

Introduction of NEC Networks & System Integration Corporation (NEC NW&SI: TSE 1973)

September, 2011

Masahiko Yamamoto, President

NEC Networks & System Integration Corporation

At the Beginning

■ NEC Networks & System Integration is
a unique system integrator with;

- strength in ICT with a core of networks
- construction/facility management capability
leveraging our experience
as a telecom engineering company
- NEC Group's advantage, while retaining
our independence as a listed company

■ In addition, we aim to **GROW** through organic &
non-organic initiatives using our financial strength.

■ We hope today's meeting about our outline
can be the first step in ongoing discussion.

Company Profile (2011/3)

- Established: 1953
- Capital: Yen 13.1 bill.
- Net sales: Yen 217.9 bill.
- OP: Yen 10.8 bill.
- NP: Yen 4.7 bill. -> ROE: 6.3%
- Listing: 1st section of Tokyo Stock Exchange
(Ticker: 1973)
- Major shareholder: NEC Corp 51.44%
(incl. retirement benefit trust account)
- Employees: 5,939(consolidated); 4,344(non-consolidated)
- Sales bases in Japan: 52
- Service bases in Japan: 335
- Overseas bases: 8

Industry classification by TSE was changed to "Information & Communication" on Oct. 2011

S-IDC
(data center)



nTOC
(network operation center)



DAIICHI AD SYSTEM
(contact center)



Corporate History



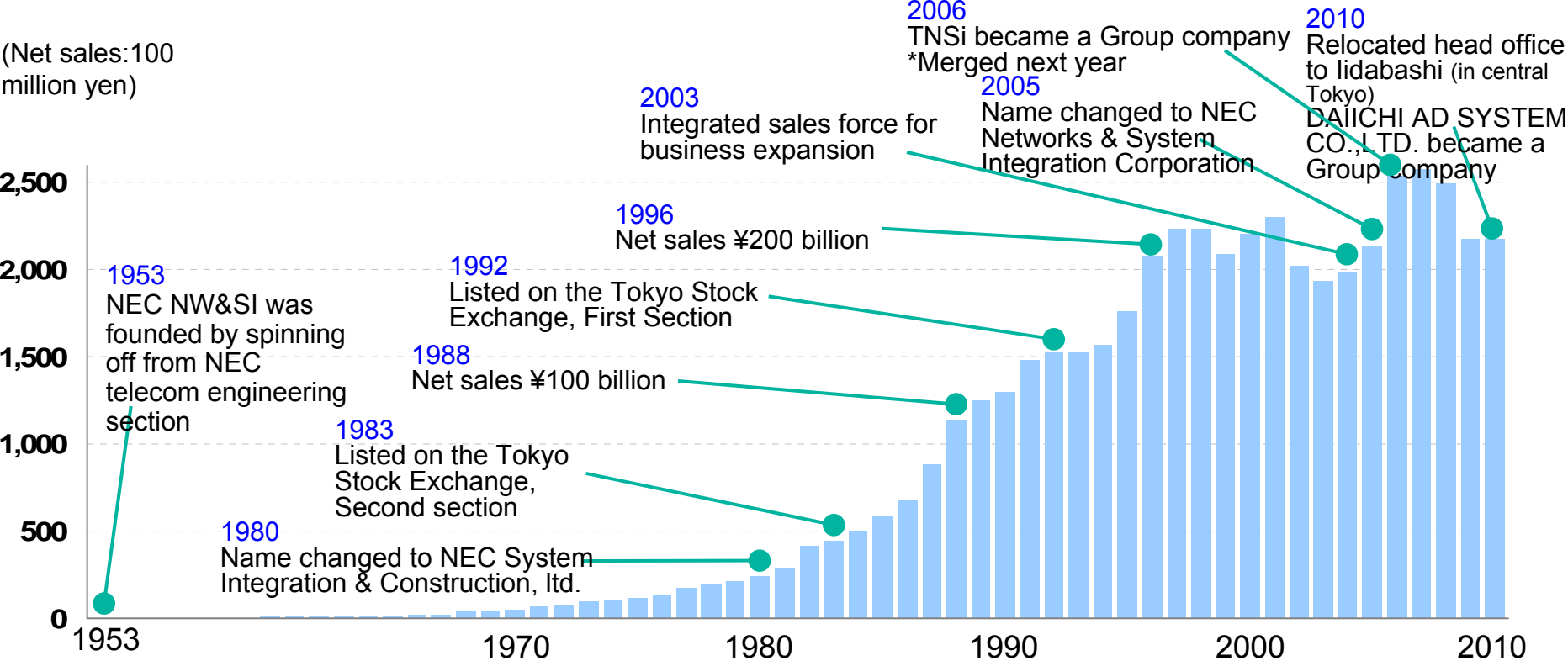
• Installation of switching equipment and its maintenance

• Broadcasting system, submarine cable, radio communication (satellite, microwave communications system)
 • Full-scale overseas operations
 • Data communications

• 24/7 nationwide maintenance service in Japan
 • Communications system for telecom carriers along with telecom liberalization (switching system, mobile communication base station)
 • LAN/WAN business for enterprises

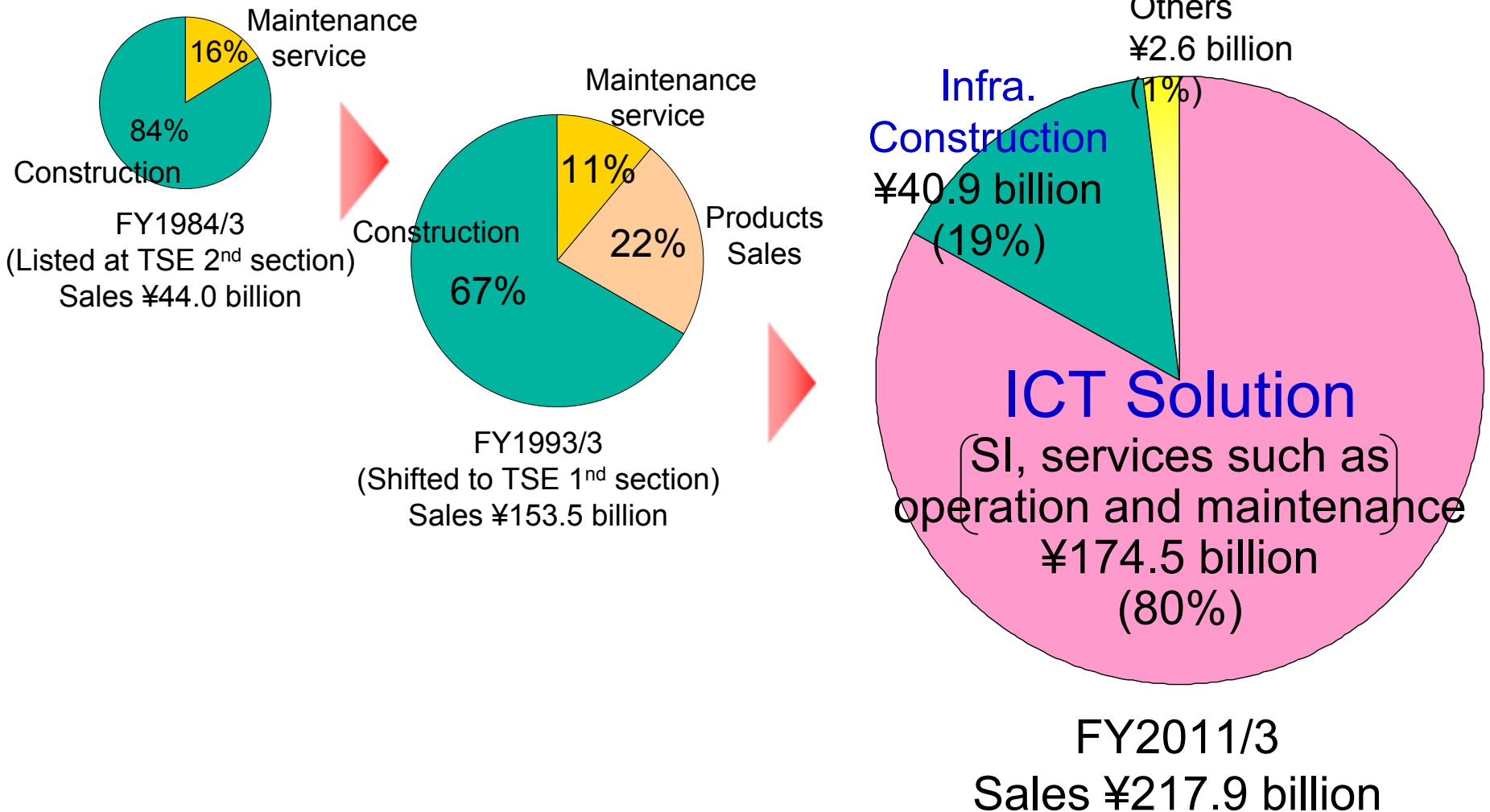
• Outsourcing service using our own data center (S-IDC)
 • Bolstering the operations business through M&A

(Net sales:100 million yen)






Change of business

Born as a constructor, we have changed to an ICT Sler.



Wide Range of Customers & Business Areas

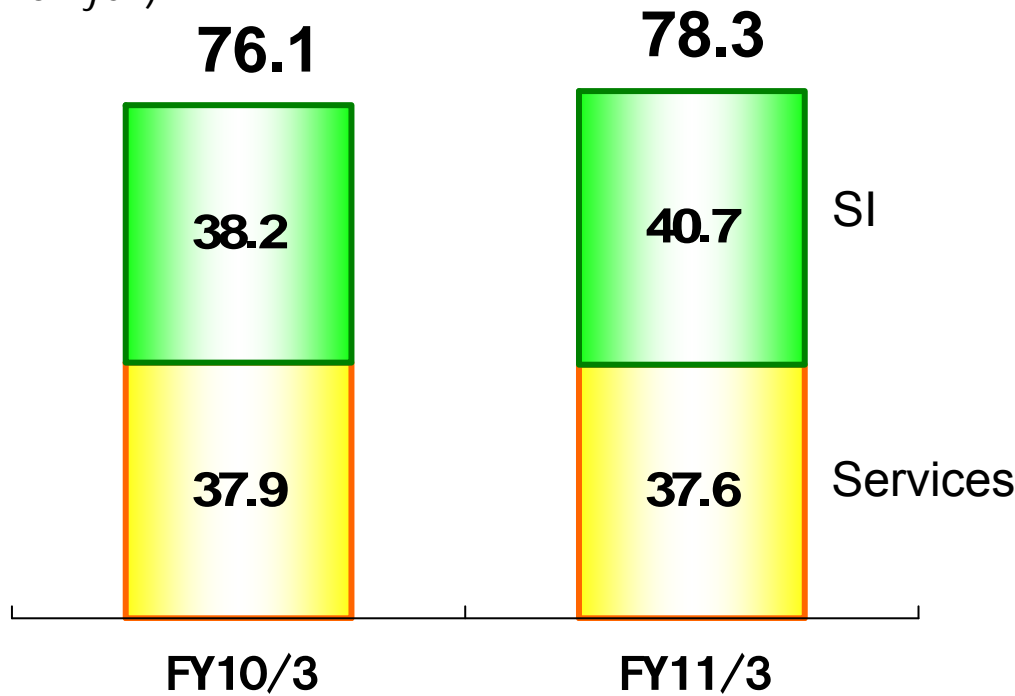
FY2011.3 (Billion yen)	ICT Solution		Infrastructure Construction	Others (Product sales)
	SI	Service		
 <u>Enterprises Networks</u> 78.3	40.7	37.6	—	—
 <u>Carrier Networks</u> 43.3	27.0	16.3	—	—
 <u>Social Infrastructure</u> 84.1	28.9	14.3	40.9	—
<u>Others*</u> 12.3	8.3	1.4	—	2.6
	104.8	69.6	40.9	2.6

*Toyo Networks & System Integration, Co., Ltd. and product sales

Business Outline: Enterprise Networks

- ICT systems for the offices of enterprises, etc.
Total office innovation solutions.
- Operation and monitoring services related to systems above and cloud/outsourcing services using our own data centers.







(Billion yen)



Office innovation solution: EmpoweredOffice



Infrastructure for 24/7 support services

Direction of Enterprises Network Business

Market environment

- The purpose of ICT is shifting to management innovation

Direction of the Company

- Expanding business areas
from ICT to total office
→ Offering work-style innovation & business reinforcement using ICT
- Business expansion into services
such as ICT operation and BPO

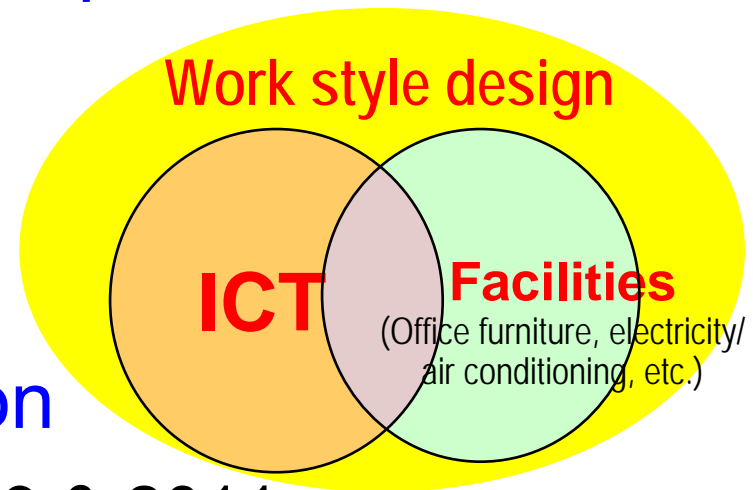
Office Innovation Solution “EmpoweredOffice”

Our unique management innovation solution:

- Work-style design + ICT & facility management
- To improve productivity, cost-efficiency,
“Empower” environmental “Economy” responsiveness
“Ecology”

Based on our own adoption & practice:

- Floor space: 1/2 cut etc.
 - ~ “No-paper” work
 - “No-meeting-room” work



Solution with market attention

- Nikkei New Office Award 2009 & 2011

Office Innovation Solution “EmpoweredOffice”

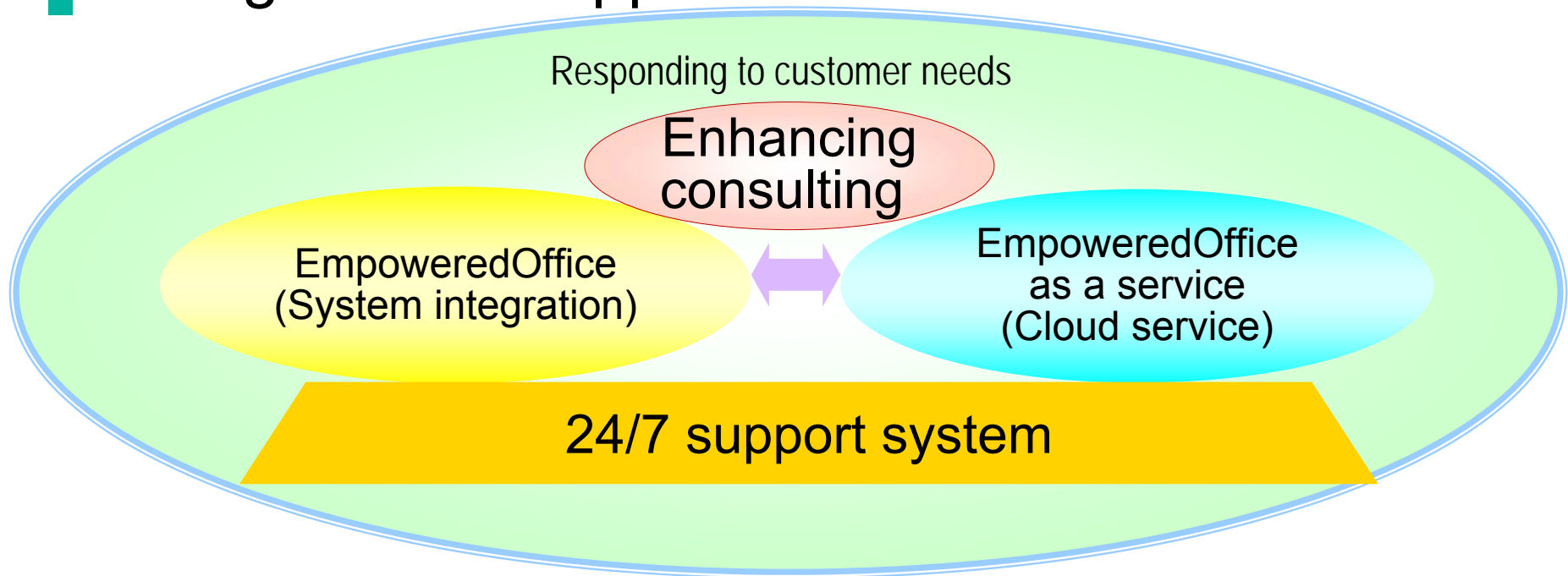


Total Service Capabilities

Providing a combination of SI + **services** according to customer needs

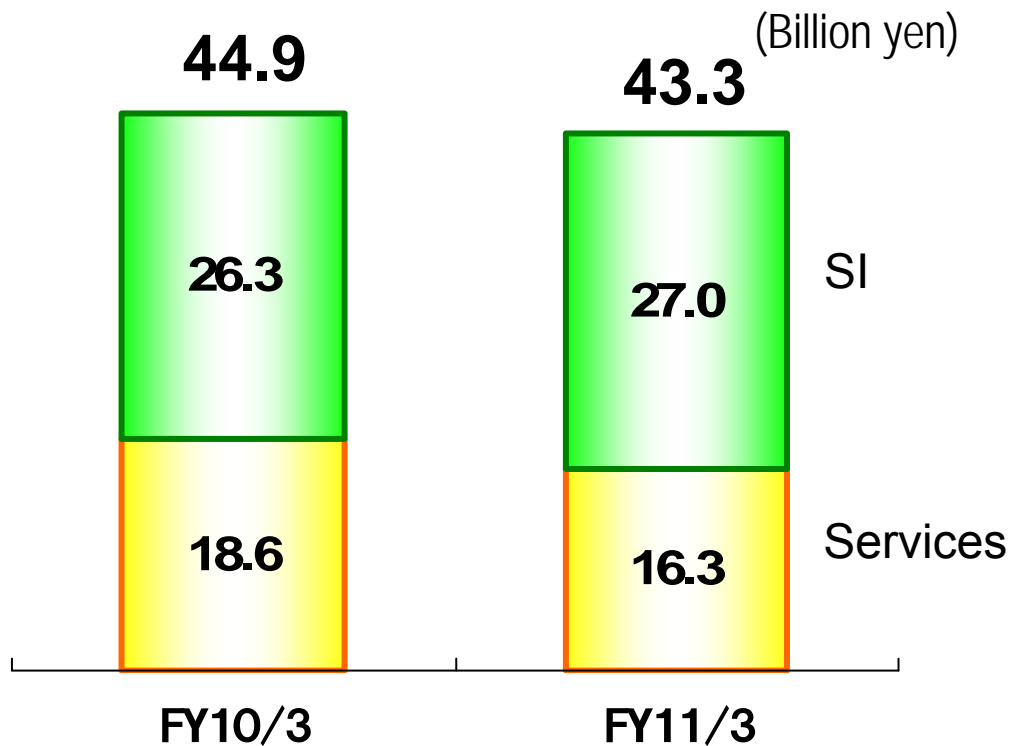
*Our cloud services are characterized as common platform services using network & IT strength

Strong service support 24/7

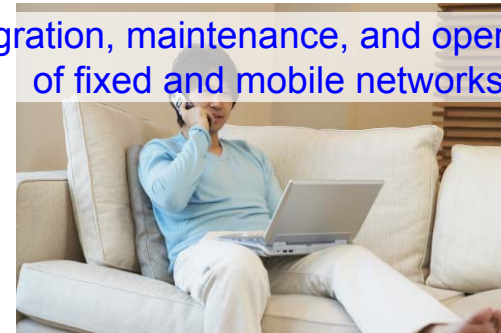


Business Outline: Carrier Networks

- System integration such as network planning and configuration for telecom carriers (fixed, mobile), and maintenance and operation services
- Development support for NEC's communications systems
- Integration of D/C etc. using technologies for telecom carriers



Integration, maintenance, and operation of fixed and mobile networks



Integration, maintenance, and operation of data centers



Direction of Carrier Network Business

Market environment

- Network enforcement given expanding smartphone users and ICT use as a service
- Accelerating penetration of global system vendors

Direction of the Company

- Using our strength in multi-vendor services
Advanced technologies and know-how in telecom carriers
A quality service system suited to telecom carriers

Managed Services for Japanese Telecom Carriers

Expanding share by managing global vendor equipment, in addition to NEC equipment

Telecom carriers in Japan

- Consulting
- Inspections
- Configuration
- Customization
- Support services after installation

NEC equipment



+

Equipment of company A

Equipment of B

Equipment of C

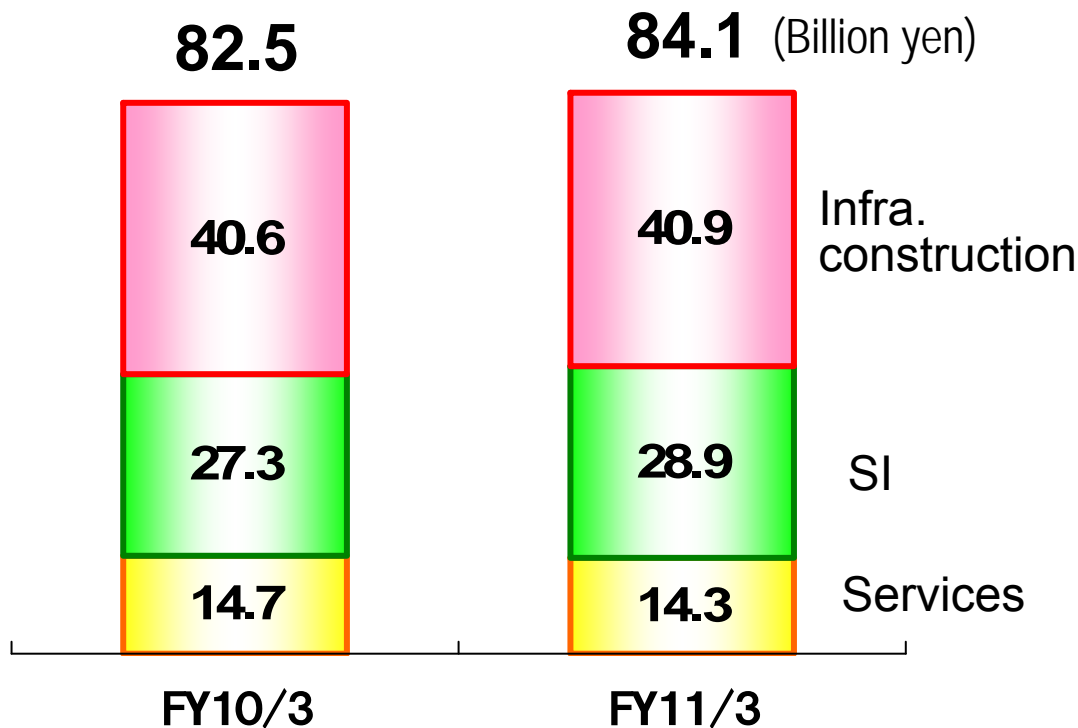


Support global vendors' equipment through a nation-wide support system

Leveraging our technologies, know-how, and support systems for telecom carriers developed over many years

Business Outline: Social Infrastructure

- Systems integration and construction of ICT infrastructure, mainly for governments and public utilities (broadcasting, power etc.) companies and related services such as operation and maintenance
- Construction for telecom carriers' infrastructure (base stations)



Construction of mobile base stations



Direction of Enterprises Networks Business

Market environment

- Stable government budget in the long run
- From construction of infrastructure to its use
- Increasing fire-fighting and disaster-prevention systems at present
- Reconstruction demand for 3.11 still uncertain

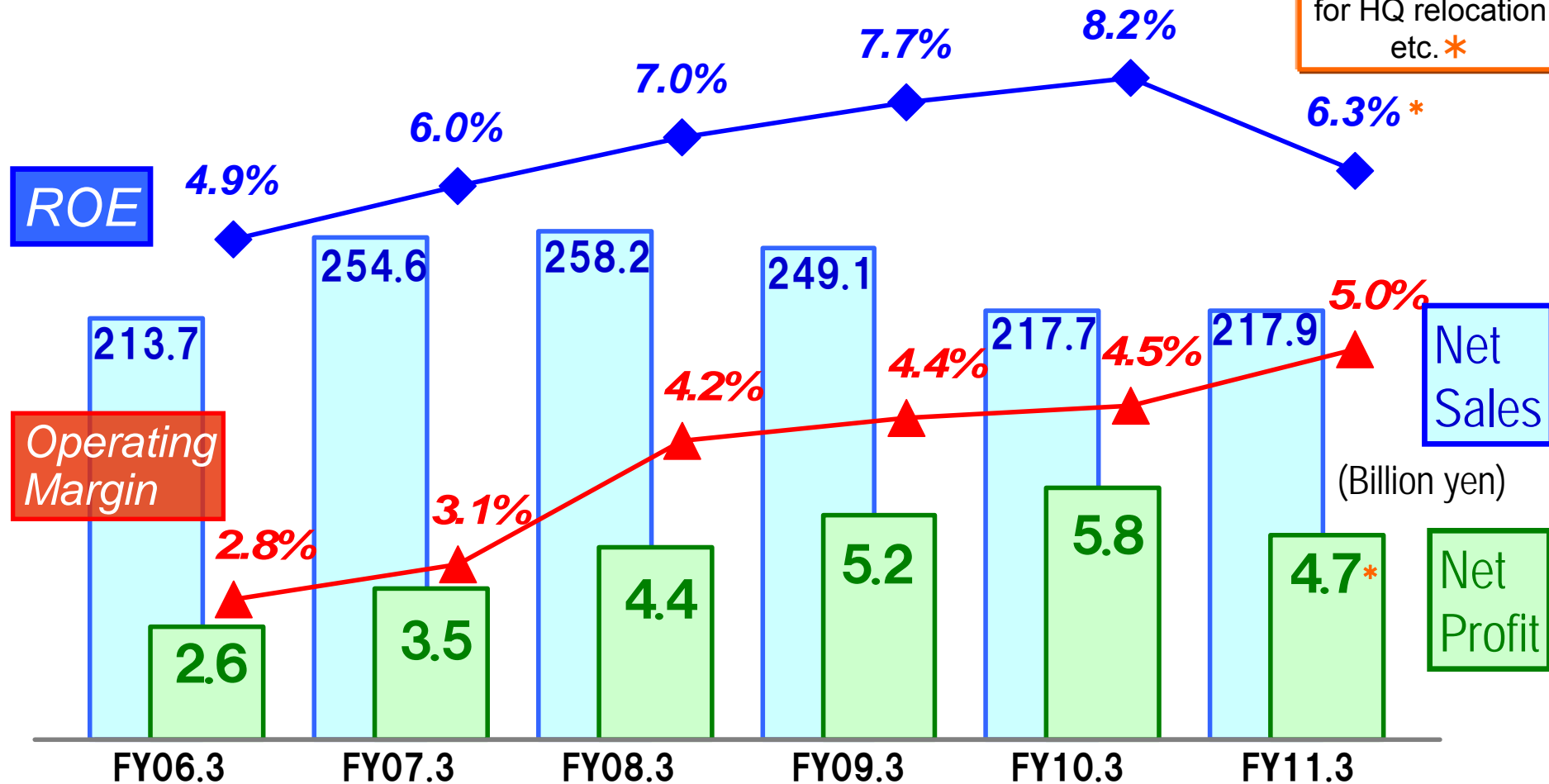
Direction of the Company

- Focusing investment on prevailing themes
- Bolstering proposal capabilities to expand infrastructure use and services

Recent Financial Results

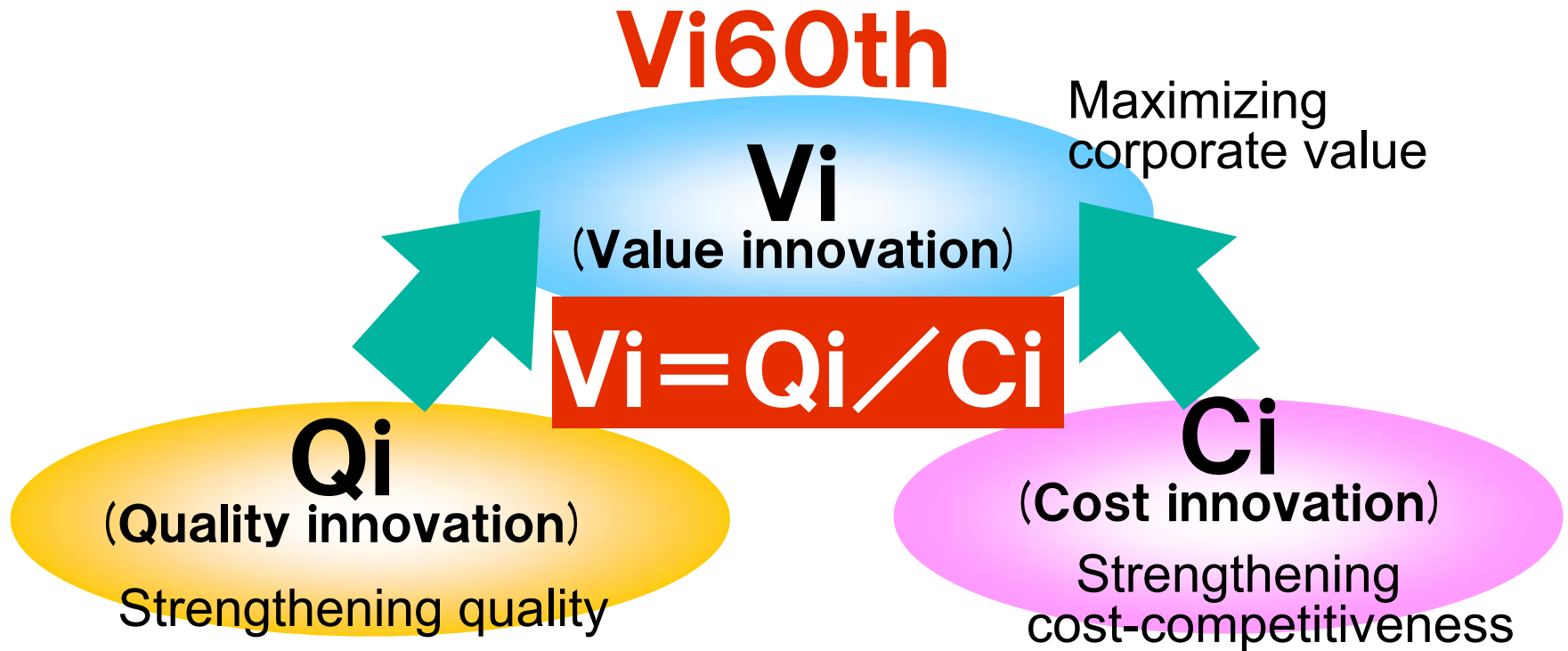
Profitability continuously improved but top-line growth is challenge

¥2.6 bn. extraordinary loss for HQ relocation etc.*



Management Innovation Activities: Vi60th

- Targeting growth
- Maximizing corporate value by strengthening both quality and cost competitiveness
- Our 60th anniversary as a milestone



Strong Financial Position

“A” class credit rating

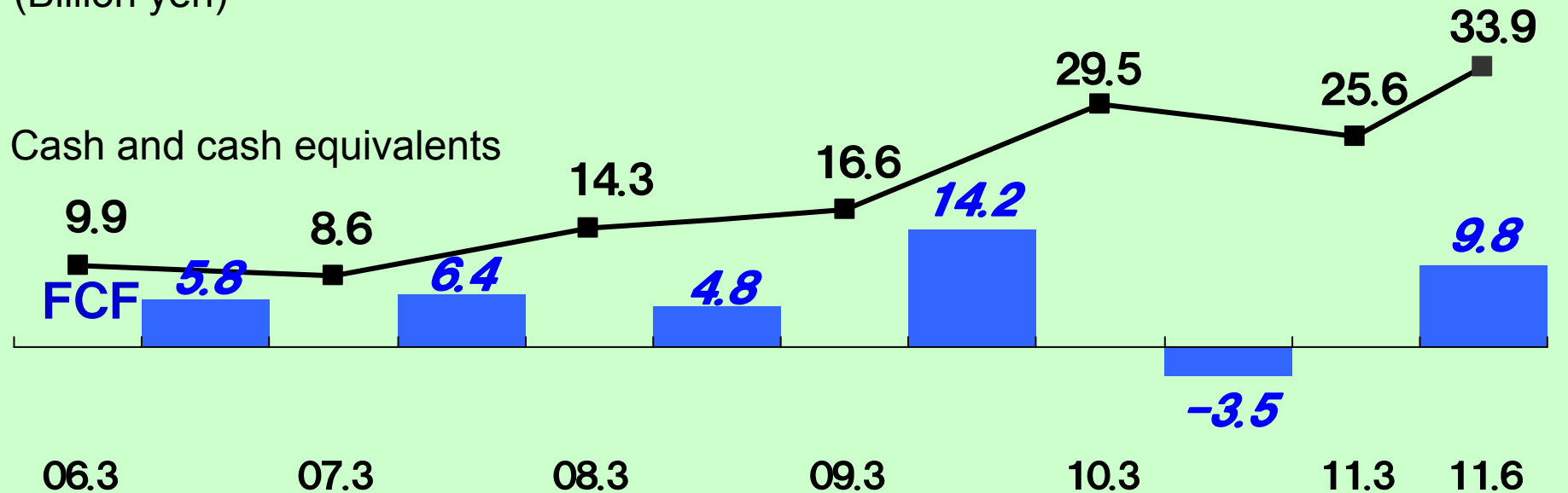
: “A-” by R&I (Rating and Investment Information, Inc.)

Cash & cash equivalents over debt

: Net Cash Yen 28.4 bill. (as of end of June 2011)

➔ Ability to use financial leverage

(Billion yen)



Active Investment in Growth

Using cash and financial leverage for growth

● For existing business fields

- Service infrastructure (e.g. data centers)
- Customer-oriented solutions

Recent investment examples

-West-Japan
cloud infrastructure
-2nd data center

Smart-office investment
in new head office

● Acquiring resources & know-how in new business fields through M&A

- BPO business
- Consulting
- Environment, etc.

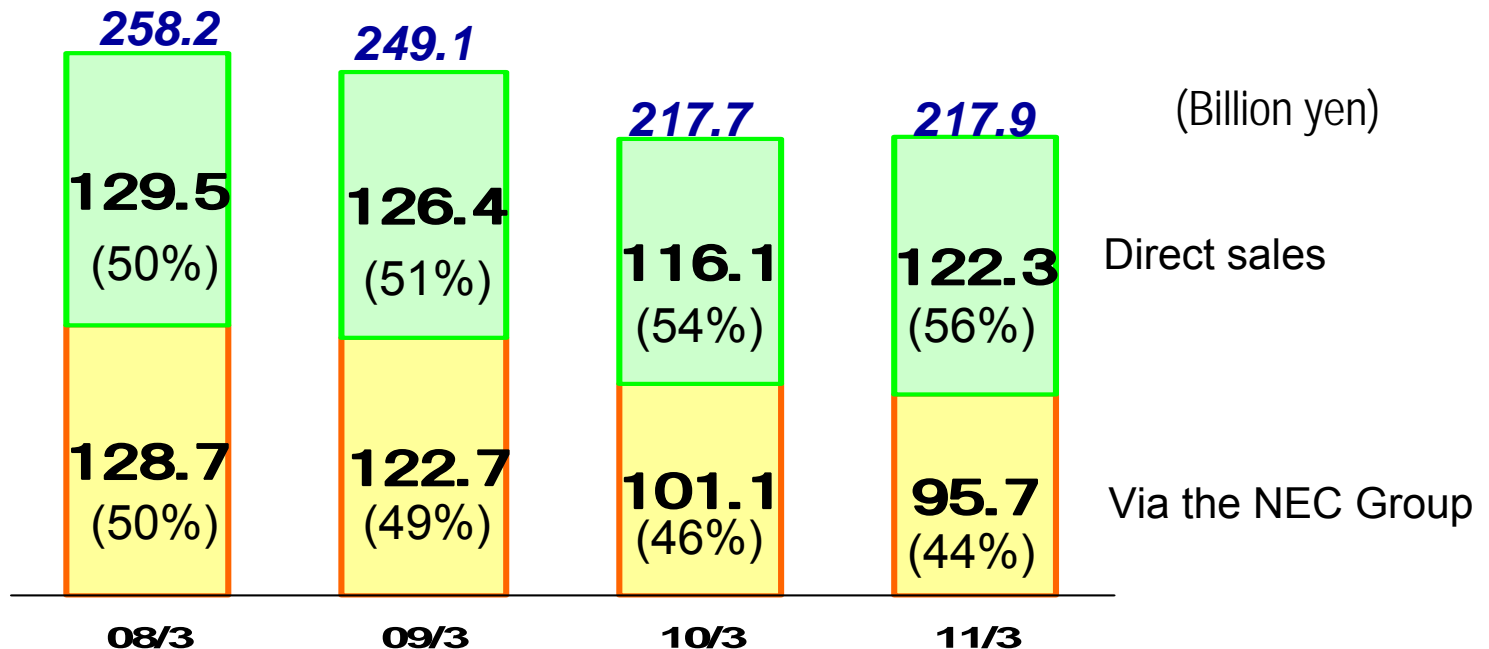
Acquisition of DAIICHI AD SYSTEM

NEC NW&SI Among the NEC Group

Harnessing our strength as an NEC Group company

- Network technologies through involvement from product development process
- Brand
- Assets such as overseas bases

Expanding our own business with an independent value chain



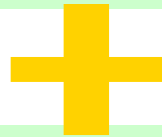
Strengths of NEC NW&SI

A broad Customer Base

Unique business capability

- Credible network technologies & high quality services applicable to telecom carriers
- Total facility management/construction capability
- Multi-vendor management

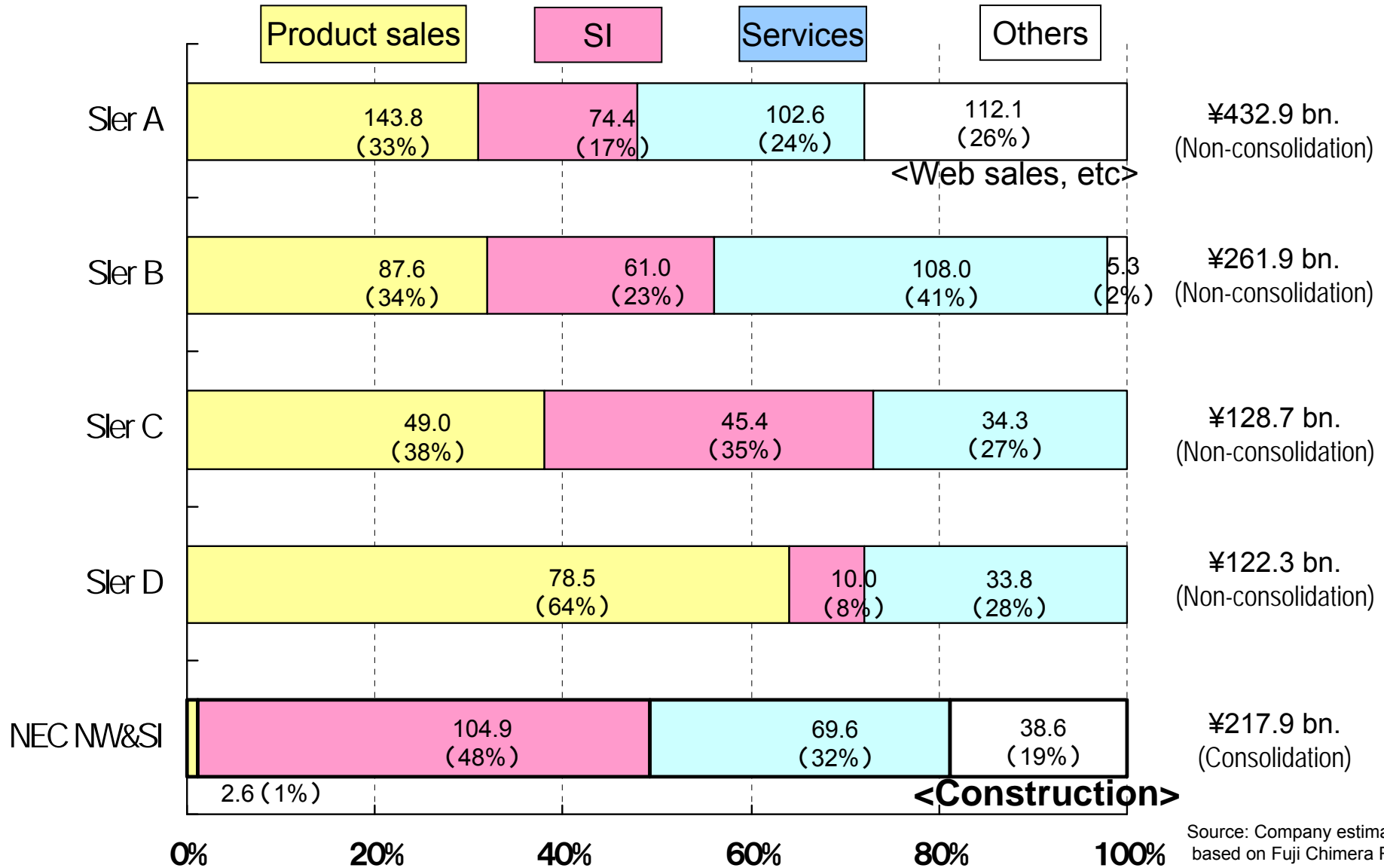
Strengths of the NEC Group (technologies, global assets, etc)



Strong financial position/leverage ability

(Acquiring resources through M&A)

Unique Business Structure



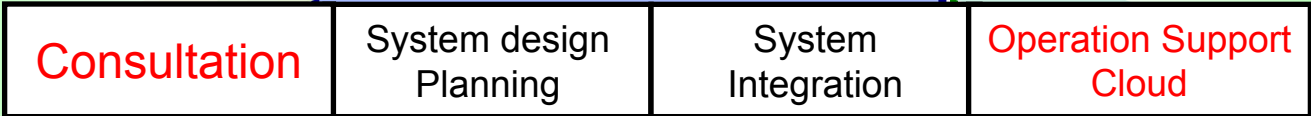
Direction for Business Growth

Accelerating expansion in high value-added areas such as consultation and cloud computing/operation services through M&A and other strategic investment

Customer-oriented proposals

Expanding business areas
From ICT to total office

Bolstering the service business
Integrating ICT operations & BPO

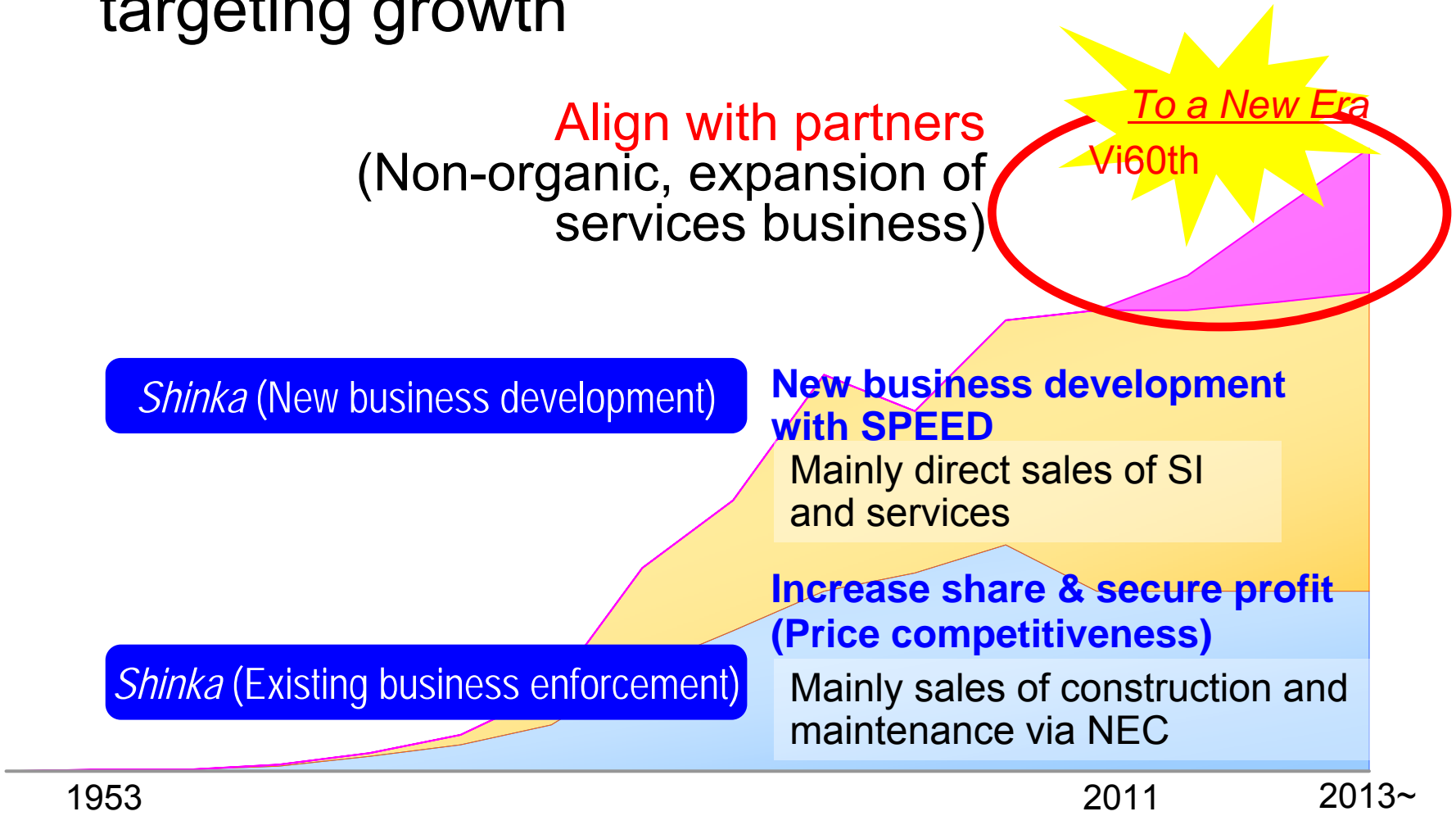


Increasing market share
Multi-vendor management

Towards Growth

Aggressive investment in new business areas, targeting growth

Align with partners
(Non-organic, expansion of services business)



Shinka (New business development)

New business development with SPEED

Mainly direct sales of SI and services

Shinka (Existing business enforcement)

Increase share & secure profit (Price competitiveness)

Mainly sales of construction and maintenance via NEC

1953

2011

2013~

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.



NEC Networks & System Integration Corporation

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