NEC Announces Commencement of Tender Offer for Shares of NEC Fielding, Ltd. (Securities Code: 2322)

Tokyo, January 30, 2014 - NEC Corporation (the "Company" or the "Tender Offeror") today announced that, at the meeting of its board of directors held on January 30, 2014, it resolved to acquire all of the shares of common stock of NEC Fielding, Ltd. (Code number: 2322, First Section of Tokyo Stock Exchange; the "Target") through a tender offer, as stated below.

I. Purposes of Tender Offer

(1) Overview of the Tender Offer

As of today, the Company directly owns 20,300,000 shares of common stock of the Target (the "Target's shares"), which account for a Shareholding Percentage(Note) of 37.22% and, together with the 16,300,000 shares of the Target contributed to the employee retirement benefit trust, the trustee of which is Sumitomo Mitsui Trust Bank, Limited (which shares has been further trusted to Japan Trustee Services Bank, Ltd.) (the "Company's Employee Retirement Benefit Trust") with the right to give voting instructions on such shares having been reserved by the Company, which account for a Shareholding Percentage(Note) of 29.89%, the Company beneficially owns 36,600,000 shares of the Target, which account for a Shareholding Percentage(Note) of 67.11%; and the Target is a consolidated subsidiary of the Company. By the resolution of the board of directors on January 30, 2014, the Company decided to acquire all of the issued shares of common stock of the Target (excluding the treasury stock held by the Target) through the Tender Offer with the aim of making the Target its wholly-owned subsidiary. The Company has not set a maximum or a minimum number of shares to be acquired through the Tender Offer and it will acquire all of the tendered shares. The Company and the trustee of the Company's Employee Retirement Benefit Trust have entered into certain trust agreements for employee retirement benefit with respect to the shares contributed by the Company to the Company's Employee Retirement Benefit Trust (including 16,300,000 shares of the Target, which account for a Shareholding Percentage of 29.89%) which include the provisions to the effect that such shares shall not be disposed of in any way (including tendering for the Tender Offer) without an instruction of the trust administrator, and the Company and the trust administrator have agreed that the trust administrator will not give an instruction to tender the Target's shares for the Tender Offer.

(Note) The Shareholding Percentage means the percentage of such shares out of the number of shares (i.e., 54,539,307 shares) obtained by subtracting the number of the treasury stock held by the Target as of December 31, 2013 (i.e., 693 shares), as set forth in "Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2014 (Japan GAAP) (Consolidated)" released by the Target on January 30, 2014 (the "Earnings Release of the Target") from the total issued shares of the Target as of December 31, 2013 (i.e., 54,540,000 shares), as set forth in the Earnings Release of the Target, which percentage is rounded to the nearest hundredth. The same shall apply hereafter.

If the Company fails to acquire all of the issued shares of the Target (excluding the Target's shares contributed to the Company's Employee Retirement Benefit Trust and the treasury stock held by the Target) through the Tender Offer, in order to achieve the goal of making the Target its wholly-owned subsidiary, the Company plans to take a series of procedures in order to limit the shareholders of the Target to the Company and the trustee of the Company's Employee Retirement Benefit Trust after the Tender Offer. For details, please see "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)" below. The Tender Offer and the series of procedures in order to limit the shareholders of the Target to the Company and the trustee of the Company's Employee Retirement Benefit Trust after the Tender Offer shall be collectively referred to as the "Transaction".

According to the announcement captioned "Announcement of Expression of Opinion Concerning Support for the Tender Offer for the Company's Shares Made by its Controlling Shareholder, NEC Corporation, and Recommendation to Tender the Company's Shares" (the "Target's Announcement") released by the Target on January 30, 2014, the Target concluded that since (i) the corporate value of the Company is expected to be enhanced due to the Transaction including the Tender Offer and (ii) the Tender Offer Price and terms and conditions of the Tender Offer are suitable for shareholders of the Target, the Tender Offer will provide to shareholders of the Target a reasonable opportunity to sell shares at a price higher than the market price. At the meeting of the Target's board of directors held on January 30, 2014, the board of directors of the Target, with the approval of all the directors, exclusive of Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita (nine out of the eleven directors of the Target attended the meeting), who participated in discussions and resolutions at the meeting of the Target's board of directors, resolved to state an opinion supporting the Tender Offer and to recommend that the Target's shareholders tender their shares in the Tender Offer.

All statutory auditors of the Target, exclusive of Mr. Hiroyuki Sekizawa, attended the above meeting of the Target's board of directors (three out of the four statutory auditors of the Target attended the meeting) and all the statutory auditors in attendance at the meeting stated that they did not have any objection to such resolution of the Target's board of directors.

Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita, who are outside directors of the Target, serve concurrently as corporate officers of the Company, and to avoid the potential for any conflict of interest with the Target in respect of the Transaction, they have not been involved in consultations and negotiations with the Company on behalf of the Target, and did not participate in discussions and resolutions concerning the Transaction at the meetings of the Target's board of directors including the meeting of the Target's board of directors above. In addition, Mr. Hiroyuki Sekizawa, who is an outside statutory auditor of the Target, serves concurrently as an employee of the Company, and to avoid the potential for any conflict of interest with the Target in respect of the Transaction, he has not been involved in consultations and negotiations with the Company on behalf of the Target, and did not participate in discussions concerning the Transaction at the meetings of the Target's board of directors including the meeting of the Target's board of directors above.

(2) Decision-making Process Concerning Tender Offer and Management Policies Subsequent to Tender Offer

The NEC group, which consists of the Company and its 267 subsidiaries and 52 affiliated companies (accounted for by the equity method) (as of December 31, 2013), is involved in a wide range of business activities, from the development, manufacturing and sale of products to the provision of services, in the following four business segments: (i) "Public Business," which mainly provides system integration services, support services, outsourcing services, cloud services and system equipment primarily to government, public, healthcare, finance and media sectors; (ii) "Enterprise Business," which mainly provides system integration services, support services, outsourcing services and cloud services primarily to manufacturing, retail and services sectors; (iii) "Telecom Carrier Business," which mainly provides network infrastructure and services and management primarily to telecommunications carriers; and (iv) "System Platform Business," which mainly provides hardware, software, enterprise network solutions and services (datacenter infrastructure and support).

In the "Mid-term Management Plan 2015" that was announced in April 2013, the Company declared that it "will focus on 'Solutions for Society' businesses that leverage information and communications technologies (ICT) to deliver advanced social infrastructure and contribute to solving various issues in society with a view toward the creation of a society that is safe, secure, efficient and fair for people to enjoy a good quality of life and will also aim to expand its business over the medium to long term and improve profitability". In order to achieve these objectives, the Company has been striving to enhance its unique and highly competitive ICT assets, such as next-generation network technologies and high-performance and high-reliability core IT technologies, which are core competencies (core competitive power), by making investments primarily in areas related to next-generation virtual networks, smart energy and security solutions in order to focus its management resources on businesses that provide advanced social infrastructure through the utilization of ICT and to create new business models with the understanding that solving issues in society provides the NEC group with an opportunity for growth. In addition, by strengthening its service areas, such as consulting and operational management services, the Company has been striving to expand the scale of the “Solutions for Society” businesses to account for 70% of the total consolidated net sales of the NEC group in fiscal year 2015 and to achieve an 8% consolidated operating income margin in the near future.

On the other hand, the Target comprehensively provides varied support services, so as to enable its customers to realize the comfortable operation and optimal utilization of their ICT systems throughout the life cycle of the ICT systems after the customers have introduced them. The Target mainly engages in the following two business operations: (i) “Proactive Maintenance operations,” which provide maintenance services to realize the stable operation of the systems by utilizing the technology for recovering, predicting and foreseeing any failures of the ICT products of the NEC group and other manufacturers, and (ii) “Fielding Solutions operations,” which provide various support services, including the construction of the ICT operational environment and the operation of the ICT assets of its customers on their behalf, so as to enable its customers to maximize and optimize their use of ICT systems according to the characteristics of their businesses and the features of the relevant ICT systems.

The Target was incorporated as a subsidiary of the Company in March 1957 and was thereafter listed on the First Section of the Tokyo Stock Exchange (the “Tokyo Stock Exchange”) in September 2002. As the Target is a company responsible for the core businesses of the NEC group, the Company has continued to hold a majority of the voting rights in the Target after the listing and, after contributing a part of its shares in the Target to the Employee Retirement Benefit Trust, the Company has reserved its right to give voting instructions on those shares, thereby maintaining the Target as its consolidated subsidiary in dealing with the consolidated management of the NEC group.

However, in recent years, emerging companies have been entering the ICT market, which has led to more intensified price competition, especially with respect to ICT hardware products, as well as to a decrease in product prices due to commoditization (generalization) of ICT hardware products. In connection with this decrease in the prices of ICT hardware products, there is currently a growing tendency where the customers maintain the operation of their ICT system assets by replacing an ICT hardware product itself, if such product causes a failure, instead of regularly entrusting the relevant manufacturers or other service providers with the maintenance work for the ICT hardware products, and thus, the conventional ICT hardware maintenance market is shrinking in terms of value.

In addition, the management and operational structure of ICT systems has been changing due to significant progress in communications network technology. Customers previously invested in ICT systems by themselves, held ICT system assets by themselves, and retained organizational frameworks and specialized personnel within themselves to manage and operate such ICT assets; however, while global competition among companies has intensified due to the globalization of economic activities, a rapidly growing number of companies have been focusing their investment of management resources on their core competencies and changing the way they use ICT systems to a system where they will receive services offered by companies specialized in ICT such as information-processing services and information management services through a highly developed Internet network (what is called "cloud computing"), shifting to a structure in which they would not have their own ICT system assets or internal organizational frameworks for managing and operating such ICT assets. These changes in the market environment for ICT maintenance services have a significant impact on the business performance of the Target which focuses on ICT maintenance services as a primary source of revenue, and therefore, it is a critical issue for the Target and the entire NEC group to drastically change their business structures as quickly as possible to respond to the market environment. In light of these circumstance, the Company and the Target have examined how maintenance and support services for ICT systems should be provided from various perspectives.

As a result, the Company and the Target have recognized that, in order to respond to the changes in customers' needs regarding ICT systems due to the development of "cloud computing," it is necessary for the Company to (i) integrate and realign the functions and organizations involved in the supply chain for the development and manufacturing of base products (hardware, software and services) that comprise ICT systems and the delivery chain for the introduction, operation, maintenance and disposal of such products and (ii) make the Target the core company in the NEC group responsible for providing services throughout the life cycle of ICT systems from introduction through disposal of such system. Furthermore, the Company and the Target have recognized that it is necessary, in order to expand the business of the Company and the Target, to address the following three matters as key measures that must be taken henceforth: (i) provision of datacenter service tailored to customer needs, (ii) creation of new patterns of products and provision of support services throughout the life cycle of ICT systems, and (iii) enhancement of business efficiency and formulation of better proposals by integration of information.

The Company decided that in order to promptly implement the three measures mentioned above, it is necessary for the Company and the Target to respond to the customers' needs from the same viewpoint and in order for that to occur, it is necessary to realize efficient business operations by fully integrating their business strategies, and in late September 2013, the Company proposed to the Target to jointly examine measures for integrated business operation between the Company and the Target. The Company and the Target then began discussing measures with respect to the business operations of the Company and the Target, and in late November 2013, began to discuss the details of the Transaction. As a result, the Company and the Target came to a conclusion that in order to enable the improvement of the corporate value of, and the continuous growth of, the entire NEC group, including the Target, it is essential that the Company and the Target implement business strategies flexibly and quickly as a unit, and that in order to achieve this, it is best to make the Target a wholly-owned subsidiary of the Company by way of the Company's acquisition of all shares of the Target.

The Company believes that making the Target a wholly-owned subsidiary of the Company will facilitate the restructuring of the service business structures of the NEC group and enable the Company to benefit from efficiency and cost merits by the integration of functions and the unified management of inventory, and consequently the Company will be able to realize "Solutions for Society," which the Company stated in the "Mid-term Management Plan 2015".

The details of the measures that the Company and the Target will take after the Transaction is implemented are as follows:

(i) *Provision of Datacenter Service Tailored to Customer Needs*

The Company plans to expand the datacenter service in response to the progress of cloud computing. As a part of that plan, the Company will gradually integrate datacenter operations, which are scattered throughout Japan at present, solely on the Target, and seek to provide quick and cost-efficient services by standardizing the operation method and enhancing the efficiency of operations, and to expand the service menu by integrating the know-how of the Target and that of the Company, and thereby satisfy the various needs of the customers. Upon conducting these measures, the Company and the Target will, in order to further reinforce cooperation between the skills of the Company's system engineers (SE) in project management and system construction and the Target's skills in maintenance and support services, proceed with the integration of human resources. Further, the Company and the Target plan to propose to the customers with datacenters that would be most suitable for the customers based on the type of their businesses and their location by utilizing the domestic network of more than 400 local offices of the Target across Japan and thereby pursue the creation of business opportunities.

(ii) Creation of New Patterns of Products and Provision of Support Services throughout Life Cycle of ICT Systems

The Company plans to develop new "turnkey" solution products, which will combine, in certain patterns, the Target's "services in the platform domain" and the "business application software" provided by the Company or its partner companies in response to each customer's scenes of usage and purposes. These products can be used immediately with simple settings by decreasing the necessity of customization by each customer to the furthest extent possible. As a result, it is expected that the customers can drastically reduce or cut the time and man-hours needed for the designs of system and the development and construction of business application, which are required when a system is introduced, and the expenses for them. The Company and the Target plan to together proceed with the activities where the Target proposes these products and services mainly to small to medium-sized corporate customers through the domestic network of the local offices maintained by the Target, as well as plan to further expand the scope and contents of the services provided to the customers based on the above “turnkey” solution products. By these efforts, the Company and the Target will aim to contribute to the resolution of the customers’ issues and the enhancement of their corporate values by providing varied support throughout the life cycle from the delivery, installation, operation and maintenance to the disposal of products and to increase their market shares.

(iii) *Enhancement of Business Efficiency and Formulation of Better Proposals by Integration of Information*

The Company and the Target will realign the functions and role-sharing between the Company and the Target as well as proceed with the sharing and consolidation of maintenance items and supplies now held by both companies respectively, the reduction of the parts centers and other local offices, the integration of call centers, and the simplification of business processes, and will aim to enhance the price competitiveness by proceeding with the fundamental cost reduction in the maintenance and support service business domains. Further, the Company and the Target will aim to enhance and expand the services provided by the Target throughout the life cycle of the customers’ systems by integrating the Target’s skills in the provision of maintenance and support services and the skills of the Company’s SE in system construction. On that basis, the Company and the Target will aim to reinforce the ability to propose to the customers broader business resources and services which the customers are looking for, by integrating the customer information respectively held by the Target and the Company, and constructing a database to be shared by the Company and the Target. Specifically, by integrating the information acquired by the Target in the course of regularly conducting support services and the information that the Company’s sales divisions hold and accumulate, the Company and the Target plan to construct a system that will allow the Company and the Target to timely provide optimized solutions to the customers by judging properly the customers’ on-site needs, managerial issues on the level of the management or information system division, ICT operation status and other factors.

In order to steadily implement the measures mentioned above, the Company and the Target are required to respond for a rapidly changing market by accelerating decision making with close cooperation between the Company and the Target. In order to accelerate decision making, it is required that the Company and the Target share views on the Company’s “Solutions for Society” businesses and fully integrate the medium- to long-term business plans, which include the market trends of the cloud computing and the contents of, and timing for implementing, the measures to reinforce the resources responding to such trends, sharing assessments of market uncertainties and risks associated with the measures. Further, the Company and the Target recognize that concentrating the business bases of the Company and the Target and operating them in an integrated and united manner will enhance the ability to withstand the risks regarding collection of investments in the maintenance services and support services businesses for ICT systems, which are facing severe competition. The Company and the Target believe that in order to achieve this, the integration and realignment of the functions between the Target and the NEC group are necessary, and it is essential to make the Target a wholly-owned subsidiary of the Company.

The basic strategies and the future business direction of the Company with respect to the business domains of the Target after the Target becomes a wholly-owned subsidiary of the Company will be determined upon discussion between the Target and the Company. The Company will conduct the management by fully utilizing the characteristics of the Target's businesses and the Target's advantages even after the Target becomes a wholly-owned subsidiary of the Company, and, thereby, the Company will seek to enhance the Target's business. With respect to the executive structure and other management structures of the Target after the Target becomes a wholly-owned subsidiary, no specific consideration has been made at this moment; however, the Company will consider the most suitable structure, aiming for realization of business synergy between the Company and the Target.

On the other hand, according to the Target, the decision-making process and the reasons that have led to the Target's decision to support the Tender Offer and recommend that the Target's shareholders tender their shares in the Target in the Tender Offer are as follows.

In late September 2013, the Target received from the Company, a proposal that the Company and the Target jointly examine the measures for business operation of the Company and the Target. Subsequently, the Company and the Target began discussing and examining measures for the operation of their businesses, and from late November 2013, the two companies also began discussing the Transaction in earnest. In the meantime, during the middle of October 2013, the Target retained Mori Hamada & Matsumoto ("MH&M") as its legal advisor outside the Company and the Target, and in early December 2013, the Target appointed SMBC Nikko Securities Inc. ("SMBC Nikko") to act in the capacity of its financial advisor and its third-party valuation institution independent from both the Company and the Target and established the third-party committee as stated in "(v) Establishment of Third-Party Committee at Target" of "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" below. The Target has, together with the Company and its advisors, discussed and examined the significance and purpose of the Transaction, the management policies subsequent to the Transaction, the terms and conditions of the Transaction, and other matters, on multiple occasions.

Consequently, the Target came to the conclusion that, although the Target has been listed in order to enhance its creditworthiness and raise funds in the capital markets, becoming a wholly-owned subsidiary of the Company and implementing the above-mentioned management measures will enable the Target (i) to facilitate establishment of a complete system for providing one-stop services tailored to the life cycle of customers' systems, which the Target aims to provide, since it is expected that management resources will be drastically and swiftly reallocated to the Target's planning and designing functions for systems installations, which the Target is strengthening, and thereby customer satisfaction will be enhanced and business expansion will be expected, (ii) to benefit from economies of scale, such as the integration of operations of datacenters and the expansion of its service menu, and to have the ability to withstand business risks and (iii) to integrate the business strategies with the entire NEC group and make prompt decisions to expand its business, and to accelerate business development, and thereby it is expected that Target's corporate value will be further enhanced, and the board of directors of the Target decided to express the opinion to support the Tender Offer.

Considering that with respect to the Tender Offer Price, (i) such Tender Offer Price is higher than the highest price calculated using the market price analysis and is in the range of the results of the valuation of the Target's shares using the discounted cash flow analysis (the "DCF Analysis") based on the business plan of the Target reflecting all of the synergistic effects that are expected to be generated due to implementation of the Transaction, out of the results of the valuation of the Target's shares by SMBC Nikko, as stated in "(ii) Procurement by the Target of Valuation Report from Independent Third-Party Valuation Institution" of "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" below; (ii) such Tender Offer Price represents a premium of (a) 35.16% (rounded to the nearest hundredth; the same shall apply to the following percentages in this document) over the closing price of 1,169 yen in trading at the Tokyo Stock Exchange on January 29, 2014, the business day immediately preceding the announcement by the Company concerning the commencement of the Tender Offer, (b) 30.58% over the simple average closing price of 1,210 yen (rounded to the nearest whole number; the same shall apply to the following calculations of simple average closing prices in this document) in trading during the previous one-month period commencing on January 29, 2014, (c) 36.32% over the simple average closing price of 1,159 yen in trading during the previous three-month period commencing on January 29, 2014, and (d) 35.86% over the simple average closing price of 1,163 yen in trading during the previous six-month period commencing on January 29, 2014, of the Target's shares and thereby it is deemed that such Tender Offer Price represents a reasonable premium compared to similar transactions in the past; (iii) such Tender Offer Price is higher than the ranges of the values calculated using the DCF Analysis (such values were calculated by SMBC Nikko separately from the valuation report concerning the Target's shares, which was based on the business plans taking into account the synergistic effects, based on the Target's business plans after the fiscal year ending March 31, 2014 as stated in "(ii) Procurement by the Target of Valuation Report from Independent Third-Party Valuation Institution" of "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" below after excluding synergistic effects that are expected to be generated in the future due to the implementation of the Transaction, and submitted to the board of directors of the Target as reference materials); (iv) such Tender Offer Price is higher than the highest price of the Target's shares on all days on which the Target's shares are traded over the past six years; (v) minority shareholders' interests are taken into consideration, as measures to avoid conflicts of interest were taken as stated in "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" below; and (vi) such Tender Offer Price was determined after measures to avoid conflicts of interest above were taken and consultations and negotiations, which are equal to arm's length consultations and negotiations, were made several times between the Company and the Target, the Target concluded that the Tender Offer will provide to shareholders of the Target with an opportunity to sell their shares at a price with a reasonable premium, and decided to recommend that the Target's shareholders tender their shares in the Tender Offer.

(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest

Since the Target is the Company's consolidated subsidiary as of today, considering the impact on the Target's minority shareholders, the Company and the Target took the following measures to help ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest.

(i) *Procurement by the Company of Valuation Report from Independent Third-Party Valuation Institution*

For the purpose of ensuring the fairness of the Tender Offer Price, the Company considered, in determining the Tender Offer Price, the valuation report submitted by its financial advisor, Daiwa Securities Co. Ltd. ("Daiwa Securities"), on January 29, 2014 (the "Valuation Report"). Daiwa Securities is a financial advisor in the capacity of a third-party valuation institution independent from both the Company and the Target. (The Company has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.) Daiwa Securities is not a related party of the Company and does not have a material interest in respect of the Tender Offer. The results of the valuation of the Target conducted by Daiwa Securities are as follows.

Daiwa Securities calculated value of the Target's shares using (i) the market price analysis, which is an objective calculation method based on market prices formed in the capital markets, in which various factors such as profitability, the status of assets and the prospects of the Target are reflected, and (ii) the DCF Analysis, by which the value of the Target's shares is calculated by discounting the free cash flow to be generated by the Target in the future to the present value with an appropriate discount rate according to business risks considering assumptions that are deemed to be reasonable, including the earnings forecasts, investment plans and other factors based on the business plans of the Target. The Company received a report of the results of the valuation of the Target’s shares on January 29, 2014 from Daiwa Securities. The calculation methods adopted by Daiwa Securities and the ranges of the values of the Target’s stock per share calculated using such methods are as follows:

Under the market price analysis, with the reference date of January 29, 2014, the values of the Target’s stock per share was calculated to be in the range of 1,159 yen to 1,210 yen, on the basis of the closing price on the reference date (i.e., 1,169 yen) and the respective average closing prices for the most recent one-month (i.e., 1,210 yen; rounded to the nearest whole number; the same shall apply hereafter in the calculation of share prices), three-month (i.e., 1,159 yen) and six-month (i.e., 1,163 yen) periods, in respect of the closing prices of the Target’s common stock quoted on the Tokyo Stock Exchange.

Under the DCF Analysis, the value of businesses was calculated by discounting the relevant respective projected future free cash flow in respect of the Target to the present value with a specific discount rate reflecting respective capital costs and other factors. The relevant future free cash flows were projected based on various factors, including the earnings forecasts and investment plans prescribed in the business plans of the Target concerning the fiscal year ending March 31, 2014 and the subsequent fiscal years, the information obtained from the interviews with the Target’s management, other public information, and synergistic effects that are expected to be generated in the future due to the Tender Offer and reorganization thereafter. The Target’s stock per share was calculated to be in the range of 1,398 yen to 1,897 yen under this method. With respect to the business plans, based on which the calculation using the DCF Analysis was made, in the fiscal year ending March 31, 2014, a substantial decrease is expected in the operating income compared to the fiscal year ended March 31, 2013, mainly due to deterioration of profit margins caused by more severe competition among competitors and a temporary increase in corporate expenses for developing the company-wide core IT system. In the fiscal year ending March 31, 2015, a substantial increase is expected in the operating income compared to the fiscal year ending March 31, 2014, mainly due to insourcing of services, which will be outsourced up until then, and improvement of profit margins associated with enhanced collaboration with the Company. Such business plans were prepared based on the condition that the Transaction is implemented.

The Company decided by the resolution of the board of directors on January 30, 2014 that the Tender Offer Price should be 1,580 yen, in consideration of the nature of, and the results under, each valuation method as described in the Valuation Report provided by Daiwa Securities, as well as results of due diligence in respect of the Target, the possibility of obtaining an opinion supporting the Tender Offer from the Target’s board of directors, market trends of the Target’s stock price, and an estimated number of shares to be tendered in the Tender Offer; and based on consultations and negotiations with the Target.

The Tender Offer Price of 1,580 yen per share represents a premium of (i) 35.16%

over the closing price of 1,169 yen on the Tokyo Stock Exchange on January 29, 2014, the business day immediately preceding the announcement by the Company concerning the commencement of the Tender Offer, (ii) 30.58% over the simple average closing price of 1,210 yen during the previous one-month period (from December 30, 2013 to January 29, 2014), (iii) 36.32% over the simple average closing price of 1,159 yen during the previous three-month period (from October 30, 2013 to January 29, 2014), and (iv) 35.86% over the simple average closing price of 1,163 yen during the previous six-month period (from July 30, 2013 to January 29, 2014), of the Target's shares.

(ii) *Procurement by the Target of Valuation Report from Independent Third-Party Valuation Institution*

According to the Target's Announcement, in determining opinions regarding the Tender Offer, for the purpose of ensuring fairness of such opinion, the Target requested SMBC Nikko, which acts in the capacity of a third-party valuation institution independent from both the Target and the Company, and also acts as a financial advisor, to evaluate the Target's shares. SMBC Nikko considered calculation methods to be adopted in the valuation of the Target's shares out of several calculation method of the valuation of the Target's shares, and on the assumption that the Target is a going concern, calculated the valuation of the Target's shares using the market price analysis and the DCF Analysis, and the Target received the valuation report concerning the Target's shares dated January 29, 2014 from SMBC Nikko. The Target has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko. The ranges of the values of the Target's stock per share calculated by SMBC Nikko using each of the above methods are as follows.

- 1,158 yen to 1,213 yen under the market price analysis; and
- 1,494 yen to 1,825 yen under the DCF Analysis.

Under the market price analysis, with the reference date of January 28, 2014, the value of the Target's stock per share was calculated to be in the range of 1,158 yen to 1,213 yen, on the basis of the respective simple average closing prices for the most recent one-month (i.e., 1,213 yen), three-month (i.e., 1,158 yen) and six-month (i.e., 1,163 yen) periods, in respect of the closing prices of the Target's shares quoted on the Tokyo Stock Exchange.

Under the DCF Analysis, the corporate value and the share value of the Target were evaluated by discounting the free cash flow to be generated by the Target in the future to the present value with a specific discount rate, and with the reference date of September 30, 2013, based on the forecast of the Target's future profit for four fiscal years from the fiscal year ending March 31, 2014 to the fiscal year ending March 31, 2017 (in the case of the fiscal year ending March 31, 2014, such future profit relates only to six months from October 1, 2013 to March 31, 2014), taking into consideration various factors such as the business plans submitted by the Target, the interviews with the Target's management, the most recent trend in the business results, other public information and other factors. The Target's common stock per share was valued to be in the range of 1,494 yen to 1,825 yen under this method. The discount rate is in the range of 6.16% to 7.54%. The perpetual growth rate method is used to calculate the terminal value, and 0 % is used as the perpetual growth rate.

The forecasts of consolidated financial results based on the business plans of the Target, which were prepared by the Target, and based on which the calculation using the DCF Analysis was made, are as follows. The following forecasts of consolidated financial results were made based on the condition that the Transaction is implemented, and reflected all synergistic effects that are expected to be generated in the future due to the implementation of the Transaction.

(JPY in millions)

	Six Months Ending March 31, 2014	Fiscal Year Ending March 31, 2015	Fiscal Year Ending March 31, 2016	Fiscal year Ending March 31, 2017
Net Sales	98,914	191,322	196,498	202,647
Operating Income	4,848	8,040	8,521	8,957
EBITDA ([1])	6,380	11,263	11,764	12,200
Free Cash Flow([2])	△ 4,683	6,153	4,835	4,881

(Note 1) The amount obtained by adding depreciation expenses to operating income.
(Note 2) The amount obtained by deducting capital expenditure, increase in net working capital and certain other items from the amount obtained by adding depreciation expenses and certain other items to operating income (net of tax).

With respect to the forecasts of consolidated financial results above, in the fiscal year ending March 31, 2014, there is a substantial decrease in profits compared to the consolidated business results of the fiscal year ended March 31, 2013 (net sales: 185,884 million yen and operating income: 8,088 million yen) mainly due to deterioration of profit margins caused by more severe competition among competitors and a temporary increase in corporate expenses for developing the company-wide core IT system. In the fiscal year ending March 31, 2015, a substantial increase in profits is projected from the forecasts of consolidated financial results for the fiscal year ending March 31, 2014, mainly due to a reflection of the synergistic effects that are expected to be generated in the future due to the implementation of the Transaction, such as the insourcing of services, which will be outsourced up until then, and improvement of profit margins associated with enhanced cooperation with the Company.

For the consolidated net sales and consolidated operating income in the forecasts of consolidated financial results above, the figures are different from those that are stated in the “Mid-term Management Plan 2013 to 2015” (the consolidated net sales for the fiscal year 2015 is 206 billion yen and the consolidated operating income for the fiscal year 2015 is 10.5 billion yen), which was announced by the Target on April 25, 2013, due to the reasons below.

After the announcement of the Mid-term Management Plan, in response to a decrease of profitability resulted from further deterioration of the market trend of IT support business from the original forecast, with respect to the forecasts of consolidated financial results, as of October 25, 2013, the Target downwardly revised the projected consolidated net sales from 190 billion yen to 186 billion yen, the projected consolidated operating income from 8.5 billion yen to 5.6 billion yen, the projected consolidated ordinary income from 8.5 billion yen to 5.8 billion yen and the projected consolidated net income per share from 5.1 billion yen to 3.4 billion yen, considering business results for the second quarter of the fiscal year ending March 31, 2014 (the "Revisions of the Forecasts of Business Results").

In this way, since immediately after the announcement of the Mid-term Management Plan, there has been a substantial deviation from the consolidated business results of the Target and their forecasts stated in the Mid-term Management Plan. Therefore, the Target determined that it is more appropriate to calculate the objective and reasonable corporate value of the Target and review the appropriateness of the Tender Offer Price considering the forecast reflecting the most recent trends of the IT support market and the Target's business results and other relevant factors and based on more realistic forecasts, rather than using the Mid-term Management Plan, in which target figures for the Target are stated.

As stated in above, on October 25, 2013, the Target disclosed the Revisions of the Forecasts of Business Results in accordance with the timely disclosure criteria of the Tokyo Stock Exchange, and the Revisions of the Forecasts of Business Results were not related to or intended for the Transaction. In the Target's business plans prepared by the Target, based on which the calculation using the DCF Analysis was made by SMBC Nikko, as stated above, the forecasts of consolidated financial results for six months ending March 31, 2014 after the Revisions of the Forecasts of Business Results, and in the market price analysis, market prices of the Target's stock after October 25, 2013 were also used. Considering the business results for the third quarter of the fiscal year ending March 31, 2014, the Target does not plan at this point to revise the forecast for the fiscal year ending March 31, 2014, which was announced on October 25, 2013.

(iii) *Advice to the Target from Law Firm*

According to the Target's Announcement, in order to ensure fairness and appropriateness of the decision-making concerning the Transaction including the Tender Offer, the Target retained MH&M as its legal advisor outside the Target and the Company and has obtained from MH&M legal advice in relation to the methods and procedures concerning the decision-making with respect to the Tender Offer by the Target.

(iv) *Unanimous Approval by the Directors and No Objection from the Statutory Auditors*

According to the Target's Announcement, the Target carefully reviewed the terms and conditions of the Tender Offer taking into consideration the valuation report of SMBC Nikko, legal advice obtained from MH&M, results of the consultation with the third-party committee stated in “5. Establishment of Third-Party Committee at the Target” below, and other related materials. Consequently, as set out in “(2) Basis and Reasons for Opinion on the Tender Offer “ above, the Target concluded that since (i) the corporate value of the Company is expected to be enhanced due to the Transaction including the Tender Offer and (ii) the Tender Offer Price and terms and conditions of the Tender Offer are suitable for shareholders of the Target, the Tender Offer will provide to shareholders of the Target a reasonable opportunity to sell their shares at a price higher than the market price. At the meeting of the Target’s board of directors held on January 30, 2014, the board of directors of the Target, with the approval of all the directors, exclusive of Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita (nine out of the eleven directors of the Target attended the meeting), who participated in discussions and resolutions at the meeting of the Target’s board of directors, resolved to state an opinion supporting the Tender Offer and to recommend that the Target’s shareholders tender their shares in the Tender Offer.

All statutory auditors of the Target, exclusive of Mr. Hiroyuki Sekizawa, attended the above meeting of the Target’s board of directors (three out of the four statutory auditors of the Target attended the meeting) and all the statutory auditors in attendance at the meeting stated that they did not have any objection to such resolution of the Target’s board of directors.

Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita, who are outside directors of the Target, serve concurrently as corporate officers of the Company, and to avoid the potential for any conflict of interest with the Target in respect of the Transaction, they have not been involved in consultations and negotiations with the Company on behalf of the Target, and did not participate in discussions and resolutions concerning the Transaction at the meetings of the Target’s board of directors including the meeting of the Target’s board of directors above. In addition, Mr. Hiroyuki Sekizawa, who is an outside statutory auditor of the Target, serves concurrently as an employee of the Company, and to avoid the potential for any conflict of interest with the Target in respect of the Transaction, he has not been involved in consultations and negotiations with the Company on behalf of the Target, and did not participate in discussions concerning the Transaction at the meetings of the Target’s board of directors including the meeting of the Target’s board of directors above.

(v) *Establishment of Third-Party Committee at the Target*

According to the Target’s Announcement, for the purpose of eliminating arbitrary decision-making concerning the Tender Offer and ensuring the fairness, transparency, and objectivity of the decision-making process conducted by the Target, on January 9, 2014, the Target established a third-party committee consisting of the following members, who are experts independent and outside of the Company’s and the Target’s respective boards of directors, and consulted with the third-party committee and requested that the third-party committee submit a written opinion on (i) whether or not it would be appropriate for the Target’s board of directors to state an opinion supporting the Tender Offer and recommending that the Target’s shareholders tender their shares in the Tender Offer and (ii) whether or not it would be disadvantageous to the Target’s minority shareholders for the Target's board (a) to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Tender Offer and (b) to, after the completion of the Tender Offer, resolve to acquire all of the class shares subject to wholly call clause so that the Company and the trustee of the Company's Employee Retirement Benefit will own the total issued shares of the Target pursuant to the method set forth in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)," below:

Committee Members

・Chairperson: Atsushi Ogino

Partner Lawyer, TMI Associates

・Member: Nobumichi Hattori

Visiting Professor, Graduate School of Finance, Accounting and Law, Waseda University

・Member: Takuya Hashimoto

Certified public accountant, es Networks Co., Ltd.

The third-party committee held four meetings in total from January 9, 2014 through January 29, 2014, and the members reviewed the above-mentioned consulted matters, after making inquiries addressed to the Company regarding the purpose of the Transaction, the terms and conditions of the Tender Offer and other related matters, inquiries addressed to the Target regarding the content of its business, its business plans and other related matters, inquiries addressed to the Company and the Target regarding the Revisions of the Forecasts of Business Results and seeking SMBC Nikko's explanations regarding the valuation of the Target's shares, while obtaining advice from SMBC Nikko and MH&M.

The Target obtained from the third-party committee an opinion to the effect that (X) it would be appropriate for the Target's board of directors to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Tender Offer and (Y) it would not be disadvantageous to the Target's minority shareholders for the Target's board (a) to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Tender Offer and (b) to, after the completion of the Tender Offer, resolve to acquire all of the class shares subject to wholly call clause so that the Company and the trustee of the Company's Employee Retirement Benefit Trust will own the total issued shares of the Target pursuant to the method set forth in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)," below, comprehensively taking into consideration that (i) the third-party committee determined that the corporate value of the Target would be enhanced as a result of the implementation of the measures set forth in "(2) Decision-making Process Concerning Tender Offer and Management Policies Subsequent to Tender Offer" above, as compared to the case where the Transaction would not be implemented, and such determination was not considered to be unreasonable; (ii) the Tender Offer Price and other terms and conditions of the Tender Offer are based upon the results of the consultations and negotiations made several times between the Company and the Target, which are equal to arm's length consultations and negotiations; (iii) the Tender Offer Price represents a premium comparable to the level of premiums in the past similar transactions in which a company made another company its wholly-owned subsidiary, over the Target's stock price; (iv) the Tender Offer Price is within the ranges of the value of the Target's shares calculated by SMBC Nikko, which is the financial advisor for the Target, using the DCF Analysis that reflects all synergistic effects that are expected to be generated in the future due to the implementation of the Transaction, is higher than the ranges of the value of the Target's shares calculated using the market price analysis, and is higher than the ranges of the values calculated as reference materials by SMBC Nikko using the DCF Analysis based on the Target's business plans excluding the above-mentioned synergistic effects (such calculation was performed separately from the valuation report concerning the Target's shares, which was based on the business plans taking into account the synergistic effects); (v) the Tender Offer Price is higher than the highest price of the Target's shares on all days on which the Target's shares were traded over the past six years; (vi) the third-party committee has received an answer, in writing, from the Target that the Revisions of the Forecasts of Business Results were disclosed in accordance with the timely disclosure rules of the Tokyo Stock Exchange, and not related to or intended for the Transaction, and such answer is not considered to be unreasonable; (vii) minority shareholders' interests have been taken into consideration, as measures to avoid conflicts of interest and ensure fairness were taken in the course of the Target's examination and determination regarding the Transaction, as stated in "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" and adequate disclosure has been made in the position statement and the Target's Announcement in connection with the Target's process for examining the Transaction, negotiation between the Company and the Target, contents of the valuation report obtained by the Target from SMBC Nikko, measures taken to avoid conflicts of interest and ensure fairness and other information.

(vi) *Potential Opportunity for Counter Proposal*

The Company and the Target have not made any agreement that, if a person other than the Company makes a counter offer to the Target, such Tender Offeror must refrain from communications or other contacts with the Target.

The Company has set the period of the Tender Offer (the "Tender Offer Period") at 31 business days, which is longer than the statutory minimum tender offer period of 20 business days.

For the Tender Offer, the Company has not set a minimum number of shares to be acquired. The Company believes that even though no minimum number of shares to be acquired through the Tender Offer has been set, minority shareholders' interests are fully taken into consideration through the measures to ensure fairness of the Tender Offer as stated in (i) through (vi) above.

(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)

As stated in "(1) Overview of the Tender Offer" above, because the Company plans to make the Target its wholly-owned subsidiary, if the Company fails to acquire all of the issued shares of the Target (excluding the Target's shares contributed to the Company's Employee Retirement Benefit Trust and the treasury stock held by the Target) through the Tender Offer, the Company and the trustee of the Company's Employee Retirement Benefit Trust plan to acquire all of the issued shares of the Target (excluding the treasury stock held by the Target) by following the steps described below. After the Tender Offer is completed, the Company plans to request that the Target (x) (i) transform the Target itself into a company issuing class shares (*shurui kabushiki hakkou kaisha*) as provided for in the Companies Act by amending the Articles of Incorporation of the Target so that the Target is authorized to issue shares of a class other than the common stock, (ii) amend the Articles of Incorporation of the Target so that all of the common stock issued by the Target shall be subject to wholly call clause (which shall be the matter prescribed in Article 108, Paragraph 1, Item 7 of the Companies Act; hereinafter the same shall apply) and (iii) deliver shares of another class of the Target, as compensation for the acquisition of all of the Target's common stock subject to wholly call clause, and (y) (a) hold an ordinary general meeting of shareholders to which the matters set forth in (i) through (iii) above shall be proposed as a part of the agenda of the meeting and (b) hold a general meeting of holders of class shares by the holders of the common stock of the Target in June 2014, to which a partial amendment as set forth in (ii) above shall be proposed as one of the agenda of the meeting. The Company and the trustee of the Company's Employee Retirement Benefit Trust whose rights to instruction for exercise of the voting rights are retained by the Company plan to approve each of the proposals mentioned above at the ordinary general meeting of shareholders and the general meeting of holders of class shares mentioned above.

If each of the above procedures is taken, after the wholly call clause is attached to all of the common stock issued by the Target, all of such common stock (excluding the treasury stock held by the Target) will be acquired by the Target and shares of another class of the Target will be delivered to the shareholders of the Target (excluding the Target itself) as compensation for such acquisition by the Target. If, as a result, shares of such another class to be delivered to a shareholder of the Target are a fraction of less than one share, such shareholder shall, pursuant to the procedures provided for in Article 234 of the Companies Act and other related laws and regulations, receive cash in an amount obtained by selling to the Company or the Target, or otherwise disposing of, shares of such another class equivalent to the total number of such less-than-one-shares (fractions of the total of such less-than-one shares shall be rounded down). The purchase price of such shares of another class equivalent to the total number of such less-than-one shares will be calculated in order for the amount of cash to be delivered to each shareholder to be equal to a price obtained by multiplying (a) the Tender Offer Price in this Tender Offer by (b) the number of shares of the common stock of the Target that each such shareholder had, and then a petition for approval of voluntary sale will be filed with a court. The class and the number of shares of the Target to be delivered, as compensation for the acquisition by the Target of its common stock subject to wholly call clause are not determined as of today; however, in order for the Company and the trustee of the Company's Employee Retirement Benefit Trust to hold all of the issued shares of the Target (excluding the treasury stock held by the Target), the number of shares of such another class shall be determined so that the number of shares of the Target to be delivered to the shareholders of the Target who do not tender their shares in the Tender Offer (excluding the Company and the trustee of the Company's Employee Retirement Benefit Trust) will be less than one share. The shares of another class to be allocated to the trustee of the Company's Employee Retirement Benefit Trust will be exchanged by the other assets, or will be returned to the Company without additional contribution after the above transaction in accordance with the trust agreements for employee retirement benefit, whereby the Target will be a wholly-owned subsidiary of the Company. In the case of exchange, the Company plans to contribute shares of the other listed company held by the Company; however, cash may be contributed, instead of shares of the other listed company held by the Company, as a result of taking into consideration a fluctuation of the price of the shares of the other listed company held by the Company and how such shares of the listed companies are positioned in the Company's operation, and the financial strategies and other matters of the the Company. Further, the total amount of the shares of the other listed company held by the Company and cash which will be contributed upon that exchange will be substantially equal to the amount obtained by the calculation of the tender offer price of the shares of common stock of the Target in the Tender Offer multiplied by (x) the number of the Target's shares of common stock subject to wholly call clause, to which one share of another class shall be delivered as compensation, and then (y) the number of the shares of such another class allocated to the trustee of the Company's Employee Retirement Benefit Trust. Furthermore, the Company also plans that the Target's shares contributed to the Company's Employee Retirement Benefit Trust are to be exchanged with shares of the other listed company held by the Company or cash, or returned to the Company without additional contribution, in the same manner as mentioned above, if the Company successfully acquires all of the issued shares of common stock of the Target (excluding the treasury stock held by the Target) through the Tender Offer.

In relation to each of the above procedures, there are provisions in the Companies Act to protect minority shareholders' rights, according to which, if the proposal regarding the acquisition of all of the shares subject to wholly call clause as set forth in (ii) above is approved at the general meetings of shareholders, the shareholders of the Target may file a petition with a court to determine the price for the acquisition pursuant to Article 172 of the Companies Act and other related laws and regulations. In this case, the final decision on the acquisition price for the shares subject to wholly call clause shall be made by the court. In addition to the above, if the Articles of Incorporation is amended so that the common stock shall become subject to wholly call clause as set forth in (i), shareholders may request the Target to purchase the shares held by such shareholders pursuant to Articles 116 and 117 of the Companies Act and other related laws and regulations; however, as to the latter method, if all of the common stock subject to wholly call clause is acquired by the Target pursuant to a resolution of the general meetings of shareholders as set forth in (ii) above and if, as a result, shareholders will have no relevant shares, it is possible that such shareholders may be deemed not to be eligible to file a petition with the court to determine the price for the acquisition pursuant to Article 117, Paragraph 2 of the Companies Act. In filing such petition or making such request as described above, shareholders are asked to make their decisions on their own responsibility after confirming the necessary procedures and other matters.

It may take time to follow the above described steps, in other words, the steps that (i) the wholly call clause shall be attached to all of the shares of common stock issued by the Target and (ii) shares of another class shall be delivered to the holders of such common stock in exchange for the acquisition by the Target of all of such common stock, or the method for following such steps may need to be changed, depending on the interpretation of the relevant laws and regulations by the relevant authority and the status of the holding of the Target's shares by the Company and the trustee of the Company's Employee Retirement Benefit Trust after the Tender Offer or the status of the holding by the Target's shareholders other than the Company and the trustee of the Company's Employee Retirement Benefit Trust, and other factors; however, even if the method for following the above described steps is changed, the method of delivering cash will be adopted, and in such case, the price of the money to be finally delivered to each shareholder of the Target will be calculated to be equal to a price obtained by multiplying (a) the Tender Offer Price in the Tender Offer by (b) the number of shares of common stock of the Target that each such shareholder had.

In the case of the above, the detailed procedures and timing thereof and other related matters will be determined upon consultation with the Target, and announced by the Target promptly after such determination (at this moment, such procedures are scheduled to be taken within six months after the completion of the settlement of the Tender Offer).

The Tender Offer is not being implemented with the intention of soliciting the approval of each shareholder of the Target at the ordinary general meeting of shareholders and the general meeting of holders of class shares described above. Shareholders are asked to consult their own tax advisors concerning tax treatment relating to the tending of the shares in the Tender Offer, relating to the receipt of money or equivalents to be delivered upon each of the procedures described above being taken, or relating to the case where their shares are to be purchased upon a request for purchase of shares being made in connection with each of the above procedures.

(5) Prospects of, and Reasons for, Delisting

The Target's common stock is currently listed on the Tokyo Stock Exchange. It is possible that, as a result of the Tender Offer, these shares may be delisted pursuant to the delisting standards of the Tokyo Stock Exchange under the prescribed procedures, since the Company has not set a cap on the number of shares to be acquired through the Tender Offer. Even if the relevant delisting thresholds will not be reached as a result of the Tender Offer, the Target's common stock will finally be delisted pursuant to the delisting standards of the Tokyo Stock Exchange, under the prescribed procedures because the Company plans to implement the procedures in order to acquire all of the issued shares of the Target (excluding the Target's shares contributed to the Company's Employee Retirement Benefit Trust and the treasury stock held by the Target) in accordance with the applicable laws and regulations, as stated in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Second-Step Takeover)" above. After the delisting, it will be impossible to trade the Target's common stock on the Tokyo Stock Exchange.

Further, if each of the procedures stated in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Second-Step Takeover)" above is implemented, no application will be made for the listing of the shares of another classes of the Target, which will be delivered as compensation for the common stock of the Target which shall be subject to wholly call clause.

(6) Details of Material Agreements between Tender Offeror and Target's Shareholders Concerning Tendering Shares

The Company and the trustee of the Company's Employee Retirement Benefit Trust have entered into certain trust agreements for employee retirement benefit trust with respect to the shares contributed by the Company to the Company's Employee Retirement Benefit Trust (including 16,300,000 shares of the Target, which account for a Shareholding Percentage of 29.89%) that includes the provisions to the effect that such shares shall not be disposed of in any way (including tendering for the Tender Offer) without an instruction of the trust administrator, and the Company and the trust administrator have agreed that the trust administrator will not give an instruction to tender the Target's shares for the Tender Offer.

II. Outline of Tender Offer

(1) Profile of Target

(i)	Name	NEC Fielding, Ltd.	
(ii)	Location	4-28, Mita 1-chome, Minato-ku, Tokyo	
(iii)	Title and Name of Representative	Yukio Ito, President & Representative Director, Presidential Executive Officer	
(iv)	Type of Business	Proactive Maintenance Operations and Fielding Solution Operations	
(v)	Stated Capital	JPY 9,670 million	
(vi)	Date of Incorporation	March 30, 1957	
(vii)	Major Shareholders and Shareholding Ratio (as of September 30, 2013) (Note 1)	NEC Corporation	37.22%
		Japan Trustee Services Bank, Ltd. (Trust Account from The Sumitomo Trust & Banking Co., Ltd., NEC Corporation Retirement Benefit Trust Account)	29.88%
		NEC Fielding Employees' Stockholding	4.77%
		Japan Trustee Services Bank, Ltd. (Trust Account)	2.10%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	1.31%
		MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION (Standing Proxy: Mizuho Bank, Ltd. (Settlements & Clearing Services Division))	1.01%
		GOLDMAN, SACHS & CO. REG (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	0.80%
		Fielding Client Stock Ownership	0.65%
		CREDIT SUISSE SECURITIES (EUROPE) LIMITED PB OMNIBUS CLIENT ACCOUNT (Standing Proxy: Credit Suisse Securities (Japan) Limited)	0.53%
		GOLDMAN SACHS INTERNATIONAL (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	0.47%
(viii)	Relationship between the Tender Offeror and the Target		

	Capital Relationship (Note 2)	The Company directly owns 20,300,000 shares of the Target, which account for 37.22% of the total issued shares of the Target (i.e., 54,540,000 shares) and, together with the 16,300,000 shares contributed to the Company's Employee Retirement Benefit Trust with the right to give voting instructions on such shares having being reserved by the Company, which account for 29.89% of the total issued shares of the Target, the Company beneficially owns 36,600,000 shares of the Target, which account for 67.11% of the total issued shares of the Target.
	Personnel Relationship	As of today, two corporate officers from the Company hold office as outside directors of the Target and one employee from the Company holds office as an outside statutory auditor of the Target. In addition, as of the end of March 2013, 139 of the Company's employees were seconded to the Target and 82 of the Target's employees were seconded to the Company.
	Business Relationship	The Company and its affiliated companies have business relationships with the Target concerning the entrustment of services related to maintenance, repair and installment of equipment, and the sale of service parts, supplies (consumables) and other items.
	Status as a Related Party	The Target is a consolidated subsidiary of the Company and falls under the category of a related party of the Company.

(Note 1) The shareholding ratios of the major shareholders are rounded down to the indicated decimal places.

(Note 2) The shareholding ratios stated in the capital relationship section are rounded to the nearest hundredth.

(2) Schedule

(i) Schedule

Resolution of Board of Directors	January 30, 2014 (Thursday)
Date of Public Notice of Commencement of Tender Offer	January 31, 2014 (Friday)
Newspaper Listing Public Notice	Public notice will be made electronically and a notice thereof will be published in the Nihon Keizai Shimbun. URL of electronic disclosure (http://disclosure.edinet-fsa.go.jp/)
Filing Date of Tender Offer Registration Statement	January 31, 2014 (Friday)

(ii) Tender Offer Period as of Filing Date

From January 31, 2014 (Friday) through March 17, 2014 (Monday) (31 business days)

(iii) Possibility of Extension Pursuant to Request by Target

Not applicable.

(3) Tender Offer Price

JPY 1,580 per share of common stock

(4) Basis of Calculation for Tender Offer Price

(i) Basis of Calculation

For the purpose of ensuring the fairness of the Tender Offer Price, the Company considered, in determining the Tender Offer Price, the valuation report submitted by its financial advisor, Daiwa Securities Co. Ltd. (“Daiwa Securities”), on January 29, 2014 (the “Valuation Report”). Daiwa Securities is a financial advisor in the capacity of a third-party valuation institution independent from both the Company and the Target. (The Company has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.) Daiwa Securities is not a related party of the Company and does not have a material interest in respect of the Tender Offer. The results of the valuation of the Target conducted by Daiwa Securities are as follows.

Daiwa Securities calculated value of the Target’s shares using (i) the market price analysis, which is an objective calculation method based on market prices formed in the capital markets, in which various factors such as profitability, the status of assets and the prospects of the Target are reflected, and (ii) the DCF Analysis, by which the value of the Target’s shares is calculated by discounting the free cash flow to be generated by the Target in the future to the present value with an appropriate discount rate according to business risks considering assumptions that are deemed to be reasonable, including the earnings forecasts, investment plans and other factors based on the business plans of the Target. The Company received a report of the results of the valuation of the Target’s shares on January 29, 2014 from Daiwa Securities. The calculation methods adopted by Daiwa Securities and the ranges of the values of the Target’s stock per share calculated using such methods are as follows:

Under the market price analysis, with the reference date of January 29, 2014, the values of the Target’s stock per share was calculated to be in the range of 1,159 yen to 1,210 yen, on the basis of the closing price on the reference date (i.e., 1,169 yen) and the respective average closing prices for the most recent one-month (i.e., 1,210 yen; rounded to the nearest whole number; the same shall apply hereafter in the calculation of share prices), three-month (i.e., 1,159 yen) and six-month (i.e., 1,163 yen) periods, in respect of the closing prices of the Target’s common stock quoted on the Tokyo Stock Exchange.

Under the DCF Analysis, the value of businesses was calculated by discounting the relevant respective projected future free cash flow in respect of the Target to the present value with a specific discount rate reflecting respective capital costs and other factors. The relevant future free cash flows were projected based on various factors, including the earnings forecasts and investment plans prescribed in the business plans of the Target concerning the fiscal year ending March 31, 2014 and the subsequent fiscal years, the information obtained from the interviews with the Target’s management, other public information, and synergistic effects that are expected to be generated in the future due to the Tender Offer and reorganization thereafter. The

Target's stock per share was calculated to be in the range of 1,398 yen to 1,897 yen under this method. With respect to the business plans, based on which the calculation using the DCF Analysis was made, in the fiscal year ending March 31, 2014, a substantial decrease is expected in the operating income compared to the fiscal year ended March 31, 2013, mainly due to deterioration of profit margins caused by more severe competition among competitors and a temporary increase in corporate expenses for developing the company-wide core IT system. In the fiscal year ending March 31, 2015, a substantial increase is expected in the operating income compared to the fiscal year ending March 31, 2014, mainly due to insourcing of services, which will be outsourced up until then, and improvement of profit margins associated with enhanced collaboration with the Company. Such business plans were prepared based on the condition that the Transaction is implemented.

The Company decided by the resolution of the board of directors on January 30, 2014 that the Tender Offer Price should be 1,580 yen, in consideration of the nature of, and the results under, each valuation method as described in the Valuation Report provided by Daiwa Securities, as well as results of due diligence in respect of the Target, the possibility of obtaining an opinion supporting the Tender Offer from the Target's board of directors, market trends of the Target's stock price, and an estimated number of shares to be tendered in the Tender Offer; and based on consultations and negotiations with the Target.

The Tender Offer Price of 1,580 yen per share represents a premium of (i) 35.16% over the closing price of 1,169 yen on the Tokyo Stock Exchange on January 29, 2014, the business day immediately preceding the announcement by the Company concerning the commencement of the Tender Offer, (ii) 30.58% over the simple average closing price of 1,210 yen during the previous one-month period (from December 30, 2013 to January 29, 2014), (iii) 36.32% over the simple average closing price of 1,159 yen during the previous three-month period (from October 30, 2013 to January 29, 2014), and (iv) 35.86% over the simple average closing price of 1,163 yen during the previous six-month period (from July 30, 2013 to January 29, 2014), of the Target's shares.

(ii) Process of Calculation

(Decision-making Process Concerning Tender Offer Price)
In recent years, emerging companies have been entering the ICT market, which has led to more intensified price competition, especially with respect to ICT hardware products, as well as to a decrease in product prices due to commoditization (generalization) of ICT hardware products. In connection with this decrease in the prices of ICT hardware products, there is currently a growing tendency where the customers maintain the operation of their ICT system assets by replacing an ICT hardware product itself, if such product causes a failure, instead of regularly entrusting the relevant manufacturers or other service providers with the maintenance work for the ICT hardware products, and thus, the conventional ICT hardware maintenance market is shrinking in terms of value.

In addition, the management and operational structure of ICT systems has been changing due to significant progress in communications network technology.

Customers previously invested in ICT systems by themselves, held ICT system assets by themselves, and retained organizational frameworks and specialized personnel within themselves to manage and operate such ICT assets; however, while global competition among companies has intensified due to the globalization of economic activities, a rapidly growing number of companies have been focusing their investment of management resources on their core competencies and changing the way they use ICT systems to a system where they will receive services offered by companies specialized in ICT such as information-processing services and information management services through a highly developed Internet network (what is called "cloud computing"), shifting to a structure in which they would not have their own ICT system assets or internal organizational frameworks for managing and operating such ICT assets. These changes in the market environment for ICT maintenance services have a significant impact on the business performance of the Target which focuses on ICT maintenance services as a primary source of revenue, and therefore, it is a critical issue for the Target and the entire NEC group to drastically change their business structures as quickly as possible to respond to the market environment. In light of these circumstances, the Company and the Target have examined how maintenance and support services for ICT systems should be provided from various perspectives.

As a result, the Company and the Target have recognized that, in order to respond to the changes in customers' needs regarding ICT systems due to the development of "cloud computing," it is necessary for the Company to (i) integrate and realign the functions and organizations involved in the supply chain for the development and manufacturing of base products (hardware, software and services) that comprise ICT systems and the delivery chain for the introduction, operation, maintenance and disposal of such products and (ii) make the Target the core company in the NEC group responsible for providing services throughout the life cycle of ICT systems from introduction through disposal of such system. Furthermore, the Company and the Target have recognized that it is necessary, in order to expand the business of the Company and the Target, to address the following three matters as key measures that must be taken henceforth: (i) provision of datacenter service tailored to customer needs, (ii) creation of new patterns of products and provision of support services throughout the life cycle of ICT systems, and (iii) enhancement of business efficiency and formulation of better proposals by integration of information.

The Company decided that in order to promptly implement the three measures mentioned above, it is necessary for the Company and the Target to respond to the customers' needs from the same viewpoint and in order for that to occur, it is necessary to realize efficient business operations by fully integrating their business strategies, and in late September 2013, the Company proposed to the Target to jointly examine measures for integrated business operation between the Company and the Target. The Company and the Target then began discussing measures with respect to the business operations of the Company and the Target, and in late November 2013, began to discuss the details of the Transaction. As a result, the Company and the Target came to a conclusion that in order to enable the improvement of the corporate value of, and the continuous growth of, the entire NEC group, including the Target, it is essential that the Company and the Target implement business strategies flexibly and quickly as a unit, and that in order to achieve this, it is best to make the Target a wholly-owned subsidiary of the Company by way of the Company's acquisition of all shares of the Target. The Company determined the Tender Offer Price as set forth below, and resolved to implement the Tender Offer at the meeting of its board of directors held on January 30, 2014.

i. Independent Third-Party Valuation Institution

In determining the Tender Offer Price, the Company requested Daiwa Securities, which acts in the capacity of a third-party valuation institution independent from both the Target and the Company, and also acts as a financial advisor, to evaluate the Target's shares, and received the valuation report dated January 29, 2014 (The Company has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.).

ii. Outline of Valuation

In the valuation report, Daiwa Securities used the market price analysis and the DCF analysis to calculate the value of the Target's shares. The ranges of the values of the Target's stock per share calculated using each of the above methods and shown in the valuation report are as follows.

(a) 1,159 yen to 1,210 yen under the market price analysis
(b) 1,398 yen to 1,897 yen under the DCF Analysis

iii. Process For Determining Tender Offer Price Based On Valuation

The Company decided by the resolution of the board of directors on January 30, 2014 that the Tender Offer Price should be 1,580 yen, in consideration of the nature of, and the results under, each valuation method as described in the Valuation Report provided by Daiwa Securities, as well as results of due diligence in respect of the Target, the possibility of obtaining an opinion supporting the Tender Offer from the Target's board of directors, market trends of the Target's stock price, and an estimated number of shares to be tendered in the Tender Offer; and based on consultations and negotiations with the Target.

(Measures to Ensure Fairness of Tender Offer Price)

i. Procurement by the Company of Valuation Report from Independent Third-Party Valuation Institution

For the purpose of ensuring the fairness of the Tender Offer Price, the Company considered, in determining the Tender Offer Price, the valuation report submitted by its financial advisor, Daiwa Securities Co. Ltd. ("Daiwa Securities"), on January 29, 2014 (the "Valuation Report"). Daiwa Securities is a financial advisor in the capacity of a third-party valuation institution independent from both the Company and the Target. (The Company has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.) Daiwa Securities is not a related party of the Company and does not have a material interest in respect of the Tender Offer. The results of the valuation of the Target conducted by Daiwa Securities are as follows.

Daiwa Securities calculated value of the Target's shares using (i) the market price analysis, which is an objective calculation method based on market prices formed in the capital markets, in which various factors such as profitability, the status of assets and the prospects of the Target are reflected, and (ii) the DCF Analysis, by which the value of the Target's shares is calculated by discounting the free cash flow to be generated by the Target in the future to the present value with an appropriate discount rate according to business risks considering assumptions that are deemed to be reasonable, including the earnings forecasts, investment plans and other factors based on the business plans of the Target. The Company received a report of the results of the valuation of the Target's shares on January 29, 2014 from Daiwa Securities. The calculation methods adopted by Daiwa Securities and the ranges of the values of the Target's stock per share calculated using such methods are as follows:

Under the market price analysis, with the reference date of January 29, 2014, the values of the Target's stock per share was calculated to be in the range of 1,159 yen to 1,210 yen, on the basis of the closing price on the reference date (i.e., 1,169 yen) and the respective average closing prices for the most recent one-month (i.e., 1,210 yen; rounded to the nearest whole number; the same shall apply hereafter in the calculation of share prices), three-month (i.e., 1,159 yen) and six-month (i.e., 1,163 yen) periods, in respect of the closing prices of the Target's common stock quoted on the Tokyo Stock Exchange.

Under the DCF Analysis, the value of businesses was calculated by discounting the relevant respective projected future free cash flow in respect of the Target to the present value with a specific discount rate reflecting respective capital costs and other factors. The relevant future free cash flows were projected based on various factors, including the earnings forecasts and investment plans prescribed in the business plans of the Target concerning the fiscal year ending March 31, 2014 and the subsequent fiscal years, the information obtained from the interviews with the Target's management, other public information, and synergistic effects that are expected to be generated in the future due to the Tender Offer and reorganization thereafter. The Target's stock per share was calculated to be in the range of 1,398 yen to 1,897 yen under this method. With respect to the business plans, based on which the calculation using the DCF Analysis was made, in the fiscal year ending March 31, 2014, a substantial decrease is expected in the operating income compared to the fiscal year ended March 31, 2013, mainly due to deterioration of profit margins caused by more severe competition among competitors and a temporary increase in corporate expenses for developing the company-wide core IT system. In the fiscal year ending March 31, 2015, a substantial increase is expected in the operating income compared to the fiscal year ending March 31, 2014, mainly due to insourcing of services, which will be outsourced up until then, and improvement of profit margins associated with enhanced collaboration with the Company. Such business plans were prepared based on the condition that the Transaction is implemented.

The Company decided by the resolution of the board of directors on January 30, 2014 that the Tender Offer Price should be 1,580 yen, in consideration of the nature of, and the results under, each valuation method as described in the Valuation Report provided by Daiwa Securities, as well as results of due diligence in respect of the Target, the possibility of obtaining an opinion supporting the Tender Offer from the Target's board of directors, market trends of the Target's stock price, and an estimated number of shares to be tendered in the Tender Offer; and based on consultations and negotiations with the Target.

The Tender Offer Price of 1,580 yen per share represents a premium of (i) 35.16% over the closing price of 1,169 yen on the Tokyo Stock Exchange on January 29, 2014, the business day immediately preceding the announcement by the Company concerning the commencement of the Tender Offer, (ii) 30.58% over the simple average closing price of 1,210 yen during the previous one-month period (from December 30, 2013 to January 29, 2014), (iii) 36.32% over the simple average closing price of 1,159 yen during the previous three-month period (from October 30, 2013 to January 29, 2014), and (iv) 35.86% over the simple average closing price of 1,163 yen during the previous six-month period (from July 30, 2013 to January 29, 2014), of the Target's shares.

ii. Procurement by the Target of Valuation Report from Independent Third-Party Valuation Institution

According to the Target's Announcement, in determining opinions regarding the Tender Offer, for the purpose of ensuring fairness of such opinion, the Target requested SMBC Nikko, which acts in the capacity of a third-party valuation institution independent from both the Target and the Company, and also acts as a financial advisor, to evaluate the Target's shares. SMBC Nikko considered calculation methods to be adopted in the valuation of the Target's shares out of several calculation method of the valuation of the Target's shares, and on the assumption that the Target is a going concern, calculated the valuation of the Target's shares using the market price analysis and the DCF Analysis, and the Target received the valuation report concerning the Target's shares dated January 29, 2014 from SMBC Nikko. The Target has not obtained an opinion regarding the fairness of the Tender Offer Price (a fairness opinion) from SMBC Nikko. The ranges of the values of the Target's stock per share calculated by SMBC Nikko using each of the above methods are as follows.

- 1,158 yen to 1,213 yen under the market price analysis; and
- 1,494 yen to 1,825 yen under the DCF Analysis.

Under the market price analysis, with the reference date of January 28, 2014, the value of the Target's stock per share was calculated to be in the range of 1,158 yen to 1,213 yen, on the basis of the respective simple average closing prices for the most recent one-month (i.e., 1,213 yen), three-month (i.e., 1,158 yen) and six-month (i.e., 1,163 yen) periods, in respect of the closing prices of the Target's share quoted on the Tokyo Stock Exchange.

Under the DCF Analysis, the corporate value and the share value of the Target were evaluated by discounting the free cash flow to be generated by the Target in the future to the present value with a specific discount rate, and with the reference date of September 30, 2013, based on the forecast of the Target's future profit for four fiscal years from the fiscal year ending March 31, 2014 to the fiscal year ending March 31, 2017 (in the case of the fiscal year ending March 31, 2014, such future profit relates only to six months from October 1, 2013 to March 31, 2014), taking into consideration various factors such as the business plans submitted by the Target, the interviews with the Target's management, the most recent trend in the business results, other public information and other factors. The Target's common stock per share was valued to be in the range of 1,494 yen to 1,825 yen under this method. The discount rate is in the range of 6.16% to 7.54%. The perpetuity growth rate method is used to calculate the terminal value, and 0 % is used as the perpetuity growth rate.

The forecasts of consolidated financial results based on the business plans of the Target, which were prepared by the Target, and based on which the calculation using the DCF Analysis was made, are as follows. The following forecasts of consolidated financial results were made based on the condition that the Transaction is implemented, and reflected all synergistic effects that are expected to be generated in the future due to the implementation of the Transaction.

(JPY in millions)

	Six Months Ending March 31, 2014	Fiscal Year Ending March 31, 2015	Fiscal Year Ending March 31, 2016	Fiscal year Ending March 31, 2017
Net Sales	98,914	191,322	196,498	202,647
Operating Income	4,848	8,040	8,521	8,957
EBITDA ([1])	6,380	11,263	11,764	12,200
Free Cash Flow([2])	△ 4,683	6,153	4,835	4,881

(Note 1) The amount obtained by adding depreciation expenses to operating income.
(Note 2) The amount obtained by deducting capital expenditure, increase in net working capital and certain other items from the amount obtained by adding depreciation expenses and certain other items to operating income (net of tax).

With respect to the forecasts of consolidated financial results above, in the fiscal year ending March 31, 2014, there is a substantial decrease in profits compared to the consolidated business results of the fiscal year ended March 31, 2013 (net sales: 185,884 million yen and operating income: 8,088 million yen) mainly due to deterioration of profit margins caused by more severe competition among competitors and a temporary increase in corporate expenses for developing the new core IT system. In the fiscal year ending March 31, 2015, a substantial increase in profits is projected from the forecasts of consolidated financial results for the fiscal year ending March 31, 2014, mainly due to a reflection of the synergistic effects that are expected to be generated in the future due to the implementation of the Transaction, such as the insourcing of services, which will be outsourced up until then, and improvement of profit margins associated with enhanced cooperation with the Company.

For the consolidated net sales and consolidated operating income in the forecasts of consolidated financial results above, the figures are different from those that are stated in the “Mid-term Management Plan 2013 to 2015” (the consolidated net sales for the fiscal year 2015 is 206 billion yen and the consolidated operating income for the fiscal year 2015 is 10.5 billion yen), which was announced by the Target on April 25, 2013, due to the reasons below.

After the announcement of the Mid-term Management Plan, in response to a decrease of profitability resulted from further deterioration of the market trend of IT support business from the original forecast, with respect to the forecasts of consolidated financial results, as of October 25, 2013, the Target downwardly revised the projected consolidated net sales from 190 billion yen to 186 billion yen, the projected consolidated operating income from 8.5 billion yen to 5.6 billion yen, the projected consolidated ordinary income from 8.5 billion yen to 5.8 billion yen and the projected consolidated net income per share from 5.1 billion yen to 3.4 billion yen, considering business results for the second quarter of the fiscal year ending March 31, 2014 (the “Revisions of the Forecasts of Business Results”).

In this way, since immediately after the announcement of the Mid-term Management Plan, there has been a substantial deviation from the consolidated business results of the Target and their forecasts stated in the Mid-term Management Plan. Therefore, the Target determined that it is more appropriate to calculate the objective and reasonable corporate value of the Target and review the appropriateness of the Tender Offer Price considering the forecast reflecting the most recent trends of the IT support market and the Target’s business results and other relevant factors and based on more realistic forecasts, rather than using the Mid-term Management Plan, in which target figures for the Target are stated.

As stated in above, on October 25, 2013, the Target disclosed the Revisions of the Forecasts of Business Results in accordance with the timely disclosure criteria of the Tokyo Stock Exchange, and the Revisions of the Forecasts of Business Results were not related to or intended for the Transaction. In the Target’s business plans prepared by the Target, based on which the calculation using the DCF Analysis was made by SMBC Nikko, as stated above, the forecasts of consolidated financial results for six months ending March 31, 2014 after the Revisions of the Forecasts of Business Results, and in the market price analysis, market prices of the Target’s stock after October 25, 2013 were also used. Considering the business results for the third quarter of the fiscal year ending March 31, 2014, the Target does not plan at this point to revise the forecast for the fiscal year ending March 31, 2014, which was announced on October 25, 2013.

iii. Advice to the Target from Law Firm

According to the Target’s Announcement, in order to ensure fairness and appropriateness of the decision-making concerning the Transaction including the Tender Offer, the Target retained MH&M as its legal advisor outside the Target and the Company and has obtained from MH&M legal advice in relation to the methods and procedures concerning the decision-making with respect to the Tender Offer by the Target.

iv. Unanimous Approval by the Directors and No Objection from the Statutory Auditors

According to the Target's Announcement, the Target carefully reviewed the terms and conditions of the Tender Offer taking into consideration the valuation report of SMBC Nikko, legal advice obtained from MH&M, results of the consultation with the third-party committee stated in "5. Establishment of Third-Party Committee at the Target" below, and other related materials. Consequently, as set out in "(2) Basis and Reasons for Opinion on the Tender Offer " above, the Target concluded that since (i) the corporate value of the Company is expected to be enhanced due to the Transaction including the Tender Offer and (ii) the Tender Offer Price and terms and conditions of the Tender Offer are suitable for shareholders of the Target, the Tender Offer will provide to shareholders of the Target a reasonable opportunity to sell their shares at a price higher than the market price. At the meeting of the Target's board of directors held on January 30, 2014, the board of directors of the Target, with the approval of all the directors, exclusive of Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita (nine out of the eleven directors of the Target attended the meeting), who participated in discussions and resolutions at the meeting of the Target's board of directors, resolved to state an opinion supporting the Tender Offer and to recommend that the Target's shareholders tender their shares in the Tender Offer.

All statutory auditors of the Target, exclusive of Mr. Hiroyuki Sekizawa, attended the above meeting of the Target's board of directors (three out of the four statutory auditors of the Target attended the meeting) and all the statutory auditors in attendance at the meeting stated that they did not have any objection to such resolution of the Target's board of directors.

Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita, who are outside directors of the Target, serve concurrently as corporate officers of the Company, and to avoid the potential for any conflict of interest with the Target in respect of the Transaction, they have not been involved in consultations and negotiations with the Company on behalf of the Target, and did not participate in discussions and resolutions concerning the Transaction at the meetings of the Target's board of directors including the meeting of the Target's board of directors above. In addition, Mr. Hiroyuki Sekizawa, who is an outside statutory auditor of the Target, serves concurrently as an employee of the Company, and to avoid the potential for any conflict of interest with the Target in respect of the Transaction, he has not been involved in consultations and negotiations with the Company on behalf of the Target, and did not participate in discussions concerning the Transaction at the meetings of the Target's board of directors including the meeting of the Target's board of directors above.

v. Establishment of Third-Party Committee at the Target

According to the Target's Announcement, for the purpose of eliminating arbitrary decision-making concerning the Tender Offer and ensuring the fairness, transparency, and objectivity of the decision-making process conducted by the Target, on January 9, 2014, the Target established a third-party committee consisting of the following members, who are experts independent and outside of the Company's and the Target's respective boards of directors, and consulted with the third-party committee and requested that the third-party committee submit a written opinion on (i) whether or not it would be appropriate for the Target's board of directors to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Tender Offer and (ii) whether or not it would be disadvantageous to the Target's minority shareholders for the Target's board (a) to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Tender Offer and (b) to, after the completion of the Tender Offer, resolve to acquire all of the class shares subject to wholly call clause so that the Company and the trustee of the Company's Employee Retirement Benefit will own the total issued shares of the Target pursuant to the method set forth in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)," below:

Committee Members

・ Chairperson: Atsushi Ogino

Partner Lawyer, TMI Associates

・ Member: Nobumichi Hattori

Visiting Professor, Graduate School of Finance, Accounting and Law, Waseda University

・ Member: Takuya Hashimoto

Certified public accountant, es Networks Co., Ltd.

The third-party committee held four meetings in total from January 9, 2014 through January 29, 2014, and the members reviewed the above-mentioned consulted matters, after making inquiries addressed to the Company regarding the purpose of the Transaction, the terms and conditions of the Tender Offer and other related matters, inquiries addressed to the Target regarding the content of its business, its business plans and other related matters, inquiries addressed to the Company and the Target regarding the Revisions of the Forecasts of Business Results and seeking SMBC Nikko's explanations regarding the valuation of the Target's shares, while obtaining advice from SMBC Nikko and MH&M.

The Target obtained from the third-party committee an opinion to the effect that (X) it would be appropriate for the Target's board of directors to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Tender Offer and (Y) it would not be disadvantageous to the Target's minority shareholders for the Target's board (a) to state an opinion supporting the Tender Offer and recommending that the Target's shareholders tender their shares in the Company and (b) to, after the completion of the Tender Offer, resolve to acquire all of the class shares subject to wholly call so that the Company and the trustee of the Company's Employee Retirement Benefit Trust will own the total issued shares of the Target pursuant to the method set forth in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)," below, comprehensively taking into consideration that (i) the third-party committee determined that the corporate value of the Target would be enhanced as a result of the implementation of the measures set forth in "(2) Decision-making Process Concerning Tender Offer and Management Policies Subsequent to Tender Offer" above, as compared to the case where the

Transaction would not be implemented, and such determination was not considered to be unreasonable; (ii) the Tender Offer Price and other terms and conditions of the Tender Offer are based upon the results of the consultations and negotiations made several times between the Company and the Target, which are equal to arm's length consultations and negotiations; (iii) the Tender Offer Price represents a premium comparable to the level of premiums in the past similar transactions in which a company made another company its wholly-owned subsidiary, over the Target's stock price; (iv) the Tender Offer Price is within the ranges of the value of the Target's shares calculated by SMBC Nikko, which is the financial advisor for the Target, using the DCF Analysis that reflects all synergistic effects that are expected to be generated in the future due to the implementation of the Transaction, is higher than the ranges of the value of the Target's shares calculated using the market price analysis, and is higher than the ranges of the values calculated as reference materials by SMBC Nikko using the DCF Analysis based on the Target's business plans excluding the above-mentioned synergistic effects (such calculation was performed separately from the valuation report concerning the Target's shares, which was based on the business plans taking into account the synergistic effects); (v) the Tender Offer Price is higher than the highest price of the Target's stock on all days on which the Target's stock was traded over the past six years; (vi) the third-party committee has received an answer, in writing, from the Target that the Revisions of the Forecasts of Business Results were disclosed in accordance with the timely disclosure criteria of the Tokyo Stock Exchange, and not related to or intended for the Transaction, and such answer is not considered to be unreasonable; (vii) minority shareholders' interests have been taken into consideration, as measures to avoid conflicts of interest and ensure fairness were taken in the course of the Target's examination and determination regarding the Transaction, as stated in "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" and adequate disclosure has been made in the position statement and the Target's Announcement in connection with the Target's process for examining the Transaction, negotiation between the Company and the Target, contents of the valuation report obtained by the Target from SMBC Nikko, measures taken to avoid conflicts of interest and ensure fairness and other information.

vi. Potential Opportunity for Counter Proposal

The Company and the Target have not made any agreement that, if a person other than the Company makes a counter offer to the Target, such Tender Offeror must refrain from communications or other contacts with the Target.

The Company has set the period of the Tender Offer (the "Tender Offer Period") at 31 business days, which is longer than the statutory minimum tender offer period of 20 business days.

For the Tender Offer, the Company has not set a minimum number of shares to be acquired. The Company believes that even though no minimum number of shares to be acquired through the Tender Offer has been set, minority shareholders' interests are fully taken into consideration through the measures to ensure fairness of the Tender Offer as stated in (i) through (vi) above.

(iii) Relations with the Third Party Appraiser

Daiwa Securities is the Company's financial advisor in the capacity of a third-party valuation institution. It is not a related party of the Company or the Target and does not have any material interest in respect of the Tender Offer.

(5) Number of Shares to Be Acquired

Number of Shares to Be Acquired	Minimum Number of Shares to Be Acquired	Maximum Number of Shares to Be Acquired
17,939,307 (shares)	—	—

Note 1: The Tender Offeror has not set a maximum or a minimum number of shares to be acquired through the Tender Offer, and it will acquire all the tendered shares.

Note 2: The number of shares to be acquired is the maximum number of shares of 17,939,307 to be acquired by the Tender Offeror through the Tender Offer. Such maximum number of shares is obtained by subtracting (i) the number of treasury stock held by the Target as of December 31, 2013 (i.e., 693 shares), as set forth in the Earnings Release of the Target, (ii) the number of shares held by the Company as of today (i.e., 20,300,000 shares) and (iii) the shares contributed by the Company to the Company's Employee Retirement Benefit Trust which will not be applied for through the Tender Offer (i.e. 16,300,000 shares), from the number of total issued shares of the Target as of December 31, 2013 (i.e. 54,540,000 shares), as set forth in the Earnings Release of the Target.

Note 3: The Tender Offer also targets the shares less than one unit. If the right to request purchase of shares less than one unit is exercised by a shareholder pursuant to the Companies Act, the Target will purchase the shares of the Target during the Tender Period in accordance with the statutory procedures.

Note 4: There is no plan to purchase, through the Tender Offer, the treasury stock (i.e., 693 shares) held by the Target.

(6) Change in Percentage of Ownership of Shares After Tender Offer

Number of Voting Rights Represented by Shares Held by the Tender Offeror Before Tender Offer	366,000	(Percentage of Ownership of Shares Before Tender Offer: 67.11%)
Number of Voting Rights Represented by Shares Held by Special Related Parties Before Tender Offer	0	(Percentage of Ownership of Shares Before Tender Offer: 0%)
Number of Voting Rights Represented by Shares to Be Acquired	179,393	(Percentage of Ownership of Shares After Tender Offer: 100.00%)
Number of Voting Rights of All Shareholders of Target	545,343	

Note 1: "Number of Voting Rights Represented by Shares Held by Tender Offeror Before Tender Offer" indicates the number of voting rights (i.e., 203,000) represented by the shares held by the Company as of today (i.e., 20,300,000 shares) and the number of voting rights (i. e., 163,000) represented by the shares contributed by the Company to the Company's Employee Retirement Benefit Trust which shall be deemed as the shares held by the Company pursuant to Article 7, Paragraph 1, Item 2 of the Enforcement Order (i.e. 16,300,000 shares).

Note 2: "Number of Voting Rights Represented by Shares Held by Special Related Parties Before Tender Offer" indicates the total number of voting rights represented by the shares held by the Special Related Parties except for those excluded from the Special Related Parties in relation to the calculation of the ownership ratio in each item of Article 27-2, Paragraph 1 of the Act in accordance with Article 3, Paragraph 2, Item 1 of the TOB Order.

Note 3: "Number of Voting Rights Represented by Shares to Be Acquired" is the number of voting rights represented by the shares to be acquired in the Tender Offer (i.e., 17,939,307 shares).

Note 4: "Number of Voting Rights of All Shareholders of Target" is the total number of voting rights of all shareholders of the Target as of September 30, 2013 as set forth in the 58th Business Period Second Quarterly Report filed by the Target on October 25, 2013. Since the Tender Offer targets the shares less than one unit, in order to calculate "Percentage of Ownership of Shares Before Tender Offer" and "Percentage of Ownership of Shares After Tender Offer," the number of voting rights (i.e., 545,393) represented by the number of shares (i.e., 54,539,307 shares) obtained by subtracting the number of the treasury stock held by the Target as of December 31, 2013 (i.e., 693 shares), as set forth in the Earnings Release of the Target, from the total issued shares of the Target as of December 31, 2013 (i.e., 54,540,000 shares), as set forth in the Earning Release, is used as the denominator.

Note 5: "Percentage of Ownership of Shares Before Tender Offer" and "Percentage of Ownership of Shares After Tender Offer" are rounded to the nearest hundredth.

(7) Purchase Price 28,344 million yen

Note : "Purchase Price" is an amount calculated by multiplying the number of shares to be acquired through the Tender Offer (i.e., 17,939,307) by the Tender Offer Price (1,580 yen).

(8) Method of Settlement

(i) Name and Address of Head Office of Financial Instruments Business Operators, Banks, Etc., in Charge of Settlement

Daiwa Securities Co. Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(ii) Commencement Date of Settlement

March 25, 2014 (Tuesday)

(iii) Method of Settlement

A notice of a purchase made through the Tender Offer will be mailed to the address or location of the Tendering Shareholders (in the case of Non-Resident Shareholders, the address of their standing proxy) promptly after expiration of the Tender Offer Period.

Purchases will be settled in cash. The Tender Offer Agent will, in accordance with instructions from the Tendering Shareholders, promptly after the commencement date of the settlement, remit the purchase price for the shares sold through the Tender Offer to the place designated by the Tendering Shareholders (or, in the case of Non-Resident Shareholders, by their standing proxy) (a remittance fee may be required) or pay the purchase price to the account of the Tendering Shareholders at the Tender Offer which received the application.

(iv) Method of Returning Securities

If any shares are not purchased under the terms mentioned in “(2) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal” of “11. Other Conditions and Methods of Tender Offer” below, the shares required to be returned will be returned to the Tendering Shareholders promptly after the second business day following the last day of the Tender Offer Period (or the date of withdrawal of the Tender Offer, if the Tender Offer is withdrawn) by reverting shareholder records to their state at the time when the shares were tendered.

(9) Other Conditions and Methods of Tender Offer

(i) Conditions Set Forth in Article 27-13, Paragraph 4 of the Act

The Tender Offeror has not set a maximum or a minimum number of shares to be acquired through the Tender Offer. Therefore, the Tender Offeror will acquire all the tendered shares.

(ii) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal

The Tender Offeror may withdraw the Tender Offer if any event listed in Article 14, Paragraph1, Items 1.1 through 1.9, Items 1.12 through 1.18, Items 3.1 through 3.8 and Items 3.10, and Article 14, Paragraph 2, Items 3 through 6, of the Enforcement Order, occurs.

Under Article 14, Paragraph 1, Item 3.10 of the Enforcement Order, either of the following events shall be designated as events equivalent to the events set forth in Items 3.1 through 3.9 of the same Paragraph:

(a) where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target submitted in the past, and where the Company did not know of the existence of such false statement and the Company could not have known of the existence of such false statement even with the exercise of due care; or

(b) any of the events set forth in Article 14, Paragraph 1, Items 3.1 through 3.7 of the Enforcement Order occurs in respect of the principal subsidiaries of the Target.

If Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and provide notice thereof in The Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the TOB Order and give public notice immediately after making the announcement.

(iii) Conditions of Reduction of Tender Offer Price, Details Thereof and Method of Disclosure of Reduction

Under the provisions of Article 27-6, Paragraph 1, Item 1 of the Act, if the Target conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the tender offer price in accordance with the standards prescribed in Article 19, Paragraph 1 of the TOB Order. If the Tender Offeror intends to reduce the tender offer price, the Tender Offeror will give an electronic public notice and provide notice to such effect in The Nihon Keizai Shimbun. However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the TOB Order and give public notice immediately after making the announcement. If the tender offer price is reduced, the Tender Offeror will also purchase at the reduced tender offer price, the shares tendered prior to the date on which the public notice is issued.

(iv) Matters Concerning Right of Tendering Shareholders to Cancel Tender

The Tendering Shareholders may, at any time during the Tender Offer Period, cancel the contract concerning the Tender Offer. In the case of such cancellation, the Tendering Shareholders must deliver or mail the cancellation documents (i.e., the Receipt of Application for the Tender Offer and a written request for the cancellation of the contract concerning the Tender Offer) to the head office or the branch office in Japan of the Tender Offer Agent which received the application, by 16:00 on the last day of the Tender Offer Period. If sent by mail, the cancellation of the contract concerning the Tender Offer will not be effective unless the cancellation documents are delivered at the head office or the relevant branch office of the Tender Offer Agent by 16:00 on the last day of the Tender Offer Period.

No claims for compensation for damages or penalties shall be made against the Tendering shareholders by the Tender Offeror in the event that the contract concerning the Tender Offer is cancelled by the Tendering shareholders The cost of returning the tendered shares will be borne by the Tender Offeror. If the Tendering Shareholders give notice of the cancellation, the tendered shares will be returned immediately following the completion of the cancellation procedures by the method indicated in "(4) Method of Returning Shares" of "10. Method of Settlement" above.

(v) Method of Disclosure of Change in Conditions of Tender Offer (if any)

Unless otherwise prohibited under the provisions of Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order, the Tender Offeror may change any of the terms and conditions concerning the acquisition. If any changes are made to any of the terms and conditions concerning the acquisition, the Tender Offeror will give an electronic public notice and provide notice thereof in The Nihon Keizai Shimbun. However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the TOB Order and give public notice immediately after making the announcement. If the terms and conditions of the acquisition are changed, the Tender Offeror will also acquire the shares tendered on or before the date of the public notice in accordance with the changed conditions of the purchase.

(vi) Method of Disclosure of Amendment Statement

If the Tender Offeror files an amendment statement to the Director of the Kanto Local Finance Bureau (except for the cases set forth in the proviso of Article 27-8, Paragraph 11), the Tender Offeror will immediately announce the content thereof that is relevant to the content of the public notice of the commencement of the Tender Offer, in accordance with the manner set out in Article 20 of the TOB Order. The Tender Offeror will also immediately amend the Tender Offer Explanation Statement and distribute the amendment to the Tender Offer Explanation Statement to the Tendering Shareholders who have received the Tender Offer Explanation Statement. However, if the Tender Offeror amends only small parts of the Tender Offer Explanation Statement, it may instead distribute to the Tendering Shareholders a document stating the reason for the amendments, the matters having been amended, and the details thereof.

(vii) Method of Disclosure of Results of Tender Offer

The results of the Tender Offer will be made public by the method set out in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day after the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of Tender Offer

January 31, 2014 (Friday)

(11) Tender Offer Agent

Daiwa Securities Co., Ltd.
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

III. Policies after the Tender Offer and Future Prospects

(1) Policies after the Tender Offer

Please refer to “I. Purposes of the Tender Offer” with respect to policies after the Tender Offer.

(2) Impact of the Tender Offer on Future Business Results

The Tender Offer is not expected to have any material impact on the Company group's business results for the current fiscal year. The Company will disclose any impact on the business results for the following fiscal years by reflecting such impact in the forecasts of business results it will publish in the future.

IV. Others

(1) Agreements Between Tender Offeror and Target or Its Officers; Details Thereof

According to the Target's Announcement, the Target carefully reviewed the terms and conditions of the Tender Offer taking into consideration the valuation report of SMBC Nikko, legal advice obtained from MH&M, results of the consultation with the third-party committee stated in "5. Establishment of Third-Party Committee at the Target" below, and other related materials. Consequently, as set out in "(2) Basis and Reasons for Opinion on the Tender Offer " above, the Target concluded that since (i) the corporate value of the Company is expected to be enhanced due to the Transaction including the Tender Offer and (ii) the Tender Offer Price and terms and conditions of the Tender Offer are suitable for shareholders of the Target, the Tender Offer will provide to shareholders of the Target a reasonable opportunity to sell shares at a price higher than the market price. At the meeting of the Target's board of directors held on January 30, 2014, the board of directors of the Target, with the approval of all the directors in attendance at the meeting on January 30, 2014 (exclusive of Mr. Yasuyuki Nakae and Mr. Kimiya Matsushita, who were absent (nine out of the eleven directors of the Target, attended the meeting) who participated in discussions and resolutions at the meeting of the Target's board of directors, and resolved to state an opinion supporting the Tender Offer and to recommend that the Target's shareholders tender their shares in the Tender Offer.

With respect to the decision-making process in respect of the Tender Offer and the details of measures to avoid conflicts of interest, please see "(2) Decision-making Process Concerning Tender Offer and Management Policies Subsequent to Tender Offer," and "(3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest" in "I. Purpose of Tender Offer."

(2) Other Information Deemed Necessary for Decision-making by Investors Concerning Tender Their Shares

(i) Release of Earnings Release for Third Quarter of Fiscal Year Ending March 31, 2014 (the 58th Business Period)

The Target released the "Summary of Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2014 (Japan GAAP) (Consolidated)" on January 30, 2014. According to such release, the profits and losses and other financial results on a consolidated basis for the relevant third quarter of the Target are as follows. The quarterly results contained in such release are not audited by the auditors. The following summary of the release are excerpted from those released by the Target, and the Tender Offeror is not in the position of taking responsibility for independently verifying, and in fact does not verify, their accuracy and the creditability. For details, please see the relevant release.

(a) Profits and Losses (Consolidated)

Fiscal year	Fiscal Year Ending March 31, 2014 (Third Quarter of the 58th Business Period)
Net sales	131,691 million yen
Cost of sales	110,008 million yen
Selling, general and administrative expenses	19,184 million yen
Operating income	2,498 million yen
Other income	391 million yen
Non-operating expenses	97 million yen
Ordinary income	2,792 million yen
Quarterly net income (loss)	1,714 million yen

(b) Per Share Data (Consolidated)

Fiscal year	Fiscal Year Ending March 31, 2014 (Third Quarter of the 58th Business Period)
Quarterly net income per share	31.43 yen
Dividends per Share	— yen

According to the Target, the Target is scheduled to file the Quarterly Report for the third quarter of the 58th Business Period (from October 1, 2013 to December 31, 2013) on January 31, 2014.

(ii) Revision of Dividend Forecast

According to the Target, the Target resolved at its meeting of the board of directors held on January 30, 2014 to revise its dividend forecast regarding the fiscal year ending March 2014 and cancel payment of the dividends regarding such fiscal year, on the condition that the Tender Offeror acquires the Target’s shares through the Tender Offer. For more details, see the Target’s Announcement captioned “Announcement Concerning Revision on Year-end Dividends” dated January 30, 2014.

(Reference)
Company’s Financial Forecast and Consolidated Financial Results in Previous Term

	Net Sales	Operating Income	Ordinary Income	Net Income per Share
Consolidated Financial Forecast in Current Term (Fiscal Year Ending March 31, 2014）	3,000 billion yen	100 billion yen	70 billion yen	20 billion yen
Consolidated Financial Results in Previous Term (Fiscal Year Ended March 31, 2013)	3,071.6 billion yen	114.6 billion yen	92 billion yen	30.4 billion yen

CAUTIONARY STATESMENTS:

Insider Regulations
In accordance with the provisions of Article 167, Clauses 3 and 4 of the Financial Instruments and Exchange Act and Article 30 of its Enforcement Order, it is possible that anyone having read this material will be considered a primary recipient of information under the insider trading regulations. In this regard, you are urged to exercise due care since you may be restricted from purchasing the shares of NEC Fielding, Ltd. before 12 hours have passed from the time of the announcement of this material. If you are held liable under criminal, civil, or administrative laws for making such a prohibited purchase, the Company will assume no responsibility whatsoever.

Soliciting Regulations
This statement is a material to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell the shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement for the Tender Offer and offer their shares for sale at their own discretion. This material shall neither be, nor constitute a part of, an offer to sell or purchase, or solicitation of such sale or purchase, regarding any securities, and neither this material (or a part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this material may not be relied on at the time of entering into any such agreement.

Other Countries
The announcement, issuance, or distribution of this material may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restriction. The announcement, issue or distribution of this material shall be interpreted not to be an offer to purchase or a solicitation of an offer to sell, but simply to be a distribution of information.

Note for U.S. Shareholders of the Target
The Tender Offer will be conducted in accordance with the procedures and the information disclosure standards prescribed by Japanese law, and these procedures and information disclosure standards may differ from the procedures and the information disclosure standards in the jurisdictions including the United States, other than Japan.

Japanese Language
Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. If all or any part of a document relating to the Tender Offer is prepared in the English language and there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

Forward-Looking Statements
This material contains forward-looking statements pertaining to strategies, financial targets, technology, products and services, and business performance of NEC Corporation and its consolidated subsidiaries (collectively, “NEC”). Written forward-looking statements may appear in other documents that NEC files with stock exchanges or regulatory authorities, such as the Director of the Kanto Local Finance Bureau, and in reports to shareholders and other communications. Forward-looking statements necessarily depend on currently available assumptions, data, or methods that may be incorrect or imprecise and NEC may not be able to realize the results expected by them. You should not place undue reliance on forward-looking statements, which reflect NEC’s analysis and expectations only. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the

forward-looking statements. Among the factors that could cause actual results to differ materially from such statements include (i) global economic conditions and general economic conditions in NEC's markets, (ii) fluctuating demand for, and competitive pricing pressure on, NEC's products and services, (iii) NEC's ability to continue to win acceptance of NEC's products and services by its clients in highly competitive markets, (iv) NEC's ability to expand into foreign markets, such as China, (v) regulatory change and uncertainty and potential legal liability relating to NEC's business and operations, (vi) NEC's ability to restructure, or otherwise adjust, its operations to reflect changing market conditions, (vii) movement of currency exchange rates, particularly the rate between the yen and the U.S. dollar, (viii) the impact of unfavorable conditions or developments, including share price declines, in the equity markets which may result in losses from devaluation of listed securities held by NEC, (ix) impact of any regulatory action or legal proceeding against NEC, (x) the possibility that the transactions contemplated by this material are not successfully completed, and (xi) the possibility that expected benefit may not be realized by the transactions contemplated by this material. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect NEC. Furthermore, the forward-looking statements in this material were prepared based on the information held by NEC as of the date of this material and unless required by law, NEC does not undertake any obligation to update or revise any of the forward-looking statements to reflect any future events or circumstances.

The management targets of NEC included in this material are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management will strive to achieve through the successful implementation of NEC's business strategies. NEC cautious you that the statements made in this material are not an offer of securities for sale. Securities may not be offered or sold in any jurisdiction in which required registration is absent or an exemption from registration under the applicable securities laws is not granted.