

**Results for January - March 2000 and Prospects for April - September 2000
(12th Quarterly Survey of Japanese Business Activities)
- Characteristics of the Current Period
as Reflected in the Behavior of Overseas Subsidiaries -**

**With respect to the outlook for April-September 2000, overseas subsidiaries' DI of sales rose 1.9 points from the preceding quarter and the level remained high.
Overseas subsidiaries' sales (yen-based) rose from a year earlier for the first time in six quarters. They remarkably rose in ASEAN4 and other Asian areas, showing that business conditions are improving in Asia.
Domestic parent companies' sales grew for the second consecutive quarter.**

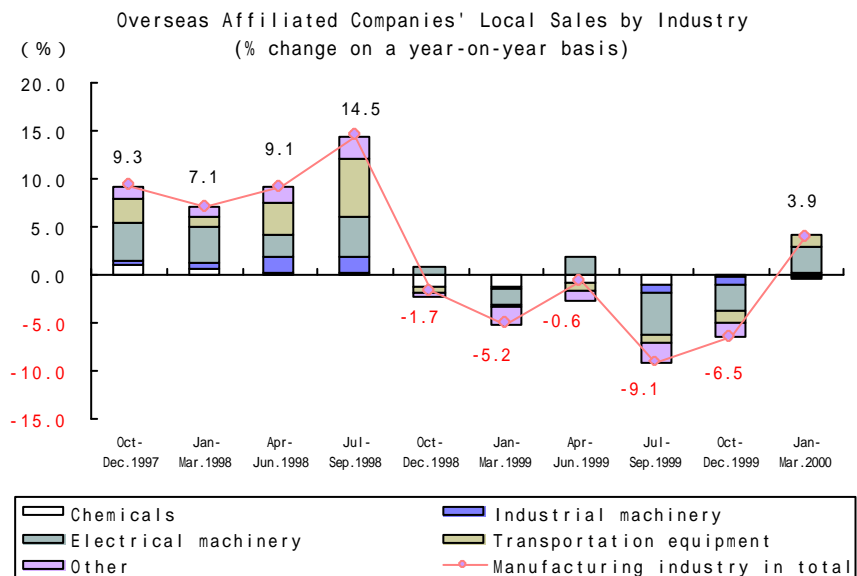
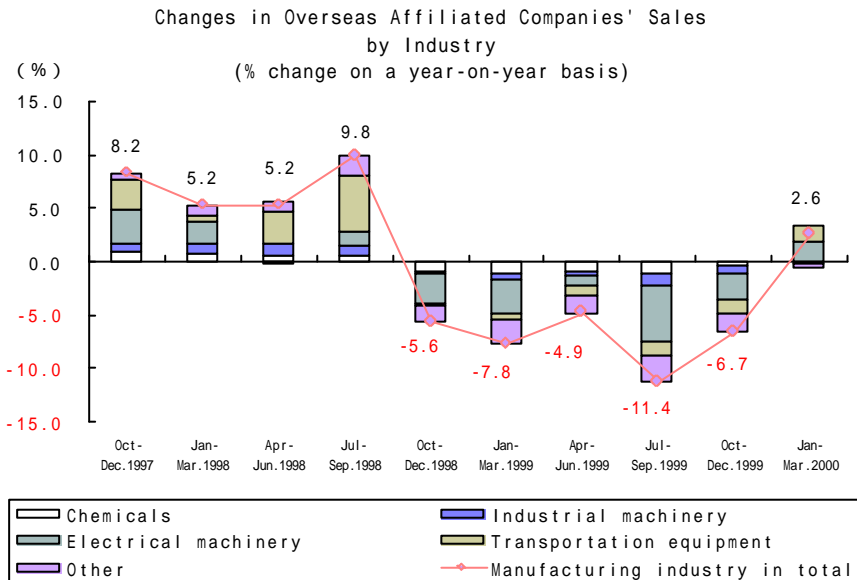
- Overseas subsidiaries' DI (see Note 1) of sales rose 1.9 points from the preceding quarter (37.8 to 39.7). Although it fell 7.1 points in North America and 2.3 points in Other Areas, the level remained high.
- Domestic parent companies' DI of sales fell 4.4 points from the preceding quarter, but the level remained high (13.4 22.0 18.2 13.8).
- Overseas subsidiaries' sales (yen-based (see Note 2)) rose 2.6% from a year earlier, the first increase in six quarters. They increased in all areas except North America and Other Areas. In Asia, because of an active demand for electrical machinery and transportation equipment, the rate of increase in sales from a year earlier expanded to 11.6% from 6.1% in the preceding quarter. Although local currencies fell against the yen, the rate of increase expanded from the preceding quarter in all Asian regions: from 8.5% to 14.1% in ASEAN4; from 2.7% to 8.1% in NIEs3; and from 6.7% to 12.2% in China and Other Asian Countries. This shows that business conditions are improving in Asia.
- Overseas subsidiaries' local sales (see Note 3) increased 3.9% from a year earlier, the first rise in six quarters. By area, they increased especially in Asia and, by industry, they grew especially in the electrical machinery industry and the transportation equipment industry.
- • Domestic parent companies' sales rose 3.4% from a year earlier, the second consecutive quarter that sales have been above the year-earlier level. The number of industries whose sales grew increased to 11 from 5 in the preceding quarter. In transportation equipment industry, sales rose for the first time since October-December 1997, when the comparison with a year earlier began.

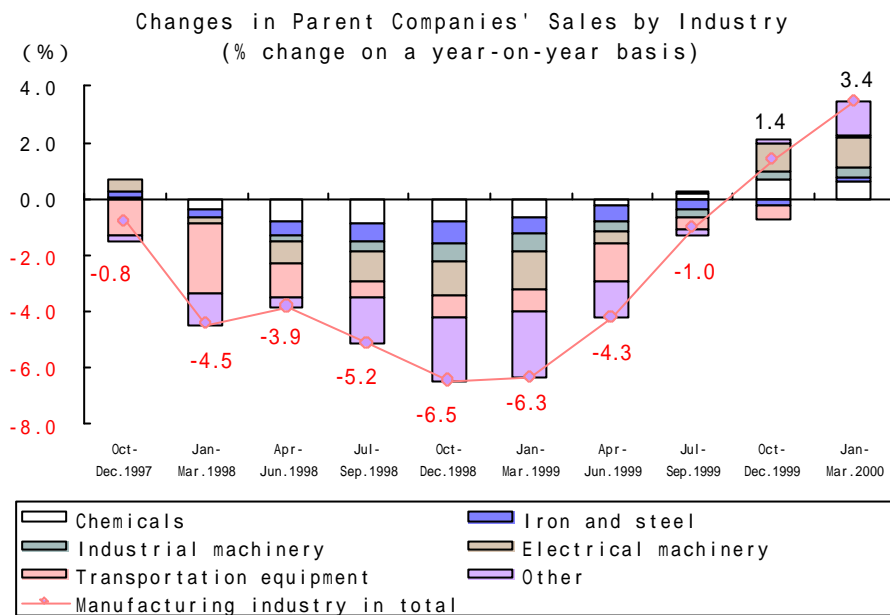
Sales of the Current Period (Jan-Mar)
and Diffusion Index on Sales (Prospects for Apr-Sep)

| | Year-on-year change in sales(%) | | D I (prospects for Jan -Jun.2000) Change on previous period (point) | |
|---------------------------------|------------------------------------|---------|---|-------------|
| | Oct-Dec | Jul-Sep | | |
| North America | -8.9 | -1.1 | -7.1 | (41.6 34.5) |
| Asia | 6.1 | 11.6 | 6.3 | (38.9 45.2) |
| ASEAN4 * | 8.5 | 14.1 | 12.1 | (38.4 50.5) |
| NIES3 * | 2.7 | 8.1 | 2.7 | (31.4 34.1) |
| China and other Asian countries | 6.7 | 12.2 | 1.0 | (44.4 45.4) |
| Europe | -15.1 | 2.5 | 0.6 | (27.6 28.2) |
| Other | -8.4 | -5.3 | -2.3 | (35.0 32.7) |
| Overseas subsidiaries Total | -6.7 | 2.6 | 1.9 | (37.8 39.7) |
| Domestic Parent companies | 1.4 | 3.4 | -4.4 | (18.2 13.8) |

*ASEAN4 (Indonesia, Thailand, Philippines, Malaysia)

*NIES3 (Singapore, Taiwan, Republic of Korea)



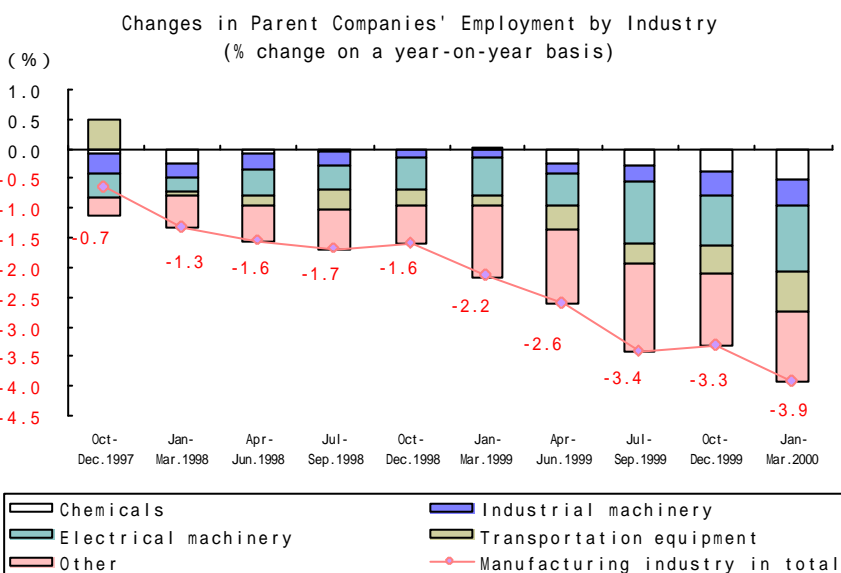
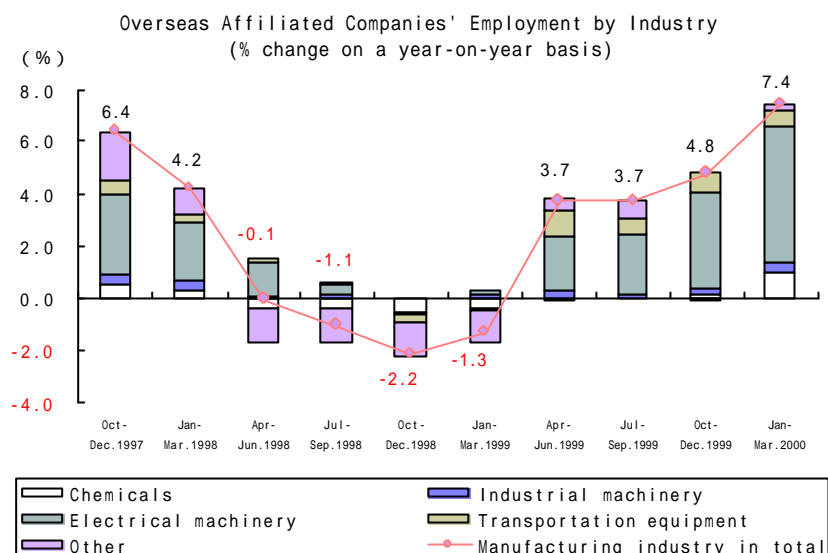


The number of employees of domestic parent companies fell the most rapidly since the survey began. The number of employees of overseas subsidiaries increased for the fourth straight quarter. The rate of increase is the highest since the survey began.

- The number of employees of overseas subsidiaries was 1,699,000, up 7.4% compared with a year earlier. An increase on a year earlier took place for four consecutive quarters (3.7% 3.7% 4.8% 7.4%). The growth rate of 7.4% is the highest since the survey began. The number of employees increased in all areas except North America (a 1.8% decrease). The number markedly rose in ASEAN4 (by 10.7%), in China and Other Asian Countries (by 16.7%), and in Europe (by 11.4%).

- The number of employees of domestic parent companies fell 3.9% from a year earlier to 2.56 million, the highest decrease since the survey began.

- Domestic parent companies' DI of employment rose 6.2 points from the preceding quarter, the second consecutive increase (-35.0 -25.9 -19.7). But, the level remained negative. Overseas subsidiaries' DI of employment rose 2.3 points from the preceding quarter (11.7 to 14.0). It increased in all areas except Europe (a 0.7% decrease) and Other Areas (a 6.7% decrease).



Overseas subsidiaries' DI of capital investment improved for the third consecutive period; domestic parent companies' DI of capital investment showed the second consecutive increase.

- Overseas subsidiaries' DI of capital investment rose 8.3 points compared with the DI in the preceding period (October 1999-March 2000), the third consecutive increase (3.9 7.5 11.3 19.6). It grew in all areas.

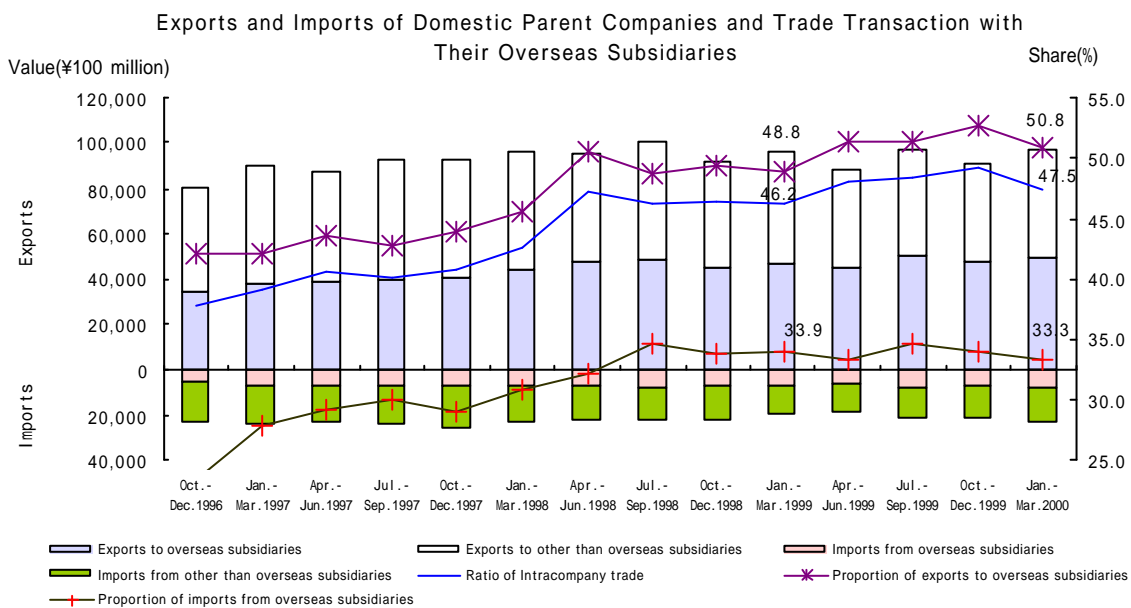
- Although the level remained negative, domestic parent companies' DI of capital investment rose 9.7 points from the preceding period, the second consecutive increase (-72.6 -58.8 -49.1).

The ratio of domestic parent companies' trade with overseas subsidiaries expanded from a year earlier.

• Domestic parent companies' exports to overseas subsidiaries grew 6.5% from a year earlier. Such exports accounted for 50.8% of their total sales, up 2.0 percentage points from a year earlier. Their imports from overseas subsidiaries rose 14.5% compared with the year-ago level, the first increase in six quarters. The electrical machinery industry especially increased imports from overseas subsidiaries. However, the percentage of such imports in their total imports fell 0.6 percentage point to 33.3% because the total imports grew higher.

• Domestic parent companies' trade with overseas subsidiaries accounted for 47.5% of their total exports and imports, up 1.3 percentage points from 46.2% in the preceding quarter.

• Overseas subsidiaries' exports to Japan (better known as reimports) rose 13.6% from a year earlier, the second consecutive quarter that they have been above the year-ago level. By industry, they rose especially in the electrical machinery industry. By area, they increased 7.4% in North America, 15.8% in ASEAN4, 10.8% in NIEs3, and 21.1% in China and Other Asian Countries, while they decreased 11.9% in Europe and 0.6% in Other Areas.



Note 1: DI = percentage of companies expecting increase - percentage of companies expecting decrease

Change of DI from the preceding quarter = DI in current quarter - DI in preceding quarter

Note 2: Compared with the same quarter a year ago, many local currencies fell against the yen. The US dollar fell 8.1% and the Euro 19.3%. See page 6, "Changes in Exchange Rates of Major Currencies on the Yen."

Note 3: "Local sales" means sales in countries where overseas subsidiaries are located.

Progress of the currency rates of the main regions against the yen

