

May 13, 2009

**Fiscal Year Ended March 31, 2009  
Results Briefing Summary of the Q&A Session**

MEITEC CORPORATION

1. Time 14:00 - 15:00, May 13, 2009 (Wed.)
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)

4. Q&A

***Q: There's a tendency for MEITEC CORPORATION's results to slightly follow sentiment in the broader manufacturing sector.***

***Can we assume there might be a possibility that results will be delayed further as a result of maintaining employment and the operations of full-time employees?***

**A:** The budget for capital investment for all companies in the manufacturing sector is under considerable pressure for the year ending March 31, 2010. Reductions of 50% or more in some cases are expected. Although our information is that R&D budgets will mainly be maintained at 80% to 90% on average relative to the previous period, the reality is that the R&D budgets for 1Q likewise face considerable pressure. We believe that although the budget has not been executed yet, they are in preparation of defining their future vision and revising their products and brand name strategies. But we think that they don't intend merely to make cuts, but after 2Q, in particular during the second half of the year, they will gradually start to make use of the R&D budget.

***Q: There's an expectation of a slight profit in the second half of the fiscal year ending March 31, 2010.***

***Do you expect the return to profitability to commence from 3Q?***

**A:** We expect to return to profitability during the second half of the year.

***Q: Can we assume that the utilization rate of the temporary engineers staffing business had reached a bottom in April? Alternatively, do you expect a further decline and a recovery from that point?***

**A:** Although the outlook's uncertain, for 1Q of the fiscal year ending March 31, 2010, we don't expect the utilization rate from April to rise sharply from April to June. Companies in the manufacturing sector implemented cost reductions during the previous second half (the period during 3Q to 4Q for the fiscal year ended March 31, 2009). After 2Q, we think that they will revise their R&D budgets on their strategic businesses. Furthermore, the operating situation for engineers during 1Q of the fiscal year ending March 31, 2010 will mainly continue in the state as at April. After 2Q, we believe there'll be a gradual growth in orders due to the rebound through the second half.

***Q: How did you arrive at the figure of 77.1%, which is the assumption of operating capacity for the fiscal year ending March 31, 2010?***

***It would appear that you're assuming conditions similar to the worst conditions during the bursting of the bubble economy in Japan (the fiscal year ended March 31, 1993).***

***How were the conditions at that time?***

**A:** The basis for the premise for operating capacity is that although business conditions are unclear, we're aware that companies in the manufacturing sector have made excessive cuts to R&D costs and our figure is premised on ensuring acquisition of the rebound in orders. The fiscal year ended March 31, 1993 after the bursting of the bubble economy marked the first time in the 20 years since the Company's foundation that we recorded an ordinary operating loss. At that time, we reduced the number of engineers and those at Meitec Corporation alone fell from approximately 6,000 to about 3,500. Although the operating capacity at that time was close to the current value, it doesn't provide a frame of reference. We won't be reducing employee in the present circumstances and intend to steer through the current difficulties while maintaining employment levels.

***Q: Although you implemented large staff reductions during the bursting of the bubble economy (the fiscal year ended March 31, 1993), is there a possibility that such measures will be implemented in the present circumstances?***

***Furthermore, what would be the circumstances under which such measures would be implemented?***

**A:** Although the status of working capital would form the basis for a decision, obtaining the understanding of our employees is an important basis for a decision. We intend to overcome the present difficulties by reducing remuneration and limiting reductions in personnel to the greatest degree possible.

***Q: Is there a possibility of temporary reductions in the rate for temporary engineering staff? Is there a possibility of a reduction in the number of engineers?***

**A:** At the present time, we aren't offering reduced rates. Based on 35 years of experience, it is difficult to restore a rate once it's been discounted. Although the current circumstances pose difficulties, we intend to push forward with our business while maintaining the rate to the greatest degree possible. However, we'll reconsider the situation if the utilization rate for engineers undergoes further declines.

The Company's policy regarding employment is that at present we're implementing cost reductions through reductions to overall remuneration rather than reducing staff levels. We'll maintain employment levels as long as possible with reference to the Company overall (the state in which working capital can be controlled by funds on hand). We believe that this strategy sets us apart from our competitors and will position the Company for the next growth phase.

***Q: Have you consider a case of that there will not be much rebound order?***

**A:** At this point in time, we do not expect such a situation. However, we believe it's possible to have changes both for the better and for the worse.

***Q: Are there changes in segment trends?***

**A:** There's the possibility of a reduction in the automotive segment. Rather than the segment, importance is in the level of R&D budgets for individual companies in the manufacturing sector.

***Q: When conditions were good, business expansion wasn't possible due to a shortage of engineers?***

***The current conditions in which business conditions undergo a sharp decline will mean a fall in operating capacity and the inability to expand staff.***

***Irrespective of whether business conditions are good or bad, it's felt that the number of staff won't greatly increase.***

***How do you plan to raise the number of technical staff in preparation of to the return of good business conditions?***

**A:** Various operators have started their businesses in a flow toward utilizing outsourcing business. In such conditions, it hasn't been possible to choose or decide where you can really work securely, or where professional development as an engineer is possible in the medium to long term. In particular, we feel that we will win a support of our applicants during employment activities for subsequent growth phases, since we ensure education and training for personnel development while overcoming crises under these types of challenging business conditions.

***Q: What's the estimated number of new graduates for April 2010?***

**A:** It hasn't been decided yet. However, we are continuing the hiring of sales staff.

***Q: Please explain the background to the closing of two bases for training in the bridge engineer business (Chinese engineers).***

***Furthermore, when demand recovers, do you hold a scheme to once again bring the Chinese staff to Japan?***

***Or do you have a strategy for expanding supply in China itself?***

**A:** We have conducted our bridge engineer business now for three and a half years and have brought 344 personnel to Japan.

We believe it has a high value in the strategy of supporting an increase in personnel, and we are receiving a high evaluation from our customers.

Currently, there isn't a shortage of personnel in Japan.

Furthermore, there's a surplus of considerably experienced Japanese engineers.

Therefore, we believe that it'll be difficult to increase the number of engineers coming to Japan.

Our bridge engineer business performs both supply of personnel in Japan and supply within China.

While human resources have been tight in Japan, our operations centered on supply to Japan.

But following consideration of current conditions, supply to Japan has been stopped and operations have been shifted toward targeting supply within China to concentrated supply of personnel to Japanese businesses operating within China. Since we've currently stopped supply to Japan, we have closed two bases where the large number of personnel undergoing training. Going forward this year, we've received a considerable increase in offers from Japanese companies operating in China and orders are bullish.

If our operations for personnel supply within China develop smoothly, we believe we'll be able to continue our training business.

And if we can continue our training business, when business conditions recover in Japan, there's a sufficient possibility that we can recommence supply of personnel to Japan.

***Q: In the fiscal year ending March 31, 2010, is there a possibility of an extraordinary loss related to an item such as a cut in deferred tax assets, or reductions in corporate value at subsidiaries? Furthermore, is there an issue that entails the risk of increasing any extraordinary loss?***

**A:** Since reductions in value of subsidiaries were virtually complete by the end of March 2009, we don't believe that any particularly large issues remain if we can achieve the revenue plan for the fiscal year ending March 31, 2010.

***Q: How much working capital do you have? Furthermore, will you maintain the dividend even if you funds must be borrowed to do so?***

**A:** We won't consider maintaining working capital through borrowing. The bottom line is that we intend to approach working capital on the basis of funds on hand. More precisely, the premise of working capital is two months' business capital with respect to the revenue plan for the subsequent period. We don't envisage a change to this approach.

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