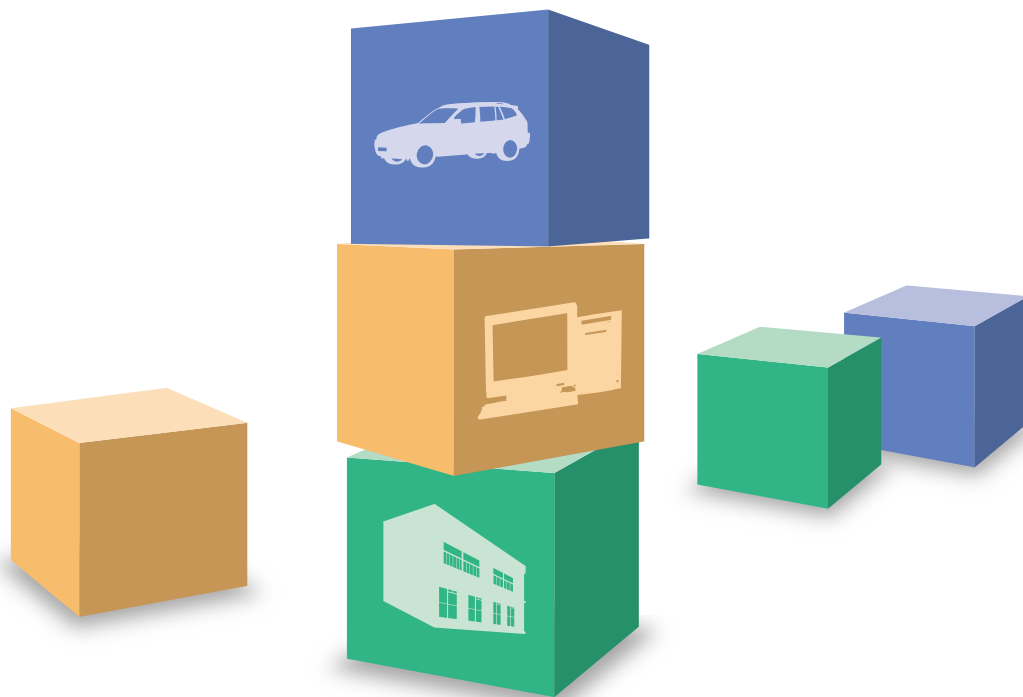


Building a better world by building innovative products

NHK Spring Report 2010

Society·Environment·Finance April 2009~March 2010



To contribute to building a better world through product innovation, managing with CSR and sound group management.

The global economy that plunged after the Lehman shock was led by growth in the emerging countries such as China and India.

We expect the production in the automotive industry, a major focus of the Group, to continue to expand globally as a long-standing growth industry. In the IT equipment sector, production of another major focus of the Group, we expect HDDs (hard disk drives) production to continue to grow, driven by strong demand for PCs.

We aim to relaunch the Group towards new growth on the basis of these economic conditions through global growth strategies for each of our businesses and making our products and services more competitive. Our policy is to actively promote CSR management, with compliance at its core, in order to conduct sustainable business. We accept our responsibilities as a global organization. We are working to enhance management transparency and system of checks and balances to earn the trust of all our stakeholders. We also actively encourage contributing to society and protecting the environment, and operate a strengthened global risk management system. Through this, we aim to contribute to building a richer society.

We hope to use this report to show our approach to our social responsibilities and something of how we are going about meeting them. We still have a way to go, but we ask for your continuing support in our efforts.



K. Sasaki

Kenji Sasaki
Chairman of the Board

K. Tamamura

Kazumi Tamamura
President and CEO

Message from the Chairman of the CSR Committee

Ongoing active encouragement for CSR

With the profound changes in the business environment in recent years, I believe that any business that hopes to continue to grow should accept its responsibilities to society while building an understanding of corporate activities with its own stakeholders (customers, shareholders, suppliers, employees and government and local communities). At NHK Spring, the CSR Committee which is formed from the directors of the relevant divisions sets the directions for CSR activities, and these are rolled out as concrete actions throughout the entire organization and wherever we operate. NHK Spring will report on how specifically we are involved in CSR in the following pages. This takes in many areas, including compliance, risk management, quality assurance, disclosure, labor, health and safety, contributing to society and the environment. We will continue to work actively to develop our CSR activities through the collective efforts of the Group.



Tsutomu Yamaguchi
Executive Vice President
Chairman of the CSR Committee

We, the people of NHK Spring, follow our Corporate Philosophy, in the spirit of our Corporate Slogan:

Corporate Slogan

NHK Spring —
Progress.
Determination.
Working for you.

Corporate Philosophy

To contribute to an affluent society through an attractive corporate identity by applying innovative ideas and practices, based on a global perspective, that bring about corporate growth.

Contents

Our commitment	2
Overview	4
2009 Highlights	6
CSR Management	8
Social Report	12
Environmental Report	20
Environmental Management	21
Environmental Performance	28
Environmental Data	33
Financial Report	46
Affiliates — overview	73
Corporate overview	75

Editorial policy

This Report was compiled on the basis of the Ministry of the Environment's Environmental Reporting Guidelines (2007 ed.). The report is intended for customers, shareholders, investors, suppliers, local communities around NHK Spring offices and facilities, employees and their families, and so on. It covers NHK Spring's social, environmental, and financial activities for the year.

Scope

This report essentially covers the business activities of the NHK Spring Group from April 2009 to March 2010. As it is being issued in September, it also takes in significant developments since April 2010.

Links between NHK Spring businesses and society

NHK Spring shares the characteristics of its springs, support, transmission, protection, resilience, bounce and stretch. From this, we have expanded across many areas, automobiles, data communications and industry and lifestyle, providing indispensable components of a rich and diverse society.

New product topics

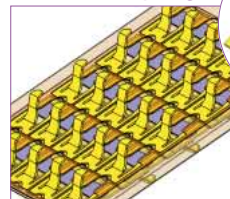
Totsubane



Disc Springs unaffected by confliction

It can support a large load and has a low spring constant, clearly effective in transmission control such as high-frequency oscillation.

Contact Springs



Contact Spring unit
Examples of contact springs layout

A contact spring and its unit that uses micro fabrication technology and spring press processing technology for conducting electricity.

Machinable Ceramics



Outstanding micro fabrication

Realized 10 times high thermal conductivity compared to the normal ceramics. It is also possible to join the adjustment of the rate of thermal expansion and steel.

Automobiles

We supply key components for safety, environmental protection, comfort and high performance.

Suspension springs and suspension spring-related products

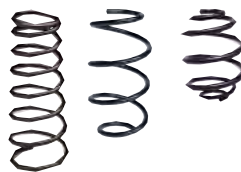
1 Stabilizer bars

Lightweight Stable handling



2 Coil springs

Lightweight Comfort



Seats and interior/exterior products

3 Armrest axle locks

Durability Safety



4 Super Seal/Super Sheet

Waterproof



5 Automotive seats

Safety Comfort



Engine and powertrain components

6 Disc springs, wave springs, arc springs

Durability Comfort



7 Valve springs

Durability Safety Lightweight



Safety and environmental systems

8 Vehicle-mounted laser radar actuators

Safety Durability



Data communications

We use cutting edge technology to deliver high precision, high performance products.

HDD-related products



1 Gaskets (Nippalay)

Low air permeability
Low gas emission

1 Suspensions

High dependability

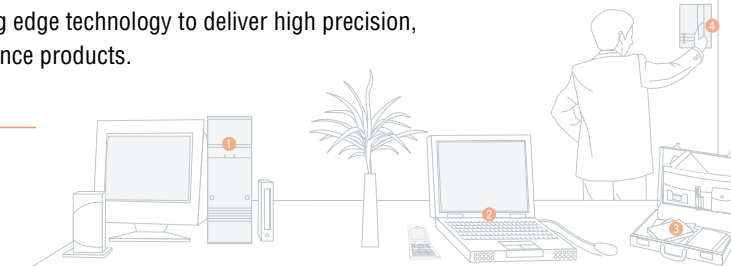
1 HDD mechanical components

High dependability



1 Top covers

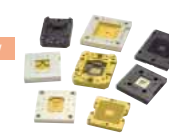
High dependability



Data communications and semiconductor manufacturing equipment-related products

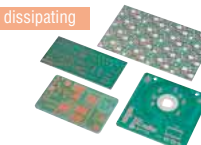
2 Microcontactor units

Durability
High dependability



2 Metal base printed wiring boards

High heat dissipating



Security-related products

3 Trustgram (optical hologram)

High dependability



4 Key-VISCS (access control security)

High dependability



Industry and lifestyle

We provide highly reliable products that serve society, with the emphasis on convenience and comfort.



Lifestyle-related products

1 Lighting systems Yokohama Kiko

Durability Comfort



2 Sporting goods Nippon Shaft

Lightweight Optimal



3 Mechanical multilevel parking systems (SD/UD park)

Space saving Environmental protection Safety



Industrial equipment and lifestyle products

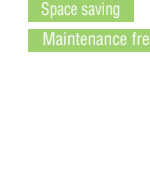
4 Pipe support products

Optimal Safety



5 Tension balancers (Automatic tension adjusting systems for railroad overhead lines)

Space saving
Maintenance free



6 Railroad car and industrial machinery springs Sumihatsu

Durability
Comfort
Safety



Our 70th anniversary

NHK Spring was 70 years old on September 8, 2009. Our head office has been in Yokohama basically since the beginning. We grew around our core technology of springs, which are a vital part of Automobiles, before expanding to key parts of Data Communications and Industry and Lifestyle. We are proud of our roots in Yokohama, and we have expanded our business areas as Yokohama itself has grown.

The business environment continued to be favorable in the first years of the new century and our principal business areas prospered as well. We worked hard to meet our customers' needs for quality, costs and deliveries. However, we have been experiencing a once in a century recession over the last two years, and our business environment remains grim.

Nevertheless, we remain committed to innovation whatever the circumstances, and we will not deviate from this.

We will continue to grow and make dreams reality as we move towards a brighter future.



September 8, 2009 (Then) President and CEO Amaki addresses the anniversary ceremony at our Yokohama facility

March 2010, 'Dansei-Mugen' 70th Anniversary history issued

New advertising campaign launched

We have overhauled our advertising to improve awareness of the Group and raise our corporate image.

The new professional baseball season started in late March 2010. For many years, we had the company name displayed on the fence on the left foul pole side at the Yokohama Stadium, but this season we have switched to the fair side. This is right near the back of a left fielder, and greatly lifts our exposure on TV broadcasts and the sports news etc.

Also, from April, the Shidai-igakubu Station, the nearest station to our Yokohama facility on the Yokohama New Transit Kanazawa Seaside Line will also be called the Nippatsu-mae Station. This will be the second naming right we have acquired, after the NHK Spring Mitsuzawa Football Stadium. The station signage and route maps in the trains will carry 'Nippatsu-mae' and the name will be used to announce the station as the next stop for travelers on the trains.

This will increase the opportunities to put the company name before people. People who didn't know us before will do so now, and others will get to know us better.



Fence signage shifted to the fair side at Yokohama Stadium will make us better known



Shidai-igakubu Station also called Nippatsu-mae Station

NHK Spring Mitsuzawa Football Stadium

We have had naming rights to the NHK Spring Mitsuzawa Football Stadium for 3 years now. Here is a little information about it.

Start of NHK Spring and A college of science & engineering soccer league in KANTO area

In March 2010, NHK Spring became a special supporter of A college of science & engineering soccer league in KANTO area which stages and manages the college league, and which will be known as NHK Spring and A college of science & engineering soccer league in KANTO area from the new season. Our support came about the Soccer J. League club Yokohama F.C. The opening match of the Spring League was held on March 25 at the NHK Spring Mitsuzawa Football Stadium, which we made available for free. The 14 teams in the League contest the Nippatsu Cup in Spring and Fall and play in tournaments and other events. We hope the promising students taking part in the League will develop healthy minds and bodies through sport.



NHK Spring and A college of science & engineering soccer league in KANTO area started March 2010



Chairman and General Manager Okudera of Yokohama F.C. at the opening ceremony

New home side advertising

We have installed new advertising after refurbishing our advertising space in the home side stand. Our advertising now stands out better, using the corporate color, Red as the ground.



NHK Spring advertising stands out in the corporate color, Red on the home side

Renovated spectator seating

Spectator seating has been replaced for the new season. The old benches have been exchanged for individual seats. Total seating capacity has been increased while making the experience more comfortable for spectators. Last season's new lighting has been added to, to better light the pitch and make it easier to see.

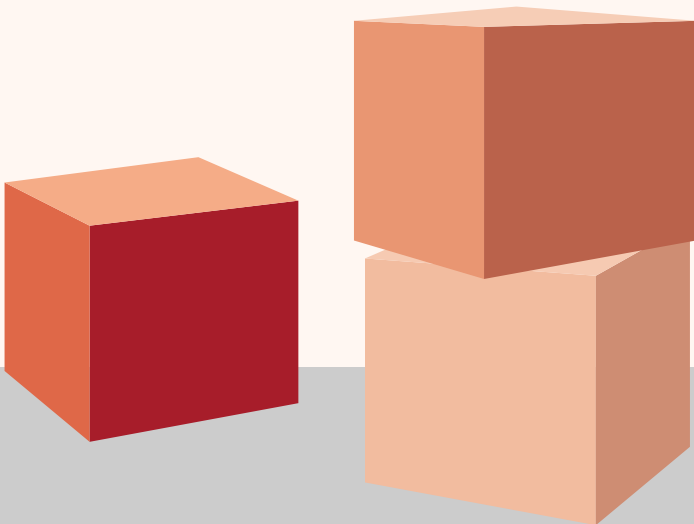
The stadium will be kept busy with a large number of Soccer J. League games in the new season. Not only will Yokohama F.C. and Yokohama F-Marinos play their home games there, but the All Japan High School Soccer Tournament and Rugby (Union) League will also use the stadium.

Make sure to come and visit the NHK Spring Mitsuzawa Football Stadium!



CSR Management

CSR management system	9
Governance and compliance	10
Risk management	11



CSR management system

NHK Spring recognizes the part it should play as a member of society. We have established a management system to integrate group awareness of CSR (Corporate Social Responsibility), to ensure that our CSR activities proceed properly.

Approach to CSR

In our Corporate Philosophy, we speak of “contributing to the development of an affluent society,” and throughout our history, we have worked to meet our responsibilities as a company to society. We have done this in a wide range of areas. We were one of the first companies to become involved with the environment, and we have contributed to local communities for many years.

Promoting CSR

We have a Committee which functions for NHK Spring Head Office, and which sits below the General Strategy Committee. It acts to facilitate discussion to enhance corporate values.

We have a series of Committees which are at the center of the CSR activities of the NHK Spring Group. They are the Product Building Innovation Committee, which takes in suppliers; the IT Strategy Committee, which takes in information security; the Human Resources Policy Committee, which examines staff training and employment and other similar issues; the Group Financial Strategy Committee, which examines the optimization of the procurement of materials; the CSR Committee, which examines our CSR policies on contributing to society and orchestrates our overall social service activities; the Global Environmental Measures Committee, which encourages conservation of the environment; the Risk Management Committee, for risk management; the Internal Controls Committee, which makes internal controls more efficient and effective and the Intellectual Property Strategy Committee, which looks after our patents and other intellectual property.

Encouraging CSR

Each of the committees below the General Strategy Committee consists of members drawn from relevant departments to cover a broad range of areas. The committees actively discuss how to enhance their functions and CSR activities.

Business units and Group companies work together through the relevant departments on the basis of action plans developed from these discussions. We also work with our suppliers and with local government administrations and non-profit organizations to press forward with local initiatives.

In fiscal 2009 we worked to instill a new sense of CSR in our employees by holding CSR seminars as part of our employee training. We will continue to actively promote CSR.



CSR Committee



CSR seminars

Board of Managing Directors and Committees



Governance and compliance

We have established a governance system and provide training in compliance to continue pursuing sound business activities.

Corporate Governance

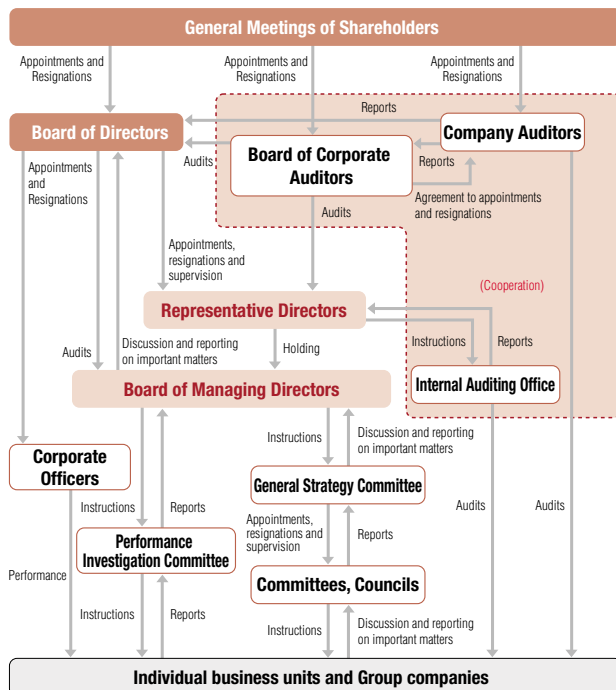
General Meetings of Shareholders and the Board of Directors are the decision-making bodies. However, to allow for more rapid decision-making, we established a system of executive corporate officers in fiscal 2005. There are now seven board members.

The Board of Managing Directors and Committees are the deliberative bodies. The Board of Managing Directors consists of the Executive Corporate Officers and Auditors and enables the exchange of ideas among a smaller group. The Board of Corporate Auditors is the audit body: it consists of four auditors, of who two have traditionally been external auditors.

The Internal Auditing Office provides internal controls and is intended to provide an internal audit function looking at the appropriateness and efficiency of Group activities. We have strengthened the Internal Auditing Office and are operating under the enhanced controls in response to the Financial Instruments and Exchange Act, which came into force in fiscal 2008.

We established a Legal Department in fiscal 2007 to enhance the legal function of the Group. We also receive advice as required on the basis of a consultancy agreement with our consultant lawyers.

Governance system



Compliance

Compliance is at the core of Group management. We have established the NHK Spring Employees Code of Conduct to encourage compliance with the law and genuine responses to the demands society makes on us. The Code sets out the specific requirements to be followed in every aspect of our business and what society expects of us.

The President holds ultimate responsibility for compliance as a Senior Compliance Officer, in order to ensure that management complies with the law. Under our Compliance system, we have appointed a Compliance Promotion Officer with responsibility over all divisions, and Compliance Instruction Officers in each division.

We have also established a Compliance Hotline to provide an opportunity to discuss and disseminate information.

We also conduct a range of learning activities as well as intensive training at all levels of the organization. This is intended to instill knowledge of the Code of Conduct and to raise awareness of compliance for the entire Group.

VOICE

The NHK Spring Group strives to be trusted by society



Takayuki Yamazaki
Director
Legal Dept.

Compliance lies at the heart of CSR. Compliance is not just a matter for the Legal Department — every department and every employees in the NHK Spring Group must be aware of it. We will be conducting intensive visits to every department and Group company and starting terakoya study groups to answer such simple questions as 'What is compliance?' and 'How do we make people aware of it?'

We act to encourage compliance to make sure that the NHK Spring Group is an organization society can trust. We stress that 'Employees should always act in a proper and transparent way. Never act in an improper or dubious way just to push a sale or make a profit.' 'Build an open workplace, free of harassment, where it's good to work.'

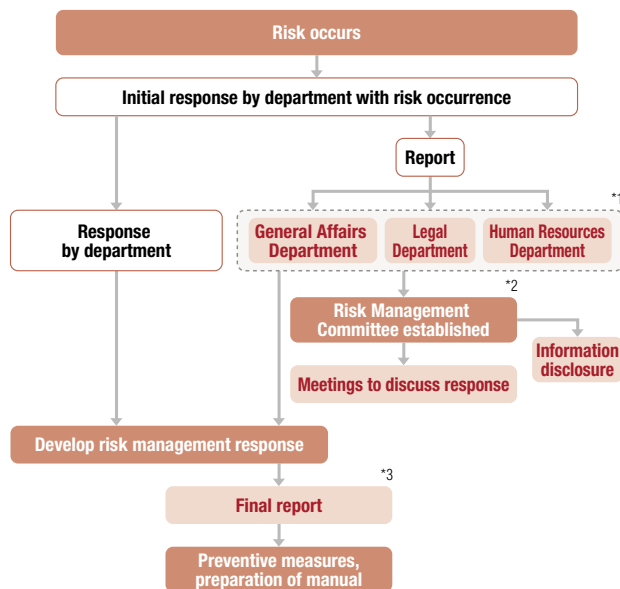
Risk management

We have a risk management system in place to deal appropriately with the various types of risk confronting us.

Risk management system

NHK Spring confronts many types of risk: legal, financial, natural disaster and unauthorized release of information. We have established a Risk Management Committee within the company to deal appropriately with these risks. A new task in fiscal 2009 has been dealing with swine flu to ensure business continuity (rapid recovery). The Committee is developing systems through organizational arrangements and rules to cope with emergencies such as natural disasters. We will continue to work to improve risk management.

Flowchart in the event of risk



*1 The General Affairs Department is responsible for financial and natural disaster risk. The Legal Department is responsible for legal risk. The Human Resources Department is responsible for labor-related risk and incidents overseas.

*2 The General Affairs Department organizes the secretariat.

*3 The final report goes to 1) President and Vice President 2) Corporate officers in charge of the incident and 3) Risk Management Committee secretariat.

Ensuring information security

NHK Spring and all Group companies have set out NHK Spring Group Security Management Policy Guidelines as the basis for preventing the unauthorized disclosure of information relating to transactions with customers and suppliers. We aim to provide information security through these standards and procedures.

The executives and employees of NHK Spring and its affiliates and the employees of contractors (including loan and part-time employees) implement the policy. The whole Group assesses our

intellectual property for importance, and classifies and properly manages it according to what is involved and its degree of confidentiality. The whole Group prevents any unauthorized disclosure, destruction, falsification or improper use of our intellectual property.

VOICE

Taking risk management to a higher level

Tadashi Abe
Director
General Affairs Dept.



Risk management is vital to many aspects of our corporate activities. We recognize that it impacts on the value of the NHK Spring Group.

Acting as the secretariat of the Risk Management Committee, the General Affairs Department identifies and evaluates the risks affecting the organization, and advances plans to deal with them. There are four subcommittees under the Risk Management Committee, to handle specific issues: natural disasters, confidentiality, swine flu and business contingency planning. From fiscal 2010, the Committee began evaluating risk in the overseas affiliates, and was involved in identifying priority issues and planning for significant matters.

We aim to accelerate these initiatives and to take risk management to a higher level in future.

VOICE

Strengthening and bedding down information security systems

Masashi Ishikita
Director
Information Systems

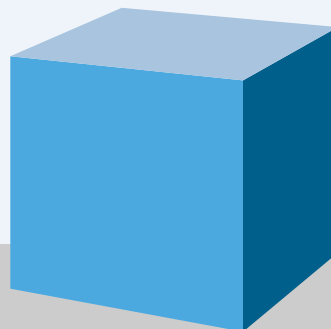


Information security is fundamental to a business environment in which important company information can be used safely and securely. NHK Spring's basic approach, to protecting our information assets so the business can run smoothly, is in the NHK Spring Group Security Management Policy Guidelines. We are working to upgrade our information security by establishing relevant rules and training staff.

We set up an IT Controls Team in the Information Systems Department. The Team will develop arrangements to secure internal controls and allow sharing of information between user departments through enhanced IT controls, and apply these throughout the NHK Spring Group.

Social Report

Customers	13
Shareholders and investors	14
Suppliers	15
Employees	16
Local communities	18



Customers

We deliver high quality products and aim to continuously improve delivery times, costs, and customer satisfaction as well.

Quality assurance

We have Quality Guidelines and a range of quality assurance systems in place to ensure world's best quality products and greater customer satisfaction.

We are actively pursuing international standard accreditations and we operate quality management systems geared towards this.

Quality Guidelines

Achieve greater customer satisfaction at the global level by delivering world's best quality products

Important policies

- Lift levels of quality control globally through quality monitoring and support for Kaizen
- Lift quality assurance for products important for safety and avoid serious complaints
- Staff training geared to the global environment

Specific arrangements

This is what we are doing in relation to our important policies:

1. **Improving secure and global quality control through the NHK Spring Group**
 - (1) Implementation of head office auditing of quality systems and efforts to reduce substandard deliveries
 - (2) Encouragement of autonomous auditing of quality systems and efforts to reduce substandard deliveries
2. **Prevention through better quality assurance in important processes**
 - (1) Inspection and auditing follow-up for important processes (heat treatment and welding, etc.)
 - (2) Expanding the range of important processes (launch of shot peening process)
 - (3) Identification of problems at the development and design stage: preventive DRBFM strategies and action to encourage them
3. **Developing the next generation of quality Kaizen employees through quality control training**
 - (1) Acquisition of problem-solving abilities through off-the-job training
 - (2) Acquisition of insight and problem-solving abilities through on-the-job training
4. **Training and instruction for local managers**
 - (1) Identification of local conditions and preparation of manuals and tools

Acquired certification from the International Organization for Standardization

NHK Springs first acquired the international standardization certificate ISO 9001 for the Atsugi Plant in 1996, and since then, most of our plants have been certified. For our car related production plants, we have acquired the severer ISO/TS 16949. As well as aggressively promote the acquisition of the certificate for all our domestic Group companies, we are also taking on initiatives

to acquire other certificates for international quality management systems such as ISO 9000 series and ISO/TS 16949 that accommodates to our customers and different regions. Through our quality assurance system that is structured based on the international standard for quality management systems, we will continue to provide high quality products based on the idea "The next process is our customer."

What our customers say about us

We work to improve quality, delivery times and costs to meet our customers' expectations. As a result, many of our customers have shown their appreciation in the form of awards and so on.



Commended by many customers

VOICE

Outstanding development capacity and quick response capabilities are expected



Jun Sakuma

Hitachi Global Storage Technologies Japan, Ltd.
Vice President, WW Production Procurement

NHK Spring is one of our most important partners who has been providing us with parts for suspension and covers for our hard disc drive (HDD). Furthermore, they have also handled many of our HDD production bases and are actively pursuing globalization.

I expect continuous support from NHK Spring, who has become the world's top HDD suspension suppliers with the outstanding development capacity and quick response capabilities, and with the rise in expectation for technical requirements in suspensions for HDD.

I really enjoy working with NHK Spring.

Shareholders and investors

We believe that timely disclosure of the position and finances of NHK Spring is the key to support from shareholders and investors over the long term, and we strive to implement this.

Shareholder information and breakdown of shareholdings

Shareholders can contact us in the following way:

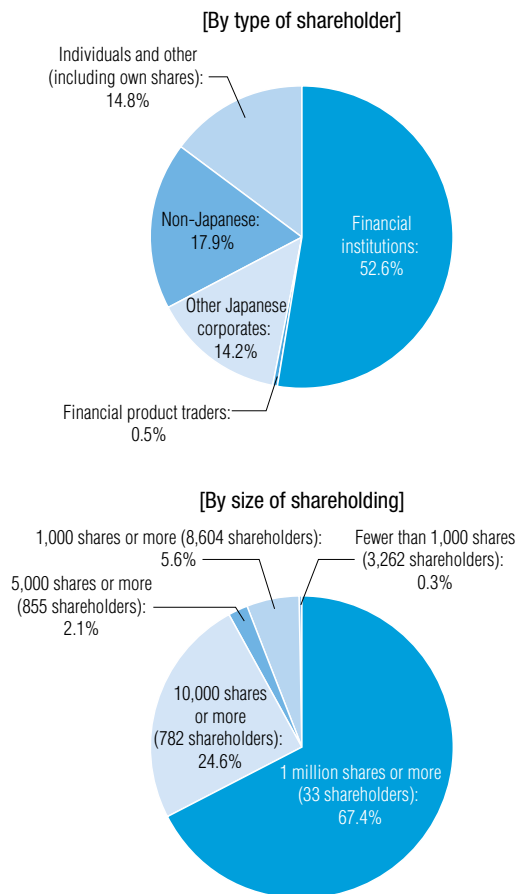
Public Relations Group: Business activities and general

General Affairs Dept.: All share-related procedures

(Share Registry: Mitsubishi UFJ Trust and Banking Corp.)

The following graph illustrates the breakdown of shareholdings in NHK Spring.

Breakdown of shareholdings (As of March 31, 2010)



Release of investor relations information

We issue Business Reports and the NHK Spring Report (in Japanese and English) to better inform shareholders and investors about us.

We also issue press releases and carry the latest information about the company on our website. We will continue to work to provide fuller and faster information through our website.

URL of Investor Information page

<http://www.nhkspg.co.jp/eng/ir/>

Chosen for the FTSE4Good Index

NHK Spring has been added to the FTSE4Good Index. The FTSE Group is a UK organization jointly financed by the UK Financial Times and the London Stock Exchange. It creates and manages indexes of stocks and bonds, etc. It selects and endorses as investments companies that take corporate social responsibility (CSR) particularly seriously, through social involvement and protection of the environment and so on. NHK Spring was selected for inclusion in the FTSE4Good Index on the basis of their own research by FTSE.



Confirmation of inclusion in the FTSE4Good Index

VOICE

Investors focus on NHK Spring's unique core technology

Shinji Kakiuchi, CMA
Executive Director
Morgan Stanley MUFG Securities Co., Ltd.



NHK Spring is proactive in investor relations, to give shareholders and investors a better understanding of the company's short-term results and medium- and longer-term business strategy. NHK Spring's principal product lines, automotive springs, seating and precision parts for HDDs, are not usually highly visible to consumers, but investors appreciate the capacities in basic technology and applied development in materials, analysis and fabrication that underpin the automobile and electronics industries. We believe NHK Spring will attract heightened investor interest locally and offshore by building on their unique core spring technology to accelerate the development of new products and expansion overseas.

Suppliers

We have established basic policies on procurement, and we encourage green procurement according to our own guidelines.

Basic procurement policies

We follow three basic principles in procurement: building long-term partnerships based on mutual trust; fair, equitable and open procurement; and compliance with the law and maintaining confidentiality.

Basic policies for purchasing supplies

- **Building long-term partnerships based on mutual trust**
We aim to build long-term relationships of trust with our favored partners through fair dealings in which both parties do their best. This way we can grow together.
- **Fair and open procurement**
We are open to all suppliers, regardless of country of origin, size or affiliations. We select our suppliers on the basis of quality, price, delivery times, service, and technical and developmental capacity.
- **Compliance with the law and maintaining confidentiality**
We observe the law and relevant social norms in procurement. We do not make any unauthorized disclosures to any third party of any confidential information we may acquire about our suppliers.

Green procurement

We have established Green Procurement Guidelines based on our basic procurement policy, which mean that we try to buy low environmental impact products from organizations that care for the environment. We work with our suppliers, encouraging them to manage substances that impact the environment at every stage, from design, through production to shipment. We also try to reduce the burden on the environment from wastes. The contents were renewed since the supply chain contact for chemical substances and the handling of laws abroad has become increasingly important in fiscal 2009.



Green Procurement Guidelines

Supplier Meeting

We hold an Annual Supplier Meeting to which we invite representatives of the companies we do business with. We work towards further strengthening partnerships and understanding by explaining our medium-term management plan targets, fiscal year policy, and the tasks involved. The Procurement Department describes our business environment and explains our basic approaches to purchasing policies. The Engineering Department explains our quality policies, quality targets, and how the manufacturing divisions are involved with quality, to encourage supplier cooperation in the improvement of quality.



Our Supplier Meeting builds genuine partnerships

VOICE

Total support through our involvement together

Yoshihiro Watanabe
President & C.E.O.
Toyo Seiko Co., Ltd.



For over 20 years, Toyo Seiko have been supplying the NHK Spring Group spring production facilities in Japan and overseas with the shot (round cut wire) used in the shot peening process to improve spring fatigue strength. In recent years, we have been working with NHK Spring to develop new techniques (simple coverage measurement and internal stress evaluation devices) to improve quality control, and to switch to high toughness shot to reduce costs and lower the burden on the environment.

NHK Spring assesses new proposed technology fairly and impartially, regardless of the size of the company. They make efforts to select as partners organizations that are genuinely involved in improving technology. NHK Spring will have our total support as they develop their strategies for the BRICs and deal with the issues raised by the next generation of automobiles. We suppliers can also respond quickly to changes in the environment through sharing information and as partners.

Employees

At NHK Spring, we have a corporate culture of valuing people. We regard our employees as an important asset, and we develop our human resources. We provide employment for the disabled, and we take care over workplace health and safety and employee welfare to create a company that people want to work for.

Employment and training of human assets

Basic approach to employment

For us, the keyword when we look to recruit staff is “partner.” We want to employ people who will become “partners” of NHK Spring. The people we are looking for will have really inquiring minds and a desire to overcome all obstacles; they must be flexible, ready to push the boundaries, and will always be positive. We aim to employ people who will pursue their dreams and test their limits in a free and vigorous corporate environment.

Types of people we seek



Human resources development

Human resources development involves three functionally linked concepts: 1) Individuals, who are encouraged to develop themselves, 2) The workplace, where individuals are trained, and 3) Personnel systems, that support the other two. This enables each individual to develop their abilities as a professional.

Human resources development includes foreign languages and other cultures, as well as intensive training at all levels and in all occupations and specializations. Our human resources development responds flexibly to changes in the environment, with employees also undergoing training outside NHK Spring and receiving training overseas and online.



Upgrading employee skills with internal training courses

Employment

Our recruiting staff often attends information sessions held at schools, and also organize our own recruiting sessions. At these sessions, we introduce our business and what the different departments do, and provide easy to follow descriptions of our training and education and employee benefits systems. We also provide opportunities for informal talks with some of our younger employees. We do all we can to give our audiences an idea of what it's actually like to work for NHK Spring, the company culture, the innovative environment and how we work.

In 2009, we completely overhauled our website and updated our recruitment page. We have also created a new cell-phone website to improve the way we deliver information to students. We also rolled out new graduate recruiting posters at stations over three months to increase opportunities to learn about NHK Spring.



Regular participation in recruiting events



Recruiting information top page on our website



A recruitment magazine where one can imagine the work environment

Employing the disabled

We established a special subsidiary, Nippatsu Harmony Co., Ltd., to employ the disabled in April 2002, as a corporate social responsibility and contribution to local communities. We expanded our two group companies, NHK Sales Co., Ltd. and NHK Transport Co., Ltd. as group companies of the special subsidiary from March 2009.

As of the end of March 2010, Nippatsu Harmony had 42 (chiefly intellectually) disabled employees working happily at four sites, two each in Kanagawa and Nagano Prefectures. They contribute to improving the different facilities and workplaces mainly through indoor and outdoor cleaning. The NHK Spring Group strives to be a company where people with and without disabilities try to test the limits of the possible harmoniously together, living independently as members of society and living with society.



Staff of Nippatsu Harmony busy at work

Workplace health and safety

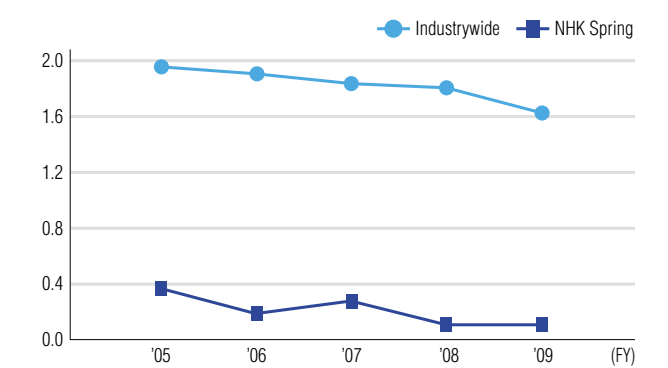
We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out companywide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve Zero hazards:

- Training intended to make safety second nature
- Safety dojos, aimed at safety at work
- Risk assessments, to identify risk factors, associated with basic safety around plants and equipment

Days lost as an indicator of workplace health and safety are well below the industry average.

Through the judicious use of the PDCA cycle in our Workplace Health and Safety Management System, we will achieve an upward spiral leading to even better health and safety outcomes.

Trend in days lost due to workplace accidents



*Rate of days lost through injury = $\frac{\text{Rate of occurrence of workplace injuries}}{\text{Hours worked}} \times \text{Million}$

Benefits programs

Our full range of benefits addresses not only the work environment but also the social environment to ensure that our employees live fulfilling lives. As the economy has matured, people's aspirations have turned from acquiring more material possessions towards more spiritual fulfillment. We offer comprehensive benefits programs ranging from mind-body health maintenance and leisure activities to retirement planning.



Sporting activities extend to most workplaces



Sailing Club: Cruising around Enoshima in the all-white Miss Spring

Taiko Club: Actively engaging in all types of events



Range of events aimed at building healthy minds and bodies

Local communities

We have facilities and local group companies throughout Japan, and they are all engaged in activities within their local communities. The companies of the Group and our people combine to work actively to contribute to the community in many ways, to grow from living in harmony with the local community to the wider world.

Involvement by NHK Spring

Internships

We are active in providing work experience through internships to elementary and junior high school teachers and senior high school and university students. Demand for internships grows year by year. Every one of our division and plant employee's work with the interns to guide them, providing not just work experience but also preparing them mentally to become members of society.



Receive training from NHK employees to gain experience from various divisions

Factory tours

We conduct factory tours every day of our eleven plants in Japan. The visitors are from industry groups to which we belong and others in the industry, as well as elementary, junior high, high school and university students and so on. We also have visits from foreign government officials and people in the industry. The tours cover many areas: technical training, of course, and also quality control, protecting the environment, safety, productivity and employing the disabled among others.



Visitors visit production sites and plants and listen enthusiastically to the guide

Links to industry

We have concluded comprehensive agreements on links between industry and academia with Yokohama National University and Yokohama City University. The agreements cover a broad range of areas, including R&D, technical exchanges, education and training and contributions to society. A range of themes is involved, starting with research and development on high strength springs and improving automobile passenger seat comfort.

We also contribute to the Student Formula SAE Competition of Japan organized by the Society of Automotive Engineers of Japan, and we respond positively to requests for parts etc from universities.



Supported the 7th Student Formula SAE Competition of Japan in 2009

Making company facilities available

We respond to the needs and issues concerning local communities. We continue to lend the use of our Yokohama facility gymnasium to non-company groups on Holidays, and it is also used by NPO and local sports and cultural organizations.

During the extended holiday times in May and August, the surrounding roads are packed with increased numbers of tourists, and there is a shortage of parking. We have made our employee parking available for the nearby Yokohama Hakkeijima Sea Paradise since 2007, as a small contribution to easing the problem.



NHK Spring car park and gymnasium. Yokohama Hakkeijima Sea Paradise in the rear at right

Local events

We support many local sporting and cultural activities and community events.

We provided special support and assisted by running a demonstration at Kids Engineer 2009 organized by the Society of Automotive Engineers of Japan in August 2009. This event has been held since 2008 to provide the children of the 21st century with an opportunity to develop an interest in scientific technology and monozukuri (the art of manufacturing). We ran an easy to follow display, The Wonderful World of Springs, on the types and uses of springs.

We also make available the use of the NHK Spring Mitsuzawa Football Stadium taking advantage of the special free use of naming rights. In November, we held NHK Spring and Asahi Shimbun Junior Soccer School at the Stadium. 150 juniors from the 2nd to 4th grades were coached by former J. League players.



Participated at Kids Engineer 2009



Holding Junior Soccer School

Cleaning up

In conjunction with government authorities, we are cleaning up the surroundings and waterways at each of our offices and plants in Japan. We conduct a 5km Clean Up Walk at our Yokohama facility as a way of giving back to the community and promoting employee health. Large numbers of employees and their families take part in each time.



New April recruits-in-training volunteer

Volunteers wearing uniforms with the company's social contribution slogan

Group company involvement

Donating wheelchairs

The NHK Spring Mutsumi-kai (an organization formed of our domestic affiliates) donates wheelchairs to the Yokohama City University Hospital near our Yokohama facility, as part of its social contribution program. 2010 is the 13th year that the NHK Spring Mutsumi-kai has donated to the hospital from the proceeds of sales of used books provided by company employees. The Mutsumi-kai will continue its active involvement in contributing to society.



Wheelchairs in use to help patients move about the hospital

Scholarship program* launched

NHK Spring (Thailand) began assistance with annual tuition fees for economically disadvantaged students in the Science and Engineering faculties at state national universities from fiscal 2009 in Thailand. The company has been helping disadvantaged students at industrial vocational high schools in the north of the country with their tuition fees in the same way since 2006, but now the support is being widened and extended to university students. The universities sent in recommendations for second and third year students, and in June 2009, we made our first contribution of assistance with annual tuition fees for this fiscal year to 24 students from 10 universities. We plan to be helping around 50 students this year, as the batch of students from this fiscal year proceed to fourth year, and we add around 25 new, third year students to the program.

* Program to provide financial benefits/loans to promising students



Present tuition fees



Support student for developing in Thailand



Environmental Report

Environmental Management

Environmental Voluntary Action Plan	21
Business activities and the product lifecycle	22
Systems to encourage environmental conservation	23
ISO 14001	24
Environmental auditing	25
Environmental education and consciousness-raising	26
Environmental accounting	27

Environmental Performance

NHK Spring involvement at production sites	28
NHK Spring fiscal 2009 targets and performance	29
Group company involvement	30
Managing and reducing pollutants	32

Environmental Data

Progress in environmental activities	33
Plant site data	34
Head Office and Research & Development Department	34
Yokohama Plant (Suspension Spring Div.)	35
Shiga Plant	36
Gunma Plant	37
Yokohama Plant (Seating Div.)	38
Toyota Plant	39
Atsugi Plant	40
Ina Plant	41
Komagane Plant (Disk Drive Suspension Div.)	42
Isehara Plant	43
Komagane Plant (Industrial Machinery & Equipment Div.)	44
Yasu Plant	45



Environmental Voluntary Action Plan

We have established a Global Environmental Activities Plan and Global Environmental Activities Guidelines for involvement in a broad range of global environmental issues. We published them in May 1993 as our Environmental Voluntary Action Plan, and we draw up our Environmental Activities Policies each year on that basis.

Global Environmental Activities Guidelines

Our Group's Corporate Philosophy (▶ p3) is to declare that our business activities will strive for harmonious coexistence with the global environment.

Global Environmental Activities Guidelines

1. Actively involve environmental conservation at all stages of the life of products, from design through production to disposal.

- 1) Look for ways to use resources efficiently, and make every effort to save resources and recycle.
- 2) Set our energy savings target over 1% improvement in unit energy consumption to sales per year to promote energy savings.
- 3) Aim for zero emissions in production activities to encourage cutting waste and saving resources.

2. Encourage the development of technology to solve global environmental problems and contribute to saving the environment.

3. As NHK Spring, be involved in the environment and take an active part in saving the social and local environment.

Global Environmental Activities Plan

We identify important areas we should be involved in on the basis of our Global Environmental Activities Guidelines. We then set specific objectives and targets and plan what we must do to achieve them.

Main concerns

- Reducing CO₂
- Reducing wastes
- Lifting recycling
- Reducing and managing chemicals
- Contributing to local communities & environmental protection
- Promoting energy-saving products

Global Environmental Activities Plan

1. Framework to encourage activities

Operating the Global Environmental Measures Committee

2. Involvement in specific issues

- 1) Saving energy and reducing CO₂
- 2) Involvement in the recycling-oriented society
- 3) Encouraging green procurement at the global level
- 4) Product design and technical development taking account of impact on the environment
- 5) Monitoring and awareness of environmental issues in overseas plants
- 6) Contributing to society through energy-saving products
- 7) Priority reviews of hazardous chemicals and response
- 8) Running and upgrading environmental management systems (EMS)

3. Publicity and social activities

- | | |
|-----------------------------|-------------------------------------|
| 1) Advertising | 3) Employee education and training |
| 2) Provision of information | 4) Involvement in social activities |

4. Activities overseas

We are actively involved in the actual preservation of the environment and observe local environmental rules. We also protect the environment through technology transfer, etc. having regard to local social and economic conditions.

Environmental Activities Policies

NHK Spring is involved in environmental issues at the group and global level through our Environmental Activities Policies.

In fiscal 2010, we will be particularly encouraging action on global warming and saving resources. We will also be actively involved in work focusing on preserving biological diversity.

Environmental Activities Policies 2010

1. Encourage Group environmental management

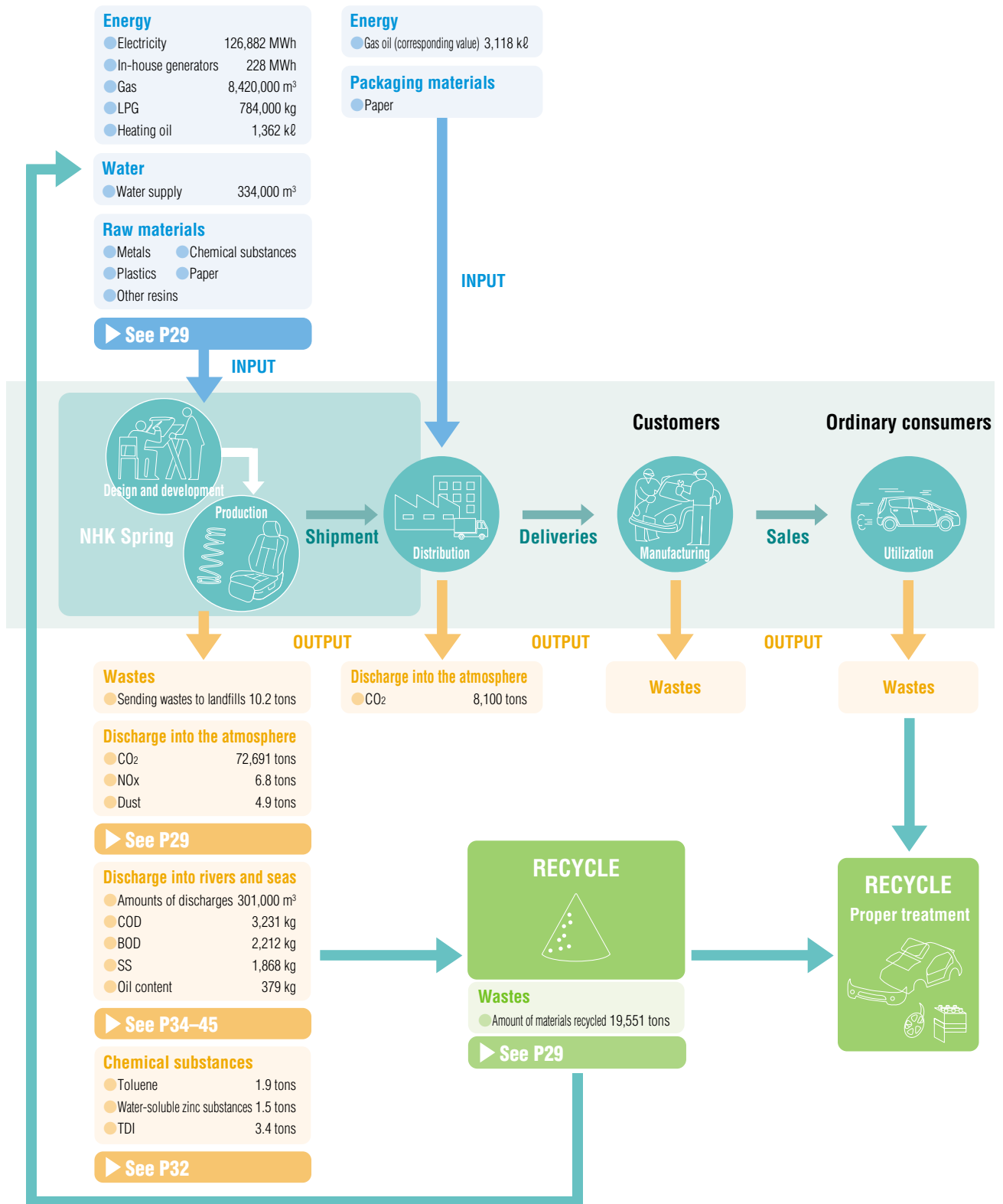
- 1) Strong implementation of reduction in CO₂
- 2) Maintenance and improvement of zero emissions

2. Implement environmental protection globally

3. Maintain zero environmental accidents

Business activities and the product lifecycle

We are working to reduce the burden on the environment by understanding the overall business in terms of product lifecycles and quantifying inputs and outputs wherever possible. We also aim to bring about a recycling society by recycling wastes.



*Scope: NHK Spring Head Office/Research & Development Department and 11 plants throughout Japan

Systems to encourage environmental conservation

Our Global Environmental Measures Committee is at the center of our efforts to promote and implement our Environmental Voluntary Action Plan. Our ongoing environmental activities follow the PDCA cycle.

Organization

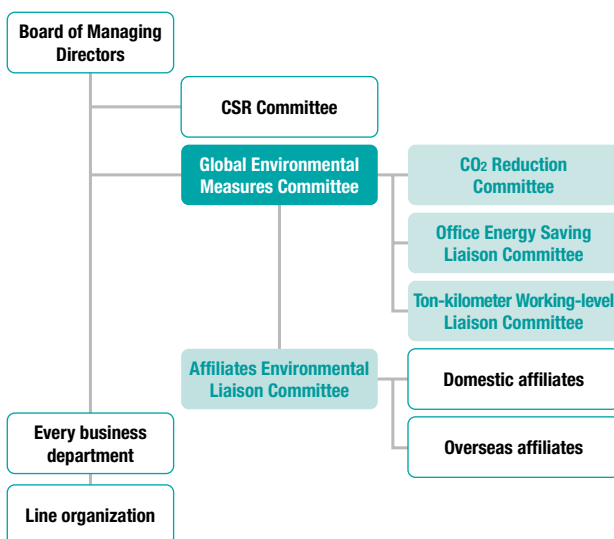
The Global Environmental Measures Committee provides unified consideration of the details of our environmental activities and implements our Global Environmental Activities Plan.

In the energy area, we have three lower-level committees to implement our plans: CO₂ Reduction Committee, the Office Energy Saving Liaison Committee and the Ton-kilometer Liaison Committee. The CO₂ Reduction Committee reduces CO₂ emissions in the production process, and the Office Energy Saving Liaison Committee works at the practical and department level and conducts energy-saving patrols. The Ton-kilometer Working-level Liaison Committee establishes transport energy consumption and prepares and implements plans to reduce it. Chemical substances are managed in conjunction with the departments within each division responsible for managing environmentally sensitive materials.

The Affiliates Environmental Liaison Committee also falls under the Global Environmental Measures Committee. It more actively encourages action to protect the environment and includes our overseas affiliates.

In addition, we launched a Zero Waste Project (▶ p28) in November 2000, targeting zero emissions as part of our involvement in building a recycling society. We achieved zero emissions from our Yokohama facility in 2003, and we extended this to the entire plant in 2004. We involved our domestic affiliates in the need to achieve zero emissions from 2005, and reached this goal in 2009. We will now roll this target out to our overseas affiliates.

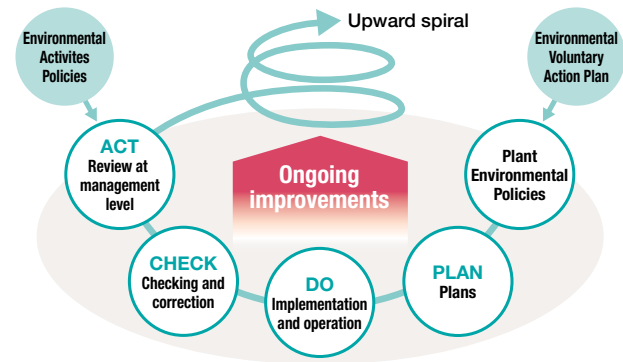
System for encouraging environmental protection



PDCA cycle

We identify those matters to be tackled independently by individual plants, using the indicators from the Environmental Voluntary Action Plan and the Corporate Environmental Activities Policies to establish Plant Environmental Policies and Environment Management Programs. Each plant then takes up its day-to-day environmental improvement work following a PDCA (Plan – Do – Check – Act) cycle.

PDCA cycle



VOICE

Building on past achievements and grappling with new problems

Takashi Yonezawa

Manager,
Safety & Environmental Activities
Engineering Dept.



NHK Spring established the Global Environmental Measures Committee and subcommittees to deal with wastes and cleaning in 1992. The following years, we launched our Environmental Voluntary Action Plan, taking measures for global environmental issues from an early stage. We have held Global Environment Forums each year since that time as a Group environmental awareness activity. We are currently involved in protecting the environment through setting explicit numerical targets for the Group for reductions in CO₂ emissions and wastes.

For the future, we will build on our past achievements, and take on new issues such as global warming, preserving biodiversity and dealing with hazardous chemical substances.

ISO 14001

As an organization, we are involved in protecting the environment, and we have gained ISO 14001 international certification for our environmental management systems.

NHK Spring certification status

We began preparing to gain certification in 1996, and our Yokohama plant (Suspension Spring Division) was the first in the industry to reach certification in January 1997. This was the beginning: we then gained certification for 3 plants a year, with the last of our 11 Japanese plants being certified in April 2001. In November 2006, the Security Technologies & Solutions Division at our Yokohama facility also gained certification.

Dates NHK Spring acquired ISO 14001 certification

Divisions	Plants	Date acquired
Suspension Spring Division	Yokohama Plant (Suspension Springs)	January 1997
	Shiga Plant	March 1998
Seating Division	Gunma Plant	March 1998
	Yokohama Plant (Seating)	May 1999
	Toyota Plant	March 1999
Precision Spring & Components Division	Ina Plant	June 1999
	Atsugi Plant	November 2000
DDS (Disk Drive Suspension) Division	Komagane Plant (DDS)	June 2000
Industrial Machinery & Equipment Division	Isehara Plant	April 2001
	Komagane Plant (Industrial Machinery & Equipment)	November 1998
	Yasu Plant	August 2000
Security Technologies & Solutions Division		November 2006

Certification status of affiliates

Domestic affiliates

Our 16 domestic affiliates which take part in the Joint Safety and Environment Subcommittee of the Engineering Department of the NHK Spring Mutsumi-kai have gained ISO 14001 certification. This means that all our domestic affiliates, who have their own sites and should have gained certification, have done so.

Overseas affiliates

The NHK Spring Group also encourages its overseas affiliates to acquire ISO 14001 certification. As of July 2009, 16 overseas affiliates had done so, and others are working towards it.

Dates affiliates acquired ISO 14001 certification

Region	Affiliates	Dates acquired
Domestic	NHK Sales Co., Ltd.	October 2002
	Yokohama Kiko Co., Ltd.	August 2001
	Sumihatsu Co., Ltd.	October 2003
	Horikiri, Inc.	May 2001
	Tohoku Nipatsu Co., Ltd.	September 2004
	Ites Co., Ltd.	March 2007
	Faurecia-NHK Kyushu Co., Ltd.	March 2005
	Sindai Co., Ltd.	May 2007
	SNIC Co., Ltd.	March 2005
	Uniflex Co., Ltd.	October 2003
	Ayase Seimitsu Co., Ltd.	March 2006
	Tokuhatsu Co., Ltd.	April 2002
	NHK Teleflex Corporation	March 2002
	Nippon Shaft Co., Ltd.	November 2003
Topura Co., Ltd.	November 2001	
North and South America	NHK Precision Co., Ltd.	February 2006
	New Mather Metals, Inc.	July 2003
	NHK of America Suspension Components Inc.	January 2003
Asia	NHK Seating of America Inc.	September 2004
	Rassini-NHK Autopegas Ltda.	May 2002
	NHK Spring (Thailand) Co., Ltd.	June 2000
	NHK Precision (Thailand) Co., Ltd.	January 2005
	General Seating (Thailand) Co., Ltd.	March 2006
	Autrans (Thailand) Co., Ltd.	May 2004
	NHK Manufacturing (Malaysia) SDN. BHD.	August 2001
	NHK-Uni Spring (Guangzhou) Co., Ltd.	March 2005
	NHK Spring Precision (Guangzhou) Co., Ltd.	December 2005
	Chongqing Qingling NHK Seat Co., Ltd.	March 2006
	NAT Peripherals (Hong Kong) Co., Ltd.	October 2003
	Uni Auto Parts Manufacture Co., Ltd.	March 2006
Europe	NHK Spring India Ltd.	October 2003
	Ibérica de Suspensiones, S.L.	December 2003

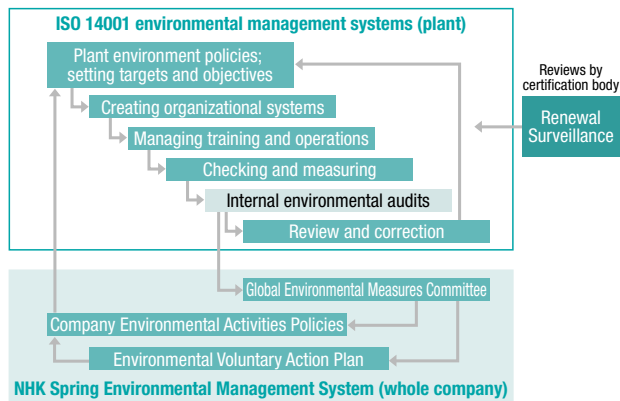
Environmental auditing

We practice proper management according to environmental manuals, and we conduct environmental audits to achieve effective environmental performance.

ISO 14001 and environmental auditing

By conducting environmental audits, the NHK Spring Group checks whether group company environmental management systems are functioning correctly according to ISO 14001. Environmental audits also help us comply with the laws on the environment, improve our environmental performance, isolate areas that need improvement, and lift our management capacity.

Environmental management and environmental auditing



Environmental auditing

The members of our environmental audit team have completed special training. During fiscal 2009, the team audited the five internal plants to check that systems were functioning correctly and that our performance was improving.

Appending environmental audits on our plants, we began doing them for affiliates in Japan and overseas in fiscal 2007. The results of audits are reported to plant managers and presidents of affiliates for prompt remedial or corrective action. The results of audits are also reported to the Global Environmental Measures Committee. Where necessary they are incorporated into the Environmental Activities Policies and Environmental Voluntary Action Plan.



Environmental audit

Fiscal 2009 environmental audits

Internal plants	5 sites
Domestic affiliates	14 sites
Overseas affiliates	3 sites

External audits

External audits are conducted by external certification bodies to check that our environmental management systems meet and are being operated according to the requirements of ISO 14001.

Surveillance audits are in principle conducted annually, with renewal audits once every three years.

All 11 plants and 1 office received external audits in fiscal 2009; six plants had surveillance audits, and 5 plant and 1 office had a renewal audit. The audits found that the plants and environmental management systems were being run correctly, that pollution was being prevented, and that we were making continuing efforts to improve.

VOICE

Efforts for ISO 14001 continue over 12 years

Osamu Nakamura

Manager,
Engineering Sect., Seating Div.,
Yokohama Plant



It is now 12 years since the Seating Division at the Yokohama plant gained ISO 14001 certification. The May annual surveillance by the certification body found no issues, and our environmental manual that we have been perfecting over the 12 years received high praise. Our slogan for our work to reduce our CO₂ emissions is 'Energy-saving innovation.' We initiated 5S principles (Sort, Straighten, Shine, Standardize and Sustain) in fiscal 2009, and on that basis we have worked to root out waste and encourage production grounded in protecting the environment.

We are also continuing to take our consciousness-raising seriously, and we are collecting environmental slogans from all our employees and their families.

Environmental education and consciousness-raising

We conduct a variety of environmental education and consciousness-raising activities to ensure that all our employees carry out their regular jobs with knowledge of the environment and a high level of awareness of the issues.

Environmental training

Raising the environmental consciousness of individual employees is important to carrying environmental work forward. Our Group has an excellent in-house training system to extend awareness of environmental issues, including a range of environmental education programs, training for internal environmental auditors, and encouragement to acquire external qualifications.

At NHK Spring, we offer different levels of education for all employees, as well as specialist training for staff with particular environmental responsibilities.

General environmental education at different levels is included in our staff training program and is repeated with promotions. Specialist training is provided to begin new positions, and regular skill upgrading is also provided.

In fiscal 2009 we will start sending out staff to train our domestic affiliates as part of our Group environmental work.



Different levels of environmental auditor seminars

Consciousness-raising activities

We hold an annual “Global Environmental Forum” in June, which is Environment Month. This involves raising the awareness of the employees of NHK Spring and our group through environment exhibitions, seminars, and examples of outstanding environmental work.

We also give awards for the best CO₂ reduction and environmental slogan during the fiscal year to promote proactive environmental conservation activities among employees.

We also carry news of our involvement with the environment, through company newsletters, the intranet and company notice boards, to develop activities horizontally across the NHK Spring Group.



Global Environment Forum



Billing of Environmental activities case

Numbers of staff with environmental qualifications (as of June 2010)

Units: Persons

Qualification	Classification	Numbers holding qualifications	Qualification	Classification	Numbers holding qualifications				
Pollution prevention management	Air	Type 1	Qualified persons for energy management	—	26				
		Other							
	Water quality	Type 1				Working environment measurement experts	Type 1	Dust	4
		Other						Special chemicals	4
	Noise	45						Metals	3
	Vibration	36							Organic solvents
Dioxins	2	Type 2	6						
Environmental management system auditors	Auditor		1	Certified environmental measurers	Level-related			3	
	Assistant auditor	1							

Contents of environmental education

Classification	Recipients	Content of training
Education at different levels	New employee training	Global environmental issues and environmental management systems Government and industry guidelines and involvement by NHK Spring
	Training for new senior staff	
	Training for new assistant managers	
	Training for new executives	
Specialist education	Internal environmental auditors	New appointment training
		Skills upgrading training
	Internal environmental auditor training and refresher courses	Internal environmental auditor training

VOICE

Everyone is aware we need to work to pass on a diverse and beautiful natural environment to later generations



Takashi Maruyama
Manager, General Affairs Sect., Precision Spring & Components Div., Ina Plant

The Ina plant is set in a diverse and beautiful natural environment of green hills, crystal-clear air and starry nights, and clean, fresh streams criss-crossed by fireflies.

Our plant must give priority to the global environment, so that we can protect and pass on this abundant natural environment to later generations. This means that the main task for each of us must be to work together to protect the environment. We ensure that our progress and results are highly visible and that everyone shares in it, so that we engage each individual and get them to actively contribute to different activities. This raises awareness and consciousness of the issues.

We work to protect the environment, with everyone taking part in the effort from now on.

Environmental accounting

We identify the costs and effects of our environmental conservation activities in environmental accounting, and we use this in running the company.

Fiscal 2009 environmental accounts — classifications and results

We introduced environmental accounting in fiscal 2000. Our accounts show collections of data under the following nine headings, based on the Ministry of the Environment's Environmental Accounting Guidelines (2005 edition). Fiscal 2009 was the 10th year

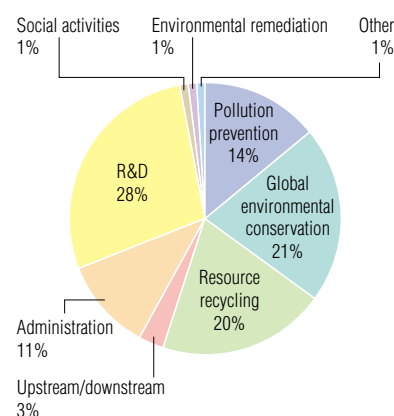
since we introduced environmental accounts.

For fiscal 2009, our environmental account was worth around 834 million yen calculated from a constant base. The table below shows the breakdown.

Fiscal 2009 – Cost of environmental conservation

Units: ¥ million/year

Classification of costs	Main elements	Value* in FY 2008	Value* in FY 2009
1) Pollution prevention	Maintenance of effluent treatment facilities and dust collectors, measurement and monitoring of air and water quality and noise, and other preventive measures	248.7	117.7
2) Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	360.6	177.9
3) Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	153.0	167.7
4) Upstream/downstream	Limiting environmental burdens from our suppliers and customers associated with our own production activities (green purchasing, product recycling, reduced packaging, and so on)	13.5	23.0
5) Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	89.1	93.6
6) R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	137.5	237.0
7) Social activities	Social service activities (cleaning waterways and surroundings of plants) etc.	4.1	5.8
8) Environmental remediation	Remediating environmental damage to surroundings	0.9	5.1
9) Other	Other environmental conservation work	11.1	6.3
Total		1,018.5	834.0



*Value: totals of Environmental Investments and Environmental Conservation

Classification and performance of fiscal 2009 investment effects

The table below shows our fiscal 2009 performance: the improvements in energy and wastes are clear. With the reduction in the volume of wastes in fiscal 2009, the volume of wastes

recycled was also down year-on-year. We will continue to improve in these areas.

Performance of fiscal 2009 investment effects

	Material effects*1			Economic effects*2			Assessment
	FY 2008 performance	FY 2009 performance	Effects	FY 2008 performance	FY 2009 performance	Effects	
Energy use per unit output (J/¥ million)*3	6,400	5,957	-443	—	—	—	○
CO ₂ per unit output (thousand kgC/¥ million)*3	0.141	0.127	-0.014	—	—	—	○
Wastes to landfill (tons/year)	30.4	10.0	-20.4	—	—	—	○
Wastes recycled (tons/year)	21,114	19,551	-1,563	—	—	—	△*4
Energy costs per unit output (¥/¥ thousand)*3	—	—	—	19.1	15.2	-3.9	○
Waste treatment costs per unit output (¥/¥ thousand)*3	—	—	—	0.67	0.56	-0.11	○

*1 Material effects: Reduction in environmental pollutants, etc. *2 Economic effects: Energy savings and waste reduction, etc. *3 Unit output: Values to Sales *4 Reducing the volume of wastes

NHK Spring involvement at production sites

We have installed energy-saving equipment and actively recycle, as well as train all our workers, in order to minimize the amounts of energy and resources we use in manufacturing.

Energy-saving activities

CO₂ emissions reduction

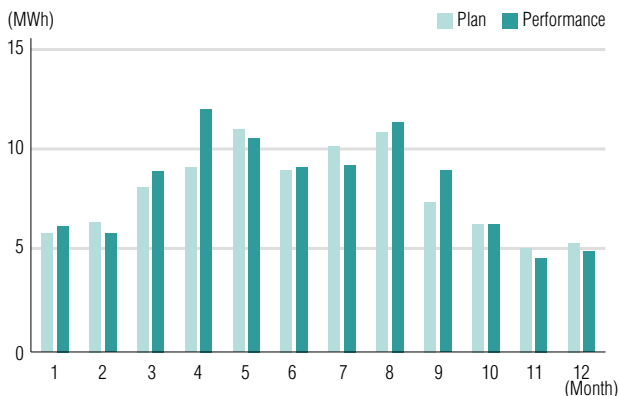
At NHK Spring, the entire organization is involved in reducing CO₂ emissions and resource saving.

We have been engaged in joint research project with NEDO (New Energy and Industrial Technology Development Organization) since fiscal 2008. We have installed a large 100 kW solar electric generator at our Yokohama facility, and it delivered in excess of its rated planned value in 2009.



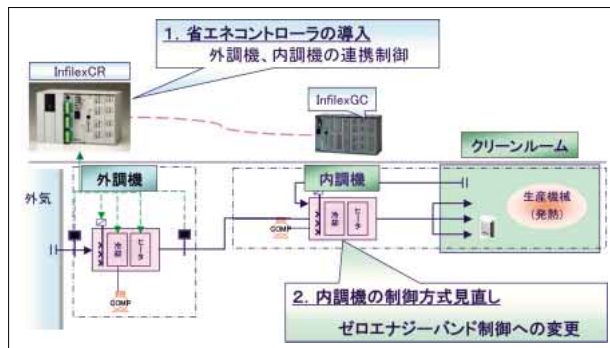
Solar power generator installed on the rooftop of the R&D building

Amount of solar power in 2009



Each plant and affiliate is engaged in effective energy saving initiatives through the CO₂ Reduction Committee, which is the implementation arm of the Global Environmental Measures Committee. As a group, we are actively involved: we hold regular meetings to publicize effective case studies and share information.

Examples are follows; the Improvement of the production equipment, the operating conditions of our production equipment, where we have improved the efficiency of our heat treatment furnaces, improved compressor controls and improved the air conditioning controls to our clean rooms.



Changes to clean room air conditioning controls for energy savings

Zero emissions

As participating to an environmental-friendly society, we have set up a recycling center and established a Zero Waste Project. These are intended to reduce wastes, reuse, and recycle resources.

Encouraging sorting

There are Sorting Training Corners in every plant to train workers to sort recyclables. We have sorting stations specific to each area of the floor to increase the rates of recycling.



Sorting Training Corner



Sorting station

On-site checks of waste processors

We conduct regular checks of waste processors to confirm that they are treating our wastes according to contract in order to ensure that our zero emissions policies are being implemented.



Regular inspection of waste processor

NHK Spring fiscal 2009 targets and performance

We approach energy saving, reducing CO₂ emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

Energy saving

NHK Spring has long been aware of environmental issues and has been involved in energy saving. We have had these matters under consideration in energy saving committees and working groups since moving our head office, and Suspension Spring and Seating divisions (plants) to Yokohama in 1991. We have well covered our midterm goal of 18% reduction.

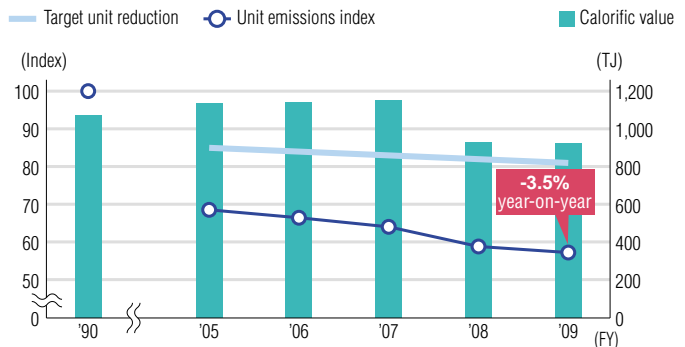
Targets

Unit energy consumption to Sales: Annual reduction of 1% (based on fiscal 1990)
(Under the Law Concerning the Rational Use of Energy, Evaluation criteria of factories for rationalization of energy use)

FY 2009 target	FY 2009 actual	Assessment
Target unit consumption* 81.0	Unit consumption 57.3	◎

*Target unit consumption: Targeted reduction with fiscal 1990 unit consumption as 100

Movements in target and actual unit index energy consumption to sales



Reduction in CO₂ emissions

We established a CO₂ Reduction Committee in 2008, and are involved in combating global warming through setting concrete targets for reductions in CO₂ emissions across the entire Group in cooperation with our domestic affiliates.

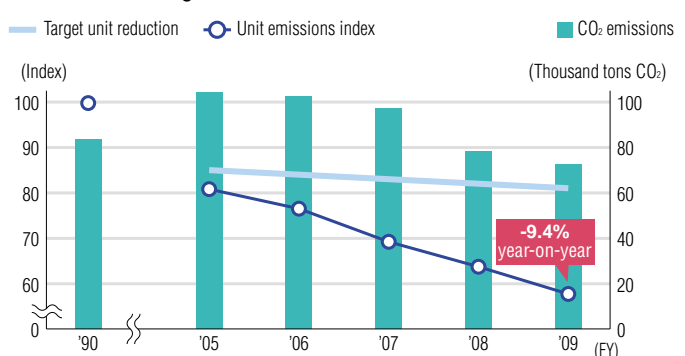
Targets

7% reduction from 2008 to 2010 (based on fiscal 1990) and reduction of 20% in unit CO₂ emissions by 2010 (based on fiscal 1990)
(According to Japan Auto Parts Industries Association Fifth Environmental Voluntary Action Plan)

FY 2009 target	FY 2009 actual	Assessment
Target unit emission* 81.0	Unit emission 57.7	◎

*Target unit emission: Targeted reduction with fiscal 1990 unit emission as 100

Movements in target and actual CO₂ emissions index



Recycling of wastes

We have a target of zero emissions.* To reach it, we are involved in reducing the amount of wastes going to landfill, lifting our recycling rate, and reducing our output of wastes. We achieved this at our Yokohama facility by the end of fiscal 2002. We extended our efforts throughout the company from fiscal 2003, and to our domestic affiliates in fiscal 2005.

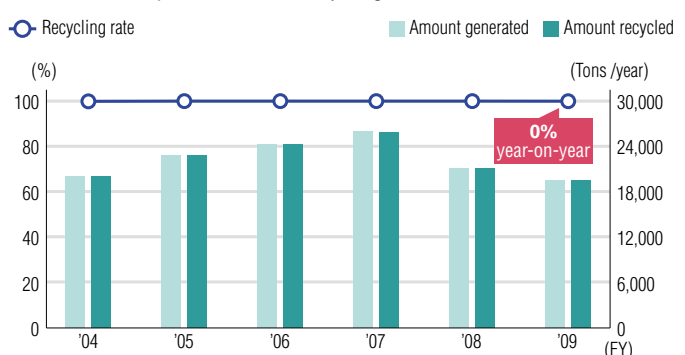
Targets

Maintain zero emissions across the entire company from fiscal 2005
(Recycling rate of 99.9% achieved since fiscal 2005)

FY 2009 target	FY 2009 actual	Assessment	FY 2010 target
Recycling rate of at least 99%	Recycling rate of 99.9%	◎	Continue recycling rate of at least 99%

*Zero emissions: Our definition of zero emissions is a recycling rate of at least 99%

Movements in performance in recycling rate



Group company involvement

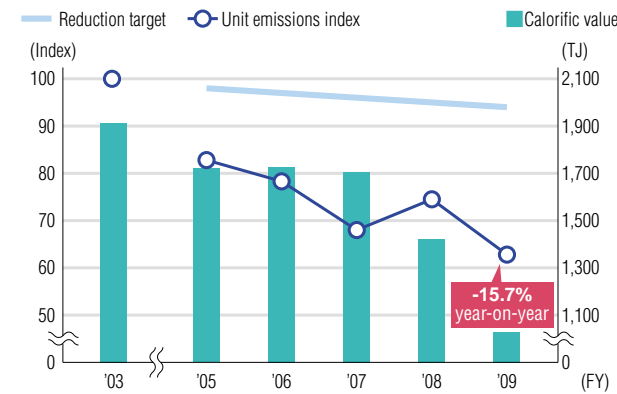
We involve the entire Group in our environmental conservation activities. They are all engaged in reducing environmental pollution.

Domestic affiliates

Energy saving

Our domestic affiliates are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to sales, with fiscal 2003 as the base year.

Movements in energy/calorific value

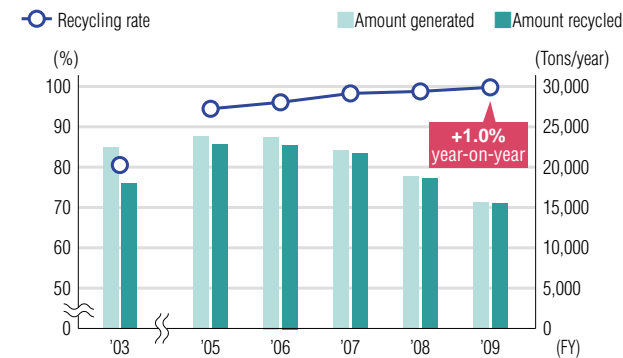


encourages the recycling of their plastic structural materials and circuit boards. The waste materials that have been separated according to type are then weighed and managed.

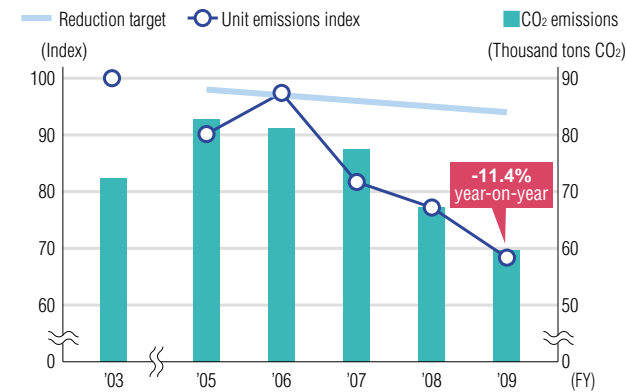


Recycling office equipment

Movements in amounts of waste generated and recycled by domestic affiliates



Movements in CO₂ emissions



Towards an environment-friendly society

In fiscal 2009, our domestic affiliates generated 15,675 tons of wastes annually. As they recycled 15,605 tons, this gave a recycling rate of 99.6% – an increase of 1.0% on fiscal 2008.

The domestic affiliates aimed to reach a recycling rate of at least 99% from fiscal 2007 by the end of fiscal 2009 through Zero Emissions activities, and they have reached that target.

An example of our recycling activities: Our domestic affiliate Nippatsu Service collects discarded office equipment and

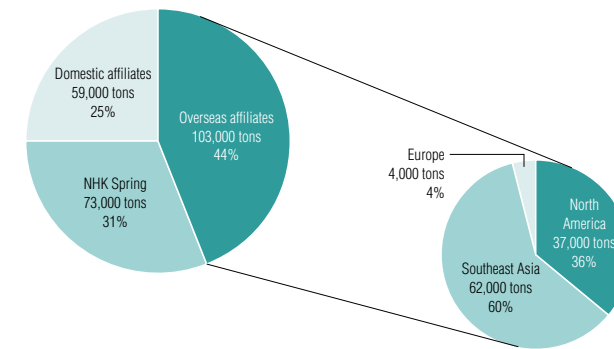
Overseas affiliates

CO₂ emissions

The amount of CO₂ emissions from our overseas plants increases as we expand our global production.

CO₂ emissions overseas accounted for 44% of the Group total in fiscal 2008 and we work to cut emissions. We planned reductions in absolute and unit volumes through autonomous reduction plans from fiscal 2009.

Fiscal 2009 CO₂ emissions by group segment



Energy saving activities

Energy consumption has grown in Southeast Asia as its economies have rapidly expanded over recent years. As a first energy saving step, one of our affiliates in Thailand brought in an outside expert to perform an energy saving audit.

We are working on planned activities, developing reduction targets and building systems to meet them.



Energy saving audit (NHK Spring, Thailand)

Examples of energy saving



Furnace insulation cover that raise the thermal retention of the furnace (NHK Spring, Thailand)



High efficiency illumination that change the plant lights from mercury lamps to fluorescent lamps (NHK of America Suspension Components (NASCO), North America)

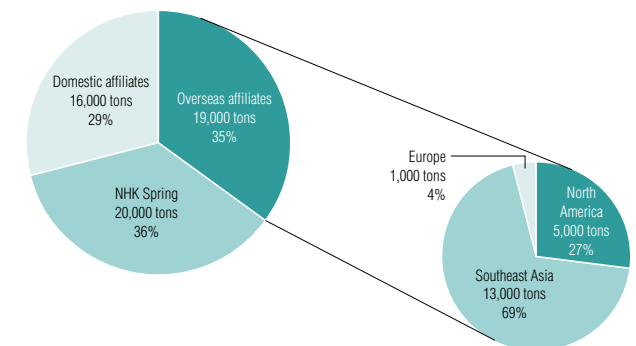


Kaizen reporting (NHK Spring, Thailand)

Waste emissions

Waste materials generated from our overseas plants and CO₂ emissions are tending to grow. In fiscal 2008, the volume of wastes from our overseas plants accounted for 35% of the Group total. This required better waste management. Our overseas operations will set their own recycling targets and become involved in their own recycling activities from 2009.

Fiscal 2009 volumes of waste generated by group segment



VOICE

Extending our environmental activities and energy-saving technology



Yoshihisa Uchida

Senior manager, General Affairs Department, Administration Division, Sumihatsu Co., Ltd.

Sumihatsu gained ISO 14001 certification in 2003, and the whole company is engaged in extending our environmental activities under our policy of ongoing improvements to the environment.

In recent years, we have been involved in reducing the waste plastic generated from producing synthetic sleepers in our railroad business, and in 2009 we stopped the use of a hazardous substance by switching from dichloromethane to hot water for cleaning our foaming equipment.

In fiscal 2010, we will install new technology in the form of regenerative burners to further our energy saving activities by using waste heat, and we will enhance our environmental law management.

Managing and reducing pollutants

We strive to properly manage and reduce pollutants according to our own standards, and the law and rules of the organizations we belong to.

Pollutant Release and Transfer Register (PRTR) surveys

Since fiscal 1997, we have taken part in voluntary PRTR surveys organized by Nippon Keidanren (Japan Business Federation), in an effort to establish the amounts of pollutants that we handle, release and transfer.

We have been reporting data to the Ministry of Economy, Trade and Industry under the PRTR Law since June 2001. However, we have set up our own survey standards to quantify the use of chemical substances across all departments of the company. Since fiscal 2005, our domestic affiliates have conducted the same voluntary PRTR surveys in an effort to reduce releases of pollutants.

The table below lists each of the substances of which we handle a total of at least 0.1 tons per year.

We followed the new European REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals) in fiscal 2009, and established a policy of extending to unregulated chemicals the controls on chemicals included in our products.

Following the revision of the law, the Green Procurement Guidelines has been revised in fiscal 2009 (▶ p15).

Results of fiscal 2009 survey of pollutant releases and transfers

Units: Tons/year

PRTR Law Cabinet Order No.	Name	Types of designated chemical compounds	Amount used	Amount emitted						Amount moved	
				Atmosphere	Water quality	Soil	Buried on-site			Sewage system	Waste (subcont.)
							Stable	Managed	Isolated		
1	Zinc compounds (water-soluble)	Class I	3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
16	2-aminoethanol	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Ethyl benzene	Class I	12.1	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
61	ϵ -caprolactam	Class I	1.5	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	Class I	34.5	19.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
172	N,N-dimethylformamide	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
207	Copper salts (water soluble, except complex salts)	Class I	11.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
218	1,3,5-tris(2,3-epoxypropyl)-1,3,5-triazine-2,4,6-(1H,3H,5H)-trione	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	Class I	1.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
227	Toluene	Class I	33.5	16.9	0.0	0.0	0.0	0.0	0.0	0.0	1.9
232	Nickel compounds	Special Class I	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
272	Bis (2-ethylhexyl) phthalate	Class I	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
309	Polyoxyethylene nonylphenyl ether	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
311	Manganese and its compounds	Class I	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
338	Methyl-1,3-phenylene diisocyanate (TDI)	Class I	966.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4
PRTR total			1,069.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1
Domestic affiliates											
1	Zinc compounds (water-soluble)	Class I	17.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	17.1
16	2-aminoethanol	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
40	Ethyl benzene	Class I	26.3	24.8	0.0	0.0	0.0	0.0	0.0	1.4	0.1
43	Ethylene glycol	Class I	5.8	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	Class I	69.3	65.5	0.0	0.0	0.0	0.0	0.0	3.4	0.2
144	Dichloropentafluoropropane	Class I	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
145	Dichloromethane	Class I	30.0	9.6	0.0	0.0	0.0	0.0	0.0	0.0	20.4
172	N,N-dimethylformamide	Class I	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
177	Styrene	Class I	29.2	11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	Class I	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
227	Toluene	Class I	79.9	71.2	0.0	0.0	0.0	0.0	0.0	7.4	0.9
232	Nickel compounds	Special Class I	1.8	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
243	Barium and its water-soluble compounds	Class I	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
270	Di-normal butyl phthalate	Class I	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRTR total			264.3	186.7	0.0	0.0	0.0	0.0	0.0	12.3	39.8

*Industrial wastes include waste materials that have value or no value and that can be recycled. Excludes materials sold

*Volume moved when discharged into public sewage system

Progress in environmental activities

	Progress by NHK Spring	Progress by domestic affiliates	Trends in society
1967			Basic Law for Environmental Pollution Control enacted
1970			Pollution Session of the Diet held (anti-pollution measures established)
1971	Jul.: Environmental Management Section established (creating system for voluntary measurement and analysis)		Environment Agency established
1985			Vienna Convention (for the protection of the ozone layer) signed
1987			Montreal Protocol (on Substances that Deplete the Ozone Layer) adopted
1990	Jan.: NHK Spring Corporate Philosophy announced		
1991	Oct.: Recycling Liaison Committee announced		Law for Recycling (of End-of-Life Vehicles) enacted
1992	Sep.: Global Environmental Measures Committee announced (3 Subcommittees: General Wastes, Detergents, Foam) Nov.: 1st Global Environment Forum held		Earth Summit (United Nations Conference on Environment and Development) held in Brazil Global Warming Treaty signed
1993	May: Environmental Voluntary Action Plan announced (3 new Subcommittees: Industrial Wastes, Energy Saving and Product Technology)		The Basic Environment Law enacted
1994	Dec.: 2nd Global Environment Forum held Dec.: Elimination of all CFCs achieved (1 year ahead of schedule)		
1995	Jan.: Foam Subcommittee terminated, Environment Management Subcommittee launched Dec.: 3rd Global Environment Forum held		Containers and Packaging Recycling Law enacted Japan Auto Parts Industries Association Environment Subcommittee launched 1st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP1)
1996	Dec.: 4th Global Environment Forum held Dec.: 1st Revised Environmental Voluntary Action Plan		ISO 14001 established JIS Q14001 issued
1997	Jan.: Yokohama Plant (Suspension Springs) gained ISO 14001 certification (1st plant certified) Sep.: 2nd Revised Environmental Voluntary Action Plan		Japan Auto Parts Industries Association Environment Committee launched 3rd Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) Kyoto Protocol signed
1998	Jan.: Global Environmental Issues Seminar held Jul.: Global Environmental Measures Committee reorganized		Law Concerning the Promotion of Measures to Cope with Global Warming enacted
1999	Jan.: 3rd Revised Environmental Voluntary Action Plan Feb.: 5th Global Environment Forum held	Apr.: NHK Spring <i>Mutsumi-kai</i> started to collect data on wastes Jun.: Environment Policy Workshop started (held quarterly)	Amended Law Concerning the Rational Use of Energy enacted
2000	Jun.: 6th Global Environment Forum held Jul.: 4th Revised Environmental Voluntary Action Plan Nov.: Y530 (Yokohama Facility Zero Waste) Project launched	Sep.: Follow-up Environment Policy Workshops held (half-yearly)	Law Concerning Special Measures against Dioxins enacted PRTR Law enacted Basic Law for Establishing the Recycling-based Society enacted 6th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP6)
2001	Feb.: 5th Revised Environmental Voluntary Action Plan Apr.: Isehara Plant gained ISO 14001 certification (all plants now certified) Jun.: 7th Global Environment Forum held	May: Horikiri gained ISO 14001 certification Aug.: Yokohama Kiko gained ISO 14001 certification Nov.: Topura gained ISO 14001 certification	Ministry of the Environment established Electric Appliance Recycling Law enacted
2002	Jan.: Recycling Center completed at Yokohama facility Feb.: 6th Revised Environmental Voluntary Action Plan May: 8th Global Environment Forum held Jun.: Received 10th Yokohama Environmental Conservation Work Award Dec.: Yokohama facility received Fiscal 2002 Kanagawa Global Environment Award	Mar.: NHK Teleflex Corporation gained ISO 14001 certification Apr.: Tokuhatsu gained ISO 14001 certification Oct.: NHK Sales gained ISO 14001 certification Oct.: NHK Spring <i>Mutsumi-kai</i> Technical Committee Global Environmental Issues Subcommittee launched	Soil Contamination Countermeasures Law announced Automobile Recycling Law announced Japan ratified the Kyoto Protocol
2003	Feb.: 7th Revised Environmental Voluntary Action Plan Mar.: Zero emissions achieved at Yokohama facility Jun.: 9th Global Environment Forum held	May: NHK Spring <i>Mutsumi-kai</i> Technical Committee Global Environmental Issues Subcommittee meeting Jul.: NHK Transport gained ISO 14001 certification Oct.: Sumihatsu gained ISO 14001 certification Oct.: Uniflex gained ISO 14001 certification Nov.: Nippon Shaft gained ISO 14001 certification	Automobile Recycling Law enacted Soil Contamination Countermeasures Law enacted Amended Law Concerning the Rational Use of Energy enacted
2004	Feb.: 8th Revised Environmental Voluntary Action Plan Jun.: 10th Global Environment Forum held Dec.: Atsugi Plant received Fiscal 2004 Kanagawa Global Environment Award	Jul.: NHK Spring <i>Mutsumi-kai</i> Technical Committee Global Environmental Issues Subcommittee meeting Sep.: Tohoku Nipatsu gained ISO 14001 certification	Amended Air Pollution Control Law announced
2005	Jan.: Yokohama facility received Commendation at PRTR Awards Feb.: 9th Revised Environmental Voluntary Action Plan May: 11th Global Environment Forum held	Mar.: Faurecia-NHK Kyushu gained ISO 14001 certification Mar.: SNIC gained ISO 14001 certification	Amended Automobile Recycling Law enacted Kyoto Protocol came into force
2006	Feb.: 10th Revised Environmental Voluntary Action Plan Jun.: 12th Global Environment Forum held Dec.: Ise Plant received Fiscal 2006 Kanagawa Global Environment Award	Feb.: NHK Precision gained ISO 14001 certification Mar.: Ayase Seimitsu gained ISO 14001 certification	Amended Law Concerning the Rational Use of Energy enacted Amended Law Concerning the Promotion of Measures to Cope with Global Warming enacted
2007	Jun.: 13th Global Environment Forum held	Mar.: Ites gained ISO 14001 certification May: Sindai Aichi Plant gained ISO 14001 certification	Amended Law Concerning the Recovery and Destruction of Fluorocarbons enacted
2008	Jun.: 11th Revised Environmental Voluntary Action Plan Jun.: 14th Global Environment Forum held	Jun.: Affiliates Environmental Liaison Committee announced	G8 Toyako Summit (Hokkaido)
2009	Feb.: Installed a solar electric generator panel at Yokohama facility Jun.: 15th Global Environment Forum held		G8 L'Aquila Summit (Italy)
2010	Jun.: 16th Global Environment Forum held	Feb.: NHK Transport Co., Ltd. Green Management certification Mar.: Domestic affiliates achieve zero emissions	

Head Office and Research & Development Department



Location: Kanazawa-ku, Yokohama

Business areas: Planning, management, R&D

Commenced operations: February 1991

Employees: 396

Overview of our activities

Our Head Office and Research & Development Department, which is located in the same industrial complex as our Suspension Spring and Seating Division Yokohama Plant, conducts our business activities in consideration to the surrounding environment. Special consideration is made for sewage, air pollution and noise pollution

Outlook and policies

As part of the Head Office functions, NHK Spring has been promoting environmental activities by developing new environmentally friendly products and by developing facilities to reduce CO₂ emissions, as well as provide environmental education and environmental audits. The Yokohama Facility is the driving force behind these activities by installing solar power generation panels and LED lights and taking up initiatives to reduce energy consumption at the office.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- NHK Spring has taken initiatives to visualize energy consumption through our individual power monitors. We have publicized the energy data per department at our Head Office, and the Head Office Energy Saving Liaison Committee organizes energy saving patrols. A Presidential Commendation system is put in place for an outstanding example of reducing CO₂ emission as an all-company activity, and an energy conservation catch-phrase contest is held for the employees and their families. We will work to reduce our CO₂ emissions by installing and designing the latest furnaces, high efficiency boilers, water heaters and coolers, and improving the controls on our compressors.

Managing Chemicals

- Each year, The Safety & Environmental Activities Department manages chemicals used by NHK Spring and our affiliates, report the amount of use on the basis of the PRTR Law, and report the amount of sewage used by the Yokohama Facility. Furthermore, under the Green Procurement Guidelines, we manage the amount of pollutants included in our products. Other activities by the Safety & Environmental Department in fiscal 2009 included renewing the Green Procurement Guidelines and organized our supply chains according to the latest standards. We will continue to enhance our handling of non-regulated chemical substances.

Reducing industrial waste

- In fiscal 2009, we have implemented activities at our Head Office and Research & Development Department for reducing absolute amount of waste and processing costs, and have achieved each of our targets for that fiscal year. We will continue to lower the burden on the environment by continuing to reduce wastes and processing costs for fiscal 2010.

Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment		Regulated value	Actual
NOx	Hot water boiler	A	0.042	0.021
		B	0.106	0.043
	Cooling water generator	A	0.070	0.028
		B	0.047	0.045
		C	0.025	0.018
Dust	Hot water boiler	A	0.05	0.01
		B	0.05	0.02
	Cooling water generator	A	0.05	0.02
		B	0.05	0.01
		C	0.05	0.01

NOx units: m³N/h Dust units: g/m³N

Water quality: Main Building (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.5	6.4	7.0
Oil	5	2.1	0.1	1.2
Fe	3	0.58	<0.01	0.11
Zn	1	0.03	<0.01	0.02
Ni	1	0.05	<0.01	<0.01
T-Cr	2	<0.01	<0.01	<0.01
Fluorine	8	0.50	<0.01	0.12
Phenols	0.5	0.07	<0.05	<0.05

Units: mg/ℓ

Water quality: R&D Building (Regulated value: Yokohama sewage regulations)

Item	Facilities	Regulated value	Actual		
			Maximum	Minimum	Average
pH	R&D Building 1	5-9	8.9	6.8	7.4
	R&D Building 2		8.5	7.1	7.9
Oil	R&D Building 1	5	1.8	0.7	1.2
	R&D Building 2		3.5	0.2	1.3
Fe	R&D Building 1	3	0.84	<0.01	0.14
	R&D Building 2		0.13	<0.01	0.06
Zn	R&D Building 1	1	0.30	0.01	0.08
	R&D Building 2		0.16	0.01	0.05
Ni	R&D Building 1	1	0.04	<0.01	<0.01
	R&D Building 2		<0.01	<0.01	<0.01
T-Cr	R&D Building 2	2	<0.01	<0.01	<0.01
Phenols	R&D Building 2	0.5	<0.05	<0.05	<0.05

Units: mg/ℓ

Suspension Spring Division • Yokohama Plant



Location: Kanazawa-ku, Yokohama

Products: Leaf springs, coil springs, and radius arms

Commenced operations: November 1987

Employees: 412

Remarks by plant manager

The Yokohama plant is the mother plant for our springs operations around the world. In that role, it promotes productivity improvements, principally through energy saving, sending out the message of building earth-friendly springs around the world.



Jiro Oyama
Plant Manager

Outlook and policies

Based on our environmental policies, the plant builds “earth-friendly springs.” To achieve this, we are actively involved in reducing CO₂ emissions by encouraging energy saving and reducing industrial wastes through recycling in particular, while contributing to protecting the environment and combating global warming through flexible environmental management activities in response to changes in the business environment.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, we pursued improved productivity throughout the plant, principally through energy saving. We reached our annual CO₂ emissions target in the second half through the synergistic effect of greater productivity and energy saving.
- In fiscal 2010, we will push on with energy saving using an inverter, and we also aim to cut CO₂ emissions through a new approach using total productive maintenance (TPM).

Reducing industrial wastes

- In fiscal 2009, we converted metal wastes — shot peening dust as well as empty coating cans and oxide scale — into useful resources, and reached our fiscal year target for our industrial waste cost index.
- In fiscal 2010, we will further reduce our volume of industrial waste by reviewing our work practices, and aim to reach our fiscal year targets for our industrial waste volume and cost indexes.

Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment	Regulated value	Actual	
NOx	Metal reheating furnace	A	0.128	0.057
		B	0.110	0.026
		C	0.212	0.039
		D	0.169	0.059
		E	0.119	0.035
	Metal tempering furnace	A	0.202	0.015
		B	0.123	0.012
		C	0.104	0.041
		D	0.085	0.035
		E	0.059	0.020
Dust	Metal reheating furnace	A	0.1	0.03
		B	0.1	0.03
		C	0.1	0.04
		D	0.1	0.04
		E	0.1	0.05
	Metal tempering furnace	A	0.1	0.04
		B	0.1	0.04
		C	0.1	0.03
		D	0.1	0.04
		E	0.1	0.02
F	0.1	0.02		

NOx units: m³N/h Dust units: g/m³N

Water quality (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	8.9	5.7	7.4	
Oil	Animal and vegetable	30	8.9	0.4	2.3
	Mineral	5	3.7	0.4	1.4
Fe	3	0.08	<0.01	0.03	
Zn	1	0.17	0.01	0.06	
Ni	1	0.36	0.04	0.18	
Mn	1	0.08	<0.01	0.03	
Fluorine	8	1.40	0.04	0.49	
Boron	10	0.60	0.20	0.38	

Units: mg/l

Suspension Spring Division • Shiga Plant



Location: Koga, Shiga
Products: Coil springs, stabilizer bars, and torsion bars
Commenced operations: November 1973
Employees: 250

Remarks by plant manager

We are working steadily on Kaizen tasks one by one aimed at the issues of cutting CO₂ emissions and recycling wastes to preserve the global environment. This is how we can contribute at the level of both the business and this plant to common world goals.



Hidefumi Yoshimura
Plant Manager

Outlook and policies

Our slogan in Shiga Plant — Promoting STPM (Strategy for Total Power Management). Environmental conservation is one of the six core elements of STPM, and we take practical measures to allow all our people to engage in it. We are working hard towards making environmentally friendly springs.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, we took up energy saving through installing inverter controls, and educating the workforce in energy saving through ecological operation of air conditioners and switching off lights when they're not needed. Maintenance management by preventing compressed air escapes through the involvement of employee environmental circles produced real gains.
- In fiscal 2010, we will encourage energy saving by pushing ahead with the inverter controls introduced last fiscal year, and reviewing manufacturing and fabrication conditions.

Recycling and reducing waste

- In fiscal 2009, we concentrated on reducing levels of sludge discharges by bringing the sludge dryer fully into operation. We also had a big impact on reducing wastes by using a commercial cleaning cloth laundry service, through the involvement of employee environmental circles and through awareness-raising activities such as Environmental Dojos.
- In fiscal 2010, we will continue to carry on with reducing sludge volumes, and we will start reusing waste thinner to encourage reductions in waste.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NOx	Metal reheating furnace	A	49
		B	41
		C	35
		D	45
		E	51
Dust	Metal reheating furnace	A	0.04
		B	0.04
		C	0.02
		D	0.04
		E	0.02

NOx units: ppm Dust units: g/m³N

*Boiler added for chemical solution for coating pretreatment of coil springs

Water quality (Regulated value: Agreement with Minakuchi)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6-8	7.8	6.7	7.4
BOD	20	2.0	1.0	1.1
COD	20	6.0	1.0	2.4
SS	10	6.0	1.0	2.8
Oil	3	2.6	0.4	1.4
Total nitrogen	12*	11.6	0.1	9.4
Total phosphorus	1.2*	0.20	0.01	0.06
Fluorine	8*	0.53	0.02	0.16
Boron	2*	0.58	0.06	0.25

*Shiga prefectural regulations

Units: mg/ℓ

Seating Division • Gunma Plant



(Ojima area)

Location: Ota, Gunma

Products: Automotive seats

Commenced operations: December 1986

Employees: 448

(Ota area)

Location: Ota, Gunma

Products: Automotive interior products

Commenced operations: July 1969

Employees: Included in Ojima area

Remarks by plant manager

As a greenfield development site, we have a legacy of agricultural land surrounding our plant. We cooperate proactively with the local community — our slogan is *a plant with a dream and a future*. All our people are involved in ensuring our plant remains environmentally friendly by reducing the impact on the environment, reducing wastes, and saving energy.



Tatsuro Ono
Plant Manager

Outlook and policies

In this plant we contribute to a better automotive society by producing safe and people- and environment-friendly automotive seating and interior components. Ours is an integrated operation, from design and development through manufacture to shipment. We see our mission as passing on a 'rich and beautiful world' to the next generation. Discharging plant effluents into the clear Ishida River is a serious issue for us and we are working on it.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, as a result of abolishing hot urethane (something we had been wanting to do), we suspended use of chilled tower and were able to reduce our boilers from five to four. As a result of a review of the compressed air piping system, we were able to operate our compressors more efficiently. This combined with some more steady work in dealing with air leaks and reviewing basic air pressures, allowed us to run five rather than six compressors, and achieve a big reduction in CO₂ emissions.
- In fiscal 2010, we will relocate the boilers dotted around the urethane plant to one location, and operate them more efficiently through centralized control. We will do our best to eliminate waste with foaming equipment which we operate 24 hours per day, by minimizing rotation frequency at low pressure and stoppages on days off. We will install super-efficient transformers in the newly built Development building, which incorporates solar photovoltaic generators and LED lighting for economy. We hope that the clean image we present will appeal to our customers in particular, and to others outside the company as well.

Atmosphere: Ojima area (Voluntary values for unregulated equipment)

Substance	Equipment	Regulated value		Actual
		Regulated value	Actual	
NOx	Boiler	A	300	69
		B	300	67
		C	300	73
Dust	Boiler	A	0.2	0.03
		B	0.2	0.04
		C	0.2	0.05

NOx units: ppm Dust units: g/m³N

Water quality: Ojima area (Regulated value: Agreement with Ojima)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	6–8	7.3	6.1	6.7	
BOD	10	5.0	1.0	1.9	
SS	10	31.0	1.0	4.0	
Oil	Animal and vegetable	30	2.3	0.09	0.8
	Mineral	5	1.3	0.09	0.5

Units: mg/ℓ

Water quality: Ota area (Regulated value: Gunma prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8–8.6	7.7	6.9	7.2
BOD	40	7.0	2.0	3.6
COD	40	11.0	6.0	7.8
SS	50	9.0	1.0	4.2
Oil	5	2.3	0.5	1.3

Units: mg/ℓ

Seating Division • Yokohama Plant



Location: Kanazawa-ku, Yokohama
Products: Automotive seats and interior products
Commenced operations: April 1990
Employees: 477

Remarks by plant manager

Yokohama, the Eco-Model City, has formulated the CO-D030 Roadmap, which has started to involve households, business and transport. Our Yokohama Plant in the Yokohama Green Valley aims to create a factory up to the green challenge and encourage eco-action in conjunction with the local community.



Naohiko Tsukagoshi
Plant Manager

Outlook and policies

Our task and our conviction is to pass on to the next generation a prosperous and a beautiful world. Each of our employees thinks in terms of protecting the environment and each one plays a part in developing and making safe, people-friendly automotive seating and interior products. These efforts contribute to the growth of the automotive society.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, we made effective use of our electricity monitoring systems to reduce standby power in our production equipment and to tailor our utilities facilities (air conditioning, air intake and exhaust systems) to the production load. This reduced unnecessary use of power and cut our CO₂ emissions by 490 tons compared to fiscal 2007 levels.
- In fiscal 2010, we will continue our efforts to save electricity with energy saving patrols, etc.

Recycling and reducing waste

- In fiscal 2009, we worked hard to eliminate unnecessary substandard products and products requiring repair, and achieved a first run rate of over 99% on our urethane manufacturing line, which uses environmentally sensitive equipment, through regular 'Top Quality Activities.' These activities are a first step in saving energy, conserving resources and reducing waste, as well as raising environmental awareness throughout the entire plant.
- In fiscal 2010, we will continue these activities and training to further enhance environmental awareness and encourage environmental conservation work which all employees will engage in.

Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Boiler	A	0.067	0.059
		B	0.067	0.050
Dust	Boiler	A	0.05	0.02
		B	0.05	0.02

NOx units: m³/h Dust units: g/m³N

Water quality (Regulated values: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	8.9	6.2	7.1	
Oil	Animal and vegetable	30	2.8	0.1	0.8
	Mineral	5	1.6	0.1	0.5
Fe	3	0.13	<0.01	0.05	
Zn	1	0.41	<0.01	0.09	
Ni	1	0.22	<0.01	0.12	
Boron	10	0.50	0.02	0.14	

Units: mg/ℓ

Seating Division • Toyota Plant



Location: Toyota, Aichi

Products: Automotive seats and interior products

Commenced operations: June 1961

Employees: 440

Remarks by plant manager

We are providing further encouragement to reducing CO₂ emissions and building environment-friendly products. Our focus is on making the plant energy-saving, with close ties to the local community, with all our employees involved.



Shingo Kawakami
Plant Manager

Outlook and policies

Our main product is frames for automotive seating. We have a fully integrated system, from design through manufacture to shipment. Our ongoing concerns are reducing the burden on the environment while creating people- and environment-friendly products, and contributing to society and the local environment.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, everyone was involved in thinking of ways to save energy without incurring capital costs, by things like reducing the air pressure settings in compressors and thinning out the lighting inside the plant under challenging conditions. We also heightened the awareness of energy saving of every employee in the plant in order to lift environmental awareness, starting energy-saving patrols, and checking for unnecessary use of power during the lunch break.
- In fiscal 2010, we will push on with upgrading the plant to reduce CO₂ emissions. We will make meaningful reductions in CO₂ emissions by installing high efficiency compressors, centralized controls of compressed air and upgrading our compressed air pipes. We will implant and enhance awareness of the environment in our employees and raise the profile of energy-saving activities.

Measures for noise and vibration

- In fiscal 2009, we increased camera monitoring inside the plant and monitored and limited nighttime noise, creating an environment where we could take quick action against the sources of noise and vibration.
- In fiscal 2010, we will conclude a new agreement with Toyota City on encouraging the preservation of the environment, to further the environmental awareness revolution. We will place stress on communication with our neighbors, visiting their homes.

Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.4	6.5	6.9
BOD	600	9.0	2.0	4.3
COD	600	20.0	2.0	8.2
SS	600	20.0	1.0	5.8
Oil	5	11.0	0.6	1.7
Zn	2	0.23	0.01	0.10
Cu	3	0.05	0.01	0.02

Units: mg/l

Precision Spring & Components Division • Atsugi Plant



Location: Aikawa-machi, Aiko-gun, Kanagawa
Products: Thin leaf springs and precision stamped products
Commenced operations: November 1970
Employees: 464

Remarks by plant manager

We are raising the environmental awareness of each and every one of our employees so that we can “keep the world beautiful.” We will provide environmental education so that our employees can practice environmental conservation activities on their own, to create an environmentally friendly plant.



Yoshikazu Kitamura
Plant Manager

Outlook and policies

We develop and manufacture high precision, high quality, ultra-clean products such as thin leaf springs for automotive and information equipment products. Our aim is to have an environmentally responsible plant with close ties to its locality through continuous involvement in environmental conservation activities. It is a high priority to maintain the environment here between the Sagami and Nakatsu Rivers. We aim to build the awareness of all our people and create an environmentally friendly plant.

Fiscal 2009 and 2010 initiatives

Recycling and reducing waste

- When rebuilding company housing and dormitories, we didn't simply follow the letter of the law: we also considered the local residents, and kept them fully informed. We also took great care to sort the wastes from the demolition and recycle the metal to reduce our industrial wastes.
- Since fiscal 2005, we have reached a recycling rate of at least 99.9%, which we intend to maintain in future.

Reducing CO₂ emissions

- In fiscal 2009, we completed an update to a new system incorporating energy-saving controls in a high efficiency air conditioning system mainly for the die plant. This produced a reduction of 23.7% in CO₂ emissions over fiscal 2007. We also initiated an electricity monitoring system, which shows us our electricity usage at all times. This makes prompt energy-saving action possible.
- In fiscal 2010, we will make great efforts to reduce our use of high-CO₂ equivalent kerosene, as well as overhaul low efficiency air conditioners and overhaul and review the controls in our dehumidifier system, to make even more efficient use of energy. We will involve the whole plant in further energy saving, stressing the need for teamwork as well as individual efforts.

Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	7.5	6.7	7.1	
BOD	600	48.0	6.0	22.3	
COD	—	52.0	16.0	30.2	
SS	600	57.0	2.0	15.9	
Oil	Animal and vegetable	30	8.3	1.9	3.7
	Mineral	5	3.5	1.0	1.9
Fe	10	0.8	0.2	0.4	
Total nitrogen	125	15.0	3.1	10.4	
Fluorine	8	1.20	0.02	0.16	
Boron	10	0.58	0.04	0.32	

Units: mg/ℓ

Precision Spring & Components Division • Ina Plant



Location: Miyada-mura, Kami Ina-gun, Nagano

Products: Wire springs and precision machined components

Commenced operations: December 1943

Employees: 511

Remarks by plant manager

The Ina Valley is blessed with a beautiful environment. That is why we encourage all our employees to reach out from cutting our own CO₂ emissions to encompass improving global environment protection, creating earth-friendly products.



Toshiyuki Saitou
Plant Manager

Outlook and policies

At these plants we develop and manufacture high quality, high performance products with a low impact on the global environment. Our products include valve springs, which are key components in automotive engines, all kinds of wire springs, mechanical parts, and semiconductor and LCD panel testing instruments. We work with all our employees to create earth-friendly products to protect the environment. As members of society responsible for the environment, we recognize energy saving as a vital issue of concern.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, we saved energy by limiting the number of honing compressors and applying an insulating coating to our large nitriding furnace. Our CO₂ emissions were 31.9% below the actual figure for fiscal 2007 and reached 103.6% of our target. It was unfortunate that the effects of a fall in sales in the first half meant that we only reached 98% of our unit target.
- In fiscal 2010, we will extend the insulating coatings to our nitriding furnace exhaust gas burner and Phoscoat tank, and use inverter controls in our dust collector, as part of our ongoing efforts to make our equipment more energy efficient. We will also roll out more steady energy-saving efforts, including using patrols to identify and eliminate waste more thoroughly.

Recycling and reducing waste

- We reached a recycling rate of at least 99.9% since fiscal 2005, and we will maintain this level.
- In fiscal 2010, we will try to reduce the volume of sludge emissions by changing the flocculant for the final effluent.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value		Actual
		Regulated value	Actual	
NOx	Heating boiler	A	250	44
		B	250	69
		C	250	75
Dust	Heating boiler	A	0.3	0.06
		B	0.3	0.05
		C	0.3	0.05

NOx units: ppm Dust units: g/m³N

Water quality (Regulated value: Sewage Law and Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.7-8.7	7.6	6.0	6.7
BOD	600	85.0	1.0	8.0
COD	—	127.0	1.0	12.9
SS	600	27.0	1.0	9.2
Oil	5	2.7	0.3	1.5
Fe	10	0.6	0.01	0.16
Cu	3	0.2	0.01	0.03
Total nitrogen	380	13.9	2.0	5.1

Units: mg/l

Disk Drive Suspension Division • Komagane Plant



Location: Komagane, Nagano
Products: HDD suspensions
Commenced operations: November 1983
Employees: 680

Remarks by plant manager

We are creating an environmentally friendly plant and encourage protecting the environment by all our employees saving energy and reducing wastes.



Susumu Senkawa
Plant Manager

Outlook and policies

We aim to continue to protect the environment and have an environmentally friendly plant efficiently producing the best quality HDD suspensions in the world, so that future generations can inherit our beautiful environment in good condition.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, despite record production levels, we continued the previous year's improvements. We made energy saving improvements including installing inverters in the clean room booster fan and cooling water chiller circulation pump and consolidating our production lines, lifting productivity. The synergistic effects produced a 23.4% reduction in CO₂ emissions on 2007, for a reduction in absolute terms of 2,985 tons.
- In fiscal 2010, we will continue with operating efficiency and capital investment energy saving initiatives and strengthen our energy management systems.

Recycling and reducing waste

- In fiscal 2009, we continued our efforts to reduce wastes, reusing transport pallets and dispose of waste plastics either without cost or extracting value from them, to reduce the volume of wastes and their treatment costs.
- In fiscal 2010, we will continue to maintain a 100% recycling rate, reduce waste oily water, and further extract value from waste plastics, to reduce the volume of wastes and their treatment costs.

Water quality (Regulated value: Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.5	7.1	7.3
BOD	20	18.0	7.0	11.9
COD	20	14.0	3.0	8.7
SS	30	27.0	1.0	7.2
Oil	5	1.7	0.1	0.9

Units: mg/ℓ

Industrial Machinery & Equipment Division • Isehara Plant Bonding and Ceramic Department, Special Products Department



Location: Isehara, Kanagawa

Products: Brazed products, pipe support systems, specialized springs

Commenced operations: March 1993

Employees: 207

Remarks by director

The Isehara plant is located at the base of the Tanzawa mountains, noted for their natural beauty. All our employees engage in saving energy and resources and reducing wastes, to share the natural environment with which we have been blessed.



Toshihiro Tachikawa
Director, Bonding and Ceramic Department

Outlook and policies

At this plant, we develop and manufacture advanced bonding technology products and pipe support systems for large plants. Through what we make, we all continue to contribute to protecting the global environment and preventing global warming in order to “Promote corporate growth and contribute to the development of an affluent society.”

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009 we reduced our CO₂ emissions by 34% over fiscal 2007 and our absolute level of CO₂ emissions by 776 tons, without heavy capital investment. The electric furnace which produces semiconductor manufacturing equipment-related products was the worst emitter, but we improved its efficiency. We also replaced lights with LEDs.
- In fiscal 2010, the whole plant will be involved eradicating waste and saving energy, through continuing to improve the efficiency of the electric furnace and electricity monitoring.

Recycling and reducing waste

- In fiscal 2009 we updated our 100% recycling rate which has been running since October 2004, reducing wastes by 14% or 21 tons on fiscal 2008. We collected 46,000 PET bottle caps for the Eco-cap campaign, paying for polio vaccines for 57 recipients.
- In fiscal 2010 we will continue our 100% recycling rate program. We will provide further encouragement for turning wastes into useful resources.

Environment Dojos

- In fiscal 2009, all 330 employees of the plant passed examinations on training in sorting waste materials, as part of our consciousness-raising. In fiscal 2010, we will further raise the level of sorting training to involve all employees of the plant in protecting the global environment.

Water quality (Voluntary controls for less than 50m³/hour effluent)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8–8.6	7.5	6.2	7.0
BOD	130	23.0	4.0	10.5
COD	130	28.0	13.0	18.5
SS	160	11.0	2.0	6.9
Oil	5	2.7	0.5	1.4
Fe	3	0.13	0.02	0.01
Zn	1	0.30	0.07	0.15

Units: mg/ℓ

Industrial Machinery & Equipment Division • Komagane Plant Chemical Products Department, Electronic Components Department



Location: Komagane, Nagano
Products: Specialized polyurethane foam products, metal base printed wiring boards
Commenced operations: December 1981
Employees: 129

Remarks by director

We, the Japanese, love the changing of the seasons — the eternal, clear snow melt and the plants and animals. All of us work to protect the environment, hand in hand with the local community to preserve these beauties of nature.



Hitoshi Sasaki
 Director, Chemical Products and Electronic Components Departments

Outlook and policies

This plant is in a place of great beauty between two mountains of the Japan Alps. We produce specialized polyurethane foam products and metal base printed wiring boards. We encourage all our people to involve themselves in the recycling-oriented society firmly rooted in the local community in line with NHK Spring activities guidelines and plans.

Fiscal 2009 and 2010 initiatives

Recycling and reducing waste

- In fiscal 2009, we achieved 1% to 3% year-on-year reductions in our industrial waste and emissions indexes.
- In fiscal 2010, we will concentrate on reducing our treatment costs for waste plastics (urethane) and effluent.

Reducing CO₂ emissions

- In fiscal 2009, we installed inverters to save energy on our compressors and reduced compressed air leakages. This reduced our compressor electricity usage by 60% and greatly reduced our CO₂ emissions.
- In fiscal 2010, we will further reduce our electricity usage by installing compressor inverters in our No.2 Plant and installing inverters in our industrial water pumps. We will also roll out participation in steady energy saving activities to all our employees and further cut our CO₂ emissions.

Enhanced environmental management

- In fiscal 2009, we overhauled our effluent tanks to prevent environmental accidents. We plan to continue in fiscal 2010 by renewing our aging tanks.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value		Actual
NOx	Hot water boiler	A	180	69
		B	180	82
		C	180	86
	Multi-stage pressure boiler	180	76	
	Heating boiler	A	180	58
B		180	80	
Dust	Hot water boiler	A	0.3	0.02
		B	0.3	0.03
		C	0.3	0.03
	Multi-stage pressure boiler	0.3	0.03	
	Heating boiler	A	0.3	0.03
B		0.3	0.04	

NOx units: ppm Dust units: g/m³N

Water quality (Regulated value: Nagano prefectural regulations)

Item	Facilities	Regulated value	Actual		
			Maximum	Minimum	Average
pH	Production Building 1	5.8-8.6	8.2	7.0	7.8
	Production Building 2		7.7	6.0	6.8
BOD	Production Building 1	20	2.0	1.0	1.6
	Production Building 2		18.0	2.0	8.3
COD	Production Building 1	20	2.0	0.1	1.0
	Production Building 2		15.0	2.0	8.2
SS	Production Building 1	30	2.0	1.0	1.7
	Production Building 2		6.0	1.0	1.7
Oil	Production Building 1	5	1.6	0.1	1.1
	Production Building 2		3.2	0.4	1.4
Fe	Production Building 2	10	0.25	0.02	0.12
Cu	Production Building 2	3	0.23	0.01	0.07

Units: mg/l

Industrial Machinery & Equipment Division • Yasu Plant Parking Systems Department



Location: Yasu, Shiga

Products: Mechanical multilevel parking systems

Commenced operations: October 1996

Employees: 71

Remarks by director

Our Yasu plant is situated on the shores of Lake Biwa, rich and beautiful with nature throughout the year. We are conscious of the need to not only preserve but enhance the environment. All our employees participate in protecting the environment.



Hidenori Ishiwata
Director, Parking
Systems Department

Outlook and policies

We develop and build mechanical multilevel parking systems with our slogan, Reducing environmental impact, foremost in our thoughts. We will make greater efforts to preserve the environment while continuing to do better to protect it. We can hand on our verdant mountains ringing Lake Biwa, and the clean air and running streams, to later generations.

Fiscal 2009 and 2010 initiatives

Reducing CO₂ emissions

- In fiscal 2009, we continued the switch to energy-saving lights for illumination in the plant. We also made improvements by saving electricity and LPG by reviewing the operating conditions for our production equipment, and analyzing the operating status of our main production equipment through electricity monitoring, leading to a reduction in energy use.
- In fiscal 2010, we will extend the coverage of electricity monitoring and install inverters in our compressors, reduce plant lighting through the use of sunlight, and reduce energy consumption in our offices and amenities building, encouraging all our employees to engage in Kaizen activities.

Recycling and reducing waste

- In fiscal 2009, we encouraged the useful recycling of resins, reducing our industrial waste treatment costs.
- In fiscal 2010, we will review our sorting of metal scrap to further recycle it into useful products.

Pollution prevention activities embracing the NHK Spring Group

- We will roll out workplace patrols in our affiliates and urge local communities to prevent accidents that would damage the environment.

Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NO _x	Boiler	150	57
	Drying oven	230	23
Dust	Boiler	0.1	0.03
	Drying oven	0.2	0.05

NO_x units: ppm Dust units: g/m³N

Water quality (Regulated value: Sewage Law)

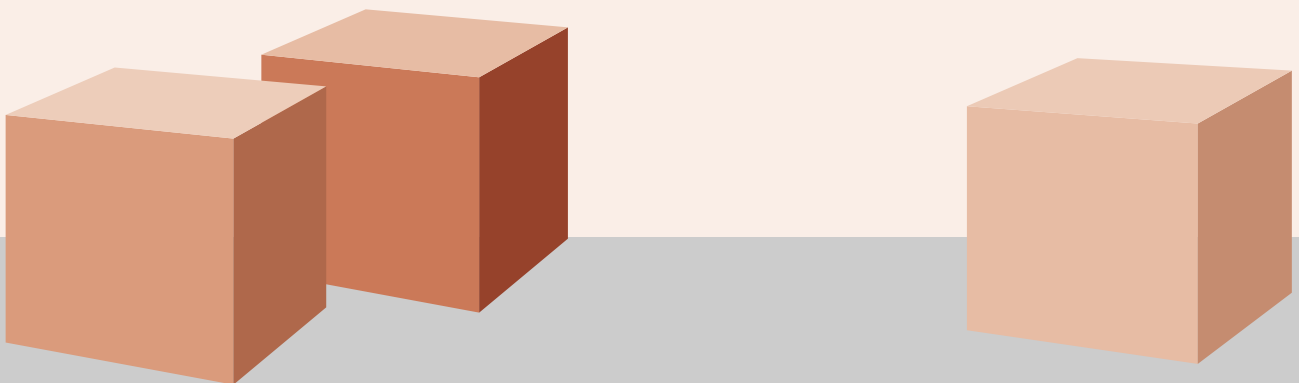
Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.7	6.6	7.0
BOD	600	10.0	2.0	4.2
COD	—	20.0	2.0	6.5
SS	600	18.0	1.0	8.9
Oil	5	2.7	0.8	1.4
Ni	1	0.9	0.10	0.4
Total nitrogen	60	36.0	21.9	30.5
Total phosphorus	10	0.80	0.08	0.33

Units: mg/l



Financial Report

Five-year summary (consolidated)	47
Analysis of results	48
Consolidated balance sheets	50
Consolidated statements of income	52
Consolidated statements of changes in net assets	53
Consolidated statements of cash flows	56
Notes to the consolidated financial statements	57
Report of Independent Auditors	72



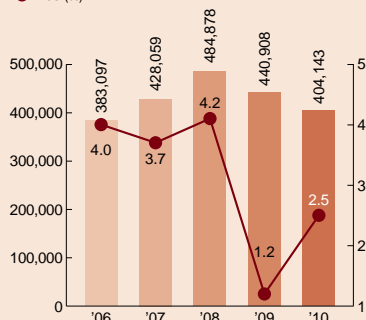
Five-year summary (consolidated)

	Millions of Yen					Thousands of U.S. Dollars (Note)
	2010	2009	2008	2007	2006	2010
Net sales	¥404,143	¥440,908	¥484,878	¥428,059	¥383,097	\$4,343,757
Cost of sales	353,304	396,219	419,028	367,382	329,068	3,797,331
Gross profit	50,839	44,689	65,850	60,677	54,029	546,426
Selling, general and administrative expenses	32,053	34,230	35,494	35,562	32,433	344,515
Operating income	18,786	10,459	30,356	25,115	21,596	201,911
Other income (expenses)	(3,462)	(851)	4,115	2,576	2,943	(37,208)
Income before income taxes and minority interest	15,324	9,608	34,471	27,691	24,539	164,703
Net income	10,291	5,262	20,361	15,931	15,390	110,606
Net assets	134,243	115,962	149,228	137,610	123,273	1,442,851
Total assets	357,142	324,889	401,070	400,967	355,061	3,838,583
Depreciation	24,075	26,600	22,936	17,966	14,367	258,756
Capital expenditure	15,695	34,800	34,779	34,661	27,666	168,701
Per share	Yen					U.S. Cents
Net income	43.45	21.98	84.01	65.71	62.83	46.70
Shareholders' equity	567.01	489.57	615.82	567.70	507.75	609.43
Cash dividends	10.50	10.50	14.00	11.50	9.00	11.29

Note: U.S. Dollar amounts are translated from yen for convenience at the rate of ¥93.04=US\$1.00, the rate of exchange on March 31, 2010.

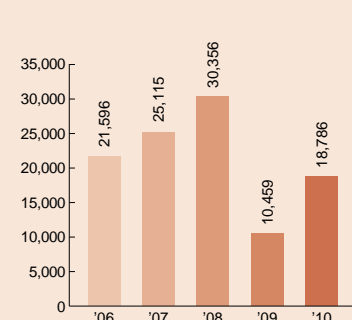
Net sales

Net sales (¥ million)
RDS (%)



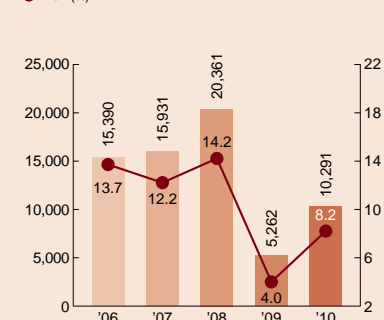
Operating income

Operating income (¥ million)



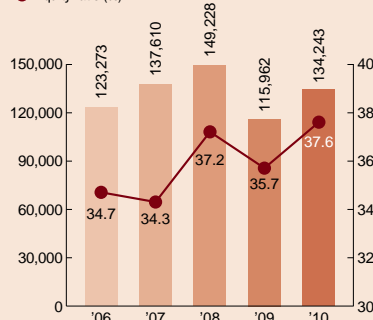
Net income

Net income (¥ million)
ROE (%)



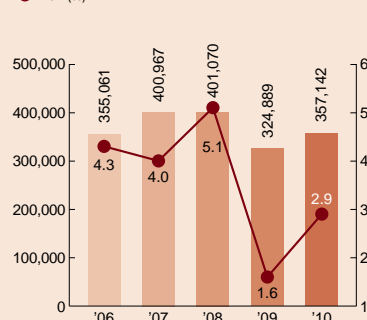
Equity

Equity (¥ million)
Equity ratio (%)



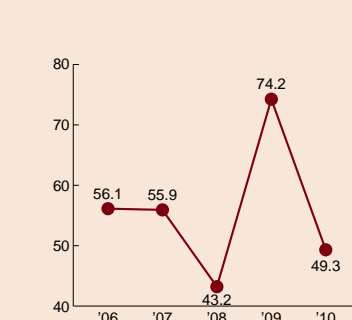
Total assets

Total assets (¥ million)
ROA (%)



Debt equity ratio

Debt equity ratio (%)



Analysis of results

Operating results for the year

The Japanese economy continued to improve during the year, with measures to counter the downturn and growth in exports. The global economy also continued to recover, driven by the emerging economies, particularly China and India.

The automobile industry, which is a major focus of the Group, saw domestic sales grow 3.8% year-on-year to 4.880 million units, although shipments of finished cars fell 27.1% year-on-year to 4.087 million units. This gave total domestic production of 8.865 million units, which was down 11.4% year-on-year.

In another major focus of the Group, IT equipment, PC demand increased and HDDs (hard disk drives) production trended up. Against this business environment, the effects of the fall in orders due to the fall in automobile production caused an 8.3% decline in sales year-on-year to ¥404,143 million. However, on the earnings side, our adjustment to production and efforts to reduce costs to improve earnings, operating income increased by 79.6% year-on-year to ¥18,786 million, ordinary income increased 36.4% year-on-year to ¥17,631 million, and net income for the year increased 95.6% year-on-year to ¥10,291 million.

Conditions by segment

Segment information

[Suspension Springs]

Net sales for the Suspension Springs segment were down 19.3% year-on-year to ¥81,624 million, but operating income was up 36.1% year-on-year to ¥469 million. The fall in automobile production led to a reduction in orders, but our efforts to cut costs produced a rise in income despite the fall in revenues. The result was impacted by falls in commercial trucks in Japan and passenger trucks in Thailand.

[Seating]

Net sales for the Seating segment contracted by 3.8% year-on-year to ¥163,331 million, but operating income increased 93.6% year-on-year to ¥6,848 million. While orders declined due to lower automobile production, our efforts to cut costs produced a rise in income despite the fall in revenues. An improvement in the models ordered cushioned the decline in sales.

[Precision springs and Components]

Net sales for the Precision Springs and Components segment contracted by 4.1% year-on-year to ¥126,922 million, but operating income increased 115.7% year-on-year to ¥9,346 million. There was a decline in orders from the automobile industry, but cost cutting and an increase in orders from the IT equipment industry produced a rise in income despite the fall in revenues.

[Industrial Machinery and Equipment, and Other]

Net sales for the Industrial Machinery and Equipment, and Other segment contracted by 13.8% year-on-year to ¥32,266 million, and operating

income decreased 5.4% year-on-year to ¥2,123 million. The poor economic conditions resulted in a fall in sales of the Industry and Lifestyle sectors, but our cost cutting efforts mitigated the falls in income and profits.

Segment information by region

[Japan]

Net sales in Japan contracted by 3.8% year-on-year to ¥304,404 million, but operating income increased 583.7% year-on-year to ¥9,709 million. Lower automobile production led to decreased orders, but cost cutting produced a rise in income despite the fall in revenues.

[North America]

Net sales in North America contracted by 18.5% year-on-year to ¥37,499 million, but operating income increased 223.5% year-on-year to ¥622 million. Lower automobile production led to decreased orders, but cost cutting produced a rise in income despite the fall in revenues.

[Asia]

Net sales in Asia contracted by 12.8% year-on-year to ¥79,466 million, and operating income decreased 4.4% year-on-year to ¥8,445 million. The first half fall led to declines in both income and revenues.

Cash flow

Funds from the results of operating activities increased by ¥20,167 million to ¥42,807 million. This was a result chiefly of efforts to improve income through appropriate adjustments to production levels and efforts to cut costs. Depreciation charges were down ¥2,525 million year-on-year to ¥24,075 million.

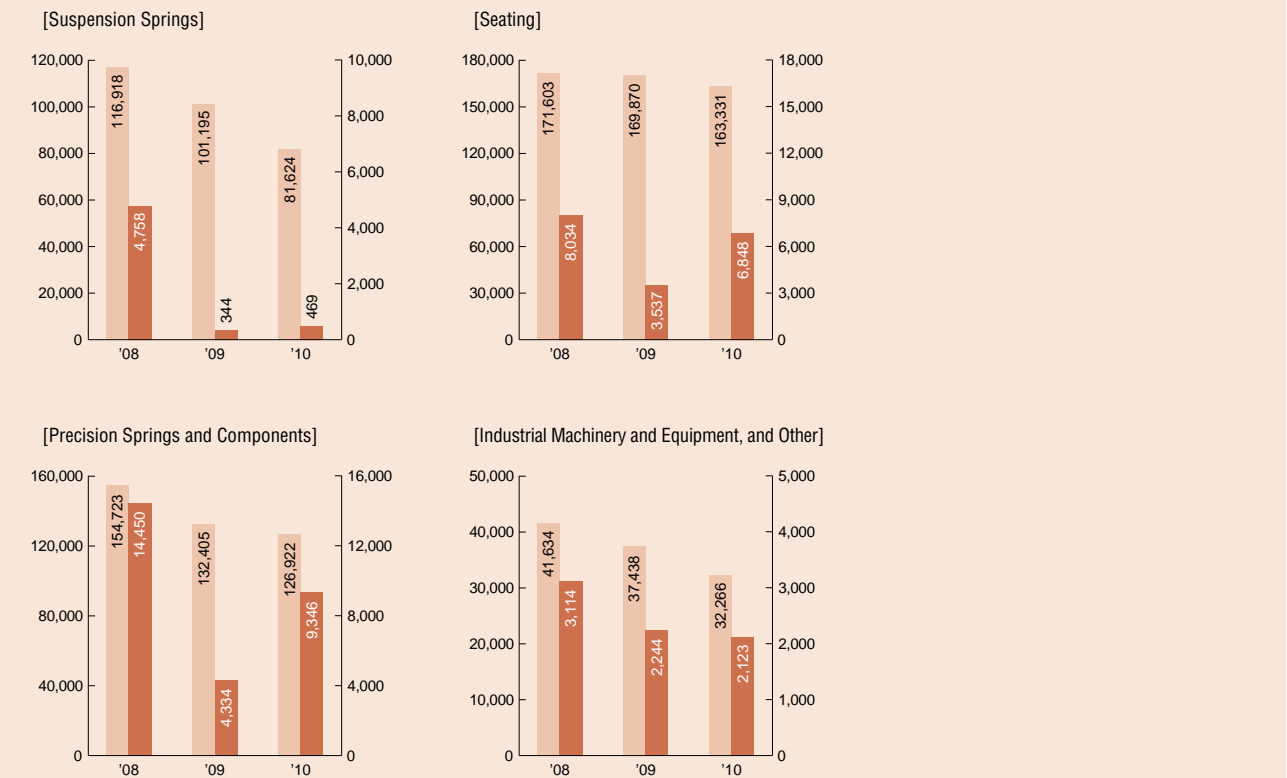
Funds used for investment activities were down ¥11,525 million year-on-year to ¥17,778 million. This was due primarily to a reduction in expenditures on the acquisition of tangible fixed assets.

Funds used in financial activities increased ¥38,272 million year-on-year to ¥22,466 million. This was due primarily to the repayment of borrowings.

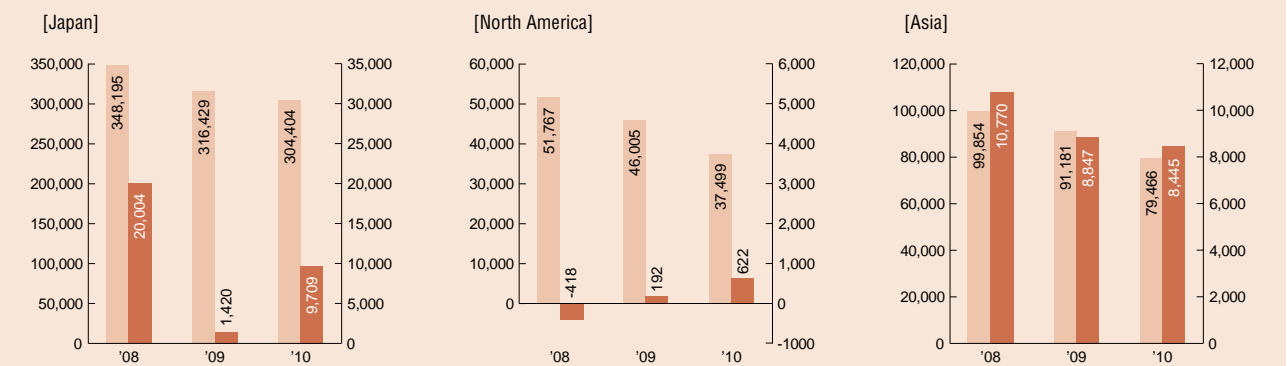
Free cash flow (funds derived from operating activities less funds used for investment activities) reached ¥25,029 million.

As a result, cash and cash equivalents increased ¥3,126 million year-on-year to ¥35,379 million at the end of the year. Commercial paper and Short- and long-term debt were reduced by ¥19,830 million year-on-year to ¥66,227 million at the end of the year.

Net sales and operating income by segment



Net sales and operating income by region



Consolidated balance sheets

March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	(Note 3) 2010
ASSETS			
Current assets:			
Cash and bank deposits (Note 4)	¥ 36,022	¥ 31,491	\$ 387,166
Notes and accounts receivable, trade	88,338	61,241	949,461
Less: Allowance for doubtful notes and accounts	(75)	(360)	(805)
Inventories (Note 5)	30,699	34,845	329,955
Deferred tax assets (Note 11)	4,511	3,892	48,481
Other current assets (Note 4)	14,220	12,757	152,841
Total current assets	173,715	143,866	1,867,099
Investments and long-term receivables:			
Investment securities (Note 7)	37,455	24,838	402,564
Investments in unconsolidated subsidiaries and affiliated companies	12,946	14,292	139,151
Long-term loans	614	1,104	6,600
Deferred tax assets (Note 11)	2,055	1,668	22,089
Other investments	1,693	2,221	18,196
Less: Allowance for doubtful receivables	(376)	(414)	(4,043)
Total investments and long-term receivables	54,387	43,709	584,557
Property, plant and equipment:			
Buildings and structures (Note 9)	107,052	102,782	1,150,602
Machinery and transport equipment (Note 9)	160,530	153,663	1,725,392
Jig, tools and equipment (Note 9)	46,955	49,268	504,672
Land (Note 9)	28,394	27,332	305,180
Construction in progress	3,325	7,116	35,735
	346,256	340,161	3,721,581
Less: Accumulated depreciation	(224,191)	(207,119)	(2,409,619)
Net property, plant and equipment	122,065	133,042	1,311,962
Intangible and other assets	6,975	4,272	74,965
Total assets	¥357,142	¥324,889	\$3,838,583

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	(Note 3) 2010
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 9)	¥ 15,024	¥ 27,257	\$ 161,477
Current portion of long-term debt (Note 9)	15,617	19,685	167,855
Notes and accounts payable, trade	94,229	68,373	1,012,782
Accrued expenses	15,324	13,034	164,707
Accrued income taxes	3,143	736	33,783
Deferred tax liabilities (Note 11)	907	662	9,746
Allowance for directors bonus	181	210	1,940
Other current liabilities	8,990	11,203	96,625
Total current liabilities	153,415	141,160	1,648,915
Long-term liabilities:			
Long-term debt (Note 9)	32,586	36,116	350,240
Accrued retirement benefits for employees (Note 8)	11,792	12,707	126,741
Accrued retirement benefits for directors and corporate auditors	558	1,195	5,995
Accrued retirement benefits for corporate officers	583	620	6,267
Deferred tax liabilities (Note 11)	9,420	4,268	101,245
Other long-term liabilities	4,254	3,778	45,724
Total long-term liabilities	59,193	58,684	636,212
Contingent liabilities (Note 13)			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 600,000,000 shares			
Issued: 244,066,144 shares at March 31, 2010;			
244,066,144 shares at March 31, 2009	17,010	17,010	182,820
Capital surplus	17,296	17,296	185,898
Retained earnings (Notes 11 and 17)	97,963	89,408	1,052,913
Less: Treasury stock	(4,743)	(4,654)	(50,971)
Total shareholders' equity	127,526	119,060	1,370,660
Valuation and translation adjustments: Net unrealized gains on other securities	14,673	7,534	157,710
Deferred hedge gains and losses	(5)	0	(50)
Foreign currency translation adjustments	(7,951)	(10,632)	(85,469)
Total valuation and translation adjustments	6,717	(3,098)	72,191
Minority interests	10,291	9,083	110,605
Total net assets	144,534	125,045	1,553,456
Total liabilities and net assets	¥357,142	¥324,889	\$3,838,583

The accompanying notes are an integral part of the financial statements.

Consolidated statements of income

For the years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2010	2009	2010
Net sales	¥404,143	¥440,908	\$4,343,757
Cost of sales (Note 10)	353,304	396,219	3,797,331
Gross profit	50,839	44,689	546,426
Selling, general and administrative expenses (Note 10)	32,053	34,230	344,515
Operating income	18,786	10,459	201,911
Other income (expenses):			
Interest income	154	265	1,657
Dividend income	442	978	4,753
Gain on sales of tangible fixed assets	131	34	1,403
Gain on sales of investment securities (Note 7)	22	17	240
Interest expenses	(1,317)	(1,467)	(14,154)
Gain on sales of waste and scrap	42	1,682	454
Equity in earnings of unconsolidated subsidiaries and affiliated companies	882	1,255	9,484
Exchange gain/(loss), net	(1,237)	135	(13,293)
Loss on write-down of investment securities	(65)	(663)	(693)
Loss on disposals of fixed assets	(659)	(749)	(7,084)
Loss on impairment of fixed assets (Note 6)	(1,059)	(1,624)	(11,382)
Loss on closure of consolidated foreign subsidiary plant	(920)	-	(9,890)
Other, net	122	(714)	1,297
	(3,462)	(851)	(37,208)
Income before income taxes and minority interests	15,324	9,608	164,703
Income taxes (Note 11):			
Current	4,422	2,077	47,528
Deferred	(448)	1,887	(4,814)
	3,974	3,964	42,714
Minority interests in income of consolidated subsidiaries	1,059	382	11,383
Net income	¥ 10,291	¥ 5,262	\$ 110,606
		Yen	U.S. Cents
Net income per share (Note 12)			
- Basic	¥ 43.45	¥ 21.98	¢ 46.70
- Diluted	-	-	-
Cash dividends per share	10.50	10.50	11.29

The accompanying notes are an integral part of the financial statements.

Consolidated statements of changes in net assets

For the years ended March 31, 2010 and 2009

For the year ended March 31, 2009

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2008	¥17,010	¥17,296	¥87,604	¥ (852)	¥121,058
Effect of changes in accounting policies applied to foreign subsidiaries			202		202
Changes during the fiscal year:					
Dividends paid			(3,355)		(3,355)
Other comprehensive loss			(305)		(305)
Net income			5,262		5,262
Purchase of treasury stock				(3,855)	(3,855)
Disposal of treasury stock				53	53
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	1,602	(3,802)	(2,200)
Balances as of March 31, 2009	¥17,010	¥17,296	¥89,408	¥ (4,654)	¥119,060

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balances as of March 31, 2008	¥23,828	¥ (31)	¥ 4,373	¥28,170	¥10,095	¥159,323
Effect of changes in accounting policies applied to foreign subsidiaries						202
Changes during the fiscal year:						
Dividends paid						(3,355)
Other comprehensive loss						(305)
Net income						5,262
Purchase of treasury stock						(3,855)
Disposal of treasury stock						53
Net changes of items other than shareholders' equity	(16,294)	31	(15,005)	(31,268)	(1,012)	(32,280)
Total changes during the fiscal year	(16,294)	31	(15,005)	(31,268)	(1,012)	(34,480)
Balances as of March 31, 2009	¥ 7,534	¥ 0	¥ (10,632)	¥ (3,098)	¥ 9,083	¥125,045

For the year ended March 31, 2010

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2009	¥17,010	¥17,296	¥89,408	¥ (4,654)	¥119,060
Increase from change of fiscal term of foreign consolidated subsidiaries			51		51
Changes during the fiscal year:					
Dividends paid			(1,671)		(1,671)
Increase resulting from increase in number of consolidated subsidiaries			25		25
Other comprehensive loss			(141)		(141)
Net income			10,291		10,291
Purchase of treasury stock				(91)	(91)
Disposal of treasury stock		0		2	2
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	0	8,504	(89)	8,415
Balances as of March 31, 2010	¥17,010	¥17,296	¥97,963	¥ (4,743)	¥127,526

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balances as of March 31, 2009	¥7,534	¥ 0	¥ (10,632)	¥ (3,098)	¥9,083	¥125,045
Increase from change of fiscal term of foreign consolidated subsidiaries						51
Changes during the fiscal year:						
Dividends paid						(1,671)
Increase resulting from increase in number of consolidated subsidiaries						25
Other comprehensive loss						(141)
Net income						10,291
Purchase of treasury stock						(91)
Disposal of treasury stock						2
Net changes of items other than shareholders' equity	7,139	(5)	2,681	9,815	1,208	11,023
Total changes during the fiscal year	7,139	(5)	2,681	9,815	1,208	19,438
Balances as of March 31, 2010	¥14,673	¥ (5)	¥ (7,951)	¥ 6,717	¥10,291	¥144,534

For the year ended March 31, 2010

Thousands of U.S. Dollars (Note 3)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balances as of March 31, 2009	\$182,820	\$185,896	\$960,968	\$ (50,020)	\$1,279,664
Increase from change of fiscal term of foreign consolidated subsidiaries			550		550
Changes during the fiscal year:					
Dividends paid			(17,969)		(17,969)
Increase resulting from increase in number of consolidated subsidiaries			275		275
Other comprehensive loss			(1,517)		(1,517)
Net income			110,606		110,606
Purchase of treasury stock				(978)	(978)
Disposal of treasury stock		2		27	29
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	2	91,395	(951)	90,446
Balances as of March 31, 2010	\$182,820	\$185,898	\$1,052,913	\$ (50,971)	\$1,370,660

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balances as of March 31, 2009	\$ 80,981	\$ (0)	\$ (114,279)	\$ (33,298)	\$ 97,624	\$1,343,990
Increase from change of fiscal term of foreign consolidated subsidiaries						550
Changes during the fiscal year:						
Dividends paid						(17,969)
Increase resulting from increase in number of consolidated subsidiaries						275
Other comprehensive loss						(1,517)
Net income						110,606
Purchase of treasury stock						(978)
Disposal of treasury stock						29
Net changes of items other than shareholders' equity	76,729	(50)	28,810	105,489	12,981	118,471
Total changes during the fiscal year	76,729	(50)	28,810	105,489	12,981	208,916
Balances as of March 31, 2010	\$157,710	\$ (50)	\$ (85,469)	\$ 72,191	\$110,605	\$1,553,456

The accompanying notes are an integral part of the financial statements.

Consolidated statements of cash flows

For the years ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥15,324	¥ 9,608	\$ 164,703
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	24,075	26,600	258,756
Accrued retirement benefits for employees costs	(1,679)	(1,250)	(18,047)
Exchange (gain)/loss	494	(247)	5,307
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(882)	(1,255)	(9,484)
Loss on disposal of fixed assets	568	715	6,109
Loss on impairment of fixed assets	1,059	1,624	11,382
Gain on sales of investment securities	(14)	(17)	(155)
Loss on write-down of investment securities	65	663	693
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable, trade	(26,519)	31,054	(285,030)
Decrease (increase) in inventories	4,760	1,184	51,161
Increase (decrease) in notes and accounts payable, trade	24,494	(39,914)	263,270
Other, net	1,062	(6,125)	11,428
Net cash provided by operating activities	42,807	22,640	460,093
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	196	463	2,106
Purchase of property, plant and equipment	(16,321)	(28,659)	(175,423)
Purchase of intangible fixed assets	(525)	(1,367)	(5,641)
Purchase of investment securities	(979)	(1,053)	(10,521)
Proceeds from sales of investment securities	121	1,022	1,303
Increase in time deposits	107	(124)	1,155
Disbursements for loans	(1,418)	(661)	(15,237)
Collection of loans	887	1,500	9,531
Other, net	154	(424)	1,653
Net cash used in investing activities	(17,778)	(29,303)	(191,074)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	13,405	27,179	144,078
Repayment of long-term debt	(21,043)	(16,255)	(226,169)
Increase in short-term borrowings	(12,366)	9,877	(132,915)
Proceeds from issuance of commercial paper	-	3,000	-
Dividends paid	(1,821)	(3,563)	(19,576)
Payments for purchase of treasury stock	(91)	(3,855)	(978)
Other, net	(550)	(577)	(5,906)
Net cash provided by (used in) financing activities	(22,466)	15,806	(241,466)
Effect of exchange rate changes on cash and cash equivalents	550	(3,354)	5,907
Net increase in cash and cash equivalents	3,113	5,789	33,460
Cash and cash equivalents at beginning of year	32,253	26,394	346,660
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	99	-	1,067
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	70	-
Decrease in cash and cash equivalents resulting from change of fiscal term of consolidated subsidiaries	(86)	-	(927)
Cash and cash equivalents at end of year (Note 4)	¥35,379	¥32,253	\$ 380,260
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ (1,307)	¥ (1,450)	\$ (14,047)
Income taxes	(255)	(8,851)	(2,746)

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements

1. Summary of significant accounting policies

(1) Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of NHK Spring Co., Ltd. (the "Company") and consolidated subsidiaries have been prepared by the Company in conformity with accounting principles and practices generally accepted in Japan. The accounts of the Company and its consolidated subsidiaries in Japan are maintained in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and in conformity with generally accepted accounting principles and practices prevailing in Japan.

Effective April 1, 2008, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)." In accordance with PITF No. 18, the accompanying consolidated financial statements for the year ended March 31, 2009 have been prepared by using, the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles and practices generally accepted in Japan. However, some differences arise in accounting treatment or disclosure requirements under international financial reporting standards.

Certain items presented in the consolidated financial statements filed with the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

(2) Scope of consolidation and application of equity method

The Company had 44 subsidiaries at March 31, 2010 (47 at March 31, 2009). The consolidated financial statements for the year ended March 31, 2010 include the accounts of the Company and its 26 subsidiaries (25 in 2009). The Company and these consolidated subsidiaries are together referred to as the "Companies".

The accounts of the remaining 18 subsidiaries for the year ended March 31, 2010 (22 in 2009) were excluded from consolidation since the aggregate amounts of these subsidiaries' combined assets, net sales, net income and retained earnings were immaterial in relation to those of the consolidated financial statements of the Companies.

The Company had 18 (22 in 2009) unconsolidated subsidiaries and 14 (14 in 2009) affiliated companies at March 31, 2010. For the year ended March 31, 2010, the equity method has been applied to the investments in 2 of the major unconsolidated subsidiaries (2 in 2009) and 8 of the major affiliated companies (8 major affiliated companies in 2009) since the investments in the remaining unconsolidated subsidiaries and affiliated companies did not have a material effect on consolidated net income and retained earnings in the consolidated financial statements.

The investments in the remaining unconsolidated subsidiaries and

affiliated companies were stated at cost or less, because they did not have a material effect on the consolidated financial statements. For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated.

The difference between the cost of an investment in a consolidated subsidiary and the amount of the underlying equity in the net assets of the subsidiary is allocated to identifiable assets acquired and liabilities assumed based on their fair value at the date of acquisition. Any unassigned difference is amortized over a period of five years on a straight-line basis.

(3) Foreign currency translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the year end. The components of net assets excluding minority interests of foreign subsidiaries and affiliates are translated at historical rates. All income and expense accounts are translated at rates prevailing at the time of the transactions. The resulting translation differences are debited or credited to the foreign currency translation adjustments account, or to the minority interests account in the consolidated balance sheets. Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the year end and the resulting gains and losses are included in net income or loss for the year.

(4) Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits and short-term investment with a maturity of three month or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(5) Inventories

Inventories are mainly stated at cost determined by average cost.

[Significant changes to standards and methods of valuing assets]

The "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 5, 2006) has been applied from March, 2009.

As a result of this change, operating income, ordinary income and net income before income taxes and minority interests for March, 2009 were reduced by ¥115 million, respectively.

The effects on individual segments are described in the relevant sections.

(6) Marketable securities and investment securities

Available-for-sale securities categorized as "other securities" under the "Accounting Standard for Financial Instruments," for which market values are readily obtainable are stated at fair market value at the balance sheet date, with net unrealized gains or losses being reported as a separate component of net assets, net of the applicable income taxes amount. Available-for-sale securities for which market values are not readily obtainable are stated at weighted average cost.

The amortized cost (straight-line) method has been used for bonds intended to be held to maturity.

(7) Derivative financial instruments and hedge accounting

In accordance with “Accounting Standard for Financial Instruments,” gains or losses arising from changes in the fair value of derivative financial instruments designated as “hedging instruments” are deferred as an asset or a liability until the gains or losses on the hedged items or transactions are recognized.

In accordance with the exceptional measure permitted under the Japanese accounting standard for foreign currency translation, the Company does not record certain forward foreign exchange contracts, foreign currency option contracts and certain foreign currency interest arrangements at market value but translates the underlying foreign currency denominated bonds hedged by currency interest arrangements into yen using the contractual rates under these arrangements, provided that such arrangements meet the hedging criteria specified under the “Accounting Standard for Financial Instruments.”

In addition, in accordance with the special measure permitted under the “Accounting Standard for Financial Instruments,” the Company does not record certain interest-rate swap arrangements at market value but charges or credits net cash flows arising from the interest-rate swap arrangements which exactly meet the specific hedging criteria specified under the standard, to interest arising from the hedged interest-bearing bonds.

(8) Property, plant and equipment (Excluding lease assets)

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the respective assets as prescribed by income tax law.

Buildings and structures at the Company’s headquarters are depreciated by the straight-line method.

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 by the straight-line method.

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gains or losses are reflected in income as incurred.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

[Additional information]

Following the 2008 amendments to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries reviewed the periods of depreciation of tangible fixed assets. As a result, periods of depreciation have been altered on the basis of the amended Act from April, 2008. The effect of this change is that operating income for March, 2009 was reduced by ¥713 million, and ordinary income and net income before income taxes and minority interests were reduced by ¥720 million, respectively.

The impacts on individual segments are described in the relevant sections.

(9) Intangible assets

Intangible assets are amortized on a straight-line basis over periods regulated by income tax law.

Expenditure related to computer software development for internal use is capitalized as an intangible asset and amortized on a straight-line basis over the estimated useful life (five years) of the software.

(10) Leases

[Finance lease transactions]

The term of the lease is treated as the period of depreciation, and the straight line method is applied with a zero residual value.

Those finance lease transactions, other than those deemed to transfer ownership, whose lease commencement date was on or before March 31, 2008 have been treated in the accounts applicable to ordinary operating leases.

[Accounting standards for lease transactions]

Finance leases, other than those which are deemed to transfer ownership of the leased assets to lessees, have previously been accounted for using a method similar to that applicable to ordinary operating leases. However, effective from the year ended March, 31, 2009, the Accounting Standards for Lease Transactions (ASBJ Statement No. 13, issued on June 17, 1993 (First Committee of Business Accounting Council), revised on March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, issued on January 18, 1994 (Accounting System Committee of Japan Institute of Certified Public Accountants), revised on March 30, 2007) have been applied, and finance leases have been treated for accounting purposes as normal sale and acquisition transactions.

Finance leases, other than those which are deemed to transfer ownership of the leased assets to lessees, whose commencement dates preceded the commencement of the application of the accounting standards, continue to be treated for accounting purposes as normal leasing transactions.

The impact of the application of the standards on operating income, ordinary income and net income before income taxes and minority interests is immaterial.

(11) Allowance for doubtful accounts

The Companies provide an allowance for doubtful accounts at an amount calculated using a bad debt loss ratio primarily based on historical experience, plus the estimated uncollectible amount of individual receivables.

(12) Allowance for directors bonuses

Bonuses to directors are recorded on an accrual basis with a related charge to income.

(13) Accrued retirement benefits for employees

Accrued employees’ pension and severance costs under the defined benefit plans of the Company are determined based on the actuarial present value of projected benefit obligations at the year end, attributed by the plans’ benefit formula to employee services rendered up to that date, and the fair value of plan assets at the year end.

[Additional information]

Effective from the year ended March 31 2010, the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, issued on July 31, 2008) has been applied. This change does not

have any impact on operating income, ordinary income and income before income taxes and minority interests because actuarial differences will be amortized from the following fiscal years.

Additionally, the balance of the actuarial differences pertain to the outstanding retirement benefit obligation at the year end incurred as a result of the application of this accounting standard is ¥540 million.

(14) Accrued retirement benefits for directors and corporate auditors

As is customary practice in Japan, the Company and its domestic consolidated subsidiaries pay lump-sum retirement benefits to retiring directors or corporate auditors, the amounts of which are determined by internal rules. Although the payment of such retirement benefits is subject to approval by shareholders at the time of retirement/resignation, the Company and its domestic consolidated subsidiaries recognize 100% of the liabilities they would be required to pay upon retirement of all directors and corporate auditors at the year-end date.

[Additional information]

The Company had recorded accrued retirement benefits to directors and corporate auditors to provide for payment of retirement benefits, based on the projected retirement benefit obligations as of the end of this fiscal year in accordance with the Company's internal rules; however, the Company abolished the retirement benefits for directors and corporate auditors as of the date of the Ordinary General Meeting of Shareholders held on June 26, 2009.

In accordance with this change, it was determined that final payment of the retirement benefits shall be made on their retirement dates to directors and corporate auditors who are incumbent as of the end of the said Ordinary General Meeting of Shareholders, according to the terms of office up to the date of the said Ordinary General Meeting of Shareholders.

Accordingly, a total of ¥524 million of accrued final retirement benefits within "Accrued retirement benefits for directors and corporate auditors" was transferred to "Other" under long-term liabilities.

(15) Income taxes

The provision for income taxes is computed based on income before income taxes recorded in the non-consolidated statements of income. The asset and liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(16) Consumption taxes

In Japan, consumption taxes are imposed at a flat rate of 5% on all domestic consumption of goods and services (with certain exceptions). Consumption taxes imposed on the Companies' domestic sales to customers are withheld by the Companies at the time of sale and are paid to the national government subsequently. Consumption taxes withheld upon sale and consumption taxes paid by the Companies on purchases of goods and services are not included in the related amounts in the accompanying consolidated statements of income.

(17) Net income/loss per share

Net income/loss per share is computed based on the weighted average

number of shares of common stock outstanding during each year.

(18) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements in order to conform them to the current year's presentation.

2. Accounting changes

[Change in presentation of "gain on sales of waste and scrap"]

The gain on sale of waste and scrap generated from manufacturing process was reported as other income in previous fiscal years. From this fiscal year, the Company changed the method to deducting it from the cost of sales, since its quantitative impact has increased due to increasing cost of raw materials prices, and such situation is expected to continue in the future.

As a result of this change, cost of sales and other income decreased by ¥859 million, respectively, and gross profit and operating income increased by the same amount; however, this change has no impact on ordinary income and income before income taxes and minority interests.

Impacts on segment information are noted in the relevant sections.

3. United States dollar amounts

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and the notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥93.04 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2010. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

4. Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with an original maturity of three months or less that are exposed to minor risk of fluctuation in value.

A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2010	2009	2010
Cash and bank deposits	¥36,022	¥31,491	\$387,166
Bank deposits with maturity of over 3 months included in cash and bank deposits	(643)	(737)	(6,906)
Securities (Commercial paper)	-	1,499	-
Cash and cash equivalents	¥35,379	¥32,253	\$380,260

5. Inventories

Inventories at March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2010	2009	2010
Merchandise and finished products	¥11,821	¥12,646	\$127,049
Work in process	7,592	8,049	81,604
Raw materials and supplies	8,392	10,096	90,196
Other	2,894	4,054	31,106
Total	¥30,699	¥38,845	\$329,955

6. Loss on impairment of fixed assets

<2010>

The NHK Spring Group has recorded impairment losses for the following assets.

2010		
Location	Applications	Type
Koka, Shiga Pref.	Stabilizer bars Production equipment	Machinery and transport Equipment
U.S.A. Toledo, Ohio	Stabilizer bars Production equipment	Buildings and structures Machinery and transport Equipment
Takamatsu, Kagawa Pref.	Underutilized real estate	Buildings and structures Land
Amagasaki, Hyogo Pref.	Underutilized real estate	Buildings and structures Machinery and transport Equipment Other
Itami, Hyogo Pref.	Underutilized real estate	Buildings and structures Machinery and transport Equipment Other

[Method of grouping assets]

Individual asset items have been grouped by management accounting category showing ongoing income and underutilized assets.

[Development of recognition of impairment losses]

As ongoing operating losses have been recorded for stabilizer production equipment in Shiga Plant, the book value of production equipment for this business has been written down to appraised value.

The book value of the stabilizer bar production equipment of New Mather Metals, Inc, an overseas consolidated subsidiary of the Company, has been written down to appraised value, as the company is planning to close down the plant.

As underutilized property is at present underutilized and there is no definite prospect of its being utilized, the book values of the land and buildings pertaining to these assets have been written down to their real-estate appraisal values.

[Method of calculating recoverable values]

The recoverable values of brazed and ceramic products production equipment have been calculated from their utility values. These have been

calculated by applying a 3.2% discount rate to future cash flows.

For stabilizer bars production equipment and underutilized property, recoverable values have been used using actual sale prices based on appraisal values and real-estate appraisal values.

<2009>

The NHK Spring Group has recorded impairment losses for the following assets.

2009		
Location	Applications	Type
Isehara, Kanagawa Pref.	Brazed and ceramic products production equipment	Buildings and structures Machinery and transport equipment Other
U.S.A. Toledo, Ohio	Stabilizer bars Production equipment	Buildings and structures Machinery and transport equipment
Takamatsu, Kagawa Pref.	Underutilized real estate	Buildings and structures Land
Makinohara, Shizuoka Pref.	Underutilized real estate	Land

[Method of grouping assets]

Individual asset items have been grouped by management accounting category showing ongoing income and underutilized assets.

[Development of recognition of impairment losses]

As ongoing operating losses have been recorded for brazed and ceramic products production equipment, the book value of production equipment for this business has been written down to recoverable value.

As ongoing operating losses have been recorded for stabilizer bars production equipment, the book value of production equipment for this business has been written down to appraised value.

As underutilized property is at present underutilized and there is no definite prospect of its being utilized, the book values of the land and buildings pertaining to these assets have been written down to their real-estate appraisal values.

[Method of calculating recoverable values]

The recoverable values of brazed and ceramic products production equipment have been calculated from their utility values. These have been calculated by applying a 3.5% discount rate to future cash flows.

For stabilizer production equipment and underutilized property, recoverable values have been used using actual sale prices based on appraisal values and real-estate appraisal values.

The impairment losses of ¥1,059 million (\$US11,382 thousand) as of the end of fiscal year 2009 (ended March, 2010) and ¥1,624 million as of the end of fiscal year 2008 (ended March, 2009).

The breakdown of the impairment losses is: Land, ¥3 million (\$US26 thousand) as of March, 2010 and ¥66 million as of March, 2009; Buildings and structures, ¥95 million (\$US1,027 thousand) as of March, 2010 and ¥244 million as of March, 2009; Machinery and transport equipment, ¥959 million (\$US10,305 thousand) as of March, 2010, and

¥1,151 million as of March, 2009 and Other, ¥2 million (\$US24 thousand) as of March, 2010 and ¥163 million as of March, 2009.

7. Short-term investments and investment securities

The aggregate cost, fair value and net unrealized gains of marketable securities and investment securities pertaining to "Other securities" at March 31, 2010 and 2009, including debt and equity securities and Bonds to be held to maturity, for which market value was readily available, are summarized as follows:

Other securities with market value

	Millions of Yen		
	2009		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	¥10,042	¥23,062	¥13,020
Other	-	-	-
	¥10,042	¥23,062	¥13,020

	Millions of Yen		
	2010		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	¥10,794	¥35,685	¥24,891
Other	-	-	-
	¥10,794	¥35,685	¥24,891

	Thousands of U.S. Dollars (Note 3)		
	2010		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	\$116,009	\$383,548	\$267,539
Other	-	-	-
	\$116,009	\$383,548	\$267,539

Held to maturity securities with market value

	Millions of Yen		
	2009		
	Cost	Fair value	Net unrealized gains
Corporate debt	¥500	¥493	¥ (7)
Other	-	-	-
	¥500	¥493	¥ (7)

	Millions of Yen		
	2010		
	Cost	Fair value	Net unrealized gains
Corporate debt	¥500	¥507	¥ 7
Other	-	-	-
	¥500	¥507	¥ 7

	Thousands of U.S. Dollars (Note 3)		
	2010		
	Cost	Fair value	Net unrealized gains
Corporate debt	\$5,374	\$5,453	\$79
Other	-	-	-
	\$5,374	\$5,453	\$79

Proceeds from the sale of investment securities at market prices in the fiscal year March 31, 2010 was ¥134 million (\$US1,439 thousand), and in the fiscal year March 31, 2009 was ¥20 million. Total gain from the sale of investment securities at market prices in the fiscal year March 31, 2010 was ¥22 million (\$US240 thousand) and in the fiscal year March 31, 2009 was ¥17 million.

The aggregate carrying amount of the securities for which market value was not readily available at March 31, 2010 and 2009 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Commercial paper (bonds)	-	¥1,499	-
Equity securities of non-listed companies	¥1,269	¥1,275	\$13,642
	¥1,269	¥2,774	\$13,642

8. Accrued retirement benefits for employees

Under the terms of the employee severance indemnity plans of the Company and its subsidiaries in Japan, substantially all employees are entitled to indemnities at the time of their severance. The amounts of benefits are, in general, based on the length of service, basic salary at the time of severance and the circumstances under which severance occurs. These amounts are accounted for as retirement expenses when incurred.

The Company and its domestic consolidated subsidiaries have a contributory funded pension plan, a defined contribution pension plan, a funded tax-qualified pension plan and a termination allowance plan as part of their defined benefits scheme. In certain cases, extra retirement benefits are paid when an employee retires.

The nine domestic consolidated subsidiaries revised their employee retirement benefit schemes during the fiscal year March 31, 2009, changing from approved retirement annuity systems and termination allowance plans to defined contribution corporate pension schemes (NHK Spring Group Corporate Pension Agreement) and termination allowance plans.

One foreign subsidiary has a defined benefit plan. Four foreign subsidiaries have defined contribution plans. The remaining foreign subsidiary has both types of plans.

During the year ended March 31, 2010, the Company and two domestic consolidated subsidiaries had retirement benefit trusts.

Information regarding the employees' pension and severance plans of the Companies for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Projected benefit obligation	¥44,889	¥44,800	\$482,480
Plan assets	(24,008)	(19,530)	(258,046)
Funded status of the plans	20,881	25,270	224,434
Unrecognized net actuarial loss	(9,575)	(13,172)	(102,917)
Unrecognized prior service cost	486	584	5,224
	11,792	12,682	126,741
Prepaid contributions to pension fund	-	25	-
Accrued pension and severance costs	¥11,792	¥12,707	\$126,741

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Service cost	¥2,378	¥2,397	\$25,556
Interest cost	908	903	9,761
Expected return on plan assets	(614)	(627)	(6,607)
Amortization of net actuarial (gain) or loss	1,195	720	12,854
Amortization of prior service cost	59	(22)	636
Employee pension cost for the year	3,926	3,371	42,200
Loss on change to defined contribution pension plan	69	78	744
Other	42	124	446
Total	¥4,037	¥3,573	\$43,390

Discount rates used to determine the actuarial present value of projected benefit obligations under the domestic plans that cover employees of the Company and the domestic subsidiaries ranged from 1.5% to 2.1% and from 2.0% to 2.1% for the year ended March 31, 2010 and March 31, 2009, respectively. Discount rates used for the foreign plans were 4.3% to 6.1% and 5.3% to 6.1% for the year ended March 31, 2010 and March 31, 2009, respectively.

The expected rates of return on plan assets under the domestic plans and the foreign plans for the year ended March 31, 2010 were 0.9% to 4.0% and 7.7%, respectively.

The expected rates of return on plan assets under the domestic plans and the foreign plans for the year ended March 31, 2009 were 1.2% to 4.7% and 7.7%, respectively.

Unrecognized prior service cost is amortized on a straight-line basis over a period within the average remaining service period of employees who are expected to receive benefits under the plans (10 to 16 years). Unrecognized actuarial gain or loss is amortized, from the year following the year in which the gain or loss was incurred, on a straight line basis over a period within the average remaining service period of employees who are expected to receive benefits under the plans (10 to 16 years).

9. Short-term borrowings and long-term debt

The component of short-term and long-term borrowings and lease obligations and other interest-bearing debt due within one year as of March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Loans from banks and other financial institutions with weighted average interest rates of 1.08% and 2.73% at March 31, 2010 and 2009, respectively	¥15,024	¥27,257	\$161,477
Current portion of long-term loans from banks and other financial institutions	15,617	19,685	167,855
Lease obligations due within one year	821	403	8,827
Other interest-bearing debt (commercial paper)	3,000	3,000	32,244
	¥34,462	¥50,345	\$370,403

Long-term debt lease obligations

Long-term debt and lease obligations at March 31, 2010 and 2009 are comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Loans from banks and other financial institutions with weighted average interest rates of 2.10% and 1.60% at March 31, 2010 and 2009, respectively	¥48,203	¥55,801	\$518,095
Lease obligations (excluding due within one year)	3,551	3,513	38,163
	51,754	59,314	556,258
Less: due within one year	(15,617)	(19,685)	(167,855)
	¥36,137	¥39,629	\$388,403

The aggregate annual maturities of long-term debt at March 31, 2010 are summarized as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars(Note 3)
2012	¥12,098	\$130,036
2013	9,463	101,704
2014	6,936	74,548
2015 and thereafter	3,895	41,864
	¥32,392	\$348,152

The year-by-year breakdown of lease obligations due as of March 31, 2010 are as follows:

Years ending March 31,	Millions of		Thousands of U.S. Dollars(Note 3)
	Yen		
2012	¥ 651		\$ 7,001
2013	458		4,926
2014	447		4,807
2015 and thereafter	449		4,826
	¥2,005		\$21,560

Assets pledged as collateral primarily for short-term borrowings and long-term debt at March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	
Buildings and structures	¥ 9,846	¥10,828	\$105,825
Machinery and equipment	703	1,626	7,558
Land	7,911	7,844	85,028
Other	0	1,166	2
	¥18,460	¥21,464	\$198,413

Short-term borrowings and long-term borrowings secured against buildings and structures, machinery and equipment, land and other assets were ¥2,050 million (\$US22,033 thousand) and ¥2,295 million (\$US24,644 thousand) respectively at March 2010.

10. Research and development expenses

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" amounted to ¥9,612 million (\$US103,315 thousand) and ¥10,542 million each for the years ended March 31, 2010 and 2009, respectively.

11. Income taxes

The statutory tax rate for the years ended March 31, 2010 and 2009 was 40.3%.

At March 31, 2010 and 2009, significant components of deferred tax assets and liabilities are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	
Deferred tax assets:			
Accrued employees' bonuses	¥ 2,582	¥ 2,314	\$ 27,751
Accrued enterprise taxes	321	95	3,451
Accrued retirement benefits for employees	5,710	6,174	61,375
Depreciation	2,433	2,190	26,152
Allowance for doubtful receivables	314	314	3,370
Accrued retirement benefits for directors and corporate auditors	669	724	7,191
Unrealized inter-company profit	708	783	7,616
Loss from securities revaluation	422	447	4,539
Tax losses carried forward	3,082	3,381	33,126
Unrealized losses on other securities	58	103	626
Other	3,088	2,998	33,179
Total gross deferred tax assets	19,387	19,523	208,376
Valuation allowance	(5,591)	(6,163)	(60,107)
Total deferred tax assets	13,796	13,360	148,269
Deferred tax liabilities:			
Allowance for doubtful receivables	(261)	(92)	(2,798)
Special tax purpose reserve	(4,151)	(4,266)	(44,619)
Depreciation	(1,134)	(1,125)	(12,185)
Unrealized gains on other securities	(11,170)	(6,346)	(120,052)
Other	(841)	(901)	(9,036)
Total deferred tax liabilities	(17,557)	(12,730)	(188,690)
Net deferred tax assets (liabilities)	¥ (3,761)	¥ 630	\$ (40,421)

The differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2009 are not shown because the difference was less than 5% of the statutory tax rate. At March 31, 2010, a reconciliation of the statutory tax rate and the effective tax rate was as follows:

	2010
Statutory tax rate	40.3 %
Different tax rates applied to foreign subsidiaries	(8.0)%
Permanent difference	(0.9)%
Foreign tax credit	(1.0)%
Investment tax credit	(8.0)%
Increase (decrease) in valuation allowance	(1.6)%
Dividend income from the consolidated subsidiaries	5.3 %
Other	(0.2)%
Effective income tax rate	25.9 %

12. Distributions of retained earnings

Under the Corporation Law of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions.

13. Contingent liabilities

As of March 31, 2010 and 2009, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Discounted notes	¥342	¥385	\$3,681
Notes and accounts receivables (The reservation parts of securitized notes)	4,206	4,782	45,208
Borrowings and factorings, those are incurred by unconsolidated subsidiaries, affiliates and others	(1,278)	(1,148)	(13,739)
	¥587	¥857	\$5,181

14. Leases

[Finance lease transactions]

The term of the lease is treated as the period of depreciation, and the straight-line method is applied with a zero residual value.

Those finance lease transactions, other than those deemed to transfer ownership, whose lease commencement date was on or before March 31, 2008 have been treated in the accounts applicable to ordinary operating leases. The amounts equivalent to the acquisition prices, amounts equivalent to cumulative depreciation and amounts equivalent to balances at the end of the year of finance lease transactions other than those deemed to transfer ownership to the borrower are as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Acquisition cost equivalents	¥2,296	¥3,281	\$24,680
Accumulated depreciation equivalents	1,576	2,012	16,935
Net book value equivalents	¥ 720	¥1,269	\$ 7,745

Pro forma depreciation (depreciation computed on a straight-line basis over the respective lease terms of the leased assets with a nil residual value) equivalents and interest equivalents of the lease payments relating to finance lease transactions accounted for as operating leases for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Lease payments	¥559	¥846	\$6,008
Depreciation equivalents	559	846	6,008
Interest equivalents	-	-	-

* Effective from March 31, 2009, the method of calculation has been changed from the principle method to the simple method that includes interest in lease payment.

Future lease payments subsequent to March 31, 2010 (including the interest portion) and 2009 for finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Due within one year	¥333	¥ 555	\$3,576
Due over one year	388	714	4,169
Total	¥721	¥1,269	\$7,745

Non-cancellable operating lease commitments are as follows:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2010	2009	2010
Due within one year	¥220	¥128	\$2,368
Due over one year	621	125	6,678
Total	¥841	¥253	\$9,046

15. Derivative financial instruments

In the normal course of business, the Company utilizes derivative financial instruments, including forward foreign exchange contracts, foreign currency options and foreign currency swap arrangements, to manage their exposure to adverse fluctuations in foreign exchange rates relating to receivables, payables and short/long-term debt denominated in foreign currencies. In addition, the Company uses interest-rate swap agreements to limit its exposure to losses in relation to short-term investments and debt with floating interest rates, resulting from adverse fluctuations in interest rates. The Companies do not use derivatives for speculative or trading purposes.

The contract amount (notional principal amount), estimated fair value of, and unrealized loss on, the outstanding contracts at March 31, 2010 and 2009 are summarized as follows:

	Millions of Yen		
	2010		
	Total	Settled over one year	Estimated fair value
Foreign exchange forward contracts:			
Sale Japanese yen	¥ 6,445	¥ -	¥ (249)
Interest rate swap contracts:			
To receive floating / to pay fixed rate	¥30,090	¥20,070	(Note)

	Thousands of U.S. Dollars (Note 3)		
	2010		
	Total	Settled over one year	Estimated fair value
Foreign exchange forward contracts:			
Sale Japanese yen	\$ 69,268	\$ -	\$ (2,675)
Interest rate swap contracts:			
To receive floating / to pay fixed rate	\$323,409	\$215,714	(Note)

(Note) Estimated fair value of Interest rate swap contracts is included in that of Long-term debt, because Interest rate swap contracts is processed with Long-term debt as the hedged item.

	Millions of Yen			
	2009			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized gain (loss)
Currency swap contracts:				
To receive Japanese yen/ to pay Thai baht	¥126	-	¥8	¥8
Foreign exchange forward contracts:				
Buying Japanese yen	910	-	905	5
Interest rate swap contracts:				
To receive floating/ to pay fixed rate	126	-	(3)	(3)

Derivatives, which meet the criteria for hedge accounting, were excluded from the above tables.

16. Financial instruments

[Additional information]

Effective from this fiscal year, the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, issued on March 10, 2008) have been applied.

1. Outline of financial instruments

(1) Policy for financial instruments

The Group invests only to the short-term bank deposits and alike financed through borrowing from bank or issuance of commercial papers. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described later.

(2) Type of financial instruments and related risk

Receivables such as notes and accounts receivable, trade are exposed to customer credit risk. Receivables denominated in foreign currencies arising from global business transactions are exposed to foreign currency exchange fluctuation risk; however, the risk associated with principal export transactions are constantly within the limit established based on actual export record in the past and are hedged by using forward exchange rate contracts. Equity investments are exposed to the risk of market price fluctuations; nevertheless, they mainly consist of equity of companies with which the Company has business relationship, and their fair value are evaluated quarterly and reported to the Board of Managing Directors. Payment terms of payables, such as notes and accounts payable, trade, are mostly less than one year. Although payables in foreign currencies are exposed to foreign currency exchange fluctuation risk, those risks are constantly netted against the balance of receivables denominated in the same foreign currency. Purpose of borrowings and commercial papers are to raise necessary fund for working capital and capital expenditures. Although some of

them bearing floating interest rates are exposed to interest rate fluctuation risk, such exposure is hedged by using derivatives (interest rate swaps).

(3) Risk management for financial instruments

1) Monitoring of credit risk (the risk that customer or counterparties may default)

The Group monitors payment term and balances of receivables by customer in accordance with internal rules on management of accounts receivable and has a system to periodically credit risk of the customers.

2) Monitoring of market risks (the risk arising from fluctuations in foreign exchange rates, and interest others)

The Group mitigates foreign currency exchange fluctuation risks in connection with receivables and short/long-term debt denominated in foreign currencies by individualizing risks by using exchange rate contracts for certain proportion of such receivables and debt. In addition, the Company uses interest rate swap contracts for long-term debt to individualize interest payments on borrowings with floating interest rate; therefore, there is no interest rate fluctuation risk exposed to interest payments on long-term debt.

3) Monitoring of liquidity risk (the risk that the group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk by timely projection and revision of cash flow plan by the department in charge of finance based on reports of each relevant department.

(4) Supplementary explanation of estimated fair value of financial instruments

Not applicable.

2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2010 (closing date of this fiscal year) are as follows:

	Millions of Yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	¥ 36,022	¥ 36,022	¥ -
(2) Notes and accounts receivable, trade	88,338	88,338	-
(3) Investment securities			
1) Bonds to be held to maturity	500	507	7
2) Equity of subsidiaries and affiliates	1,367	885	(482)
3) Other securities	35,685	35,685	-
(4) Long-term loans	614		
Allowance for doubtful receivables ^{*1}	(230)		
	384	397	13
Total assets	162,297	161,834	(462)
(1) Notes and accounts payable, trade	94,229	94,229	-
(2) Short-term borrowings	30,641	30,641	-
(3) Accrued income taxes	3,143	3,143	-
(4) Notes payable-facilities	354	354	-
(5) Long-term debt	32,586	32,400	(186)
(6) Leasing obligations	3,550	3,790	239
Total liabilities	164,504	164,557	53
Derivative financial instruments ^{*2}	[248]	[248]	-

	Thousands of U.S. Dollars (Note 3)		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	\$ 387,166	\$ 387,166	\$ -
(2) Notes and accounts receivable, trade	949,461	949,461	-
(3) Investment securities			
1) Bonds to be held to maturity	5,374	5,453	79
2) Equity of subsidiaries and affiliates	14,702	9,514	(5,188)
3) Other securities	383,548	383,548	-
(4) Long-term loans	6,600		
Allowance for doubtful receivables ^{*1}	(2,472)		
	4,128	4,267	140
Total assets	1,744,379	1,739,410	(4,969)
(1) Notes and accounts payable, trade	1,012,782	1,012,782	-
(2) Short-term borrowings	329,332	329,332	-
(3) Accrued income taxes	33,783	33,783	-
(4) Notes payable-facilities	3,806	3,806	-
(5) Long-term debt	350,240	348,232	(2,008)
(6) Leasing obligations	38,162	40,741	2,579
Total liabilities	1,768,105	1,768,676	571
Derivative financial instruments ^{*2}	[2,675]	[2,675]	-

*1 Allowance for doubtful receivables individually applied for long-term loans is deducted.

*2 Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in brackets “[]”.

(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets:

(1) Cash and bank deposits, and (2) Notes and accounts receivable, trade

These assets are recorded using book values because fair values approximate book values due to their short-term maturities.

(3) Investment securities

The fair values of equity investment are determined using the quoted price at the stock exchange, and those of bonds are determined using the quoted price obtained from the financial institutions.

Please see “Securities” for notes regarding securities by their holding purposes.

(4) Long-term loans

The fair values of long-term loans are present value, calculated as estimated amount of principal and interest receivable, reflecting collectability and discounting using interest rate of appropriate index government bonds.

Liabilities

(1) Notes and accounts payable, trade, (2) Short-term borrowings, (3) Accrued income taxes, and (4) Note payable-facilities

These payables are recorded using book values because fair values approximate book values due to their short-term maturities.

(5) Long-term debt, and (6) Leasing obligations

The fair values of long-term debt and leasing obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate applied in case the same type of loans or leases should be newly made. Long-term debt bearing floating interest rate are hedged by interest rate swap contracts meeting certain conditions and the fair values of these debts are determined by discounting the aggregated values of the principal and interest accounted for together with the related interest rate swap contracts using the reasonably estimated interest rate to be applied when the same type of loans was conducted.

Derivative financial instruments:

Please see the note "Derivative Financial Instruments." As for the interest rate swap contracts meeting certain conditions to hedge long-term debt are treated together with such long-term debt and therefore their fair values are included in the fair values of such long-term debt (See (5) above.).

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value

Category	Millions of Yen	
	Carrying amount	
Equity investments of unlisted subsidiaries and affiliates		9,421
Other unlisted stocks		1,269

The items above are not included in "(3) Investment securities" because there is no market price and it is very difficult to identify fair values.

(Note 3) Redemption schedule of monetary assets and investment securities with contractual maturities

	Millions of Yen			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	35,989	-	-	-
Notes and accounts receivable, trade	88,337	-	-	-
Investment securities				
Bonds to be held to maturity (corporate bonds)	-	500	-	-
Long-term loans	-	291	66	25
Total	124,326	791	66	25

	Thousands of U.S. Dollars (Note 3)			
	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	386,818	-	-	-
Notes and accounts receivable, trade	949,461	-	-	-
Investment securities				
Bonds to be held to maturity (corporate bonds)	-	5,374	-	-
Long-term loans	-	3,131	715	273
Total	1,336,279	8,505	715	273

(Note 4) Redemption schedule of long-term debt and leasing obligations

	Millions of Yen					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Long-term debt	-	12,098	9,462	6,935	3,895	194
Lease obligations	-	651	458	447	449	1,544
Total	-	12,749	9,920	7,383	4,344	1,738

	Thousands of U.S. Dollars (Note 3)					
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Long-term debt	-	130,036	101,705	74,548	41,864	2,087
Lease obligations	-	7,000	4,926	4,806	4,826	16,603
Total	-	137,036	106,631	79,354	46,690	18,690

17. Segment information

(1) Segment information of the Company and its consolidated subsidiaries classified by industrial segment for the years ended March 31, 2010 and 2009 is presented below.

The Company operates principally in four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and other.

Automotive suspension springs:	Leaf springs, coil springs, stabilizer bars, gas springs and others
Automotive seating:	Seats, mechanical seating components, trim parts and others
Precision springs and components:	HDD suspensions and mechanical components, wire springs, flat springs, LCD/semiconductor testing probe units, precision machine components, brazed products, ceramic products, metal-based printed wiring boards, security products and other
Industrial machinery and equipment, and other:	Spring mechanisms, pipe support systems, automatic parking systems, polyurethane products and others

	Millions of Yen						
	2009						
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total	Eliminations or common assets	Consolidated total
Sales:							
Sales to external customers	¥101,195	¥169,870	¥132,405	¥37,438	¥440,908	-	¥440,908
Inter-segment sales	-	-	-	-	-	-	-
Net sales	101,195	169,870	132,405	37,438	440,908	-	440,908
Operating costs and expenses	100,851	166,333	128,071	35,194	430,449	-	430,449
Operating income	¥ 344	¥ 3,537	¥ 4,334	¥2 ,244	¥ 10,459	-	¥ 10,459
Total assets	¥ 67,986	¥ 71,274	¥127,609	¥58,020	¥324,889	-	¥324,889
Depreciation	6,705	5,940	12,609	1,346	26,600	-	26,600
Loss on impairment of fixed assets	698	19	897	10	1,624	-	1,624
Capital expenditures	9,027	8,623	15,475	1,675	34,800	-	34,800

	Millions of Yen						
	2010						
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total	Eliminations or common assets	Consolidated total
Sales:							
Sales to external customers	¥81,624	¥163,331	¥126,922	¥32,266	¥404,143	-	¥404,143
Inter-segment sales	-	-	-	-	-	-	-
Net sales	81,624	163,331	126,922	32,266	404,143	-	404,143
Operating costs and expenses	81,155	156,483	117,576	30,143	385,357	-	385,357
Operating income	¥ 469	¥ 6,848	¥ 9,346	¥ 2,123	¥ 18,786	-	¥ 18,786
Total assets	¥79,750	¥113,601	¥125,356	¥38,435	¥357,142	-	¥357,142
Depreciation	5,117	5,974	11,724	1,260	24,075	-	24,075
Loss on impairment of fixed assets	1,031	-	25	3	1,059	-	1,059
Capital expenditures	2,357	3,363	9,341	634	15,695	-	15,695

	Thousands of U.S. Dollars (Note 3)						
	2010						
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total	Eliminations or common assets	Consolidated total
Sales:							
Sales to external customers	\$877,299	\$1,755,495	\$1,364,168	\$346,795	\$4,343,757	-	\$4,343,757
Inter-segment sales	-	-	-	-	-	-	-
Net sales	877,299	1,755,495	1,364,167	346,795	4,343,757	-	4,343,757
Operating costs and expenses	872,260	1,681,885	1,263,722	323,979	4,141,846	-	4,141,846
Operating income	\$ 5,039	\$ 73,610	\$ 100,446	\$ 22,816	\$ 201,911	-	\$ 201,911
Total assets	\$857,158	\$1,220,991	\$1,347,330	\$413,104	\$3,838,583	-	\$3,838,583
Depreciation	54,999	64,207	126,004	13,546	258,756	-	258,756
Loss on impairment of fixed assets	11,077	-	269	36	11,382	-	11,382
Capital expenditures	25,330	36,151	100,397	6,823	168,701	-	168,701

(Notes)

<2009>

- As noted under Notes to the Consolidated Financial Statements, 1. Summary of Significant Accounting Policies, (5) Inventory, significant changes to standards and methods of valuing assets, NHK Spring and its domestic consolidated subsidiaries apply the Accounting Standard for Measurement of Inventories (ASBJ statements No. 9, issued on July 5, 2006). As a result of this change, operating income for the Suspension springs segment is reduced by ¥65 million, Seating segment by ¥0 million, the precision springs and components segment by ¥24 million and the industrial machinery and equipment, and other segment by ¥24 million.
- As noted under Notes to the Consolidated Financial Statements 1. Summary of Significant Accounting Policies, (8) Property, plant and equipment (excluding lease assets), change in method of depreciation, following 2008 amendments to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries reviewed the periods of depreciation of tangible fixed assets. As a result, periods of depreciation have been altered on the basis of the amended Act from March, 2009. The effect of this change is that operating income for the Suspension springs segment is reduced by ¥263 million, the Seating segment by ¥172 million, the precision springs and components segment by ¥221 million and the industrial machinery and equipment, and other segment ¥54 million.
- Effective April 1, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)" has been applied, and certain corrections have been made where necessary for certain consolidation. As result of this change, operating income for the Suspension Springs segment is reduced by ¥44 million, the Seating segment by ¥77 million and the Precision Springs and Components segment by ¥88 million as compared to the amounts which would have been recorded under the previous method.

<2010>

- As noted under Notes to the Consolidated Financial Statements, 2. Accounting Changes, Change in presentation of "gain on sales of waste and scrap", following 2009 the gain on sale of waste and scrap generated from manufacturing process was reported as other income, the Company changed the method to deducting it from the cost of sales from the prior method of posting it as other income.

As a result of change, operating income for the Suspension Spring segment is increased by ¥173 million, the Seating segment by ¥259 million, the Precision springs, and component by ¥401 million, and the Industrial machinery and equipment, and other segment by ¥24 million as compared to the amounts which would have been recorded under the previous method.

(2) Segment information of the Companies classified by geographic area for the years ended March 31, 2010 and 2009 is presented below:

	Millions of Yen					
	2009					Eliminations or common assets
	Japan	North America	Asia	Total		
Sales:						
Sales to external customers	¥305,035	¥45,755	¥90,118	¥440,908	¥ -	¥440,908
Inter-segment sales	11,394	250	1,063	12,707	(12,707)	-
Net sales	316,429	46,005	91,181	453,615	(12,707)	440,908
Operating costs and expenses	315,009	45,813	82,334	443,156	(12,707)	430,449
Operating income (loss)	¥ 1,420	¥ 192	¥ 8,847	¥ 10,459	¥ -	¥ 10,459
Total assets	¥283,910	¥23,959	¥50,201	¥358,070	¥ (33,181)	¥324,889

	Millions of Yen					
	2010					Eliminations or common assets
	Japan	North America	Asia	Total		
Sales:						
Sales to external customers	¥288,590	¥37,240	¥78,313	¥404,143	¥ -	¥404,143
Inter-segment sales	15,814	259	1,153	17,226	(17,226)	-
Net sales	304,404	37,499	79,466	421,369	(17,226)	404,143
Operating costs and expenses	294,695	36,877	71,011	402,583	(17,226)	385,357
Operating income (loss)	¥ 9,709	¥ 622	¥ 8,455	¥ 18,786	-	¥ 18,786
Total assets	¥308,940	¥21,976	¥64,362	¥395,278	¥ (38,136)	¥357,142

	Thousands of U.S. Dollars (Note 3)					
	2010					Eliminations or common assets
	Japan	North America	Asia	Total		
Sales:						
Sales to external customers	\$3,101,782	\$400,257	\$841,718	\$4,343,757	\$ -	\$4,343,757
Inter-segment sales	169,971	2,785	12,387	185,143	(185,143)	-
Net sales	3,271,753	403,042	854,105	4,528,900	(185,143)	4,343,757
Operating costs and expenses	3,167,405	396,355	763,229	4,326,989	(185,143)	4,141,846
Operating income (loss)	\$ 104,348	\$ 6,687	\$ 90,876	\$ 201,911	\$ -	\$ 201,911
Total assets	\$3,320,506	\$236,195	\$691,774	\$4,248,475	\$ (409,892)	\$3,838,583

(Notes)

<2009>

- As noted under Notes to the Consolidated Financial Statements, 1. Summary of Significant Accounting Policies, (5) Inventory, significant changes to standards and methods of valuing assets, NHK Spring and its domestic consolidated subsidiaries apply the Accounting Standard for Measurement of Inventories (ASBJ statements No. 9, issued on July 5, 2006). As a result of this change, operating income for Japan segment is reduced by ¥115 million.
- As noted under Notes to the Consolidated Financial Statements, 1. Summary of Significant Accounting Policies, (8) Property, plant and equipment (excluding lease assets), change in method of depreciation, following 2008 amendments to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries reviewed the periods of depreciation of tangible fixed assets. As a result, periods of depreciation have been altered on the basis of the amended Act from the present fiscal year. The effect of this change is that operating income for Japan segment is reduced by ¥713 million.
- Effective April 1, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (PITF No. 18)" has been applied, and certain corrections have been made where necessary for certain consolidation. As result of this change, operating income for Asia segment is reduced by ¥209 million.

<2010>

- As noted under Notes to the Consolidated Financial Statements, 2. Accounting Changes, Change in presentation of "the gain on sales of waste and scrap", following 2009 the gain on sale of waste and scrap generated from manufacturing process was reported as other income, the Company changed the method to deducting it from the cost of sales from the prior method of posting it as other income.
As a result of change, the operating income for Japan segment is increased by ¥625 million, by North America ¥1 million and by Asia ¥232 million as compared to the amounts which would have been recorded under the previous method.

(3) Export sales and sales by overseas subsidiaries for the years ended March 31, 2010 and 2009 are presented below:

	Millions of Yen				Thousands of U.S. Dollars (Note 3)
	2010		2009		2010
Foreign sales:	As a percentage of consolidated net sales		As a percentage of consolidated net sales		
North America	¥ 38,925	9.6%	¥ 48,055	10.9%	\$ 418,368
Asia	106,106	26.3%	111,584	25.3%	1,140,429
Other	1,809	0.4%	3,529	0.8%	19,444
Total	¥146,840	36.3%	¥163,168	37.0%	\$1,578,241
Consolidated total	¥404,143	100.0%	¥440,908	100.0%	\$4,343,757

18. Related party transactions

Effective April 1, 2009, the Company and its subsidiary have applied "Accounting Standard for Related Party Disclosures" (ASBJ statements No. 11, issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ guidance No. 13, issued on October 17, 2006).

The adoption of them requires the Company to disclose the additional transactions between the consolidated subsidiaries and the related parties compared with previous method.

Transactions with subsidiaries of companies included in the consolidated financial statements and related parties at March 31, 2009.

<2009>

Type	Subsidiary
Name	Nippan Business Support Co., Ltd.
Address	Koto-ku, Tokyo
Capital	¥10 million (\$US102 thousand)
Business area	Supply of services to all business areas (factoring)
Proportion of voting rights owned	52.6%

Related party transactions	Transfer of accounts payable
Details of transactions	Transfer of accounts payable by consolidated subsidiaries
Amount of transactions	¥21,957 million (\$US223,534 thousand)
Accounts recorded	Trade accounts payable
Balance at end of year	¥5,786 million (\$US58,913 thousand)

<2010>

Type	Affiliate
Name	Faurecia-NHK Co., Ltd.
Address	Naka-ku, Yokohama
Capital	¥400 million (\$US4,229 thousand)
Business area	Automotive Seat Division
Proportion of voting rights owned	50.0%

Related party transactions	Customer of our company Five concurrent director
Details of transactions	Purchased most products from our company
Amount of transactions	¥14,632 million (\$US157,263 thousand)
Accounts recorded	Trade accounts receivable
Balance at end of year	¥5,598 million (\$US60,171 thousand)

19. Subsequent event

[Distribution of retained earnings]

The following distribution of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2010, was approved by the shareholders of the Company at the annual general meeting of shareholders held on June 29, 2010:

	Millions of Yen	Thousands of U.S. Dollars (Note 3)
Cash dividends of ¥7.5 per share	¥1,658	\$17,821

[Notes concerning significant subsequent events]

Acquisition of subsidiary's stock through a share exchange

The Company's Board of Directors, at a meeting held on May 11, 2010, resolved to conduct a share exchange through which the Company

becomes the wholly-owning parent company and YOKOHAMA KIKO CO., LTD. (hereinafter "Yokohama Kiko") becomes its wholly-owned subsidiary, and the Company and Yokohama Kiko signed a share exchange agreement on the same day.

(1) Purpose of the share exchange

The purpose of the share exchange is to further solidify the unity of the Group and to aggressively promote improvement of management efficiency in coping with increasingly severe business environment.

(2) Method of share exchange

The share for share exchange shall be executed under the simplified procedure for share for share exchange in which the Company becomes the wholly-owning parent company and Yokohama Kiko becomes its wholly-owned subsidiary. In accordance with the agreement, 0.27 share of

the Company's common stock shall be allocated to one share of Yokohama Kiko's common stock. Issuing of new shares is not scheduled since the Company's common stock (988,619 shares) to be allocated to the shareholders of Yokohama Kiko for the exchange shall be treasury stock of the Company.

(3) Share for share exchange schedule

Date of resolution at the Company's Board of Directors meeting:

May 11, 2010

Date of signing the share for share exchange agreement:

May 11, 2010

Effective date of the share for share exchange:

September 1, 2010 (scheduled)

(Note) In accordance with Article 796, Paragraph 3 of the Corporation Law, the share for share exchange shall be executed by a way of the simplified procedure for share for share exchange, which does not require an approval at a general meeting of shareholders.

(4) Overview of Yokohama Kiko

1) Main business

Manufacture and sales of stabilizer bars and lighting systems

2) Sales and net income for the fiscal year ended March 31, 2010

Net sales: ¥7,517 million

Net income: ¥240 million

3) Assets, liabilities, and capital for the fiscal year ended March 31, 2010

Total assets: ¥8,499 million

Total liabilities: ¥6,417 million

Total net assets: ¥2,081 million

Report of Independent Auditors

The Board of Directors
NHK Spring Co., Ltd.

We have audited the accompanying consolidated balance sheets of NHK Spring Co., Ltd. and consolidated subsidiaries (the Company) as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NHK Spring Co., Ltd. and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in Subsequent Event, The Company's Board of Directors, at a meeting held on May 11, 2010, resolved to conduct a share exchange through which the Company becomes the wholly-owning parent company and YOKOHAMA KIKO CO., LTD. (hereinafter "Yokohama Kiko") becomes its wholly-owned subsidiary, and the Company and Yokohama Kiko signed a share exchange agreement on the same day.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

June 29, 2010

Ernst & Young ShinNihon LLC

Ernst & Young ShinNihon LLC

Affiliates — overview

Domestic affiliates (22)

NHK Sales Co., Ltd.

Head Office: 2-13-1 Edagawa, Koto-ku, Tokyo, 135-0051, Japan
TEL. +81-3-5690-3001 FAX. +81-3-5690-3025

Main Activities: Sales and import/export of automotive components, automotive springs, industrial machinery and components, precision springs and hybrid function components, fasteners, materials, data devices, machined components, and industrial equipment and components

NHK Transport Co., Ltd.

Head Office: 3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
TEL. +81-45-788-0811 FAX. +81-45-701-5521

Main Activities: Motor truck transport, cargo transport and handling, warehousing, packaging, machinery installation, overseas import/export handling

Nippatsu Service Co., Ltd.

Head Office: NHK Nishi-guchi Bldg., 3-32-1 Tsuruyacho, Kanagawa-ku, Yokohama, 221-0835, Japan
TEL. +81-45-316-7700 FAX. +81-45-322-2271

Main Activities: Sales of petroleum, petroleum products, chemical products, automotive components and automotive products; sales of chemical products and pressurized gas; total building management, security service, construction of ancillary facilities; accident and life insurance; real estate, construction business, information system planning and management

G.L.G. Corporation

Head Office: 2-1-12 Kitakase, Saiwai-ku, Kawasaki-shi, Kanagawa, 212-0057, Japan
TEL. +81-44-599-2471 FAX. +81-44-588-4814

Main Activities: Operation of golf driving ranges

Yokohama Kiko Co., Ltd.

Head Office: 56 Suzukawa, Isehara-shi, Kanagawa, 259-1146, Japan
TEL. +81-463-94-8425 FAX. +81-463-94-8435

Main Activities: Manufacture and sales of stabilizer bars and lighting systems

Sumihatsu Co., Ltd.

Head Office: MY Iwamotocho Bldg, 4th Floor, 3-5-5 Iwamotocho, Chiyoda-ku, Tokyo, 101-0032, Japan
TEL. +81-3-3864-6331 FAX. +81-3-3864-6130

Main Activities: Manufacture and sales of leaf springs, clip bands, coil springs, turnouts and crossings, rail clips, and synthetic rail ties

Horikiri, Inc.

Head Office: 1827-4 Kami-Kouya, Yachiyo-shi, Chiba, 276-0022, Japan
TEL. +81-47-484-1111 FAX. +81-47-484-2442

Main Activities: Manufacture and sales of springs of all types

Tohoku Nippatsu Co., Ltd.

Head Office: 18-25-2 Fujine, Waga-cho, Kitakami-shi, Iwate, 024-0334, Japan
TEL. +81-197-73-5221 FAX. +81-197-73-7143

Main Activities: Manufacture and sales of coil springs, precision springs, wire springs, and automotive seat components

Ites Co., Ltd.

Head Office: 2258 Kamiyabecho, Totsuka-ku, Yokohama, 245-0053, Japan
TEL. +81-45-813-4777 FAX. +81-45-812-0840

Main Activities: Manufacture and sales of automotive seats and interior components

Faurecia-NHK Co., Ltd.

Head Office: JN Bldg., 3rd Floor, 3-56-1 Aioicho, Naka-ku, Yokohama, 231-0012, Japan
TEL. +81-45-345-3001 FAX. +81-45-345-3002

Main Activities: Development and sales of automotive seats

Faurecia-NHK Kyushu Co., Ltd.

Head Office: 9-9 Shinhamacho, Kanda-machi, Miyako-gun, Fukuoka, 800-0321, Japan
TEL. +81-93-435-3300 FAX. +81-93-435-2900

Main Activities: Manufacture and sales of automotive seats

Sindai Co., Ltd.

Head Office: 3-3-6 Shinden-cho, Takahama-shi, Aichi, 444-1301, Japan
TEL. +81-566-52-1221 FAX. +81-566-52-1225

Main Activities: Manufacture and sales of automotive and furniture seat springs and seat frames, trunk lid torsion bars, and sun visor wires

SNIC Co., Ltd.

Head Office: 1403 Higashihiratsubo, Iwata-shi, Shizuoka, 438-0211, Japan
TEL. +81-538-66-5511 FAX. +81-538-66-5510

Main Activities: Manufacture and sales of automotive and motorcycle seats

Uniflex Co., Ltd.

Head Office: 2445-5 Kitahara, Nishiminowa-aza, Ina-shi, Nagano, 399-4501, Japan
TEL. +81-265-76-3280 FAX. +81-265-76-3288

Main Activities: Manufacture and sales of automotive components; design, manufacture, and sales of general industrial machinery

Ayase Seimitsu Co., Ltd.

Head Office: 1-13-6 Yoshioka-higashi, Ayase-shi, Kanagawa, 252-1125, Japan
TEL. +81-467-76-7631 FAX. +81-467-76-7672

Main Activities: Manufacture and sales of precision springs

Tokuhatsu Co., Ltd.

Head Office: 1-1-1 Kitagawara, Itami-shi, Hyogo, 664-0873, Japan
TEL. +81-72-782-6966 FAX. +81-72-782-6712

Main Activities: Manufacture and sales of spring washers, wave spring washers, thin leaf springs, and wire springs

NHK Teleflex Corporation

Head Office: 3-21-10 Shin-Yokohama, Kohoku-ku, Yokohama, 222-0033, Japan
TEL. +81-45-475-8901 FAX. +81-45-475-8907

Main Activities: Manufacture and sales of marine and industrial mechanical remote control boxes, control cables, electronic remote control systems, steering systems and foot pedals

NHK Parking Systems Co., Ltd.

Head Office: Yokohama Nishiguchi K-Building, 6th Floor 2-8-19, Kitasaiwai, Nishi-ku, Yokohama, 220-0004, Japan

Main Activities: TEL. +81-45-326-2890 FAX. +81-45-326-2896
Planning, design, manufacture, sales, installation, leasing, maintenance, and renovation of automatic multi-level parking garage systems; manufacture, sales and design of parking garage ancillary equipment

Nippon Shaft Co., Ltd.

Head Office: 2-1-15 Sachiura, Kanazawa-ku, Yokohama, 236-0003, Japan
TEL. +81-45-782-2561 FAX. +81-45-783-3559

Main Activities: Manufacture and sales of golf shafts, metal baseball bats, and pipe products

Topura Co., Ltd.

Head Office: 201 Soya, Hadano-shi, Kanagawa, 257-0031, Japan
TEL. +81-463-82-2711 FAX. +81-463-83-4877

Main Activities: Manufacture and sales of automotive screws, bolts, and general springs

NHK Precision Co., Ltd.

Head Office: 2-1-49 Numame, Isehara-shi, Kanagawa, 259-1126, Japan
TEL. +81-463-94-5235 FAX. +81-463-93-5104

Main Activities: Manufacture and sales of screw tools, automotive components, data processing equipment components, and precision industrial components

Nippatsu Harmony Co., Ltd.

Head Office: 3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
TEL. +81-45-786-7571 FAX. +81-45-786-7501

Main Activities: Cleaning and greening of building interiors and exteriors, sorting and collection of general waste, auxiliary manufacturing

Overseas affiliates (21)

North and South America

NHK International Corporation

Head Office: 50706 Varsity Court, Wixom, Michigan, 48393, U.S.A.
TEL. 1-248-926-0111 FAX. 1-248-926-2022

Main Activities: R&D of suspension springs and engineering services, sales and support of data communications components

New Mather Metals, Inc.

Head Office: 326 Page Dr. Franklin, Kentucky 42135, U.S.A.
TEL. 1-270-598-5900 FAX. 1-270-598-5950

Main Activities: Manufacture and sales of stabilizer bars

NHK of America Suspension Components Inc.

Head Office: 3251 Nashville Road, Bowling Green, Kentucky, 42101, U.S.A.
TEL. 1-270-842-4006 FAX. 1-270-842-4618

Main Activities: Manufacture and sales of coil springs, trunk lid torsion bars, and sales of stabilizer links

NHK Seating of America Inc.

Head Office: 2298 West State Road 28, Frankfort, Indiana, 46041-8772, U.S.A.
TEL. 1-765-659-4781 FAX. 1-765-659-5591

Main Activities: Manufacture and sales of automotive seats and interior feature parts

NHK Spring Precision of America Inc.

Head Office: 10600 Freeport Drive, Louisville, Kentucky, 40258, U.S.A.
TEL. 1-502-935-5556 FAX. 1-502-935-5506

Main Activities: Manufacture and sales of automotive engine valve springs and AT springs

Rassini-NHK Autopeças Ltda.

Head Office: Av. Marginal da Via Anchieta, km 14,5, 09883-000, São Bernardo do Campo, São Paulo, Brasil
TEL. 55-11-4366-9300 FAX. 55-11-4368-0275

Main Activities: Manufacture and sales of leaf springs and coil springs

Asia

NHK Spring (Thailand) Co., Ltd.

Head Office: Bangna Towers A, 6-7th Fl., 2/3 Moo 14, Bangna-Trad Rd., K.m. 6,5 Bangkaew, A.Bangplee, Samutprakarn 10540, Thailand
TEL. 66-2-730-2200 FAX. 66-2-730-2226

Main Activities: Manufacture and sales of automotive suspension springs, seats, interior components, precision springs, and components related to data communications

NHK Precision (Thailand) Co., Ltd.

Head Office: No.549 Moo 4, Bangpoo Industrial Estate Soi 11B, T.Phragsa. A.Muang Samutprakarn, 10280, Thailand
TEL. 66-2-709-3678 FAX. 66-2-709-3939

Main Activities: Manufacture and sales of brake discs, etc.

General Seating (Thailand) Co., Ltd.

Head Office: Eastern Seaboard Industrial Estate (Rayong) 64/3 Moo 4, Pluakdaeng, Rayong, 21140, Thailand
TEL. 66-38-954-905 FAX. 66-38-954-912

Main Activities: Manufacture and sales of automotive seats

Autrans (Thailand) Co., Ltd.

Head Office: 19th Floor, Ocean Tower 2, 75/31 Soi Sukhumvit 19, Sukhumvit Rd North Klong-toey, Wattana, Bangkok, 10110, Thailand
TEL. 66-2-661-7204 FAX. 66-2-661-7217

Main Activities: Automotive and motorcycle component logistics

NHK Manufacturing (Malaysia) SDN. BHD.

Head Office: Lot 44, Persiaran Bunga Tanjung 1, Senawang Industrial Park, 70400, Seremban, Negeri Sembilan, Darul, Khusus, Malaysia
TEL. 60-6-678-7495 FAX. 60-6-678-7492

Main Activities: Manufacture and sales of printed wiring boards

NHK-Uni Spring (Guangzhou) Co., Ltd.

Head Office: 1820 KaiFa Dadao, Luogang Dist, Guangzhou 510530, P. R. China
TEL. 86-20-8226-6136 FAX. 86-20-8226-6187

Main Activities: Manufacture and sales of coil springs and stabilizer bars

NHK Spring Precision (Guangzhou) Co., Ltd.

Head Office: 189 LianGuang Road, Eastern Sub-District, Guangzhou Economic & Technological Development Dist., Guangdong Province, China
TEL. 86-20-8226-6456 FAX. 86-20-8226-6270

Main Activities: Manufacture and sales of valve springs, helical springs, and data communications components

Chongqing Qingling NHK Seat Co., Ltd.

Head Office: Keyuan 2-58, Shiqiao-pu, Jiulongpo Chongqing, China
TEL. 86-23-6860-8854 FAX. 86-23-6863-7814

Main Activities: Manufacture and sales of automotive seats, interior components, and automotive parts

NHK Spring (Shenzhen) Co., Ltd.

Head Office: 3-4, A1, Hesheng Industry Zone, Sanlian Heshakeng Village, Buji Town, Longgang District, Shenzhen, China
TEL. 86-755-8967-4119 FAX. 86-755-8967-4117

Main Activities: Manufacture and sales of carbon products, carbon shafts, and automotive seat components

NHK Spring (Hong Kong) Co., Ltd.

Head Office: Suite Nos. 15B-17, 9th Floor, Tower 3, China Hong Kong City, 33 Canton Road, T.S.T., Kowloon, Hong Kong
TEL. 852-2314-4703 FAX. 852-2314-4707

Main Activities: Sales coordination of HDD suspension, sales of data communications components

NAT Peripherals (Hong Kong) Co., Ltd.

Head Office: Suite Nos. 15B-17, 9th Floor, Tower 3, China Hong Kong City, 33 Canton Road, T.S.T., Kowloon, Hong Kong
TEL. 852-2377-1068 FAX. 852-2314-4707

Main Activities: Manufacture and sales of HDD suspensions

NHK Spring (Taiwan) Co., Ltd.

Head Office: 6F-2, No. 76 Sec. 2 Dongda Road, Hsinchu City, 300 Taiwan, R.O.C.
TEL. 886-3-5323800 FAX. 886-3-5323202

Main Activities: Sales of microcontactor products

Uni Auto Parts Manufacture Co., Ltd.

Head Office: 40-10, Po Kung Kun, Hsi Fu Tsuen, San-Yi Hsiang, Miaoli Hsien, Taiwan, R.O.C.
TEL. 886-37-873801 FAX. 886-37-874239

Main Activities: Manufacture and sales of leaf springs, coil springs, automotive seats, and interior components

NHK Spring India Ltd.

Head Office: Plot No.31, Sector 3, Industrial Model Township, Manesar (Haryana)122050, India
TEL. 91-124-4590700 FAX. 91-124-4590720

Main Activities: Manufacture and sales of coil springs and stabilizer bars

Europe

Ibérica de Suspensiones, S.L

Head Office: Poligono Industrial La Mina, 12520 Nules (Castellón), Spain
TEL. 34-964-67-4212 FAX. 34-964-67-3540

Main Activities: Manufacture and sales of coil springs and stabilizer bars

Corporate overview

Corporate overview (as of March 31, 2010)

Trade Name:	NHK SPRING CO., LTD.
Established:	September 1939
Capital:	¥17,009.57 million
Employees:	4,667 (Non-consolidated), 18,877 (Consolidated) *Includes temporary staff
Sales:	¥404.1 billion (Fiscal 2009 – consolidated)
Head office:	3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
Divisions:	Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery & Equipment Division, Security Technologies & Solutions Division
Plants:	Yokohama Plant (Suspension spring/Seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/Industrial Machinery & Equipment), Isehara Plant, Yasu Plant
Branches & Sales Offices:	Yokohama Minatomirai, Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
Stock market listing:	First Section, Tokyo Stock Exchange (Code 5991)
Affiliates:	22 Domestic, 21 Overseas

Shares

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	13,536

Movements in share price	High	Low
Apr.-Jun. 2009	650	354
Jul.-Sep. 2009	766	549
Oct.-Dec. 2009	883	670
Jan.-Mar. 2010	879	726

(Yen)

Members of the board of directors and auditors (As of June 29, 2010)

Board of Directors

Chairman of the Board
Kenji Sasaki

President and Chief
Executive Officer
Kazumi Tamamura

Executive Vice President
Tsutomu Yamaguchi

Counselor
Takehiko Amaki

Executive Corporate
Officers
Akira Yamazaki
Shoichi Hara
Takao Itoi

Auditors

Masahiko Kimura
Hidetoshi Takahashi
Hitoshi Horie
Susumu Komori

Corporate Officers

President and Chief
Executive Officer
Kazumi Tamamura

Executive Vice President
Tsutomu Yamaguchi

Executive Corporate
Officers
Akira Yamazaki
Shoichi Hara
Takao Itoi

Senior Corporate Officers
Shigeru Yasuda
Mitsushige Kawakubo
Kaoru Hatayama
Hiroyuki Kado
Akira Umabayashi

Corporate Officers
Toshio Hamano
Akihiro Honda
Tsunehiko Hirama
Taro Umemura
Hideo Yamamoto
Yosei Morioka
Hideaki Kidokoro
Ryuji Yashiro
Yukihiko Konishi
Kimihiko Katayama
Masahiko Maeda
Takashi Kayamoto
Toshio Kazama
Toru Sugiyama
Hidekazu Hoshino
Ryuichi Shibata
Susumu Senkawa

A note from the editors

Thank you so much for reading this Report. It started out in 2000 as our Environment Report; it then became our Environmental and Social Report, and our Social and Environmental Report, before being renamed the CSR Report in 2007. Since 2008, we have added a financial report, and we now call it the NHK Spring Report.

We value your opinions and invite you our readers to tell us what information you would like us to include in future issues of this Report.

We would be also grateful for your candid opinion and feedback.

September 2010



Contact : Public Relations Group, Corporate Planning Department
NHK SPRING CO., LTD.
3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
TEL. +81-45-786-7513 FAX. +81-45-786-7598
URL http://www.nhkspg.co.jp/index_e.html Email:b2200@nhkspg.co.jp



KK201010-7-1T