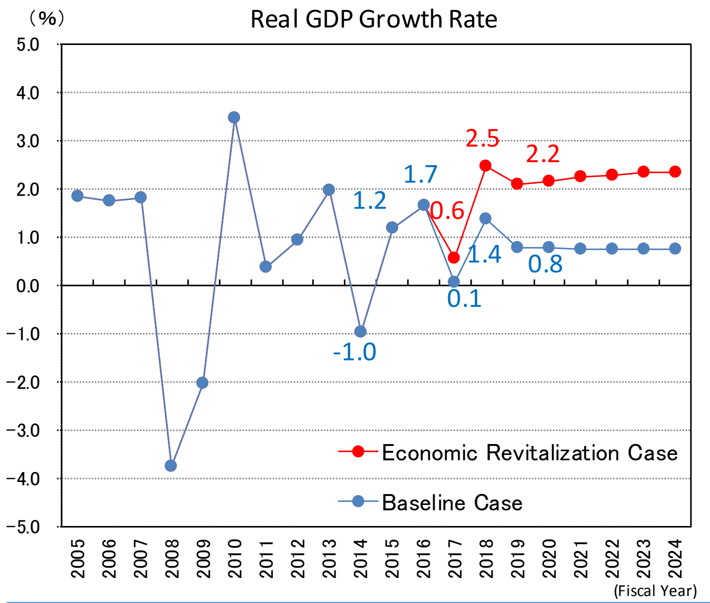
Executive Summary: Economic and Fiscal Projections for Medium to Long Term Analysis (January 2016)

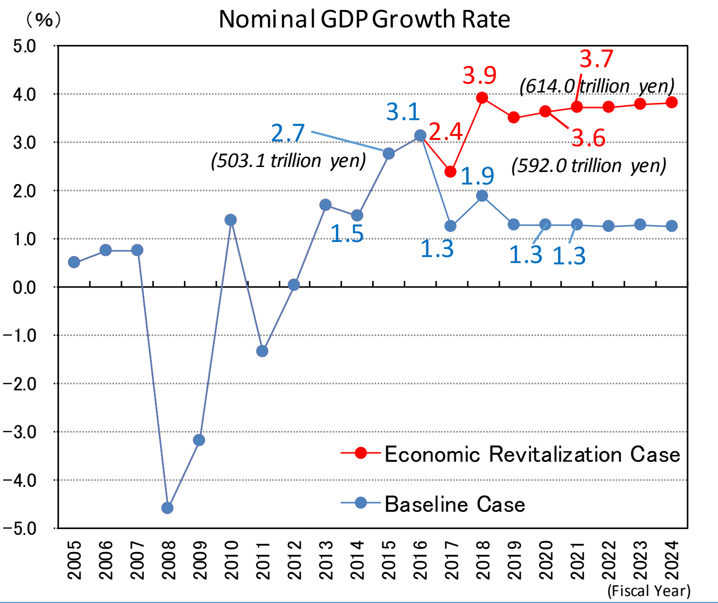
[Provisional Translation]

In the Economic Revitalization Case,

- the real GDP growth rate is projected to reach more than two percent in the medium to long term, although it is temporarily reduced, reacting to the consumption tax rate hike in FY2017, and
- the nominal GDP growth rate is projected to reach more than three percent in the medium to long term and achieves the 600 trillion yen target around FY2020.

Note: Japanese fiscal year begins on April 1st and ends on March 31st.



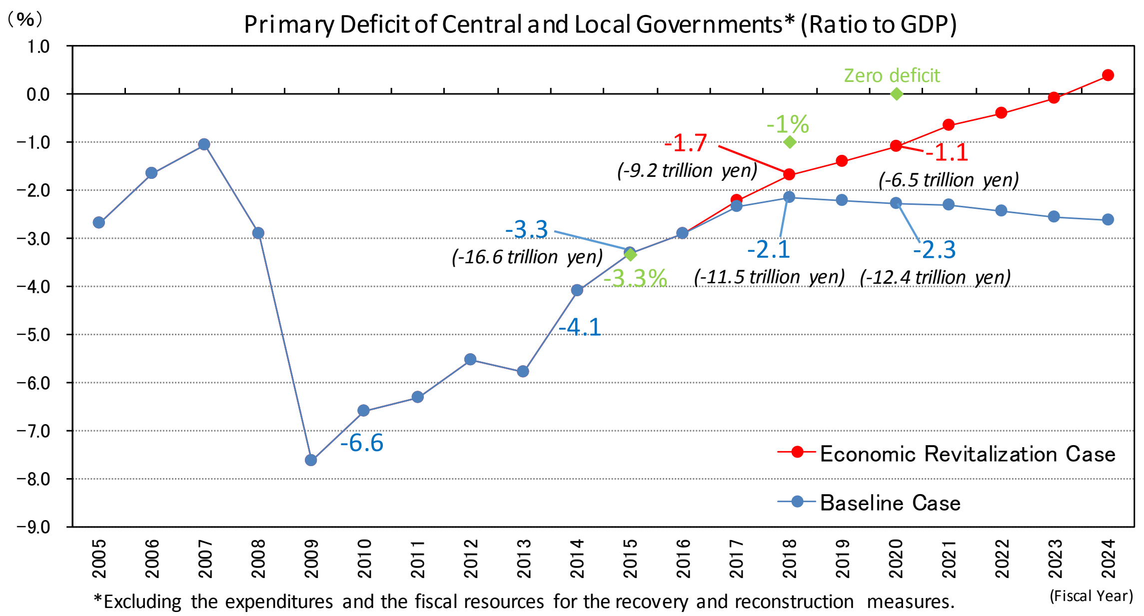


The primary deficit of central and local governments is projected to

- meet the fiscal target of halving the ratio of deficit to GDP from the FY2010 rate by FY2015 (approximately 3.3 percent of GDP; 16.6 trillion yen in FY2015), and
- remain approximately 1.1 percent of GDP (6.5 trillion yen) in FY2020, the target year for reducing the deficit to zero, and it is important to continue enhancing "Integrated Economic and Fiscal Reforms."

This projection incorporates approximately 0.4 trillion yen (funded by deferring the introduction of the total aggregate system in social security) of the stable and permanent financial sources secured pursuant to the FY2016 Tax Reform, responding to the decline in tax revenue (approximately 1.0 trillion yen) due to introducing the reduced rate for consumption tax.

Approximately 0.6 trillion yen of the unincorporated remainder will be secured by taking legislative measures on revenues or expenditures, or other measures, by the end of FY2016.



*Excluding the expenditures and the fiscal resources for the recovery and reconstruction measures.