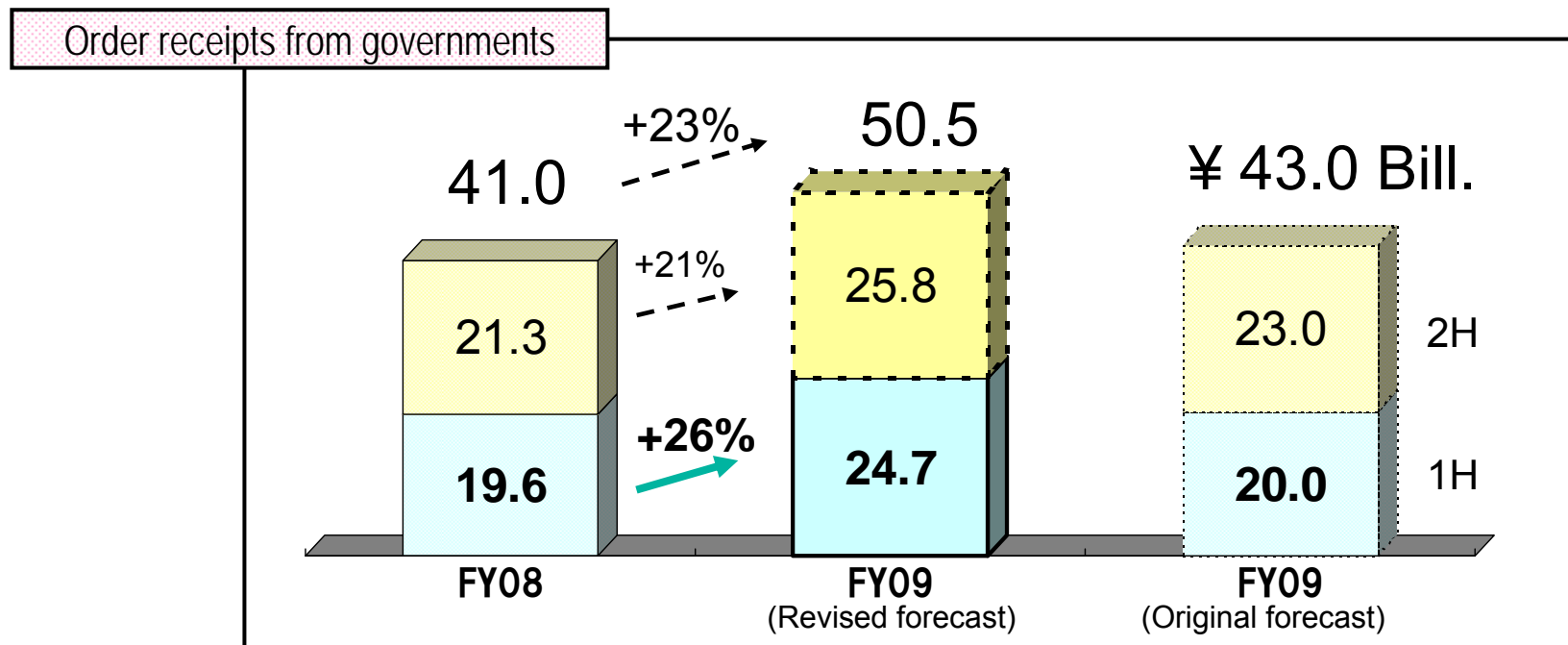


*NI: Network Integration, SS: Support Services, TE: Telecommunications Engineering

Achievements in 1H/FY2009 (1)

Increased government orders

- Solid investment to eliminate the digital divide and ensure safety and security partly supported by effect of FY08 supplementary budget
- Steadily captured demand by strengthening sales and project execution system
- FY09 supplementary budget will yield orders in 2H/FY09 and beyond



Achievements in 1H/FY2009 (2)

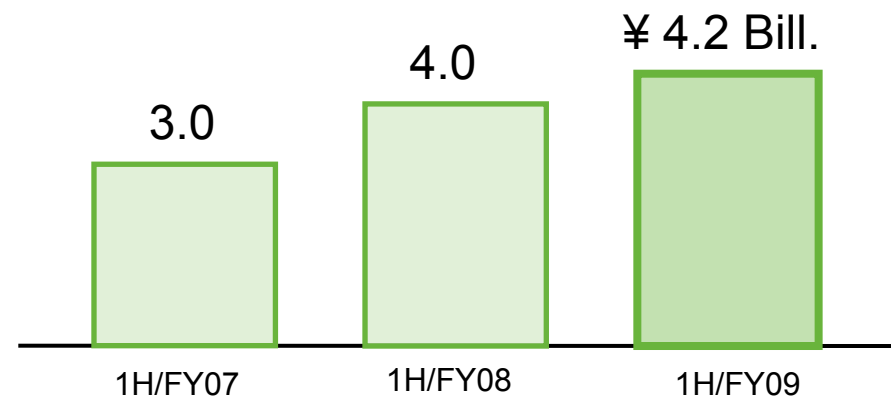
Improved recognition/evaluation of EmpoweredOffice

- Visitors to EO Center increased 20% YoY to 315 companies
=> Shift in visitors to executives and office innovation project teams
- Strengthened total office creation capability (established Office Design Center)
=> Created total office solution for a leading Japanese FX company
- Won Nikkei Best of New Offices Award (Information category)
=> Recognizing our continuous promotion of innovative work styles



New office of leading Japanese FX company

Sales of EmpoweredOffice

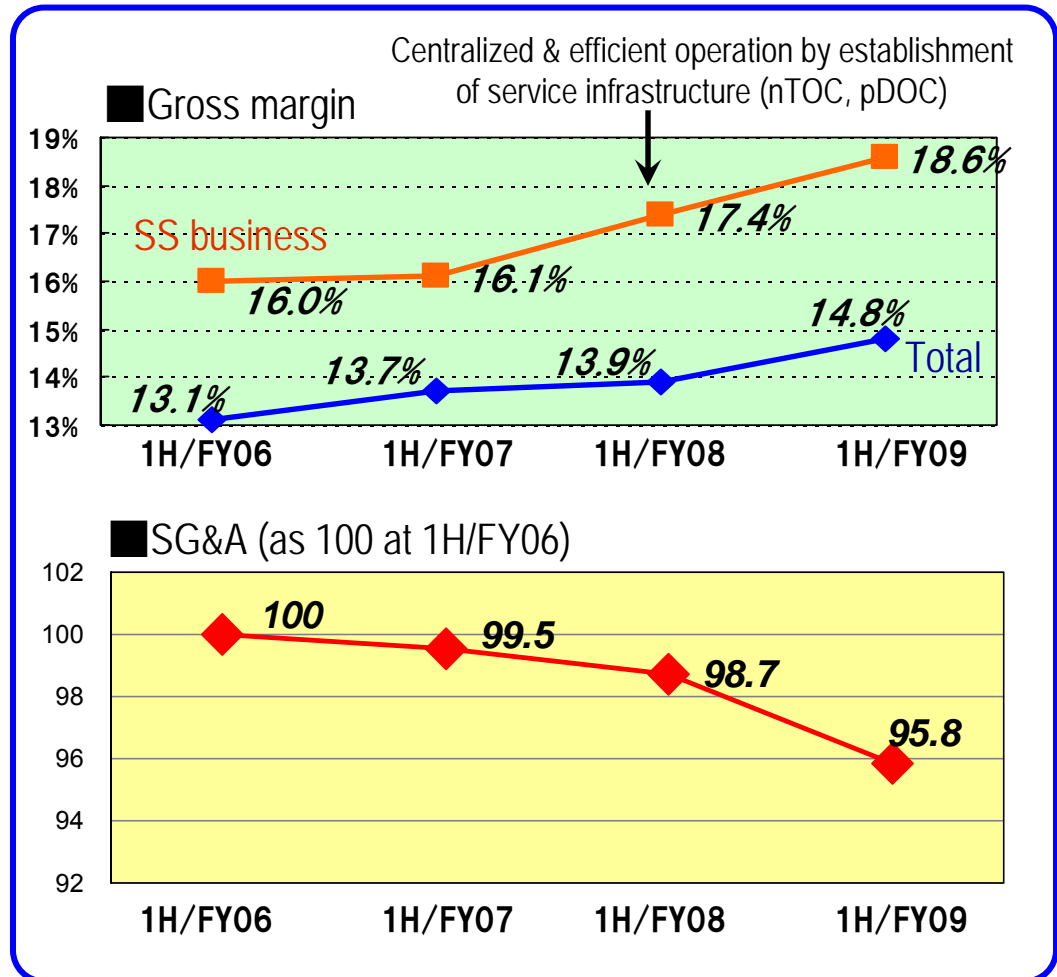
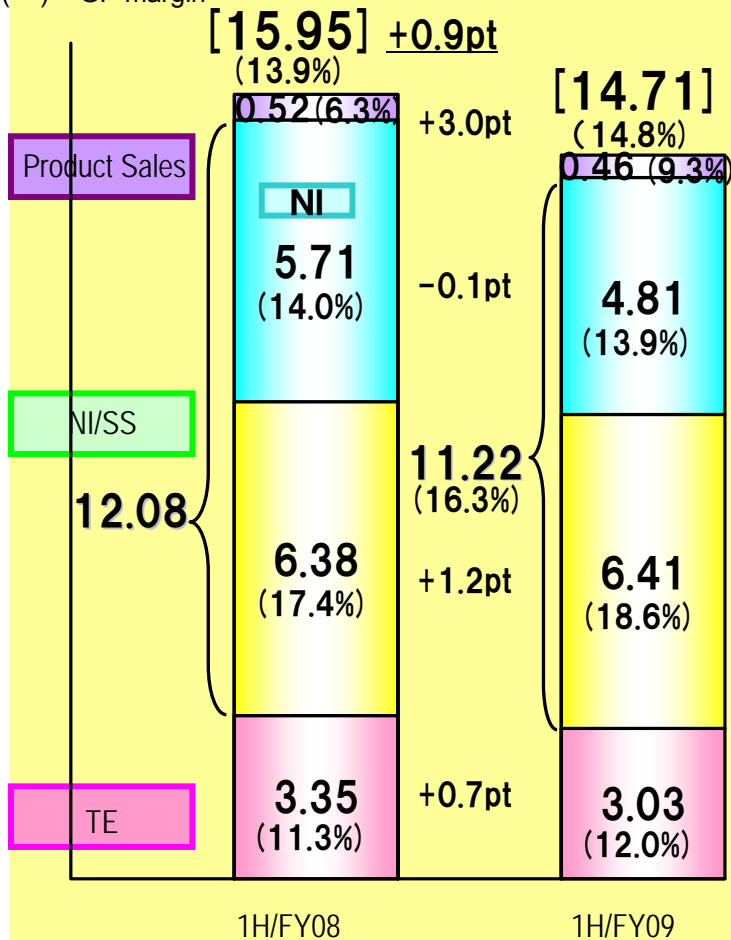


1H/FY2009 Gross Profit by Segment

Enhanced profitability by accelerating management innovation

- Sales and production process innovation + thorough reduction of shared costs

<in billions of yen>
() = GP margin



*NI: Network Integration, SS: Support Services, TE: Telecommunications Engineering nTOC: Network Total Operation Center, pDOC: Parts Delivery Operation Center

II. Financial Forecast for the FY2009

Business Environment for the 2H/FY2009

Government Steady investment in local information, firefighting and disaster prevention networks accelerated by FY09 supplementary budget

Telecom Carriers Decreasing capex on existing wireline and wireless networks
Firm investment in NGN and all-IP, but little growth
Next-generation mobile are starting

Financial Companies/Enterprises Continued investment restraint
Good opportunities in cost/operating burden reduction, BCP and M&A/relocation
Emergence of new network services such as cloud computing

2H Management Policy

Secure the top line

- Establish foundation for renewed growth from next fiscal year and beyond
=> Target higher orders in 2H compared with previous 2H

Achieve profit forecasts

- Strengthen business structure to maintain profitability under any conditions
- Promote total cost reduction (cost of sales/SG&A)

Enhance & accelerate management innovation activities

- Emphasize activities that increase orders

Full Year Results Forecast for FY2009

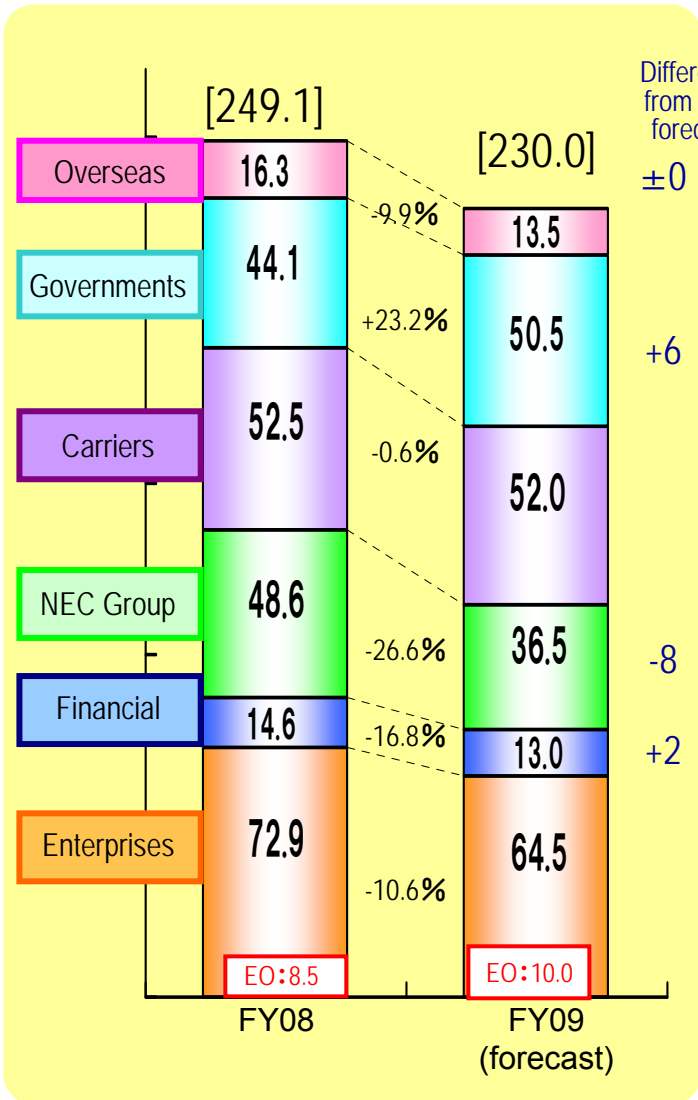
We are strengthening the corporate structure to achieve an operating margin of over 4% as initially forecast

(Billions of Yen)

	FY2008		FY2009 (forecasts)		YoY
		to Sales		to Sales	
Order Receipts	245.3	---	230	---	-6.2 %
Net Sales	249.1	100.0%	230	100.0%	-7.7 %
Gross Profit	35.5	14.2%	33.3	14.5%	+0.3pt
Operating Income	11.0	4.4%	9.2	4.0%	-16.1 %
Ordinary Income	11.2	4.5%	9.2	4.0%	-17.9 %
Net Income	5.15	2.1%	5.16	2.2%	+0.1 %

* Forecasts as of October 29, 2009 that are not changed from original forecasts of May 12, 2009.

FY2009 Sales Forecast by Market



*EO: EmpoweredOffice (NESIC's Solution of total office creation)

Overseas • Investment in network infrastructure will remain stagnant

Government • We are enhancing activities to get supplementary budget projects in the active local government market for local info, firefighting and disaster prevention networks

Telecom Carriers • Decreasing capex on existing wireline and wireless networks
• We will maintain sales level by strengthening NGN/all-IP and next-generation mobile network related business, and support service business

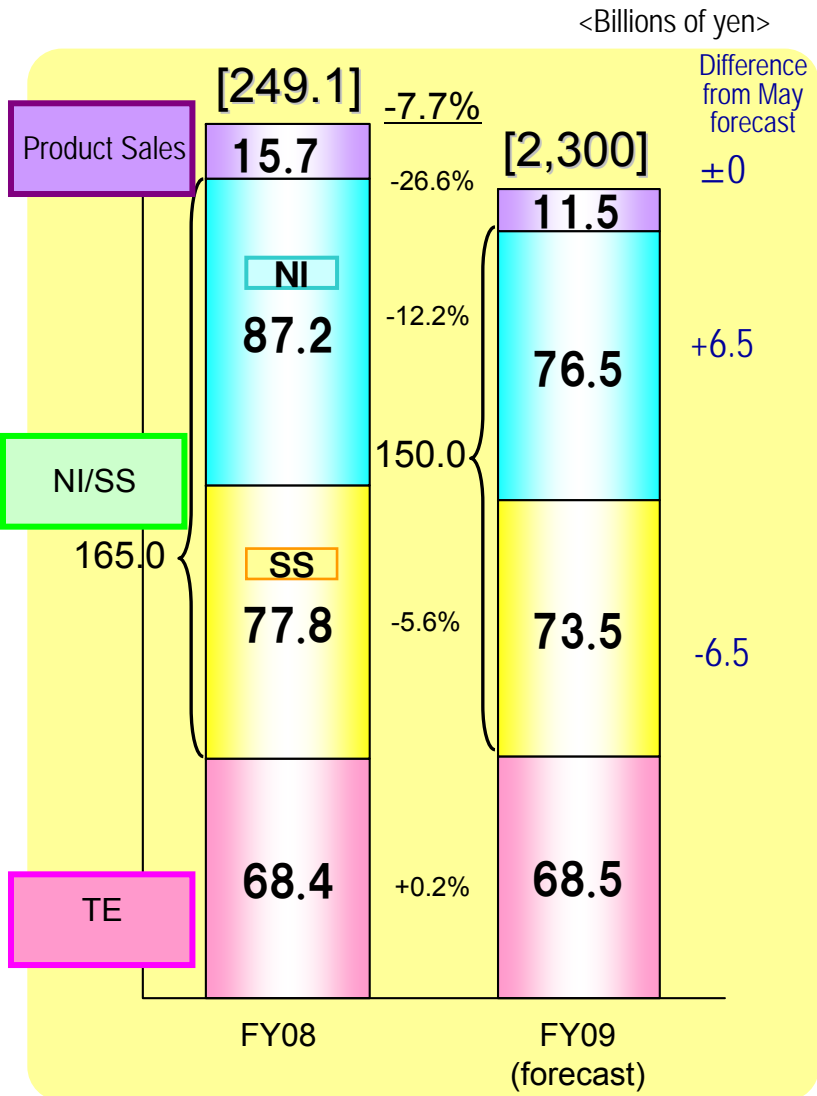
NEC Group • Carrier system-related business and NEC group internal network operation business will decrease

Financial Companies • We are focusing on projects related to M&A and relocation
• Full-scale recovery expected in next fiscal year or beyond

Enterprises • Investment trend remains unclear
• We are strengthening EmpoweredOffice business
• Increasing infrastructure-related sales to public utilities such as power, railway and broadcasting companies

* Forecasts as of October 29, 2009

FY2009 Sales Forecast by Segment



Product Sales Emphasis on profitability amid investment restraint

NI/SS

NI: Sales to telecom carriers and NEC group will decrease
 We are strengthening government business such as local info networks
 We are strengthening customer-centered solutions for enterprises

SS: Operation of NEC group internal networks is decreasing
 We are strengthening SS business for enterprises and telecom carriers

TE We are strengthening government business to get supplementary budget projects
 We are focusing on next-generation business as investment by telecom carriers in existing networks decreases

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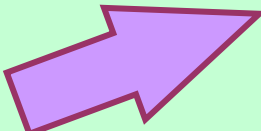

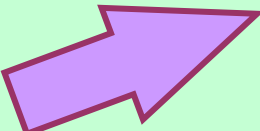






* Forecasts as of October 29, 2009

Priority Areas

Enhance cultivation of enterprise market with a focus on EmpoweredOffice solutions

Expand service business

Strengthen business related to local info, firefighting and disaster prevention network networks

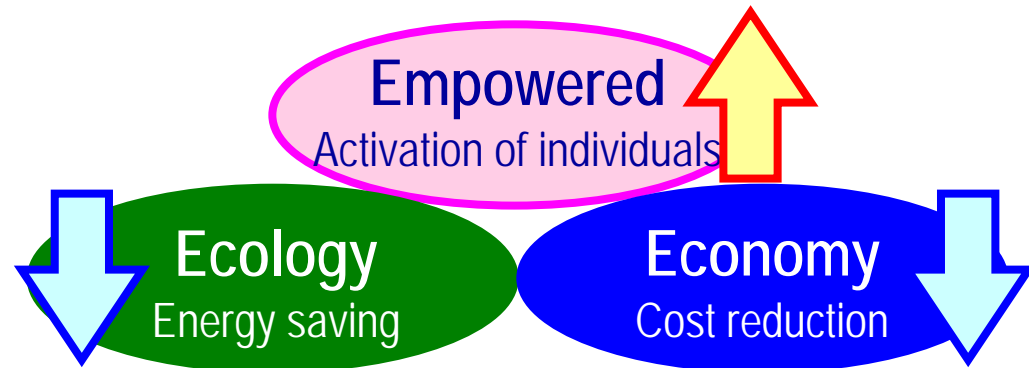
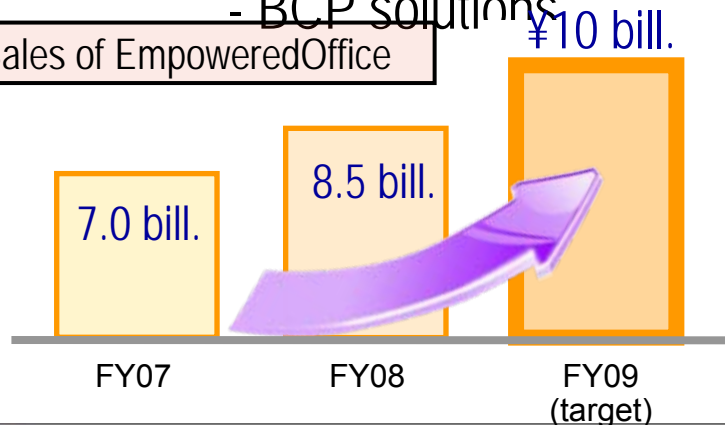
Market / Business area	Governments	Carriers	Enterprises	
Network Integration				<i>Flow type business (Project type business)</i>
Telecom. Engineering				
Support Services				<i>Stock type business (Recurring business)</i>

Focus on Priority Areas: Enterprise Market

Strengthen ability to meet customer needs in a changing environment

- Business opportunities in customer M&As and relocation
=> Expand finance and area redevelopment-related businesses (from 2H/FY09)
- Enhance cost reduction and resource-use optimization solutions with EmpoweredOffice
=> Fully leverage NESIC strengths (ICT, facilities and support services), to enhance businesses in areas such as
 - Total cost reduction through space-saving; energy-saving solutions
 - BCP solutions

Sales of EmpoweredOffice



* Forecasts as of October 29, 2009

Focus on Priority Areas: Enterprise Market

Strengthen outsourcing business including new business areas such as cloud computing related services

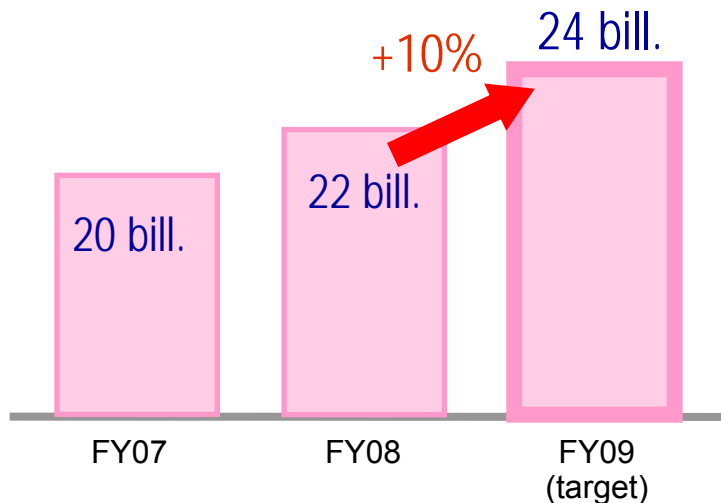
- STclient cloud-type thin client outsourcing service
- Integrated mail outsourcing service, etc.

Strengthen service businesses with well-understanding of each customer's needs

=> Focus on LCM* business (to be the "service integrator")

*LCM: life cycle management

Sales of operation service & monitoring business



Accelerate LCM business by enhancing operation services

EmpoweredOffice

Consultation

to be the "Service Integrator"

Operation

Integration

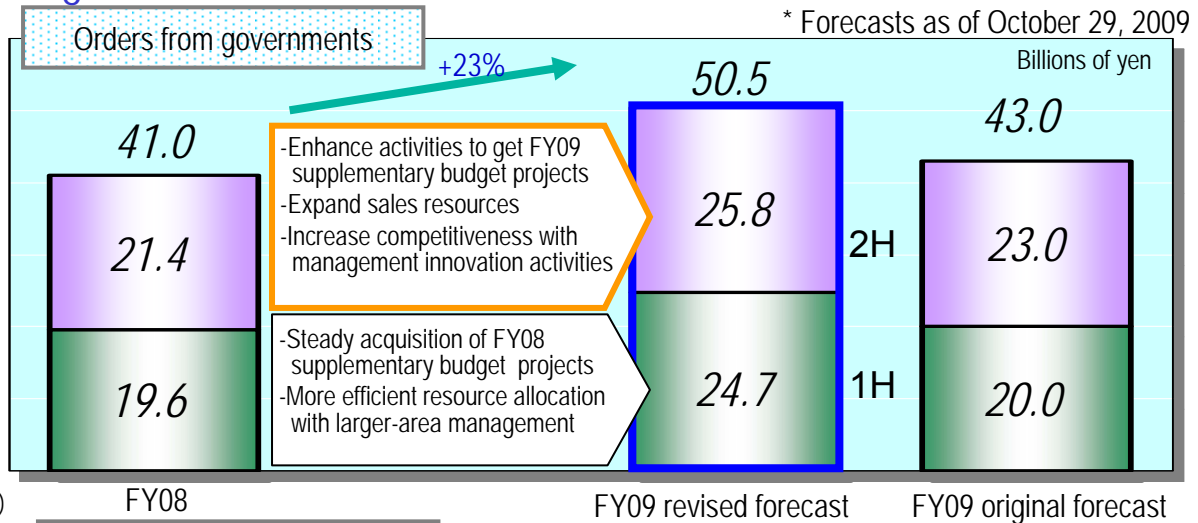
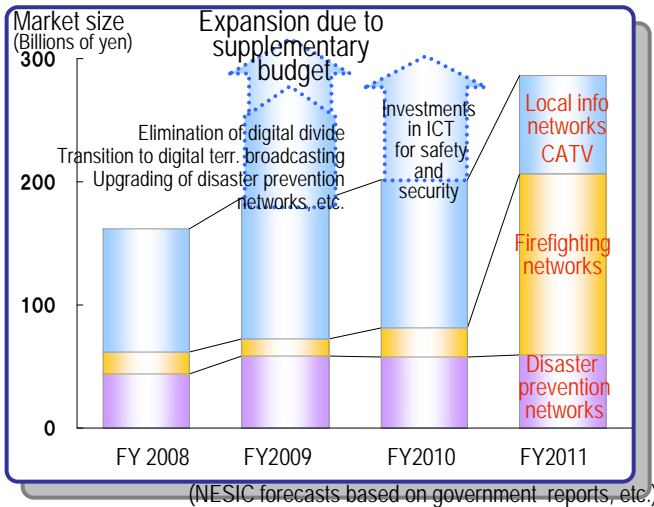
S-IDC Strategic Data Center

NOC Network Total Operation Center

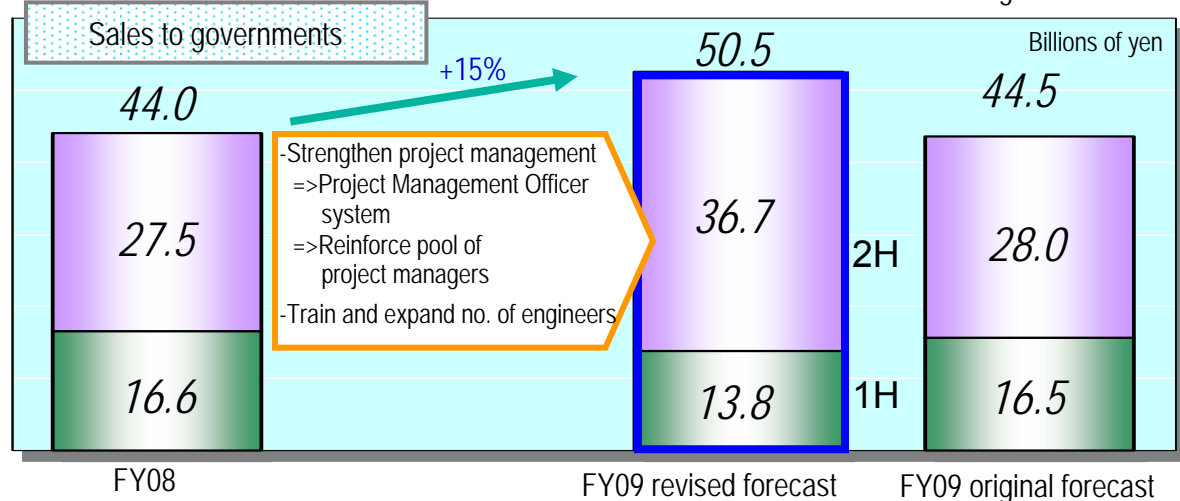
* Forecasts as of October 29, 2009

Focus on Priority Areas: Government Market

Expand local info, firefighting and disaster prevention network business
 FY2009 supplementary budget will accelerate investment to eliminate the digital divide and in digital terrestrial broadcasting

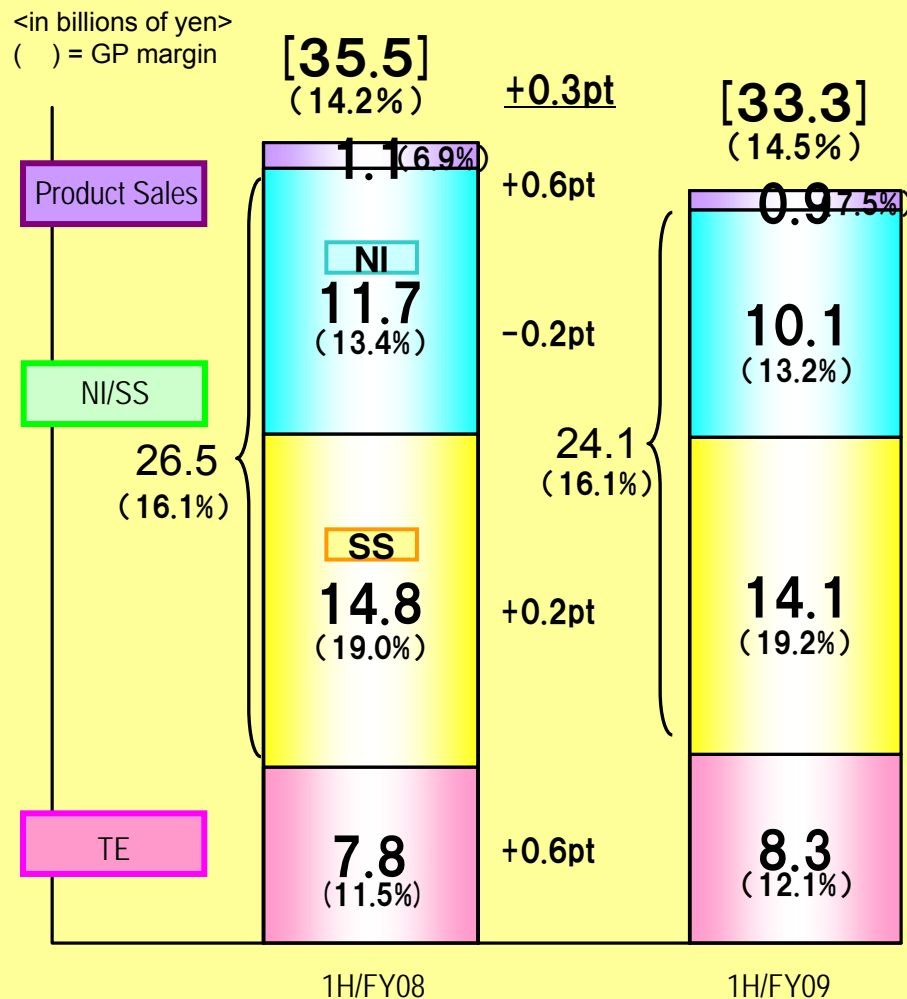


<p>Local info networks / CATV</p> <p>- Infrastructure investment to peak in 2010</p> <p>- Increase in ICT usage to follow</p>	<p>Share</p> <p>15%+</p> <p>11%</p>
<p>Firefighting networks</p> <p>- Steady expansion of networks</p> <p>- Full-scale investment in 2011 or after</p>	<p>Share</p> <p>30%+</p> <p>24%</p>
<p>Disaster prevention networks</p> <p>- Greater activity in wide-area disaster prevention networks => Digital radio, etc.</p>	<p>Share</p> <p>5%+</p> <p>3%</p>



FY2009 Gross Profit Forecasts by Segment

Working toward profit targets by accelerating ongoing management innovation to continuously improve gross margin



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

* Forecasts as of October 29, 2009

Summary

In the 2H/FY2009, we will continue to focusing on

- building a more robust business that emphasizes profitability;
- enhancing government, enterprise and other strategic business; and
- reinforcing business for renewed growth from the next fiscal year and beyond.

Dividends Plan

Dividends plan for FY2009, ending March 2010

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

*Forecast as of October 29, 2009 (No change from May 12, 2009)

[Ref.] Dividends for FY2008, ended March 2009

	Cash dividends per share of common stock		
		Interim	Year-end
FY2008	22.00 yen	11.00 yen	11.00 yen

Cautionary Statement

Forecasts of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.