THK CSR Report 2010/2011





Introduction

The THK Group (hereinafter THK) has conducted its operations honestly and conscientiously with the aim of contributing to society through its core business.

This year's report includes a two-part feature section illustrating ways in which THK's business operations are commensurate with corporate social responsibility. The first part examines the role played by THK's seismic isolation devices in helping to minimize damage from the Suruga Bay earthquake of August 2009 and providing people with a sense of safety and confidence. The second part focuses on one of THK's overseas manufacturing facilities, the WUXI Plant in China, which exemplifies THK's efforts to maintain uniform quality worldwide and its devotion to *monozukuri*.

The section entitled "Management system" discusses business continuity planning and other risk management measures, while the "Involvement in society" section highlights the efficient and conscientious efforts THK undertakes on behalf of various stakeholders. The section entitled "Harmony with the environment" describes initiatives designed to help THK meet environmental targets in areas such as energy savings and zero emissions.

THK regards its *CSR Report* as an important tool for communicating with all its stakeholders. Your comments and feedback will be greatly appreciated—please take the time to fill out the enclosed questionnaire.

THK CSR Report 2010/2011

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Reporting period

This report focuses mainly on activities from April 1, 2009, through March 31, 2010, although activities occurring shortly before and after this period are also discussed.

Scope

This report is based on information provided by THK CO., LTD., and its consolidated subsidiaries and affiliated companies. The full scope of the data reported in the environmental section comprises THK's five manufacturing plants in Japan (in YAMAGATA, KOFU, GIFU, MIE, and YAMAGUCHI), THK NIIGATA CO., LTD., and three manufacturing plants owned by THK INTECHS CO., LTD. (in SENDAI, MATSUMOTO, and MISHIMA). The scope of the data presented in the sections "Environmental impact: The big picture" and "Cost of environmental protection" includes THK's five overseas manufacturing plants, Nippon Slide CO., LTD., RHYTHM CORPORATION, and RHYTHM KYUSHU CO., LTD., as well.

Target readership

This report is addressed to a broad range of stakeholders, including THK's customers, shareholders, investors, partner businesses (cooperating companies and suppliers), and employees, as well as government administrators and people in local communities.

Guidelines cited

This report includes references to the Global Reporting Initiative's *Sustainability Reporting Guidelines 2006 (G3)* and the Ministry of the Environment's *Environmental Reporting Guidelines 2007*.

Please direct inquiries to

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Tel +81-3-5434-0569
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Message from the top

THK's efforts to protect the environment

Environmental issues and business activities

Global environmental problems and global warming in particular are critical issues for human beings, since human life can only be sustained by partaking in the planet's bounty. Industrialized countries and advanced civilizations have produced societies that consume energy at levels the world has never seen before. If we opt to simply cling to our existing industrial structures, we will surely be headed down a one-way path to a destination from which there is no return. To prevent this, we must constantly look for ways to save energy and strive to achieve a transition to renewable energy resources.

Business activities were once driven almost exclusively by the desire to earn profits and create affluent societies. As science and technology have advanced, however, the world has come to realize that business activities need to be conducted with careful attention to environmental repercussions.

THK, meanwhile, continues to expand. We have set up production sites in each of our four territories—Japan, the Americas, Europe, and the rest of Asia—based on the idea that the site of demand is the optimal site of production. We are aware that this means leaving a larger environmental imprint, which provides all the more motivation to squarely address the issue of global warming.

Fortunately, THK products are part of the solution. Our LM Guides contribute significantly to reduced energy consumption, making it possible to consume only one-tenth the power required when conventional sliding-motion guides are used. As THK products become incorporated into more and more industrial mechanisms, energy conservation will improve exponentially.

In accordance with THK's corporate philosophy, "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society," I sincerely hope we can continue to contribute to energy conservation through our business activities, together with our customers.

Establishment of the Committee for the Promotion of Energy Conservation

THK is carrying out an initiative called TAP2* at its production facilities, in an effort to improve operational efficiency. TAP2, which incorporates the just-in-time principle, is devoted to eliminating waste wherever possible and achieving the minimum possible use of material resources and energy. In addition to the primary objective, which is to raise productivity, TAP2 has a number of secondary goals, including conservation of resources and energy and the minimizing of waste.

By themselves, however, such efforts are insufficient for preserving and improving the global environment. We have therefore established a Committee for the Promotion of Energy Conservation at THK headquarters and have held energy conservation meetings at our plants to promote further energy-saving activities.

* TAP: THK Advantage Program. There are three types: TAP1 (sales), TAP2 (production), and TAP3 (administration).

e s s a g e

Contributing to energy conservation through our products

THK's LM Guides and Ball Screws help reduce environmental burdens. They are used in machines that turn out products requiring high positioning accuracy, such as semiconductors, and products that require high rigidity and operate at high speeds, such as machine tools and industrial robots, as well as in automotive components, for which their lightweight design and high rigidity help reduce energy consumption. THK is now developing products intended for use in electric cars and experimental wind-power stations—products that contribute directly to energy conservation. We will continue to actively develop new markets and applications and provide our customers with a broad range of products designed for use in new environmentally friendly fields.

I would like to add a final thought. The cost of confronting environmental problems may present a gloomy prospect for industry, but there is a bright side: Japanese companies, in particular, have a unique opportunity to pursue and achieve important technological innovations. In the past, the need to overcome pollution problems and oil crises led Japanese companies to develop advanced technologies and innovative products. I'm convinced that they can once again come up with technologies and products that will win worldwide acclaim in the areas of energy conservation and natural energy resources. THK, for its part, will continue to explore these areas and present new ideas in the hope of making a meaningful contribution.

Akihiro Teramachi
President and CEO
THK CO., LTD.

The THK Group

Profile

THK, a pioneering manufacturer, developed the world's first Linear Motion Guide and is the world's foremost producer of mechanical components. As a creative, development-oriented company THK has developed a broad range of products since its establishment in 1971, in keeping with its corporate philosophy: "providing innovative products to the world and generating new trends to contribute to the creation of an affluent society." THK's LM Guides and other products are used in machine tools, industrial robots, and semiconductor production equipment. THK products are essential components in these devices, enhancing precision, increasing speed, and reducing labor, and have contributed to developments in many industries. In recent years, applications for THK products have expanded to include CT scanners, MRI devices, and other advanced medical instruments; high-durability, environmentally friendly automobiles and railway cars; and seismic isolation and vibration-damping devices that protect human life and property.

THK is working to achieve consolidated sales of ¥300 billion through full-scale globalization and the development of new business areas. Full-scale globalization, based on the idea that the site of demand is the optimal site for production, is an effort to further strengthen the unified producer-retailer system in THK's four territories: Japan, the Americas, Europe, and the rest of Asia. The initiative devoted to developing new business areas is an effort to expand the range of THK product applications into consumer fields by establishing specialized departments.

Corporate name	THK CO., LTD.
Date established	April 10, 1971
Address	3-11-6 Nishi-Gotanda, Shinagawa-ku Tokyo, Japan 141-8503
Capital	¥34.606 million*

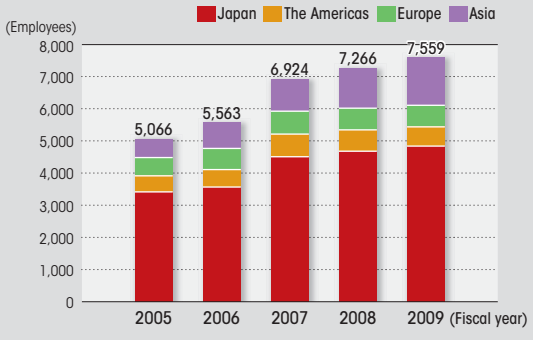
*As of March 31, 2010

End of fiscal year	March
Employees, consolidated	7,559*
Employees, non-consolidated	3,336*
Consolidated subsidiaries	10 in Japan, 19 overseas*

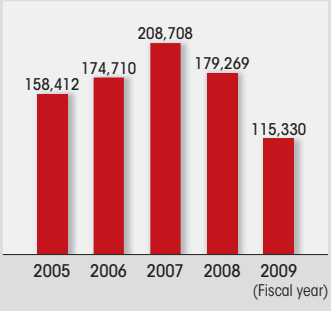
THK employees, non-consolidated (as of March 31, 2010)

Employment status	Number of employees	Average age	Average years of service
Employees (male)	2,812	37.3	14.4
Employees (female)	524	30.5	9.2
Employees (total)	3,336	36.2	13.6
Board members	17		
Advisers	3		
Part-time workers	7		
Dispatched from affiliates	128		
Temporary staff	16		

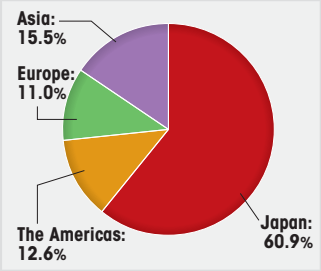
Consolidated employees



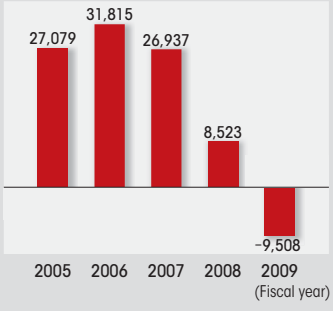
Consolidated net sales (¥ million)



Net sales by region (Fiscal 2009)



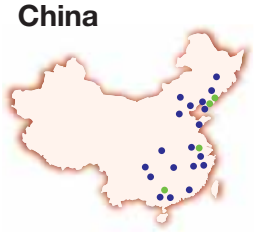
Consolidated operating income (¥ million)



The THK Group: Major locations

THK is pursuing full-scale globalization to strengthen its unified producer-retailer system in four territories: Japan, the Americas, Europe, and the rest of Asia.

China



Sales offices ····· 19
Plants ····· 4

Group companies

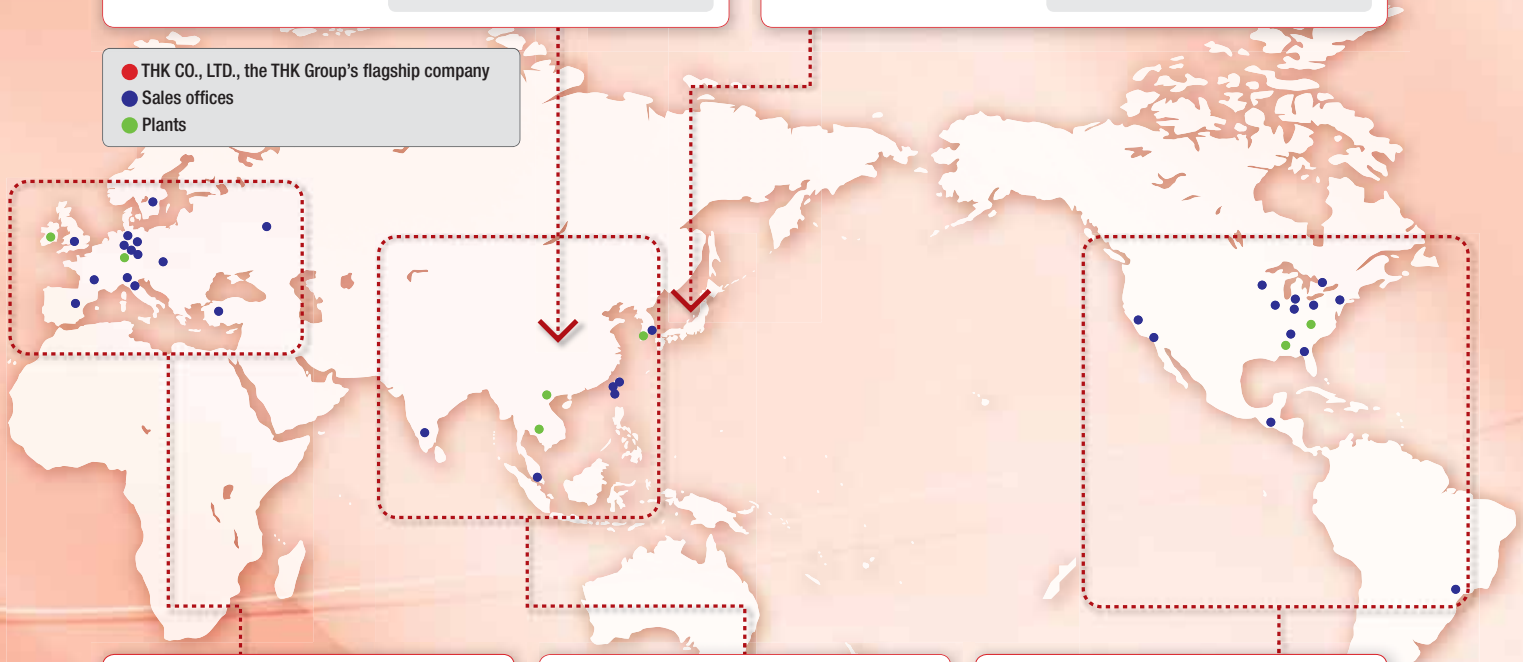
THK (CHINA) CO., LTD.
THK (SHANGHAI) CO., LTD.
DALIAN THK CO., LTD.
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
THK MANUFACTURING OF CHINA (LIAONING) CO., LTD.
THK RHYTHM GUANGZHOU CO., LTD.*

Japan

Sales offices ····· 49
Plants ····· 15
Distribution centers ····· 3

Group companies

THK INTECHS CO., LTD.
THK NIIGATA CO., LTD.
TALK SYSTEM CORPORATION
THK RHYTHM CO., LTD.*
THK RHYTHM KYUSHU CO., LTD.*
Rhythm L Co., Ltd.
L Tool Co., Ltd.
L Trading Co., Ltd.
L Engineering Co., Ltd.



Europe

Sales offices

Germany ····· 4
France ····· 1
United Kingdom ··· 1
The Netherlands ··· 1
Italy ····· 2
Turkey ····· 1
Sweden ····· 1
Russia ····· 1
Austria ····· 1
Czech Republic ··· 1
Spain ····· 1

Plants

Ireland ····· 1
France ····· 1

Group companies

THK Europe B.V.
THK GmbH
THK France S.A.S.
THK Manufacturing of Europe S.A.S.
PGM Ballscrews Ireland Ltd.

Asia

Sales offices

Taiwan ····· 3
India ····· 1
Singapore ····· 1
South Korea ··· 14

Plants

South Korea ····· 2
Vietnam ····· 1
Thailand ····· 1

Group companies

THK TAIWAN CO., LTD.
THK LM SYSTEM Pte. Ltd.
Beldex KOREA Corporation
THK RHYTHM(THAILAND) CO., LTD.
SAMICK THK CO., LTD.
THK MANUFACTURING OF VIETNAM CO., LTD.

The Americas

Sales offices

United States ··· 10
Canada ····· 1
Mexico ····· 1
Brazil ····· 1

Plants

United States ·· 2

Group companies

THK Holdings of America, L.L.C.
THK America, Inc.
THK Manufacturing of America, Inc.
THK RHYTHM NORTH AMERICA CO., LTD.*
THK Brasil LTDA

* The corporate name was changed its current one in June 2010.

Feature section

THK supports society

Protecting lives and property: THK's seismic isolation technology supports society.

The Suruga Bay earthquake underlined the role of seismic isolation devices

At left, five images of Buddha by the sculptor Unkei, on display at Ganjojuin.
At right, the Aichi Prefectural Office Main Building

Creative thinking and original technology enabled THK to put an unparalleled new mechanism on the market—the LM Guide. Its applications range from machine tools and other industrial uses to architectural and construction applications; LM Guides are incorporated into seismic isolation devices that help protect houses and other buildings during earthquakes. THK's seismic isolation systems provide fundamental support for societal infrastructure and daily life. Seismic isolation offers real value—it provides people with a sense of safety and confidence.

August 2009: The Suruga Bay earthquake destroys a section of highway

In the 1990s, motivated by concern over Japan's well-known susceptibility to earthquakes, THK began developing seismic isolation devices incorporating LM Guides. THK now offers a variety of earthquake-protection options, ranging from large seismic isolation systems for entire buildings to small-scale seismic isolation devices designed to protect objects such as cultural treasures and computers.

The effectiveness of THK's seismic isolation systems is demonstrated every time a major earthquake occurs. At 5:07 on the morning of August 11, 2009, a major earthquake struck Shizuoka Prefecture in central Japan. The epicenter of the quake, which had an estimated magnitude of 6.5, was located some 23 kilometers under Suruga Bay, near the city of Omaezaki. In Omaezaki and the cities of Makinohara, Yaizu, and Izu, the earthquake registered a low 6 on the Japanese scale of 7, indicating moderately severe seismic intensity. Casualties occurred across a broad area encompassing four prefectures. A 40-kilometer section of the inbound Tomei Expressway near Makinohara collapsed, obliterating one traffic lane as well as the road shoulder; surface cracks occurred on the inbound passing lane and all over the outbound side of the highway. The collapsed inbound lane remained closed to traffic until midnight on August 15.

The aftermath: Testing the effectiveness of THK's seismic isolation systems

When a major seismic event such as the Suruga Bay earthquake occurs, that's when THK's seismic isolation systems prove their worth. When a house is equipped with a seismic isolation systems, the system prevents vibrations from being transmitted directly to the building's structure. During an earthquake, not only will the structure itself remain undamaged, the furniture inside won't topple or tip over—the house and its furnishings will remain in essentially the same condition.

After the Suruga Bay earthquake, THK representatives visited the homes of customers in Shizuoka Prefecture who had installed seismic isolation system and spoke with them about the earthquake (some of these exchanges have been posted on THK's Seismic Isolation website*). Every customer who had installed a THK seismic isolation system stated that vibrations had been minimized. None of them had incurred any damage; none of the houses collapsed, and no furniture was overturned. THK's seismic isolation devices have been highly praised by customers who rely on them. This fact is included not only for the reader's edification but also because it will provide useful guidance for future product development.

* Seismic Isolation website: http://www.menshin.biz/

Protecting people's lives and property

THK's seismic isolation devices

Toshifumi Daicho

Executive Vice-president
Daicho-tekko. Co., Ltd.
Fujieda, Shizuoka Prefecture

Testimonial Construction incorporating seismic isolation

I had been looking for a sturdily built house. After the Suruga Bay earthquake I realized that seismic isolation is tremendously effective.

The experts say it's highly possible that a major earthquake will occur in the Tokai region in the near future. That's a serious concern for people in Shizuoka Prefecture, and it's why I wanted to build an especially sturdy house. At first I was interested in earthquake-resistant construction, but I went to a home improvement store and opted for a seismic isolation devices that keep the house safe by isolating it from tremors while still providing plenty of freedom in the design of the house. I examined seismic isolation mechanisms offered by various makers and finally decided on a THK product because it provides strong protection against vertical shocks, those up-and-down vibrations, and had the most reassuring product concept. When the Suruga Bay earthquake struck in August 2009 I was in bed. The house was swaying gently, and it seemed like a level-two or level-three earthquake (on the Japanese scale). I turned on the TV and found out it had been a major earthquake registering a low six, and I heard later that people at my parents' house had been knocked off their feet. I realized then that the seismic isolation of our house was extremely effective.

Efforts to equip residential structures with earthquake-resistance and vibration-damping features are proceeding in Shizuoka as a countermeasure against the potential occurrence of a Tokai earthquake. This may well reduce the vibration of the building, but objects inside could still be shaken and fall over. When it comes to protecting your personal safety, I think seismic isolation devices, which absorb vibrations, are the best way to go.

In their own words A local employee

I was glad to hear that the customer's home didn't incur any damage. I sell seismic isolation devices to building contractors and architectural firms in this area, and I've found that THK's seismic isolation devices are known for their high quality and for providing safety. They are prized for their ability to handle vertical shocks, thanks to the fact that the rail and base are both part of a single unit, which keeps the building from moving upward. In our daily sales activities we will continue to emphasize the considerable safety benefits provided by THK's seismic isolation devices, not only to people who are aware of the impending danger but to homeowners in general.

Morihiko Endo, Senior Assistant Supervisor, Sales Section, SHIZUOKA Branch, Sales Department, East Japan Region II

Shuji Nakada

President
Nakada Building Firm Corporation
Fujieda, Shizuoka Prefecture

Testimonial Construction incorporating seismic isolation

I had seismic isolation devices installed to protect the lives of the people in family. Since the Suruga Bay earthquake, these devices have been very popular with my clients too.

My house was rebuilt in 2006 and equipped with seismic isolation devices. I had been building houses equipped with these devices for a long time, so when I rebuilt my own house I wanted to incorporate seismic isolation. At first I was going to use equipment made by a different manufacturer, but when I checked out the seismic isolation devices that the Shizuoka Branch carries and saw how they're structured, I decided to go with THK. The rail and the base form a single unit, so even if a level-six vertical tremor hit, the force would be released sideways. On the morning of August 11, 2009, I was watching the TV coverage of a typhoon that was approaching, when I realized the house had shifted slightly. I figured it was because of the wind. Then I saw an earthquake bulletin being broadcast; it was only then that I found out an earthquake had occurred. Prior to the Suruga Bay earthquake, I had recommended and actually installed seismic isolation devices in seven houses, and none of them incurred any damage from the earthquake. The owners were all very pleased. There was one owner in particular who had had second thoughts about installing seismic isolation devices after seeing the estimate—and then three months after his house was built this earthquake struck, and there was no damage. He was so glad that he had gone ahead and had those devices installed.

Installing seismic isolation devices certainly isn't cheap, but you can't put a price on protecting the lives of your loved ones. There should a subsidy system to cover seismic isolation devices, as there is for other quake-resistant construction mechanisms. The Suruga Bay earthquake has made people in the Fujieda area more aware of the benefits of seismic isolation. THK's seismic isolation simulating vehicle was a very popular attraction at the Shizuoka housing expo in September 2009.

In their own words A local employee

When I meet with a client, I point out that seismic isolation has a value that can't be expressed in monetary terms, because it will keep furniture from toppling over and keep your family safe. Most people don't really understand how seismic isolation works, so I usually give a detailed explanation. Since the Suruga Bay earthquake, though, attitudes have definitely changed. People talk about how frightening it was, and more people are interested in having seismic isolation devices installed. At the same time, a lot of building contractors say they've never installed these devices and are worried that it might be difficult. I do my best to help them understand the effectiveness of seismic isolation.

Akinori Suzuki, Sales Section, SHIZUOKA Branch, Sales Department, East Japan Region II

Protecting important cultural properties

THK's seismic isolation devices

Shoudou Kozaki

Chief Priest
Tenshukunzan Ganjojuin

Testimonial Construction incorporating seismic isolation

Ensuring the safety of important cultural property—Unkei's Buddhist sculptures—even in a major earthquake

At this Buddhist temple, Ganjojuin, located in the city of Izunokuni in Shizuoka Prefecture, we have five images of Buddha that are authentic works of Unkei. Unkei was a master sculptor of Buddhist images in the Kamakura period (1185-1333). These works were created when he was about 35 years old and still in his prime. The statues, which include a seated image of Amida, have all been designated by the government of Japan as important cultural properties, so the question of how to keep them safe in the event of a major earthquake was naturally a matter of great concern. There was already a mechanism to keep them from falling over—the statues have tenons that hold them to their pedestals—but this didn't seem adequate, so we joined forces with our temple patrons to find a more effective way to protect the statues and put our minds at ease. In light of their great value as works of art, we considered the idea of putting the statues in the storehouse for safekeeping, but we can't burn incense or even light a candle in the storehouse. Then, through a design firm, we found out about THK's seismic isolation system. I saw a video explaining how seismic isolation works. Just then a housing expo was being held in Shizuoka, and I had a chance to visit THK's seismic isolation simulating vehicle. I realized that seismic isolation was the best way to protect the statues, so we decided to have the temple hall and the dais reinforced with earthquake-resistant steel bars and plates and then install seismic isolation devices under the statues. The project was still underway when the Suruga Bay earthquake struck, and the seismic isolation devices had not yet been installed, but luckily the tremors were less intense in this area and didn't cause any damage. The seismic isolation devices have now been installed, and I feel relieved.

In their own words **A local employee**

It was a bit difficult at first, because neither the chief priest, the temple patrons, nor even the design firm knew much about seismic isolation, which THK knows a lot about, of course. To help them understand what seismic isolation devices do, we gave them a ride on THK's seismic isolation simulating vehicle. They experienced a simulation of the 2004 Chuetsu earthquake, and they were all amazed at how strong the tremors were and how tremendously effective seismic isolation is. In this type of seismic isolation project, when it's not just material objects but images of Buddha, a god, that are being protected, it's essential to closely respect the client's wishes. Seismic isolation devices are very good products, and we're undertaking this effort with the understanding that we have a mission to help protect these Buddhist statues as works of art that are important to the whole country.

Makoto Inoue, Manager, Sales Section, NUMAZU Branch, Sales Department, East Japan Region II

Construction incorporating seismic isolation: Example

Protecting the Heijo Palace Imperial Audience Hall in Nara for future generations

Nara Heijokyo became Japan's first large-scale capital city when the capital was relocated there from Fujiwarakyo in the year 710. The Heijo Palace ruins, which include the remains of the Imperial Audience Hall, are now a public park. As part of a project overseen by the national government, restoration of the main gate, the Suzakumon, was completed in 1998. Restoration of the main section of the Imperial Audience Hall was completed in 2010, exactly 1,300 years after the capital was established. An ongoing commemorative event marking the 1,300th anniversary of the founding of Nara Heijokyo is being held at the Heijo Palace ruins and elsewhere, in an effort to enable future generations to appreciate the site as a place where history can be absorbed through firsthand experience. THK's seismic isolation devices are being used in the reconstruction of the Imperial Audience Hall. The provisions called for in the original reconstruction plan would not have satisfied contemporary safety requirements, so it was decided to incorporate seismic isolation devices in the execution of the plan to minimize the effects of earthquake tremors. Seismic isolation devices made up of linear slides, laminated rubber pads, and Viscous Dampers are being inserted into the bed plate that forms the foundation of the structure. With seismic isolation devices interposed between the reconstructed building and the ground, only minimal structural reinforcement of the building itself is needed, allowing engineers to stay close to the original reconstruction plan.

Construction incorporating seismic isolation: Example

Seismic isolation of the Aichi Prefectural Office Main Building, a cultural asset and disaster-control base

The Aichi Prefectural Office Main Building, completed in 1938, is representative of the *teikan* style, having a traditional Japanese tiled roof atop a Western-style structure. In 1998 it was designated a tangible cultural property. The building currently houses government offices and is a designated disaster-control base. It became clear, however, that the building in its former state would not be able to perform the latter function in the event of a Tokai earthquake or Tonankai earthquake, either one of which is expected to occur in the near future, so seismic isolation was carried out. Incorporating quake-resistance technology would have required reinforcing the structure with quake-resistant walls or braces, which would have reduced the available office space and would have also required that the building be vacated during construction, disrupting operations. Instead, to minimize the disruption of daily operations, the decision was made to utilize seismic isolation.The project involved the use of a technique known as seismic isolation retrofitting. This entails separating the existing building from its foundations and interposing seismic isolation devices. This is done without altering the building's external appearance or damaging the interior or any interior facilities. The existing foundations were removed, new concrete was poured, and the seismic isolation devices were installed. Beneath the building, which weighs about 73,400 tons, THK CLB Linear Rolling Supports and lead-laminated rubber pads provide seismic isolation.

In this way the building was reincarnated as the focal center of the prefecture's disaster-control system, without any change to its external appearance.

Protecting essential data

THK's seismic isolation devices

Protecting customer data in the event of a major earthquake

One important aspect of corporate social responsibility is maintaining the ability to quickly resume business operations in the aftermath a major earthquake. Financial institutions, for example, must do everything possible to prevent earthquake damage from disabling their servers, providing unauthorized access to customer information, or shutting down their ATMs. Servers are usually bolted down, but this is not sufficient to protect them in a major earthquake. THK manufactures seismic isolation devices that can be placed right on the floor and provide the effect of having the entire floor seismically isolated.

Naoki Nakamura
Manager
MISHIMA SHINKIN BANK

Testimonial Construction incorporating seismic isolation

Customer information must be regarded as an asset, which can be thoroughly protected by seismic isolation devices.

The MISHIMA SHINKIN BANK's head office and branches are linked by a private computer network, and customer information is compiled and managed by the servers at the head office. The bank has a highly reliable security system in place to prevent unauthorized access to confidential business information and customer data by someone trying to hack into the network, but we have still had concerns. The data is all backed up, of course, as a countermeasure against the occurrence of a natural disaster, but it would take some time for the network to recover. I saw a demonstration video for THK seismic isolation devices and learned about how they work. I realized how important it is to protect information against the occurrence of a natural disaster, and we concluded that simply anchoring servers to the floor was insufficient for effective business continuity planning. We decided to have seismic isolation devices installed.

When the Suruga Bay earthquake struck, the very first order we received was to ascertain the safety of our servers. Although the earthquake registered a low level five in the city of Mishima, our servers were not affected in any way, thanks to our seismic isolation devices.

For a financial institution, customer information is an essential asset, so we naturally have an obligation to protect it, despite the cost. To ensure business continuity, we plan to increase the number of seismic isolation devices we have installed from three to five, and to further reinforce our safety and security systems.

THK's evolving seismic isolation systems

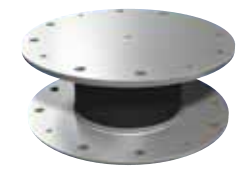
Limiting earthquake damage inside buildings by preventing the transmission of seismic vibrations

Generally speaking, there are three types of measures used to protect buildings from being damaged in an earthquake: (1) quake-resistance, (2) vibration-damping, and (3) seismic isolation. Quake-resistance measures are designed to enable a structure to withstand an earthquake by increasing the strength of its walls; seismic vibrations can nevertheless be transmitted to the interior of the building, and vibrations will increase in amplitude as they move upward. Vibration damping measures employ devices incorporated into columns, walls, and other structural components to absorb seismic vibrations; these measures are most effective in high-rise buildings and similar structures. Seismic isolation entails the use of seismic isolation devices installed between the building and its foundation, which prevent seismic vibrations from being transmitted directly to the building.

THK's seismic isolation systems are made up of three different mechanisms: seismic isolation devices, which utilize LM Guides to help support the building; viscous dampers incorporating Ball Screws, which absorb an earthquake's impact; and laminated rubber pads, which help restore the building to its original position.

In the event of a major earthquake, THK's objective is to protect people from being injured by furniture or other falling objects inside their homes, as well as to protect buildings and other structures that have been designated as cultural properties, along with the artwork and cultural assets inside them. These efforts, it is hoped, will provide people with a sense of security.

CLB Linear Rolling Support



Seismic Laminated Recovery System

RDT Viscous Damper

The frightening experience of an earthquake: The seismic isolation simulating vehicle

THK's seismic isolation simulating vehicle is a truck equipped to enable people to sample the frightening experience of an earthquake and the effectiveness of seismic isolation devices. The vehicle can simulate an earthquake registering a high six in intensity, as well as major earthquakes that have occurred in the past, and it can also simulate the effects of major earthquakes expected to occur in the Tokai, Tonankai, and Nankai regions in the future. In addition, the vehicle can demonstrate how seismic isolation works. THK's seismic isolation simulating vehicle is often featured at exhibitions on countermeasures against disasters—experiencing a simulated earthquake is highly recommended.

THK's seismic isolation simulating vehicle

Feature section

THK supports the world

The site of demand as the optimal site for production: Developing *monozukuri* on a global scale

THK's WUXI Plant making its presence felt in the booming Chinese market

As economic globalization advances, the ranks of consumer countries are beginning to change. The focus has clearly shifted from consumption centering on the developed countries to the purchasing power of emerging nations, exemplified by China. THK is actively pursuing global expansion based on the belief that production develops at the site of demand—that the emerging countries that will play a leading role in future consumption will also be important producing countries.

Global vision

"Global 10 21" is THK's shorthand term for the goal of becoming one of the world's top ten machinery component manufacturers in the twenty-first century. Based on the idea that the site of demand is also the optimal production site, THK has established frameworks for production and sales in 4 territories—Japan, the Americas, Europe, and the rest of Asia—and has expanded its activities to 66 sites in 23 countries. Particular attention is being devoted to improving production operations in Asia, which has attracted worldwide interest for its highly promising markets. In China, a market that is expanding with remarkable speed, THK already operates 4 plants and 19 sales offices. THK has gradually expanded its production capacity in China. DALIAN THK began operating in 1996.The WUXI Plant commenced operations in 2005 as the first LM Guide manufacturing plant in China. In 2006 the WUXI Plant was expanded and the LIAONING Plant commenced operations. DALIAN THK's second plant opened in 2008.

The WUXI Plant: Producing LM Guides for the whole world

The WUXI Plant, the first LM Guide manufacturing plant in China, opened in 2004 and became fully operational in 2005. The plant set about supplying the world with top quality products, obtaining ISO 2000/9001 certification only two years after it opened. The plant's presence in international markets as a producer of LM Guides and related products has increased with each passing year. In addition to contributing to China's economic progress by boosting the regional economy and creating jobs, the WUXI Plant also makes an effort to promote various types of interaction between Japan and China.

The THK WUXI Plant

Profile

• Company name	THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
• Date established	March 23, 2004
• Number of employees	294 (as of March 31, 2010)
• Site area	155,256 square meters
• Main products	LM Guides, LM Guide actuators, Ball Splines

History

March 2004	Establishment of THK MANUFACTURING OF CHINA (WUXI) CO., LTD.
April 2004	Start of first construction phase
December 2004	End of first construction phase, trial production
January 2005	Start of full-scale operations
April 2006	Start of second construction phase
November 2006	End of second construction phase
November 2006	ISO 2000/9001 certification
January 2007	Awarding of Azalea Prize by city of Wuxi
January 2008	ISO 14001: 2004 environmental management system certification

The heart of THK quality: *Monozukuri*

The WUXI Plant's quality control operations are based on the same system THK employs in Japan. This means that the local employees have to maintain the same commitment to quality that THK requires of its employees in Japan. For this reason, candidates for managerial and supervisory positions undergo three months of training in China and another two months of training in Japan in order to become thoroughly educated in the practice of Japanese-style *monozukuri*. During their time in Japan the trainees learn about work flows and processes as well as the specific tasks involved in quality control, and they are encouraged to experience Japanese-style work practices with all five senses, to help them grasp the true significance of their duties.

Each year the WUXI Plant institutes its own policies in accordance with the progress of its operations. The plant also cultivates its human resources, promoting the attitude that *monozukuri* involves not only technology and precision but high quality in the broadest sense, which means meeting the customer's needs, constantly pursuing improvements, and keeping costs to a minimum. In addition, the WUXI Plant has developed its own set of activities to promote improvements in quality, some of which go beyond the activities seen in Japanese plants, in an effort to encourage the ongoing pursuit of quality.

Employees take part in quality improvement activities.

The local community: Showing respect and earning trust

Japanese companies operating in China should set an example as law-abiding businesses, strictly adhering to the provisions of laws protecting the environment and the rights and interests of consumers and labor. They should manage their business in a manner that engenders trust and take the lead in communicating with the local community. The WUXI Plant has contributed to economic development and helped generate employment in the Wuxi region, and it has also played a role in the technological development of Chinese industry as a whole, promoting greater awareness of the need for technological innovation.

In 2007 the plant was awarded the Azalea Prize by the city of Wuxi for its contributions to the city's development and for expanding interaction with the local community. The WUXI Plant will continue to conduct its operations with respect for both Japanese and Chinese culture and lifestyles and will continually seek to earn the community's trust.

Awarding of the city of Wuxi's Azalea Prize

Creating a satisfying work environment

The WUXI Plant has created a special section to help educate employees about safety and the environment as part of a concerted effort to establish an occupational health and safety management system. The plant provides thorough safety education, conducts hazard-forecasting and other safety-related activities, continually encourages 5S activities,* and organizes safety patrols. By these and other means the WUXI Plant has created a work environment embodying the principle of safety first.

Attention is devoted to improving employee skills and developing multiskilled workers through on-the-job training. In addition, the plant enlists the cooperation of external educational institutions and training organizations to equip employees with special skills and qualifications. Embracing the principle that *monozukuri* itself is a great incubator of human resources, the WUXI Plant has established a mutually beneficial relationship with its employees through its educational and training activities.

* The 5S rule calls for *seiri* (order), *seiton* (tidiness), *seiketsu* (cleanliness), *seiso* (cleaning up), and *shitsuke* (discipline).

A leadership training session

In their own words — A local employee's training experience at the YAMAGATA Plant

Zhang Ping
KR assembly employee
THK MANUFACTURING OF CHINA (WUXI) CO., LTD.

The THK WUXI Plant was about to start producing KR-type LM Guide actuators, so I was sent to the YAMAGATA Plant for a month of training. During the training period I learned how to assemble KR-type actuators and also learned a lot about other aspects of my work. People at the YAMAGATA Plant work very fast and don't waste any time doing things that aren't necessary. Watching them work so efficiently was very educational.

I received training in assembling standard KR-type actuators, which are completely different from the type I had been working on previously. There were a lot of parts, and they were difficult to assemble. I received warm encouragement, however, so my training went smoothly and I was able to learn the basic procedures and work flow. The training only lasted for a month, though, and I feel that I still have a lot to learn. When I get back to the WUXI Plant, I'm going to devote myself to the successful start-up of KR-type actuator production and try very hard to pursue top quality in everything I do. I'll never forget the valuable experience I had in Japan, and I intend to make use of what I learned in my future work, to keep raising the WUXI Plant's profile within the THK Group.

Zhang Ping, at left, undergoing training at the YAMAGATA Plant

Management system

To retain the confidence of the larger community and continue to be a corporation that meets the needs of the market, THK must work to improve the transparency of its operations. At the same time, in its efforts to develop superior human resources, THK must help to instill in all its employees a conscientious awareness of their responsibilities as members of society.

THK will continue to do its part to contribute to the creation of a genuinely sustainable society.

Topics in 2009

• Business Continuity Plan

In September 2009 THK's KOFU Plant finished formulating a business continuity plan (BCP) to help ensure that operations will continue in the event of a major earthquake or other disaster. The plan will undergo further refinement as improvements are made in the plan-do-check-act problem-solving process employed at the KOFU Plant. Other major plants within the THK Group have also begun to formulate BCPs, which are expected to be completed in fiscal 2010.

Corporate governance

Q What efforts has THK been making in the area of corporate governance?

A **THK is striving to reinforce its internal controls in order to make its operations more transparent and provide appropriate and effective management.**

Governance system

THK's operations are managed and controlled by its Board of Directors; Board of Auditors, which includes external auditors; and Accounting Auditor. THK is striving to increase the transparency of its operations and improve oversight of management to ensure that business goals are attained, in order to continually enhance its corporate value. THK has established an Internal Audit Office, an independent entity under the direct jurisdiction of the CEO, to evaluate the faithful performance of business duties, management efficiency, and the adequacy of THK's internal controls.

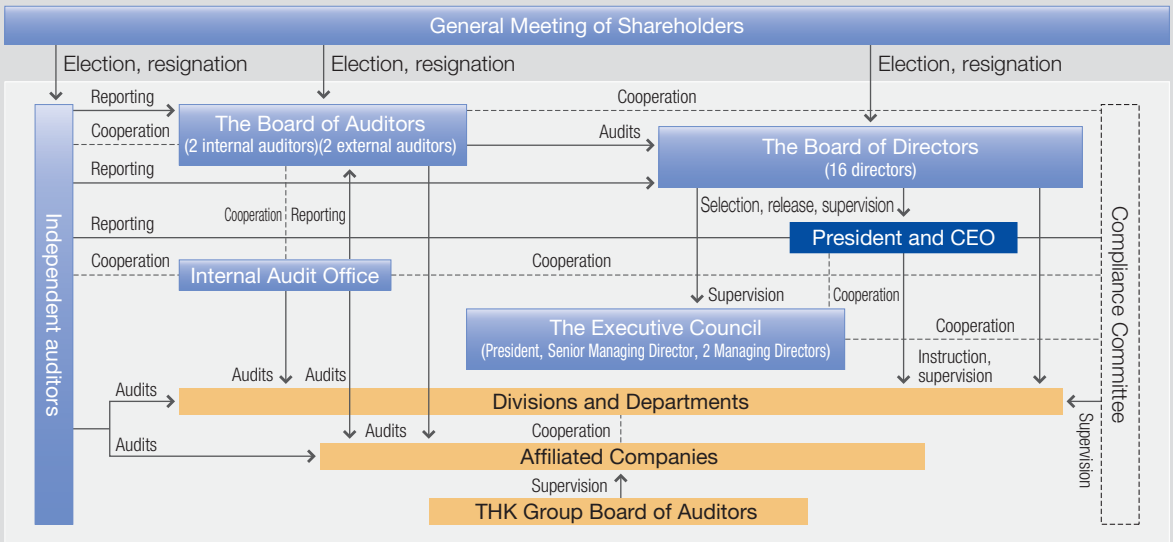
Internal controls

THK is implementing measures to reinforce internal controls for the purpose of further solidifying its management infrastructure, in full compliance with legal requirements. THK launched an internal controls project in fiscal 2006 and has developed a system for ensuring the reliability of financial reporting. THK's internal controls project is based on Japan's Financial Instruments and Exchange Law, and is being implemented throughout the entire corporate group, including subsidiaries and affiliates. The internal evaluations conducted in fiscal 2009 revealed no significant deficiencies; a report on internal controls was submitted to the Prime Minister of Japan (via the Kanto Finance Bureau of the Ministry of Finance) for public disclosure in June 2010.

Security-related trade controls

In 2009 the Foreign Exchange and Foreign Trade Control Law was amended for the first time in 22 years (the revisions took effect on November 1, 2009) in an effort to reinforce controls and help prevent leaking of technological information, which has proliferated as international travel and migration have increased. Ongoing globalization has ushered in increasingly fluid forms of human interaction. Among other measures taken in response to these developments, THK's Security Export Control Department, part of the Risk Management Division, has registered its compliance program with the Ministry of Economy, Trade and Industry. To comply with requests for parameter sheets, which arise when THK directly exports products, machinery, or technology, as well as when THK products are exported by its customers, the company has developed an intranet-based parameter sheet management system designed to ensure thorough and accurate descriptions of parameters and timely preparation of parameter sheets. In addition, rules have been established governing approval procedures for controlling the provision of technology. Efforts have also been made to improve export controls and information management at THK's overseas locations by providing educational tools for overseas employees. Measures such as these are enabling THK to quickly comply with the requirements of security-related trade controls and contribute to Japan's security and future progress.

■ Governance framework



Compliance

Q What efforts has THK made to build up its compliance system?

A **In order to continue to be a company fully deserving of the trust of its stakeholders, THK provides education and training to all employees to instill a constant awareness of the importance of thorough compliance.**

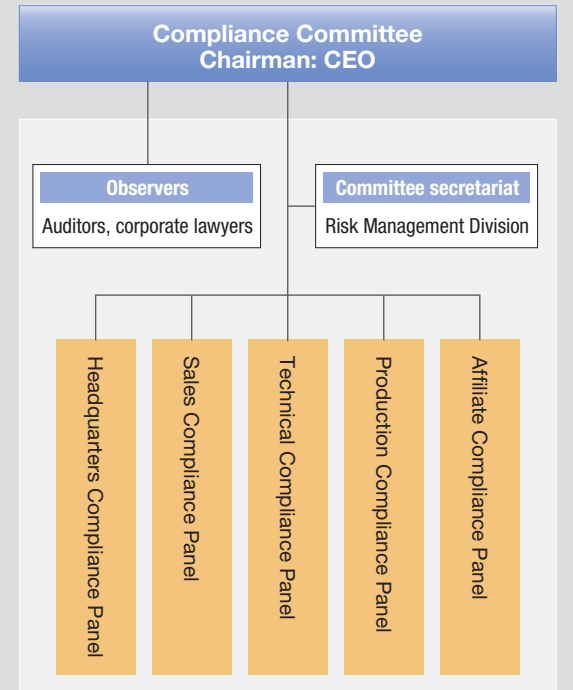
Compliance system

Since 2005 THK has had a standing Compliance Committee, with the CEO as its chairman. The Compliance Committee discusses and authorizes all compliance-related policies, rules and regulations, and training programs, and deals with violations of laws and internal regulations, as well as with internal reporting. In addressing specific cases of violations, THK consults closely with legal advisers, who take part in Compliance Committee meetings as observers, to ensure that appropriate legal action is taken.

Each THK business division has established its own Compliance Panel, which operates under the Compliance Committee's jurisdiction. One Compliance Panel member is assigned to each area and business location to promote the compliance system and serve as a consultant and liaison.

In addition, an internal "THK helpline" has been set up to help deter potential compliance violations by board members or employees and ensure that appropriate actions are taken quickly if a violation occurs. Violations can be reported by phone or e-mail or via the company's legal advisers, who provide an external channel for such communications.

■ **Compliance system**



Training and educational activities

In November 2009 Compliance Panel members attended a periodic study session conducted by a visiting lecturer (a corporate lawyer), to improve their knowledge of and capacity for dealing with compliance matters. In the first half of the session the participants studied actual cases of corporate misconduct. The latter half was devoted to group discussions and presentations, including commentary by the lecturer, on topics such as the posting of careless remarks on the Internet, bribery and business entertainment, information leaks, and debt collecting.

Compliance Panel members take part in a study session.

Compliance-related training for general employees has also begun, in an effort to disseminate general legal knowledge. As of fiscal 2009, a total of 1,095 employees in THK's production facilities and sales divisions had received such training. The training of general employees will continue during the forthcoming fiscal year.

THK has also introduced educational materials concerning compliance into its e-learning program, an in-house educational tool, to help employees become more aware of compliance in their daily work. In December 2009, 21 new drill-type study questions were added, bringing the total to 69. The materials also include 23 case studies. More case studies will be added in the future to provide additional reference resources for efforts to address violations of laws and regulations in the performance of daily duties and in everyday life.

Compliance-related materials are included in the e-learning program.

Risk management and information security

Q What kinds of risks does THK face in conducting its business activities, and what measures does it have in place to deal with them?

A **THK has formulated a business continuity plan to prepare for the possibility of a major earthquake, a new influenza epidemic, or another such emergency, in order to ensure that business operations can continue in the event of a major disaster. THK has also instituted a variety of information security measures and educational programs.**

Business Continuity Plan

In September 2009 THK's KOFU Plant completed a yearlong effort to formulate a business continuity plan (BCP) to help ensure that operations will continue in the event of a major earthquake or other disaster. The plan will undergo further refinement as improvements are made in the plan-do-check-act problem-solving process employed at the KOFU Plant. Specific earthquake countermeasures are also being implemented, such as securing the plant's machinery and interior fixtures by incorporating earthquake-resistant construction. Other major plants within the THK Group have begun to formulate BCPs, which are expected to be completed in fiscal 2010.

All five THK plants in Japan, along with THK RHYTHM and THK NIIGATA, have now installed seismic isolation tables designed to help protect information technology equipment in the event of an earthquake.

BCP leaders from the plants gather for a meeting.

Countermeasures against the influenza A (H1N1) virus

In April 2009 the World Health Organization raised its pandemic alert for the influenza A (H1N1) virus to phase 4. In response, THK set up a task force headed by its CEO, as prescribed by the influenza A virus manual. Employees have been instructed to take all possible measures to prevent the spread of influenza, including wearing masks when commuting, washing their hands with care, and gargling. Visitors are asked to wash their hands with disinfectant to help prevent influenza from being transmitted to THK employees.

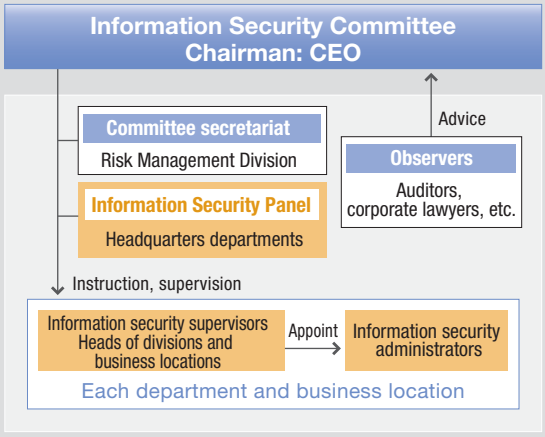
Efforts are being made to prevent group infections. Among other measures, employees who have contracted the virus are instructed to refrain from coming to work for a prescribed period, and employees who have been in close contact with someone infected with the virus are required to wear protective masks. In addition, the task force secretariat keeps track of employees and family members who have contracted the virus, in order to be able to provide timely and appropriate guidance to respective business locations. In the event that a group infection occurs at any THK business location, criteria for closing down operations have been issued and support systems are in place. Fortunately, there has not been even one occurrence of a group infection that might have required the closure of a THK business location. Even so, THK's efforts to prevent group infections will continue in fiscal 2010 and thereafter.

Information security

Internal audits of the THK information security system, initiated at the behest of the Information Security Committee secretariat, have been conducted since fiscal 2008. In fiscal 2009, internal audits were conducted at four locations: the GIFU Plant, the KOFU Plant, the TOKYO Branch, and the ATSUGI Branch. Whenever an audit reveals a problem, instructions are issued for improvements to ensure strict observance of company regulations concerning information security.

To further educate employees about information security, THK has begun providing educational activities for general employees in its sales divisions.

■ Information management system



Safety confirmation system

THK has established a safety confirmation system for quickly ascertaining the safety of its employees in the event of a disaster. This will help the company rapidly formulate a plan for recovery and the resumption of business activities. Under the system, when an earthquake or other disaster occurs, a voice or e-mail message is sent to each employee's preregistered mobile or stationary telephone number or e-mail address; the employee responds by indicating whether he or she, and any family members, are safe, and whether he or she can report to work.

When an earthquake struck in August 2009 near the city of Omaezaki in Shizuoka Prefecture, the safety confirmation system was activated, enabling THK to quickly determine the status of all its employees in Shizuoka. Employees undergo periodic training in the use of the safety confirmation system each September as part of THK's efforts to minimize damage in the event of an actual disaster.

Involvement in society

We believe that our foremost responsibility is to contribute to society through our core business—to deliver useful products that can enrich people's lives.

To fulfill this responsibility, it is essential that we communicate effectively with all of our stakeholders: customers, partner businesses, shareholders and investors, local communities, and employees.

Topics in 2009

• JIS Q 9100 certification for THK NIIGATA

To demonstrate that its manufacturing quality is sufficiently reliable to meet the highly exacting requirements of the aerospace industry, THK NIIGATA obtained JIS Q 9100 certification in fiscal 2009, verifying that its quality management system satisfies the aerospace industry standards established in Japan. THK NIIGATA has since begun supplying products to the aerospace industry.

• Japan Society for Precision Engineering Awards

The Japan Society for Precision Engineering supports research related to *monozukuri*. THK employees have won the JSPE Technology Award for a paper entitled "The technology of Linear Motion Ball Guide for superior rigidity and running accuracy in a narrow range" and have also won the JSPE Young Engineer Award for a paper entitled "Study on load distribution theory of Linear Motion Ball Guide applying FEM analysis."

Together with our customers (for higher product quality)

Q What efforts has THK made to maintain high quality and ensure the safety of its products?

A **As a major corporation with a leading global brand, THK has obtained ISO certification and met other worldwide standards for quality management. In keeping with these efforts, THK is developing a uniform worldwide quality control system.**

Ensuring reliable product quality

THK products already deliver superior performance in the industries where they have long been used, but THK is working to achieve even more reliable product quality in order to comply with the increasingly exacting specifications of its newer markets. As part of this initiative, THK has obtained ISO 9001 certification for the quality management systems employed at all production sites in Japan, the Americas, Europe, and the rest of Asia. In order to be able to supply products to the automobile industry, which has highly demanding quality control requirements, THK has also obtained ISO/TS 16949 certification for the quality management systems employed in its Future Automotive Industry Division and at THK Manufacturing of Europe and THK Manufacturing of America plants.

In fiscal 2009 THK NIIGATA obtained JIS Q 9100 certification for its quality management system for aerospace-related products and subsequently began supplying products to the aerospace industry. THK will continue to employ appropriate quality management systems at all its production sites in an effort to ensure ongoing improvements in product quality.

Quality assurance system

As a major corporation with a leading global brand, THK can't simply rely on existing product quality but must constantly strive to improve quality to ensure that it provides customers with the world's best products, and has established procedures for this purpose. THK products must not only deliver superior performance and complete functionality to the end user, they must also provide the same quality no matter where, among many production sites around the world, they are made. For this reason, THK has launched a universal quality control initiative focusing on the application of the THK Quality Standard (TQS). It has also established a global procurement system devoted to enforcement of THK's Global Material Standard (GMS), to ensure fair and impartial testing of the materials and components used at all production sites, and has instituted a system designed to speed up the procurement process.

As its existing markets have expanded, THK has compiled a great deal of information on product quality to ensure that its products deliver superior performance and complete functionality to the end user. Meanwhile, the world's emerging new markets have given rise to new types of product quality information. THK holds regular sessions to facilitate the sharing of product quality information, as part of its efforts to improve quality around the globe.

Improvement Presentation Meeting

The third Improvement Presentation Meeting, sponsored by the Production Division, was held in March 2010. The event is a venue for presentations on quality control circle activities, developments in machining and machine technology, and improvements in day-to-day operations at specific plants, which, it is hoped, will catch on at other plants. In preparation for the meeting, qualifying rounds are held at each production facility. Those presentations that pass a three-part screening process are delivered at the Improvement Presentation Meeting, held at THK headquarters.

Overseas plants participated in the meeting for the first time in 2010. Four presentations from plants in Japan were offered, along with special presentations from THK WUXI and DALIAN THK. The top prize was awarded to the KOFU Plant for a presentation entitled "Reducing the Setup Time for Screw Groove Grinding," which showed how shorter setup times reduce the number of goods in process, resulting in shorter lead times.

In the front row, employees who received prizes at the Improvement PresentationMeeting. From right, two employees from the KOFU Plant Manufacturing Section II, which won the top prize; an employee from the YAMAGUCHI Plant Production Engineering Section, which won the second-place prize; two employees from the MIE Plant Manufacturing Section I, which won a third-place prize; and an employeefrom the YAMAGATA Plant Production Engineering Section, which also won a third-place prize.

Together with our customers (for greater customer satisfaction)

Q What efforts has THK made in the area of customer service?

A **THK's Sales, Engineering, Production, and Quality Assurance Divisions work closely together to coordinate their activities and faithfully adhere to the principle that every issue shall be viewed from the customer's perspective.**

Best Partner Award

THK received the 2009 Best Partner Award from Hitachi High-Technologies Corporation, Nanotechnology Products Business Group, Naka Division. About 1,000 partner businesses were evaluated based on 24 criteria in five categories: quality, cost, delivery, technology, and service. THK received the highest overall score. The award is not only indicative of the hard work of THK's Sales Division, it also reflects the coordinated efforts of the Production, Engineering, Sales Support, and Quality Assurance Divisions. Rather than rest on its laurels, though, THK will continue to strive to improve the services it provides in order to ensure customer satisfaction.

TAPS

The TAPS* Certification Program is designed to improve the skills of sales people employed by THK's agents and enable them to provide the same level of customer service that THK's own sales employees provide. In the two years since the program began, a total of 50 employees have received certification.

TAPS-certified employees also receive follow-up training. In October 2009 follow-up sessions for the first group of TAPS-certified employees were held in Tokyo and Osaka, focusing on successful sales activities. In November training sessions for the second group of TAPS-certified employees were held at THK's YAMAGATA Plant. Designed to provide closer contact with THK products, these sessions included hands-on practice in product assembly.

THK will continue to encourage participation in the TAPS Certification Program and other training activities to ensure that all sales personnel can provide customers with full access to the broad range of services that THK offers.

The TAPS Certification Program's second graduating class

* TAPS :THK Authorized Professional Sales

In their own words | Salesman

Junji Miyamoto
Assistant Manager
Sales Section I, NAGOYA Branch, Sales Department, Central Japan Region

During my college days I had a part-time job in the service industry, and I decided I wanted to work in sales. I joined THK and got the sales job I had always wanted, but at first I had some painful experiences. There were times when I didn't respond appropriately to a customer because I was too busy and times when I lost the customer's trust because I relied on my own judgment when I should have consulted someone else. I learned the hard way what it means to keep a promise.

I realized that I was taking a one-way attitude toward sales. Nowadays whenever possible I visit the customer's facilities and try to offer products that reflect the desires of people in various different positions there.

There's a sense of togetherness at THK, and the sales people's views are communicated very effectively to the other departments. We sales people try to relay the customers' needs to the other departments concerned very accurately, because we want them to create and develop products that will satisfy our customers. When I picture my customers' smiling faces, I want to work even harder in my sales activities in the future.

Testimonial: Customer

Determined to continue to supply the market with highly reliable products, in partnership with THK

Akihiro Furutani

Manager
Clean Robot Technology Dept.
Clean Robotics Business Div.
YASKAWA ELECTRIC CORPORATION

YASKAWA ELECTRIC CORPORATION

YASKAWA ELECTRIC CORPORATION was established in 1915. As Japan's foremost manufacturer of mechatronics devices, YASKAWA has always supported leading-edge industries and technologies. Its activities are currently focused on the following four business domains: "Motion Control," "Robotics," "Systems Engineering" and "Information Technologies." YASKAWA operates business hubs in 25 countries around the world, including Japan, and has production bases in 9 countries. The technologies, products, and services YASKAWA provides are highly regarded and have won the trust of customers around the world.

What do you appreciate about THK products?

First of all, we appreciate their high precision. Thanks to the circular-arc design,* THK's LM Guides are easy to incorporate into an assembly because they can be more freely aligned. That's why we use THK products so often when high precision is required. I'm involved in the development of robotic devices that help produce semiconductors and liquid crystal panels, so I also greatly appreciate the fact that THK Caged Ball LM Guides and Ball Screws operate so quietly and cleanly—there's little contact between metal surfaces, so they generate less dust and dirt. I should explain that noise-free operation is a requirement for semiconductor-production robots and other equipment that's used in the controlled environment of a clean room. To the customer, noise means that vibrations are occurring, vibrations mean that contact is occurring, and contact means that particulate matter is being generated. Harsh-sounding noise is also stressful for the people working in the clean room. That's why I'm so grateful for low-noise THK Caged Ball LM Guides.

* Circular-arc design: The groove cross-section consists of a single circular arc; the balls make contact at only two points.

Have you had any experiences with THK that left a special impression on you?

SEMISTER-M124, Semiconductor Wafer Handling Clean Robot

Yes. Once we were in a very tight spot—a product incorporating THK guides was due to be delivered to the customer the next day, and we found out that it wasn't meeting the precision requirements. Unless we could fix the problem by the following morning, we'd be causing a lot of trouble for the customer.

The summer holidays had already begun, and we couldn't reach the engineer at the plant concerned. Then an engineer from another THK plant arrived on the scene and assured us that he'd figure out some way to solve the problem. I'll never forget the way he said that. He worked through the night, and the next morning we were able to meet the precision requirements and meet the delivery deadline. This engineer wasn't even from the plant we'd been dealing with, but he cared about our situation and gave it his very best, and he helped us a great deal.

When everything's going well, people take things for granted, but when trouble comes along it's good to know you have a partner you can count on. THK has that kind of fundamental capability, and that's why we can work together in an relationship of trust.

What do you expect from THK in the future?

Nowadays products are expected to be reliable, and that includes service life. The robots that help produce semiconductors and liquid crystal panels operate under severe conditions 24 hours a day. The challenge for us is how to prevent a stoppage and how to minimize the damage in the event that a stoppage does occur. When crucial components such as guides or bearings—the basic elements of the machinery—break down, it takes time to resume operations. I hope THK will continue to pursue even greater reliability and provide products that can run 24 hours a day and last a little bit longer.

Like a lot of customers, we'd also like to minimize the down time required for maintenance. I'd like THK to find ways to make their products more user-friendly by incorporating automatic lubrication mechanisms and otherwise making lubrication easier.

Together with our shareholders, investors, and overseas customers

Q How does THK communicate with its shareholders, investors, and overseas customers?

A **THK employs a variety of investor relations tools and events to ensure fair and appropriate disclosure of information. In addition, THK takes part in exhibitions and other events in order to convey useful information to customers overseas.**

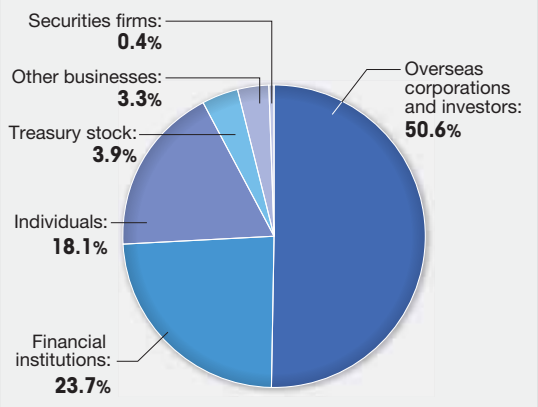
Investor relations events

At THK's semiannual investor meetings, the CEO provides a detailed explanation of THK's 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 of its 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.

Since 1998 THK has held its annual General Meeting of Shareholders on a Saturday, avoiding the days when most general shareholder meetings are held, to enable more THK shareholders to attend. To permit more stakeholders to learn about THK's management, seats for observers are provided at the meeting venue, and attendance by all THK's stakeholder groups, particularly partner businesses, has been encouraging. An exhibition of newly developed products is held in an adjoining venue, enabling visitors to obtain a better understanding of THK products rarely seen up close in daily life.

The 40th General Meeting of Shareholders

■ Shareholdings by investor type (as of March 31, 2010)



Investor relations tools

In addition to its annual report, THK publishes a fact book for investors, which is updated each quarter, for use as an informational tool. Legally required disclosures, along with related information and materials presented at investor meetings, are posted in Japanese and English on the Investor Relations page of THK's website. Video coverage 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 shareholders and other investors, regardless of affiliation or location.

EMO MILANO 2009

THK actively participates in exhibitions in Japan and overseas. For these events, THK works hard to create exhibits that not only present a broad range of products but also offer direct contact with the items on display, to provide visitors with a better idea of what THK products actually do.

In October 2009 THK took part in EMO MILANO 2009, an international trade fair for machine tool manufacturers held at the exhibition center Fiera Milano in Italy. There THK introduced the Super-high Rigidity/Super-low Wavering LM Guide, a new product offering even higher levels of rigidity and precision, now required for machine tools. Visitors to the THK exhibit were highly impressed by the variety of products incorporating THK's original Caged Ball technology, which facilitates high-speed operations while minimizing environmental impact. THK takes pride in providing products ideally suited to the needs of each customer and in presenting new ideas that contribute to creative *monozukuri*. THK will take part in more exhibition activities in the future.

Together with our partner businesses

Q How does THK promote harmony and mutual prosperity with its partner businesses?

A **THK forms partnerships based on fair and equitable business transactions and builds relationships of mutual trust to provide better service to its customers.**

VA/VE teams

THK regards its suppliers of materials and components and its processing contractors as essential partners and maintains collaborative relationships with its partner businesses for the sake of mutual growth. This has enabled THK to pursue various cost-cutting initiatives. THK does not unilaterally issue orders but actively elicits and often promptly accepts proposals from partner businesses. In order to respond to such proposals, which have been accumulating, a Value Analysis/Value Engineering* (VA/VE) team has been established at each plant. As a result, proposals from business partners have increased dramatically and are yielding increasingly positive benefits. Every year outstanding proposals are awarded citations at the general meeting of the THK Association, a venue for cooperative interaction among THK's partner businesses. Twice as many citations were awarded last year compared to the preceding year. THK will continue to closely cooperate with its partner businesses and elicit proposals for safe and environment-friendly products and components that facilitate high-quality, low-cost manufacturing.

* Value Analysis/Value Engineering: A management method for increasing component and product functionality by reducing overall costs.

Material Purchasing Section employee

I've been working in procurement at the YAMAGUCHI Plant and at THK Group companies in Europe and the Americas. Experience has taught me that the mark of a good materials department is the extent to which it can procure materials that meet the customer's requirements for quality, price, and time of delivery. The important thing is not to impose our requirements on the supplier but to pool our ideas, practice VA/VE, and work for our mutual benefit. Getting operations back on track in the shortest possible time when unforeseen problems occur is also very important. THK's entire organization works to ensure that the customer's requirements are met. In the procurement division, we work hard every day to provide top-quality standard and nonstandard products at the best price, to overcome the intense worldwide competition. In the future, we're going to need people who can handle not just domestic but global-level procurement, to be able to supply operations around the world.

Tomotaka Sakono
Group Leader
Material Purchasing Section,
Manufacturing Promotion Department,
YAMAGUCHI Plant

In their own words | Partner business

Takeshi Nose
President
NOSE SEIKO CO., LTD.

New antennae for new markets

We are a manufacturer of needle bearings, cam followers, and other finished goods. Our relationship with THK dates back many years, to the time when the company was still known as Toho Seiko. Since then we have been able to build up a positive and mutually beneficial relationship. THK tells us what kind of products they need, and we present new ideas to them in the form of proposals. THK is our main business partner, so we receive a lot of useful feedback from them. The tie-up with THK has been extremely important for us, especially in our efforts to improve our products in response to customer suggestions.

The antennae we use to get a feel for the market are, of course, not as powerful as THK's antennae, but with THK's help we've been able to gain entry into markets we couldn't have hoped to enter on our own. We're trying to anticipate our customers' forthcoming wishes and produce the things they need before they even ask. We will continue to rely on THK's strong sales capabilities and command of information to help us develop new markets.

Together with our employees (for a healthy and safe working environment)

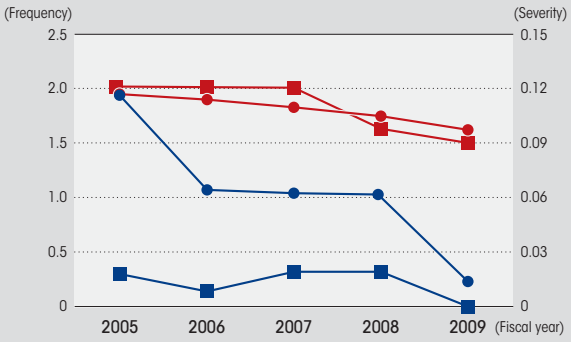
Q What does THK do to ensure safe working conditions for its employees?

A **THK strives to provide a safe working environment. Among other actions, THK has taken precautionary measures to prevent secondary accidents that could occur during an earthquake and has also taken steps to safeguard the mental health of its employees.**

Occupational health and safety

THK believes that ensuring employee safety is an essential prerequisite for business operations. To this end, the company has established specific numerical targets for each plant in order to prevent accidents at work. Plant Health and Safety Committees hold monthly meetings and organize Occupational Health and Safety Patrols to tour the plants, point out potential hazards, and ensure that any needed improvements are carried out.

■ Frequency and severity of accidents at 5 THK plants in Japan



Frequency: Frequency of the occurrence of industrial accidents
Frequency = (accidents) / (working hours) × 1,000,000
Severity: Degree of severity of industrial accidents
Severity = (lost working days) / (working hours) × 1,000

Monitoring employee health

THK has established healthcare offices or similar facilities at all its plants. At the KOFU Plant, the healthcare office is staffed by resident nurses who provide health services based on the concept that the company's health is only as good as the health of its employees.

Particular attention is devoted to ensuring that all employees are aware of the state of their health. This entails holding individual consultations with each employee after his or her annual checkup to explain the results and provide advice, encouraging the employee to reflect on the previous year's efforts and set new goals for improvements, and assessing the employee's level of stress. Special attention is also devoted to THK's decade-long campaign to safeguard the mental health of its employees. As part of this effort, THK enlists the cooperation of family members, psychotherapists, occupational health experts, and various medical specialists, as needed.

Seminar for safe driving administrators

In October 2009 THK headquarters hosted a seminar, conducted by a visiting lecturer, for safe driving administrators from all its business locations. Devoted to the goal of eliminating traffic accidents, the seminar featured a talk on safe driving tips drawn from statistics on past accidents, as well as a talk on methods administrators can use to educate employees about safe driving. To promote safe driving habits at all business locations and provide safe driving administrators with greater knowledge about relevant regulations, the seminar also included a briefing on the latest revisions to the Road Traffic Law and other statutes. Since most of THK's sales activities involve automobile travel, all THK employees, whether on or off duty, are expected to be committed to eliminating traffic accidents.

Earthquake patrols

In July 2009 an earthquake patrol was conducted at THK's KOFU Plant, as a precaution against the occurrence of a major earthquake. Earthquake patrols seek to identify locations that are susceptible to secondary accidents, such as the falling or toppling of heavy objects, and to make improvements wherever possible.


Before improvements


After improvements

- Cleared shelves of potentially precarious objects
- Marked previously unmarked emergency exit routes
- Bolted down previously unstable installation atop air duct base

THK is also taking action to make all its bookshelves, equipment racks, printers, and other fixtures and devices earthquake-resistant, to prevent such objects from falling or being overturned or displaced, thereby reducing potential damage.


Color printer is now anchored to base plate.


Fax machine is now anchored to floor.

Together with our employees (supporting growth)

Q What efforts has THK made to develop its human resources?

A **THK has expanded and improved the content of its e-learning program in order to encourage self-development among its employees, and is working to ensure that the technical skills of veteran employees are passed on to younger employees.**

e-learning

THK has introduced an e-learning system to help facilitate employee education, enabling employees to engage in self-development activities whenever they have access to the Internet. The e-learning system comprises a diverse range of training courses: Business Skills, which is devoted to improving practical abilities in areas such as critical thinking and business accounting; Product Knowledge, which covers a wide range of THK products; and Compliance, currently a topic of great interest. As of March 2010 the system included a total of 40 e-learning courses.

By taking advantage of opportunities for distance learning provided by this system, sales employees, for example, can study for and take a qualifying exam to acquire internal accreditation in electrical engineering. Use of the e-learning system is steadily increasing.

■Educating employees via e-learning

	Enrollment			Completion
	Eligible employees	Employees enrolled	Percentage of eligible employees	Percentage of enrolled who completed course
September 2006	1,634	515	31.5	43.8
September 2007	1,777	581	32.7	46.9
September 2008	1,963	893	45.5	73.9
September 2009	2,057	1,059	51.5	74.4

Step-up training

Every year THK provides group training sessions for junior employees who have been working for the company for several years. These sessions include lectures by guest experts and discussions of topics such as profit and cost structures, which help the employees acquire relevant mathematical sensibilities. In addition, discussions are held among same-age employees from different business divisions for the purpose of examining problems from multiple perspectives. The findings of these discussions are presented at a meeting attended by THK's division heads and directors, and they are also discussed in exchanges between supervisors and employees. In October 2009 a total of 125 junior employees, including university graduates as well as high school graduates, gathered at a training facility in Ibaraki Prefecture for three days of group training in an environment conducive to strenuous concentration. To help ensure that this experience would have a positive effect on individual performance, three months later each trainee was required to submit a written report reviewing the content of the training session and assessing its impact.

Step-up training

Skills school

THK's YAMAGATA Plant has established a "skills school," as part of an educational program in which employees who are nationally certified technicians and engineers provide training to mid-career employees and junior employees in the areas of machining technology and electrical engineering. The program consists of two sections, an academic course and a hands-on training period, based on the idea that trainees should first master the theory and then acquire the necessary practical skills. In this way an employees can, for example, advance beyond simply pushing buttons on a numerical control machine and acquire the ability to set up the machine. In the electrical engineering course, trainees improve their skills through practical exercises and experimentation with electronic blocks and other devices.

For the YAMAGATA Plant the school provides a means of passing on the techniques and skills of veteran employees, improving employee skills in general, and encouraging employees to acquire national certification credentials. The ultimate goal, however, is to develop people who possess spirit and ability—the qualities most essential to any business—in order to achieve the objective known as "Global 10 21" (a shorthand term for THK's goal of becoming one of the world's top ten component manufacturers in the twenty-first century), and to train employees to be future leaders.

Training on a numerically controlled machine
At left, the trainee, Tomonao Muraoka; Manufacturing Section II
At right, the trainer, Takabumi Kobayashi; Environmental Management Section

Training with an electronic block
At left, the trainee, Keita Kato;
in the middle, the trainer, Makoto Kawashima;
at right, the trainee, Daisuke Ariji.
The trainer and both trainees work in Manufacturing Section IV.

Together with our employees (incorporating employees' ideas)

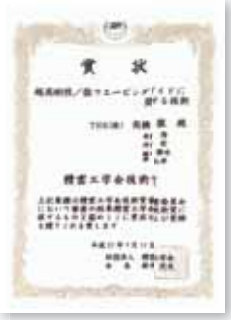
Q Does THK have mechanisms in place for utilizing its employees' ideas?

A **THK employs a variety of mechanisms to put the ideas and views of its mainline employees to good use, including a system for eliciting proposals for improvements.**

Japan Society for Precision Engineering awards

Through its participation in various academic societies, THK actively pursues technological exchanges with academic institutions as part of research efforts aimed at creating new products and technologies. In 2009 the Japan Society for Precision Engineering, which supports research related to *monozukuri*, presented THK employees with its Technology Award, for a paper entitled "The technology of Linear Motion Ball Guide for superior rigidity and running accuracy in a narrow range," and the JSPE Young Engineer Award, for a paper entitled "Study on load distribution theory of Linear Motion Ball Guide applying FEM* analysis."

* FEM: Finite element method, a technique for finding numerical solutions to complex problems.



Proposals for improvements

THK has established a system for eliciting proposals for improvements from employees, to assist in the company's efforts to improve and refine products, operational efficiency, quality, safety, productivity, and technology. THK values its employees' originality, ingenuity, and on-site perspectives. All proposals are evaluated, and commendations are awarded. Employees receive points based on the results of the evaluations and can accumulate more points for successive proposals. Whenever an employee's point total surpasses a certain level, he or she receives an award, the highest-level award being the THK Prize. The system helps and encourages employees to continually devise and propose inventive proposals for improvements. More than 100 employees now earn second-level commendations every six months.

In fiscal 2009 some 11,554 proposals were received, ranging from ideas for new markets for THK products to a proposal for changing the notation method employed in product catalogs. By encouraging employees to submit proposals for improvements, THK not only improves its operations but also sharpens employees' day-to-day powers of observation and inspires greater self-motivation.

■ Second-level commendations for improvement proposals

2005			2006			2007		
Proposals	Commendations		Proposals	Commendations		Proposals	Commendations	
	1st half	2nd half		1st half	2nd half		1st half	2nd half
6,722	88	123	8,095	100	156	8,772	137	131

2008			2009		
Proposals	Commendations		Proposals	Commendations	
	1st half	2nd half		1st half	2nd half
10,241	144	166	11,554	179	162

In their own words | Winner of the JSPE Young Engineer Award

Tatsuya Imai
Team Leader
Tribology & Reliability Research Section
Fundamental Technology Research Laboratory

My major at university was elastic-plastic engineering, which mainly involved research on deformation and stress characteristics of metal materials. To use that knowledge, I decided to join THK, a company with a wide-ranging market in the machinery industry. Having previously worked in the Sales Division and Sales Engineering Division, I now work for the Fundamental Technology Research Laboratory. In my previous assignments I was in direct contact with a lot of customers through my sales activities. When I first realized how broad THK's customer base was, I understood why the user requirements for THK products are so highly diversified.

I received the JSPE Young Engineer Award for my paper, "Study on load distribution theory of Linear Motion Ball Guide applying FEM analysis," which I took up because it was the kind of issue that would have piqued the interest of my customers back when I was in sales. The paper is devoted to analyzing a theory concerning LM Guides, where the deformation of components such as blocks or rails can be calculated using the finite element method. This made it possible to do theoretical analyses that take into account not only conventional contact deformation of balls and raceways, but deformation of all components. My research has also made it possible to obtain values that are closer to data derived from practical experiments, instead of just relying on theoretical values, as in the past; this will be useful for preliminary confirmation and testing of rigidity in the development of new products. I was very pleased to receive the JSPE Young Engineer Award for my research, but many issues raised by our customers still need to be resolved. I'm going to continue to pursue my research in the hope of finding solutions to at least some of these issues.

Together with our employees (supporting diverse ways of working)

Q Does THK offer a work environment that can accommodate the diverse personal needs and interests of individual employees?

A **THK works hard to provide an amenable environment well-suited to the individual needs of a diverse array of employees, and is making further improvements in its hiring system and employee benefits programs.**

Hiring people with disabilities

In accordance with Japanese law, THK is working to ensure that people with disabilities make up at least 1.8% of its workforce, particularly at its headquarters and manufacturing plants.

THK has set a high priority on creating a hospitable work environment for people with disabilities and encouraging disabled employees to make full use of all their capabilities, to facilitate long-term employment with THK. To this end, the company provides training to help ensure that conditions in the workplace are hospitable for employees who have disabilities as well as for those who do not. Under the program, a job coach, who makes arrangements with employers and provides guidance to disabled employees, is dispatched by a government agency that promotes employment opportunities for the disabled. The job coach provides guidance to disabled employees on communicating in the workplace, explains various reporting, notification, and consultation mechanisms, and provides tips on business etiquette. The job coach also provides guidance to non-disabled employees on becoming more knowledgeable about disabilities, determining the duties of disabled employees, and overseeing job performance.

THK makes sure that healthcare issues are addressed as well. Employees with disabilities have periodic consultations with nurses to help ensure sound mental health, and care is taken to provide flexible working hours.

In addition, THK has made use of dedicated government funding to install suitable fixtures and facilities, including stairway handrails and accessible restrooms.

■ Percentage of disabled employees (%)

2007	2008	2009
1.48	1.57	1.64

Employee inventiveness

In fiscal 2009 268 inventions were submitted under THK's employee invention system, which actively solicits and rewards submissions of inventions by employees; 93 patent applications were filed.

Eliciting ideas for new products

As a creative, development-oriented company, THK has established a system for eliciting ideas from employees for new product development. This provides an opportunity for employees not ordinarily directly involved in product development to take the initiative and present their own ideas. The ideas submitted are reviewed for originality, practicality, and business potential, in screening sessions attended by representatives from the Sales, Production, and Engineering Divisions. In fiscal 2009, the system's fourth year, 98 ideas were submitted. Nine were cited for commendation, including one submission that was awarded highest honors.

Length-of-service awards

To show appreciation for their many contributions, THK presents length-of-service awards to its employees after every five years of continuous service during the first 35 years of employment. In fiscal 2009 624 employees received commendations and commemorative gifts to honor their service.

■ Length-of-service awards

	2005	2006	2007	2008	2009
35 years of continuous service	0	10	7	6	10
30 years of continuous service	12	15	20	16	25
25 years of continuous service	24	74	133	91	139
20 years of continuous service	137	54	87	107	143
15 years of continuous service	175	136	99	43	146
10 years of continuous service	187	100	179	74	77
5 years of continuous service	126	77	91	104	84
Total	**661**	**466**	**616**	**441**	**624**

Volunteer leave

One THK employee recently returned to work after performing two years of volunteer service in Peru as a member of the Japan Overseas Cooperation Volunteers; she was able to undertake the assignment thanks to THK's volunteer leave system, which was introduced in 2007. She had this to say about the experience: "As a THK employee, I had an opportunity to perform volunteer work for a fairly long time, which is something I've been into since my college days. Helping to educate children turned out to be an invaluable experience. Now I'd like to find my own way of contributing to society through the company's business activities. I have a lot of suggestions to offer."

Mariko Hayashi (top row, center),
working at a facility for disadvantaged children in Peru.
She now works in the Web Section, ICB Center.

Together with local communities

Q What activities does THK engage in to fulfill its role as a member of the local community?

A **In addition to sponsoring and taking part in local community activities, THK applies its expertise to activities designed to foster the development of a new generation of technical experts.**

Volunteer activities

In November 2009 THK's KOMAKI Branch provided volunteer support for and helped run a sports and recreation event hosted by the city of Komaki for people, including children, with disabilities. The event was held at a facility called Park Arena Komaki.

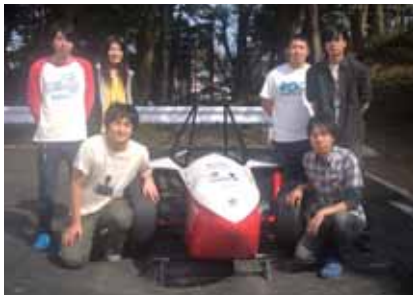
About 500 participants and volunteers gathered on the day of the event, the 33rd of its kind. At the previous year's event volunteers from the KOMAKI Branch were in charge of recreational equipment; at this event THK employees took care of the personal needs of the disabled participants. The Komaki Council of Social Welfare, which sponsors the event, has designed it as an opportunity to encourage greater contact with and understanding of people with disabilities. The KOMAKI Branch will continue to support this event and other such events in the future.

A recreational event for people with disabilities

Ibaraki University Racing

THK's HITACHI Branch and the Daido Seiki Corporation, a THK agent, are sponsors of an Ibaraki University student organization called Ibaraki University Racing, and supply the club with THK products for use in race cars. The IUR team constantly strives to make the bodies and components of its cars as light as possible, to make them faster. Thanks to their compact design, THK products are ideal for this purpose.

In a national racing event in fiscal 2009 in which eighty universities took part, the IUR team finished in the top eight. With the aid of a few technical adjustments, the team is hoping to finish in the top three in fiscal 2010, and THK will once again be lending support with products and technical advice.



Members of the Ibaraki University Racing Team

Charitable contributions

As part of its contributions to society, THK provides monetary assistance when disasters strike. THK also donates money to help fund organizations devoted to the advancement of science and the future development of *monozukuri* in Japan. In addition, THK sponsors a variety of events in communities where it has business locations.

■ Major charitable causes

October 2009	• 2009 Samoa earthquake
October 2009	• 2009 Sumatra earthquake
November 2009	• Japan Science Foundation
January 2010	• Haiti earthquake
February 2010	• Sakuranbo Marathon in Higashine, Yamagata Prefecture
March 2010	• Chile earthquake

Tree planting

The THK INTECHS MISHIMA Plant has introduced an eco-lock system that ensures complete recycling of paper copies of highly confidential business and accounting documents. Under the system, documents are recycled in cardboard boxes specially designed for the disposal of confidential materials. For each box used, the plant donates 10 yen to a tree planting fund established by a federation of forest cooperatives in Shizuoka Prefecture; 44 boxes cover the cost of planting one Japanese cypress tree (approximately 440 yen). The plant used 162 boxes in fiscal 2009 and thus provided donations enabling four trees to be planted. The MISHIMA Plant is actively working to establish other systems that will enable it to help protect the environment through the performance of day-to-day operations.

Youngsters' Science Festival

THK's YAMAGATA Plant exhibited a simplified crane game at an event held in Yamagata Prefecture in August as part of an annual nationwide "Youngsters' Science Festival." The exhibition was presented in response to a request from the Yamagata Museum of Science and Industry. The science festival offers events at which visitors can observe and take part in experiments in physics, mathematics, and other areas of science and technology, and try their hands at various crafts.

Over the course of two days, 7,800 people attended the Yamagata event, and children explored the offerings at a variety of booths. THK's crane game proved to be very popular and succeeded in getting visitors interested in science and technology.

Communal facility adoption program

In February 2010 THK's KOMAKI Branch enrolled in a program sponsored by the city of Komaki in which participants "adopt" communal facilities. Under the program, volunteers pick up garbage, water trees and shrubs, and pull weeds, in an effort to maintain a pleasant environment on roadways, in parks, and at other communal facilities in Komaki.

THK's volunteers perform their duties on the third Wednesday of every month, cleaning up the area around the KOMAKI Branch for about 30 minutes in the morning before starting work. Youngsters passing by on their way to school often cheer them on and show appreciation for their efforts. THK will continue to pursue business activities that are firmly rooted in local communities.

A sign promoting the program

Corporate history exhibition

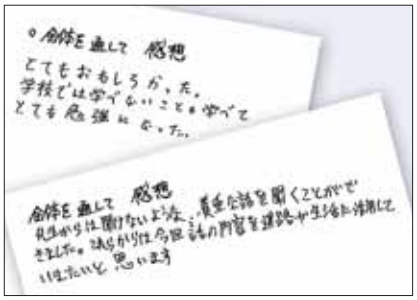
In response to a request from the Sanyo-onoda Municipal Library, THK's YAMAGUCHI Plant, along with about 10 other local companies, took part in an exhibition designed to inform residents of the area about the histories and philosophies of local businesses. The event began in May 2009 and continued for about one month. The exhibition, which featured display panels and informative pamphlets, was attended by many local residents and won praise for casting light on interesting aspects of the history of the city of Sanyo-onoda.

The YAMAGUCHI Plant is prepared to actively pursue similar opportunities that may arise in the future, in order to preserve its close relationship with the local community.

The THK exhibit

Lessons on demand

At the request of a number of high schools, THK's Application Engineering Department has presented lessons at the schools on three occasions in order to enrich the curriculum by sharing aspects of THK's wide-ranging technological expertise. In February 2010 THK employees presented a two-hour lesson to 76 first- and second-year students at Yamagata Prefectural Higashine Technical High School. The lesson offered examples of advanced technologies and explanations of how they are used—areas not usually covered in regular lessons—and generated strong interest among the students in the fundamental role played by THK technology in Japanese *monozukuri*.



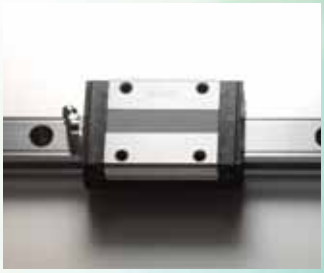
Comments received from students

JAVADA commendation

In November 2009 Japan's Ministry of Health, Labour and Welfare and the Japan Vocational Ability Development Association awarded the association's chairman's commendation to THK's KOFU Plant. Since 1978, in response to a request from the Yamanashi Vocational Ability Development Association, the KOFU Plant has conducted skill tests for nine types of machining work and dispatched employees to serve on certification committees. In addition, it has established a system to help employees prepare for proficiency tests. The award was presented in recognition of these efforts. The KOFU Plant will continue to work to improve skills and promote occupational training both inside and outside the company.

Harmony with the environment

In an era when "environmentally conscious" attitudes are a well-established aspect of daily life for ordinary consumers, businesses—especially manufacturers—have to do more to help protect the global environment. THK practices environmental management, which means incorporating environmental consciousness into every aspect of corporate management, and therefore conducts its business activities with respect for the global environment. Evidence of this can be seen in THK's comprehensive efforts to conserve energy and recycle raw materials and other resources.



Topics in 2009

• ISO 14001 certification

THK has launched a campaign to ensure that all its production sites, both in Japan and overseas, obtain ISO 14001 certification. As part of this initiative, THK LIAONING became certified in fiscal 2009. The process of obtaining certification has made THK LIAONING's employees increasingly aware of the need for environmental conservation.

• Green purchasing briefings

THK held briefing sessions on green purchasing practices in five locations in Japan, eliciting the participation of around 350 partner businesses. These briefings were occasioned by major revisions to the THK Group's Green Purchasing Guidelines, as a result of amendments to the Law Concerning the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the coming into force of REACH, the European Union regulation concerning the registration, evaluation, authorization, and restriction of chemicals.

Promoting environmental management

Q What is the basic philosophy underlying THK's environmental activities and environmental management efforts?

A **The THK Group's philosophy is set forth in its basic environmental policy. THK sets targets and identifies specific areas where efforts are needed on the basis of this policy.**

Basic environment policy

Since the development of the LM Guide, the THK Group has contributed to both society and the economy through its pioneering role as a manufacturer of linear motion systems and machine components. THK believes that it is a company's social responsibility to leave the global environment in good condition for the next generation, which is why THK is undertaking the following initiatives to continually decrease environmental burdens and maintain and improve the natural environment.

THK Group's basic policy regarding the environment

1. Conservation of the environment is considered a major management concern, and we are striving to accurately grasp the impact on the environment produced by the Group's business activities, products, and services. Every division participates by setting relevant environmental goals.
2. In addition to following environmental laws, we set self-imposed standards for Group companies and regularly review them to improve the efficiency and effectiveness of our environmental management.
3. We will continually promote the development of products that help reduce environmental burdens.
4. We will continually promote conservation and recycling of resources, with particular attention to reducing and recycling waste from our manufacturing divisions.
5. To promote greater unity in our environmental activities, we will provide guidance and support to our affiliates and business partners, and strive to work in cooperation and harmony with local communities.
6. This basic policy regarding the environment shall be disseminated to all divisions in the Group through education, training, and activities designed to improve awareness. We will disclose information concerning the environment to parties within and outside the Group in a timely manner.

■ Environmental activities and targets

Area	Objectives and goals	Main activities
Energy conservation and preventing global warming	Cut greenhouse gas emissions	① Energy diagnostics ② Energy conservation ③ Use of clean energy
Material conservation and zero emissions	Reduce environmental impact: achieve zero emissions	① Input controls (materials, parts and by-products) to reduce usage and boost per-unit yields ② Controls on emissions and final waste disposal ③ Material reuse and recycling
Harmful substance controls	Eliminate and control harmful substances in THK Group production and distribution activities	① Substitution of PRTR-designated substances ② Investigation and substitution of chemical substances covered by the REACH regulations ③ Green procurement and purchasing
Environment-friendly products and services	Develop products and supply services using LCA (Life Cycle Assessment) methods	① Caged Ball Product series development ② Extension of service life and maintenance-free periods

Environmental management system

Q What mechanisms does THK have in place to deal with environmental issues?

A **THK has introduced mechanisms to facilitate the acquisition of ISO 14001 certification—the international standard for environmental management systems—and is pursuing this objective through concerted efforts by all its business divisions.**

Environmental management system

THK is actively working to acquire ISO 14001 certification for all its production sites in Japan and overseas. In fiscal 2009 THK LIAONING, located in China's Liaoning Province, became certified. Through their successful efforts to obtain certification, the employees of THK LIAONING have become more aware of the importance of environmental preservation. In accordance with China's laws and with environmental conditions there, THK Liaoning has enacted rules requiring the thorough sorting of waste materials and other useful measures.

Environmental activities are carried out by all THK Group companies. The Risk Management Division's Environmental Management Department, located at THK Headquarters, coordinates activities carried out by THK's administrative, production, and distribution divisions.

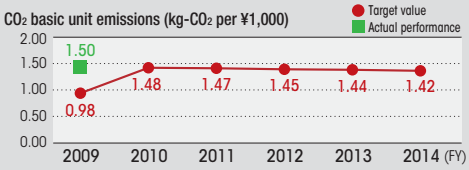
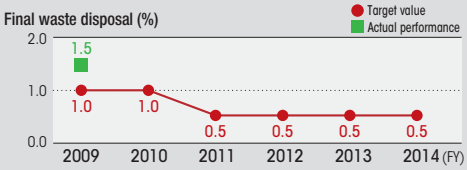
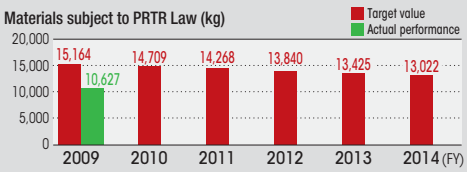
In fiscal 2009 THK met its targets for harmful substance controls by reducing its use of PRTR-designated substances, but failed to meet its targets for energy conservation, preventing global warming, material conservation, and zero emissions (see pages 34 and 35). For this reason the company has revised its medium-term environmental plan, which covers the next five years, and established a new set of numerical environmental targets.

ISO 14001 certified business locations

Location	Date of certification	Certifying body
YAMAGATA Plant	Sept. 10, 1999	JQA
KOFU Plant	Dec. 28, 2000	JQA
YAMAGUCHI Plant	Feb. 2, 2001	JQA
TRNA* (America)	Jun. 13, 2001	SQA
THK RHYTHM, Headquarters/GOKYU Plant	Dec. 20, 2001	JIA
MIE Plant	Sept. 6, 2002	JQA
THK RHYTHM KYUSHU	Dec. 20, 2002	JIA
TMA (America)	Jul. 14, 2003	QMI
TME (Europe)	Feb. 3, 2004	AFAQ
GIFU Plant	Dec. 24, 2004	JQA
THK NIIGATA	Oct. 21, 2005	JQA
THK RHYTHM INASA Plant	Dec. 20, 2006	JIA
THK WUXI (China)	Jan. 7, 2008	CQC
DALIAN THK (China)	Dec. 18, 2008	TÜV
THK LIAONING (China)	Jan. 12, 2010	TÜV

* TRNA : THK RHYTHM NORTH AMERICA CO., LTD.

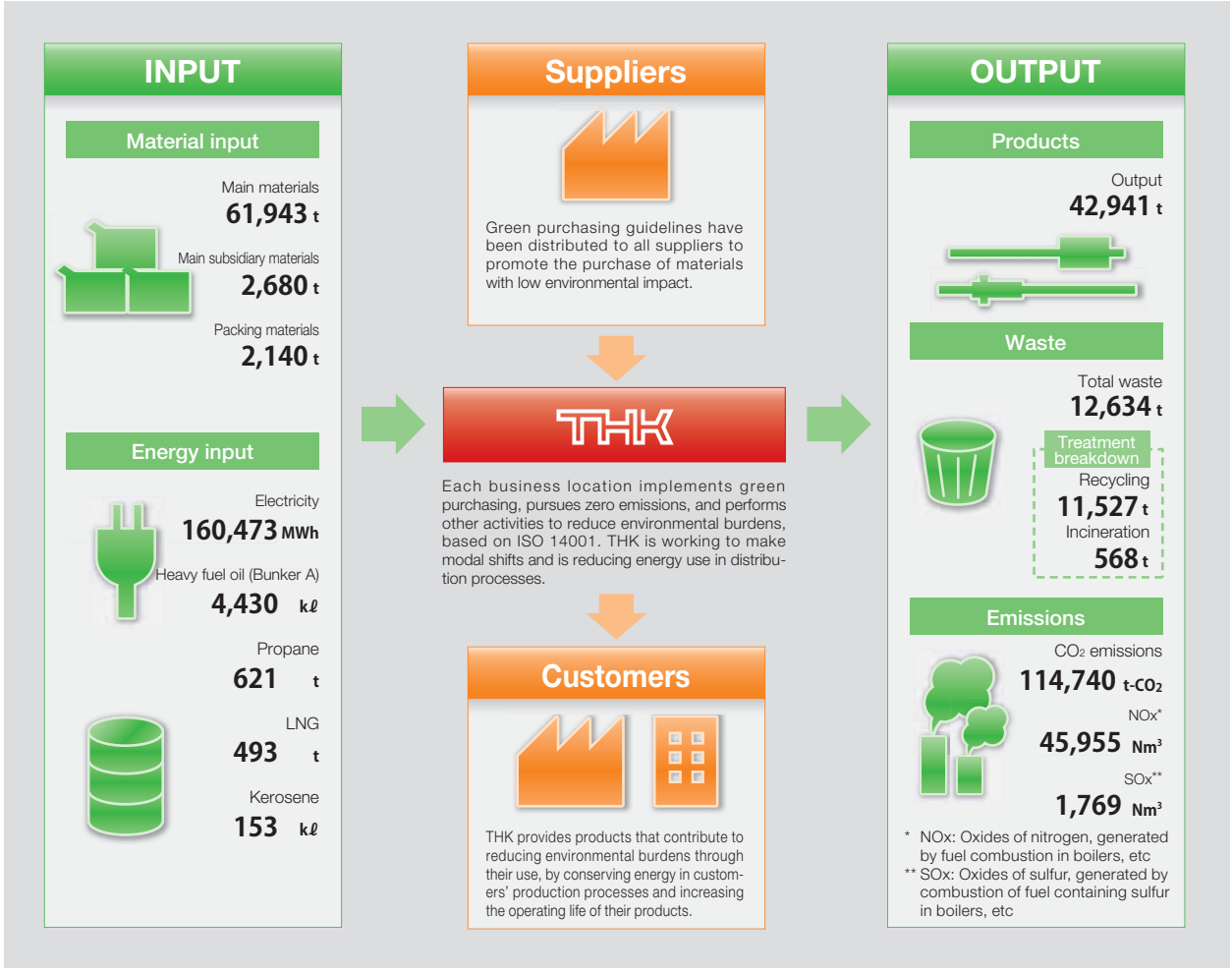
THK's environmental targets

No.	Field	Fiscal 2010 targets	Midterm targets(by fiscal 2014)
1	Energy conservation and preventing global warmning	Reduce CO_2 basic unit emissions to 1.48 kg-CO_2 per ¥1,000 (1% reduction relative to the 2009 level) Fiscal 2009 target was 0.98; 1.50 actual (target not met) Major efforts in fiscal 2010 ① Reduction in absolute power consumption (full-scale conservation of electricity) ② Controlled energy usage (powering machines, air-conditioning, and lighting) ③ Increased equipment efficiency	Reduce CO_2 basic unit emissions by 5% Standard value: 1.50 kg-CO_2 per ¥1,000 (relative to fiscal 2009) 
2	Material conservation and zero emissions	Reduce emissions rate to less than 1% Fiscal2009 target was 1%; 1.5% actual (target not met) Major efforts in fiscal 2010 ① Better waste separation to facillitate recycling ② Monitoring of external recycling ③ Use of extended-life machining oil	Achieve and maintain zero emissions (less than 0.5% of final waste disposal) Standard value: 1.5% (relative to fiscal 2009) 
3	Harmful substance controls	Reduced the use of PRTR-designated substances to 14,709 kg or less Fiscal 2009 target was 15,164 kg; 10,627kg actual (target met) Major efforts in fiscal 2010 ① Green procurement ② Updating and controlled usage of forklifts ③ Use of alternative solvents in production processes	Reduce use of materials subject to PRTR Law (3% per year) Standard value:15,164 kg (Fiscal 2009 target) 

Environmental impact: The big picture

Q What is the status of THK's management of environmental burdens?

A **Every year THK collects detailed numerical data on its energy consumption and emissions of environmental pollutants and is working hard to reduce both.**



Cost of environmental protection

(¥ million/year)

Category	Investment	Expenditures	Main measures
1) Business areas			
Pollution control	9.4	40.9	Maintenance of air and water quality monitoring equipment, oil-water separator tanks, etc.
Environmental protection	261.4	29.9	Introduction of energy-saving incidental equipment, related construction work
Resource recycling	6.5	103.7	Disposal and recycling of industrial waste
2) Upstream/downstream costs	0.1	2.5	Green purchasing
3) Control activities	2.3	107.3	Acquisition of ISO certification, awareness of environmental laws
4) R&D (including Development Dept.)	30.9	313.1	
5) Social activities	0.0	20.0	
6) Environmental cleanup	0.0	0.0	
Total	**310.6**	**617.4**	

Notes: 1) Figures on overall environmental burdens and other environmental accounting data represent an aggregate based on data from the following production facilities: THK's five Plants in Japan, in YAMAGATA, KOFU, GIFU, MIE, and YAMAGUCHI: other THK Group Plants in Japan; THK NIIGATA, three THK INTECHS Plants, Nippon Slide, THK RHYTHM CO.,LTD., and THK RHYTHM KYUSHU CO.,LTD.: and five overseas THK Plants; TMA (America), TME (France), DALIAN THK (China), THK WUXI (China), THK LIAONING (China)
2) Figures on NOx and SOx emissions are for THK's five Plants in Japan only.

Energy conservation and preventing global warming

Q What efforts has THK made to reduce CO_2 emissions?

A **THK is switching to energy-saving production equipment, air-conditioning systems, and lighting, and is improving operational efficiency to reduce its energy consumption.**

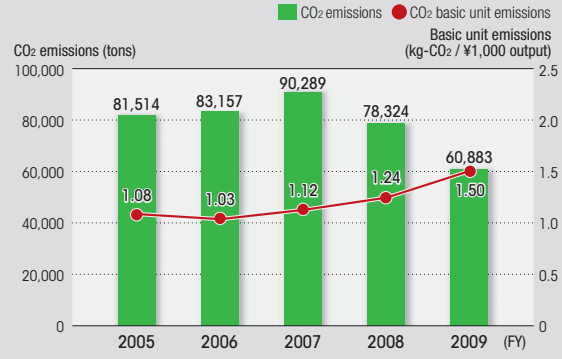
CO_2 emissions in fiscal 2009

THK sets targets for reducing CO_2 emissions, using basic units (CO_2 emissions divided by production value). In fiscal 2009 the target basic unit was set at 0.98 but the actual result was 1.50, reflecting a sharp decline in production caused by the economic downturn. In absolute terms, CO_2 emissions declined by 17,440 tons, for a 22% reduction compared to the previous year; 78,324 tons of CO_2 were emitted in fiscal 2008, while 60,883 tons were emitted in fiscal 2009.

In an effort to improve on the above results and in order to comply with the revised Law Concerning the Rational Use of Energy (which entails a shift from reporting based on results for individual business locations to reporting based on companywide results and also requires a minimum 1% annual reduction in energy usage), from fiscal 2010 on THK is basing its fiscal 2014 target on the fiscal 2009 results, to help ensure annual reductions of at least 1%.

Energy-saving initiatives carried out by THK in fiscal 2009 included conversion to energy-saving lighting and air-conditioning systems and more efficient use of coolers, air compressors, and other incidental equipment. In addition, a number of new efforts were initiated in fiscal 2010 to help THK achieve its targets: (1) a switch to the use of low-loss transformers, (2) the introduction of LED lighting, (3) the introduction of inverter-controlled production equipment, (4) the recovery of heat from boilers, (5) the reduction of air-blower operating times, and (6) the intensification of production lines.

■ **Reducing CO_2 emissions**



Reducing energy consumption by air compressors

THK's YAMAGUCHI Plant is conserving energy by reducing the amount of electricity consumed by air compressors. The plant has introduced a system that automatically starts and stops various air compressors depending on the demand for air inside the plant.

In the past, an engineer in charge of air compressors would check the demand for compressed air inside the plant and turn individual air compressors on and off accordingly. Thanks to a program that automatically controls the number of air compressors in operation in response to variations in air pressure, the new system efficiently delivers a stable supply of air. As a result, the amount of electric power consumed by air compressors has been reduced by 25%, which has contributed significantly to the plant's efforts to conserve energy.

An air compressor at the YAMAGUCHI Plant

At THK NIIGATA, the operation of the plant's multiple air compressors used to be centrally regulated using an inverter controller. In the interest of conserving electric power, the respective power consumption figures resulting from centralized control and decentralized control were monitored for a period of six months. This revealed that power consumption is more easily reduced through the use of decentralized control.

Based on these findings, the plant's approach to operating air compressors was altered from centralized control to decentralized control, which has resulted in energy savings of approximately 500 kilowatt hours per day.

Power consumption at THK NIIGATA was monitored overa a six-month period.

Energy-saving light fixtures

At THK's MIE Plant, 16 conventional mercury-vapor lamps have been replaced with lamps equipped with reflector shades, resulting in energy savings of approximately 40 kilowatt hours per day. This has also improved conditions in the workplace by increasing illumination by a factor of 1.7, from 210 to 350 lux.

In addition, conventional recessed lights used in the office building showroom have been replaced with LED lights. The LED lights consume a mere one-eighth the electricity that the old lights consumed, resulting in energy savings of approximately 1.95 kilowatt hours per day.

The MIE Plant showroom

Material conservation and zero emissions

Q What efforts has THK made to reduce waste?

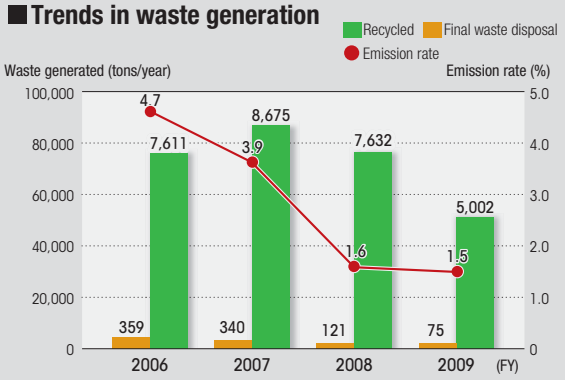
A **THK sets clear targets for reducing waste by carefully monitoring its emission rates and has intensified its efforts to recycle various types of waste materials.**

Material conservation and zero emissions

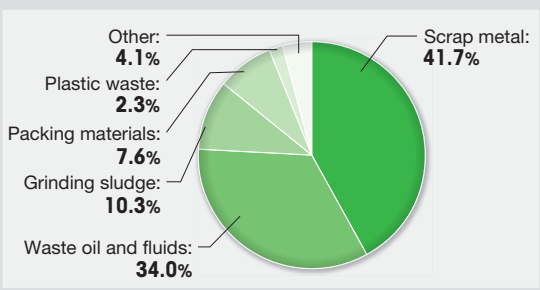
THK sets its waste-reduction targets based on its emission rate—the volume of waste designated for final disposal, expressed as a percentage of the total volume of waste generated. The waste-reduction target for fiscal 2009 was set at less than 1%, but THK failed to meet the target; the actual figure was 1.5%. This occurred because the contractor hired by THK to recycle its grinding sludge did not recover enough sludge to permit complete recycling, due to a decline in THK's output. As a result, some of the sludge was incinerated, and the remains were buried in landfills. This issue has now been rectified, and grinding sludge is being thoroughly recycled.

The total amount of waste generated in fiscal 2009 was 5,002 tons, which was 2,630 tons, or approximately 34%, less than in fiscal 2008. Some 75 tons of waste was designated for final disposal (in landfills or by incineration), which was 46 tons, or 38%, less than in fiscal 2008. These results reflect both the decline in THK's output and measures taken to reduce waste generation at the source, as well as more thorough recycling of grinding sludge, scrap metal, grindstones, plastic waste, and waste oil and fluid. THK will strive to meet its waste-reduction target for fiscal 2010 through efforts such as disassembling and separating the components of composite materials (materials made from two or more constituent materials), recycling solvents, and using extended-life cutting fluid.

■Trends in waste generation



■Waste



Recovery and recycling of rare metals

At THK NIIGATA, some of the waste fluid generated in the manufacture of Ball Splines used to be consigned to landfills. In fiscal 2009, however, the plant adopted new methods of storing and accumulating waste fluid, enabling it to stockpile enough waste fluid to make recycling feasible. As a result, the plant has established a recycling system that permits the recovery of materials from which rare metals can be extracted. About 40 kilograms of such materials are expected to be recovered every year. After the materials are recovered, the waste fluid is separated into ammonia and water by a recycling company, and the ammonia is subsequently incinerated.

Approaches to waste reduction

At THK Manufacturing of America (TMA), which is located in the state of Ohio, ongoing efforts are being made to generate less waste and recycle more materials. TMA used to simply throw away used cleaning rags but has now joined forces with a recycling company to launder and reuse them. As a rule, cleaning rags are washed and reused at least three times. In this way the volume of waste attributable to discarded cleaning rags has been reduced by 25,200 kilograms per year.

TMA has also enlisted the cooperation of customers who regularly purchase LM Guides in an effort to reduce the number of cardboard packing boxes used, by switching to larger boxes that can hold more products. This has resulted in a 4,200-kilogram annual reduction in the amount of waste attributable to packing boxes. Customers have reacted favorably to this development, since they end up with fewer boxes to discard and spend less time unpacking the products they order.

Used cleaning rags are collected in bins.

Cleaning rags, washed and ready to be reused

Harmful substance controls

Q What measures has THK introduced to reduce the use of harmful substances?

A **THK is both reducing its use of PRTR-designated substances and increasing its procurement of raw materials that contain no harmful substances.**

Reduced use of PRTR-designated substances

As part of its framework for controlling harmful substances—substances that could adversely affect human health and damage ecosystems—THK is working to reduce its Production Division's use of chemical substances that are subject to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., also known as the PRTR Law,* and has set an annual target of reducing such use by 3% in comparison to the previous year. THK met this target for the third year in a row in fiscal 2009; the total amount of harmful substances used during the year was 10,627 kilograms.

The target was achieved thanks to a number of factors, including a decline in operation of forklifts powered by gasoline or light diesel oil, resulting from a lower production volume; an ongoing shift from gasoline- and light-diesel-oil-powered forklifts to forklifts powered by batteries or liquid propane; and an ongoing shift to the use of grinding fluid and detergents that do not contain PRTR-designated substances.

As a result of revisions to the applicable laws, the number of PRTR-designated substances has increased. Although this may pose greater challenges, THK will continue to ensure that legally prescribed controls are thoroughly implemented, closely monitor and accurately report PRTR data, and keep working to reduce its use and emissions of PRTR-designated substances.

*PRTR: Pollutant Release and Transfer Register. The PRTR Law was enacted to facilitate better control over and reporting of emissions of designated chemical substances.

Substances subject to the PRTR Law (kg)

Type	Amount handled	Amount emitted into the atmosphere
Xylene	2,991	40
Toluene	3,849	120
Ethyl benzene	567	21
Benzene	195	44

Nontoxic grinding fluid

In the past, THK's MIE Plant used grinding fluid containing Class I Specified Chemical Substances, as designated under the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. Working in cooperation with a grinding fluid manufacturer, the plant has been switching to the use of fluid that contains no such substances. Over the course of one year of testing on grinding machines equipped with separate fluid tanks, the nontoxic fluid's performance compared favorably with that of conventional fluid, so the plant has been shifting to the use of nontoxic fluid. Because this initiative began midway through fiscal 2009, the transition was only 40% complete by the end of the year, but it is expected to be completed in fiscal 2010. Thus, the MIE Plant is scheduled to completely abolish the use of grinding fluid containing Class I Specified Chemical Substances.

Green purchasing briefings

In fiscal 2009, in response to the revision of the PRTR Law and the coming into effect of the REACH regulation* in the European Union, sweeping revisions were made to the THK Group's green purchasing guidelines, which specify standards for the purchasing of chemical substances. To explain the new guidelines, the company held green purchasing briefings in five locations in Japan, which were attended by representatives from some 350 partner businesses.

THK's green purchasing practices form the basis of its environmental preservation efforts and compliance with respect to the environment. The objectives of THK's green purchasing efforts are (1) to ensure consideration for the environmental impact of products, components, and materials procured, at each stage in the process extending from manufacture and distribution through use and eventual disposal; and (2) to ensure closer attention to the environmental impact of items procured, through active efforts to protect the overall environment. These objectives can only be achieved through cooperation with THK's partner businesses.

At the briefings, THK representatives explained the revised green purchasing guidelines and the REACH regulation and other regulations. They also asked that partner businesses lend their cooperation to THK's green purchasing efforts by using new techniques to ascertain the presence of various chemical substances and switch to materials that do not contain harmful substances.

The briefings included question-and-answer sessions to provide partner businesses with an opportunity to ask questions and express their views. THK will incorporate these views into its green purchasing activities and intends to further improve its communications with partner businesses and establish a mutually beneficial environmental quality system.

A green purchasing briefing at THK headquarters

*REACH regulation: A European Union regulation, effective as of June 1, 2007, imposing a comprehensive system for the control of chemical substances. The acronym REACH is derived from the phrase "Registration, Evaluation, Authorisation and Restriction of Chemicals."

Green distribution

Q What measures does THK have in place to reduce CO_2 emissions in its distribution activities?

A **THK employees responsible for promoting green distribution hold regular meetings and are working to reduce CO_2 emissions through measures such as improving load ratios, integrating transport routes, and effecting a modal shift from automotive to rail transport.**

Green distribution

THK's Distribution Division, operating through Distribution Centers located all over Japan, is engaged in green distribution activities aimed at reducing environmental burdens throughout the entire distribution process. THK is pursuing a variety of initiatives, such as promoting a modal shift and integrating truck routes, based on two key principles of green distribution: reducing CO_2 emissions and improving transport efficiency.

To promote green distribution, Green Distribution Committee members selected from THK Distribution Centers in Japan meet regularly to discuss green distribution activities, formulate plans, and review the status of ongoing efforts.

Activities in fiscal 2009 included a review of regular chartered shipping routes and efforts to improve load ratios and integrate truck transport routes. These efforts have enabled the CHUBU Distribution Center to operate one fewer regular truck route per day in Aichi Prefecture. At the KOFU Plant's Distribution Center, shipments previously transported to the Kanto region by fixed-route trucks are now carried on regular chartered trucks, which has increased load ratios by about 10%.

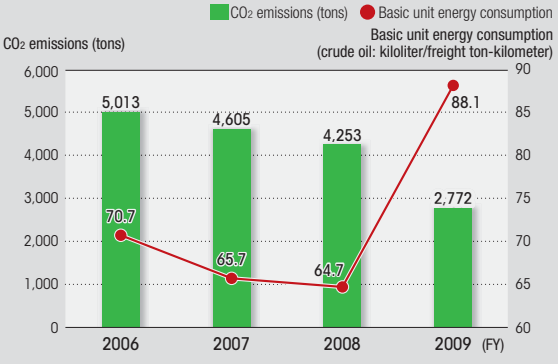
A Green Distribution Committee meeting

Transport-related CO_2 emissions

In fiscal 2009 CO_2 emissions resulting from the transport of products and components declined to 2,772 tons, which is 1,481 tons, or approximately 35%, less than in fiscal 2008. Basic unit energy consumption (energy consumption divided by ton-kilometers of freight) increased approximately 36%, however, from 64.7 in fiscal 2008 to 88.1 in fiscal 2009.

These results reflect a major decrease in shipping volume, on the one hand, as well as an overall decline in load ratios for transport trucks and less progress than expected in pursuing a modal shift on various transport routes. THK expects to reduce its basic unit energy consumption in fiscal 2010 by integrating chartered truck operations, improving load ratios, and implementing a modal shift in transport operations among THK Group companies.

■ Trends in transport-related CO_2 emissions and specific energy consumption for THK alone



Converting forklifts

THK is in the process of replacing forklifts that run on gasoline or light diesel oil with battery- or propane-driven forklifts, to reduce the environmental impact and the noise transmitted to nearby residential areas. Of the 55 forklifts now in use at THK Distribution Centers, only five, or about 10%, are gasoline-powered. In light of the resulting improvements in working conditions—less noise and dust—THK is planning to convert more forklifts in the future.

A battery-powered forklift

Reusing pallets

THK's YAMAGUCHI Distribution Center is now recovering and reusing skid pallets used for shipping products to overseas plants and distributors. These pallets have been used for some time to facilitate the efficient loading of shipping containers. In cooperation with overseas distributors and THK Group production sites, the Distribution Center has established procedures and routes for recovering the pallets and is now reusing them, having won approval from THK customers for this effort to reduce the eventual environmental burden. Since the introduction of the new system, about 400 pallets have been returned and reused every year.

A reusable skid pallet

Third-party opinion

From a variety of perspectives, including the need to sustain human populations, provide them with sufficient food and sources of energy, and protect the global environment, the human race is now faced with the pressing issue of establishing a recycling-oriented society that will not place additional burdens on the environment. In this way, humanity has reached a historical turning point and is beginning to confront new challenges. In light of this, it is both reassuring and consistent with societal needs and trends that THK is faithfully pursuing its business activities as described in its *CSR Report 2010/2011*, in accordance with the principle of devotion to the three Es—environmental preservation, energy security, and economic growth.

Nowadays a company's environmental management efforts can have a major impact on the company's reputation. THK's positive approach to environmental management is well expressed in this report's "Message from the top." For corporate management, addressing environmental issues often entails assessing risks, so the trend toward environmental management can be regarded as an opportunity for effective risk management.

The CEO's message pledging to actively develop new products that can help protect the global environment, and THK's determination to make good on this pledge through truly meaningful environmental management, are just what Japan and the rest of the business world need, now more than ever. The situation requires principles to guide environmental management efforts and specific, effective managerial policies. One aspect of environmental management is dealing with energy-related issues. This entails tackling a variety of technological challenges, such as improving energy efficiency, incorporating the use of renewable energy sources, developing nonpolluting transportation fuels, incorporating the combined use of nonpolluting energy sources such as hydrogen and electricity, and developing advanced distributed-energy systems. Through the development of these technologies and the manufacture of devices specifically designed to apply such technology, the world can look forward to overcoming many challenges related to population growth, the demand for food, and the preservation of the global environment. The development and application of such technology will, it is hoped, ultimately yield the necessary developments with respect to environmental preservation, energy security, and economic growth, and provide a foundation for sustainable development. THK serves as a source for technological innovation that organically integrates these various technologies, based on a broad vision.

In addition, it is essential that environmental management be evaluated by society and by markets. Grassroots-level communication and information-sharing play a very important role in this regard. I'm very impressed with the sincerity of THK's grand vision of environmental management and its efforts to translate this vision into reality by applying it to specific machinery and equipment.

Businesses are now confronted with change: a changing business environment, increasing internationalization, the advance of the information society, and greater corporate social responsibility. As a result, risks have become more diverse and are growing to monumental proportions, and the need to control such risks is increasing. THK's efforts to analyze risks, compile a risk management manual, train its employees properly, and conduct appropriate evaluations are described in the sections of this report dealing with business continuity planning, countermeasures against influenza, information security, and the safety confirmation system, which all come under the heading of "Risk management and information security." Ensuring business continuity in the event of a major disaster and pursuing risk management through constant training and evaluations are aspects of corporate social responsibility that will be increasingly important in the future.

Virtually everyone, from world leaders to ordinary individuals, is now aware that in order to maintain a balance between environmental preservation and economic development and enable people to live healthy, prosperous lives, it is absolutely essential to work to curb global warming, establish a recycling-oriented society, and learn to coexist with nature.

It has become clear that reducing greenhouse gases and protecting the global environment constitute a major investment in the future, one that can yield real economic benefits. Having read this *CSR Report*, I now understand THK's sincere efforts to address environmental issues.

I hope that these efforts, supported by genuine technology, will help usher in new attitudes among people throughout the world, and that the ranks of THK fans will steadily increase.

Professor **Kazuichi Seki**, D. Eng.

Executive Officer, Energy Research Center, Ming Dao University
Professor, Research Institute of Science and Technology, Tokai University

Career: In 1963, Mr. Seki joined the Faculty of Aeromechanics, the Institute of Space and Aeronautical Science, University of Tokyo, as a Research Associate. In 1976, he moved to Tokai University as a Lecturer of the Research Institute of Industrial Science, and then was promoted to an Assistant Professor after several years' experiences. In 1991, he was promoted as a Professor of the Research Institute of Technology Development, Tokai University. In 1997, he became a Professor of the Research Institute of Science and Technology, Tokai University. In 2006, he assumed his current position as a Director-General of the Energy Research Center, Ming Dao University.
Research Topics: Studies on low-subsonic aerodynamics, transonic aerodynamics, and supersonic aerodynamics and hypersonic aerodynamics. Studies on environmental engineering, windmill engineering, rockets, and aerodynamics of flying objects. Studies on applied aerodynamics of vehicles, sphere-shaped objects, long-span bridges, and structural objects. Studies on atmospheric dispersion, and the ventilation of long tunnels. Study on energy conversion engineering. Studies on wind characteristics and wind power systems of varied size. Study on human-powered aircrafts.
Assigned Organization/Academy: Committee Member of the Renewable Energy Group, the Advisory Committee on Energy and Natural Resources of METI; Committee Member of the Wind Power Generation Technology Committee, New Energy and Industrial Technology Development Organization (NEDO); Councilor of the New Energy Industrial Forum/Committee Member of the Wind Power Committee, New Energy Foundation (NEF); General Committee Member of the Wind Power Generation Standardization Committee, The Japan Electrical Manufacturers' Association (JEMA); Chairperson of Japan Wind Energy Association; Administrative Director of the Japan Organization for the Promotion of Renewable Energy.

Postscript

It has been our pleasure to present this year's *THK CSR Report*, our fourth report so far. The two-part feature section of this report includes an account of events during last year's Suruga Bay earthquake that show how THK products play an effective role in people's immediate surroundings, along with comments by people who use seismic isolation devices. The feature section also includes a look at one of our overseas production facilities, exemplifying THK's global expansion, and shows how employees there are seriously committed to *monozukuri*. Other sections offer easy-to-follow explanations of the corporate governance and compliance systems in which our stakeholders place their trust, as well as various mechanisms THK has established for developing the capabilities of its employees, contributing to the welfare of local communities, helping to alleviate global warming, and eliminating the use of chemical substances that can adversely affect human health. As in previous years, ever since the *CSR Report* was first published in 2007, we have also made an effort to present the voices and opinions of THK employees and other people connected to THK, to provide a behind-the-scenes perspective.

THK will continue to strive to be fully deserving of its stakeholders' trust and remains dedicated to the fair disclosure of relevant information.

We are interested in hearing your views and impressions about this report, so that we can use this valuable feedback as a resource for THK's future CSR activities and when preparing our next report. Your candid thoughts and opinions will be greatly appreciated.

CSR Report Project secretariat
(Next scheduled report: September 2011)

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