

November 12, 2009

## Second Quarter of Fiscal Year Ending March 31, 2010 Results Briefing Summary of the Q&A Session

MEITEC CORPORATION

1. Time 14:00 - 15:00, November 12, 2009 (Thu.)
2. Venue Conference Room, Company Head Office, Tokyo
3. Company Representatives
  - Kosuke Nishimoto (President and CEO)
  - Kanji Fukuda (Director)
  - Hideyo Kokubun (Director)
  - Hiroshi Yoneda (Director)
  - Kiyomasa Nakajima (Director)
  - Masato Uemura (Director)

#### 4. Q&A

**Q:** If the manufacturing industries sifted their design and development facilities to overseas, would Meitec be affected in a mid to long term?

**A:** We think such trend of sifting to overseas facilities might occur. But we believe that the companies who move their entire R&D division to overseas are small. Today, it is clear that high end development of products are done in Japan, and localize design is done in various facilities in the world. We believe that our mid to long term task is to strengthen the partnership with R&D division remaining in Japan and to offer services to meet the overseas sifting by our customers.

**Q:** Because effect from the current rapid drop in economy, is there any structural change in your customer to complete the even the high level R&D tasks by utilizing their own employee?

**A:** Although it is hard to measure quantitatively, customers do shift their human resources within company to protect the employment of their own people during the time they make selection and shakedown (downsize or termination of the business) of their business. Even if there are needs for more engineers, they do tend to shift their own people, making harder for us to obtain orders. But in our past experience, after some time passed after the rotation within company, if the technical skills required do not match well with their own people, there was some case that we received orders.

**Q:** How is the spending of R&D budget at Meitec's major customers?

**A:** Actual spending of their budget is not certain. But we feel that their spending is behind the scheduled budget.

**Q:** What is the industrial segment which you expect the R&D needs will recover?

**A:** After January of this year, panic like cost cutting measure was implemented at almost all the customers. Therefore, not limiting to specific industrial segment, we were expecting recovery by the rebound order (R&D needs) from over all customers.

Receiving new orders are recovering to 90% of normal year by the rebound order during the first 6 month of the current fiscal year. But because there were also many customers who implemented the downsizing and termination of the business after April, this resulted in lowering our utilization ratio. We now expect the gradual recovery with August as "bottom".

**Q: Although Meitec does not reduce your rate, your competitor might reduce their rate in order to maintain their contracts. Do you think you can maintain your rate from here on after?**

**A: As we estimate from the various statistical data, average rate for the engineer staffing business is about 3,300 yen per hour. On the other hand, Meitec's average rate is 4,950 yen per hour. Differences between this come from that many of our engineers are working at higher level assignment which is close to our customer's core design and development work. There are price competitions where closed to the average rate of the industry. But at high end work level, we believe we can maintain the rate as long as we can offer engineers matching to our customer requirements.**

**Q: Amendment to the worker dispatching law might impose effect on general dispatching operators. But since Meitec is employing your engineer on full time basis, we understand the amendment will not cause any problems. There are some possibilities that those general dispatching operators would enter the engineer dispatching business. If such occur, would there be effect to your business?**

**A: We think that there is a possibility of the amendment to the worker dispatching law might be put before during the general meeting of the Diet from January 2010. The amendment would impose tight regulations to the general dispatching operators, but we too assume that there are no effects to the specified dispatching business (full time employment type). There is not much obstacle to enter engineer dispatching business of average level (level of 3,300 yen per hour), and we think entries to this business by general or manufacturing dispatching operator would increase. We have already started to see some entries. But Meitec is the only one who operates 6,000 engineers at 5,000 yen per hour level. And entering the business level we are at right after starting the engineer staffing business is hard.**

**Q: We hear that conditions for applying to the government subsidies for employment adjustment is to be lowered as a part of economic improvement measure. What is your assumption of how the regulation will be?**

**A: It is not certain at this point.**

**Q: What is the status of your global business?**

**A: We have been operating the education business, job referral business and Chinese engineer dispatching in Japan as global business. But we are now concentrating our resources in education and job referral business. Needs for job referral is increasing in China, and we are strengthening our effort.**

**Q: We hear that you are changing your strategies for the global business. Do you have future strategies such as widening your customer base to outside of Japanese company or purchase of local firm in China?**

**A: Currently, number of Japanese companies are relocating or expanding their R&D facility in China. Since our bridge engineer is very talented, by referring them to those Japanese companies, we are trying to obtain high reputation for the people we educate.**