

Financial Results for 1Q for the FY2009 ending March 2010

July 29, 2009

NEC Networks & System Integration Corporation

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.

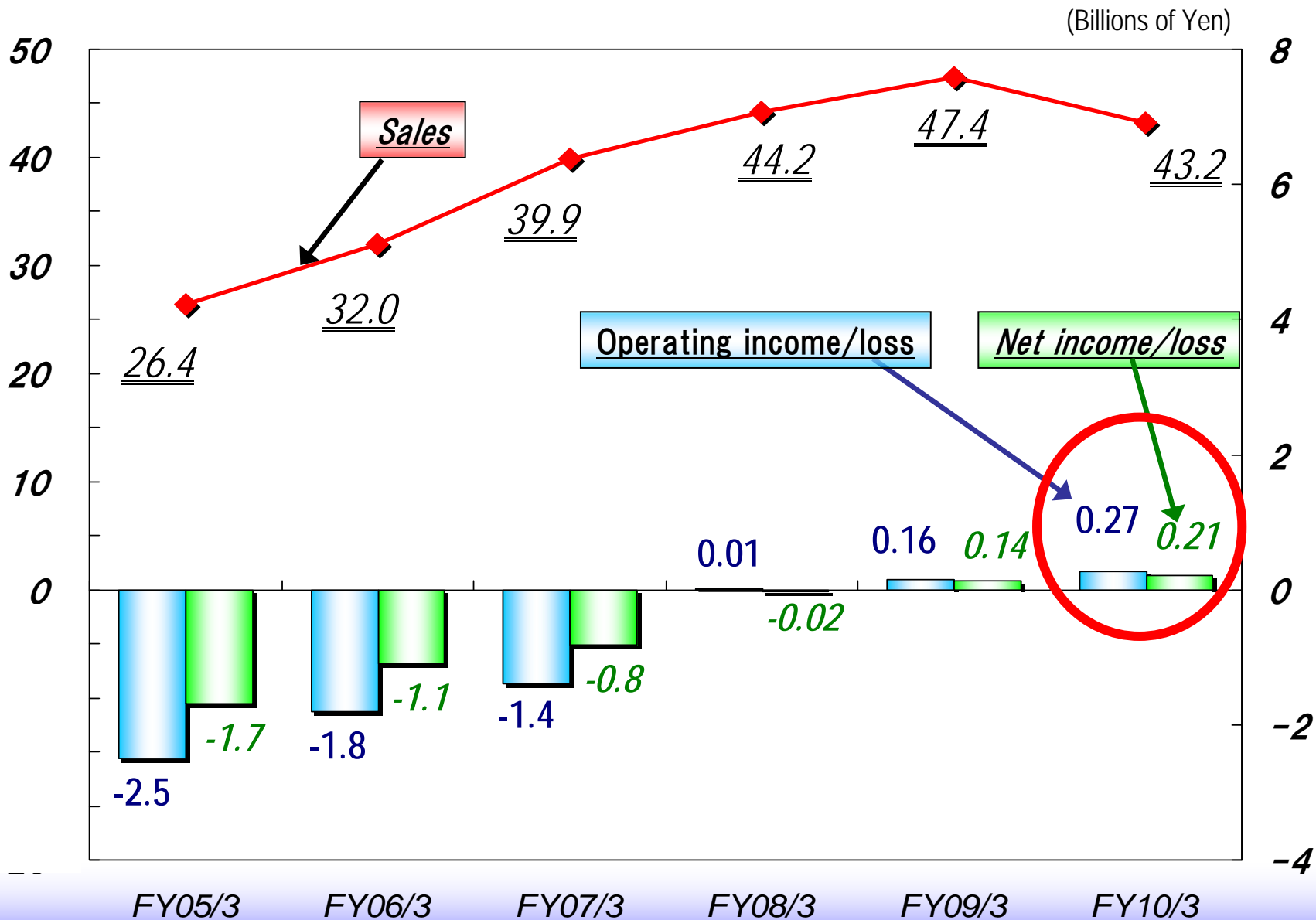
Factors affecting results are not limited to the ones mentioned above.

- 1Q results indicate we are on track to meet our full-year forecasts
- Sales decreased 8.8% year on year due to the deteriorating environment, but operating income & net income increased through improved GP margin

(Billions of yen)	1Q FY 09/3	1Q FY 10/3	Year on Year
Sales	47.4	43.2	-8.8%
Gross Profit (GP) <i>(GP Margin)</i>	5.8 <i>12.3%</i>	6.0 <i>14.0%</i>	+3.4% <i>+ 1.7 points</i>
Operating Income <i>(to Sales)</i>	0.16 <i>0.3%</i>	0.27 <i>0.6%</i>	+70.2% <i>+ 0.3 points</i>
Ordinary Income	0.35	0.33	-7.8%
Net Income <i>(to Sales)</i>	0.14 <i>0.3%</i>	0.21 <i>0.5%</i>	+54.4% <i>+ 0.2 points</i>
Free Cash Flows*	-1.3	5.0	+6.2
Total Asset	132.6	127.6	-4.9
Owners' Equity	64.7	68.5	+3.8
Owners' Equity Ratio	48.8%	53.6%	+ 4.8 points

*Free Cash Flows: the total of cash flows from operating activities and cash flows from investing activities

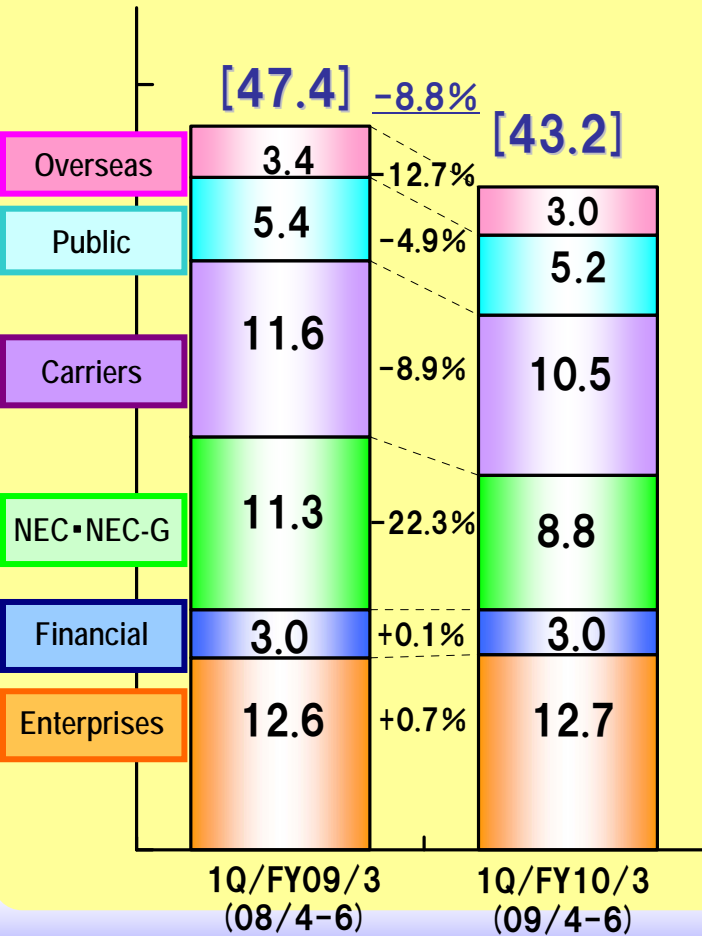
1Q Sales & P/L Record



1Q Sales by Market

- Sales to enterprises and the public sector were almost flat year on year due to enhanced proposals to meet customer needs
- Sales to telecom carriers decreased due to peak-out of investment in large projects in addition to a decrease in sales to the NEC Group

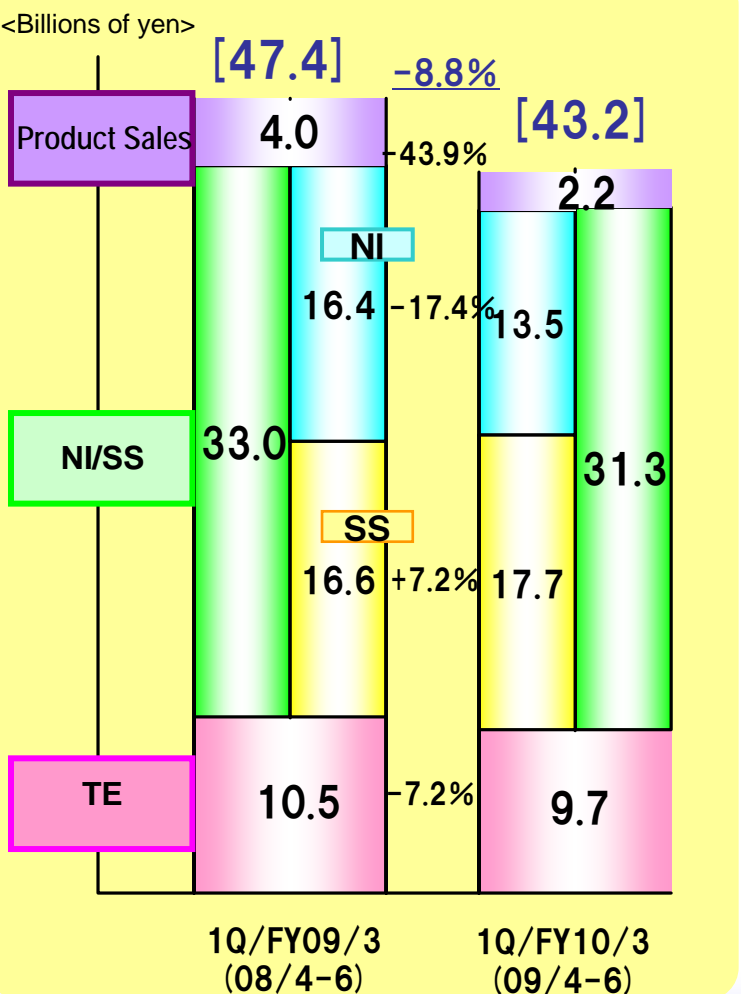
<Billions of yen>



- Overseas**
 - Network construction sales in Saudi Arabia decreased
- Public Sector**
 - Local information network sales to municipalities increased
 - Sales in other areas decreased due to peak-out of investment in large projects
- Telecom Carriers**
 - Sales decreased due to peak-out of investment for high-speed mobile networks
- Financial Businesses**
 - Product sales decreased but sales of NI/SS to banks and nonbanks increased
- Enterprises**
 - Enhanced proposals to meet customer needs such as cost-reduction and small-budget projects
 - Growth in sales of network infrastructure construction to broadcasting and power companies
 - Product sales in most markets decreased because of suppressed investment

1Q Sales by Segment

- Total sales decreased year on year, but sales steadily increased in focus areas such as support services and telecom engineering for municipalities



Product Sales Sales to most markets decreased due to suppressed investment

NI/SS **NI:** Sales to NEC Group and telecom carriers decreased
Sales to enterprises and financial businesses held steady by enhanced proposals to meet customers needs

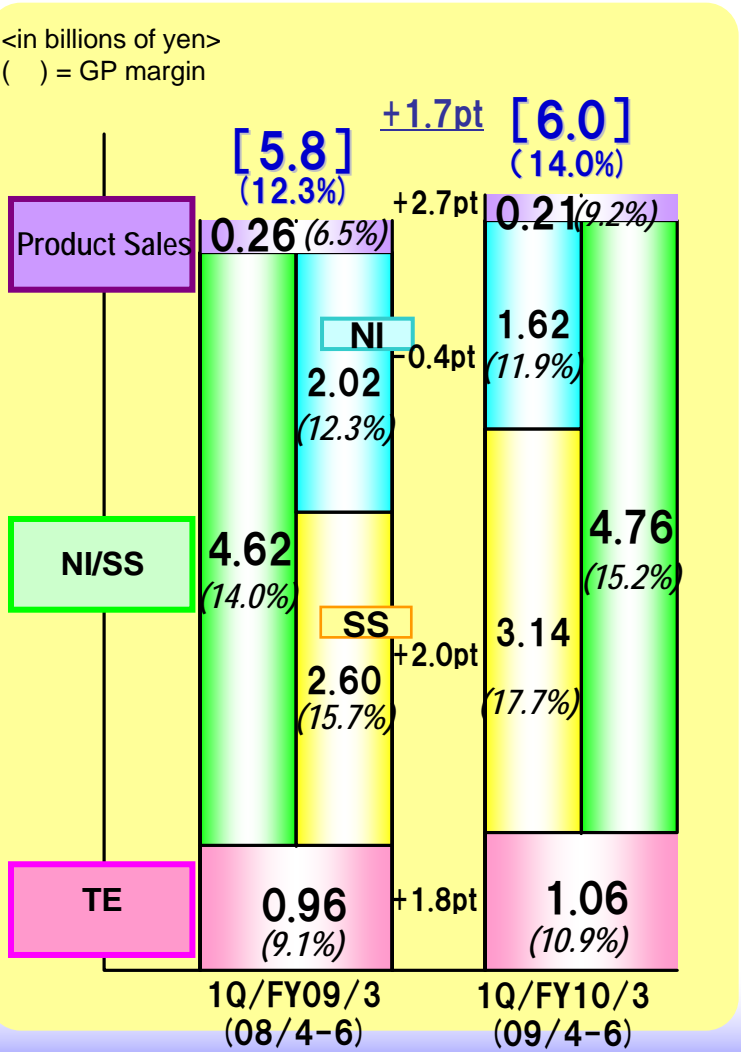
SS: Outsourcing business increased in manufacturing industry etc.
Sales to most markets increased by more aggressive proposals for operation services

TE Steady growth in sales to municipalities and public utilities such as broadcasting and power companies
Decrease in overseas sales such as to Saudi Arabia

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

1Q Gross Profit (GP) by Segment

- GP margin improved as a result of SS infrastructure enhancement and accelerated management innovation activities (process innovation, stronger cost control, etc.)



Product Sales GP margin improved despite lower sales

NI/SS
NI: Management innovation accelerated, but GP margin decreased due to lower sales in deteriorating environment

SS: GP improved as a result of establishment of support service infrastructure including network total operation center (*nTOC*) and parts delivery operation center (*pDOC*)

TE GP improved due to enhanced nationwide project execution capabilities and increased productivity through management innovation

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

■ Reinforced profitability by accelerating “AC-I” management innovation activities

- Established full-time organization to step up promotion efforts
- Improved efficiency of Support Service business
by enhancing service infrastructure

1) Floor space reduction through integration of function to newly established nTOCs (network Total Operation Centers) & pDOC (parts Delivery Operation Center)

2) Centralized maintenance parts information
for efficient inventory control to proper level

3) Enforced information network to local parts bases & maintenance forces for quicker service & efficient delivery
=> area coverage for maintenance in 2h or less:
76%=>90% in a year

Better CS

4) Reinforced management by visualization
of information regarding problem and progress, etc.

■ Enhanced execution framework to increase business with municipalities

- Expanded regional management to offer more flexible response in resource allocation, etc.
=> Approx. 20% increase in sales to municipalities

■ Aggressive proposal activities focusing on “EmpoweredOffice” solutions

- Active marketing efforts
=> Seminars & showcases were held at EmpoweredOffice Center with monthly themes and accepted 138 companies for showcases & 50 for seminars in 1Q FY10/3
- Enhancement of total office solutions: establishment of Office Design Center

■ Promotion of CSR

- Established “Safety and Quality Edification Center” for higher sense of safety & quality



Safety and Quality Edification Center

Enforce business structure to maintain 4%+ in operating margin in tough environments

(Billions of Yen)

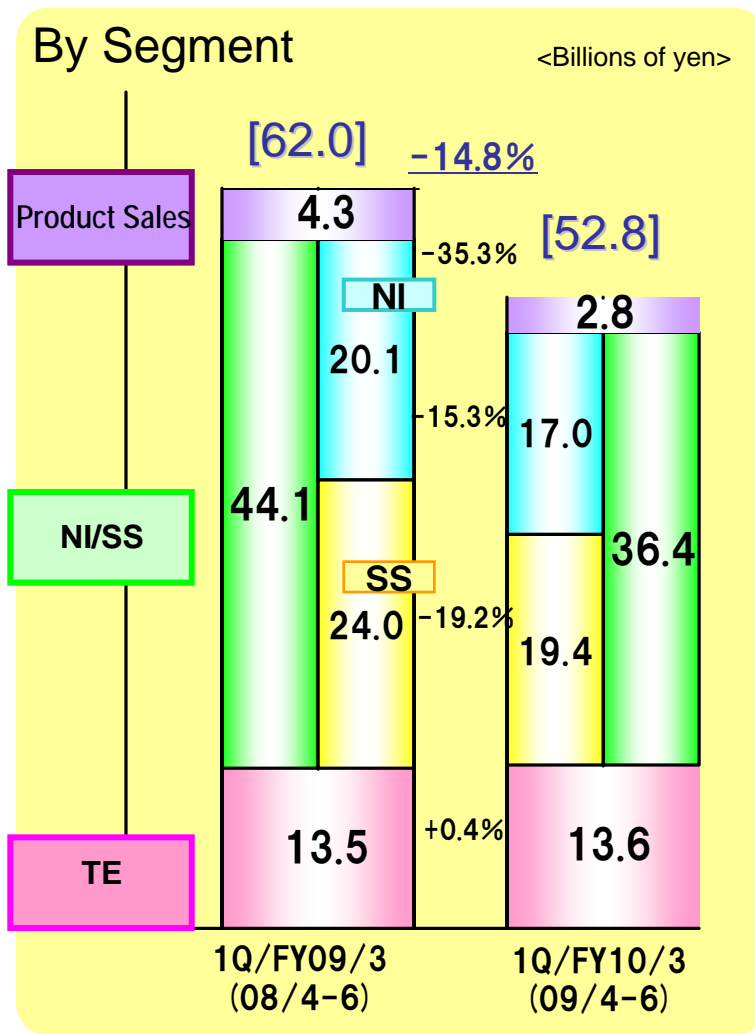
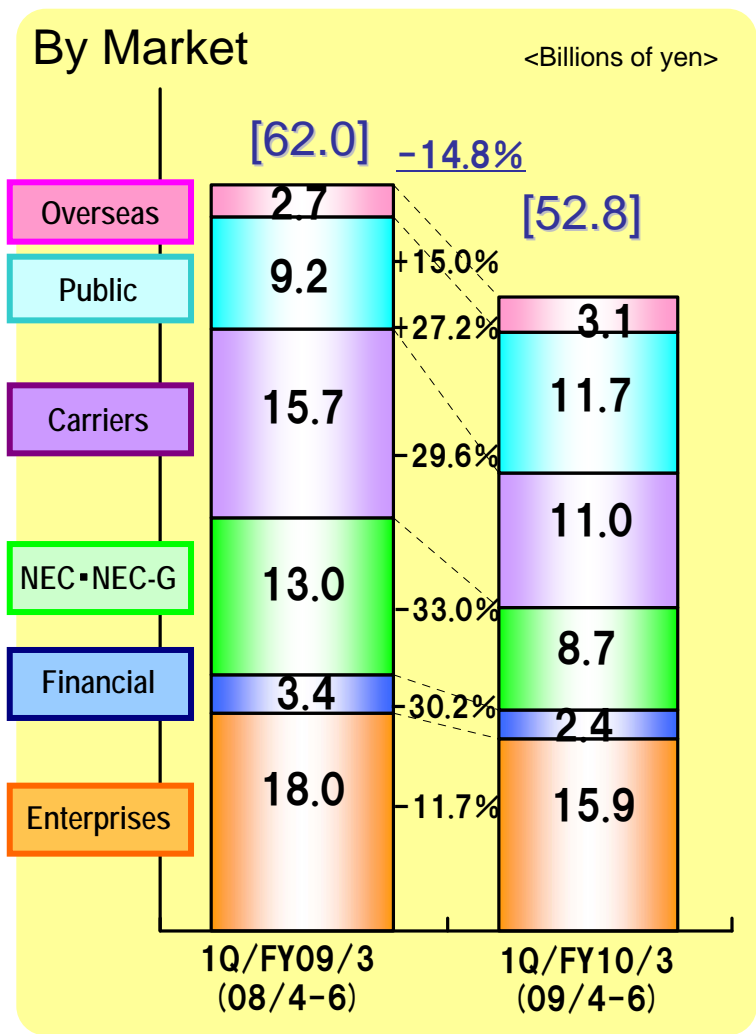
	FY09/3		FY10/3 (forecasts)		YoY
		to Sales		to Sales	
Net Sales	249.1	100.0%	230	100.0%	-7.7 %
Gross Profit	35.5	14.2%	33.3	14.5%	+0.3pt
Operating Income	11.0	4.4%	9.2	4.0%	-16.1 %
Ordinary Income	11.2	4.5%	9.2	4.0%	-17.9 %
Net Income	5.15	2.1%	5.16	2.2%	+0.1 %

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

NEC

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<http://www.nesic.co.jp/english/index.html>



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