

June 8, 2005

NEC Corporation  
Akinobu Kanasugi  
President

Re Proposal for amendments to the Articles of Incorporation  
at the 167th Ordinary General Meeting of Shareholders

Dear Shareholders,

Reference is made to the amendments to the Articles of Incorporation (the “Articles”) that we are proposing to the 167th Ordinary General Meeting of Shareholders to be held on June 22. We understand that investor community expressed concerns about our proposal, in particular, for increasing the number of shares NEC Corporation (the “Company”) is authorized to issue. As your support for our proposals is vital to us, I would like to explain the reason behind the proposals.

1. Amendments are not anti-takeover measures

First of all, I would like to emphasize that the proposed amendments to the Articles are not intended as anti-takeover measures. Of the amendments, a reduction of the maximum number of directors is proposed to reflect the establishment of corporate officer system that was introduced in April 2000, and an increase in the authorized capital is proposed to maintain our capabilities to compete effectively in implementing business strategies as described in more detail below.

Although we are not currently aware of any threat of hostile takeover activities against the Company, it is the belief of the management of the Company that the most effective way to prevent or defend a hostile takeover bid is to improve the profitability and enhance the corporate value of the Company by implementing the mid-term growth strategies that we announced in 2003, and the management intends to reward to shareholders in the course of achieving objectives of the these strategies. As for the anti-takeover measures being widely discussed recently in Japan, we have no plan for such measures at the moment. We are in the stage of commencing a study, including the evaluation of whether or not it is necessary to introduce any defense measures, based on the guidelines published by the Ministry of Economy, Trade and Industry of Japan and the restrictions set by the court rulings and through

a dialogue with shareholders and other participants in the market.

In case the Company introduces any takeover defense measures, which we believe should not be intended to preserve the self-interest of the management, we commit to explain fully the contents of the measures and the consequences to our shareholders. We believe that any defense measures that may be introduced by the Company should be adopted for the purposes of improving the acquirer's proposal in line with the shareholders value, and we will ensure that the defense measures of the Company will be formulated to be fair and highly transparent in its contents and not to cause undue restriction of the shareholders rights to investment decisions when the measures are activated.

## 2. Reason for Increase in Authorized Capital

We have always been conducting our operations with full awareness of shareholders value and understand well the shareholders' concerns about a significant dilution in connection with the amendment of the Articles to increase the number of the shares authorized to be issued to 7.5 billion shares from 3.2 billion shares. First, I would like to explain the reason why we consider such increase in the authorized capital is necessary.

As we understand it, there is a possibility of dynamic changes such as a restructuring among competitors in the Japan's electronics industry taking place in a few years. Under these circumstances, we believe it is possible for the Company to consider large M&A transactions utilizing the shares of the Company as an option of our growth strategies. Although we have no plan to consider such course of action at the moment, we believe it is necessary for us to rectify the current situation where the Company has far less number of shares available for such purpose than its competitors due to the restriction of the authorized capital under the Articles. (Please refer to the attached sheet) For this reason, the Company has decided to propose an increase in the authorized capital.

The growth strategies by utilizing its own shares of the Company will be implemented in order to improve shareholders value significantly, and we believe the increase of authorized capital will ultimately enhance the shareholders value.

## 3. Prevention of Abuse of Authorized Capital

We are not contemplating the use of the shares of the Company that will become available after the amendments to the Articles other than for the purpose of implementing growth strategies. The progress of our plans and strategies will continue to be reported and explained at IR meetings, etc., and the management will ask the understanding of shareholders of the actions utilizing the shares of the Company if it is to take such actions.

As we recognize that fair and timely disclosure in compliance with the laws and regulations are most important to an issue of new shares or rights, we commit to achieve the accountability for improving corporate value by thorough explanation of the objectives and necessity of the actions to our shareholders and other market participants.

I hope the foregoing explanation is of assistance to you in understanding and evaluating the proposals. We would appreciate it very much if you would review the proposals based on our explanation and vote FOR our proposals at our 167th Ordinary General Meeting of Shareholders.

## Attachment

(Billions of Shares)

|                            | NEC   | Fujitsu | Hitachi | Toshiba | Mitsubishi |
|----------------------------|-------|---------|---------|---------|------------|
| Authorized Capital         | 3.2   | 5       | 10      | 10      | 8          |
| Number of Issued Shares    | 1.99  | 2       | 3.36    | 3.21    | 2.14       |
| Number of Remaining Shares | 1.21  | 3       | 6.64    | 6.79    | 5.86       |
| Ratio of Issued Shares     | 62.4% | 40%     | 33.7%   | 32.2%   | 26.8%      |

Data as of September 30, 2004, except the number of issued shares of NEC include the number of shares issued in connection with stock-for-stock exchange with NEC Soft, Ltd. and NEC System Technologies, Ltd.