

TO OUR SHAREHOLDERS

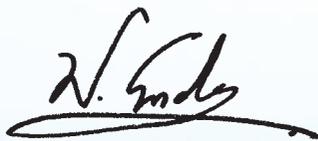
In fiscal 2012, NEC was unable to achieve its initial business targets for the fiscal year mainly because of the major upheaval in the economic environment due to fiscal crisis in various European countries, the appreciation of the yen, and the impact of the Great East Japan Earthquake and the flooding in Thailand. Another factor was the impact of Japan's tax reforms. In light of these circumstances, NEC has decided not to pay a year-end dividend for fiscal 2012 following management's decision not to pay an interim dividend. We deeply regret that we must report this decision to our shareholders.

In fiscal 2012, although consolidated net sales decreased 2.5% year on year to ¥3,036.8 billion, consolidated operating income improved ¥15.9 billion from the previous fiscal year to ¥73.7 billion. However, our bottom line was impacted by several factors, including a review of deferred tax assets reflecting Japan's tax reforms and financial results for fiscal 2012, and the recording of business structure improvement expenses. As a result, NEC posted a consolidated net loss of ¥110.3 billion, ¥97.7 billion worse than the net loss result in the previous fiscal year.

In February 2010, NEC unveiled its Mid-Term Growth Plan "V2012—Beyond boundaries, Toward our Vision." Under this plan, NEC has striven to implement speedier management to drive business expansion, with the view to achieving its net sales target of ¥4 trillion in fiscal 2013. However, NEC has been unable to deliver adequate results due to the onset of an increasingly severe business environment surrounding the company, compounded by abrupt shifts in the economic environment. In light of these conditions, we have started restructuring challenged business areas through measures including personnel reductions, to ensure that we generate stable profits based on the current level of sales. These measures are directed at transforming NEC into a profitable enterprise. Furthermore, the NEC Group intends to implement reforms designed to transform itself into a cash flow-driven enterprise with four core businesses, namely the IT Services business, Carrier Network business, Social Infrastructure business and Energy business. Our overriding goal is to enhance corporate value.

We would appreciate your continued support and understanding as we work to reach our goals.

June 2012



Nobuhiro Endo
President, NEC Corporation

