

Financial Results for Fiscal Year 2009 Ended March 2010

May 21, 2010

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.



I. Results for FY2009

II. Mid-Range Business Policy

III. Forecasts for FY2010

~First year for Mid-Term Target



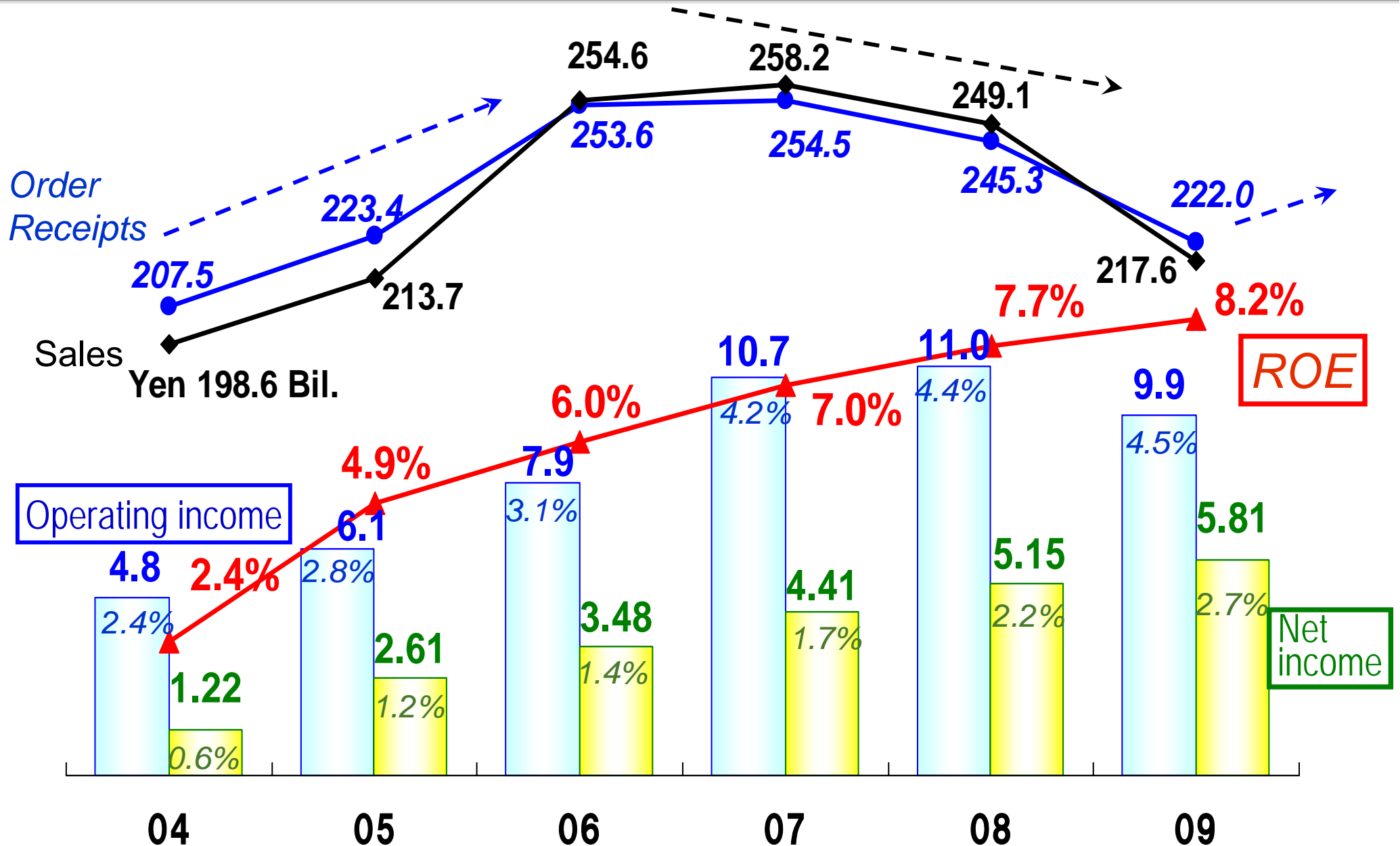
I. Results for FY2009

FY2009 Summary

- Orders and sales were down yoy,
but **orders in 4Q increased yoy**
- Profitability improved** with accelerated management innovation.
 - **All income items exceeded forecasts.**
Net income reached a record level.

(Billions of yen)	FY08 results	FY09 results	4Q results	YoY	YoY	FY09 forecasted
Order receipts	245.3	222.0	63.1	+2%	-9%	230.0
Sales	249.1	217.7	70.1	-13%	-13%	230.0
Gross Profit <i>(to sales)</i>	35.5 <i>(14.2%)</i>	32.9 <i>(15.1%)</i>	11.2	- 1.1	-2.5 <i>+0.9pt</i>	
Operating income <i>(to sales)</i>	11.0 <i>(4.4%)</i>	9.9 <i>(4.5%)</i>	5.1	- 5	- 1.1 <i>+0.1pt</i>	9.2 <i>(4.0%)</i>
Ordinary income	11.2	10.1	5.1	- 7	- 1.1	9.2
Net income <i>(to sales)</i>	5.2 <i>(2.1%)</i>	5.8 <i>(2.7%)</i>	2.9	+8	+0.7 <i>+0.6pt</i>	5.2 <i>(2.2%)</i>
ROE	7.7	8.2			+0.5pt	

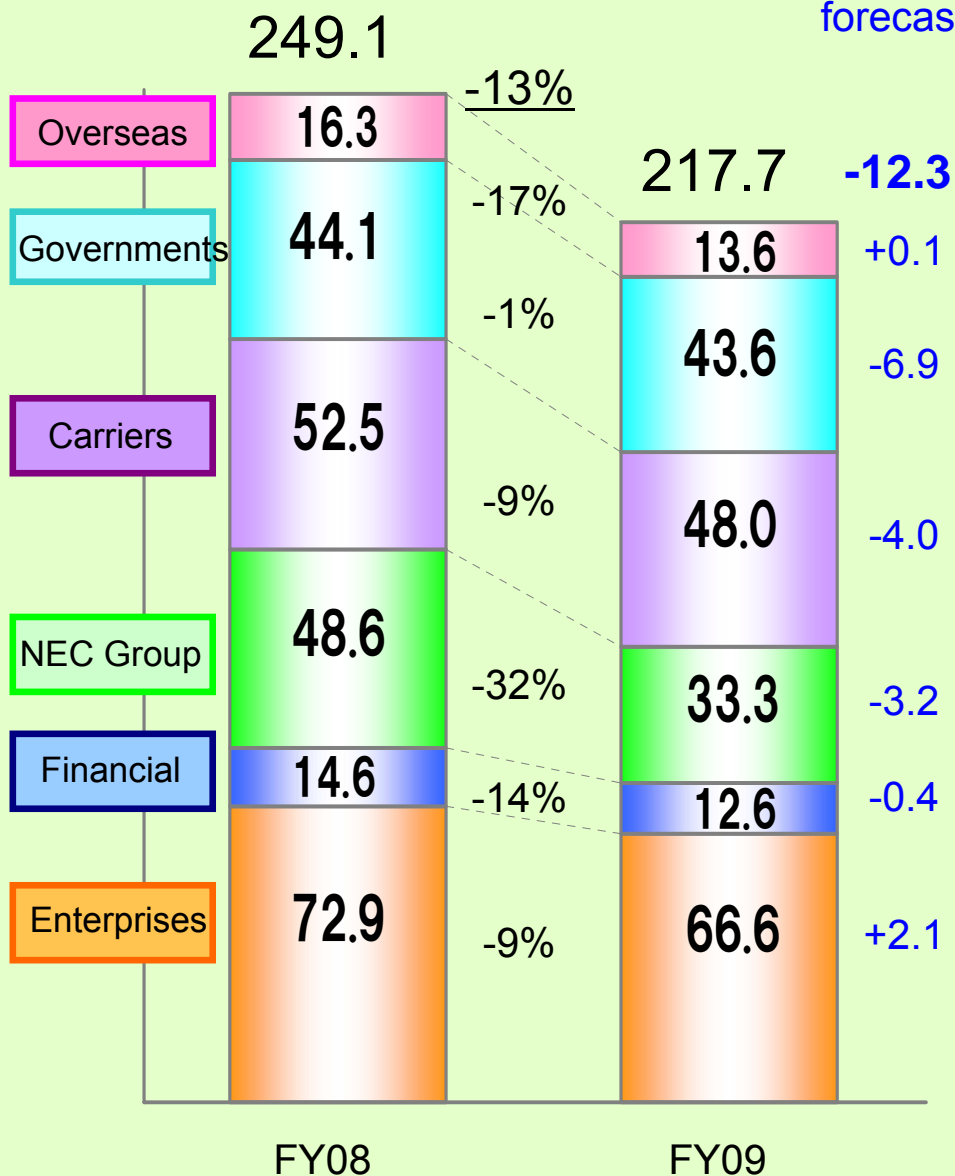
Order Receipts/Sales/Profit Record



FY2009 Sales by Market

<Billion yen>

Diff. from forecasts



Overseas -Network construction for Asia & MEA declined.

Governments -In spite of strong orders, the sales contribution is mainly in FY2010.
-Sales to national governments were robust.

Carriers -Installation of 3G mobile base stations decreased.
-Next-generation mobile (WiMAX, LTE trial) was steady.

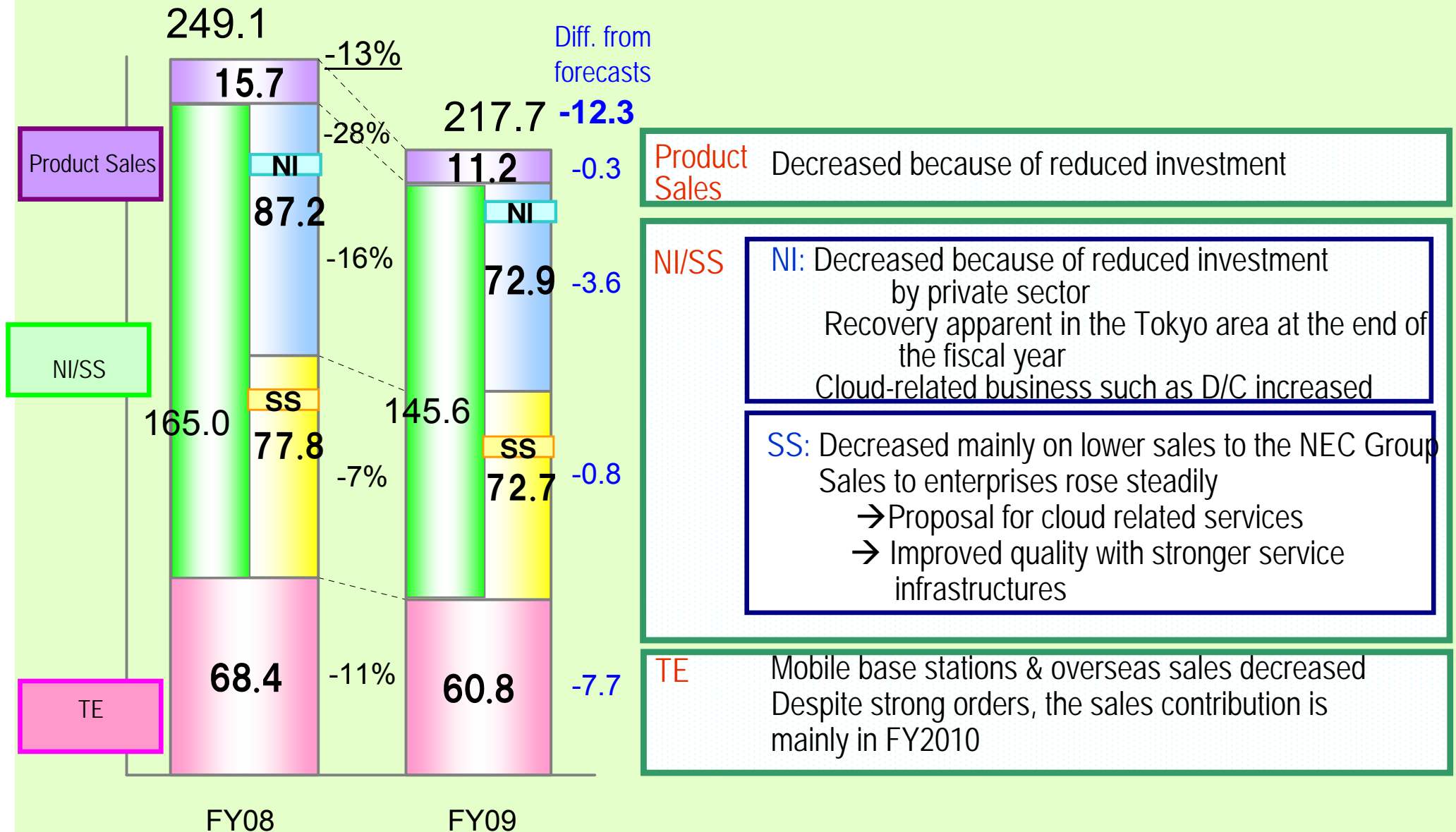
NEC-G -Carrier system-related support business and the NEC Group internal network operation business decreased.

Financial -Demand decreased as investment was postponed following the financial crisis.
-Orders in Q4 recovered.
→ Relocation, network revision

Enterprises -Demand decreased as investment was postponed.
-SS sales steadily increased with proposals for cloud related services.
-EO sales were robust. The customer base increased.

FY2009 Sales by Segment

<Billion yen>

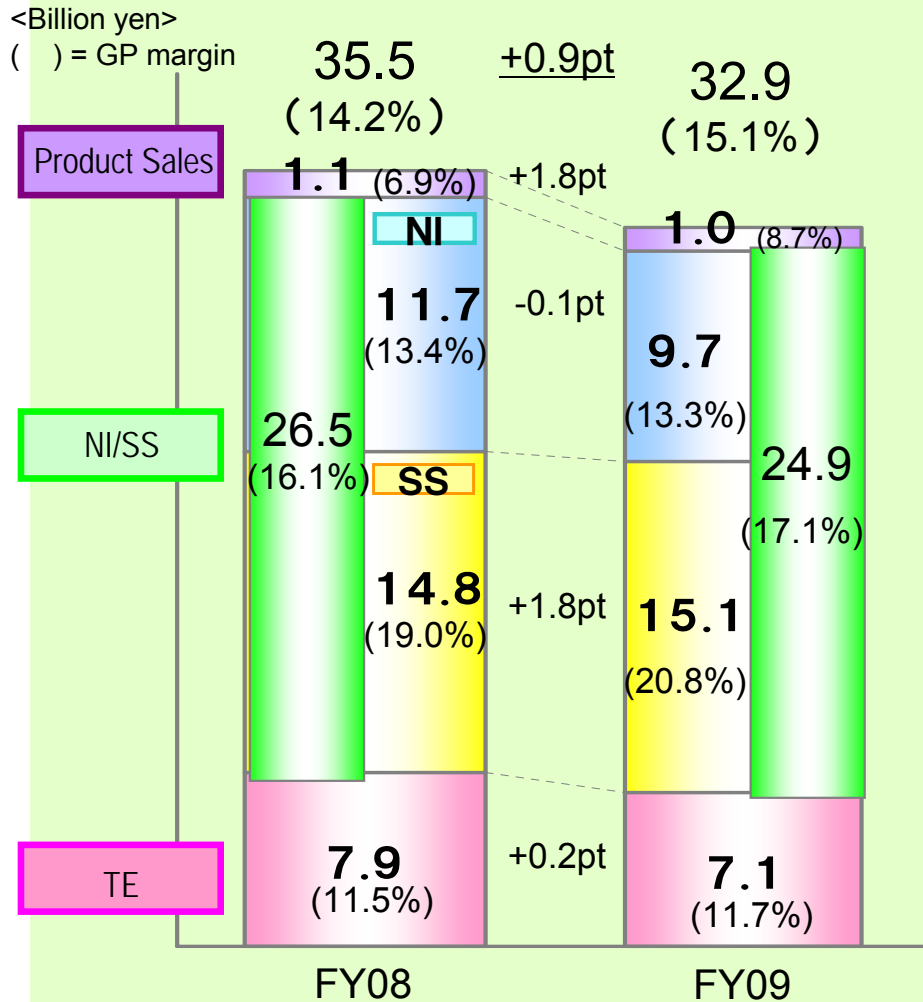


*NI: Network Integration, SS: Support Services, TE: Telecommunications Engineering

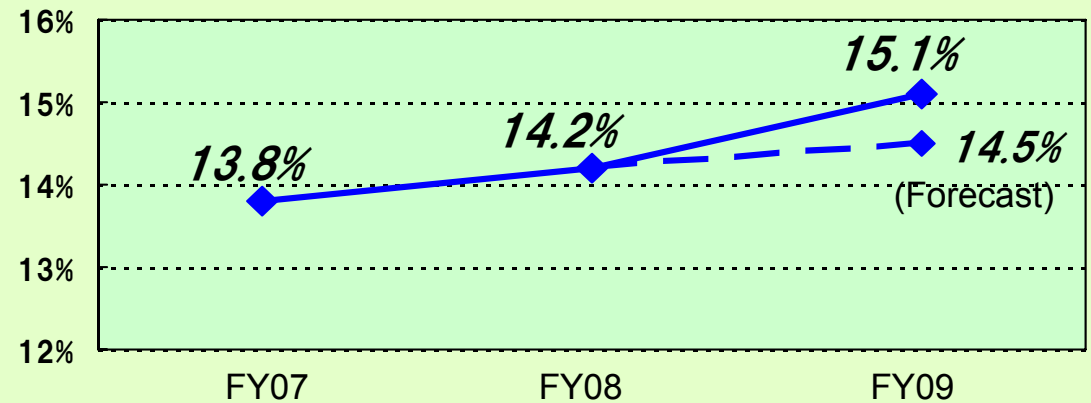
FY2009 G/P by Segment / SG&A

Comprehensive cost cutting, including SG&A, with accelerated management innovation

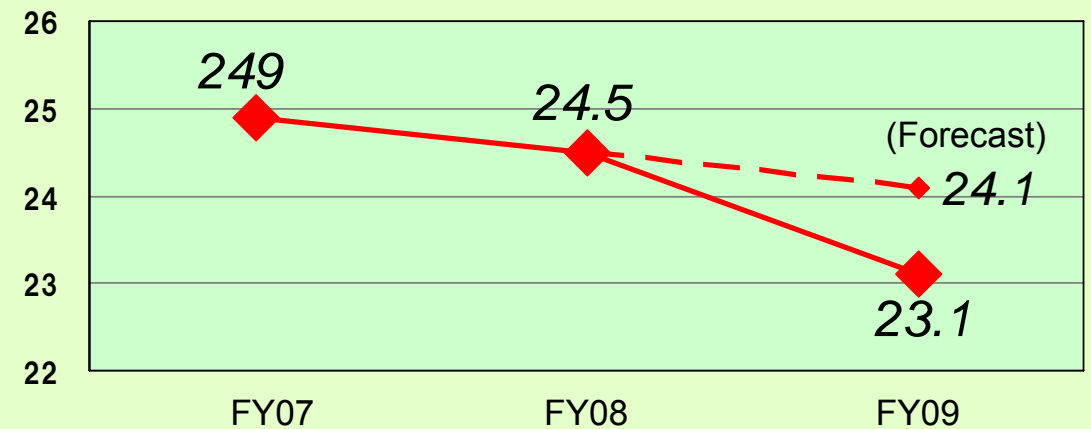
Improved profitability despite lower sales



■ Gross margin



■ SG&A



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Topics of FY2009

Acquired government demand through the supplementary budgets (Orders increased by 28% YoY)

- Orders relating to local information networks and for the national government increased substantially.

Orders in key areas began to grow through active customer-oriented marketing.

- For enterprises: Data centers and cloud related businesses were solid in the Tokyo area.
- Support Services: Orders in 4Q increased for all markets.

EmpoweredOffice sales increased.

- Achieved sales of ¥10 billion (+18% YoY)

Efficiency improved through management innovation (AC-I: All Cost & Management Innovation) activities.

- Gross margin: Improved 0.9 points, SG&A cut by ¥1.4 billion

Balance Sheet

(Billions of Yen)

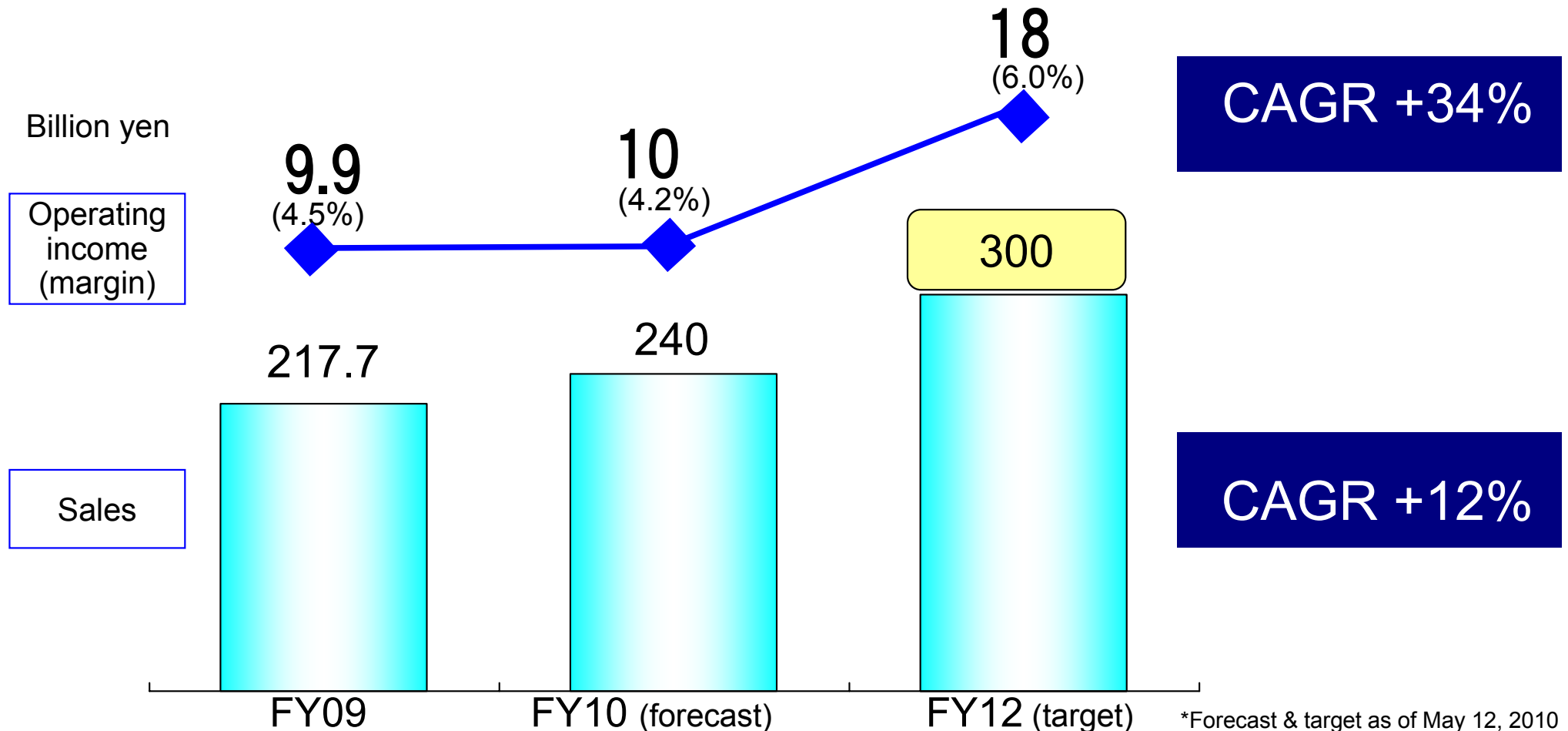
		end of 09/3	end of 10/3	YoY
Assets	Cash and deposits	16.6	29.5	12.9
	Notes and accounts receivable	91.3	80.0	-11.3
	Inventories	9.4	7.3	-2.1
	Other	6.0	7.1	1.1
	Current Assets	123.3	123.9	0.6
	Noncurrent Assets	24.1	23.0	-1.1
Assets		147.5	146.9	-0.6
Liabilities	Notes and accounts payable	39.9	35.0	-4.9
	Loans	5.1	5.0	-0.1
	Other	33.1	32.7	-0.4
Liabilities		78.1	72.7	-5.4
Net Assets	Shareholders' equity	69.3	74.0	4.7
	Valuation and translation adjustment	-0.6	-0.5	0.1
	Minority interests	0.6	0.6	0.0
Net Assets		69.3	74.2	4.9
Liabilities & Net Assets		147.5	146.9	-0.6
Owner's Equity Ratio		46.6%	50.1%	+3.5pt
ROE		7.7%	8.2%	+0.5pt

II. Mid-Term Business Policy

Mid-Term Business Target

Aiming to be the No.1 network system integrator in Japan

Aim for ¥300 billion in sales
and an over 6% operating margin



Mid-Term Business Policy

Expand the market share of existing businesses by continuing to improve QCD.

Expand into new areas centering on service businesses.

Execute growth investment, including M&A.

Existing Businesses

- Expanding the installation & maintenance business, centering on next-generation mobile networks
- Expanding the social infrastructure business (wider-area & digitalized firefighting & disaster prevention systems, local information development) and related service businesses.

New Areas

- Expanding total solutions based on “EmpoweredOffice” office innovation solution and cloud services
- Enhancing the cloud infrastructure construction business for carriers
- Responding to new broadcasting services (post-terrestrial digital broadcast)

Growth Investment

- Expanding the data center / contact center business by enhancing the service infrastructure

III. Forecasts for FY2010

First year for Mid-Term Target

Focusing on expanding business scale as the basis for achieving mid-term sales & profit targets (A shift to aggressive management)
Continuing management innovation as a basis for growth

- Respond to the recovery in ICT investment.
- Continue to cultivate existing businesses.
- Strengthen service businesses.
- Prepare for new growth areas.
(Environment/energy, visual/display, use of local information networks, etc.)

FY2010 Forecast Summary

Emphasis on growth (targeting double-digit sales growth)

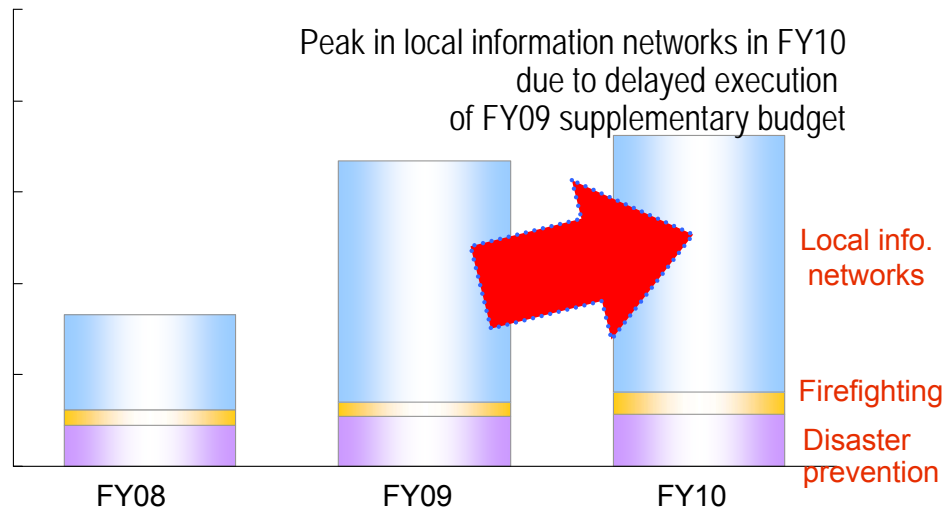
(Billions of Yen)	FY2009	FY2010 (forecasts)	YoY	
				(%)
Order receipts	222.0	240.0	18.0	+8%
Sales	217.7	240.0	22.3	+10%
Operating income <i>(to sales)</i>	9.9 <i>(4.5%)</i>	10.0 <i>(4.2%)</i>	0.1 <i>(-0.3pt)</i>	+1%
Net income <i>(to sales)</i>	5.8 <i>(2.7%)</i>	4.7 <i>(2.0%)</i>	-1.1 <i>(-0.7pt)</i>	-19%

* The cost of headquarters relocation will be posted as an extraordinary loss.

*Forecasts as of May 12, 2010

Initiatives for Growth: Government Market

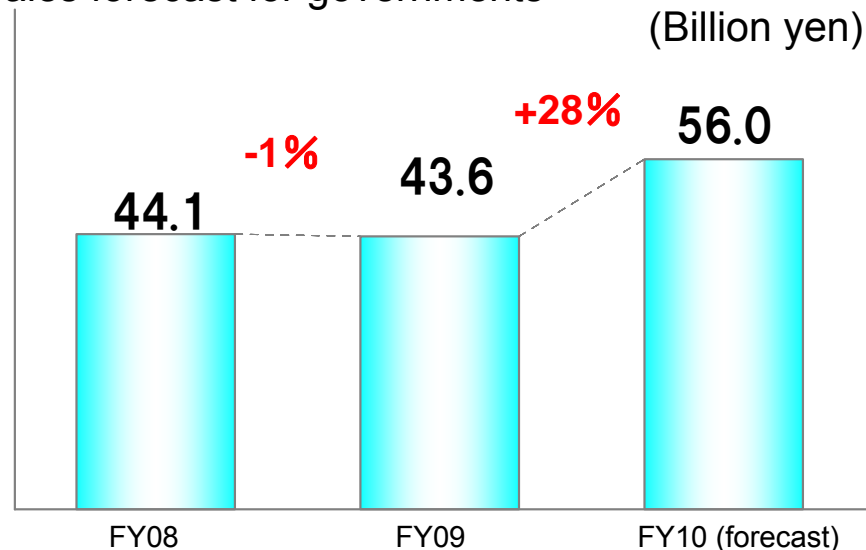
Market size (NEC NW&SI estimates based on governments information, etc.)



<Local information networks>
Investments triggered by digital terrestrial broadcasts peaked in FY2010.
→ Construction accelerating for the completion of digitalization

<Firefighting/disaster prevention systems>
Investment is expanding from FY2010
→ Wide-area systems will steadily progress

Sales forecast for governments



Expanding competitiveness and market share through resource reallocation and stronger project management

Orders are strong

Studying business opportunities for the use of local information networks

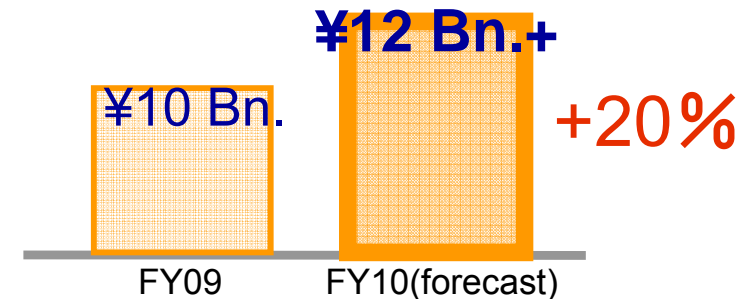
*Forecasts as of May 12, 2010

Initiatives for Growth: Enterprises Market (1/2)

Vigorous acquisition of recovering ICT demand

- Aggressive marketing centering on the finance, retail and manufacturing sectors
 - Respond quickly to emerging demand such as project restarts and systems revisions.
 - Expand market share by cultivating existing customers and exploring new customer bases.

Expansion of EmpoweredOffice



- Stronger proposal of streamlined office & smart work
 - Active marketing making full use of the new head office
- Environmental business such as office energy saving
- EmpoweredOffice business in local areas

*Forecasts as of May 12, 2010

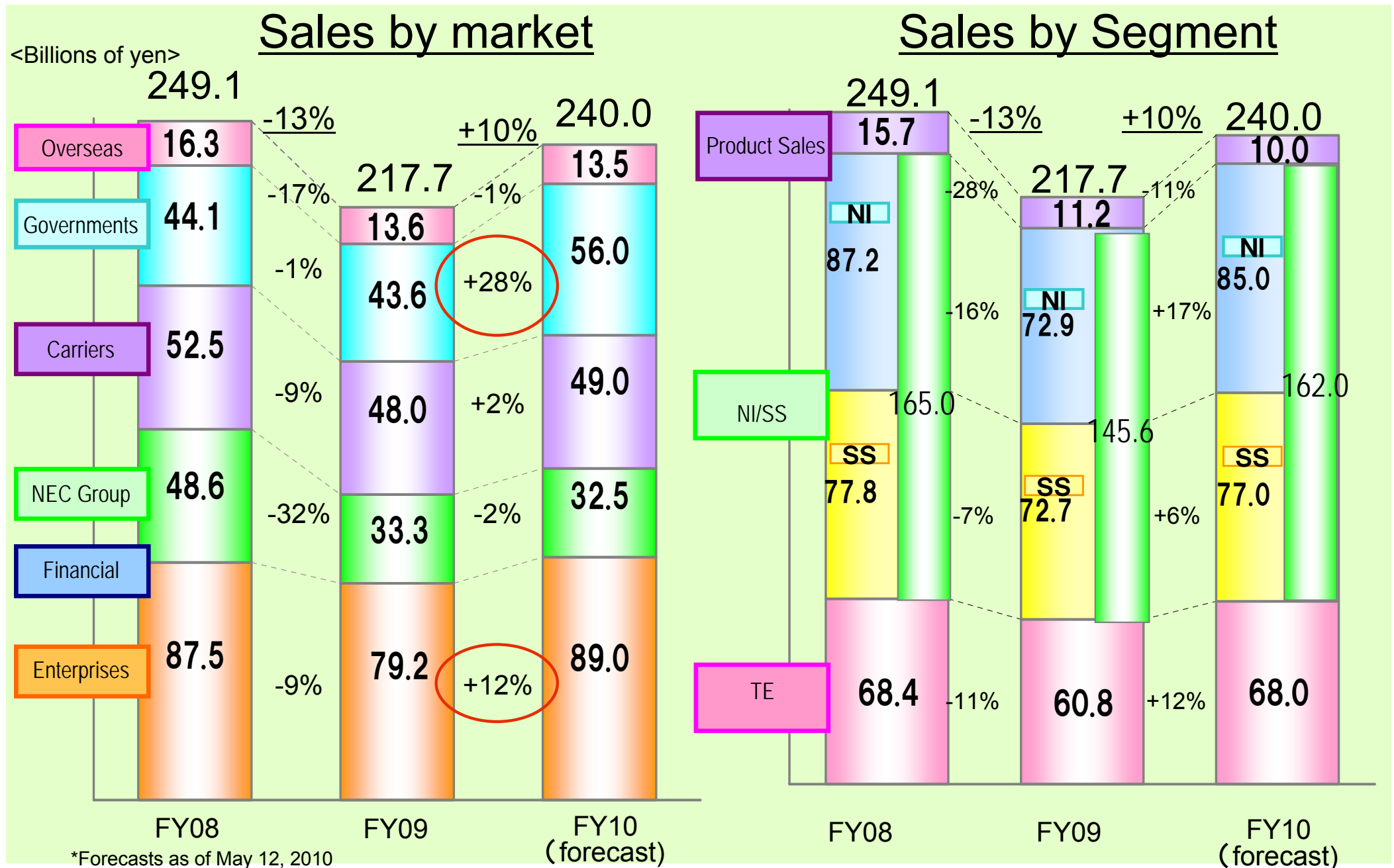
Enhancing cloud related businesses

- Enriching cloud-type outsourcing services
 - Thin-client service, virtualization service, etc.
- Enhancing the cloud computing user support business
 - Combination/migration of present system with the cloud service, integrated service, etc.

Enhancing operations businesses

- Contract contact center/call center operations
- Related SI services (Tokyo and Osaka areas)

FY2010 Sales Forecast



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

Empowered by Innovation



- **Relocation of HQ (planned in October)**
“Place for advancement” with the introduction of EmpoweredOffice in every office and the convenient location in central Tokyo
- **Reorganization (completed in April)**
“Organization for advancement” for strengthening the service business
 - Service-oriented organization from installation-oriented
 - Established sections for incubation
- **Accelerate total cost reduction by AC-I⁺**

*AC-I: Management innovation (All Cost & Management Innovation) activity

Accelerating Aggressive Management by HQ Relocation

Increasing business strength by integrating offices + Company-wide EmpoweredOffice (EO) introduction

- Improve floor efficiency more than 35%
- Expecting effects worth more than ¥1 billion

(Floor fee, improved work efficiency with EO introduction, transportation cost, etc.)

Improving sales strength & customer appeal (to “place for advancement”)

- Quick access to customers
(Major business areas are located within 5km)
- Company-wide EO showrooms
(Experimental model offices)

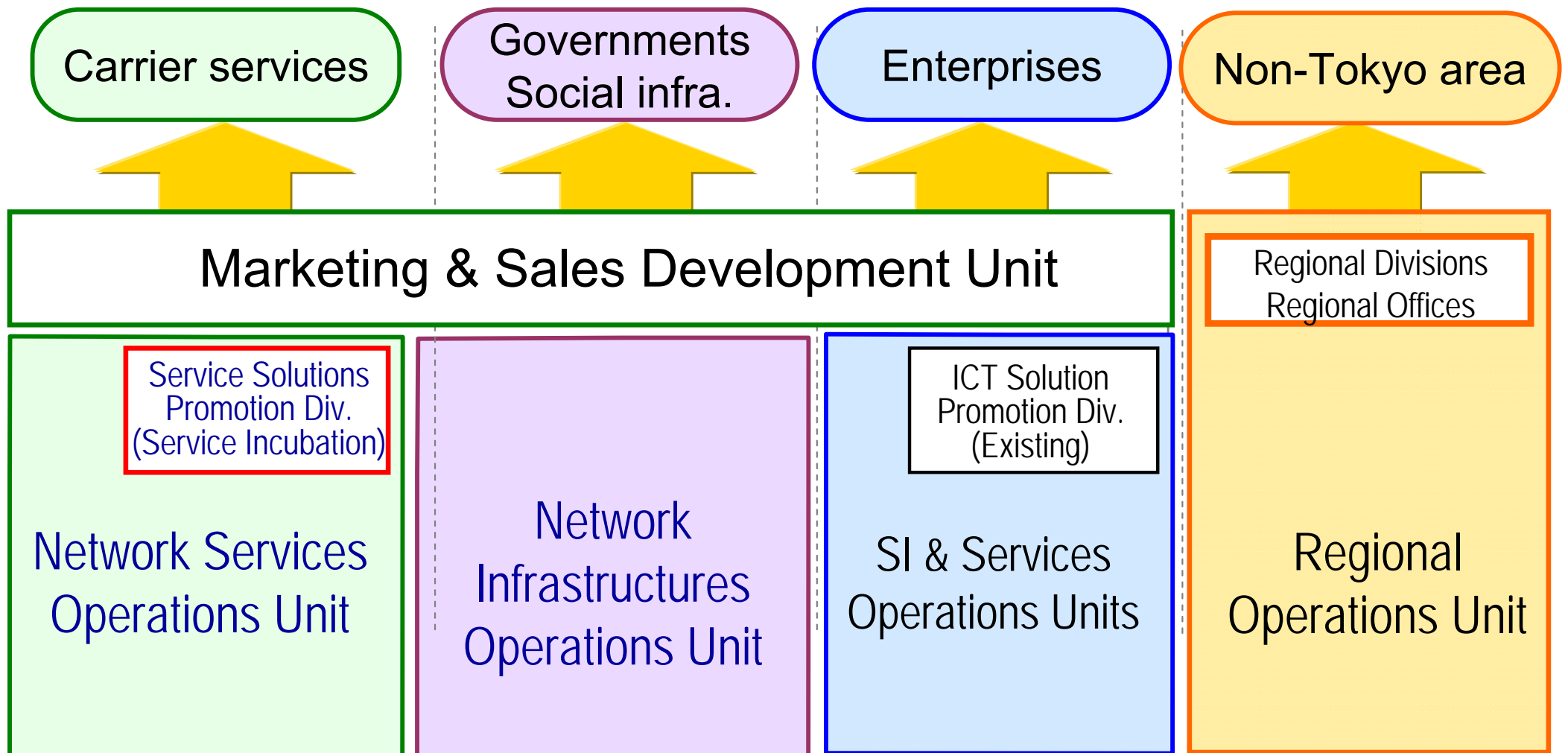
Enhancing BCP



*A ¥1.5 billion extraordinary cost is included in the FY2010 forecast.

Reorganization for Service Business Strengthening

Bolstering the customer-based service business
From an installation-oriented to a service-oriented organization



Dividend Plan

Dividends for FY2009, ended March 2010

	Cash dividends per share of common stock		
		Interim	Year-end
FY2009 (Previous plan)	22.00 yen	11.00 yen	11.00 yen
FY2009 (Revised)	25.00 yen	11.00 yen	14.00 yen

We achieved record net income and decided to pay a special dividend of ¥ 3 per share as a mark of our gratitude to our shareholders.

Dividends plan for FY2010, ending March 2011

	Cash dividends per share of common stock (planned)		
		Interim	Year-end
FY2010	26.00 yen	13.00 yen	13.00 yen

We plan to increase annual dividends to ¥26 per share, balancing a stable financial position with the investment needed for growth.

*Forecasts as of May 12, 2010

We will adopt
aggressive management
for growth,
aiming to be the No.1 network
system integrator!



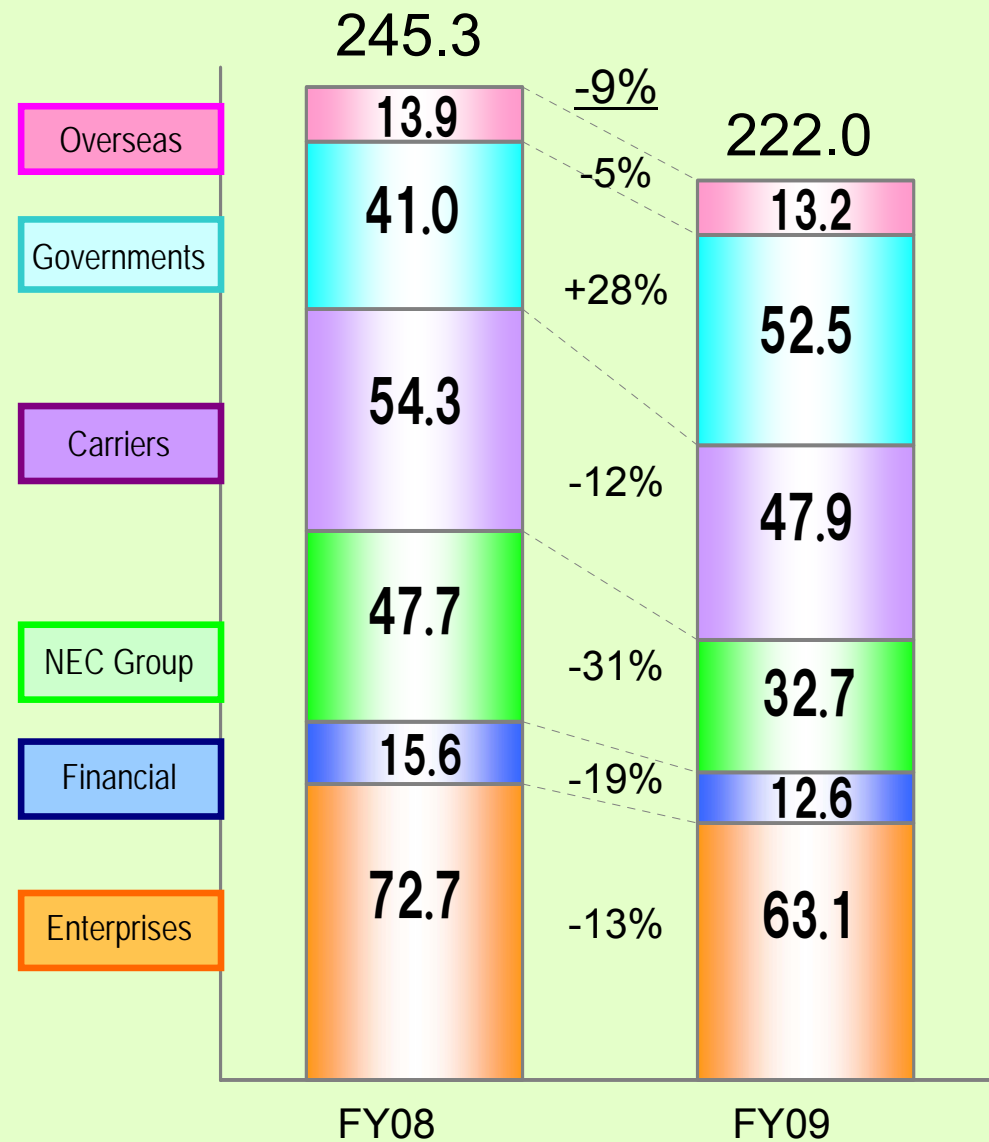
NEC Networks & System Integration Corporation

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

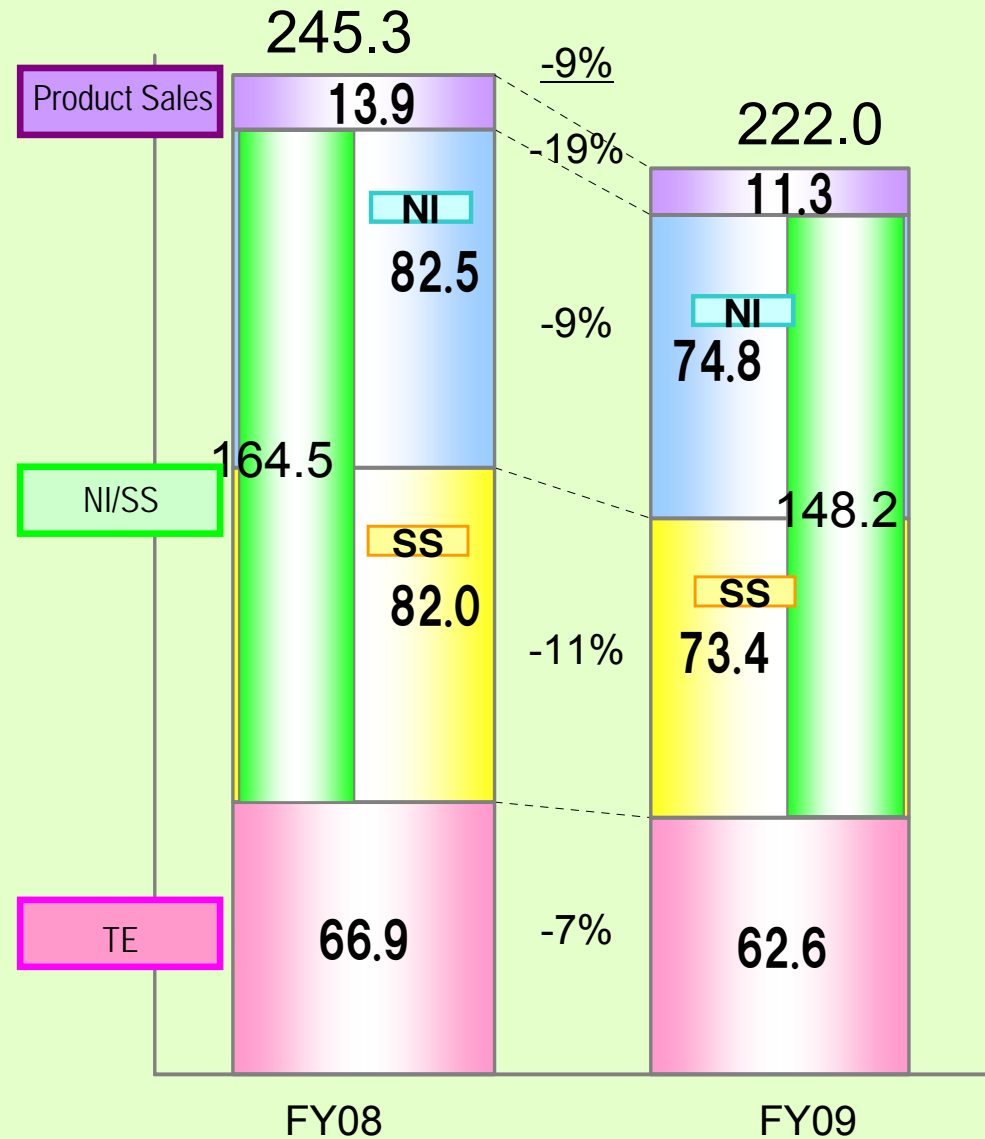
FY2009 Order Receipts

By market

<Billions of yen>



By segment



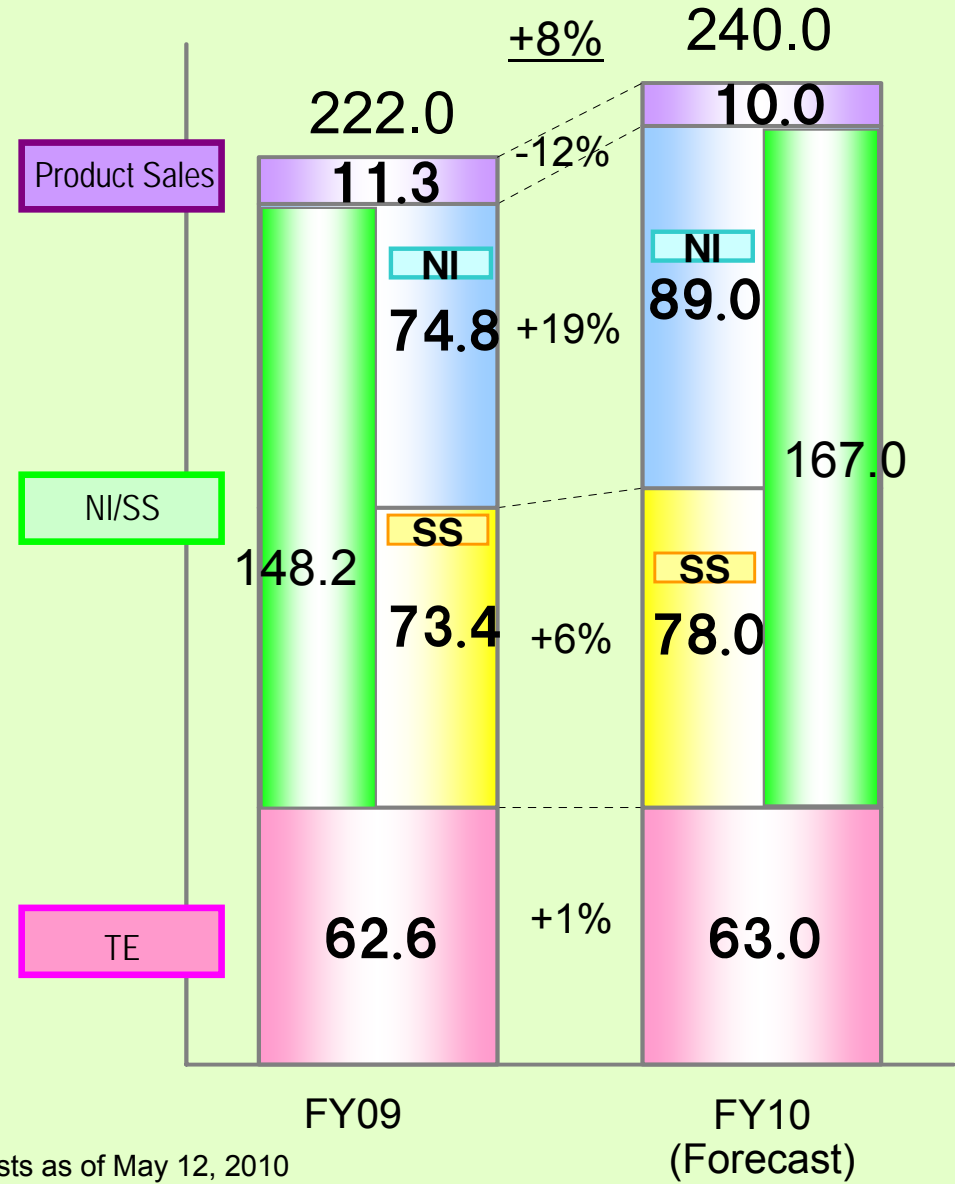
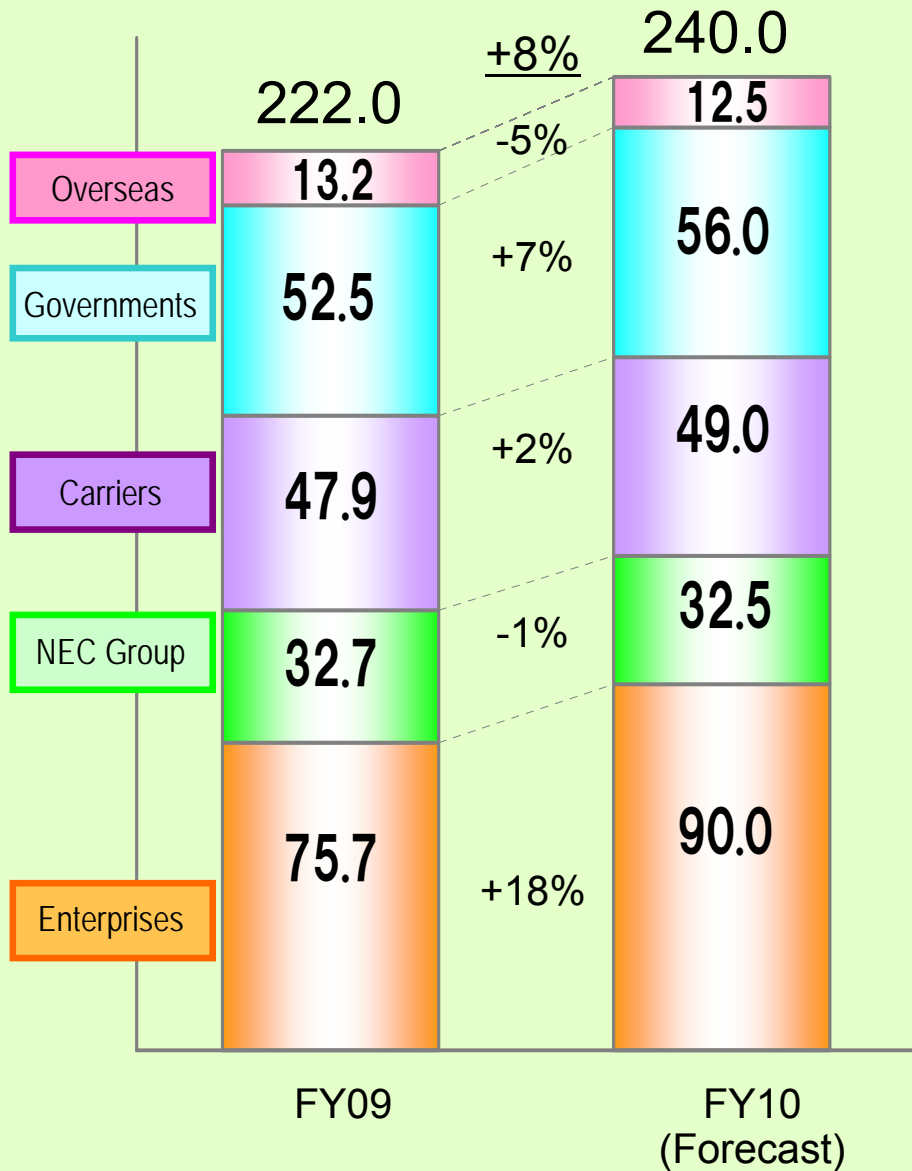
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Empowered by Innovation

FY2010 Order Receipts Forecast

By market

<Billions of yen>

By segment

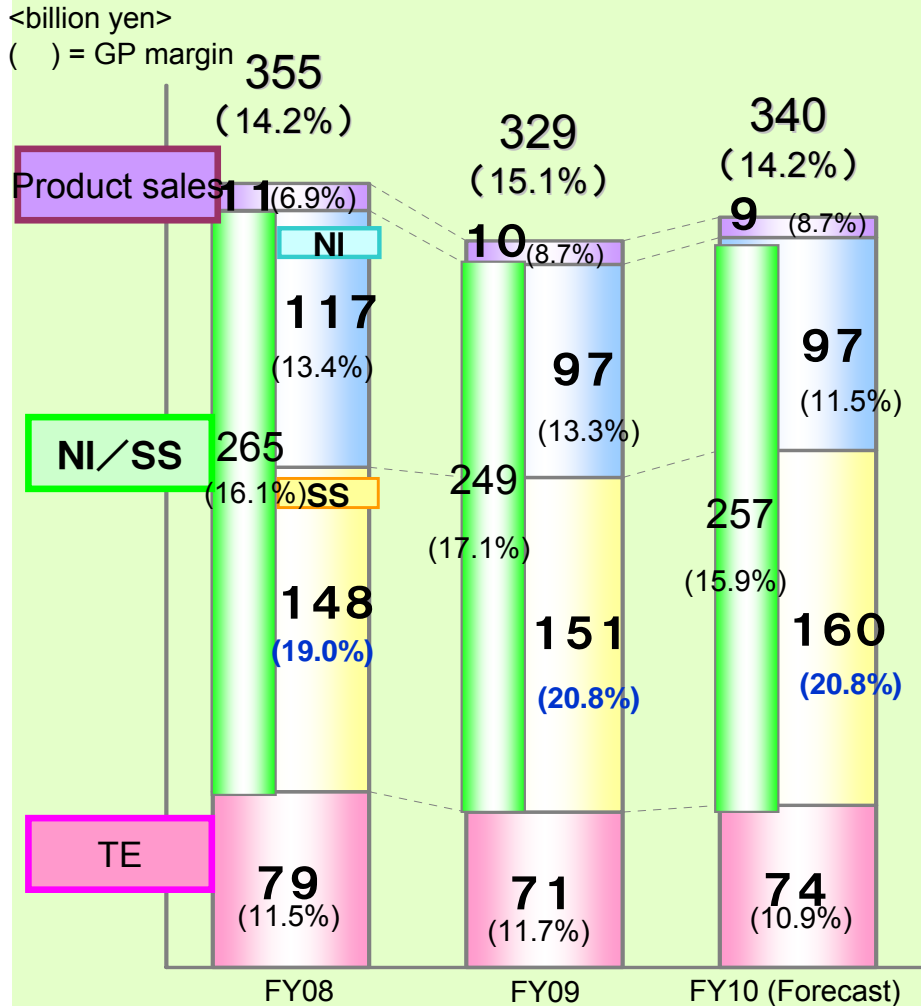


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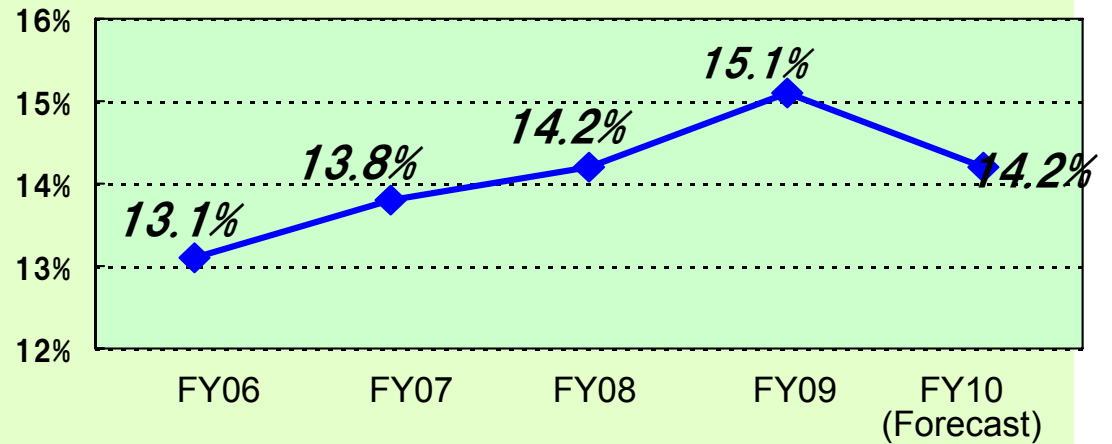
FY2010 Gross Profit & SG&A Forecast

Operating income will exceed the FY09 level with comprehensive cost cutting, despite a tentative gross margin decrease through aggressive sales activities.

Planned gross margin by segment



Gross margin



SG&A

