

Dialog with Customers and Raising Customer Satisfaction

We are committed to utilizing customer input in all our businesses, to further improve customer satisfaction.

Efforts at Citizen Watch

● Basic Approach to Customer Satisfaction

Citizen Watch Co., Ltd., carries out an array of activities that take advantage of customer input under the banner of actively striving to expand operations by leveraging increased customer satisfaction.

● Ensuring Customers Use Our Products Correctly

To ensure that customers use our products safely and correctly, we pay special attention to the writing style, fonts and text sizes we use in compiling instruction manuals, under the themes of visual clarity and readability. We have also been placing operational guidance videos on our website since 2005. We will consider having such documentation evaluated by third parties to aid in improvement.

In fiscal 2007, we distributed 50,000 new "quick manuals" to help owners of Eco-Drive and radio-controlled watches accurately understand product information. We also worked to popularize band cleaning fluids to help customers keep the metal bands on their watches clean.

Showing Watch Hand Movement through Videos

It can be difficult for product owners to interpret the watch hand movements shown in the instruction manuals when operating the crown or buttons. We have therefore placed videos on our website showing the movement of watch hands identical to that of actual products. The videos can be viewed by clicking on a button in the watch illustration on the product page. The videos currently cover the multi-function watches released in Japan in fiscal 2007, with plans to expand coverage going forward.

In the U.S. market, we include instructions within our own product catalogs and distribute CDs with video to customers requesting them.



Website screen showing how to set the time

● Enhancing Technical Knowledge and Systems for Searching Information

At the Customer Help Desk, we respond to all manner of customer inquiries, including questions and requests for advice on product performance and material quality before purchase, and questions about product operation after purchase. To raise customer satisfaction through quality response to inquiries, we make daily efforts to keep employees up to date on technical information related to highly functional and high-performance products, and to enhance systems for searching relevant information.

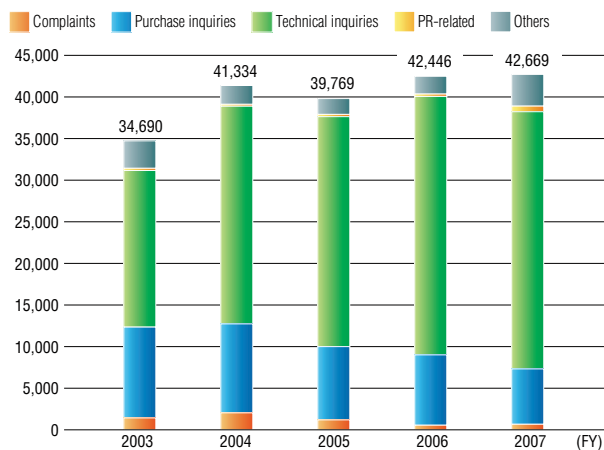


Customer support at the Customer Help Desk

● Surveys on Customers' Satisfaction with Our Responses to Their Inquiries

In May 2007, the Customer Service Desk introduced a system enabling customers to rate their level of satisfaction with e-mail consultation on a five-point scale. We conduct detailed analyses on the results and utilize the findings to improve daily work processes.

Inquiries to the Customer Service Desk



Dialog with Customers and Raising Customer Satisfaction

● Support Services in Japan and Overseas

Citizen Watch provides all manner of information to customers at its support service centers in Sapporo, Sendai, Tokyo, Nagoya, Osaka and Fukuoka. For repairs, rather than having customers bring products back to the store of purchase, the support service centers receive such items directly, for more appropriate and speedy response. Information on defects is shared periodically among Repair, Development, Production and other departments, which utilize this information in product development and enhancement of specifications.

Overseas, we provide repair services at approximately 190 service centers around the world, which are listed in our International Warranty. At 15 of these service centers under the direct management of Citizen Watch, we conduct ongoing activities to promote the maintenance and improvement of service standards.

● Measures to Prevent Counterfeiting

Citizen Watch is strengthening measures to prevent damage from counterfeit products. However, a glut of sophisticated imitations difficult to distinguish from the official products has prompted Citizen Watch and three other Japanese watchmakers to work together on countermeasures.

As part of this coordination, in fiscal 2007 we held training sessions to help customs officials in Thailand, China and other countries distinguish counterfeit products from the genuine articles. We also introduced methods of detecting imitation calculators at the training sessions, which led to the discovery of more than 110,000 fakes—including copies of other companies' brands—in the three days following the session. Overall, the sessions were a major success.

The Group will continue to step up measures against counterfeit products for all loyal customers of the Citizen brand.



Training session in Thailand

Activities at Each Group Company

● Customer Satisfaction Surveys

Citizen Electronics Co., Ltd., carries out customer satisfaction surveys every February. People in charge of purchasing, quality and distribution ask customers detailed questions in each area through questionnaires. Based on the results, any items requiring improvement are reflected in the items to be executed in policy management for the following year, leading to concrete improvements.

● Considering Ways to Prevent Recurrence of Complaints at Quality Improvement Meetings

Citizen Fine Tech Co., Ltd., has established Customer Complaint Handling Guidelines* to respond to customers' consultation needs, requests and complaints. Citizen Fine Tech considers steps to prevent recurrence of complaints at Quality Improvement Meetings, and thoroughly implements other countermeasures by giving guidance to people in charge at the departments concerned.

* These guidelines specify how to identify root causes using "5-way analysis," verify corrective measures and follow up after improvements have been made.

● Maintaining Electronic Manuals in Seven Languages

Citizen Machinery Co., Ltd., strives for "the world's highest level of customer satisfaction" by ensuring that customers use its products correctly and safely.

For example, Citizen Machinery appoints industrial designers for all products in efforts to ensure safety from an ergonomic standpoint. Another example is the use of color schemes friendly to customers with incomplete color vision in operational displays for machinery. The company also focuses on compiling instruction manuals from the user's perspective.

From fiscal 2007, Citizen Machinery has maintained electronic manuals that use PDF files. For the benefit of the company's many overseas customers, manuals are published in Japan in Japanese, English and Chinese. German, French, Spanish and Korean editions are published in the corresponding countries to cover an even broader range of language needs.

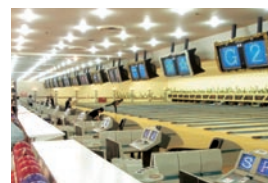


Manuals covering a wide array of languages

● Measures to Ensure Barrier-Free Environments

Citizen Plaza Co., Ltd., works to eliminate barriers at the bowling alleys, restaurants, ice skating rinks and other facilities under its operation where the general public gathers, such as by installing slopes for staircases.

To prevent underage drinking and smoking, Citizen Plaza also requires employee education at tenant restaurants and conducts independent patrols within the complexes it operates.



Bowling alley

● Offering Programming Courses

Citizen Machinery holds programming courses for approximately 500 customers each year, to ensure that customers use its products safely and correctly and get the most out of its machine tools. The courses have been a hit with customers, with some companies incorporating the courses into their internal training programs. Citizen Machinery intends to continue enriching the educational software and other aspects of these courses.



Programming course

Voice Reflecting Customer Input in Product Development and Sales Activities

Citizen Systems Japan Co., Ltd., develops and sells electronic products, health care equipment and other devices. Health care equipment is particularly relevant to people, and the company cannot create new products without paying attention to the input of its customers. To ensure that everyone can use its products with a sense of security, Citizen Systems employs universal design for its digital blood pressure monitors, electronic thermometers, pedometers, bathroom scales and body fat scales, in concert with its efforts to enhance the safety of the products themselves. Furthermore, based on the Pharmaceutical Affairs Act and the Measurement Act, the company is devoting creative resources to ensure products are used correctly, such as including many illustrations and improving fonts and text sizes on packaging and in instruction

manuals. At its customer help desk, Citizen Systems responds to customers seeking consultation, support, answers to questions and clarification, as well as taking suggestions and handling complaints. The company records information gleaned from its customer interactions in a database, aiming to swiftly put customer input to use in product development and improvement, based on giving sincere attention to the views of each customer. Promoting so-called "visual control" in this way, the information is utilized in deliberations on measures for improvement at meetings of concerned departments carried out at the end of every month.

Hideki Shimizu
General Manager
Customer Help Desk at CS Center
Citizen Systems Japan Co., Ltd.



An instruction manual emphasizing ease of comprehension and readability (CH433B digital blood pressure monitor)

