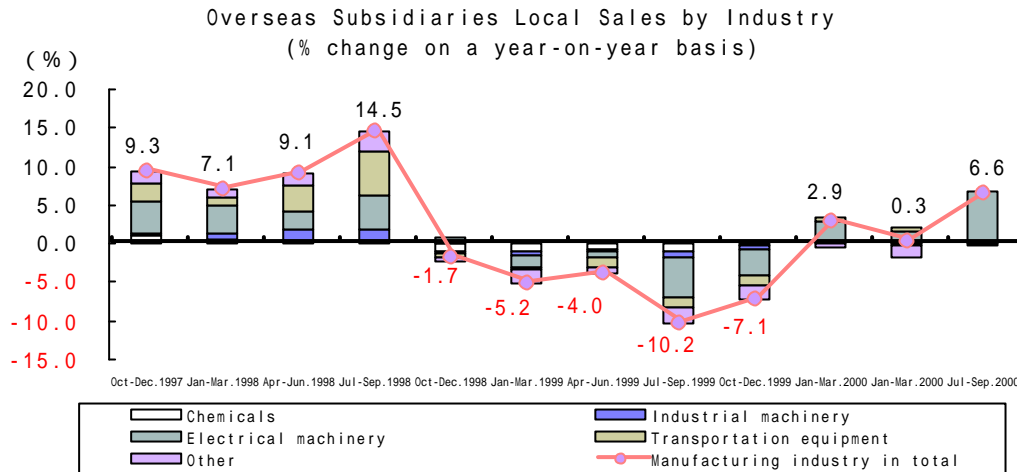
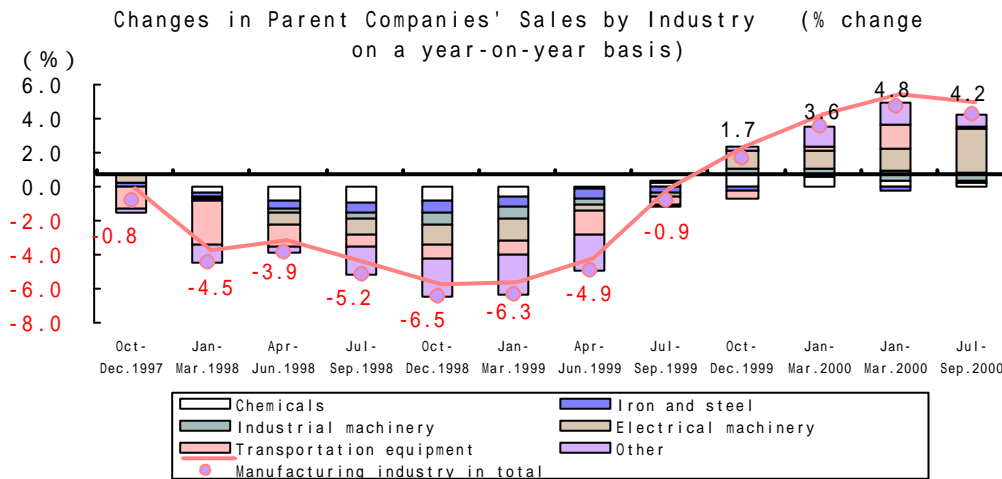


- Overseas subsidiaries' local sales (see Note3) increased in all regions, up 6.6% from a year earlier for the third consecutive quarter.



- Domestic parent companies' sales increased for the fourth consecutive quarter, because they increased in 10 out of 13 industries, especially in electrical machinery. Electrical machinery increased 9.9% from the same quarter a year ago, rising from 28.6% to 61.8% of the increase in total sales.



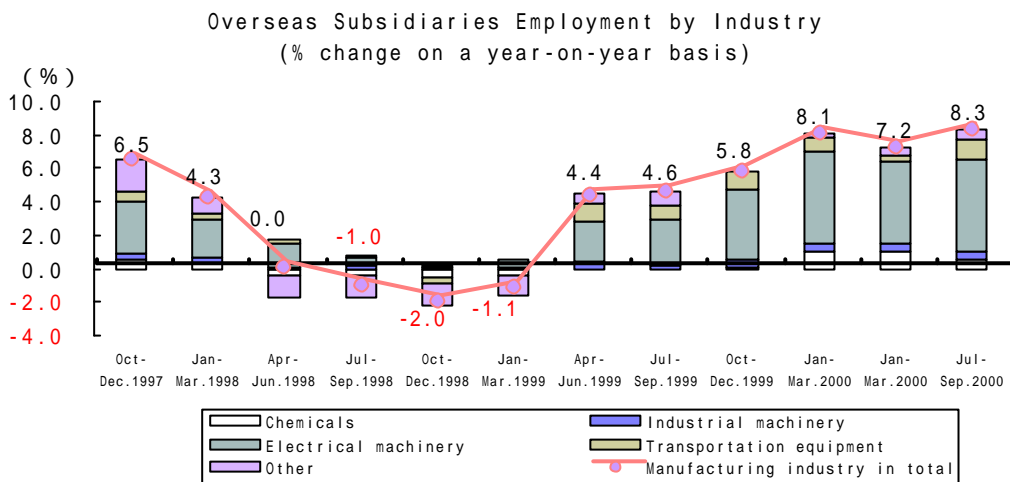
Overseas subsidiaries' capital investment increased 10.7% from a year earlier mainly in North America and ASEAN4, but the DI decreased for the first time in 4 quarters.

- Overseas subsidiaries' capital investment increased in double figures, up 10.7% from a year ago, mainly in electrical machinery and transportation equipment. By region, there is a large increase in North America (56.8% from a year ago), ASEAN4 (61.4%), and China and other Asian countries (84.6%). But the DI decreased 2.8 points from the previous quarter for the first time in 4 quarters.

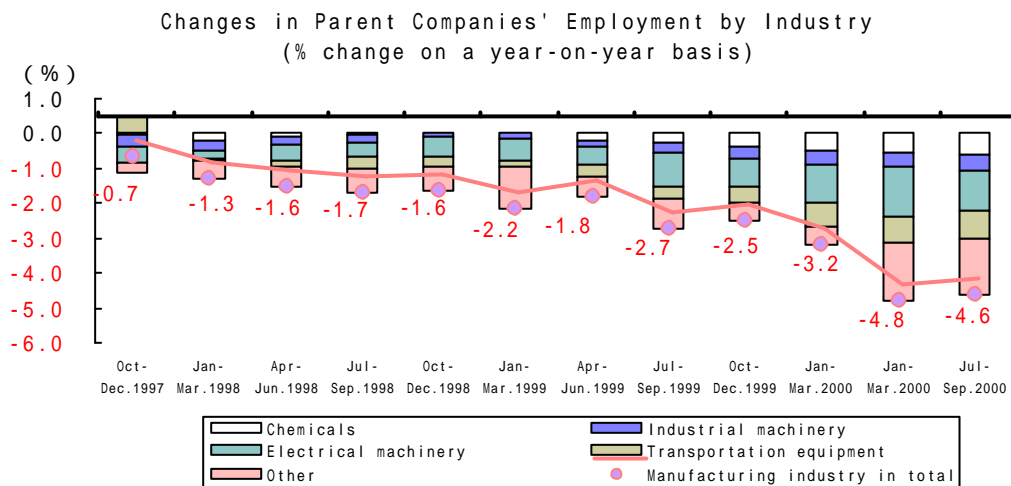
The number of employees of overseas subsidiaries increased for the sixth consecutive quarter, while the number of employees of domestic parent companies remains on a downward trend, though the decrease rate is diminishing.

The ratio of overseas employment rose 8.3% points from a year earlier to 69.2%.

- The number of employees of overseas subsidiaries was 1,749,000, up 8.3% compared with a year earlier, mainly in electrical machinery and transportation equipment, for the sixth consecutive quarter (April-June 1999 4.4% 4.6% 5.8% 8.1% 7.2% this term 8.3%). The number of employees increased in all areas, especially in China and other Asian nations (14.2%) and ASEAN4(13.1%).



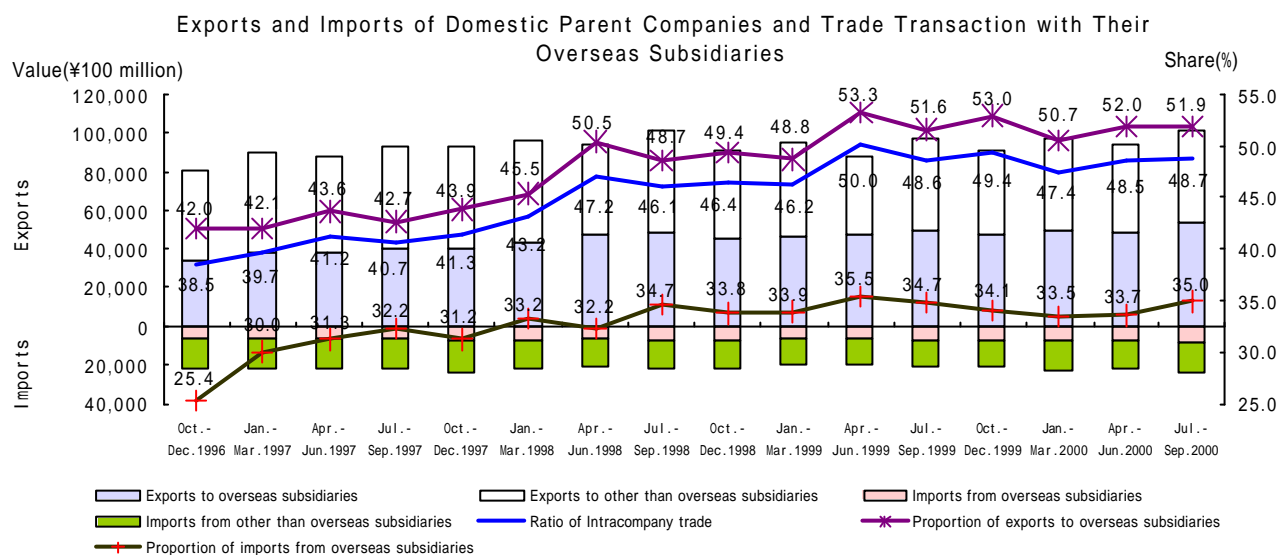
- The number of employees of domestic parent companies was 2,528,000, down 4.6% from a year ago. The decrease rate dropped by 0.2% points from the previous quarter (-4.8% -4.6%), but still remained on downward trend (July-September 1999 -2.7% -2.5% -3.2% -4.8% -4.6% for this term). As a result, the ratio of overseas employment rose 8.3% points from a year ago to 69.2%.



- Domestic parent companies' DI of employment decreased by 3.9 points from the previous quarter, and the level remained negative. Overseas subsidiaries' DI of employment decreased in all regions, 3.0 points down for the second consecutive quarter.

The ratio of trade (exports and imports) between domestic parent companies and overseas subsidiaries remained level compared with the same term a year ago.

- As for intra-company transactions between domestic parent companies and overseas subsidiaries, domestic parent companies' exports to overseas subsidiaries grew 5.7% from a year ago and accounted for 51.9% of their total exports, up 0.3 percentage points from a year ago. Their imports from overseas subsidiaries increased largely by 13.8%, especially in electrical machinery, accounting for 35.0% of their total imports, up 0.3 percentage points.
- Domestic parent companies' trade with overseas subsidiaries remained at the same level compared with a year earlier (48.6% 48.7%)



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 5.3% and the Euro 18.3%. 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.

Note 4: Ratio of overseas employment = Number of employees of overseas subsidiaries / Number of employees of domestic parent companies

The Increase in Reimports of IT-related electrical machinery from Asian regions is in Sharp Relief

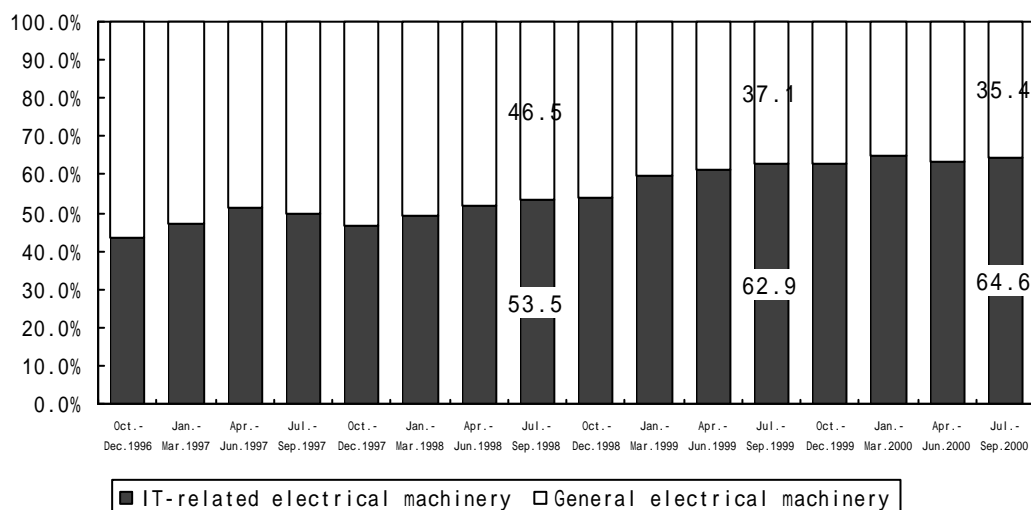
Overseas subsidiaries' exports to Japan (reimports) were 771.5 billion yen, up 15.4% from a year earlier, for the fourth consecutive quarter. Especially in Asia, they advanced in double figures, up 17.4% from a year ago, for the fourth consecutive quarter, substantially contributed by the increased reimports of electrical machinery being in the important position.

The breakdown of reimports of electrical machinery from Asia into IT-related electrical machinery and other general electrical machinery indicates that the former continued to rise at a high rate, a 20.3% increase from a year ago (see Table 1), while the latter remained at a 11.7% increase from a year earlier. The examination of the change of ratios between IT-related and general electrical machinery (see Figure 1) revealed that the ratios of reimports of IT-related electrical machinery were in upward trend, showing the increase of 64.6% for this term, up 1.7 points from a year earlier.

Table 1 Trends of IT-related electrical machinery in the total electrical machinery, (Unit: million yen, %)

		1999			2000	
		Jul. - Sept.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sept.
IT-related electrical machinery	results	221,027	218,576	245,064	246,703	265,824
	quarter of last year	19.7	34.9	32.6	17.0	20.3
General electrical machinery	results	130,284	128,857	132,982	142,005	145,471
	quarter of last year	-18.9	-6.5	5.5	6.4	11.7

Figure 1 Ratios of IT-related electrical machinery in the total electrical machinery, exported to Japan from Asia



Note: Of electrical machinery, IT-related electrical machinery represents computers, electrical communications equipment, electronic communications equipment and parts, integrated circuits, etc. General electrical machinery represents household electric equipment, acoustic equipment, heavy electrical equipment, etc., excluding IT-related electrical machinery.

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

Fig. 6-1: Progress of the main North American currency rates against the yen (compared to the same period in the previous year)

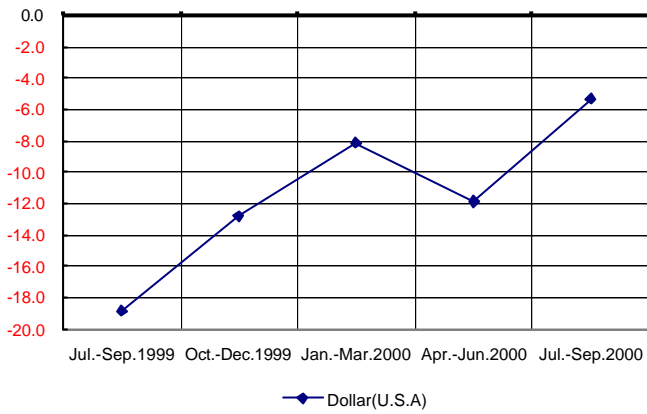


Fig. 6-2: Progress of the currency rates of each country in the ASEAN4 against the yen (compared to the same period in the previous year)

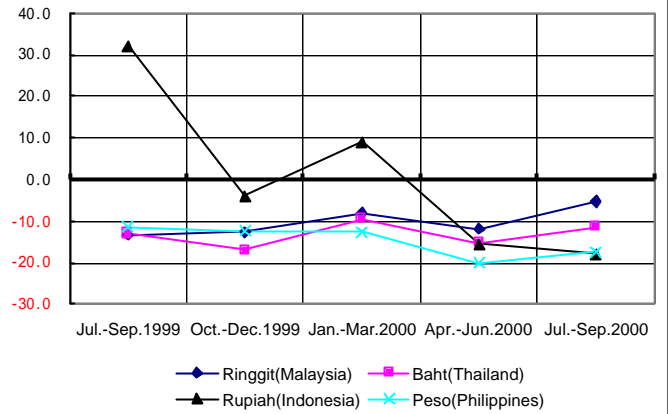


Fig. 6-3: Progress of the currency rates of each country in the NIES3 against the yen (compared to the same period in the previous year)

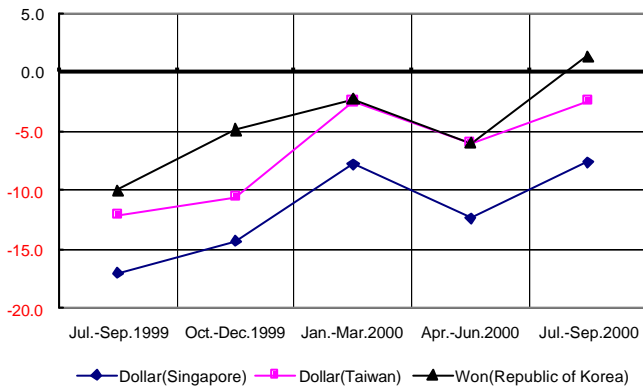


Fig. 6-4: Progress of the main China and other Asian countries currency rates of against the yen (compared to the same period in the previous year)

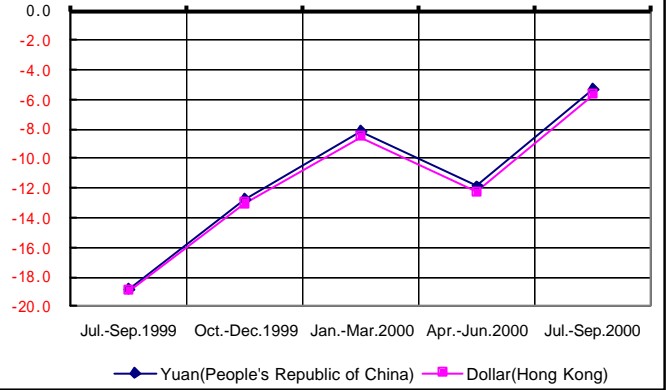


Fig. 6-5: Progress of the main European countries currency rates of against the yen (compared to the same period in the previous year)

