

Annual Survey of Corporate Behavior

FY2009 corporate behavior questionnaire survey sheet

Cabinet Office

Submission deadline: January 15, 2010

General statistical survey

This questionnaire will be handled in strict confidence.
Your replies will be used only for statistical purposes.

| | |
|---------------|-------|
| Corporate No. | |
| Industry | |

How to fill in:

- Enter applicable replies in or (enter:). Circle a number that applies in ().
- Answer all the questions except for those asked only of indicated companies.
- If you have changed your corporate name or address, please make correction by hand.
- Please answer on a consolidation basis. However, answer questions 5, 8, and 10–12 based on your company's situation only, and not on a consolidated basis.

| | | | | | | | | |
|---|------------------------------|-----------|-----------------------|------------------------|------------|---------------|-------|---------------|
| Company name | Capital (in billions of yen) | | | | Entered by | Dept | | |
| Address (where this questionnaire is filled in) | Zip code: | under 1.0 | 1.0 to 5.0 (not incl) | 5.0 to 10.0 (not incl) | | 10.0 and over | Name | |
| | | 1 | 2 | 3 | | 4 | Phone | Extension () |

I. Business environment and basic management policy

(Business outlook and demand forecast)

Q1: Give your rough forecast about nominal and real growth rates ^(Note1), of the Japanese economy and the demand in your industry ^(Note2) for FY 2010, the next three years (annual average rate for FY2010-2012) and the next five years (annual average rate for FY2010-2014), respectively. Enter in the blank below forecast figures to the first decimal point.

| Growth rate | Years | | FY2010 | Next three years (FY2010- 2012 annual average) | Next five years (FY2010- 2014 annual average) |
|---|-------|--|--------|--|---|
| | | | | | |
| Nom. growth rate of JPN. economy | | | • % | • % | • % |
| Real growth rate of JPN. economy | | | • % | • % | • % |
| Nom. growth rate of demand in your industry | | | • % | • % | • % |
| Real growth rate of demand in your industry | | | • % | • % | • % |

Note 1: Given below are GDP growth rates of the past three years that indicate the growth rates of the Japanese economy (source: Quarterly Estimates of GDP) released on Nov.16, 2009).

| | FY2006 | FY2007 | FY2008 |
|---------------------|--------|--------|--------|
| Nominal growth rate | 1.5% | 1.0% | -3.5% |
| Real growth rate | 2.3% | 1.8% | -3.2% |

Note 2: For the classification of you industry, refer to the industry classification made by stock exchanges (medium category). If your company covers a wide range of businesses, please reply relating to the industry of your principal business line

(Exchange rates)

Q2(1): What do you forecast the exchange rate (yen to U.S. dollar) will be in one year from now (around January 2010)? Choose and circle only one number

| | | | | | |
|---------------|---------------|-----------------------|---------------|-----------------|---------------|
| 80 yen range | 90 yen range | 100 yen range | 110 yen range | 120 yen range | 130 yen range |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 140 yen range | 150 yen range | other (enter:) range | | Not predictable | |
| 7 | 8 | 9 | 10 | | |

(2) To be answered only by exporting companies:

How much is the break-even exchange yen rate to the U.S. dollar for your business at present? Enter an integer number in the blank below.

Note: If the conditions to determine the rate substantially differ from one product or factory to another and make a uniform calculation difficult, please reply relating to your mainstay product.

US\$ = Yen

(Price)

Q3: To be answered only by manufacturing, fishing, agricultural or mining companies.

Q3: How far drop or rise do you forecast the average price of purchase and sales to make your principal products one year from now (around January 2011)? Choose and circle the only one number closest to your forecast. For three years later, please reply on an annualized price basis.

| Price | Average purchase price | Average sales price |
|-----------------------------------|--|--|
| | When: One year later (around Jan.2011) | When: One year later (around Jan.2011) |
| Annual average Rate of change (%) | | |
| 20% or more | 1 | 1 |
| 10% to 20% (not incl.) | 2 | 2 |
| 5% to 10% (not incl.) | 3 | 3 |
| 0% (not incl.) to 5% (not incl.) | 4 | 4 |
| 0% | 5 | 5 |
| -5% (not incl.) to 0% (not incl.) | 6 | 6 |
| -10% (not incl.) to -5% | 7 | 7 |
| -20% (not incl.) to -10% | 8 | 8 |
| -20% and less | 9 | 9 |

(The growth rate of capital investment)

Q4(1): How did/will you increase or decrease your total capital investment (work-based) on an annual average over the past three years (FY2007-2009) and the next three years (FY2010-2012)? Choose and circle only one number of the past and next three years, respectively.

Note: Capital investment should not include land, used items, and a transfer from construction in progress.

| Annual average Rate of change (%) | Years | |
|--|--------------------------------|--------------------------------|
| | Past three years (FY2007-2009) | Next three years (FY2010-2012) |
| 25% or more | 1 | 1 |
| 20% to 25% (not incl.) | 2 | 2 |
| 15% to 20% (not incl.) | 3 | 3 |
| 10% to 15% (not incl.) | 4 | 4 |
| 5% to 10% (not incl.) | 5 | 5 |
| 0% (not incl.) to 5% (not incl.) | 6 | 6 |
| 0% | 7 | 7 |
| -5% (not incl.) to 0% (not incl.) | 8 | 8 |
| -10% (not incl.) to -5% | 9 | 9 |
| -15% (not incl.) to -10% | 10 | 10 |
| -20% (not incl.) to -15% | 11 | 11 |
| -25% (not incl.) to -20% | 12 | 12 |
| -25% and less | 13 | 13 |
| No capital investment was made/is planned. | 14 | 14 |

(Purpose of capital investment)

(2) What purpose do you consider of importance for capital investment? Choose and circle up to three of the purpose given below for the past three years (FY2007-2009) and the next three years (FY2010-2012), respectively. Of the three, choose and mark with a double circle the most important.

| Purpose | Years | |
|---|--------------------------------|--------------------------------|
| | Past three years (FY2007-2009) | Next three years (FY2010-2012) |
| Expansion of production capacity or sales capabilities | 1 | 1 |
| Improvement of product or service quality | 2 | 2 |
| Response to informatization | 3 | 3 |
| Laborsaving and rationalization | 4 | 4 |
| Environmental protection | 5 | 5 |
| Energy saving (reducing of fuel costs and lighting/heating costs) | 6 | 6 |
| Overseas investment | 7 | 7 |
| Research and development | 8 | 8 |
| Branching out into new businesses | 9 | 9 |
| Maintenance and replacement | 10 | 10 |
| Others | 11 | 11 |
| No capital investment was made/is planned. | 12 | 12 |

(Change in the number of employees)

Q5: Did/will you increase or decrease the number of your employees over the past three years (FY2007-2009) and the next three years (FY 2010-2012)? Choose and circle only one number that applies to all personnel and regular employees/staffers for the past and next three years, respectively.

| Annual average Rate of change (%) | Form of employment | Past three years (FY 2007-2009) | | Next three years (FY 2010-2012) | |
|-----------------------------------|--------------------|---------------------------------|-------------------|---------------------------------|-------------------|
| | | All personnel | Regular employees | All personnel | Regular employees |
| 15% or more | | 1 | 1 | 1 | 1 |
| 10% to 15% (not incl.) | | 2 | 2 | 2 | 2 |
| 5% to 10% (not incl.) | | 3 | 3 | 3 | 3 |
| 0% (not incl.) to 5% (not incl.) | | 4 | 4 | 4 | 4 |
| 0% | | 5 | 5 | 5 | 5 |
| -5% (not incl.) to 0% (not incl.) | | 6 | 6 | 6 | 6 |
| -10% (not incl.) to -5% | | 7 | 7 | 7 | 7 |
| -15% (not incl.) to -10% | | 8 | 8 | 8 | 8 |
| -15% and less | | 9 | 9 | 9 | 9 |

II. Corporate Reform Efforts Hitherto and Future Corporate Strategies to Cope with the Business Downturn

Your Company's Business Conditions

Q7: Please choose **one** of the following to describe your company's current business conditions compared with one year ago (circle the appropriate number).

| Your company's business condition now, compared with 1 year ago | |
|---|---|
| Better | 1 |
| Worse | 2 |
| Unchanged | 3 |

Evaluation of past measures, and future strategies

Q8: How do you evaluate the strategies implemented by your company during the economy's growth phase in 2002 and afterward? And what sort of strategies do you plan to carry out in the future? Please choose **one** for each of: (1) evaluation of past strategies, (2) strategies over the next one year, and (3) strategies over the medium term (circle the appropriate number).

| Choices Items | | (1) Evaluation of past strategies | | | | | (2) Strategies over the next 1 year, | | | | | (3) Strategies over the medium term (generally, 3-5 years) | | | | |
|---|--|-----------------------------------|--|--------------------|------------------------------------|---|--------------------------------------|----------|-------------|-----------------------|---------------|--|----------|-------------|-----------------------|---------------|
| | | Results largely achieved | Some results achieved, having room for improvement | Not very effective | Not implemented, although required | Unnecessary from the first (not a priority) | Strengthen | Continue | Deemphasize | Make change in policy | Not implement | Strengthen | Continue | Deemphasize | Make change in policy | Not implement |
| Basic Strategies | Concentration in core competence (withdrawal from unprofitable businesses, focusing on core competencies, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Business diversification (entry into different lines of business or business categories, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Alliances with other companies (mergers, collaboration [common procurement, technology development, etc.], collaboration in production, distribution, data collection, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Flexible response to changes in the business environment (restructuring of corporate organization, utilizing feedback from on-site staff, decision-making not fettered by existing policies, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Company split-up | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Focus on shareholders (management with priority on PER, enhancing system to ensure shareholders' views are reflected in management decisions; greater emphasis on dividend payments, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| Promotion of efficiency and improvement of productivity | Accelerating decision-making by flattening out the corporate hierarchy, etc. | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Improving efficiency in production and other work processes, as well as administrative work (promotion of IT, labor-saving, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Streamlining ties with suppliers (switching focus from affiliated suppliers and customers to suppliers offering good quality at lower costs, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Revising distribution and marketing methods (distribution formats, management of sales & inventory data, revision of selling methods, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Consolidating plants, offices, outlets, etc. | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Saving on personnel costs | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Improving flexibility in employment patterns and formats (shift to greater use of irregular employees, more flexible assignment of job responsibilities, etc.) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| Policies relating to products and services | Development of new products & services (incl. improving quality of existing products & services) | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Price-reduction | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| Efforts to stimulate demand | Efforts to stimulate demand in domestic market | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| | Efforts to stimulate demand in overseas markets | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |

Evaluation of "saving on personnel costs" and "improving flexibility in employment patterns and formats"

Q9: At your company, how do you evaluate measures taken up to now for "saving on personnel costs" and "improving flexibility in employment patterns and formats", such as reducing wages and hiring a larger proportion of non-regular employees, holding down the number of new hires, redesigning the job system for greater flexibility, and so on?

Please indicate the impacts (both positive and negative) that these measures had by selecting all those among the categories below that apply to your company, by circling the appropriate number. Out of all the items you select, please indicate the item that had the greatest impact on your company's efficiency, enhancement in added value, and improvement in productivity, by indicating it with a double circle

| | |
|---|---|
| They contributed to cost-cutting | 1 |
| They helped readdress flexibly the imbalance of work volume between different divisions, and helped the company adapt to changes in the business environment in a flexible manner | 2 |
| They helped us increase our added-value by assign the right people to the right tasks and through efficient performance thanks to teamwork | 3 |
| They made it more difficult to accumulate technique/know-how and pass it on to successors | 4 |
| They caused a decline in employee morale and motivation | 5 |
| They made it more difficult to secure talented or qualified employees | 6 |
| They reduced efficiency by concentration of workload on certain employees and so on | 7 |
| Other impacts (please specify:) | 8 |
| The company did not implement any such strategies. | 9 |

Methods of future development of human resources

Q 10: What methods do you plan to employ over the next three years to develop human resources? Please circle **all** items applying to your company, regarding regular and non-regular employees.

| | Regular employees | Non-regular employees |
|--|-------------------|-----------------------|
| We plan to conduct in-house training to ensure that employees can correctly perform routine tasks (training to be handled by company itself) | 1 | 1 |
| We plan to conduct in-house training to ensure both that employees can correctly perform routine tasks and that they can contribute to improving operations (training to be handled by company itself) | 2 | 2 |
| We plan to make use of external private-sector organizations (staff-training enterprises or the like) | 3 | 3 |
| We plan to make use of public institutions (public occupational training institutions or the like) | 4 | 4 |
| We plan to make use of educational institutions such as universities, graduate schools, or schools in the miscellaneous category | 5 | 5 |
| We plan to provide support for employees' self-development (e.g. paying the costs of courses, giving exemption from overtime work, allowing extra days off work, etc.) | 6 | 6 |
| Other methods (please specify:) | 7 | 7 |

Issues relating to products and services

Q 11

(1) What sort of issues does your company face in relation to "development of new products & services" (incl. improving quality of existing products & services)? Please circle **all** the items below that apply to your company, and then choose the most important **one** of them and mark it with a double circle.

| | |
|--|---|
| Solving fund shortage | 1 |
| Securing qualified staff for R&D and commodity planning | 2 |
| Securing staff capable of offering high-quality products and/or services | 3 |
| Matching-market needs | 4 |
| Alliances with other companies | 5 |
| Shortage for sales and marketing staff | 6 |
| Improvements made by on-site staff's ingenuity | 7 |
| Other issues (please specify:) | 8 |
| No issues in particular | 9 |

(2) What issues have you encountered concerning price-reduction of products and services? Please circle **one** of the following, whichever most closely resembles the thinking at your company.

| | |
|--|---|
| We cannot sell our products simply by reducing prices | 1 |
| Sales volume has risen, but this has not led to improved profits | 2 |
| Rival companies have cut their prices still further | 3 |
| Other problems (please specify:) | 4 |
| No particular problems encountered. | 5 |

Globalization strategies for the medium-to-long term

Q 12:

(1) What plans, if any, do you have for business deployment in the fields of production process and/or R&D. Please circle one choice each for both Japan and overseas.

| Choices Items | Japan | | | | | Overseas | | | | |
|--------------------|-------------------|---------------------------|----------------------|------------|----------------------------|-------------------|---------------------------|----------------------|------------|----------------------------|
| | Expand/strengthen | Maintain at current level | Downsize or withdraw | Not decide | Unnecessary from the first | Expand/strengthen | Maintain at current level | Downsize or withdraw | Not decide | Unnecessary from the first |
| Production process | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| R&D | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |

(2) Question for companies operating overseas or planning to do so. Please select (circle) up to three of the reasons listed below for your company's decision to set up operations overseas.

| | |
|---|----|
| Labor costs are low | 1 |
| We can easily secure highly-qualified personnel (technical and research staff) | 2 |
| We can enjoy low costs of materials, overall production processes, distributions, and land/buildings. | 3 |
| Strong demand exists, or demand is forecast to expand, for our products in the local market and markets in neighboring countries | 4 |
| We can cater effectively to overseas users' needs | 5 |
| We have contracts with reliable suppliers of parts and/or raw materials to the local facilities in a stable manner | 6 |
| We have entered the overseas market(s) following entry by our parent company or customer(s) and so on | 7 |
| We take advantage of industrial development programs including favorable taxation and/or financing which are offered by the local government(s) | 8 |
| Inadequate infrastructure in the local country in question had prevented us from setting up operations there, but this issue has now been addressed | 9 |
| Other reasons (please specify: _____) | 10 |

(3) Please indicate your plans for business partners in procurement of intermediate commodities and finished products from, and/or outsourcing of operations to, companies in Japan and overseas, as part of your operations in Japan. Please circle one of each for Japan and overseas.

| Choices Items | Japan | | | | | Overseas | | | | |
|---|-------------------|---------------------------|----------------------|------------|----------------------------|-------------------|---------------------------|----------------------|------------|----------------------------|
| | Expand/strengthen | Maintain at current level | Downsize or withdraw | Not decide | Unnecessary from the first | Expand/strengthen | Maintain at current level | Downsize or withdraw | Not decide | Unnecessary from the first |
| Procurement of intermediate commodities and finished products | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| Outsourcing of operations | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |

* IT-related work such as programming, software/hardware design and system operations, call center operations, financial services, etc.

Thank you for sparing your precious time for answering the questionnaire.

Please return to us the questionnaire filled out by
January 15, 2010