



# Involvement in society

## Diligent Pursuit of The Best Quality

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Creating jobs, cultivating personnel, securing fair profits, and paying taxes. These form the basis for our company's activities. For these things to happen, though, it is essential to build good relationships with our stakeholders: customers, shareholders and investors, partner businesses (cooperating companies and suppliers), employees, government agencies, and local communities.

THK places great value on its relationships with all stakeholders, that is, on our involvement in society at large. We have set up a Quality Improvement Committee to attain greater customer satisfaction and ensure the best quality. We have further developed our website to provide more information and have expanded our showrooms. We have organized investor-relations events and created IR tools to maximize shareholders' returns. We have strengthened our partner relationships. We have improved training opportunities, such as study sessions, and are offering improved benefits to help our employees fulfill their ambitions. We are working to help create a sustainable society by developing communication activities to bond with local residents, and we plan to continue these activities in the future.



As a creative, development-oriented company, THK looks at things from the customer's perspective and emphasizes quality assurance activities to provide products that are both safe and reliable. In keeping with our 2008 CEO policy, Diligent Pursuit of The Best Quality, we have established a Quality Improvement Committee to help ensure that we are providing products that satisfy our customers.

### Quality Improvement Committee

As a leading global corporate brand, THK can't afford to settle for conventional quality but must attain the best quality while also improving quality control, human resources, and employee education. In January 2008, we set up a Quality Improvement Committee entrusted with conducting cross-organizational quality improvement activities, such as continually improving and updating machining equipment, to ensure that we can provide our customers with the best quality products. "The Quality Improvement Committee" will initiate a group-wide effort to improve the quality of THK products, thus enabling us to fulfill our social responsibilities.

The committee is made up of the CEO, who serves as the top executive; a senior managing director, who serves as chairman; and managers from each department. Another managing director and managers from the sales headquarters act as advisers. Other members, who are selected from our various plants, help implement individual action plans in cooperation with the Quality Assurance Division secretariat.

This year we are investigating the concept of taking a conventional product and determining what it takes to make it run more smoothly, in order to be able to position it as a high-precision product. To this end, we are working together with our production plants on improvements in manufacturing quality. This includes a wide range of activities, from reviewing design data to improving raceways\*.

\* Raceway: Machined groove in which a ball or other rolling element slides

### Quality Assurance System

THK has acquired ISO 9001 Quality Management System certification for all our plants in Japan, the Americas, Europe, and Asia. Our FAI\* Division and TME\*\* plants have now been ISO/TS 16949 (Automobile Production Quality Management System) certified, which requires a more advanced level of quality management.

Amid the rapid progress of globalization, THK must deliver the best quality products, relying on a quality assurance system that encompasses both domestic and overseas plants. Our Quality Assurance Division and Purchasing Department cooperate to ensure fair and equitable testing and evaluation of superior materials and components, to strengthen our system for purchasing at optimum production sites around the world.

To ensure that quality and performance remain consistent no matter where a product is manufactured, our Quality Assurance Division is leading an effort to ensure uniform quality at every production site\*\*\* and standardize measuring and testing methods for products and components. To this end, we plan to reinforce our quality assurance system by establishing a standard measuring method for each country or region, with adjustments for local differences, to improve the accuracy of our measurements.

\* FAI: Future Automotive Industry

\*\* TME: THK Manufacturing of Europe S.A.S., THK's manufacturing operation in France

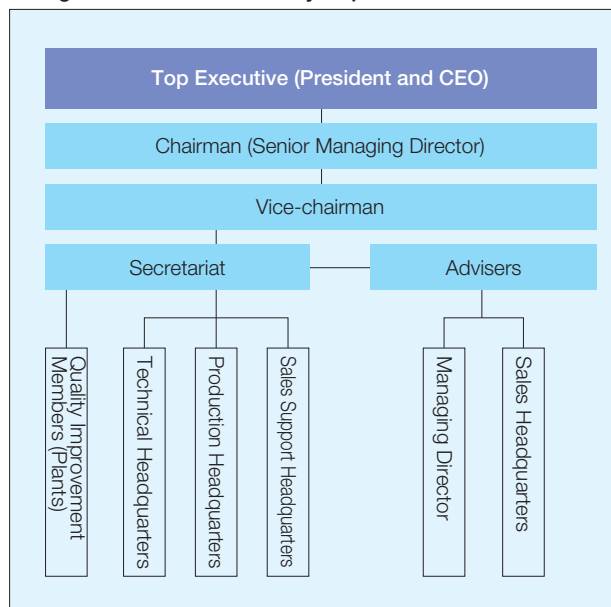
\*\*\* This entails applying the THK Quality Standard, or TQS

### Improvement Presentation Meeting

The first Improvement Presentation Meeting, sponsored by our Production Division, was held in November 2007. The meeting featured examples of improvements that specific plants made in their day-to-day operations, which, we hope, will catch on at other plants. Eleven case studies of improvements implemented at THK's five domestic plants, including improvements in quality and productivity and improvements in production equipment and machining, were presented at the meeting. Five case studies specially reported by the Production Engineering Department were also presented. The YAMAGATA Plant's Manufacturing Section III received an award for a report explaining how section employees reduced the machining time for ball screws by 26%.

Improvement activities are essential for production performance. We plan to hold another Improvement Presentation Meeting next fiscal year, in the hope that the technological improvements presented will be adopted at other plants.

#### Organization of the Quality Improvement Committee



All THK departments are required to continually improve management quality, in an effort to improve quality not only in production but in every department, based on the principle of adopting the customer's point of view. THK strives to be a good partner and to provide satisfaction to our many customers throughout the world.

### More exhibitions and showrooms

We have expanded our showrooms and are actively participating in exhibitions in Japan and abroad. This provides excellent opportunities to familiarize customers with our products, to have them actually see our products and give us their opinions.

In fiscal 2007 THK participated in 57 exhibitions in Japan, including events featuring machine components and other events focusing on housing. THK also took part in over 40 exhibitions abroad, including EMO Hannover 2007. Our first seismic isolation simulating vehicle was completed in December, and since then it has been presented at numerous exhibitions and events. Many people have had an opportunity to experience the dangers posed by earthquakes and witness the effectiveness of our seismic isolation technology.

We remodeled and reopened the showroom in our YAMAGATA Plant in March. In the years ahead we will continue to maintain close contact with local communities and business, and we plan to expand our other showrooms as well, as a service to our customers.



Showroom at the YAMAGATA Plant

### Enhancing our website

To enable our customers to access the information they need at any time, we operate one main website and a variety of related sites. Technical information is provided on our Technical Support site, where visitors will find basic information, technical calculations, and CAD data related to products. Our websites are used by more than 140,000 people all over the world. We have also set up a "Seismic Isolation Website" for our customers in Japan. This site explains differences among quake-resistance, vibration-damping, and seismic isolation technology, and provides information on anti-earthquake measures. It also provides information on our Business Continuity Plan.



THK's Seismic Isolation Website

### Voice of a THK saleswoman

After joining the company, I did mostly accounting work at my branch. But last year I was transferred to sales, and I'm now in charge of sales to three of our distributors. I had actually wanted to work in sales from the time I joined the company. That's because I have always enjoyed talking to people, and I thought this would be a way to prove myself.

Selling industrial products is mostly a man's world, but I believe that offering a woman's perspective can create a new style of sales. For this to happen, we must always confront the question of what we can do for the customer. Sometimes I try so hard to satisfy a customer that I end up asking the people at our company to do things that are practically impossible.

Picking up ideas from conversations with customers, finding a solution and then implementing it—that's what I think a reliable salesperson does. To get to that point, I have to learn something new every day. I always try to see things from the customer's perspective and take a sincere approach to my work.

Earning a profit for the company is, of course, important, but I do my best just to be able to hear a customer say thank you, and that's why I want to continue to dedicate myself to improving customer satisfaction.



**Shizuyo Takahashi**  
Senior Staff, Sales Section,  
UENO Branch

We talked with Tamio Otani, Executive Managing Director of Hitachi Via Mechanics, Ltd., about the company's partnership with THK.



Learning from each other—the ideal partnership

Hitachi Via Mechanics, Ltd.

Founded in 1968 as a member of the Hitachi Group, Hitachi Via Mechanics has been making important contributions to industry through its manufacturing, marketing, and service activities in three areas: printed wiring board manufacturing systems and maskless direct exposure systems, which are foundation technologies for the state-of-the-art electronics equipment industry; factory automation equipment and systems for a broad range of machining and flexible manufacturing tasks; and arc welding and cutting systems that are indispensable to industry. In printed wiring board drilling machines, the company's main product area, Hitachi Via Mechanics commands more than 85% of the Japanese market, which is evidence of the high level of customer support and confidence the company has attained. The word "via" is Latin for "road." In the printed circuit board industry the "through holes" connecting printed wiring patterns on the top and bottom surfaces of a printed circuit board are called "via holes."

Tell us about Hitachi Via Mechanics' business.

Forty years have passed since we introduced our first printed wired board drilling machines in 1968. In the mid-70s we attracted attention when we were the first to provide a z-axis, which up to then had been moved up and down by a hydro-pneumatic cylinder, equipped with a rotary motor and ball screw. This machine could deliver 70 to 80 hits with a dual-axis machine controlled by servo technology\*. Nowadays, 6-axis machines are becoming the mainstream, and we have delivered roughly 17,000 units of these worldwide. Our share of the global market is said to be more than 55%.

At first, most printed wired board drilling machines were xy-table constructions. This means that they had only one table that moved forward and backward (the x-axis) and to the right and left (y-axis). Our machines, however, were split-axis-type machines, where the head and the column were each equipped with a separate table. This construction was adopted because unlike conventional machine tools, the horizontal movement (xy-axis) of a printed wired board drilling machine has to come to a complete stop before holes are drilled with the vertical movement (z-axis). The argument over the relative merits of these different construction concepts continued for a long time, but ultimately all the printed wired board drilling machines around the world changed to our split-axis design. The fact is that the foundation for our success was provided by THK products.

Tell us about your relationship with THK.

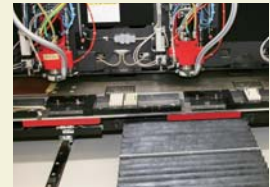
The early 80s was an era of 4-axis printed wired board drilling machines. At that time, we used to use a horseshoe-shaped ball guide as guide for the drive axis. Later, in an effort to increase the productivity of general-purpose machines, we began developing 6-axis machines. The table, which is 2 meters wide for 4-axis machines, had to be made as wide as 3 meters for a 6-axis machine, although it was made of thin board. To check the vertical and horizontal thermal deformation of the table and minimize horizontal skewing, it was essential to use the linear motion guides being developed at that time.

We were already using linear guides from another manufacturer in heavy machines that required high precision, but I was assigned the important task of selecting a better manufacturer to supply us with higher-priced guides for use in general-purpose machines.

At that time, there were two competing linear motion guide designs: a circular-arc type, made by THK, and a gothic-arch type, made by another manufacturer\*\*. I held meetings with the design engineers time and again, but I remember that I was at a loss over which to choose, because there were no clear differences. In the end, we produced two prototypes and equipped each with a different set of guides, but the trial runs still did not reveal which guides were better. When the time came to make a decision, I realized that our company's split-axis construction needed to evenly expand and contract to the right and left direction using the center as a reference. At that time, our company's machine tools for mass production were not capable of producing mounting surfaces with the accuracy required by other manufacturers of linear motion guides. But using one side of the board-type table as reference and leaving the other side free was out of the question. Using the center

as a reference and allowing even thermal deformation of the table to the right and left appeared to exert more stress than the guide could withstand over an extended period of use. Under those circumstances, THK's linear motion guide was the perfect match. In addition, I thought we needed a linear motion guide that would not be affected by the harsh environment of flying glass and copper and aluminum dust. I became convinced that THK's linear motion guides were the right choice.

Later, the table became even larger, and now it's around 4-meters wide. Without THK's support, I don't think it would have been possible to design a table supported on four LM Guides without encountering major problems. Today every hole-drilling machine maker around the world has adopted the split-axis construction, putting an end to the long battle with xy-table construction.



LM Guide installed under a table

What do you expect from THK in the future?

As an engineer, I don't want junior designers to think that the parts that have always been used are necessarily the best. "Look around, all over the world" is my advice. And if you find something good, don't use it right away, but first go to your current supplier, show them the difference, and urge them to bring their product up to par. If your current supplier gives up, then change to the new supplier. This is true partnership, I think.

What I admire about the people I deal with at THK is that they listen to the customer's needs with keen interest and do everything in their power to satisfy the customer with regard to performance, cost, delivery lead times, and other requirements. That's why THK has earned my respect in the nearly 20 years I have been dealing with them.

At first, the smallest holes our hole-drilling machines could drill were 0.3 to 0.5 millimeters in diameter. Now we can drill holes 0.075 millimeters in diameter, and in the near future we will probably see 0.050 millimeter holes drilled at mass-production pace. The hole drilling speed has also increased drastically. A 4-axis machine used to be able to drill 1,200 holes per minute at 150 hits in two stacked boards, but with a 6-axis machine the performance has jumped to 9,000 holes per minute at 500 hits in three stacked boards. I take pride in the fact that these technological advances have made it possible to manufacture amazingly lightweight, thin, and compact electronic devices, like mobile phones and personal computers, with dramatically improved energy efficiency. Such products have contributed to advances in society. This is also true for THK, I believe. Looking ahead, I hope that our partnership will grow even stronger and that we will continue to learn from each other.

\* Servo technology: A technology that automatically controls position, orientation, and other parameters

\*\* Circular-arc and gothic-arch design: In the circular-arc design, the groove cross-section consists of one circle, and the ball has contact at two points. In the gothic-arch design, there are two circles and the ball has contact at four points.

THK strives to manage its business activities appropriately and efficiently to maximize shareholder earnings. In addition to making efforts to bring about internal improvements, we try to elicit a range of views from our shareholders and investors to help us increase the transparency of our corporate management through fair and appropriate disclosure of information.

### General Meeting of Shareholders

Since 1998 THK has held its annual General Meeting of Shareholders on a Saturday, avoiding the days when most General Meetings of Shareholders are held, to enable more of our shareholders to attend. To allow more stakeholders to become familiar with THK's management, we provide observer seats at the meeting venue, and we have recorded good attendance by all stakeholder groups, particularly our partner businesses.

Attendance at our General Meeting of Shareholders has been increasing year after year. In 2008, attendance increased by 20, to 395. In an adjoining venue, the company presents an exhibition focusing on familiar products, enable general visitors to obtain a better understanding of THK products that are rarely seen up close in daily life.



▲ 38th General Meeting of Shareholders

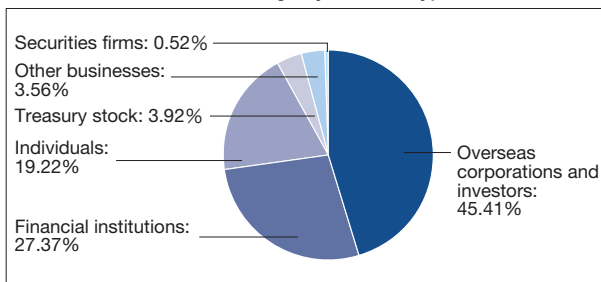


▲ Examples of THK products familiar to the public, on display in a venue adjoining the site of the General Meeting of Shareholders

### Investor relations events

At THK's semiannual investor meetings, the CEO provides a detailed explanation of our business performance and business strategies. Ample time is provided for answering questions and listening to candid opinions directed at company management. THK also tries to expand its dialogue with all investors through small-scale meetings and individual interviews. In addition, THK has been working to expand opportunities for communication with U.S. and European institutional investors through regular annual visits and other opportunities.

#### ■ Breakdown of shareholdings by investor type (as of March 31, 2008)



### Investor relations tools

THK publishes an "Annual Report", as a means of disclosing information appropriately and impartially to shareholders and investors, and the company also publishes a fact book for investors for use as an informational tool. These items, along with materials presented at investor meetings and other materials, are posted in Japanese and English on the "Investor Relations Page of the THK website". Streaming video of investor meetings and other events is also provided in both Japanese and English. In these and other ways, THK strives for appropriate and impartial information disclosure to all investors regardless of affiliation or location.



▲ Investor Relations web page (English-language site)

At THK, we regard our partner businesses, including cooperating companies and suppliers, as essential partners in creating our products. We strive to build good relationships through fair and equitable commerce and try to help one another grow by increasing cooperation through the THK Association and through study sessions and other activities.

### Fair and equitable commerce

In the past, we used partner business rating forms to evaluate our partner businesses, but it turned out that each purchasing department used a different format. To solve this problem, we created a companywide unified style and incorporated various improvements, and since fiscal 2007 evaluations have been submitted in this standard format. This has led to more fair and equitable commerce. We want to continue using the results of these evaluations to identify problems and jointly find remedies.

### The THK Association

“The THK Association”, consisting of THK’s cooperating companies, suppliers, and other partner businesses, is a venue for interaction to promote mutual progress both for THK and the association’s member companies. The number of member companies grew from 199 in 2006 to 207 in 2007. The activities of the association’s individual chapters include holding briefing sessions to obtain a better understanding of activities related to TAP II\*, arranging lectures by SME diagnosis advisors, and setting up plant tours. These activities often result in improvements that help lower costs on both sides.

THK’s CEO has presented awards to four member companies that submitted the best VA proposals\*\*.

\* TAP: THK Advantage Program. TAP I (sales), TAP II (production), and TAP III (ancillary divisions) refer to activities designed to help create a strong organization and provide a competitive advantage over other companies.

\*\* VA: Value analysis, a management method for increasing component and product functionality by reducing overall costs

### Study sessions offered by partner businesses

At THK Manufacturing of China (Wuxi), our partner businesses hold study sessions under the motto “passing on basic knowledge.” In 2007, the fourth year since the start of these activities, the plant asked six partner businesses to hold study sessions that were attended by a total of 163 employees. The topics covered are gradually expanding, and the level is also rising. Occasionally, participants also receive hands-on training at a production plant.



▲ Study session dealing with process improvements

### Looking forward to continuing our win-win relationship

Neturen Heat Treat Company’s induction hardening technology is indispensable in the production of important safety-related components in automobiles, construction machinery, and machine tools. Induction hardening plays a very important role in increasing product strength.

Our relationship with THK dates back to 1983, when a Neturen plant was located on the grounds of the THK Kofu Plant. We also developed our overseas business through technical tie-ups. There is much for us to learn, not only from a technical perspective but in the areas of corporate philosophy, developing human resources, and improving the work environment. I look forward to strengthening our relationship



▲ Induction hardening equipment at the YAMAGUCHI Plant

further, and, in doing so, increasing the quality of our *monotsukuri*.

For us, cooperation with THK is extremely important in regard to the development of new products and materials as well. With *monotsukuri* as our common theme, we will continue to strive jointly for higher quality and learn from each other. This, I hope, is how our win-win relationship will continue to develop.



**Hajime Nitta**  
President and CEO  
Neturen Heat Treat Co., Ltd.

**THK employees are interested in everything and actively seek to achieve their goals and dreams. They provide our customers with innovative solutions and drive the company's development. We believe that THK's system, which is set up to support such positive attitudes, greatly contributes to good relations with our stakeholders.**

### Employee inventiveness

In fiscal 2007, 472 inventions were submitted under our "Employee Inventiveness" system, which actively solicits and rewards submissions of inventions by employees; 145 patent applications were filed.

### Eliciting ideas for new products

As a creative, development-oriented company, THK has initiated a system for eliciting ideas from employees for new product development. The ideas submitted are reviewed for originality, practicality, and business potential, in screening sessions attended by representatives from the sales, production, and technical divisions. In fiscal 2007, the system's second year, 87 ideas were submitted, of which 6 were cited for commendation.

#### Voices of Prize Winners

Employees of our Hitachi Branch have been actively participating in the program under the leadership of Makoto Hosokawa, a senior staff member. In 2007, the branch submitted four proposals, of which two received awards. Branch employee Shigeki Okuma received an Outstanding Performance Award, and employee Hiroko Ishida also received a prize.

"The harder you search for an idea, the more you hit a blank wall. It's better to revise things you normally use, without giving them much thought. I focused on one thing, and the idea that it could be done by linear motion suddenly hit me."

"You can be sure that people are using THK products in their immediate environment. I don't want to sound like I'm boasting, but I'd like to continue to propose ideas that please our customers. I'd also like to actually produce the kind of fantastic products they use in science fiction movies and manga."



● Makoto Hosokawa, Senior Staff, Sales Section (left)  
 Hiroko Ishida, Sales Support Section (center)  
 Shigeki Okuma, Sales Support Section (right)

### Length-of-service awards

To help bolster employee morale, THK awards commendations to employees who have five years of continuous service with the company. In fiscal 2007, 616 employees received commendations and commemorative gifts.

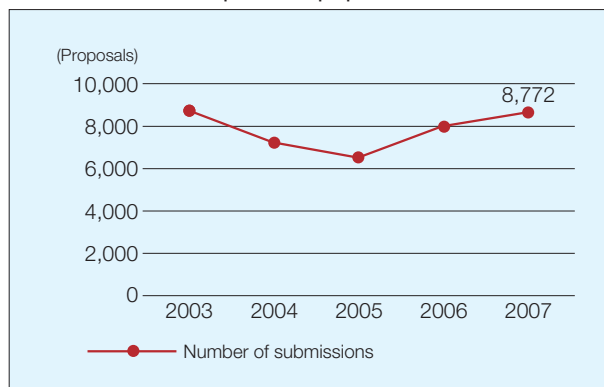
### Proposals for improvements

THK solicits "proposals for improvements" from employees to assist in efforts to improve and refine products, operational efficiency, quality, safety, and productivity. We value our employees' originality, ingenuity, and on-site perspectives. In fiscal 2007 alone, 8,772 proposals were submitted, extending a trend toward increased submissions for the third successive year.

Proposals range from ideas for improvements in machining equipment and production tools to suggestions for revising work processes to make them more environment-friendly and for managing delivery deadlines more efficiently.

All proposals are evaluated, and employees are awarded points for their submissions. An employee who accumulates enough points can win the THK Prize, which brings with it a trip overseas valued at 1 million yen. Since this system was inaugurated in 1978, more than 30 employees have won the prize; there were two winners in fiscal 2007. By continuing to promote this proposal system, we not only improve operations but also sharpen employees' day-to-day observation skills and inspire greater self-motivation.

■ Trends in number of improvement proposal submissions (2003 to 2007)



At THK, we have adopted various systems to provide our employees with a vibrant, more amenable working environment. This is because we believe that diverse ways of working are a trend of the times and that it is part of our corporate mission to support employees in making social contributions. At the same time, we are making a greater effort to create jobs for people with disabilities.

### Volunteer leave and holiday systems

In December 2007, we established “volunteer leave and holiday regulations” to enable our employees to devote themselves to volunteer work for fixed periods of time or do company work and contribute to society at the same time, while maintaining their employee status. The leave system provides for a maximum three-year leave after at least three years of continuous employment. The holiday system provides for a maximum of six days of holiday time after at least one year of continuous employment. In both cases, the system is applicable to welfare activities of high social merit. The leave system was used for the first time in January 2008, when one of our employees joined the Japan Overseas Cooperation Volunteers to do volunteer work in Peru.

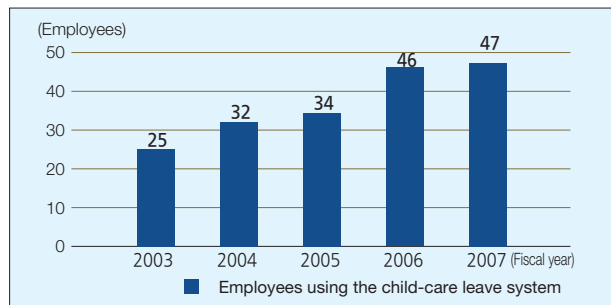
### Extending the retirement age

In keeping with the revision of the Senior Employment Opportunity Expansion Law, under which companies are obligated to gradually extend the retirement age to 65, we have introduced a plan to continue the employment of post-retirement-age workers. In the past, continued employment was subject to certain limitations, but these limitations were abolished in January 2008. Now any employee is eligible for continued post-retirement employment if the employee (1) wants to continue working after reaching the retirement age, (2) has at least a 90% attendance record over the last 5 years, and (3) has no serious health problems, based on his or her last medical checkup.

### Child-care and family-care leave

In fiscal 2007, 47 employees (46 females and 1 male) availed themselves of our child-care leave system, but none of our employees made use of the family-care leave system.

#### Trends in employee use of the child-care leave system



### Hiring people with disabilities

Our plants are making various efforts to hire people with disabilities, including hiring mentally disabled people in cooperation with job coaches at regional care facilities.

We have implemented various measures to promote the employment of people with disabilities, such as installing handrails in the bathrooms in the Techno Center to provide easier access for workers who use wheelchairs.

#### Percentage of disabled employees

2005	2006	2007
1.26%	1.21%	1.48%

Minimum rate required by law: 1.80%

### Voices of a beneficiary of the volunteer leave system

Since my student days, I've been interested in developing countries and the children living in them. I took part in international cooperation projects while I was in university. After joining the company I was constantly wondering if there wasn't some way I could make an international contribution through my work. Then the volunteer leave and holiday systems were announced. It was a chance for me to pursue my personal goals while remaining an employee of THK. That's when I decided to join the Japan Overseas Cooperation Volunteers.

I'm now in my new post in Peru, after undergoing about two months of training. The difficult part of the training period was learning Spanish, but I kept on telling myself that if I tried harder I would achieve more, and somehow I made it.

Here in Peru I work in a care facility for disadvantaged children. I feel that affluence is a function of the number of choices you have, and I do work that I hope will expand the possibilities open to these children. I'm proud of being a THK employee and contributing to society a little bit at a time. I'm trying to make my two-year term here a meaningful experience.



Beneficiary of the volunteer leave system on assignment in Peru

**Mariko Hayashi** (top row, center)

Member of Japan Overseas Cooperation Volunteers 2007, 4th Team  
Job: Youth activities



Ever since the company was established, THK has sought to advance together with its employees, embracing the sentiment that “a company is its people.” The term “human resources,” used in this context, refers to human materials. If human resources stop growing, the company itself cannot achieve growth. We will, therefore, continue to create environments that help foster individual growth and strengths.

### Language learning and cross-cultural training

As we have acquired more overseas locations, we have started offering language training to develop human resources well-suited to working in foreign countries and dealing with other cultures.

Employees assigned to overseas positions must undergo cross-cultural training to learn about the culture and customs of the country they are being posted to. In 2007, employees posted to France and China received training focusing on the cultures and customs of those countries. In addition, our branch in France offers training in differences between “French and Japanese cultures and business and management practices”, to help French employees obtain a better understanding of Japanese culture. These activities have proven to be effective in facilitating communications between French and Japanese employees, promoting mutual understanding, and helping to prevent misunderstandings.

#### Number of language learners

	2006	2007
English	81	91
Chinese	3	5
Korean	1	—

### Technology and production training

Our Sales Engineering Department holds monthly training classes designed for employees who have worked for the company for ten years or less. Depending on their level of knowledge, participants can enroll in either the beginner’s course, which covers subjects such as basic machine elements, THK products, and the machinery industry, or the intermediate course, which is devoted to THK products.

In 2007, 227 employees attended the beginner’s course



▲ A classroom at the Chicago Branch

and 21 took the intermediate course to brush up on their knowledge. At our overseas locations, technical workshops are held once every six months to help the engineers improve their skills and acquire more knowledge about our products.

At the plant level, THK has added targeted education to a lineup that already included (1) stratified education (education for new employees, managers, and supervisors), (2) professional schools (which provide education to develop multi-skilled workers), (3) skills schools, and (4) self-development programs (which help prepare employees to take nationally administered skill tests, business career certification tests, and the like). All these programs are designed to enhance productivity, technical capabilities, and employee quality and performance, by enabling employees to acquire special skills, technology, and knowledge. Study sessions formerly run by individual departments have been consolidated within a companywide education system which all employees are entitled to attend. Course content is primarily decided by the employees in charge, who also choose the instructors. In this way, both the organizers and the participants have a chance to improve their skills. In 2007, courses covering 54 subjects were held and attended by a total of 1,200 employees.

### KOFU Plant skills school

Our KOFU Plant has established a “skills school” for new employees, where they can prepare for in-house skill tests and acquire new skills. At the training site in Plant I, qualified group leaders and senior employees provide personalized, one-on-one training. The curriculum is adapted to each employee’s experience to ensure that everyone gains technical proficiency at his or her own pace. Employees are taught how to use machine tools for cutting and other processes. We also try to impart the THK policy that says people-building is where *monotsukuri* begins.

Kuniharu Tanaka is a lecturer at the “skills school” and a veteran of over 40 years in his profession. He believes that master skills should be taught to as many people as possible, so he also teaches at educational institutions in Yamanashi Prefecture. “I pass along techniques and train younger people in grinding and cutting technology,” he says, “which I think is especially important.”



▲ Direct instruction in the basics of machining  
 Trainee: Tatsuya Koshiishi, Manufacturing Section I (left)  
 Lecturer: Kuniharu Tanaka, Manufacturing Section II (right)

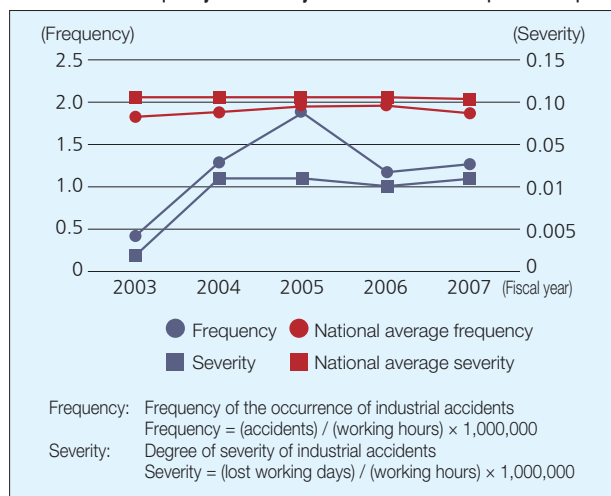
Ever since the company was first established and embraced the sentiment that “a company is its people,” THK has been working to perfect a system aimed at ensuring safe and healthy working environments for its employees, the company’s most precious resource. THK also organizes company trips and parties for employees, to provide them with opportunities to relax and get to know each other better.

### Occupational health and safety

In order to protect employee health, THK requires employees to meet periodically with a company doctor to review their medical checkups and discuss other health-related issues. THK also has nurses stationed at the KOFU, YAMAGUCHI, and YAMAGATA Plants, who are available to provide employees with detailed health counseling. Some departments have established systems to protect employees from working too much, for example, by scheduling designated no-overtime days.

THK Headquarters systematically gathers information on industrial accidents that result in injuries to personnel. Based on this information, the company analyzes every industrial accident occurring in its plants and implements companywide measures to prevent such incidents from recurring.

#### Trends in the frequency and severity of accidents at 5 THK plants in Japan



### Fire drills

A fire drill was conducted at THK Headquarters in February 2008. To raise awareness of the importance of disaster prevention, employees travelled the designated disaster-escape route, a 15-minute walk leading to “Rinshi-no-mori Park”, which is a regional evacuation site. Employees were also encouraged to experience a simulated earthquake in THK seismic isolation simulating vehicle, which was stationed along the way. Evacuation and fire drills were conducted in March at the Techno Center.

Amid the tense drama of a simulated earthquake, these drills were carried out successfully. THK is striving to instill greater awareness of the need for disaster prevention in all employees to ensure everyone’s safety.

### AED

We have installed Automated External Defibrillators (AEDs) in 23 locations, including affiliated companies, for use in the event that an employee or a visitor suffers a sudden life-threatening cardiopulmonary arrest. Training in the operation of the devices has been offered at some business locations, and we plan to offer such training at every site, to ensure that as many employees as possible know how to handle such emergencies.



AED training session at THK Headquarters

### Company trips and parties

To create opportunities for employees to interact, THK organizes company trips and parties. The company is divided into ten different geographical areas for this purpose. Kanto area employees went on an overnight trip to Lake Shirakaba in Nagano Prefecture in October. It was a wonderful

chance for these employees to meet people with whom they usually communicate only by phone or e-mail.



Kanto area employees making soba on a company trip



YAMAGATA Plant employees visiting Universal Studios

In addition to the social contributions we make through our business activities, as a corporate citizen THK believes in the importance of coexisting amenable with local and regional communities. Each of our business locations makes an effort to participate actively in regional society, recognizing both the unique qualities of each region and our role as a corporate citizen.

### Charitable contributions

THK makes donations and engages in fundraising activities at its various business locations.

In September 2007 our KOFU Plant registered as a member of the “Ringpull Reproduction Network”, which collects pull tabs from beverage cans in order to exchange them for wheelchairs and other items. Since then, our business locations in Japan have been sending the pull tabs to the KOFU Plant.

In July 2007, THK NIIGATA donated funds for an environmental improvement project aimed at installing flush toilets in lavatories in a nearby community center and connecting the lavatories to the public sewage system. In return THK NIIGATA received a letter of appreciation from the local residents’ association.

Donations collected at a summer festival organized by RHYTHM Corp. in July 2007 were directed to a trust fund for social welfare activities and for children of traffic victims. Profits from a crane game located in the THK corner at the festival were donated to the Mid-Niigata Prefecture Earthquake Fund.

PGM Ireland\* cosponsored an Irish Youth Foundation children’s hour. In 2007, employee volunteers donated an amount equivalent to at least 1 hour of their wages, and PGM Ireland matched the amount collected. The IYF as a whole collected donations totaling 150,000 euros (about ¥23 million) in fiscal 2007 to support disadvantaged children and sports activities.

\* PGM Ireland: PGM Ballscrews Ireland Ltd., a production site in Ireland



▲ PGM Ireland employees

### Embracing an open society

THK strives to operate transparently and works to promote better understanding of the company and its operations.

In March 2008, our YAMAGUCHI Plant organized a meeting between local residents and the industrial estate association, and arranged plant tours. This event was very significant in that it provided an opportunity to sound out the local community with regard to environmental matters, including the discharge of treated wastewater and waste oil from the plant. In July 2007, the plant invited 22 PTA members and teachers from the Yamaguchi Minami Sogo special needs school to visit the plant, to encourage future employment and promote internship for the school’s students. An intern from the school has been working at the plant since April 2008.

THK Manufacturing of America, Inc., has begun holding a Career Day. In 2007, more than 40 students visited the TMA plant, some of whom are now work at TMA after getting practical workplace experience during summer vacation.

THK employees receive training in occupational health and safety, as well as accident prevention; 23 employees are now qualified “first responders.” Since 1999, we have been employing people with disabilities from local communities as temporary employees. These employees have been trained to do accurate and reliable assembly work, and they now form an important part of our workforce. These activities will be continued and expanded beyond our plants in the future.



▲ Local residents working together with company employees

### Nationwide support for local communities

THK's business locations throughout Japan cooperate with the activities of The Japanese Red Cross Society. In April and August 2007 and January 2008, 195 employees from our KOFU Plant donated blood. In July 2007, the plant was cited by Minister of Health, Labour and Welfare, for its many years of support for blood drives.

The DAITO SEIKI SENDAI Plant has been engaged in fundraising for the Miyagi branch of The Japanese Red Cross Society since 1993. In December 2007, the plant was awarded a Silver Merit Award for this achievement.



▲ Commendation awarded to the KOFU Plant for blood donations



▲ Silver Merit Award to the DAITO SEIKI SENDAI Plant

### Participation in local events

THK engages in activities designed to promote harmonious coexistence with local communities.

Every year our GIFU Plant participates in the "Sekigahara Fureai 21 festival", a two-day event held in the town of Sekigahara, where the plant is located. The theme of the 2007 festival, held on October 20 and 21 was the Genpei War. This was an apt choice since the tomb of Tokiwa Gozen is located in the town. For the event, THK employees costumed as the historical figures "Ushiwakamaru", "Shizuka Gozen", and "Tokiwa Gozen", paraded along the streets near the festival venue.

RHYTHM Corp. held its annual RHYTHM Festival in July 2007. Although there were fewer visitors than in normal years because of rainy weather, around 1,500 people, mainly employees and their families and local residents, attended the festival.



▲ Employees costumed as Tokiwa Gozen (left) and Shizuka Gozen (right)

### Communication with local communities

THK develops its relationships with local communities along environmental lines.

Employees at our YAMAGATA Plant cleared weeds in July and October 2007 as part of a "Wagamachi-Gairojyu Satooya Seido Event" sponsored by the Industrial Estate Environmental Division. The project, an effort to improve the neighborhood streetscape, involved weeding areas around roadside trees to protect them and clearing the area of trash.

In April 2007, employees at our KOFU Plant began planting environmentally friendly kenaf plants, which absorb more than four times the amount of carbon dioxide that ordinary trees and shrubs do, on the factory grounds. In fall, when the plants had grown to a height of about 3 meters, employees and local elementary school students set about making kenaf paper at a traditional Japanese paper village in Nakatomi-cho, Minami Koma-gun. The kenaf plants were boiled to pulp in a sodium hydroxide solution. Some 300 coasters were made from the kenaf paper, of which 100 were donated to Maizuru Elementary School, which is located near the factory. The remaining coasters are used at the plant whenever drinks are served to visitors.



▲ Employees of the YAMAGATA Plant pulling weeds and cleaning up trash



▲ Growing kenaf plants



▲ Coasters made from kenaf paper