

CSR Digest 2010

Corporate Social Responsibility Digest
Year ended March 31, 2010



Toward the Realization of an Information Society
Friendly to Humans and the Earth

NEW GROWTH STRATEGIES IN STRIVING FOR AN INFORMATION SOCIETY FRIENDLY TO HUMANS AND THE EARTH



NEC is striving to be “a leading global company leveraging the power of innovation to realize an information society friendly to humans and the earth.” This aspiration is also expressed in the NEC Group Vision 2017, which we formulated in 2008.

With strict enforcement of compliance as a precondition, we aim to realize this Vision by collaborating with customers and other stakeholders to help solve, through our business activities, the issues facing both society and the planet as a whole. This approach defines how NEC implements CSR-driven management.

In fiscal 2010, ended March 31, 2010, the NEC Group solidified its foundations for growth by conducting a thorough review of its business structure and reforming the Group’s earnings structure. We also formulated the Mid-Term Growth Plan “V2012 – Beyond boundaries, Toward our Vision –,” consisting of growth strategies for the future. V2012 outlines management policies and objectives for the next three years, and is positioned as a milestone for achieving the NEC Group Vision 2017. I am confident that fulfilling targets as set in V2012 will firmly lead us to the realization of “an information society friendly to humans and the earth.”

One of the pillars of V2012 is the expansion of “cloud”-oriented businesses. Through these businesses, we will contribute to the development of ICT (information and communications technology) infrastructure that will enable people worldwide, including those in newly emerging economies and developing countries, to freely and safely access a variety of services that utilize ICT, in fields from government services and education to

medical care and security. This is an important social mission for NEC. NEC will deliver the solutions required for this infrastructure to customers worldwide as the “C&C Cloud,” the core of which is the C&C (the integration of Computers and Communications) technology that NEC has honed over many years. In this way, we are committed to contribute globally to realizing “an information society friendly to humans and the earth.”

We view efforts to address global warming and other environmental concerns as a vital management priority, and have taken steps early on in this regard. To accelerate these efforts, we formulated the new NEC Group Environmental Management Action Plan 2017/2030. By offering ICT solutions for every aspect of our work, mobility, and lifestyle, NEC aims to help reduce CO₂ emissions by 15 million tons in fiscal 2018, and 50 million tons in fiscal 2031. To achieve these targets, we will provide ICT services through “C&C Cloud,” which emit less CO₂, and expand environmental and energy businesses, such as lithium-ion batteries for electric vehicles and smart grids. At the same time, we will work to raise the energy efficiency of ICT equipment in use around the world.

It is every individual employee worldwide working in the NEC Group who will make V2012 a reality. That is why we will work hard to create comfortable working environments that respect diversity, and to promote global human resources development.

Through these activities, the NEC Group will do its utmost to achieve V2012, and contribute to the development of a sustainable society. All NEC Group employees, moreover, are putting the NEC Group Core Values into practice as NEC strives to earn the trust of stakeholders and become a widely admired corporation by contributing to society by providing “Better Products, Better Services” as set in the Core Values.

I believe that nothing is more valuable than communication with stakeholders. For this reason, we will actively disclose information on NEC’s activities from a global perspective, and hope to receive your honest feedback in return. In closing, I ask for your continued understanding and support to NEC and our future endeavors.

June 2010

A handwritten signature in black ink, appearing to read "N. Endo". The signature is stylized and includes a horizontal line underneath.

Nobuhiro Endo
President, NEC Corporation

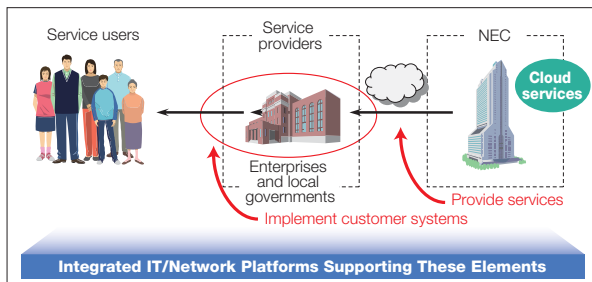
MID-TERM GROWTH PLAN V2012 —BEYOND BOUNDARIES, TOWARD OUR VISION—

In February 2010, NEC unveiled its Mid-Term Growth Plan “V2012,” which sets forth NEC’s medium-term management strategy for the next 3 years. The NEC Group sees “V2012” as a milestone for achieving the NEC Group Vision 2017. The phrase “Beyond boundaries, Toward our Vision” embodies our commitment to driving reforms, by promoting businesses across organizational boundaries, national borders and other lines. Our business targets for fiscal 2013 are net income of ¥100 billion and ROE of 10%. To reach these targets, NEC will focus on the three business fields outlined below.

By concentrating on these businesses, NEC seeks to successfully achieve the V2012 plan and realize the NEC Group Vision 2017, as it strives to contribute to the sustainable development of society.

1. Cloud Businesses (C&C Cloud)

In essence, cloud computing* means providing IT services to customers over networks. By harnessing its expertise in both IT and networks, NEC will expand 3 main businesses: the “Cloud Service” business for providing secure and reliable services mainly to enterprises; the “Cloud System Implementation” business, where systems that realize services provided by enterprises and local governments are implemented in a cloud computing environment; and the “Platform” business for supporting these businesses.



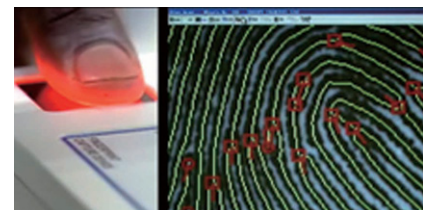
*Cloud computing: the majority of IT systems in use today are made up of combinations of hardware, software and other IT resources owned by enterprises and individuals. Cloud computing is based on the approach of using IT resources over networks. With this approach, enterprises and individual users can utilize IT systems only as much as necessary and when needed, rather than owning all the IT systems internally. By utilizing cloud computing, users are able to “leverage IT” rather than owning all the related resources, and reduce the time, cost and environmental impact associated with deploying IT resources, as well as operations and management.

2. Global Businesses

NEC will also focus on expanding overseas businesses while driving growth in the cloud computing business. We are developing systems for the full-scale launch of globally competitive products and services in overseas markets as “One NEC.” NEC business sites around the world have been grouped into the following five regions: (1) Greater China; (2) Asia Pacific; (3) Europe, Middle East and Africa; (4) North America and (5) Latin America. NEC intends to develop products and services that closely fit the characteristics and needs of

each region.

For example, in fingerprinting and other forms of biometrics authentication, NEC has already delivered more than 200 systems to 30 countries around the world. These products and services, including immigration control systems, play a key role in maintaining public safety and security. NEC’s technological expertise has been highly applauded worldwide. Going forward, NEC aims to expand sales of these products and services on a global basis, primarily in emerging countries.

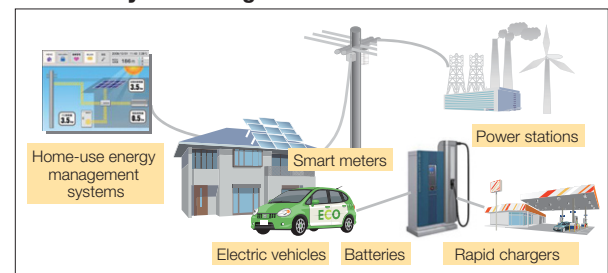


Fingerprint Identification

3. New Businesses

By combining and maximizing various assets, including NEC Group technologies and products, we intend to develop new services and products that satisfy customer needs. One example is the environmental and energy business. NEC is looking to expand its automotive lithium-ion battery electrode business, as it incorporates IT and network technologies, which are strengths of NEC, into this business in the future. The goal is to enter the smart grid market, which is expected to expand substantially going forward. By bringing together the collective capabilities of the NEC Group, we will work to expand new businesses as One NEC.

Contributing to a Green Society Through IT/Networks and Battery Technologies



URL <http://www.nec.co.jp/press/en/1002/2506.html>

THE NEC GROUP VISION 2017 AND CORE VALUES, AND MANAGEMENT REFORMS

In April 2008, we unveiled the NEC Group Vision 2017 and Core Values, which were formulated with the participation of all employees across the NEC Group. We set the first year as the “sharing phase” for promoting the Vision and Core Values throughout the NEC Group, and the second year was set as the “establishment phase.” Over the past two years, we have focused on the Vision and Core Values activities, and implemented management reforms.

During the “establishment phase” in fiscal 2010, while promoting management reforms at the workplace level, NEC conducted dialogue sessions across organizational boundaries, including holding company-wide “town meetings.” In these “town meetings,” president of NEC and other executives also participated. In addition, dialogue sessions were held at workplaces. Through these dialogue sessions, all NEC Group companies recognized the importance of taking steps on their own to achieve reforms, and they began to take action. Throughout fiscal 2010, company-wide “town meetings” were held at 13 NEC Group sites worldwide, with approximately 2,700 people participating on a cumulative basis in 24 dialogue sessions.

Furthermore, all employees across the NEC Group also participated in formulating the Mid-Term Growth Plan “V2012.” In sharing this process, all employees including executives, middle management, and division members each considered the Vision for the NEC Group and shared ideas on how to boldly take the first challenging steps towards achieving it. The determination for reforms that were clarified through this process have been further expanded, entrenched and acted upon by providing opportunities for dialogue and learning within employees’ own divisions. By taking a different approach than in the past, we are determined to achieve the Mid-Term Growth Plan targets. Below are specific examples of dialogue sessions held in Japan and in Taiwan.

Making “Passion for Innovation” the driving force for the company

At NEC System Technologies, Ltd., top management had a strong desire to harness the “Passion for innovation” set forth in the NEC Group Core Values as a driving force to reform the corporate culture. This led to a company-wide idea contest on new businesses. Over 500 submissions were gathered in just one month, and the selection process was carried out by employees themselves. The best ideas will now be further developed into new businesses for the future.



Realizing the Mid-Term Growth Plan through participation of all employees

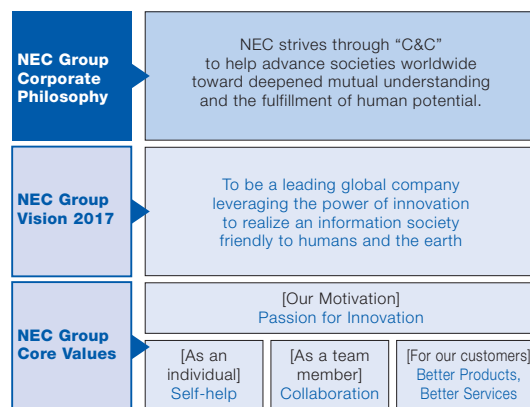
At NEC Taiwan Ltd., to achieve the target set in the Mid-Term Growth Plan, a dialogue meeting was held in which organizational boundaries were put aside to allow matters to be considered and acted on at a higher level. Participants discussed the Vision and openly exchanged ideas, irrespective of organizational boundaries or position. This dialogue inspired in each and every employee a strong awareness of the need to achieve the mid-term targets, and employees have renewed their determination to realize the Mid-Term Growth Plan.



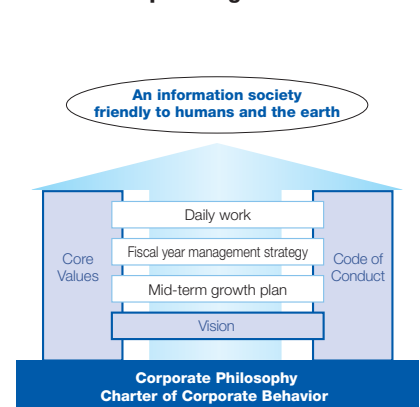
Vision, Core Values and The NEC Way

In April 2008, the NEC Group formulated the NEC Group Vision 2017, which represents what we envision as a company and the society the NEC Group will strive to help realize in 10 years, based on the NEC Group Corporate Philosophy. At the same time, to realize the Corporate Philosophy and Vision, we formulated the NEC Group Core Values, which defines important values and actions that every employee of the NEC Group should share and implement. Additionally, we have defined the collective activities of the NEC Group management, including the NEC Group Charter of Corporate Behavior and the NEC Group Code of Conduct, into a cohesive framework called The NEC Way.

NEC Group Corporate Philosophy, Vision, and Core Values



The NEC Way: Collective Activities of NEC Group Management



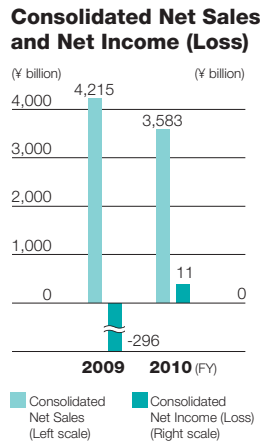
URL <http://www.nec.co.jp/csr/en/report2010/visionvalue/>

CORPORATE FACTS/SEGMENT INFORMATION/ EDITORIAL POLICY

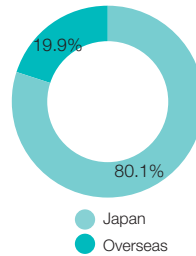
Corporate Facts

Company Name: NEC Corporation
Address: 7-1, Shiba 5-chome, Minato-ku, Tokyo, Japan
Established: July 17, 1899
Capital: ¥397.2 billion*
Number of Employees (consolidated): 142,358*
Consolidated Subsidiaries: 310*

*As of March 31, 2010

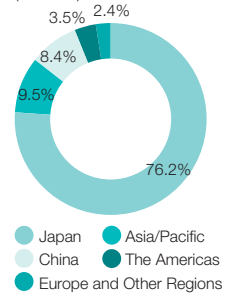


Composition of Consolidated Net Sales by Region (FY2010*)



* Fiscal year ended March 31, 2010

Composition of Employees by Region (FY2010)



[Scope: NEC Corporation and consolidated subsidiaries]

Segment Information



IT Services Business

NEC supplies government agencies and private-sector companies with a range of IT services covering systems implementation, maintenance and support, and outsourcing.



Carrier Network Business

NEC supplies equipment required in network implementation to communications service providers, along with network control platform systems and operating services.



Platform Business

NEC supplies customers with products composing corporate internal networks, including IP telephone systems and wireless LANs, in addition to products essential to the implementation of IT systems, including servers, supercomputers, storage equipment and software.



Social Infrastructure Business

NEC supplies industrial systems that support social infrastructure, including broadcasting systems, artificial satellites and integrated CCTV surveillance systems for airports and local governments, as well as other security-related systems that enhance public safety and security.



Personal Solutions Business

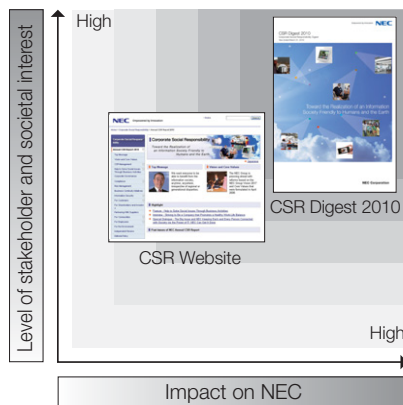
NEC provides mobile handsets, personal computers and other terminals to the ubiquitous networking society, as well as "BIGLOBE" Internet services. NEC is also developing new services that combine all of those elements.

Since April 2010

Editorial Policy

The NEC Annual CSR Report 2010 (<http://www.nec.co.jp/csr/en/>) covers in detail NEC's CSR activities and achievements mainly for fiscal 2010 (the fiscal year from April 1, 2009 to March 31, 2010). Meanwhile, the CSR Digest 2010 (this booklet) summarizes this content based on seven CSR themes that are significant and relevant to our stakeholders and NEC.

NEC views these reports as important communication tools essential to earning the trust of all stakeholders.



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's Sustainability Reporting Guidelines 2006
 Comparison table <http://www.nec.co.jp/csr/en/report2010/gri.html>

Other CSR-related Information

- Annual Environmental Report 2010 <http://www.nec.co.jp/eco/en/annual2010/>
- Activities for Contributing to Society <http://www.nec.co.jp/community/en/>
- Information Security Report 2010 <http://www.nec.co.jp/csr/en/report2010/security/pdf/isr2010.pdf>

NEC'S CSR-DRIVEN MANAGEMENT

At NEC, we consider CSR* initiatives to be inseparable from corporate activities. We aim to ensure the sustainable development of society and the NEC Group by implementing The NEC Way.

It is crucial that companies recognize that their existence is premised on society, and at the same time is part and parcel of the global environment that is precious to all forms of life on the earth. NEC seeks to realize “an information society friendly to humans and the earth,” as set forth in the NEC Group Vision 2017 based on its Corporate Philosophy. To this end, in the course of daily operations, every employee will rigorously adhere to corporate ethics and compliance standards, practice the NEC Group Core Values (what we value and base our behavior on), and help solve issues faced by customers and society.

Our important responsibilities also include ensuring full accountability through the active disclosure of information on the results of our CSR initiatives and related issues, and communicating with stakeholders to improve our corporate activities and build trust.

NEC considers CSR-driven management to be management based on the foregoing approaches.

In fiscal 2010, based on The NEC Way, we formulated the NEC Group Management Policy, which sets forth basic approaches and rules that must be shared by the NEC Group, with the aim of strengthening consolidated management foundations.

The entire NEC Group will share and implement The NEC Way and the NEC Group Management Policy, as the foundations for promoting CSR-driven management.

*CSR = Corporate Social Responsibility

Sustainable Development of Society and the NEC Group Through The NEC Way

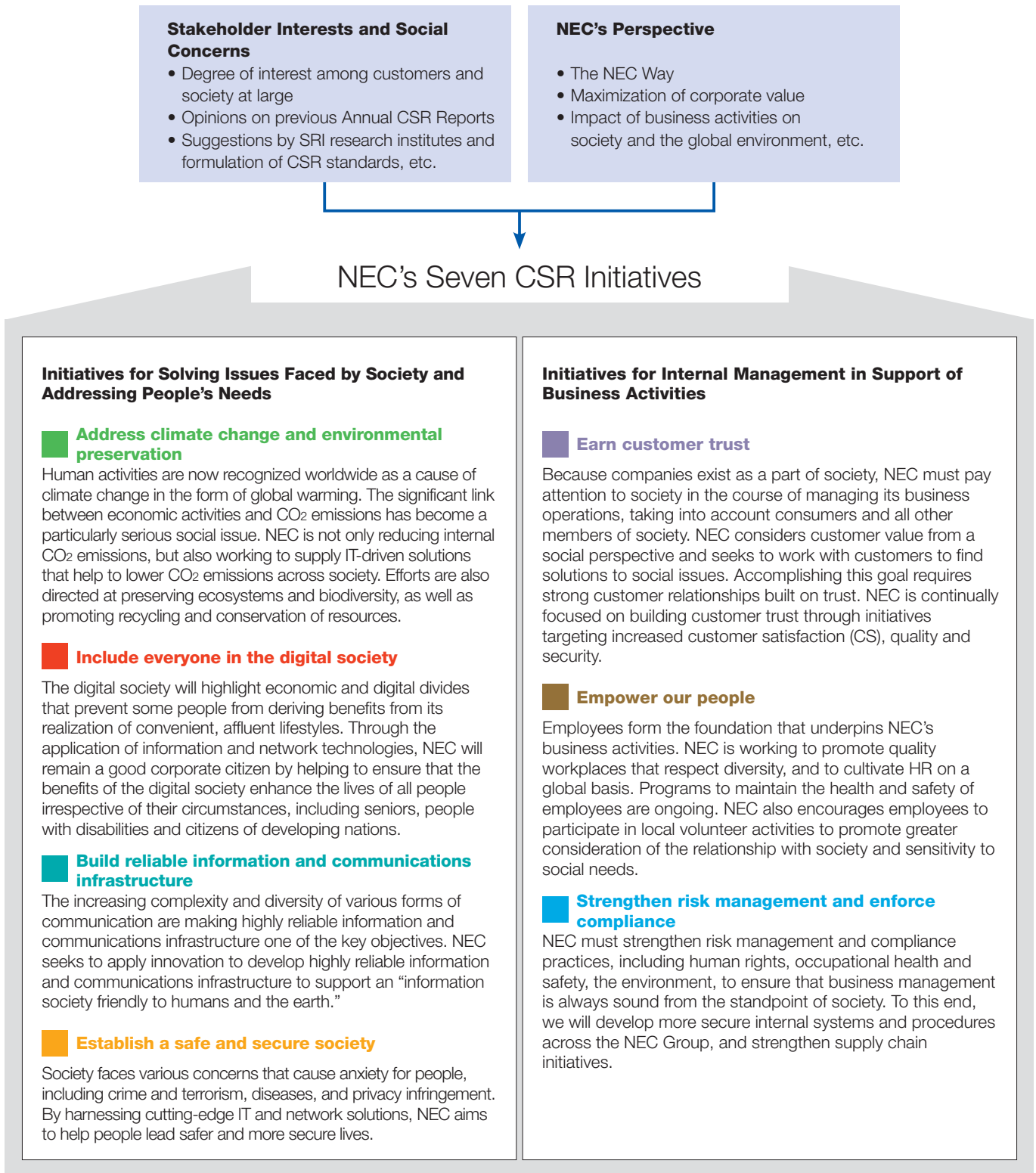


URL <http://www.nec.co.jp/csr/en/report2010/policy/>

NEC'S SEVEN CSR INITIATIVES

NEC's three basic CSR-driven management policies are to "strengthen risk management and enforce compliance," "contribute to solving social issues through business activities," and "promote communications with stakeholders." Guided by these basic policies, NEC has selected seven priority initiatives that are important to its business strategies from the standpoints of "Stakeholder Interests and Social Concerns" and "NEC's Perspective," and is conducting CSR activities based on these initiatives.

In the following pages, we present examples of specific activities based on each theme.



ADDRESS CLIMATE CHANGE AND ENVIRONMENTAL PRESERVATION

NEC achieved its target of zero net CO₂ emissions by fiscal 2011 one year ahead of schedule. With this success, NEC has formulated new medium-to long-term action plans for fiscal 2011 and beyond, in order to accelerate its contribution to achieving a low-carbon society. Concrete measures include using the “C&C Cloud” to reduce CO₂ emissions from customers and society at large, and providing smart grids utilizing lithium-ion batteries.

Achieving “Zero Net” CO₂ Emissions One Year Early

To promote reforms towards sustainable business management, NEC formulated in March 2003 the NEC Environmental Management Vision 2010, a long-term vision designed to provide extended direction for environmental management and develop linkages among specific business activities. As part of this vision, NEC announced its intention to achieve zero net CO₂ emissions* by fiscal 2011, both to continue to contribute to the creation of a sustainable society and as a specific objective for preventing global warming.

NEC has achieved this target one year ahead of schedule as a result of pursuing activities in the following three areas:

- ① Reduce direct CO₂ emissions from manufacturing, office and other business related activities.
- ② Control CO₂ emissions at the customer utilization stage through energy-saving products.
- ③ Reduce CO₂ emissions of our customers and society through providing IT solutions.

*“Achieve zero net CO₂ emissions” means reducing emissions to zero by offsetting the sum of emissions generated from items ① and ② above, with reductions in emissions from item ③.

In fiscal 2010, although there was a positive effect from lower sales, NEC reduced greenhouse gases (CO₂ equivalent) in manufacturing and office activities by 30%, or 1.16 million tons, from the previous fiscal year. This reduction resulted from a switch to equipment for removing greenhouse gases and energy-saving equipment, as well as the promotion of production innovation and other activities.

In the provision of energy-saving products, NEC

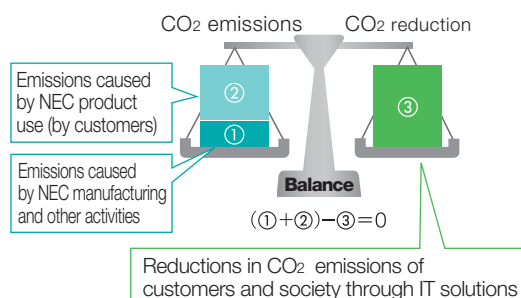
created and expanded ECO Symbol Star products, which offer unmatched competitiveness in environmental performance relative to other companies’ products. In addition, the Company carried out an extensive product environment assessment to ensure that all new products have energy consumption that is equal or lower in absolute terms or on a performance basis relative with models available in the base fiscal year for comparison. As a result, power consumption by products fell 44% as a whole relative to that of products in fiscal 2006. This represented a reduction of 540,000 tons of CO₂ emissions at the product usage stage.

Along with energy-saving performance, NEC launched the sale of desktop PCs in which approximately 90% of the plastic used for the casing is Nucycle™, a flame-retardant bio-plastic in which 75% of the organic components used are from plants. This high standard makes Nucycle™ one of the most environmentally friendly plastics in the world.

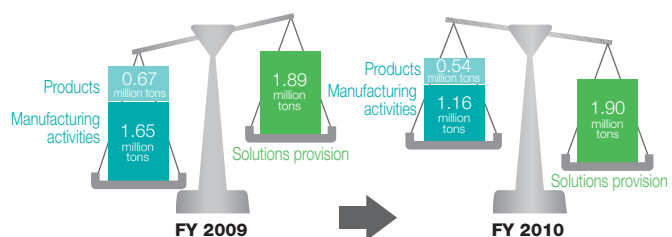
In helping to reduce CO₂ emissions through providing IT solutions, NEC expanded the development of ECO Symbol Star software solutions, which upon adoption reduce CO₂ emissions by 50% or more, and implemented “Eco Appeal Proposals” of CO₂ reduction benefits as well as cost savings at a rate of five proposals per person. Consequently, NEC helped reduce emissions by 1.9 million tons.

With its CO₂ emissions reduction target achieved ahead of schedule in fiscal 2010, NEC has formulated new objectives for fiscal 2011 and beyond in the NEC Group Environmental Management Action Plan 2017/2030.

NEC Environmental Management Vision 2010 (Goals)



Target Reached in Fiscal 2010



URL <http://www.nec.co.jp/eco/en/policy/vision2010/>

To contribute on the environmental front to realizing “an information society friendly to humans and the earth,” as stated in the NEC Group Vision 2017, NEC has formulated an action plan based on three key perspectives—low carbon, ecosystem and biodiversity preservation, and resource recycling and conservation.

Low Carbon

NEC has set a goal of helping to reduce the CO₂ emissions of society as a whole through IT solutions. Specifically, NEC will enhance solutions that guide society as a whole towards becoming “entirely eco-friendly” with respect to work, mobility and lifestyle.

In fiscal 2010, NEC drafted an Environmental Business Concept* to unveil its approach to making customer operations and society as a whole “entirely eco-friendly,” including developing “entirely eco-friendly” offices and data centers. In making offices “entirely eco-friendly,” for example, through relatively easy tasks such as switching to low-power ICT devices and lighting, NEC is sparking awareness of energy-efficiency among users by making energy consumption more visible, and utilizing Web conferences and telecommuting from home offices to achieve paperless operations and enhanced productivity. In these and other ways, NEC will offer comprehensive support for making offices more energy efficient, thereby contributing to lower emissions by customers.

energy efficiency by eliminating waste, with the aim of making a well-rounded contribution to reducing CO₂ emissions for customers and society as a whole across a variety of fields. Additionally, NEC is providing lithium-ion batteries for electric vehicles and utilizing those same batteries to develop power storage systems and smart grids.

Through the delivery of these “completely eco-friendly” solutions and the expanded provision of lithium-ion batteries, NEC aims to help reduce CO₂ emissions by 15 million tons in fiscal 2018, and 50 million tons in fiscal 2031.

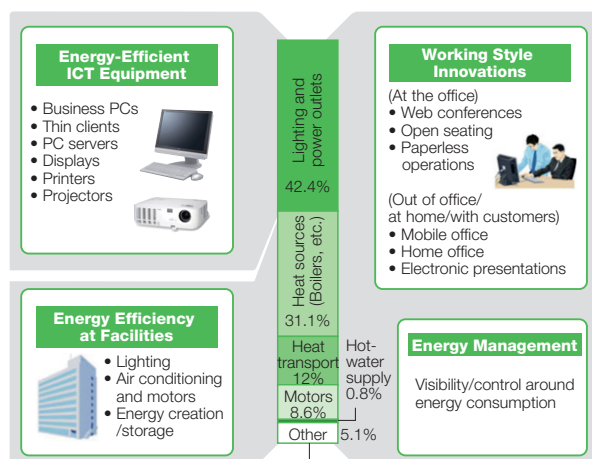
Furthermore, NEC has established improvement targets for the energy efficiency of its products to reduce CO₂ emissions at the product usage stage. To ensure that all products enter the top class of energy-saving products, NEC is targeting an 80% reduction in power consumption of all products in fiscal 2018, compared with fiscal 2006, and a 90% reduction in the same in fiscal 2031.

The entire NEC Group is working in unison to reach these objectives, and from fiscal 2011 will adopt “carbon statistics” as a mechanism for the shared management of progress in this area. This metric will entail making overall year-to-year changes in CO₂ emissions from all business activities and contributions to carbon reductions more visible, both at the individual Group company and organizational levels. It will also mean raising awareness across the organization and among individual employees, and promoting carbon reductions in order to lower total CO₂ emissions.

*Environmental Business Concept

URL http://www.nec.com/environment/featured/business_vision/

“Entirely Eco-Friendly” Offices



Composition of office-building energy consumption
Source: The Energy Conservation Center, Japan

Ecosystem and Biodiversity Preservation

In tandem with efforts to minimize negative environmental impacts stemming from business activities and employee lifestyles, NEC will offer remote sensing technology and solutions that contribute to the preservation of ecosystems and biodiversity. These include remote sensing technology from manmade satellites in orbit and wireless sensor terminals for monitoring natural ecosystems. This approach has been codified as the NEC Group Action Guidelines on Biodiversity, and will be promoted across the entire NEC Group.

Resource Recycling and Conservation

Actions taken by the NEC Group to date have yielded impressive results, including the achievement of zero emissions. Eyeing the transition from fossil resources to renewable resources, NEC aims to use bio-plastics in all major products in 2017.

URL <http://www.nec.co.jp/eco/en/policy/20172030/>

C&C Cloud Contributes to Energy Conservation and CO₂ Emissions Reductions

The C&C Cloud leverages IT, without requiring internal ownership of all IT systems, to drastically reduce power consumption through highly efficient datacenter operations, thereby contributing to energy conservation and CO₂ emissions reductions.

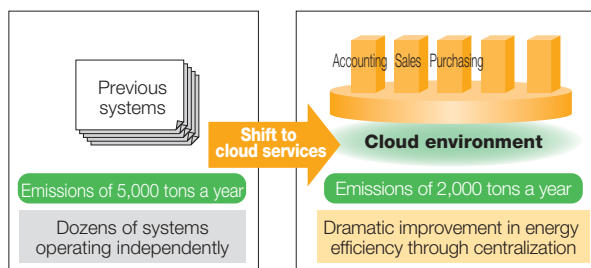
CO₂ Emissions Reduced by 60% Through NEC's Management System Reforms

Guided by the keywords of "simple," "global," "real time," and "total optimization," the NEC Group is promoting management system reforms based on three themes—"business restructuring," "business process reform," and "IT systems reform." Of these, the most significant is the push to leverage IT by pursuing extensive standardization across the entire NEC Group, and developing "cloud-oriented" information systems that are shared Group-wide.

To develop these shared Group-wide "cloud-oriented" systems, the NEC Group first pursued extensive standardization targeting the three areas of "accounting," "sales," and "purchasing." For example, the more than 100 business-process patterns previously found in the sales area were condensed into 22 patterns via standardization, resulting in more efficient business processes overall. In parallel, the information systems that fortify these business processes were developed into "cloud-oriented" systems. These new systems entered operation in the accounting operations area from April 2010. From October 2010, cloud computing systems will replace systems in all three areas.

The NEC Group has substantially reduced power consumption through reductions in the number of server units by concentrating them in the latest energy-efficient, high-performance servers, and by conducting operations at the optimal power setting using virtualization technology and better visualization. Compared with previous systems, NEC has achieved reductions of roughly 60% in terms of both costs and CO₂ emissions.

In these ways, the NEC Group, in addition to developing its own cloud environment as part of efforts to revamp its internal backbone system, is moving to enhance and expand products and services in order to offer a variety of cloud services. Furthermore, NEC has



begun to provide customers with systems and services that anticipate the cloud era, and will leverage these "C&C Cloud" products and services to contribute to the preservation of the natural environment worldwide.

Helping to Reduce Customers' CO₂ Emissions

NEC has developed the "JA Point System" for Japan Agricultural Cooperatives (JA). "JA Point System" is a central membership data and point management system designed to grant or return points to JA customers when they use JA services. System usage has expanded steadily since the system's initial rollout in Japan's Ishikawa and Fukuoka prefectures in April 2009. Over the next three years, the goal is to expand system usage to around 5 million people at 170 JA cooperatives in 40 prefectures.

The "JA Point System" is designed to grant or return points in a consistent manner across business lines whenever JA customers make use of services like saving accounts and loans, membership in mutual aid programs, the purchase of fertilizer and agricultural machinery, the delivery of agricultural produce or livestock, and the use of JA cooperative markets. As a result, this system enables central control of membership data management, point management, card issuance and other operations.

The system is centrally operated and managed at NEC's highly environmentally efficient datacenter, and is provided to JA as a "service." With this system as a starting point, the JA Group is developing other systems to standardize operations that once differed by individual JA cooperative and prefecture. The subsequent joint utilization of these systems via datacenters is allowing JA to realize cost reductions, as well as contribute to lower CO₂ emissions.



"NEC Cloud Plaza," a showroom of cloud services, opened on the first floor of the NEC Headquarters in October 2009.

URL <http://www.nec.co.jp/eco/en/annual2010/hl/03.html>

Contributing to a Low-Carbon Society With Lithium-Ion Batteries for Electric Vehicles

NEC is working to expand the high-capacity laminate lithium-ion rechargeable battery business as a new growth area for the NEC Group.

Electric vehicles, which release no CO₂ emissions no matter how much they are driven, are expected to make a significant contribution to environmental protection. Batteries are the most crucial component of these electric vehicles.

Together with Nissan Motor Co., Ltd., NEC has developed lithium-ion batteries for the Nissan Leaf, an electric vehicle scheduled for launch by Nissan in the latter half of 2010. NEC Energy Devices, Ltd., which was established on April 1, 2010, is manufacturing the electrodes that lie at the heart of lithium-ion batteries, while Automotive Energy Supply Corporation (a joint venture between Nissan Motor Co., Ltd. and NEC) is using those electrodes to manufacture lithium-ion batteries for use in automobiles.

As shown in the photo below, lithium-ion batteries for electric vehicles have a thin and flat shape. These batteries are characterized by laminate-type packaging that is slightly smaller than an A4-size sheet of paper and around 7 mm thick, with numerous electrode sheets stacked on top of one another inside. The packaging provides an optimal structure for quick charging of electric vehicles as its thin profile and large surface area provide outstanding thermal dissipation characteristics. Furthermore, the high-capacity, compact batteries provide an advantage in terms of securing passenger cabin space when they are installed in vehicles. Four cells are combined to form a module. Around 50 modules are combined to form a battery system for a single electric vehicle.

Another major feature of NEC electrodes is the use of manganese in certain electrode materials. NEC has a strong track record in this field. In 1996, NEC launched the world's first lithium-ion batteries using manganese as electrode materials. Manganese offers benefits, including resistance to thermal runaway effects because of its resilience to over-charging and being less costly, compared with cobalt and other substances. However,

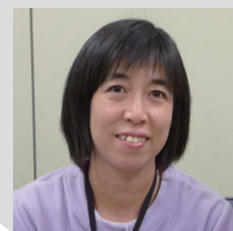
“Innovation was achieved through teamwork and collaboration across organizational boundaries.”

Aya Tadenuma

Manager
Smart Energy Products Division
Smart Energy and Green Business Operations Unit
NEC Corporation

Comment
from
the NEC
manager

battery lifetime was a major obstacle for using manganese as an electrode material. NEC used its patented technologies to extend the battery lifetime, paving the way for automotive applications.



From February 2010, the electrode production lines of NEC Energy Devices (then NEC TOKIN Corporation) have successively entered operation, and have begun producing prototypes of electrodes for electric vehicles. Mass production and shipments will commence in July 2010. By the end of fiscal 2013, we plan to expand our production scale to an annual capacity of 10,000 MWh (equivalent to batteries for several hundreds of thousands of electric vehicles).

The lithium-ion battery market is expected to expand at an increasingly rapid pace going forward. In this context, NEC will continue working to develop technologies, including higher-capacity batteries, while continuing to enhance its competitiveness. Furthermore, technologies and expertise obtained through the development and manufacturing of these batteries will be used to expand into the power storage and smart grid fields. To this end, we established the Smart Energy and Green Business Operations Unit in April 2010.

Faced with increasingly pressing global environmental priorities, including energy efficiency and CO₂ emissions reductions, NEC aims to provide new environmental and energy solutions while establishing businesses as new growth drivers for the NEC Group.

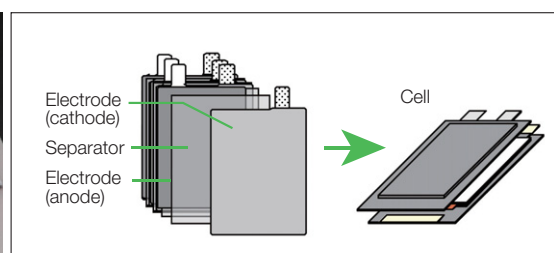
URL <http://www.nec.co.jp/eco/en/annual2010/hl/04.html>



The Nissan Leaf on display at UF&iEXPO2009, an NEC exhibition held in November 2009.



Lithium-ion battery (cell) for electric vehicles



INCLUDE EVERYONE IN THE DIGITAL SOCIETY

In Argentina, NEC is developing an education management system utilizing cloud computing to boost the efficiency of educational activities and revitalize them. In the retail industry, NEC is paving the way for next-generation store operations by developing POS systems featuring refined designs in the eyes of customers that can be easily operated by everybody. In addition, NEC provides senior citizens and children with the opportunity to interact with the digital society through the Internet and other digital technologies.

Providing Even Better Education for Many More Children Cloud Computing for Argentina's San Juan Ministry of Education

Argentina has maintained high standards of education, but a number of issues have emerged in recent years. For example, in the case of San Juan Province, because of the lack of a network linking schools with one another and with the San Juan Ministry of Education, school administration has become inefficient, leading to problems in terms of the quality of education. In response, NEC Argentina approached San Juan Province with a proposal for a cloud computing based general education system underpinned by a diverse array of technologies. The proposal's innovative feature was that NEC would build a cloud computing environment consisting of a data center, networks, thin client terminals and other elements.

In the first phase of the project in 2008, NEC installed a total of approximately 150 thin client terminals within the San Juan Ministry of Education for staff use. Based on this, the San Juan Ministry of Education's management systems and security are being strengthened, and a more sophisticated education curriculum is being developed.

In the second phase in 2009, NEC

"We have realized a system that teachers, children and parents are all extremely satisfied with and that also provides many operational benefits."

Mr. Gustavo Quiroga
Project Manager
San Juan Ministry of Education

Comment from the customer

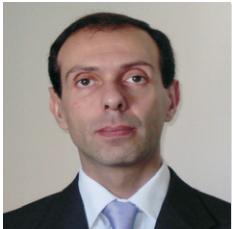


installed an additional 400 thin client terminals in 192 elementary schools around the capital of San Juan. The thin client terminals were linked to a data center located in the government building housing the San Juan Ministry of Education, via a wide-area wireless network.

Through VPCC virtualization technology developed by NEC, users can access a virtual desktop and software as a service even if they are unfamiliar or inexperienced with computers. Through voice-over-IP (VoIP), for example, information sharing among schools via teleconferencing and other features is made easier, helping to realize a comprehensive education system.

The San Juan provincial government is ultimately considering expanding cloud computing to all 540 of its public schools, and encouraging its implementation at other ministries. Looking ahead, NEC hopes to use cloud computing to help people in many more countries around the world.

URL <http://www.nec.co.jp/csr/en/report2010/contribution/>



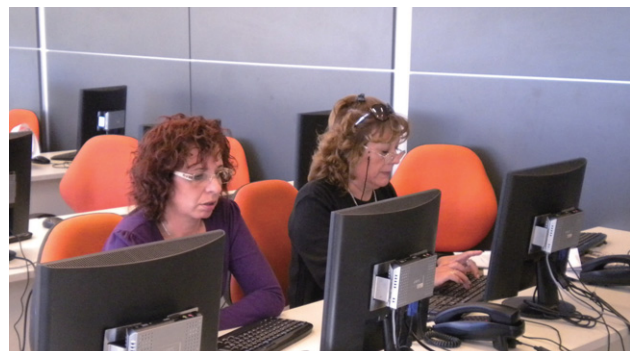
Comment from the NEC manager

"I want to utilize the advantages of cloud computing to satisfy a broad range of customer needs."

Fabián Rossi
IT Program Manager
International Marketing Division
NEC Argentina S.A.



San Juan Ministry of Education



Teachers using thin client terminals



The TWINPOS5500 series of new POS terminals



POS keyboard



The TWINPOS5500Si model combines all necessary functions.

Supporting Store Operations With Refined Design and Ease of Use Universal Design in the New TWINPOS5500 Series of POS Terminals

Cash registers installed in retailing locations have become crucial to the retailing sector. This is because now that bar code scanning and entry have become mainstream, cash registers are used as IT equipment for monitoring strong selling products, market trends and other developments based on point of sales (POS) information. However, at retailing locations in the apparel and interior furnishing industries, which put particular emphasis on design, POS terminals have often been installed in back offices or hidden behind store counters to keep them out of sight from customers as much as possible.

In response, NEC developed the TWINPOS5500Ui, a new POS terminal that blends in well with store interiors as the backside of these POS terminals has been designed to present a pleasant and refined appearance to customers.

NEC also incorporated several universal design considerations into this model. For example, the 10-key pad on the POS keyboard uses a font type that clearly distinguishes the sizes of letters, provides a clear contrast between letters and background colors, and clearly distinguishes numerals that are difficult to tell apart. The labels that are inserted into the top of the keyboard have also been made easier to distinguish through not only color, but also grouping based on the effective use of single and double underlines.

Recently, there have also been growing needs for self-use POS terminals that cater to speedy, cashless payment, driven by the rapid penetration of electronic money. The NEC TWINPOS5500Si model is a self-use POS terminal designed for electronic money. The model

“We will propose valued products that are easy for anyone to use.”

Takuro Sakuma
i-Appliance Development Division
NEC Infrontia Corporation

Comment from the NEC manager

combines all necessary functions into a single terminal, including bar code scanners, multi-service readers/writers, receipt printers and large touch panel screens. For example, NEC has designed every function to be easy to view and operate, irrespective of whether the customer is tall or short, or sitting in a wheelchair. Bar codes can be scanned while holding products horizontally; there is no need to hold them up high. Furthermore, the terminal is configured with flashing lights, voice guidance and other elements to guide users through a series of operations naturally and without strain. The terminal is also designed to be easily accessible to non-Japanese customers by featuring compatibility with multiple languages.



In the years to come, NEC will accelerate efforts to incorporate universal design principles into these products, while striving to realize even better security and reliability, and eco-friendliness, as well as cloud computing capability. Through these measures, NEC aims to develop POS terminals that provide multifaceted support for next-generation store operations.

URL <http://www.nec.co.jp/csr/en/report2010/contribution/>

Using the Internet to Promote Social Inclusion of Seniors

Broadband for Seniors Initiative

According to an Australian Bureau of Statistics report, in 2006-2007, some 70% of Australians aged 64 or older did not use the Internet. In response, the Australian Government has committed AU\$15 million to the “Broadband for Seniors Initiative,” launched in mid-2009, with the goal of encouraging seniors to take a more active part in society in the digital age.

NEC Australia and its service provider Nextep provided approximately 2,000 PCs, nationwide broadband lines, systems integration, and other services for the initiative. Training materials and program management were provided by three NPOs—The Australian Seniors Computer Clubs Association, U3A Online, and Adult Learning Australia. As of April 2010, some 600 Internet kiosks had been installed in community centers, libraries and other sites across the country, with users avidly learning how to use and enjoy



Seniors enjoying time on the Internet

“Broadband for Seniors is a key project for NEC—one that will enable connected communities in Australia. We hope to raise the quality of life for seniors by helping them to develop more meaningful communication with family and friends.”

David Cooke
Group Manager, Network Solutions
NEC Australia Pty. Ltd.

Comment from the NEC manager

the Internet. One user commented, “I’m having a ball, there’s so much to learn,” while another stated, “At first, I had no clue how to use a PC, but the more I learn, the more confident I’ve become.” Another comment was “I’m thrilled to be able to email my younger brother living far away.”



URL <http://www.necseniors.net.au/>

Nurturing Creativity in Children Using Digital Technologies

NEC Kids

In order to ensure that the children who will be responsible for the next generation can be successful on the global stage, NEC believes that it is essential to provide education that instills creativity, expressiveness and rich communication skills.

In fiscal 2010, the “NEC Kids” program was launched with the support of NPO “CANVAS” to provide workshops that enhance the aforementioned skills and abilities in children through imaginative experiences. We seek to share the aspirations and possibilities of a digital society with children by providing opportunities for them to use IT equipment as “edutainment” tools.

In the first workshop held on August 27-29, 2009, 20 elementary school students participated, forming the “NEC Kids’ Press Club.” The children tried their hand at using clay figures to create an animated commercial, based on the themes of NEC mobile phones, PCs and other products. At the “NEC Kids *Miraibu* — Kids Summit Workshop” held on November 3, 2009, 23 elementary school students went out into town carrying

mobile phones, and used them to photograph various scenes in their town. They then arranged their photographs into a map. Participation in the workshop—where the children learned about their town’s past, investigated its present, and attempted to design its future—inspired many creative ideas, including “an eco-friendly car that converts carbon dioxide into fuel” and “a ropeway that can go anywhere in the world.”



URL <http://www.nec.co.jp/csr/en/report/2010/social/>

BUILD RELIABLE INFORMATION AND COMMUNICATIONS INFRASTRUCTURE

NEC, together with a U.S.-based supplier, has successfully completed the “Unity” fiber optic submarine cable system project linking Japan and the United States. With the project’s completion, NEC has contributed to the development of an important information and communications infrastructure that will serve as a gateway to the Asia region.

Information and Communications Gateway to the Asia Region Fiber Optic Submarine Cable System

Demand for global information and communications networks is growing rapidly not only in industrialized nations but also every country worldwide. NEC has an integrated structure ranging from its cutting-edge R&D in optical communications technology, to the manufacturing of optical fiber communications cable and optical repeaters, large-scale cable installation work capable of linking continents, and cable maintenance and upkeep. NEC has been involved in a number of optical fiber submarine cable system construction projects across the globe.

“Unity,” which was completed in March 2010, was a massive project undertaken by an international consortium of six of the world’s best-known companies, including prominent Japanese telecom carrier KDDI Corporation and U.S.-based Google. NEC and our partner, a U.S.-based supplier, were involved in the construction side of the project as joint suppliers.

“Unity,” approximately 9,600 kilometers long, is a submarine cable system linking Japan and the United States, with the capacity to expand data volume to a maximum of 4.8Tbps (terabits per second). In order to amplify the optical signal, the cable is connected with repeaters every 70 kilometers, resulting in a total of about 140. The installation route also includes the 8,000-meter deep Japan Trench, which requires these devices to be resilient enough to withstand deep-sea water pressures. Despite these challenging conditions, NEC and our partner landed the fiber optic submarine cable on the Japan-side at Chikura, a full two months ahead of schedule in November 2009.

“We are creating a cultural bridge linking people to one another.”

Takahisa Ohta
Manager
Submarine Network Division
NEC Corporation

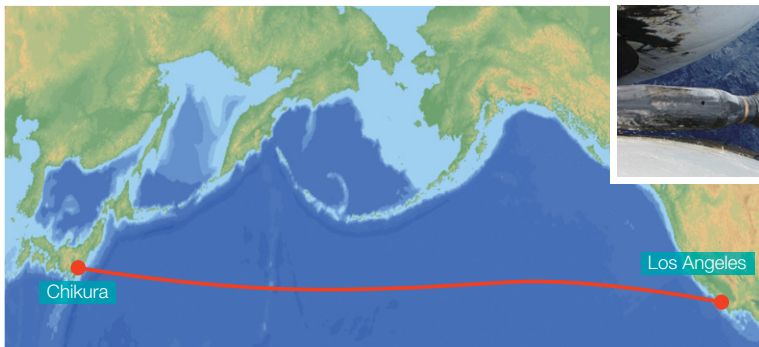
Comment from the NEC manager

In addition to “Unity,” NEC has been involved in many other successful completion of large-scale projects that include “Asia America Gateway (AAG),” linking Southeast Asia and the United States, and “I-ME-WE,” connecting India, and the Middle East all the way to Europe.



Demand for communications is expected to rise in tandem with economic growth in Asia. Thanks to “Unity,” Japan, which provides the shortest route between Asia and the United States, will grow in importance as an information and communications gateway. NEC is pursuing faster speeds, larger data capacities, and higher quality for fiber optic submarine cable systems. At the same time, we intend to leverage NEC’s expertise and track record as a comprehensive IT company to help bridge the information divide in a wide range of fields in Asia.

URL <http://www.nec.co.jp/csr/en/report2010/contribution/>



Unity connects Japan and the United States

Installation of submarine cable and repeater



Submarine cable landing at Chikura

ESTABLISH A SAFE AND SECURE SOCIETY

NEC aims to help improve the diagnostic quality and administrative efficiency of the pathological diagnosis of cancer through its e-Pathologist cancer diagnosis assistance system, which uses digital image processing technologies and machine learning algorithms.

Faster Diagnosis for Early Detection of Cancer The e-Pathologist Cancer Diagnosis Assistance System

Japan and other industrialized nations around the world are seeing increased cancer patient numbers, driven in part by aging populations, become a pressing issue for society. Given the importance of prevention, early detection and early treatment in defeating cancer, screening using a variety of image analysis equipment and endoscopes is becoming increasingly common. Meanwhile, there has also been an increase in sample testing for hard-to-diagnose cases such as early stage cancers and samples that straddle the benign-malignant border.

Pathological diagnosis of cancer represents the final diagnosis for clinicians to decide on surgical or other treatment methods. However, Japan is experiencing an extreme shortage of pathologists. Facing this issue directly, NEC has worked to develop the e-Pathologist system for computer assisted pathological diagnosis.

The "e-Pathologist" system uses digital image processing technologies and algorithms from a machine learning

engine, to analyze digitized microscope images of tissue-sample slides. The computer then extracts the suspicious areas of potentially cancerous tissue or cells from the images with high precision and speed. The system assists in pre-screening cases for diagnosis by a pathologist, and supports double checking of diagnoses by multiple pathologists. Through these functions, the system is certain to improve the speed of pathological diagnosis and administrative efficiency, as well as providing clear and significant benefits for enhancing diagnostic quality assurance systems.

NEC also plans to offer the system as a SaaS*, or cloud-oriented service, to hospitals, testing facilities and academic institutions. This will offer customers the advantage of using the system only when needed, and only to the extent necessary, without having to make a large initial investment. Furthermore, NEC can be expected to open up many different possibilities for applications by combining a large pathology slide database with a case history database accompanying the slides. For example, NEC will pursue further research and development with the view to developing applications in advanced areas such as made-to-order treatments and drug discovery.

*SaaS (Software as a Service): Software that can be used as a service over a network, allowing customers to access only the required functions in required amounts.

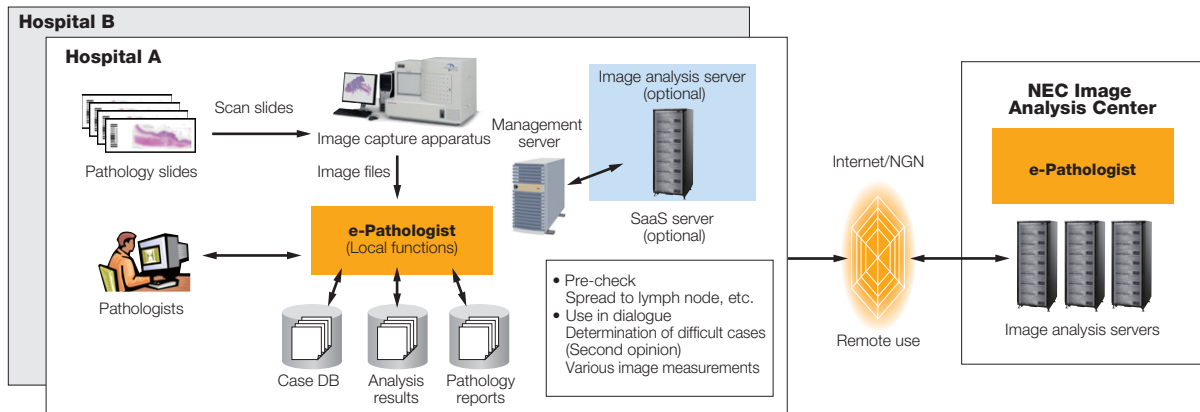


Comment from the NEC manager

"We are creating value in IT and hope many benefits for society will be generated."

Akira Saito (Doctor in Medical Science)
Group Manager
Innovative Service Solutions Division
NEC Corporation

URL <http://www.nec.co.jp/csr/en/report2010/contribution/>



Schematic of SaaS/Cloud-oriented service

EARN CUSTOMER TRUST

Since its founding in 1899, NEC has been developing a corporate culture under the motto "Better Products, Better Services," in which we create products and services that are more valuable to customers, and in which every one of us understands, considers, and quickly responds to what our customers expect in order to make NEC a company that is trusted and chosen by customers.

Improvements Originating From Customer Feedback

NEC strives to improve its products and services by listening carefully to customer feedback, which reflects many various expectations. Here, we present two examples involving mobile phones in Japan and communications equipment in Egypt.

Enhancing Mobile Phone Functionality

NEC received requests from customers to shorten the time required to take photographs and store them using their mobile phone cameras. To satisfy these requests, in December 2009, NEC commercialized the docomo PRIME series™ N-02B model featuring instant camera start-up and photo shooting. With an instantaneous camera start-up time of roughly 0.8 of a second, this model will ensure that customers do not miss photo opportunities. In addition, the "Quick Shot" instant photo shooting feature enables photos to be taken at intervals of roughly 1.5 seconds even with 12.2 million pixels. With such a short processing time from photo shooting to storage, customers can now take photos in rapid succession.



Speeding Up Mobile Phone Service Area Expansion

NEC has delivered a PASOLINK ultra-compact point-to-point mobile wireless access system to Mobinil, Egypt's leading mobile phone operator. When delivering the system, NEC established an on-call support system to respond to the customer's calls for assistance at any time. This approach gave Mobinil the ability to flexibly and rapidly expand its communication network, while maintaining a high degree of reliability during PASOLINK installation. NEC has spearheaded this collaborative approach ahead of other manufacturers, and has won high marks for its activities from Mobinil, as highlighted by this comment: "Instead of taking days to install a microwave link in a remote location to expand our mobile phone service area, we're now in the range of hours."

The docomo PRIME series is a trademark of NTT DOCOMO, INC.

NEC Customer Communication Center (CCC): a General Customer Help Line

NEC has set up more than 70 customer contact points to consult with customers and listen to their opinions and requests concerning each of its main product lines. The NEC Customer Communication Center (CCC) has been established as a general customer helpline for customers to ask questions when they are unsure about who to contact, among other instances. The CCC first strives to listen carefully to customers' opinions and requests, and accurately understand the nature of their inquiries. It then promptly collaborates with the relevant business divisions to solve their issues. The CCC looks forward to hearing your opinions and requests.

NEC Customer Communication Center

Phone: 0120-190-395 (toll free number in Japan)
 From mobile phones or PHS phones: 03-3454-3388 (Japan only)
 (Telephone charges shall be borne by the customer.)
 Business hours: 8:30-17:15, Monday to Friday
 (Excluding new-year holidays, national public holidays and company holidays)
 Website: <http://www.nec.co.jp/cs/ja/contact.html> (Japanese only)



14th Nikkei Computer Customer Satisfaction Survey
 NEC ranked No.1 in the PC & Servers Category, Mainframe Category, Network Equipment Category and Web Application Server Category of the 14th Nikkei Computer Customer Satisfaction Survey sponsored by Nikkei Computer magazine.

Source: Nikkei Computer (August 19, 2009 Issue)

URL <http://www.nec.co.jp/csr/en/report2010/cs/cs/>

EMPOWER OUR PEOPLE

Employees will play a crucial role in realizing the NEC Group Vision 2017 and the V2012 Mid-Term Growth Plan. The following are examples of how NEC is developing the human resources needed for expanding global business and cloud services targeted in the Mid-Term Growth Plan, as well as initiatives for encouraging a healthy working life for employees.

Human Resource Development for Achieving the Mid-Term Growth Plan

Developing New Employees Into Key Global Personnel

In fiscal 2009, NEC launched “Global Track to Innovator (GTI),” a training program designed to develop younger employees into key global personnel. The goal of the program is to foster globally viable innovators by stationing new employees overseas for a period of one to two years soon after joining NEC, allowing them to experience actual business operations abroad. In fiscal

Stationed in Africa as Part of GTI

After joining NEC in 2008, I was assigned to sales for the African market, and from January 2010 was posted to our liaison office in Algiers, Algeria, where I am scheduled to be stationed for about one year. My main duties are to facilitate coordination between Algeria and Japan. Developing partnerships with people from different countries requires the confirming and sharing of a mutual vision. Another important step in having the same vision is to exchange and discuss opinions until an agreement is reached that can satisfy all parties. This process can lead to some very heated arguments. In the truest sense, this involves putting the NEC Group Core Values of “Self-help” and “Collaboration” into practice every day. I hope to become part of the pool of human resources at NEC that can contribute to social development by understanding customers from a global perspective.



Yohei Kutsuna
Americas and EMEA
Sales Division
NEC Corporation

2010, 13 of the first class of employees in this program were stationed as trainees to learn about operations at business sites worldwide.

Developing Key Service Personnel

The NEC Group aims to develop a 10,000-member strong structure of key service personnel in fiscal 2013.

To train human resources with an overall understanding of the outsourcing services business, NEC opened its “Service High School” in fiscal 2010, training over 300 people during the year. Furthermore, NEC continues to conduct its “Service Academy,” designed to develop the advanced human resources needed to manage outsourcing services. 125 people have received training in the two years since NEC opened this academy.

In order to expand the services business in step with the cloud era, NEC from fiscal 2010 also began training “Business Model Consultants,” who propose ways to simplify customer business processes. Efforts to train consultants capable of proposing ways to use cloud-oriented systems architecture to simplify business processes actually began several years ago.

From fiscal 2010, NEC also commenced with the training of “LCM Professionals,” who are specialists in both systems integration project management and service management, and manage the entire system lifecycle from a customer-oriented viewpoint.

URL <http://www.nec.co.jp/csr/en/report2010/employee/emp02.html>

Using Health Points to Enhance Motivation to Improve Health

Partially in response to Specified Health Examinations and Specified Health Guidance pertaining to laws in Japan for ensuring occupational health and safety (OH&S) and the health status of employees, NEC has taken steps to enhance “NEC Health Innovation21 (NHI21),” an initiative designed to help prevent lifestyle diseases.

As a new measure in fiscal 2010, NEC launched a “health points” program as part of its health enhancement service using mobile phones. This

program offers prizes and other incentives for employees to record daily health management data such as their weight and diet information, and to follow through on pre-selected “event courses” (consisting, for example, of BMI improvement, smoking cessation, or walking). 4,000 people took part in this program in fiscal 2010.

URL <http://www.nec.co.jp/csr/en/report2010/employee/emp03.html>

STRENGTHEN RISK MANAGEMENT AND ENFORCE COMPLIANCE

In accordance with the Companies Act of Japan, NEC Corporation has stipulated its Basic Policy on Internal Control Systems and is working to strengthen risk management and compliance activities. In this section, we highlight the particularly important areas of information security, business continuity and partnership with suppliers.

Information Leakage Incidents Reduced by Half

The NEC Group achieved its goal of reducing by half the number of information leakage incidents from the previous fiscal year, a target that was set at the beginning of fiscal 2010. This was achieved by continuing to rigorously enforce information-leakage countermeasures implemented in fiscal 2009, including extending these measures to suppliers. In particular, there was a substantial decrease in information theft and loss caused by the unauthorized removal of PCs from business premises.

In fiscal 2010, we focused particularly on enhancing information security at suppliers. Specifically, we distributed awareness-raising DVD programs to suppliers (approximately 2,000 companies), and issued a standards form for information security measures

required of suppliers. We asked suppliers to appoint in-house instructors, and held training sessions for them (attended by approximately 1,200 people).

Furthermore, suppliers have taken the initiative to conduct their own activities. For example, the Information Security Research Council, made up of 12 participating suppliers, conducted activities to promote understanding of the importance of information management and raise awareness of information security, and reduce the associated risks. In fiscal 2011, the Council plans to expand its membership to 22 companies.

URL <http://www.nec.co.jp/csr/en/report/2010/security/>

Expanded Certification Under a Global Business Continuity Standard and Addressed New Strain of Influenza

The BSI (British Standards Institution) standard BS25999-2 is a global standard for business continuity management systems (BCMS). In fiscal 2010, in accordance with this standard, NEC implemented all activities, ranging from plan formulation, document management and education to training drills, internal audit, management review and system upgrades, for approximately 400 business continuity plans (BCP) for earthquakes that have already been formulated. In fiscal 2010, NEC was granted certification for 28 new BCPs, in addition to certification of 25 BCPs in fiscal 2009.

In spring 2009, a new strain of influenza (H1N1) broke out and became a worldwide pandemic. In response, the NEC Group created a BCP for the possible outbreak of a highly pathogenic new influenza strain to ensure that it is

able to cope with the worst-case scenario both in Japan and overseas. The basic policies are as follows: (1) Securing the lives and safety of employees and others; (2) Maintaining societal functions while conducting as many operations as possible; (3) Considering reducing or stopping other operations. In Japan, we have identified operations that are subject to business continuity measures, particularly businesses related to maintaining societal functions, and have formulated individual BCPs. Overseas, we have formulated BCPs based on the same approach as in Japan, after surveying information issued by the host country governments on disaster scenarios and other matters.

URL <http://www.nec.co.jp/csr/en/report2010/continued/>

Support for the CSR Activities of Suppliers

Since fiscal 2007, NEC has surveyed the status of CSR activities (quality/safety, environment, information security, fair trading, OH&S and human rights) at suppliers using the Supply-Chain CSR Check Sheet based on the Supply-Chain CSR Deployment Guidebook published by the Japan Electronics and Information Technology Industries Association. The survey mainly covers suppliers with whom NEC has large transaction amounts in the outsourcing field, in such areas as mechanical and engineering components and product assembly. In fiscal 2010, we requested 47 suppliers to complete the survey and received completed surveys from all of them. NEC issued

feedback reports showing strengths, weaknesses and points for improvement to every respondent. We analyzed survey data from 165 suppliers, including 118 suppliers surveyed in the past, and found that progress is being made at these suppliers primarily in the fields of quality/safety, and the environment.

In other areas, we support the activities of suppliers' subcommittees on information security and quality management, and assist with their environmental activities through on-site inspections and other measures.

URL <http://www.nec.co.jp/csr/en/report2010/supplier/>

COMMUNICATIONS WITH STAKEHOLDERS

Under “Promoting Communications With Stakeholders,” one of its basic CSR-driven management policies, NEC uses a variety of methods to communicate with a range of stakeholders, including customers, shareholders and other investors, suppliers, NPOs and NGOs, local communities and employees. Below, we report on examples of communication with NPOs and NGOs, and an international institution.

Engagement with NPOs and NGOs and international institutions, whose mission is to solve social issues, is essential to helping to solve social issues as a good corporate citizen. Through its core businesses and as a social contribution initiative, NEC remains committed to pursuing engagement of this kind with the aim of helping to solve social issues.

Seminar for CSR-driven Businesses

From fiscal 2009, NEC has conducted seminars on promoting business mainly from the perspective of contributing to digital inclusion in emerging and developing countries, for employees primarily involved in overseas businesses. The guest instructor invited to the seminar from outside the Company was an official from the United Nations Development Programme (UNDP), which is promoting private-sector engagement. An economics expert on India also participated. Instructors invited from within the Company include personnel with substantial experience in developing businesses in emerging and developing countries. The participants discussed the perspectives, knowledge and other elements needed to develop businesses that will contribute to the development of emerging and developing countries. In fiscal 2010, NEC held three seminars concerning India and Africa, attended by approximately 80 employees. Comments from participants included: “I would like to consider developing cloud computing businesses in emerging countries,” and “I now appreciate the necessity and potential of partnerships with international institutions.”

Employees Around the World Contribute to Local Communities

Based on the slogan of “Nature, Education, Community: The Heart of NEC,” which uses the first letters of the company name for the three key words, we have conducted the NEC Make-a-Difference Drive (MDD) every year since 1999.

In fiscal 2010, the program’s 11th year, approximately 174,370 participants from 953 NEC sites in 28 countries around the world took part in the event. Working in partnership with NPOs and NGOs engaged in the solution of issues in their respective regions, the participants organized 3,873 programs. In fiscal 2011, NEC will conduct “pro bono” activities where its employees utilize their professional skills to support social entrepreneurs, while further strengthening engagement with NPOs and NGOs.

URL <http://www.nec.co.jp/csr/en/report2010/social/>

URL <http://www.nec.co.jp/csr/en/report2010/policy/>

Discussions at a seminar on India in September 2009.



In January 2010, Mr. Toshiya Nishigori, a UNDP public affairs and civil society liaison officer, gave a presentation on the “UNDP-Private Sector Partnership Initiative.”



NEC HCL System Technologies Ltd. (India) provided educational assistance for children of impoverished families.



NEC Display Solutions Europe GmbH (Germany) supported children fighting cancer and their families.

INDEPENDENT REVIEW OF NEC ANNUAL CSR REPORT 2010

This review was written based on an examination of NEC Annual CSR Report 2010 and on interviews with relevant NEC personnel with responsibilities in areas such as the environment, universal design (UD), customer satisfaction (CS), procurement, business continuity plans (BCPs), information security, compliance, occupational health and safety (OH&S), human resources, and social contribution activities.

In my opinion, NEC's CSR activities are benefiting from the ongoing expansion of the appropriate application of PDCA management cycles throughout the Group across a broad range of items. These items range from measures to reduce the environmental impact of operations to efforts to involve suppliers and social contribution activities closely tied to the Company's core businesses.

Areas of Excellence

- In regard to reducing its environmental impact, NEC achieved the NEC Environmental Management Vision 2010 ahead of schedule during fiscal 2010, and has formulated an action plan running through 2017 and 2030 based on such themes as reducing CO₂ through IT solutions, improving energy efficiency, preserving biodiversity, and enhancing resource recycling and conservation. In future, we hope to see NEC proceed with realizing its action plan while winning the participation of a diverse array of stakeholders, including customers and NPOs.
- To promote UD, NEC is making preparations to deploy a Website accessibility build-up checklist. Going forward, we strongly hope that NEC will standardize similar activities on a global scale.
- To improve CS, NEC bolstered its CS promotion framework through "direct follow-up activities," in which corporate staff directly exchange opinions with customers at enterprises and government institutions, and by unifying customer contact points through reorganization. In future, we expect NEC to make progress with improvements based on more detailed analysis of the factors behind "Dissatisfied" replies in CS surveys, such as those concerning the timing and speed of proposals and replies to customers.
- To promote compliance, NEC has striven to cultivate an internal atmosphere that is conducive to employees contacting the NEC Help Line for advice or to report issues. These actions include internally disclosing the numbers of people contacting and consulting the NEC Help Line as well as examples of cases where contact and consultation led to the correction of problems. Compliance promotion measures are also progressing overseas, including the preparation of a Chinese-language version of a case-study booklet. Looking ahead, we hope that NEC will promote compliance promotion measures comprehensively as a Group by advancing these measures at the overseas business locations of its domestic subsidiaries.
- In the area of information security, NEC standardized the Information Security Measures Standards Form internally within the Group, and developed IT infrastructure that makes internal systems, including file encryption, accessible to suppliers outside the Company.
- In the area of BCPs, NEC formulated approximately 400 BCPs for earthquakes in Japan, and critical divisions conducted joint training exercises.
- NEC continues to improve its systems to provide more flexible working conditions for employees with childcare or nursing care commitments. Eligibility requirements for childcare leave/reduced working hours programs have been abolished, and the number of days of child nursing leave obtainable by employees has been increased. NEC has also created a re-employment system for people who have left the Company for reasons such as childcare and nursing care. The development of these support systems and improved access to them have increased the utilization rate among employees at NEC Corporation to 5.0%. Going forward, we strongly hope that NEC will extend similar measures to all NEC Group companies.
- In terms of social contribution activities, NEC is encouraging increased participation in its Make-a-Difference Drive (MDD) at the business division

level, and is conducting pioneering activities, including the NEC Social Innovation Program for Future Leaders. In future, we expect NEC to make progress with activities addressing global concerns such as poverty, food/water security issues.

Areas Where Progress Is Recognized Yet Further Efforts Are Desired

- Regarding OH&S, we highly commend NEC's efforts to enhance its own OH&S initiatives that exceed statutory requirements. Examples include introducing "Health Points" that can be monitored using mobile phones, and offering training programs for supervisors in charge of employees returning to work from periods of leave. At the same time, we continue to strongly hope that NEC will enhance and monitor the status of OH&S measures at Group companies worldwide.
- Regarding CSR promotion at materials suppliers and the rest of the supply chain, we applaud NEC's progress with various measures. For example, NEC has formulated related guidelines, and conducted checklist-based surveys at a total of 165 suppliers, in addition to offering feedback to individual suppliers and offering Web-based training on on-site contracting and dispatch staffing. In the future, we would like to see NEC institute an award system to recognize excellence in this area, based on broader surveys of business partners using more detailed checklists to assess the status of CSR-related activities, and to upgrade efforts to cultivate more cooperation between business partners in tackling such issues voluntarily through working groups for various issues or regions.

Our Expectations for NEC as a Global Frontrunner in CSR

- To promote further globalization in future business activities, as its new Mid-Term Growth Plan set, NEC must enhance and harness diversity in human resources. To achieve the challenge, we hope that NEC will appoint a "Global Human Resource (HR) Officer" with overall responsibility for promoting diversity through every opportunity, including recruitment, training and exchange of global human resources. This envisions the establishment of a Global HR Portfolio, that transcends divisional and company boundaries for the entire Group over the next 10 years.
- The optimal use and preservation of water resources is crucial to ensuring the world's sustainable development in the future. Looking ahead, we hope that NEC will monitor its water usage and impact on water resources (including impacts from the stages of materials procurement to manufacturing/distribution, product use by customers and disposal), and work to minimize these elements. At the same time, we expect NEC to formulate a strategy for contributing to the preservation of water resources in various regions around the world.

International Institute for Human, Organization and the Earth (IIHOE)



Chief Executive Officer:
Hideto Kawakita

Organization Profile:

Established in 1994, IIHOE is a non-profit organization (NPO) dedicated to promoting "balanced and democratic development for all life on earth." Alongside its main activity of providing management support to civic groups and social entrepreneurs, IIHOE also offers CSR-related support to leading companies.

URL: <http://blog.canpan.info/iihoe/> (Japanese only)

NEC has taken measures in response to the "Areas Where Progress Is Recognized Yet Further Efforts Are Desired," that were identified in the Independent Review of the NEC Annual CSR Report 2009. For details, please visit our Website at the following URL:

URL <http://www.nec.co.jp/csr/en/report2010/opinion.html>

CSR PROMOTION ACTIVITIES: OBJECTIVES AND PERFORMANCE

The table below provides an overview of the status of NEC's CSR promotion activities. For each of our three basic CSR policies, we summarize fiscal 2010 objectives and achievements, and the degree of completion, as well as newly formulated objectives for the medium term (fiscal 2011 to fiscal 2013) and fiscal 2011 objectives. (The entire content is disclosed on NEC's CSR Website).

Basic Policies	Key Points	Fiscal 2010 Objectives	Fiscal 2010 Achievements and Results
Strengthen risk management and enforce compliance	Information security	<ul style="list-style-type: none"> Enhance the confidential information management process at contractors and the NEC Group Enhance contract management and management of re-commissioning and ensure execution of security measures 	<ul style="list-style-type: none"> Fostered an understanding of the importance of confidential information management processes among on-site employees at our suppliers (in Japan) and the NEC Group through the viewing of awareness-raising DVD programs and training, and rigorously enforced the implementation of management processes Established rules for incorporating articles on confidential information management processes into contracts. We rigorously enforced the implementation of prior approval of subcontracting through the use of a designated ledger.
	Business continuity	Formulate BCPs for new strains of influenza. Institute a range of BCM activities, including training drills and reviews in regard to BCPs for earthquakes.	Formulated BCPs for new strains of influenza at NEC consolidated subsidiaries in Japan and overseas. Implemented training drills, internal audits and other BCM activities in regard to BCPs for earthquakes. Following on from fiscal 2009, NEC continued to undergo BS25999 certification testing, and expanded the scope of certification.
	Supply chain-related developments	<ul style="list-style-type: none"> Support CSR enhancement measures at key suppliers through surveys using the Supply-Chain CSR Check Sheet, the issuance of feedback reports and the provision of training materials 	<ul style="list-style-type: none"> We obtained completed surveys using the Supply-Chain CSR Check Sheet from 47 suppliers (total of 165 suppliers). We also comprehensively analyzed the survey data, and issued feedback reports to every respondent on the strengths and weaknesses of their CSR activities.
Contribute to solving social issues through business activities	Global environmental protection	<ul style="list-style-type: none"> Reduce the CO₂ emissions (power consumption by products during use converted into CO₂) of products (performance basis) by 50% compared with fiscal 2006 Develop four top-class eco-friendly hardware products ("ECO Symbol Star") Reduce total GHG emissions (in absolute terms) by 20% compared with fiscal 2006 	<ul style="list-style-type: none"> Reduced by 44%, but fell short of target Developed 10 products, and achieved target Reduced by 37%, and achieved target
	Universal Design (UD)	<ul style="list-style-type: none"> Bring Web-based training to Group companies in Japan Establish universal design and user-centered design training system and implement training regularly 	<ul style="list-style-type: none"> Implemented Web-based training for a total of over 1,700 participating employees at three NEC Group companies Prepared training materials for deploying user-centered design and began training key personnel
	Promote CSR through core business activities	<ul style="list-style-type: none"> Develop examples of business projects that contribute to digital inclusion (regional and UD) and promote greater awareness among employees 	<ul style="list-style-type: none"> Held the seminar for CSR-driven business three times to help use CSR elements as a springboard for global business expansion
Promote communications with stakeholders	Customers	<ul style="list-style-type: none"> Establish a customer-based corporate culture: Build the "One NEC" framework so that all Group activities are based on customers' needs, bolster Group teamwork and foster a customer-oriented mindset among employees 	<ul style="list-style-type: none"> Formulated action plans to become the industry No.1 in CS in Japan, and began unified CS improvement activities as "One NEC" Developed a training system and provided education and training by grade to foster a customer-oriented mindset. In addition, we continued to provide a training program aimed at improving communication skills to bolster the level of teamwork, as in fiscal 2009. (211 participants from 8 divisions on a cumulative basis)
	Shareholders and other investors	<ul style="list-style-type: none"> Enhance IR activities led by management 	<ul style="list-style-type: none"> NEC endeavored to engage in direct dialogue with investors and securities analysts by holding various management-led presentations and individual meetings, including presentations on the Mid-Term Growth Plan
	Communities	<ul style="list-style-type: none"> Enhance programs using IT Commence at least two new programs as fresh initiatives MDD2009: Achieve gains over MDD2008 in terms of numbers of participating sites, programs, participants and total volunteer time 	<ul style="list-style-type: none"> Substantially increased the number of "NEC Working Mothers' Salon" events and participants by training facilitators Commenced the "NEC Social Innovation Program for Future Leaders" and "NEC Kids" MDD2009: 953 (+72), 3,873 (+45), 174,370 (+2,010), 153,788 hours (+203 hours) (Figures in parenthesis are increases from previous year)
	Employees	<ul style="list-style-type: none"> Reduce long overtime hours and bolster workplace management Follow-up on how persons with disabilities are settling into the workplace 	<ul style="list-style-type: none"> Achieved reductions in overtime hours and the number of employees who have worked long hours, and an increase in the number of days of paid leave taken by employees Conducted interviews with people with disabilities who joined the Company in fiscal 2010, to help them settle into workplaces
		<ul style="list-style-type: none"> Cultivation of key global personnel: create basic training course for key global personnel and continue the GTI training program Cultivation of key service business personnel: strengthen plans to develop NCP professional personnel, commence "Service High School" 	<ul style="list-style-type: none"> Continued to implement the GTI training program. Offered middle-manager training and Web-based training in China. Implemented various measures to cultivate key service business personnel (commenced "Service High School," etc.)
<ul style="list-style-type: none"> OH&S: As the basis for legal compliance, establish a daily inspection function in workplaces and further reinforce management systems for auditing, monitoring, etc. Health Management (NEC Health Innovation 21): Follow-up on the results of Specified Health Examinations and Specified Health Guidance, and NEC Health Innovation 21 activities, and make improvements 		<ul style="list-style-type: none"> Conducted checks using the "Disaster Prevention and Safety Check List" (including cross-checks), while obtaining OHSAS certification with the NEC Sagamihara plant as a model case Monitored progress on a monthly basis and achieved numerical targets 	
CSR Overall	<ul style="list-style-type: none"> Promote the formulation of CSR approach and NEC Group guidelines on disclosure of CSR-related information, in concert with work on establishing group rules for bolstering group-wide management Promote internal improvements based on feedback from society-derived views, such as SRI/media-related external evaluations 	<ul style="list-style-type: none"> Published NEC's CSR approach in the NEC Group Management Policy. Achieved inclusion in all four of the world's major SRI indices with the addition of Ethibel. Based on the results of SRI/media-related external evaluations, we provided feedback to related divisions on employees and environment matters. 	

(Degree of completion: ◎achieved ○ mostly achieved △some progress × no progress)

Degree of Completion	New Medium-Term Objectives (Fiscal 2011 to Fiscal 2013)	Fiscal 2011 Objectives
◎	<ul style="list-style-type: none"> Implement comprehensive security measures from the standpoint of management, systems and human resources development. Protect information assets entrusted to NEC by customers and suppliers as well as NEC's own information assets. As a provider of IT products, services and solutions, deliver even more secure and reliable products, services and solutions to customers. 	Reinforce information security at suppliers: <ul style="list-style-type: none"> Educational programs for instituting measures: approximately 2,000 companies Continuous implementation of supplier on-site and written assessments: approximately 2,000 companies Increase technological support to more personnel at suppliers
◎	<ul style="list-style-type: none"> Institute BCM activities throughout the NEC Group (both in Japan and overseas) and instill a strong awareness of business continuity in the organization's culture 	<ul style="list-style-type: none"> Formulate BCPs at overseas consolidated subsidiaries for risks (other than new strains of influenza) that could materialize in each region and could impact business continuity Institute a full range of BCM activities for BCPs that have already been formulated
◎	<ul style="list-style-type: none"> Enhance suppliers' risk and compliance management capabilities 	<ul style="list-style-type: none"> Promote questionnaires based on the Supply-Chain CSR Check Sheet Analyze survey results and issue feedback reports to every supplier surveyed Support CSR enhancement measures at key suppliers mainly by preparing and providing CSR training materials and holding seminars for suppliers
△ ◎ ◎	<ul style="list-style-type: none"> Reduce the CO₂ emissions (power consumption by products during use converted into CO₂) of all products (performance basis) by more than 65% on average compared with fiscal 2006 Implement "Eco Appeal Proposals" using "Green Appeal Sheets" every year at a rate of three proposals per person on average Reduce energy-derived CO₂ emissions (total volume or energy equivalent) by 1% year on year 	<ul style="list-style-type: none"> Reduce by 60% Implement two proposals per person on average during the year Reduce by 1% from fiscal 2010
◎	<ul style="list-style-type: none"> Develop outstanding examples of innovative products and services in terms of universal design and people-centered manufacturing. Promote and entrench these examples at product development worksites. 	<ul style="list-style-type: none"> Offer training programs on harnessing user-centered design to on-site development personnel. Increase the number of core product and service development activities led by worksites, by cultivating experts that can take the initiative in development, using skills and expertise obtained from training programs.
△	<ul style="list-style-type: none"> Contribute to the creation and expansion of businesses that help to solve social issues 	<ul style="list-style-type: none"> Step up efforts to incorporate CSR in business activities (hold internal seminars on helping to promote digital inclusion in developing countries, etc.)
◎	<ul style="list-style-type: none"> NEC gives top priority to providing products that can be used by customers with peace of mind. We therefore strive to improve the quality of employees, products and services, and business processes from the customer's point of view, with the aim of becoming the industry No. 1 in CS. 	<ul style="list-style-type: none"> Establish a customer-based corporate culture: Promote the development of the "One NEC" framework so that all Group activities are based on customer needs, bolster Group teamwork and foster a customer-oriented mindset among employees Conduct CS improvement activities targeting new markets on a global scale, including overseas Group companies
◎	<ul style="list-style-type: none"> Proactively provide information to shareholders and other investors based on the Mid-Term Growth Plan 	<ul style="list-style-type: none"> Continue to strengthen IR activities led by management and IR staff Enhance IR activities for individual investors, by stepping up disclosure of information through the IR Website and company presentations for individual investors
◎ ◎ ◎	<ul style="list-style-type: none"> Promote programs that contribute to solving social issues based on the following themes: Eliminating the Digital Divide (Helping to solve poverty issues in developing countries and improving accessibility); Social Innovation Developed by Entrepreneurs; Youth Education that Cultivates Creativity; Protecting the Earth's Environment and Biodiversity; Realizing a Diverse & Thriving Society 	<ul style="list-style-type: none"> Improve and strengthen continuing programs from the perspectives of "relationships with medium-term themes," "links with business, including the use of IT" and "employee participation" Implement two new programs Improve NEC MDD activities
◎ ◎	<ul style="list-style-type: none"> Further promote a healthy work-life balance Achieve the statutory ratio of employees with disabilities at all NEC consolidated subsidiaries in Japan 	<ul style="list-style-type: none"> Step up activities to reduce long overtime hours. Strengthen support measures for employees who are balancing work and childcare responsibilities. Enhance interviews for helping people with disabilities settle into workplaces
◎ ◎	<ul style="list-style-type: none"> Cultivate human resources who will execute the "C&C Cloud Strategy" Cultivate human resources who will advance global businesses Cultivate human resources across organizational boundaries Enhance worksite capabilities by enhancing management skills 	<ul style="list-style-type: none"> Clearly identify human resources who will be responsible for creating businesses, and establish a training framework for them Establish a systematic training framework for human resources selected on a global basis Hold training programs for all general managers Prepare a management guide. Commence training programs for senior managers of overseas subsidiaries (implement a pilot training program).
◎ ◎	<ul style="list-style-type: none"> OH&S: Establish OH&S management systems at each NEC worksite. Enhance the OH&S management system for the NEC Group as a whole. Health Management: Achieve a Specified Health Examination implementation rate of 80% and a Specified Health Guidance completion rate of 50% in fiscal 2013 	<ul style="list-style-type: none"> OH&S: Enhance quality by implementing OHSAS-level checks of OH&S systems at each NEC worksite Health Management: Achieve a Specified Health Examination implementation rate of 70%; and a Specified Health Guidance completion rate of 45%
△ ○	<ul style="list-style-type: none"> Promote the dissemination of information (CSR reports etc.) throughout the NEC Group on a consolidated basis, and enhance external evaluations 	<ul style="list-style-type: none"> Enhance the CSR Report production process along with activities that originate from stakeholder feedback. Publicize these activities to enhance external evaluations.

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For further details, please see the NEC Annual CSR Report 2010 at the following URL:

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

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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.

NEC stock has been included in the following SRI indices:

- Dow Jones Sustainability World Index, SAM Silver Class
- FTSE4Good Global Index
- ETHIBEL EXCELLENCE
- MS-SRI Morningstar Socially Responsible Investment Index



FTSE4Good



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