

NEC Networks & System Integration (NEC NW&SI) - Into High Gear for Growth -

February 29, 2012

Masahiko Yamamoto, President

NEC Networks & System Integration Corporation



Good afternoon.

My name is Masahiko Yamamoto, president of NEC Networks & System Integration Corporation.

I would like to thank you for joining us at our briefing today.

Today's Points

I. 96%:

II. -8% vs +10%:

III. 47%:

IV. 0.7 times:

Today, I would like to make several points about the numbers you see displayed here. I will explain each of them in turn.

Agenda

I. 96%: What we are

II. -8% vs +10%:
Our growth fields

III. 47%: For further growth

IV. 0.7 times: Ultimately

Now for today's agenda.

I will give a brief overview of the Company—What we are—then explain our major fields of growth and what steps the Company is taking to pursue further growth, in that order.

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I. 96%: What we are

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First, let me give you a brief overview of our Company—
What we are.

NEC Networks & System Integration Is

- The ICT services integrator providing consultation SI, operation/maintenance and outsourcing services
- Able to provide total office facilities (including office furniture, electricity, office design, etc.) with ICT as a core
- Providing to 96% of its sales to Japanese market. It has well-balanced customers of enterprises, telecom carriers and governments and ranked as No.1 class in network field.

We are a “service integrator,” providing all types of ICT services to our customers, from consulting to system integration to outsourcing.

Moreover, we are not just involved in ICT services. One of the major ways in which we differentiate ourselves is by offering a total facility management, including office furniture, design, utilities on top of our core ICT services.

Of our customer base, 96% is in Japan. Although Japan is said to be a mature market, the areas our company is targeting are markets with a strong growth outlook, which I will explain later.

Our Position in Japan

Top-class in network area among Japanese listed SI-ers (Billions of yen)

		Sales	YoY	OP	to Sales
1	NTT Data	1,162	1.7%	78.3	6.7%
2	Canon Marketing Japan	674	-1.8%	7.7	1.1%
3	Otsuka Corporation	464	7.8%	19.0	4.1%
4	NRI	326	-3.6%	38.4	11.8%
5	IT Holdings	323	3.0%	12.8	4.0%
6	CTC	283	-2.5%	21.3	7.5%
7	Nihon Unisys	253	-6.7%	6.5	2.6%
8	NEC Networks & SI	218	0.1%	10.8	5.0%
9	NEC Fielding	189	-0.9%	8.0	4.2%
10	NS Solutions	160	5.0%	11.1	6.9%
...
16	Netone	131	5.2%	5.7	4.4%

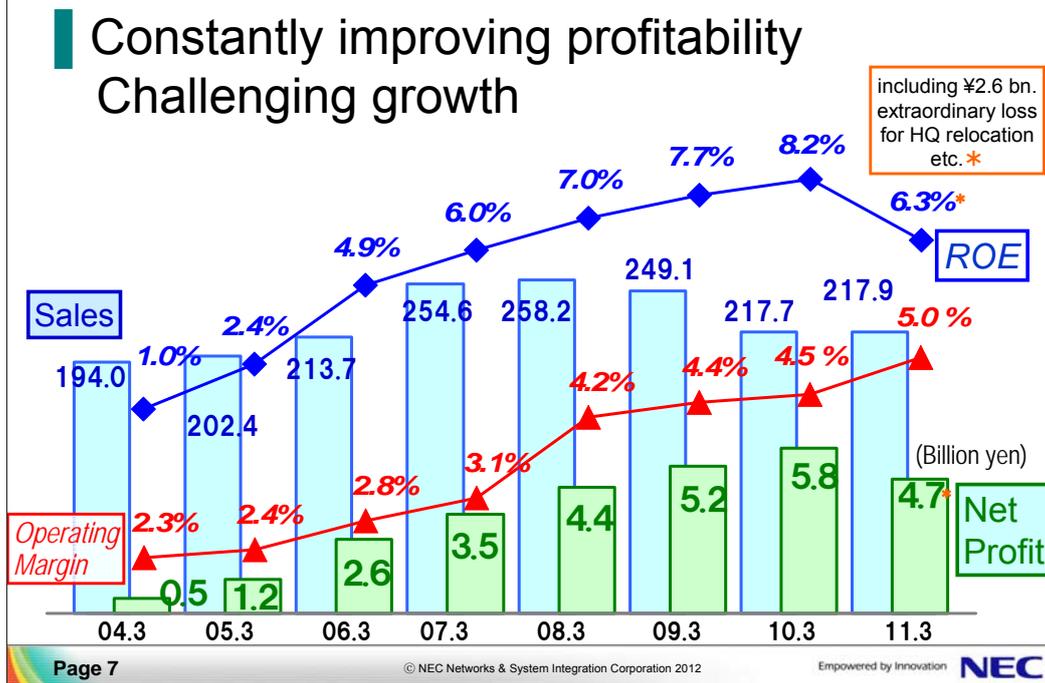
Source: The company based on "Japanese IT service companies Ranking 2010" from *Nikkei computer* magazine (2011.7.21)

The table shows the Company's position in the Japanese system integration market.

The companies highlighted in yellow show system integrators who are active in the ICT business area, including networks.

Our company is in a strong position among top class companies in the ICT area, with a core of networks.

How Earning and Income Are Going

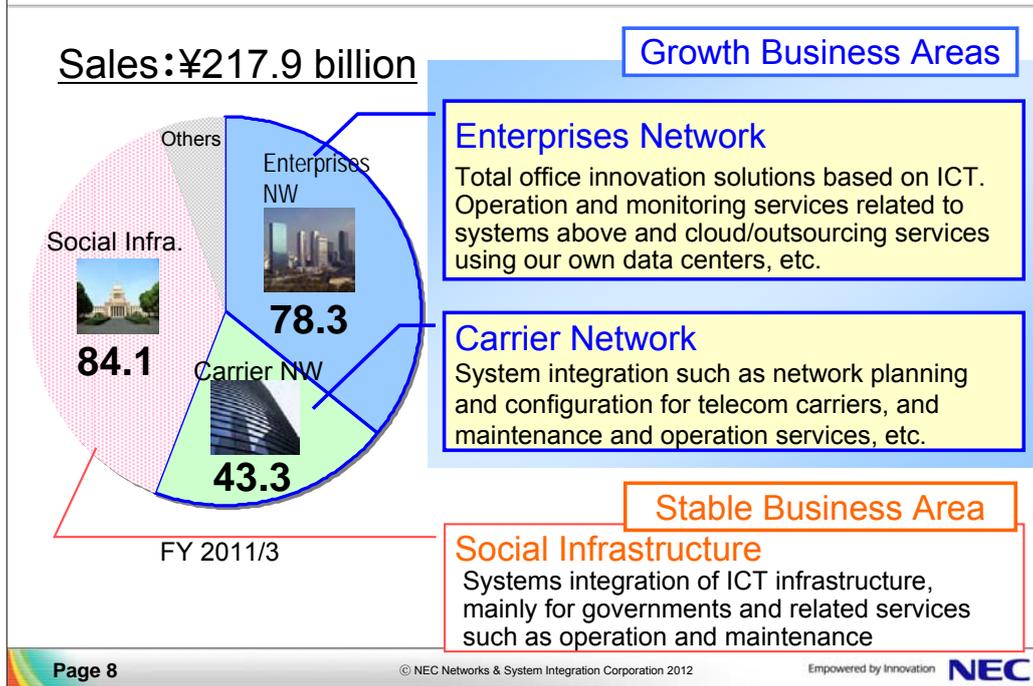


Next, I would like to talk about the Company's results.

First, I would like you to understand that operating margins have improved every year for the past seven years. In particular, since I became president in 2006, we have continuously implemented management innovation by applying the view of so-called "production innovation" to the entire company, from sales people to system engineers and even administrative staff. As a result, the operating margin is now five percent, nearly double what it was when I took office.

On the other hand, sluggish sales are an issue for the Company. As I will explain later, sales growth is a focus for the Company.

Our Business Fields



This slide illustrates our company's business fields. As I mentioned earlier, we serve not only enterprise customers but also telecommunications carriers and the government.

I position the Social Infrastructure business as stable business area. Orders come primarily from the government and local government, and annual government budgets do not change markedly.

On the other hand, the fields where the Company is focusing its efforts as growth drivers are Enterprises Network and Carrier Network.

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Next, I would like to explain to you what steps we are taking in our growth fields.

1) Enterprises NW: Customers Demand Trend

■ Matured & globalized Japanese Market

- Top management demand corporate strength to survive global competition

⇒ Proposal of system
-> Proposal of *Working style*

Let me begin with our approach to the Enterprises Network business.

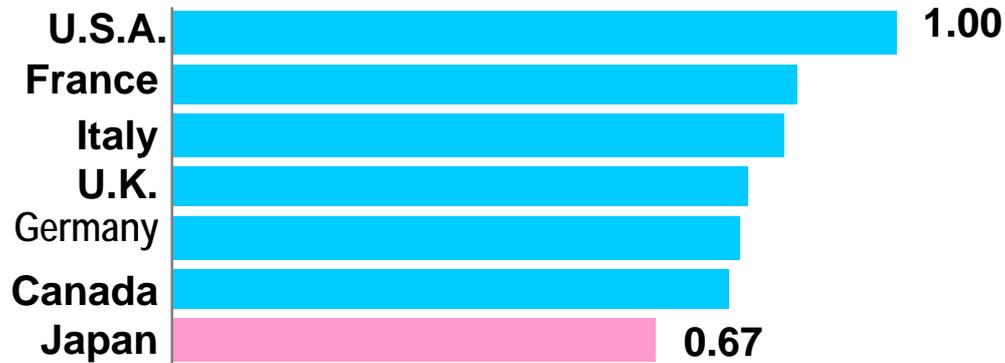
Japan is now a mature market with little expectation for overall growth but competition is getting more intense as globalization advances.

In this environment, top managers are increasingly concerned about creating operations that can stand up to global competition and improving corporate strength.

In other words, instead of simply proposing systems, we are being asked to make proposals for working styles that will improve a company's value.

Labor Productivity of Japan

■ Demand for management innovation and office productivity improvement increases



<Productivity comparison among G-7 industrialized countries>
(Index of U.S.A. as 1)

Source: Company based on "2010 International Comparison of Labor Productivity" of Japan Productivity Center

This slide shows the current state of Japanese labor productivity. It is the lowest of the G7 nations.

Top managers are increasingly aware of this issue. There is a growing feeling that it is essential to increase office productivity in order to improve competitiveness.

Office Innovation Solution “EmpoweredOffice”

Our unique management innovation solution:

- Facility management with ICT as a core
 - To improve productivity, cost-efficiency, environmental responsiveness

“Empower”

“Economy”

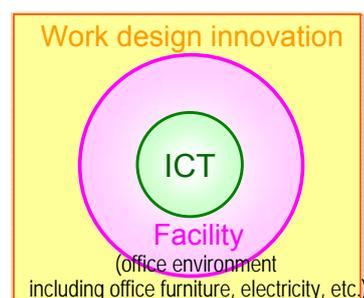
“Ecology”

Based on our own adoption & practice:

- Speeded-up management process
- Promoted information sharing

Appeal to top management

- Penetrating into customers as our unique solution

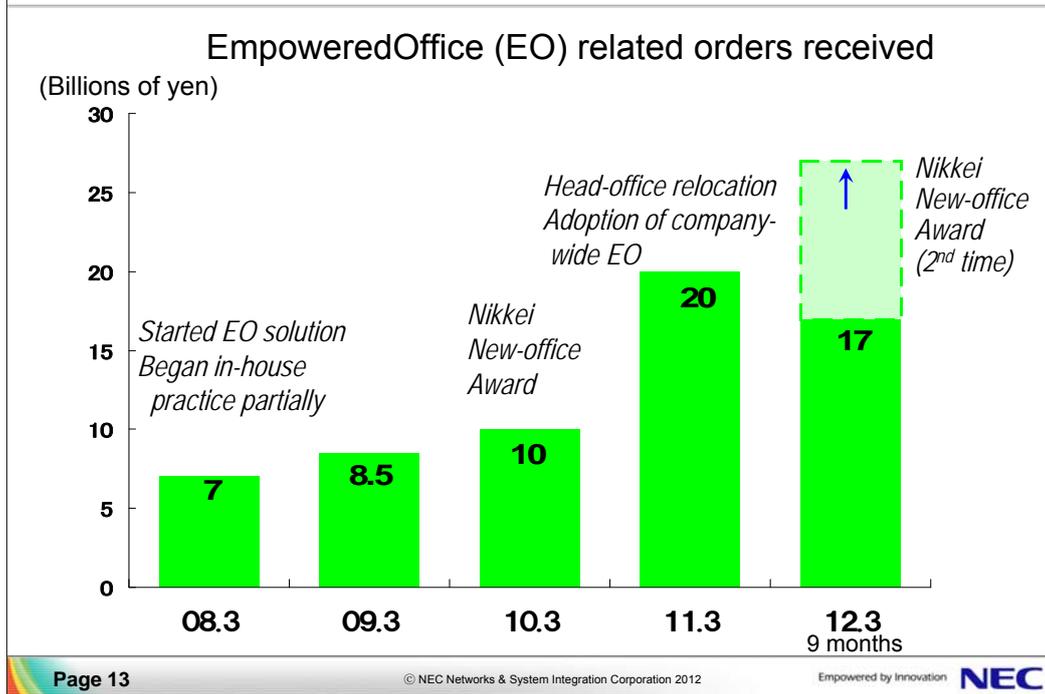


By paying attention to the needs of top management, we are offering office innovation solution “EmpoweredOffice,” as a priority area in our enterprise business.

In order to improve office productivity, we cannot stop at ICT services, office furniture and designs that enable the efficient use of ICT are also important. This is a field where the Company can exert its unique strength of having both technological strength in ICT and strength in facilities. In this way, we can create a “Three E” solution that will Empower each individual’s creativity, and create an Economical and Ecological work style, to contribute to improvement of the corporate value of our customers.

We have adopted and put into practice these methods ourselves, which has accelerated the management process and promoted information sharing. In addition to the “Three Es” I mentioned earlier, we have differentiated ourselves by adding a fourth “E”—Enjoy—as our employees enjoy an improved work style on a daily basis. We have made our offices into a showroom as a demonstration to our customers in management who can see and feel for themselves what the achievement of 3E or 4E is all about. By appealing to top managers in this way, the EmpoweredOffice brand is becoming increasingly popular.

Expanding Customers Acceptance of EmpoweredOffice



Here we are showing the Company's EmpoweredOffice related orders.

As you can see, orders have increased every year since we started the EmpoweredOffice business five years ago, which shows that our customers have been very accepting of this solution.

In addition, we have twice won the Nikkei New Office Award, which recognizes leading edge offices in Japan. This is the most prestigious office award in Japan, backed by the Ministry of Economy, Trade and Industry, and shows increased recognition from outside sources.

EmpoweredOffice: Enforcing Service Business

Services corresponding to customer needs

- Combination of SI + services
- Network-type services
- Tailor-made cloud services

Data centers expansion

considering geographical balance

- Tokyo + near Tokyo (new DC) + West (Expansion)

⇒ For TOC cut & BCP needs

Further, there have been increased customer's needs for combining services such as cloud, BPO, rather than having all systems on their own for EmpoweredOffice. We offer a combination of them according to the customer's needs. In particular, unlike other systems integrators based on IT, we emphasize thin client, mail systems and other network services and we further differentiate ourselves by providing tailor-made solutions to meet even detailed client needs.

Finally, following the Great East Japan Earthquake, there have been increased service needs taking business continuity plans (BCP) into consideration. In addition to our data center in Tokyo, we have added the second data center in a nearby prefecture and we are expanding the Kansai data center, which covers western Japan, to further strengthen our business.

1) Carrier NW: Customers Demand Trend

■ Fierce competition to acquire subscribers among telecom carriers

- Network traffic increase by smartphone boom
- Penetration of overseas vendors

⇒ -Demand of high-speed, high-quality network
-Demand to adopt overseas vendors' systems with existing vendors'

(Needs for same level of quality services as Japanese vendors)

Next, the Carrier Network business.

Competition among telecommunications carriers to acquire mobile phone subscribers has become intense. For this reason, carriers are strengthening their smartphone services but this has meant a sharp increase in the volume of communications network traffic. It is estimated that network traffic in Japan will increase 28 times in the five year period from 2009 to 2014, and every carrier is rushing to increase the quality and speed of their network.

Further, in order to improve the efficiency of this capital investment, carriers are increasingly using products from global vendors and they are demanding a high level of support for these products.

Multi-vendor Management for Telecom Carriers

■ Total services for multi-vendor (NEC+overseas)

- From inspection to configuration, customization and support after installation
⇒ Efficient operation for telecom carriers
+ Business expansion for us

■ Using NEC group strength & knowhow

- World-wide technologies (+50% target in this FY)
⇒ Further expansion of qualified SEs
- Nation-wide service basis
(Support in 2H or less is available for almost all cities in Jaqpan)

In addition to proactively responding to this need to improve carrier networks, the Company is focusing on total services for multi-vendors. We offer a full range of services from product inspection to configuration, customization and post-installation support to improve the efficiency of the carriers' TCO.

As a part of the NEC group, the Company has world class technology, which is a strength that other system integrators don't have. We also have a service system that can respond to high quality requests that comes from many years in business serving the telecommunications industry.

By further developing and strengthening our systems engineers, we can, as a partner with the carriers, improve our position and expand our business even greater than the increase in the carriers' capital spending.

Development of Business Using Smart Terminals

■ Cooperation with telecom carriers

- Expansion of BtoB use
of smart terminals

■ Working-style innovation from users point-of-view

- For meeting activation, sales efficiency, etc.
-Enforced proposal via in-house practice

⇒ Company-wide task force
from both viewpoints of carriers & enterprises

We are currently focusing on developing new business based on the use of tablets, smartphones and other smart terminals.

One key is promotion of the use of smart terminals by enterprises in order to expand the telecommunications carriers' business. We are discussing the use of our customer base as a partner with the carriers from this perspective. We expect that this will increase the carriers' investment in improving their networks.

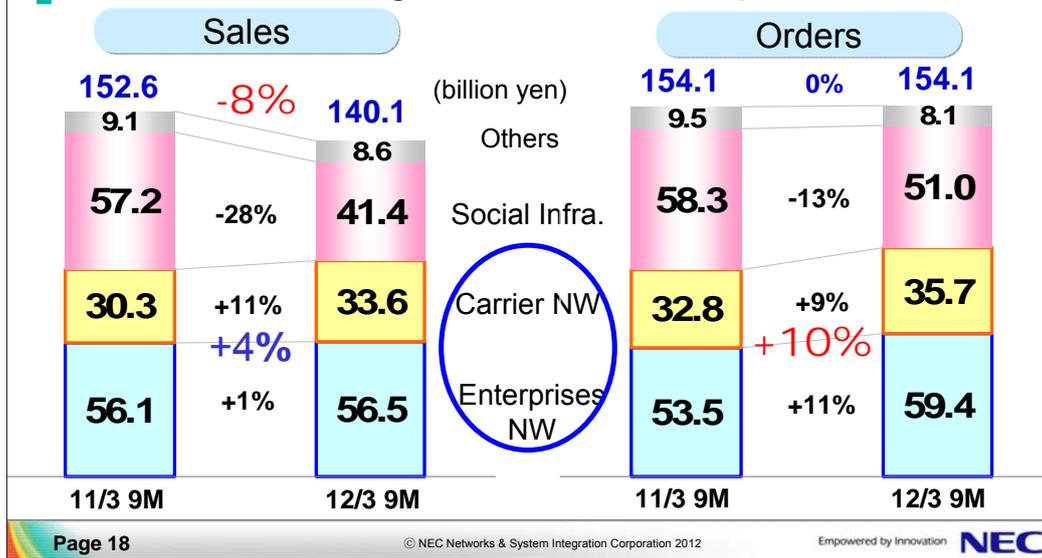
On the other hand, from the user's perspective, the use of smart terminals can be an important tool in changing work styles as part of our enterprise solutions. Using tablets as a solution to make meetings more efficient and productive and other such uses of smart terminals to improve work styles can be quickly linked to proposals by putting them into practice from user perspectives.

We can make use of our unique position, seeing things from both the carrier's and the enterprise's perspective, to expand our business.

Results of Current FY (9 Months) for Growth

-8%: Sales decreased due to one-time decrease in Social Infra. affected by earth quake etc.

+10%: Orders of growth business expanded



This graph shows the progress we have made using this strategy through the three quarters.

Through the three quarters of the current fiscal year, total sales have fallen by 8%. This is because Social Infrastructure, which is inherently a stable business, has suffered a temporary impact from emergency budget review of the government, following the earthquake.

However, as a result of the strategies I have already mentioned, orders for Enterprises Network and Carrier Network have increased by double digits to 10% growth. We expect Social Infrastructure to recover in the next fiscal year and I will aim to achieve more vigorous growth.

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Next, I would like to explain how we plan for further growth.

Strong Financial Position

“A” class credit rating

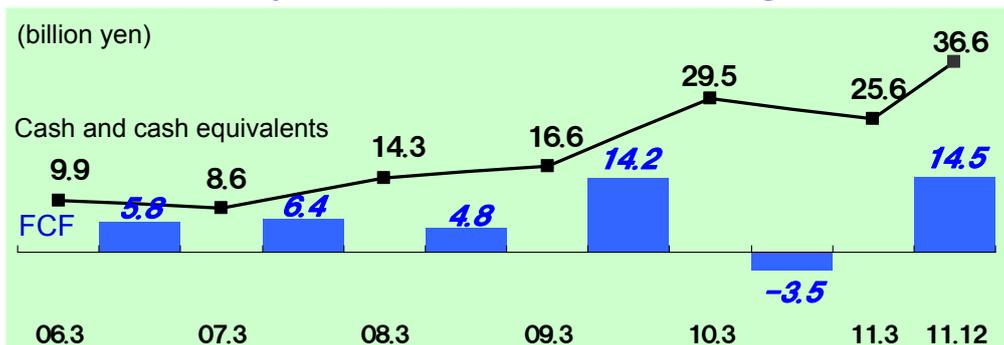
: “A-” by R&I (Rating and Investment Information, Inc.)

Cash & cash equivalents over debt

: Net Cash Yen 32 bill., Cash/Equity 47%

(as of end of December 2011)

Ability to use financial leverage



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Empowered by Innovation **NEC**

One of the Company’s strengths is our financial position.

We have been rated in the A category by the widely recognized Japanese rating agency, R&I. This is the highest rating allowed for any company our size.

Although there are fluctuations due to the timing of collections from long-term projects, because of our stable cash flow, net cash on hand is about ¥37 billion while our cash/equity ratio is the 47% figure shown at the beginning.

If we include the use of financial leverage in addition to cash on hand, we have some ¥50 billion available for growth investments, about equal to the Company’s market capitalization.

Active Investment in Growth

Using cash and financial leverage for growth

Recent investment examples

● For existing business fields

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

-West-Japan data center
-Kanto 2nd data center

Smart-office investment
in new head office

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

- BPO business
- Consulting
- Sales/marketing capability, etc.

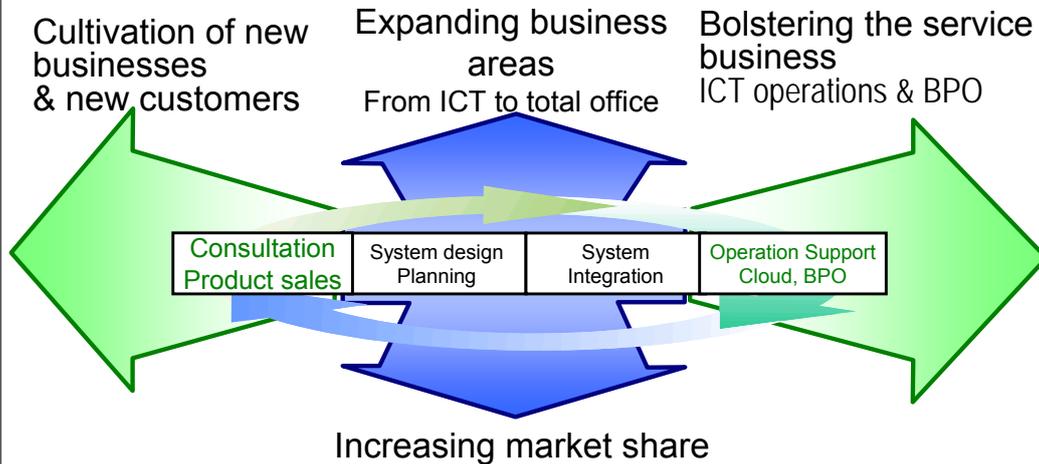
Acquisition of DAIICHI AD SYSTEM

We are aggressively capitalizing on this financial strength for growth. One way to do this is by strengthening our existing businesses and, as we have shown, we have implemented growth investments since last year.

Another way is to acquire resources in new fields. December 2010, we bought Daiichi Ad System, which has a blue chip client base and operational know-how gained from operating contact centers. We are studying the aggressive pursuit of M&A if we can find targets with synergies in consulting and sales force improvement, even outside the business process outsourcing (BPO) field.

Direction for Business Growth

Accelerating expansion in consultation and operation services through M&A and other strategic investment



This chart shows the various directions in which we can expand our business.

System design and planning has been our company's specialty and we are expanding this business by widening the field and by increasing market share.

In addition, we can expand our business by developing new customers and new businesses in upstream businesses such as consulting while, in downstream service fields, such as BPO, we can supplement areas where the Company does not have sufficient resources through M&A.

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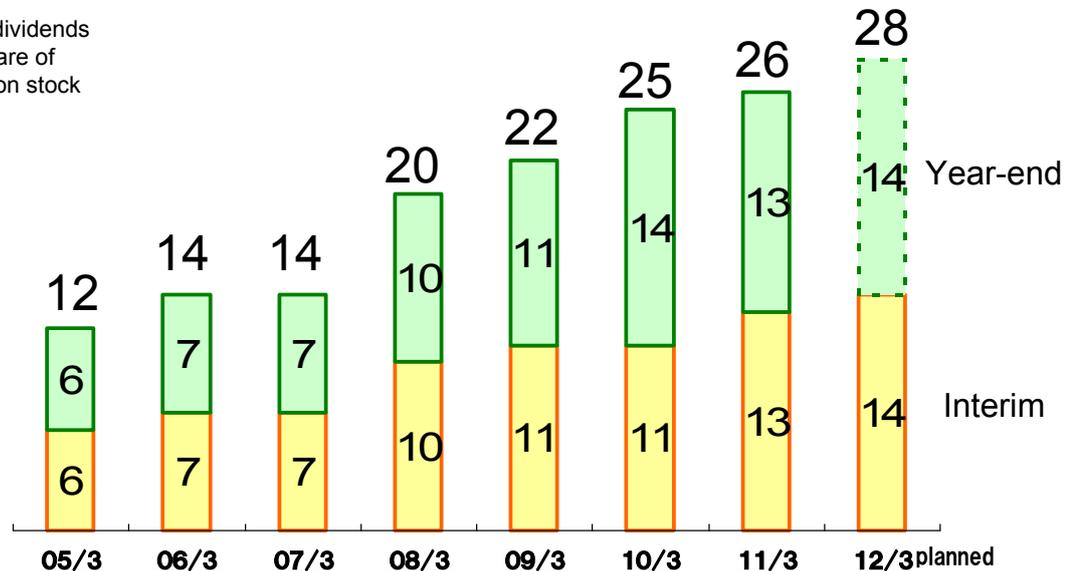
Finally, I'd like to talk about our policy on shareholder returns and the current valuation of the Company's shares.

Dividends

*Forecasts are as of January 26, 2011

■ Increase direct return to shareholders, while focusing on boosting corporate value through growth investment.

Cash dividends per share of common stock (yen)



With regard to dividends, while we stress stability, we have gradually increased dividends in line with improved profitability.

While we think it is necessary to increase shareholder returns going forward, we are currently concentrating on expanding corporate value by making growth investments. We plan to strike a balance between these investments and producing a return that will keep our shareholders happy.

At the End

We pursue further growth & profitability

(Bill. Yen)	Information & Communication				Construction	
	CTC	Netone	Otsuka Corp.	NEC NW&SI	KyowaExeo	Comsys
Sales	283.1	130.9	478.2	217.9	282.2	315.5
YoY	-2.5%	5.2%	3.2%	-3.5%	0.1%	-1.9%
Operating Income	21.3	5.7	23.1	10.8	12.4	11.8
to Sales	7.5%	4.4%	4.8%	5.0%	4.4%	3.7%
Net Income	11.5	2.9	12.7	* 4.7	7.8	9.5
to Sales	4.0%	2.2%	2.7%	2.2%	2.8%	3.0%
ROE	7.4%	5.2%	11.3%	6.3%	7.6%	6.1%
PER (times)	19.6	30.5	14.3	11.7	9.5	11.8
PBR (times)	1.4	1.5	1.6	0.7	0.7	0.7

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

※FY11.3 results (excluding Otsuka: FY11.12). PER, PBR based on 2/15,2012 price (Yahoo)

I would like to compare our results and share valuation to other companies.

At the beginning of this presentation, I introduced the figure, 0.7 times. This is the Company's price/book value ratio which is exactly the same level as other telecom construction companies.

However, last October (October, 2011), the Company's shares were moved from the Construction industry group to the Information and Communication industry group on the Tokyo Stock Exchange.

Our profitability has been improving continuously.

But, in the Information and Communication industry group, we expect that we will get even further improvement in profitability along with the sales growth discussed earlier.

Thank you for your attention.

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>