

Message from the President

To restore NEC's strength, now is the time to transform ourselves and start the journey of development and growth



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Takashi Niino
President and CEO

September	1954	Born in Fukuoka Prefecture, Japan
March	1977	Graduated from the Faculty of Engineering of Kyoto University
April	1977	Joined NEC Corporation
April	2008	Senior Vice President
April	2010	Executive Vice President
June	2011	Executive Vice President and Member of the Board
April	2012	Senior Executive Vice President and Member of the Board
April	2016	President and CEO (Representative Director) (to present)

NEC's Role as a Social Value Innovator

Since its establishment in 1899, NEC has been creating products and services of value to customers under the motto of "Better Products, Better Services." I believe NEC's enduring commitment since its foundation to utilize its powerful technical capabilities to provide better value to customers and society is the reason that it has been accepted by society for 119 years. This approach has been passed down to us in the NEC Way, which encapsulates the NEC Group's management philosophy, vision and business framework. The NEC Way guides all of us at NEC.

Meanwhile, the value that customers and society expect from us is constantly changing. Up until now, our technologies and products have been a sufficient source of value, but customers and society are now requiring increasingly diverse sources of value. To remain an essential company in the eyes of society in the years to come, we must create new value by constantly keeping our finger on the pulse of what it consists of.

To express this resolution both internally and externally, we adopted "Orchestrating a brighter world" as our Brand Statement in 2014. This Brand Statement reflects NEC's determination to realize bright, hope-filled societies and ways of life. As a leading integrator that possesses both computing and network technologies who

combines them with diverse knowledge and ideas in collaboration with people around the world, this is our aim. As a social value innovator, we will continue to provide value in the form of safety, security, efficiency and equality, which are prerequisites for all people, and an abundant society by leveraging our strengths. This is our approach to sustainability and our vision for the Company.

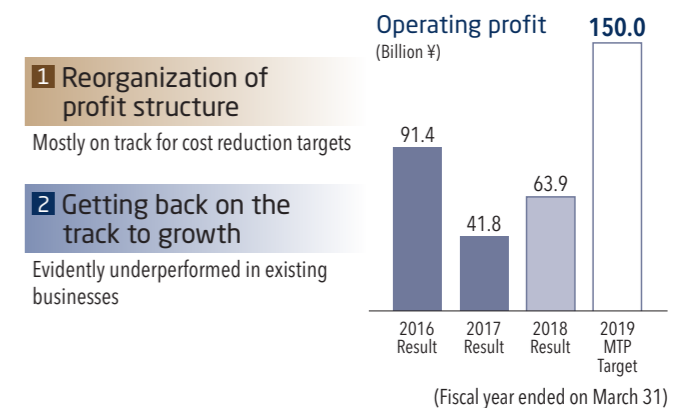
In 2005, NEC became a signatory to the United Nations Global Compact (UNGC), a global initiative aimed at sustainable growth for society and companies. In our corporate activities we now observe the compact's 10 principles pertaining to the fields of human rights, labor, the environment, and anti-corruption. As part of efforts in "Orchestrating a brighter world," I am confident that NEC can also contribute to the achievement of the Sustainable Development Goals (SDGs) adopted by the UN in 2015.

In addition, with the formulation of the Mid-term Management Plan 2020, NEC has defined its materiality-priority management themes from an ESG perspective. This outlines the approach to social value creation that we have practiced since our foundation and connects our business strategies with ESG initiatives as a new declaration to our various stakeholders of our commitment to achieving the mutual growth of NEC and society.

Review of the Mid-term Management Plan 2018

The Mid-term Management Plan 2018 covered the three years from fiscal 2017 to fiscal 2019. Under this plan, we worked to transform NEC into a social value innovator through reorganization of our profit structure and getting back on the track to growth. In our efforts in reorganizing the profit structure, we have made steady overall progress through to fiscal 2018; however, with getting back on the track to growth, significant underperformance in our existing businesses, which were meant to support the Company over the short term, left us unable to realize our operating profit target of ¥150.0 billion. In light of this situation, we revised our targets before the completion of the plan and formulated a new mid-term management plan in January 2018.

Mid-term Management Plan 2018



Issues Facing NEC

I have always felt that NEC has had an issue with a lack of speed in responding to changes in society and the markets. This has some bearing on why we haven't managed to grow the businesses that we had positioned as growth areas in the past. NEC has not moved on from the approaches and culture of an era where technology itself represented value. I feel that the persistence of old structures and systems inside the Company has been a hindrance to new initiatives.

Another issue is a lack of execution capability to carry out declarations and decisions to completion. The root cause of these issues is the absence of a culture of commitment as well as a lack of well-defined consequences or rewards at NEC. I am painfully aware that while these fundamental issues have been recognized at NEC for some time, we have made little progress in improving them. I am deeply aware of my responsibility in this regard as CEO.

Overcoming Issues Requires a Cultural Transformation

How then can these issues be overcome? How can we become a company that tackles its own targets quickly and carries them out to completion? The only way is to engage with a host of issues, including organizations, systems, human resources, and work styles, reviewing them from scratch in order to change NEC's culture. The value of NEC lies in its approach of striving to provide better value to our customers and society with our founding spirit of "Better Products, Better Services." While retaining this value, we must build the methods, structures, and culture that will enable us to respond

rapidly to changes in global society and leverage our capabilities to the fullest.

I have been highlighting that NEC needs to change for some time. However, while we may recognize the necessity, when we set about making changes, we come up against obstacles and find ourselves at an impasse. I think this is because we have tried to transform by our own efforts alone. This time, I will make use of external powers as well in order to execute changes thoroughly.

My Commitment as CEO

NEC has come to a point where it is truly imperative to make major changes. If we do not change, NEC will not survive. With this sense of crisis, I will pour every effort as CEO into changing NEC. To enable NEC to continue developing and growing sustainably with society,

we must discern what is truly necessary, be prepared to break from our conventional ways of thinking, and drive transformation that will restore NEC's strength.