

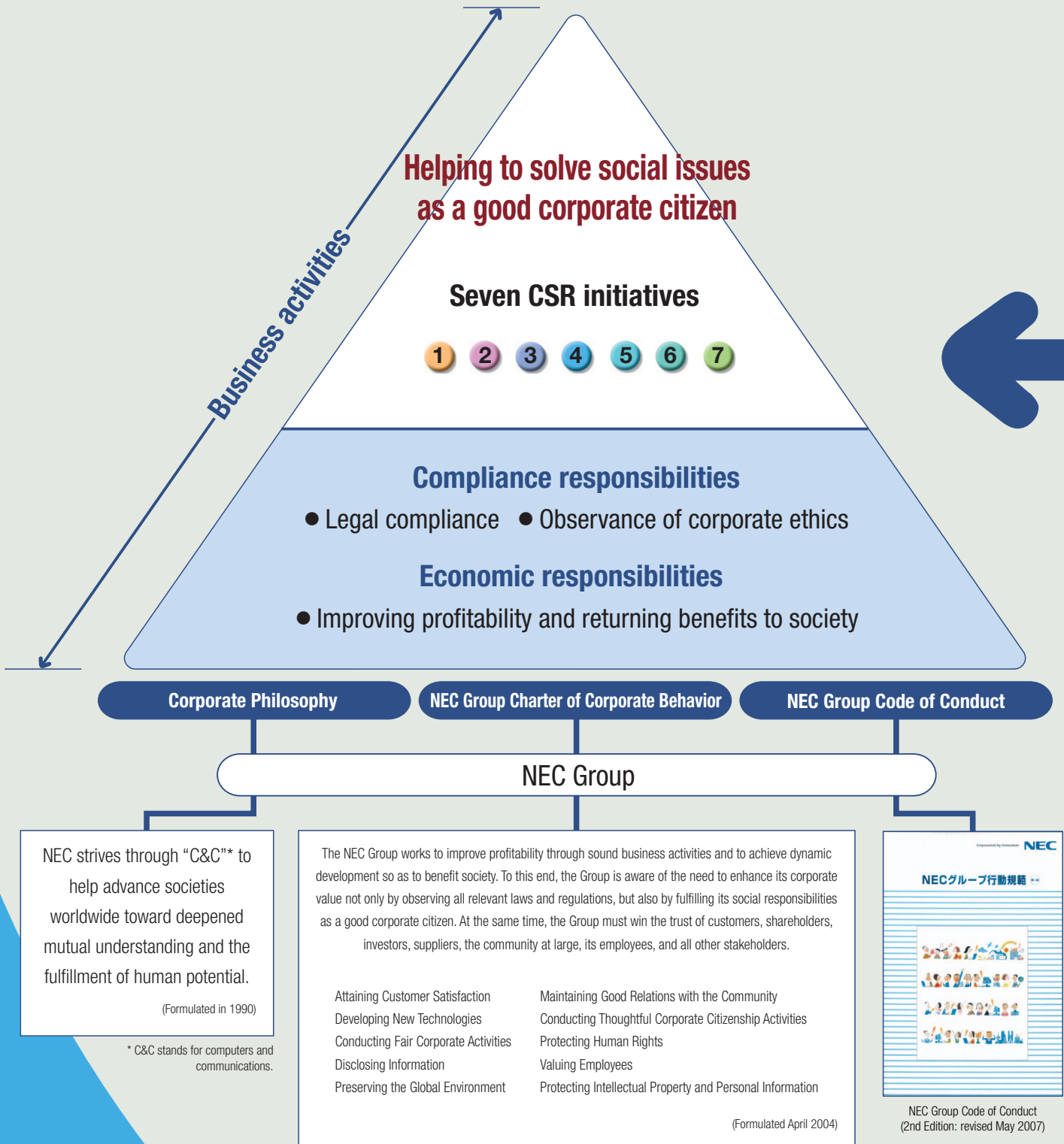


NEC CSR Digest 2007
Year ended March 31, 2007

Empowering Society With Innovation

NEC's Corporate Social Responsibility

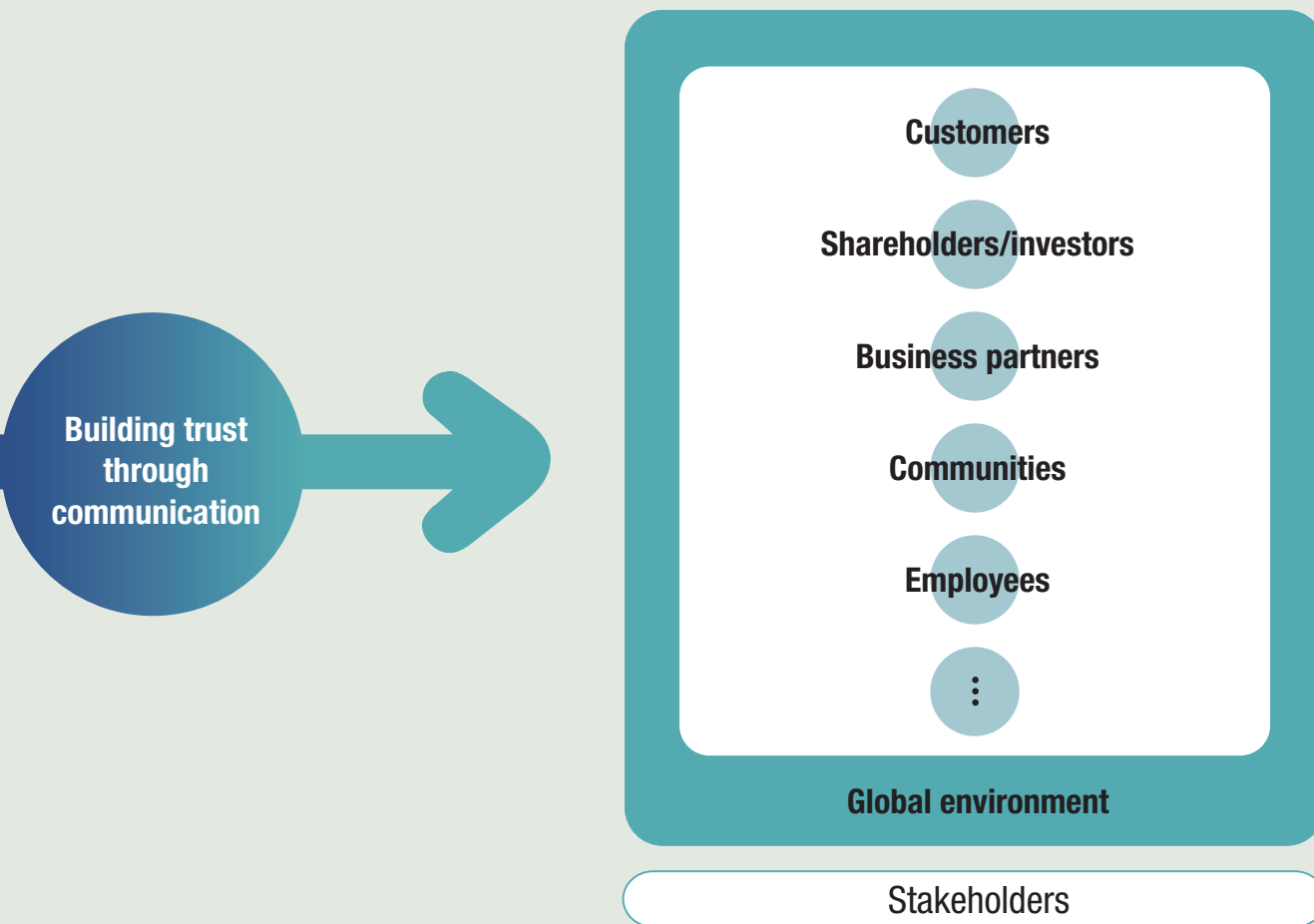
Sustainable development of society and the NEC Group



At NEC, Corporate Social Responsibility (CSR) means raising the quality of how business is conducted and managed. As a leading provider of IT, network and semiconductor solutions, the organization relies on its Corporate Philosophy and its Charter of Corporate Behavior and Code of Conduct policies to fulfill the company's compliance and economic responsibilities. Through the development of innovative technologies, NEC intends to help establish a secure, reliable ubiquitous networking society* and help solve various social issues.

NEC proactively discloses information on CSR activities and related accomplishments to fulfill the company's accountability to its stakeholders. Through open dialog, NEC is able to form strong customer relationships built on trust as well as increase its corporate value and achieve sustainable growth to the benefit of society.

~Realizing a secure, reliable ubiquitous networking society~



Seven CSR initiatives

- Initiative **1** Build Reliable Information and Communications Infrastructure → P10
- Initiative **2** Provide Multifaceted Security → P12
- Initiative **3** Include Everyone in the Digital Society → P14
- Initiative **4** Address Climate Change and Environmental Preservation → P16
- Initiative **5** Strengthen Risk Management and Compliance → P18
- Initiative **6** Earn Customer Trust → P21
- Initiative **7** Empower Our People → P22

* Derived from the Latin word ubique ("everywhere"), "ubiquitous" refers to something that can be found everywhere. NEC envisions an environment where anyone can access information networks anytime, anywhere—and calls this environment a ubiquitous networking society. Current efforts to realize a ubiquitous networking society focus on connecting home appliances, computers, mobile phones and other equipment to the Internet so that information, services and communications are available irrespective of time or location.

The Pursuit of CSR-driven Management

~Paving the Way for Sustainable Development of the NEC Group and Society~



Kaoru Yano

President, NEC Corporation

Inseparable from Society

Companies owe their very existence to society. They must recognize and conduct activities in accordance with the principle that their existence is inseparable from the existence of customers, business partners, society and the environment. I have repeated this message to employees on various occasions as I believe this point is a key prerequisite for fulfilling NEC's corporate social responsibilities (CSR).

Given that our existence is inseparable from society, what are our corporate social responsibilities? This can be answered from two perspectives.

The first pertains to compliance, specifically the observance of laws and regulations as well as social norms and business ethics. In addition to the obvious duty of legal and regulatory compliance, behaving in line with the changing mindset and rules of societies worldwide is indispensable to gaining society's trust and maintaining NEC's existence as a business leader.

The second relates to corporate accountability, particularly the implementation of business activities that benefit customers, society and the environment. With globalization driving scientific and technological progress and economic development, widespread prosperity is achievable. However, social and economic problems have emerged preventing this from occurring, such as climate change, poverty, human rights violations, cyber-crime and information security concerns.

As a company that owes its existence to society, I believe that NEC must help to solve these problems. The NEC Corporate Philosophy summarizes our mission: "NEC strives through "C&C" to help advance societies worldwide toward deepened mutual understanding and the fulfillment of human potential." This is the foundation of NEC's corporate social responsibility. We must be deeply conscious of our mission and work wholeheartedly toward its realization.



President Yano speaks to employees at the CSR Convention on May 11, 2007.

Promoting CSR as the Base for All Corporate Activities

In fiscal 2008, NEC has clearly positioned CSR as the base for all its activities and is implementing activities accordingly.

Our first priority is to enforce compliance. We are taking various initiatives to revise internal systems and procedures and step up compliance training for corporate officers, employees, NEC subsidiary companies and business partners. As we work to foster an open and transparent corporation, I, together with the rest of senior management, will take the initiative to drive home the message that compliance is our top priority.

As NEC intends to fulfill its corporate social responsibilities through business activities, we are currently implementing a medium-term business strategy to achieve a ubiquitous networking society based on Next Generation Networks (NGN), where people can freely communicate anytime, anywhere and enjoy various services securely. We must first identify from among the many issues confronting society the key issues that are material to and high priorities for our stakeholders and NEC.

NEC is currently focused on the following initiatives: (i) Build Reliable Information and Communications Infrastructure; (ii) Provide Multifaceted Security; (iii) Include Everyone in the Digital Society; and (iv) Address Climate Change and Environmental Preservation. Some of these activities are detailed in this report.

Contributing to Society through Innovation

Innovation lies at the heart of NEC's corporate DNA and is the driving force behind CSR-related activities. The NEC slogan "Empowered by Innovation" reflects the company's philosophy that our entire business is aimed at empowering customers with innovation and contributing to a more dynamic society. NEC intends to use the ingenuity of various innovative business practices, including new technologies and daily operations, to solve issues confronting customers. We plan to lead the way

into the future and achieve positive, dynamic changes within society by working with our customers.

Passion for innovation is a guiding principle that I hold close to heart. One of my favorite phrases is "everyday is a new day." In conversations with employees and on other occasions, I constantly encourage employees to "create a better tomorrow." By improving teamwork among the 155,000 members of the NEC Group, and by working to develop new combinations of technologies and ideas, we are completely dedicated to achieving innovation for customers, society and the environment.

Stakeholder Dialogue as a Source of Innovation

In working to achieve innovation, it is important that we remain highly sensitive to customer needs and larger developments within society. Each division within the NEC Group aims to maintain an active dialogue with various stakeholders. Such dialogue provides an opportunity to develop greater sensitivity to changes in society. This enables us to better understand how our activities relate to society and how we can be of greater benefit to society.

In closing, I ask all NEC stakeholders for their continued understanding and support.

June 2007

Kaoru Yano

President, NEC Corporation

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Corporate Facts/Segment Information/External Ratings and Reviews

NEC is reporting on CSR activities and achievements for fiscal 2007 (the fiscal year from April 1, 2006 to March 31, 2007) in NEC Annual CSR Report 2007 (available electronically online) and NEC CSR Digest 2007 (this report). NEC views these reports as important communication tools essential to earning the trust of all stakeholders supporting its business activities.

NEC Annual CSR Report 2007

From fiscal 2005 to fiscal 2007, we published the NEC Annual CSR Report in print. However, NEC Annual CSR Report 2007 will be issued at the end of August 2007 and only available on our website.

This report provides information about corporate governance, ethics, compliance, risk management, information security, stakeholder-specific activities (customers, shareholders and other investors, business partners, local communities, employees), and environmental activities. Details on policies, systems, measures, targets and achievements in each area are disclosed in accordance with management cycles with reference to *GRI Sustainability Reporting Guidelines 2006*.

An independent review of the report by an NPO (non-profit organization) is also included.

For further details, please view NEC Annual CSR Report 2007 at the following URL:

URL <http://www.nec.co.jp/csr/en/>

NEC CSR Digest 2007

In fiscal 2008, NEC is publishing its first CSR Digest to report on initiatives to address social and CSR-related issues material to our stakeholders and NEC (see p. 8).

The report provides references to the company's website, indicated by a **URL** mark, signifying that additional details or relevant information are available electronically.

Scope of Report

The content solely relates to NEC Corporation in certain sections but also includes subsidiary companies in other sections. For information covering a specific set of NEC and subsidiary companies, the scope of such information has been explicitly defined in each relevant section. Unless noted otherwise, NEC refers to NEC Corporation and its subsidiary companies in this report.

Reference Guidelines

GRI Sustainability Reporting Guidelines 2006, the 2006 international guidelines for sustainability reports published by GRI (Global Reporting Initiative).

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Statements in this report other than historical or current facts are forward-looking statements based on NEC's assumptions and beliefs in light of information currently available. We caution that these forward-looking statements are subject to changes in business conditions and other factors.

CSR Promotion Policies and Framework

Three Basic CSR Promotion Policies

Since April 2004, NEC has been conducting the following activities in line with its basic CSR promotion policies:

(1) Strengthen CSR-related risk management

NEC is strengthening risk management and compliance to ensure that it does not cause problems for customers or other stakeholders due to an incident or wrongdoing attributable either to a product or service supplied by NEC or to the actions of NEC employees. In the event of a problem, NEC strives to ensure a swift and transparent response, and prevent any recurrence.

(2) Promote activities aimed at creating value for society

NEC as a good corporate citizen is taking active steps to help solve social issues through innovation in its business activities.

(3) Deepen CSR-related communication

NEC actively discloses everyday activities to stakeholders in publications such as the NEC Annual CSR Report to fulfill its accountability to them by explaining such activities. By incorporating stakeholder feedback into business activities and using it to improve CSR-related initiatives, NEC aims to form relationships built on trust with stakeholders.

Basic CSR Promotion Policies



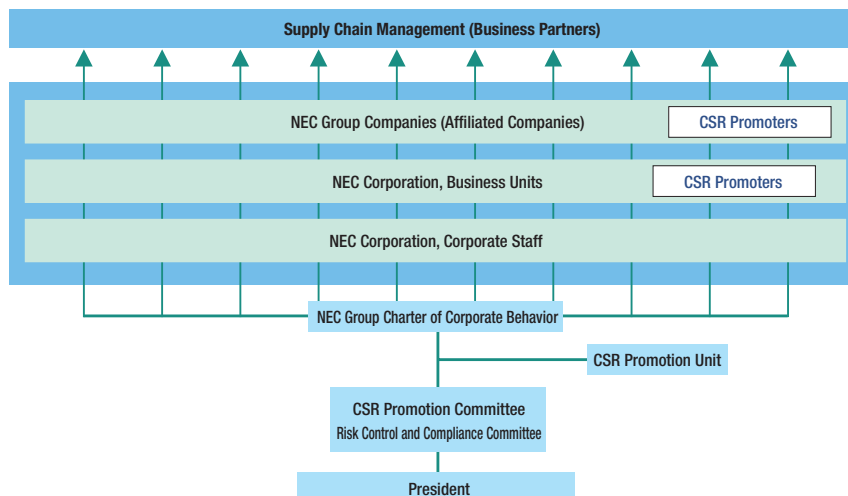
Framework for Promoting CSR-driven Management

- **CSR Promotion Committee:** Chaired by the executive with responsibility for CSR, this committee includes the president, senior executive vice president, the heads of each Business Unit (BU) and the executive responsible for NEC Corporation corporate staff divisions. Meeting as a rule twice a year, it is a forum for discussions on important matters relating to the promotion of CSR-driven management.
- **Risk Control and Compliance Committee:** Chaired by the executive with responsibility for CSR, this committee includes the executive responsible for NEC Corporation corporate staff divisions. Meeting as

a rule every month, it is a forum for studying and discussing important matters relating to the promotion of risk management and compliance across the NEC Group.

- **CSR Promotion Unit:** This unit oversees and coordinates the promotion of CSR across the NEC Group.
- **CSR Promoters:** Managers responsible for CSR promotion are in place at all BUs and NEC Group companies. At each organization, CSR Promoters play a central role in developing and managing CSR-related systems and mechanisms.

NEC's organizational framework for promoting CSR-driven management is shown below (as of April 2007).



Three-Year Activity/Progress Review and the Next Step

Past Activities (FY2005–2007)

FY2005–2006 Activities

In April 2004, we formulated the NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct policies. We also established an organizational framework for promoting CSR-driven management and formulated basic CSR promotion policies (see the previous page).

Furthermore, we established priority areas for risk management and began using CSR self-checklists to assess related risks as a way of identifying issues and promoting internal awareness. Additionally, recognizing the importance of educational and awareness-raising activities for employees, we organized web-based training courses for all NEC Corporation employees in Japan on elements of CSR such as corporate ethics, the environment and information security. We also held participatory CSR workshops for CSR Promoters (including events for the six overseas regions of North America, Europe, China, Southeast Asia, Latin America and Oceania).

In addition, we formulated the Supply-chain CSR Guidelines for NEC suppliers and published the NEC Annual CSR Report as part of efforts to step up disclosure of CSR-related information to stakeholders.

FY2007 Activities

We established Key Performance Indicators (KPIs) to assess progress on measures to reduce risk. We improved the effectiveness of CSR self-checklists as self-diagnostic tools. In terms of educational and awareness-raising activities, we expanded the program to NEC's overseas operations by setting up web-based training programs for employees in North America, Europe and China.

Elsewhere, NEC actively participated in the planning and production of a guidebook for supply-chain CSR promotion that was published in August 2006 by the Japan Electronics and Information Technology Industries Association (JEITA). We used our own

checklist based on the JEITA guidebook to conduct a questionnaire-based survey of 20 NEC suppliers based in Japan and overseas whose activities are significant from a CSR perspective. The survey covered the status of their CSR-related activities. The aim was to foster a deeper awareness on the part of business partners that could lead to CSR-related improvements in the NEC supply chain.

We have also upgraded the quality of the NEC Annual CSR Report by promoting the description of CSR-related activities based on PDCA cycles (clarification of results and goals).

Based on the results of activities through fiscal 2007, we have identified three main issues that have emerged regarding promotion of CSR at NEC: (1) reinforce compliance; (2) expand CSR-related activities to the entire NEC supply chain; and (3) promote CSR-related initiatives through NEC business activities.

FY2005~2006

● Systems/framework development

- Formulated NEC Group Charter of Corporate Behavior and NEC Group Code of Conduct
- Established CSR Promotion Unit and CSR Promotion Committee; formulation of basic policies, etc.

● CSR-related risk management and compliance

- Formulated CSR-related self-checklists for NEC group companies in Japan and overseas
- Implemented educational and awareness-raising activities (workshops, e-learning courses, etc.)



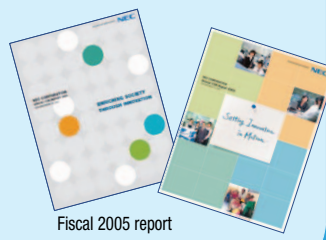
CSR Workshop

● Supply chain-related CSR initiatives

- Revised NEC Group Procurement Policy
- Formulated Supply-chain CSR Guidelines

● Communication with stakeholders

- Publication of NEC Annual CSR Report



Fiscal 2005 report

Fiscal 2006 report

Fiscal 2007

● CSR-related risk management/compliance

- Established priority risk KPIs; Improved CSR self-checklists
- Developed e-learning courses for overseas operations

● Supply chain-related CSR initiatives

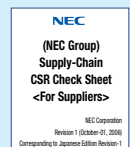
- Conducted industry-wide collaboration through JEITA
- Initiated CSR-related activity status surveys

● Communication with stakeholders

- Improved quality of Annual CSR Report (PDCA-based content, etc.)



Fiscal 2007 report



Future Activities (FY2008–2010)

Strengthen Risk Management and Compliance

Aiming to establish an integrated risk management system for the NEC Group, we are moving quickly to set up a system to manage risks comprehensively at the group level, in addition to managing risks individually. Other initiatives include the formulation of risk management methods, efforts to deepen compliance activities, clarification of important response measures in instances of corporate wrongdoing and the promotion of business continuity planning (BCP).

Furthermore, we recognize that the development of CSR-related activities in NEC's supply chain is an urgent issue. We plan to send CSR activity status surveys to more suppliers (including approximately 70 priority suppliers during fiscal 2008). We also regard industry-wide collaboration as an important way of making supply-chain initiatives more effective. We are looking at possible ways of extending progress in

Japan to overseas markets through initiatives such as development of the Electronics Industry Code of Conduct (EICC).

Reinforce CSR Initiatives through Business Activities

The realization of a secure, reliable ubiquitous networking society is the main social responsibility that NEC intends to fulfill through its business activities. To this end, we are promoting implementation of CSR-related initiatives through NEC business activities related to the following (see p. 10–17 of this report):

- Build reliable information and communications infrastructure
- Provide multifaceted security
- Include everyone in the digital society
- Address climate change and environmental preservation

Deepen Communication with Stakeholders

With the NEC Annual CSR Report, we are enhancing disclosure based on the most material issues for society and NEC. In fiscal 2008, NEC published this CSR Digest in line with this principle. Moving forward, plans call for the formulation of CSR-related disclosure guidelines for the NEC Group and clarification of disclosure standards to step up the disclosure of information at the group level. In addition, we plan to become more actively engaged in dialogue with stakeholders so that we can incorporate more stakeholder feedback into business activities.

FY2008~2010

The Next Step

● Strengthen risk management and compliance

- Establish integrated risk management framework for NEC group
- Expand and deepen supply chain-related activities

● Deepen communication with stakeholders

- Improve disclosure of information on CSR-related issues considered important to stakeholders and to NEC (e.g., publication of CSR Digest)
- Formulate CSR-related disclosure guidelines for NEC group
- Strengthen two-way stakeholder communications

● Reinforce CSR initiatives through business activities

- NEC's business activity-related social responsibilities
⇒ Realization of a secure, reliable ubiquitous networking society
- Major domains of activity (see p. 10–17 of this report)
 - Build reliable information and communications infrastructure
 - Provide multifaceted security
 - Include everyone in the digital society
 - Address climate change and environmental preservation

Innovation

Realizing a Secure, Reliable Ubiquitous Networking Society

Advances in information technology and networks have transformed society by producing major changes in people's lifestyles, business operations, and social infrastructure. NEC is currently focusing on Next Generation Networks (NGN*), which will significantly enhance the quality and reliability of current information and network technologies. NGN is set to provide secure, reliable, user-friendly and convenient infrastructure to enable the ubiquitous networking society. In addition to bringing major benefits to enterprises, individuals, and others, NGN has the potential to solve various social issues.

With NGN as its core growth driver, NEC is working to expand business and raise profitability. At the same time, we aim to actively contribute to society through NGN-centered business activities. This involves clearly identifying material issues for our stakeholders and the company, considering potential contributions, and working together with stakeholders, such as customers, on developing innovative solutions to each issue.

This section takes a close look at NEC's seven main CSR initiatives. Four of these (1–4) are implemented through NEC's business activities, whereas the other three (5–7) relate to the basis behind these business activities.

* NGN (Next Generation Networks): This new infrastructure, which incorporates IT into networks, will enable people to use information in a reliable, secure, user-friendly and convenient manner while leveraging the strengths of existing networks.

Initiative Selection Criteria

■ Stakeholder interests and social concerns

- Stakeholder opinions on previous Annual CSR Reports, evaluations and independent reviews by CSR experts
- Topics raised in CSR surveys by SRI (Socially Responsible Investment) -related research organizations and news media
- News media and Internet reporting; ISO (International Organization for Standardization) debate on formulation of social responsibility guidelines, etc.

■ NEC's perspective

- Impact of business activities on society and global environment
- Medium-term growth strategy
- Effects on financial performance and brand value

Seven CSR Initiatives

1 Build reliable information and communications infrastructure

Ubiquitous networks will bring more complexity and diversity to various types of communication, making an ultra-reliable information communications infrastructure one of the key objectives. NEC seeks to apply innovation to develop NGN-centered infrastructure to support a secure, reliable ubiquitous networking society.

2 Provide multifaceted security

Even as the ubiquitous networking society makes life more convenient for people, providing security to prevent crime, terrorism, information leaks and other problems will become increasingly necessary. Social etiquette and ethical concerns will also assume greater importance. By deploying advanced security technologies and acting as a responsible corporate citizen, NEC aims to help people lead more secure lives.

3 Include everyone in the digital society

The digital society will highlight economic and digital divides that prevent some people from deriving benefits from its realization of convenient, affluent lifestyles. Through the application of information and network technologies, NEC will remain a good corporate citizen by helping to ensure that the benefits of the digital society enhance the lives of all people irrespective of their circumstances, including seniors, people with disabilities and citizens of developing nations.

4 Address climate change and environmental preservation

Human activities are now recognized worldwide as a cause of climate change in the form of global warming. The significant link between economic activities and CO₂ emissions has become a particularly serious social issue. NEC is not only reducing internal CO₂ emissions, but also working to supply original IT-driven technologies that help to lower CO₂ emissions across

society. NEC is also looking at ways of using IT-based approaches to tackle other effects of climate change. Elsewhere, NEC is engaged in activities to reduce CO₂ directly, including tree-planting programs in various parts of the world.

5 Strengthen risk management and compliance

Developing more secure internal systems and procedures across the NEC Group is a premise for contributing to finding solutions to social issues. NEC continues to strengthen risk management and compliance practices to ensure that the management of the business is always sound from the standpoint of society.

6 Earn customer trust

Companies owe their existence to society. NEC must therefore pay attention to society in the course of managing its business operations, taking into account not just its own customers, but customers further down the value chain. NEC considers customer value from a social perspective and seeks to work with customers to find solutions to social issues. Accomplishing this goal requires strong customer relationships built on trust. NEC is continually focused on building customer trust through initiatives targeting increased customer satisfaction (CS), quality and security.

7 Empower our people

Employees form the foundation that underpins NEC's business activities. NEC is working to promote quality workplaces that respect diversity and to cultivate HR on a global basis. Programs to maintain the health and safety of employees are ongoing. NEC also encourages employees to participate in local volunteer activities to promote greater consideration of the relationship with society and sensitivity to social needs.

Secure, Reliable NGN to Accelerate Emergence of Convenient, User-Friendly Ubiquitous Networking Services

Emergence of Ubiquitous Networking Services

Ubiquitous networking services provide user-friendly convenience to anyone, anytime, anywhere. Such services are progressively becoming more familiar to people in Japan, heralding the emergence of the ubiquitous networking society. For example, the various functions provided by Suica*¹ IC cards (issued by East Japan Railway Company) have been integrated with mobile phones in Mobile Suica*¹ services. These allow users to pay for train or bus rides by swiping a special panel with an enabled handset, or even to use mobile phones to purchase items in stores.

Socially transforming changes such as these are set to accelerate in the future due to ongoing NGN development.

*¹ Suica and Mobile Suica are registered trademarks of East Japan Railway Company.

NEC: Embarking on a Path toward the NGN Frontier

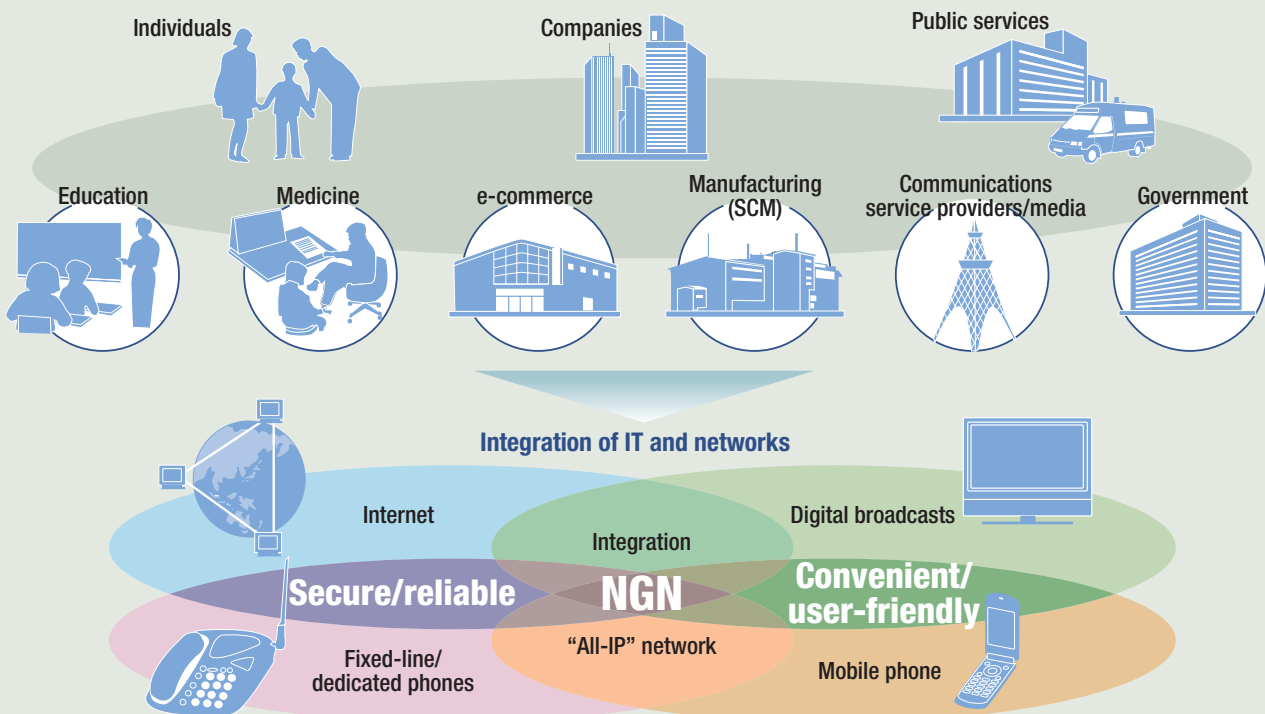
Today, besides the Internet, we are seeing many types of communication adopt digital technology, including fixed-line and mobile telephony and television broadcasts. The time is approaching when separate communications networks will be combined into a seamless whole using IP (Internet Protocol) technologies. This concept summarizes the basic rationale behind NGN.

The most important feature of NGN will be the integrated combination of various technologies to ensure that networks always deliver reliable quality of service (QoS) as well as security functions. This is the key to realizing a society based on secure, reliable, high-quality ubiquitous networking.

Utilizing computing and network technology built up over 30 years, NEC is developing products and solutions*² that will form the core of future NGN. NEC has already taken the first steps on the path toward this new frontier.

*² Solutions: Solutions refer to information systems designed to solve operational issues. Based on customer requirements, NEC designs such systems and combines all the necessary elements (hardware, software, communication connections and support services) to provide an entire solution.

NGN: realizing a secure, reliable, user-friendly, and convenient ubiquitous networking society



Initiative 1

Build Reliable Information and Communications Infrastructure

NEC is constructing NGN-centered information and communications infrastructure as the base for a secure, reliable ubiquitous networking society. NGN are composed of two layers: a network platform to provide secure, reliable communications and a service platform to deliver convenient, user-friendly services. Leveraging a broad base of experience and expertise accumulated over many years, NEC supplies NGN-compatible network products that offer high reliability and speed together with service platform solutions for constructing optimal systems quickly and at low cost.

NGN-based Network and Service Platforms: Bringing the Best of NEC to Life

NEC's Efforts to Increase "All-IP" Network Reliability

NGN refer to Next Generation Networks based on Internet Protocol (IP). IP is designed to provide a common protocol for enabling communications between computers. It is the technology at the core of today's Internet. However, IP is not without problems: it can be difficult to maintain network quality and there are various security weaknesses. Finding solutions to such problems requires sophisticated expertise and broad experience in IT and networks.

Since its establishment in 1899, NEC has been closely involved in the realization of the networks that support modern society, from fixed-line telephones to telephone exchanges, mobile handsets and ultra-fast fiber-optic networking equipment. Since the 1970s, NEC has also developed a huge variety of IT products that have become indispensable to society, such as mainframes, PCs and supercomputers.

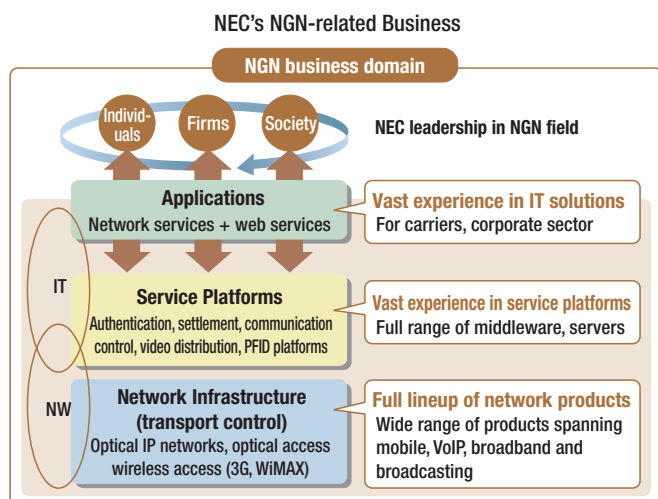
NEC has integrated IT and network technologies as only it can to create products that play a vital role in improving NGN reliability. In March 2007, NEC launched the NC5000 series of software products, which help to realize a high quality of service (QoS) for communications over large-scale IP networks while providing authentication functions to prevent unauthorized access (see p. 11).

Systematic Service Platforms Based on a Wealth of Experience

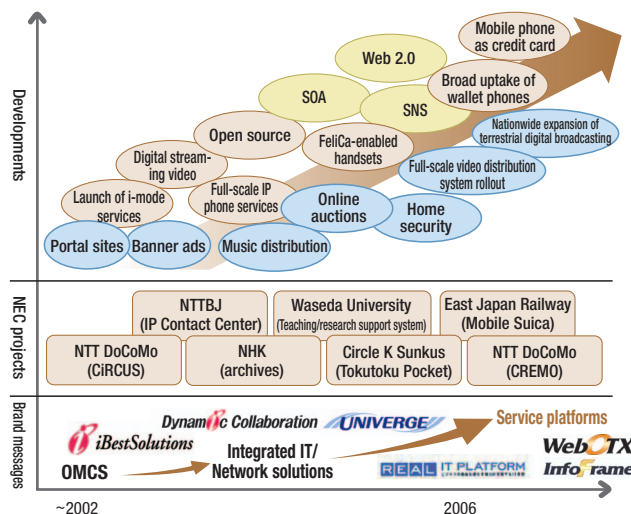
NEC is taking the approach of openly sharing innovative technologies, which has become widely established with the emergence of the Internet, to the next level. Specifically, NEC is working to standardize various technologies developed in the worlds of IT and networks and to use them to supply products and services that will accelerate the emergence of NGN, which will deliver open service platforms to users. One of the main ways of achieving this objective is the "service platform solution."

By constructing highly reliable systems using technology based on open standards and by integrating IT and networking technologies, NEC has always sought to provide solutions optimized to society's needs. For example, the Mobile Suica service platform incorporates NEC technology.

NEC seeks to meet such social demands by supplying service platform solutions that enable the widespread use of such technologies across various applications.



Service Developments in Japan and NEC's Achievements



99% of IP Phone Spam Detected and Blocked

In January 2007, the Network Laboratories of NEC Europe Ltd. developed VoIP SEAL™, the world's first technology for preventing IP phone spam. This major breakthrough will make VoIP conversations more secure and reliable.

URL <http://www.nec.co.jp/press/en/0701/2602.html>

The NC5000 Series: Realizing High-Quality, Secure, and Reliable NGN

Transport control software for NGN realization

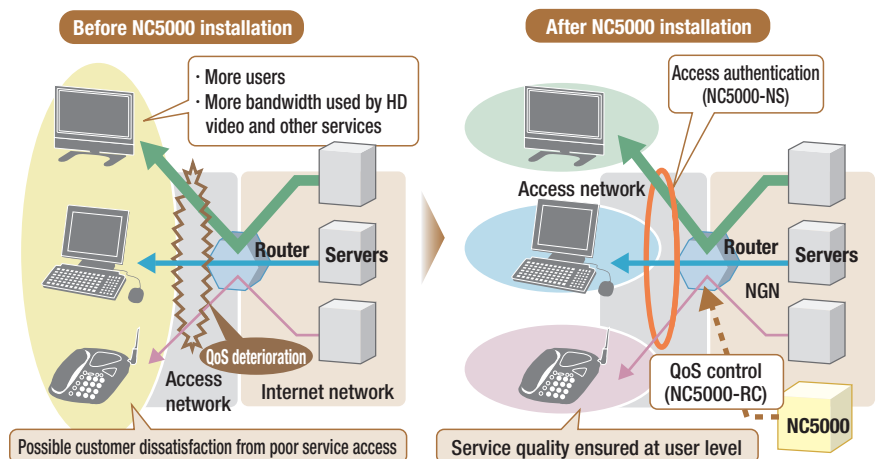
In March 2007, NEC launched the NC5000 series of transport control software as a core technology for realizing high quality, security and reliability—all of which represent NGN's greatest advantages. This product delivers the QoS control and access authentication functions for NGN. Network bandwidth prioritization prevents problems such as signal interruption in IP phone conversations and provides sufficient QoS to enable high-quality video distribution. This enables the provision of IP phone services with high sound quality and high-definition broadcasting over network television. Access authentication functions facilitate the management of basic information, such as the IDs of registered NGN users and service contract details. By authenticating access whenever any user terminal connects to the NGN, these functions also help to prevent unauthorized access.

These functions permit users to access various services with just a single ID, including fixed-line and mobile telephony, Internet and network television. This will help to achieve a ubiquitous networking society that is not only secure and reliable but also user-friendly and convenient.

Convergence of NEC Reliability and International NGN Standards

The NC5000 series is compatible with international standardized NGN specifications (ITU-T/3GPP/3GPP2) to enable fully interactive connectivity and scalability across the network. On the software development front, one feature of the NC5000 series is that it realizes an open system grounded on NEC's reliability, which has been cultivated by developing telephone exchanges over many years. The redundancy built into the system provides a measure of security along with rapid service restoration capabilities, thus enabling a level of service comparable to that of fixed-line telephone networks.

Communications quality maintained using NC5000



Kazumi Aimoto
Project Manager
1st Network Software Division
NEC Corporation

We believe the NC5000 series will contribute to secure, reliable NGNs around the world.

I think the emergence of NGNs to create "all-IP" networks linking the whole of society is a development that is unprecedented in human history. Personally, I am delighted to be part of the team that developed this product, which not only meets the needs of the times but also promises to be vital to the construction of highly reliable social infrastructure. We believe the NC5000 series will contribute to the security and reliability of networks around the world.

Security, although seemingly straightforward, is required in many different situations. Through business and corporate citizenship activities, NEC provides various groups of people with security technologies, knowledge and expertise tailored to a wide range of related security needs, from the national level to information security for enterprises and other organizations and security in daily life.

National ID Systems: Building National Security and e-Government Infrastructure

National ID Systems Based on Fingerprint Identification Technology Introduced Worldwide

Fingerprint identification technology has recently started to become prevalent in Japan in places such as bank ATMs as a security measure to prevent misuse. Elsewhere around the world, governments are embracing large-scale national identification systems based on the technology to raise national security and improve public services.

NEC has been involved for many years in the development of fingerprint matching systems mainly for use in crime investigations. NEC has supplied such systems in Japan and 24 other countries around the world. Our technology in this field has proven world-class accuracy. For instance, our fingerprint matching system ranked first in a related technical evaluation project undertaken in 2004 by the U.S. National Institute of Standards and Technology (NIST).

South Africa introduced a national identification system in 2002 based on NEC's fingerprint identification technology. The project involved constructing a database of some 45 million people to expanded and improved delivery of government services. Additional systems will be installed in 2007 to ensure continuity of service in the event of a natural disaster or other contingency.

City of Guayaquil, Ecuador in South America Using ID System to Improve Delivery of Public Services

In many countries around the world, an ID card is often the only way for a citizen to prove his or her identity for the purpose of receiving government

services. Since services span areas such as medical care, education and pensions, ID cards are becoming a necessity of life. In the South American country of Ecuador, the metropolitan government of Guayaquil, the country's economic capital, initiated a project in November 2006 to create IC-enabled identity cards as a means of improving the provision of public services. NEC Argentina S.A. is participating in the project, which involves building a public-access database for the two million residents of Guayaquil. NEC has also developed a fingerprint identification system and an e-government application to support the electronic registration of city residents.

An individual's fingerprint is recorded in the database at the time of applying for the ID card. By making the process completely electronic, the time from application to card issuance has been shortened from around two months to less than one hour. Since the fingerprint identification system provides a highly secure means of confirming a person's identity, the new system helps to prevent fraudulent ID card duplication and identity theft. The city government's administrative reform has enabled swifter provision of public services using advanced security, thus contributing to a better quality of life for city residents while realizing world-class security. From the project's inception to the end of April 2007, the city government has issued 100,000 new ID cards and this figure continues to climb. NEC Argentina has introduced ID systems in the state of Rio Grande do Sul in Brazil and in El Salvador. Other governments in the region are now considering the introduction of similar systems.



We hope this new technology lays a foundation for creating a better future.

NEC Argentina's
Guayaquil ID Project Team:
(top, from left)
Project managers
E. Moressi, M. Tamanti
Sales consultants
H. Coiro, F. Fandiño
(bottom, from left)
System developers
E. Marabini, A. Daniela (Ms.)
D. Rodrigo

Despite being able to benefit in our everyday lives from various services due to the spread of the Internet, we felt that government services remained an area of great inconvenience, especially the application and issuance systems for identity cards. By alleviating this inconvenience, the new technology offers the next generation a better life. We are confident that our efforts will lay a foundation for creating a better future.

NEC Kids Internet Safety Program



NEC has partnered with the NPO Japan Guardian Angels to provide classes teaching children how to enjoy the Internet safely under the NEC Kids Internet Safety Program. In fiscal 2007, the program organized classes in 23 schools for approximately 900 elementary schoolchildren and their guardians. In fiscal 2007, a trial extension of the program was held that included classes for seniors. Cumulative attendance has reached 7,865. **URL** <http://www.nec.co.jp/csr/en/>

Virtual PC-type Thin Client System: Boosting Safety, Reliability and Multimedia Capabilities

Thin Client System Helps to Reinforce Information Security

In recent years, there have been a series of incidents involving leaks of personal information and other sensitive data. Companies and local governments are increasingly anxious to protect information. Furthermore, various legal changes in Japan, notably the enforcement of the Company Law in May 2006 and the enactment of the Financial Instruments and Exchange Law in June 2006, have placed stricter demands on internal control systems to manage information securely.

There has been growing attention on thin client systems consisting of servers that centrally manage data and applications and thin client terminals with no memory devices. With this kind of system, users are unable to extract or store data locally since all data and applications are kept on a centralized server. This can boost information security significantly. Another potential advantage is a substantial reduction in operating costs, since running the operating system and applications and handling data management, system security and software upgrades can all be done at the server level.

However, thin client systems have been hampered by several factors, including a lack of multimedia capabilities (to enable use of online video distribution or IP phone services) and high set-up costs. Consequently, while the need for this technology has been recognized, system installa-

tions have been limited.

In response, NEC has brought together advanced technologies in IT, networks and semiconductors to develop a breakthrough product that puts the necessary system components onto a single chip. In November 2006, NEC launched Virtual PC Center, a virtual PC-type thin client system that functions as a next-generation client environment. This system features devices such as the US100 module that contains this new LSI chip.

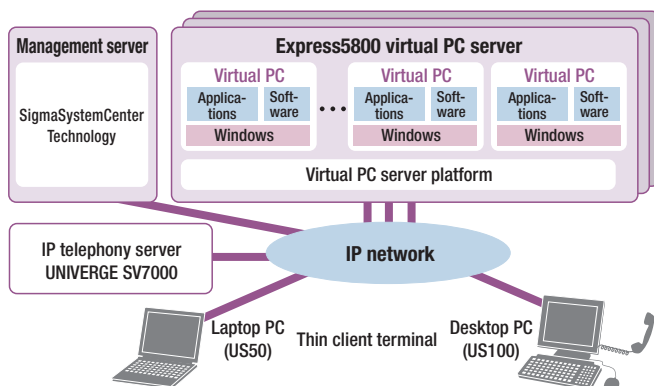
System-on-a-chip Technology Used in New Terminals to Overcome Issues

The newly developed chip integrates the basic functions for thin client terminals with video, IP phone and other multimedia capabilities on a single chip. This allows smooth video playback and high-quality phone conversations at the same level of performance as a regular PC. At the same time, NEC has managed to reduce the initial cost significantly using an ultra-compact, simplified design. Another major attraction of the terminal is its low power consumption of only 13W (maximum).

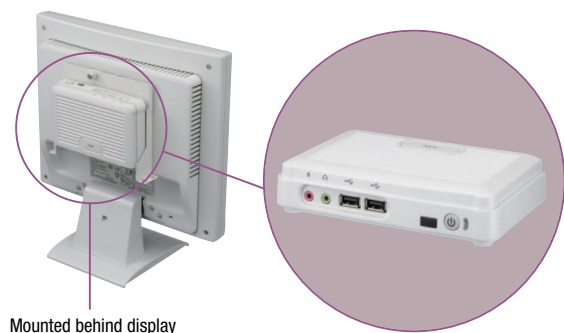
These various efforts have helped to significantly lower hurdles to installing thin client systems.

NEC has been conducting operations based on this thin client system in Japan, the United States, Europe and the Asia-Pacific region. The move promises to address the needs of societies worldwide by providing enhanced information security on a global scale.

Solution Based on Virtual PC Center



US100 thin client terminals



URL <http://www.nec.com/vpcc/>

Initiative
3

Include Everyone in the Digital Society

Information technology and networks are helping to achieve a more sophisticated digital society and are paving the way for all people to benefit from digitization. For instance, NEC's Pasolink point-to-point microwave wireless access system is being used as communications infrastructure in 124 countries worldwide, including industrialized and developing nations.

Furthermore, the "iCamEasy" voice guidance system uses real-time, high-precision image-recognition technology to help create barrier-free zones for people with visual impairments. Elsewhere, NEC is involved in several corporate citizenship activities that aim to create a ubiquitous networking society at the grassroots level.

Bringing Point-to-point Microwave Wireless Access Systems to the World

Contributing to the Construction of Mobile-phone Base Station Networks Worldwide

NEC has long been involved in developing microwave communications systems for use in backbone communications networks. Today, we supply products to countries worldwide. One noteworthy product is Pasolink, a point-to-point microwave wireless access system that we began supplying in 1986. Since then, the product has made a major contribution in the rapid expansion of mobile-phone networks in both industrialized and developing nations. In fiscal 2007, cumulative system shipments topped 500,000 units.

One of the main reasons for the popularity of Pasolink is its resistance to breaking down; in other words, it is highly reliable. Damage to mobile phone networks can cause major opportunity losses for the communications carriers who are our customers. Pasolink systems are manufactured at NEC Group companies, where advanced quality control and management systems ensure the reliability of each product.

As a communications system linking base stations, Pasolink offers cost effectiveness, simple installation and maintenance, and flexibility with respect to system changes. These benefits allow Pasolink to meet the technical demands of increasingly sophisticated networks while facilitating the construction of social infrastructure at a reduced cost. The name Pasolink derives from the concept of forming personal links. Today, it is used as a basis for ubiquitous global communications, allowing people throughout the world to communicate anytime, anywhere.

Communications Infrastructure for Developing Countries

For many developing countries, the economic cost of installing fixed-line telephone networks on par with developed nations is extremely high. In contrast, because telephone services can be launched much faster with mobile phone networks by simply installing base stations in each region, demand for mobile-phone networks has outpaced fixed-line telephone networks in many developing markets.

The spread of mobile-phone networks has contributed greatly to the development of communications infrastructure linking people and regions. The resulting benefits are an enhanced quality of life for users and a stronger economic base.

NEC hopes to continue contributing to the development of global communications infrastructure so that more people and regions can forge deeper ties.



"Pasolink" helps to connect people worldwide

Export Shipment Volumes

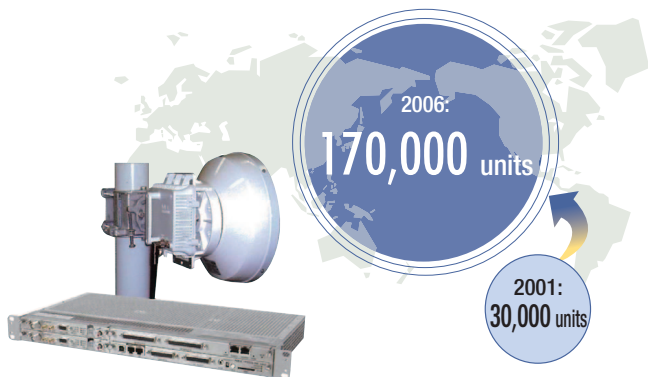
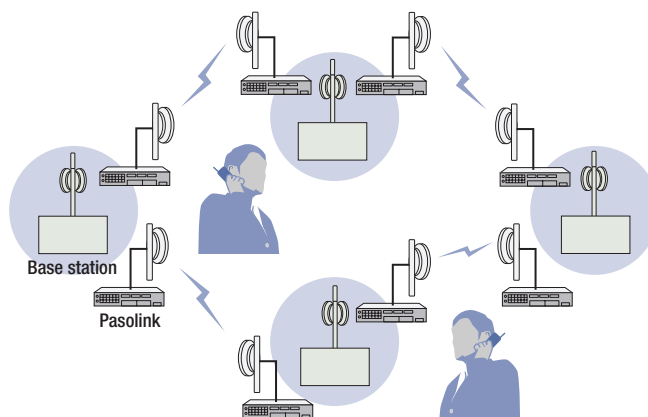


Illustration of Mobile Phone Network



URL <http://www.nec-pasolink.com/>

Helping to Create a Ubiquitous Networking Society at the Grassroots Level

Since 2003, NEC has been involved in digital inclusion programs training mothers with small children, seniors and people with disabilities to use personal computers. NEC Group employees have also volunteered to help provide PC instruction classes for seniors and people with disabilities as part of the NEC Make-a-Difference Drive program. In fiscal 2007, approximately 1,000 people attended such classes.

● NEC IT Training for Mothers Raising Small Children

Lack of IT skills can be a barrier to those thinking of reentering the workforce once children have reached school age. Working together with Niiza Kosodate Network, an NPO, and regional childcare groups, NEC organizes PC classes with nursery care services to enable mothers with small children to acquire IT skills in a relaxed atmosphere as a way of boosting future employment opportunities.

The program offers approximately 10 classes per year. (In fiscal 2007, 10 classes were held for a total of 161 participants.)



● NEC Senior IT Supporter Training Workshops

PCs can be a valuable means of communication for seniors and people with disabilities. Organized with local NPOs, the workshops are held across Japan training seniors interested in making a social contribution and who have the requisite IT skills to help people with disabilities and seniors use PCs. During fiscal 2007, a total of 161 people attended 9 classes. In addition, approximately 250 people participated in a Senior IT Supporter Forum.



URL <http://www.nec.co.jp/csr/en/>

Voice Guidance System for People With Visual Impairments: Creating Barrier-free Zones Using Image-recognition Technology

iCamEasy System: Image-recognition Technology With Broad Applications

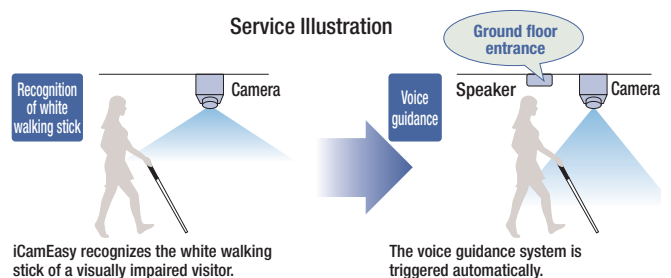
Image-recognition technology allows a computer to identify certain objects and visual phenomena by processing images captured using a camera. In the past, the technology has been used mainly to perform sophisticated medical procedures. However, the emergence of low-cost, high-performance PCs is now broadening the use of the technology.

NEC began offering the iCamEasy system as an image-recognition solution in 2000 to provide image-recognition technology to a broader range of areas. The first application of iCamEasy was a voice guidance system for people with visual impairments. This endeavor successfully realized a simple, low-cost image-recognition solution in an area where the cost threshold had previously been high.

There are around 300,000 people in Japan with sight-related disabilities. Although the installation of Braille signage is gradually expanding barrier-free zones for visually impaired persons, many barriers still remain that impede safe walking. To solve this problem, NEC developed computer image-recognition technology to identify white walking sticks in images captured by a camera. Recognition of a white walking stick automatically triggers a voice guidance system. The technology is robust enough to recognize a non-stationary white walking stick under varying weather and lighting conditions.

When the system was installed in 2001 at the entrance to an underground pedestrian walkway along National Route 13 (Heiwa Dori) in the city of

Fukushima (Fukushima Prefecture), it was positively received. The system has since been installed in certain government buildings in Nanao (Ishikawa Prefecture) and Niigata (Niigata Prefecture). In February 2007, the system was installed in the Chiyoda ward office in Tokyo, a large complex that also houses central government offices. The system promises to improve access to various government services for people with disabilities.



Hiroki Kosuge
Assistant Manager
Government, Community, Financial and Carrier Solutions
NEC Corporation

Persistent research and work were the keys to developing a useful system.

One of the rules for developers is that, no matter how advanced the technology, a truly useful system cannot be created unless the needs of the users are understood. For this system, we talked to people with visual impairments to find out the problems they faced and their needs. We then designed the system and conducted beta tests which led to various improvements. These efforts made me appreciate the importance of developing technology based on actual user needs. Moving forward, we will apply what we learned from this experience to various other projects.

NEC is taking a direct approach to environment management to achieve sustainable management by minimizing its environmental impact and making the most efficient use of resources in its business activities. This approach also aims to contribute to the development of a sustainable society by helping customers and society to reduce their environmental impact using IT solutions, our business domain. The NEC Group is making a concerted effort to implement environmental management to achieve carbon-neutral status.

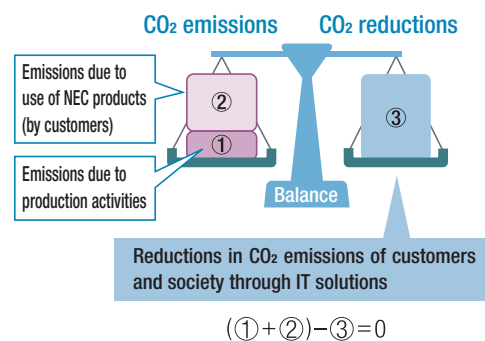
Reducing Net CO₂ Emissions to Zero by 2010 (NEC Environmental Management Vision 2010)

NEC formulated NEC Environmental Management Vision 2010 in fiscal 2003 as a long-term business vision based on the concept of environmental management. Recognizing the need for NEC to make an ongoing contribution to the development of a sustainable society, this vision contains the specific target of helping to prevent global warming by reducing NEC's overall net impact on CO₂ emissions to zero by 2010. To achieve this goal, NEC will take the following three actions:

- (1) Reduce CO₂ emissions in business activities by installing co-generation systems, promoting production innovation and taking other steps
- (2) Promote energy-efficient equipment to reduce CO₂ emissions due to the use of IT equipment by customers

- (3) Reduce CO₂ emissions of customers and society by supplying IT solutions

NEC Environmental Management Vision 2010 (Targets)



Adapting to Future Climate Change

Company efforts to respond to climate change mostly involve programs to reduce CO₂ emissions. However, even if CO₂ emissions-reduction programs are started immediately, the benefits will not be instantaneous. Meanwhile, according to forecasts, CO₂ concentrations in the atmosphere are projected to continue rising, increasing global warming.

NEC believes that in addition to measures to mitigate CO₂ emissions, it is important to implement "adaptive measures" to cope with the projected impact of current climate change trends.

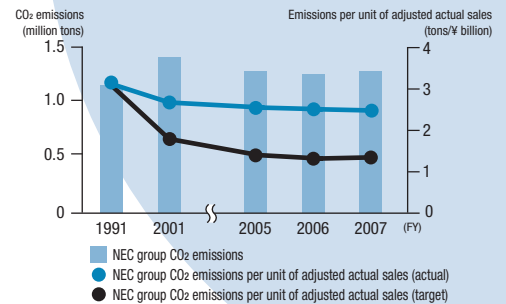
During fiscal 2006, we initiated an adaptive response program to address in a steady manner the various effects climate change is expected to produce. In the first year of this program, we surveyed the projected impact of global warming. In fiscal 2007, based on the results of the survey, we conducted an analysis of the risks and opportunities

for the NEC Group. We plan to implement specific adaptive measures beginning in fiscal 2008.

Analysis of Risks and Adaptive Measures (extract)

Phenomena/ prediction	Risks	Adaptation	
		Measures	Opportunities
GHG emissions controls	<ul style="list-style-type: none"> · Limits on business scale · Emissions restrictions · New carbon taxes · Rapid/significant tightening of rules on power consumption of IT products 	<ul style="list-style-type: none"> · Collect/analyze information worldwide on degree/pace of regulatory tightening · Develop technology early 	<ul style="list-style-type: none"> · New business models and demand for new styles of working · Expanded use of emissions management solutions · Demand for ultra-energy-efficient technology
Increase in water damage	<ul style="list-style-type: none"> · Business continuity (including supply chain) 	<ul style="list-style-type: none"> · Assess dangers and risk; consider water supply at any new sites · Study relocation options at existing sites 	<ul style="list-style-type: none"> · Demand for disaster-resistant PCs and communications equipment

1.29 Million Tons



CO₂ Emissions Performance

Despite ongoing efforts to reduce energy consumption through production innovation activities, higher production of semiconductors and other factors resulted in a 1% increase in CO₂ emissions due to energy consumption during fiscal 2007, to 1.29 million tons in absolute terms.

Preserving the Global Environment through Innovation

Development of Rechargeable Batteries for Electric Vehicles

NEC Lamillion Energy, Ltd. has jointly developed lithium-ion batteries for electric vehicle (EV) projects with The Tokyo Electric Power Co., Inc. and Fuji Heavy Industries Ltd.

Unlike gasoline-powered vehicles, EVs produce hardly any CO₂ emissions and none while being driven. Widespread adoption of EVs therefore can contribute to the prevention of global warming. However, limited operating range, battery-recharging time and high cost are three remaining issues effecting EV performance.

Cost reductions were achieved by reducing the amount of batteries for short driving distances required for business use. The project also succeeded in developing a battery capable of rapid recharging with a large current (80% recharging in 15 minutes, 16 times faster than conventional processes).

In a separate initiative for the prevention of global warming, NEC established a joint venture with Nissan Motor Co., Ltd. in April 2007 to supply lithium-ion batteries on a commercial basis.



Meter shows battery power in kW

Electric vehicles are expected to become more common

Rechargeable lithium-ion battery loaded inside a vehicle

Tree-planting Program at "NEC Forest" in Australia

To promote CO₂ absorption by plants, in August 2002, NEC began planting trees in Australia on Kangaroo Island, a place where weather conditions are especially favorable for tree growth. By the end of fiscal 2007, the total forested area had increased to approximately 550 hectares. The aim is to create an "NEC Forest" with a total area of 3,000 hectares over 10 years. NEC projects that the tree-planting program will absorb an estimated one million tons of CO₂ in its first 20 years. Plans call for using the absorption to offset part of NEC's CO₂ emissions in Japan.

NEC also conducts a project called "ecotonoha," a virtual tree-planting program on the Internet that was launched in 2003. In this unique scheme, the "ecotonoha" website receives messages from all over the world. NEC then plants one tree on Kangaroo Island for every 100 messages that are received. By 2006, the website had led to the planting of 2,162 trees. Furthermore, in 2005, NEC began a project called "NEC Refreshed PC Forestation Project" where trees are planted in proportion to the number of used NEC PCs collected from customers. So far, this project has led to the planting of 11,004 trees.



Planting Trees in Japan and Elsewhere in Asia as Part of NEC Make-a-Difference Drive 2006



Approximately 900 NEC Group employees took part in tree-planting activities across parts of Asia, including China, Hong Kong, Taiwan, the Philippines, Malaysia, Thailand and Japan.

Initiative
5

Strengthen Risk Management and Compliance

Fulfillment of social responsibilities as a corporate citizen helps to earn the trust of stakeholders, including customers, shareholders and investors, business partners, local communities and employees. NEC is engaged in a number of activities that are aimed at reinforcing and upgrading risk management and compliance, which underpin these social responsibilities.

Promotion of Compliance Training and Measures to Prevent Recurrence of Compliance Breaches

Since fiscal 2005, all executive officers and employees of NEC Corporation have received web-based training on the NEC Group Code of Conduct once a year. The attendance rate in fiscal 2007 was 97.2%. This training program is also used at NEC Group companies in Japan. In addition, opportunities are taken during new recruit and tier-specific management training courses to stress the importance of behaving in accordance with the NEC Group Code of Conduct. Outside Japan, we are developing various training and educational awareness programs. Training on the Code of Conduct was given in fiscal 2007 to NEC Group personnel in UK-based and other overseas operations. Future plans call for expansion of the program in other regions.

In December 2005, NEC Corporation implemented a series of extensive measures intended to strengthen its compliance processes and procedures. These measures were taken following an internal investigation that uncovered an incident of fraud committed by a single employee at an NEC subsidiary in Japan.

The individual concerned at NEC Engineering, Ltd. was punitively dismissed.

This incident prompted three responses at the NEC Group level. First, NEC revised its purchasing processes and procedures. Second, the Corporation revised its sales-related systems and procedures to ensure a strict separation of those responsible for ordering and accounting within sales divisions. Third, NEC Group audit systems and procedures were strengthened and additional measures were implemented to prevent any similar incident within the NEC Group. In addition, in July 2006 we set up a Compliance Committee within NEC Corporation and each NEC Group company to create a framework for investigating underlying causes of any compliance breaches and for studying related preventive countermeasures. These activities are ongoing.

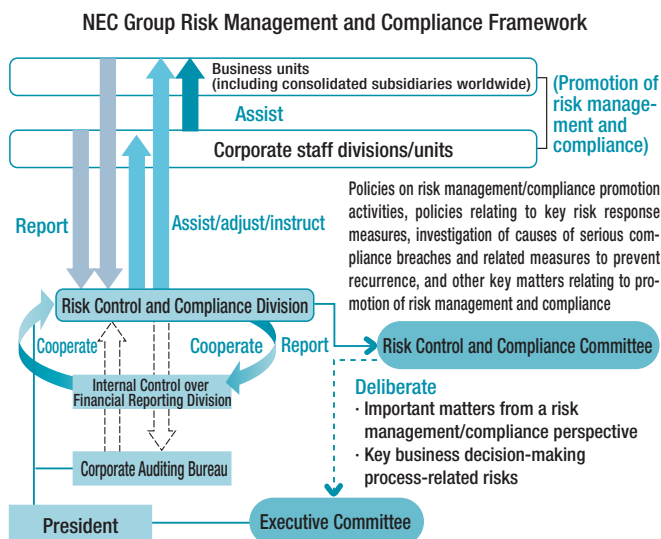
Initiatives to Strengthen Promotion of Risk Management and Compliance

In April 2007, we modified our systems to strengthen promotion of risk management and compliance across the NEC Group.

To date, divisions have been assigned to assess and manage different types of risk separately. Based on the existing risk management activities, the new structure aims to manage risks for the entire NEC Group systematically through the establishment of the Risk Control and Compliance Division. The aforementioned Compliance Committee, renamed the Risk Control and Compliance Committee, has been made responsible for overseeing analysis, deliberation and execution of risk management within each part of the NEC Group.

In line with the requirements of the Company Law in Japan, the Board of Directors of NEC Corporation adopted the Basic Policy on Internal Control System in April 2006. In accordance with this policy, the modified risk management framework mentioned above was also incorporated into the Rules of Basic Risk Management.

With regard to compliance matters, NEC plans to deepen and reinforce current compliance-related activities while expanding the scope to include all consolidated subsidiaries.



CSR Workshops



Continuing the program begun in fiscal 2006, we held more CSR workshops for CSR Promoters, addressing mainly risk management and compliance issues. A total of 60 CSR Promoters from 40 overseas subsidiaries of NEC based in North America, Latin America, China, Taiwan and Europe attended these workshops during fiscal 2007. The photo shows the workshop held in Argentina in July 2006.

● Growing Acceptance of NEC Help Line ~ Consulting / Reporting Hotline for Employees and Suppliers

The NEC Help Line was established in 1999 to provide a system for employees to report or to seek advice in cases of known or suspected violations of the NEC Group Code of Conduct. Since November 2003, the service has been operated jointly with an independent third-party organization to boost convenience and to respond at an earlier stage to a wider range of risks. Besides NEC Corporation officers and employees, the service is available to employees of NEC Group affiliates and NEC's suppliers. The number of cases reported to the Help Line has increased gradually every year, more than doubling in fiscal 2007 compared with the previous year.

Awareness of the Help Line among NEC employees as measured by an internal questionnaire on corporate ethics has

increased substantially over the past five years, rising to 78% in fiscal 2007. NEC plans to continue related training going forward while also disclosing information on how inquiries or consultations are used and making further efforts to boost internal awareness of the Help Line.

Number of NEC Help Line Inquiries in Past Three Years

FY2005	FY2006	FY2007
32	43	88

Employee Awareness of NEC Help Line (NEC Corporation)

FY2005	FY2006	FY2007	FY2008 (target)
42%	73%	78%	85%

● Information Security Measures

In line with the NEC Information Security Statement, NEC works to ensure the protection of all information assets entrusted to it by customers and business partners.

NEC takes effective security measures against various threats using security management systems compliant with Information Security Management System (ISMS) standards. During fiscal 2007, systems compliant with ISMS standards were in operation at NEC Corporation and 139 NEC Group companies worldwide (compared with 124 in fiscal 2006). In addition, approximately 110,000 employees from 67 NEC group companies in Japan received training on information security during fiscal 2007. Outside Japan, training conferences were held for Information Security Promoters from NEC subsidiaries worldwide.

The Security Technology Center (STC) continued to lead efforts at NEC to strengthen the information security of systems for customers.

Security audits were conducted for 42 projects of social significance. As an additional measure to reinforce systems against leakage of sensitive information, monitoring programs were installed on all employee PCs to prevent the installation of file-sharing software such as Winny.

Fiscal 2008 plans include accelerated programs to install the new InfoCage series and thin client systems (see p. 13) as defensive systems to prevent information leaks. NEC also aims to start constructing an information security infrastructure to cover operations outside Japan.

Measures to Prevent Information Leaks

Installation of new InfoCage series across NEC Group

FY2008 (target)
Install on all PCs connected to NEC internal network (approx. 140,000 machines)

Installation of leak-resistant PCs (with thin client systems)

FY2007	FY2008 (target)
2,000 machines	10,000 machines

● Extending CSR-driven Management to the Supply Chain

CSR-related Activity Status Surveys

NEC has initiated a supplier deployment program of surveying suppliers with regard to their CSR-related activities using the "Supply-chain CSR check sheet" based on the Supply-chain CSR Deployment Guidebook published by JEITA, Japan Electronics and Information Technology Industries Association. In the first year of this initiative (fiscal 2007), 20 suppliers, both in Japan and overseas, were involved, and NEC received completed surveys from all of them. Analysis of the survey data produced the results outlined below. NEC is using these results for future communications with suppliers.

• Compliance status

All companies reported zero compliance breaches with respect to the six priority risk categories (product quality/safety, environment, information security, fair trade, occupational health and safety, and human rights).

• Analysis by priority risk category

The greatest advances in CSR-related activities were in the areas of product quality/safety and environment.

• Analysis by CSR management item

Recognition of issues and establishing organizations are almost complete. However, implementation and internal promotion were weak across the board and need improvement.

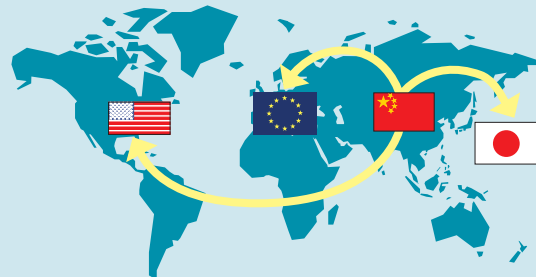
* The aim of this guidebook is to identify priority CSR-related initiatives within the electronics industry and to reduce unnecessary workload in responding to customer requests related to CSR. NEC participated actively in the publication of the guidebook in cooperation with other JEITA members. The results have been incorporated into initiatives such as the Supply-chain CSR Guidelines for NEC business partners and the CSR survey checklist.

Upgrading the Assessment of Chemical Substances Used in Products

Stricter management of specific chemical substances used in products has become essential for companies with global operations, as demonstrated by the EU Restriction on Hazardous Substances (RoHS) directive and the Chinese version of this regulation. Compliance with such regulations requires the implementation of effective measures to manage such chemical substances, including firms within the supply chain.

NEC formulated a set of management assessment standards for designated chemical substances in fiscal 2006. We surveyed suppliers to assess the level and quality of the management of such substances and initiated activities to identify the strengths and weaknesses of our joint approach as the basis for making improvements. We also introduced a training program to develop a corps of assessors capable of reviewing chemical substance management systems and providing suppliers with the necessary assistance to upgrade such systems internally. NEC's internal training system already has a course leading to a related professional qualification. The number of registered assessors within NEC reached 346 in fiscal 2007 (on a cumulative basis).

Creating a Global Supply Base for Products With Reliable Environmental Performance



In March 2007, China promulgated a new environmental law covering products that includes a localized version of the EU RoHS directive. Since China is a major base of production, NEC responded by establishing NEC Environmental Management Center China to lead local regulatory compliance efforts. This new facility will oversee the environmental performance of products made by the 47 NEC Group companies based in Hong Kong and on the Chinese mainland, thus ensuring a safe and reliable supply of products to world markets.

NEC has put Customer Satisfaction (CS) at the heart of its corporate culture ever since its establishment in 1899. “Better Products, Better Service” was the first NEC corporate slogan, emphasizing the need for all employees to listen to, think about, and act on customer feedback with the aim of supplying products and services that exceed expectations. Systems are in place to identify any quality defects and related safety issues so that customers can use NEC products with complete confidence.

The “shainVoice” Program: Targeting NEC’s Closest 110,000 Customers

In October 2006, NEC introduced the “shainVoice” program (pronounced “shine voice”; *shain* means ‘employee’ in Japanese) to gather feedback from employees on NEC products and services. The NEC Group employs 110,000 people in Japan, who are also NEC customers. By incorporating feedback from this group into business activities, NEC hopes to create many products and services of even higher quality.

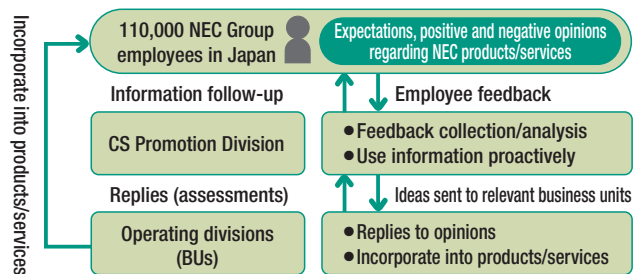
The program has so far received over 10,000 messages, mostly related to consumer products such as mobile phones and PCs. NEC divisions involved in planning and developing products are now using this information.

One of the aims of the program is to develop the NEC workforce. By helping employees better understand their customers’ and society’s demands, the program develops human resources who can think and act

correctly. At the corporate cultural level, NEC’s aim is to foster a greater feeling of participation in business activities among all employees.

Plans call for efforts to encourage the participation of more NEC employees and business divisions in this program to develop products and services with greater appeal.

How “shainVoice” works

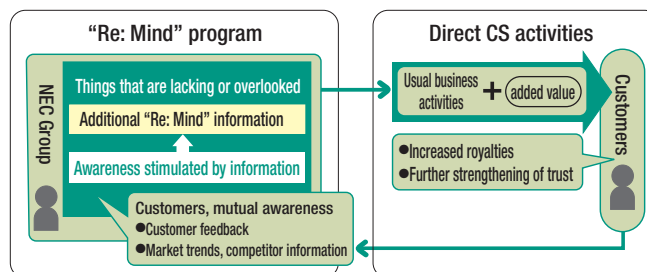


The “Re: Mind” Program: Re-orienting Business Activities and Building Self-awareness

Acquired habits can sometimes lead people to overlook necessary aspects of daily business activities or to complacency. In such instances, we need to build self-awareness to raise the quality of work.

In fiscal 2007, we initiated a new quality-oriented training program for NEC sales divisions. Rather than simply looking at product quality, this program focuses on the quality of employee responses to problems and the need for salespeople to be aware of what needs to be done in any given situation. The program conveys that awareness is essential to NEC sales activities.

The “Re: Mind” program aims to improve daily business activities through greater self-awareness. Customer interaction and the gathering of new information through various activities are key.



Direct CS Activities: Because the Entire Business Is Based on the Customer

Based on a customer-first approach, NEC’s Customer Satisfaction (CS) activities seek to integrate the efforts of frontline sales personnel, system engineers and corporate staff to support customers throughout the value chain.

During fiscal 2007, CS Promotion Division staff held meetings with 20 corporate clients to exchange information and views on CS. These activities helped customers get to know NEC better. The meetings gave us a better understanding of our clients, providing valuable feedback on

frontline business activities. Through Direct CS activities, NEC will help customers realize their ambitions and contribute to an affluent society.

Employees constitute the foundation supporting NEC's aim to contribute to the development of a sustainable, secure and reliable society. NEC forbids any discriminatory treatment for reasons such as gender, age, nationality, ethnicity, religion or disability. We also seek to create a health-oriented, stimulating and diversified work environment that allows people to demonstrate their abilities to the full. Various programs for all NEC employees are aimed at promoting aspects such as diversity, HR development, health and safety.

Creating a Supportive and Productive Working Environment

Promoting a Healthy Work-life Balance

Improvement of support systems for balancing work with caring functions

In Japan, NEC has pioneered programs that provide periods of leave or shortened working hours for employees combining work with caring for young children or elderly relatives. NEC has continued to expand and improve various programs designed to help employees balance the demands of work with caring duties. In fiscal 2007, amid a significant surge in serious crimes in Japan targeting children, NEC extended the eligibility period for the childcare support system, allowing reduced working hours until the end of the third grade of elementary school. To protect the health of pregnant women and assist those employees trying to have children, various programs were expanded and improved to enable employees with morning sickness or those undergoing fertility treatment to take more paid leave. Ongoing efforts to raise overall awareness of work-life balance involved web-based training courses for 7,000 managers at NEC Corporation.

FY	Systems introduced	
	Childcare-related	Nursing care-related
2005	<ul style="list-style-type: none"> Introduction of Family-friendly Fund (payments to employee or dependant giving birth of ¥550,000 per child) Use of 30-min units for reduced working hours system Reduced working hours extended (to first graders, in special circumstances) 	Use of 30-min units for reduced working hours system
2006	<ul style="list-style-type: none"> Website created on support systems available Fee subsidies payable to employees using voluntary local childcare support services; mobilization of retired NEC employees for voluntary childcare programs Subsidy payable in cases of relocation for childcare reasons 	
2007	<ul style="list-style-type: none"> Reduced working hours extended (to third graders, in special circumstances) Telecommuting system working hours extended (to end of third grade) Family-friendly leave extended to employees with morning sickness or undergoing fertility treatment (in addition to annual paid leave) Extended leave for employees in fertility treatment 	

Implementing Action Plans to Help Nurture the Next Generation

NEC Corporation formulated action plans for fiscal 2008 to help nurture the next generation. Related initiatives will be successively taken from fiscal 2008, beginning with measures to help employees wanting to

balance work and child rearing by receiving local community-based childcare support. NEC will expand subsidies to enable employees to use local government childcare services in Japan. Other measures include a new system to provide financial assistance for fertility treatment in line with Japan's Next Generation Nurturing Support Measures Promotion Law.

Action Plan to Help Nurture the Next Generation (FY2008-)

- Goal 1: Improve assistance for employees wanting to combine work with childcare by using local community-based childcare support
Actions: Expand subsidies available for using local government childcare services
- Goal 2: Improve career development assistance to enable a smooth return to work for those taking childcare leave
Actions: Upgrade technical training for those on leave; plan and provide seminars on balancing of dual roles; revise web-based materials for those returning to work
- Goal 3: Promote awareness of dual-role support systems and understanding of proper operation of systems
Actions: Produce system manuals and make procedures more efficient; provide training to newly promoted managers on dual-role support for subordinates
- Goal 4: Consider introducing other systems in line with legislative developments
Actions: Introduce financial support system for those in fertility treatment

Promoting and Hiring of People with Disabilities and Greater Human-rights Awareness

During fiscal 2007, NEC continued to promote the hiring of people with disabilities and to improve human-rights awareness. The ratio of employees with disabilities is due to reach 1.97% in fiscal 2008 (up 0.06 point year on year) and 2% during calendar 2008. Management tier-specific and group-based training courses are held to improve human-rights awareness. In recent years, NEC Corporation has supplemented these efforts with web-based training to expand training to more employees.

Ratio of Employees With Disabilities [NEC Corp.]

FY2005	FY2006	FY2007	FY2008 (target)
1.88%	1.91%	1.97%	1.98%

Statutory minimum rate (Japan): 1.8%

Employees Receiving Web-based Human Rights Training [NEC Corp.]

FY2005	FY2006	FY2007	FY2008 (target)
—	6,942	12,840	20,000

NEC Group Participation Totals 140,000



Through community involvement activities, the NEC Make-a-Difference Drive 2006 program aimed to provide NEC Group employees with an opportunity for self-discovery, while also promoting greater teamwork. A total of 140,000 officers and employees took part in this socially oriented activity drive.

URL <http://www.nec.co.jp/community/necmd/e/>

Global Cultivation of Human Resources

NEC conducts business around the world. NEC has various programs to develop human resources globally, including programs to teach practical and cross-cultural skills to people on overseas assignments and training courses for those employed in NEC Group operations outside Japan.

The Global Executive Seminar was held in Tokyo in July 2006 to strengthen leadership in overseas markets in support of greater operational autonomy. Eleven senior executives from around the world participated. The event provided opportunities to share information on best practices, particularly related to overseas business strategy, and to study local business development initiatives and action plans. It also featured a lively discussion and exchange of views with senior executives based in Japan, including President Yano.

NEC recognizes the necessity of developing promising talent in overseas markets. A five-month "Global Initiative" development program was held from September 2006 for core personnel with management potential. The program targeted 15 promising employees in Japan who will be involved in NEC's international operations. While learning global business management skills, participants made enthusiastic presentations to senior management on strategy and action plans relating to NGN and global business innovation.



Health Management

Based on the fundamental principle that all employees deserve a safe and healthy work environment, NEC has instituted various employee wellness programs emphasizing site-based preventive measures.

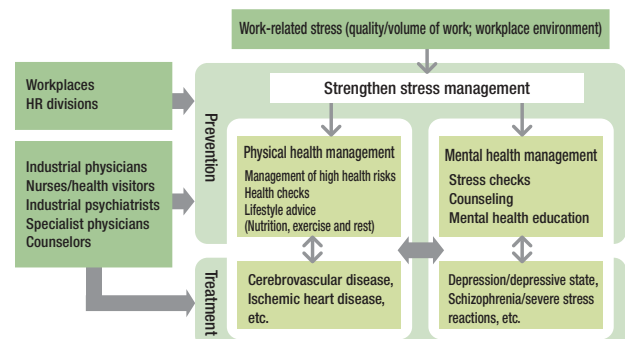
Prior to fiscal 2007, preventing health concerns due to work-related stress focused on assessing risks caused by long working hours and on health recommendations provided to individual employees by occupational health specialists. This system was improved in fiscal 2007 by having professionals provide workplace supervisors guidance required to improve working environments. Individual health advice from occupational health specialists is also being introduced progressively for employees at 10 NEC Group companies in Japan. Health professionals were also appointed to each of 10 regional blocks* in Japan to improve occupational health. Since November 2006, these professionals have been visiting blocks on a twice-weekly basis to provide detailed health recommendations to employees.

NEC will focus on reinforcing measures to promote both physical and mental health so that employees do not become ill. In fiscal 2008, from the standpoint of preventing lifestyle-related medical conditions, NEC plans to formulate a systematic company-wide program to provide

employees with guidance on exercise, nutrition and to stop smoking. Other plans include educating all employees at NEC Corporation on mental health issues and initiating special health checks and guidance programs related to complex lifestyle-related diseases, particularly to prevent certain metabolic syndromes (this measure is in line with planned reforms to the Japanese medical treatment and insurance systems that will come into force in fiscal 2009).

* Hokkaido, Tohoku, Kanto-shinetsu, Kanagawa, Shizuoka, Chubu, Hokuriku, Chugoku, Shikoku and Kyushu

Basic Approach to Preventing Workplace Stress



CSR Promotion Activities: Performance and Objectives

The table below provides an overview of the status of NEC's CSR promotion activities, including fiscal 2007 objectives and achievements, fiscal 2008 and medium-term objectives. Disclosing progress helps to raise transparency for all stakeholders and also provides a useful internal tool for self-checking and improvement.

For more details on particular programs and initiatives, please refer to the NEC Annual CSR Report 2007 at the NEC website.

URL <http://www.nec.co.jp/csr/en/>

Basic Policy	Key Points	Fiscal 2007 Objectives
1. Strengthen CSR-related risk management	Risk management focused on priority areas	<ul style="list-style-type: none"> Extend unified monthly reporting to NEC Group companies throughout Japan Improve CSR self-checklists used by NEC's BUs and group companies in Japan and overseas (content and related processes)
	Information security	<ul style="list-style-type: none"> Reinforce information security management (expand ISMS standards, install special thin client terminals to prevent leaks, etc.) Improve security of systems for customers, led by Security Technology Center (STC)
	Employee education/awareness promotion	<ul style="list-style-type: none"> Promote sharing of risk-related information and boost awareness (site roadshows, tier-specific training, web communications, etc.) Conduct more workshops for CSR Promoters at NEC Group companies <ul style="list-style-type: none"> Japan: hold workshops on management systems, site communication Overseas: hold workshops in six regions (Latin America, Europe, China, North America, S.E. Asia, Oceania) Expand web-based training programs on CSR-related topics for employees of NEC Corporation and group companies in Japan Expand education (e-learning, group training, etc.) for employees of overseas group companies
	Supply chain-related developments	<ul style="list-style-type: none"> Phase in surveys of status of CSR activities of suppliers
2. Promote activities aimed at creating value for society	CSR-driven core business activities to create social value	<ul style="list-style-type: none"> Promote employee awareness of the theme of "contributing to the realization of a secure, reliable ubiquitous networking society" (through training and awareness-raising programs, as well as communication with employees)
	For customers	<ul style="list-style-type: none"> Upgrade interdivisional connections during system failure response Promote overall concept of SI-CSR activities Promote small-group activities throughout NEC Group
		<ul style="list-style-type: none"> Strengthen accessibility of web-related products Apply universal design (UD) principles to exhibitions and seminars
	For shareholders and investors	<ul style="list-style-type: none"> Improve shareholder meetings by introducing a more open format Revise and update IR website content to facilitate use by individual investors
	For communities	<ul style="list-style-type: none"> Expand NEC Kids Internet Safety Program to target seniors Promote social contribution activities linked to NEC's business domains
	For employees	<ul style="list-style-type: none"> Promote a healthy work-life balance (upgrade childcare support system; awareness-raising programs for all managers at NEC Corporation) Promote hiring of people with disabilities (raise employee ratio to 2.0% at NEC Corporation by fiscal 2009) Hold web-based training for all managers at NEC Corporation on human rights awareness Upgrade physical and mental health maintenance measures Strengthen systems to promote industrial insurance, including provincial sites with no NEC health care center facilities
	For the environment	<ul style="list-style-type: none"> Create at least one front-running eco-conscious product Promote use of bio-plastics in NEC products Reduce energy-derived CO₂ emissions
3. Deepen CSR-related communication	Promote information disclosure using CSR Report	<ul style="list-style-type: none"> Compile NEC guidelines on disclosure of CSR-related information Formulate concept and planning for Annual CSR Report 2007 jointly with NPOs
	Rapidly obtain views of stakeholders and reflect in daily business activities	<ul style="list-style-type: none"> Reinforce systems for gathering external shareholder views and internal feedback Institute meetings for employees to provide Annual CSR Report feedback

Fiscal 2007 Achievements

- Established Key Performance Indicators (KPIs) to assess risk-reduction progress in six priority areas
- Developed platform for risk management system covering NEC Group companies, including overseas
- Improved effectiveness of CSR self-check sheets for NEC Group companies in Japan and overseas and implemented check sheets at major group companies

- ISMS certification completed for 37 organizations (at divisional/company level); 2,000 special thin client terminals installed; ISMS audits undertaken at 300 partner firms
- Conducted audits of 42 socially significant projects; formulated guides for reinforcing security and created tools to identify system weaknesses

- Risk-related information shared among BUs at NEC Corporation and NEC Group companies via site roadshows
- CSR workshops held in each region (Europe, North America, Latin America, China, Taiwan)
- CSR seminars held for sales bases in Japan using Annual CSR Report 2006
- Planned educational programs on CSR management systems and coordinated such programs with business lines
- Web-based training programs on corporate ethics, information security, the environment and other topics held for employees of NEC Corporation and group companies in Japan
- Web-based training programs set up for employees in North America, Europe (UK) and China
- CSR-related messages from the President sent to employees on a regular basis

- Internal awareness of NEC Help Line raised to 78% at NEC Corporation (up 5 points from fiscal 2006); total of 88 consultations (roughly double the previous year's figure)

- CSR check sheet for suppliers formulated based on CSR promotion guidelines issued by Japan Electronics and Information Technology Industries Association (JEITA)
- CSR-related activity surveys of 20 suppliers in Japan and overseas conducted using check sheets

- Illustration of NEC's approach to CSR revised to emphasize that CSR activities are part of business activities (see inside front cover and page 1)
- Educational video to raise CSR awareness planned and developed as tool for explaining CSR concepts to employees

- Positive impact of stronger interdivisional cooperation in reducing customer support issue resolution times noted in CS survey
- SI-CSR activities conducted, prioritizing systems development departments with high public utility
- Small-group activity seminars held internally; 15 new teams formed

- Web product development conducted using web accessibility evaluation tools
- Prepared internal manual on UD-based exhibition materials development and applied to exhibitions and seminars

- Shareholder reception held after shareholder meeting
- IR website content revamped

- Trials of NEC Internet Safety Program for seniors conducted
- Promoted activities linked to NEC's business domains—NEC IT Training for Mothers Raising Small Children: 10 classes/161 participants; NEC Senior IT Supporter Training Workshops: 9 classes/161 participants; NEC Internet Safety Program: 23 classes/900 participants; NEC Galileo Club: 21 classes/860 participants; PC education classes for seniors held across Japan (1,000 participants)
- Participation in community involvement activities by 140,000 people as part of NEC Make-a-Difference Drive 2006 program; 90,000 volunteer-hours recorded (all-time high)

- Eligibility periods for childcare support systems allowing reduced working hours or telecommuting extended to end of third grade of elementary school; more paid leave available to women with morning sickness or undergoing fertility treatment; extended leave for women in long-term fertility treatment; web-based management training courses on balancing work and childcare conducted for 7,000 managers at NEC Corporation
- Ratio of employees with disabilities improved to 1.97% (up 0.06 point year on year) at NEC Corporation
- Held web-based training for all employees at NEC Corporation on human rights awareness
- Began providing health guidance for employees at 10 NEC Group companies in Japan, based on assessment of factors such as long work hours and health risk by industrial physicians
- Industrial physicians and nurses appointed in 10 regional blocks in Japan

- Two front-running eco-conscious products created
- Progress made with respect to fiscal 2011 target of achieving a bio-plastic usage rate of more than 10% applied to more than 1 model
- Achieved reduction of 57% in energy-derived CO₂ emissions per unit of adjusted actual sales compared with targeted reduction of 21%

- Planning of Annual CSR Report 2007 and CSR Digest 2007 based on GRI's (Global Reporting Initiative) *Sustainability Reporting Guidelines 2006*

- Reader questionnaires (300) from Annual CSR Report 2006 and evaluation by CSR journal reflected in improvement plans for Annual CSR Report 2007 and other publications
- Conducted seminars for domestic sales bases in Japan using Annual CSR Report 2006

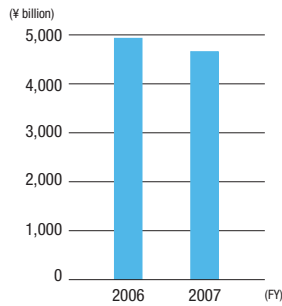
Medium-term Objectives (to Fiscal 2010)	Fiscal 2008 Objectives
<ul style="list-style-type: none"> Implement effective, comprehensive risk management to achieve the NEC Group's business objectives and earnings targets and promote sustainable business development 	<ul style="list-style-type: none"> Implement PDCA cycles in comprehensive risk management of the NEC Group
<ul style="list-style-type: none"> Implement comprehensive security measures in areas of systems/rules, management structures/education and information systems to safeguard customer, personal and internal information, and provide more reliable and secure products and services 	<ul style="list-style-type: none"> Install data-leakage prevention systems in all PCs connected to internal network (140,000 terminals); install 10,000 thin client terminals Extend information security systems to 14 overseas NEC Group companies Expand development of ISMS standards-compliant information security management systems across NEC Group
<ul style="list-style-type: none"> Augment CSR workshops Hold global CSR promoter conference Conduct web-based training programs on each element of CSR worldwide (conduct programs in various regions, including Japan, Europe, North America, China, Taiwan, S.E. Asia, Latin America and Oceania) Enhance function- and tier-specific CSR training of employees 	(CSR Promoters) <ul style="list-style-type: none"> Continue to hold CSR workshops in S.E. Asia and other regions Hold CSR seminars in China for CSR- and compliance-related personnel (Employees) Raise CSR awareness of employees in Japan and abroad via video stream Continuously enhance CSR seminars for sales personnel (use Annual CSR Report) Augment web-based training programs on each element of CSR for NEC Corporation and group companies in Japan Develop web-based training programs for overseas regions
<ul style="list-style-type: none"> Continuously implement measures to provide corporate ethics training and raise awareness of NEC Help Line, expanding scope of management to consolidated subsidiaries 	<ul style="list-style-type: none"> Raise corporate ethics training attendance to 100% and NEC Help Line awareness to 85% at NEC Corporation
<ul style="list-style-type: none"> Promote compliance programs at suppliers, focusing on six priority risk management areas Extend program to NEC Group's suppliers 	<ul style="list-style-type: none"> Conduct CSR activity surveys of major suppliers and develop system to support improvements (especially in the three areas of fair trading, occupational health and safety, and human rights) CSR training and awareness-raising programs for distributors
<ul style="list-style-type: none"> Incorporate CSR elements into major NEC group business domains (including stipulation of clear standards) 	<ul style="list-style-type: none"> Establish main priority areas relating to business activities for "contributing to the realization of a secure, reliable ubiquitous networking society" and increase related internal awareness Compile examples relating to each priority area and use in various contexts as an employee training resource
<ul style="list-style-type: none"> With top priority on ensuring that customers can use NEC products with complete confidence, improve the quality of employees, products/services and business processes from the customer's perspective; raise customer awareness of CSR/CS-related activities 	<ul style="list-style-type: none"> Achieve zero serious product safety-related incidents Collect/analyze customer feedback and reflect in business activities Provide secure and reliable products/services Develop CS activities on global basis
<ul style="list-style-type: none"> Deepen employee knowledge of UD; implement initiatives as part of operations Expand development of UD products Apply UD principles to improve information provided by NEC 	<ul style="list-style-type: none"> Increase numbers of seminars/workshops held; conduct web-based training Within web-related product development, improve usability as well as accessibility Apply web accessibility evaluation tools to NEC corporate website
<ul style="list-style-type: none"> Further enhance communication with shareholders and investors 	<ul style="list-style-type: none"> Step up proactive disclosure of information by holding various presentations and using website and other media
(Actively help to resolve social issues, focusing on the following themes) <ul style="list-style-type: none"> Contributing to the realization of a ubiquitous networking society at a grassroots level Educational support for the next generation Achieving an affluent and diverse society Environmental protection 	<ul style="list-style-type: none"> For each program related to themes listed on left, improve over fiscal 2007 quantitatively (numbers of participants and events) and qualitatively Achieve growth over fiscal 2007 in NEC Make-a-Difference Drive 2007 in terms of numbers of participating sites, programs, total participants and volunteer hours
<ul style="list-style-type: none"> Promote a healthy work-life balance (including implementation of action plan for development of next generation), hiring of people with disabilities and human rights-related training Within HR development, focus on cultivating leaders, highly trained specialists and people with international skills; create platform for HR development programs Besides targeting high-risk employees using health maintenance programs, upgrade overall physical/mental health maintenance measures to help prevent illness among healthy employees 	<ul style="list-style-type: none"> Expand subsidies for use of local public childcare services; introduce fertility treatment support system Promote hiring of people with disabilities (raise employee ratio to 2% at NEC Corporation by fiscal 2009) Expand target audience for web-based training on human rights awareness and upgrade content Formulate systematic group-wide guidance program covering exercise/nutrition/smoking in Japan to help prevent lifestyle-related diseases Provide mental health-related training to all NEC Corporation employees Start preparing for Japanese medical system changes in fiscal 2009 stemming from reforms to the National Health Insurance Law
<ul style="list-style-type: none"> By fiscal 2011, reduce CO₂ emissions of products on a performance basis by 50% relative to fiscal 2006 levels Achieve an eco-plastic usage rate of 70% in equipment casings and frames Reduce total absolute GHG emissions in fiscal 2011 below the sum of reference year levels for all GHGs 	<ul style="list-style-type: none"> Create at least one front-running eco-conscious product Promote plastics recycling; achieve material recycling rate of 70% Reduce energy-derived CO₂ emissions (3% reduction relative to fiscal 2005)
<ul style="list-style-type: none"> Promote disclosure of CSR-related information at consolidated level 	<ul style="list-style-type: none"> Prepare NEC guidelines on disclosure of CSR-related information
<ul style="list-style-type: none"> Establish internal management systems to reflect stakeholder opinions 	<ul style="list-style-type: none"> Create structure to efficiently obtain views from stakeholders on Annual CSR Report 2007 (web version) Hold CSR convention (for employees)

Corporate Facts

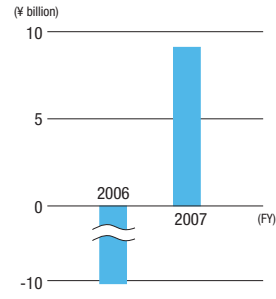
Company name: NEC Corporation
 Address: 7-1, Shiba 5-chome, Minato-ku, Tokyo, Japan
 Established: July 17, 1899
 Capital: ¥337.8 billion*
 Number of employees: Non-consolidated 22,698*
 Consolidated 154,786*
 Consolidated subsidiaries: 342*
 Japan 133*
 Overseas 209*

*As of March 31, 2007

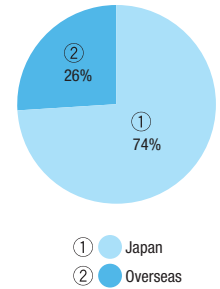
Consolidated Net Sales



Consolidated Net Income (Loss)



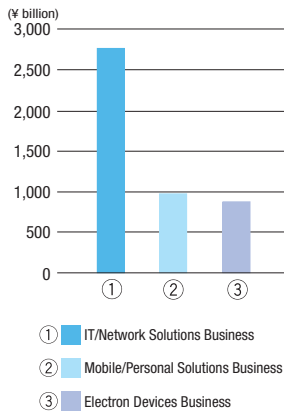
Composition of Consolidated Net Sales by Region (FY2007)



Segment Information

Composition of Consolidated Net Sales by Business

(FY2007: the year ended March 31, 2007)



IT/Network Solutions Business

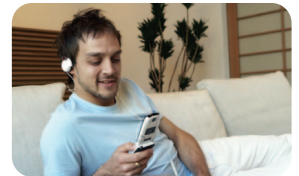
This business provides ubiquitous networking solutions, mainly targeting government agencies, communications service providers, and private-sector enterprises.

Products and services offered include SI services, computers, and communications network systems.



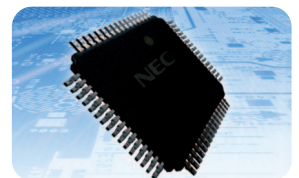
Mobile/Personal Solutions Business

Mainly targeting individual customers, this business supplies equipment such as mobile handsets and PCs to enable people to benefit from the ubiquitous networking society, as well as various Internet services.



Electron Devices Business

This business provides the semiconductors, liquid crystal displays, electronic components and other products that play a vital role in realizing higher performance devices for digital home electronics, automobile and other manufacturers.



External Ratings and Reviews

Inclusion in Socially Responsible Investment (SRI) Indices and Funds

Principal Stock Indices

- Dow Jones Sustainability World Index
(Awarded top score in the Computer Hardware & Electronic Office Equipment sector for 2005 and 2006)
- FTSE4Good Global Index
- Morningstar Socially Responsible Investment Index



Major SRI Funds in Japan

- Eco Partners "Midori no Tsubasa" (as of April 2007)
- Morningstar SRI Index Open "Tsunagari" (as of April 2007)
- Asahi Life SRI Social Contribution Fund "Asu no Hane" (Wings of Tomorrow) (as of April 2007)
- Sumitomo Trust SRI Japan Open "Good Company" (as of March 2007)
- Mitsubishi UFJ SRI Fund "Family Friendly" (as of February 2007)
- Daiwa SRI Fund (as of February 2007)
- Eco Balance "Umi to Sora" (as of December 2006)



FTSE4Good Index Series



Independent Review by NPO (Third Party)

Shown in Annual CSR Report 2007 [URL http://www.nec.co.jp/csr/en/](http://www.nec.co.jp/csr/en/)

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