

May 12, 2015

**SUMMARY OF THE Q&A SESSION**  
**AT THE IR MEETING FOR THE FISCAL YEAR ENDED MARCH 31, 2015**

MEITEC CORPORATION

1. Date: May 12, 2015, 16:00-16:40

2. Place: 24th Floor, Otemachi SUNSKY Room

3. Q&A:

Q. SG&A expenses declined in the previous fiscal year (ended March 31, 2015) but you forecast that they will increase in the current fiscal year (ending March 31, 2016). What are the reasons for this?

A. The decrease last year mainly reflected a drop in hiring costs because we missed our hiring target. The projected rise in SG&A expenses this fiscal year is due to an increase in hiring costs.

Q. Depreciation costs declined last year. Why did they fall, and what is your forecast for the current fiscal year?

A. The decrease last year was mainly due to lower depreciation costs related to the IT backbone system. We do not expect depreciation costs to rise significantly, as we intend to continue investing in a way that does not lead to a large depreciation cost burden.

Q. You are projecting gains of roughly ¥1 billion from sales of real estate in the first half of the current fiscal year. Which properties are you going to sell and do you have plans to sell other assets in your property portfolio?

A. We cannot comment on specifics at the moment, as sales depend on negotiations with buyers, but we plan to sell one of our training facilities.  
We will use an auction process in order to secure the highest possible price for the property.  
We intend to continue putting other properties on the market too.

Q. For the current fiscal year, you forecast an increase in the utilization ratio from the previous fiscal year at Meitec, but a decline at Meitec Fielders. What is the basis for these forecasts?

A. We are aiming to assign engineers to clients in a way that helps them advance their careers. Instead of just assigning engineers who have completed contracts, we also strategically assign them to locations that enable continued career development. At Meitec Fielders in particular, we are strategically assigning engineers to specific locations in order to increase the potential of motivated engineers. This approach leads to periods when engineers are not utilized between contracts. Meitec Fielders has a total base of roughly 1,700 engineers, which is fewer than Meitec, so the higher proportion of non-utilization periods has some impact on the utilization ratio. Also, our forecast for the utilization ratio at Meitec Fielders is slightly lower than last year due to a large number of newly hired engineers, including mid-career hires, compared with the total base of engineers. We will work toward our 95% target, but we will also aim to raise the utilization ratio even further by ensuring engineers are assigned to clients.

Q. What is your outlook for average pay rates for the current fiscal year?

A. We aim to negotiate pay rates that are not influenced by clients or the business climate. We plan to continue increasing average pay rates by encouraging clients to understand our view that the value engineers provide to them is the basis for determining their market value.  
In the past, we have received requests from clients to cut pay rates, resulting in difficult negotiations where we emphasized the value of engineer output, rather than supply-demand conditions for

engineers. We intend to stick with this approach going forward.

Q. In the past, you said you would raise pay rates at an annual rate of 1-2%, regardless of engineer supply-demand conditions. What are your plans for the current fiscal year?

A. Our position on pay rates is unchanged.

Q. What steps do you plan on taking to achieve your engineer hiring target in the current fiscal year?

A. At the moment, conditions in the market mean that companies are inclined to offer employment terms that meet the demands of mid-career applicants, while newly graduates have a strong preference for local jobs. However, rather than responding to those demands, Meitec will step up efforts to promote wider understanding of its hiring approach, such as persuading prospective employees to see the actual cases and value of stable and continued employment as LifeTime Professional Engineers. We also plan to create more opportunities to communicate that message.

Our approach will be low-key, but we intend to gradually build the Meitec Group's brand as an employer by showing university professors and students real-life examples of employees who have been working as professional engineers all their lives and mentors from their universities who are now working as Meitec engineers.

END