

Financial Results for 1Q for the FY2010 ending March 2011

July 28, 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.

Revision of Segments

From 1Q/2010, the business segment has been changed as follows based on a new organization geared towards strengthening customer-oriented service businesses in compliance with its management approach;

Enterprises Networks Business

Service integration of ICT solutions, mainly for the enterprises market

Carrier Networks Business

Service integration of ICT platforms mainly for telecom carriers

Social Infrastructures Business

Service integration of ICT infrastructure for the public sector and the construction of telecom infrastructure

Revision of Segments

New Segments

Enterprises Networks

Carrier Networks

Social Infrastructures

Others

Organization

SI & Services Operations Unit

Network Services Operations Unit

Network Infrastructures
Operations Unit

Regional Operations Unit

Marketing & Sales Development Unit

Toyo Networks & System Integration Co., Ltd.

Sales of purchased equipment

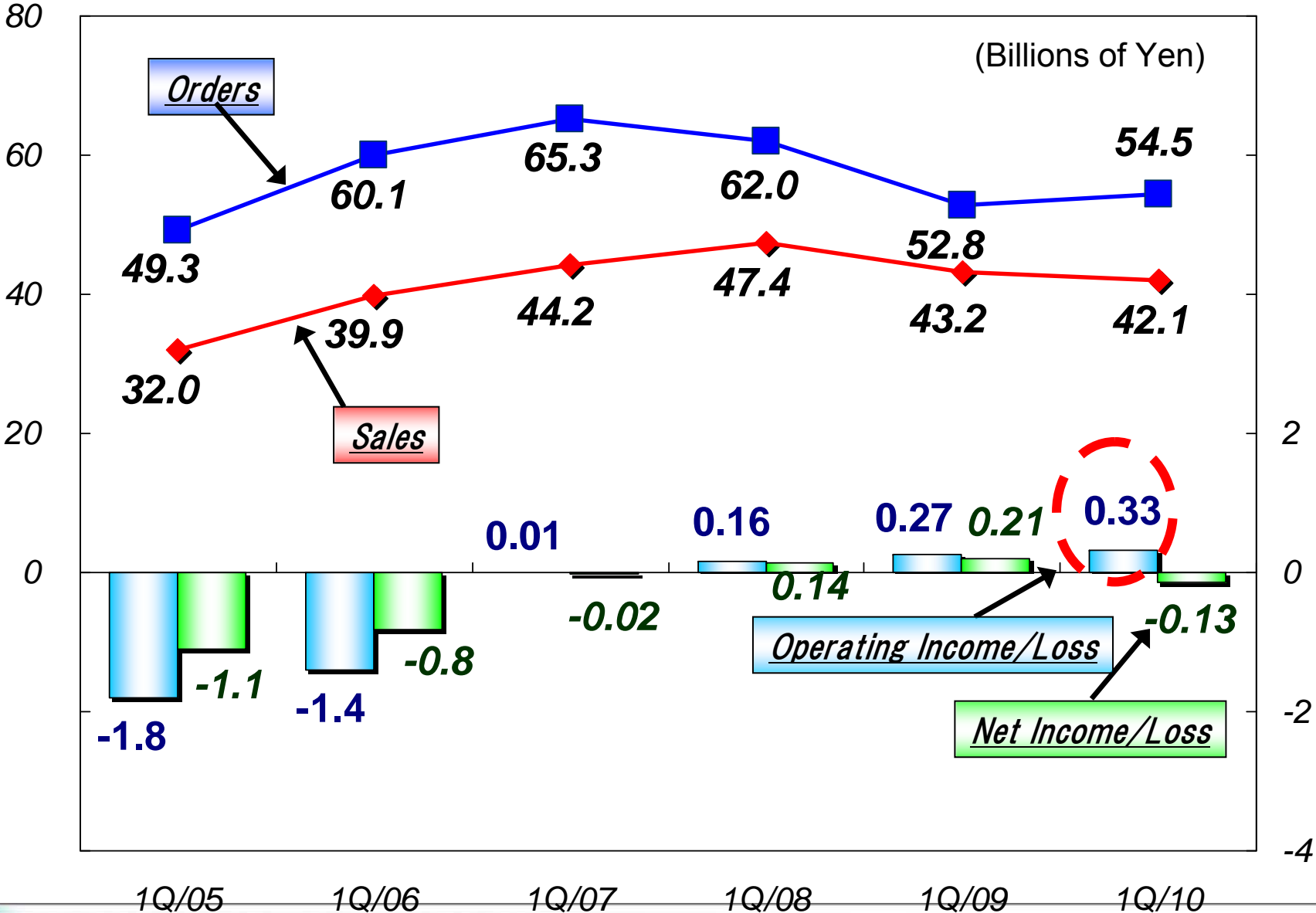
Financial Summary

- Orders increased** led by strategic areas such as enterprises and local governments
- Operating income increased** with overall cost cutting
 - There is one time impact of extraordinary loss* on net income

(Billions of Yen)	1Q/FY2009	1Q/FY2010	YoY
Orders Received	52.8	54.5	+3.3%
Sales	43.2	42.1	-2.7%
Gross Profit (GP) (GP Margin)	6.0 (14.0%)	5.8 (13.8%)	-0.2 -0.2pt
Operating Income (to Sales)	0.27 (0.6%)	0.33 (0.8%)	0.06 +0.2pt
Extraordinary Loss	0.00	-0.54	-0.54
Net Income/Loss (to Sales)	0.21 (0.5%)	-0.13 —	-0.34 —

*Loss on adjustment for changes of accounting standard for asset retirement obligations & head office transfer cost

1Q Sales & P/L Record

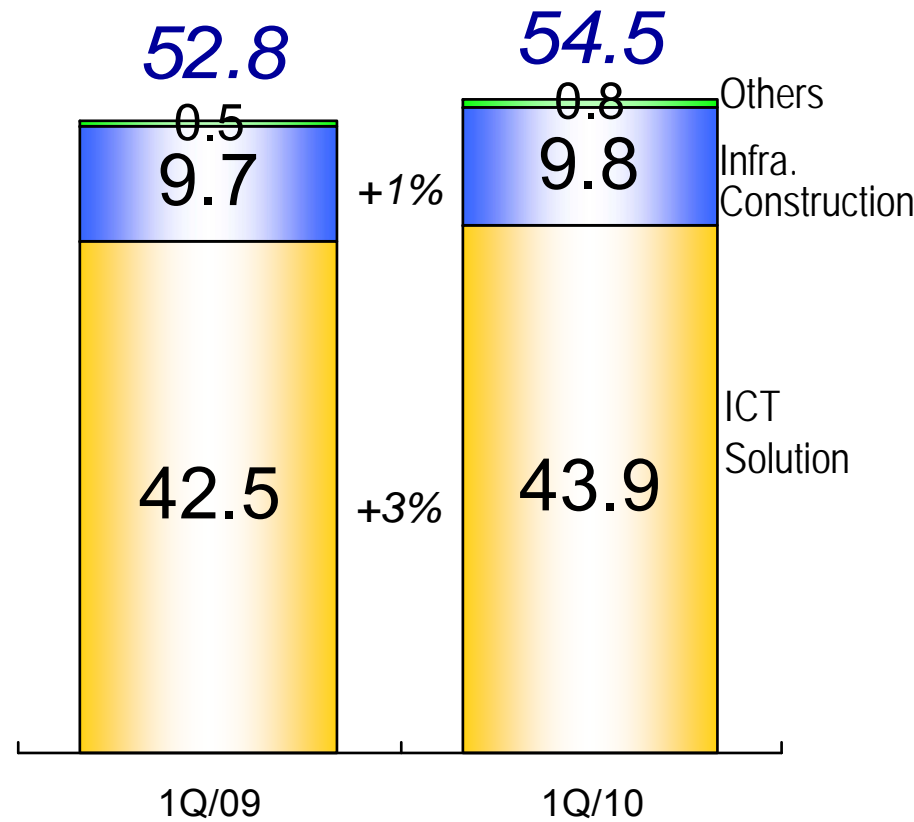
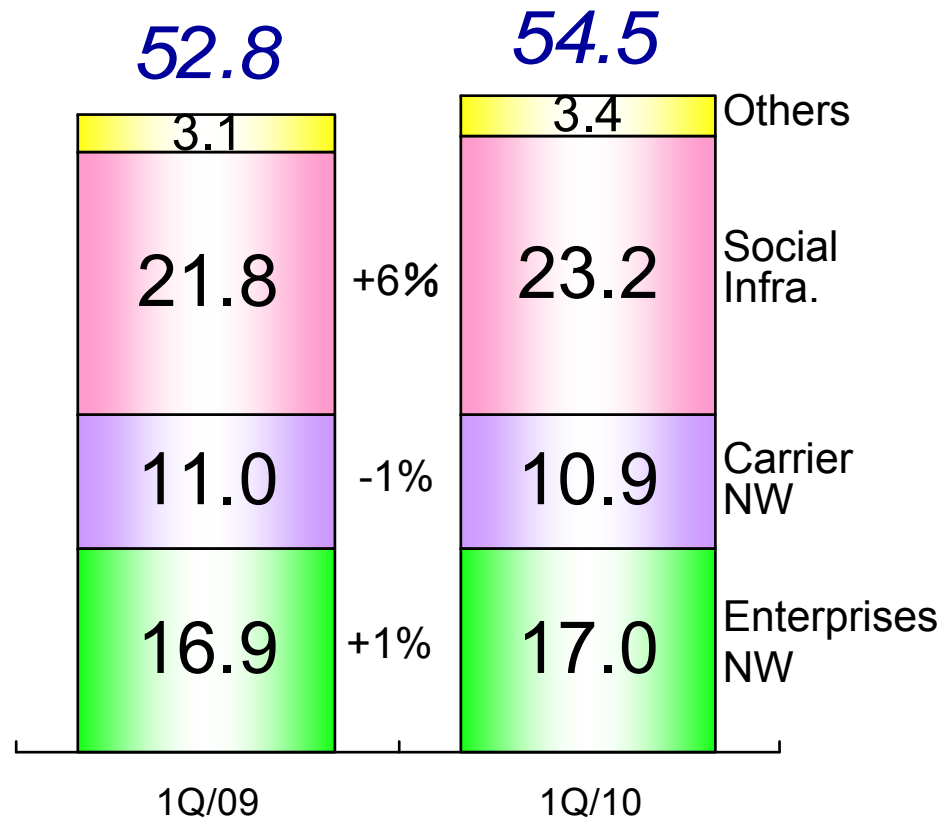


1Q/FY10 Orders by Segment & by Business Type

- Enterprises NW: Orders increased, mainly in the financial & manufacturing sector, by proactively responding to the recovery in ICT investment.
- Carrier NW: The legacy area contracted, although FMC all-IP investment increased.
- Social Infrastructure: Local Information NW and disaster-prevention/fire-fighting NW areas were robust.

- ICT Solution: Increased orders from enterprises and local governments for office relocation, network revision and local information development
- Infrastructure Construction: Construction for public utilities and the government increased while construction for carrier networks decreased.

(Billions of Yen)

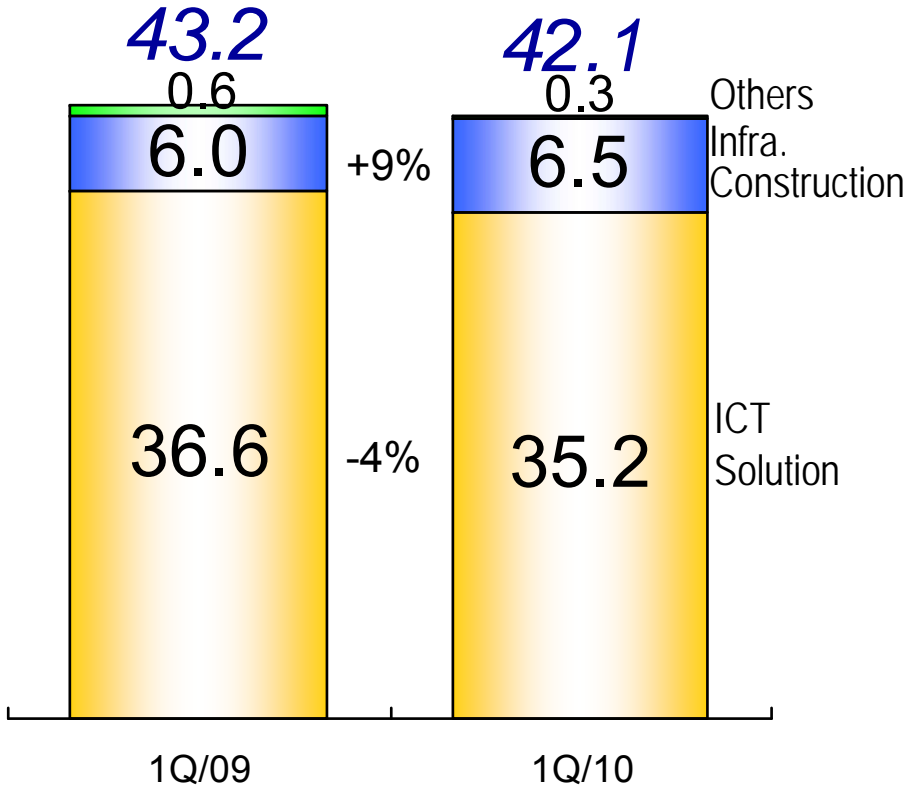
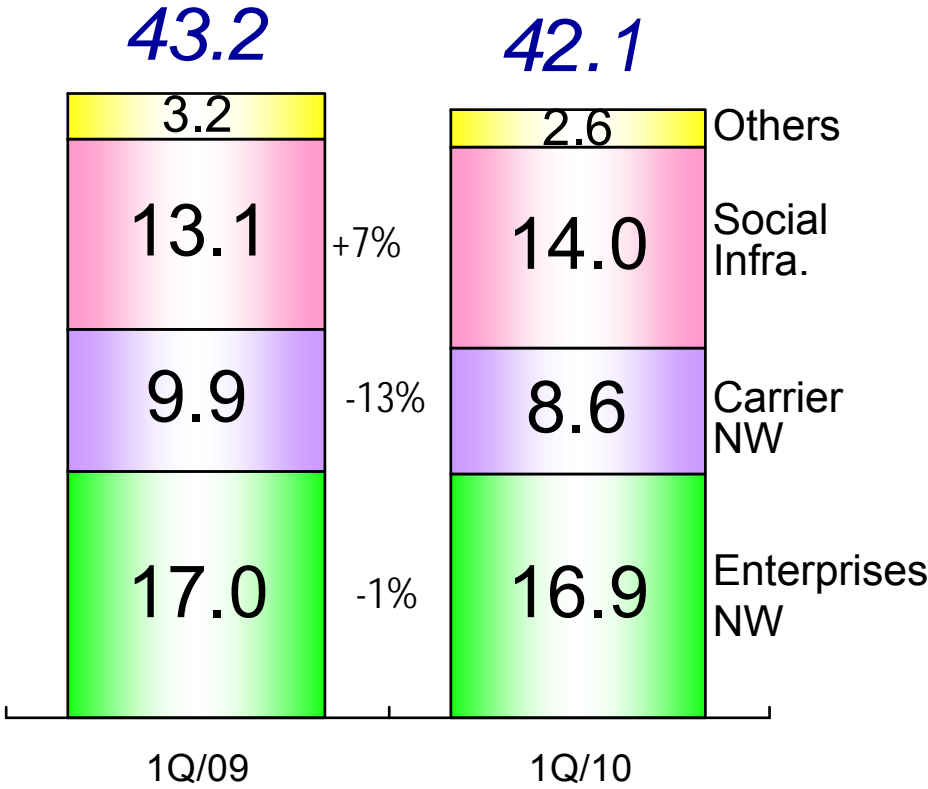


1Q/FY10 Sales by Segment & by Business Type

- Enterprises NW: Increased orders will contribute to sales. mainly from Q2.
- Carrier NW: Sales in legacy areas etc. decreased.
- Social Infrastructure: Local Information NW and disaster-prevention/fire-fighting NW areas were robust.

- ICT Solution: Increased orders will contribute to sales, mainly from Q2.
- Infrastructure Construction: Construction for public utilities and the government increased.

(Billions of Yen)



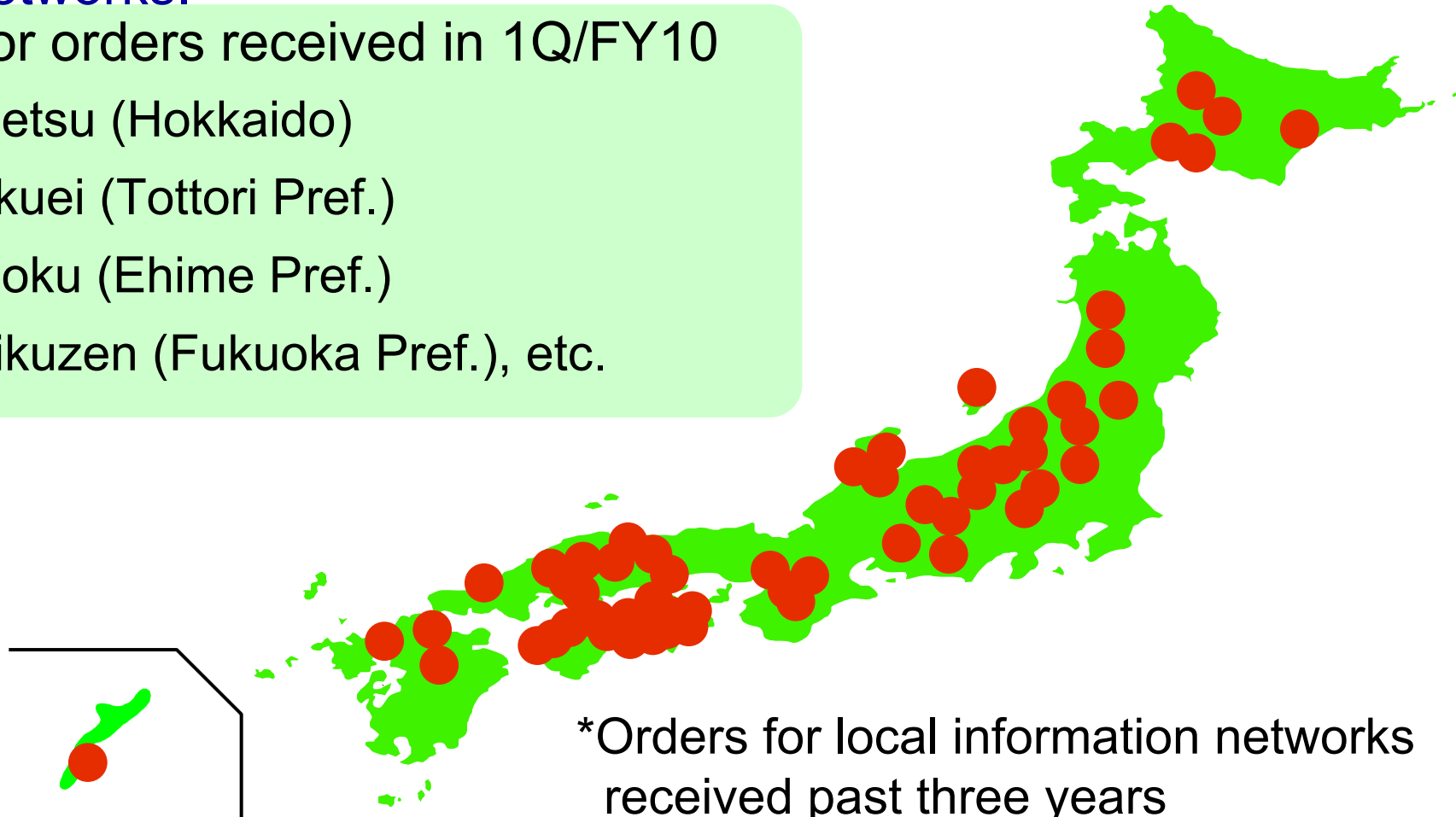
1Q/FY2010 Topics

Expanding orders from local governments

We received a series of large orders for local information networks.

Major orders received in 1Q/FY10

- Aibetsu (Hokkaido)
- Hokuei (Tottori Pref.)
- Kihoku (Ehime Pref.)
- Chikuzen (Fukuoka Pref.), etc.



*Orders for local information networks received past three years

1Q/FY2010 Topics

■ Asteroid explorer “HAYABUSA” (MUSES-C) returned to the earth on June 13, 2010

-NEC Networks & System Integration has been supporting the project in the area of the operation (communication, monitoring and control) since the launch.

-> We are also participating in the operation of Venus Climate Orbiter "AKATSUKI" (PLANET-C), and X-ray Astronomy Satellite "Suzaku" (ASTRO-EII)



© Akihisa Ikeshita

HAYABUSA (Arrived at the asteroid itokawa)



© JAXA

A bouquet was passed to the operators of the company from JAXA after the final operation.



© JAXA

Launch Shot of HAYABUSA

Balance Sheet

(Billions of Yen)

		end of 10/3	end of 10/6	diff.
	Cash and deposits	29.5	30.3	+0.8
	Notes and accounts receivable	80.0	60.3	-19.7
	Inventories	7.3	9.3	+2.0
	Other	7.1	7.9	+0.8
	Current Assets	123.9	107.8	-16.1
	Noncurrent Assets	23.0	23.5	+0.5
Assets		146.9	131.2	-15.7
	Notes and accounts payable (incl.CD)	35.0	24.8	-10.2
	Loans	5.0	3.0	-2.0
	Other	32.7	30.0	-2.7
Liabilities		72.7	57.8	-14.9
	Shareholders' equity	74.0	73.2	-0.8
	Valuation and translation adjustments	-0.5	-0.4	+0.1
	Minority interests	0.6	0.6	+0.0
Net Assets		74.2	73.4	-0.8
Liabilities & Net Assets		146.9	131.2	-15.7
Owner's Equity Ratio		50.1%	55.5%	+5.4pt

Cash Flows

(Billions of Yen)

	1Q/09	1Q/10
Operating Cash Flow (a)	5.3	3.8
Investment Cash Flow (b)	-0.4	-0.3
Financial Cash Flow	-0.6	-2.7
Cash & cash equivalents at the end of the period	21.1	30.3
Free Cash Flows (a+b)	5.0	3.5

FY2010 Forecasts

(Billions of Yen)

	Sales	Operating Income	Ordinary Income	Net Income
1 st Half	100.0	3.3	3.3	1.49

Full Year	240.0	10.0	10.0	4.70
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1Q results were in line with our forecast.

We remain determined to achieve the financial target announce on May 12, 2010.

*Forecasts as of July 28, 2010.

Appendix

FY08-FY10 Financial Data by New Segment

FY08-FY10 Orders Received by New Segment

Billions of Yen	FY2008			FY2009			FY2010		
	1Q (actual)	1H (actual)	Year (actual)	1Q (actual)	1H (actual)	Year (actual)	1Q (actual)	1H (forecast)	Year (forecast)
Enterprises NW YoY	21.9	47.0	89.4	16.9 -23%	36.8 -22%	76.9 -14%	17.0 +1%	40.0 +9%	85.0 +11%
Carrier NW YoY	15.8	29.3	53.6	11.0 -30%	23.3 -20%	44.0 -18%	10.9 -1%	20.5 -12%	44.5 +1%
Socal Infra. YoY	20.8	41.9	86.4	21.8 +5%	43.2 +3%	86.7 +0%	23.2 +6%	42.5 -2%	95.0 +10%
Others	3.5	7.6	15.8	3.1	6.6	14.4	3.4	7.0	15.5
Total YoY	62.0	125.8	245.3	52.8 -15%	109.9 -13%	222.0 -9%	54.5 +3%	110.0 +0%	240.0 +8%

*The actual figures for new segments for the years ended 2009/3 and 2010/3 are reclassified for comparison in connection with the change of reporting segments and have not been audited.

*Forecasts as of July 28, 2010 have not changed from the original forecasts as of May 12, 2010.

*Figures are rounded and may not tally exactly with the totals.

FY08-FY10 Sales by New Segment

Billions of Yen	FY2008			FY2009			FY2010		
	1Q (actual)	1H (actual)	Year (actual)	1Q (actual)	1H (actual)	Year (actual)	1Q (actual)	1H (forecast)	Year (forecast)
Enterprises NW YoY	18.6	42.6	90.2	17.0 -9%	36.2 -15%	76.1 -16%	16.9 -1%	37.5 +4%	84.5 +11%
Carrier NW YoY	11.7	26.2	52.9	9.9 -15%	22.1 -16%	44.9 -15%	8.6 -13%	19.5 -12%	45.5 +1%
Socal Infra. YoY	13.8	38.8	90.3	13.1 -5%	33.8 -13%	82.5 -9%	14.0 +7%	36.0 +7%	95.0 +15%
Others	3.2	7.5	15.7	3.2	7.2	14.1	2.6	7.0	15.0
Total YoY	47.4	115.1	249.1	43.2 -9%	99.2 -14%	217.7 -13%	42.1 -3%	100.0 +1%	240.0 +10%

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FY08-FY10 Operating Income/Loss by New Segment

Billions of Yen	FY2008			FY2009			FY2010		
	1Q (actual)	1H (actual)	Year (actual)	1Q (actual)	1H (actual)	Year (actual)	1Q (actual)	1H (forecast)	Year (forecast)
Enterprises NW <i>to sales</i>	1.0 5.3%	3.3 7.7%	8.0 8.8%	1.2 7.3%	3.0 8.3%	7.4 9.8%	1.3 7.6%	3.0 8.0%	8.0 9.5%
Carrier NW <i>to sales</i>	0.8 6.6%	2.6 10.1%	4.8 9.0%	0.7 6.7%	1.9 8.4%	3.9 8.8%	0.5 5.5%	1.5 7.7%	4.0 8.8%
Socal Infra. <i>to sales</i>	-0.1 ---	1.1 2.9%	3.9 4.3%	-0.2 ---	1.1 3.2%	4.0 4.8%	0.0 0.1%	1.5 4.2%	3.5 3.7%
Others	-0.1	0.1	0.6	0.0	0.3	0.6	0.0	0.3	0.5
Elimination	-1.4	-3.0	-6.2	-1.4	-3.0	-6.1	-1.5	-3.0	-6.0
Total <i>to sales</i>	0.2 0.3%	4.1 3.6%	11.0 4.4%	0.3 0.6%	3.2 3.3%	9.9 4.5%	0.3 0.8%	3.3 3.3%	1.0 4.2%

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