

# TO OUR SHAREHOLDERS

In fiscal 2011, NEC continued to face challenging business conditions, highlighted by the slow recovery of IT investment in Japan and sluggish investment by overseas telecom carriers. Furthermore, the Japanese economy was significantly impacted by the Great East Japan Earthquake in March 2011. As a result, NEC was unable to achieve its initial business targets for fiscal 2011.

Efforts are underway to recover from the impact of the earthquake. I wish to send my thoughts and prayers to all those affected by the disaster. The NEC Group is fully committed to contribute to quick recovery of the disaster stricken areas.

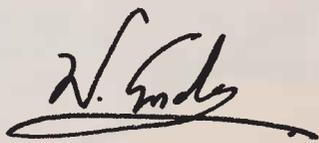
In fiscal 2011, although consolidated net sales dropped 13.1% year on year to ¥3,115.4 billion, consolidated operating income improved ¥6.9 billion from the previous fiscal year to ¥57.8 billion. However, NEC posted a consolidated net loss of ¥12.5 billion, ¥23.9 billion worse than the net income result in the previous fiscal year.

In light of these circumstances, NEC has decided not to pay an annual dividend for fiscal 2011. We deeply regret that we must report this decision to shareholders.

In February 2010, NEC unveiled its Mid-Term Growth Plan “V2012—Beyond boundaries, Toward our Vision.” We are currently pursuing the plan’s three key initiatives: focus on “C&C Cloud Strategy,” expand global business and create new businesses. The NEC Group is determined to help Japan overcome the impact of the disaster earlier this year and recover. At the same time, NEC is striving to implement speedier management to realize the NEC Group Vision 2017, with the aim of enhancing shareholder and corporate value over the medium and long terms.

We look forward to your continued support and understanding as we work to reach our goals.

June 2011



NOBUHIRO ENDO  
President, NEC Corporation

