Financial Information Meeting for Fiscal Year 2005 (Year ended March 31, 2006)

Shigeru Suzuki

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NS Solutions Corporation

FORWARD-LOOKING STATEMENTS

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the "Company") or its officers in terms of its operation and financial condition. Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.

FY2005 Consolidated Results Highlights

Billions of yen

	FY04 Actual A	FY05 Actual B	Change B-A	FY05 Previous outlook C	Change B-C
Sales	146.5	148.3	+ 1.8	150.0	- 1.7
Business solutions	81.9	84.0	+ 2.1	84.5	- 0.5
Platform solutions	25.7	24.2	- 1.5	26.0	- 1.8
Business services	38.9	40.1	+ 1.2	39.5	+ 0.6
Gross profit	29.5	30.5	+ 1.0	30.5	+ 0.0
<Gross profit margin>	<20.1%>	<20.6%>	<0.5%>	<20.3%>	<0.3%>
SG&A	17.8	18.4	- 0.6	18.7	+ 0.3
Operating income	11.7	12.1	+ 0.4	11.8	+ 0.3
Recurring profit	11.8	12.4	+ 0.6	12.0	+ 0.4
Net income	6.6	7.5	+ 0.9	7.2	+ 0.3

FY2005 Sales by Business Line/Customer Industry

Billions of yen

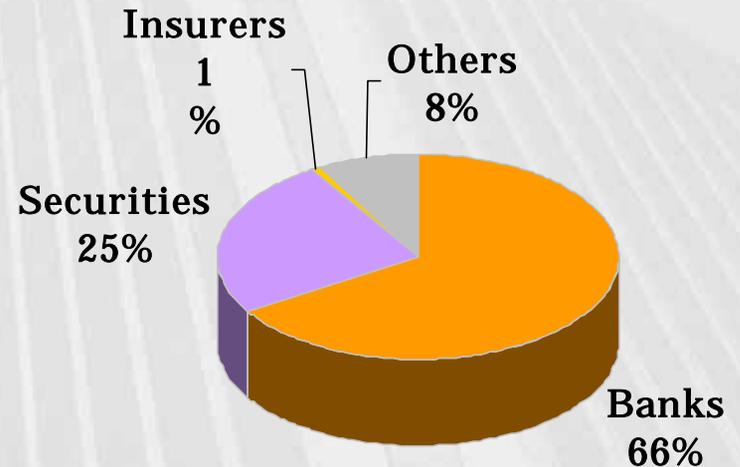| Business line/ Customer industry		FY04 Actual A	FY05 Actual B	Change B-A	Comment
Business solutions		70.6	72.0	+ 1.4	
	Manufacturing, distribution and service industries	32.8	36.6	+ 3.8	Increase in system development from scratch for large manufacturers
	Financial services	19.4	19.6	+ 0.2	Mainly mega banks set a firm trend
	Government, public organizations and others	18.4	15.8	- 2.6	Decrease in sales to central government
Platform solutions		23.2	21.5	- 1.7	Product sales decreased
Business services		38.1	39.6	+ 1.5	Increae in sales to Nippon Steel Group companies
Non-consolidated sales		131.9	133.1	+ 1.2	
Subsidiaries, net		14.6	15.2	+ 0.6	
Consolidated sales		146.5	148.3	+ 1.8	

FYO5 Breakdown of Sales to Manufacturing, Distribution and Service Industries, and Financial Services

Manufacturing, distribution and service industries

- Auto and auto parts 9%
- Electric appliances and high tec 25%
- Wholesale and retail 9%
- Foods industry 4%
- Service industry 24%
- Power companies and railroads 5%
- other manufacturing 24%

Financial Services

- Insurers 1%
- Others 8%
- Securities 25%
- Banks 66%

FY2005 Consolidated Operating Income Breakdown

Year on year

Billions of yen

Subcontract and material cost reduction, and others +0.3

Shift to high value added businesses +0.7

Gross profit increase relative to sales increase +0.4

Investment to reinforce business structure -1.0

¥0.4 bn.

10.0

FY04
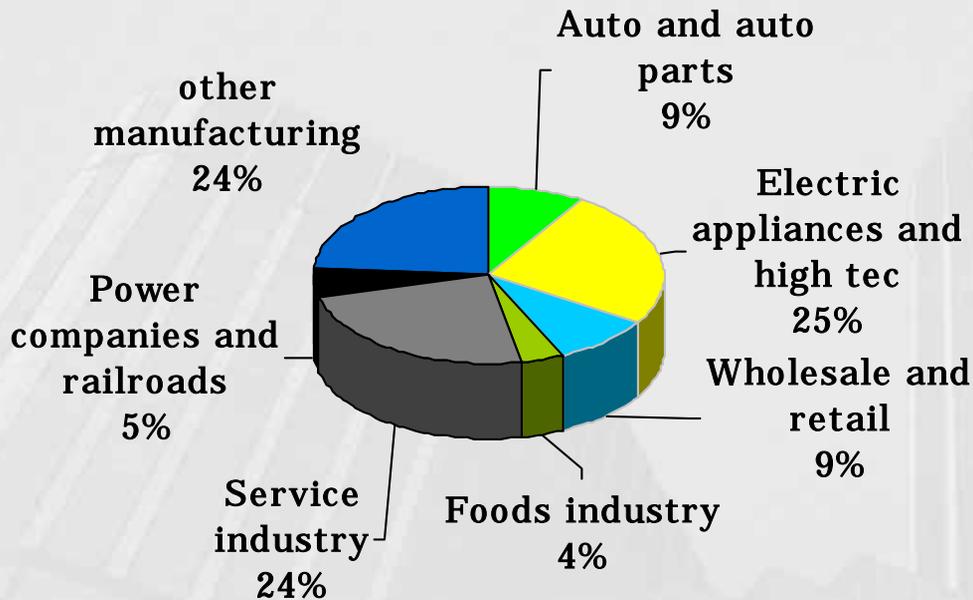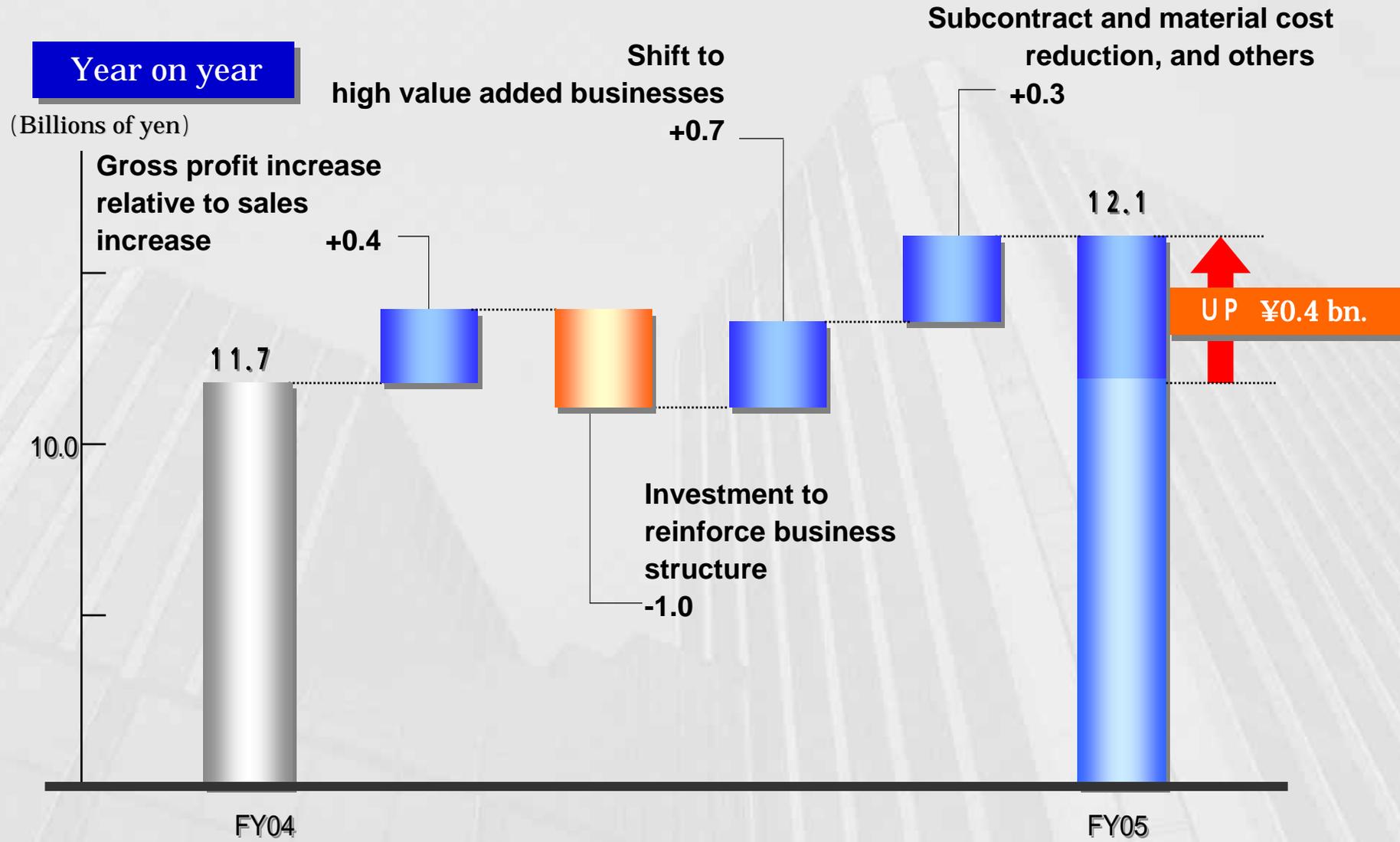
FY05

Outlook for FY2006 Consolidated Results

Billions of yen

	FY05 Actual A	FY06 Outlook B	Change B-A
Sales	148.3	152.0	+ 3.7
Business solutions	84.0	86.5	+ 2.5
Platform solutions	24.2	24.5	+ 0.3
Business services	40.1	41.0	+ 0.9
Gross profit	30.5	31.4	+ 0.9
<Gross profit margin>	<20.6%>	<20.7%>	<0.1%>
SG&A	18.4	19.0	- 0.6
Operating income	12.1	12.4	+ 0.3
Recurring profit	12.4	12.5	+ 0.1
Net income	7.5	7.0	- 0.5

Market Trends by Business Line/Customer Industry are…

Business line/ Customer industry		Market trend	Market direction
Business solutions	Manufacturing, distribution and service industries	Clients have strong will for IT investment in system renewal, logistics, CRM, PLM and so on.	
	Financial services	Mainly mega banks have started to expand strategic IT investment	
	Government and public organizations	Movement for reforming government's procurement system. Intensifying price competition.	
Platform solutions		Movement for IT infrastructure improvement and integration under broadbandization Enhancing security	Engineering Product sales
Business services		Market for data center service is expanding Needs for various utility services	

CRM: Customer Relationship Management PLM: Product Lifecycle Management

Outlook for FY06 Sales by Business Line / Customer Industry

Billions of yen

Business line/ Customer industry	FY05 Actual A	FY06 Outlook B	Change B-A	Comment
Business solutions	72.0	73.5	+ 1.5	Growth mainly in manufacturing and finance industries
Manufacturing, distrubution and service industries	36.6	37.5	+ 0.9	
Financial services	19.6	20.0	+ 0.4	
Government, public organizations and others	15.8	16.0	+ 0.2	
Platform solutions	21.5	22.0	+ 0.5	Increase in enjineering and product maintenance businesses
Business services	39.6	40.5	+ 0.9	Growth in non-Nippon Steel businesses
Non-consolidated sales	133.1	136.0	+ 2.9	
Subsidiaries, net	15.2	16.0	+ 0.8	
Consolidated sales	148.3	152.0	+ 3.7	

FY2006 Consolidated Operating Income Breakdown

Year on year

Billions of yen

Gross profit Increase relative to sales increase +0.7

Structural reform of clients and projects Selection and concentration /offshore system development, etc. +0.2

BCM-related expense - 0.3

New data center-related cost - 0.3

¥0.3 bn.

10.0

* Investment to reinforce business structure started in FY05 is still continued in FY06

FY05

FY06

BCM: Business Continuity Management

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Outlook for FY2006 Semiannual Consolidated Results

Billions of yen

	FY05 Actual		FY06 Outlook		Change	
	1H A	2H B	1H	2H	1H	2H
Sales	64.8	83.5	66.0	86.0	+ 1.2	+ 2.5
Business solutions	33.6	50.4	33.5	53.0	- 0.1	+ 2.6
Platform solutions	12.3	11.9	12.5	12.0	+ 0.2	+ 0.1
Business services	18.9	21.2	20.0	21.0	+ 1.1	- 0.2
Gross profit	13.4	17.1	13.5	17.9	+ 0.1	+ 0.8
<Gross profit margin>	<20.7%>	<20.5%>	<20.5%>	<20.8%>	<- 0.2%>	<+ 0.3%>
SG&A	8.8	9.6	9.1	9.9	- 0.3	- 0.3
Operating income	4.6	7.5	4.4	8.0	- 0.2	+ 0.5
Recurring profit	4.8	7.6	4.5	8.0	- 0.3	+ 0.4
Net income	2.7	4.8	2.5	4.5	- 0.2	- 0.3
Order backlog at beginning of period	35.5	45.4	38.0	———	+ 2.5	———

FY2005 Major Business Strategies

1. Enhancing technical capabilities to develop systems in an organized way

2. Going ahead with our plan to set up modern software factory

3. Strengthening consulting capabilities

4. Establishing sales process

5. Performing ARM & SLC-T task force activities

6. Creating brand-new solutions

7. Setting up and strengthening NSSLC Service Corp.

- Above programs have developed as planned at the beginning of FY05.
- We've invested ¥1.0 bn. to reinforce our business structure.

ARM : Account Relationship Management

SLC-T : System Life Cycle Total Solution

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FY2006 Basic Policy for Business Operation

Structural reform of clients and projects

Background

Market expands, but the limit of our human resources.

- Projects are growing in size
- Products' margins are getting lower
- A larger number of clients

Policy

- Selection and concentration of industries and clients
- Shift to large-scale and high value added businesses
- Shift from selling products to engineering and maintaining products

FY2006 Major Business Strategies

1. Enhancing technical capabilities to develop systems in an organized way

2. Strengthening sales efforts

3. Incubating and enlarging service businesses

4. Carrying forward business continuity management

5. Going ahead with management of subcontractors

Enhancing Technical Capabilities to Develop Systems in an Organized Way

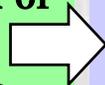|	2006/3	200 /3
1. Setting the standard of system development	**Setting the standard of SLC** 1 Development process Task Deliverable	• Spreading internally • Establishing internally • Continue to improve system development process **Setting the standard of IT infrastructure engineering and system operation**
2. Sharing know-how internally	D-PMO Liaison Conference 2 Institution of technical advisory	• Case study and technical information exchange • Role sharing between NS Solutions, its subsidiaries and partner firms
3. Realizing the concept of modern software factory Tools for Project management Tools for auto-generation Environment for dispersed development	• Doing R&D	• Trying pilot projects

1 SLC:System Life Cycle   2 D-PMO: Division-Project Management Office

Strengthening Sales Efforts

2006/3	200 /3
Introducing sales processes by using Sales Force Automation	●Establishing sales process ●Assembling database for sales promotion knowledge ●Developing education program for sales promotion ●Improving consulting methodology

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Incubating and Enlarging Service Businesses

Expanding data center service menu

- New data center started operations
- Disaster recovery service to start

Incubating and enlarging professional network services

- Developing various utility services
- Security services and network performance evaluating services

Establishing the operating base of NSSLC Service Corp.

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ying forward Business Continuity Management

We go ahead with BCM, as preparing master plan and constructing cooperative framework between business unit, subsidiaries and headquarters.

Risk management for reliability of financial reporting

- Assessing design and implementation of internal control
- Standardizing business processes

Risk management for information asset security

- Improving security measures
- Enhancing PDCA system

Risk management for disaster

- Making up business continuity plan for disaster
- Setting up disaster recovery sites

Promoting BCM solutions for clients

Going ahead with Management of Subcontractors

Tightening compliance control

- Following Act Against Delay in Payment of Subcontract Proceeds, etc. and Worker Dispatch Law

Management system for subcontractors

- ID system and visitor's pass management

E-learning

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Workplace environment and motivation

We prohibited late-night overtime (22:00-5:00) and holiday work

We recommend our staff members to take a nine straight day vacation

2 Organization and equipment

We've set up Business Continuity Management Group in October 2005

We've improved new data center facilities (started operations in January 2006)

3 Alliances

Electronic publication   Takara Printing Co., Ltd. and Teikoku Databank, Ltd.)

Responding to J-SOX Law   Protivity Japan Co., Ltd.

Expanding business in China Shanghai Baosight Software Co., Ltd.)

Network performance evaluating solution Shunra Software Ltd.

Policy on Profit Sharing

♢We provide stable dividends to shareholders

and maintain internal reserve for expanding

business activities in the future, etc.

♢Sales and profit increased year on year.

♢Distributing profits among shareholders

We plan to increase an annual per-share dividend.

2006/3		2007/3
¥25.00 per share	→	¥35.00 per share

http://www.ns-sol.co.jp/