

Financial Results for the 1H FY2010 ending March 2011 (Supplementary Slides)

October 28, 2010

NEC Networks & System Integration Corporation



I. Results for the 1H FY2011/3

II. Forecasts for FY2011/3

I. Results for the 1H FY2011/3

Summary (1H FY2011/3)

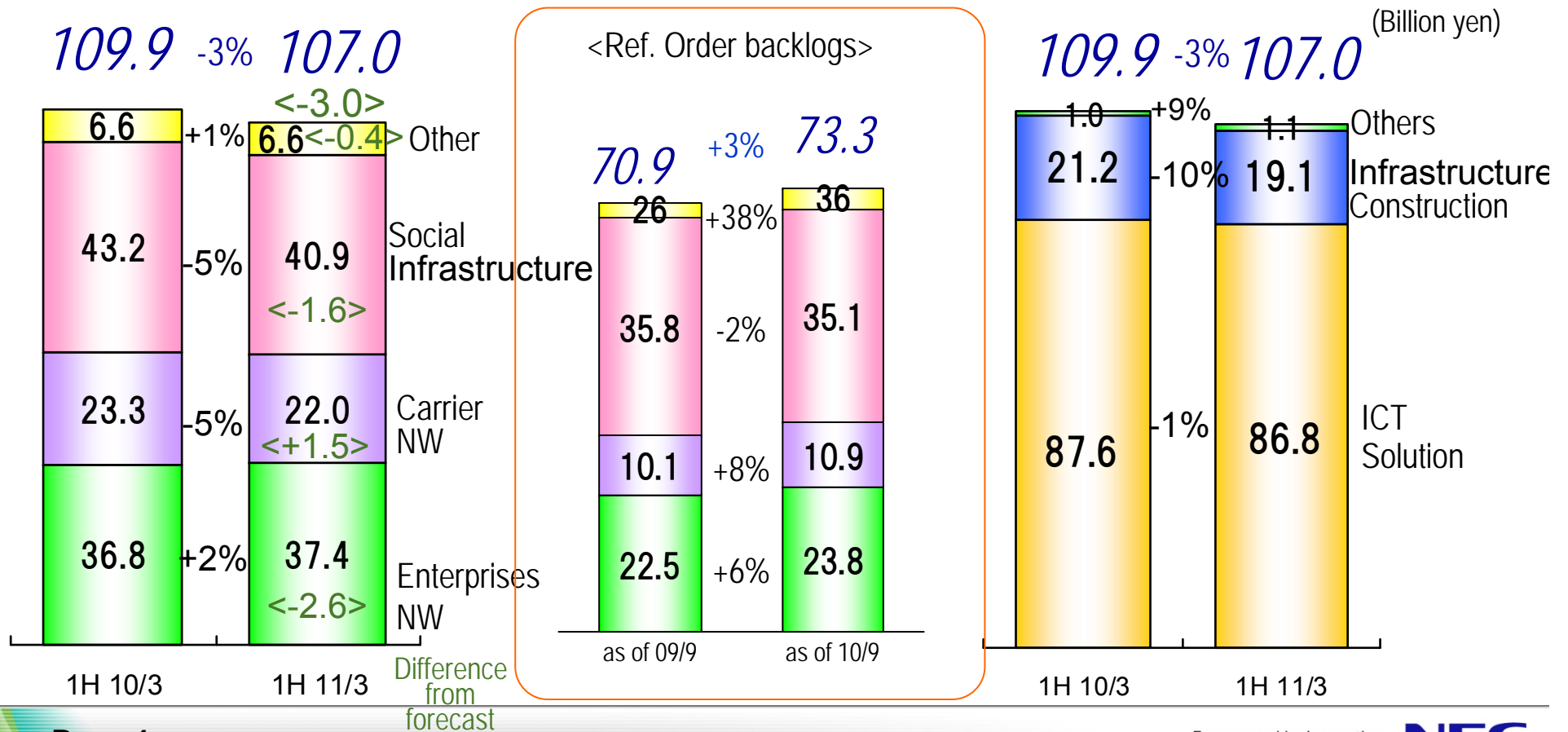
- Orders/sales: The enterprise & local information network business expanded, offsetting the reduction in carrier business.
- Operating income: Profit levels maintained with overall cost reduction via accelerated management innovation
- Net income: The extraordinary loss (for HQ relocation) planned in 2H was posted in advance. (No impact for full year forecast)

(Billion yen)	1H FY10/3	1H FY11/3	YoY		Previous Forecast	Difference	
Orders	109.9	107.0	-2.9	-3%	110.0	-3.0	-3%
Net Sales	99.2	98.2	-0.1	-1%	100.0	-1.8	-2%
Operating Income (Margin)	3.2 (3.3%)	3.1 (3.1%)	-0.2 -0.2pt	-5%	3.3 (3.3%)	-0.2 -0.2pt	-7%
Ordinary Income	3.3	3.0	-0.3	-10%	3.3	-0.3	-9%
Extraordinary Loss	0.0	-1.9	-1.9	—	-0.7	-1.2	—
Net Income (Margin)	1.9 (1.9%)	0.5 (0.5%)	-1.4 -1.3pt	-72%	1.5 (1.5%)	-1.0 -0.9pt	-64%

Orders Received by Segment & by Business Type (1H FY2011/3)

- Enterprises NW: Orders increased, mainly for financial, manufacturing and service sectors thanks to stronger proposal activities.
- Carrier NW: Orders decreased due to capex reduction.
- Social Infrastructure: Construction of carrier infrastructure declined, although local information network was robust.

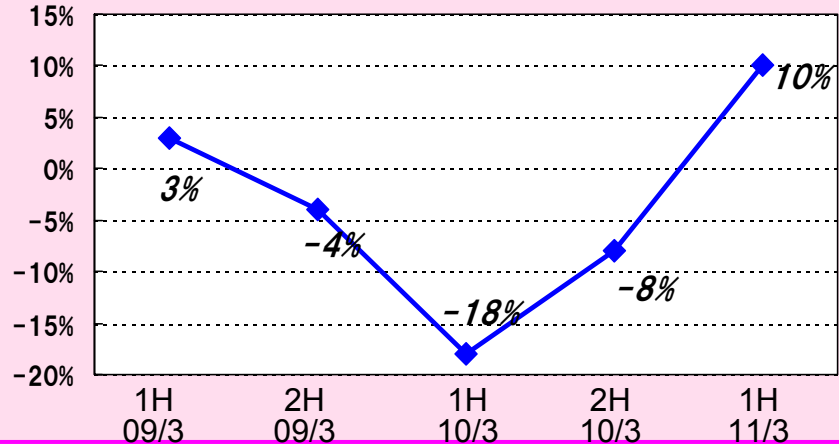
- ICT Solution: Orders from enterprises offset decreased carrier related orders.
"Stock" type (recurring) business remained about 40%.
- Infrastructure construction: The local information network business was robust, although carrier infrastructure work contracted with reduced capex.



Topics (1H FY2011/3)

Orders from enterprises up for first time in two years

Year-on-year changes of orders for enterprises (excluding public utilities)



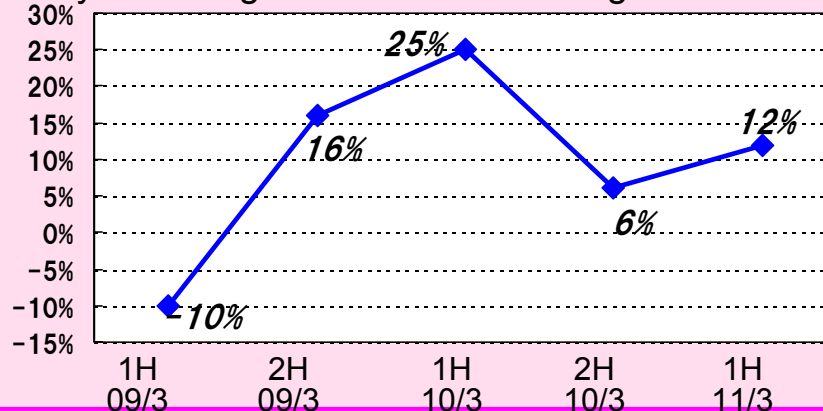
With customer-oriented marketing, orders increased for system revision, relocation and other work.

- For financial: +26%, For manufacturing: +15%
For services industry: +7%

EmpoweredOffice business expanded 12% on enhanced brand capability.

High level of local government business

Year-on-year changes of orders for local governments (including CATV)



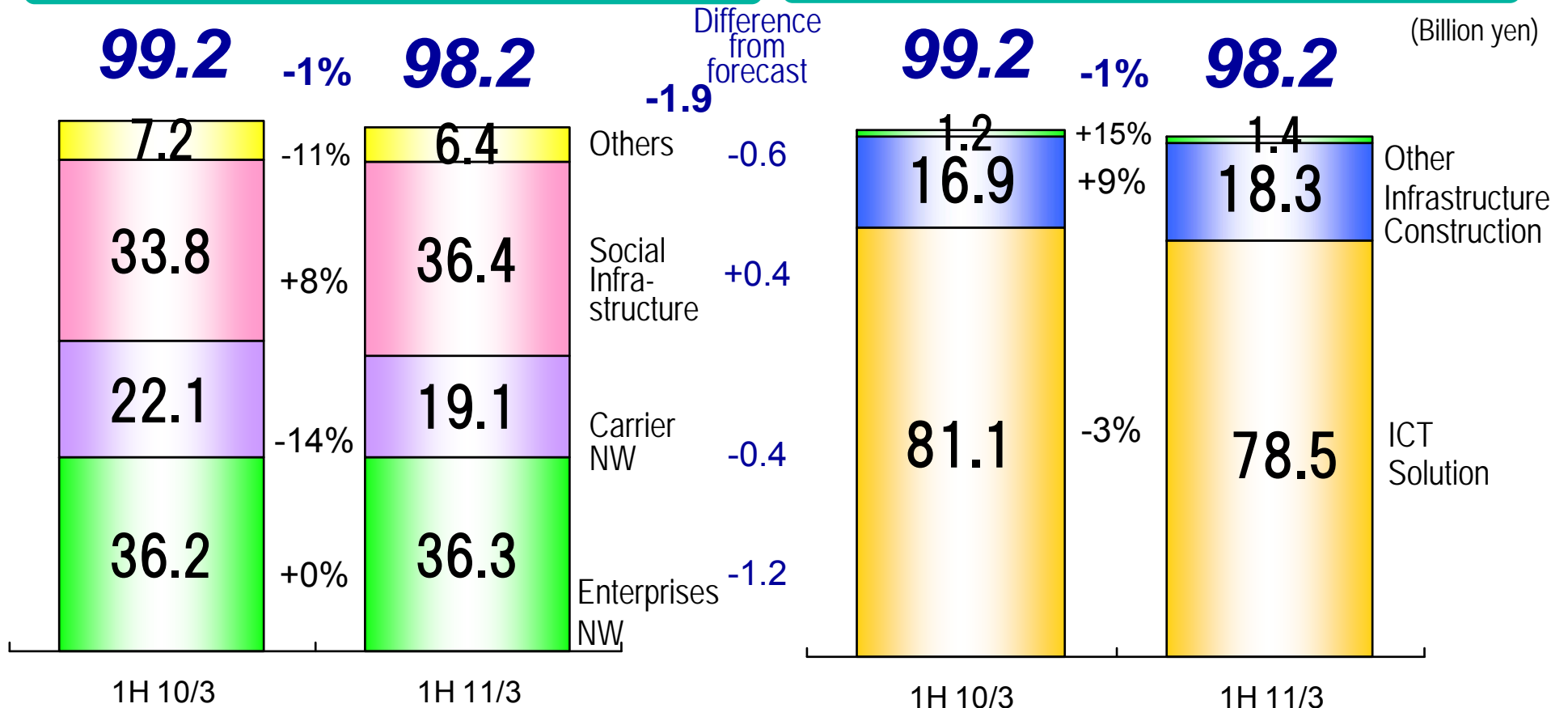
Local government business was robust thanks to a stronger nationwide sales and execution system.

Sales by Segment & by Business Type (1H FY2011/3)

- Enterprises NW: Sales to NEC group decreased but sales to other enterprises climbed steadily.
- Carrier NW: Sales decreased on capex reduction.
- Social Infrastructure: Local information network sales was strong.

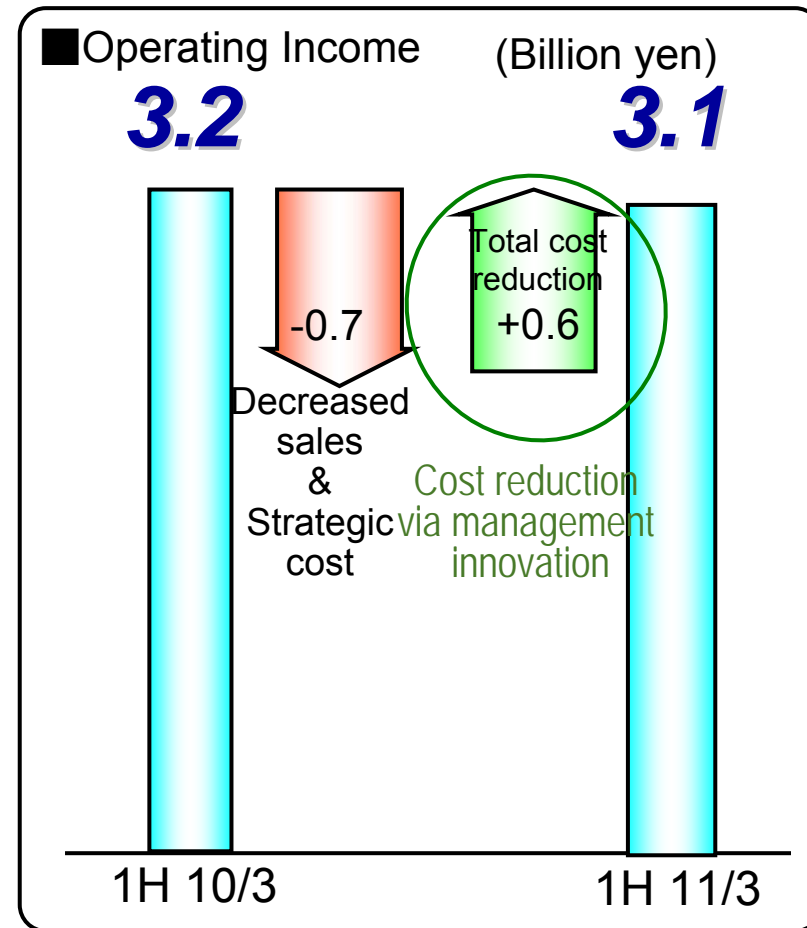
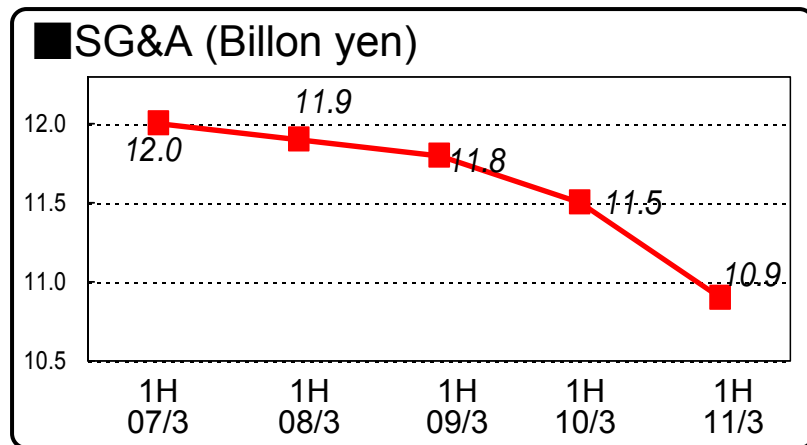
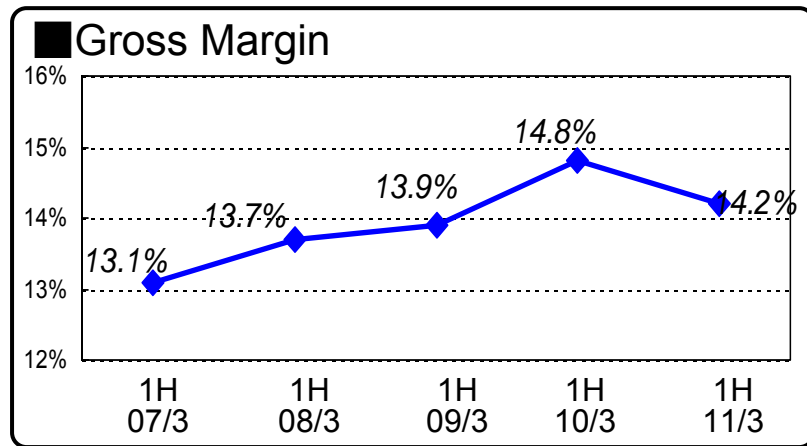
ICT Solution: Sales to carriers and sales of system related business for the NEC Group decreased with carriers' capex cuts.

Infrastructure construction: Local information network sales were strong.



Operating Income (1H FY2011/3)

Total cost reduction with accelerated management innovation offset the reduced gross margin.



Balance Sheet (1H FY2011/3)

(Billion yen)

		end of 10/3	end of 10/9	diff.
	Cash and cash equivalents	29.5	31.0	+1.5
	Notes and accounts receivable	80.0	69.7	-10.3
	Inventories	7.3	10.1	+2.8
	Other	7.1	7.1	+0.0
	Current Assets	123.9	118.0	-5.9
	Noncurrent Assets	23.0	23.8	+0.8
Assets		146.9	141.8	-5.1
	Notes and accounts payable	35.0	31.7	-3.3
	Loans	5.0	5.3	+0.3
	Other	32.7	30.8	-1.9
	Liabilities	72.7	67.9	-4.8
	Shareholders' equity	74.0	73.9	-0.1
	Valuation and translation adjustments	-0.5	-0.5	-0.0
	Minority interests	0.6	0.6	-0.0
	Net Assets	74.2	73.9	-0.3
Liabilities & Net Assets		146.9	141.8	-5.1
Owner's Equity Ratio		50.1%	51.7%	+1.6pt

Cash Flows (1H FY2011/3)

(Billion yen)

	1H 10/3	1H 11/3
Operating Cash Flow (a)	14.1	3.5
Investment Cash Flow (b)	-0.9	-1.5
Financial Cash Flow	-0.6	-0.5
Cash & cash equivalents at the end of the period	29.3	31.0
Free Cash Flows (a+b)	13.2	2.0

Topics (1H FY2011/3): New Headquarters Starts

Accelerating proactive management with HQ relocation

Reduction in floor space by introducing EmpoweredOffice

40% down

Companywide EmpoweredOffice Showroom

Double visitors
(target: 1,000 companies
in this FY)

Adopting the eco-office

Halved CO₂
(target)

Smart work practices
(Process innovation)

Halved paper storage
30% less shared space

Quick customer access
(Major business districts are within around 5 km)



Target for office cost cuts: One billion yen/year

II. Forecasts for FY2011/3

FY2011/3 Forecasts

Aiming to achieve the original target, accelerating proactive management

(Billion 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%

* A ¥1.9 billion extraordinary loss is included for the headquarters relocation etc.

*Forecasts as of October 28, 2010

Basic Policy for 2H 2011/3

◆ Expanding top line

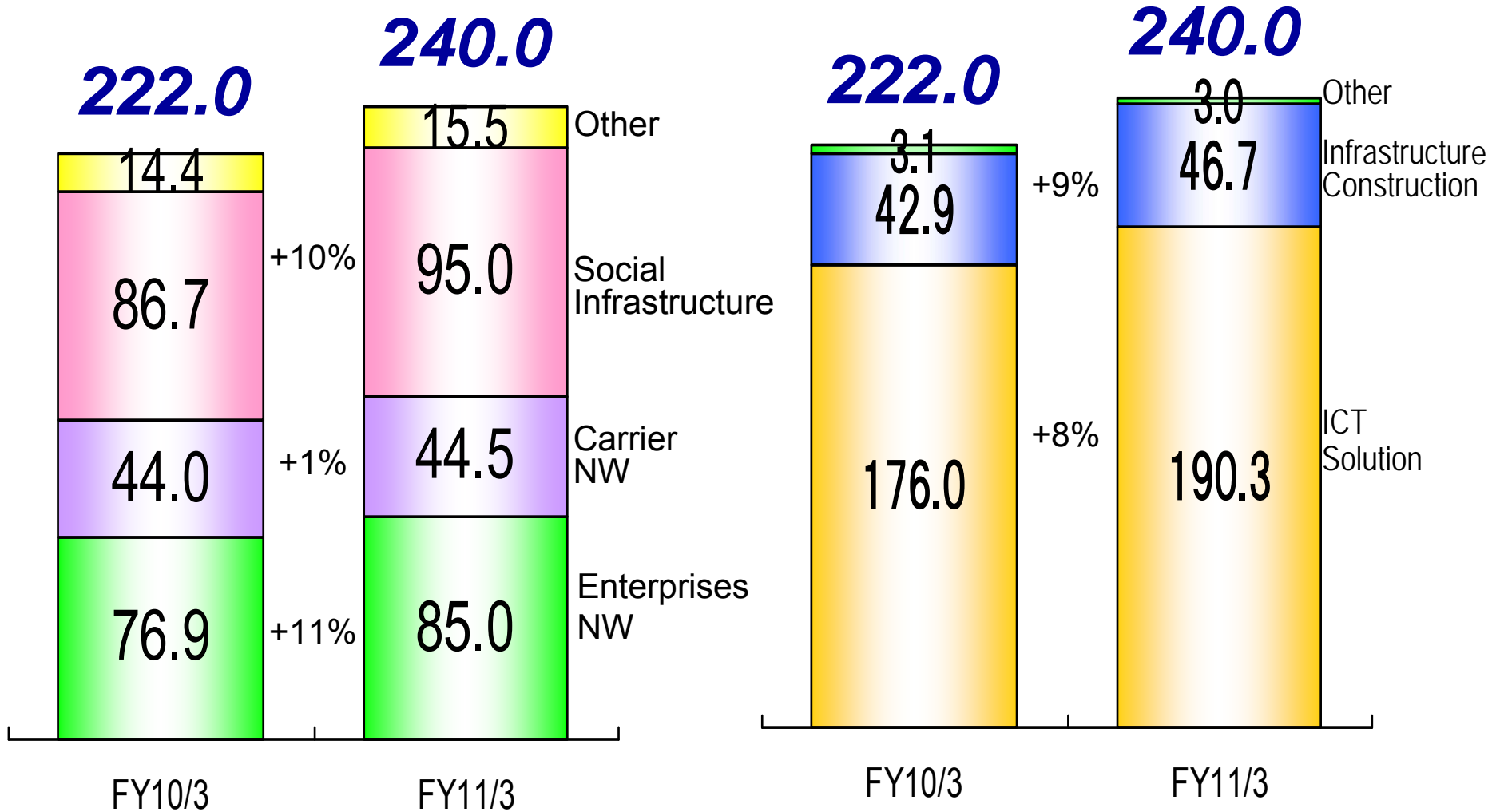
- Enterprises NW
 - Service business expansion focusing on EmpoweredOffice as the core
 - Business incubation utilizing the new head office, such as cloud and environmental solutions
- Carriers NW
 - Next-generation data center business (SI & operation)
- Social Infrastructure
 - Execution of local information network projects
 - Capturing demand for wide-area firefighting systems

◆ Improving profitability

- Further progress in management innovation (AC-I)
- Thorough leveraging of benefits of HQ relocation

FY2011/3 Orders Forecast by Segment & by Business Type

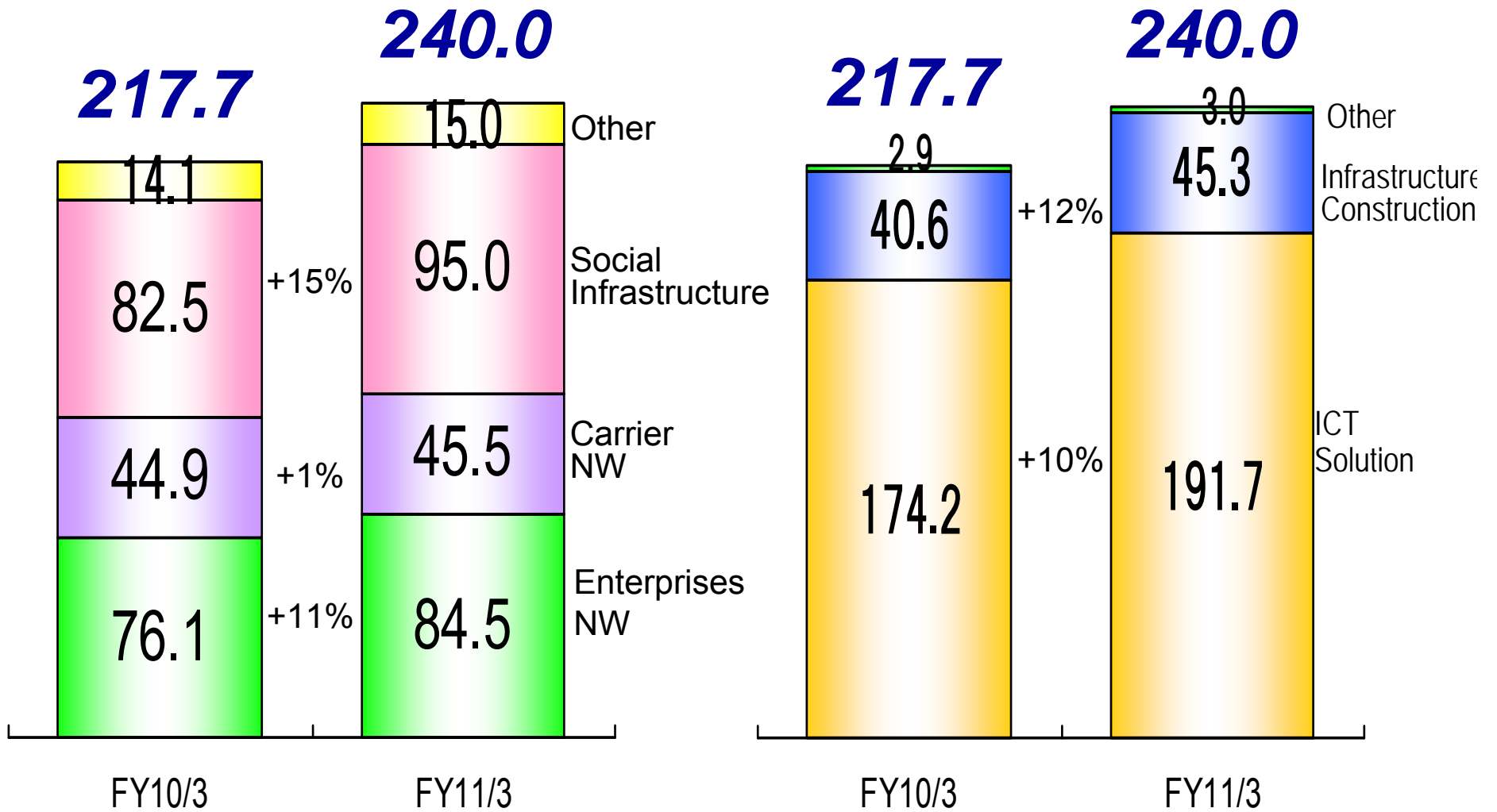
(Billion yen)



*Forecasts as of October 28, 2010

FY2011/3 Sales Forecast by Segment & by Business Type

(Billion yen)



*Forecasts as of October 28, 2010

Dividend Plan

■ Dividend plan for FY2010, ending March 2011

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

*No change from May 12, 2010 (announcement of financial statements for FY2009)

[Ref.] Dividends for FY2009, ended March 2010

	Cash dividends per share of common stock		
		Interim	Year-end
FY2009	*25.00yen	11.00yen	*14.00yen

*Including a special dividend of ¥ 3 per share

*Forecasts as of October 28, 2010

Important Notice

The forecast results contained 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 materially from projections.

Important factors affecting actual results include the economic climate and social trends surrounding the business of the Group, consumer trends with respect to the systems and services provided by the Group, as well as pressure to lower prices and the ability to respond to intensified competition.

Factors affecting results are not limited to those described here.

NEC

NEC Networks & System Integration Corporation

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