

Financial Results for the 1H FY2010 ending March 2011

November 17, 2010

NEC Networks & System Integration Corporation



I. Results for the 1H FY2011/3

II. Forecasts for FY2011/3

III. Toward the Mid-Term Target

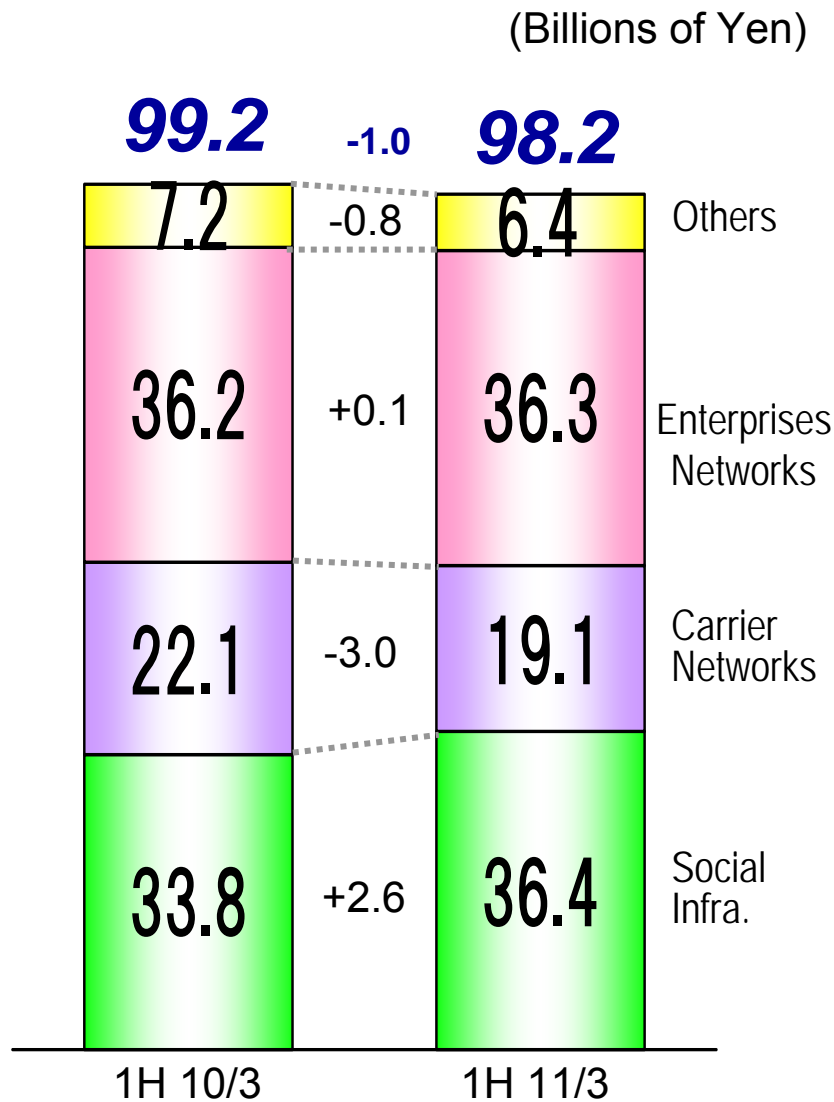
I. Results for the 1H FY2011/3

1H FY2011/3 Summary

- 1H results were almost in line with the forecast.
Key areas such as the enterprises and local information network businesses achieved growth.
- The entire extraordinary loss (associated with the HQ relocation) was included in 1H net income. **(No impact on the full-year forecast)**

(Billions of Yen)	1H/FY10/3	1H/FY11/3	YoY	
Orders Received	109.9	107.0	-2.9	-3%
Net Sales	99.2	98.2	-1.0	-1%
Operating Income <i>(to Sales)</i>	3.2 <i>(3.3%)</i>	3.1 <i>(3.1%)</i>	-0.1 <i>-0.2pt</i>	-5%
Ordinary Income	3.3	3.0	-0.3	-10%
Extraordinary Loss	0.0	-1.9	-1.9	--
Net Income/Loss <i>(to Sales)</i>	1.9 <i>(1.9%)</i>	0.5 <i>(0.6%)</i>	-1.4 <i>-1.3pt</i>	-72% —

1H FY2011/3 Sales by Segment



Enterprises Networks:

- Retail/services (+0.3), manufacturing (+0.2) etc. increased.

Carrier Networks:

- Decreased from previous 1H with completion of NGN investment cycle / decreased development related sales to NEC (-0.7), etc.

Social Infrastructures:

- Sales to governments (& CATV companies) increased due to active local information network projects (+7.0)
- Mobile base stations construction and overseas construction decreased (-3.6)

() means year on year figures (billions of yen)

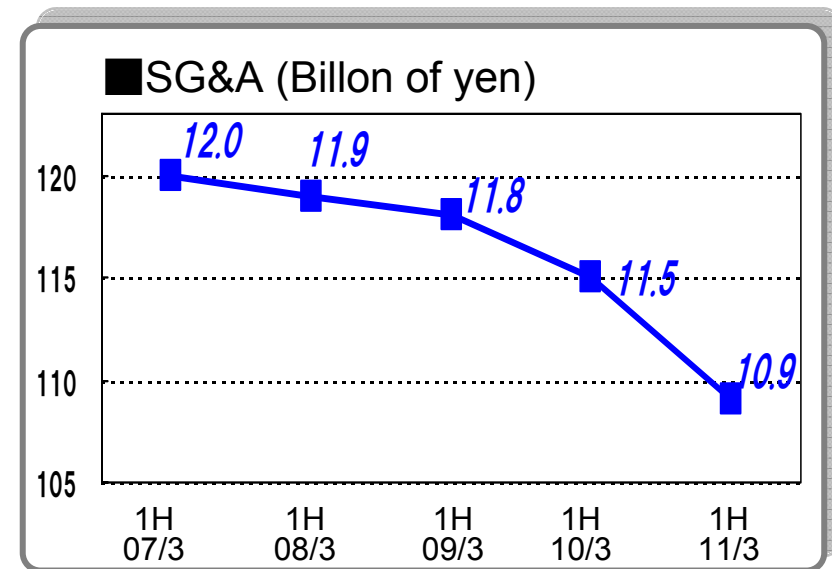
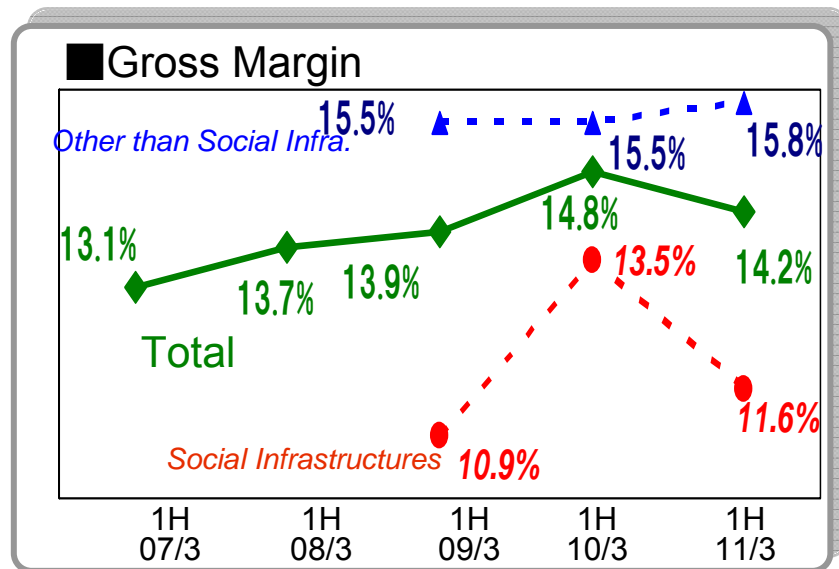
1H FY2011/3 Operating Income

The gross margin of the social infrastructure business fell.

- The effect of certain large projects. We are strengthening project cost management.
- Other business areas steadily improved.

Promoted comprehensive cost reduction with innovation in work styles

- Accelerated SG&A cuts



1H FY2011/3 Topic: Head Office Relocation

“CHANGE THE COMPANY”

Practicing “EmpoweredOffice” across the board to promote proactive management !

Strengthening sales by
being closer to customers

Double customer visits

Smart work practices
(Work-style innovation)

Customer-oriented proposals

Company-wide EO showroom
-> Emphasizing in-house results

Increase
business negotiations

Efficient office

Half floor space

**Dispense with conventional practices and
execute thorough reforms for value creation**

**EmpoweredOffice: Office Innovation Solution

II. Forecasts for FY2011/3

2H/Full Year FY2011/3 Forecasts Summary

Aiming to achieve the original target, accelerating proactive management

- The entire extraordinary loss was posted in the 1H. We are targeting higher sales and profit in the 2H.

(Billions of Yen)	2H			Full Year		
	10/3	11/3	YoY	10/3	11/3	YoY
Orders Received	112.1	133.0	+19%	222.0	240.0	+8%
Net Sales	118.5	141.8	+20%	217.7	240.0	+10%
Operating Income	6.6	6.9	+0.3	9.9	10.0	+0.1
<i>(to Sales)</i>	<i>(5.6%)</i>	<i>(4.9%)</i>	<i>-0.7pt</i>	<i>(4.5%)</i>	<i>(4.2%)</i>	<i>-0.3pt</i>
Extraordinary Loss	0.0	0.0	±0.0	0.0	-1.9	-1.9
Net Income	3.9	4.2	+0.3	5.8	4.7	-1.1
<i>(to Sales)</i>	<i>(3.3%)</i>	<i>(2.9%)</i>	<i>-0.4pt</i>	<i>(2.7%)</i>	<i>(2.0%)</i>	<i>-0.7pt</i>

*Forecast as of October 28, 2010

2H FY2011/3 Business Policy

Expansion of top-line

Qi

Active acquisition of market demand
Strategic investments to expand the services business

Accelerating proactive management
fully utilizing new head office

Vi

Improving profitability

Ci

Further progress of management innovation
Strengthening of project cost management

*Qi: Quality innovation, Vi: Value innovation, Ci: Cost innovation

2H FY2011/3 Business Environment

Enterprises Networks

- Continuing upturn in ICT investments
- Accelerating service market, such as cloud computing
- Continuing relocation and merger demand

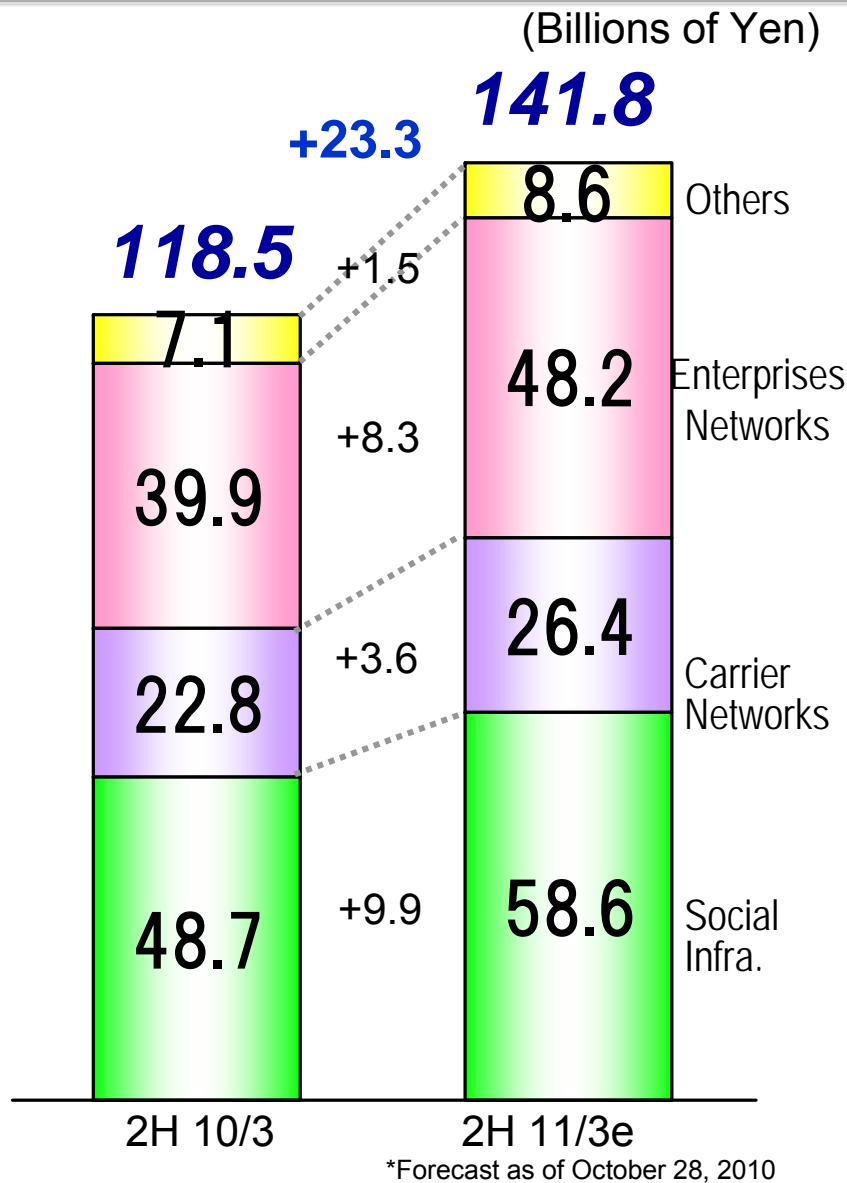
Carrie Networks

- Increasing broadband investment for greater traffic by smart-phones
- Active investment in data centers by service providers
- Continuing fall in investment in legacy areas

Social Infrastructures

- Final push of local information network investments for the complete transition to digital terrestrial broadcasting
- Full start of wide-area fire-fighting projects
- Mobile base stations investment for increased traffic

2H FY2011/3 Sales Forecast by Segment



Enterprises Networks (+8.3)

- Increasing sales for focusing markets such as financing sector (+4.0)
- Accelerating EO** business fully utilizing the new head office (+1.5)
- Expansion of services businesses (+4.0)
- contact center, cloud service

Carrier Networks (+3.6)

- Further development of SI business (+3.0)
- All-IP, mobile broadband investment
- SI/support services using our service infrastructure
- Expansion of data center business for services providers (+1.0)

Social Infrastructures (+9.9)

- Execution of local information networks (+4.0)
- Wide area fire-fighting/disaster prevention system (+1.5)
- **Response to changing demand (+3.0)**
- 3G base station enhancement

() means year on year figures (billions of yen)

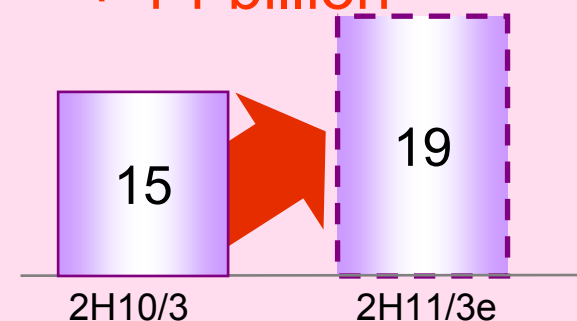
Enterprises Networks Business

Increasing sales for focusing markets

- ◇ Acquisition of relocation/merger demand
 - Deepening and expanding relations with customers
- ◇ Boosting demand for restarting investment
 - Offering stronger Life Cycle Management proposals as replacement to current system

Sales plan for financial, manufacturing and retail sectors

+ ¥4 billion



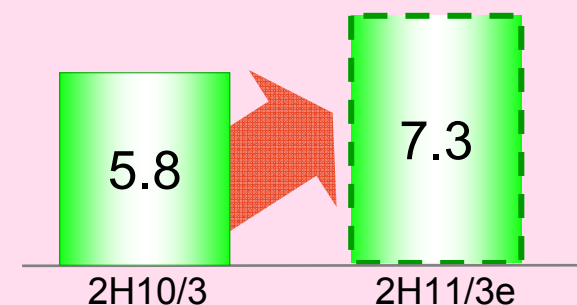
*Forecast as of October 28, 2010

Accelerating the EO business, fully utilizing the new head office

- ◇ Services creation using the new office infra.
 - Using in-house results for proposals
- ◇ Promotion of the office as a showroom
 - Increasing visitors (130 companies in first 20 days c.f. 3 per day at the old office)
 - Began specific offers to half of the visitors

EO sales plan

+ ¥1.5 billion



Enterprises Networks Business

Expanding the services business

◇ Strengthening the nationwide services business

- Established a new center as a West Japan cloud computing business base

→ Building market-oriented service systems nationwide

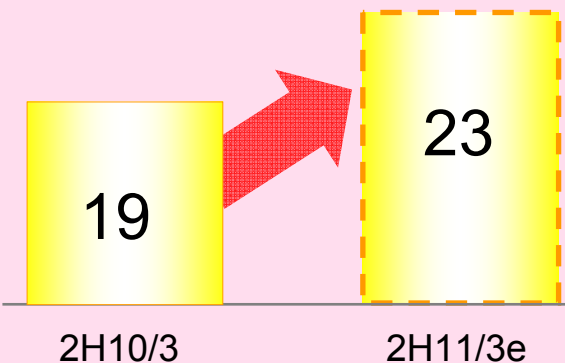
◇ Strengthening the operations business

- Expanding the contact center business

with the acquisition of DAIICHI AD SYSTEM CO., LTD.

Services business sales plan

+ ¥4 billion



*Forecast as of October 28, 2010

See next slide

Enterprises Networks Business: Acquisition of DAIICHI AD SYSTEM

Purpose

- Top-line growth
 - Expansion of contact center-related business
 - Reinforcement of infrastructure for service business

Company profile

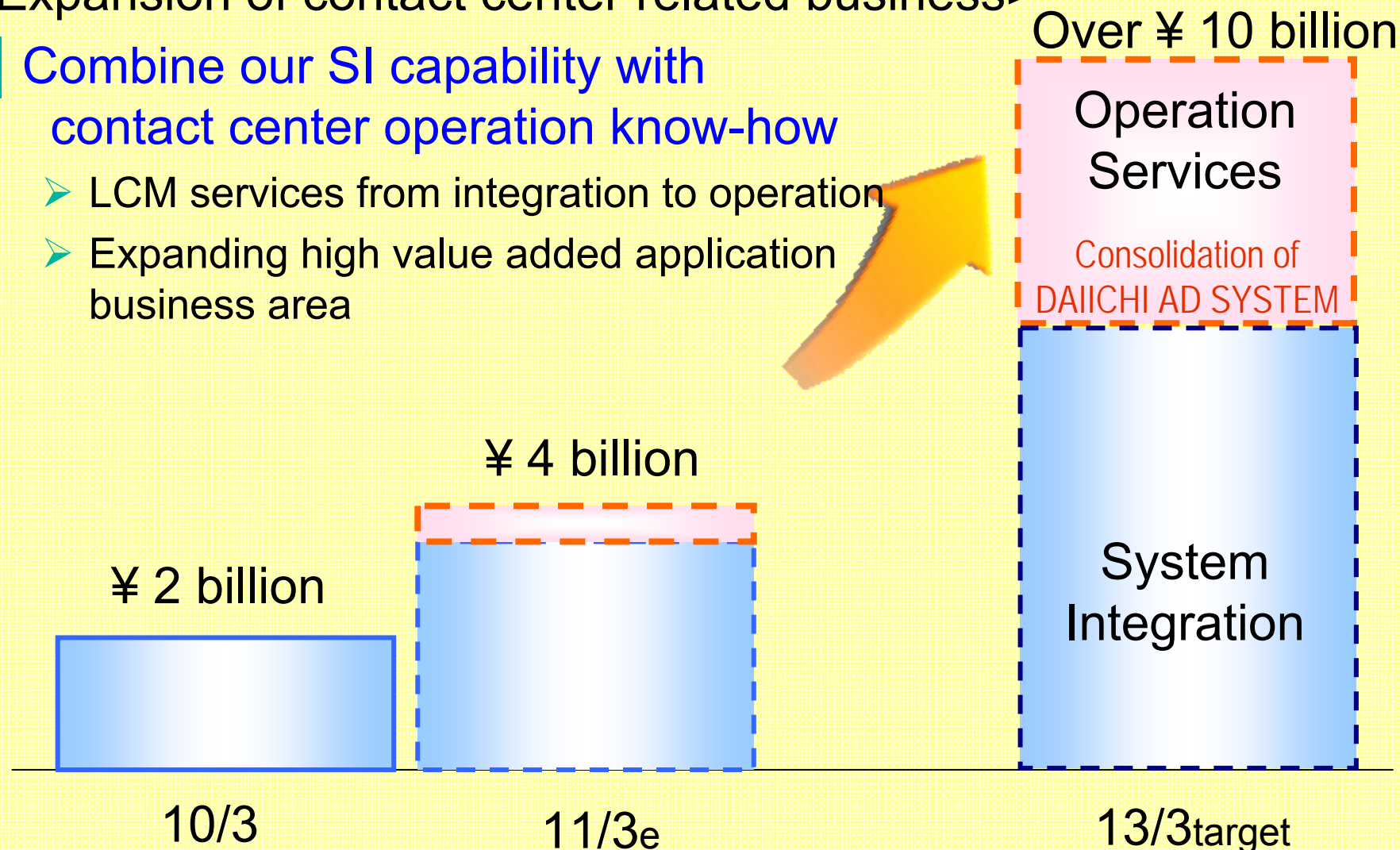
- Name: DAIICHI AD SYSTEM CO., LTD.
- Business area: Telemarketing business, etc.
- Established: August, 1979
- Capital: ¥ 75 million
- Sales: Approx. ¥3 billion (FY2010/3)

Enterprises Networks Business: Acquisition of DAIICHI AD SYSTEM

<Expansion of contact center related business>

Combine our SI capability with
contact center operation know-how

- LCM services from integration to operation
- Expanding high value added application business area



*Forecast as of October 28, 2010

Carrier Networks Business

Expanding the SI business for telecom operators

- Proactively responding to investments to accommodate traffic increases by smart-phone and all-IP networks
- Partnership in nationwide SI/support services areas that take advantage of our infrastructure

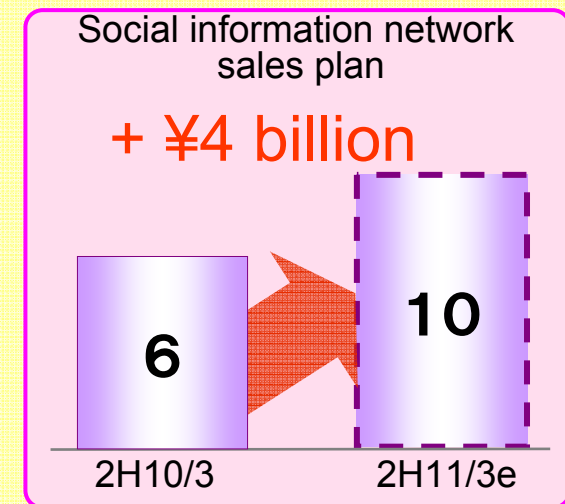
Bolstering the next-generation data center business

- Applying highly-credible SI capabilities for telecom operators
- Comprehensive services in addition to our competence: SI + Facility + Operation

Social Infrastructures Business

Completing local information network projects

- Final push in the local information network triggered by the final transition to digital terrestrial broadcasting planned for July 2011
 - At present, 21 major projects exceeding ¥200 million are underway, including the CATV area expansion at Saga City and the Toma Town (Hokkaido) Infrastructure.



*Forecast as of October 28, 2010

Getting wide-area/digitalization demand of fire-fighting/disaster prevention system

- Increasing market share by resource allocation and stronger project management

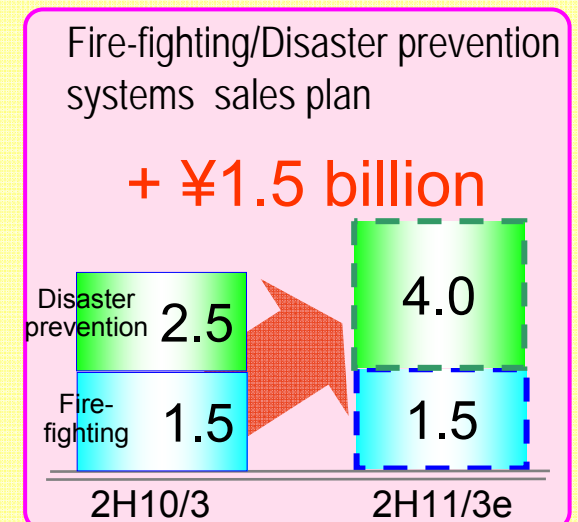
<Wide-area fire-fighting system>

- Preparing for full-scale investment from 2011

Total market size (2010-2015)

*NEC Networks & System Integration forecast

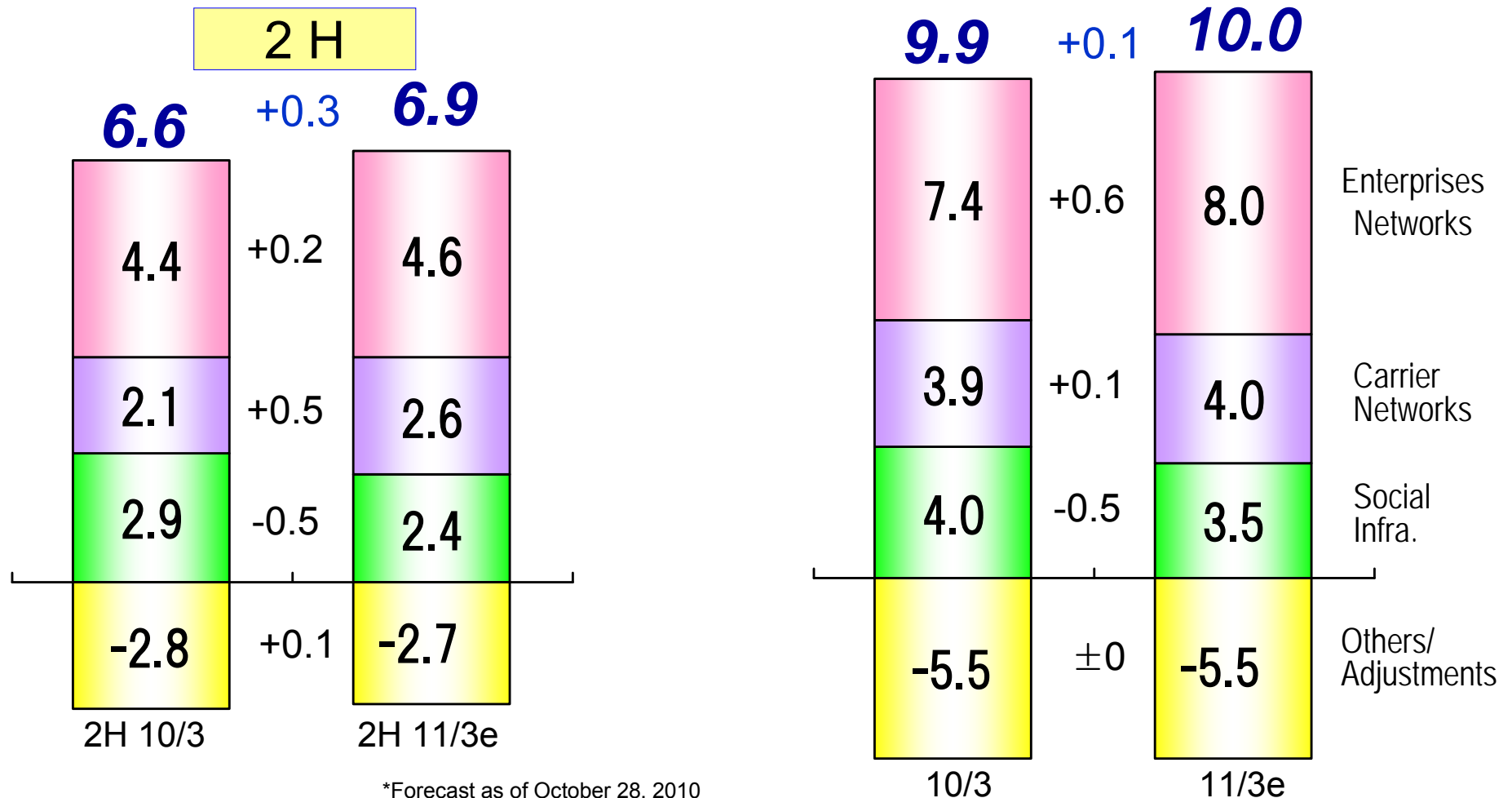
- Control systems: ¥130 bn.
- Digital radio systems: ¥220 bn.



FY2011/3 Operating Income/Loss Forecast by Segment

Forecasting an increase in operating income despite increased expenses for strategic investment in growth

Full Year (Billions of Yen)

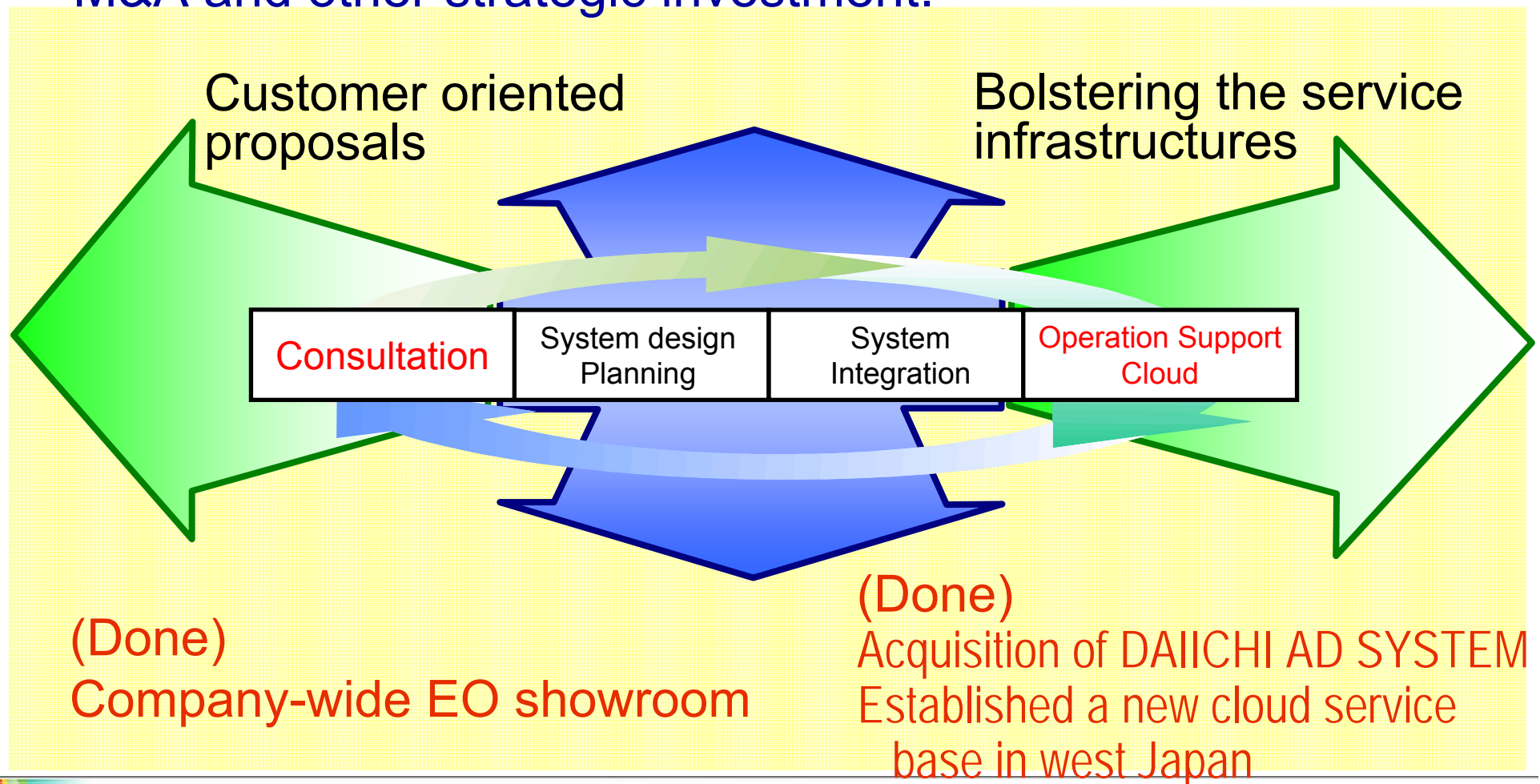


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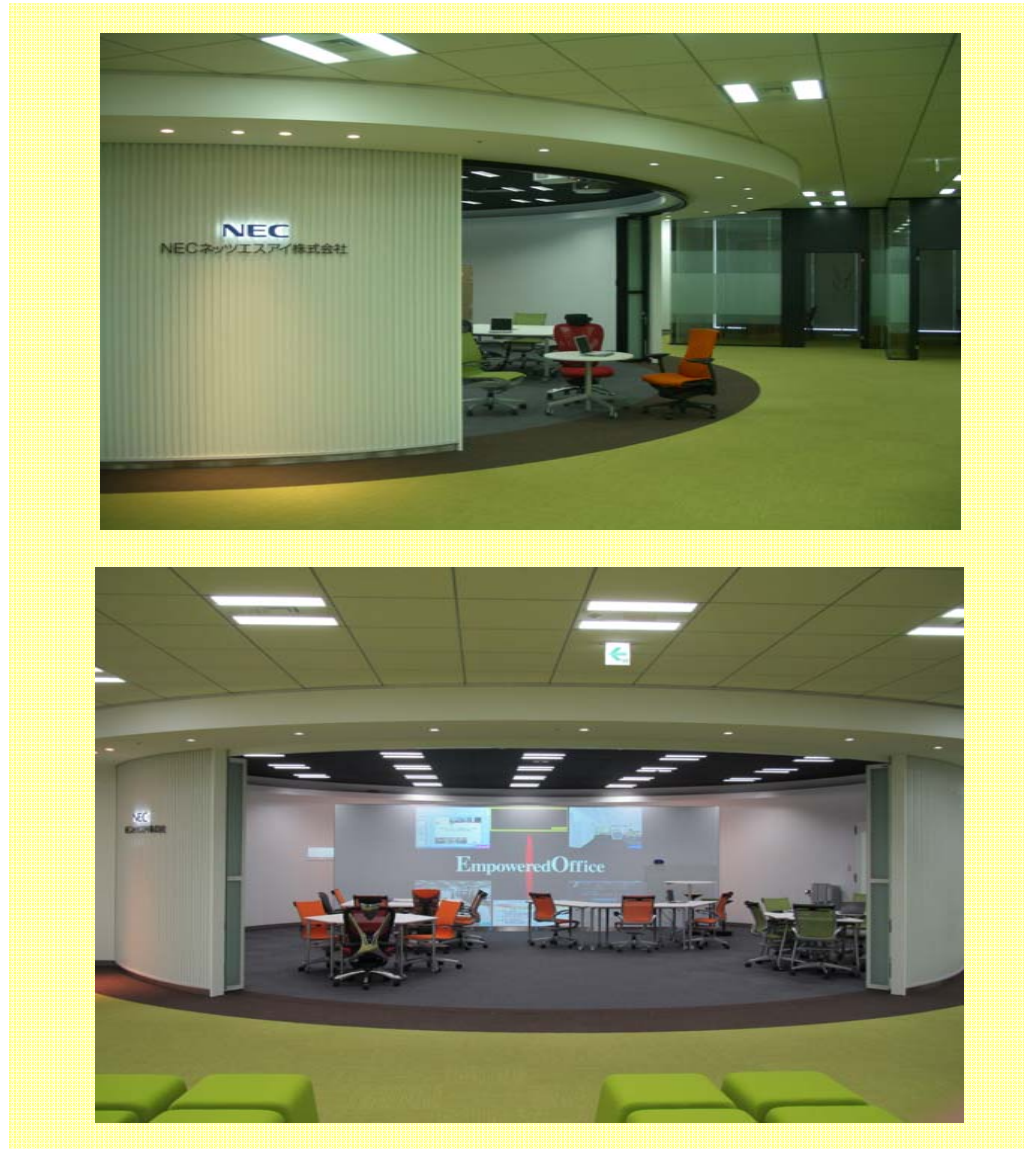
III. Toward the Mid-Term Target

Acceleration of growth by strategic investment

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



(Ref.) EmpoweredOffice Center

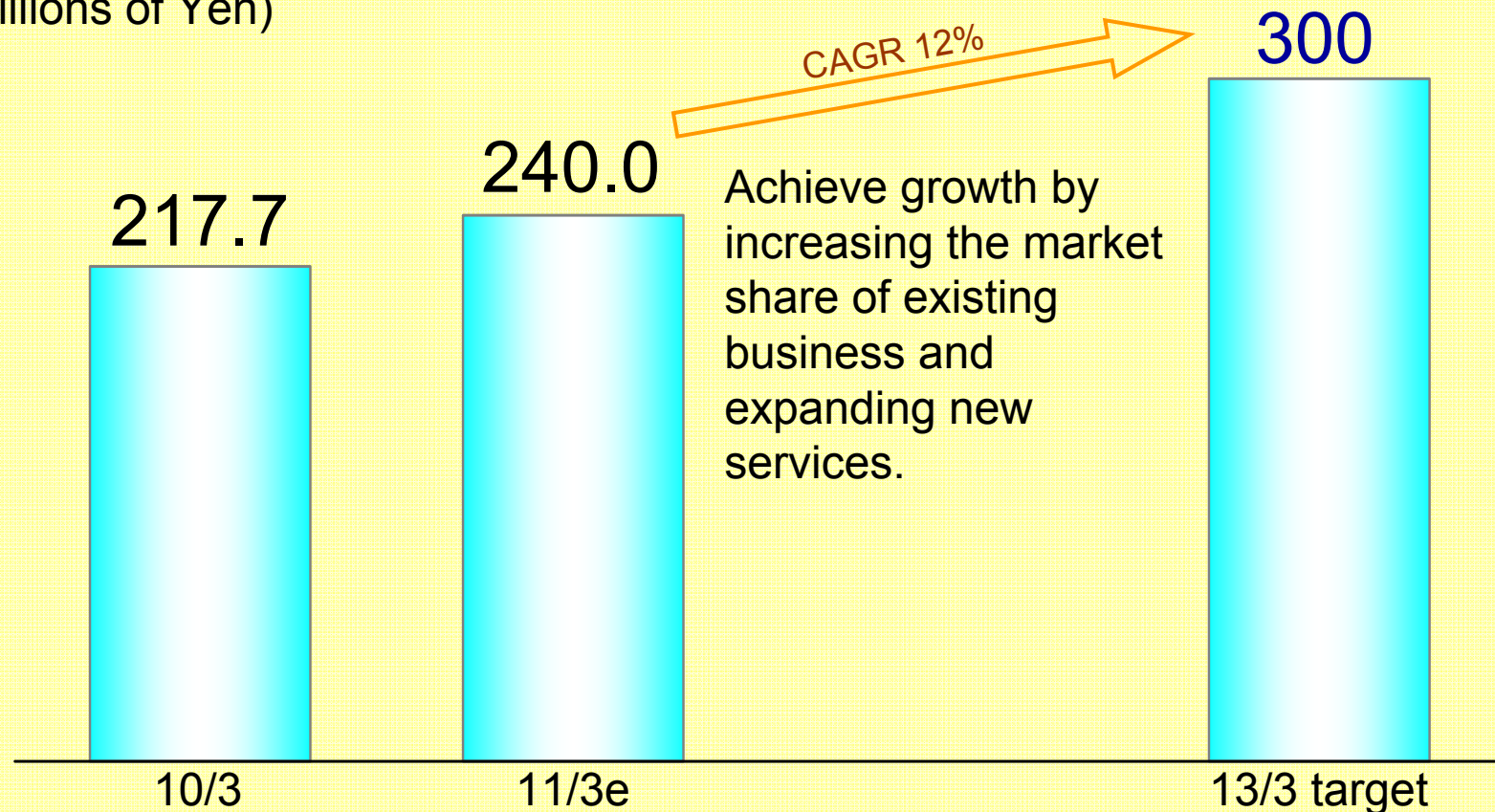


Toward the Mid-Term Business Target

We are accelerating growth measures to achieve our target of ¥300 billion sales in the medium term.

*Forecast as of October 28, 2010

(Billions of Yen)



NEC Networks & System Integration: From a Network System Integrator to a Service Integrator!

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.

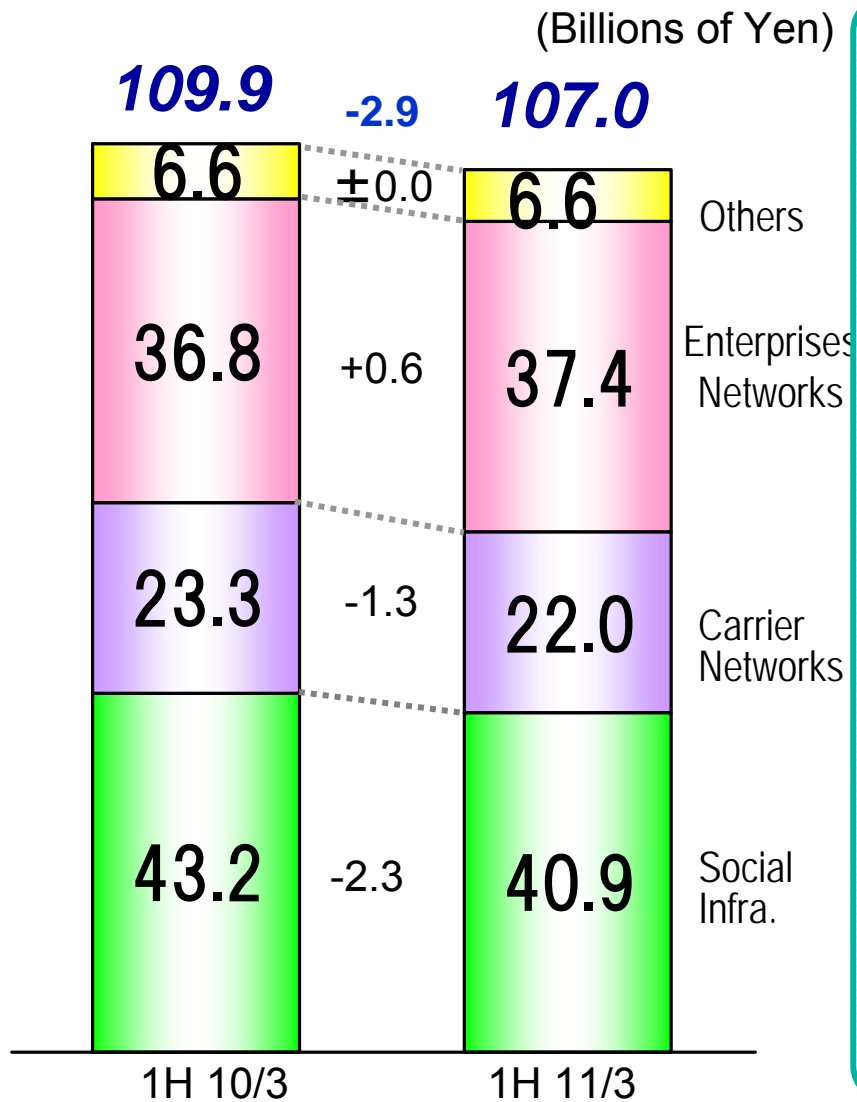
Factors affecting results are not limited to the ones mentioned above.

NEC

NEC Networks & System Integration Corporation

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

(Ref.)1H FY2011/3 Orders Received by Segment



Enterprises Networks:

- Financial (+1.6), manufacturing (+0.4) increased.

Carrier Networks:

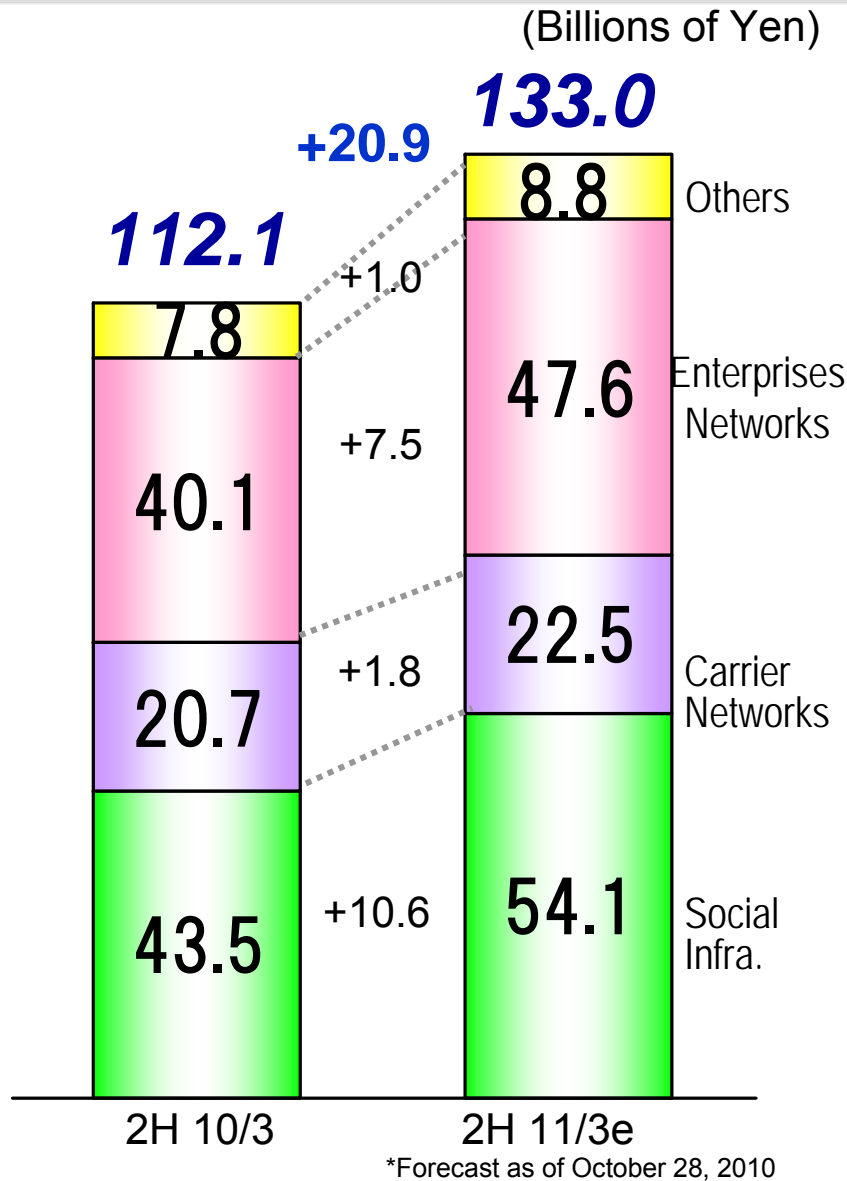
- Decreased from previous 1H with completion of NGN investment cycle / decreased development related sales to NEC (-0.6), etc.
- Orders related greater mobile traffic increased

Social Infrastructures:

- Orders from governments (& CATV companies) increased due to active local information network projects (+2.4)
- Mobile base stations construction and overseas construction decreased (-4.7)

() means year on year figures (billions of yen)

(Ref.)2H FY2011/3 Orders Forecast by Segment



Enterprises Networks

- Increasing sales for focusing markets such as financing sector (+4.0)
- Accelerating EO** business fully utilizing the new head office (+1.5)
- Expansion of services businesses (+4.0)
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Carrier Networks

- Further development of SI business (+3.0)
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Social Infrastructures

- Wide area fire-fighting/disaster prevention system (+3.0)
 - **Response to changing demand (+6.0)**
 - 3G base station enhancement
 - Overseas project
- () means year on year figures (billions of yen)